

# STATE OF DIGITAL TRANSFORMATION

*Optimizing the Journey Forward*

# OPTIMIZING THE JOURNEY FORWARD

A new year brings new possibilities—especially for the tech industry. Continuing to realign and refine your organization's strategy remains at the forefront to stay ahead, but how should you determine the best strategy?

Forty-one percent of organizations say digital transformation initiatives fail to achieve the desired business outcomes; however, 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 fourth annual state of digital transformation study, we pay special attention to where companies are focusing their efforts. We discovered several root characteristics that set digital leaders apart from digital laggards. 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.

# TRANSFORMING YOUR BUSINESS WITH TECHNOLOGY

*What makes the companies that are thriving different?*

## HEADWINDS TO SUCCESS:

### FAILURE TO SECURE BUY-IN:

53% of digital laggards struggle to embrace digital transformation across the entire organization

### POOR ALIGNMENT:

41% of organizations' digital transformation initiatives fail to achieve the desired business outcomes

**72%** *of digital leaders (compared to 49% of digital laggards) are satisfied with the progress of their digital transformation efforts*

## WHAT DIGITAL LEADERS DO DIFFERENTLY:



### BUILD STRATEGIC ALIGNMENT

Digital transformation is a core pillar of business strategy  
**(DX Leaders 80% vs. DX Laggards 56%)**



### VALUE THE RIGHT VOICES

Planning stages of their digital transformation initiatives include the right mix of IT and business stakeholders  
**(DX Leaders 73% vs. DX Laggards 51%)**



### FUTURE-PROOF THE WORKFORCE

Well positioned to reskill/upskill their workforce to be productive using digital technologies  
**(DX Leaders 77% vs. DX Laggards 54%)**



### MAP OUT THE JOURNEY

Clearly define the desired business outcomes before starting any digital initiative  
**(DX Leaders 75% vs. DX Laggards 56%)**



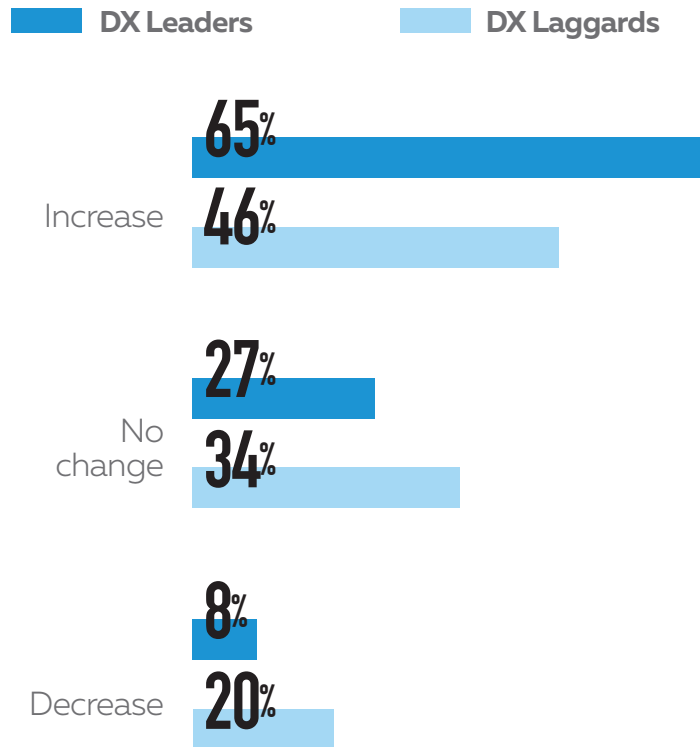
### PRIORITIZE TRANSFORMATION EFFORTS

Digital leaders are more likely to be satisfied with the progress of the organization's digital transformation efforts  
**(DX Leaders 72% vs. DX Laggards 49%)**

