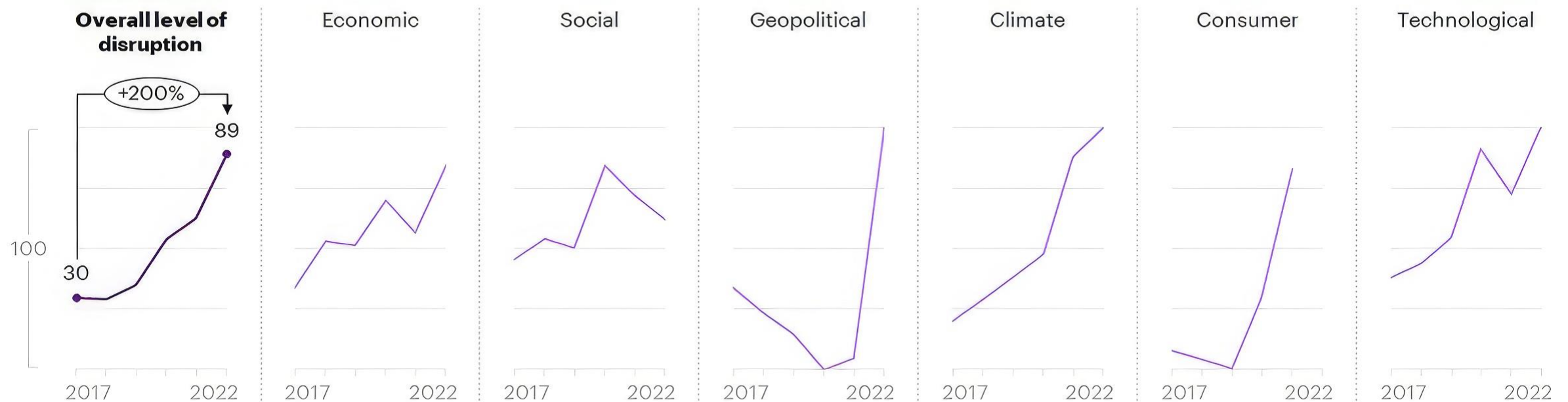# Using a Digital Core to Drive Innovation and Growth

with Donal Óg McCarthy, Managing Director at Accenture Technology, and Lead, Accenture Cloud First in Ireland

IoD Ireland Briefings Series: Sponsored by Accenture

A convergence of forces is increasing global disruption

Global disruption index
Indexed score

Overall level of disruption: +200%, from 30 to 89. Sub-components shown: Economic, Social, Geopolitical, Climate, Consumer, Technological (2017–2022).

Source: Overall measure of disruption is based on the average of the six sub-components, each of which are based on a set of indexed scores

Companies are limited in their ability to respond to this disruption for a number of reasons

