



# Total Enterprise Reinvention

The strategy that leads to a new  
performance frontier



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# Executive summary



# Are you a Reinventor, a Transformer or an Optimizer?

# Will you define the top quartile for your industry or simply be in it?

The pandemic and unprecedented challenges of the past three years have tested CEOs and their leadership teams. Post-pandemic, most leadership teams of large companies are rising to the occasion, transforming more than ever before, faster than ever before—which we call “compressed transformation”—and accepting that all strategies lead to more technology. We call these companies the “Transformers.” This is vital work, different than pre-pandemic, and should feel good. Don’t stop. Yet don’t be satisfied.

There’s a new imperative being driven by a handful of companies that are quietly and systematically changing the game and their industries. These are the “Reinventors,” building on their experience as Transformers to embrace what we call “Total Enterprise Reinvention.”

Their goal: to reinvent over time every part of their companies, centered around a digital core and new ways of working that establish a culture and capability for continuous reinvention. In doing so, they’ll set a new performance frontier for their companies—improved financials, the ability to achieve perpetual breakthrough innovation, increased resilience in the face of any disruption, and an enhanced ability to create value for all stakeholders. While this reinvention strategy begins with building a strong digital core, it is much more—technology plus. Defining what the top quartile will be in your industry.

We predict in about three years, the full impact of the courageous companies that adopt Total Enterprise Reinvention will be felt. This report is about what is coming, not what is already here at scale. It lays out the opportunity to be the leader in this fast-emerging business environment. Read on to understand what you can do to become a Reinventor.



## The following report is based on our research and on Accenture's depth of understanding working globally with clients and partners to deliver outsized results.

Our 738,000 people serve more than 9,000 clients globally across more than 40 industries—including 89 of the Fortune 100 and 60% of the the world's 2,000 largest companies, as well as major governments. We are the leading partner of most of the world's largest technology companies. Our people are privileged to help the world's leading companies and governments transform today, while being in a position to anticipate what they'll need tomorrow.

In 2022, we predicted that to thrive over the next decade, companies will need to harness five key forces of change:

1. Embracing and executing a Total Enterprise Reinvention strategy
2. Being the winner in accessing, creating and unlocking talent
3. Leading in sustainability in how they operate and what they sell
4. Capturing the power of the metaverse
5. Continuously leveraging the on-going technology revolution.



These key forces of change are overlapping and interdependent. For example, you cannot fully harness forces 3, 4 and 5 without succeeding in the first two. And yet they also are distinctive and called out as such because underlying each are profound shifts across the business, even the past three years. From technology to the needs of employees, consumers, business customers and partners, businesses are being called on to dramatically change the ways they work, engage and transact, as well as leadership mindsets and skills from the C-suite to the newest hires.

The basis for these five key forces begins with technology. We have been at the center of a profound decade of technology change. In 2013, our Technology Vision report had foreseen that “every business is a digital business.” Pre-pandemic, many companies remained skeptical of the true impact of technology on their strategy and competitive advantage. And in part, this was because while technology change had been exponential, key parts of the business were still relatively untouched by technology advancements—for example, manufacturing and the supply chain, which