# IMPACT ON TECHNOLOGY SPEND

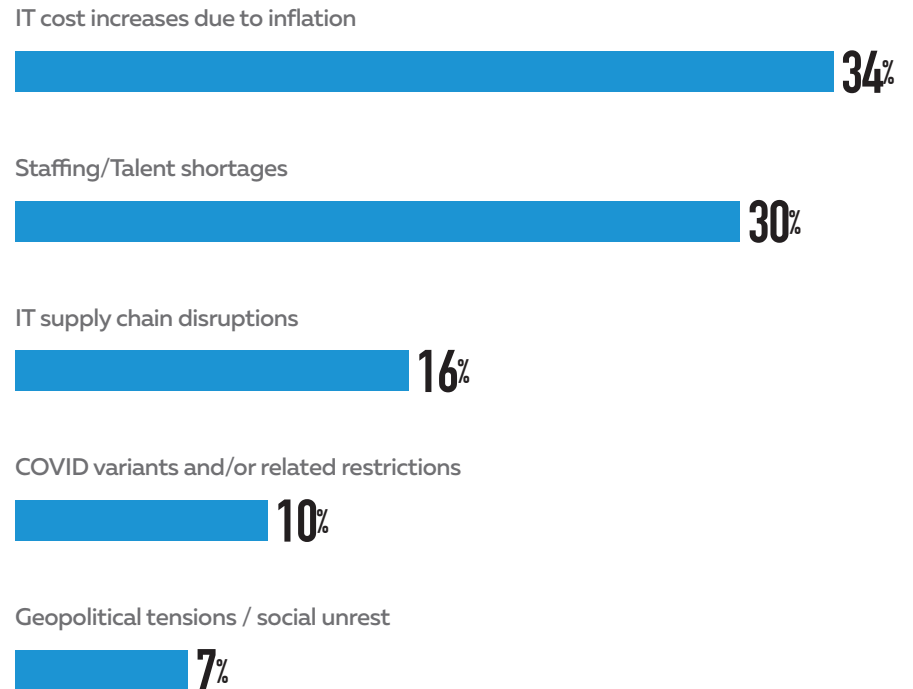
Digital laggards are **two times** more likely to cut technology spending in 2023

## PROJECTED TECHNOLOGY SPEND FOR 2023



Inflation and talent shortages weigh heavy on spending decisions

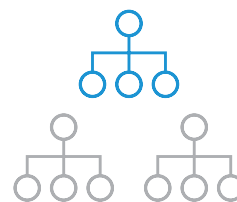
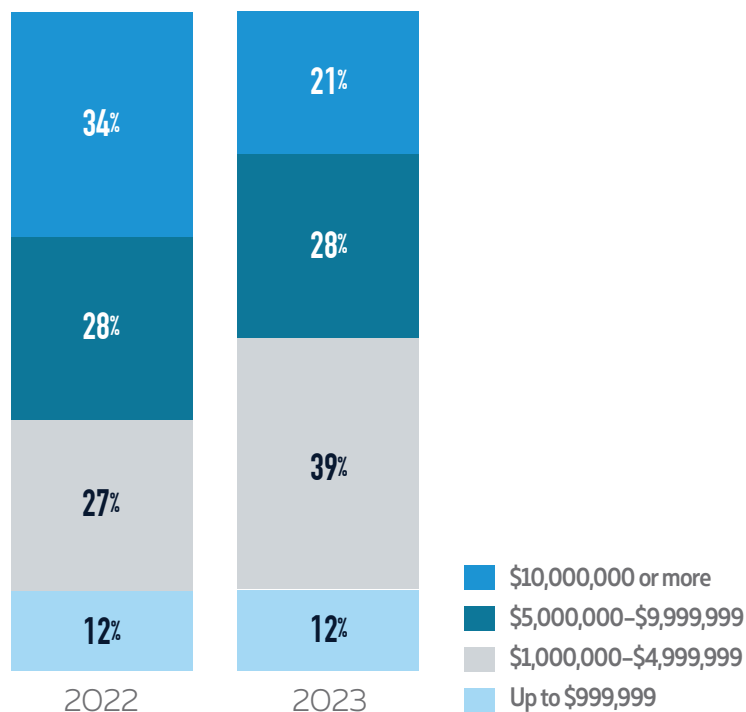
## GREATEST IMPACT ON IT SPENDING IN 2023



