# STATE OF DIGITAL TRANSFORMATION

*Optimising the Journey Forward*

## SINGAPORE EDITION

**TEK**systems®
*Own change*

# OPTIMISING THE JOURNEY FORWARD

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

Globally, **forty-one percent** of organisations say digital transformation initiatives fail to achieve the desired business outcomes; however, leading companies aren't allowing the notion of failure to hinder progress.

# TRANSFORMING YOUR BUSINESS WITH TECHNOLOGY: GLOBAL INSIGHTS

*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 organisation

**POOR ALIGNMENT:**
41% of organisations' 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*

*Digital leaders are defined as companies with a mature digital transformation plan where digital processes and mindsets are ingrained in the DNA of the organisation. Digital laggards are defined as companies with tentative plans and limited digital transformation initiatives and investments in place.*

## 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
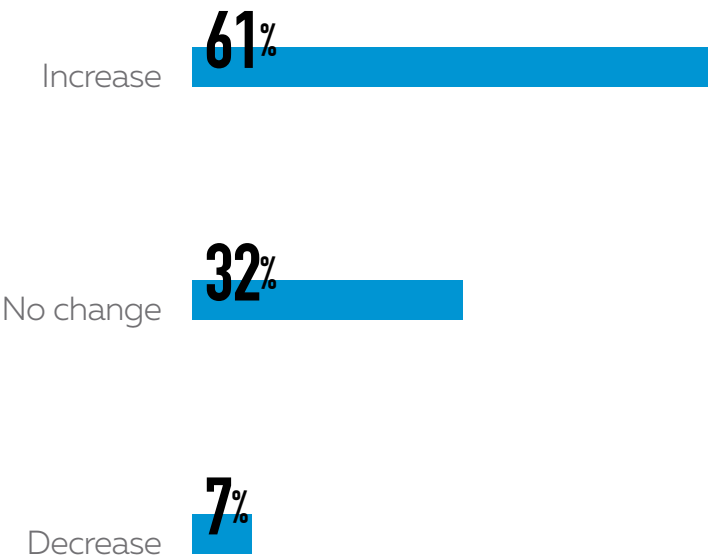**(DX Leaders 75% vs. DX Laggards 56%)**

**PRIORITISE TRANSFORMATION EFFORTS**
Digital leaders are more likely to be satisfied with the progress of the organisation's digital transformation efforts **(DX Leaders 72% vs. DX Laggards 49%)**
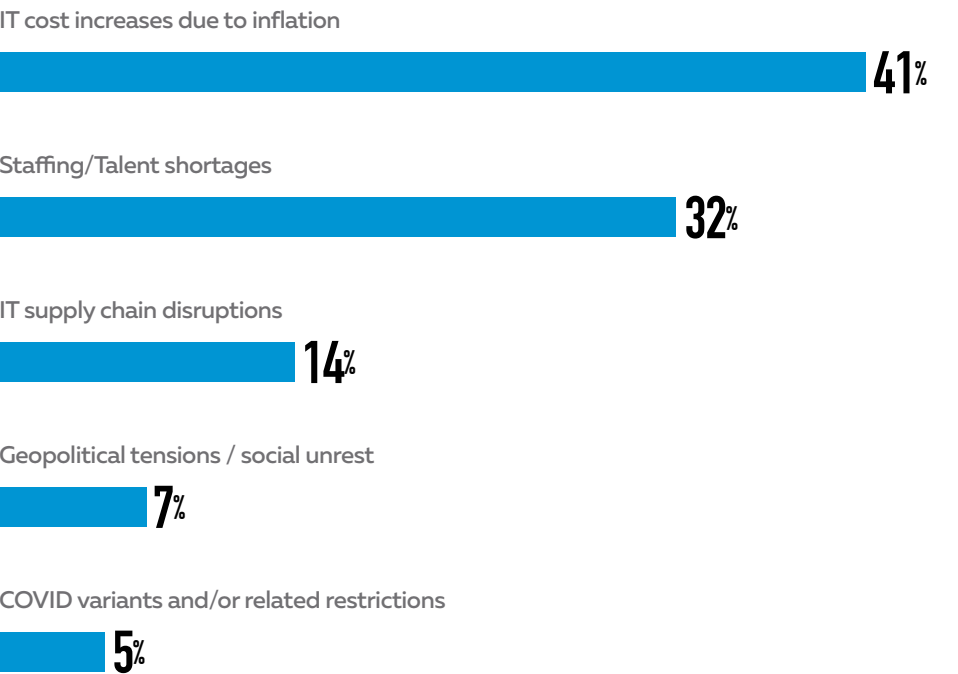
# IMPACT ON TECHNOLOGY SPEND: SINGAPORE

