RETHINK, REINVENT, REALIZE.

How to successfully scale digital innovation to drive growth

HIGH TECH

INTO THE NEW

THE IDEA:
FIND INDUSTRY X.0 BEST PRACTICES!

OUR PREMISE AND RESEARCH QUESTION

When it comes to digital transformation, scaling innovation pilots is critical.

Yet many clients tell us that they are struggling with this very step – and feel that they might get stuck with “piecemeal projects” that don’t deliver significant value.

Can we find key best practices that could help them overcome their challenges, and drive real change, for real new growth?

SURVEY AT-A-GLANCE

n=1,350
companies with 1bn+ in revenue

60%
C-suite respondents

13 industries and **17** countries

HIGH TECH AT-A-GLANCE

n=122
companies with 1bn+ in revenue

56%
C-suite respondents

12
countries

Source: Accenture 2019 Industry X.0 Survey

THE RESULT:
IT'S ALL A MATTER OF MANAGEMENT!

OUR KEY FINDINGS

Companies are scaling nearly 57 percent of all digital PoCs, but only about two out of ten companies are doing it successfully.

A SURPRISE!
(we didn't expect to find that many companies trying to scale!)

What's the difference? **The leading 20 percent manage their scaling efforts differently.**

Following the **four best practices** of these "Champions" is a recipe to **succeed at innovating for digital transformation.**

THE REASON TO READ!
(these best practices are what readers will come for)

Source: Accenture 2019 Industry X.0 Survey

Q:

WHAT'S THE CURRENT STATUS IN SCALING DIGITAL INNOVATION?

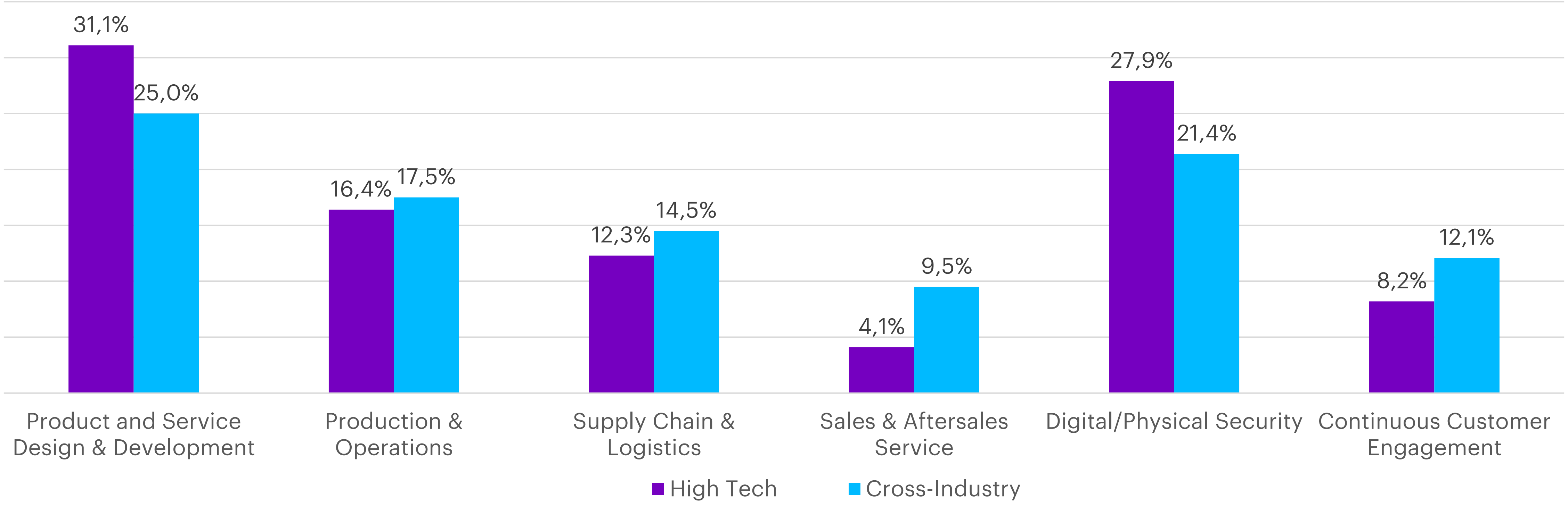
A:

THINGS ARE SPEEDING UP – IN SURPRISING WAYS.

PRODUCT DESIGN AND WORKPLACE SECURITY ARE INNOVATION PRIORITIES IN HIGH TECH

Product Design is an obvious priority for High Tech companies as companies focus on improving product features and usability. Digital/ Physical Security is a close second.

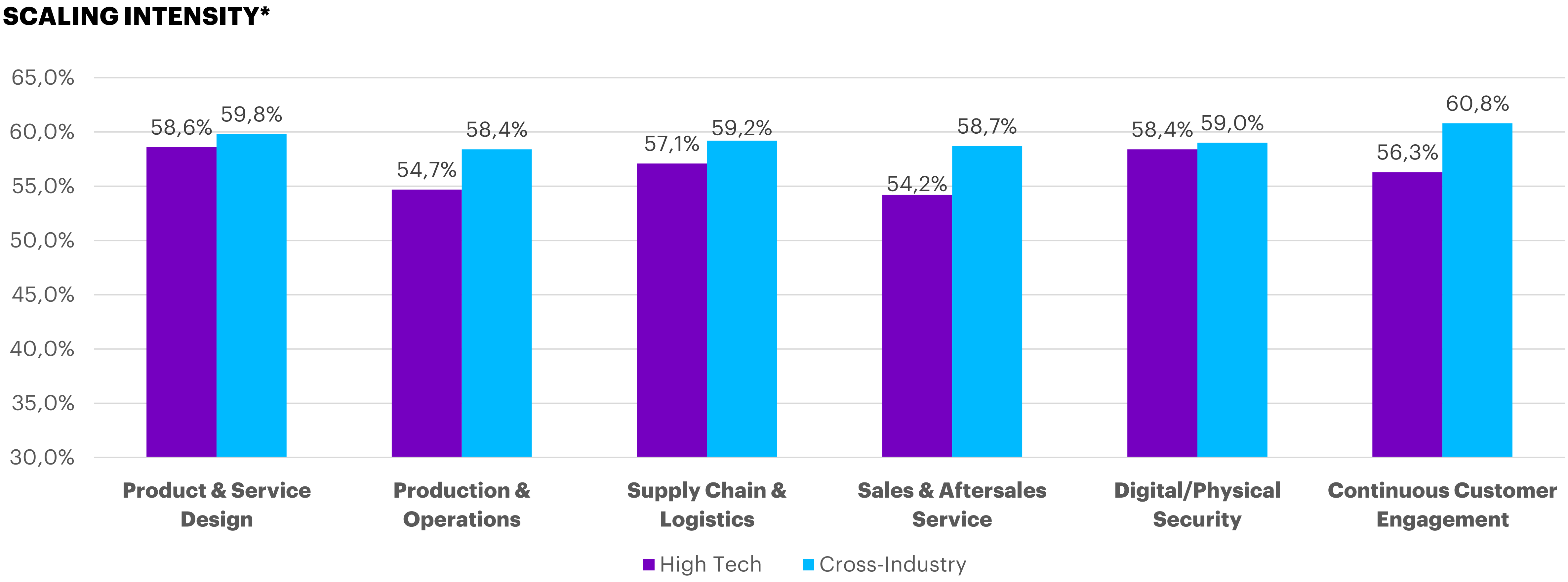
INNOVATION PRIORITY*



* "innovation priority" = percentage of respondents who are prioritizing digital innovation in these business areas

Source: Accenture 2019 Industry X.0 Survey

HIGH TECH COMPANIES ARE SCALING DIGITAL POCs ACROSS BUSINESS FUNCTIONS



* "scaling intensity" = ratio of avg. number of proof of concepts scaled to avg. number initiated in each business function

