



STATE OF DIGITAL TRANSFORMATION

Building a Framework for Digital Success

HOW BUILDING FLEXIBILITY AND RESILIENCE THROUGH TECHNOLOGY SHAPES OPPORTUNITY

As organizations continue to navigate a global pandemic, digital transformation strategy remains at the forefront. In the face of global disruption, large numbers of companies struggled to survive. Many businesses could not sustain operations and failed. Some leading organizations, however, didn't simply survive—they thrived off of the disruption. After absorbing the initial blows of the pandemic, these companies focused on building resiliency and flexibility into their business. Their digital transformation timelines collapsed from months or years down to weeks or even days.

Leading organizations capitalize on flexible technology architectures to expand their competitive advantage amid the disruption. But the road to transformation is rarely a straight line. Two out of five organizations say digital transformation initiatives often fail to achieve the desired business outcomes. Leading companies aren't allowing the notion of failure to hinder progress.

DRAWING A DIFFERENCE IN DIGITAL: LEADERS VS. LAGGARDS

Digital leaders are accelerating their rate of technology investment and strategically applying technology to enable business transformation. In doing so, digital leaders broaden the gap between themselves and the digital laggards.

In our third annual State of Digital Transformation study, we pay special attention to how digital leaders architect and execute their digital strategy. We discovered several root characteristics that set digital leaders apart from digital laggards.

ATTRIBUTES OF DIGITAL LEADERS

What makes the companies that are thriving different



BUILD STRATEGIC ALIGNMENT

Digital transformation is a core pillar of business strategy

(DX Leaders 89% vs. DX Laggards 59%)



VALUE THE RIGHT VOICES

Planning stages of digital transformation initiatives include the right mix of IT and business stakeholders

(DX Leaders 88% vs. DX Laggards 55%)



FUTURE-PROOF THE WORKFORCE

Well-positioned to reskill/upskill their workforce to be productive using digital technologies

(DX Leaders 86% vs. DX Laggards 54%)



ACTIVATE INCLUSION AND DIVERSITY STRATEGIES

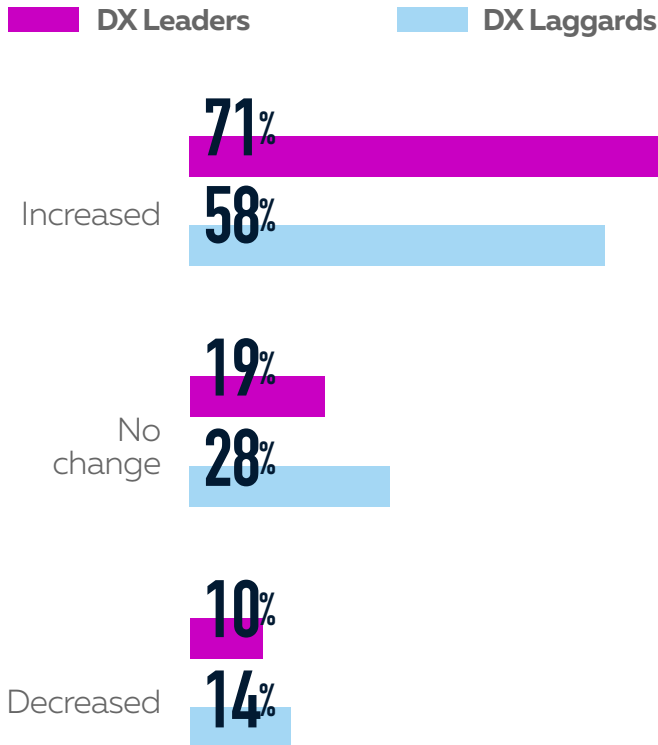
Have mature diversity, equity and inclusion practices in place

(DX Leaders 70% vs. DX Laggards 39%)

