

Fujitsu Future Insights

Global Digital Transformation Survey Report 2021



# Priorities in the post-pandemic world



# Table of Contents

Introduction	2
Chapter 1 : How did organizations respond to the pandemic?	3
Chapter 2 : Digital muscles are essential organizational capabilities to respond to the pandemic	7
Chapter 3 : The post-pandemic world	14
Priorities in the post-pandemic world	
• Automation of business processes	
• Data-driven management	
• Providing seamless customer experience	
• Human-centric management	
• Purpose-driven management	
Summary of the survey results	30

# Introduction

The COVID-19 pandemic has had a significant impact on the way we live and work. We are experiencing a critical inflection point. As countries around the world imposed lockdowns of cities and stricter border restrictions, businesses were forced to quickly adapt and tackle new challenges in order to remain relevant. Organizations had to shift their customer touch points from offline to online, develop a remote work environment, and change their supply chains.

What is the difference between organizations that effectively responded to the changes and those that did not? What reasons were behind the effective response to the changes that the pandemic caused? What will be business priorities in the post-pandemic world? Fujitsu conducted a survey of 1,200 business leaders across 9 countries to reveal those.

Organizations will have to embrace new priorities to cope with a radically different business environment in the post-pandemic world. We hope insights from this survey will help business leaders develop their vision and strategies.

## Chapter

# 1

## How did organizations respond to the pandemic?

### Key findings

- A half of offline organizations\* decreased their revenues, while many online organizations\*\* increased their revenues.
- Though the revenue impact was huge, 78% of business leaders from offline organizations said that they were able to effectively respond to the pandemic.
- Three main factors contributed to an effective pandemic response: agility, digitalization, and employee well-being.

\*Offline organizations in this report means organizations that provide products and services completely offline or partially online.

\*\*Online organizations in this report means organizations that provide products and services purely online.

## The pandemic gave significantly different impact on the revenues of online and offline organizations

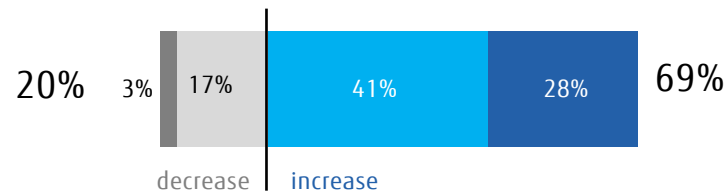
The COVID-19 pandemic plunged the world into chaos, causing many organizations around the world to face with a severe business environment. Offline organizations were damaged more, while many online organizations increased their revenues due to the growing online demand.

In Fujitsu's Global Digital Transformation Survey, it was found that 69% of business leaders from online organizations indicated their business revenues increased in 2020 over the previous year. In contrast, 53% of offline organizations saw a drop in revenues. However, 33% of offline organizations increased their revenues despite this turmoil.

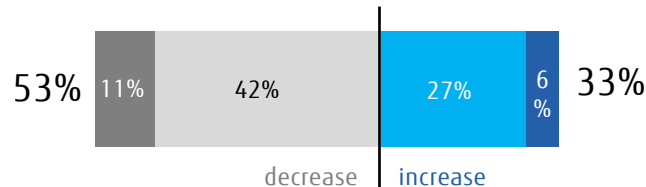
### Impact of the pandemic on revenues in 2020



Online organizations (n=590)



Offline organizations (n=593)



Decreased to some extent    Increased significantly  
Decreased significantly    Increased to some extent

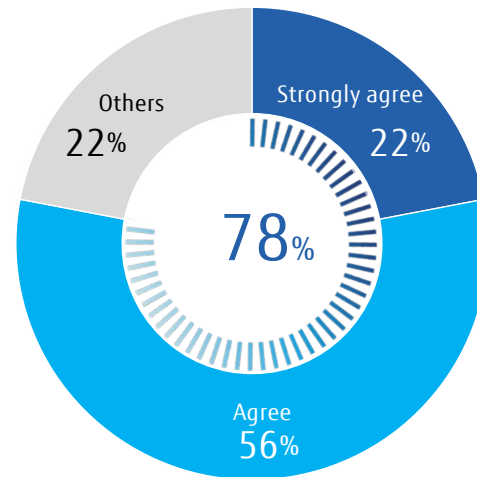
## Over three-quarters of offline organizations effectively managed changes in the business environment caused by the COVID-19

Given many disruptions caused by the COVID-19 pandemic, many organizations managed to respond effectively to changes in the business environment.

Our survey found that 78% of respondents from offline organizations felt that their organizations reacted effectively to pandemic-related business changes.

Why have they been able to effectively respond to the disruptions?

Effectively responded to changes in your business environment caused by the COVID-19



Offline organizations  
(n=605)

## Three main factors contributed to an effective pandemic response: agility, digitalization, and employee well-being

Among business leaders of offline organizations, 49% said agility helped them respond to the pandemic effectively.

Next, 42% credited digitalization, stating that they were already prepared because of the digitalization of their business, such as remote working or online customer access, or they were able to accelerate digitalization rapidly. As the pandemic forced many businesses to move their operations online, organizations that were ahead in their digital transformation were able to continue operations more smoothly.

Then, 40% chose making employee well-being their first priority for the reason. This indicates greater importance of placing the utmost priority on the health of employees and helping them work safely during the turmoil of the pandemic.

### Reasons for effective response to the pandemic

1 <sup>st</sup>	We were agile in how we responded to the changes	49%
2 <sup>nd</sup>	We were already prepared because of the digitalization of our business or we were able to accelerate digitalization rapidly	42%
3 <sup>rd</sup>	We put employee well-being as our first priority	40%
4 <sup>th</sup>	Reduced our operating costs	27%
5 <sup>th</sup>	CEO demonstrated leadership	26%
6 <sup>th</sup>	Government aid such as subsidies	23%
7 <sup>th</sup>	Provided new products and services	22%
8 <sup>th</sup>	Took measures to prevent existing customers from leaving	16%
9 <sup>th</sup>	Borrowed from financial institutions or used internal reserves	8%
10 <sup>th</sup>	Attracted new customers	5%

Offline organizations (n=403)



A man with short dark hair and a beard is shown in profile, looking towards the left. He is wearing a grey button-down shirt. The background is a blurred office setting with digital data overlays, including line graphs, bar charts, and code snippets, suggesting a focus on technology and data analysis.

