Companies are under increasing pressure to deliver the top- and bottom-line returns that drive growth and underpin value creation. However, sustaining profitable growth over time represents a significant challenge. This is where effective and efficient innovation has a vital role to play. But, for most companies, innovation high performance remains elusive.

Accenture believes that superior global product development and support capabilities will become a key differentiator of corporate financial performance. Our experience shows that successful companies view innovation and product development as a core business discipline. These organizations embed innovation throughout the product and service lifecycle – from discovery and execution through commercialization and ultimately to product/service retirement.

Accenture’s framework and approach to growth and value creation spans the key components of the innovation and product development value equation, drives better results than other methodologies, and ultimately leads to high performance.

**In short:**

Companies need to realize greater returns from the investments they are making in innovation. Currently, across large enterprises, almost half (48 percent) of Research and Development spend is wasted. This is due to a combination of weak market insight leading to poor customer acceptance and development delays which result in slow time to market. By having a R&D project portfolio aligned to a well-understood market demand, and sized to the capacity available to deliver, a company can achieve significantly improved time to market and a greater "hit rate" of products, resulting in an increased percentage of revenue delivered from new products and services.

R&D spend in large enterprises represents between 5 and 22 percent of total revenues. Streamlining and optimizing R&D investments represents a significant lever for improving the performance of the business. Even a 1 percent improvement in R&D efficiency can have a material impact on the business. A company can either choose to leverage the same committed resources to deliver increased R&D throughput, or to recoup those savings through an overall reduced R&D cost.

Talk of quality has been around for decades. But it remains largely ignored in the innovation and product development cycle, where it is, in fact, most critical. Companies can seize competitive advantage and generate business value by focusing early in the development lifecycle on quality in the design process and overall complexity reduction. The cost of product development can be reduced by 10–20 percent, since upwards of 80 percent of a product’s cost and quality is locked during the design phases. Focusing on quality from the outset can reduce the final cost of new products, as well as increasing the “perceived” quality from the customers’ viewpoint. This enhances both market share and brand value. Finally, improved quality has downstream revenue implications through its impact on lower warranty and support costs.
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Accenture delivers tailored end-to-end innovation, product development and support solutions that help global organizations to achieve high performance in today’s dynamic environment. These solutions span innovation (doing things appropriately and increasing the value of the innovation portfolio), through the entire product development process (fast, efficient and repeatable operations and execution), and on to downstream support (necessary to maximize profit throughout the lifecycle).

Innovation

Business Innovation
Too often, companies mistakenly focus only on products when thinking of innovation. The most successful innovators actually deliver competitively superior results through innovations inside the business itself – by constantly assessing the potential innovation opportunities that may emerge through a synthesis of customer insights, macro trends, emerging technologies and leveraging core competencies. In fact, business model innovation can occur in any one or more of the dimensions of operations including the supply chain, distribution network, manufacturing processes, operating model, and/or revenue model. The real power of these deep business innovations is that they are so difficult for competitors to replicate, and those that attempt simply to copy the result (such as a lower price point in the market) end up losing money at best, or being driven out of business altogether. Business Innovation is at the heart of identifying breakthrough growth opportunities. Accenture’s Business Model Innovation services have helped clients rethink their business processes and operating models to create sustainable competitive advantage in the market, and identify entirely new markets to develop and grow.

Fast Innovation
According to research, up to 80 percent of time-to-market is spent waiting, negatively impacting profit margins and undermining first-mover advantage. Typical development patterns provide only modest rates of return and a relatively long time to break-even. But with Fast Innovation, investment in innovation and product development starts earlier. The customer knowledge gained upfront pays off in significantly shorter development time and higher margins. Fast Innovation achieves this by refocusing innovation resources on challenges that matter; eliminating bottlenecks, capacity constraints, and delays; and leveraging open innovation as a tool for massive parallel processing of successes and failures – meaning that success is only paid for in terms of time and money.

Portfolio Management
Enhancing the product portfolio and reducing complexity starts by understanding consumer behavior and customer needs, and continues by improving the value chain based on those insights. Accenture believes that effective portfolio management is based on a customer-centric approach that balances customer demand and cost-to-serve – and that a company’s R&D project portfolio should be aligned to the market and sized to the available capacity to rapidly deliver on projects in the pipeline. The portfolio should also be properly balanced between the near-term incremental innovation needed to remain competitive in the current market, and the breakthrough innovation that delivers significant upside growth potential for the future. Complexity and costs created in the supply structure must be justified by the revenue generation created in the demand structure. High performers take an integrated approach to portfolio management that focuses on rapidly achievable top-line growth as well as the bottom-line impacts, in terms of cost and efficiency.

