Business Transformation Index 2022
The keys to successful business outcomes

BTI
2022

(expleo)

A note from the authors

Expleo is delighted to unveil its first-ever global Business Transformation Index (BTI) 2022, which provides a holistic overview of the core strategic attributes underpinning optimised business transformation initiatives for enterprises across the industry spectrum.

For the second consecutive year, the global business community has had to navigate a landscape of uncertainty, necessitating swift, decisive action at board level, while ensuring operational resilience is iron-clad.

Many of the key findings uncovered in this research resonated with us equally as leaders in Expleo Group, irrespective of our separate department perspectives and domain expertise. At a high level, our research aligns with feedback from previous studies of this nature, suggesting that the challenges intrinsically linked to large scale business transformation initiatives are not subsiding or easily overcome, and must be navigated with tact.

With this in mind, together, we worked out a formula to identify the nine keys to business transformation success that are strongly correlated with the best-performing organisations. These indicators, which have a profound impact on an enterprise's bottom line, provide the grading criteria for us to categorise organisations into 'Starters', 'Strivers' and 'Stars'. Our research illustrates how 'Stars' are more than twice as likely as 'Starters' to expect considerably higher profits in five years' time, and almost half of 'Starters' don't expect profits to grow at all over this period.

We hope that this report serves as a powerful manifesto for driving success for your organisation now and into the future.
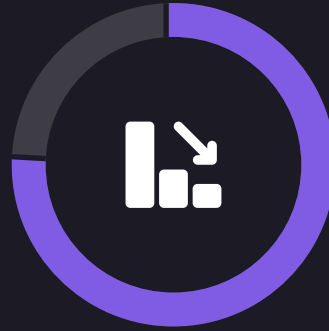
Hervé Garnousset
Global Head of
Digital
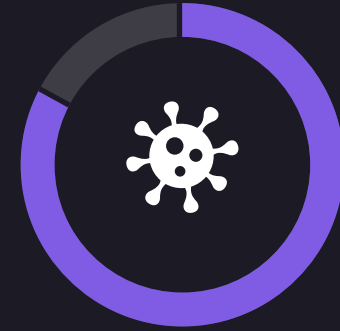
Rebecca Keenan
Global Head of
Process Automation

Stéphane Bossy
Consulting Director

Key findings

76%
agree their organisation will **not survive 5 years** without digital transformation

83%
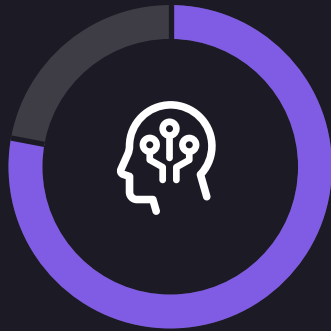have accelerated their business and digital transformation initiatives due to **COVID-19**

61%
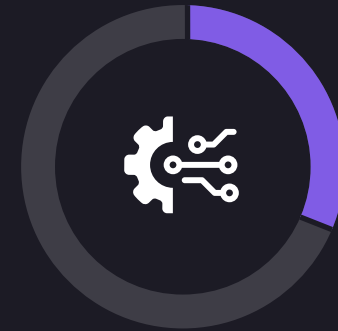of businesses know they need to be bold in the **ambitions** they set

51%
are mindful of the need to still adopt a cautious, **methodical approach** to implementing transformation

78%
of all firms identify
technology skills
as one of their top
transformation challenges

76%
of firms accept that bolder
use of **automation**
will be a necessity given
skills shortages

Only **31%**
identify practices such as
hyperautomation
as a major focus area
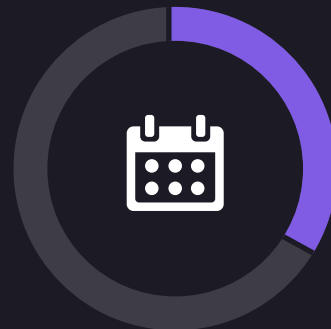
Almost **33%**
of businesses are
**missing programme
delivery deadlines**
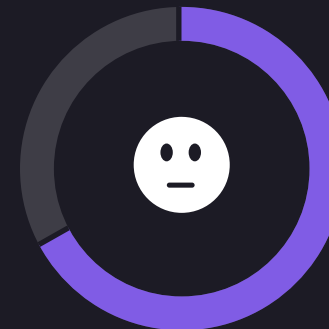
66%
of businesses are
experiencing trouble with
under-utilisation

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Introduction

'Digital Transformation' is the phrase everyone in business seems to be discussing right now. And this isn't just talk – many organisations are giving genuine expression to this new business imperative, finally backing this up with considerable investment.

6.8
US $ tn

predicted global spending on digital transformation between 2020 and 2023

IDC

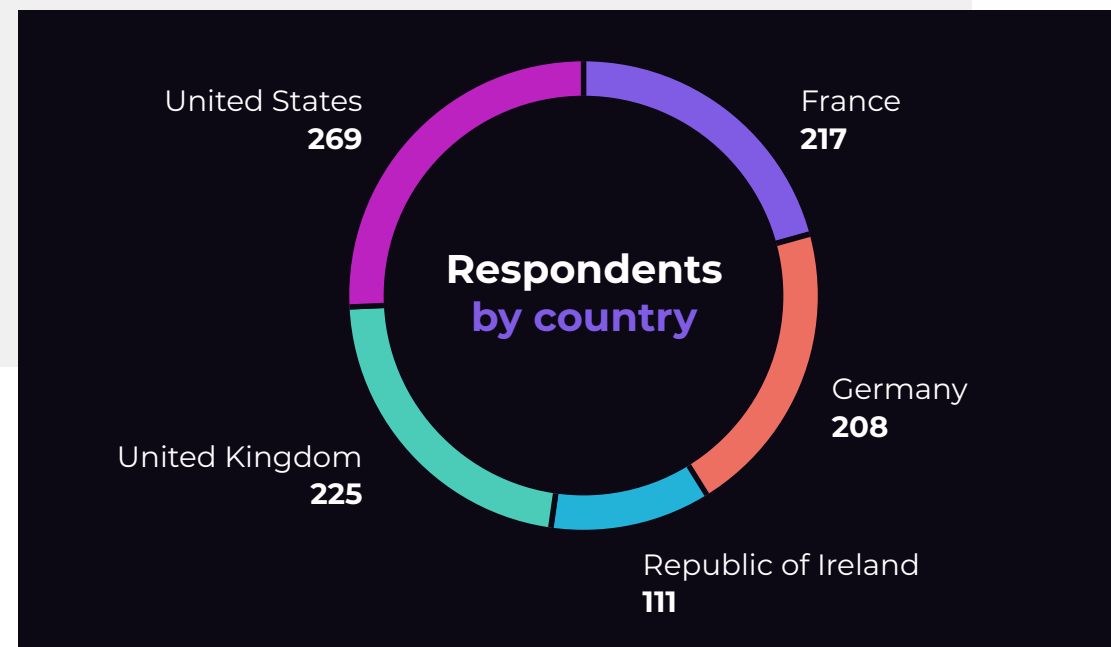In 2020, estimated global spending on digital transformation totalled US$1.3 trillion, with 10.4% year-on-year growth, even despite the pressures of the COVID-19 pandemic[1].

Looking ahead, the consultancy IDC predicts that businesses will spend over US$6.8 trillion on digital transformation between 2020 and 2023[2]. The contribution of this investment to GDP is expected to be profound – by 2023, the proportion of GDP that will be driven by 'digitally transformed' enterprises is estimated to be over 53%[3].

Given the levels of investment involved, the stakes are high. The risk of any digital or business initiative not delivering the planned return-on-investment has always been omnipresent. Nowadays, however, the future of entire enterprises (or even sectors) hinges on successful outcomes from these programmes.

This report looks at these risks in more granular detail, with a specific focus on how large enterprises are performing on delivering their digital and business transformation ambitions. Our findings, based on original research with businesses, show that the organisations best placed to succeed are those that consistently exhibit certain attitudes and behaviours.

This report is based on results from an independent survey of 1,030 respondents from large organisations across the world. The research was conducted in August and September 2021: 217 surveys were completed in France, 208 in Germany, 111 in the Republic of Ireland, 225 in the UK and 269 in the United States[4]. 71% of respondents were Director level+, with a mix of executive managers, technology leaders and other line-of-business functions represented. All respondents needed to have been involved in recent business and digital transformation efforts to qualify. The study was managed by B2B International, a leading independent market research agency in partnership with Expleo Group.

Respondents by country

United States **269**
France **217**
Germany **208**
Republic of Ireland **111**
United Kingdom **225**

1) https://www.statista.com/topics/6778/digital-transformation/
2) IDC FutureScape: Worldwide Digital Transformation 2021 Predictions
3) https://www.statista.com/statistics/1134766/nominal-gdp-driven-by-digitally-transformed-enterprises/
4) Sectors covered included: Aerospace & automotive, Financial services, Energy & utilities, Gaming, Healthcare & pharmaceutical, Manufacturing & industrial, Public sector & not-for-profit, Retail & wholesale, Telecoms & media and Transport & logistics. Large organisations defined as those with 5,000 or more employees, apart from in the Republic of Ireland where it was 1,000 or more employees.

