digital
direction
report

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movements power digital transformation

introduction

The pace of digital transformation has drastically accelerated during the last year. Whether it be due to the pandemic, Brexit, or new policies brought in the aftermath Of the US election, businesses from all industries have turned to technology to try and overcome the challenges they have faced. Implementing new technologies and Modernising old practices has enabled businesses to continue to deliver high-quality Customer experience, remain compliant with changing governance and regulations, or simply keep their head above water during a time of economic hardship.

But how successful have they been? Have digital transformation initiatives lived up to expectations and dealt with the challenges they were brought in to solve? And how supported have businesses felt as they have looked to embark on a digital transformation journey?

In order to answer these questions, we commissioned independent market research Agency Vanson Bourne to conduct a study examining how businesses were navigating the digital transformation landscape. Between July and August 2021, 200 senior decision makers from both the US and the UK were interviewed in an attempt to find out.

The study findings reveal that although decision-makers across the board recognise that they have accelerated their digital transformation initiatives during the last 12 months, there is a great deal of disparity and confusion surrounding digital transformation between those that work in IT and those that don't as to what it means, how it is progressing and what the benefits of it really are.

What is Digital Transformation?

In order to understand the digital transformation landscape, the survey first needed to understand what digital transformation meant to organisations. To answer this question, the survey asked respondents, 'what the term digital transformation meant in the context of their organisation?'.

The results highlighted that while digital transformation is a term being used by organisations' across the board, the phrase itself has become an umbrella term that means different things relating to the imperative practice of improving technology and business processes. This was point was highlighted by one US based ITDM from a media, leisure and entertainment organisation, who said:

"Digital transformation will vary widely based on organisations' specific challenges and demands. Digital transformation is imperative for all businesses, from the small to the enterprise."

While organisations' definitions of digital transformation may vary, businesses from each and every industry sector and of different sizes, see digital transformation and the modernisation of technology within their organisation as a process that is integral to the wider business. Respondents see digital transformation as an opportunity to boost business resilience, become more agile and drive the organisation forward. This was highlighted by the below decision-makers:

"Digital transformation is embracing the latest trends and using them to help accelerate the business in achieving modern business tools. An example would be cloud firewalls or other cloud technologies which would allow agility for business needs." ITDM from a manufacturing and production organisation with **5,000** or more employees in the US.

"Our understanding of digital transformation is making your business **100%** compatible with modern technology and being able to process all tasks online".

Business decision-maker from IT, technology and telecoms organisation with 500–999 employees in the UK.

Digital Acceleration

While businesses' definition of digital transformation may have varied, one trend that was ubiquitous across the board was that the pace of digital transformation has accelerated during the last **12 months**. Almost all **(94%)** of the survey respondents agreed that their digital transformation initiatives have accelerated during the last **12 months**, with **46%** claiming that this acceleration has been significant.

> **94%** of ITDMs say their organisations' digital transformation has accelerated during the last **12 months**.

Despite the majority of respondents agreeing that digital transformation has been accelerated during the last **12 months**, it would appear there is still some way to go to progress digital transformation. More than half **(58%)** of the respondents claimed that their organisation is only in the early stages of implementing digital transformation, or have only partly implemented digital transformation. Furthermore, **8%** of respondents also claimed that they are yet to implement a digital transformation strategy. Just over a third **(35%)** of the respondents claimed they had fully implemented a digital transformation strategy.

To what extent has your organisation implemented a digital transformation strategy?

- **02%** We haven't implemented a digital transformation strategy, and we don't plan to.
- **5.9%** We haven't implemented a digital transformation strategy, but we would like to.
- **11.9%** We're in the very early stages of implementing our digital transformation strategy.
- **45.5%** We have particlally implemented our digital transformation strategy.
- **34.7%** We have fully implemented our digital transformation strategy.

Digital Disparity

Within the group that claimed that they had fully implemented their digital transformation strategy there was also some disparity between the opinions of IT decision-makers and non-IT decision-makers. Four-fifths **(80%)** of the group that claimed that their organisation had fully implemented digital transformation were ITDMs, while just **20%** were from job roles outside of IT, suggesting that perhaps digital transformation initiatives aren't being felt throughout the whole business.

