

# Vast digital transformation expected

According to a new report by Forbes Insights in association with Hitachi Data Systems, digital transformation sits atop the strategic agenda for enterprises. Half of the executives surveyed believe the next two years will be critical for their organisations in order to make this transition and prepare for future opportunities.



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The global study – titled *'How to Win at Digital Transformation: Insights from a Global Survey of Top Executives'* – is based on a survey of 573 senior executives worldwide, as well as one-on-one conversations with top executives. It reveals that now more than ever, every industry and company faces the pressure to transform before it's too late.

While prompted by competitive pressure, digital transformation holds the key to turning marginal growth into exponential growth. It is considered the accelerator for bending the curve on productivity, time to market, deployment of new business models and revenue generation.

## People, processes and technology

The research defines digital transformation as an evaluation of business processes. As such, the findings show that real business transformation, made possible by digital transformation, is only achievable when organisations realise the interconnectedness of people, processes and technology. All three must be synchronised for meaningful business transformation to occur.

As uncovered in the report, only a third of companies consider themselves leaders in customer experience, suggesting that the potential of data and analytics to help with this process has been underutilised.

“Digital transformation is now essential for corporate survival,” said Bruce Rogers, chief insights officer at Forbes Media. “And it’s more about people and culture – about change management – along with investing in the technology.”

“At the centre of transformation is data. It is both the creator and accelerator that has proven to be the currency of IT organisations. By failing to unlock the potential of data, organisations are falling short of their own transformation,” said Asim Zaheer, chief marketing officer, Hitachi Data Systems.

## Stepping towards digital maturity

While the research suggests that most companies are on the right track, the transition toward digital maturity points to five major steps:

- **Make transformation a top strategic priority** - The Forbes Insights-Hitachi survey confirms that digital transformation is the top strategic priority (50%). The strategic emphasis on digital transformation is reinforced by executives’ focus on investment. Investing in new technologies to enable digitalisation is the top investment priority over the next two years (51%), along with increasing data and analytics capabilities (51%).

- **Business outcomes need to drive digital transformation (DX)** - New business models are the top driver of DX (41%), followed by new technologies (40%). It is a sign of maturity that the ability to innovate is the top measure by which the success of DX is measured (46%), along with revenue growth (46%), followed by cost reduction (43%).

At the same time, there are issues companies still grapple with and must resolve:

- **Untapped potential of data and analytics** - While less than half of companies (44%) see themselves as advanced or leaders in data and analytics, a vast majority (91%) have already seen revenue increases due to the use of data and analytics. Only a third of companies consider themselves leaders in customer experience based on their digital transformation, which points to underutilised potential.

- **An enterprise-wide approach to DX needs to be adopted** - Currently, cross-functional teams are not involved enough in developing (40%) or implementing (35%) strategy, with the bulk of this work done by IT (50% and 54% respectively). IT is the function considered the most prepared for digital transformation (53%), while other functions lag with just over a third of survey respondents deeming them ready.

- **Companies must learn how best to marry technology with human resources** - Technology cuts both ways. It is seen as the biggest challenge (29%) and the top contributor to a successful digital transformation (56%). People are on top of the list when it comes to how to deal with challenges of DX. New hires come first (57%), followed by internal training (54%). For technology to contribute, people (defined as talent and capabilities), need to be viewed as contributors to success.

*This report’s findings are based on responses of 573 C-level executives from North America, Latin America, Europe and Asia-Pacific. They represented enterprises with revenues above \$500 million, with 62% of companies having revenue of more than \$1 billion, and 19% with revenues of \$10 billion or more.*

*The majority of respondents were chief executive officers (CEO) (23%), chief technology officers (20%), chief information officers (15%), and chief financial officers (7%), and all were involved in the planning or implementing of digital transformation in their organisations. Respondents represented a wide range of industries, including technology and services (20%), telecommunications (10%), financial services (14%), and healthcare (10%).*

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