Unlocking the ecosystem paradox to drive business model innovation and digital growth

Senior leadership teams expect ecosystems to be central to unlocking significant growth and new digital revenue in the future. However, our research shows that just a handful of organizations are going to realize their ambitions. Most are still trying to address the future with the mindset and the tools of yesterday. Not enough is being done to seize the opportunity, with the paradox being that many are ‘talking the talk’ but few are ‘walking the walk’. Drawing on our unique ecosystem diagnostic, we provide industry-specific insights on how companies can accelerate ecosystem progress and turn their high ambitions into concrete results.
Senior leaders know that ecosystems are key to business model innovation and unlocking new sources of digital revenue growth...

...but not nearly enough is being done to seize the opportunity, with many ‘talking the talk’ but few ‘walking the walk’

- 67% We expect ecosystems to help us grow our revenue by between 11% and 25% over the next two years
- 68% We need to change our business model to unlock growth
- 69% Our company needs to increase its collaboration with an ecosystem of partners and suppliers if it wants to grow

- 60% Do not currently have a specific person in charge of the ecosystem, with clear metrics and performance measurements
- 62% Do not currently engage with partners outside of their core competency

Source: 2018 ecosystem survey, BearingPoint.
In our previous report, Re-thinking the European Business Model Portfolio for the Digital Age, we spelt out why many companies will miss out on their digital growth ambitions. With many focused on incremental operational improvement, they miss the opportunity to create new and more compelling products and services, backed by an attractive new business models that maximizes value to the end customer.

In this follow-up report, we take a close look at the central role that effective ecosystem management plays in companies achieving their digital growth ambitions. New digital business models require the connectivity and collaboration provided by ecosystems to create sophisticated products and services that competitors cannot copy. However, simply bolting on ecosystems to an existing business model will not accomplish the digital business growth that organizations are aspiring to.

This tendency to take a bolt-on approach is one reason why a gaping chasm exists between leaders' ambitions and their willingness to take the actions to deliver. This chasm is the heart of the ecosystem paradox. As we have seen, companies have high hopes for their ecosystems, with over two-thirds of senior executives (67%) saying that they expect ecosystems to help their organization grow its revenue by between 11% and 25% over the next two years. However, many organizations will not achieve this ambitious goal and are failing to harness ecosystems' considerable power. Examples of companies who have taken this bolt-on approach are too numerous to mention. However, our research indicates that some organizations are starting to think outside the box completely. One example is Maersk, the world’s largest container shipping line, that has teamed up with Alibaba, owner of China’s largest e-commerce platform, to allow customers to reserve space on its vessels via Alibaba’s OneTouch booking website, illustrating growing cooperation between e-commerce and logistics firms. They are able to offer many digital services to customers while at the same time creating a launchpad for building, partnering and investing in the future stars of trade.

Business model reinvention and digital business growth depends on effective ecosystem management that maximizes value for the end customer. However, the pursuit of this goal is being undermined, for a number of reasons:

1. Failing to break the status quo. Organizations are mistakenly trying to achieve new growth aims by essentially doing the same thing they always were, but expecting things to be different this time. They are simply adding partner
ecosystems to the existing (and linear) business model that served them so well in the past, but which is not fit-for-purpose in a digital age. As a result, they are not creating a diversified, portfolio-based business model that introduces new revenue streams while also creating synergies with the core business model.

2. Developing shallow customer value propositions. Organizations are failing to draw on rich and deep customer insight to develop new and innovative products and services that offer the best solution to real customer problems. Many are failing to shift their focus away from simply selling products to selling outcomes and tailored experiences. Unless you are going to create a richer experience at a competitive price, there is little reason for customers to switch and limited value in participating in an ecosystem.

3. Failing to prioritize the future over the immediate. Organizations struggle to prioritize between allocating resources to meet the demands of today’s immediate performance goals and the urgent strategic need to drive new revenue streams in the future. Meeting immediate performance targets, and servicing legacy businesses, end up consuming most resources. The changes required for effective ecosystem management are being blocked by protecting existing business models and short-term financial performance.

Many mid-sized European organizations are challenging the status quo to achieve new growth potential. Industrie 4.0 originated as a German governmental initiative, aimed at combining digitalization, regional and industry components. This initiative, now being adopted in other countries, has spurred significant innovation. Mid-sized organizations such as Kärcher have leveraged sensors in many of their products to be more ecologically-efficient and to introduce new types of services. Another example is The Schaeffler Group, a global automotive and industrial supplier. Schaeffler has taken full advantage of digitalization and created innovative new products and solutions for the automotive.

