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Investor criteria for the future for business computing

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Investor criteria for the future for business computing

Cherine Chalaby

Good afternoon . . . I am delighted to have been asked to speak to you today . . . and to celebrate with you 50 years of business computing.

It is indeed a remarkable anniversary . . . and this conference has given us much to reflect on.

Later this afternoon, we shall be dusting off the crystal ball and gazing into the middle of the 21st century.

Before that, I want to talk to you about the world “beyond eCommerce” . . . of the technology trends that will dramatically change the way in which we undertake business . . . trends that will change the very nature of commerce itself.

Now, a proliferation of letters of the alphabet has been employed as a prefix to describe developments in the way business is transacted.

...First, of course, came the “e” for eCommerce.

...Since then, we have been moving towards “m” for mobile and thereafter “s” for silent commerce.

But the main purpose of my presentation is to go beyond what we can see today and into the world of uCommerce

... “u” for ubiquitous... always on, always aware, and always active.

This vision was developed by Accenture, the world’s leading management consultancy, for which I head the European operations of its venture capital arm, Accenture Technology Ventures.

Our global portfolio is made up of innovative companies that are building key components of this vision. And I am pleased to say that many of those investments are in European companies.

To date, our investment focus has been in new and emerging technologies... such as: customer relationship management, supply chain management, enterprise infrastructure, eLearning, human performance, wireless technologies and digital content services.

Looking into the future, the analysts who judge our performance will tie technology innovation to value – and they expect market leaders like us to focus on the most promising areas. So we aim to stay ahead of the technology curve.

I have to admit that when preparing these remarks, and considering how far we have all come in half a century, my mind turned to the days of the “glass room”. Some of you may remember that mysterious air-conditioned room . . . it seemed that every large company had one . . . where strange, white-coated people paid court to rows of strange, humming, light-flashing machinery.

No one was quite sure... what went on in the “glass room”... Every now and then, one of those people would emerge clutching a handful of computer paper – a report, financial figures, whatever – and dash off to the executive floor as the security doors shut quietly behind them.

It was all something of an enigma, compounded by the futuristic images we saw regularly on our television screens and in the cinemas

... Mission Control Houston during the Space Race

... or the latest James Bond villain... plotting world domination...with the aid, naturally, of a brilliant but totally amoral computer scientist

... or indeed the famous computer named HAL, in the scifi film “2001: Space Odyssey”... how little does it resemble the computers we use today!

The remarkable fact is that in just half a century, information technology has ceased to be the stuff of science fiction. It is no longer the sole preserve of governments and giant corporations – the only organisations at that time with the resources to invest in early computing.

Computers have left the “glass room” and entered every aspect of our private and public lives. Yes, governments and multinationals still use them. So do small and medium sized enterprises. In fact, we all do. They have become truly ubiquitous.

I find it quite encouraging that today many people refer to eCommerce as a “traditional” way of undertaking businessyet until fairly recently, many executives had little... if any idea...what electronic commerce was... or how it could benefit their business.

In the past **5 years**, with the advances of networking and Internet-related technologies, businesses around the globe have changed more dramatically than in any other period during the past **50 years**.

Indeed, in this short time, technology has moved up within the business hierarchy:

... from automating the back office

... to enabling the front office

... to driving growth and strategic direction

...even at the boardroom level.

At Accenture Technology Ventures in Europe, we work closely with Accenture’s research and development teams.

Our R&D activities give us insights into those promising technologies that can deliver a financial return for our venture capital investments... but also guide us towards what we believe to be the future opportunities for our clients.

We monitor trends in technology and business, undertake research, develop scenarios and prototypes, and conduct pilot projects with pioneering client executives who see the promise in these innovations.

As I said earlier, all this experience leads us to believe that the business world is on a course towards uCommerce.

So, what technology waves have set us on this course?

There are three major waves.

1. The first of these was the development of eCommerce itself.

- ? The major catalysts for this were... the use of the Internet for transacting business... major advances in telecommunications... and the development of consumer devices.

They created a platform where every business and everyone could be wired... . We are building a pathway for commerce from here to anywhere ... for consumers and for business.

- ? For the past 4 years, Accenture has conducted research into the development of eCommerce in Europe, comparing it to progress in other countries such as the United States and Japan.
- ? Progress has been impressive. This year we found that **82 percent** of executives reported use of eCommerce in sales and marketing.
- ? Close to **50 percent** of companies are now using eCommerce in the back office, including purchasing, logistics, and human resources functions.
- ? **60 percent** of these companies expect to increase eCommerce expenditures over the next 12 months. The pace has not slowed, despite the economic downturn.

An interesting paradox is that while we're effecting closer business connections, we're also becoming more technologically "untethered."

2. Which brings me to the second wave: mobile or mCommerce.

- ? The key advance here is that mobile communications create an expectation that everyone can and should be connected, no matter where they are, unencumbered by wires.
- ? How many of us in this room do NOT have a mobile phone?

