

Business Transformation Index 2022

UK Spotlight

BTI

2022

UK



Foreword



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Fortune favours the bold. This is a mantra Expleo firmly subscribes to, and one I would encourage everyone reading this report to reflect on, as it pertains directly to their business. Actioning this mantra could mean stepping outside a technological comfort zone, or taking calculated risks in the name of innovation. It could also represent a willingness to ask the hard questions, to be frank and honest about legacy processes, and unwavering in the search for efficiency gains. As the enterprise community emerges from the most turbulent and disruptive periods in living memory, I am energised by the boundless scope of innovation that's in store for 2022.

While COVID-19 permanently altered the fabric of business strategy and left an indelible mark on the economy, it also showcased incredible levels of business resilience and the steel of UK business leaders. Forced to adjust their business models and embrace the reality of remote working overnight, brave decisions were made without hesitation. Buoyed by the fruits of their mid-pandemic labours, decisive action continues to be made by business leaders from a technological perspective. For enterprises across the industry spectrum, the pandemic-induced period of introspection shone

a spotlight on pronounced inefficiencies, legacy pain points and opportunities for growth. In many ways, this non-negotiable phase of enterprise recalibration provided an opportunity to address any barriers to optimised performance.

Life is 10% what happens to you and 90% how you react to it — right? Well, the big post-pandemic challenge for enterprises is to build back better. Expleo's **Business Transformation Index (BTI) 2022 – UK Spotlight** report provides a timely and comprehensive overview of how UK firms are fairing on the global stage when it comes to implementing digital transformation initiatives, the sustainability agenda, the evolution of the workplace, and boldness of vision. We've aggregated the prevailing sentiments of 225 respondents from large UK organisations, featuring insights from C-suite, the executive branch, and technology leaders.

Our report provides a candid look into the strategies of UK business decision-makers in terms of charting a new path forward, demonstrating a more refined appreciation of the role digital transformation can play in the execution of a robust growth strategy. While there was always a strong case for tech-led transformation from a competitive point of view, today, there is a more intricate understanding of the 'why' behind such initiatives. Simply put, there is a growing realisation that tangible, objective-focused gains can be made, and fast.

Our report offers a set of recommendations that will help UK businesses consider their credentials when it comes to business agility, sustainability and digital transformation, while providing practical advice on how to thrive in an increasingly competitive landscape. I hope you'll find the insights helpful and informative. Thanks for reading!

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Key UK findings

61%

of businesses know they need to be bold in the ambitions they set (61% global average)

82%

of UK respondents agreed they need to be far more radical in their adoption of automation (76% global average)

77%

of UK businesses expect to increase tech budgets by at least 10% in the next five years (74% global average)

82%

of UK businesses identify technical skills shortages as having an impact on their organisation's future plans (global 76%)

62%

of UK organisations have allowed greater home / remote working for at least some employees in the last 12 months (56% global average)

56%

of UK companies are seeking to improve how they deliver the best customer experience through digital transformation (49% global average)



50% of UK firms (48% global) plan to spend a minimum of 10% of their technology budget on making their IT infrastructure and services **more environmentally sustainable and green** over the next 12 months



UK organisations have accelerated their digital transformation plans by an average of **11 months** in response to Covid-19



For 54% of UK respondents, helping employees focus on value-adding tasks is the **biggest benefit of process automation** to their organisation (47% global average)

‘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



Boldness of vision

We're witnessing a dramatic acceleration of digital transformation initiatives within the UK business community at the moment. In fact, UK organisations have accelerated their digital transformation plans by an average of 11 months in response to COVID-19. Embracing this kind of 'digital-first' mindset is now very much in vogue, and can manifest itself in many forms — from an overhaul of system infrastructure, to deployments of Artificial Intelligence, to digitising manual processes. In a rapidly evolving global landscape, UK organisations are recognising the need to become increasingly agile and adaptable, while ensuring any fast-paced innovation is managed tactfully.

Our findings suggest a greater appetite for bold innovation, an acceleration of digital transformation initiatives, and heightened expenditure on IT and tech-led projects for UK enterprises. In other words, UK business leaders are giving expression to their digital transformation ambitions, and allocating resources and investment accordingly.

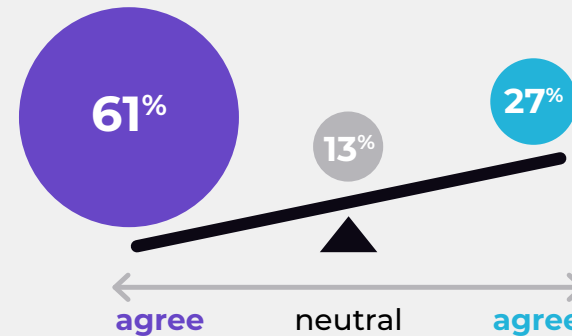
Perhaps absorbing the implications of digital complacency, 61% of UK businesses acknowledge they need to be bold in the ambitions they set. UK decision makers appeared to be less risk averse than their global counterparts when it comes to digital transformation. 34% of UK respondents feel it is better to adopt a 'fail fast' approach to digital projects in which they learn quickly from trialing solutions in-market, compared to 28% of global respondents. Embracing the digital imperative with vigour, 39% of UK firms expect their technology budget to increase by at least 30% over the next five years, compared to 34% of global respondents. This tallies with numbers being reported by the IDC¹, which forecasts \$6.8 trillion USD in digital investments between 2020 and 2023.

