

The age of AI

2023

Foreword

from Simon Kearsley, CEO at bluQube



Now is a pivotal time to be researching the topic of Artificial Intelligence. As something that has been on my radar through the development of the bluQube platform, AI has taken giant leaps of late and is no doubt on the agenda for many forward-thinking business leaders. AI has grasped the imagination of the public in a remarkable way as its capabilities and accessibility options have grown and entered popular consciousness.

It's remarkable to see just how much AI has erupted recently as new innovations like ChatGPT have surfaced, coming to the fore of many business conversations and roadmaps, and touching and changing many different areas of life. Unbeknown to many, AI has been a constant for years through the likes of Siri or Alexa, but more recent developments have taken it to a new level of awareness and sophistication.

And, while much of current sentiment is positive, focusing on the new and exciting, seemingly boundless possibilities which spark new ideas from the ether, for others there's a niggling concern or even outright fear about what AI might become in the future: where AI could take us – and itself. If, like me, your understanding of AI was shaped through science fiction and the likes of 2001: A Space Odyssey, you can perfectly understand why fears of a dystopian future are an acceptable response and counterbalance to AI devotees and cheerleaders.

To truly gauge how businesses feel about AI in light of recent developments, we conducted research with over 150 senior business decision makers across a range of different sectors to explore how AI is currently being used within organisations, the impact it's having, and where it's likely to go next. We dug deeper into attitudes and perceptions around AI, and what the barriers are preventing organisations from adopting it.

What was clear from the off is that there are many different definitions and understandings of AI. While multiple versions can be correct, we felt it important to clarify that, in the context of this report, we're referring to AI as the ability of machines to learn and make decisions based on data and analytics. Its capability stems far beyond automation and is moving more towards a self-awareness – the ability to provide more proactive, predictive, and even prescriptive, guidance.

When looking at its potential and applications within bluQube, and to deliver truly valuable and impactful features and developments, it's crucial that we remember that a finance system is a supporting act for businesses. Customers simply need to carry out finance and accounting functions efficiently and to learn and keep tabs on the health of the business. And, in a similar way to how cloud revolutionised the space and provided a genuine win-win for developers and customers alike, AI has the potential to deliver game-changing benefits on both sides. When combined with cloud, AI can help users remain more informed and agile, helping them to spot problems and opportunities sooner without having to be at the coalface.

We're entering a new era of intelligence, and while we're by no means close to realising the full potential and capability of AI (and that's understandably where much hesitation stems from) the businesses that remain abreast of developments and open to possibilities will be the better equipped to remain competitive, profitable and reach new heights.

One thing is for sure, we stand at a point in time where great change is unstoppable rushing toward us. Some will adapt and thrive, others will get left behind and will learn difficult lessons. Future Shock is with us once again and, my is it exciting.

Future Shock is with us once again and, my is it exciting...

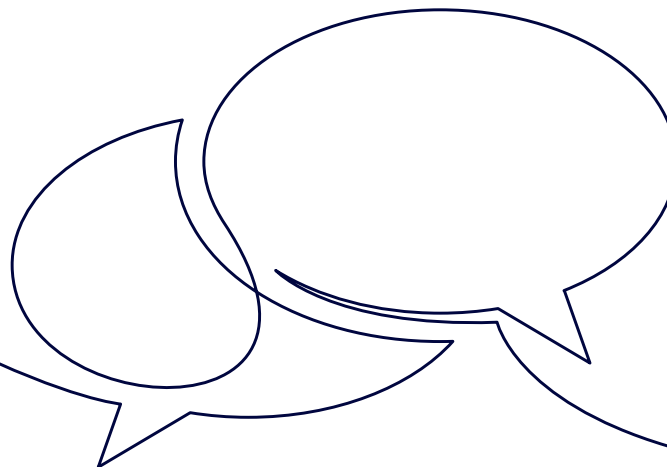
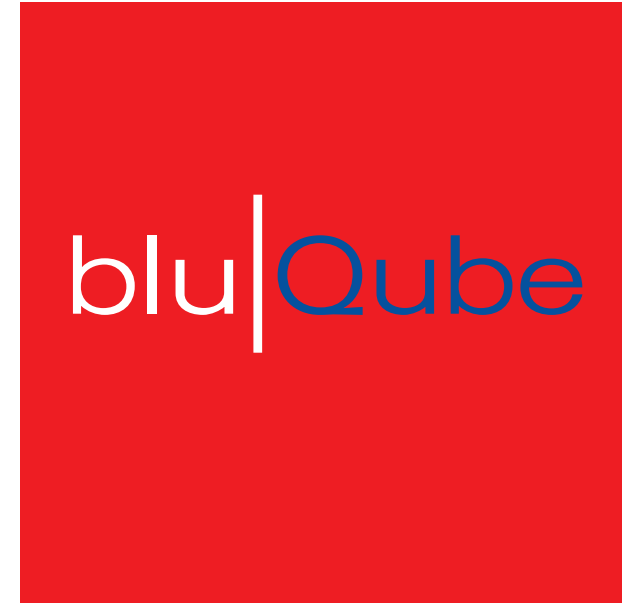
About bluQube

