



# AI & Generative AI in supercharging functional transformation

A practical guide to the opportunity for AI  
across the front, middle and back office

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# Introduction

The world of business is abuzz with the potential of Generative AI (Gen AI). While artificial intelligence and machine learning have proven successful in solving specific problems, the user interface and new content creation capabilities of Gen AI make it relevant to a wider range of organisations and business functions. Despite AI not being a new concept, it's moving quickly. As a result, CxOs must think fast when it comes to understanding how to leverage this technology.

Embedding Gen AI capabilities into functional transformation can drastically improve speed and efficiency by eliminating redundant or manual activities. Furthermore, this technology has the potential to drive significant profitability, improve compliance and enhance the overall customer experience. But, as with all AI technology, the effectiveness of Gen AI is entirely dependent on the quality of the underlying data and well-engineered prompts. For Gen AI to provide maximum value to organisations, it must be executed and integrated in the right way within key operational functions.

# 57%

**of respondents** from the KPMG 2023 global tech report believe Generative AI will help them achieve short-term business ambitions over the next one to three years. The finding suggests an opportunity to allay fears, explore possibilities and pursue safe implementation.

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**02 Gen AI use cases**

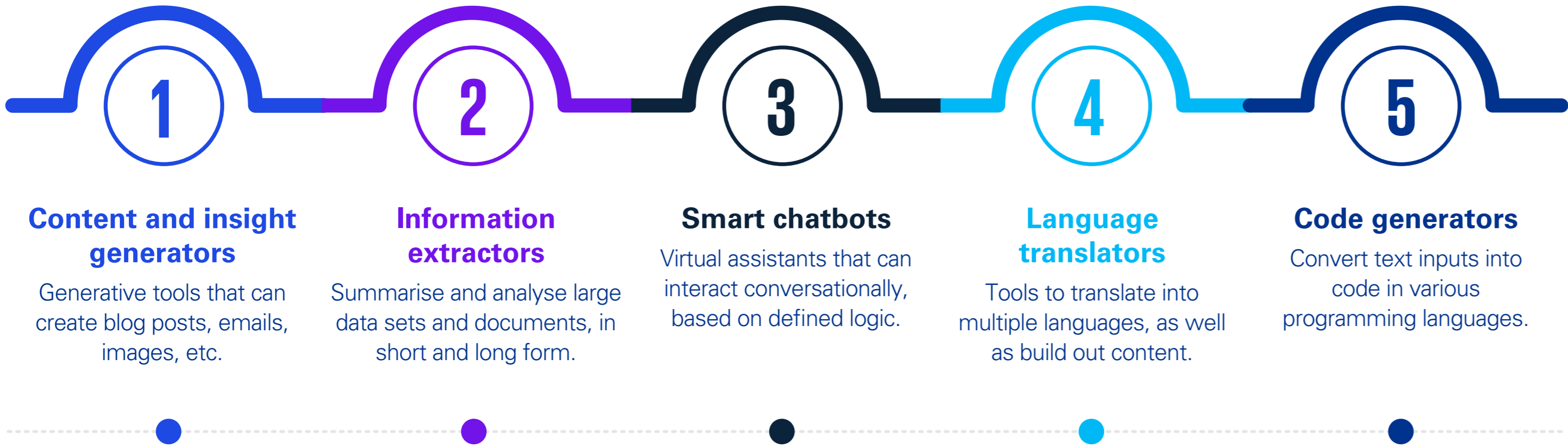
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# 01. Introduction to Gen AI in functional transformation

KPMG professionals understand that core organisational functions are the primary drivers of Gen AI implementation. These functions have a crucial role in executing organisational strategies, creating and protecting value, building an effective enterprise architecture, and maintaining data. Furthermore, certain operational functions possess potential disruption opportunities and can harness the power of Gen AI across five enabler categories:



**1**  
**Content and insight generators**

Generative tools that can create blog posts, emails, images, etc.

**2**  
**Information extractors**

Summarise and analyse large data sets and documents, in short and long form.

**3**  
**Smart chatbots**

Virtual assistants that can interact conversationally, based on defined logic.

**4**  
**Language translators**

Tools to translate into multiple languages, as well as build out content.

**5**  
**Code generators**

Convert text inputs into code in various programming languages.

