KPMG

2024 Global Financial Reporting and Valuation Conference

Modernizing Finance: The Journey Ahead

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December 8-10 | Fontainebleau Miami Beach, Florida

Agenda

01 How to turn disruption into competitive advantage

02 Monetizing investments in digital, data, and talent

03 Enabling innovation and organizational agility to drive sustainable, profitable growth

04 Proactively managing enterprise risks to maintain stakeholder trust

05 Insights from the latest KPMG global surveys

Trends and insights from leading finance organizations

Macro Trends				
Investments	**Digital**	**Delivery Model**	**Talent**	**Desired Outcomes**
Increasing spend on digital transformation – Automation, Analytics, AI & People	*Realizing faster, more connected business intelligence from investments*	*Embracing modern delivery models to advance capabilities and enable agility*	*Elevating digital & data proficiency & strategic partnering*	*Focusing on efficiency, quality, redeployment of capacity, & enhanced experiences*

Digital Acceleration

>80% automation of processes and reporting

5x faster close & planning cycles

80% more accurate forecasts

Data Intelligence

Connected insights via enterprise data & analytics strategy

3 – 4x more time spent on analytics and decision support

Flexible, self service dashboards with AI generated Insights

Workforce & Organization Agility

Flatter, more nimble organization structures **aligned by capabilities**

Analytical, digitally fluent talent that challenges status quo

Reimagined employee learning paths and rotations

Innovation

Increased adoption of AI across end-to-end process

Enable more **agile, effective allocation of investments**

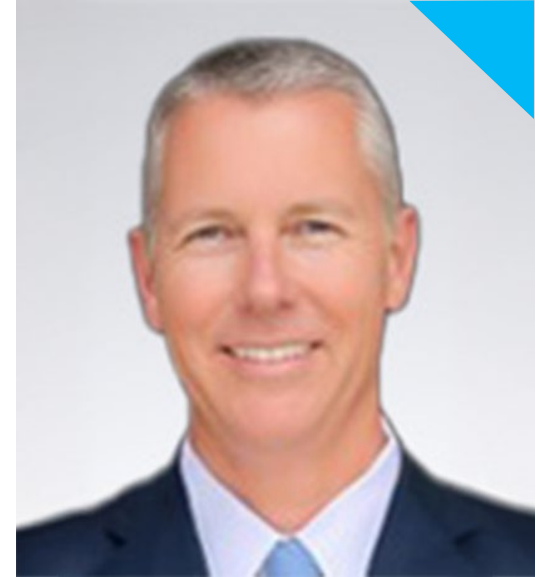**Capability centers** emerging as **transformation engines**

