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RETHINK, REINVENT, REALIZE.

How to successfully scale digital innovation to drive growth

AUTOMOTIVE - EOS

INTO THE NEW

THE IDEA: **FIND INDUSTRY X.O BEST PRACTICES!**

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OUR PREMISE AND RESEARCH QUESTION

When it comes to digital transformation, **scaling innovation pilots** is critical. Yet many clients tell us that they are struggling with this very step – and feel that they might get stuck with "piecemeal projects" that don't deliver significant value.

Can we find key best practices that could help them overcome their challenges, and drive real change, for real new growth?

GLOBAL SURVEY AT-A-GLANCE

n=1,350 responses from companies with 1bn+ in revenue

60% C-suite respondents

13 industries and **17** countries

AUTOMOTIVE – OES AT-A-GLANCE

n=108 responses from companies with 1bn+ in revenue

57% C-suite respondents

13 countries

THE RESULT: **IT'S ALL A MATTER OF MANAGEMENT!**

OUR KEY FINDINGS

Companies are scaling more than 60 percent of all digital PoCs, but less than two out of ten companies are doing it successfully.

➡ **A SURPRISE!**
(we didn't expect to find that many companies trying to scale!)

What's the difference? **The leading 15 percent manage their scaling efforts differently.**

Following the **four best practices** of these "Champions" is a recipe to **succeed at innovating for digital transformation.**

➡ **THE REASON TO READ!**
(these best practices are what readers will come for)

Source: Accenture 2019 Industry X.0 Survey

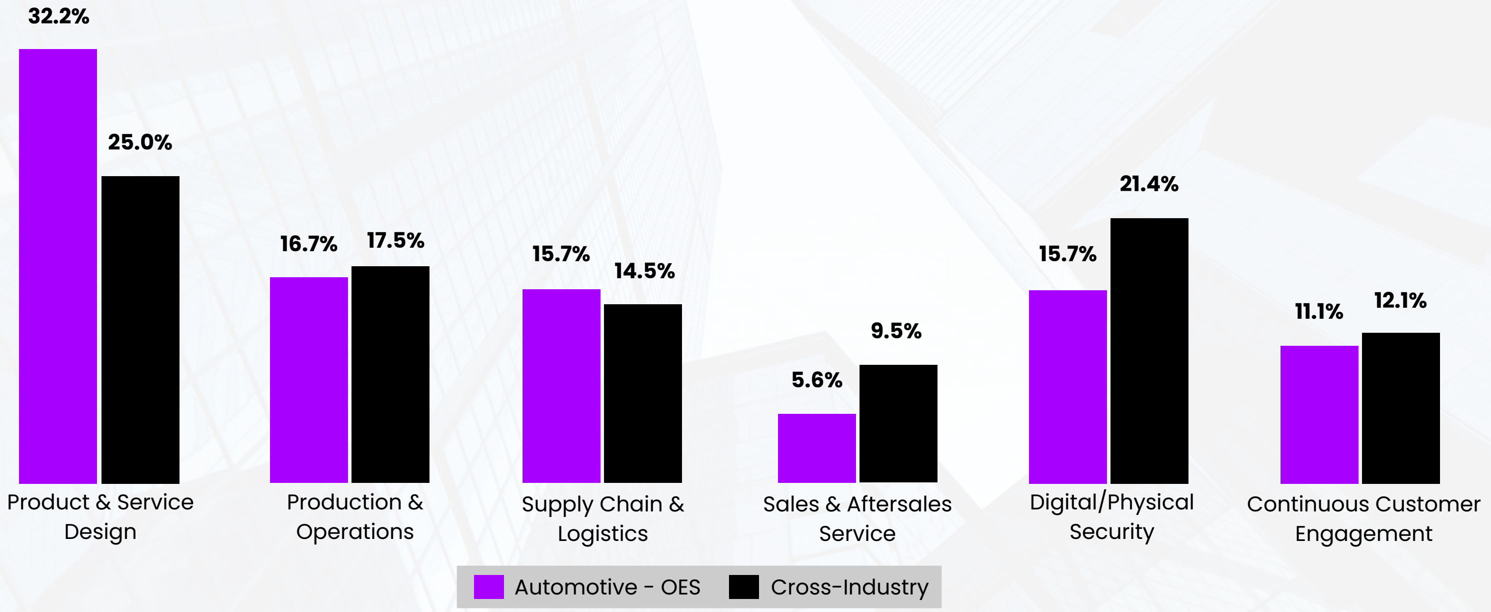
Q: WHAT'S THE **CURRENT STATUS IN SCALING** DIGITAL INNOVATION?

