

Digital Inside Out

Creating a digital-first Britain





Contents

Foreword	03
Introduction from Michael Keegan	04
Executive summary	06
Speeding confidently towards a digital-first Britain	08
Getting digital in the workplace	11
Delighted by digital or turned-off by tech?	12
The UK workforce: digital by default or digitally deficient?	16
Defining a digital-first future	18
Does digital drive decision-making?	22
Conclusion	24
Appendices	
> Methodology	26
> Notes on data interpretation	27

Foreword

When Tim Berners-Lee invented the World Wide Web in 1989, I wonder if he realised the immeasurable impact it would have in such a short space of time. Fast-forward to 2014 and his place in history is secured; digital services, largely driven by our ability to connect wherever and whenever, have permeated all aspects of our lives, both professional and personal.

For most of us, whether we are shopping online, paying tax online or collaborating in real time with global colleagues, digital services are now part of everyday life. The emergence of new smart technologies is accelerating the trend, enabling super-efficient personalised energy management in our homes and the smart traffic control technology that underpins the cities of tomorrow.

As digital services become increasingly pervasive, they strengthen the digital economy and open up new channels that organisations must embrace in order to stay ahead of their competitors.

Fujitsu's research into adoption of digital services in the UK highlights a nation on the cusp of a digital era. It also surfaces some important challenges, from a perceived lack of digital education through to a need for increased investment in digital services. These are challenges that both private and public sector organisations need to address to ensure that they, and the UK generally, remain on the path to digital success.

The work we are doing at the Digital Catapult is symptomatic of these challenges. Collaborating with other organisations that like Fujitsu see the importance of digital on our future landscape, we can accelerate the UK's digital service offering, ensuring the UK remains a leader in digital services and doesn't become just a consumer.

We believe that the most successful organisations in the next ten years will be those who put digital at the very heart of everything they do. We have already made huge ground in the digital landscape. Yet, there is much more to be done. Hardware and products caused the first ripples in the digital revolution. Now, digital services, applications and data will be the waves that follow.

Neil Crockett | CEO, Digital Catapult

The Digital Catapult aims to accelerate the success of UK digital innovators and SME entrepreneurs by realising the commercial opportunities and competitive edge that digital economy innovation can give them and making the UK a destination of choice for new investment.

"We understand that in order to be truly digital, organisations must be digital from the inside out"

Michael Keegan,
CEO UK & Ireland, Fujitsu



Introduction

There can be no question of the importance and impact of digital services on our lives – both professionally and as consumers. Their rapid growth has made them increasingly important in ensuring organisations across all sectors remain both relevant and competitive.

A recent report by the National Institute of Economic and Social Research (NIESR)¹ suggests that there are currently over 270,000 'digital'² companies in the UK, representing 14.4% of the UK economy. The nation is recognised globally as a leader in digital services, both as a consumer and as a provider. Yet, for many organisations, there is still much more to be done, to ensure we remain in this position. We have read much about the digital distresses of both large and small companies from Kodak to small charities, many of whom have struggled to embrace digital as a way to reduce costs and achieve growth. But are they really alone?

To understand this further, Fujitsu has undertaken detailed research to analyse where we, as a nation, are in the digital journey and where organisations must improve. The results show a nation of leaders, employees and consumers who understand the impact and relevance of digital services. Yet, while there was much positivity, there is still much to be done. Whilst many rated the individual digital services offered by some sectors highly, many other industries suffered by comparison, suggesting a lack of overall integration of digital into wider business models.

Helping customers embrace digital services is an important focus for Fujitsu, both as a services provider and as a major employer. At Fujitsu, we understand that in order to be truly digital, organisations must be digital from the inside out; ensuring employees have – at least – the same digital capability as the customers they serve, enabling us to create a more personal and improved service.

This report lays out the research findings, exploring the issues, examining the current state of play and suggesting the actions we must undertake to ensure future success. The findings are not our opinions, but those of the people we – and other organisations – serve. The report highlights where we are on the path to a digital-first Britain, and provides a timely reminder of the steps required to ensure future success.

Michael Keegan | CEO UK & Ireland, Fujitsu

¹ <http://niesr.ac.uk/publications/measuring-uk%E2%80%99s-digital-economy-big-data#.VlrvctGsXPo>

² Digital in this instance is not based on SIC-based measures, but instead looks more widely at the economy using Growth Intelligence derived measures (see pg. 4 of the NIESR report – link above)



Executive summary

The stratospheric rise of digital Britain

Digital Britain is on the march. Our growing love affair with technology has helped to turn the UK into a hotbed of digital development. In London alone, the technology industries will help to create close to 50,000 new jobs and more than £12bn in economic activity over the next decade.³ But the capital does not stand apart. Across the country, British technology companies are growing in profitability faster than they have for years.

Simply, the tech industry is on fire.

Crucially, those flames show no signs of dwindling. Furthermore, the story is about far more than just our industrial future. Digital services are becoming pervasive in all aspects of our everyday lives.

From 2008 to 2012, UK schools spent more than a billion pounds on digital technology.⁴ As a nation, we spend almost nine hours every day on media devices (more time than we spend asleep)⁵ while as much as £100m was spent over the Christmas period.⁶

Digital technology is becoming more than just a connector or an enabler: it is a national obsession, and a pastime in its own right.

As a result, new digital services are springing to life. These services are delivering innovative ways of interacting and engaging with the organisations that we deal with every day. From smartphone apps to in-store tablets, these services are reshaping everything from shopping and paying bills through to healthcare and education.

This trend has significant implications for business. Much has been written about the transformative impact of Generation Y-young adults bringing their unique expectations about technology to workplaces nationwide. As our nation becomes more technology savvy, our preference for digital services should – in theory – rise accordingly. This puts pressure on organisations of all kinds to meet this growing demand, both in the workplace and in the consumer market, or face being left behind.

In order to understand the extent to which UK organisations are meeting this demand and, indeed, the extent of that demand in the first place, we surveyed 1,000 UK adults, 1,400 UK employees and – to ensure a rounded study – 100 people without home internet access, to discover their views on the digital revolution. Finally, we sought the anecdotal views of a select group of C-Level executives from organisations across a range of industry sectors.

We set out to discover how the perception of digital services has changed and is changing across the UK. The responses form the basis of this report.

Over the next few pages, we will discover why:

- The UK is becoming a 'digital-first' nation, with more than a quarter of us always using digital services when given the chance, but interestingly over a third still preferring, at times, to talk to a real person
- Around two-thirds of employees believe that new digital services in the workplace are making their jobs easier to do
- More than a quarter of consumers say that digital excellence makes them more loyal to the company or brand providing it. Conversely digital also removes barriers, enabling those who feel they are not being served well, to move more easily
- Over half of UK consumers feel that the government could be doing more to drive us towards a digital future
- More than three-quarters of workers say that their company's financial performance hinges on its ability to deploy new technology effectively
- Balance is key. A digital-only approach is too simplistic if we are to avoid alienating segments of the population.

NB: For the purposes of this report – and the questions that informed it – we defined “digital services and applications” as any technological service that **removes a direct human interaction**. By this definition, digital refers to services such as Click-and-Collect, smartphone apps, interactive help terminals, automated helplines and more. It does not include the act of browsing a company or organisation's website, although any kind of online **transaction** would be included. In the case of employees, “digital” was used to define any application or service that helped or enabled them to perform their role (or was essential to the performance of it).

Respondents were provided with these definitions prior to answering any questions.

