



INSIGHTS
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Executive Guide

2019 Digital Means Business Benchmarking Report



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While there isn't a one-size-fits-all recipe for digital success, there's certainly a path with clear principles and guidelines that can help organizations ensure they remain on track.

Walking this path requires a commitment to introspection and the ability to make some bold but necessary choices.

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Foreword

Digital transformation has occupied our attention – and boardroom table discussions – for some years, bringing with it excitement but also uncertainty and discomfort: **‘What does this mean for me, my organization, and the world around us?’**

Early successes have generated relevant **measurable traction**, not only by digital natives, but also established organizations who’ve risen swiftly to grasp the challenge and firmly embrace the digital opportunity.

While signs indicate that **the initial hype around digital is starting to settle**, this doesn’t mean the task of transforming into a truly digital business is becoming any easier. Even organizations who are demystifying digital with plans and initiatives that are starting to deliver practical value, still grapple with what to do next – and how to execute effectively – to ensure that early gains aren’t eroded, or that they become exposed or left behind.

So, what’s the best way forward? In a recent survey¹ conducted by NTT, leaders who are successfully transforming their organizations shared some invaluable insights on **how and where to maximize digital for their business**.

Firstly, businesses need to **take a step back** and ensure that their efforts in leveraging digital are indeed starting to materialize and that they’re setting themselves up for future success. However, there’s a myriad of factors to consider, so organizations should take a comprehensive and inclusive view to ensure that they’re effectively **‘joining the dots with digital’**.

This means they should **stop looking at digital as the single focal point** and start broadening their thinking. Simply **creating and/or executing your digital strategy** isn’t enough. And while technology certainly has a crucial role to play in enabling practical and tangible transformation, **success won’t be achieved by merely implementing more technology**. Rather get back to basics by **focusing both internally and externally**, changing your people, processes, and the overall experience in the way you engage with the market. Above all else, **making your customer the guiding light in everything you do**, is a must.

The unrelenting **pace of change** in the world around us is adding complexity to organizations’ efforts. And without clear answers or a defined formula or process to follow, many businesses are left feeling anxious. How do you navigate this tumultuous world and balance the continuous need to **perform while you transform?** Leaders are under pressure to decide on how best to **balance and prioritize** often-competing requirements and make tough decisions on where to continue to harness past successes, versus how and when to change direction.

Now, more than ever, organizations need to **put aside discomfort around uncertainty and take courageous and decisive steps to progress practical digital transformation.**

¹ NTT 2019 Digital Means Business Benchmarking Report

Early successes have generated relevant measurable traction, not only by digital natives, **but also established organizations who've risen swiftly to grasp the challenge and firmly embrace the digital opportunity.**

While there isn't a one-size-fits-all recipe for digital success, there's certainly **a path with clear principles and guidelines** that can help organizations ensure they remain on track. Walking this path requires a **commitment to introspection** and the ability to make some **bold but necessary choices**. Now, more than ever, organizations need to put aside discomfort around uncertainty and take courageous and decisive steps to **progress practical digital transformation**.

One of the most encouraging signs we've observed is that the notion of 'becoming digital' is maturing **from conceptual and big idea thinking to something more practical and relevant**. Organizations who are accelerating the most swiftly have recognized that a carefully crafted, forward-thinking environment, coupled with a **relentless focus on execution**, is the key to success.

For these organizations, **digital is moving beyond the art of the possible** to tangible achievements and learnings that will stand them in good stead **today**, and into the **future**.



Wayne Speechly
Vice President, Advanced Competencies, NTT Ltd

Wayne is dedicated to helping organizations thrive in the digital world. He heads up a team of strategists, specialists, and execution accelerators who are experts in customer and employee-centric digital transformation. Wayne is focused on helping organizations be digital by leveraging the right technology opportunities.

Progress in value realization

72.9% say their journey to enterprise-wide transformation is 'in progress' or better.

Need for large-scale transformation

71.1% of organizations in the early stages of transformation still believe a complete restructuring of the business and operating model is required.

Balance of internal and external focus

Over **two-thirds** of digital transformation efforts are internally focused.

Iterative, agile approach delivering results

There's a **direct correlation** between value and maturity.

Leaders need to lead change

Only **11.3%** are highly satisfied with digital transformation leadership.

Digital is addressing internal requirements

- digitizing core processes (**72.5%**)
- restructuring the business operating model (**72.3%**)
- changing organizational structures to enable different ways of working (**59.6%**)

Ownership of digital

82.4% have appointed a Chief Digital Officer (CDO) as the custodian for digital transformation, a role previously owned by an IT leader.

People-related benefits are first realized

- shaping new ways of working (**52.0%**)
- improved operational efficacy (**50.7%**)
- achieving more efficient business processes (**49.3%**)

About the 2019 Digital Means Business Benchmarking Report



15
countries,
across 5 regions



11
industry
sectors



Employee base
from
**501+ to
15,001+**



More than
50%
of responses from
C-level executives



1,157
respondents

Determine your level of digital maturity

Assess your organization on our [Digitally Astute Index](#) and benchmark yourself against your industry on our [Digital Means Business Benchmarking Data Portal](#).

How can we help?

We help you change mindsets and improve customer experience through better technology, processes, and systems enablement. [Find out more](#) about our Digital Advisory Services.

7 key take-outs from this Guide



There are many possible correct starting points for digital transformation.

It isn't necessary to spend copious amounts of time and effort trying to answer difficult questions arising from digital, or planning an execution approach in detail. Digital is constantly evolving. Integrated and iterative learning, adaption, and experimentation cycles are all necessary to progress. Mastering this repeated cycle, over time, will most likely lead to sustainable transformation and uncover relevant breakthrough ideas.



Transformation planning and execution should be organization-wide and cross-functional.

Embedding the value derived from transformation initiatives is more effective if it occurs across the organization, rather than within silos. Transformation in pockets may achieve some value, but systemic transformation delivers exponential value and increases the likelihood of achieving outcomes.



Value created by people and their digital efforts isn't always immediately recognized using traditional performance metrics.

