Alfor Finance Leaders

Capture, Create and Deliver Value to the Business



AI FOR FINANCE LEADERS What is MACHINE LEARNING (ML)

COMMON TYPES

SUPERVISED LEARNING

T rain models on labelled data to make predictions. Used in applications like diagnosing dangerous tumours from medical imaging.

UN-SUPERVISED LEARNING

dentify patterns in data without pre-existing labels. Group customers based on purchasing behaviours for targeted marketing or product recommendations.

REINFORCEMENT LEARNING

M imics the trial-and-error learning process that humans use to achieve their goals. An algorithm is 'rewarded' for the right output and 'penalized' for the wrong output. Real-world examples include self-driving cars, automated robots, etc. It is also one of the algorithms used in training language models like ChatGPT.

WHAT IS ML?

A branch of *artificial intelligence (AI)* that focuses on the use of data and algorithms to enable AI to mimic the way humans learn and gradually improve its accuracy over time.

AI vs ML vs Deep Learning

ARTIFICAL Intelligence MACHINE I FARNING

DEEP LEARNING

WHAT IS ALGORITHM?

step-by-step set of rules (or recipe) designed to solve a problem or accomplish a task efficiently.
It's the backbone of AI that enables automated decision-making and problem-solving.

HOW ML IS USED?

SUPERVISED LEARNING	Forecasting: Label customers' historical payment patterns to predict future bad debt.
UN-SUPERVISED LEARNING	Anomaly Detection: Identify unusual transaction patterns that may indicate fraud or Internal Controls issues.
REINFORCEMENT LEARNING	Dynamic Price Optimization: Adjust product pricing strategies in real- time based on market conditions and demand.

AI FOR FINANCE LEADERS Assessing the Al-Readiness

WHY IS IT IMPORTANT?



Identify Gaps

Helps understand current capabilities and areas for improvement.



Mitigate Risks

Addresses potential challenges like data quality, infrastructure, and skill gaps.

Maximize ROI

Ensures informed decisions about Al investments and prioritize initiatives.

4

Ensure Ethical Use

Understand potential Ethical implications of AI and established guidelines for responsible use

HOW TO ASSESS AI-READINESS?



Digital Transformation **CFO ACTION PLAN**

A holistic approach to Digital Transformation requires a focus on not just Technology but also the Cultural and Process side.



UNDERSTAND THE CURRENT STATE

Evaluate the current Digital and Process maturity of the Finance function. Understand your current operating models and ways of working. Identify and shortlist key pain points and priorities.

2

DRAFT A CLEAR ROADMAP

Develop a future vision of the Finance Function. Create a Digital Transformation Roadmap addressing top pain points and priorities. Have a clear timeline, business benefits, and objectives outlined against the roadmap.

3

LEAD A 'SIMPLIFICATION' DRIVE

Mobilize the entire Finance organization behind a process simplification drive. Reward and Recognize the right behaviors — Automate basic workflows, and dashboard reporting using tools like Power BI, Power Automate, PowerApps etc.

GET AN OUTSIDE-IN PERSPECTIVE AND CO-CREATE

Collaborate with other functions (Sales, Marketing, IT, etc.) to identify their business needs. Understand how Data flows within the organization and evaluate ways to harmonize data and streamline processes.

5

BUILD A CORE TRANSFORMATION TEAM

Consider creating a small team driving transformation across Finance. Include domain experts, key digital talent, and leadership team sponsors. This should act as a facilitator for governance, training and transformation workshops.

FOCUS THE INVESTMENT

Do not be blind sighted by shiny tools. Ensure any digital investment creates a clearly identifiable return or solves a tangible business problem.

START SMALL. GO INCREMENTAL

Go for the quick wins which will create excitement and buy-in from both Executive teams and the broader organisation. Identify high-impact projects that can be delivered within 3-6 months. Then build incrementally based on the Digital roadmap.

MEASURE AND COMMUNICATE ROI

8

Devise a mechanism to measure and track the ROI of Digital projects. Use a balanced scorecard approach which includes both Financial and Non-Financial measures.

CREATE PSYCHOLOGICAL SAFETY

Create an environment where employees feel safe to experiment and take risks. Encourage them to share their ideas and feedback. Celebrate failures as learning opportunities.

10 LEAD WITH A CULTURE OF CONTINUOUS LEARNING

Encourage teams to continuously learn and develop new skills. Lead from the front and demonstrate the behaviour at the Finance leadership team level. Introduce a Reward system for innovation and learning.

AI FOR FINANCE LEADERS **DIGITAL TWINS**

WHAT IS A DIGITAL TWIN?



Virtual replica of a physical Asset, Process, or System.