³ <http://cdn.londonandpartners.com/l-and-p/assets/media/oxfordeconomicsdigitalandtechnologybriefwithmethodology.pdf>

⁴ <http://www.nesta.org.uk/publications/decoding-learning>

⁵ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cm14/market-context/?pageNum=6>

⁶ <http://www.samsung.com/uk/news/local/wearable-tech-market-predicted-to-be-worth-104-7-million-pounds-to-uk-retailers-this-christmas>

Speeding confidently towards a digital-first Britain

As a nation, we buy tablets, smartphones and other digital gadgets by the millions. 36 million of us accessed the internet every single day during 2013⁷. In 2012, the UK was named the world's third-biggest market for app usage, trailing only the US and China⁸.

Does this tech-centric way of life carry across to our relationships with the businesses and organisations that we deal with on a daily basis? And if so, what expectations do we have around the services that they'll provide to us?

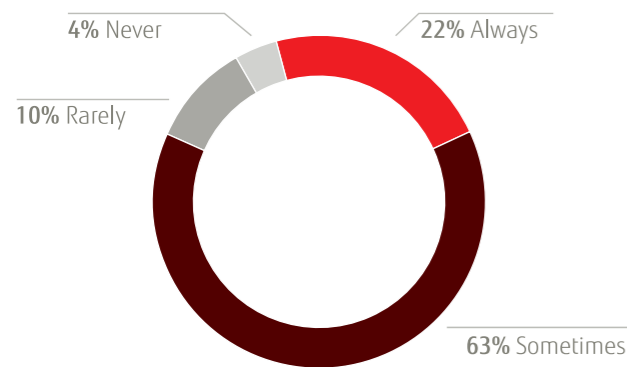
The answer to the first of those questions, it transpires, is a resounding "yes". 25% of those surveyed say that they will always use digital applications or services when provided with that option, with around two-thirds (65%) doing so "sometimes". Less than 10% say they never use digital options.

Familiarity, in this instance, breeds not contempt but content. A healthy 67% of those surveyed consider themselves to be highly comfortable using digital services, with exactly half stating that these services are "very" important to their daily lives.

Amongst the 90% who say that they "always" or "sometimes" use digital services, we see a strong degree of confidence about what they get out of doing so. Asked why they opt to use the digital services on offer, 67% of respondents believe that it is quicker, with 63% saying that it is simpler.

42% say that digital services can help to save them money, while 40% enjoy being able to access services on the move. An identical number say they value having a clear record of their interactions with an organisation, while 24% believe that digital leads to a better experience.

How often do you use digital services instead of speaking to a person?



⁷ <http://www.ons.gov.uk/ons/reldata/internet-access---households-and-individuals/2013/stb-ia-2013.html>
⁸ <http://www.flurry.com/bid/88867/iOS-and-Android-Adoption-Explodes-Internationally#.VJfrN4gA>

Compared to traditional routes of contact, like a face-to-face or telephone, 22% still prefer to use digital options. Less than 5% say the opposite.

Digital is no longer just a popular choice or a "nice to have". For many, it is the primary choice and one that supersedes forms of interaction that have long been perceived as more valuable. Inspired by the speed and simplicity inherent in the digital approach, the UK's consumers are taking control of their interactions with companies and organisations and dictating the pace of those engagements.

"There are certain things [customers] can do in the evenings. Or during the day. They should have the consistency of all the things they can do during the day in the evening. On any device or online. When you call in... It's about having the same richness of self-serve on every device... There's a level of expectation. It's always on, always accessible. I can do it when I want it, not when you, your business, or anyone else, tells me I should have it."

Managing Director, Telecommunications Company

There are exceptions, of course. Asked to recall a time when they had chosen not to use digital and why, 40% suggested that it had been because they needed answers they couldn't get through the digital service they were using, while 35% simply wanted to speak to a "real person".

Even then, just over a quarter (26%) said that it was simply because no digital option was available. Little wonder that e-mail is now our preferred method of communication with those institutions, selected by more than a third as their primary choice for getting in touch.

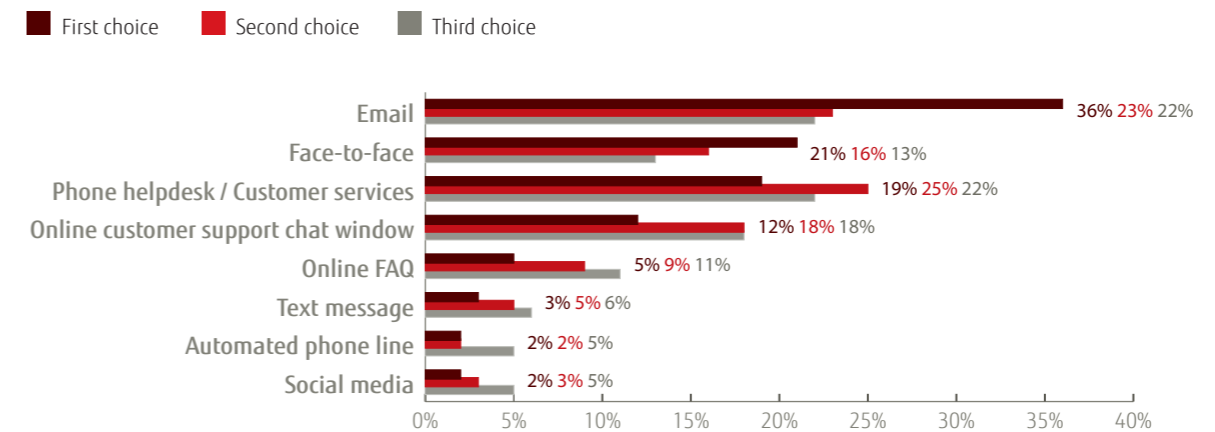
The key word is balance. While today's consumers love the speed, simplicity and mobility that digital services provide, they ultimately want those services to be one of a number of options available to them. Sometimes – when they feel that the information they're sharing is too sensitive, or they feel that the matter is too important – they would still prefer the counsel of another person.

But while technology might not yet be able to replicate every element of the human-to-human customer service experience, "digital first" seems to be an increasingly apt way of describing our relationships with the businesses and organisations around us.

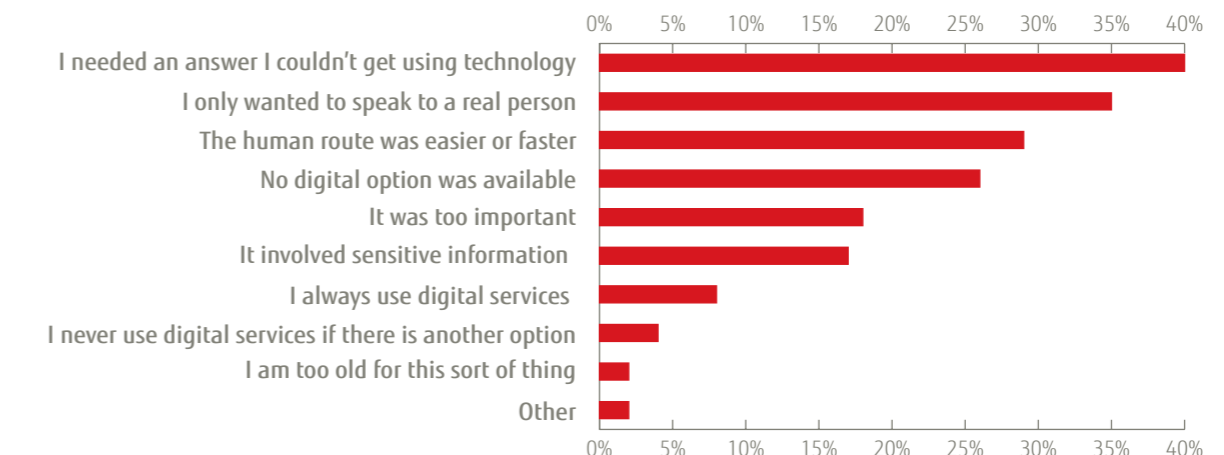
"Change is always difficult because people like what they know sometimes. Without a doubt some people are finding [new technology] a little bit tricky and it perhaps doesn't deliver the way they wanted it to but I think the majority are certainly seeing the benefits. It is about keeping the service. We don't want the service to deteriorate as a result of what we're doing. It's about making everything better."

