Global Digital Transformation Survey Report

USA

Digital Transformation Delivering Business Outcomes

shaping tomorrow with you

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Introduction: USA

This report contains analysis of the USA 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 258 from the USA.

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 organizations in the USA, with 33.3% of organizations reporting projects in those areas. Almost as many (32.6%) report projects in workstyle transformation.
- The most positive outcome of digital transformation is increased revenue, with more than half (50.9%) of US respondents reporting this as the most positive outcome. Many organizations also report strengthened relationships with customers (44.4%) and strengthened competitiveness of products (37.3%).
- Key factors in delivering digital transformation are talented staff with the right skills, reported by 21.2% of respondents. This was followed by strong leadership (20.2%) and streamlined organizations and processes (17.3%). A lack of talented staff with the right skills is also an inhibitor to the progress of digital transformation (reported by 17.3% of respondents) followed by a lack of agility in the organization (12.4%).
- A third (33.3%) of 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 (22.9%) and an understanding of the organization's business (17.8%).
- Almost three quarters (74.0% of respondents) believe that artificial intelligence (AI) represents an opportunity, rather than a threat. Even more (83.7%) believe that AI will enhance people's capabilities in the future, but 63.9% believe that jobs may be displaced.
- US business leaders believe that professional knowledge of digital technologies is the most important capability needed in the digital era (reported by 21.3% of respondents). But they also believe that creativity and imagination (14.3%) and a professional knowledge of specific industry (14.3%) are important, indicating a strong perception that a balance of skills is needed to drive digital transformation.

What is the focus of digital transformation?

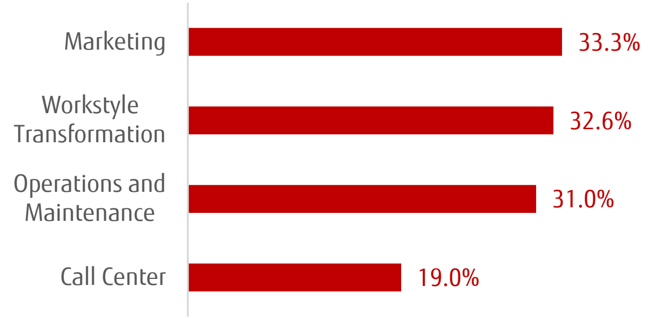
Digital transformation is undertaken in many functional areas. The survey asked US business leaders about the extent to which it has been implemented in four key business infrastructure areas common to most organizations, across all industry sectors. These are marketing, work style transformation, operations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

Of these functions, digital transformation is the most likely to take place in marketing- projects are underway or have been implemented in one third (33.3%) of organizations in the USA. Workstyle transformation (32.6%), operations and maintenance (31.0%) and call centers (19.0%) are also areas in which a significant amount of digital transformation is taking place.

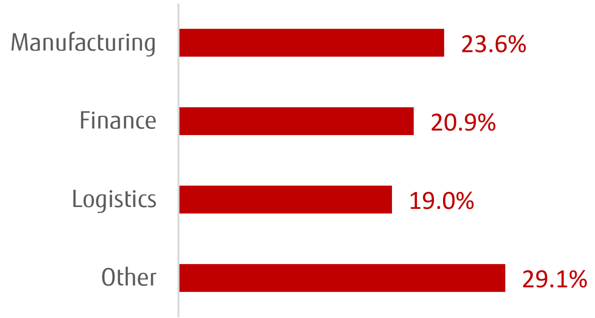
The survey also asked about the status of digital transformation in a range of specific functional areas: logistics, finance, manufacturing. These need not be undertaken in these industries – e.g., a finance digital transformation project could take place in most industry sectors.

23.6% of respondents have implemented or are implementing digital transformation process in manufacturing, followed by finance (20.9%) and logistics (19.0%). Over a quarter (29.1%) have implemented other digital transformation projects, in a range of specific function areas.