Powered by scores of Data and Algorithms, a Digital Twin mimics the real-world asset, process, or system to enable resource planning, simulations and scenario analysis

SOME SOURCES OF DATA FOR A DIGITAL TWIN



IoT sensors embedded in physical assets gather real-time data on temperature, pressure, vibrations, and more.

Operational/Process Data Information from ERP, CRM, and other systems provide context about usage patterns and workflows.

External Data

Weather data, social media feeds, and market trends to enrich the model's understanding.

ELEMENTS OF A DIGITAL TWIN

EMULATOR

- 'As-is' Model of the real-world.
- Capture, replay and store actual data at scale.



Over time Data flows between the two creates a highly enriched and trained Digital Twin

SIMULATOR

- 'As-if' Model of the real world
- Runs 'what-if' scenarios



AI FOR FINANCE LEADERS Machine Learning Development Lifecycle (MLDC)

WHAT IS MLDC?



A structured approach to building, deploying, and maintaining machine learning models.

STEPS IN MLDC



AI FOR FINANCE LEADERS Scaling The Al Initiatives

ADOPTION



ADAPTATION



EMPLOYEE FOCUSED

- **Lead from the front** and role model to demonstrate support and enthusiasm.
- Why it matters? Demonstrate what benefits it brings to end users.
- Reward & Recognition to encourage and incentivize the right behaviours.
- Invest in training & development of teams to build a continuous improvement mindset.

BUSINESS MODEL FOCUSED

- **Understand the impact** on Endto-End processes and how are they affected.
- Impact on Performance Management and changes needed to KPIs being tracked.
 - How People and Culture are impacted through new technology and ways of working.
 - Mindset and Behaviours needed to thrive in the re-imagined organisation.

MANAGING YOUR TECH-STACK What is Technical Debt?

TECHNICAL DEBT

A Cost that Organisations pay to address any Technical or System issues arising due to incomplete, overly complex or failed Digital initiatives.

5 SOURCES OF TECHNICAL DEBT

Short-cuts
Opting for quick
fixes over long-
term solutions.

Poor Documentation Both over/under

Both over/under documentation

Ignoring Best Practices Not adhering to

Standards & Principles

4

Legacy Not updating systems and fixes timely Mergers & Acquisition Compatibility issues

COST OF THE DEBT 🖧

High 'Interest': Maintenance, bugs, system failures.

Slow Innovation: Resources go to fixing instead of creating.

Lower Agility: Rigid, outdated systems struggle to adapt.

Security Risks: Exposure to Cyber Attacks.

Low Morale: Frustrates teams spending time 'putting out fires'



Prioritize Quality & Integration. Balance Short & Long-term

HOW TO AVOID?

Refactor Regularly: Continuously improve codes and system**s**

Automate Testing: Catch errors early in the development cycle.

Embrace Agile: Iterative development and iteration.

Invest in Training: Keep skills current and up-to-date.



MANAGE & REDUCE EXISISTING DEBT



IDENTIFY & PRIORITIZE



REBUILD

ALLOCATE RESOURCES

MONITOR PROGRESS

MANAGING THE COST OF AI DEPLOYMENT Al-as-a-Service (AlaaS)



WHAT IS AlaaS?

AI-as-a-Service enables businesses to access powerful AI tools and capabilities without building their own from scratch.

It's like renting powerful AI software instead of buying and maintaining it yourself.

WHY CHOOSE THIS MODEL?





Cost-effective Avoids large upfront investments in Al infrastructure.

Faster Deployment Get AI solutions up and running quickly.

Pilots & Scalability Test Pilot projects and increase or decrease AI usage as needed.

Access to Expertise Leverages the knowledge of AI specialists.

USE CASES



KEY WATCHOUTS



Data Security Risks Outsourcing Al means entrusting sensitive data to third-party providers.



Vendor Lock-in Switching providers or building in-house solutions can be challenging



Limited Customization **Pre-built solutions** may not offer the flexibility for highly tailored business needs.



Hidden Costs Unexpected expenses can arise from data storage, API usage, and additional support services.

AI FOR FINANCE LEADERS AI Factory - The new Operating Model

WHAT IS AI FACTORY?

A systematic environment to integrate AI into business operations.

AI Factory has standardized and repeatable processes and practices that enable faster development and deployment of AI models across the business.

HOW IT WORKS?





AI FOR FINANCE LEADERS A Guide to Measuring ROI and Performace

1

2

2

3

Simple Return on Investment

= [Benefits (\$) - Cost of Investment (\$)]/ Cost of Investment. Calculate for each year if this is a recurring cost.

Remember, Benefits = Cost savings, Human hours saved, Profit growth, Productivity, Working capital improvement etc.

