AI self-assessment for corporate finance leaders: Enhancing CPM processes

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Artificial Intelligence (AI) is not just a buzzword; it's a transformative force reshaping industries worldwide. In the realm of corporate finance, where accuracy, efficiency, and strategic insights are paramount, AI holds immense potential. By automating routine tasks and augmenting analytical capabilities, AI empowers finance professionals to elevate their role from data management to strategic decision-making.

Introduction: The evolution of AI in finance and CPM

From consumer devices to enterprise software systems, AI has permeated every facet of modern life. In the domain of corporate performance management (CPM), AI offers a unique opportunity to streamline operations, enhance data-driven insights, and improve overall business agility.

In this whitepaper, we'll explore:

The role of AI in CPM

How to perform an automation gap analysis

How to quantify time lost to manual tasks

How to conduct a data source analysis

How to develop an AI transformation action plan

Start your journey to AI-based CPM with CCH Tagetik

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Understanding the role of AI in CPM

AI's integration into CPM processes is not about replacing human expertise but amplifying it. By automating repetitive tasks and enhancing data analysis, AI enables finance teams to focus on critical activities that drive business growth and innovation. This self-assessment guide is designed to help finance leaders evaluate their current AI adoption levels and identify areas where AI can deliver the most significant impact.

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Test 1: Perform an automation gap analysis

An automation gap analysis is the first step in assessing how AI can augment existing CPM processes. It involves identifying tasks that are currently manual and evaluating their potential for automation without compromising accuracy or compliance.

Steps to Conduct an Automation Gap Analysis:

1.

Identify manual CPM tasks

List all CPM tasks currently performed manually by your finance team. These may include data entry, validation, reconciliation, and reporting updates

2.

Assess criticality and potential for improvement

Evaluate the criticality of each manual task in terms of its impact on financial performance and compliance. Determine the potential for AI to enhance efficiency and reduce the risk of errors

3.

Define current vs. desired state

Compare the current state of manual processes with the desired state where AI could automate or assist in these tasks. Prioritize tasks that offer the highest ROI in terms of time saved and improved accuracy

AI excels in automating repetitive data tasks such as data entry, validation, and anomaly detection. By leveraging machine learning algorithms, AI solutions can learn from historical data patterns to streamline processes and improve decision-making capabilities.

Test 2: Quantify time lost to manual tasks

Understanding the time allocation across different CPM tasks provides insights into where AI can deliver the most significant efficiency gains. By quantifying the time spent on data management, analysis, and reporting, finance leaders can prioritize areas for AI intervention.

Key areas for time quantification:

Data management

Assess the time spent on data collection, input, verification, and reconciliation

Analysis and reporting

Measure the time allocated to business driver analysis, scenario modeling, and report preparation

Compliance and risk management

Evaluate the time spent on regulatory compliance, risk assessment, and audit preparation

AI-powered tools, like those integrated into CCH Tagetik, automate data verification, mapping, and analysis, significantly reducing the time and effort required for these tasks. This not only enhances productivity but also improves the accuracy and reliability of financial reporting and forecasting.

Test 3: Data source analysis

CPM processes rely on data from various sources across the organization, including ERP systems, HR databases, market data sources, and more. Managing diverse data inputs manually increases the risk of errors and delays. A thorough data source analysis helps finance teams identify opportunities for AI integration to streamline data handling and enhance data integrity.

Steps for conducting a data source analysis:

4. **Identify data sources**

Compile a list of all data sources used in CPM tasks, including internal systems and external databases

5. **Evaluate manual interventions**

Assess the manual efforts required for data collection, validation, reconciliation, and analysis across each data source

6. **Quantify volume and complexity**

Determine the volume and complexity of data handled by your team. Evaluate the scalability of current processes and identify pain points that could benefit from AI-driven automation

AI solutions excel in processing and analyzing large volumes of structured and unstructured data from diverse sources. By automating data collection, validation, and scenario modeling, AI minimizes errors and enhances data consistency, crucial for accurate financial forecasting and strategic decision-making.
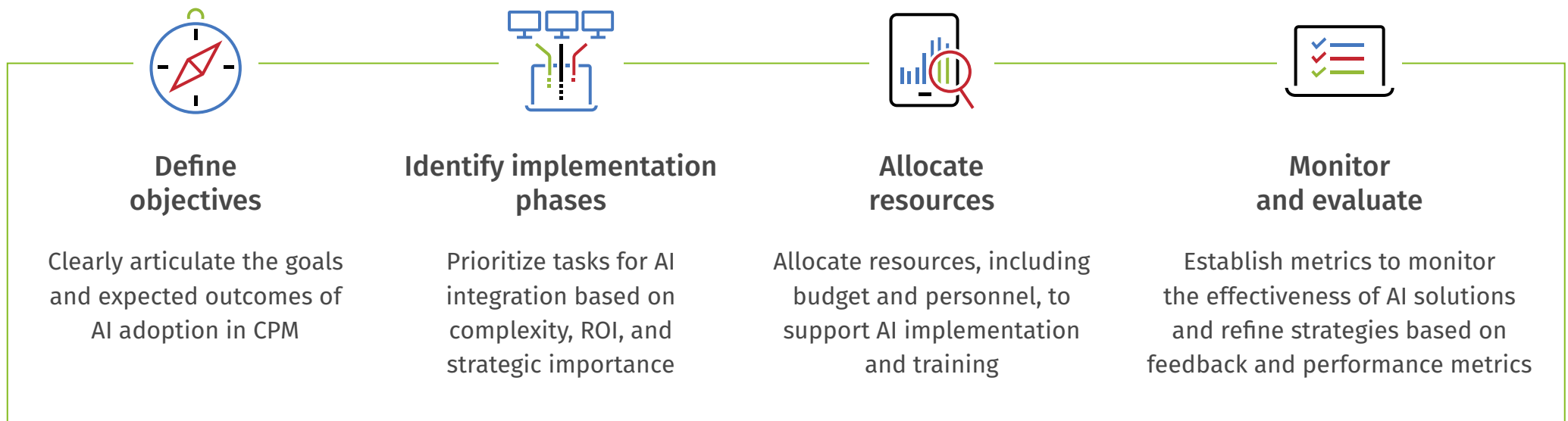
AI as an ally in finance

Contrary to the misconception of AI replacing human intelligence, AI in CPM serves as a strategic ally to finance teams. By automating routine tasks and augmenting analytical capabilities, AI empowers finance professionals to focus on high-value activities such as strategic planning, risk management, and performance analysis.

Developing an AI transformation action plan

Armed with insights from the self-assessment, finance leaders can develop a targeted AI transformation action plan. This plan should prioritize tasks for AI integration based on the assessment findings, ensuring a phased approach to adoption that aligns with organizational goals and resources.

Key components of an AI transformation action plan:

Define objectives

Clearly articulate the goals and expected outcomes of AI adoption in CPM

Identify implementation phases

Prioritize tasks for AI integration based on complexity, ROI, and strategic importance

Allocate resources

Allocate resources, including budget and personnel, to support AI implementation and training

Monitor and evaluate

Establish metrics to monitor the effectiveness of AI solutions and refine strategies based on feedback and performance metrics

Is AI in your forecast?

Embracing AI in CPM represents a significant opportunity for finance leaders to drive operational efficiency, enhance decision-making capabilities, and achieve sustainable growth. By leveraging AI's capabilities to automate routine tasks and amplify human intelligence, finance teams can unlock new levels of productivity and strategic insight.

See first-hand how CCH® Tagetik's first-of-its-kind AI-powered CPM software can enhance your financial processes. Request a demo today to schedule time with one of our solution experts.

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