
DIGITAL TRANSFORMATION: DISRUPT OR BE DISRUPTED? A SURVEY OF IT STAKEHOLDERS

April 2018

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Introduction

The way we work and connect with customers, partners, and suppliers is vastly different from what we did a decade ago thanks to modern digital technology. This technology is impacting every part of business operations, from exciting new customer offerings to more buyer intelligence to increased employee collaboration and efficiencies.

Yet big technology changes are occurring at accelerated speed — both for companies and their competitors. We are witnessing firsthand companies that nimbly adapt their business culture and quickly embrace digital technology. Likewise, we also see organizations who are left behind with archaic processes and infrastructure and unable to change. Many of those companies will not survive this digital disruption era. But what is the true impact of digital transformation? Who is winning and who is losing? What are the challenges holding companies back? And most important, will employees (and executives!) be ready to shed outdated processes and embrace change?

The following report, sponsored by Alfresco, is based on an online survey of 307 digital transformation decisions makers in the United States and the United Kingdom. The goal of this survey was to quantify real-life experiences, challenges, and trends in digital transformation in order to understand which industries would be disrupted and how, as well as identify key steps companies are taking to embrace the technology that is changing how they do business.

Key Findings

- **The challenges (and benefits) of digital transformation**
 - Expected business benefits from digital transformation include improved employee productivity (74%), decreased costs (71%), increased customer satisfaction (62%), and much more
 - 87% say their business results would be impacted by a technically innovative competitor
 - 78% say that people changes, including culture and organization, are more difficult than technology changes
- **Winners vs. losers and disruptors vs. disrupted**
 - Banking most likely to be hurt and retail most likely to benefit from digital transformation in 2018
 - 50% think their own company will disrupt; 50% think their company will be disrupted by digital transformation
 - Companies that will disrupt because of digital transformation in 2018 will do so because of a range of reasons including vision (62%), execution (58%), and new technology (57%)
 - Companies that will be disrupted because of digital transformation in 2018 primarily cite lack of investment (61%)
- **Cloud is key to digital transformation**
 - 95% say IaaS is important to their digital transformation
 - 81% have achieved value from their IaaS investment, although only 11% feel they've maximized the value possible



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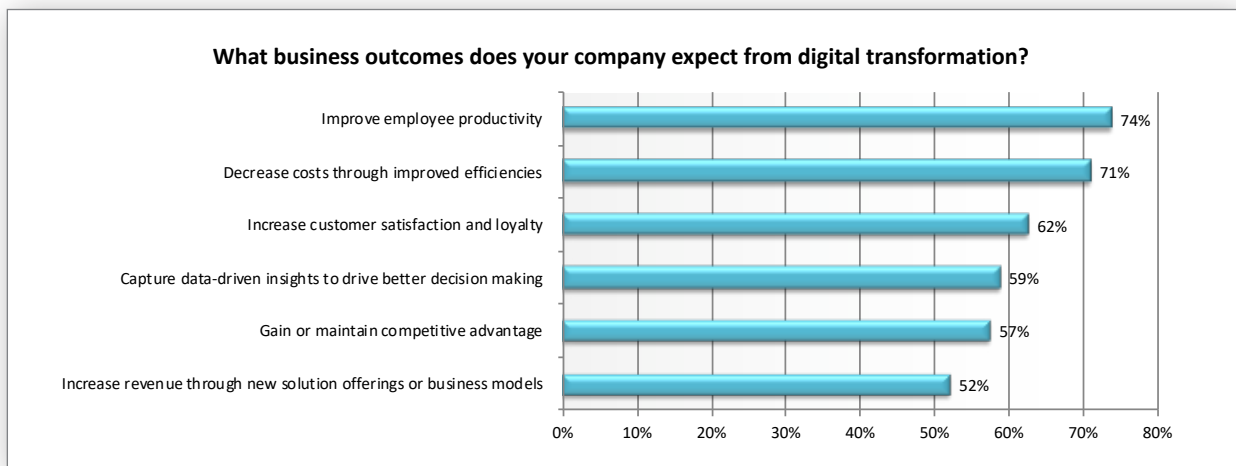