This is especially true given that our research indicates that the initial benefits realized from digital efforts include culture, mindsets, and ways of working – all of which are difficult to quantify. In a digitally astute organization, people – and the value they add – can't be measured in the same way as in the past.



Digital needs to be customer insight-led.

Customer insights, however, aren't static and organizations' efforts need to be tested iteratively against the outcomes they deliver. This will create a balanced view of initiatives and their expected and actual value or priority.



The display of some of the initial benefits of digital efforts – such as a shift in ways of working, mindsets, and behavioural changes – shouldn't be misconstrued as a sign that transformation is complete.

Digital is still revealing its true potential and possible benefits. Organizations, and especially leaders, should show a sincere commitment to pursuing their longer-term transformation journey in its entirety. There's still a long road ahead to mastering opportunities that may be captured through digital capabilities.



Enable the ownership and delivery of digital with a clear mandate – this responsibility is increasingly being assumed by the Chief Digital Officer (CDO).

Appropriate enablement of the CDO function includes the correct organizational alignment to ensure that the CDO is granted organization-wide influence and the relevant budgetary decision-making ability. The CDO role operates beyond technology and is grounded by focusing on customers, employee, process, and operating model transformation.

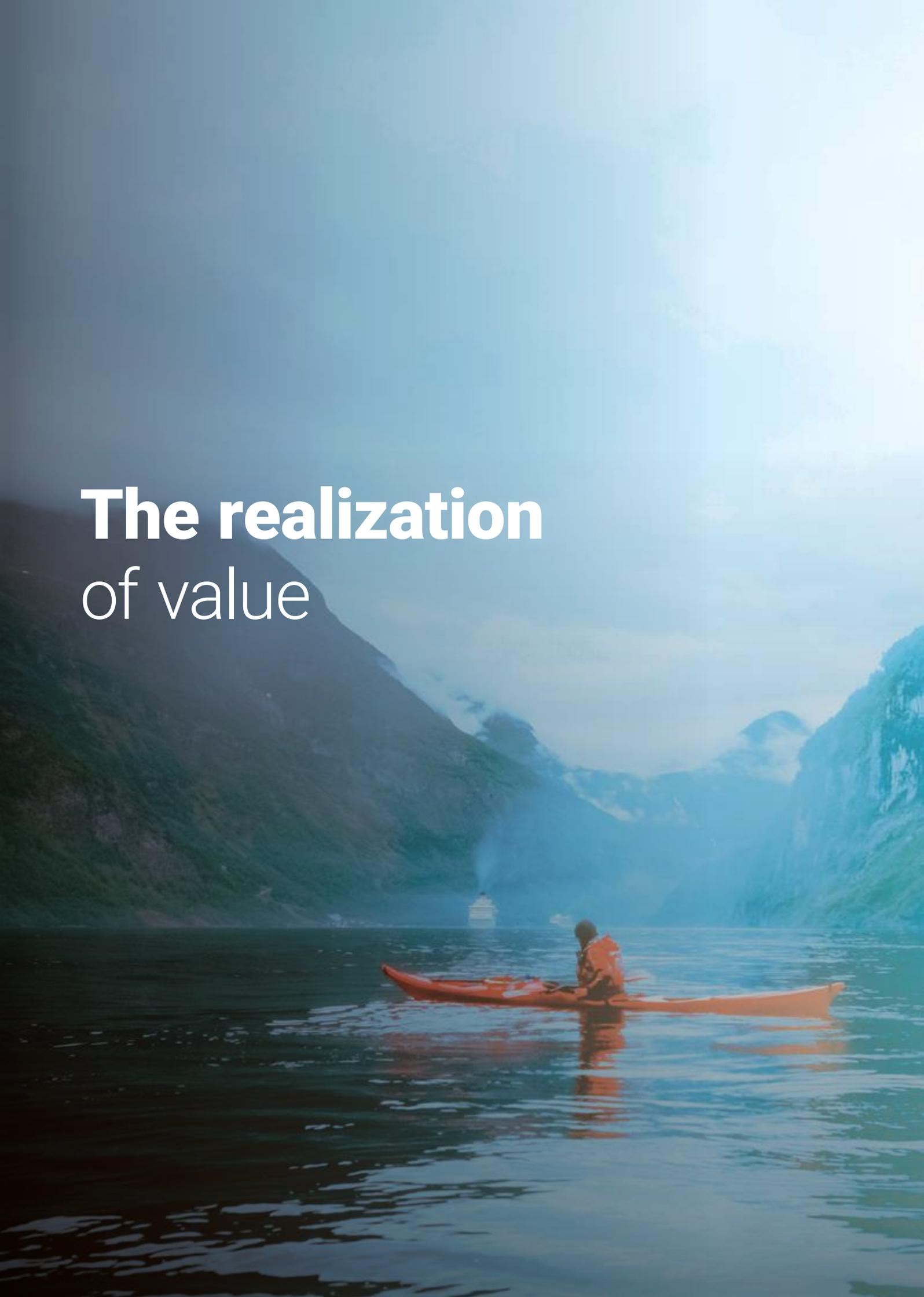


Enable all levels of leadership, middle management, and employees with the appropriate skills and behaviours to embrace digital.

These efforts should encompass addressing the fears, uncertainty, and ambiguity that digital introduces, as well as changes in ways of working and the requirement for new skills.

Overall, we see seven themes emerging which simplify, demystify, and create clarity regarding how organizations are mastering digital transformation. We'll explore each of these in more detail, in the sections that follow.

The realization of value



There's great progress and realization of value

Encouragingly, **we're starting to observe tangible progress** against the broader digital transformation mandate. Businesses are beginning to see the fruits of their efforts, even though they still aren't all necessarily clear on how to fully embrace the opportunity.

72.9%

of businesses say their journey to enterprise-wide transformation is 'in progress' or better.

