

THE SECRET TO MAXIMIZING THE INDUSTRIAL IOT



**Digital
Service
Factory**

Digital Service Factory

The secret to maximizing the industrial IoT

More and more industrial companies in Japan are recognizing the importance of digital transformation to their future revenues and competitive positioning. A clear shift is underway toward more service-oriented solutions that exploit the pervasive connectivity enabled by the Industrial Internet of Things (IIoT). With \$14 trillion of global IIoT-fuelled growth to play for in the years through 2030, companies are quickly waking up to the value-creating potential on offer.¹

Japanese industry and the IIoT: still more to be done

To date, the success of these initiatives in Japan has been mixed, with many companies still believing they haven't established a strong foundation in their organizations for maximizing the opportunities of the IIoT. It's a picture reflected internationally: Accenture's analysis shows over 70 percent of C-level executives in global companies think they haven't yet realized profitable growth through service innovation and the IIoT.²

What's holding them back?

There are three principal factors hindering Japanese industrial companies right now.

First, too many are still organized in a siloed or fragmented way. This prevents them from realizing truly end-to-end processes and synergies in developing

new products and services that span everything from manufacturing through to end-use by the customer.

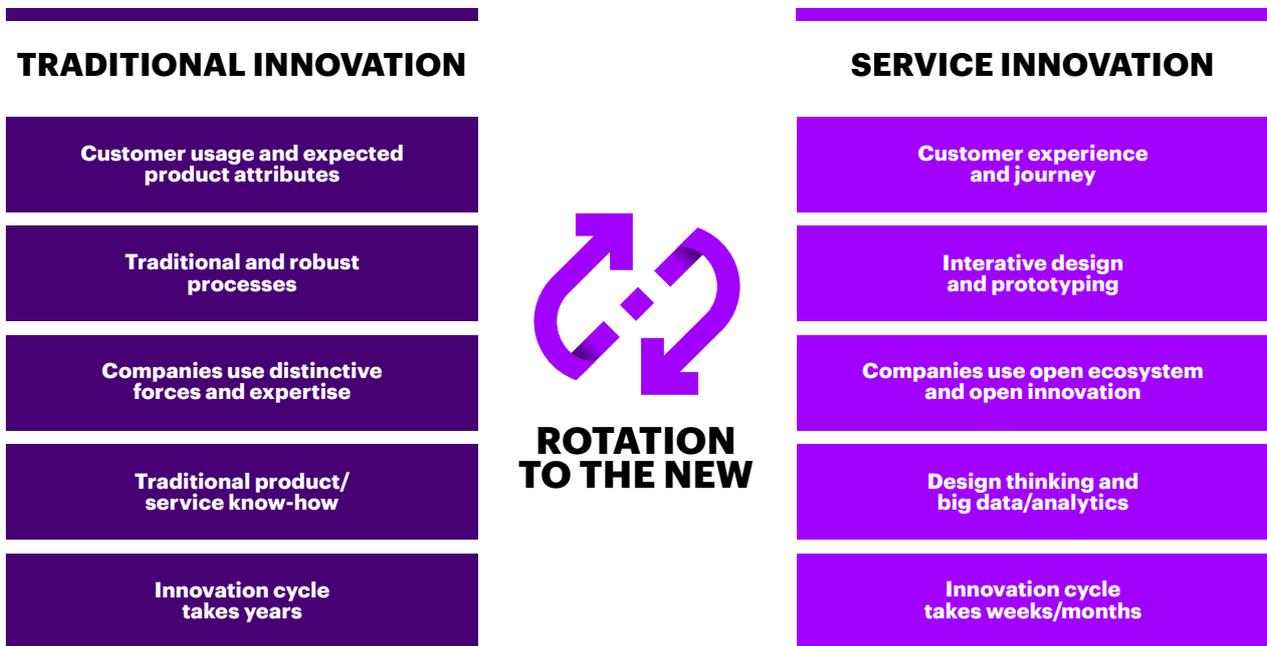
Second, mindsets are too product-centric and insufficiently customer-centric. Japanese companies have an exceptional track record in manufacturing thanks to their historically product-oriented approach. But future markets will need them to be far more responsive to customer needs.

Third, there's a skills gap in product incubation and customer analytics. Skillsets that were honed for traditional manufacturing are not always well suited to making the most of customer analytics or incubating new value for the business in a changing industrial landscape.

"After almost two years of working on our Digital Strategy, I now realize we don't have a 'lack of ideas' problem, we have a 'can't prioritize and execute quickly' problem."

