



# BUILDING AN INTELLIGENT ENTERPRISE

## AUDIO TRANSCRIPT

**SHIV IYER:** Just like a stock portfolio, you're going to have to make certain bets which don't pay out, but then there are other bets which will probably pay out disproportionately. So as a portfolio, you are winning.

**BRIAN VABULOUS:** Welcome to Competitive Agility. I'm your host, Brian Vabulous. Today, we're talking with Mehul Desai and Shiv Iyer. Shiv, welcome to the podcast. Mehul, welcome back. I'm really looking forward to getting started talking about Competitive Agility. So let's dive right in.

Gentlemen, I'm hoping that today we can dig a little deeper on what it takes to build an intelligent enterprise that has the agility to compete. What are the challenges? Are there pitfalls? Who's getting it right?

**MEHUL DESAI:** Sure, Brian. So I think when we spoke about Competitive Agility last, I think we talked about the fact that there was several clients who are looking to use Competitive Agility as a significant enabler to, you know, identify areas of opportunity and to be able to drive profitability.

I think one of the things and the topic that we're wanting to talk at hand today is how do we make sure that driving competitive agility isn't something that you do every year, but instead, use and build capabilities that

are sustainable going forward. Not only that, but also make sure that as you drive value and as you identify pools of value that you, indeed, have a plan and a strategy in place to be able to invest those resources and to creating a truly intelligent enterprise, which is what most of the clients will want to sort of focus on.

Because most of the clients also realize that while profitability is always going to be a challenge in the near to medium term. Medium to long term, the intent is also to make sure that the businesses that they're operating and that they're running are continuing to stay ahead of the competition, both competition that exists in the industry, as well as competition that might not exist today. Particularly, as we know about how business models are, the boundaries of the business models are disappearing and competition could be coming from anywhere.

So the question is how can you use Competitive Agility as an opportunity? But make sure that you truly work towards creating an intelligent enterprise as you're transforming over the next few years.

**BRIAN VABULAS:** Okay, Shiv, a question for you. Are there certain industries that are ahead of the curve or examples of companies that are transforming to



become intelligent enterprises?

**SHIV IYER:** I would say, one of the industries which is up ahead on this journey for us in terms of embracing this vision for what a very truly intelligent enterprise could look like is retail. Now, if you think about consumer products industries, they're far fast-following suit. Now if you go back a few years and in the previous podcast, Mehul probably talked about this is these companies were the first out of the blocks when it came to finding fuel. Because the detectorist investors or other reasons, they needed to find profitability.

Now those same companies are evolving their capabilities now to say, hey, as ecommerce is becoming more and more prevalent and our clients want to be served through digital channels, the demands on our supply chains are fundamentally different. So they're now starting to say, how do I take that sort of an evolution and evolve my supply chains and how they respond to that consumer demand very differently? Because the way I used to do that in the past isn't going to work in the future.

**MEHUL DESAI:** Yeah, and I think that's a fantastic example of how an entire group of leading companies within industrial and consumer goods did a fantastic job of you were really embracing Competitive Agility and pushing really hard and sort of driving the value there. As they now realize that they're surrounded with consumers who are changing practically on a monthly basis in terms of the demands as digital is disrupting their own personal individual lives, as they engage with social media, as they engage with new channels, with Uberization of all kinds of services.

**SHIV IYER:** This is a key point for us because I think it's easy for our clients to see how they engage and interact with consumers differently, right, because of social media, because of new marketing channels. That evolution has been happening for a while and that's been the source where a lot of our client's investments have gone.

But why is the retail industry the first out of the block? And embracing this idea that all of that investment really will not, in the long term, pay the terms if we don't fix how we operate internally and transform our processes. Because that's where Amazon has really opened up their eyes. Because Amazon is an operational machine. Amazon is not great because it engages with consumers and has an amazing website. It's great because it makes 100,000 promises an hour of delivering within a certain time window and it delivers on that promise over and over again. That is an operational issue.

And so, to be able to capitalize on all of those investments that you've made externally facing, to engage differently with consumers and monetize those investments, you have to look inwards and evolve those processes. And the consumer products industry is actually coming to the same realization, which is if we don't evolve our processes, if we don't evolve our operating models, if we don't drive greater collaboration across our functions, all those investments that we've made to engage our consumers differently would really not monetize and that's the impetus.

Those are the types of capabilities. Those are the types of principles which they have to imbibe as they go through this transformation.



**BRIAN VABULAS:** Shiv, how is disruption getting in the way of the journey to become intelligent enterprise? What are some of the pitfalls you see occurring and how can companies side step them?

**SHIV IYER:** Yeah, so, I think most industries, nobody would argue with you that disruption is around the corner. Some are more evidently impacted by it, others aren't. So even if you take a company like Harley-Davidson, for example, which is an iconic brand. I mean their consumer is changing. So they have to evolve what they do.