1) <https://www.idc.com/getdoc.jsp?containerId=prMETA47037520>

Attitudes/approach taken to digital transformation initiatives

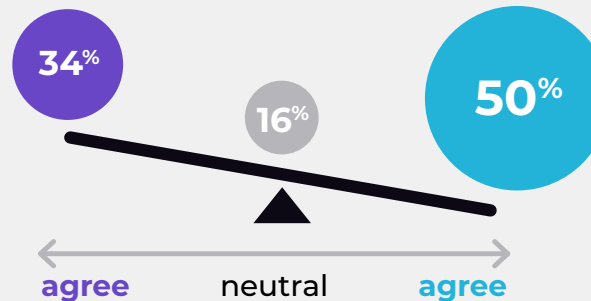
Alignment of respondents with statements. Seesaw shows balance of opinion on each set of opposing statements.

“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.”

“It is better to adopt a **'fail fast' approach to digital projects** in which we **learn quickly** from trialing 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.”

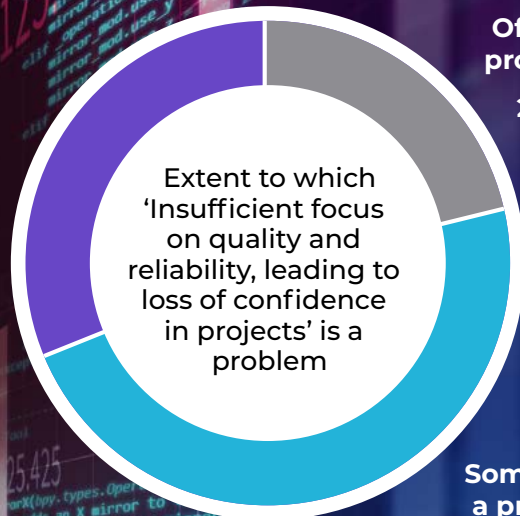
Looking more closely at the findings, we can better understand the rationale behind this boldness of vision. In the UK, there seems to be a more pronounced understanding of the far-reaching benefits of digital transformation. 56% of UK companies are seeking to improve how they deliver the best customer experience through digital transformation, compared to 49% of global respondents. This is absolutely essential in today's highly mobilised and competitive landscape, with a

global supply chain that is at a tipping point. But customer experience is just one facet of business operations that stands to improve from tech-led innovation. 57% of UK companies are seeking to leverage digital transformation to renovate their business model and ways of working, compared to 49% of global respondents. Additionally, 42% of UK firms aim to become more agile and quicker to market through digital transformation, compared to 38% of global respondents.

Focus areas UK organisations are seeking to improve through digital transformation



Never a problem
30%



Extent to which 'Insufficient focus on quality and reliability, leading to loss of confidence in projects' is a problem

Often a problem
21%

Sometimes a problem
48%

However, while the intent is there, the strategic approach seems to be more of a struggle for UK firms, compared to their global counterparts. For example, 21% of UK firms often identify insufficient focus on quality and reliability, leading to loss of confidence in projects as a recurring barrier to implementing new business and digital transformation initiatives, compared to 16% of global respondents.

Amidst the race to innovate, the findings of the BTI 2022 UK Spotlight report also point to a measured appreciation of the sustainability agenda at enterprise level. Becoming more sustainable and environmentally responsible will be a focus area for 40% of UK respondents over the next one to two years, compared to 34% of global respondents. Encouragingly, 50% of UK firms plan to spend a minimum of 10% of their technology budget on making their IT infrastructure and services more environmentally sustainable and green over the next 12 months. However, the planning piece is where UK firms are slightly behind their global counterparts. 78% of UK organisations have clear plans that will help to meet its decarbonisation targets, compared to 82% of global respondents. Look for this sustainability piece to become an enduring topic of conversation at board meetings going forward.

