

Unlocking the power of Generative AI in finance for enhanced efficiency and profitability

Last year was an exciting year for business, with Generative AI (GenAI) at the center of new ways to serve customers and shareholders and improve operations and profitability. Global Business Services (GBS) Finance functions aspired to embrace AI as a collaborator to enhance hyper-personalized internal and external customer experiences, democratize insights and expertise, and, importantly, bring in greater scale and automation, leading to efficiencies and process standardization.

DELOITTE'S INSIGHTS

AI has been receiving much attention in the current climate. As it introduces a paradigm shift to accelerating transformation, finance leaders have been more engaged in the excitement, likely driving a willingness to fund implementations. However, that excitement may outperform the current impact of AI in the finance and accounting space. Therefore, the willingness, or perceived willingness, to fund AI tools may focus on more long-term or future investments until the impact aligns with the hype or offers more assurance for a return on investment.

The clock is ticking for organizations to create significant and sustained value through their GenAI initiatives. Promising pilots have led to more investments, escalating expectations, and new challenges. During this pivotal phase, many C-suites and boards are beginning to look for returns on investment; their interest in GenAI could wane if initiatives don't pay off as much, or as soon, as expected.

Boards are increasingly eager to see AI in action, prompting CFOs to demonstrate its tangible value. Organizations are deploying GenAI across dozens of use cases in every industry. Some are buying off-the-shelf tools and tapping public LLMs (large language models). Others are choosing to build from the ground up. Regardless, when GenAI at scale is concerned, many leaders remain uncertain about talent capabilities, platform decisions, data risk, and model governance. This is where service providers, including Deloitte, can help. Service providers are not only investing in and developing GenAI-enabled products and services, but they are also embedding GenAI in several aspects of their solution offerings.

Deloitte has been at the forefront of leveraging Generative AI (Gen AI) to revolutionize finance operations for its clients by accelerating efficiencies, controls and cost savings delivered thru' its finance and accounting operate services.

By integrating advanced Gen AI technologies, Deloitte has enabled organizations to automate complex financial processes, enhance decision-making, and improve overall efficiency. For instance, Deloitte's Gen AI solutions have streamlined tasks such as financial forecasting, Invoice processing, automation and acceleration of collections processes and enable an accelerated and more touchless close, etc.

Maximizing the benefits of GenAI in outsourcing services is a collaborative endeavor. It requires foundational streamlining and addressing the following:

Understanding complexity:

While GenAI is promising, implementing it at scale in finance can be more complicated and potentially costly than many CFOs may think. It's important to remain objective when making these decisions.



Thinking beyond a stand-alone solution:

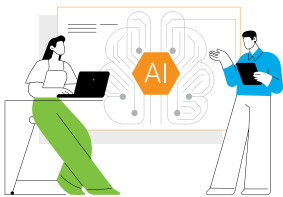
Recognize that AI is important to a larger solution set and not a cure-all.

Implementing capabilities beyond narratives:

GenAI's utility can extend to multiple finance processes like smart reconciliation, improved variance analysis, perceptive task management, dynamic risk assessment (audit and controls), etc.



CFOs and GBS leaders should consider the guiding principles below when working with their service providers to reap GenAI's benefits.



Collaborate early and effectively.

Engage with a service provider's technology teams to understand their AI policy, capability, and organizational priorities.

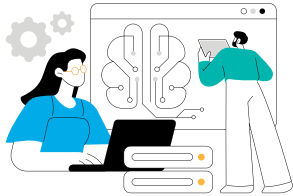
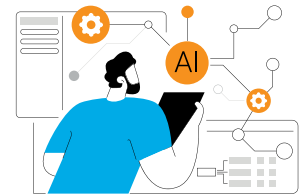
Assess your current finance technology road map.

Where is it backlogged? Can your current infrastructure support GenAI solutions? What capabilities can AI accelerate? Consider engaging actively and regularly with platform providers to understand existing investments and future road maps for core finance technology systems, then map those capabilities against your actual needs.



Determine whether GenAI is genuinely needed.

Does the problem necessitate a GenAI solution, or can it be addressed with other technologies, such as AI-driven platforms or robotic process automation (RPA) for rule-based scenarios? For example, invoice data extraction and entry can be efficiently automated using RPA. However, detecting fraudulent invoices requires the advanced capabilities of a GenAI solution.



Preparing data for the age of AI is a big job.

