

# Global Digital Transformation Survey Report

CHINA



## Digital Transformation Delivering Business Outcomes

shaping tomorrow with you



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## Introduction: China

This report contains analysis of the Chinese data from the 2017 Fujitsu Global Digital Transformation Survey. The research was conducted to find out more about how business leaders are responding to digital transformation challenges, and to identify what initiatives they are undertaking in the area. We received 1,614 responses from business leaders across 15 countries, including 103 from China.

Digital technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) are being embedded into core value-generation processes in business and society, transforming people's work and daily lives and generating innovation. This is digital transformation. Business leaders around the world are becoming aware of the power of digital transformation, and taking action to realise its huge potential.

Today, digital technologies are moving into the heart of everything we do, changing the way businesses and people work, how they live and how they innovate. In the new digital society, digital transformation and digital co-creation become business norms. Digital co-creation means blending your business expertise and digital technology, and creating new value – together with ecosystem partners and customers – to shape a better future.

Digital transformation initiatives usually start from the testing phase, then a Proof of Concept (PoC) and a Proof of Business (PoB) phase, and then shift to the implementation phase. But new technology alone is not sufficient for digital transformation. New talents, and people who have different skills and innovative ways of doing things, are required. Leadership, agility and co-creation with partners are very important elements.

The theme of the Global Digital Transformation Survey is aligned with the story of Fujitsu Technology and Service Vision, which sets out our vision and insights into how business leaders can leverage digital transformation in business and society, enabling and creating a better future.

The Fujitsu Technology and Service Vision can be downloaded from the following link:

URL: <http://www.fujitsu.com/global/vision/>



## Key findings

- Marketing is the top functional area for digital transformation in Chinese organisations, with 46.6% of organisations reporting projects in that area. Logistics, finance and manufacturing are the major areas of digital transformation in specific functional areas.
- The most positive outcome of digital transformation is a stronger relationship with customers, with 43.5% of Chinese respondents reporting this as the most positive outcome. Many organisations also report increased revenues (41.5%) and strengthened competitiveness (33.3%).
- Key factors in delivering digital transformation are talented staff with the right skills (reported by 35.0% of Chinese respondents), and streamlined organizations and processes (32.0%). The biggest inhibitors are lack of talented staff with the right skills (44.7%) and lack of leadership (18.4%).
- 29.1% of Chinese business leaders say it is important to have a strong technology partner to achieve digital transformation. The technology partners need to have strong technological capability (reported by 18.4% of respondents), and a thorough understanding of their business (16.5%).
- Almost all respondents (88.3%) believe that artificial intelligence (AI) represents an opportunity, rather than a threat. Even more (96.1%) believe that AI will enhance people's capabilities in the future, but 65.0% believe that jobs may be displaced.
- Chinese business leaders believe that creativity and imagination are the most important capabilities needed in the digital era (reported by 19.4% of respondents). But they also believe that judgment and decision-making capability (18.4%) and professional knowledge of digital technologies (17.5%) are important, indicating a strong perception that a balance of skills is needed to drive digital transformation.

## What is the focus of digital transformation?

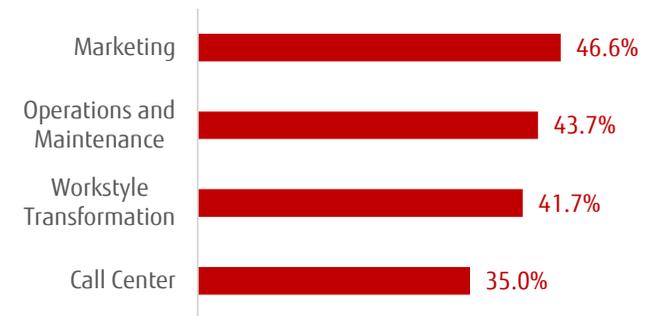
Digital transformation is undertaken in many functional areas. The survey asked Chinese business leaders about the extent to which it has been implemented in four key business infrastructure areas common to most organisations, across all industry sectors. These are marketing, work style transformation, operations and maintenance, and call centers.

