Practical steps to harness AI for a more human-centred practice

How to win back time and enhance value for clients.

Sage

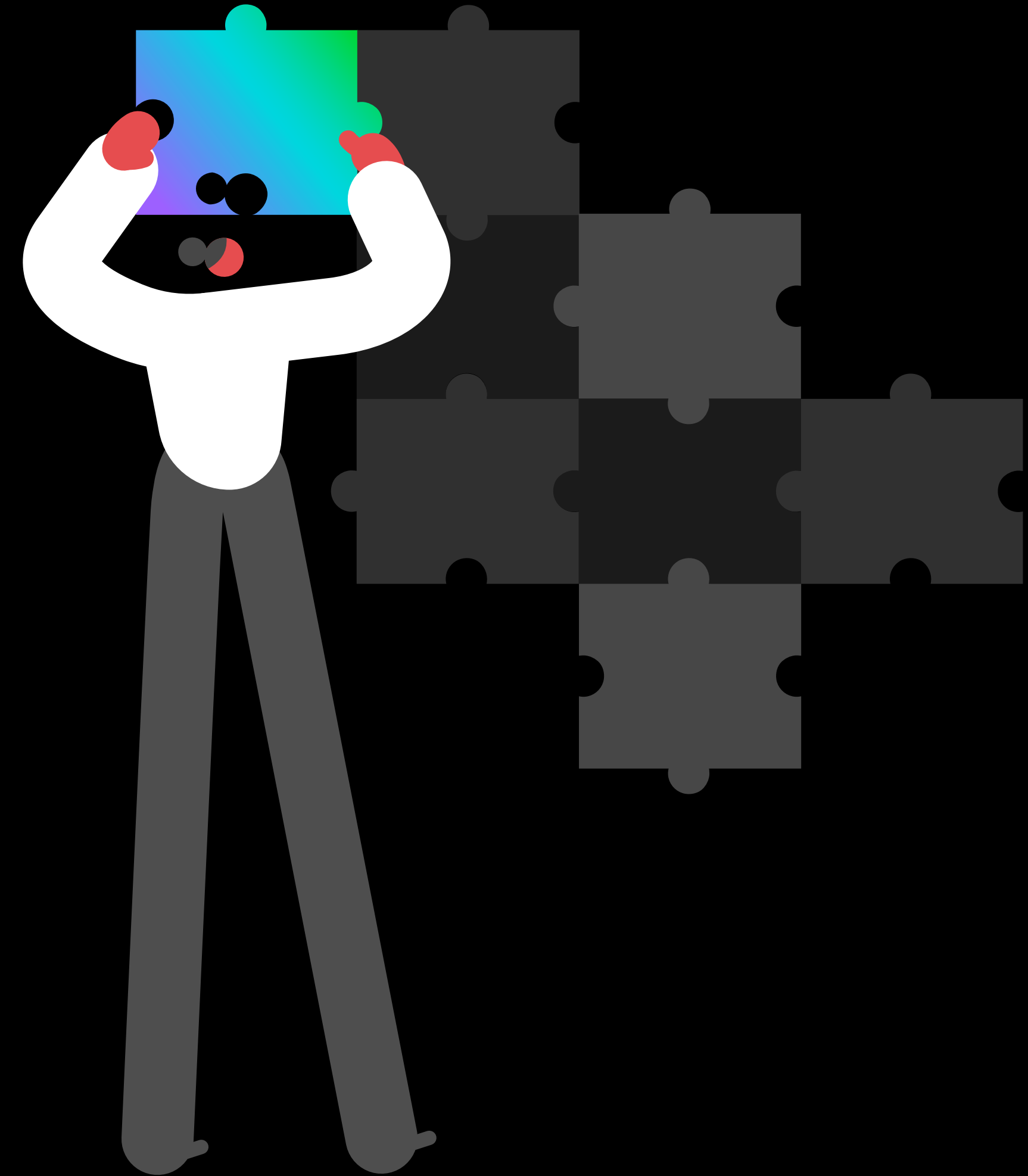# Table of Contents

Introduction

AI is changing how accountants and bookkeepers work.

This E-book demystifies AI for accountants and bookkeepers, illustrating how it benefits you and helps you provide value through enhanced efficiency, insights, and strategic advisory services.

With generative AI becoming more advanced every day, using AI now has a dual power. Generative AI is a type of AI that can create new content, such as images, text, or music, based on existing data.

Firstly, it can automate daily tasks freeing up more time for client-facing work. The second, more impactful way that AI can help you is by leveraging cutting-edge generative technologies to provide clients with a higher level of service. The adoption of generative AI integrated within accounting software is essential for practices aiming to enhance efficiency and stay competitive as the industry evolves.

This E-book is your roadmap to leveraging both methods of using AI in your firm and enhancing your practice with advanced technology embedded in core accounting software.

Be empowered to achieve more, blending expertise with technology, and your clients will see you as a trusted advisor and leader in your field.

Clarify your clients' finances for them with Sage Copilot, a GenAI-powered productivity assistant. Harness the latest Sage technology to offer actionable, informed strategies, positioning you as the go-to advisor.

AI can enhance your processes and help you to:

- **Work the way you want to**—make work a pleasure and improve your work-life balance.
- **Amplify your human touch**—identify the data that can lead to more valuable collaboration with your clients.
- **Empower partnerships**—enjoy longer-lasting and stronger relationships with your clients.
- **Conquer the daily grind**—use AI assistants such as Sage Copilot to tackle your to-do list in the background, automate procedural tasks, and dedicate your skills to more strategic areas.

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"Firms' focus should be on using the machines or the AI to deal with the mundane. This enables us as humans to do the much higher value stuff, that requires our input and experience, expertise and knowledge, and understanding of different businesses and how they work."
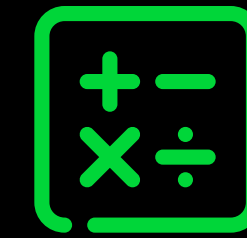
Will Farnell
Co-partner of Farnell-Clarke and Author of The Human Firm

Understanding AI in accounting and bookkeeping

Fundamentals of AI in accounting and bookkeeping

AI is the simulation of human intelligence processes by machines, especially computer systems, to perform tasks that typically require human intelligence, such as learning, reasoning, and self-correction.

AI operates through machine learning (ML), a method where machines learn from data, identifying patterns and making decisions based on the information they have processed. This learning enables AI to perform tasks that typically require human insight, but it does so based on algorithms and data, not personal experience, or awareness.

We interact with AI daily, often without noticing. You have likely used AI today for one of the following:

- **Social media**—AI tailors your feed to show content it predicts you will enjoy.
- **Banking apps**—AI monitors your spending and forecasts your financial health.
- **Streaming services**—AI suggests movies and songs based on your preferences.

The integration of AI in accounting and bookkeeping is not a new phenomenon. Initially, AI in accounting was a simple tool, focusing on automating basic calculations.

