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COOs AND AI:
**NAILING
THE SCALE**

ACHIEVE COMPETITIVE AGILITY



It's a regular Friday.

Before starting her workday, Katie feeds her dog with bespoke food based on the specific dietary needs prescribed by her veterinarian. At work, she pops open an email from an airline manufacturer her company supplies. Based on usage data they want a part redesigned to improve its quality. As her day winds down, her grocery subscription service delivers a package with fun new recipes to try for the weekend. They include cilantro and goat cheese, two of her favorite ingredients.

These hyper-personalized experiences are all underpinned by hyper-sensitive supply chains. They are fast becoming the norm. And they rely on COOs scaling the artificial intelligence (AI) that powers them.

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SEGMENTS OF ONE

The hyper-sensitive supply chain: Using real-time data and AI to supply more relevant content, products, and services to each user.

The role of the COO grows more complex with each passing day: Beyond efficiency, there are myriad considerations widening the traditional boundaries of the role. Customers expect companies to deliver on personalized service, cost and sustainability. But hyper personalization is expensive, as it calls for more diversified offerings to satisfy a wider range of customer demands. Without AI, it's simply not possible to “shift” cost curves while at the same time delivering on sustainability (see Figure 1).

Although Chief Operating Officers (COOs) are leveraging AI to tweak their supply chain and operations performance, most haven't gone far enough. While 86% of COOs say AI is essential for achieving their growth objectives, a full 79% acknowledge they know how to pilot but struggle to scale AI across the business.¹

COOs must wield AI to deliver on personalization, while simultaneously making fundamental changes to their operation cost base like transportation, packaging, working capital or maintenance. Equally, AI can help companies address ever-increasing sustainability requirements—or even push the boundaries—through improved traceability, waste reduction and other interventions. In effect, transforming supply chains into value chains.

The good news, Successful companies aren't necessarily spending more when it comes to scaling AI.² Rather, they're more intentional with their efforts, and drive toward an integrated vision across their value chain.

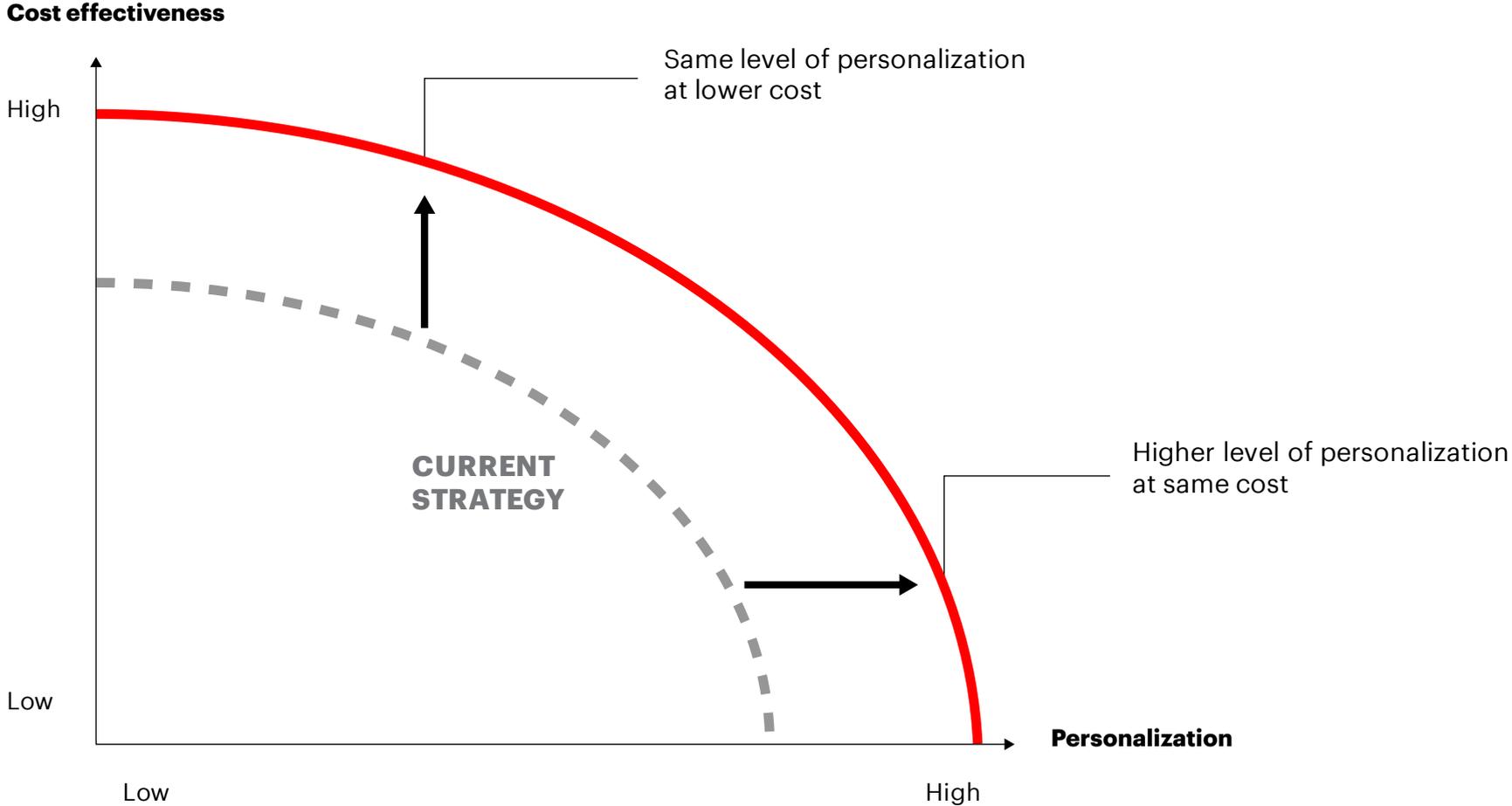
79% of COOs acknowledge they struggle to scale AI across the business.

