

## **Key Discussion Points - Digitalization - your next competitive play - Mr. Naresh Abeyesekera**

- An app identifies autism in children by finger movements. This is digitalization (applying technology to every aspect of life) and its benefits for the country.
- Power of digital - In one fashion-related company, you don't have to do anything, the customer tweets the fashion they like and it turns to million dollars in sales.
- 26 billion devices connected (2020).
- 54% invest in sensors.
- Sri Lanka has 5 million internet users, 3 million on Facebook.

### ***Disruption of industry***

- Digital natives (born into technology) - they propose creative business plans.
- All our businesses were built to suit the physical world, but now the companies must suit the virtual world.
- New companies - everything is measurable and is seamless.
- 52% of Fortune 500 companies from 2000 don't exist now.
- 25 million jobs will be lost or shifted.
- 25% of all economies will be digitalized.
- Only 30% of digitalized companies will survive
- AirBnB - today, the small hotels or apartments are becoming a threat to the larger hotels.
- Large corporations are collapsing because they are not agile and are not flexible

### ***How can you create a competitive edge?***

Hyper personalization - personalized promotions, discounts, pricing, etc. to suit a specific customer.

- Predictive analysis is used to do this.
- Profitability is given by systems. You will work with the systems to develop models that define customer experience.
- In the future everyone will be on the internet.
- As accountants, your main role is devising the models to bring in this profitability. There will be an audited report at the end of the year.

### ***Immersive customer experience***

- Local example: getting a revenue license - Was difficult in the past, but now it is emailed to you whether day or night.

- Insurance company that digitized claims: They found they needed fewer heads to assess claims, there was a lower claim ratio, and had 60% growth whereas the market grew 15%.
- Augmented reality blends with your environment: if you need a pair of shoes, you can hold your phone up, scan the environment, locate a shoe store nearby, find if they have your size, and go purchase. If you want to purchase a table, you can see how it works in your living room with your phone.
- Once the model is done (like with uber), all you need to do is scale it because it has been tested in many places.
- Sri Lanka has not created a competitive global market because we are still focused on tea, rubber and coconut with human capital.
- If tourism: let the potential customer experience it virtually (Sigiriya rock).
- We have the potential, and have many people working on technology for many countries but we have to unleash it.
- Education: world offers virtual field trips, but Sri Lanka reads Radiant Way.
- Knowledge doubles every few minutes but we haven't doubled our knowledge.
- Elon Musk is developing technologies that will disrupt transport around the world.
- Whatever your product, you can make it virtual (paint stores - see how the paint looks in your house)
- The world is getting more connected and we have to meet this. If we don't, we will lose our advantage as a country. Cannot depend on labor exports anymore.
- Excellent innovations in the world today - Microsoft HoloLens, unmanned drones (that deliver goods).
- Health tech - wearable devices: hospitals can monitor our health 24/7, and medical support will be available when needed.
- Virtual reality will be used to train technology
- Fintech - to bypass banking, P2P lending, crowd funding, mobile payments, sock trading, digital currency
- Software from Sri Lanka - Bring Wall Street to Main Street. (For stock trading, real-time)
- Watson - \$200. Can do everything a person can do, in all three languages.
- Cognitive Computing - Amy and Andrew (work as a personal assistant)
- Alice at Pandora box.com. (Chatbot)
- Artificial intelligence will be across all your platforms.
- Personalized learning - IBM and Sesame Street are joining to revolutionize teaching with personalized learning. Adapts to the skillsets of the child. Being tried in India at 4150 per year
- Digital manufacturing: 3D printing will enable you to travel without suitcases as you can print it once you get to your hotel.
- Car companies are competing to see who will be the first to 3D print a car, while clothes companies are competing to 3D print clothes.
- Uberisation - Freelancer.com - immediate exporting of services once pitch is accepted.

### ***Challenges ahead***

- Board of Management – they need to change the mindset, have diversity in the board.
- Budget for technology exploration, doesn't matter if you lose it, but learn from it.

### ***SECQUORO transformation model***

- Engage people passionately
- Build trust
- Automate
- High performance

### ***How should we transform ourselves?***

Do we understand the digital landscape, can we convince people, do we understand the world apart from Sri Lanka?