# STRATEGIC INVESTMENT IN THE FACE OF THE UNKNOWN

*In 2023, companies are shifting their strategy from enterprisewide, long-term initiatives to short-term, tactical projects focused on optimization and modernization of their existing infrastructure and operations.*

## DIGITAL TRANSFORMATION INVESTMENTS (per initiative)

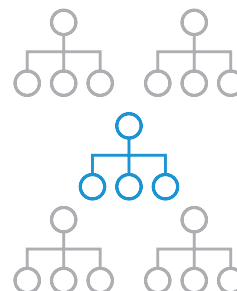


# 2022

### LOTS OF BIG-TICKET SPENDING

**1 in 3** organizations averaged \$10M or more per digital initiative in 2022.

VS.



# 2023

### SPENDING IS UNDER MORE SCRUTINY

**1 in 5** organizations expect to average \$10M or more.

*(majority of projects will fall in the \$1M to \$4.9M range)*

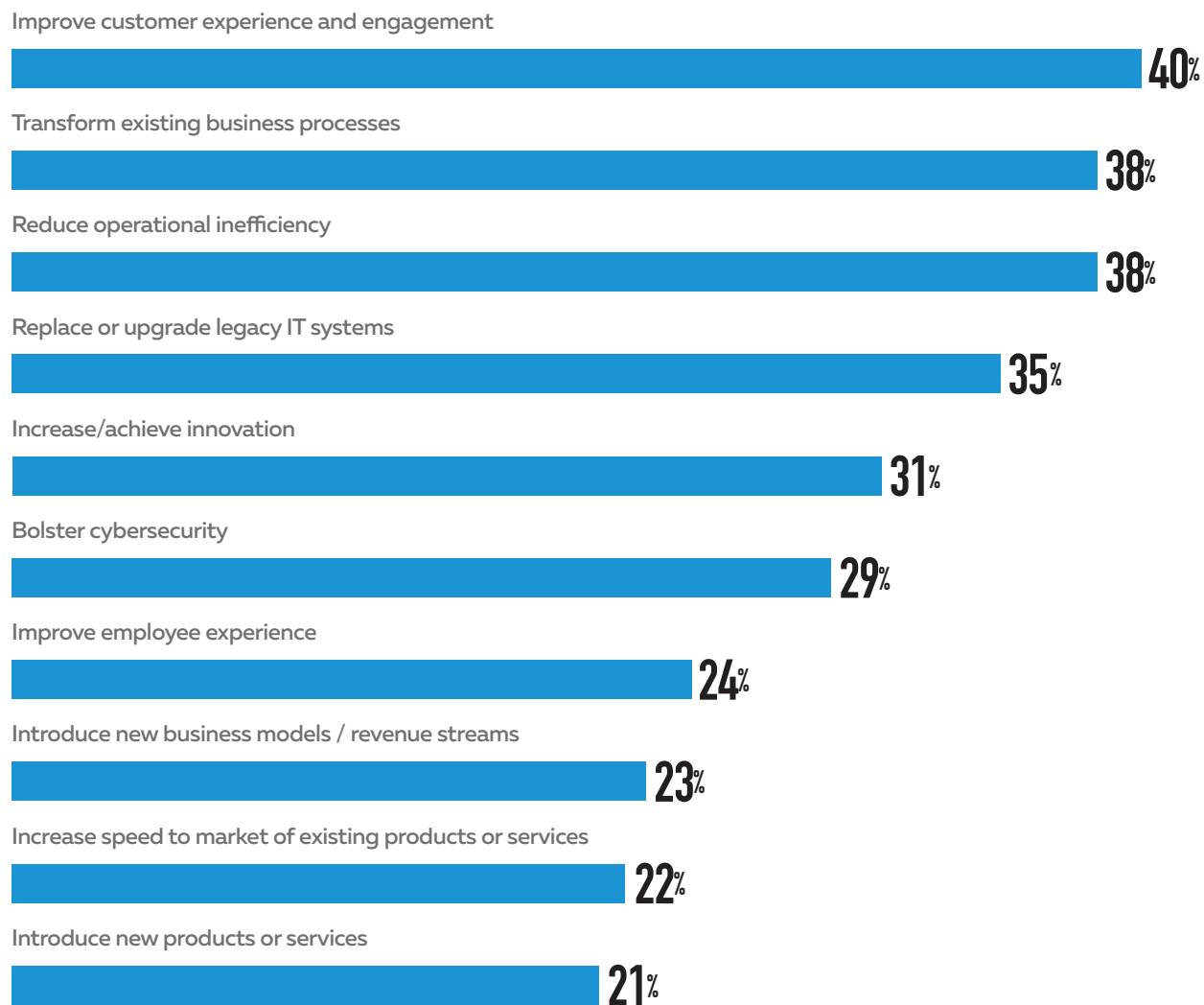
# THE DIGITAL TRANSFORMATION JOURNEY

## *The digital agenda is long and varied*

In 2023, organizations continue to focus in on improving the customer experience and increasing engagement. After that, companies have a long and varied agenda.

As in previous years, many companies are reducing operational inefficiencies by addressing legacy IT systems. They're also aiming to transform business processes and increase innovation. This reflects the urgent need to gain flexibility and resiliency via digital transformation strategies.