The explosion in adoption of mobile technologies has put us in touch regardless of location. Large portions of younger generations of consumers and business people use mobile phones more often than land lines.

- ? mCommerce allows us to conduct business regardless of physical locations. Today, this is conducted primarily between people speaking over mobile phones.

But other forms of mobile commerce are emerging, including the increased use of mobile laptops, personal digital assistants or PDAs, and voice enabled technologies... Mobile devices have the potential to become the "remote controls" for all commerce around the world.

- ? Significantly, our research shows that **49 percent** of European companies expect to adopt mobile commerce as an important part of their business over the next 3 years - this is nearly 3 times as much as today.

So, we're getting connected... we're going out on the road, but what next?

This is where science fiction is becoming science fact,... and where the objects that surround us are conducting commerce. ... Commerce itself is becoming unbounded.

3. This third wave is known as silent or sCommerce ... and it is perhaps the most intriguing.

- ? It enables objects to sense, act and react to environmental conditions and activities – without human interaction.

This is done by using technologies such as radio frequency data tags... global positioning... digital ink... and other sensors... linked to a network of data storage and retrieval, thus enabling new commerce capabilities.

- ? When combining these sensors with new tagging devices called “active labels”, objects can identify themselves when scanned with a low-energy radio wave.
- ? Perhaps the simplest example to relate to you is the automated minibar – a device that charges you for an item... precisely when you remove it, ... and then notifies personnel to replenish it.
- ? Another example is where silent commerce is being explored in supply chain activities. Workers can use devices in a warehouse to assess and record entire physical inventories without walking the aisles...and labels can be embedded in objects, to track their movements through the supply chain.
- ? Silent commerce is also being explored to reduce fraud and counterfeiting, improve hazardous material handling and safety, and automated equipment service monitoring and notification.

Other examples include anti-theft systems, personal identification systems, traffic management systems, wildlife management and environmental condition monitoring.

Referring back to our study, an overwhelming **83 percent** of executives expect that in the longer term, these new technologies will deliver more opportunities for their businesses.

4. Which brings me to our future vision of uCommerce.

Allow yourself to imagine a world of untethered, unbounded, ubiquitous commerce. Imagine how business will change in a world that is... ..Always On... Always Aware... and Always Active.

- ? **Always On:** ... means non-stop, uninterrupted interconnectivity, where commerce can occur continuously between people, business and objects.
- ? **Always Aware:** ... means context will be turned into value. Objects will be aware of their position, temperature, movement, and more... .Think of this as objects being given the gifts of reason and communication.

- ? **Always Active:**... means people and objects can act at precisely the right time in the right way. uCommerce will include a continuous series of micro-activities, in addition to discrete transactions.

So what investment opportunities does this vision present?

In Accenture Technology Ventures, we are looking at the key applications and technologies that will enable business adoption of uCommerce.

An example of such an application would be:
... supply chain automation.

And examples of such technologies would include:
... object identification,... voice verification and other security technologies.

The market potential in most of these areas has not been fully addressed with commercial products and services – many are in the early stages of development and testing.

We believe there will be significant opportunities to invest capital and knowledge to accelerate and contribute to many of these developments.

To illustrate my point, let me give you just 4 examples of the type of investments that Accenture Technology Ventures has made in Europe.

These investments are in the “m” and “s” commerce waves... and we believe that they will provide part of the platform from which uCommerce can be launched.

Buytel headquartered in Dublin, applies voice verification biometrics to provide a range of business solutions. Its innovative VoiceVault technology has made it a world leader with the best accuracy and highest speed of verification, at low cost.

Terraplay Systems, based in Stockholm, offers the world’s first... carrier-grade telecommunications infrastructure software... crucial for interactive applications in wireless networks. Its initial focus is the online gaming market.

Definiens, based in Munich, develops software solutions for car-to-car communication management. These include applications for decentralised route optimisation in real-time, and a system that automatically classifies data.

Imagine Broadband, my 4th example, here in the UK, develops, customises and licences innovative solutions for the broadband market. They are a world leader in the field of Interactive Digital Television enabling cable operators and others to provide an array of new services including interactive shopping, games, video-on-demand, Web access and e-mail.

So to sum up, over the past 50 years technology has changed the business world dramatically, and we can expect the pace of change to be even greater in the next 50 years.

It is hard to imagine the full range of benefits that these innovations will bring - or what it will be like to live in that future uCommerce environment. However, I am excited by the prospect.

Finally, I would like to share with you another 50th anniversary that I shall be celebrating with my colleagues soon....Back in 1954, a computer was installed at General Electric to process the first ever payroll business application, in the United States. The organisation that installed that computer later became known as Accenture.

We have all come a long way since then. But we can be certain of one thing - in 20 51 we may be sending astronauts to Mars -- we may still be making James Bond films - but the use of information technology in the business world...will be as different from today... as that strange glass room with its white-coated people...was in the middle of the last century.

Thank you for your time.