This disparity was also seen when looking at the implementation of specific technologies. For instance, **79%** of ITDMs agree that they have undergone significant DevOps adoption, compared to **61%** of non-ITDMs. The same number **(79%)** of ITDMs agree that they have undergone significant adoption of cloud services compared to **58%** of non-ITDMs, while **80%** of ITDMs agree that they have undergone significant data analytic's adoption, compared to just **42%** of non-ITDMs.

A similar trend could be seen when looking at what areas both ITDMs and non-ITDMs thought should be prioritised for digital transformation, with there being little agreement between the two groups. For instance, more than half **(59%)** of ITDMs cited addressing exploitation of the cloud as a top priority, but only **42%** of non-ITDMs saw this as an area for prioritisation; while **60%** of ITDMs cited addressing evolving security threats as a top priority, only **35%** of non-ITDMs saw this as a priority.

In fact, evolving the customer experience was the only area both ITDMs and non-ITDMs could agree on prioritising, with **47%** of both groups agreeing it should be a focus.

These results hint at a degree of misalignment between line of business decision-makers and ITDMs, which suggests that although digital transformation initiatives are taking place, the benefits are not being felt throughout the organisation. This misalignment was made clearer when the ITDMs hinted that they were struggling to demonstrate the ROI of digital transformations to the rest of business with **92%** of IT respondents claiming that proving the business value of IT services' would be their top priority for the year ahead.

92% of ITDMs claim 'proving the business value of IT services' will be a top priority over the next 12 months.

Digital Confusion

Perhaps one of the reasons that IT departments might be struggling to demonstrate the value of digital transformation is because they lack an understanding behind the intention of transformations and have no clear objectives. Almost all **(97%)** of the ITDMs polled agree that when they undertake a transformation of a particular area of IT within their organisation, they could have a better idea of what the problem is they are actually trying to solve.

Despite lacking clear objectives behind digital transformation initiatives, the respondents did highlight a number of key areas that might need transformation, albeit without outlining specific challenges. Addressing evolving security threats is the top issue with **88%** agreeing this is a concern. Maintaining data privacy and governance is also cited by **82%** of the ITDMs and shifting towards a hybrid working environment is mentioned by **81%** and exploitation of the cloud by **80%**.
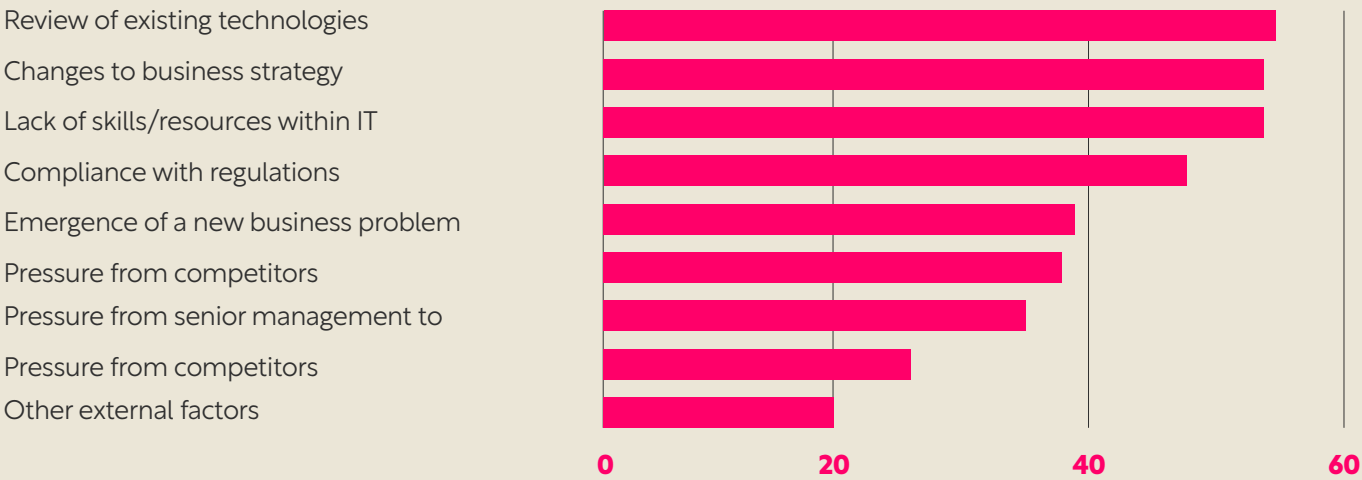
The trouble for organisations, the research finds, seems to be identifying where to start with regards to digital transformation initiatives and thus how to tie in wider business objectives. An overwhelming majority of respondents **(96%)** agree that they would benefit from advisory services on digital transformation, while **79%** say that they would value the support in the early strategic thinking phase of digital transformation. But when and how do organisations choose a digital transformation consultancy firm?

