Composing for agility in the era of compressed transformation

Amplify speed to value through prebuilt, interoperable solutions

accenture

The pace of change accelerates every day—with the average timeline for any transformation taking 18-to-24 months rather than several years.

It is not just that the pace of change has heightened—the fronts upon which change must happen have multiplied.

Companies are dealing with everything from rapidly changing customer demands to increasing supply chain disruptions, economic uncertainty and the implications of geopolitical unrest more frequently than in the past. These complex business challenges mean they need to be more agile and resilient than ever before.

We conducted a survey of 4,053 C-suite executives across global geographies and 19 industries between December 2021 and March 2022. We found that in the past two years alone, one in two companies have had to transform at great speed—and often on several fronts.[1] We call this undertaking **compressed transformation:** changing faster, transforming multiple parts of the business at once, and connecting enabling systems, data and processes across multiple functions and platforms simultaneously.

Contending with all of this requires **total enterprise reinvention:** Organizations must embark on systematic, continuous transformations of their entire enterprises to future-proof and achieve differentiated business outcomes.

The role technology plays in enabling and accelerating total enterprise reinvention is indeed immense.

Applications drive differentiation.

Today's era of business transformation is driven by explosive technological innovation, in which we are seeing a proliferation of applications and application providers.

During the past decade, while the number of cloud providers has consolidated, the number of applications for the average large enterprise has increased. Of the companies we surveyed, a majority of large enterprises used more than 500 applications from almost as many vendors. Take marketing, for example: Marketing activity has moved from offline and mass media to online and social media in the past decade.

Each new application represents an opportunity for organizations to differentiate and address evolving industry needs. Organizations are indeed already starting to capitalize on the abundance of choice to drive their transformations—increasingly embracing the multiplatform world by choosing applications with niche capabilities from a variety of partners.

Exhibiting this, in the past two years 69 percent of organizations have increased the number of application vendors they use, and 81 expect to add more.[3] We have seen this trend increase over time, as businesses have shifted away from just enterprise resource planning (ERP) integration and toward multicloud capabilities. But companies today face an imperative: to create an integrated network effect that multiplies the value of their many technologies.
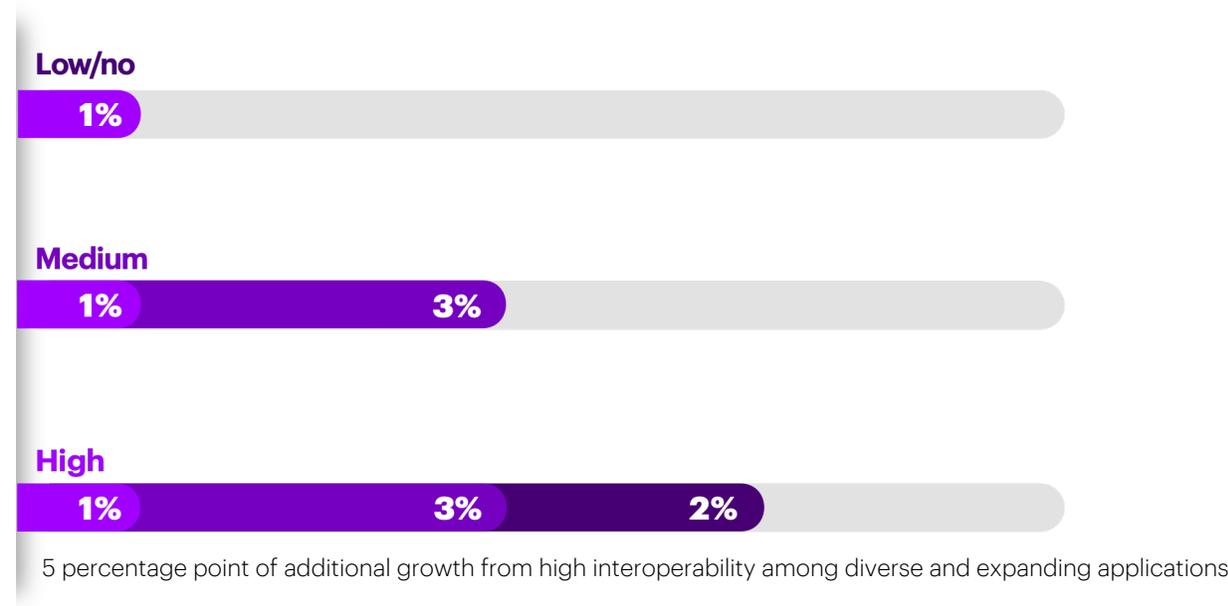
↑53x