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



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



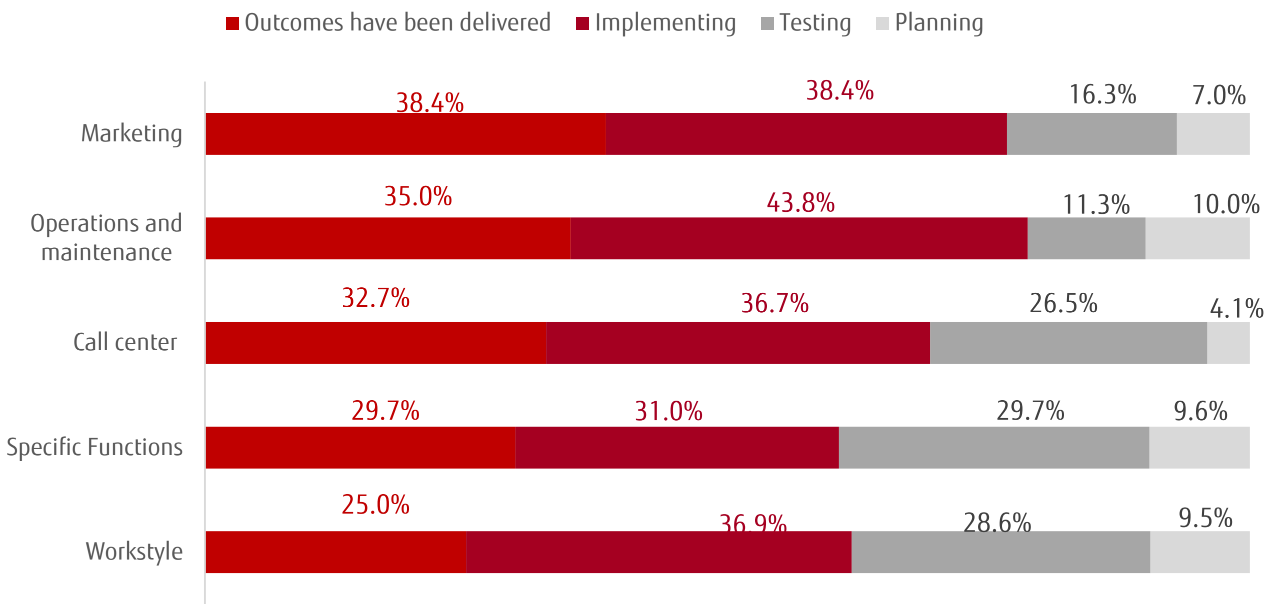
How advanced are organisations on their digital journey?

The highest level of delivered digital transformation outcomes in the USA is marketing (38.4%), followed by operations and maintenance (35.0%), call center (32.7%) and specific functions (29.7%).

Workstyle transformation is the least likely to have delivered outcomes (25.0%). Industry-specific is the most likely to be in the testing phase (29.7%). Operations and maintenance is the most likely to be in the planning phase (10.0%) while call center is the least likely to be in the planning phase (4.1%).

The results indicate that digital transformation are quite advanced amongst organizations in the USA. 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? (USA vs global)

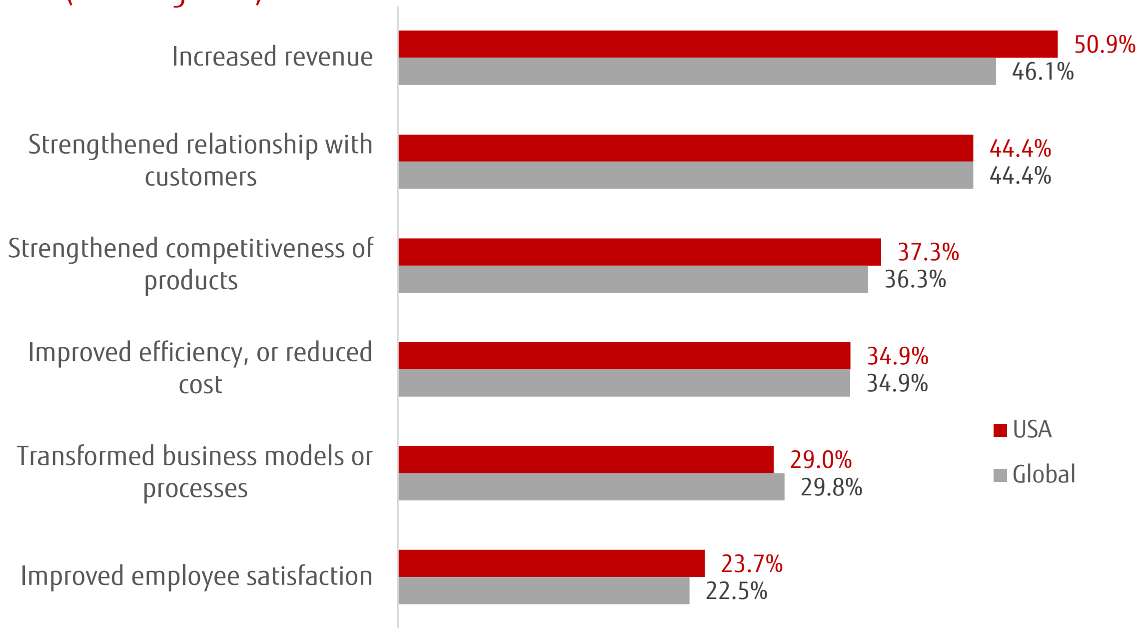
The survey asked business leaders what kind of outcomes have been delivered through their digital transformation projects. More than half (50.9%) say that the greatest benefit of digital transformation has been increased revenue.