While many businesses have traditionally been overly focused on (and often overwhelmed by) formulating the correct digital strategy, the greatest progress is being realized by those taking an **iterative and agile** approach to planning and executing. Formulating a digital plan is complex and doesn't always provide the required answers upfront. Unsurprisingly, but disappointingly, just 12.3% of organizations consider their digital strategy to be optimized, while more than two-thirds say plans are still being developed.² Therefore, given this perceived digital strategy relevance, **starting by tackling relevant, known problems will yield greater success.**

Specifically, businesses are accomplishing quick wins that focus on **operational efficiency and customer experience.** And the value that's been achieved is helping organizations to address legacy issues and better meet customers' expectations. This is positive progress, given that our research confirms that **customer experience remains the number one strategic measurement for organizational performance**, receiving over 50% more votes than other metrics.

However, 21.9% of respondents have no formal customer channel strategy, and limited omnichannel functionality – which suggests that even though organizations are focusing on customer experience optimization – these efforts may still be executed in a **haphazard or uncoordinated** way.²

Businesses should pursue initiatives that deliver **tactical value and leverage continuous feedback on their outcomes from both customers and employees.**

Rectifying complex internal challenges that have compounded over many years doesn't necessarily constitute radical digital transformation; however, **it does lay a foundation from which organizations can progress.** This change of focus towards driving tangible, appropriate, short-term success helps businesses to prioritize and pursue certain immediate requirements, but it also enables them to gain momentum and clarity regarding more complex, long-term transformation opportunities. **Culture is an important aspect** of this.

However, only **25.9%** of respondents 'highly value' the need to transform cultures that foster agile and innovative ways of work, and change how the organization thinks and acts.

That said, it's not enough for organizations to solely pursue internally focused, short-term initiatives. It's essential that they also prioritize **market feedback**, to ensure that they're directing attention towards and executing the right initiatives, taking into account constraints that exist both inside and outside the organization. One of the greatest challenges about addressing relevant problems is that organizations may take very different viewpoints and focus on initiatives that seem important but don't necessarily deliver value from a **customer's** perspective.

Businesses should pursue initiatives that **deliver tactical value** and leverage **continuous feedback** on their outcomes from **both customers and employees.** While prioritizing this feedback loop can prove difficult when organizations are under pressure to showcase success, this iterative feedback process enables organizations to **understand and, if necessary, adjust their efforts early and often.** This will help maximize the present and future returns from transformation efforts.

Respondents rated issues that focus on creating a **fit-for-purpose organization as high value.** Indeed, the top nine elements that respondents ranked to be of 'high value' stand out beyond all others as key focus areas that are **critical to responding to market demands.**

These factors account for 76.4% of the overall votes – the other six factors receiving just 23.6% of overall votes. This confirms that leaders recognize the need to enable the **entire organization to benefit from digital**, and capitalize on the opportunities it presents.

In summary, we believe organizations can benefit from a more pragmatic approach to digital and its value. It's not about being constantly busy. It's about being **pragmatic, productive, and delivering outcomes that help the business make progress**, while getting the most out of what digital brings. Many organizations still need to think differently about digital as not only solving a big idea but also delivering tangible value, practically.

² Dimension Data's 2019 Global Customer Experience Benchmarking Report



Disruption and delusion

Disruption and delusion – the never-ending journey of digital

Many businesses acknowledge that they **didn't accurately predict the impact that digital disruption would have on their organizations** and industries. Indeed, respondents cited that 94.0% of operating models are being more than slightly disrupted by digital.

They've also **recognized that they've been misled in their focus**, trying to find solutions for disruption and thereby harness its opportunities (which are often still ambiguous or undefined). As a result, many organizations have become aimless and stagnant, as opposed to **focusing on where they need to be, and taking action**. Concentrating on disruption alone is **not** a sustainable direction to take. While useful for promoting conceptual and 'art of the possible' thinking, it's not the primary must-do for sustainable transformation.

As organizations progress, many leaders are also being **lured into thinking** that because they're seeing some of their digital efforts yield success, their digital transformation journeys are 'well-advanced' or 'complete' (40.1%). Others believe that because certain initiatives have shown outputs or outcomes that have optimized legacy business processes, they feel that they're 'on track' and there's not much more they need to do.

Our research also reveals that organizations who cite being in the 'early stages' of their transformation efforts have increased by 24.7%, in comparison to last year.

However, of those same early-stage transformers, **71.1% still believe that a 'complete restructuring of the business and operating model' is the primary definition of digital transformation.**

This **presents a big risk for organizations aspiring to respond effectively at the outset** of their transformation journeys.

These are misinformed perspectives because digital transformation is by nature continuous, iterative, evolving, and never-ending. Disruption happens constantly, in different ways, and success today requires thinking and acting in a new way, continuously. In addition, as **digital transformation continues to evolve**, those that believe they're nearly or entirely complete are likely missing opportunities.

Those who are getting transformation right treat digital as an **everlasting way of working** and see it as **a way of life**.

The critical point for businesses to grasp is that digital isn't just about what you do but about how you do it. It's **anchored heavily on behaviours** and how organizations embrace new ways of solving problems, ways of working, and agile delivery capabilities. However, concerningly, 'agile organizational culture' is ranked by respondents as the second-lowest benefit when considering the 'highly important' benefits of digital transformation, at just 25.9%.

The critical point for businesses to grasp is that digital isn't just about what you do but about how you do it. **It's anchored heavily on behaviours and how organizations embrace new ways of solving problems, ways of working, and agile delivery capabilities.**

Success is also about ensuring that the organization instils an ability to respond to what's happening in the market and is driven largely by **customer requirements**. Fortunately, 72.7% of organizations are now using customer experience intelligence to inform product and service transformation.³

