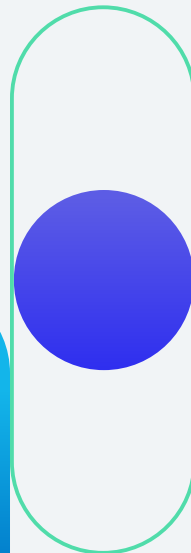
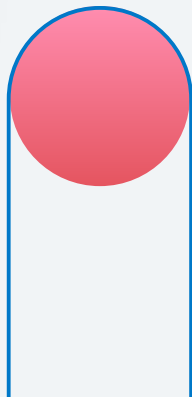


AI simplified: **Xero's AI guide for accountants and bookkeepers**

2025



*your business
supercharged*



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

The rise of generative AI (GenAI) has ushered in a transformative era for businesses across industries. Tools like OpenAI's ChatGPT, Google Gemini and Anthropic's Claude have captured the world's attention with the ability to generate human-like text, images, code and even videos and music. These incredible, AI-driven capabilities have sparked a wave of excitement and exploration, as organisations rush to understand how this technology could augment and streamline their operations.

The potential for transformation across industries and economies has continued to be a point of discussion for global governments and companies. [J.P. Morgan Research](#) estimated GenAI could turbocharge global GDP by up to 10% (or a staggering US\$7 to 10 trillion).

AI has also made a significant impact in the world of finance and accounting. According to [Mordor Intelligence](#), AI in accounting already has an estimated value of US\$1.56 billion, and this will increase four-fold by 2029. This growth is driven by the pressing need for smarter, faster, and more accurate financial processes as businesses seek to streamline operations and accountants strive to boost productivity.

However, as is often the case with nascent technologies, many GenAI tools and features have quickly transitioned from hype to pragmatism as people discover the limitations and potential drawbacks that large language models have or could have. While the potential of GenAI is undeniable, its adoption is not without valid concerns over data security, data accuracy, and fears of losing control over decisions. This is especially true in accounting and bookkeeping, where accuracy is critical and strategic nous is paramount.

Understandably, some in the accounting industry might worry their profession could be threatened by AI. But as AI-powered tools have become increasingly ingrained in workplaces, it is becoming apparent that wholesale change is unlikely in most industries. Instead, AI has the potential to supercharge specific skills, streamline others, while opening the door to greater productivity, scale, and creative opportunity.

When harnessed correctly and with the right data, AI systems can provide valuable insights, and even automate basic analysis, but translating and contextualising these insights for clients remains a critical human task. Automation and analysis are only beneficial if complemented by trusted advisors who can explain the findings and guide clients strategically. While AI can automate routine and repetitive tasks, the accountant's role is evolving towards more strategic, analytical, and advisory functions. And as GenAI gains traction, accountants are empowered to become an even more valuable resource for your clients.



Xero has always focused on empowering small business customers, and their accountants and bookkeepers, with the best technology to help them thrive. Our approach to generative AI is to use these powerful systems to enhance and improve businesses. For instance, [Just Ask Xero \(JAX\)](#), Xero's AI-powered smart business companion, will help small businesses automate routine accounting-related tasks and provide deep insights to enable them to run their business better. We know that, as an advisor, your time is often taken up by routine tasks and chasing clients for information. JAX will give you more time back to focus on higher-value tasks. See page 14 to learn more about JAX.

So we've developed this guide for accountants and bookkeepers to help you understand what's possible, and what isn't, with artificial intelligence today, and ensure you can navigate the issues with confidence. We've collated the latest in GenAI developments, how it applies to accounting and bookkeeping practices, and examples of how firms are already implementing it in their practice.

As AI systems improve and become more embedded in products this year, accountants and bookkeepers will need to start thinking about how it can help them improve their businesses. Understanding which processes could benefit, what data is needed to help implement them, and how to get started is crucial.

GenAI isn't a binary, all-or-nothing solution. It's a continuum, with a number of steps that businesses and advisors of all sizes can take to improve their processes. Finding where technology can automate or streamline, and where humans have a unique and irreplaceable value in business, will be critical to success.



