

Global Digital Transformation Survey Report

GERMANY



Digital Transformation Delivering Business Outcomes

shaping tomorrow with you



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Introduction: Germany

This report contains analysis of the German 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 Germany.

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

- Workstyle transformation is the top functional area for digital transformation in German organizations, with 35.0% of organizations 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 increased revenue with 47.9% of German respondents reporting this as the most positive outcome. Many organizations also report a stronger relationship with customers (44.8%) and improved efficiency and reduced cost (40.6%).
- Key factors in delivering digital transformation are strong leadership and streamlined organizations and processes, each reported by 22.8% of respondents, and talented staff with the right skills (21.1%) and aligning digital with IT (12.3%). The biggest inhibitors are a lack of agility in the organization (20.6%) and fear of change or internal resistance (15.5%).
- More than a third (35.9%) of German 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 19.4% of respondents), and a thorough understanding of your business (17.5%).
- Almost three-quarters of respondents (72.8%) believe that artificial intelligence (AI) represents an opportunity, rather than a threat. Even more (77.7%) believe that AI will enhance people's capabilities in the future, but 48.6% believe that jobs may be displaced.
- German business leaders believe that creativity and imagination is the most important capability needed in the digital era (reported by 15.5% of respondents). But they also believe that professional knowledge of digital technologies (14.6%) and logical and analytical capability (12.6%) are important, indicating a strong perception that a balance of skills is needed to drive digital transformation.

What is the focus of digital transformation?

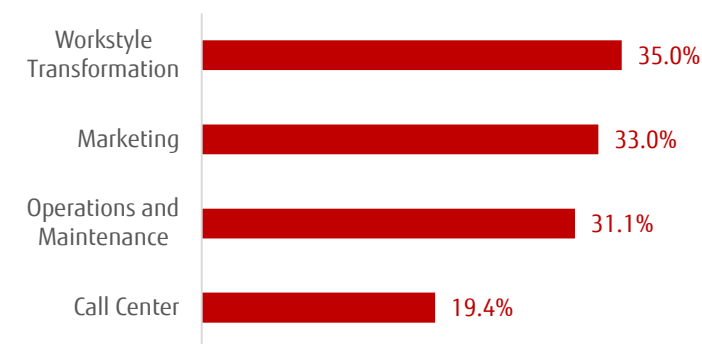
Digital transformation is undertaken in many functional areas. The survey asked German business leaders about the extent to which it has been implemented in four key business infrastructure areas common to most organizations, across all industry sectors. These are marketing, work style transformation,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

Of these functions, digital transformation is most likely to take place in workstyle transformation– projects are underway or have been implemented in 35.0% of organizations in Germany. Marketing (33.0%) and operations and maintenance (31.1%) and call centers (19.4%) 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).

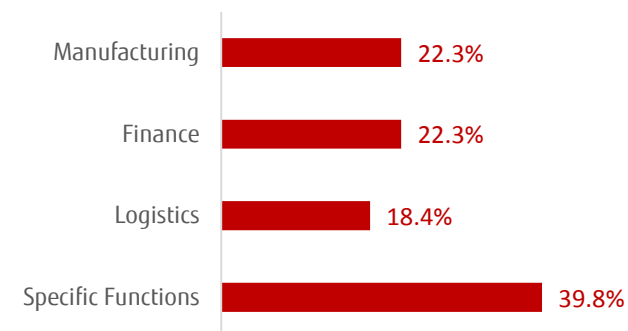
The survey also asked about the status of digital transformation in a range of specific functional areas: logistics, finance, manufacturing. These need not be undertaken in these industries – e.g., a finance digital transformation project could take place in most industry sectors.

22.3% of respondents have implemented or are implementing digital transformation process in manufacturing and finance, followed by logistics (18.4%). More than a third (39.8%) have implemented other digital transformation projects, in a range of specific functional areas.

