

# Enhancing Market Competitiveness with Business AI in North America

In North America, Business AI is delivering real results for organizations in outcomes, improved business processes, and productivity.



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# In This InfoBrief

## AI is changing everything.

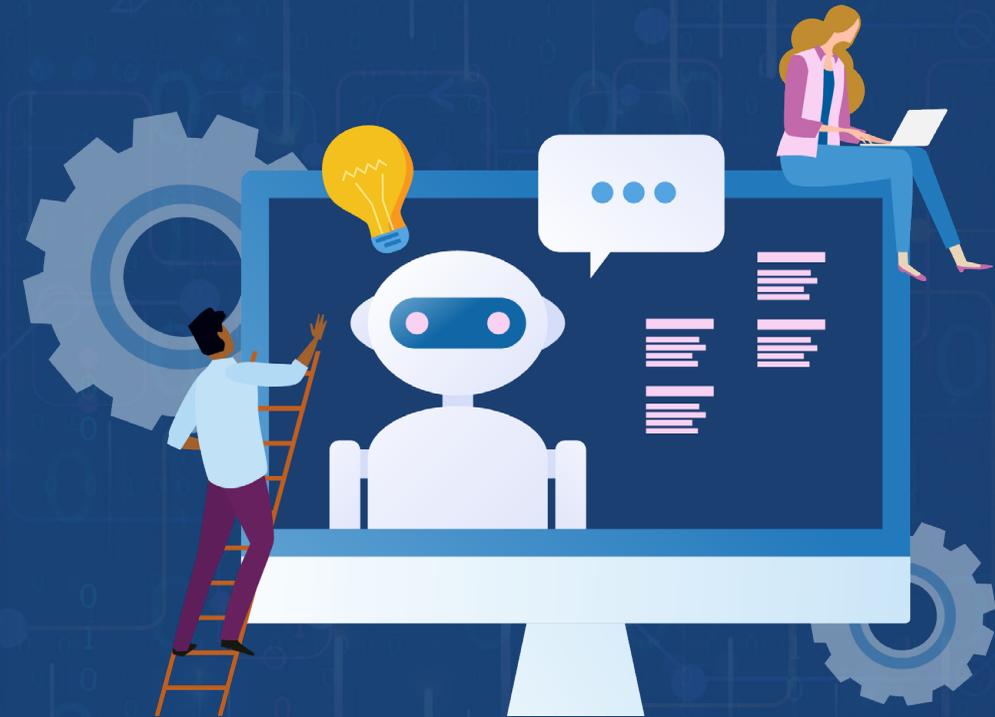
Regardless of industry, predictive, prescriptive, and generative AI (GenAI) are changing how enterprises approach, manage, and run their business. The business of AI is becoming increasingly critical to North American organizations.

- ✔ This InfoBrief aims to **examine the business of AI in North America and explain what is happening** in this important business transformation area and why.
- ✔ **IDC conducted an expansive survey of organizations worldwide to assess their approach to and use of AI.** IDC also conducted extensive interviews with organizations on this topic. The following pages outline its findings and conclusions about how the business of AI in North America will change organizations and their business processes.

# The Beginning of the AI Everywhere Era

**Generative AI has fueled a revolution in innovation, spanning businesses across the globe.**

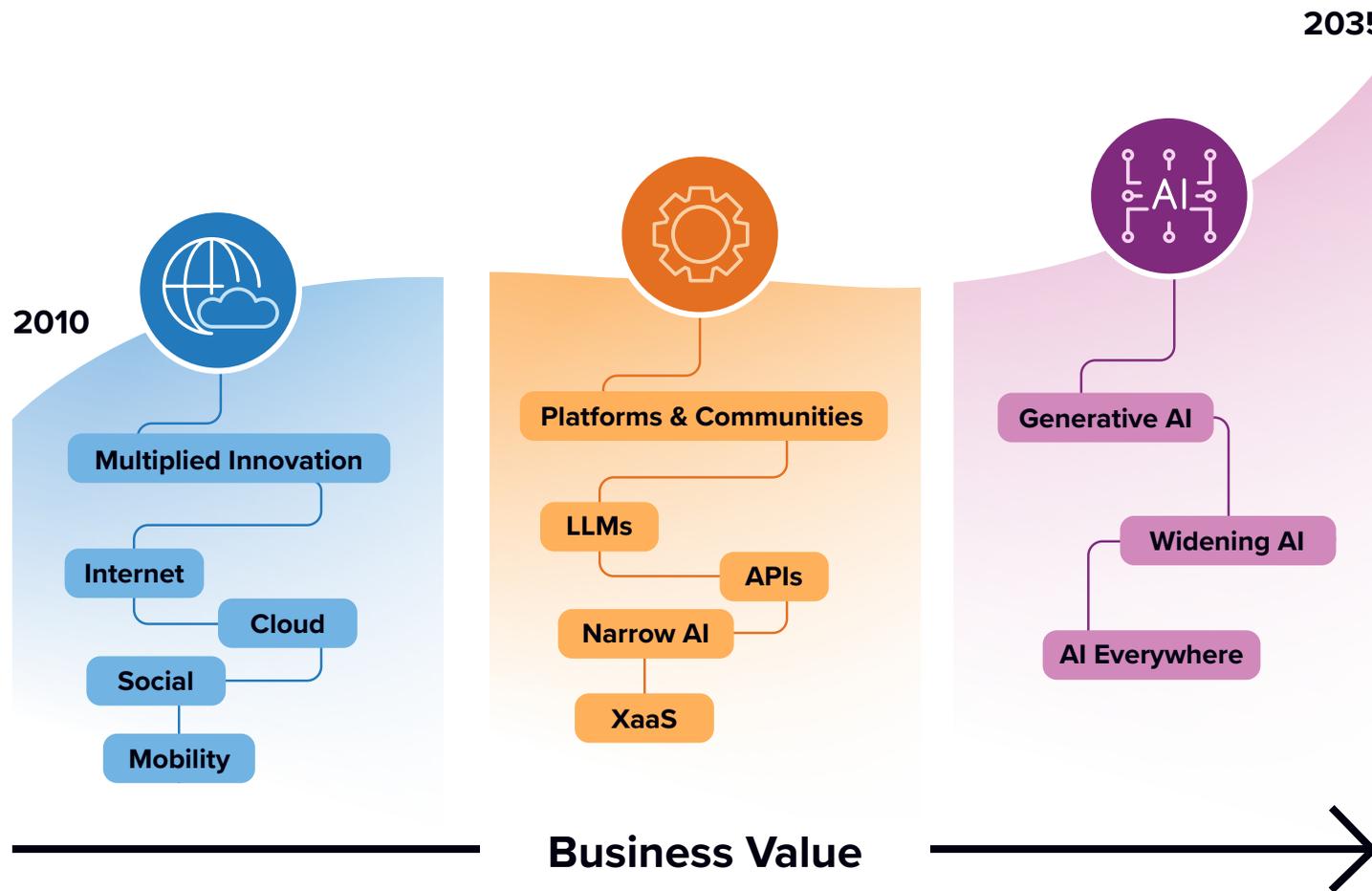
**Organizations in North America will invest millions of dollars annually to improve productivity, creativity, and efficiency in the next several years.**



# AI Everywhere

IDC believes that the transition to AI Everywhere will see the emergence of a range of new GenAI-driven use cases at individual (productivity basis), business function, and industry-specific levels, especially within ERP.