Majority of organisations plan to increase technology spend in 2023

Inflation and talent shortages weigh heavy on spending decisions

**PROJECTED TECHNOLOGY SPEND FOR 2023**

**GREATEST IMPACT ON IT SPENDING IN 2023**

Increase **61%**

No change **32%**

Decrease **7%**

IT cost increases due to inflation
**41%**

Staffing/Talent shortages
**32%**

IT supply chain disruptions
**14%**

Geopolitical tensions / social unrest
**7%**

COVID variants and/or related restrictions
**5%**

# STRATEGIC INVESTMENT IN THE FACE OF THE UNKNOWN

## DIGITAL TRANSFORMATION INVESTMENTS
### *(SGD per initiative)*



22%

25%

28%

25%

2023

- $6,000,000 or more
- $2,000,000–$5,999,999
- $750,000–$1,999,999
- Up to $749,999
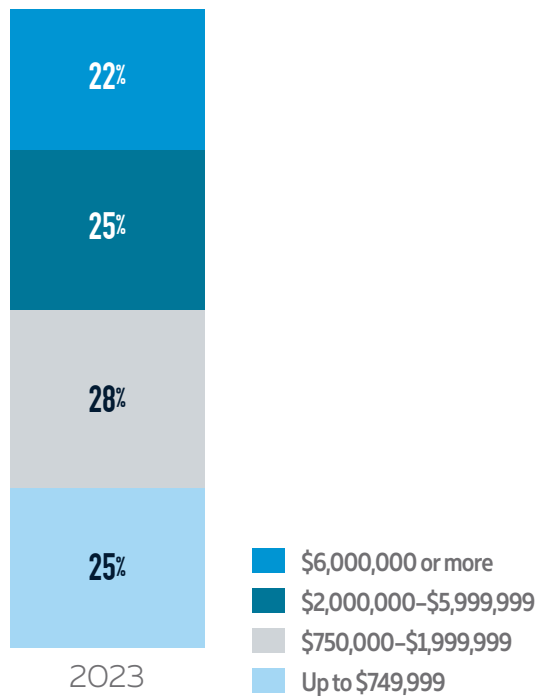
## *Investment in Digital Transformation*

As the economic climate evolves, investment per initiative has shifted, indicating more scrutiny over spend and therefore, a more agile approach with a desire to reduce risk and increase operational efficiency.

Companies are increasing their focus on short–term, tactical projects focused on optimisation and modernisation of their existing infrastructure and operations.

