

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).

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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.



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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.



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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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- As well as our country reports, we also produce a global view of four different industries. These reports contain industry analysis, market sizing data, and growth forecasts at a global level, as well as breakdowns by sub-sector, service, and geography.

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- A series of reports based on our huge client survey, that reveal what clients think about the leading consulting firms in a number of regions and industries. We rank the leading consulting firms in terms of clients' perceptions of things like quality and value.
- As part of this programme, we also publish brand perception summaries. These give an in-depth and unique view of the world's leading consulting firms. Available on request.

WHITE SPACE

- 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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January				Hot topics in thought leadership
February	UK	Forecasts for 2017	GCC	Quality ratings of thought leadership for the second half of 2016
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 France	
September	Africa Brazil Energy & Resources Financial Services	Planning for growth in 2018		Quality ratings of thought leadership for the first half of 2017
October	China Healthcare			
November	TMT	Mega trend #4: Brand and business models		

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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](#).

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