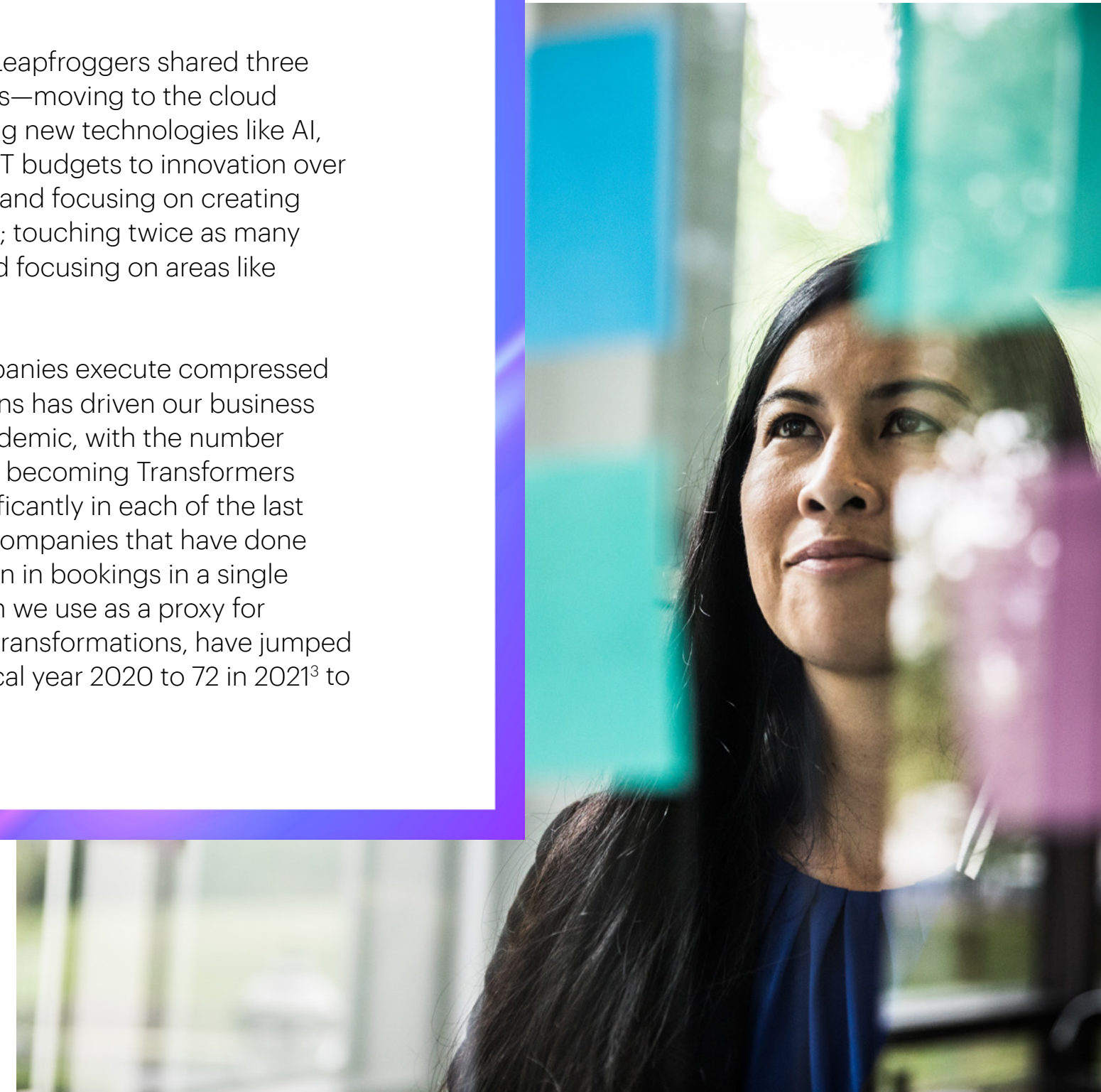
we call the next digital frontier. Even now, the merging of information and operational technology is still very early days, with new technologies like digital twins emerging at scale only in the last couple of years.

In 2019, our [landmark research](#) on enterprise technology strategies and their impact on performance showed Leaders in tech adoption and innovation were growing revenues at 2x the speed of Laggards.<sup>1</sup> Then, of course, the pandemic changed everything, jolting the world online and exposing which companies were Leaders or Laggards. Just 12 months after the pandemic, [updated research](#) showed the gap between Leaders and Laggards had grown to 5x revenue growth from 2x, with Leaders doubling down on investments faster than ever before.<sup>2</sup>

In studying this evolution, we identified an entirely new group, one we named the “Leapfroggers,” those who compressed their digital transformations to convert the pandemic’s challenges into new opportunities. In doing so, they leapfrogged their peers and are catching up to the Leaders.

Leaders and Leapfroggers shared three characteristics—moving to the cloud and embracing new technologies like AI, flipping their IT budgets to innovation over maintenance and focusing on creating broader value; touching twice as many processes and focusing on areas like training.