When every dollar is analysed, the business value and expected outcomes must be clearly defined and agreed upon.
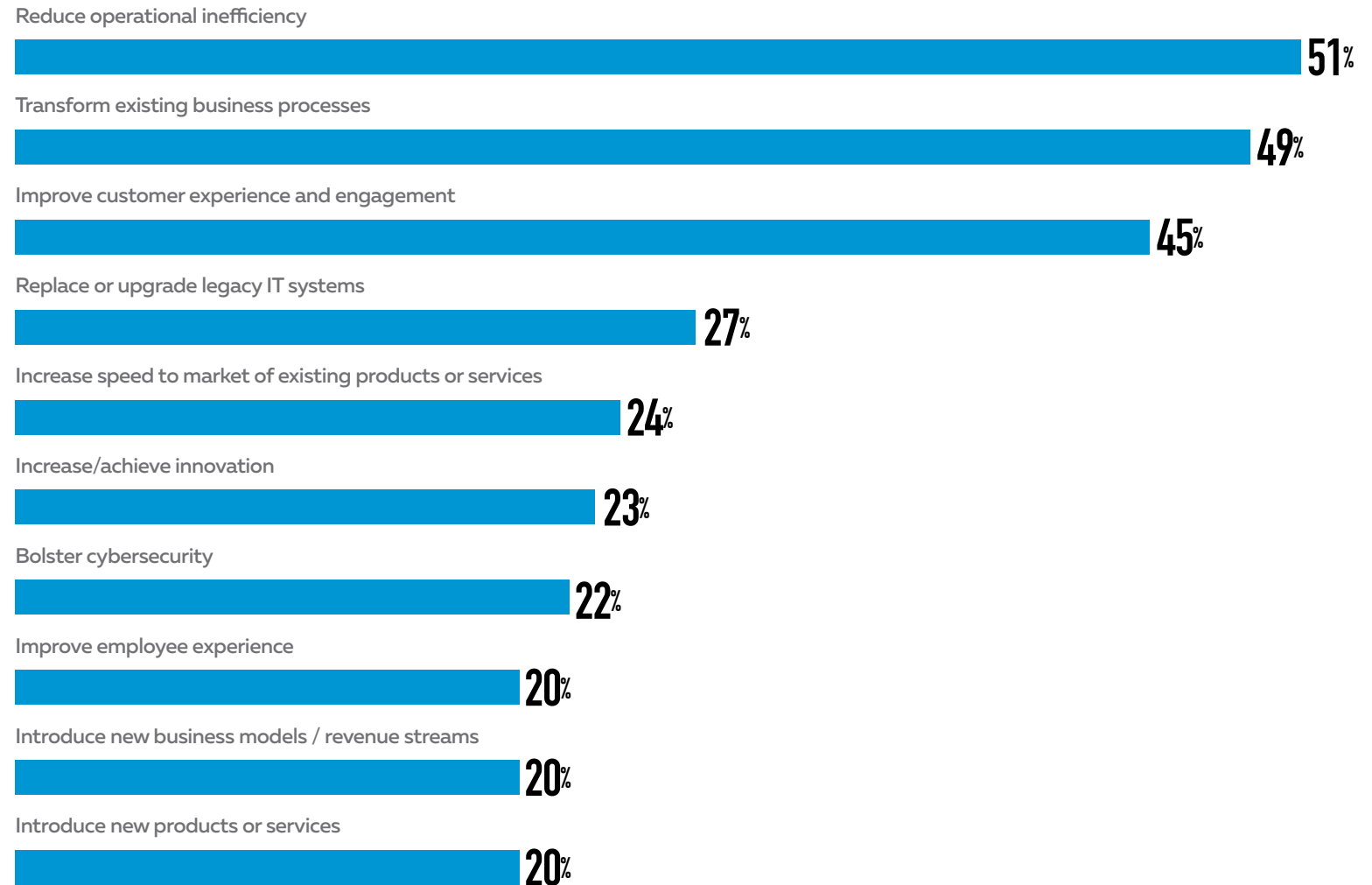
# THE DIGITAL TRANSFORMATION JOURNEY

*The digital agenda is long and varied*

In 2023, organisations are focused on reducing operational inefficiency and transforming business processes. They're also aiming to improve the customer experience.

This reflects the urgent This reflects the urgent need to gain flexibility and resiliency via digital transformation strategies.

## TOP DX GOALS 2023

Reduce operational inefficiency
**51**%

Transform existing business processes
**49**%

Improve customer experience and engagement
**45**%

Replace or upgrade legacy IT systems
**27**%

Increase speed to market of existing products or services
**24**%

Increase/achieve innovation
**23**%

Bolster cybersecurity
**22**%

Improve employee experience
**20**%

Introduce new business models / revenue streams
**20**%

Introduce new products or services
**20**%

# NAVIGATING DIGITAL TRANSFORMATION

*The acceleration of digital transformation projects magnified the threats and challenges companies face. Security concerns and compliance constraints is at the top of the list of challenges for most organisations.*

| Digital Transformation Challenges | 2023 Rank |
|---|---|
| Security concerns and compliance constraints | 1 |
| Aligning digital transformation with business objectives/KPIs | 2 |
| Operating-model transformation complications (current business process are too rigid) | 3 |
| High or unforeseen costs associated with digital transformation | 4 |
| Complexity of current environment / Siloed mindset and behaviours | 5 |
| Gaps in technical talent | 6 |
| Change management and implementation complications / Aversion to risk | 7 |
| Lack of internal alignment (digital vs. traditional business) | 8 |
| Creating a culture of continuous learning / Upskilling or reskilling workforce | 9 |
| Economic uncertainty affecting budgets | 10 |