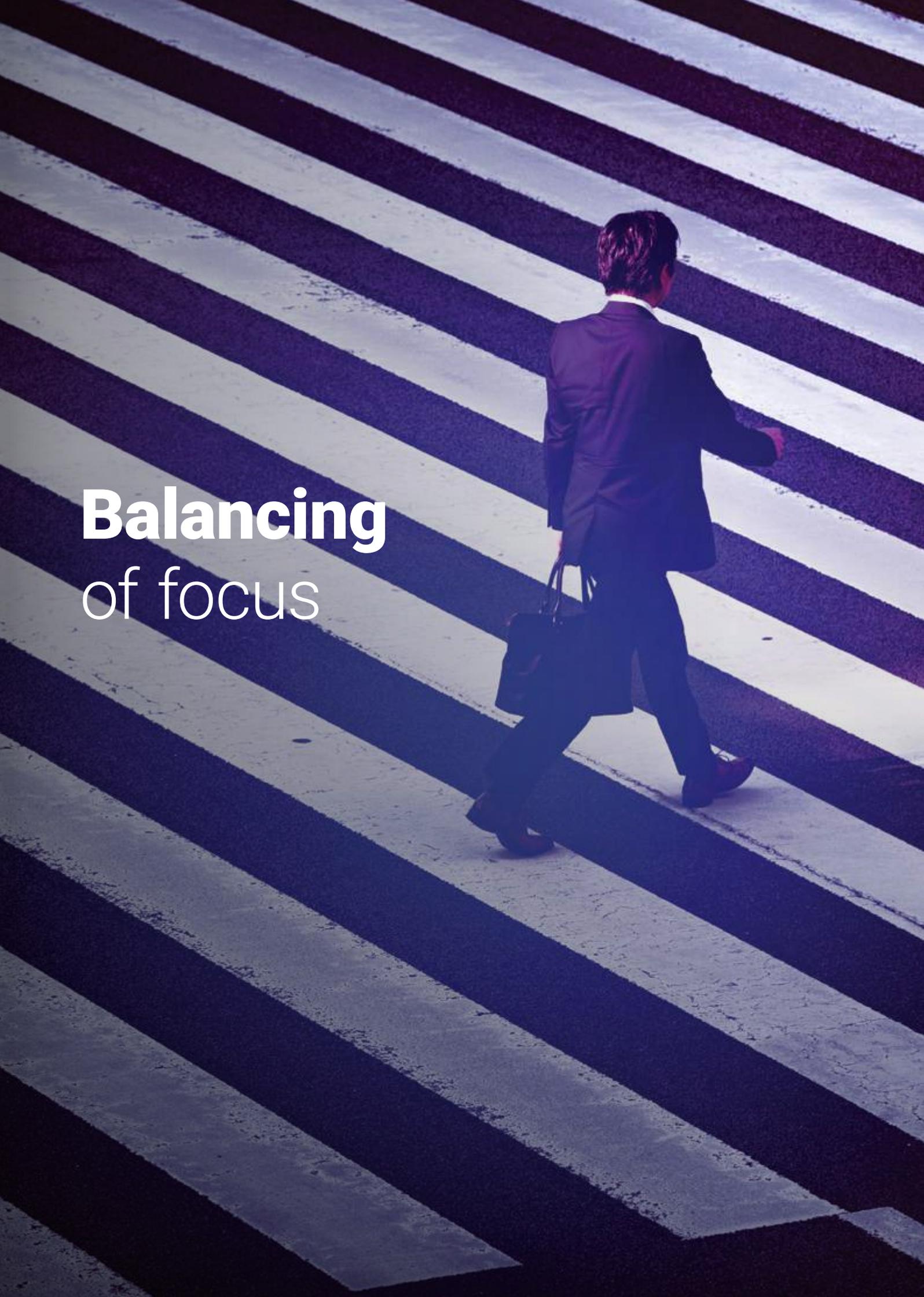
Clearly, organizations must be **attuned to both internal and external opportunities and dynamics** and observant of how disruption is taking effect.

As opposed to trying to figure everything out, adopting this pragmatic approach will prove most effective. It **empowers businesses to make informed decisions on how best to respond**, given the ambiguity and uncertainty that's inherent in digital transformation. Most notably, it 'keeps things real', which negates the need to focus on the somewhat ethereal notion of disruption and transformation. This is supported by our research which found that currently, only 12.9% of respondents agree that they're 'highly satisfied' with the outcomes of their digital transformation efforts.

Our recommended approach also promotes **the creation of new skills and behaviours that allow the organization to put their best foot forward** as they interpret and respond to the ever-changing environment.

For organizations struggling with the looming threat of disruption, shifting their focus internally can provide answers and relief. Disruption comes in waves and doesn't have a defined scope. Remember, **no one can possibly have all the answers or the perfect plan**. The differentiator is an organization's innate ability to respond and deal with change holistically and repeatedly.

³ Dimension Data's 2019 Global Customer Experience Benchmarking Report

A man in a dark suit is walking away from the camera across a zebra crossing. The scene is tinted with a deep blue color. The white stripes of the crossing create a strong sense of perspective and rhythm. The man is carrying a briefcase in his right hand.

Balancing of focus

Balancing attention of focus inside and outside the organization

This new world brings unprecedented levels of uncertainty, change, and ambiguity. While digital and disruption has required organizations to **keep abreast of what's happening externally**, it's also created a need and opportunity for organizations to **focus on addressing multiple, increasingly complex, internal initiatives**. Focusing internally isn't something new, but leaders are now under additional pressure to ensure that they're focusing on the right projects, and executing more effectively.

This observation is supported by the findings of this year's research. There's been a **shift in the definition of digital** from our 2018 Report. While previously, organizations were mostly defining digital through a customer and product and service innovation lens, they're now defining digital as addressing **internal requirements**: 'digitizing core processes' (72.5%), 'restructuring the business operating model' (72.3%), and 'changing organizational structures to enable different ways of working' (59.6%).

Overall, 32.3% of the responses relating to forecasted outcomes from digital transformation strategy execution are externally focused, whereas 67.7% are internal.

Clearly, **businesses are gaining an understanding that digital transformation requires a careful balance of tensions**, both internally and externally.

One of the key tenets of digital is that your **transformation should be guided externally** – by truly empathizing with customers' demands, market opportunities, and how your business model should adapt. This premise is extremely important and requires that organizations become attuned to understanding, interpreting, and responding to their customers' requirements. However, our research indicates that only 29.8% of respondents recognize 'reaching more customers/clients/users across different or new markets or channels' as being their highest priority. This is important as it's necessary to **understand what customers want**, in order to inform where you move and how to mobilize the internal organization.