INNOVATION IS INNOVATING

Out with the old and in with the new



Pivoting wisely with a Digital Service Factory

So what’s the solution? Japanese companies in the industrial space need to make a careful and considered pivot to the new business and operating models that will deliver the service-oriented, customer-centric, IIoT-based products of the future. But they must do so while simultaneously ensuring their traditional core businesses thrive.

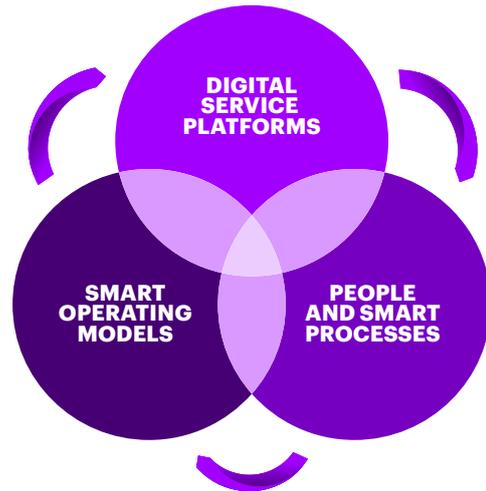
Accenture calls this the “wise pivot”. It’s about transforming and growing the core business, balancing human and machine resources to reduce operating costs and free up investment capacity in a sustainable way. And it’s about

carefully using that investment capacity to fuel new growth and scale the new products and services that will deliver future success.

For industrial companies in APAC, a critical component of the wise pivot is the Digital Service Factory. This operating model helps businesses accelerate digital transformation and take digital services to market faster by breaking down internal barriers and leveraging a diverse network of partners.

DIGITAL SERVICE FACTORY DEFINED

A **digital service factory** provides a customizable set of end to end **digital execution capabilities** enabling clients to identify, design, develop, test, pilot and launch new **digital products and services** using an **organizational construct** built to promote **startup thinking**, accelerate business value and **optimize ROI**.



It's effective because it takes an iterative, multidisciplinary, end-to-end approach to help businesses overcome the organizational, cultural, and skills challenges of digital transformation. In doing so, it accelerates their ability to use data, analytics, and connectivity—all essential capabilities for success in the IIoT.

The impact? Look at Schneider Electric, a company leading the digital transformation of energy management and automation. When it partnered with Accenture to establish a Digital Services Factory model, the two organizations found they could shorten the time it took Schneider to develop and launch new digital services by 80 percent³.

Schneider Electric delivers an IoT-enabled platform, EcoStruxure™, that supports emerging industry standards, with an open development platform and an extensive ecosystem of partners.³ Combining real-time analytics with connected technologies and solutions on an Internet of Things platform, Schneider Electric has smart and responsive products, solutions and services.

These analytics-based insights are helping Schneider Electric to be more responsive to—or even anticipate—customer needs. New smart digital services, such as predictive maintenance, asset monitoring, and energy optimization help customer operations become more proactive and efficient. The approach of the Digital Services Factory allows for responsive, agile digital innovation to solve customers biggest digital transformation challenges at scale.

80%

potential reduction in time from product ideation to market testing thanks to Schneider's domain expertise and digital capabilities combined with Accenture's demonstrated ability to build digital business models and accelerate offer development cycles³

Kick-starting the IIoT era

So what's the key to getting started with a Digital Service Factory? There are three important steps:



THINK BIG

Acquire a holistic picture of what your business needs to transform. Identify the assets, capabilities, skills, and services needed to truly reimagine what you can be as a business.



START SMALL

Pilot and test services at speed, using analytics and feedback loops to get new insights quickly and start proving the value of new concepts.



SCALE FAST

Accelerate viable services, going from pilot to production in months rather than years, then scaling up by leveraging existing resources.

The flexibility and agility of the Digital Service Factory make it invaluable for Japanese industrial companies' digital transformations. By testing and proving the value of IIoT and service-oriented concepts quickly, companies can get new revenue-generating digital services to market so much faster. And that's ultimately how they maintain competitive advantage and stake a claim to the revenue opportunities of the IIoT.

LESSONS LEARNED

How do you get started?



The flexibility and agility of the Digital Service Factory make it invaluable for Japanese industrial companies' digital transformations. By testing and proving the value of IIoT and service-oriented concepts quickly, companies can get new revenue-generating digital services to market so much faster. And that's ultimately how they maintain competitive advantage and stake a claim to the revenue opportunities of the IIoT.

References

1. Accenture analysis in collaboration with Frontier Economics.
2. Ibid.
3. <https://www.accenture.com/au-en/success-schneider-electric-digital-services-factory?src=JB-34423>

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Learn more about Digital Service Factory at
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