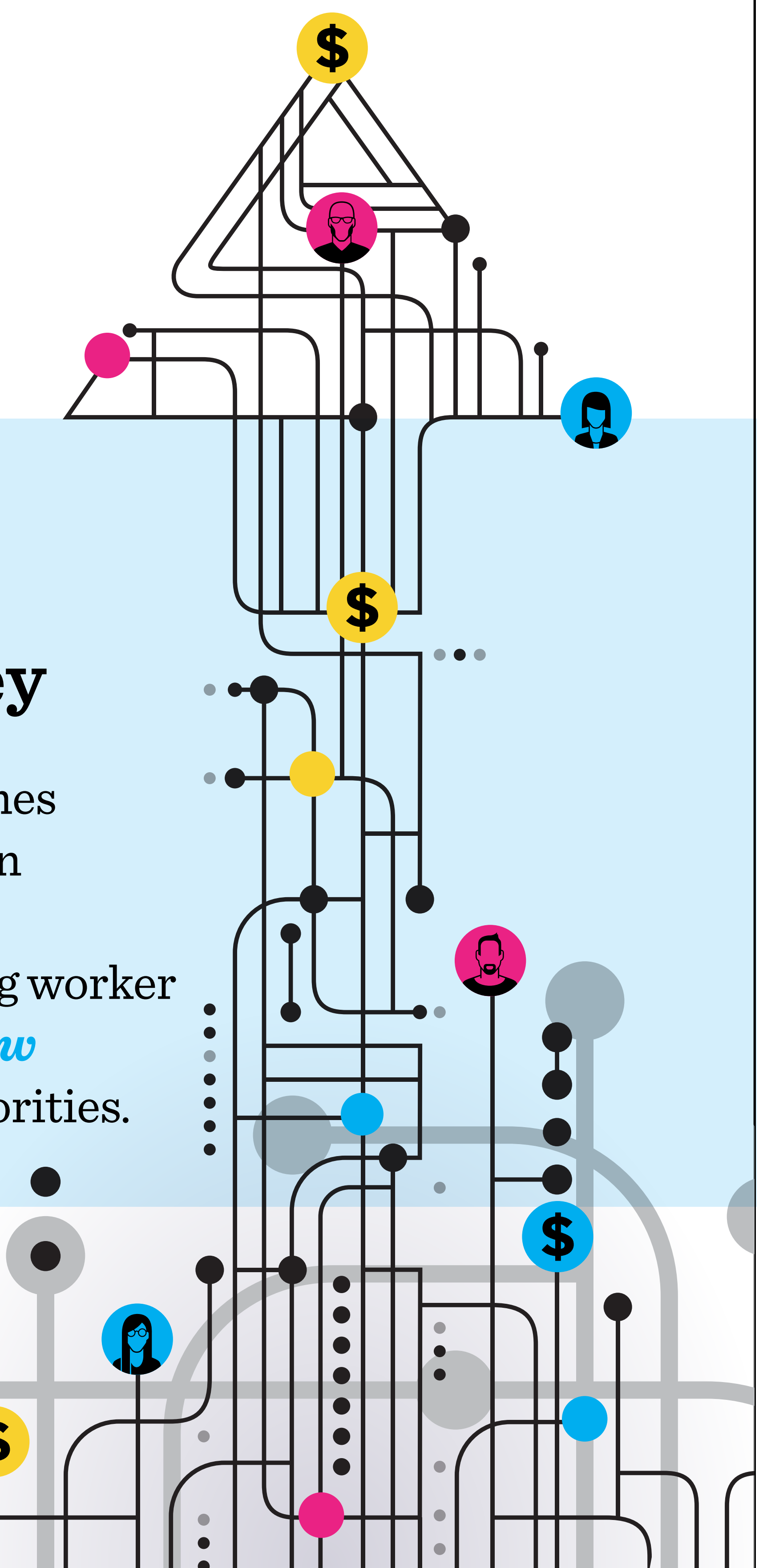
EXECUTIVE SUMMARY

2019 Digital Business Survey



As digital business becomes mainstream, delivering an outstanding customer experience and improving worker productivity ***through new technologies*** are top priorities.

