

MEGA TREND #2: COGNITIVE COMPUTING, ARTIFICIAL INTELLIGENCE, AND ROBOTICS

The next blockbuster consulting service?



I've spent most of my life thinking about AI. I was a chess champion in my youth, and so I watched AI take over my hobby, and now I'm watching it take over the world.

Philipp Gerbert, The Boston Consulting Group

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INTRODUCTION

What are we talking about?

A note about definitions:

For most people, clients and consultants alike, the definition of “cognitive computing”, “robotics” and “AI” or “artificial intelligence” are driven by the examples they know about. While experts may debate what exactly is required for something to be artificially intelligent, we have found these personalised definitions to be good enough in exploring responses to this technology.

For the purposes of this report, we have assumed that “artificial intelligence”, “AI”, and “cognitive computing” may be used interchangeably and have accepted the [Oxford Dictionaries](#) description of “*computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.*”

In most cases, our interviewees used the term “robotics” to denote a practical application of artificial intelligence.

Throughout this report, we have used the term “artificial intelligence” to cover all types of application of artificial intelligence, including robotics. However, we’ll also use the increasingly common term, robotic process automation, to refer to the automation of mid-level knowledge-based work, the parts of consulting which are more standardised and typically done by more junior or less expert people.

The only exceptions are where we quote directly from people we’ve spoken to for this report, in which case we use the term employed by the interviewee.

What do we want to know?

We talk to hundreds of clients and senior people in the consulting industry every year. But there's barely been a single one of those conversations over the last six months that hasn't touched on the subject of artificial intelligence and robotics. Within a very short space of time the subject seems to have gone from science fiction to business fact.

The truth is probably more prosaic: For all the talk, it seems likely that clients are still in the experimentation phase, and few of the consulting firms we spoke to are yet making a lot of money from this area. That's likely to change, but what, precisely, will the opportunities for consultants be? What type and volume of consulting work will artificial intelligence and robotic process automation generate? And who are the likely winners and losers?

The aim of this report is to try and answer those questions. But at its heart is a much bigger one: Will artificial intelligence be the next blockbuster consulting service?

A starting point: a short history of blockbuster consulting

*Some are born great, some achieve greatness,
and some have greatness thrust upon them.*

William Shakespeare

Every now and then in consulting you get a service that grows far more quickly than the market: business process re-engineering in the 1990s; cybersecurity today. Our research suggests that four factors separate those services that achieve greatness from those that don't:

- **Resonance:** BPR was fuelled by fears that US companies were losing out to more agile competition from Japan; cybersecurity is fuelled by regular stories of cyber attacks in (and sometimes on) the media. These issues aren't just of concern to business people but attract mass attention.
- **Something new:** Philosophers would say that there's nothing new under the sun, but there are certainly issues that seem new in business. The idea of looking at a process from start to finish, which was the essence of BPR, felt innovative; we haven't faced today's onslaught of cyber challenges before.
- **Proof of change:** If, as a client, you don't think you can do anything—improve your productivity, counter cyber attacks—then you're not going to spend money with consulting firms to help you do it. For a consulting service to acquire blockbuster status, consulting firms need to be able to demonstrate that their intervention will make a difference. The more hard data there is to support that idea, the greater the potential.
- **Large-scale opportunities:** You can't make a blockbuster consulting service out of consulting projects that typically last a couple of weeks. The highest-earning consulting services are those that are “born great”, involving months, if not years of work, done by sizeable consulting teams.

In the following sections of this report we'll explore the extent to which each of these characteristics applies to artificial intelligence and robotic process automation.

About this report

Our report draws on data from two main sources:

1. A survey of 150 clients in the US about artificial intelligence, robotic process automation, etc.
2. Our annual global client perception survey, the latest version of which had 3,000 responses.

Unless indicated otherwise, survey data is taken from our artificial intelligence and robotic process automation survey (#1, above).