## Chapter

# 2

# Digital muscles are essential organizational capabilities to respond to the pandemic

## Key findings

- 82% of respondents from offline organizations said that the pandemic had accelerated the digital transformation of their business
- Digital Muscles, 6 organizational capabilities (leadership, value from data, culture of agility, ecosystem, empowered people, and business integration), are necessary for digital transformation. These 6 capabilities have also helped organizations to respond to the pandemic effectively.

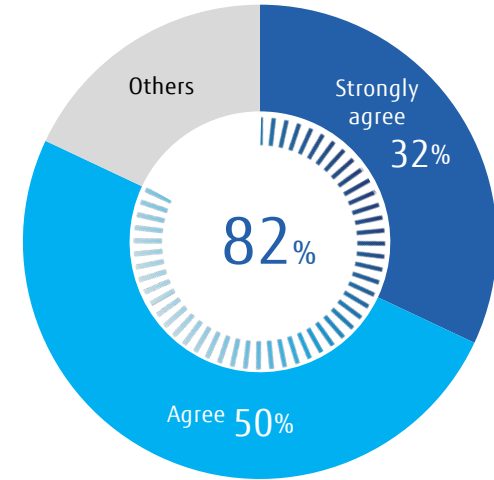


## The COVID-19 pandemic has accelerated digital transformation

During the COVID-19 pandemic, digital became the default mode of living and working. Organizations had to adapt by creating remote work environments and digitalizing customer services.

Our survey found that the pandemic accelerated the pace of digital transformation for 82% of offline organizations.

The COVID-19 pandemic has accelerated digital transformation

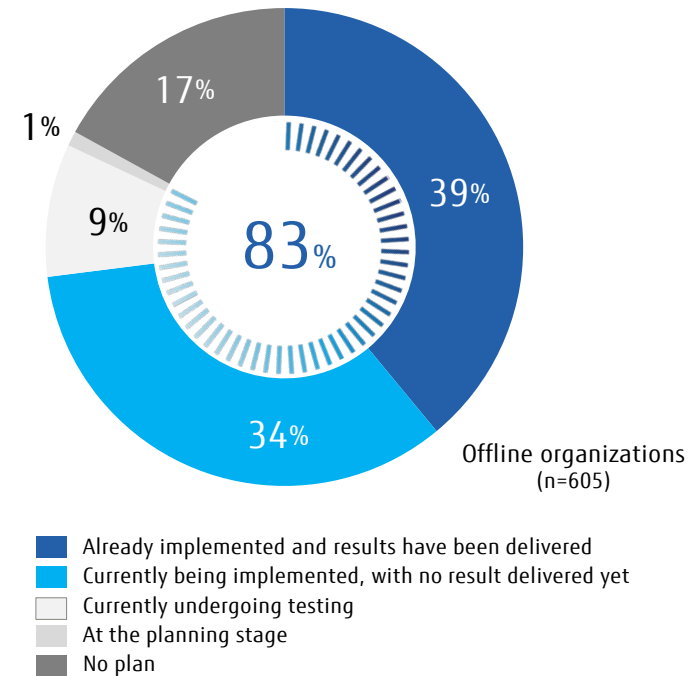


Offline organizations  
(n=605)

## Most offline organizations have already embarked on the digital journey

Our survey found that 83% of offline organizations had already been engaged in digital transformation, with 73% indicating that they had implemented digital transformation. Furthermore, 39% answered that they had already delivered business outcomes from their digital transformation.

State of digital transformation  
in offline organizations



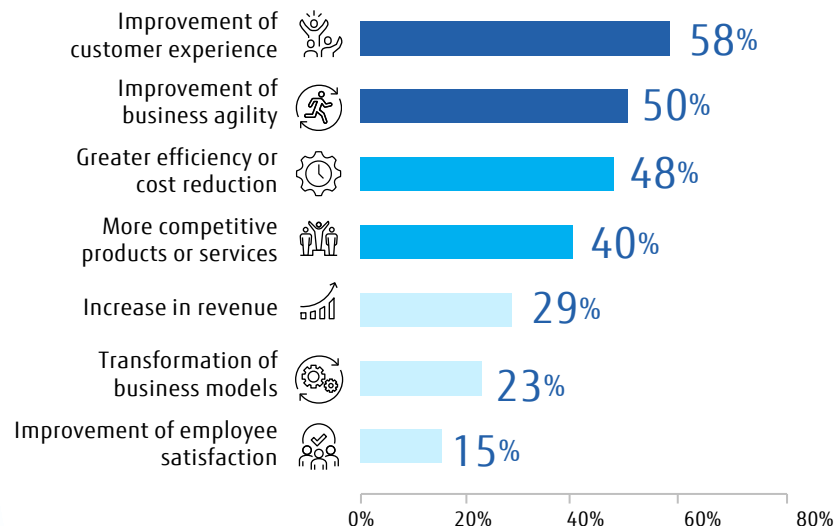
## Top outcomes of digital transformation were improvement of customer experience and improvement of business agility

What kind of business impact has digital transformation delivered? Among the offline organizations that had already delivered outcomes, 58% reported they improved customer experience and 50% said they increased business agility.

These were followed by achieving greater efficiency or cost reduction and improving the competitiveness of their products and services.

These findings indicate that digital transformation is about strengthening business value in multiple aspects. It is also noteworthy that customer experience was chosen as the top outcome last year too, while business agility rose its position sharply this year.

### Outcomes of digital transformation



Offline organizations that had already implemented digital transformation and results have been delivered (n=191)

# 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

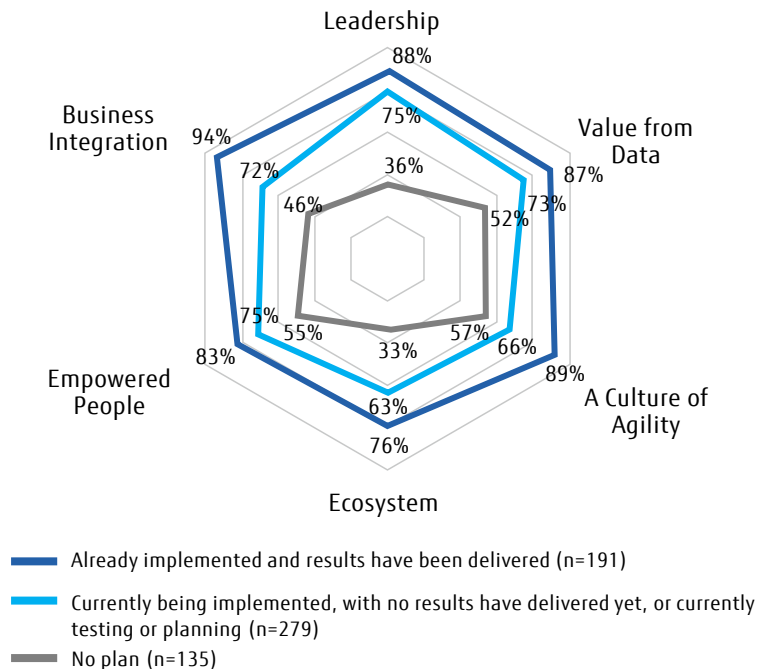


## Organizations that underwent digital transformation and delivered outcomes showed significantly stronger digital muscles