Mark Richards, CEO Mardi Foods Ltd

Preferred method of communication with companies / organisations



When you last chose a person over digital services, why did you do this?



Getting digital in the workplace

An alternative viewpoint

While the majority of our respondents are confident and upbeat about the positive impact of digital, we wanted to look in-depth at the views of those who feel less connected when it comes to technology. To do that, we conducted telephone interviews with 100 UK adults who don't have internet access at home, and asked how that impacts on their view of digital services and what they are offered.

Their responses are enlightening, particularly when compared to the 7% of our main study of 1,000 who say that they never make use of digital services (despite having the internet at home).

When asked what are the main barriers to using these services, for example, 14% of our 'connected' group (those with internet access) said they are unsure how to use them. In our 'disconnected' group (those without internet access), that figure rises to 22%.

That's despite the fact that the disconnected group has a similar appreciation for the benefits of digital as our connected one – 53% saying that it makes interacting with an organisation faster, and 28% that it is simpler.

This uncertainty about how to use digital services is further highlighted by the degree of discomfort that these groups feel when using those services. While our connected group is – broadly speaking – highly comfortable in the digital world, with almost 70% stating that to be the case, amongst our disconnected sample, that figure falls to just 15%. It shouldn't come as a surprise to learn that only 3% of the disconnected group considers these services to be essential to their daily lives.

Are these disconnected consumers at risk of being left out in the charge towards a digital-first nation? And what opportunities are they missing out on if so?

"[Some] people just aren't digitally savvy or digitally capable. You're talking about those without ready access to a computer (for whatever reason), and/or the older person... We do a lot of the energy brokerage for...people at the large-scale industrial factories and warehouses. They're not interested in going on an app, they just want to ring you and say, 'Get me the best tariff.' They want to speak to someone. It's a relationship-driven business, really."

Jeremy Goldberg, Managing Director, Sherwood Group

At home, in the connected group at least, our respondents were confident and comfortable consumers of digital services. But what about the workplace? Are we equally at ease with the digital applications that we are expected to use on a daily basis? More importantly, are we even offered those services in the first place?

Precisely half of our 1,400 employee respondents state that, in the past two years, their employers have introduced new digital services or solutions. Of those 700, almost two-thirds (62%) believe that these new applications have made their job easier to do. Only 12% say that they have made their jobs more difficult.

Possibly carrying across from our personal lives, British adults demonstrate a high degree of confidence in the digital tools they're offered at work too. 92% say that they have a "fair" to "complete" understanding of the technology services and applications available to them in their roles, with the remaining uncertain or unconfident that they have grasped everything on offer.

"They use it. They have to. They're using it because we say they have to and, actually, we track it very carefully to make sure they're doing it. If people don't do it, then they get pulled up on that."

Managing Director, Global Transportation Company

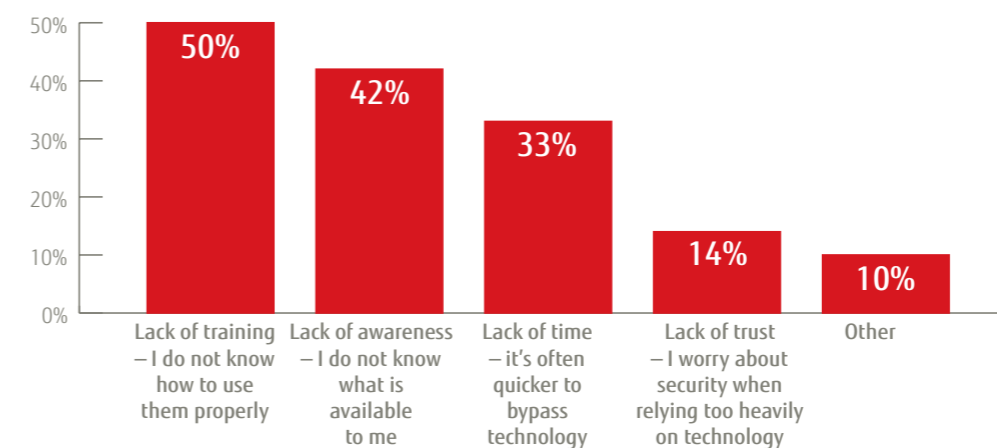
While many have a very strong understanding of the options available to them, this doesn't always translate directly to optimum usage. Although 55% are positive that they personally get the most value they can from the services and solutions on offer, 37% say that they do not, with the remainder uncertain (and thus unlikely to be capitalising fully).

Those responses become more revealing when we look specifically at those who say that they don't believe they're getting the most out of the digital services available to them. 50% say that this is due to a lack of training, while 33% say that it's often easier to bypass those services altogether, and 14% are concerned by potential security risks.

As with our consumer respondents, while there is a broad degree of confidence in digital services amongst UK employees, it is important not to ignore the undercurrent of uncertainty.

While we would never expect 100% of both groups to demonstrate complete confidence in every option at their disposal, we should not underestimate the significance of those who say that they are either uncomfortable or uncertain about using digital services. Nor should we forget that in many work environments, using digital services is mandated, thereby undermining digital inclusion in its truest sense.

Why do you feel you are not getting best value from technology services?



Delighted by digital or turned-off by tech?

Having already established that most UK adults are confident customers of digital services, we also wanted to explore their current and historical levels of satisfaction with the options available to them. Moreover, we wanted to investigate whether some industry sectors outperform others when it comes to digital, and the factors that affect these differences.

It's here that we start to see the true DNA of digital Britain; the leaders and laggards of this emerging "digitocracy".

At a macro level, satisfaction seems to be high. Asked how happy they are with the quality of digital services offered to them by businesses and other organisations, 56% say that they are "quite or highly" satisfied, with a further 11% even suggesting that the applications they use are "perfect". Meanwhile 1% note that they are "exceptionally unhappy" with what is on offer, again demonstrating that passions can run high when it comes to digital services.

There is also a suggestion that digital services can engender loyalty amongst customers. 26% of respondents say that this is the case, which, while insignificant when compared with the 63% who remain indifferent, still far outweighs the 4% who believe that access to digital services actually makes them *less* loyal.

"People that have chosen to download an app for one of our brands, on average are likely to be fifteen times more engaged with our content than someone who has come in through another route. So effectively it's almost like a self-selecting, sort of, e-subscriber."