Nearly half (44.4%) of US respondents say it has strengthened relationships with customers. This was followed by strengthened competitiveness of products (37.3%), improved efficiency or reduced cost (34.9%), the transformation of business models or processes (29.0%) and improved employee satisfaction (23.7%).

A comparison of the USA results with those from the full global survey shows that they are identical in ranking, and very similar overall. The USA experiences increased revenue as an outcome more than the global average (50.9% vs 46.1%). This is also the case with strengthened competitiveness of products (37.3% vs 36.3%) and improved employee satisfaction (23.7% vs 22.5%).

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? (USA vs global)



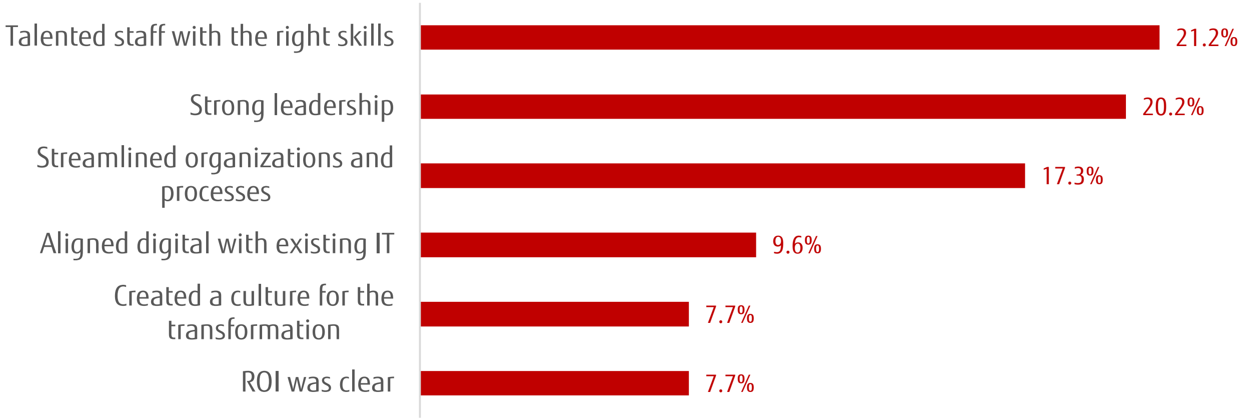
What are the key success factors and inhibitors in digital transformation?

