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# Business services trends to watch

The digitalization of business processes is a driving force behind sustainable corporate growth.

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#### What services trends are currently making an impact?

Actionable trends in 2019 include the internet of things (IoT), artificial intelligence (AI), robotic process automation (RPA), and cybersecurity, and to a lesser extent, blockchain.

Let me start with IoT, a technology that already attracted a lot of attention in 2018. From my point of view, the technology can unlock enormous potential, especially focusing on business agility. Automation powered by IoT can effect changes faster and information from the field can quickly be made available to business owners for timely assessment and decision-making.

Location tracking built directly into products, for example, will allow inventory managers to prevent stock shortages and overstocks and to keep tabs on the conditions of goods. In the area of environmental monitoring, remote and timely measurement of pressure, temperature, water levels or electricity consumption can instantly result in more efficient operations. While so far IoT has been used mainly by large corporations, I believe the trend towards networking in 2019 will become increasingly interesting for smaller and mediumsized enterprises. This is due to the fact that IoT applications have become much more mature and cost-effective.

The challenges posed by IoT applications are maintaining security and providing a powerful network infrastructure. Wherever devices are networked, hackers can attack them. This means that security aspects should never be neglected, because when hackers penetrate IoT systems, they usually cause significant damage that takes time to repair. Increasing communication in terms of number of devices and speed also requires a network infrastructure such as LTE or better that can withstand new requirements in this area.



Artificial Intelligence (AI) is another business services trend that is developing at an enormously high rate of innovation and will become more and more part of our everyday lives in 2019. What makes AI so special in the business services segment is that the technology permits data analysis and script execution based on found correlations that go beyond human understanding.

Business services applications include security monitoring to predict suspicious behavior, customer loyalty measures, individualization of offers, quality control, and anticipation of customer demand. I am convinced that AI and machine learning will be of high strategic importance in the future when it comes to automating business processes, data analysis, or maintaining contacts. From my point of view, the use of AI makes sense especially when information from different data sources needs to be linked in order to gain knowledge about customers, employees, suppliers, competitors, and so on. AI is able to browse multiple data sources such as email programs, databases, CRM systems, cloud applications, archives, social media channels, the intranet or special applications and link the data together.

Robotic process automation (RPA) is another trend in business services. RPA certainly has the potential to revolutionize both customer services and underlying business processes. To achieve this, however, managers should plan clear strategies and budget sufficiently. When RPA technologies are used correctly, I am convinced that companies across many industries will benefit. With RPA, simple, rule-based, and repetitive activities can be performed error-free, costeffectively, and efficiently by robots. Thus, for example, the activity of a salesperson, which otherwise consists of 50% sales and 50% administrative tasks, can be brought to a ratio



of 80% to 20%. Overall, I believe that the greatest efficiency potential for RPA lies in the middle and back office.

Another topic that I believe will be of great importance in 2019 is cybersecurity. Last year the topic was often the focus of public attention because in recent years consumers have been conditioned to pass on more and more personal data to companies, which has often led to privacy violations. In 2019, data security requirements will become more stringent as data volume and sensitivity multiply. Against this background providers will be increasingly obliged to strive for transparency in data storage and processing. Security concepts should be rethought due to increasing networking and amount of data.

Overall, it should be noted that we are seeing more of the above technologies working in combination. Examples to mention are cybersecurity systems that are self-learning and networked and can therefore adapt to new threats.

In my view, a technology that is considered to have high potential but still lacks market maturity is blockchain. What makes blockchain so special is that it solves fundamental problems in dealing with sensitive information and monetary values. The technology is known for its transparency, security and efficiency. If you take a closer look, however, you will notice that while there are numerous application scenarios, the technology is rarely used.

Many weaknesses still need to be addressed, including scalability and difficult integration into existing systems. As a result, it will be some time before blockchain technology becomes the standard. It is advisable to study possible application scenarios now, even if it will still take several years for the technology to become relevant.

## To what extent do you think European services companies are prepared for digitalization?

My impression is that European companies from various industries have taken advantage of the challenges and opportunities resulting from technology trends and are currently in the midst of digital transformation. From my point of view, it is important that companies prioritize the application of new technologies. However, this does not mean that every new technology can offer companies added value. In many cases it is still too early for the introduction, because there is a lack of acceptance or the technology has not been sufficiently tested.

Nevertheless, it is important for companies to continually look at how they can benefit from technology trends and use them profitably for new business services offerings.

## What should companies bear in mind when implementing their digitalization measures?

I am convinced that there is no way around intensively dealing with new technologies in order to remain competitive as a company, whether or not the management has an affinity for digitalization. It is particularly important that interdisciplinary teams within the company are formed specifically for this purpose.

The expansion of data analysis and stronger networking of the company's own data is especially relevant. Another success factor is increasing software development capacity. Flexible business and service processes, planning, and know-how are the ingredients for success of a digitalization strategy.