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EXCLUSIVE EBOOK

AI-Powered Record-to-Report

How to unlock **efficiency** and **accuracy** in accounting processes

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INTRODUCTION

The accounting industry is experiencing a significant transformation with the advent of Artificial Intelligence. Traditional, manual, and repetitive workflows are being replaced by agile AI algorithms that operate with unmatched speed and precision, enhancing the role of modern accountants.

This shift is timely, given the increased pressure on CFOs to ensure effectiveness, speed, and accuracy in a volatile, uncertain, complex, and ambiguous (VUCA) business environment.

Furthermore, as stakeholders (e.g. authorities, regulatory bodies) demand more detailed financial insights through continuous transaction controls (e.g. e-Invoicing, e-Transport) and comprehensive reporting standards (e.g., SAF-T, Intrastat, CSRD, CbCR), finance and accounting teams must achieve higher levels of reliability and accountability.

In this eBook, we will explore how Artificial Intelligence helps Record-to-Report (R2R) processes, enabling the capture and validation of financial data and ensuring reconciliation of financial statements.

Understanding the importance of R2R processes in Financial Management is essential for maintaining efficiency, consistency, and transparency in financial operations, especially in today's dynamic landscape.

Recording of Financial Transactions: Capture and validate data, including journal entries, invoices, and expenses.

Reconciliation of Financial Statements: Ensure accuracy and consistency in financial reporting.

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KEY AREAS OF AI IMPLEMENTATON IN R2R

In the rapidly evolving landscape of accounting, AI stands out as a transformative force in the Record-to-Report processes.

This chapter delves into the critical areas where AI can be implemented to revolutionize traditional accounting workflows. From data extraction and validation to automated accounting and reconciliation, AI enhances accuracy, efficiency, and speed, ensuring robust financial management.

Explore how AI-driven solutions like Profluo are setting new standards in the industry, driving consistency and precision across various accounting functions.

Data Extraction and Validation

AI can automate data extraction from various sources such as invoices and receipts. It can capture data from unstructured formats (like PDFs or images) using technologies like OCR and machine learning classifiers, and from structured formats (like XML or JSON), to extract words and validate them as invoice elements.

Simple mapping only works if data is correctly input by suppliers. In reality, order or delivery data may be wrongly mapped or inserted among comments or line descriptions.

DID YOU KNOW?

Profluo employs innovative proprietary Machine Learning algorithms to not only process optical formats but also to deeply deconstruct and understand electronic formats. This enables the extraction of commercially relevant information and the proposal of correct references when anomalies are detected.

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Automated Accounting

AI significantly enhances automated accounting by predicting all accounting entries, including inventory, financial, and controlling. It conducts thorough transactional accounting activities on a line-by-line level:

- **Inventory Accounting**: Matches supplier products with customer products, applies conversion factors for different units of measure, and identifies location codes based on address descriptions.
- **Financial Accounting**: Predicts ledger entry codes and correctly understands VAT/GST scenarios.
- **Controlling (Management Accounting)**: Predicts multiple cost centers, projects, expense types, or other controlling dimensions relevant to the company's reporting needs.

DID YOU KNOW?

Profluo has an amazing track record of posting over 30 million complex accounting entries across inventory accounting, financial accounting and controlling, with an astounding accuracy of over 98%, across very diverse industries and accounting scenarios.

Automated Reconciliation

Balance Sheet reconciliation is key for maintaining healthy financial statements. AI revolutionizes account reconciliation by identifying discrepancies and streamlining the process. AI can be trained to identify patterns, resolve inconsistencies, and propose write-off activities for approval, ensuring real-time reconciliation.

Integrating AI into reconciliation efforts alleviates the analytical burden on accounting teams, enabling them to focus on faster resolutions, approvals, and transaction clean-ups. This proactive approach prevents older transactions from becoming unresolved and ensures accuracy and efficiency in financial management.

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BENEFITS OF AI IN R2R

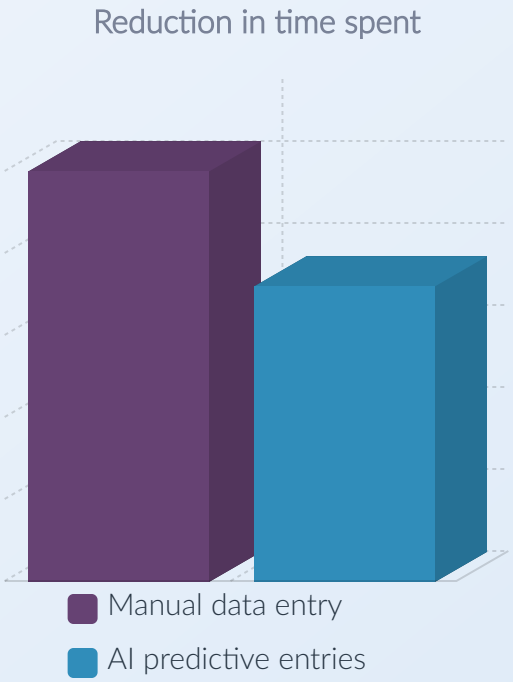
In this chapter, we explore the transformative benefits of implementing AI in Record-to-Report processes. AI brings unprecedented efficiency, reducing manual efforts and accelerating data entry and reconciliation.

