Empowering the C-Suite

Executive's Guide: Understanding the Impact of AI for ERP

Columbus® ▪▪ Microsoft Solutions Partner

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Columbus has delivered tailored solutions and global customer success for more than **30 years**. Our team of **1,600+ digital advisors** are experts in the development, deployment, enhancement, and support of digital solutions for enterprise-scale and large SMB customers. With more than **9,000 implementations** and **5,000+ customers**, our team combines the advantages of localized service with the power of global resources.

In this digital guide, we'll explore:

- Scoping the benefits of an AI-enhanced ERP solution
- The Impact of AI on your ERP solution
- What can be analyzed using AI-enhanced ERP
- Getting a taste of AI by leveraging Microsoft Co-Pilot
- Improving the baseline capacity of your team
- Client cases: High-Impact areas during early implementation
- Partnering for Practical AI-ERP Implementation

Disruptive technology is in the c-suite

Business leaders have a responsibility to investigate new and evolving technology that will help their companies maintain a competitive advantage and reach their growth goals. Today, one technology has taken center stage: Artificial Intelligence (AI).

According to Stanford University's Institute for Human-Centered AI, companies are investing 13 times more money in AI than they were just a decade ago.

It's clear that businesses need to take AI seriously to avoid falling behind on the adoption curve. However, as an executive, you can't just dedicate a large portion of your company's budget to the first AI-powered tool that catches your eye. You first need to consider your company's specific needs and goals, and then look for ways that AI can address them.

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Where to take the AI conversation and what it means for your business

With continual changes in business technology, leaders must discern not just the potential of new tools, but how these tools align with their strategic goals. Artificial Intelligence stands out for its ability to reshape how businesses operate, offering not just incremental improvements but transformative changes. Exploring how AI can enhance your Enterprise Resource Planning (ERP) systems reveals critical benefits for your business operations:

- **Demand Forecasting:** Increase accuracy, optimize inventory.
- **Inventory Management:** Balance stock, reduce costs.
- **Task Automation:** Free up staff, streamline tasks.
- **Workflow Customization:** Adapt processes, meet business needs.
- **Maintenance Predictions:** Prevent downtime, enable proactive maintenance.
- **Operational Productivity:** Boost efficiency, enhance performance.
- **Regulatory Compliance:** Ensure standards, automate compliance.
- **Market Insights:** Provide real-time analysis, inform decisions.

These initial benefits highlight only the surface of AI's potential. In the following sections, we shift the broader discussion of AI's role in our daily lives to its specific applications within ERP systems. This shift underscores how businesses are at the forefront of experiencing disruptive technology firsthand, fundamentally altering the way our businesses operate.

The Impact of AI on Your ERP Solution

We are currently in the "4th era" of ERP. During the first three eras, ERP software became increasingly adept at automation—but there's a big difference between simple automation and machine learning (ML).

According to Gartner, one of the main characteristics of the 4th era of ERP is a more radical shift towards AI, which can "manage and integrate increasingly diverse application portfolios" and "help support complex decision-making through predictive analytics capabilities."

In other words, AI has introduced highly sophisticated tools to ERP solutions that can help them accomplish far more than they've been capable of in the past.

43% of enterprises will continue to digitalize and integrate innovative technology into enterprise wide systems. Supply chains will be expected to continually adapt.

AI has gotten a lot better with pattern recognition

In the past, supply chain managers had to manage many spreadsheets' worth of data to perform their resource planning tasks. This manual process was slow and arduous. By the time a manager finished sifting through all the information, it was already out of date. Now, as the author of this Forbes Tech Council article observes, AI-powered ERP solutions can not only integrate all data sources automatically, but also rapidly formulate suggestions for further actions.

Machine learning has made it possible for ERP software to recognize patterns hidden in large amounts of data much faster than a human analyst and their teams combined. By introducing pattern recognition an AI-enhanced ERP can pick up on trends that demand attention anywhere along the chain, from manufacturing to sales. For example, if a supplier with multiple open purchase orders is late (even by one), AI can immediately detect the late order, assess the implications for the other orders in queue, and notify a human decision-maker so they can act before it becomes a significant issue.

AI can also analyze patterns to detect:

- Breakdowns in the supply chain
- Customers who are at risk of defecting to competitors
- Valuable workers who are at risk of leaving the company
- Opportunities for optimized pricing
- Potential malfunctions in equipment

Resource Re-Direct

How AI will improve the baseline capacity of your team

As a business leader, it's essential to recognize that time and energy are invaluable resources. Too often, these resources are expended on monotonous tasks, limiting your team's opportunity to engage in the higher-level strategic thinking and creative problem-solving that drives business growth. An AI-enhanced ERP streamlines and automates routine operations, allowing your staff to direct their full potential towards tasks that matter most.

