



Reinventing Enterprise Operations

How optimizing operations can help to access
a new performance frontier

Foreword

Disruption has become a way of life. The Accenture Global Disruption Index estimates macroeconomic volatility has increased 200% since 2017, compared with only 4% from 2011 to 2016.¹ It's putting pressure on every organization to transform, fast and frequently, to keep pace with market expectations.

But accelerating broad and bold transformation programs isn't an end game. Organizations should reinvent every area of their enterprise over time, continually, to better manage change.

How can you get started? We believe that high levels of operations maturity can contribute to successful reinvention strategies. It's a topic

we've researched and discussed with clients for more than a decade.

More organizations than ever are reaching higher levels of operations maturity and accessing new levels of performance today compared with three years ago. But the gap is widening between this growing group of "operations reinventors" and those who have deferred investing in optimizing operations.

Finding a way to go beyond functional operational benefits to access a new performance frontier is possible. Some organizations that seek to digitize faster are putting more resilience in the business and capturing new paths for growth by

using strategic managed services. These services are an effective and efficient way to drive holistic value and achieve talent at scale, business and industry expertise and access to leading technology.

This report aims to offer your organization ways to reinvent operations—with the right technology, insights, data, people and partners.



A handwritten signature in black ink, appearing to read 'Yusuf Tayob'.

Yusuf Tayob

Group Chief Executive
Operations

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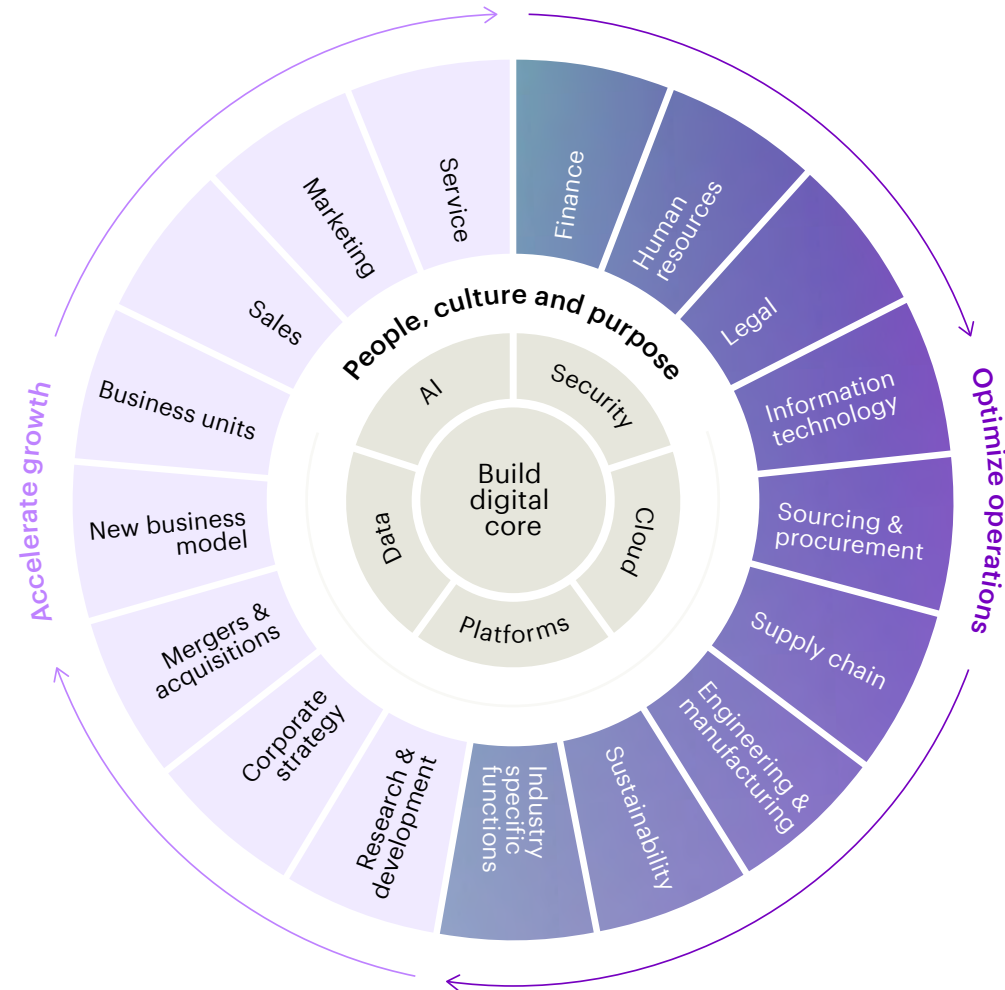
27 Employ an agile talent strategy

We're in a period of profound change. Technology, consumer preferences and climate change are driving massive structural shifts in how the world operates. These extraordinary times call for an unprecedented response and a reinvention of the enterprise.

Yet, Accenture research finds that only 8% of organizations are moving to Total Enterprise Reinvention (Figure 1). Total Enterprise Reinvention is a deliberate strategy that aims to set a new performance frontier for organizations and, in most cases, the industries in which they operate.