Frugal Innovation
Emerging markets represent a major growth opportunity, but they also present a fundamental challenge. To succeed in these markets, companies should innovate to deliver to customers at a radically lower price-point and through less effective levels of infrastructure than in the developed world. Accenture understands that Frugal Innovation is not just about redesigning products; it involves rethinking entire production processes and business models from the ground up, rooted deeply in customer insights that are specific to the emerging markets in which companies plan to operate. The benefit of such an approach is twofold: first, it is essential for companies that wish to succeed in high-growth emerging markets; and second, the results of Frugal Innovation (such as manufacturing, product features, and even new service models) can be brought back to the developed world to improve competitive positioning and profitability. Accenture’s strong footprint in emerging markets enables us to provide deep local market insight for our clients, along with the ability to rapidly develop, test, and scale Frugal Innovations in those markets, and ultimately to help our clients leverage the value of those innovations into the broader global marketplace.
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Product Development

IPD Transformation
In their drive to become more competitive, many companies are focused on evolving a Product Development strategy that will transform the organization and deliver high performance. Establishment of this new strategy will require a transformational roadmap and detailed plan, usually involving multiple initiatives, aggressive timelines and a comprehensive business case. By leveraging our deep experience across all industry sectors, market research and detailed analysis tools, we help companies to develop this roadmap. By using our proprietary assets, we identify where process efficiency and quality improvements can be achieved, the talent strategies needed to help ensure establishment and retention of a sound workforce, critical PLM capabilities, and the new operating model that will facilitate the organization to sustain and scale to the new strategy.

PLM Enablement
Enabling PLM processes through new tools and technology can bring significant improvements in both time-to-market and cost reduction. But these processes should be executed correctly. The complexities involved in enabling a new toolset can be amplified by legacy systems, as well as by the amount of data, processes and people that are impacted. Accenture recognizes these complexities and with our vast experience, knowledge of PLM capabilities, tool sets (including PTC, Oracle/Agile, Siemens/TeamCenter, Dassault Systems, SAP/PLM, and others) and field-tested enablement methodologies, we work with clients to develop and deliver a detailed plan and roadmap for achieving all targeted outcomes.

Global Operating Model and Services
Establishing a global footprint in a dynamic and cost-sensitive environment demands a clear strategy for the company’s engineering workforce. Accenture supports the development and enablement of this strategy through leading end-to-end solutions at lower cost. Accenture’s Global Operating Model and Services build upon our nearly three decades of experience and our deep industry skills. Our solutions focus on defining the global operating model that includes global processes, outsourcing, off-shoring, and managed services. While some providers view global operating models and services purely in terms of labor arbitrage, we address them holistically as a means to achieve high performance in underserved or non-core areas, while releasing resources to focus on high-value activities.

Value Engineering and Lean Six Sigma
The systematic application of Value Engineering methods and Lean Six Sigma process improvements to product development will enable a product organization to develop products cost-effectively while continuing to meet customer needs. Analyzing end-to-end business processes to identify and address key non-value add activities and process challenges can have a significant impact – reducing product costs and improving delivery schedules. Accenture’s experience in Business Process Re-engineering brings real-life experience from multiple industries to analyze and enhance companies’ product development processes and address the key value levers that directly impact product delivery to the market, product cost and product quality.

Product Complexity and Cost Management
Increased product complexity can negatively impact product cost flexibility and speed-to-market. This represents a particular challenge in a world where supply-chain costs throughout multiple industries are on the rise. Our experience shows that:
- Direct materials and components make up 60 to 80 percent of product costs
- Component fragmentation and limited reuse drives up product costs by 10 to 15 percent and increases component count by 30 to 70 percent.

Increasingly global product design and distributed supply networks are further increasing product complexity and product costs. Accenture has developed a number of tools and approaches to help organizations combat these rising supply-chain costs, including:
- Component fragmentation assessment, including an estimate of potential benefits
- Component parametric data model development and population
- Component parametric and substitutability analysis
- Global sourcing and supplier consolidation
- Governance and component standardization metrics.

We have deep experience in taking out supply-chain costs and ultimately helping to increase revenue, including:
- An end-to-end part standardization process playbook across 20 commodities
- A financial model to estimate benefits and track results
- Component parametric analysis tools and global sourcing process including selected total cost models and a methodology for limiting future component fragmentation.

Closed-Loop Quality
Poor perceived product quality can quickly lead to deteriorating sales performance, high return rates and, subsequently, a damaged brand image. Accenture understands how to identify perceived product quality by capturing market trends, mapping the competitive landscape, and listening to the voice of the consumer.

We leverage this information to enable closed-loop total product quality by helping our clients to drive strategic product decisions, refine product design, achieve product quality and sustain consumer satisfaction throughout the product lifecycle. Accenture has collaborated with clients in the consumer electronics, mobile device, home appliances, and life sciences industries, developing customized approaches that address their unique market and product challenges – from concept validation and requirements prioritization to product quality transformation.

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Design for Serviceability

Product Design is not just about manufacturing or production – it impacts the entire lifecycle of the product through manufacturing and point-of-sale to customer usage and retirement. This means product design should account for the cost, timeliness and complexity of effort involved beyond manufacturing across the entire usable product lifecycle. The following factors should be considered:

• Ease of servicing the products and reachability (from a technician or repair person standpoint)
• Verifying reliability and maintainability (product design should not compromise on effective usage or availability of the product – it should work functionally)
• Simplification of Service BOMs dependent on Manufacturing BOMs
• Commonality of service parts across multiple product lines to reduce complexity in the supply network.