Since 2018, the results of our global survey have consistently indicated 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 showed that organizations which had implemented digital transformation and delivered outcomes had significantly stronger digital muscles.

### The progress of digital transformation and organizational capabilities



Offline organizations (n=605)

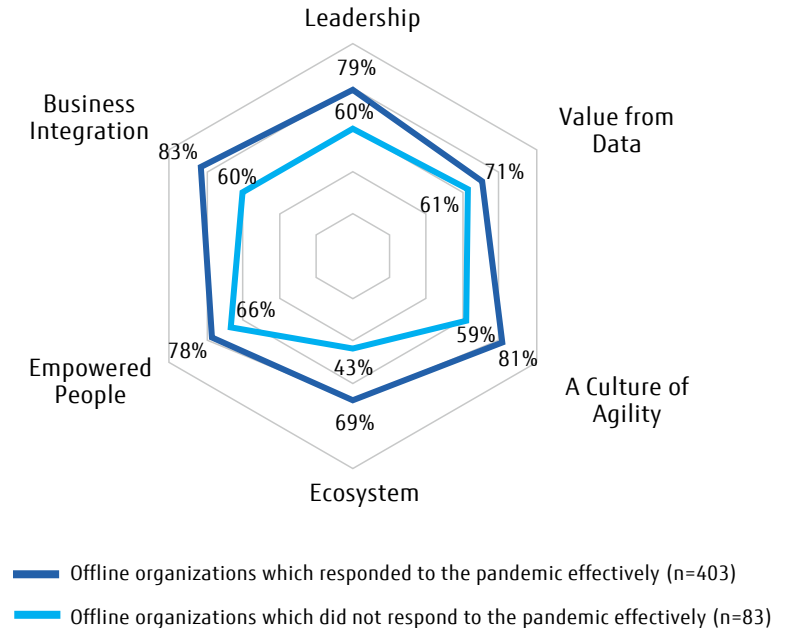
## Organizations with stronger digital muscles also made a more effective COVID-19 response

The analysis of this survey data showed that organizations with stronger digital muscles responded more effectively to the changes brought about by the pandemic.

Digital transformation is not just about introducing new digital technologies into operations, but it is about fundamentally transforming business processes and the way people work and continuously regenerating themselves.

Stronger digital muscles will enable organizations to better respond to the extremely unpredictable and uncertain environment, that is similar to the disruptions during the pandemic. We believe organizations with strong digital muscles will be better prepared to thrive in the post-pandemic world.

### Digital muscles and effective response to the pandemic





## Chapter

# 3

# The post-pandemic world

## Key findings

- Resilience is the top business priority in the post-pandemic world.
- 44% of business leaders from offline organizations anticipate that more than half of their current business processes that are not yet automated will be automated by 2025.
- 78% of them thought offline and online customer experiences would merge seamlessly.
- It is not likely that many organizations will return to the previous way of work even after the pandemic is over. A shift to a hybrid work model is expected.
- 89% of respondents from offline organizations thought employee well-being would have a big impact on the mid-to-long-term business performance.

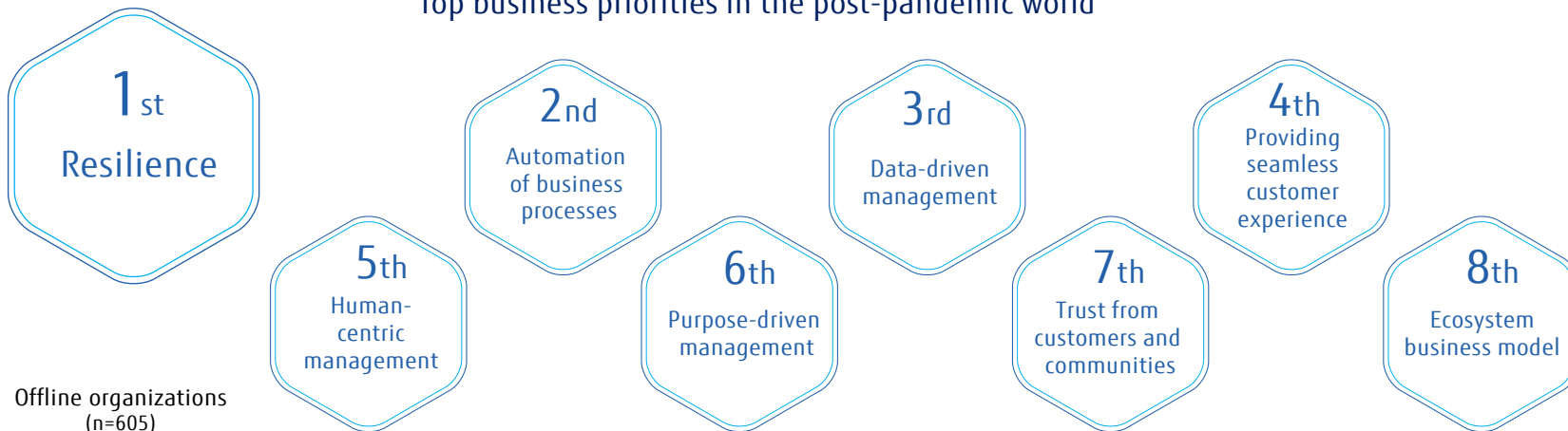
## The top business priority is resilience, a capability to respond to change

Our survey revealed that resilience is perceived as the top business priority in the post-pandemic world.

Many respondents also noted the importance of business process automation, data-driven management and a seamless customer experience (where online merges with offline). In addition, human-centric management, purpose-driven management, trust from customers and communities, and ecosystem business models were considered important, too.