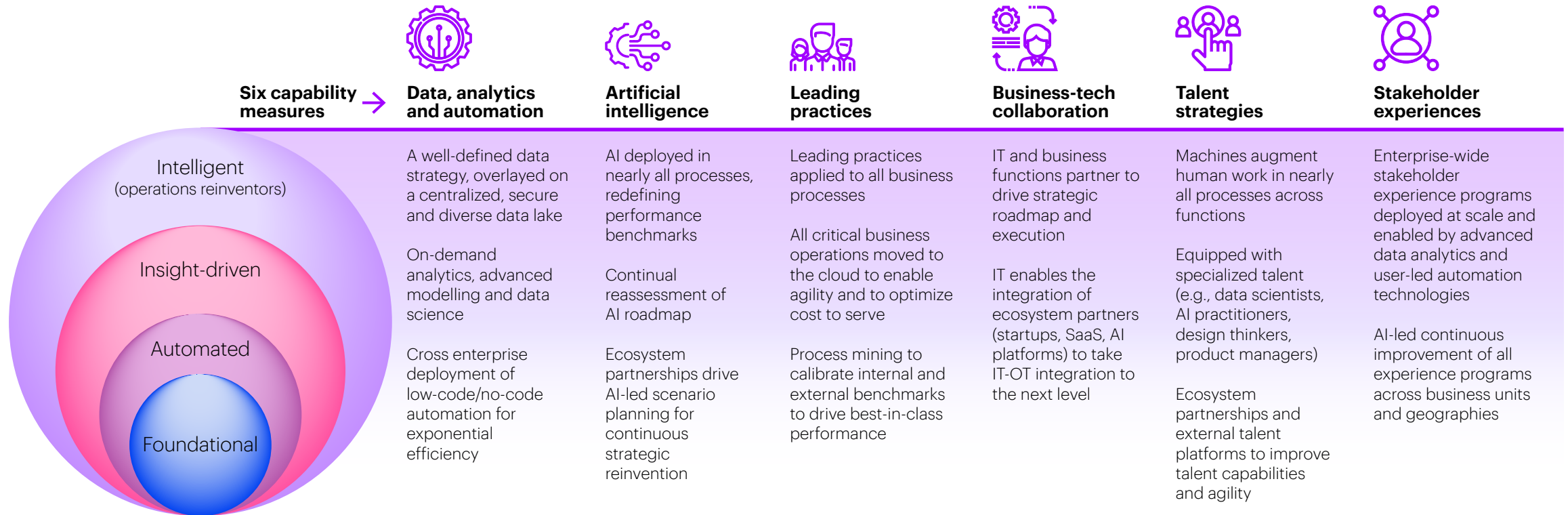
Optimizing operations is an essential step. When operations are at peak performance, business outcomes can flourish. Our latest research shows that a handful of organizations—we call them operations reinventors—are already rising to the challenge.

Figure 1
Total Enterprise Reinvention



We surveyed 1,700 executives from 1,657 organizations across 15 industries and 12 countries. We assessed organizations across six capability measures of operations maturity. Based on maturity scores for those six capabilities, we plotted organizations across four levels of operational maturity, from least to most mature—**foundational**, **automated**, **insight-driven** and **intelligent**¹ (Figure 2). Our analysis revealed the actions and investments that were driving organizations to the highest levels of operations maturity.

Figure 2
The operations maturity journey



Source: Accenture operations maturity survey, 2023

1. Identified in the 2021 report as stable, efficient, predictive and future-ready

By balancing six capability measures of operations maturity, organizations can accelerate the move to reinvention and enable growth for the whole enterprise.

We find that some organizations are leading the way, while others have stalled in the early stages of their journey.

9% of organizations have a unique ability to reinvent enterprise operations and drive 360° value (up from 7% in 2021)

18% of organizations remain in the lowest levels of maturity with limited incremental optimization

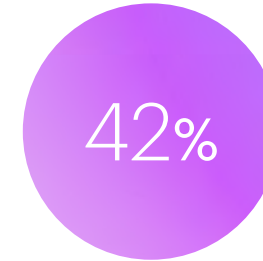
Our operations reinventors also create greater 360° value*:



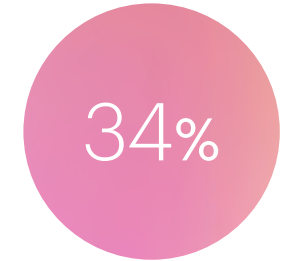
higher operating (EBIT) margins



greater total shareholder return (three-year)



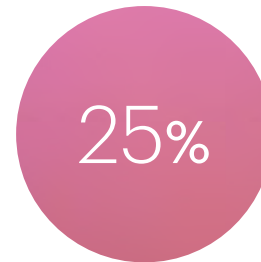
better at agile product and process innovation



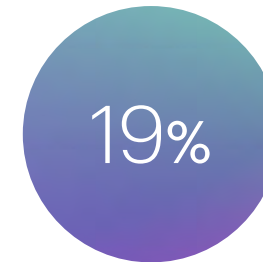
better at reducing energy consumption and greenhouse gas emissions



better at driving customer engagement while ensuring customer data privacy



better at providing equal opportunities to women and minorities in the workforce



better at driving talent management programs that ensure better employee engagement

We used econometric modeling to analyze the organizations we surveyed on 22 different publicly reported performance indicators. The results show that operations reinventors are creating substantially higher 360° value than organizations at the insight-driven level.

*See glossary for full definition



Enablers to reinvent operations:

- **Scale capabilities using a strong digital core** by making the right investments in the six capability measures to generate 360° value—looking beyond financials to long-term, sustainable value for all stakeholders across the enterprise.
- **Choose the right strategic partners** who can enable wider access to specialized talent, industry expertise and leading automation platforms to help deliver continuous reinvention, customized to an organization's needs.

This report offers insights into **how** organizations lagging in operations maturity today can quickly adopt the capabilities that can enable them to access a new performance frontier.



Reinventing operations



Unprecedented changes in the business environment have redefined traditional performance benchmarks. Prompted by economic and geopolitical factors, organizations are compressing transformation cycles and accelerating their paths to operations maturity.

Our research shows that **9% of our surveyed organizations reached the intelligent level of operations maturity (up from just 7% in 2021)**, despite a dramatic shift in performance benchmarks.

Yet, some organizations are finding it hard to remain competitive and drive breakthrough improvements in operations maturity. Organizations at Foundational and Automated levels struggle to successfully deploy the six capability measures of operations maturity across enterprise functions.



In our **2021 research**, we found that one size does not fit all—and the same holds true today.

Operations maturity is far from being a sequential or linear journey. Investments to boost operations maturity are often influenced by pressing business priorities.

How each organization reaches operations maturity milestones is unique. In response to the pandemic, 21% of organizations adopted agile talent strategies at scale (where machines augment specialized human talent in nearly all

processes), while only 11% scaled other leading industry practices, such as process mining and benchmarking.

Operations maturity depends on integrating all six capability measures of operations maturity. Individual maturities are dependent on each other, so when all six capabilities are applied in an integrated manner, organizations can double the chances of reaching the highest stage of operations maturity. Similarly, fall short on optimizing one of the six and the ability to scale value is threatened.

14.2x ↑

Apply the six capability measures in an integrated manner and the probability of moving up maturity levels increases more than 14 times.

Source: The Value Multiplier | Accenture

-7% ↓

Failure to apply talent strategies appropriately in combination with data, analytics and technology (such as automation and AI) and the top-line productivity premium drops from 11% to just 4%.