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



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



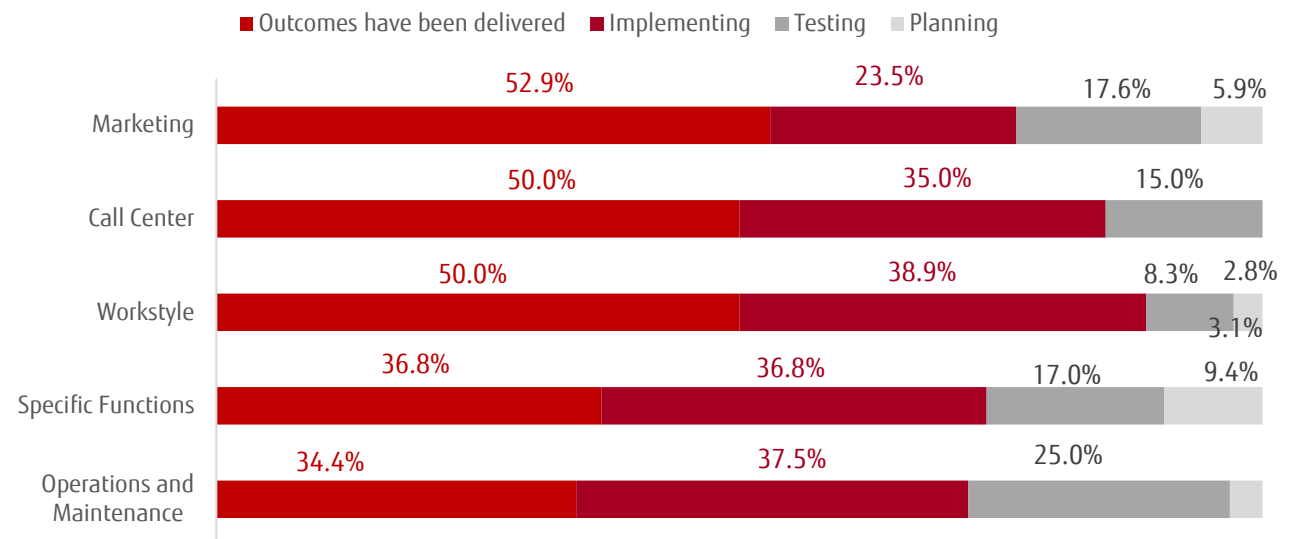
How advanced are organisations on their digital journey?

The highest level of delivered digital transformation outcomes in Germany is in marketing (52.9%), followed by call center and workstyle (50.0%) and specific functional areas (37.5%).

Operations and maintenance are the least likely to have delivered outcomes (34.4%) but are most likely to be in the testing (25.0%) phase. Industry-specific applications are the most likely to be in the planning phase (9.6%).

The results indicate that digital transformation are advanced amongst German 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.

Which best describes the progress of the digital transformation?



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

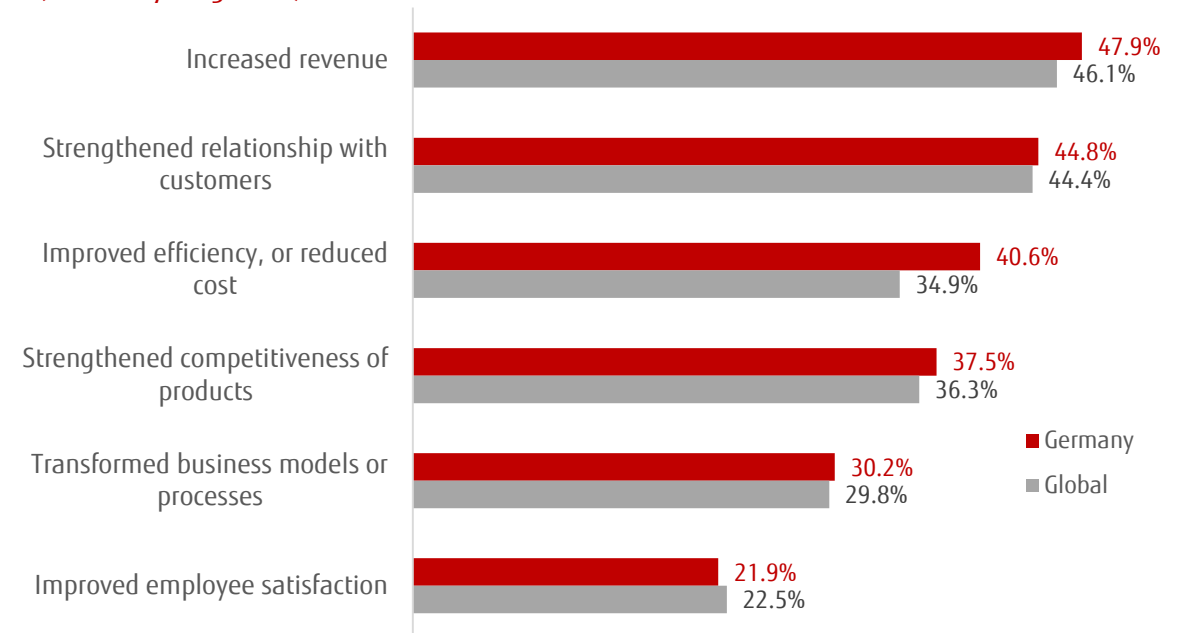
The survey asked German business leaders what kind of outcomes have been delivered through their digital transformation projects. Almost half (47.9%) say that the greatest benefit of digital transformation has been increased revenue.