The output quality of a large language model (LLM) is directly related to the data used to train and fine-tune the model. Service providers will need to assess the maturity of the data landscape (governance, security, quality, volume) and provide the road map to their GBS owners. They must evaluate how data governance, management and analytics service providers can assist the organization. Additionally consider how hyperscalers which offer LLM solution supported by their extensive data and tools can facilitate scalable and consistent AI implementation

Create a joint road map of opportunities based on ROI

While evaluating GenAI solutions, seeing a significant return on investment is important given the high costs associated with implementation and maintenance, especially when training a new model. These returns should be assessed over different time frames: short term (zero to two years) and long term (more than three years). Another consideration is whether the GenAI solution can establish foundational capabilities to drive further innovations in finance operations.



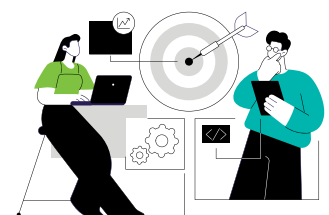
Conduct a risk assessment.

It is also necessary to conduct a risk assessment for GenAI solutions. Asking the following questions can assist:

- With this solution, are we reducing or adding more risks?
- What is the probability of achieving the desired business benefits (full potential versus less optimistic scenarios)?
- What are the key risks, and are there risk-mitigation plans in place?

Create a proof of concept

Start with a pilot project and gradually scale up. Dedicate some of the budget to explore AI through practical use cases, then scale up enterprise wide.



Stronger governance can help to scale capabilities and drive value

Governance, risk, and compliance are fundamental pillars of any initiative. In the context of GenAI, service providers should demonstrate the following:

- Formalized processes, policies, and procedures are in place to manage the GenAI agenda.
- Actions are being taken to manage GenAI regulatory and compliance risks.
- The right skill sets and people support GenAI solutions (those who validate and test the design, maintenance, etc.).

CONCLUSION

Where GenAI at scale is concerned, many CFOs and GBS owners remain uncertain about talent capabilities, platform decisions, data risk, and model governance. How can they respond with agility, stand up the right teams, and hire for the specialized skill sets required to harness the power of GenAI and apply it successfully to their business?

Working with the appropriate service provider and implementing the appropriate tools and technologies, along with a strong data and governance framework, should enable GBS owners to better realize the potential of GenAI.

Deloitte's experience and capabilities across domains, industries, and platforms can help clients implement GenAI at an enterprise level and in ways that transform outcomes.

1. We help apply GenAI to relevant finance use cases for their business and the desired outcome.
2. We help select and customize existing AI platforms, workflows, and models—or engineer fully customized options—to fit the client's data, risk concerns, regulatory environment, industry, and market.
3. Deloitte uses Trustworthy AI™ framework to help organizations develop ethical safeguards and manage risk while capitalizing on the returns associated with AI and GenAI
4. We can run, optimize, and evolve client GenAI use cases on an ongoing basis, managing the underlying technology and processes and responding with agility to changing demands.

We operate at the intersection of executing world-class F&A outsourcing services combined with Gen AI solutions, offering CFOs a unique convergence to enable business transformation. We look forward to discussing how we can help enable your business transformation.

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CASE STUDY:

Transforming forecasting processes with Deloitte's PrecisionView™



Client overview:

- Industry: Consumer goods manufacturing
- Client: Large multinational company



Business challenges:

The client aimed to revolutionize its forecasting process by leveraging technology and data. The goal was to incorporate automation, various internal and external drivers, historical data, and advanced machine learning/AI capabilities to enhance forecasting accuracy and decision-making.



Solution: Deloitte's PrecisionView™:

Deloitte introduced PrecisionView™, a sophisticated tool offering advanced AI forecasting, scenario modeling, and analytical functions. PrecisionView™ integrates with a wide range of leading enterprise tools and applications, utilizing data aggregation technologies and predictive analytics to provide an effective user experience.