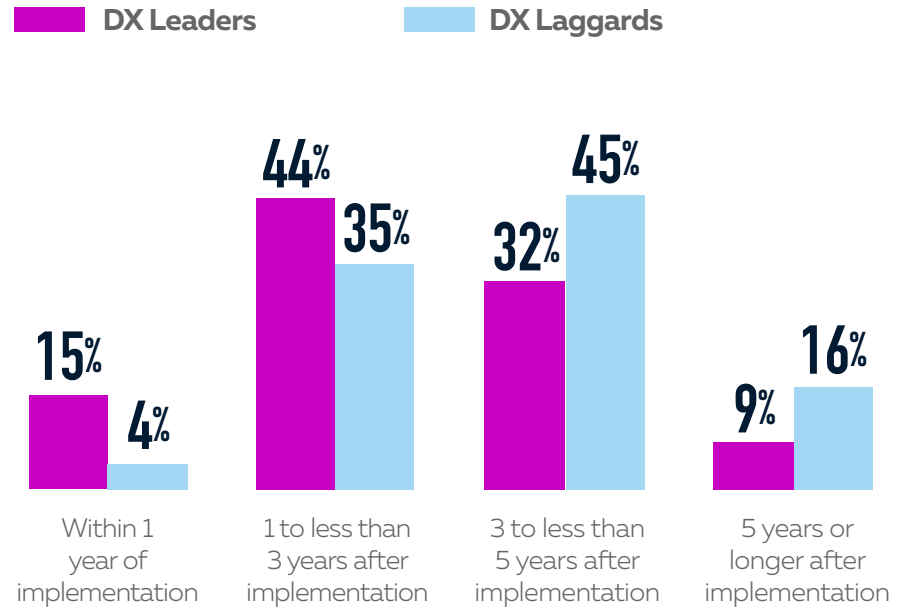
BOLD INVESTMENT IN THE FACE OF DISRUPTION

Digital leaders are realizing a much faster return on their investment, allowing them to further widen the digital divide

TECHNOLOGY SPEND PROJECTIONS 2022



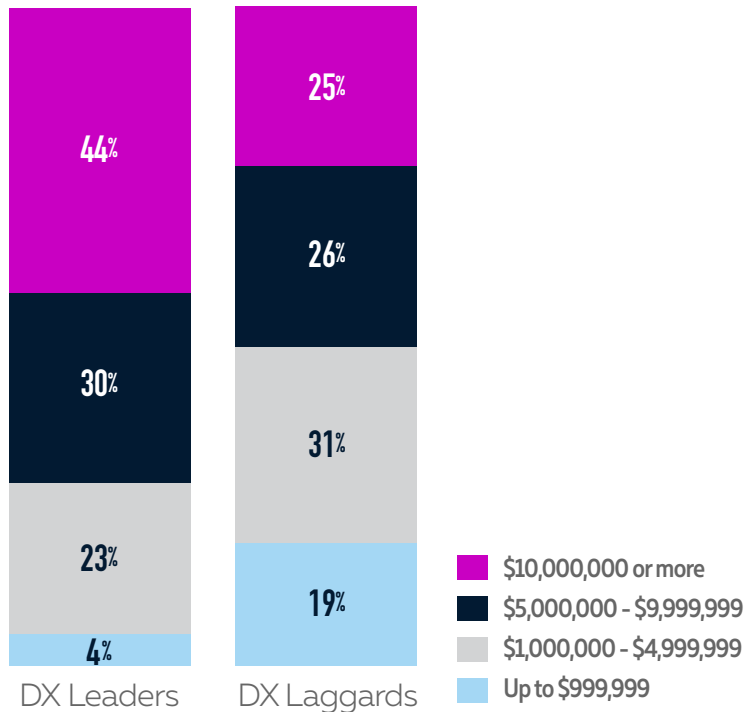
ROI TIMELINE EXPECTATIONS



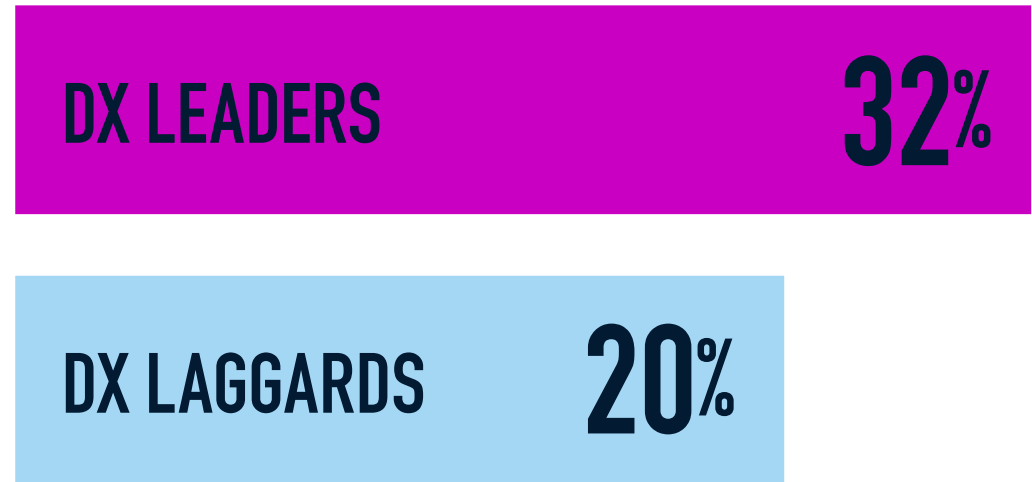
DIGITAL TRANSFORMATION INVESTMENT AND ROI

