

STATE OF DIGITAL TRANSFORMATION

Building a Framework for Digital Success

FORTITUDE IN THE FACE OF DISRUPTION

The COVID-19 pandemic has impacted every facet of society. No person, company or institution is immune—organizations of all shapes and sizes were dealt serious blows to their business, employees and stakeholders. The lifeline has been and will continue to be technology.

From deploying a completely remote workforce to engaging customers via contactless delivery, digital leaders better absorbed the initial shocks of the pandemic. They pivoted their strategy and accelerated their transformation. In fact, many digital leaders not only survived, they thrived—taking advantage of opportunities with new business models fueled by technology and capturing market share with innovative ways of working.

What makes the companies that are thriving different? Our 2021 State of Digital Transformation report explores how digital leaders have built a foundation for resiliency in the face of a global pandemic and ways they are accelerating digital transformation across the enterprise.

Drawing a Difference in Digital: **LEADERS VS. LAGGARDS**

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.

Our research explores what digital leaders are doing to transform their business and innovate while delivering on the outcomes that create value for their customers. We'll explore how organizations are leveraging technology to achieve digital business and provide recommendations that will lead to digital transformation success.

ATTRIBUTES OF DIGITAL LEADERS

What makes the companies that are thriving different

Leverage the technologies that enable transformation for their business.

- Digital leaders are four times more likely than digital laggards to be driving projects that enable new business models. Key technologies include cloud, data analytics, mobile, IoT and AI.

Accept and leverage differences to create growth and opportunities.

- 70% of digital leaders have mature diversity, equity and inclusion practices in place compared to 44% of digital laggards.
- 86% of DX leaders effectively foster an inclusive work environment (41% more effective than DX laggards).
- 79% of digital leaders effectively develop a diverse and inclusive leadership pipeline (22% more effective than digital laggards).

Take bold action and invest in digital solutions in the face of disruption.

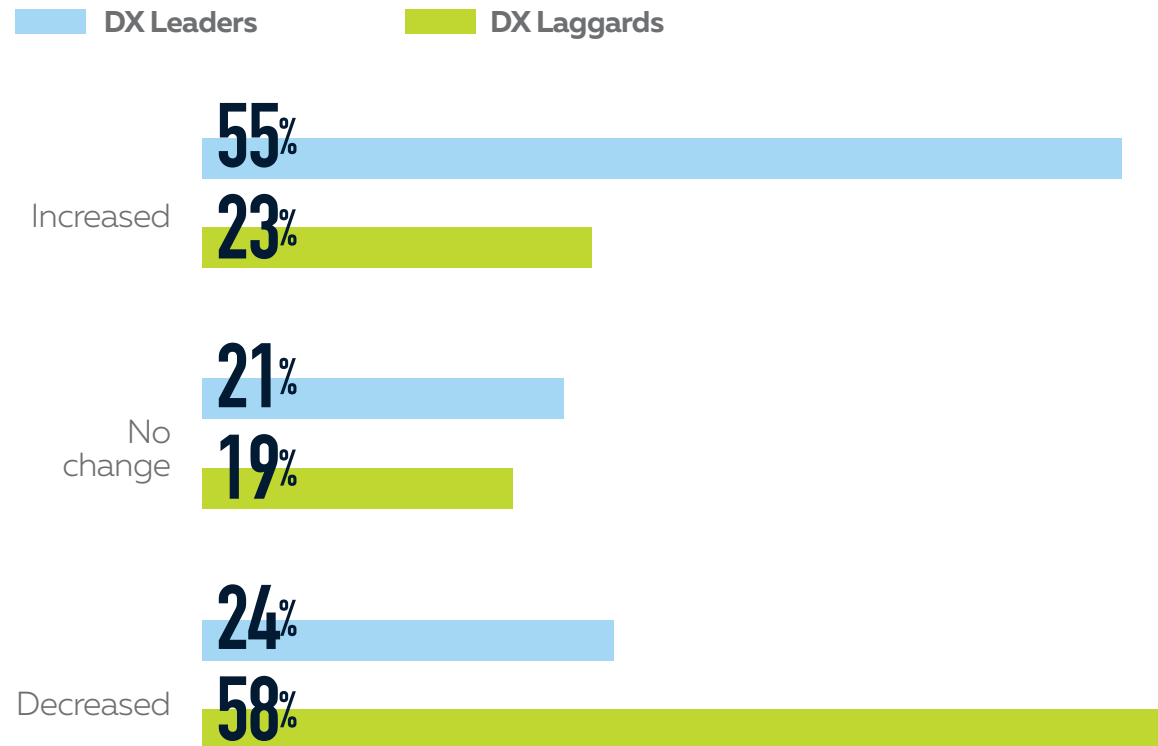
- Nearly 80% of digital leaders plan to increase or maintain technology spending as a result of the pandemic compared to 42% of digital laggards.

