

Fujitsu Future Insights

Global Digital Transformation Survey Report 2019



Building Trust
to Successfully Drive
Digital Transformation

shaping tomorrow with you

Introduction

We are living in a world that is more connected, more globally integrated and faster paced than it has ever been. The benefits that have been brought by digital technology seem obvious and ubiquitous. But the world is increasingly becoming chaotic.

Today we can't tell what is true on the web. We are in the dark as to who uses our personal data. We are seeing an increase in the damage from cyber-attacks, which now target critical social infrastructure as well. AI is advancing rapidly and being applied in many fields. But there is a growing concern about the trustworthiness of AI's judgement and the impact of the technology on jobs.

In today's complex world, trust has become a big challenge. Rebuilding trust is the central issue to create a better future.

Fujitsu conducted a survey of 900 business leaders in 9 countries to understand their progress in digital transformation and to clarify how business leaders around the world perceive "trust", an important theme in recent years.

The survey takes an in-depth look at the following points. We think it will provide valuable insights for companies undergoing digital transformation.

- Progress in digital transformation
- Trust in online data
- Decisions made by AI and those by a person
- Leadership, human empowerment, and leveraging ecosystems for successful digital transformation

The findings have supported the thinking behind the Fujitsu Technology and Service Vision 2019. This provides business and public sector leaders with a strategic outlook and insight into how they can apply advanced digital technologies to realize innovation in their business and wider society.

This report is part of a series we call Fujitsu Future Insights. As well as research like this, the series details the state of digital transformation and possible future trends across different industries, providing deeper analysis of challenges affecting transformation in specific fields and the impact of technologies. The series also offers suggestions for possible future scenarios and strategies related to those fields.

Websites:

Fujitsu Technology and Service Vision:
<https://www.fujitsu.com/global/vision/index.html>

Fujitsu Future Insights:
<https://www.fujitsu.com/global/vision/insights/survey3/>



Executive Summary

P4–P5

Progress in digital transformation

- 87% of companies surveyed have already begun their digital transformation journey. By industry, financial services were the furthest on this journey, followed by transportation.
- Analysis of the relative success of companies in delivering outcomes from digital transformation shows that the following six factors have a strong impact: Leadership, Ecosystem, Empowered People, A Culture of Agility, Value from Data, and Business Integration. These are the organizational capabilities necessary for successful digital transformation. We have called these “digital muscles”.

P6–P9

Trust in online data

- Reflecting growing concerns about information and security risks, 70% of respondents found it difficult to judge if online information is trustworthy, and 59% were concerned that data they use may have been falsified.
- Concern about personal data is also high, with 72% of respondents saying that they are worried organizations exploit personal data without their permission. However, more than half of respondents are content to provide personal data to an organization if they can trust the organization and in cases where personal data is used to enhance products and services.
- Respondents have not quite made up their mind whether they trust decisions made by AI. 60% of respondents think that decisions made by AI are fair because AI is not subject to bias. However 52% of respondents claimed they couldn't trust AI because data can be incorrect or biased.

P10–P14

Leadership, human empowerment, and leveraging ecosystems are required for successful digital transformation

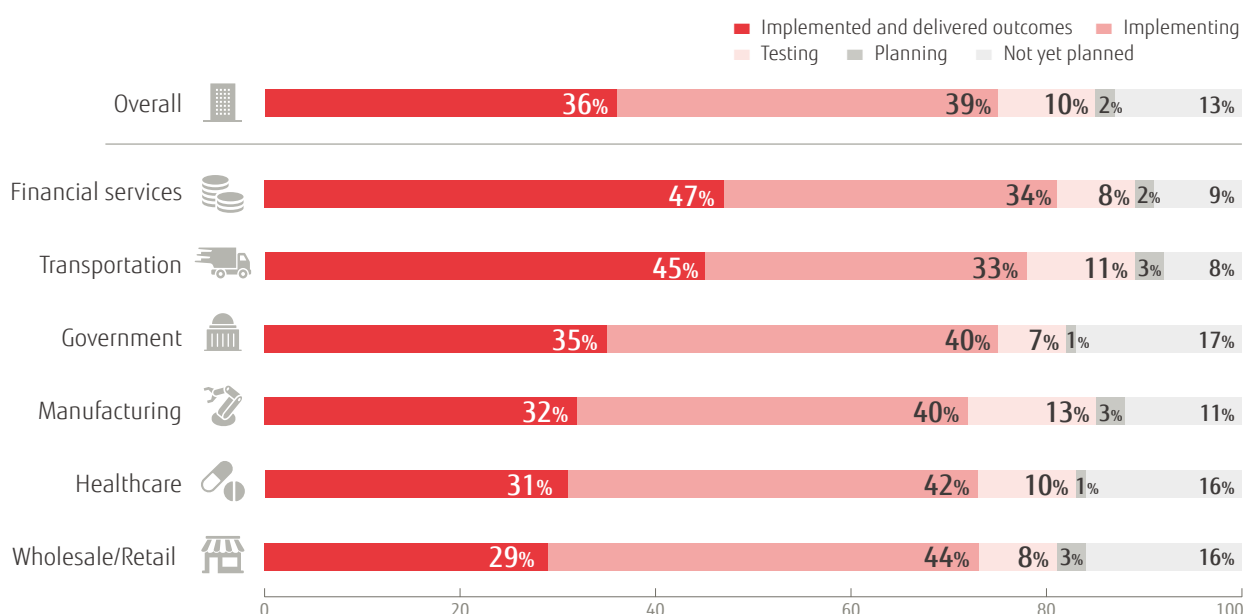
- Companies that show leadership in employee empowerment tend to deliver outcomes in digital transformation. Emphasis on a good work-life balance correlates with positive outcomes.
- Both making a positive impact on society and having robust ecosystems link to the delivery of outcomes in digital transformation, as does establishing greater trust with citizens and customers. These should be high on leaders' agendas.

