

Global Digital Transformation Survey Report

Industry Report:
WHOLESALE & RETAIL



Digital Transformation Delivering Business Outcomes

shaping tomorrow with you



Contents

Introduction: The Wholesale and Retail industries and digital transformation	3
Key findings	4
What is the focus of digital transformation?	5
How advanced are organisations on their digital journey?	6
What are the benefits of digital transformation?	7
What are the key success factors and inhibitors in digital transformation?	8
How important is a strong technology partner for digital transformation?	9
What is the potential of Artificial Intelligence?	10
What are the key skills and capabilities required in the digital era?	11

Introduction: The Wholesale and Retail industries and digital transformation

This report contains analysis of data from the wholesale and retail industries for 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 137 respondents in the wholesale and retail 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

- Marketing is the top functional area for digital transformation in organizations in the wholesale and retail industries, with 39.4% of organizations reporting projects in that area.
- The most positive outcome of digital transformation is increased revenue, with half (50.6%) of respondents reporting this as the most positive outcome. Many organizations also report strengthened competitiveness of products (44.3%) and strengthened relationship with customers (41.8%) as positive outcomes.
- Key factors in delivering digital transformation are talented staff with the right skills (20.5%) and strong leadership (also 20.5%). This was followed by streamlined organizations and processes (13.6%).
- Almost one third (29.2%) of wholesale and retail industry leaders say it is important to have a strong technology partner to achieve digital transformation. They believe these technology partners need to have an alignment with the organization's vision and strategy (18.2%) and a strong understanding of the organization's business (15.3%).
- Most respondents believe that artificial intelligence (AI) represents an opportunity (73.0%), rather than a threat (just 4.4%). More respondents (77.4%) believe that AI will enhance people's capabilities in the future, but 61.3% believe that jobs may be displaced.
- Business leaders in the wholesale and retail industries 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 18.2% of respondents. This was followed by logical and analytical capability (14.6%), creativity and imagination (12.4%) and knowledge of specific industry (10.9%). These results indicate a strong perception that a balance of skills is needed to drive digital transformation.

What is the focus of digital transformation?

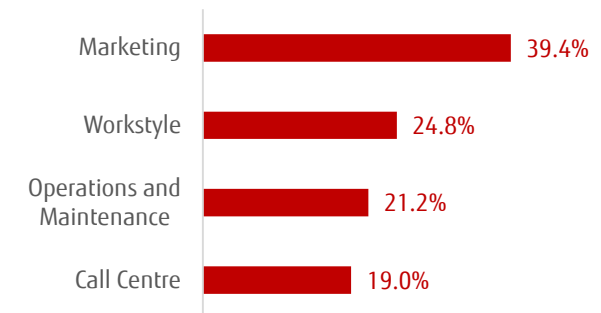
Digital transformation is undertaken in many functional areas. The survey asked wholesale and retail industry business leaders about the extent to which digital transformation has been implemented in four key business infrastructure areas common to most organizations: marketing, work style transformation,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

Of these functions, digital transformation is the most likely to take place in marketing, reported by 39.4% of respondents. Workstyle transformation (24.8%), operations and maintenance (21.2%) and call center (19.0%) are also areas where a significant amount of digital transformation is taking place.

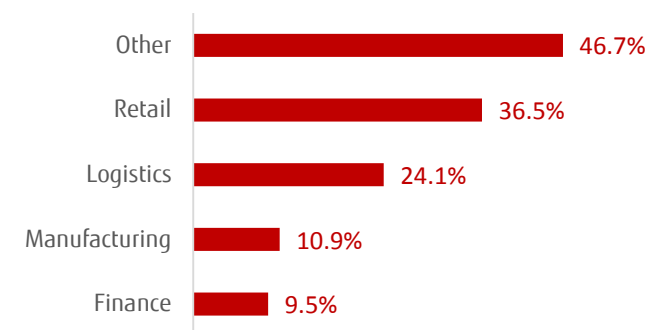
The survey also asked about the status of digital transformation in more specific functions: retail, logistics, finance, manufacturing, and others specific to the whole and retail industry. Almost half (46.7%) of companies have implemented or are implementing digital transformation process in industry-specific wholesale and retail transformation.

