




From digital to intelligent close

Revolutionize your financial close process through trusted transactions, autonomous accounting and controls, real-time reporting, and a modern workforce, which elevates accounting to become value drivers for the business.





GenAI is leading the charge in revolutionizing the Transact to Report process allowing finance teams to analyze large volumes of data and derive actionable insights from it.

78% of executives selected GenAI as the top emerging technology over the next 1 to 1.5 years.

Source: KPMG Generative AI Survey, June 2023.

The touchless and autonomous financial close, long considered a lofty idea, is quickly becoming an essential reality.

Along with a next-generation secured and trusted control environment, the touchless and autonomous close will come to define the future of finance. As finance organizations break free from manual processes, they will move toward a world of efficiency, accuracy, and agility. With the integration of artificial intelligence (AI), robotics, machine learning (ML), and large language models (LLMs), they will move from the digital close to the “**intelligent close**,” signaling a new era in financial management.

The foundation for intelligent close rests on four pillars: trusted transactions, autonomous accounting, real-time reporting, and a modern workforce.

- **Trusted transactions** ensures your transactional data is accurate and secure and will lead to strategic insights that can be delivered to key stakeholders to drive business strategies, enable continued business growth, and reduce risk.
- **Autonomous accounting** leverages enabling technologies, exception-based methodologies, and integrated end-to-end processes to shorten close-time cycles and drive operational and financial efficiencies.
- **Real-time reporting** is persona-driven tailored analytics across the AI-enabled spectrum from intuitive dashboards and visualizations through to AI-enabled analytics, predictions, and recommendations.

- **Modern workforce** transcends traditional accounting, evolving into strategic centers of excellence (CoE), with innovative financial experts embracing digital tools, agile methodologies, and a growth mindset, driving organizational productivity, creativity, and efficiency.

An intelligent close comprises digital, analytical, and GenAI capabilities across Transact to Report (T2R) processes to drive efficiency and innovation. With an intelligent close, organizations can identify opportunities for growth and make smarter, data-driven decisions, positioning the finance function as a strategic partner to the broader business. As more organizations continue to adopt these cutting-edge solutions, finance professionals are poised to drive change and contribute to their organization’s success in an increasingly uncertain and competitive business environment. Leveraging automation, analytics and AI helps to improve the overall employee and customer experience through automation of repetitive tasks, personalizing experiences and offering unprecedented support.

The following pages will dive deeper into each pillar to describe the future of the intelligent close, whose benefits include enhanced accuracy and controls, time savings, increased transparency, lower costs, agility, and unprecedented reporting and analytical capabilities.



