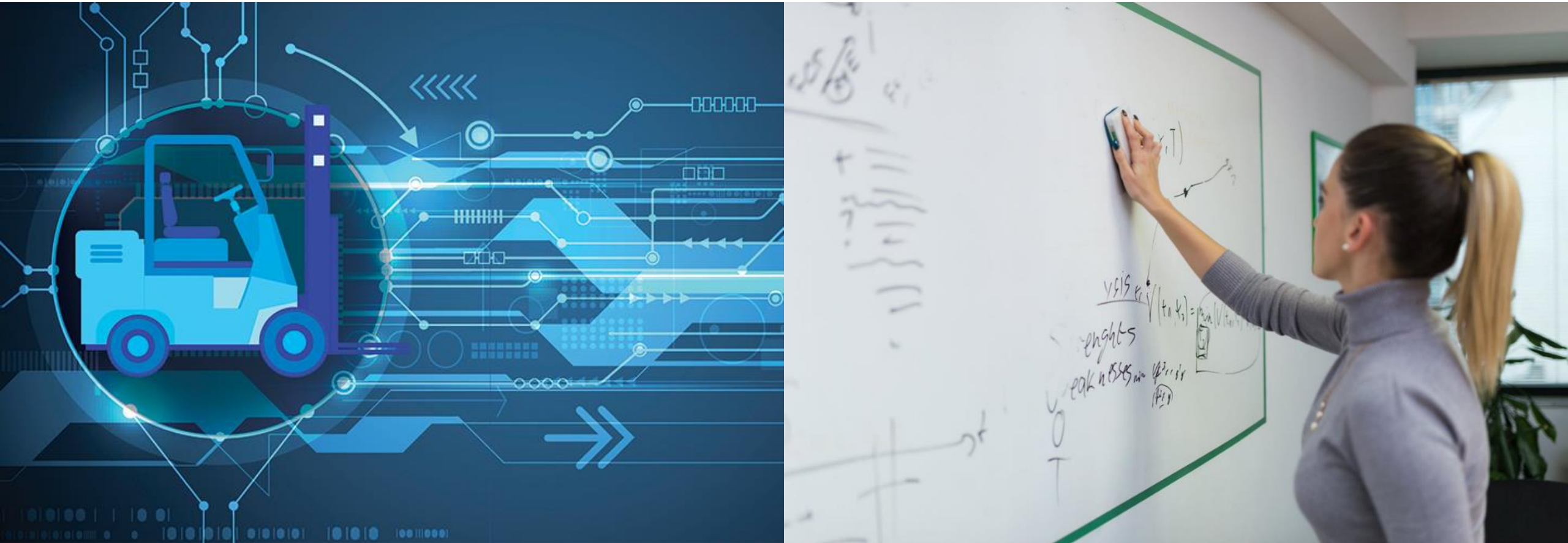# Technology and Business Model Shifts in Distribution

Billion Dollar CEO Roundtable

SPARKING TODAY'S DISCUSSION

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TECHNOLOGY-DRIVEN SHIFTS

What are the major shifts and emerging business models?

GREENFIELD DISTRIBUTION MODEL

How would I rebuild my business from scratch today?

OUR PANELISTS

Dan Lewis
CEO,
Convoy

- *CEO and Co-Founder of Convoy, the leading technology-enabled trucking network reinventing the $800B transportation industry*

- *Previously served as General Manager of New Shopping Experiences at Amazon.*

Wes Clark
Distribution board member,
Advent Private Equity

- *Board member of Advent Private Equity, global private equity firm focused on international buyouts, growth and strategic restructuring*