Detailed Findings: The challenges (and benefits) of digital transformation

A wide range of business outcomes is expected from digital transformation

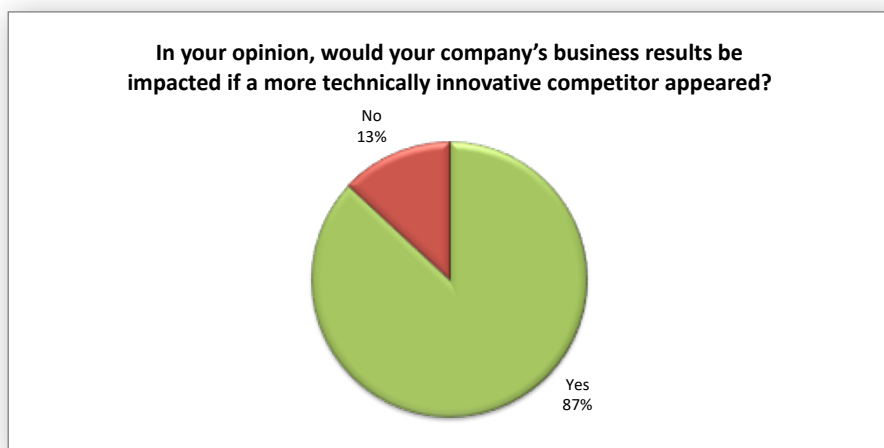
As no two businesses are exactly alike, digital transformation will look different for each company. However, there are some common benefits assumed from integrating digital technology into a company's core business processes and culture.

When we asked IT stakeholders what they expect from digital transformation, the number one predicted outcome is improved employee productivity (74%) followed by lower costs through more efficiencies (71%), higher customer satisfaction and loyalty (62%), data-driven insights to make better decisions (59%), competitive advantage (57%), and increased revenue through new solutions or business models (52%).



Companies know they are at risk from a technically innovative competitor

With the reality of nimble innovators entering the marketplace who may be more adept at embracing digital technologies, most companies are feeling the heat. An overwhelming 87% of digital transformation decision makers say their company's business results would be impacted if this type of competitor appeared.

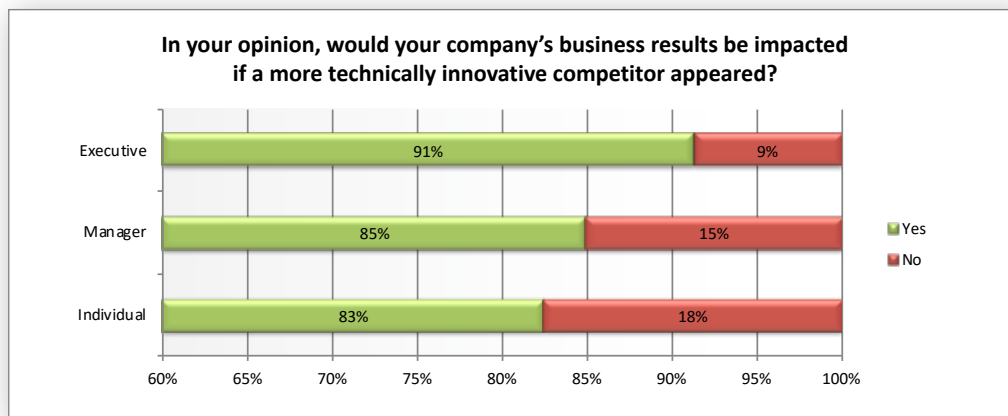


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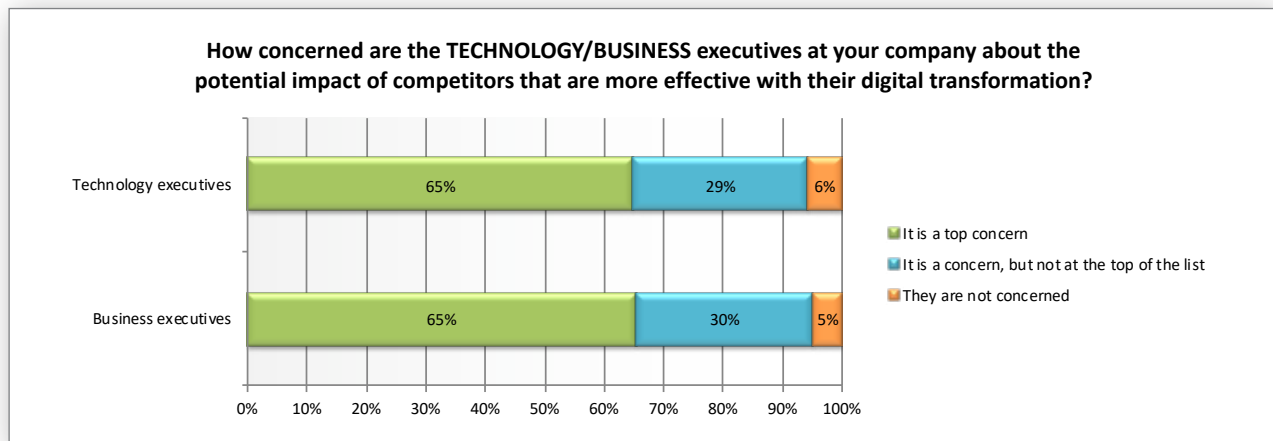


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It's not surprising that executives who are held accountable for their companies' profitability are the most concerned about more technically innovative competitors. In fact, 91% of executives say they would be impacted by technically innovative competitors compared to those responses of managers (85%) and individuals (83%).