A key component of this is a consistent cloud ERP strategy that leverages scalable cloud infrastructures to ensure data security and compliance, high performance of demanding computing power, sustainable data growth, and technology openness to facilitate real-time insights and decision-making within the ERP. This ensures streamlined data management, enables agile resource allocation, minimizes expenses, automates processes, provides data security, and empowers users with data-driven decision-making.



# IDC FutureScape Predictions

“By mid-2025,



of end users will **leverage AI-infused applications**, moving from systems of record to **systems of intelligent planning**, providing a lens toward better outcomes.”

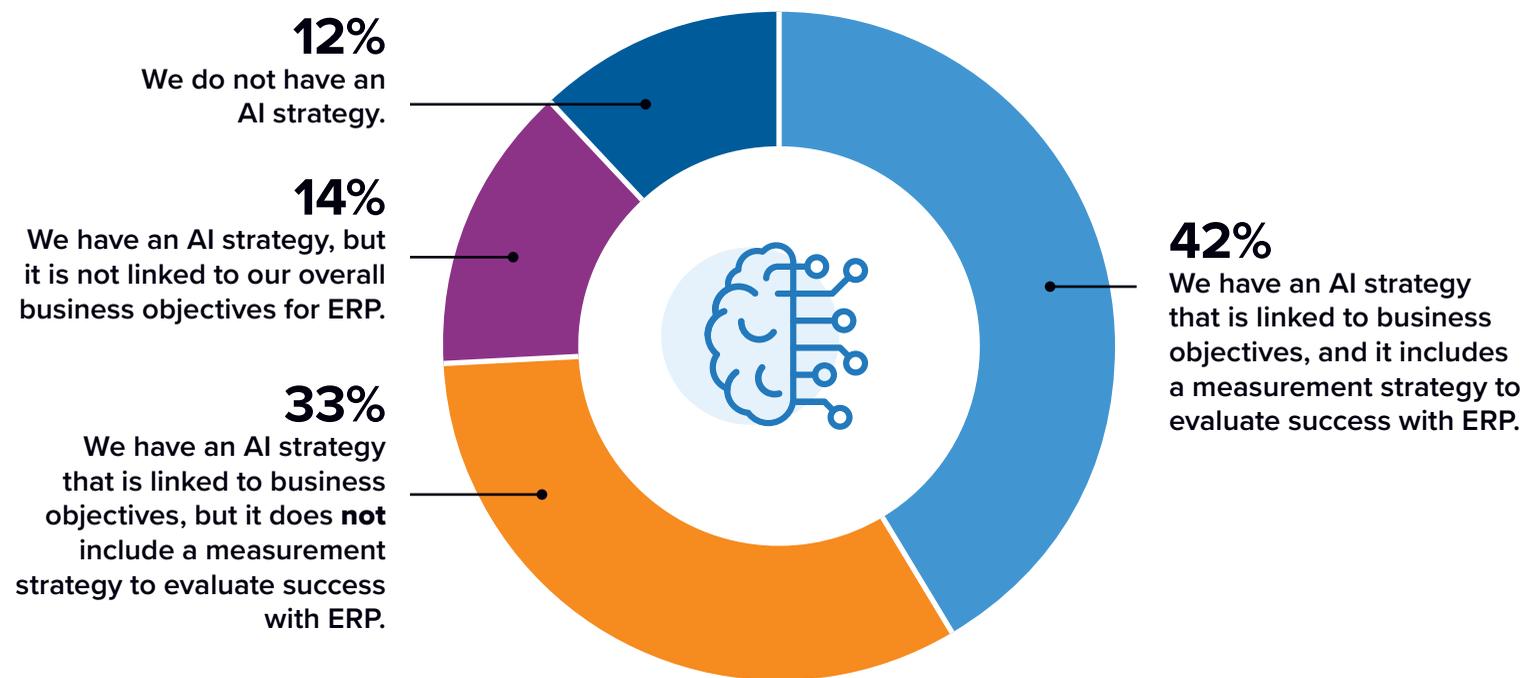
“GenAI will reinvent the **refactoring of legacy apps**, with enterprises utilizing GenAI tools and cloud service provider platforms to initiate and **execute 75% of code conversion and development tasks by 2027.**”

**So, what does this mean for business? Read on!**

# The Importance of AI Strategy

Organizations are realizing that their AI strategy must tie into their business objectives.

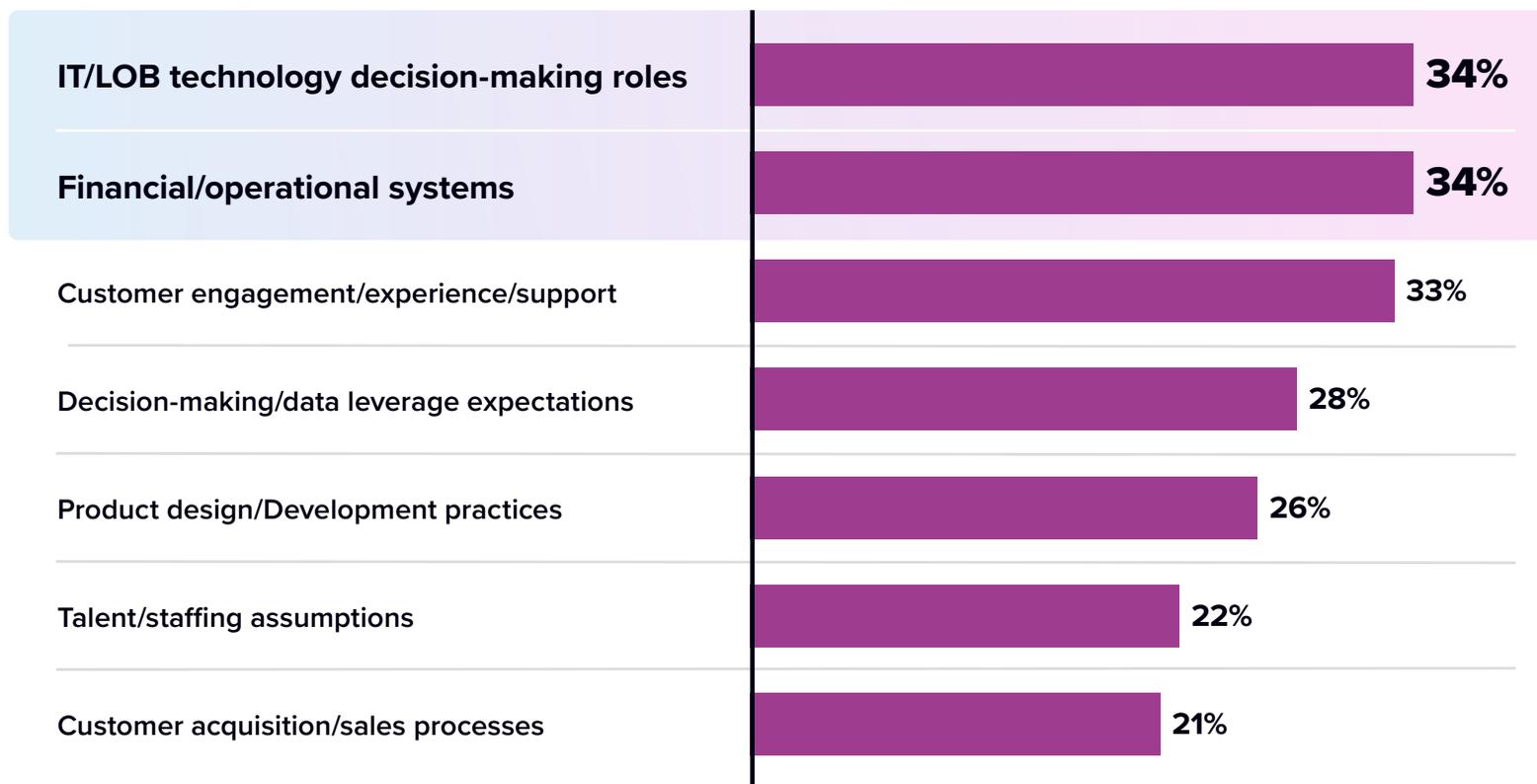
In North America, which of the following best describes how your **organization's overall AI strategy**, including traditional AI and GenAI, supports/will support your ERP business objectives?



