The Future of ERP

How Generative AI is Revolutionizing Finance and Decision-Making with Bramasol's John Froelich

[00:00:00] **John:** [00:00:00] The future of ERP is a broad platform. It's not a single solution. It's a platform that allows companies to integrate and manage their data and their business across a single platform, and allows them to improve productivity and allow them to have the kinds of information available to customers at their fingertips. That's where I think ERP is going.

[00:00:23] **Richard:** I am Richard Howells, and this is the future of ERP, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. And in this week's episode, we'll be discussing how generative AI is revolutionizing decision-making in the financial space. And to do so, I'll be talking with Bramasol. Hi John. Lovely to have you on here today. Your name has come up in many conversations with colleagues as we've talked about how we can revolutionize finance. So I'm happy to finally have you on the podcast.

[00:00:57] **John:** Richard, it's fantastic to be here. Thank you so [00:01:00] much for this great opportunity. As, we've been doing a lot across the SAP space, and we're super excited to share some of our learnings with you and the audience.

[00:01:08] **Richard:** Maybe you could quickly introduce yourself and your company to anyone who doesn't know you.

[00:01:12] **John:** Sure. Absolutely. My name is John Froehlich, and I am the Senior Vice President of Sales, Marketing Go To Market. I've had a number of roles here at Bramasol for over 14 years. Barmasol itself is the leader in SAP Office of the CFO Solutions. Really focusing on helping companies take advantage of SAP, the power that SAP provides in the new cloud, ERP, as well as in specific application areas such as revenue, accounting, leasing, treasury, all of that. We've been around for 30 years, so we're not newbies. We've been doing this for a long time.

[00:01:48] **Richard:** It's always good to have people with experience and companies with experience to share their thoughts with this audience. So with that in mind, what's top of mind when you talk to CFOs at the moment, and I mean, you are [00:02:00] working with lots of companies, so you must have a

wide experience across many industries, many different company sizes. So what's top of mind for CFOs?

[00:02:08] **John:** That's a great question because, as we talk with CFOs, even from the small companies who are a couple of hundred million all the way up to some of the largest companies in the world. CFOs have a couple of things that, Richard, are very similar in terms of their concerns. Number one is cash and cash management. Really trying to make sure they understand how they optimize and manage their cash flow and the cash in their business. So they're optimizing the return on investments, optimizing all of that. And the other uncertainty. And both of those are just tremendous opportunities for AI and for SAP. And it's just uncertainty in general is something that keeps them up at night.

[00:02:50] **Richard:** That uncertainty is top of mind regardless of which job function we talk to, actually, whether it's the chief finance officer or anybody in business. You [00:03:00] mentioned that the Bramasol has been in business and working with companies who over 30 years. ERP systems have evolved a lot in those 30 years a lot. So, how are we as users, or how will we as users interact with ERP systems moving forward, and how will AI help?

[00:03:17] **John:** I've had a lot of opportunity to think about that and think about that in terms of context and being in business for 30 years. If you think of 30 years ago, we used a green screen or a laptop interface with T codes or different, very, very technical in terms of its perspective, right? You really had to be a technical user or dive into it. And then recently, SAP introduced, and many companies introduced the idea of Fiori, and it changed the way you think about it. Tiles and screens, and information pushed forward. I think AI in general and the concept of AI are going to change the way we interact. And when you and I talked, a little while ago about this [00:04:00] podcast, I brought up a story about myself, and my own evolution, and how I interact with things. And let me share that real quick with the audience, 'cause I think it's important to understand the paradigm change. Right? Our CEO, Dave Fellers, was kind enough to give us an opportunity to take an AI bootcamp. And we learned how to create bots. And in creating a bot of our own, we tried an easy one that said, Hey, what, why don't you go and create a weather bot? Go to Noah. Find out what the weather is and read that back. Then we created prompts or questions, right? And being an old guy like I am, my prompt was, oh, it's a weather bot. What's the weather in Snohomish, Washington? The younger people asked a very different question, which fascinated me, which was, Hey, I'm taking a trip to Everett, Washington. What should I be packing, and what should I be aware of in terms of weather and packing for my things? So [00:05:00] it's a very

different way. I think of interacting, think instead of asking a very specific question about what's my cash forecast, you're asking, Hey, do I have enough cash across my banks to manage my business going forward, and add, do I have the right optimization strategies. And so I think training ourselves and thinking about the way we interact with our ERP or with our systems is going to be very different in the future, and AI is going to drive a lot of that.