These enabler categories could apply to the main functions as follows:

**Content and insight generators** — could be used to reduce time and effort needed to create materials in areas such as:

- Generating financial and management reporting and commentary.
- Creating financial models to help with budgeting, forecasting and scenario analysis and develop presentations to support board meetings.
- Bringing data into templates and models to generate trends, risks and opportunities.

**Information extractors** — Gen AI can be a powerful research tool, able to find and synthesise data and publicly available material to generate insights on markets, competitors and customers. Analyses could be tailored to geographies or markets.

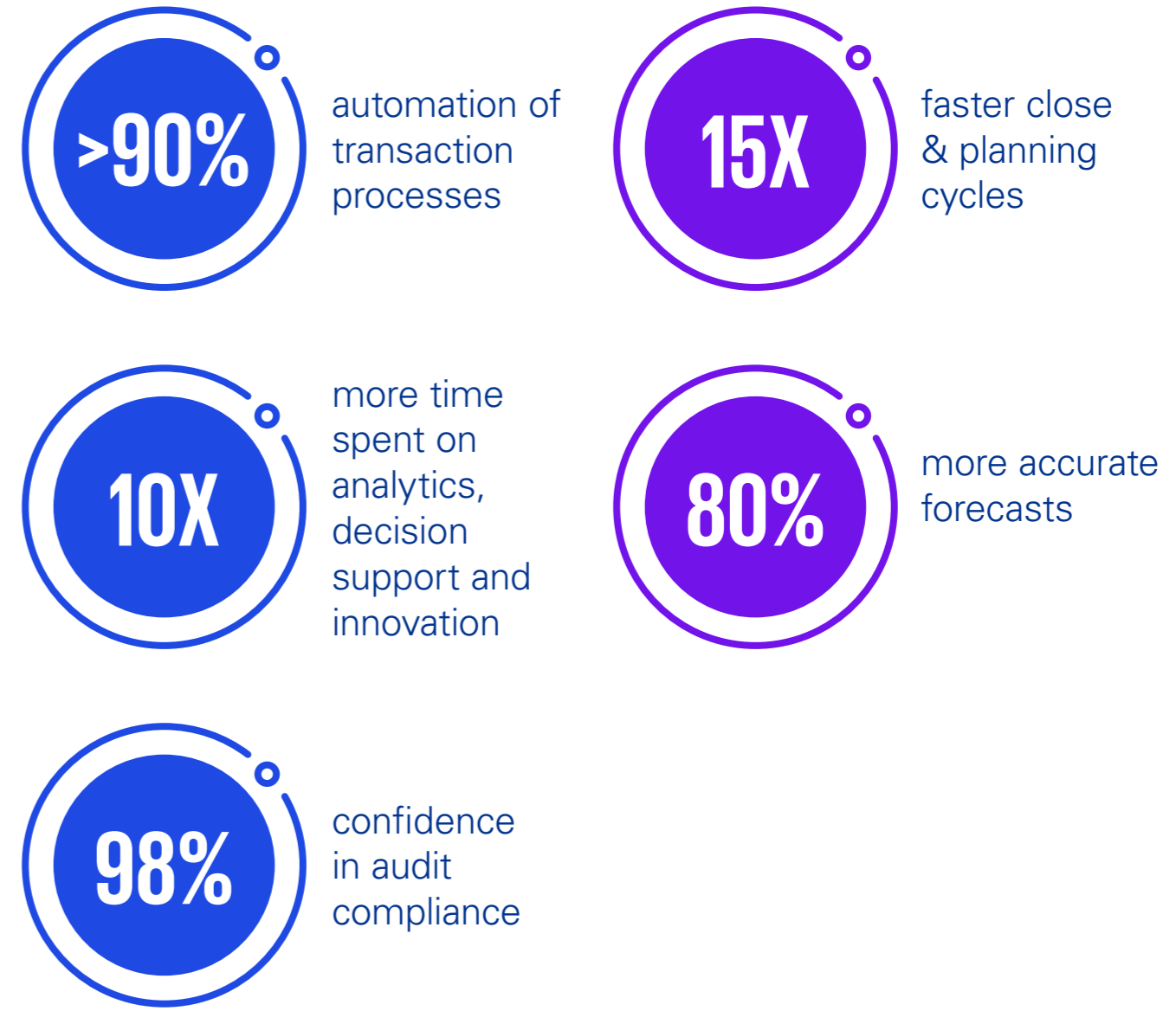
**Smart chatbots** — could be used to field incoming inquiries to the function, especially as a first line of support. This can significantly reduce low-value work by staff and improve quality and response times for frequently asked questions.