However, as AI technology advanced, so did its application in accounting and bookkeeping, moving towards automated data entry, predictive analytics, decision support systems, and now, cognitive automation that can handle complex tasks requiring judgment and interpretation.

In the world of accounting, this means having systems that can get smarter by learning from data, recognising patterns through data analytics, and helping you make smart decisions with confidence.

Beat the myths and don't get caught up in common misconceptions

When it comes to AI in accounting, it's essential to separate fact from fiction. The number 1 myth? AI is prone to making large-scale mistakes unchecked. In reality, while AI does require oversight, it's designed to be incredibly accurate for repetitive tasks, often more so than humans. The key is to be vigilant, ensuring that AI is used appropriately and that checks are in place for any critical financial decisions.

The more you use it, the more accurate it becomes. For example, vendor matching in Sage can reach 95% accuracy in less than a month through repeated processes and ML. By automating routine tasks, AI paves the way for accounting and bookkeeping professionals to elevate their roles, focusing more on strategy, advisory, and consultancy elements that demand human insight, judgment, and creativity.

This shift isn't just about doing different work, it's about adding more value. As one client put it, "AI saves me from typing all the details so I can focus on more important things."

By embracing AI, your practice can step into the role of a human firm, where client relationships take centre stage.
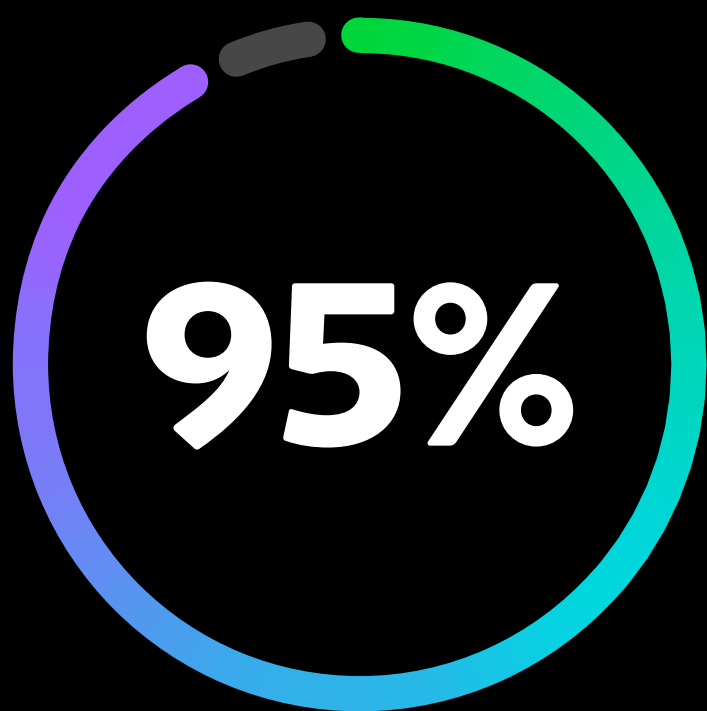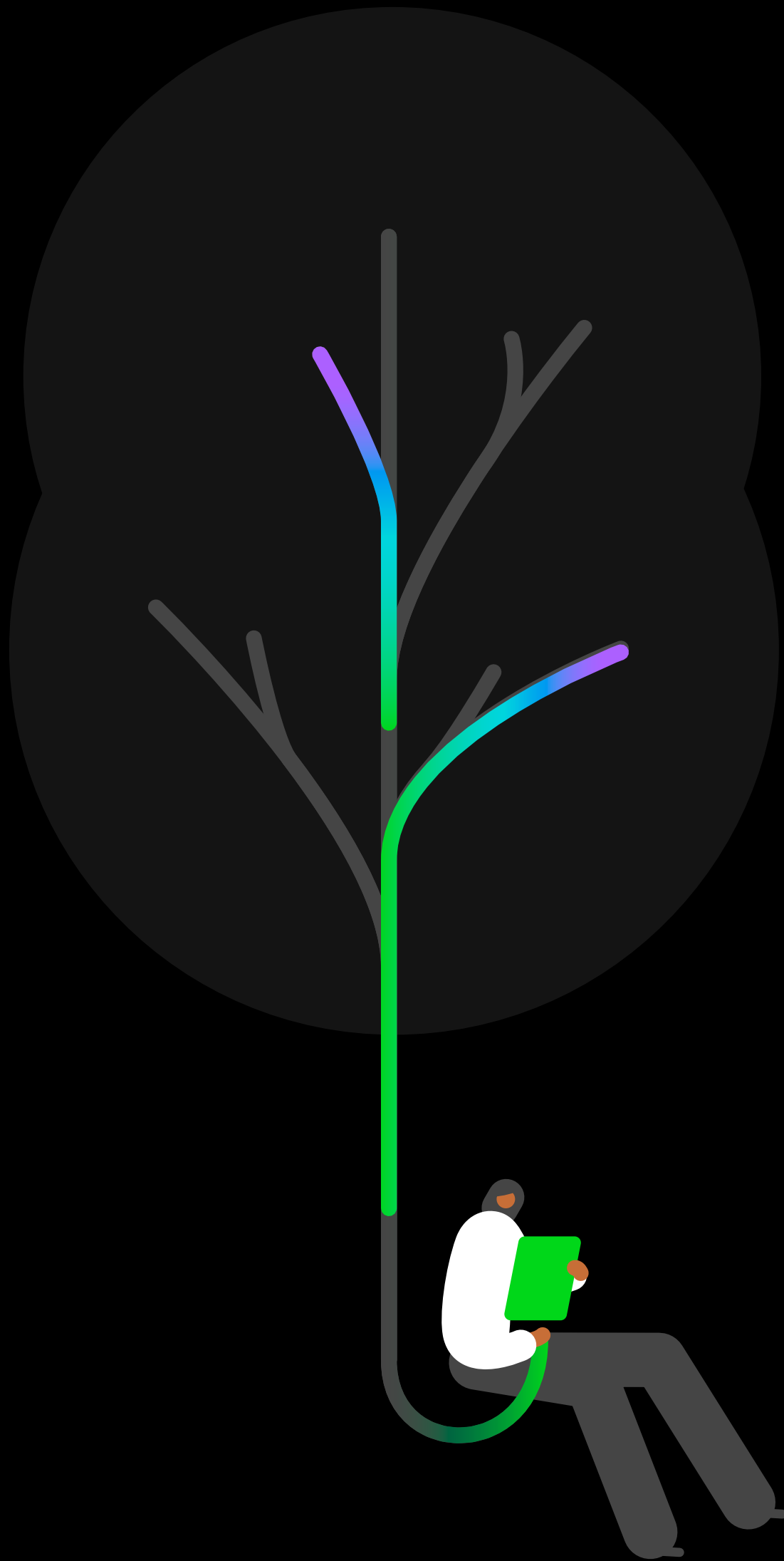
95%

accuracy reached in less than a month for vendor matching in Sage through repeated processes and ML*.

Internal product metrics provided by Sage.