- *Previously served as President of Grainger*

Chris DeBrusk
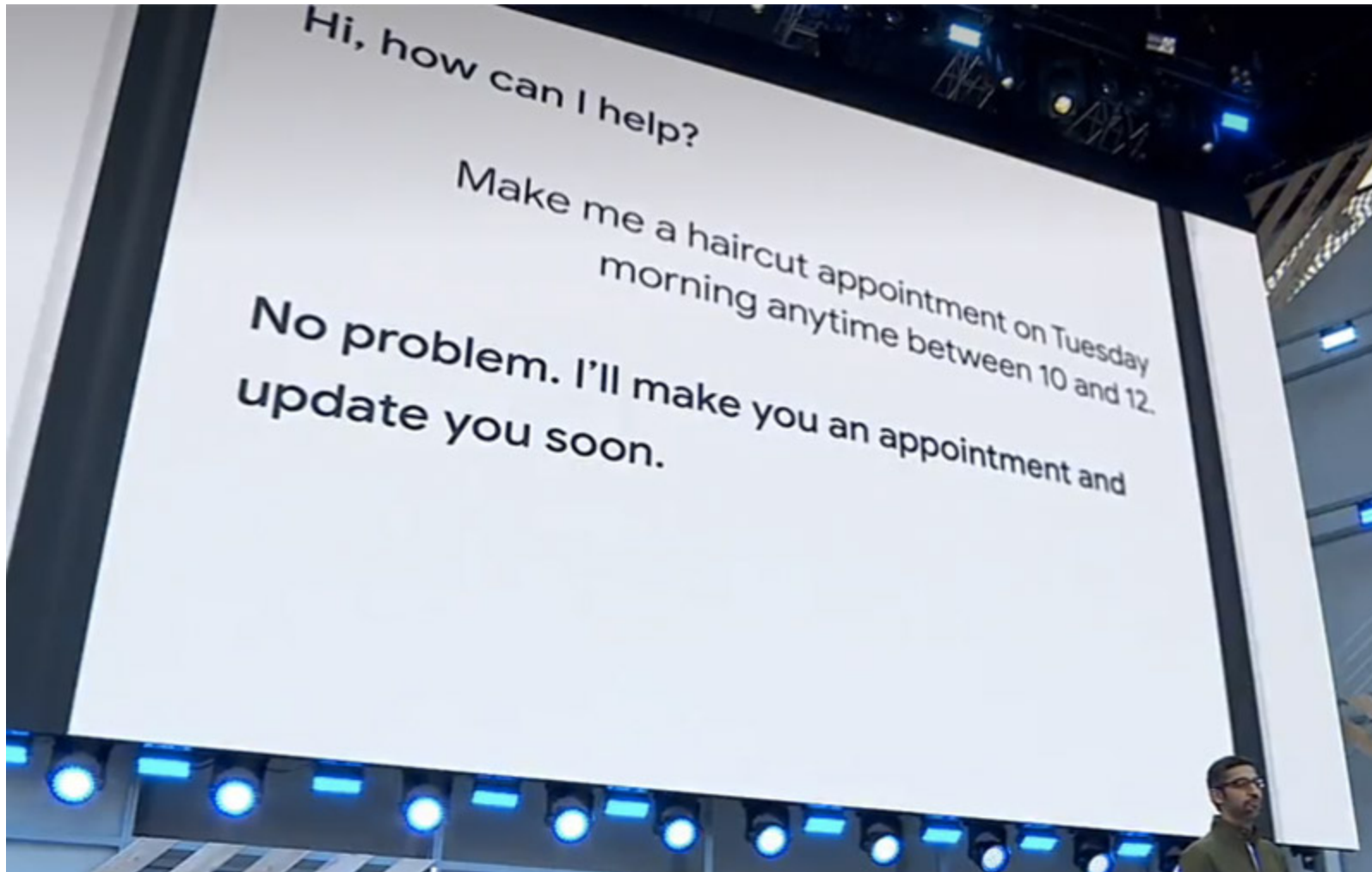### Partner,
Oliver Wyman

- *Partner at Oliver Wyman in the Finance and Risk, CIB, and Digital practices*

- *Expertise in cyber and market risk, financial regulation, enterprise data architectures, process efficiency and automation.*

01
TECHNOLOGY-DRIVEN SHIFTS IN DISTRIBUTION

FUTURE TODAY?

REACTIONS

What will happen to phone sales?

