

Global Digital Transformation Survey Report

JAPAN



Digital Transformation Delivering Business Outcomes

shaping tomorrow with you



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Introduction: Japan

This report contains analysis of the Japanese 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 309 from Japan.

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 Japanese organizations, with 32.4% of organizations reporting projects in that area. Manufacturing, logistics and finance are the major areas of digital transformation in specific functional areas.
- The most positive outcome of digital transformation is strengthened relationship with customers with 48.3% of Japanese respondents reporting this as the most positive outcome. Many organizations also report increased revenue (42.7%) and improved efficiency and reduced cost (42.7%).
- Key factors in delivering digital transformation are streamlined organizations and processes, reported by 22.7% of respondents. This was followed by strong leadership (14.7%) and talented staff with the right skills (10.7%). The biggest inhibitors are a lack of talented staff with the right skills (25.1%) and a lack of leadership (13.3%).
- Almost a quarter (23.6%) of Japanese business leaders say it is important to have a strong technology partner to achieve digital transformation. The technology partners need to have a thorough understanding of the organization's business (18.1%) and strong technological capability (reported by 16.2% of respondents).
- Over half (60.8%) believe that artificial intelligence (AI) represents an opportunity, rather than a threat. Even more (73.8%) believe that AI will enhance people's capabilities in the future, but 72.2% believe that jobs may be displaced.
- Japanese business leaders believe that creativity and imagination is the most important capability needed in the digital era (reported by 26.5% of respondents). But they also believe that judgement and decision-making capability (11.7%) and communication capability and empathy (11.0%) are important, indicating a strong perception that a balance of skills is needed to drive digital transformation.

What is the focus of digital transformation?

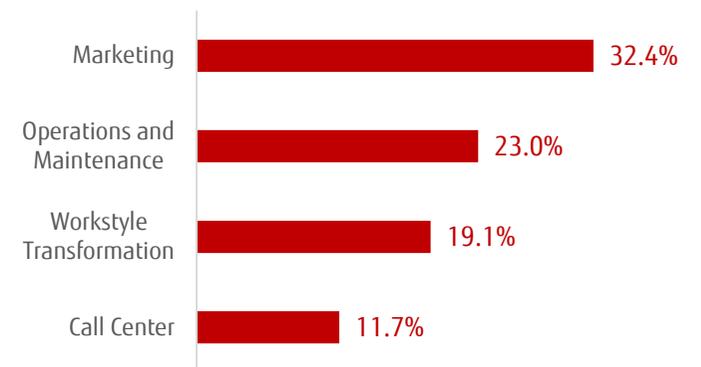
Digital transformation is undertaken in many functional areas. The survey asked Japanese business leaders about the extent to which it has been implemented in four key business infrastructure areas common to most organizations, across all industry sectors. These are marketing, work style transformation,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

Of these functions, digital transformation is most likely to take place in marketing– projects are underway or have been implemented in 32.4% of organizations in Japan. Operations and maintenance (23.0%) and workstyle transformation (19.1%) are also areas in which a significant amount of digital transformation is taking place.

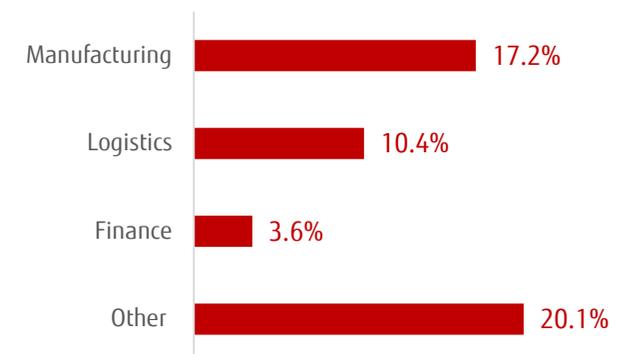
The survey also asked about the status of digital transformation in a range of industry specific functional areas: logistics, finance, manufacturing. These need not be undertaken in these industries – e.g., a finance digital transformation project could take place in most industry sectors.

