



Press Release

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A blueprint for navigating the TMT products-to-services transformation

Report cites four guiding principles for shifting to an outcomes-oriented business model

New York, 24th February 2017 – Many factors are driving evolution in the technology, media, and telecommunications (TMT) sector, but one thing is for certain: software is the grease that turns the TMT wheels.

PwC's new report, *Software greases the wheels*, provides a survival guide for TMT companies that face daunting challenges in shifting to services-driven business models. Key takeaways from PwC's report include:

- Hastening adoption of advanced technologies is giving way to the rapid disintegration of product-focused business models.
- Legacy TMT companies must transform now to meet the demands of a highly interconnected, technology-driven world—focusing on delivering valuable customer outcomes.
- Nearly half of TMT CEOs (47%) say that technology has completely reshaped their industries in just the past five years (compared with only 20% of the cross-industry average).
- Convergence within the TMT industry is being met with the rapid escalation of technology acquisitions by non-TMT companies.

"It is clear that new digital companies, startups and even non-traditional competitors are challenging the supremacy of established TMT enterprises," says Brad Silver, PwC's Global TMT Leader. "Large TMT companies need to focus on organizational and cultural tools to quickly pivot in response to technological change."

Four steps toward a 'software and services' business model transformation

As companies increase the pace of technology adoption and industry walls continue to break down, TMT companies making the shift to a services-oriented business model need to address multiple areas such as strategy and structure, offerings and operations, and must also establish a framework for responding to risks and regulations. In *Software greases the wheels*, PwC identifies four principles to help guide the transformation:



1. *Optimize your current position*

Assess whether to **expand**, transforming your connection with the customer and path to market, or **connect**, structuring the company to be open and connected with “megahubs”—ecosystem platform drivers.

2. *Mobilize and monetize models*

Unite IT and business operating models to create a single digital operating model, gaining a direct connection to the customer.

3. *Focus on customer outcomes*

Help users cut through the clutter with superior discovery platforms, harnessing the power of data and user insights to enhance services and personalization, and decision-making.

4. *Build a technology “lingua franca” (and an understanding of risk)*

Build a common language around digitization and a shared culture of innovation. As companies embrace emerging technologies, it’s also important that they account for the associated risks and costs, namely related to potential cyber and data-privacy threats.

A new TMT order on the horizon

The next few years will be crucial in determining which TMT companies stay ahead or get left behind. As emerging technologies and software become the lifeblood of business, transforming to a services-and outcomes-driven business model will be the way forward not only for TMT, but for all industries.

The bottom line: TMT companies need to prepare now for the seismic shifts collapsing and transforming industry ecosystems and value chains. Amid our increasingly interconnected and “smart” world, customers continue to demand speed and simplicity—the most direct and trusted route to a desired outcome. [Click here](#) to read PwC’s full article.

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