VIC.AI

UNLOCKING GROWTH & PROFITABILITY WITH AI

2024 GROWTH & PROFITABILITY PLAYBOOK

INTRODUCTION

The world of finance is undergoing a transformative shift, and CFOs are at the forefront of this revolution. Today's CFO must be strategic and more future-oriented than ever – a Chief Future Officer, if you will.

However, recent data provided by IOFM paints a stark picture: 84% of a typical AP professional's day is consumed by manual, repetitive tasks, leading to burnout among finance professionals. According to the report, 55% of finance professionals are currently considering leaving their jobs. It's a sign that something needs to change.

AI has emerged as the beacon of hope, promising to liberate finance teams from the shackles of tedious, time-consuming work. Imagine a world where these tasks are automated, freeing valuable time for more strategic and fulfilling endeavors like data analysis and stakeholder collaboration.

However, the journey has just begun. **Only 24% of AP departments have embraced AI-powered systems, leaving a vast opportunity for growth and efficiency. The good news is that the vision of autonomous finance is not a distant dream; *64% of CFOs believe it can become a reality within six years.

This guide, we'll illuminate the path to AI maturity, helping you harness the true potential of AI for your finance department. Join us on this transformative journey, where we'll unlock the secrets to achieving growth, profitability, and a happier, more productive finance team.

THE CURRENT AI MATURITY LANDSCAPE

Finance professionals have their hands full; they're expected to balance cost-cutting measures while driving revenue growth, a dual mandate that is both challenging and stressful. Artificial Intelligence as a transformative tool in finance is becoming increasingly alluring in the face of industry challenges.

In Q3 of 2023 we surveyed 50 finance professionals across a range of positions, company sizes, and industries to learn more about their attitudes towards AI in the finance department - from their fears to their hopes to their beliefs on AI accountability.

Focus on cost savings

Among those already leveraging AI, the most important success metric is cost savings (86%) rather than time savings. This suggests that the current focus is on leveraging AI for operational efficiencies.

Job security concerns

Interestingly, 37% of those using AI express concerns about job security, indicating that while AI adoption may be growing, it's also creating anxieties about the future of traditional roles in finance.

Gap in perception vs. reality

The survey found no significant differences in AI maturity between professionals who are using AI and those who are not, nor between finance leaders and other professionals in their departments. This suggests that the gap lies more in the public perception of AI in finance versus the actual attitudes and readiness of finance professionals.

Cautious optimism

A significant 76% of respondents are optimistic about their company's future, anticipating a growth rate of over 5% in the upcoming five years. Additionally, 60% foresee an expansion in the headcount of their finance departments. This positive outlook is mirrored in their attitudes towards AI. A notable 81% of those who have implemented AI believe it was a good idea, compared to 71% of those who haven't.

Varied adoption plans

While there's a general belief in the promise of AI, with 64% of CFOs expecting autonomous finance to become a reality in the next six years, the actual plans for AI adoption are varied. About 58% of respondents plan to adopt AI within the next one to three years, but a notable 38% are either unsure or have no immediate plans.

In summary, the landscape of AI maturity among finance professionals is one of cautious optimism. While AI adoption is not as widespread as one might think, the willingness to embrace it is there. As AI continues to evolve, it's crucial for finance departments to align their AI strategies with their business goals to fully harness its potential.

WHY EVERY FINANCE DEPARTMENT NEEDS AN AI STRATEGY

In today's challenging business landscape, CFOs are increasingly taking on a strategic role, especially when it comes to allocating scarce capital wisely. Automation and AI have become indispensable tools for finance leaders aiming to excel in this new paradigm. An AI strategy is no longer a luxury but a necessity for every finance department. It enables real-time data analysis, risk assessment, and predictive modeling, allowing for more informed and agile decision-making.

By automating routine tasks, AI frees up valuable human resources to focus on strategic planning and complex problem-solving. An AI strategy can transform the finance department from a cost center to a value generator, making it integral for future-proofing financial operations.