# DESIGNING A DIGITAL WORKFORCE

*People: The essential element of success*

Nine out of 10 organisations 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.
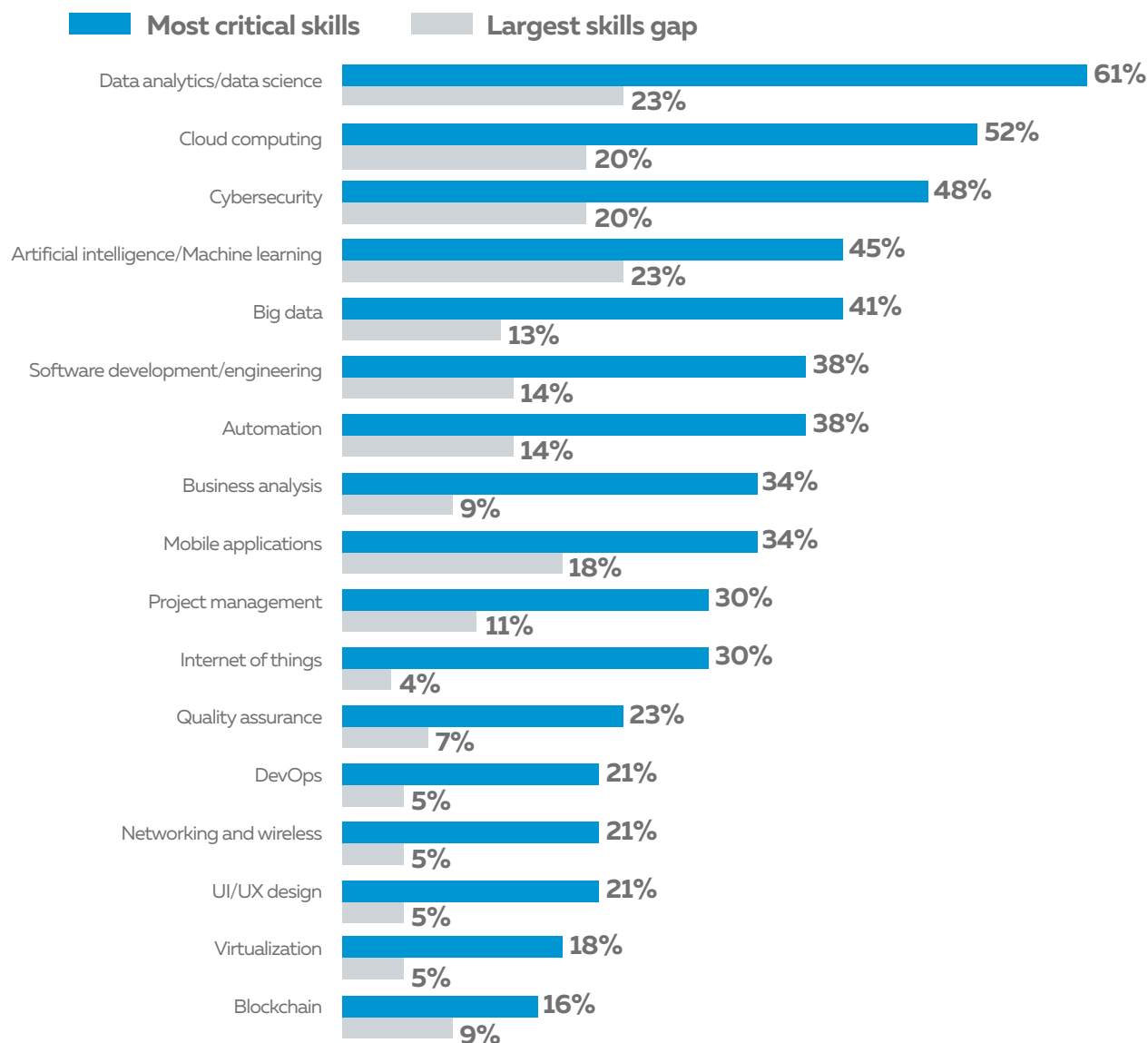
**8%** **8%** **32%** **53%**
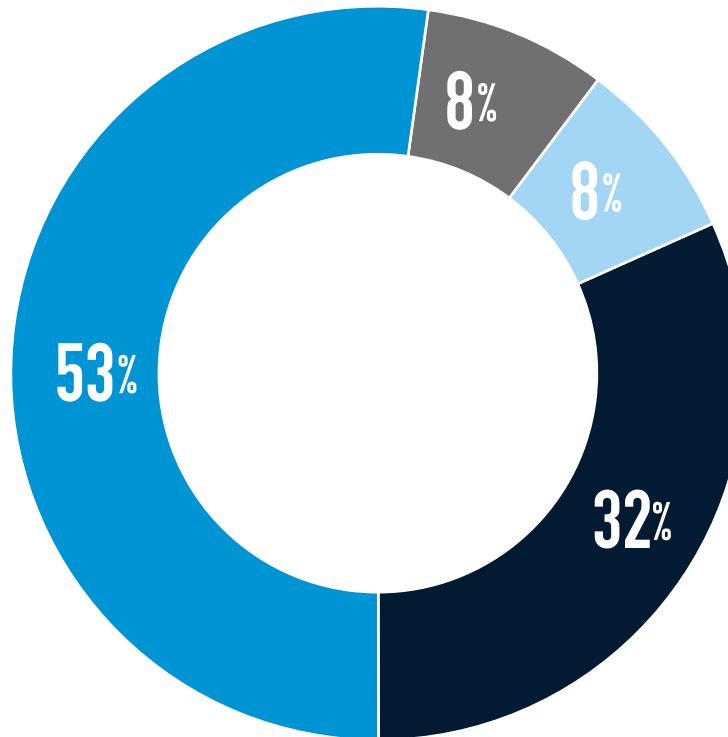
- *We don't need to change the types of talent we currently have in the organisation*
- *We need to completely revise the nature of our talent base in the organisation*
- *We need many new types of talent in volume across the organisation*
- *We need some new types of talent in a few places in the organisation*