bluQube is an innovative and unique accounting platform, designed to help make the world of the finance professional that little bit easier. Whether that's reducing administrative tasks with a unique user-friendly interface, eliminating data entry thanks to interoperable technology, or removing all those tech headaches with a market-leading cloud platform, now over 12 years strong.

The business has embraced technological innovation from the get-go. Mastering new technologies and developing them into useful applications for customers is coded into the company DNA. Reacting to market trends with speed, consideration and integrity, bluQube was early to market with both cloud and interoperability.

With 25 years of expert development and implementation by consultants and qualified accountants, bluQube is adaptable for a vast array of business finance needs, spanning both on-premise and cloud systems.

Privately owned, UK based and without re-sellers, bluQube prides itself on doing things differently. It has a dedicated team of qualified accountants, developers and highly skilled consultants to help solve problems and support customers, with consultants receiving a 4.6/5 average customer feedback score. Find out more about bluQube at www.bluqube.co.uk.



Executive summary

Key findings from the research include:

AI adoption is currently low, but imminent for many



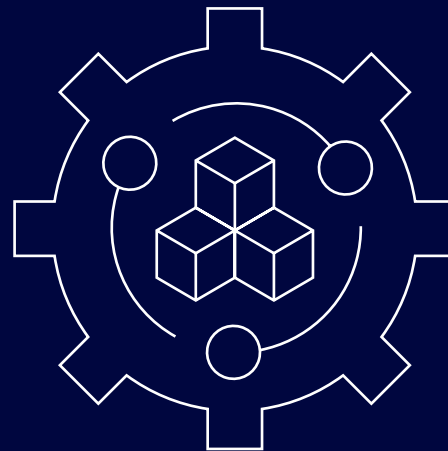
Just 13% are currently using AI in their business.

There appears to be a reluctance:

15% said it's unlikely they'll be investing over the next three years and **12%** said they're not planning to invest at all.

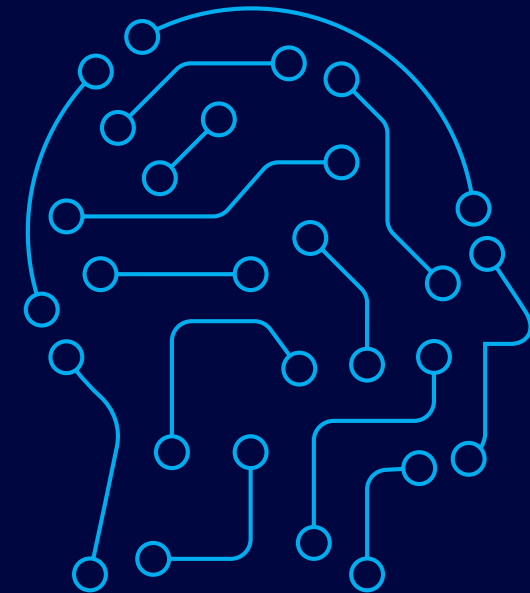
Greater investment is coming:

35% are planning to invest over the next year and 17% said they'll be investing over the next three years.



Operations is the most common area that organisations are currently using AI in (52%), followed by production (48%) and customer service (38%).

Moving forwards, **sales and marketing (34%)** and **finance and accounting (32%)** are the top two areas expected to be impacted by AI.



A quarter of business leaders looking to replace employees with AI

A quarter (25%) said they will eventually be able to reduce staff numbers and staffing costs due to AI, and 6% said AI has already allowed them to do this.