In addition, customers are also now concerned with security and privacy, and **cybersecurity is fundamental to winning your customers' trust** and ensuring that your organization's reputation isn't damaged as a result of a security breach.⁴ This added complexity needs to be considered in balancing these tensions, given increasing risk.

On the other hand, if organizations become too enveloped in understanding these needs, they aren't likely to make sustainable strides towards **prioritizing employees to deliver appropriately with ways of work, or internal processes**.

In contrast, organizations who've narrowed their focus **too internally run the threat of isolating themselves from what the market requires**. This leads to lost or misplaced investment, slow time-to-market, and stifled innovation capability. Of course, many organizations often find it easier to look internally for improvements, especially in challenging times, when profits are under threat and there's a fight for increased market share and relevance.

But **while short-term success is inevitable from internal focus, organizations also need to leverage this insight to inform their larger transformation plan** – which is unlikely or impossible to be a success, in isolation of the customer.

So, today, you need to **balance the tension** between how to mobilize internal execution and remain attuned to what the external market is seeking. This is a challenging dynamic to get right.

Businesses who can master this equilibrium are able to yield the best of both. **The digitally astute behave in a way that embeds this ability to respond, iterate, take feedback, and repeat.**

This includes:

- focusing on the **quick win digital opportunities internally** – whether operational efficiency, customer experience, or even business models – which influence how the organization presents itself externally; for example, making operational improvements to the quote-to-cash process will result in higher customer satisfaction externally
- **harnessing digital opportunities externally** which enables the prioritization of the correct initiatives to pursue, and eliminates less-important initiatives that will hamper the organization's ability and capacity to deliver

1 in 5

Nearly a quarter of organizations are wary of cybersecurity threats, and 1 in 5 are stalling due to **lack of insight on customer needs**.⁵

Our recommendation for achieving success depends on which side your organization currently tends to lean. If you tend to focus internally, you need to find a way to **validate and prioritize these efforts against external customer needs** more. This doesn't mean continuing to execute tirelessly and in isolation; it also requires including customers and other stakeholders in the validation and prioritization process. Unfortunately, many organizations don't have the right strategy to strike a balance between internal and external requirements.

If your organization tends to focus externally, you need to find a way to **funnel insights and opportunities internally** to drive behaviours, ways of working, and systems and processes. Remain grounded in what's realistic to execute, bearing in mind internal capacity and constraints. Breaking initiatives into smaller and more manageable execution components enables you to develop a behaviour that focuses on delivery. This better aligns the organization to **respond to the appropriate market opportunities, as opposed to determinedly chasing the art of the possible**. Of course, most organizations aren't solely on one side or the other, but the science of getting this right remains a challenge for many leaders.

⁴ Dimension Data's Executive Guide to the NTT Security 2019 Global Threat Intelligence Report

⁵ Dimension Data's 2019 Global Customer Experience Benchmarking Report

Signs of maturity



Harnessing the digital opportunity is showing signs of maturity

Initially, the hype around digital caused organizations to become somewhat **academically focused** on what it truly meant. Many looked at some of the born-digital entities who were successfully disrupting established markets and attempted to play catch-up – formulating plans and trying to define the often-unachievable recipe for success. However, **in attempting to emulate** and keep pace with these digital natives, organizations are only **marginalizing their ability to commit to true transformation efforts**.

It's encouraging to see that organizations are now **starting to make sense of digital and what it means**, beyond the conceptual or theoretical lens. Signs of maturity in their ability to **'do' and 'be' digital**, are beginning to emerge, which is enabling businesses to better harness the opportunity.

40.1%

Our research confirms that today, only 40.1% of respondents perceive themselves to be in the **advanced stages of their journey** (i.e.: 'well-advanced' or 'complete').

While this **may at face value infer maturity, this isn't always the case**. Maturity is realized through **value and outcomes** that are achieved through **integrated execution**.

This is an important evolution, as digital is more than just a methodology or transformation program. It's primarily about **behaviour**. Innately, people don't necessarily know how to behave differently in the digital world, even if they want to. They need to be given the appropriate foundation and environment to thrive. They also need to be **empowered to develop, experiment, fail, and learn** to accelerate how the organization acts in a sustainably transformed manner. Today, there's still much work to be done in this respect with our research finding that the fourth-highest barrier impeding digital transformation is a 'lack of digital skills and expertise in required areas'. This is a foundational requirement for progressing in overall maturity.

The hallmarks of digital maturity are accelerated efforts that enforce iterative success. Organizations who are able to **bank key learnings, successes, and failures and leverage these insights cross-functionally and organization-wide, are emerging as winners**.

Our research reveals that **64.0%** of organizations indicate that their **digital transformation strategy is delivered through a centralized model and/or via an integrated organization-wide effort — a heartening statistic.**

Compared to 2018, a more even spread of results in this year's research in this area supports the notion of a **more rounded and mature understanding and approach to digital emerging**. Organizations are becoming increasingly appreciative that **digital transformation is a combination of initiatives that inform a mindset**.

These definitions range from:

- 'digitizing and automating core business processes' (72.5%)
- 'changing how customers and markets are serviced' (69.2%)
- 'enabling different ways of working' (59.6%)

The **hallmarks of digital maturity** are accelerated efforts that enforce iterative success. Organizations who are able to bank key learnings, successes, and failures and leverage these insights cross-functionally and organization-wide, are emerging as winners. And the **exponential effect that flows from maturity gains** helps businesses to **sustain and extend their advantage**.

Our research indicates that there's a **direct correlation** between an organization's digital maturity and their ability to realize outcomes-driven **value** on an ongoing basis, and their **digital maturity**.

So, despite born-digital organizations possessing a first-mover and often new-experience advantage, increasing numbers of incumbent businesses are accelerating their overall maturity and thereby **effectively competing and indeed, thriving**.