If you believe the keynote example was not a contrived example (as they assured us) but the norm of what Duplex can do, it's scary how close we are to seeing high-velocity, script-based inside sales jobs being completely displaced.

Enterprise sellers may be safe for the time being (if you rule out a Westworld scenario anytime soon) but top of the funnel, enterprise SDRs may also be displaced in its current form.

With the hiring constraints of inside sales reps removed, I could see sales organizations cranking up call volumes and frustrating prospects. And that will in turn probably lead to new regulations and tools to protect the consumer and business owners.

It's unclear whether buyers will even care that they are buying over the phone from an indistinguishable bot versus a real salesperson but if the conversation is good, they won't even know. If the adoption of AI-powered sales isn't good, customers could get so fed up that they stop answering the phones. We may have to resort back to sending brochures and doing more field sales. Either way, corporations should see some productivity gains (at least short term) through lower costs of making cold calls or better conversions because let's face it, it's really hard training great sales reps.

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Google Duplex technology: will the AI affect call centers?

There's been a lot of buzz around newly emerging, ever-more sophisticated AI technologies that will transform our business and everyday lives.

There's no doubt that technology is continuing to evolve at lightning speed, and it's difficult to forecast how far it will advance in the coming years.

The most recent advancement came with Google's announcement of its "Google Duplex" system at its 2018 developer conference. With Google Duplex, the tech giant took AI technology to a whole new level, creating artificial intelligence that can be used even without you knowing it.

Report: Google Duplex could be replacing a customer service representative near you soon

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TRENDING

TECHNOLOGY
How the $90K typical salary at Oracle compares

TECHNOLOGY
Cisco's security business chief quits to join Andreessen Horowitz

Abstract digital and technology background.
GETTY IMAGES (DANIRNAT/ADOBE)

Will our Account Executives all be replaced by Sales Trainers?

From Duplex:

> The Google Duplex system is capable of carrying out sophisticated conversations and it completes the majority of its tasks fully autonomously, without human involvement. The system has a self-monitoring capability, which allows it to recognize the tasks it cannot complete autonomously (e.g., scheduling an unusually complex appointment). In these cases, it signals to a human operator, who can complete the task.

The current implementation of Duplex uses supervised training and will still require a human sales trainer (that's of course until we build unsupervised learning models of sales conversations).

So the ceiling for AI-powered sales conversations still require a sales trainer to handle corner cases on calls and continuously "coach" the algorithm to sell better.

As training data grows, I wonder if we get actually better sales conversations as the algorithm learns from vast amounts of sales calls and various buyer personas.

TECHNOLOGY AROUND US

Universal Omnichannel

85 % of online shoppers start a purchase on one device and finish on another

Adoption of Agile

2-4 weeks

Average agile development cycle (vs. 6-12 months for traditional 'waterfall' programming)

Accessibility of IoT

8.4 BN connected devices being used worldwide, up 31% from 2016

Emergence of VR

30 % of companies experimenting with VR / AR in marketing efforts

Rise of AI and Machine Learning

85 % of customer interactions will be managed without a human by 2020

Expansion of Robotics automation

90 % of crop dusters in Japan are drones

DISTRIBUTORS: USING ROBOTICS TO AUTOMATE WAREHOUSES

DISTRIBUTORS: USING ROBOTICS TO AUTOMATE THE BACK OFFICE

Robotic Process Automation (RPA) is a software solution that acts as a virtual workforce to automate processes

Records and replicates actions of human operators
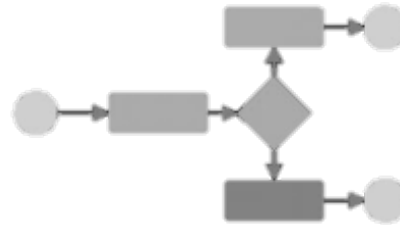
Definable, repeatable, and rules-based tasks can be automated

