Innovation in Internal Audit: What’s the reality?
Welcome
Introduction to Deloitte UK Innovation
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Exponential change is reshaping the marketplace – providing you and your clients tremendous opportunity.

Disruption has been driven by the relentless, exponential increase in computing power, enabling new products, services and business models.

Startup companies unburdened by inertia or Wall St. expectations are growing faster than ever – and displacing incumbents in record time.
“Innovation” for Deloitte means:

doing new things

or

doing existing things in new ways
To stay ahead, organisations seek exponential innovation—the power to shape disruption for strategic advantage. That’s where we excel, bringing the best of Deloitte and the external ecosystem, helping unlock possibilities and navigate complexities to thrive.

**Effective innovators do these things:**

1. **Mind-set change**
   A shift in leaderships mental model is required to achieve a new business model that can compete and remain relevant in the future.

2. **Focus & Experiment**
   A higher order of ambition, bold ideas, discipline and structure are required to enable smart choices and efficient trade-offs.

3. **Scale & Execute**
   Results require speed and agility and can only be achieved at scale through rigor, dedicated resources and clear governance.
Focus on why

- Improve profitability
- Competitive pricing
- Improve cash flow

- Enhanced Margin
- Revenue defence
- Increased win rate
- New, adjacent Clients
- New Revenue models

- Create New Market
- Disrupt our business
Focus on scale

- Identify & shape
- Incubate
- Grow

Typical support at this stage:
- Access to acceleration team
- Commercial case and business planning
- Legal & QRM support and shaping

Typical support at this stage:
- Portfolio and lifetime value management
- Exit option assessment
- Business run and operate planning

Typical support at this stage:
- Product stabilisation support
- Business development support
- Business plan execution
- Business model and business structure execution, including legal entity, infrastructure etc
Trends in Assurance
Focus and experiment

Customer Experience
Those who own the net promoters will win

Artificial Intelligence*
Cognitive capabilities that can augment or replicate human thinking

Crowdsourcing & Microwork*
Leveraging communities to achieve a specific goal

Robotics*
Next generation robotics/automation technologies to work with humans

Crowdfunding
Leveraging the public to fund the creation of a product or company

Biotechnology & Bioinformatics
Digitisation of the genome + ability to reprogram DNA for new therapies

Incentive Competitions
Prize-based competitions to engage the community to solve a problem

Energy & Environmental Systems
Greater cost effective management of inputs/outputs than ever before

DIY & the Maker Movement
Creative potential unlocked when the public can make their own items

Digital Mfg. & Nanotechnology
3D printing and digital design, digitize product creation and distribution

Digital Economies/Blockchain*
Crypto-currency, mobile payments, and other economic innovations

Gamification
Leveraging game mechanics to incentivize specific behaviors

Computation, Networks & Sensors
Increased speed, declining costs of computation, networking, and sensing

Sharing and Social Economy
An economic model that focuses on community and sharing

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Prize-based competitions to engage the community to solve a problem

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Creative potential unlocked when the public can make their own items

Digital Economies/Blockchain*
Crypto-currency, mobile payments, and other economic innovations
Automation with cognitive technologies is set to transform the world of work...

35% of current UK jobs will be automated by 2035¹

45% of job activities could be automated using currently available technology²

Increasing to 58% with impending advances in artificial intelligence²

Freshfields rolls out Kira Systems as law firm rush for AI continues

Not if but when: The rise and rise of AI in legal practice

¹ Deloitte / Oxford University research
² McKinsey Interim report on automation of jobs, Nov 2015
Defining the terms
AI is “able to perform tasks that usually require human intelligence”
Demo
The cognitive journey
Tools follow a spectrum of abilities and these are at different stages of maturity. Natural Language Technology mimics human judgement through automating the analysis and reporting on data and its contained trends.

Cognitive Journey

Robotic Process Automation

Intelligent Automation & Analytics

Cognitive & Artificial Intelligence

“Mimics Human Actions & Decisions”
- Used for rules based, simple to complex processes
- Faster handling time
- Higher volumes
- Reduced errors & costs

“Mimics Human Judgment”
- Predictable quality
- Improved process control
- Auto-adapts to new rules

“Augments Human Intelligence”
- Decision making
- Interpretation of human language
- Dynamically self-adaptable
Demo