Helping companies execute compressed transformations has driven our business since the pandemic, with the number of companies becoming Transformers growing significantly in each of the last three years. Companies that have done US\$100 million in bookings in a single quarter, which we use as a proxy for compressed transformations, have jumped from 53 in fiscal year 2020 to 72 in 2021<sup>3</sup> to 100 in 2022.<sup>4</sup>



# The new imperative

Our experience with the world's leading companies and governments and our latest research demonstrate the time to embrace Total Enterprise Reinvention is now. And in doing so, we've shifted from measuring digital leadership and innovation—Leaders, Leapfroggers and Laggards—to evaluating companies as Reinventors, Transformers and Optimizers.

**The convergence of three factors has inspired a small but growing number of companies to become Reinventors.**

## The Macro

A macro environment with an unprecedented level of volatility has created both serious pressure and the need to find new opportunities. Our Global Disruption Index—a composite measure that covers economic, social, geopolitical, climate, consumer and technology disruption—estimates macroeconomic volatility has increased 200% since 2017 as compared to only 4% from 2011 to 2016.

## Technology

Advancements now make technology a critical enabler of reinvention across virtually every aspect of the enterprise, with an expectation that these advancements will continue. In other words, all strategies lead to more technology, and all strategies require an understanding that technology will continue to change what is possible.

## Post-Pandemic Transformation

Leadership teams across industries should feel proud. Not only did most large companies navigate the shock of the pandemic well; they also rapidly adapted, changing their approach to technology and transformation. The boldness of Reinventors is rooted in the successful experience over the past three years of companies that made significant strides in replatforming to the cloud, taking on technology-enabled compressed transformations, and either transforming multiple parts of their organization at once instead of sequentially, or doing large-scale transformations faster than ever before—and often both.

**The more companies have transformed, the more they've recognized the opportunities to connect transformations and work across functions to fundamentally change every part of their business. It is a when, not an if. And they've also seen the challenges. Research we conducted in 2022 found that seven out of 10 enterprise transformation efforts fail to fully meet business leaders' expectations.<sup>5</sup>**



# The time is now

Our research shows only 8% of companies are moving to adopt a strategy of Total Enterprise Reinvention. Most companies—86%—are Transformers. They focus on transforming parts of their business rather than the whole and tend to treat transformation as a finite program rather than a continuous process.

Many, though, are beginning to recognize the importance of establishing a new performance frontier—just under half of Transformers (43%). In fact, this group says they aspire to set a new level of performance in their industry through their transformation programs. These “Aspirational Transformers” are best primed to become Reinventors.

Six percent of companies are what we call Optimizers, focused on functional transformations limited in scope and ambition. Technology is not a significant enabler of their transformations.





# Defining Total Enterprise Reinvention

Total Enterprise Reinvention is a deliberate strategy that aims to set a **new performance frontier** for companies and in most cases, the industries in which they operate. Centered around a strong digital core, it helps drive growth and optimize operations.

Total Enterprise Reinvention isn't a to do; it's a to be. It requires continuous, dynamic reinvention. It becomes a unifying force, across the C-suite and every function and business area, because, by definition, all are involved and accountable for its success. It demands an outside-in perspective that connects what's happening at the company with what's happening in the world. And it requires new skills and an increased depth of understanding of technology, change management, communication and how to leverage partners to achieve results faster.

**1. Reinvention is the strategy.**  
It is no longer an execution lever.

**2. The digital core becomes a primary source of competitive advantage.** It leverages the power of cloud, data and AI through an interoperable set of systems across the enterprise that allows for rapid development of new capabilities.