88%

We need to better understand the increased environmental footprint caused by our increased use of digital systems

83%

Our organisation could do more to make our IT infrastructure / projects more environmentally friendly

78%

Our organisation has clear plans that will help to meet its decarbonisation targets

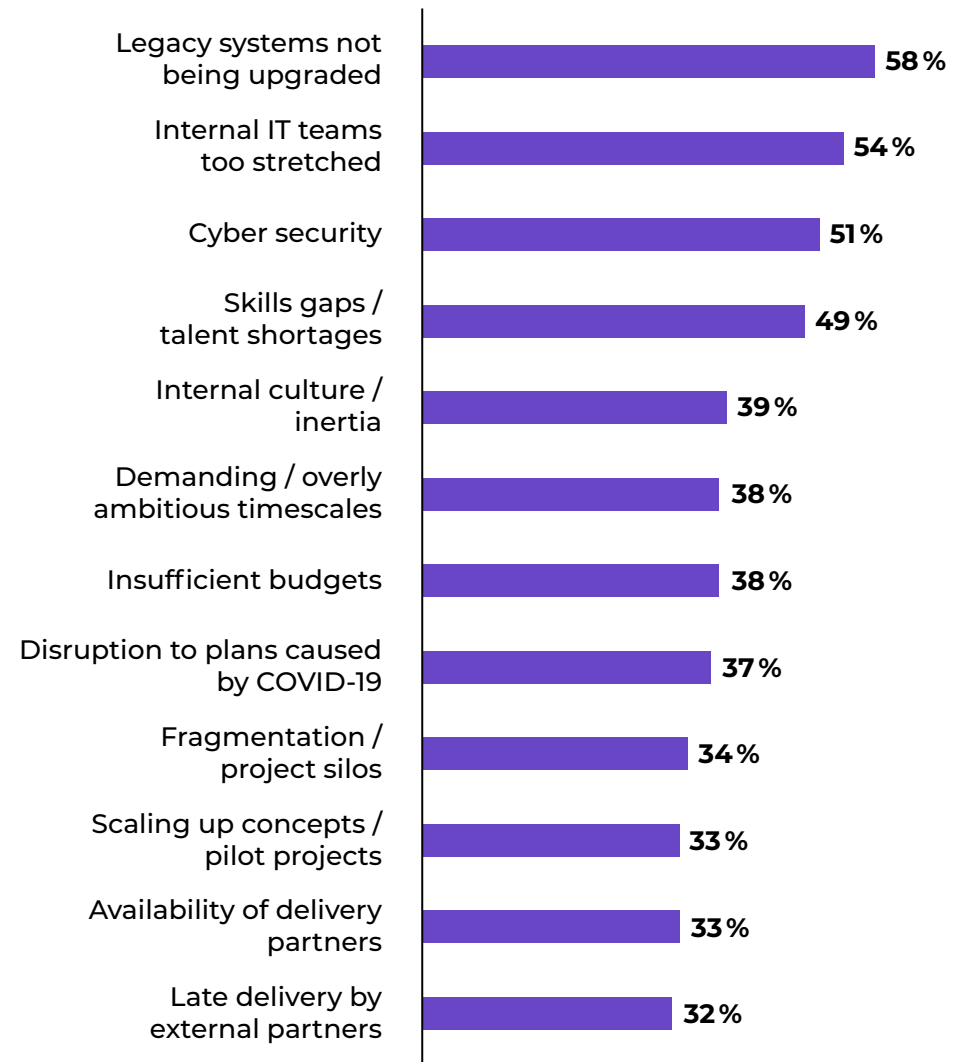
Barriers to transformation

While it is wholly encouraging to see the scale of ambition within the UK business community around the digital agenda, there will be roadblocks and hurdles along the way. Traditionally, the biggest barriers to enterprise transformation have been siloed mindsets and legacy constraints. A natural aversion to potential service interruptions can make the idea of wholesale changes to systems architecture and operational processes a daunting scope of work. As such, these initiatives have historically been catalogued as a 'nice to have', but not mission critical. Now however, digital transformation is perceived as a genuine pre-requisite for enterprise agility and longevity.

For companies mulling over a prospective transformation project, it's important to note that carrying out extensive digital transformation initiatives while maintaining 100% reliable service delivery doesn't have to be a zero-sum game. If executed effectively, sustaining service delivery and re-wiring digital infrastructure can be executed in tandem.

Unsurprisingly, 58% of UK businesses identified upgrading legacy IT systems as their top challenge to digital transformation success, compared to 51% of global respondents. As well as this, 72% of UK / total respondents pointed to internal skills gaps in managing emerging technology as a problem. These findings underscore the importance of companies leveraging external service providers with the technical acumen, renowned industry expertise and repertoire of tools to help jump-start the transformation journey.

