



Avalara

**Embracing the future
of tax compliance with
AI**

Safe Harbor

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Meet our speakers



Vsu Subramanian

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Avalara

Agenda

- › What is artificial intelligence and machine learning?
- › Speed of adoption
- › What AI means for finance and accounting
- › AI at Avalara



“Soon the pre-AI period will seem as distant as the days when using a computer meant typing at a C:> prompt rather than tapping on a screen.”

Bill Gates, March 2023

Artificial Intelligence (AI)

“Artificial intelligence is the simulation of human intelligence processes by machines, especially computer systems.”

[Tech Target](#)

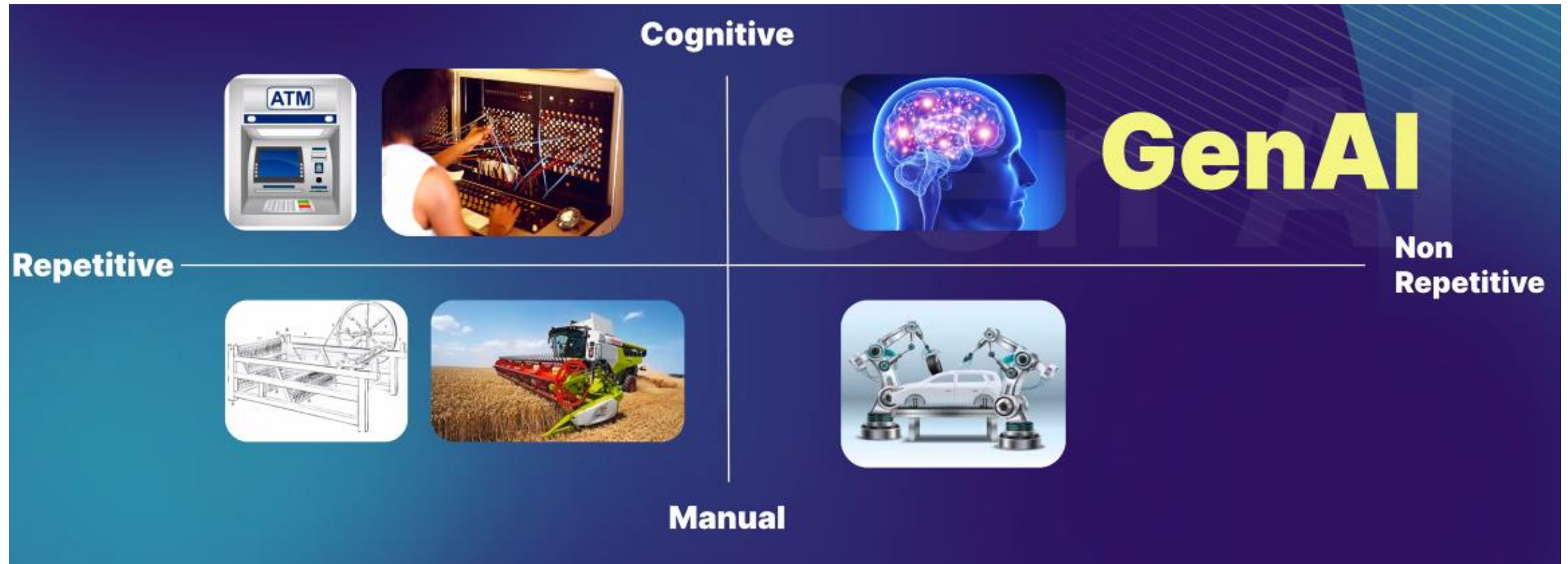
Machine Learning (ML)

“Machine learning is the subset of artificial intelligence that focuses on building systems that learn—or improve performance—based on the data they consume.

[Oracle](#)

What's unique about generative AI v. other technologies?

