

## Utilizing technology to transform operational capabilities

The effects of the COVID-19 pandemic continue to impact businesses across the globe, testing their resilience and technology capabilities. As companies are moving to a remote workforce model, significant changes are in store for IT operating models and long-term technology strategies. As digital and physical worlds converge, more opportunities emerge to bring technology processing to edge devices. Technologies like IoT, AI and blockchain provide new capabilities to meet the demand for the most current information. New digital technologies will be required to address challenges like liquidity, reverse logistics, people transformation and ramp-up of production or logistics.

As a result, operating models will change as companies adjust how they segment and serve customers, where they operate, how they bring new products to market, how information is curated and utilized, and how they organize their workforce.

### Key challenges

- ▶ Disruptive competitors: Emerging technology-enabled disrupters sometimes cross over from other industries.
- ▶ Sustained cost pressures: There is continued focus on sustainable cost reduction without affecting service levels.
- ▶ Security concerns: IT security remains a board-level priority with ongoing security threats requiring continued diligence.

### Key market trends

- ▶ The number of IoT devices is expected to be 25.1 billion by 2025.<sup>1</sup>
- ▶ In 2020, over 64% of companies are driving innovation through data.<sup>2</sup>
- ▶ Of the Fortune 500 companies existing since 2000, less than half remain. The average life span of a company today is less than 20 years with 90% of organizations experiencing a disruptive turn in the last four years.<sup>3</sup>
- ▶ Post-COVID-19, digital technologies will enable services like digital twins, last mile delivery, sustainable logistics and digital warehouses.

### What if you could...

- ▶ Generate financial value from technology innovations?
- ▶ Reskill and upskill your talent to transform digitally?
- ▶ Use AI as a foundation to power your next wave of growth?
- ▶ Create a new technology strategy to renew your focus on customer experience?
- ▶ Focus on developing your digital foundation (e.g., architecture, processes and mindset, aimed at driving step change) instead of focusing on legacy IT models?



<sup>1</sup> Research and Markets, "Worldwide Industry for IoT Middleware to 2025 - Manufacturing Expected to Have High Potential for Growth," GlobeNewswire, 21 December, 2020.

<sup>2</sup> Statista Research Department, "State of big data/AI adoption among firms in U.S. and worldwide 2019-2020," Statista, 22 January, 2021.

<sup>3</sup> Sheetz, Michael, "Technology killing off corporate America: Average life span of companies under 20 years," CNBC Markets, 24 August, 2017.

## Technology strategy and next-generation operating model

Over 40,000 EY Technology Consulting professionals work with our clients to deliver a powerful and superior client experience, providing differentiated services designed to meet each company's unique requirements.

### Technology strategy

EY teams help to plan, design and execute strategic programs aimed at improving effectiveness and efficiency of IT operating models, as listed below:

- ▶ IT effectiveness assessment and benchmarking
- ▶ Technology strategy and roadmap
- ▶ IT transformation

### Business enablement

EY teams help to enable new operating models by working with business and technology leaders to envision how technology can transform products and business capabilities:

- ▶ Business and digital capability assessment
- ▶ IT operating model design and implementation
- ▶ Digital transformation

### Technology for M&A

These services comprise the end-to-end life cycle of a transaction, with a focus on maximum value creation through four distinct stages:

- ▶ Stage one includes integration of pre-day-one assessment, strategy, day-one and post-day-one planning, design and implementation.
- ▶ Stage two aims to carve-out due diligence via strategy, day-one and post-day-one planning, design and implementation.
- ▶ Stage three includes operating and organization model analysis, target state designing and stand-up.
- ▶ Stage four involves sourcing planning, vendor selection, and contracting.

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