Note: Total may not sum to 100% due to rounding.  
 n = 201; Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

# GenAI Is Impacting Competitive Positions and Business Models

## Top 2 Business Areas Where GenAI Is Affecting Competitive Position or Business Model



“The greatest benefits with AI will be **speed and accuracy**, and these will deliver cost savings and therefore improvements to the bottom line.”

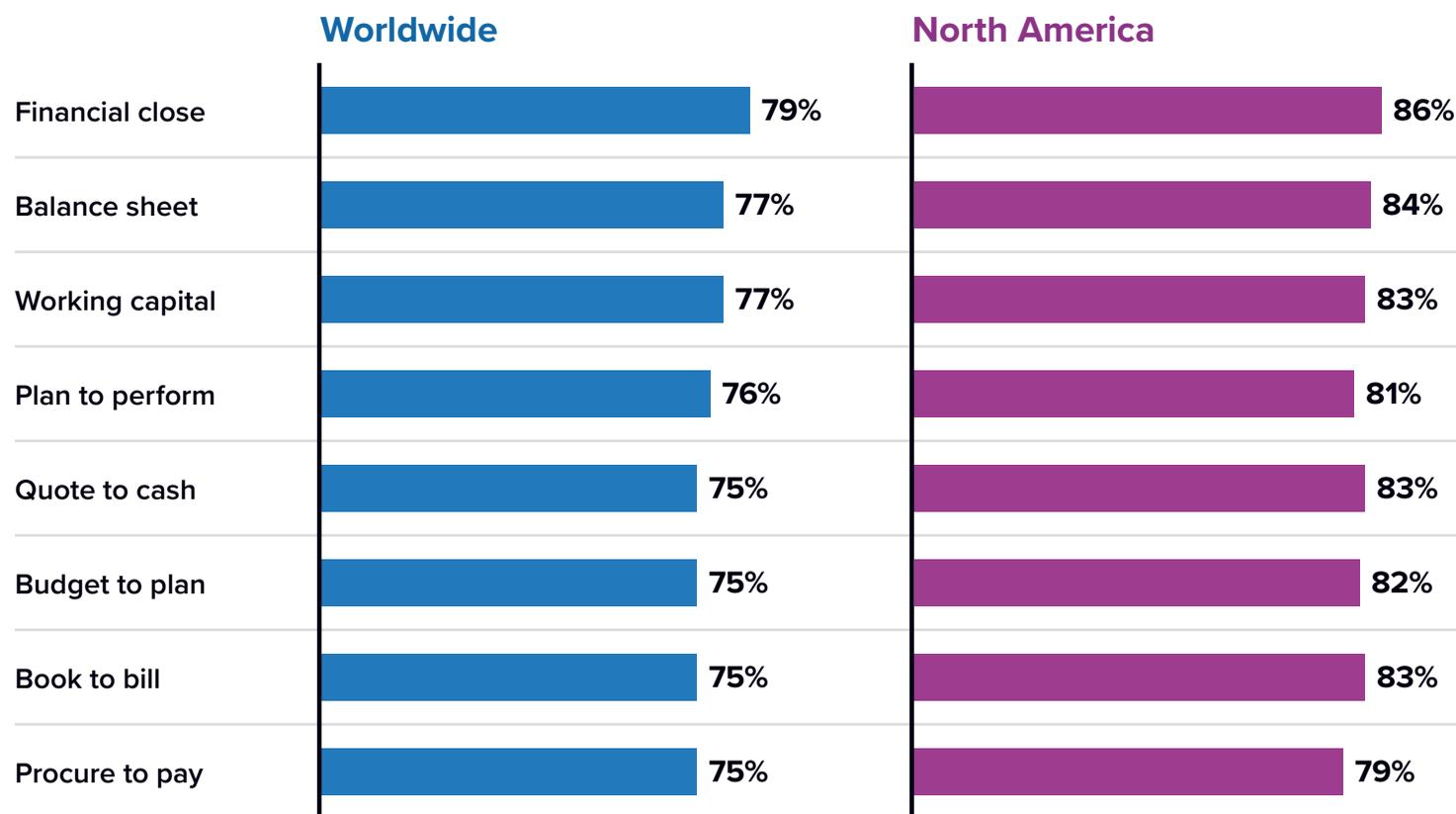
Head of Tax for a \$5 billion multi-subsidiary, multinational manufacturing corporation

Note: Data weighted by IT spend (500+ employee size).  
 n = 662; Source: IDC's Future Enterprise Resiliency & Spending Survey Wave 4, April 2024

# Embedding AI in Business Processes

North American organizations are using embedded AI in various business processes.

Traditional AI: In your opinion, how important is AI to...?



“We see the biggest opportunities in automating and speeding up key processes, particularly the monthly close and anything where large-scale checking and verification is involved, including our extensive intercompany accounting and reconciliation. **AI’s capability to deal with natural language is one of the attractions for us.**”

Head of IT and data security for a large U.S. global software provider in the healthcare sector (30,000 staff worldwide)

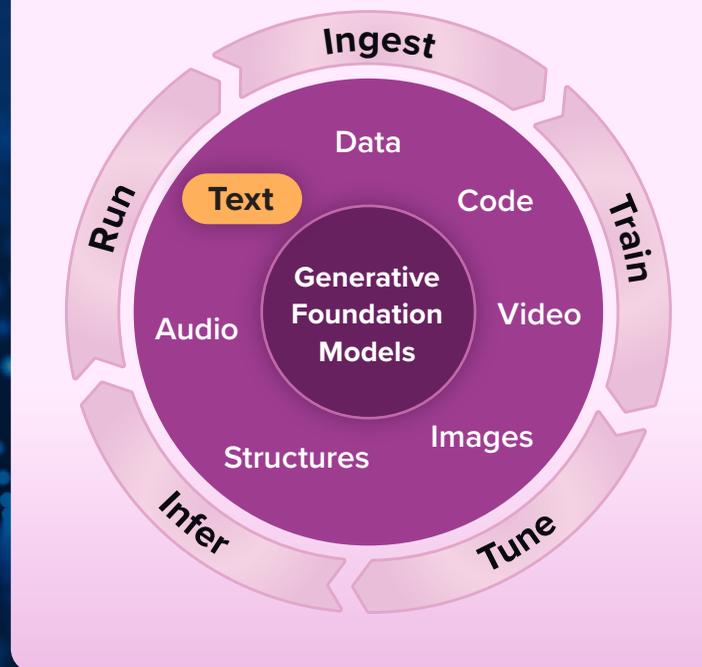
n = 1,205 (all respondents), n = 662 (North America); Source: IDC’s ERP AI Selling Strategies & Messaging Study, November 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

# GenAI Use Case: Data Extraction Invoices and Receipts for Accounts Payable

## Description

Working in tandem with technologies such as OCR and machine learning, **GenAI can find and extract patterns in business transaction documents**, including purchase orders, invoices, supplier notes, and receipts.