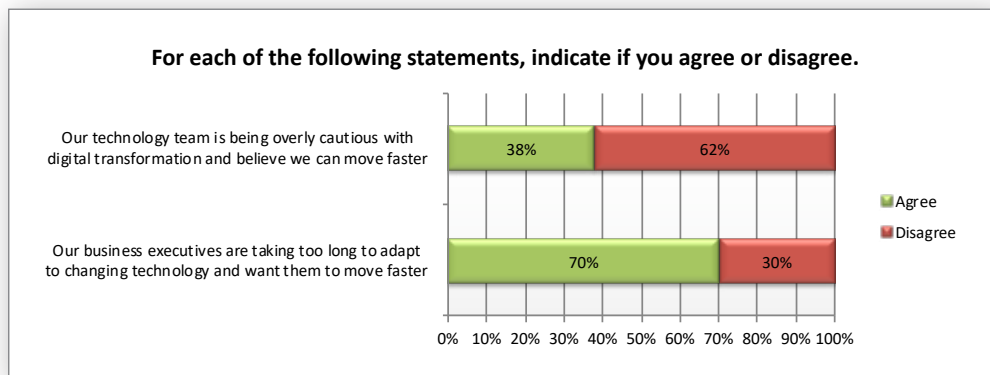


While IT and business executives don't always have a similar perspective on technology, this research uncovered a striking area of agreement - competition. We asked two questions about how concerned executives were about the potential impact of a more tech-savvy competitor, one focused on the opinions of technology executives and one focused on business executives. In a rare example of complete agreement, 65% of executives from both groups consider competitors with a more effective approach to digital transformation to be among their top concerns.



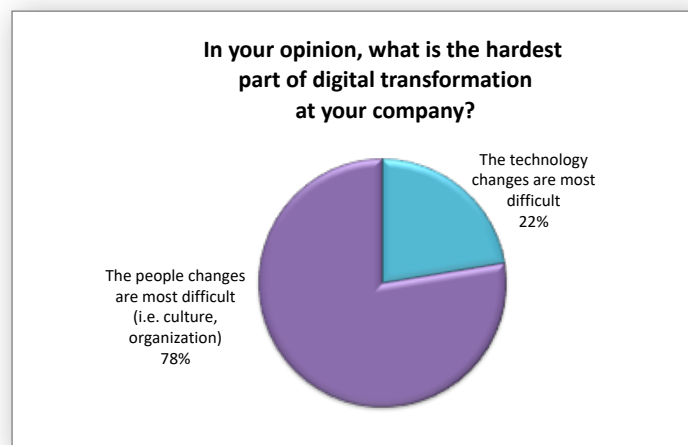


However, IT typically thinks the business is the bottleneck in digital transformation. Among IT stakeholders, 70% believe their business execs are taking too long to make the digital transformation leap compared to only 38% of those who say the technology team is holding them back.



People challenges are considered harder than technology challenges

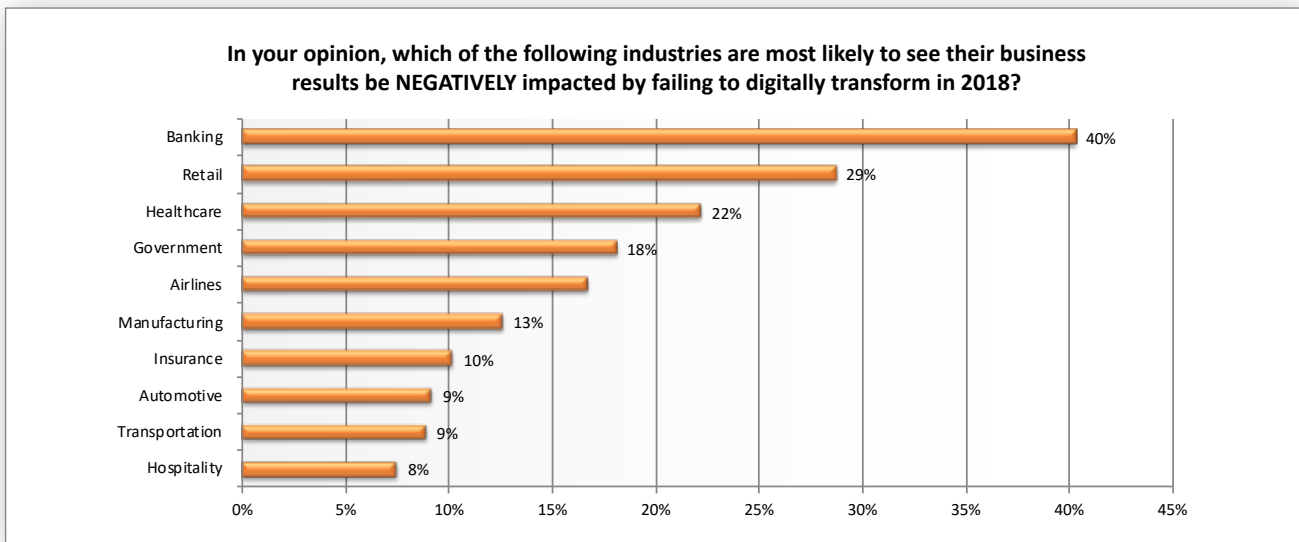
One of the most relevant takeaways of this research is the human part of the transformation equation. Simply implementing technology doesn't mean a company has been digitally transformed. A transformation must begin with employees, their work habits, ability to collaborate, as well as the overall corporate culture. And this is where the hard work begins. Not surprisingly, 78% of digital transformation decision makers recognize that people changes are the most difficult.



