Global Digital Transformation Survey Report

UNITED KINGDOM

Digital Transformation Delivering Business Outcomes

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Contents

Introduction: United Kingdom

This report contains analysis of the UK 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 the UK.

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 UK organisations, with 45.6% 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 half (50.0%) of UK respondents reporting this as the most positive outcome. Many organisations also report increased revenues (46.1%) and strengthened competitiveness of products (31.6%).

- Key factors in delivering digital transformation are talented staff with the right skills (reported by 27.3% of respondents) and strong leadership (20.5%). The biggest inhibitors are a lack of talented staff with the right skills (21.6%), and a lack of agility (reported by 13.4% of UK respondents).

- More than a quarter (27.2%) of UK business leaders say it is important to have a strong technology partner to achieve digital transformation. The technology partners need to be aligned with the organisation's vision and strategy (reported by 21.4% of respondents), and have a strong technological capability (19.4%).

- 83.5% of UK business leaders believe that artificial intelligence (AI) represents an opportunity, rather than a threat. Less (80.6%) believe that AI will enhance people's capabilities in the future and but 68.0% believe that jobs may be displaced.

- UK business leaders believe that professional knowledge of digital technology is the most important capability needed in the digital era (reported by 22.3% of respondents). But they also believe that the liberal arts (16.5%) and professional knowledge of specific industries (14.6%) are important, indicating a strong perception that a balance of skills is needed to drive digital transformation.
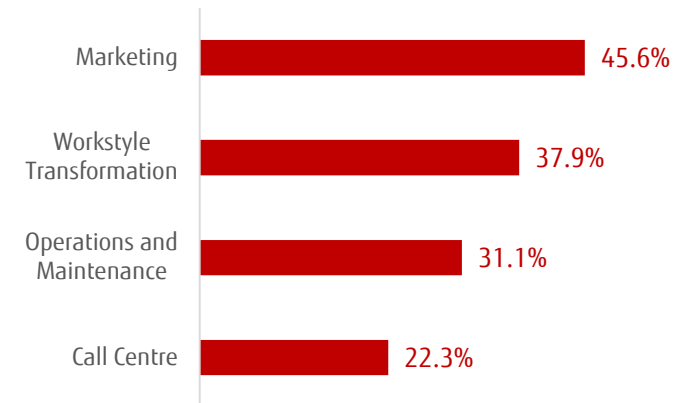
What is the focus of digital transformation?

Digital transformation is undertaken in many functional areas. The survey asked UK 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 centres.

Of these functions, digital transformation is most likely to be taking place in marketing – projects are underway or have been implemented in 45.6% of UK organisations. Work style transformation (37.9%), operations and maintenance (31.1%), and call centres (22.3%) 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 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.

One quarter (25.2%) of all respondents have implemented or are implementing digital transformation process in the logistics function, followed by manufacturing (22.3%) and finance (16.5%). More than a third (36.9%) have implemented other digital transformation projects, in a range of specific functional areas.

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

Function	%
Marketing	45.6%
Workstyle Transformation	37.9%
Operations and Maintenance	31.1%
Call Centre	22.3%