Progress in Digital Transformation

Financial services and transportation companies are leading digital transformation

Of the 900 respondents in 9 countries, 87% indicated that they have planned, tested, or implemented digital transformation in the last three years. By industry, financial services and transportation companies are the most advanced, with 47% of financial services companies and 45% of transportation companies responding that they have implemented and delivered outcomes. Only 13% of respondents said their companies are yet to explore digital transformation across all industries, supporting the notion that all industries are embracing digital transformation.

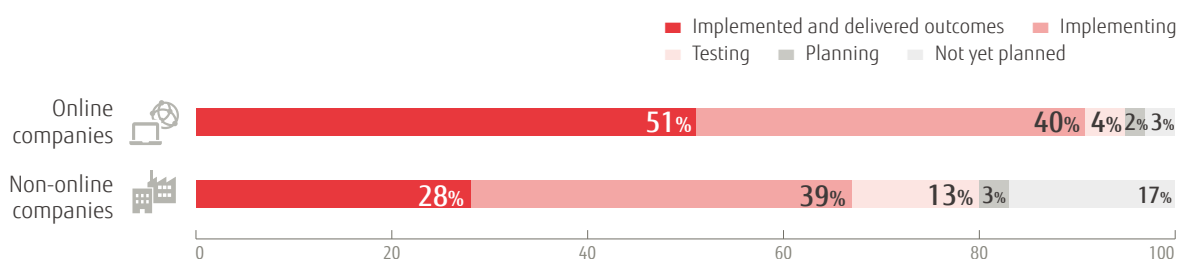
Progress in the digital transformation by industry



Online companies are moving ahead with digital transformation

Among the respondents surveyed, 33% provide their products and services solely over the internet (referred to as online companies). The remaining 67% provide products and services primarily through physical channels (referred to as non-online companies). As we might expect, online companies have made more progress in digital transformation than non-online companies. Of the respondents from online companies, 91% are implementing digital transformation, with more than half achieving positive outcomes.

Progress of the digital transformation in online companies and non-online companies



Success Factors of Digital Transformation

Last year's survey conducted by Fujitsu revealed that six organizational capabilities are important to deliver positive outcomes in digital transformation: Leadership, Ecosystem, Empowered people, A Culture of Agility, Value from Data, and Business Integration. Analysis of this year's survey also reveals that successful companies have such organizational capabilities, we call these digital muscles.

Digital Muscles

Leadership

Digital transformation is a priority of the CEO

Ecosystem

Establishment of a trusted ecosystem of partners

Business Integration

Enabling technology to become the business operating system

Empowered People

Ensuring people having the right skills and opportunities to grow

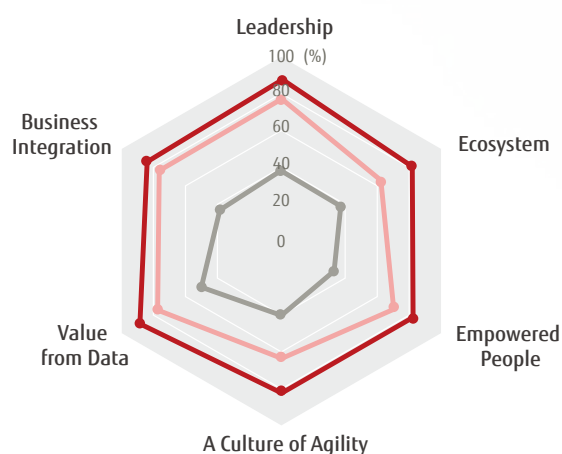
Value from Data

Being able to use trusted data to deliver outcomes, while keeping it secure

A Culture of Agility

An innovation supporting culture with an appetite for change

Delivery of outcomes correlates with capabilities in six success factors



Digital Maturity

The numbers in the charts are % of companies which responded that they had capability in each of the six success factors

- Already implemented and outcomes have been delivered
- Currently being implemented, with no outcomes delivered yet
- No planning, testing, or implementing digital transformation

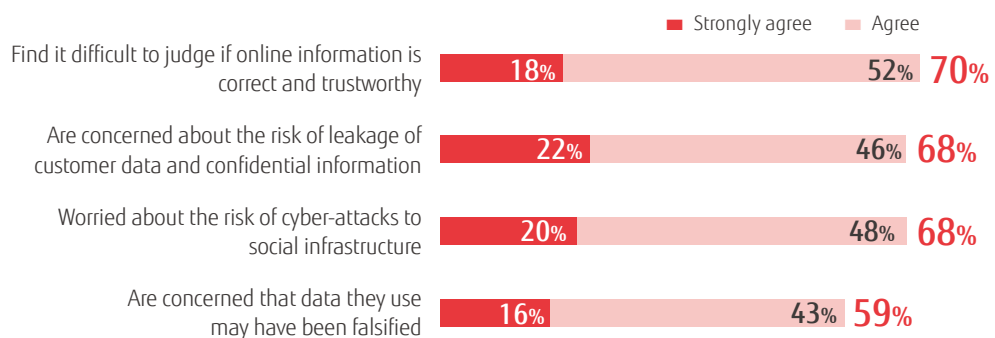
Success in digital transformation requires continuous training of digital muscles.