Top business and digital transformation challenges for UK businesses



(% ranking within their top 5 challenges)



72% of UK respondents pointed to internal skills gaps in managing emerging technology as a problem



64% of UK businesses face problems because of not adopting an 'open' approach to systems design that enables collaboration with others in their value chain/ecosystem



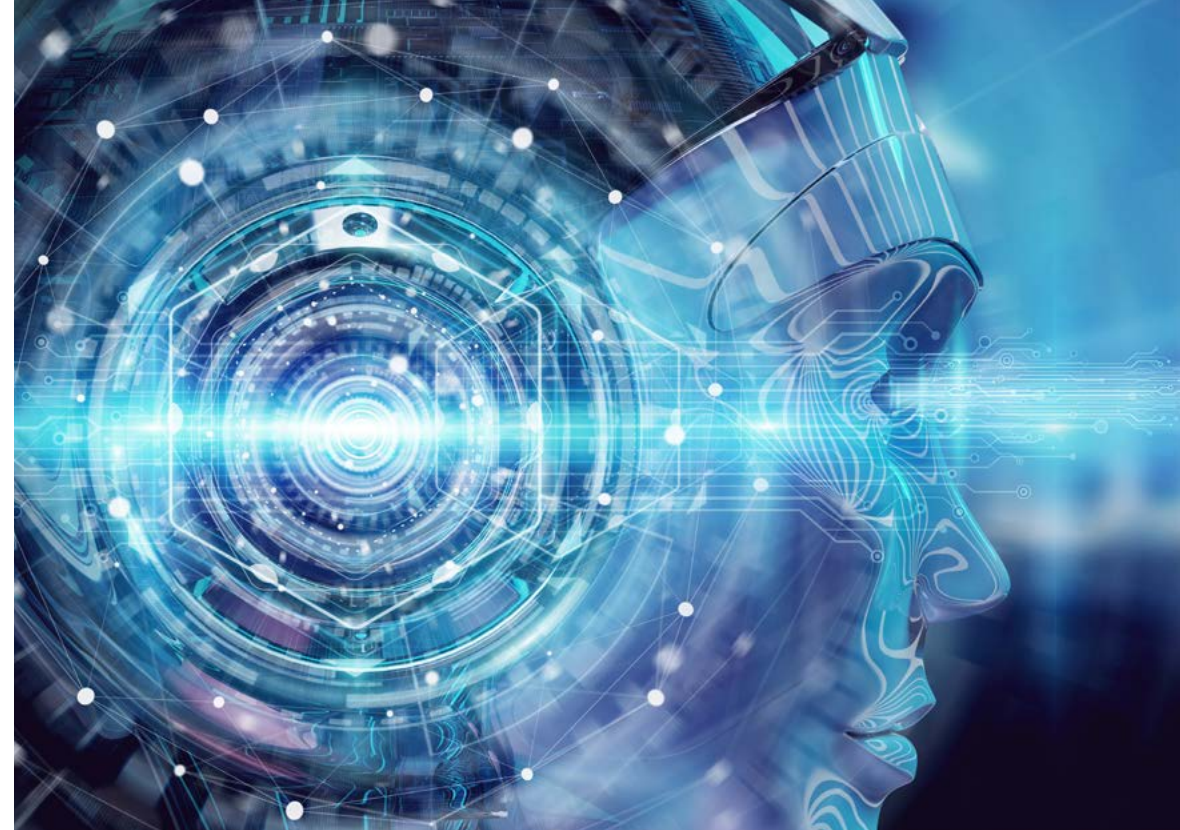
At a time of heightened vigilance around data security, and considering the growing prevalence of cyberattacks, it is understandable that enterprises might feel a sense of trepidation around digital transformation, and the implications from a cybersecurity perspective. In fact, 51% of UK / total businesses highlighted cybersecurity as a top barrier to transformation success. While an important consideration, it shouldn't be an impediment to innovation. In fact, digital transformation complacency would almost certainly leave enterprises in a much more vulnerable position to potential cyberattacks moving forward.

For 64% of UK businesses, another barrier to implementing transformation was not adopting an 'open' approach to systems design that enables collaboration with others in their value chain / ecosystem. This is where innovations in Privacy-Enhancing Technology (PET) can make a difference, facilitating a new culture of collaboration, enabling partnership synergies — even between competitors — that can deliver mutually beneficial data points.

Legacy software architecture, often hindered by its inflexibility, can undercut operational resilience, leaving the door open to cyberattack-induced outages and DDoS (Distributed denial of service) attacks. Thankfully, our report illustrates how the large majority of UK businesses are increasingly aware of these pronounced threats, and are willing to step up their digital transformation game to address them. Leaning on the experts to develop a proactive cybersecurity strategy is essential, extending to robust system audits and rapid re-testing to ensure new configurations are properly supported.

The road to automation excellence

At a macro level, findings from the BTI UK Spotlight reflect how UK business decision makers are attaching greater significance to business transformation than ever before. Of course, this will mean different things to different businesses. For some, it might entail deploying new technologies to enrich service delivery, or leveraging tools powered by Artificial Intelligence and Machine Learning to gain new data insights and deliver new levels of operational efficiencies and enhanced customer centricity. For others, it could mean simply enhancing e-commerce capabilities.