+21%
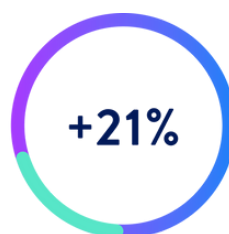
AI is expected to contribute a significant 21% net increase to the United States GDP by 2030, showcasing its impact on economic growth.
- Statista

HOW TO CRAFT AN AI STRATEGY

Crafting a winning AI strategy involves identifying key business challenges and aligning AI capabilities to solve them. It's a roadmap that guides you through data capture, automation, and predictive analytics, ensuring seamless integration with existing systems. The goals with achieving AI maturity in AP are to unlock unparalleled efficiency and strategic insights.

The 2023 AI Maturity Report by Accenture disclosed that a mere 12% of companies have sufficiently progressed in their AI maturity to realize exceptional growth and business transformation. These standout firms, termed "AI Achievers," can attribute an average of nearly 30% of their total revenue to AI initiatives.

To embrace AI effectively, CFOs should collaborate closely with their CEO and CIO. The CEO needs to see AI's strategic advantages in terms of speed, cost, and focus, making a case for the investment. The CIO can provide technical guidance on a suitable AI solution.

By following these next steps, you'll be well on your way to crafting an AI strategy that not only aligns with your business goals but also positions you for future growth and innovation.

1 **Define objectives and scope**
Start by clearly defining what you aim to achieve with AI. Whether it's improving customer experience, automating processes, or gaining insights from data, having specific objectives will guide your strategy.

2 **Assess current capabilities**
Evaluate your existing technology infrastructure, data quality, and human resources. Identify gaps that need to be filled to support your AI initiatives.

3 **Choose the right AI technologies**
Based on your objectives, choose the AI technologies that best suit your needs. The evaluation should include the following arease: functionality, user-friendliness, ability to integrate in current tech stack, data security and compliance, level of support, pricing and cost analysis.

4 **Data preparation**
AI thrives on data. Ensure you have access to high-quality, relevant data. Data cleaning and preparation are often required to train AI models effectively.

5 **Develop or acquire talent**
You'll need a team with the right skill set. This could involve training your existing staff or hiring new talent with expertise in AI and machine learning.

6 **Pilot testing**
Before full-scale implementation, conduct pilot tests to validate the effectiveness of your AI solutions. Use key performance indicators (KPIs) to measure success.

7 **Scale and optimize**
Once the pilot is successful, plan for a broader rollout. Continuously monitor performance and make necessary adjustments and evaluate the return on investment (ROI) of your AI initiatives to ensure they are meeting business objectives and adding value.

8 **Governance and compliance**
Ensure your AI initiatives comply with legal regulations and ethical standards. Implement governance structures to oversee AI usage and data handling.