How this guide works

We first created this guide in 2023 as generative AI entered the public lexicon. Nearly a year on, the tools, models, capabilities and use cases have evolved rapidly, so we're updating it for 2024. This updated guide includes new information on the tools you can use, how to get started, and what to watch out for, ensuring you can start to explore the benefits of AI-powered tools for core tasks including:

- marketing your practice
- customer service and client correspondence
- creating and managing documents and records
- managing client finances

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

How might AI-powered tools 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.

2 How to get started

Key things to think about when assessing the types of tools you might be able to look at as a starter.

3 What to watch out for

As with other technologies, artificial intelligence requires consideration of legal issues, ethical considerations, data security, potential use by cybersecurity adversaries and privacy.

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. Machine learning models process many examples of a task to be completed (such as reconciled bank statement lines), in order to recognise 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 (GenAI): 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): An 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 grown much bigger (hence the name!). Recently, with dramatic increases in size, these LLMs (which include OpenAI's ChatGPT, Google's Gemini, Anthropic's Claude and Meta's LLaMA) have been able to complete tasks like summarising, answering questions, and even planning a holiday.

Agents: Sometimes referred to as 'robots', agents are individual AI-enabled programs designed for a specific use case — say, answering an email, automating a specific workflow or collecting information from a customer. As opposed to ChatGPT, which accomplishes a wide range of use cases, an AI agent is designed to complete a specific job or workflow, customised to a company's unique requirements, and can leverage multiple AI models, features or different tech tools to accomplish that task.

2. Using AI in your practice

If you use cloud accounting software, you're probably already using AI in your practice, whether you realise it or not. For example, Xero has already embedded AI features in receipt and invoice scanning, coding, bank reconciliation, invoice reconciliation, accounts payable and cash flow forecasting. In other apps, such as marketing and design tools, AI is often being used behind the scenes to summarise content, suggest edits or automate workflows.

While almost all businesses will begin using AI in some way through new features in existing products, proactively adopting new AI-powered tools and revising workflows to include AI-powered capabilities has the potential to provide even greater improvements. Used correctly, AI-powered tools could become the spur to help small businesses and advisors boost productivity, enabling them to complete tasks faster and automate entire workflows.

Any assistance to speed up routine accounting tasks and provide financial insights is a time-saver that allows you to spend less time on tasks like data entry, and focus on higher-value client advisory services.

Of course, the need for accuracy is paramount in any accounting practice and ensuring that AI maintains precision of data, analysis and content is vital. Combining the efficiencies of AI with clear workflows and human editing, accountants can use tools to speed up existing processes, automate workflows and improve productivity to take on more clients and more into new service areas.

But first, let's look at some practical examples of how AI-powered tools could be used in an accounting or bookkeeping practice.

CASE STUDY



Why 361 Degree Consultancy treats AI as an accounting superpower

Ken Leong sees a future where AI is every accountant's superpower.

As director of 361 Degree Consultancy, a firm operating in Singapore and Malaysia, Ken oversees both accounting and software integration services for more than 1700 small and medium businesses. He has long been a fan of trying out new tools to improve his consultancy. That drive led the firm to switch to Xero for the majority of their clients in recent years, with Ken seeing the immediate benefits from some of the AI-powered features in Xero working in the background.

However, it's the potential power of GenAI, and the opportunities it brings in new creativity and productivity benefits, that has him truly excited. Ken's team has already implemented a number of AI-powered tools into their practical workflows including Microsoft Copilot to summarise and analyse client data. They're also testing others like Google's Gemini and OpenAI's ChatGPT to ensure they're working with the best tool for them.

Ken envisions a future where AI is used to deliver in-depth reporting and forecasting that analyses client data, proactively highlights important trends, and provides clear explanations of those trends. That, he says, would allow his accountants to focus on adding value to clients by providing bite-sized, easily understandable reports to help clients understand their finances, and outline ways for them to grow their business.