This was followed by 36.5% who reported retail. Also mentioned were logistics (24.1%), manufacturing (10.9%) and finance (9.5%).

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?

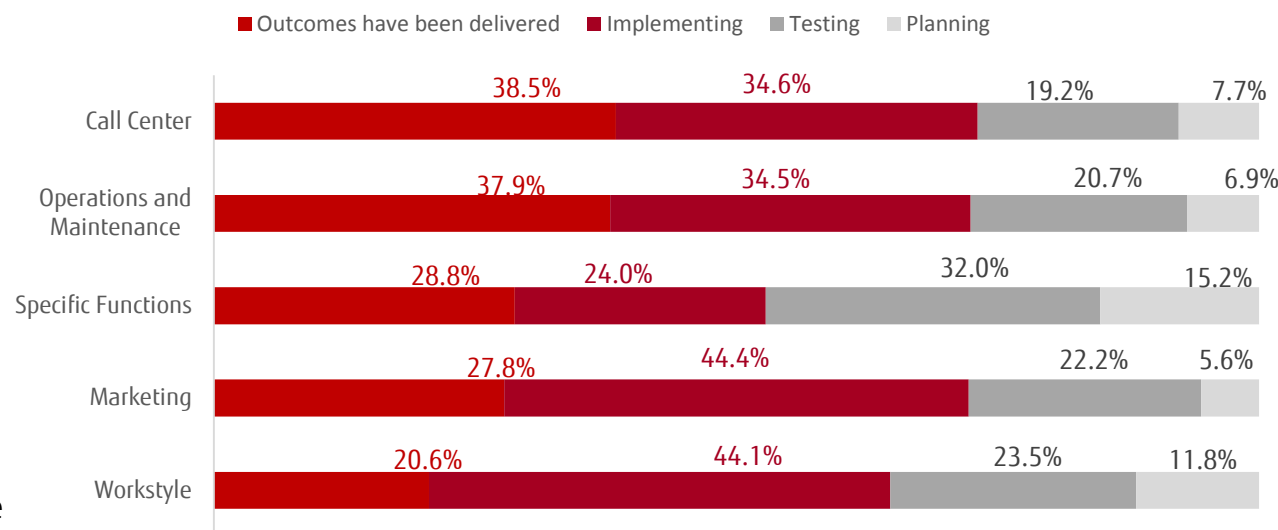
The highest level of delivered digital transformation outcomes in the wholesale and retail industries is in call center (38.5%), operations and maintenance (37.9%) and industry-specific transformation (28.8%).

Also delivered were marketing (27.8%) and workstyle transformation (20.6%).

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

The results indicate that digital transformation are somewhat advanced amongst organizations in the wholesale and retail industry. While the majority of projects are in the process of being implemented or have delivered on their outcomes, many still sit within the testing and planning phases.

Which best describes the progress of the digital transformation?



What are the benefits of digital transformation?

