

STATE OF DIGITAL TRANSFORMATION

REDEFINING DIGITAL BUSINESS DURING DEFINING TIMES

When a global pandemic collided with digital transformation initiatives, organizations across the globe were forced to navigate digital transformation projects with a roadmap that, at best, required recalibration or, at worst, was rendered obsolete. Digital leaders benefited from digital transformation investments, accelerating digital plans, while digital laggards struggled to survive in an environment where the pandemic widens the digital divide.

What was once thought impractical became our new reality overnight as companies shifted to a near-total remote workforce. Companies utilized every tool and platform in their digital toolbox, from cloud, to data analytics, to security, to AI and automation to sustain the business.

Technology roadmaps were reassessed, and projects were delayed or reprioritized. Agile digital leaders quickly pivoted to capitalize on new business models, ways of working and opportunities to innovate how they deliver products and services to customers.

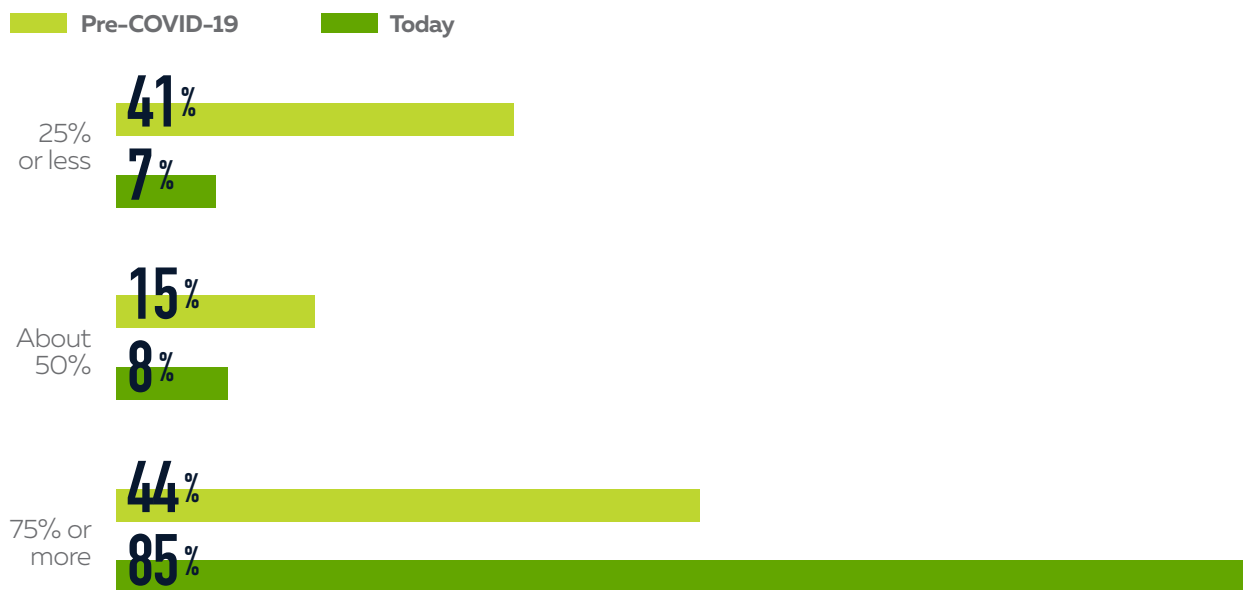
In April, we published our State of Digital Transformation report that explores how organizations are leveraging technology to achieve digital business and provides recommendations that will lead to digital transformation success. Technology and business decision-makers were surveyed from November to December 2019, prior to the pandemic forcing widespread shutdowns. While the report still provides valuable insight, the pandemic has pushed organizations to rethink, retool and reinvent their original technology roadmap for 2020 and beyond. So, in June 2020, we again pulsed technology and business decision-makers to gain insights into how the pandemic impacted digital transformation efforts and how organizations will leverage technology to reemerge stronger. Here we share those data insights and perspectives to help your business shift focus forward.