Trust in Online Data

There is a growing concern about trust in data and security risks

Digitalization has generally enabled wider and easier communication, however 70% of the respondents felt it is difficult to judge if online information is correct or trustworthy. 22% of the respondents expressed strong concerns and 46% expressed concerns over the risk of information leakage of customer data and confidential information about their company. 68% of the respondents are concerned about the risk of cyber-attacks against physical social infrastructure. 59% were concerned that data they use may have been falsified. These responses highlight a general anxiety about data and security.

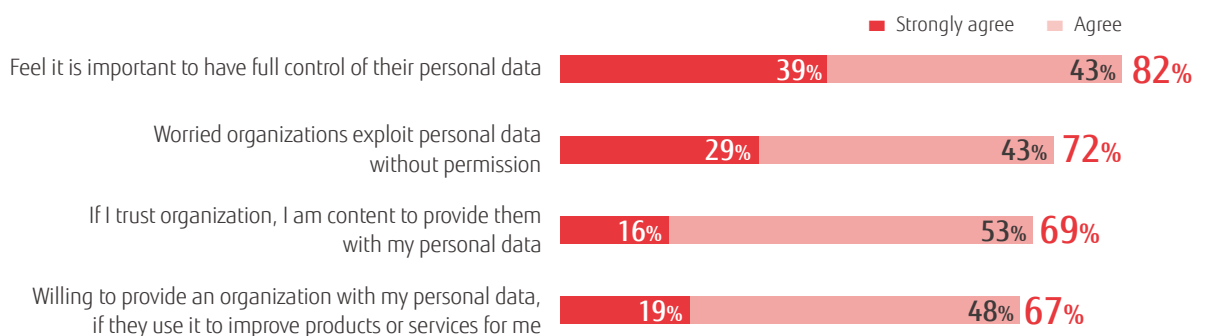
% of respondents which strongly agreed or agreed with each statement about data



It is acceptable to provide personal data to trusted companies

82% of the business leaders surveyed said that it is important to have full control of their personal data, but 72% of respondents are worried organizations may exploit personal data without their permission. In some cases, however, respondents found it acceptable to provide personal data. These include where the company receiving the personal data can be trusted (69%) and where the personal data provided can be used to enhance products and services, which will provide a benefit (67%). This indicates that it is important for a company and its business to be trusted to leverage personal data for their business.

% of respondents which strongly agreed or agreed with each statement about personal data

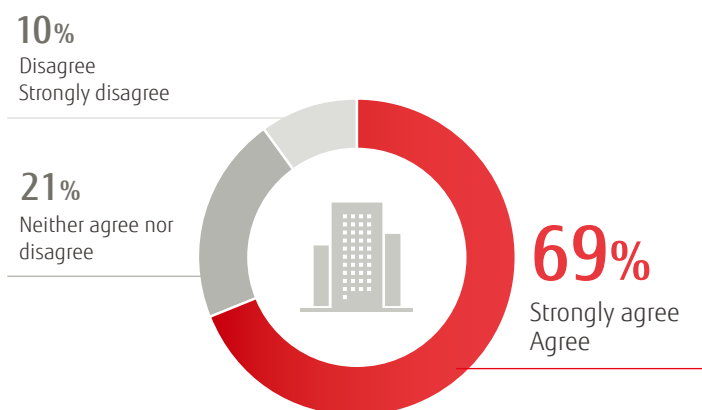


Assessment of Individual Trust in Digital Society

Companies found it effective to use individual online presence to assess someone's trustworthiness

As mentioned earlier, despite growing concerns about the trustworthiness of online data, companies were generally positive towards using social media postings and online presence—including purchasing histories—to assess individual trustworthiness. 69% of respondents agreed the effectiveness of using online presence, from a corporate viewpoint, to determine individual trustworthiness, 21% had a neutral opinion, and 10% were opposed.

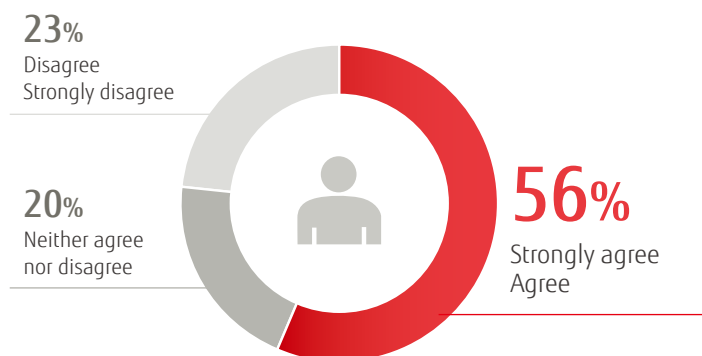
Is it effective for an organization to use individual online presence to assess someone's trustworthiness?