CASE STUDY

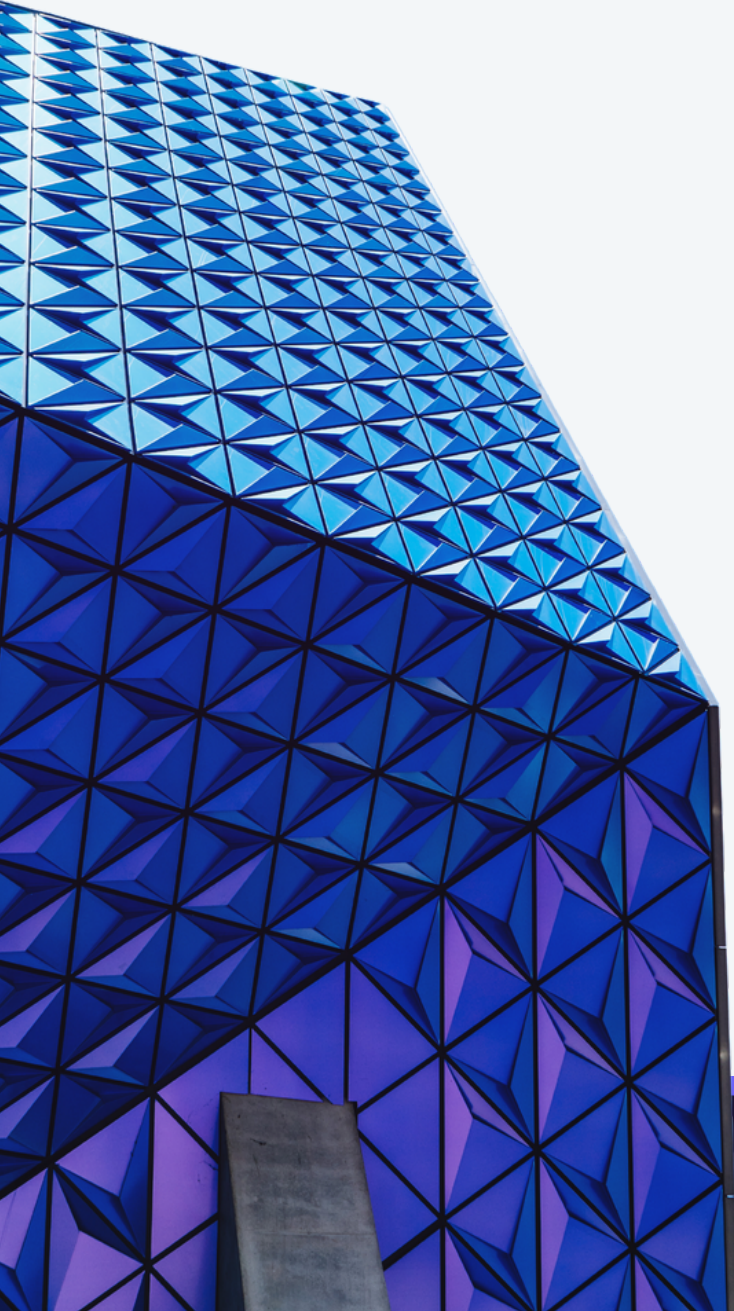# HIGHER GROUND - AUGMENTING ERP WITH AI TO SAVE TIME AND MONEY

Higher Ground Education, a global school operator, was at a crossroads. With over 100 campuses worldwide, they were drowning in a sea of invoices and a complex approval process that involved multiple stakeholders. Their AP team was spending more than 10 minutes on each invoice, and the approval could take up to two weeks. They were at their breaking point in terms of time and cost, and they knew something had to change.

Enter Vic.ai, the intelligent, automated solution that transformed Higher Ground's AP process—within the first three months of implementing Vic.ai, the time spent on processing each invoice dropped dramatically from over 10 minutes to just 3.7 to 4.8 minutes. The approval process, which used to be a two-week ordeal, was now completed in just one to two days.

AVERAGE TIME SPENT BY USERS PER INVOICE - HIGHER GROUND
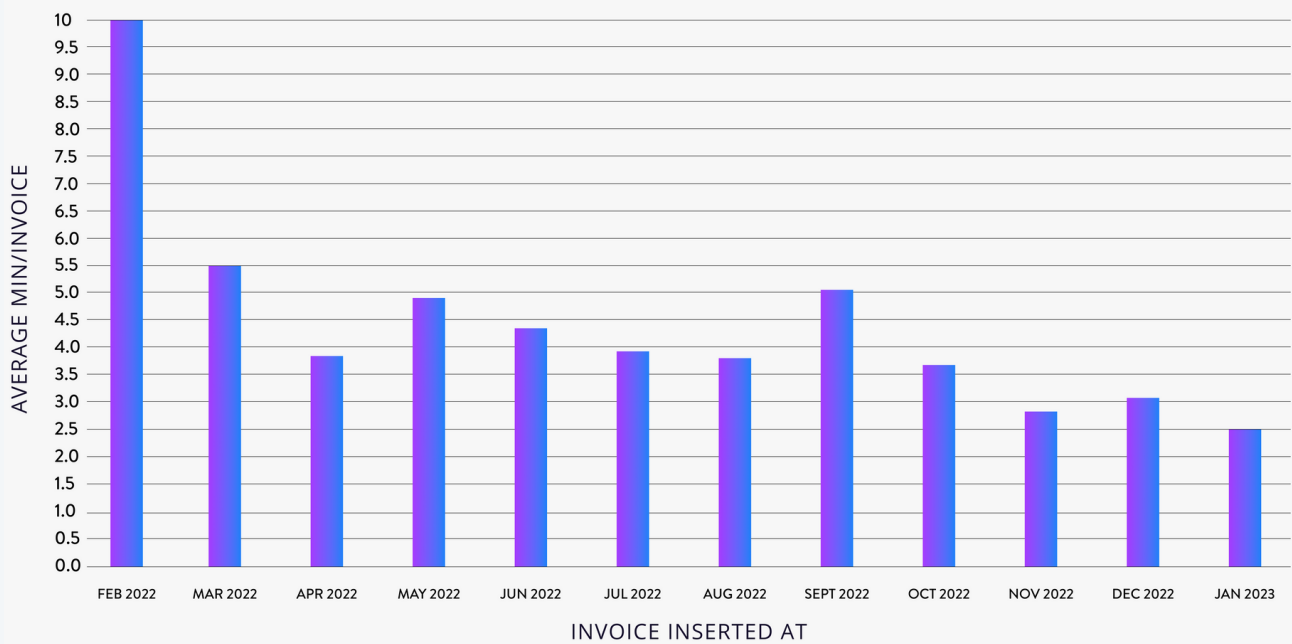
Vic.ai's autonomous approval flows eliminated the need for time-consuming email correspondence, providing real-time visibility into the status of approval flows. This allowed Higher Ground to fast-track payments when necessary, adding another layer of efficiency to their operations.

