

# AI comes to management accounting

**Validating accounts can be a lengthy and costly process. Validis CEO Stewart Holness tells Jim Banks how his firm is helping banks and businesses unlock working capital with a simple online artificial intelligence application.**

The laborious task facing accountants, financial directors and bookkeepers of validating their accounts and identifying errors and anomalies to generate strategic reports has long been inefficient. Manual data entry, differing brands of accounting software and a lack of automation are among the causes.

Furthermore, few had foreseen the benefit of improving this process through automation.

Combining a type of AI, sophisticated data analytics and a powerful rules engine, Validis generates insight from a mass of undifferentiated data, without the predetermined data schemas, reports or sophisticated queries required by traditional data mining.

## **Coded for success**

Validis CEO Stewart Holness says: 'The technology company behind Validis came out of the code-breaking activities at Bletchley Park, where the Enigma code was cracked. The company looked at AI and the behaviour of data, which led to the development of technology that is good at finding anomalies, patterns and rules.'

Valuable to many data-intensive industries, Future Route's technology is finding traction in the corporate accounting and financial services sector through Validis.

Holness adds: 'Checking accounts is laborious, inefficient and costly, which means not every transaction is checked. We have developed software with a unique proposition to validate accounting data online, easily and inexpensively. Companies, banks and auditors can use it to quickly find anomalies or cases where accounting rules have been broken.'

SMEs using mass market accounting software can buy a subscription online and validate their accounts – often in under a minute. Furthermore, lending institutions can keep an eye on their borrowers and control their exposure more efficiently.

Holness says: 'Financial institutions that lend to many thousands of SMEs broadly have a "lend and forget" attitude. Borrowers show their management accounts at the outset of the loan and are meant to share them on a regular basis, but this costs money. Banks may also not have the staff to manually re-enter customers' accounting details from multiple accounting programs.

**'We have developed software with a unique proposition to validate accounting data online, easily and inexpensively.'**

'When the market's creditworthiness is strained or the borrower base has to fulfil capital adequacy requirements, banks find they don't understand the nature of their borrowers, so can't use those assets to free up working capital. So, they need a simple, web-based application supporting all the accounting software in the market..'

## **The AI advantage**

Uptake of Validis has been rapid and the

technology has gained many plaudits in the short time since its launch. It allows companies and banks to do in minutes what might once have taken days, and new benefits are constantly emerging. Holness notes two UK banks reaping unforeseen efficiencies: 'They spent millions getting SME data, then rekeying it. They can now see all their customer accounting data for a fraction of the cost and manpower.

'Banks can also offer different prices of debt depending on the quality and timeliness of a client's accounts, improving capital adequacy and freeing up funds.'

Validis is appropriate for financial services because it is unlike previous 'black box' AI systems, the functionality of which was hard to define. Validis uses inductive logic programming, which is changing the way people look at large data sets such as financial accounts and telephone records.

Holness adds: 'For AI in accounting and financial services it must be clear how it does what it does, and it must be consistent. That is where inductive logic programming gets its value.'

Future development of inductive logic programming and Validis promises much, but the technology is already proving a powerful, accessible and affordable tool for banks and businesses alike. ■

## **Further information**

Validis

Website: [www.poweredbyvalidis.com](http://www.poweredbyvalidis.com)