The Accenture logo, featuring a stylized chevron symbol above the word "accenture" in a lowercase, sans-serif font. The background of the entire slide is a long-exposure photograph of a multi-lane highway bridge at night, with light trails from cars creating vibrant streaks of yellow, orange, and red. The bridge spans across a body of water, and a city skyline is visible in the distance under a dark sky.

accenture

The tech-powered operating model

Accelerating performance by design

About the authors

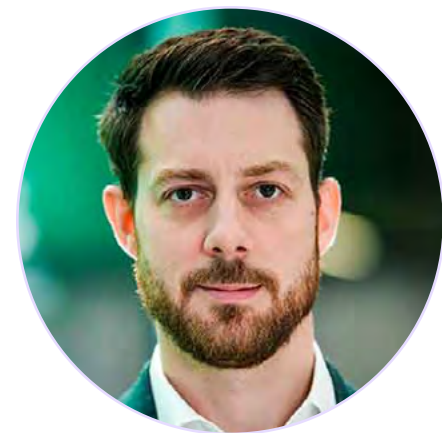


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A man with glasses and a beard, wearing a dark blazer over a light sweater, and a woman with long dark hair, wearing a white blazer, are looking at a tablet together. The background is a dimly lit office with blurred lights.

Seizing the full power of technology goes beyond cutting costs and driving efficiency. It's about using data and technology as strategic assets to develop speed, agility and resilience to keep up with customer demands, beat the competition and grow the business.

Unlock the full power of data and technology

Despite significant investments in data and technology, many organizations struggle to realize their full value. Why? They're using new data and technology in old ways, with outmoded enterprise operating models and siloed ways of working. Eighty percent of executives agree that their company isn't fully leveraging data and technology in critical areas of the business, according to Accenture's Operating Model survey of 1,800 executives in 15 countries.¹

But a handful of companies are doing things differently. They're embracing [Total Enterprise Reinvention](#)—a deliberate strategy that sets a new performance frontier for companies and in most cases, the industries in which they operate. Centered around a strong digital core, Total Enterprise Reinvention helps drive growth and optimize operations.² These companies recognize they need an enterprise operating model designed with data and technology at its core; along with people who are skilled and empowered; and an organization that connects people, processes and data across the enterprise and a culture of innovation, creating a boundaryless organization.

The payoff for companies that get this right is significant: [Recent Accenture research found](#) that companies that unlock the growth combination of data and technology, combined with people, stand to gain a premium of up to 11% on top-line productivity—the ultimate driver of profitability and revenue growth. While the benefits are crystal clear, this research reveals that only 5% of companies are activating the full power of data, tech and people to boost profitability and revenue.³

An enterprise operating model is how a company is organized to execute its purpose, strategy and business model. It describes the relationship between business units, geographies and functions and provides guardrails on the degrees of consistency and autonomy across them. The operating model defines how the company will operate and includes decisions related to structure, governance, processes, metrics and rewards, and ways that people work.

This report explores how an operating model powered by data and tech can help drive better results across your business—from operations to customer service and product innovation.

Throughout this report, we refer to data and technology collectively because it is the symbiosis of the two that creates value. Technology is required to collect, curate and consume data; and data is critical to uncover insights and inform decisions.

Designing an operating model with data and technology at its core offers companies new possibilities to continuously evolve, stay ahead of the competition and drive better performance.

69%

of executives believe their operating model is unable to continuously adapt.

C-suite: Current operating model holding them back

Most executives know their existing operating model is inhibiting performance and in need of an upgrade. According to Accenture research, 74% say they need to completely rethink it, and nearly as many (73%) see at least some risk to growth and performance if they don't.⁴

What's more, only about 20% of executives see their companies fully leveraging the potential of data and technology in key areas of the business. Many companies are struggling to scale and utilize the most important and transformative technologies across their organizations.

Percent of respondents that think their company is able to leverage the full potential of data and technology across key dimensions

Business model innovation: Reinvent beyond your core business e.g., direct-to-consumer, new platform solutions

27%

100%

Manufacturing/production, supply chain operations: Transform/optimize and lower cost e.g., automation, robotics, integrated planning

23%

100%

Products and services: Create new adjacent products/services e.g., digital products, monetization of data

22%

100%

Enterprise support operations (e.g., Finance, HR): Transform/optimize and lower cost e.g., automation, shared services/outsourcing platforms

20%

100%

Go to market/customer experience: Grow core business, scale new e.g., personalization, digital marketing, e-commerce

20%

100%

Source: Accenture Strategy Operating Model Survey 2022



Roadblocks to growth, performance

While business leaders recognize the necessity of transforming the operating model, they aren't always willing (or able) to take on the challenge. It's often complicated by turf wars, internal bureaucracy, legacy ways of working, technology debt and corporate politics.

