BUILDING YOUR AS-A-SERVICE BUSINESS: PUTTING THE RIGHT PIECES IN PLACE

VIDEO TRANSCRIPT

Hello I'm Dave Sovie from Accenture I'm a senior managing director and the global head of our high tech industry. Today I want to share with you our perspectives on what we believe is a profound change happening to all product making companies: the shift from a transactional product business model to a recurring as a service based business model.

This is truly a transformational change and most of our clients are struggling dramatically with that today. I want to share with you 5 pieces of advice that we share on how to make that transition. First is contemplating this as an end to end customer experience and thinking not about developing a product, but delivering an experience over the course of a life cycle; often many year life cycle to your customers.

It's a fundamental shift in the way you think about your company and the relationship with your customer that requires creating new skill sets like design thinking skills both in the Engineering Department and throughout the organization. The second piece of advice is to fundamentally reinvent your product to actually contemplate in your product roadmap the future experience you want to deliver and design in today the sensors the processing power the connectivity required to deliver functionality in experiences 3 years from now that is absolutely not a capability that most product companies have today but that's what's required to success is to understand and think through the future experience and design that in to your operations and that again requires very different ways of engineering agile delivery methods platform based software approaches that are not common to a typical product making company.

The 3rd piece of advice is to rethink your go to market strategy. As I said before these types of products are not sold through distributors to retailers in a traditional way they have to have an ongoing relationship with the customer that often means either a direct go to market motion or at least a direct relationship with the user of that product that requires fundamental changes across the whole sales cycle typically there requires changing your sales force the way the sales force is compensated and recognized for its quota and requires also changes to thinking through your go to market and what new players you need in your ecosystem.

Typically, these products become platforms and the platforms are supported by 3rd party developers and other software companies who influence the sale of your product and the experience over time. So when you go to market you need to have an ecosystem relationship strategy as well. The fourth piece of advice is to really understand the changes required to your operations and your infrastructure across the whole lifecycle.

Many people dramatically underestimate this change but the reality is most product companies have built up operations and IT systems for decades that were based on a transactional SKU based product they are not supporting a recurring revenue model. Take some simple examples; how do you actually price and provision an as-a-service service offering?

Most companies can't do it. How do you think about the entitlements for that product once it's in the marketplace? What users are allowed to use that service or what features within that service? Again, capabilities that most clients don't have today. The last piece of advice is to really think of this is an organizational transformation our clients often dramatically underestimate the cultural change required to make this shift product companies have very strong cultures they were built for very specific reasons again often over the course of decades often times those cultures are not focused on customer experience they don't understand the react to changes in their life cycle over time it requires a change in cultural mindset in many cases it requires putting in some new organizational components many as a service companies have created customer success organizations who measure and are compensated on the adoption and usage of their products over time.

Again this is something that historically never existed before. So I hope you found these five points helpful for you and your company as you think through your transformation. Thank you very much for your time.