



Artificial Intelligence Essentials

What Finance and Procurement Leaders Need to Know





The Promise of Artificial Intelligence

It seems like **Artificial Intelligence** is the topic of every business conversation. Analysts, entrepreneurs and IT consultants describe a utopia where business executives play fantasy football while intelligent robots do their work for them.

It can be easy to dismiss some of the more exaggerated claims. But not all of the promises related to AI are unfounded. The technology has some powerful capabilities to deliver new levels of productivity and cost reduction. As a collection of complex technologies, AI is still evolving. Given all this, it can be hard to sort out fact from fantasy.

This eBook is a guide for financial and procurement executives who are in the early stages of evaluating AI's potential to transform procurement.



21% of finance departments currently use some form of Artificial Intelligence and Machine Learning. 52% plan to use these technologies within the next two years.

“Rethinking How Finance Uses Digital Tools,” Bain and Company, 2018

Artificial intelligence and Machine Learning are often mentioned in the same breath. Though they are closely related, they aren't exactly the same thing.



Artificial Intelligence (AI) is the capability of an application to mimic human intelligence to the level at which it is difficult to distinguish between what's human, and what's a machine.



Machine Learning (ML) is the method of letting an artificially intelligent application figure out the steps needed to accomplish a specific goal, without being given step-by-step instructions.





Finance and procurement share a common set of challenges

- Finding new opportunities to reduce spend
- Ensuring that suppliers comply with all contractual obligations and industry regulations
- Turning vast amounts of data into the actionable information needed to make better business decisions

Objectives like these have been on to do lists forever. But there's never enough people, time or tools on hand to be able to discover, and exploit, all the opportunities to increase value derived from suppliers.

Allocating additional resources to the problem doesn't adequately address these issues. In fact, it can make them worse. The right technology can help organizations extract maximum value from supplier relationships. But enterprise IT systems are characterized by siloed applications that don't make information readily available, or even decipherable, to departments in other functional areas.

To put it in simple terms, enterprise systems contain a lot of data, but they aren't offering insights based on that information.

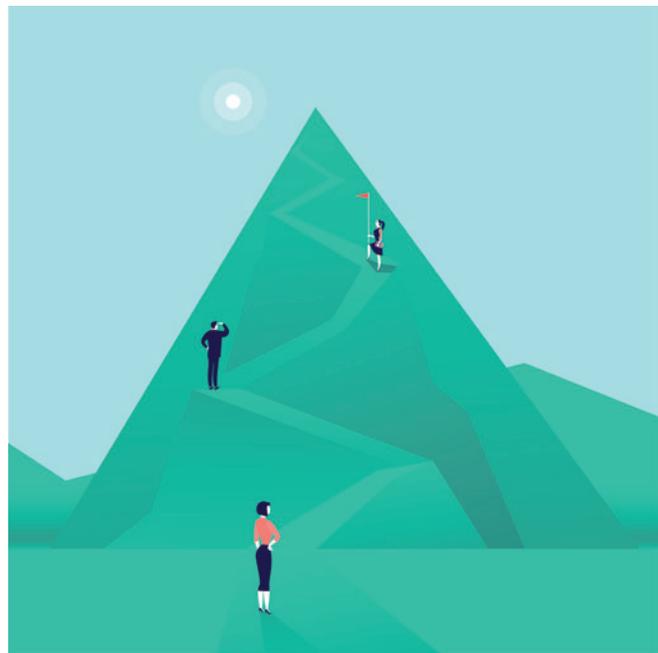
Artificial Intelligence heralds a new generation of technologies that addresses these challenges by:

- Reducing costs and risks
- Streamlining processes to improve speed and efficiency
- Improving visibility to the data locked inside enterprise IT systems



The accumulation of technologies has created substantial complexity, leaving few finance departments able to wring the full potential value from the technology they own. Lack of digital tools is not the main sticking point. Rather, finance professionals lament unintegrated tools, too many tools and a poor user experience.

“Rethinking How Finance Uses Digital Tools,” Bain and Company, 2018





Reducing costs

The information locked within an enterprise application has enormous potential. By applying a layer of Artificial Intelligence to spend information can reduced costs in several ways.

Efficiency Gains

Sourcing professionals often spend many hours in cleaning up data. Eliminating the error-prone, manual process of data ingestion, categorization and normalization saves time.

Rapid Implementation

Implementing a cloud-based solution avoids many of the costs traditionally associated with server-based applications, such as hardware upgrades, and licensing headaches. The best AI solutions don't require a large investment in professional services or disrupt your business for months while the solution is deployed. That frees up those IT resources to focus on more strategic projects.

Rapid User Adoption

User acceptance is another critical component of ROI. When an AI application is easy to configure, it can accommodate changing business requirements. Individual users can customize it to suit their working style. AI applications with an intuitive interface also have low training requirements – saving money all the way down the line.

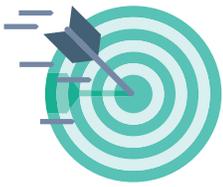
In the early stages of rolling out an AI-enabled application, companies will typically see immediate benefits in terms of reduced labor expenses and streamlined business processes.