Of these functions, digital transformation is most likely to be taking place in marketing – projects are underway or have been implemented in 46.6% of organizations in China. Operations and maintenance (43.7%), work style transformation (41.7%) and manufacturing (35.9%) are also areas in which a significant amount of digital transformation is taking place (note the numbers add up to more than 100% because respondents could include up to three functional areas).

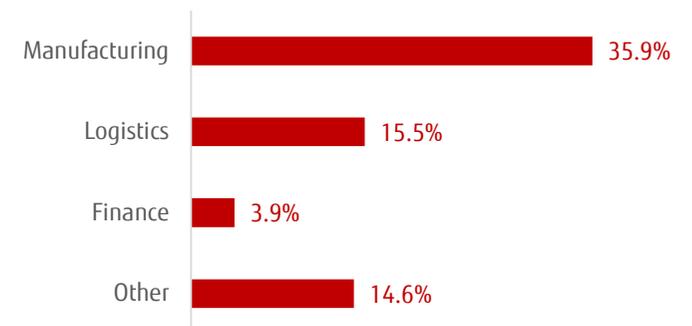
The survey also asked about the status of digital transformation in a range of industry specific functional areas: logistics, finance, manufacturing. These need not be undertaken in these industries – e.g., a finance digital transformation project could take place in most industry sectors.

More than one third (35.9%) of all respondents have implemented or are implementing digital transformation process in manufacturing, followed by logistics (15.5%) and finance (3.9%). 14.6% have implemented other digital transformation projects, in a range of functional market areas.

### What is the functional focus of your digital transformation? (cross-functional)



### What is the functional focus of your digital transformation? (specific functions)



## How advanced are organisations on their digital journey?

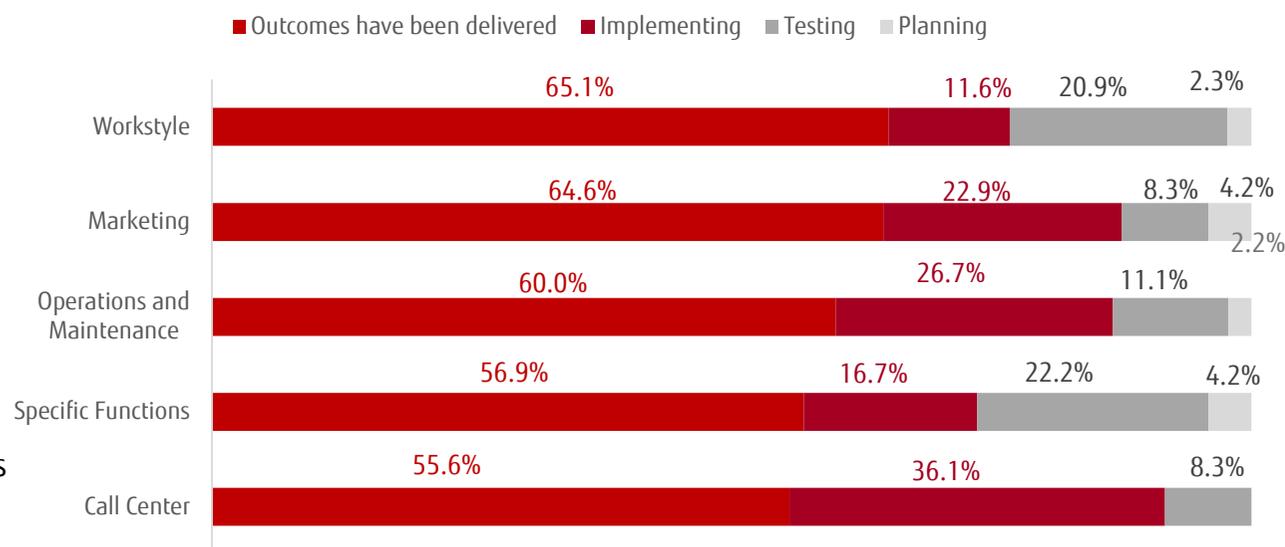
The highest level of delivered digital transformation outcomes in China is in workstyle (65.1%), followed by marketing (64.6%), operations and maintenance (60.0%) and industry-specific applications (56.9%).

