Publication date:
11 Oct 2023
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Enterprise Case Study

Schneider Electric and Torry Harris - Connecting global ecosystems through co-innovation and open business platforms

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TORRY HARRIS INTEGRATION SOLUTIONS

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Catalyst

The increasing convergence of IT and operational technology (OT), fueled by investments in the Internet of Things (IoT) and the cloud, is transforming traditional sectors such as energy management and industrial automation. Demand for data insights from connected and smart devices has never been higher as sectors such as construction, manufacturing, energy distribution, and data centers seek to minimize energy waste and fulfill their environmental, social, and governance (ESG) commitments. Accelerating digitization also brings customer expectations for data access, data-enriched offers, solutions, and services.

Schneider Electric is at the forefront of leveraging this IT-OT convergence and sees data as the foundation for efficient decision-making and sustainable operations enabled by software and co-innovation. This case study looks at how Schneider Electric is advancing and scaling its IoT platform openness and business platforming efforts to deliver joint solutions and services that meet customer needs faster, thanks to easy data access and greater interoperability.

Omdia view

Schneider Electric is one of the world's largest manufacturers of energy management and automation products and solutions, with operations in over 100 countries. The major markets Schneider caters to include Buildings & Residential, Energy & Infrastructure, Industry, and Data Centers & Networks. Schneider Electric wanted to bring the various parts of its ecosystem together through a digital marketplace that would connect partners across the globe and encourage collaborative innovation. The company has been advocating for open standards and co-innovation across the partner ecosystem to unlock the potential hidden in IoT data for efficiency and sustainability.

Working with digital integration partner Torry Harris Integration Solutions (THIS), Schneider is bringing the various parts of its ecosystem together through an open business platform to connect technology partners across the globe and encourage collaborative innovation. Schneider Electric has been laying the groundwork for this by integrating data across its businesses and building a foundation to provide its ecosystem access to data in a secure and user-friendly way.

Schneider Electric Exchange, launched several years ago, plays a key role in that mission. Schneider Electric Exchange enables developers to access data collected from connected devices and build specialized solutions on top of EcoStruxure, all through a dedicated developer experience. It also allows customers to discover products and solutions from Schneider Electric Technology Partners that complement EcoStruxure.

The success of such an ambitious program requires mature data pipelines and strong integrations across the business. Schneider Electric has been working with THIS since 2013–14 to both design the integration framework and integrate the data that forms the backbone of this endeavor. Omdia (then Ovum) wrote about this in a past case study, On the Case: Schneider Electric - *Torry Harris Business Solutions: API enablement as a means of transformation for the digital future, in 2016.*

Schneider Electric continues to appreciate the value and specialist skills that THIS brings to the table, while the vendor commends Schneider for its flexibility and pragmatism in modifying its roadmaps to adapt to changing requirements. This case study highlights the advantages of working as partners, where the vendor does what is right for the customer, and the customer acknowledges and empowers the vendor to take ownership. Omdia believes that a partnership approach built on mutual trust is essential for large-scale digital programs to deliver expected results, as exemplified by the engagement between Schneider Electric and THIS.

Key messages

- Openness for data access and integration solutions are the key to unlocking the value of data for energy efficiency and sustainability. An ecosystem of technology partners and end users is paramount for creating greater engagement and involvement.

- It is essential to have a clear vision of the goals of any digital transformation program. Having clarity allows for better strategic planning, clearer product roadmaps, and achievable milestones. It also enabled better communication of goals, milestones, and stakeholder responsibilities, thereby creating buy-in across the board.

- Finding a vendor/partner who understands and shares the stated vision and is ready to take ownership of program components. The vendor should also empower its teams to put the success of the program first and work as an extension of the client organization.

Recommendations

Recommendations for enterprises

- Bringing in stakeholders from across the business is important because they bring on-the-ground perspectives and experiences that IT is removed from. This will enable IT to deliver digital products that more effectively address the challenges faced by users, making it easier to scale adoption. Workshops and training sessions conducted by technical architects and subject matter experts and interactions between the business and IT should be encouraged to facilitate this.

- It is essential to take a collaborative approach with varied partners and stakeholders and foster co-innovation to create value for end users.