This chapter explores each priority in detail.

### Top business priorities in the post-pandemic world

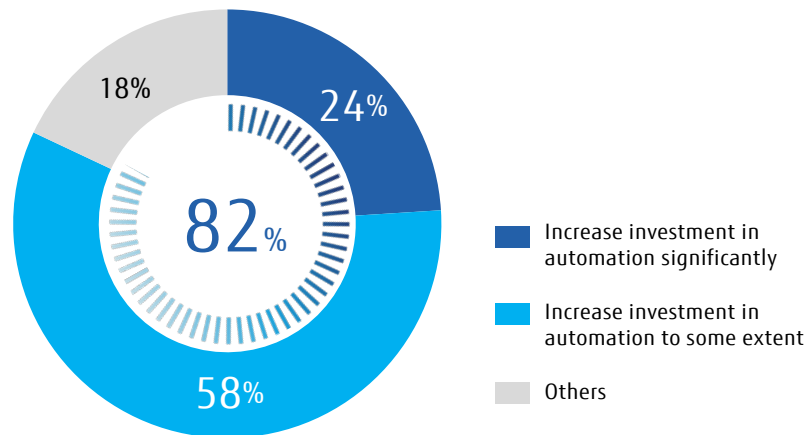


## Most organizations plan to invest more in business process automation

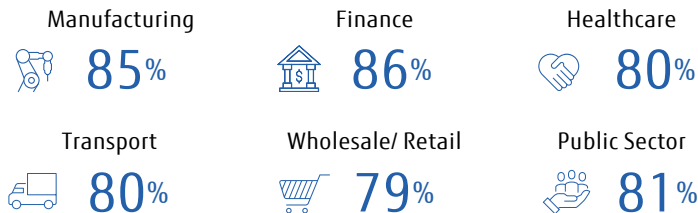
In our survey, we found that 82% of offline organizations plan to increase investments in business process automation.

Strong appetite for automation is similarly observed across industries, ranging from 86% in the finance industry to 79% in the wholesale/retail.

Investment plan in business processes automation



Respondents who plan to increase investment in automation by industry



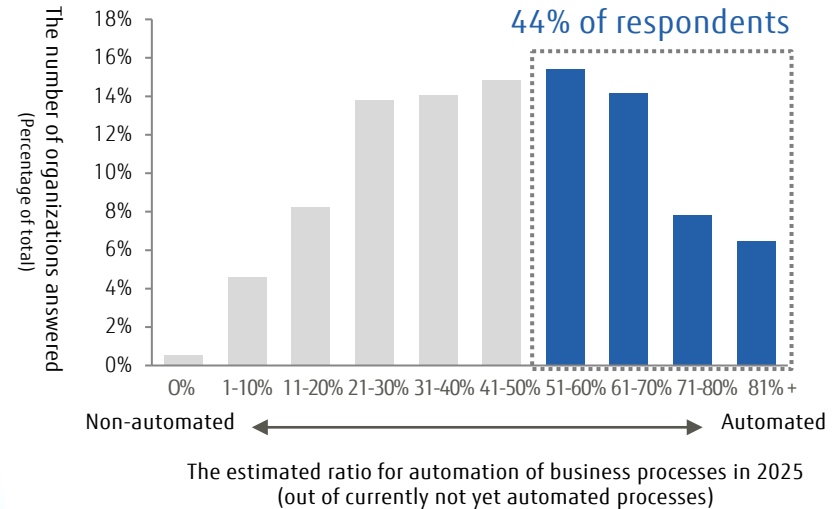
Offline organizations (n=605)

## Many business leaders expect more business processes to become automated

Our survey revealed that 44% of respondents from offline organizations predicted that more than half of their current business processes that were not yet automated would be automated by 2025. This result is truly significant, demonstrating business leaders' very strong appetite for automating their business.

We do not interpret this result indicating that the current business processes will be just automated, replacing manual tasks. But it will be more likely that radical transformation of business processes will happen in the next four to five years. We think organizations should reimagine a new, balanced way people and technology work together. How can organizations maximize the potential and well-being of their people, while increasing productivity through automation. Definitely, ethics and trust are becoming more important than ever before in redesigning such future business processes.

Percentage of existing business process which are currently not automated and will be automated by 2025



Offline organizations (n=605)

## Financial and manufacturing organizations expect more aggressive automation

Automation expectations vary by industry.

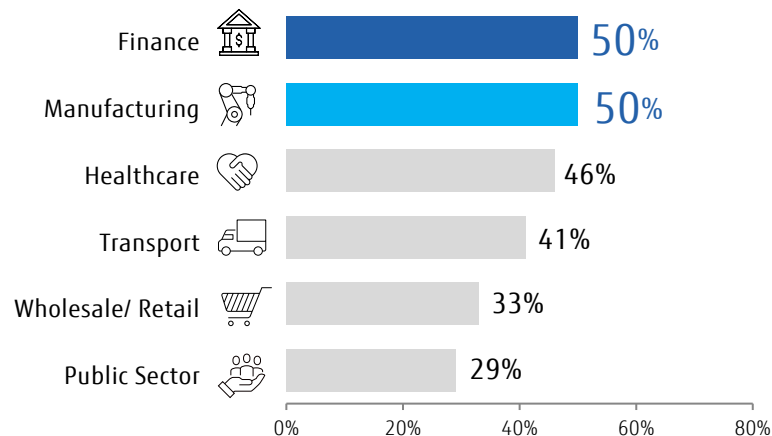
50% of respondents in the financial industry and the manufacturing industry predicted that more than half of their existing business processes that were not yet automated would be automated by 2025.

For instance, in banking operations of the financial industry, more face-to-face services offered in a branch are being replaced with fully digital mobile banking.

In addition, more internal operations are employing robotic process automation (RPA) or AI-based solutions to increase productivity.

Manufacturing companies are automating not only their manufacturing and testing processes but also other functions like demand forecasting, supply chain management and maintenance services through digital transformation.