17.2% of respondents have implemented or are implementing digital transformation process in manufacturing, followed by logistics (10.4%) and finance (3.6%). One fifth (20.1%) 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 function)



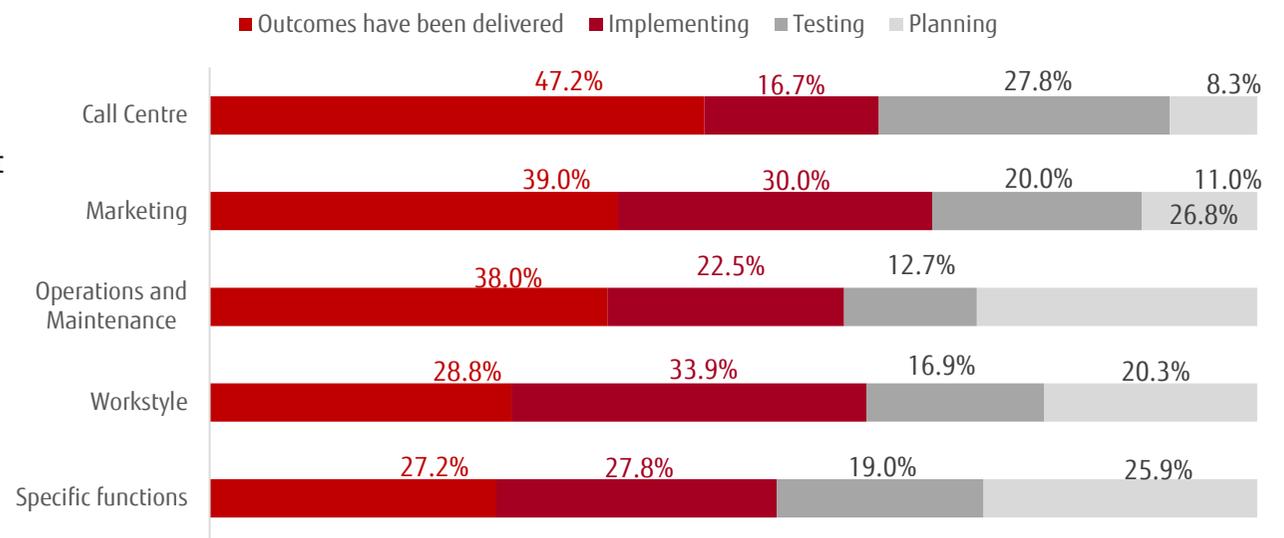
How advanced are organisations on their digital journey?

The highest level of delivered digital transformation outcomes in Japan is call center (47.2%), followed by marketing (39.0%) and operations and maintenance (38.0%) and workstyle (28.8%).

Specific functional transformation is the least likely to have delivered outcomes (27.4%). Marketing is the most likely to be in the testing phase (20.0%) and operations and maintenance is most likely to be in the planning phase (26.8%).

The results indicate that digital transformation are advanced amongst Japanese organizations. The great majority of projects are in the process of being implemented or have delivered on their outcomes. However, there are still a sizeable number of projects in the testing and planning phase.

Which best describes the progress of the digital transformation?



