UNIFIED PRODUCT MODELS:
LAUNCH PADS FOR OPERATIONAL EXCELLENCE AND HYPER-PERSONALIZED CUSTOMER EXPERIENCES
Businesses in the communications equipment and high-tech sectors – along with their counterparts in other industries – need to respond to two macro trends: the empowered customer and as-a-Service business models.

Empowered customers not only want the ability to influence and customize the products and services they consume, but they feel almost entitled to a highly personalized product or service. Customer loyalty is fleeting and subject to frequent change, based on products and services that can provide them with instant gratification. If they don’t get the experiences they are looking for from one provider, they’ll switch to another.

With software becoming the primary mechanisms to deliver product capabilities, industries are pivoting to as-a-Service models to capture market share. It’s no longer possible to differentiate solely on the basis of product features. The connected services and experiences that customers expect are becoming the major determinant of competitive advantage.

A SHIFTING MARKET

As a result of these two macro trends, we’re seeing a number of dramatic “shifts” colliding in the market that require a significant change in how organizations define their product models. The exponential growth of product data has seen most companies move from having a handful of product data management systems to multiple, complex systems. In fact, over half now have 20-plus product data management systems and 10 percent have more than 50. As well as far more complex systems, companies now have to address an almost incalculable amount of data. More than 75 percent of organizations admit to feeling overwhelmed by the amount of data generated by their products and services.

The nature of what companies need to deliver is changing dramatically too. It’s no longer sufficient to create simple, standalone products. Instead, meeting customers’ demands requires companies to provide bundles of hardware, software and services that can meet the needs of an Everything-as-a-Service economy. And that aligns to the fact that nearly half of executives surveyed by Accenture say that their most successful innovations over the past two years have been improved customer experiences rather than standalone products.

NOT JUST WHAT, BUT HOW

As well as what they focus their efforts on (i.e., integrated hardware/software/services), how companies ideate, design and develop for the ‘new’ is also changing. No longer solely an upfront activity, today product lifecycle management (PLM) extends far beyond the engineering function. That also means that the stakeholders involved in the product lifecycle extend beyond the confines of the company. Collaboration is intensely focused on the needs of the customer, with companies extending their range of collaboration partners to include customers, suppliers and industry peers.

Harnessing inspiration and innovation from wherever it may be available is also critically important. That’s because customer experience is no longer simply a feature of a product: it’s the principal driver of differentiation. Little surprise, then, that 92% of executives Accenture surveyed say that they want to deliver hyper-personalized experiences to their customers in order to achieve competitive advantage.

WHY THE TRADITIONAL PRODUCT DATA MODEL IS DEAD

Responding to all these drivers of the ‘new’ means that companies that have relied on the conventional approach to product data management face an impossible task if they stick with those methods. Using the standard hierarchical Bill of Materials (BOM) or Bill of Information (BOI) is creating overwhelming complexity as products/services/experiences proliferate. Current product data structures cannot provide the agility and flexibility required to innovate and develop at speed in order to meet rapidly changing customer demands. What’s more, a lack of data integrity and integration across functions and business units means businesses cannot effectively collaborate (both within and beyond their organization’s boundaries) and capture the new opportunities of an as-a-Service world.

Figure 1

![Figure 1](image-url)
THE SOLUTION: A UNIFIED PRODUCT MODEL

Architecting the right puzzle pieces, at the right time, can produce a “master piece” that extends beyond the capabilities of Bill of Material (BOM) and Bill of Information (BOI) to what Accenture calls Unified Product Model.

The Unified Product Model integrates the full stack of market offerings from hardware - firmware - software to experiences. In parallel, the Unified Product Model supports the entire end-to-end value chain from Concept through to Support.

To compete in the new market environment, organizations need to develop unified product models that expand in two directions:

- vertically to integrate all components of a market offering: hardware, firmware, software and experiences and
- horizontally across the products’ value chain, from concept, design and engineering to supply chain planning, manufacturing and commercialization, to sales/marketing, operations and support.

Such unified product models not only allow companies to define and capture business value of every component of the market offering at every stage of the lifecycle, but they also yield a number of operational benefits:

- **Efficiency** of processes and collaboration in sourcing, procurement, and manufacturing
- **Effectiveness** of sales operations
- **Cost** of data maintenance
- **Complexity** of products and processes

But perhaps even more importantly than achieving operational benefits, organizations that reinvent their approach with a new integrated and unified product model will gain considerable business advantages. They will be able to compete more effectively by meeting rapidly evolving customer requirements.
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