## TOP DX GOALS 2023

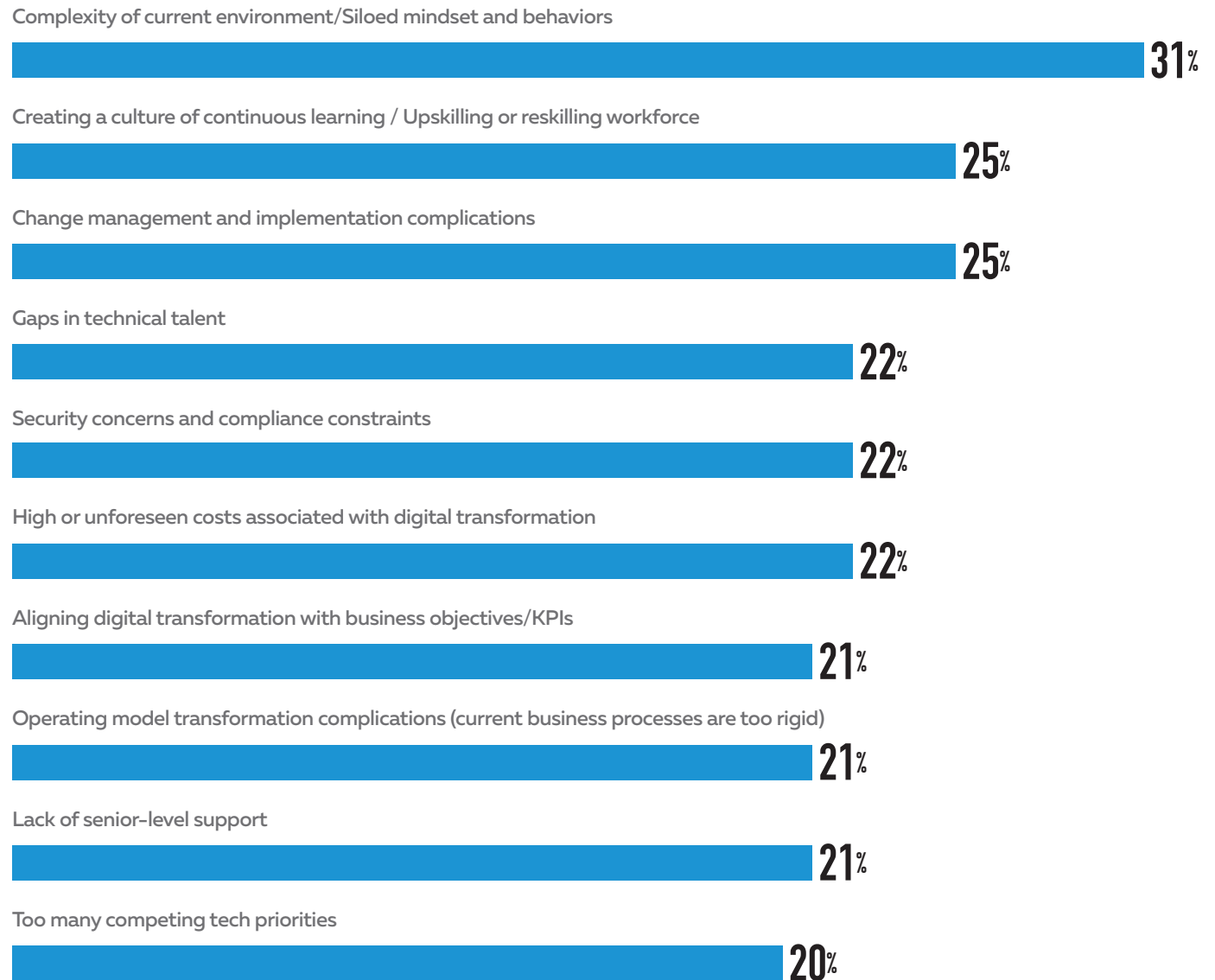


# NAVIGATING DIGITAL TRANSFORMATION

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

Applying change management with a light on implementation complications also remains in focus. This all connects to creating a culture of continuous learning. Upskilling or reskilling the workforce is important for the continuous flow of transforming the business successfully with fewer hiccups along the way.

