

Global Digital Transformation Survey Report

Industry Report:
IT and COMMUNICATIONS



Digital Transformation Delivering Business Outcomes

shaping tomorrow with you



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Introduction: Digital transformation in IT and communications

This report contains analysis of the IT and communications industry 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 195 responses from the IT and communications industries.

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 organizations in the IT and communication industry, with 51.3% of organizations reporting projects in that area.
- The most positive outcome of digital transformation is increased revenue, with almost half (47.6%) of respondents reporting this as the most positive outcome. Many organizations also report increased strengthened relationship with customers (41.3%) and strengthened competitiveness of products (28.7%).
- Key factors in delivering digital transformation are talented staff with the right skills (24.7%), streamlined organizations and processes (21.2%) and strong leadership (15.3%).
- Almost a third (31.3%) of IT and communications leaders say it is important to have a strong technology partner to achieve digital transformation. They believe these technology partners need to have strong technological capability (22.6%) and an alignment with the organization's vision and strategy (20.0%).
- Most respondents believe that artificial intelligence (AI) represents an opportunity (84.1%), rather than a threat (just 6.2%). More respondents (85.1%) believe that AI will enhance people's capabilities in the future, but 73.3% believe that jobs may be displaced.
- Business leaders in the IT and communications industry believe that professional knowledge of digital technologies is the most important capability needed in the digital era. It was rated the most important capability by 21.5% of respondents. This was followed by a professional knowledge of specific business functions digital technologies and creativity and imagination (both 15.4%).

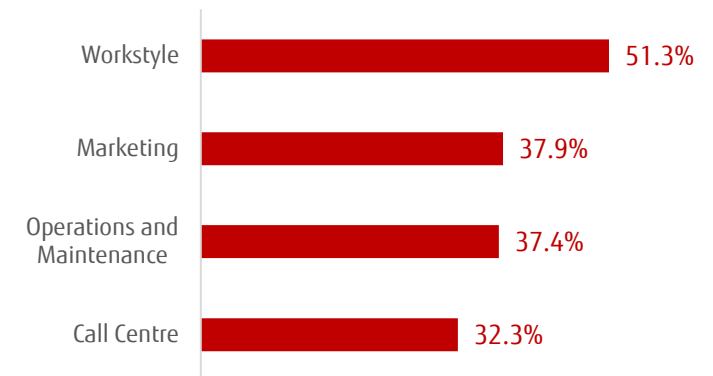
What is the focus of digital transformation?

Digital transformation is undertaken in many functional areas. The survey asked IT and communications industry business leaders about the extent to which digital transformation has been implemented in four key cross functional business infrastructure areas common to most organizations: marketing, work style transformation, operations and maintenance, and call centers.

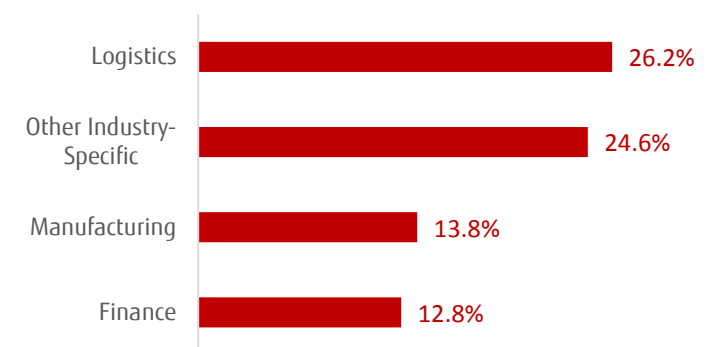
Of these functions, digital transformation is the most likely to take place in workstyle transformation, reported by 51.3% of respondents. Marketing (37.9%), operations and maintenance (37.4%) and call centers (32.3%) are also areas in which a significant amount of digital transformation is taking place.

The survey also asked about the status of digital transformation in more specific functions: logistics, finance, manufacturing, and others specific to the IT and communications industry. More than a quarter (26.2%) of companies in the IT and communications industry have implemented or are implementing digital transformation process in logistics. This was followed by 24.6% who reported other industry-specific transformations. Also mentioned were manufacturing (13.8%) and finance (12.8%).