To address these issues, we recommend that company leaders:

• Invest in engaging and managing ecosystems that are not linked to existing linear business models as a key enabler for digital business growth, abandoning linear modes of thinking in favor of multi-sided business models that enjoy a network effect.
• Leverage ecosystems to create compelling products and services driven by genuine customer insight, using the rich data the organization has at its disposal, even if the best view that can be developed is only partial.
• Manage internal conflicts between satisfying near-term performance goals and building major new revenue streams by focusing on the desired business outcomes.

To guide organizations as they tackle these issues, in the following section we outline a unique diagnostic tool that assesses how organizations are progressing in terms of effective ecosystem management.

**Ecosystem definition**

BearingPoint defines an effective ecosystem as an open, multi-sided collaboration between different parties. These parties can include the internal units of an organization, current and future business partners and customers. All parties will receive value in an effective ecosystem and the roles can evolve over time. An effective ecosystem will enable an exchange of ideas/products/services or information in an iterative fashion. It will include operational processes and tools that benefit all parties and contribute to overall customer experience. Effective ecosystems can generate new ideas, drive innovation, and expand product and services offerings leading to revenue growth and increased reach to new and existing customers.

**Findings**

- Non-linear thinking is vital to understand how to leverage ecosystems and innovate business models.
- Few organizations are are making the necessary key investments that enable effective ecosystems.
- Digital business platforms that leverage technology portability, enable positive network effects and support ecosystem partner role evolution will have an important role in managing an effective ecosystem.
Organizations are mistakenly trying to achieve new growth aims by essentially doing the same thing they always were, but expecting things to be different this time.

Standing out from the crowd: Why digital platforms are distinctive

- Platforms contain both a business and technology component: both work in synergy, making a platform vastly more than simply “software” in two areas:
  - Portability: the ability to overlay and abstract multiple IT-landscapes in parallel
  - Extensibility: API that allows processes and compelling experiences to be built on top

- Powerful network effects: as volumes across the platform increase with more customers, providers and producers, it offers exponentially more value to everyone (price, choice, revenue, better solutions, convenience, etc)

- Multi-sided: platforms draw together the comparative strengths of ecosystem partners for co-innovation and for complimentary capabilities that form the digital service. The roles of different partners within what forms a marketplace – be it producer, channel partner, or customer – are inter-changeable and they can fulfil any number of different roles in parallel.
Ecosystem evolution: what we learn from our ecosystem diagnostic

To understand how advanced organizations are in leveraging ecosystems to innovate their business models, we developed a diagnostic tool that assesses ecosystem progress against a number of dimensions (see Figure 1):

- **Strategy**, which is critical because the rules of the game have changed from the pre-digital era. In the digital era, the product, business model and the platform are all indistinguishable. The more developed your strategy, the more developed your approach to partner ecosystems and your ability to collaborate on co-innovation and co-investment.

- **Execution and enablers**, which are critical because the further advanced you are in delivering new products and services, the greater the impact on the business model, and the more your ecosystem will be built out.

“**Platform owners fail to get their orchestrator role right, where their role is to maximize value for all participants (on all sides) – for producers, providers and customers – as distinct from maximizing value for themselves.**”
Figure 1: Ecosystem Intelligence: BearingPoint ecosystem diagnostic

Source: BearingPoint analysis based on Ecosystem survey, 2018
Our diagnostic shows that advanced ecosystem progress is rare. None of the sectors in our survey achieve the leadership position that is the result of strong progress against all dimensions (see Figure 2). Execution of effective ecosystems management is faltering. While many organizations have made progress in terms of the first phase – defining their ecosystem strategy – we see significantly less progress in terms of execution and ecosystem deployment, particularly in terms of the IT investment required.

Of course, the six industries in our diagnostic will contain ecosystem leaders. For example, the automotive industry contains high-profile ecosystem and market leaders, such as Tesla. This is because this electric car pioneer has a strong champion and owner at the helm who drives the leadership vision for change down through the organization.

As an average, however, most still have some way to go and areas where they need to improve, either in terms of strategy or execution/enablers. In terms of what is undermining organizations’ efforts, we would highlight the following reasons:

1. Falling prey to technical failings. We see a range of technical issues that limit the openness of ecosystems: from failing to invest in a digital business platform to ease of integration via API, which means ecosystem partners are reluctant to join or quickly leave.