About one third (31%) of business leaders consider resistance to change within their organization to be a key barrier to redesigning the operating model.

This has reduced the ability of many firms to efficiently transform at scale and forced them to be less ambitious about outcomes. Taking a total enterprise approach to change management can help. This can include leadership that creates a culture comfortable with experimentation; and aligning incentives that reward business and tech partnership in adopting the change. Adopting a consistent strategy and measurement tools across the enterprise can help break down silos, overcome resistance and remove barriers.

Accelerating performance by design

Technology-driven operating models support transformations that are broader and faster than ever before and enable continuous, dynamic reinvention. They can also inspire and inform the business strategy, delivering new business models and revenue streams.

We identified a small group of companies (15%) that have effectively infused data and technology into their operating model design.

Our analysis of financial performance over the last three years⁵, found that these companies delivered stronger performance than companies that don't infuse data and technology into their operating model design.

<p>The tech-driven advantage</p> <p>Companies with tech-powered operating models are 1.6x more likely to achieve profitable growth compared to companies without</p>	<p>On the other hand</p> <p>Companies without a tech-powered operating model are 2.2x more likely to be lagging behind on profitability and growth</p>
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Executives in this group are nearly twice as likely as their peers to state that data and technology— over other operating model elements—play a much more important role in helping them to reach their revenue and profitability goals. And they are also more likely to report achieving their performance targets across critical business dimensions:

Agility to respond to and anticipate changes	3.3x
Scale to do more with less	2.5x
Speed to market, launch and execute fast	2.4x
Customer intimacy to focus on needs	2.8x
Innovation to increase differentiation	2.4x
Sustainability for more environmental focus	3.1x

The table shows how much more likely – compared to their peers – executives in companies with tech-powered operating model are to report that they have fully achieved their performance targets on a given business dimensions.

Beyond tradeoffs

The art of the possible

A defining trait of these exceptional companies? Their ability to move beyond the traditional organizational tradeoffs companies have always had to make, such as choosing between scale and agility. Advances in data and technology are enabling companies to do both. Although the need for tradeoffs isn't eliminated—yet—it is greatly reduced, giving these companies a clear competitive advantage.

To follow their lead, companies can reconsider the big operating model choices and tradeoffs they've had to make in the past. They're no longer a given, thanks to radical progress in data and technology as illustrated below.

<p>01</p> <h2>Core and new</h2> <p>Grow the existing business while driving innovation.</p> <p>Key to getting it right:</p> <ul style="list-style-type: none">• Build discrete teams for core and new that share data and insights• Tap into the ecosystem to rapidly infuse innovative technology talent	<p>02</p> <h2>Scale and agility</h2> <p>Respond quickly to customer needs, while delivering efficiently at scale.</p> <p>Key to getting it right:</p> <ul style="list-style-type: none">• Provide freedom within a framework of common processes, data and technology• Organize customer facing product teams around growth and shared services teams for efficiency and scale	<p>03</p> <h2>Global and local</h2> <p>Make big bets while empowering local decision-making.</p> <p>Key to getting it right:</p> <ul style="list-style-type: none">• Create complementary P&Ls with shared accountabilities and common data• Introduce policies and decision-making rights that empower teams to make decisions closer to the customer	<p>04</p> <h2>Fixed and flexible</h2> <p>Maintain a strong core organization that can flex with market changes.</p> <p>Key to getting it right:</p> <ul style="list-style-type: none">• Develop mechanisms to quickly create, deploy and redeploy teams• Cultivate a culture where requirements continuously evolve, and experimentation is encouraged	<p>05</p> <h2>Inside and outside</h2> <p>Deliver integrated solutions, while leveraging best-in-class capabilities.</p> <p>Key to getting it right:</p> <ul style="list-style-type: none">• Strategically engage and map your partner and customer ecosystems• Evolve relationships with third parties (from vendors to partners) and seek ways to share in risks and rewards
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01. Core and New

Grow the existing business while driving innovation

There's always been tension between supporting the core business while creating new sources of innovation and growth. That often leads to a political tug of war for leadership, support, funding and talent.

To avoid this, companies often set up innovation engines and spin-offs with separate P&Ls, structures and cultures. However, managing many standalone P&Ls is resource-intensive, and there is risk of divergence and duplicative costs.

