



Value **untangled**

Harnessing the power
of interoperability to drive
exponential growth

Executive Summary

From insights to action, the path to extraordinary value starts here.

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Companies with seamlessly-connected applications¹ and platforms² can realize 6x* higher revenue growth and spark total enterprise reinvention.

The fast-paced, ever-changing business landscape has seen a proliferation of software applications over the past decade.

Built on top of enterprise platforms, they constitute the digital backbone of a company. Our Spring 2022 global research found when applications and platforms operate in conjunction with each other across the organization—or with a high level of interoperability—they speed up digital transformation, enabling a deeper understanding of shared data and better human connections. Such connections are critical for companies to respond more quickly to economic, market, and competitive forces, as well as the opportunities that rapid technological advancements bring.

* Note 6x revenue growth can also be interpreted as 5 percentage points of additional growth.

We also discovered that two out of three companies are leaving a significant amount of money on the table in missed opportunities due to poor interoperability among their applications. Some are aware of this and trying, but facing strong headwinds. Others simply aren't, or don't view interoperability important enough to be a strategic priority.

But some companies—1 in 3—have managed to improve interoperability to unify functions and create a foundation for meaningful collaboration. These companies are enabling employees to make decisions from “one version of truth” or a common, transparent source of information—leading to better outcomes.

Better still, they aren't breaking the bank in creating these connections. They are allocating just 2%-4% more of their IT and functional budgets towards interoperable applications and platforms—while being as diverse or more in their choices.

How?

By balancing their application and platform strategies with business goals: integrating data, applications and experiences on the cloud, selecting repeatable solutions with flexible architectures, and sparking human ingenuity and connection through trust and skilling.



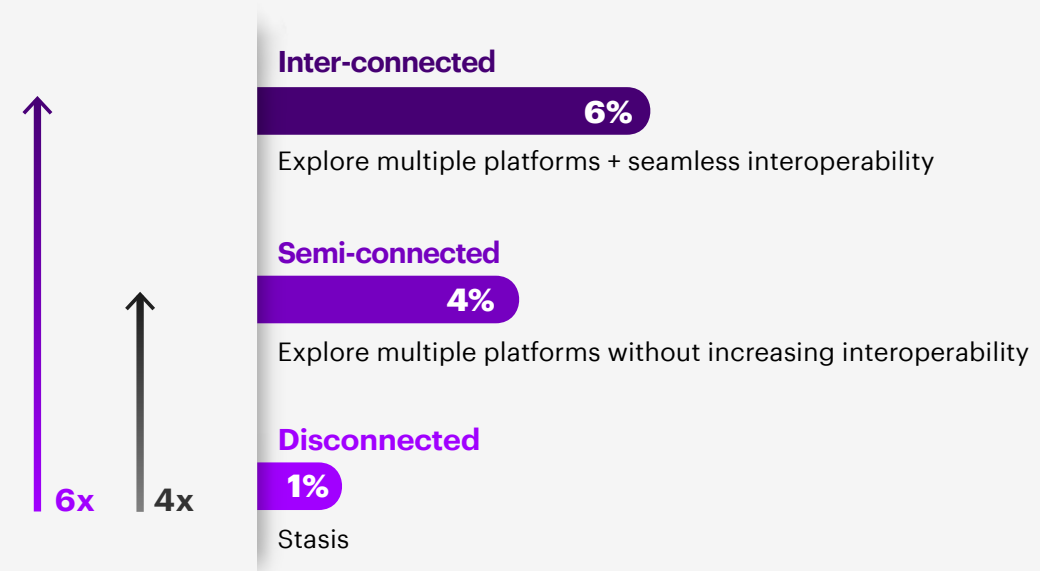
Our survey of over 4,000 C-suite executives in 19 industries and 23 countries confirms the value of making a diverse group of enterprise applications and platforms interoperable. In fact, companies that prioritize multiple platforms and seamless interoperability —one-third of our respondents—see revenue growth six times that of their disconnected peers (Figure 1).

We call them **Inter-connected**.