90%

automation of transaction process,



15X faster financial close and planning cycles, and

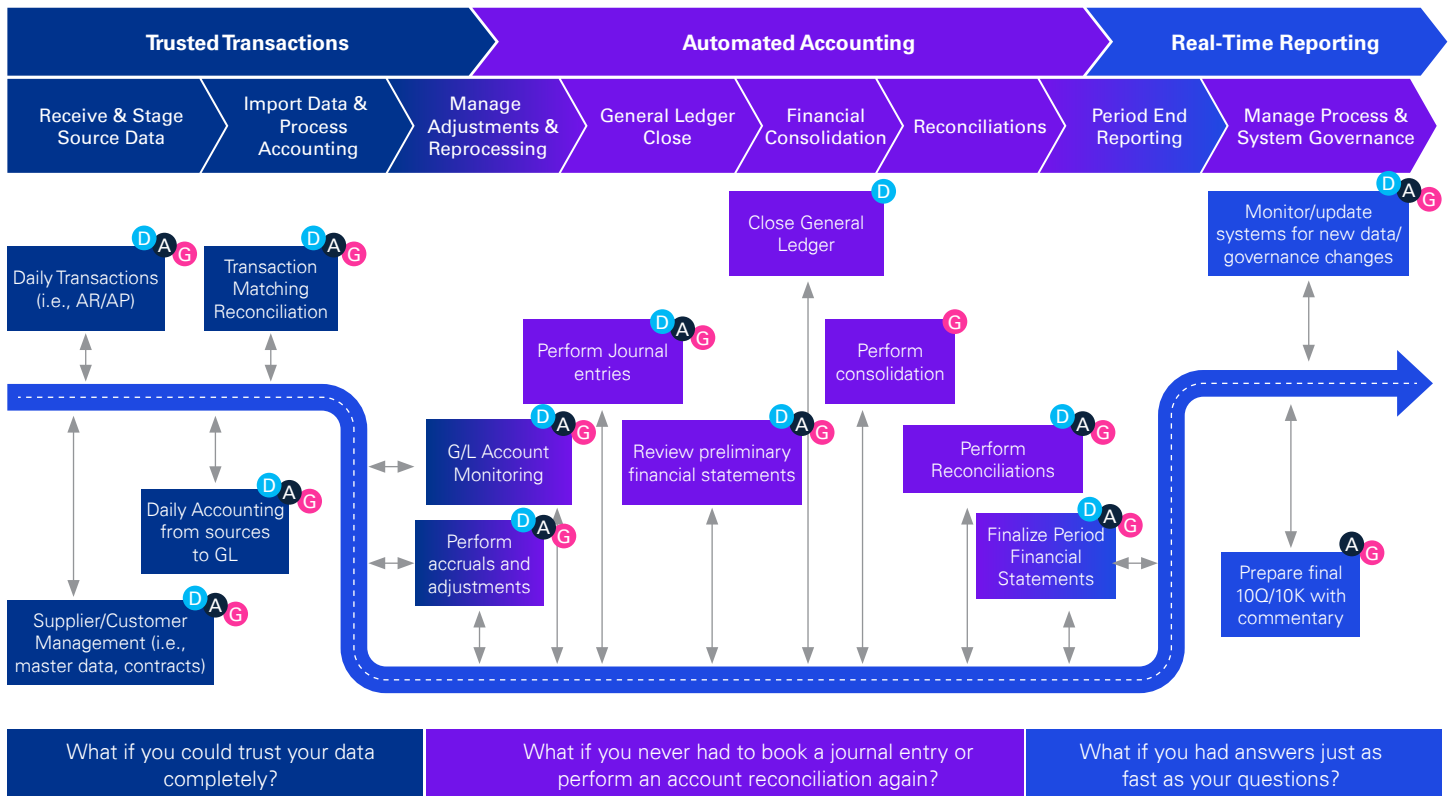


10X more time to spend on innovation.

Source: KPMG Generative AI Survey, March 2023; KPMG Generative AI Survey, June 2023; KPMG AI Labor Shortage Survey, May 2022

Exhibit A: The Transact to Report (T2R) Process

As organizations apply new technology and strategies to the Transact to Report (T2R) process, they unlock untapped potential to achieve a responsible, governed, and autonomous financial close. Though still responsible for operational accounting, compliance and reporting, the finance function now has a perfectly timed opportunity to become a strategic advisor to the organization with the emergence of cutting-edge technology capabilities, like generative artificial intelligence (GenAI).



Target activities for Modern Enablers

- D** Digital Enablement (Cloud CRM, ERP, EPM)
- A** Classical AI (RPA, ML, NLP)
- G** Gen AI (CNNs, VAEs, Transformer Models)

Trusted transactions

What if you could trust your data completely?

One of the more significant challenges organizations face is the accuracy of their data. There are many places where inaccuracies can slip in as data travels from the source—be it a customer, supplier, inventory, or financial transaction, etc.—to the company's general ledger. This data is particularly vulnerable to errors if there are numerous manual data handoffs between systems and stakeholders in the chain.

To enhance transactional data accuracy and completeness, organizations should consider undertaking a data-model design transformation. A modern data platform is a curated technical stack that has been developed to enable trusted data accessibility, insight discovery, and accelerate value creation. This accommodates rapid AI advancements with built-in capabilities to support AI use cases and enables the receipt and transmission of data in structures informed by and agreed to with internal and external customers and suppliers. Companies need to be better citizens of data and a modern data platform enables this reality.