Percentage of respondents who thought that more than half of their business process are not yet automated will be automated by 2025



Offline organizations (n=605)

## Data-driven management is a key factor in ensuring business competitiveness

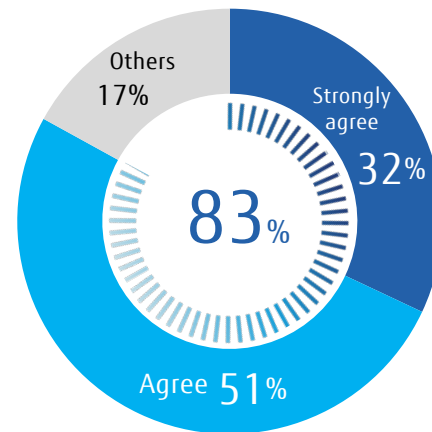
In the extremely uncertain environment, data has increasingly become more important in making business decisions. Instead of waiting for an expressed demand, for example, it is important to continually analyze customers' behaviors in real time to understand their unexpressed needs.

In this survey, 83% of respondents from offline organizations agreed with the importance of data-driven management to remain competitive.

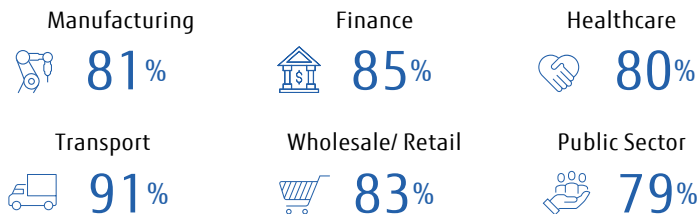
The percentages do not differ so much by industry: more than three-quarters of respondents in each industry agreed that data-driven management was essential to their competitiveness.

Data-driven management requires organizations to draw insights through understanding feedbacks from their customers and employees, as well as analyzing data generated from their internal and external business processes.

Data-driven management is essential to stay competitive



Respondents who agreed the importance of data-driven management by industries



Offline organizations (n=605)



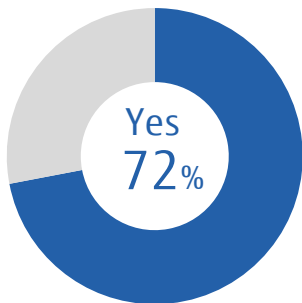
## Customer engagement shifted online because of the pandemic

Lockdowns and movement restrictions because of the COVID-19 pandemic drastically changed consumer behaviors. Offline organizations had to rapidly shift their operations online to keep up with the rise of online demand.

In our survey, 72% of business leaders from offline organizations said the pandemic increased the demand from their customers to introduce, buy or take delivery of products or services via online channels.

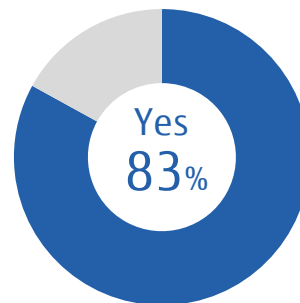
At the same time, 83% said that their organizations increased digital engagement with their customers through web, mobile, and other digital technologies.

Customers have increased their demand to introduce, buy or take delivery of products or services via online channels.



Offline organizations(n=605)

Advanced digital engagement with customers through web, mobile or other digital technologies.



Offline organizations(n=605)

## The value of face-to-face (F2F) services must be redefined

Although the pandemic has shifted customer engagement to online, our survey found that premium value of F2F experiences must be revisited.

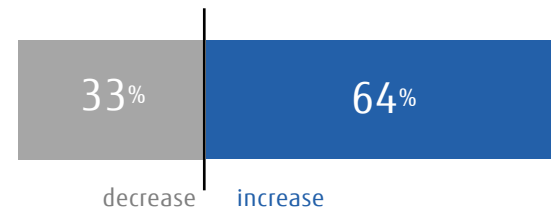
In fact, 64% of respondents from online organizations thought that the value of F2F engagement would increase because premium services that cannot be offered online will become more exclusive. 49% of respondents from offline organizations had the same opinion, and they were more than the respondents who thought the value of F2F engagement would decline.

We concluded that now it is necessary to redefine the role and meaning of offline, physical channels.

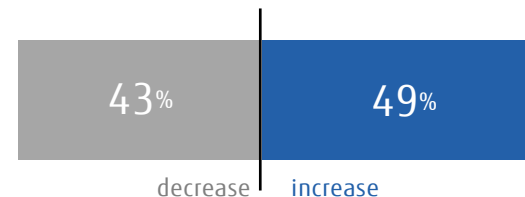
### Value of F2F(face-to-face) services for customers



Online organizations (n=595)



Offline organizations (n=605)



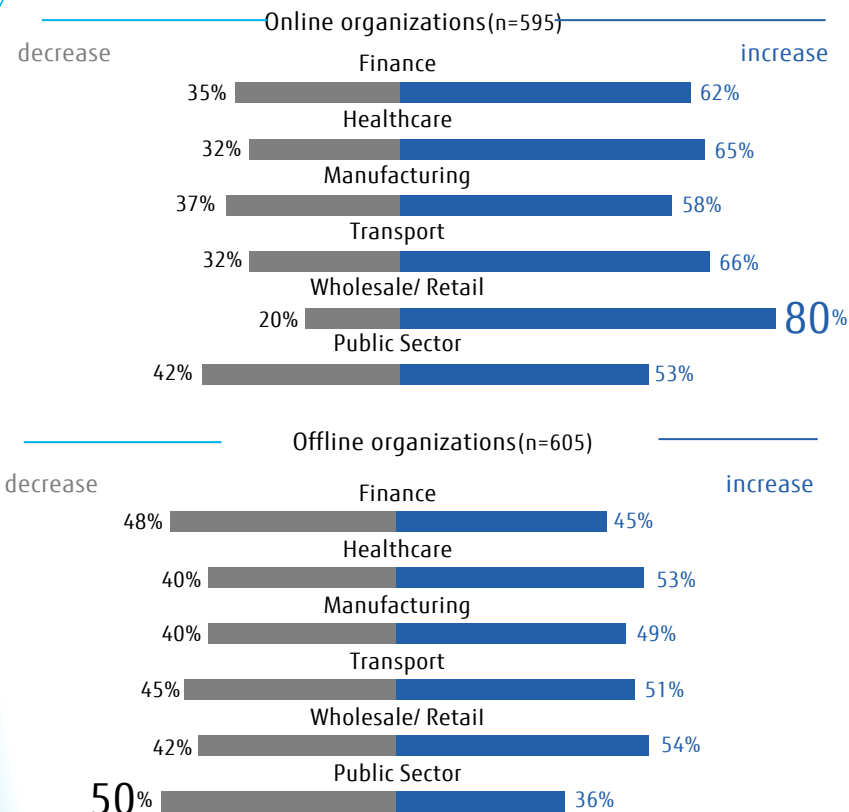
## Online retailers strongly recognize the value of F2F services

The perceived value of F2F services differs significantly by industry.