With you today

Michael Kokotajlo

Partner, Advisory – KPMG

John Whalen

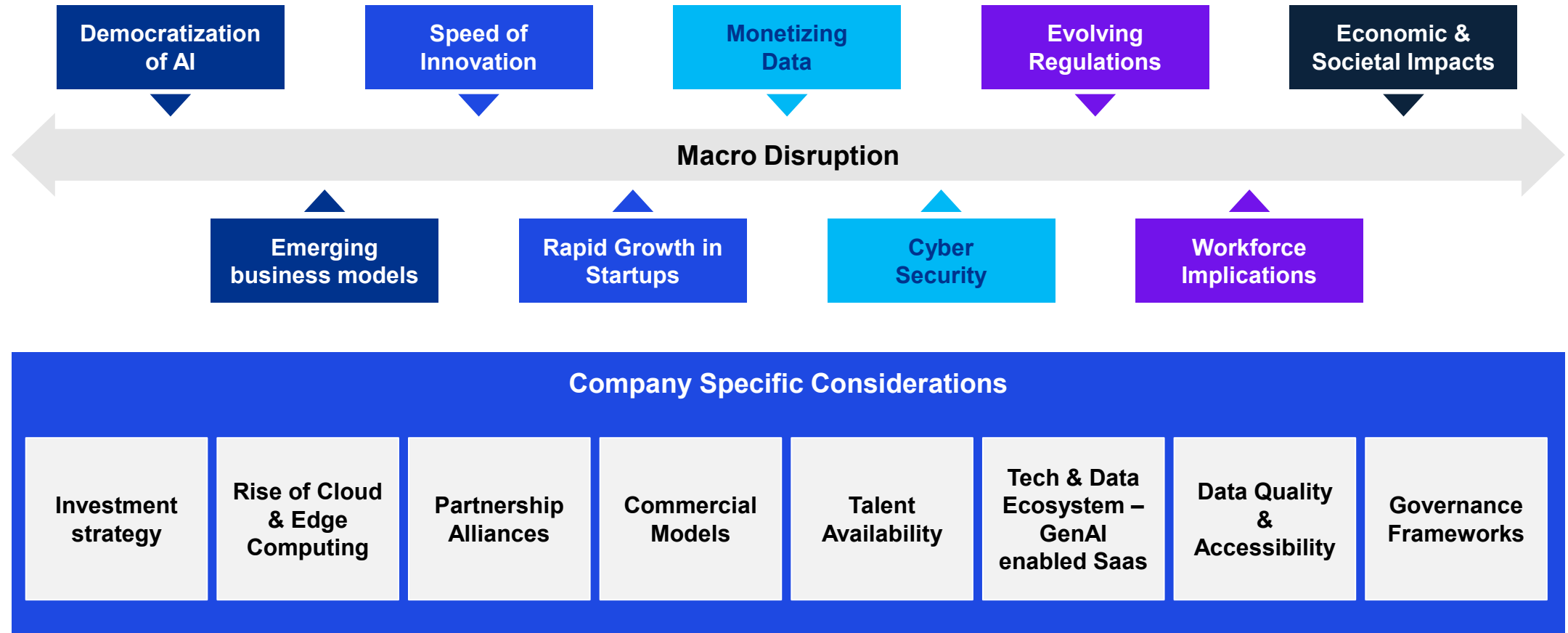Managing Director, Advisory – KPMG

Scott Leshinski

EVP, AI and Operational Analytics – OneStream

Enterprises across sectors are being disrupted

The rapid evolution and accelerated adoption of GenAI is creating the perfect storm for transformative change

| Democratization of AI | | Speed of Innovation | | Monetizing Data | | Evolving Regulations | | Economic & Societal Impacts |

Macro Disruption

| Emerging business models | | Rapid Growth in Startups | | Cyber Security | | Workforce Implications |

Company Specific Considerations

| Investment strategy | Rise of Cloud & Edge Computing | Partnership Alliances | Commercial Models | Talent Availability | Tech & Data Ecosystem – GenAI enabled Saas | Data Quality & Accessibility | Governance Frameworks |

What's different with Generative AI?

AI isn't new, but GenAI is a major advancement due to the broad applicability, ease of use, relatively low cost and focus on creativity

Digital Enablement	Classical AI	Generative AI
(Cloud CRM, ERP, EPM)	*(RPA, M/L, Advanced Analytics NLP)*	*(CNNs, VAEs, Transformer Models)*
Automates standard, repetitive tasks and reporting within and across enterprise applications	**Automates more complex, non-repetitive activities based on programmed rules and logic**	**Automates more advanced analytical, creative & decision support activities based on patterns learned from data**
Increases process efficiency, accelerates cycle times, improves quality, & mitigate risks	Improves speed and accuracy of pattern recognition, anomaly detection and predictions	Unprecedented speed and quality of insights – typically matching that of high value, highly skilled talent

Reconciliations	Journal Entries	Complex Matching	Detect Errors	Summarize Insights	Generate Content
Workflow	Reporting	Predictive Planning	Rules-based chat bots	Tailor Communications	Recommend Actions

