

The State of Digital Transformation

2023/2024

In conjunction with





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The State of Digital
Transformation 2023/2024

Introduction

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CHAPTER 1:

Introduction

Digital transformation is a leading enabler for businesses seeking to drive efficiency, improve processes and future-proof operations, and as 2023 begins, that pace of change continues to accelerate.

In an increasingly digital world, most businesses are considering some form of digital transformation to boost their competitiveness and ability to adapt to changing market conditions. But how are those currently undergoing digital transformation coping, where are they finding success and challenges and what lessons can be learned?

To find out, we surveyed 219 IT professionals within the Insights for Professionals community to explore how companies like yours are transforming, the obstacles they're facing and how they're measuring their success. These findings will help inform your leadership approach to digital transformation and highlight ways to deliver a clear vision across your business – one where all workers will be impacted and encouraged to identify and explore the value of new business ideas, revenue-generating and time-saving advantages.

Read on to learn:

- **The state of digital transformation - how far are companies in their DX journey?**
- **What transformation technologies are businesses focusing on?**
- **What obstacles have businesses faced in transforming successfully?**
- **How much do organizations plan to spend on transformation in the coming year?**

Survey demographics

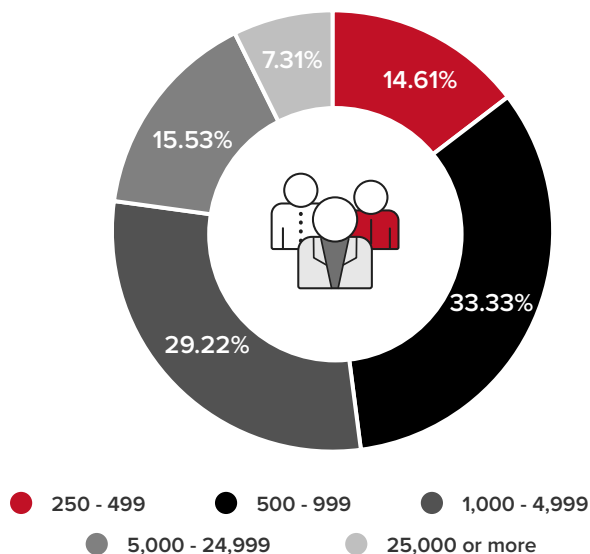
Insights for Professionals surveyed 219 senior IT professionals across a range of industries and company sizes across the United States and the United Kingdom.

Among the industries with the most representation were Technology (32%), Information (17%), Finance (10%), Manufacturing (8%) and Retail (6%). Others include Health (6%), Government (4%) and Construction (3%).

Company size

Our sample contains a mix of company sizes ranging from businesses with 250 employees to over 25,000. The largest percentage of respondents work in organizations with between 500 and 999 employees, while just under a third are in companies with between 5,000 and 24,999.

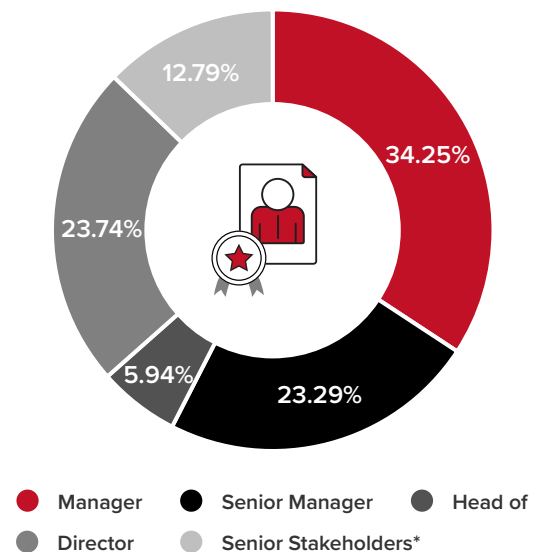
How many employees are there in your organization?



Seniority level

Around 50% of respondents are managers or senior managers in companies ranging from 250 to 499 (14%) and over 25,000 (7%) employees within their organization.

Select your authority level

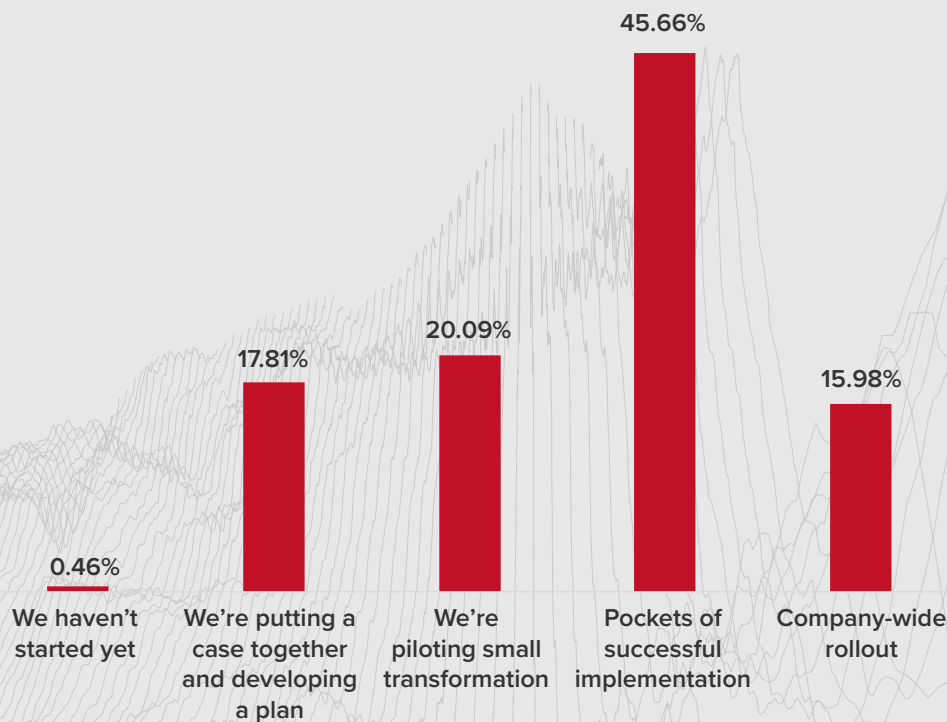


Which country are you based in?

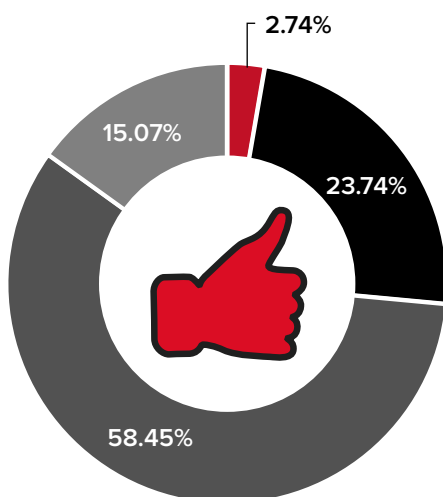


*Senior Stakeholders (i.e. VPs and C-Suites)

Digital transformation progress



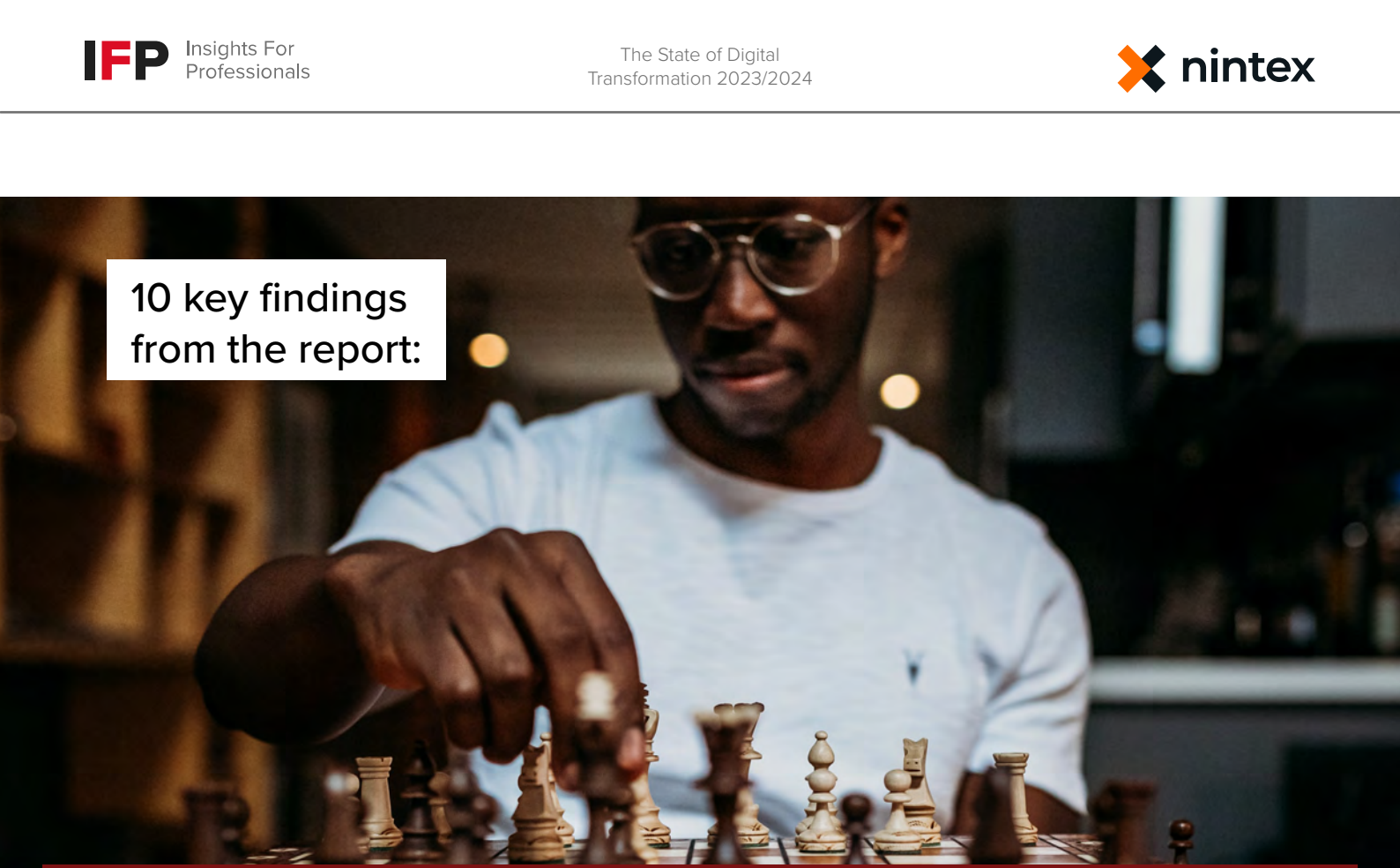
Digital transformation success



● Poor ● Fair ● Good ● Excellent

What is digital transformation?

While it may sound like a simple term, digital transformation can mean many things across parts of an organization. When starting a digital transformation process, it's better to have a definition that everyone can work toward with a clear vision, typically this is in the form of: "Using digital technologies to create new value within the business by evolving processes, culture and customer experience to meet changing internal business and external market requirements".



10 key findings from the report:

1. **Process transformation, digital technology integration (API) and customer experience** were the three most popular initiatives among our respondents' digital transformation journeys.
2. Most businesses cited **innovation, improving business agility and eliminating operational efficiencies** as their key reasons for investing in digital transformation.
3. **Cloud computing** dominates transformation technology spending, with **Data and Analytics** a strong second. **The Internet of Things** continues to make impressive inroads in adoption, with **5G mobile, Artificial Intelligence** and **Machine Learning** also showing growth.
4. The majority of companies in our survey (**46%**) have implemented pockets of transformation successfully, with just **16%** successfully rolling it out company-wide.
5. **73%** of respondents rate their digital transformation program success so far as either **'Good'** or **'Excellent'**.
6. **43%** of businesses cited **change management** as a key challenge, with **18%** claiming it had cost them between **\$2million and \$5million+**.
7. COVID-19 triggered 50% of large-sized companies to make IT spending increases, compared to just 25% of smaller (250-500 employees).
8. Looking to the future, **strengthening cybersecurity, increasing innovation and eliminating operational inefficiencies** are the three biggest transformation priorities among our respondents.
9. Companies that had successfully rolled out digital transformation company-wide overwhelmingly cited **strengthening cybersecurity** as a key priority (74%).
10. Finance companies are laser-focused on business agility and cost reductions compared to technology and information businesses, who are focused primarily on innovation.

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Digital transformation in the age of COVID-19

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CHAPTER 2:

Digital transformation in the age of COVID-19

Digital transformation was a keenly-felt issue long before COVID-19, but the challenges that all businesses faced during the pandemic made it a critical one.

The need for some or improved collaboration, data sharing and analytics and a broader understanding of business goals and how IT enables them saw a technology adoption boom. While many digital transformation efforts during COVID-19 were performed in an ad-hoc and needs-must fashion, they set the platform for a more orderly transformation as businesses return to normal operations.

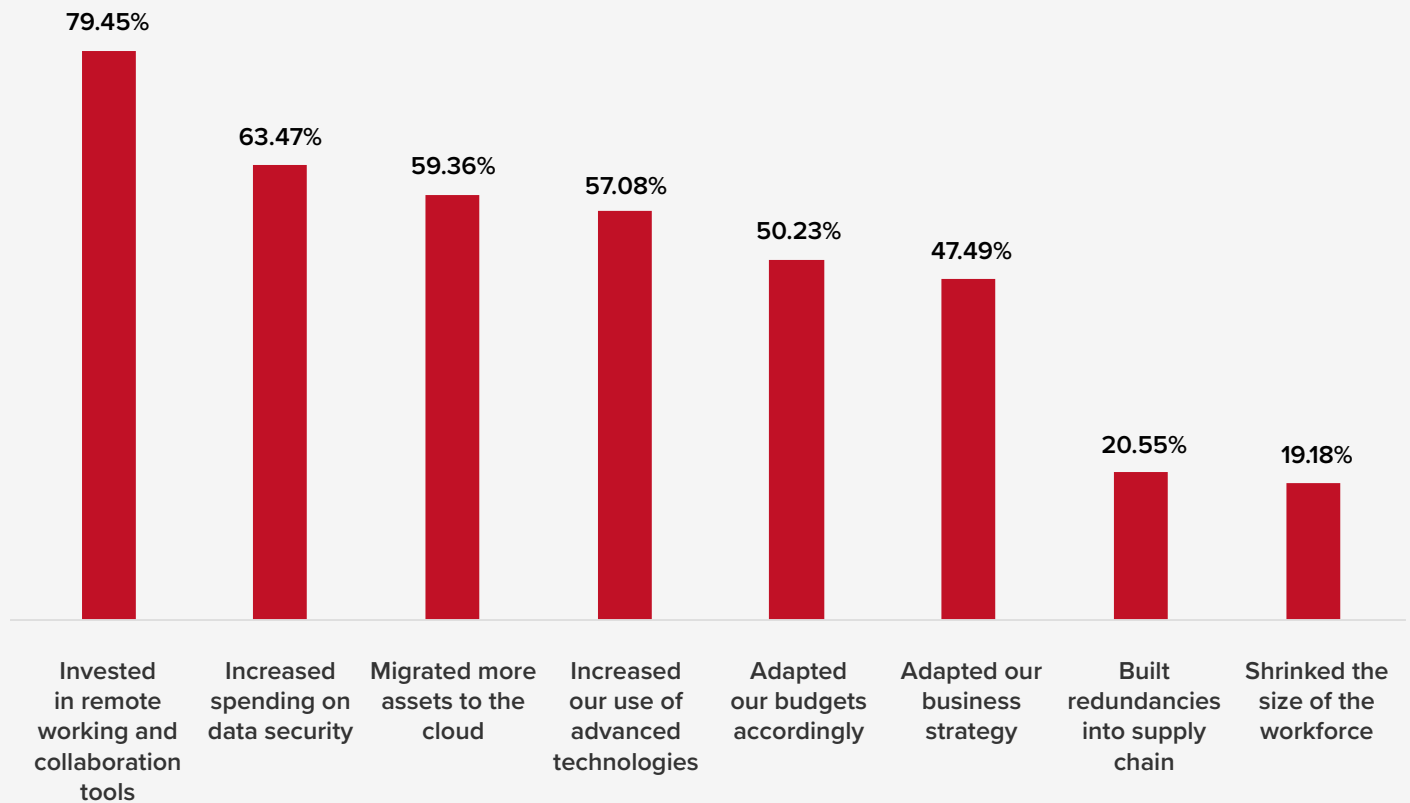
Our research uncovered that the most significant investments were in remote working and collaboration tools for almost 80% of our respondents. Data security (63%) and cloud migration (59%) were also priority investments during the COVID-19 crisis, reflecting both the increase in cyberattacks during this period and the acceleration of digital transformation efforts required to enable remote working.



