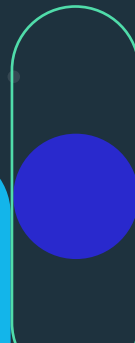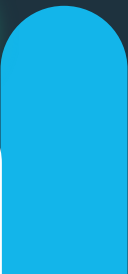# FUTURE FOCUS

A XERO SERIES

Future Focus: Xero's AI guide for accountants and bookkeepers

xero **Beautiful business**

Contents

1. Understanding the world of accounting in the age of AI

Artificial intelligence (AI) has been the tech topic of 2023. Much digital ink has been spilled — some of it written using AI — on the potential impacts, opportunities and challenges that the technology poses for businesses, consumers, and our entire world.

Since its inception, Xero's aim has been to enable small business customers, and their accountants and bookkeepers, with the best technology to help them thrive.

AI itself isn't new. It was first theorised in 1950 and has existed in various iterations for several decades. It's likely that you already use AI in the tools you use every day, from Google searches and facial recognition in photos, to predictive text and automated bank reconciliation.

Depending on who you ask, AI could substantially change the world — providing up to $4.4 trillion in annual economic benefits (according to McKinsey & Co), $15.7 trillion by 2030 (PwC) or $14 trillion across 16 industries in 12 economies (Accenture). These are eye-watering numbers, but they also tend to focus more on larger businesses, and less on the small businesses which are the engine rooms of many economies.

Since its inception, Xero's aim has been to enable small business customers, and their accountants and bookkeepers, with the best technology to help them thrive. And we've seen technology change the lives of small business owners dramatically — first with cloud accounting, then with accelerated digitisation during Covid-19. And now it seems the next frontier is the rapidly growing possibilities of AI.

Helping small businesses, accountants and bookkeepers understand what capabilities these new technologies could bring, and how they might help businesses thrive, is vital to helping them succeed.

With dozens of new AI tools seemingly being released every week, and precious little spare time and resources to dedicate towards understanding them, small businesses would be forgiven for putting AI into the too hard basket for now.

In fact, when we asked about their plans for AI, 77% of the small businesses we spoke to in the US said they expect it to have some or a significant impact on their business, yet three in ten (30%) have no plans to use or experiment with AI soon.

That's why we created this guide. We wanted to cut through the AI hype and hysteria and, as small business owners embrace AI, help accountants and bookkeepers understand how to make the most of it too.

We see AI playing a vital role in two ways: streamlining time-consuming manual processes, and delivering the right insights at the right time, so small business owners and you — their advisors — can spend more time running their business.

In other words, we believe that AI has the power to augment human intelligence, not replace it.

How this guide works

Running a practice is hard work. Helping clients succeed day-in and day-out means staying on top of a daunting list of tasks. So we've structured this guide around standard functions and tasks and suggested three things for you to consider about each one.

1 How AI could help complete this task

First, how might AI help you complete this task in your practice? The 'help' bit is crucial, as AI won't do everything for you. The accounting and bookkeeping practice of the future will still have lots of people working in it!

AI can help accountants and bookkeepers by processing enormous amounts of data and information quickly. But ultimately, decision making — and accountability — still need to rest with humans if your practice is going to use AI effectively.

2 What to watch out for

Second, we take a look at some of the things you might need to watch out for to help avoid problems when incorporating AI in your practice. There are lots of things to think about when using AI, including legal issues, ethical considerations, data security, potential use by cybersecurity adversaries and privacy.

3 Managing the risk

Third, we cover steps you can consider taking that may help reduce these potential risks and ensure that any implementation of AI genuinely helps you in your practice.

If you're still learning the language of AI, the glossary explains the main terms used. There's also a section on how Xero is using AI to help you run your practice better. And if you want to take a deeper dive into this topic, see the section looking at where you can go to get reliable (and hype-free) information.

This guide isn't designed to be read cover-to-cover, nor does it provide step-by-step instructions on what you absolutely should be doing. Instead, it provides general guidance for accountants and bookkeepers running a typical practice — no matter what size you are or where you are located.

