Fujitsu Future Insights

Global Digital Transformation Survey Report 2020

FUJITSU

shaping tomorrow with you

Digital Transformation Contributes to Providing Value to Society

Table of Contents

Introduction

While technology advances have improved people's lives, they have also created new social challenges. Consumers and investors now increasingly expect business organizations to deliver value to society and other stakeholders and not just focus on their bottom line.

At the same time, in an increasingly challenging business environment, digital transformation is helping companies gain advantages and stay ahead of their competition. The business benefits of digital are evident, including improved customer experience, optimized operations and the creation of new business opportunities.

Moreover, we should not forget the power of digital technology to transform society. Digital technology greatly contributes, for instance, to people's safety, improved well-being and more sustainable cities. In addition, digital technology has contributed to keeping our society alive by enabling working from home, online shopping, telemedicine and remote education, even during the COVID-19 pandemic, which has threatened so many lives and livelihoods.

This survey, conducted among 900 CxOs and decision makers in 9 countries, aims to understand the status of digital transformation and their perception of providing value to society. Analysis of the survey revealed digital transformation plays an important role in providing value to society, as well as helping companies and organizations gain competitive advantage.

Fujitsu's purpose is to make the world more sustainable by building trust in society through innovation. We believe the true value of digital transformation lies in using digital technology to realize a better world.

Executive Summary

Business leaders put a high priority on providing value to society

Business priorities have shifted from purely maximizing shareholder value to practicing responsibility toward multiple stakeholders. Management mindsets are shifting from shareholder value creation to value to multiple stakeholders, including customers, employees and partners. 92% of respondents agree that they should not only pursue profit but also deliver value to society in order to be sustainable in the mid to long term. Moreover, 88% of respondents think it is important to deliver value to society through profit making business.

The challenges around delivering value to society include developing ideas into practical projects and demonstrating sufficient returns on investment. In contrast, those organizations that have aligned their business strategy and changed the mindset of their employees have succeeded in delivering value to society.

Digital transformation is a key enabler to delivering value to society

The survey reveals that digital transformation has a positive impact on business, for example by improving customer experience and increasing revenue. Its impact clearly also extends beyond business, with 89% of organizations agreeing that digital transformation has also helped them to deliver value to society.

We found that organizations that have produced significantly positive results from digital transformation are also actively engaged in delivering value to society. This demonstrates that digital transformation contributes positively across both business and society.
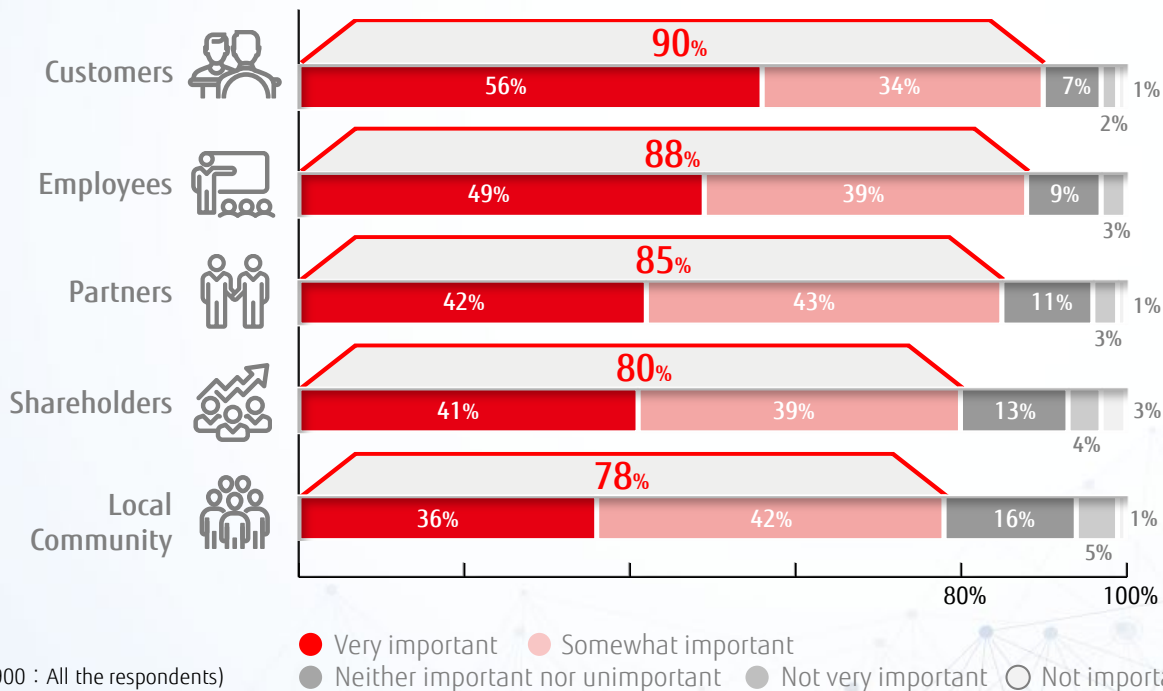
Chapter 1

Global leaders' perception of providing value to society

Delivering Value to Stakeholders

Delivering value to multiple stakeholders is important.