Internal Rate of Return (IRR %):

For projects generating returns over a number of years, calculating an IRR % is one of the best ways to evaluate if the investment is able to generate a return, more than the Cost of Capital for the business.



Net Present Value (NPV):

Discounting all the future cashflows (in & out) in today's terms. A positive NPV is good, negative..not!



Payback period:

A simple calculation to determine how many years it takes for the original investment to be recovered. Not so useful for an investment with recurring costs.

Adoption rate:

Using event logs, visualising how many users accessed and used the new digital platform or app. One of the easiest to measure these days.

Employee engagement:

Carrying out surveys before and after to evaluate how technology helped employees become more engaged by improving their ways of working.

Net promoter score:

How likely it is that the users will recommend the digital investment to their network.

Value realization:

Number of hours saved, decrease in the number of manual interactions, lower number of end-to-end 'touches' in a process.

5

Average response time:

Best to use in case of standardized transaction processing e.g. time to create a purchase order, settle an invoice, reimburse employees.



Visibility index:

A user score to measure increased information visibility post-investment.

Agility index:

A user score to measure the speed of information visibility post-investment.



Risk optimization:

Number of manual 'Controls' removed post-investment.

9

Cyber security:

Number of frauds, successful cyber attacks, etc. pre and post-investment.

AI FOR FINANCE LEADERS 9 GenAI USE CASES



ASSET MAINTENANCE PLANNING

Optimize and Simulate maintenance schedules using historical use and performance data.

BUSINESS BENEFITS

- Cost Improvements
- Better Health & Safety
- Increased throughput

OPTIMIZING TRADE PROMOTIONS

Prepare negotiation decks and analyze vast amounts of historic unstructured data to support negotiation process

BUSINESS BENEFITS

- Efficient trade promo process
- Better allocation of resources
- Data-driven decision making



PRODUCT 3 DEVELOPMENT

Fast design iterations using design software (Creative assistant). Add insights from historical market data.

BUSINESS BENEFITS

- Faster Speed-to-market
- 'More Creative Bandwidth'
- Curtailing market research time



BUSINESS INTELLIGENCE

Locally fine-tuned models enable faster access to information through human-like interaction.

BUSINESS BENEFITS

- Data-driven decision making
- Analyze previously inaccessible unstructured data



Faster migration to advanced analytics through assisting code development

BUSINESS BENEFITS

- Short software dev lifecycle
- Access to a wider knowledge base for SMEs



Generate synthetic data for testing and simulating scenarios previously unknown.

BUSINESS BENEFITS

- Faster Al Model deployment
- Rigorous testing using scores of data

CUSTOMER

Using NLP, Speech-to-text deploy 24-hour Customer support.

BUSINESS BENEFITS

- Better customer experience
- Increased human Customer Representative's efficiency



Support Governments to simulate scenarios of various infrastructure decisions. Generate 3D models for master planning. BUSINESS BENEFITS

- Super-charge creativity
- Better decision-making
- Faster ideas generation



Multi-national corporations get access to huge in-house content and best practices previously in different languages BUSINESS BENEFITS

- Better Customer experience
- Best-practice sharing
- Standardized processes

AI FOR FINANCE LEADERS AGENTIC AI: The Next AI Frontier

WHAT IS AGENTIC AI?

Agentic AI is the closest we can get to autonomous AI. In essence, it is a type of AI that can perform tasks independently with minimal human intervention.

WHAT SETS IT APART?

Its ability to autonomously take actions, adapt in real-time, and solve multi-step complex problems based on context and objectives.

HOW DOES IT WORK?

- Think of it as a team of specialized AI agents working seamlessly together, similar to how humans collaborate in teams.
- It achieves this by employing various advanced AI techniques, including large language models (LLMs), ML, DL etc.
- For example, LLMs to respond in natural language and ML to analyze data and predict outcomes.

USE CASES

- **Proactive Risk Management:** Actively monitors multiple data sources, identifies potential business risks before they materialize, and autonomously implements mitigation strategies across different departments.
- Dynamic Customer Experience Management: Goes beyond chatbots by coordinating multiple systems initiating customer-specific resolutions, and modifying product recommendations based on real-time market dynamics.
- Healthcare Operations Optimization: Independently manages hospital resources by coordinating staff schedules, equipment maintenance, patient flow, and treatment plans while adapting to emergencies in realtime.
- Self-Evolving Process Automation: Rather than following pre-set rules, actively identifies inefficiencies across the organization, designs new workflows, and implements improvements across multiple systems with minimal human intervention.

Want to create value through Digital?

Contact Me:



hello@tariqmunir.me



www.tariqmunir.me

in CONNECT WITH ME