Source: The CHRO as a Growth Executive | Accenture

Organizations seeking to reinvent enterprise operations should strive to drive greater maturity across all six capabilities of operations maturity.

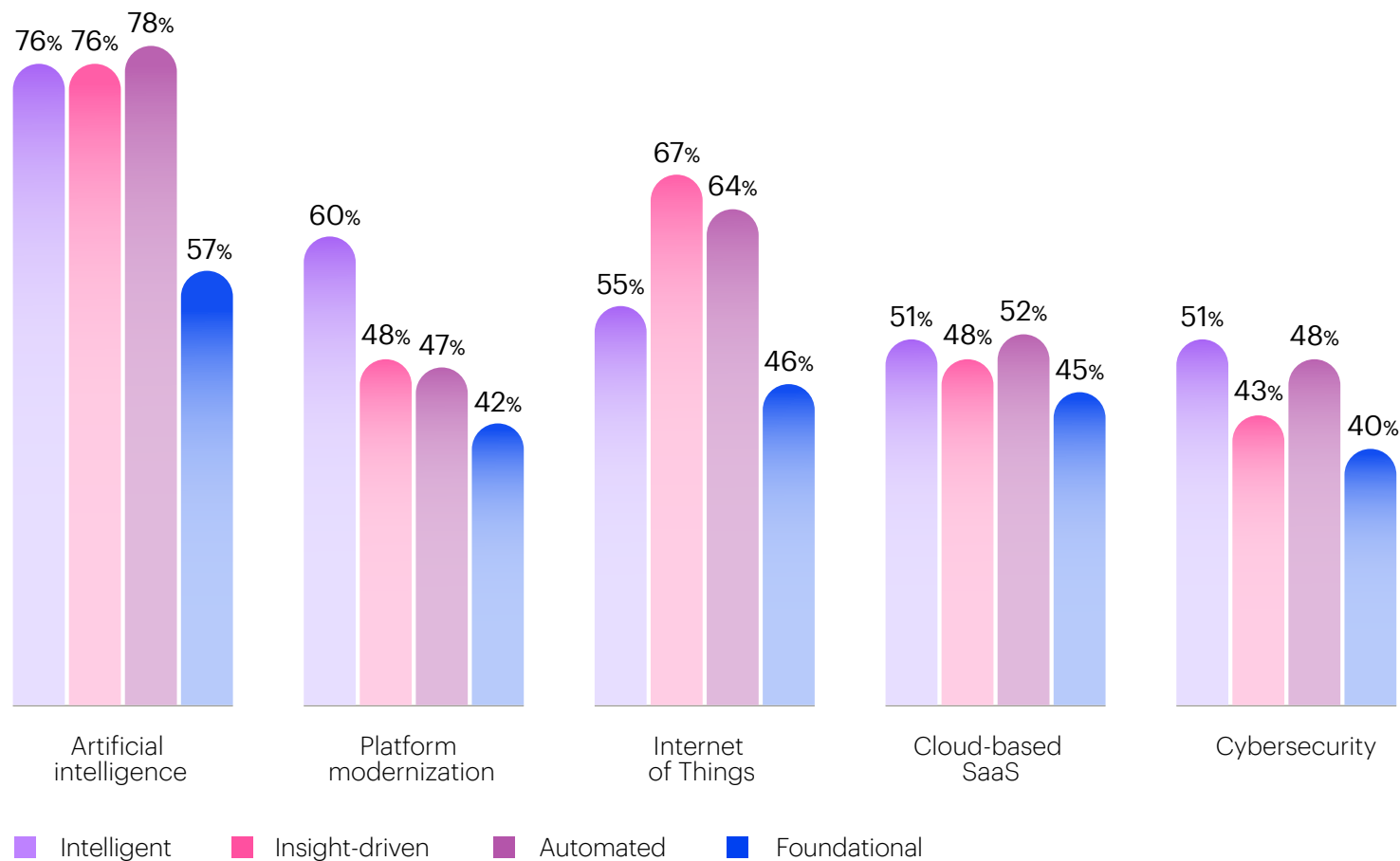
Choosing capabilities

Our research responses show that simply investing more in digital technologies does not guarantee higher operations maturity.

Operations reinventors understand that value is best accessed by taking a more balanced approach to their investments in digital technologies. They are distinctly better than their peers at diversifying their investments across some of the elements of the digital core: AI, cloud, automation and cybersecurity (Figure 3).

Figure 3

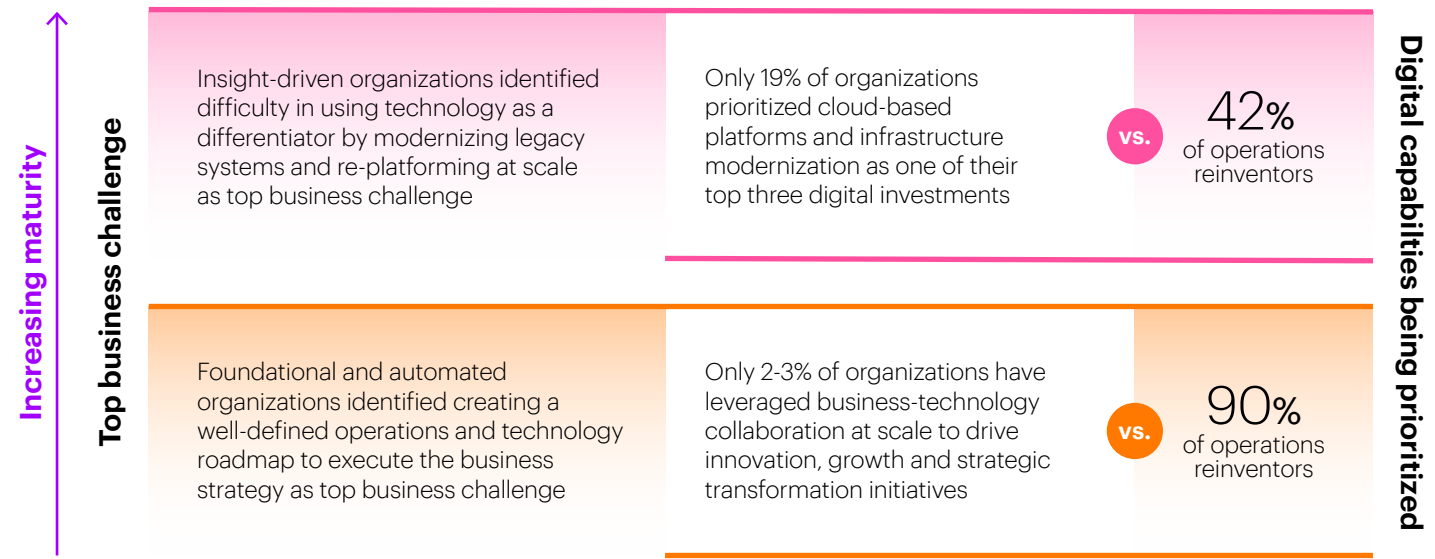
Top five digital technologies prioritized for future growth



Source: Accenture operations maturity survey, 2023

But that's not all. Operations reinventors are more proficient at building digital capabilities that solve business challenges. For the others, there's a considerable **mismatch between digital capabilities and key business challenges** (Figure 4).