If we do, our opportunities are global. Potential is enormous.

### ***Sri Lanka***

Digital evangelism, digital maturity and digital EQ needed to achieve digital vision.

### **Panel discussion**

1. Corporates have their own systems, a bit lackadaisical. What do we have to have in place for them to adapt to this fast-paced environment?

Naresh – people want to change, and they want to see change. You need to create that freedom for them by giving them tools. There is no one solution: that is where innovation comes in. digitalization is not just making processes automated. It has to be immersive experiences. Automation is only for reducing costs. Your focus should be to give the customer a good experience. That is what a business is valued on.

2. Business models are now built on virtual worlds, and the future is evolving. What KPIs do we need?

Naresh: Multi-fold KPIs. Core business processes – map it end-to-end, and design a KPI that matches it. The experience must be seamless.

Gunasiri – practical side: most products and services, price is the deciding factor. Example: when the flight is closed, the ticket loses value. Think from the consumer behavior point and give him value. Recently a fantastic business models was implemented here. A key finding was look-to-book ratio was very low. The package pricing is of ancillary pricing, and if it is not low enough, the customer moves away. Thus, we dismantle service catalogue, and now it has had a good impact.

Ramesh – transaction world and experiential world exist in companies. The challenge is that we have a legacy in terms of transaction world. How can you give a customer satisfaction? We don't digitize anything beyond the price point. But every touch point should be digitized from beginning to end. Understand the business completely. When a supply is constrained, see what can be optimized. (car park optimization can also lead to supermarket customer footfall)

### 3. How would an SME digitalize?

Ramesh – With cloud enablement, and mobiles, it is easier today. An organization can be optimized easily. The old-era organizations grapple with legacies. The same mantra will not work for everyone, but bring digital to marry the market.

Gunasiri – even in a bureaucratic environment, you can be an intrapreneur. Create a sub-optimal culture. Lean team management can drive passion too.

### 4. How does immersive digitalization impact privacy?

Naresh: iPhones – anyone can know minute to minute where you are if you have not configured it properly.

Ramesh: There is nothing called privacy now. Based on your payments, we can make a model to predict household income. The USA subscribes to open data policies. Anonymous data is available, but the data is out there for use.

### 5. Artificial intelligence: There is a lot of debate on this. What are the disadvantages of using AI?

Gunasiri – IBM Watson can process 1 million articles in one minute. Decision making rather than decision support. Accuracy is now increased, learning from the input. Other side: loss of white-collar workers' importance but this may not always happen as with Uber, which drove up taxi driver numbers in the USA.

Ramesh – we cannot process the amount of information there is, so we need AI to help us.

### 6. Digitalized manufacturing: what do we do with our human resources that have become redundant?

Naresh - there is much equalization through digital manufacturing. In the next generation there will not be printing workers but they will be digital natives selling their services abroad.

7. What competencies should accountants develop in the coming years?

Naresh - a certain element of your job will be automated. That time can be utilized for something else. We have seen automation take away many things but accountants are still here. This will continue. Use your commercial knowledge to sell your skills/passions (whether it is cupcakes).

Ramesh - If you benchmark your company against the best of breed, what is the culture, how do you move up the value chain? The capabilities to develop are to bring predictive technologies. Be digitally savvy.

Gunasiri - You do many repetitive and mundane tasks. We are not built to do those. We can use AI and use our time to work with clients, be proactive and identify missing parameters. Bring in quality time to board discussions, etc.

8. Are Sri Lankan companies ready for this revolution?

Ramesh - I don't think we are but many have realized they have to start and have embarked on this.

9. How can they stay competitive, what do they need?

Gunasiri - Lean thinking, culture, be creative and strategic (but start simple). Show the value you bring and continue to bring value next phase.

Ramesh - A quantitative way to measure KPIs. Certain digital investments must be made.

Naresh - First start by defining the customer experience you want to give. Solve the problems in your technologies (apps should not crash during a transaction because this is why customers don't use it). Make sure the customer is happy. The rest can be sorted out.