2. Failing to orchestrate properly. Platform owners fail to get their orchestrator role right, where their role is to maximise value for all participants (on all sides) – for producers, providers and customers – as distinct from maximizing value for themselves. Without the right dynamic, you will never generate network effect. Amazon, for example, plays a facilitation role, where it charges an economic rent to participants and provides key services, such as customer experience and fulfilment. This creates a flywheel effect, where customers get choice, low prices and security of mind, while producers get fast on-boarding and access to a large customer base. Amazon’s fixed costs are spread over increasing volumes securing economies of scale. Amazon’s role is to drive volume, constantly reduce friction, remove technology blockers, increase convenience and ease of use, and maintain governance and business rules so everyone contributes positively to the ecosystem whilst maintaining legal and regulatory compliance.

3. Lacking transparency in terms of measuring results and value. We often find that communication and transparency on ecosystem results, and the value generated, are lacking.

---

**Beginners**
- Fail to get off first base
- Risk significant decline in value
- Threaten growth potential

*Industry examples: Insurance, Telcos, Transport*

**Adopters**
- Strong momentum in execution
- Lack strategic alignment
- They are likely to be supporting players

*Industry examples: Automotive*

**Thinkers**
+ Clearly defined strategy
+ Determined to drive business model innovation
- Lack execution momentum
- They could miss the fast-departing ‘train’

*Industry examples: Banks, Tech & IT*

**Leaders**
+ Clear strategic alignment
+ Strong execution capability

Leaders allow the organization to successfully scale initiatives and put it in a strong position to dominate its segment

Source: BearingPoint analysis based on Ecosystem survey, 2018

Figure 2: No sector displays the ecosystem leadership to dominate their segment
To address these issues, we recommend that company leaders:

- Design their ecosystem technology strategy to ensure they make the right tech choices over the months and years ahead. This will include investing in putting in place the technology platform that allows them to orchestrate relationships between multiple partners, enabling all parties to co-invent, sell, and monetize joint offerings in a seamless way.

- Act as a facilitator to make the ecosystem work. This means clarifying the new “rules of the game” to explain business strategy and execution and how it is realized in the digital era for their entire organization. Manage diverse partner relationships by creating key performance measures, such as the time it takes to create minimum viable products (MVP) to create new sources of value.

- Create performance transparency, measuring the effectiveness of ecosystems in terms of their ability to co-innovate and co-invest to create the products that are more difficult to copy. Put in place effective reporting for the third-parties in an ecosystem and provide data-related services.

Resolving these issues is a matter of urgency. In the section 4, we look in more detail at the performance of our key sectors, so that organizations can begin to build a picture of the key issues to be addressed.

### Characteristics of our four IQ categories

- **Beginners** define digital strategy purely in terms of taking out cost and customer engagement, but fail to include business model reinvention or creating compelling new products and services. While cost reduction may result in a short-term uptick in performance, they may see any barriers to entry and sources of advantage crumble in a digital age. They face decline and irrelevance as more adept players take the lead.

- **Thinkers** have a digital strategy that includes business model reinvention but deliver disappointing returns on their stated growth ambitions. While they know where they want to go, they struggle to prioritize resources to build new revenue streams and drive rapidly through the bottom of the J-curve to the sunny uplands of significant long-term growth. Short-term cost reduction may buy time, but they are vulnerable to disruption and there is nothing in the pipeline to secure longer-term success.

- ** Adopters**, like their ‘Thinker’ counterparts, have a digital strategy that includes business model reinvention. In addition, they are making some execution progress by participating in ecosystems. However, without stronger leadership, they face the risk of becoming just a supporting player – not owning the customer relationship and just being seen as yet another ecosystem participant, rather than the ecosystem leader and destination owner.

- **Leaders** have aligned their ecosystem strategy to business model innovation and the enterprise digital strategy. At the same time, they are ‘walking the walk’ when it comes to execution, from getting ecosystem governance right to recognizing the critical role that data and data ownership plays in platform models. These are the organizations that are seizing first mover advantage and are most likely to thrive in the digital economy. They own the customer, are the destination and have super efficient execution with their digital business platform delivering powerful network effects – direct or indirect.
Resolve the organizational, cultural, and technology barriers

In today’s business environment, the traditional barriers that separated companies from each other can now be opportunities to create effective ecosystems leading to new opportunities. Ecosystem intelligence will be vital for innovating business models and create compelling products and services that lead to increased customer satisfaction.