Figure 4
Business challenges and how they are being met by digital capabilities



Source: Accenture operations maturity survey, 2023



Five ways to reinvent operations

LIVE DATA

LIVE DATA

LIVE DATA

PATIENT INFORMATION

Arthur Georgene
Married
Catholic Christian
United States American
Caucasian
Female
32 Y & 6 M
Rene Georgene

RECORDING

MYOCARDIAL MONITOR BIOPSY

BLOOD PRESSURE

CORE BODY PULSE

CORE BODY TEMP

In a highly competitive and constantly changing landscape, organizations are looking for the fastest path to the greatest value. When operations organizations are at peak maturity, they outperform the rest.

We're seeing five actions that operations reinventors take to advance operations maturity and access a new performance frontier:



Seek out 360° value as a North Star



Commit to data decisiveness across the enterprise



Innovate processes for enhanced performance gains



Humanize automation experiences at scale



Employ an agile talent strategy

Our featured case studies illustrate the different ways that leading organizations are approaching these five actions today.



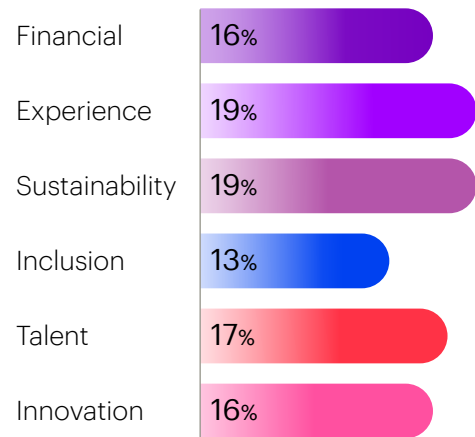
01

Seek out 360° value as a North Star

Organizations are reexamining major sustainability issues through a new lens that combines physical sciences and digital technologies. They are looking for new ways to engage with customers across channels—in person, online and even in the metaverse. To do so requires a fresh approach to accessing talent and realizing the full creative potential of their people, all while committing to inclusion and diversity and sustainability goals. Juggling these demands means keeping the big picture in mind—and looking at value beyond financial measures—from a 360° perspective (Figure 5).

Figure 5
Relative importance of scaling digital capabilities within each 360° value dimension, to accelerate operations maturity

Digital capability development



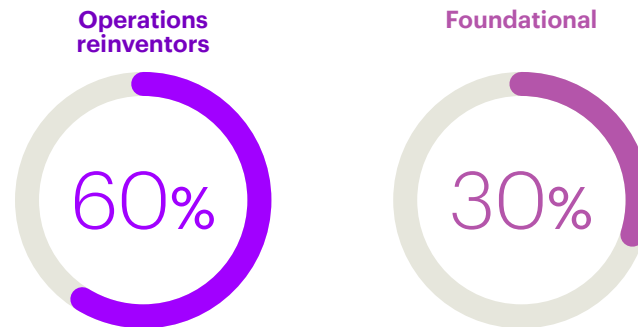
See Appendix: Machine learning analysis for more details.

Operations reinventors not only apply the six capability measures of operations maturity differently, but also are far better at seeking out 360° value as their North Star. They look at value creation holistically, building it from the ground up by using data-driven insights from customers, employees and other ecosystem partners.

They make use of AI-powered models (such as simulations or predictions) to constantly recalibrate their operations with an accent on business outcomes.

Embracing an attitude of holistic value creation at the outset creates operations maturity momentum—irrespective of an organization's current level of operations maturity.

Figure 6
“We implement processes and platforms to track greenhouse gas emissions, waste disposal and resource circularity across functions and locations relative to less mature counterparts.”



Source: Accenture operations maturity survey, 2023

“Everything in this globally integrated economy has an impact on everything else. That's why, if somebody can build an accurate tool to help us measure all those environmental, social and corporate governance (ESG) intricacies and assess the impact our operations have across stakeholders, that would be very compelling.”

**Chief Finance Officer,
 US investment bank**

Case study

Volkswagen steers toward new value through digital transformation

German automotive company Volkswagen has launched a digital transformation initiative across its United States and Mexico assembly plants to make its factories more productive, connected and sustainable. Volkswagen is investing nearly \$1 billion up to 2025 in electric mobility and digitization in North America. The effort involves introducing technologies like cloud-based industrial software, intelligent robotics and AI to modernize and increase manufacturing performance by 30%.

This digital transformation effort also supports skilled labor and prepares workers for high-profile jobs for the future. Software, robotics and AI could enable Volkswagen to optimize collaboration and enhance the overall assembly process and workplace environment.

Further, benefits could include more efficient materials management, optimized machinery and systems operations and increased savings in energy consumption for manufacturing-related processes. Volkswagen's industrial cloud can host software applications to reduce machine downtime and support predictive maintenance technologies. Cameras with machine vision can aid in quality checking engine components. Collaborative robots support its workforce by performing final inspection checks, inspecting welding patterns and measuring for gap precision in less than a minute. An in-house AI tool reduces supervisors' time spent on planning factory schedules, training inputs and employees' time off. Already, the company says it has seen tangible results and there's a promise of more value to come.¹



02

Commit to data decisiveness across the enterprise

Supply and demand for data among all enterprise stakeholders is dramatically increasing. Yet, even with investment in leading data architectures, organizations may fail to validate, index and organize data with precision. Organizations should start building their way out of this data deluge to turn data transparency into trusted insights.