IDG

IDG COMMUNICATIONS, INC.

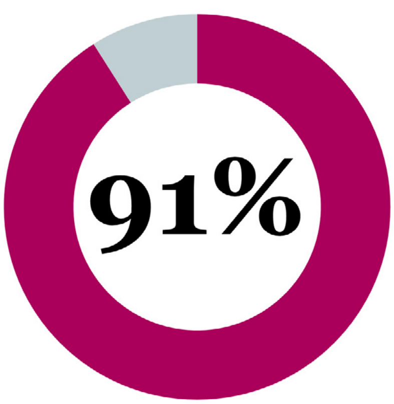
VOLVE OR DIE, THE ADAGE GOES. For most organizations, digital transformation has gone from a leading-edge ambition to a business imperative. IT strategies have become more interwoven with business strategy as companies look for new ways to engage with customers, bring more innovation to the workforce and develop new methods for collecting data insights.

Some 91% of IT decision-makers (ITDMs) surveyed in our 2019 Digital Business Survey say their organization plans to adopt or has already launched a "digital first" business strategy, up slightly from 89% in 2018. These organizations, across all industries and company sizes, are actively in the process of applying new technologies to radically change processes, customer experiences and value.

This year's digital business survey draws on responses from 702 IT executives and professionals from a variety of industries, all with an average company size of more than 14,000 employees.

Organizations will spend an average of $15.3 million over the next 12 months on digital initiatives, $1 million more than they spent last year. The amounts vary by company size, as enterprises (1,000+ employees) will spend on average $29.6 million in the next 12 months, while small to midsize businesses (<1,000 employees) will spend an average of $2.7 million.

ORGANIZATIONS' ADOPTION OF **DIGITAL-FIRST** STRATEGY



of organizations have ***adopted, or have plans to adopt****, a "digital-first" business strategy*

Enterprise **93%**
SMB **89%**

59% OF THE DOLLARS INVESTED IN DIGITAL BUSINESS WILL BE SPENT ON NEW TECHNOLOGIES.