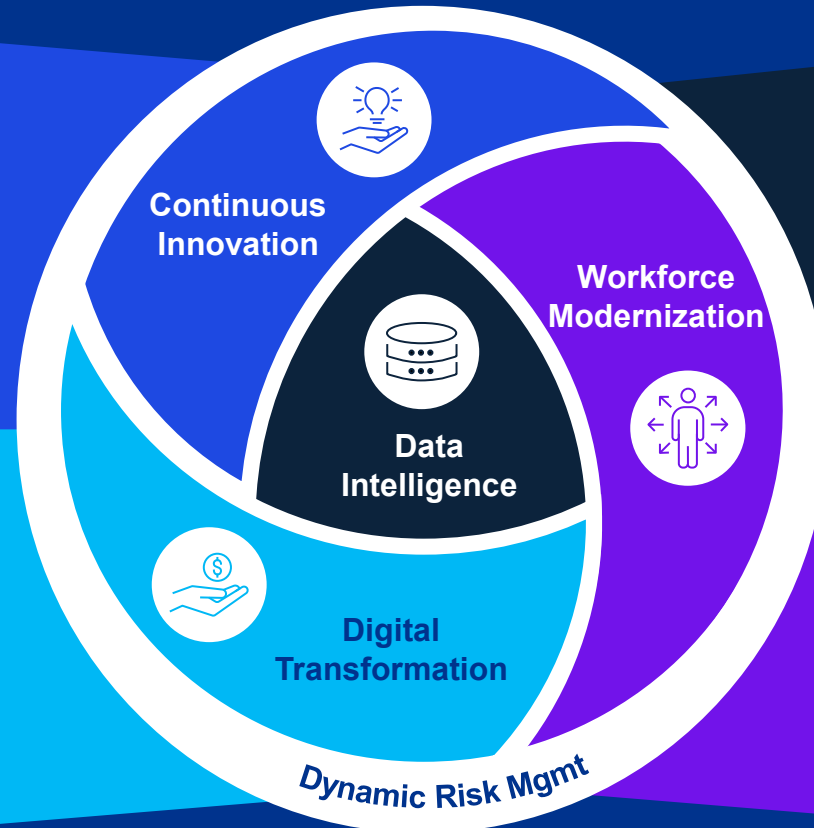# GenAI disruption is creating new opportunities for Finance leaders to unlock value…

Opportunities		_…to create value*_	_….across functions_
Improve productivity	Eliminate inefficiencies and enable operational excellence	**40 – 70%** capacity gains **5 – 6x** more time spent on collaboration & innovation	**Finance** **Sales & Marketing**
Increase profitability	Enable dynamic commercial strategies & more agile operations	**30 – 40%** lower costs to serve for select functions **10 – 20%** improvement in operating margins	**Supply Chain & Operations**
Enhance quality & experiences	Improve job satisfaction & enhance the customer experience	**15 – 25%** decrease in voluntary employee attrition **20 – 30%+** Uplift in NPS	**Procurement** **Technology**
Accelerate growth	Facilitate more agile and effective investment allocations	**25 – 50%+** CAGR **3 – 5x Return on Investment**	**Human Resources** **Legal & Compliance**

*Source: Potential value estimated based on extrapolation of KPMG AI & Technology surveys and cross-industry analysis on the impact of AI over the next 24 – 36 months`

Strategy for AI enabled finance transformation

Experiment, Disrupt, Transform

Modern Data Platforms – AI Fueled Insights

AI First Mindset – Reimagine Possible

Adapt, Energize, Empower

Accelerate AI Adoption & Scale Responsibly – Trusted AI

Continuous Innovation

Workforce Modernization

Data Intelligence

Digital Transformation

Dynamic Risk Mgmt

Most common AI applications in finance and accounting

Finance organizations are increasing leverage of AI across key business processes and day to day activities