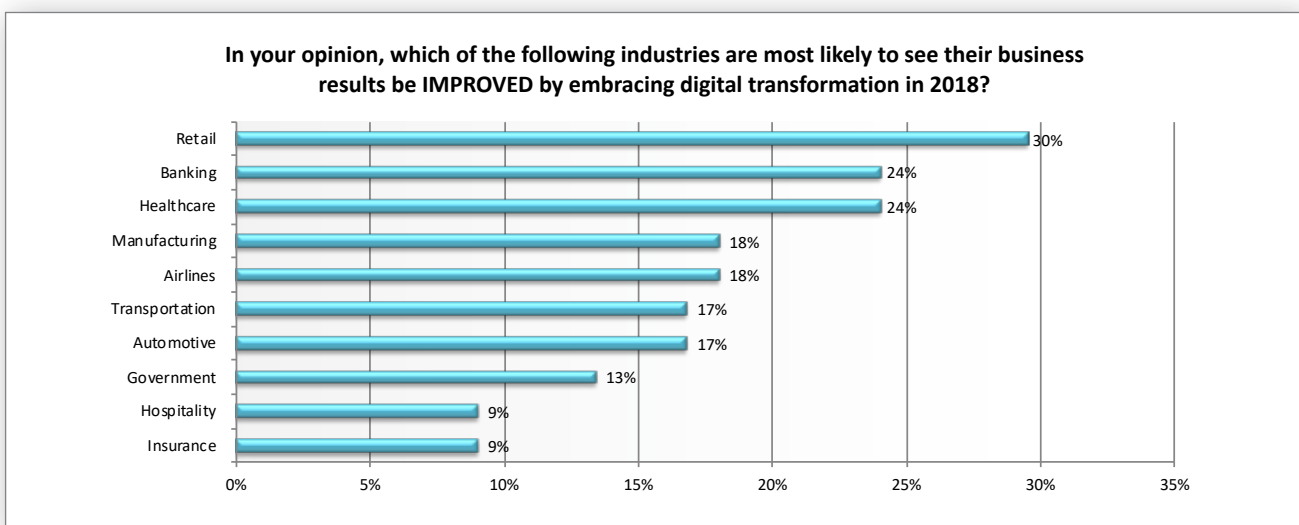


Detailed Findings: Winners vs. losers and disruptors vs. disrupted Banking most likely to be hurt; retail most likely to be improved

When further examining digital transformation, there is a general perception among decision makers that certain industries will lead this transformation while others will be left at the rear. According to IT stakeholders, 40% say banking is most likely to be negatively impacted by failing to digitally transform.



And at the opposite end, 30% say retail is the industry that is most apt to be improved by embracing digital transformation in 2018. One speculation about this trend is that industries, such as banking, are frequently relying on more legacy applications and outmoded processes to run their business. As such, they are unable to make changes quickly compared to others who don't need to bring old technologies along with their digital transformation.