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?

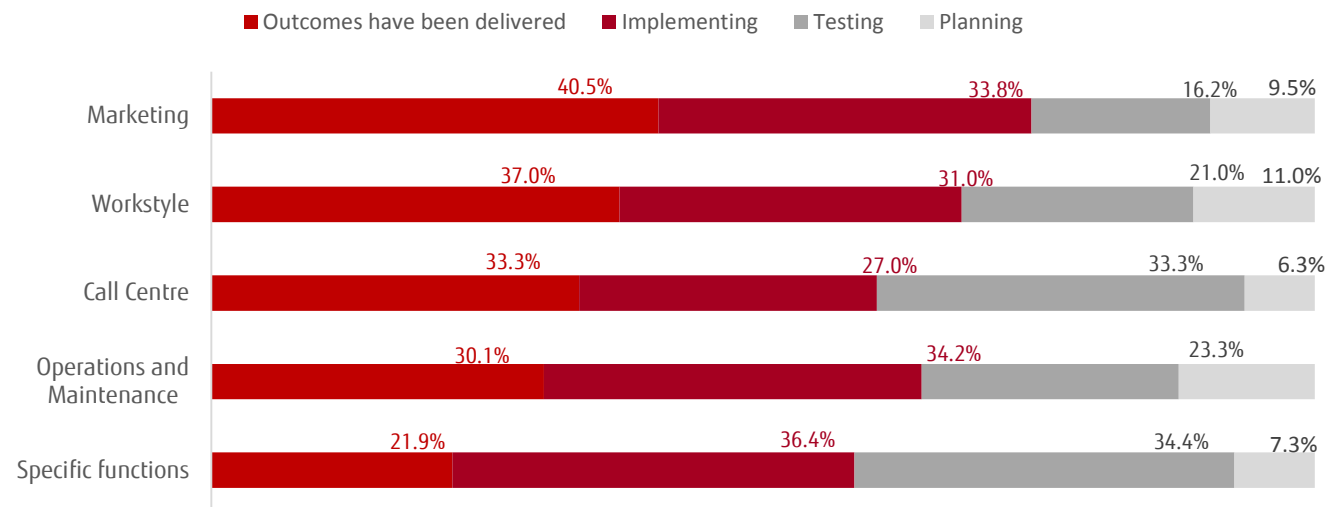
The highest level of delivered digital transformation outcomes in the IT and communications industry is in marketing (40.5%), workstyle (37.0%) and call center (33.3%).

Nearly one third (30.1%) of operations and maintenance projects have been delivered, and 21.9% of industry-specific projects.

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

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

Which best describes the progress of the digital transformation?



What are the benefits of digital transformation?