This is a general guide only and isn't advice - as always, please consider your own circumstances and seek advice from your professional advisors as appropriate.

AI Glossary:

Artificial intelligence (AI): The ability of software to complete tasks that involve applying some intelligence. What we consider to be AI changes as technology improves. When the field of AI started more than 50 years ago, finding a driving route between home and the office would have been considered a feat!

Machine learning (ML): A technique in AI that uses data to 'teach' a computer how to complete tasks. ML models process many examples of a task to be completed (such as reconciled bank statement lines), to distil the relationship between the inputs for the task (for example, a bank statement line) and the expected result (such as the correct account code).

Generative AI: A type of AI that focuses on creating content (such as text, images and audio) by learning from an existing set of content. It learns the complex relationships contained within content (for example, word to word, or colour to colour) and uses this information to generate new content.

Predictive AI: This type of AI focuses on learning patterns between two sets of related data (such as past and present transactions), in order to complete tasks where only one of those sets is available (for example, present transactions) and we need to predict the other (for example, future transactions).

Generative vs predictive AI: A key difference between these two types of AI is that only predictive AI is taught the concept of a correct answer. Generative AI has a much fuzzier concept of correctness — it is taught to produce content that is hard to distinguish from the data used during teaching.

Large language model (LLM): A LLM is a type of generative AI model that has been taught to generate written content which is hard to distinguish from human writing. Language models aren't new, but recently they have gotten much bigger (hence the name!). Recently, with dramatic increases in size, these LLMs (which include OpenAI's ChatGPT, Google's Bard and Facebook's LLaMA) have been able to complete tasks like summarising, answering questions, and even planning a holiday.

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2. Using AI in your practice

Marketing for new clients

Starting at the beginning of the new client process, AI can help across many aspects of marketing and lead generation.

How can AI help your practice?

AI can:

- develop initial campaign ideas and strategies
- help write a range of content, including social media posts, direct email campaigns and other marketing copy
- help pull together presentations
- produce marketing videos, including script writing, voiceovers and images
- assist with editing and proofreading your copy
- make sure your content is search engine optimised (SEO)
- support your marketing campaign with visual content from AI-based art and video generators
- help you understand what worked well (or not so well) in your campaign, including measuring the engagement with each type of content, platform and channel, as well as identifying the best time to release new content
- keep an eye on what your competitors are doing with social media monitoring
- gather information about potential leads using chatbots on your website

What to watch out for when using AI

When using AI to generate marketing material, it's important to check for biased or inaccurate content. Many AI assistance tools are based on LLMs that 'learn' from the huge amount of content that is fed into them. When using AI (particularly generative AI), it's important to double-check its work, because they are prone to make mistakes — some that can be tricky to find! For example, they may include factual inaccuracies about your products, or inadvertently use culturally insensitive phrases.

Cyber criminals could potentially use generative AI to provide you with incorrect information - another reason to check for factual inaccuracies.

It's also important to understand the privacy and security implications for the tool you are using, before you start to input company or client information. You should also take into account any intellectual property considerations that might result from using AI to create content.

Managing risk

If you use these tools to aid in your marketing, make sure you leave the final decisions on campaign elements and reviewing content to a human.

Some tools have implemented new privacy controls so make sure you check these out. For example, OpenAI announced new privacy options earlier this year that let you turn off chat history in ChatGPT. .

Soon-Ee Cheah
General manager of AI products
Xero

Writing an effective prompt

We asked Xero's General Manager of AI Products, Soon-Ee Cheah, for his advice on creating effective prompts in LLMs like ChatGPT.

Here are his top three tips:

1. What works well on one LLM might not work on another, and an LLM that works well for one task might not be the best for another. It pays to test a few models out with basic prompts before investing extra time fine-tuning the best performing one for your task.

2. Be specific about the tone, length, and style of writing you want. Sometimes it's helpful to provide a persona for the LLM to adopt, like 'friendly accountant'.

