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Accenture Technology Vision 2015

# Accenture Technology Vision for Postal Organizations: Five trends shaping the future

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## INTRODUCTION

To diversify beyond their core services, postal and parcel organizations are building new networks and increasing collaboration with their partners. As these connections grow, an "ecosystem" is emerging that encompasses consumers, retailers and financial institutions, online payment providers and mobile phone companies.

Postal and parcel businesses sit at the heart of this digital ecosystem—the interface between the digital service and the physical customer—but are only beginning to tap the full potential of this postal transformation. Those that seize this opportunity are poised to be the leaders of the future. By building an ecosystem around the customer, delivery organizations could potentially create a new wave of digital services that could not have been imagined a decade ago.

Accenture's Technology Vision 2015[1] describes five emerging technology trends that we believe postal and parcel organizations need to embrace in order to realize the full benefits of the digital ecosystem.

TREND 1

## Internet of Me: Personalized delivery services

Consumer expectations have changed. In today's fast-paced, digital world, consumers want control of every aspect of their purchases–including control of the delivery of their parcels and packages. Accenture research[2] shows that 70 percent of parcel delivery problems could be addressed by providing them with personalized services that give them greater control over delivery.

Forward-thinking delivery organizations are leading the way in the "Internet of Me" era by offering personalized services that give customers a growing range of choices over when, how fast and where their packages are delivered. In Japan, the Yamato Kuroneko Members service[3] allows customers to schedule a time for delivery and select delivery to either a home address, a convenience store, a place of work or a Yamato sales office. It also offers free delivery and informs customers about delays.

By creating a stronger direct channel to the consumer, personalized delivery services can be a key differentiator for postal and parcel organizations in an increasingly competitive marketplace. Not only to drive parcel market share in their core business but also to achieve their postal transformation and diversify into new services through personalized cross-selling and advertising.

TREND 2

## Outcome Economy: Linking physical and digital to drive outcomes

As they continue to invest in the Internet of Things (IoT), leading manufacturers are embedding more hardware and sensors in products. Cisco[4] predicts that by 2020, 50 billion devices will be connected to the Internet, up from 25 billion in 2015. In the near future it is possible to imagine a refrigerator, an air conditioning unit or a car ordering a replacement part by itself, without any active participation from the customer.

A sense of this future can be seen with the recent launch of the Amazon Dash[5] button. A plastic button that can be attached near or on a product in the home, when pushed, the Amazon Dash automatically orders a next-day replacement product from Amazon when that product–say laundry detergent or diapers–is running low. The button, which connects to consumers' home Wi-Fi, is currently available for about 20 to 30 household brands. As these "self-ordering" services proliferate, delivery organizations will need to manage the growing number of requests and adapt their delivery services offering accordingly.

IoT technologies also offer delivery organizations another opportunity: using sensors on their delivery vehicles to capture data about delivery routes and customer preferences. Given that no other organization has the equivalent access to households, the value of this data could be very significant and provide potentially lucrative additional revenue streams.

TREND 3

## The Platform (R)evolution: Platform-based value added services

Today, digital industry platforms are driving the next major wave of technology and business change. Compared to traditional partnering models, they give delivery organizations greater scope to launch new services quickly, by using technology that is already in place, and the ability to bring together multiple capabilities into a single integrated offering that delivers greater value in the market.

Leading postal and parcel organizations have already adopted them in their journey to diversification, integrating technologies, applications and data from their partners in the private and public sector. Last year, La Poste[6] announced its postal transformation plan to become "the number one connected logistics network, leader of home services." Harnessing its delivery workforce and face to face interaction on customers' doorsteps, the company outlined a strategy that includes retail and banking services as well as offering services to support elderly, vulnerable and isolated persons.

Digital post and parcel industry platforms can also provide the authentication services required to validate identity, enabling businesses and public services to increase efficiency and reduce fraud when issuing documents or payments. USPS has a platform that verifies that the identities of both the sender and recipient of digital documents have been validated and authorized for the information being shared, and that this information has not been altered.

