The Intelligent Enterprise

It's the way to predict and lead in your market.

Executive Summary

The 4th Industrial Revolution has introduced the Era of Intelligence. It is transforming business. Transformation requires more than technology and enterprises are constrained by a lack of insight or enterprise intelligence, to help them predict rather than react to market challenges.

Skill shortages, inadequate tools and lack of experience, continue to inhibit transformation. When combined with the challenge of business process complexity, organizations become rigid and unable to connect business applications with new technologies and ultimately unable to activate insight or innovate at speed and scale. Differentiating your organization and leading markets becomes almost impossible under these conditions.

To overcome these challenges Avanade is advocating transformation to an Intelligent Enterprise which, can predict and lead its markets through digital realization, empowering business process agility and activating insight and innovation.

Avanade believes successful business leaders are transforming to an Intelligent Enterprise. They are doing this firstly by integrating new technologies to create a digital ready estate. Within the digital estate, there is a foundation of intelligent business applications connected to existing and new business operations, processes and technologies. The net result is digital realization, business process agility and industry insight and innovation.

This Avanade Point of View discusses the three aspects of the Intelligent Enterprise and how they help companies to deliver needed customer and employee experiences. It describes how the Intelligent Enterprise delivers insight, innovation, and efficiency benefits to specific industries for competitive advantage. And it explains what resources and expertise "enablers", a business will likely need to implement an Intelligent Enterprise.

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By 2018 90% of the world's 200 largest companies will exploit intelligent apps and use the full toolkit of big data and analytical tools to improve their customer experience.[1]

By the end of 2019, digital transformation spending will reach $1.7 trillion worldwide.

Time for a revolution

Industrial revolutions have come along every hundred years over the past few centuries—think mechanization and steam power in the late 1700s, mass production in the late 1800s and computers in the late 1900s. And now, just half a century after the start of the electronic era, is the fourth industrial revolution, the Era of Intelligence. It blends global networks, the internet of things, machine learning, predictive analytics and more.

Businesses rightly see these latest technologies and trends as crucial to maximizing competitive advantage. That's one reason they're spending vast sums to adopt them—an anticipated $1.7 trillion in 2019, up by 42% from 2017, according to IDC.[2]

Only some of these efforts will succeed. Others will fall short because they require more than technology. Without intelligence, insight or innovation, businesses can get stuck in reactive modes.

The culprits that hold businesses back are common:

- Inadequate skills, tools and focus
- Business process complexity that degrades both customer experiences and employee productivity
- Lack of business insight needed to innovate for industry differentiation

Introducing the Intelligent Enterprise

Businesses can overcome these challenges by becoming intelligent enterprises.

In the Era of Intelligence, the Intelligent Enterprise, can predict and lead its markets through digital realization, empowering business process agility and activating insight and innovation. The Intelligent Enterprise is one that marshals intelligent business applications to gain insight and help companies predict and lead in their markets. These intelligent business applications use data and intelligence to capture new business opportunities and enable better decisions at all organizational levels. They break down the silos between traditional technologies such as CRM and ERP. They integrate with a wider cloud platform, that includes core enterprise process functions and innovative technologies.

The key business enablers of an Intelligent Enterprise include the digital estate of integrated technologies, intelligent business applications connecting the systems of intelligence and solutions developed with insight and industry relevance for differentiation.

As a result, intelligent enterprises are more likely to realize their business objectives, simplify business processes to empower employees and improve customer experiences, and innovate with industry insight based on intelligence from both people and machines. These three aspects - digital realization, business process agility, and insight and innovation-are the distinguishing business outcomes of the Intelligent Enterprise.

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Here's a closer look...

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Digital realization

The Intelligent Enterprise depends on more than technology. It requires the right skills, culture and tools within the organization, as well as the right partnerships beyond it. The use of more smart technologies, for example, requires a workforce that's trained and motivated to use them. That workforce must be equipped with the right digital workplace tools, including tools to accelerate transformation. The partner chosen to facilitate that transformation must be fully trusted—and worthy of that trust. Given the risk inevitable in any major technology endeavor, a business that aspires to be an Intelligent Enterprise can afford no less.