## Data Modality



## Business Impact

More efficient invoice processing leads to faster payments.

### Metrics

- P2P staff FTE
- Data extraction time
- Days payable outstanding

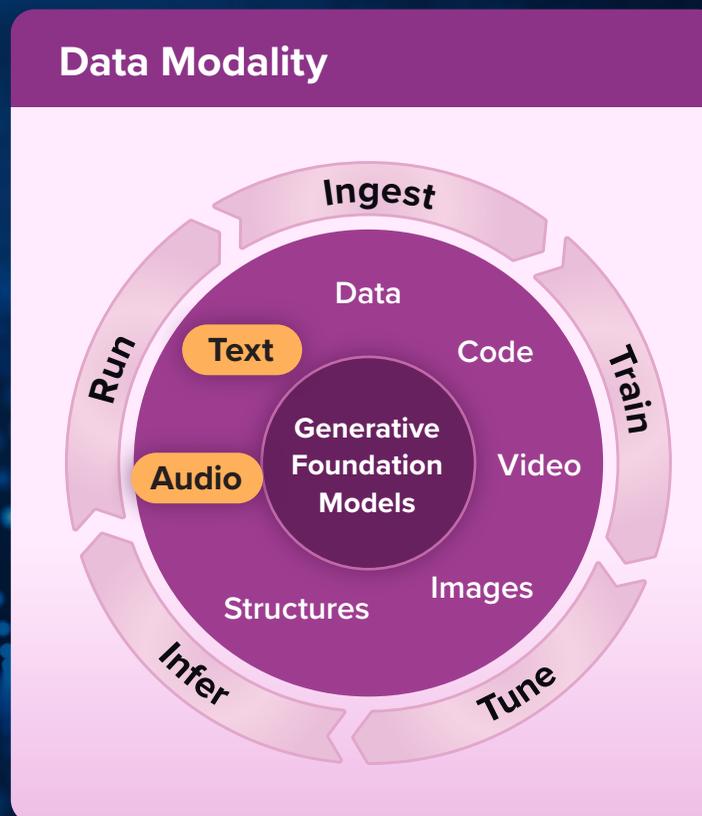
Risk Level	Complexity
High	High
Medium	<b>Medium</b>
Low	Low

# GenAI Use Case: Contact Center Real-Time Intelligent Recommendations

## Description

Based on the summary, sentiment analysis, and content, **AI can propose intelligent recommendations to solve a specific issue or address concerns.** In some situations, AI can execute the resolution completely autonomously and create the relevant transactions automatically, while others require a human in the loop.

## Data Modality



## Business Impact

- Improved customer empathy
- Enhanced agent assistance
- Multiple pathways to satisfy customer demands in real time

### Metrics

- Improved CSAT scores
- Faster call-to-resolution time

Risk Level	Complexity
High	High
Medium	<b>Medium</b>
Low	Low

# GenAI Use Case: Supply Chain Orchestration for Planning

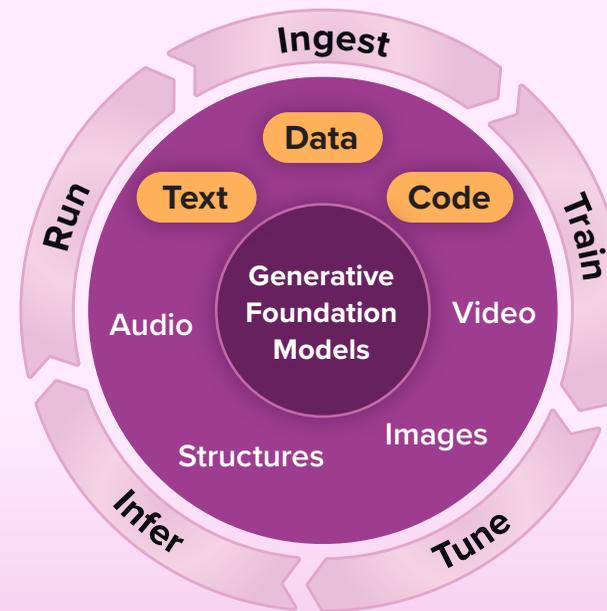
## Description

By leveraging LLM/unstructured data, SCO tools will be able to **support the integration of information across all silos of the supply chain and connect internal and external data**. By integrating standard data (such as track and trace, manufacturing WIP, and inventory) with unstructured data (news, emails, texts/DMs, phone discussions, and meeting minutes), SCO tools can evolve to further integrate and automate end-to-end orchestration.

## Example

By being “aware” of all data (internal and external) across the nodes of a supply chain (including forecasts, WIP, track and trace, S&OP, warehousing, and retail), GenAI tools in SCO sense shifts in the physical world, which will impact plans. If a factory is running behind schedule, a vessel is delayed, or a spike in consumer demand occurs, SCO tools can read and react to suggest response scenarios and improve response times. As some tasks (such as accepting a PO change) become routine, SCO tools using AI can automate these steps with exception management parameters.

## Data Modality



## Business Impact

- Improved response times
- Increased visibility
- Increased end-to-end integration
- Improved workloads (SKUs/ revenue-per-employee increase)