Digital leaders are investing more dollars per digital initiative and expect a 12% higher return

DIGITAL TRANSFORMATION INVESTMENTS (per initiative)



EXPECTED TOP-LINE REVENUE GROWTH



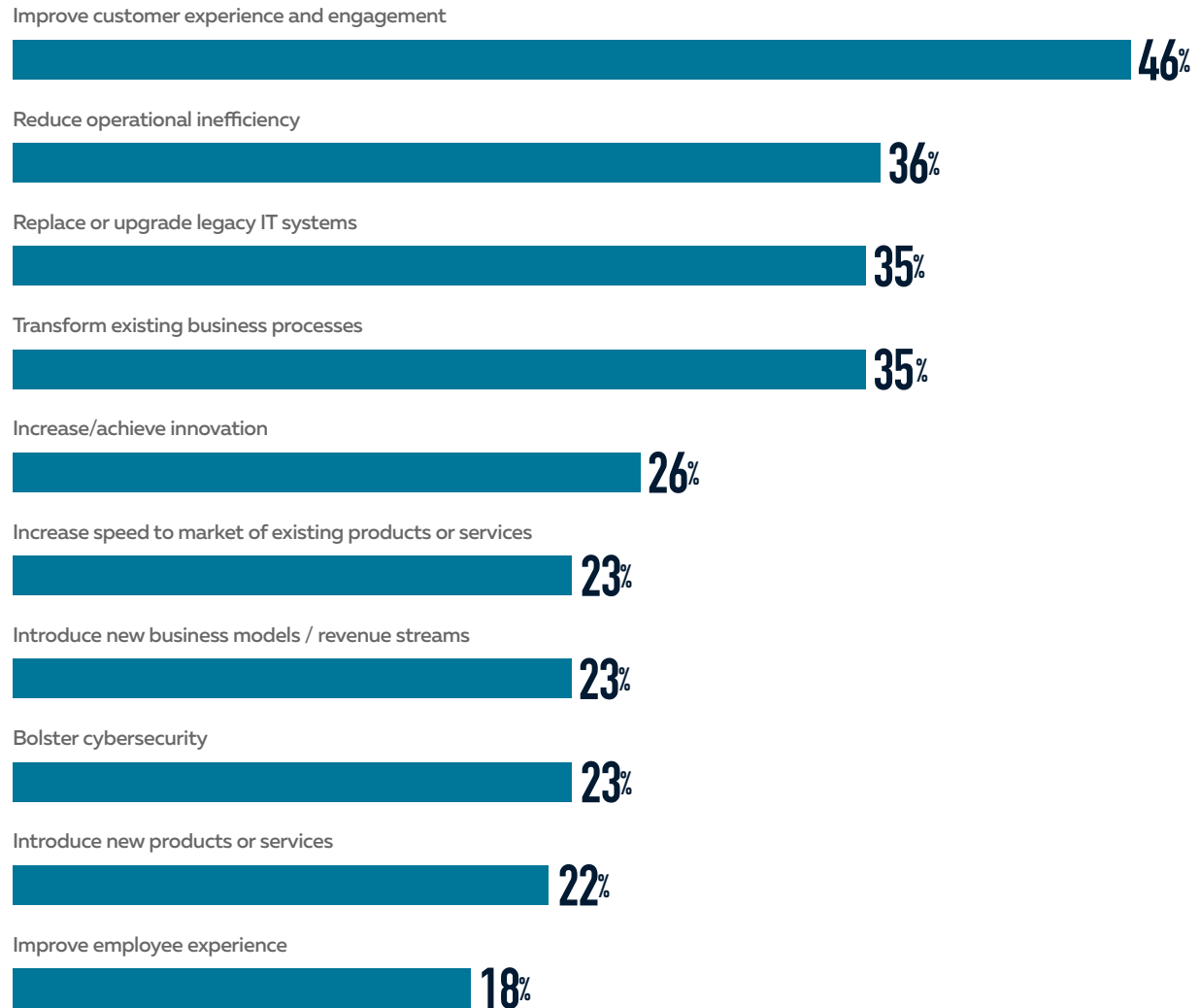
MOST COMPANIES CONTINUE CUSTOMER OBSESSION

