

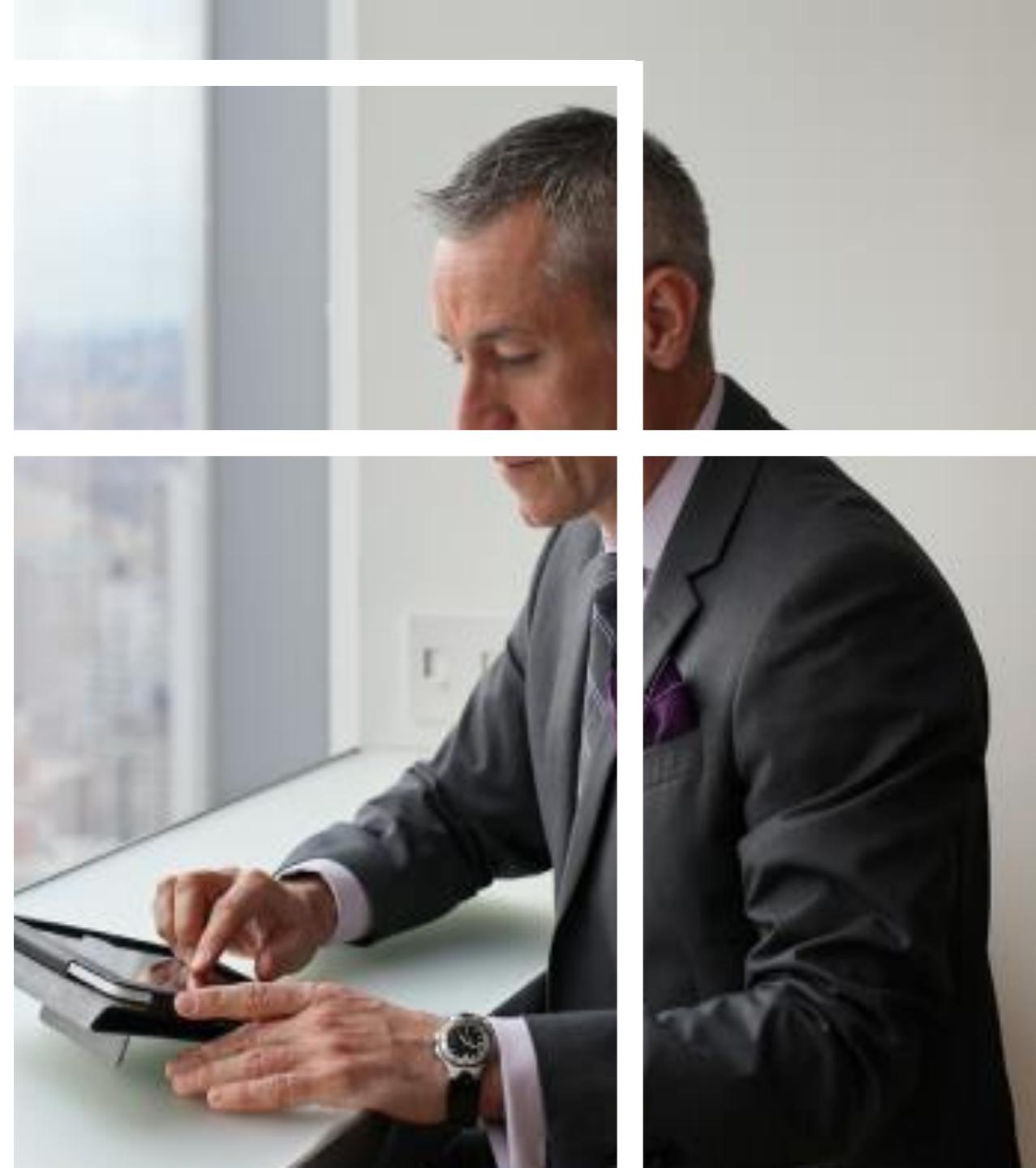
Digital Transformation and The CPAs of the Future

CPAs 2.0: Keeping Pace with the Business
Transformation
14 June 2019



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Overview on digital transformation

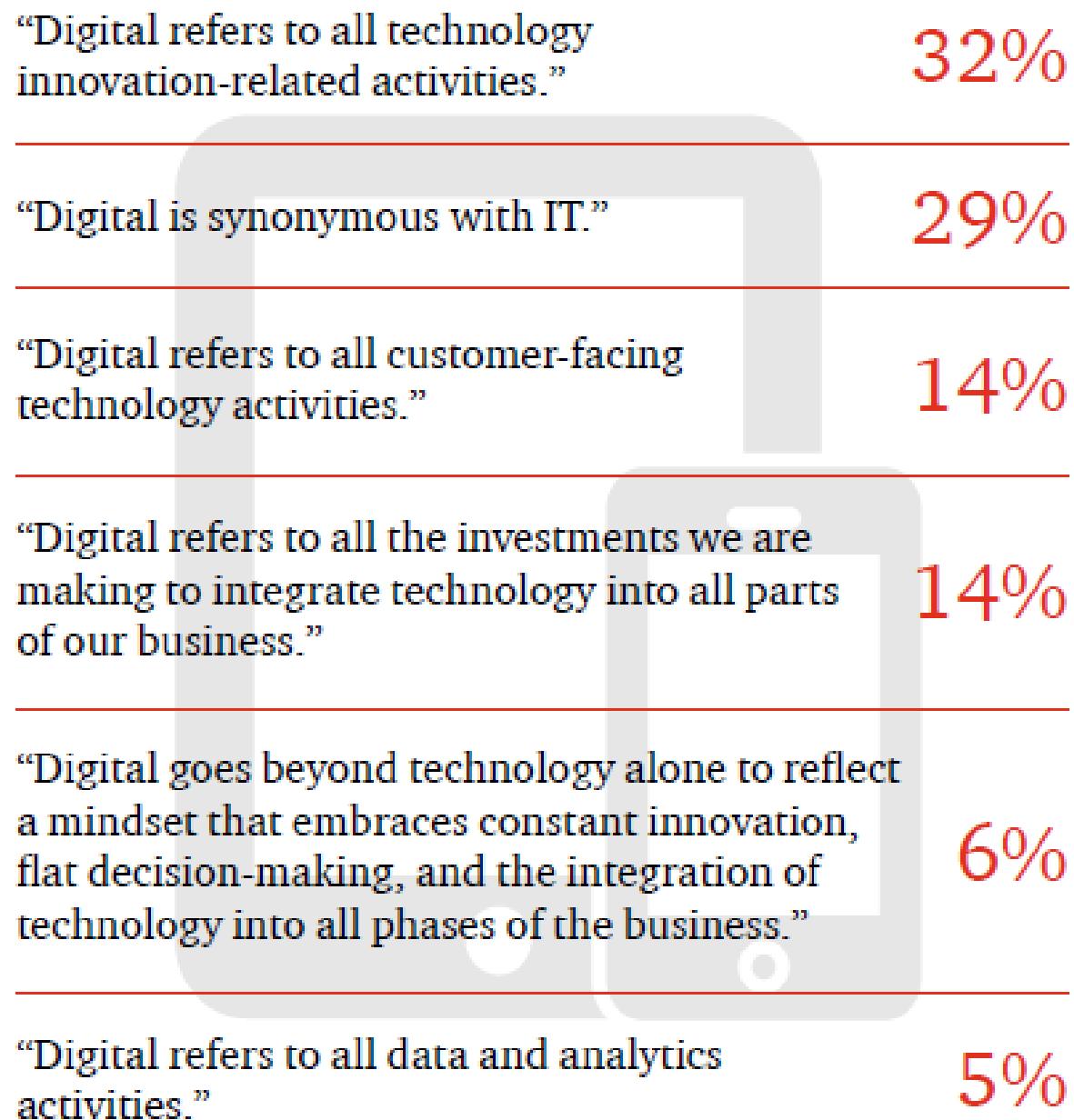


What is Digital Transformation for you?

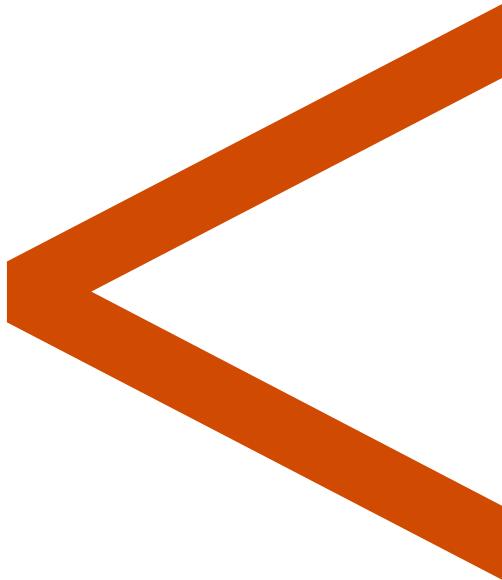
The changing definition of digital

How does organization define digital?