High
operational costs

Lack of
business agility

Limited capacity to
innovate at scale

All challenges that cloud solves

Shifts high fixed costs, including ongoing development & maintenance, to a **flexible, on-demand model**
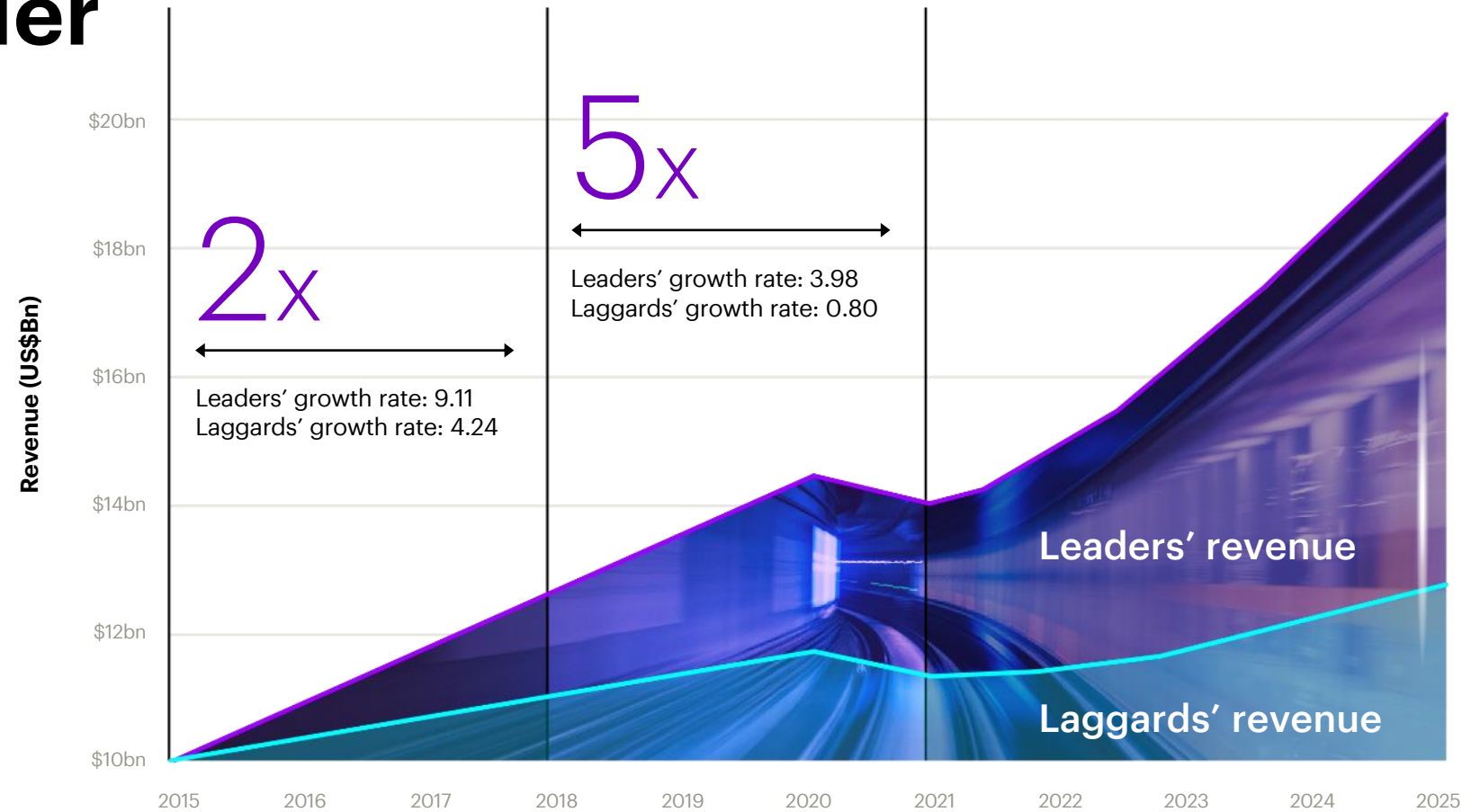
Enables immediate response to new market demands by accessing **elastic, scalable resources** and accelerating **product/services feedback**

Makes **democratized innovation** readily available within the cloud ecosystem to fuel business ambitions

A staggering gap in performance and getting wider

Before the pandemic, our research found that **Leaders** in technology adoption and innovation were growing at 2x the rate of Laggards.

Companies have compressed transformation and Leaders (top 10%) are now growing 5x faster than Laggards (bottom 25%).

2x

Leaders' growth rate: 9.11
Laggards' growth rate: 4.24

5x

Leaders' growth rate: 3.98
Laggards' growth rate: 0.80

Revenue (US$Bn)

$20bn
$18bn
$16bn
$14bn
$12bn
$10bn

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

Leaders' revenue

Laggards' revenue

January 2021 scenario

What is the Digital Core?

A strong digital core is fundamental to the strategic needs of an enterprise

Apps & Platform

Data & AI

Infrastructure & Security

Infrastructure & Security layer
A modern, cloud-based IT foundation that is automated, agile and secure by design.

Data & AI layer
To help drive decision-making and development of new products.

Appplication & Platform layer
Where new experiences and ways of operating comes alive—through modernized and new, custom applications and platforms or replatforming on SaaS.