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

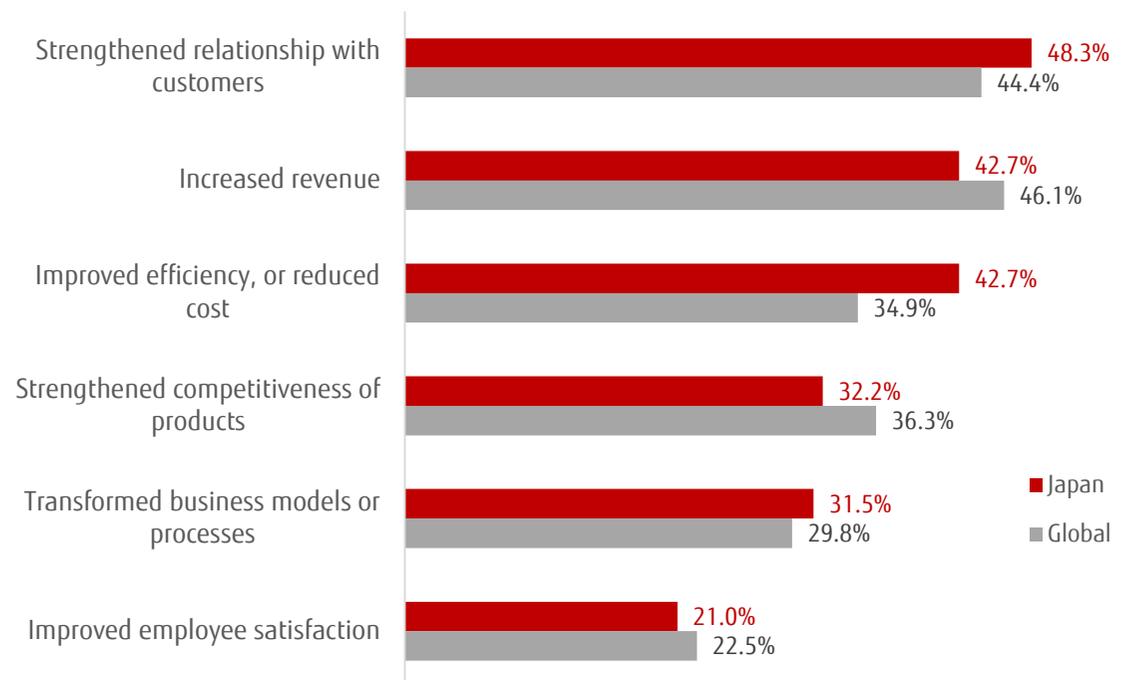
The survey asked Japanese business leaders what kind of outcomes have been delivered through their digital transformation projects. Almost half (48.3%) say that the greatest benefit of digital transformation has been a strengthened relationship with customers.

42.7% of respondents say it has increased revenue and improved efficiency and reduced cost. This was followed by strengthened competitiveness of products (32.2%), the transformation of business models or processes (31.5%) and improved employee satisfaction (21.0%).

A comparison of the Japanese findings with those from the global survey show similar results. Globally, increased revenue is more important than in Japan (42.7% vs 46.1%). This is also the case with strengthened competitiveness of products (32.2% vs 36.3%). A strengthened relationship with customers (48.3% vs 44.4%) and improved efficiency (42.7% vs 34.9%) are more important in Japan.

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? (Japan vs global)



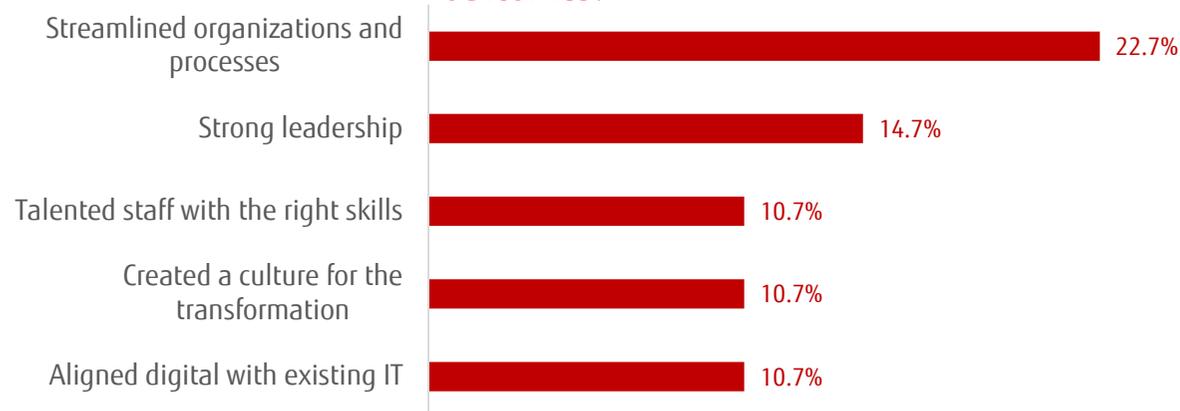
What are the key success factors and inhibitors in digital transformation?

Digital transformation is not just about introducing new technologies. In order to deliver successful outcomes, organizations need streamlined organizations and processes and strong leadership.