Business process agility

Aging business processes are a stumbling block to creating great customer experiences and improved employee engagement. The enterprise can overcome this obstacle by creating people-first operations and solutions that enable customers and employees to overcome complexity.

A key element in business process agility is simplifying business processes and delivering them with an eye toward industry-specific requirements, insight and cultural alignment. The industry focus is crucial to meeting the distinctive needs of customers and employees in each market and the Intelligent Enterprise needs trained and talented employees to handle the higher-order tasks they'll be increasingly called upon to complete.

For example, CRM and ERP projects today still focus too much on replicating the complexity of the previous systems for the sake of matching unique industry or client-specific requirements. Intelligent enterprises could, instead, leverage the standard application from the cloud and adopt industry best practice business processes to match the "last mile" functionality requirements. Simplification is a goal in itself and the cloud delivery model for business applications contribute to making it a reality.

Insight and innovation

Systems of intelligence and constant technology advancement are key to enabling enterprises to innovate at scale and speed—and to disrupt their markets. This requires integration with the latest advancements in artificial intelligence, automation, internet of things, virtual reality/augmented reality and others. To achieve this, enterprises need access to world-class advisory skills, insight into new technologies and cross-industry experience at a global level. The people-first approach should infuse deeper intelligence at all levels of the enterprise, from strategy through operations. It should go beyond application silos to identify connected information anywhere in the enterprise but should be well grounded in change management and user-adoption practices.

To predict and lead your markets is a key aspiration for business leaders and without intelligence, insight and innovation your business will react, or be proactive at best, but will ultimately fail...there are some very high profile companies, in this Era of Intelligence, that have paid the price of failing to predict, adapt and innovate in time.

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The Intelligent Enterprise in action

The Intelligent Enterprise can innovate, grow and transform markets in ways not possible just a few years ago. Here's a look at how The Intelligent Enterprise is transforming key industries.

Banking

In the increasingly competitive consumer banking segment, financial institutions need cost-effective ways to enhance the customer experience even as they scale that experience to support more customers. Early chatbots deployed in some customer call centers haven't met that standard because they collect data, sometimes at the expense of a quality experience. The intelligent enterprise integrates chatbots with cognitive services and other forms of AI to understand the customer's issue based on tone of voice, word choice and level of stress—and to immediately escalate the call to a human agent when appropriate. Customer satisfaction rates improve and human agents are freed to focus on calls that require their expertise. The Intelligent Enterprise also improves the targeting of offers based on publicly available data and makes self-service portals easier for, and more useful to, its customers. All these advances are important loyalty-building steps in open banking environments in which it is easier than ever for customers to move their accounts between financial institutions.

Healthcare and Public Service

The application of The Intelligent Enterprise to healthcare will enable proactive monitoring and predictive health remediation. Providers will use data analysis to identify health threats sooner, enabling measures that mitigate both the size and severity of epidemics. In public service, The Intelligent Enterprise will accelerate the adoption of solutions that seamlessly integrate constituent self-service and education. The constituent experience will improve even as budget-strapped government units see faster and fuller revenue collection as well as more productive use of personnel.

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Insurance

Fraud is of particular concern to insurance firms and The Intelligent Enterprise is well-positioned to address it. Machine learning and predictive analytics can help identify probable fraudulent claims for human scrutiny, reducing a firm's losses. Telematics and connected cars already play important roles in user-based rate-setting for automobile insurance. The Intelligent Enterprise can take this further, considering a customer's car-maintenance record and fuel efficiency, as well as weather conditions and broader factors, in rate calculations.

Retail

A retail chain can transform into an intelligent enterprise to revolutionize its sales and marketing strategies, shaping inventories and marketing campaigns based not on what customers have purchased but on what the enterprise knows they will purchase. Those predictions and strategies can be finely calibrated to market segments by demography, geography and other factors. Likewise, the causes for weakness in a single store or region can be identified and addressed before they become a drag on sales and margins

The Intelligent Enterprise can also enhance the customer experience, for example, using machine learning to suggest product purchases with higher click-throughs and sales than today's technologies. As retail adjusts to the seismic shift in customer attraction for online transactions, The Intelligent

Enterprise can support the evolution of physical stores into marketing, rather than sales, locations. Enhancing the customer's in-store experience means personalizing that experience based on browsing and purchase histories as well as publicly available information. It also means giving consumers the tools to customize products and giving employees the training they need to support their new roles in guiding and advising customers.