82%

of UK respondents agreed they need to be far more radical in their adoption of automation

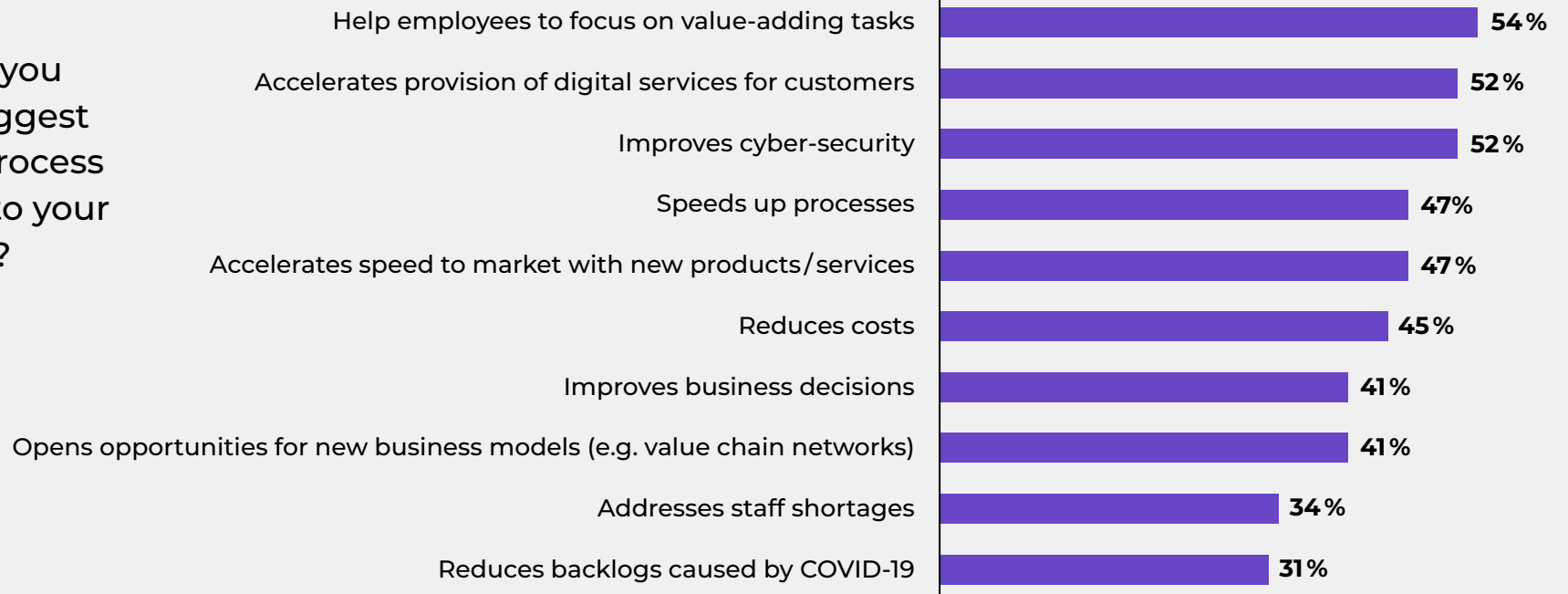
82%

of UK businesses identify technical skills shortages as having an impact on their organisation's future plans

One of the standout findings from our report was that 82% of UK respondents agreed they need to be far more radical in their adoption of automation — in that there simply won't be enough skilled people to get the work done. This corresponds with the 82% of UK businesses that identified technical skills shortages as having an impact on their organisation's future plans, compared to 78% of global respondents.

The findings around process automation were particularly compelling. When asked what they saw as the biggest benefits of process automation — the technology-enabled automation of complex business processes — 52% of UK respondents referenced the acceleration of the provision of digital services for customers. 47% referenced getting to market quicker with new products and services. Again, it's clear that customer centricity is a real driver of business change.

Which of the following do you see as the biggest benefits of process automation to your organisation?

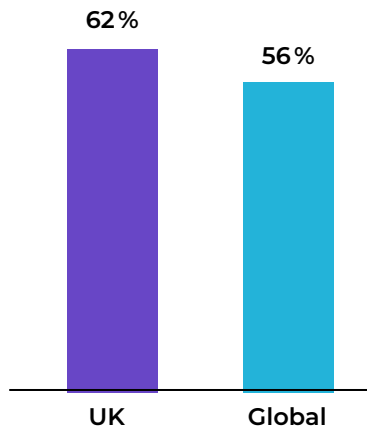


UK organisations also appear to be more attuned to the benefits of process automation from a cybersecurity and productivity perspective. 52% of UK respondents identified improved cybersecurity as the biggest benefit of process automation to their operation, compared to 41% of global respondents; and for 54% UK respondents, helping employees focus on value-adding tasks was the biggest benefit, compared to 47% of global respondents. 34% of UK businesses view process automation as a potential solution to addressing staff shortages, slightly higher than the global 32% who recognised the same opportunity. Findings from Expleo's recent report on 'The future of work: An analysis of Process Automation' illustrates how automation technology will create 97 million jobs, while enabling professional growth by taking a range of mundane tasks out of staff's remit, freeing them up to focus on more fulfilling and creative work.