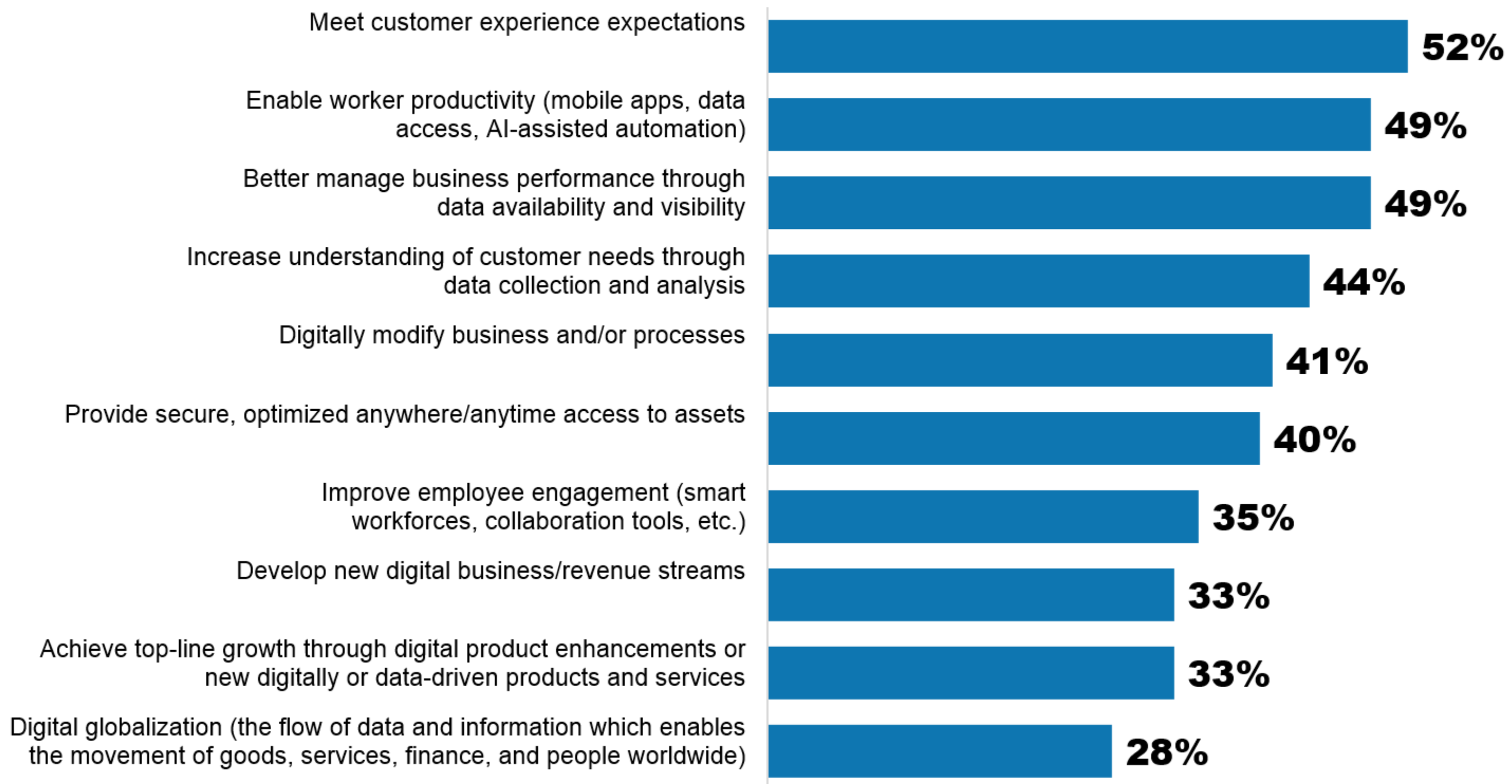
What will they spend their digital initiative budget on? When looking at all organizations, more than half of their digital business funds (59%) will go toward new technologies, such as new solutions, enhancements and upgrades, while 41% will be dedicated towards people and skills, such as acquiring new talent and developing existing talent. It's not surprising that in the services sector, IT decision-makers plan to spend more than the average on people and skills (44% of their digital business budgets), while in manufacturing only 34% of this budget will go toward the workforce. They'll focus instead on more technology. It also makes sense that organizations that have already achieved revenue growth due to digital business will spend more on transformation initiatives in the next year than those who haven't – $16.6 million average spending for revenue-growth achievers vs. $9 million for those that have yet to grow revenue.

The State of Digital Business

All of the IT decision-makers who completed the entire survey report that their organization either has plans to adopt or have already launched a "digital first" approach, which according to IDC includes applying new technologies to radically change processes, customer experience and value.

When asked what being a digital business means to their organization, the majority of ITDMs stated meeting customer experience expectations (52%), enabling worker productivity through mobile tools, access to data and AI-

MULTIPLE MEANINGS OF DIGITAL BUSINESS



assisted processes (49%), and better managed business performance through data availability and visibility (49 %). No wonder the market for technologies and services that enable the digital transformation of business practices, products and organizations is poised to reach $1.97 trillion by 2022, according to IDC.

Ahead of the Game

Close to half of IT decision-makers (48%) reported that their organization has already adopted a digital first approach, those in the execution stage increased this year to 24%, up from 18% a year ago. "Newer" companies that are less than 10 years old are further along in the integration and maintenance phases, possibly because they started from scratch and did not need to update older processes and systems. The number of organizations still in the research phase remains stagnant from last year at 16%, about the same percentage as last year.

Of the nine percent of respondents who said that their organization has no intention of adopting a digital first approach, the main reason is due to budget (29%), followed by culture (26%), and then the fact that their organization is attaining profit under their current business model (23%).