3. If an LLM is really struggling, try including a few specific examples of what you're after as part of your prompt. This provides more material that the LLM can copy for style and content.

Customer service and client correspondence

Once you have your new clients on board, you can consider using AI-based tools to support some of your customer service functions.

How can AI help your practice?

AI can:

- answer basic customer questions using chatbots on your website
- develop some frequently asked questions using customer service analytics, that could then be hosted on your website
- scan customer emails to categorise and prioritise questions for staff to answer
- improve your communications and speed-up writing with predictive text and grammar suggestions
- develop auto-generated client email responses when keywords or questions are identified in correspondence

What to watch out for when using AI

As with marketing AI tools, you need to keep an eye out for mistakes in any AI-generated content, including bias and inaccuracies. If correspondence from your clients contains confidential or personal information, then you also need to take into account privacy and security issues and make sure that any data is stored securely, and not shared in such a way as to enable unauthorised people or algorithms to access or use it. You also need to think about any legal issues that you might have, if, for example, an auto-generated email or chatbot gave out incorrect information.

Remember that most people prefer speaking to real humans. While it may be more efficient and productive to use AI for your communications, relationships are built on human contact. Try to find a balance when using AI tools, so your customers still feel valued and get that human connection at key times.

Managing the risk

Make sure you have quality controls in place for that any auto-generated responses provided to customers. Talk to your professional advisers about the type of data you want to use with an AI-tool and how you want to use it. And make sure you have responsible data usage policies governing your use of customer information.

Creating and managing documents and records

AI can also help with some of the more time-consuming practice tasks, including setting up clients and maintaining their records. An example of this type of AI can be seen in some of the features of Xero's document and data capture software, Hubdoc.

How can AI help your practice?

AI can:

- assist with creating new documents such as presentations
- scan and then classify documents, helping with document management in your practice
- use information scanned from a document to populate fields in other records, helping you to set up new clients and maintain client records, so staff can focus on higher-value tasks
- help with quality control of records, such as verifying the work of junior staff to help senior staff when they need to sign-off on work or make a decision

What to watch out for when using AI

Security and privacy considerations need to be top of mind when using AI for any task involving client records and personal information. When scanning and classifying documents, AI is more likely to make errors classifying and extracting details when a supplier is obscure, or the accounting treatment is uncommon. If you're using AI to generate documents, and in particular documents with legal implications, you must check every word, as generative AI can make factual errors — sometimes referred to as 'hallucinations'.

Managing the risk

Make sure you keep security top of mind, and understand what the AI tool you are using does with any data that it scans or uses in document and record management tasks. Put in place a quality control process, so you can do spot checks to ensure the responses provided by the AI tool are accurate and that any updates to other fields and records are correct.

CASE STUDY

David Hanus
Chief Information Officer
BlueRock

"AI is the co-pilot; we like to use that term a lot at BlueRock. AI might be pushing the dials and steering the wheel, but the pilot is ultimately responsible for ensuring the plane flies correctly."

How can AI help advisors apply their expertise more efficiently?
One look at **BlueRock's** website and you'll see it's not your average firm.

The business advisory firm offers a one-stop shop for small business needs, with over 300 advisors providing expertise across accounting, legal, wealth management, digital transformation, finance and more. As an early adopter of new technology, BlueRock was quick to experiment when OpenAI's ChatGPT-3.5 AI model was first made available. For seasoned technologist and BlueRock's Chief Information Officer David Hanus, it was important to approach the new AI system from a position of distrust, before rolling it out across the practice.

"With all the hype surrounding generative AI tools, many of our consultants were eager to try it out, but we also saw the potential risks around privacy compliance and safeguarding data. We asked ourselves how we could provide access to AI for our consultants in a way that was safe and secure, and ended up creating our own GPT interface completely contained in our Azure environment. This allows us to have control over the prompts and requests to the AI model, and it's not logging any of that data."

With AI being made increasingly available, David believes the real differentiator will be how businesses can inject their own knowledge into these models, to make their processes more effective.