The digital agenda is long and varied

In 2022, organizations continue to obsess about delivering exceptional customer experiences. After that, companies have a long and varied agenda.

As in previous years, many companies are reducing inefficiencies and addressing legacy IT systems. They're also aiming to transform business processes (not asked in previous years). This reflects the urgent need to gain flexibility and resiliency via digital transformations.

TOP DX GOALS 2022



NAVIGATING DIGITAL TRANSFORMATION

Closing digital gaps

The acceleration of digital transformation projects magnified the threats and challenges companies face. Navigating complexity, siloed mindsets and competing tech priorities continue to be near the top of the list of challenges for most organizations.

Interestingly, a challenge that historically hovered near the bottom shot up the list in 2022. Perhaps driven by the relentless competition to attract and retain talent, organizations identified gaps in technical talent as a major challenge to meeting their digital transformation goals. Talent and expertise are finite resources. Without the right teams and partners in place, transformation projects slow or even come to a standstill.

Organizations will need an ecosystem of partnerships to tackle these demanding challenges and generate the flexibility they need to be successful.

Digital Transformation Challenges	2022 Rank	Change from 2021
Complexity of current environment / Siloed mindset and behaviors	1	-
Too many competing tech priorities	2	+1
Gaps in technical talent	3	+8
Security concerns and compliance constraints	4	-2
Change management and implementation complications	5	-
Operating-model transformation complications (current business process are too rigid)	6	+1
Lack of senior-level support	7	+1
Economic uncertainty affecting budgets	8	-4
High or unforeseen costs associated with digital transformation	9	-3
Lack of dedicated funding	10	-

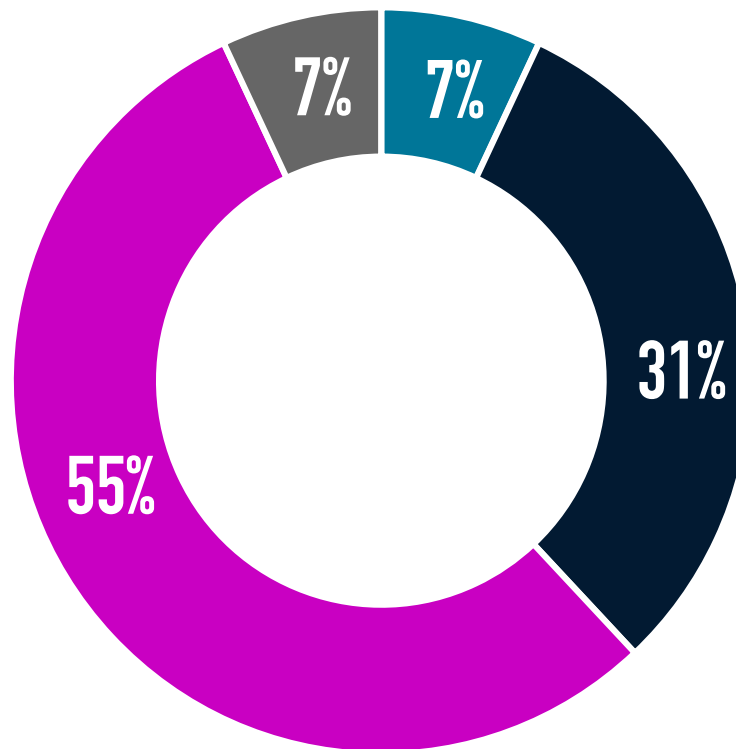
DESIGNING A DIGITAL WORKFORCE

People: The essential element of success

Nine out of 10 organizations don't have the talent they need to succeed with digital transformation.

The rapid evolution of technologies, business models and ways of working dramatically impact the cornerstone of any company—their people.