44.8% of respondents say it has strengthened relationship with customers and 40.6% mentioned improved efficiency or reduced cost. This was followed by strengthened competitiveness of products (37.5%), the transformation of business models or processes (30.2%) and improved employee satisfaction (21.9%).

A comparison of the German results with those from the global survey shows that German results are very similar. One minor difference is that In Germany, improved efficiency and reduced cost was more frequently reported as an outcome than globally (40.6% 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? (Germany vs global)



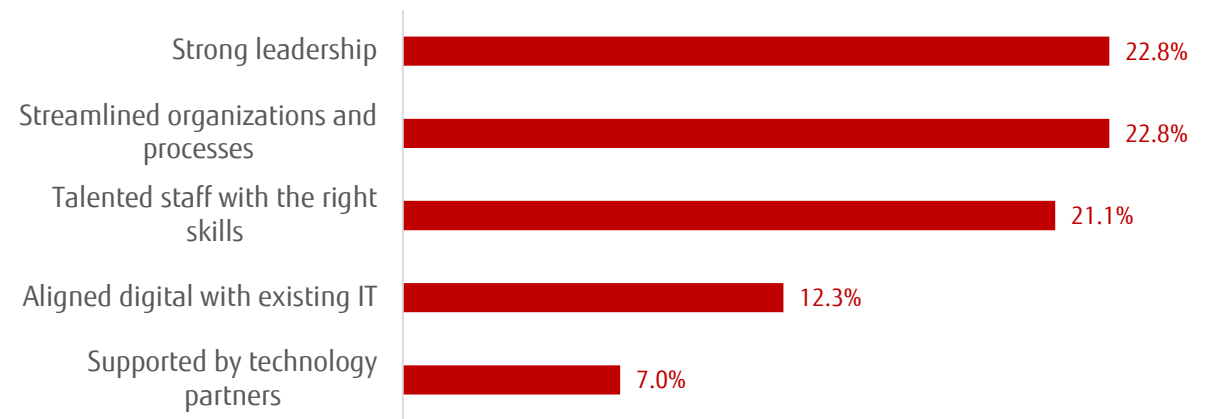
What are the key success factors and inhibitors in digital transformation?

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

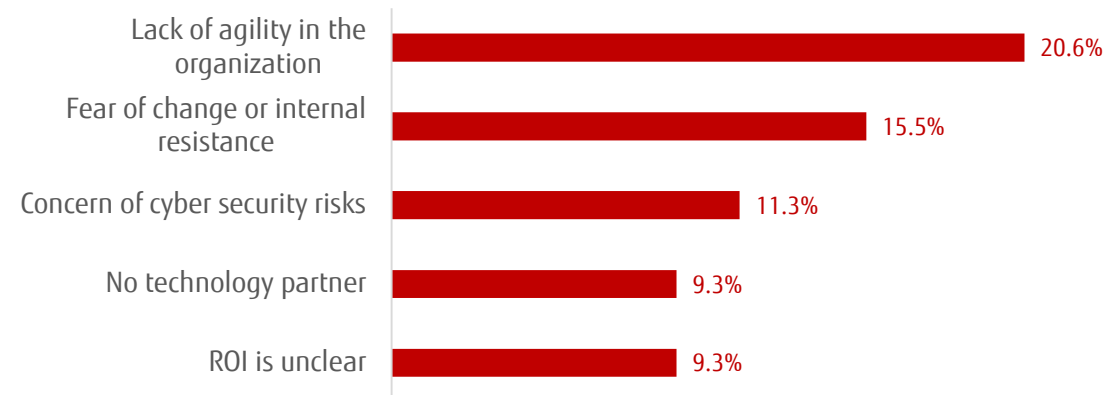
The survey asked German business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is having strong leadership and streamlined organizations and processes, each mentioned by 22.8% of respondents. Next came talented staff with the right skills (21.1%), aligned digital with existing IT (12.3%) and support by technology partners (7.0%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was a lack of agility in the organization (20.6%), Other inhibitors were a fear of change or internal resistance (15.5%), a concern of cyber security risks (11.3%), no technology partners (9.3%) and an unclear ROI (9.3%).