▌ Extent of importance of delivering value to the following stakeholders

Customers — 90%
- 56% | 34% | 7% | 1% / 2%

Employees — 88%
- 49% | 39% | 9% | 3%

Partners — 85%
- 42% | 43% | 11% | 1% / 3%

Shareholders — 80%
- 41% | 39% | 13% | 3% / 4%

Local Community — 78%
- 36% | 42% | 16% | 1% / 5%

80%   100%

Legend:
- ● Very important
- ● Somewhat important
- ● Neither important nor unimportant
- ● Not very important
- ○ Not important at all
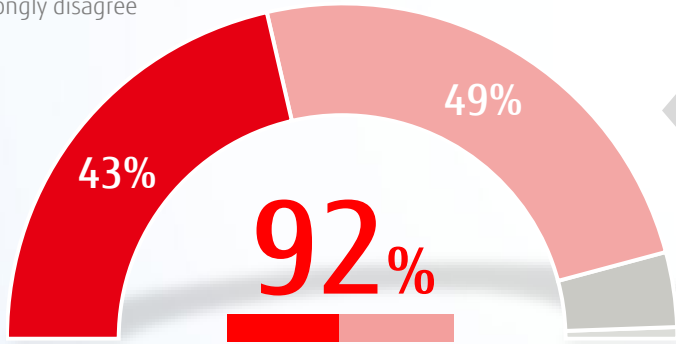
(n=900：All the respondents)

- Overall, around 80% of the respondents agreed that delivering value to multiple stakeholders, such as customers, employees, partners, shareholders and local communities, is essential.

- Specifically, 90% of the respondents said that delivering value to customers is important while 88% believed delivering value to employees is important.

- The results demonstrated that creating value to shareholders alone is not enough to realize sustainable growth. It is necessary to provide value to multiple stakeholders.

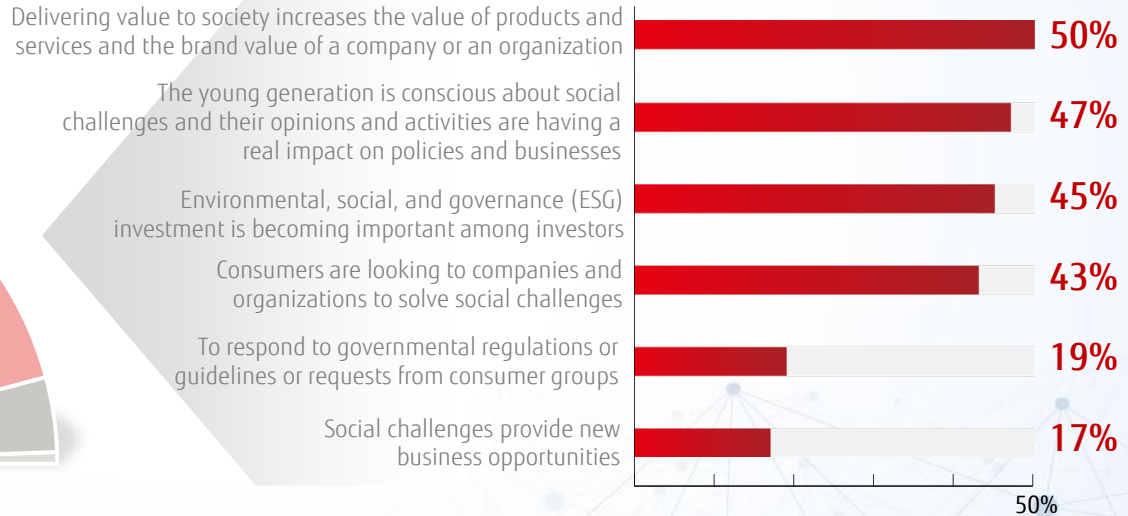# Providing value to society is important for business

92% of the respondents agreed they must provide value to society. The reasons for this include increasing value of products and brand, and appealing to the younger generation.

Companies should not only pursue profit but also deliver value to society to be sustainable
(n=891：Respondents who belong to for-profit companies or organizations)

- ● Strongly agree
- ● Agree
- ● Neither agree nor disagree
- ● Disagree
- ● Strongly disagree

43% 49%

92%

Reasons companies should not only pursue profit but also deliver value to society
(n=822：Respondents who answered 'strongly agree' or 'agree' to the question on the left)

| Reason	
Delivering value to society increases the value of products and services and the brand value of a company or an organization	50%
The young generation is conscious about social challenges and their opinions and activities are having a real impact on policies and businesses	47%
Environmental, social, and governance (ESG) investment is becoming important among investors	45%
Consumers are looking to companies and organizations to solve social challenges	43%
To respond to governmental regulations or guidelines or requests from consumer groups	19%
Social challenges provide new business opportunities	17%

50%

- • 92% of the respondents believed they must provide value to society to be sustainable in the mid to long term.
- • Half of this 92% said that delivering value to society increases the value of their products, services and brand.
- • The second most cited reason was that the younger generation – future consumers – is highly conscious about social issues.