### Metrics

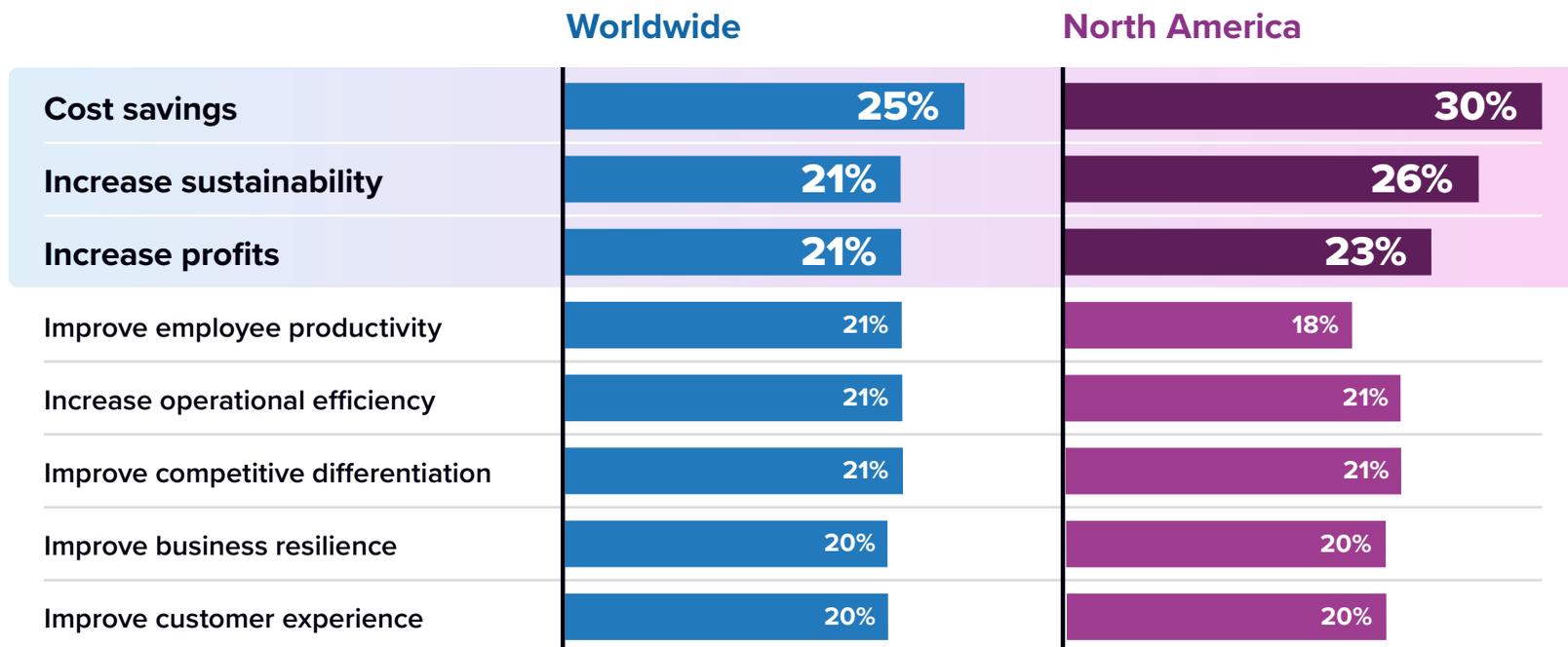
- Response time to disruption
- SKU/revenue/changes managed per employee
- Reduced inventory costs

Risk Level	Complexity
High	High
Medium	Medium
Low	Low

# Targeted Business Outcomes Are Vast for North American Businesses

Organizations are working on achieving several business outcomes with AI, including cost savings, with increased profits, productivity, efficiency, and competitive differentiation following closely.

Which of the following are the three most important business outcomes your organization is trying to achieve from leveraging AI, including traditional AI and GenAI, for ERP?



“We are beginning to use traditional AI to facilitate account reconciliation, invoice/PO management, and some other basic financial reporting operations and generative AI to assist with forecasting.”

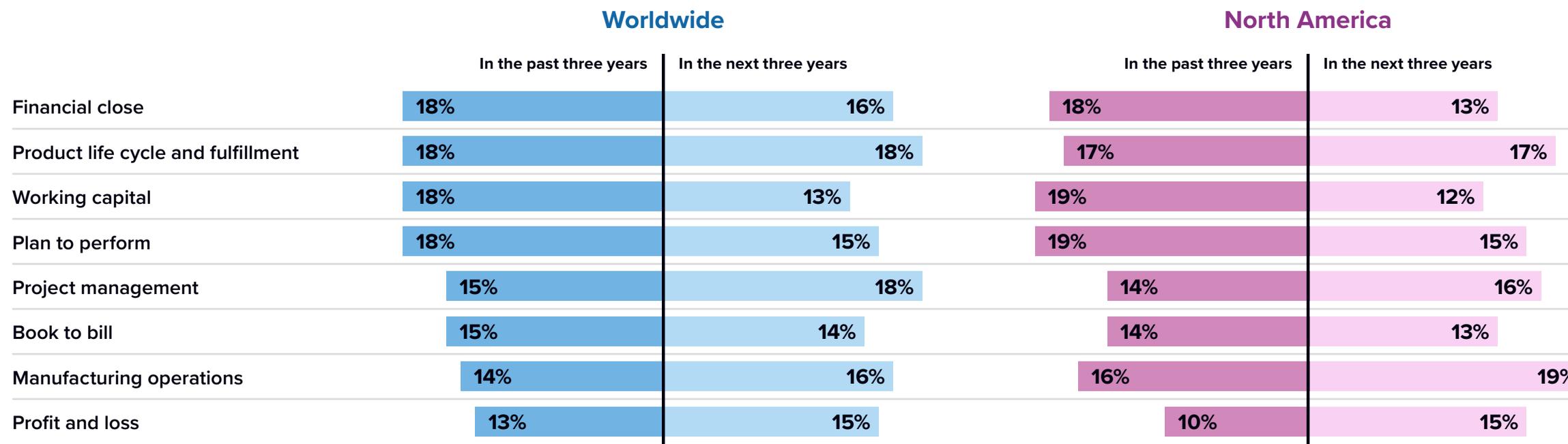
CFO, Multinational Retailer

n = 1,025 (worldwide), n = 201 (North America); Source: IDC's ERP AI Selling Strategies & Messaging Study, November 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

# AI Use Cases Across ERP Are Changing How Businesses Work

Organizations are investing in AI-powered solutions for various ERP business processes and gaining immediate optimization capabilities, enhanced decision-making, and improved efficiency.

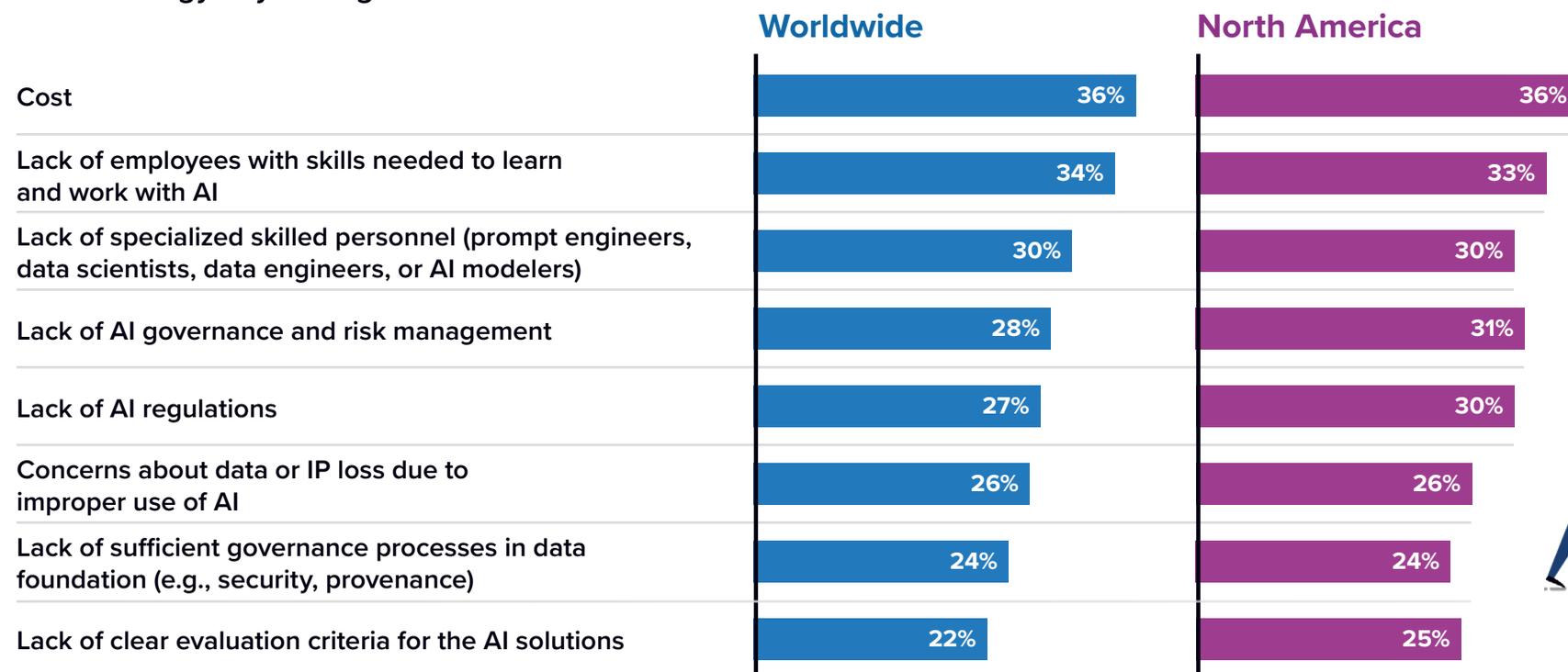
For which of these end-to-end business processes has your organization invested in AI-powered ERP in the past three years? For which will it invest in the next three years?