Applying AI in accounting and bookkeeping

AI systems in accounting and bookkeeping save significant time on routine daily jobs and tasks.

For example, **AI-powered tools** can automate transaction categorisation, invoice processing, and even detect anomalies, reducing manual review time. Additionally, generative AI can analyse huge quantities of information (known as data sets) to gain an understanding of the patterns and structures within that data set and generate new content that's similar, but not identical, to the original data. It can then enhance financial forecasting, create personalised experiences, and produce accurate financial reports, streamlining decision-making processes.

AI won't replace accountants, but accountants who do not use AI will run the risk of missing out on key opportunities. It's about augmentation, not replacement, elevating your role to new heights.

"We should be looking to automate processes as much as possible, so you can be more hands-on with your clients and hands-off with the mundane."

Brian Carolan
Product Owner, AutoEntry by Sage

Using AI to speed up manual data entry contributes to building up "good data"—data that's as up-to-date and as accurate as possible. The use potential then becomes very exciting for small businesses and the accountants and bookkeepers who support them.

This digitalisation process is crucial for small businesses and the accountants and bookkeepers who support them. Once data is digitalised, the potential applications of AI become highly promising.

You can build forecasts, budgets, scenario plans, pricing strategies, and conduct compliance work safely, knowing that the data you are working with is the best possible.

This means when your client comes to use the advice you have given them, they are equipped to make the best business decisions with the most reliable up-to-date data available.

AI in practice

Adopting AI to automate just one task, for example in accounts payable, can significantly enhance the daily operations for business owners, accountants, and bookkeepers.

How accountants and bookkeepers are using AI today

One of the best advantages of using AI is its ability to automate the tasks that you do not enjoy which take up significant time.

Not many people dream of manual data entry when they go into accounting or bookkeeping, but it is where valuable time gets spent.

By using AI on these tasks, you get to spend more time working with your clients, helping their data work for them and not the other way around.

Likewise, through automating your clients' manual data entry through AI, both you and your clients can start focusing on strategic ways to build up their business.
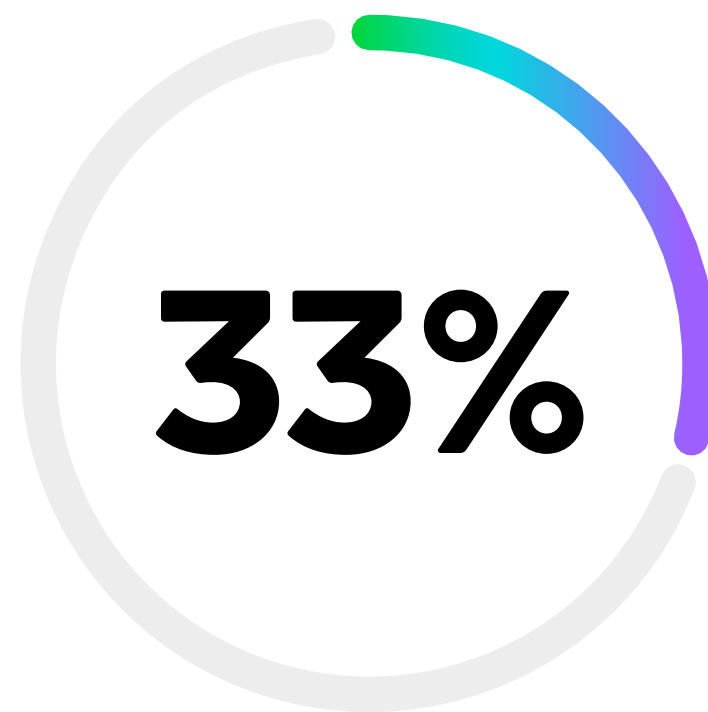
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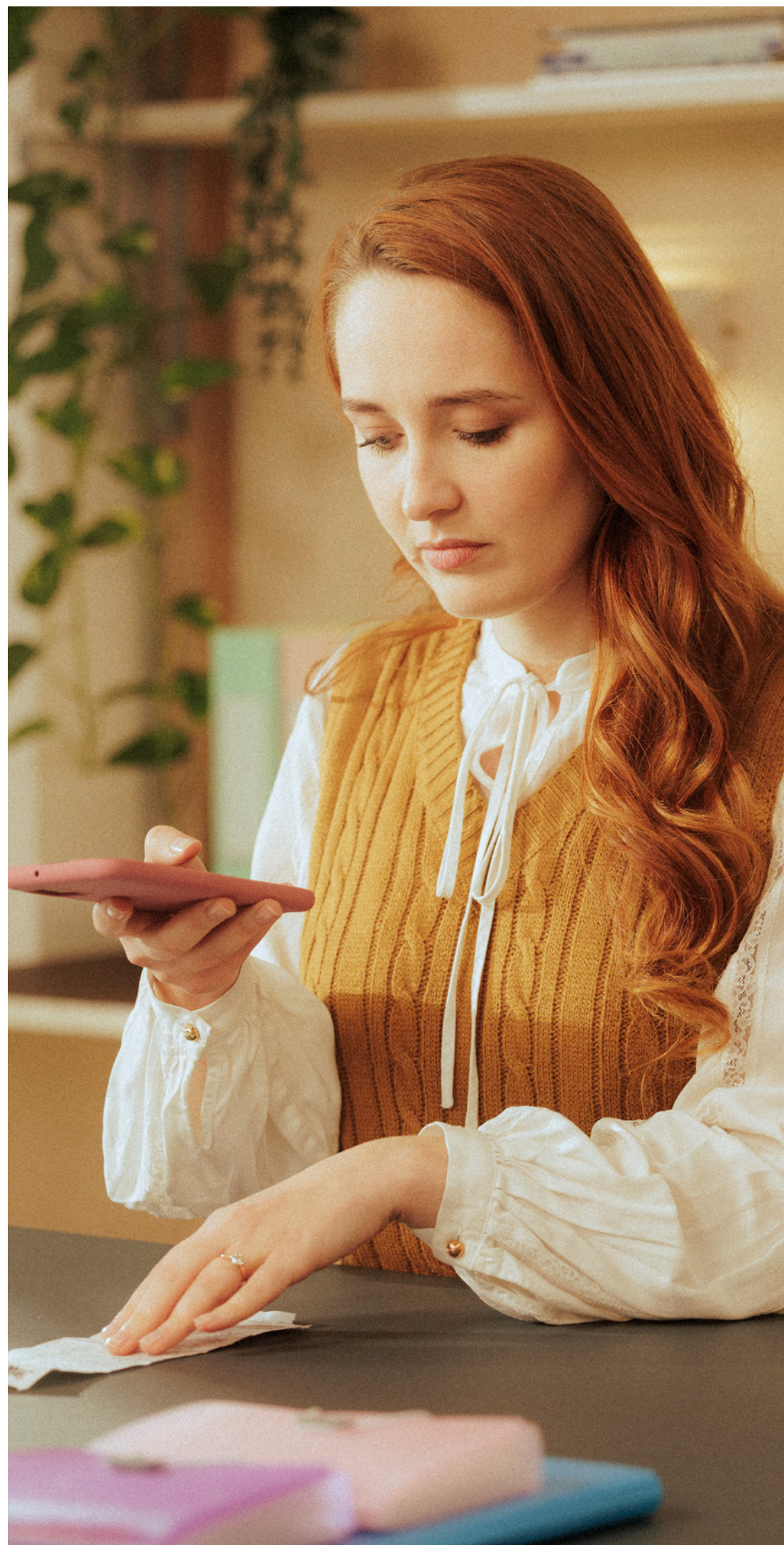
How do you automate your accounts payable?