Realigning business with society

The majority of respondents agreed on the importance of delivering value to society through profit-making business.

▮ The importance of delivering value to society through profit-making business

50%

38%

88%
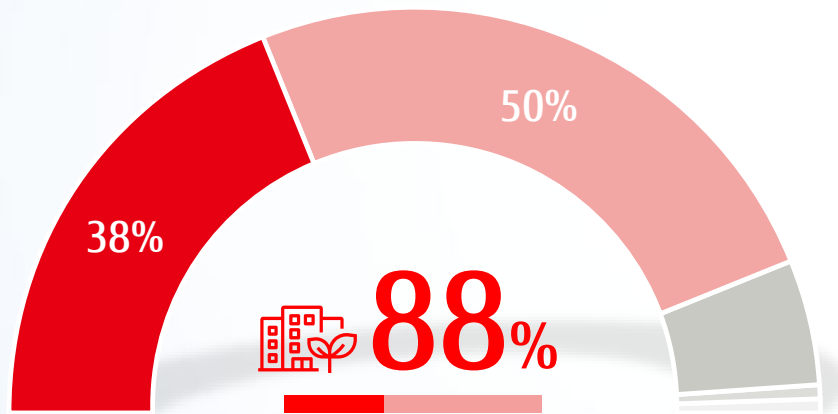
- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

- Overall, 88% of the respondents believed that it is important for them to deliver value to society through their profit-making business.

- This result revealed that it is necessary to align business goals, such as revenue growth, with social goals in order to achieve business sustainability.
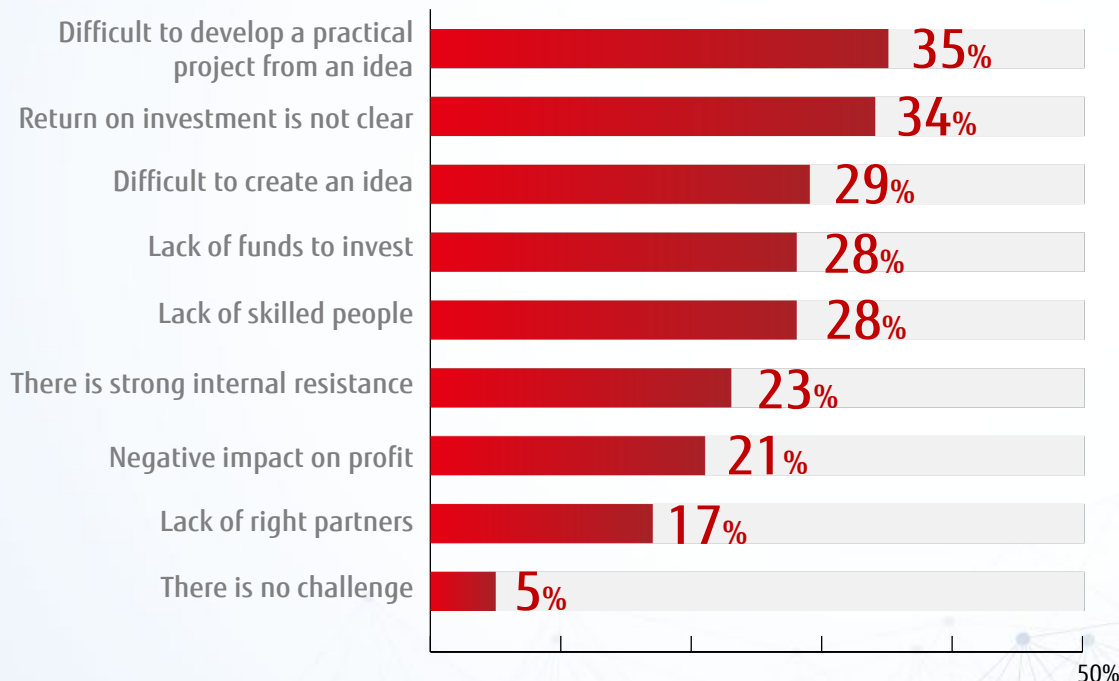
(n=891： Respondents who belong to for-profit companies or organizations)

Challenges in delivering value to society

Turning an idea into a practical project and delivering ROI are the main challenges.