Predict & Recommend	Analysis & Insights	Detect & Correct	Generate & Interact
Generate predictions leveraging internal data, market trends, and external signals	Scan, extract and analyze data from select sources	Classify, interpret, and maintain data for specific obligations	Respond to questions, summarize meetings, and create content
Generate recommendations and plans to achieve desired outcomes	Generate insights into trends, variances, and potential opportunities	Identify exceptions and recommend changes/ information needed	Retrieve and manage knowledge across predefined sources

←---------------------- **Top AI Use Cases** ----------------------→

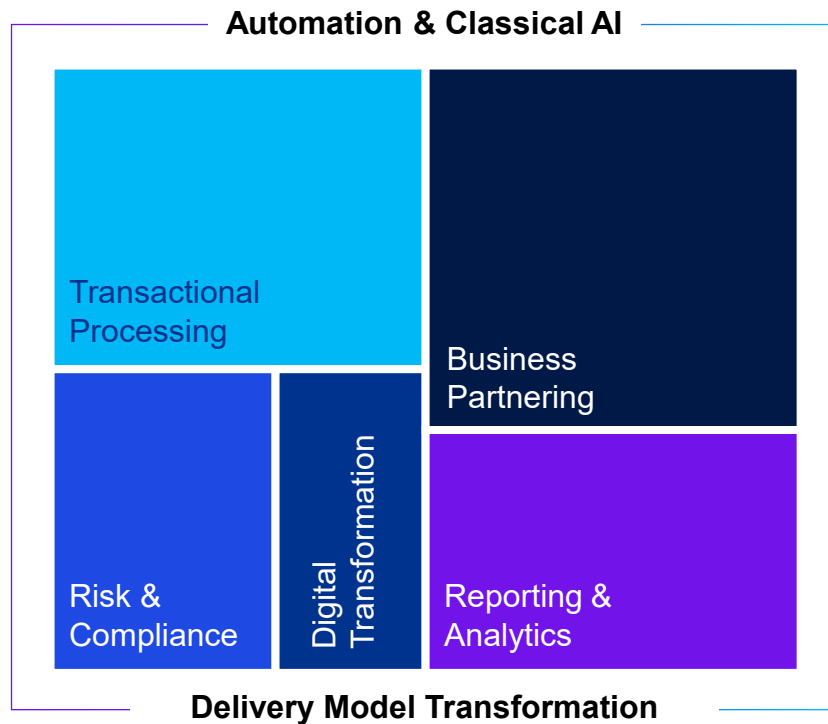| Predict & Recommend	Analysis & Insights	Detect & Correct	Generate & Interact
Predictive Forecasts	Financial Trends	Invoice Coding	Meeting Summaries 💡
Financial Targets	Variance & Flux Analysis 💡	Detect Anomalies	Corporate Knowledge Search 💡
Working Capital	Regulatory Changes 💡	Resolve Errors	Create Presentations & Visuals 💡
Risks, Opportunities & Action Plans 💡	Market Intelligence/Investors Comms 💡	Contract Compliance 💡	Autonomous Agents 💡