Weaving data and technology through the operating model design combined with a unified measurable strategy across the business and IT, makes it easier to break down silos and integrate these units around shared data and technology platforms that allow people to build the new together quickly. Removing operational boundaries in this way boosts innovation by connecting business units and functions

across the value chain. For example, leveraging data and technology makes it possible to maintain the core business, while simultaneously building and testing prototypes using digital twins and the metaverse.

Companies can drive multiple innovations at different phases of their growth lifecycle at the same time. Most importantly, they can explore the uncharted spaces across the business where breakthrough innovation is born.

Only 28% of executives believe they effectively use the potential of data and technology to help continuously transform their existing business while scaling the new.

What's key to making it work?

Build discrete teams for core and new that share data and insights. While upskilling internal talent, tap into partnerships and vendors to rapidly infuse innovative technology talent into the core business to leapfrog the competition.

A photograph of three diverse professionals in a meeting. A man with glasses and a beard is seated at a table, holding a smartphone. A woman stands behind him, smiling. Another woman is seated at the table to the right, looking at a laptop. The background shows a bookshelf and a bulletin board.

01. Core and New

Where it's working

A health tech company is driving innovation by breaking down organizational silos in favor of cross-functional, agile teams. By bringing employees with diverse backgrounds and skills together, the company sparked innovation. As part of this ambitious effort, it launched an internal innovation program that gives employees the opportunity to take their ideas all the way to business launch. The company also prioritized co-creation with customers and partners as it expanded into new areas.

Respond quickly to customer needs while delivering efficiently and at scale

Startups can move quickly to seize market opportunities because they are often more flexible and data-driven. Large companies may have the advantages of scale, but the complexity that comes with it can slow them down.

It's possible to loosen this tradeoff with a data- and technology-powered operating model. By digitizing the core value chain—both the offer itself and the work needed to deliver it—companies can achieve scalability while providing the agility they need to move fast. They can also manage complexity with less, breaking from a linear “more growth or scale = more resources” model.

With centralized data platforms packed with customer, partner and supply chain data, companies can make their processes more agile—everything from budgeting and planning to product management. They can understand supply and demand dynamics in deeper and more meaningful ways, which is ideal in today's environment. It's all about anticipating and responding to customer needs and market opportunities while still optimizing resources.

78% of executives want to better address tradeoffs between scale and agility by realizing the full potential of data and technology.

What's key to making it work?

Provide freedom within a framework of common processes, data and technology. Establish one set of clear standards for the company, while providing the flexibility for individual organizations and teams to operate independently within the framework.

Organize teams and technologies into two areas: “shared service” teams and tech focused on cost efficiency, fast data extraction and scale; and “product” teams and tech focused on customer experience and revenue growth.





02. Scale and agility

Where it's working

When UK-based online grocery Ocado Group couldn't find technology to meet its unique needs, it built its own solution. Today its smart platform powers operations for retailers around the world. The platform not only provides real-time data to monitor an inventory of 40,000-plus grocery items; it helps retailers predict whether items will be in stock at the time of a customer's scheduled delivery. That reduces substitutions and enhances customer satisfaction. And its algorithm makes 20 million demand forecasts a day, which helps reduce food waste while ensuring customers can find the products they need when they need them.⁶



03. Global and local

Make big bets while empowering local decision-making

Companies often struggle with the power dynamics between corporate headquarters and local leadership. Local units have insights into customers, regulatory requirements and markets. But corporate leadership may fear losing control if decision-making is democratized.

Defining clear, unique accountabilities across global and local—with shared ownership for results—is critical. Then grounding operating model design in data and technology can help companies reduce tensions. Data is accessible across the enterprise while guardrails ensure alignment with corporate policies. Local market leaders and even frontline staff are empowered to make decisions. And companies can develop relevant and profitable products and services by focusing on customer needs, not on organizational

hierarchies. It's a perfect balance. Corporate can identify and act on the big bets that local can't afford, while local offices can respond to immediate customer needs faster.

When companies close the gap between global and local, they can push the boundaries for both. Global data and insights can be adapted quickly to meet market conditions. And local innovations can be assessed for opportunities to scale across the business.

Just 29% of executives say their company uses data and technology to balance tradeoffs between global and local interests.

What's key to making it work?

Create complementary P&Ls with shared accountabilities and common data. Introduce governance and policies that empower teams to make decisions locally, without having to go to headquarters for "permission" if they stay within global policies.