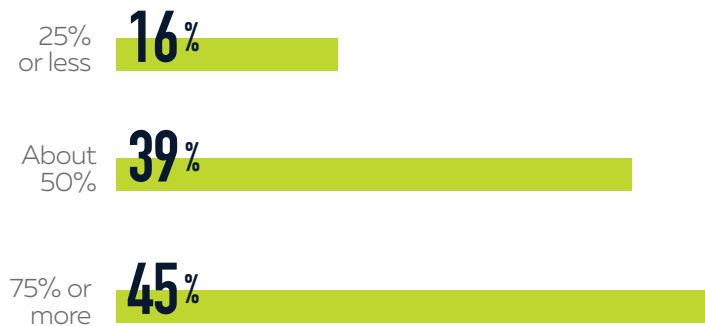
FUNDAMENTAL SHIFT OR CRISIS RESPONSE?

When lockdowns forced businesses to close, most organizations lacked the infrastructure for large portions of their workforce to work remotely. Today, the majority of companies have scaled to fully support a near-total remote workforce. But is this a fundamental shift to a new way of working or a short-lived reaction to crisis? At least for the remainder of 2020, eight out of 10 organizations expect fifty percent or more of their workforce to be remote. Organizations should include remote technology tools in their budget planning and design applications and systems with remote access requirements in mind.

PERCENTAGE OF COMPANY WORKFORCE WITH THE INFRASTRUCTURE TO WORK REMOTELY



REMOTE WORK EXPECTATIONS FOR THE REMAINDER OF 2020



DIGITAL TOOLS FOR THE NEW NEXT

Whether the workforce is transitioning back to the workplace or operating remotely, organizations must consider how they deploy, secure and support the digital tools that will enable fluid communication and collaboration. In the 2020 State of Digital Transformation report, digital leaders said the following were critical components of success:

61% *implementing digital tools to make information more accessible across the organization*

51% *modifying standard operating procedures to include new digital technologies*

Organizations plan to increase their use of digital tools as they transition into the new normal. Success depends on the digitization of tools and processes that will facilitate agile ways of working.

DIGITAL TOOLS INCREASING IN USAGE AS A RESULT OF THE COVID-19 OUTBREAK



Instant messaging tools



Video conferencing



File share collaboration tools



Project management tools



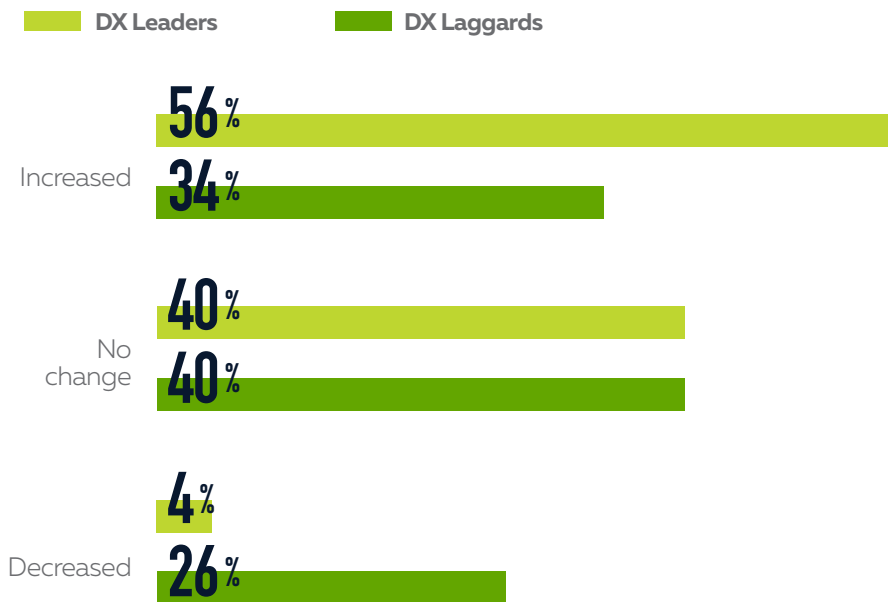
Payment and invoice tools



DIGITAL LEADERS TAKE BOLD ACTION

Sixty percent of organizations say the pandemic increased the sense of urgency around their digital transformation initiatives. Companies found themselves focused on business continuity and cost optimization. As the market stabilizes, organizations are pivoting to focus on growth and opportunity. More than half of digital leaders say COVID-19 has increased their technology spending plans for 2020, compared to about one-third of digital laggards. This indicates digital leaders are maximizing opportunities, navigating their way forward and investing in technology as a competitive advantage.