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

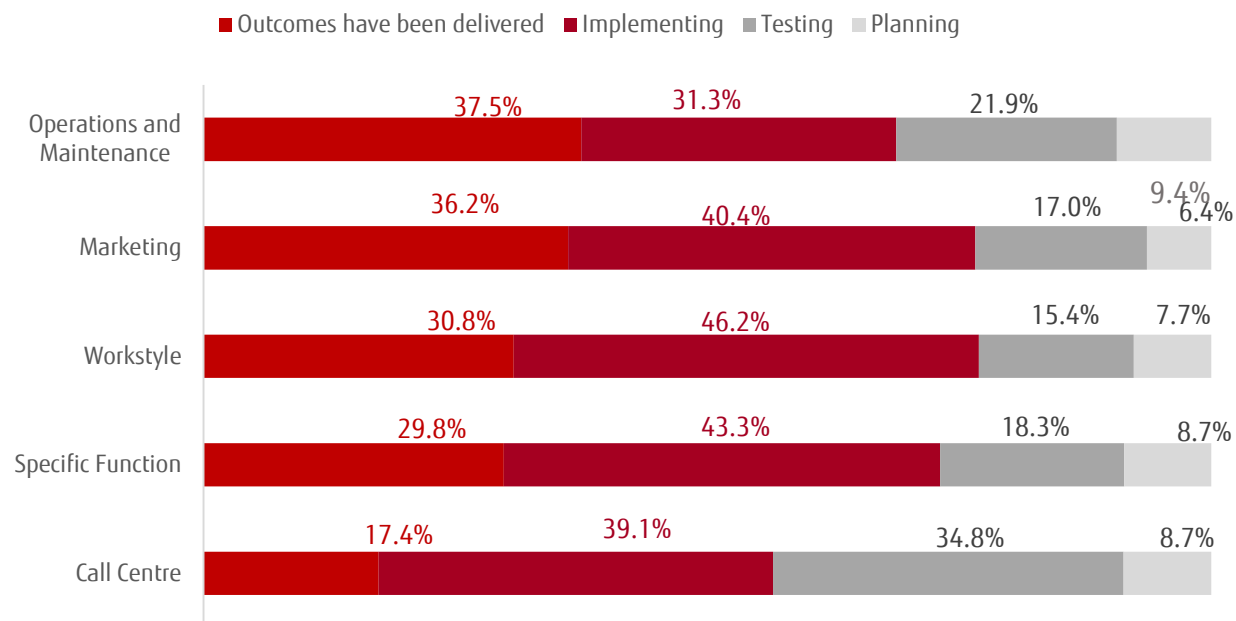| Function	%
Logistics	25.2%
Manufacturing	22.3%
Finance	16.5%
Other	36.9%
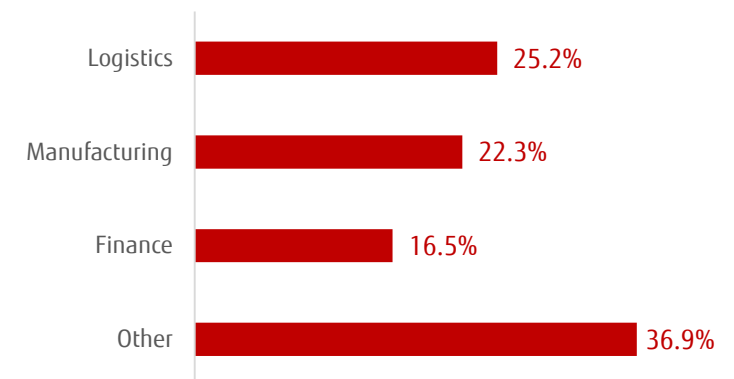
How advanced are organisations on their digital journey?

The highest level of delivered digital transformation outcomes in the UK is in operations and maintenance (37.5%). This is followed by marketing (36.2%), workstyle (30.8%) and specific functions (29.8%).

Call centre applications are the least likely to have delivered outcomes (17.4%) and are the most likely to be in the testing (34.8%) phase. Marketing is the least likely to be in the planning phase (6.4%).

The results indicate that digital transformation is relatively advanced amongst UK organisations. 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.

Which best describes the progress of the digital transformation?

■ Outcomes have been delivered   ■ Implementing   ■ Testing   ■ Planning

	Outcomes have been delivered	Implementing	Testing	Planning
Operations and Maintenance	37.5%	31.3%	21.9%	
Marketing	36.2%	40.4%	17.0%	9.4% 6.4%
Workstyle	30.8%	46.2%	15.4%	7.7%
Specific Function	29.8%	43.3%	18.3%	8.7%
Call Centre	17.4%	39.1%	34.8%	8.7%