n = 1,025 (worldwide), n = 201 (North America); Source: IDC's ERP AI Selling Strategies & Messaging Study, November 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

# Organizations Often Encounter or Expect Challenges During the Implementation of AI Technology

What challenges have you experienced/do you expect to experience when implementing AI technology at your organization?

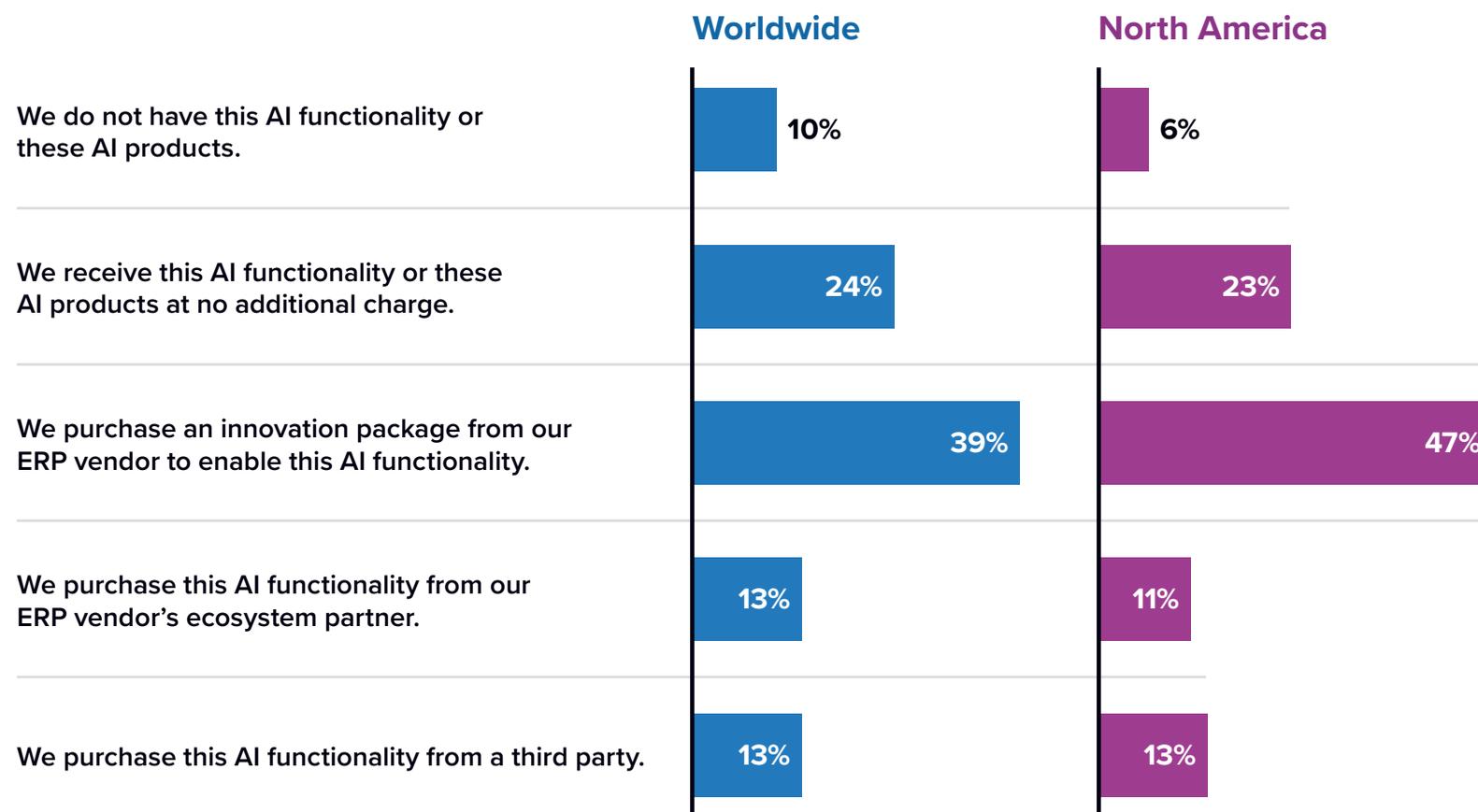


n = 607 (worldwide), n = 255 (North America); Source: IDC's *Global AI (Including GenAI) Buyer Sentiment, Adoption, and Business Value Survey*, October 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

# How Do Organizations Pay for AI?

Innovation packages from ERP vendors lead the way in the enablement of AI functionality.

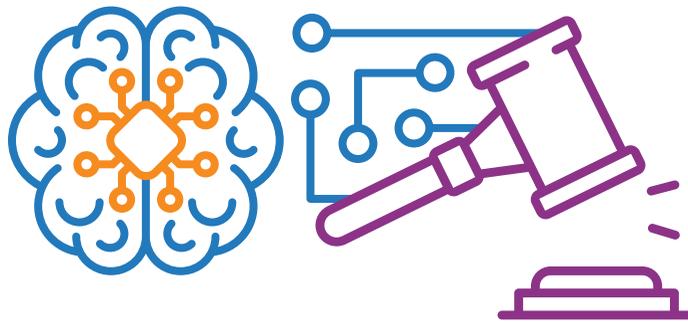
Traditional AI: How are you paying/do you plan to pay for ERP applications' AI functionality or products?



n = 1,025 (worldwide), n = 201 (North America); Source: IDC's ERP AI Selling Strategies & Messaging Study, November 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

# Ethics and Data Privacy

AI brings unprecedented opportunities to businesses and an incredible responsibility. Its direct impact on people's lives has raised considerable questions about AI ethics, data governance, trust, legality, and unintended negative consequences. Organizations face a potentially negative business impact if they do not mitigate AI business risks adequately.

