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ACCENTURE VIEWPOINT S2:EP3 | THE AUTOMATION ADVANTAGE

VIDEO TRANSCRIPT

Govindraj Ethiraj: Hello and welcome to Accenture Viewpoint once again. Let me take you through a little bit of history or recent history.

If you remember, January, between January and February is when we start, first started hearing about Coronavirus. By April, we had those lockdowns, which, of course, you remember and maybe not so memorably. But more importantly, by January, the coming year with January '21, we already started seeing the arrival of the first vaccine doses. And by February, March of 2021, which is barely a year after the novel Coronavirus, novel means unique, was discovered or spotted, we had vaccines being rolled out and many of us getting our first doses.

What this tells you is that the speed at which the pharmaceutical industry moved, it was something unprecedented. And that speed in many ways was to do with something called intelligent automation or automation and to talk about the Automation Advantage and the book by that name, I'm pleased to be joined by Bhaskar Ghosh, Accenture's Chief Strategy Officer. Bhaskar, thank you very much for joining us today.

So let me ask you about the book. But before that tell us about, you know, the example that I quoted. Is that something that resonates with you?

And is that a good example to explain to people why intelligent automation has become so all-pervasive and critical at the same time?

Bhaskar Ghosh: Thank you, Govind. I think it is very, very appropriate. So Automation Advantage is all about, this book is all about driving the business value. The example whatever you picked up on COVID, and how this industry has created the vaccine at speed, that is an example of using technology to create the business outcome. And that is all about the intelligent automation. And it is powered by data and AI.

Govindraj Ethiraj: Right. And talk about, talk to us about why you thought about this book at this point of time? I mean, usually books are a result of a collective of experiences, and understandings, and conversations, I would imagine. So what was it that triggered your own thoughts in this?

Bhaskar Ghosh: That's a very good question. You know, the automation is something, you know, personally with my area and maybe I'm driving for last 30 years in IT services industry. Automation is not new. It is last 250 years all of industrial revolution is happened by automation. But I think we thought that the three things have significantly changed in last few years. First is the technology.



The some of the technologies like cloud, data, artificial intelligence, machine learning, they were there for quite some time, but they came and mature, become more and more mature for a business use very recently. So it is the first thing.

The second thing is the maturity of the users. Earlier the buyer or a user used to ask a lot of people, is artificial intelligence is real? Can I really use in this business? Is it really create an impact? Now nobody's asking that question anymore. The people are asking yes, I know it will add value. I have done a prototype. How can I scale? How do I take the full advantage of that in my business? So that was the second thing.

Third thing is that the paradigm of automation has shifted that, you know, historically, when I say that I'm driving automation for last 30 years, it was all about the driving cost, scale, quality and productivity. Automation means cost, scale, quality and productivity. But the new paradigm of automation is about differentiated experience. It is about the superior decision making. It is about create new business model or I call grow business. So that is a paradigm shift, a shift in the focus to drive automation to create business value.

Govindraj Ethiraj: Right. And let me take you back to a few more definitional points and before we come to the decision making part of it and how systems can learn in order to help you make those decisions. You know, the ATM and the barcode are early examples of automation. And today we're talking about intelligent automation. The drug industry could be one example which is in a way before us. What are the other examples that best illustrate this whole transition to intelligent automation and in the way that we are perhaps already experiencing it?

Bhaskar Ghosh: Let me tell you one story. Around two years back, I met CEO of one of the financial conglomerate in India, and we talked about use of technology in their business. And what I suggested that use automation, use AI in your business and create a, you know, that capability, data driven organization capability. They are very impressed. Then after six months I met that gentleman again and I ask him, so have you made any progress? He said that yes, we have created the center of data and excellence, and then we have picked up one use case that how do I cross sell one of our product, insurance product to my other customer? And we are using the artificial intelligence to drive that cross sell. And in three months, my cross sell has increased by 200%. 200%. So I'm very impressed. Then I met that gentleman again after six months. Again, I asked the same question. So how is it going? He said no, it's very, very successful. Now I am looking at the other areas in their whatever cross sell I was doing, we are using it. That my, you know, percentage of cross sell has now increased more than 350%. So I told him that six months back when I asked you, you said the 200%. Now you are telling 350%. That sounds good. But what exactly you have done? He replied, "We did nothing. Machine did everything. That machine started learning and started delivering better and better results to drive the growth." That is the power of intelligent automation.