AI tools can handle an array of day-to-day functions, including:

- Extracting key points and transcripts from business meetings
- Crafting tailored purchase agreements
- Drafting correspondence and other essential documents
- Resolving low-level and routine customer service inquiries

The day-to-day scope of AI extends beyond these immediate benefits. With ML models, AI can be trained to recognize patterns and process-specific operations that are unique to your industry or organization. Over time, AI evolves with your business, and establishes a collaboration where technology and human expertise work in tandem.

Limiting POV: Try to avoid scoping an AI solution in the lens of short-term ROI. AI is not a "fixed" investment. The benefits that are appealing now will over time become expected or standard practice. Your initial investment in AI will continually deliver additional return that business leaders have yet to identify.

Your Personal Co-Pilot

Copilot

Microsoft Copilot is an AI- powered tool

In Dynamics 365 Finance and Supply Chain Management, Copilot provides real-time assistance to sales, support, supply chain management, finance, marketing and other teams.

For everyday activities in Microsoft 365, think of Copilot like a hyper-advanced Clippy or Cortana that can help you with both simple and complex tasks...

Draft in Word with suggested additions and edits.

Never start with a blank slate again. Copilot gives you a first draft to edit and iterate on — saving hours in writing, sourcing, and editing time.

Copilot (Word)

Visualize and analyze data in Excel.

With Copilot in Excel, you can analyze trends and create professional-looking data visualizations in seconds.

Copilot (Excel)

Create attractive presentations in PowerPoint.

Create beautiful presentations with a simple prompt, adding relevant content from a document you made last week or last year.

Copilot (PPT)

AI-tools Make hard work easier and easy work less time-consuming

An AI-powered ERP elevates your team is by empowering them to create things that, in the past, would have required a lot of additional training and education.
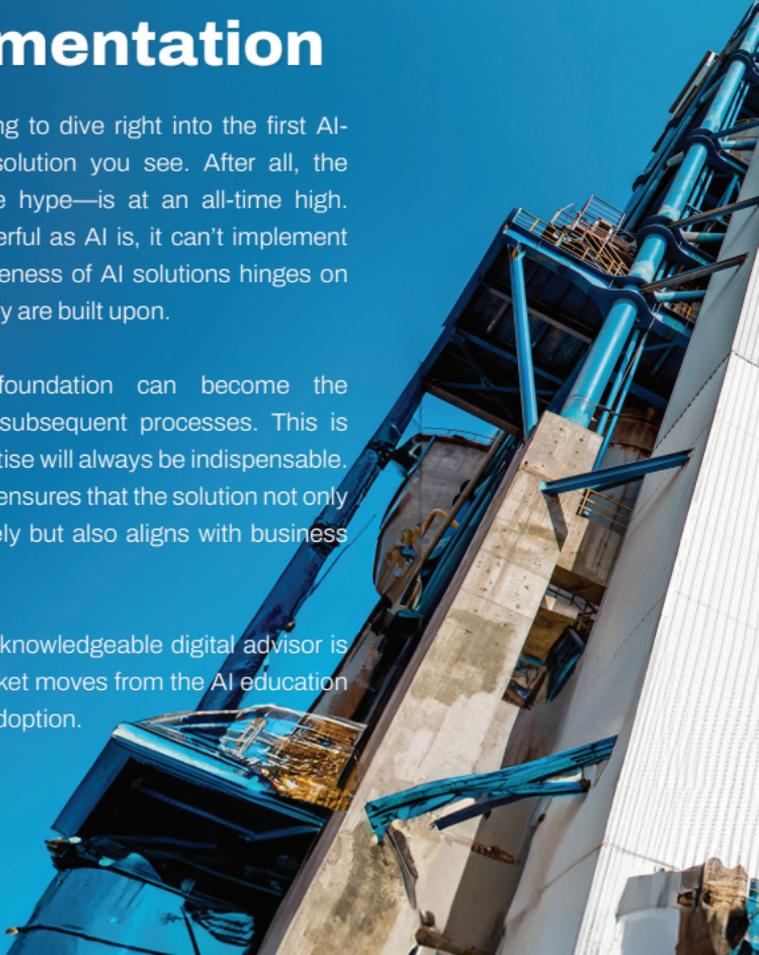
Microsoft's Power Automate, for example, enables workers with little-to-no programming knowledge to construct automated workflows with a simple drag-and-drop. In the "low-code-no-code" era employees are creating custom applications and insights with Microsoft's Power Platform solutions.

Practical AI-ERP Implementation

It may be tempting to dive right into the first AI-enhanced ERP solution you see. After all, the promise—and the hype—is at an all-time high. However, as powerful as AI is, it can't implement itself. The effectiveness of AI solutions hinges on the foundation they are built upon.

A poorly laid foundation can become the bottleneck of all subsequent processes. This is why human expertise will always be indispensable. Human oversight ensures that the solution not only functions effectively but also aligns with business objectives.