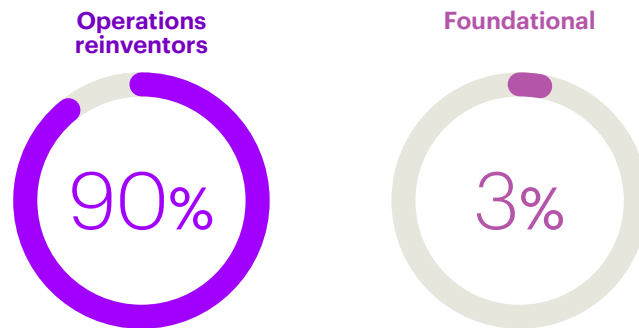
Operations reinventors are familiar with the many ways in which data is collated, processed and made available across the enterprise. They respect that different teams use a variety of tools to analyze the same data in different ways to support their own outcomes.

Operations reinventors establish a culture that encourages debate around which data to use, where to use it and how to use it. But they do so within the guardrails of a clear strategy that governs how data is created, collected, connected and enriched. The strategy helps remove biases and helps them make insight-driven decisions that are predictive yet prudent, more quickly and decisively.

Reinvention can only happen when leaders break free of their silos²—not only to find new ways to work together, but also to explore new avenues for using data and technology to lead broader change.

Figure 7

"We have a well-defined data strategy that is aligned with the business strategy, and a centralized, secure data lake that powers data-driven decision making across the enterprise."



Source: Accenture operations maturity survey, 2023

"You can't just bring in your own data from your own sources to make your own argument, and then spend weeks arguing why one data is different to another and whose version of the truth is right."

Chief Operating Officer, multinational telecommunications company

Case study

3M builds custom module to streamline manufacturing

For US-based industrial conglomerate 3M, reducing manufacturing downtime for its more than 60,000 products is critical to drive efficiencies and cost savings. It decided to integrate big data streams from two production lines, correlate them, then run analytics and machine learning locally to predict anomalies. By building a custom module with Microsoft Azure SQL Edge, 3M's team created a bridge between traditional processes and next-generation AI and computational features of cloud.

The team has a faster, streamlined process to predict manufacturing problems ahead of time, even when the manufacturing plant is offline—moving data from the plant to Microsoft Azure went from taking weeks to just minutes.

The process is no longer labor intensive, helps 3M stay on top of the latest cloud capabilities and offers a highly secure solution.ⁱⁱ



03

Innovate processes for enhanced performance gains

Business processes and associated tasks tend to gain undesired complexity over time. As organizations try to solve this, they end up adding more people to each task, along with a patchwork of ad-hoc technology solutions, which only makes process mining more cumbersome.

In a world where the digital and physical are fusing rapidly, digital twins³ are windows of transparency—and one of the best ways to shine a light on a business' internal workings.

Operations reinventors are starting to invest in digital twin capabilities for scenario planning. By using these virtual representations, they can visualize the as-is process and discover inefficiencies caused by duplicative, non-value-adding activities and process deviations across the enterprise. This approach offers objective, fact-based insights derived from actual data to help audit, analyze and improve existing business processes.

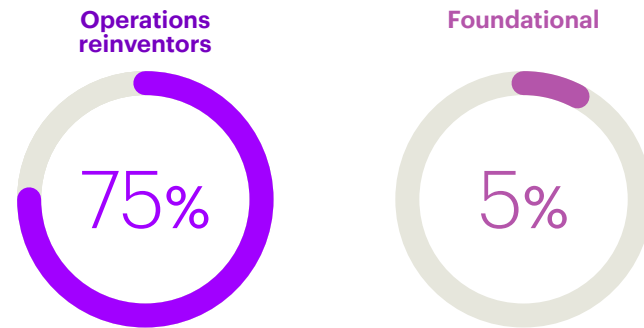
3. Virtual, real-time models of physical objects or systems

In addition to providing real-time data, these systems can identify process gaps and show how to improve processes across functions using low-code automation on cloud-based platforms that give an outside-in view.

Operations reinventors are well positioned to lead the field as they can access a new performance frontier.

Figure 8

“We adopt process mining as well as internal and external benchmarking across all business processes to drive best-in-class performance.”



Source: Accenture operations maturity survey, 2023

“Rather than innovate a process, people tend to automate the old process. The system doesn’t really add value then, because then it throws out the same data as always. Organizations need to be open enough to innovate processes and be able to implement them.”

VP Supply Chain & Procurement, multinational integrated energy and petroleum company

Case study

Unlocking \$550 million in savings with process reinvention

A multinational food and beverage company wanted to become the preferred snack business in the world, but fragmented finance and procurement processes couldn't keep up with changing customer demands. It had grown rapidly and set up various supplier systems that couldn't share consistent data, its employees were working in old systems and silos and operating margins were lower than its peers.

Working with Accenture, a regional center of excellence was established and more than 80 software bots were deployed to transform order to cash (OTC) and master data processes. Artificial intelligence (AI) tools and platforms made it possible for the company to streamline order management, cash applications and deductions management processes. These changes led to efficiencies in core OTC and

source to pay (STP) processes. Now, the company operates faster and more efficiently than before, with customer satisfaction at nearly 100%. Under management, the company has generated more than \$550 million in savings to invest in new products and better customer and supplier experiences.

The new OTC processes have improved efficiencies by 34% and delivered nearly \$217 million in working capital savings while establishing sustainable, efficient processes.

Thanks to intelligent operations, the company is expected to achieve additional cost savings of 20% and 30% across STP and OTC processes.



04

Humanize automation experiences at scale

Many organizations are fairly mature when it comes to the use of automation across processes such as invoicing, payroll, vendor management or reconciliations. But often, introducing automation in new areas can be met with resistance.

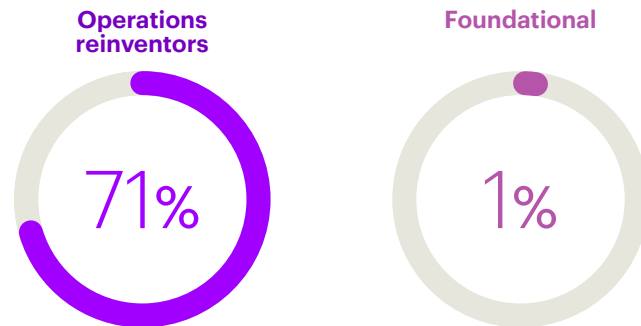
Stakeholders, such as business leaders, employees and customers, may have questions such as: How many hours of training are needed before it can contribute to the bottom line? How long will it take to understand and use the new tools effectively?