The Cognitive Revolution

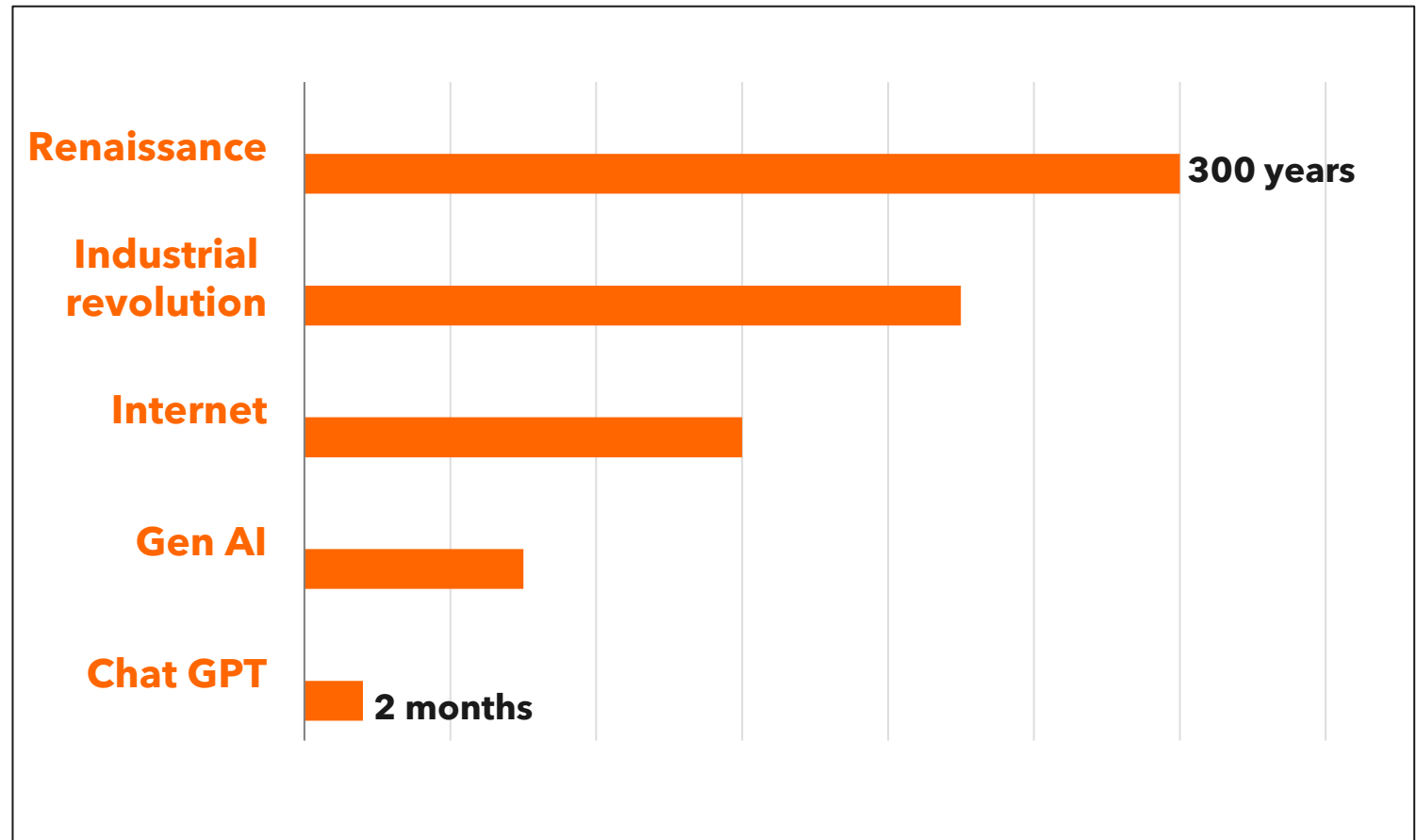


"And so my hope is someday when the next Aristotle is alive, we can capture the underlying worldview of that Aristotle, in a computer, and someday some students will be able to not only read the words Aristotle wrote but ask Aristotle a question and get an answer. And that's what I hope that we can do. So this is the beginning."

- Steve Jobs, 1985

The speed of adoption

- > Chat GPT reached 100 million users in just two months, making it the fastest-growing consumer application in history.*
- > It took TikTok 9 months and Instagram 2½ years to achieve the same status.*











- What does AI mean for finance and accounting?

