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Accenture Technology Vision 2016

# Staking a claim in the platform economy

Bringing the best of  
**Accenture and SAP**  
to help organizations  
capture new digital value

High performance. Delivered.



## Staking a claim in the platform economy: Bringing the best of Accenture and SAP to help organizations capture new digital value

Born-digital businesses like Amazon, Google, Alibaba and Facebook are synonymous with disruption. Their most groundbreaking innovations are the platforms on which they build and deliver new products and services, and the business models that these platforms enable. Platforms like these allow organizations to create entire ecosystems that help them to grow and drive their strategies forward. Recognizing the potential value in the platform economy, Accenture and SAP are combining forces to get the benefits of digital platforms to organizations quicker than ever before.

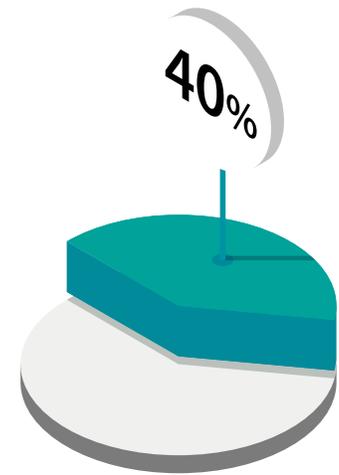
## What is the platform economy and why does it matter?

Leaders across every industry are unleashing untapped sources of business value through new digital platforms. But there's more. These platforms enable new business models and ecosystems that are driving profound global macroeconomic change. In the digital economy, these new ecosystems provide a whole new way to create value.

The ability to link into new networks of partners, suppliers and customers creates these new ecosystems of opportunity for all organizations. Industry boundaries are blurring and barriers to entry and exit are coming down in digitally contestable markets. Developments like the Internet of Things (IoT) and the wider digitalization of society, create openings for organizations to reinvent and reimagine how, where and with whom they do business.

In a digital world, organizations increasingly need the ability to interact across platforms. But this essential capability is about much more than improving internal performance to reduce cost and improving the customer experience to increase revenues. The promise of common platforms is their ability to extend and share information, services, skills and technologies to create value within and across a much wider ecosystem that encompasses upstream and downstream supply chains, customers, partners, smart devices and even competitors.

Digital platforms enable truly networked enterprises in the platform economy and are nothing less than the foundation for new value creation in the digital economy. Business leaders recognize this transformational potential. In Accenture's Technology Vision 2016 survey, 40% of executives believe that adopting a platform-based business model and engaging in ecosystems of digital partners are very critical to their business success. Furthermore, 82% believe platforms will be the 'glue' that brings organizations together in the digital economy<sup>1</sup>.




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Another Accenture report shows how much impact platforms are having on business today. In a survey of over 560 chief strategy officers (CSOs), we found a significant majority of those claiming to be well-prepared for industry disruption (88%) have already started investing heavily in platform-based business models. This compares to just 42% of those that claim to be less well-prepared. In other words, organizations that are best prepared to weather whatever lies ahead are much more engaged in growing and evolving ecosystem partnerships through platform-based business models<sup>2</sup>.

The decisive economic shift that the platform economy embodies (see Figure 1 below)—from supply-side to demand-side economies of scale (also called 'network effects')—represents the combined impacts of the internet, digital technologies, and platforms.

Put another way, the demand-side model means organizations can create value by tapping into resources and capacity that they don't have to own.

What could this look like in practice? Imagine a manufacturing business that focuses only on R&D and sales and marketing, with every other function and business process handled by connected partners able to fulfil the role far more effectively and efficiently. The platform creates standardization which, in turn, enables collaboration by sharing data and information seamlessly and securely across a huge network of participants.

Platforms can enable collaboration in industries that share common challenges. For example, life sciences businesses urgently need to accelerate their development and R&D lifecycles.

They're currently operating as siloed entities for which access to innovation remains restricted to their own enterprise boundaries. If they're to bring life-enhancing treatments to market quicker, they need the ability to reset R&D capabilities to a 'collaboration-first' mindset. Through a digital platform, they can connect patients, companies, hospitals and other key health ecosystem players onto one unified platform, enabling fluid collaboration from incubation through to clinical trials at speed. This shows both the possibilities of, and appetite for, a new way to configure today's business processes that will create huge value for all stakeholders.