Given the sheer volume of data and insights needed to drive solutions for the problems enterprises face, business leaders should lean on the full capabilities that **generative AI** and the next generation of AI advances provide.

Operations reinventors make deliberate efforts to explore new use cases for automation with their ecosystem partners, aiming to make automation more user-centric and to simplify the relationship that employees and customers have with technology. They also measure return on investment and the success of intelligent automation investments differently. Instead of looking at key performance indicators, such as faster turnaround times or lower error rates, they measure experience-related outcomes.

Figure 9

“We deploy AI and automation for customer, employee and partner experience management solutions at scale.”



Source: Accenture operations maturity survey, 2023

“Whenever we spend millions of dollars in getting an apparently super system in place, simplicity is lost. At every stakeholder level there is an input that must be given for the system to function properly. Training people to get this input in the desired manner is the biggest challenge that we've faced.”

Head of Marketing, India, multinational automobile manufacturer

Case study

A European bank with an automated service model

To sharpen its competitive edge, a European bank aimed to offer better customer service at lower cost.

Through strategic managed services, Accenture now runs many of the bank's operations including customer service, invoice management, claims, operations, trade finance, collections, procurement, funds management and e-learning.

Using a sophisticated management app and 20 robotic process automation (RPA) bots, the bank has automated its end-to-end process for handling most credit card incidents. The result? The bank's team of specialists resolves most issues in a single day, down from two weeks.

The bank has achieved significant improvements. For example, process automation has unlocked 50% efficiency gains. Improved customer service has reduced average call handling times by 44%. Invoices are processed with 30% to 50% less manual effort. And the bank has slashed operational costs by more than 50%.



05

Employ an agile talent strategy

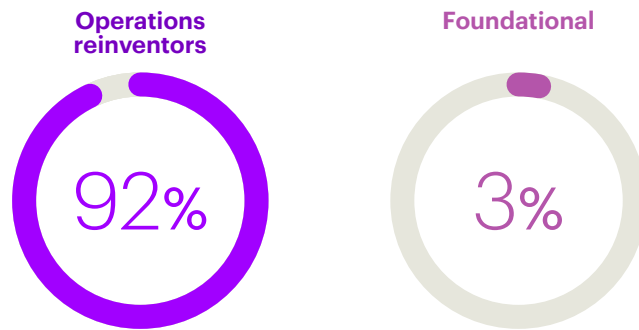
The next wave of business transformation will shift from creating isolated digital capabilities to creating the foundations of a new reality—a shared reality that seamlessly converges the physical lives we’ve been leading with the digital ones we’ve been rapidly expanding. But as organizations modernize their legacy systems, they can find it difficult to align and upskill their teams to make the most of the new technologies. Different levels of capability within the talent pool—based on experience and skillsets—can complicate the transition.

Operations reinventors make the most of organizational diversity. They don’t force rigid constructs for problem solving. Instead, they **enable people** with a choice of technology tools so that they can develop mutually beneficial solutions to business challenges.

Enabling a hyper-personalized employee experience demands a talent management and HR information system that can keep up. A robust foundation of an integrated and highly automated system can fuel flexible future growth, enabling organizations to scale highly specialized talent capabilities, without the inefficiencies normally associated with hyper-personalization.

Figure 10

“We have an agile talent strategy where machines augment human work in nearly all processes, inspiring fluid collaboration and employee movement across functions.”



Source: Accenture operations maturity survey, 2023

“We have put systems in place that help us measure our thinking time, so we can do more strategic thinking rather than spending time on the nitty-gritty. We free up time to think about issues that really matter for our future—such as how can we make each of our brands more sustainable.”

Head of Digital Marketing for Australia and New Zealand, multinational conglomerate

Case study

Unlocking a 30% boost in productivity with an integrated talent platform

A global food manufacturer saw an opportunity to digitize its talent and HR operations to improve the employee experience and become more competitive in the marketplace.

The company used a combination of an innovative, data-driven approach which blends human + machine talent, and cloud-based technology and SAP® SuccessFactors® to drive the change.

It consolidated employee data onto a single platform enabling greater visibility for reporting and implemented a self-service model to manage the volume of employee inquiries more effectively. It also established a single shared services center to generate analysis and insights from workforce data to back business decision-making and boost performance. Over a five-year period, productivity has increased by 30%, and data accuracy has increased to 99%, enhancing compliance. Employee satisfaction rates have also climbed by 24%, up from 61%, with happier employees resulting in improved business outcomes.



How to access a new performance frontier

Even as more organizations achieve operations maturity, charting out a well-defined operations roadmap to execute business strategies continues to be the biggest challenge that most of them face.

Being flexible and choosing different pathways to reinvention to fit different parts of the enterprise can help. One route is to choose the right partner to provide some of the capabilities needed to access a new performance frontier. Using a strategic managed services approach enables wider access to specialized talent and leading automation platforms that can help deliver continuous reinvention. In this way, partners can help accelerate seamless transformation across enterprise functions to deliver more value.

Indeed, we found that 69% of organizations that are moving to adopt a strategy of Total Enterprise Reinvention⁴ said that having a business partner that helps select and build solutions and platforms is important for the successful delivery of their strategy.

The challenges enterprises are most affected by today are ones they are not yet equipped to solve. But organizations seeking to transform quickly and reinvent themselves can employ strategic managed services to gain access to capabilities necessary for a digital core, process expertise and the deep pool of specialized talent to deliver outcomes at scale. In doing so, they can free up capital and increase cash flow by changing how work gets done and promoting investment in new business opportunities.

And they can speed up the growth agenda by pairing data-driven insights with creative solutions to deliver relevant customer experiences.

Businesses are racing toward a future that is wildly different from the one they were designed to operate in. And while there are many benefits to reaching operations maturity, the reality remains that, for organizations currently at the lower levels, the gap is widening. As change accelerates, finding new value can't wait. Accelerating operations maturity can help organizations to access a new performance frontier.