COVID-19 IMPACT ON TECHNOLOGY BUDGETS

Digital Leaders Take Bold Action

Nearly 80% of digital leaders plan to increase or maintain technology spending as a result of the pandemic compared to 42% of digital laggards.

2021 TECHNOLOGY SPEND

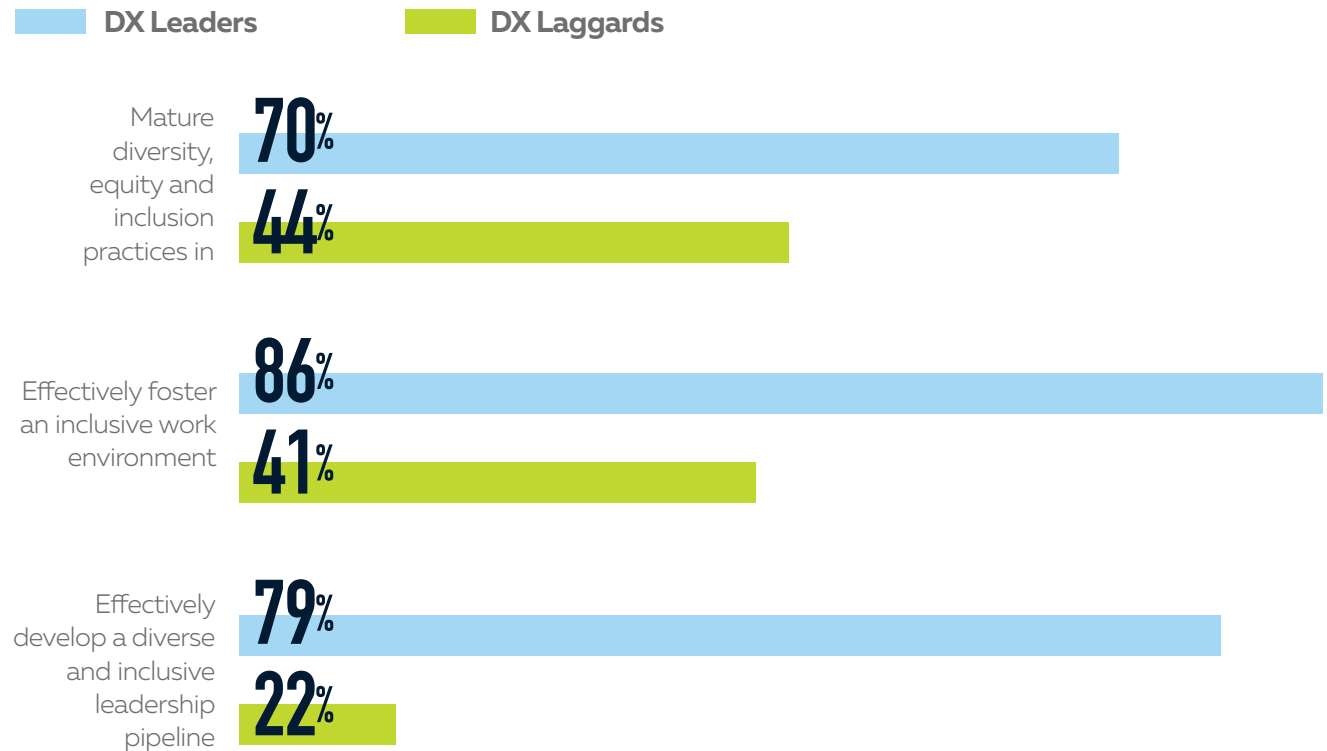


INCLUSION & DIVERSITY'S ROLE IN DIGITAL TRANSFORMATION

Digital Leaders Build Through I&D

Digital leaders accept and leverage differences to create growth and opportunities.