Business priorities & key strands of focus following COVID-19

The pandemic has clearly been a time of great disruption. However, it has also been an opportunity for businesses to re-focus. Our research shows that enterprises are looking to adopt a very broad range of strategies moving into 2022 and beyond. Figure 1 (next page) shows that survey participants identified a mix of:

- **'Optimisation priorities':** Making existing business processes better or improving financial returns.

- **'Transformation priorities':** Considering new ways of working, new products and services and responding to new circumstances.

The top priority identified by 47 % of businesses overall was the imperative to deliver 'the best customer experience', with this issue out-ranking even traditional, financial focus areas such as productivity, profits and revenue growth. This attention to customer experience, and the linked issue of business model transformation (ranked in number three position), marks a clear departure from pre-COVID-19 priorities. Other 'transformation' priorities noted by at least one-third of participants included product innovation, improved speed to market and the need to become more sustainable.

Figure 1: Major focus areas / areas for improvement for enterprises in the next 1-2 years

Focus area	%
Delivering the best customer experience	47%
Increasing productivity	45%
Transforming our business model / ways of working	42%
Increasing profits	41%
Increasing revenue / sales growth	41%
Innovation / bringing new offerings to market	41%
Becoming more agile / quicker to market	40%
Controlling costs	35%
Becoming more sustainable / environmentally responsible	34%
Attracting and retaining the best employees	32%
Operational resilience / withstanding shocks	32%
Optimising supply chains	31%

Optimisation priorities

Transformation priorities

(% selecting, multiple selections possible)

With business transformation comes digital transformation

Looking beyond general business priorities, we also wanted to understand the ways in which businesses were seeking to deliver these programmes through technology. Our survey found that of the top business priorities, those that are most likely to be improved through a focus on digital transformation were:

- Delivering the **best customer experience**
- Increasing **productivity**
- **Transforming our business mode**l / ways of working
- Increasing **revenue** / sales growth
- **Innovation** / bringing new offerings to market

Overall, organisations were seeking to use digital transformation programmes to address an average of 4.6 different business challenges. With new technology initiatives front-and-centre of firms' plans, it is evident that transformation is no longer an option but a necessity: 79 % of respondents agreed that 'without digital transformation, our organisation would struggle to exist in 5 years' time'.

Businesses were also clear in identifying COVID-19 as a catalyst to operational change:

- **83 %** of firms stated that the pandemic had **accelerated** their business and digital transformation initiatives.

- Organisations accelerated their business plans by an average of **1 year and 2 months** as a direct result of COVID-19.

- **Critical industries** that were at the forefront of pandemic response tended to report the **most rapid acceleration** – including sectors such as Transport & Logistics, Energy & Utilities and Manufacturing & Industrial.

Aside from expediting timescales, the events of the past two years have also provided enterprises with the impetus to tackle their digital projects with a fresh approach. We asked survey participants about their general attitude towards digital transformation initiatives, presenting a series of trade-offs. Figure 2 (next page) shows that organisations clearly recognised the need to be ambitious in their plans if they wished to be successful, with 61 % favouring a bold approach over one in which they wait until technologies are mature.

Figure 2: Attitudes / approach taken to digital transformation initiatives

Alignment of respondents with statements. Seesaw shows balance of opinion on each set of opposing statements.

"Organisations with the **boldest digital ambitions** will be better placed to succeed."

"Organisations that are **cautious in digital and wait until technologies reach maturity** will be better placed to succeed."

61%   **16**%   **24**%

agree   neutral   agree
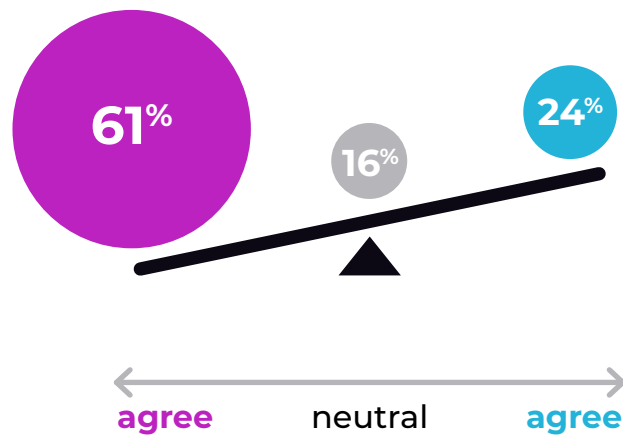
"It is better to adopt a **'fail fast' approach to digital projects** in which we **learn quickly** from trialling solutions in-market."

"It is better to adopt a **structured, methodical approach to digital projects** in which we **minimise the risk of failure** at launch."

28%   **21**%   **51**%

agree   neutral   agree
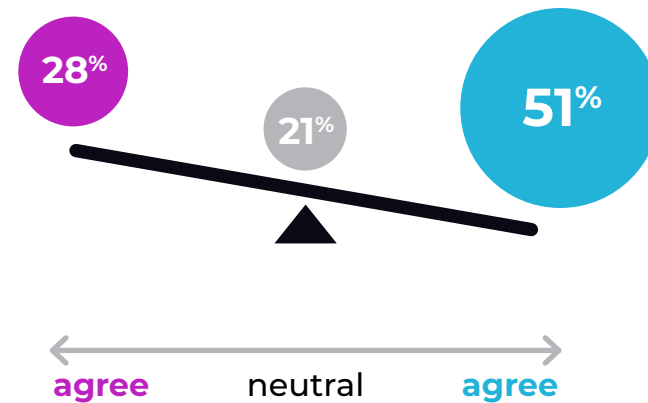
At the same time, this boldness in planning is tempered by a desire among most businesses (51%) to maintain a structured, methodical approach to executing their digital projects. By contrast, 'fail fast' philosophies in which learnings are taken from trialling solutions in-market were favoured by fewer than 1 in 3 large businesses (28%).

However, is this prevailing attitude of bold ambition optimal when it comes to project delivery? In the next section, we will test these assumptions by looking at whether each corresponds with superior business performance.

Identifying the keys to business and digital transformation success

Throughout our survey data, we observed that although transformation is near-universally recognised as being a top priority, there was wide disparity in responses across many other business success indicators – particularly firms' expectations of future financial outcomes, such as profitability: Alarmingly, 26% of all organisations did not expect their profitability to increase in 5 years' time, with only 28% expecting bottom line performance to be considerably better over this period.

This caused us to wonder whether certain behaviours, business practices and attitudes are associated with those firms that look to have better prospects. To this end, we examined dozens of data points collected as part of our study to see which attributes were most intrinsically linked to successful outcomes. Out of these, our investigations found that nine specific factors seemed to make the greatest difference (Figure 3).

Figure 3: Nine factors highly linked with profitability and business transformation success

(A) Boldness of transformation vision & willingness to explore new approaches
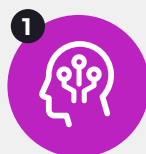
1. **No problems driving cultural change** / adopting a 'digital first' mindset

2. Board is **more likely to approve new IT strategies** / innovations due to COVID-19

3. Having a focus on: **Digital skills training**

4. Seeing the need to be far more radical in their **adoption of automation**
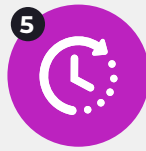
5. **Delivering on time** (to demanding timescales)

(B) Having the resources to execute reliably
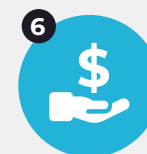
6. Successfully **keeping to budget**

7. Hitting **solution reliability** target
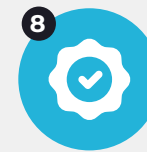
8. Tending to focus on: **Quality assurance (QA),** testing and reliability
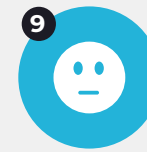
9. **No problems with under-utilisation / poor acceptance** of new digital solutions

We shall return to each of these factors throughout this report, but what is immediately clear is that each of the nine keys to success fits into two broad groups that are strongly aligned with our observations in the previous section:

- In **Group A,** we find a series of characteristics that are highly correlated with a **bold, decisive vision of business transformation,** as well as a willingness to **explore new approaches** to solving challenges such as skills shortages, including being much more radical in the adoption of automation technology.

- Set against this, in **Group B,** we see that successful businesses prioritise the sometimes unglamorous (but vital) work involved in **executing transformation programmes reliably** – including keeping to budget, focusing on quality assurance and seeking to ensure that solutions are fully accepted and utilised.

Identifying high performing organisations: Introducing the Business Transformation Index 2022

Figure 4: Business Transformation Index (BTI)

strong

(A)
Boldness of transformation vision & willingness to explore new approaches

weak

★ **Stars**
(21% of businesses)

↗ **Strivers**
(61% of businesses)

● **Starters**
(18% of businesses)

← weak **(B) Resources to execute reliably** strong →

Components of A:
· No problems driving cultural change / adopting a 'digital first' mindset
· Board is more likely to approve new IT strategies / innovations due to COVID
· Having a focus on: Digital skills training
· Seeing the need to be far more radical in their adoption of automation
· Delivering on time (to demanding timescales)

Components of B:
· Successfully keeping to budget
· Hitting solution reliability targets
· Focusing on: Quality assurance (QA), testing and reliability
· No problems with under-utilisation / poor acceptance of new digital solutions

Given the power of these two groups of factors, how do organisations tend to perform against them? To understand this, we created a two-dimensional framework (the Business Transformation Index) in which the performance of organisations across each of the nine success factors was evaluated (see Figure 4).