CEO, Media Publishing Group

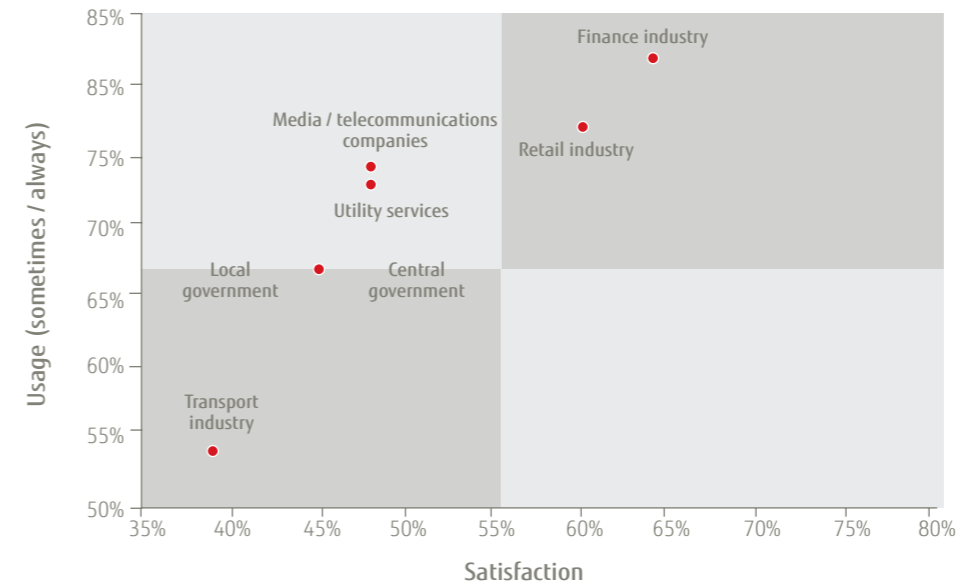
To drill down further into the issue of satisfaction, we asked respondents two closely linked questions. The first related to how often they make use of specific digital services (as opposed to the others on offer) across a range of industry verticals. The second asked them to consider how satisfied they felt with those specific services by industry.

Leading the charge in the frequency stakes is the Financial services sector, perhaps understandably considering the nature of some of the services offered here. With everything from balance checks to self-service terminals in banks included under our digital umbrella, there are any number of ways for consumers to interact with their banks, building societies and other financial institutions. 40% of respondents say that they always opt for digital when dealing with their bank or other financial institution, the highest response in the study.

"People tend not to book a £2,000 or £3,000 holiday on their phone or their iPad. They tend to book that on a desktop. We see when we track the device that customers have used but when they want to add something onto their booking between the initial booking and flying, they tend to use a handheld device because that's a smaller-value purchase and therefore they're happy to do it on the fly. They're not sitting at home with their partner, agreeing what day they're going to go."

CEO, Airline

The Finance industry is performing well in terms of providing digital services to consumers, with high levels of both usage and satisfaction



Questions: How often do you choose to use digital services as opposed to speaking to a human being (either on the phone, or in-person) when using services from the following sectors? / How satisfied are you with the quality of the digital services offered by these sectors?

Base: 1,000 participants (online consumers only)

Beneath the banks, however, the results become less predictable. Utility companies occupy second place here with 31% of people always choosing digital services, with Central and Local government taking third at 29%. Telecoms and media companies, retailers and even Transport firms – all organisations that millions of us interact with on a daily basis – are relegated to the bottom of the pile in terms of customer preference for using digital methods.

In the cases of Retail and Transport, for instance, it is perhaps just more likely that a member of staff would be on hand to assist – certainly more so than during an interaction with a Central government agency, and as such consumers will choose a mix of digital and in person activity with these companies. It is only when we begin to explore levels of satisfaction that the whole picture begins to form.

"We use a couple of different banking institutions and both of them have superb websites. Now, I can't guarantee the validity of the security information, but in terms of usability, in terms of the customer offering, I think the websites are superb, I think the apps on the phones are absolutely spot-on. They've made it very, very easy to conduct financial transactions."

Jeremy Goldberg, Managing Director, Sherwood Group

Bare minimum, or above and beyond?

Our results suggest that familiarity with digital services tends to fuel our contentment with them. Would the same hold true here? Would those companies whose digital services we make greatest use of also come top in the satisfaction stakes?

The answers are mixed. On the one hand, the Financial services sector – UK adults' most common "digital-first" choice – once again leads the way. 64% say that they are highly satisfied with the digital services offered by everyone from banks to insurance companies. As before, though, results deviate once we look further than finance.

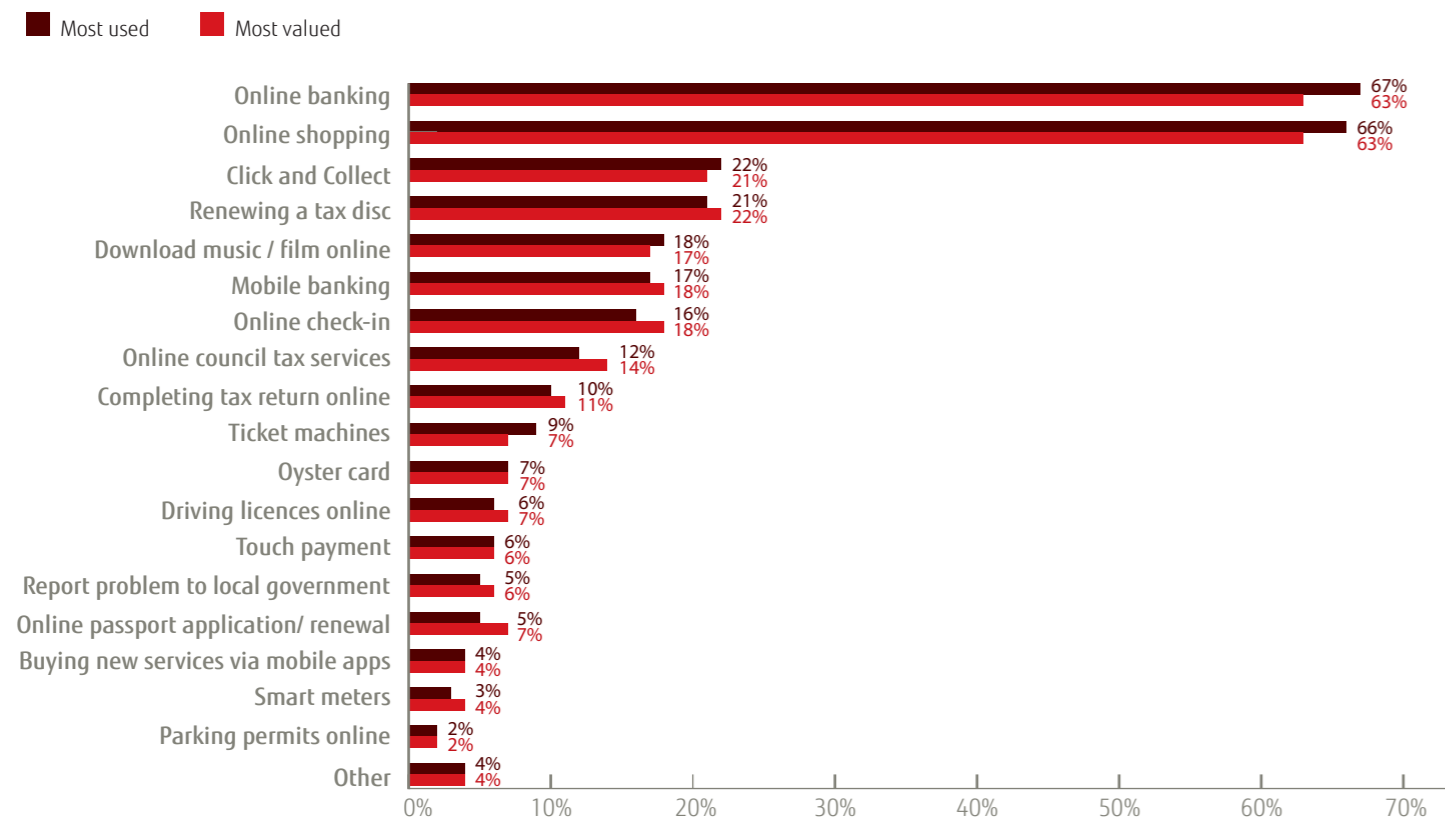
While, for example, we may prefer to use the digital services offered by utility companies (31%) and government (29%) more frequently than those provided by retailers (25%), we are also much less likely to be happy with their performance. Satisfaction with digital services offered by utility companies stands at 48%, and Central and Local government at just 45%, compared with 60% for Retail – the second highest reported. Transport lags furthest behind of all, with just 39% of respondents highlighting their satisfaction with digital services.