Source: Accenture 2019 Industry X.0 Survey

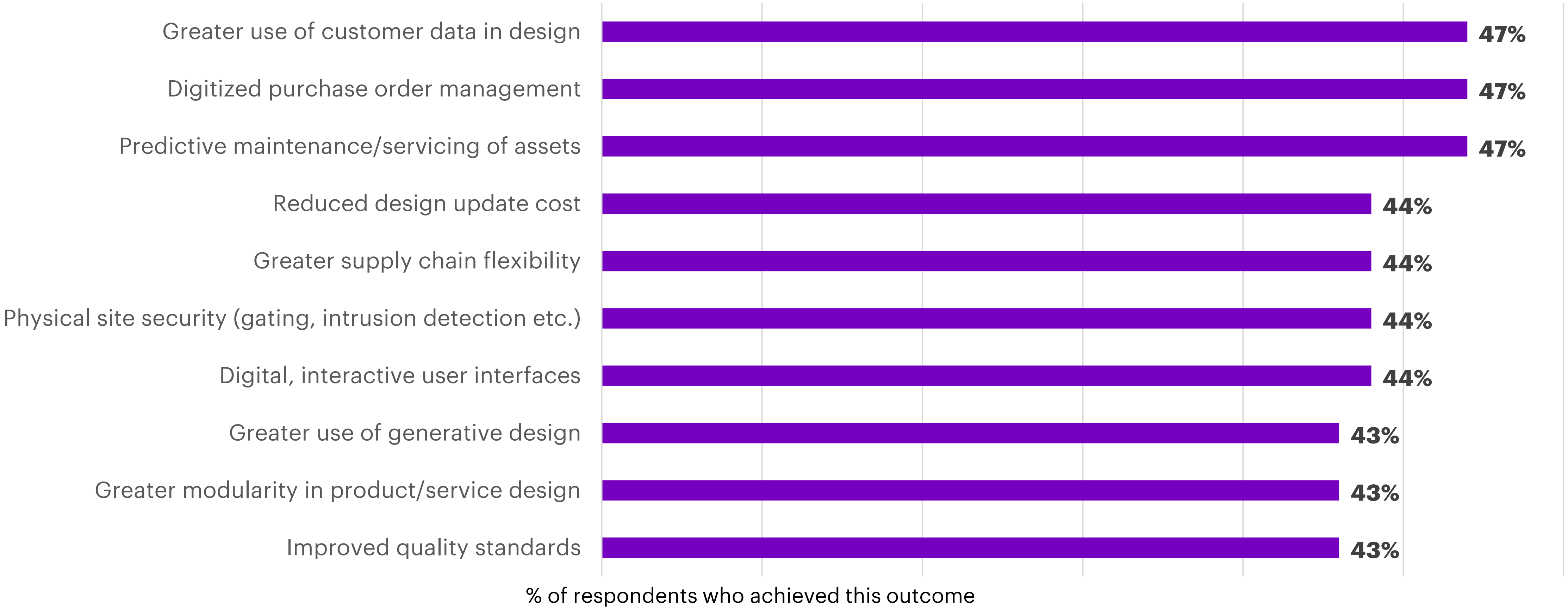
HIGH TECH COMPANIES RECOGNIZE THE NEED FOR INNOVATING AT SCALE TO:

Deliver **innovative and personalized experiences for customers** and workforce, and;

Unlocking **new operational efficiencies with robust supply chains & operations**

USE OF CUSTOMER DATA FOR DESIGN AND DIGITIZED ORDER MANAGEMENT ARE KEY OUTCOMES FOR HIGH TECH COMPANIES...

Top 10 outcomes targeted by High Tech companies through scaling of digital PoCs



Source: Accenture 2019 Industry X.0 Survey

...AND THEY ARE CHOOSING AI, CLOUD AND BIG DATA ANALYTICS TO DRIVE THESE OUTCOMES

Top 3 technologies leveraged to facilitate scaling, by function

	PRODUCT & SERVICE DESIGN	PRODUCTION & OPERATIONS	SUPPLY CHAIN & LOGISTICS	SALES & AFTERSALES SERVICE	DIGITAL/ PHYSICAL SECURITY	CONTINUOUS CUSTOMER ENGAGEMENT
AI/AI-powered Automation	RANK 2	RANK 3	RANK 3		RANK 2	RANK 3
AI Assistants						
3D printing	RANK 1					
Mobility				RANK 3		RANK 1
IIOT Sensors & Transmitters		RANK 2				
Immersive Experience	RANK 3				RANK 3	RANK 2
Industrial Robotics				RANK 2		
Big Data Analytics		RANK 1				
Digital Twin						
Cloud			RANK 1	RANK 1		
Blockchain						
Autonomous Vehicles						
Machine Learning/Deep Learning			RANK 2			
Quantum Computing						
Cyber Security Protocols					RANK 1	

Source: Accenture 2019 Industry X.0 Survey

Q:

WHAT ABOUT SCALING SUCCESS – DOES EVERYONE SEE IT?

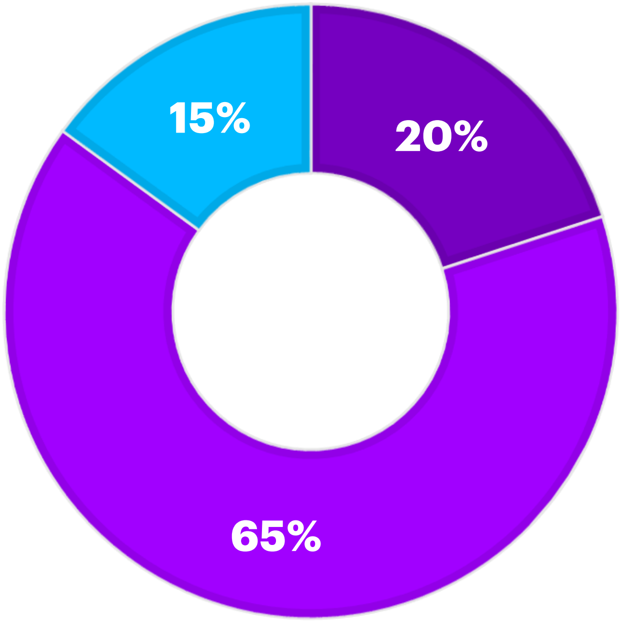
A:

NO. SOME COMPANIES RACE AHEAD, OTHERS STRUGGLE.

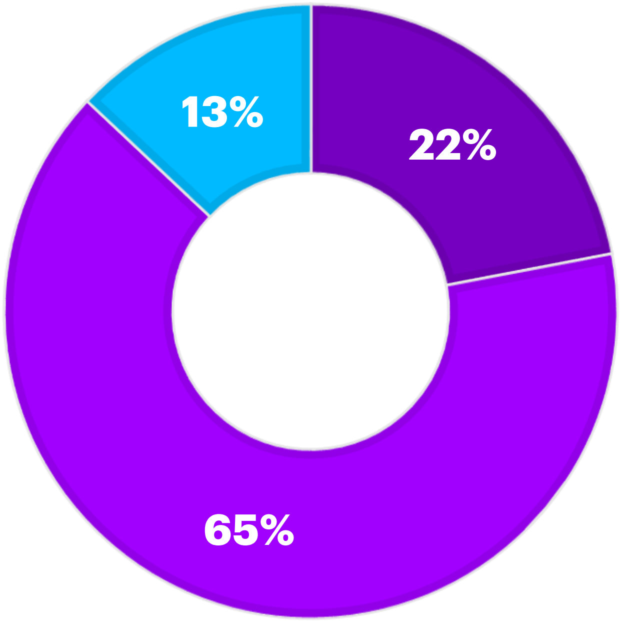
SO, WHO'S SCALING THE BEST?