Gartner on AI in finance

Key concepts

Autonomous Finance

- Processes and activities are partly governed and majority operated by self-learning software agents that optimize front-, middle- and back-office operations
- Real-time insights, greater flexibility in financial strategy with little human intervention
- Gartner: two-thirds of CFOs expect to be autonomous in Finance within 6 years

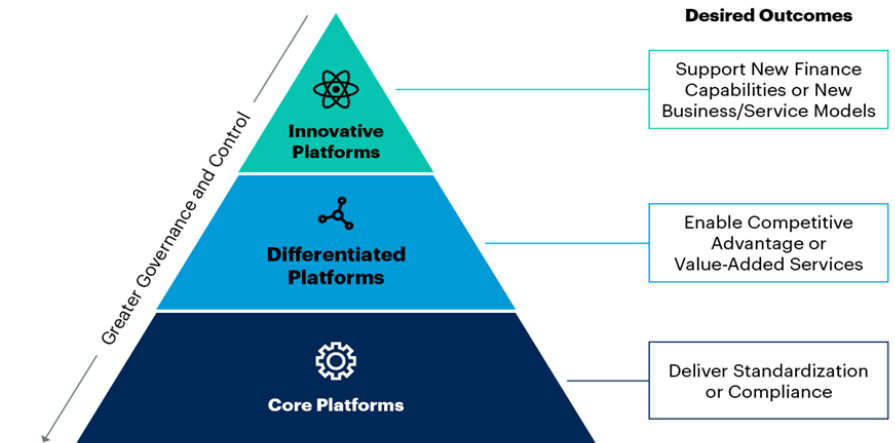
Back Office	 AI-enabled process mining algorithms capture all variations and exceptions in P2P and O2C.
	 Virtual assistants process transactions with machine customers and vendors.
Middle Office	 Blockchain enables an audit-ready continuous close.
	 Smart contracts enforce accounting controls and intercompany adjustments.
Front Office	 Machine learning identifies new variables to improve cash and investment forecasts.
	 Decision intelligence powers financially savvy tactical and operational decisions.
Office of the CFO	 DeFi enables innovative options for raising capital and insuring against financial risk.
	 Natural language processing enables better understanding of retail investor sentiment.

Source: Gartner

Composable Finance

- Framework to drive agility & innovation; build for change
- Gartner: By 2024, 60% of finance organizations will seek composable finance applications in new technology investments.

The Three Layers in the Composable Technology Architecture



Source: Gartner
765963_C

Two value streams: Operational efficiency & strategic impact

Operational Efficiency

- Automate repetitive tasks
- Reduce costs, increase efficiency
- Accelerate workflows
- Impact high volume workstreams

Strategic Impact

- Investment decisions – product, geo, lines of business
- Supply chain decisions
- Inventory management
- Resource allocation
- Staffing strategy

Ultimate goal: Enable finance & accounting to be a better and more impactful partner to the business

Potential generative AI use cases in finance, accounting & tax



Strategic finance

- Assess corporate development deals and run due diligence
- Research vast data (financial, industry, socio-economic, political); generate insights for strategy development
- Generate scenarios, summarize, & draw initial conclusions for capital optimization



Financial planning & analysis

- Management reporting analysis, commentary and presentation
- Produce first version of plan and forecast models of expense budgets and forecasts
- Generate performance insights, variance, and/or decision analysis



Business unit finance

- Competitor analysis and insights
- Demand forecasting and sizing
- Budgeting, planning, and performance/variation analysis
- Ad hoc/scenario analysis
- Product costing



Controllership & transactional

- Automate data entry and reconciliations
- Process invoices, manage payments, billing, and collections
- Predictive risk modeling
- Virtual collections assistants
- Prepare internal and external financial reporting, including commentary and insight generation
- Intelligent contract review



Internal audit

- Identify potential risks and detects fraud
- Generate internal audit reports
- Monitor compliance with regulations and internal audit reports
- Monitor compliance with regulations and internal



Treasury

- Automate cash forecasting, cash management, and better visibility into cash flows
- Report FX and currency positions, perform counterparty risk, and analysis
- Advise on optimal mix of investments for liquidity need



Tax

- Automate tax preparation and reporting
- Provide insights on new tax laws and provisions
- Monitor compliance



Investor relations

- Develop investor report and communication
- Predict analyst questions and prepare responses
- Value company for capital markets financing
- Interpret and advise on disclosures & regulations