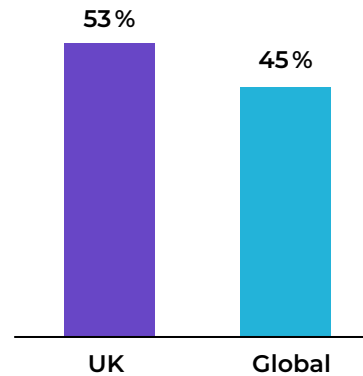
Our report also illustrated a sea-change in how hyper-automation is perceived and appreciated. This describes an approach in which everything that can be automated across an organisation, is, and everything that can't, is managed by a human. 30% UK firms identified hyper-automation as a major focus area, compared to 31% of global respondents. We can expect to see this figure expand in the years ahead.

Since the onset of the pandemic, the automation game has changed considerably, and the parameters of innovation must be widened to accommodate new solutions and new ways of thinking and working. The case for an agile, automation-led strategy has never been stronger. Irrespective of the automation path taken, the destination will see new value being generated from data accrued, revenue growth, operational scalability and increased competitiveness — this is the automation playbook for success in 2022.

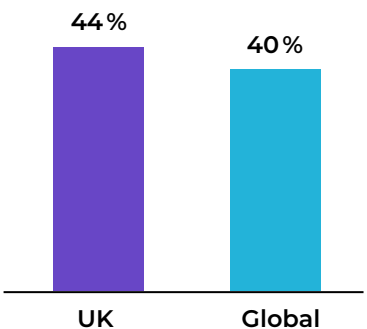
Allowing greater home / remote working for at least some employees



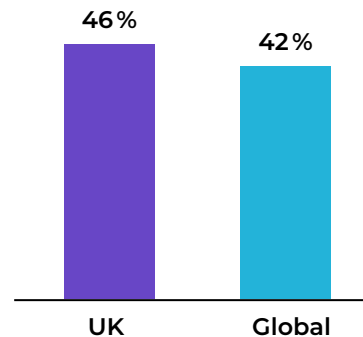
Introduction of flexible location policies



Hiring more for remote roles, not required to relocate for the position



Investing in new/updated employee wellness initiatives to account for hybrid working



Workplace evolution

Depending on where enterprises sat on the remote working preparedness spectrum, the transition may have been seamless or protracted. For some enterprises, work from home policies and IT capabilities had to be developed from scratch, while for others, existing frameworks were harnessed for an effortless transition.

Findings from the BTI UK Spotlight report indicate that UK firms have warmed to the remote work phenomenon faster than their international contemporaries. Across many core strands of remote working, UK respondents were significantly more receptive. For instance, 62% of UK organisations have allowed greater home/remote working for at least some employees in the last 12 months, compared to 56% of global respondents. Additionally, 53% of UK organisations have introduced flexible location policies — allowing employees to work from anywhere in the last 12 months, compared to 45% of global respondents.

This progressive approach among UK firms also extends to recruitment and wellness initiatives, which can boost staff retention, reduce churn and help uphold a positive corporate culture. 44% of UK firms are hiring more for remote roles, in which candidates aren't required to relocate for the position, compared to 40% of global respondents. Significantly, 46% of UK firms are investing in new/updated employee wellness initiatives to account for hybrid working, compared to 42% of global respondents.

Whether a slight pivot or major shift, accommodating remote work arrangements must be managed with precision, otherwise an enterprise could be susceptible to damaging cyberattacks or data breaches. Given the sudden shift to working from home, staff members may have been forced to navigate uncharted IT territory, without the necessary tools to ensure absolute security. Companies may also be facing resource constraints, with a limited pool of tech candidates to choose from in the jobs market.

As remote working becomes embedded in the corporate landscape, we can expect greater adoption of privacy-based digital solutions to bolster operational security. The companies that don't avail of these solutions will be at a marked disadvantage. In an evolving regulatory landscape, the latest innovations in privacy-enabled technology offer real value as part of a comprehensive digital transformation programme. With a continuation of remote working arrangements set to extend into the post-pandemic world, this should also prompt businesses to look to managed resource services and pour more resources into in-depth cybersecurity training and tailored security compliance testing, as well as robust IT infrastructure — fit for a decentralised workforce.

The ball has never been more firmly in the employee's court, and businesses need to think outside the box in terms of boosting recruitment efforts and retention rates. 'The Great Resignation' is already underway, in which scores of professionals are quitting their jobs due to employer inflexibility, or a perceived mis-alignment of values.

A solid counter strategy for enterprises could involve launching upskilling and wellness programmes internally. Not only will this go a long way towards strengthening equity with existing employees, it also demonstrates a commitment to staff engagement to future hires. Additionally, innovative deployments of Process Automation can increase employee morale by absolving staff's responsibilities with regard to the more mundane, repetitive tasks.