“In just a few months’ time, the COVID-19 crisis has brought about years of change in the way companies in all sectors and regions do business.”

- McKinsey

How did your organization respond to the COVID-19 crisis?



Cyberattacks rose sharply during COVID-19 as criminals attempted to take advantage of the chaos. [Statista data](#) from July 2021 showed IT professionals reporting a 51% rise in phishing and a 55% increase in data exfiltration attacks. Cloud migration rates increased as businesses looked to improve their resilience and operational flexibility and to deliver application and data access for hybrid workers.

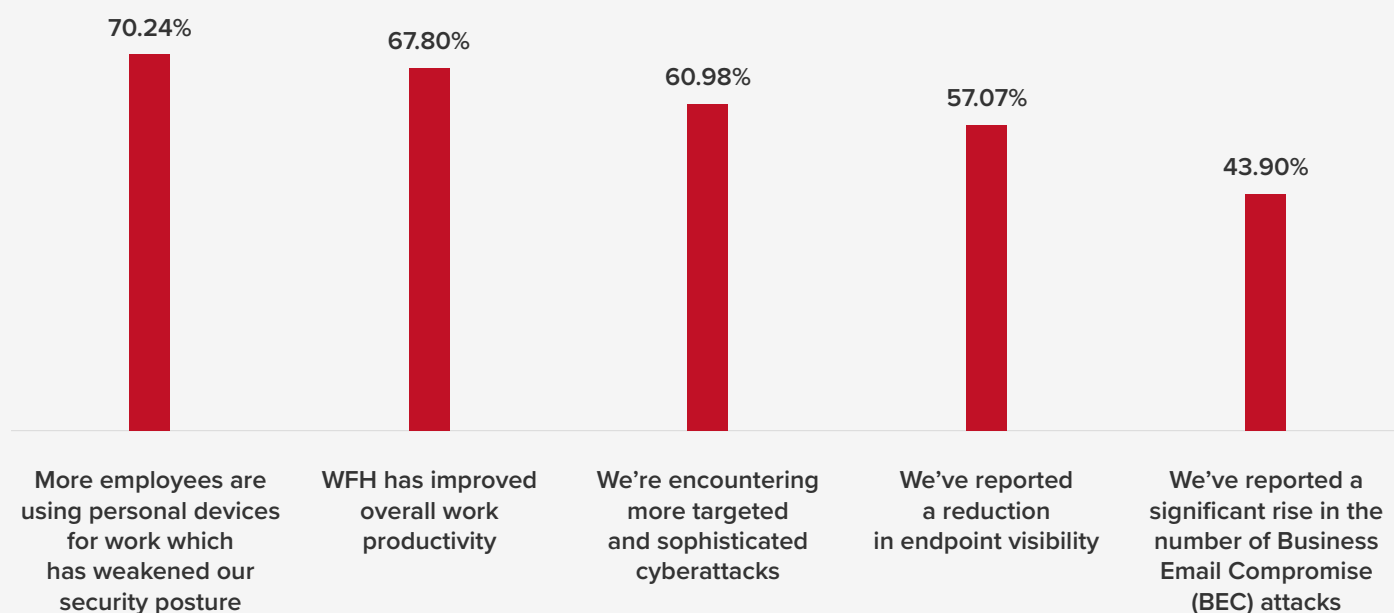
Cloud adoption continues to grow as larger businesses move to make IT an operational expense rather than a capital one. Additionally, smaller businesses are now typically cloud-first, with startup culture focused on a broad set of cloud-native operational tools so they can focus on rapid growth without the need for costly IT investments.



Why are organizations investing in digital transformation?

Modern businesses face a growing range of data security threats from BYOD-enabled workplaces, weak passwords among users, staff sharing passwords in an insecure manner and malicious internal actors. That's before we even get to the armies of hackers, bots and malware that capture most security headlines.

Many organizations have embraced remote working due to COVID-19. Which of the following statements apply to you?



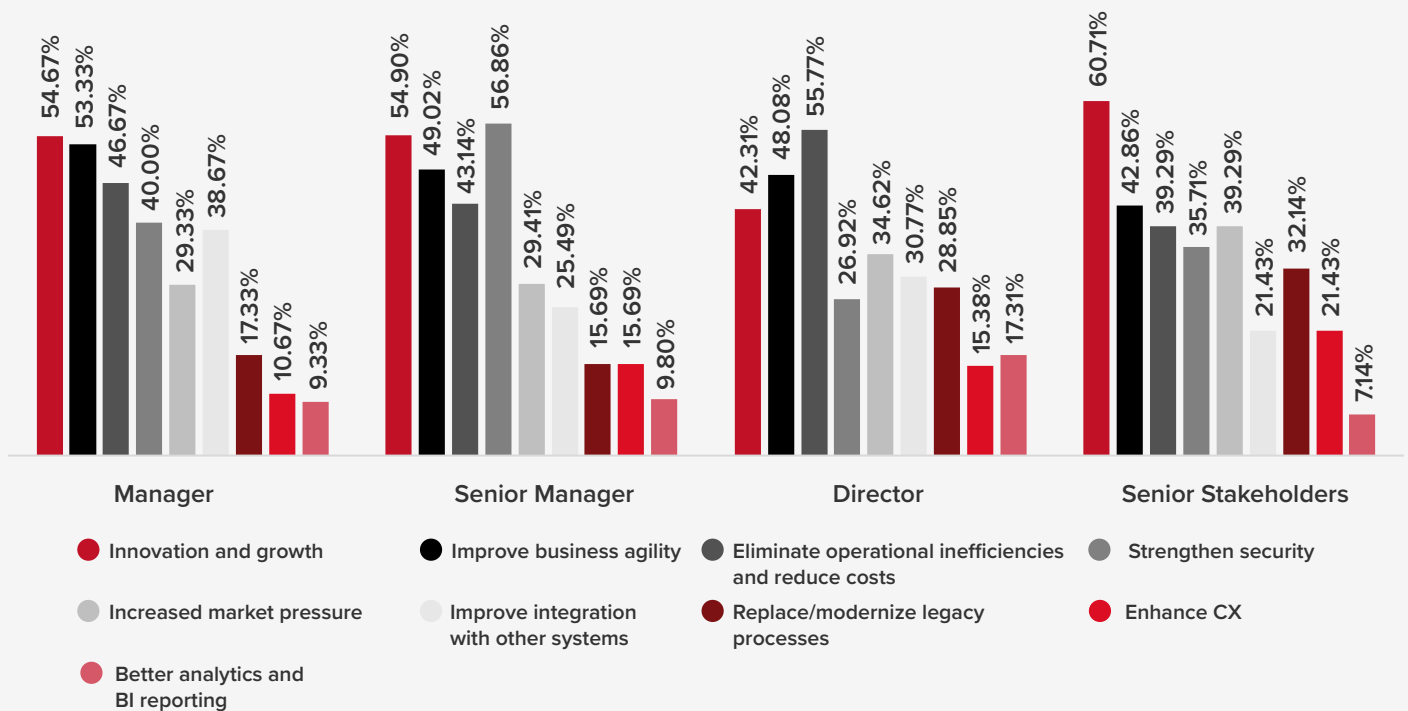
Read the Enterprise Security Research Report here:

[Read More](#)

In response to those threats, data security continues to be an area of investment growth. However, less than half of senior stakeholder respondents cited security as the primary reason for their data security investment. Instead, they were focused on innovation and growth, which explains the emphasis they also place on customer experience (CX).

Directors, meanwhile, mostly cited eliminating operational efficiencies and reducing costs, while for Managers and Senior Managers, this sat alongside strengthening security, innovating and improving business agility. Managers in particular highlighted integrating with other systems, while Directors and Senior Stakeholders were more concerned with replacing/modernizing legacy systems.

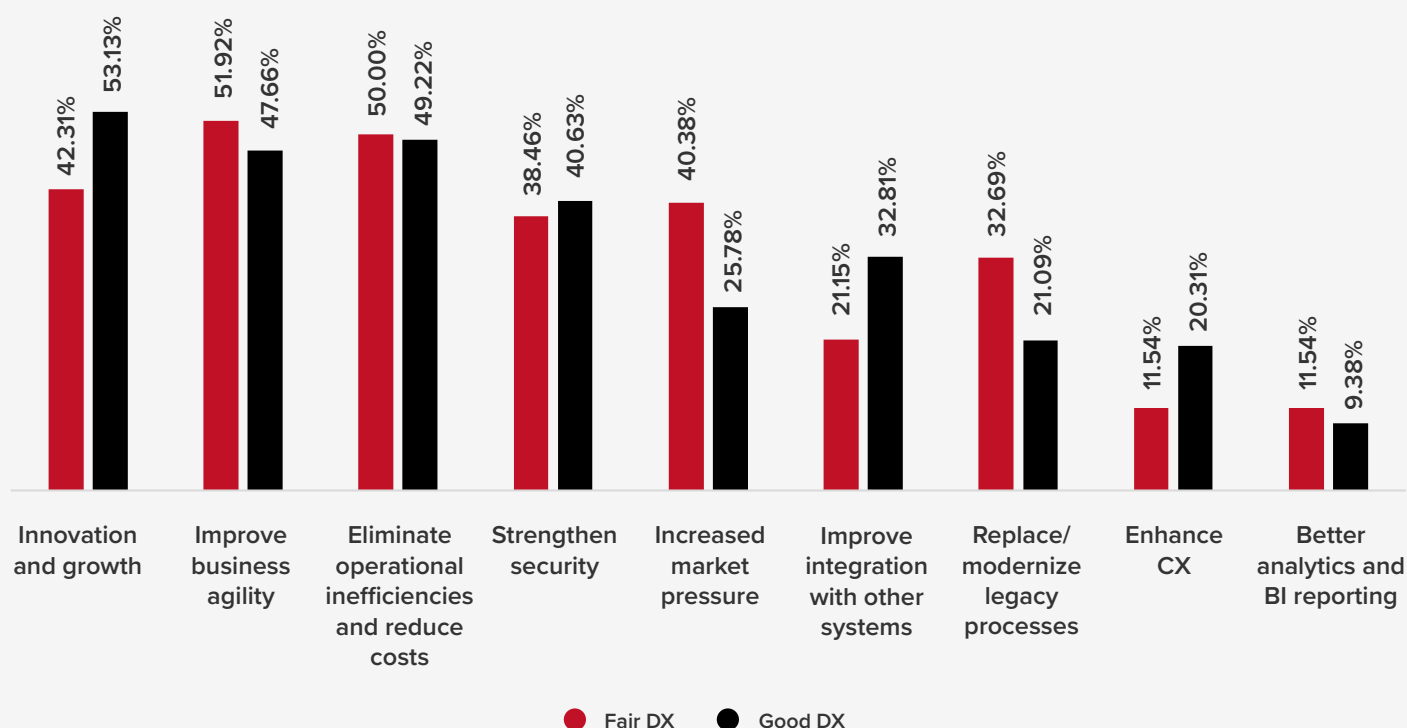
What were your top 3 reasons for your organization's investment in DX?



Many businesses are realistic in their security ambitions, with businesses that rated their digital transformation efforts to date as ‘good’ more likely to have increased spending on data security, migrate assets to the cloud, increase their use of advanced technologies and adapt their business strategy than their ‘fair’ peers.

Their motivations were also different. Companies that rated their data security as ‘fair’ were more likely to react to external or internal pressures, citing increased market pressure and modernization attempts, while those that rated ‘good’ were pushing ahead with innovation, integration and efforts to enhance their CX.

What were your top 3 reasons for your organization’s investment in DX?



This highlights that companies that are looking to react to the rest of the market are less likely to be successful than those with a more positive approach – i.e. those looking to innovate.

53% of organizations that rated their digital transformation as ‘Good’ cited **innovation** as one of their 3 key reasons for investing in DX



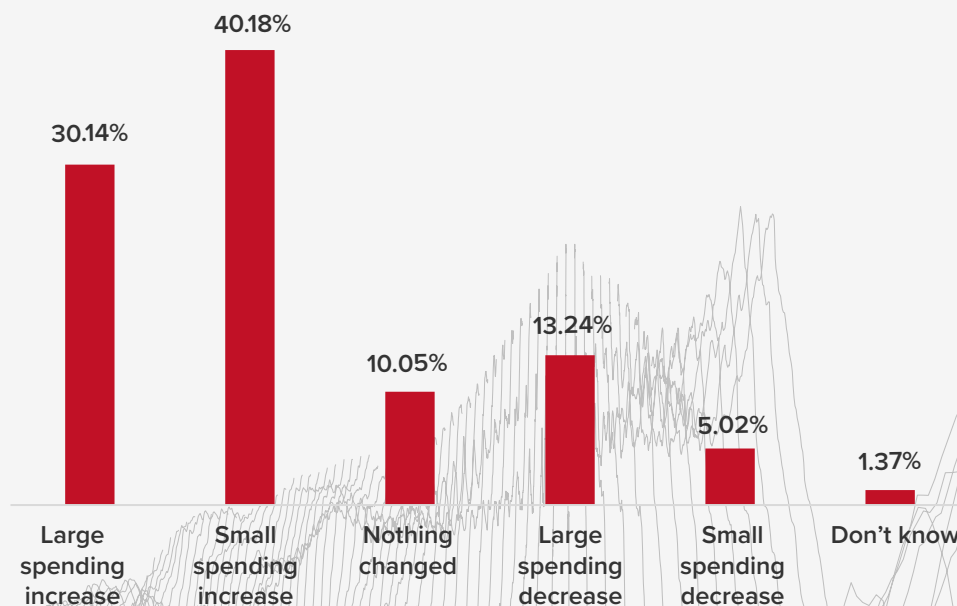
How businesses responded to the COVID-19 crisis

COVID-19 challenged all businesses in many ways. Enforced remote working was a major driver for change while many companies found their existing operational processes and supply chains were inflexible. Some found their reliance on key personnel with some innate knowledge hampered operations, while many found the need to support the mental health of staff was a serious issue. As the “new normal” took over, and lockdowns and staffing changes continued, firms found their budgets constrained and the need to adapt with the use of IT increasing.

According to IFP research, **32%** of US IT leaders are confident in the security awareness of their workers – compared to just **16%** of UK respondents.

For businesses well prepared or fortunate enough to continue operations during COVID-19, the pandemic led to an increase in tech spending from 2020 to 2021 for 70% of the companies in our survey.

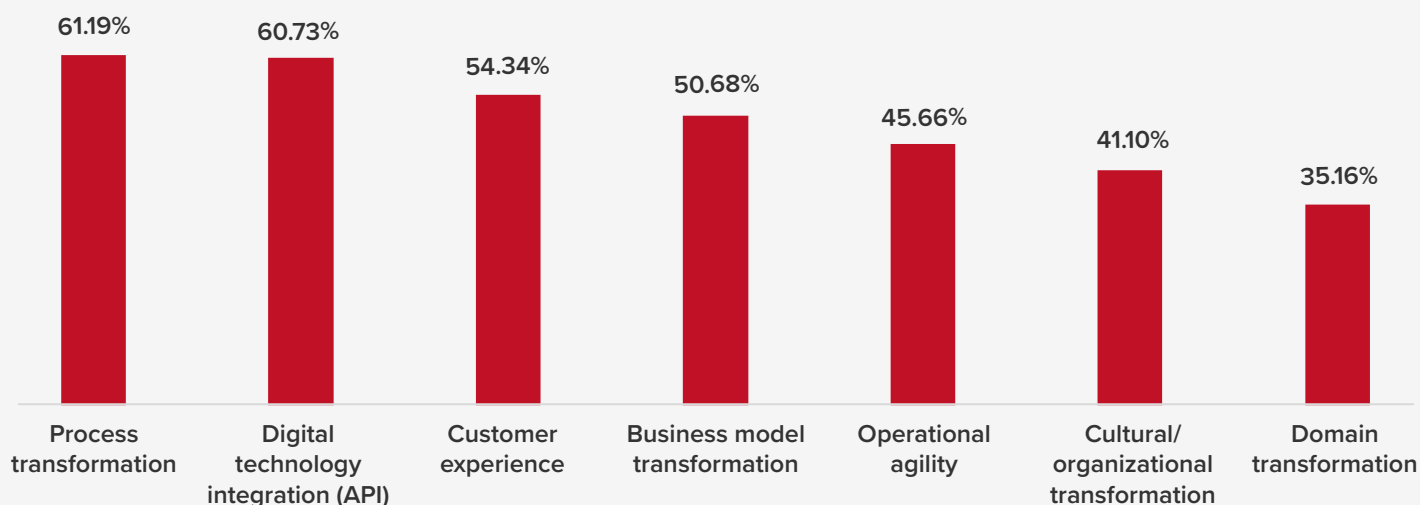
How did COVID-19 impact your tech spend in 2020/21?



