

SEE MORE, DO MORE, BE MORE.

The Future Belongs
to Intelligent Operations

NEW APPLIED NOW



EXECUTIVE SUMMARY

In today's increasingly disruptive and complex world, change comes quickly, often without warning and from unexpected places.

New, more fierce competitors are emerging, challenging long-standing market positions and blurring traditional industry boundaries. Customer expectations—across all stakeholders of an enterprise including end-clients, suppliers, partners, and employees—are also increasing and transcending traditional industry boundaries.

Such trends are converging to quickly turn current best practices into tomorrow's liabilities. What companies have traditionally relied on to improve performance—process optimization, cost reduction, and predictability—simply can't deliver what's needed to maintain share and grow the next generation of customers. To survive and thrive today and tomorrow, enterprises must be able to act quickly—with intelligence, insight, and confidence—to changes in the competitive and customer landscape. Agility, flexibility, and responsiveness are now the keys to enhancing and optimizing the customer experience and delivering superior business outcomes.

The implications of this new mandate are massive—particularly for business operations, the heart of the enterprise. Companies will need to make fundamental changes and transform their operations to be the intelligence engine of the business and build the capabilities they need to succeed. What sort of changes? HfS researched 460 enterprise customers¹ across the globe to find out what senior operations executives think and how businesses are preparing themselves to succeed in the future.

The research clearly suggests the future belongs to organizations with Intelligent Operations that enable them to have a 360-degree view of their operations, enabling quicker, insight-led decision making. Such organizations will harness talent, data, and intelligence to transform their processes and infuse the agility and responsiveness they need to combat competitive threats and keep pace with customers' ever-evolving expectations. This study, supported by Accenture, highlights the essential components of Intelligent Operations against the backdrop of current and emerging business challenges.

KEY FINDINGS:

Digital disruption, data explosion, and customer experience² are the driving forces behind the need for companies to transform how they do business and move toward Intelligent Operations.

- Nearly 80% of organizations are concerned with disruption and competitive threats, especially from new digital-savvy entrants.
- Data is rapidly shifting from a peripheral component to a fundamental driver of operations and competitive advantage. However, nearly 80% of respondents estimate that 50%-90% of their data is unstructured. Furthermore, data comes from a wide range of sources, including owned first-party data, second-party cooperatives, and subscribed third-party data, as well as enormous amounts of data embedded in internal processes. Enterprises need a mindset shift to become more data-centric and to maximize and monetize this diverse data.
- A robust customer experience strategy is the most significant driver of operational agility. But nearly 50% of enterprises say their back office is not keeping pace with front-office requirements as they evolve toward the *OneOffice™* that replaces siloed front, middle and back office functions with seamless processes and digital capabilities.

The future belongs to organizations with Intelligent Operations: Those that use diverse data driven by applied intelligence and human ingenuity to empower next-generation, real-time decision making, exceptional customer experiences and breakthrough business outcomes.

With Intelligent Operations at the heart of the enterprise, a company can become more flexible, agile, and responsive; generate value more quickly; and achieve sustainable competitive advantage.

Intelligent Operations have five essential ingredients that come together in a dial-up or dial-down as-a-Service approach to lasting business process transformation. Intelligent Operations provide the agility, flexibility and responsiveness that businesses need to act swiftly to change and steer a new course with confidence.

FIVE ESSENTIALS OF INTELLIGENT OPERATIONS

- 1. Innovative Talent.** Entrepreneurial drive, creativity and partnering ability are organizations' top three areas of talent focus. The talent of the future will need to bring creative problem solving to the enterprise in addition to strong digital, operational and domain expertise. To meet these talent demands, enterprises will need a much more agile human resources function and a more flexible approach to recruiting that heavily leverages an open talent marketplace.
- 2. Data-driven Backbone.** Over 90% of organizations believe that data-driven decisions will help them generate breakthrough customer insights. Organizations need to capitalize on the explosion of structured and unstructured data from diverse internal and external sources to gain new insights their innovative talent can use to achieve better outcomes. To that end, over 85% of enterprises are developing a data strategy around data aggregation, data lakes, or data curation, as well as mechanisms to turn data into insights and then actions.
- 3. Applied Intelligence.** Nearly 90% of organizations believe the *Triple-A Trifecta* of automation, analytics, and artificial intelligence (AI) will become the holy grail of business and process transformation. To effectively use these powerful tools, companies need innovative talent who can understand the business problem they are trying to solve and then augment this talent with the right combination of people, connectivity and technology to find the answer.
- 4. Leveraging the Power of the Cloud.** Over 90% of enterprises researched expect plug-and-play digital services with enterprise-grade holistic security, which is possible today through the power of cloud infrastructure. Capitalizing on the cloud, however, will require significant efforts to replace or modernize legacy systems. Recognizing this, 25% of respondents indicated they have completed legacy replacement or modernization and another 42% have concrete plans to do so.
- 5. Smart Partnership Ecosystem.** Over 90% of enterprises feel they need to partner closely across the ecosystem to exploit market opportunities. For instance, organizations of the future will develop symbiotic relationships with startups, academia, technology providers and platform players to achieve their goals. Similarly, traditional business service providers are increasingly collaborating with enterprises in a true partnership model that maximizes co-innovation.

