MICHAEL SUTCLIFF, CEO ACCENTURE DIGITAL SHAPING OUTSTANDING CUSTOMER EXPERIENCES

VIDEO TRANSCRIPT

First - Welcome and Thank you for coming. We promised that we would put together an event where you will hear a lot of detailed stories from our clients talking about the experiences and progress that they are having and what is the progress they are seeing within their markets.
When we launched Accenture Digital, we wanted to build out capabilities that will look at problems from all angels. So, we started building this organization called Accenture Interactive which is now the largest digital marketing agency in the world – this year approximately 10 billion dollars in revenue. And as you can imagine with the company of that size we have got a wide variety of expertise. And understanding how consumers behave how we interact with them but most importantly what they've become as an experience agency and the first experience agency in the world as an organization focused exclusively on the question of how we do we create the best possible experiences in each industry. And that means for a patient trying to get health care or a student being educated or citizen interacting with a government a fan going to a sport event or yes, a customer transacting with a business and of course that applies in business to consumer and applies a business to business. So, we've got a wide variety of examples of people thinking about the experiences that your customers are having and asking the question "what is the future look like". Now we've thought about these experiences and we measure the progress that's making every industry that we can see in each industry. Each one of you can think about something that happened to you in a past week which is a friction point of experience you stood in a line, you waited, you got incorrect information, … it took longer than it should have to actually complete your intention and so part of the design of experiences is actually thinking about "why that's true? What are the barriers?" and barriers are not always in front offices not always the interaction point with our customer. Sometimes it's the mid in the back office. Sometimes it's the environment around us, the theater that we're in the city that we're traveling trough. So, what we've tried to do is take a very broad look and thinking about what's going on. So, we start with marketing and

marketing has become technology enabled. So, we looked back five or six years ago people might have described marketing as maybe 80% art and 20% science and today they would flip that they would say it's a technology enabled, data enabled, insight enabled.
Functions and the tools the techniques that we use in marketing have matured and in fact one of the things that's changed is now we can we have data we can predict a lot of activity and sometimes if we can do it in the right time in near real time we can actually influenced the behaviors of individuals that we're trying to serve so that they do have a better experience. of course everyone has mobile devices and everyone's getting connected so we can talk to them and we're not talking to them through a simple device so we now have a very rich user interface where we can provide graphics, videos, short form content and all sorts of different formats that enable them to understand our messages and also in addition to understanding what we're trying to communicate they can communicate back. And if we listen and we listen closely of course we can take that information and we can craft an even better experience. One of the things that we also expect is that we're going to have a broader a range of experiences we should we could potentially be able to support what we would have previously described as the long tail in our market the consumers where our cost models were not efficient or effective but now they could be and now we could serve them with an with an operating model that's profitable and brings those experiences to a broader set of our community and when you're trying to deliver healthcare or transportation services or child protection services
or anything like that the ability to address the longtail is very important but we can take all the lessons from serving the longtail in those markets and we can star to apply them in our consumer markets as well.
We can also use platforms, data flows artificial intelligence tools that other people build. We didn't invest in them, we didn't spend the billions of dollars to create the infrastructure and the services and the platform economics that exist, but we can ride over the top of those investments and we can do things like change the payment experience. So, there's a lot of opportunity to take advantage of what other people have done. Mix it with what we do and hopefully improve the experience that people are having. And even while we're doing that even while we're creating better experiences we're also dropping the cost of the price of the goods and services that are in the market almost every market we see is in a flat or a deflationary pricing market so even while the experience and the interactions are becoming richer the price of the services is not going up.
That hasn't happened before in business right. It's always been a trade-off that says if I want to get a better product or service it's going to be more expensive. Well today that's not always true in fact sometimes quite the opposite is true. Because we're relying on platform and scale economics and the sharing economy that gets to our economy and a bunch of other components to create a completely different price to value ratio.
And in addition to doing that at the individual level we can start to do it for groups. The groups could be the citizens of the city, it could be members of the healthcare community who shares the same disease pattern, but we can start to address societal problems and provide better education, better access to health care, better access to anything that society finds valuable. So, these are some of the promises of what's going on. So, the question is how do we do it? What are the tools, the techniques that we can apply? The first thing as I said we try to take a broad perspective on how you approach these problems, and everyone would start with the left side of the slide and enhancing the customer interactions and that's obvious. If we can do that then by definition we're goanna have a better experience. But we also can think about the business judgment that we're applying to the products and services in the market that we're serving, and we can understand in real time how these markets are behaving. Not in an individual level but at a population level and that insight of how the populations are behaving and the new risk factors that are being introduced can actually - dramatically impact what we're