When companies hit the fast-forward button on transformation, weaknesses become abundantly clear.

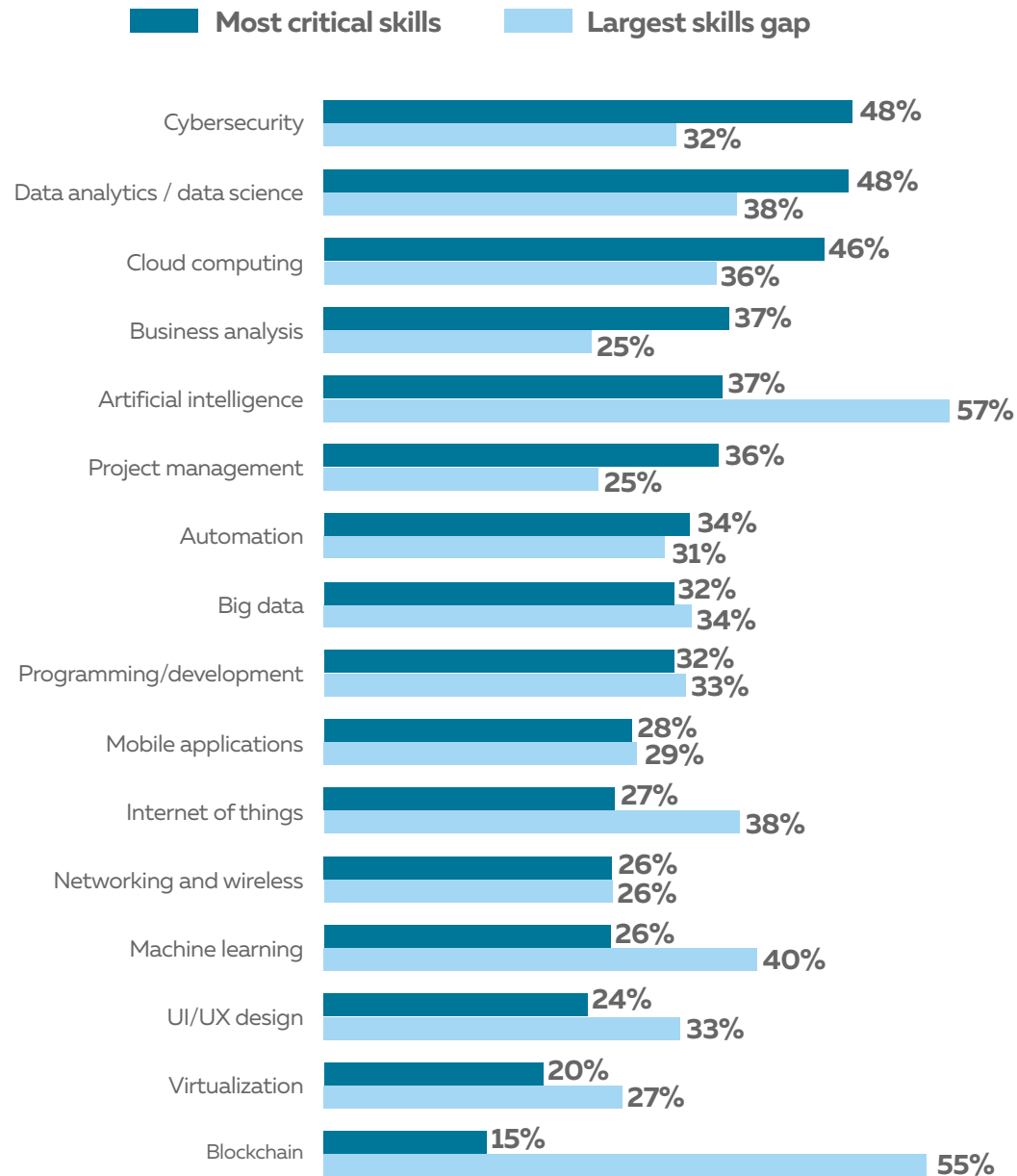


- *We don't need to change the types of talent we currently have in the organization*
- *We need to completely revise the nature of our talent base in the organization*
- *We need many new types of talent in volume across the organization*
- *We need some new types of talent in a few places in the organization*

CRITICAL SKILLS AND LARGEST SKILLS GAP

Many companies indicate the skills most critical for their workforce are also where they have the biggest skills gap.