▌ Challenges in implementing a business initiative that will deliver value to society

Challenge	%
Difficult to develop a practical project from an idea	35%
Return on investment is not clear	34%
Difficult to create an idea	29%
Lack of funds to invest	28%
Lack of skilled people	28%
There is strong internal resistance	23%
Negative impact on profit	21%
Lack of right partners	17%
There is no challenge	5%

50%

- The main challenges that organizations face are the difficulty in developing a practical project from an idea, and the difficulty in demonstrating a clear return on investment (ROI).

- Converting an idea into a practical project is not easy. It is necessary to carry out trial-and-error iterations in an agile way.

- In order to consistently deliver value to society through profit-making business, it is important to measure ROI as well as non-financial metrics.

(n=891： Respondents who belong to for-profit companies or organizations) *select up to 3 items

8

Success factors in providing value to society

Aligning business strategy with providing value to society is important to achieve success.

▌ Factors that help to deliver value to society through business initiatives

| Factor	%
Aligned the strategy with delivering value to society	45%
Changed the mindset of employees	42%
Built synergy between business and delivering value to society	42%
The CEO committed to delivering value to society through business initiatives	36%
Collaborated with right partners	28%
Focused on mid- to long-term targets rather than short-term financial targets	17%

50%
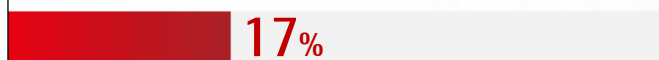
- The respondents cited that strategic alignment enables them to deliver value to society. Changing the mindset of employees and building synergy with the business are also effective. Aligning the strategy with delivering value to society unifies people from different departments.

- Organizations need to consider changing the mindset of employees and integrating value for society into their business strategy.

(n=822: Respondents who belong to for-profit companies or organizations and deliver value to society through business initiatives) *select up to 3 items

9

Chapter 2

Digital transformation and providing value to society

The impact of digital transformation

Digital transformation has delivered positive outcomes for both existing and new businesses.

▍ The impact of digital transformation

Transformation of existing business

Transformation of existing business	Both of them	Creation of new business
43%	**32%**	**25%**

Creation of new business
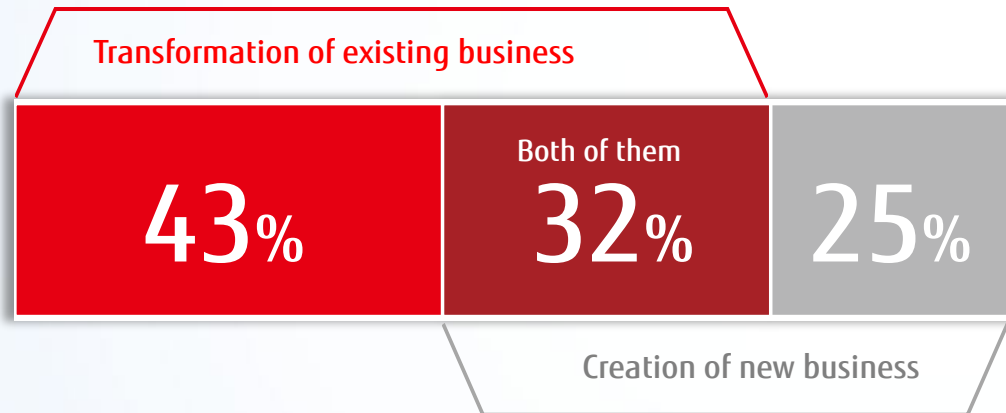
（n=778：Respondents who were satisfied with the result of their digital transformation）

- 43% of the respondents thought digital transformation has had a positive impact on existing businesses. 32% of the respondents said it has influenced both existing and new businesses.

- In total, 75% of the respondents thought digital transformation has influenced their existing businesses, while 57% of the respondents said it has had an impact on the creation of new businesses.

- We believe it is important that organizations take an ambidextrous approach to using digital to transform their existing businesses as well as to create innovation.

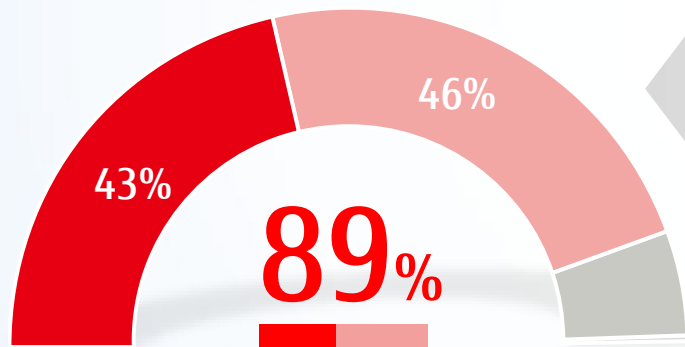# Digital transformation contributes to providing value to society

FUJITSU

Enhancing safety and improving well-being are digital transformation's top two benefits to society.