Summary

The UK BTI Spotlight report provides tangible proof points that the far-reaching benefits of digital transformation are being better understood in the UK. With knowledge comes power, and with power comes responsibility. With nearly two out of three businesses accepting they need to be bold in the ambitions they set, and more ambitious around the adoption of automation, we can expect to see a profound phase of digital transformation moving forward. While it's encouraging to see the readiness and willingness of UK companies to chart a digital path, earmarking significant funds to do so is critical.

For large swathes of UK decision makers, digital transformation is highly regarded as a tool for driving customer centricity and operational agility, revamping business models and expediting time to market. With these lofty goals to strive towards, heightened IT expenditure has been signaled by the UK enterprise community — a promising trend unearthed by our findings. Over three quarters of UK businesses expect to increase tech budgets by a minimum of 10% in the next five years — illustrating the long term strategy at play for scores of enterprises nationwide.

77%

of UK businesses expect to increase tech budgets by at least 10% in the next five years (74% global average)



While encouraging to see resources being allocated to tech-led projects, the execution piece is absolutely critical. This is especially important as 69% of UK businesses report having not enough of a focus on quality and reliability, leading to loss of confidence in projects, compared to 65% of global respondents.

We're also seeing strategies that are grounded in the reality of today's global economy, with businesses well aware of the implications of digital transformation complacency. Yes there are technical skills shortages, yet cybersecurity threats are omnipresent, but innovations in automation are viewed as timely solutions. Our research also suggests that the sustainability imperative has permeated the collective enterprise consciousness. It'll be interesting to see how

this plays out, and what initiatives come to fruition as the business community steps up their efforts to reduce CO₂ emissions and combat climate change.

The future of work is looking increasingly decentralised. This was another undisputed trend reinforced by our findings. In other words, remote working is here to stay, certainly in the UK, where there is a fuller embrace of this trend compared to international respondents. Since the sudden shift towards a decentralised workforce, there have been some very important learnings for companies as it pertains to supporting staff. In order to retain top talent, the new reality of remote working must be wired into businesses' operational DNA, meaning they must appreciate the challenges posed by remote working from an employee's perspective.

For businesses with long term aspirations to build back better, there is one foundational truth: The success of any prospective digital transformation programme is intrinsically linked to adopting new practices and processes. This can only take place once companies develop a nuanced understanding around why digital transformation is truly the lifeblood of enterprises in 2022 and beyond.

Performance of different UK sectors on the Business Transformation Index and key areas for improvement

Expleo's exclusive 'Bold & Reliable Index'

Identifying high performing organisations In the BTI 2022 report, we've identified nine critical success factors for optimised business transformation, outlining how these steps can yield tangible gains for enterprises. Based on these, our unique index can categorise businesses into three segments: Starters (18%), Strivers (61%) and Stars (21%).

Industry sector	Percent that are...*			Key 'success factor' to improve.. (Where gap to overall average performance is greatest for each sector)	Different to global results?
	Starters ●	Strivers ↗	Stars ★		
Telecoms & Media	13% (-2%)	56% (-3%)	31% (+5%)	9 Under-utilisation / poor acceptance of new digital solutions	Same
Manufacturing & Industrial	14% (-5%)	61% (-6%)	25% (+11%)	6 Keeping to budget	Same
Financial Services	24% (+7%)	52% (-12%)	24% (+5%)	5 Delivers on time (to demanding timescales)	Different
Healthcare & Pharmaceutical	17% (+3%)	60% (-2%)	23% (-1%)	9 Under-utilisation / poor acceptance of new digital solutions	Different
Aerospace & Automotive	7% (-23%)	73% (+17%)	20% (+6%)	1 Driving cultural change / adopting a 'digital first' mindset	Same
Retail & Wholesale	10% (-8%)	72% (+21%)	18% (-13%)	1 Driving cultural change / adopting a 'digital first' mindset	Different
Public Sector	29% (+5%)	67% (+10%)	4% (-15%)	1 Driving cultural change / adopting a 'digital first' mindset	Same

* Rounding means numbers do not always sum to 100%
Numbers in brackets are % difference to all other countries

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.



Recommendations

With this report, we have a unique set of actionable data points that should be studied, absorbed, and used to inform key boardroom decisions moving forward. Given the ever-changing contours of the enterprise landscape, we have refined our recommendations to five manageable areas. Think of them as the five key success factors that will set enterprises on the optimised path to growth in 2022.

#1

Develop a culture of agility

Digital transformation requires a degree of operational agility. The rigidity of corporate frameworks doesn't lend itself to a 'fail fast, learn fast' philosophy, which means an openness to change is key. By adopting a kind of startup mindset, enterprises can be exploratory in their digital ambitions, break new ground, and uncover unprecedented efficiency gains. This approach will resonate with ambitious job candidates who want to deploy their skills in a progressive and dynamic work environment.



#2

Embrace automation

Eight out of ten businesses nationwide acknowledge the need to be more radical when it comes to automation. This will involve thinking outside the box, and exploring prospective deployments of automation across the entire product lifecycle. This can unlock a range of short term and long term wins, and ensure enterprises aren't counting the cost of digital transformation complacency on a recurring basis.