Call centre transformations are the least likely to have delivered outcomes (55.6%) but also to be in planning (8.3%). Specific functional applications are the most likely to be in the testing (22.2%) phase (note that this figure aggregates specific function projects, including those in logistics, finance and manufacturing).

The results indicate that digital transformation are advanced amongst Chinese organizations. The great majority of projects are in the process of being implemented or have delivered on their outcomes, with relatively few in the planning or testing phase.

(Note that this chart aggregates the specific functional areas on the previous chart).

## Which best describes the progress of the digital transformation?



## What are the benefits of digital transformation? (China vs global)

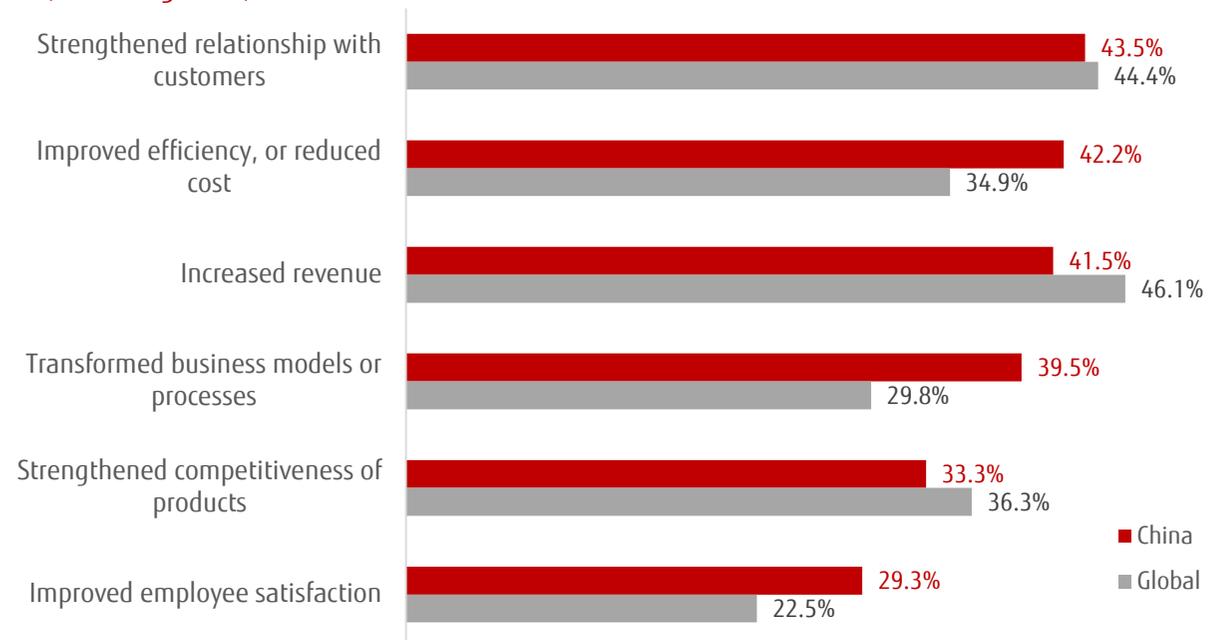
The survey asked Chinese business leaders what kind of outcomes have been delivered through their digital transformation projects. Nearly half (43.5%) say that the greatest benefit of digital transformation has been a stronger relationship with their customers.

Almost as many (42.2%) say it has improved efficiency or reduced cost. These were followed by increased revenue (41.5%), improved the transformation of business models or processes (39.5%), strengthened competitiveness (33.3%), and improved employee satisfaction (29.3%).