Manufacturing

The Intelligent Enterprise is spurring a revolution in field service. Reactive service, in which a field technician is dispatched in response to a customer call, is being replaced by proactive detection and even predictive service—in which the technician is dispatched to address the customer's future needs before the customer is aware of them. Internet of things technologies combine with predictive analytics to make this possible.

For the customer, this means higher uptime, lower costs and increased satisfaction. For the manufacturer, this makes possible a major business-model shift, in which the customer pays for the service that's enabled by the manufacturer's product, rather than for the product itself. For example, a trucking customer might pay for a contracted number of miles or tonnage per month, rather than for the truck itself.

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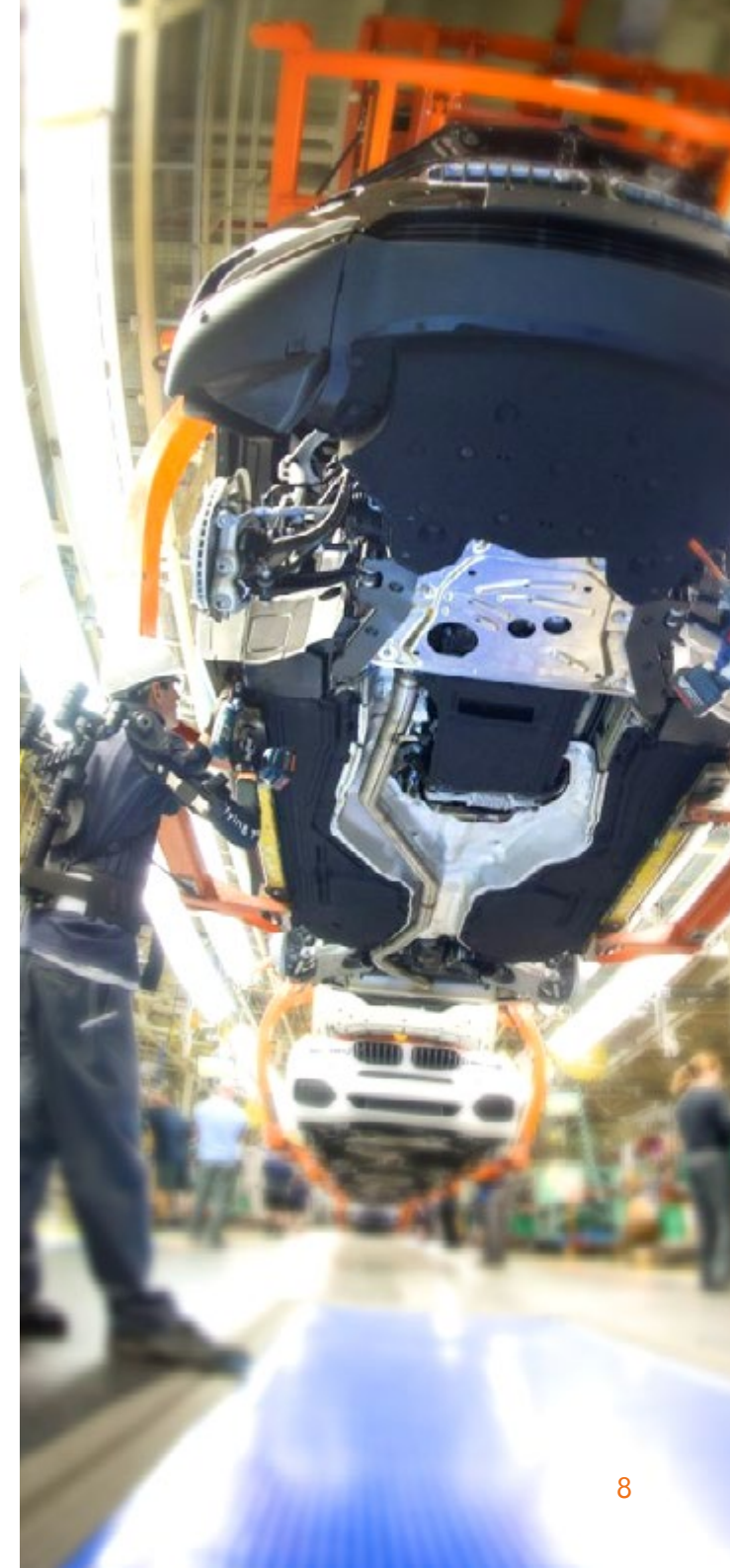
Microsoft Dynamics 365: The intelligent business application platform