Looking at respondents from online organizations, 80% in the wholesale/retail industry said that the value of F2F service would increase.

Among respondents from offline organizations, opinions were not so different across industries. An exception was in the public sector, where more expected the value of F2F service to decrease.

### Value of face-to-face (F2F) service for customers by industries



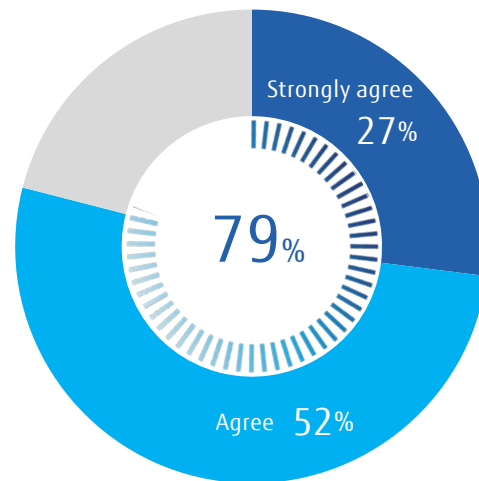
## Many online organizations intend to expand their business to offline

While digital is becoming the default in the post-pandemic world, it is important for an organization to focus on their customers, especially their individual customer journeys.

Some online organizations have already established an offline presence. For instance, online retail giant Amazon launched Amazon Go in the United States and United Kingdom, and Southeast Asian fast fashion brand Love and Bonito opened 'click-and-mortar' boutique stores.

Our survey found that 79% of respondents from online organizations intended to expand their businesses from online only and add an offline, physical experience for their customers in the future.

Intend to expand business from online only and offer customers a physical experience



Online organizations (n=595)

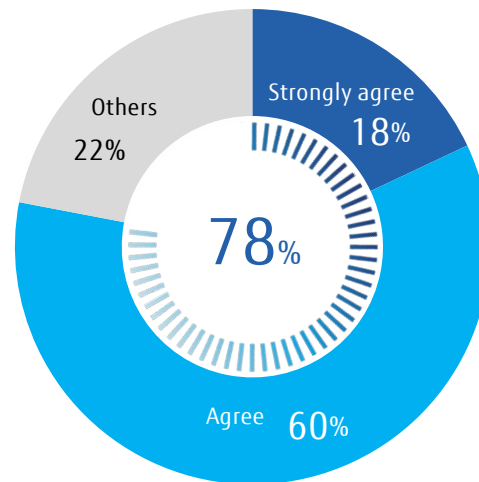
## Offline and online customer experiences will merge seamlessly

It is no longer sufficient to manage offline and online channels separately and maximize customer experience respectively. Organizations need to redesign services through merging these experiences.

In our survey, 78% of business leaders from offline organizations mentioned that offline and online customer experiences would merge seamlessly because many parts of our lives become digitally connected.

It is becoming increasingly important for organizations to deeply understand what their customers desire to do at certain places and time. The analysis of their behavioral data in multiple offline and online touch points will produce insights to deliver better customer experiences. However, organizations must also build trust with their customers through protecting their privacy and data security.

Online and offline customer experience will become seamless



Offline organizations (n=605)

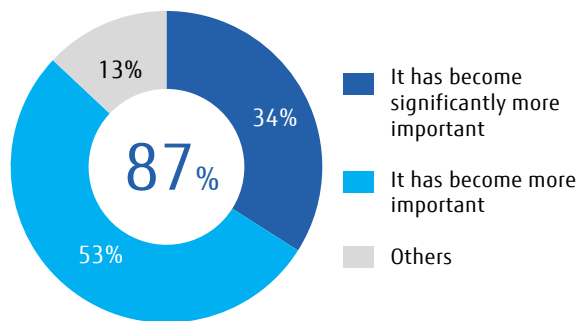
## Employee well-being will make a big impact on the mid- to long-term business performance

The COVID-19 pandemic has threatened and completely changed our daily lives. Many organizations prioritized employee well-being by supporting their health, providing a remote work environment and creating more flexible work processes.

Our survey found that 87% of respondents from offline organizations thought that employee well-being had become either more important or significantly more important during the pandemic.

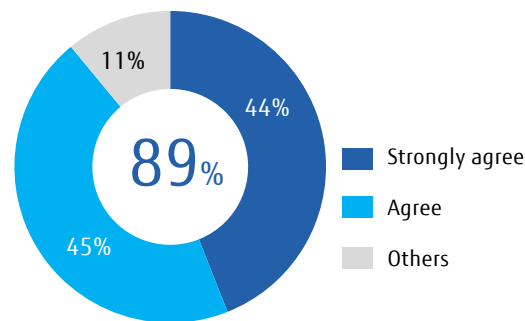
Moreover, 89% of them responded that well-being of employees would make a big impact on the mid-to-long-term business performance.

Consideration of employee well-being during the pandemic



Offline organizations (n=605)

Employee well-being makes a big impact on the mid-to-long-term performance of business



Offline organizations (n=605)



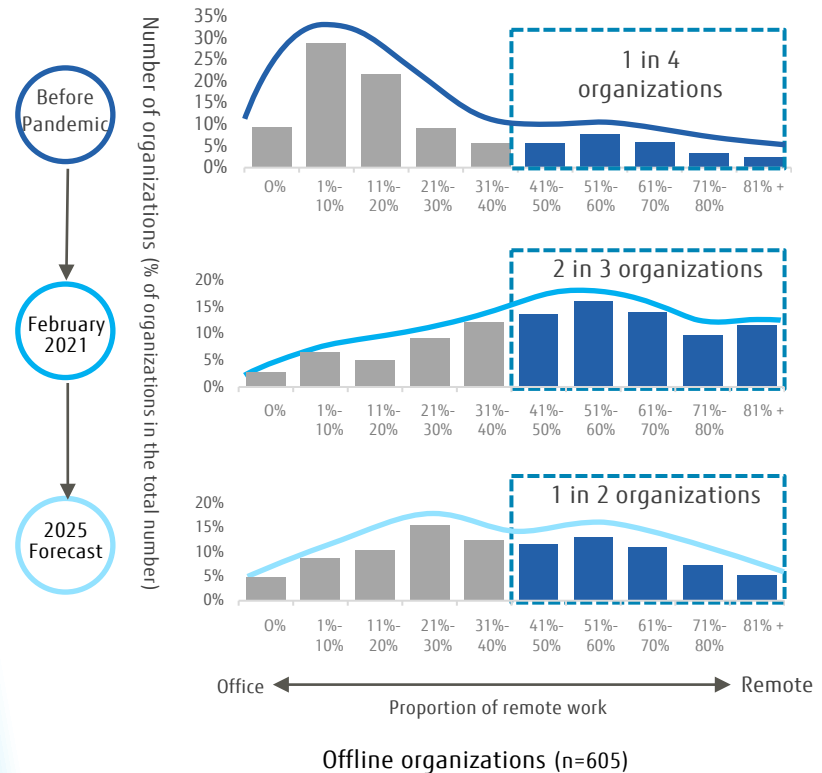
## Shift to hybrid working

We have seen a dramatic increase of work from home during the pandemic. Will this continue?