The most significant investment was unsurprisingly in remote working and collaboration tools for almost 80% of our respondents to maintain business operations. Data security (63%) and cloud migration (59%) were also priority investments during the COVID-19 crisis, reflecting both the increase in cyberattacks and the acceleration of digital transformation efforts required to enable remote working.

Digital transformation is a multi-stage and complex process for most businesses that can take many paths. Our respondents identified process transformation (61.2%) as their leading initiative, closely followed by digital technology integration (60.7%) which combine to deliver the basics of any digital transformation project.

Which of the following initiatives form part of your digital transformation journey?



Following those, CX (54%) is an increasing focal area for all businesses. As [PWC](#) described it, “When customers feel appreciated, companies gain measurable benefits” and “bad experiences are driving customers away—faster than you think.” There’s no room in business for a bad experience, and while digital transformation might hint at automation and robotic service, businesses must still ensure the personal touch is available.

Business model transformation (50%) and operational agility (45%) represent key changes. Enabling them allows a business to improve the simplicity of their operations, connecting the company’s teams and data together and enabling them to flexibly respond to new challenges and add value across the business.

Across the business, different roles have different views of the cost, impact and benefits of digital transformation. Understandably, there’s a uniform understanding that investment in remote working and collaboration tools are key and make up the primary response from all levels of seniority, from Manager all the way to Senior Stakeholders.

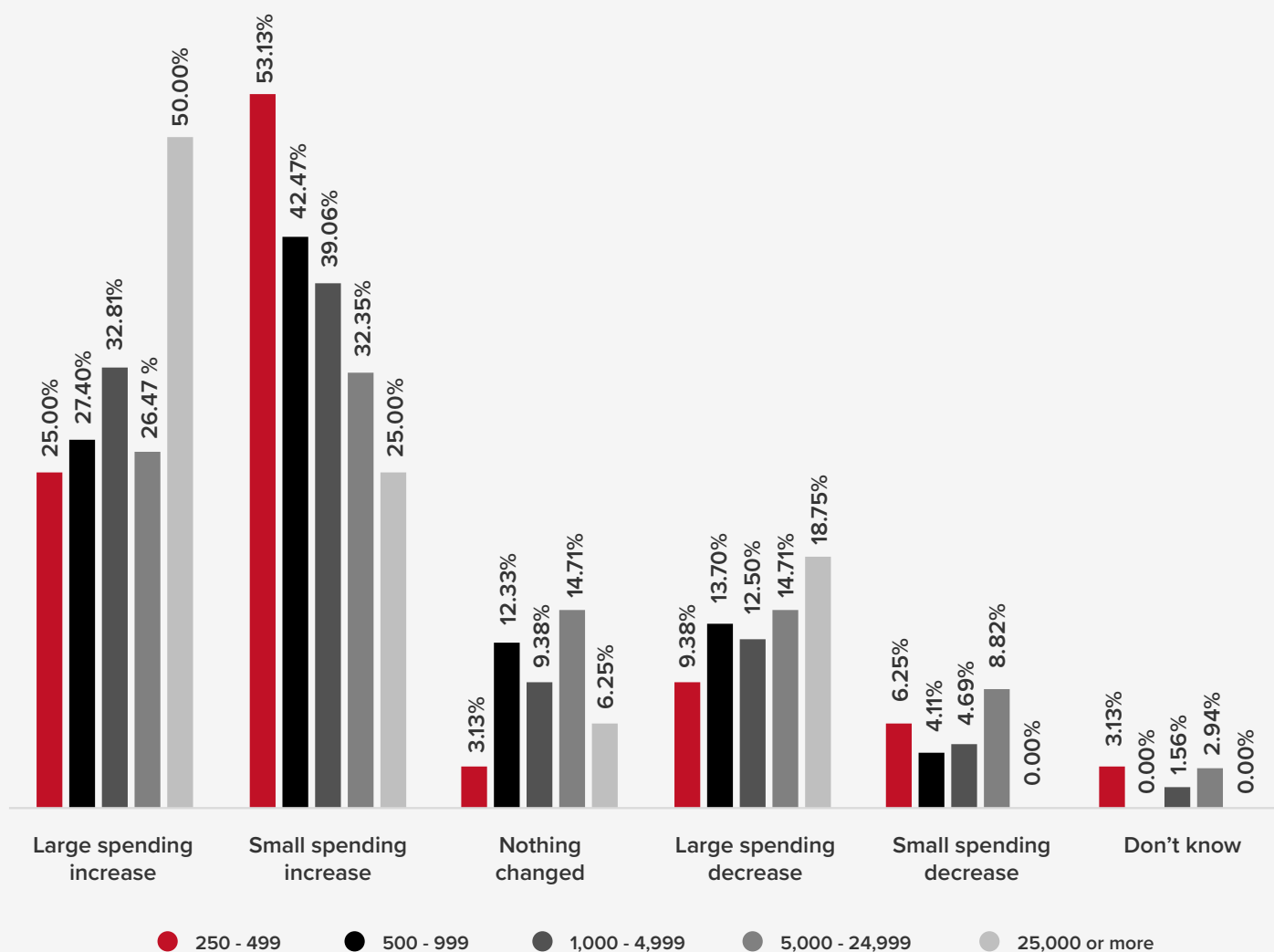


As seniority increases, we see a greater interest in increasing spend on data security and migrating more assets to the cloud to protect the business and deliver broader operational benefits.

In terms of a general response to COVID-19, it's unsurprising that Directors and Senior Stakeholders were making the most investment in digital transformation.

By organization size, there were a variety of responses to digital transformation efforts during COVID-19. Half of the larger companies with 25,000+ employees in our survey noticed a large spending increase – twice as much compared to businesses with just 250 to 499 employees (25%). Smaller firms were more likely focused with staying afloat, keeping the lights on and looking at low-cost cloud solutions to their immediate problems.

How did COVID-19 impact your tech spend in 2020/21?

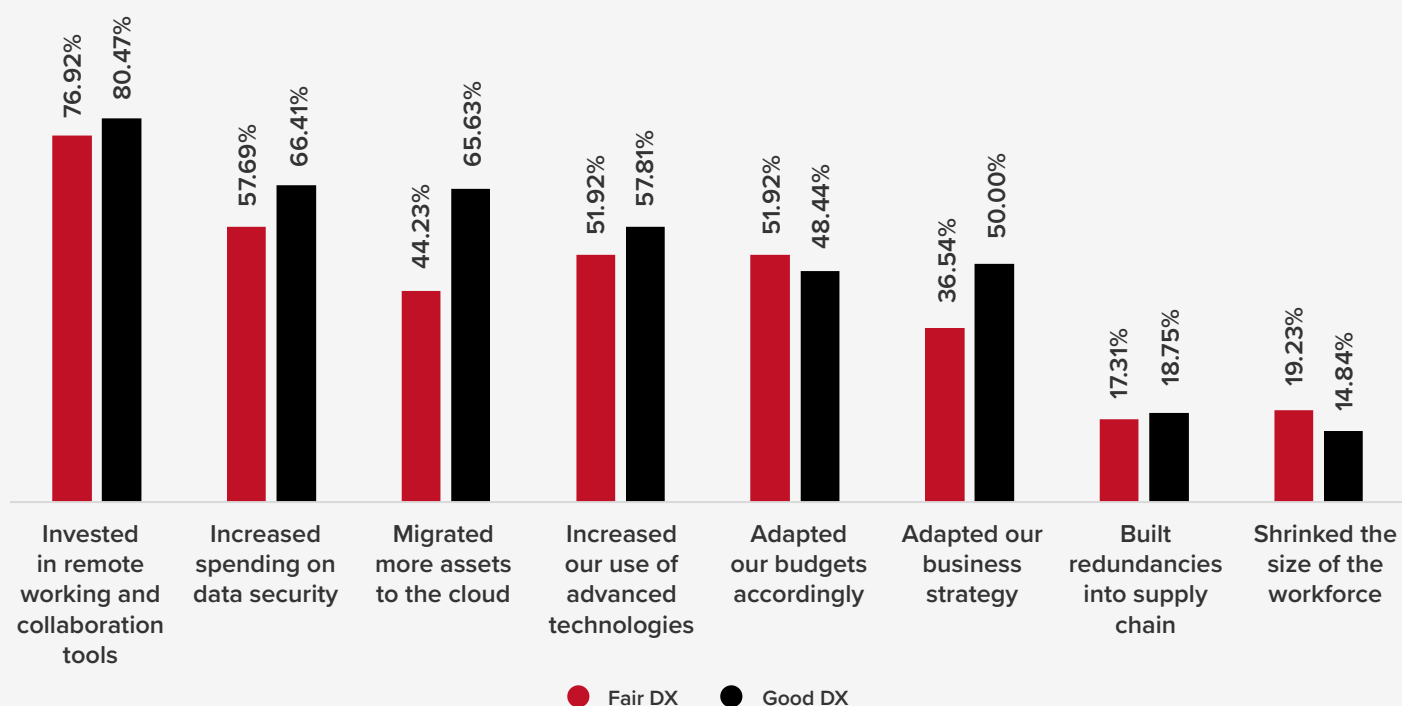


Of this portion, 55% described the spending increase as 'small'. Across the board, an increase in spending was typical, with our other portions of businesses with between 500 and 24,999 employees more frequently not observing change or observing moderate spending increases and decreases.

Investment in remote working and collaboration tools was the most common response to COVID-19 for businesses of all sizes. Compared to smaller businesses (likely focused on operational issues), the largest organizations with 25,000+ employees were more interested in adapting their business strategy, building redundancies into supply chains and increasing their adoption and broadening the use of advanced technologies.

Our results confirmed the split between those pushing progressively for digital distribution and those testing the waters. Businesses that rated their digital transformation efforts to date as 'good' were more likely to have increased spending on data security, migrating assets to the cloud, increasing their use of advanced technologies and having adapted their business strategy than their 'fair' peers.

How did your organization respond to the COVID-19 crisis?



The 'fair' respondents were more focused on operational-level issues including remote working and collaboration (76%) and security (57%), with only 36% looking to adapt their business strategy.

Companies that were pleased with the results of their digital transformation were more likely to have migrated to the cloud.



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The technologies that enable transformation

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CHAPTER 3:

The technologies that enable transformation

Business transformation is built using a disparate series of technologies and services that, when used together, deliver greater results than when deployed individually. Some are well-known to all businesses, with COVID-19 helping boost their profile, while others are considered (as is often the way with IT) tools for major enterprises. However, the benefits of the cloud as an operational technology rather than a capital deployment make them accessible to any size of business.

1. Cloud computing

The cloud, be it private, public or hybrid, is the use of internet-hosted servers for the storage, management, processing and sharing of data for business users and partners. Cloud reduces the cost of capital investment in local servers, networking infrastructure and costly applications, but requires a refocusing of security on the broader IT perimeter and improved user awareness to protect the business.

2. Data and analytics

If the cloud represents the arteries of a digital business, data is the lifeblood. Source applications and services link together to enable analytics of ever-growing amounts of data to improve business decision-making at the strategic and operational levels.

Analytics inform decision-making, streamline business processes and identify strengths and weaknesses that can remain hidden in traditional organizations. Businesses undergoing a successful digital transformation can better plan for the future. They have greater insights into their cost base, use digital to better manage staffing, customer relations, ordering and supply chains and build a better CX through data – empowering workers to focus on customer needs.

3. The Internet of Things

The Internet of Things (IoT) represents the confluence of faster, smarter networks (see 5G) and applications that leverage the data they provide to deliver actionable business insights. IoT improves the cost-effectiveness of production facilities, reducing waste and reducing process times. IoT creates greater automation opportunities and faster insights into issues, with predictive analytics addressing potential problems earlier in a process.

4. Mobile (i.e. 5G, Private 5G and 6G)

New and upcoming 5G networks improve over 4G in many ways. They support thousands of connections per node, enabling businesses to deploy IoT devices, and reduce latency from around 50-100 milliseconds down to 5ms - which is vital for fast-moving processes and business-critical applications like financial transactions and improving bandwidth. Private 5G networks allow a business to operate their own secure network within factories or production facilities for secure data operations.

Even as 5G continues to roll out, and the technology improves over its roadmap lifetime with improved performance and features that will enable the next generation of smart business operations (and smart cities and services that businesses can leverage), plans are in place for 6G by the early 2030s.

When deployed, 6G could deliver business and societal change by, according to the IEEE, delivering AI-empowered wireless smart networks and AI-enabled methodologies for 6G network design and optimization. Benefits would include massive automation in smart cities, huge sensor grids and an intricate, interconnected world of many networks and data sets.

5. Artificial intelligence and machine learning

Big data and the massive data sets promised by 5G/6G-powered smart businesses are incomprehensible to humans, who can only peek at the results fed into dashboards. These are increasingly provided by artificial intelligence (AI) and machine learning (ML) based systems that identify outliers and errors in the data sets, provide statistics-based options to make better decisions, identify new opportunities or markets and further optimize processes.

6. Growth in application programming interfaces

Business users and leaders want their applications to talk to each other and share data to deliver insights and process improvements. This is typically done by application programming interfaces (APIs), which can be created in-house by IT development teams, or provided by vendors to link their applications to third-party products. Whatever their origin, APIs support applications by enabling customization, innovation and automation, creating a smarter business.

7. Robot process automation

Among all these new technologies, robotic process automation (RPA) – automating data transfers and speeding up repetitive manual data tasks – might seem like a legacy outlier, but it continues to play a key part in many digital transformation projects. And as RPA becomes a broader trend with intelligent process automation (IPA), software robots and no-code apps, its value to businesses will grow.

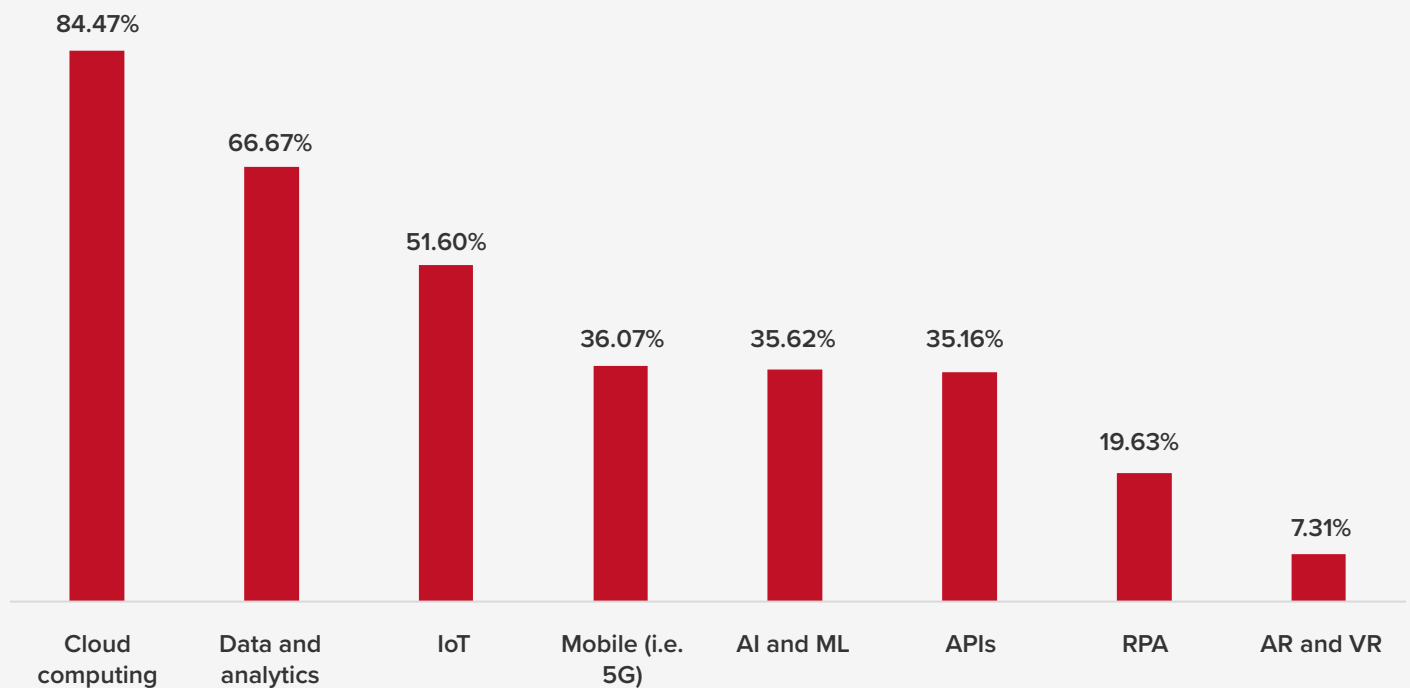
8. Augmented and virtual reality

Augmented reality (AR) and virtual reality (VR) have been touted to businesses over many tech generations. But the fidelity and practicality of the hardware, software and services have made them a reality for many roles including field engineers, surgeons and designers.