COVID-19 IMPACT ON TECHNOLOGY SPENDING FOR 2020

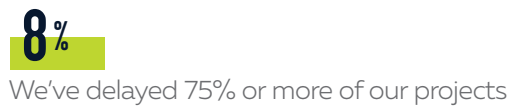
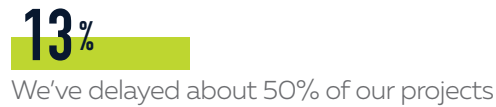


TECHNOLOGY ROADMAPS REQUIRE RECALIBRATION

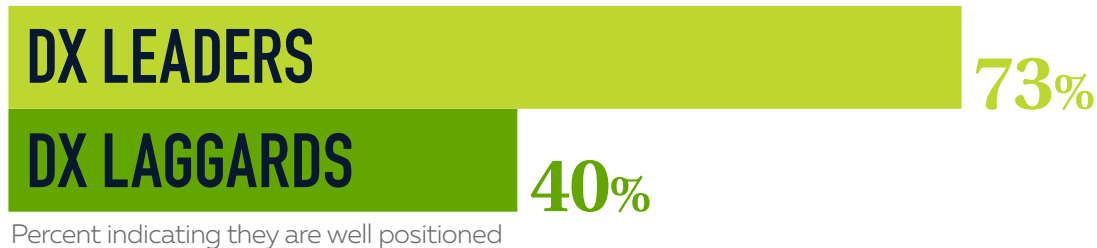
Only one-third of companies are confident in the IT organization's ability to effectively prioritize the technology projects that will help them achieve their strategic goals. The pandemic forced companies to reevaluate their technology roadmaps, reprioritize mission-critical projects and, in many cases, delay digital transformation projects. But business is moving forward—in fact, IDC's research indicates that more than half of organizations are adding new projects to their 2020 roadmap. Companies are taking a myriad of approaches to fine-tune their technology plans.

While some organizations haven't delayed digital transformation projects and may continue to add projects, they still must manage the accumulating technical debt that results from project delays. Digital leaders find themselves better positioned to deal with the accumulating technical debt compared to digital laggards.

COVID-19 IMPACT ON DIGITAL TRANSFORMATION PROJECTS



ABILITY TO DEAL WITH THE ACCUMULATING TECHNICAL DEBT AS A RESULT OF PROJECT DELAYS DUE TO THE COVID-19 OUTBREAK



DIGITAL TRANSFORMATION PROJECT APPROACHES

32%

We've prioritized projects that will enable new business models / revenue streams via new products or services.

27%

We've focused on maintaining projects that directly enable business continuity (e.g., security / risk mitigation, increased productivity/efficiency, etc.).

19%

The status of technology projects has remained largely unchanged.

14%

All large-scale / enterprise-level projects are being reassessed and likely reduced in scope or investment.

5%

We've focused on maintaining projects that can leverage existing technologies and still deliver the intended outcomes.

3%

We've delayed/postponed all new technology projects until further notice.

"We've invested heavily over the past years to enable our digital transformation, so we reaped the benefits now. Current approach has been to stay the course."