**Language translators** — could help with report generation for multilingual enterprises operating or reporting in foreign jurisdictions, especially where lots of unstructured data is being reported from many sources (e.g., sustainability reporting).

**Code generators** — could be used to generate **low-code** apps, removing the need for professionals to perform coding (e.g., helping users to access self-serve data, analyse it and build better story presentation). Gen AI can also help diagnose and fix system issues by evaluating code, discerning what's broken and executing new code.

**By unlocking the power of digital technologies, AI has the potential to deliver significant value to the organisation's critical business functions.**

For example:



Source: Extrapolation of KPMG Surveys and cross-industry assessment of the impact of AI use cases in Finance.

# 02. Gen AI can help deliver value across critical functions, including:



Marketing, sales, service and commerce



Procurement



Supply chain management



Finance



HR



IT management

# Five emerging use cases of Gen AI in marketing, sales, service and commerce

Orchestrated customer experience can help to increase profitable sales

Five Gen AI applications in the marketing, sales, service and commerce function that could contribute to attracting more customers and increased retention

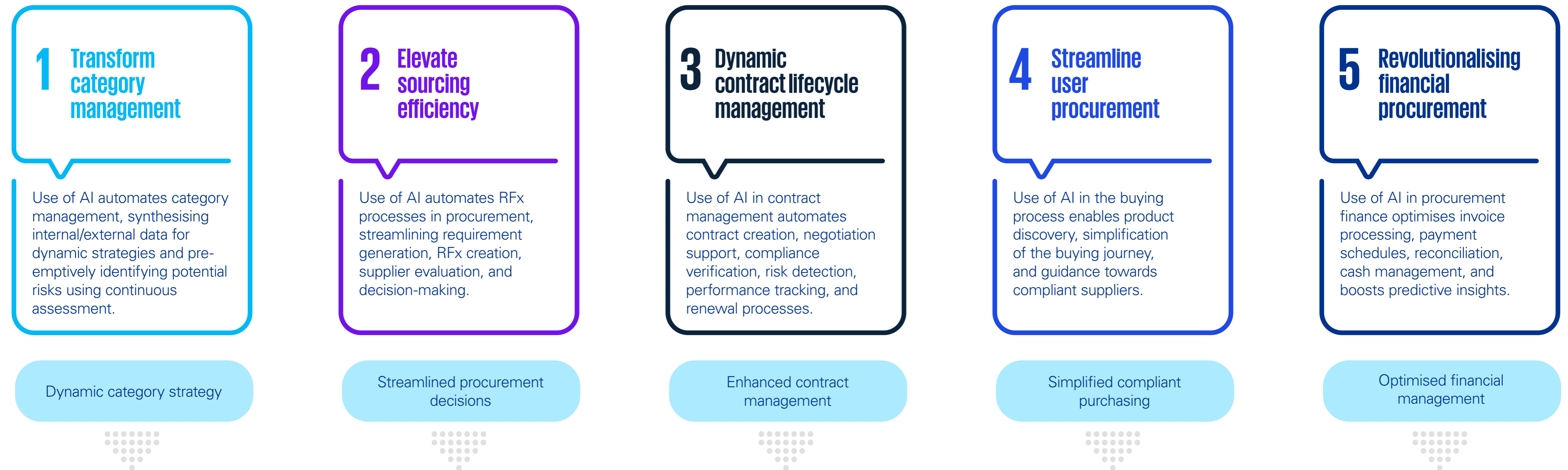
<p><b>1</b> Improve personalised and targeted marketing reach</p> <p>Use of AI-led data analytics to improve lead generation and answer customer queries to improve above funnel conversion rates.</p>	<p><b>2</b> Increase engagement levels</p> <p>Use of AI to deliver improved personalised experiences using, for example, content and optimised pricing to accelerate the path to purchase.</p>	<p><b>3</b> Better support activation and onboarding</p> <p>Use of AI to automate verification and onboarding to reduce costs, improve customer satisfaction and accelerate time-to-revenue.</p>	<p><b>4</b> Nurture customers with care</p> <p>Use of AI to improve customer privacy, security and self-service support and to anticipate potential issues, for example, fraudulent activities.</p>	<p><b>5</b> Retain more customers, reduce churn</p> <p>Use of AI to proactively retain customers by delivering personalised experiences that are focused on driving customer lifetime value and loyalty.</p>
<p>Increase prospect volume</p>	<p>Increase conversion rates</p>	<p>Accelerate onboarding timeline</p>	<p>Increase trust</p>	<p>Improve retention rates</p>