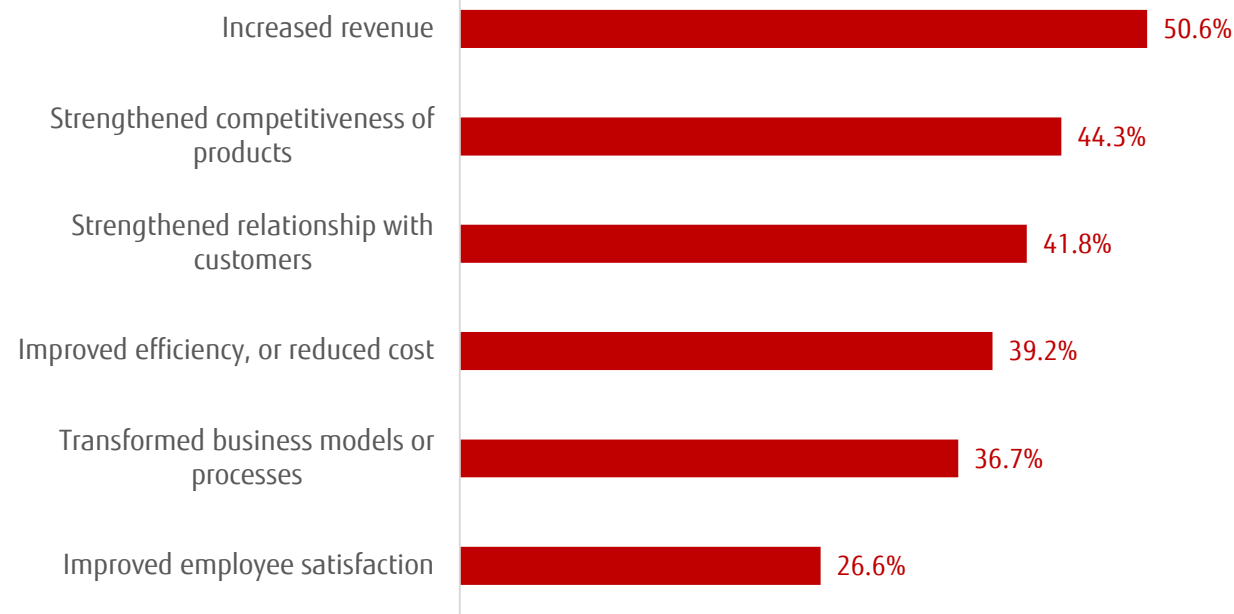
The survey asked wholesale and retail industry business leaders what kind of outcomes have been delivered through their digital transformation projects. The greatest benefit of digital transformation is increased revenue, reported by half (50.6%) of respondents.

44.3% say it has strengthened the competitiveness of products and 41.8% say it has strengthened the relationship with customers.

Other benefits are improved efficiency and reduced cost (39.2%), transformed business models or processes (36.7%) and improved employee satisfaction (26.6%).

The results indicate that there are many benefits of digital transformation in the wholesale and retail industries. The effects are felt across the organization, not just on the bottom line.

Which outcomes has digital transformation delivered to your organization?



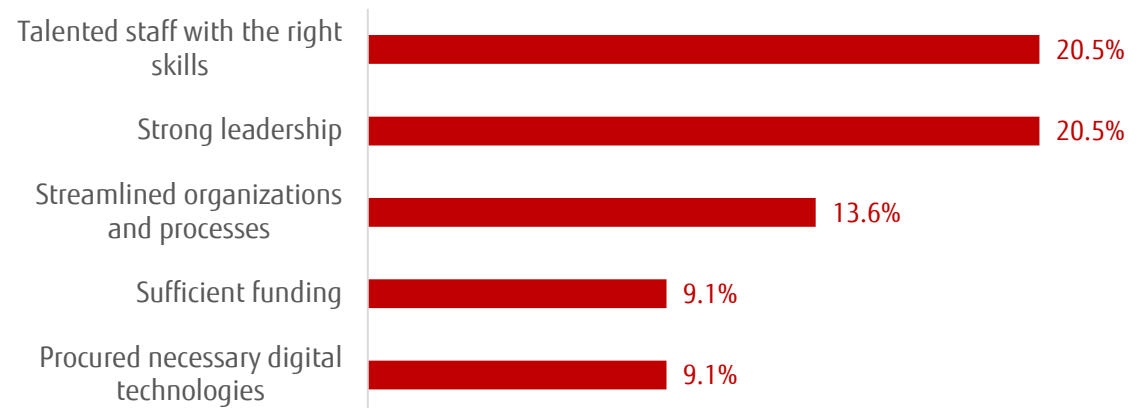
What are the key success factors and inhibitors in digital transformation?