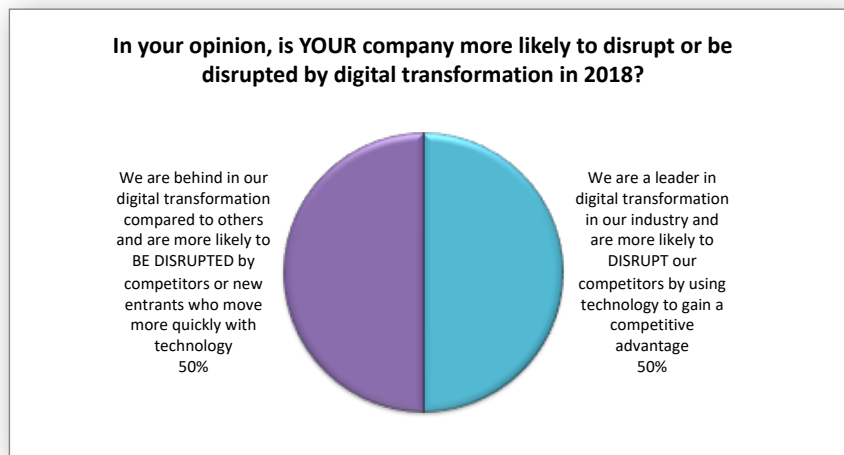
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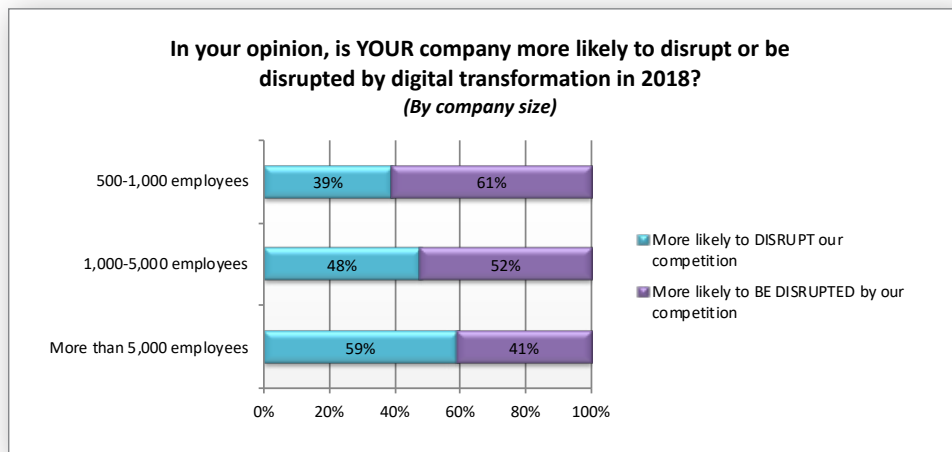
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Participants' opinions split evenly on their own company transformations

Interestingly, when stakeholders were asked to look inward to assess their own company's digital transformation and determine if they are more likely to disrupt or be disrupted, there was a perfect split on opinions. Among participants, 50% think they are leaders and will disrupt and 50% think they are behind and will be disrupted by the competition in 2018.



When we delve in to see if there is a correlation in these opinions based on company sizes, there is a clear trend that large companies have more faith in their ability to be a disruptor. Specifically, 59% of IT stakeholders in companies with more than 5,000 employees say they are more likely to disrupt compared to 48% of those working in companies with 1,000 to 5,000 employees and 39% of those with less than 1,000 employees.