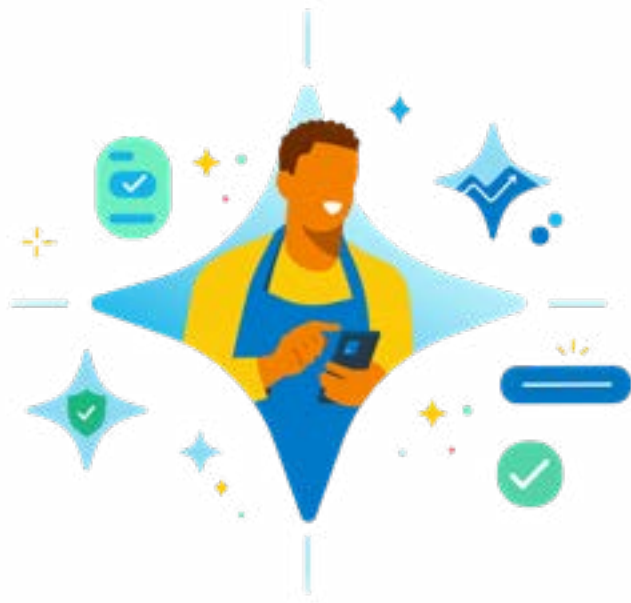
Ken Leong

Director
361 Degree Consultancy

"Data-driven insights can empower accountants to provide even more value-added services to their clients," he says. "We're really excited to inform our customers about Xero's new AI-powered business tool JAX. These new and intelligent GenAI features have been highly anticipated because with JAX we will be able to respond to our customers much faster."

For accountants and bookkeepers looking at incorporating AI into their practice, Ken offers three pieces of advice.

- 1 Identify a pain point.** "Many small businesses don't have a marketing team. This would be an excellent area for AI assistance, to help create basic social media content or customer emails to boost awareness."
- 2 Start small and experiment.** "Similar to how cloud-based technologies overcame initial scepticism, AI will become more mainstream as its benefits become clearer."
- 3 Don't over-trust AI.** "Be aware that AI-generated content is not always accurate and still requires human input and verification."



Marketing your practice

Building, marketing and growing the practice is a task many accountants wish they had time to do, but often falls to the wayside as priorities stack up. AI-powered tools provide a new-found opportunity to help quickly create and publish materials that can help grow your practice.

How can AI-powered tools help your practice?

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

AI-powered tools 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
- quickly translate existing marketing materials into other languages to help you localise into new countries or regions
- keep an eye on what your competitors are doing with social media monitoring
- gather information from potential leads visiting your website using chatbots, such as their contact information and requirements

How to get started

Many popular marketing, design, social and customer tools have started to build AI-enabled features directly into their platform to enable many of the tasks outlined above. For instance, to get started you could:

- check your customer relationship management (CRM) platform for AI-enabled features that help you draft website landing pages or emails to prospective customers.
- have a play with popular online design tools, which often have in-built generative AI tools, to create images with text prompts, augment social posts in different formats, or summarise marketing copy for use across different social platforms.
- use text-to-image generation tools from many of the big AI model companies to quickly create or imagine new types of imagery for your firm.

What to watch out for

When using AI-powered tools 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 these tools are prone to making mistakes; some that can be tricky to find. For example, they may include factual inaccuracies about your products, or inadvertently use culturally insensitive phrases.

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

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

CASE STUDY

**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 Don't be afraid to tell the LLM how good it's going to be. Studies have shown that including: "You are an expert in <your task here>" can improve performance!
- 2 For more complex tasks, try including instructions to list out the steps it took to answer the request before answering (i.e before answering, clearly explain, in bullet points, the steps you took to arrive at your answer). This method, known as 'chain of thought', has been found to improve performance in reasoning tasks.
- 3 Consider applying formatting to separate blocks of information. Specifically, adding headers in all caps to denote sections of your prompt (i.e. "BACKGROUND", "TASK", "ADDITIONAL INSTRUCTIONS") can improve performance when you need to provide larger amounts of structured information to the LLM.