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

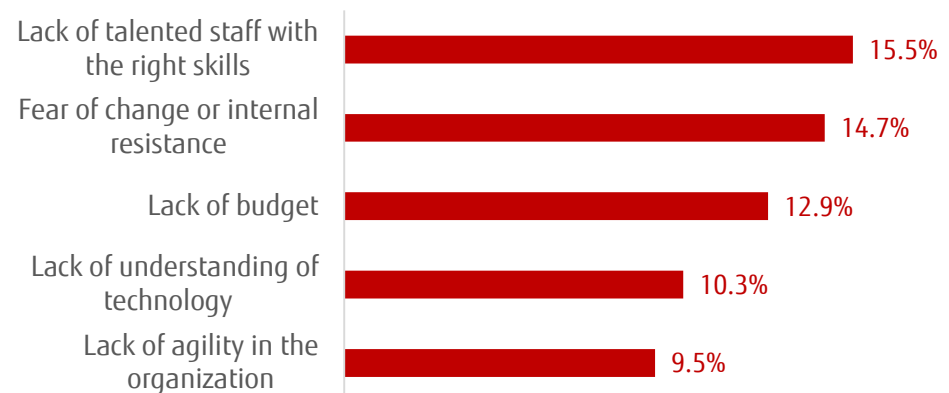
The survey asked wholesale and retail industry business leaders what they believed to be the key factors for successful digital transformation. At the top of the list was both talented staff with the right skills (20.5%) and strong leadership (20.5%). This was followed by streamlined organizations and processes (13.6%), sufficient funding (9.1%) and procured digital technologies (9.1%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was a lack of talented staff with the right skills (15.5%), fear of change or internal resistance (14.7%), lack of budget (12.9%), lack of understanding technology (10.3%) and a lack of agility in the organization (9.5%).

Which factors were key in delivering digital transformation outcomes?



Which factors hindered the progress of digital transformation?



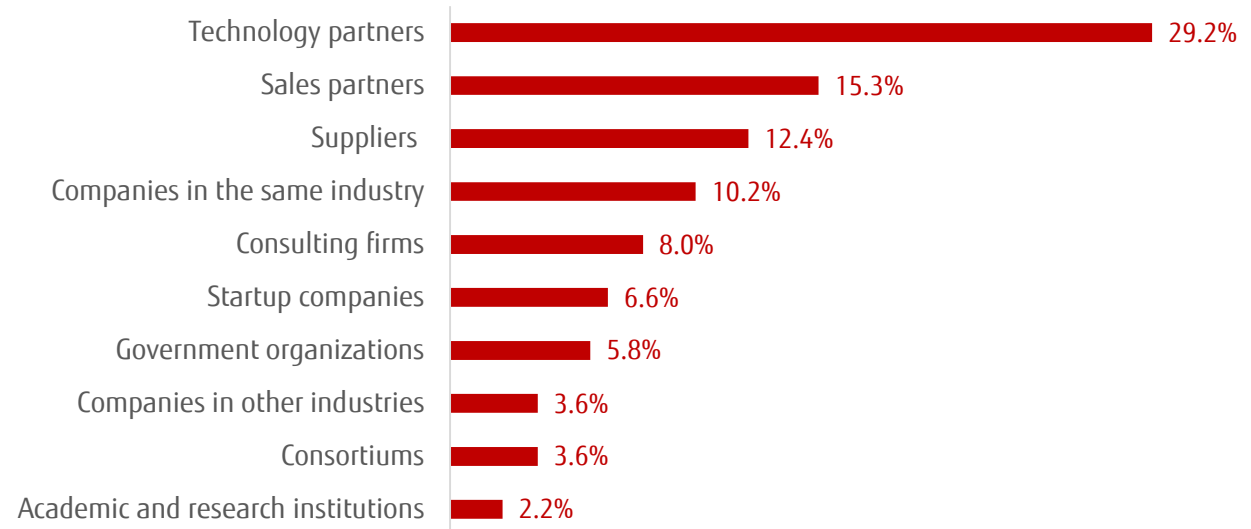
How important is a strong technology partner for digital transformation?

Success in digital transformation requires cooperation with external partners. Business leaders in the wholesale and retail industries were asked which types of partners were most important.

The most highly rated were technology partners, ranked as most important by 29.2% of respondents. Other important partners were sales partners (15.3%), suppliers (12.4%), companies in the same industry (10.2%) and consulting firms (8.0%).