doing around specific customers interactions and then actually just as importantly we want to be able to improve the efficiency of the mid in the back office, the capability. So that customers have a better experience and they don't even know how it happened.
And I'll give you a short example here. We were hired by one of our clients in Japan. It's was a telecom company and they wanted to help one of their customers which is an automotive company. The automotive company specifically wanted to sell more taxis to taxi drivers and they thought that the way to do this would be to find a way to have a taxi driver as an individual business owner. Drive fewer miles but make more money. And if they could do that they could reduce carbon emissions, they could make less work, but they can make more money for the taxi driver. That sounds like a complex problem. So how do you solve it? In this instance we used the information flowing through the mobile network. We don't need to know the name of anybody. We just need to know where they start and end each journey during the day and we can start to record movement patterns in the city. So, this was this was happening in Tokyo. Then we could take all the event information that was available in Tokyo where all the concerts the major movements of people then we could take the information from the transit systems and we could take all the information about the timing of trains, planes, busses, cars etc. We could know whether the parking decks full. So, we take all these different sources of data. And then we could use real time analytics to predict every four minutes where somebody was going to walk out onto street and raise their hand and say I need taxi.
Now if I can do that right that's in the efficiency side of the business I'm trying to become more efficient. But what does it mean for the person who's waiting for a taxi? It means there's one about thirty feet away from you to pick you up even before you ask.
This is not a made-up story, this is a real time project going on in Tokyo. Right. It's an answer that says I want to create a better experience for the person taking the taxi. I wanted to create a better experience for the driver and by the way the outcome of this work is that the drivers are driving 30% fewer miles and they're making about 20 % more money each day because they're not wasting time driving around looking for people. We're telling them the people are going to show up and ask for a ride. And of course, we can do that because we looked at all three of these things. So, the point here is that if you're trying to design good customer experiences, you can't just think of the front office piece of the experience and just think about marketing angle you must think about what delivers the experience through the ecosystem.
And how are you going to enable that to change over time. Well one of the techniques that we can use is we can use the information about what people do online and potentially what they do offline to start to understand patterns of behavior. And if we understand patterns of behavior precisely we can start to get more precise in how we design the interactions and the experience that we want to enable. So, this recent research that 83% of the executives agreed that the digital demographics, the data that exists the audit trail or the exhaust, the digital exhaust that you create when you're using all your devices tells us a lot about buying behaviors. Even in the offline world. I'll give you another simple example. Amazon started a business three years ago. It's called Amazon Media Services. Now Amazon Media Services are not for people to buy things on Amazon. Amazon's Media Services are to allow people who want to sell to Amazon's customers. Even in an offline environment so let's just pretend that I wanted to sell somebody a high-end sports car. I'm probably not going to selling that directly on their platform. But what they can tell me is what are the behaviors of enthusiasts of the sport cars on their platform. Where they do spend their time, they can also tell you where they spend their time when they're not on the Amazon platform. And so that digital exhaust the insight they have about behavior on the platform has turned into a ten-billion-dollar insight business for Amazon. They're goanna generate ten billion dollars revenue this year just telling external people outside of the Amazon family what behavior they see