Integrates on top of company's IT infrastructure

DISTRIBUTORS: PREDICTING CUSTOMER ATTRITION

Customer Data
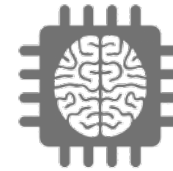
Artificial Intelligence

Prediction of risky customers

DISTRIBUTORS: REAL-TIME NETWORK VISIBILITY
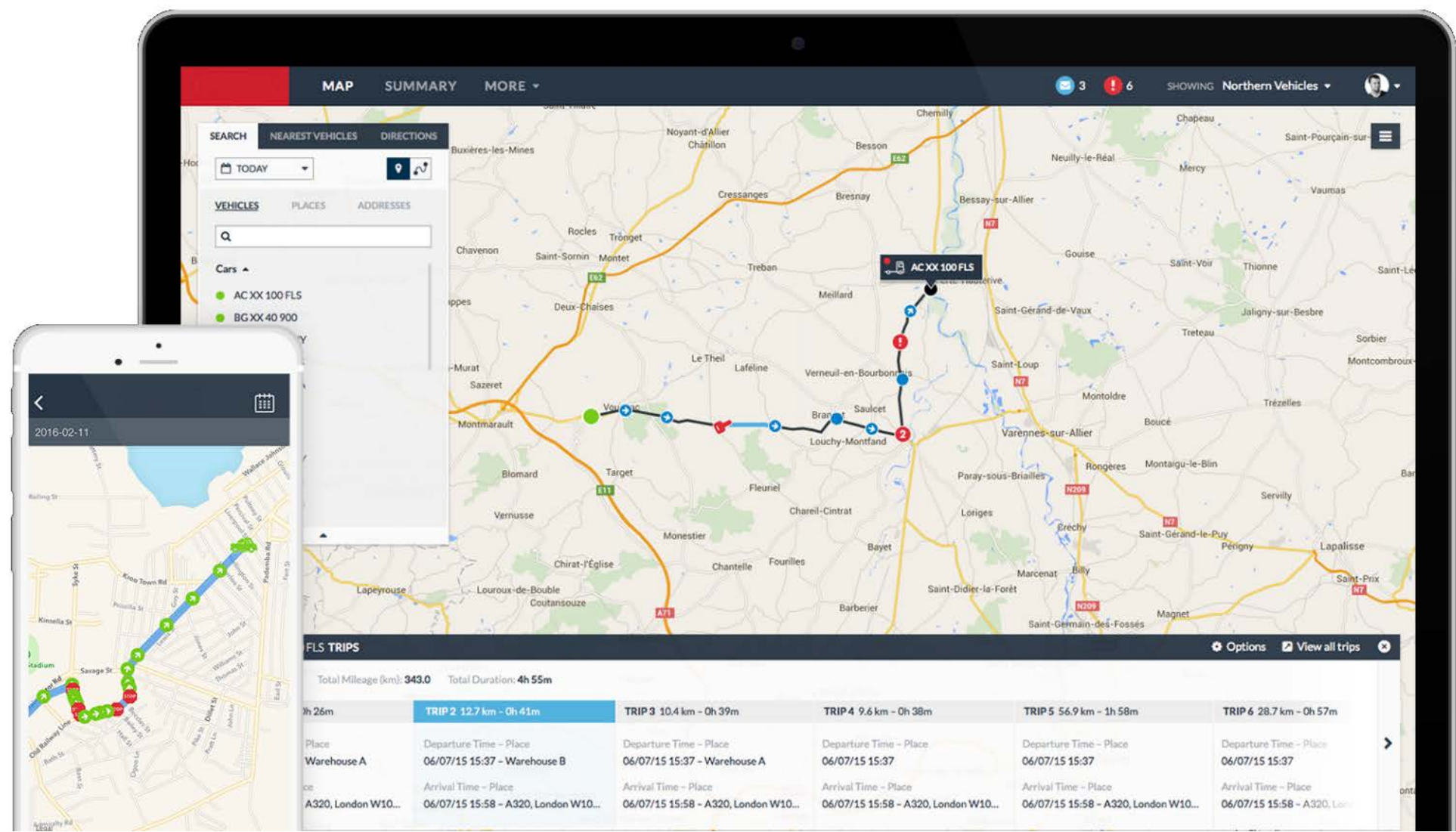
DISTRIBUTORS: CREATING DATA BUSINESSES