▌Deliver value to society through digital transformation
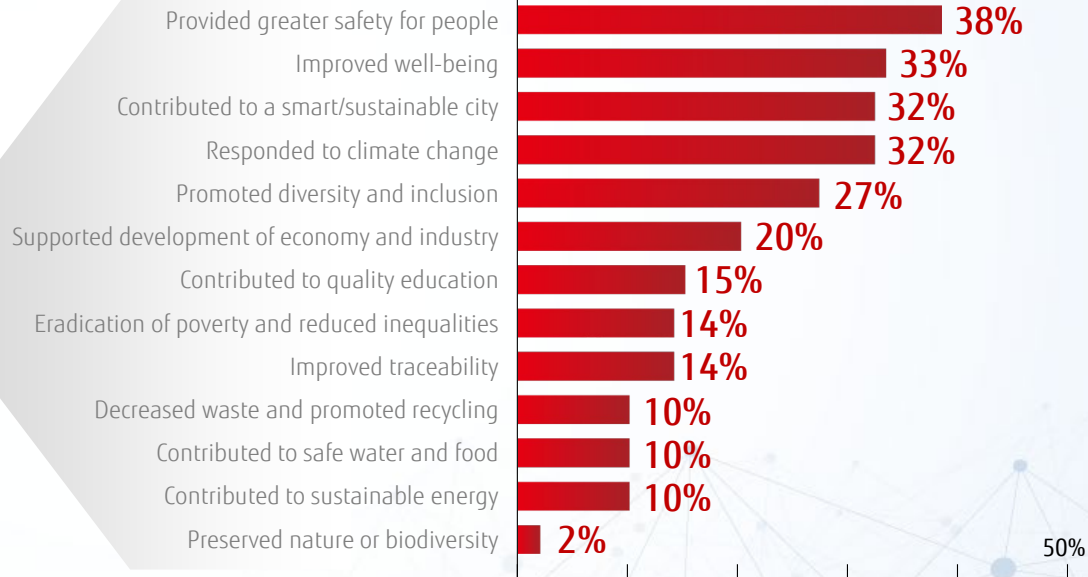（n=367：Respondents who delivered results in their digital transformation）

- 🔴 Strongly agree
- 🔴 Agree
- ⚫ Neither agree nor disagree
- ⚪ Disagree

43% **46%**

89%

▌Value delivered through digital transformation
（n=327：Respondents who answered 'strongly agree' or 'agree' to the question on the left）

Provided greater safety for people	38%
Improved well-being	33%
Contributed to a smart/sustainable city	32%
Responded to climate change	32%
Promoted diversity and inclusion	27%
Supported development of economy and industry	20%
Contributed to quality education	15%
Eradication of poverty and reduced inequalities	14%
Improved traceability	14%
Decreased waste and promoted recycling	10%
Contributed to safe water and food	10%
Contributed to sustainable energy	10%
Preserved nature or biodiversity	2%

50%

- 89% of the respondents said digital transformation has allowed them to contribute positively, not only to businesses but also to society.
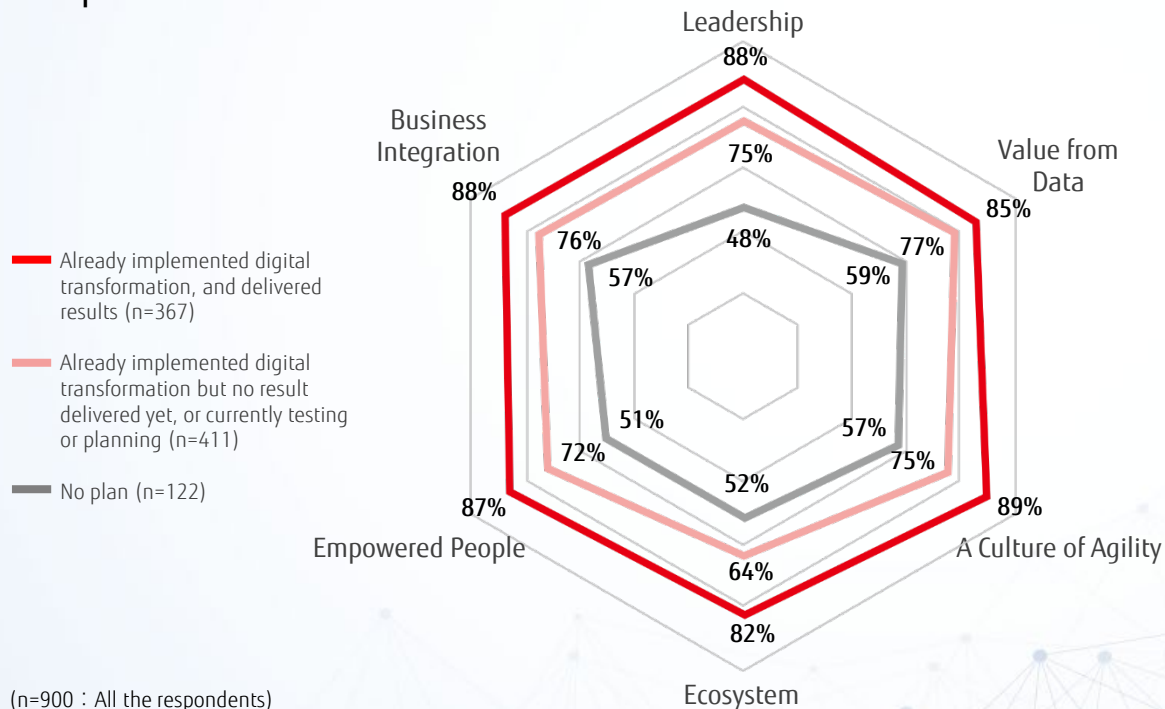
- Digital transformation has enabled one third of organizations to provide better safety for people, improve well-being and contribute to smarter, more sustainable cities.

