AI is Not a Tool: The Truth About Artificial Intelligence in O2C Processes and Beyond

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Abstract

We've already examined how AI is already making a big difference to the effectiveness of collections teams. But the current discourse around the topic is leading to misunderstandings about what AI can and cannot do for your AR function. This isn't just about the usual hype cycle associated with new technologies, because these misunderstandings are giving leaders both an overly optimistic (and imprecise) view of AI's capabilities, and an overly pessimistic and limited view as well.

This leads to a warped perspective that sees many companies adopting AI with the best of intentions, but for the wrong reasons. The fact that recent research from MIT suggests that around 95% of AI pilot projects fail to produce any return serves only to highlight this. We believe that much of the misunderstanding lies in finance organizations and their leaders still thinking of AI as a "software tool" that performs a specific function – in this case as a "general software tool" that can be applied to almost any problem indiscriminately. Effectively leveraging AI requires us to abandon this framework entirely and think about AI in a new way and on its own specific merits.

Let's start at the very beginning. Those of you reading this who are thinking about AI are likely thinking about it because you've heard a lot of people talking about it. Those people have probably said a lot about what it will be able to do in the future, in expansive and general terms. But most commentators are reluctant to get into any specifics. This may have already led you to gamble on some AI pilot projects just to see what all the fuss is about—but this is never a viable approach when it comes to technology.

For any enterprise technology or software tool to "work" (that is drive value for the business), it has to have clear, well defined use cases – practical applications to specific workflows that simplify them, scale them, or replace them.

These are lacking for "AI" because AI is not a software tool. This misunderstanding is leading to many well-meaning people promoting and purchasing AI "solutions" for their businesses in a manner that's likely to lead to frustration, dead ends, and most importantly, to missed opportunities.

But if AI isn't a tool, what is it? AI is a collection of discrete technologies with a similar purpose. They all mimic specific aspects of human decision-making processes with the aim of processing, analyzing, and presenting data more quickly and more accurately.

Let's quickly review the five most important technologies for O2C, as recently defined by Forrester: