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Driving real business value from Managed Services through GenAI

The impact of generative artificial intelligence (GenAI) is being felt from the boardroom to the living room, with the size of the AI market projected to exceed US$300 million in 2024, growing to over US$700 billion by 2030[i].

GenAI is the culmination of decades of AI and machine learning maturity, bringing together several aspects including Large Language Models (LLM), natural language interaction, massive dataset analysis, and the ability to learn and evolve. Since GenAI can analyze vast amounts of data to synthesize a broad range of content across multiple mediums, the potential impact that GenAI could have on business is indeed incredible. From relatively mundane activities such as generating real time reports, automating processes, and tackling time-consuming tasks, through more complex analytics, trend assessments, and recommendations.
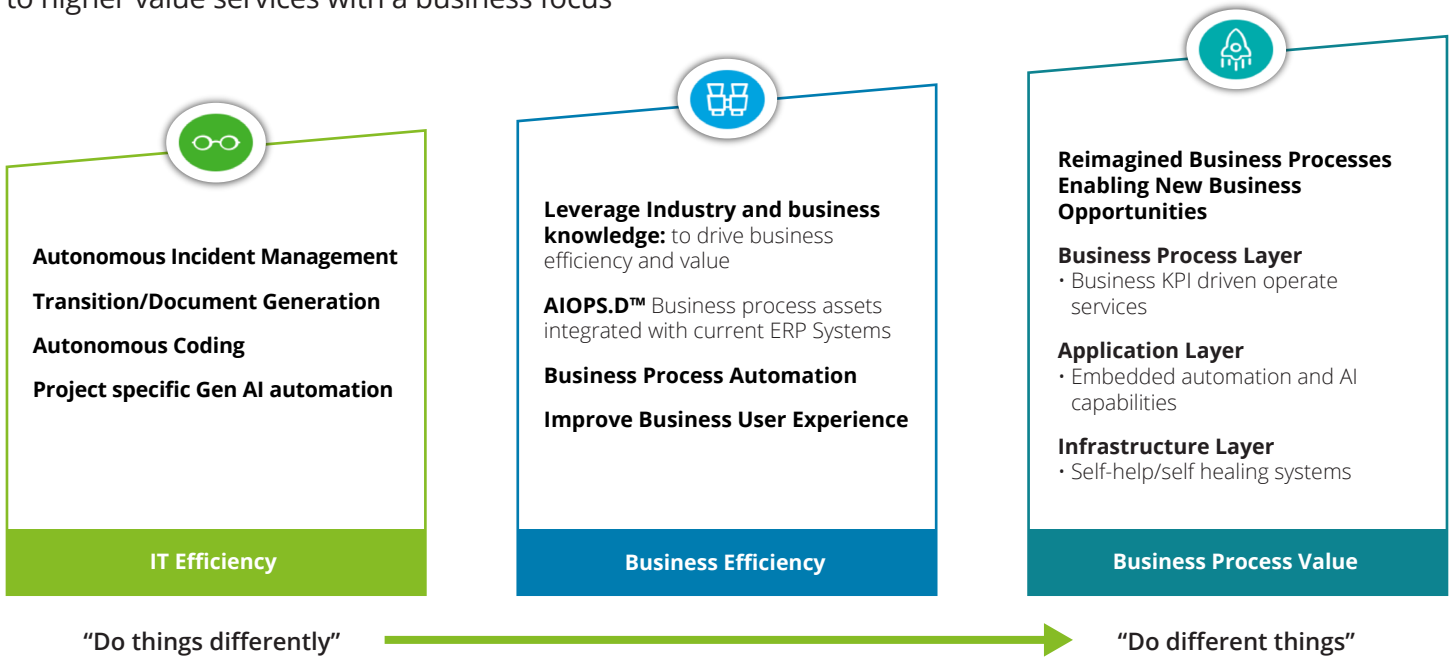
The total impact of GenAI is expected to be substantial—as researchers suggest that GenAI could grow the global gross domestic product (GDP) of the United States by nearly $7 trillion, while boosting employee productivity by 1.5% across the board over the next 10 years[ii].

What does this mean for day-to-day application operations? From a managed services or "Operate" perspective, GenAI's greatest impact could be accelerating the elimination of routine and repetitive tasks while enabling businesses to focus on projects that enable business differentiation.

Over the next 12 to 24 months, we anticipate a rapid change in managed services as a result of GenAI. Not only are many suppliers—including Deloitte—investing in and developing GenAI enabled products and services, major ERP and service management software vendors are making similar investments. The convergence of these various efforts will yield improved user experience and reduced service costs while giving both business and IT teams opportunities to better collaborate and innovate to differentiate.

At Deloitte, GenAI is being embedded in several aspects of our Operate services. With an eye to the future, we anticipate the GenAI evolution in two "buckets". First, near-term GenAI will allow enterprises and suppliers to "do things differently" and later, over time will enable an exciting opportunity for enterprises to shift to "doing different things".