Manual data entry consumes up to 40%* of accounts payable (AP) process time, leading to inefficiencies. Yet only 30%* of small businesses and accountants have turned to AP automation apps to streamline operations.

With embedded AI-powered AP automation, accountants, bookkeepers, and their clients are now able to significantly streamline key daily operations in **Sage Accounting** and **Sage 50**. This technology automates the extraction of data from invoices that are either uploaded or received via email and accurately matches the vendor names.

This not only drastically reduces the time spent on accounts payable processing by up to 50% but also minimises the potential for human error.

Up to
40%
of accounts payable process time is consumed by manual data entry*.

33%
of small businesses have turned to AP automation apps to streamline operations*.

IDC Infobrief sponsored by Sage, Unlocking Efficiency Revolutionizing AP/AR Processes through Automation AI and Network of Networks Approach, doc EUR251411723, January 2024

Impactful AP automation —how AI adopters lead the pack

It's estimated by December 2024, Sage Ai will process 2 million invoices worth over £2 billion each month through its AP Automation feature in Sage products. By tackling the number 1 pain point in the AP process: manually entering supplier invoice details, Sage Ai has now cut customers' process time by half.

This means that, through AI-powered automation, accountants, and business owners are freed from hours of manual data entry, reassigning time for client engagement, skill diversification, or well-deserved breaks. With software that integrates AI, there's no need to use additional apps to gather data.

Automating AP can have profound effects on all areas of your practice and your clients' businesses:

1 **Reduced errors**—minimising manual data entry, automation decreases the likelihood of errors, ensuring more accurate financial records.

2 **Cost savings**—reducing the need for paper-based processes, automation also minimises the labour hours required for AP tasks.

3 **Improved cash flow management**—with faster processing and real-time visibility into payable accounts, businesses can manage their cash flow more effectively. You can look at their data confident that what you can see accurately reflects their cash position and advise them accordingly.

4 **Enhanced compliance**—automation helps in adhering to regulatory requirements by maintaining an auditable trail of all transactions and ensuring compliance with internal controls and external regulations.

Sage

5   **Timely payments**—automated AP systems can ensure that your clients' payments are made on time, helping to avoid late fees and help your clients maintain good relationships with suppliers.

6   **Scalability**—automation allows AP processes to scale efficiently with the growth of the business and your practice. You can support increased volume without the need for additional staff.

7   **The generative AI opportunity**—the more you can make your practice truly digital, the more you will be able to benefit from the exciting developments in generative AI. Embedded AI acts as a trusted assistant to the team, handling administrative, and repetitive tasks in real-time, while recommending ways to make savings and drive business improvements, which you can then work on with your clients.

Sage Ai has processed **2.4 million** invoices and saved the equivalent of 36 years of accounting work*. Why not unlock more time and become a human practice with Sage Ai?

Get started with Sage for Accountants today

*Internal product metrics provided by Sage.*

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From automation to innovation—the generative AI opportunity

As you increasingly use AI to automate manual activities in your practice you will notice that the data you handle becomes richer and more accurate.

Using AI essentially gives you access to a smart and extremely well-informed business assistant—one that's able to think, respond, and learn with the speed and accuracy of a computer.
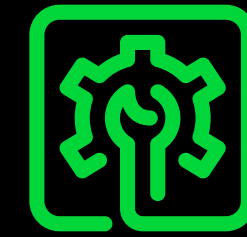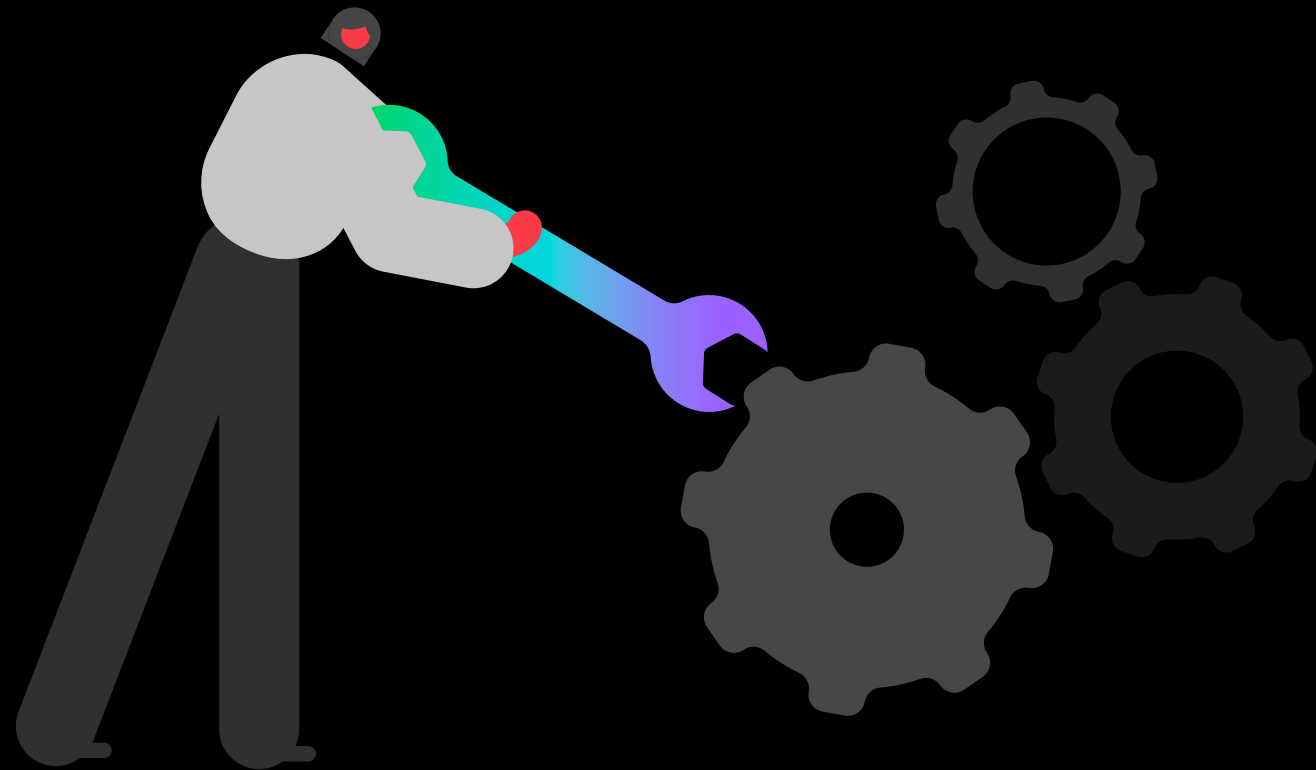
How will automation and generative AI change accounting and bookkeeping?

