Is your enterprise MODERN ENOUGH TO COMPETE?

Intelligent is making the move to a modern enterprise

accenture consulting
Why it’s time for the intelligent enterprise.

Rather than asking what’s changed in the Consumer Packaged Goods (CPG) industry over the last decade, the more relevant question might be what hasn’t? The industry is undergoing a revolution powered by digital. Smaller, nimbler players are capturing consumers’ hearts, minds and wallets.

Across category sales, smaller players account for

55%

When it comes to sales growth, the difference is even more dramatic. In 2016, the top 25 CPG businesses achieved

3%

leaving smaller players to account for a staggering

97%

of the growth in sales.
The traditional CPG value chain is breaking up and reconfiguring along multiple new paths. From sourcing to manufacturing and from logistics to sales and marketing, new partnerships, alliances and collaborations are disrupting how things are done. Consumers are looking for direct relationships with brands that understand them and provide experiences that are constantly changing and adapting to meet their needs on a personalized basis. Companies that once confidently pursued a single business model are now having to reinvent themselves to master multiple new models.

**Take the brewing industry, for example...**

What was once a relatively straightforward business from manufacture to consumption, dominated by a handful of major companies, has been upended by a dramatic shift in consumer tastes and the arrival of nimble new brewers who are giving customers access to new products. The reason for their success? Delivering the authentic and personalized experiences that consumers are thirsty for. Craft beer may draw on a heritage of traditional methods and recipes, but its makers are equally well-versed in managing the new digital relationships and channel strategies to engage consumers.

**What CPG companies need to do now**

So what should large CPG companies do to not merely survive, but thrive in this radically different environment? Above all they need to become intelligent CPG enterprises. What do we mean by that? An intelligent CPG business is ready to create and deliver hyper-personalized products and experiences that enable meaningful consumer connections across each and every channel to build loyalty and foster trust. They need to be able to experiment with innovation and scale new offerings at speed. And they need to collaborate meaningfully with a range of partners—from suppliers to logistics—in order to build and deliver new customer-centric propositions and differentiated services.
New technologies hold the key to becoming an intelligent enterprise. That means making use of advanced analytics to generate new insights. AI, automation and robotics will transform the speed, agility and efficiency of operations, as well as enabling them to harness the vast quantities of data they need to reinvent customer relationships. Emerging technologies like blockchain and Internet of Things (IoT) are set to transform the supply chain, all of them powered by new flexible and on-demand computing resources in the cloud.

All of this is very different from large CPG businesses today. Historically, built around large, central ERP core systems, CPG businesses are struggling to achieve the agility and speed that the new world demands.

**How do they make the essential transition into the future?**

**How to become an intelligent CPG enterprise**

The evolution that lies ahead will hinge on three key aspects:

01 Simplification of the core business

02 Standardization of commoditized services

03 Innovative capabilities built on new digital technologies.

The intelligent CPG enterprise is going to be built around a digital core with data at its heart. Enterprise master data solutions will provide must-have data consistency across the whole organization. Around this core is an application program interface (API)-based technology platform that allows data to be exposed and consumed by other internal systems and by external organizations. Innovation is driven by a set of new technologies and solutions which enable capabilities that are owned and managed in a product-centric manner and accessed by employees, suppliers, consumers and customers.
WHAT ARE THE PRINCIPLES OF THE INTELLIGENT CPG ENTERPRISE?

DATA IS AT THE CORE
Data is the new currency in the era of intelligence. Companies must control critical data and build cross-functional data assets and insights.

API-LED INTEGRATION
Digitally decouple platforms and enable reuse of data and integration standards for multiple services and a multi-speed IT delivery. Adopt microservice architecture principles.

FOCUS ON USER EXPERIENCE
New platforms integrated with the wider landscape of consumers and customers will drive growth, profitability, better engagement and productivity—build analytical solutions to gain insights into the customer and user behavior to match their understanding.

VARIABLE IT CONSUMPTION
Move to solutions that provide more flexible pricing models to allow the flex of cost to consumption.

