

Do You Know Your
AI from RPA?



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The development and rise of various digital technologies bring more predictability, proactivity and automation to all kinds of businesses.

Bringing more order and structure to the way we store, analyze and utilize large data masses has become easier – but first you need to know who's who in the vast sea of digital technology terminology.

We've compiled a hopefully useful lexicon on some of these new technologies.

RPA = Robotic Process Automation is a process automation technology using artificial intelligence workers, where software robots operate virtual workstations in place of humans.

AI = Artificial Intelligence is technology with capability to learn, understand content and come to its own conclusions. AI often uses machine or deep learning and natural language processing (NLP).

Machine Learning is an artificial intelligence technique giving computers the ability to progressively improve performance on a specific task, i.e. "learn", by feeding it data, instead of programming it.

Deep Learning is an advanced form of machine learning, using complex data inputs (e.g. raw video stream) instead of task-specific, pre-processed data. Deep learning uses deep neural networks – hence its name.

Neural network is a computer data structure used in machine learning, inspired by biological neural networks in human and animal anatomy. Neural networks are used e.g. natural language processing.

NLP = Natural Language Processing is an area of artificial intelligence involving human speech recognition as well as natural language (i.e. human language) understanding and generation.

Digital Assistant, or virtual assistant, is artificial intelligent software that can perform tasks or services, through spoken or textual inputs – uses natural language processing.

Blockchain is a growing, linked list of data records, called blocks that are secured using cryptography. For example, blockchains are used by virtual currencies such as bitcoin.

IoT = Internet of Things refers to physical items, which are not traditional computing devices (e.g. smart home appliances, wearables and vehicles), that can interact on the Internet.



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What does digital transfor- mation mean?

Do you know the meaning of the terms digitization, digitalization, and digital transformation? These words are often used in place of each other and thus produces confusion around what digital transformation actually entails. It is important to understand what these words mean in order to fully comprehend the meaning of digital transformation in procurement.

Digital transformation of Procurement is no longer an option - it's a must!

Most of the time, when people talk about the "digital transformation of Procurement," they speak of digitization or digitalization. This is how to distinguish the two:

- scanning of invoices is a typical example of digitization
- the use of an eProcurement tool is an example of digitalization

From digitization to digital transformation

Digitization is the conversion from analog to digital. Atoms become bits (e.g. digitization of data). You cannot digitize people.

Digitalization is the process of using digital technology and the impact it has (e.g. digitalization of a process).

Digital transformation is a digital-first approach that encompasses all aspects of business, regardless of whether it concerns a digital business or not.