In summary, the most important way to innovate business models is to gain closer understanding and insights from the customer and use this insight to drive product and service innovation. It involves integrating and synthesizing all the internal silos in an organization and to leverage an effective ecosystem that focuses on solving genuine customer problems while anticipating their future needs and desires. One objective is frictionless execution to satisfy customers. Another objective is to create a scalable operating model that leverages an effective ecosystem with a very low cost of experimentation. The ultimate goal is to own the customer relationship and to be the chosen provider with products and services that cannot be easily replicated.

CEOs who want new revenue streams and stronger digital business growth should:

- Champion digital business growth by appointing an individual who will create and manage effective ecosystems with clear metrics and performance measurements
- Sponsor the necessary technology investments required to support effective ecosystems
- Set the tone in your organization by advocating non-linear thinking and encouraging ecosystem development outside your organization’s core competency

COOs who support the CEOs vision and expectations for digital growth should:

- Clearly understand the impact of the change to the operating model as new products and services are introduced into the market. Take action to continually adjust the operating model to best support the new and existing products and services
- Ensure performance transparency from the individual responsible for ecosystems with regards to the results, challenges, and actions required for continually managing the effective ecosystem

CIOs who leverage technology to support effective ecosystems should:

- Design the ecosystem technology carefully with a focus on the months and years ahead to enable an effective ecosystem where roles will evolve in the future.
- Justify ecosystem technology investments by explaining how these investments will prepare the organization for the future while meeting current demands.

About the survey
We surveyed 525 C-level executives from a spectrum of roles: business, technology/IT, and finance. Representing five industries – Telco & Media, IT/Tech, Automotive, Transport, Banking, and Insurance – they were drawn from across the US, Singapore, the UK, France and Germany.
Ecosystem Intelligence: industries in the spotlight

It is clear that in every industry – just as there are market leaders, fast followers and more cautious adapters lagging the pack – there will be clear ecosystem leaders who are moving ahead. Likewise, some industries are moving faster, opening the opportunity to learn from their experience. For this reason, we have assessed the performance of each sector in turn.
IQ Category One: The Beginners

Insurance

Source: 2018 ecosystem survey, BearingPoint.
Digital and platform disruption

The industry is characterized by fierce competition between traditional insurers, GAFAs and constantly growing InsurTech start-ups, mainly focused on the customer relationship and experience. Insurers are having to pivot from a fully risk/guarantee position to a product/service one, placing themselves in the center of an ecosystem of partners designed to accompany the customer 24/7. This perspective is viable in numerous worlds of needs, from mobility to home.

Case study

In 2017, Generali, an Italian insurance company, announced partnerships which included Nest, the Alphabet company that is pioneering developments in smart homes. Nest’s products help detect both smoke and carbon monoxide in people’s houses, sending alerts to customers’ phones. Generali, in turn, provides the insurance that covers the property in case of damage.6

Ecosystem evolution

Strategic progress has been relatively slow in insurance – only 40% say that their “digital strategy has been defined and is being implemented”. In addition, they need to overcome significant execution challenges, including governance and technology. Only 31% have a specific person in charge of the ecosystem who has clear metrics and performance measures, and the biggest challenge they face in terms of ecosystem management is “having the right technology in place to manage monetization”.

Moving forward

Insurers need to begin by working out what customer problems they want to address and the ecosystems they need to be part of. In particular, working out which ones they can dominate and lead by owning the customer relationship – drawing on their particular strengths – rather than ecosystems where they would merely be a participant “plugging” in for insurance to a customer problem owned by someone else. With a focused strategy, they can avoid the risk of a piecemeal, lackluster approach, where the scope of the ecosystem – and the number of actors involved – is limited.
IQ Category One: The Beginners

Transport

Defined digital strategy
Business model innovation
Collaborative ecosystems
Tangible progress
Ecosystem governance
Core and more
Data ownership
IT platform

Source: 2018 ecosystem survey, BearingPoint.
Digital and platform disruption

How transport has been delivered for many years is being upended, as innovations from artificial intelligence to automated ports change the way transport services are delivered. New technologies are changing how transport operations are managed, such as smart contracts that use blockchain-based tools. The sector’s providers are having to collaborate and form new partnerships to meet these shifts.