Most impressively, Vic.ai's high-accuracy data processing enabled Higher Ground to achieve an invoice accuracy rate of 95%. The number of "no-touch" invoices, which required zero human intervention, grew by an average of 54% per month. These invoices were automatically posted to Higher Ground's ERP system, Sage Intacct, without manual updates.

Margareta Marro, Director of Accounting Operations at Higher Ground, said, "The AP team loves it! It really helps them to become reviewers instead of data entry processors." The result? A significant ROI and a finance department that's looking forward to reaching their goal of one minute per invoice.

Higher Ground Education's experience is a testament to the transformative power of AI in streamlining business processes. By leveraging Vic.ai's intelligent automation, they didn't just cut down on time and costs; they fundamentally changed how their finance department operates, freeing up valuable resources. This has allowed them to focus on what truly matters: providing quality education to thousands of families worldwide.

USE CASES FOR AI IN AP

AI-powered systems can intelligently extract data from invoices, match them to purchase orders, and even route them to the appropriate approvers. It's not just about replacing human effort; it's about augmenting it and making AP departments more productive, visible, and in control.

Invoice processing autonomy: AI-driven software can scan and extract crucial information from invoices, such as vendor details, invoice amount, and due dates. This not only eliminates the need for manual data entry but also reduces errors associated with human handling.

Invoice matching and exception handling: With AI, invoices can be matched to purchase orders automatically utilizing AI-enabled process mining algorithms. This helps detect discrepancies, prevent duplicate payments, and ensure compliance with company policies. At a mismatch, the AI can initiate the exception handling with relevant parties.

Invoice approval workflow: AI-driven workflows can route invoices for approval based on predefined rules and criteria. This ensures faster processing and minimizes bottlenecks in the approval process.

Supplier relationship management: AI can assist in evaluating supplier performance by analyzing historical data. This helps identify reliable vendors, negotiate favorable terms, and ensure timely payments to maintain healthy supplier relationships.

Expense report processing: AI-powered tools can streamline the processing of employee expense reports. They can automatically verify receipts, categorize expenses, and ensure adherence to company policies, reducing the burden on AP teams.

Fraud detection: AI can identify potentially fraudulent invoices by analyzing patterns, flagging irregularities, and notifying AP teams of suspicious activities. This proactive approach enhances security and prevents financial losses.

Cash flow forecasting: AI can provide accurate cash flow forecasts by analyzing historical payment data and supplier behavior. This enables organizations to optimize their working capital and make informed financial decisions.

Predictive analytics: Leveraging AI and machine learning, AP departments can predict payment trends, identify potential late payments, and strategize accordingly. This proactive approach helps in optimizing cash flow management.