Respondents were also asked about what they expect from a technology partner. The most important attributes are an alignment with the organization's vision and strategy (18.2%) and an understanding of the organization's business (15.3%). Trust for collaboration (13.1%), technological capability (11.7%) were also mentioned. Equally as important is having speed of response and implementation (11.7%).

Which partners are important to collaborate with for digital transformation?



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



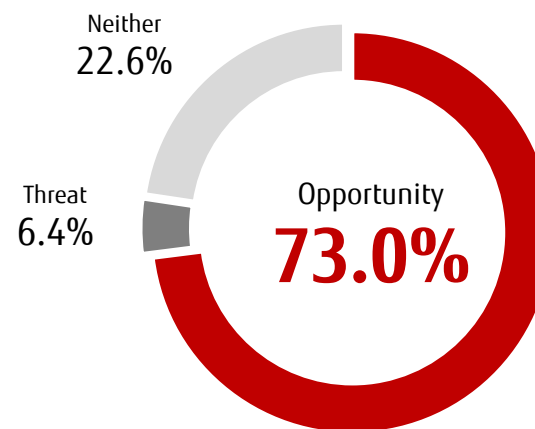
What is the potential of Artificial Intelligence?

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

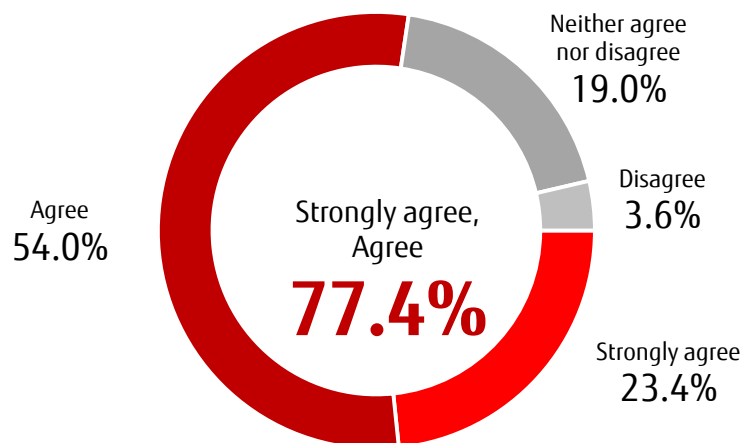
Of the respondents surveyed, 73.0% see AI as an opportunity, with just 4.4% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (23.4%) or agree (54.0%) that AI will enhance people’s capabilities in future, but they also believe that AI will be used for work currently performed by people (11.7% strongly agree, 49.6% agree).

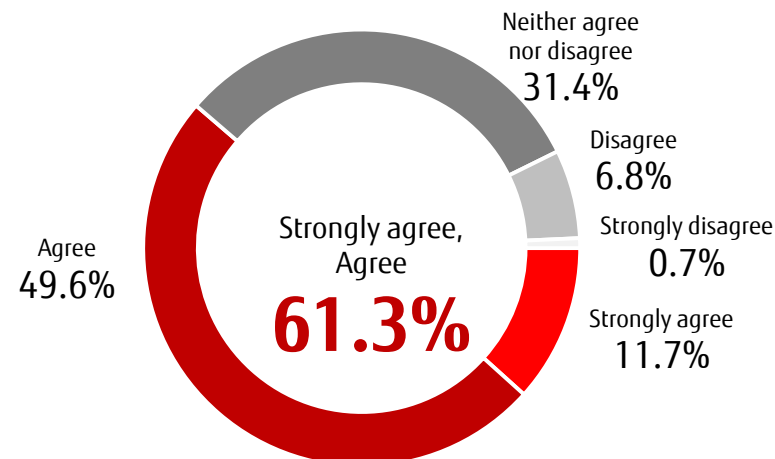
Is AI an opportunity or a threat?



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?