From those early users, acceptance and adoption will increase as a value-added marketing, teaching and business tool; helping reduce training times and improving the impact of and delivering content in new ways.



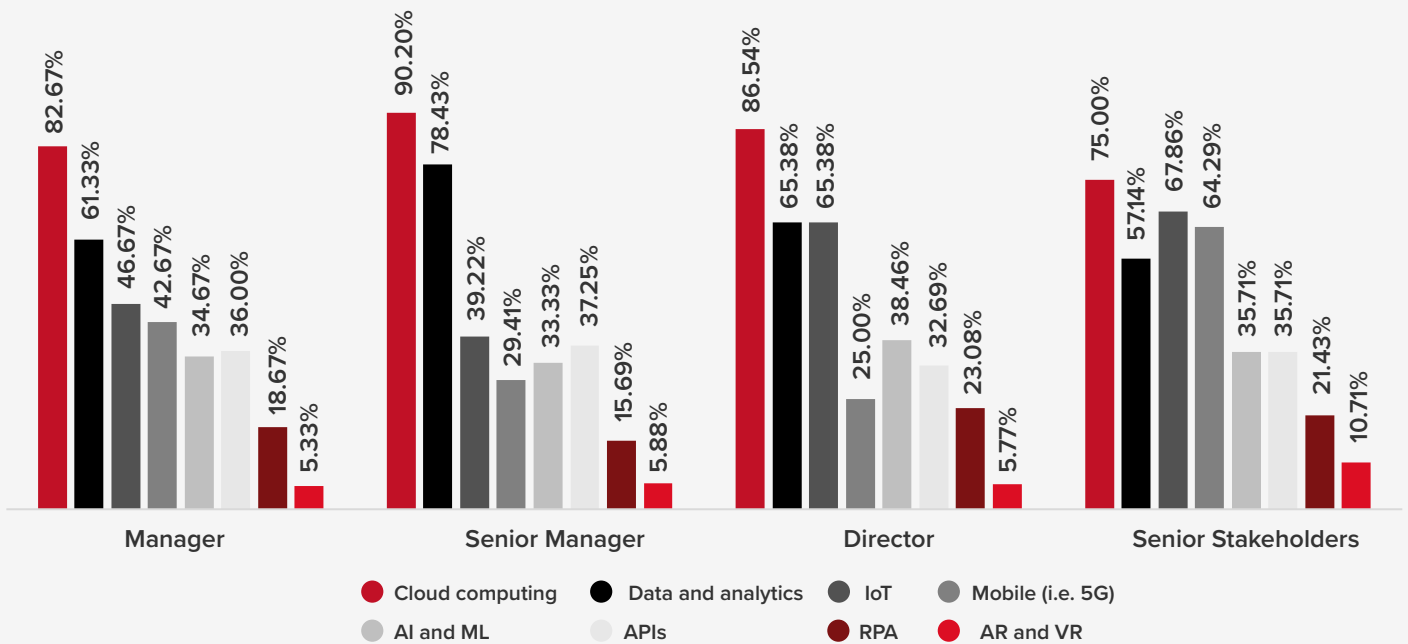
What technologies are you using to enable transformation in your enterprise?



Unsurprisingly, the cloud dominates the responses as the key enabler for digital transformation, with 84% identifying cloud computing. Data and analytics have a strong showing in second at 66%, while the 51% of respondents selecting IoT highlights the growing importance of connectivity with all systems.

The remaining choices, mobile (36%), AI and ML (35%), APIs (35%) and RPA (20%), indicate growing awareness and adoption, as broader integration and process change projects are added to transformation projects in line with their digital transformation journey. This suggests that default or cloud-native integration options are being used rather than discrete technologies deployed by developers.

Enabling transformation vs seniority

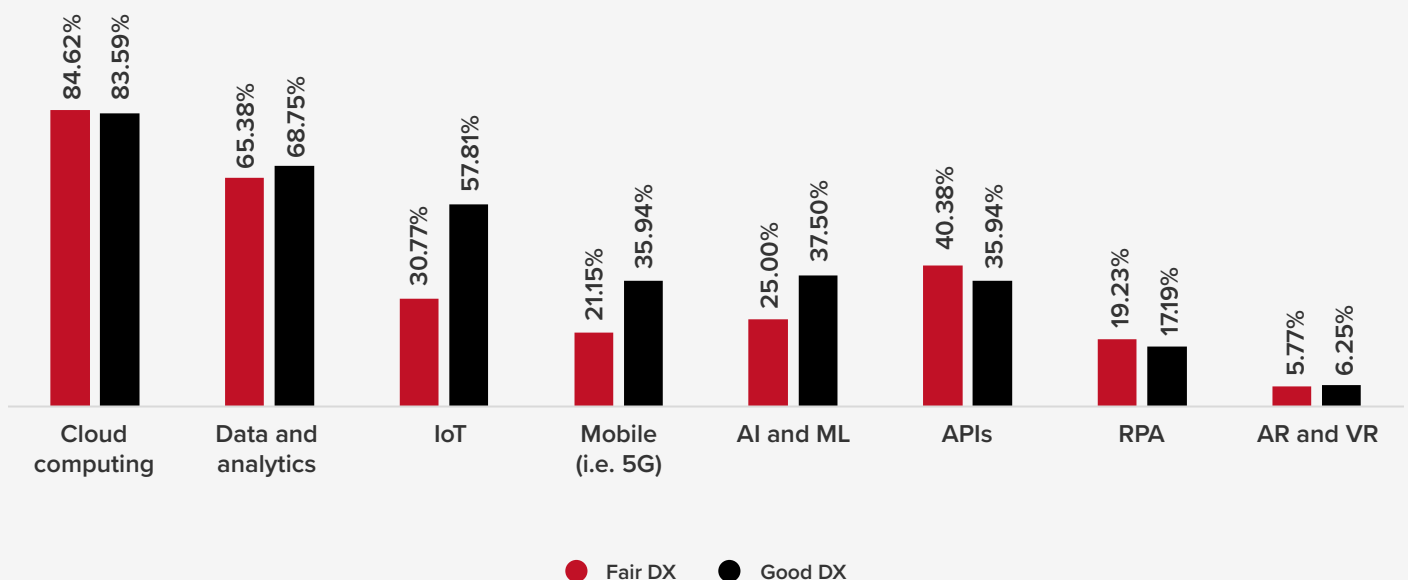


Cloud computing has enabled the growth of remote and hybrid working, which goes some way to justifying its dominance among technologies that enable transformation according to our respondents.

Data and analytics are of key importance to Senior Managers, who likely rely on the output to make their decisions and deliver reports to leaders while Directors and Senior Stakeholders more frequently cited IoT and Mobile (i.e. 5G) as they look to position the business for the coming years.

Companies with a strong background in digital have a more positive and forward-thinking approach. They're more likely to utilize IoT, Mobile (i.e. 5G) and AI/ML in their operations. These innovative, cutting-edge technologies require budget, planning and creativity to adopt and deliver. Companies with a fair digital transformation rating are more prosaic and will go with the herd when it comes to IT adoption.

Enabling transformation vs DX rating



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The different types of digital transformation journey

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CHAPTER 4:

The different types of digital transformation journey

There is no 'one-size-fits-all' approach to digital transformation, despite the external similarity when reading through the case studies and market research. Broadly speaking, digital transformation can be broken down into five types of effort, each with various complexities and nuances, but broadly delivering the goal of a better-performing digital business.

The 5 types of digital transformation

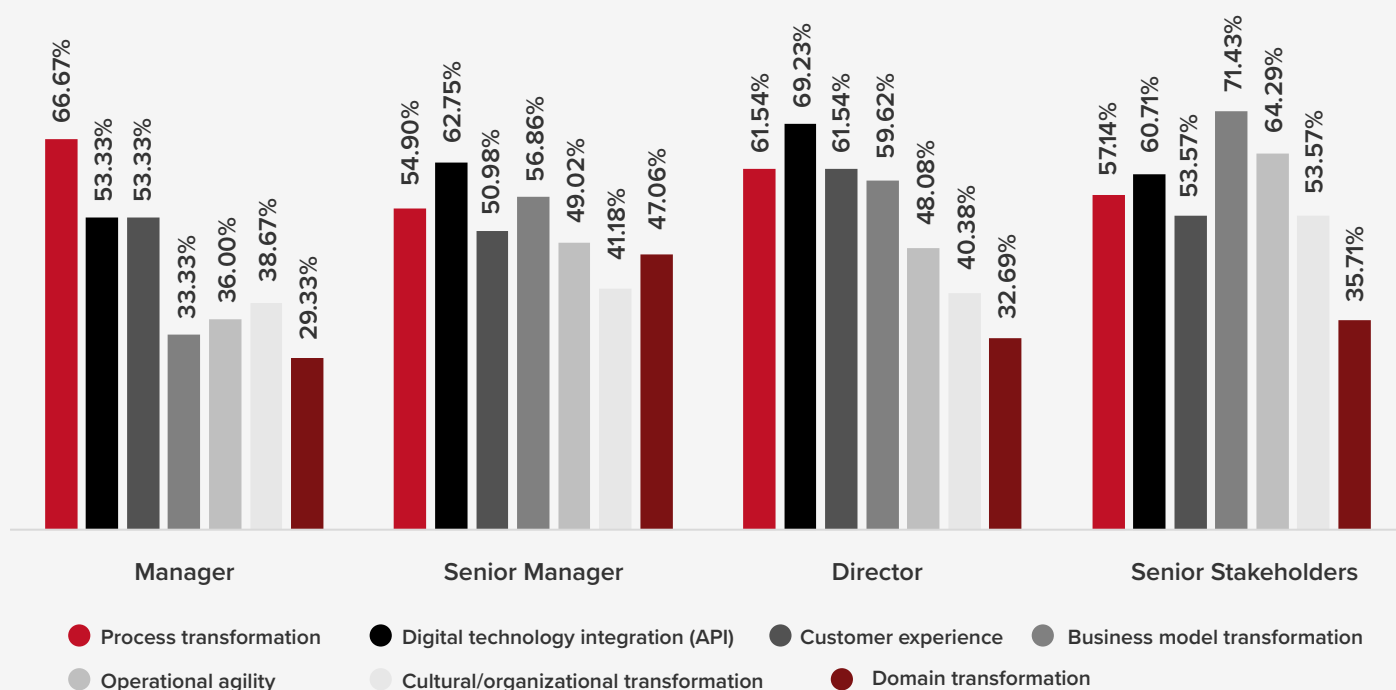
- **Business process transformation:** Changing how the business functions, aiming to increase efficiency and reduce cost, by using IT to help workers perform tasks, gather data and deliver smarter business decisions.
- **Business model transformation:** A highly complex effort to either change the accepted way that a business operates within its market or create a new market (think Amazon AWS, Netflix or HighRadius, typically delivered through improved personalization, data sharing, collaboration or business agility).
- **Domain transformation:** Transforming a business from one product or market to another, typically by using AI, wearables, mobile technology and cutting-edge connectivity.
- **Cultural transformation:** The art of taking a typically traditional business and highly-linear workforce, and giving them the technology tools to work as a digital and flexible organization through collaboration, data sharing and setting continuous innovation goals.
- **Cloud transformation:** Migrating data from local devices or services to the cloud to improve productivity, the ability of the business to scale, and to reduce data siloes or information bottlenecks within the company.



The three leading responses to the question, ‘Which of the following initiatives form part of your digital transformation journey?’ – process transformation (61%), digital technology integration (60%) and CX (54%) – lean toward the first two models, with business model transformation (50%), operational agility (45%), cultural transformation (41%) and domain transformation (25%) showing how fewer companies consider more advanced or complex transformations.

Viewing responses by role, process transformation is considered broadly equally important across all roles. Directors (69%) are more focused on digital technology integration while and Senior Stakeholders (71%) prioritize business model transformation. The Senior Stakeholder role also are the highest (53%) to promote cultural transformation.

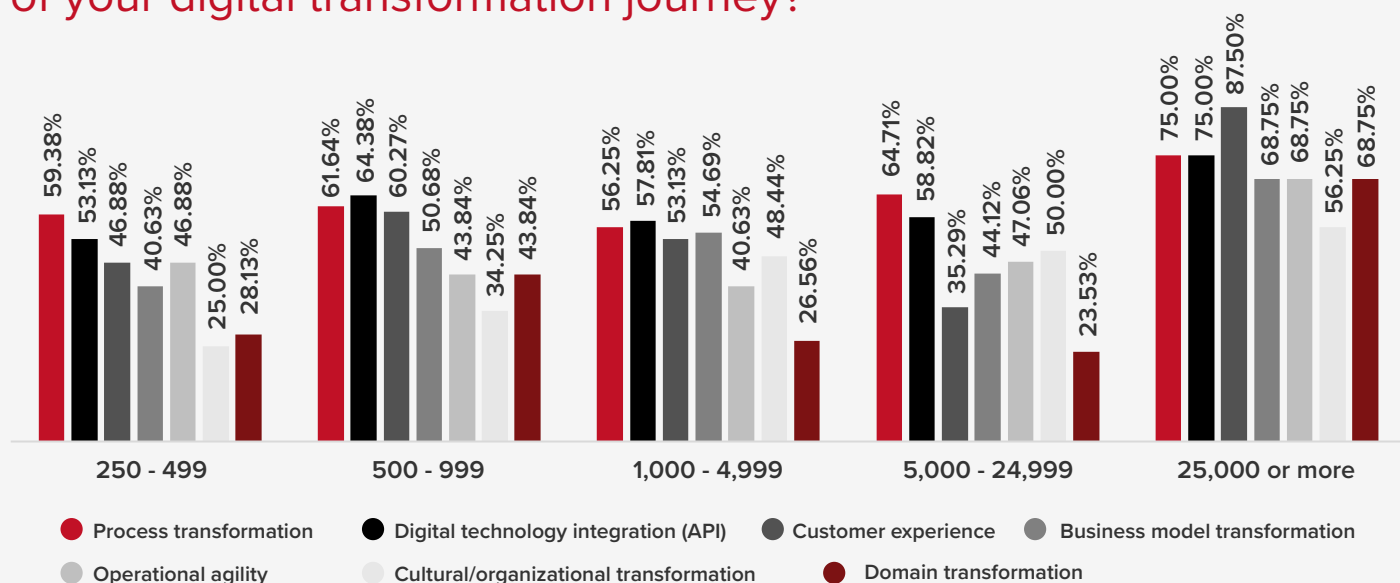
Which of the following initiatives for part of your digital transformation journey?



By business size, process transformation and digital technology integration are the leading responses. An exception is noted from the 25,000+ business size category, where they have the strategic foresight and budget to consider CX (87%) as the leading response. Enterprises also have the largest response for business model and domain transformation (68% for both), accepting the challenge of looking to reinvent their organizations.

Digital technology integration (API) was the number one initiative for **Senior Managers** and **Directors** in their digital transformation journeys.

Which of the following initiatives for part of your digital transformation journey?