A: THINGS ARE **SPEEDING UP** –IN SURPRISING WAYS.

DESIGN AND PRODUCTION AND OPERATIONS ARE INNOVATION PRIORITIES FOR AUTO–OES COMPANIES

Design is an obvious innovation priority as they focus deeply on product quality and features. Production & Operations is a close second due to the emphasis on streamlined manufacturing operations and rapid turnaround.

*INNOVATION PRIORITY



* "innovation priority" = percentage of respondents who are prioritizing digital innovation in these business areas

Source: Accenture 2019 Industry X.0 Survey

AUTOMOTIVE – OES COMPANIES ARE SCALING DIGITAL POCs ACROSS BUSINESS FUNCTIONS

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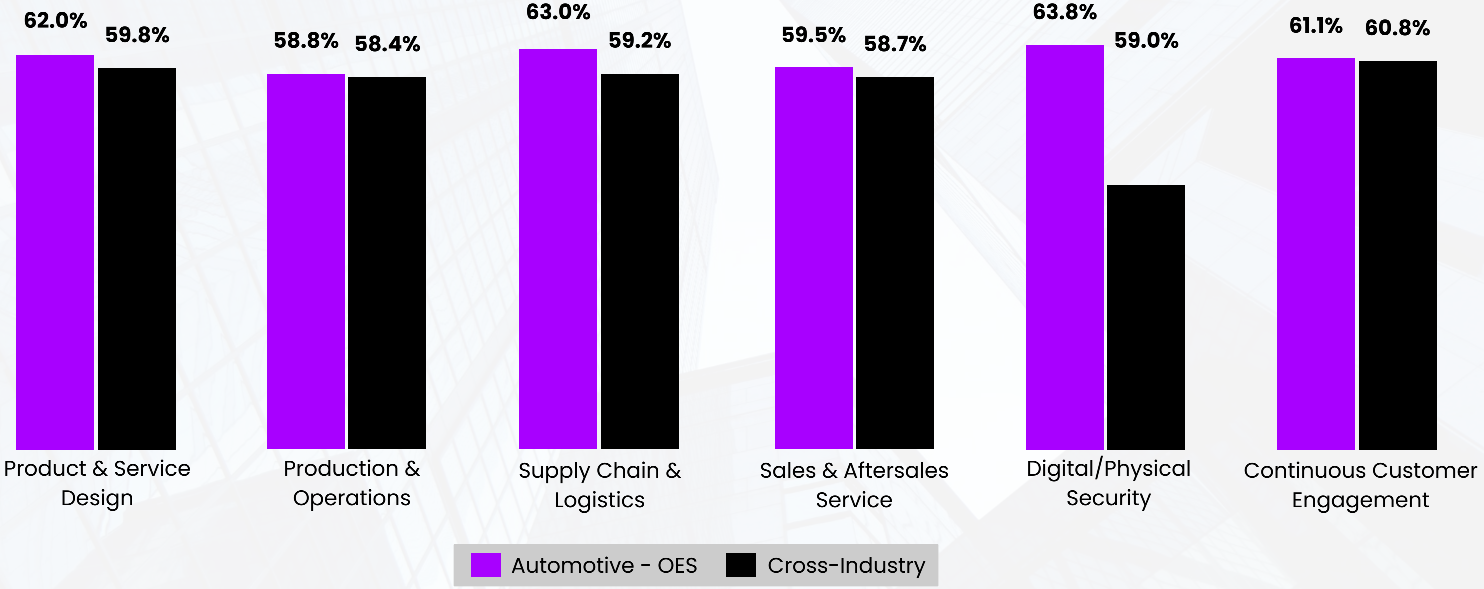
Automotive – OES manufacturers are almost evenly scaling digital POCs across key business areas

SCALING INTENSITY*



* "scaling intensity" = ratio of avg. number of proof of concepts scaled to avg. number initiated in each business function, across discrete and process industries.