Figure 1 Bolstering business growth

Inter-connected companies (those with multiple enterprise applications and platforms and interoperable business architectures) grow revenue 6x more than Disconnected companies stuck in the technology status quo.*

Average revenue growth (last FY)

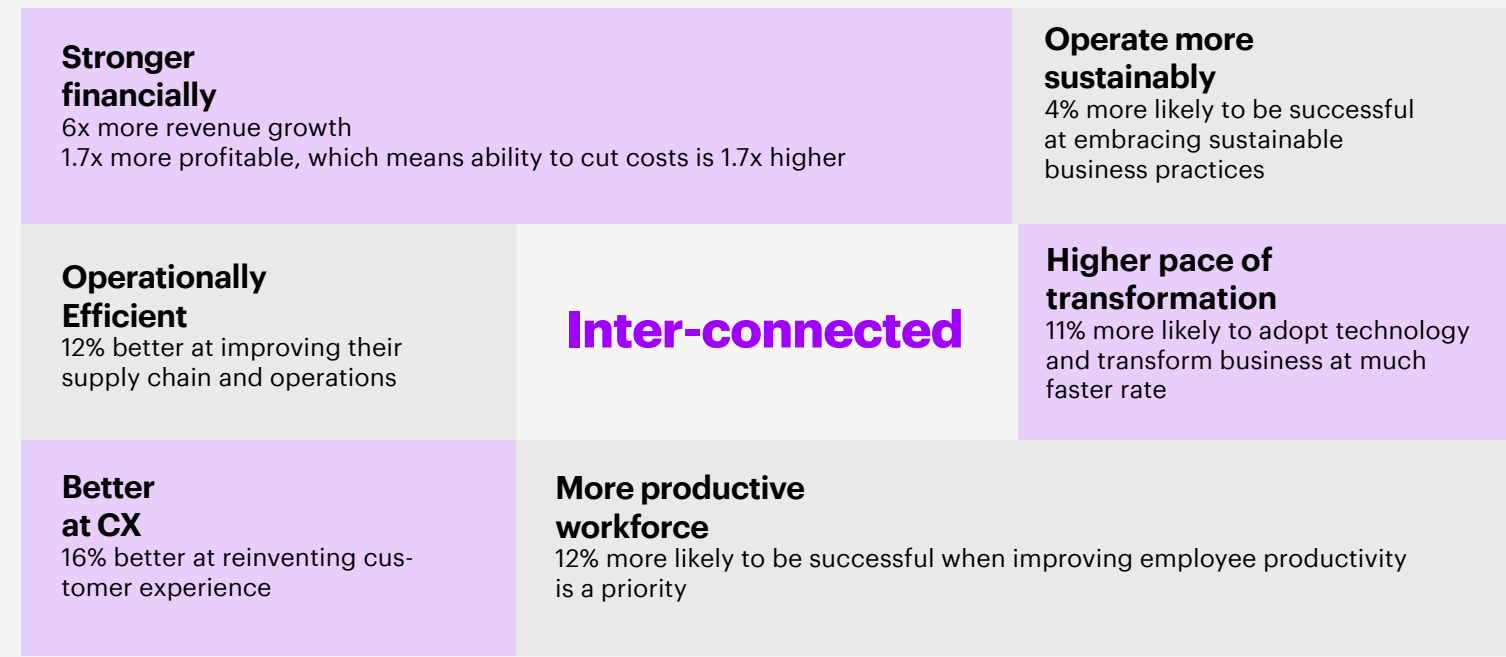


Note: Revenue growth percentages have been rounded off to the nearest whole number.
4X revenue growth can also be interpreted as 3 percentage points of additional growth, or annual revenue growth premium
6X revenue growth can also be interpreted as 5 percentage points of additional growth, or annual revenue growth premium

The **Inter-connected**—especially those that manufacture, source or sell physical goods—outpace the Disconnected in profitability, resiliency and other value-creation measures critical to business. (Figure 2).

Figure 2 Creating long-lasting value

Inter-connected companies are better at operating sustainably, improving employee productivity and reinventing the customer experience.