Potential benefits and productivity gains

# Five emerging use cases of Gen AI in procurement

Generative AI has the potential to automate, optimise, and transform procurement processes, driving enhanced efficiency and strategic decision-making

Five Gen AI applications in procurement that can automate processes, enhance strategic planning, optimise financial management and improve procurement efficiency

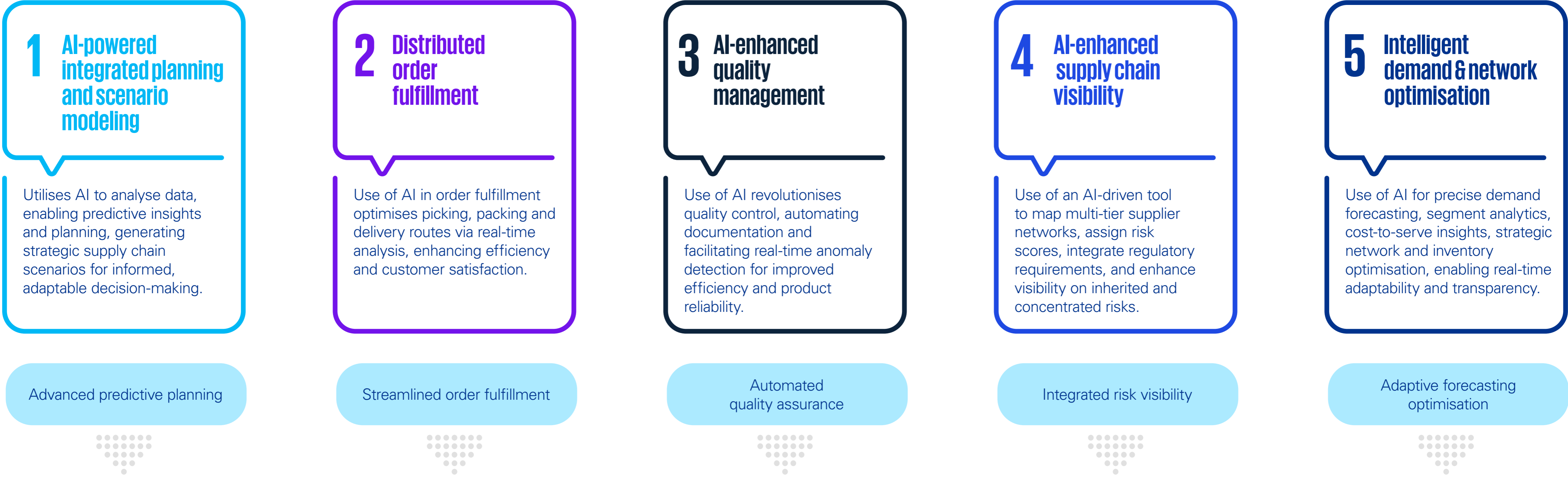


**Potential benefits and productivity gains**

# Five emerging use cases of Gen AI in supply chain

Generative AI has the potential to significantly improve efficiency, decision-making, compliance and maintenance in supply chains

Five Gen AI applications in the supply chain function that can help drive efficiency, facilitate predictive insights, enhance compliance, optimise maintenance and advance sustainability



Potential benefits and productivity gains

# Five emerging use cases of Gen AI in finance

Finance should be at the centre of Gen AI adoption across the organisation

Five Gen AI applications in the finance function that can improve organisation-wide understanding and storytelling