[00:05:32] **Richard:** Just following up from that.

[00:05:34] **John:** Mm-hmm.

[00:05:35] **Richard:** You mentioned some of the things that are keeping CFOs awake at night. But how is generative AI reshaping financial planning and analysis, and particularly in areas like forecasting, scenario modeling, and report automation, for example?

[00:05:53] **John:** Yeah. I think that's a big area that's going to change. So think about today, where we ask the system to give us, show me [00:06:00] my projected revenue for the months to come. This is more of a thinking about scenarios, and say, if I believed that interest rates were going to rise significantly over the next 24 to 36 months, what are some strategies that I should do based on my current revenue forecasts, and how can I balance my portfolio in order to optimize the cash balance? Or a question might be, should I take on a strategy that is more subscription-oriented rather than an outcome-based subscription model? And so you can begin to ask it very different questions, and I think it will have a lot of different implications. And of course, we should talk about the difference between what we call generative AI and agentic AI because I think that's another place where we're going to see a tremendous difference in the future.

[00:06:58] **Richard:** Right. Let's stay [00:07:00] with generative AI for a little longer and think of it from us as a user or a consumer of the solution, and how it will enable hyper-personalized financial solutions, such as tailoring investment strategies or loan offers. And what impact does this have on us as customers and the loyalty we have to our suppliers?

[00:07:23] **John:** So that's an interesting question from both perspectives. Maybe we can take both sides of the equation, right? If you think of a loan offer or you think of anything that's related to that kind of activity, it's normally a back-and-forth. I call up the bank and I say, Hey, Richard, I'm really interested in getting a line of credit, and what kind of terms can you offer me? I need $400 million over the next 10 years, blah, blah, blah. Right? What if I had a tool that

was, hey, Bank of America or whomever, I'm just picking a bank, right? Over the next 10 years, we are going to embark on a number of capital [00:08:00] projects, and we are going to also need money to invest in years four, eight, and ten in hiring activities, et cetera, et cetera. Could you tailor an offering to me that gives me the best opportunity to take advantage of those different points in time and balances my use of capital versus expense opex, and so on? Again, you think of the prompts as a different way of thinking, and I think by being able to tailor those solutions, whether it's from me and my ability to go in and give you the details, and get. Information that's more detailed or vice versa. You being able to have a tool that can go in and optimize that based on, hey, my generative AI tool is going to go in, look at your payment history over time. Look at your business. You're going to submit all your forms. So it's going to read those forms and come up with a series of prompts and [00:09:00] questions that allow you to tailor that information back and forth. And I think with that history and knowing that, that I have history with that bank and it's being reviewed, it's gonna make me a little bit more loyal in terms of my likelihood to use that bank, or, certainly you could have the same prompts for a series of banks because no large company uses a single bank. But it gives you an opportunity to balance and manage that.

[00:09:26] **Richard:** It's really interesting the example you gave right at the start, and the personal example you gave from the weather bots, and the example you just gave, how you ask the question becomes really important. Because there is so much data available that if you ask the right questions in the right format, you can gather information from many different sources to come with.

