Companies that place technology at the heart of their business model need open-ended high-quality relationships. CIOs can learn from Johnson Controls and Accenture’s experience creating sustainability-related outcomes.

**Case Overview**

**Problem**

- JCI wanted to create a new subscription-based business model.
- A new model required new technologies and practices that were outside the company.
- JCI needed a partner that would work with it to achieve an outcome.

**Action**
JCI sought partners that would work with it to find the right business model.

JCI partnered with Accenture in a mutual commitment to sustainability and business outcomes.

JCI managed the relationship based on those outcomes to reach its outcome.

Results

JCI’s new subscription-based business model is its fastest-growing product.

Quantify

JCI is transitioning from focusing on products toward becoming an intelligent buildings company. Its joint working relationship with Accenture is an important part of that transition to being a high-tech company.

CIOs reviewing this Case Study can identify how products, services and different ways of working build generative or high-quality relationships.

More Detail

A Different Path to Becoming a Technology Company

“We were a traditional industrial company that is becoming a high-tech company,” commented Phil Clement, global chief marketing officer at JCI. He observed, “Traditionally, we would have approached the transition from a position of doing and making everything ourselves. We would have built the equipment, the APIs, the cloud services on our own. However, we realized that approach was less desirable than building an ecosystem of partners.” Figure 1 illustrates the changes in the business model JCI sought.
He went on to say that “Ten years ago, there was no subscription business in JCI. We sold equipment and other products with maintenance contracts.” Subscription services are now JCI’s fastest-growing business as the company shifts from product- to outcome-based pricing and results. Clement points out that “a deeper relationship with a technology provider makes sense as now our business models are more alike than they were in the past.”

In 2015, JCI started a long-term partnership with Accenture that grew from a traditional technology implementation into a generative joint venture. Together with Accenture, JCI accelerated its transition into a technology company oriented around issues of sustainability. “In the partnership, we pool resources and investments with a joint focus on being a sustainability company,” said Vikrant Viniak, senior managing director at Accenture.

**Sustainability as the Shared Commitment and Outcome of the Relationship**

A joint commitment to sustainability is held by both companies as a societal and business goal. “Our relationship starts at the top,” Clement commented. “JCI is a sustainability company and Accenture shares that goal as well. Our CEOs meet about this issue on a regular basis.” The JCI-Accenture partnership is the embodiment of that shared commitment.
JCI and Accenture evolved their long-term relationship into a joint business venture two years ago with solutions for Return to Work, Security and Sustainability. Clement pointed out an important shift in the way JCI thinks about its products. “We recognized that CEOs and companies were investing in highly productive work environments, not controls on an HVAC chiller or sensors. The services we offer transfer capital and operational risk from companies to the outcomes that they value.”

The solutions they have created together build on the strengths of each partner and have created technologies that neither would have built working independently. Examples include the following:

- **Sustainability Services**: JCI is working with Salesforce and Accenture to accelerate sustainability activities for JCI’s buildings and operations. JCI’s C-suite executives have true visibility into their company’s historical and real-time environmental, social and governance (ESG) data.

- **Marketing Technology Services**: The two companies are partnering on JCI’s OpenBlue brand, which is focused on open architecture and cloud-based solutions. The solution enables go-to-market (GTM) transformation through digital enablement including strategic and personalized planning, integrated campaigns, activation (creative, campaign, content services and production), media strategy and insight-driven optimization.

- **Return to Work Solutions**: OpenBlue Healthy Building solutions, which are integrated but can also be deployed modularly, include a combination of hardware and software. This includes smart equipment, digital sensors, security systems, cameras, monitors, powerful analytics and dashboards, infection control, and other connected devices, as well as a mobile app to manage spaces and occupant experiences. The Workplace solution is developed using Privacy by Design and supports Privacy by Default.

- **Security Partnership**: This amplifies physical and cybersecurity capabilities at customers, creating a new market for “cyber-physical security” to surface threats that normally fall below monitoring thresholds. The solution is deployed as a scaling SaaS platform to provide greater security for firms that need to secure physical or cyber estates, especially where operational technology is deployed.

Each of these solutions came together through a combination of insights, skills and resources from both JCI and Accenture. These solutions represent new ideas and opportunities resulting from this relationship.
Leading and Managing This Generative Relationship

When JCI reached the decision to create an ecosystem rather than going on its own, it began looking for potential business and technology partners. “Originally, JCI considered partnering with pure-play technology companies. We did not consider a systems provider for a partner,” said Clement. “Many of the pure-play providers we talked with were willing to invest, but only if we had figured everything out. We knew that was not possible in a dynamic environment. We needed a partner who was willing to deal with ambiguity and was focused on repeat/ongoing opportunity rather than winning individual deals.”