Our survey found that about one in four offline organizations' employees worked remotely for more than 40% of their total working time prior to the pandemic. As of February 2021, that had surged to two in three organizations.

Moreover, our survey indicates that the traditional work model will not come back and the hybrid work model will remain the norm for many organizations. In fact, half of offline organizations' business leaders expected that their employees would work remotely at least 40% of the time in 2025, even after the pandemic is over.

### Remote work before, during, and after the pandemic

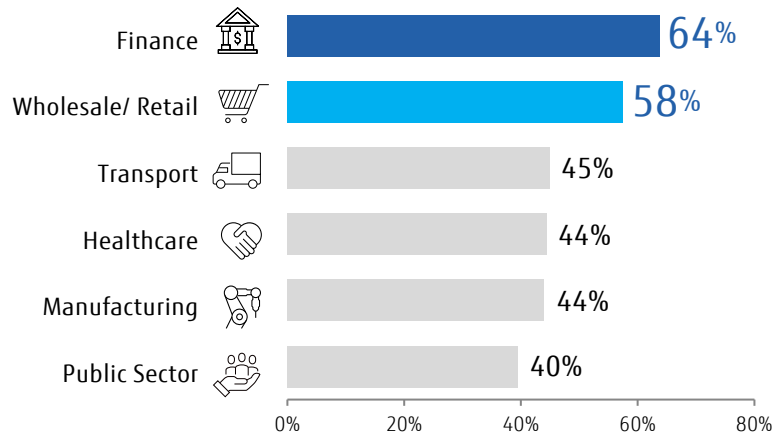


## Post-pandemic remote work expectations

Expectations to remote work differ by industry. Our survey discovered that among offline organizations 64% of respondents in finance, 58% in wholesale/ retail expect that their employees will continue working remotely more than 40% of the time.

The percentages were lower in the other industries. Generally, it is easier for office workers to shift to a hybrid work model. Many employees of organizations in certain industries will still need to work at physical premises like shops, warehouses, hospitals, laboratories and factories. But there is also a possibility that new digital technology will help more people work remotely. For instance, Fujitsu is working to enable factory engineers to remotely collaborate in engineering work, using 5G and VR/AR technologies.

The ratios of organizations expecting that their employees work remotely more than 40% of the time after the pandemic



Offline organizations (n=605)

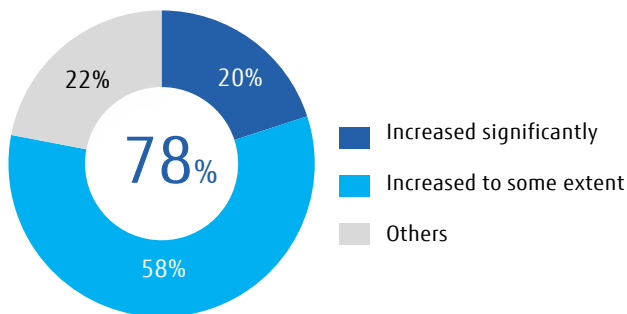
## The pandemic has strongly affected the mindset of business leaders toward delivering value to society

We continue to face difficult societal challenges like climate change, inequalities and an aging population. In our last year's survey, it was already apparent that most business leaders had recognized the importance of delivering value to society. The pandemic reinforced this direction. In this year's survey, 78% of respondents from offline organizations said they thought the importance of delivering value to society had increased as a result of the pandemic. We also found that 71% planned to increase contribution to society in line with the United Nations Sustainable Development Goals (SDGs\*).

We re-emphasize that delivering value to society is essential for long-term business sustainability. It is becoming increasingly more important for an organization to align their business goals with societal goals. A clearly-defined purpose is key to align these goals.

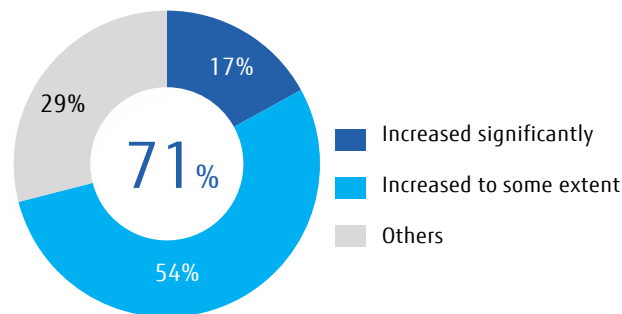
\*17 Sustainable Development Goals set out by the United Nations in order to focus efforts to overcome global challenges and promote greater well-being of people across the world

Change of importance in delivering value to society due to the pandemic



Offline organizations (n=605)

Plan to contribute to society in line with SDGs



Offline organizations (n=605)

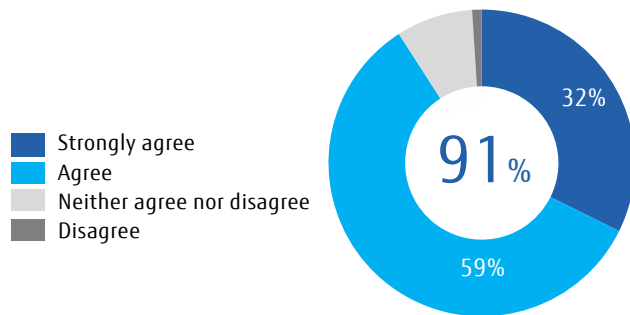
## Digital transformation helps organizations deliver value to society

Among the offline organizations that had already delivered outcomes, 91% confirmed that their digital transformation had helped them deliver value to society.