AI: BUILT TO SCALE

In ground-breaking research by Accenture, we sought to pinpoint how to get “the right stuff” when it comes to unleashing AI across the organization. And avoid pitfalls that trap value and erode return on investment. Our current report takes a closer look at the more than 200 COOs who took part in the study to derive insights specific to their function.



Figure 1: AI applications enable COOs to “shift” cost curves, delivering on higher levels of personalization while remaining cost effective.



FOR CLARITY'S SAKE

What do we mean when we talk about “AI” and “scaling”?

AI encompasses multiple technologies that enable computers to sense, comprehend, act and learn. AI includes techniques such as machine learning, natural language processing, knowledge representation, computational intelligence, among others.

Scaling is the extension of a piloted capability across the full applicable scope with all relevant data, end users, customers and processes. The purpose is to maximize the application’s value to the organization.



WALLED OUT

AI has the power to fundamentally shift business models and can serve as an engine for collaboration and growth.

COOs act as a catalyst for scaling AI by laying the operational foundation. In fact, they lead other functions when it comes to establishing AI operating models, flexible processes, and data foundations. This puts them in an excellent position to take a leading role when it comes to scaling AI across the organization. But it will require they look beyond the four walls of their function—and beyond siloed AI use cases—to conduct end-to-end value mapping and intensify cross-collaboration.

Take one global high-tech company: They're looking to reduce product defects that are currently costing the firm US\$1 billion annually. Originally, departments were only looking at their own set of stock-keeping units (SKUs) in their efforts to solve this issue. By leveraging AI, the company is now able to connect data points

across the value chain and zone in on the SKUs most critical to driving down costs.³

Or one multinational telecommunications company that created a cross-channel view of their customers' journeys. They then built an intelligent system to route incoming calls to the best channels for them, learning from past behavior patterns to steer customers. The result: an increase of digital channel use by 26% along with 1.5 million fewer inbound calls per year, allowing the company to reinvest the time and cost savings generated toward improvements in the customer experience.⁴

One global high-tech company is wielding AI across the value chain to reduce product defect costs currently estimated at US\$1 billion.

DON'T FORGET THE NUTS AND BOLTS

While AI is a top priority, many companies are still struggling to sufficiently invest. 86% of COOs report that it is challenging to secure funding for their AI programs.⁵

To compound matters, COOs struggle to sufficiently invest in another critical resource: time. Just under a fourth (23%) report spending more than a year for AI initiatives to move from pilot to fully scaled.⁶

And because they set timelines that are too short, AI initiatives fail to get the oxygen needed to move from pilot to fully scaled. Results taper off as the organizational focus is pulled to “the next shiny

object.” The capabilities to sustain it never get fully absorbed by the muscle memory of employees. COOs perceive employee adoption of solutions as the single biggest challenge for scaling AI.

AI isn't “one and done.” It takes nurturing to build the bench strength necessary for lifting an organization's most ambitious goals.