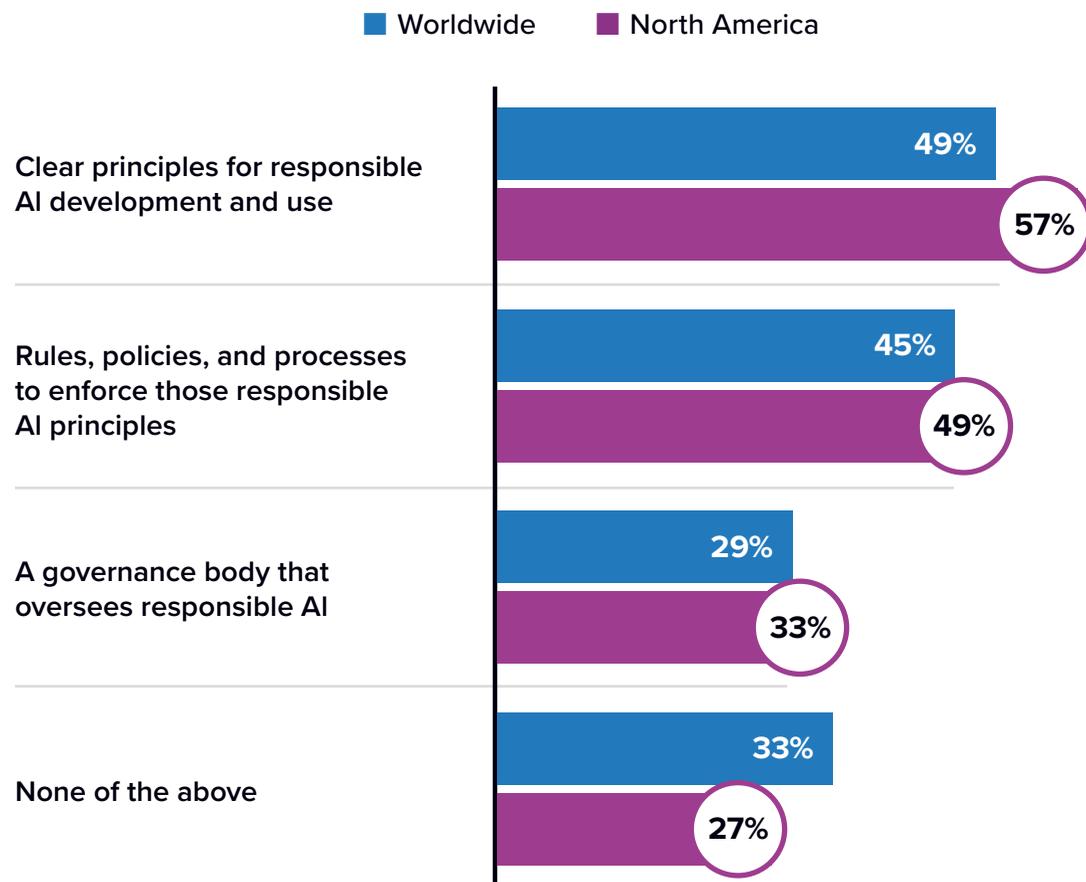


## Responsible AI Attributes

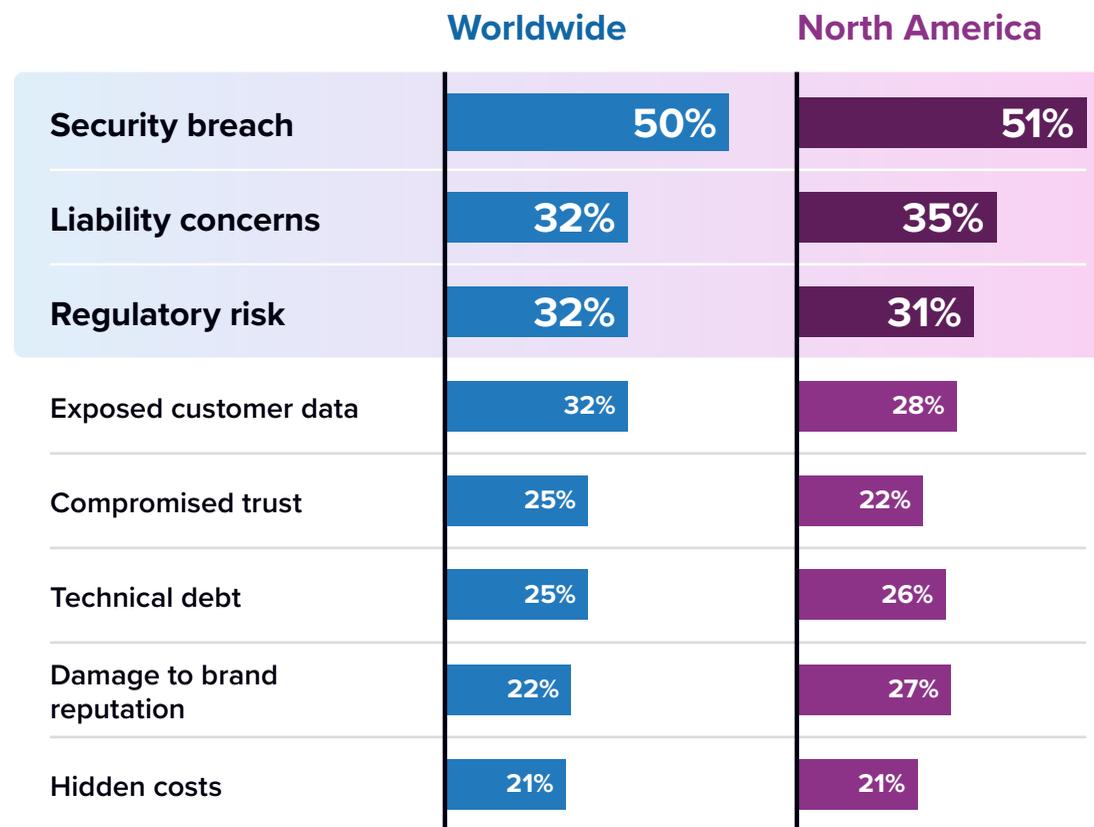
- ✓ **Core values and governance:** These define and articulate RAI's mission and principles with support from the C-suite, while establishing a clear governance structure across the organization that builds confidence and trust in AI technologies.
- ✓ **Risk management and compliance:** These strengthen compliance with stated principles and current laws and regulations while monitoring future ones. They help develop policies to mitigate risk and operationalize those policies through a risk management framework involving regular reporting and monitoring.
- ✓ **Technologies:** Technologies develop tools and techniques to support principles such as fairness, explainability, robustness, accountability, and privacy and build these into AI systems and platforms.
- ✓ **Workforce:** Employees empower leadership to elevate RAI as a critical business imperative and provide all employees with training to give them a clear understanding of RAI principles and how to translate them into actions. Training the broader workforce is paramount for ensuring RAI adoption.

# Responsible AI: State of the Union

Which of the following are currently in place at your organization?



What are the main concerns your responsible AI policy is protecting against?



Note: Responsible AI is the practice of designing, developing, and deploying AI in a way that ensures fairness, reliability, safety, privacy, security, inclusiveness, transparency, and accountability. n = 607 (worldwide), n = 255 (North America); Source: IDC's *Global AI (including GenAI) Buyer Sentiment, Adoption, and Business Value Survey*, October 2023. For an accessible version of the data on this page, see [Supplemental Data 1](#) and [Supplemental Data 2](#) in the Appendix.