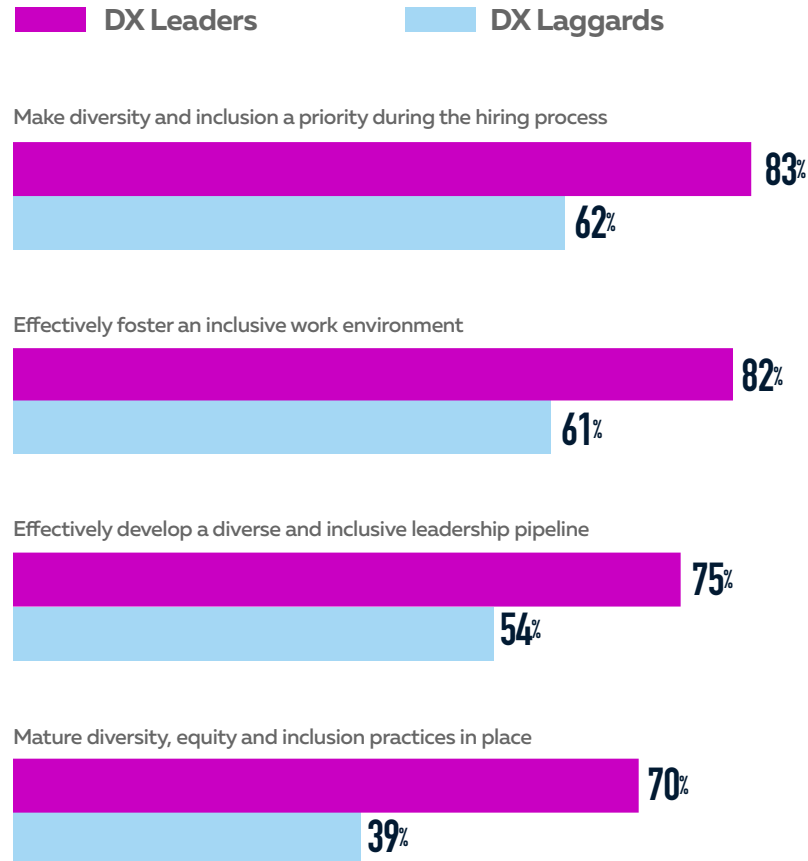
Companies face an urgent need to identify new talent pools, as well as reskill and upskill their existing workforce. The integration of AI, automation and collaboration tools drives significant change in the types of skills employees need to succeed in their jobs. Overcoming these challenges will require creative talent strategies, so companies can acquire and cultivate the skills they need to build a future-ready workforce.



ACTIVATE INCLUSION AND DIVERSITY STRATEGIES

Drive meaningful change with inclusive workplace practices

In some ways, building an inclusion and diversity strategy is the easy part—it is in the tactical execution of these strategies where organizations struggle.

