

# Conversational AI Emerges as a Key Enabling Component for Digital Transformation Post-COVID-19

## The 451 Take

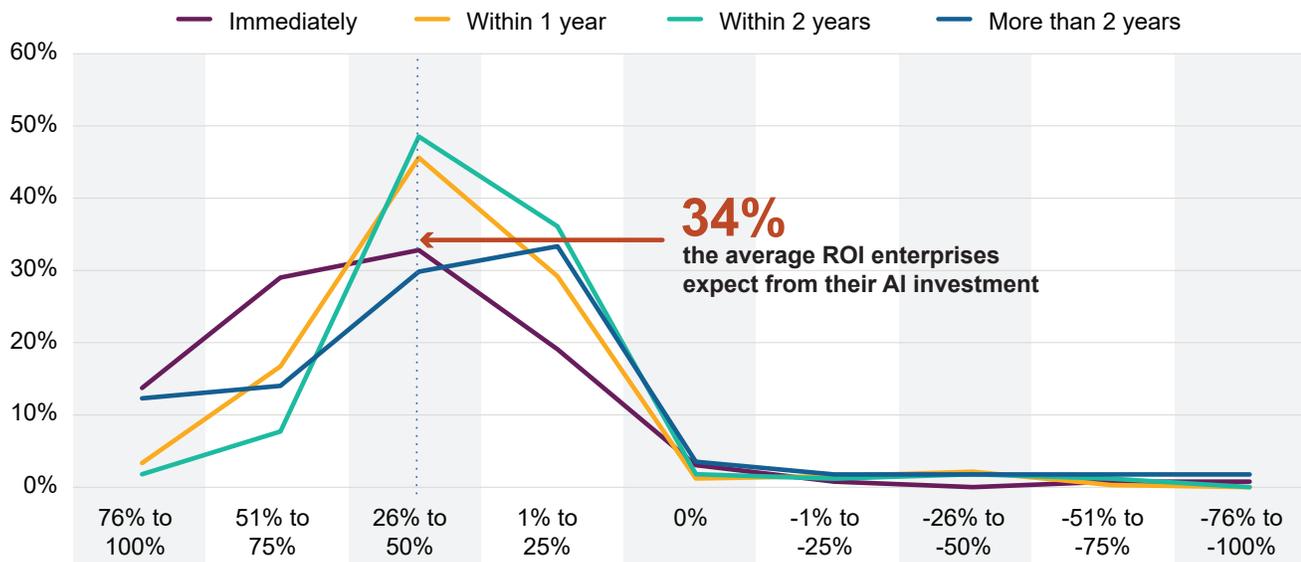
Despite the economic downturn resulting from the COVID-19 pandemic, adoption rates for artificial intelligence (AI) and machine learning (ML) technologies in enterprise organizations remained constant over the past year. According to 451 Research's Voice of the Enterprise: AI & Machine Learning Use Cases 2021 study, the pandemic had uneven effects across the globe, with more organizations in Western Europe slowing down their current AI initiatives than those in the US, with similar geographical differences evident when it comes to the pandemic's effect on plans for investment.

Nonetheless, our research shows steadfast adoption overall. Nearly three in five (59%) enterprises surveyed have ML initiatives either in production or proof of concept. Furthermore, 95% of enterprises consider AI technology to be important to their digital transformation efforts, while 65% of the enterprises with AI in production consider these initiatives 'very important' to their digital transformation strategies.

While the use cases that organizations are looking to tackle vary by industry vertical, conversational AI – encompassing technologies such as chatbots and voice assistants – is emerging as an enabling component for digital transformation initiatives across several key industries. For instance, our research shows that the top use cases for AI and ML in financial services organizations include customer service (e.g., chatbots), while customer relationship management is important for organizations in the telecom sector, and customer engagement (e.g., visual and voice search, virtual assistants/chatbots and voice ordering) is a top use case in retail.