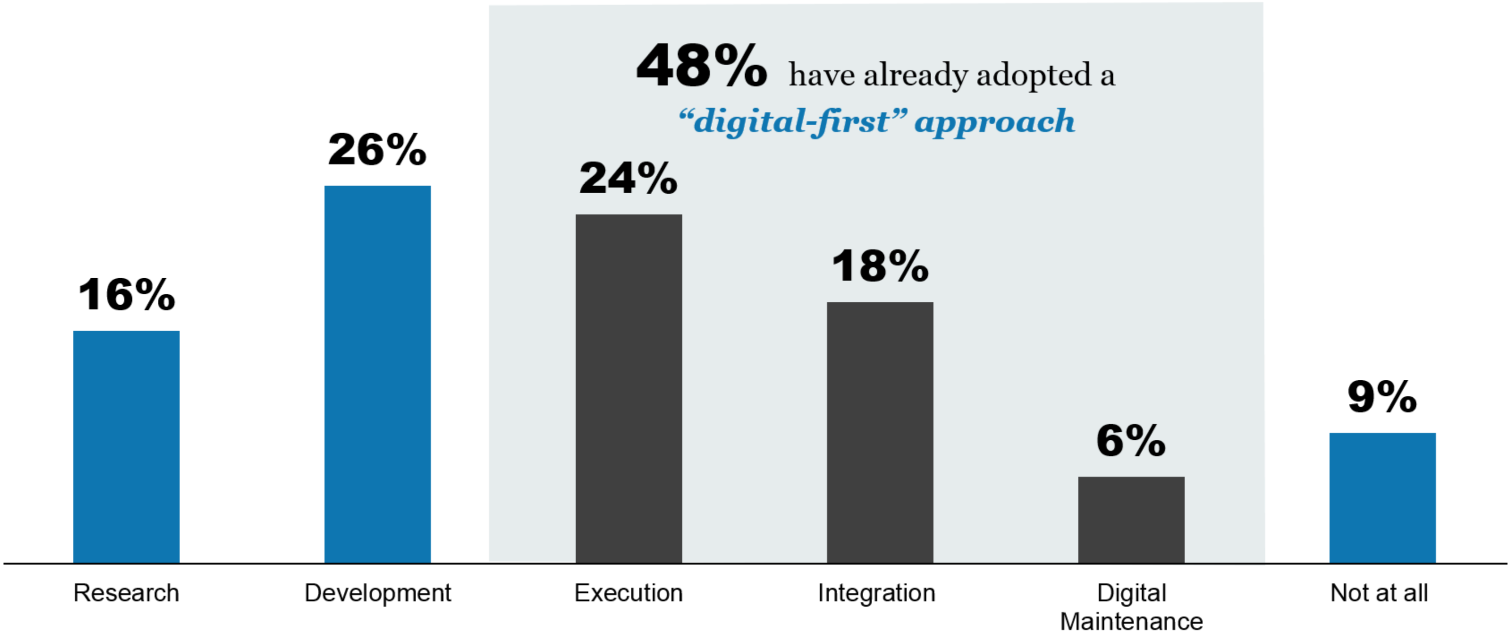
Areas of Progress

The area where organizations have made the most progress in their digital transformations are with their data security/protection strategy, which 27% of organizations have completed. Only 3% have no plans for a data security strategy, and 17% are still in the planning phase. IT skills assessments and technology needs assessments have also made great headway, with 24% of organizations having already completing these steps. Data management strategies have been completed by just 20% of organizations.

When looking at the steps that IT decision-makers consider most crucial to their success with digital business transformation, 38% said it was developing a business case/roadmap for overall digital strategy. What's interesting is that this is not the step that most organizations have completed or are planning. Sixty-eight percent of organizations

DEVELOPING A BUSINESS CASE/ ROADMAP FOR OVERALL DIGITAL STRATEGY IS CRUCIAL TO DX SUCCESS

PROGRESSING TOWARDS A DIGITAL-FIRST APPROACH



have either completed or are in the process of completing this step. The next three most crucial steps – technology assessment (32%), IT skills assessment (23%) and data security/protection (22%) – are also the top steps that are most completed or in the planning phase .

Drivers for Digital Transformation

Improving the Customer Experience

Customers demand more ease and speed in their interactions with all types of businesses. Organizations have heard their customers loud and clear, and 67% of IT decision-makers placed creating better customer experiences within their top five objectives.