Individuals accept that their own trustworthiness is assessed through their online presence

From an individual viewpoint, respondents also tended to accept being assessed according to online information. 56% of the respondents fully accept or accept in some circumstances that they may be assessed on their online presence, 20% had a neutral opinion, and 23% were opposed.

Is it acceptable for you to be assessed by an organization according to your online presence?



These results indicate that assessing people by looking at their online presence is becoming more acceptable.

Do You Trust Decisions Made by AI or by a Person?

AI does not set out to deliver bias, however there is concern that the data behind decisions made by AI may be biased

Respondents have not quite made up their mind whether they trust decisions made by AI. 60% thought that decisions made by AI are fairer than those made by people because people are subject to bias. However, 52% said they could not trust AI because the data used may be incorrect or biased. Similarly, 60% could not trust decisions made by AI on its own and preferred that the final decision be made by a person. Respondents were negative toward decisions made solely using AI.

Think that decisions made by AI are fairer than those made by people because people are subject to bias

60%



Could not trust AI because data can be incorrect or biased

52%



Would not trust AI on its own. The final decision should be made by a person

60%

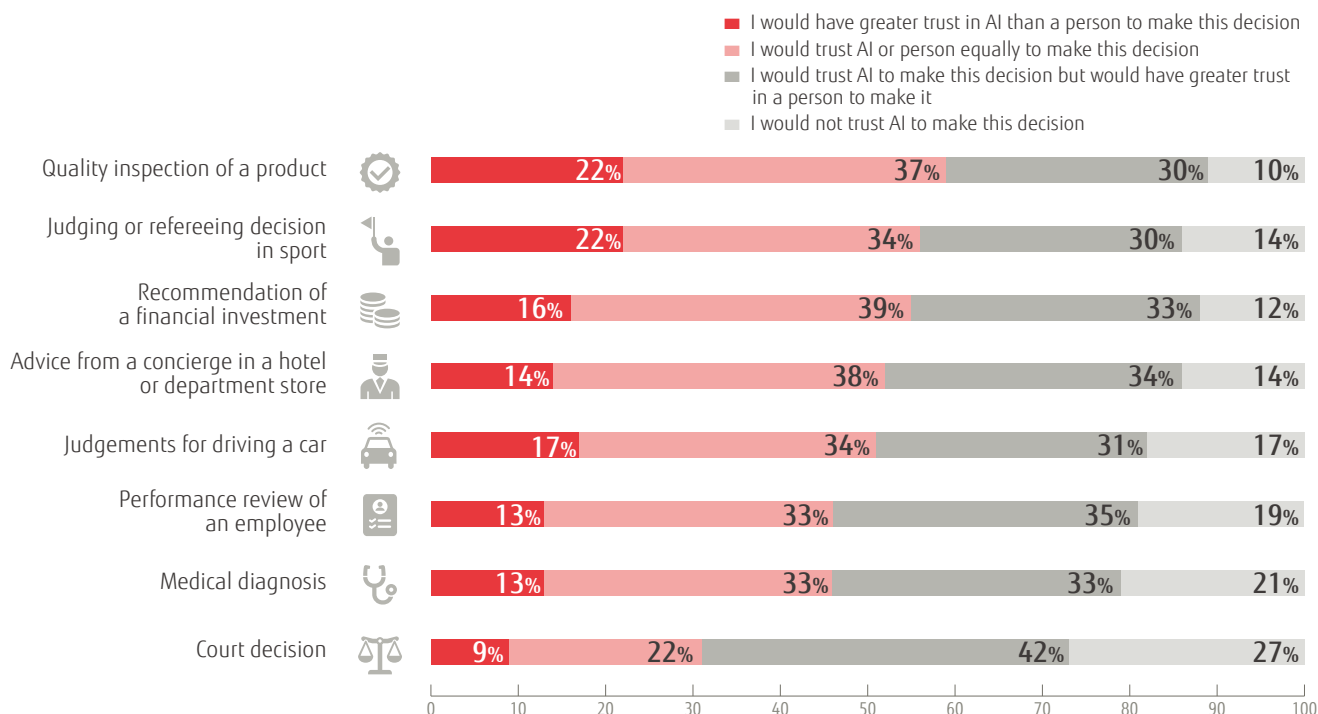


Trusting decisions made by AI or by a person differs depending on the scenario

In the survey, we presented eight specific scenarios and asked respondents about decisions made by AI and those made by a person. Of these scenarios, respondents had the greatest trust in AI used for a quality assessment of a product (22%) and for judging or refereeing in sport (22%). These results reflect the progress made in image recognition technologies of AI. In contrast, respondents had the lowest trust in AI for court decisions (27%).

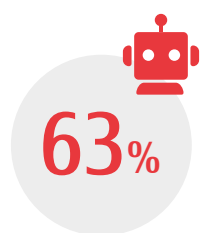
These results show that respondents tend to trust decisions made by AI more in situations where the human impact is less.

Do you trust decisions made by AI or by a person?

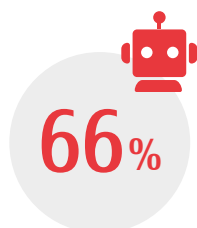


How can we improve the trust in AI?