Organisations that perform strongly on both dimensions are labeled as 'Stars' – Around 1 in 5 (21%) firms fall into this category. By contrast, 18% of firms are characterised as 'Starters' in that they have weaker scores on at least one of the dimensions. Companies that fall somewhere between these two positions are identified as 'Strivers', accounting for 3 in 5 (61%) of all organisations.

Throughout the course of this report, we will revisit what sets the 'Stars' apart, and how companies of all levels of maturity can learn from them. One thing that is very clear, even at this stage, is that 'Stars' are more than twice as likely as 'Starters' to expect considerably higher profits in 5 years, with very few 'Stars' expecting profits to remain stagnant (Figure 5).

An important point to emphasise about 'Stars' is that their outsized profit performance does not simply derive from having more resources at their disposal: Our survey data shows that 'Stars' had roughly similar budgets to other enterprise organisations. Nor were these firms expecting bigger increases in those budgets than others. Instead, the Business Transformation Index identifies best practices that businesses of all sizes and resource levels can benefit from.

Armed with these keys to success, we'll review each of the nine components of the Business Transformation Index (BTI) in turn in the following sections.

Figure 5: Future profit expectations of 'Starters', 'Strivers' and 'Stars'

In 5 years, profit will be…   ■ The same or lower   ■ Somewhat higher   ■ Considerably higher

Starters
- 20%
- 31%
- 49%

Strivers
- 25%
- 24%
- 52%

Stars
- 10%
- 42%
- 48%
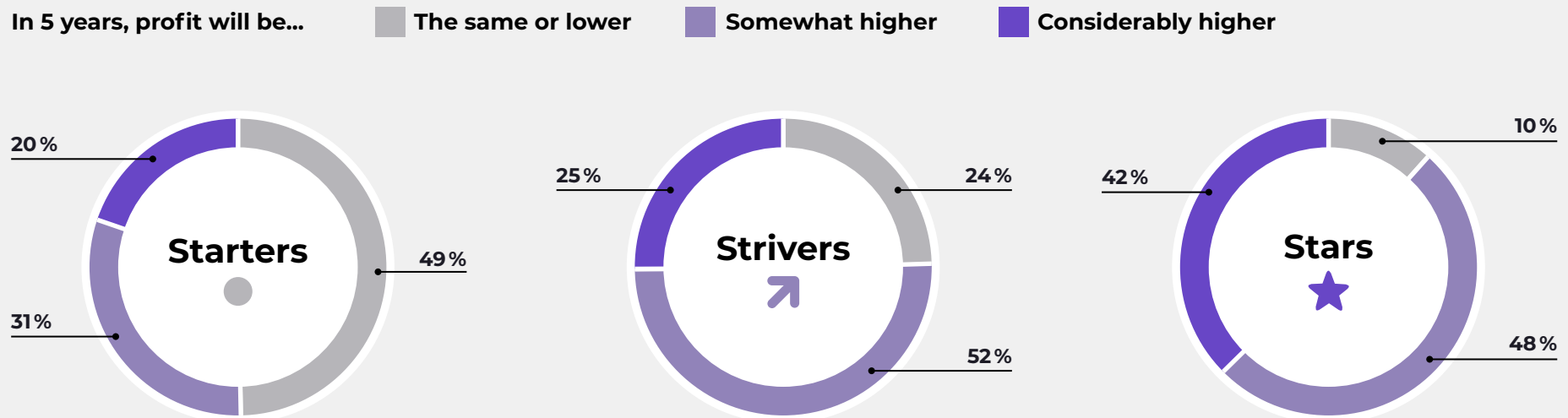
(A)

Looking closer at: Boldness of transformation vision & willingness to explore new approaches

We have seen already that a clear majority of businesses appreciate the need for boldness when it comes to realising their digital ambitions. But what does this mean in practice? In this section, we review the five success factors linked most with this more ambitious mentality.

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An openness to cultural change / adopting a 'digital first' mindset

A vital prerequisite for any transformation programme involves an organisation and its people being ready, willing and able to adopt new working practices. Unfortunately, our research found that surprisingly few firms (only 33 %) regarded this as a major focus area as part of their transformation plans (Figure 6). This proportion was consistently low across all the five countries surveyed.

This lack of emphasis on driving acceptance and cultural change within organisations is even more curious given that businesses were frank in admitting they had issues in this regard: 65 % of organisations surveyed stated that adopting a 'digital first' mindset within their teams was at least sometimes problematic (Figure 6).

Coming back to our Index, we found that a focus on change management resulted in significantly fewer 'Star' businesses reporting challenges around inertia when embarking on transformation initiatives – only 33 % of these high-performing businesses regarded this as a challenge, compared to 47 % of the lowest-performing (or 'Starter') organisations.

The degree to which 'Stars' are focused on adopting a more radical 'digital first' mindset looked to be somewhat related to their understanding of rapidly changing market requirements: 'Stars' were significantly more likely to identify external customer expectations as being the main driving force behind their transformation efforts.

Figure 6: Degree of focus on culture / change management and if this ever manifests as a problem
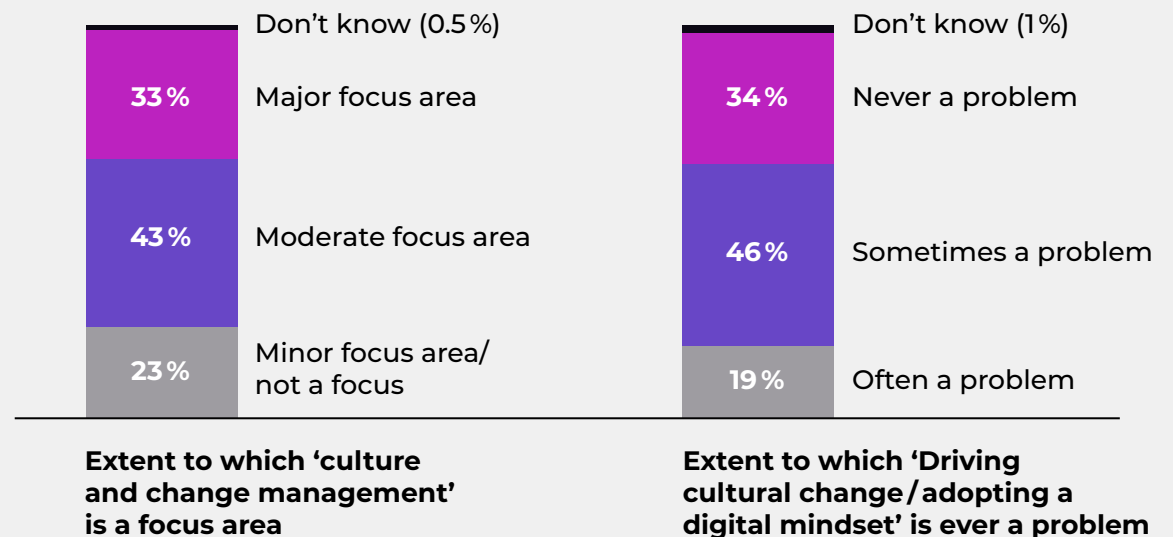
Extent to which 'culture and change management' is a focus area
- Don't know (0.5 %)
- 33 % Major focus area
- 43 % Moderate focus area
- 23 % Minor focus area / not a focus

Extent to which 'Driving cultural change / adopting a digital mindset' is ever a problem
- Don't know (1 %)
- 34 % Never a problem
- 46 % Sometimes a problem
- 19 % Often a problem

(#2) Board is more likely to approve new IT strategies/innovations due to COVID-19

Linked with the theme of culture is the need to have support for transformation programmes from the top management of the organisation. 'Stars' were significantly more likely to report that their organisation was more supportive of new IT strategies and innovations because of the pandemic. Overall, the picture is encouraging, with more than 8 out of 10 organisations agreeing that senior management were more likely to provide approval than before the COVID-19 pandemic (Figure 7).

