

# Why the time is right for SMBs to employ AI



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# AI opportunities for all businesses

**While small to medium sized businesses (SMBs) might be keen to find ways to punch above their weight, the investment needed to make the most of digital opportunities has sometimes held them back.**

**However, artificial intelligence (AI) is becoming more accessible than ever and is helping SMBs level the playing field, especially when it comes to meeting changing customer expectations.**

AI is quickly moving from something out of science fiction into real-world applications, helping businesses unlock new sources of value by increasing efficiency, predicting customer needs and improving the customer experience.

For years, though, these tools have felt out of reach for SMBs, whether that's because of factors like cost or implementation barriers, or misconceptions about how the technology augments - rather than replaces - a human workforce.

Now, the COVID-19 pandemic has shifted the balance of where many businesses invest their funds as digital transformation becomes critical in finding opportunities and efficiencies, especially as SMBs look to do more for their customers with less.

As demand for virtual interactions has increased, the scale of enterprise-level firms has traditionally given them an advantage. But as AI becomes more accessible with affordable price points and investment options, its uptake may help businesses of all sizes to recover from the negative effects of the pandemic.

This whitepaper shows how AI can help support SMBs in achieving better outcomes for their customers, employees and the bottom line.

## SMBs: Powering the Australian economy



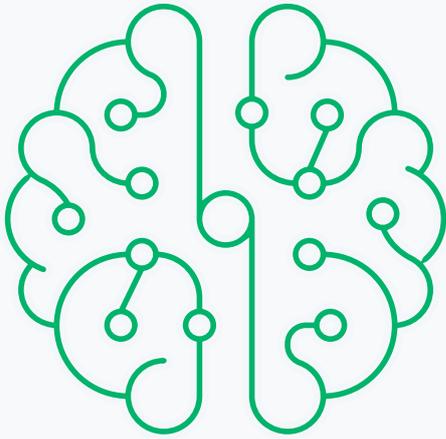
SMBs make up  
**99%**  
of the Australian economy<sup>1</sup>



They employ 2 in every 3  
Australian workers<sup>1</sup>

They contribute  
**57%**  
of Australia's GDP<sup>2</sup>

In the OECD,  
**60-70%**  
of SMBs do business in sectors  
worst-hit by the pandemic, such  
as retail and hospitality<sup>3</sup>



# What we mean when we talk about 'AI'

**'Human versus machine' has fuelled many science fiction plotlines, but as the most recent technological developments show us, AI is more friend than foe.**

The past decade has seen AI integrate into everyday life – from recommending what we buy online or watch on television, to detecting spam and credit card fraud. It's also helping businesses develop a deeper understanding of their target markets and improve their customer and employee experience.

In its broadest sense, AI refers to machines that are programmed to think, learn, reason, make decisions and solve problems in a way that simulates human intelligence. It's also used as an umbrella term for a range of methodologies and applications. The most common found in a customer experience context include:



## Machine learning

Machine learning (ML) gives systems the ability to learn from experience and carry out specific tasks by exploring large data sets. It's the algorithmic approach that powers many of the services we use today such as search engines serving us the most relevant results and social media feeds determining which stories we see and how often.

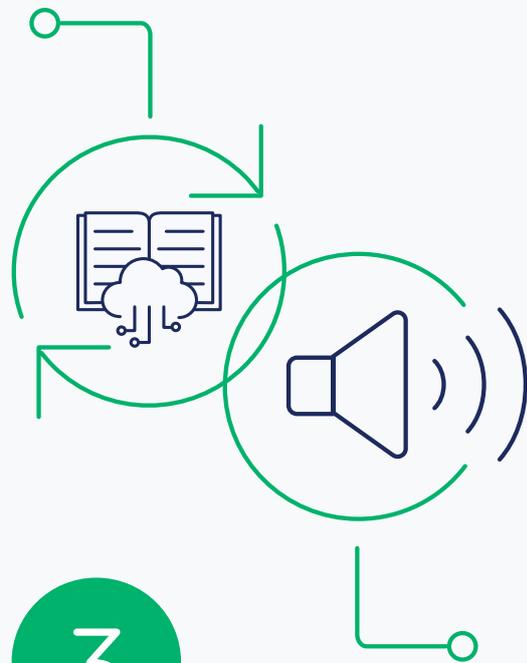
Machine learning programs today offer a wide range of opportunity for automation, with various approaches that include:

- supervised ML, where rules and labels guide the algorithm
- unsupervised ML, where the algorithm finds its own structure
- reinforcement learning, where the program interacts with an environment

2

## Chatbots

A chatbot is a computer program that imitates spoken and/or written conversations. While their main aim is to help customers achieve their end goal as quickly as possible, their limitations can be frustrating. Chatbots use basic Q&A scripts to serve users, and typically have limitations when it comes to performing complex interactions. Some are no more than FAQ channels, which provide limited value.



3

## Cognitive AI

Cognitive AI combines natural language processing and machine learning to understand and respond to free-form text or voice. This creates a human-like interactive experience, including conversation, expression, emotion and understanding.

For example, Amelia, a virtual ‘digital employee’ created by AI developer IPsoft, can speak and process language similar to humans, making it possible for her to collaborate with employees and provide more realistic customer service. These advanced AI systems can also learn and master specific products, processes and customer service requirements.

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“If you think about a standard chatbot, it delivers a point-to-point read of an FAQ that a business may have on its website. Cognitive AI is a perfect example of how you can build out from a standard point-to-point conversation to a more meaningful dialogue.”

**Amberjit Endow, National Lead Partner of Deloitte’s  
Robotics & Cognitive Automation Practice**

# Growing the digital talent pool

Cognitive AI can take on repetitive tasks, enabling businesses to harness the data insights this technology can provide to make informed decisions. This can help free up people to take on more creative tasks or gain new skills, delivering another kind of value.



## It's estimated that:

**81%** of predictable physical work

**69%** of data processing

**64%** of data-collection activities

**can be automated<sup>4</sup>**

Where can virtual employees and cognitive AI have the most impact?

## Automating business functions

Robotic process automation has found uses in support functions where processes can be standardised, such as updating customer files, onboarding new customers or employees, and other manual tasks in finance, procurement, IT and HR functions.

## Gaining insights through data analysis

AI can be used to help identify future customer and business needs. For instance, deep learning, a subset of machine learning, uses layered neural networks (a computing system inspired by the links between neurons in a human brain) to learn skills and solve complex problems faster than people can. It can be used to optimise marketing campaigns by determining customer responses to purchases, or to improve operations by forecasting inventory and managing resources.

## Engaging with customers and employees

Cognitive AI can perform a wide variety of roles. For instance, virtual employees can be deployed for customer service operations, taking on high-volume repeatable tasks and allowing contact centre agents to deliver more personalised services. It can also serve as an always-on virtual HR agent, delivering routine administrative HR tasks and freeing up workers to focus on the areas that add value to their teams.

# Busting myths about AI and SMBs

When it comes to implementing AI, there's been a misperception that it just isn't suitable for SMBs.

However, increased access to cloud computing, fast connectivity and falling costs are making it possible for SMBs to access technology previously thought to be for only the big players.

Rather than viewing it as just another technology investment, cognitive AI has the potential to help transform SMB business functions including sales, customer service, marketing, HR and product development to inject value back into the business. And SMB leaders are keen to capture these benefits, with a global survey finding one-third of SMB leaders think AI would have the greatest impact on their business.<sup>5</sup>



## More savings to reinvest

The operational cost savings and efficiencies of AI present opportunities for SMBs, especially at a time when cash flow is being squeezed and agility is more valuable than ever.



## New revenue streams for SMBs

Customer service departments and call centres are often only operational during regular business hours. This automatically creates friction – for instance, some people can't step away for personal matters during work hours. By automating the user experience with AI and making it available 24/7, some business functions can happen at any hour on any day.

“

“As we move further along the tech development journey, there are more opportunities for smaller businesses to integrate AI into their operations. I think this will be valuable for supporting SMB recovery in the year ahead.”