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

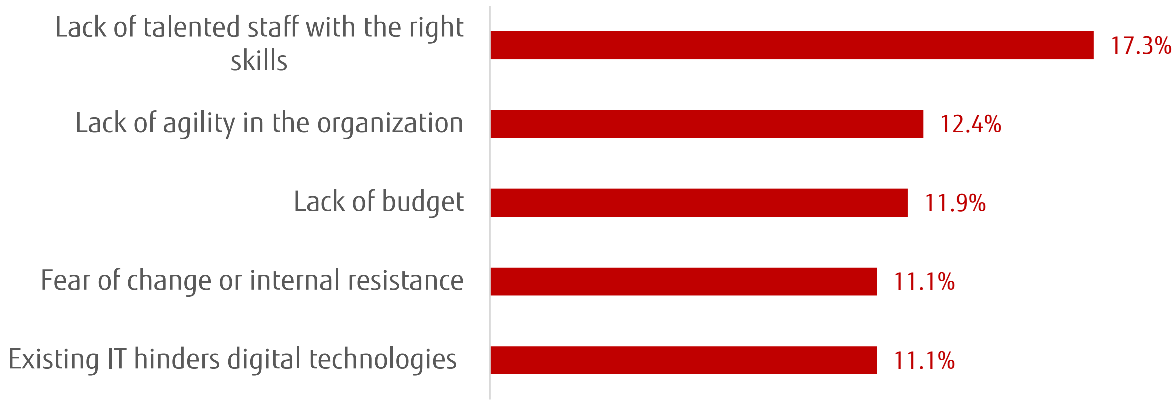
The survey asked US business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is having talented staff with the right skills (21.2%). This was followed by strong leadership (20.2%), streamlined organizations and processes (17.3%), aligned digital with existing IT (9.6%), a culture for the transformation (7.7%) and clear ROI (7.7%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was a lack of talented staff with the right skills (17.3%). Other inhibitors were a lack of agility in the organization (12.4%), a lack of budget (11.9%), fear of change or internal resistance (11.1%) and incompatibility with existing IT (11.1%).

Which factors were key in delivering digital transformation outcomes?



Which factors hindered the progress of digital transformation?



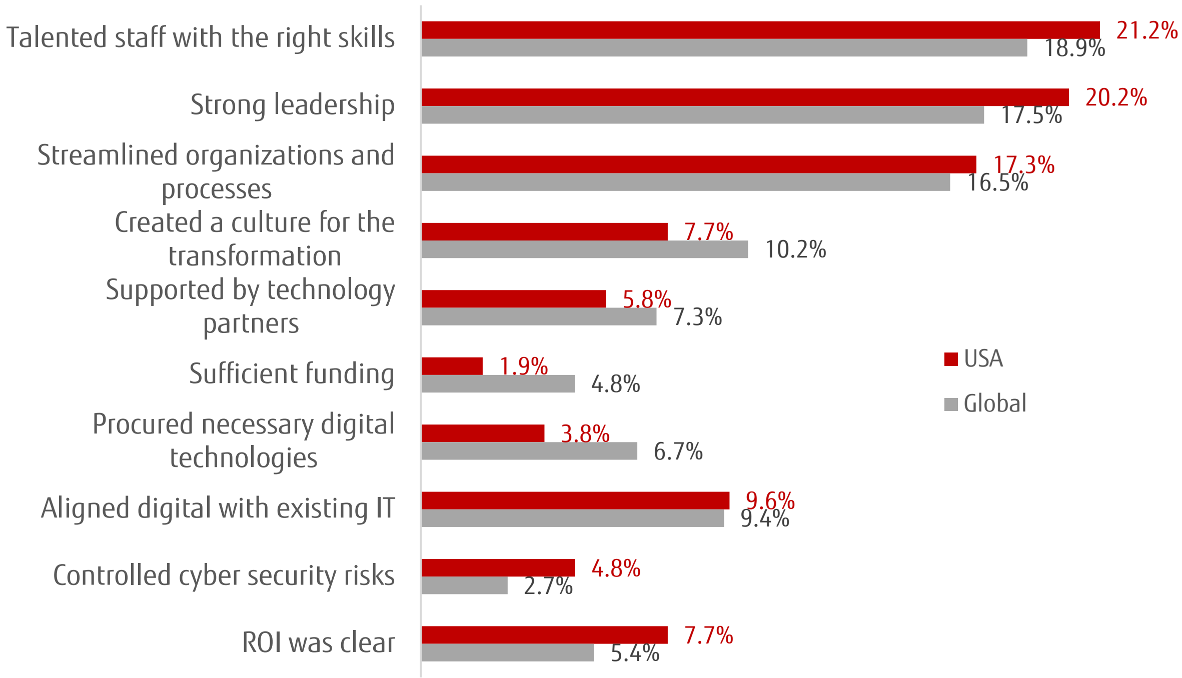
What are the key success factors in digital transformations? (USA vs global)

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

For the most part, the ranking of the different factors in USA are similar to the global rankings. Some differences are that talented staff with the right skills (21.2% vs 18.9%), strong leadership (20.2% vs 17.5%) and streamlined organizations (17.3% vs 16.5%) are more important in USA than they are globally.