In this survey, 63% of respondents said that they would trust decisions made by AI if the AI shows substantial reasons for reaching the decisions, and 66% indicated that they would trust a company that published a code of ethics governing the use of AI. These results demonstrate the importance of improving the accountability of AI and the need to establish an ethical framework to leverage the technology in business.



Would trust a decisions made by AI if the AI shows substantial reasons for reaching the decisions



Would trust an organization to use AI if they published their code of ethics governing the use of AI

Leadership to Drive Transformation

Importance of purpose

When asked about factors that would improve their trust in companies, 67% of respondents said they would trust companies that make a positive impact on society. They also indicated that their own organizations are taking greater responsibility in this area. 72% of respondents said their companies have a responsibility to help solve social challenges in addition to the pursuit of profits, and 74% said it is important that business goals and social goals are aligned. Furthermore, 74% believed that solving social challenges would provide new business opportunities. In fact, 66% considered the United Nations Sustainable Development Goals (SDGs) to be part of their business agenda and integrated into their strategy.

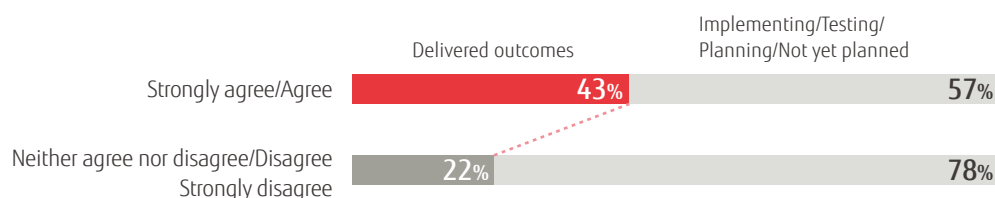
% of respondents which strongly agreed or agreed with each statement about approach to social challenges



SDGs are strongly correlated with success in digital transformation

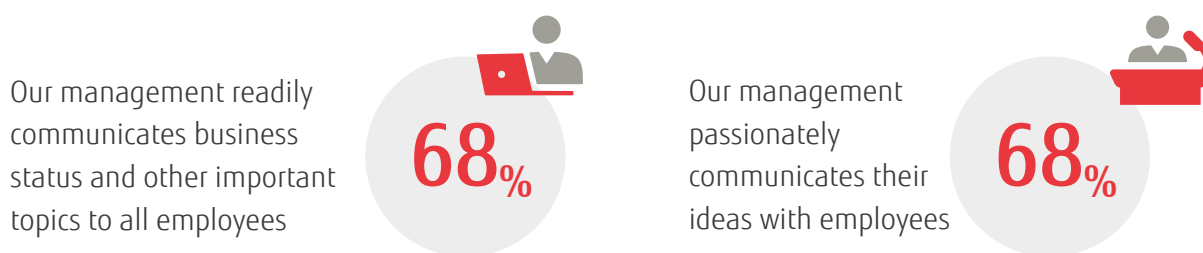
Among companies that regard the SDGs as part of their business agenda and integrate them into their strategy, 43% indicated that they have delivered positive outcomes in digital transformation. Among companies that do not integrate the SDGs into their strategy however, only 22% indicated positive digital transformation outcomes. These results imply a link between achievement of digital objectives and having an ambition to have a positive impact on society.

SDGs are considered as part of our business agenda and are integrated into our strategy



Almost 70% of business leaders practice empathic leadership

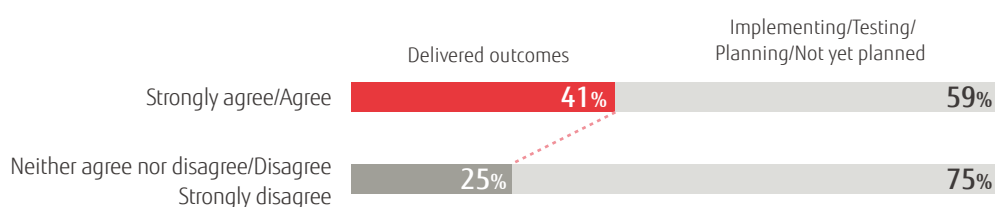
Most management teams actively communicate with their employees. Of the respondents, 68% indicated that their management readily communicates business status and other important topics to all employees. Also, 68% said that their management passionately communicates their ideas to employees.



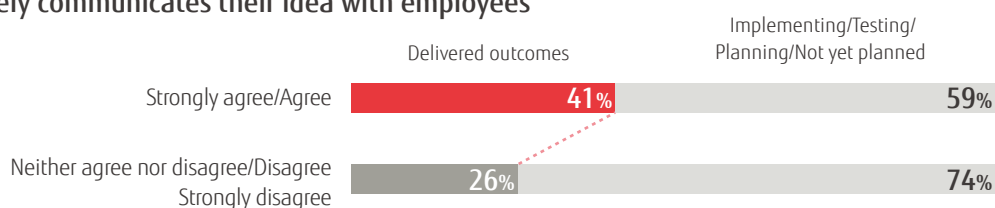
Empathic communication plays an important role in delivering positive outcomes for digital transformation

The survey also found that showing empathy with employees had a positive impact on digital transformation outcomes. 41% of those who said that their management readily communicates with employees reported they had delivered positive outcomes in their digital transformation. Conversely, for organizations not communicating proactively, the number delivering outcomes fell to 25%. Similarly, 41% of companies whose management passionately communicate their ideas with employees delivered positive outcomes, while only 26% of companies whose management are not passionate in their communications delivered outcomes. These results imply that communication and empathy by management correlates with success in digital transformation.