Case study

Maersk, the world’s largest container shipping line, has teamed up with Alibaba – owner of China’s largest e-commerce platforms – to allow customers to reserve space on its vessels through the Chinese company. Shipper traditionally go through freight forwarders to book space for goods on container vessels, but lines such as Maersk are allowing cargo owners to book directly via the internet. For Maersk, this is part of the shipping line’s strategy to provide digitized services for customers, which includes ‘Maersk growth’, a launchpad for new ventures that develops innovations in areas from ‘the blockchain of food’ to real-time shipment visibility.

Ecosystem evolution

Strategic progress has not been as strong in transport as other sectors – less than two-thirds (63%) say that they think it is important they change their business models to underpin growth. In addition, they need to kick-start their execution progress. Only 37% say they are fully engaged as a company in terms of business model innovation and development of new digital offerings. And only 40% say that, as of today, they are already working on expanding the reach of the company outside of their core competency via a partner ecosystem.

Moving forward

Transport providers need to establish where they want to stand in the sector’s new future and where the main competitive threats could come from. This means challenging entrenched beliefs and orthodoxies within the organization and creating a bold view of the future. With that vision defined, organizations need to establish which partners can address the gaps in capability needed to deliver the new business model, which could range from artificial intelligence to software development.
IQ Category One: The Beginners

Telcos

Defined digital strategy
Business model innovation
Collaborative ecosystems
Tangible progress
Ecosystem governance
Core and more
Data ownership
IT platform

Source: 2018 ecosystem survey, BearingPoint.
Digital and platform disruption

Today, telcos face an urgent need to innovate to counter commoditization, win new customers and grow topline revenue. They have also struggled to be the major beneficiaries of innovations such as 4G, where the lion’s share of revenue have gone to the over the top players – content streamers and social media. There are major opportunities in B2B. Firstly, B2B customers want to migrate their ICT services to pay-as-you-go as securely connected cloud-based SaaS. There is an explosion in new offerings telco can resell. Secondly, enterprises are looking to invest to digitally transform themselves. Finally, the frontier for where new value is found is shifting from “systems of engagement” to “systems of intelligence” (eg AI and analytics) and “systems of automation” (e.g. IoT, robotics etc) which underpin companies product and service innovation. 5G with its ultra-speed and super low latency is creating new value by combining data collection and computation with billions of sensors and devices. A key lesson learnt is that innovation is created solely in-house, and multi-party innovation is critical.

Ecosystem evolution

Strategic progress has not been as advanced as might be expected in this heavily disrupted industry – for example, less than two-thirds (62%) of telco say that they think it is important they change their business models to underpin growth whereas for 5G it is a critical reality. In addition, there is a need to accelerate execution progress. Only 36% say that they are already working on expanding the reach of the company outside of their core competency via a partner ecosystem.

Case study

BT Global Services has launched its ‘Cloud of Clouds’ strategy to help multinationals transform ICT and migrate to the cloud. By bringing together a broad range of different clouds (e.g. AWS, Azure etc) and third-party ICT applications, multinationals can be empowered to adopt cloud in a simple and centralized way. Global customers connect through a single, self-service digital platform, which provides a multi-country, multi-currency, multi-cloud enabler.

Moving forward

Telcos need to ensure they are not still relying on a 2G business model otherwise their markets will continue to commoditize. They must build differentiated offerings. This will be pivotal for 5G where the most powerful use cases lie in enterprise markets where deep industry expertise and broad solutions that combine 5G with IoT or other devices will be essential. With a cost per square kilometer of 4x the cost of 4G, 5G will create new value by combining data collection and computation with billions of sensors and devices underpinning new solutions.
IQ Category Two: The Adopters

Autoactive

Defined digital strategy 20%
Business model innovation 40%
Collaborative ecosystems 60%
Tangible progress 80%
Ecosystem governance 100%
Core and more
Data ownership
IT platform

Source: 2018 ecosystem survey, BearingPoint.
Digital and platform disruption

Cars have always been synonymous with mobility, but what people mean by mobility today is undergoing a revolutionary shift. The innovations that are driving this shift – which range from autonomous vehicles to connected road networks – mean that the competitive landscape has changed fundamentally, as the sector’s traditional players find themselves joined by new players, from technology giants to start-ups in the “battle for the dashboard”.

