



Professional Practice Solutions

Detail makes a masterpiece

Insight Dinner – 21 November – Post-event summary

KPMG's Professional Practice Solutions team were again proud to host another successful Insight Dinner on Tuesday 21 November in KPMG's client meeting and engagement space at Number Twenty Grosvenor Street, London.

The event was hosted by Paul Spicer, Head of KPMG Professional Practice Solutions; Shamus Rae, Head of Innovation and Investments for KPMG and Priti Padhy, Chief Technology Officer for KPMG who shared their thoughts, ideas and insights on Digital Transformation.

Below, Shamus and Priti share their high level summary of topics discussed and themes to consider – please do get in touch if you would like to explore anything you feel would be beneficial to you and/or your firm.

Digital Transformation for Professional Practices

By Shamus Rae, Head of Innovation and Investments for KPMG

- Cognitive automation will benefit businesses of all sizes
- SMEs will be on a level playing field with the biggest corporates
- 30% of business jobs could be done by robots by 2026
- By 2030, a 15-hour working week could become a reality

Is cognitive automation really about to change the world, or is this just more high-tech hysteria? To quote Shamus – “There’s been a lot of hype around these technologies for four or five years, but now the technology is being delivered and the hype is becoming reality.”

Automation in progress

Cognitive automation is already changing the way large businesses operate – and not just in Silicon Valley. Major telcos, oil and gas companies, and retail and investment banks have already dipped their toes in the water. There’s a global organisation where the chairman doesn’t have an HR business partner any more – If the chairman or CEO wants to know about hiring policy in Bangladesh or New Zealand, they just talk to an agent in a virtual HR system instead.

The benefits of cognitive automation and robotic process automation for many businesses are pretty clear – lower costs, smoother workflows, and the ability to scale services rapidly for little or no additional cost. And as the word gets out, we expect the pace of change to pick up significantly – there’s a slight delay between industries but as people get comfortable and understand the reality, they’re going to start accelerating.

High quality service for all

Shamus predicts that efficiencies at larger companies – the most likely early adopters of cognitive automation – will quickly benefit smaller businesses. He notes that KPMG in the UK has many thousands of tax experts in member firms all over the world helping all sizes of organisations. Imagine industrialising all the knowledge of all the tax partners in KPMG and then providing that quality of insight all the way along the long tail. Whether you’re a small manufacturer in the Midlands or a big corporate, you’ll get the same high quality of service. That’s exactly where we’ll be in five to 10 years’ time.

Simultaneously, small and medium-sized enterprises (SMEs) will experience similar shifts in everything from IT and legal advice, to marketing, to customer services. By having a whole series of bots in the service industry, you create the ability to bring different technologies together very quickly. For the first time, SMEs will be on a level playing field with the biggest corporates. Shamus predicts a massive job churn in large organisations, including government institutions.

More jobs for humans

Such rapid shifts in the way businesses operate will bring with them equally dramatic changes in employment. By using specialist robots, particularly in fields such as finance and law, SMEs will be able to compete and grow, employing more staff in the areas of their work that are unlikely to be automated.

KPMG in the UK estimates that 30% of corporate jobs could be done by robots by 2026. The view that about half of all jobs are susceptible, with the Bank of England saying 15 million jobs in the UK could be displaced, Shamus thinks this is very accurate. The job rotation over the next 10 years is going to be extremely difficult to manage.

Goodbye 9-5?

Shamus considers that economist John Maynard Keynes's famous prediction, made in 1930, of a 15-hour working week by 2030 could well come true. The challenge however, will be achieving that without massive social unrest. If we do all of this at a country level, then it can work. We have the potential to reorganise society over time, getting the people rotated out of their current jobs, encouraging SMEs to build, and allowing more people to have more flexible lifestyles. But it will only work if we face up to it today, politically and publicly.

Digital Strategy

In addition, Priti Padhy summarised our approach that starts with understanding:

- The market opportunity
- Analysing people, processes and technology strengths, challenges and opportunities
- Creating a digital transformation strategy and ambition
- Executing the strategy with clear transformational KPIs

The fourth Industrial Revolution is driving the development of new business models: convergence of the physical and digital worlds of mobility; social media; Big Data; Cloud; Internet of Things (IoT); blockchain; artificial intelligence; machine learning; 3D printing etc., are creating new business in every sector while disrupting many established business models. Only in the last ten years, 70% of fortune-10 companies have been replaced with a new set of digital and cloud first companies like Amazon; Facebook etc.*. Digital business is placing new demands on enterprises and exposing them to new threats and opportunities. Information and technology are fundamental to these new challenges; they underpin the new business models; products; and services that are disrupting existing industries and creating new markets. .

Priti suggested bringing clarity through creating a "Digital Transformation Strategy". This is more important than ever, as it provides clarity on objectives and goals that will determine long-term success. Without this, firms risk being pulled in too many directions – wasting time and energy chasing tactical goals and fighting operational fires.

* Forbes magazine, Fortune 100

The strategy needs to have the core components of:

- **Culture:** that is "Customer Obsessed" – fulfilling their unmet demand
- **People:** A digitally proficient workforce that is mobile and productive
- **Process:** A lean and smart process environment that unlocks the barriers
- **Technology:** That has foundational building blocks and "scale"

He concluded by suggesting investing in a platform for a learning business, which can enable "Connected Intelligence, where all information around customers; employees; operations; and services could be connected through a "Work Graph" (an algorithmic data discovery method). The platform can then enable agility for the majority of use cases that could enable business growth; enable cognitive participation in the marketplace; and drive data centric innovation.

Register for KPMG's Advantage Digital event: 23 January 2018, London

How will you cut through the hype and get the advantage from AI? [Join us](#) for our Flagship digital transformation event and secure a place at your tailored breakout session today.

Our events in the legal sector

This dinner was one in a series to bring you thought-provoking insight into real-time topical issues and challenges that you're likely to be grappling with. If you're receiving this email you're already on our invite list for these events. We'll be running event specifically aimed at CEOs; CFOs; CIOs and HRDs so if you'd like to be invited, do [get in touch](#).

If there any subjects you'd like to see covered at a future event, please [let us know](#).

KPMG in the legal sector

We have brought together some of the best professionals from across our firm with relevant insight and experience in the legal sector. We co-ordinate and deliver a collaborative approach to your business whatever challenges you encounter – looking to the future and the bigger picture with you. Our [service offering document](#) gives you an over view of our specialists. Please also take a look at our [Professional Services website](#) where you will find more insight and details about our sector-focused team.

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