[00:09:47] **John:** A great point. I think that's really one of the biggest points, and I'm gonna be very careful here because I wanna be very clear, you always will need some form of an ERP, a tool, a platform to help you manage [00:10:00] across your business. But you're going to have a lot of different data sources, and that's where AI comes in. We were talking the other day, , one of the questions you, we were gonna address is things like fraud and risk management, right? and if you think about that for a moment, you could create a series of either agentic or generative AI tools that says, Hey, help keep me apprised of all of the issues and challenges going on with new scams, phishing scams, fraud areas and it can pull from news, it can pull from banking sites, it can pull from different places, and then correlate that to information that gets out of your ERP that says, Hey, look, we've seen a series of unusual transactions over time. Perhaps you ought to check this out. And of course, an adjunctive AI tool, right? The ones that act like agents, act like people would, then go in and say, Oh, we've noticed this trend. We recommend [00:11:00] you take the following actions accordingly. So, in that space, this is just one area where you

can begin to really see how reaching more broadly across the ecosystem that you have, think of your business as a large ecosystem connected all over the place, and then connected, it reaches beyond that.

[00:11:21] **Richard:** And then with that in mind as well, you can have agents from one area talk to agents from another area with no human interaction. It's communicating across business systems and even across company boundaries sometimes.

[00:11:36] **John:** Oh yeah, absolutely. Certainly, you can look across company boundaries. Certainly, we see companies that have issues and challenges with connecting parts of their business. If you think of some companies that have a product, a business, and a service, they're sometimes disconnected. And how can I look across my own organizations and get a more holistic picture of that customer? And what are some actions I might take [00:12:00] to make that customer either a little more sticky, profitable? I mean, there are certainly a lot of options there.

[00:12:05] **Richard:** You mentioned that term that I said keeps coming up as a theme of uncertainty and managing uncertainty. So, how does generative AI empower financial professionals to make faster, more informed decisions in an uncertain or volatile market?

[00:12:22] **John:** It's exactly the concept of more information, but distilling that information. So often, the uncertainty comes from a number of different places. I think today the challenge that financial professionals have is not the old challenge of, there was a famous speaker who talked about the difference between a puzzle and a mystery. And if you go back to the idea of a puzzle, a puzzle is, I have a missing piece. I don't have enough information. I need that missing piece. And that wasn't the challenge in the past, where it was a challenge of finding and getting enough information. I think today's challenge for [00:13:00] financial professionals, but for professionals in general, is sorting through all the information. A mystery is, oh, I've got all this information. How do I figure out who's the guy, right? Where the simplest solution is the right one, but it could not be. And I think, even for me, as I do different things and I dabble in early music history and early classical music. There's a mystery about how it worked, how it changed. By writing the right prompts and asking the right questions, you can begin to get an aha moment. There's, oh, I see the difference between X, Y, and Z in that space. And I think for financial professionals, it can allow you to have multiple sources put those sources against one another so that you can compare and contrast, and then you can also use it, show me different scenarios that are possible. Now, if I believe these two

scenarios are most likely, what are the actions and what are [00:14:00] the strategies I can take today, given that I believe those are the two different strategies, and what does that look like over the next three to four years? And I think it gives financial professionals a baseline from which to plan.

[00:14:15] **Richard:** So we've talked about all the wonderful things that AI can or could do. We touched on some of the limitations or risks around cybersecurity. What other risks are you seeing for generative AI in finance? Such as data governance issues or potential bias in decision-making. So what are the cautionary tales??

[00:14:42] **John:** Yeah, some cautionary tales. I think one of the big cautionary tales is data.

[00:14:47] **Richard:** Mm-hmm.

[00:14:48] **John:** Really beginning to understand the nature source and, completeness of the data that you're using is so crucial to this strategy. One of our customers is [00:15:00] leveraging we talked about, Databricks, right? A tool. It's kind of like the Legos of data, right? What it allows you to do in many ways is have a similar semantic layer, a similar way of looking at the data, analyzing that data, and ensuring that it's appropriate and matches what we want to do. I think that is absolutely crucial. I think the issue of, um, really testing your sources of data and ensuring that they're correct, that's why platforms like SAP are not going. Unlike what I think Satya Nadal has said that ERPs won't matter in the future. I think ERPs will matter in the future in that they will create assurances that the information, data, and all of that is not polluted with inaccuracies or biases. Certainly, there will always be biases, and I think we all have to become smarter and better about asking broad questions. I don't wanna bring it up, [00:16:00] but even in today's broader conversations about various topics in the political atmosphere or in all of that, no single news channel and no single source of media has the answers. It's how do I absorb all of it? How do I understand the perspectives and use tools like agentic AI or others to really help me analyze that now? If you were a movie producer, could you think of the ultimate, Matrix-style visions of the horrors of what could happen if one or two agencies get control of all of our AI? I don't know if that's ever going to happen, but you want to be kind of broad in your perspective of what tools you're going to use. Don't just use one tool, by the way, also.