Partnering with a knowledgeable digital advisor is critical as the market moves from the AI education phase into early adoption.

High-impact areas for our customers during early implementation:

- **Operational Clarity & Action:** Quickly realize the scale of operational improvements with custom AI tools, experiencing immediate efficiency and productivity gains, alongside clarity on the roadmap ahead.

- **Confident Decision-Making:** Benefit from streamlined and centralized data, integrated with AI-ERP solutions, offering clear insights for better decisions and boosting confidence from the outset.

- **Swift Organizational Alignment:** Achieve rapid organizational buy-in with focused engagement efforts, ensuring a smooth adoption process and clear understanding of the AI adoption roadmap.

- **Higher Early User Adoption:** Facilitating early user adoption through thorough readiness sessions, ensuring users are well-prepared and supportive of the new solution.

- **Robust AI Guardrails:** Establishing robust AI guardrails and human best practices to secure data's integrity, a cornerstone in building trust and delivering customer success, safeguarding data security and reliability.

The rewards of AI can outweigh the risks, when risks are acknowledged

Why are AI guardrails important? – Without guardrails, AI could accidentally release your company's financial results before its 10-K is published, leaving it liable to SEC action. You could also leave your company's intellectual property exposed to appropriation. AI guardrails ensure systems adhere to ethical and legal standards, preventing sensitive data misuse and protecting against damage to reputation. These measures not only safeguard corporate assets but also build trust with stakeholders by demonstrating a commitment to responsible AI use.

A Responsible AI Standard

As a leading force in AI innovation, Columbus champions the six fundamental principles identified by Microsoft to steer the responsible development and application of AI technologies.

Fairness
AI systems should treat all people fairly.

Inclusiveness
AI systems should empower everyone & engage people.

Reliability and safety
AI systems should perform reliably and safely.

Transparency
AI systems should be understandable.

Privacy and security
AI systems should be secure and respect privacy.

Accountability
People should be accountable for AI systems.

Get your team more comfortable with AI over time

We recommend a gradual approach to introducing new ERP solutions, especially when they involve something as powerful – and, to some, concerning – as AI.

We call it "Crawl, Walk, Run": ───────────────────────────────

Crawl could mean starting with training employees on simple add-ons to software they're already familiar with, such as what Copilot can do to help them summarize a Word document into a PowerPoint presentation.

Walk levels up to bigger tasks like creating apps and workflows.

Run means that the team is fully assimilated into the new tools and uses them every day.

It can take some time to get to the "Run" stage — which is another reason why an experienced implementation partner is key. Columbus can focus on patiently ramping up your team, so you can stay focused on business.

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Results Above Rhetoric

Education and action plans – Stay focused and beware of "vaporware"

As you lead your business into the future, it's not enough to simply embrace advanced technology like AI. If you're not careful, you could end up paying for a solution that nobody adopts, or that fails to boost productivity as anticipated, or that leads to messy, insecure data.

With daily breakthroughs in AI and digital transformations, savvy business leaders are discerning not just what's new, but what's effective.

It's not about an innovation showcase; it's about pinpointing and deploying exactly what your business needs to stay ahead. Columbus stands apart not because we simply offer AI-ERP solutions, but because we innately understand that the effectiveness of these solutions is only as good as the outcomes they deliver.

Reach out to understand how a precision-tailored AI-ERP can align with your business. Our digital advisors offer no-pressure-no-cost discovery calls, 1:1 readiness sessions, and other knowledge sharing opportunities – regardless of your decision or plans for implementation.

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Data Strategy Assessment
Maintaining business clarity amid data complexity

Schedule a Discovery Session

For Manufacturers
Optimize time to market and transform your business towards servitization

Schedule a Consultation

Power Platform Services
Tailored digital solutions built for business and fueled by AI

Schedule a Consultation

For Food & Beverage
Compliant, efficient, traceable and transparent operations built for a highly regulated industry

Schedule a Consultation

DIGITAL GUIDE
Leave Legacy Behind
On-Prem to Cloud ERP Migration Paths

FUTURE FOCUSED
MANUFACTURING

The CFO's Guide to Evaluating Cloud ERP
How to ensure ROI from your ERP solution

Data Grown
Agriculture in the Age of Artificial Intelligence (AI)

Advanced Analytics with AI and Machine Learning

Managed Services and Digital Advisory
Guided growth and advanced support for digital solutions

Modern Data Platform & Digital Advisory
Turn dormant data into dynamic business insights

Microsoft Fabric Advisory
A unified cloud-based analytics solution for the era of AI

Schedule a Consultation

View more resources

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Schedule a Discovery Call

Thank you for reading, we hope you enjoyed. Schedule a discovery call, and learn more about practical strategies that can prepare you and your team for successful AI integration into your ERP, and other digital solutions.