TREND 4

## Intelligent Enterprise: Huge data, smarter software—better outcomes

Today, with the virtually unlimited computing power now available, the decreasing costs of data storage and advances in data science, a new level of software intelligence is helping businesses make faster and more informed decisions. Over the past 30 years, the cost per gigabyte of hard disk data storage[7] has halved every 14 months from $400,000 in 1980 to $0.05 in 2013.

For delivery organizations that handle vast quantities of data on a daily basis but have often struggled to gain insights from them, software intelligence is potentially a game changer, providing new analytics capabilities that can drive revenue generation.

One growing opportunity for these organizations is customer analytics. Canada Post's Precision Targeter solution uses external and internal data (such as interests, spending habits, activities) to allow marketers to target specific postcodes (one street or side of a block in urban areas) based on the preferences of customers in that postcode[8]. These advanced targeting solutions make direct mail much more accessible to small and medium business and drive a significantly improved return on investment for these mailings.

TREND 5

## Workforce Reimagined: Collaboration at the intersection of humans and machines

Advances in wearable devices, smart machines and augmented reality are providing organizations with new opportunities to empower their workforce through technology. Increasingly, they recognize the benefits of human talent and intelligent technology working side by side.

UPS' ORION (On-road Integrated Optimization and Navigation) solution[9] uses advanced algorithms and online map data to optimize thousands of delivery routes every minute that are communicated to drivers on the road via a mobile Delivery Information Acquisition Device. Launched in 2013, ORION is estimated to have saved UPS up to $50 million through delivery optimization resulting in reduced fuel costs. An accompanying service, UPS My Choice, enables customers to request specific delivery timeframes, reroute deliveries to more convenient locations and provide drivers with personalized instructions.

In the past, delivery organizations made significant improvements in efficiency through focusing on technology and introducing automation. In the future, the key to unlocking greater value and achieve their postal transformation will be through understanding how to make labor and technology work together to make the workforce more efficient and increase productivity.

## Stretch the boundaries

Postal and parcel organizations are evolving into digital businesses as they diversify and pursue new sources of revenue—not only embedding digital technology within the organization but also extending into a broader digital ecosystem of customers, partners and connected products.

By placing themselves at the center of this ecosystem and launching new industry platforms, delivery organizations have a unique opportunity to reshape the market and redefine their role in the digital economy.

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## METHODOLOGY

Every year, the Technology Vision team collaborates with Accenture Research to pinpoint the emerging IT developments that will have the greatest impact on companies, government agencies and other organizations in the next three to five years.

The research process this year began with gathering inputs from the Technology Vision External Advisory Board, a group of more than two dozen executives and entrepreneurs from the public and private sectors, academia, venture capital and startup companies. In addition, the Technology Vision team conducted nearly 100 interviews with technology luminaries, industry experts and Accenture business leaders.

The team also tapped into the vast pool of knowledge and innovative ideas from professionals across Accenture, using Accenture's collaboration technologies and a crowdsourcing approach to launch and run an online contest to uncover the most interesting emerging technology themes. Over 1,700 participants actively engaged in the contest, contributing valuable ideas and voting on others' inputs.

## Accenture Technology Vision 2015 Survey Demographics

This year, Accenture conducted the first Technology Vision survey, polling 2,000 business and technology executives– including 162 public service leaders– across nine countries and 10 industries, in order to understand key technology challenges as well as priority investments. The goals: to understand their perspectives on key technology challenges they face, and to identify their priority investments over the next few years.

This survey was fielded from December 2014 through January 2015 in Australia, Brazil, China, France, Germany, India, South Africa, the United Kingdom and the United States. Respondents included IT Directors (24 percent), Function Heads (15 percent), CTOs or Chief Mobility Officers (13 percent), CIOs or Directors of Technology (13 percent), CMOs (9 percent), Line of Business Heads (9 percent) and CSOs (4 percent).

To learn more and read the full Accenture Technology Vision 2015 report, please go to accenture.com/technologyvision.

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