## DIGITAL TRANSFORMATION CHALLENGES (% RANKED IN TOP 3)

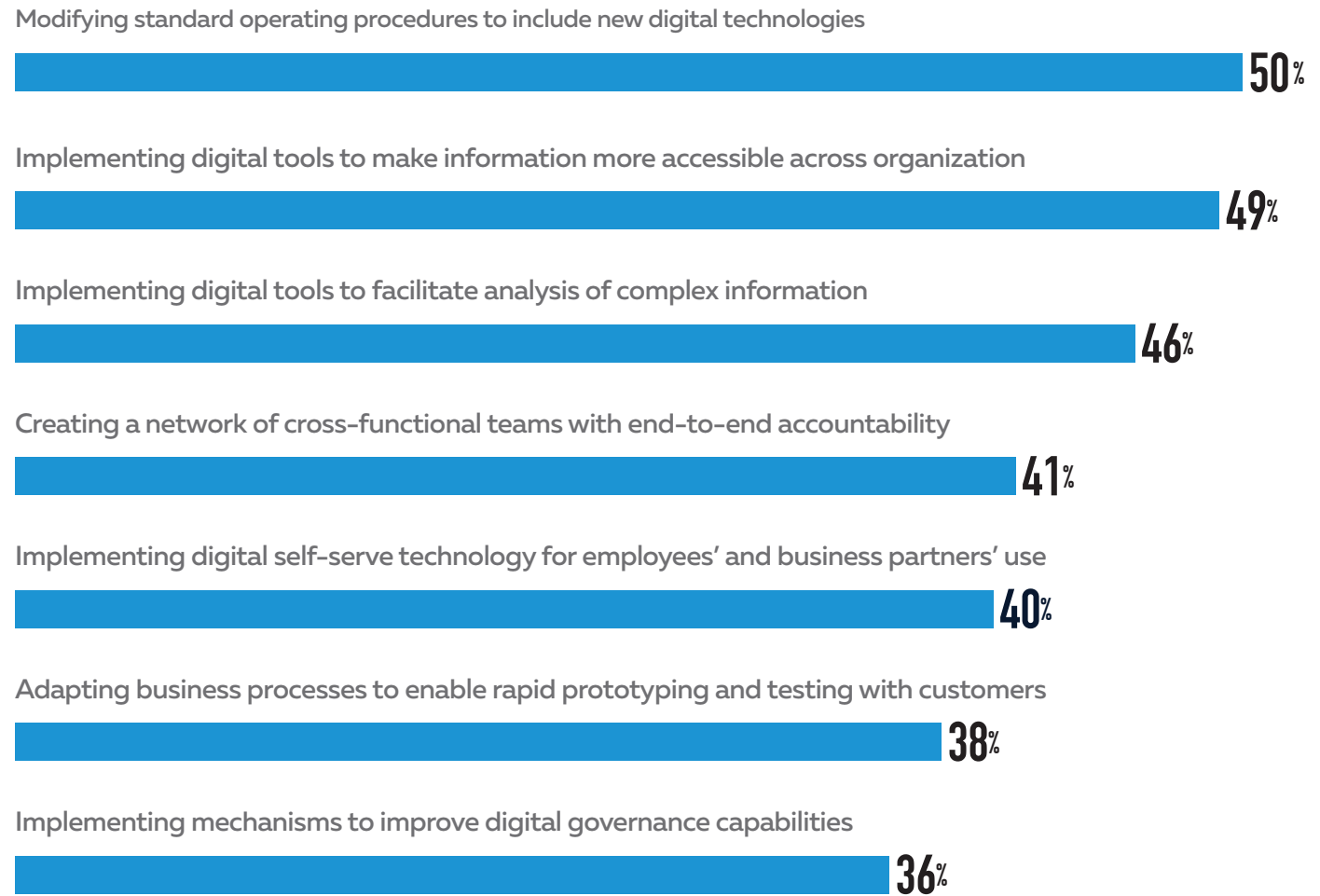


# ACTIVATE TRUE BUSINESS TRANSFORMATION

To succeed with a digital transformation strategy—one that provides a clear understanding of desired business outcomes—planning is required. Many organizations undervalue the importance of this phase of the process. But there are steps organizations can start today to activate true business transformation.

**Taking the time to create a value framework will help break down the vision into smaller, more manageable action items.** Digital leaders in transformation create a network of cross-functional teams with end-to-end accountability, implementing digital tools to improve accessibility across the organization.