inside the Amazon platform in terms of video, music shopping patterns etc. and what that means in terms of how people behave elsewhere. We can also go beyond that. We can look at this concept of individual markets. Markets of one and in fact moments. Because as an individual we don't behave the same way 24 by 7. We behave differently depending on the context of what we're trying to accomplish now. And so, you know if we're shopping for a birthday gift, that might be a different behavior than if we're shopping for a spouse which might be a different behavior if I'm shopping for myself. Even though I'm in the same store and I'm the same person I have different intentions I have different behaviors. So, understanding individual needs at the speed of right now and understanding not just their intentions in their preferences but just as importantly their behaviors is something that's now possible and we can use these insights to think about how we're goanna design for the future. So, I asked our team a question. I said if we had to describe fantastic experiences and you know our Accenture Interactive team, Fjord and Karmarama and some of our other teams that works on this full-time. Said you know this is what we would say right these are the words that would come to my mind and my question was. Well why is it so hard? What's so difficult about this? Well the left side of the chart is obvious right. We want to enable personalization at scale, but we don't want to cross the boundary of being creepy. So, there's an art there in addition to a science. We want to know what people are doing but we don't want to be invading their privacy. We want to understand the individual's intentions and preferences and behaviors, but we need to do it in a way that feels natural and intuitive. That's a different amount of art in addition to the science and then finally we want to take advantage of all the known information so that the experiences feel smart and efficient. We don't want to ask people to tell us the same thing over and over and we don't want to ask him to tell us things that they've told other people that they've given us permission to have access to it. So, if we can get their permission and ask them, we can very quickly create experiences that feel much more efficient. As an example, one of our banking clients in Spain was competing in the Brazilian market for auto loans. There were number seven in the market out of eight. Right. So not doing very well. And they looked at how people experience getting an auto loan and they said hmm well first they're in the middle of a test drive. And they're enjoying the test drive. And the salesmen start seeing that yeah this could be a customer wet ready to buy. So, what happens when we get back to the dealership. We get out of the car where you were having fun and we go into our little office in the back where you know you're not going to have fun. Right? This is not going to be a pleasant 45 minutes. But that's what it takes because they're required as a salesperson to try and upsell you on the loan. Even if you say "I have cash and I want to pay" they don't know "let me tell you about our financing offer. Right? And by the way to tell you about my financial offer let me ask you to fill out these 12 forms." And so, this bank said maybe we should do it the opposite what we'll do is when you get in the car before you turn the key the sales guys got a little app and an iPad, and he says while we're taking a drive. I'm going to be investigating some financing options for you. And before we get back to the dealership. I'll tell you what the offers are, so you'll know before you finish the test drive. Could you just give me permission to access your information and sign right here? And they do the, 80% do. While you are driving the car they've all the answers and now they can literally tell you when you get back to the dealership you don't even need to get out of the car. Just sign one more time and you're done. You own it. They went from seventh place to first place in three months. Right? Completely changed the experience because they took advantage of all the know and information in the ecosystem and they didn't need to bother you for that data. It's already there. We moved to the right side of the slide things get harder we have start applying prediction and optimization. And what we should be doing is trying to move

along the experience. Let's take the friction out of the experience and keep the pace feeling natural. Because every time you stop me and tell me I must wait. It makes the experience less interesting. As an example, I was just flying from Atlanta where I live to Europe and I was coming through our international concourse and usually when we're doing we have to stop even though we've done electronically we have to pull out our passport. Somebody's got to look at our face and look at the passport go yeah looks like it could be the same guy okay I'm goanna let him go onto the flight. Right? And so, every single person on the plane has got to go stop for three or four or five or ten seconds and wait for them to flip to the right page and the passport find the picture line it up yep okay. And it slows down the pace. So, Delta decided what we have your picture on the passport we have an iPad. The iPad has a camera. Why don't we just mount the iPad up on a post and put a big green light around it and as you're walking up the camera sees you it goes yep that's the guy on the passport and it just flashes green and agent goes go on by. Right? Don't slow down the process. Just keep moving. So, applying real time prediction and optimization can enable all these experiences to feel much more natural and then of course if I have an intent and I'm and I'm trying to complete that intent.