Which factors were key in delivering digital transformation outcomes?



Which factors hindered the progress of digital transformation?



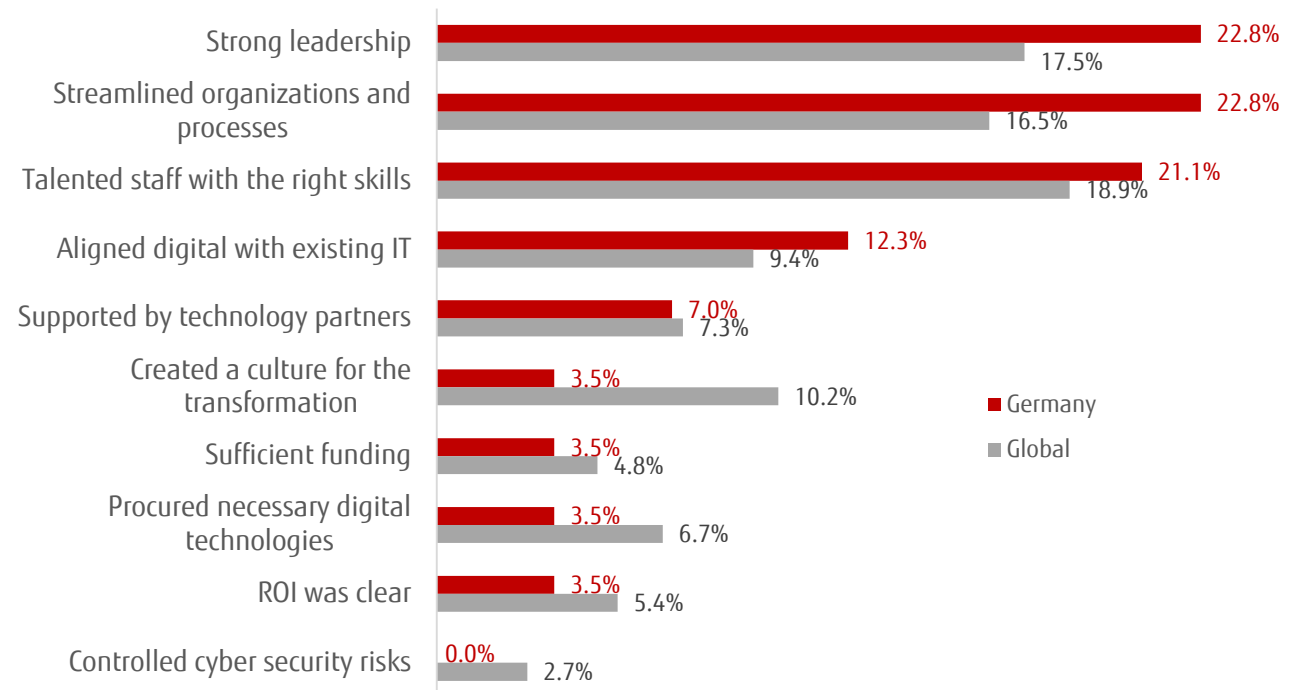
What are the key success factors in digital transformations? (Germany vs global)

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

For the most part, the ranking of the different factors in Germany is similar to the global rankings. An important difference is that strong leadership is much more important in Germany than globally (22.8% vs 17.5%), as are streamlined organizations and processes (22.8% vs 16.5%).

Interestingly, a culture for transformation is much less important in Germany mentioned by 3.5% vs 10.2% globally.

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



How important is a strong technology partner for digital transformation?

