



They pursue **four key initiatives** that require **new business capabilities** along the value map.

Experienced and intelligent **high tech** companies need to constantly innovate across their value chain to drive profitable growth and adapt to how customers want to acquire, use, and pay for their products and services.

- **Subscribing to outcomes** – Companies deliver outcomes, not just traditional products or services, and generate new revenue streams through result-driven offerings.
- **Competing as a network** – Existing outsourcing models are maturing into a network of interconnected suppliers, value-added resellers, and trading partners.
- **Scaling with a platform** – Companies deliver next-generation products and services using the power of an ecosystem of partners and developers.

	Product innovation and sourcing	Supply chain	Manufacturing	Marketing as growth driver	Selling outcome	Customer service excellence	Human resources	Finance	Procurement
<b>Consumption-based business model</b>	<ul style="list-style-type: none"> <li>Enable product individualization through flexible, high-performing, and easy-to-use configuration and classification capabilities</li> <li>Simplify decision-making and processes across the enterprise through intuitive visualization</li> </ul>	<ul style="list-style-type: none"> <li>Monitor consumption quantities in real time and incorporate them into supply and replenishment plans</li> <li>Accurately forecast future consumption with the help of machine learning (ML) techniques</li> </ul>	<ul style="list-style-type: none"> <li>Enable production order flexibility based on customer priorities</li> <li>Improve user experiences to deliver personalized, responsive, and intuitive applications</li> <li>Track and trace individual products</li> </ul>	<ul style="list-style-type: none"> <li>Support subscription-based business models</li> <li>Deliver commerce experiences</li> <li>Monitor brand performance in the market</li> </ul>	<ul style="list-style-type: none"> <li>Enable product configuration and variant management including costing</li> <li>Provide performance-based charging</li> <li>Ensure outcome-based solution offerings</li> <li>Allow omnichannel solution selling</li> </ul>	<ul style="list-style-type: none"> <li>Enable a network for product data collaboration</li> <li>Provide offerings, subscriptions, and usage-based services in one contract</li> <li>Deliver performance-based service and "products as a service"</li> <li>Enable tailor-made service offerings</li> </ul>	<ul style="list-style-type: none"> <li>Manage external contractors in a flexible way</li> <li>Procure and manage contingent labor and services for optimized service delivery across regions</li> </ul>	<ul style="list-style-type: none"> <li>Provide real-time project financial performance to ensure overall solution profitability and manage risk</li> <li>Ensure financial controlling of performance-based service contracts</li> <li>Enable real-time postings to recognize revenue supporting different revenue recognition methods (IFRS 15)</li> </ul>	<ul style="list-style-type: none"> <li>Find and contract talent with specific noncore skills to drive new strategies outside the current business scope</li> </ul>
<b>Realizing an intelligent supply network</b>	<ul style="list-style-type: none"> <li>Manage requirements, mechanics, electronics, software, and simulation tied to a single product design and compliance collaboration platform</li> <li>Define and analyze product costs</li> </ul>	<ul style="list-style-type: none"> <li>Gain immediate insights on information with planning, execution, prediction, and simulation analysis done at the finest level of granularity</li> <li>Employ real-time supply planning beyond material requirements planning (MRP) to provide supply plans at the speed the business requires</li> <li>Ensure integrity in the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Advance and embed finite production and capacity planning</li> <li>Detail scheduling with harmonized master data</li> <li>Integrate materials management from shop floor to warehouse</li> </ul>	<ul style="list-style-type: none"> <li>Improve customer service levels by planning based on customer prioritization</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate precise and reliable sales forecasting</li> <li>Respond to demand fluctuations through live inventory management and material flow analysis</li> </ul>	<ul style="list-style-type: none"> <li>Provide digital value-added services</li> <li>Enable a network for collaboration on equipment data</li> </ul>	<ul style="list-style-type: none"> <li>Empower employees to make decisions in real time and focus on value-adding activities</li> <li>Improve productivity through a state-of-the-art, user-centric user experience</li> <li>Enable flexible work teams spread across the globe to work on a single set of data</li> </ul>	<ul style="list-style-type: none"> <li>Manage increased financial risks associated with highly flexible supply chains and manufacturing operations</li> <li>Automate reconciliation with the business network</li> <li>Maintain effective controls and ongoing compliance</li> </ul>	<ul style="list-style-type: none"> <li>Enable a single platform to manage all operational procurement processes, both direct and indirect</li> <li>Automate and simplify integration of material suppliers</li> <li>Reduce direct materials cost through optimization of supplier negotiations</li> </ul>