#3

Invest in staff

Remote working is now a competitiveness issue. In order to retain talent, offering flexibility to workers is now essential. Companies can show their commitment to employee engagement by pouring resources into wellbeing initiatives and embracing remote working. Technological innovations can be leveraged to encourage more collaboration and productivity, and will enable employees to excel from anywhere in the world. By investing in staff, leaders can ensure that their businesses are equipped to thrive in the new world of hybrid working.



#4

Lean on the experts

Developing the 'digital first' mindset is only half the battle in the business transformation game. The next step will be ensuring excellence of execution. The truth is, companies will require external guidance to make it happen. Think of it as operational conditioning, and enlisting the services of a digital performance coach.

At Expleo, we have extensive domain expertise and deploy consistent proprietary methods for testing, integration, and technology roll-out, while offering a suite of solutions to drive digital transformation from both a people change and process change perspective. We take great pride in placing solution reliability, testing and quality assurance at the centre of digital transformation projects, defined by a 'Think Bold, Act Reliable' modus operandi.



#5

Focus on sustainability

No matter the transformation objectives, whether it's driving supply chain efficiencies or addressing staff shortages with innovative deployments of automation or robotics, the sustainability agenda should be firmly ingrained in the strategic approach. With a palpable appetite for ambitious digital change, it is paramount that enterprises respect the sustainability piece throughout the process. This is critical from an environmental, reputational and competitive perspective.

Who we are

A global engineering, technology and consulting service provider, Expleo helps you achieve your ambitions and future-proof your business.

Offering a smart blend of bold thinking and reliable execution, we fast-track innovation through each step of your value chain, providing a wide range of services in Business Transformation, Operational Excellence and Customer Support.

We benefit from more than 40 years of experience developing complex products, optimising manufacturing processes, and ensuring the quality of information systems with leading organisations.

Leveraging our deep sector knowledge and wide-ranging expertise in fields including AI engineering, digitalisation, hyper-automation, cybersecurity and data science, we help future-proof your business.

As a responsible and diverse organisation, Expleo is committed to doing business with integrity and working towards a more sustainable and secure society.

Expleo boasts an extensive global footprint, powered by 15,000 highly-skilled experts delivering value in 30 countries and generating more than €1 billion in revenue.

For more information, visit expleo.com

Our global footprint – 30 countries

EUROPE

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

NORTH AMERICA

Canada
Mexico
United States

ASIA

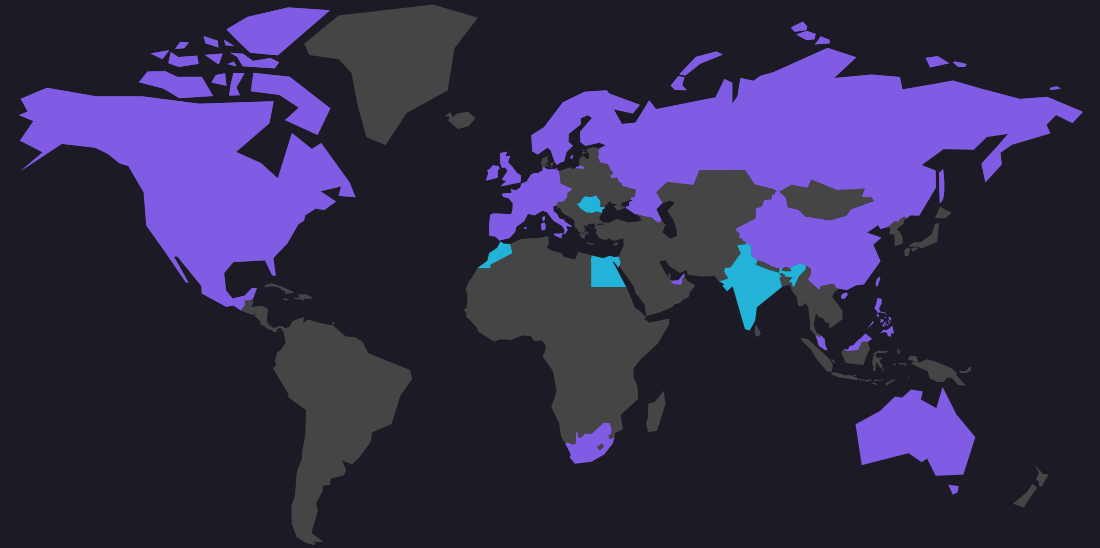
China
India
Malaysia
Philippines
Singapore
UAE

AFRICA

Egypt
Morocco
South Africa

OCEANIA

Australia



10 excellence centres in 4 countries

EGYPT

Cairo

INDIA

Bangalore
Chennai (2)
Coimbatore
Mumbai
Pune

MOROCCO

Tangier

ROMANIA

Bucharest
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(expleo)

Think bold, act reliable