A comparison of the Chinese results with those from the full global survey shows that Chinese results are similar to the global findings. Globally, increased revenue is rated more highly than in China (41.5% vs 46.1%) but improved efficiency and reduced costs are rated lower than in China (42.2% vs 34.9%).

The results indicate the many benefits of digital transformation. The effects are felt across the organization, not just on the bottom line.

### Which outcomes has digital transformation delivered to your organisation? (China v global)



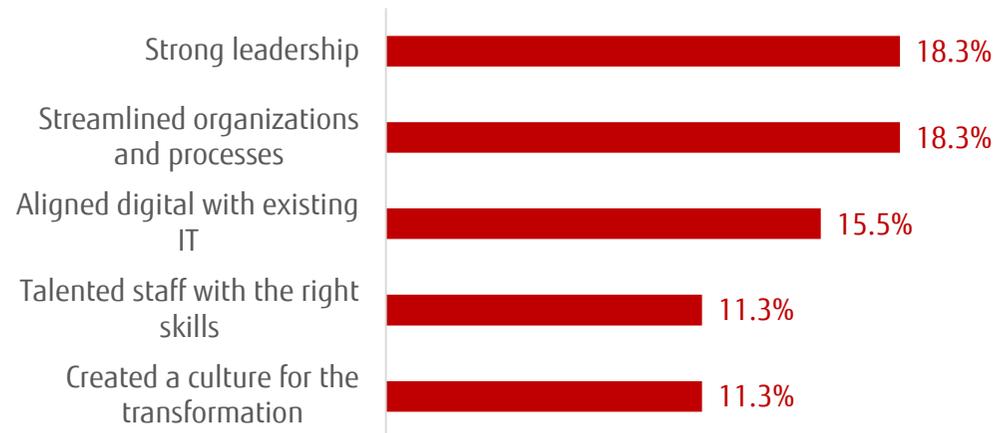
## What are the key success factors and inhibitors in digital transformation?

Digital transformation is not just about introducing new technologies. In order to deliver successful outcomes, organisations need talented staff with the right skills, and to create a culture of transformation.

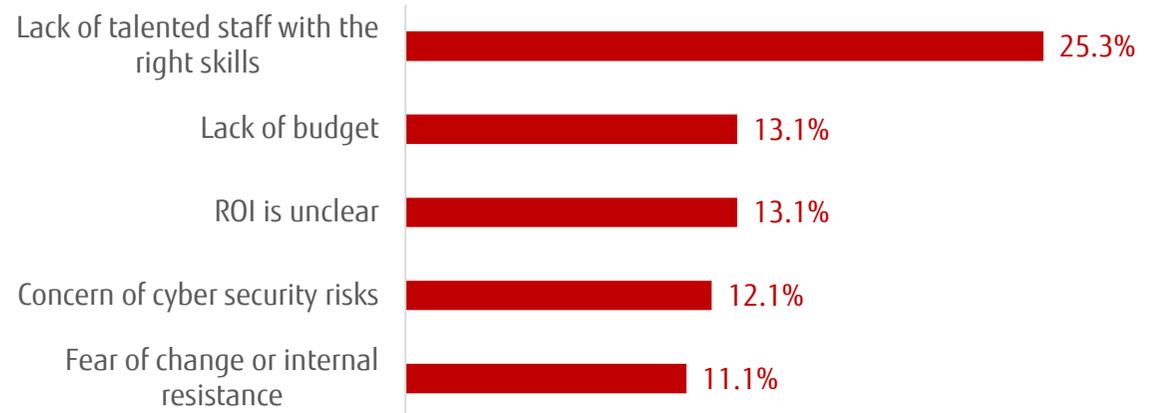
The survey asked Chinese business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is strong leadership and streamlined organizations and processes, each mentioned by 18.3% of respondents. Next came aligned digital with existing information technologies (15.5%), talented staff with the right skills (11.3%) and the creation of culture for transformation (11.3%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was lack of talented staff with the right skills (25.3%). Other inhibitors were lack of budget (13.1%), unclear ROI (13.1%), concerns of cyber security risks (12.1%) and fear of change and internal resistance (11.1%).