In what ways has digital transformation enabled them to do so? The top three answers are providing greater safety for people (38%), developing economy and industry (30%), and contribution to a smart and sustainable city (28%).

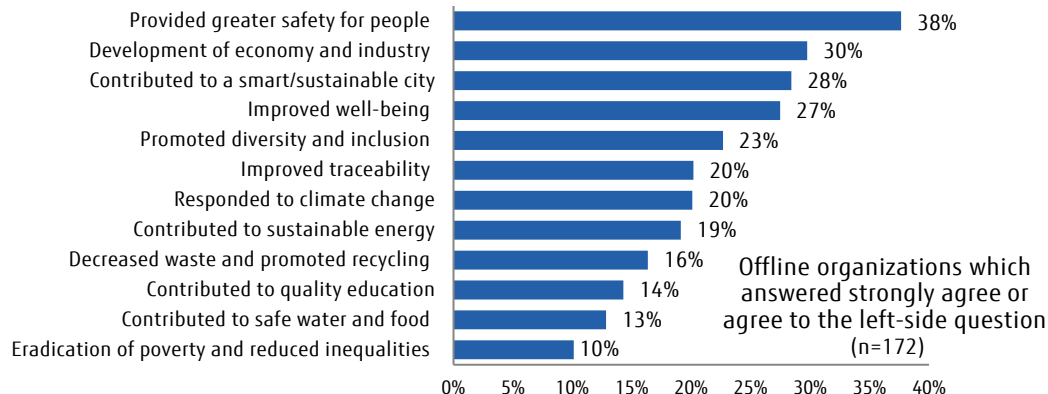
We believe that digital technology has the power to help people change society for the better. For instance, Fujitsu is delivering breakthrough technologies that can help accelerate the process of drug discovery, mitigate impact of natural disasters like Tsunami, and create large-scale digital twins of a smart city.

Digital transformation helps organization deliver value to society



Offline organizations (n=191)

Values delivered through digital transformation



# Summary of the survey results

We have summarized key insights from this survey.



Strengthen digital muscles to build resilience

In the post pandemic world, resilience to the extreme uncertainty is the first priority. Stronger digital muscles will enable organizations to build resilience. We recommend that organizations check the status of their muscles and develop strategies to strengthen the six organizational capabilities.



Reimagine the way people and technology work together

Business process automation will rise rapidly. This will require organizations to fundamentally reimagine the way people and technology work together. It is also essential to take trust and ethics into consideration.



Design seamless customer experiences that cover both online and offline

While the provision of products and services online will increase, so will the premium value of F2F services. It is important to connect with customers in multiple online and offline touchpoints. Analysis of their behavioral data will help develop insights on what they need at a specific place and time.



Improve employee well-being

Improvement of employee well-being has positive influence on employee engagement and productivity. This will make a big impact on the mid- to long-term business performance. Organizations need to understand their employees through analyzing their voices, and creatively transform the way they work, for instance, through the adoption of a hybrid work model.



Align business goals with societal goals

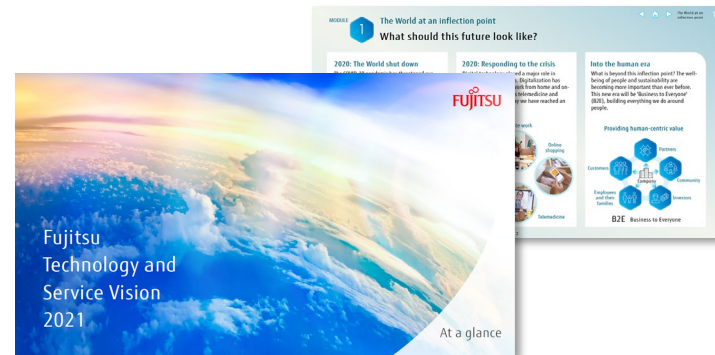
Facing difficult societal challenges, business leaders recognize that providing value to society is becoming increasingly more important. A clearly defined purpose allows an organization to align their business goals with societal goals. Digital transformation will help them achieve these aligned goals.

# 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.



Main booklet



At a glance

<https://www.fujitsu.com/global/vision/>



# Demographics



Base: (n=1200)



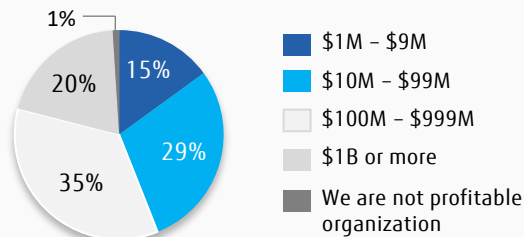
## Country

9 countries

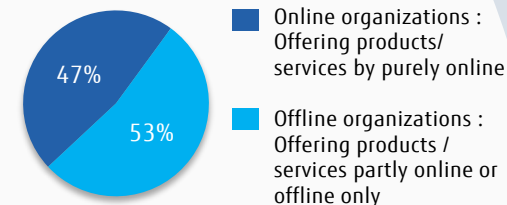
Australia	Singapore
China	Spain
France	United Kingdom
Germany	United States
Japan	



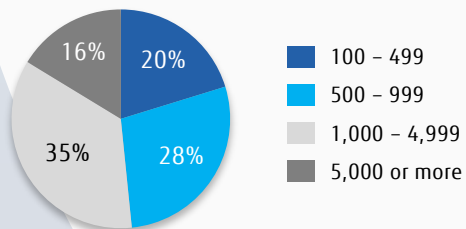
## Organization Revenue



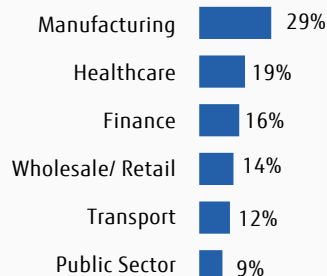
## Online / Offline organizations



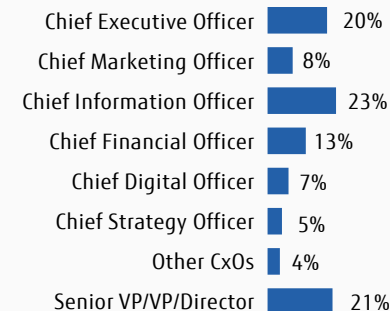
## Employee headcount



## Industry



## Job title



# FUJITSU LIMITED

Shiodome City Center,  
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