Note:
Percentages refer to percentage points to highlight the difference between achievement of results by Inter-connected and Disconnected.
“Better” indicates the difference in percentage of Inter-connected and Disconnected companies achieving a specific metric.
6x revenue growth can also be interpreted as 5 percentage points of additional growth.
1.7x more profitable can also be interpreted as 3 percentage points of additional growth.

Compressed transformation **requires connection**

Companies today are dealing with unprecedented scope and rate of change, from customer preferences to supply chain disruptions to economic uncertainty to geopolitical unrest. Many are rushing to accelerate digital transformation to meet changing consumer demands, revamping operating models on the fly and dealing with difficult business environments—while also keeping the needs of their people in mind. In the last two years alone, 1 in 2 companies have had to transform several parts of their business faster than ever, and often at the same time.

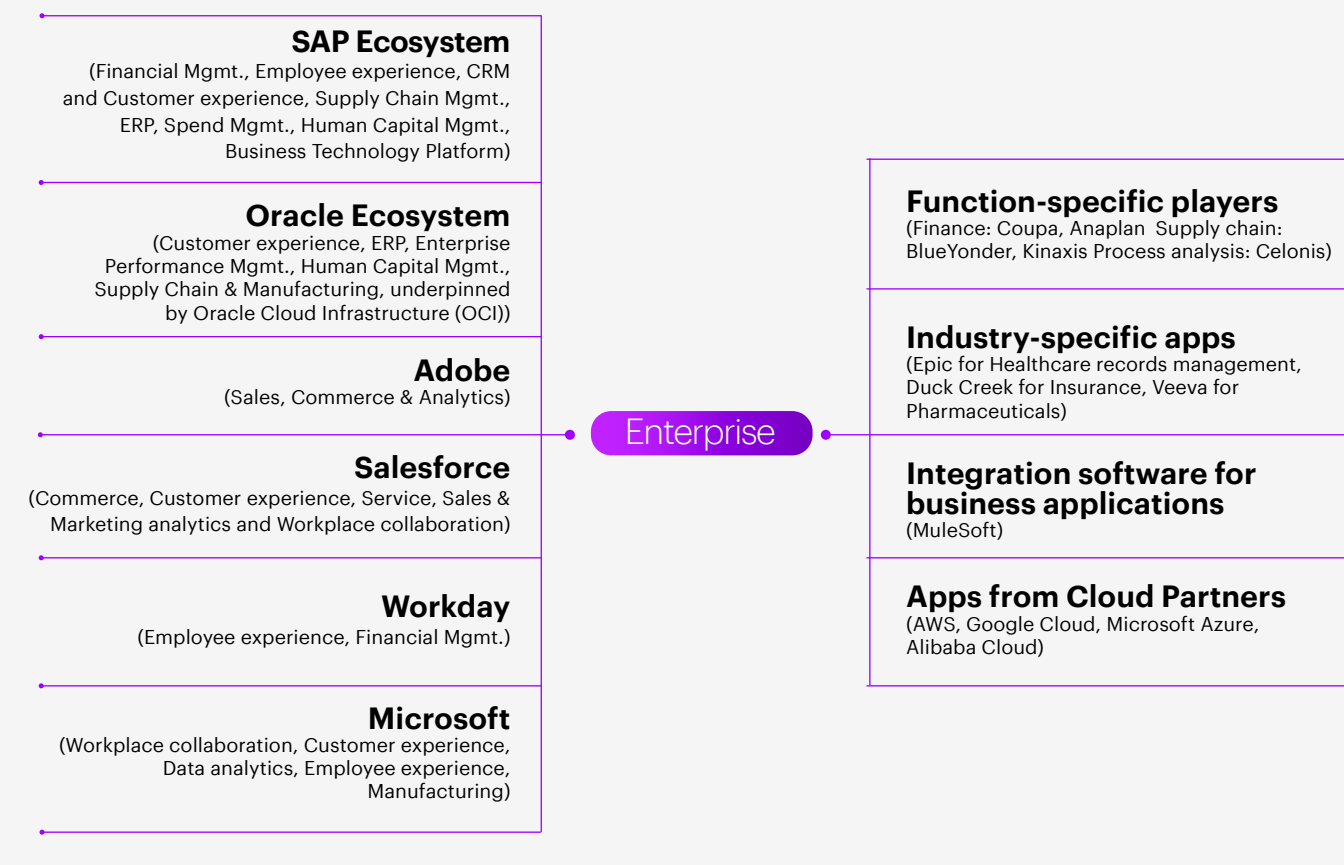
We call this **compressed transformation**.