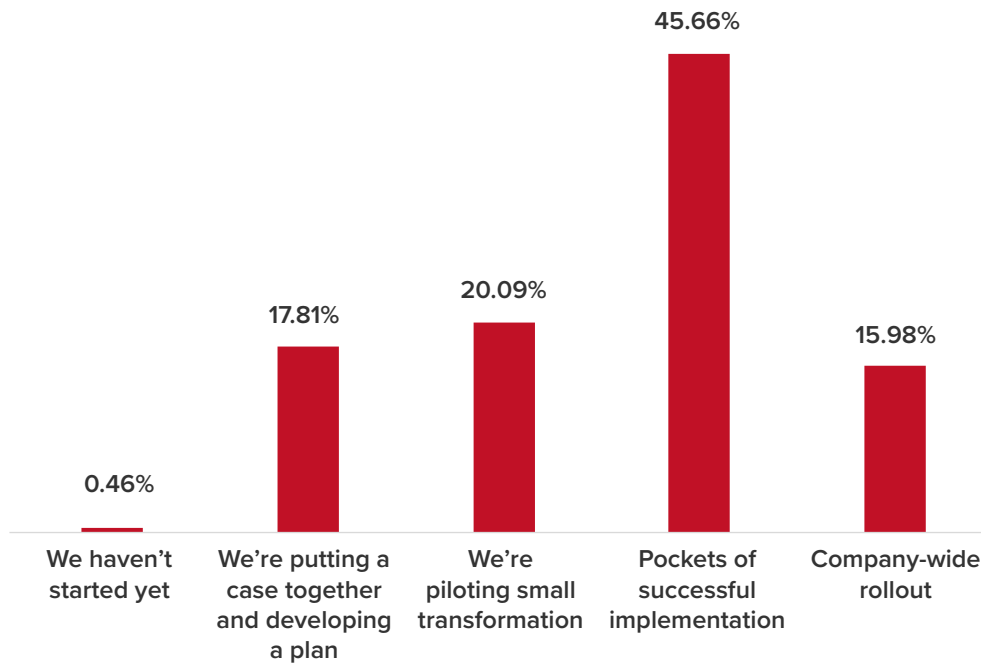
Driving digital adoption

Since every company's digital business journey is unique, the time it takes to reach an end goal will differ. The most encouraging answer to our survey is that only 0.5% of respondents are yet to start on their digital transformation journey. One of the most common questions at the beginning of the process is "how long will it take?" The usual answer is that digital transformation will never end. [McKinsey estimates](#) that the first six to 18 months – 'the launch and acceleration phase' – will indicate if the project is on the right course for success, but most with experience consider the project an ongoing one that is always scaling with the business.

Of the rest of our respondents, 17% are in the planning process, while 20% are piloting their early transformation processes. The majority, 45%, have seen pockets of successful implementation, with 15% having achieved a company-wide rollout. Whatever the stage, over 58% of respondents are happy with their rate of success, and 15% consider their progress as excellent.

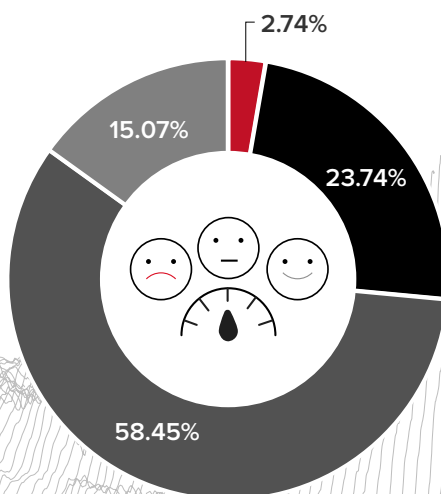
Only 3% feel they have had a poor experience, and with only a small number moving from stage 3 (pockets of successful implementation) to 4 (companywide rollout), we look forward to seeing the change in our success scores in the coming years.

Which stage of the digital transformation journey are you at?



Rate the success of your DX program so far

● Poor ● Fair ● Good ● Excellent



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Digital transformation challenges

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CHAPTER 5:

Digital transformation challenges

Any type of transformation in the current chaotic economic, political and supply climate will face challenges. But this atmosphere also creates opportunities and drive the need to change, which is why so many firms seek digital transformation.

Unsurprisingly, the leading challenge at 50% was economic uncertainty, both for their own business budgets and within the wider economy. Next at 48% was competing technology priorities, with firms and IT teams challenged to develop tools, fix long-standing bugs and explore all the new technologies on offer with users keen to adopt new services but businesses at risk of experiencing shadow IT.

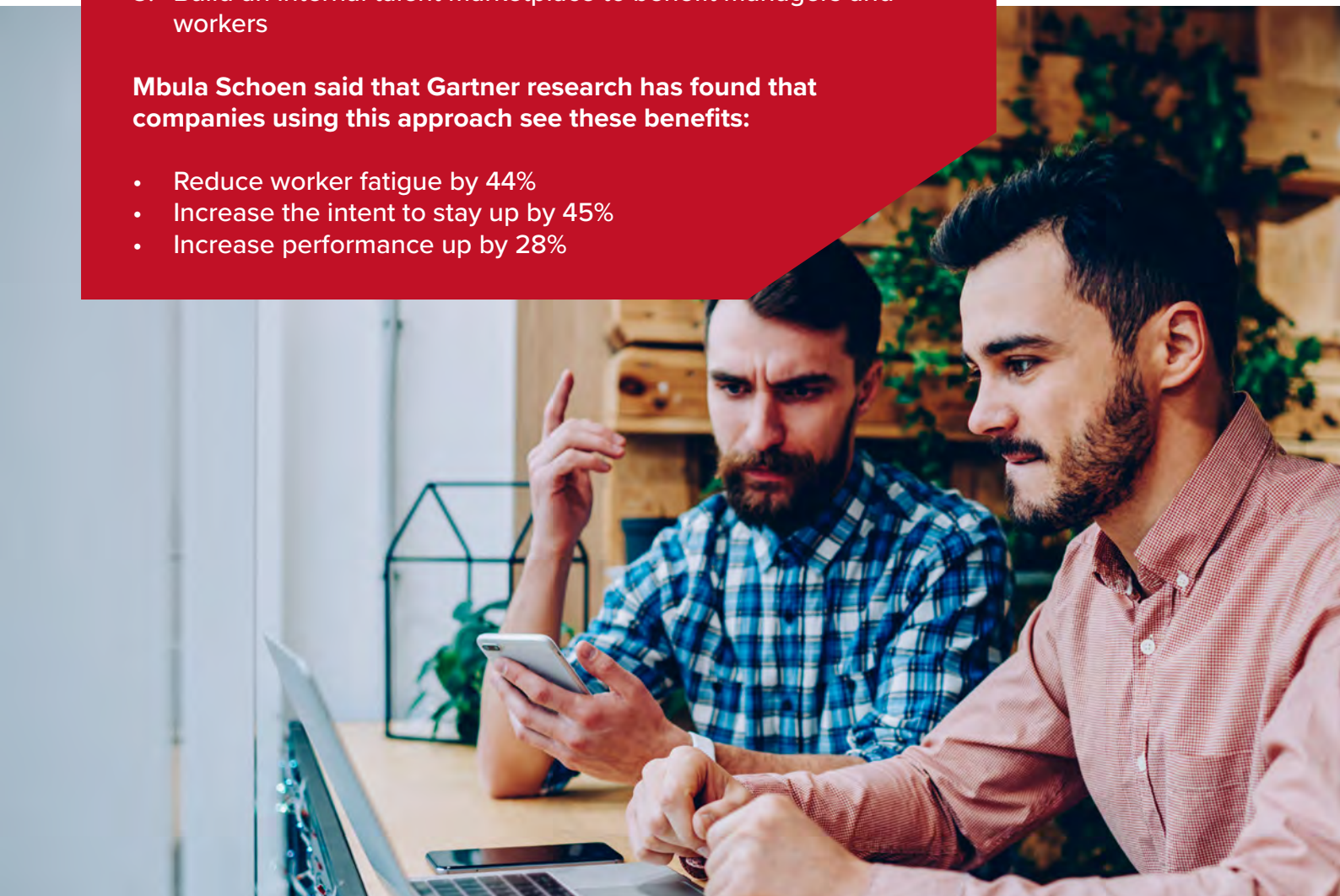
Shadow IT was until recently something to be feared according to IT researchers, but now the challenge is to embrace it for flexible operations and create positive disruption, even though there's a mix of "anxiety and excitement" about dealing with these issues, according to Gartner.

Gartner recommends taking this approach to rethinking the where, when and how of work:

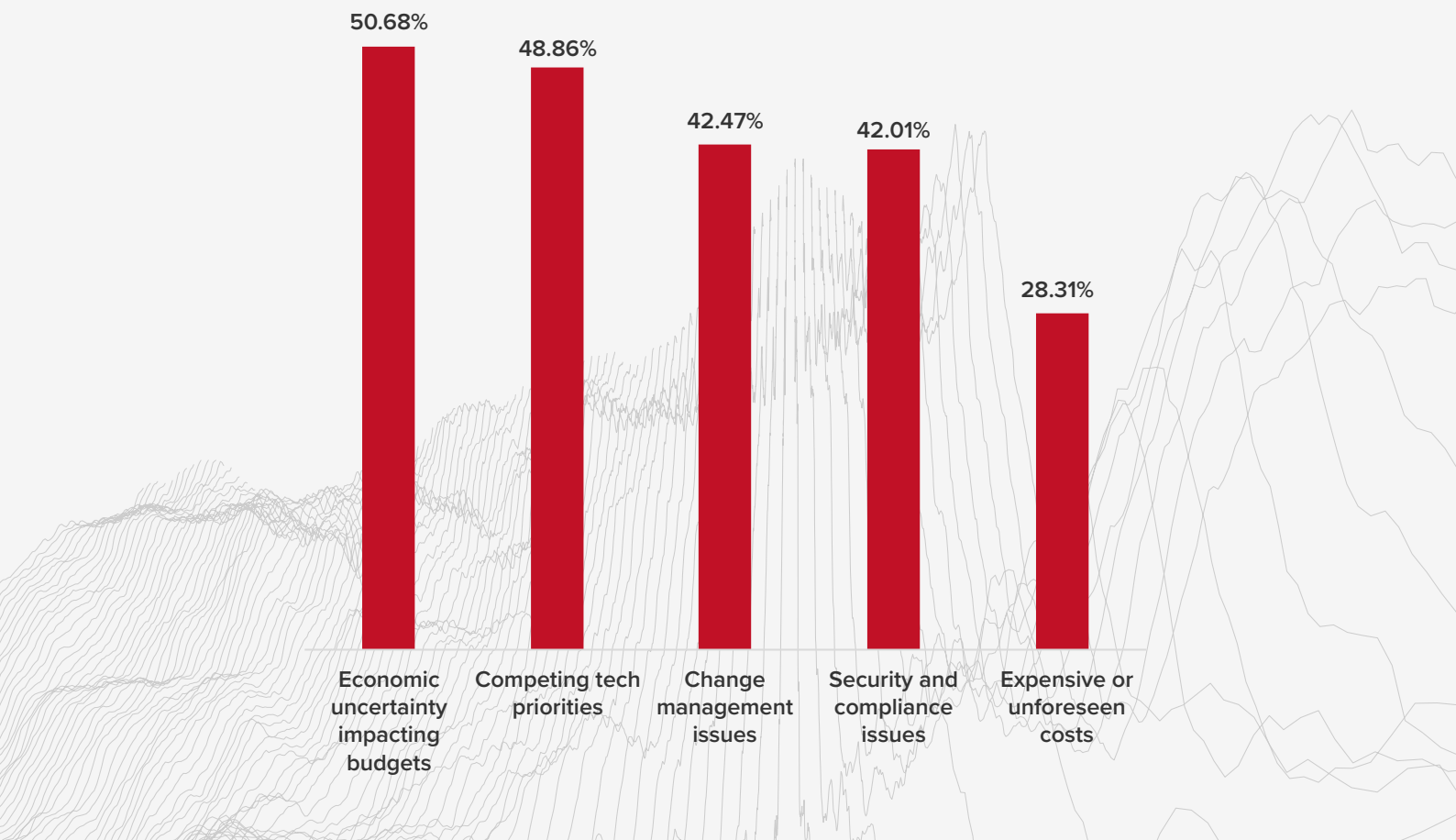
1. Build a human-centric workforce that takes into consideration more than the 9-5
2. Embrace business technologists previously known as shadow IT
3. Build an internal talent marketplace to benefit managers and workers

Mbula Schoen said that Gartner research has found that companies using this approach see these benefits:

- Reduce worker fatigue by 44%
- Increase the intent to stay up by 45%
- Increase performance up by 28%



What challenges did you encounter with your DX?

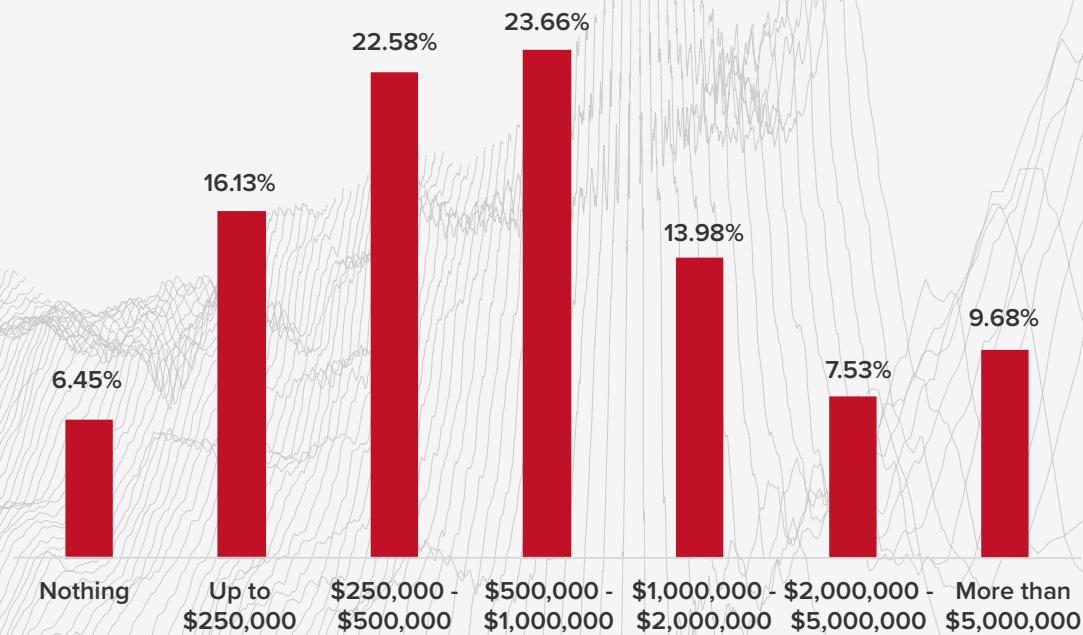


Typical business issues including change management concerns (42%) and compliance (42%) highlight the complexity in the background of any transformation process. Digging deeper into change management highlights the importance of leadership during crisis moments and significant transformation projects. 32% of our respondents claim poor change management cost them from \$1 to over \$5 million.