Figure 7: Extent to which boards are more likely to approve new IT strategies due to COVID-19

Disagree
16%

Strongly agree
36%

% Agreeing that 'Our organisation's board is **now more likely to approve new IT strategies and innovations** because of COVID-19'

Somewhat agree
48%
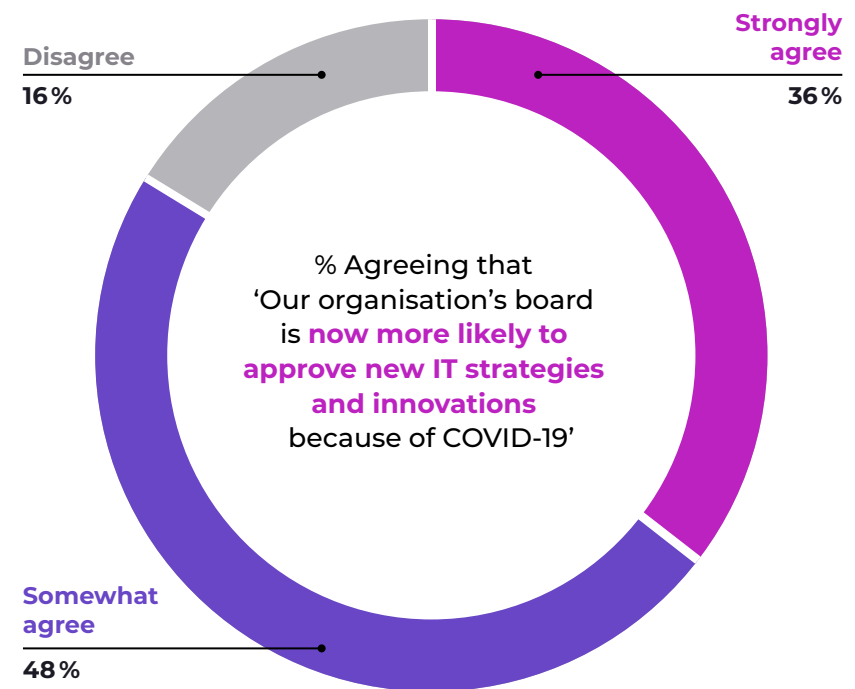
However, we observed significant variation on this depending on the functional role of those surveyed: Where we interviewed an individual in a dedicated Digital Transformation role, there were very high levels of agreement that boards were now more supportive – perhaps unsurprising, given that these functions are very often installed by management to drive change. By contrast, specialist 'on-the-ground' functions such as Operations and Supply Chain were significantly less likely to perceive this buoyant board support for transformation. This possibly suggests that these functions are potentially becoming more marginalised in some companies from the transformation conversation.

Although enthusiasm from boards for approving new technology programmes currently appears high, there are reasons to doubt how long this will last: 3 in 5 firms (60%) reported having previously encountered unpredictable levels of senior management commitment during past initiatives (Figure 8).

Figure 8: Extent to which unpredictable senior management commitment has been an issue in the past

Don't know (1%)

39% Never a problem

60% at least sometimes a problem

43% Sometimes a problem

17% Often a problem
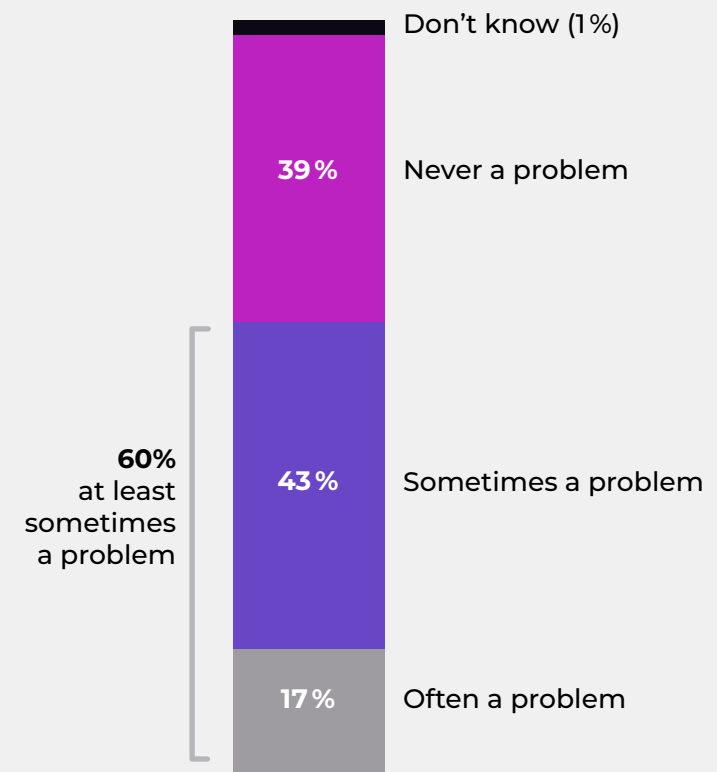
Having a focus on digital skills and training

Out of a dozen different challenges, the biggest individual challenge relating to business and digital transformation was 'skills gaps and talent shortages': 52% of all organisations surveyed selected this among their top issues (see Figure 9). Furthermore, over half of firms (51%) also saw their internal IT teams as being too stretched. When we combine these two skills-related issues, almost 8 in 10 firms (78%) appear impacted by technology skills pressures.

Figure 9: Top business and digital transformation challenges

Challenge	%
Skills gaps / talent shortages	52%
Legacy systems not being upgraded	51%
Internal IT teams too stretched	51%
Cyber security	51%
Demanding / overly ambitious timescales	40%
Disruption to plans caused by COVID-19	40%
Internal culture / inertia	38%
Insufficient budgets	37%
Scaling up concepts / pilot projects	37%
Availability of delivery partners	37%
Fragmentation / project silos	33%
Late delivery by external partners	31%

78% of all firms identify at least one of these skills issues among their Top 5 challenges.

(% ranking within their top 5 challenges)

This trend was pervasive, being present across all industries and countries. Financial services, Manufacturing & Industrial and Public sector/non-profit organisations all appeared to be particularly strained, with current staff overstretched and new talent hard to attract. Geographically, the United States was the country most afflicted by skills shortages.

The prominence of technology skills as a challenge is, of course, partly caused by a shortage of supply and partly by an increase in demand stemming from a renewed focus on transformation due to the pandemic. Even so, organisations were forthcoming in their acknowledgement that some of these issues were more long-standing and not exclusively related to COVID-19-driven trends:

- **73 %** of firms agreed that organisations had **'under-invested in the skills base of employees'** in the past. Revealingly, 'Starter' organisations were significantly less likely to admit to this, suggesting something of a 'blind spot' on this issue.

- **67%** of companies in process industries identified that **a lack of understanding of IT / Operational Technology (OT) convergence** was sometimes a problem – given that this convergence has been progressing for some time, this speaks to a failure to anticipate and plan for this.

When we further investigated the nature of some of the issues with staffing and skills, the top challenges identified represented a mix of recruitment, retention and up-skilling (Figure 10).

Figure 10: Top staffing and skills challenges currently

Challenge	Percentage
Attracting enough appropriately qualified candidates	36%
Improving skill levels within our teams	34%
Developing creativity, collaboration, problem-solving skills	34%
Managing current staff workloads & morale	33%
High demand for niche and technical skills	32%
Accommodating remote / flexible working policies for staff	31%
Retaining talent	30%
Changes in employee expectations of work / life balance	28%
Being able to hire quickly enough	24%
Upward wage pressure	17%

Recruitment
Retention
Upskilling

(% ranking within their top 3 challenges)

Interestingly, wage pressure was the least-identified challenge. Instead, many of the factors (as shown in pink) related to retention: Much has been written recently about the 'Great Resignation' – a phenomenon in which the pandemic has caused workers across the economy to re-evaluate their career options. Recent Gallup research[5] indicates that in the USA, 48% of employees are actively looking to change their job.

Our results suggest that accommodating new employee expectations of work/life balance (mentioned by 28% as a top challenge) and introducing flexible working policies (31%) are proving especially troublesome. Linked with this is the challenge of keeping morale high among technology teams when workloads and demands are higher than ever (mentioned by 33%).

5) https://www.gallup.com/workplace/351545/great-resignation-really-great-discontent.aspx

Technology roles in shortest supply

Retention aside, the most common staffing challenge confronting enterprises cited was finding enough qualified candidates. Figure 11 shows the types of tech roles that were seen as being most difficult to recruit for among those firms reporting at least some skills shortages. Chief among these in-demand roles are developer positions, with almost 9 out of 10 firms with skills shortages (87%) reporting issues.

This aligns with the 73% of organisations that also agreed that 'Development and DevOps roles are in critically short supply'.
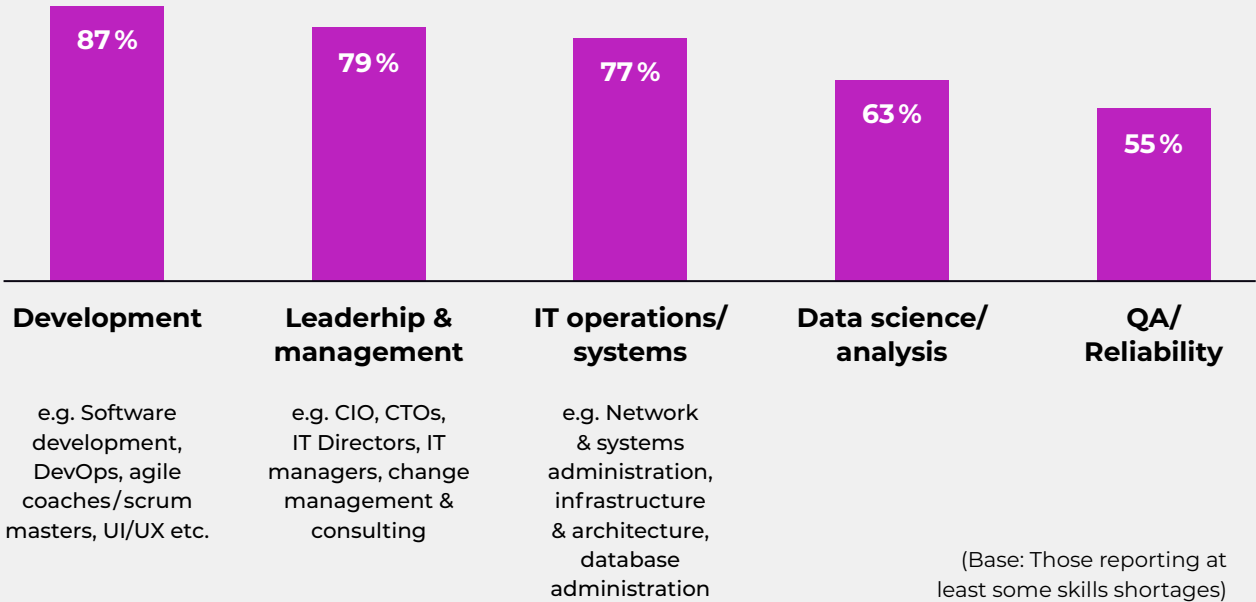
Aside from developers, leadership and management roles had the shortest supply of viable candidates: As we have already seen, many transformation programmes are being limited by organisations' inability to sufficiently change legacy cultures and adopt a 'digital first' mindset. Effective leadership and management of programmes will be essential to this.