To achieve compressed transformation, businesses are moving rapidly to the cloud. At the same time, they are exploring multiple applications and platforms to unify data, services and experiences and solve wider organizational needs. (Figure 3)

Figure 3 A plethora of applications and platforms

Today's companies can choose from a broad range of enterprise applications and platforms.



Note: Illustrative figure showcasing key capabilities, not comprehensive. These platforms may offer additional capabilities.

Our survey confirms this proliferation of applications: most enterprises currently have more than 500 applications and eight out of 10 say they will continue expanding their application footprint. But only those that seamlessly connect these applications—the Inter-connected—stand to realize the highest value from their investments.

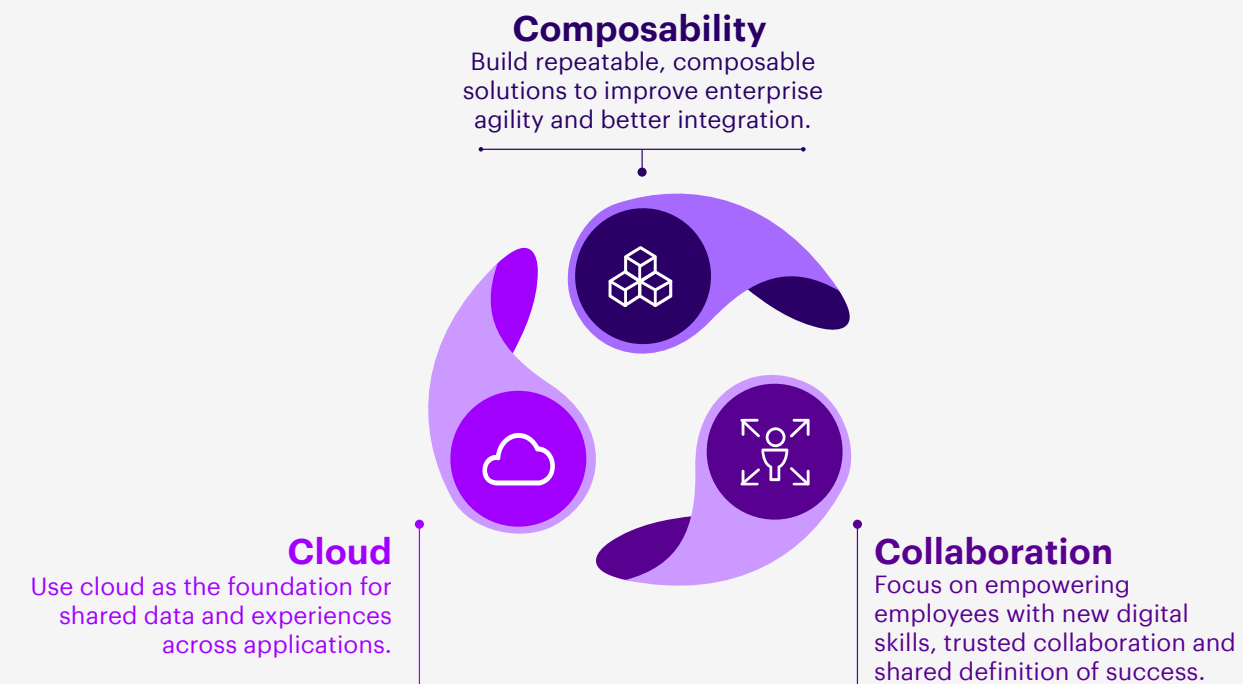


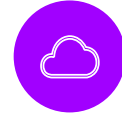
Success factors: **cloud, composability, and collaboration**

There are three prerequisites for a successful interoperable application and platform strategy: senior leaders must be on board with (1) prioritizing cloud as the foundational layer, (2) adopting a composable approach to architecture and (3) investing in skilling and a trust-based, collaborative culture (Figure 4).