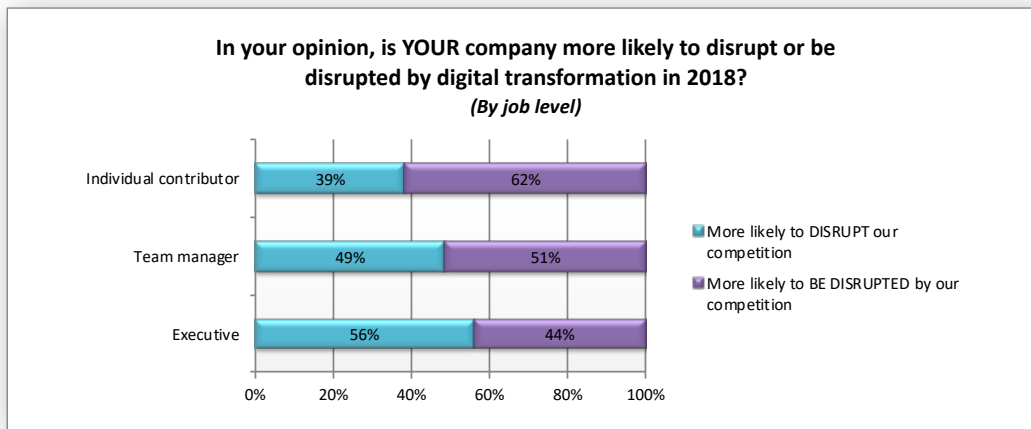


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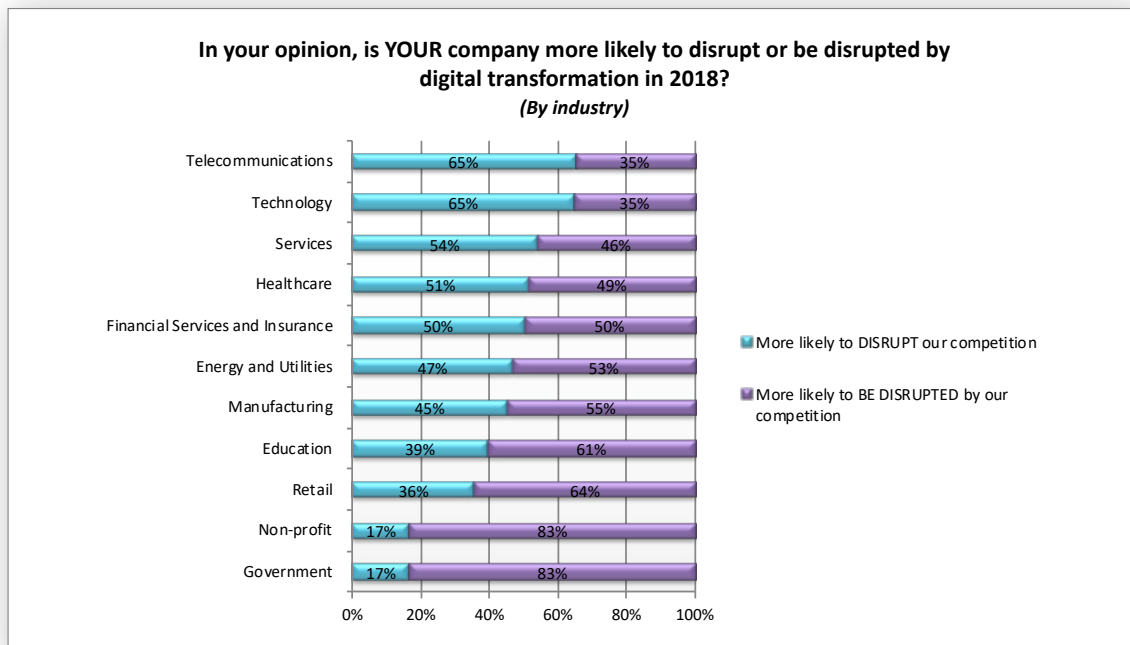


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Similarly, an employee’s job level also influences perceptions on whether a company will disrupt or be disrupted. More than half of executives (56%) believe they will disrupt contrasted with those opinions from team managers (49%) and individual contributors (39%).



Another interesting facet of this research is how these stakeholders view themselves — as disruptors or those disrupted by digital transformation in 2018 — based on their industries. Telcos (65%) and technology (65%) companies think they will be disruptors. Conversely, government (17%) and non-profit (17%) organizations think they will be disrupted.



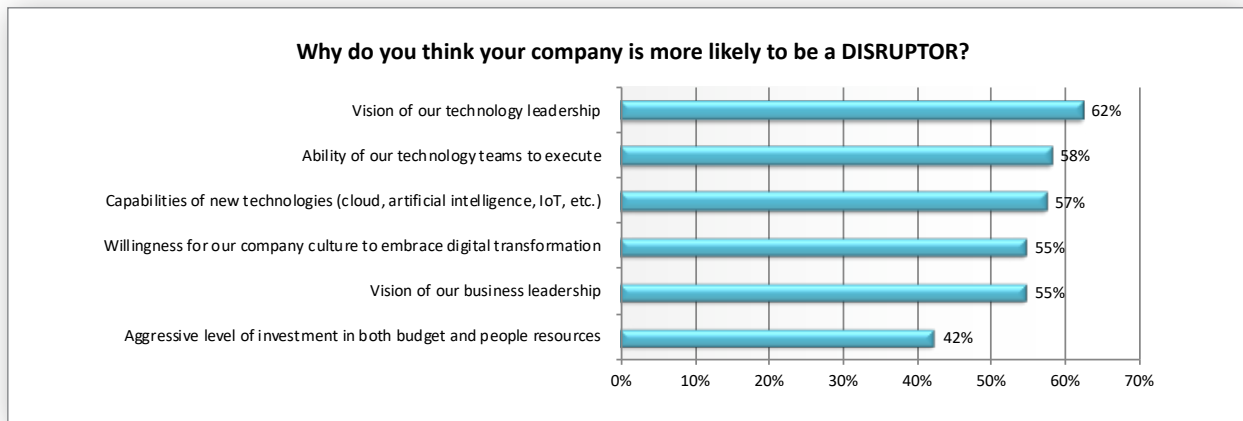
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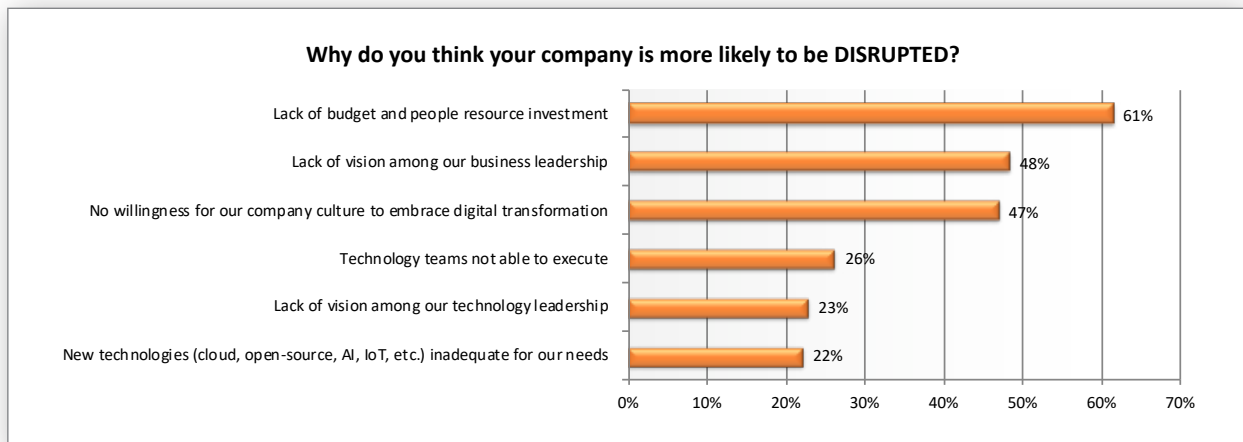
Companies with vision and execution will disrupt

