



R.G. Manabat & Co.

Your business probably is not as smart as it needs to be

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The aim is to accelerate innovation, support advanced digital solutions and extract greater value for the business – possibly by streamlining operations, reducing time to market or offering their customers a much better service.

Successful companies are investing in smart technologies to grow their business, add value, engage consumers, improve performance – and compete with platform businesses.

Futurist Ray Kurzweil says humanity is entering an age of accelerated returns. We have reached a point, he argues, where information technology is progressing exponentially, not linearly. “Thirty linear steps gets you to 30,” he told the Financial Times. “With exponential growth, it’s one, two, four, eight. Step 30, you’re at a billion.”

Although technologies such as artificial intelligence (AI), robotics, augmented reality (AR) and virtual reality (VR) are relatively immature, they are already making an exponential difference to the world’s consumer goods industry.

In the Philippines, rice farmers can now dial a chatbot. After analyzing information about the time of year, land and weather, it tells them which fertilizer will most improve their yield. For the Womenswear FW 2018 fashion show, Prada – in collaboration with the mysterious cyber model Lil Miquela – took over Milan in the real and digital world, covering the city with #PradaFW18 billboards and posters and social platforms with #PradaGifs made especially for the occasion. In California, a robot with the rather literal name of Flippy will soon start flipping burgers at 50 stores in the CaliBurger chain. In China, on the most recent Singles’ Day, Alibaba enjoyed record sales of US\$25bn – with 90 percent of those transactions made on smartphones.

These examples illustrate the pace of technological innovation at leading consumer-facing companies, yet they only convey part of the exponential change Kurzweil predicted. The findings of the 2018 Top of Mind Survey suggest that some companies are being much more ambitious. Platform businesses, for example, already invest 13 percent of their revenue in technology – compared to less than 5 percent for the industry as a whole. They are also significantly more likely to have already invested in AI, AR, VR, predictive analytics, open source platforms, wearables and chatbots.

Successful companies are using smart technologies to fulfill a greater vision – and may even drive innovation in that area. By adopting the appropriate technologies, they are looking to accelerate growth and make more profit.

As part of that process, these organizations are abandoning cumbersome legacy systems and embracing cloud-based open platforms. The aim is to accelerate innovation, support advanced digital solutions and extract greater value for the business – possibly by streamlining operations, reducing time to market or offering their customers a much better service.

Yet, even this does not quite capture the scale of the transformation businesses are facing. As Dr. Thomas Erwin, Global Head of KPMG Lighthouse Center of Excellence for Intelligent Automation and Data & Analytics, says: “By 2020, AI technologies will be managing more complex processes compared to single tasks. We are probably only about 10 years away from a world where AI is really navigating a portfolio of processes, and effectively acting as the engine of a company, making operational decisions.”

Getting to that point will require experimentation, cultural change – and a willingness to fail. The introduction of new technologies can broadly be said to follow a familiar pattern. The thrill of innovation gives way to disappointment and doubt before the technology matures and, with expectations tempered by reality, is finally accepted by the market.

You only have to look at the technologies we still describe as ‘emerging’ to understand how unpredictable this process can be. Manufacturers and retailers are now using AR to enhance the consumer experience – earlier this year, Nike used this technology to virtually launch its Deerrupt sneaker – more than 25 years since Louis Rosenberg created the first system at a US Air Force research lab. Even the idea of a voice-operated chatbot can be traced back to 1966 when two AI-programs, Eliza and Parry, offered what one researcher called “an eerie semblance of human conversation”.

The excerpt was taken from the publication entitled No Normal is the New Normal.

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