It is also notable that organisations are also challenged with finding sufficient quality assurance (QA) and reliability engineer candidates, with over half (55%) of those with skills shortages identifying a scarcity right now.

Figure 11: Top role types that are difficult to recruit and/or retain

% reporting at least some skills shortages for different technology role types

Development	Leaderhip & management	IT operations/ systems	Data science/ analysis	QA/ Reliability
87%	79%	77%	63%	55%

| e.g. Software development, DevOps, agile coaches/scrum masters, UI/UX etc. | e.g. CIO, CTOs, IT Directors, IT managers, change management & consulting | e.g. Network & systems administration, infrastructure & architecture, database administration | | |

(Base: Those reporting at least some skills shortages)

Remedies for addressing skills shortages

What are firms doing to address the technology skills shortages prevalent across a wide range of roles? Our results found that businesses are following distinct strategies for the short vs. the longer term (Figure 12).

In the short-term, the clear pattern is that large companies are heavily focused on outsourcing and contract labour to fill skills gaps. By contrast, in the longer-term, businesses are intending to turn to automation and AI, or seeking new sources of skilled individuals – for instance, by widening the recruitment net to include more diverse backgrounds.
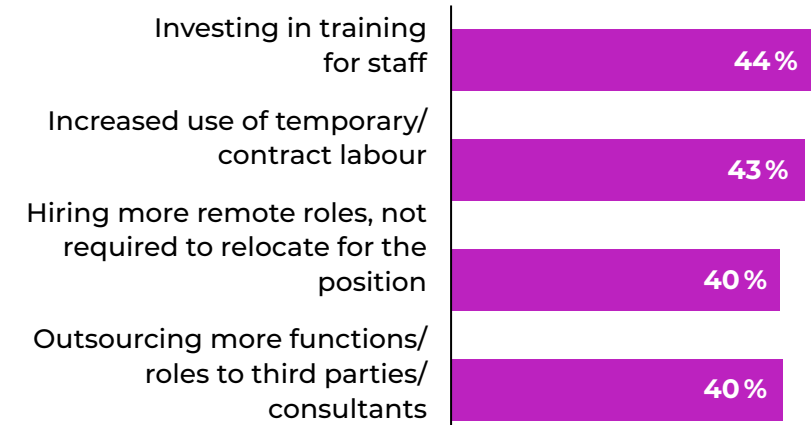
Set against this general picture, 'Stars' (our higher-performing organisations), plan to take a much wider range of more radical steps to address skills shortages when compared with 'Starter' firms. Measures 'Stars' are significantly more likely to take include:

- Establishing their own **training academy** (80% plan to do this in the short or long term)

- Using **automation/AI** to reduce staffing requirements (75%)

- Using **Low-Code/No-Code** approaches (72%)

Figure 12: Top short- and long-term approaches to addressing skills shortages

Top short-term approaches

Approach	%
Investing in training for staff	44%
Increased use of temporary/contract labour	43%
Hiring more remote roles, not required to relocate for the position	40%
Outsourcing more functions/roles to third parties/consultants	40%

Top long-term approaches

Approach	%
Investing in training for staff	40%
Using automation/AI to reduce staffing requirements	34%
Hiring from more diverse backgrounds (age, ethnicity, neurodiversity etc.)	33%
Establishing our own training 'academy' to produce a steady pipeline of talent	33%

(Base: Those reporting at least some skills shortages)

25

Talent and new ways of working

The events of the past two years have led to many changes to where and how employees work. 87% of organisations participating in our study had already taken at least 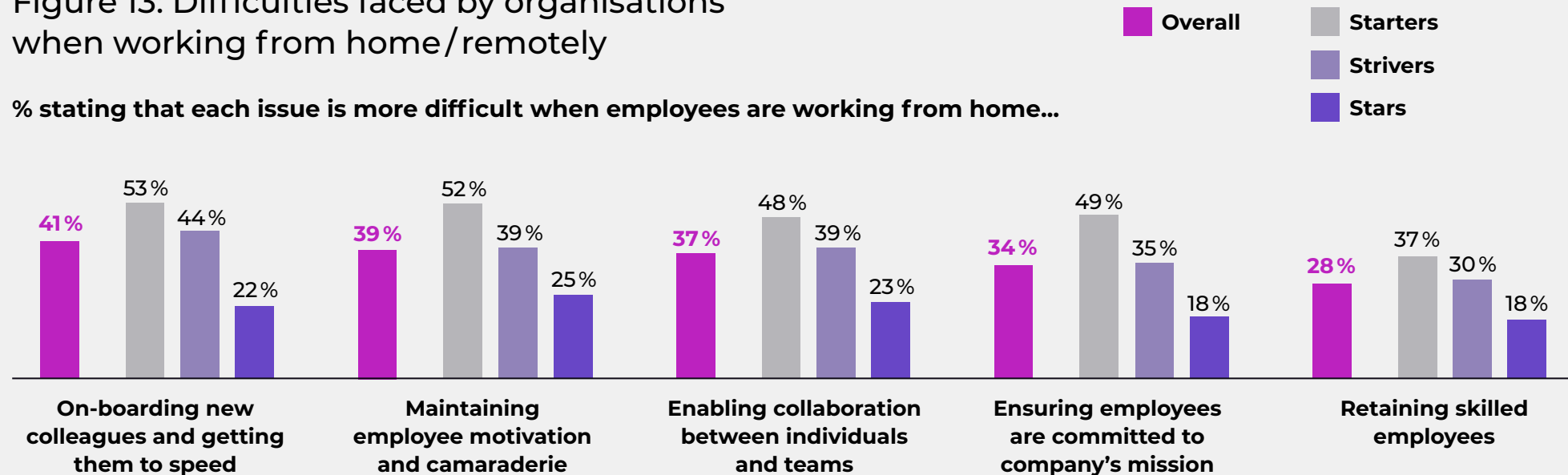some actions to better support remote/hybrid working practices, and 84% planned to continue making changes. However, some organisations seem to be navigating these changes better than others: Figure 13 shows that between roughly 30% to 40% of firms overall have experienced some difficulty or other – whether in terms of on-boarding new employees, maintaining employee motivation or facilitating effective collaboration.

However, the performance of 'Stars' stands out once again: These firms were significantly less likely to encounter difficulties related to home, remote and hybrid working when compared to 'Starters' and 'Strivers'. This seems, in part, to be linked to 'Stars' being much more transparent with their employees about what the future of work will look like. In particular, 'Stars' reported being significantly more likely to have clear policies around flexible working – generally encouraging a 'work from anywhere' approach, where possible. Added to this, these firms are also much more likely to have invested in new employee wellness initiatives that consider hybrid working.

Figure 13: Difficulties faced by organisations when working from home/remotely

Overall ● **Starters** ● **Strivers** ● **Stars**

% stating that each issue is more difficult when employees are working from home…

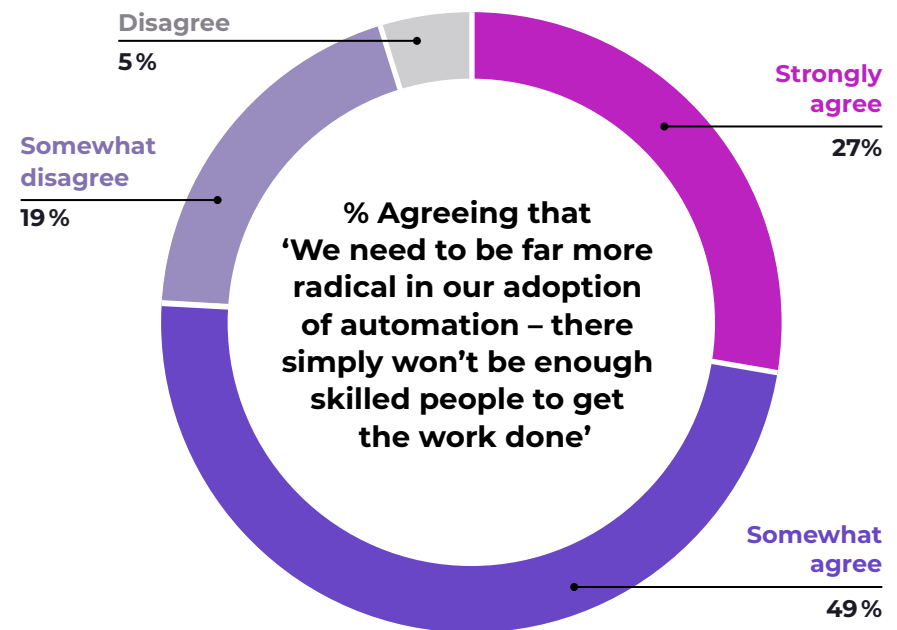|	Overall	Starters	Strivers	Stars
On-boarding new colleagues and getting them to speed	41%	53%	44%	22%
Maintaining employee motivation and camaraderie	39%	52%	39%	25%
Enabling collaboration between individuals and teams	37%	48%	39%	23%
Ensuring employees are committed to company's mission	34%	49%	35%	18%
Retaining skilled employees	28%	37%	30%	18%