Accenture helps clients make excellent design decisions by rigorously analyzing downstream support costs. We also support PLM lifecycle capability development by defining and delivering BOM Management, Product Lineage and Parts BOM management.

Product Retirement

Accenture leverages its worldwide workforce to deliver a full portfolio of services in product engineering and product support. These services include engineering services, IPD analytics, content management and embedded software development. This reduces clients’ overall operational costs and allows the organization to exert greater focus on core activities while leveraging outsourced services and talent for non-core activities (such as product after-sales support, product EOL and retirement).

Business Model Innovation

With a market valuation implying expectations of just 3 percent annual growth in the future, this leading wireless telecom provider was searching for new growth opportunities. Past growth had been driven, in part, by large acquisitions and joint ventures, but the probability of sustained growth through acquisition was diminished. While the company had set a goal of organically adding US$1 billion in revenues within four years, recent new offerings had achieved limited success in the marketplace. Accenture identified target areas of exploration by conducting research and creating the initial point of view about opportunity areas. We also facilitated insight-driven workshops with subject matter advisers from both client and Accenture to generate hundreds of business ideas that were synthesized into new growth platforms. These platforms were sized and prioritized, with venture pitches and go-forward development and pilot plans created for the leading two candidates, each of which targeted an attractive adjacent market opportunity worth more than US$20 billion.

Fast Innovation

The success of low-cost airlines was putting increasing pressure on this airline client’s turnover and margins. As a result, the company urgently needed to achieve top- and bottom-line growth. To address this situation, the airline had initiated an Innovation program, but it had difficulty realizing the benefits and was experiencing poor-quality innovations, slow speed-to-market, and a low overall success rate. Accenture was engaged to help drive powerful ideas, improve speed-to-market and enhance the airline’s overall innovation success rate. Accenture conducted an Innovation Performance Assessment to analyze the as-is state, before making a number of design improvements to the existing Innovation program. Key actions included supporting program management in defining the ultimate end goals of the program, outlining the new governance structures and necessary cultural changes – including communications, leadership engagement, and incentives – and designing an implementation plan for changes to the innovation process. The result? Easier and more successful project management due to increased visibility into processes and deliverables; less strain on scarce resources due to clarified roles and responsibilities; increased speed-to-market due to a simplified process supported by tools and technologies; and, ultimately, an increased success rate due to improved portfolio management.

Helping our Clients become High Performance Businesses

We have worked with clients on a range of Innovation, Product Development and Service initiatives that demonstrate the value of the services Accenture provides.
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Accenture combines decades of experience and insight in Innovation and Product Development with our extensive cross-industry skills and successfully demonstrated performance diagnostics to help our clients become high-performance businesses. We work with our clients to operate their businesses using consistent, accurate data that provides the appropriate information to the right people at the right time.

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Support

We have worked with clients on a range of Innovation, Product Development and Service initiatives that demonstrate the value of the services Accenture provides:
PLM Enablement

As a result of a recent acquisition, this technology hardware client was incurring high legacy system costs, dealing with continuous risk from an unsupported legacy infrastructure, and facing cost pressures from an increasingly competitive landscape. Accenture was engaged to help establish the right path forward for enabling a set of comprehensive PLM capabilities that enabled a refined end-to-end PLM process. Throughout the engagement, we teamed with our client to rebuild the product realization engine’s foundation with a common set of processes, data standards and tools. We were able to simplify the processes for search and reuse of intellectual property and designs, while achieving efficiency and quality improvements for PDM transactions (up to 20 to 25 percent reduction in engineering-cycle times).

Product Complexity and Cost Management

A leading manufacturer of home appliances was struggling with a decentralized procurement organization that made it difficult to develop sourcing strategies. Because the company’s global design centers did not share the same product development system, it was difficult to control new part creation and to assure optimal part selection. Acquisitions had further increased product complexity and part fragmentation. Accenture developed an overall strategy and approach for addressing Component Rationalization and Product Complexity. This included the development of an end-to-end process playbook, delivery of global training to engineering and procurement, creating a financial tracking model and developing a three-year plan for Component Rationalization across its entire US$8 billion spend, 65 commodities and 120,000 parts. This resulted in 40 to 70 percent parts consolidation, a new component rationalization process and analytical toolkit, new contracts with suppliers, a new data and process governance to sustain benefits, and US$185 million savings.

Global Product Support

A large hi-tech software and device manufacturer needed to improve end-user satisfaction for the PLM implementation that enabled product engineering across its globally dispersed engineering organization. Additional objectives were to centralize the support function to reduce cost of ownership, migrate away from a legacy Agile PLM solution with minimal impact to business and provide 24x7 support for its Teamcenter (TC) deployment. Accenture mobilized a team of skilled technical resources within four weeks, quickly gained a deep understanding of the client’s business processes and ensured a smooth transition from an onsite support model to an offshore model. The team provided continuous Business Platform Interface Support for 1,000 users across three geographical sites. This resulted in reduced cost of ownership for the PLM system. The optimized support structure met SLA expectations from Day One, while reducing costs by 10 percent and realizing a significant increase in user experience.

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