[00:16:48] **Richard:** I think you've just given the ultimate challenge of AI in looking across all the news channels and coming back with an unbiased version of the news. I haven't found that channel yet.

[00:16:59] **John:** I [00:17:00] haven't found it either yet. It's funny because I'll give you an interesting perspective. I tried using three different chat tools to help me analyze some competitive information of SAP versus another provider. Right. I don't want to advertise for them, so I'm not gonna, right? So.

[00:17:15] **Richard:** Thank you.

[00:17:16] **John:** What was interesting is that one of the tools brought back a, what I thought was a, somewhat balanced, a fairly balanced, analysis. It was very objective in its analysis. Another one was very pro, the other tool. But when you dived into it, it was because its sources of data were all based on analysis from partners that were aligned to that product. And so I think the other challenge in this process will be that just because the AI says so, it may or may not mean it's right. We, as human beings, still have the obligation to validate and verify the veracity of that information.

[00:17:58] **Richard:** [00:18:00] Absolutely. So, how is the adoption of Gen AI changing the role of the financial professionals, particularly in the areas of advisory services and also in their operational tasks?

[00:18:11] **John:** The role will continue to evolve and continue to do so. I think we're seeing the evolution of that space. Whereas, in the past, they did a lot of work looking back and counting beans, if you will, I hate to use that word, but really doing the backwards-looking look or maybe the today-looking look. I think agentic AI and generative AI will do a lot of that. They will bring forward all of those reports, all of that information, all of the tools across various platforms that exist so that the FPNA professional can really begin to think about strategy in the future. What strategies should I take on? What are my thought processes? Really beginning to look forward [00:19:00], but it will also give them some insights and tools into saying, looking backwards. Because we look at history, because we wanna learn from the past. So we don't make the same mistakes in the future, I think agentic AI will give us an opportunity to analyze data in a volume that previously would've been almost impossible to do, and therefore give some insights that maybe we wouldn't have had previously. Does that make sense?

[00:19:30] **Richard:** Absolutely. And I, I want to now talk about the future a little bit because as AI continues to evolve, and it will, because in this conversation we've talked about basic AI, generative AI, and agentic AI, so that's an evolution right there. And that's in the last 12 months. So we will see evolution. So, what long-term disruptions or innovations do you see in the

financial sector over the next decade as we leverage these technologies?[00:20:00]