(#4)

Seeing the need to be far more radical in the adoption of automation

The fourth success factor we identified is partly linked to the skills challenges we have just reviewed: Specifically, that automation provides at least part of the answer to how organisations can navigate labour shortages. In a future where digital skills are expected to continue being in short supply, over three quarters of respondents (76 %) accepted that bolder use of automation in their processes will be a necessity rather than a choice (Figure 14).
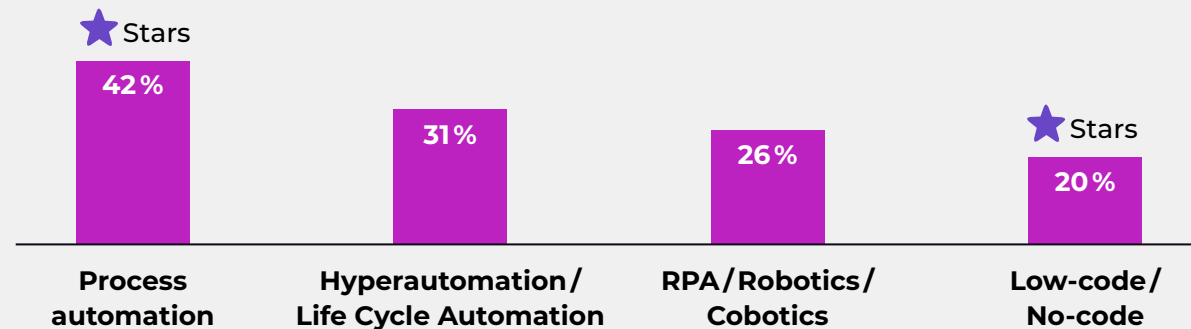
Figure 14: Agreement with a statement related to the adoption of automation

Disagree
5 %

Somewhat
disagree
19 %

% Agreeing that 'We need to be far more radical in our adoption of automation – there simply won't be enough skilled people to get the work done'

Strongly agree
27 %

Somewhat agree
49 %

Strong agreement with the above statement is a clear characteristic of 'Star' organisations, with these companies displaying an acute understanding of the possibilities and efficiencies offered by automation.

Figure 15: Automation-related disciplines and approaches that will be a major focus area for large organisations in the next 1–2 years

% of respondents identifying each as a major focus area

★ Stars

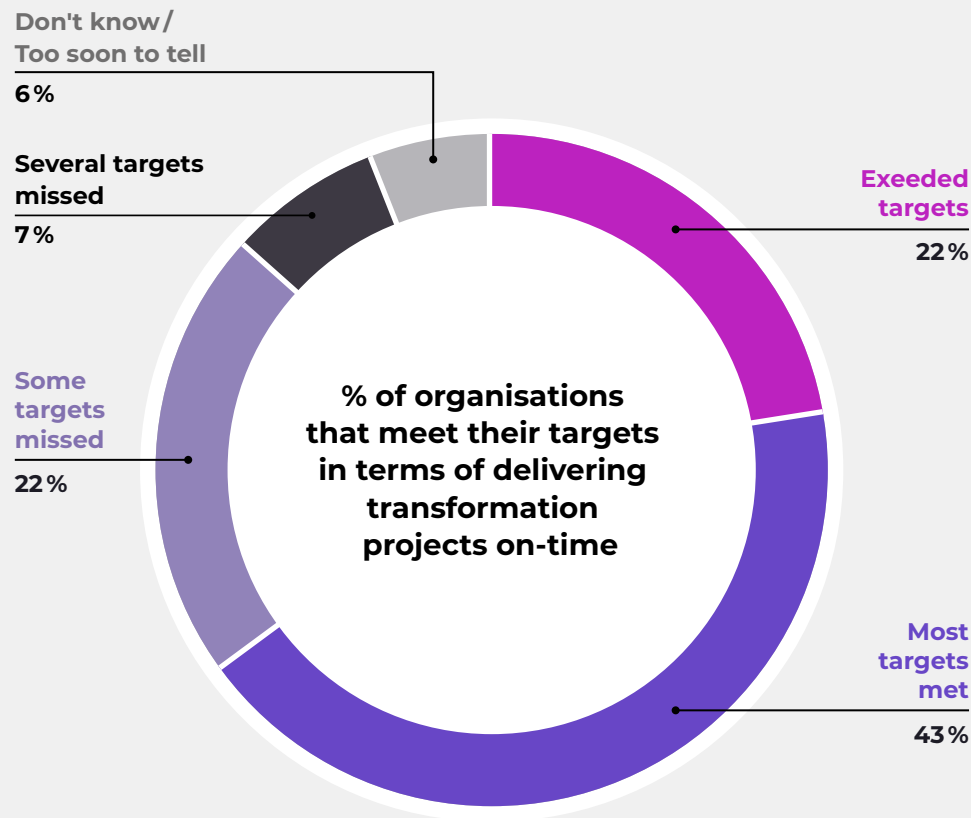|	
42%	Process automation
31%	Hyperautomation/ Life Cycle Automation
26%	RPA/Robotics/ Cobotics
20% ★ Stars	Low-code/ No-code

69% of organisations will have at least one of these automation approaches as a major focus area

However, while over three-quarters of organisations think embracing these technologies is important, the extent to which action will be taken is much more varied: Figure 15 shows that a much smaller proportion will have a major focus on automated development approaches such as hyper-automation, lifecycle automation and the use of low-code / no-code development techniques. Once again, 'Stars' are significantly more likely to be focusing on several of these areas.

(#5)

Delivering on time (to demanding timescales)

Figure 16: Performance of organisations at delivering transformation projects on-time

Don't know/
Too soon to tell
6%

**Several targets missed
7%**

**Some targets missed
22%**

% of organisations that meet their targets in terms of delivering transformation projects on-time

**Exeeded targets
22%**

**Most targets met
43%**

Our final 'boldness' characteristic is the extent to which businesses tend to meet their targets for transformation projects being delivered on-time. With the acceleration of plans due to COVID-19 that we illustrated earlier in this report, the timescales associated with these will inevitably be increasingly ambitious within many companies. Figure 16 shows that while most organisations in our survey were able meet most of their deadlines for transformation initiatives, almost 1 in 3 businesses (29%) still admitted that they had recently missed deadlines. It is also telling that relatively few managed to beat their targets.

29

Once again, this is an area in which 'Stars' excel – with 44% of these firms tending to exceed their targets for delivery timelines, roughly double the average. So, what are some of the other characteristics of firms that tend to avoid issues with missing deadlines? Our data suggests that these are generally organisations that:

- Have **fewer skills shortages** – particularly having adequate internal experience and familiarity with key emerging key technologies, such as AI/
Machine Learning, Internet of Things (IoT) technologies and augmented and virtual reality (AR/VR).

- Make **greater use of automation** as part of their development processes.

- Have a **focus on quality and reliability** in their project lifecycles (an issue to which we will return in the next section).

- **Adopt an 'open' approach to development** that enables and facilitates collaboration with partners and other third parties.