Accounting trends have been dictated by rigid compliance cycles like annual closes and quarterly filings.

Accountants and bookkeepers will be able to break free from the confines of periodic reporting to provide ongoing, real-time value. This will be achieved through 3 accounting and bookkeeping advancements:

1. **Continuous accounting**—by using data capture automation and generative AI, this approach captures and processes business activities instantly, ensuring data is always current and actionable.

2. **Continuous assurance**—leveraging AI and advanced technologies, systems will perpetually monitor clients' finances, identifying discrepancies and unusual patterns. If something doesn't look right, AI can flag it for human review.

3. **Continuous insights**—moving beyond conventional dashboards, AI's predictive power will constantly forecast and provide actionable insights.

Imagine an accounting future where the accounting calendar isn't something to stress about.

More than being compliance experts, accountants and bookkeepers will continuously contribute value, steering businesses proactively with insights and foresight, thanks to the seamless integration of continuous accounting, assurance, and analysis.

Your practice's next steps with AI

When adopting AI in your practice, it's essential to have clear actionable steps that will harness the full potential of these technologies.

The journey doesn't stop at understanding the benefits; it's about actively integrating and optimising existing AI solutions to elevate your work and the success of your clients.

Consider the following steps on the next pages to help you move forward.
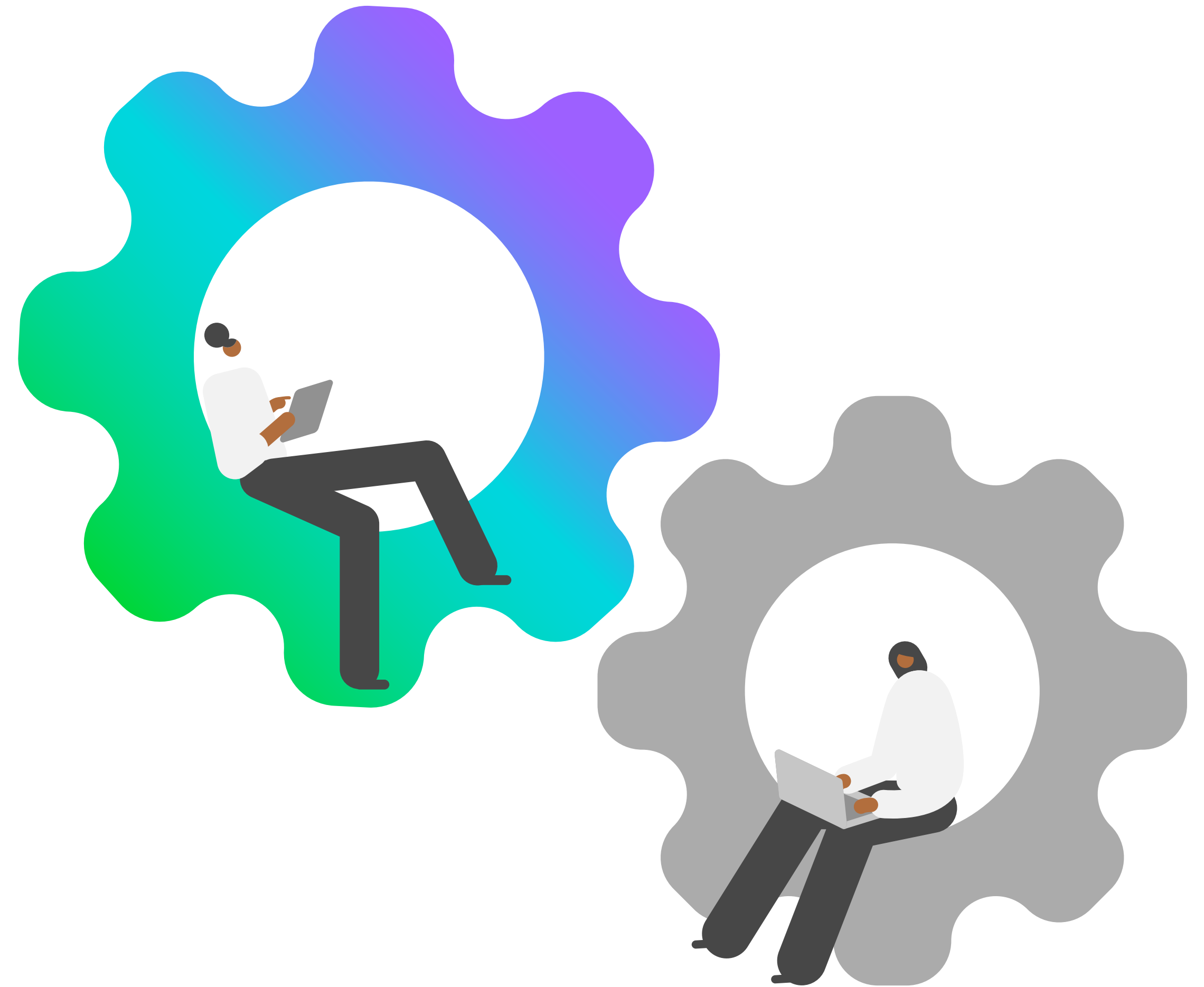
Step 1:
Explore and adopt AI tools and features

Unlock time, reduce human error, and work closer with your clients by using these solutions:

- **AP Automation**—save both you and your clients time and energy and reduce AP processing time by 40% in **Sage Accounting**, and **Sage 50**.

- **Auto categorisation**—this uses machine learning tools to analyse and automatically classify incoming transactions from various sources in **Sage Accounting**.

- **Automated data entry**—don't just automate your AP, streamline your entire workflow by using AI to extract information from receipts, invoices, and other financial documents to enhance your efficiency and accuracy in **AutoEntry by Sage**.

- **Bank feed rules**—automate the analysis and categorisation of transactions from bank feeds, flagging potential errors, and ensuring the correct information is used. This accelerates the process and minimises risk in **Sage for Accountants**.

- **Tax determination engines**—these tools assist in accurately identifying the applicable tax rates for customer-issued invoices by processing high-volume transactions in real-time and cross-referencing data with the Tax Rate Repository in **Sage Accounting**.

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Step 2:
Put Sage Copilot to work

You can now harness the power of generative AI with Sage Copilot, an AI-powered productivity assistant, designed to transform the way you work in Sage Accounting.

Sage Copilot goes beyond task automation, offering a comprehensive, real-time perspective on your clients' financial health, and delivering actionable insights tailored to their unique needs.

Evolve your accounting practice

- **Dynamic decision-making**—elevate decision-making with a live overview of clients' financial status, you can use these insights to help them make swift, informed decisions.

