Technology Vision 2015: Executive Summary

Podcast Transcript

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ELISE: Welcome to Accenture Technology Innovation Podcast. I’m Elise Corneal, and today we kick off our first series of the Technology Vision 2015.

I’m joined here today by Michael Biltz, who’s the Managing Director of the Technology Vision team, and today we’re going to talk about this year’s findings, how we got here, so let’s just start off for folks that may not know. What is the technology vision?

MICHAEL: Essentially, it’s the way that we’re looking at how technology is fundamentally changing the way that both Accenture and our clients do business. Because technology has such a huge impact and such a huge force in disrupting the things that we’re doing now, as well as providing opportunities, it’s our way of looking 3 to 5 years out and understanding what are the things that are just starting to happen now that we believe are going to fundamentally have an impact on the decisions we make and, frankly, strategies we push forward to the future.

ELISE: Wow, 3 to 5 years is a pretty long horizon, especially in the world of technology. How do you even begin to look at something like that?

MICHAEL: It actually isn’t. When you start looking at it, the seeds of what’s going to change in 3 to 5 years are really already happening now. You know, the actual uptake of technology, though it seems rapid and quick, there’s always things that are changing, it’s something that happens on a multiyear basis. And
so we’ve been hearing about things like cognitive computing for years, but it’s only really now that we’re seeing the technology mature enough that enterprises are really going to take it, ingest it and use it to do real things in the marketplace.

ELISE: So let’s talk about 2015, what are those things that are coming down the pipeline? What should people be putting on the agenda now and talking about?

MICHAEL: There’s five individual trends that we’ve got in the report, you know, but there’s really a couple of overarching themes that it’s, I’m going to say, important to really start with. What’s happened over these last number of years is that companies have wholeheartedly believed and agreed and are investing in this transition to using technology just as a tool to actually embedding technology as fundamentally a piece of how they do their business and how they move forward.

You know, you take somebody like Caterpillar who is very traditionally a company that builds large industrial sale equipment, and it used to be that that was fundamentally who they are, but now when you start to look at them as a company, you know, they’re also doing predictive analytics, they’re also doing mobility and monitoring as all of their tools are collecting mass amounts of data, analyzing it and providing new services on top. And so they fundamentally changed a lot of who they are in their business by combining that technology and their traditional industry skills and capabilities. And that shift is something that we’re seeing happen across the board in every country, in every industry across the world.

What we see happening now is that’s providing this wonderful launch pad for something new. As the companies are starting to make these internal investments into social and mobile and other technologies to become digital, but they’re starting to realize that as they stand up in their marketplace to start to implement these things, it’s every company investing and trying to figure out how they become digital, and what that’s creating is this vast we economy, this ecosystem of customers who are more technologically savvy, businesses that are trying to use the technology channels, and we’ve also go the internet of things finally coming alive, and so whether it’s a Rumba cleaning your house or a streetlight, you know, that can tell whether their cars are there, is they start to have objects in our everyday lives that are coming alive that are creating this hyper connected system, that companies are now going have to wade into to figure out how they’re going to do business in this next generation.

And this is what we’re really terming that we economy for how companies have to look at their business differently with this new capacity to scale and connect so easily to this world, but to recognize that with that power to reach billions of people comes that caveat that you’re no longer working primarily just with yourself and your core partners, you’re working in a much broader ecosystem that you’re going to figure out who are the sister industries, you know, who are the standards and technologies that you need to be using, and how your place is going to align with the strategies and goals, your fitness.

ELISE: Devil’s advocate, you could say it’s very aspirational, we economy sounds inclusive, it sounds like mass scale cooperation, but the reality is, is that companies compete. Is competition dead?

MICHAEL: No, I don’t think competition’s dead at all. The competitors that most folks have today will likely stay their competitors, you know, but it’s when you start to look at other sister industries that things get really interesting. Who’s going to be able to do that? Who’s going to line up the right partner? Who’s going to be able to create the ecosystem that’s going to be able to provide those massively differentiating services that are going to push out the competition ‘cause other ecosystems are going to be creating similar ones trying to do the same thing.

ELISE: What I’d like to understand a little bit more is who are the pioneers? Now I know that the ecosystems have not been solidified, but who have you seen? There are a number of examples in the vision that struck me. What would you pick out as the one that’s most illustrative of one or two companies that are starting to make parades this way?