Modern data supply chain enhances transactional integrity and accuracy using advanced technologies like AI and data analytics for initial data validation and cleansing, benefiting stakeholders such as accounting professionals, IT, data, and system administrators. It also provides the speed and flexibility to keep up with changing business environments. Constructing a modern data supply chain begins by identifying your desired persona-driven outcomes, tailored analytics, and curated data needs based on your strategy, and then working backward through the data lifecycle towards optimized data acquisition.

Modern data supply chain focus on optimizing data acquisition through AI and can leverage the following sources: unstructured internal and external data, operational and business systems, and business applications. They leverage intelligent data pipelines that clean and validate incoming data, using AI to increase efficiency of data cleansing, normalization, and accuracy, while identifying anomalies and isolating issues.

Intelligent Enablers

Modern Data Model spanning across finance, operations, sales, marketing, and HR enabling **standardized data** across all applications

Embedded, system-driven controls detecting and **remediating anomalies** upstream from the general ledger increasing **confidence in transactions**



Modern data platform



Exception-based anomaly detection

Autonomous accounting

What if you never had to book a journal entry or perform an account reconciliation again?

The Evolution of Financial Close

As a process, financial closure has long been riddled with inefficiency and complexity. The reliance on outdated, manual methods has often given rise to disparities, excessively long timelines, and an absence of real-time insights. However, we now stand on the precipice of a transformative shift in the world of finance. By incorporating technologies like GenAI, touchless financial close solutions are simplifying the financial landscape, providing greater accuracy, seamless data integration, and accelerated, exception-based workflows. Ultimately, these advancements in finance technology are poised to revolutionize the way the financial close is managed, ensuring more efficient and effective outcomes for businesses and consumers alike.

Embracing AI-Powered Technologies

An effortless financial close is built on a strong foundation of cutting-edge technology and human collaboration, featuring elements like AI (including GenAI), machine learning, top-tier cloud SaaS (software as a solution) applications, prescriptive and insightful analytics, and a solid control structure within the T2R process. In addition, data exchanges are crucial for providing the required information to derive insights; moreover, the capacity for ongoing enhancement emerges as they begin to integrate into frameworks such as LLM. Together, they elevate financial closing and reporting to a whole new level.

The Art of Automation

By automating repetitive tasks and performing advanced analytics, AI has the potential to eliminate human intervention altogether. By mimicking human interactions with software applications, capabilities like robotic-process automation (RPA) automate transactional processes without demanding any additional infrastructure. Consequently, with AI-driven predictive capabilities, financial teams can experience significant time savings, reduced errors, and negligible manual intervention, and, what's more, the touchless financial close becomes more proactive and adaptable to an organization's changing needs.

Machine Learning: The Continuous Learning Curve

No longer confined to human-led training, machine learning algorithms autonomously improve accuracy and efficiency to enhance touchless financial close solutions. The future of finance will rely on machines to extract patterns from data, create forecasts, and identify anomalies, all while constantly evolving to deliver better outcomes.

Here's a break-down of how an autonomous accounting close process unfolds:

- **Data capture and integration:** Advanced systems automatically pull financial data from various sources such as ERP (Enterprise Resource Planning) systems, bank feeds, and other third-party applications, maintaining an efficient flow of information.
- **Auto-reconciliation:** AI-powered tools perform reconciliations in real-time by intelligently matching transactions, identifying discrepancies, and even resolving mismatches through machine learning algorithms. AI can review transactions for validity, validating balances are within risk tolerances and in compliance with policy.
- **Smart analysis:** Data analytics combined with the power of AI help detect anomalies, trends, and other key insights that can provide finance teams with valuable intelligence for decision-making.
- **Automated financial reporting:** Reporting tools generate financial statements and customized reports as soon as the data is available, eliminating manual interventions and minimizing the risk of errors.
- **Continuous review and monitoring:** Machine learning algorithms continuously learn from user inputs and improve over time, while RPA tools manage repetitive tasks, strengthening internal controls and adherence to compliance requirements. These insights are delivered to executive level consoles that allow the controllership to stay focused on inefficiencies or exception-based insights that affect business performance.