The example what you gave the ATM and teller machine, whatever was the teller machine 10 years back, the teller machine exactly it is same. It does not have any intelligence. So that this is the difference that when you talk about the intelligent automation, it improves. It learns with the data and improves every time and improves the performance.



Govindraj Ethiraj: Right. And let me come ask you for a few more use cases. I mean, again, the automobile industry is a classic example, though, you know, my bias coming into this is when I think about intelligent and automation, I think manufacturing, I think shop floors, assembly lines and so on. And the example you gave me is really about a financial services company using it to, let's say, cross sell or obviously identify more customer preferences or needs. So to that extent, I am assuming that intelligent automation is not just about a physical process or involving a physical transfer of some good or piece of metal or whatever.

Bhaskar Ghosh: You're absolutely right. It improves the decision making. The what I have said in the beginning, the intelligent is automation is all about driving business value, better business outcome, business growth. It is all about better decision making and is a differentiated experience.

Let me give three examples to explain all these three points separately. First, let me talk about the decision making. During the initial part of COVID, so we are working with one of the insurance company in US, and they had a very large sales force in on the ground physical sales force. And actually during COVID, they completely switched to digital. So they have a digital channel, and that become the prime channel for them, and we had helped them.

In digital channel what happened that the number of enquiries normally significantly higher than the other channel. So they realized that whatever sales team they had, that is not sufficient. So they added more and more salespeople to, you know, support all the queries. But the point is the conversion rate was much lower than what was there in the past. So naturally, your cost of sale will go up.

You are adding more salespeople and you have a less conversion rate. Then they engaged with us, and we introduced this intelligent automation where we used that AI engine to target the customer. So when you get large number of queries, then immediately you analyze those requests with the external data from, you know, the social media and other sources and verify the customer, vend the customer and decide that where your chance of conversion will be higher.

Not only that, when you talk to this new customer, you know, the salesperson can provide the multiple options for the insurance. There are many products. Now in a physical contact, you may have some context of this client and all, you know which one to push, but now it is not there. So we try to prioritize that which product to push, which product to sell. So the engine started, AI engine started doing that select your customer and tell that which one is likely to get converted. And that helped this salespeople significantly, and their conversion rate started increasing, and number of inquiries anyway got increased. So overall business started growing much faster.

Now if you think of this example, this example is not about the cost, scale, quality and productivity, the whole thing. It is not about the elimination of people. It is not about the elimination of people. This is an example of powering your sales team with intelligent automation so that they will be able to perform much better and their chance of success is much higher with this power of automation. So that is a better decision making. We are using the technology and empowering our front line with a better decision making, which customer to choose and which product to sell?



So second example I will take is the grow business. So there is a digital bank in China. You know, so they give loan to first-time borrower, first-time borrower primarily in SME segment, small and medium business. So in their system, if you apply for a loan through your mobile phone, it take around three minutes to apply, and system takes around 30 seconds to decide accept or reject and verify your credentials with 3,000 data points, which are available within the company, outside the company. This company's growth rate is naturally significantly higher than their competitors. But more importantly, their non-performing assets is one-third of the competitors. This is one of the fastest growing bank, you know, bank in china.

Now so that shows that how the power of technology is helping you to grow business. It is a very different business model. They created the business model using the technology and artificial intelligence, and that is what is helping them to drive growth and decide.

Maybe I'll give third example of experience. You know, we worked with one of the hospital in China, in Japan where we, you know, we have, they have the data for kidney transplantation for last 10 years. We have loaded all that data in the system. It is the not only kidney transplantation, the matching kidney, matching but the post operative treatment data, and how the patient reacts and all those things in the system. So next time when the client, when the patient comes, the doctor is powered with 10 years data in their fingertip. So doctor decide and prescribe medicine based on his or her own knowledge, but knowledge is enhanced by 10 years of the experience of the hospital, you know, whatever they have done all in the past. So that created a significant improvement in the user experience of the patient.

From the patient point of view, so they are not checking with one doctor, but they are checking with the all the past knowledge of the all the patients. So that significantly helped.

So maybe the three basic example, there are thousands of example, but three basic example to explain you these three points.

