



Voice of the CFO

When it comes to (at least) planning for AI, the moment is now
CFOs grapple with when to dive in, to what extent, and for what applications.

In recent dialogues between KPMG LLP and chief financial officers (CFOs), the topics of the moment have been artificial intelligence (AI) and advanced data & analytics (D&A). While there is a spectrum of maturity in terms of adoption—from simple data capture applications to sophisticated use cases and extreme automation—all CFOs seem to realize that these technologies represent the future.

And yet questions remain. CFOs are discussing and analyzing whether to take a centralized or decentralized approach to managing the technologies, which use cases specific to finance to prioritize, and how to attract and cultivate the talent to ensure their companies can derive value from AI securely and responsibly.

“Generative AI is the number one topic people want to talk about,” said Sanjay Sehgal, KPMG Advisory principal and head of markets. “One key question is, how quickly should we move in terms of adoption?”



Key takeaways

- As companies transition to AI, it is critical to shift the mindset to acknowledge that AI is a business model, not a technology model. Ultimately, it will become its own enterprise muscle and drive mission-critical decisions.
- Critical success factors to using both AI and D&A models include a well-developed data strategy and a clear operating model structure.
- AI builds upon D&A, and companies are following a similar adoption curve with AI as they did with D&A a decade ago.
- AI means much more than Generative AI (GenAI), so it is critical to understand all the different types and how they can be applied within a business.
- CFOs need to think innovatively about how AI can help enhance finance processes and then conduct pilot projects in safe, controlled environments.

From decentralized to centralized models, approaches vary

We see a variety of approaches from decentralized to centralized models when it comes to D&A, and the same can be said for AI.

Decentralized models make the most sense for industries like retail. For example, one retail CFO said, “With data analytics, customer analytics, and now AI, we are leaning more toward housing applications in the business units as opposed to a centralized data analytics group. While the IT team can provide support, departments like finance, FP&A, marketing, merchandising, and others need ownership over customer analytics and to be empowered to use these technologies in impactful ways.”

One industrial CFO said, “We are taking a hub-and-spoke approach. We have centralized data analysts that can drive capabilities out to business units and even suppliers to allow them to function more efficiently throughout the demand cycle and predict customer needs.”

Another retail CFO stressed how the decentralized model works well for communicating with finance. “We need to understand the customer journey and pain points and circulate that data back to finance. Finance also wants to know the extent to which marketing and merchandizing are realizing ROI on their AI and D&A investments.”

Sehgal advises CFOs using a decentralized model that, “although in retail it makes sense for marketing and merchandizing to leverage D&A and AI, it is also important to have a common infrastructure to extend to each function. This can mean having deep data scientists and engineers at the hub, while the business functions have their own use cases on the spokes. The details of how you structure these models will be determined by the business questions you are trying to answer.”

Sam Ganga, Advisory principal and a D&A leader at KPMG, echoed this way of thinking, stressing that “for companies in many industries, a decentralized model lends itself to uncovering insights. Companies can have a tech pod at the center, but they should focus their AI ambitions on the edges where value is identified and delivered.”

Centralized AI models may be more appropriate for global organizations. For example, one information technology industry CFO said, “Our organization and a lot of our data are fragmented, so a centralized approach to D&A—and by extension AI—allows us to realize efficiencies and synergies. With data, we need to clean it up centrally, so mining is easier, and outcomes are more predictable. Our D&A organization was spread across our global geographies, so we centralized it under the finance organization. In planning for the next fiscal year, projects will be prioritized by finance according to business needs and potential returns.”

A communications CFO shared, “While our business is very decentralized, we need to have a centralized forum for D&A and AI to compare, contrast, and leverage learnings.”

An example of a hybrid approach between centralized and decentralized was shared by a food industry CFO who said, “Our financial D&A systems are centralized, and AI will be eventually as well. However, when it comes to data and data aggregation, we are taking more of a decentralized approach. Our greatest data needs are in sales, such as tracking product stock on a geographical basis and being efficient with placements, as well as in marketing, where we need to analyze spending patterns and target consumers by demographics.”

While Julio Hernandez, KPMG Customer & Operations Commercial principal, echoes the good sense behind allowing business units to have ownership of D&A and AI, he shared some concerns about lack of consistency when units aggregate their own data. “The risk with people pulling their own data is that, if it’s ingested by

GenAI, there can be divergent answers and insights across the company. This can create confusion and can lead to ‘data debt’ along the same lines that companies experienced ‘tech debt’ in the past. Companies should avoid falling into this trap and corral processes that are happening globally to ensure quality data and consistent outcomes.”

An industrial CFO said his company is taking this way of thinking to heart: “We are moving data management and data scientists to a centralized hub. Then we have spokes out to the individual organizations, which have come to rely on getting clean data and a usable data architecture from the hub.”