MICHAEL: Yeah, there’s actually a lot of companies that are really dipping their toe in to try to figure out where they want themselves in this new place. Home Depot, very traditionally in peoples’ minds is that they sell home improvement equipment. You know, anything for the do-it-yourselfers, you know, equipment and supplies to contractors and suppliers, and what they’re realizing is that as the internet of things is becoming more real is that it’s not just a home anymore, it’s not just equipment, it’s not supplies and lighting, rather, these are becoming smart objects that are developing a new ecosystem fundamentally around peoples’ homes.

And they’re viewing a lot of their growth and their potential in this new economy that says, how does Home Depot as a supplier of all
these products and tools that are creating these new intelligent homes really take a position in there? And what they've done is that they're partnering with a large number of their suppliers in order to create that connectivity and that ecosystem so that all of the objects that are sold through Home Depot can actually talk and connect to each other.

And it's just one way that they're both, one facilitating the uptake of how people can break these connected homes to do the simple things like, you know, manage your temperature gage, you know, understand when you are or are not at home and change the lighting, change your security systems, and other things like that, but what they're really doing for themselves is that they're setting themselves up in a position where they are fundamentally a part of the ecosystem and the infrastructure, so as these homes become smarter and as people continue to add more services, is that Home Depot is always going to be a part of it.

ELISE: Great example. Overwhelming opportunity as well as I imagine overwhelming challenges in some senses here. Talk a little bit to us about what are the big hurdles towards this new era of the we economy. Obviously, we've got our trends, and we're going to talk about those later in the series, but at a macro level, what should be on the mind of a CEO, a COO, a CIO as they start embarking on this journey to a we economy?

MICHAEL: Yeah, so there's really a lot of things, and I think that the fundamental one that I would start with is that recognition that technology and strategy are very traditionally viewed as separate things within a company. But in this new we economy, within this new digital business that we are creating, your technology and your strategy are now fundamentally becoming more intertwined to the point that they're really the same thing. And so your first big hurdle is to realize that your technology strategy and your business strategy need to be so closely aligned because you can't understand what your opportunities are without understanding the technology, you can't execute, the strategy's new, without a clear path of how you're going to get there through the technology, and that's going to be a cool operation in most organizations, that people are going to really have to figure out how they do and do really well to charge their path (inaudible) of the future.

And I think that's going to become a real challenge because it's really going to ask companies to re-imagine and redefine who they are and who they want to be, and also make some very difficult choices as to what role you want to play in this new economy. But this is that look out that says that just like the music industry over the last six or seven years is that most industries are going to go through a shift for how they're going to act and interact very definitely in this new digital economy.

And what we're asking companies to do is take that step back and predict where they want to be, what their new strategies are going to be over this longer term, and now start to take those first steps to drive yourself towards it.

ELISE: Seems like one of the things you're pointing to is that there's a strategic decision about what is going to be my niche play, what's going to be maybe my big play, and all of that's going to drive how you are going to show up in certain markets, maybe new markets, and also which markets you may wish to dominate, 'cause to me this in some ways, you know, strikes me as like a little bit of musical chairs in some markets, right? We're all going to shift around and maybe I'm the one that's going down the platform, but I may just be, you know, along for the ride, so to speak, but in other situations I may actually be one of the star players.

MICHAEL: No, and that's exactly right. And I also think that it's even more complex than that 'cause I think we're now seeing that it's multiple markets that people are going to play in. You know, when you take something like auto manufacturers that says that now that you have companies like Relay Ride and other car sharing applications, is that that line between being a car manufacturer and being a rental car company suddenly get blurred. And so companies like Fiat and like Toyota are going to have to make decisions about, well, how do I want to play in my market as car manufacturer, how do I want to play in the market as a car rental, how do I want to make – play in a market in public transportation, how do I want to play in the market for car insurance?

And all of these things are question marks and possibilities, and then when you start to weave in things like automated driving is that you recognize that that's going to fundamentally change how all of these markets work almost at the same time, and so it becomes that interesting opportunity for all of the above that says, well, I've got the potential to be disruptive in my own market so I need, you know, to do something to make sure that I solidify my place for what I have, but it's also that opportunity that says, do I expand into other markets, or they're new roles in other markets, or they're new alliances I want in other markets in order to be able to attack these bigger problems.

ELISE: It strikes me as a major
mind shift, as well as a business model shift. So I’m going to throw a little bit of a provocative question out here. Will you describe to me in particular about, you know, technology, the coming, you know, intertwined with business strategy? When we think about skills, we think about the impacts that you talk with us about today, what kind of skills is the C-suite going to need to have now, ‘cause we’re talking about some major seismic shifts in how business is conducted, business units that may have traditionally operated on their own. For example, you think about, you know, supply chain function. What you’ve outlined today means a real blurring of those lines, and I would (inaudible) a change in skillsets.

