DIGITAL PATHWAYS
Transforming your business & professional services firm

September 12, 2019
Objectives

• Identify emerging analytics and automation tech that will transform existing technology suites to keep you competitive and cost effective

• Understand why organizations embark on digital transformation

• Discuss common approaches to digital transformation planning and implementation

• Understanding how you can take your business to the next level

• Building a roadmap for successful execution
What does **Digital Transformation** mean to you?
Digital transformation is not only about doing things differently, but **doing different things** – from gathering and analyzing data for smarter decision-making to engaging clients, customers and suppliers in new ways.

- RSM Digital Transformation Definition
EMERGING TECHNOLOGIES
Regardless of industry, executives are expecting **significant increases in attention and spending** on many potential **game-changing technologies**

<table>
<thead>
<tr>
<th>Emerging Technologies</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blockchain</td>
<td>9%</td>
<td>41%</td>
</tr>
<tr>
<td>Supply Chain Automation</td>
<td>19%</td>
<td>47%</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>9%</td>
<td>35%</td>
</tr>
<tr>
<td>ERP/CRM</td>
<td>58%</td>
<td>81%</td>
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<tr>
<td>Analytics</td>
<td>48%</td>
<td>78%</td>
</tr>
<tr>
<td>Robotic Process Automation</td>
<td>6%</td>
<td>28%</td>
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Emerging Technologies

✓ Robotic Process Automation
  - Cost of robot a fraction of FTE, work up to 5x faster 24/7
  - Reduction of human error rates → enhanced compliance and security
  - Robots can easily replicate and scale activities to meet peak or atypical workloads

✓ Close Automation
  - Automated account reconciliation & task management → 75% reduction in close cycle time, 50% in time spent
  - Strong audit trail & ease of information exchange with auditors

✓ Artificial Intelligence
  - Advanced process automation
  - Strengthened analytical capabilities
  - Learns, adjusts, and improves

✓ Insights & Analytics
  - Analysis of business transactions and data for actionable insights
  - Forecasting capability of key metrics to increase efficiency
Key Components of a Digital Workforce

Transformer

Robotic Process Automation
Behaves like a person

- Structured data
- Business rules
- No change process/systems
- ‘Democratize’ automation

Cognitive
Thinks like a person

- Extends RPA scope
- Unstructured data
- Computer vision
- Self learning

Disruptor

Analytics
Analyzes like a person

- Easily tag data elements during bot creation
- Real-time data flow across disparate systems
- Business intelligence

Digital Core

ERP
CRM
CPM
PSA
HRIS

Digital Foundation
DIGITAL TRANSFORMATION BUSINESS READINESS

RSM CFO Survey Results
Deep Dive: Impact on the Middle Market
RSM 2018 Digital Transformation Survey

72% of organizations will increase digital transformation spending over the next three years.

Over the next three years 84% of companies expect the amount of investment in customer experience technology to increase.

However, the same survey has shown that many companies are pursuing digital efforts without a fully developed strategy.

Most likely action item for digital transformation:
- 55% Increasing spend on digital solutions
- 48% Investing in education programs on digital for employees

94% of companies have a digital road map.

Only 48% have a fully developed digital strategy.
Deep Dive: Impact on the Middle Market

Industry Insights

- Intelligence automation and machine learning (ML) being recognized as vital growth enablers:
  - 2017: 74% of Middle Market CEOs said no to Robotic Process Automation (EY)
  - 2018: 73% say yes to AI technologies by 2020 (EY)
  - Today, 57% of mid market companies rely on ML to automate business analytics and forecast outcomes (Deloitte)
  - 82% generating positive ROI → 88% plan to increase AI spending in 2019

- Organizations use analytics and automation to manage vital operations:
  - 62% of private companies using predictive analytics to increase efficiency (Deloitte)
  - 56% respondents using analytics to manage talent sourcing and acquisition, analyze employee performance and determine skill shortages (Deloitte)
Recent RSM survey states that 36% of CFOs expect their role to expand as a result of current trends in digital transformation at their company.

**Anticipated role change**
- More governance of large marketing investments
- More involvement in data analysis design
- More attention to “change management” capabilities
- More consensus building, educating stakeholders of required digital investments

**Anticipated responsibility change**
- More oversight of human-centered designers
- Greater data analysis responsibilities
- Bigger driver of new ideas, business planning and/or new thinking within the organization (culture of innovation)
The extent to which digital technologies are disrupting Professional Services varies across segments, with accounting and audit at the highest risk from computerization and technology.

The impact of technology varies by segment:

- **Machine Learning**: Impacted by technology.
- **Deep Learning**: Impacted by technology.
- **Data Science**: Impacted by technology.
- **Smart Robots**: Impacted by technology.
- **Natural Language Processing**: Impacted by technology.
- **Virtual Reality**: Partly impacted by technology.
- **3D Video Telepresence**: Partly impacted by technology.
- **Blockchain**: Impacted by technology.
- **E-Discovery software**: Impacted by technology.

