accenture

Point of view

The timing is right for Device-as-a-Service (DaaS)

Businesses have accelerated the adoption of cloud to provide vital collaboration and shared productivity tools to their employees anywhere at any time. The push to deliver "enterprise-ready" edge devices to a sudden "work from home" staff was due, in large part, to COVID-19.

In the face of the pandemic, traditional IT challenges with capital budgets, talent recruitment and retention, legacy system maintenance and upgrades became secondary.

Now, companies must turn their focus to the critical challenges of equipping their remote workers with access to cloud centric applications, altering the traditional supply chain of PCs by securing and distributing enterprise-ready edge devices all while reducing technical debt in an environment of reduced revenue. Essentially, accelerating a multi-year transformation into a matter of months.

According to an enterprise IT survey[1], respondents reported a

59%

spike in planned cloud usage due to the pandemic. Based on these conditions, Accenture feels the time is ripe for IT vendors to capitalize on the DaaS model.
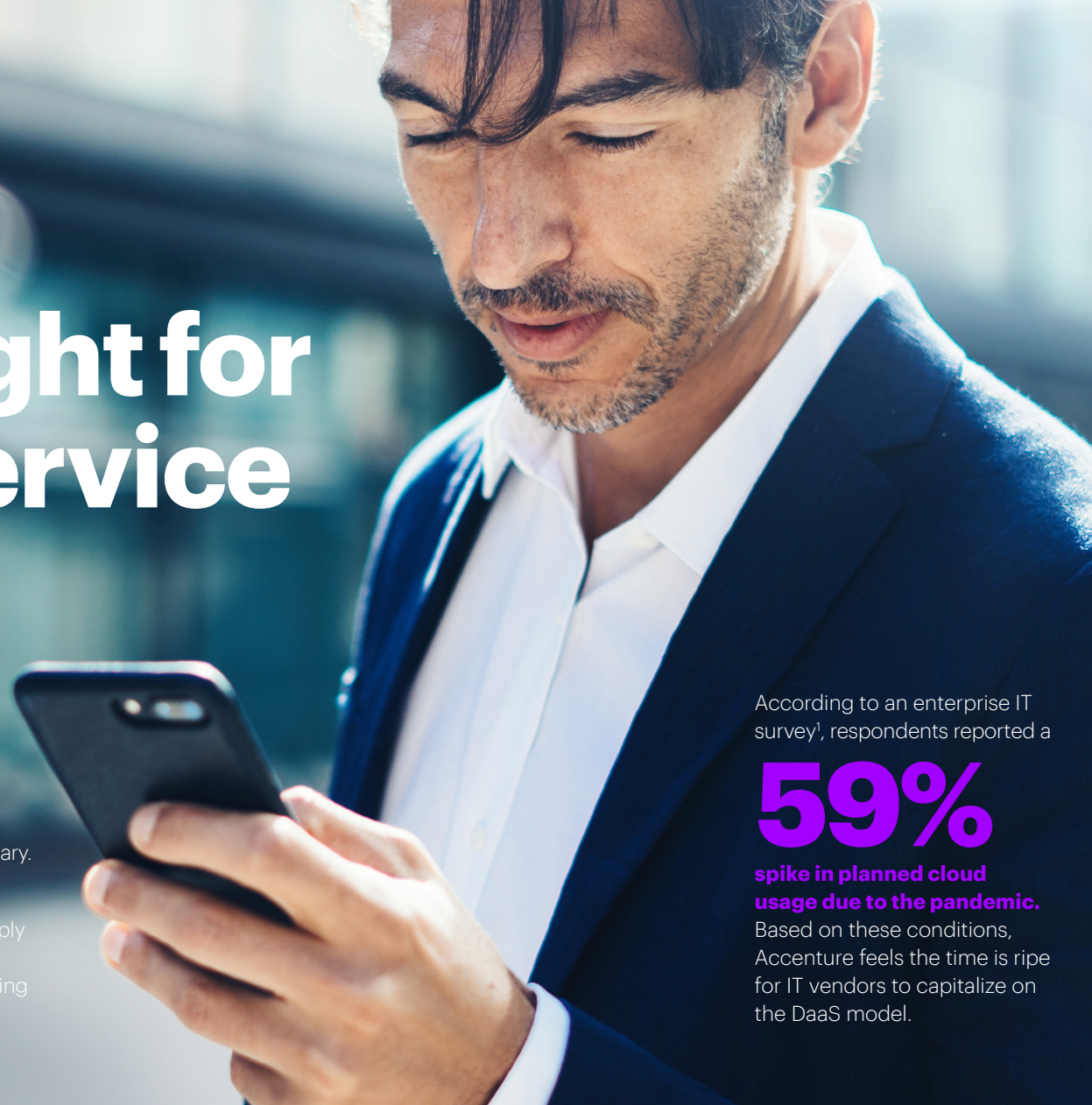
Outcomes > Features

Customer demands are changing. More and more, they want partners who can deliver not just products, solutions and services — but business outcomes, too. For instance, collaboration tools, like Microsoft Teams and Zoom, to ensure productivity remains high for their remote workforce.

