Five "Stories to Watch" at the Paris Air Show 2019
By John Schmidt, managing director, Accenture's Aerospace and Defense practice

The "Stories to Watch" at the Paris Air Show this June will focus on the industry's growth outlook and solutions to some of the industry's most vexing problems: maintaining competitive advantage; embracing digital disruption; engaging customers; and retaining valuable staff. Following are stories you're likely to encounter at the show:

Story One: The commercial aerospace outlook keeps flying in 2019: Increasing MRO demand, low fuel prices and strong aircraft deliveries are driving the commercial market. A recent Accenture study — the Accenture Commercial Aerospace Insight Report: Leading in the New — underscores the robustness of the industry globally. The overall 2019 market is expected to grow at a healthy 5.4% annual growth rate, up from 4.5% in 2018. North America, Europe, the Middle East, and Latin America are expected to witness growth this year, while Asia Pacific will exhibit slower growth but expected to recover strongly by 2020.

Alongside this growth, there is increased interest among aerospace executives in intelligent solutions, such as predictive analytics platforms, digital records management, reliability analysis and AR/VR solutions, that promise to improve operator ROI, as their nonfuel costs have crept up and margins have fallen by around 20%. More than half of the aerospace executives surveyed by Accenture attribute connected and intelligent products as a key driver for their revenues.

Story Two: Aerospace and defense gets smarter with artificial intelligence: Artificial intelligence (AI) is disrupting the industry in its ability to augment advanced safety features in aircraft, enable the workforce to offload repetitive tasks, and enhance real-time responses to customer issues and complaints, among other benefits. In fact, one-third of aerospace and defense executives ranked AI as technology that will have the greatest impact on their organization over the next three years, according to the recent Accenture Technology Vision 2019 report for the Aerospace and Defense industry. Accordingly, two-thirds of aerospace and defense companies (67%) have adopted AI within at least one business unit or are piloting the technology.

The aftermarket and operations are areas where AI is making a significant impact. Boeing is investing in AI for predictive analytics, which includes maintenance strategy, maintenance planning, day-of-operations monitoring, execution, reliability analysis, maintenance and post-operations monitoring for feedback and improvement. Airbus is working with industry stakeholders to create a connected aircraft cabin that sends data from smart galleys, lavatories, overhead bins and seats that automatically send predictive maintenance and analytics to its Skywise platform.

AI is also augmenting the customer experience. An example of this in action is Japan Airlines' work with Accenture on a new service that applies AI to answer passenger requests at the airline's check-in counters. The service is designed to speed up the check-in process and make the time customers spend at the airport less stressful.

AI will lead to entirely new ways of doing business, which requires that the workforce must work alongside machines to be successful.
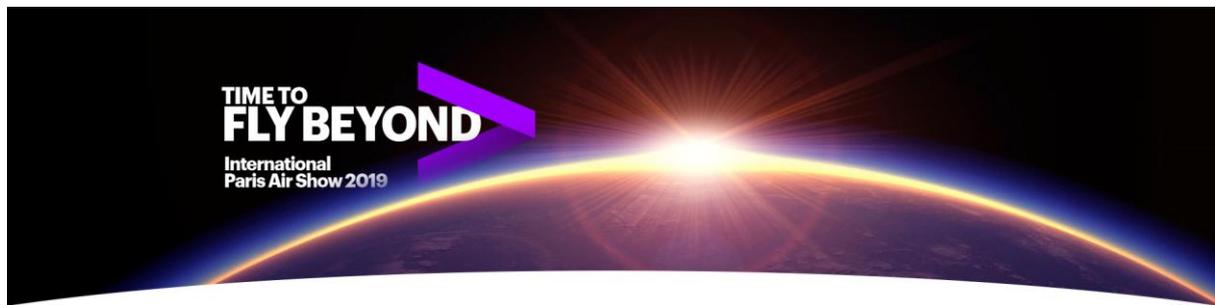
Story Three: May the "work"force be with you: The aerospace and defense industry is faced with a number of hurdles regarding its workforce. Generational issues are one, with more baby boomers working in the sector than any other industry and an impending retirement cliff, as a result. There is also significant competition with other industries to fill these jobs, including the tech sector in Silicon Valley.

Another challenge is the skills gap among talent who have the technology prowess to develop the industry's highly complex products. Digital technologies like analytics, mobile, cloud and social media are skills that 70% of aerospace and defense executives agree as being core to the technology foundation for their organizations. However, only a quarter of executives think these technologies have made a transformational change in their organization over the past five years, signalling there is still a significant need for workers who can proliferate them across a company.

Artificial intelligence (AI) presents another opportunity for aerospace and defense executives to extend the capabilities of its workforce and will require new learning and reskilling.

There's general optimism among aerospace and defense leaders about the impact of new technologies on the future of the industry. It can help place people in the right roles, improve productivity and performance, and support employee engagement and development, according to a new study from Accenture, "Decoding Organizational DNA: Trust, Data and Unlocking Value in the Digital Workplace."

Story Four: Survival of the digital fittest: Aerospace and defense players need to digitally reinvent themselves to survive. Without a digital presence, it's easy to be lost in a sea of fast-moving players. Digital high performers see greater success in areas like revenue growth, new customer acquisition, and future value.

Yet, according to Accenture's recent report "Rethink Reinvent, Realize: Scaling digital innovation," only 19% of aerospace and defense companies achieved a return on their digital investments that exceeded expectations. Nearly all aerospace and defense executives (90%) also say the inability to combine the power of humans and machines is a key challenge to building and scaling their digital capabilities.

Story Five: Up close and personal – Accenture's Digital Showcase: Experience with Accenture the latest digital technology trends and offerings that are transforming the aerospace and defense industry. Get a feel for the types of DARQ technologies (Distributed Ledger Technology, Artificial Intelligence, Extended Reality, Quantum Computing) that 84% of aerospace and defense executives are currently experimenting with, and why two-thirds of industry executives anticipate the combination of DARQ technologies will have an extensive or transformational impact on their organization over the next three years.

The following demos will be showcased onsite at the Paris Air Show:

- **Immersive Training Experience**

  Our Immersive Training Experience solution demonstrates how to upskill your workforce faster while reducing costs through a learn-by-doing approach. It combines AR and VR capabilities to create the optimal employee experience.

- **Smart Manufacturing**

  Our smart manufacturing solution demonstrates how to improve manufacturing operations and reduce quality non-conformity. Encompassing all manufacturing operations from work instructions to quality non-conformity detection and related corrective actions, it is backed by data that is automatically recorded throughout the manufacturing operations cycle, ultimately improving workers' environment while reducing quality non-conformity costs.

- **Smart Supply Chain**

  Our Control Tower of the future solution demonstrates leading technology to create new ways of operating supply chain services. It offers greater service transparency, productivity and smarter execution logics.

- **Engineering Data Digitization**

  Accenture's Engineering Data Digitization (EDD) is an AI-powered automated solution for digitizing engineering documents and integrating them to create a knowledge graph. For First Article Inspection (FAI) drawings, submittals can be streamlined, saving time and cost while improving accuracy.

John Schmidt is the global managing director of Accenture's Aerospace and Defense practice. He can be reached at john.h.schmidt@accenture.com.