A strong, integrated, digital core

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A cloud-first strategy addresses complexity across three dimensions of change to yield value faster

Getting to Cloud

Getting data and application workloads securely to their optimal cloud location, whether public, private or at the edge

- 20-25% lower total cost of ownership
- Up to 50% spend redirect from run to change
- 20-25% shorter application lifecycles

Utilising Power of Cloud

Redefining how businesses operate and create value using **cloud, data & AI** and tapping into the platform economy

- Outpace peers in revenue growth by up to 5x
- Accelerate experimentation by 3 to 20X
- Up to 50% faster time to market

Operating on the Cloud Continuum

Modernising IT operations to enable the right experiences and business resilience—through a Control Plane and cloud-native ways of working.

- Near-zero business interruption
- Up to 50% compute savings
- Reduce CO_2 emissions more than 80%

What will the journey look like?

02

Potential journey and value is unique to each client story

1/ Getting to the cloud

Halliburton wanted to unlock additional value from its migration to Azure.

As part of a strategic partnership with Microsoft, Accenture coupled migration activities with the adoption of new technology and applications to enhance Halliburton's digital capabilities, drive additional business agility and reduce capital expenditures.

This essential foundation will provide Halliburton with the innovation, efficiency and talent advantages to do things differently and fast.

2/ Operating on the Cloud Continuum

Takeda wanted to accelerate its digital transformation.

In collaboration with Accenture and AWS, Takeda is leveraging cloud and data-driven insights to accelerate drug development, increase operational agility, reduce technology costs, and develop the workforce of the future.

We are helping Takeda modernize platforms, accelerate data services, establish an internal engine for innovation, and equip employees with new skills and ways of working.

3/ Utilizing the power of cloud

Shiseido was looking to respond more quickly to rapidly changing customer and market demands.

Accenture helped Shiseido improve its digital business model and fuse online and offline experiences to create personalized, seamless customer experiences. We also developed a cloud-based ICT system that makes data more visible and accessible, supports innovation, enhances the digital capabilities of its workforce, and adapts to fluctuations across its global supply chain.

What are the challenges?

03

There's no single barrier holding companies back

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41%

Security & compliance risks

39%

Legacy application modernisation

41%

Business and operational change

While "lack of cloud skills" is not the highest barrier to value, 36% of companies still rate it a top three concern—no change since 2020

Five Practices to Maximise Cloud Value

Pursue business and industry advantage

by utilizing the full power of cloud as a force for change. Prioritize use cases according to time-to-value and align investments with emerging business strategies.

Design and orchestrate in the Cloud Continuum,

embracing cloud as an operating model and a strategic enabler. Success hinges on an organization's ability to adopt the right mix of capabilities and services across the Cloud Continuum.

Unleash new value from data and AI.

This was the number one initiative that our respondents said they would spend additional investments on, and for a reason: Data excellence is the new frontier of industry competitiveness. Generating the right insights across the enterprise will help companies compete and grow sustainably.

Reimagine your operating model and people.

Technology alone will not sustain cloud value. Companies must transform their people and processes in tandem—from ways of working to organizational cultures—in order to thrive in the Cloud Continuum.

Master cloud economics.

In an environment of increasing cloud complexity, companies must master and optimize their cloud spend. This requires not only transparency and oversight, but also shifting the conversation from cloud cost to cloud value.

Also, don't underestimate the critical role that leadership has to play in stewarding cloud-first business reinvention. This requires not only embracing best practices and aligning on cloud goals, but demonstrating unrelenting commitment to following through. By doing so, **C-suite leaders can usher in a new era of accelerated value for their businesses.**

Source: Cloud Outcomes 2023

Where do we start?

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A strong digital core is fundamental to all other strategic needs of an enterprise

Experiment & Innovate

1. Talent strategy to build baseline **knowledge** within your business especially in Cloud, Data & AI

2. Success will require **partnerships** with a robust set of ecosystem players

3. Build the Enterprise **Foundations** you need to take advantage of these emerging technologies

4. Create an enterprise-wide **strategy** that accounts for all the variants of AI and associated technologies allowing your teams to transition from **experimentation** to deployment

Thank You

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