Govindraj Ethiraj: Right. And I'm going to come to the people question in a second, though you've already addressed it or touched upon it. So you're really saying that there are two kinds of organizations who can benefit from intelligent automation. First is, let's say, or if you were to start from the current environment is really startups or new companies who start as intelligent or intelligently automated processes and process, processes which allow them to deliver the kind of product, loan product that you talked about in China. The second is, let's say, it could be a hospital or a pharmaceutical company or an automobile company where you're really bringing in or adding an automation AI layer to something that's been running perhaps for decades.

Bhaskar Ghosh: You are right, but I will say that not only we start up that every large company we work in Accenture, everyone want to be the startup. They want to adopt the technology like startup. So that is the, you know, that is what everyone aspire. Sometime it is difficult for a large company with a legacy backbone technology data. There are a lot of constraints why they cannot do it. Maybe we can talk about that, but the aspiration for everybody to do that. So it is open for both for the startups. Startups will anyway will start with the new technologies, but it is more important for the large, you know, companies, so-called legacy companies to adopt this technology to remain competitive in the future because this is not about the, you know, the choice.



It is something one need to adopt, need to embrace to remain competitive, remain leader in the market.

Govindraj Ethiraj: Right. And for a legacy company, it obviously means there are people and people are worried that they will either lose their jobs or they will get designed out in the near future. So how does, how would you address that issue, which I'm sure is something that comes up every time you talk to an older company or a legacy company?

Bhaskar Ghosh: That's a, that's a very good question, and I really do not have a one answer to that. First of all, I'll say couple of things I'll tell you that so when anyone start this type of engagement, people should not think it is a technology project or technology implementation. First of all, it has to be viewed as a business initiative. So the goal of this, goal of this engagement, goal of this investment has to be very clearly aligned with the business objective.

Second thing that one need to make sure that they have the right change management in place along with the technology implementation because the harder part in this type of change is not the technology. Technology you can buy in your business. Lot of technologies available. You can buy. You can implement. You can get a partner to do that. The critical part is the change in the culture. Even if you implement the technology, it will not be successful until unless people embrace the technology. People use the technology, and then there are various different techniques how you can influence the behavior of this organization. But it is extremely important that keep in mind that it is a cultural change of this organization, the way you operate, way you live, way you handle your client.

So it's a, it created new paradigm, and it's a new organization need to understand, the leadership need to understand, the ground level people need to understand.

I can talk about one of the, one of the organization we are working, you know, is a large, large petrochemical companies in East in APAC. See for them we have created their training module for training people. So in the training it is, you know, instead of a classroom training or a big training session, so what we have created, we have created hundreds of small training videos which are not more than two minutes. Two minutes, three minutes, small video. And those videos get pushed into the mobile. So, you know, people get maximum two minutes nugget a day, but the two minutes training is all about some line function person. It's not the managers are training. Somebody in the line function. It talks about how they are using the technology in their day-to-day job and how that is helping them. How they are, how it is helping in the, you know, in their oil processing area in the plant or how it is using in their sales. So in every different step, the actual people who work every day, and they introduce themselves. I am in this job for last 30 years, and now this system is implemented. This is how I do now, and that is really helping me. That gives the confidence. So it's a huge change management, cultural change management. People need to understand that this technology will benefit them. It is not about to replace people. So objective is not to replace people.

Having said that, there will be some displacement. It will, it is likely to happen. The question is, that is why when you run this program, you have to parallel run the reskilling, upskilling program.



So you have to reskill people. You have to identify the jobs which might get affected with this, and we have to upskill them so that they can be deployed. So it has to be taken up as a program to take care of the people as you implement this intelligent automation.

Govindraj Ethiraj: Right. And in terms of opportunity, so there seems to be an interesting sort of matrix here or at one level, you know, the finance company example that you gave from India is using intelligent automation essentially to cross-sell and to really mine its own customer database that's already there. On the other hand, there are estimates which say only about 15 to 20% of automation has, intelligent automation has really been rolled out. So there's an 80% opportunity for, I guess, any enterprise today. So how do you really set crack down on the opportunities and maybe also, you know, bring in those opportunities in a way that there is far greater acceptance? The finance company example you gave is a very, I would say, I would think the low friction entry, whereas there could be of course other examples where there may be more friction.