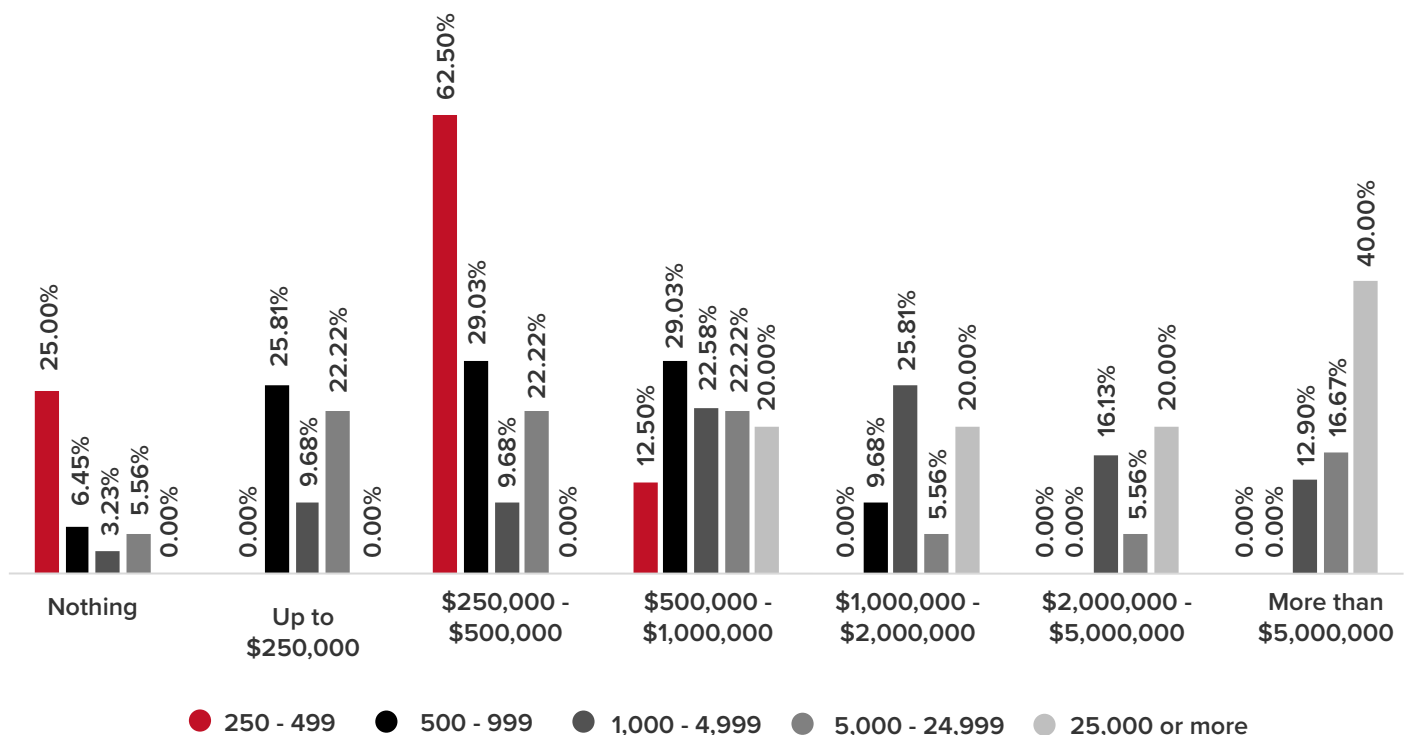
Long-standing change management frameworks such as DICE (Duration, Integrity, Commitment and Effort) can help businesses overcome the common issues with any business evolution.



How much has poor change management cost your business?

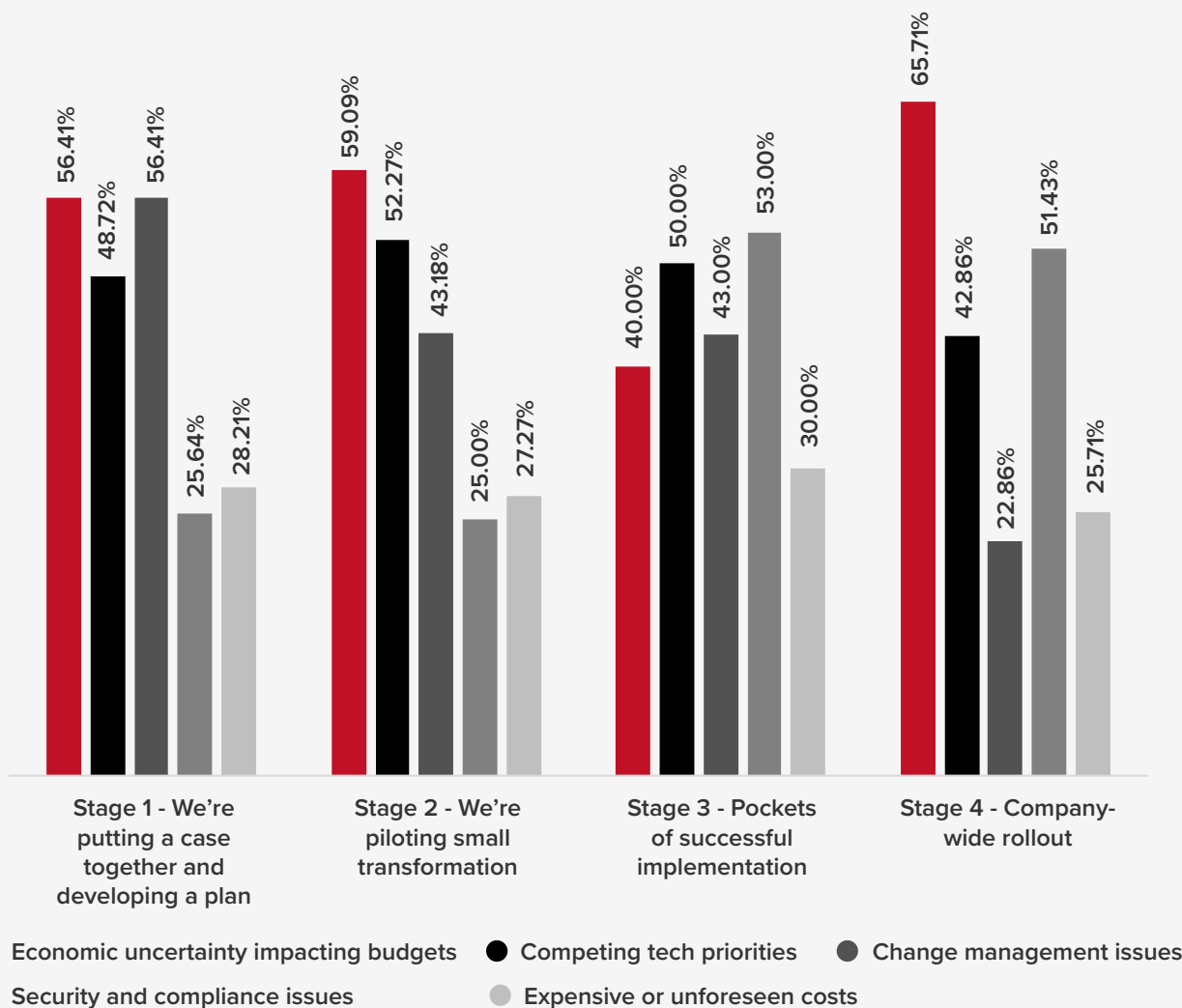


A quarter (25%) of businesses with 250 to 499 employees claimed poor change management had cost them nothing, while 62.50% put this figure at between \$250,000 - \$500,000. For the largest organizations of 25,000+, 40% said this cost was a staggering \$5,000,000. Poor change management cost 80% of this segment at least \$1 million, highlighting the need for clear objectives, achievable targets, metric and progress visibility and management responsibility across the project.



Economic uncertainty remains a constant challenge that businesses face, no matter what stage of the transformation journey they are on. Change management was particularly difficult when companies were planning and building a business case, along with managing competing tech priorities.

What challenges did you encounter with your DX?



As companies move through the adoption journey and the costs of change management increase, new issues decrease, but security and compliance issues emerge, likely as a consequence of more technology and more people getting involved.

When approaching the company-wide rollout, those security and compliance issues are a key concern as data goes live across many systems and new users have access. GDPR and other regulatory schemes must be observed, and training for staff ramped up to ensure the need for security is understood.

Across our survey, change management proved to be a key factor that differentiated companies from rating their transformation 'fair' or 'good'. Almost twice as many 'fair' respondents cited this as a challenge they encountered (63% vs 36%). They were also more likely to identify the impact of economic uncertainty.

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The cost of poor change management

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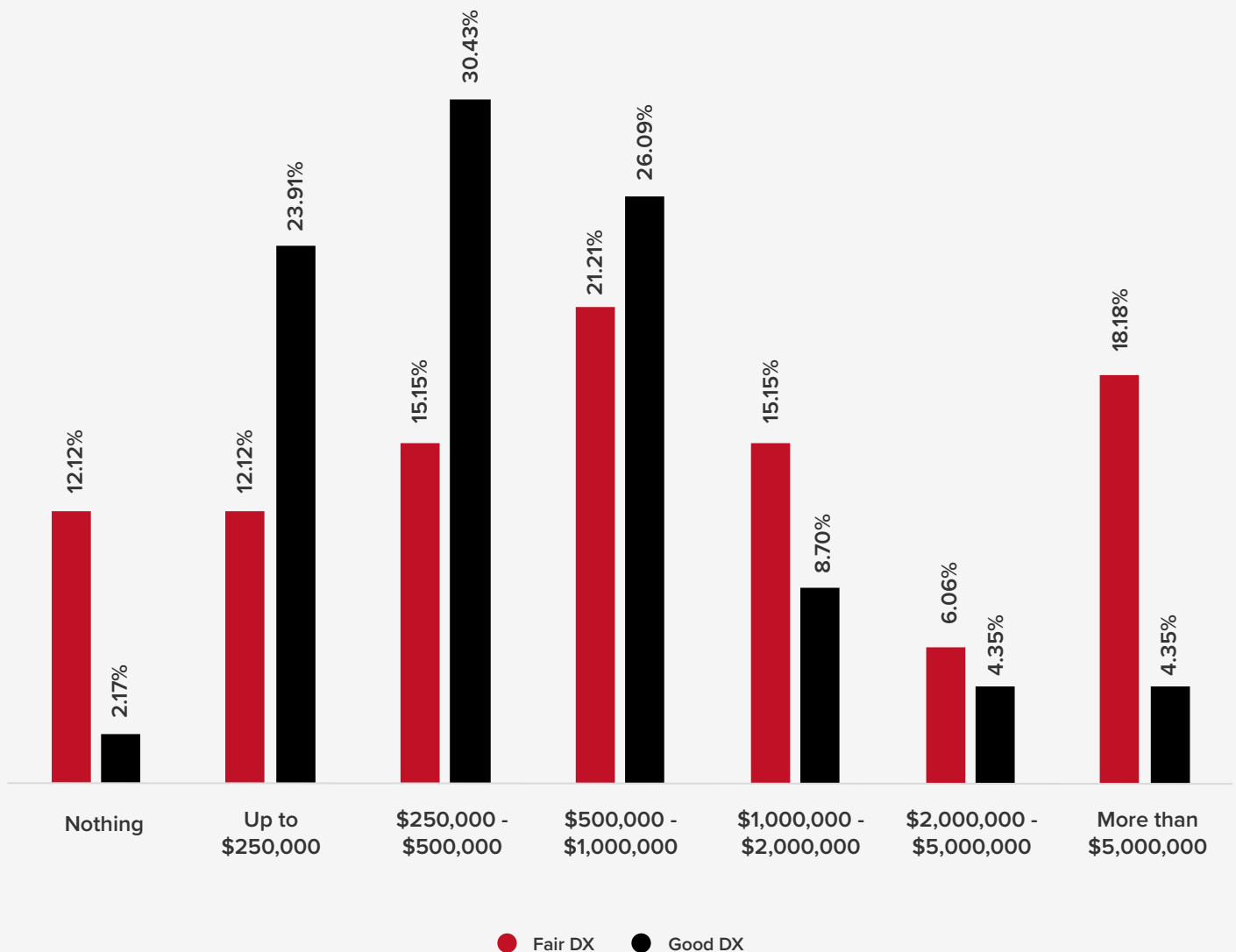
CHAPTER 6:

The cost of poor change management

The ultimate cost of poor handling of change management is the failure of the project, resulting in unhappy IT staff and employees, and blame games among management. Financially, it can cost millions of dollars, as experienced by our respondents, and in the longer term, the business will find itself falling behind competitors who have made better use of their technology. It risks losing staff, failing to win and retain customers and will be reticent to attempt further broad IT change.

39% of companies rating their experience as 'fair' claimed poor change management cost them between \$1 million and over \$5 million – compared to just 18% of companies that enjoyed a 'good' digital transformation, and the costs will be far greater for those with poor or failed experiences.

How much has poor change management cost your business?



Tackling change management issues

McKinsey estimates that as many as 70% of change programs fail to achieve their goals, and this is largely due to employee resistance and lack of management support.

Tackling change management resistance needs to be a key part of any new deployment. Having a plan in place for this right from the start of your project will help ensure employees are ready for what's coming, understand why it's happening and know what will be required of them.

To make any transition as smooth as possible, it pays to bear these key factors in mind:

1. Identify reasons for change resistance

The first step must be to have a clear idea of the reasons why your users are likely to be resistant to change. By knowing what their objections will be before they raise them, you can prepare an appropriate response that addresses their specific concerns.

Common concerns and doubts employees may have about new IT solutions include:

- Mistrust or fear of the unknown
- Lack of consultation
- Threatening their current role
- Being required to learn new skills or unlearn old ways of working
- Failure to see the need for change

Make sure you talk directly to users and encourage them to be open about their opinions on the ideas, even before you've put forth any concrete proposals, and you'll be able to tailor your future conversations accordingly.

2. Keep it simple

It's vital that when explaining the purpose or benefits of a new IT application, system or process, you don't overcomplicate things. Most employees won't care or understand all the ins and outs of what it can do and how it works - they just want to know what's in it for them. Look to identify a few key topline points to emphasize when introducing the topic and make sure you're prioritizing messaging that highlights the ease of use. If people think new technology is too complex, they're unlikely to be on board.

3. Start at the top

The first people you need to convince of the merits of your new system are the most senior members of the company, especially the chief executive and others on the board. This isn't just because they'll be the ones authorizing the project and signing the checks; a company takes its lead from the top, so if employees throughout the business can see senior staff are engaged and have confidence in the change, this will filter down to all levels.

4. Maintain communication

People are much more likely to be resistant to change if they feel it's being forced on them without their input. Therefore, it's important to keep users up-to-date on the progress of the project at each stage, and to offer opportunities for them to have their say. If an end-user is able to spot a potential issue early, you can take their feedback into account and take steps to fix it before deployment. If you don't and wait until it's in production to gather feedback, it may well be too late to make the necessary adjustments.

5. Find champions

While employees will often gain confidence if they see senior management embrace the new technologies, they're just as likely - if not more so - to be influenced by the enthusiasm of their peers. Therefore, it's a good idea to identify keen early-adopters at all levels of the company who can advocate for the change and highlight its benefits. By turning these champions into a formal role, they can also act as an easy point of contact for any employees who do want to raise concerns or suggestions.

6. Have an engaging training plan

All your good work can still be undone at the final hurdle if people don't know how to use the technology or understand how it makes their job easier, and this is when a good training plan comes in. The worst thing you can do at this stage is to settle for a classroom-based presentation of the tool or a passive step-by-step demonstration of how to use it.

Customize your training for different learning styles, offering a choice of options for different people. For example, make it interactive for those who like to get hands-on, or offer self-guided study for those who prefer to read through things at their own pace. Above all, don't forget to follow through with reviews or tests to make sure the messaging is sinking in and that people are actually using the technology.



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Digital transformation priorities and future investments

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CHAPTER 7:

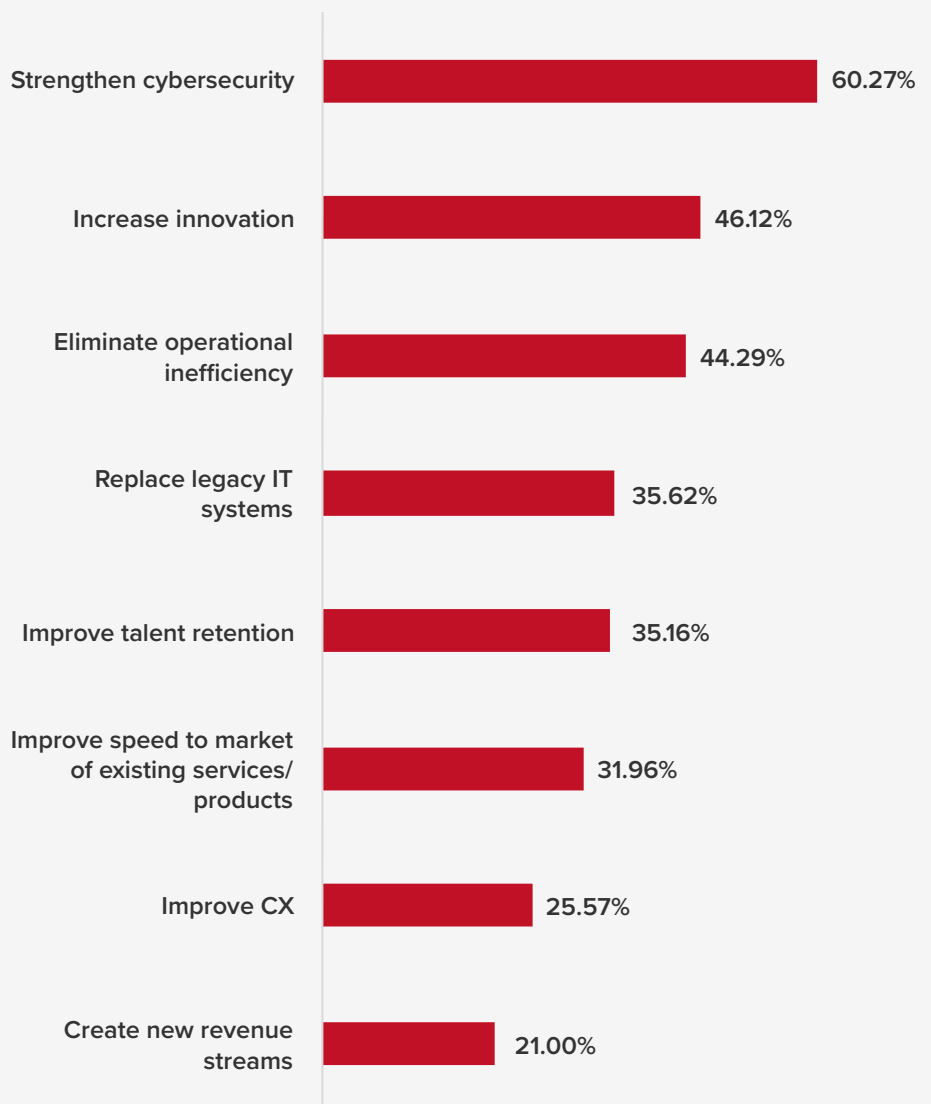
Digital transformation priorities and future investments

As with many technology initiatives, plenty of companies have been through the pain and joy before today. How the latest generation applies the lessons from our survey should help make the process smoother, stay ahead of the learning curve and deliver value and differentiation to drive the business forward.