In order to create a better customer experience, these organizations have deployed tools and strategies such as mobile solutions and applications, improved UX, and community/ collaboration tools. Organizations are also researching new tools and strategies, including personalization/ contextualization of customer interactions (25%), real-time capture of customer feedback (24%) and omni-channel customer experience strategy (23%). SMB organizations are more likely to be researching community/ collaboration tools (28%).

How are organizations measuring the success of their digital initiatives? Industries differ on which factors will determine business success. Other than creating a better customer experience, additional measurements of digital business success include improved process employee productivity through process efficiencies/automation (58%), increased ability to enable innovation (57%), and achievement of top-line growth (46%). The government sector measures customer success by improved employee productivity and through process efficiencies (70%), while the retail industry attributes top-line growth to customer's satisfaction (69%). In healthcare, an improved risk posture translates into higher customer satisfaction (44%).

Transforming the Workforce Along with Technology

Rarely can a digital transformation succeed without

67%

of organizations place better customer experiences within their top five objectives for their digital transformation efforts.

changes to internal processes, departmental structures, incentives, skills, culture and/or behaviors of the workforce. In fact, 37% of respondents have already implemented a workforce transformation, and nearly half (49%) are in the research and development phase of creating workforce transformation strategies or evaluating organizational changes. The study this year also looked at the top contributors to workforce productivity at organizations. The top responses were those relating to automation and collaboration – increasing the level of process automation (46%), enabling easy ways to share ideas and collaborate with coworkers (45%), and enabling access to more data to better understand the customer (43%).

Different industries have their own motives for digital transformation. Manufacturing organizations, for instance, are much more likely to create digital business strategy in order to improve process efficiency through automation (63%). Financial services, retail and education put a lot of value on creating a better customer experience. Retail and high tech also rank driving new revenue as a very important objective (62% and 63%). The second most important objective for healthcare is to improve security (56%), this is also high for financial services (48%), and government (55%).

Strategies & Technologies Fueling Transformation

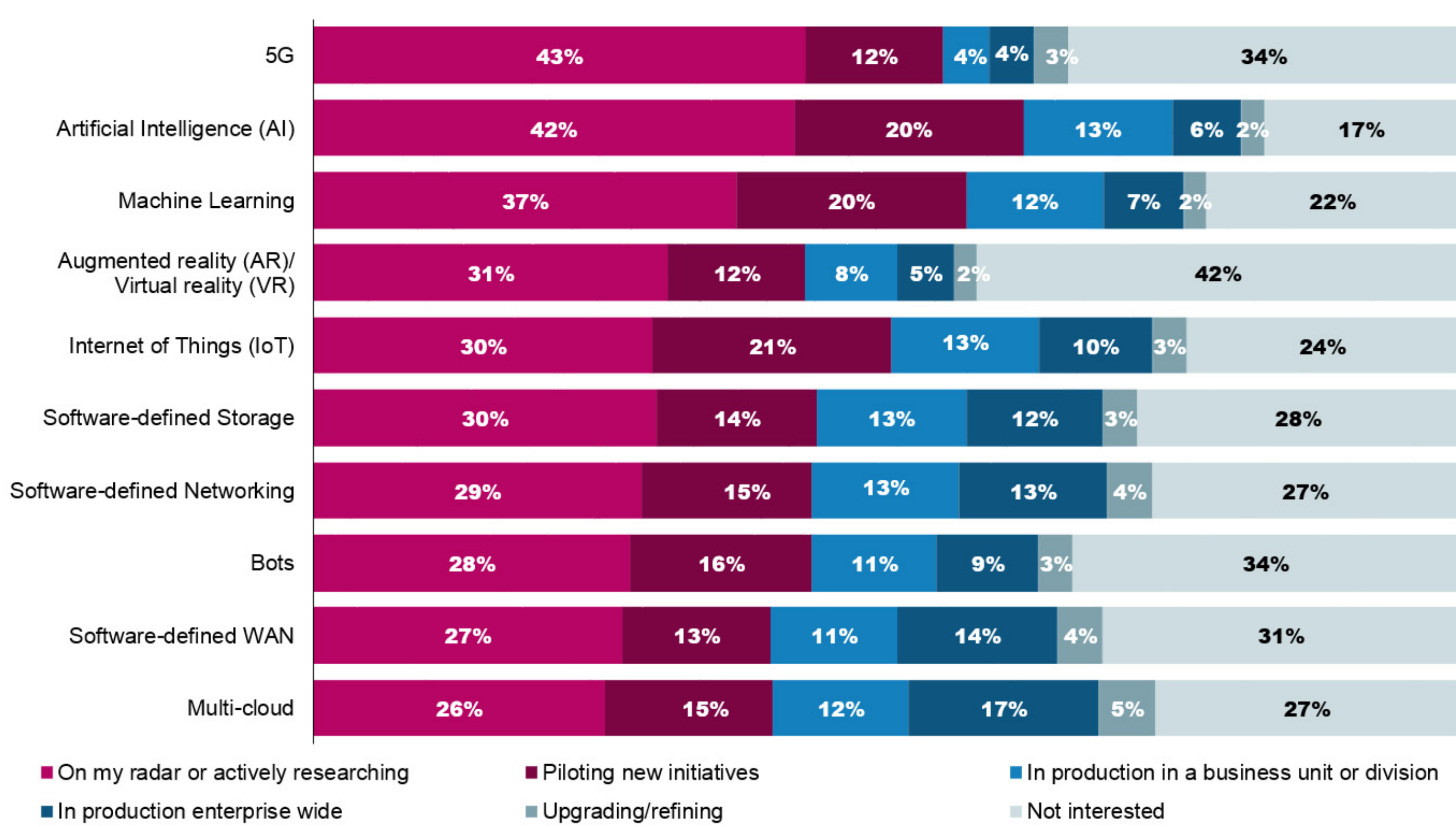
Mobile devices & apps most commonly used to drive digital business