Figure 1: Platform-driven business models

Traditional value chain business models



Value creation is linear and one-way

Platform-driven business models



Value creation is two-way and continuous

Platforms also offer unprecedented opportunities by connecting businesses with people in new ways. Another of the five themes in this year's Technology Vision, Liquid Workforce, recognizes that digital technologies do much more than disrupt. They also enable organizations to transform their people, projects, and entire organizations into highly adaptable and change-ready enterprises.

An example of this is being rolled out by Accenture and SAP through the SAP Ariba Network. Together we are putting this into a social media framework, with a simple, easily-navigable user interface and intuitive tools, which democratizes access to SAP know-how and technical resources on a global basis. If an organization needs to procure skilled technicians in, for example, SAP S/4HANA, it can put out a request through this new platform and select the best qualified, most highly-rated provider for the job. For those organizations that have already reached 'capacity' on their fixed labor force, growth will be activated by the extended network of people who can share and collaborate in these types of platforms.

Public sector organizations are also seeing the value of digital platforms. For example in Australia, the government has implemented a modern, robust, and scalable application platform and service that gives State and Federal departments the ability to consume enterprise grade ERP-as-a-Service. Using Accenture Enterprise Services for Government (AESG) and operating on SAP HANA,

this multi-tenanted, standard solution comprises the full service stack bundled as a single, simple pay-per-use metric. It covers all aspects of SAP delivery: infrastructure, hosting, service on-boarding, and ongoing support, plus relevant additional services that some departments will need in order to transition. Tenants can personalize parts of the service; retaining their own chart of accounts, enterprise structures, awards, and so on, as well as personalizing their own logos, workflows, forms, and similar aspects. This common platform delivers to independent and industry standard process patterns. It helps to free time and resources traditionally associated with maintaining systems of record, allowing our customers to focus their resources on improved citizen service delivery.

## How do you start?

It is important to note that although platform business models are driving a major macroeconomic shift, adopting them does not mean giving up on existing business (value chain) models. In fact, these will often provide the new platform's foundational strength.

But does all this mean every organization needs to build its own digital platform and invite others to join? No, that would result in 'one digital platform per organization' which contradicts the ethos of the platform economy. But there are certain things that every organization must develop to compete in this new world.

The starting point is a platform strategy. To begin, you'll need to distinguish between those competencies that you must develop and own yourself and those you can access by plugging into what other organizations have developed. That might mean simply finding the right role in ecosystems driven by other organizations or even just opting for a defensive position. Whether an organization 'owns' a platform ecosystem or is plugging into another's, what matters is having a platform strategy and the business know-how to exploit it. That strategy is critical not just to grow, but also to protect the profitability of the core business from new forms of platform-driven competition. In short, having a platform strategy and the business know-how to exploit it is more important than 'owning' an ecosystem.

Next is the need to accelerate uptake of digital technologies, agile development approaches and cloud foundations as a crucial step for breaking into the platform world. We call this rotating to the 'New' to become a high velocity enterprise<sup>3</sup>. A digital platform provides fertile digital ground in which a huge and diverse population of participants can take root, grow, collaborate, integrate, innovate and transact. Its power to do this rests on the ability to provide instant, seamless, and secure access to a range of digital solutions and services, enabling new ecosystems of opportunity in the cloud.

## Why rotating to the 'New' and becoming a high velocity enterprise are fundamental steps towards successful participation in the platform economy

Becoming a high velocity enterprise is all about enabling the real-time world and new, digital technologies to operate directly with core systems. This is also the driver behind SAP's evolution to hyper-scale public, private and hybrid cloud. SAP HANA in the public cloud is maturing fast. The SAP HANA Cloud Platform (HCP) provides a shared set of cloud-based services with open APIs, mobile, collaboration, integration, and analytic capabilities that provides a digital platform to create new solutions, run new business models, and connect to other digital platforms in real time. High security standards are baked into the platform at every level.