The High Tech industry has marginally lower percentage of Champions compared to the global average

HIGH TECH



CROSS-INDUSTRY



CHAMPIONS
Earn RODI higher than industry ROIC and industry RODI; scale more than 50% of their digital Proof-of-Concepts

CONTENDERS
Earn RODI lower than industry ROIC and lower than industry RODI; scale more than 50% of their PoCs

CADETS
Earn RODI lower than industry ROIC and lower than industry RODI; scale less than 50% of their PoCs

**Percentage of champions in each industry = 100 x (The number of champions in a particular industry)/(Total number of companies surveyed in that particular industry)

Source: Accenture 2019 Industry X.0 Survey

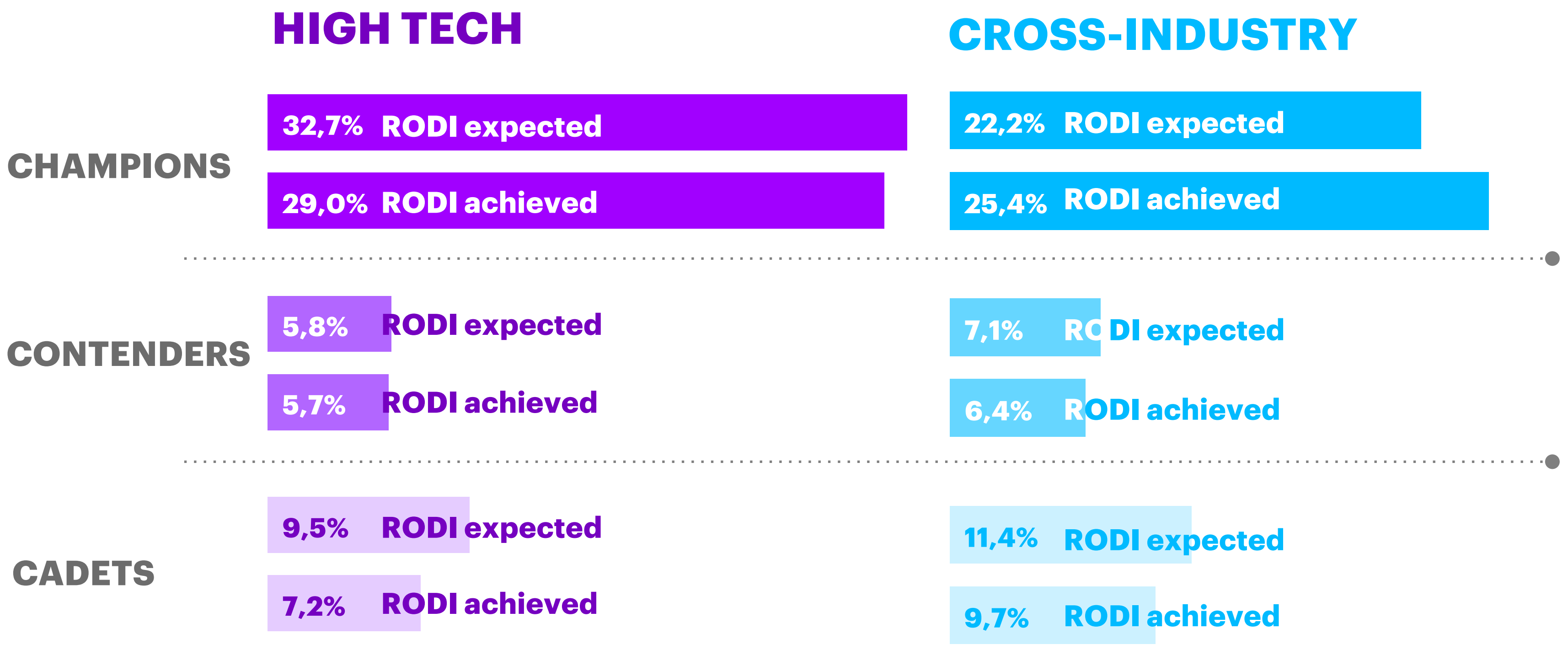
CHAMPIONS SET THEMSELVES HIGHER “RODI” TARGETS AND ALMOST ACHIEVE THEM.

High Tech Champions achieve nearly 5 times the RODI clocked by Contenders; proving that its not how much you scale, but how you scale that matters

Returns on Digital Investment (RODI)

RODI = Returns on Investment (Net Gain/Total Investment) from scaled digital PoCs across all the key business functions.

We asked executives about the average RODI they expected before scaling digital PoCs, and the RODI they finally achieved.



Source: Accenture 2019 Industry X.0 Survey

Q:

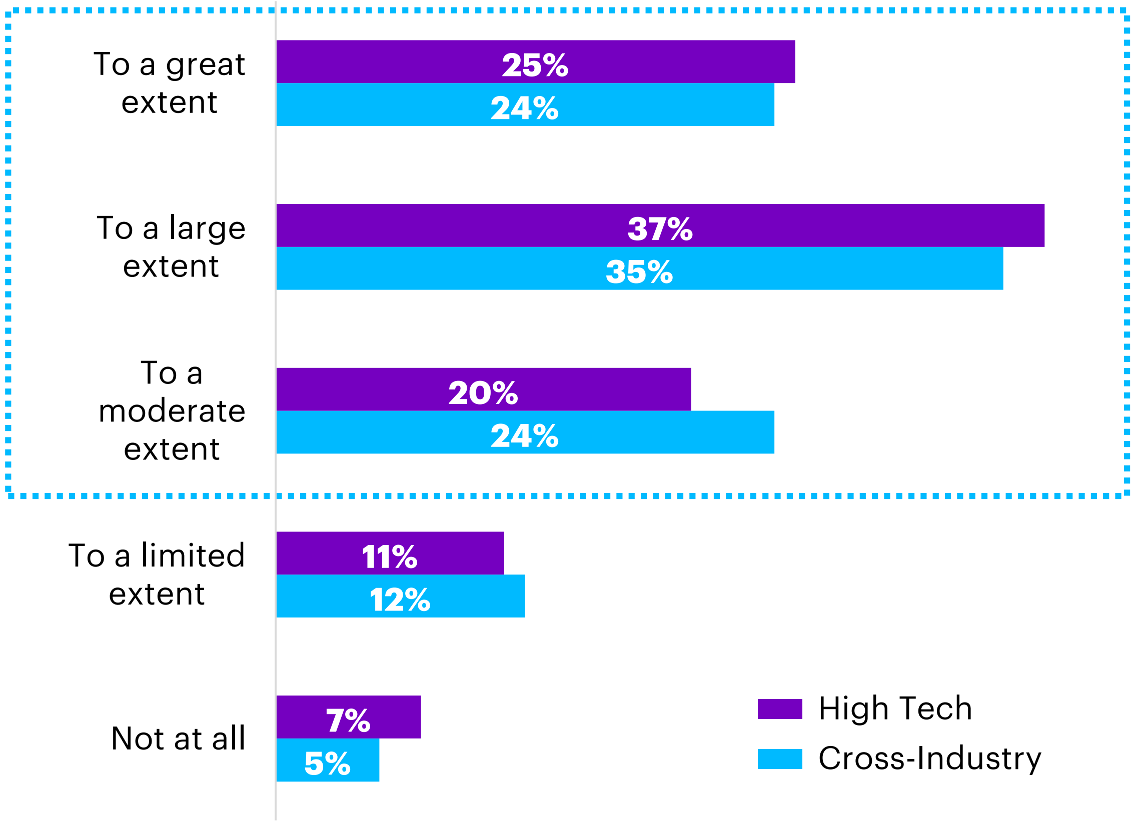
WHAT'S STOPPING CONTENDERS AND CADETS FROM BECOMING CHAMPIONS?

A:

LIKE CHAMPIONS, CONTENDERS AND CADETS TOO FACE ALIGNMENT AND INFRASTRUCTURE DEFICITS. WHILE CHAMPIONS OVERCOME THESE, OTHERS CONTINUE TO GRAPPLE WITH THEM.