With the increased use of autonomous technologies, the scene of frantic end-of-month reconciliations, late nights, and manual interventions will soon become a distant memory, as businesses seamlessly undergo financial closure with the mere push of a button. With the autonomous close, tomorrow's financial functions will evolve into sophisticated ecosystems to effortlessly automate operations.

Intelligent Enablers

Increased trust in transaction data drives **unprecedented opportunities** to bring **automation and intelligence** to your accounting and financial close processes.

Embedding intelligent tools for **reconciliations, close coordination, compliance,** and **financial commentary**, among others, will bring your organization closer to a **continuous close**.



Intelligent
Reconciliation and
Anomaly Detection



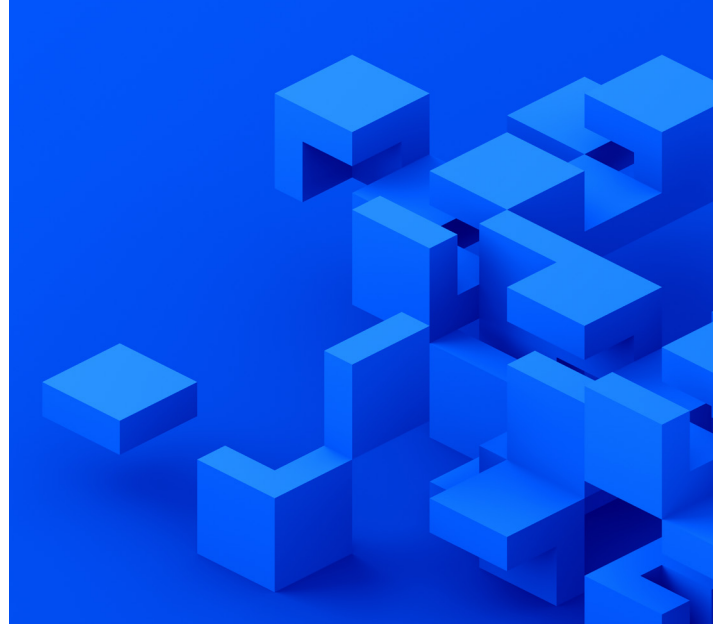
Intelligent Close
Coordinator



Automated Regulatory
Accounting Implications



Prescriptive Flux
Analysis and
Commentary



Real-time reporting

What if you had answers just as fast as your questions?

The future of reporting is here, and it's being revolutionized by GenAI. The result is a faster, more accurate, and secure reporting process that empowers businesses to stay ahead of the competition and thrive in the years to come. GenAI enables finance teams to focus on more strategic tasks, such as analyzing financial data for decision-making. This allows finance teams to become true business partners by providing data-driven insights that help drive growth and profitability. **Could this also become the enabler to businesses moving from a monthly close to a continuous close?**

Embracing data speed and precision

The future of real-time analytics and financial reporting is deeply intertwined with the need for instant, reliable, and actionable information. To capture the true benefits of real-time insights, business and financial decision-makers must harness the power of advanced technologies that streamline the processing and analysis of that data.

The advent of the Internet of Things (IoT), AI, ML, and LLM, technology will disrupt conventional financial reporting methodologies. The seamless integration of data collection and analysis can promote faster, more accurate and secure reporting, paving the way for innovative data-driven strategies.

Empowering decision-making with real-time Insights

In the not-so-distant future, decision-makers will have access to up-to-date financial information at their fingertips, allowing for prompt and informed decisions, creating a highly dynamic business environment. Real-time analytics will revolutionize the role of financial professionals, propelling them to deliver proactive advice and strategic consultations continuously. Traditional reactive approaches will make way for a transformation towards predictive and prescriptive financial management. The impact of financial decisions will be monitored in real-time, with the ability to instantly course-correct in response to market fluctuations, risks, and opportunities.

Security and transparency reimagined

A key element of this transformation is security and transparency. For example, the application of blockchain technology within this domain can redefine the way information is stored and shared. Immutable ledgers powered by blockchain can eliminate fraudulent activities while ensuring efficient, secure, and transparent financial reporting.

In addition, decentralization of data will play a crucial role in enhancing the trust factor across ecosystems. Meanwhile, privacy regulations and permissioned access can transform the financial landscape, facilitating safety and compliance in real-time, and enabling seamless collaboration amongst stakeholders.