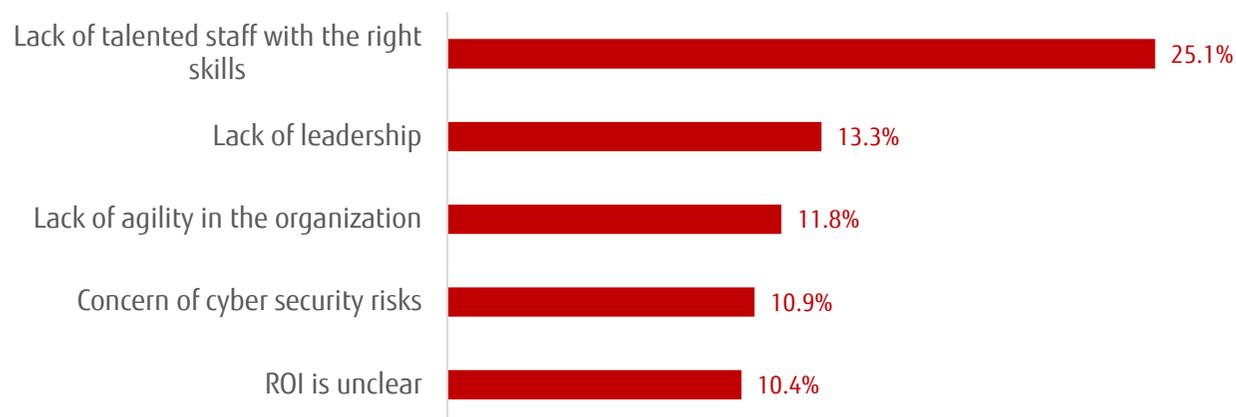
The survey asked Japanese business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is having streamlined organizations and processes (22.7%) and strong leadership (14.7%). Equally important were talented staff with the right skills (10.7%), a culture of transformation (10.7%) and aligned digital with existing IT (10.7%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was a lack of talented staff with the right skills (25.1%). Other inhibitors were lack of leadership (13.3%), lack of agility in the organization (11.8%), a concern of cyber security risks (10.9%) and unclear ROI (10.4%).

Which factors were key in delivering digital transformation outcomes?



Which factors hindered the progress of digital transformation?



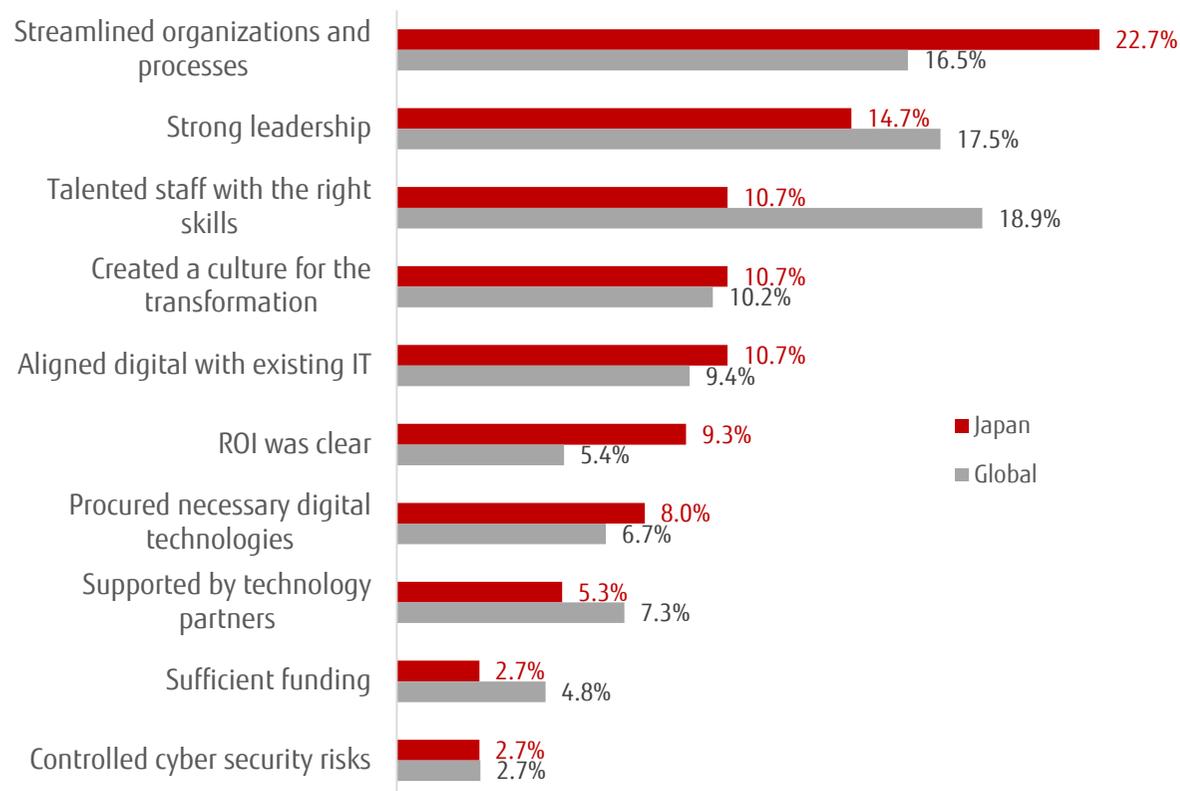
What are the key success factors in digital transformations? (Japan vs global)