## THINKING ABOUT DIGITIZATION OF TOOLS AND PROCESSES, WHAT ARE MOST IMPORTANT FOR YOUR ORGANIZATION TO SUCCEED IN ITS DIGITAL TRANSFORMATION? (% RANKING IN THE TOP 3)





# DESIGNING A DIGITAL WORKFORCE

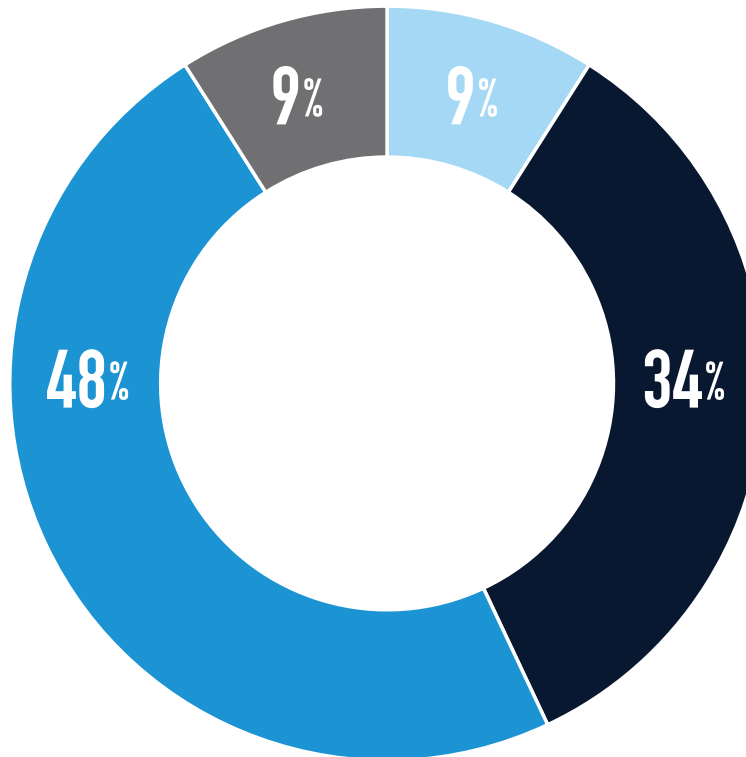
*People: The essential element of success*

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 impacts the cornerstone of any company—their people.

Transformation brings new technology, but without the proper talent to push an initiative forward, weaknesses become abundantly clear.

Integration of AI, automation and collaboration tools can alleviate some of the skill gaps, but overcoming these challenges will require creative, holistic talent strategies, so companies can acquire and cultivate the skills they need to build a future-ready workforce.