Operate/AMS services are evolving: moving away from labor/tools space services to higher value services with a business focus

Autonomous Incident Management

Transition/Document Generation

Autonomous Coding

Project specific Gen AI automation

IT Efficiency

Leverage Industry and business knowledge: to drive business efficiency and value

AIOPS.D™ Business process assets integrated with current ERP Systems

Business Process Automation

Improve Business User Experience

Business Efficiency

Reimagined Business Processes Enabling New Business Opportunities

Business Process Layer
· Business KPI driven operate services

Application Layer
· Embedded automation and AI capabilities

Infrastructure Layer
· Self-help/self healing systems

Business Process Value

"Do things differently" → **"Do different things"**

Do things differently

What do we mean by "do things differently"? This refers to how GenAI offers both IT and the business several immediate use cases that will enable efficiency. These include several currently implemented use cases:

· Autonomous knowledge article generation;

· Autonomous incident management;

· Autonomous code generation;

· Proactive problem management; and

· Natural language user interaction.

Over the past few decades, IT has become well-accustomed to the mantra of "do more with less", since the enterprise has often viewed IT as a cost center whose role was simply keeping systems running and expenditures down. To do more with less, the typical IT organization has evolved from being largely onsite and internally staffed to taking advantage of global delivery either through captive or supplier delivery centers, and more recently through managed services driven by automation powered by machine learning and AI.

Now, GenAI offers an opportunity to further optimize costs, as well create a step change in the value that IT delivers to the business.

There are several GenAI use cases being developed that could deliver benefits in the Operate Services area including:

· Interactive "how to?" responses;

· Real-time language translation;

· User requirements capture and story generation;

· Autonomous testing;

· Release management.

Better yet, these benefits are not limited solely to IT. GenAI can also enable virtually all areas of the business to become more self-sufficient through automation and natural language interaction, reducing the business' dependency on specialist IT resources to support straightforward tasks.

Business efficiency benefits that organizations could enjoy from leveraging these new GenAI tools include:

· A better user experience from self-service offerings driven by leveraging knowledge bases;

· Natural language tools that simplify user interface for a broad array of applications;

· Powerful report generation and query response capabilities.

Deloitte is uniquely positioned to move beyond foundational, operations-related GenAI and help bring new benefits to the organization at large via libraries of business-oriented GenAI use cases. Deloitte can deliver services like these with AIOPS.D™, a new subscription-based offering that helps organizations implement AI-fueled autonomous business processes across various functions and industries. AIOPS.D™ is built upon a microservices platform and a managed service model that enables organizations to rapidly deploy and operate a suite of intelligent applications that can monitor and operate core business processes.

Do different things:

In the longer term, there will be an opportunity to transform and potentially disrupt entire businesses. It is impossible to predict the exact nature of how managed services will evolve, but generally we believe there will be further consolidation of SaaS and enterprise solutions into full stack integrated service models, possibly delivered on a per transaction or pay-as-you-use basis. The opportunity for service providers will be to focus on both functional and business value aspects of their offerings.

From a business process perspective, BPO services may become more business key performance indicator (KPI) driven, with full-stack support for business-critical applications, and self-healing infrastructure that will reduce support burdens.

New GenAI use cases are emerging daily, and the opportunity to transform the enterprise is great. Areas where GenAI could provide benefits include strategic finance, internal audit, financial planning and analysis, treasury, business unit finance, tax, transactional finance, investor relations, and controllership.

Look before you leap

A word of caution before enterprises jump right in: GenAI will still require oversight. Roles and responsibilities will evolve along with technological advances, but early GenAI users have seen firsthand how some models suffered from some of these, such as amplification bias in certain samples, reliability issues with the results of a given GenAI prompt, security challenges of both proprietary information and personally identifiable information (PII) being exposed, and ensuring the proper sovereignty of data is respected in the result.

An "iPhone" moment

The time for GenAI has arrived—and it is rapidly taking its place as a significant part of enterprise operations. Businesses, along with their IT partners, must drive innovation more than ever to keep competitive, to become more responsive to changing business requirements, and to reduce the inefficiency that can drive up the cost of operations.

> GenAI can be a major enabler of transformation for enterprises. Today, we are in the early stages of GenAI, and just beginning to lay the foundation for future enhancements. However, over time GenAI will evolve from providing simple efficiencies to driving real innovation for the enterprise.

At the moment, GenAI is being embedded in products and offerings across the IT value chain, from ERP and business solution products, to ITSM software, and including managed services. However, several of these efforts overlap. It is unclear how the Operate landscape will evolve, but it seems likely that some combination of GenAI capabilities will be included in most products and services moving forward. The impact of that is expected to significantly reduce the day to day "break/fix" and "how to?" work that enterprises are currently spending a large percentage of their IT budget on.

The opportunity is to reduce the amount of effort and time focused on routine activities, and to become more business and innovation focused, which should lead to better products and services being provided to the end customer.

Deloitte Operate—Harnessing the power of Gen AI to accelerate business value

At Deloitte, we thrive on helping our clients transform their organizations and services. Our ability to bring both industry and business knowledge via Operate helps drive innovation and value throughout the business.

We operate at the intersection of business and IT, and GenAI is a unique convergence of opportunity for Operate and/ or Managed Services to enable business transformation. We look forward to discussing how we can help enable your business transformation.

Endnotes

i   https://www.statista.com/outlook/tmo/artificial-intelligence/worldwide#:~:text=Artificial%20
    Intelligence%20%2D%20Worldwide&text=The%20market%20size%20in%20
    the,US%24305.90bn%20in%202024.

ii Goldman Sachs, "Generative AI could raise global GDP by 7%", April 5, 2023

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