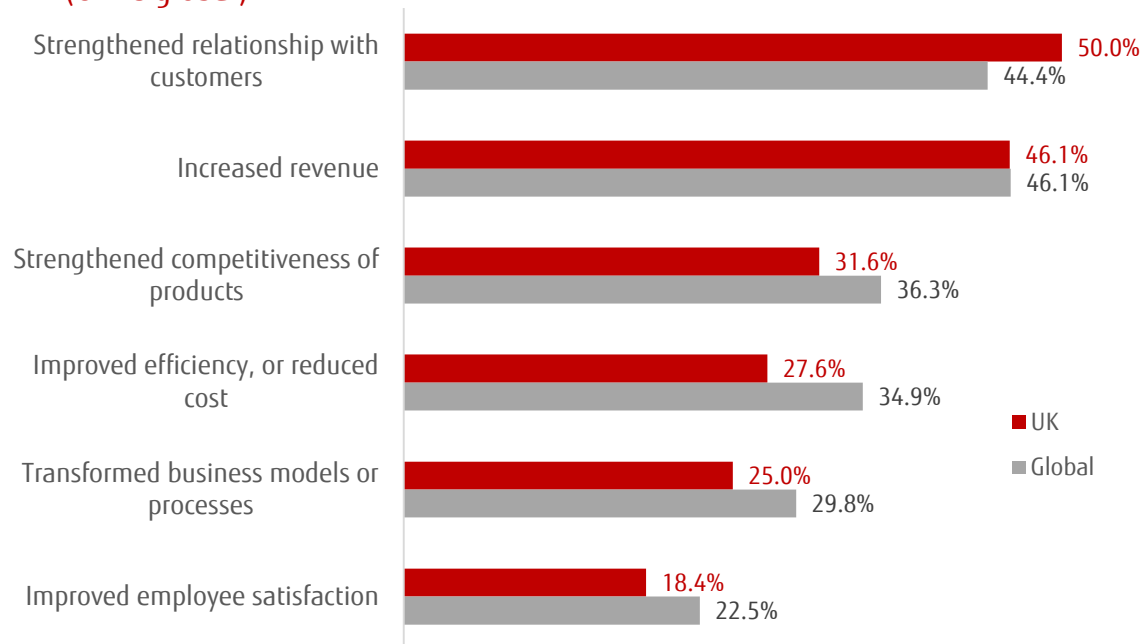# What are the benefits of digital transformation?

The survey asked UK business leaders what kind of outcomes have been delivered through their digital transformation projects. Half (50.0%) say that the greatest benefit of digital transformation has been a stronger relationship with their customers.

Almost as many (46.1%) say it has increased revenue. These were followed by increased strength and competitiveness of products (31.6%), improved efficiencies or reduced cost (27.6%), the transformation of business models or processes (25.0%) and improved employee satisfaction (18.4%).

The UK results are similar to those from the global survey. In the UK, a strengthened relationship with customers (50.0% vs 44.4%) was more important than it was globally. A strengthened competitiveness of products (31.6% vs 36.3%) and improved efficiency (27.6% vs 34.9%) are more important often globally. Increased revenue was mentioned by the same proportion of respondents in the UK and globally (46.1%).

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

Which outcomes has digital transformation delivered to your organisation? (UK vs global)

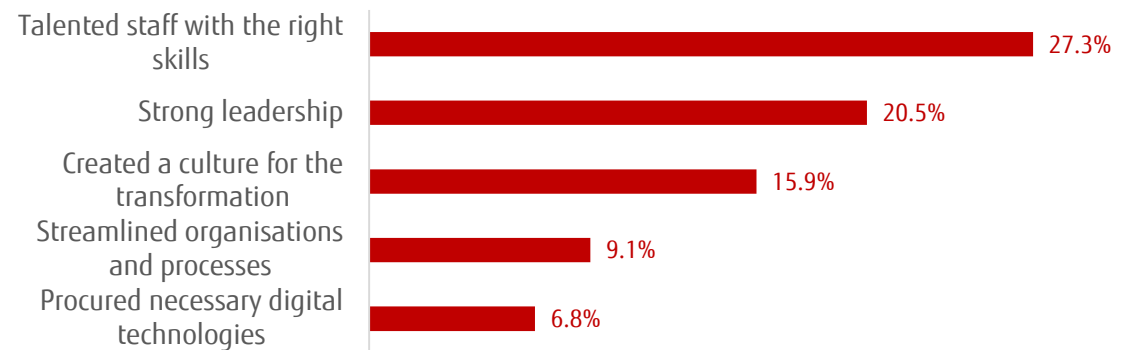| Outcome	UK	Global
Strengthened relationship with customers	50.0%	44.4%
Increased revenue	46.1%	46.1%
Strengthened competitiveness of products	31.6%	36.3%
Improved efficiency, or reduced cost	27.6%	34.9%
Transformed business models or processes	25.0%	29.8%
Improved employee satisfaction	18.4%	22.5%