Source: PwC, 2017 *Global Digital IQ® Survey*



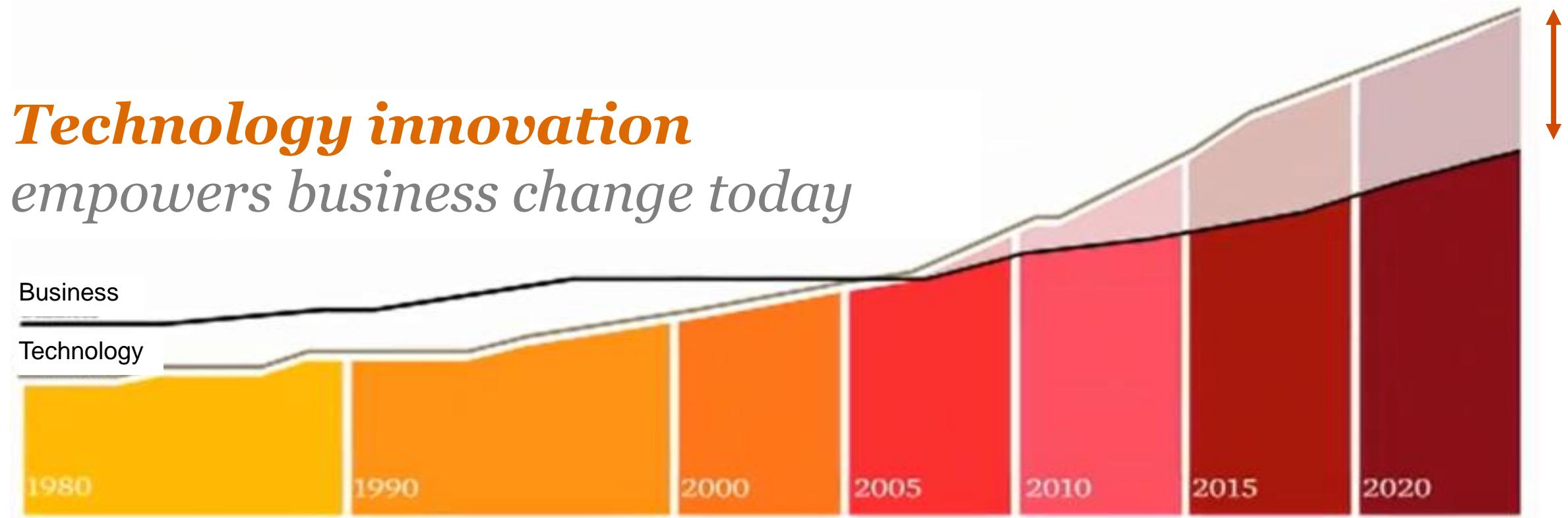
The new digital normal



Digital Transformation

Business change empowered by technology

***Technology innovation
empowers business change today***



Digital Transformation

The changing customer expectations are driving business change

Customers ...

... expect more



... trust their peers



... are informed



... have choices



... have a voice



Technology enables new levels of goal-based customer centricity

Technology is helping consumers, citizens, students, families, employees



Technology is helping businesses, partners, private organizations, public organizations, society

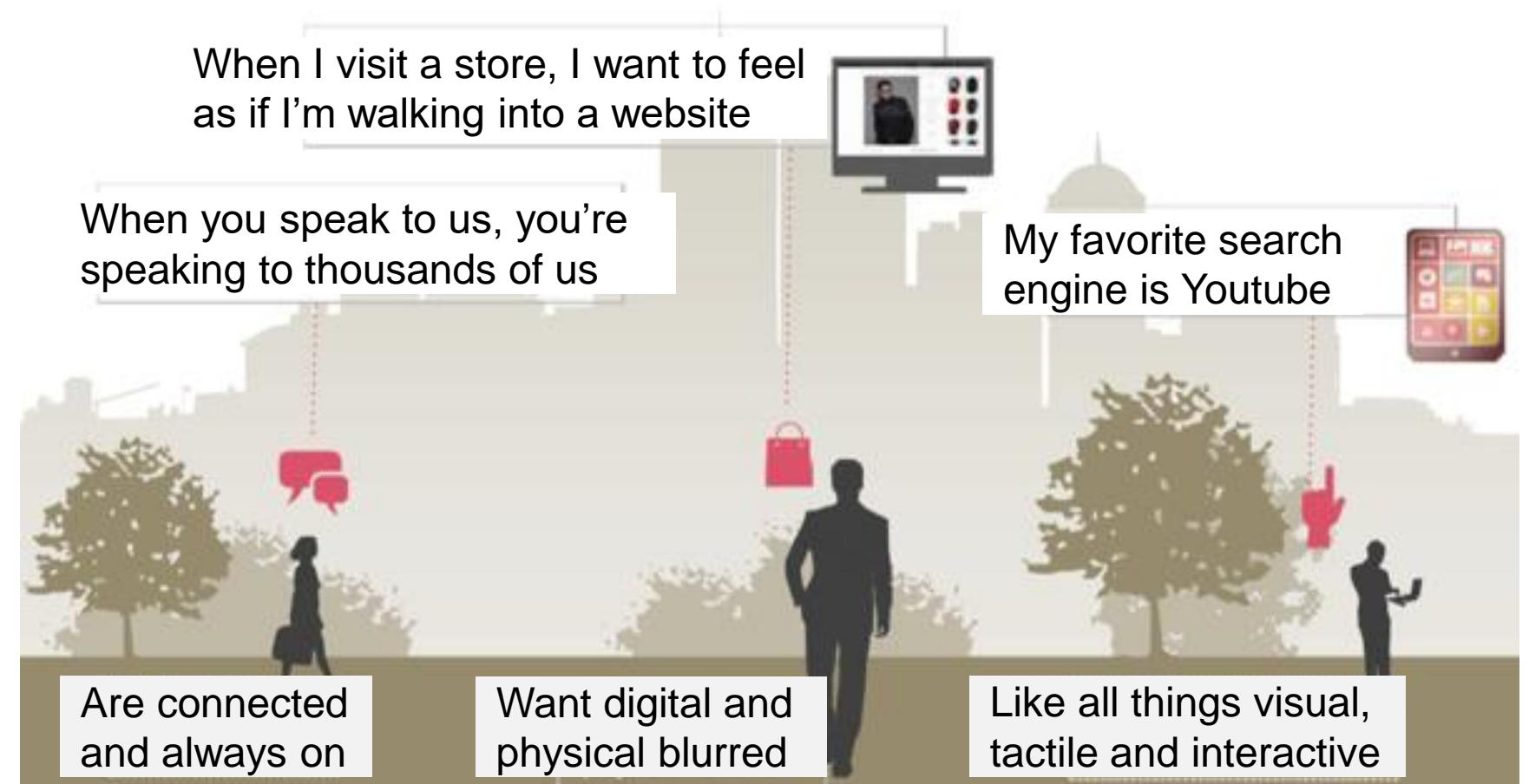
***Today, you wake up, switch on
your smart device and life begins...***

In the world of beta, digital natives will soon rule...