03. Global and local

Where it's working

Logistics and delivery leader United Parcel Service is optimizing routing globally while giving drivers some control over how they run their routes. Routing is done with global algorithms. But drivers can share their input based on local conditions—and make the decision to change the route. The global model then reoptimizes around the driver's choices. It's a perfect blend of sharing data at the edges to empower the frontline while continually optimizing the core.⁷

Maintain a strong digital core that can flex with market changes

Traditional operating models are rarely built with inherent agility and resilience. They are typically designed for a more measured and predictable business reality. As such, companies face significant inertia in trying to rapidly reorient and set up new teams that often cut across their established P&L dimensions.

Data- and technology-powered operating models can unlock business flexibility and maintain efficiency in execution. The right data and operating mechanisms allow companies to quickly form and deploy teams, track their success and attribute financial impact back to appropriate parts of the organization. This fluid matrix is built on a modern IT foundation. Consider enterprise resource planning (ERP). It must be stable with strong processes and governance. But it also must be configured to respond to change easily. For example, companies should have the flexibility to measure performance by multiple and changing dimensions. It's about configuring financial and non-financial information for decision-making no matter how the company is organized.

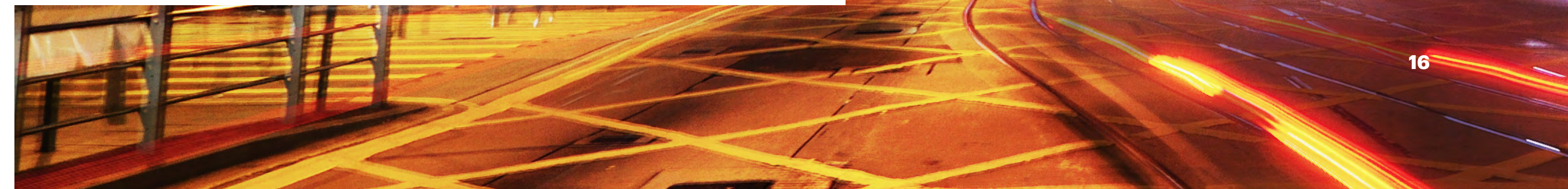
With collaboration technology and shared data threaded through how work gets done, companies can unlock

more cross-functional and product-centric ways of working. Teams are more autonomous and aligned with each other around delivering value. It's a way to respond better and quicker to customer needs and a changing market environment, while keeping the work engaging and providing employees with fulfilling careers.

Only 24% of executives say that their company's use of data and technology fully enable the organization to become agile.

What's key to making it work?

Develop mechanisms to quickly create, deploy, and redeploy teams. Cultivate a culture of discovery across the organization where requirements continuously evolve, and experimentation is accepted and encouraged.



04. Fixed and flexible

Where it's working

Sportswear giant adidas expects half of its sales to come through direct to consumer (DTC) channels by 2025. The company is redesigning its operating model to support this shift to DTC and create flexibility to respond to changing consumer behaviors. adidas has invested in e-commerce presence, store network and membership program to deliver seamless, omnichannel customer experiences tailored to consumers' preferences. In addition to digitizing stores, adidas is expanding digitization to wholesale partners, investing in an ERP system and sustainability to bolster its supply chain and upskilling the workforce to support the new operating model.⁸



The tech-powered operating model

05. Inside and outside

Deliver integrated solutions while leveraging leading capabilities

Companies rely on ecosystem relationships for ready-made capabilities, skills and expertise to improve their responsiveness and competitiveness. Yet selecting potential partners means navigating the ins and outs of aligning the financial relationship, capabilities, ways of working and brand purpose.

With an operating model designed with data and technology built in from the outset—not bolted on after—companies can decrease the barriers to entering strategic ecosystem relationships. This is thanks to a technology foundation that supports collaboration and interoperability. Companies can integrate and share data and talent with partners more easily, faster and with less cost. Use of intelligent technologies such as blockchain allows multiple

organizations to share data confidently and securely. In fact, data itself may even become a new business.

When companies are ready to partner by design, they can quickly amplify the value of partnerships. They can expand the ecosystem and leverage managed services to drive open innovation, access capabilities and talent they don't have, pursue new markets and launch new products and services.

52% of executives say that their company still must overcome the barrier of having too few open innovation partners.

What's key to making it work?

Strategically engage and map partner and customer ecosystems. Decide the right role in the ecosystem and evolve relationships with third parties—from vendors to partners—seeking mutually beneficial ways to share in risks and rewards.