INCLUSION & DIVERSITY FOCUS



2021 DIGITAL TRANSFORMATION STRATEGIES

Digital Leaders Capitalize on Opportunity

Digital leaders are 4X more likely to be driving projects that enable new business models.

Cloud, data analytics, mobile, IoT and AI technologies fuel new business models.

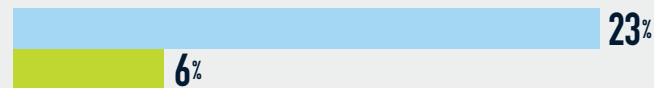
2021 DIGITAL PROJECT STRATEGIES

DX Leaders DX Laggards

Focused on maintaining projects that directly enable business continuity.



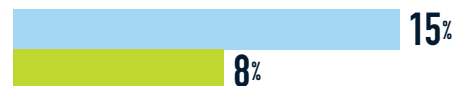
Prioritized projects that will enable new business models / revenue streams via new products or services.



Focused on maintaining projects that can leverage existing technologies and still deliver the intended outcomes.



The status of technology projects has remained largely unchanged.



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



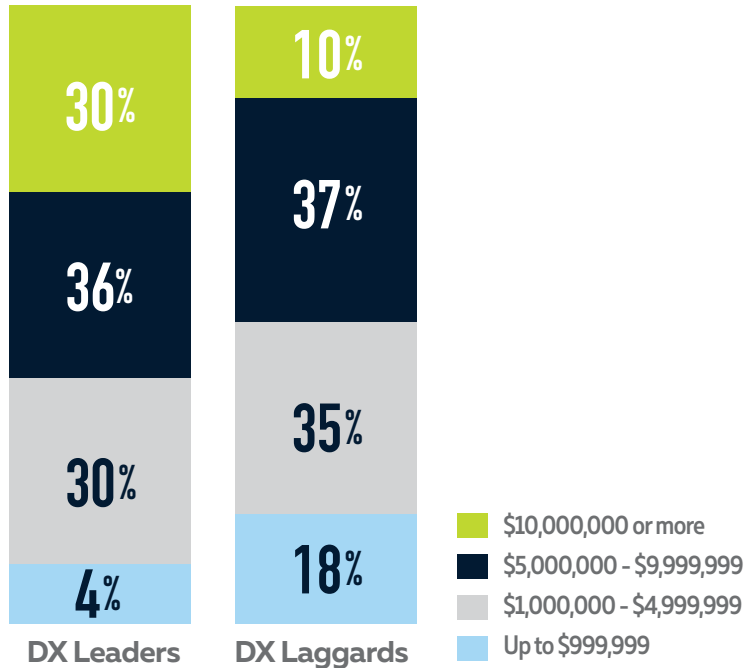
Delayed/postponed all new technology projects until further notice.



DIGITAL TRANSFORMATION INVESTMENT AND ROI

Digital leaders are investing more dollars per digital initiative and expect 11% greater return

DIGITAL TRANSFORMATION INVESTMENTS (per initiative)



EXPECTED TOP-LINE REVENUE GROWTH (median growth %)