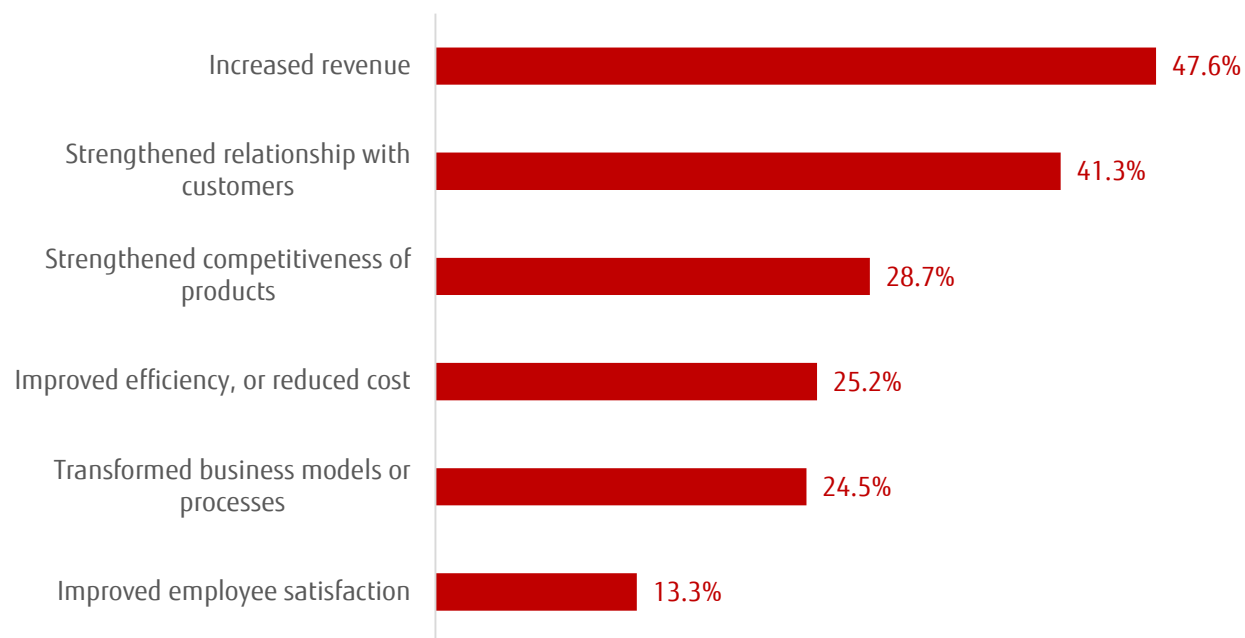
The survey asked IT and communications industry business leaders what kind of outcomes have been delivered through their digital transformation projects. Almost half (47.6%) say that the greatest benefit of digital transformation has been increased revenue.

41.3% say it has strengthened relationship with customers and 28.7% say that it has strengthened the competitiveness of products.

Other benefits are improved efficiency or reduced cost (25.2%), transformed business models or processes (24.5%) and improved employee satisfaction (13.3%).

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

Which outcomes has digital transformation delivered to your organization?



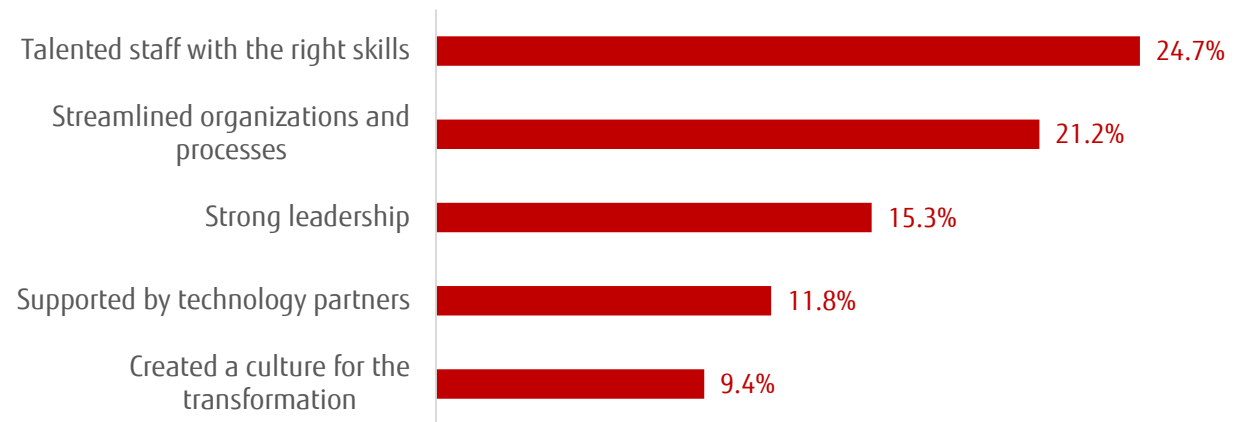
What are the key success factors and inhibitors in digital transformation?

Digital transformation is not just about introducing new technologies. In order to deliver successful outcomes, organizations need streamlined processes, talented staff and the right culture.