"I know some people love to get technology straight out there but I think it doesn't always work. With the best will in the world you also have to be a bit guarded about it, especially on the scale that some people will operate on. If you put out something that crashes immediately, then the problems are obviously immense. That's why I think we take our time."

Mark Richards, CEO, Mardi Foods Ltd

This has significant ramifications when we extrapolate that data to take account of which services we value most. While levels of satisfaction may differ quite considerably when it comes to digital services, we do not see the same degree of variance when it comes to the overall importance of those services.

Most used and valued digital services



"The app thing's very interesting. Apps will help our Retail business because ultimately if you've got our app and you come anywhere near our stores, we'll send you a message saying, 'Pop into your local (say) Guildford branch and you might get a nice surprise today.' That's becoming very important to us."

Richard Levin, Managing Director, Pure Collection Ltd

To a great extent, respondents say that the digital services offered by retailers, utility companies and government agencies, for example, are all equally vital to their daily lives, all rated within a few percentage points of each other in the importance stakes. Only the Financial services industry bucks that trend, digital services again tracking much higher in terms of their significance to customers, with Retail taking second place.

Logically, this follows through to specific applications from these sectors. Asked to select their most used and most valued digital services, respondents unequivocally vote online banking (67% most used / 63% most valued) and online shopping (66% / 63%) as the two top choices. Click and Collect services, even as the third most popular selection, are relatively distant when compared with the frontrunners (22% / 21%). But beyond this spike, we see a more even appreciation of the services on offer.

"In two or three years, we won't be giving our customers till receipts. We'll be emailing their receipts to their house, or to their phone, or to wherever it might be."

Managing Director, Footwear Retail Company

There is a cautionary note here. While satisfaction with services offered by government and transport companies may be running relatively low, many of those surveyed for this study note that they both value and frequently use those services. Road tax renewal, online check-ins, council tax services, tax returns, and driving licence amendments are all present in the list of UK consumers' highest valued and most used digital services.

This, as we'll see further on, could be cause for concern.

The UK workforce: digital by default or digitally deficient?

The consumer view on satisfaction with digital is clear to see, but do these attitudes carry across to the workplace? Do we value digital services in the workplace to the same degree that we do in our personal lives?

To understand this, we first asked what benefits our employee respondents feel digital services bring to them in their current roles. As could be expected given the growing domination of tablets and mobiles, the ability to work remotely leads the pack here. 57% of workers cite mobility and flexibility as the principal benefits they get from digital services. It is important to note that this reflects primarily on personal mobility; the benefit of greater collaboration is identified by only around a third (31%) of the employees surveyed, the lowest response given.

Faster, smarter decision-making is also important to employees. Exactly half of those questioned said that real-time access to information is one of the biggest benefits of digital services in the workplace. Timesaving and more efficient communications with colleagues were also identified as being key.

"I'd say [the new technology we've implemented has] mostly been beneficial because people haven't had the frustrations of having to input data into spreadsheets, which is obviously mind-numbingly boring but the key thing is that the systems are down for less and they work faster. So our average phone call time with a customer's gone from three and a half minutes to about two and three quarters. It doesn't sound that significant but multiply that by the number of calls we get a day and it's huge, meaning that waiting times for our customers have improved."

Richard Levin, Managing Director, Pure Collection Ltd

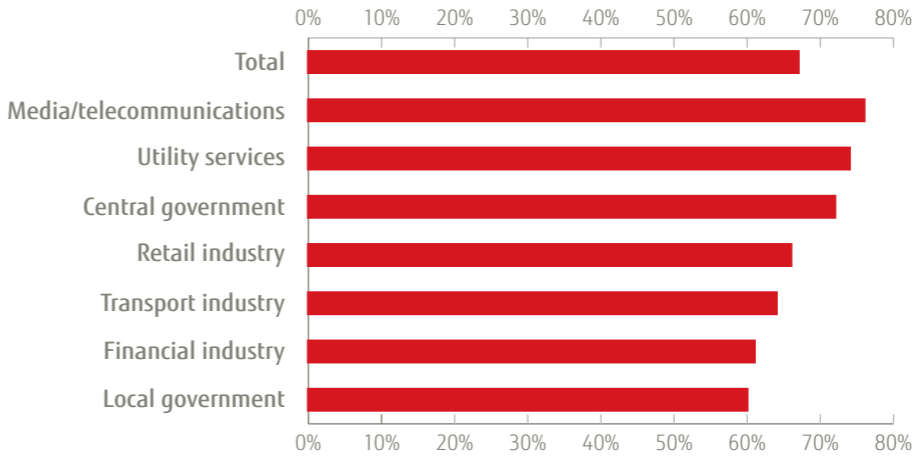
If UK employees have been quick to realise the benefits of digital services at work, they are equally speedy to praise the quality of the tools that they have access to. 42% say that they are satisfied with the assets at their disposal, while 48% are more reserved, suggesting that they are effectively neutral about the services they have. Only 10% state strong negativity around the digital services provided by their employer.

These feelings have become increasingly positive too, according to our employee audience. Asked to recall how they felt about the quality of the digital services that were offered to them just two years ago, respondents were more likely to be negative (14%) or neutral (57%). Only 29% said that they were satisfied with what was on offer back then.

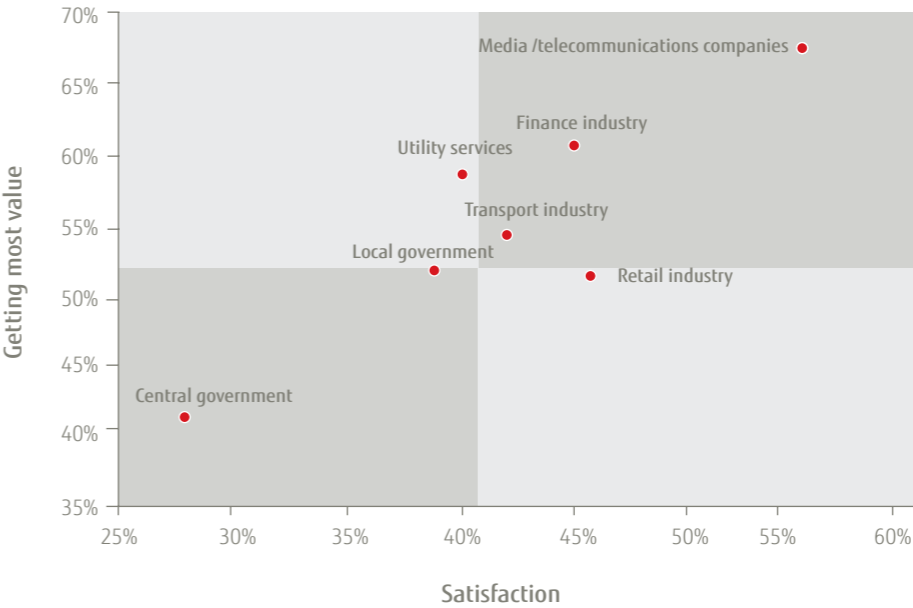
This rapid upswing points to wider recognition of the benefits that digital services can bring. They also reflect a virtuous circle within UK workplaces. As digital services improve and, indeed, prove their worth, employees in turn become more confident about the positive impact on their own working lives.