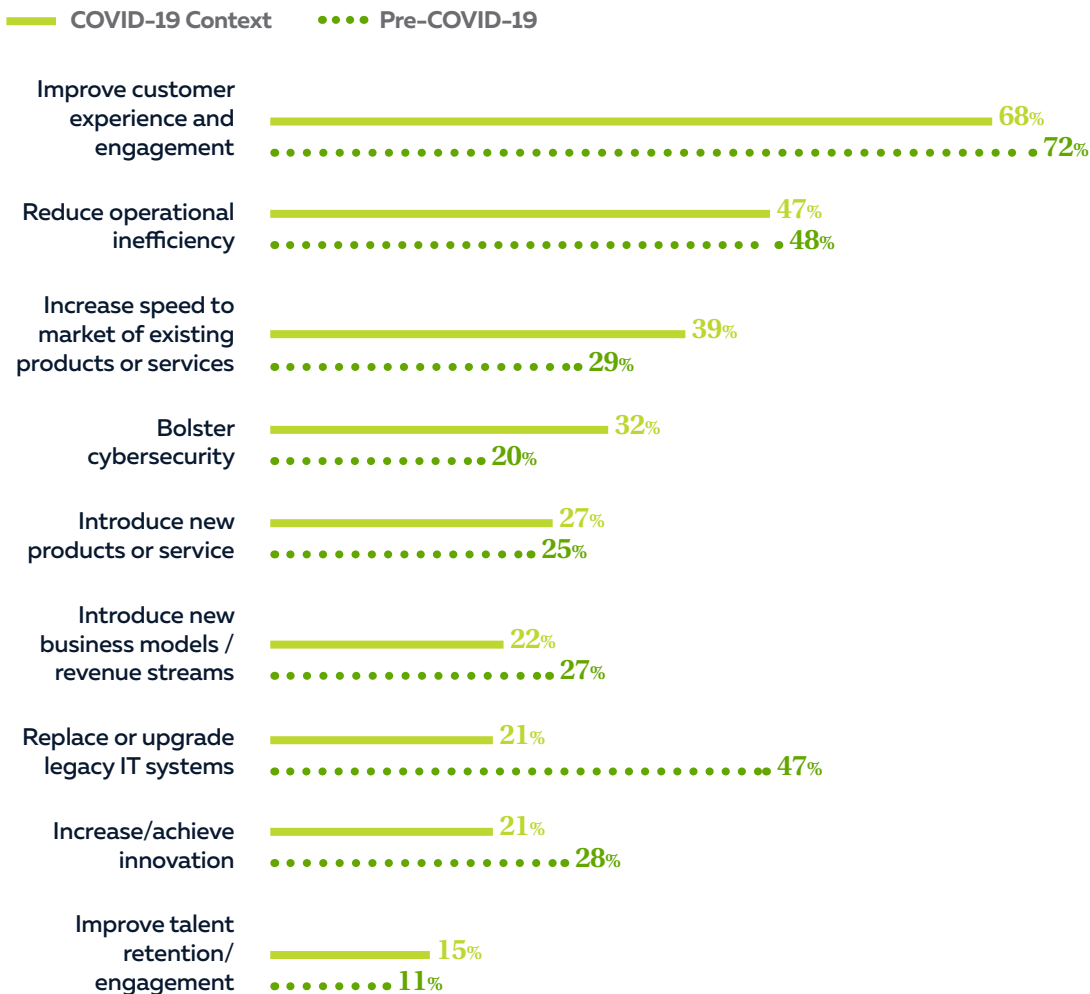
— Digital Leader

CUSTOMERS REMAIN AT THE EPICENTER

Technology roadmaps are being redrawn amid the pandemic with new projects being added and others being delayed. But for the most part, organizations are keeping their eye on the prize for the remainder of 2020, with core strategic goals intact. Organizations are making the biggest adjustments in the areas of:

- Increasing speed to market of products and services
- Bolstering cybersecurity
- Delaying the replacements/upgrades to legacy IT systems

TOP DIGITAL TRANSFORMATION GOALS



NAVIGATING CHALLENGES DURING A PANDEMIC

The 2020 State of Digital Transformation report explored the biggest challenges related to digital transformation. Now with the post-COVID-19 outbreak, many of those challenges remain the same, but two aspects of the data stood out. Organizations were not as likely to identify a lack of senior-level support and change management as major challenges to their digital transformation efforts.