the number of enterprise technology vendors that cater to marketing has grown from 150 to 8,000, a 53x increase.[2]

Successful technologies should be integrated.

Unlocking value against the backdrop of application proliferation means organizations should ensure the applications they choose can work together to drive outcomes that benefit the whole enterprise, not just siloed areas. Achieving such outcomes is only possible if companies can ensure data doesn't simply move between those applications, but is translated into the same language, becoming both interpretable and interoperable.

Data scientists and technologists have long sought a technological Rosetta Stone to decipher different datasets and create one enterprise version of truth. That's because when interoperability is enabled, companies can transform faster, better and cheaper. Moreover, companies with high interoperability **unlocked up to five additional percentage points** of revenue growth than low/no interoperability companies stuck in the technology status quo (see figure at right).[4]

Average revenue growth last FY (in %)

Low/no
1%

Medium
1%   3%

High
1%   3%   2%

5 percentage point of additional growth from high interoperability among diverse and expanding applications

Setting the stage for rapid value realization.

In the past companies worked around the interoperability challenge by being rigid about the technology we used and picking applications from the same vendors.

But this approach is far too limiting in a world where applications are proliferating and where differentiation is harder than ever. Now it is possible to achieve both interoperability and freedom at once: through composability.

Composable tech means building upon the digital core companies have in place to power their enterprises, quickly incorporating necessary new or enhanced capabilities through additional applications, supporting easy integration.

It requires a fundamental shift—from creating a technology architecture composed of static, monolithic and standalone parts to creating one comprising composable pieces.

Connecting these platforms and applications, running them in the cloud, and adding an advanced data integration layer lets businesses decipher the data required to make better, faster decisions. Composable tech compresses transformation time because it leverages proven, repeatable solutions that can be configured and reconfigured at speed to address changing business needs—and set the stage for rapid value realization.
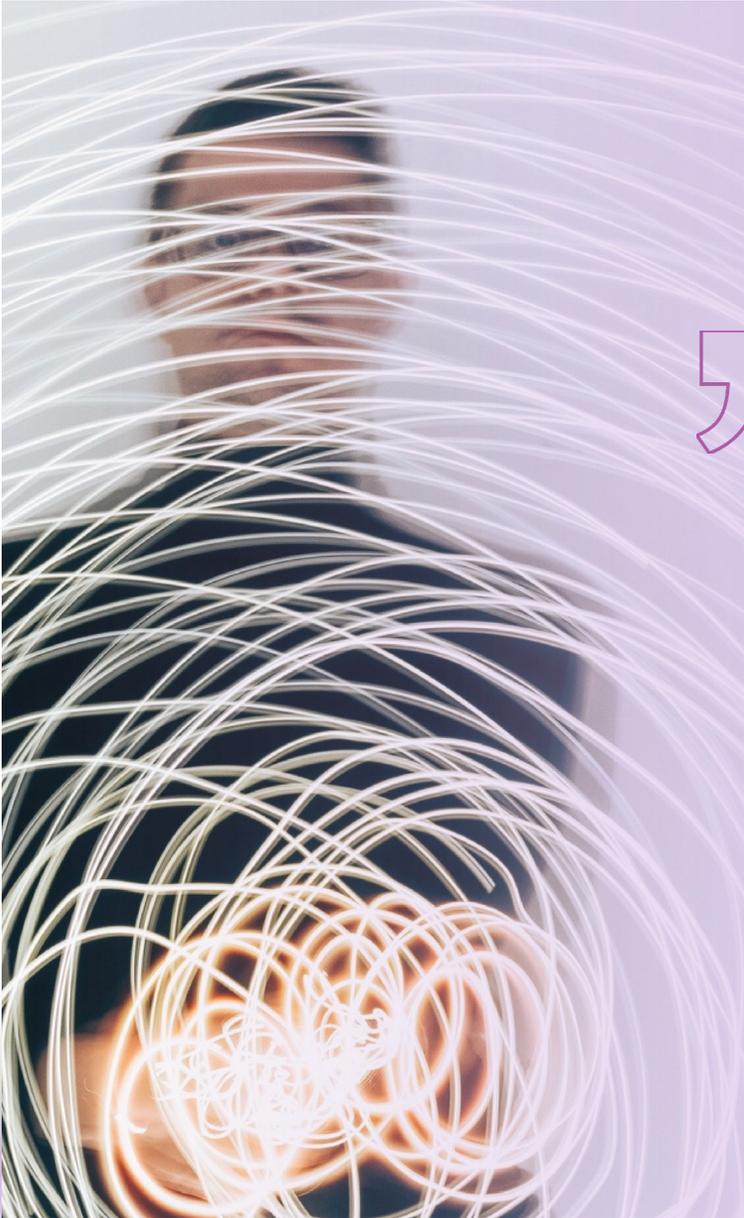
Composable tech is becoming part of our new lexicon in business. Gartner® writes:

"Sustaining and maximizing favorable business outcomes for the accelerating digital industrial age requires that enterprises shift to a business design that maximizes the potential of digital technology. A key aspect of digital technologies that affects all areas of business is the ability to compose and recompose various elements of business rapidly and inexpensively. A business design that allows for such composability is necessary to both capitalize on opportunities and address threats from continuous disruption. This design should work along with other societal, cultural, and economic factors that affect the economy and business landscape.[5]"

At Accenture, we work closely with CxOs across all industries to enable and accelerate enterprise transformation.

Each CxO has different reasons driving their need to transform. For example, CFOs are focused on creating a single version of the truth across the enterprise; CHROs are obsessed with employee experience; and chief supply chain officers are addressing myriad complexities across the value chain, considering geopolitical events. These C-suite players must integrate—now more than ever before—to move with the agility that's required to keep pace in the era of total enterprise reinvention. **The impetus is on CIOs and CTOs to be the champions of composable tech by configuring and reconfiguring business critical applications—while still ensuring interoperability.**

Companies have already started to make strategic decisions about their applications, but many are struggling to set up the right environment for integrating those applications. **Why?**

Firstly, most organizations are surrounded by semi-structured and unstructured data—from social media to machines to sensors and more. In fact, 63 percent of the data an average enterprise handles today is unstructured.[6] A few have acquired specialized applications to handle unstructured data, but many lack the capabilities to make sense of this undecipherable data. And even fewer possess the capabilities, computing power and know-how to combine this big data with curated and structured, high-quality datasets to produce meaningful insights or make decisions. In other words, without interoperability, most investments in big data are not delivering full value.

57%

of respondents only focus on interoperability at a time of critical need.

Secondly, interoperability is not a priority for most organizations. Historically, achieving interoperability has been expensive and time-consuming for enterprises, requiring custom connections to be built for each integration. As such, it has been easier for organizations to push integration aside. **Attesting to this, our research also found that 57 percent of respondents only focus on interoperability at a time of critical need, and 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.**[7]

This problem only intensifies the larger and more complex your application landscape is—**with 66 percent of organizations surveyed claiming that having many applications and technical complexity is one of their top three barriers in making their enterprise applications interoperable.**[8] Considering the average number of applications is currently 1,048,[9] continuing down this road is not only a technical headache but an actual business risk.

66%

of organizations surveyed claiming that having many applications and technical complexity is one of their top three barriers in making their enterprise applications interoperable.[8]

Key technology trends have finally coalesced to make composable tech possible today.

Technology has changed immensely in the past decade to enable radical agility through composability tech.

Cloud as the foundation is now ubiquitous,

allowing for hyperscale computing in an organization's core operations as well as at the edges. With this ability, organizations can pull and query data across the entire enterprise.