The platform economy is not yet a widespread reality, but it's coming fast. Early adopters have already made the transition. And now the first large organizations are launching their transformations. Process innovation is now closer to people than ever before. And Accenture and SAP are at the forefront of driving the technology and business strategies that will bring the platform economy to life.

The cloud is fundamental to delivering the agility, flexibility and scalability that businesses must have today. The question is no longer "should we migrate to the cloud?" but "why wouldn't we?". As such, cloud is the foundation for digital platforms and the only way to achieve the open, connected, app-driven environment in which a truly digital business must operate.

It's a business model where 'Everything-as-a-Service' is really delivering on its promise. According to each organization's business priorities as they move toward a platform business model, they can buy or subscribe to specific parts of a business process, turn capabilities on and off and scale them at will to meet changing needs with a core common platform. Because it's business outcomes, not technology, that define this new approach, rotation to the 'New' is effectively de-risked—with all the internal effort and investment required to re-platform with most traditional IT infrastructure eliminated.

A cloud-based platform approach like this means solutions and technology can be dialed up and down rapidly, and relationships with suppliers, customers, peers, and connected assets can be remapped almost on the fly. Businesses can pivot to new market realities ahead of those taking shape and, through ecosystem-enabled platforms, they can shift focus and energy away from 'running the business' to 'winning in the market' through differentiation.

Enabling this capability is a key focus for SAP. It's also an approach that's at the heart of becoming a high velocity enterprise. This concept provides a vision and concrete approach for digital transformation and rotating to the 'New' using SAP and ecosystem technologies and solutions such as SAP cloud, SAP S/4HANA, SAP HCP, IoT, big data, social, analytics and mobile.

Rotating to the 'New' means building on years of investments in enterprise assets and embracing innovative services that help organizations to drive major digital transformation with market-differentiating, digitally-powered industry and functional solutions. It requires an innovation-led mindset and new ways of working like Artificial Intelligence (AI), Agile, DevOps and Design Thinking, along with a shift to new technologies—ranging from intelligent automation and cognitive technologies to 'as-a-Service' models, big data and the IoT.

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So how can you start rotating to the 'New' and becoming a high velocity enterprise? **There are three key steps:**

- 1 Develop a perspective and analysis of the digital transformation disrupting your industry
  - 2 Identify the areas of greatest value in your industry and align them to your organization's specific business imperatives
  - 3 Create a tailored digital transformation strategy and roadmap
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## Accenture and SAP: Enabling the platform economy through industry solutions

While new technologies and solutions are exciting, organizations are still looking for industry and value-led solutions to improve their business performance—all enabled by technology. Accenture and SAP have come together to deliver these new cloud solutions. Together we're building new industry solutions to enable our clients' digital transformations through an unprecedented collaboration that accelerates development of SAP S/4HANA as well as industry and line-of-business solutions. The goal is to simplify and fast-track customers' journeys to digital businesses. This is the first time that SAP has joined forces with an alliance partner to accelerate development of its core product, as well as build new industry cloud solutions that we will jointly take to market.

As SAP's business model migrates to an as-a-Service, cloud-based suite of technologies and solutions, its role—both as a participant and as an enabler—in the platform economy is becoming increasingly critical. These powerful capabilities combine with industry use cases (describing what being a high velocity enterprise means for an industry), and industry digital roadmaps (demonstrating how to get there) developed by Accenture, to open up the possibilities of the platform economy for every industry.

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*Our goal: to simplify and fast-track customers' journeys to digital businesses.*

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Accenture's industry digital roadmaps shape the narrative of how new SAP products, ecosystem solutions, and digital technologies enable digital transformation. They help define an organization-specific technology strategy, architecture, and implementation approach anchored in business value. The digital roadmap becomes the template for making technology investment decisions and propose a path for every business to achieve its high velocity destiny. These roadmaps also articulate the business value of new SAP products, ecosystem solutions and digital technologies, including:

- Cloud strategy and SAP SaaS solutions
- SAP S/4HANA
- Mobility and analytics
- Business networks
- Ecosystem partnerships and collaboration
- New applications (e.g. new industry clouds, apps and SAP S/4HANA extensions built on the SAP HANA Cloud Platform leveraging IoT, cognitive computing, AI, big data, analytics)



## Solution examples for the platform economy

### Channel integration for a customer-centric business

Retail demands speed—whether interacting with customers, bringing new products to market, expanding into new geographies, integrating merged companies or driving operational efficiencies.