- Have been better able to **navigate the shift to home and remote working,** ensuring that effective collaboration between project teams has been maintained.
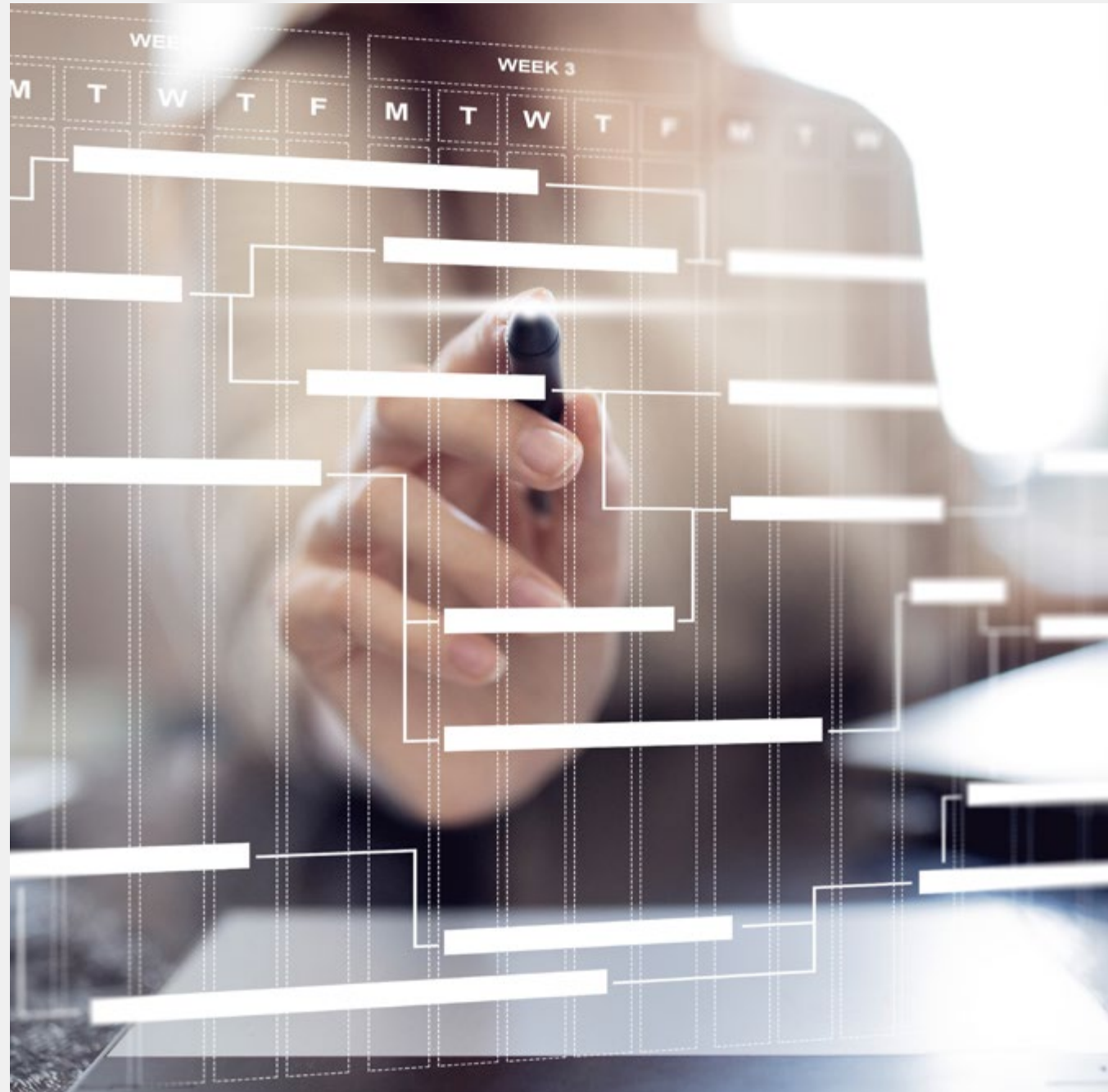
(B)

Looking closer at: Having the resources to execute reliably

BTI
2022

Having a bold, clearly articulated transformation vision is one thing, but implementing it successfully is a much broader scope. In this section, we review how businesses perform on the key success factors that enable them to execute programmes reliably.

#6

Keeping to budget successfully

Hitting budget targets and proficiency in business transformation go hand-in-hand. 65% of businesses reported hitting or exceeding their budget targets during their business and digital transformation initiatives. However, there was very significant variation on this between our different Business Transformation Index groups: Figure 17 shows that while the proportion of 'Star' organisations 'keeping to budget' was up at 89%, barely 1 in 5 'Starter' firms (22%) did so.

Figure 17: Performance of organisations at delivering transformation projects on-budget

% Businesses meeting or exceeding targets for 'Keeping to budget'

Overall	Starters	Strivers	Stars
65%	22%	69%	89%
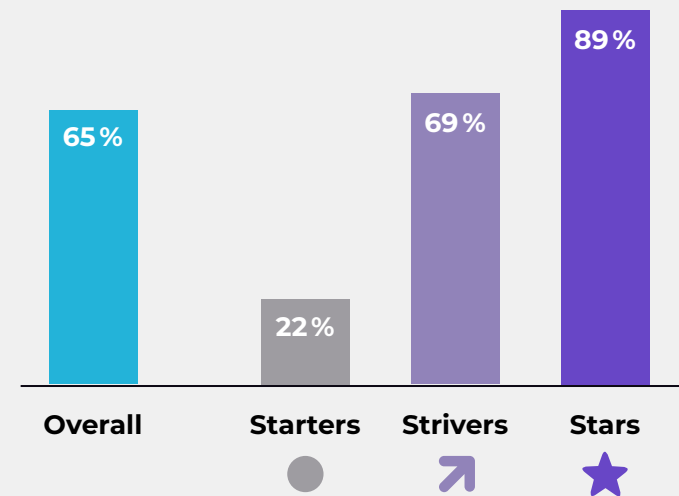
Furthermore, our data showed indications of a link between budget-performance and the embracing of automation as part of development processes: Those organisations that had a major focus on hyper-automation and lifecycle automation were significantly more likely to exceed their budget targets.

(#7 & 8)

Hitting solution reliability targets and focusing on quality assurance (QA), testing and reliability

Our next set of success factors relates to the focus that organisations have on solution reliability, testing and quality assurance. Overall, we observed that surprisingly few organisations (only 39%) regarded quality assurance (QA) as a major focus area as they embarked on future transformation initiatives (Figure 18), with this possibly being taken for granted by many firms.
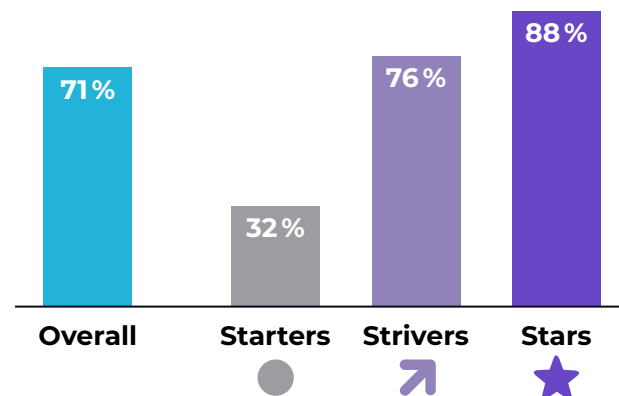
It was also notable that only 7 in 10 firms (71%) reported they had met their targets in terms of solution reliability, suggesting that almost a third did not. However, when we focused in on 'Stars' compared to 'Starters' there were very strong contrasts in performance, with significantly higher levels of performance on both metrics for 'Stars'.

Figure 18: Performance indicators for reliability and quality assurance (QA)

% Businesses seeing "Quality assurance (QA), testing and reliability" as a major focus

Overall	Starters ●	Strivers ↗	Stars ★
39%	17%	38%	64%
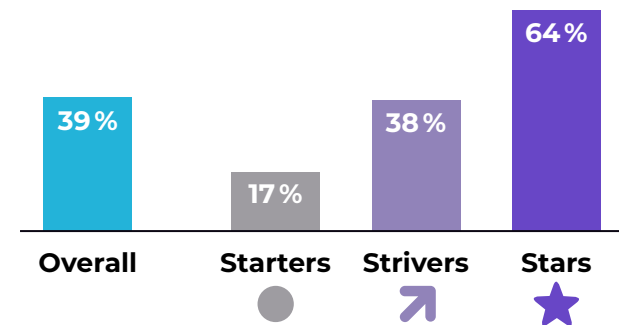
% Businesses meeting or exceeding targets for "Solution reliability"

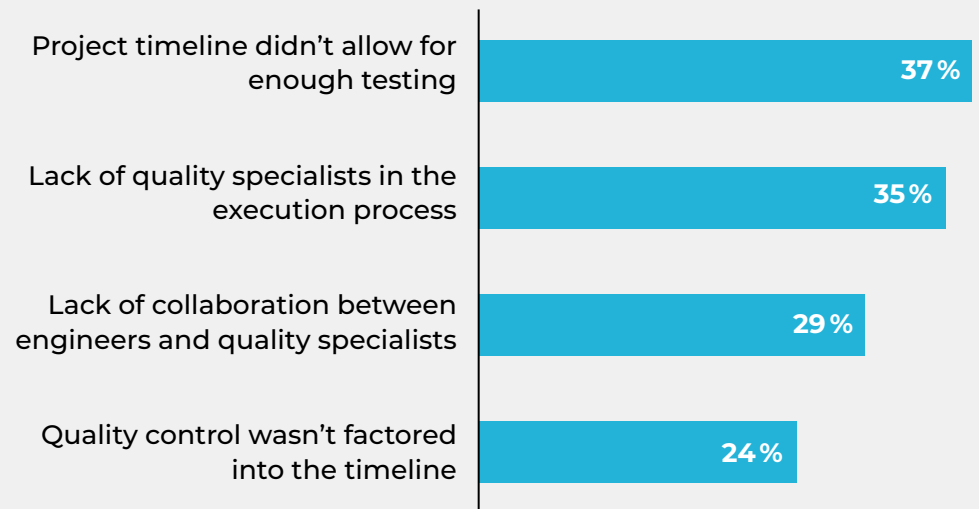| Overall	Starters ●	Strivers ↗	Stars ★
71%	32%	76%	88%

33

The importance of quality and reliability becomes apparent when we looked at the impact this has on belief in transformation initiatives: 'Starter' businesses were 63 % more likely to report that there had been 'a loss of confidence in projects' due to a lack of focus on QA, when compared to 'Stars'.