Successful incumbents are harnessing this opportunity by:



driving **systemic and behavioural change** within their organizations



changing their approach and **turning digital barriers into opportunities** on which to capitalize; this enables the business to stop operating in 'defense mode' and manage, leverage, and respond to opportunities as **the normal course of business**



adopting an **opportunistic mindset** – ultimately becoming the drivers of change and leading the movement to better engage with customers



encouraging **cross-functional collaboration**: our research reveals that 64.0% of organizations indicate that their digital transformation strategy is delivered through a centralized model and/or via an integrated organization-wide effort – a heartening statistic



actively focusing on **new and emerging priorities** that require significant consideration as they pursue maturity; at the top of the list is cybersecurity maturity, where ambitions outpace preparedness: **there's a significant gap between most organizations' goals in terms of where they are today and where they want to be** – the current global maturity benchmark across all sectors is 1.45 out of 5⁶

For laggards, this pursuit remains extremely difficult, for several reasons:



The very definition of digital is **ever-evolving**, which makes it difficult to maintain meaningful progress: as our research indicates, **only 12.5% of respondents feel 'highly satisfied' with the effective execution of their digital strategy**, which indicates that how transformation is being managed, what outcomes are being achieved, and organizations' overall maturity all have room for improvement.



The game of **catch-up is never-ending**, which often makes efforts feel fruitless, despite there being some gains. Concurrently, successful incumbents are continuing to gain momentum which often increases the gap that laggards need to close.



Limited success increases **pressure, uncertainty, and anxiety** for leaders, and the organization in its entirety.

The digital path is continuously shifting. Organizations need to recognize that **people, mindsets, and behaviours** – along with **a culture that promotes experimentation and failure** – will lay a **stable foundation for maturity**. Further progression beyond this relies on continuous learning and its integration into business-as-usual activities.

The very definition of digital is ever-evolving, which makes it difficult to maintain meaningful progress: as our research indicates, **only 12.5% of respondents feel 'highly satisfied' with the effective execution of their digital strategy**

Looking at leadership



The long hard look at leadership

The idea that digital isn't just about technology is nothing new. But organizations have also recently started realizing that it's more about **people and how they think and behave**.

But let's not forget about our leaders either. After all, they need to have both the **vision and influence** over their employees' behaviour to move the organization forward. When considering 'lack of executive sponsorship and/or ownership' (22.3%) and the 'lack of appropriate business or digital strategy' (25.6%), it's fair to say that 47.9% of respondents highlight the fact that **the way leadership influences the organization is hampering digital transformation**.

This year's research unveiled some interesting perceptions regarding leadership:

- Leadership acknowledges that middle management needs to be **more willing to embrace change**, that could otherwise impact their relevance.
- People across the organization also need to **sharpen their knowledge** and improve their ability to acknowledge and **respond to changes** in the market and new opportunities.
- Some 28.5% of organizations expressed uncertainty or a direct concern (21.0%) regarding middle management and employees **lacking the skills required** to effectively execute the digital strategy.

Most concerning of all:

- **Less than half (48.8%)** of organizations are **'satisfied'** that their **leadership team has the right skills to both manage and execute** the digital transformation strategy.
- Project **prioritization** is controlled and mandated by leadership and the issue of **'too many competing priorities'** is recognized as a significant barrier to successful progression for **large organizations (24.5%)**.
- Only **11.3%** of organizations are **'highly satisfied'** with digital transformation leadership.
- For both **digitally progressive and larger** organizations, it's **9.5%**.

This is alarming because **no transformation can be achieved in isolation of leadership**, as they're required to initiate change and drive the business forward in a multitude of ways.

Our research indicates that **only half of respondents** recognize high levels of satisfaction in initiatives focused on 'improved operational efficacy including system integration, flexibility, and functionality' (50.7%), which are necessary to evolve the environment in which transformation amplifies.

52.0%

Just over half of respondents are **'highly satisfied'** that **success is being seen in 'shaping new ways of work' (52.0%)**.

Again, **this is the mandate and responsibility of leadership**.

Leaders themselves acknowledge that up until now they've been experts in their respective fields, and able to share extensive knowledge and capabilities within this realm. However, **digital has required everyone to develop and adjust** — not only in terms of their core business knowledge but also **new skills and abilities necessary to harness digital**, such as creativity, experimentation, and critical thinking.

Less than half (48.8%) of organizations are **'satisfied'** that their leadership team has the right skills to both manage and execute the digital transformation strategy.

Some leaders, in fact, admit that they're both uncomfortable and insufficiently prepared to bridge the divide from traditional to digital.

While leaders may feel this way, they must bear in mind that they still have control over every touchpoint of the organization. This ultimately means that to **enable the business to transform, leaders need to be willing and able to change personally**.

This is a challenging ask, as it **requires leadership to amend some of the behaviours and characteristics that have enabled them** to successfully deliver on their mandates, until this point. **Past success is no guarantee of future success** in the digital world. It calls for digitally adept leaders who are able to drive appropriate organizational culture and behaviours — which are continuously changing — thereby **setting the business upon a trajectory to success**.

Successfully transforming organizations are seeing their **leaders taking meaningful** strides in thinking and acting differently, and avoiding pitfalls, for example:

- It's one thing to say, 'we need to behave differently' (a message many leaders are communicating), however, execution efforts are sometimes superficial because leaders, despite communicating the need for change, aren't **truly driving the right level of change in their own mindsets and behaviours**.
- This creates an environment where organizations are **unable to change because leadership is stifling transformation efforts**, by not being willing to do the necessary within themselves. This significantly informs how the organization is able to transform.
- Change is uncomfortable, difficult, and **requires people to invest in themselves**. This means **acknowledging vulnerability and gaps** and ensuring that sincere and effective measures are taken to address them. This change process isn't quick, yet market pressures demand faster intervention and response.

Organizations successfully navigating these challenges are able to introspect and identify how every person, specifically leadership, is required to change.

We see organizations thriving in the digital world being willing to **shape and evolve their own leadership approach** in a way that creates the capability for people to think and act differently.

Now's the time for **leadership to stand up and pioneer real personal transformation** — true digital leaders remain loyal to the cause, no matter how difficult it may seem.