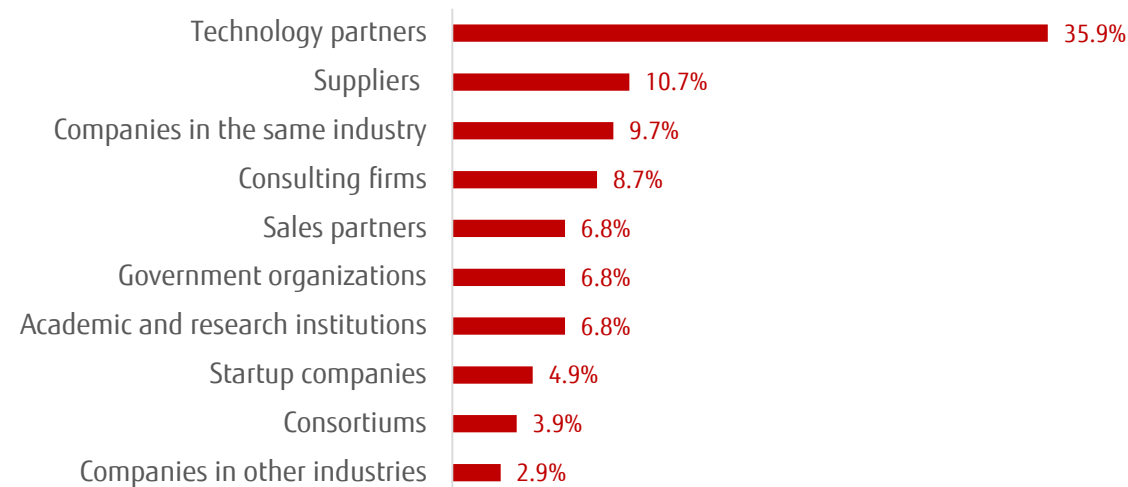
Success in digital transformation requires cooperation with external technology partners. Business leaders in Germany were asked which types of partners were most important.

Most highly rated were technology partners, ranked as most important by 35.9% of respondents. Other important partners were suppliers (10.7%), companies in the same industry (9.7%) and consulting firms (8.7%).

Respondents were also asked about what they expect from a technology partner. The most important attribute is technological capability, mentioned by 19.4%. This was followed by an understanding of the organization's business (17.5%).

Other important attributes were consulting capability (14.6%), alignment with an organization's vision and strategy (12.6%) and high quality of products and services (12.6%).

Which partners are important to collaborate with for digital transformation?



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



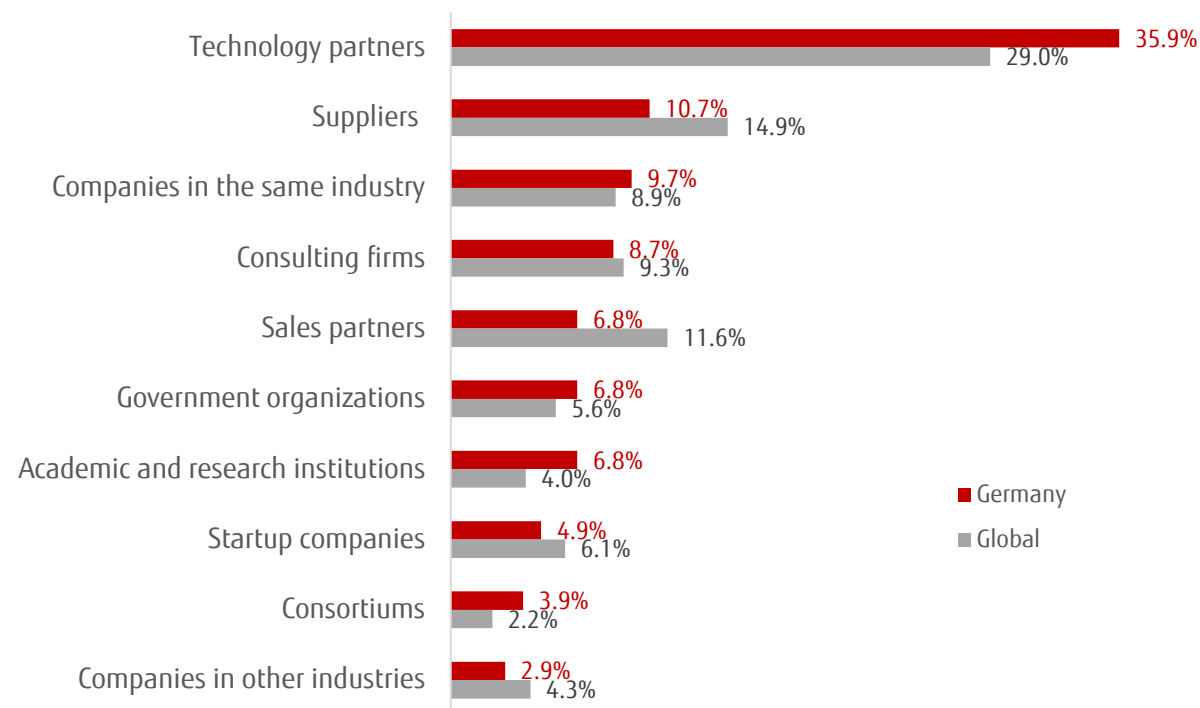
Which partners are important? (Germany vs global)