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

The ranking of factors which are key in delivering digital transformation outcomes is quite different in Japan than globally. Talented staff with the right skills is more important globally than it is in Japan (10.7% vs 18.9%). This is also the case with strong leadership (14.7% vs 17.5%).

For Japanese business leaders, streamlined organizations and processes are more important (22.7% vs 16.5%), along with a clear ROI (9.3% vs 5.4%).

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



How important is a strong technology partner for digital transformation?

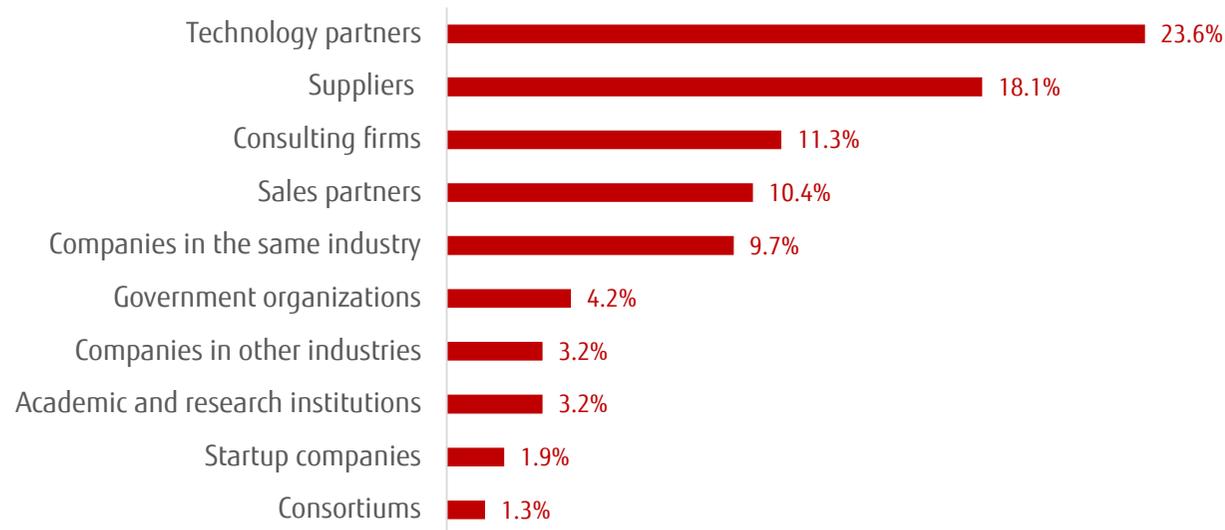
Success in digital transformation requires cooperation with external technology partners. Business leaders in Japan were asked which types of partners were most important.

Most highly rated were technology partners, ranked as most important by 23.6% of respondents. Other important partners were suppliers (18.1%), consulting firms (11.3%) and sales partners (10.4%).