CONTINUOUS DELIVERY
Organize the IT delivery function to continuously deliver new IT services to the business to meet the changing requirements from consumers, customers, suppliers and the workforce.
Enabling the intelligent CPG enterprise with new SAP® technologies and Accenture myConcerto

CPG companies know they must get started on the journey to becoming an intelligent enterprise. The challenge is knowing where to start. The transformation required will be influenced by context and by each company’s ambition. For some, the impetus will arise from the need to urgently update their technology landscape for speed and agility. For others, the need for new business models and functional improvements to drive growth will be the key driver, and for others it may be the need to integrate and centralize a federated operating model.

Whatever the driver, one common feature will characterize every transformation into an intelligent CPG enterprise: the need to achieve and demonstrate value from progressing to new technologies as the digital core. And that’s precisely what Accenture’s myConcerto delivers. Accenture myConcerto provides CPG companies with an integrated platform built around key SAP® solutions and technologies and industry contexts. It brings together Accenture’s most disruptive ideas around industry, innovation and technology to deliver greater business value more quickly.

Starting with the discovery of specific business challenges, myConcerto brings a range of intelligent tools and diagnostics to assess ‘as-is’ capabilities and define ‘to-be’ target architectures, along with transformation options, organizational impacts and business case creation. It also supports the design and build of a new SAP S/4HANA® solution prototype with a clear roadmap for implementation. Put all this together, and CPG companies are more capable of having not just a clear vision for their destination, but also a meticulously planned and scoped approach for getting there as fast as possible.

To achieve rapid value from the move to new SAP technologies, CPG companies should seek to understand their journey in five phases:
Accelerating the intelligent CPG enterprise journey

myConcerto helps at every stage of the transformation journey.

In the **DISCOVER** phase, we use intelligent tools and automation to identify areas for optimization and improvement. That could consist of, for example, the move from traditional business-to-business (B2B) to business-to-consumer (B2C), entering new products or categories, or delivering consumer solutions and experiences rather than products.

In the **DESCRIBE** phase, we use the discover phase outputs to automate business value case creation and develop a transformation roadmap with the optimal SAP solutions and technologies to drive rapid ROI.

In **CO-CREATE**, we collaborate to design the end-state solution using industry templates integrated with SAP Model Company. We infuse SAP Leonardo-based innovation, working with our industry and line-of-business experts, and Accenture’s Liquid Studio for SAP Leonardo.

In the **SCALE** phase we provision systems into development environments to mobilize and execute fast. With SAP Activate and SAP Solution Manager we can collaborate seamlessly with SAP for the best results.

Lastly, in **SUSTAIN**, we embed automation and AI to facilitate continuous improvement, and a closed-loop monitoring program with targeted KPIs.
The intelligent enterprise: a non-negotiable destiny

Becoming an intelligent enterprise in today’s CPG market is non-negotiable. The direction of travel is clear. As companies set out on their journey, we believe they need to focus on a number of critical areas. These are the hallmarks of the modern CPG business:

**Customer and business agility**
the ability to tailor and provision services for specific customer (internal and external) needs and to constantly adapt at speed.

**Touchless and closed-loop operations**
digital services are embedded in every business process and seamlessly connected to customers and suppliers.

**Control-tower and digital hubs**
expert teams focus on innovation with specific mandates to raise productivity through robotics and AI, improve decision-making via advanced analytics, streamline communications through portals and chatbots, integrate data through blockchain and cloud and increase cyber security.

**Real-time insights**
use all available data to predict consumer-demand business outcomes and discover new opportunities.

**Virtual networks and collaboration**
establish a framework to shape new roles, skills and behaviors that can fully leverage new technologies and adapt to fluid organizational structures.

**As-a-service model**
adopt a pay-per-use model for products and services and for business applications and infrastructure.
Enabling all of these capabilities will rest on some core foundations. Data would fuel enterprise-wide intelligence. A new platform would be the transformational engine as well as the framework for the future, open and integrated digital architecture. Next-generation processes, reinvented through automation, would redefine excellence. And last, underpinning all this, would be the **talent and skills augmented by machine intelligence** that drive the business forward.
About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 459,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.