23% believe it will eventually replace the human workforce.

15% of senior decision makers said they're currently using AI to help manage staffing shortages.

Misconceptions are preventing some from reaping the benefits



51%

Greater efficiency and productivity was ranked as the biggest business benefit of AI (51%), followed by

reduced time spent doing mundane tasks and carrying out higher value work (48%) and improved speed of business (39%).

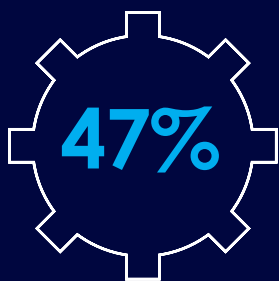
However, expense is preventing 35% from using or planning to use AI in their business, while a third (33%) said they didn't have enough time to implement and train AI, and 23% cited concerns around security breaches.



Concerns were also raised that organisations would need to upgrade their existing technology or infrastructure to accommodate AI.

A third (33%) said they'd need to purchase new software, 29% said they would need to make changes to network infrastructure and connectivity, and 27% said they will need to implement higher processing power and speed.

9% believe AI is only useful in high-tech industries like software development and finance.



Many business leaders don't feel they have the necessary skills to use AI within their organisation already, with 47% in agreement that they will need to retrain and upskill staff and 22% saying they'll need to employ new staff.

AI to change the role of the accountant as we know it



While finance and accounting is currently one of the areas least being affected by AI, **it is one of the areas business leaders feel is going to be affected**

by AI the most, with 32% in agreement (coming only behind sales and marketing at 34%).

42% believe AI will take away many of the repetitive and admin tasks from finance and accounting roles, 35% believe it'll allow professionals to be more strategic, and 31% think it'll mean professionals need to take on more of an advisory or client-facing role (31%).

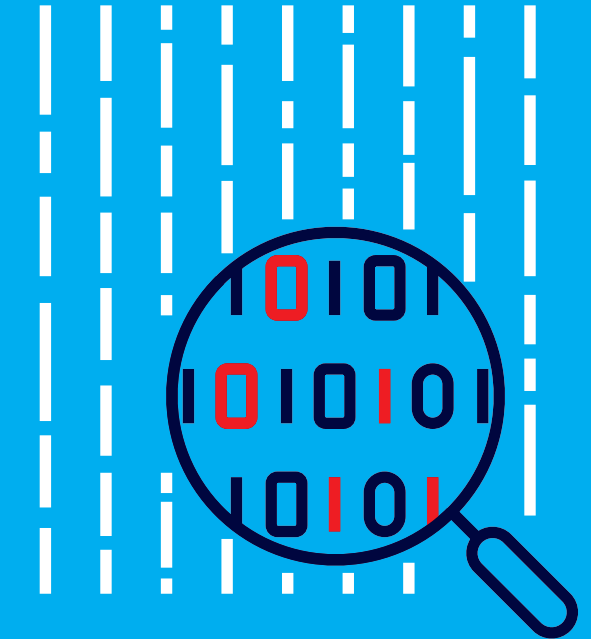
29% said AI will require professionals to retrain or reskill in other areas to still be successful, while 9% believe it will eventually replace the role, and 6% believe it will deskill the role. Just 6% believe it will have no impact.

AI: The current state of play

For some time now we've seen the practical applications of AI across different sectors. Many are using AI-powered chatbots in customer service to answer queries and provide 24/7 support, for example, while many marketing and advertising campaigns rely on AI to analyse customer behaviour, predict needs and personalise communications accordingly.

Progress appears to have accelerated over the past 12 months as various tech giants have launched their different innovations, from OpenAI's ChatGPT to Google's latest model, PaLM 2, enabling users to sift through and summarise information, generate content, and assist with research. And things are moving quickly. With Microsoft's Co-Pilot and Google's Workspace integrating AI into the devices and programmes we use every day in this calendar year, it's likely that, for many, it'll quickly become an inextricable part of daily life.

However, according to the senior business decision makers we surveyed, widespread AI adoption and application is still some way off in the business sphere. The research shows that, despite the prominence of AI as a key talking point on many business agendas, **just 13% are currently using it. 15% said it's unlikely they'll be investing in AI over the next three years, and 12% said they're not planning to invest at all**, suggesting there is some reluctance and even refusal to embrace the technology. However, investment in AI is on the horizon for the majority, with **35% planning to invest over the next year and 17% with plans to invest over the next three years**.