- Company culture and communication play important roles in the success of any digital program. There needs to be a common understanding and consensus about the customer value the digital program aims to deliver, and different parts of the business should be encouraged to understand their role in the success of the program.

- Focus on business model innovation by cultivating a startup mindset, conducting pilots, iterating, and pivoting as needed to take these new models and products to market successfully.

Recommendations for vendors

- Effective communication is key to getting everyone to agree on the value of the strategy and implementation roadmaps. Workshops, roundtables, and "show-and-tell" interactions help create unified goals and bring different stakeholders together from across the business.
- Vendors wanting to deliver business model innovations must have the capabilities to build solid integrations between data and assets and the ability to open these assets through APIs. This is what creates the foundation needed for digital platforms and marketplaces to thrive.
- Vendors should take the initiative to become true partners, bring new ideas, and co-innovate with the enterprise. This happens when the vendor is invested in ensuring the client's success, allows its teams to fully integrate with client teams, and empowers teams to act for the success of the project.

Generating new revenue channels through API monetization

Building a digital marketplace to connect the ecosystem

In 2013, Schneider Electric wanted to rationalize its IT applications to facilitate greater IT/OT connection. Schneider Electric decided to move to a service-oriented architecture (SOA) and then API-based implementation to enable applications to be de-coupled, to support reusable services, and to explore new revenue streams. Omdia wrote about this massive rationalization initiative in a 2016 case study, On the *Case: Schneider Electric - Torry Harris Business Solutions: API enablement as a means of transformation for the digital future.* This case study covered one track of Schneider Electric's journey toward becoming a digital asset company, which resulted in the creation of a dynamic integration framework (IFW). This IFW enables Schneider's Digital Global Function (which provides digital software across the business) to build solutions such as subscription-based billing, customer information database, product information database, etc., that are being leveraged to generate a new stream of revenues from digital offerings. This also laid the foundation upon which Schneider could build out its digital marketplace to further monetize its digital assets and data.

Schneider set about benchmarking with peers, competition, telcos, banks, and other digital companies to learn about best practices around digital platforms and continues to do so on a regular basis to ensure that it offers a best-in-class experience for developers and end-customers alike. Schneider was clear from the get-go that the priority was to find revenue generation opportunities for itself and for the participants in its ecosystem, and for that, the architecture needed to be flexible, sustainable, and scalable to ensure it was aligned with the needs of the digital economy.

The role of THIS in solving the problem

The role of THIS in solving the problem

Since 2016, Schneider Electric has successfully developed and scaled EcoStruxure, its IoT-enabled, interoperable architecture and platform. As of 2022, there were more than 7.4 million assets connected to EcoStruxure globally., which customers are expecting. Schneider Electric is advancing the openness of

EcoStruxure—its IoT-enabled, plug-and-play, open, and interoperable platform that uses sensors, connected devices, cloud, data/analytics, and cybersecurity to provide edge control, apps, analytics, and connected services. The ultimate aim is to provide access to data and integration capabilities, allowing customers and developers to tap into EcoStruxure's full potential as a platform as a service (PaaS) for the industry, enabling new ways of generating and capturing value such as data as a service (DaaS).

Schneider leverages Exchange to bring together channel partners, third-party service providers, and technology partners. Schneider Electric Exchange extends EcoStruxure by enabling better collaboration between Schneider Electric and its Technology Partners. Schneider Electric Exchange allows.