What I would appreciate from you is to think about the ecosystem that you're already part of and think about how you can partner with others in the ecosystem to make my life easier. Which requires now that I'm going to trade data with other people and I'm going to understand their capabilities and my capabilities and I'm not goanna always offer you my service. I'm goanna offer you the right services from the ecosystem that's part of your broader journey. That creates an intense amount of trust when you do it correctly. Because your customer understands you're serving them not just the interest of your business, but it also requires a lot of change in your technology infrastructure your data capabilities in the frequency and the timing of the analytics that you want to do. And then finally a well-designed experience is designed to gracefully handle the exception conditions. So, the people remain happy even when things are not perfect. It's simple to do a PowerPoint design or write upon a whiteboard and what a perfect experience is going to look like. But the art is handling the exceptions because the exceptions that are on Twitter and Facebook and you know CNBC and all the other media. When people say I had the service failure. And of course, real life things don't they don't always go as planned. The question is doing we design the experience? So, there is a fail over and that we know what the exception condition and the process is going to be. And that even if somebody goes through a process where the failure was significant. They still feel happy about it. They're not that upset. Again, some are some science but if we're trying to create a great experience we must think through all these things. Now if we're in marketing we start talking about 4 R's of personalization about our ability to recognized somebody, to remember them and what they've done before, to know what's relevant in their journey and the experience they're trying to have around a specific intention and then what we should be recommending to them. But the big movement is just not knowing what somebody's trying to do why, what's the underlining motivation, why are they making the selections that they've made, why have they stated the preferences that they've stated and then also moving to not just predicting what people are doing but anticipating the options. Not everybody follows the same path every time. Not everybody has the same reaction to the same offer. And - so if we're just trying to predict that's a completely different level of sophistication of a business that's anticipating multiple options and saying I'm going to design responses that allow me to be effective even when my prediction wasn't correct. And then as I mentioned a few minutes ago, moving beyond just recommending what my business wants to sell you, what's my best offer to you. But advising on what's your best course of action even if it's not buying my product or service. Right? And this is becoming an expectation as people are becoming familiar with platform economics and two-sided platforms and all the

services available there. So how are they doing it? Well of course the big technology that enables all of this is artificial intelligence where we can sense and comprehend and act and learn as we get additional types of information. And there's lots of different types of artificial intelligence. This is not all of them. There are plenty of other types of Artificial intelligence, but we can use the data that's now available through these different techniques to understand and react and then design an experience that feels much more intuitive and natural. Now if looked back two to three years any you were trying to do this, you needed data, technology, data scientists and them most importantly industry expertise. And if you understood those four things, if you had those four tings, you could do this. The good news is a lot of this is being productized and made available as a service. So, for example if I wanted to take a picture of these audience and I know how to call one API from Google, Amazon, Microsoft, Holly cloud. Any of those would return a result for me that's that would count the number of people in this crowd. Tell me how many were male how many were female. It would calculate the average age of the crowd. And I could do all that without knowing one bit of data science. Why? Because these Artificial Intelligence are being turned into services and they're being made available through technology in the form of open application programming interfaces. And we can access the power of these services very easily.

We were preparing for Mobile World Congress, not this year but a year ago, so about 14 months ago and we wanted to put a demonstration at Mobile World Congress, that would show how easy it was to use some of this technology. And so, it happened to be a team from Italy that had two young analysts how just joined us a couple months earlier.

And they said "hello you know we'll do one over the weekend, we'll create something" so what they did is, they went out and they got some of those little outdoor nest cameras. You know you can just hook up with an external battery. They put them on each deck in a parking garage. So, they could see all the cars spots on that level. And then over the weekend they used the opened API's to train the algorithm on whether the cars spot was empty, at had a motorcycle or car or track. It just tough to recognize those four things, empty, motorcycle, car, track. And then they dump all that data into a data set and that they downloaded that to a mobile app. So, when an employ showed up at the morning, the mobile app can flash him as they coming to a garage and say the first open spot is on C6 if you're are in a car, but if you're on a motorcycle it's A3 because you can double space with another motorcycle there. It took them one weekend and no money to write the app. Why? They were not the scientist, they're just a kid who came out of school who understands how to use the existing technology and they used the service. So, my point to you about Artificial Intelligence is that all this power is available to you. The question is what do you do with it? What our clients found out is that having the data, the technology, the data science and the industry expertise is not enough. You can use that to do a pilot, a prototype or the prove of concept. But you can't do it if what you trying to do is to create adoption at scale. So how do we create the adoption at scale? Many of our clients are starting to look at the concept of creating a digital factory. This is not a technology factory. A digital factory is a factory that imagines, builds, deploys and manages the adoption of a digitally enabled product or services. And so of course if you're goanna build a digital factory, you would have technologies and people who understand data and data science, but you would also understand finance and risk and marketing and the capabilities of individual industries. So, what we see is that people who are doing the experience design or getting pulled into this bigger ecosystem. That says what, if I'm delivered experience at scale, I'm goanna must do it using a lot of different skills and I'm goanna established NorthStar. It's quite different. So, I thought I would pick a few of companies that we see doing interesting work. I live in Atlanta so happen to pick up the North America ones. And I pick the video of some real work that's going on at one of those cruise lines and I'm goanna show you the video of how they