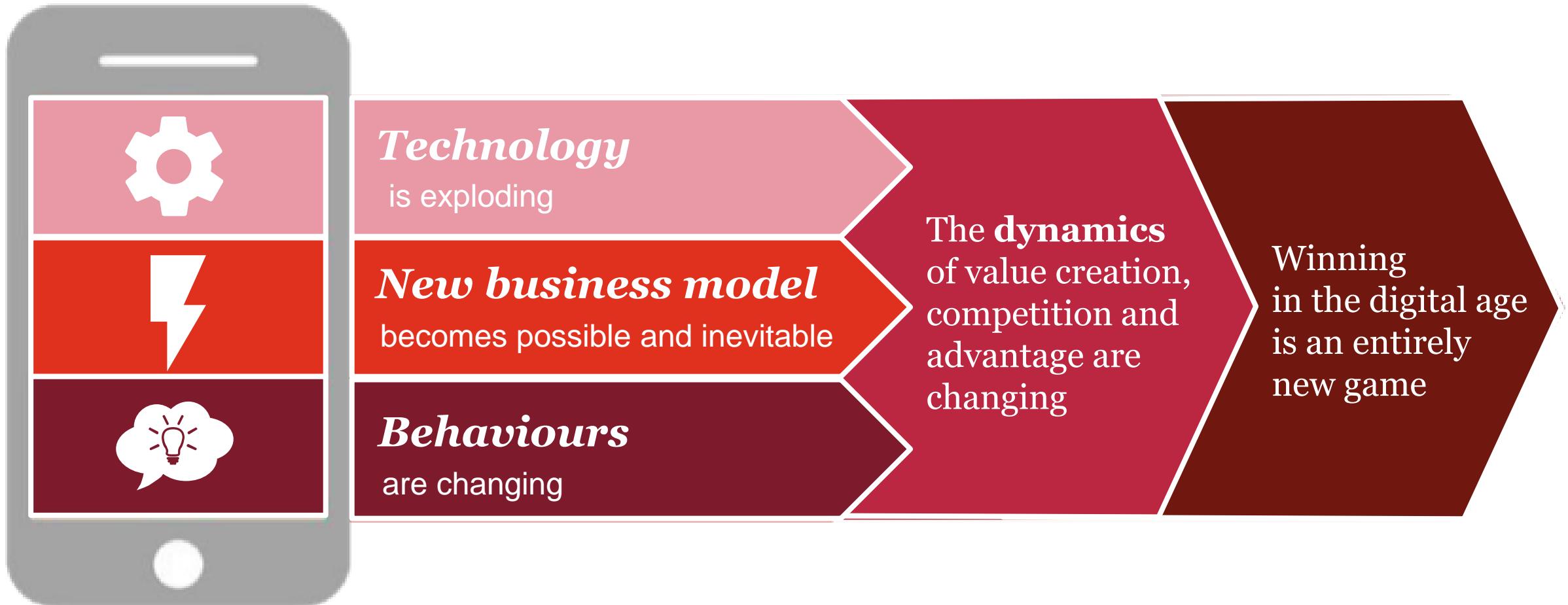
Connected

Virtual

Visual



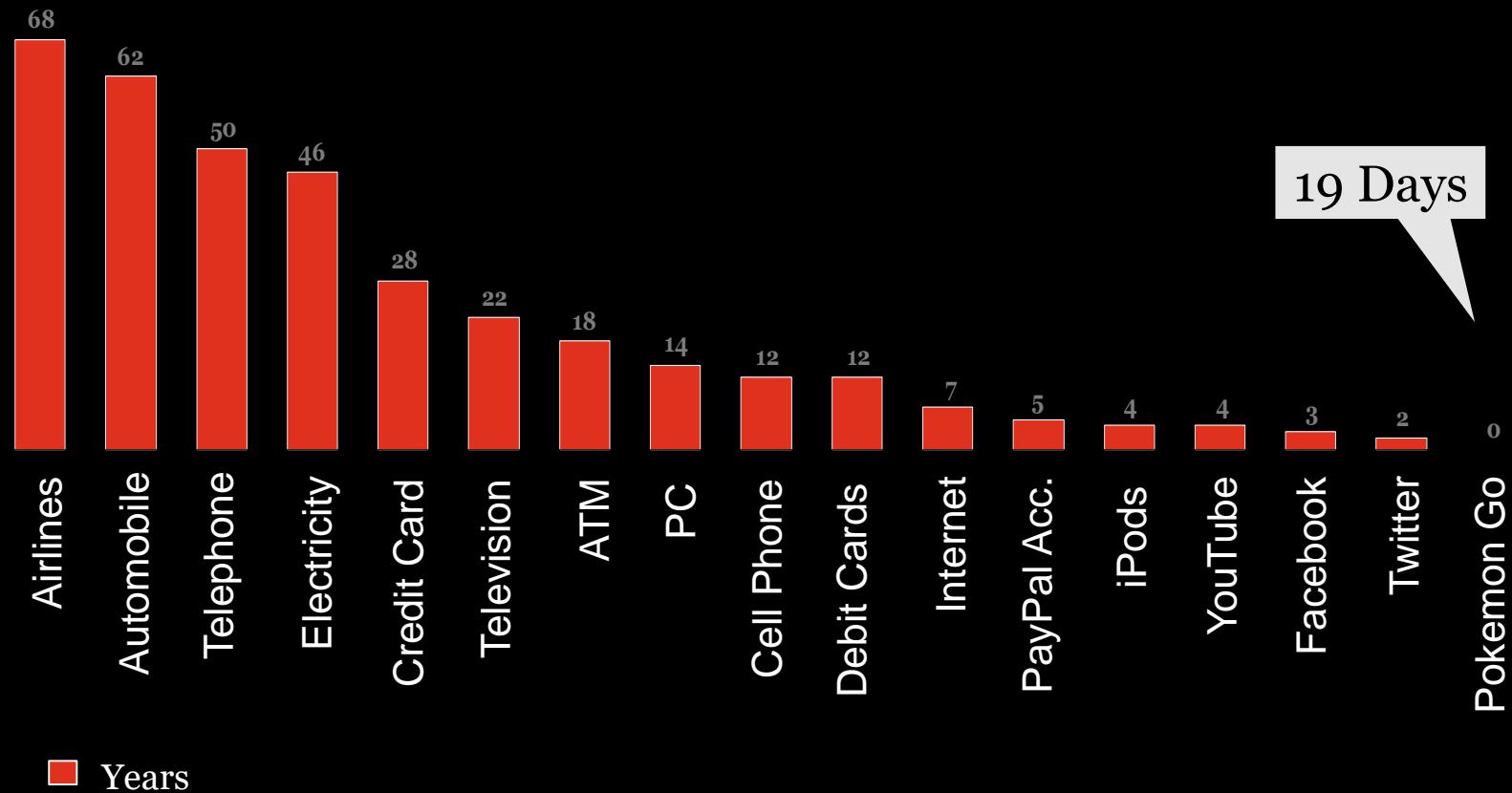
What does a world in beta look and feel like?



Digital Disruption – the number of new technologies is accelerating...

What about our business model and our speed of innovation?

Number of years it took for each product to gain 50 million users:



Source: LinkedIn

The Emerging Technologies

2020 Outlook

PwC analyzed
250+
technologies to
zero in on the
eight having
the biggest
business
impact
right now.