An important takeaway from this survey of IT stakeholders is identifying what is most likely to propel a company into the disruptor position. According to decision makers that believe their company will disrupt, the top factors contributing to their success are the vision of their technology leadership (62%), ability to execute (58%), and the capabilities of new technologies (57%).



Those lacking budget and people resources will be disrupted

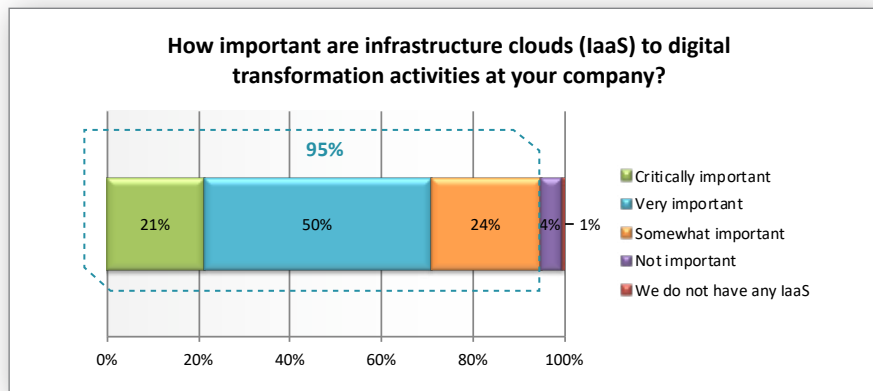
On the other side, there are standout reasons why companies in 2018 will fall behind their competition in digital transformation. When asked why their company is more likely to be disrupted, 61% cite lack of budget and people resource investment followed by lack of vision among their business leaders (48%) and no willingness for their company culture to embrace digital transformation (47%).





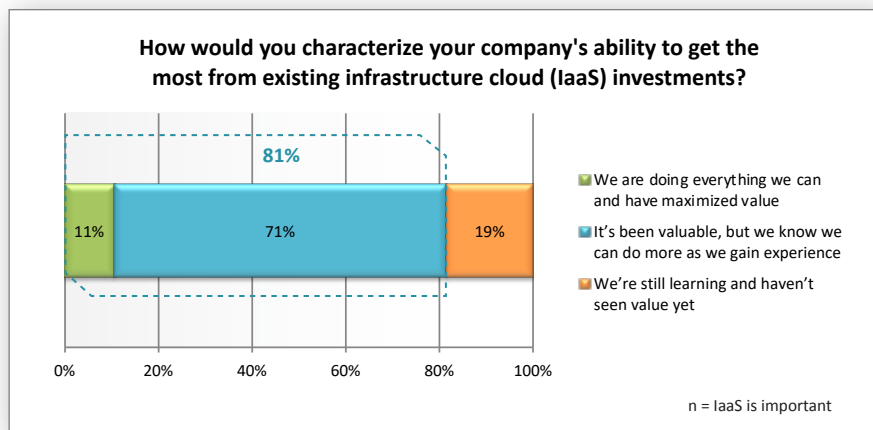
Detailed Findings: Cloud is key to digital transformation IaaS is important to digital transformation

To achieve digital transformation quickly, companies need a fluid technology infrastructure that can adapt quickly to change. Infrastructure clouds or infrastructure-as-a-service (IaaS) solutions enable companies to innovate quickly and respond faster to changing business conditions with minimal capital expense and maintenance costs. The vast majority (95%) of stakeholders say IaaS is important to their digital transformation.



Most have achieved value from IaaS, but few have maximized their investment

But the verdict is still out on whether companies are getting the most value from IaaS in 2018. According to IT stakeholders, 81% say they have achieved value from IaaS but only 11% say they are doing everything they can and have maximized its value.