SECURING FUNDING FOR DIGITAL REINVENTION PROJECTS FROM THE BOARD IS STILL NOT EASY

EXTENT TO WHICH SECURING FUNDING FROM THE BOARD FOR DIGITAL REINVENTION IS A CHALLENGE



RANK	KEY REASONS WHY BOARDS OF HIGH TECH COMPANIES REFUSE TO FUND DIGITAL REINVENTION
1.	Lack of a clear digital roadmap; Inadequate ROI from digital investments
2.	Poor understanding of digital reinvention within the top management
3.	Foreseen immaturity of technology
4.	Failure to scale digital proofs of concept (PoCs) in the past; Lack of a digital-native mindset among Board members
5.	Shortage of and difficult access to digital skills
6.	Shortage of budget for capital investments

Source: Accenture 2019 Industry X.0 Survey

ALIGNMENT CHALLENGES AND LACK OF CULTURE ARE OF PRIMARY CONCERN

High Tech executives' top picks* for "biggest challenges to scaling digital PoCs"

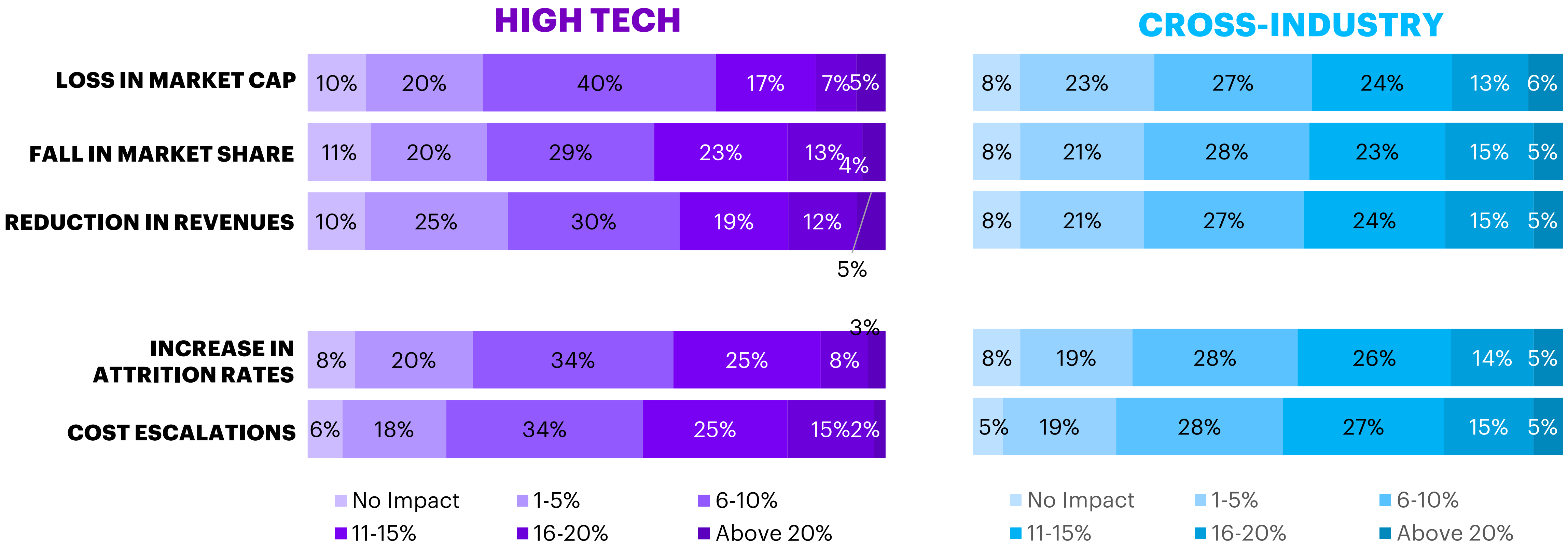
CHAMPIONS (CH), CONTENDERS (CT), CADETS (CA)	PRODUCT & SERVICE DESIGN			PRODUCTION & OPERATIONS			SUPPLY CHAIN & LOGISTICS			SALES, AFTER SALES SERVICE			DIGITAL / PHYSICAL SECURITY			CONTINUOUS CUSTOMER ENGAGEMENT		
	CH	CT	CA	CH	CT	CA	CH	CT	CA	CH	CT	CA	CH	CT	CA	CH	CT	CA
Inability to align top and middle management to innovate customer value	Second biggest			Biggest challenge	Second biggest					Biggest challenge	Biggest challenge		Second biggest	Biggest challenge			Biggest challenge	
Inability to align top management view on 'digital value'		Second biggest	Second biggest	Second biggest	Biggest challenge		Second biggest		Biggest challenge	Second biggest								Biggest challenge
Inability to align talent pools and IT assets across key business functions	Biggest challenge	Biggest challenge				Second biggest		Biggest challenge	Second biggest			Second biggest				Second biggest		
Inability to align in-house innovation with agile digital ecosystems			Biggest challenge			Biggest challenge					Second biggest				Second biggest			Second biggest
Lack of culture to drive on-time innovation and customer experiences								Second biggest							Biggest challenge		Second biggest	
Lack of culture to drive in relevant lessons from application of digital technology														Second biggest				

- other options which weren't picked s often included: "Lack of adequate skills to innovate with digital technologies and platforms", "Lack of adequate skills to translate digital proofs of concept into scaled-up action plans", "Inadequate infrastructure to innovate relevant digital value with speed", "Absence of culture to design, develop and deliver digital business models", "Absence of culture to drive on-time innovation of monetizable customer-relevant experiences", "Inadequate metrics to systematically track digital technology investments", "Inadequate metrics to systematically track digital technology investments to assess the ROI on digital technology investments".

Source: Accenture 2019 Industry X.0 Survey

WHAT DO COMPANIES STAND TO LOSE IF THEY FAIL TO ORGANIZE FOR DIGITAL REINVENTION?

More than 70% of High Tech leaders fear substantial escalations in cost (>5%) alongside losing significant talent (>5%), if they fail to overcome organizational challenges