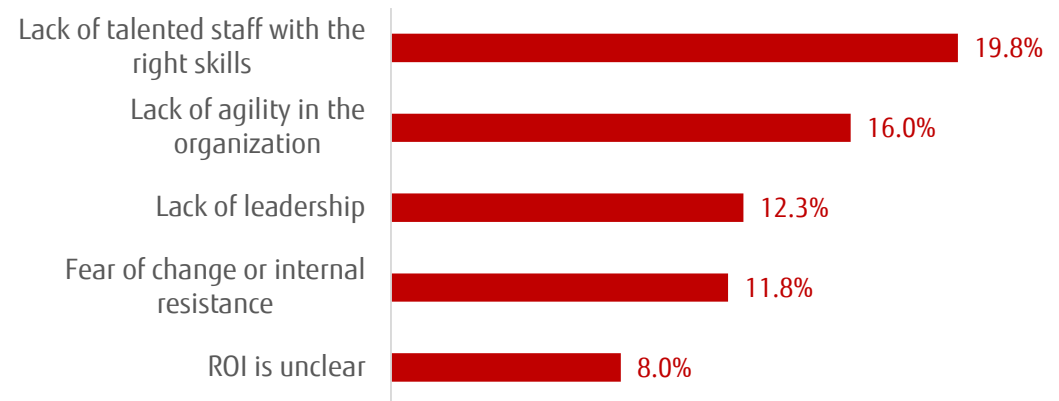
The survey asked IT and communications industry business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is talented staff with the right skills (24.7%), followed by streamlined organizations and processes (21.2%), strong leadership (15.3%), support by technology partners (11.8%) and the creation of a culture for the transformation (9.4%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was a lack of: talented staff with the right skills (19.8%), agility in the organization (16.0%) and leadership (12.3%). Fear of change or internal resistance (11.8%) and an unclear ROI (8.0%) were also mentioned.

Which factors were key in delivering digital transformation outcomes?



Which factors hindered the progress of digital transformation?



How important is a strong technology partner for digital transformation?

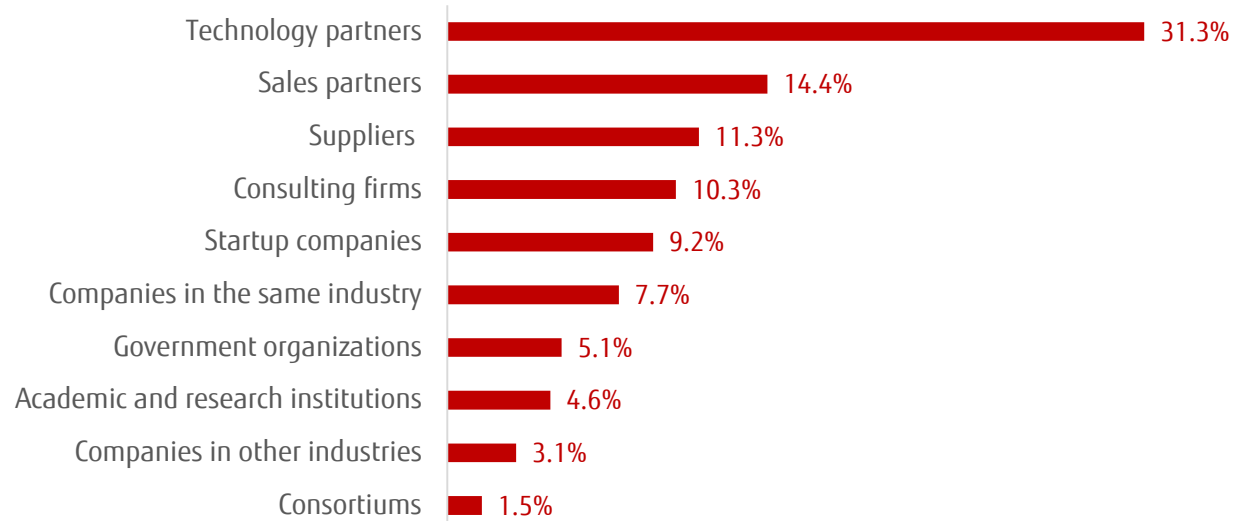
Success in digital transformation requires cooperation with external partners. Business leaders in the IT and communications industry were asked which types of partners were most important.