Accenture and SAP launched an initiative to extend SAP's current fashion management capabilities to a next-generation fashion management solution that will be designed to accelerate the digital transformation journey for fashion, accessory and luxury retail brands<sup>4</sup>. Accenture will help bring this vision to life in an in-memory edition of the solution, which plans to enable vertical integration across retail, wholesale and manufacturing channels.

The next-generation fashion management solution aims to take advantage of the technology capabilities of SAP S/4HANA, the flexibility of cloud services and Accenture's deep retail industry knowledge. It is expected to help retailers build omnichannel solutions that manage inventory requirements more easily and effectively, and accelerate time-to-value to enable a customer-centric business. Retailers should be able to simultaneously view and manage retail, wholesale and manufacturing channels, allowing them to analyze and direct where and how products are stocked based on specific business rules.

### A collaboration for Life Sciences

Accenture and SAP are co-developing an industry cloud solution in Life Sciences focused on capturing untapped value across the entire Pharmaceutical supply chain. The objective of this collaboration is to increase supply chain visibility by site, product or facility while also connecting idiosyncratic operational technology (OT) and information technology (IT) systems. This new solution enables Pharmaceutical companies to extend their network, improve data sharing and collaboration throughout their own manufacturing network, the Contract Manufacturing Organization network and with regulatory authorities. With Accenture and SAP's cloud solution, companies should experience efficiency, faster approvals and review times, increased manufacturing standardization, compliance and across-the-board consistency and quality.



## Manage your business services securely and effectively across multiple clouds on demand, at speed, from a single point

The Accenture Cloud Platform (ACP) is already helping hundreds of organizations in numerous industries integrate and manage their cloud environments as it accelerates and de-risks the implementation of new cloud solutions. As a multi-cloud management platform, ACP helps manage enterprise cloud resources—public and private—securely and effectively. It's an open, scalable technical cloud platform, delivered as-a-Service, that provides the flexibility, agility and ability to manage business services at speed, from a single point. The platform integrates with technology from leading cloud providers, including Amazon Web Services, Cisco, Google, Microsoft and NTT Communications, among others.

## Transforming healthcare with an industry platform

SAP recently announced the launch of its 'Connected Health' platform and strategic relationships for improving healthcare worldwide<sup>5</sup>. Using this new platform, a broad-based ecosystem of partners (developers, researchers and healthcare organizations) can accelerate development and delivery of new, patient-centered solutions for improving health outcomes, reducing cost and delivering connected healthcare services.

The exponential increase in healthcare data—including clinical, research and IoT healthcare data—opens out new opportunities for using information strategically to deliver personalized treatments and value-based care. Running on the SAP HANA platform, and encompassing a growing ecosystem of partners, the SAP Connected Health Platform leverages this data to enable new solutions that would have been impossible before. Examples of organizations providing innovative solutions through this platform include CancerLinQ, a wholly-owned nonprofit subsidiary of the American Society of Clinical Oncology (ASCO), which is making practice treatment insights accessible to clinicians to improve the care of every patient with cancer.

## Accelerating toward the platform economy

For early adopters across all industries, SAP's comprehensive cloud capability provides an opportunity to embrace the transformational power of platforms to capture new growth and change how they do business. And that's not all. These early adopters will also have an opportunity to contribute to the platform's development, helping to define must-have capabilities for competitive advantage ahead of the pack.