The ability to process unstructured & multimodal data changes everything

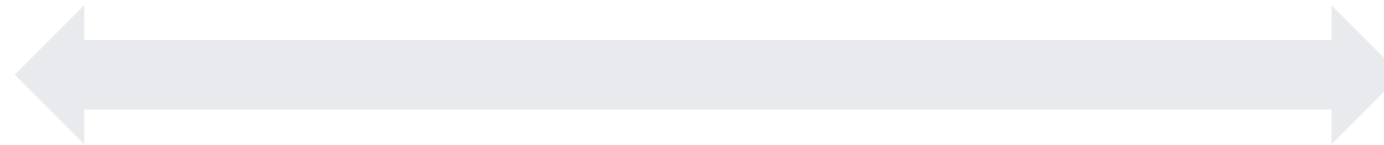
Examples from MadKudu - marketing analytics, predictive modeling & data vendor



The ability to process unstructured data unlocks the ability to analyze new data feeds:

- Read website pages to extract context
- Read social feeds to find interest topics
- Parse emails, call recording to extract intent and context
- Parse webinar transcripts to extract context

Operational
efficiency



Strategic impact

MadKudu For Sales

Reps **start their day** with the accounts & people to engage today surfaced by Copilot

Ready to Engage Reminders Following New Teams New VIPs

Copilot - Good Morning Hayden! Below is the list of people I think we should reach out to today. There are 17 contacts that are w always you'll find my notes and recommendations below. Go get that bread!

Users Should contain.. Filter

USER	TITLE	PERSONA	RECOMMENDATION
NM Natasha Mattesi	Rev Ops Manager	RevOps	Call Nathasha and mention we can help
Brent Locks	Co-founder		Send Brent a LinkedIn DM and mention Tungunz's post. We can help increase h

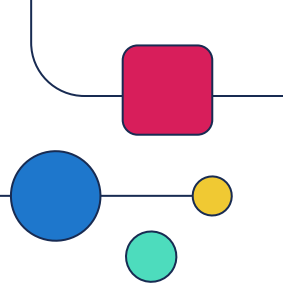
RECOMMENDATION ⓘ

Call Nathasha and mention we can help with her new MOps hire

Send Brent a LinkedIn DM and mention the comment he left on Tomasz Tungunz's post. We can help increase his sales team's efficiency!

Follow up on the email chain with Bryan. I see from the call recording in January that he mentioned he's be ready to pick up the conversation in Q2.

Copilot shares **recommendations** based on all available data to absolve Reps of researching their contacts



What's up with your Account?

We've found 1 opportunity to improve your setup

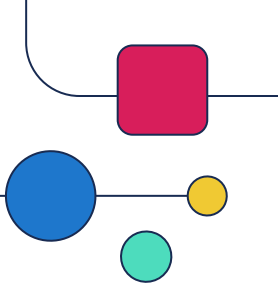
Looking at your MQL flow, it seems you might be missing out on some high potential leads. For instance, it seems [mid sized, fintech, US] (think Plaid, Ramp) companies have performed well in the past 6 months but you have a business rule that excludes them from the MQL pool. I've gone ahead and created an updated version of your flow. Here's how to validate it works for you:

- Check out some of the examples I've pulled out to make sure your team would be excited to work them
- Check the volume of incremental MQLs the new flow would generate to ensure it won't overwhelm the team.
- If you're good with it, just hit "Go Live" and I'll take care of everything else. Sit back and congratulate yourself for a job well done ;-)

[Review Proposed Flow →](#)

Alert RevOps of any possible **improvement** in their current setup and prepare the update

MadKudu For Marketing Leaders



CMOs can **get answers** to their business questions by themselves

The screenshot displays the MadKudu web application interface. On the left is a dark blue sidebar with icons for Home, Explore, and Insights. The main content area has a light blue header with the text "Explore: Ask Koda anything about your business. Think of Koda as your personal data analyst!". Below this is a search bar containing the query "The board is challenging the fact our PLG motion is driving our Ent. motion, are sourcing Ent deals from our PLG base?". To the right of the search bar is a red "More" menu icon and a blue "Let's go" button. Below the search bar, a "Summary" section states: "The PLG motion is sourcing more than 30% of the companies that make our Enterprise deals (\$50k and above)". Underneath is a "Select analysis" section with a sub-header "We made 13 analyses available." and a dropdown menu currently showing "What % of accounts had a product signup before a deal?".