The creation of a culture for transformation (7.7% vs 10.2%), support from technology partners (5.8% vs 7.3%), sufficient funding (1.9% vs 4.8%) and procurement of necessary technologies (3.8% vs 6.7%) are more important globally than they are in the USA.

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



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How important is a strong technology partner for digital transformation?

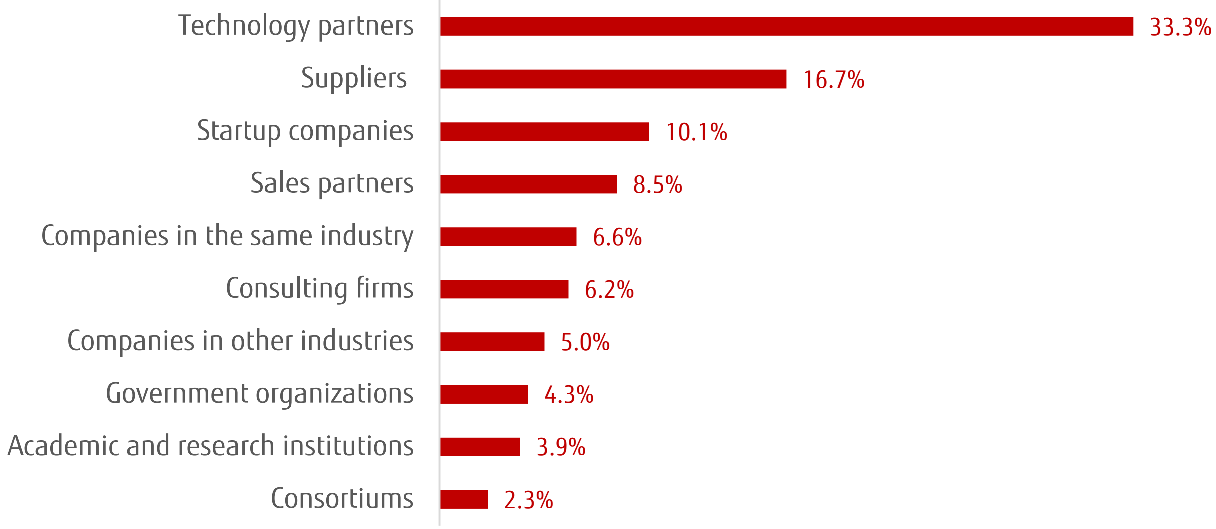
Success in digital transformation requires cooperation with external technology partners. Business leaders in the USA were asked which types of partners were most important.

The most highly rated were technology partners, ranked as most important by 33.3% of respondents. Other important partners were suppliers (16.7%), start-up companies (10.1%) and sales partners (8.5%).

Respondents were also asked about what they expect from a technology partner. The most important attribute is technological capability (22.9%). This was followed by an understanding of the organizations business (17.8%) and an alignment with the organization’s vision and strategy (16.7%).

Other important attributes were trust for collaboration (10.9%) and consulting capability (8.5%).

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? (USA vs global)

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

Technology partners are important in the USA and globally, mentioned more by US respondents (33.3%) than globally (29.0%). Suppliers (16.7% vs 14.9%) and startup companies (10.1% vs 6.1%) were mentioned by a higher proportion of US respondents.

Sales partners (8.5% vs 11.6%), companies in the same industry (6.6% vs 8.9%) and consulting firms (6.2% vs 9.3%) are more important globally than they are in the USA.