Agriculture

Restaurant industry

Building products

MRO

EXTISTENTIAL THREAT FOR SOME…
…ILLUSTRATION OF THE POSSIBLE FOR OTHERS

"We provide easy access to hundreds of millions of products – everything from IT equipment to janitorial supplies – to businesses of all sizes and across industries"

01

PANEL DISCUSSION

02

GREENFIELD THINKING

GREENFIELD THINKING

"What would we do if we could start over without any legacy applications…

…we are free to innovate and reinvent the core processes"

GREENFIELD APPROACH
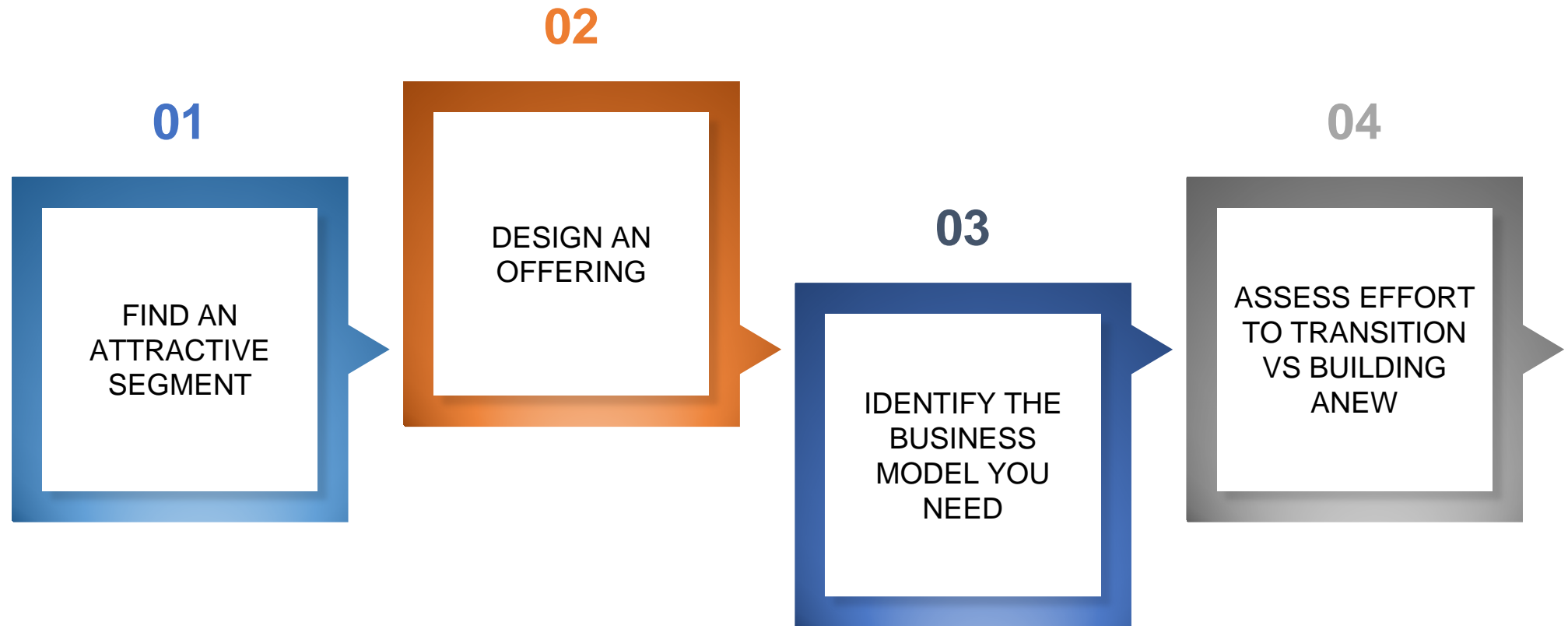
01

FIND AN ATTRACTIVE SEGMENT

02

DESIGN AN OFFERING

03

IDENTIFY THE BUSINESS MODEL YOU NEED

04

ASSESS EFFORT TO TRANSITION VS BUILDING ANEW

DISTRIBUTION BUSINESS MODEL

Procurement

Operations

Sales

Systems

Employees

Footprint