- **Workflow automation**—automate and streamline your accounting workflows, from error identification to insightful recommendations, focusing on productivity, and operational efficiency enhancements.

- **Enhanced forecasting and cash flow management**—use intuitive, natural language commands to manage forecasts, and cash flows effectively, ensuring your financial planning is robust and responsive.

Customised, intelligent assistance

- **Personalised interactions**—using Sage Ai natural language processing, get customised advice and tasks automation like invoicing and data analysis, tailored to your practice's requirements.

- **Proactive recommendations**—benefit from personalised, data-driven guidance to optimise your financial strategies, improve budgeting accuracy, and achieve the best financial outcomes.

Elevated client engagement

Sage Copilot redefines how you interact with clients enabling more meaningful, error-free client communications. Save time and elevate the accuracy and relevance of your financial advice, fostering stronger, more informed client relationships.

Streamline communications by crafting personalised messages that adjust in tone, enhancing relevance, and schedule send-time for the best impact.

Features include:

- Tailored emails for various tasks such as invoices, quotes, and reminders.

- Draft assistance for impactful communication with employees, customers, and suppliers.

- Customisable email tone and style to match your needs.

- Automated scheduling for invoice-related emails.

- Intelligent calendar integration to schedule follow-up meetings, informed by the specific context and details of each interaction.

Find out more about Sage Copilot

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"I have seen what Sage has been building and it is exciting to know that it won't just be SMBs who will be able to get ahead in their businesses with Sage Copilot. The use of Sage Copilot will elevate my role as a strategic partner even further, allowing me and our firm to support our clients' financial success more accurately and confidently."

Caroline Armstrong
Director at Infinitas Accountants
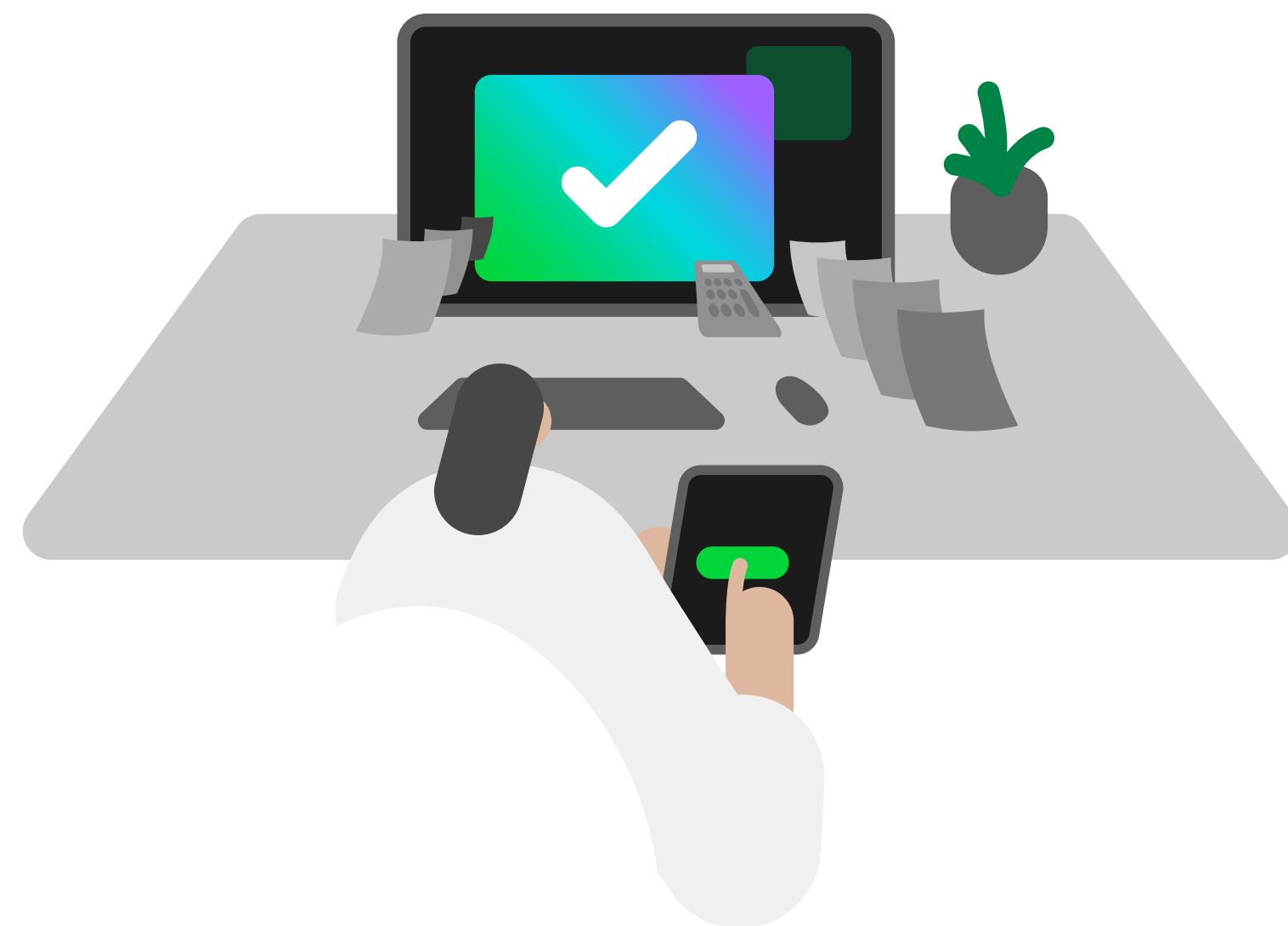
Educate yourself and your team

When adopting a new AI tool ensure that you and your team are up to speed on how it works to guarantee everyone uses them to their full potential.

Comprehensive training programs should be established to familiarise staff with any new systems. Whether that's through hands-on workshops, webinars, or ongoing support sessions, it's important to highlight the benefits of AI to your team. Demonstrate how these tools can alleviate the drudgery of manual data entry and show how to redistribute time into opportunities for more analytical and advisory work.

You can also make the most of free training available from your accounting governing body, for example, ICAEW have a page full of **AI resources** to explore.

As you position yourself and your practice as a strategic advisor to your clients, consider these essential soft skills:

1. **Effective client communication**—build strong, trust-based relationships. By investing in communication skills within your team, you can transition them into client-centred advisors offering personalised, proactive advice, maintaining regular, meaningful interactions with clients.

2. **Problem-solving skills**—as client enquiries grow in complexity, foster a culture that enhances problem-solving capabilities.

3. **Teamwork and collaboration**—embrace collaborative tools and practices. By using cloud-based software, project management tools, and clear communication channels, your team can enhance service delivery through timely, informed advice, and streamlined processes.

Step 4:
Prioritise security and privacy

This is a big one. Ensure the AI tools you adopt have robust security measures to protect sensitive data. Choose platforms that use the best and most secure data practices, safeguarding yours and your clients' information. Our data and AI ethics principles at Sage are outlined **here**.