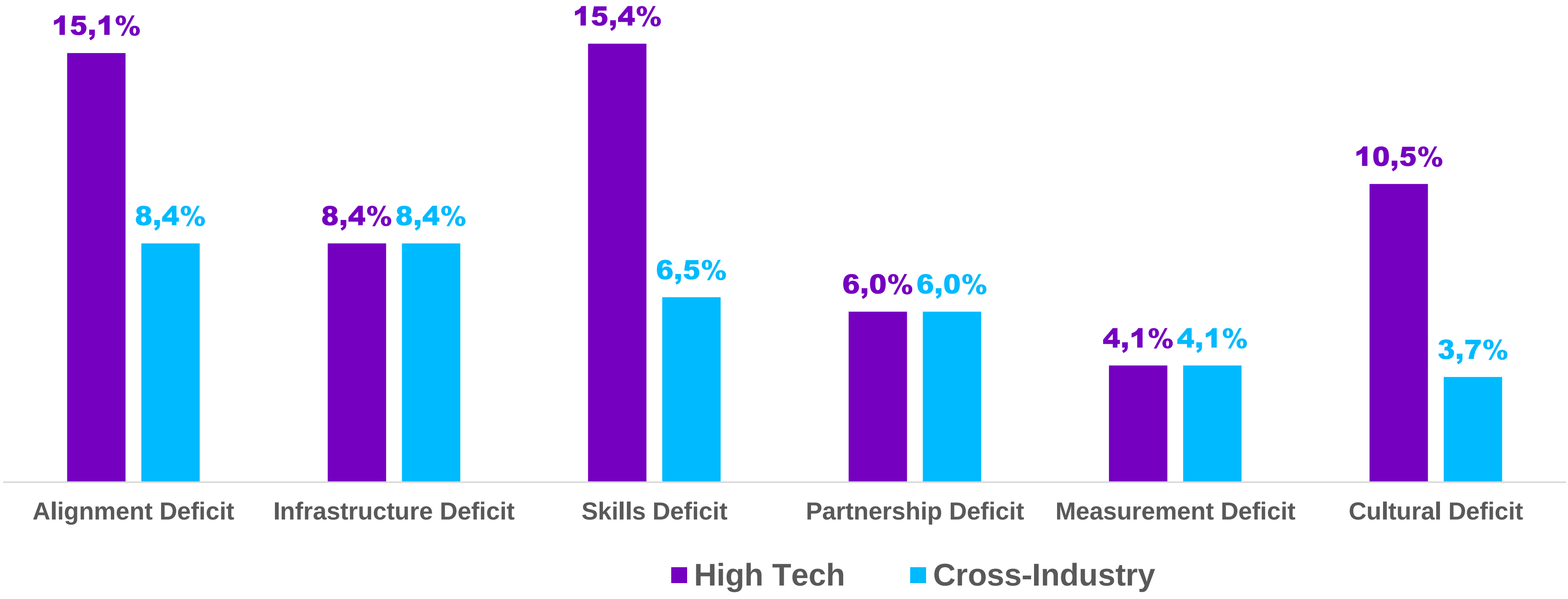


Source: Accenture 2019 Industry X.0 Survey

HOW MUCH CAN COMPANIES GAIN IF THEY OVERCOME THESE DEFICITS?

High Tech companies have the opportunity to achieve sizeable increase in RODI, if they focus on overcoming skills and alignment deficits

INCREMENTAL RODI POTENTIAL IF DEFICIT IS OVERCOME



Source: Accenture 2019 Industry X.0 Survey

Q: HOW DO CHAMPIONS OVERCOME THESE CHALLENGES AND SCALE THEIR DIGITAL INNOVATIONS?

A: WITH 4 SPECIFIC BEST PRACTICES.

1.

DEFINING THE VALUE THAT GUIDES INNOVATION EFFORTS

Champions assess the opportunities before them, and narrow in on the market opportunities they want to pursue. They then use that clarity to communicate with middle management and direct their innovation efforts to secure expected returns.

2.

FOCUS ON INTERNAL CHANGE AND EXTERNAL VALUE

Champions prefer a measured approach to blend organizational change with digital transformation initiatives, creating what we call an ambidextrous organization. With a clear view of the customer value, managers and employees are less likely to feel blindsided by a digital learning curve that is too steep.

3.

BUILD IN-HOUSE INNOVATION FACTORIES WITH TARGETED INFLUENCE

Champions recognize the enormity of integrating rapidly advancing technologies, along with talent and assets, back into their organization. In line with their ambidextrous approach, they take the vital step to re-rig the core of their organizations, seeding and growing new digital innovations organically within organizational boundaries.

4.

MAP KEY INNOVATION ENABLERS TO APPROPRIATE BUSINESS FUNCTIONS

Most manufacturers use the same enablers to drive innovation, such as software applications to support operations, or analytics platforms to generate better insights. However, Champions alone are masters at matching the support to the function that needs it most and will use it best.

Q:

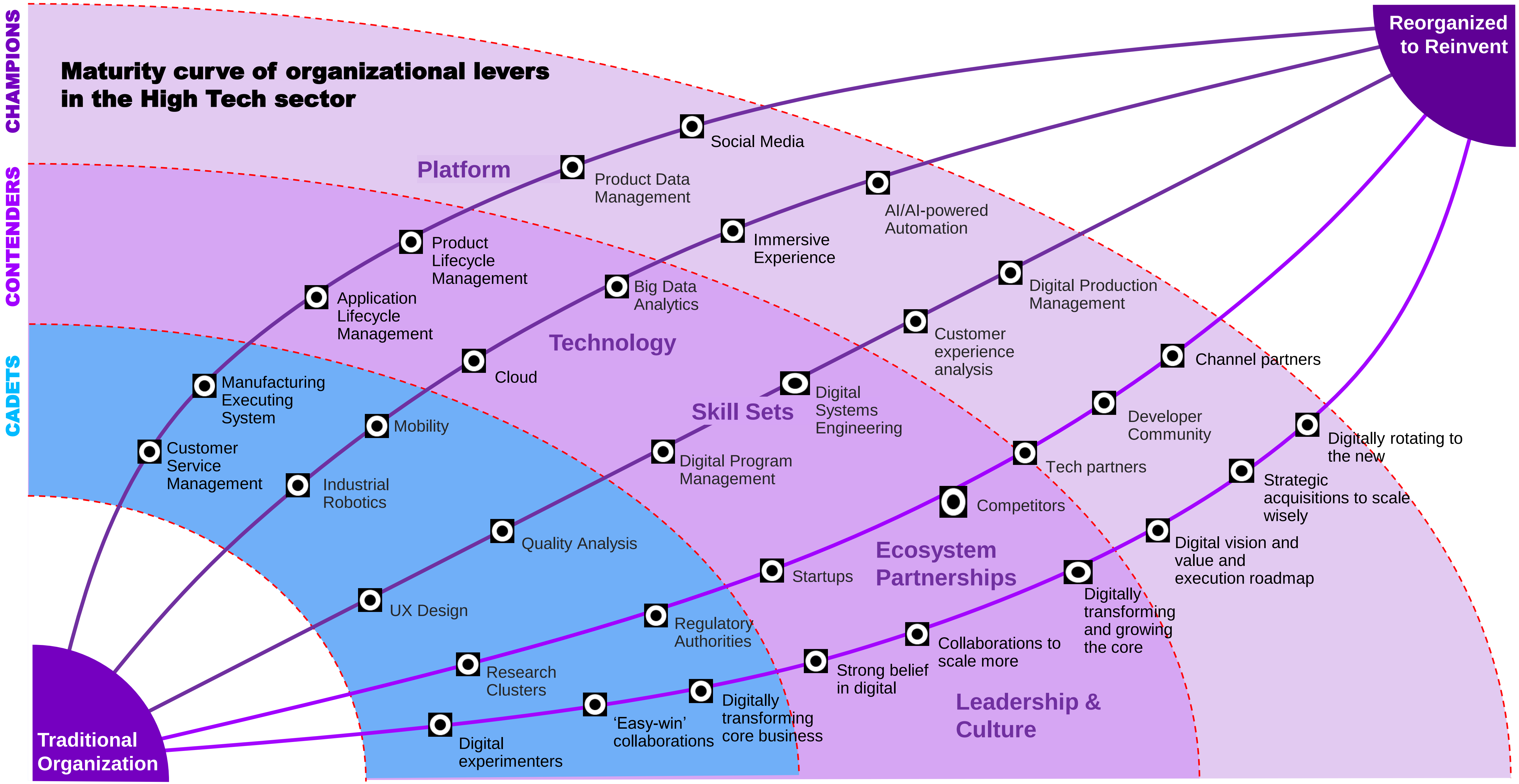
IS THERE A ROADMAP TO MATURE AS AN ORGANIZATION TOWARDS SUCCESSFULLY SCALING DIGITAL INNOVATION?

A:

YES THERE IS...