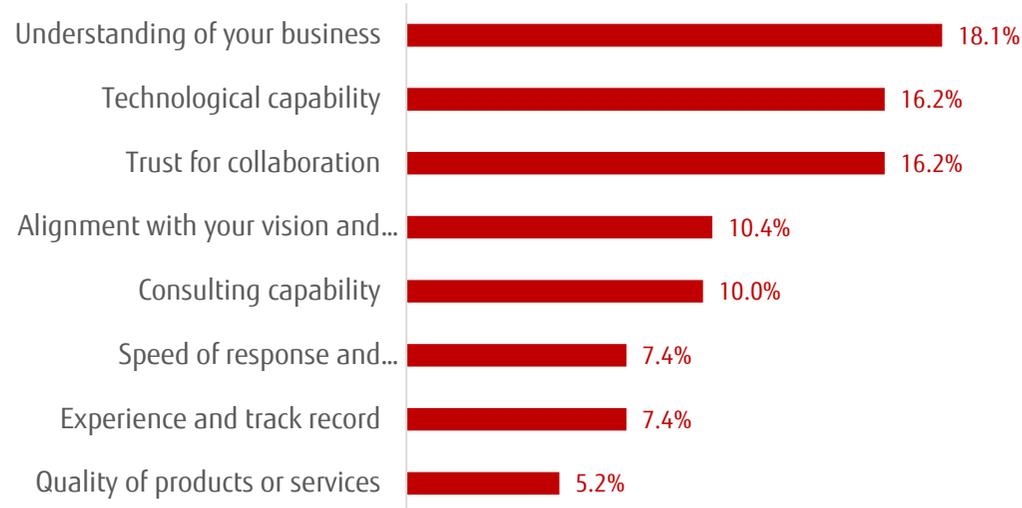
Respondents were also asked about what they expect from a technology partner. The most important attribute is an understanding of your business, mentioned by 18.1%. This was followed by strong technological capability (16.2%) and trust for collaboration (16.2%).

Other important attributes were an alignment with an organization's vision and strategy (10.4%) and consulting capability (10.0%).

Which partners are important to collaborate with for digital transformation?



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



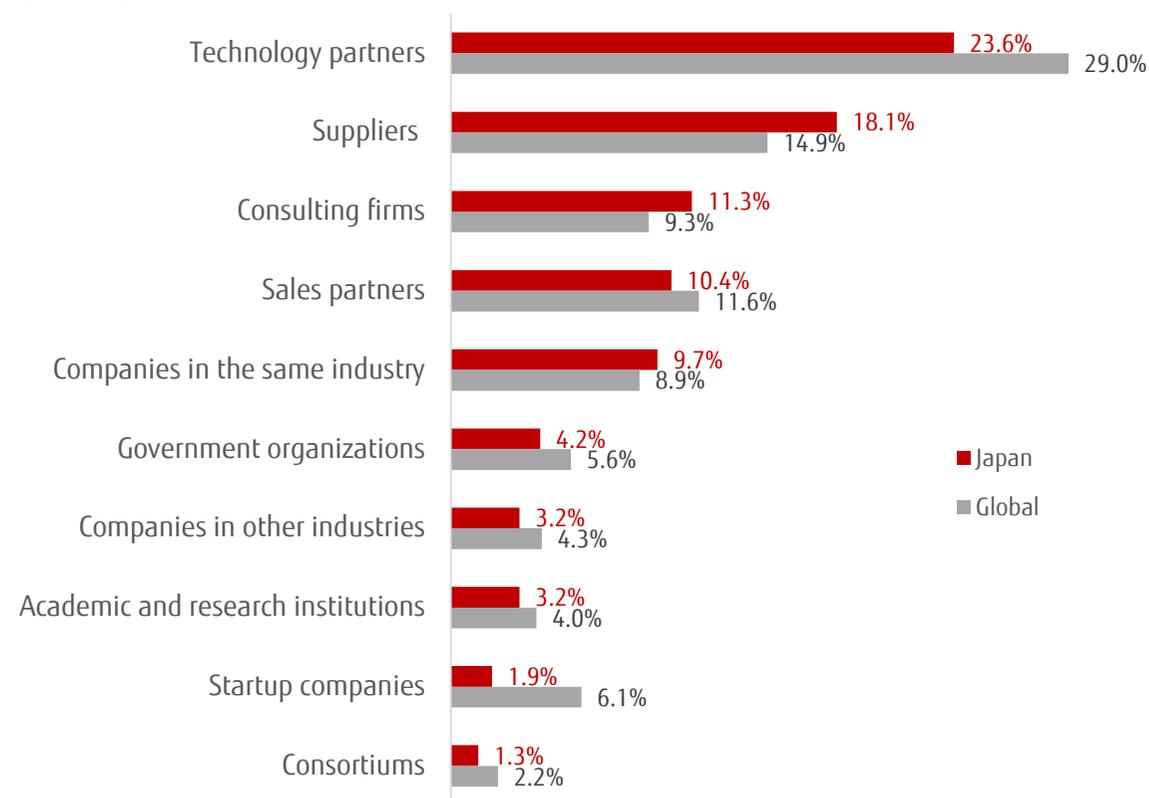
Which partners are important? (Japan vs global)

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

Technology partners are less important in Japan than they are globally, mentioned by 23.6% of Japanese business leaders and 29.0% globally. Suppliers (18.1% vs 14.9%) and consulting firms (11.3% vs 9.3%) were mentioned by a higher proportion of Japanese than global respondents.