Sage is committed to transparency in its AI operations, ensuring users are fully informed about data handling processes. Security is at the heart of our AI strategy. Sage Copilot employs robust encryption and compliance with the latest data protection regulations, ensuring your information remains secure and private.

This approach to data ethics means you can use Sage Ai tools with confidence, focusing on the benefits AI brings without the worry of compromising sensitive data.
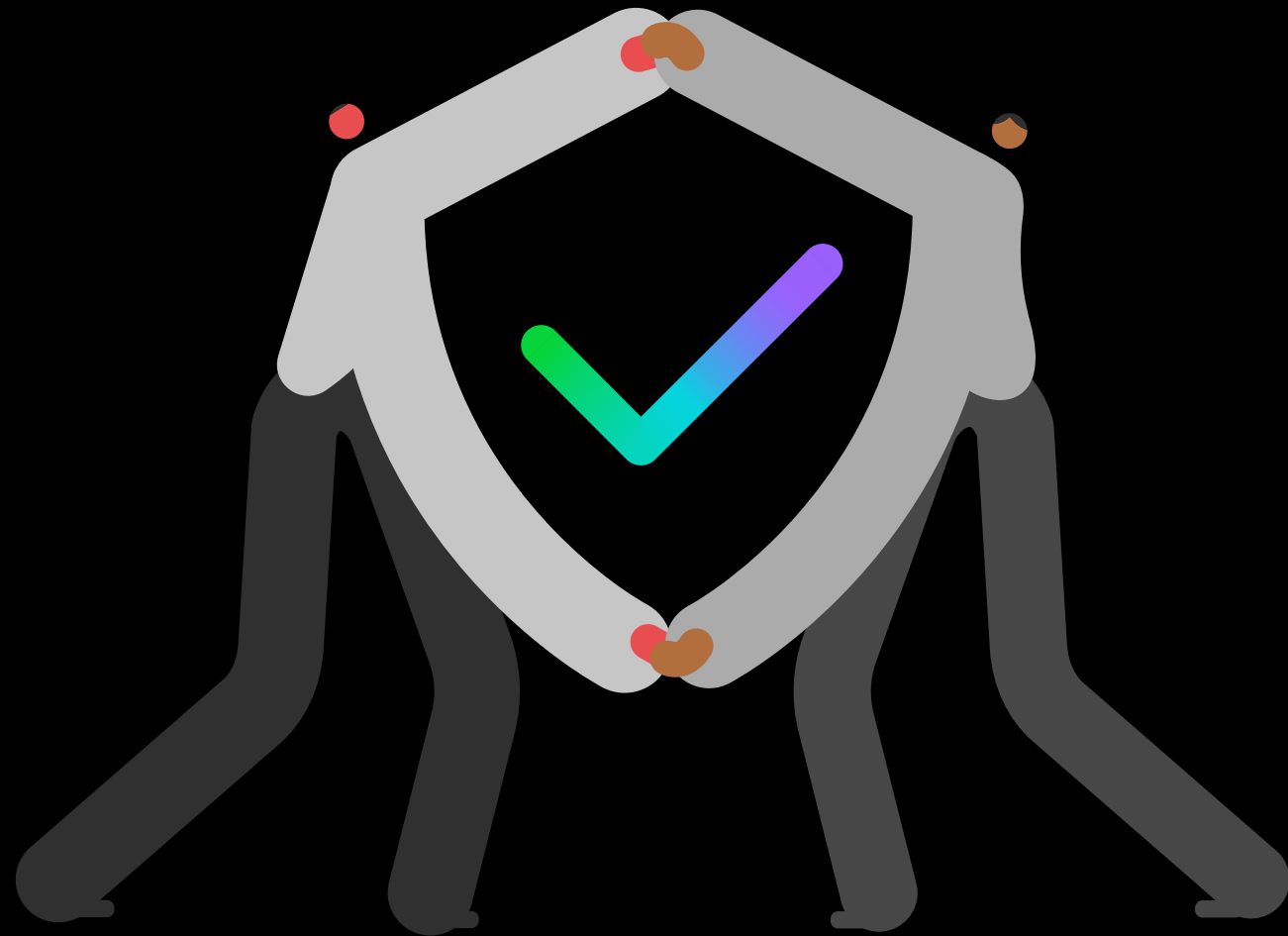
Step 5:
Advise clients on AI benefits

Educate your clients about the advantages of AI automation across their operations. Highlight how it can save time, reduce errors, and provide valuable insights for their business.

Show them AI in action with these examples:
Michelle Pyle, the director of finance at Johnny's Selected Seeds, attests to the transformative impact of AP Automation, noting, "AP Automation has been great for us as well as cutting our processing time in half."
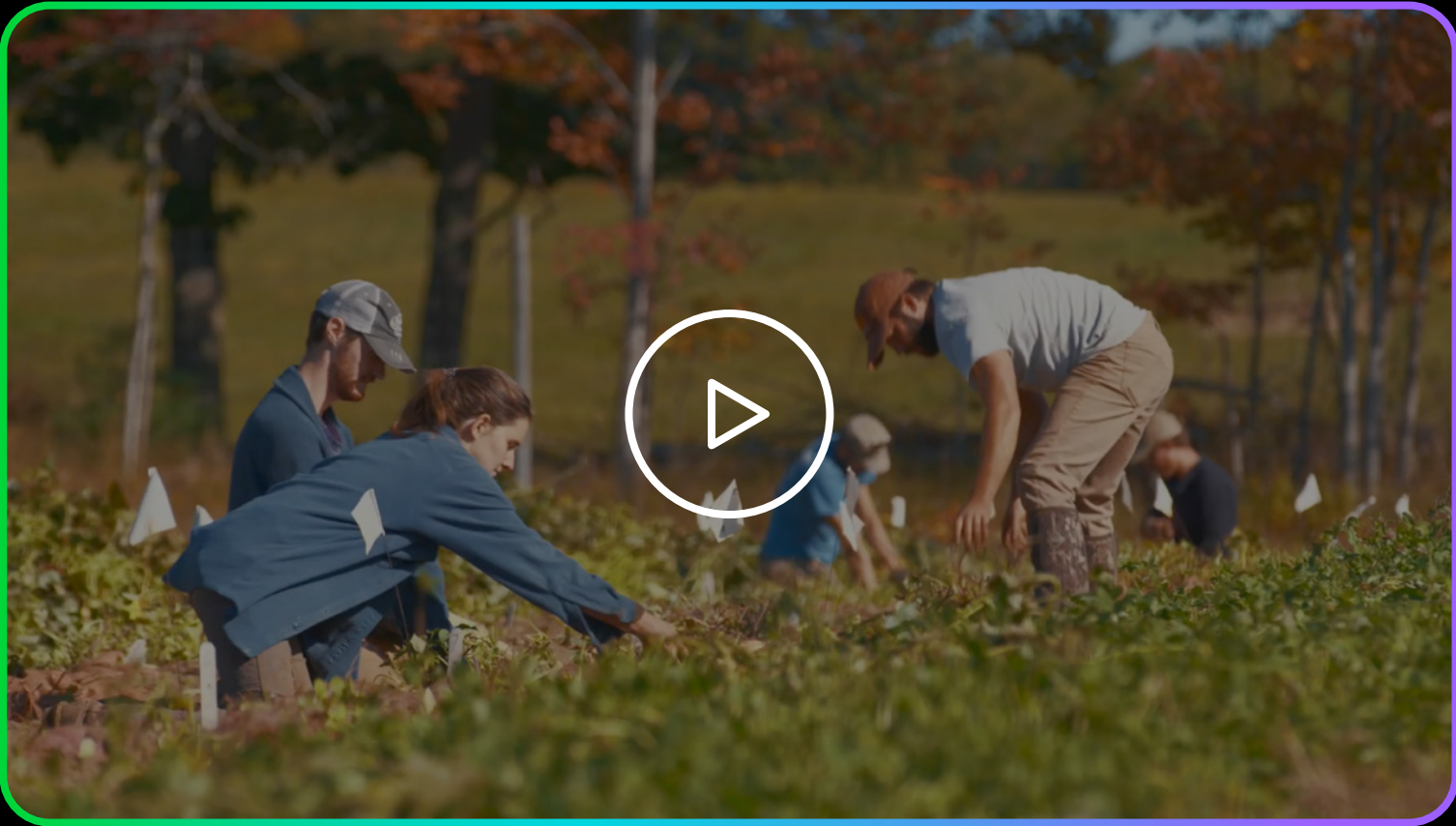
Encouraging your clients to adopt AI-driven tools doesn't just enhance efficiency; it's a strategic move towards a more agile and resilient business model.