Artificial
Intelligence



Augmented
Reality



Blockchain



Drones

The Essential
Eight



Internet
of Things



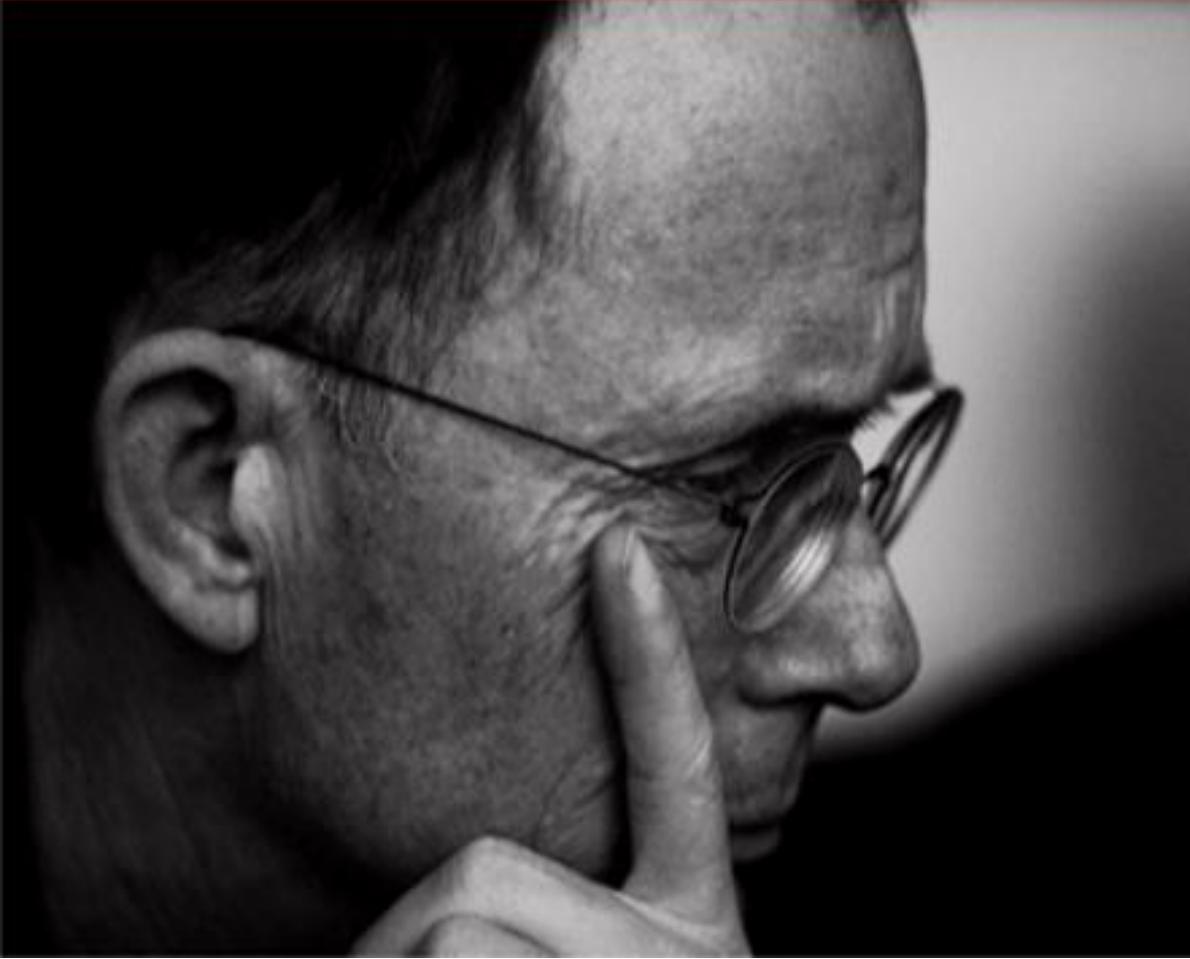
Robotics



Virtual
Reality



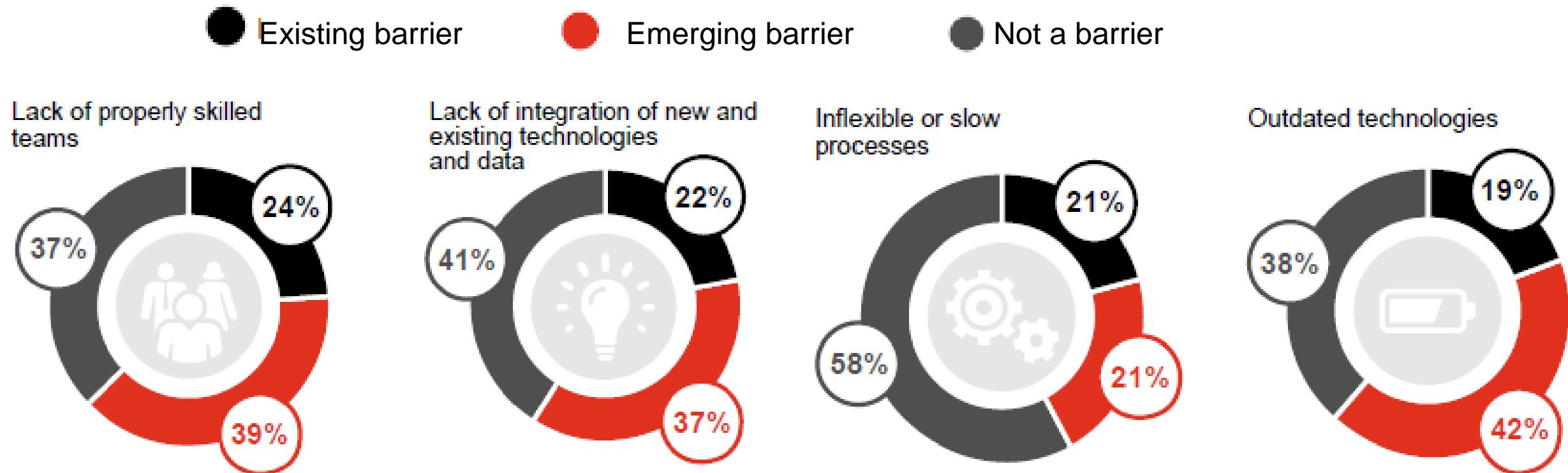
3-D
Printing



*“The future is
already here – it’s
just not very
evenly distributed”*

William Ford Gibson – American Canadian write

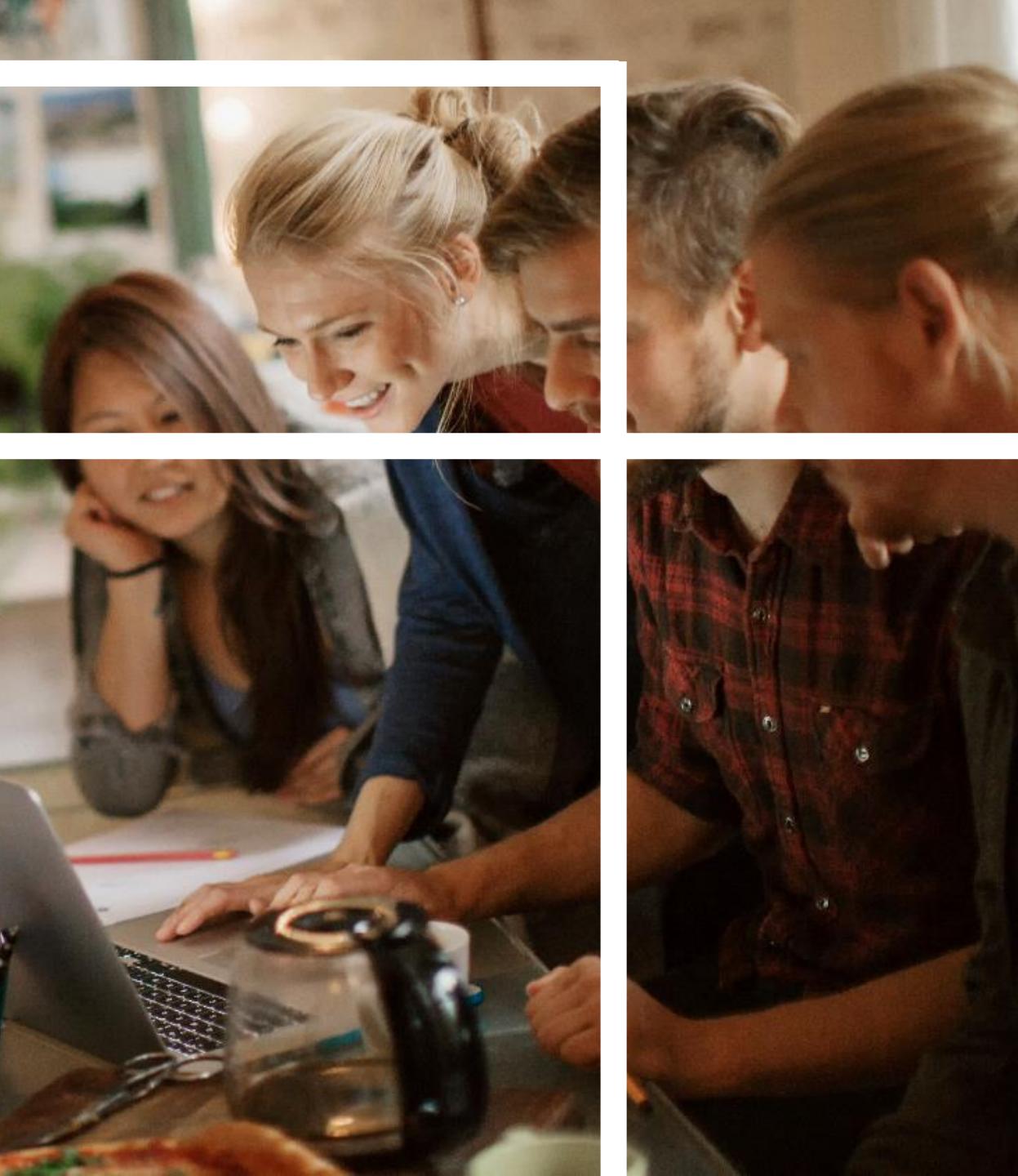
What's stalling digital transformation efforts?



Source: PwC, 2017 *Global Digital IQ® Survey*

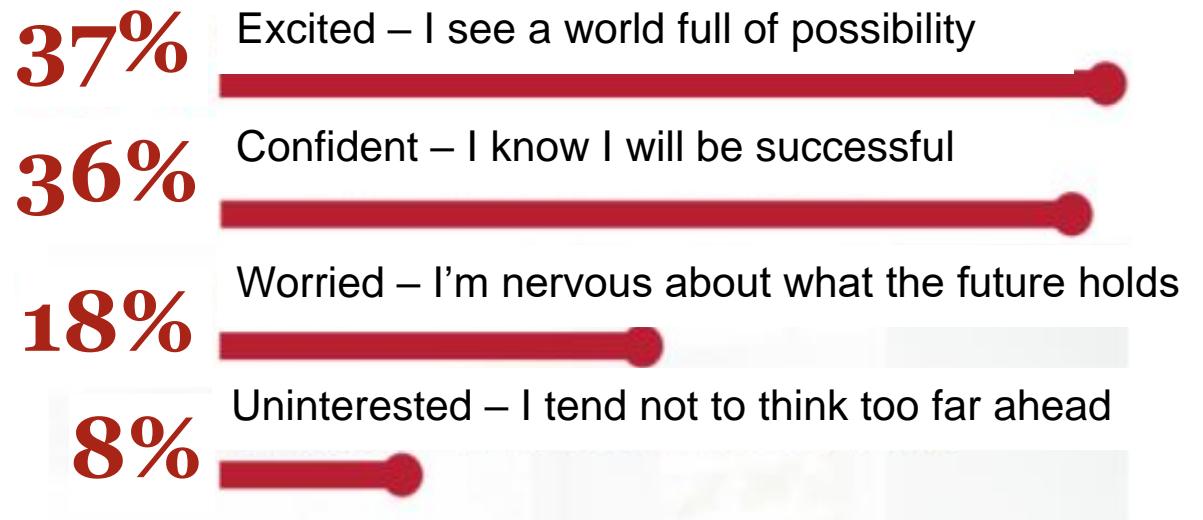
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The business and workforce of the future