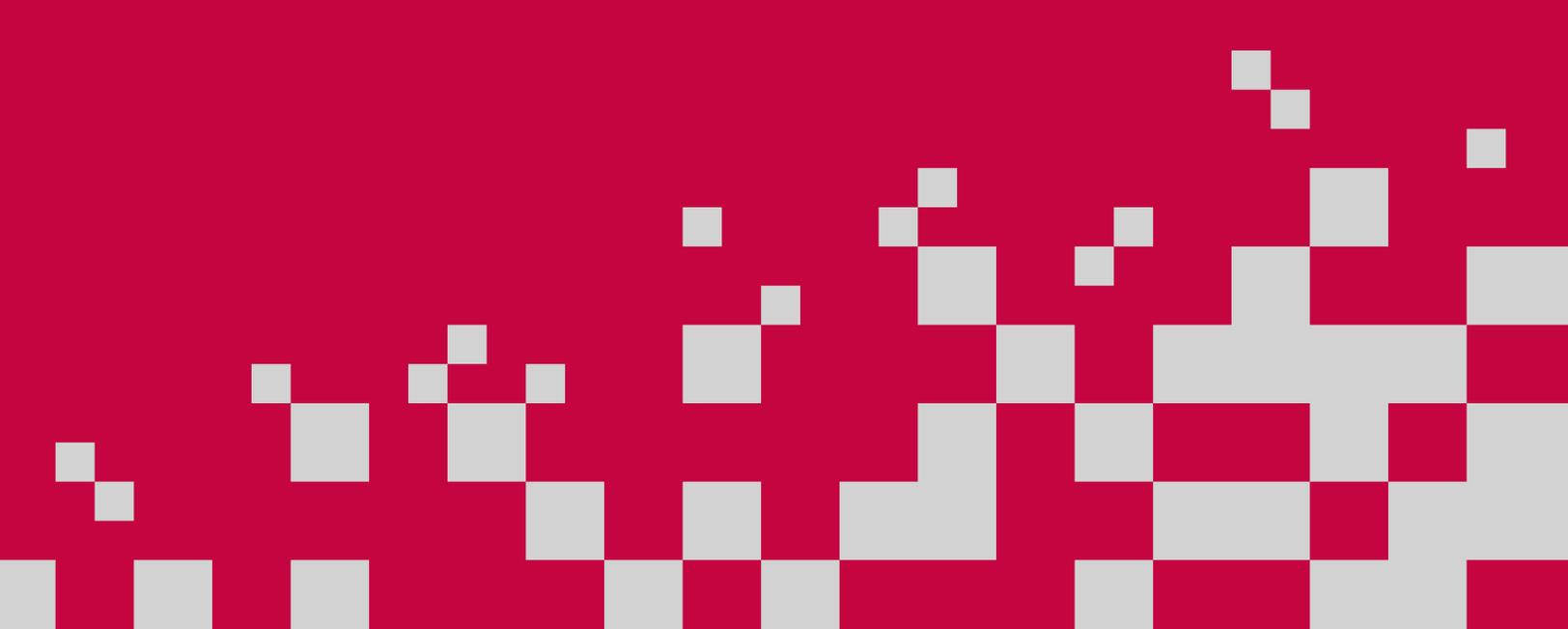
Becoming a high velocity enterprise is a prerequisite for operating in the platform economy. That means an organization that is agile, change-ready and flexible. It means moving from a world of monolithic technology implementations to enterprise systems in the cloud which support the 'appification' of business processes and functions. It's an entirely cloud-based model, defined by outcomes rather than technology requirements and made available as a single, everything-as-a-service proposition.

It's precisely what the SAP and Accenture industry solutions are bringing together: an entire enterprise system with industry-specific capabilities and processes—delivered from one technology stack in the cloud. By bundling all the software an organization needs in a specific industry to run its business, along with mission-critical tools covering all operational requirements, it represents a true outcome-based proposition for accelerating towards the platform economy.

