To compete in this new era of business powered by digital, companies must adopt technology that itself is “smart.” Intelligent technology is self-monitoring and aware. It captures data and takes proper action based on that data. Imagine the potential when this intelligence is applied to business functions. Many companies’ digital efforts have been focused on the front office, i.e., customer-facing services. However, most have missed the opportunity to unlock value by creating intelligent functions. Our focus in this point of view is on mid-and-back office functions that help improve ways of working and equip the business to capture growth opportunities the moment they appear.

Borders are blurring between industries, products and services. Intelligent functions help companies be a valuable and viable part of these new ecosystems. Collaboration is increased both inside and outside the company. Changing the way the company operates, intelligent functions use smart automation and AI, blending humans with new technology. Modular processes are designed and resources assembled to achieve outcomes, then redesigned and reassembled according to the next intended outcome.
As companies look to increase their competitiveness, new technologies, including AI, are powering analytics and businesses in new ways: to sense, comprehend, act and learn to unlock new economic possibilities that were previously hidden or unreachable. This new intelligence can empower people to do things differently, and do different things, to transform at speed. This helps companies find new efficiencies in their core business that unlocks capital.

As companies make iterative improvements, the accumulated benefit creates junctures where they can make “wise pivots” (see Figure 1). When those opportunities are seized, companies can continue to grow their core business while setting themselves up to create new businesses. Intelligent functions are key to helping companies unlock trapped value and position themselves for future growth.

**ONLY 13% OF COMPANIES ARE GETTING BOTH COST SAVING EFFICIENCIES AND BUSINESS GROWTH FROM THEIR DIGITAL INVESTMENTS**¹

### FIGURE 1. CREATING A DISCIPLINED JOURNEY THAT INCLUDES “WISE PIVOTS”

Rotating to the new should be a disciplined and programmatic journey

1. Transforming the core business and releasing funds
2. To continue to grow the core
3. While leveraging new business models
4. Executing wisely to maximize shareholder value

### HELPING A GLOBAL RETAILER UNLOCK ALMOST A HALF BILLION DOLLARS WITH INTELLIGENT FUNCTIONS

A global retail client needed to dramatically increase its responsiveness and flexibility. Accenture helped the client reimagine its operating model and create needed capabilities, including hyperlocalization, to deliver outcomes that mattered. The client’s operations are faster and adaptable, and operating costs were reduced by almost $0.5 billion dollars.

CREATING INTELLIGENT FUNCTIONS

AS BUSINESSES BUILD INTELLIGENT FUNCTIONS, THEY WILL FOCUS ON THESE FUNDAMENTALS:

TECHNOLOGY

Invest in new IT to move faster and smarter.

Technology is no longer just a cost of doing business; it’s a key enabler of being insight-led, adaptable and responsive through intelligent functions.

Companies are investing in smart, connected technology platforms. For example, cognitive platforms harness all of the data they have to power intelligent functions and smart processes. By thinking and sensing, these platforms can instantaneously understand the relationships between thousands of business variables and suggest actions to achieve specific business outcomes.

Others are leap-frogging away from legacy systems and instead creating a versatile environment that uses open API architectures, multi-speed IT and cloud. Emerging technologies, like blockchain, can connect a business to the ecosystem so that value is more easily exchanged and processes can more readily be digitized. By investing in this new technology, large businesses can move with the pace and nimbleness of much smaller players.

Artificial intelligence (AI) is expanding into more sophisticated roles within technology interfaces. From autonomous driving vehicles that use computer vision, to live translations made possible by artificial neural networks, AI is making interfaces both simple and smart.3 Accenture research shows that AI has the potential to boost rates of profitability by an average of 38 percent by 2035 and lead to an economic boost of US$14 trillion across 16 industries in 12 economies by 2035.4

In building intelligent functions, businesses need to ensure proper controls and governance. All technologies must have robust security that protects consumer/patient data as well as intellectual property.

AI COULD BOOST PROFITABILITY RATES 38% BY 2035 ACROSS 16 INDUSTRIES

Accenture and the World Economic Forum estimate $100 trillion can be unlocked for businesses and society.2 However, Accenture’s 2017 research reveals that only 13 percent of organizations in industries surveyed are getting both cost saving efficiencies and business growth from their digital investments.