"We're taking the knowledge and IP that we've built in our business, like advice letters and tax rulings, and looking at how we can make that advice accessible to the AI model. So when a consultant asks a question, the tool will give the right response, as it's deferring to our own content. We're now integrating it into our advisor workflows, such as summarising documents, drafting letters and formatting emails. It will significantly reduce the manual writing time, but ultimately our advisors are still providing their IP and expertise into that output. GPT is just applying that expertise faster."

BlueRock is also exploring how the model can be used to derive actionable and readable insights from financial information in the Xero platform. "We're looking at how we can interrogate the Xero API intelligently to generate summary insights about how a client's business is performing, to help in compliance processes, and understanding the quality of accounts leading into these tax processes."

An important step was to keep humans in the loop, says David; in other words, setting up continuous feedback loops in the GPT model to improve the quality of the responses.

"AI is the co-pilot; we like to use that term a lot at BlueRock. AI might be pushing the dials and steering the wheel, but the pilot is ultimately responsible for ensuring the plane flies correctly. It's about keeping the human in the decision loop, to determine the outcome and do the critical decision-making."

Will AI replace accountants and bookkeepers anytime soon?

Not really, says David.

"AI will allow people to apply their craft and expertise more efficiently. If GPT can help you understand the client problem in one minute and you use your high-level thinking to solve the problem for the next nine minutes, you're going to generate a lot more value. AI will help to increase productivity in accounting firms, but it will never take the human element — building trust and relationships — out of the practice."

Managing your practice's finances

We know accountants and bookkeepers are experts when it comes to numbers, but any assistance to speed up calculations and projections of your practice's finances is a time-saver that allows you to focus on higher-value servicing of your clients. Platforms like Xero have a range of tools that already use AI to help make these tasks easier for you.

How can AI help your practice?

You can access AI in a range of technology platforms these days without having to invest in the actual AI technology yourself. As an example, these are some of the ways Xero uses AI to benefit you:

- Providing insights to help with cash flow management (such as Xero's short-term cash flow tool in Xero Analytics Plus)
- Managing your practice's expense claims more easily with the receipt scanner in Xero Expenses
- Reconciling practice accounts faster using bank reconciliation predictions
- Quickly transferring financial information into your practice's Xero accounts, using tools such as Hubdoc's credit note detection, and emails to bills data extraction

What to watch out for when using AI

Make sure that when you implement new technology in your practice, you work with trusted partners like Xero, that prioritise security of financial data.

Managing the risk

Ensure that you understand the data and security policies of the technology platforms that you use in your practice. Also make sure that you have multi-factor authentication (MFA) enabled, and your own security protections in place.

CASE STUDY

Jason Staats
CPA and Founder
Realize

"Historically, the way we work with clients is either one-on-one — they've got 100% of our attention span — or you have a frequently asked questions section. There's an opportunity for something in the middle."

Will AI mean new streams of revenue for accountants?

While AI could help with existing tasks across the back office, it also has the potential to help advisors build new services or rethink how they differentiate in the market. US-based firm Taxaroo recently launched ZeroTax.AI, a tax chatbot that allows people to ask an individual and business tax question and get an AI-powered answer, for free, in minutes. They can then get this answer reviewed and verified by a professional accountant for a fee of $5 per question.

Jason Staats, a CPA and founder of the **Realize** professional accounting community, says many accountants have a secret superpower: their own knowledge. That expertise — the countless hours talking to small businesses about their finances, and intimate knowledge of their finances — provides a better training dataset for AI than any large models built purely off publicly available information.

That gives many accountants a unique opportunity to create new services — like an AI chatbot — that leverages their firm's existing historical knowledge and expertise to provide accurate, repeatable answers to their clients' most frequent questions.

"Historically, the way we work with clients is either one-on-one — they've got 100% of our attention span — or you have a frequently asked questions section. There's an opportunity for something in the middle," Jason says.

"The reality is, a client could come to a chatbot that could probably answer 75% of their questions. That is a snapshot of you based on your expertise, but it's not a replacement for the real deal."