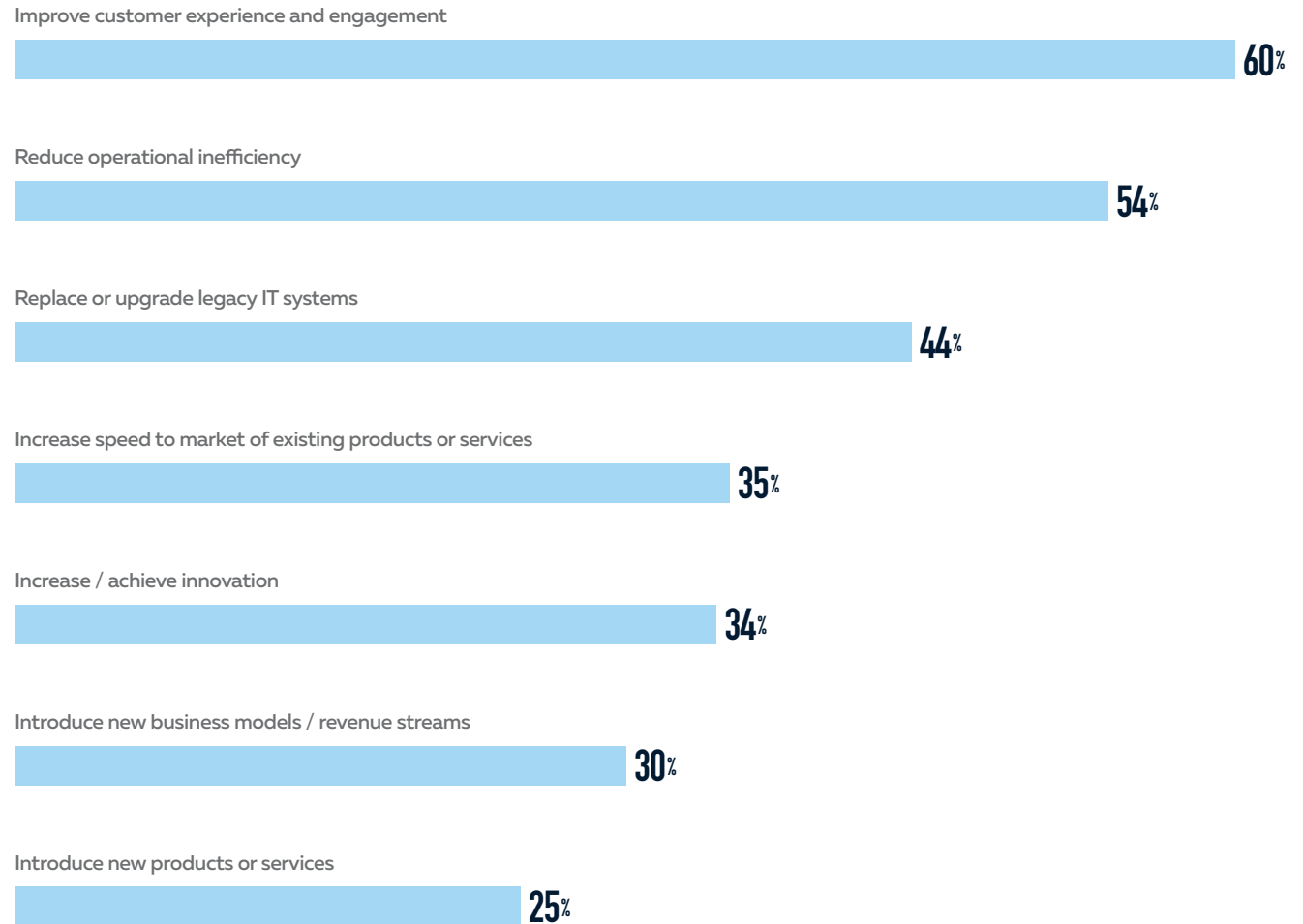
THE CUSTOMER REMAINS AT THE EPICENTER

Top DX Focus Areas Remain the Same in 2021

Organizations are focused on the same core areas in 2021.

However, in response to the pandemic, organizations are placing greater focus on speed and innovation, both of which are up six points over 2020 data.