Customer service and client correspondence

AI-powered tools can assist with onboarding and supporting new and existing clients, tap into your existing knowledge database to craft answers to support queries, or enable you to quickly respond to customer correspondence faster.

Xero uses generative AI inside our customer education portal, Xero Central, to quickly surface information based on user queries and provide summaries of knowledge base content. To date, generative AI answers inside Xero Central have reduced search times by approximately 40%.

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 employees 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

How to get started

Many productivity and collaboration tools are implementing AI features to help draft or refine content in your brand voice, or replicate content across a wide variety of customers. To get started, you could try the following:

- See if your existing productivity tool, like Microsoft Office or Google Workspace, has AI-enabled proofreading, editing or text-to-generation features. These allow you to draft content from scratch using text prompts, or proofread your existing content to make it more formal or cordial.

- Some platforms are designed specifically to help you become a better writer with AI. These tools provide specific features that allow you to turn a blog post into an Instagram caption, or re-write an email 20 times to create multiple versions for different customer formats.
- General AI-enabled chatbots will be able to help you write or proofread your content in different formats. Some also allow you to create your own unique 'bots' or agents that you can train on your or your company's writing style – that way over time you can make it sound more and more like you.

What to watch out for

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.

CASE STUDY



How DSK transformed preparing proposals from three weeks to one day

“We had a 30 minute meeting and bullet-pointed the key information which we put into Gemini. Within five minutes we had the best pitch document that you’ve ever seen.”



Sheetal Shah

Partner, DSK Partners

In the accounting and bookkeeping industry, staying ahead of the curve can not only help you thrive, but give you an edge. That’s the case for London-based chartered accountancy and business advisory firm [DSK Partners](#). What started as a small practice of two partners, has become a fast-growing practice with nine partners and 60 staff, driven by their push to adopt new technologies.

The firm began looking at implementing AI-powered tools in 2022, starting with their biggest pain point, email.

“Everybody had 100 unread emails in their inbox,” partner Sheetal Shah says. “Responding to clients via email took so much time our team were often leaving it till the evening, and clients weren’t getting a response in the timeframe we or they wanted.”

The team implemented Microsoft Copilot to help staff draft emails quickly, and used Microsoft Teams to draft meeting minutes, which were done within 30 minutes of the meeting completion.

The firm continues to experiment and expand the AI tools in its arsenal, including using Google Gemini to draft pitch documents for clients, reducing a task that would take four people three weeks, to less than a day.

“We had a 30 minute meeting and bullet-pointed the key information which we put into Gemini,” he says. “Within five minutes we had the best pitch document that you’ve ever seen.”

This increased efficiency has led to better outcomes, such as producing winning pitches and improving business forecasts. AI-powered tools have freed up all staff to spend more time with clients and significantly reduce team churn – with no staff leaving in the past two years – a statistic Sheetal attributes to a more fulfilled team.

His advice to bookkeeping and accounting firms:

“Take simple steps. Be in a learning mindset,” he says. “Don’t be scared of failing. One of the hardest parts of all of this wasn’t testing and learning with the tools, it was getting the team on board.”