96% of respondents agree that they would benefit from advisory services on digital transformation.

Finding the Right Digital Transformation Partner

When pressed on what factors lead them to start looking for a digital transformation Partner, there was a broad consensus, regardless of organisation size, or what Department a decision-maker came from. Reviews of existing technology came out on top with just over half of the decision-makers **(51%)** claiming this was a reason to start looking for a digital transformation firm, while both changes to business strategy and lack of skills and IT resources were chosen by **50%** of decision makers.

Trigger factors for hiring a DX consultancy firm

Review of existing technologies
Changes to business strategy
Lack of skills/resources within IT
Compliance with regulations
Emergence of a new business problem
Pressure from competitors
Pressure from senior management to
Pressure from competitors
Other external factors

0   20   40   60

Moving further along the buyer journey, the decision makers were pressed on what Factors help them determine which IT consultancy firm to partner with. The quality of the proposal came out on top with just under half **(49%)** of the respondents citing this as the determining factor. Tellingly, understanding the organisation's needs came second, being selected by **44%** of all decision makers. These results would suggest that organisations are looking for a partner that they can form a long-term relationship with, rather than merely a consultancy that looks to upgrade technologies and move on.

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Conclusion

The survey results bring to light that there is a lot of confusion and disparity regarding digital transformation. While the overwhelming majority of respond- ents agree that digital transformation has accelerated during the last year, there seems to be limited recognition of what digital transformation initiatives have achieved. This would appear to be because digital transformation initiatives have been designed without considering the overall objectives behind deploying particular technologies.

To overcome this issue, organisation's should look to work with a trusted partner that takes a Design Thinking approach to digital transformation and that seeks to understand their needs, and which problems need solving before working out the most efficient and effective way of achieving them.

Design Thinking is a client-centric approach to digital transformation that considers an organisation's desired end state and business outcomes and maps out the most efficient way to get there.

It takes into account the feasibility of implementing different technologies and their potential to add value to the business. By keeping the client's desires top of mind, digital transformation can help them achieve their business objectives and deliver long-term value.

Methodology

Daemon commissioned an independent market research agency to conduct both the quantitative and qualitative research upon which this report is based. A total of 200 decision makers were interviewed from the UK (100) and the US (100) between July and August 2021.

The decision makers were from both IT (138) and non-IT (62) departments in order to reveal their different opinions about digital transformation. All decision makers were from organisations of over 500 employees. Interviews were conducted online using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate.

About Daemon

Daemon is a technology consultancy that leverage's a Design Thinking approach to help Businesses make their tech work better for them. Its clients include big retailers, including the likes of Sainsbury's, John Lewis, Superdry and SpecSavers, while also working with big Public sector organisations such as the Home Office. Daemon partners with the likes of AWS, HashiCorp and Atlassian to deliver projects that range from cloud migration, DevOps, and AI/ML.

About Vanson Bourne

Vanson Bourne is an independent specialist in market research for the technology sector. Their reputation for robust and credible research-based analysis is founded upon rigorous research principles and their ability to seek the opinions of senior decision makers across technical and business functions, in all business sectors and all major markets. For more information, visit **vansonbourne.com**

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