<p><b>1</b> Cross-functional performance commentary</p> <p>Use of AI to generate narrative content accompanying financial reports and forecasts, which enhances the storytelling and understanding of risks and trends. Create content for investor calls.</p>	<p><b>2</b> Contract generation and review</p> <p>Use of AI to elevate contract lifecycle — generate standard contracts with preferred terms and wording — monitor and review risk and profit of existing non-standard contracts.</p>	<p><b>3</b> Optimise quote to cash</p> <p>Use of AI to analyse large volume datasets to identify patterns and trends for accounts receivable aging and delinquency rates.</p>	<p><b>4</b> Financial regulation compliance</p> <p>Use of AI to condense new regulations (such as those related to GAAP, IFRS or tax) into key takeaways for business functions. Use of Gen AI to improve financial crime compliance by aggregating data and creating an accurate portrait of each customer.</p>	<p><b>5</b> Benchmarking and peer analysis</p> <p>Use of AI to analyse quarterly earnings reports (and other public documents) to extract competitor insights and understand trends to inform own strategic direction.</p>
Improved understanding of financial performance	Reduce levels of financial risk	Improved cashflow	Identify and manage compliance risks	Understand better how you compare to the market

Potential benefits and productivity gains



# Five emerging use cases of Gen AI in HR

Some HR leaders recognise the role Gen AI has in shaping the workforce of the future

Five Gen AI applications in the HR function to improve employee experience and retention



Potential benefits and productivity gains

# Five emerging use cases of AI & Gen AI in IT management

## Improving IT delivery and return on IT investments

Five AI and Gen AI applications in the IT management function that can help accelerate deployment and aid talent development



Potential benefits and productivity gains

# 03. Aligning Gen AI with your functional transformation: a strategy for success

Offering point-AI solutions across different functional areas may provide short-term benefits, but it is unlikely to deliver significant long-term advantages. In fact, it could create a technology legacy problem in the future. Instead, a more strategic approach is recommended, in which Gen AI can complement and enhance existing transformation initiatives and can be ingrained within the organisation's operating and technology model.

Organisations that have undergone a transformation with KPMG Powered Enterprise are in the ideal position to exploit the KPMG Target Operating Model and integrate Gen AI into their function. KPMG professionals can help establish how the organisation's AI strategy is aligned with the overall vision, identifying the most impactful AI priorities within their function's processes. Following that, they can develop digital solutions focusing on those priorities to drive an AI-driven functional transformation.

KPMG firms' functional Gen AI starts with the model answer, leveraging leading practice and pre-configured on the world's leading SaaS platforms. This approach to implementation of Gen AI has numerous benefits, such as ensuring a strong connection between intelligent automation and essential processes, having a reliable data model that aligns with the business's needs, and an efficient organisational structure with the appropriate roles, capacities, and digital fluency to support the transformed function. This way, organisations can confidently operate within the established governance framework for that function, allowing for more effective decision-making opportunities.

**Media attention has highlighted the reputational risks brands can face when using Gen AI if not implemented correctly. Therefore, proper planning and testing should be conducted before deploying this technology. It is crucial to fully understand ethical, cyber, IP and other considerations before proceeding.**

KPMG's approach can help organisations reduce risk by adopting KPMG's leading Gen AI practices. Through the KPMG Target Operating Model, AI capabilities are already designed and integrated into the approach, with possible impacts considered across all six layers.

## Governance

Adapting to reflect emerging Gen-AI-related governance structures, e.g. Responsible AI principles

## Performance insights and data

Adapting the data architecture to enable Gen-AI-centric data intelligence to allow for more compelling storytelling

## Technology

Extending the technical architecture to include Gen AI tools and technologies. Highlighting new AI capabilities that are created by cloud platforms, including impact on the existing technical footprint



## Functional process

Enhancing the point of view of 'what good looks like' deep into the maturity model to reflect the impact of Gen AI. Augmenting the vast selection of leading practices to bring them to life with Gen AI and reflect Responsible AI principles. Reflecting the highest impact uses of Gen AI throughout the role-based process flows

## People

Highlighting new labor roles used throughout the function as well as the capabilities needed to support their use