Audit preparation: AI can assist in preparing for audits by organizing and retrieving necessary documents, ensuring compliance with regulations, and providing detailed reports on financial transactions.

AI in AP isn't just automation: It reshapes roles. It frees finance teams from routine tasks, enabling focus on strategic activities like data analysis, supplier negotiations, and decision-making.

The outcome: boosted efficiency, accuracy, cost reduction, and stronger supplier relationships – a game-changer in Accounts Payable.

"As with any new technology, potential opportunity awaits those organizations that find innovative, forward-thinking ways to leverage these novel and exponential technologies".

– Deloitte US Crunch Time The Next Frontiers In Finance

MAKE ROOM FOR INNOVATIVE TECHNOLOGIES IN THE BUDGET

As mentioned, CFOs increasingly take on more strategic roles, steering and running business decisions. They need quick access to data, insights, and modeling capabilities to do this effectively. According to IDC's 2023 Worldwide Office of the CFO Survey, 44% of finance leaders are working on future-proofing their offices and organizations.

As capital becomes scarcer, AI is indispensable. It liberates finance teams from routine tasks, enabling them to focus on innovation and competition. AI strategically applied can elevate your business to new heights, making it a vital component of modern success.

AI can assist CFOs in various areas, from investment optimization to fraud prevention and risk assessment. According to IDC, the main driver for investment in AI for CFOs is the power of insights. These insights help in risk assessment, pivoting business strategies, and making informed decisions. It provides insights into the company's trajectory, enabling proactive risk management and resource allocation for optimal performance and profitability. The future of finance is about more autonomy in workflows, but traceability and auditing will be critical as organizations invest in innovative technologies.

"There is enormous room for growth in AI adoption across all industries and an enormous opportunity for those companies that choose to seize it".

- Accenture AI Maturity Report 2023

MEASURE THE ROI OF AI'S IMPACT ON FINANCE

Traditional invoice processing is often a time-consuming and error-prone task. AP teams grapple with mountains of paper invoices, complex data entry, and the risk of human errors that can result in costly mistakes. These inefficiencies not only hinder productivity but also lead to delayed payments, missed discounts, and strained vendor relationships. When calculating the ROI of an investment in AI and AP automation, use the following worksheet to measure true impact.

COST SAVINGS

Labor costs: Start by estimating the time spent by your AP team on manual invoice processing. Consider factors like salaries and benefits. With Vic.ai automating much of the process, you can calculate the labor cost savings.

Error reduction: Calculate the cost of errors in your manual process. This may include the cost of resolving disputes, late payment penalties, and duplicated payments. Vic.ai's accuracy can significantly reduce these costs.

Early payment discounts: Determine how many early payment discounts you miss due to slow processing. Vic.ai's efficiency can help you capture these discounts, resulting in direct savings.
 Increased productivity

Time reallocation: Consider the additional strategic tasks your AP team can now focus on instead of data entry. Estimate the value of these activities in terms of potential revenue generation or cost reduction.

Faster decision-making: Calculate the financial benefits of having real-time insights into your invoice processing pipeline, enabling quicker decision-making and resource allocation.

VENDORS

Vendor discounts: Factor in the increased likelihood of receiving vendor discounts for early payment, thanks to faster invoice processing. Calculate the value of these discounts over time.

Improved vendor relations: Consider the indirect benefits of improved vendor relationships. This could result in better terms, lower prices, and even preferential treatment in the future.

REDUCTIONS

Compliance costs: Calculate the cost savings related to compliance efforts. Vic.ai's accuracy and adherence to financial regulations can reduce the risk of compliance-related fines.

Risk mitigation: Estimate the potential cost savings associated with risk mitigation. Vic.ai's ability to detect irregularities and potential fraud can prevent financial losses.

64%

Over 60% of business owners believe AI will increase productivity. Specifically, 64% states that AI would improve business productivity, and 42% believe it would streamline job processes.