We also found that issues around the handling of quality assurance processes were among some of the top reasons for digital projects to fail. There were often issues with testing and reliability processes not having been factored into project timelines sufficiently (see Figure 19).

Figure 19: Quality and reliability-related problems with digital transformation projects

Main reasons digital transformation projects don't tend to succeed (selected issues mentioned by respondents shown)

Reason	Percentage
Project timeline didn't allow for enough testing	37 %
Lack of quality specialists in the execution process	35 %
Lack of collaboration between engineers and quality specialists	29 %
Quality control wasn't factored into the timeline	24 %

N.B. Question asked in the UK only.

The above results also show the importance of effective collaboration between teams in facilitating effective QA processes. We found that businesses experiencing difficulty in enabling collaboration between individuals and teams due to the shift to remote working were significantly more likely to face problems related to insufficient digital solution quality.

#9

Preventing under-utilisation/poor acceptance of new digital solutions

Our ninth (and final) success factor looks at the extent to which organisations face problems with under-utilisation of new digital solutions – for instance due to poor user acceptance.

Overall, our research with businesses found that 66% reported at least some difficulties in this area, although only 15% stated that this was 'often' a problem (Figure 20).

Figure 20: Extent to which 'under-utilisation/poor acceptance of digital solutions' is a problem when implementing new business and digital transformation initiatives.

Don't know
1%

Often a problem
15%

Never a problem
33%

Extent to which 'Under-utilisation/ poor acceptance of new digital solutions' is a problem
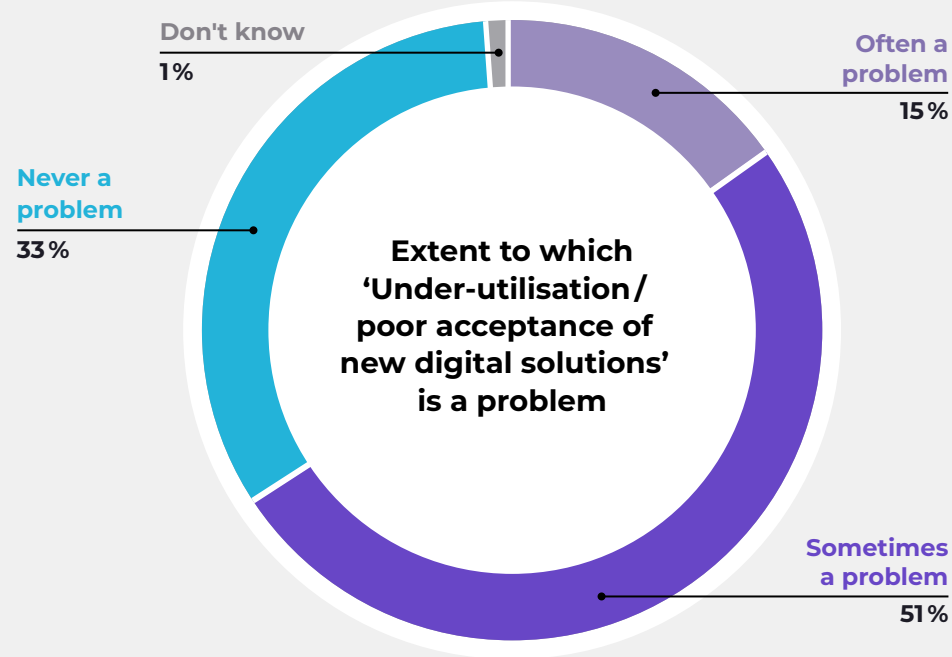
★ **Stars were much less likely to encounter difficulties...**

(only 30% reported this is ever a problem)

Sometimes a problem
51%

Once more, we found that 'Stars' were different from other businesses in this regard, with only 30% of these firms reporting any problems with solution acceptance. There were strong linkages between this issue and some of our other success factors, suggesting that under-utilisation is symptomatic of deeper issues within the enterprise, and can be traced back to failings earlier in the project lifecycle. Three factors seemed to be especially negatively associated with user acceptance:

Unpredictable senior management commitment
to transformation programmes

An **inability to drive cultural change** and to adopt a 'digital first' mindset

Not having a sufficiently **bold transformation vision**

We also observed that some of the organisations with the biggest problems with solution utilisation were among those that were expecting the greatest increases in technology budgets in the future. These same firms were also those expecting their transformation plans to accelerate the most due to COVID-19.

This suggests that in the rush to deliver new initiatives triggered by the pandemic, there is a substantial risk of money being wasted on projects that fail to attain the levels of uptake envisioned.

Summarising the findings and next steps

In this report, we have seen that there are nine clear success factors for business and digital transformation that are intrinsically linked with future business performance. We can think of these nine factors as a blueprint for organisations to follow in order to embark on a rich phase of digital transformation.

BTI
2022

When we look at the performance of different industry sectors on the Business Transformation Index (BTI) 2022, we find that most are 'Strivers', with clear opportunities to out-perform their peers in many of the nine areas. In Figure 21 below, we summarise the performance of different organisations by sector, ordered by the proportion of 'Stars' in each vertical market:

Figure 21: Performance of different industry sectors on the Business Transformation Index (BTI) and key areas for improvement

Industry sector	Percent that are...*			Key 'success factor' to improve... (Where gap to overall average performance is greatest for each sector)
	Starters ●	Strivers ↗	Stars ★	
Energy & Utilities	11%	60%	30%	③ Focus on digital skills training
Retail & Wholesale	16%	55%	28%	⑦ Hitting solution reliability targets
Telecoms & Media	14%	59%	28%	⑨ Under-utilisation / poor acceptance of new digital solutions
Healthcare & Life Science	15%	61%	24%	④ More radical use of automation
Financial Services	18%	62%	20%	⑧ Quality assurance (QA), testing and reliability
Transport & Logistics	16%	66%	18%	④ More radical use of automation
Manufacturing & Industrial	17%	66%	17%	⑥ Keeping to budget
Public Sector	25%	59%	16%	① Driving cultural change / adopting a 'digital first' mindset
Aerospace & Automotive	25%	60%	15%	① Driving cultural change / adopting a 'digital first' mindset

* Rounding means numbers do not always sum to 100%

If each sector were to improve just one aspect of their organisation's performance, the final column sets out what this should be. This is based on the success factor where each sector is furthest behind the overall average. What we find is that for the lowest-performing verticals (Aerospace, Automotive and the Public Sector), driving cultural change is where these organisations should begin their journey, as this is where the greatest amount of ground is to be made up. By contrast, better-performing sectors such as Retail should instead focus upon ensuring that new digital solutions are sufficiently reliable.

Of course, every organisation is different: To assess how your organisation performs against others and how you might need to improve your digital and business transformation programmes, please use our free tool.

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* Key figures estimates for 2021

Our global footprint – 30 countries

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Belgium	Italy	Spain
Czech Republic	Netherlands	Sweden
Finland	Norway	Switzerland
France	Portugal	United Kingdom
Germany	Romania	

NORTH AMERICA
Canada
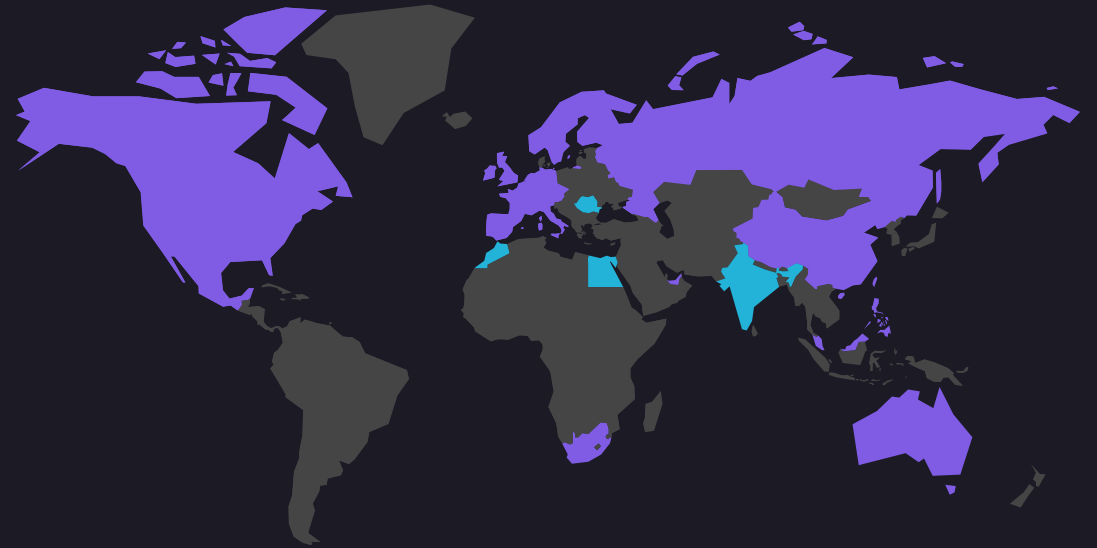Mexico
United States

ASIA
China
India
Malaysia
Philippines
Singapore
UAE

AFRICA
Egypt
Morocco
South Africa

OCEANIA
Australia

10 excellence centres in 4 countries

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Cairo

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