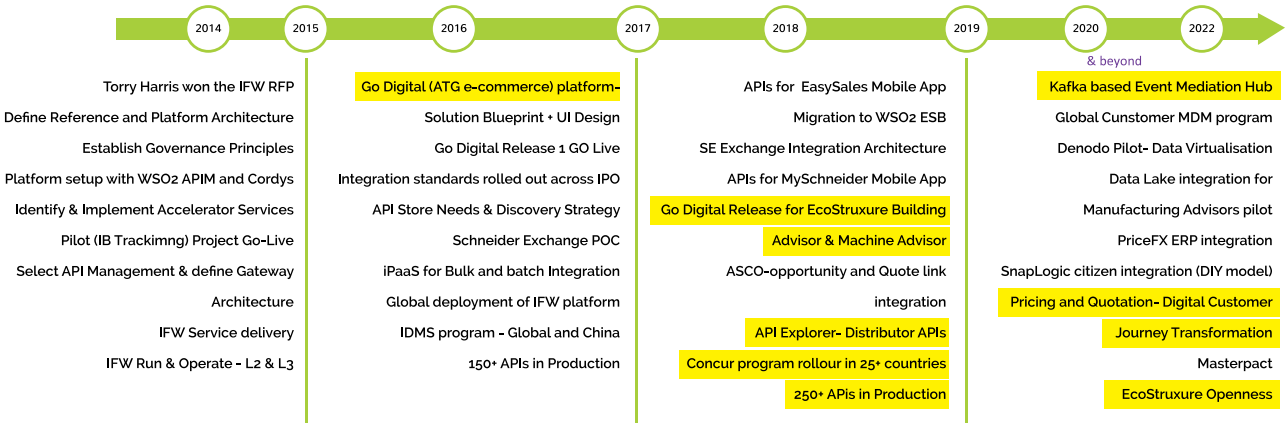
- Access to an array of developer resources, such as APIs, software development kits, analytics, and datasets in a dedicated developer portal.
- Enablement of DaaS monetization for Schneider Electric and its ecosystem of Technology Partners.
- Discovery of digital resources and expertise from Schneider Electric and its partners to scale solutions and speed up time to market.

Furthermore, Exchange allows Schneider Electric to drive incremental revenue through revenue share arrangements with technology partners that harness the power of co-innovation based on an open platform.

Bringing the strategy to life

Exchange builds on the EcoStruxure platform by bringing together an ecosystem of specialized technology partners that extend EcoStruxure offerings. Schneider Electric had already laid a foundation for bringing content to the Exchange Marketplace to life through the data integration work it had done with THIS since 2014 and the SOA framework / API enablement that had been put into place (see **Figure 1**—yellow highlights show milestones in the Exchange Marketplace program).

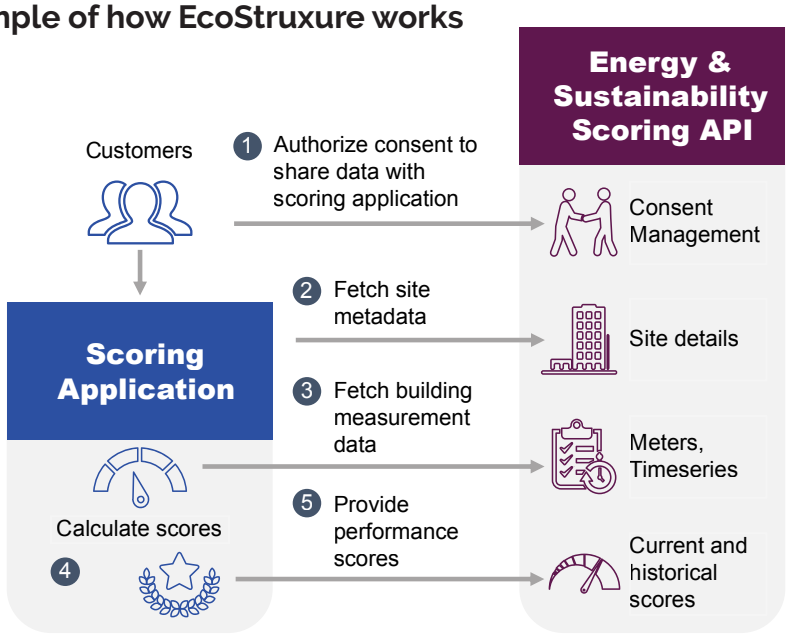
1. Figure 1: Schneider Electric and THIS partnership timeline



Source: THIS (major milestones and deliverables highlighted in yellow)

The EcoStruxure framework allowed Schneider Electric to quickly integrate its ongoing acquisitions and tap into data from across its businesses that could then be leveraged to offer relevant information to partners through productized open APIs. This allows partners to build third-party solutions that complement Schneider Electric offerings and offer customization to meet local reporting requirements and specific customer demands (see **Figure 2**).