MICHAEL: Yeah, no, it’s a really good point, you know, ‘cause I think that it’s one of those subtle pieces of this overall shift to be in a digital business. And the same way that the Google’s and the Apple’s and the Amazon’s have been looking at the world very differently over the last 15 years, now it’s not just the tech companies that need to think like that to be ahead, all of the strategies and techniques that those companies have been using are now something that pretty much every other company that you could think of needs to really ingest and evolve because that’s the new world that you’re working in.

It’s not about that next product, it’s not about how I create that one evolution, their service, it’s the how do I realize that in a technological software market, your ability to thrive and differentiate in your marketplace is based off of not just how you change next time, but how I create an environment where I am constantly evolving, constantly changing, and chasing after these new opportunities in order to grow my business.

ELISE: Every business executive is a technology executive.

MICHAEL: Absolutely, and if you don’t understand the technology, you’ve got a big chunk of what’s driving change missing from your portfolio and you’re going to get blindsided.

ELISE: And I think, too, it’s not only who they want to be, it’s who they won’t be, who they’ve chosen not to be, because I think that in this world of the digital business era, they’re in some ways, you can argue there are limitless possibilities. But I think some of the leaders will not only move first, but they’ll also know where they’re not going to go. So, Michael, can you give us a little history lesson here, right? Everybody loves their trends every year, right? I think I may have read more than 20 since, you know, December, of technology trends and versions, etc. We’ve been doing this for nine years in some form of the vision. Take us back, take us back to how this started, and why we did it in the first place, and how it’s evolved.

MICHAEL: So the origins of the vision actually started, I’m going to say, in the late nineties, and so we’re probably now 17 or 18 years from the first vision that came out. But the reality is, is that the first vision was really more of a pet project by one of the leadership (inaudible). It was his idea to be able to fundamentally give people an overview of what the investments that we were making, and how we chose to do our research in our labs when people came in to talk to us. And so it was informal, it was slides, it was meant to be overly provocative. We pulled in the craziest examples from the dot com boom of what people are doing.

ELISE: Was that –

MICHAEL: Yeah, exactly, as a way for (inaudible) to realize that the things that people were doing, the innovation that was really started to come to fruition was very different than the way that they did business now. And we used it (1) as a way to surprise people about what some of the opportunities are out there, as well as a way to start getting us to direct and understand what are the technologies we need to understand, what are the things we need to invest in, what are the skills that we need now. You know, and then in about the 2007 timeframe, you know, we realized that it really wasn’t just the labs that needed this, it was that Accenture was going through our own transition for how we become a more digital business, and how we provide all of these services and services that are constantly changing to our clients.

And so it became a very formal way for us to look back and say, okay, so it’s not just in the labs, but how do we utilize our technology expertise from every industry, from every technology group worldwide, and then how do we start to tap into the fact that we do have the global 2000’s as our clients in order to get them to start to tell us what are the problems they have, what are the things that they need to understand, and all of this gets combined and filtered into what we see today as our technology vision.

ELISE: Sounds like we went from the proverbial garage, right, all the way down to the corporate office, today we’re working with a variety of different people. Talk just a little bit about how we get to the vision? How do you source the trends?

MICHAEL: Yeah, so the trend goes through a bunch of different layers, and what we really try to do is, we try to key off of the vast amount of expertise we have across the firms
and the connections we have into the technology industry, as well as to our clients. You know, and so we go through a number of different phases between talking to industry experts from technology companies all across the world in order to really gather and understand what they view as new and different. We combine that with the expertise that we have internal to our company to say, what are the things that we’re investing in? What are the new technologies that we see coming up? And what are our clients asking for? And this becomes this enormous list we then combine into hypotheses for what we believe are the overall trends.

ELISE: Great. Well, I’ve been talking with Michael Biltz, who’s the Managing Director of Accenture’s Technology Vision, was just released. Thank you, Michael, for joining us today.

MICHAEL: Absolutely, thanks for having me.

ELISE: You can find the Accenture Technology Vision 2015 on our website at Accenture.com/technology vision. Please stay tuned, we’re going to have five more in this podcast series which are going to walk through each of our trends from 2015, and I hope you’ll join us in the next series. Thank you.