Bhaskar Ghosh: Yeah. That is right. So I think that one need to choose the right use case, right business case where you get the maximum benefit. You know, as you say that you have only 20% or less than 20% penetration of this type of intelligent automation in this organization. So when you choose, if I look at any organization, there will be hundreds of use cases where I can create this impact. So at the beginning I will choose something which are low friction, which will give the quick benefit, which will give a better business benefit, lower friction. So you should not start the whole engagement with something which will completely block the whole process. So that is the first very clear strategy.

Second thing I will say that the, you know, it is sometime it is very important to choose the right priority that is important, but they also it is clearly we need to understand that it is not always very easy to do that until and unless you have right sets of data, because this whole intelligent automation I am talking about based on artificial intelligence, that backbone is the data. And, you know, in our book we have given the steps like foundation, optimization, efficient, productivity and intelligent. So you say the productivity you can write by data. So data creates the foundation for the artificial intelligence.

Now, so the point is that when in a large organization, you know, so-called legacy organization if you go and try to implement, so the data is scattered into different system, different format. It is locked. It is not accessible so on and so forth. So when you take this as an engagement, then you need to have a clear data strategy. You create your, we create the data strategy for the companies and on top of that, these different use cases are like a product. Once you have the data backbone, then the example what I gave, you know, it's cross selling is one product. You make that happen. You pick up the next product and make that happen. And that is how you grow within the organization.

Govindraj Ethiraj: Right. So, and that that's, you know, if I'm in the organization or within the organization, and I guess this is a question the one I'm coming to which applies if you're looking from in to out and from out to in. So what are the kind of industries that are, let's say, ripe for, you know, at least starting off and if maybe just started off expanding in terms of intelligent automation?



Bhaskar Ghosh: So I think this has got an opportunity in all the industry, but the industries anything deals with b2c has got the more opportunity. Basically that whenever you go to b2c, the volume is high. Whenever the volume is high, then you have the data, and you can mine that data better and create the immediate impact. Having said that, it is possible in other, all other industry, in b2b industry also. And there are multiple use cases we have that where is a good example in how they are thinking of this using this maybe in the design, maybe in the research. In every field it is possible, but if you tell me that which industry will have the maximum benefit, definitely b2c. We see today happening sometime without realizing like say when you talk about Netflix, when you talk about Amazon, you know, when you get the recommendation of the movies for us in Netflix or in Amazon in the recommended product, so it is always backed by artificial intelligence, and that is working behind the screen and recommending. So that is, you know, some of these things are already happening and happening in scale in a different organization. But there's a lot more opportunity there to power up our people, power up the workforce with this power of intelligent automation to create the differentiated value.

Govindraj Ethiraj: Right, and your book is called Automation Advantage. So it, I guess, what you're trying to also say is that if you don't take this advantage today, then obviously, you will lose the competitive advantage that you could have potentially had.

Bhaskar Ghosh: You're absolutely right. The question is that the leaders of today may not be the leaders of tomorrow until unless they adopt this and switch that because the example whatever I talked about this medical industry, no human being can learn, you know, all those 10 years data is available.

But it is not possible for a human being to refer that and, you know, analyze that and use that effectively to, you know, do the treatment. But when once you get that in your fingertips, that is a power. So you can think of that, you know, in the future, if once this thing mature, then the experience, need for the experience level in the industry will be different. Like today I say that somebody is working 20 years. So that means experience. So it's basically that person has done, you know, similar job for 20 years and over time they have learned. Now what happen if I say that even if that person has worked in two years, but I power up that person with 40 years of data? So is it equal? You know, so the point is I can crush that experience with this power of data. So whole employ, you know, whole the workforce model will have the implication and that whole level will go up significantly. So I think it has got an enormous opportunity, but the point is the organization need to plan, organization need to adopt. It will take time for everybody to adopt in all the area, but this will decide the leadership of the future. And what we are talking about the organizations have to be data-driven organization in the future, and this is the foundation.

Govindraj Ethiraj: Right, and in your book you've talked about, you know, the inspiring the transformation, which I'm also assuming refers to the change management that you just talked about. The second is also sustaining the gains, and you mentioned very specifically that this is not a one-off project. This is something that's, that's running continuously and will run continuously. And you also talked about very interestingly relevance, resilience and responsibility. So what's the responsibility here?