TOP DX GOALS 2021



NAVIGATING DIGITAL TRANSFORMATION CHALLENGES

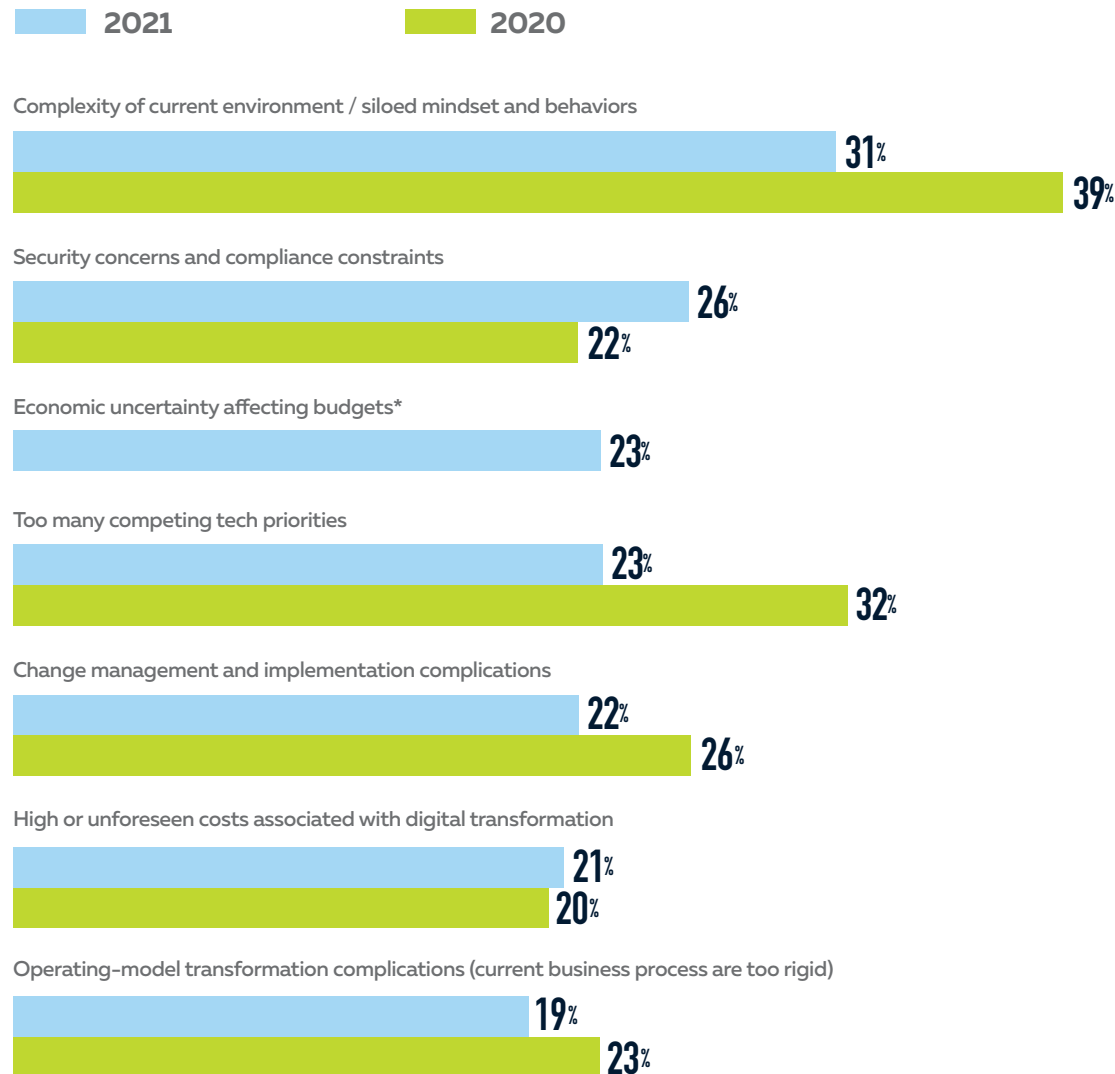
Closing Digital Gaps

Organizations will need nimble partners as they navigate many of the same DX challenges in 2021.

Some challenges have taken on greater weight as a result of the pandemic.

- Security concerns and compliance constraints (#5 in 2020) bumps up to #2 in 2021, likely due to challenges associated with remote workforce deployments.