A C-level directive to drive growth is most likely to trigger the organizational transformation. Enterprises expect an average of nearly 21% revenue growth in three years, but they also want to reduce operations costs by around 22% in the same period. This means enterprises must walk a tightrope: balancing the priorities to enhance the customer experience and keeping up with disruptors while improving productivity.

Achieving these objectives requires a fundamental shift in business and operating models. Where do you want to start?

RESEARCH METHODOLOGY

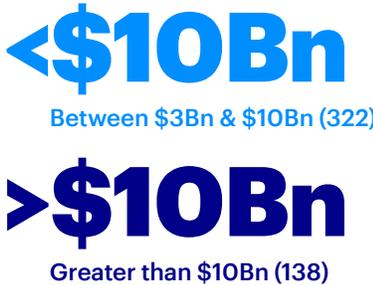
This study is based on the responses of 460 participants that are involved in buying decisions related to technology and services. The interviews were conducted in Q3 2017 with a combination of telephone and online surveys, with telephone interviews included to follow up and ensure better responses to more in-depth questions.

STUDY DEMOGRAPHICS

12 Countries Surveyed

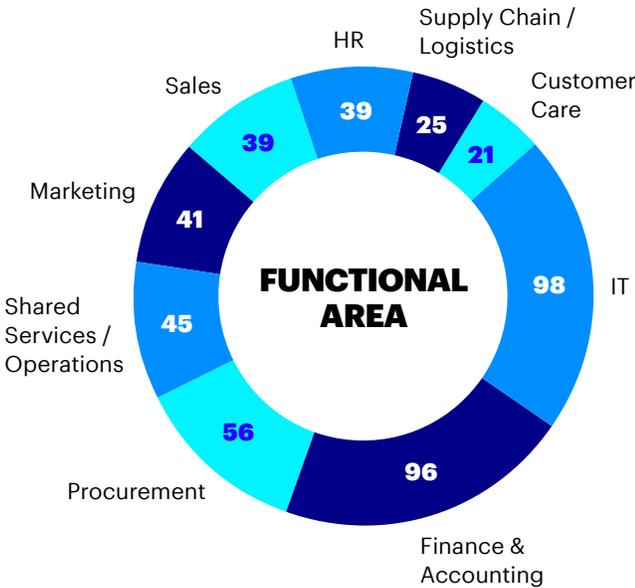
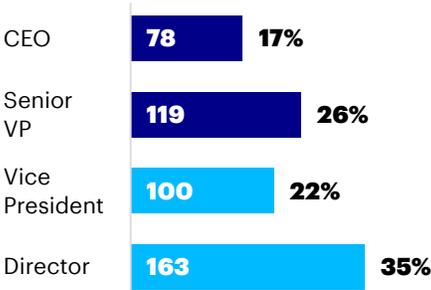
EULA	North America	Asia Pacific
UK (30)	USA (130)	Singapore (30)
Spain (30)	Canada (30)	Australia (30)
Italy (30)		China (30)
France (30)		Japan (30)
Brazil (30)		
Germany (30)		

Revenue USD

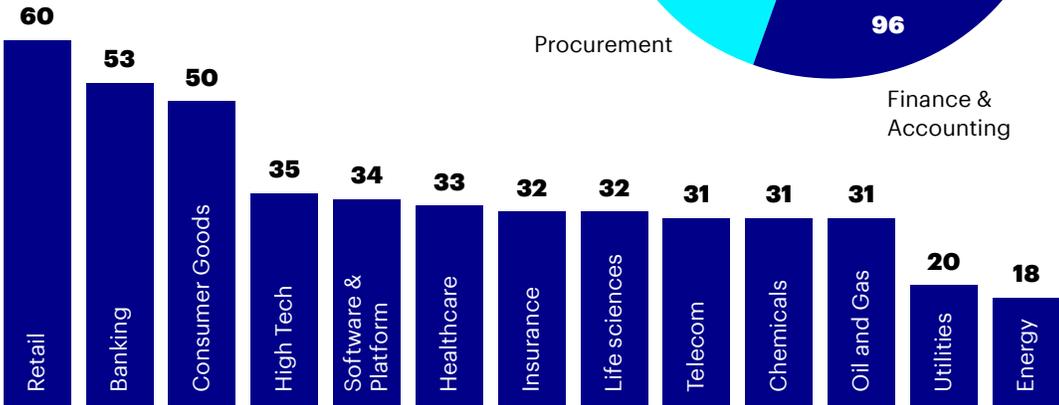


Job Title

Total responses: 460



Industry



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HfS’ mission is to provide visionary insight into the major innovations impacting business operations: automation, artificial intelligence, blockchain, digital business models and smart analytics.

HfS focuses on the future of operations across key industries. HfS helps to shape the strategies of enterprise customers to develop operational backbones to stay competitive and partner with capable services providers, technology suppliers, and third party advisors. Visit us at www.hfsresearch.com for more information.

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