Intelligent Enablers

Single source of touchless reports used across the organization

GenAI analyzes internal and external data to generate commentary and prescriptive actions across financial reporting



Touchless Reporting



Generative Commentary

Modern workforce

What if your accountants are predictive versus reactive?

Revolutionizing T2R processes is only possible if the modern accounting workforce can adapt and support the change. To do so, the accounting function should transform into a specialized CoE incorporating advanced technology, upskilled workforce, data analytics, and adaptive processes to identify and manage accounting anomalies and exceptions, ensuring accuracy, compliance, and streamlined decision-making while enhancing overall operational efficiency.

Moving to a Modern Workforce involves:



Technological proficiency and innovation:

Adopt digital tools, automation, AI, and data analytics to optimize processes, enhance efficiency, and deliver deep insights for informed decision-making. Cultivate a forward-thinking culture that encourages calculated risks and experimentation.



Workforce development and mindset shift:

Invest in continual training and upskilling for employees to stay updated on industry trends and technology. Motivate them to transition from traditional roles to strategic, data-driven thinking and decision-making.



Agile methodologies and collaboration:

Implement agile practices to boost adaptability, responsiveness, and innovation. Establish open communication channels across departments, promoting cross-functional collaboration to leverage diverse perspectives in problem-solving and strategizing.



Data security and compliance:

Bolster cybersecurity measures to safeguard sensitive financial data and maintain strict adherence to industry regulations.



Change management and assessment:

Develop a comprehensive change management strategy to help ensure efficient transition and mitigate resistance. Regularly evaluate the progress and impact of the transition using key performance indicators (KPIs), adjusting and refining the approach as needed.



Customer Centricity for Stakeholders:

From personalized client experiences to personalized internal (finance partners) and external (supplier/customer) experiences.

How to get started

The benefits of an intelligent close are alluring. However, organizations face different levels of maturity across the target operating model that may affect your readiness to move forward. Despite challenges, organizations can't afford to delay. With the realization of an imminent digital future, it is important to act swiftly to embrace touchless financial close technologies.

1 Appoint leaders

If finance is to pioneer and champion automation in T2R processes, it is important that high-level, empowered leaders are elevated, involved, and visibly engaged. Consider training for finance leaders who are not prepared to talk about generative AI.

2 Define risk appetite and AI ethics standards

Secure your digital, analytics, and automation journey with robust governance and risk-mitigation efforts. Carefully assess potential risks and the organization's risk tolerance. Identify cyber, privacy, and legal risks and establish usage guidelines and risk-mitigation strategies.

3 Build a team

Build a cross-functional team with risk, IT, data, customers, suppliers, and HR that is committed to identifying the issues and finding the right solutions for the organization. For those in T2R processes like the controllership, it is vitally important to partner with the financial planning & analysis (FP&A) function to derive the most value.

4 Assess current capabilities and plan for future

Tech-enable the journey, securing safe and timely access to AI, large language models (LLMs) and data. Determine your technology landscape and capabilities today, define where you want to invest, what you can build, and what you can obtain through partners and vendors. Choosing appropriate LLMs for initial use cases is a fundamental step.

5 Identify and prioritize initial use cases

Pilot the transformation approach in key areas of the T2R process where bottlenecks exist. Finance should select initial projects that can quickly deliver tangible business benefits. The case definition should include processes, people, risks, data, and effort level involved.

6 Define success and measure progress

Prepare to measure progress on all dimensions. Analyze workforce impact and potential productivity gains. Define key performance indicators (KPIs) and success metrics.