Source: World Economic Form
PLAN YOUR DIGITAL TRANSFORMATION JOURNEY
We guide leaders in leveraging technology to deliver innovative digital capabilities that optimize and grow their business

**NAVIGATORS**
We help clients understand the opportunities available to better leverage technology for their business

**FORWARD THINKERS**
We help clients understand what’s next, and what they should be thinking about for their business

**TRANSLATORS**
We help clients understand the value of specific technologies to their business, and how it aligns to their goals

**FACILITATORS**
Having the knowledge and insight to pull the right teams from RSM to help our clients
The digital initiatives for an organization will typically benefit at least one of the core areas of their business.

**CORE FOCUS:**

The underlying technology is there to support those core areas.
Prioritizing Digital Transformation

“The advance of technology is based on making it fit in so that you don’t really even notice it, so it’s part of everyday life.”

-Bill Gates
Trends in the workplace

• Sense of purpose

• Harnessing ingenuity

• Multi-generational teamwork

• Expertise without boundaries

• Increased transparency
Understanding Your Organization’s Digital Maturity

How would you rate their Digital Maturity for their organization as a whole, or even specifically for:

- **Customer Engagement**
- **Internal Operations**
- **Employee Enablement**
- **Risk Management**

**LEVEL 1: NON-EXISTENT**
- Little-to-no use of technology to facilitate daily operations.

**LEVEL 2: BASIC**
- Limited use of digital solutions to perform specific tasks — and typically accompanied by additional manual efforts.

**LEVEL 3: MARKET CONTENDER**
- Most day-to-day tasks are facilitated through technology and managed through current systems.

**LEVEL 4: INDUSTRY LEADER**
- Competitors and similar organizations view your organization as the benchmark for digital maturity and transformation.

**LEVEL 5: TRUE INNOVATOR**
- Your organization is on the cutting-edge of technology, and recognized as a digital pioneer by peers and competitors alike.

Technology as a Cost Center | Technology as a Business Enabler | Technology as a Strategic Asset
Enhancing **customer experience** with digital transformation

1. Cultivate current customer relationships
2. Create opportunities with new customers
3. Deliver a seamless customer experience

" In a recent RSM study of middle market CFO's, 95% said a primary driver of digital transformation was enhancing the **customer experience** through the adoption of CRM and marketing automation systems."

Bill Kracunas, RSM Management Consulting Leader
Adopting digital to increase employee engagement

1. Actively engage with your employees
2. Find ways to personalize experiences
3. Use technology as an enabler to attract, develop and retain employees

“Establishing a true culture of innovation can help companies effectively leverage technology to create an engaging environment for employees.”

Thad Neal, RSM Dynamics 365 Customer Leader
Digitizing Operations

1. Adopting technology for digital operations
   - Operations: Defined and repeatable processes exist but are very reactive to changes
   - Technology: Business applications utilize recent technology trends with varying levels of effectiveness to enable major business functions

2. Optimize operations while managing risk
   - Operations: Major processes are automated with continuous improvement activities initiated
   - Technology: Business applications effectively support all major organizational functions

3. Do more with less
   - Operations: Processes are continuously improved to enhance business capabilities
   - Technology: Core business functions leverage leading technologies and are integrated across platforms

"Robotic process automation (RPA) has become a key tool to help organizations drive business automation and increase operational efficiency. We’re seeing wide adoption of RPA applications for both finance & accounting and human resource functions."

Elizabeth Sponsel, RSM Specialty Tax Leader
Optimizing digital transformation while managing risk

Steps to embracing digital solutions needs to be part of all clients digital framework; looking at how data is managed through various technologies and how risk is mitigated in the process.

1. Help clients proactively implement security and controls as they implement technology
2. Help clients develop a data governance program
3. Help clients evolve talent to keep pace with technology
4. Help clients implement a corporate digital governance framework
5. Help clients recognize the importance of managing third-party risk
HOW TO GET STARTED
Develop a Digital Roadmap

- Engage Stakeholders
- Digital Assessment
- Implement Technology Suite
- Enhance Technology Suite
Approach to Establishing a Digital Strategy

A Digital Assessment helps you understand and evaluate various technologies in the context of YOUR organization.

**Discovery**
During the initial phase, our team of advisors spends the time to learn about your organization and technology.

**Analysis**
The second phase of our engagement will be to aggregate and assess the information collected to determine viable opportunities and solutions to meet specific needs.

**Strategy**
The third stage of process is a collaborative effort between you and the RSM team to review the list of viable opportunities and build the future-state of the organization based on the results.

**Roadmap**
The final stage of the process is focused on building an actionable roadmap and execution plan to guide your efforts into realizing the defined strategy.

- Focus on **Accuracy**, **Speed** and **Agility**
- Maximize investments in existing technologies
- Foster a culture of innovation
Focus on increasing competitive advantage, improving operational efficiency and increasing employee engagement.
KEYS TO SUCCESS
Keys to Success: start thinking about doing different things

- Be agile; assess and readjust
- Focus on data governance
- Seek help when necessary
- Empower/encourage your teams to evaluate new technologies & alternative approaches
- Obtain buy-in from business unit leaders
- Continuously revisit application strategies, value of data, etc.
QUESTIONS AND ANSWERS?