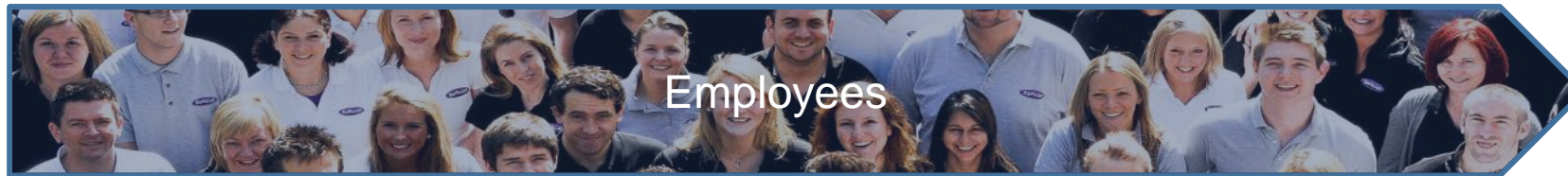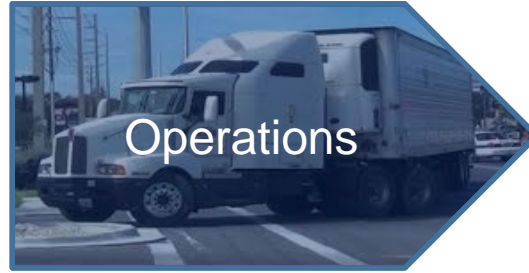
DISTRIBUTION CRITICAL LEGACIES

Sales

Systems

Footprint

Sales rep owns the customer, but can't deliver the experience and expertise my customers want

Outdated systems implemented for businesses as they were decades ago

Wrong size, wrong shape, wrong capabilities, wrong location

SALEFORCE: HIGH-TOUCH, HIGH-COST, OWN THE CUSTOMER

How do I ensure the customer relationship lies with the distributor, not the representative?

Can I effectively build digital engagements channels which reduce the need for sales to take orders?

Is there a way to make this transition without causing breakage?
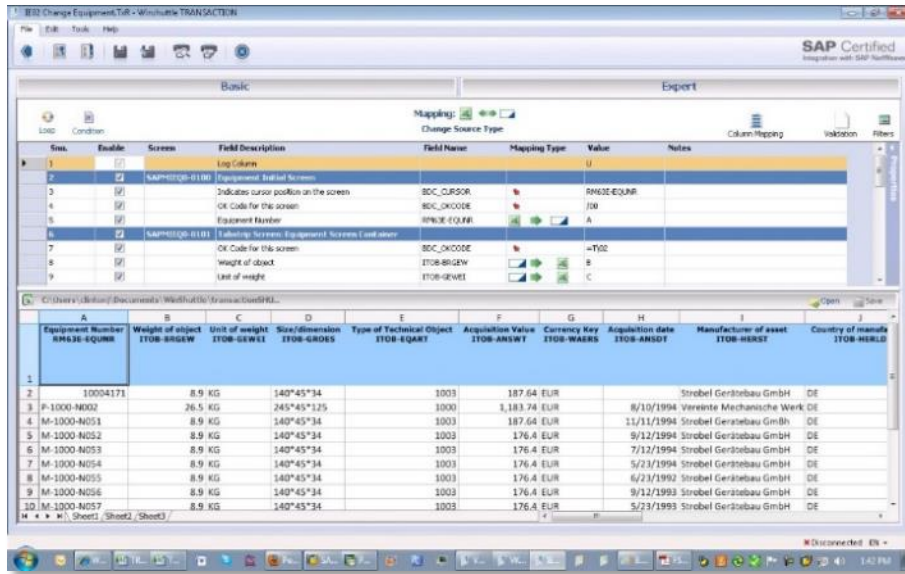
SYSTEMS: OUTDATED TOOLS AND TECHNOLOGIES LIMIT CAPABILITIES

My legacy systems were built for the business I ran 15 years ago!