… WE HAVE BUILT ONE LEVERAGING FIVE KEY ORGANIZATIONAL LEVERS

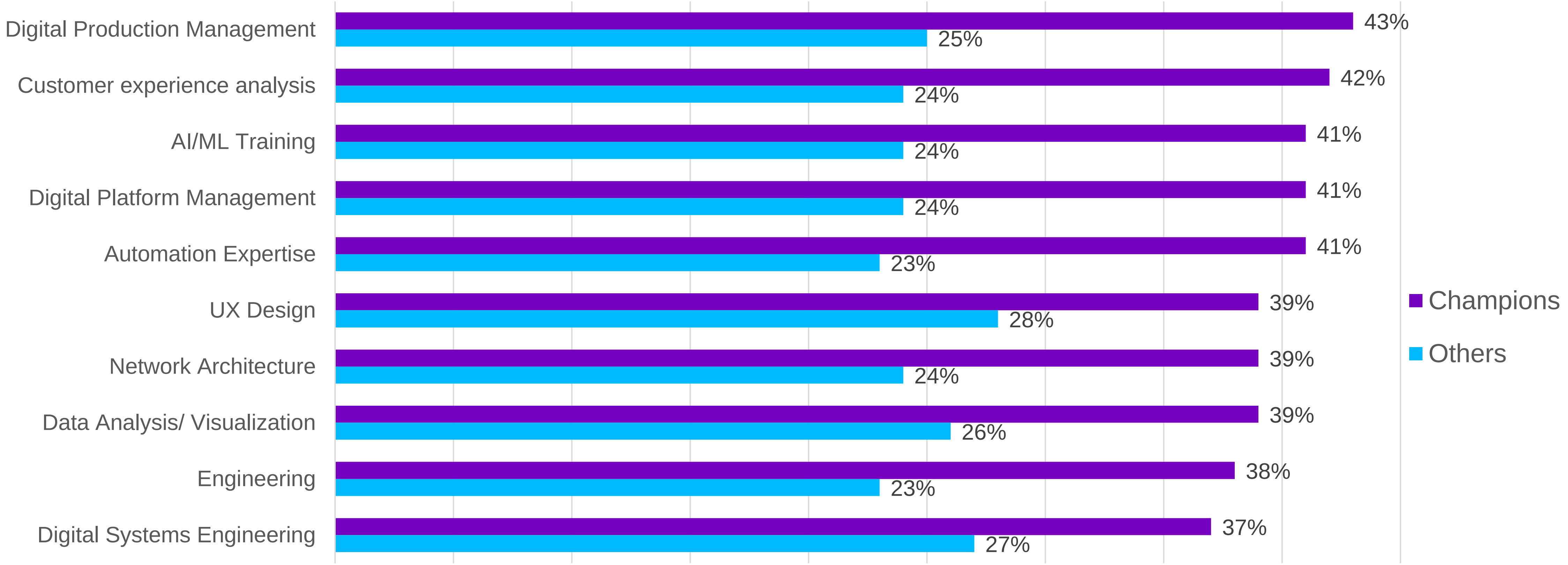
- **LEADERSHIP & CULTURE**
- **ECOSYSTEM PARTNERSHIPS**
- **SKILLSETS**
- **TECHNOLOGY**
- **PLATFORM**



Source: Accenture 2019 Industry X.0 Survey

TOP 10 SKILL SETS FOR HIGH-TECH CHAMPIONS

Digital Production Management along with Customer Experience Analysis are critical skills to build and scale digital PoCs in the Hight tech sector

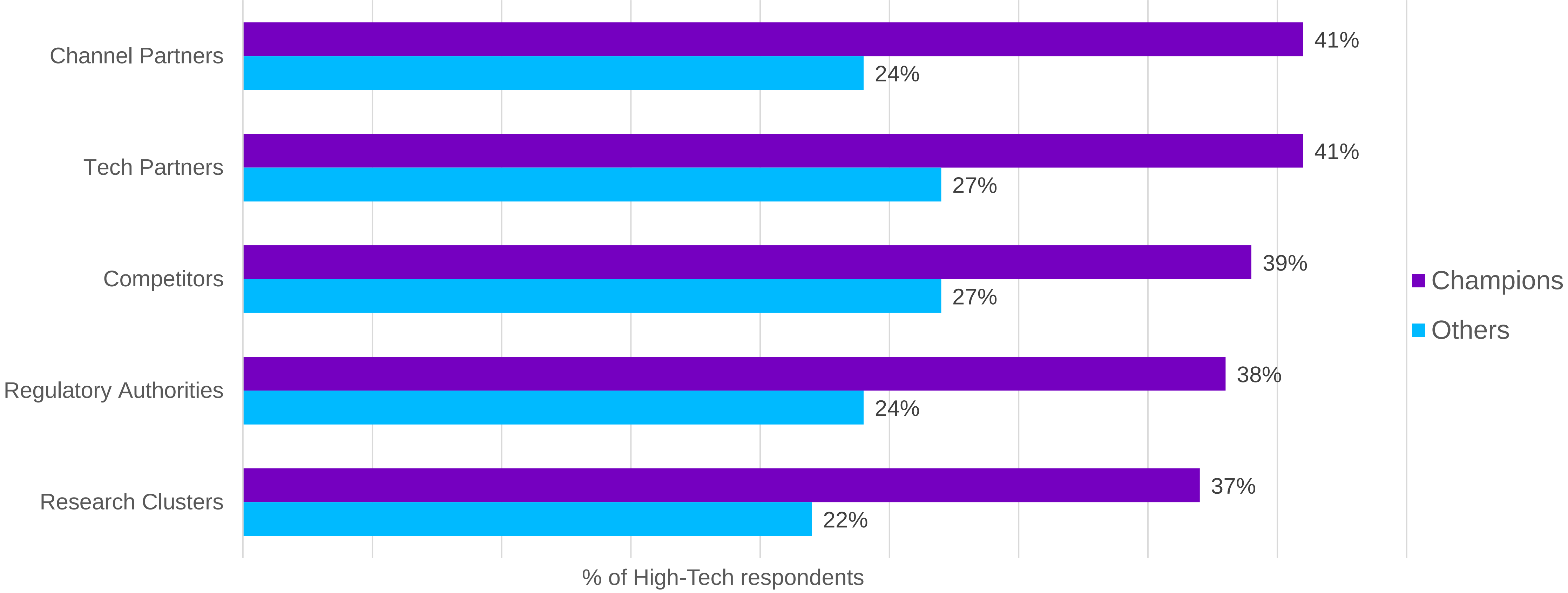


% of High-Tech respondents saying “Very Important”

Source: Accenture 2019 Industry X.0 Survey

TOP 5 PARTNERSHIPS FOR HIGH-TECH CHAMPIONS

Channel Partners and Tech Partners are critical partnerships to build and scale digital PoCs