Figure 4 How to become Inter-connected

To become Inter-connected, leverage the cloud, build composable solutions and focus on purposeful collaboration.





1. Cloud

Inter-connected companies leverage the cloud as a technology, migrating existing applications to it and investing in cloud-based enterprise applications. The cloud integrates data and experiences across applications, creating one version of truth.

They also use the cloud to change the way they work. Inter-connected companies create strategic agility and real-time insights by standardizing the processes and data across the enterprise. Interoperability like this breaks down siloes and creates resilience to explore new operating models.

Our research found that nearly

72%

Inter-connected companies and Semi-connected adopted public cloud and have already migrated 30% of their data and workloads.

While Disconnected companies are at 60%, a 12% lag.

We also found that Inter-connected companies used the cloud to build on the power of shared data and experiences, across applications.



2. Composability

Our research shows that Inter-connected companies view composability—the ability to create new functionality by configuring and reconfiguring various elements—as a key differentiator. They prepare their application architecture for composability by relying on open architectures and APIs that allow data and logic to flow transparently across applications.

With composability, organizations can plug prebuilt, interoperable solutions into their core operations at speed to drive real-time reinvention without disruption. These solutions are often curated for specific industries and functions, and act as a form of future proofing—giving organizations the dexterity to quickly adopt the technologies of tomorrow.

The biggest benefit of a composable approach is data analysis and sharing. With data flowing between connected applications, companies can easily share information with the entire organization so everyone is on the same page and has access to the best functionality for their current business needs.



3. Collaboration

Any transformation that doesn't include people is bound to fail—interoperable platforms are only one part of the equation. Companies need to use real-time data, analytics, and AI, together with new ways of working, to unlock the value of technology and empower people. This level of transformation requires new digital skills, trust in collaborative work and a shared definition of success.

Inter-connected companies have an unwavering focus on improving human connections with trust and skills. They continuously invest in building trust and skills with pervasive training, empowering IT and non-IT decision makers to make sound enterprise platform choices. They also build data-sharing mindsets to prevent data hoarding.

Sharing data inside and outside the organization is a given with Inter-connected companies. Decentralized data—where everyone is on the same page—helps companies avoid misalignment. The result is happier, more productive employees who can easily use company data to produce meaningful results, prepare presentations, comply with regulation or simply collaborate. Decentralized data also frees up almost two hours of employees' workdays in productivity alone. For a company that has 10,000 employees, this amounts to a productivity gain of almost 15,000 hours and \$100 million every year.³

Some of this culture change needs to come from the top. For most Inter-connected companies, the impetus to collaborate comes from leadership drawing up broad use-cases for new applications and challenging employees to solve them as a team—an internal “hackathon” of sorts.




Accelerating to reinvention

Today's companies want the ability to anticipate and respond to market forces—supply shocks, economic disruptions, competitive threats or new growth opportunities—in real time. To gain this ability, companies need to seamlessly connect the diverse technologies that power their business. Interoperability like this creates agility and a common, trusted view of data, which powers real-time insights and quality, cross-functional human connections.

But building and improving interoperability in a diverse platform landscape isn't easy. It requires meticulous planning and event sequencing, from choosing the right applications and platforms to designing repeatable solutions.

Luckily, there are ways to make the journey easier: companies can look to the cloud as a foundational layer, leverage composable applications and, finally, create a culture of collaboration with decentralized data and capabilities.



One in three companies is racing past the competition in growth, efficiency, resiliency and sustainability. Their secret? A total enterprise reinvention with interoperability as the catalyst.

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References

¹ What are enterprise applications? Enterprise applications help businesses run their core processes and functions. This includes software for managing customer relationships, running marketing campaigns or onboarding new talent.

² What are enterprise platforms? Enterprise platforms are the underlying layer that connects and enables multiple enterprise applications.

³ Based on average wages per hour data from [US Bureau of Labor Statistics](#). *Calculation:* Productivity gain with interoperability x Average hours worked per day per employee (8 hrs) x No. of employees (10,000) x No. of working days in a year (260) x Average wages per hour (\$32 as of June 2022 per US Bureau of Labor Statistics)

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