The ecosystem posture has changed to open architecture,

meaning organizations have been freed to pick and choose their applications for differentiation based on industry, functional or customer need—not provider. For example, Microsoft has embraced an open-source stance with collaborative applications, and SAP is pivoting toward a product suite that operates on a cloud-based digital platform.

Integration services are widely available and cost effective,

making interoperability faster, cheaper and more accessible. All of this has set the stage for a new, composable reality to drive businesses into the future.

How to become
integrated and agile.

1. Build upon your digital core

Companies are most agile when their applications are run in the cloud and built upon a digital core. The digital core layer is where organizations can store their operational platforms to keep their businesses running and access all the shared data across the enterprise. Serving as the backbone of an organization, the digital core provides the agility, flexibility and easy interoperability necessary for enabling resilience through total enterprise reinvention.

We are working with Vodafone EVO to evolve its digital core, helping it become a next-generation connectivity and digital services provider. Together, we are broadening the company's digital capabilities and modernizing its infrastructure by composing SAP S/4HANA and other SAP on-premise solutions with software-as-a-service (SaaS) flexibility and a Google Cloud model. This transformation will improve business agility and cost rationalization by giving Vodafone EVO a modern, scalable and future-ready ERP system.

2. Create one enterprise data model and a digital integration hub

Without an underlying enterprise data architecture and structured data, keeping pace in today's fast-paced environment simply is not possible. **Introducing a digital integration hub that can provide the integration and data management services needed to make sure the data and applications flow seamlessly together is critical to the success of a composable approach.**

We worked with Mars on its digital manufacturing journey, which involved combining on-site and cloud technologies to create a digital factory foundation. Mars wanted to improve its efficiencies and overall cost margins, embed more flexibility across its supply chain and improve the experience for employees using these systems to rapidly scale globally. By connecting internet of things (IoT) sensors into the digital factory foundation, we improved users' visibility for monitoring the factory and devices in real time. We also helped Mars deploy a digital twin that lets users test possible actions without disrupting operations, and we enabled prototyping of new apps that could be added in. Lastly, we partnered with Mars on teaching their employees to use their innovative technologies and create lasting change. Together, Mars and Accenture embraced modularity and composable tech every step of the way.

3. Accelerate with proven, repeatable solutions

To be truly agile, companies need to harness pre-integrated, preconfigured solutions they can plug into their core operations at speed to drive real-time reinvention. These solutions are often curated for specific industries and functions and act as a form of future-proofing, helping organizations easily plug the technologies of tomorrow into their business—from the metaverse to the space verse and to the bio verse.

For example, we preconfigured a smart fleet solution providing predictive and preventive maintenance. We used the Microsoft Azure Asset IoT Hub to integrate real-time equipment data from IoT sensors and SAP master and transactional data.

This composable approach provides technicians a single, interactive map of all their equipment, with the ability to predict future failures and identify preventive maintenance that could be done before a piece of equipment breaks down. Ultimately, combining these repeatable solutions reduces production downtime and inventory shortages, helping to protect organizations' bottom-line revenue.

We are also working with a leading consumer goods organization to create an integrated digital manufacturing platform, which provides a range of self-service tools for operational technology experts, process subject matter experts, factory IT engineers, data scientists app developers and data operators. This platform will form the backbone for enabling diverse use cases ... such as giving data operators OEE dashboards, materials visibility and the ability to monitor conditions in real time. Additionally, it will let the company scale the same use cases across multiple production lines and factories with speed and efficiency.

Composing your team.

Cracking the code on composable tech requires one-of-a kind technologies—and one-of-a-kind talent and teams. As part of our delivery model, we have created six key roles designed to come together, integrating to serve the end customer:

1. **The consumer** leverages the applications—they are the business user with a focus on the end goal.

2. **The assembler** chooses and composes applications that will address specific business needs.

3. **The curator** manages the marketplace for prebuilt, reusable components.

4. **The enterprise architect** visualizes and models the composable architecture.

5. **The data architect** models the data layer underneath the composable architecture.