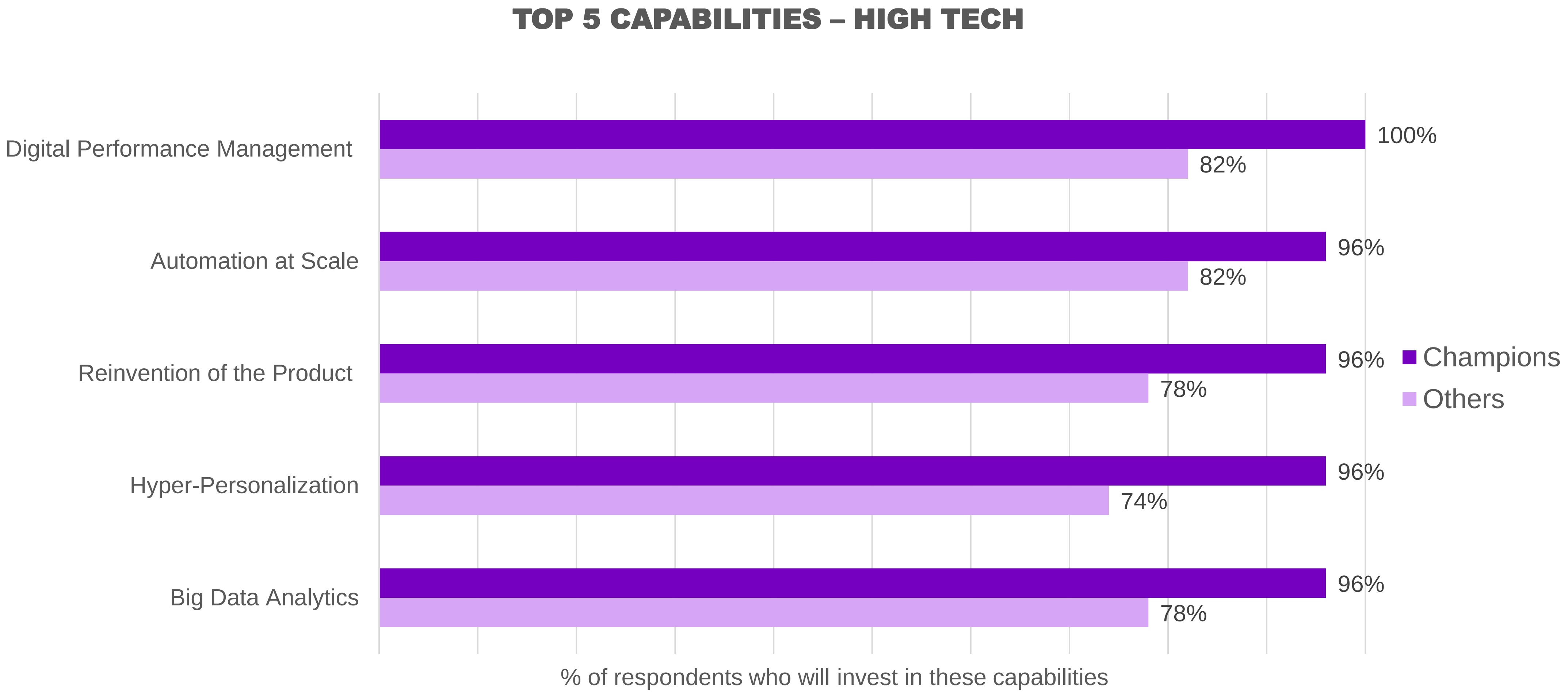


Source: Accenture 2019 Industry X.0 Survey

Q: WHAT CAPABILITIES DO HIGH TECH COMPANIES NEED TO BUILD AS THEY NAVIGATE ALONG THIS ROADMAP?

A: CHAMPIONS PRIORITIZE CERTAIN CAPABILITIES, AND INVEST HEAVILY IN THEM

CHAMPIONS IN HIGH-TECH WANT TO INVEST IN DIGITAL PERFORMANCE MANAGEMENT AND AUTOMATION AT SCALE



Source: Accenture 2019 Industry X.0 Survey

Striving to scale your own innovations?

Get in touch!

Whether you are seeking to start new initiatives the right way, help with scaling those you already have—we are ready to help you improve your outcomes by putting our knowledge to work! Please reach out to **raghav.narsalay@accenture.com** or **aarohi.sen@accenture.com** at Accenture Research, or visit **accenture.com/scaling-innovation**

References:

David Abood, Aidan Quilligan, Raghav Narsalay, and Aarohi Sen (2019), Rethink, Reinvent, Realize, downloadable from here.

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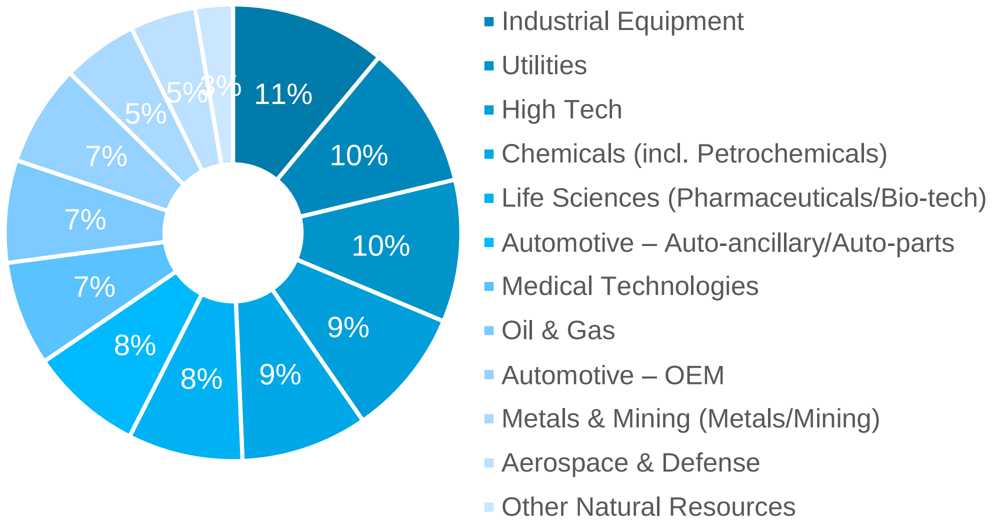
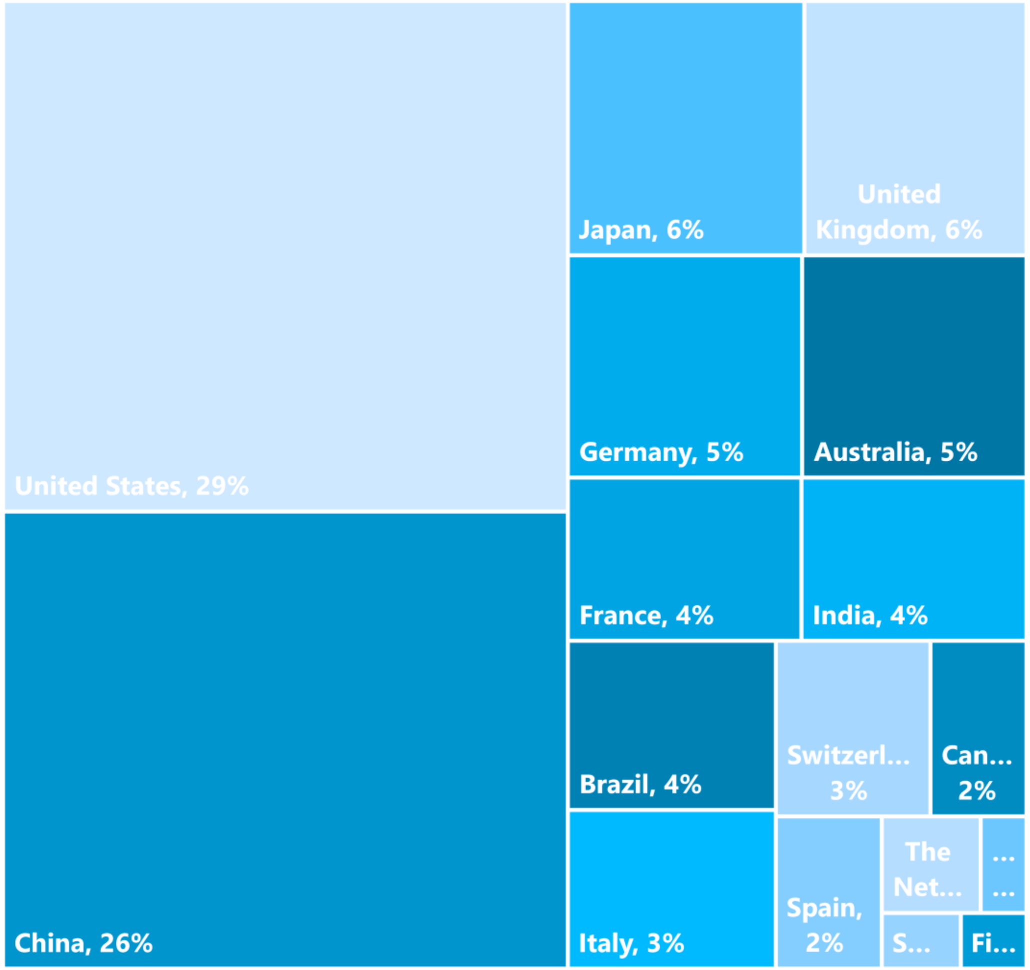
APPENDIX

