

From digital close to intelligent close

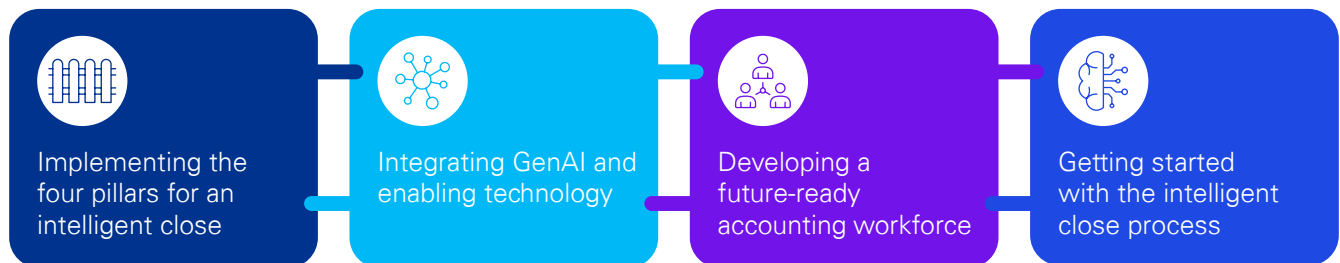
May 16, 2024



Intelligent close is an innovative concept that uses digital technologies and artificial intelligence (AI) to revolutionize the closing process. Based on four pillars—trusted transactions, autonomous accounting, real-time reporting, and a future-proof workforce—it aims to bring enhanced efficiency and value to the accounting process. The initiative not only provides insights into potential benefits and shares experiences from client implementations but also offers strategies for successful adoption of digital technology in the industry.

The webcast highlighted using generative AI (GenAI) to transform the financial close process and elevate accounting from a regulatory role to a strategic value driver.

Panelists discussed the following topics:



Implementing the four pillars for an intelligent close

The intelligent close approach integrates advanced technologies and transforms traditional accounting processes into strategic, efficient, and value-driven operations for real-time, accurate business insights. Here are the four key pillars for an intelligent close:

- Trusted transactions actively improve data quality, serving as a cornerstone for enhancing processes such as accounting and reporting. Advanced tools such as modern data platforms and exception-based anomaly detection play a crucial role. The close process kicks off with business events and daily transactions instead

of merely gathering input. This approach assures accuracy and security of transactional data, crucial for extracting strategic insights that drive business strategies, enable growth, and mitigate risk.

- An autonomous accounting approach actively applies automation and GenAI to streamline accounting tasks, thereby reducing workloads and errors. GenAI takes on roles such as extracting data insights and detecting anomalies. The ultimate aim is to redirect the accountant's focus from mere compliance to the delivery of value-added services. By harnessing enabling technologies, exception-based methodologies, and fully integrated end-to-end processes, this strategy sharply reduces close-time cycles and enhances operational and financial efficiency.

- Real-time reporting employs the power of the AI-enabled spectrum to transform data from intuitive dashboards, visualizations, and predictions into actionable recommendations using persona-driven tailored analytics. Leveraging improved data quality and AI, this strategy results in precise and up-to-the-minute reporting. With the evolution of touchless reporting, reports now require less human interaction, while GenAI enhances this process by autogenerating commentary for financial statements.
- The modern workforce transforms traditional accounting into strategic centers of excellence (COEs). These COEs house tech-savvy financial experts who use digital tools and agile methodologies and adopt a growth mindset. As accounting transitions from a manual to a digital environment, the workforce innovates, effectively leverages technology, and generates value surpassing conventional accounting tasks.



Integrating GenAI and enabling technology

GenAI revamps the closing process in accounting by efficiently detecting inconsistencies in real-time transactions, thus streamlining reconciliation operations. It also offers regulatory insights and generates narrative commentary, reinforcing the accuracy and integrity of financial data while reducing manual intervention. As for commentary generation, GenAI takes over the initial stage of producing commentary based on data analysis, significantly improving efficiency. This allows accounting personnel to concentrate on refining the commentary and providing more thorough analysis.

Deploying enabling technology is crucial for implementing an intelligent close process. Utilizing modern data platforms enhances data quality, while exception-based anomaly detection proactively identifies transaction violations and fixes data issues before they escalate. The importance of integrating the latest AI tools with existing enterprise resource planning (ERP) and enterprise performance management (EPM) systems also takes precedence.

A variety of ERP providers now offer machine learning and AI capabilities. However, it's recommended for organizations to understand their requirements, and then assess whether the existing capabilities of their ERP and EPM providers meet those requirements before

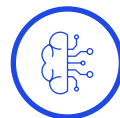
investing in new tools. This ensures that organizations extract value from their investment and apply these technologies to improve their closing processes.



Developing a future-ready accounting workforce

Workforce development plays a critical role in the application of an intelligent close process. Today's accounting professionals must not only excel in their traditional accounting roles but also master the use of enhanced technology and fuel innovation. The nature of accounting roles is changing, shifting from routine transactional tasks to more strategic, value-added roles demanding analysis and insights. A modern accounting workforce thus needs to be comfortable working with technologies such as AI and have a robust understanding of data analysis. Mastering these skills is now as essential as understanding traditional accounting principles.