- *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*

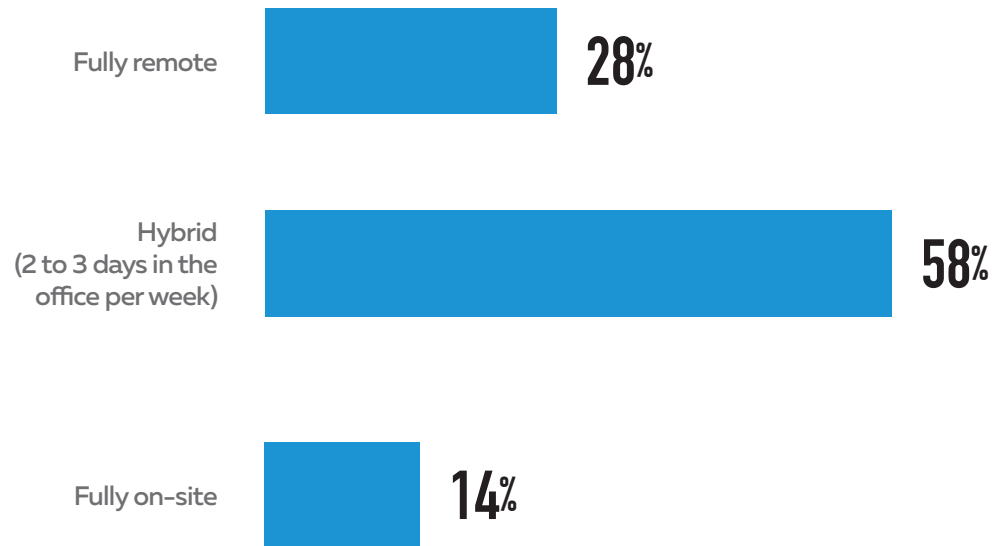
# HYBRID BY DESIGN

Over the last three years, the definition of the workplace has been completely transformed. In 2023, nine out of 10 organizations expect to have a remote or hybrid work model in place.

But companies can't simply issue mandates about required days in the office or loose policies that are indiscriminately followed. It's critical that organizations collaborate with employees to shape hybrid work models, get them the tools they need to be successful in a hybrid environment, and then set clear guidelines for how the organization will address hybrid work.

Employees that work in hybrid environments leverage agile ways of working to be productive. They might work in different time zones, support multiple assignments, get assigned to multiple projects and in some cases take direction from multiple leaders or supervisors. Applying design thinking to create work models that address team alignment, performance management and multifunctional teams will help organizations embrace hybrid work models and create better employee experiences.