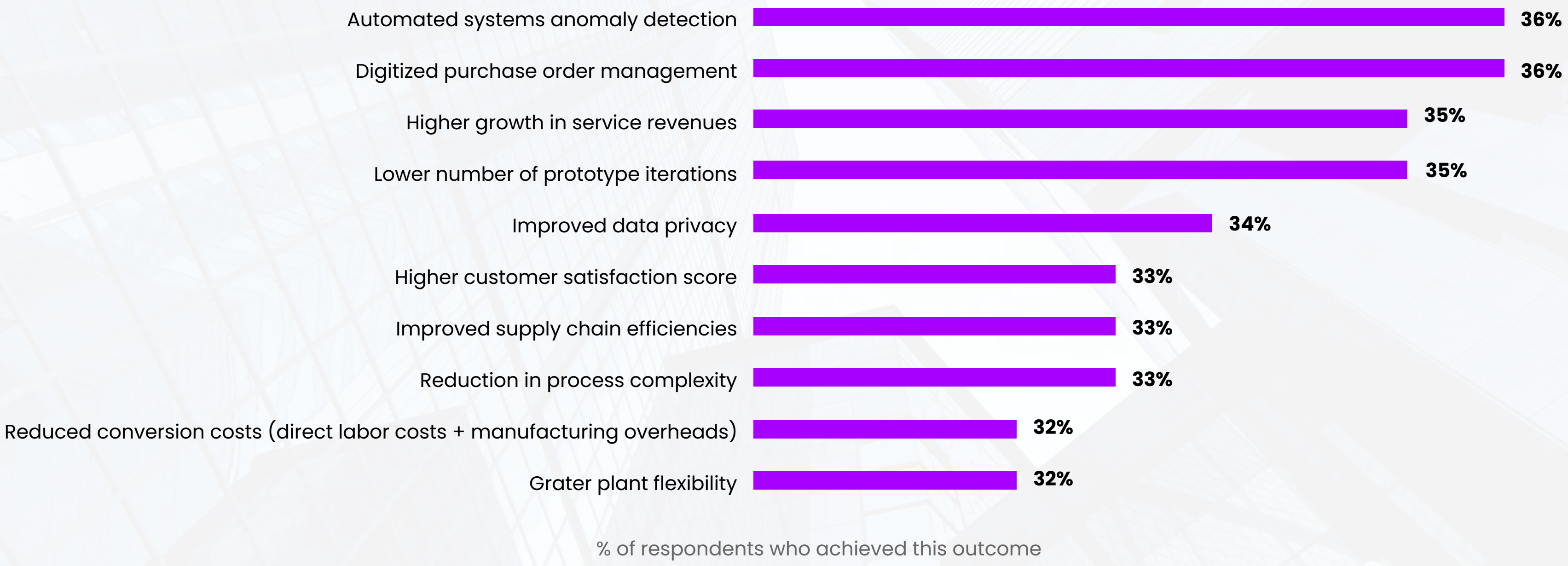
Source: Accenture 2019 Industry X.0 Survey

AUTOMOTIVE – OES COMPANIES RECOGNIZE THE NEED FOR INNOVATING AT SCALE TO:

- Operate at speed with an **innovative and robust supply chain**, and
- Continuously **deliver reliable and connected products to the customers**.

ANOMALY DETECTION AND PURCHASE ORDER MANAGEMENT ARE KEY OUTCOMES...

Top 10 outcomes targeted by Automotive – OES companies through scaling of digital PoCs



Source: Accenture 2019 Industry X.0 Survey

...AND THEY ARE CHOOSING BIG DATA ANALYTICS, AR/VR & CLOUD TO DRIVE THESE OUTCOMES

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Top 3 technologies leveraged to facilitate scaling, by function

	PRODUCT & SERVICE DESIGN	PRODUCTION & OPERATIONS	SUPPLY CHAIN & LOGISTICS	SALES & AFTERSALES SERVICE	DIGITAL/ PHYSICAL SECURITY	CONTINUOUS CUSTOMER ENGAGEMENT
AI/AI-powered Automation		RANK 1				
AI Assistants						
3D printing						
Mobility						
IIOT Sensors & Transmitters						
Immersive Experience			RANK 3			RANK 1
Industrial Robotics						
Big Data Analytics		RANK 3		RANK 1	RANK 2	RANK 2
Digital Twin						
Cloud	RANK 1					RANK 3
Blockchain				RANK 2	RANK 3	
Autonomous Vehicles	RANK 3		RANK 1			
Machine Learning/Deep Learning	RANK 2		RANK 2			
Quantum Computing				RANK 3		
Cyber Security Protocols		RANK 2			RANK 1	

Source: Accenture 2019 Industry X.0 Survey

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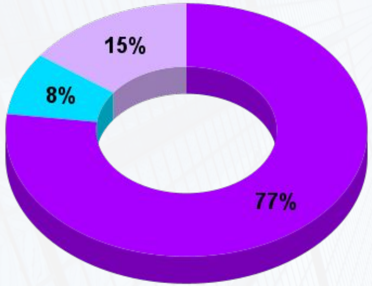
Q: WHAT ABOUT **SCALING SUCCESS** –DOES EVERYONE SEE IT?