Just 23% of COOs spend more than a year moving AI initiatives from pilot to fully scaled.

(A)EYE ON THE PRIZE

While the “size of the prize” is a compelling factor in prioritizing AI investments within a company, time to value and ease of capturing value are equally as important. Value potential is just one aspect of prioritizing AI use cases within a holistic strategy.

Conducting the overall value verification for AI requires a structured approach. Through an integrated view, leaders can work with their teams to identify which use cases are the most attractive and where implicit synergies arise. Using these synergies as a guide allows leaders to then map how they prioritize and operationalize use cases to amplify their return on investment.

Source: Accenture Strategy, (A)Eye on the prize, 2020.

TALENT: THE HAMMER DRIVING THE NAIL

Talent. While there may be no “I” in “team”, a team is definitely needed to scale AI. And that team is enthusiastic about the new technology.

According to a WEF study about the future of the workforce, 63% of employees surveyed said they think AI will have a positive impact on their work. And 67% believe that learning new skills associated with it will be important for their short-term success.⁷

This openness is crucial because to truly embrace AI and adopt it at scale, a cultural shift is required. Less than half of COOs (45%) say the cultural aspects for scaling AI are in place.⁸ The COO needs to guide their workforce and build trust along the AI journey. While workers are often more open about changes wrought through AI than managers give them credit for⁹, the right communications and

change management practices need to be in place for the workforce to embrace and adopt to the new “working relationship” with the algorithm.

This is a key reason why ongoing training is critical and often a “make or break” for AI initiatives. In fact, when pilots fail to scale, COOs cite lack of adequate training as the number one reason. It’s an issue tackled head on by companies like AT&T. The telecommunications giant’s billion-dollar “Future Ready” training program aims to reskill employees, arming them with the knowhow for staying relevant.¹⁰

Another cultural component of scaling AI: companies need multi-disciplinary teams. We see that leading companies strategically embed teams with diverse backgrounds and skills from throughout the organization.¹¹ Companies that fail to scale AI, on the other hand, are much more likely to rely on a lone champion to drive efforts.

Just 45% of COOs say the cultural aspects for scaling AI are in place.



ON THE NAIL

How can COOs leverage AI to create hyper-sensitive supply chains that are a source of competitive differentiation and drive sustainable growth? Here are three measures to nail the scale:

1 **Align the commercial enterprise with the supply chain**

This is all about transforming supply chains into value chains. Creating hyper-personalized offerings that are, in their purest forms, about “segments of one.” It’s something apparent at companies like Mars. Through their Puppo line, the company creates bespoke dog food, responsive to the specific dietary need of each animal consumer.¹² Personalization to this degree requires a tight alignment between the outward-facing enterprise and the supply chain, linked by AI at scale with the consumer at the core. By striking the right balance between cost, service and sustainability, COOs can drive unassailable competitive differentiation.

2 **Anchor AI in everyone’s objectives**

Culture counts. And achieving AI at scale requires a culture that embraces myriad changes surrounding it. It’s an area that often gets short-changed. COOs tend to be frontrunners when it comes to erecting the structures that underpin AI, but don’t always deliver crucial change management elements that make it stick. COOs need to serve as role models for change programs, making AI a top priority and getting that buy-in throughout their ranks.

3 **Execute AI through the “brilliant basics”**

COOs need to ensure their organizations get the basics right. This starts with data, making sure it comes from sources beyond the four walls of the company and is shared with all stakeholders. Second, to provide ongoing skilling and training to prepare the workforce. Employees need to feel confident that recommendations are accurate, which can be achieved by making sure they’re explainable. And third, to scale AI with ethics in mind, by ensuring considerations for AI are built into your core values and robust compliance processes. And then, to implement specific technical guidelines to make sure that AI systems are safe, transparent and accountable to protect employees, consumers and other stakeholders.