The future priorities of our respondents are shifting towards strengthening cybersecurity (60%), reflecting that in the rush to enable remote working, innovation and cloud migration took precedence, but now the risks from rampant cyber criminality must be addressed.

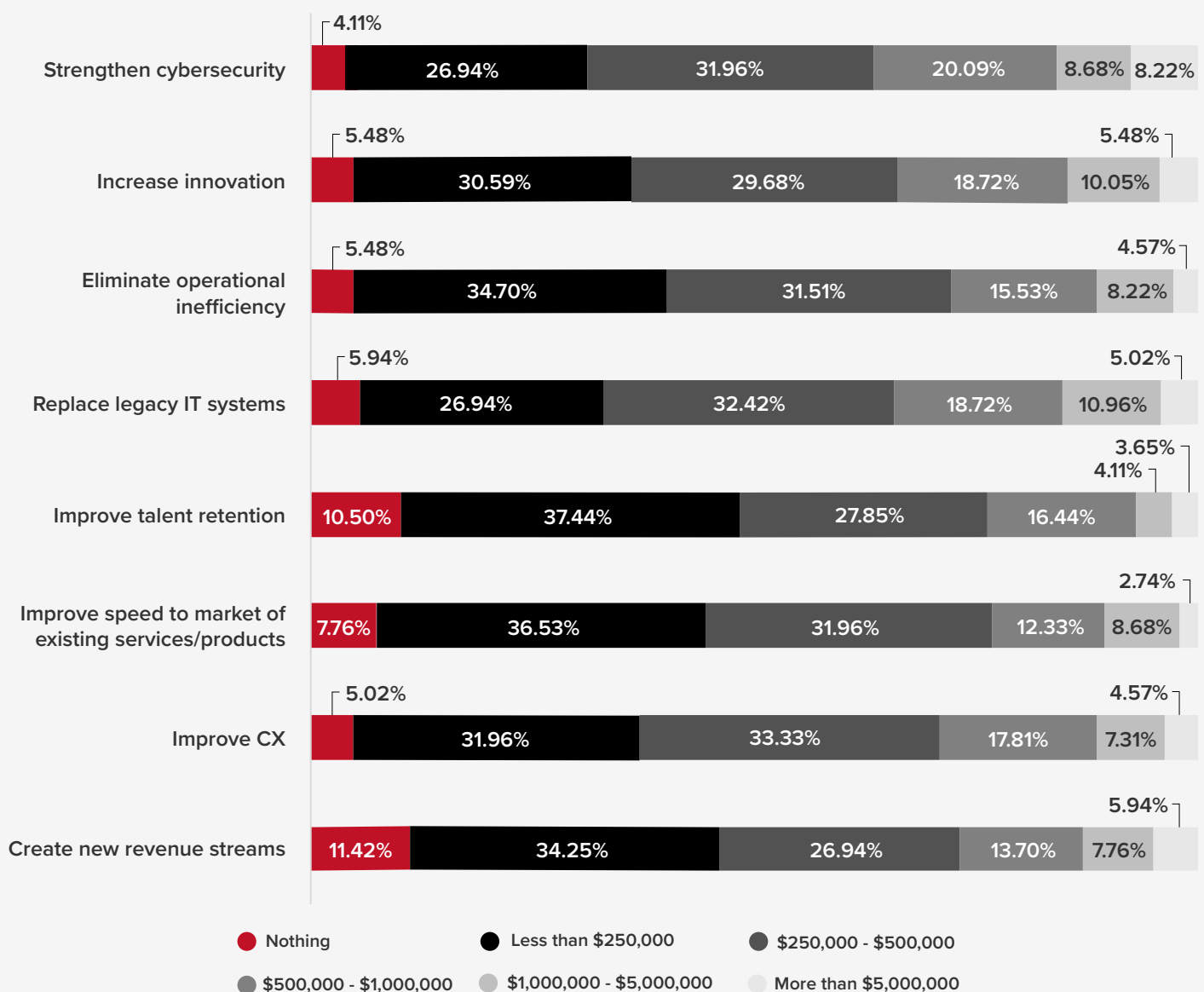


What are your top 3 DX priorities this year?



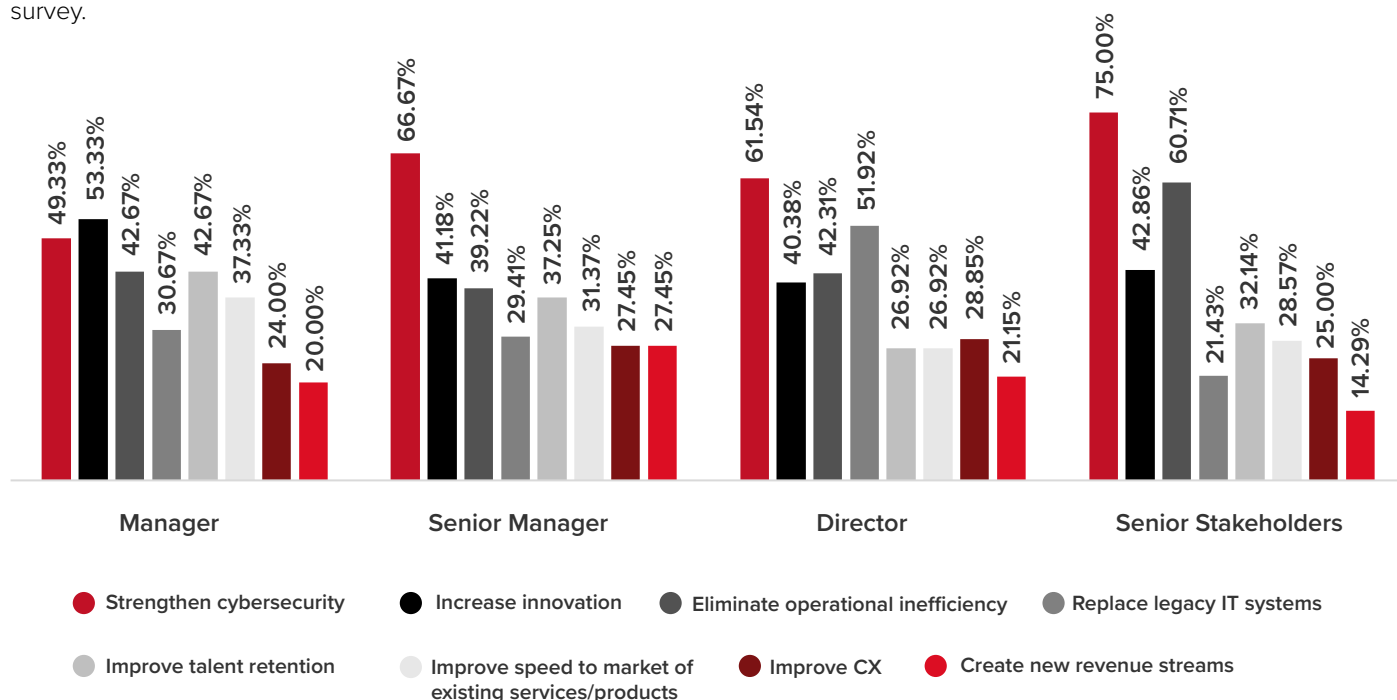
Our respondents also intend to spend more on cybersecurity – 37% intend to spend between \$500,000 and over \$5 million. Around twice as many respondents are prepared to spend over \$5 million here than in improving talent retention, improving CX and eliminating operational inefficiencies, highlighting the growing concern around IT security.

How much are you prepared to spend on the following areas?



The 4% to 5% of respondents looking to spend over \$5 million on improving innovation and improving CX would expect to see an outsize return on those investments through the opportunities they create, while eliminating operational efficiencies will see dwindling returns over time.

When it comes to forward planning, strengthening security is a clear priority for all seniority levels, especially among Senior Stakeholders (75%), along with eliminating operational inefficiencies. Directors are over twice as interested in replacing legacy IT systems, and eliminating capital costs than Senior Stakeholders, while innovation is a top 3 choice for every seniority level in our survey.



Managerial priorities are broadly even, with the largest single areas spending less than \$250,000 on increasing innovation and improving speed to market of existing services/products at 41%, as well as improving talent retention (40%).

Senior Managers follow that trend, with a combined 66% of them looking to spend up to \$500,000 and 41% looking to spend between \$250,000 and \$500,000 on improving CX – the single largest response.

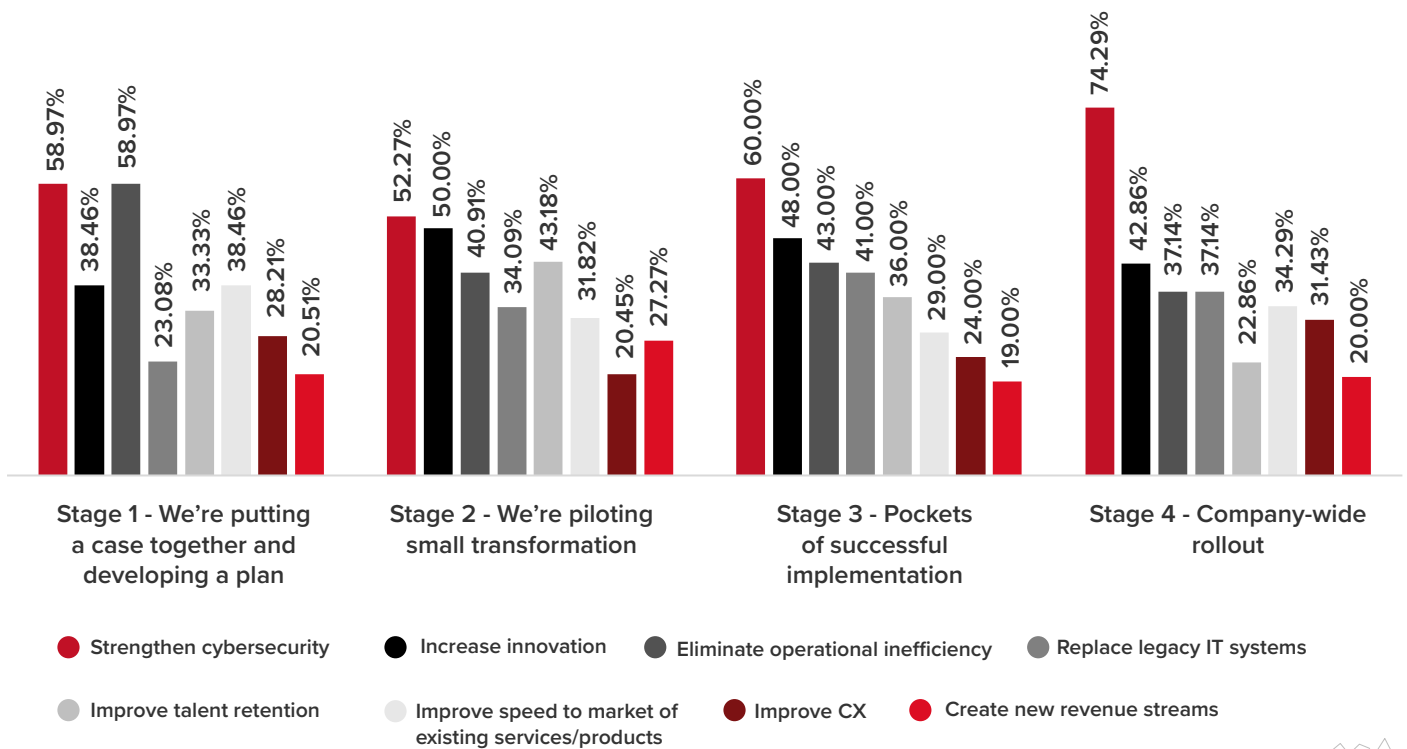
Directors are most concerned with replacing IT legacy systems with an even spread across price points up to \$1 million. They are also keen on improving their CX, with 26% looking to invest in the \$250K-\$500K and the \$500K-\$1M price points.



Senior Stakeholders want to invest across all areas of digital transformation, with no clear priority, although the largest single response area is for talent retention and replacing legacy IT at 39% for the \$250K-\$500K bracket.

For companies that are rolling out their digital transformation, the priority is strengthening cybersecurity. Companies in Stage 1 planning are more concerned with eliminating operational inefficiencies, but cybersecurity concerns are a constant for at least 50% of respondents throughout the adoption journey.

Improving the CX spikes in the Stage 4 rollout phase at 31%, while talent retention drops off from 42% in phase 2 to 22% in phase 4, suggesting that a successful digital transformation will help attract fresh talent.



