

How AI can streamline human capital management for SMEs

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Artificial intelligence is the must-have technology for every business owner in 2024. By leveraging AI technologies, SMEs can achieve performance and innovation boosts across multiple areas of the business, from financial management to sales and marketing to human capital management and product development.



Dumisani Moyo | image supplied

The global AI market is expected to grow from \$208bn in 2023 to nearly \$2tn by 2030. For SMEs, the growth of AI holds huge promise: one study found that businesses can expect a 6% to 10% revenue boost from adopting AI.

However, AI is still in its relative infancy. While technology providers have made huge strides in the power and quality of their AI tools, the technology has not yet reached its full potential and can be prone to error if not deployed in an optimised environment.

The intelligent SME

The adoption of AI forms part of a broader shift among businesses to establish intelligent enterprise capabilities. An intelligent enterprise consistently applies advanced technologies and best practices within agile, integrated business processes.

For SMEs, this means establishing a powerful core that links departments, integrates business processes, connects data, and embeds intelligence to accelerate innovation and growth. And AI is the latest essential technology in the intelligent enterprise mix.

However, a successful deployment of AI in an SME requires accurate, relevant and reliable data. The better the data, the better the AI-generated outcomes.

For example, deploying AI to make decisions based on unstructured third-party data - such as social media posts by potential customers - can lead to inaccurate or downright incorrect outcomes. In contrast, deploying AI to trusted business systems, such as an SME's enterprise resource planning solution, means the algorithm is basing its recommendations and outcomes on data that is accurate, up-to-date, reliable and relevant, leading to higher-quality outcomes that can truly drive the business forward.

Practical applications of AI

Despite the technology still being in its relative infancy, AI holds huge potential to SMEs. Unlocking its value will be a critical aspect of the success of any business in the coming years.

For SMEs, the journey to value-generating AI for business really starts with a digital transformation process that establishes a single source of truth for all business data. Here, enterprise resource planning (ERP) systems are key: cloud ERP systems enable greater speed and predictability across all of an SME's core business processes and can scale as the business grows or expands to new markets.

With the core ERP in place, SMEs can choose to deploy AI to a wide range of business processes to accelerate daily tasks, minimise human error, cut costs and boost innovation, including:

Human capital management: Generative AI integrated with human capital management software can streamline content creation and provide access to in-depth analytics that provide valuable insights into the talent management and hiring process.

Finance: SMEs can increase the performance of their finance operations by leveraging AI for expense management, invoicing, auditing, financial forecasting and payments. One of the biggest challenges for SMEs is managing cash flow. AI can reduce the sales outstanding days with intelligent invoice matching to improve cash flow and keep the balance sheet healthy.

Supply chain: In the wake of ongoing supply chain challenges, SMEs may want to leverage AI to better predict customer demand and increase production efficiency with intelligent auto-dispatching. In the manufacturing sector, SMEs can mitigate risk with preventive maintenance guided by AI that is integrated to the core production systems.

Procurement: Buying and procurement can become more agile, with AI simplifying the buying process while maintaining compliance with various internal and external controls. The use of AI can also automate the creation of sourcing events, drawing on past successes and real-time business information to provide an intuitive automated sourcing capability.

Sales and marketing: Considering the importance of customer engagement and CX in the sales process, SMEs may also want to leverage AI for hyper-personalised product recommendations across multiple channels, with AI predicting customer behaviour to enable companies to minimise costly customer churn.

Innovation: Finally, SMEs can accelerate their innovation efforts by deploying and running AI models at scale without

compromising data privacy. By leveraging the work by leading technology providers, SMEs can also build AI into their core business applications with a library of pretrained models, accelerating the time-to-value of new innovation projects.

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