DIGITAL TRANSFORMATION CHALLENGES

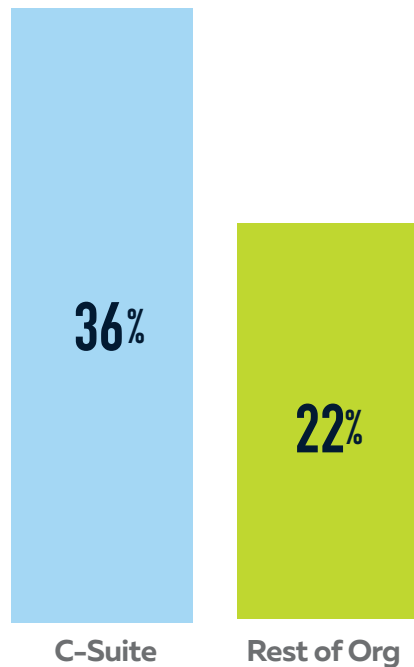


*not asked in 2020

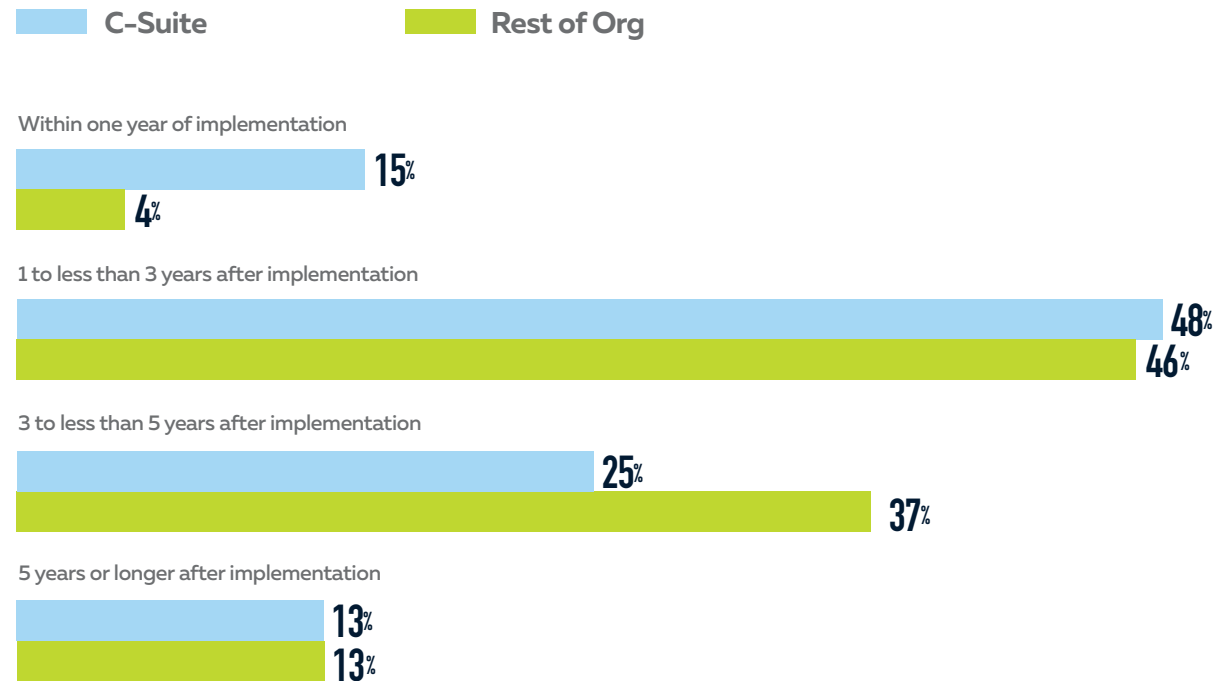
C-SUITE EXPECTATIONS

Disconnects between the C-suite and the rest of the organization regarding DX ROI

EXPECTED TOP-LINE REVENUE GROWTH (median growth %)



TIMELINE FOR ROI EXPECTATION



DESIGNING A DIGITAL WORKFORCE

Mobilizing Talent

44% believe extensive talent structure changes are needed for their digital transformation efforts to be successful (37% in 2020).