I think the interesting thing about these companies which I think are further behind in this journey are the typical company which I think are two steps in terms of the value chain from where the end consumer is. So by the time they get impacted, it's a couple of steps down the process, but they're seeing it. So the industrials, the large industrials, the heavy manufacturing companies are starting to see this. They're probably in the first step of the journey, if you may, in that process of becoming a more intelligent enterprise. Because, you know, they've always been very product centric in some sense. Their notion has always been, hey, we're engineers. We produce great product. We take pride in the product we produce. But at the end of the day, that is not what is going to win in the marketplace in the future because it's the consumers expectations are more fluid and different. So they're starting to see that and they're starting to evolve.

In terms of pitfalls, I would say retail, CPG, right out of the block ahead, automotive, industrials, the heavy industrials, starting the journey, if you may.

In terms of pitfalls, there are a couple of things which I want to hit. It requires these journeys cannot be sequential. You have to deliver on performance while you transform, which means that you have to think about your moves in your journey very, very thoughtfully, which also means that you have to think about how these moves that you're making produce returns, but that doesn't mean you only take moves to produce returns.

Just like a stock portfolio, you're going to have to make certain bets which don't pay out, but then there are other bets which will probably pay out disproportionately. So as a portfolio, you are winning. So part of the reasons why companies sometimes don't succeed on these transformations is because either they're too stringent on the financial end or they're too loose on the financial end. You can't be at either end of the spectrum. You have to think about this as a portfolio of plays that you're making. So those are some of the things which I see as pitfalls.

**MEHUL DESAI:** Yeah, I mean just to add, I think those are great points, Shiv. To add to those, I think when we think about auto, industrial, heavy manufacturing as an industry, and take a step back, I mean the clients who are in these industries have always traditionally been very efficiency and cost focused. They've always had a tendency to be – they've had their share of cyclical or cycles, as it were, even as of 10 years ago, where they went through a massive cycle. So they're used to the notion of driving efficiency, tightening their belts and driving value and survive.

I think what's different this time around for these industries and that's really important



to acknowledge is that where digital was 10 years ago and where technology was 10 years ago and where it is today is very different.

And the notion that we can only tighten our belts and get through the cycle is something that a lot of these companies who are market leaders today or who are significant players today, may have to be coming to terms with that if you do not, not only tighten your belts today, but also use this as an opportunity to be able to in parallel start thinking about where you want to be competing in the future and, thereby, what should your business model be and what should your operating model change to?

There's a pretty good chance that while they may come out of the cycle, they might not come out whole or they might not come out to be able to successfully compete in the future. So I think that's really important that having gone through how consumer goods companies have gone through and retailers gone through and where technology is evolving, that this industry looks at.

The second thing that I will also kind of point out is every company doesn't have to do it on its own. You have to keep in mind that a lot of these new capabilities, particularly in technology and as you think about creating efficiently at agile model, requires lots of investments. Companies and clients don't have to make all those investments on their own. Taking a step back and thinking about your entire set of ecosystem partners as your extended enterprise is super, super critical. The companies who are really smart and who

are doing this really well are the ones who acknowledge and recognize that. And they're holding their ecosystem partners accountable and are tapping into those capabilities in a much more real time manner.

It has two benefits. One, it allows these clients to minimize their investments. And, second, we just brought in the most important part is it gives them the ability and the speed with which they're able to transform. And both of these things are super critical. So clients who are recognizing and acknowledging this are probably further ahead in terms of their transformation than the ones who are probably still trying to figure that out.

**BRIAN VABULAS:** How does talent come into play for businesses on the journey to becoming intelligent enterprises?

**SHIV IYER:** At the end of the day, if you can't teach a sales person to sell differently using data and the insights that the data provides, you're not going to succeed because that's where the rubber meets the road. You could build these capabilities, but your workforce has to be able to take advantage of these capabilities.

In our own internal journey at Accenture, we've reskilled hundreds of thousands of people because we recognized we are in a people business and we wanted to pivot to the new and operate differently, but it wasn't possible without our people. Now it's fascinating and I'm going to try to bring the idea of an ecosystem partner with the skills transformation together for a moment.

So anybody's been tracking the announcement which was made the



Novartis CEO of their partnership with Microsoft, it's a great example where a leader actually hit two points in an announcement very, very well. He said, look, we're partnering with Microsoft because we want to accelerate our digital transformation and our artificial intelligence capabilities.

On the other hand, he said, we want to make each of our researchers artificial intelligent citizens. I mean I want to be able to put the power of artificial intelligence in their hands. That is a perfect example of how you want your workforce to transform because a researcher, in the future, who doesn't understand how to use AI based tools to do their work, is probably not going to be as agile or as productive as a researcher in the past.

So you see the power of ecosystems for acceleration, but you also see how that can help you transform your workforce which to me if you don't address the workforce part, you probably won't reap the benefits of a transformation of truly becoming an intelligent enterprise.

**BRIAN VABULAS:** Wow, thank you so much. Thank you both for your time today. I really appreciate it. Unfortunately, that's all the time we have. Everyone else, stay tuned for more Competitive Agility Podcasts and follow our Accenture channels on social media to get alerted when we post the next show. Thanks for listening. Thanks to you both.