trying to reinvent the guest experience. And through this video just think for a minute about all the difference types of data, a different sensor, a different interaction. They were trying to support for every passenger on a very big ship.
Video voiceover:
Last year at CES smart homes were all the rage. This year it's vacations. Cruise giant .... corporation today and build an ocean medallion. A variable device that personalized a host of guest experience including a sophisticated a wave binding in an interactive gaming and more. Hungry or thirsty? Forget waiting online. With the medallion the order finds you. With the technology guest can make purchases and access the state room without a card touch or tech. Just like use door entry on a world's finest cars. The medallion interacts with thousands of invisible sensors that personalized the vacation experience in ways never possible. Similarly, the music and tv streaming services. The technology learns guest likes and dislikes to anticipate what they want and when they want. The ocean medallion will be free to cruisers beginning on 2017 on Princess from one of the Princess from CES I'm John Pastaker.
So that was a gone life but that was a commercial when they were just about to lunch it.
And it's now live on the ships and when you go it's not just about the individual sensors that we put on the passengers. But of course, we know the crew is. And we can do population level and analytics to know there to many people in this pool, not enough people at restaurant. We can-do real-time crew rescheduling all sorts of things that makes experience more interesting. Of course, the obvious question is do guest want the medallion? Do they want to wear it? Are they willing to be tracked and have that information and do they want that for their children? And what we found is a fact once they have it, they demand it on the next trip. They absolutely don't want to have a trip without it. Because the experience is so much better. No payments, no lines. They have taken the average boarding time on the ship from 48 minutes per family of four. It usually takes 48 minutes to take aboard people. Now it takes as long as you can physically take the walk on a ship. There literary no point which you stop walking.
Because they have completely simplified the experience.
But now we've got some new rules that we 've got to deal with. Fjord creates the fjord trends document every year. And this document is to help people think about How did you do the design and so I call it the annual Christmas gift from the design community to the design community. Were they think about of what we've learned in a past year and what designers will need to be thinking about a future. And of course, we've reached an inflection point and a very important inflection point. Which is lots of people have started to grab data and use it inappropriately. And lots of people have understand digital marketing channels and they have used them appropriately. And now we have a lot of noise in the system, and we have a lot of destress. And so, one of the things we're talking about is the silence as gold. You must think as a brand. How they connect the consumers when they don't want to be bragged with the messages. They want to require setting of interactions, they want to more intuitive set of experiences. They don't always need to know that the brand is in the middle of experience and order for them to appreciate a fact that the brand creates the experience.
So, if you're interested the Fjords trend documents are out there on the internet. I would look back for the first to the last three, four years, there's always something interesting in these trends documents about how data 's been used the inclusivity paradox etc. So, it brings to your attention. But I guess i would end by saying that this is goanna be interesting opportunity for you to first listen to what others are doing, secondly to learn what 's possible and hopefully to lead go taking into your markets because there is no

better time to be in a business of serving clients. We have so many tools and technique available today that w you even a couple of years ago. And now we have a scale a relative low cast and pervasive.
So, I hope you will enjoy the rest of the day. I am looking forward to talking to you at the break and late this afternoon. Thank a lot.