TALENT REIMAGINED



DX MUST SUPPORT MENTAL HEALTH AND COLLABORATION

Three quarters expect at least 50% of their workforce to be remote in 2021

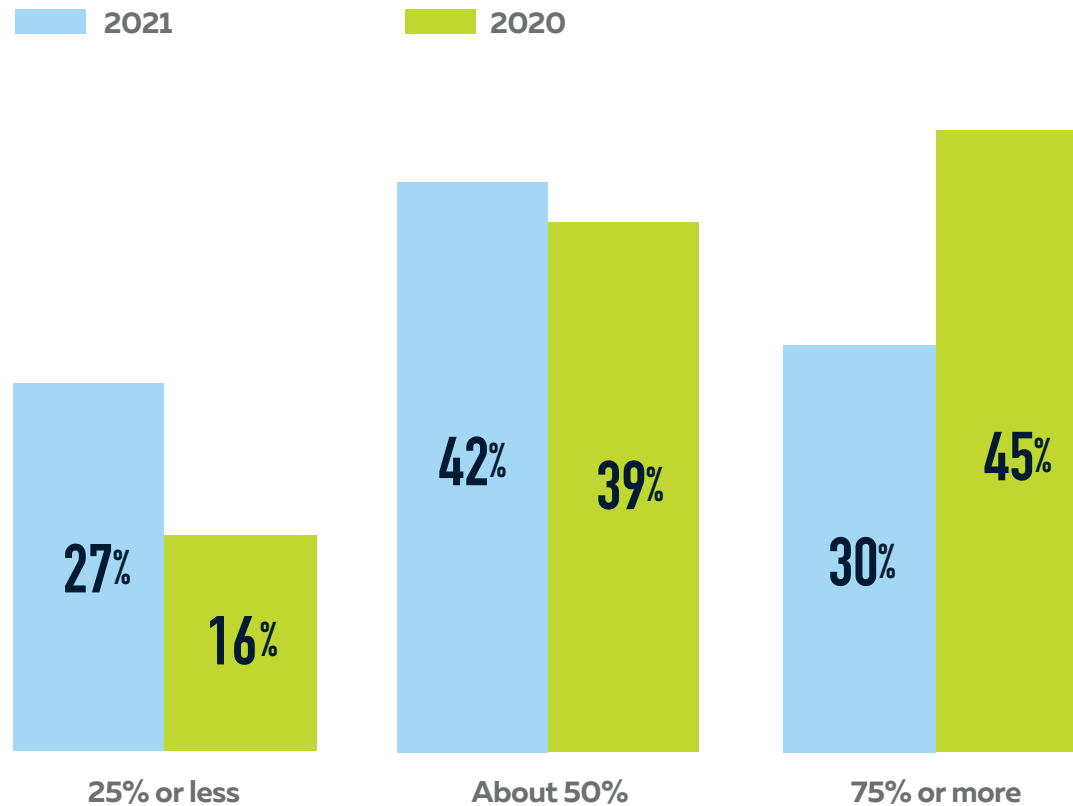
Long-Term Challenges of Remote Work

- **49%** maintaining team culture
- **45%** networking/connecting with others
- **45%** building relationships

Mental Health Challenges

- **63%** need to attend to personal/family needs while working
- **46%** needed to adapt to a different work schedule
- **39%** say collaboration / teamwork is more challenging
- **38%** feel stressed about working remotely

REMOTE WORKFORCE EXPECTATIONS



TIPS TO DIGITAL TRANSFORMATION SUCCESS

- ✓ Make your customer the center of your digital transformation vision.
- ✓ Mind the gaps. Technology deployed during the pandemic may not be compliant with privacy and security policies or may not be integrated with other systems.
- ✓ Secure consensus and conviction among senior leaders regarding digital transformation goals. Utilize that alignment to break down organizational silos.
- ✓ Cultivate a culture that embraces change and agility. Identifying the right metrics and making data-driven decisions are critical to digital transformation success.
- ✓ Accept and leverage differences to create growth and opportunities. Build an inclusive environment that allows your employees and your company to flourish and succeed.
- ✓ Identify the skills and expertise required to execute digital transformation efforts and determine how workforce models should be aligned to digital business.
- ✓ Implement the right technologies that will achieve the desired outcomes and think about how they can be scaled across the enterprise.

RESEARCH OVERVIEW

TEKsystems conducted an online survey in November 2020 with 430 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.

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.