LIST OF CONTRIBUTORS

Name	Job title	Firm
Rohit Adlakha	Vice President and Global Head, Wipro HOLMES	Wipro Limited
Ruhul Amin	CTO and Co-Founder	Onfido
Chris Brahm	Head, Global Advanced Analytics Practice	Bain & Company
Matthew Candy	Vice President & European Leader	IBM
Marc Chemin	Global Insights & Data Consulting Leader	Capgemini Consulting
Rob Feeney	Partner, Melbourne	A.T. Kearney
Philipp Gerbert	Senior Partner, Munich	The Boston Consulting Group
Michael Gram	Strategy Consultant	North Highland
Frederik Hammermeister	Principal—Engineered Products and High Tech Competence Center	Roland Berger Strategy Consultants
Mike Hobday	Vice President, UKI Cognitive Process Transformation Leader	IBM
Dr Sebastian Huempfer	Communications Manager	Echobox
Weston Jones	RPA Lead	EY
Cliff Justice	Partner, US Leader, Cognitive Automation and Digital Labor	KPMG
Ashish Khanna	Partner, FS and Mobility Co-Lead	L.E.K. Consulting
Guy Kirby	Manager	North Highland
Soren Knudsen	Country Head, VD, Member of PAs Management Group	PA Consulting
Praful Krishna	CEO & Cognitive Computing/AI Expert	Coseer
Jonatan Matsson	Partner, Stockholm	A.T. Kearney
Mika Niemela	Partner FS	BearingPoint
Rudy Puryear	Head, Global IT Practice	Bain & Company
Justin Rose	Partner, Chicago	The Boston Consulting Group
Josh Sutton	Vice President, Artificial Intelligence	Sapient
Lee Timmins	Senior Vice President, Consulting	Atos Consulting

ABOUT THE AUTHORS

Fiona Czerniawska

A Co-Founder and Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2008, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues.

Fiona has published a dozen books on consulting topics, including two for *The Economist*: [*Business Consulting: A Guide to How it Works and How to Make it Work*](#) and [*Buying Professional Services*](#). She has more than 20 years' experience as a management consultant, working primarily in the areas of marketing and strategy. She was previously in charge of strategic planning for EY in the UK and has worked in the consulting practice of PwC. Fiona also has a PhD in seventeenth-century French art and lives in hope that it will be of practical use in business someday.



Fiona Czerniawska

✉ fonacz@sourceglobalresearch.com

Edward Haigh

Ed is a Director of Source, and he is particularly focused on HR, strategic marketing, and new product development. He is a key member of the Source research team and spends much of his time interviewing consultants and their clients around the world in order to identify and explore major market trends.



Edward Haigh

✉ edward.haigh@sourceglobalresearch.com

Ed regularly speaks about the consulting market to leadership teams around the world, has lectured at Columbia University, Imperial College, and Vrije Universiteit, and he is regularly quoted by media including the *Wall Street Journal*, the *Washington Post*, the *Financial Times*, Bloomberg, and the trade press. Prior to joining Source in 2008, Ed spent seven years in various marketing roles for Sony Europe.

Additional research by Laurence Harris.

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- A series of reports that analyse the quality and effectiveness of thought leadership. These are included in all White Space subscriptions.

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March	France GCC	Mega trend #1: Digital transformation	US UK	Analysis of recent thought leadership
April	Benelux Nordics		Energy & Resources	
May	US Canada	Mega trend #2: Cognitive computing, robotics, AI	Nordics Financial Services	Analysis of recent thought leadership
June	DACH Eastern Europe Russia		Trends in procurement	
July	Italy Spain Australia	Mega trend #3: Assets and productisation		Maximising the impact of thought leadership
August	India		Healthcare TMT Germany	
September	Africa Brazil Energy & Resources	Planning for growth in 2018	France	Quality ratings of thought leadership for the first half of 2017
October	Financial Services China Healthcare			
November	TMT	Mega trend #4: Brand and business models		

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UK, EUROPE, AND US

Alice Noyelle

+44 (0)20 3795 2662

alice.noyelle@sourceglobalresearch.com

MIDDLE EAST

Jodi Davies

+971 52 989 5224

jodi.davies@sourceglobalresearch.com

Or visit our website, have a more in-depth look at what we do, and drop us a question at: www.sourceglobalresearch.com

About Source

Source Global Research is a leading provider of information about the market for management consulting. Set up in 2007 with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

Source was founded by Fiona Czerniawska and Joy Burnford. Fiona is one of the world's leading experts on the consulting industry. She has written [numerous books](#) on the industry including [The Intelligent Client](#) and [The Economist books Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#).

For further information please visit www.sourceglobalresearch.com

UK AND EUROPE

Source Information Services Ltd

📍 20 St Dunstons Hill • London • EC3R 8HL

☎ +44 (0)20 3795 2668

MIDDLE EAST

📍 PO Box 340505 • Dubai • United Arab Emirates

☎ +971 (0)52 989 5224

✉ info@sourceglobalresearch.com

🌐 www.sourceglobalresearch.com

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