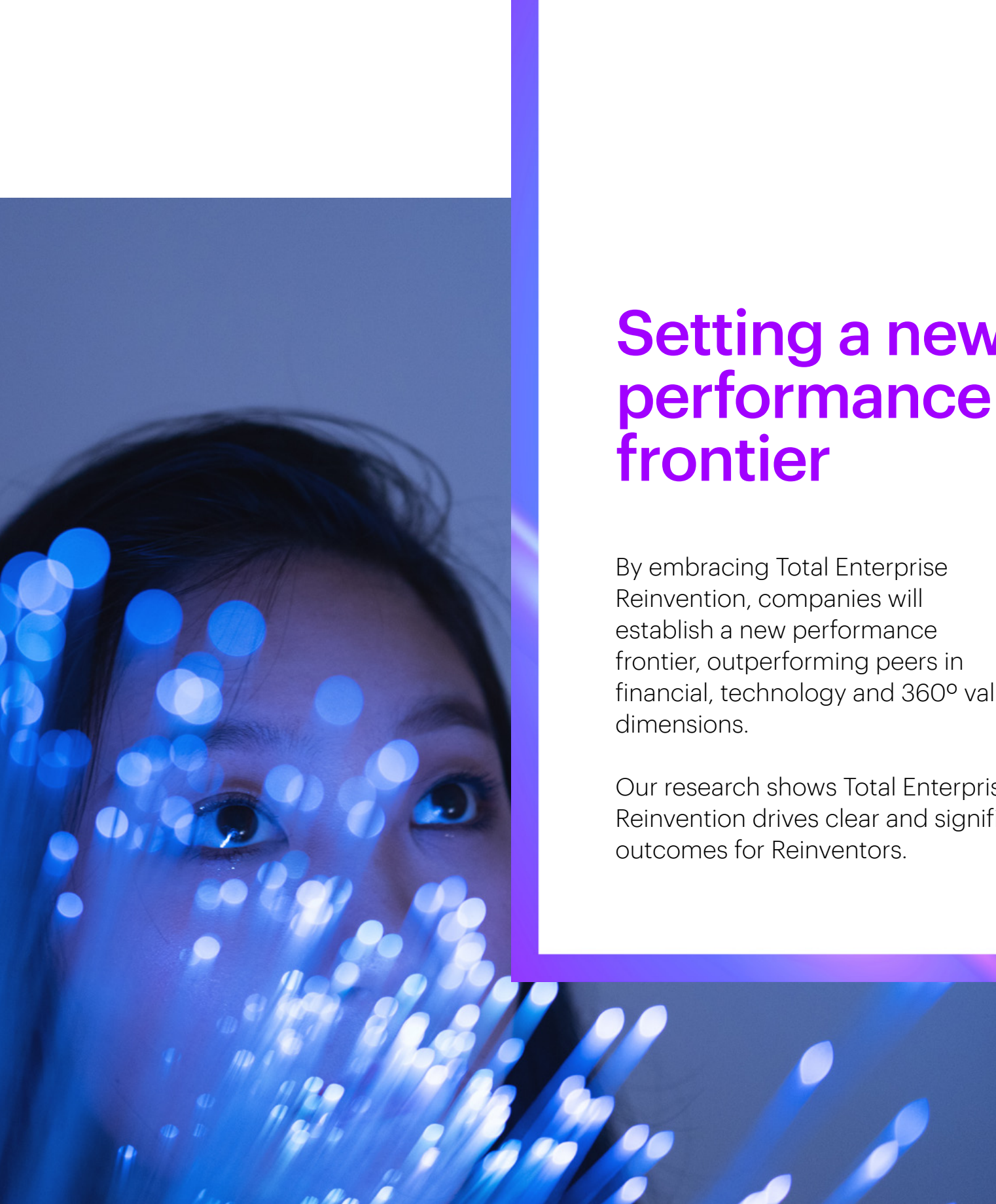
**3. Reinvention goes beyond benchmarks, embracing the art of the possible.**  
Technology and new ways of working create a new performance frontier.

**4. Talent strategy and people impact are central to reinvention,** not an afterthought. These companies consider change management a core competency.

**5. Reinvention is boundaryless and breaks down organizational silos.** It tackles capabilities end-to-end.

**6. Reinvention is continuous.** It is no longer a time-defined one-off, but a capability continuously tapped by the organization.