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

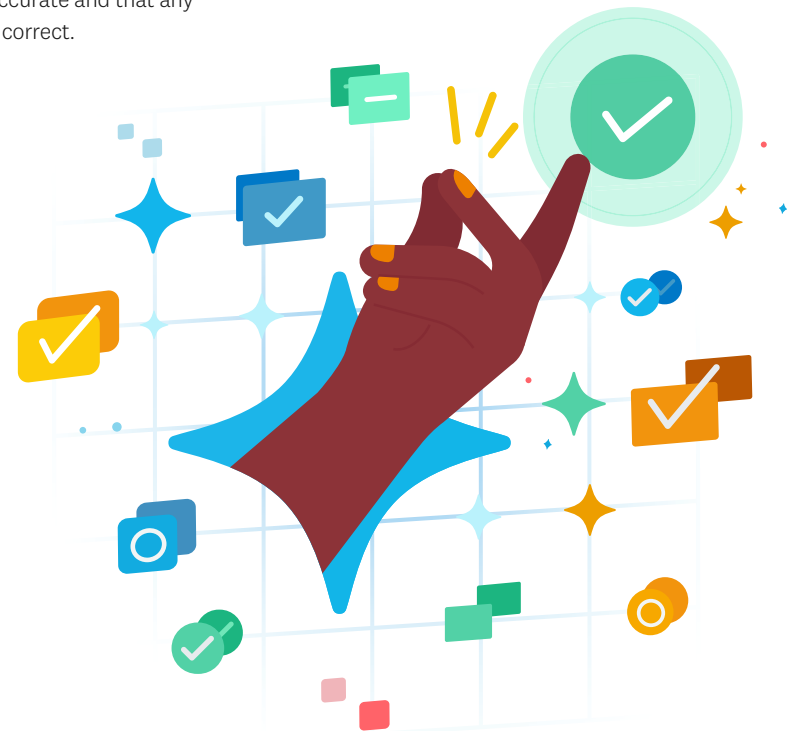
How to get started

Creating documents for your practice or your clients is often highly specific and may require trained AI models and clear workflows with your team. For a start, you could use AI-enabled chatbots to create first drafts of content that doesn't include any confidential data or private client information. To do this effectively, use the prompt tips included earlier in this guide.

What to watch out for

Security and privacy considerations need to be top of mind when using AI-powered tools 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 small and harder to find information on, 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, which are sometimes referred to as 'hallucinations'.

Establish a quality control process, so you can ensure the responses provided by the AI tool are accurate and that any updates to other fields and records are correct.



CASE STUDY



Igniting the future of accounting with AI

“Teachers in our children’s schools are using it as a framework for faster research, for faster responses, for better understanding, for better information. So if our kids are doing that as a part of their research process and learning how to do it, how much more effective could it be for us to understand it because it’s directly impacting the work that we do every single day.”

Ignite Spot was formed in 2008 with a key goal — to provide tangible, real-time and helpful advice to small business owners, and fix what they saw as a broken accounting system. To help achieve that, the firm has often been at the forefront of technology — Ignite Spot moved to an entirely virtual team in 2013, before cloud accounting was the norm, and began experimenting with AI deeply in 2018, four years before ChatGPT was released.

Today, the firm employs 25 accountants across the United States, helping clients in more than 35 states with clear, tangible advice to help them grow their business.

Artificial intelligence has helped Ignite Spot grow their business faster, keep teams aligned and improve operations and client services. Beginning with early models, and since moving to large language models like ChatGPT and Claude, Dan and his team rely on AI tools to create internal policies more efficiently, and draft frameworks and recommendations in minutes instead of hours.

A key area of growth for Dan is his ability to upskill his teams more quickly. Using AI-enabled formulas in Excel and Google Sheets allows his team to more quickly analyse and summarise data that would have previously taken years of practice and experience to complete. In future, he’s excited about the opportunity to use AI to find client recommendations that previously would have been out of the realm of most.

“We’re going to be able to ask more qualitative questions to AI about what’s happening specifically with our clients, potentially do better analysis than what you can do from just an initial glance or an initial view and be able to start framing the appropriate balance of questions for you to ask about each individual type of business,” Dan says.



Dan Luthi
Partner, Ignite Spot

“That will help us to be able to frame communication and recommendations to our clients that historically may have been something that you had to have a more advanced team doing analytics and doing reviews.”

The long history of experience Dan has had with AI has allowed Ignite Spot to move through key obstacles, including how prompts are framed, when staff should or shouldn’t use AI, and how to ensure client privacy at all times.

“Teachers in our children’s schools are using it as a framework for faster research, for faster responses, for better understanding, for better information. So if our kids are doing that as a part of their research process and learning how to do it, how much more effective could it be for us to understand it because it’s directly impacting the work that we do every single day,” Dan says.

“There’s so much value that can come from it on framing the conversation for you faster, it’s only going to help you to be able to be a better professional about the things that you do and to be able to have better research tools.”