Our management readily communicates status of business and other important topics to all employees



Our management passionately communicates their idea with employees



Empowering People to Drive Successful Digital Transformation

Many business leaders recognize the importance of human empowerment

Businesses have huge unused and latent capacity of their people in their ideas and understanding of business challenges. Many people in a business have a deep understanding of certain issues, like specific customer needs, or understanding the potential of a technology, in a way that the leadership often does not. But people who perform transactional tasks, acting only as 'business resources', are using a minimum of their potential. This means empowering employees becomes important to develop different types of skills, like creativity, empathy and problem solving, in addition to digital skills.

The survey shows many business leaders have been aware of the importance of empowering people. 78% of respondents believe that having a work-life balance is important to their organizations. Similarly, 74% agreed that diversity is important and 72% for inclusion. Also, 71% said they encourage their employees to act proactively. Companies that recognize the importance of these factors seem to have greater success in digital transformation.

Believe having
a good work-life
balance is important

78%



Believe diversity is
important

74%



Believe inclusiveness is
important

72%



Encourage employees
to act proactively

71%

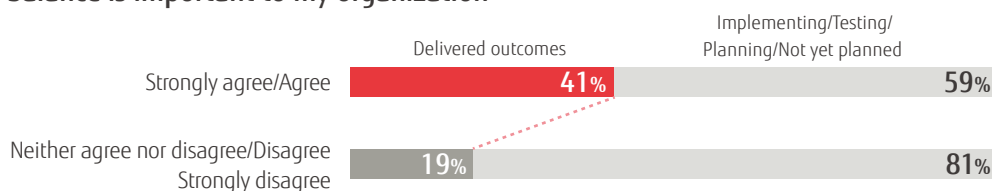


Companies that emphasize human empowerment deliver better digital transformation outcomes

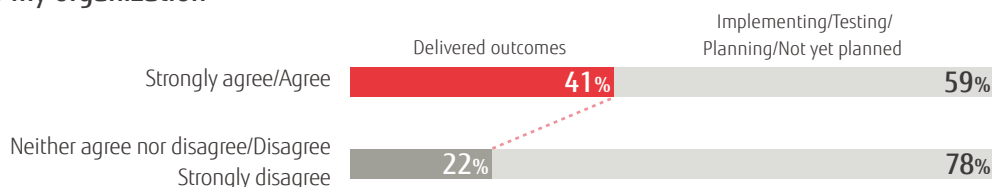
Among companies that support a work-life balance and diversity, 41% said that they delivered digital transformation outcomes. For those that did not place importance on work-life balance and diversity, the percentages were only 19% and 22% respectively. Among companies that emphasize inclusion, 40% said that they had delivered digital transformation outcomes, whereas for companies that do not regard inclusion as important, the figure was only 24%. Among companies that encourage employees to act proactively, 42% delivered digital transformation outcomes versus 21% for companies that do not encourage such action.

A good work-life balance enables employees to work with a sense of fulfillment. They can be motivated to transform. Taking advantage of diversity can help companies to attract talent and to form more creative teams, which brings creativity and innovation. In addition, companies emphasizing inclusion earn the respect of individual employees and encourages greater sharing of ideas and opinions. Creating a corporate culture that motivates employees to innovate will help drive digital transformation.

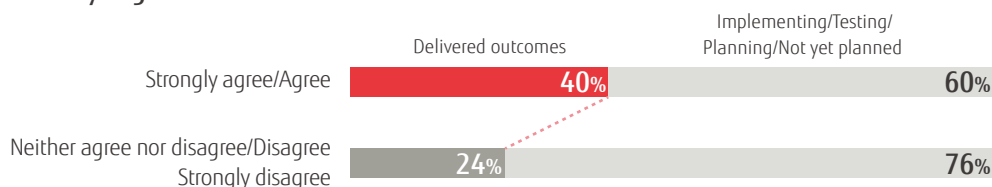
Having a good work-life balance is important to my organization



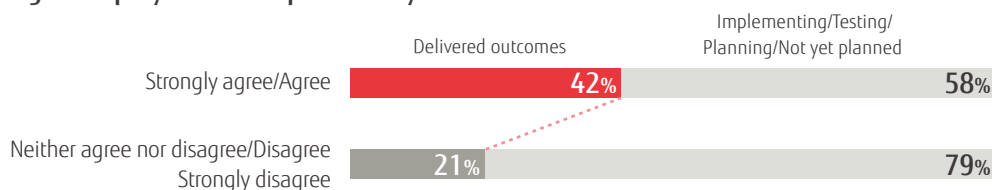
Diversity is important to my organization