Sales partners (10.4% vs 11.6%) and startup companies (1.9% vs 6.1%) are more important globally than in Japan.

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



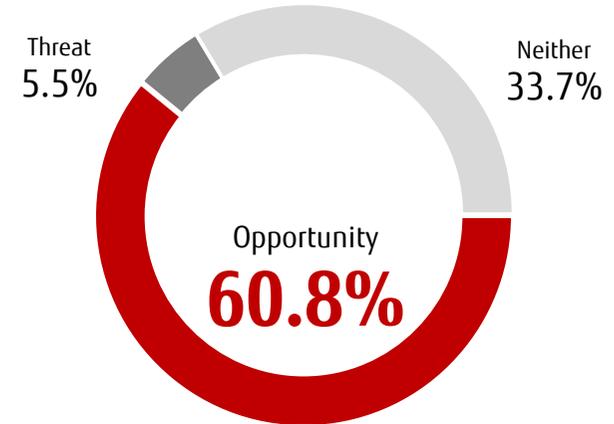
What is the potential of Artificial Intelligence?

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

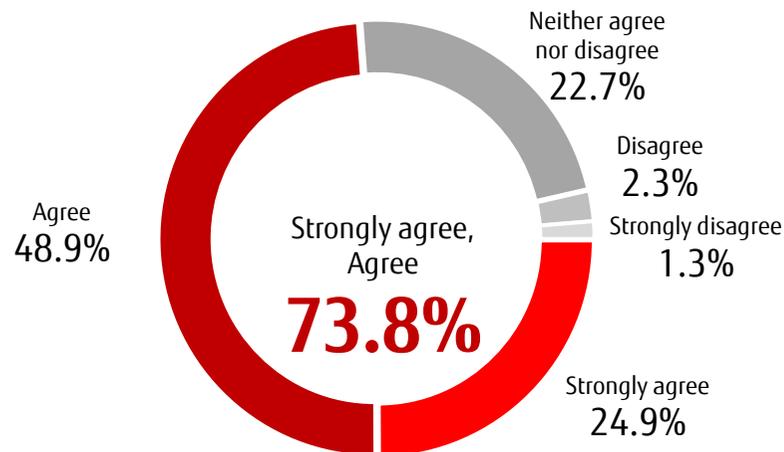
Of the respondents surveyed, 60.8% see AI as an opportunity, with just 5.5% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (24.9%) or agree (48.9%) 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, 51.8% agree).

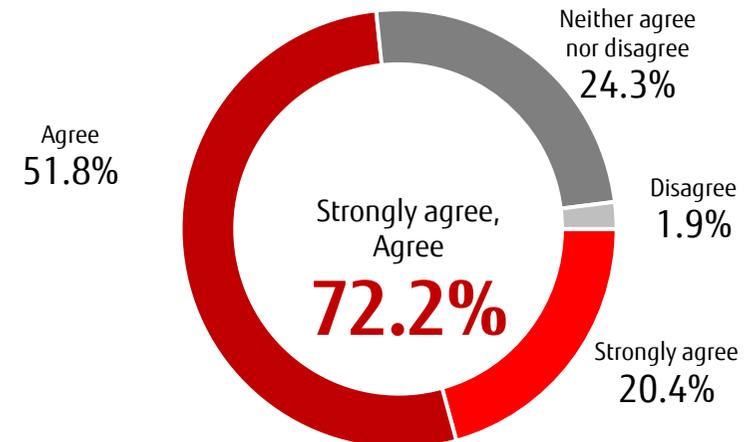
Is AI an opportunity or a threat?