Ensuring the answers are accurate and checked by the advisor is crucial to building trust in such a system, like the ZeroTax.ai bot. A chatbot like this won't replace the value of the accountant themselves, Jason says, but instead will provide a funnel for new clients who need more detailed advice or more advisory services.

As AI becomes more embedded in data entry and reconciliation, advisors have a greater opportunity to demonstrate their value as strategic advisors to businesses, and differentiate themselves in the market based on their expertise.

"Specificity is the protector of any sort of general-use tool getting really, really embedded," Jason says.

It will also put accounting firms in the hot seat to help their own clients navigate the potential opportunities and challenges of AI.

"Every time there's something new and disruptive like this, what do accountants do? They go out, they figure it all out, and then they're the ones that help their clients adopt it. Accountants are the backbone of small businesses — they are really well-positioned to be the ultimate operators because they're at the centre of all of the data that is flowing through a business."

3. How accountants and bookkeepers feel about the emergence of AI

We recently spoke to 150 accountants and bookkeepers across the globe on how they feel about the emergence and potential impact of AI on their practices now and in the future. This research was conducted by Xero in collaboration with C-Space.

Advisors are excited about driving efficiency

Though AI is sometimes discussed as a potential threat to jobs, most accountants and bookkeepers we talked to weren't that concerned about it happening in their own practice. In fact, many accountants and bookkeepers, particularly in the US, are feeling positive and even excited about the implementation of AI in their workplace.

The accountants and bookkeepers we spoke to see three main benefits coming from AI.

- **Efficiency:** saving time doing mundane and repetitive tasks through automation
- **Faster answers to questions:** reducing the time needed to find the answer to a problem
- **Data accuracy:** avoiding human error thanks to automation as well as the ability to detect mistakes and correct them

The accountants we talked to were most excited about using AI to augment their existing back-office systems, such as accounting or payroll, as well as support systems like customer service and helpdesk tools.

Losing control is biggest fear with AI tools

Even those who understand the potential benefits of using AI have concerns about the risks that arise from delegating their tasks to it. Accountants and bookkeepers said they feared losing control over tasks and are worried about the negative consequences that might arise from it, such as potential data loss or inaccuracy through hallucinations.

They want to have strong control over their information when they need it, and fear losing that control to an AI tool.

This uncertainty is driving accountants and bookkeepers to seek training that can provide support and can help them unlock the new opportunities that are presented by AI and its challenges. This is, prompting growing demand for specialised training programs that are focused on the effective implementation of AI technology.

4. The opportunities and challenges for small businesses

Xero recently surveyed over 3000 small business leaders across Australia, New Zealand, Singapore, the UK, Canada and the US to understand what they are thinking, feeling and doing about AI, and the key opportunities and challenges they see for the technology in their business. The research was conducted for Xero by Lonergan Research; learn more about the research methodology below.

The AI adoption gap

AI is shaping the way people work, live and play, and this awareness of AI in daily life seems to be translating to awareness of how AI is used among small businesses. Almost three quarters (73%) of the small businesses we surveyed said they have 'deep' or 'some' understanding of AI. Only 22% of respondents said they have 'little' understanding of AI, with only 5% admitting they have no understanding of AI.

This awareness of AI could play into how small businesses feel about AI. Almost one third (32%) said they feel intrigued about AI; this is followed by feelings of anxiousness (31%) and excitement (30%). Additionally, 50% of respondents believe AI will be helpful to their business, and will have a positive impact on their people, process and workflows, compared to 20% who believe it will be harmful.

Question: Artificial intelligence: How do you feel about the following emerging technologies?

Anxious	31%
Intrigued	32%
Excited	30%
Optimistic	28%
Indifferent	14%
Other	3%
Don't know	3%

Despite the optimism about AI's potential to transform business operations, many small businesses are still in the early stages of AI adoption, with only 17% already using AI.