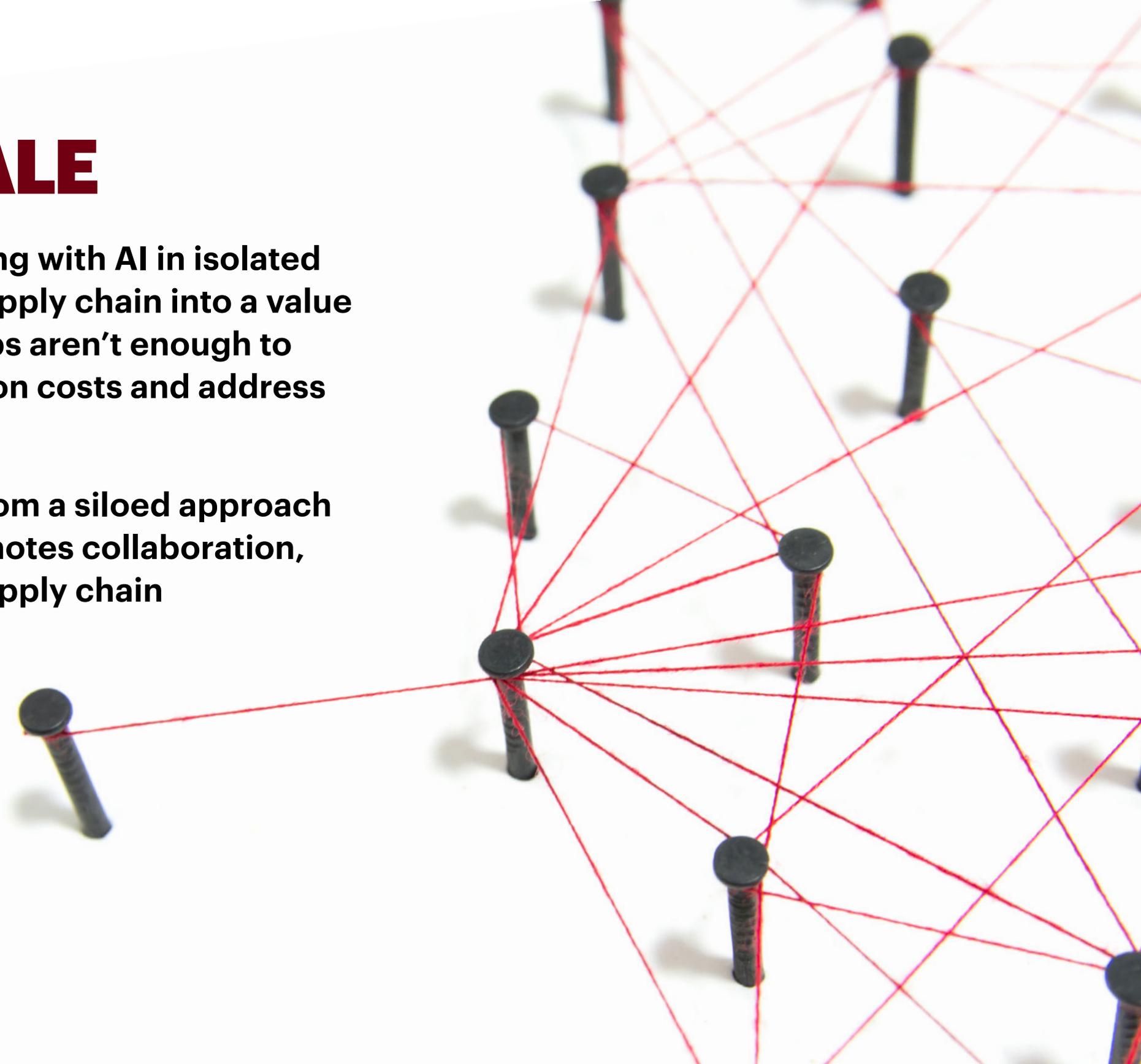
TIPPING THE SCALE

COOs need to move from experimenting with AI in isolated pockets, to using it to transform the supply chain into a value chain. It's a tall order. Incremental steps aren't enough to make fundamental changes to operation costs and address sustainability, service and growth.

The winners will be those that break from a siloed approach to one that unifies the workforce, promotes collaboration, and connects commercial work and supply chain initiatives by nailing AI at scale.



Contact the authors to explore ways to nail the AI scale in your organization.



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Applied Intelligence is Accenture’s approach to scaling AI for our clients. We embed AI-powered data, analytics and automation capabilities into business workflows to accelerate time to value. Our expertise in defining end-to-end strategy, combined with deep data infrastructure capabilities, cognitive services and industrialized accelerators help smooth clients’ path to AI adoption, extending human capabilities and supporting clients in scaling AI responsibly. Recognized as a leader by industry analysts, we collaborate with a powerful global alliance, innovation and delivery network to help clients deploy and scale AI within any market and industry. Follow [@AccentureAI](https://twitter.com/AccentureAI) and visit accenture.com/appliedintelligence

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