<b>Providing digital smart products</b>	<ul style="list-style-type: none"> <li>Provide a systems engineering approach (including mechanical, software, electronic)</li> <li>Embed a technologies foundation for product networks</li> <li>Enable a visual digital product twin for all enterprise processes</li> <li>Prioritize product features that drive user adoption and willingness to pay</li> <li>Drive feedback to resolution rapidly</li> <li>Remediate product design challenges proactively</li> </ul>	<ul style="list-style-type: none"> <li>Integrate material management from shop floor to warehouse</li> <li>Enable rapid and collaborative sales and operations planning, including what-if and scenario planning</li> <li>Monitor real-time consumption directly on devices</li> </ul>	<ul style="list-style-type: none"> <li>Enable digital components tracking</li> <li>Respond directly to customer demand signals and orders by increasing automation through ML and AI, the IoT, and experience data feedback from the machine user, service technician, and others</li> <li>Ensure 3D printing for spare parts</li> <li>Carry out advanced testing and connectivity management</li> </ul>	<ul style="list-style-type: none"> <li>Ensure in-product software installation and management</li> <li>Power trusted digital experiences with first-party data</li> <li>Use customer feedback and broad market feedback</li> </ul>	<ul style="list-style-type: none"> <li>Ensure collaborative solution and value selling</li> <li>Enable effective entitlement management for software, services, and digital content</li> </ul>	<ul style="list-style-type: none"> <li>Provide services for digital smart products</li> <li>Provide an equipment network to connect digital products in the field</li> <li>Enable a seamless, as-built equipment information handover to aftermarket services, including the operator experience</li> <li>Understand what customers desire in terms of fulfillment service</li> </ul>	<ul style="list-style-type: none"> <li>Train and certify the workforce on new digital technologies, along with knowledge sharing and community building</li> <li>Enable flexible work teams</li> <li>Ensure knowledge sharing and community building</li> <li>Monitor employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>Have the ability to include payment models for digital services into product calculation and financial reporting</li> <li>Ensure digital rights management and compliance</li> <li>Manage increased financial risks of highly flexible manufacturing operations</li> </ul>	<ul style="list-style-type: none"> <li>Ensure strategic and agile global, multitier supplier network management, enabling economies of scale and flexible call orders</li> <li>Optimize the purchase strategy</li> </ul>
<b>Achieving customer intimacy</b>	<ul style="list-style-type: none"> <li>Support co-innovate and structure-requirement collection based on customer interactions and experience feedback</li> <li>Enable product innovations resulting from actual usage and incident reports</li> <li>Modularize product concepts and platform models across product families</li> </ul>	<ul style="list-style-type: none"> <li>Enable on-time delivery and advanced requirement available to promise</li> <li>Support demand-driven collaborative supply networks</li> <li>Provide end-to-end supply chain visibility</li> </ul>	<ul style="list-style-type: none"> <li>Enable production order flexibility based on customer priorities</li> <li>Enable an agile and responsive manufacturing network</li> <li>Track and trace individual products</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate a single customer view</li> <li>Provide 360-degree customer intelligence</li> <li>Enable contextual customer engagement</li> <li>Ensure differentiated omnichannel customer experiences</li> </ul>	<ul style="list-style-type: none"> <li>Ensure product configuration and variant management including costing</li> <li>Manage all of your customers' entitlements related to software, hardware, and services</li> </ul>	<ul style="list-style-type: none"> <li>Personalize marketing and sales based on experience feedback</li> <li>Personalize the end-to-end service parts process</li> <li>Ensure sophisticated customer segmentation</li> <li>Enable mobile and empowered teams</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a top talent pipeline</li> <li>Attract and secure top talent</li> <li>Enable flexible contracting to work with customers</li> <li>Enable social collaboration among teams</li> </ul>	<ul style="list-style-type: none"> <li>Use simulation and analysis to evaluate financial implications of strategic business choices</li> <li>Enable strategic customer portfolio management</li> <li>Provide continuous cash collection</li> </ul>	<ul style="list-style-type: none"> <li>Find and contract talent with specific noncore skills to drive new strategies outside the current business scope</li> </ul>

**Typical business benefits\***

- New-product revenue: +10% to +20%
- R&D cost: -20% to -30%
- Products meeting revenue targets: +15% to +20%
- 10%–15% reduction in revenue loss due to stock-outs
- 10%–12% reduction in days in inventory
- Total manufacturing cost: -10%
- Manufacturing cycle time: -10%
- Scrap value: -25%
- Customer satisfaction: +10% to +20%
- Faster quote-to-order process: +95%
- Fewer customer complaints: -46%
- Revenue leakage: -7% to -9%
- Service delivery cost: -4% to -5%
- Cost of noncompliance: -4% to -5%
- Lower time and attendance function cost
- HR full-time equivalents: -44%
- Days to close annual books: -40 to -50
- Budgeting and forecasting cost: -25% to -50%
- Invoice processing productivity +10% to +40%
- Procurement function cost: -15% to -20%
- Worker acquisition time: -30% to -40%
- Days payable outstanding on targeted spend: -2 to -5