7 Build a sandbox

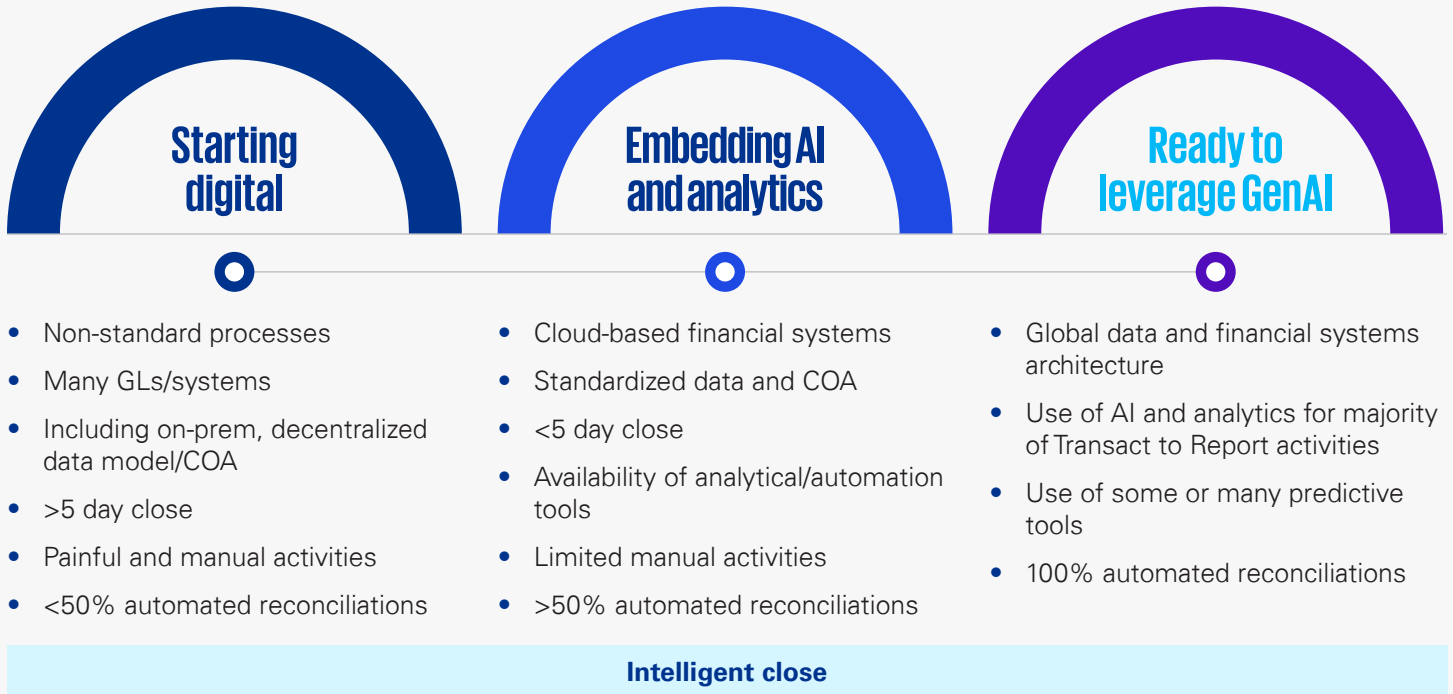
Explore and energize: pilot early use, innovate, score quick wins and learn. Finance can sponsor and provide the tools, environment, and support so enthusiastic adopters can start experimenting.

8 Start to build the foundation and initial set of prioritized use cases

There is no need to identify every use case before you launch proof of concept. Scoring quick wins—initial applications within finance, for example, builds momentum that can be shared and promoted across the enterprise.

Exhibit B: Identifying your intelligent close maturity

We understand that achieving an Intelligent Close may seem so far away from some companies. Despite your maturity, there are many opportunities to move forward in your Intelligent Close journey.



We partner with leading AI companies to maximize value across the Intelligent Close

For KPMG, our portfolio of alliances and strategic relationships are central to helping our clients achieve a sustainable competitive advantage, by delivering a wide-ranging set of AI capabilities and solutions across multiple platforms.

How we can help

Understanding where you are today and planning for tomorrow is our specialty. Our firm's Intelligent Close builds on our existing ability and capabilities across Intelligent Forecasting and GenAI for Finance, giving us the tools to help you reimagine your Future of Finance. Despite the buzz, GenAI may seem far away for accounting. But in fact, it's already here. We have the benefit of close alliances and partnerships with several solution providers in the marketplace to help design the best Transact-to-Report operating model for you.

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