

Softwarization in consumer products

Measuring the digital value shift

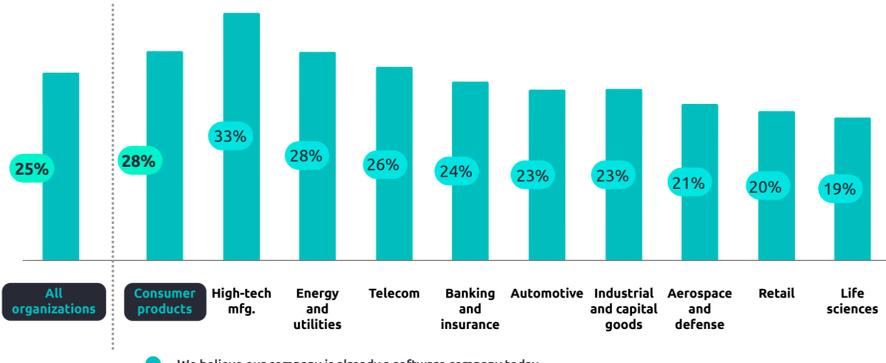
Consumer products companies have an opportunity to build momentum around the digital platforms, products, and services that are shaping the connected shopper journey. Software and data-driven tactics, like personalization and direct-to-consumer models, are opening new doors for improved customer loyalty, more meaningful relationships, better insights, and new ways to create value.

Our report, *The art of software: The new route to value creation across industries*, explores how consumer products brands are adapting their businesses for software-driven transformation, and how companies can overcome challenges to take advantage of new revenue streams, more efficient operations, and better customer experiences.

1. Consumer products leaders are optimistic about software-led transformation

Consumer products companies are increasingly positioning themselves as software-first organizations. Twenty-eight percent of global consumer products leaders already believe their companies to be software-driven or are reconstructing their business models around software.

Percent of organizations agreeing with the statement below



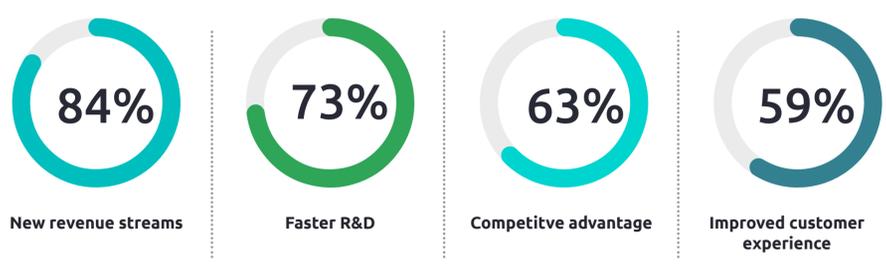
Consumer products companies are also optimistic about revenue from software investments.

They anticipate nearly one-fourth of total revenue will come from software by 2030.



The value software brings goes beyond just new revenue streams. Benefits are felt across the business, including faster R&D and improved customer experiences that aid in giving companies a greater competitive advantage in the market.

Consumer products organizations are already benefitting from software

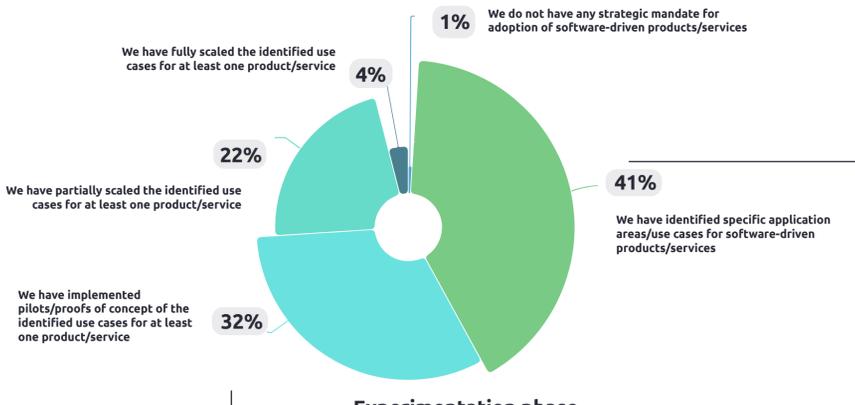


2. Continued investment in key areas will accelerate transformation efforts

Consumer products companies can continue to build on their early success through continued investment in software-led initiatives. Our research found that 73 percent of consumer products companies are still in the "experimentation phase" of their software-driven transformation (compared to 68 percent of organizations overall). This means consumer products companies may only be working on one or two pilot programs or use cases – setting the stage to scale in the future.

Consumer products companies currently dedicate 16 percent of their R&D budget to software, lower comparatively to leading industries like hi-tech manufacturing (21%), industrial goods (20%), and automotive (19%).

Maturity of software-driven transformation in products/services



Only **40%** of consumer products companies say they have a dedicated, software-driven transformation strategy.

Overcoming challenges

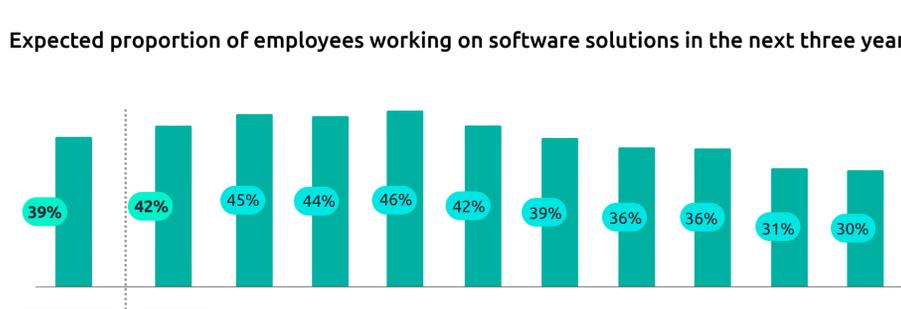
Consumer products companies face similar barriers to transformation, including leadership challenges, data-driven collaboration across the enterprise, the ability to accurately measure the environmental impact of software development efforts, and gaps in talent.

Software transformation challenges exist across the enterprise



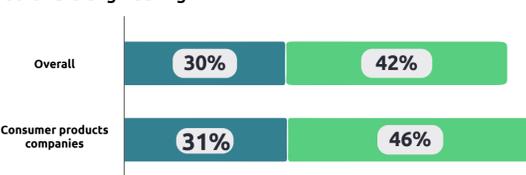
Consumer products leaders anticipate that 42 percent of their employees will be working on software solutions in the next three years. However, 62 percent cite gaps in critical artificial intelligence (AI), machine learning (ML), and deep learning (DL) talent within their organizations.

Expected proportion of employees working on software solutions in the next three years



Investments are also apparent in generative AI, which could increase the demand for AI talent in the future. Consumer products companies anticipate that 38 percent of code will be generated with assistance from generative AI in the next 12 months, with time savings of up to 42 percent over the next three years.

Consumer products companies are starting to use GenAI for software engineering



Becoming a software-driven organization

Software-driven transformation requires consumer products companies to redesign their business models, software organization, and engineering processes to meet the needs of digital-first consumers.

At Capgemini, we've identified six key pillars organizations should follow to achieve a successful software transformation – combining strategy, design, operations, sustainability, and technology to propel consumer products companies forward.



Source: Capgemini Research Institute analysis.

Download *The art of software: The new route to value creation across industries* to learn more about our approach, and how organizations can achieve software-driven transformation.