Digital initiatives frequently get bogged down by the details and nuances of silos, improper alignment between IT and the business and other unforeseen complications. The fact that a lack of senior-level support and change management seem to be less challenging is cause for optimism. Those are areas where digital initiatives frequently stall, and often the transformation efforts fail to deliver the intended results. However, in their haste to react during the pandemic, organizations must not underestimate the cultural implications of digital transformation, which require a shift in mindsets, ways of working and ensuring employees adopt the technology tools designed to create business value.

Top Digital Transformation Challenges	COVID-19 Context	Change from pre-COVID-19 survey
Economic uncertainty affecting budgets*	50%	-
Business processes are too rigid / lack agile maturity	32%	+9%
Complexity of current environment / siloed mindset and behaviors	31%	-8%
Too many competing tech priorities	22%	-10%
Gaps in technical talent	22%	+3%
Change management and implementation complications	14%	-12%
Lack of senior-level support	6%	-12%

**not asked in 2020 State of Digital Transformation survey*



REIMAGINING THE FUTURE ENTERPRISE

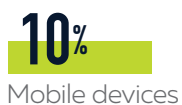
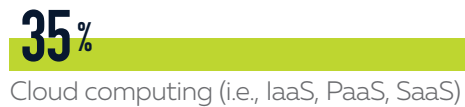
In the 2020 State of Digital Transformation report, nearly half of digital leaders reported that establishing new ways of working was a critical component for digital transformation success, and two out of five leaders indicated training and development was needed as well.

The pandemic has simultaneously introduced new workforce challenges and made previous challenges that much more difficult to address. As organizations implement new technologies and scale new processes across the enterprise, they must reimagine workforce models and consider how to best engage a workforce that will likely be working remotely for the foreseeable future. Technology will play a critical role for the future enterprise to deliver value to customers, design new ways of working and automate processes, but that can only be accomplished by establishing a culture that embraces change and agility.

WORKFORCE CHALLENGES DURING THE COVID-19 OUTBREAK



TECHNOLOGY WITH THE BIGGEST INCREASE IN USAGE AS A RESULT OF THE COVID-19 OUTBREAK



HOW TO FOCUS FORWARD

Our world has changed. The pandemic has fundamentally shifted ways of working. Companies have reimagined business models, evolved the way they interact with customers and how they deliver products and services. The only certainty during this uncertainty is change.

Organizations are balancing between the digital initiatives that will sustain them in the near term against the holistic modernization efforts that will propel them into the new next. Digital leaders are taking the opportunity to act and transform their business. The 2020 State of Digital Transformation report provides additional insight and recommendations to help navigate the digital transformation journey and shift focus forward.

RESEARCH OVERVIEW

TEKsystems conducted an online survey in June 2020 with 126 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 across a broad spectrum of industries.

DEFINITION OF DIGITAL TRANSFORMATION

Digital transformation refers to the process of using digital technologies (such as digital infrastructure, big data, artificial intelligence, mobile technologies, Internet of Things, cloud-based services, robotics, augmented reality, etc.) to create new or modify existing business processes, culture and customer experiences to meet changing business and market requirements.

DEFINITION OF DIGITAL LEADERS AND DIGITAL LAGGARDS

This research analyzed digital leaders versus digital laggards to highlight cautionary signs to avoid and achievement gaps so your company can navigate the digital evolution. In this report, digital leaders are defined as companies with a mature digital transformation plan where digital transformation is 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

We're partners in transformation. We help clients activate ideas and solutions to take advantage of a new world of opportunity. We are a team of 80,000 strong, working with over 6,000 clients, including 80% of the Fortune 500, across North America, Europe and Asia. As an industry leader in Full-Stack Technology Services, Talent Services and real-world application, we work with progressive leaders to drive change. That's the power of true partnership. TEKsystems is an Allegis Group company.



[TEKsystems.com/DX2020](https://www.teksystems.com/DX2020)