To stay ahead of the AI curve, over the next 12 months small businesses said:

- 32% plan to experiment with available AI tools
- 22% are planning to invest in new AI tools
- 20% are dedicating more resources to AI use
- 32% are not taking any proactive steps when it comes to AI use in their business.

While there is clearly an appetite for AI, the survey suggests that many small businesses may need help to take the leap and drive greater adoption of AI across their business workflows and processes. Today, many small businesses look to their accountants and bookkeepers as advisors on how to digitise and streamline processes. As AI-powered tools become more widely accessible, advisors will play an important role in helping small businesses understand AI's current and potential applications.

Too much trust can lead to privacy issues

Of the small businesses who are using generative AI tools, 69% said they have seen drawbacks. The most commonly seen was increased security or privacy issues (23%), followed by increased biases or inaccuracies in content (18%). There is a human impact too, with 18% saying they have seen decreased employee morale from using generative AI tools in their business.

One explanation could be that small businesses are too trusting of AI tools. More than half (51%) of small businesses surveyed said they trust AI with personal identifiable customer information, with 45% trusting AI with sensitive commercial information. This is despite 41% of small businesses naming sensitive information disclosure and data privacy violations as the biggest ethical issues relating to AI.

The survey suggests small businesses may need help in balancing the risks and rewards of AI. When asked how they manage the risks of these tools, only 26% have policies and guidelines for employees on AI usage. A quarter (25%) provide training or resources to employees on identifying potential biases or inaccuracies, and 23% seek written consent from their customers before using AI tools.

Question: What do you believe are the biggest ethical issues relating to AI?

Sensitive information disclosure (customer data, business IP)	41%
Data privacy violations (use of personal identifiable information)	41%
Worker displacement (loss of jobs or job creation)	38%
Intellectual property infringement (plagiarism, copyright)	34%
Lack of transparency and accountability	30%
Unconscious bias in data and models (race and ethnicity)	27%
Other	1%
Don't know/not sure	9%
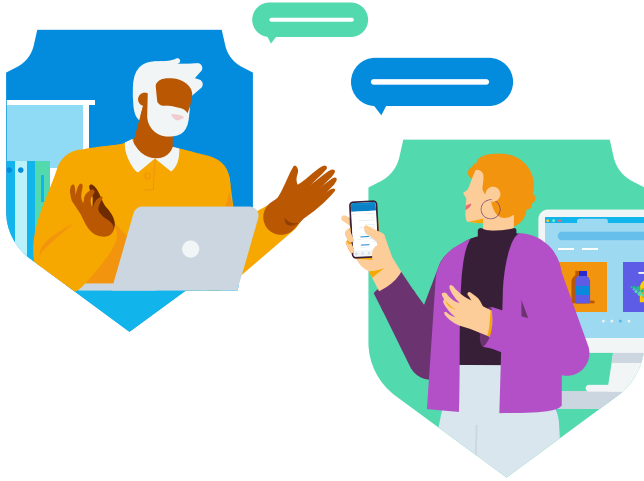
Small businesses want regulation and education

Momentum is building around the world for AI regulation. Many governments are looking at the appropriate regulatory and policy responses to mitigate the potential risks of AI, and to support safe and responsible AI practices. However, small businesses believe governments are moving too slowly, with 80% of respondents concerned that AI development is outpacing regulation.

When asked about the top things governments should do, 35% of small businesses believe governments should ensure that AI has strong regulation to provide data protection, followed by providing more education, resources and information for businesses (21%). Many small businesses feel that their business needs training for employees on understanding the different types of AI and their impact (43%), increasing productivity with AI (38%), and working responsibly with AI (37%).

Until AI-specific law reform is introduced, the survey suggests small businesses may need help to navigate and understand the current legal frameworks enforced by various regulators, including data protection and privacy. As trusted advisors, accountants and bookkeepers can help small businesses stay informed on AI regulation, and about frameworks for safe and responsible AI best practices.

Top small business concerns for the next 12 months

The opportunities and possibilities of AI loom large, with 75% of small businesses believing it will have an impact on their business in the next five years, including 34% who believe it will have a significant impact. Small businesses want AI to play a big role — but not the majority role — in their business, with only 43% saying they want more than half of their business systems supported by AI.