The most highly rated were technology partners, ranked as most important by nearly one third (31.3%) of respondents. Other important partners were sales partners (14.4%), suppliers (11.3%) and consulting firms (10.3%).

Respondents were also asked about what they expect from a technology partner. The most important attributes are technological capability (22.6%) and an alignment with the organization's vision and strategy (20.0%).

Trust for collaboration (16.9%) and a strong understanding of the organization's business (15.9%) were also mentioned

Which partners are important to collaborate with for digital transformation?



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



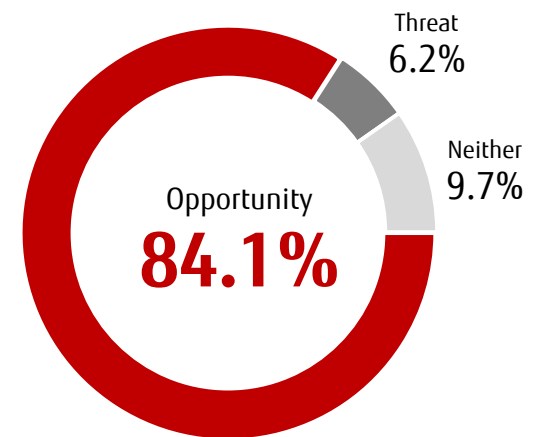
What is the potential of Artificial Intelligence?

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

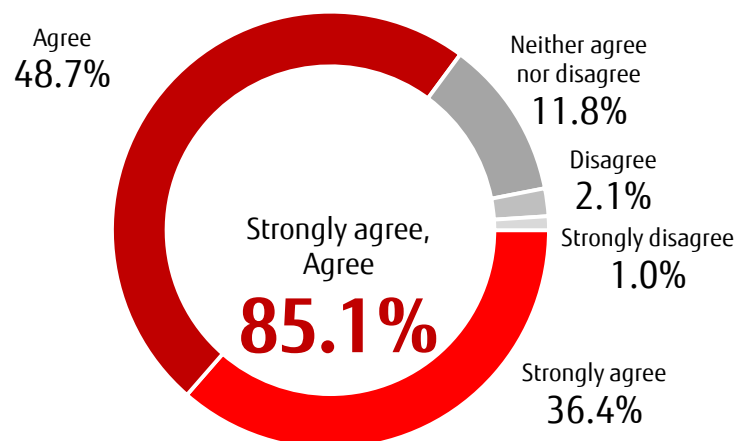
Of the respondents surveyed, 84.1% see AI as an opportunity, with just 6.2% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (36.4%) or agree (48.7%) that AI will enhance people's capabilities in future, but they also believe that AI will be used for work currently performed by people (25.1% strongly agree, 48.2% agree).

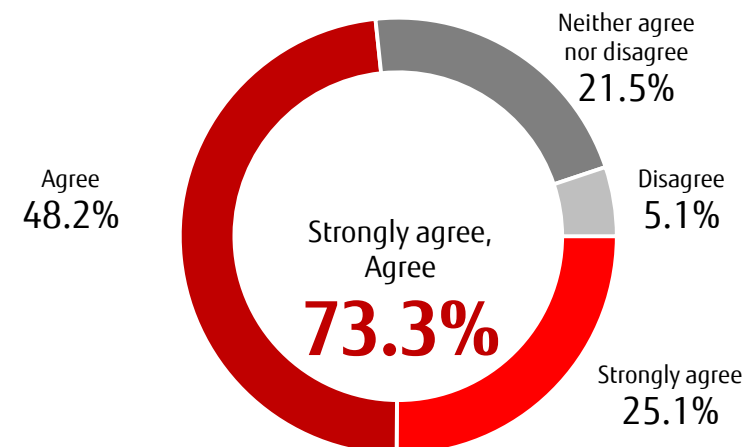
Is AI an opportunity or a threat?



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?