Authors



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Yusuf Tayob is group chief executive of Operations. His team of more than 219,000 professionals works with our clients to solve their most complex business problems and to deliver sustainable growth and competitiveness. Operations delivers a comprehensive portfolio of enterprise business process services, including Research and Development, procurement, supply chain, finance, HR, marketing and sales, customer service and support, and trust and safety, as well as industry-specific business services in banking, insurance, capital markets, telecommunications, utilities, software and platforms, and health and life sciences. He is also a member of the Accenture Global Management Committee.



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We would also like to thank the following individuals for their contributions:

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Glossary

360° value delivers the financial business case and unique value a client may be seeking. Accenture partners with our clients to achieve greater progress on inclusion and diversity, reskilling and upskilling their people, achieving their sustainability goals and creating meaningful experiences for their customers, employees and communities.

Compressed transformation—Transforming multiple parts of the business at the same time or executing a single large transformation much faster than ever before.

Digital core is fundamental to all other strategic needs of an enterprise. Amplifying the role of technology in reinvention means shifting from a technology landscape of static, standalone parts to interoperable pieces intentionally integrated and leveraging the cloud. The digital core consists of three layers: an infrastructure and security layer, a data and AI layer, and an applications and platforms layer. Building a strong digital core is not a one-time project. It must be continuous to incorporate new technologies and business capabilities.

Total Enterprise Reinvention is a deliberate strategy that aims to set a new performance frontier for companies and in most cases, the industries in which they operate. Centered around a strong digital core, it helps drive growth and optimize operations. It requires a strategy for continuous, dynamic reinvention. It becomes a unifying force, across the C-suite and every function and business area, because, by definition, all are involved and accountable for its success. It demands an outside-in perspective that connects what's happening in the organization with what's happening in the world. And it requires new skills and an increased depth of understanding of technology, change management, communication and how to work with partners to achieve results faster.

Appendix

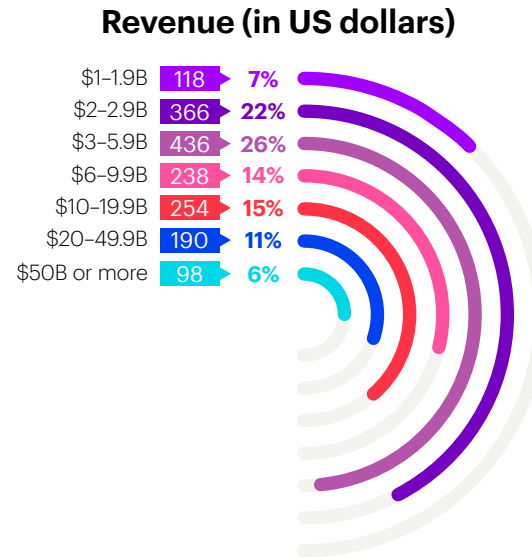
Research methodology

Survey demographics

Throughout April and May 2022, we surveyed 1,700 executives globally—72% C-level or equivalent—across 15 industries and 12 countries. We also conducted 27 in-depth interviews with executives across countries and industries.

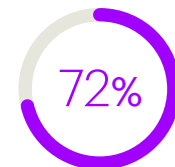
12 Countries

Australia	63	India	81
Brazil	37	Italy	59
Canada	99	Japan	210
China	205	Spain	30
France	54	United Kingdom	100
Germany	170	United States	592

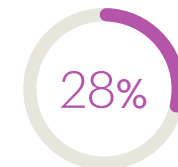


Roles (to nearest equivalent)

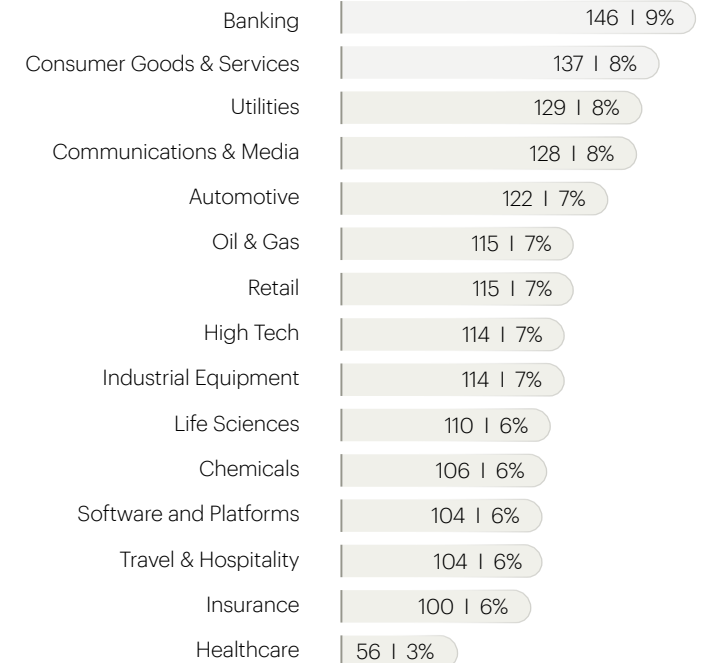
C-level
(or equivalent)



VP level
(or equivalent)



15 Industries



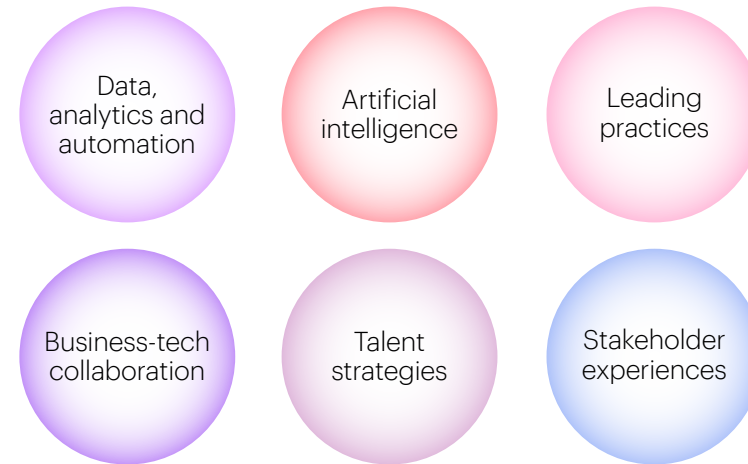
| Decoding enterprise reinvention in the context of operations maturity

Total Enterprise Reinvention involves six differentiating characteristics that are key to continuous reinvention. Organizations that pursue continuous reinvention through this journey of intelligent operations must use a combination of these six capability measures to realize each of those reinventor characteristics. Whether reinventing the enterprise or accelerating operations maturity, the emphasis is on an organization’s ability to harness the ongoing technology revolution—where new technologies and expanding IT are disrupting and driving the next waves of innovation that are bringing new approaches and solutions to businesses in every industry.