DaaS is an outcome-based solution that meets the needs of enterprise customers while providing:

- CFOs the ability to reduce technical debt, move to an asset light OpEx model, and have a predictable monthly expense

- CIOs a single accountable party in an "end-to-end" solution, provide a solution that delivers outcomes based upon a series of KPI's and SLAs

- Business owners improved visibility and more control of the device sourcing and life cycle management

- End users enhanced tools and automation to increase their satisfaction and productivity

Put simply, your clients don't want more products or point solutions; they want better outcomes. And they're increasingly looking to strategic partners who can deliver flexible and comprehensive provisioning, services and support into a seamless end-to-end customer experience.

DaaS: distinctly different from leasing

Often compared with leasing, DaaS is a different model altogether. A typical leasing model involves financing a device, shipping the device, and reclaiming the device. Services, meanwhile, are typically considered add-ons and are usually handled by a combination of internal resources and disparate third-party organizations. Additionally, a lease does nothing to assist in reducing capital expenditures.

DaaS, on the other hand, is an actual service, comparable to Software-as-a-Solution (SaaS), as it provides one simple experience across the spectrum of fulfillment, services, and recovery. Which then provides the client with business outcomes including a lower cost to serve, and an improved customer experience. All told, DaaS can be a true OpEx model that can help clients reduce capital charges.

DaaS vs. Leasing

Key DaaS features

Delivery contexts

DaaS Platform Control, Consignment Model, Integrated Asset Control

Integrated with DaaS Platform, Rich services partnerships

Integrated with DaaS Platform, Integrated Diagnostics, Proactive Management

Integrated with DaaS Platform, Device Integrations, Multi-Level & History Detail

Business contexts

Integrated with DaaS Platform, Third-Party Fulfillment, Planning Integration

Periodic with Catalog of Services, High Re-deployment Multiplier

Low Platform-driven Automation, Material-recovery cost relief

Configurable Service Catalogs Consumer, SMB, Enterprise Scaled Growth

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Device Fulfillment

Services Delivery

Service Assurance

Asset Data

Material Recovery & Redeployment

Revenue Comparative Asset Yield

Comparative Cost Model

Model Fit

Leasing model features

ERP Platform Control, Order Model, Third-Party Lease Underwriter Overhead

Separate Platform, Separate Offer

Separate Platform, No Offer for Integrations, No Offer for Assurance

Disconnected at Delivery Separate, Manual Tracking SKU Detail

None Apparent

One-Time Payment by Underwriter, Low Industry Centered

High Lease Cost and Overhead, Sourcing cost driven

No Service Catalogs, No Enterprise Fleet, Manual Scaling Limit

Seizing opportunity amidst the market shift

IT vendors re-thinking business models in response to these market changes must do so from the perspective that customers have diverse needs driven by industry, company size, and operational make-up. Monetization models need to be developed that not only accommodate customer desire for OpEx based models (for various customer types), but also work for the broader ecosystem required to deliver these outcome-based "end-to-end" solutions including technology partners, service providers and fulfillment partners.

Service models need to be developed across a wide swath of offers. For instance, from a minimally viable product such as laptop set-up, configuration, and support to sophisticated and personalized enterprise solutions that deliver on the as-a-service (aaS) promise of integrating products, tools, technologies, and service in a holistic consumption-based model.

Three vendors who are capitalizing on the DaaS model right now.

Creative avenues to DaaS are being implemented by leading consumer technology vendors ranging from the cable industry to smartphone industry.

1

Thinking outside the box

Accenture helped a prominent cable company in offering customers a low-touch experience to upgrade or replace a modem, while upselling or cross selling additional devices or services. For customers, it simplifies purchasing, delivery, and set-up, making this a fast, simple way to get what they want. For the vendor, it creates opportunities to include add-on services such as security. At the same time, complimentary offers such as new phones, security cameras and upgrades to Wi-Fi will create new revenue opportunities in addition to the monthly subscriptions. Elimination of the need for service trucks to deliver and set up systems by offloading delivery to FedEx allows field crews to focus on higher ROI missions.

2

Make it once, monetize it 5X

A leading PC manufacturer came to Accenture to help develop reverse logistics as a central role in monetizing their DaaS strategy. As contracts expire, the manufacture's reverse logistics supply chain takes the PCs back in to fix, clean, and be refurbished. The device is then recirculated in a new round of DaaS, this allows the vendor to pay for manufacturing of the laptop or PC once but resell it as-a-service up to five times. The cost of manufacturing laptops is largely covered by the initial sale or subscription value.

3

DaaS success in the data center

Best categorized as network management as a service. Partners (resellers/VARs) selling Cisco Catalyst can sell the Application Centric Infrastructure Advantage and Essentials Subscription.

Described as a self-diagnosing switch that can trigger replacement or maintenance needs. Because of the software base, new features and capabilities can be added remotely, and many services can be provided as well.

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Reference

1. *Flexera 2020 State of the Cloud Report*, April 2020

Conclusion

The COVID-19 pandemic is fast-tracking the adoption of DaaS. IT vendors who define flexible end-to-end offerings, establish pricing and service models that meet customer needs, and deliver business outcomes with strategic partnerships can emerge as early leaders. Like early cloud offerings, DaaS pricing, terms, and solution models will evolve (at least through 2024) as customers, IT vendors, and channel and strategic partners define their respective roles in the marketplace.