Poll question

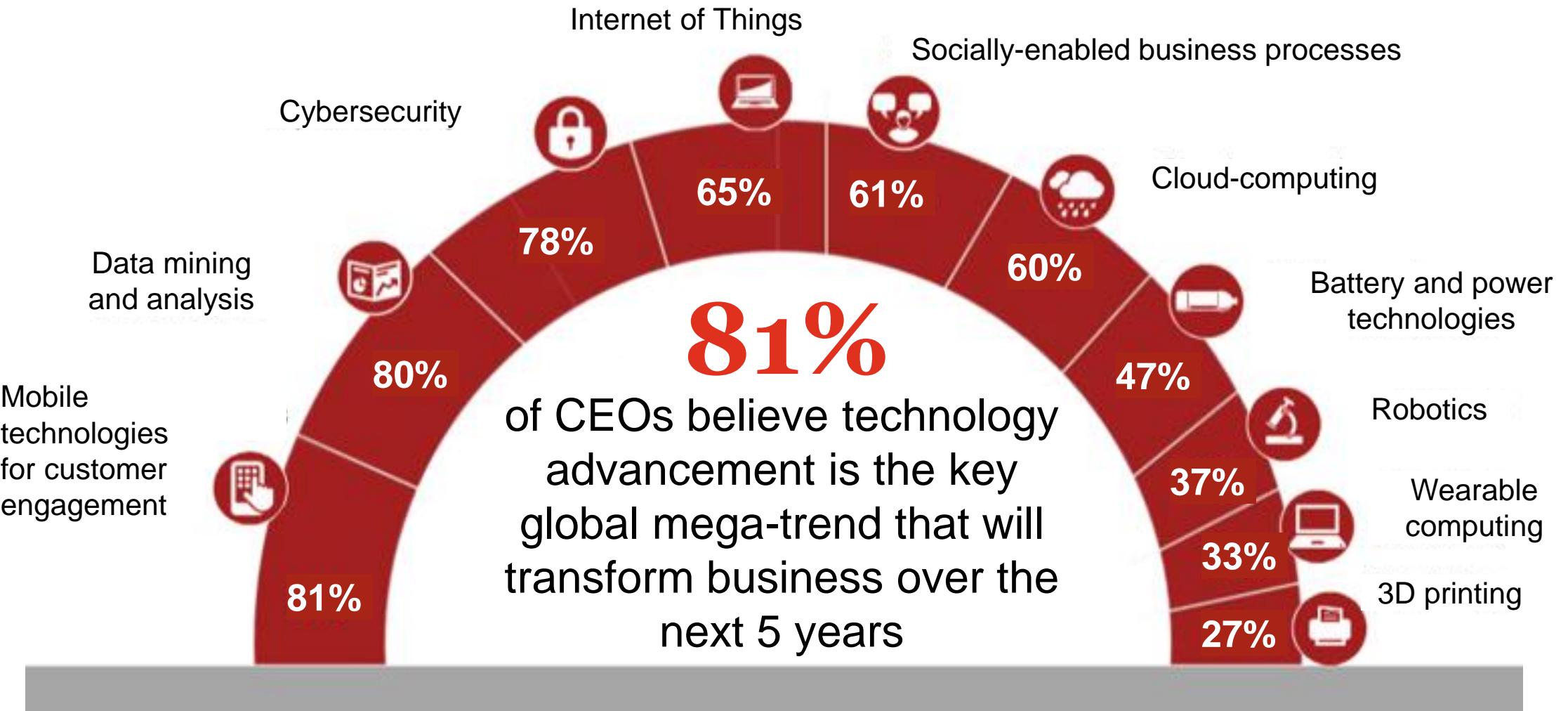
When you think about the future world of work as it is likely to affect you, how do you feel?



Source: PwC Survey on Workforce of the Future

Digital in business

Source: PwC's 18th Annual Global CEO Survey



Essentials in action: Market trends

Artificial intelligence in fashion and retail can help to save time and make the customer happy: smart decision making based on machine learning



Fashion retailers such as StitchFix enhance the customer experience through customization

Online personalized styling service StitchFix employs machine learning to combine statistics and expert human judgement for better recommendations

Learn from feedback

Robotic Process Automation disrupts not only the warehouse management, but has also the potential to disrupt the service experience



Amazon's KIVA technology enables a new level of warehouse management

Robots in Amazon warehouses: 2013: 1,000; 2016: 45,000

Turn the traditional warehouse picking process around, moving goods to the picking station

Kiva robots are speeding up the picking and packing process



Essentials in action: Market trends

IoT enables real-time information of product's attractiveness through Visual Store Analytics



Retailer such as Amazon use IoT to increase customer experience and efficiency

Fully Automated Convenience Stores allow retailers to improve customer experience and predictive forecasting as well as ability to fully understand the customer behavior in the offline store environment

Drones have high promise for significant impact on retailer's future growth opportunities by automating processes through aerial flight plans.



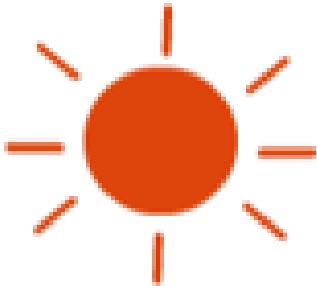
Retailers such as Amazon or DHL are betting big on drone delivery

Drone deliveries are faster and cheaper

Last-mile and niche delivery will become cheaper and feasible

Big investments in developing flying robot solutions.

Disrupt or Be disrupted?



79%

of smartphone users are using devices to shop at least once a month

10%

Higher revenue growth forecast for companies who prioritize innovation to a greater extent than their peers

50
Billion

Predicted number of connected devices by the year 2020

79%

of enterprise IT spend outside of the CIO's budget



The competing forces

Collectivism:
Fairness and equality dominates.



The Yellow World
Human come first



The Green World
Companies care

Business fragmentation:
Small is powerful.

Source: Workforce of the future: The competing forces shaping 2030



The Red World
Innovation Rules

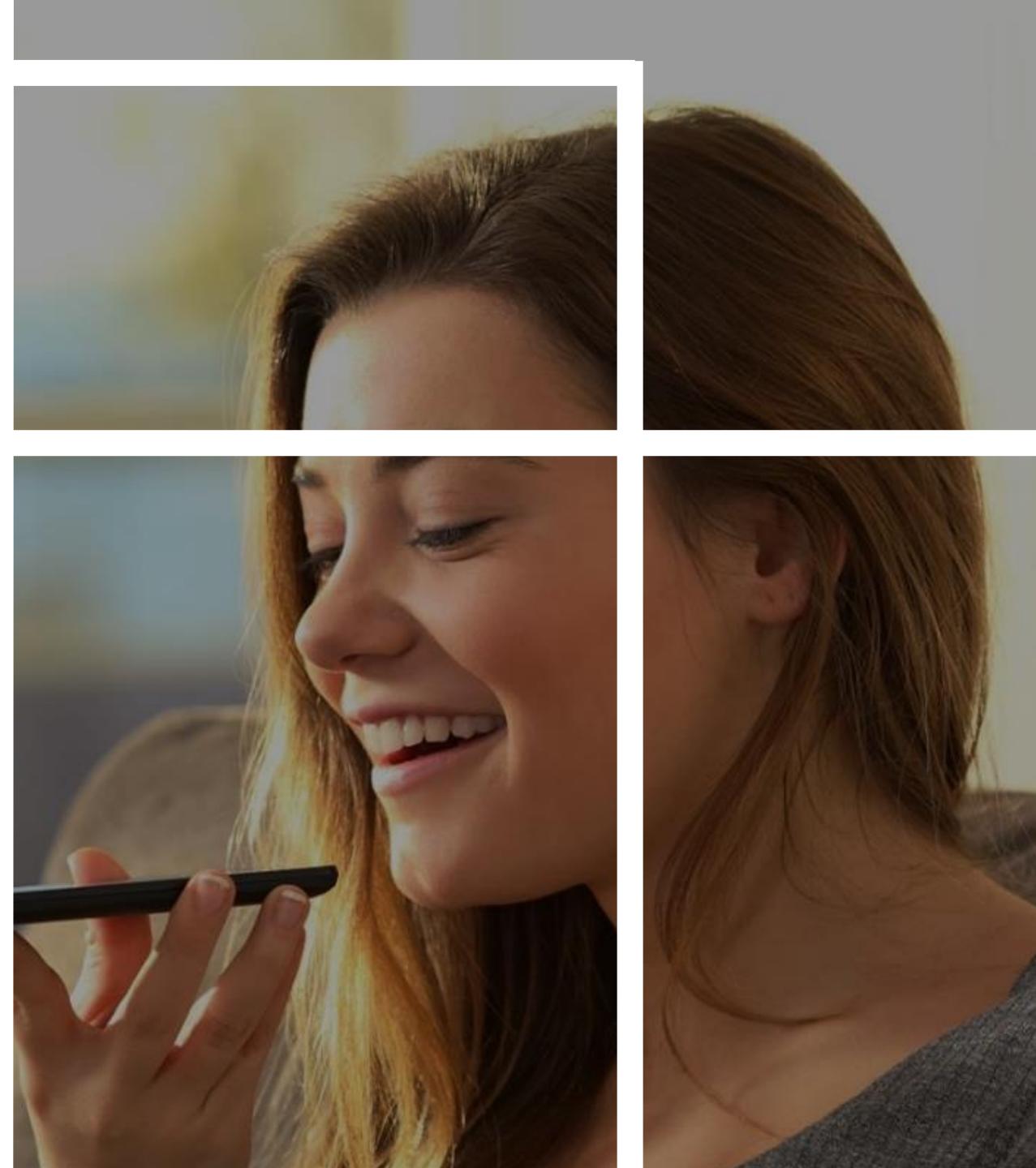


The Blue World
Corporate is King

Individualism:
Where 'me first' rules.