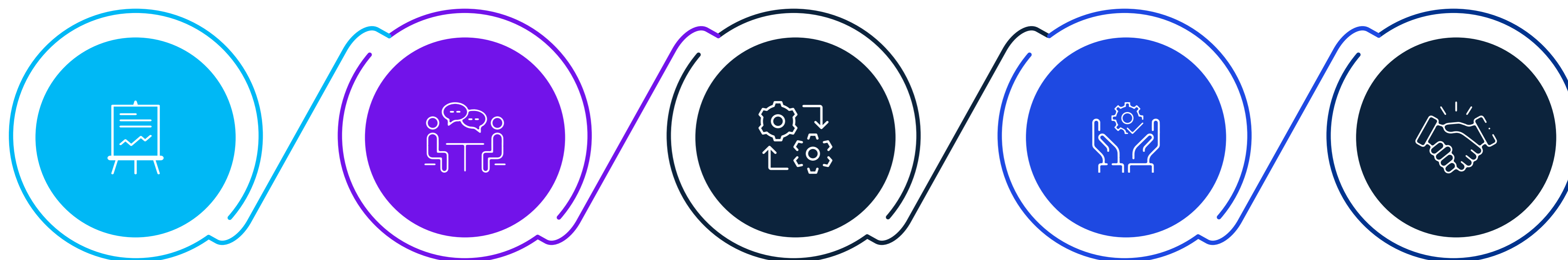
## Service delivery model

Reshaping to account for service delivery through automation and reflect potential impact of digital labor on shared service centres and centres of excellence

“ The number of businesses with leadership buy-in for emerging tech has more than tripled, from 10 percent to 38 percent in 2023. ”

Source: KPMG 2023 global tech report

Effective implementation of Gen AI relies heavily on data readiness. To achieve optimal results when implementing Gen AI, businesses must focus on the Performance Insights & Data Layer of the Target Operating Model. However, most organisations may need to undertake significant work surrounding their data before fully capitalising on its potential. Therefore, it is crucial to work alongside advisors who possess the right combination of data skills and experience to maximise the capability of data within an AI-enabled function.



### Data strategy

Robust framework to capture the business use cases, model inventory, model limitations and any net new risks can help to enable firms to more closely align the business ambitions with the use of these technologies to demonstrate value while complying with relevant regulations and legislations including ethical considerations.

### Data management, governance and lineage

Clear data accountability including well-defined roles and responsibilities in sourcing, processing and distributing the data. Track Data Lineage and Data Catalogue to enable better discoverability and improve on understanding of the data to help ensure its used for the right purpose here.

### Data architecture

Having a highly interoperable and seamless integration between the various platforms in your ecosystem can reduce data friction and enable quicker access to the data needed.

### Data quality

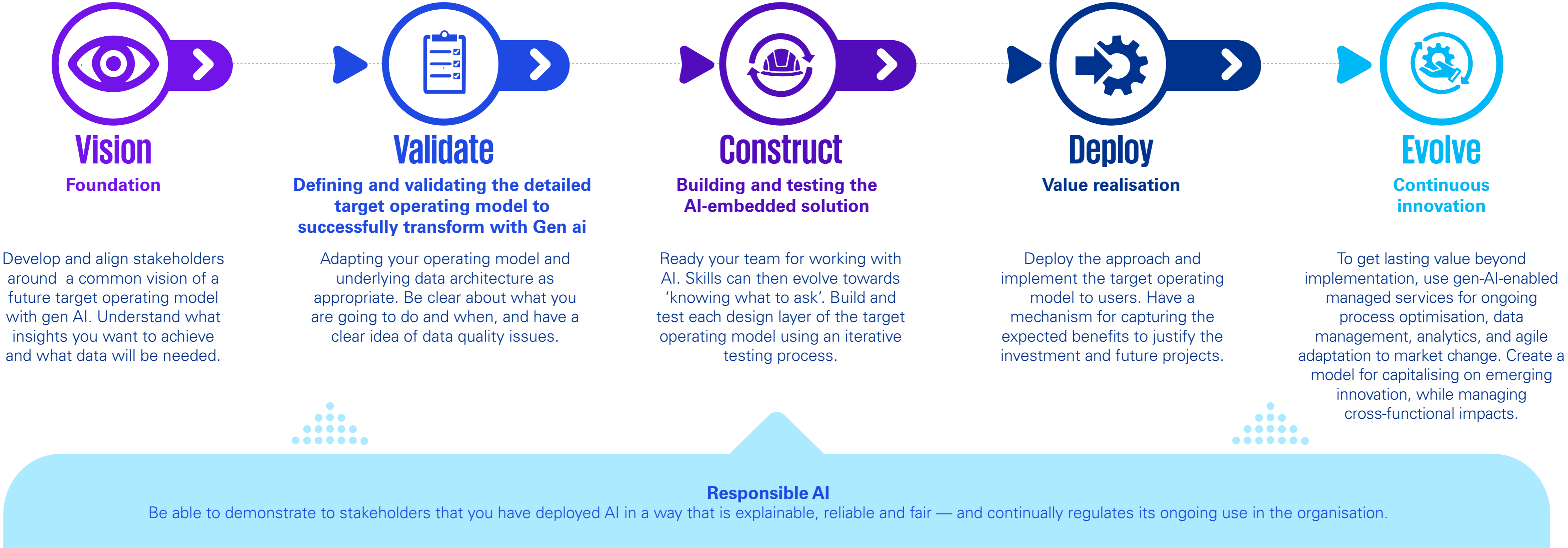
Clearly defined single sources of data truth can help to ensure there is a baseline of 'clean' and reliable data to use. Large quantities of good quality data is needed to effectively 'train' your AI-based model/machine to automate processes and produce desired outputs such as security classifications, trend analysis and prediction generation.