This is evidenced by 67% of employees saying they believe that their organisation should invest more into digital services and applications over the next two years.

Should your organisation invest more in technology services / applications in the next two years? (%yes)



There is a positive correlation between employees getting most value out of digital technology at work and satisfaction. The Media/telecommunications sector perform best in both of these areas.



Questions:
 > On a scale of 1–10, how satisfied are you with the quality of the technology services and applications your organisation provides you with now?
 > Do you believe that you personally get the most value that you can from the technology services and applications available in your role?

Bases:
 Central government (201)
 Local government (203)
 Transport industry (203)
 Retail industry (203)
 Finance industry (203)
 Media/telecommunications industry (203)

Defining a digital-first future

Based on these results, our respondents are generally digitally confident and increasingly discerning when it comes to the quality of services on offer. What are the implications of this for the UK's digital future? Who do we expect to lead us into the next wave of digital adoption?

It is clear that confidence seems likely to remain high. Asked if they were happy with the digital progress that was being made as a nation, 55% of people say that they are. Whilst around a third are unable to say for sure, less than 10% disagree that the UK is on the right track when it comes to our digital future.

However, more could be done, of course. A similar number of people to those who are confident about the UK's digital progress (54%) say that they feel the government could be doing more to prepare the UK for a digital tomorrow, with 40% saying that they believe the country needs to be moving more rapidly in this regard. In comparison, only 27% say that we are moving too quickly.

Taking responsibility

Although we see widespread confidence regarding the use of digital applications and services, we also sought to discover how UK adults feel about digital education generally.

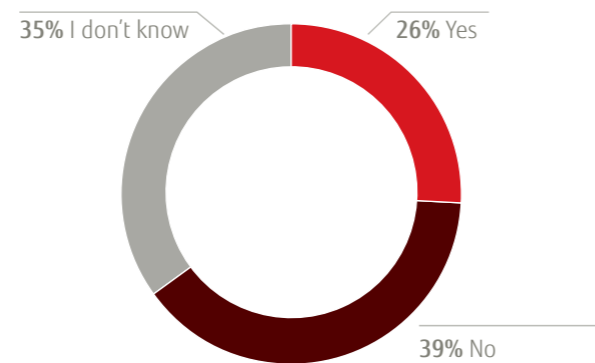
"We need to ensure that we have really good insight into what people are doing but more importantly, what they think they might be doing in six, 12 or 24 months' time, so that we can actually respond to that and be ready rather than playing catch-up."

CEO, Media Publishing Group

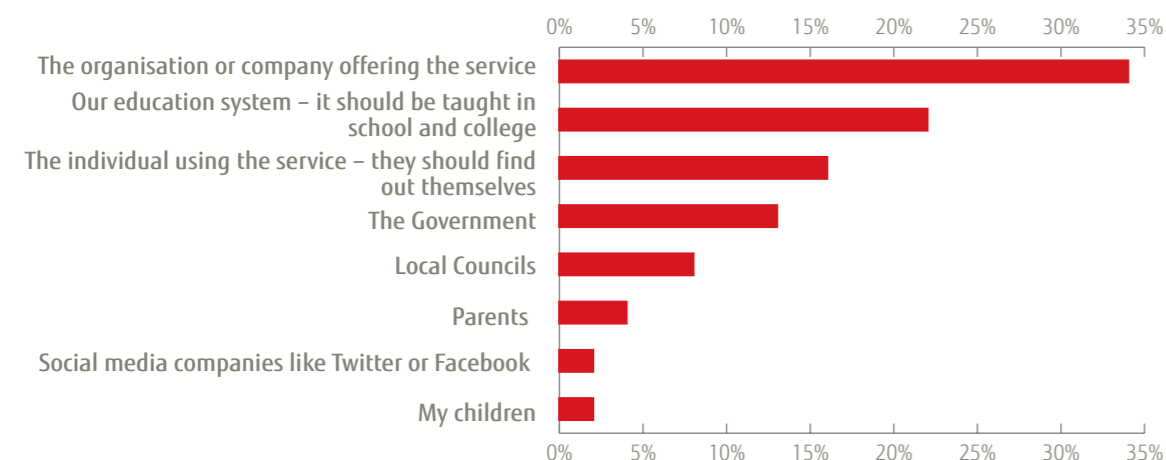
Only a quarter (26%) of people are able to say with certainty that they feel enough is being done to educate the general public on digital services and how to use them. 39% say that there is too little activity here, with nearly as many (35%) unsure. Significantly, most respondents regard the individual companies or organisations behind those applications to be responsible, with 34% stating that anyone offering a digital service should also ensure that they provide clear guidance on how to use it.

Over a fifth of respondents (22%) believed that digital education should be part of the modern school curriculum, while 13% noted that the government itself should provide technology skills training.

Is enough done to educate people on digital services and how to use them?



Who is responsible for educating people on digital services and how to use them?



Leading the field or playing catch-up?

While we may not be able to say with any certainty exactly *how* digital Britain will continue to grow, we do at least have an idea of who is regarded as potential leaders in the process. Asked to state which sectors have made the greatest standard of improvement to their digital services in the past two years, and which still had the furthest to go, respondents once again made very clear choices as to the star performers.

Retail and Financial services, already dominating in the satisfaction stakes, are perceived to have made the greatest strides to improve their digital offering to customers in the last two years. 32% named Retail as the most improved sector, with Financial services following at 26%. Correspondingly, only 5% select Financial services as the sector they would most like to see improve, and 10% the same of Retail.