SURVEY DEMOGRAPHICS – OVERALL (n=1350)

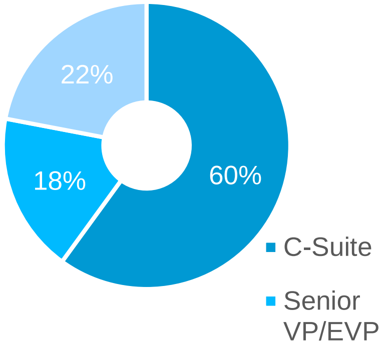
INDUSTRY



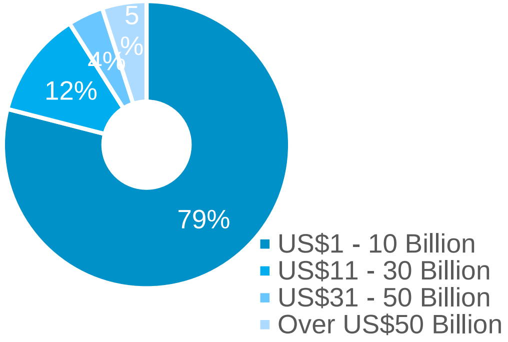
GEO-SPREAD



EXEC PROFILE

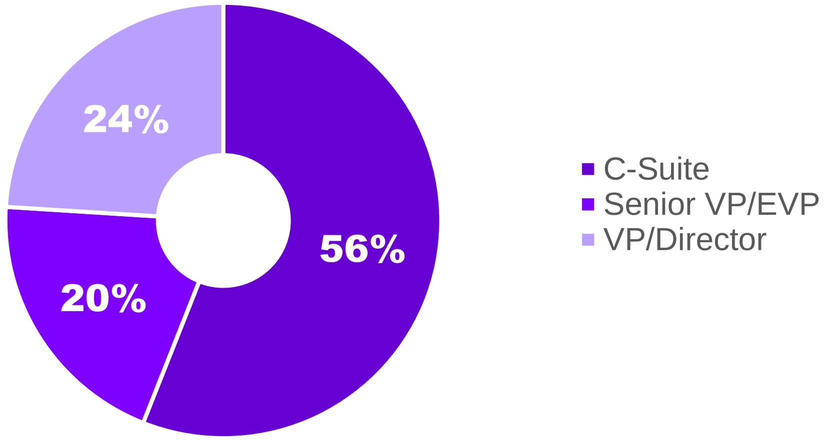


ANNUAL REVENUE

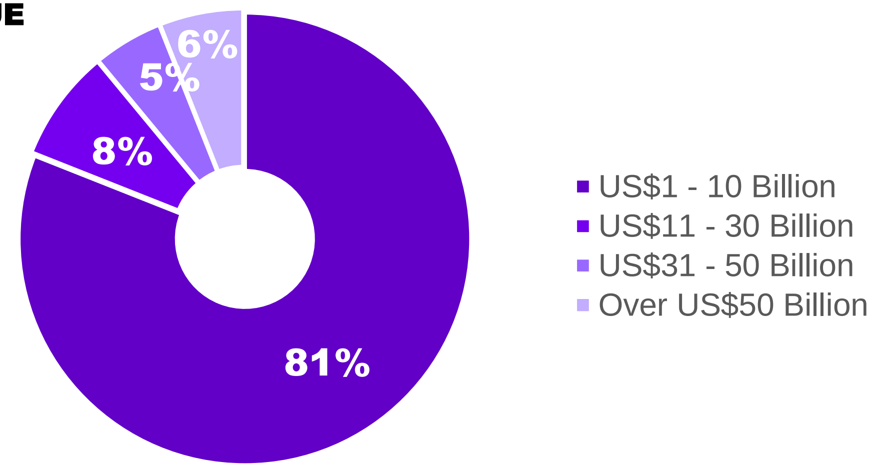


SURVEY DEMOGRAPHICS – HIGH TECH (n=122)

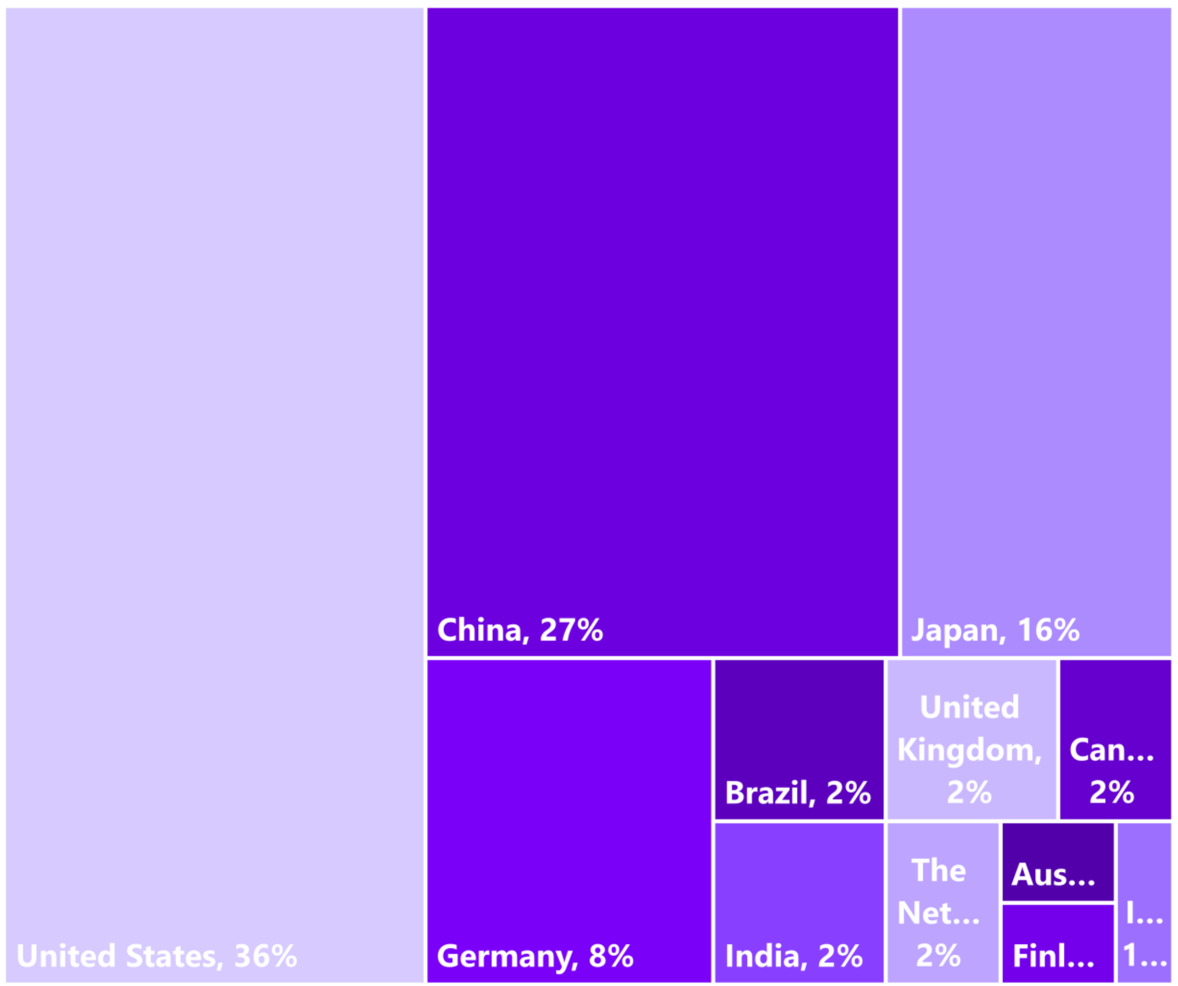
EXEC PROFILE



ANNUAL REVENUE



GEO-SPREAD



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