[00:20:00] **John:** Well, I think it'll be very interesting to see how the AI tools operate across multiple platforms. The case of SAP, for example, do we operate across the traditional ERP cash and treasury, spend cash and treasury tools, combine that with Ariba, and combine that with other vendor management tools that might exist, as well as external data from companies like Reuters, and all of that, right? And so I think the future will be based on, in the near term, a lot of it will be based on the power of the AI tools to bring that information together to gather it from a whole bunch of different sources and begin to add in. I think further and further as they get smarter and smarter, and we get smarter and smarter. Their ability to provide insights or scenarios and allow you to think of things like companies that use, let's say, hedging as a strategy, go to, commodities, and the [00:21:00] uncertainties we have around tariffs, for example, or around regional conflicts, or around different areas where sources of different materials are crucial. I mean, even looking at the trade issues with China, we don't have to talk about the big ones on the table today, right? But you have China, you have South America, you have a lot of places where the sources of things that are crucial to building products are. The base materials, tungsten and manganese, and all of that stuff, they're crucially sourced. What happens if a disaster happens? What does climate change mean? What do all of these things mean? I think it will allow us to have better scenarios and better thoughts so that our financial people can create forward contracts, hedging, use other tools to help mitigate risk and smooth the supply chain, some smooth predictability of revenue. So I think there are a lot of different spaces. I think visualizations will become more and more [00:22:00] powerful. AI's ability to create visualizations is good, but it's somewhat limited today. There are tools out there that do a pretty good job of it, but, I think what we're going to have is that idea, when you watch those futuristic movies where they spin things around and pull them out and do all of that, I think that's not far away. That will be big. I think compliance will be another one. Really analyzing and understanding how you comply with the rules and regulations. We're in finance, we've seen a host of different rules and regulations and guidance come out, whether it's for revenue recognition, leasing for treasury, for all these different spaces, helping really create a level playing field for everybody. AI will help create a little more level playing field for little guys like you and me versus the super industry guys who now have all these tools. Well, AI may level a little bit of that playing field. They'll always have something of an advantage. [00:23:00] I think the one place I would say, and that's all positive, I think the place we need to think and be very careful about, well, there are two things, but one of them is deep fakes. I'm not gonna talk about deep fakes related to people or personal things or all of that. That's a whole different topic, right? But apply the concept, Richard, of

deep fakes to finance. What if I deep-faked my PNL balance sheet and cash flow statements over the past five to seven years, or created a fake company that was a deep fake and was able to obtain financing, or was able to fool companies into providing me products and services based on a balance sheet that didn't exist? I created it. And so being mindful and careful of all of these different deep fakes or creating a deep fake that announced that, my friend of mine likes to use the word Bubba Gumps, right? So Bubba Gump's, [00:24:00] ERP company is going outta business and they're packing up all of their old products and they're gonna stop supporting them in the future. What if I created a deep fake that could really impact companies in the future? And I think it's something that behooves us to very carefully consider how we analyze it, how we think about it. I think it goes to the other piece that I'm concerned about, which is, just because AI says so, doesn't mean it's always true. \And how do we become our own skeptics and not accept everything that AI tells us? I would hope that we can all do that.

[00:24:35] **Richard:** As you said, check and verify. That example. Just an alternate set of books in a completely different light. That's nothing compared to what is potentially possible.

[00:24:45] **John:** Oh, absolutely. You think of the old days when we used to say, those criminals who had two sets of books. Think of two sets of books. But they're legitimate.

[00:24:53] **Richard:** Appears to be legitimate. Yes.

[00:24:54] **John:** Yep.

[00:24:55] **Richard:** John, we're coming to the end of the podcast. It's been wonderful. It's absolutely flown by, but I [00:25:00] have one final question that I ask all of my guests, and I'm really interested in hearing your point of view here, but in a sentence or two, what is the future of ERP?

[00:25:11] **John:** I think the future of ERP is a broad platform. It's not a single solution. It's a platform that allows companies to integrate and manage their data and their business across a single platform, and allows them to improve productivity and allow them to have the kinds of information available to customers at their fingertips. As we think of SAP's Joule and the other tools that they were layering on top of that, think of the ERP as a Sherpa, a tool that has gotten to understand your business, understand where your strengths, weaknesses are, what the mountain looks like, and can be a Sherpa to guide you to the future. That's where I think ERP is going.

[00:25:52] **Richard:** I like that AI is doing all the heavy lifting.

[00:25:55] **John:** Yes.

[00:25:57] **Richard:** Hey, John, thanks for a great conversation.[00:26:00]

[00:26:00] **John:** My pleasure.

[00:26:01] **Richard:** The recommendations I got were not wrong. You were wonderful. Wonderful conversation.

[00:26:05] **John:** Thank you very much. I appreciate that. It's been my pleasure, and I hope we can do more of this in the future. I'm always interested in doing this.

[00:26:12] **Richard:** Be careful what you wish for. But no, you'll, you'll definitely be invited back. Please mark us as a favorite, and you can get regular updates and information about future episodes. We'll also share information about John and his company in the show notes. But until next time, from John and me, thanks for discussing the future of ERP.