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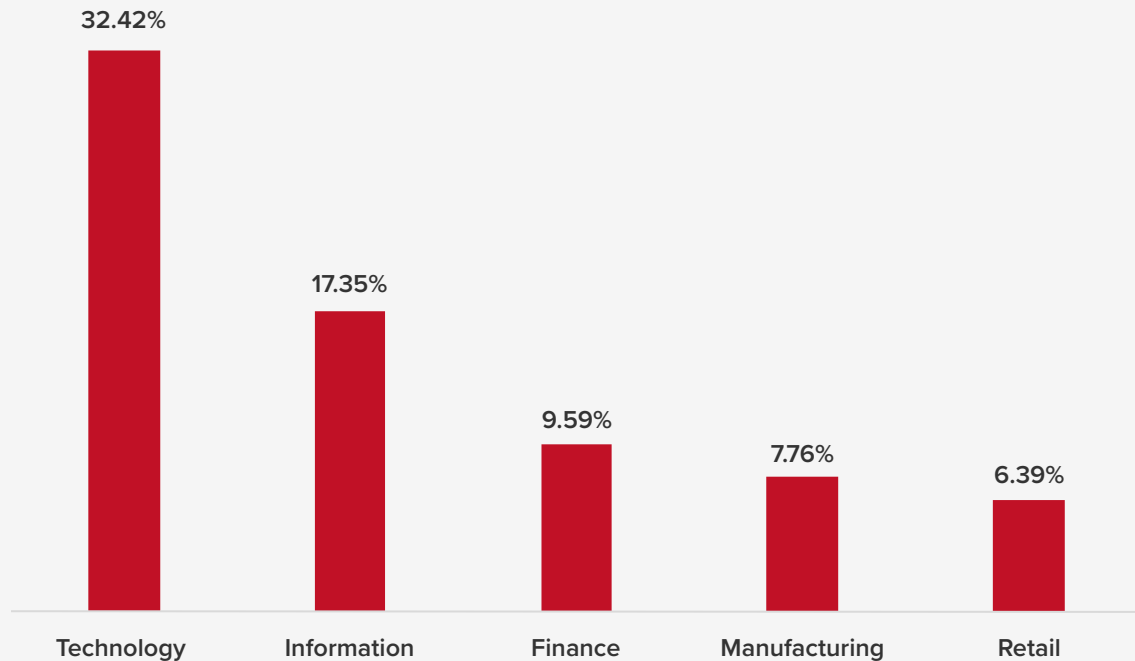
Digital transformation across industries

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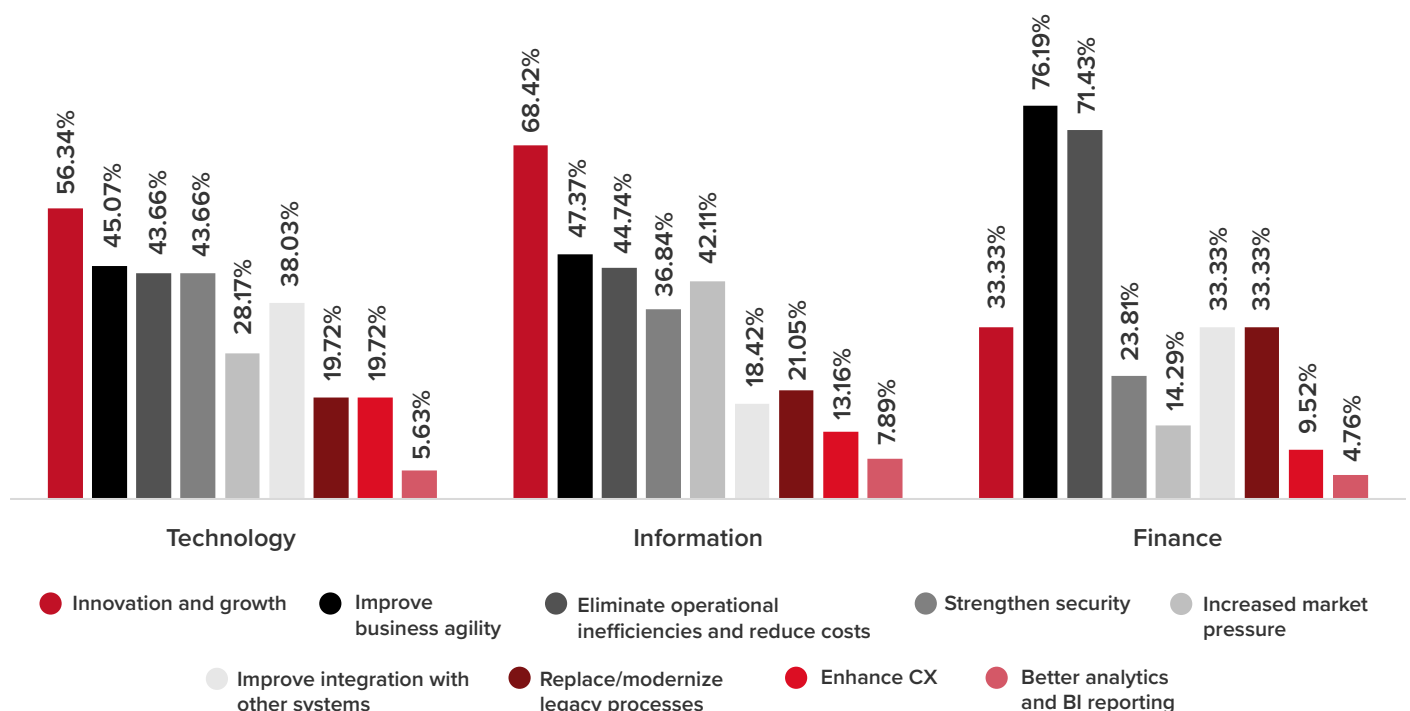
CHAPTER 8:

Digital transformation across industries

Top 5 industries



The respondents in our survey came from a variety of industries with three core categories: Technology, Information and Finance. Technology and Information businesses seek to innovate amid intense competition, while Finance firms seek to increase their agility as all types of finance operations are facing challenger banks or services that demand the ability to react or pivot at pace.

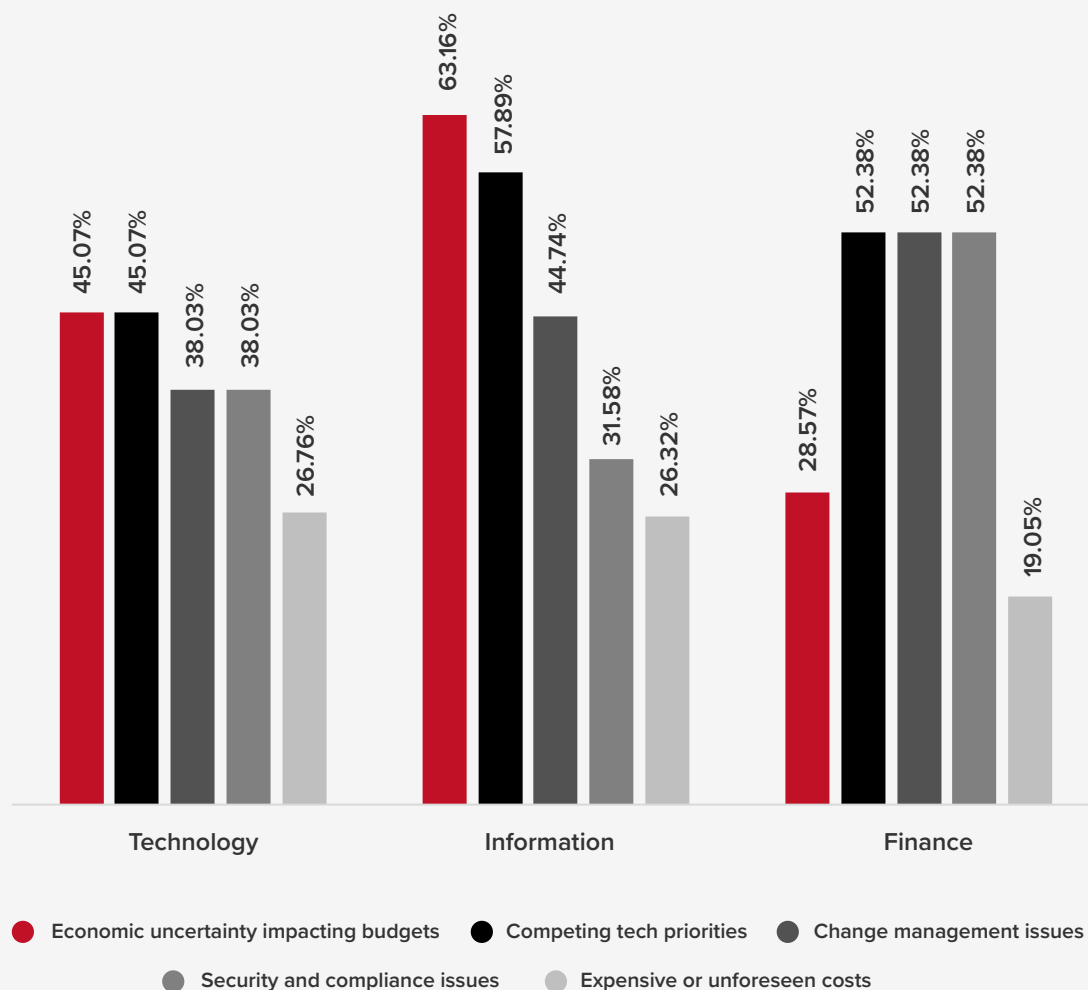


Among their reasons for investing in digital transformation, Finance was the outlier with a dominant choice for business agility and removing operational efficiencies:



- **Technology** companies led with innovation (56%) as their clear lead reason to upgrade, followed by a narrow spread for business agility (45%), operational efficiency (43%) and strengthening security (43%).
- **Information** companies have a stronger focus on innovation (68%).
- **Finance** companies are laser-focused on business agility (76%) and cost reductions (71%) while having the strongest rating of the three respondent types for integration and replacing legacy processes (both 33%).

What challenges did you encounter with your DX?

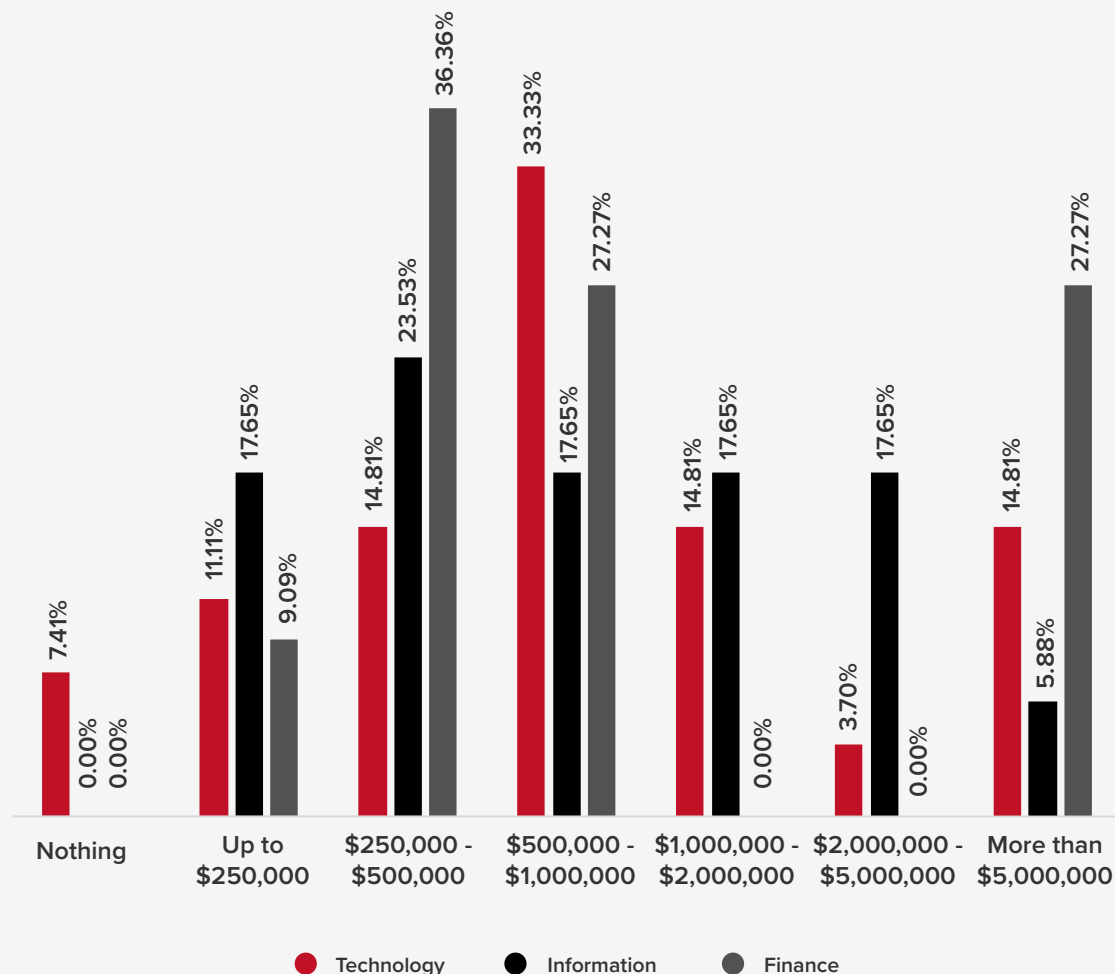


Finance, with its outside data security, compliance and other costs can take more of a hit when it comes to the challenges of transformation and the costs for poor performance.



- **Technology** companies placed economic uncertainty alongside competing tech priorities as their greatest challenges.
- In the **Information** industry, the key challenge was economic uncertainty and the subsequent impact on budgets.
- The **Finance** industry took the biggest hit due to poor change management, with around 25% claiming this has cost them over \$5m. Change management was cited as a challenge by over half in this industry, alongside competing tech priorities, security and compliance.

How much has poor change management cost your business?



Current priorities vary across the three business types, with Finance again an outlier in its choices.

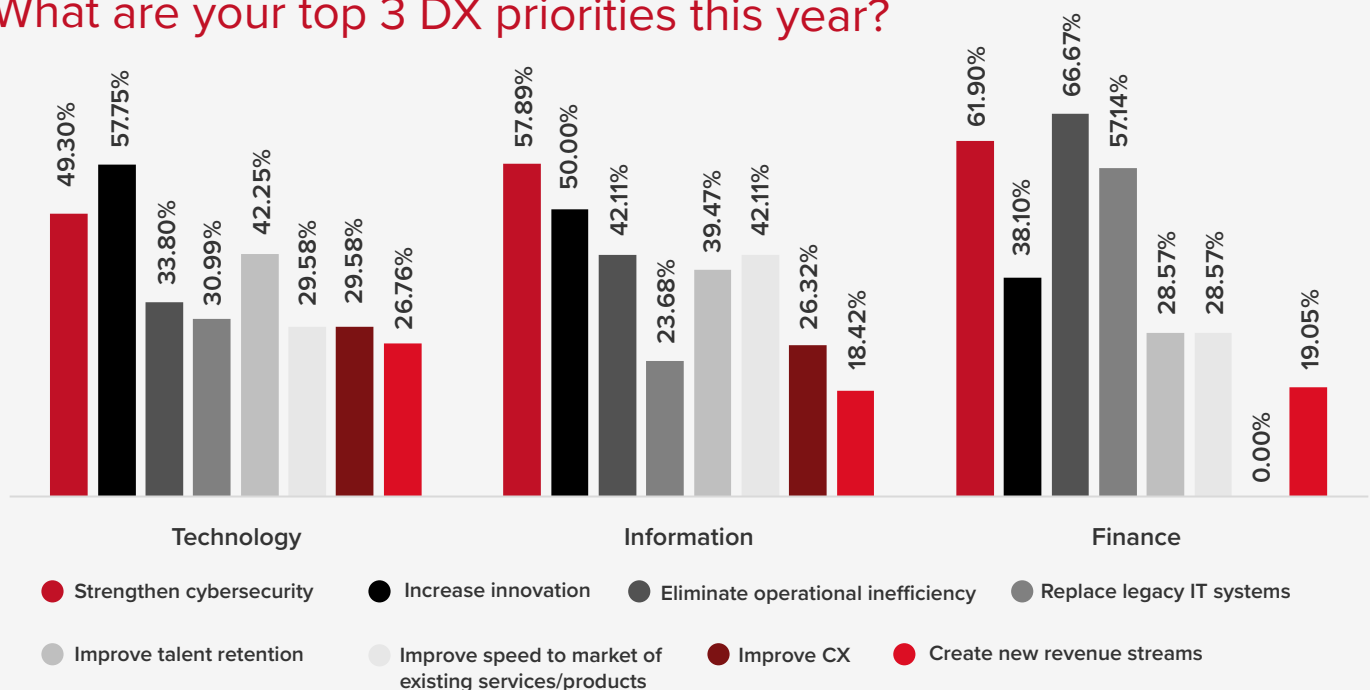
DX priorities vs industry

- **Technology** firms continue to focus on innovation (57%) and areas like talent retention (42%) to deliver competitive advantages in their highly dynamic markets.
- The outlook is slightly different for **Information** firms with innovation (57%) leading the way, but improving speed to market is also a high priority (42%).
- Eliminating operational efficiencies (66%) and strengthening cybersecurity (61%) continue to be paramount for the **Finance** industry, and could well be regardless of phase or future transformation projects.

Our respondents' budget focus on two key price ranges across the key priorities:

- **Technology** firm spending focuses on improving operational efficiency and innovation, and typically falls in the mid-range \$250K-\$500K bracket, followed by under \$250K.
- **Information** firms' spending plans are more spread between the \$250K and \$500K brackets, with a breakout 18% looking to spend up to \$1 million on increasing innovation.
- Only **Finance** firms have the spending power to invest over \$5 million in strengthening cybersecurity according to 19% of respondents.

What are your top 3 DX priorities this year?



Conclusion

Digital transformation is no longer an undiscovered country for most businesses, with many going through the process to some degree. At the heart of digital transformation is striking the right balance between integrating data and services to improve the business, while enhancing CX to attract and retain customers.

To make digital transformation a success, identifying the right data and processes is essential, along putting in place the right talent to deploy new services and applications, exhibiting strong management to lead the way and highlighting the benefits across the workforce. Even if that goes well, there are always challenges, but as our survey shows, most businesses are making progress and delivering successful outcomes.

These benefits will enable the companies to scale better, react to the challenges ahead and outcompete those that struggle. Growth through digital transformation can be an intense experience, but by engaging and linking all those processes and services, the future looks far brighter.



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