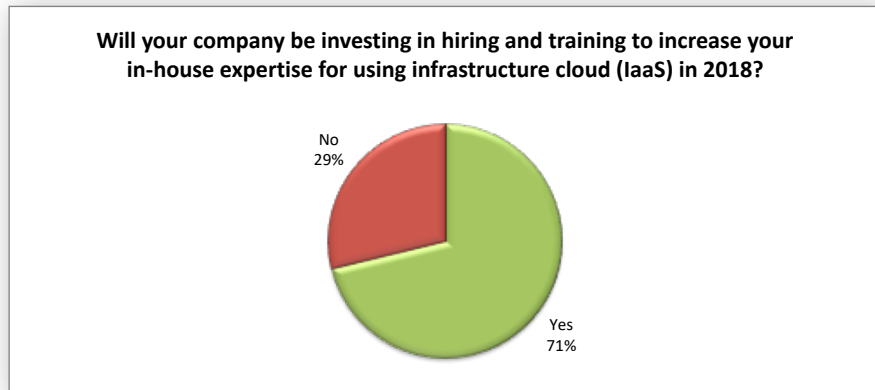


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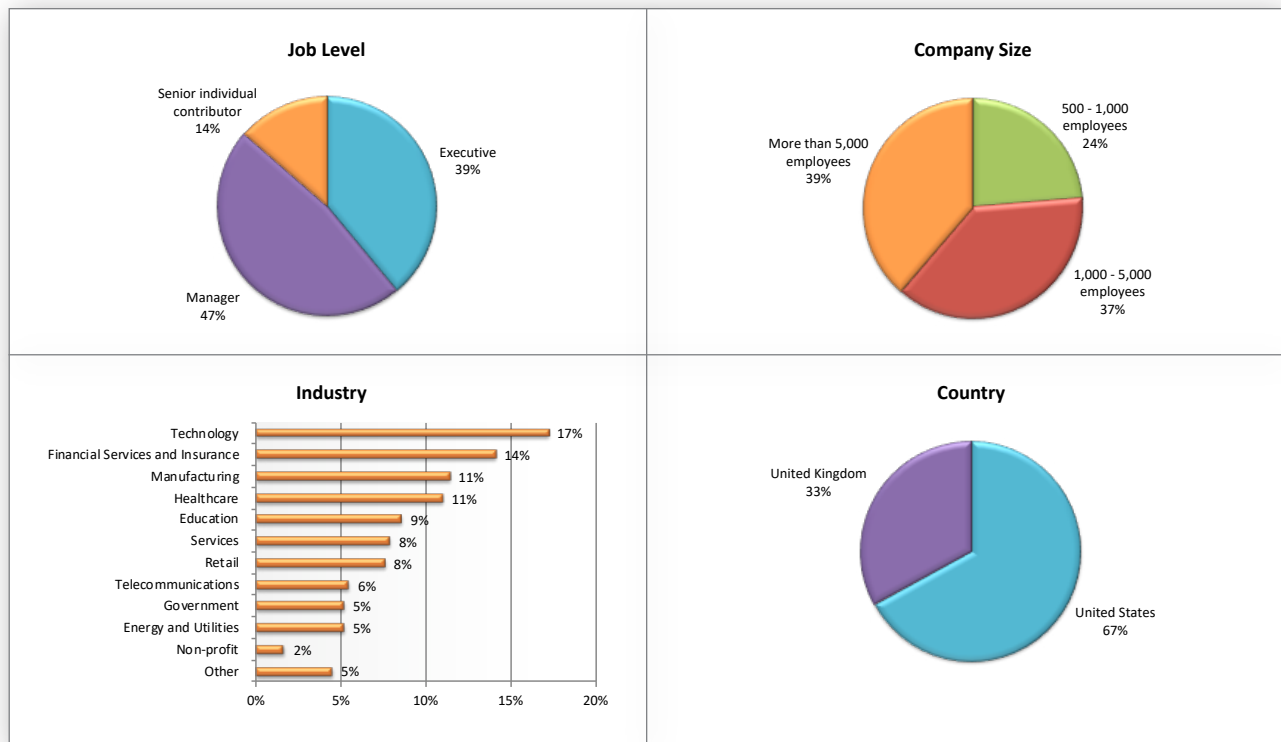
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For those who organizations that are still growing their infrastructure clouds, 71% state they will be looking to hire and train in-house expertise in 2018 rather than spending resources on external people resources.



Survey Methodology and Participant Demographics

An online survey was sent to an independent database of IT professionals with responsibility for digital transformation. A total of 307 qualified IT professionals completed the survey. All participants lived in the United States or United Kingdom and worked at companies with more than 500 employees. Each had responsibility for digital transformation decision making. Participants included a mix of job levels, company sizes, and industries.





About Dimensional Research

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