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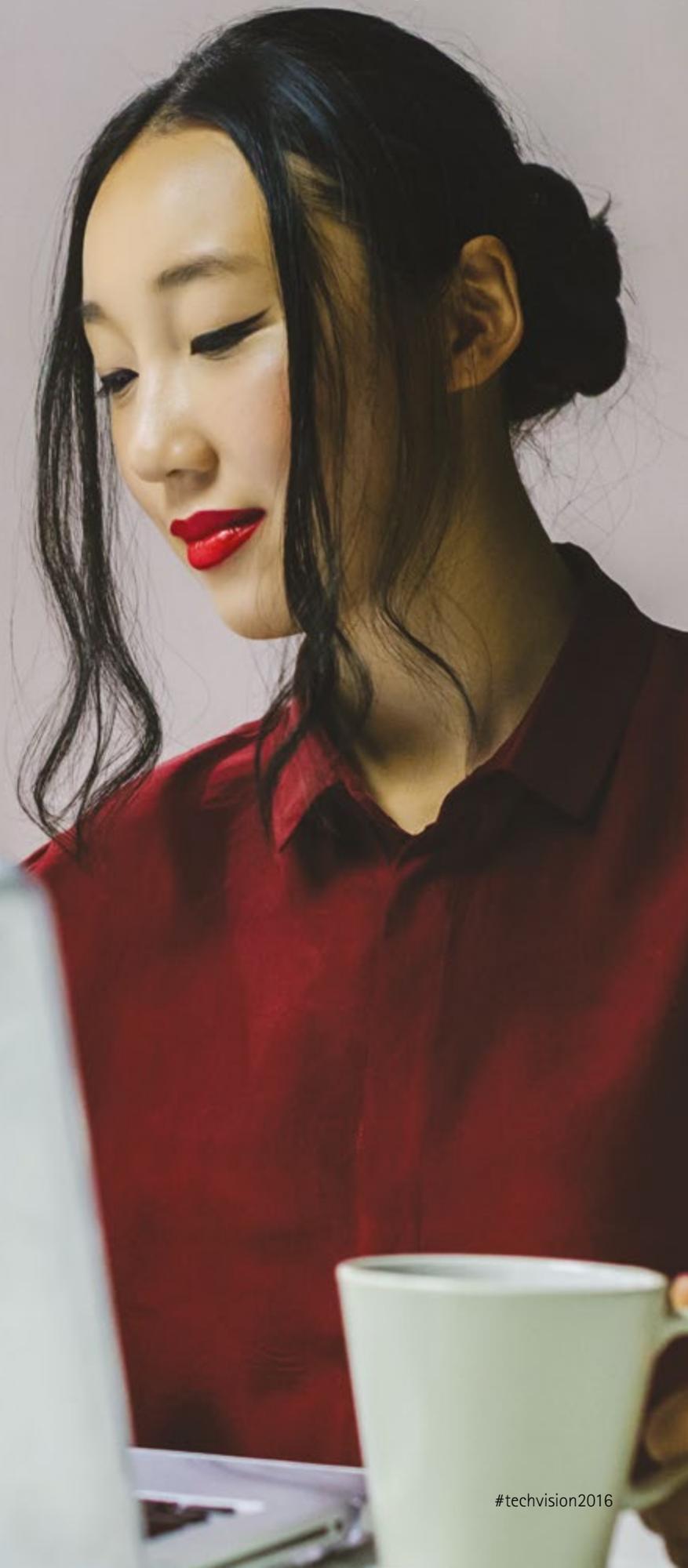
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## Notes

- <sup>1</sup> Accenture Technology Vision 2016. People First: The Primacy of People in a Digital Age. <https://www.accenture.com/techvision>
- <sup>2</sup> Thriving on disruption. How to become fearless in the face of devastating innovation—Accenture, 2016. <https://www.accenture.com/us-en/insight-thriving-disruption>
- <sup>3</sup> High velocity enterprises are changing the game by reimagining ERP—Accenture, 2015. <https://www.accenture.com/us-en/insight-erp-sap>
- <sup>4</sup> Accenture and SAP Redesign Fashion Management, Helping Retailers Accelerate Visibility and Integration across Retail and Wholesale Channels. <https://newsroom.accenture.com/news/accenture-and-sap-redesign-fashion-management-helping-retailers-accelerate-visibility-and-integration-across-retail-and-wholesale-channels.htm>
- <sup>5</sup> SAP Announces SAP Connected Health Platform and Strategic Relationships for Transforming Healthcare. <https://news.sap.com/sap-announces-sap-connected-health-platform-and-strategic-relationships-for-transforming-healthcare/>



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