



# The case for clarity

Augmented intelligence—“the new AI”—helps leading CFOs anticipate change to power breakout performance

By Sanjay Sehgal



**To help their organizations navigate uncertainty and disruption, chief financial officers (CFOs) are combining data, predictive analytics, and intelligent forecasting with human insight. Learn more about how “augmented intelligence” is powering breakout performance.**

**T**he greater the chaos, the more valuable clarity becomes. As we move deeper into the 21st century and continue to battle a disruptive pandemic, clear vision has become more important than ever in the C-suite. Smart CFOs are leading the way forward in developing that vision. They’re leveraging data, artificial intelligence (AI), predictive analytics, and intelligent forecasting to identify the true drivers of business value, improve the accuracy of budgets and forecasts, set data-driven financial targets, and better link decision-making to profitability. Much of this work is being built on a foundation of machine learning and other forms of AI—technology that, after years of promise, is fast approaching critical mass. While most CFOs won’t need to transform themselves into computer engineers or data scientists, they must increasingly become as comfortable with AI as they are with GAAP.

Finance is well positioned to execute on these expectations. No other department in an organization has a broader view of the enterprise or a longer history of information stewardship. With its affinity for fact-based decision-making—and its objectivity and credibility—finance is already viewed as the focal point of enterprise performance management.

## A new paradigm

Of course, no amount of data or analytics adds up to wisdom. There is no substitute for the additive value that CFOs and senior Finance professionals can bring to richer data and analytics. We call this combination of astute human insight and cognitive computing “augmented intelligence.” The synergies of augmented intelligence can help CFOs take full advantage of AI’s promise, leave behind finance-as-scorekeeper legacy mandates, and

become co-pilots to their CEOs. In this role, they become the go-to resources for insightful analysis on a wide range of business issues, from strategy to revenue forecasts to resource allocation. At the very least, CFOs will want to:

- Shape and champion the enterprise’s data and analytics strategy
- Support investments in technology to improve data quality and access to analytics
- Take the lead in merging high-quality internal data with external market signals to fuel more robust and accurate forecasting
- Develop new skill sets and talent within the finance function to thrive in an AI-driven world
- Assist in identifying the right partners to support the analytics agenda
- Help drive the cultural change that will be required as part of a greater shift to AI-supported decision making

## Challenges to AI success

To be sure, there will be challenges. For all their interest in speeding up adoption of AI at their organizations, 44 percent of the executives surveyed by KPMG worry that their industry is moving faster on AI than it should.<sup>1</sup> Fears about how fast AI is being adopted likely reflect both the newness of the technology and the absence of an established legal and regulatory framework to guide its use. There’s considerable debate around the ethics, governance, and regulation of AI; how deliberately businesses are seeking to control and govern AI in a scalable manner; and what regulations may lie ahead.

<sup>1</sup> According to a KPMG survey of 950 executives across seven industries, *Thriving in an AI world, May 2021*.

Additional challenges to AI success include:

- **People.** Many organizations are struggling to attract and retain employees with the skillsets necessary to drive their AI strategies, in part due to competition for talent from technology companies.
  - **Technology.** Because AI technology is evolving so rapidly, many companies struggle to choose the right tools and platforms to align with their needs. Many also have lagged in building the infrastructure needed to support enterprise-scale AI applications.
  - **Strategy.** In a world that rewards continuous and fast success, many AI initiatives don't create value overnight. This can make it hard to maintain enthusiasm and support among stakeholders, including managers and frontline employees.
  - **Risk management.** The digital revolution has created risks that didn't exist in the 20th century, and AI is quickly adding to the list. Those executives surveyed identify cyber-security breaches as the most common risk associated with AI adoption, followed by privacy violations. The potential for bias in AI algorithms, which could lessen their effectiveness and lead to discrimination, is also a growing concern. Executives are nearly unanimous in saying companies should implement ethics policies to help govern their AI work.
- **Help ensure that AI strategy is based on business needs.** Organizations that get the most from AI think about finding solutions to problems, rather than purchase technology and then search for ways to use it. Given their control of their companies' purse strings, CFOs must work to ensure that the AI budget is tied to an AI strategy led by the business.
  - **Invest in people.** The AI agenda won't gain much traction if it's not led by competent strategists and embraced by the workforce. CFOs will want to ensure that their organization has the budget necessary to invest in people with the right skillsets, support the ongoing education and upskilling of existing workers, and leverage strategic partners when and where they're necessary.
  - **Create an AI-enabled finance function.** Besides allowing for faster and better forecasting, an AI-enabled finance function should find it easier to streamline and automate routine processes, freeing staff to spend more time on high-value work like allocating resources and supporting the business.
  - **Manage and monetize data.** Finance must lead the way in delivering data-driven insights that drive enterprise performance by integrating external signals with internal data to support advanced analytics.

## The road to value: Making it happen

To help their organizations thrive in an AI world, CFOs can:

- **Guide strategic investment in data and data infrastructure.** Data is the raw material of AI. Organizations need the right high-quality data from both internal and external sources to fully leverage the power of AI. CFOs can partner with other business leaders and

the IT organization to make sure all stakeholders have ready access to the data they need.

In a world where change is happening at an ever-increasing pace and disruption is the norm, businesses need clarity of vision. CFOs have a critical role to play in making sure their organizations are tapping all the tools at their disposal to gain the clearest possible view of the way forward, ensure that decision-making is based on data-driven insights, and thrive in an AI world.

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