3

Impact of digital transformation to the CPA profession



Poll question

How strongly do you agree/disagree that AI will displace more jobs than it creates in the long run?

“Automation, machines are replacing so many jobs. Many people think that only the poor and uneducated are being displaced. I’m afraid that in a few years everyone will be replaceable.”

Retired female with postgraduate degree (67), USA

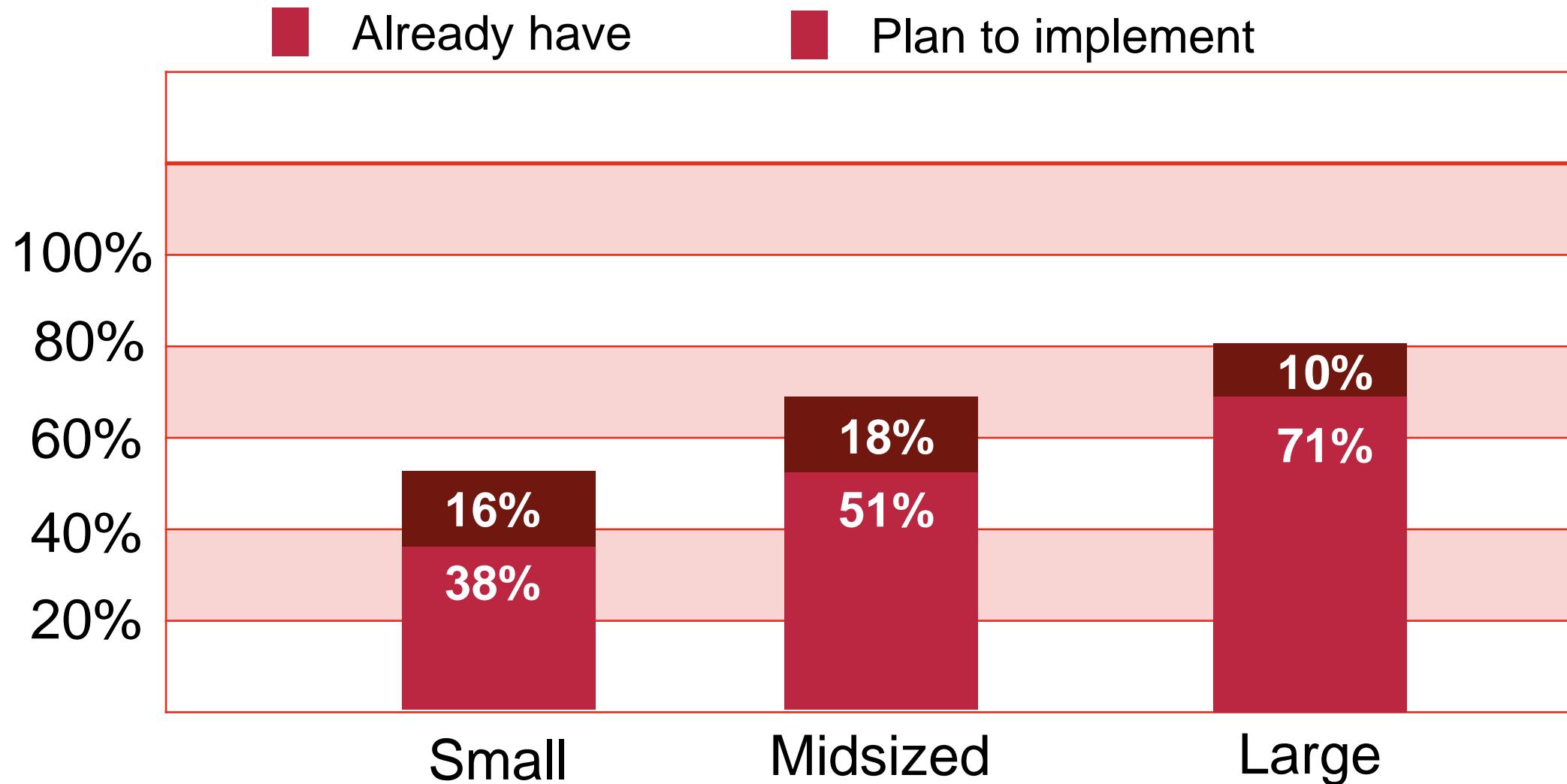
What does this mean for jobs?

Jobs at risk of automation by country

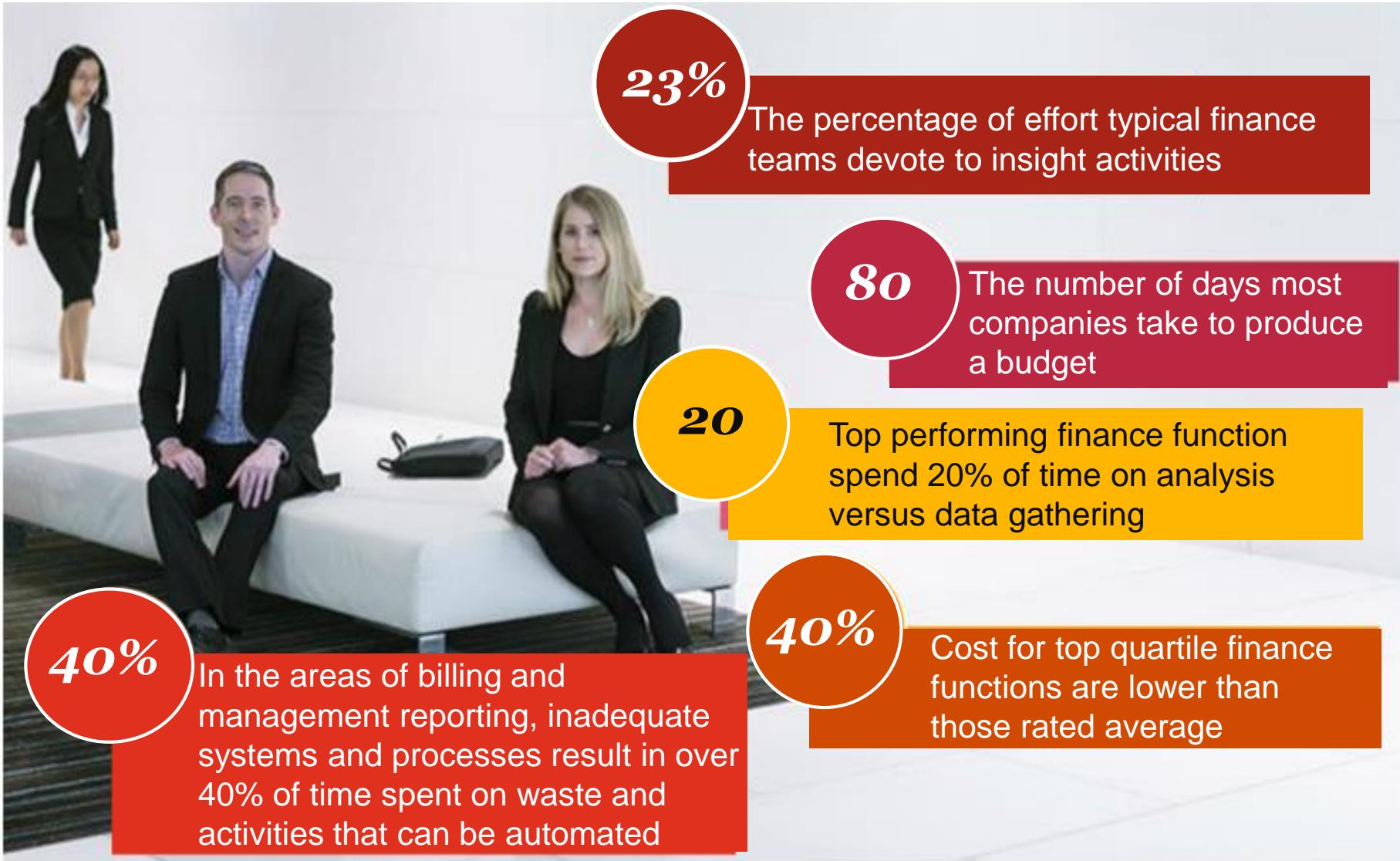


[/www.pwc.co.uk/economic-services/ukeo/pwc-uk-economic-outlook-full-report-march-2017-v2.pdf](http://www.pwc.co.uk/economic-services/ukeo/pwc-uk-economic-outlook-full-report-march-2017-v2.pdf)

Accounting firm's use of digital workflow tools

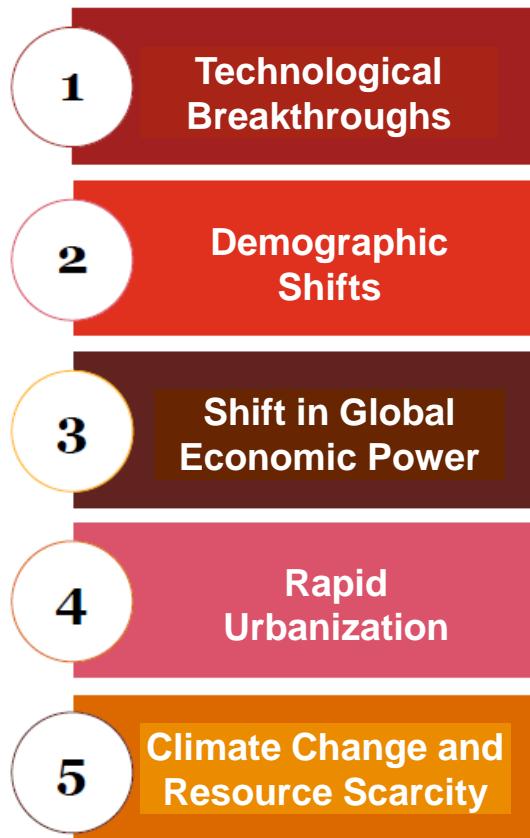


The finance challenge today...



