

A large, dark red chevron graphic pointing to the right, positioned behind the text "High performance. Delivered."

High performance. Delivered.

Drones Delivery Big Bang Disruption in the Postal & Parcel Industry

Video Transcript

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Drone delivery is the last one and this one is where I usually get the most rolling of the eyes, so bear with me here while we go through this story really quickly.

If you look at what is happening in drones today, they are getting cheaper faster and smaller. I can go to or used to be able to go to a radio shack in the US (until they went out of business) and buy a fully

autonomous flight drone for under a \$150. A 100X decrease in price over the last eight years on the autonomous controllers. Sensors are getting smaller and cheaper and when you talk to these drone companies what they say is we are just building cellphones with rotors and the cellphone's components are getting cheaper and smaller all the time and even the hobby models today have redundancy built into them.

If you look at some of the experiments that are out there this is one of my favorites, they have taken selfies to new levels.

The most dangerous that I have seen is this beer keg in the middle. If that falls out of the sky, somebody is going to get injured, so there is something to worry about that, but we are seeing experimentation all over the place.

Here is the point of this slide is consumer use of drones is here. It is coming and it is becoming part of the fabric of how we will operate. It will be an expectation that I can have a drone or I can have it fly over me and take pictures that is here today. As that occurs, people get more comfortable with the concept of flying robots and we

start to see some changes in the market, so we are not there yet. There is a lot of things that I still think to be figured out: regulatory constructs don't really work for drone delivery right now.

If you look at the current regulation there is not a sustainable profitable model for drone delivery but these are going to change as those consumer expectations change and as these things get figured out. So, how it is better? It will be faster delivery. They are talking about less than one hour deliveries and all these drone companies are saying the same thing.

At any time of the day, two remote locations, if I look at drone's, the most important impact drones could have on your industry is to help you with USO. Nobody has to go further than a post and what better way to do that with a drone, cheaper. This is some research that has been done by one of the drone companies. They are going to launch a drone. So, if you look at the drones that do delivery today, about 85 grand for a drone that does delivery today, they are going to launch a drone this summer that will have all those same capabilities for under \$5000. That is what I am talking about when I say those prices are coming down.

They say 25 kilometers, 2 kilograms, 24 cents. That is a really really hard number to hit.

And then how are they more personal? Where I want it delivered, to my location, smart phone control. The example I will have to use is one that happened to me personally.

I drove my son to football practice 15 minutes to the field, we get out and he says I forgot my football and I say great, I got to drive back 15 minutes then back again 15 minutes and then I will go home and then I go to turn around. I will spend the next hour just shuttling this ball to him. How great would it have been if I could have called my wife and said hey put the football on the drone, drop it here. I will drop a pin on my phone, it flies over drops the ball and I go and hang out at Starbucks for an hour. So we are in the singularity right now.

As I said, none of these experiments are disruptive but they are there, they are combinatorial, they are experimenting with all these new models and the model that we have seen historically is fail, fail, fail, until you succeed wildly. So what to do about it, I have got probably 30 seconds left to do that.

We have got a ton of research on the - what to do and how to address this, but I will end with this concept.

You need to find the inevitable reality and that is what we talk about in this foresight sort of piece. Once you have found that inevitable reality, move to it. Once you have got that clarity, move to it and some of these models might fly and some of these might not. What I can tell you is there is big bang disruption coming in this industry and it is time that you start watching for and preparing for what is to come.

Thank you.

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