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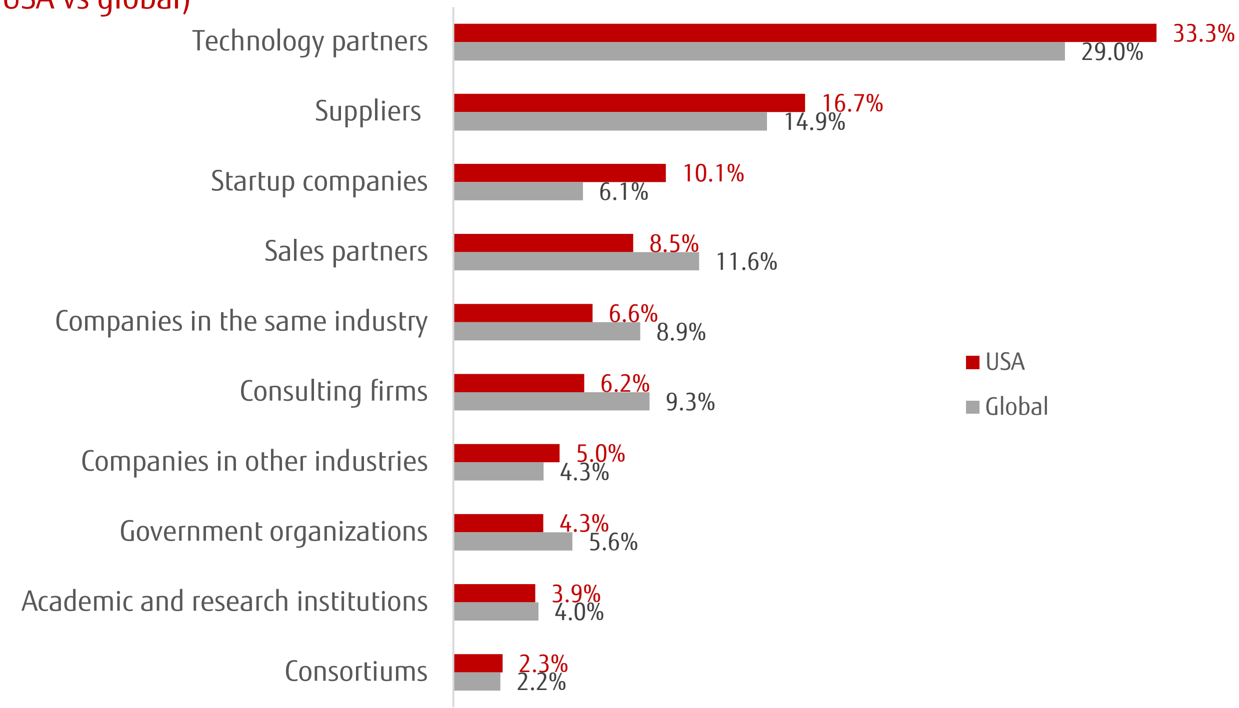
Which partners are important to collaborate with for digital transformation? (USA vs global)



What is the potential of Artificial Intelligence?

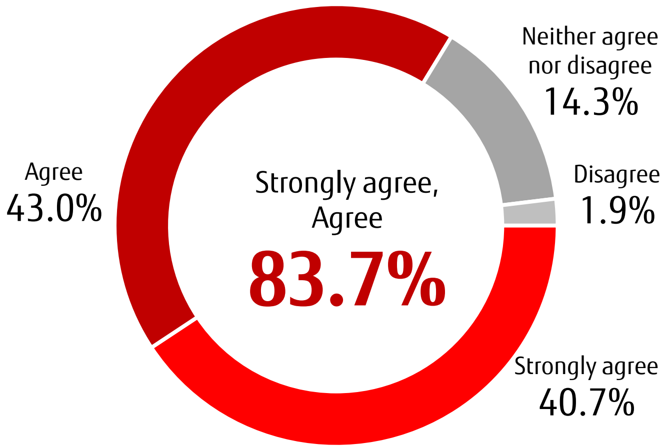
The survey asked US business leaders three questions about perceptions of artificial intelligence (AI).

Of the respondents surveyed, 74.0% see AI as an opportunity, with just 5.8% seeing it as a threat. But there is some ambivalence about its effects.

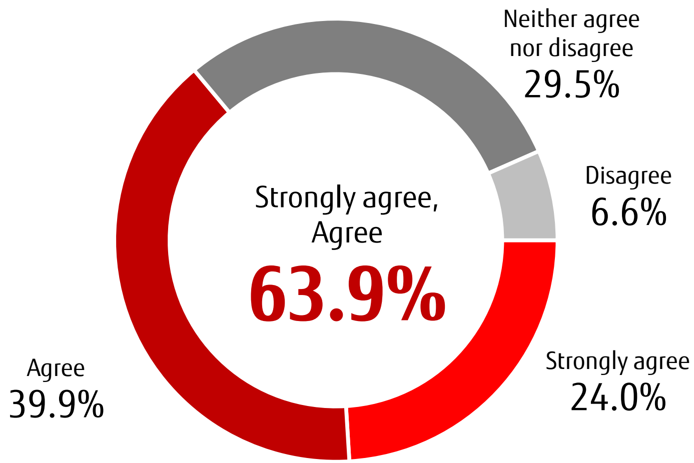
Most survey respondents strongly agree (40.7) or agree (43.0%) that AI will enhance people’s capabilities in future, but they also believe that AI will be used for work currently performed by people (24.0% strongly agree, 39.9% agree).