### Data enablement and literacy

Secure buy-in from senior stakeholders to be 'ambassadors' of the benefits of data and AI in order to drive adoption and embed a culture of good data practice and innovation. Build data literacy with user communities to democratise the power of good data and its ability to power technologies such as AI and ML.

# 04. The wider transformation picture

The KPMG Powered Enterprise transformation methodology is highly adaptable to Gen AI, enabling businesses to deliver this technology seamlessly across their crucial front, middle and back-office functions. Our methodology excels in areas such as vision, data architecture, talent development and value realisation, intercepting emerging technology as well as providing a sound framework for deploying (and maintaining) Responsible AI.



Develop and align stakeholders around a common vision of a future target operating model with gen AI. Understand what insights you want to achieve and what data will be needed.

Adapting your operating model and underlying data architecture as appropriate. Be clear about what you are going to do and when, and have a clear idea of data quality issues.

Ready your team for working with AI. Skills can then evolve towards 'knowing what to ask'. Build and test each design layer of the target operating model using an iterative testing process.

Deploy the approach and implement the target operating model to users. Have a mechanism for capturing the expected benefits to justify the investment and future projects.

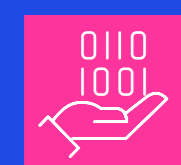
To get lasting value beyond implementation, use gen-AI-enabled managed services for ongoing process optimisation, data management, analytics, and agile adaptation to market change. Create a model for capitalising on emerging innovation, while managing cross-functional impacts.

# Why Microsoft?

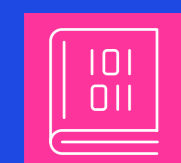
By combining arguably the world most popular software in Microsoft 365 with market leading AI models, Microsoft is exceptionally well positioned to be the leading force in gen AI of our generation. In early 2024 Microsoft was named a leader for the fifth year in a row in the Gartner Magic Quadrant for Cloud AI Developer Services whilst also being named ahead for Completeness and Vision.<sup>1</sup>

Microsoft have spent decades in the research and development of AI, and have created a purpose-built AI infrastructure to deliver reliability and performance at scale. Copilot is built on that infrastructure and the trusted foundation and commitments to responsible AI from Microsoft Cloud.

Three fundamental promises Microsoft Cloud make are:



First, your data is your data. That means it is yours to own and control. Your data to choose how you want to leverage and monetise.



Second, your data is not used to train or enrich the foundation AI models used by others. You don't have to worry about anyone other than your organisation benefiting from AI that is trained on your data.



And third, your data and AI models – in fact, your entire organisation – are protected at every step by the most comprehensive enterprise compliance and security controls in the industry.

That is Microsoft's commitment to you. And that commitment should give you the confidence to leverage the power of AI to transform your businesses.

**70%** of Copilot users said they were more productive<sup>2</sup>

# What is Copilot?

Microsoft Copilot is a game changer. At its simplest, Copilot is an AI-powered tool integrated across common applications such as Microsoft Word, Outlook, Excel, Teams and PowerPoint. However, Microsoft is the only software author able to deploy Copilot across your daily productivity tools such as Outlook and Teams, but also across your business through Sales, Marketing, Supply Chain, Service and Finance.

Copilot provides interactive, AI-powered assistance across business functions assisting users by providing real time, insightful, contextual suggestions to challenges, whilst also having the ability to automate many repetitive tasks and business processes therefore enhancing productivity.