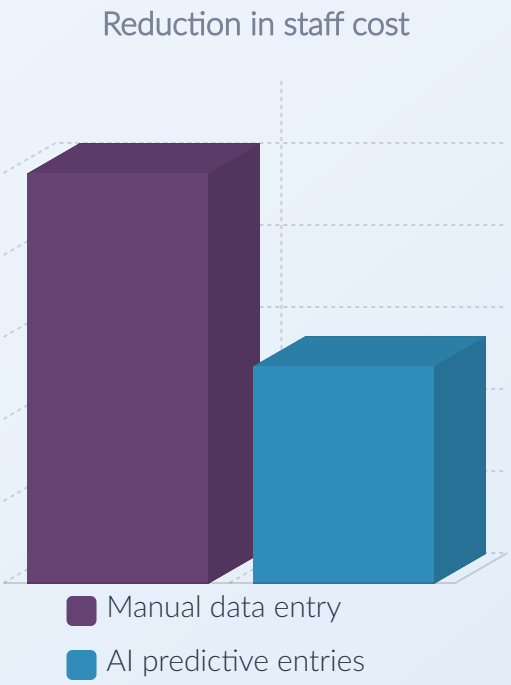
Discover how AI not only meets but exceeds the demands of modern financial management, making it indispensable for today's dynamic business environment.

1. Efficiency and Time Savings

AI significantly reduces manual effort in data entry and reconciliation. With faster data entry processes and leaner organizational structures, companies can reduce month-end closing times, leading to more timely reporting and improved decision-making speed.

A study by Vintti revealed an impressive **72% reduction in time spent on repetitive accounting tasks**, such as data entry and report generation.



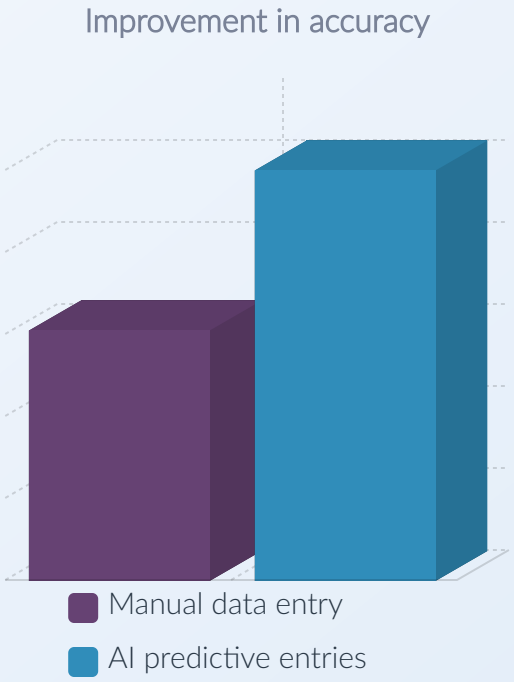


Additionally, the same study showed a **53% decrease in accounting staff costs** for basic data entry activities.

2. Accuracy and Error Reduction

AI excels at handling large volumes of data without human error, ensuring high accuracy. Once trained, AI algorithms can be easily and cost-effectively scaled and adapted to various accounting scenarios and workload fluctuations, avoiding the need for expensive stopgap measures like temping and outsourcing.

The same Vintti study demonstrated a **65% improvement in the accuracy of financial statements and analysis**, significantly minimizing costly mistakes and enhancing overall data reliability.



3. Improved Decision-Making

AI-driven insights significantly enhance financial decision-making by providing high-quality, rapid data analysis. Business decisions are costly and require meticulously prepared data and insights. AI is uniquely suited to address these complex needs, especially with increasing global regulatory scrutiny.

With initiatives like OECD's SAF-T reporting, EU's CSRD, and CbCR, or the global trend towards CTC (continuous transaction controls) through centralized e-Invoicing, AI eases the burden on finance teams. It allows them to focus on delivering high-quality reports rather than struggling with data mapping, reconciliation, and anomaly identification, ensuring enhanced visibility into financial performance.

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THE TRANSFORMATIVE POWER OF AI IN R2R

Recapping AI's transformative potential in Record-to-Report processes highlights **significant cost savings and efficiency gains.** AI automates routine tasks like data entry, transaction matching, and reconciliation, reducing manual effort and errors. It generates financial reports faster and more accurately, minimizing financial losses.

Companies adopting AI in accounting workflows see substantial reductions in staff expenses. Additionally, integrating AI with e-invoicing frees up extensive resources over time. Oganizations are encouraged to explore AI solutions to unlock these benefits and drive their financial processes forward.

LOOKING FOR A PARTNER TO SUPPORT YOUR R2R PROJECTS?

Profluo's tailor-made AI algorithms cater to each client's unique needs, ensuring a powerful blend of generalization capabilities and precision.

With more than 20 years of experience in the financial-accounting area and software development, we specialize in the intricate understanding of invoices, dissecting their commercial, tax, and accounting nuances, enabling intelligent anticipation of specific workflows.

Bogdan Năforniță
CEO & Co-Founder

Cosmin Merișescu
CTO & Co-Founder

Profluo's mature and scalable platform reflects our commitment to excellence and adaptability. Security is paramount, with high, flexible measures like role-based access, a multi-tenant client architecture, and a proprietary authorization concept. Our agile architecture supports custom installations, seamlessly integrating into local and international ERPs and accounting systems.

WHAT'S IN FOR YOU?

- **Your own AI-enabled automated accountant: fast learner & accessible 24/7**
- **Swift setup and ongoing support at no extra charge throughout our partnership**
- **Personalized Enterprise deployments**
- **Comprehensive compatibility with leading ERP systems**
- **A secure cloud platform, available anytime and from anywhere**
- **Low operating costs and streamlined internal procedures**

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Explore how Profluo can elevate your accounting processes with advanced AI-driven solutions!

BOOK A MEETING WITH OUR TEAM

Or get in touch: sales@profluo.com