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 strong leadership.

The survey asked UK business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is talented staff with the right skills, mentioned as the most important factor by over a quarter (27.3%) of respondents. Next came strong leadership (20.5%), the creation of a culture for transformation (15.9%), streamlined organisations and processes (9.1%), and procured necessary technology (6.8%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was lack of talented staff with the right skills (21.6%). Other inhibitors were lack of agility in the organisation (13.4%), fear of change or internal resistance (12.4%), lack of leadership (10.3%) and the absence of a technology partner (9.3%).

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Which factors were key in delivering digital transformation outcomes?

Factor	Percentage
Talented staff with the right skills	27.3%
Strong leadership	20.5%
Created a culture for the transformation	15.9%
Streamlined organisations and processes	9.1%
Procured necessary digital technologies	6.8%

Which factors hindered the progress of digital transformation?

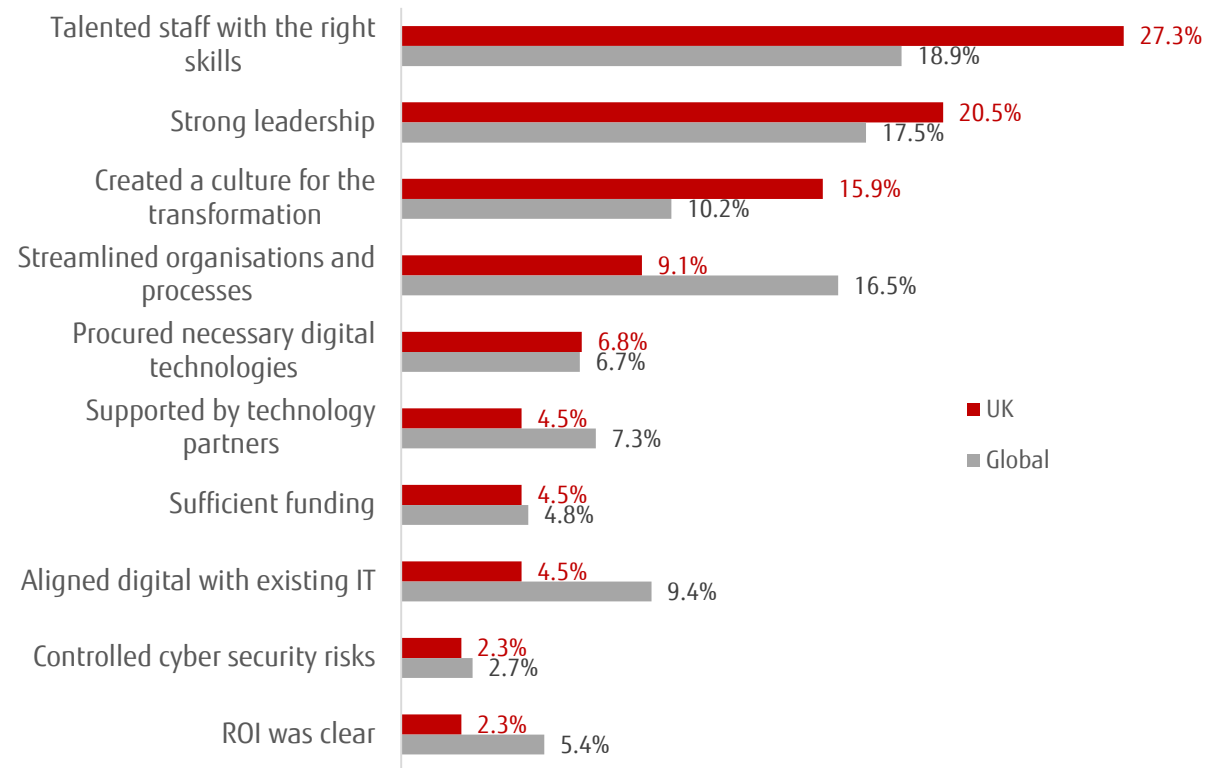| Factor	Percentage
Lack of talented staff with the right skills	21.6%
Lack of agility in the organisation	13.4%
Fear of change or internal resistance	12.4%
Lack of leadership	10.3%
No technology partner	9.3%
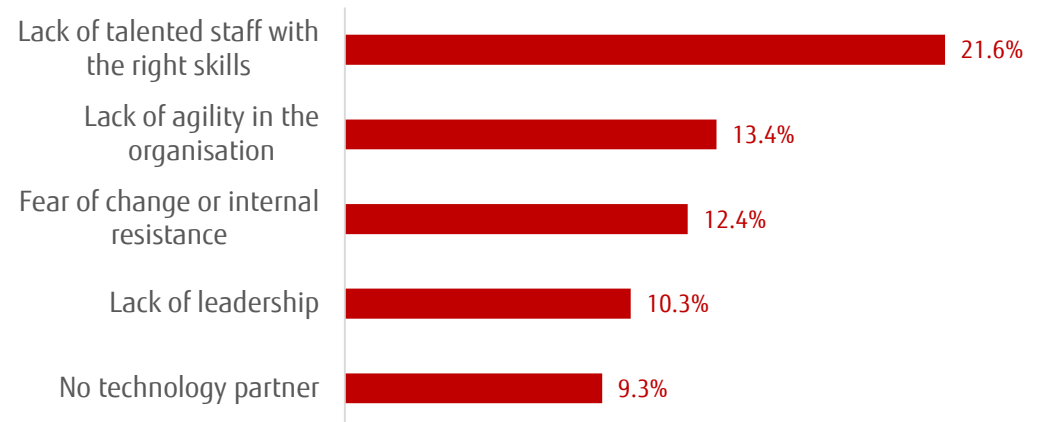
What are the key success factors in digital transformations? (UK vs global)