How to accelerate performance

Companies have an opportunity to set a new performance frontier through Total Enterprise Reinvention and an operating model designed with data and technology at its core. As advances in technology upend traditional organizational design tradeoffs, they present new possibilities. Whether you are just embarking on your transformation journey or looking to accelerate, consider the art of the possible. The following five fundamentals are key to realizing the potential and extracting the full value of your data and technology.

01

Fuse strategy, operating model and technology

Design your operating model to use data and technology as both a driver and enabler, a strategic and competitive asset. Make it a CEO-led initiative to level set how the business wants to (and can) use technology to compete and capture market share. Align funding and incentives to drive the change. And establish a culture of continuous innovation and reskilling at the intersect of business and technology, working together as co-collaborators to drive success.

02

Break down silos to capture hidden value

Take a hard look at the activities that cut across your organization and your ecosystem. Integrated business planning and new product development are two examples of where value is created but often falls through the internal “seams” of siloed functions. Smooth these seams with data and technology solutions that enable real-time transparency and faster data-driven decision-making. Re-architect these processes for speed and agility, from annual to increasingly event-driven, enabling teams to respond quickly as conditions change.

03

Design for a digital offer and value chain

Complexity that was once costly and unrewarded now presents new opportunities, such as AI-enabled personalized customer offers. Redesign teams to focus on innovation and problem solving, while automating the core value chain. Decouple the linear headcount from the typical business growth and outcomes equation. Go beyond using artificial intelligence (AI) and robotics for the low-hanging-fruit of transactional activities and focus on driving top-line growth, targeting areas where advanced technologies can add the most value.