12

Success factors for digital transformation 'Digital Muscles'

Organizations that delivered results in their digital transformation showed significantly stronger digital muscles.

▌ The progress of digital transformation and organizational capabilities

Legend:
- **Already implemented digital transformation, and delivered results (n=367)** — red
- **Already implemented digital transformation but no result delivered yet, or currently testing or planning (n=411)** — pink
- **No plan (n=122)** — grey

Radar chart values:
- Leadership: 88% / 75% / 48%
- Value from Data: 85% / 77% / 59%
- A Culture of Agility: 89% / 75% / 57%
- Ecosystem: 82% / 64% / 52%
- Empowered People: 87% / 72% / 51%
- Business Integration: 88% / 76% / 57%

(n=900：All the respondents)

- Since 2018, the results of our global survey have strongly concluded that leadership, value from data, a culture of agility, ecosystems, empowered people and business integration are the organizational capabilities that lead to success in digital transformation. We call these 'digital muscles'.

- This year's survey reconfirmed the importance of 'digital muscles.' The data indicated that organizations that had implemented digital transformation and delivered results have stronger digital muscles.

- The biggest gap lies in leadership. 88% of the organizations that implemented and delivered results in their digital transformation positioned digital transformation as the CEO's top priority and executed an organization-wide digital transformation strategy. But only 48% of the organizations that had not undertaken digital transformation saw digital transformation as their management priority.

Success factors of digital transformation

Digital Muscles

Leadership | Digital transformation is the priority of the CEO

Ecosystem | Establishing a trusted ecosystem of partners

Empowered People | Ensuring people to have the right skills and opportunities to grow

A Culture of Agility | An innovation-supporting culture with an appetite for change

Value from Data | Being able to use trusted data to deliver outcomes, while keeping it secure

Business Integration | Enabling technology to become the business operating system

FUJITSU

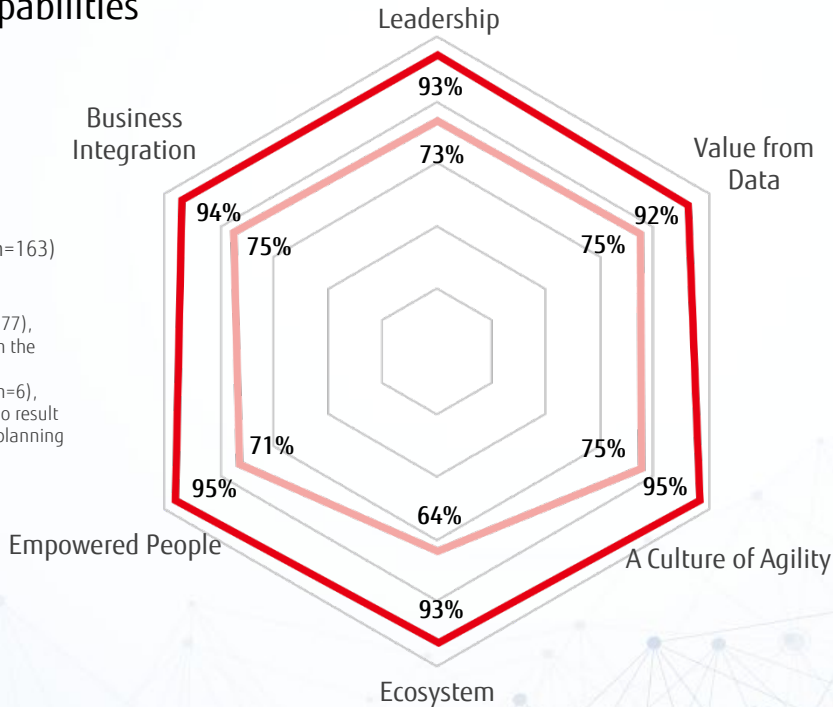# Digital muscles and satisfaction with digital transformation

Organizations that delivered extremely satisfactory results in their digital transformation had the strongest digital muscles.