A: **NO**. SOME COMPANIES RACE AHEAD, OTHERS STRUGGLE.

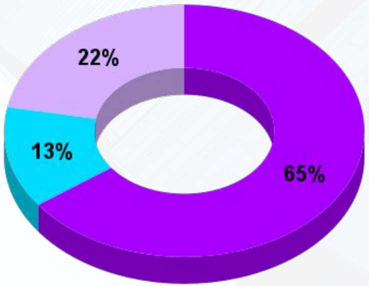
SO, WHO'S SCALING THE BEST?

The Automotive – OES industry has a lower percentage of Champions compared to the global average

AUTOMOTIVE - OES



CROSS-INDUSTRY



CHAMPIONS
Earn RODI higher than industry ROIC and industry RODI; scale more than 50% of their digital Proof-of-Concepts

CONTENDERS
Earn RODI lower than industry ROIC and lower than industry RODI; scale more than 50% of their PoCs

CADETS
Earn RODI lower than industry ROIC and lower than industry RODI; scale less than 50% of their PoCs

*Percentage of champions in each geography = 100 x (The number of champions in a particular geography)/(Total number of companies surveyed in that particular geography)
**Percentage of champions in each industry = 100 x (The number of champions in a particular industry)/(Total number of companies surveyed in that particular industry)

Source: Accenture 2019 Industry X.0 Survey

AUTO-OESCHAMPIONS SET THEMSELVES HIGHER "RODI" TARGETS AND ACHIEVE THEM TOO.

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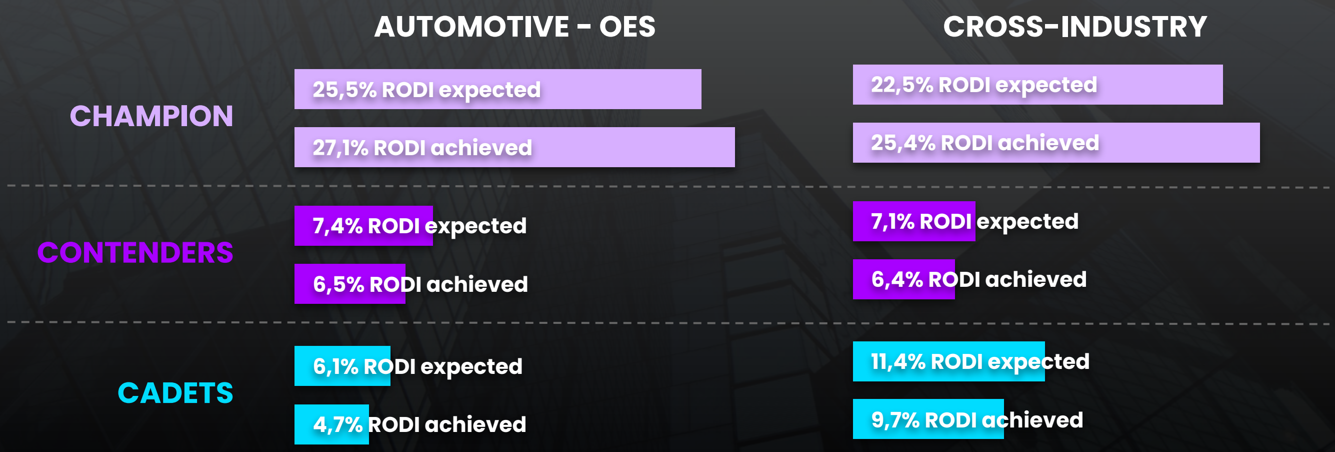
Automotive – OES Champions achieved over 4 times the RODI clocked by Contenders; proving that its not how much you scale, but how you scale that matters

Returns on Digital Investment (RODI)

RODI = Returns on Investment (Net Gain/Total Investment) from scaled digital PoCs across all the key business functions. We asked executives about the average RODI they expected before scaling digital PoCs, and the RODI they finally achieved.



Source: Accenture 2019 Industry X.0 Survey