### Which factors were key in delivering digital transformation outcomes?



### Which factors hindered the progress of digital transformation?



## What are the key success factors in digital transformations? (China vs global)

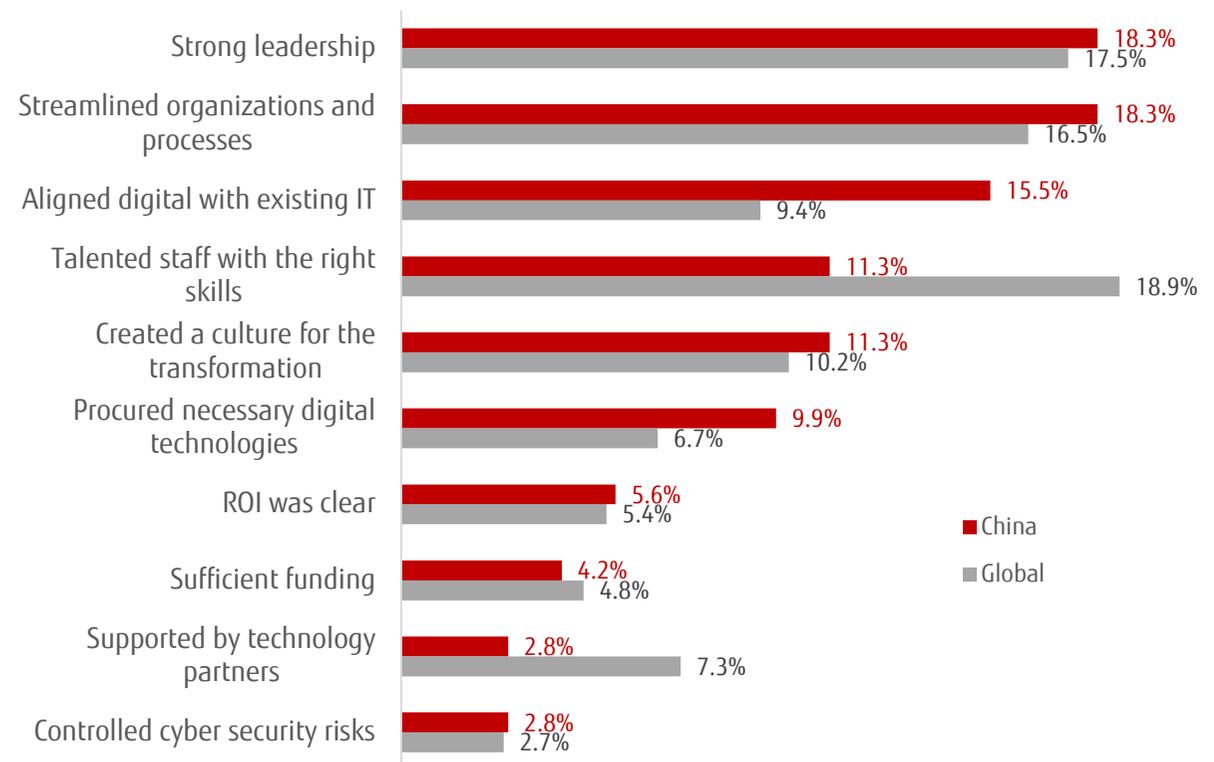
The chart compares the key success factors from the previous chart, for China vs the overall global findings.

For the most part, the ranking of the different factors in China are similar to the global rankings, with two important differences.

Aligning digital with existing IT is much more important in China, mentioned by 15.5% of respondents vs 9.4% globally.

And availability of talented staff with the right skills is much less important in China, mentioned by 11.3% vs 18.9% globally.