The Intelligent Enterprise runs on intelligent business applications. At the core of those intelligent business applications is Microsoft Dynamics 365. That's because it unifies business processes into one platform so they work seamlessly together and help run the enterprise's business end to end in the cloud.

To deliver that end-to-end support, Microsoft Dynamics 365 breaks the barriers between CRM and ERP and integrates with the entire Microsoft ecosystem, including Cortana Intelligence Suite, Office 365, Azure Internet of Things and Power BI. The business finally has a single platform for every process from prospect to payment, including operations, sales and marketing, field service, customer service, finances, human resources and more.

Microsoft calls this ecosystem the intelligent business cloud. We call it the beating heart of The Intelligent Enterprise.

Your Business Applications Partner for the Era of Intelligence

Companies are increasingly turning toward digital technologies that set them on a course toward The Intelligent Enterprise. But not all succeed. Each failed or canceled project wastes hundreds of thousands of dollars. Not surprisingly, the majority of organizations are taking steps to broaden the base of their digital expertise. Enterprises that work to increase their digital expertise must wonder if they are taking the right steps, because not all sources of digital expertise are alike. But increasingly, industry watchers do agree on the right choice for that expertise... Avanade.

The clear leader in The Forrester Wave
Here's what research and advisory firm Forrester say in their report "The Forrester Wave™: Microsoft Dynamics 365 Services, Q4 2017"[3]:

> *"Avanade's scale, cross-industry footprint, and lineage give it a unique proposition. Accenture subsidiary Avanade not only has nearly twice as many Microsoft Dynamics pros as its closest competitor, it's also one of the few service providers with a balanced portfolio, employing CRM and ERP practitioners in equal proportions. It has been quick to take advantage of Dynamics' growing acceptance for enterprisewide ERP deployments, with more than 50 such engagements in recent years. As Dynamics' ERP modules emerge from their subsidiary heritage and as the ERP and CRM modules both become enablers of digital transformation, the ability to tap into Accenture's consulting and industry sector competency becomes a proposition that is hard to beat. Consider Avanade particularly when the Dynamics implementation is part of a broader business model and business process transformation."*

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The Avanade difference

Why do leading market analyst firms and enterprise clients single out Avanade? Because of our unmatched digital services and resources that enable The Intelligent Enteprise. We have a tight partnership with our co-founders, Accenture and Microsoft, that brings unequalled technology expertise, business breadth and industry insights to our clients.

The journey through digital transformation can be complex but, with the right guide, it doesn't have to be lengthy or high risk. Avanade Advisory Services can quickly turn an

enterprise's vision into executable strategies and business outcomes. One key: Avanade's human-centric approach, which balances the needs of technology users with business requirements.

We deliver the benefit of our partnership to our clients through Avanade Intelligent Enterprise Solutions (AIES). Our AIES program delivers business-process-driven digital transformation through industryspecific-configurations. AIES is linked to Dynamics 365 and applies these leading best practices throughout the implementation lifecycle.

Want to learn what becoming an intelligent enterprise can mean for your enterprise? Want to set a course toward greater customer and employee experiences?

Find out how: www.avanade.com/intelligent-enterprise

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Footnotes:

[1] "Gartner: Top 10 Strategic Technology Trends for 2017: Intelligent Apps"

[2] "IDC FutureScape: Worldwide Digital Transformation 2018 Predictions"

[3] "The Forrester Wave™: Microsoft Dynamics 365 Services, Q4 2017,"

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About Avanade

Avanade is the leading provider of innovative digital and cloud-enabling services, business solutions and design-led experiences, delivered through the power of people and the Microsoft ecosystem. Majority owned by Accenture, Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation and has 30,000 professionals in 24 countries.

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