Professor Sean Sands,  
Swinburne Business School and Director of the Customer Experience  
& Insight (CXI) Research Group

# Enhancing the customer experience

**Empowered by unprecedented access to information, customers are seeking swift, seamless, personalised services.**

AI, particularly cognitive AI, can help enable businesses to deliver an always-on service for customers, even during peak periods, surging customer call volumes or when staff numbers are limited. This increases opportunities customers have to resolve issues or make requests, and can help to improve their overall experience in engaging with your business.

It's understandable that some businesses might be nervous that employing AI and removing the human touch will negatively impact the customer experience. However, research shows this isn't the case.



**73%** of global consumers say they are open to businesses using AI if it makes life easier<sup>6</sup>

**In what industries are consumers most comfortable with interacting with AI?<sup>11</sup>**

-  Retail
-  Healthcare
-  Telecommunications
-  Banking
-  Financial advice
-  Insurance

Allan Andersen, Director of Enterprise Solutions at IPsoft, says uptake of AI tools will follow a similar pattern to that of previous technologies.

“If you go back about 20 years when the internet was becoming really popular, SMBs knew that they had to have a website,” he says. About a decade later, tech mobility started growing, so SMBs needed a mobile website or a mobile app, he adds.

“The same thing is going to happen with technologies like cognitive AI. It will become just one of those things that you need to have. And it's something that consumers will expect.”



## Case study: Driving personalised service where it's needed most

**Australian disability service provider Aruma recently teamed up with IPsoft to explore how technology can enhance its support services by relieving workers from manual or routine tasks.**

Aruma is piloting IPsoft's cognitive digital employee Amelia to support its staff and clients at one of its accommodation services in Ballina, New South Wales.

Amelia is helping with voice-to-text functions, and she has access to reporting

and scheduling. Staff will be able to use their mobile to say, "Amelia, Joe's had a seizure", or "Jane had a great day today and this is what happened during our sessions". This information is then captured automatically, creating a knowledge base about Aruma's practices so staff can provide optimised support to clients.

This is helping to free up support workers from more manual or routine tasks, allowing them to focus on what matters most: supporting people with a disability.



# Employee productivity and engagement

**Another myth is that AI will replace jobs, yet research shows that technology is actually enhancing them.**

Research on the impact of AI in 12 developed economies revealed that the technology could double annual economic growth rates in 2035 by changing the nature of work and creating a new relationship between humans and machines.<sup>7</sup>

The impact of AI technologies on business is projected to increase labour productivity by up to 40% and enable people to make more efficient use of their time.<sup>7</sup> By taking repetitive business practices and tasks off staff, it also frees them up for strategic or creative roles that can add greater value.

Importantly, AI can take on lower-value, routine tasks with speed and high levels of accuracy. Since 2013, the number of jobs that use AI has increased by 450%.<sup>9</sup> And 72% of business decision-makers regard AI as a key tool for allowing humans to focus on more meaningful work.<sup>10</sup>

**The benefits of an engaged workforce are well documented.<sup>8</sup>**

**A highly engaged workforce has:**

**41%** decrease in absenteeism

**17%** increase in productivity

**10%** increase in customer ratings

**20%** increase in sales

# The road to digital transformation opportunity

**AI can benefit businesses of different sizes, but presents a clear opportunity for SMBs.**

SMB leaders who are already pursuing AI as a way to stay competitive have found it's particularly useful for improving business operations and customer engagement.<sup>5</sup>

Investing in the technology now could help drive digital transformation that will support businesses to survive in the short term and, ultimately, thrive in the future.

## What to consider as you start on your AI journey



1

### Empower your team

To reap the benefits of AI-powered tools, businesses are best to tap their existing workforce to identify key problem areas when interfacing with clients, prospects or other employees. Get them on board with the potential benefits that AI can bring to their work.

2

### Make smarter decisions for the future

Consider employing machine learning and predictive analytics to help detect risks and opportunities, and to deepen the understanding of your customers.

3

### Reduce routine and add value

Leverage cognitive AI tools to help enable an always-on experience for customers and automate manual tasks to harness the creative and strategic talent of your team.

For more on staying on track  
in these disrupted times,  
visit the [Australian Business  
Continuity website](#).

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