## Setting a new performance frontier

By embracing Total Enterprise Reinvention, companies will establish a new performance frontier, outperforming peers in financial, technology and 360° value dimensions.

Our research shows Total Enterprise Reinvention drives clear and significant outcomes for Reinventors.

**Financial impact:** Reinventors report generating 10% higher incremental revenue growth, 13% higher cost-reduction improvements and 17% higher balance-sheet improvements compared with Transformers. Those numbers are significantly higher when compared with Optimizers at 22%, 21% and 20% respectively.

**Technology speed to results:** Reinventors report delivering 1.3x more financial value in the first six months than Transformers (1.6x more than Optimizers)—a reflection of the speed at which such companies execute and deliver increased value. Indeed, 66% of Reinventors say the delivery of their reinvention strategy is happening significantly faster relative to past transformations. By comparison, only 27% of Transformers and 10% of Optimizers say the same.

**360° value:** Reinventors more actively generate what we call “360° value,” looking beyond financials to long-term, sustainable value for all stakeholders. Seventy-six percent of companies that pursue Total Enterprise Reinvention say setting non-financial targets is very important, compared with 32% for Transformers and 10% for Optimizers. Compared with industry peers, Reinventors perform 32% better on sustainability and 31% better on experience—for customers, suppliers and employees. They also score 11% higher on innovation, 11% higher on “net better off” outcomes for talent, and 7% higher on inclusion and diversity.



# Charting a path to become a Reinventor

**We believe all companies will need to adopt Total Enterprise Reinvention as a strategy in the coming years. Here are four categories of questions to help shape a path forward.**

## Ambition and strategy

- Where are you today: are you a Reinventor, Transformer or Optimizer?
- Have you defined the performance frontier for your company, and how does it measure against the best in your industry and the best in other relevant industries? Are you matching the leaders or setting the new benchmark?
- Is your entire C-suite held accountable, as a primary metric, for the success of your current transformation programs, or is the business or function lead primarily accountable?

## Talent

- Do leaders have sufficient technology acumen to understand the art of the possible and what it can do to drive reinvention?
- Do you have existing change management capabilities to support your continuous transformation journey, or are you standing these up for each transformation project?
- Do you use data to measure your transformation, and is the same form of measurement used for all programs?

## Digital Core

- How would you assess your digital core? What is its level of maturity and what are its known gaps?
- Is the ability to use technology investments to achieve sustainability and other 360° value objectives and any negative impacts formally included in technology investment decisions?

## Transformation initiatives currently underway

- Are the leaders of your current transformational initiatives able to articulate the changes that will occur across the enterprise, and are they using metrics that take a cross-functional view?
- Can your leaders articulate the partnership strategy for each transformation program, how that strategy is enabling them to deliver outcomes faster and increase certainty of outcomes as well as how the partner fits into your talent strategy?



# About the research





# We took a multi-method approach

## Total Enterprise Reinvention CxO survey

Accenture Research conducted a survey of 1,516 C-suite executives in November 2022. Respondents were asked about their organization's approach to business transformation and reinvention strategy, as well as about their specific programs and success factors. We conducted the survey in 10 countries: Australia, Canada, China, France, Germany, India, Italy, Japan, United Kingdom and the United States. Respondents represented 19 industries: Aerospace and Defense; Airline, Travel and Transport; Automotive; Banking (Retail); Capital Markets; Chemicals; Communications, Media and Entertainment; Consumer Goods and Services; Energy; Healthcare; High Technology; Industrial Goods and Equipment; Insurance; Natural Resources; Pharmaceuticals, Bio Tech and Life Sciences; Public Services; Retail; Software and Platforms; and Utilities.

Based on survey responses, we identified three groups of companies:

- Total Enterprise Reinventors (8% of the sample)
- Transformers (86% of the sample)
- Optimizers (6% of the sample)

We compared the success of transformation programs, both in terms of 360° value impact and enabling factors, across these three groups.

We also ran a logistic regression to understand how each principle of Total Enterprise Reinvention is related to a company's probability of outperforming its industry segment peers, in terms of the financial value that the transformation delivers. The financial value of the transformation is based on incremental revenue growth, cost reductions and balance sheet improvements. The regression controls for company specific factors such as company size and headquarters location.