4 Accenture 2017 Technology Vision.
CREATING INTELLIGENT FUNCTIONS

CONNECTED OPERATIONS

Get to outcomes by re-orienting processes.

Linear processes have no place in an “intelligent business.” The walls between functions will dissolve and processes will be organized around customer and business outcomes (see Figure 2). Leaders use a modular approach where capabilities, powered by digital, are brought together in flexible combinations to achieve a specific outcome, then disassembled.

Intelligent functions enable the flexibility and fluidity needed to organize processes around customer outcomes and to solve priority business challenges.

Digitalization and advanced analytics create a clear and connected view of processes. Connected processes open the door to using automation, analytic modeling and insight-driven approaches. Intelligent functions take advantage of artificial intelligence and robotics, algorithms, cognitive computing, blockchain and the cloud to appeal to expectations for personalization, increase productivity and accelerate speed to market. For example, to help Retailers with pricing, AI can tell exactly which products to discount at what time, in every store, so each store has the potential to increase revenues.

FUTURE WORKFORCE

Use new IT to create a flexible workforce ready to power intelligent functions.

The next-generation talent pool will include a balance of humans and machines. The humans are gaining skills that are relevant and transferable from one business unit to the next, or one ecosystem company to the next. This on-demand workforce of “free agents” allows businesses to recruit and employ the best people for key initiatives.

81% OF MANAGERS SURVEYED SAID AUTOMATION WILL MAKE WORKERS MORE EFFECTIVE

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HUMANS + MACHINES
Companies pivoting to the new use automation for transactional activities, freeing up workers to focus on capabilities that accelerate speed to market and inspire differentiation. As companies evolve to intelligent functions, they will need skilled people who can look across functions and assemble those building blocks to achieve certain business outcomes. Leaders must consider the critical skillsets that humans and machines bring, and determine what is needed for the future. Executives point to these human skills as critical: problem-solver, analytical, creative, collaborative and digitally enabled. Technology can augment the work of people, freeing them to develop skills, contribute more and be fulfilled in their jobs. For example in healthcare, when smart machines take on administrative tasks, it frees up clinicians to focus on high-quality patient care and working at the top of their licensure.

TRANSFORM HR
HR organizations are evolving from being transactional and administrative to a digital-savvy group of people that can determine the right combination of humans and machines. Roles will change with intelligent functions. Many new roles will be based on specific business initiatives versus having talent sit in traditional functional “silos” across disparate functions.

Today, most discrete business units have individual partners, such as an HR representative who collaborates with the unit. Tomorrow, one person—e.g. an HR planner or analyst—will work with all units and look across functions, synthesizing data to provide more valuable guidance and integrated planning.

The combination of human and technology matters. The mix will vary across industries and will change over time as technologies evolve. Accenture’s cross-industry research shows that by combining five digital technologies—autonomous vehicles, augmented and virtual reality, big data, machine learning, and mobile computing—companies could achieve additional average savings of more than US$85,000 per employee.6

FIGURE 2. ORGANIZE PROCESSES WITH GREATER AGILITY AND FLUIDITY

Modular capabilities allow assembly and re-assembly to achieve outcomes.
APPEALING TO A WORKFORCE OF ONE

Delivering a great employee experience is critical to attract and retain top talent. Employees want a culture where there are opportunities to share ideas, brainstorm and solve business problems using the latest technologies. They also expect hyper-personalized HR interactions.

Intelligent functions foster employee growth at an individual level. HR can use analytics to identify moments that matter to employees. They can use these insights to determine how and where to interact and to provide personalization—even anticipate what employees want. Engaged employees lead to strong, productive teams that can differentiate a business from its competitors.

The Accenture Worker Values Index reveals that emotional factors like engagement, quality of life, and status are equally, if not more important, to workers than income and benefits.⁶

⁶ Accenture Workers Value Index 2016
ECOSYSTEM OPPORTUNITIES

Claim your role in the ecosystem—or be replaced.

In the new world, where industry boundaries are permeable, every business must reconsider its fundamental role in the broader ecosystem and partnership strategy.