# TALENT REIMAGINED

## CRITICAL SKILLS AND LARGEST SKILL GAPS

**■ Most critical skills**   **▨ Largest skills gap**

| Skill | Most critical skills | Largest skills gap |
|---|---|---|
| Data analytics/data science | 61% | 23% |
| Cloud computing | 52% | 20% |
| Cybersecurity | 48% | 20% |
| Artificial intelligence/Machine learning | 45% | 23% |
| Big data | 41% | 13% |
| Software development/engineering | 38% | 14% |
| Automation | 38% | 14% |
| Business analysis | 34% | 9% |
| Mobile applications | 34% | 18% |
| Project management | 30% | 11% |
| Internet of things | 30% | 4% |
| Quality assurance | 23% | 7% |
| DevOps | 21% | 5% |
| Networking and wireless | 21% | 5% |
| UI/UX design | 21% | 5% |
| Virtualization | 18% | 5% |
| Blockchain | 16% | 9% |

## TIME TO FILL MISSION CRITICAL ROLES

| Time | Percentage |
|---|---|
| More than 12 months | 4% |
| 10–12 months | 14% |
| 7–9 months | 23% |
| 4–6 months | 36% |
| 1–3 months | 20% |
| Less than 1 month | 4% |

**1 in 5** *organisations say it takes 10+ months to fill IT roles*
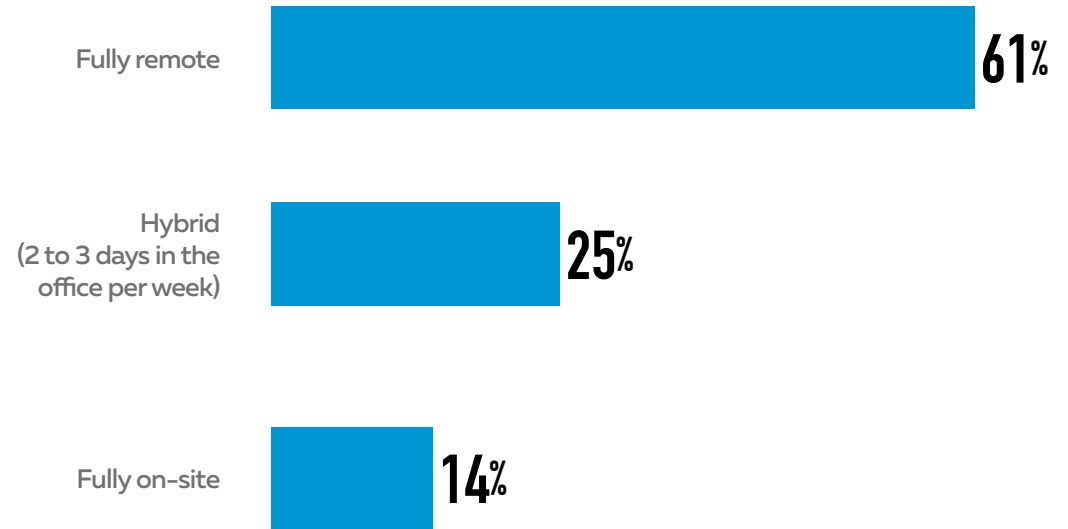
# HYBRID BY DESIGN

*The majority of organisations expect their IT workforce to have a hybrid/ remote work model in 2023*

Over the last three years, the definition of the workplace has been completely transformed. In 2023, nine out of 10 organisations 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 organisations 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 organisation 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 organisations embrace hybrid work models and create better employee experiences.
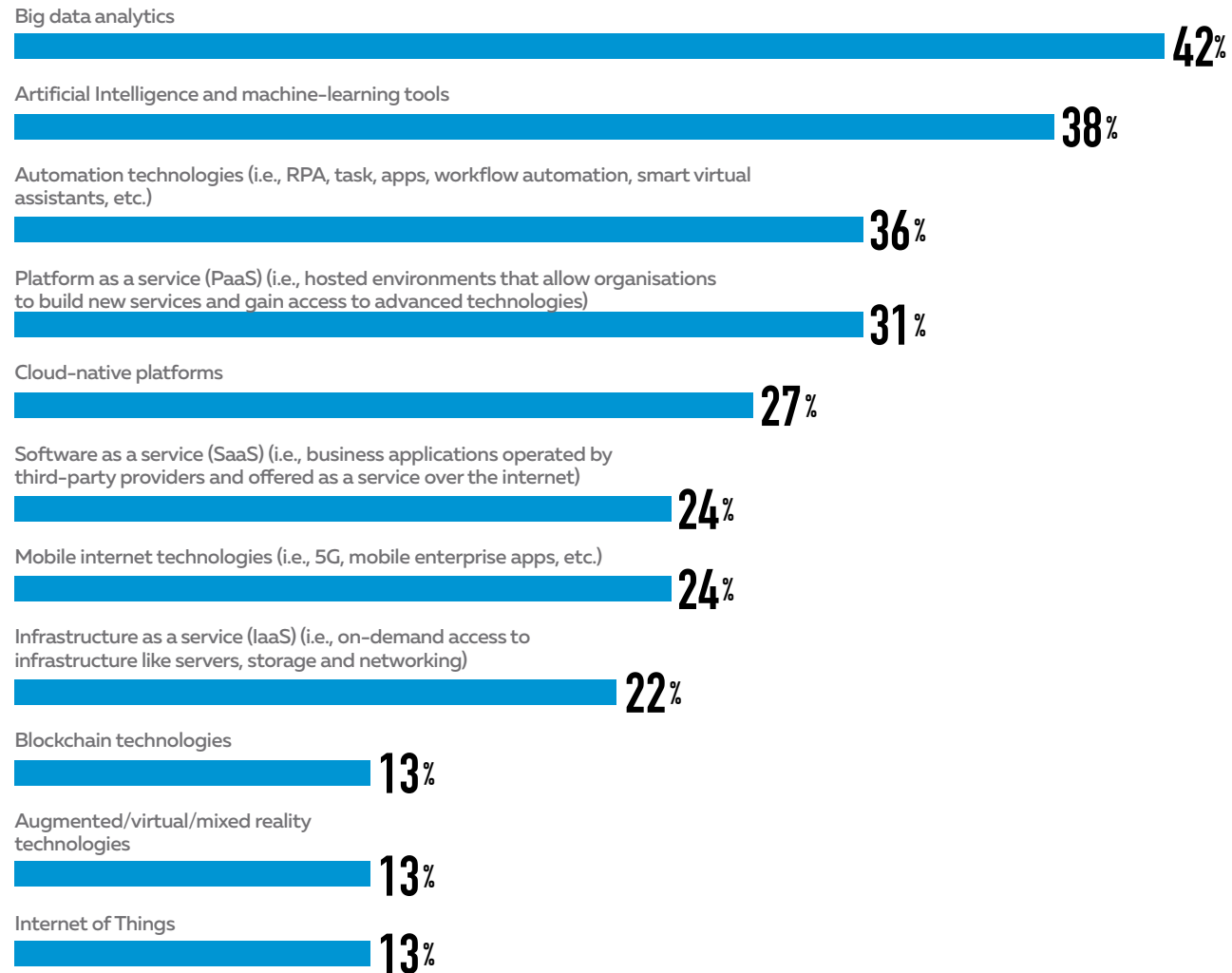
## WAYS OF WORKING

