



7 CORE CAPABILITIES TO CREATE SMART CONNECTED PRODUCTS

VIDEO TRANSCRIPT

In a fast changing digital world, how can product companies reinvent themselves as creators of smart connected products?

In their/the new book Reinventing the Product, Eric Schaeffer and David Sovie present seven core capabilities to help product companies unlock new value from existing products and tap new markets with great value.

Capability 1: Introduce Design Flexagility

Flexagility combines flexibility, the willingness and capability to change, with agility, the speed of change.

It means that a product's design needs to be conducted through iterations – a cyclical but forward-looking practice.

Customer-centricity as well as the involvement of ecosystem partners are crucial to obtain real flexagility.

Capability 2: Embark on Agile Engineering

An agile engineering approach is able to continuously inject improvement into digitally and software-driven devices.

Product users demand permanent innovation and maximum adaptability from their devices for the sake of user friendliness.

This cannot be achieved without agile engineering practices on the manufacturer's side.

Capability 3: Benefit from Data Augmentation and AI

Smart connected products are data-driven and data-producing devices.

To manage them, hardware manufacturers must data-augment all their functions.

For this, businesses need a unified data model, incorporating software and experience information based on customer-specific usage and personalization.

Capability 4: Build "As-a-Service" Competencies

As-a-service business models offer customers more choices and customization than typical hardware product sales.

The new as-a-service world also requires a new entitlements management system.

Some devices are entitled to receive updates and upgrades while others are not.

Some users are allowed to access premium features while others can only use the basic features.



**Capability 5:
Make your Workforce Experience-Driven**

A workforce creating smart connected products needs new skills, profiles, mindsets and behavior(s).

Enable your workforce to think and act along end-to-end experiences and outcomes instead of mere product features and outputs.

**Capability 6:
Orchestrate Ecosystems Around Platforms**

Some smart connected products will work as platforms.

In order to create and run a successful platform, it is essential to have the capabilities to build and orchestrate ecosystems that support such product-based platforms.

These ecosystems must identify partners who can contribute technologies, data or service elements to boost the value and experience of a smart connected product.

**Capability 7:
Ensure Pervasive Security**

Smart products are programmed to perform actions that transcend cyber space and enter the physical world. Safety therefore becomes a major concern.

Businesses should aim to define security standards that are mandatory for all ecosystem partners.

But they should also leverage the power of the ecosystem in order to cross-pollinate on security-relevant solutions for the product.

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