Ecosystem evolution

Automotive players are not yet out of the slow lane. Strategic progress has failed to accelerate into the fast lane. In an industry, where manufacturer have been historically notorious for building a walled garden around themselves to protect new vehicle designs, close to half of organizations (48%) are already working on expanding the reach of the company outside of their core competency via a partner ecosystem, just 40% have a specific person in charge of the ecosystem with clear metrics and performance measures.

Ford CEO Jim Hackett predicted that by 2030 50% of revenues would be vehicle sales and 50% other services. Tesla is another good example. Contrast this with just 51% of automotive respondents who thought changing their business models was important for future growth, the lowest-ranked score in our research.

Case study

In 2018, BMW and Baidu – the Chinese technology company – announced an agreement between BMW Connected and Baidu’s ‘Internet of Vehicles’ that would support home-to-vehicle capabilities. This service enables customers to access vehicle information by voice control and operate relevant functions easily from their home. For example, they can check fuel levels or lock their car doors via remote control.

Moving forward

Automotive players are in a battle for the dashboard with big technology and will need to embrace a new age of collaboration. They need access to the economies of scale and innovation. This means moving away from the business-as-usual mindset to develop a strategy for the future that recognizing the world has changed. No single player will have the capabilities needed – which range from manufacturing capabilities to artificial intelligence expertise – to deliver tomorrow’s model of digital and mobility services. An interesting statistic is that a new car has up to 100M lines of code within the vehicle which compares with Facebook which has 60M lines of code but a vastly superior wealth of technology skills and capabilities.
IQ Category Three: The Thinkers

Banks

Source: 2018 ecosystem survey, BearingPoint.
Digital and platform disruption

FinTech start-ups like Starling, Monzo and Revolut are targeting traditional banks, with traditional barriers to entry (such as the network of walk-in high street branches) having crumbled in a digital age, where younger customers want the convenience of on-device banking. Qonto targets freelancers and small-to-medium-sized enterprises in France, aiming to address customer pain points on the costs of business banking and what it says are traditional banks’ slow response times. In the face of this sort of disruption, ecosystems can allow traditional banks to turbo-charge performance by offering a compelling customer experience while cutting costs, as well as securing deeper, data-driven customer insights. This is an example of how the above strategy of knowing what customers want can be effective. As startups cherry pick the highest margin areas of the end-to-end banking value chain, it is not easy for high cost and tightly regulated banks to compete. They can then create a digital product, win customers and expand into other ecosystems or adjacent markets. So it’s easy for them to step down the value chain as seen with Automotive own finance and gap insurance for a car purchase. This suggests that banks have to think much more deeply about which customer needs or problems banks can genuinely own and how they create solutions with ecosystem partners.

Case study

Deutsche Bank has accelerated the opening of its IT systems to third-party service providers across its corporate and investment banking and private and commercial banking divisions. The bank is building an “ecosystem” of application programming interfaces (APIs), which will enable third-party providers such as FinTechs to develop new services and applications using the bank’s client data. In doing so, the bank aims to establish the broadest possible range of applications linked to its data and systems – expanding beyond traditional financial services.11

Ecosystem evolution

Banks have made inroads in strategy, but are behind the curve in execution, and overall progress is slow. There are particular concerns about the progress they have made in business model reinvention, and few banks are fully confident they have the right IT platform needed to collaborate.

Moving forward

Banks are sitting on a rich seam of customer data, but many suffer from a stove piped operating model, with products and services that are not integrated. Therefore, using that treasure trove of data to generate customer insights is often impossible. A major priority will be making bold investment bets in the technology needed to create the connected enterprise and customer-focused operating model needed to support an ecosystem strategy. By focusing on execution, they can make the journey to ecosystem mastery and take the fight to digital natives muscling in on their territory.
IQ Category Three: The Thinkers

Tech & IT

Source: 2018 ecosystem survey, BearingPoint.
**Digital and platform disruption**

Tech & IT companies are under immense pressure. On the one hand, they are a facilitator of digital transformation as a vanguard of change with a deep knowledge and understanding of the capabilities of new technology. On the other hand, however, many established Tech & IT companies face disruption themselves from new technologies and new business models.

Indeed what made many of these companies successful in the first place such as their tight governance, large sales organisations and major marketing capabilities can become an inhibitor to change as they are more comfortable with sustaining innovation and struggle to re-prioritise to throw the weight of their organisation behind new disruptive innovations.