The relationship runs based on managed outcomes and defined objectives related to developing the technology, evolving the technology and then building the business together. Viniak observed, “We evolved our working together from questions of what we do, to how we do it together, to how we execute in the market.” The principles for this relationship revolve around the following:

- No unmanaged outcomes. Both JCI and Accenture share the results they want to create and engage on those.
- Leading and managing the relationship as if it is a business unto itself, rather than an initiative or side business.
- A standard cadence for managing the business and bringing all stakeholders together — from the two companies’ CEOs to the leadership and operational teams.
- Shared metrics and transparency on performance at all levels — same projects, same purpose, same dashboard.
- Joint teams that work in a badgeless way (badgeless in the sense that you cannot tell JCI team members from Accenture team members).

The relationship gives both parties flexibility in how they go to market. “Sometimes JCI is in the lead, sometimes Accenture, but more often it is the two of us together working on something neither party would have readily gotten on their own,” Viniak commented. Each party manages its costs independent of the other. Both feel that approach is fair to the other partner. Regarding revenue and margins, both commented that the margins on these joint solutions are at least equal to or better than other products in JCI.
The relationship has accelerated the pace of closing deals from a year or more to less than a few months. Clement shared, “Our deals are bigger, close faster and have better close rates when we work together. Much of this comes from the way both of us see this opportunity. It is not a zero-sum game or dividing a pie between us. It is all about how together we make the opportunities bigger.”

The JCI-Accenture relationship reflects the realities of a technology company in an information-intensive solution space. Neither side controls the other. JCI is dedicated to providing open and interoperable products and solutions. The relationship is not exclusive with Accenture, which likewise works with other partners in the sustainability space. Traditionally, this open relationship would reduce the potential and power of working together. “We stick together because we are better at this together in ways that best benefit our customers,” observed Viniak. There is no need to tie the two companies down.

Clement described this aspect of the relationship in this way: “We are friends with Accenture, but we have other friends as well. We know which friends you can count on to deliver and do more business with them than our other friends. Only so many people can actually deliver on this type of outcome.”

**A Generative Relationship Requires a Different Level of Leadership and Organizational Maturity**

Overall, the relationship runs on a clear understanding of each party’s strengths and a joint commitment to a shared outcome. The two leaders observed that this requires a greater level of leadership and organizational maturity than a traditional customer-provider relationship. Intellectual property (IP) is one illustration of this maturity.

JCI protects its IP, but it knows the pragmatic difference between the IP it needs to protect versus protecting all IP. Clement commented, “IP literacy is critical; you need to know what it takes to protect IP while getting value from it. Those who are less literate are the ones who default to being overly protective.” This is an example of the level of maturity involved in supporting a generative relationship.

**Lessons and Advice From This Generative Relationship**

The JCI and Accenture relationship is an example of a generative partnership. Each party brings its own strengths, and working together, they create something new in the marketplace. In this case, it is a new set of return-to-work and sustainability offerings.
Clement described the relationship in the following way. “Relationships exist across a spectrum. There are average ones, ones at the bottom of the distribution, others at the top. We are shooting for the top of high-performance relationships.”

This context shapes the advice both Clement and Viniak shared. This includes the following:

- Build a relationship that concentrates on achieving a positive outcome — creating rather than preventing or controlling something. In this case, it is growing the pie of sustainability opportunities.

- Opportunities are focused on customers and the market, rather than a relationship based on one company selling something to another.

- “A closed or uneven exchange of views is a killer to this type of relationship,” cited Clement. “A frank dialogue about customers and needs is the best way for both parties to learn together.”

- The relationship is based on managed outcomes rather than a vision or good intentions. This keeps attention on what is happening rather than what should happen.

At their foundation, both companies need a level of maturity around their strategy, leadership and operations. A higher level of maturity is mandatory as an effective generative relationship requires thinking and working in new ways.

Thinking about achieving an outcome via a relationship with a generative partner requires working in ways that maintain that joint focus together without devolving into issues of control. As Clement put it, “A high-tech provider who is able to partner beyond the next incremental sale, is able to deal with the natural ambiguity of creating something new, and is willing to commit themselves to the same degree as we do, is a partner of choice.”

**Recommendations**

A generative partnership requires a level of leadership, strategic and organizational maturity, which includes:

- Having a mutual commitment to an outcome that is best achieved through joint innovation and engagement rather than implementation of a specific technology.
- Engaging a high-tech provider that is able to commit to and shares your interest in the outcome (the why) and is comfortable with the ambiguity (the how) associated with doing something new.

- Having the maturity in both organizations to focus on the outcome in an open and constructive way, without devolving into issues of control.

- Focusing the commercial aspects of the relationship on building a repeatable and scalable revenue stream rather than concentrating on individual deals.

**About This Research**

We developed this Case Study based on an interview in March 2021 with JCI's Phil Clement, global chief marketing officer, and Accenture's Vikrant Viniak, senior managing director. This Case Study describes the nature of their relationship and its illustration of key points in a generative relationship.