Ensure your clients understand the benefits and feel confident in adopting these cutting-edge solutions. This proactive approach not only adds value to your services but strengthens your role as a trusted advisor.

Step 6:
Monitor and adjust strategies

As you implement AI solutions, continuously monitor their impact on your workflow and your clients' businesses. Adjust strategies to optimise the use of AI tools, ensuring they deliver the maximum benefit.

Sarah Janowicz, CFO of Cambio Communities through using AI has "Doubled if not tripled our productivity." Such an increase in productivity can be a game-changer for small businesses, allowing them to compete more effectively in their markets and scale their operations without a corresponding increase in overhead costs.

Build a digitised, scalable, and client-centric practice.

Get started

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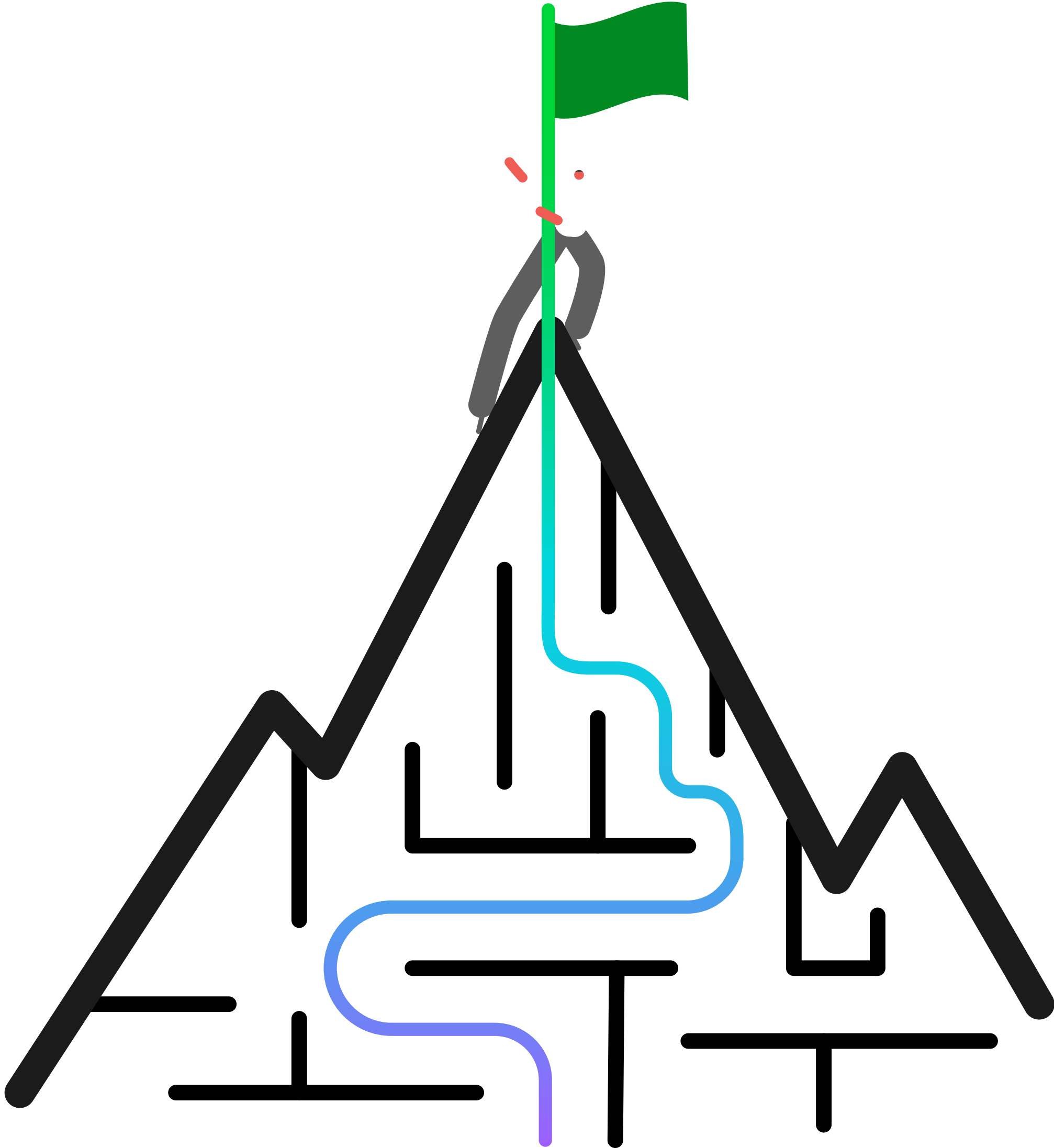
Final thoughts

Today, AI technology is brimming with opportunities for accounting and bookkeeping practices.

AI isn't just a fleeting trend; it's a transformative force poised to redefine the profession, empowering accountants and bookkeepers to get away from tedious tasks and become strategic, trusted advisors.

Adopting AI into your practice, with the right tools, can create a new era where efficiency, accuracy, and strategic insight become the cornerstones of your service offering.

As AI takes over the routine, relish the new-found capacity to deepen client relationships, offering the bespoke, strategic guidance that only the human touch can provide.

Enjoy a future where you create unparalleled value for your clients and a rewarding, enriching professional space for you.

Step into a new accounting and bookkeeping era with Sage Copilot, your new productivity assistant.

Find out more

Sage

sage.com