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

Technology partners are ranked most important in Germany and globally, but German respondents value them even more (mentioned by 35.9% of German respondents vs 29.0% globally).

Companies in the same industry (9.7% vs 8.9%) and academic and research institutions (6.8% vs 4.0%) were mentioned by more German respondents., and suppliers (10.7% vs 14.9%) and sales partners (6.8% vs 11.6%) were mentioned less by German respondents.

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



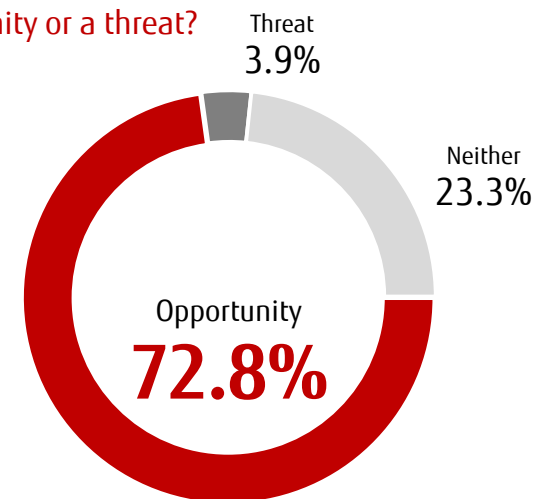
What is the potential of Artificial Intelligence?

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

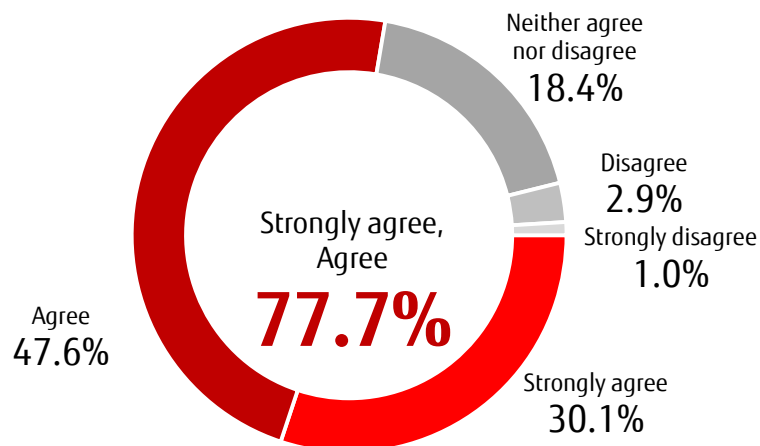
Of the respondents surveyed, 72.8% see AI as an opportunity, with just 3.9% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (30.1%) or agree (47.6%) that AI will enhance people's capabilities in future, but they also believe that AI will be used for work currently performed by people (17.5% strongly agree, 31.1% agree).

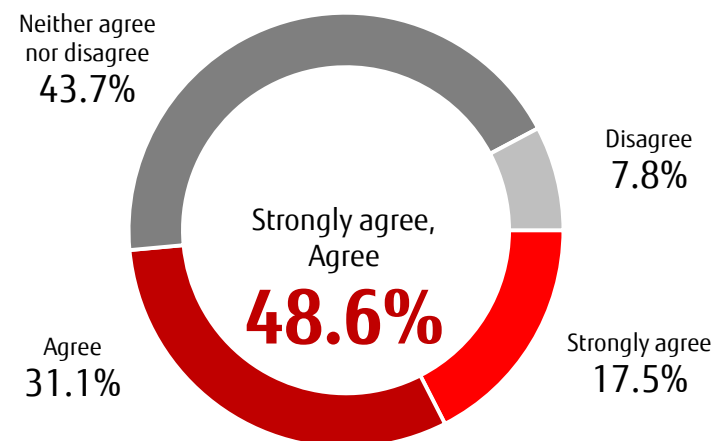
Is AI an opportunity or a threat?