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? (USA vs global)

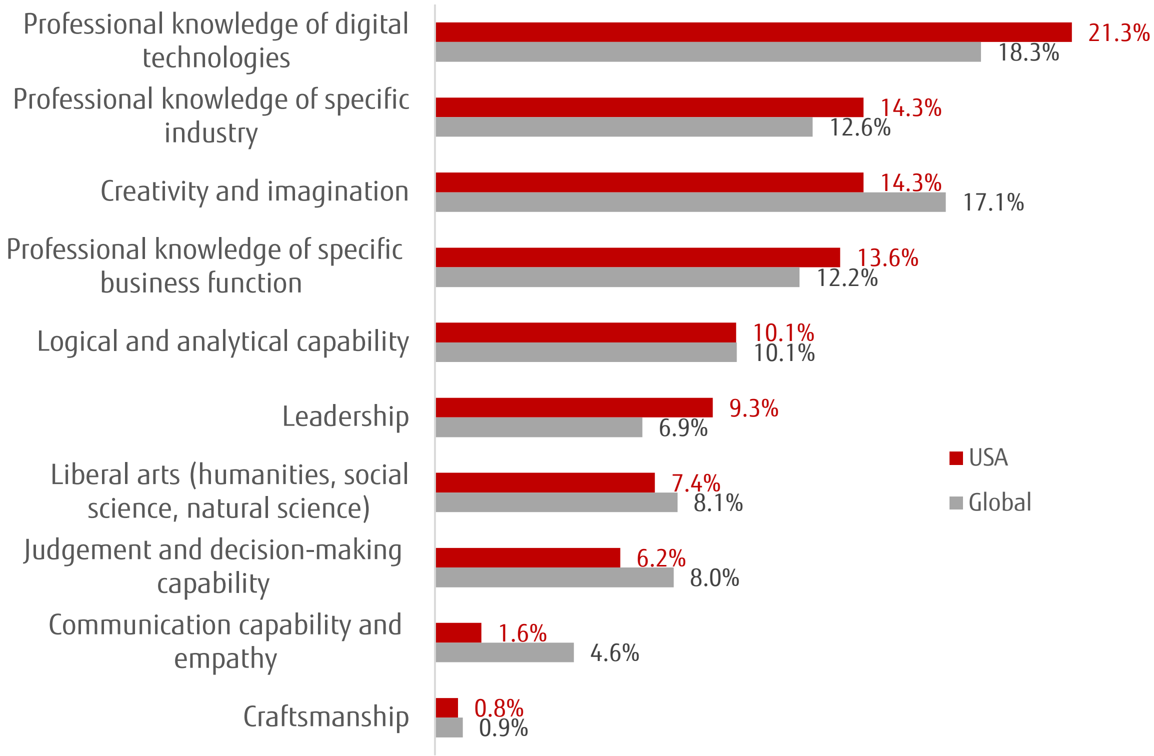
Business leaders in the USA believe that professional knowledge of digital technologies (21.3%) is the most important capability needed in the digital era.

Other important capabilities are a professional knowledge of specific industries (14.3%) and creativity and imagination (14.3%). These were then followed by professional knowledge of specific business function (13.6%), logical and analytical capability (10.1%) and leadership (9.3%).

The rankings are similar in the USA as they are globally. A professional knowledge of digital technologies (21.3% vs 18.3%) and of specific industries (14.3% vs 12.6%). as well as leadership (9.3% vs 6.9%,) are more important skills in the USA. Globally, creativity and imagination (14.3% vs 17.1%), liberal arts (7.4% vs 8.1%) and judgement and decision-making capability (6.2% vs 8.0%) are more important capabilities.

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? (USA 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 258 from the USA. Other countries surveyed for the global report 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)

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

A Note Concerning Future Projections, Forecasts and Plans

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.
Please be advised that the Fujitsu Group shall bear no responsibility for any of these differences.

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