6. **The maker** designs and creates the modular business blocks and provides deep knowledge in developing software applications.

We have also created a first-of-its-kind Composable Tech Studio to bring composability to life for our clients at the pace of business change. The catalog of assets and accelerators in our studio includes strategy and industry transformation blueprints, our Smart Enterprise Data Hub and technology integration accelerators. The studio supports faster builds, configurations and deployments of composable solutions, improving agility and speed to market for clients.

Composable tech drives value across many dimensions.

Composable tech builds agility into the heart of organizations—the agility to not just cope with the effects of disruption and change, but to turn uncertainty into opportunity through faster, better and cheaper transformation and innovation.

Gone are the days of "transform and run." Organizations must now configure and reconfigure based on their evolving organizational needs. With composable tech, organizations are setting themselves up with the agility and resiliency they need to move at the pace of business change and explore new pathways for growth.

Composable tech is not just about accelerating the path to financial value. Rather, it is also a key driver for unlocking value faster through greater innovation, reinvented experiences and strategic outcomes.

For instance, **44 percent** of the organizations we surveyed reported they expect the interoperability of their applications to significantly change how they report and track environmental impact over the next three-to-five years.[10] On top of that, being able to share data in a multiplatform world may soon make or break a company; our research found only **54 percent** of the companies we surveyed ranked their ability to combine and analyze their data within their partner/supplier ecosystem as high, and it dropped a further 10 percent within their industry.[11] Composable tech gives us the opportunity to change that by unlocking the value of an organization's data once and for all.

44%
expect the interoperability of their applications to change how they report on sustainability

Accenture plays a key role in giving clients visibility into the best applications out there, helping them make the right decisions about which to choose and composing those applications for value. By working with Accenture, clients can make radical agility a reality and undertake continuous, low-risk and rapidly scalable delivery and innovation cycles they could not make possible on their own. We are giving the world's biggest companies access to industry-leading assets and tools for creating value—many of which have been developed by us.

Like our clients, Accenture is also building a composable tech enterprise architecture, and we are continuously improving our approach as we learn. We are at an exciting pivot point in business where the potential to radically accelerate value has never been greater. We're investing in plug-and-play assets and methods, and curating modular, connected solutions so clients can configure and reconfigure solutions at pace— and accelerate their path to value in a multiplatform world.

References

1. Enterprise Applications Software Global Survey Findings, Accenture, March 2022.
   https://www.accenture.com/value-untangled

2. Brinker, S. Marketing Technology Landscape 2022: search 9,932 solutions on martechmap.com.
   https://chiefmartec.com/2022/05/marketing-technology-landscape-2022-search-9932-solutions-on-martechmap-com/

3. Enterprise Applications Software Global Survey Findings, Accenture, March 2022.
   https://www.accenture.com/value-untangled

4. Ibid.

5. Quick Answer: What is Composable Business Architecture? Foundational, Gartner, Refreshed 26 April 2022, Published 26 October 2020 - ID G00737195.
   GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

6. Enterprise Applications Software Global Survey Findings, Accenture, March 2022.
   https://www.accenture.com/value-untangled

7. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

11. Ibid.

Authors

Emma McGuigan
Global Lead
Enterprise & Industry
Technologies

Emma McGuigan leads Accenture Enterprise & Industry Technologies group, which helps clients achieve enterprise-wide transformation by bringing Accenture's deep technology, functional and industry expertise across SAP, Microsoft, Oracle, Salesforce, Workday, Adobe and other leading platforms. For these IPS platforms, Emma oversees Accenture's relationships, strategy and capabilities globally and across all industries. She is a member of Accenture's Global Management Committee.

Brian McKillips
Growth & Strategy Lead
Enterprise & Industry
Technologies

Brian leads Enterprise & Industry Technologies strategy, as well as the Connected Solutions group. He helps businesses solve some of their greatest challenges by driving accelerated digital transformation and exploring new ways to employ technology to meet their business goals.

About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Technology and Operations services and Accenture Song—all powered by the world's largest network of Advanced Technology and Intelligent Operations centers. Our 721,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at www.accenture.com