The rise of collaboration



The rise of the Chief Digital Officer and the collaboration games business and IT play

For some time, a sentiment has existed within most businesses that they're not receiving the appropriate levels of service delivery from IT. This has led them to pursue shadow IT capabilities, which create various challenges, such as:

- Business units spending their allocated budget on shadow IT increases complexity for the IT team.
- Questions regarding the relevance of IT arise.
- Contention between the two functions increases.

This dynamic is changing, with the introduction of digital, and **the mainstream adoption of the Chief Digital Officer (CDO)** role and its function. The emerging digital function is enabling the augmentation and acceleration of transformation by **bridging the gap between business and IT**.

Some **42.3%** of respondents believe **business and IT are planning in a more integrated manner** with the introduction of the CDO function.

This is facilitating sincere and more constructive engagement between the two and enabling more valuable and sustainable IT delivery. Business and IT are starting to gain meaningful traction in overcoming the challenges of the past and crafting their transformation path, as a combined force.

Ultimately, the digital opportunity is not solely about great systems, processes, or improved products and services. It's about the organization responding to the market in harmony. This requires a reinvented partnership between business and IT, a need to remove internal silos and cross-functional dependencies, and a renewed focus on delivering success in different ways to customers and employees.

This shift has many benefits:

- IT may continue to work on addressing **legacy issues** that are relevant and add value to the business.
- Business units are starting to recognize that with the support of IT, they **have more time to focus on customers' expectations** and changes in the market, as opposed to pursuing reactive shadow IT, which is distracting.

Clearly, working more effectively together is enabling mutual support and an increase in organizations' ability to be responsive to customer and market requirements.

This benefits both parties: IT is migrating and evolving legacy capabilities, which are guided by the business, and both gain better insight about what needs to change for the organization to engage with the market in new ways. This enables the entire business to understand, adapt, and respond in unison.

Despite evidence of positive progress in this respect, the results of our research suggest that there's still much work to be done:

- Only 28.6% of organizations are embracing digital transformation as a collaborative effort between business and IT.
- Almost half (49.0%) of digital transformation projects are still IT-led.

Business units are starting to recognize that with the support of IT, they have more time to **focus on customers' expectations and changes in the market, as opposed to pursuing reactive shadow IT, which is distracting.**

The role of the CDO includes driving a change in thinking and owning transformation from an organizational perspective. Understandably, this is a large mandate (especially given the aforementioned legacy mindsets and issues and the historically siloed workings of business and IT). While the CDO function is often perceived as the silver bullet for all problems digital, it's essential that we manage unrealistic expectations. It takes time, learning, and organizational experience to change old habits and address the challenges of the past.

Encouragingly, 82.4% of organizations have appointed a CDO or equivalent as the designated custodian bearing overall responsibility for digital transformation with only 6.7% and 10.9% appointing an IT role or a non-IT led nominee, respectively. This shows significant progress and an emphasis on establishing an identifiable role with responsibility for leading digital transformation, with the CDO, Head of Digital, or similar being these primary roles. It also suggests that this role has replaced the CIO/CTO as the digital leader, as was often the case in the past and which presented impediments to successful transformation. Some 62.0% of organizations who believe that they've completed their digital transformation journeys are basing this on IT-led transformation engagements. These organizations are likely perceiving or treating digital as technology-based, which is not the case.

While the CDO must ask difficult questions and embed new ways of thinking and being, successful digital transformation will still require the CDO, business, and IT to work together. Organizations who are succeeding in this regard are realizing the immense value the CDO role brings. This value includes cross-functional relevance, interaction, and problem-solving. In addition, the CDO is assisting organizations to prioritize holistically. This means collectively deciding on which initiatives to start, continue, or stop.

64.0%

Some 64.0% of respondents are delivering through a centralized model and/or via an integrated organization-wide transformation strategy.

The CDO role allows organizations to elevate cross-functional objectives into this integrated transformation plan. This allows businesses to think more systemically about how to leverage and best respond to opportunities but also the important needs of customers and internal stakeholders.

Encouragingly, 82.4% of organizations have appointed a CDO or equivalent as the **designated custodian bearing overall responsibility for digital transformation with only 6.7% and 10.9% appointing an IT role or a non-IT led nominee, respectively.**

Our research reveals that those organizations who are struggling in this area are placing too much pressure on the CDO. They're still operating in silos, and, from an IT perspective, fighting for relevance. They're also grappling with how to drive the approach for digital in an integrated and holistic way.

While some business functions continue to believe they can solve IT problems, this approach has a short-term focus and doesn't transform the organization meaningfully, over the long-term.

When considering spend on digital transformation, 63.3% of respondents are spending more or less the same amount as they have in prior years. In our view, this indicates that not enough is being done to enable the organization to prioritize and pursue the right initiatives or to empower the CDO to deliver against these transformation objectives.

Organizations also need to be wary of the fact that the CIO and CDO functions are fundamentally different. Placing digital under the office of the CIO therefore, isn't advisable. The challenges that CIOs face make it difficult for them to successfully reinvent themselves as CDOs and address technology transformation requirements when digital constitutes more than just technology. It also inadvertently means that many organizations aren't yet consciously setting up the CDO function for success, as they're often driving a technology-first transformation approach.

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Be prepared
to change

Organizations are their own worst enemies

Businesses who've achieved success and profitability in the past have carefully aligned their organization to operate effectively within their marketplace, taking into account their **people, processes, and systems**, and how, collectively, they serve the market. However, with the advent of digital, some of these habitual, entrenched — and previously successful — traits **are no longer helping them maintain these advantages**. Why is this the case, and how do organizations side-step this challenge, which, if not correctly addressed, can become the **most prohibitive stumbling block** to successful digital transformation?

A lack of acceptance for the need to change and failure to understand and appropriately implement change practices are all too often causing organizations to be their own worst enemies. Digital transformation means changing the entire organization. It includes — but isn't limited to — changing people. It's about making bold and decisive changes to how business is done, and approaching things in a way that's fundamentally different from the past.

A common mistake that often hinders organizations' efforts to meaningfully transform is **holding onto ingrained ideas and old habits** that aren't as relevant in the digital world. The uncomfortable truth is that just because you've been successful in the past, and the way you're continuing to operate and think is still working, this is no guarantee of future success — **organization-wide change is imperative**.