**- Forbes Advisor. How Businesses Are Using Artificial Intelligence In 2023.**

THE FUTURE OF FINANCE IS AUTONOMOUS

Autonomous finance refers to applying AI, machine learning (ML), and other advanced technologies to automate and optimize various financial tasks and processes. The goal is not to replace human involvement but to augment it, freeing finance professionals to focus on more strategic, high-value activities. In an autonomous finance model, routine tasks such as data entry, invoice processing, and basic analytics can be automated, allowing professionals to concentrate on complex decision-making, strategy formulation, and risk assessment.

According to a recent IDC survey, approximately 53.8% of respondents are either evaluating or already implementing a more autonomous model in their finance departments.

The future of finance becoming autonomous is driven by advancements in AI and other cutting-edge technologies. One standout technology in this autonomous landscape is Generative AI. This form of AI is particularly impactful in AP, handling complex financial tasks such as cost-benefit analyses, risk assessments, and vendor comparisons, making it invaluable for financial analytics and decision-making.

The move toward autonomous finance is part of a broader trend of digital transformation in the finance industry, and it can make finance departments more efficient, agile, and data-driven, setting the stage for a new era of autonomous finance.
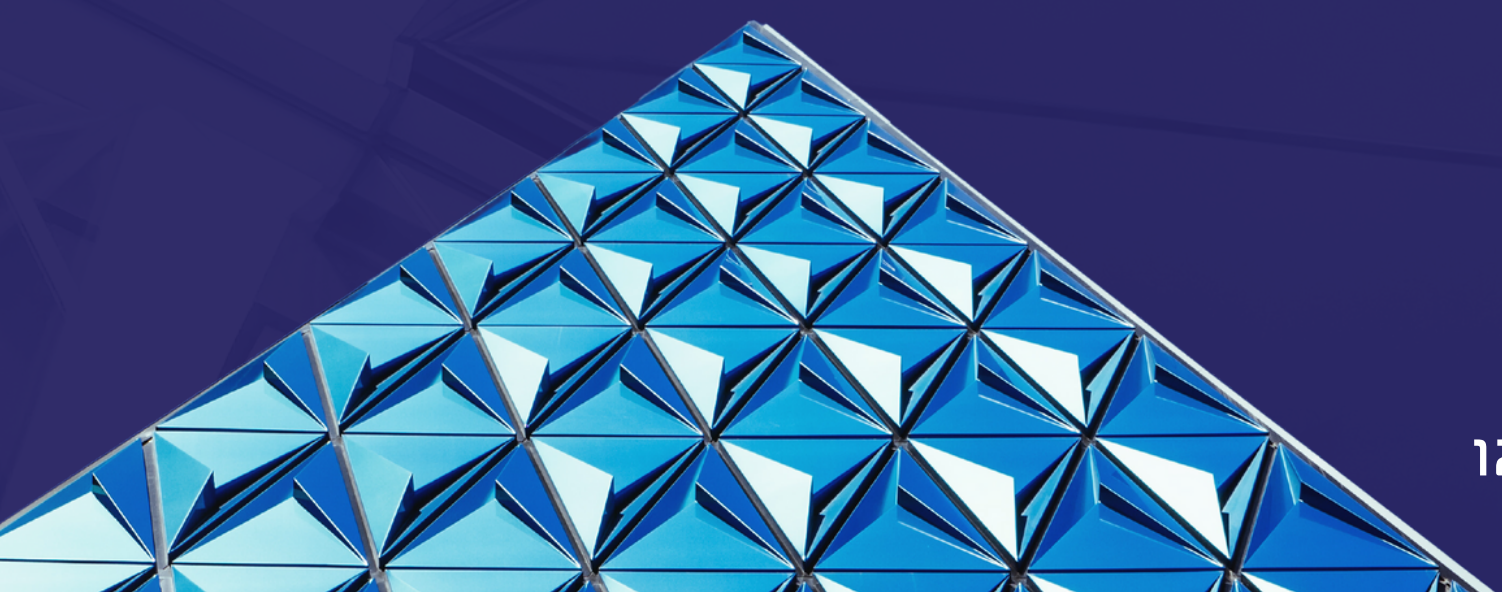
WHY VIC.AI

Vic.ai is an autonomous Accounts Payable platform trained on over half a billion invoices. It specializes in autonomous invoice processing, approvals, payments, and real-time insights for faster, more informed financial decision-making. Designed for CFOs and AP teams, Vic.ai's proprietary AI, trained on more than half a billion invoices, reduces invoice processing time by 80% while maintaining 97-99% accuracy rates. That translates to true AI.