| | |
|---|---|
| Fully remote | 61% |
| Hybrid (2 to 3 days in the office per week) | 25% |
| Fully on-site | 14% |

# BUSINESS STRATEGY POWERED BY TECHNOLOGY

*Organisations 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

**Big data analytics**
42%

**Artificial Intelligence and machine-learning tools**
38%

**Automation technologies (i.e., RPA, task, apps, workflow automation, smart virtual assistants, etc.)**
36%

**Platform as a service (PaaS) (i.e., hosted environments that allow organisations to build new services and gain access to advanced technologies)**
31%

**Cloud-native platforms**
27%

**Software as a service (SaaS) (i.e., business applications operated by third-party providers and offered as a service over the internet)**
24%

**Mobile internet technologies (i.e., 5G, mobile enterprise apps, etc.)**
24%

**Infrastructure as a service (IaaS) (i.e., on-demand access to infrastructure like servers, storage and networking)**
22%

**Blockchain technologies**
13%

**Augmented/virtual/mixed reality technologies**
13%

**Internet of Things**
13%

# TIPS TO DIGITAL TRANSFORMATION SUCCESS

## EVALUATE CURRENT 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.

**Prioritise 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 organisation 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 organisation. It all starts with the unifying force of having tangible goals. Where do you want to go and how will you get there?

# MOBILISING TALENT WITH SPEED, SCALE AND FLEXIBILITY

We're TEKsystems. We accelerate business transformation for our customers. We bring real-world expertise to help solve complex business and talent challenges—at global scale

Digital transformation requires investments in the right technologies and the right talent.  Talent who can activate innovation, change, and culture.  That's where we come in.

We deliver top talent for some of the most game-changing companies in the world. Talent specialised in areas spanning cloud, data, digital, DevOps, security and more. Highly skilled and motivated to help you **Maximise Technology Return on Investment, Drive Business Growth** and **Elevate Customer Experiences.**

From stand-alone technology specialists to expanding a team, we offer a range of customised solutions and delivery models. We listen and anticipate your needs to personalise our recommendations and strategise what makes sense for you and your business. With our flexibility and geographic scale, we quickly respond to hiring demands to meet you where you are and get you where you need to go.

No one should go at it alone. No matter where you are on your digital transformation journey, TEKsystems has the talent you need to succeed.

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# 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 organisation'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.

The 'Singapore Edition' of the DX2023 report focuses on data from 56 respondents in Singapore.

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.

# 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 committed team working with over 6,000 clients across North America, Europe and Asia-Pacific. As an industry leader in talent solutions and services, we work with progressive leaders to drive change. That's the power of true partnership. TEKsystems is an Allegis Group company.

**TEK**systems®
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