Legend: 💡 Gen AI

Intelligent Close to Intelligent Planning

Continuously moving from the financial close into strategic planning with intelligent insights and predictive analytics
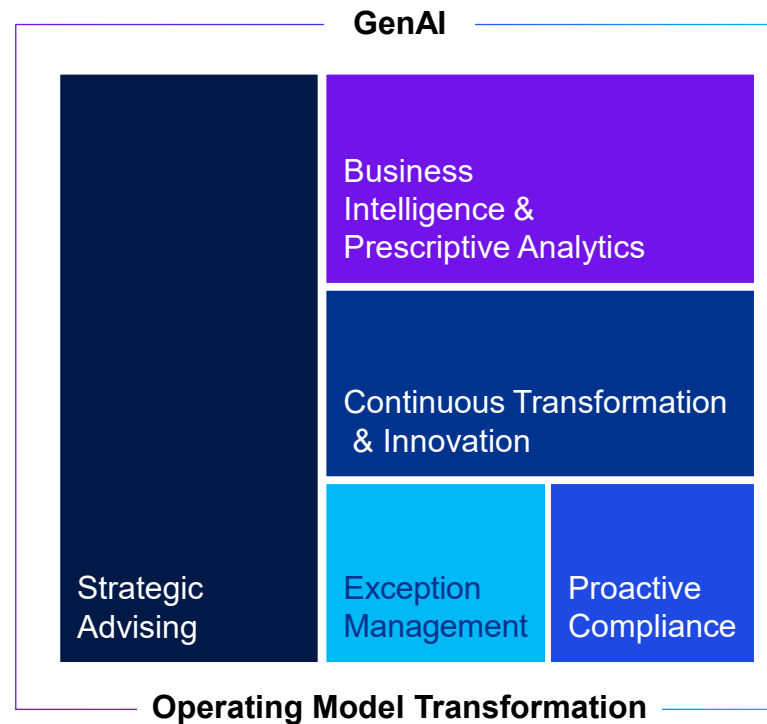
Intelligent Close					Intelligent Planning			
Smart data setup	Automated insights	Subledger data standardization	Continuous close	Large volume consolidation	Predictive modeling	Enterprise-wide data mgmt.	Financial Planning and Analysis	Automated compliance and risk

Modern data platform
processing and analyzing larger data sets in a flexible and scalable way

Prescriptive flux analysis and commentary
intelligent tools for reconciliations and financial commentary to move towards a continuous close

"Touchless forecasting"
with complete automation from machine learning capabilities

Anomaly detection
embedded, system-driven controls detecting and remediating anomalies upstream

Driver-based results
easier to explain results based on pattern detection

Rolling forecasts
dynamic and up to date through continuous forecasting

Variance analysis
analyze discrepancies between expected and actual performance

Rule-based validation model
automated accounting and business compliance

Automation, Analytics and AI are changing the size, structure and talent composition of Finance

Digitally enabled finance

Automation & Classical AI

Transactional Processing

Business Partnering

Digital Transformation

Risk & Compliance

Reporting & Analytics

Delivery Model Transformation

AI enabled Finance

GenAI

Strategic Advising

Business Intelligence & Prescriptive Analytics

Continuous Transformation & Innovation

Exception Management

Proactive Compliance

Operating Model Transformation

Desired Skills & Competencies

- **Business acumen**
- Digital fluency
- Data literacy
- Adaptability
- Creative problem solving
- Collaborative
- Impactful storytelling
- Intellectual curiosity
- AI ethics & governance

Organizations need to reshape their delivery model and organization to realize full value potential for Finance & the Enterprise

Nearly all roles will be impacted be GenAI

GenAI changes how people work. Role augmentation will require reshaping of the work and the workforce across enterprise functions

Commercial Business Partner

Leadership & Strategy
▼35%

Integrated Planning & Forecasting
▼50%

Reporting, Analytics & Compliance
▼50%

Strategic Partnerships & Negotiation
▼35%

Data-Driven Workforce Shaping
▼50%

44%
Capacity Gains

Category Manager

Category Portfolio Management
▼50%

Strategic Planning & Vendor Relations
▼30%

Market Research & Spec. Development
▼50%

Reporting & Policy Implementation
▼40%

Team Mgmt & Sustainable Procurement
▼30%

40%
Capacity Gains

HR Business Partner

Workforce Mgmt. and Strategy
▼35%

Insights & Talent Development
▼50%

Compliance, and Performance
▼50%

Advisory & Collaboration
▼55%

Assessments and Evaluations
▼60%

49%
Capacity Gains

Developer

Design and Development
▼45%

Testing and Debugging
▼45%

Team Coord. & Collaboration
▼30%

Documentation
▼65%

Integration and Deployment
▼45%

45%
Capacity Gains

Sample Solutions

ChatGPT · AUDITORIA · Microsoft 365 Copilot · WRITER · Jasper

Capacity gain figures are illustrative

*An Early Look at the Labor Market Impact Potential of Large Language Models" University of Pennsylvania and Future of Jobs Reporting 2023" World Economic Forum