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

There are many disparities between the importance of factors in the UK vs globally. Talented staff with the right skills is more important in the UK, mentioned by 27.3% of respondents (vs 18.9% globally). This is also the case for strong leadership (20.5% vs 17.5%) and a culture for the transformation (15.9% vs 10.2%).

Streamlined organisations and processes (9.1% vs 16.5%), support by technology partners (4.5% vs 7.4%) and aligning digital with existing IT (4.5% vs 7.3%) were more important globally than in the UK.

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

Factor	UK	Global
Talented staff with the right skills	27.3%	18.9%
Strong leadership	20.5%	17.5%
Created a culture for the transformation	15.9%	10.2%
Streamlined organisations and processes	9.1%	16.5%
Procured necessary digital technologies	6.8%	6.7%
Supported by technology partners	4.5%	7.3%
Sufficient funding	4.5%	4.8%
Aligned digital with existing IT	4.5%	9.4%
Controlled cyber security risks	2.3%	2.7%
ROI was clear	2.3%	5.4%

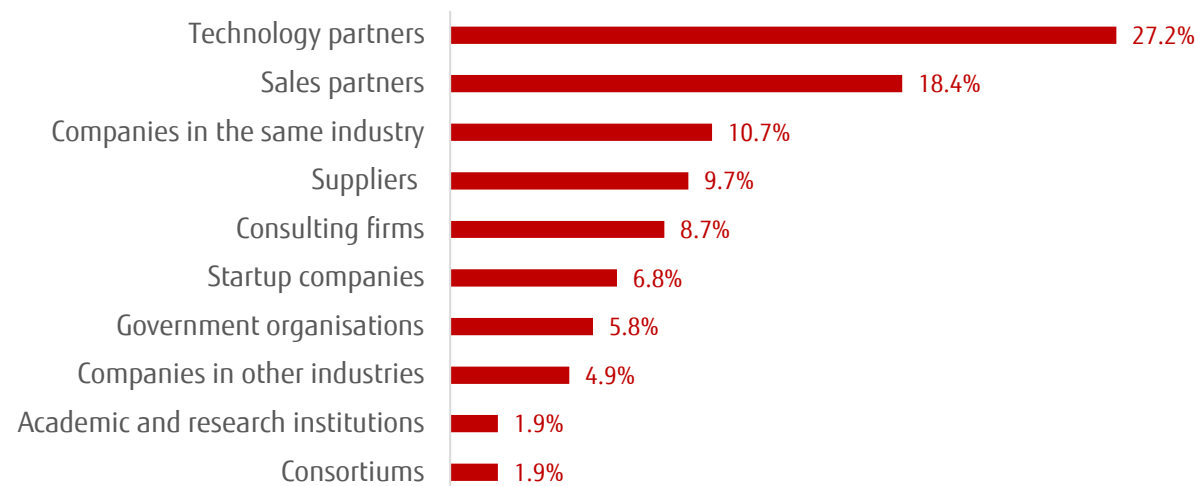# How important is a strong technology partner for digital transformation?

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

Most highly rated were technology partners, ranked as most important by 27.2% of UK respondents. Other important partners were sales partners (18.4%), companies in the same industry (10.7%), suppliers (9.7%) and consulting firms (8.7%).

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 21.4% of respondents.

Other important attributes were technological capability (19.4%), an understanding of the organisation's business (18.4%), and trust for collaboration (11.7%).