▌ Satisfaction with digital transformation results
and organizational capabilities

— Extremely satisfied with the result (n=163)

— Others (n=737)
- Slightly satisfied with the result (n=177),
- Neither satisfied nor unsatisfied with the result (n=21),
- Slightly unsatisfied with the result (n=6),
- Currently being implemented, with no result delivered yet, or currently testing or planning (n=411),
- No plan (n=122)

Leadership 93% / 73%

Value from Data 92% / 75%

A Culture of Agility 95% / 75%

Ecosystem 93% / 64%

Empowered People 95% / 71%
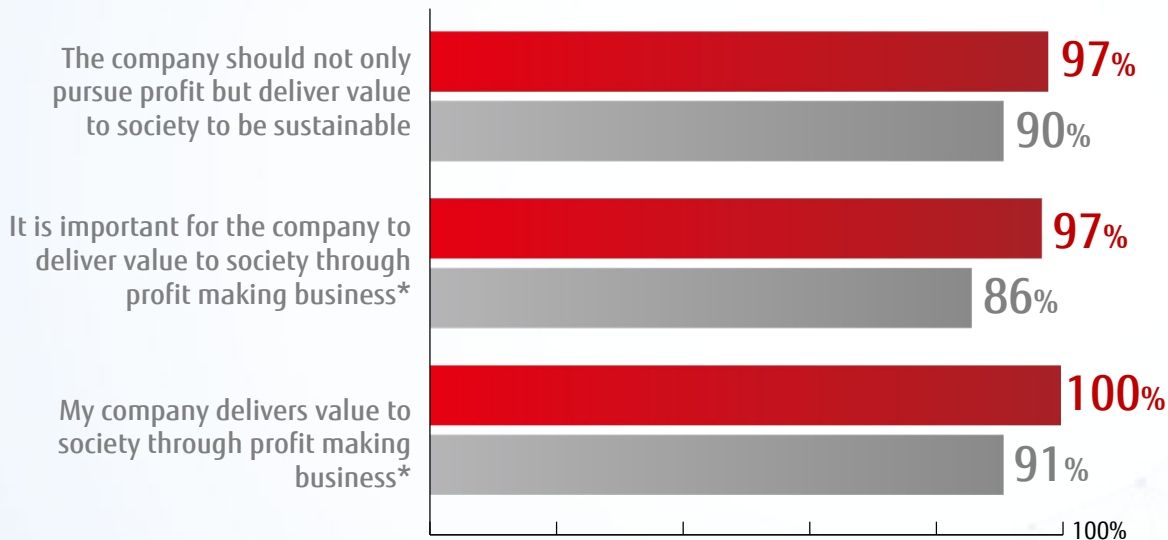
Business Integration 94% / 75%

- Organizations that delivered extremely satisfactory results in their digital transformation have significantly stronger digital muscles than the others.

- Compared to the extremely satisfied organizations, other organizations showed about 20% lower scores in their digital muscles.

- The analysis revealed that developing digital muscles is very important to make a greater impact on business through digital transformation.

(n=900：All the respondents)

Success in digital transformation and providing value to society

Organizations that delivered significantly satisfactory results in digital transformation also actively worked to provide value to society.

❚ Satisfaction with the results of digital transformation, and providing value to society

The company should not only pursue profit but deliver value to society to be sustainable
- **97%**
- **90%**

It is important for the company to deliver value to society through profit making business*
- **97%**
- **86%**

My company delivers value to society through profit making business*
- **100%**
- **91%**

100%

● Extremely satisfied with the results (n=163)
● Others (n=737)
  Slightly satisfied with the result (n=177), Neither satisfied nor unsatisfied with the result (n=21), Slightly unsatisfied with the result (n=6), Currently being implemented, with no result delivered yet, or currently testing or planning (n=411), No plan (n=122)

(n=900：All the respondents) *These questions excluded respondents who belong to not-for-profit organizations.

- Overall, organizations that delivered extremely satisfactory results in digital transformation are also actively providing value to society.

- The respondents who were satisfied with the results of digital transformation are more likely to think that providing value to society through profit-making businesses is important.

- 100% of the organizations that are extremely satisfied with the results of digital transformation have delivered value to society through profit-making businesses.

16

Digital transformation contributes to the realization of a sustainable society

Organizations agree that digital transformation contributes to building an inclusive, sustainable and trusted society.