Major forces and trends are underway to dramatically impact how companies' workforce need to respond and adapt to achieve success

PwC Mega Trends



PwC's CEO Survey Findings



Millennials Study

78% of those questioned said that **access to technology** makes them more effective at work

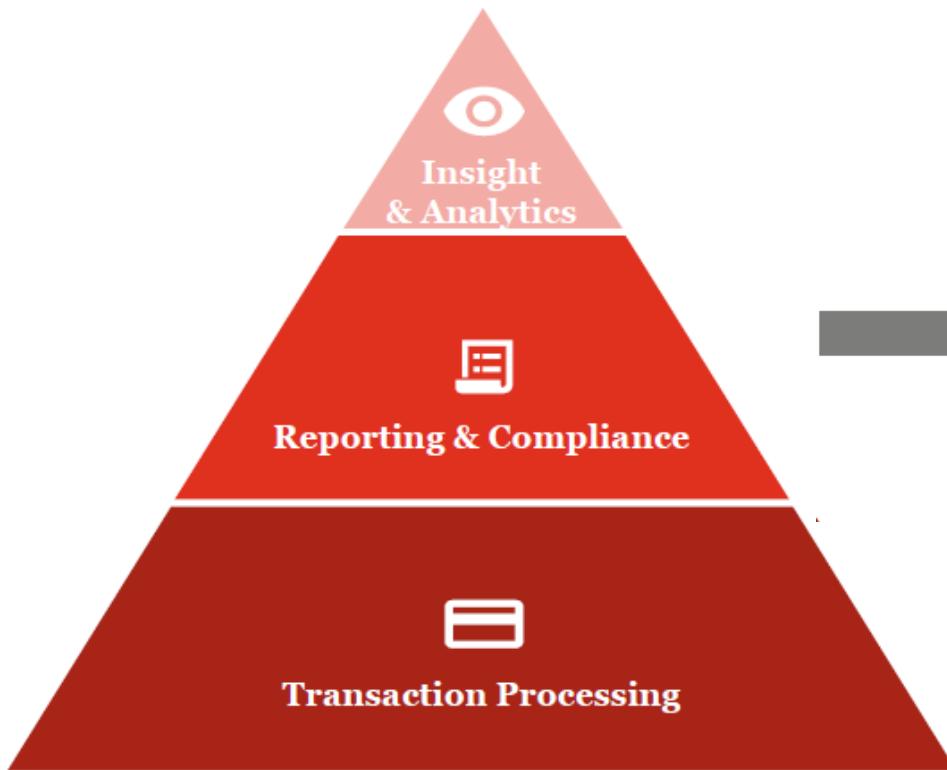
73% of millennials agree that the prospect of being able to **customize benefits** is attractive

35% said they were attracted to an employer with **excellent training and development programs**

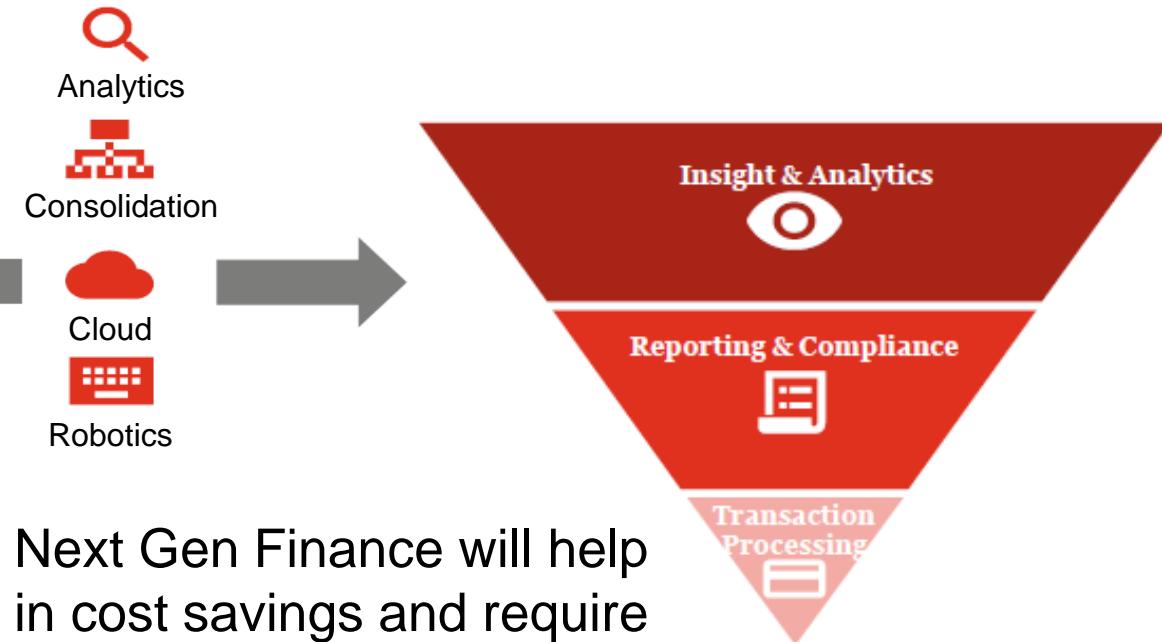
87% of millennials are **less likely to resign** than employees who consider themselves disengaged

Automation will drastically reduce transaction processing needs and enable increased focus on strategy and performance management

Current State Headcount



Future State Headcount



Next Gen Finance will help in cost savings and require a dramatic shift in finance skills and capabilities

4

What businesses
and CPAs can do to
survive



What do businesses need to do to thrive in the digital age

Become three (3) things

**Agile
Enterprise**

**Empowered
Enterprise**

**Trusted
Enterprise**

**Embed speed and
agility by design,
everywhere**

**Use degrees of
freedom to create
advantage**

**Create a new
level of trust**

Building the competitive advantage through digital transformation...

-  Create an environment conducive to learning and collaboration.
-  Commit to executive education.
-  Train your workforce.
-  Make emerging tech a priority
-  Appoint an emerging tech evangelist.
-  Focus on the human experience.
-  Develop a scouting plan.

Success stories on companies achieving its business objectives through Digital Transformation initiatives

Mobile Computing Governance

PepsiCo

Created a roadmap for creating a mobile center of excellence, and developed governance around application and device management



Emerging Trends Through Social Media

Winery Exchange

Implemented social media business intelligence techniques to scan thousands of online posts to identify emerging consumer trends as a predictor for future product introductions.



Digital Guest Experience

7-Eleven

- *Strategy and Roadmap Definition*
- *Mobility*
- *Social Media*
- *Core Content Management*
- *Digital Transaction Transformation*
- *Analytics*
- *Website Design and User Experience*



- *User Experience*
- *Customer Relationship Management*
- *Loyalty Programs*
- *Personalization*
- *Promotions Effectiveness*

Media Transformation

P&G

Optimized & standardized media processes on local, regional, and global level to provide transparency into media spend as a means to make ROI driven investment choices.



Automated media reporting

Streamlined the number of sub processes from a current state of 35 to 14

Resulted in lower costs by employing a global media platform which also centralized analytics



Some high profile examples of companies who have failed, in part, because they did not implement a Digital Transformation strategy

Refusal to Change Business Models

Eastman Kodak

A 131-year-old photo-image trailblazer that pioneered the rise of Hollywood, the evolution of the family photo album, and the first images taken on the moon.

Notable Failures

1. Invented the digital camera in 1975 but put it on the back-shelf until 1995.
2. Didn't fully get into digital since it meant cannibalizing their film business.
3. Killed their initial concept of Wi-Fi enabled cameras capable of photo sharing.
4. Inability to get into photo printing services, e.g. Snapfish, Flickr, etc.