Only

13%

of businesses are
currently using AI

Who is using AI?

Operations 52%

Production 48%

Customer service 38%

Sales & marketing 33%

Finance & accounting 29%

HR 23%

How are businesses using AI?

As it stands, operations is the most common area that organisations are using AI in (52%), followed by production (48%) and customer service (38%). A third (33%) are currently using it in sales and marketing, 29% currently use AI in finance and accounting, and 23% are using it in HR.

Of the small number of respondents currently using AI for finance and accounting processes, audit analytics (67%) and expense reports (67%) were the most common uses, suggesting that AI's value is already being recognised for tasks that require data to be analysed and filtered.

Yet, when respondents were asked which areas of their business they felt were going to be most impacted by AI moving forwards, interestingly it was sales and marketing (34%) and finance and accounting (32%) that came out on top – two of the lowest areas organisations are currently finding being impacted by AI. 30% said they expect customer service would be impacted moving forwards, while 27% said operations, and 22% said production.

How much is AI trusted to carry out these business functions?

Interestingly, marketing was one of the most trusted areas respondents said they'd trust AI across the most (64%), alongside production (64%). These were closely followed by finance and accounting (63%) and sales (58%).

Do you trust AI?

Marketing 64%

Production 64%


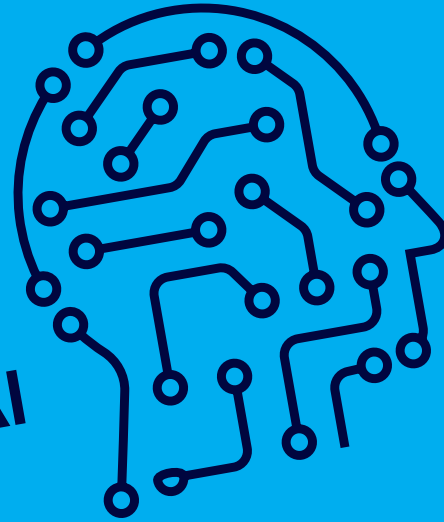
Finance & accounting 63%

Sales 58%

Customer services 19%

HR 18%

Despite customer services being one of the most common areas organisations are already using AI across, it was also identified as the least-trusted (19%) followed by HR (18%) – interestingly two areas that are typically very human centred. However, these are still proportionately low compared to the number of respondents that said they would trust AI in these areas.

**34%****understand AI****23%****believe AI will replace the human workforce**

Current attitudes towards AI

A widely positive and optimistic outlook was also evident when respondents were asked about their current attitudes to AI. 34% feel they understand AI and its capability well, almost a third (32%) said their organisation can benefit or is benefitting from AI already, and 31% said they feel AI improves productivity and efficiency.

Meanwhile, the proportion of those with more negative views towards AI was comparatively lower and appeared to mainly stem from a lack of understanding or knowledge. 13% feel AI is not being used to its fullest potential within their organisation and 13% said they still don't know what it is or does.

The research also revealed how respondents see AI impacting the human workforce. While 18% admitted to being worried that AI will take people's jobs, a larger proportion (28%) feel that AI is likely to create different types of roles, changing the nature of work but not eliminating a human workforce in its entirety. Just a small number (7%) feel that AI doesn't align with their ethical values. Whether this is in relation to its potential implications on the human workforce and economy, or to other aspects of the technology, this view is held by a relatively small number of business leaders.

How well is AI in its current form understood?

The research also identified some differences in opinion in the definition of AI among respondents, with some aligning with the narrative that AI in its current form has the ability to work fully independently and in place of human intelligence. Almost a quarter (23%) believe AI will eventually replace the human workforce, and 21% believe it has human-like intelligence. 16% believe it to be a standalone technology, while 15% agreed with the statement 'AI is all-knowing and infallible'.



45% believe it's only as good as the data and algorithms it's trained on

Yet, the majority of views are more in line with the current status and capability of AI. 45% believe it's only as good as the data and algorithms it's trained on, a third (33%) believe it will change the nature of work but not replace human workers entirely, and 17% believe that it will always need to be used in conjunction with human intelligence.

51%

feel AI will bring greater efficiency and productivity

How is AI impacting businesses?