Change management goes beyond merely training employees to use new tools or adapt to new processes. It involves fostering a mindset that embraces change, expects innovation, and consistently seeks to improve operations. Viewing internal teams within an organization, such as sales or marketing teams, along with external vendors and customers as partners, rather than distinct entities, can enhance collaboration and boost the overall efficiency and effectiveness of the closing process.



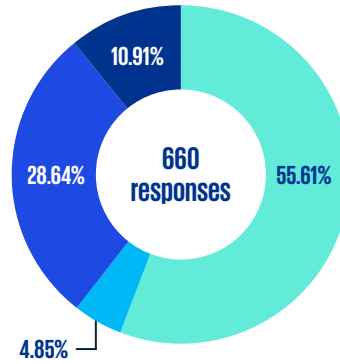
Getting started with the intelligent close process

Here are several essential steps for organizations preparing to introduce an intelligent close process:

- **Create a clear strategy:** Understand your organization's ultimate goal to guide all decisions and actions. Assess your organization's readiness and willingness to embrace new technologies, weigh the cost-benefit aspects, and set performance metrics to track progress.
- **Promote cross-functional collaboration:** The implementation of intelligent close processes requires the collective efforts of a diverse team. This team should include experts in accounting, technology, data analysis, and other relevant fields—all working together to ensure a seamless integration of changes across all business cycles.

- **Secure your data:** With many of the technologies involved in an intelligent close process operating in the cloud, robust data security measures are nonnegotiable. You must set up clear rules of engagement for AI use and effectively manage all data-related risks.
- **Make incremental changes:** The shift toward an intelligent close process shouldn't overwhelm you from the start. Start small by handling manageable use cases to familiarize yourself with new technologies, then slowly expand your efforts. As you gain more experience and confidence using them, you can gradually tackle more complex tasks.
- **Prioritize wisely:** Organizations need to decide which pillar of the intelligent close process requires urgent attention. This decision will depend on your organization's specific challenges and strategic objectives.
- **Continue workforce development:** Change management and reskilling are crucial parts of the transition toward an intelligent close process. Provide the necessary training to employees to adapt to new technologies and methodologies, fostering a mindset for continuous innovation and learning.

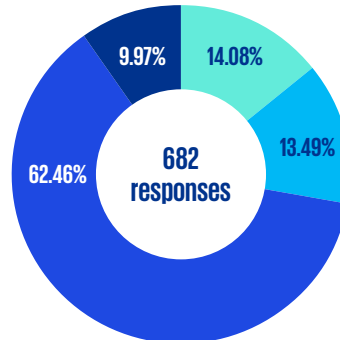
Which option below best represents your current accounting capabilities?



- Embed classical AI capabilities (i.e., RPA)
- Highly manual, very little automation
- Leverage GenAI or intelligent automation readily (i.e., in-house GPT)
- Some digital capabilities (i.e., use of cloud applications)

Note: Percentages may not total 100 percent due to rounding.

What is an intelligent enabler for autonomous accounting?



- Generative commentary
- Intelligent reconciliation and anomaly detection
- Modern data platform
- Touchless reporting

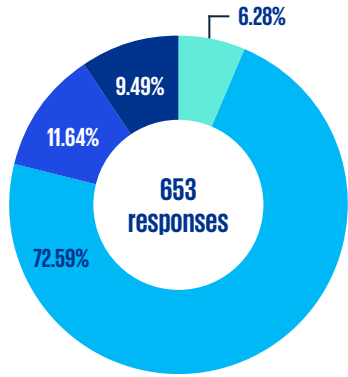
Note: Percentages may not total 100 percent due to rounding.



Shaping the future of accounting

Keeping pace with technological evolution is crucial in transforming accounting into a value-creating function. Digital and AI tools can optimize your accounting processes, turning a traditionally compliance-focused role into a data-driven, insight-led value generator. As the future becomes increasingly automated and intelligent, apply a customer-centric approach and make your accounting process more efficient, accurate, and insightful.

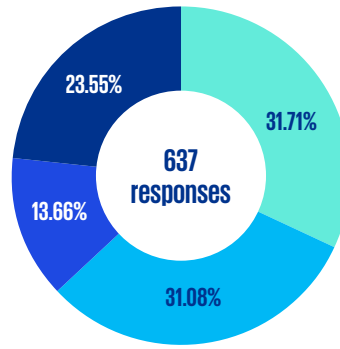
Which option *is not* a key pillar of a modern accounting workforce?



- Agile methodologies and collaboration
- Change management and assessment
- Singular and tailored knowledge
- Technological proficiency and innovation

Note: Percentages may not total 100 percent due to rounding.

Which pillar of the intelligent close is most important for your organization to prioritize?



- Autonomous accounting
- Modern workforce
- Real-time reporting
- Trusted transactions

Note: Percentages may not total 100 percent due to rounding.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:  [kpmg.com](https://www.kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS015673-3A