Being **open to exploring new ideas of what the business 'is' and 'does'** won't mean losing the essence of your organization or negate or erode your hard-earned identity or strengths — but it will set you on the path to changing for the better.

Of course, this isn't an easy task, but bear in mind that if it were, everyone would already have capitalized on these new opportunities. Changing your organization requires **time, investment, and a sincere desire to do things differently**.

While businesses need to focus on many areas to achieve this, one primary consideration remains that should never be overlooked: **people**.

Unfortunately, too many organizations are **tripping over themselves** in this respect. This is because in the digital world, new ways of competing, disruption, empowered customers, and evolving business models are occupying leaders' attention which, in too many instances, **leads to the people factor being ignored or de-prioritized**.

Only 50.5% of leaders are 'highly satisfied' or 'satisfied' that middle management and employees have the right skills to embrace the digital opportunity.

This should raise red flags around how likely organizations are to succeed, given their **people possibly aren't in the right mindset** and, for a large percentage (almost half), don't perceivably have the right skills at all levels. This dynamic extends beyond operational change management initiatives; it requires significant time and effort in understanding and **working with human psychology** as well as **developing much-needed skills** for the digital world.

Only 50.5% of leaders are 'highly satisfied' or 'satisfied' that middle management and employees **have the right skills to embrace the digital opportunity**.

Humans are, by nature, emotive and seek to both protect and manage their immediate environment. Understandably, employees tend to act in ways that may jeopardize the success of digital, with just 14.7% of respondents managing to enable a more digitally relevant culture and organizational structure to support agility.

To steer their course to success, while embracing change initiatives, businesses need to invest simultaneously in **'taking their people on a journey' to change how they think, act, feel, and engage** in ways of work, and ensure that they're equipped with the **correct skills and capabilities**.

- Encouragingly, **our research indicates that organizations agree that addressing people-related issues are among the main benefits realized from digital transformation initiatives**. Improving internal efficiency ranked highly, with respondents also prioritizing 'shaping new ways of working' (52.0%), 'improving their operational efficacy' (50.7%), 'reducing costs' (50.0%), and 'achieving more efficient business processes' (49.3%).

22.7%

On the downside, however, 22.7% of respondents believe that **working in silos** remains one of the top barriers for enabling organizations to work effectively.

- Some 18.2% of organizations believe they're effectively transforming ways of work. This is reflected by 'digital workplace strategy for employees including new/different ways of working' and 'recruitment and training for digital skills across the organization' showing the highest progress. This is good but **still not enough**.

Organizations need to help their people to become comfortable with change and be willing and able to reshape their business in its entirety. Those who embark on a transformation journey without committing to this run the likely risk of their initiatives falling short of expectations, or being superficial.

With digital capabilities constantly maturing, **change will continue** to be the only inevitable factor. So, **if organizations and their people can become change resilient, their digital ambitions are more likely to succeed**.

Organizations need to help their people to become **comfortable with change and be willing and able to reshape their business in its entirety**.

About the Report, research methodology, and resource information

Why the Digital Means Business Benchmarking Report?

Digital transformation is a rapidly evolving concept. However, over the past few years, the way in which this is understood has matured.

Our Digital Means Business Benchmarking Report provides organizations with a view of what digital transformation is and its impact. It also provides insights to help them make the most of the opportunities that digital transformation offers.

Research methodology

We compiled the research by interviewing 1,157 executives from 15 countries across North America, Europe, Middle East & Africa, and Asia Pacific, spanning various industry verticals. We posed more than 20 questions to them covering their digital journey, the responsibilities for digital transformation inside their organization, and the challenges faced on this journey, among others.

The results provide invaluable insight into how these leaders perceive the business opportunities presented by digital transformation, the delivery challenges experienced in realizing a digital transformation strategy, and the value being achieved.

- 15 country data splits, including 5 regions
- 11 industry sectors
- employee base from 501+ to 15,001+
- more than 50% of responses from C-level executives
- 1,157 respondents

About the Digital Means Business Benchmarking Data Portal

Typically presented as global statistics, all of the data in the 2019 Digital Means Business Benchmarking Report can be accessed interactively on our online Benchmarking Data Portal for a more customized view.

The Portal enables multidimensional filtering of the data, for example, by region, sector, and size, or at any time, by a single filter. It also allows data to be filtered at seven different levels including geography, sector, size, digital transformation progress, decision authority, and role.

You can view the Portal [here](#).

About the Digitally Astute Index

The Digitally Astute Index is a quick assessment which enables your organization to determine your level of digital astuteness, relative to the current progress of businesses in the digital world.

The Index enables you to understand your overall digital astuteness score as well as how your strategy and execution measure up to this. Take our short assessment [here](#).

How can we help you?

Our capabilities in business strategy and digital and organizational transformation enable you to become a digital business. We accelerate your transformation, unlocking the potential of customer and employee experience through data and analytics, the Internet of Everything, intelligent technologies, and multi-cloud environments. We partner with you to help you identify and execute relevant digital opportunities while developing the necessary capabilities to thrive in the digital world.

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NTT Ltd. is a leading global technology services company bringing together 28 brands including NTT Communications, Dimension Data, and NTT Security. We partner with organizations around the world to shape and achieve outcomes through intelligent technology solutions. For us, intelligent means data driven, connected, digital, and secure. As a global ICT provider, we employ more than 40,000 people in a diverse and dynamic workplace that spans 57 countries and regions, trades in 73 countries and regions, and delivers services in over 200 countries and regions. Together we enable the connected future. Visit us at our new website www.hello.global.ntt

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Digital Advisory

We enable people, teams, and functions to thrive in the digital world. We embed new ways of innovation and agility that elevate the business and enhance the relevance of technology. We help you change mindsets, delight customers, and engage employees. From augmenting your existing business strategy with digital capabilities to executing digital transformation, we help you match business and technology opportunities in order to succeed. For further insights from our Digital Means Business Benchmarking Report, visit hello.global.ntt



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