When respondents were asked what they feel the biggest business benefits of AI were, greater efficiency and productivity was top of the list (51%), followed by reduced time spent doing mundane tasks and carrying out higher value work (48%) and improved speed of business (39%).

Its wide-ranging benefits were also reflected in the responses to how the success of AI implementation is being measured, or how it's likely to be measured. Increased efficiency (51%) was the top indicator, followed by the cost savings it achieves (32%) and the reduction in time spent on admin tasks (29%). 24% said they would measure accuracy, 22% said they would use customer feedback and satisfaction, and 22% said time to value.

However, 12% said they don't know how they'll measure its impact, while 6% feel measuring its impact is impossible. With tangible proof and data needed to back up the success of a new investment within an organisation, this could be a barrier to many organisations seeing its value or even implementing it in the first place.

Challenges and barriers to adoption

As with any new innovation, many businesses have hurdles and challenges to overcome before they can successfully implement AI – or before they feel it would be an achievable and worthwhile investment. When we asked the respondents not using or planning to use AI in their business why, expense (35%) came out top off the list, while a third (33%) said they didn't have enough time to implement and train AI.

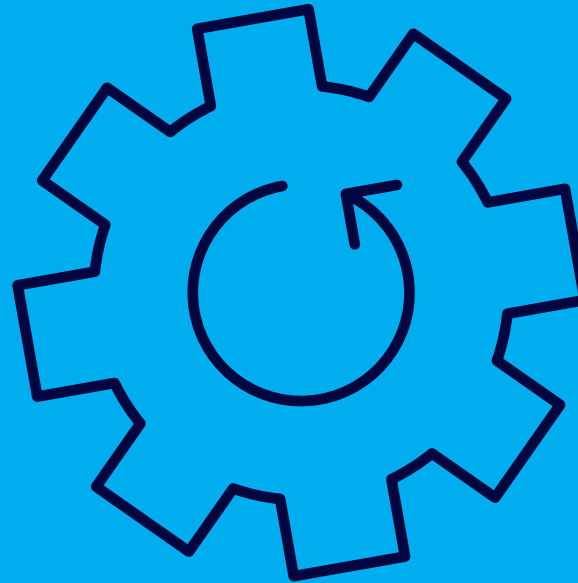
The research also highlighted that many business leaders don't feel they have the necessary skills to use AI within their organisation already, with 47% in agreement that they will need to retrain and upskill staff to use AI effectively and 22% saying they'll need to employ new staff to use AI.

This is perhaps not surprising given the current economic and skills challenges businesses are facing against a backdrop of soaring inflation and rising costs. Yet, cost and skills are largely dependent on the capacity in which businesses are planning to implement AI. While developing a proprietary use would undoubtedly require significant investment and skills, there are many existing tools on the market that are freely available and already embedded into certain products. And, as we've seen over the past 12 months, the number of developers, platforms and uses in this space are rapidly increasing.





23%
concerned about
cyber crime



**Concerned
about tech...**

having to upgrade technology 33%
purchasing new software 29%
needing more processing
power/speed 27%

Almost a quarter of respondents (23%) cited concerns around security breaches, highlighting an awareness that, just as AI has numerous positive applications, it can also be used to the advantage of cybercriminals. However, AI can and already is being used to protect against sophisticated attacks, helping to analyse data and predict threats. This is an area that's growing all the time. According to the International Data Corporation (IDC), AI in the cybersecurity market is growing at a CAGR of 23.6% and is predicted to reach a market value of \$46.3 billion in 2027.

The research also highlighted some disagreement around AI's application within different industries. While 21% believe AI has practical applications in most industries, 9% believe it's only useful in high-tech industries like software development and finance – a perception that has already been disproved by the many applications across different business functions and sectors.

Concerns were also raised among respondents that they would need to upgrade their existing technology or infrastructure to accommodate AI. A third (33%) said they'd need to purchase

new software to accommodate AI, 29% said they would need to make changes to network infrastructure and connectivity, and 27% said they will need to implement higher processing power and speed. With the rising cost of doing business squeezing budgets, and skills shortages hindering transformation projects, tech upgrades could be yet another barrier to adoption for many. Comparatively, just 14% said they don't need to change their existing tech or infrastructure.

What's next for AI?

What AI adoption looks like now and what it's going to look like in the future are two very different things. AI is rapidly advancing, becoming embedded deeper and more broadly into working life. And while it's impossible to predict exactly where it might take us in the next two, five or 10 years, it's widely understood that AI has the capability to change and transform a great deal.