Poll: Is your company using AI within finance and accounting?

> AI at Avalara

Compliance content at Avalara

Built over years, we believe our tax content and classification are second to none

Extensive repository of structured tax content



9K+

Tax Codes



20+

Industries



330+

Categories



30K+

Jurisdictions



82K+

Rates



900K+

Rules

Among the largest commercially available product catalogs



3B+

Products



88K+

Brands



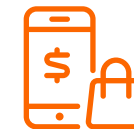
22

Top Level
Categories



500M+

UPCs



660M

ASINs



216M

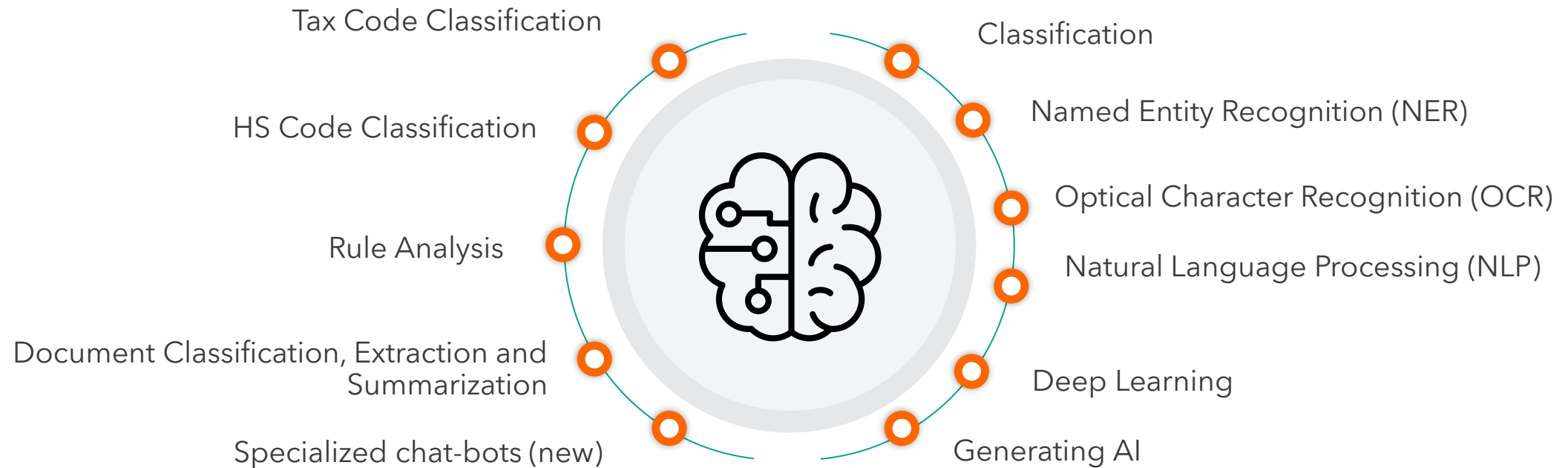
Unique MPNs

AI at Avalara

Our AI use aims to elevate partner & customer experiences while minimizing errors, expand and expedite coverage of compliance areas and streamline internal processes