Inclusiveness is important to my organization



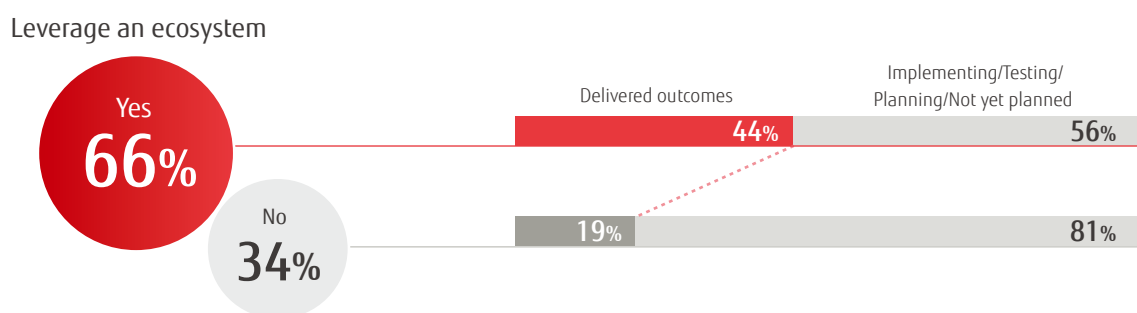
Our management encourages employees to act proactively



Ecosystem to Accelerate Digital Transformation

Leveraging an ecosystem is essential to deliver digital transformation outcomes

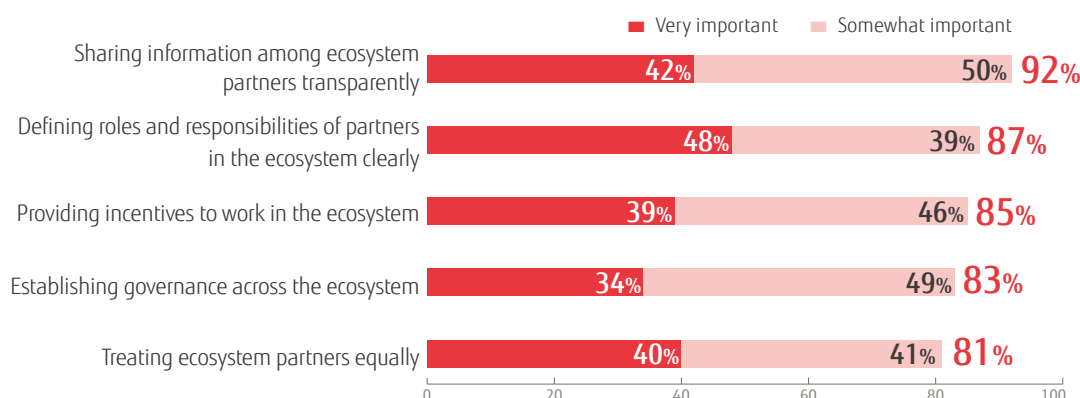
When asked about factors that improve trust in a company, 64% of respondents cited the importance of leveraging a robust ecosystem. We also found that leveraging ecosystems makes a strong impact on digital transformation outcomes. Among respondents, 66% said that they leverage ecosystems, of whom 44% delivered digital transformation outcomes. By contrast, of the 34% of respondents who said they do not leverage ecosystems, only 19% delivered digital transformation outcomes. This implies that the use of ecosystems makes a major difference in digital transformation outcomes.



Making an ecosystem work requires sharing information, having clearly defined roles, and creating incentives

We asked the respondents, who said they leverage ecosystems, what elements are important to make ecosystems work effectively. More than 90% of respondents believed that it is important to share information transparently. Also, around half of respondents answered that it is important to clearly define the roles and responsibilities of the ecosystem partners. In addition, more than 80% indicated that it is important to provide incentives to work in the ecosystem, to establish governance across the ecosystem, and to treat ecosystem partners equally. We can conclude that these are important elements to make an ecosystem work.

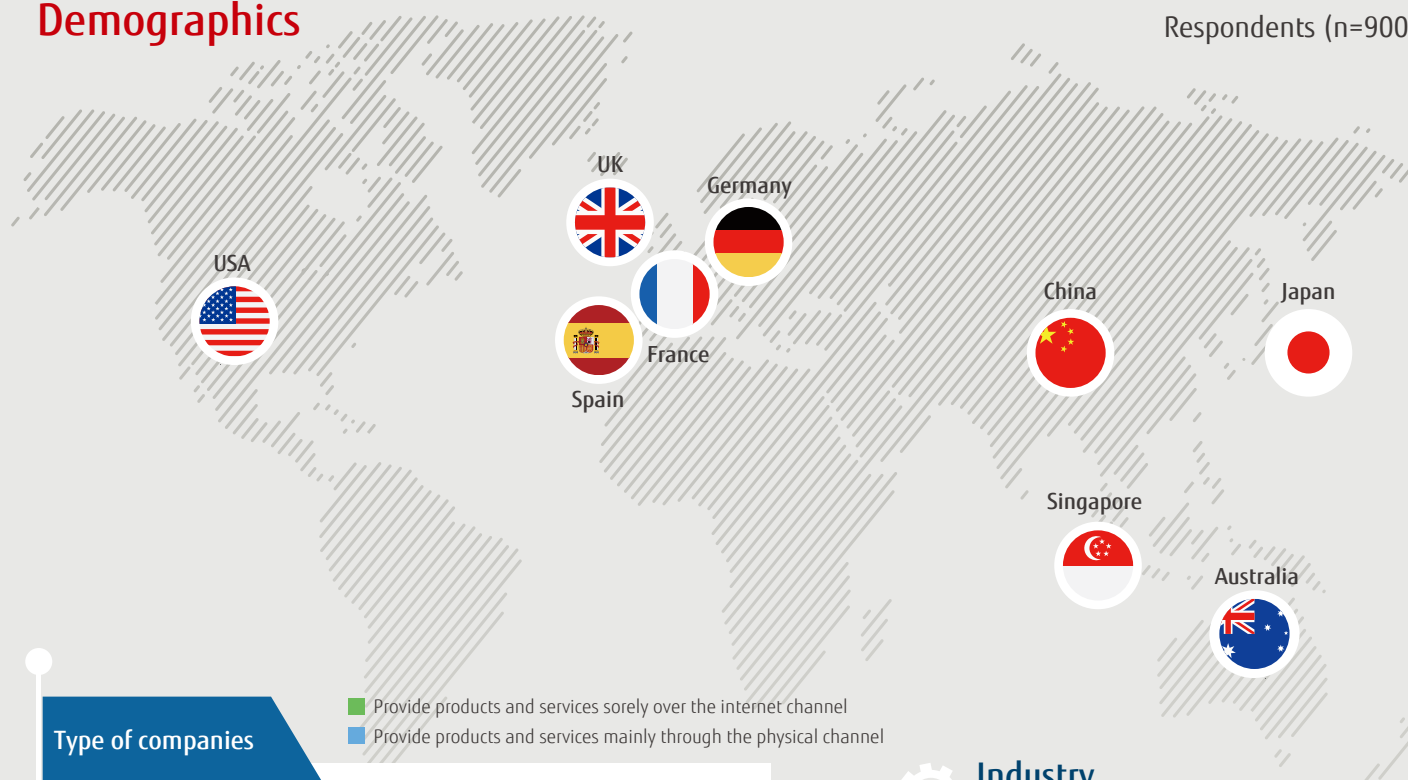
In terms of making an ecosystem work effectively to what extent do you find the following elements are important? (Only respondents who have leveraged an ecosystem and delivered outcomes)