## 360° value performance analysis of Total Enterprise Reinventors

We compared the non-financial performance of companies we identified as Total Enterprise Reinventors, based on expert input, relative to their industry-segment peers. We used non-financial performance elements of Accenture's 360° value framework for the analysis: sustainability, experience, innovation, talent, and inclusion and diversity (I&D).

Each sub-component is based on a set of indexed scores. Sustainability covers environmental, social and governance scores. Experience consists of scores that reflect customer experience, ecosystem partners experience (supplier churn, vendor churn, etc.) and employee experience (e.g., recommendation to friends). Innovation is based on the efficiency of tangible and intangible expenditures. Talent is based on the 'Net Better Off' outcomes, consisting of a company's performance in the areas of compensation and benefits, work/life balance, employment quality, occupational health and safety, culture and values, and human capital development. I&D is based on employee diversity and product accessibility.



## Global Disruption Index

We created an overall measure of disruption to assess the level of volatility and change in the external business environment. The index is based on the average of six sub-components, that cover the economic, social, geopolitical, environmental, consumer and technological spheres. Each of the sub-components is based on a set of indexed scores for a range of indicators.

The economic component is based on economic risk ratings, Volatility Index (VIX), Gross Domestic Product (GDP) volatility and inflation volatility. Geopolitics is based on the risk of geopolitical instability. The social component reflects social unrest and non-participation in the labor market. The environmental component reflects the frequency of climate-related disasters and climate-driven risk. The consumer component reflects pessimism at a global level, based on the inverse of the OECD's Consumer Confidence Index. Finally, the technological component is based on an index comprised of 24 indicators, which use the presence of disruptors and performance of incumbents as proxies for the level of disruptive innovation in industries.

## Potential of technology to reinvent work

We assessed the potential of technology to enhance how we sense, comprehend, act on and learn from information and data. This involved the following steps:

### Step 1:

We classified 2,100 examples of tasks from the O\*Net and US Bureau of Labor Statistics. These examples consisted of 330 separate tasks that make up 851 occupations. The classification involved taking the "action" verbs from the task descriptions and assigning those verbs into four subcomponents: sense, comprehend, act and learn.

Doing this created a training set. We then used this manual classification to train a machine learning model, which improved the accuracy of classification. The machine learning model gave a score from 0 to 1, which indicates the probability that a given task falls into one of those four groups.

### Step 2:

We analyzed the current distribution of work activities within individual occupations, to understand the time allocated to different tasks. Based on expert input, we estimated the potential of technological innovation to reinvent a specific task, either by automating it or by augmenting it. Using those two elements, we calculated the share of time that would be reinvented by technology, across all occupations.

### Step 3:

The results from step 2 were combined with the latest US employment data by occupation, to get an estimate of the share of hours worked in 2021 that could potentially be reinvented by technology. Results were also aggregated by job cluster and industry.



## Data-science analysis of investor communications

We used a Transformer-based natural language processing (NLP) method to analyze the investor communications of the world's largest 2,000 companies between 2018 and Q3 2022. We did this to identify patterns in mentions of key words related to business transformation and reinvention. We also performed topic modelling on extracts from investor communications related to strategy, in order to identify the co-existence of "strategy" topics with other technology-related topics.

## Skills demand, based on job postings

We analyzed which skills are in higher demand among Reinventors than among other companies in their industry segment. This analysis was based on the Lightcast US job postings database. The list of Reinventor companies is a combination of companies identified by industry experts and those companies that fulfill all of the total enterprise reinvention criteria in the survey. The job postings were extracted from 2021 onwards.

We then calculated the share of each skill requested, compared to the total number of skills requested in all job postings. Next, we calculated the difference of skill shares between each Reinventor and its industry-segment peers. This enabled us to understand which types of skills are more important for Reinventors (because they are more likely to request them in job postings than are other firms).

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## About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent and innovation-led company with 738,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

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