Six differentiating characteristics of Total Enterprise Reinvention

Adopt an enterprise-wide strategy to reinvent all functions and business units	Make the digital core a primary source of competitive advantage in delivering the reinvention strategy
Move beyond traditional benchmarks and set a new performance frontier for themselves	Place talent strategy and people impact central to reinvention , and not as an afterthought
Focus on reinventing boundaryless capabilities that cut across functional silos	Commit to a philosophy of continuous reinvention , evolving as competitive conditions change

Six capability measures of operations maturity

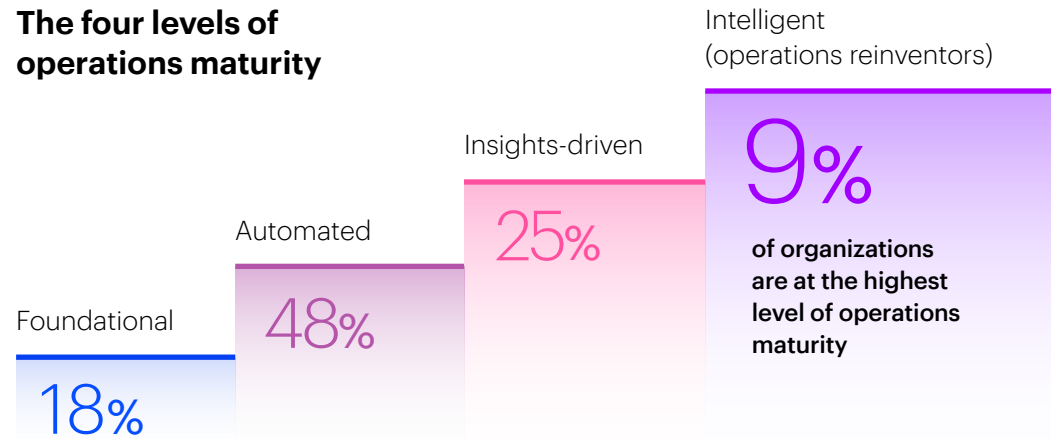


Analzing operations maturity

We analyzed the survey responses across six capability measures of operations maturity (data analytics and automation, AI, leading practices, business-tech collaboration, talent strategy and stakeholder experiences). Respondents were asked to rate their maturity on a four-point scale (not in use, limited use, wide use, use at scale) across each of the six capabilities. Scores were cumulated across all six capabilities, with the scores ranging from 0 to 24. After rigorous statistical analysis, we segmented the responding organizations based on the following ranges of maturity scores:

Score less than or equal to 12	Stage 1: Foundational
Score greater than 12 but less than or equal to 16	Stage 2: Automated
Score greater than 16 but less than or equal to 20	Stage 3: Insight-driven
Score greater than 20	Stage 4: Intelligent

The four levels of operations maturity



Econometric analysis

To understand the relation between organizations' levels of operations maturity and their performance across 360° value indicators, we applied regression analysis to cross section data.

360° value indicators

We used non-financial performance elements of the Accenture 360° value framework for the analysis: sustainability (environment, social and governance), experience, innovation, talent and inclusion and diversity. Each sub-component composite indicator is based on a set of indexed scores, normalized on a 0-100 scale. Experience consists of scores that reflect customer experience, ecosystem partner experience (for example, supplier churn) and employee experience. Innovation is focused on innovation management and information security. Talent is based on the "Net Better Off" outcomes, consisting of a company's performance in the areas of compensation and benefits, work/life balance, culture and values, or talent development. Inclusion and diversity is based on employee diversity and product accessibility. Financial indicators were treated separately; we analyzed operating margins and total shareholder return. We used data sourced from Arabesque, Glassdoor and S&P Global.

Regression analysis

For each indicator reflecting companies' performance across 360° value, we tested whether there's a positive relation to the level of operational maturity and given value indicator strength. Both levels and annual changes were tested in a multivariate regression framework based on the equation below:

$$Y_i = \sum X_i \beta_1 + \sum \text{Maturity Level}_i \beta_2 + \epsilon_i$$

360° value KPI (experience, talent, etc.)	Organizations' background factors (size, industry, etc.)	Reported levels of operations maturity (binary variables, tested against foundational and automated)	
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Where:

i denotes organization

β_1, β_2 - model parameters estimated using Ordinary Least Squares to capture the impact of each covariate on 360° value performance

ϵ_i - standard error term

$\beta_2 > 0$ indicates the positive relationship between higher levels of operations maturity and the 360° value KPI compared to the bottom maturity level, i.e., Foundational and Automated

Machine learning analysis

For the analysis of organizational capabilities that are most predictive of an organization's likelihood to improve operations maturity by two or more levels between 2019 and 2022, we applied machine learning analysis. We used a random forest algorithm and complemented it with a logistic regression algorithm to understand organizations' capabilities strategy for achieving peak performance operations.

Using our survey, we evaluated how well organizations were scaling up 26 different organizational capabilities that were further segmented into six dimensions of value: financial, experience, sustainability, inclusion, talent and innovation. We focused on capabilities that were already implemented enterprise-wide at scale as our predictors.

Random forest algorithm

We applied a random forest algorithm to assess the likelihood of improving operations maturity by two or more levels between 2019 and 2022. The reported relative importance of scaling digital capabilities is based on the Gini (MDI) feature importance metric.

Logistic regression algorithm

To understand the direction of the relationship between predictors and the likelihood of supercharging operations, we complemented random forest features importance analysis with logistic regression analysis, where we tested the relationship between the scale to which a company implemented a high level of capabilities adoption across 360° value segments and the odds of improving operations maturity by two or more levels between 2019 and 2022.

References

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- ii 3M manufacturing plant uses data analytics to increase efficiency and cost savings with Azure SQL Edge, December 11, 2020.<https://customers.microsoft.com/en-us/story/844496-3m-manufacturing-azure-sql-edge>

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