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? (Japan vs global)

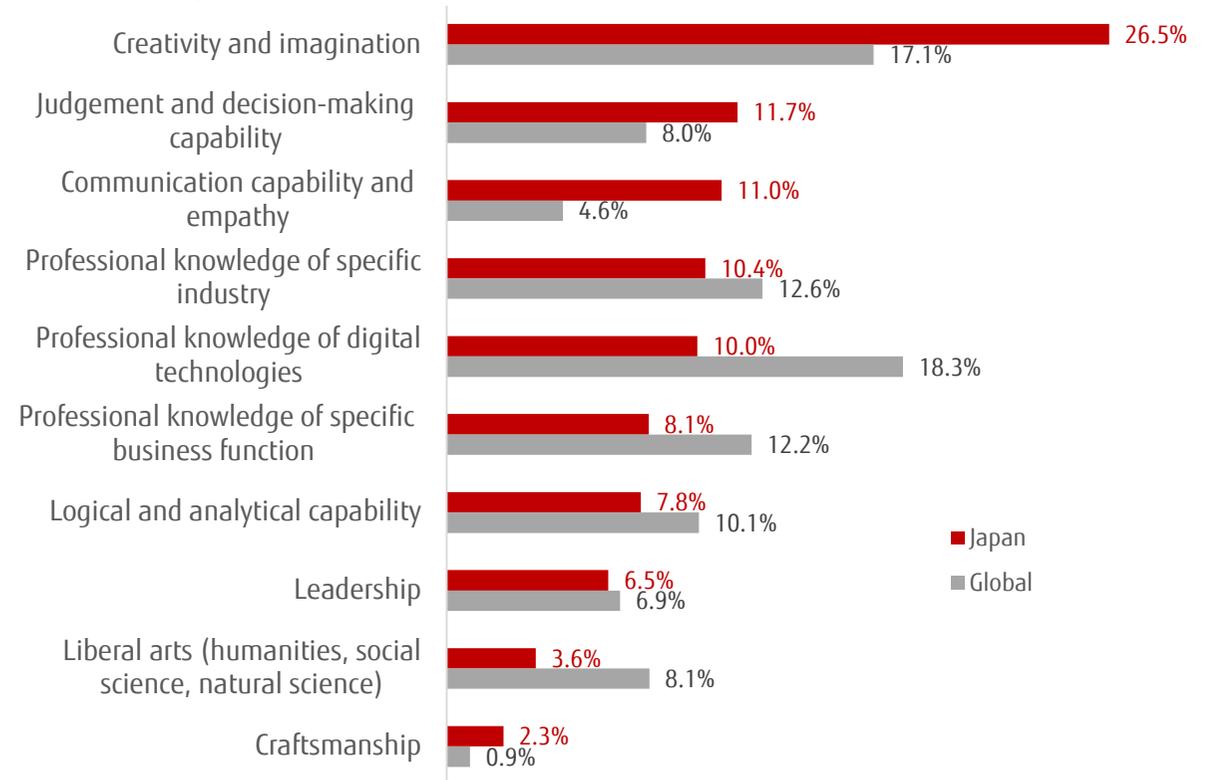
Business leaders in Japan believe that creativity and imagination is the most important capability needed in the digital era (26.5% of responses).

Other important capabilities are judgement and decision-making capability (11.7%), communication capability and empathy (11.0%), and professional knowledge of specific industry (10.4%). Also mentioned was professional knowledge of digital technologies (10.0%) and professional knowledge of specific business specific business function (8.1%).

There is some disparity in the importance of capabilities needed in Japan compared with those in the global survey. Globally, a professional knowledge of digital technologies is the most valued, mentioned by 18.3% of respondents vs 10.0% in Japan. Creativity and imagination (26.5% vs 17.1%), judgement and decision-making capability (11.7% vs 8.0%) and communication capability and empathy (11.0% vs 4.6%) are valued more in Japan than they are globally.

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? (Japan 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 309 from Japan. 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), Republic of Korea (55), Singapore (103), Thailand (52)
- Oceania: Australia (106)

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

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This publication contains forward-looking statements in addition to statements of fact regarding the Fujitsu Group's past and current situation. These forward-looking statements are based on information available at the time of publication and thus contain uncertainties. Therefore, the actual results of future business activities and future events could differ from the forward-looking statements shown in this publication.

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