Managing client 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 timesaver that allows you to focus on higher-value servicing of your clients.

Platforms such as Xero have a range of tools that use AI to help make these tasks easier for you, with clear security guardrails that ensure data security. For instance, Xero is implementing a proprietary grounding system in Just Ask Xero (JAX) that ensures accuracy by structuring and separating a business's critical Xero data from the generative AI model in JAX, ensuring the data is only ever used to provide relevant information to the user.

How can AI help your practice?

You can access AI-powered tools in a range of technology platforms without having to invest in the actual AI technology yourself. As an example, these are some of the ways Xero and others use AI to benefit you:

- Providing insights to help with cash flow management (such as Xero's short-term cash flow tool in 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 email-to-bills data extraction
- Using AI to find the right formula in spreadsheets to analyse and dissect customer data

How to get started

Ensuring you analyse client finances carefully is crucial, so AI-powered tools should be used carefully and with a human in the loop to ensure all data is accurate and up-to-date. Some areas you can get started include:

- Ensure your client data and workflows are digitised – making sure data is in the right place, cleaned and organised – will enable AI features or tools to understand the data in the broader context
- Use AI-enabled accounting tools to dig into analysis and forecasts of data to help identify potential areas for further exploration or analysis
- Explore AI features inside popular spreadsheets that help find the right formula to splice and dice customer data

What to watch out for

Make sure that when you implement new technology in your practice, you work with trusted partners like Xero, that prioritise security of financial data. Read, or ask, the technology platforms that your practice uses about their data policies.

Also make sure that you have multi-factor authentication (MFA) enabled, and your own security protection in place.

CASE STUDY



Meet the Hot Toast robots

Eight years ago, Sarah Lawrance made a bold career move, leaving the fast-paced advertising and media production world behind to build a different kind of accounting firm. Her brainchild – accounting, bookkeeping, and CFO advisory firm Hot Toast – was born out of a vision to offer small and medium businesses the same level of financial expertise typically reserved for corporate giants.

Hot Toast, now a B Corp certified company, is a women-led business based in Australia, with additional team members in the Philippines. The company works with clients in advertising, television, and fast-growth technology. From inception, it has embraced cloud-based accounting solutions like Xero to streamline operations and accounting workflows.

As GenAI tools became available in 2022, Hot Toast began experimenting with ChatGPT and others to understand their potential to support the business. Today, these tools are crucial to their business productivity – taking minutes in meetings, digging through client transcripts for information, automating dashboards, and providing initial data analysis.

Hot Toast has even started testing their own proprietary ‘robots’ – AI-powered agents capable of handling basic bookkeeping tasks like bank reconciliations and data entry. The early trials are promising, slashing a typical 35-minute task to under five minutes, without sacrificing accuracy.

To ensure safety and accuracy of their systems, Hot Toast is taking a measured approach, with rigorous data security standards that ensure client data is secure and used only for its intended requirements, backed by cybersecurity standards.

“We see AI freeing up our team from tedious tasks,” says Sarah.

“This allows them to focus on what they do best – providing strategic advice and building core relationships with clients.”

This shift, Sarah predicts, will pave the way for a new breed of accounting firms that are more client-facing and advisory in nature, to offer services like tax planning, business coaching, and sustainability consulting, becoming true partners in their clients’ success.



Sarah Lawrance
Founder, Hot Toast

“Our profession has a talent attraction and retention problem,” she says. “It’s a really hard sell to an 18-year-old to churn out tax returns and do bookkeeping for a couple of years before they get any client contact or add any value.”

AI will be a catalyst for positive change in accounting: “It will mean that we’re going to level up our skill sets and focus on providing high-value, impactful, advisory services. I believe AI will open up more pathways for a new generation of strategic accountants.”

3. How Xero is building AI into its platform

At Xero, we've always embraced new technologies to empower our small business customers. We've witnessed the transformative power of technology, from cloud accounting, to automation, and now, AI.