2. Figure 2: Example of how EcoStruxure works



Source: Schneider Electric

During the development phases, THIS felt the need to take an outside-in approach and reached out to Schneider Electric's partners and lines of business (LOBs) to understand the challenges they were facing. Though there was an initial reluctance from Schneider Electric's product team, they understood the advantages of this approach and facilitated further dialogues. The COVID-19 pandemic hit right at the time the project began to pick up steam and required the teams to rapidly pivot to remote working. During the early months, the teams also suffered setbacks due to stringent lockdown protocols for sick colleagues and the extremely fluid situation this created. During the interview for this case study, Schneider Electric greatly appreciated THIS' ability to work around these challenges to ensure that product quality and timelines did not suffer. THIS, on the other hand, appreciated Schneider Electric's trust in its team, which allowed it to empower employees to make quick decisions when dealing with unpredictable situations as the pandemic unfolded.

Outcome assessment

Since its launch in 2019, Exchange has onboarded 190+ partners and has over 75,000 users. Exchange provides a space for technology partners to get accredited and list their services that reach a much larger audience than they could get exposure to. Schneider Electric's vision for Exchange is to further open up EcoStruxure as a cross-industry digital co-innovation ecosystem to help solve real-world sustainability and efficiency challenges by enriching and empowering value-added partners to own end-to-end customer outcomes. This is guided by three pillars:

- Best-in-class Developer Portal and experience with open APIs, SDKs, and datasets in a secure IoT collaboration environment.
- Developer Community, a dedicated space for discussions on innovative solutions and challenges.
- Digital Marketplace, where developer tools, applications, and partner offers are monetized.

During the research for this case study, Omdia was presented with multiple examples where value is created for end users, technology partners, and Schneider Electric based on the data integration and API-as-a-product approach. This underscores the fact that Exchange is delivering on the vision behind it and it brings immense value to the ecosystem.

THIS leveraged its cross-industry expertise and shared best-practice knowledge from other sectors with Schneider Electric in a bi-directional process. THIS also co-developed frameworks with Schneider Electric to ease the onboarding of partners by defining the rules of engagement to help them understand the process, expectations, and vision of the initiative.

Schneider Electric also sees tremendous potential in the ability of EcoStruxure and Schneider Electric Exchange to facilitate sustainable green buildings and support tracking and reporting of sustainability metrics for end users. **Philippe Raffin, Head of Product Management, EcoStruxure Openness at Schneider Electric, summed up the program by saying:**

As we look at the world around us today, we see that change is happening at Scale; with two distinct mega trends that have a profound global impact. Climate change is a top priority for Schneider Electric to tackle. Our purpose is to make the most of our energy and resources for all. We believe that technology will allow us to bridge progress and sustainability for all. The other mega trend is digitization and the tremendous potential of data. These two trends are closely related. With our 192 global Technology Partners, 70 developer tools, 288 products in our Exchange Marketplace and over 70,000+ registered Users, our Exchange platform is empowering all parties to create or enrich EcoStruxure-based solutions as a means of accelerating digital transformation for sustainability and efficiency.

Lessons learned

The inner "plumbing" of the business matters the most

The ability to successfully support digital initiatives and open platform business models comes from getting the digital core and the "plumbing" that allows data to be exchanged securely. In Schneider Electric's case, the foundation that was laid about a decade ago enabled the backend systems to cope with the digital services being offered through Exchange at scale, enabling Schneider Electric to build a platform business model that brings together an ecosystem and form communities. Having the right integrations and architecture in place allows Schneider Electric to seamlessly offer its own and partner products and services on Exchange and encourages collaboration between different ecosystem players.

The success of digital platforms depends on the value they bring

It is easy to buy an off-the-shelf product, white label it, and set it up, but the success of the platform depends on the value that it offers to the participants because that is what will motivate partners to sign up and actively engage on the platform. The ability to deliver unique value depends heavily on how well the orchestrator (in this case, Schneider Electric) can leverage internal and partner assets and data through integration.

Culture, communication, and vision form the backbone of innovation

Schneider Electric's vision was to integrate data across its operations and leverage it to build new business models—in this case, Exchange. The importance of data to the continued success and transformation of the business was communicated in multiple ways that emphasized optimizing data usage, access, and quality to enable value for customers. This was augmented by promoting a customer-focused culture that thrived on the open exchange of relevant information to deliver value.

Appendix

Methodology

Omdia Case Studies leverage in-depth interviews with key stakeholders as well as a review of any available documentation such as strategic planning, RFP, implementation, and program evaluation documents.

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