These examples highlight the breadth and depth of conversational AI, enabling organizations to tackle a wide range of horizontal and industry-specific use cases. These include horizontal applications such as HR digital assistants for handling common employee queries such as requesting time off, as well as IT helpdesk service management automation to deflect tier one incidents such as password resetting. Meanwhile, advanced practitioners will transition to more sophisticated implementations and vertical-specific use cases. For example, integrating conversational AI with back-end systems for B2B sales enablement could allow sales professionals to easily access real-time information related to product inventory, sales orders and shipping status.

## Enterprises Are Positive on the ROI of AI



Q. In what time frame does your organization expect to achieve the ROI it expects from its AI initiatives?

Q. Using your best estimate, what is your organization's expected rate of return on investment (ROI) from its AI initiatives?

Base: Organization that tracks ROI on AI initiatives (n=687)

Source: 451 Research, Voice of the Enterprise: AI & Machine Learning Use Cases 2021

Our research shows that organizations with deployments either in production or proof of concept see substantial value in their AI and ML initiatives. The top benefits that enterprise organizations expect to realize include lowering costs, increasing sales and improving workforce productivity. While the anticipated rate of return varies by industry segment and region, survey data shows that 67% of all respondents expect to reach their anticipated return on investment within a year; the average expected ROI on AI investments is around 34%, as shown in figure above.

## Business Impact

**Business continuity.** Digital transformation and enterprise adoption of AI and ML technologies were emerging trends that accelerated in the past year as a result of the global pandemic and the need for business continuity. Survey data from our VoTE AI & Machine Learning study shows that a majority (86%) of respondents strongly agree (39%) or somewhat agree (47%) that the pandemic has caused or will cause their organizations to invest in new AI initiatives.

**Business agility and workforce productivity.** The use cases that companies target first typically center on customer and employee self-service initiatives. In addition to 24/7 availability and providing a faster response time, these initiatives can significantly impact workforce productivity, enabling employees to focus their time on more productive tasks. In addition, deployment for these use cases has become increasingly accessible and can be done by citizen developers with minimal or no coding experience, highlighting the relevance that conversational AI can have for business agility.

**Digitization of the customer and employee experiences.** Conversational AI in the form of chatbots and voice assistants is emerging as a key enabling component for the digitization of the customer and employee experiences. The fact that AI and ML technologies are perceived as integral to digital transformation initiatives suggests a methodical and strategic approach in their deployment, offsetting the notion that enterprises are pursuing AI just for the sake of it.

**Return on investment.** Our research shows that more than two in three (69%) enterprises track their ROI for AI initiatives, with employee productivity as the top KPI used to measure success. This indicates that we are moving into a new stage of market maturity in the deployment of AI and ML technologies. It also provides evidence for the benefits that conversational AI can have, helping organizations address common challenges in employees' day-to-day work experience, leading to measurable improvements in efficiency and productivity.

## Looking Ahead

Our Voice of the Enterprise: AI & Machine Learning Use Cases 2021 study indicates that we are reaching a new stage of market maturity in the deployment of AI and ML technologies. These include more methodical and strategic approaches in their deployment, in addition to measurable efficiency and productivity improvements.

Equally important, there is growing evidence that investing in AI and ML can help organizations adapt to a rapidly changing environment – including the ongoing conditions imposed by COVID-19. Our Voice of the Connected User Landscape: Connected Customer, Loyalty and Retention 2020 study shows that the pandemic is leading to irreversible changes in consumer behavior. Survey results show that one out of two respondents are digital converts – i.e., consumers that tried new digital experiences for the first time during the COVID-19 quarantine – who will continue their usage. In a previous survey, respondents cited telehealth, takeout and delivery services, and streaming video services as the top categories where they have made purchases due to COVID-19 that they were not using before.

These examples highlight the relevance that digital transformation will have for organizations across nearly every industry. AI and ML technologies – and more specifically, conversational AI – will play a key role, supporting at scale the automation of various tasks and workflows in the employee and customer journeys, leading to measurable improvements in efficiency, productivity and business agility.



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