FINDING A PLACE

To claim their role, some businesses will pursue joint ventures and partnerships to deliver a better customer value proposition. Others may spin off aspects of their business and create different businesses that unearth new revenue streams.

Companies can build, buy, partner, invest and incubate to stay ahead of disruption. These choices depend on the level of talent/skills mix a business has, and their vision for where they fit into the ecosystem. In any case, it is critical to figure out an ecosystem and partnership strategy before others grab market share.

PARTNERS IN VALUE

Companies are increasingly integrating their core business with third parties and their platforms, shaping a new ecosystem. Ecosystem players have stronger potential for profitability. When companies work together toward the same goal, there are potential growth multiplier effects.

For instance, ecosystem partners have exponential data to analyze and gain insights. Exchange of customer data across platforms also allows for more tailored interactions with customers. And together, businesses can pool resources to innovate systematically and focus on customer experiences and solutions to problems. Forming these new partnerships, especially unorthodox ones, requires an open mindset—but the possibilities for value are endless.

Market leaders recognize the need to participate in the ecosystem—78 percent of research respondents said they would be increasing their partnerships and alliances as they attempt to boost digital growth in the next three years.⁷

OUTCOME-DRIVEN LEADERSHIP

Evolve leadership roles from vertical to value.

As intelligent functions take shape, someone must manage all of it. The chief operating officer (COO) and entire C-suite have critical roles to play in transforming to create intelligent functions—but roles are changing.

Instead of managing vertical functions, leaders in the C-suite will manage intelligent functions to drive competitive agility. For instance, rather than managing a large function and reporting on historical data, the CFO will become a chief value officer who synthesizes data to drive ROI, invests in innovation and manages risk. Rather than focusing on HR processes, the CHRO will source and manage liquid teams that can quickly organize to achieve an outcome. And rather than fill spots, the CHRO will shape future leaders.

The role of the COO will shift most dramatically as he or she will need to align priorities and objectives and ensure the business has the right capabilities and relationships to deliver outcomes. COOs will have a stronger commercial and customer orientation (in addition to their deep operations and supply chain experience) and be responsible for architecting a flexible operating model and running flexible end-to-end processes within the organization, as well as across an ecosystem of partners.

INNOVATION IS THE VISION

Leaders should encourage a culture of innovation. And people from across the business should pursue more experimentation, testing innovations, failing fast and moving on to the next idea. Data and analytics can provide insights to help shape innovation around initiatives with higher likelihoods of success.

90% OF COMPANIES HAVE SIGNIFICANTLY ADJUSTED OPERATIONS IN THE PAST TWO YEARS.8

Businesses with intelligent functions have the tools to sense disruption and compete in a fluid market. They organize structures, teams, and processes in a way that drives revenue growth and productivity. They use technology to enable more customer-centric ways of working, increase speed to market. They harness advanced analytics to spot which trends matter, and determine what impact they will have on the business. They leverage digital as a multiplier of value that unlocks new opportunities to be an integral part of an end-to-end ecosystem.

How will your company evolve to intelligent functions to achieve profitable growth? Eight steps to developing intelligent functions:

1. Identify where digitalizing core functions can dramatically increase productivity and speed. Where can funds be freed to invest in additional digital capabilities for growth?

2. Evaluate how your current technology and how platforms could enhance transparency, responsiveness, and collaboration. Ensure that all new IT has proper security controls in place.

3. Determine your business’s role in the new ecosystem. Partner with others in the ecosystem to deliver new or better customer or business outcomes.

4. Get the entire C-suite on board. They need to lead the organization forward, as well as manage and drive intelligent functions—rather than functional silos.

5. Identify the critical customer outcomes for priority customer segments. Knock down the walls and organize processes around those customer outcomes.

6. Identify the skills and capabilities needed for the future. Determine which are core human competencies needed for differentiation, which can be provided by a liquid workforce, and which can be done by machines.

7. Use AI and analytics to understand how processes and functions must change to be smarter and equipped to deliver customer and business outcomes.

8. Change the culture: embed process and service innovation throughout the organization by encouraging people to test concepts, fail fast and move on to the next good idea.
Join the conversation

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