

What keeps CEOs awake at night?

 By Leigh Andrews

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Imagine walking into a bank and being greeted by a robot that uses facial recognition to identify you and your standing in the bank, and possibly predict the service you've come in for - it's not science fiction, this is already a [reality in Japan](#). Here's how business as we know it is about to be disrupted for good.

The answer to the question of "what's keeping CEOs and the rest of the C-Suite awake at night" lies in the vast increases in unstructured and social data, and the increase in pace of disruption, according to Craig Holmes - IBM Middle East and Africa's VP for cognitive solutions and Juan Jose de la Torre, IBM digital transformation leader, Middle East and Africa.

According to IBM's "[Redefining Boundaries: Insights from the Global C-suite Study](#)", which is based on findings from more than 5,200 CEOs, CMOs, CFOs, CIOs and other C-suite leaders across 21 industries in more than 70 countries including over 100 interviews with SA business leaders, in just two years, the percentage of business leaders who expect to contend with competition from outside their industry has increased by a quarter.

View the brief introductory video to the study below for better understanding and [click here](#) to download the study PDF:

Below, Holmes and De la Torre elaborate on the true impact of digital disruption on business...

1. What really does keep CEOs awake at night?

De la Torre: There's a current trend of massive disruption in all business, especially in traditional businesses. The change is in relation to the ecosystem of disruption. Now, instead of 'building walls' and trying to defend against the change disruption brings, businesses need to embrace the change, especially based on the current pace of transformation. Become more agile and customer-facing with streamlined operations. The focus has been on customers for the past decade but disruptors have put those customers right at the centre of the change, leading to a massive gap many traditional companies need to address.

2. How has today's digitally-distracted consumer changed, and how do businesses need to evolve to meet their changing needs?

De la Torre: Business speed of reaction needs to change, we need to interact with and encompass the disruptors and respond within minutes to customers' requests. All of this means we need a new way of understanding business for which we can use the power of cognitive and analytics to truly address customers' needs.

Holmes: It's based on clarity of business strategy and being agile at the edges, specifically making sure you're able to address your customers' changing needs. Unfortunately in South Africa, we see some examples where business decisions are portrayed in the social media space and met with adverse customer reactions from segments they didn't realise existed. The rise in volume and veracity of social data is a clear sign that we need to better manage our social interactions and the insight derived from the sentiment and content.



Holmes and De la Torre

De la Torre: When you look at how transparent data has become, it's clear that it can have a high impact on your business, from reputation to actionable insights. It needs to be embraced properly. Many companies see 'going digital' in the same way they manage their traditional business, going so far as to state on their social media accounts that they're open "from 9am to 5pm". That simply doesn't fit the digital mandate – you need to be available 24/7, 365 days a year to keep that customer relationship ticking along smoothly. In a time where we expect a response within 2.5 minutes to a comment posted on Twitter, anything longer than that simply defeats the purpose of being 'digital'. There's definitely an imbalance in terms of how customers interact with traditional channels – social media is a more demanding space to speak to your clients than you would over email or even through the call centre. If you can't give an immediate response you shouldn't be on social media, and if you can't be on social media you should seriously question how you are engaging your customers.

Holmes: It's all about the omnichannel approach – easy to say but difficult to do, because how effective can your traditional marketing truly be when today's customer has already done an online price comparison and read up on product

reviews before even walking into your physical store? The answer lies in using technology at the moment and throughout the interaction. You need to overlay structured data with unstructured data, process it in real-time and add in cognitive capabilities to optimise the result. Some businesses are doing so by enhancing their buying behaviour assessments and campaigns with IBM Commerce, their call centres interactions through [IBM's Cognitive Watson](#) offering, which uses in-built API's speech-to-text to rapidly assimilate a response to your customer and send out relevant response prompts and answers – this is the reality of meshing traditional with digital interaction.

3. Why has there been such a huge spike in business leaders who expect to contend with competition from outside their industry? What's driving this shift?

De la Torre: The barriers are blurred. Before, your core business model had to be clear. Today, any industry has to be ready for '[Uberisation](#)', today's business success is based on having vertical and horizontal partners, and requires new skills. Nowadays digital stores are even entering the physical space, with the likes of eBay [opening bricks and mortar versions](#) as digital business is booming. Today's consumer usually doesn't buy without already knowing what the product looks like, even if they're buying it online. There's a definite closing of the loop between offline and online, as physical retailers can get a sense of their customer's mood from social media posts and do all they can to be relevant – businesses must tap into that as the data is out there. And this data is yet available and actionable!

Holmes: Agility is key. Businesses need to embrace the new cloud and open-API economy with cognitive applications, such as the start-up we met earlier today that [sells the rights to cattle online](#), letting people share ownership without having to actually look after the animal itself. Analysing the data revealed that many clients are investment bankers, something they did not expect. They have received requests to insure the cattle – again something they did not expect. The fact they built their business on IBM Cloud using IBM's Bluemix API and development environment allowed them to adapt the application to meet the changing business model quickly. Larger enterprises need to incorporate this 'startup' way of thinking about the world and even incorporate them. That's not necessarily disruption but working together with a sense of openness and agile business models.

4. Tell us more about the importance of digital transformation.

De la Torre: Businesses need to learn what makes the disruptors disruptive and apply some of those lessons. At its very heart lies creating a singular relationship with the client. Disruptive technology is a transformative aspect of business. Most businesses have two goals: To drive revenue and to increase profitability. Opening a new web channel definitely opens up a new revenue stream, but your business needs to keep running its existing offering to remain competitive, you can't simply switch between digital and traditional modes of operation. In the same way, digitising a process for your business isn't necessarily transforming it. It's about creating a seamless experience for your customer.

5. When can SA businesses truly expect cognitive and artificial intelligence to become a factor?

Holmes: That's where our study comes in. Technology is definitely the biggest driver of disruption. That said, there is positive news: We're seeing good come of technological disruption, such as IBM using our own Watson cognitive technology to prevent against machine failure as it recognises when machines require servicing or are about to fail. We're seeing similar thinking in many new businesses that have realised they're no longer in control. Hilton Hotels have started a pilot with IBM using robots powered by Watson to function as [concierges called Connie](#), based on huge libraries which are stored and searched. In professions such as medical groups, recognising that children with autism respond better to machines than humans, have trialled results of [robotic autism treatment](#). KPMG LLP and IBM also announced plans to apply IBM's Watson cognitive computing technology to KPMG's professional services offerings. The focus will be on auditing services that build on several recent successful KPMG initiatives demonstrating the promise of cognitive technologies in transforming the firm's ability to deliver innovative and enhanced business services.

This all points to the fact that the technology is there. All business is in a state of evolution, now technology and data are helping with the evolution. Little wonder that digital disruption is keeping CEOs awake at night, but it doesn't have to.

Follow IBM Watson on Twitter for more, or interact with Craig Holmes or De la Torre directly, and [click here](#) to download the PDF study.

ABOUT LEIGH ANDREWS

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