### Which factors were key in delivering digital transformation outcomes? (China vs global)



## How important is a strong technology partner for digital transformation?

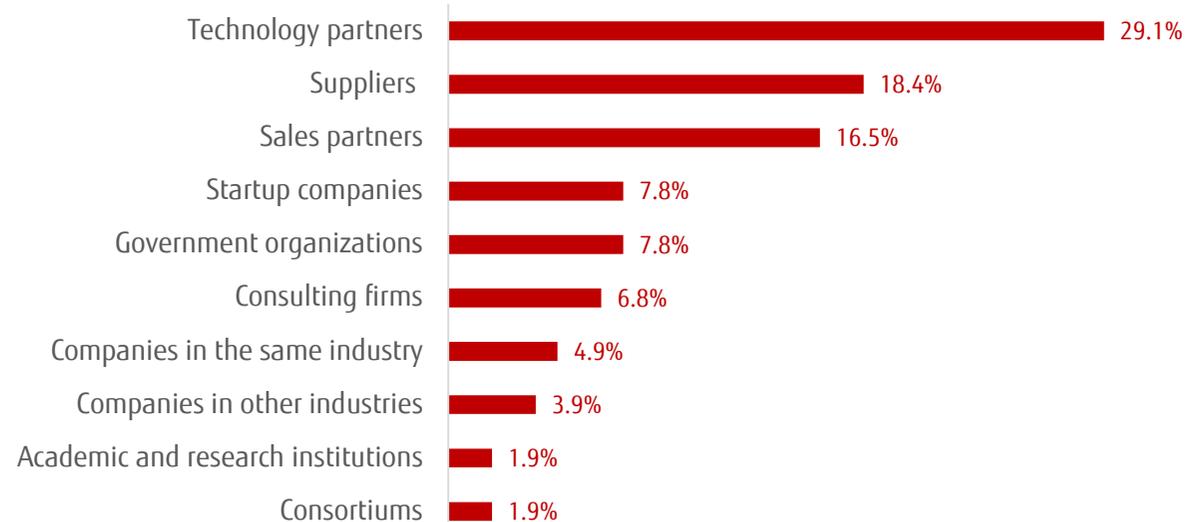
Success in digital transformation requires cooperation with external technology partners. Business leaders in China were asked which types of partners were most important.

Most highly rated were technology partners, ranked as most important by 29.1% of respondents. Other important partners were suppliers (18.4%), sales partners (16.5%) and start-up companies (7.8%).

Respondents were also asked about what they expect from a technology partner. The most important attribute is an alignment with the organisation's vision and strategy, mentioned by 21.7% of respondents.

Other important attributes were technological capability (18.4%), an understanding of the organisation's business (16.5%), and an alignment with the organization's vision and strategy (16.5%).

### Which partners are important to collaborate with for digital transformation?



### What do you expect from a technology partner for digital transformation?



## Which partners are important? (China vs global)

The chart compares the importance of technology partners from the previous chart, for China vs the overall global findings

Technology partners are just as important in China as they are globally (mentioned by 29.1% of Chinese respondents and 29.0% globally).

Suppliers (18.4% vs 14.9%) and sales partners (16.5% vs 11.6%) were mentioned by more Chinese respondents, while consulting firms (6.8% vs 9.3%) and companies in the same industry (4.9% vs 8.9%) were more important globally than in China.

### Which partners are important to collaborate with for digital transformation? (China vs global)



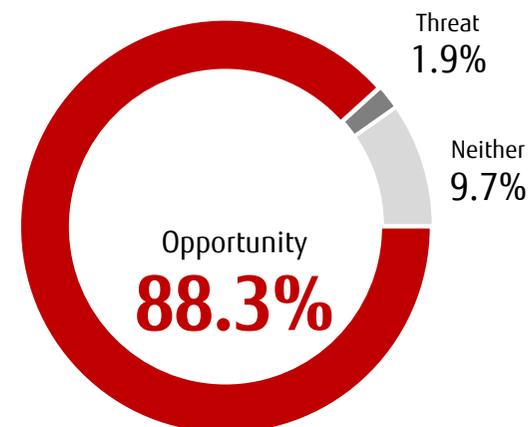
## What is the potential of Artificial Intelligence?