The top technologies that organizations are using to drive digital business today are mobile devices and mobile apps, followed by private cloud and business process management. Not surprisingly, enterprise organizations are more likely to have these tools in place – for example 74% of enterprises have mobile apps in use compared to 51% of SMBs.

5G, AI, Machine learning to drive future digital business

IT decision-makers are actively researching new technologies that will advance their digital business, including 5G, artificial intelligence and machine learning . Some 20% of respondents say that their organization is piloting new

THE PROMISE OF NEW TECHNOLOGIES BEING EXPLORED



initiatives for AI and ML, and 21% already have AI or ML in use. 5G research is under way as well, although it's still not widely available yet in most of the world. Still, 43% of ITDMs are researching 5G initiatives, 12% are piloting this and 11% have 5G in use. This indicates future growth over the next 12 months.

We can also expect to see more growth in the use of Internet of Things (IoT). About a quarter of IT decision-makers report that their organization is already using IoT tools (26%), while 21% are piloting IoT initiatives. One area that has not picked up a lot of steam is augmented reality virtual reality. Some 42% of respondents say their organizations are not interested in this to become a digital business, primarily because they don't see a need for it (78%).

Revenue Growth

More than a third of tech decision-makers surveyed said that their organization has experienced revenue growth due to digital business (35%) – and this increases to 50% for those organizations that are in the digital maintenance stage. On average overall, organizations increased their revenue by 29%, up from 23% in 2018. The number or organizations that said they did not experience revenue growth decreased from 35% in 2018 to 26% this year. For many of these companies, their digital business initiatives may be so new that they are not yet able to calculate the actual numerical benefit.

35% OF ORGANIZATIONS HAVE EXPERIENCED REVENUE GROWTH DUE TO DIGITAL BUSINESS, AND ON AVERAGE THEY EXPERIENCE A 29% INCREASE

New product and service offerings drive revenue

Half of the companies that have experienced revenue growth attribute their success to their new product and service offerings, cited by 50% of ITDMs. This increases to 57% for enterprise organizations alone. Becoming a digital business also allows organizations to have a greater ability to innovate and seize new opportunities. Nearly half of IT decision-makers say that this was the primary cause of their organization's revenue growth (49%). Similarly, 42% of respondents say their organization experienced revenue growth due to the new capabilities they provide.