Our long-standing use of AI spans various applications within Avalara

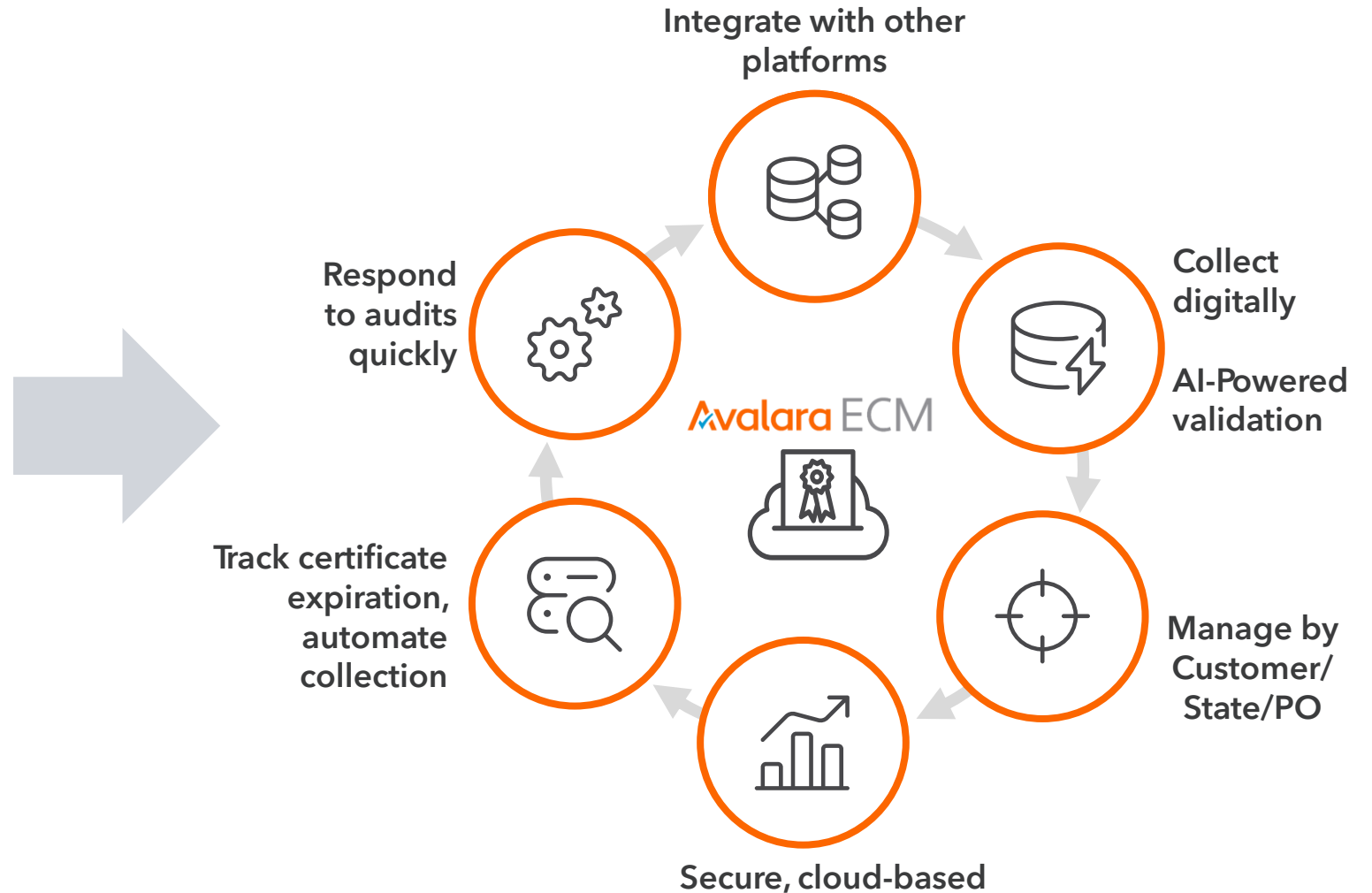
We employ diverse AI techniques to solve a spectrum of problems.



> ECM Demo

AI in exemption certificate management (ECM)

- Statutory requirement - Document to prove sales tax didn't need to be collected for buyers that qualify to purchase tax-exempt.
- Onus is on the seller to collect a valid exemption certificate.
- Complicated for buyers and sellers: Choose the proper form, fill it out correctly, collect and manage documentation, track certificate expiration, determine whether certificates are valid.



ECM intelligence & automation engine

Key differentiator: reducing time consuming and error prone manual tasks through automation

Monitoring

Requesting

Validating

Competitors

Manually run reports to determine their compliance status.

Manually send, monitor, and follow-up on requests.

Manually review every certificate to determine its validity.

Avalara ECM Pro & Premium

Automatically monitors certificates and customer ship-to locations, calculates compliance percentage, and details which tasks to complete to improve compliance.

Automatically requests replacements for expiring, expired, invalid and missing certificates, and automatically sends follow-up requests.

Automatically captures certificate data and determines validity.

> Avalara's ChatGPT plugin

> Tax Research Agent demo

> Questions?

Avalara

NEXT

FOR TECH PARTNERS & DEVELOPERS

Virtual Event:

September 20th & 21st, 2023

Register Today!

Learn & Connect across the Tax Technology Ecosystem