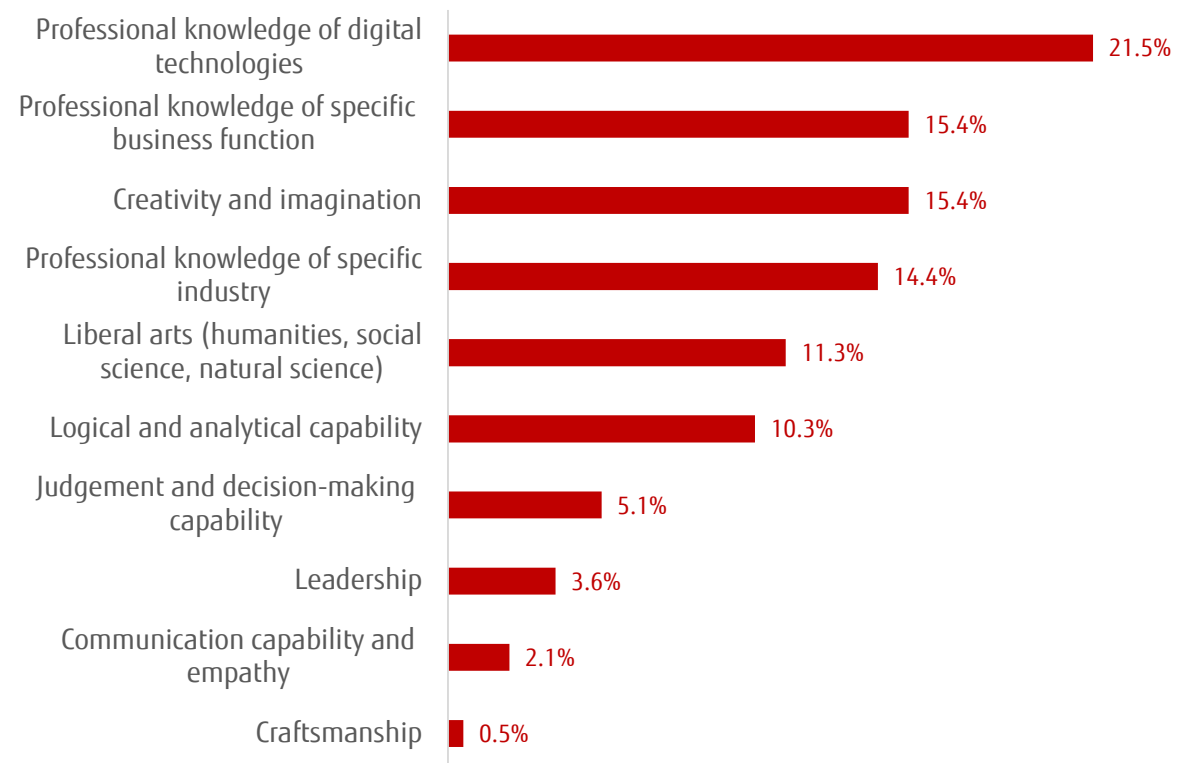
Business leaders in the IT and communications industry believe that a professional knowledge of digital technologies is the most important capability needed in the digital era. It was rated the most important capability by nearly one quarter (21.5%) of respondents.

Next most important is a professional knowledge of specific business functions (15.4%). Equally as important is creativity and imagination (15.4%).

Other important capabilities are knowledge of specific industry (14.4%) and the liberal arts (11.3%).

The range of capabilities mentioned indicates that while there is a heavy focus on professional knowledge, there is also 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

Sample composition and size:

The survey was of 1,614 business leaders in 15 countries, 9 of which were separately analyzed and across 18 industry sectors, 6 of which were separately analyzed.

Countries surveyed were:

- Americas: Canada (56)
- 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)
- Oceania: Australia (106)

Major industries surveyed were:

- Construction (113), Finance/Insurance (138), IT/Communications (195), Manufacturing (314), Medical/Health/Welfare (100) and Wholesale/Retail (137).

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A Note Concerning Future Projections, Forecasts and Plans

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