CIOs Still Lead Digital Transformations

When looking at each transition phase of digital business – which includes developing a business strategy/roadmap, change management, and data management strategy – the CIO is still in charge of most phases within their organization. The only exceptions of this is when developing a workforce strategy (41% say the CEO leads this stage while 36% say the CIO) and determining the metrics of success (47% CEO vs. 36% CIO), which are more often under the purview of the CEO.

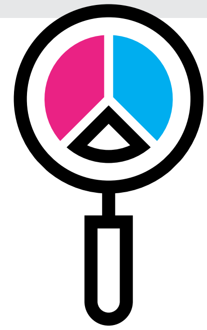
Conclusion

Digital transformation has now become a business imperative for most organizations. Almost half of organizations have already adopted a digital transformation strategy and more than a third are realizing its value. To do this, they're actively researching or implementing solutions around new technologies such as 5G, artificial intelligence, machine learning and the Internet of Things. With new technology comes increased productivity, which requires organizations to change internal processes and improve skills and culture. Measuring the success of digital transformation really comes down to bettering customer experience and improving employee productivity.

METHODOLOGY

IDG'S 2019 DIGITAL Business survey was conducted across the audiences the B2B brands CIO, Computerworld, CSO, InfoWorld, and Network World. The results are based on 702 responses from individuals whose organizations have plans to adopt/or already launched a "digital-first" approach. The majority of respondents have executive IT roles (59%) and represent a diverse industry set including technology, financial services, services (legal, consulting real estate), manufacturing, education; healthcare, government/non-profit, Telecommunications & Utilities, and Retail, Wholesale, Distribution.

EXAMINING THE **MARKETPLACE**



Research is a valuable tool in understanding and connecting with customers and prospects. Our research portfolio explores our audiences' perspectives and challenges around specific technologies – from analytics and cloud, to IoT and security – examines the changing roles within the IT purchase process, and arms tech marketers with the information they need to identify opportunities. **To see what research is available, visit idg.com/tools-for-marketers. For a presentation of full results from any of these studies and to understand how we can help you engage this audience, contact your IDG sales executive or go to idg.com/contact-us.**

Want to know more about what content drives IT decision-makers and fuels their engagement during the IT purchase process? IDG's Customer Journey poster, and vertical white papers serve as your content marketing guide to strategically reach your target customers. **Find it all on www.idg.com**.

BUYING PROCESS

Each year we take a deep dive into the enterprise IT purchase process to learn more about who is involved and who influences decision-making, what sources purchasers rely on to keep up to date with technology—and throughout the purchase process—and how they want to work with vendors.

- **Role & Influence of the Technology Decision-Maker**
  The annual IDG Role & Influence of the Technology Decision-Maker survey is conducted to gain insight into the evolving role and influence of IT decision-makers in today's corporations. The research examines the involvement of IT decision-makers during each stage of the IT purchase process and the primary influences and information sources they rely on.

- **Customer Engagement**
  The IDG Customer Engagement survey looks at the role content consumption plays in the purchase process for major technology products and services, and provides insights to IT marketers to map their engagement touch-points to customers information needs. The survey looks at how a wide variety of content types are used throughout the individual stages of the IT purchase process and how that content is consumed, discussed and shared.

TECHNOLOGY INSIGHTS

Each year we explore the technologies that are top of mind among our audiences to understand the business challenges, drivers, and adoption within the enterprise. Each research study is designed to help IT marketers understand what their customers are focused on and where the market is moving.

- **Role & Priority Studies**
  Architect Persona
  CIO Tech Poll: Economic Outlook
  CIO Tech Poll: Tech Priorities
  Developer Persona
  State of the CIO
  State of the Network

- **Technology Specific Studies:**
  Big Data & Analytics
  Cloud Computing
  Cyber Security Watch Survey
  Digital Business
  Global Information Security Survey
  Security Priorities
  Unified Communications & Collaboration

CUSTOMER JOURNEY POSTER

Want to know which content drives IT decision-makers and fuels their engagement during the IT purchase process? IDG's Customer Journey poster serves as your content marketing guide to strategically reach your target customers. **Request a copy of the poster at www.idg.com/tools-for-marketers/customer-centric-marketing/**