04

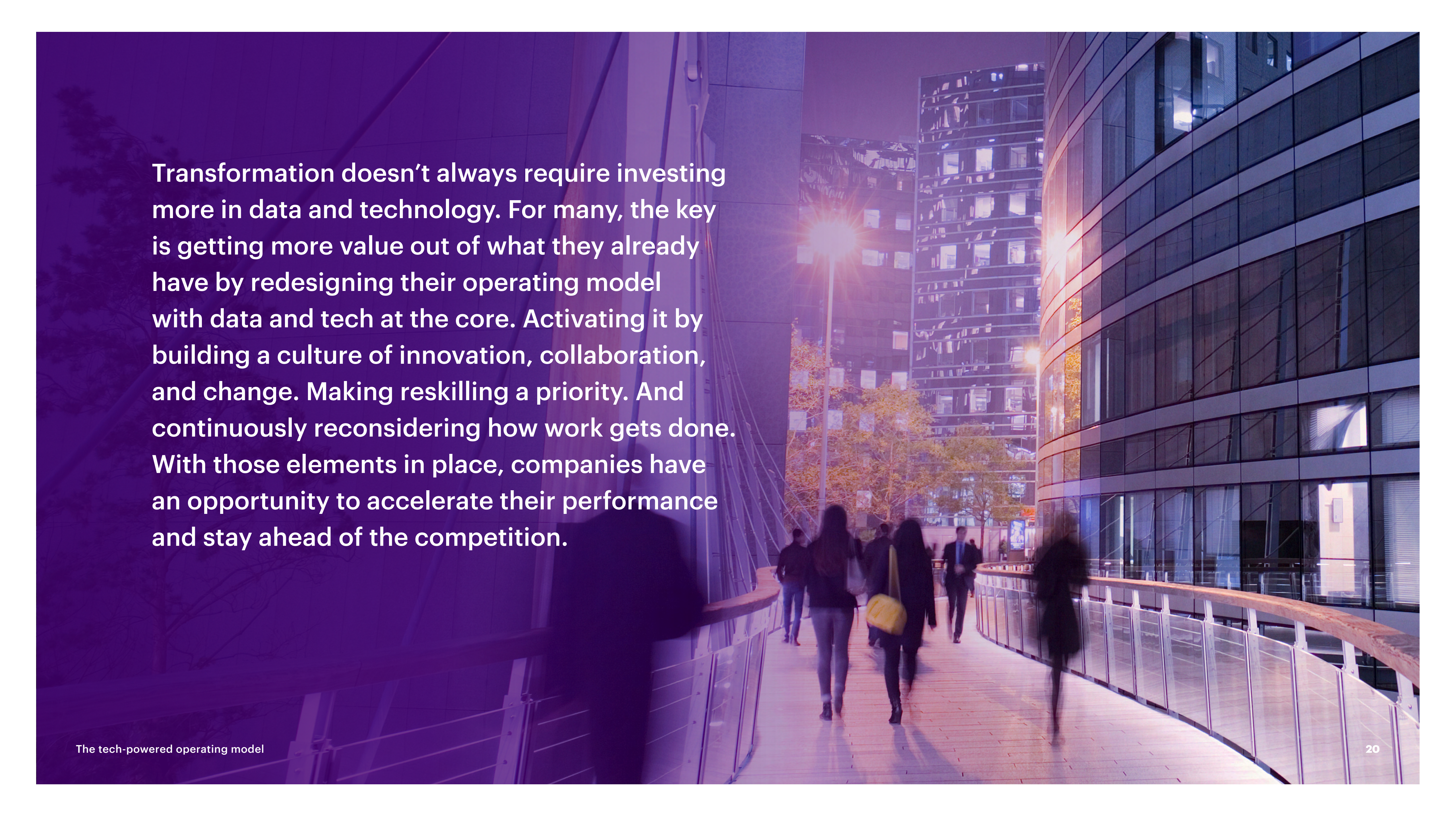
Establish modular teams and systems

To unlock the full potential of technology, companies need to implement new ways of working in parallel with implementing new technology. Often we see companies addressing one or the other – using new technology in the same old ways of working; or moving to agile teaming models without the tech needed to support collaboration. Instead, create customer-centric multidisciplinary teams to drive speed to market; and enterprise platform teams to enable scale. And power them with a modern digital core and supporting collaboration tools.

05

Continuously redefine work and skills

As advanced technologies such as AI become increasingly sophisticated, organizations need to continually redefine how work can (and should) get done. And revisit what is done by human vs. machine. Organize work around issues to solve and outcomes to achieve, empowering teams to define the “how.” Blur job descriptions across business and IT, focusing on skills rather than jobs. Ensure tech talent has commercial skills and vice versa to foster better collaboration and solutions.

A photograph of a modern, curved glass skyscraper at night. The building's facade is illuminated from within, and its reflection is visible in the glass. In the foreground, a skybridge with a wooden railing and glass panels is visible. Several people are walking across the skybridge, their figures slightly blurred, suggesting movement. The overall scene is lit with a mix of warm and cool tones, with a purple hue on the left side of the image.

Transformation doesn't always require investing more in data and technology. For many, the key is getting more value out of what they already have by redesigning their operating model with data and tech at the core. Activating it by building a culture of innovation, collaboration, and change. Making reskilling a priority. And continuously reconsidering how work gets done. With those elements in place, companies have an opportunity to accelerate their performance and stay ahead of the competition.

References

¹ Unless otherwise noted, all data is from Accenture Strategy Operating Model Executive Survey 2022, fielded August to October 2022 across 15 countries, covering 1,800 executive respondents.

² Accenture, "[Total Enterprise Reinvention](#)," 2023

³ Accenture, "[The CHRO as Growth Executive](#),"

⁴ Accenture CXO Survey, 2021

⁵ For details on the financial performance analysis, see "About the research"

⁶ Ocado website, "[How we use AI](#)"

⁷ Lisa Baertlein, Reuters, "[New UPS navigation tool aims to save time and money with each turn](#)", December 4, 2018

⁸ adidas, "[adidas Presents Growth Strategy 'Own the Game' Until 2025](#)," March 10, 2021

About the research

Accenture Research conducted a survey of 1,800 C-suite executives from companies with annual revenues of \$1 billion and above. We conducted the survey in October 2022 in 15 countries: Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Netherlands, Singapore, Spain, Switzerland, United Kingdom and the United States. Respondents represented 19 industries: Aerospace & Defense; Airline, Travel & Transport; Automotive; Banking; Capital Markets/Private Equity; Chemicals; Communications; Consumer Goods; Energy; Health; High Technology; Industrial Goods & Equipment; Insurance; Media & Entertainment; Natural Resources; Pharmaceuticals, Bio Tech & Life Sciences; Retail; Software & Platforms; and Utilities.

For the financial performance, Accenture Research analyzed a subset of companies covered by the survey based on their capacity to grow profitably during and after the pandemic. Profitable growth is defined as above industry peer set median of both revenue growth and profit (EBIT) margins. On the opposite end, companies that achieve below industry peer median profitable growth are lagging on both growth and profitability. The financial data is sourced from S&P Capital IQ. We applied this analysis to the identified groups of companies from the survey: those that have effectively infused data and technology into their operating model design, and, on the other side, those that have been unable to achieve this.

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About Accenture

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