Before you answer the question of what data you need, you need to address the question of why you need it. What is the business outcome you are trying to drive?

Marco Romano, Chief Analytics Officer Global Procurement, IBM





More speed and less spend

Most sourcing teams deliver value by consolidating spend, rationalizing vendors, enforcing policy and validating pricing. AI can improve these processes by streamlining the data collection process and improving reporting. Among the standard features for AI tools are reports revealing:

- Pricing irregularities
- Usage anomalies
- Contract variance
- Suspicious spending
- Potential fraud

Transactional analyses like these are used by many sourcing teams, but because of the resource and time commitments required, these reports are usually only produced on an ad hoc

basis. AI and procurement make these reports faster to generate, as well as more accurate.

AI-enabled analysis processes can run 24-7. AI-enabled Machine Learning can continuously monitor every factor with the potential to influence supplier spend, and proactively sending alerts when it identifies opportunities for demand aggregation or supplier consolidation. Faster access to data means executives can make better decisions.

By increasing the speed of these common procurement activities, sourcing leaders will be able to tap into additional spend areas and deeper into transaction details to mine to achieve increased savings across the enterprise.



Better decisions, bigger profits

In today's global marketplace, sourcing and procurement organizations are expected to deliver value above and beyond spend reduction. By connecting spend data to the data in other enterprise systems, AI offers a higher level of analysis that can improve procurement's strategic contribution to the company as a whole. Consider these examples:

Third-party supplier or industry data can be linked with accounts payable feeds to create a custom risk profile that gauges supply chain disruption and sustainability.

Customer satisfaction data, sales reporting, and purchasing records can be connected to bring quantitative metrics and greater confidence into quality considerations.

Historical purchases and external market information can be married to offer predictive insights that would inform negotiations and order quantities.

With accurate, real-time data, finance and procurement organizations have the information they need to renegotiate contracts, consolidate suppliers, identify duplicate transactions, and monitor corporate card spend.

The value of AI extends beyond the goals traditionally assigned to procurement. By linking spend information with the data from other enterprise systems, procurement organization can contribute strategic value to product development, inventory management, risk assessment and other areas of the enterprise.





Assessing your AI readiness

Can your Procurement or Finance organization benefit by implementing AI?

	YES	NO
1 Are resource constraints preventing your procurement organization from tracking and managing the spend from tier 2 suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
2 Can you easily identify instances when vendors are paid for services outside of an MSA?	<input type="checkbox"/>	<input type="checkbox"/>
3 Are you under pressure to make faster, data-driven decisions?	<input type="checkbox"/>	<input type="checkbox"/>
4 Do you have access to all the information you need to prepare for supplier negotiations?	<input type="checkbox"/>	<input type="checkbox"/>
5 Do you have confidence in your ability to monitor corporate card spend?	<input type="checkbox"/>	<input type="checkbox"/>
6 Can you easily identify at least 80% of duplicate spend or outlier transactions?	<input type="checkbox"/>	<input type="checkbox"/>
7 Are you concerned about the time and expense of ingesting, categorizing and normalization supplier data?	<input type="checkbox"/>	<input type="checkbox"/>
8 Can you detect 80% of the opportunities for multi-contract demand aggregation?	<input type="checkbox"/>	<input type="checkbox"/>
9 Have you ever had a contract that was automatically renewed before you had a chance to cancel or renegotiate it?	<input type="checkbox"/>	<input type="checkbox"/>
10 Are you satisfied with your ability to increase the percentage of spend under contract?	<input type="checkbox"/>	<input type="checkbox"/>



GIVE YOURSELF A POINT FOR EVERY 'YES' ANSWER. IF YOU SCORED:

- 1 – 2 points** > You've got a long way to go, but you're on the right track.
- 3 – 5 points** > You've started to digital some aspects of your business but haven't achieved full integration.
- 6 – 7 points** > You're advancing through the stages of digital transformation.
- 8 – 10 points** > Congratulations! Your organization is fully optimized for digital procurement.





How can we help?

We hope you found this guide to be a useful introduction to Artificial Intelligence, and it's potential to transform your entire organization. Leading financial executives and procurement organizations are exploring ways to tap into the value lying dormant in existing enterprise systems. Are you?

To learn how Suplari Intelligence can help you take full advantage of AI, please contact us at 425.610.9496 or email us at info@suplari.com.



My sourcing team used to spend 80% of their time on data cleansing and data analysis. With Suplari we have seen the reverse. They are now spending 80% of their time working with business partners on hard cost savings initiatives. Suplari has already paid for itself many times over.

*VP Procurement,
Fortune 200 Retailer*



ABOUT SUPLARI

Suplari provides finance and procurement leaders with visibility into the hard-dollar cost savings and risk opportunities buried under millions of enterprise data points. Suplari's platform unifies supplier data from disparate sources, applying AI and Machine Learning technologies to generate real-time insights to maximize profits, increase compliance, and mitigate risk. Our mission is to shine the light on the hidden opportunities to reduce spend, so that companies can focus on investing in growth, innovation and their people.

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