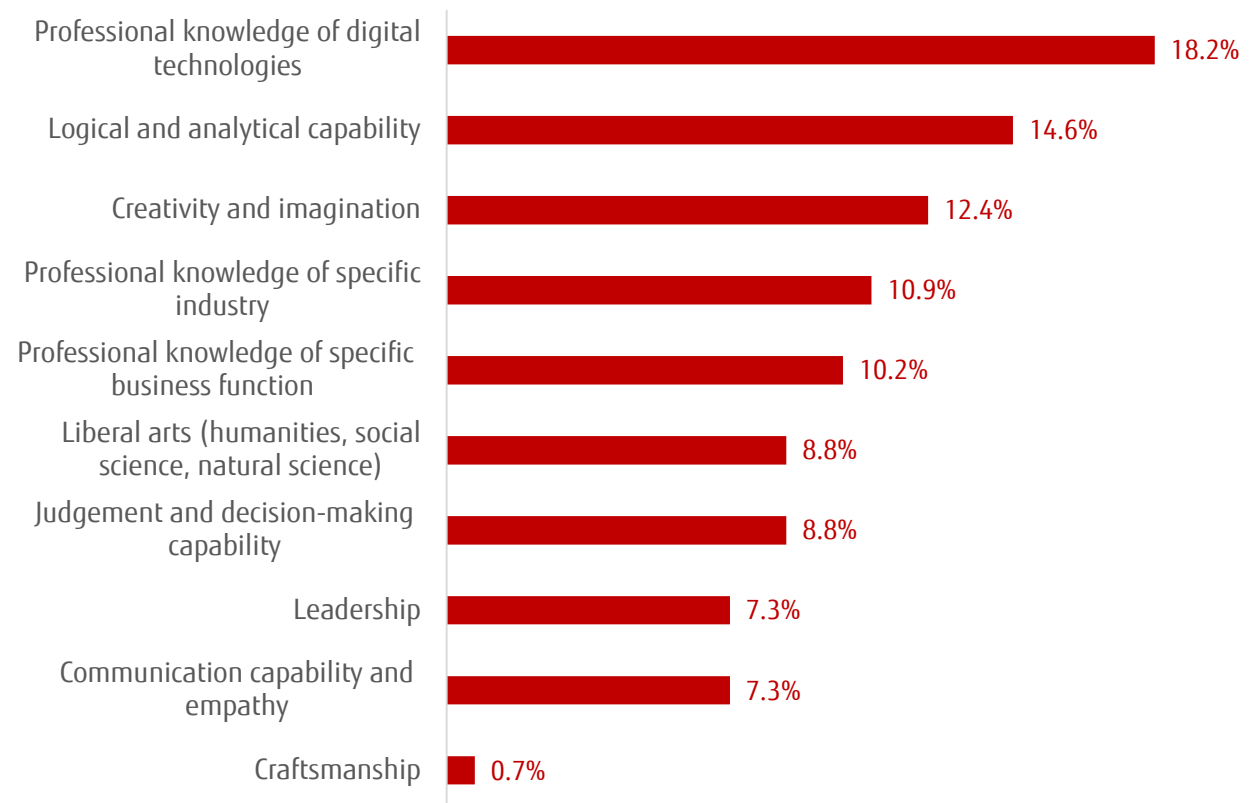
Business leaders in the wholesale and retail industries believe that a professional knowledge of digital technologies is the most important capability needed in the digital era. It was rated the most important capability by 18.2% of respondents.

Next most important is logical and analytical capability (14.6%). This was followed by creativity and imagination (12.4%), professional knowledge of specific industry (10.9%) and knowledge of specific business function (10.2%).

Other important capabilities are the liberal arts (8.8%) and judgement and decision-making capability (8.8%).

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 age

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).

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

Trademarks

All brand names and product names are trademarks or registered trademarks of their respective holders.

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.

Unauthorized copying, reproduction, or reprinting of any part or all of the Global Digital Transformation Survey Report is prohibited.

©2017 FUJITSU LIMITED.

Ver.001

FUJITSU LIMITED

Shiodome City Center,

1-5-2 Higashi-Shimbashi

Minato-ku, Tokyo 105-7123, JAPAN

Tel. +81-3-6252-2220

<http://www.fujitsu.com/global/>