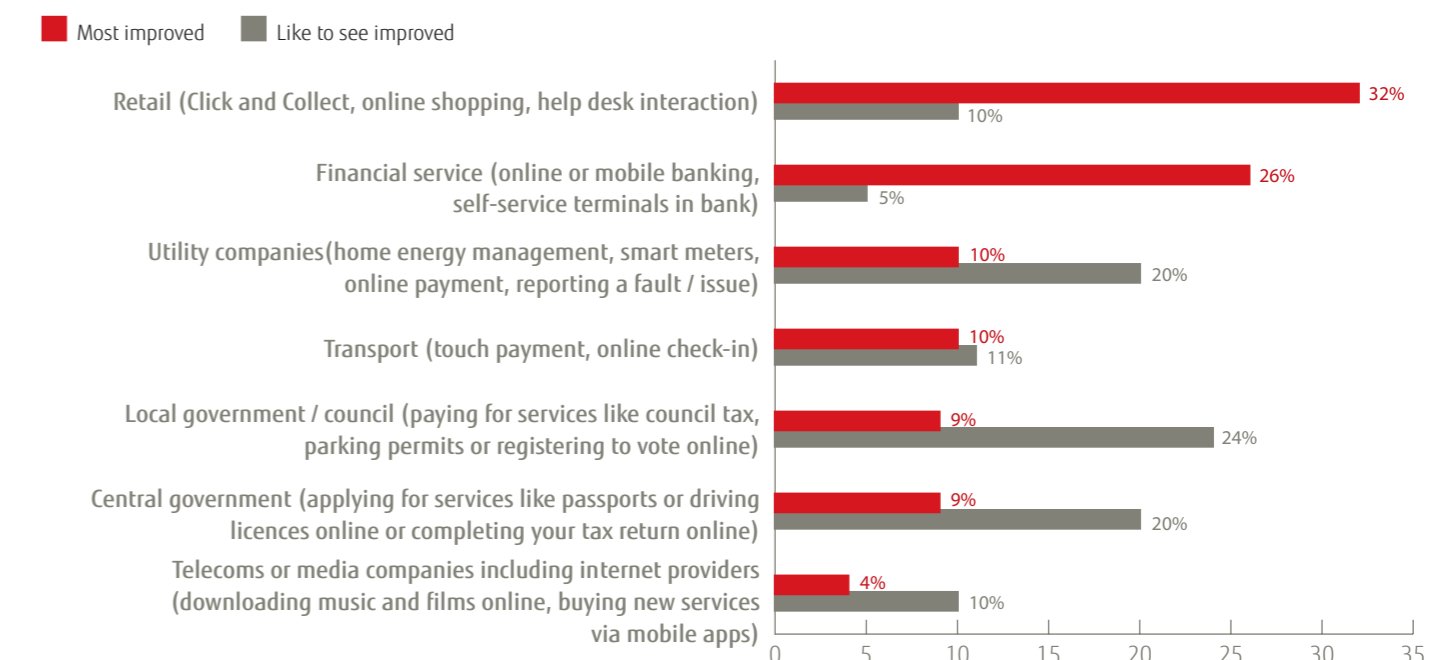
While consumers were quick to praise those two sectors for their improvements, they were equally quick to single out those they believe should make the greatest effort in terms of improvement. Local government (24%) and Central government (20%) were identified as having the furthest to go in terms of improving their digital services.

"In the field of digital media and technology, things are always changing. Quite often you have to upgrade your hardware to be able to really stay at the forefront and be able to get the maximum benefit from the latest technology. That's a real challenge. If there was a better way for existing hardware to be able to cope with new software and the operating systems, then that would be a big improvement."

Managing Director, Global Transportation Company

There is a disparity here with the relatively high usage of individual government-run digital services, such as renewal of road tax. While people value the ability to manage their interactions with Central and Local government through digital channels, there is possibly scope for greater integration between the specific applications on offer.

Most improved digital services in last two years / Would like to see improved digital service



An alternative viewpoint

As could be expected, for those without access to the internet at home, these issues generate very different responses. The confidence we see reflected in the wider panel of 1,000 adults is greatly diminished, giving way instead to significant concerns about the UK's digital future and the rapidity with which it is taking shape.

47% of our disconnected group believes that the UK is moving too quickly towards becoming a digital nation, reflecting a predictable level of uncertainty. While few are likely to say that digital technology improves their experience of interacting with an organisation, 30% admit that they wish they felt more comfortable using those services.

45% say that not enough is being done to educate people on how to use digital services, while 53% say that they wish the government was doing more to prepare the UK for a digital future. 54% use digital services only when they absolutely have to (that is, when no other alternatives are available).

We are not seeing a wholesale rejection of digital services here; far from it. Instead, it is a call to ensure that those digital services are inclusive. Realising that they are on a one-way path to a digital-first future, this vocal minority is asking for help in making that journey.



Investing in digital success

The research suggests that confidence around the impact of digital technology transfers from our daily lives into our working lives.

More than three-quarters (77%) of employee respondents believe that the future success of their organisation hinges on the effective use of digital technology. Only 11% say their employer spends too much on this area. Overall, more than half (52%) say they hope to see their organisation investing more into digital services and applications in the future.

Whilst there is uncertainty amongst the employee respondents about how well their own organisation performs against others in terms of technology use (an equal number say that they are better or worse than their competition), or even whether their sector outperforms others, the personal view is much clearer. Less than 10% strongly believe that their ability to do their job is being hampered by the technology available to them.

"I think, because it's a very competitive, cut-throat, thin margin sector, IT is often considered a way to get an edge over your competitors. Therefore it's one of the primary fields of battle."

CFO, Airline

Does digital drive decision-making?

The research underlines the fundamental role that digital services play in our lives. In many instances, digital is our “go to” option for interacting with the organisations that we deal with every day. We are confident, proficient users of digital services, and we know where we think improvements could be made. The UK is, in every sense, on the road to becoming a digital-first nation.



Even with all of that considered though, can digital services ever shape some of the truly grand decisions in our lives?

To gain a final indicator of just how strong our ties to digital are, we asked two distinct questions; one to our consumer group, and one to our employee respondents. Both reveal just how ingrained digital has become today.

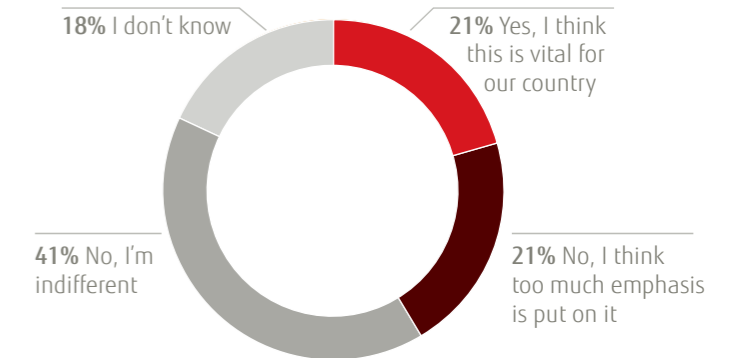
Firstly, we wanted to explore whether a specific focus on digital inclusion by a political party could influence voting habits. While we expected to see some support for this notion, we were nonetheless surprised to find that over a fifth (21%) of respondents say they would vote for a party focusing on digital inclusion, given its importance to the UK's future.

Whilst an identical number of people say that digital inclusion already enjoys too much attention by political parties, and 41% remain indifferent, the above result still highlights just how much ground the issue of digital inclusion has gained.

This is reflected in our employment responses. Asked whether a potential employer's portfolio of digital services and applications would help them decide whether or not to accept a new job, almost three-quarters (74%) of the employee respondents said that it was of “moderate” or “extreme” importance. Only 6% said that digital is “not important at all” when making up their minds.

Clearly, digital is not a niche issue or a fringe concern. It is a material factor in everything from deciding which political party to vote for through to which organisations we most aspire to join.

Would you vote for a political party because it focused on digital inclusion?



Conclusion

The responses reinforce the view of the UK as an increasingly digital-first nation. Fuelled not only by our growing personal and professional preoccupation with digital services, but also by the economic impetus that they provide, digital services are increasingly driving our interactions with the organisations around us.

Yet, there is no guarantee that the road ahead will be smooth. Pockets of uncertainty remain. Careful attention needs to be given not just to the quality of services on offer, but how usable they are – to both the confident majority and the less digitally savvy, too.

The insights gained from this research lead us to five major considerations as the nation embarks on this journey:

Digital is the default, but balance is key

For many, digital is already the channel of choice. Clear reasons are given for this, from speed to cost efficiency. At the same time, it is clear that the UK will not be becoming a digital-only nation any time soon. Focusing on innovation and service quality in order to offer customers the best possible experience, whether they chose digital or human interaction, is the key. Other forms of service should not suffer at digital's expense, no matter how good the latter becomes.