Kodak

Slow in Digital Adoption

Borders

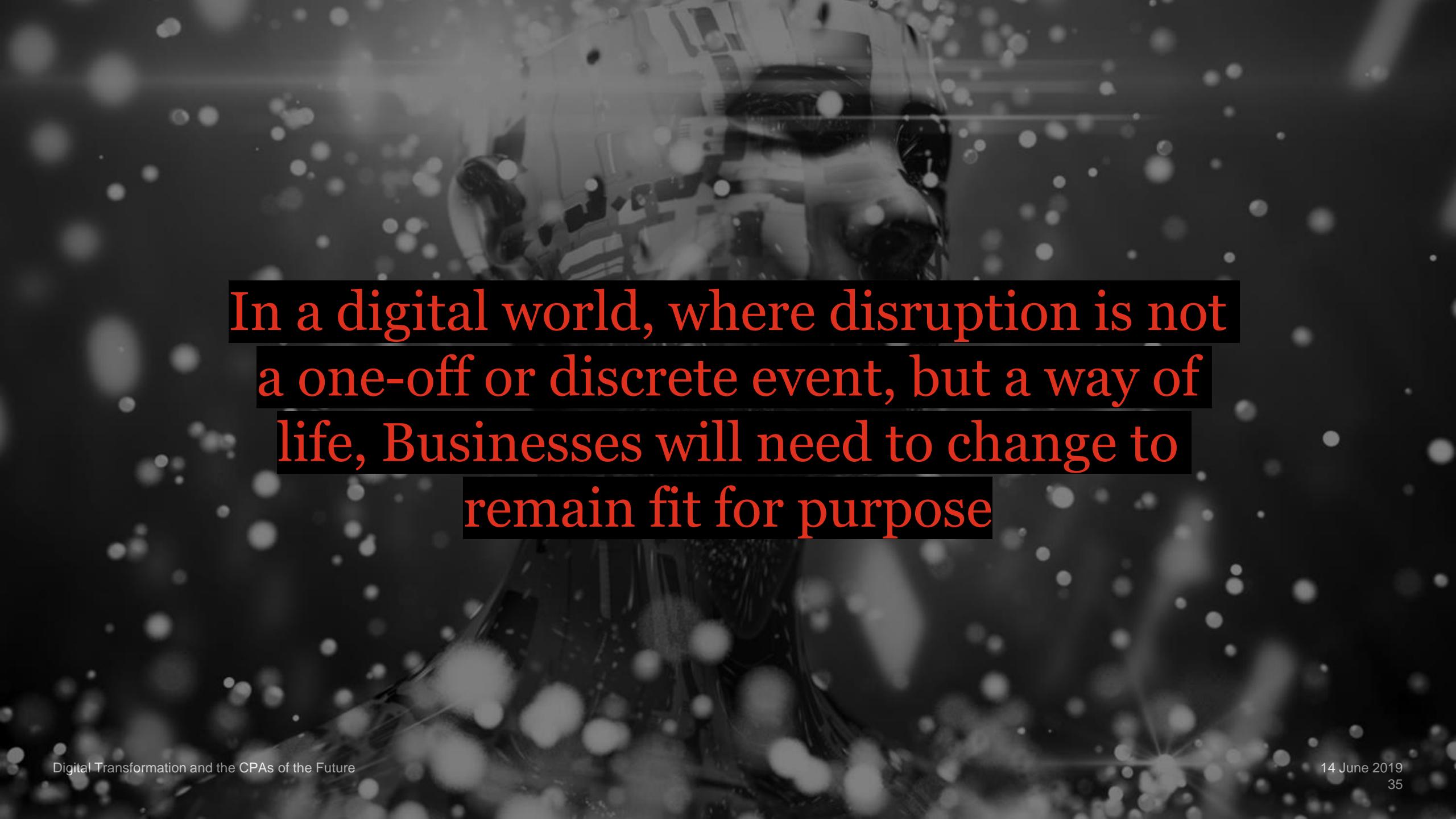
Borders built a reputation on offering a huge variety of books – tens of thousands of titles in a single store – at a time when most bookstores could afford to stock a fraction of that.



Theories on Failure

1. Fatal deal with Amazon.com – outsourced all eCommerce functions in 2001 and tried to bring it back only in 2008 when it was too late
2. Jumped into eBooks too late in 2007 and by this time the company was far in the red
3. Made a losing bet on CDs and DVDs, accounting for 20% revenues. By 2009, Apple iTunes had taken over
4. Extended focus on brick & mortar channel.

BORDERS®



In a digital world, where disruption is not a one-off or discrete event, but a way of life, Businesses will need to change to remain fit for purpose

The individual response – What can you do?



Understand the big picture.

- Expect the unexpected
- Look and plan for multiple scenarios and outcomes



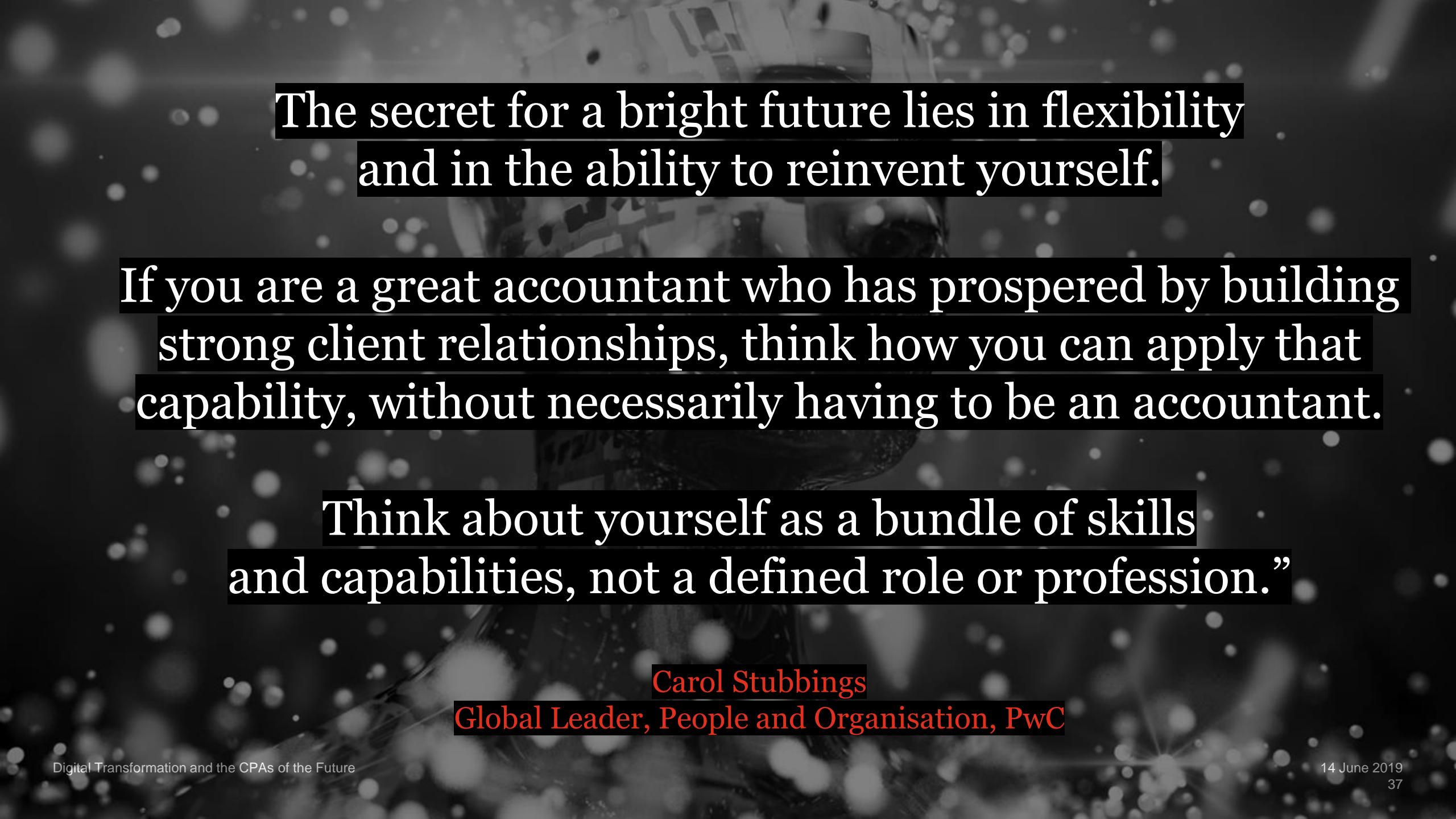
Plan for an automated world

- Find the gaps
- Get your skills in order



Take action

- Adapt to survive
- Jump on a passing ship



The secret for a bright future lies in flexibility
and in the ability to reinvent yourself.

If you are a great accountant who has prospered by building strong client relationships, think how you can apply that capability, without necessarily having to be an accountant.

Think about yourself as a bundle of skills and capabilities, not a defined role or profession.”

Carol Stubbings
Global Leader, People and Organisation, PwC

Thank you.

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