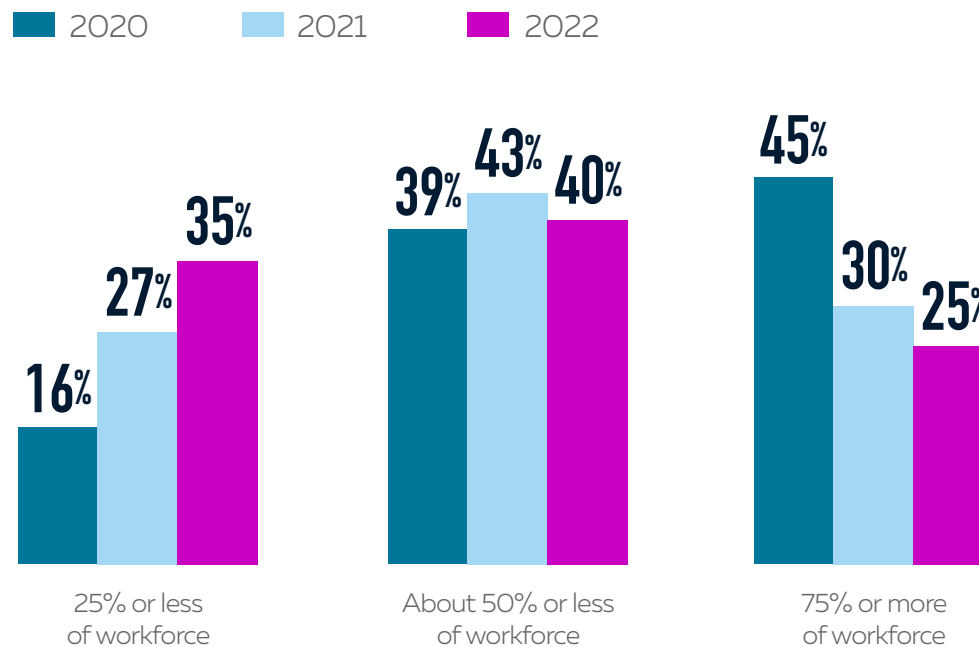


HYBRID BY DESIGN

A hybrid workforce is a powerful model that's here to stay. Organizations must be intentional about remote and in-person collaboration, leveraging technology that creates flexibility, agility and balance.

REMOTE WORKFORCE EXPECTATIONS

PERCENTAGE OF WORKFORCE EXPECTED TO WORK REMOTELY



TIPS TO DIGITAL TRANSFORMATION SUCCESS

STEP BACK TO MOVE FORWARD



Focus on the customer: Ultimately, digital transformation is about exceptional user experiences. Map out your entire customer journey. It will provide a clear roadmap to help you build engaging customer experiences for your target audience.



Make it a collective effort: Transformation can't succeed in a silo. Business and IT teams must get on the same page, communicate and create a shared vision before moving digital transformation projects forward.



Start with the end in mind: Starting with a plan and building a roadmap will help you construct operational value streams and enablement runways. They will serve as the foundation for achieving true business and delivery agility.

FUEL YOUR EFFORTS WITH PEOPLE AND PARTNERS



Evaluate your partner ecosystem: Your technology partners must be capable of delivering solutions today and flexible enough to grow with you tomorrow. Ask yourself, "Do I have the right providers to truly transform my business?"



Scale your investments: Companies spend big on digital transformation. Spend wisely. Technology is a key component, but you must invest in your people, processes and customers.



Mind unintentional bias: Evaluate your hiring process. Your systems could be perpetuating bias that already exists. Look at who is on your hiring panel and think about how to bring a more diverse perspective to the process.

RESOLVE TO BOLDLY FACE CHANGE, CONTINUALLY



Consider change management: Organizational change management is a vital step toward digital transformation success. It's critical to understand how employees will be impacted and clearly and consistently communicate these effects to help drive user adoption.



Embrace disruption: Whether environmental, geopolitical, technological or a public health crisis, the next disruption is coming. Create flexibility and resiliency within your company, so you do more than weather the storm. You grow, innovate and thrive through it.



Realize it's an evolution, not a revolution: Every digital transformation journey begins, but it never fully concludes. Digital leaders continuously adapt to a fluid market landscape and changing customer behaviors, transforming their business for the future.

RESEARCH OVERVIEW

TEKsystems conducted an online survey from November to December 2021 with nearly 600 technology and business decision-makers. Respondents included members of the C-suite, company executives, vice presidents, directors and managers who have final decision-making authority and/or influence on their organization's digital transformation efforts. The sample includes a balance of decision-makers in enterprise IT and line-of-business functions in Canada, China, India, Australia, United Kingdom and the United States, across a broad spectrum of industries.

Digital transformation refers to the process of using technology to create new business processes, culture and customer experiences to meet changing business and market requirements.

We analyzed digital leaders versus digital laggards to uncover opportunities and achievement gaps so your company can navigate your own digital evolution. In this report, digital leaders are defined as companies with a mature digital transformation plan where digital processes and mindsets are ingrained in the DNA of the organization. Digital laggards are defined as companies with tentative plans and limited digital transformation initiatives and investments in place.

ABOUT TEKSYSTEMS AND TEKSYSTEMS GLOBAL SERVICES

We're TEKsystems. We accelerate business transformation for our customers. We bring real-world expertise to solve complex technology, business and talent challenges—across the globe. We're a team of 80,000 strong, working with over 6,000 customers, including 80% of the Fortune 500 across North America, Europe and Asia, who partner with us for our scale, full-stack capabilities and speed. We're strategic thinkers, hands-on collaborators, helping customers capitalize on change. We're building tomorrow by delivering business outcomes and driving positive impacts in our global communities. TEKsystems is an Allegis Group company.