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Market Research*
- 80% of workers will be impacted
- 20% of jobs will have >50% or role impacted
- Highest exposure on roles with highest wages
- Employers anticipate ~25% of jobs to churn in 5 years; 50% expecting net job growth vs 25% losses

Key stats from recent KPMG survey

75% Of organizations already have or are planning to provide mandatory GenAI skills training for employees in the next 12 months

77% Of organizations already have or are planning to provide mandatory GenAI skills training for leaders in the next 12 months

90% Of leaders expect for GenAI to help reduce employee stress and burnout

Responsible AI is critical

Revised framework, addressing complex business, regulatory, and technical AI challenges, to enable Responsible AI
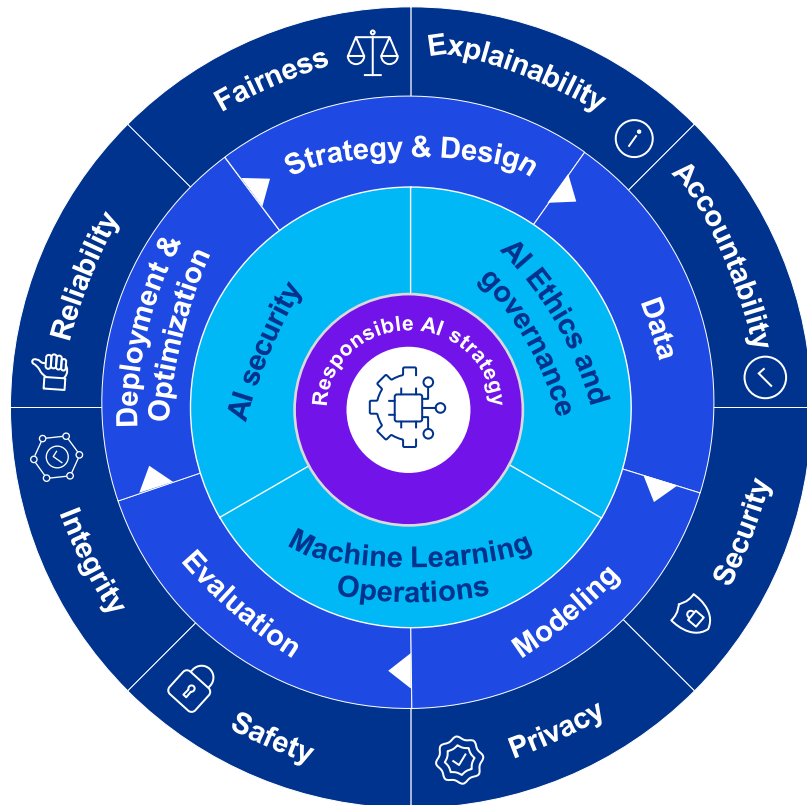
Fairness

Help ensure models are free from bias and are just.

Explainability

Help ensure AI can be understood, documented, and open for review.

Accountability

Help ensure mechanisms are in place to drive responsibility across the lifecycle.

Security

Safeguard against unauthorized access, corruption, or attacks.

Privacy

Help ensure compliance with data privacy regulations and consumer data.

Safety

Help ensure AI does not negatively impact humans, property, and environment.

Data integrity

Help ensure data quality, governance, and enrichment steps embed trust.

Reliability

Help ensure AI systems perform at the desired level of precision and consistency.

Keys to success

Multiple factors need to be considered to appropriately guide, accelerate and de-risk your AI journey

Foundational Elements

- Coordinated governance and decision making
- Single point of contact by function
- Defined evaluation and success criteria
- Roadmap and value case
- Communications and engagement strategy

Smart Experimentation

Strategic Partnerships

ROI & Business Value

Change Activation

Data & Technology Infrastructure

Workforce Strategy

Risk & Compliance

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