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Which partners are important to collaborate with for digital transformation?

Partner	%
Technology partners	27.2%
Sales partners	18.4%
Companies in the same industry	10.7%
Suppliers	9.7%
Consulting firms	8.7%
Startup companies	6.8%
Government organisations	5.8%
Companies in other industries	4.9%
Academic and research institutions	1.9%
Consortiums	1.9%

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

Attribute	%
Alignment with your vision and strategy	21.4%
Technological capability	19.4%
Understanding of your business	18.4%
Trust for collaboration	11.7%
Speed of response and implementation	11.7%
Quality of products or services	7.8%
Consulting capability	5.8%
Experience and track record	1.9%

Which partners are important?
(UK vs global)

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

Technology partners are almost equally important in the UK as they are globally, mentioned by 27.2% of UK respondents vs 29.0% globally. Sales partners (18.4% vs 11.6%) and companies in the same industry (10.7% vs 8.9%) were mentioned more often by UK respondents.

Suppliers (9.7% vs 14.9%), consulting firms (8.7% vs 9.3%) and academic institutions (1.9% vs 4.0%) were more important globally than in the UK.

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

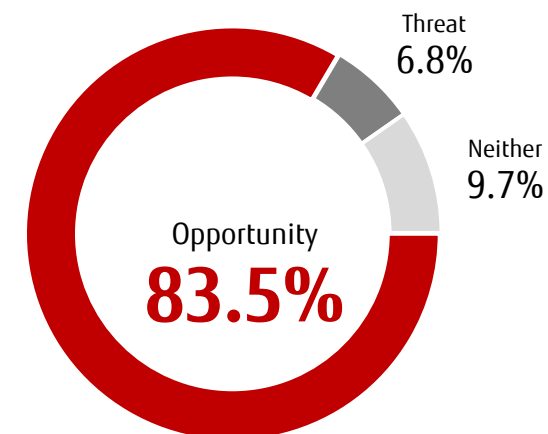| Partner	UK	Global
Technology partners	27.2%	29.0%
Sales partners	18.4%	11.6%
Companies in the same industry	10.7%	8.9%
Suppliers	9.7%	14.9%
Consulting firms	8.7%	9.3%
Startup companies	6.8%	6.1%
Government organisations	5.8%	5.6%
Companies in other industries	4.9%	4.3%
Academic and research institutions	1.9%	4.0%
Consortiums	1.9%	2.2%

What is the potential of Artificial Intelligence?