Rebuilding trust in business and society is essential for shaping a better future. By using advanced digital technologies and IT services, Fujitsu is committed to co-creating a trusted future with its customers and partners.

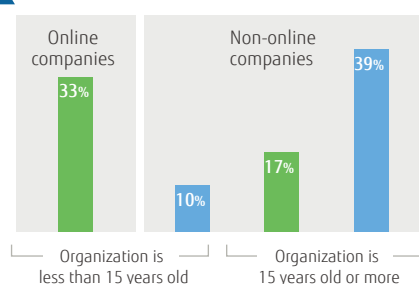
Demographics

Respondents (n=900)

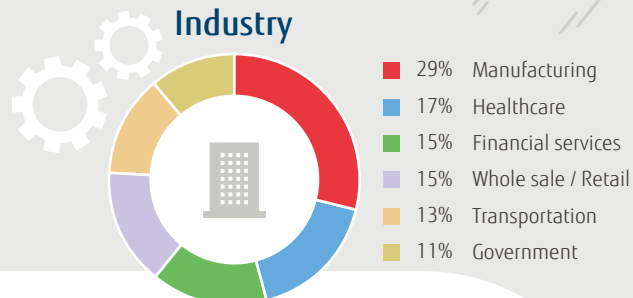


Type of companies

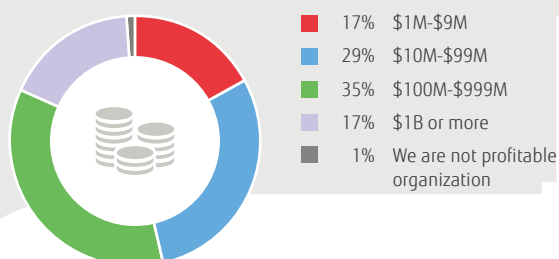
- Provide products and services solely over the internet channel
- Provide products and services mainly through the physical channel



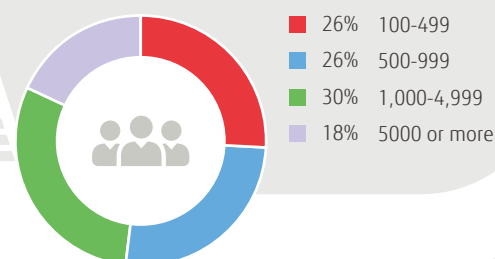
Industry



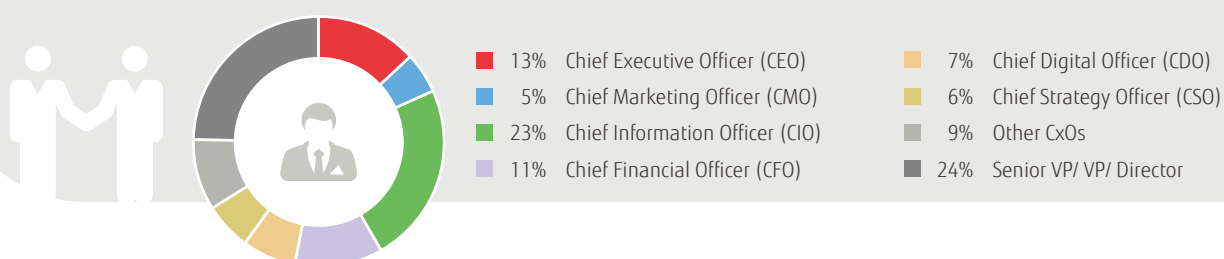
Revenue in the last year



Employee headcount



Job title



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