Copilot experiences can enhance every role, every function, every line of business:

- Sellers can move deals forward faster with AI-assisted email replies, from information requests to proposals.
- Marketing teams can get insights faster and easier using natural language.
- Customer service agents resolve issues faster and with more relevant personalised recommendations.
- Operations managers can better predict and act on supply chain disruptions.
- Businesses of any size can bring products to market faster with AI-powered product descriptions, connected seamlessly to commerce platforms like Shopify.

Copilot leverages advanced machine learning models to understand and generate human-like responses and text. Copilot can help your teams to draft documents, generate code, create presentations, summarise conversations, analyse data and so much more.

**77%** of users said once they used Copilot, they didn't want to give it up<sup>2</sup>

1. Gartner® Magic Quadrant™ Cloud AI Developer Services, 1 May 2024.

2. <https://www.microsoft.com/en-us/worklab/work-trend-index/copilots-earliest-users-teach-us-about-generative-ai-at-work>

# Benefits of Microsoft Copilot

## Increased Productivity

Automates repetitive and time-consuming tasks, allowing users to focus on more critical value-add activity

## Enhanced Creativity

Copilot can provide suggestions and content generation that can help idea development, improve writing and create more professional presentations

## Improve Accuracy

Helps reduce errors by offering context-aware suggestions and corrections in real-time

## Efficient data analysis

In applications like Excel, copilot can assist with data analysis, generating insights and visualisations to challenges making it easier for you to interpret data and make critical decisions

## Learning and Skill development

As it provides suggestions and insights, users will learn as the tool develops and grows, meaning your team will learn new techniques and improve their skills over time

## Customisation and Adaptability

Copilot can be tailored to specific workflows and preferences, meaning it's flexible and will suit different users, functions and sectors

## Collaboration

Facilitates better collaboration by providing consistent and high-quality content, making it easier for teams to work together

# Features of Microsoft Copilot

- Generate contextual emails, meeting transcriptions, and opportunity summaries based on CRM and Microsoft 365 data.
- Simplify content creation with text and image recommendations tailored to suit your brand and audience.
- Use simple prompts to explore, understand and predict customer needs querying data with plain language queries.
- Ask Copilot questions to access answers and resources from a variety of knowledge sources.
- Generate a case summary that highlights customer and case history details.
- Generate conversation summaries that capture discussed issues and important details.
- Analyse conversations, draft proposals, create revenue analytics, create CRM tasks, update CRM records quickly, show sales conversion rate and create pitch presentations.
- Task Copilot to draft emails using predefined or custom prompts.
- Avoid stockouts, catch supply chain problems early, and automate supplier collaboration with predictive insights and AI-suggested email drafts.
- Predict demand with an AI-powered forecast model.

# Why KPMG?

## How KPMG professionals can help

At KPMG we believe that AI will reach its full potential only when it is paired with human experience and ingenuity. Helping to change business models and accelerate value when it is underpinned by the strategic foundation of trust.

KPMG professionals can guide you through what is needed to enable responsible gen AI and other leading practices across your organisation, including transformation or optimising your operating models.

With a relentless focus on helping you recuperate your investment in AI/gen AI, KPMG firms combine advisory capabilities and managed services to help drive strategic outcomes for your functional transformation.

## Customer Experience Excellence

**We have a deep understanding of how AI can be embedded into organisations across sectors to drive customer experience excellence and empower staff to work smarter – as explored in our seminal thought leadership report, [Say hello to your new AI colleague](#).**

We are also leading the way in developing approaches for the safe, ethical and trusted deployment of AI. Our Trusted AI framework encompasses privacy and ethics, data governance and strategy, technology guardrails and architecture, and capability training and upskilling for your people. Our deep understanding of the regulatory landscape ensures that you can remain compliant with all legal rules and obligations (including as these evolve over time).





**If you're ready to get started and think we may be able to help, then please do get in touch. If you would like to find out more about KPMG, our alliance with Microsoft and the work we do there are a number of places for you to visit to further your understanding:**

More detail on KPMG and our full range of capabilities and services can be found **here**.

You can learn about the KPMG and Microsoft alliance **here**.

See who is leading in Customer Experience Excellence **here**.

KPMG was named Microsoft Supplier of the Year in recognition of our commitment to accelerating innovation and boosting employee experiences through artificial intelligence (AI). You can read more about our award **here**.

**Please speak to our Microsoft and GenAI specialists:**



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