Starting to explore finance-specific AI use cases

Ganga advises CFOs that “while CIOs are moving a bit faster on AI when it comes to testing and delivering digital products, there are still a lot of use cases within finance. However, CFOs have to get more comfortable with this way of thinking.”

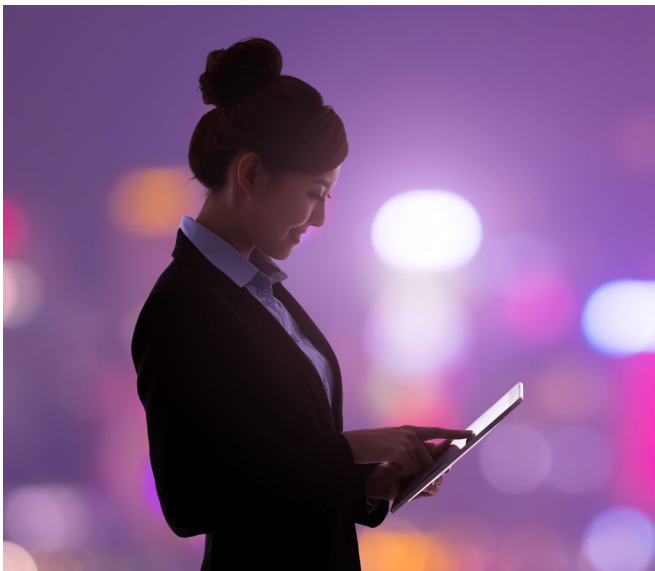
A home furnishings CFO shared some use cases currently under consideration. “The demand for data and GenAI at our company continues to proliferate. The business opportunity is mostly in the data center space with data security and networking solutions we can offer to customers. We are also looking at GenAI as part of our sales system upgrade by adding algorithms that look at specific margins of different products, for example.”

A third-party logistics CFO said, “Our focus areas are process simplification and digitalization. We are running an AI investment prioritization initiative to help the enterprise make better decisions. We are looking at all of this through the lens of projects with the biggest impact, sequenced appropriately.”

Companies in the early stages of looking at finance applications are mostly focused on GenAI and are, to an extent, implementing backward-looking use cases as opposed to the more valuable predictive ones.

Sehgal advises CFOs that there are many impactful use cases finance organizations should consider. “These technologies can help CFOs and their teams pull together reports, analyze investor sentiments, track commodity prices, and stay abreast of competitor activity by combining traditional analysis with internal versions of ChatGPT—all at a much faster pace. And, critically, finance professionals should be sharing learnings across the industry to figure out how to get value from AI use cases in a responsible and secure manner.”

Additionally, Ganga provides insights into coupling the pursuit of finance use cases with rigorous risk management: “If you purchase external data or social signals, you can feed it into GenAI but you need to ensure that what it tells you is accurate. How much you trust AI output and the degree to which you use responsible AI are up to you in terms of the governance and controls you put in place.”



Attracting and cultivating AI talent

Given talent shortages in general and an acute shortage in the technology industry, companies are trying to stay a few steps ahead in terms of attracting outside talent or reskilling internal talent who can help the enterprise get value from D&A and AI.

A home furnishings CFO says his company is a case in point: "We are investing heavily across this front. We've hired digital products and applications folks, program managers, and data scientists to drive these capabilities throughout the company."

A tractor supply company CFO is also more focused on bringing in new resources than on retraining internal staff. "Talent and technical needs in accounting today are so different from five years ago. We are actively looking for staff who might not be as strong in finance or accounting but are very strong in D&A and potentially AI as well. The end goal is to have analytics embedded in finance."

An insurance CFO agreed. "Skill sets in finance are changing, which requires different hiring and retraining models. We need to mine data for insights, understand tech use cases, and work more closely with tech teams as drivers of value creation. On top of it all, we need clarity on

data governance and how operations folks work so we can understand how to save on task time and turn it into value."

Others are more focused on retraining internal staff. For example, an insurance CFO stressed that his organization has fostered closer collaboration between the CFO's team and the chief data officer. "I think the big questions folks need to ask are how big the organization is and where do you want data capabilities to reside. For us, we live and die by D&A, so we have it everywhere and are very collaborative, albeit with clearly defined governance models to ensure we are all on the same page."

A supply chain CFO shared his perspective: "When it comes to AI talent, having core accounting or finance skills is important, but so is understanding automated controls. The internal audit team's development plan has changed from operations to learning about IT system auditing."

Hernandez summed up CFOs' talent concerns by advising that "companies won't necessarily get everything in one place. You need to consider the overall composition of your team. Some may be skilled at accessing data, others at interrogating data, still others at using sophisticated analytics models. Getting value out of D&A and AI will absolutely take a team."



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