How can I adopt systems tailored to the business I need to run today ?

Is there a viable path to move to the modern flexible architecture I need to run my business?

Is automation and overbuilding going to get me the change I need?
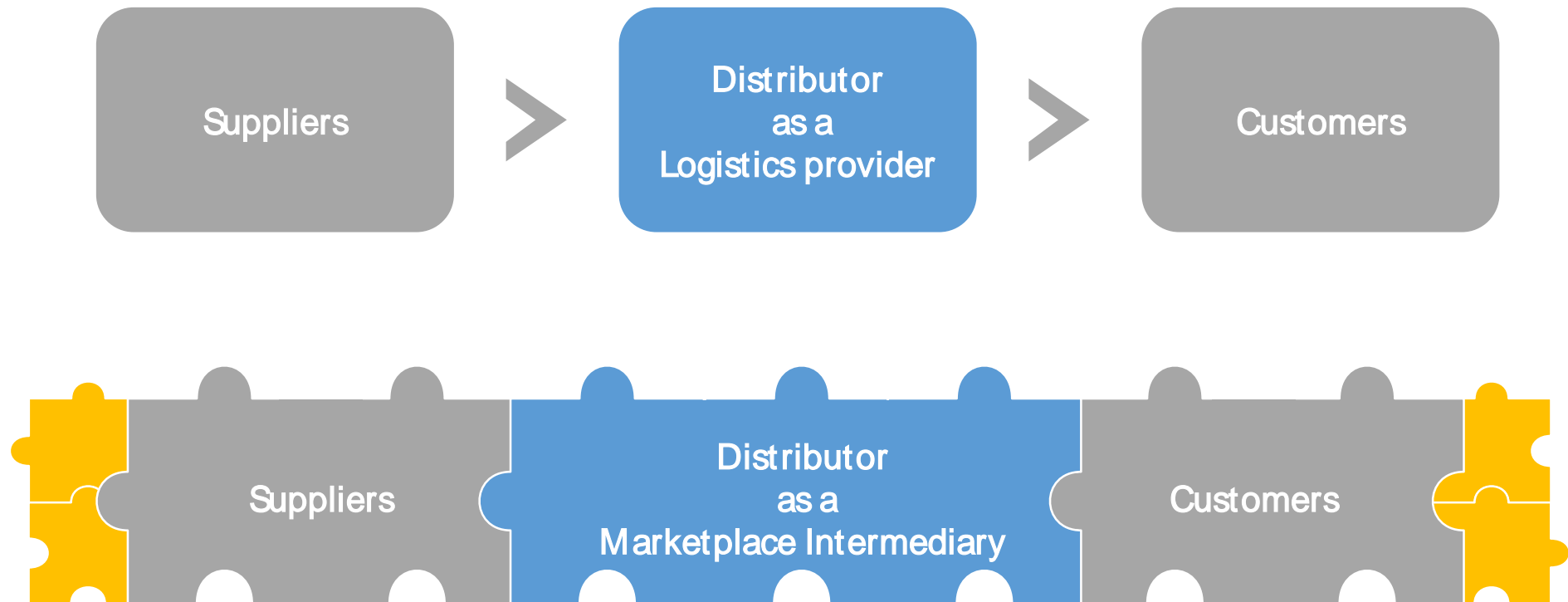
NETWORK: DO YOU HAVE THE RIGHT SHAPE, FOOTPRINT, AGILITY, ?

My footprint is too small for the type of next day or next hour delivery I need…

..but my footprint is too large and costly for my existing volumes…

I have the wrong types of assets in the wrong places.

THINKING OUTSIDE THE TRADITIONAL ROLES

Suppliers > Distributor as a Logistics provider > Customers

Suppliers | Distributor as a Marketplace Intermediary | Customers