Mind the gaps when it comes to quality

While we see some very positive responses on the quality of digital services, they are far from unanimous. There are clear gaps in terms of user expectations and how they feel certain sectors are serving them today, and there will undoubtedly be repercussions from those shortfalls. High quality digital services have a clear and direct impact on brand loyalty.

Learn from the lessons of the leading pack

Does quality breed frequency of use, or vice versa? Likely both. While we might not know for sure whether digital services from the Financial services and Retail sectors are valued so highly because of their quality, we can nonetheless look to the examples set here as inspiration for other sectors. The expertise demonstrated by organisations in these sectors should serve as a guidebook on how to serve and engage customers digitally.

Continued investment into digital services in the workplace must prove to be worthwhile

Confidence in digital technology within the workplace appears to be at high levels, with it regarded as potentially highly impactful, versatile and personally liberating. But the enthusiasm for digital tech that we see reflected in this study will only thrive and grow if it is matched by a continued focus on quality and, ultimately, effectiveness. Today's employees are well informed and shrewd in their expectations of what digital should do for them. Digital is, both internally and externally, a reputation maker.

Local and Central government must act now and become digital inside out to ensure the future digital success of the nation

With unprecedented levels of investment and the roll out of initiatives to support tech innovation and integrate digital firmly into the curriculum, digital adoption is a key Government priority. Yet, while, as a nation, we are reaping the rewards of this, both Central and Local government have scope to improve their digital offering further, for example through better integration across specific applications.

Unlike private sector organisations, the public sector does not have a choice of exclusion, it must ensure it serves everyone – connected or not. It is this sector that can lead the way for all others. But in order to achieve this, the organisations within it must provide a seamless, quality service that is both digital and face-to-face.

Every care must be taken to make digital inclusion a reality for all

It would be all too easy to ignore the views of our "disconnected group" as being outdated or out of touch. To do so would be both unfair and unwise. While this group may be quick to reject digital services, it is rarely because they refuse to see the potential. Instead, it is because they are struggling to integrate with a nation that – to their eyes – is moving too quickly towards a future that they do not fully understand or feel party to. To be a success, digital inclusion must be for the good of everyone, not just the already highly confident majority.

Appendices

Methodology

This survey sought to understand people's use of digital applications and services and their perceptions of them. The research comprised of three different core elements:

- Quantitative research with a representative sample of the UK public
- Quantitative research with a representative sample of the UK employee base
- In-depth interviews with a sample of business leaders.

Across all elements of the research programme we asked people about their experiences of how technology and digital applications facilitated their experiences – either as a customer or employee, as well as about the strategic imperative behind companies' digital strategies. Within both quantitative studies we had a robust sample of people with experiences within each sector of interest, so all findings are statistically valid at an overall level but also within sector.

UK public

We completed 1,000 online interviews with a representative sample across all regions of the UK. The panel was representative of the UK population based on age, gender and region. The sample was drawn from the Toluna UK panel community (see <http://www.toluna-group.com/brands-connecting-with-people/panelportal/how-it-works> for more detail).

The details of the demographic breakdowns within the online sample are shown in the tables below:

Age	Target	Achieved	Proportion of sample
18-24	118	118	12%
25-29	170	170	17%
30-39	166	158	16%
40-49	184	187	19%
50-59	145	148	15%
60+	218	219	22%

Gender	Target	Achieved	Proportion of sample
Male	493	494	49%
Female	507	506	51%

Region	Target	Achieved	Proportion of sample
East Midlands	72	72	7%
East of England	93	93	9%
Greater London	129	130	13%
North East	41	41	4%
North West	111	111	11%
Northern Ireland	29	28	3%
Scotland	83	84	8%
South East	137	137	14%
South West	84	84	8%
Wales	48	48	5%
West Midlands	88	88	9%
Yorkshire and Humberside	84	84	8%

The online interviews were supplemented by 100 telephone interviews with those who do not have internet access at home. There were no specific quotas placed on this group as it is a small proportion of the overall population. These 100 interviews therefore represent a spread of this population across a range of demographics. The telephone interviews were conducted by Facts International, an independent market research fieldwork agency based in Ashford, Kent. The agency abides by all professional market research standards, as has recently been awarded industry recognition as the Market Research Society Best Field Force for 2014.

UK employees

We completed 1,400 online interviews with a representative sample of UK employees within the key sectors included in this study:

- Retail
- Financial services
- Media/telecommunications
- Transport
- Utilities
- Central government
- Local government

The research respondents were again sourced through an online access panel, and 1,200 interviews were completed in total, 200 with employees within each sector. This research was run through Research Now's online panel, details of which can be found at <http://www.researchnow.com/en-GB/Panels.aspx>.

The breakdown of demographics achieved within the panel is shown within the tables below:

Industry	Achieved
Retail industry	205
Financial industry	206
Local government	204
Central government	201
Media/telecommunications industry	204
Transport industry	204
Utilities industry (including Water services)	191

1 to 9	178
10 to 49	86
50 to 249	170
250 to 499	94
500 to 749	70
750 to 1,000	90
More than 1,000 employees	727

UK business leaders

In-depth interviews were conducted by telephone with CEOs and other C-Suite Executives from across a range of the sectors within the study. Experienced qualitative researchers within the Opinion Leader team conducted all interviews. Research participants were targeted directly via free-find recruitment methods. All interviews were recorded for quality purposes and lasted between 30 and 45 minutes.

Notes on data interpretation

This survey represents an accurate, objective and balanced indication of sentiment among the UK general public as well as the overall UK employee base within certain core sectors. As with the majority of market research, it was a sample survey, therefore the representativeness of the results are only as good as the sampling frame (i.e. the panel of the UK population from which participants came).

In this instance the respondents came from two panels of the UK public, and hence were not a truly 'random' sample, therefore the results are strongly indicative of 'feeling' amongst the UK population but cannot be extrapolated as 'truly representative'. However, the panels are recruited and managed in a robust manner.

In the case of the UK public survey the spread of respondents by age, region and gender is almost exactly what we would expect based on the overall incidence of these groups within the population. Within the UK employee survey we specifically targeted those working within specific sectors, however, in addition to this there was a good spread of employees across different business sizes as well as a spread across standard demographics that indicates a good representative base.

The consumers and employees who took part in our survey are only a sample of the total population of the UK, so we cannot be certain that the figures obtained are exactly those we would have if everybody had responded (the true values). We can, however, predict the variation between the sample results and the true values from knowledge of the size of the samples on which the results are based and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95% – that is, the chances are 95 in 100 that the true value will fall within a specified range. The table below illustrates the predicted ranges for different sample sizes and percentage results at the 95% confidence interval, assuming the universe of the total UK population as well as the total UK employed population.

	UK general public sample – 1000 interviews	UK employee sample – 1,404 interviews
10% or 90%	1.86	1.56
20% or 80%	2.48	2.09
30% or 70%	2.84	2.40
40% or 60%	3.04	2.56
50%	3.10	2.62

What this means is that within the UK general public sample, if we look at a response of 10% we can be 95% confident that the true value would lie between 8.14% and 11.86%. For the employee sample if we look at a response of 10% we can be 95% confident that the true value would lie between 8.44% and 11.56%.

When calculating percentages, the figures often work out with a number that has multiple decimal places. This isn't the most user-friendly way to display the data, so the standard convention is to round to the nearest whole number. When rounding of percentages is done, this often leads to a slight discrepancy when it comes to re-calculating the base. On occasion, when adding rounded percentages, this can lead to the total appearing to be 101% or 99% rather than 100%. This is purely an effect of rounding rather than the total actually being 101% or 99%.

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