That said, AI is not a priority in the near term. When asked about their top three concerns over the next 12 months, the majority of small businesses said growing business revenue (65%), attracting new customers (61%), and managing rising costs (56%). Amid all the hype and buzz around AI, this is an important reminder that small businesses are focused on just getting through this challenging economic period.

Question: When thinking about your business priorities over the next 12 months, please rank the following in order of priority.

Growing business revenue	**65%**
Attracting new customers	**61%**
Managing rising costs	**56%**
Reducing business spending	**41%**
Finding and retaining talent	**30%**
Adopting / Investing in artificial intelligence tools	**25%**
Digitising / Moving services to the cloud	**22%**

About the research methodology

The research was commissioned by Xero and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 3,057 business leaders in organisations with 50 or less employees. Surveys were distributed throughout Australia, New Zealand, Singapore, UK, USA and Canada, with 500 participants per market. The survey was conducted online amongst members of a permission-based panel, between 8 June 2023 and 21 June 2023. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

5. Building AI-powered products across the Xero platform

At Xero, our AI strategy considers two key items: how AI will shape our products for the benefit of our customers, and how AI will shape our company and the way our teams work.

As we've grown into a platform with billions of financial data points, we've been able to invest in developing our own in-house AI capabilities. In fact, the Xero platform already uses AI as building blocks for many of the features you and your clients use every day.

Core to our investment approach is focusing on creating core models that we use like building blocks to create streamlined workflows and timely insights. We call these building blocks 'domains of intelligence'.

Today our domains of intelligence include:

- **Understanding financial documents,** which we use to extract structured data from bills, receipts and invoices to streamline data entry and save our customers precious time
- **Recognising historical patterns to predict future transactions,** which allows us to forecast potential short-term cash flow in Xero Analytics Plus
- **Classifying transactions for accounting purposes, to understand what a transaction might be,** based on its description, which helps speed up bank reconciliation by predicting account codes and contacts

These building blocks can quickly become solid foundations for all sorts of use cases. They give our teams the flexibility to combine and integrate them across the Xero product suite to deliver seamless experiences that customers love.

Generative AI capabilities are another set of those AI building blocks we can use creatively to build amazing products that help our customers. In particular, LLMs will fundamentally redefine how users can interact with information, giving them flexibility to converse about incredibly complex information in natural language.

But this technology still has some pretty significant hurdles to cross. We're focusing on drawing the benefit from this technology, alongside avoiding or managing the factual inaccuracies that can occur with the content these models generate, while always keeping in mind all security risks and our responsible data use commitments.

Our focus is on understanding the limits of LLMs and finding ways to keep them grounded in truth. This is crucial as we start to experiment with generative AI capabilities in the parts of our product where helping customers more quickly find information and get support is key to their success.

Responsible data use

A key component of Xero's AI use is our strong focus on responsible data use, reflected in our responsible data use commitments, so you can be confident that your clients' data is protected and used responsibly. As custodians of the data on our platform, our company-wide commitment to responsible data use aligns with our vision of being the most trusted and insightful small business platform. These commitments are highly relevant when incorporating AI into our products. They guide our behaviour and decisions in every area of data use, and we believe this approach aligns with your expectations of Xero.

As you think about using AI in your own practice, here are Xero's suggestions of some things to think about in terms of data use:

- AI is only as reliable as the data it feeds on: if the data or information base of the AI is poor then the outcomes will be as well.
- Be mindful about unwittingly giving away valuable data or intellectual property when using AI tools.
- Be careful about assuming that AI outputs, including code, are safe to use. (Several legal actions are already underway alleging copyright or privacy infringements.)
- Consider the privacy and security aspects of any AI you use - whether it is safe to share data with the AI tool and how your data might be reused.
- AI can certainly help you and your business, however consider how easy it is for these benefits to be used by cybersecurity criminals to create challenges and/or incidents for your business.

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