The survey asked Chinese business leaders three questions about perceptions of artificial intelligence (AI).

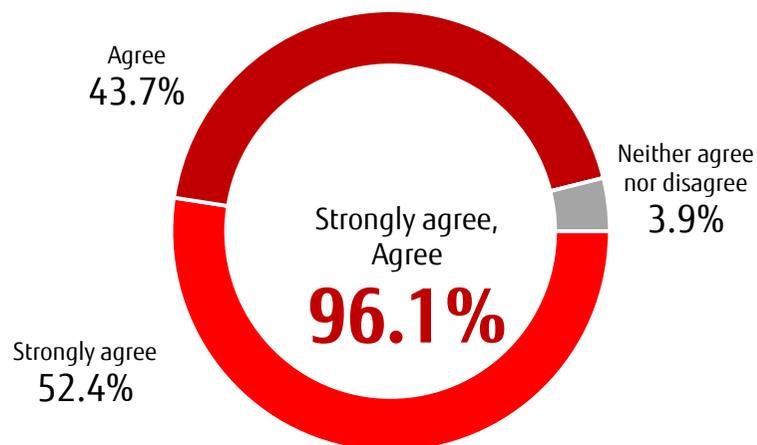
Of the respondents surveyed, 88.3% see AI as an opportunity, with just 1.9% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (52.4%) or agree (43.7%) that AI will enhance people's capabilities in future, but they also believe that AI will be used for work currently performed by people (20.4% strongly agree, 44.7% agree).

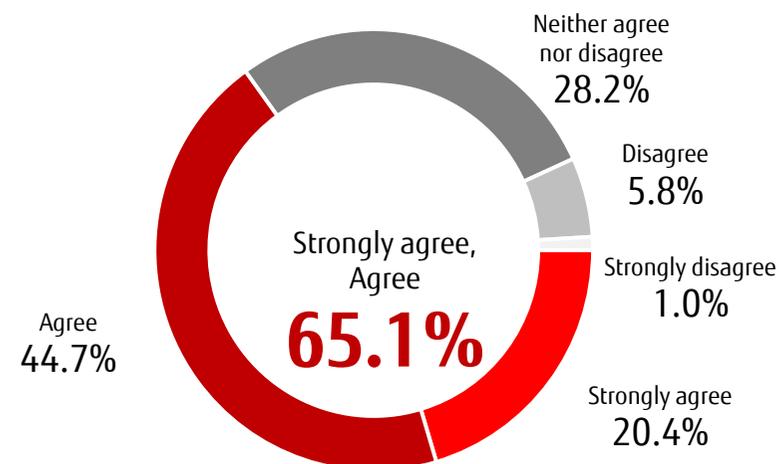
### Is AI an opportunity or a threat?