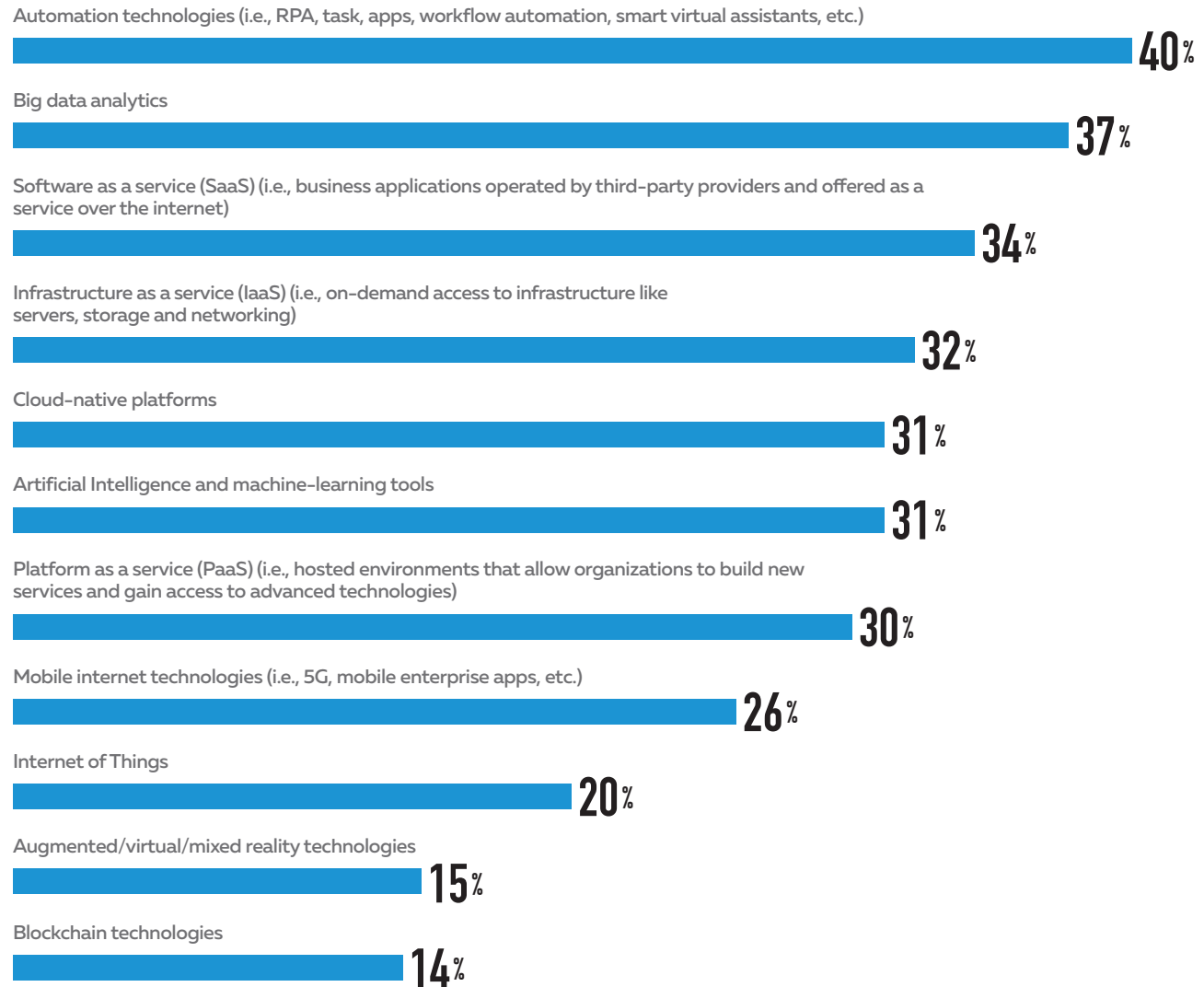
## WAYS OF WORKING



# BUSINESS STRATEGY POWERED BY TECHNOLOGY

*Digital leaders focus on the outcomes that will drive growth and create flexibility for the business. They're seizing the opportunity to use digital technology to advance their business strategy.*

## MOST IMPACTFUL TECHNOLOGIES ON THE BUSINESS OVER THE NEXT 12 TO 24 MONTHS



# TIPS TO DIGITAL TRANSFORMATION SUCCESS

## EVALUATE STRATEGY



### Target 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.



### Prioritize the business:

Technology stacks are evolving at a rapid rate, which causes businesses to want to chase after the next best thing. Always have the business at the heart of the transformation. Ensure it makes sense, will ultimately have a wide effect on the business and is worth pursuing.



### Engage your workforce:

Get input from your employees and seek out their perspective. They are performing current processes daily and can speak about them from firsthand experience.

## PUT PEOPLE FIRST



### 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 strategies forward.



### Be mindful with leadership:

Choose leaders and representatives wisely to gauge the organization as a whole and help build a culture of learning and sharing to support business transformation.

## SET CLEAR EXPECTATIONS



### 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.



### 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.



### Define the business outcomes:

No business initiative can thrive without being rooted in a quantifiable outcome that has an impact and meaning for the organization. It all starts with the unifying force of having tangible goals. Where do you want to go and how will you get there?

## RESEARCH OVERVIEW

TEKsystems conducted an online survey from November to December 2022 with 855 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 the United States, Australia, Canada, China, India, Singapore, Belgium, France, Germany, Ireland, Netherlands and the United Kingdom 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 strategy 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.