# How to Prepare for AI's Long-Term Impact

1



Clearly define business objectives, use cases, and value measurement.

Assess build versus buy at a use-case level.

Partner with trusted technology solution suppliers and service providers.

2



Establish a clear operating model along with leadership support that empowers an agile culture and experimentation.

3



Determine whether your data application and data platform are AI ready.

Reimagine the technology function, and upgrade the enterprise technology architecture.

4



Develop and establish processes, controls, and accountability structures around data privacy, security, and the responsible use of AI, and inhibit nefarious scenarios.

5



Engage in proactive change management that impacts the workforce.

Invest in reskilling/ upskilling and/or hiring and contract resources.

# Appendix: Supplemental Data

This appendix provide accessible versions of the data for the complex figures in this document. Click “Return to original figure” below each table to get back to the original data figures.

## SUPPLEMENTAL DATA FROM PAGE 9

### Traditional AI: In your opinion, how important is AI to...?

	Worldwide	North America
Financial close	79%	86%
Balance sheet	77%	84%
Working capital	77%	83%
Plan to perform	76%	81%
Quote to cash	75%	83%
Budget to plan	75%	82%
Book to bill	75%	83%
Procure to pay	75%	79%

n = 1,205 (all respondents), n = 662 (North America); Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

[Return to original figure](#)

# Appendix: Supplemental Data (continued)

SUPPLEMENTAL DATA FROM PAGE 13

Which of the following are the three most important business outcomes your organization is trying to achieve from leveraging AI, including traditional AI and GenAI, for ERP?

	Worldwide	North America
Cost savings	25%	30%
Increase sustainability	21%	26%
Increase profits	21%	23%
Improve employee productivity	21%	18%
Increase operational efficiency	21%	21%
Improve competitive differentiation	21%	21%
Improve business resilience	20%	20%
Improve customer experience	20%	20%

n = 1,025 (worldwide), n = 201 (North America); Source: IDC's ERP AI Selling Strategies & Messaging Study, November 2023

[Return to original figure](#)

# Appendix: Supplemental Data (continued)

SUPPLEMENTAL DATA FROM PAGE 14

For which of these end-to-end business processes has your organization invested in AI-powered ERP in the past three years? For which will it invest in the next three years?

	Worldwide		North America	
	Invested in the Past Three Years	Will invest In the Next Three Years	Invested in the Past Three Years	Will invest In the Next Three Years
Financial close	18%	16%	18%	13%
Product life cycle and fulfillment	18%	18%	17%	17%
Working capital	18%	13%	19%	12%
Plan to perform	18%	15%	19%	15%
Project management	15%	18%	14%	16%
Book to bill	15%	14%	14%	13%
Manufacturing operations	14%	16%	16%	19%
Profit and loss	13%	15%	10%	15%

n = 1,025 (worldwide), n = 201 (North America); Source: IDC's ERP AI Selling Strategies & Messaging Study, November 2023

[Return to original figure](#)

# Appendix: Supplemental Data (continued)

SUPPLEMENTAL DATA FROM PAGE 15

What challenges have you experienced/do you expect to experience when implementing AI technology at your organization?

	Worldwide	North America
Cost	36%	36%
Lack of employees with skills needed to learn and work with AI	34%	33%
Lack of specialized skilled personnel (prompt engineers, data scientists, data engineers, or AI modelers)	30%	30%
Lack of AI governance and risk management	28%	31%
Lack of AI regulations	27%	30%
Concerns about data or IP loss due to improper use of AI	26%	26%
Lack of sufficient governance processes in data foundation (e.g., security, provenance)	24%	24%
Lack of clear evaluation criteria for the AI solutions	22%	25%

n = 607 (worldwide), n = 255 (North America); Source: IDC's *Global AI (Including GenAI) Buyer Sentiment, Adoption, and Business Value Survey*, October 2023

[Return to original figure](#)

# Appendix: Supplemental Data (continued)

## SUPPLEMENTAL DATA FROM PAGE 16

### Traditional AI: How are you paying/do you plan to pay for ERP applications' AI functionality or products?

	Worldwide	North America
We do not have this AI functionality or these AI products.	10%	6%
We receive this AI functionality or these AI products at no additional charge.	24%	23%
We purchase an innovation package from our ERP vendor to enable this AI functionality.	39%	47%
We purchase this AI functionality from our ERP vendor's ecosystem partner.	13%	11%
We purchase this AI functionality from a third party.	13%	13%

n = 1,025 (worldwide), n = 201 (North America); Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023 | [Return to original figure](#)

## SUPPLEMENTAL DATA FROM PAGE 18–1

### Which of the following are currently in place at your organization?

	Worldwide	North America
Clear principles for responsible AI development and use	49%	57%
Rules, policies, and processes to enforce those responsible AI principles	45%	49%
A governance body that oversees responsible AI	29%	33%
None of the above	33%	27%

Note: Responsible AI is the practice of designing, developing, and deploying AI in a way that ensures fairness, reliability, safety, privacy, security, inclusiveness, transparency, and accountability.

n = 607 (worldwide), n = 255 (North America); Source: IDC's *Global AI (including GenAI) Buyer Sentiment, Adoption, and Business Value Survey*, October 2023 | [Return to original figure](#)

# Appendix: Supplemental Data (continued)

SUPPLEMENTAL DATA FROM PAGE 18–2

What are the main concerns your responsible AI policy is protecting against?

	Worldwide	North America
Security breach	50%	51%
Liability concerns	32%	35%
Regulatory risk	32%	31%
Exposed customer data	32%	28%
Compromised trust	25%	22%
Technical debt	25%	26%
Damage to brand reputation	22%	27%
Hidden costs	21%	21%

n = 607 (worldwide), n = 255 (North America); Source: IDC's *Global AI (including GenAI) Buyer Sentiment, Adoption, and Business Value Survey*, October 2023

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# About the IDC Analysts



## **Mickey North Rizza**

Group Vice President,  
Enterprise Software, IDC

Mickey leads the Enterprise Applications and Strategies research service along with a team of analysts responsible for IDC's coverage of next generation of enterprise applications, including digital commerce, employee experience, enterprise asset management and smart facilities, ERP, financial applications, HCM and payroll applications, procurement, professional services automation and related project-based solutions software, supply chain automation, and talent acquisition and strategies. In her role, Mickey and the team advise clients on these intelligent, modern, and modular enterprise applications for businesses of all sizes emphasizing on the key trends, opportunities, innovation and IT and business buyer concerns, requirements, and buyer behaviors.

[More about Mickey North Rizza](#)

# Message from the Sponsor



## SAP Business AI

SAP has embedded AI in many of its applications, with more than 24,000 customers already benefiting from SAP Business AI across various scenarios — underpinned by the core principles of being relevant, reliable, and responsible. SAP Business AI and Cloud ERP redefine customer service, enhance finance operations, optimize manufacturing, streamline order fulfillment, and empower end users through personalized experiences and increased efficiency.

[Learn more about SAP Business AI](#)

[Read the SAP-Sponsored IDC AI InfoBrief: \*\*Modernizing Finance with AI\*\*](#)

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