**Case study**

SAP’s ‘Leonardo’ platform combines intelligent technologies, services, and industry expertise to help clients both optimize operations and drive business model innovation. It leverages a mix of intelligent technologies – including machine learning, the Internet of Things (IoT), and blockchain – on an open cloud platform. Leonardo lets clients leverage their data – generating insights and creating new revenue streams.¹²

**Ecosystem evolution**

Tech & IT companies have embraced the need to rethink their ecosystem strategy. Over three-quarters – 79% – feel it is important that their company changes its business models to underpin growth, for example. There are more worrying signs in terms of execution, however – just 34% already have a specific person in charge of the ecosystem with clear metrics and performance measures.

**Moving forward**

For the sector’s players, the real opportunities lie in the ‘white space’ between traditional industry verticals like automotive, banking and telecoms companies. Not just to enable digital transformation, but to create new sector-specific products and services that can leverage new digital technologies. These sectors need this disruptive thinking as new digital technologies enable them to reinvent and move into adjacent markets. IT & Tech companies need to drive ecosystem execution with new rigor if they want to seize this window of opportunity before it closes.
About the authors

Eric Falque,
Global Leader Go Digital initiative, Regional leader France, Benelux & Africa

Eric Falque is the regional leader of France and Benelux serving major companies (CAC 40 and SBF 120) as well as large public organizations. He is responsible for client relations, service lines and industries as well as profitable and sustainable growth in the region. Eric’s focus is to develop strong thought leadership. His most recent research examines customer paradoxes in the digital world. He has also co-created a Business Award (Podium de la Relation Client); its results are eagerly awaited every year by the largest French firms. Eric has been a Partner with the firm since 1997.

Angus Ward,
CEO, Digital Platform Solutions at BearingPoint UK

Angus leads digital services in the UK, including big data. He is currently helping clients to digitally transform their business model via cloud-based solutions that provide orchestration and monetization services across their partner ecosystems. Angus brings over 25 years of experience in helping clients achieve complex transformations across aerospace, manufacturing, telecoms, natural resources, utilities and government executive agencies.

Project team

Julie Short, Natalia Danon-Boileau, Michal Harris

Acknowledgements:

The authors would like to thank the Longitude team and Tanja Schwarz from the BearingPoint Institute and Angélique Tourneux at BearingPoint.
Notes and bibliography

1. BearingPoint Institute, “Re-thinking the European Business Model Portfolio for the Digital Age”, Eric Falque and Angus Ward, 2018

2. Source: 2018 ecosystem survey, BearingPoint. We surveyed 525 C-level executives from a spectrum of roles: business, technology/IT, and finance. Representing five industries – Telco & Media, IT/Tech, Automotive, Transport, Banking, and Insurance – they were drawn from across the US, Singapore, the UK, France and Germany.


4. Schaeffler, Tangibly shape Industry 4.0 with Schaeffler, online: https://www.schaeffler.de/content.schaeffler.de/en/products-and-solutions/industrial/industry-4.0/index.jsp

5. Source: 2018 ecosystem survey, BearingPoint.


About the BearingPoint Institute

At the BearingPoint Institute, our ambition goes beyond traditional ‘thought leadership’. We aim to contribute original ideas to the science of business management whilst equipping decision makers with practical advice gained in the field and through our research projects.

www.bearingpointinstitute.com

About BearingPoint

BearingPoint is an independent management and technology consultancy with European roots and a global reach. The company operates in four units: Consulting, Solutions, Business Services, and Ventures. Consulting covers the advisory business; Solutions provides the tools for successful digital transformation, advanced analytics and regulatory requirements; Business Services provides managed services beyond SaaS; Ventures drives the financing and development of start-ups. BearingPoint’s clients include many of the world’s leading companies and organizations. The firm has a global consulting network with more than 10,000 people and supports clients in over 75 countries, engaging with them to achieve measurable and sustainable success.

For more information, please visit:
Homepage: www.bearingpoint.com
LinkedIn: www.linkedin.com/company/bearingpoint
Twitter: @BearingPoint

Connect

Follow us on Twitter at @institute_be
Join us on LinkedIn at www.inst.be/linkedin
www.bearingpointinstitute.com

Send us your comments, thoughts and feedback:
editor@bearingpointinstitute.com
www.inst.be/feedback