### Will AI enhance people's capabilities in the future?



### Will AI substitute for people's work in the future?



## What are the key skills and capabilities required in the digital era? (Australia vs global)

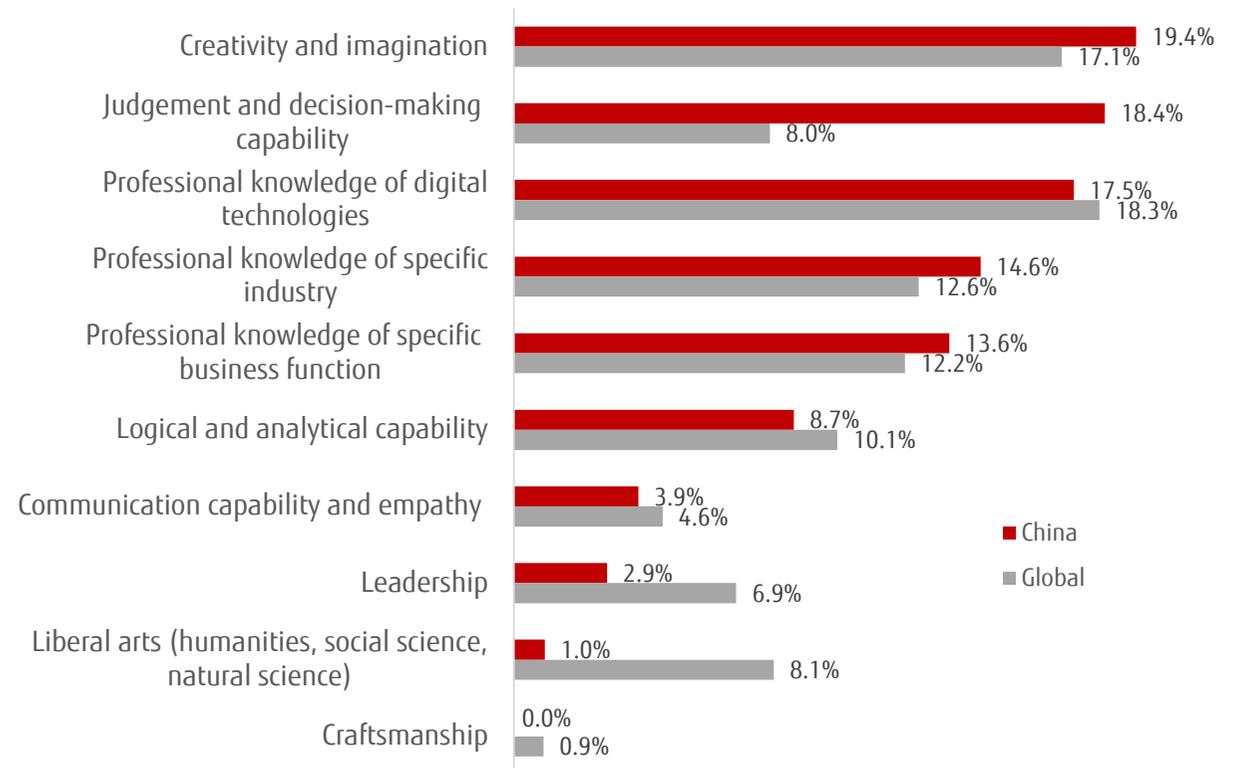
Business leaders in China believe that creativity and imagination is the most important capability needed in the digital era (19.4% of responses ).

Other important capabilities are judgement and decision-making capability (18.4%), professional knowledge of digital technologies (17.5%), professional knowledge of specific industries (14.6%). Also mentioned were professional knowledge of specific business function (13.6%) and logical and analytical capability (8.7%).

The rankings are similar in China as they are globally, except that judgement and decision-making capability is much more highly regarded in China (18.4% v 8.0%) than globally, and leadership is regarded as less important (2.9% vs 6.9%).

The range of capabilities mentioned indicates that there is a strong perception that a balance of skills is required to drive digital transformation – it is not just about technical capabilities.

## What are the most important capabilities people need in the digital era? (China vs global)



## About the survey

### Survey topics:

- Current awareness of digital transformation: Fields, progress, outcomes, factors behind success, issues
- Co-creation in digital businesses: Required partners, elements required of technology partners
- AI (artificial intelligence) awareness: Perspective on AI, skills required during the digital era

### Survey method:

- Online

### Fieldwork period:

- February 2017

### Survey respondents:

- Company size: Medium and large (at least 100 employees and sales of at least USD 1 million during the previous FY)
- Respondents: Management (CEOs, CMOs, CFOs, CIOs, CDOs, CSOs) and decision-makers equivalent to management

### Surveyed countries:

The reports surveyed 1,614 business leaders in 15 countries, including 103 from China. Other countries surveyed for the global report were:

- Americas: Canada (56), USA (258)
- Europe: Finland (56), Germany (103), France (103), Spain (103), Sweden (52), United Kingdom (103)
- Asia: Indonesia (52), Japan (309), Republic of Korea (55), Singapore (103), Thailand (52)
- Oceania: Australia (106)

Download the China and Global report at: <http://www.fujitsu.com/global/microsite/vision/insightful-stories/survey1/>

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