This was somewhat echoed through the outlook of the business leaders surveyed, particularly when it comes to what AI will mean for the future of workforces. A quarter (25%) said they will eventually be able to reduce staff numbers and staffing costs due to AI and 6% said AI has already allowed them to do this.

However, some business leaders remain steadfast in their approach, with 21% saying they'll never reduce staffing numbers or costs due to AI and 13% saying they don't see AI having any impact on their employees whatsoever.

Yet, with many organisations finding themselves hindered by staffing shortages, AI could help fill the gap. According to research by BDO, almost three-quarters of medium-sized businesses report skills and staff shortages to currently be a problem. And, with frequent staff turnover, recruitment challenges, sickness, and the resourcing of new ad-hoc or seasonal projects to contend with, finding the right balance of skills and manpower is proving a challenge for many. According to the survey, just 15% of senior decision makers said they're currently using AI to help manage staffing shortages. Yet, given the scale of the problem, and the accessibility of tools like ChatGPT, we could see this rise quickly.



42%

see AI taking away repetitive admin tasks



At bluQube we pride ourselves on **working with customers as more of a partner than a supplier**, and upon recognising that many of our customers were struggling to meet workload demands and recruit and retain the necessary talent, it made sense to offer help from our own skilled and experienced team. We're making own staff available to work with customer businesses and on their software to ensure continuity with accountancy processes and meet workload or project demands amid staff shortages.

We now offer a range of support across debt management, bank statement upload and reconciliation, finance director support, finance process reviews, catalogue item creation, data entry, expenses, automation payment runs, reporting, month end processes and other system admin. We can work as a valuable extension of our customers' teams to drive efficiencies and make sure they're getting the most out of the software, while fulfilling their mission-critical accounting, operational and regulatory processes.

Lorraine Allison

Director of customer services at bluQube

When respondents were asked how they think AI will affect the future role and skillset of accounting and finance professionals, the most common answer was that it will take away many of the repetitive and admin tasks from the role (42%), followed by it allowing professionals to be more strategic (35%) it meaning that professionals need to take on more of an advisory or client-facing role (31%).

While respondents seemed largely in agreement about the supplementary role AI will play in the finance and accounting profession, there were still some respondents who believe it will take over from the finance and accounting professionals. 29% said AI will require professionals to retrain or reskill in other areas to still be successful, while 9% believe it will eventually replace the role, and 6% believe it will deskill the role. Just 6% believe it will have no impact.

Conclusion

Despite the confusion that often surrounds AI and the barriers to adoption, there is a widely positive and optimistic outlook towards it among business leaders. And, while only a small proportion of those surveyed are currently using AI in their businesses, those that are, are already finding value and identifying further areas for adoption.

However, there is still a number of business leaders that don't see, or remain closed off to, AI's applications and benefits. And while many of the barriers to adoption are understandable in the current microeconomic climate, those that continue to do business the way they always have not only shut themselves off to the benefits that AI can bring, but risk getting left behind.

Largely, survey respondents recognise the role of AI in changing (not diminishing) the human workforce, and how this is likely to affect roles and adoption in the future. It was widely identified as something that works alongside humans to carry out time and data intensive tasks, sifting through and summarising information to pinpoint the valuable takeaways. It's seen to free up capability for the human workforce to add value in different ways, taking more strategic and proactive roles. As a result, we could see professions across many different sectors upskilling and reskilling to make space for the technology and adapt. With this in mind, it could also play a considerable role in closing the skills gaps hindering many organisations across the UK.

Yet, the research showed that a quarter of business leaders see AI as a means to replace human workers, despite being a long-feared outcome. However, with the result likely being reduced overheads, increased profits, and fewer recruitment challenges, this is perhaps

not surprising in the current climate. In addition, it leaves an overwhelming majority that remain committed to retaining a human workforce and the added value it can bring.

Despite the overall unknown capability of AI and the apprehension this can cause, in its current form AI is having many positive impacts on organisations of all shapes and sizes. We're on the first rung of the ladder, and instead of being afraid of where it might lead to, organisations should embrace it and remain open to the ways it can benefit them in today's challenging climate – and possibly help them come out even stronger.

For more information visit
www.bluqube.co.uk