Bhaskar Ghosh: See I think that's a very good question. Now as I said that once you create a creative engine of the system based on artificial intelligence and, you know, so that artificial engine will learn from the data. And, you know, there is a technique of supervised learning, unsupervised learning and so on and so forth. But basically it will learn from the data. And the way the system will develop over time and that will depend on what type of data you feed in the system. So I'll give you an example. Suppose, you know, as an Accenture we recruit very large number of people across the globe. Now if I use, if I use artificial intelligence to select the candidate and if the data when it checks the whole, you know, our global data over time, if the data spots that one particular type of profile, you know, maybe race, religion, color whatever it is has rejected ten times, it may happen just like that. It got rejected ten times, but the system will learn that that means chance of recruiting these candidates are less. Anyway let us not put them on in the front because 10 times it has failed. It will not pass. So let us not put them at all. So the system may build a bias. So we need to make sure that we do continuously correction of bias in the system. Otherwise, we will not know, system will generate the bias and take a decision which will be unethical. So the question is that is why use of this has to be a call the responsible AI. It is extremely important to avoid any data bias in your system.

Govindraj Ethiraj: Right, and I guess that also links to sustaining the gains because, you know, as you make gains, you can only sustain them if your AI system is constantly being nourished and being fed.

Bhaskar Ghosh: Absolutely. It has to be, it has to be continuously maintained and improved.

Govindraj Ethiraj: Right. As you look ahead Dr. Ghosh, you know, what's the future looking like? I mean, and when I say future I don't mean distant future, but the near future. It's very clear as you've said the opportunity is huge. If you're in a consumer-facing business, this is something that you should have already, you know, jumped up, jumped on and, you know, and if you're setting up a consumer business, obviously you need to be thinking like this. But as you look ahead now going beyond consumer businesses and in general, what's the future looking to you like?

Bhaskar Ghosh: I feel is that this technology will dominate the industry is the technology is not the, not the back end of the business, but it is becoming the strategy for the business. So it will lead the business decisions. So that is going to, that is already happening. That is going to happen in the future. What I see that they, you know, that whatever we have seen in last 10 years of technology or last 20 years of technology growth, I am more positive about next 20 years of the technology growth with lot of new technologies are coming in terms of 5g. We are talking about Metaverse, you know, we are talking about more advanced spent on in the cloud. So I feel that that will really power up that capability and create more and more opportunity for the business. It will generate create the new type of work. It will generate the new business model and ultimately, it will create the higher GDP. So I am very positive about that, and the backbone of that will be definitely the data and, you know, so every company need to adopt that strategy of data driven organization.



Govindraj Ethiraj: Right, and if I were to like, you know, do a test and suppose I'm running a company maybe a mid-sized company and I want, I do want to pose a question to you in that context or for that matter a large size company, what's the test? I mean, what are the two or three questions that I should ask myself and the response to which will decide how I should progress down this journey of intelligent automation?

Bhaskar Ghosh: So I think that that's a very good question. So we do normally an assessment. We have a framework to check that. In any company, we can check against 10 to 12 parameter and tell that where you stand in terms of your automation journey. We call the those who are in top we call them as a leader. Those who are I bottom we call as laggard. And we did some research on that on 2,000 companies recently, you know, last three years back we did. Again we repeated after COVID. So we have that parameter. But I think there are two things you have to check, that one is the foundational technologies. That means whether you have the cloud, whether you have the data right, the data backbone, whether the data is accessible freely on that part of it. And the second part you have to see that, you know, how much of the different function, how these technologies are actually involved into the different usage, different businesses in every aspect of the business?

Let's say, I got in one of the example I gave in this book in the very first example one Italian newspaper and, you know, that industry has gone, undergone change for last hundreds of years. And what they used the artificial intelligence that the automation is not for editing or writing, but they are actually help the reporters when they write, they, you know, they verify their content with the different facts and figures and then get the different facts and figures in front of them..

So it's basically enable them in writing. It is not the formatting, editing and so on and so forth. So it's a very different level of automation. So use of these technologies in the different business function and the degree of use will tell you that where do you stand.

Govindraj Ethiraj: Right, and last question as we go, Dr. Ghosh, so what's the next book that you are going to write or have begun work on perhaps?

Bhaskar Ghosh: Oh, I have not yet decided that so far, but I'm sure that there's a lot of exciting new things are coming up. We need to think of that.

Govindraj Ethiraj: Right. Dr. Bhaskar Ghosh, Accenture's Chief Strategy Officer, co-author of a new book the Automation Advantage. Thank you very much for speaking with me

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