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TECHNOLOGY IS BUSINESS

VIDEO TRANSCRIPT

Putting technology at the heart of business will enable leaders to create transformational value and make a wise pivot to the new.

We live and work in an age defined by technological innovation. Whether it is artificial intelligence, machine learning and robotics, or cloud, Internet of Things (IoT) and data analytics—no aspect of our life remains untouched. But technology's greatest impact perhaps can be seen in the business world. As early as 2013, Accenture Technology Vision declared that 'Every Business is a Digital Business'. And the years have borne out the importance of that statement.

Technology today is no longer just a support function for business. It is now a key driver of growth, innovation and disruption.

THE GOLDEN EQUATION

But, how much business growth can technology drive? We sought the answer through one of the largest known enterprise systems studies in 2019, spanning more than 8,300 companies across 20 industries and 22 countries.

In this study we measured the impact of technology across three dimensions: one, the extent of companies' adoption of 28 new technologies; two, penetration of these technologies across 14 standard business processes and; three, cultural readiness of the people to embrace new technologies. Based on the responses, we categorized the companies into multiple groups and selected two buckets for detailed study—the top 10% (leaders) and the bottom 25% (laggards) in the adoption of technology. We compared business performance between the leaders and the laggards and analyzed what we refer to as the Innovation Achievement Gap.

The study found a strong correlation between technology adoption and financial performance: companies that excel in the adoption of new technologies also led their categories in revenue growth. The bottom 25 percent (companies that are slow or averse to adopting new technology) face an Innovation Achievement Gap, foregoing a huge slice of potential revenue in the process. The data clearly indicates there is a gap of more than US $30 billion in revenue between leaders and laggards and this gap may extend as high as 41 percent in the next five years if no action is taken.

This means, the financial performance of the leaders will be 41% better than the laggards in the same industry and in the same geography. And, when evaluated on the singular parameter of revenue growth, the study tells us that on an average, the laggards are growing around 4 percent and leaders are growing at more than 8 percent!

1. Not only do more leaders adopt AI….98% leaders adopted AI, vs. 42% laggards

2. They also adopt it earlier…. Most leaders deployed AI 1-3 years ago, while most laggards deployed only a year ago.

The study established conclusively that technology adoption boosts financial performance, opening new avenues for revenue growth. However, adopting new technologies isn't straightforward. Earlier, technologies took time to mature, giving companies elbow room to adapt and adopt. But now, new technologies emerge and mature at exponential speed. The challenge is compounded by technology's disruptive impact on business models. For instance, batch processing impacted pockets of business operations, but when eCommerce came in, it disrupted core businesses across many industries.

BUSINESS-IT ALIGNMENT

To tackle this challenge, business and IT must work together as partners with shared goals to deliver business results. Many CIOs still look at business as their customer, but IT isn't simply a support function anymore; it is at the core of business.

One of our clients, a global technology company, was working with Accenture as well as several other vendors. All of the vendors were delivering 'green' SLAs but overall IT delivery to their own customers was 'red'. Accenture helped the client pivot the support model such that service delivery was fully aligned to the end goal of delivering the company's product to their end customer. Whether someone was writing a piece of code or performing network management or handling service desk requests—everyone's goal was to deliver the product to the end customer on time. That is the type of business-IT alignment needed to harness new technologies effectively.

SHARED GOALS

When businesses talk about adopting technologies such as artificial intelligence, extended reality, cloud and analytics, they are seeking to accomplish three critical goals: enabling better customer experiences, boosting efficiency and powering business insights with data.

EXPERIENCE: Enabling a seamless, omnichannel and personalized experience for customers, partners and employees is a baseline expectation in the digital age. The new frontier in digital experiences is technology custom designed for individual human behavior. We are not just incorporating technology into our lives; we are embedding human experiences into the technology itself. Think about the technology we use today compared to that of just a few years ago: it has become increasingly interactive with touch displays, mixed reality, and natural language processing— making it "act" more like we do. For instance, Accenture worked with Carnival Cruise, one of the world's largest travel leisure company, to completely transform and elevate the customer experience using technology. We embedded an IoT network of more than 7,000 sensors into the physical environment of ships that could sense and respond to guests' needs and create highly personalized experiences for them.

Customers were provided with a free wearable device – a light, quarter-sized disc that enables frictionless payment, keyless room access, and helps them locate friends, family, shopping areas and other attractions around the massive cruise ship. Data captured on board helps the company create new services and experiences. Not only did the company reduce onboarding time for guests by 90% – from 10 minutes to 30 seconds – it also created a community of loyalists that grow stronger and more valuable over time.

EFFICIENCY: The industrial revolution completely changed the efficiency equation for entire industries by moving production from individual cottages to the factory floor. Now, technologies like AI, robotics and cloud are doing the same for companies that have been bold enough to adopt them. Research shows that manufacturers that have started adopting AI will nearly double their competitiveness (1.8 times) in the next three years. AI's impact is not limited to manufacturing alone.

Accenture assessed the effect of AI within 16 industries and found AI could boost average profitability rates by 38% and lead to an economic boost of US $14 trillion by 2035.

Companies are using AI to reimagine entire business processes for the digital age, improving their own business efficiency while enabling great customer experience. For instance, Alibaba Group's financial arm, Ant Financial, developed an AI system that allows users to snap a photo after an accident, use computer vision and AI algorithms to assess the damage, automatically file a claim with the insurer, lists nearby repair shops, and estimate repair costs. With a US $150 billion evaluation and 7.5x growth over five years, Ant seems to be ticking all the right boxes when it comes to using technology to boost business growth. Similarly, on-demand cloud computing services like AWS have helped businesses shed expensive infrastructure to significantly cut costs. But it's not a cost play only. The cloud is now a platform for innovation and growth, allowing companies to tap into virtually unlimited computing power while responding to disruption with agility and flexibility.

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BUSINESS INSIGHTS: Data is one of the most precious commodities in the digital age. Every organization needs data to fuel business insights. Online shopping service Stitch Fix sifts through mounds of customer preference data using AI, to help human stylists confidently choose products customers will love, while giving stylists more time to release their natural creativity.

However, the insights are only as good as the underlying data. One of the top challenges facing businesses today is lack of trust in the quality of their data. IT must partner with business to improve data integrity and management by tackling inaccurate, manipulated or biased datasets that lead to corrupted business insights. A major oil and gas company in Asia is required to share information about their spending on local vendors and suppliers with government authorities to negotiate subsidies and benefits. The company's Procurement Head relied on a virtual assistant to collate this information, but the source data was inaccurate and unreliable, making the task of getting adequate subsidies very challenging. The company worked with Accenture to establish a strong data foundation by breaking down data silos, curating data from multiple sources, improving data discovery, veracity and curation through proper verification and labeling, and finally, integrating the data into a single view for real-time and accurate business insights. The virtual assistant now acts as the single source of information for subsidy negotiations, providing up-to-date information about vendors and spend details with 98% accuracy.

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CONCLUSION
Visionary leaders are already adding new technologies to their current arsenal of digital tools as the next source of differentiation and innovation. For a growing economy like India, these technologies promise a huge windfall if harnessed correctly.

Accenture research shows that adoption of AI has the potential to add nearly US$ 1 trillion to the Indian economy by 2035.

In an era where business must adopt new technologies at lightning speed, it has completely different expectations from IT as a partner—differentiated experiences, all-round efficiency and data-driven business insights on demand. To meet these expectations, IT needs to change and align itself with the business to deliver value.

More importantly, business and IT leaders need to recognize a new reality: Technology IS Business.

This article is written by

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