The survey asked UK business leaders three questions about perceptions of artificial intelligence (AI).
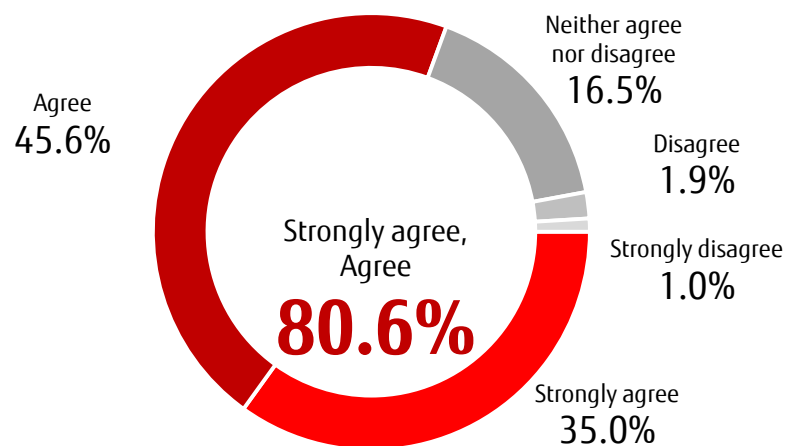
83.5% see AI as an opportunity, with just 6.8% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (35.0%) or agree (45.6%) that AI will enhance people's capabilities in future, but they also believe that AI will be used for work currently performed by people (22.3% strongly agree, 45.6% agree).
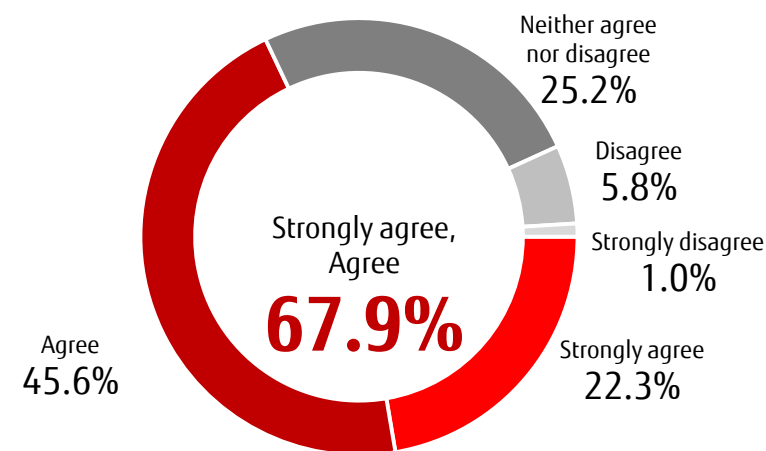
Is AI an opportunity or a threat?

Threat
6.8%

Neither
9.7%

Opportunity
83.5%

Will AI enhance people's capabilities in the future?