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? (Germany vs global)

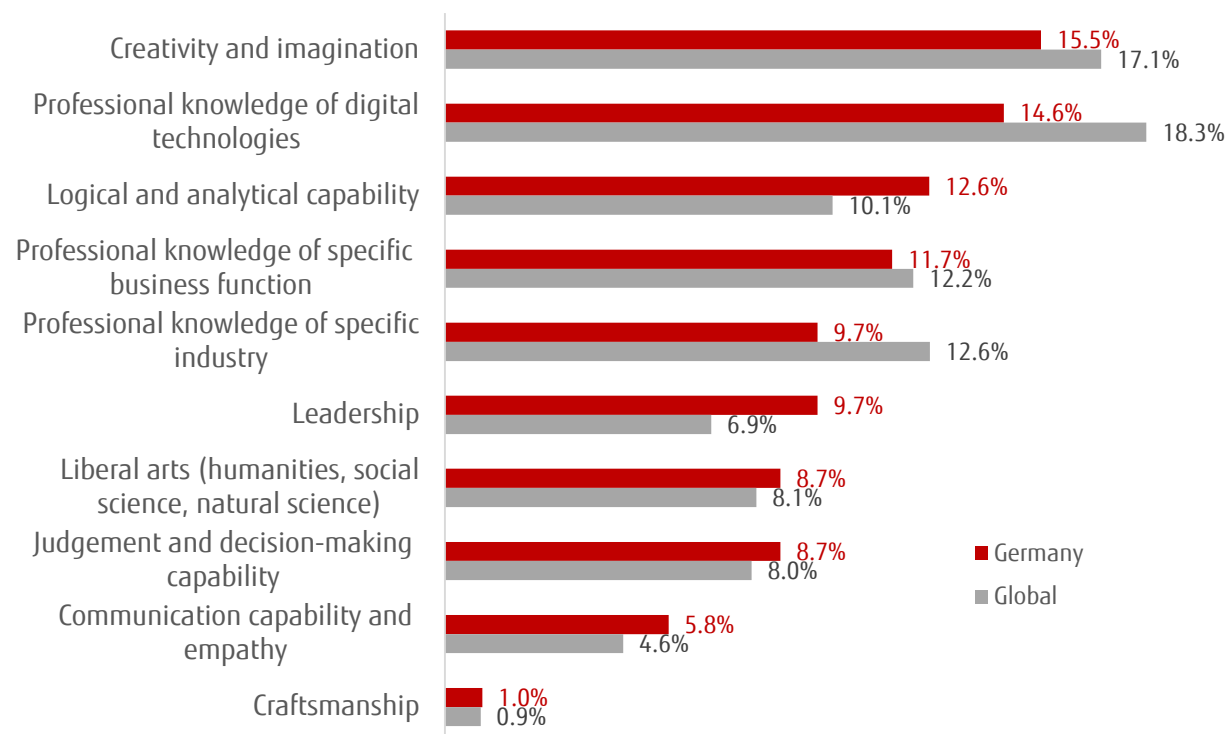
Business leaders in Germany believe that creativity and imagination is the most important capability needed in the digital era (15.5% of responses).

Other important capabilities are a professional knowledge of digital technologies (14.6%), logical and analytical capability (12.6%) and professional knowledge of specific business function (11.7%). Also mentioned was professional knowledge of specific industry and leadership, each mentioned by 9.7% of respondents.

The rankings are mostly similar in Germany as they are globally, except that creativity and imagination is less regarded in Germany vs globally (15.5% vs 17.1%). This is also the case with a professional knowledge of digital technologies (14.6% vs 18.3%). Logical and analytical capability is more important in Germany than globally (12.6% vs 10.1%).

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?



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 Germany. Other countries surveyed for the global report were:

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

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

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