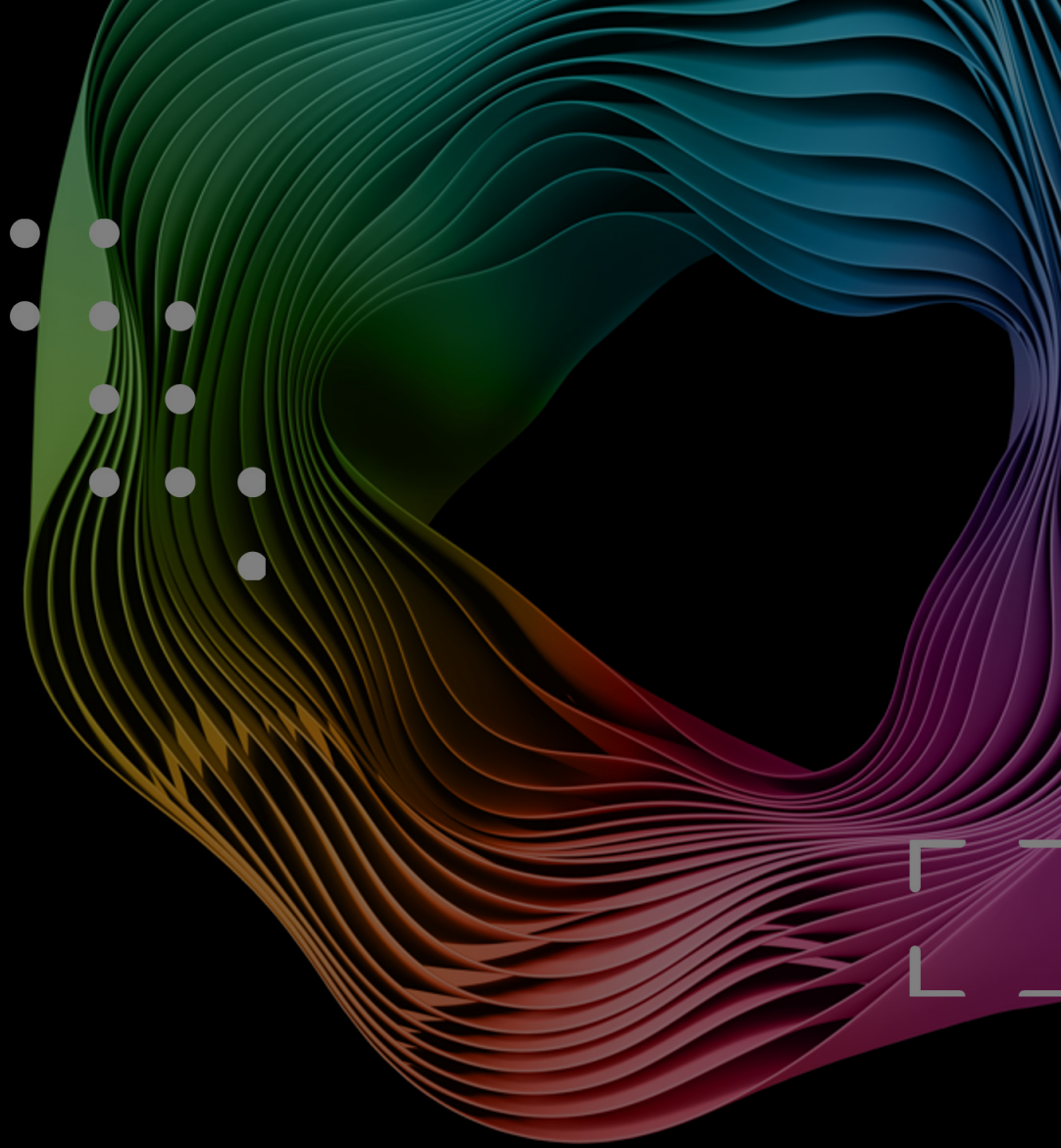
Key features of PrecisionView™:

- Advanced AI forecasting: Utilizes machine learning to predict future trends with high accuracy
- Scenario modeling: Allows users to simulate business scenarios and their potential impacts
- Analytical functions: Provides deep insights into business drivers and their financial consequences



Outcomes achieved:

- **Enhanced forecasting accuracy: Achieved 99.6% precision in full-year unit sales forecasts during the first year of a two-year outlook for the entire company.**
- Increased transparency: Provided executives with more precise insights into business drivers and their financial implications.
- Improved decision-making: Enabled faster and more informed decision-making processes, improving future performance.
- Benefits
 - Operational efficiency: Automation and advanced analytics streamlined the forecasting process.
 - Strategic insights: Enhanced visibility into key business drivers supported strategic planning and resource allocation.
 - Competitive advantage: Improved forecasting accuracy and decision-making capabilities positioned the company for better market responsiveness and competitiveness.



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