Neither agree
nor disagree
16.5%

Agree
45.6%

Disagree
1.9%

Strongly agree,
Agree
80.6%

Strongly disagree
1.0%

Strongly agree
35.0%

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

Neither agree
nor disagree
25.2%

Disagree
5.8%

Strongly agree,
Agree
67.9%

Strongly disagree
1.0%

Agree
45.6%

Strongly agree
22.3%

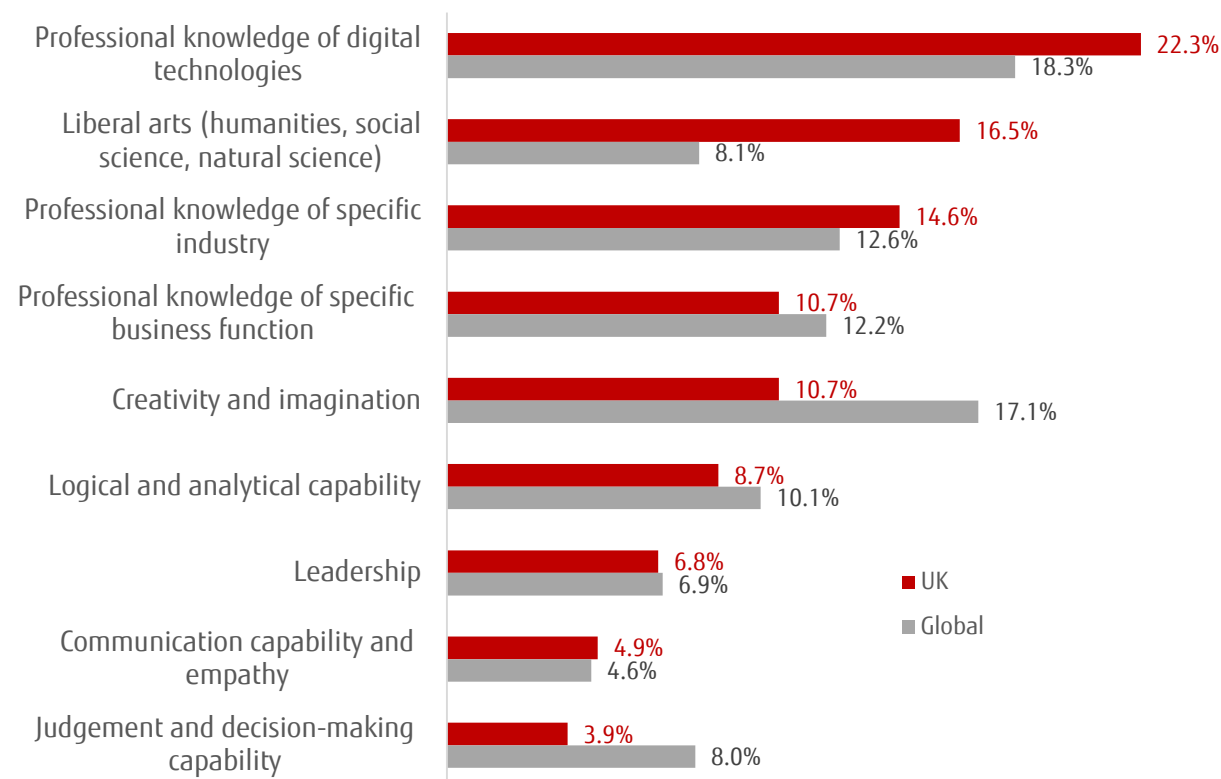# What are the key skills and capabilities required in the digital era? (UK vs global)

UK business leaders believe that a professional knowledge of digital technology is the most important capability needed in the digital era (22.3% of responses).

Other important capabilities are the liberal arts (16.5%), professional knowledge of specific industries (14.6%), and professional knowledge of specific business functions (10.7%). Also mentioned were creativity and imagination (10.7%), and logical and analytical capabilities (8.7%).

The UK rankings of the most important capabilities needed in the digital era are different to global priorities. A professional knowledge of digital technologies (22.3% vs 18.3%) and the liberal arts (16.5% vs 8.1) are more important in the UK than they are globally. Creativity and imagination (10.7% vs 17.1%) and a professional knowledge of specific business functions (10.7% vs 12.2%) are more valued globally than they are in the UK.

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? (UK vs global)

Capability	UK	Global
Professional knowledge of digital technologies	22.3%	18.3%
Liberal arts (humanities, social science, natural science)	16.5%	8.1%
Professional knowledge of specific industry	14.6%	12.6%
Professional knowledge of specific business function	10.7%	12.2%
Creativity and imagination	10.7%	17.1%
Logical and analytical capability	8.7%	10.1%
Leadership	6.8%	6.9%
Communication capability and empathy	4.9%	4.6%
Judgement and decision-making capability	3.9%	8.0%

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 the United Kingdom. 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: China (103), Indonesia (52), Japan (309), Republic of Korea (55), Singapore (103), Thailand (52)

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