Let's illustrate this with an ROI calculation using Vic.ai customer data:
- **Number of invoices annually:** 250,000
- **Expected invoice volume increase:** 10%
- **% Time spent on invoice processing:** 75%
- **Average cost per AP FTE:** $55,000
- **Existing annual software cost, Vic.ai would replace**: $50,000

With the current provider, the labor cost per invoice amounts to $3.30 and $0.53 with Vic.ai by lowering the time spent per invoice by 84%. Looking at labor costs and total number of invoices, the projected operational savings for the next five years looks as follows:
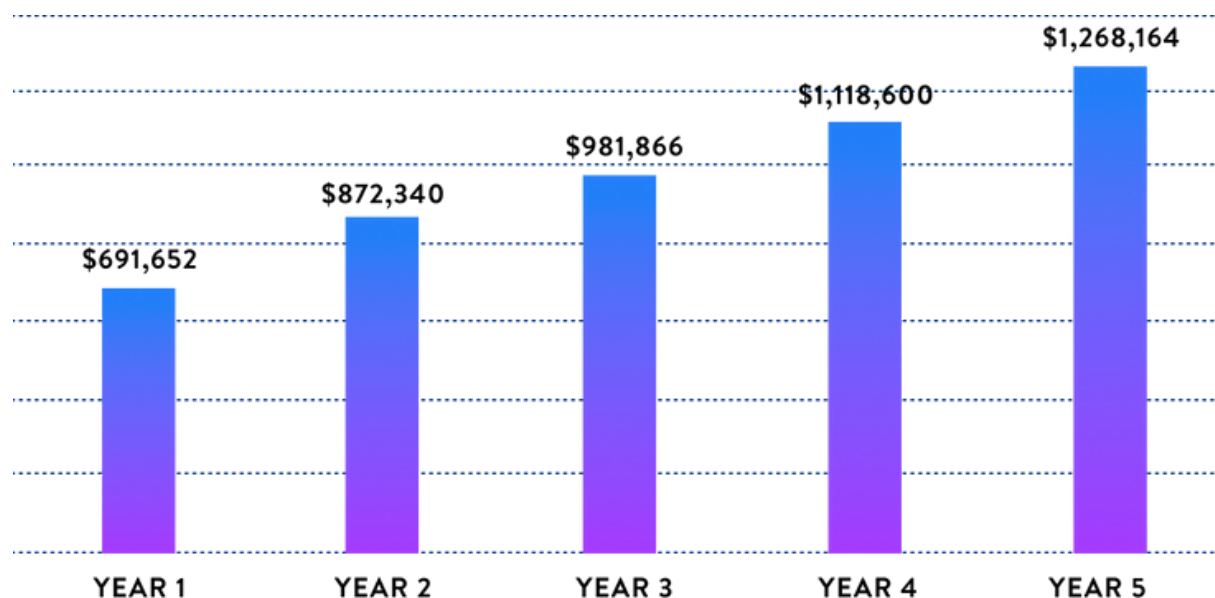
By replacing the current system with Vic.ai and having these almost immediate operational savings, the yearly savings start in year 1 with close to $250,000 and up to $600,000 in year five for the customer in the example. And that doesn't even include the indirect savings.

Vic.ai is not just another AP automation tool; it's an autonomous AP platform that leverages AI to solve the most pressing challenges in accounts payable. With its ability to reduce manual processes, combat fraud, and manage supplier relationships efficiently, Vic.ai is the future of AP management. The longer you use Vic.ai, the more autonomy you gain, making it a scalable solution for modern finance departments.

It's time to take the next step towards autonomous finance and boost your department's productivity with Vic.ai.

SCHEDULE A CALL