AI is already woven into many Xero products, including bank reconciliation predictions, data capture with Hubdoc, Xero Expenses, and cash flow forecasting with Xero Analytics. These AI-powered tools save customers countless hours each year and we're constantly investing in expanding their capabilities.

At Xero, our AI strategy is designed to help us remain laser-focused on our customers by addressing three critical areas for small businesses and advisors:

- **Automating and streamlining repetitive, time-consuming tasks:** We know that small businesses and their advisors often feel overwhelmed by the sheer volume of administrative tasks they must complete. Xero automates repetitive work across bank reconciliation and statement extraction to save you precious time on manual tasks.
- **Smarter decisions, faster:** One of the most effective ways we can help with that is to deliver the right insights to our customers, at the right time. For accountants, getting an accurate picture of how your clients are performing and what to expect in the future is crucial, which is why [Xero Analytics Plus](#) offers cash flow forecasting up to 90 days in the future.
- **Getting answers instantly:** We've embedded a conversational AI tool in [Xero Central](#) – our customer support and learning site – and right in the Xero platform, providing answers in clear, natural language alongside relevant articles. New customer onboarding is also a breeze with our AI-powered setup guide. Plus, JAX will surface answers to everyday accounting questions in the apps and platforms you already use, including email, WhatsApp, and mobile.



Need to know something about your finances? Just Ask Xero

Xero is developing a conversational interface called Just Ask Xero (JAX), which uses powerful GenAI technology. JAX will help users automate routine accounting tasks and provide personalised insights wherever they are.

Once launched, customers will be able to “Just Ask Xero” to complete tasks like generating an invoice, editing a quote or paying a bill, either in Xero or other apps such as email, WhatsApp or text message. JAX not only completes the task but, in future, will be able to anticipate other tasks that may follow on, such as following up overdue payments. It will also provide personalised insights so customers can make informed business decisions.

In the future, JAX will also help accountants and bookkeepers with specific tasks they need support for.

Importantly, Xero is building guardrails to ensure JAX is fast, accurate and secure for businesses.

Xero is fusing the flexibility of generative AI with a proprietary control system that guides JAX through precise accounting data. This system structures and separates a business's critical Xero data from the generative AI model in JAX, ensuring the data never exits the platform and is only ever used to provide relevant information to the user, whether that's the correct invoice, contact or revenue data.

These guardrails will help overcome some of the challenges of existing generative AI models, which are typically more used for creative ideation, by guiding the model with data that is accurate and relevant to the business, while protecting the user's data.

By bridging powerful AI capabilities with explicit safeguards, JAX is providing the balance small businesses need: to harness AI's strengths while enforcing strict boundaries to mitigate risks around inaccuracy, or overreaching outputs.

You can register for the JAX beta [here](#)



Integral 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.

GenAI 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. Our commitment to responsible AI means we have a robust foundation of predictable AI, ensuring consistent and reliable behaviour. This foundation underpins our GenAI, where outcomes are validated against these established guardrails for continued learning. This approach allows us to harness the power of AI while maintaining trust and accuracy, aligning with our vision of being the most trusted and insightful platform for small businesses.

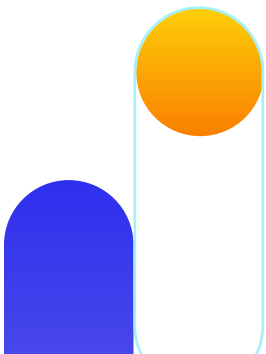
We're focusing on drawing the benefit from this technology, alongside avoiding or managing the factual inaccuracies that can occur in the content the models generate, while always keeping in mind the security risks and our responsible data use commitments.

Xero's responsible data use

We're trusted to be custodians of our customers' data and don't take this responsibility lightly. In 2020 we introduced our company-wide [responsible data use commitments](#), so you can be confident that your clients' data is protected and used responsibly. We also implemented an generative AI policy internally to provide more detailed guidance for our teams working with this technology.

As you think about using AI in your own practice, here are some 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 AI data or information base is poor, 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. Your use of this code might infringe someone else's copyright, or introduce security vulnerabilities into your own code base
- 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





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