▍ Digital transformation helps build an inclusive, sustainable and trusted society

51%

34%

85%

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
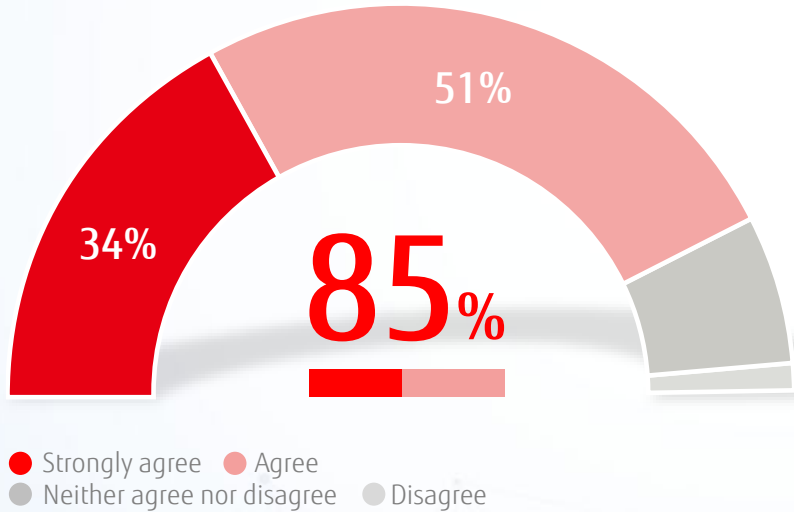
- 85% of the respondents agreed that digital transformation contributes to building an inclusive, sustainable and trusted society.

- In summary, we conclude that most organizations consider that digital transformation has a positive impact not only on business but also on society.

(n=900：All the respondents)

Fujitsu Technology and Service Vision

If you want to know more about Fujitsu's perspectives on the key issues found in this survey, please have a look at the following website and vision documents.
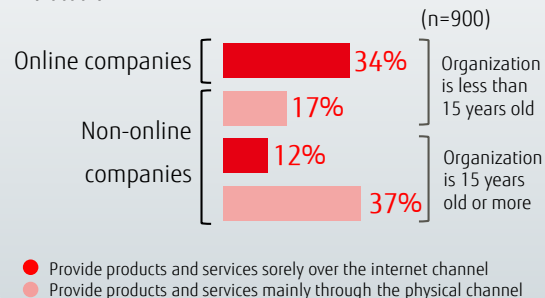

Fujitsu Technology and Service Vision
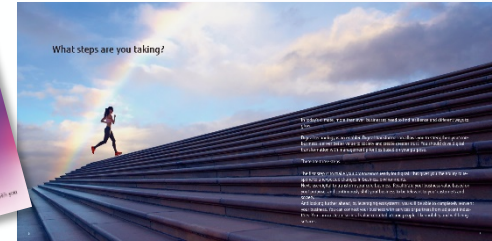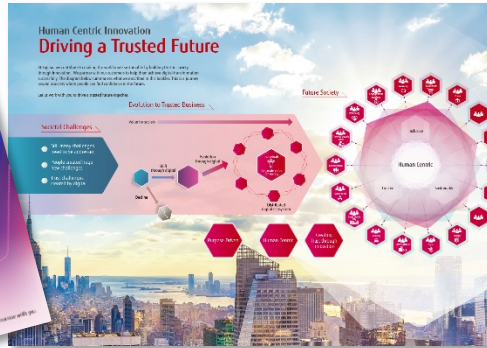
https://www.fujitsu.com/global/vision/

Demographics

Country

9 countries (100 samples from each)

Australia	Singapore
China	Spain
France	UK
Germany	USA
Japan	

Type of companies

(n=900)

- Online companies — 34% — Organization is less than 15 years old
- Online companies — 17%
- Non-online companies — 12% — Organization is 15 years old or more
- Non-online companies — 37%

● Provide products and services sorely over the internet channel
● Provide products and services mainly through the physical channel

Industry

Manufacturing	29%
Healthcare	17%
Financial services	15%
Wholesale / Retail	15%
Transportation	13%
Government	11%

(n=900)

Employee headcount

- 22% — 100–499
- 31% — 500–999
- 29% — 1,000–4,999
- 18% — 5,000 or more
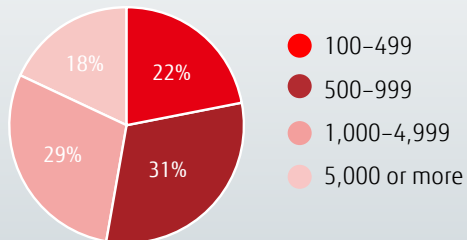
(n=900)

Revenue in the last year

$1M–$9M	13%
$10M–$99M	30%
$100M–$999M	37%
$1B or more	19%
Non-profit-organization	1%

(n=900)

Job title

(n=900)

Chief Executive Officer (CEO)	15%
Chief Marketing Officer (CMO)	6%
Chief Information Officer (CIO)	
Chief Financial Officer (CFO)	15%
Chief Digital Officer (CDO)	8%
Chief Strategy Officer (CSO)	6%
Other CxOs	5%
Senior VP / VP / Director	20%

FUJITSU LIMITED

Shiodome City Center,
1-5-2 Higashi-Shimbashi
Minato-ku, Tokyo 105-7123, JAPAN
Tel. +81-3-6252-2220
https://www.fujitsu.com/global/