

Digital Transformation in 2023:

The background features a dark blue gradient with a complex digital pattern. It includes vertical lines, a wavy line of small white dots, and several teal-colored arrows pointing in various directions. The main title is centered in large, white, bold, sans-serif font.

# THE RISE OF DIGITAL MATURITY

# Introduction

For years, many organizations have recognized the need for digital transformation, but were slow in driving widespread change as they focused on early adoption of the digital tools necessary to address specific short-term business needs.

The pandemic changed everything. Many customer and employee experiences became digital overnight.

These new ways of operating required organizations to fast-track their digital transformation strategies to remain competitive. While acceleration encouraged innovation, risk-taking, and improved customer and employee engagement in the short-term, it also created an immediate imperative for enterprises to focus on their digital maturity.

## DIGITAL MATURITY:

The ability to adapt business, people, and experiences with new tools and platforms to maximize the value created from digital transformation.



Today, the cracks resulting from the rapid adoption of technology are beginning to show as far too many organizations struggle with immature or undeveloped digital cultures, skills, and strategies—all leading, in turn, to poor utilization of the technologies so rapidly adopted. The accelerated focus on technology expansion in recent years proves what those in tech have known for some time: Project failures too often result from underestimating the impact of digital acceleration on people and culture.

The good news is that there is an increasing organizational awareness of the critical, non-technical imperatives for digital success—leadership, skills, talent development, and the need for improving communications between tech and non-tech workers.

Three years after the pandemic began, organizations are beginning to come up for air and assess where they are in their digital maturity journey and the impact on their future strategy.

This report reflects the thoughts and experiences of 877 digital transformation decision makers who responded to CTG's third annual digital transformation survey. We spoke with decision makers in the United States, the United Kingdom, Belgium, France, and Luxemburg who, despite their geographic differences, revealed similar experiences with digital transformation.

Among the takeaways:

- **Digital acceleration does not equal digital maturity**
- **Improving digital culture is vital to digital transformation success**
- **Making digital investments in innovations, platforms, and tools remains a priority**

Here's what we heard. >>>





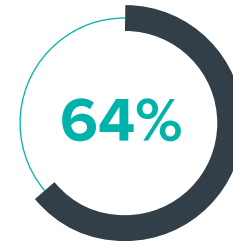
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# 01 | Digital Acceleration ≠ Digital Maturity

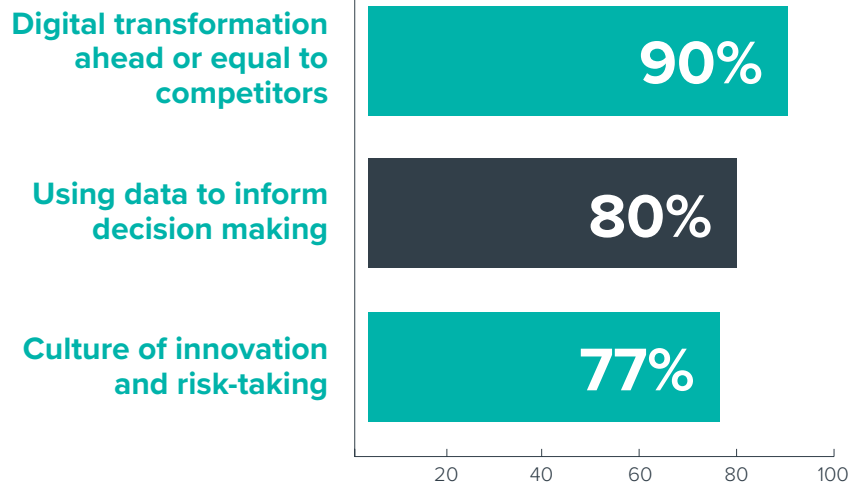
Research findings suggest that while many respondents believe they are ahead of the competition in adopting digital transformation, they still have a lot of work to do to maximize the benefits.

These results illustrate decision makers' tendencies to confound and conflate digital maturity with digital acceleration. The research also highlights the danger in failing to recognize the difference—that merely adopting more digital technology faster is fraught with risks.



of survey respondents report their organization **accelerated digital transformation** initiatives during the pandemic

Survey data also implies very few digital transformation decision makers are ready to admit when their organization needs help defining digital transformation or feel their organization is behind its competitors. In fact, the majority of **respondents characterized their organization as above average or excellent** in the following areas:



But these numbers only tell part of the story.

Even with these higher self-reported levels of confidence, most respondents also report **serious challenges** that clearly reflect **lagging digital maturity**.

➤ A staggering **85%** reported **at least one digital transformation-related challenge** that led to compromised or poor performance

➤ Among those **affected by compromised or poor performance...**

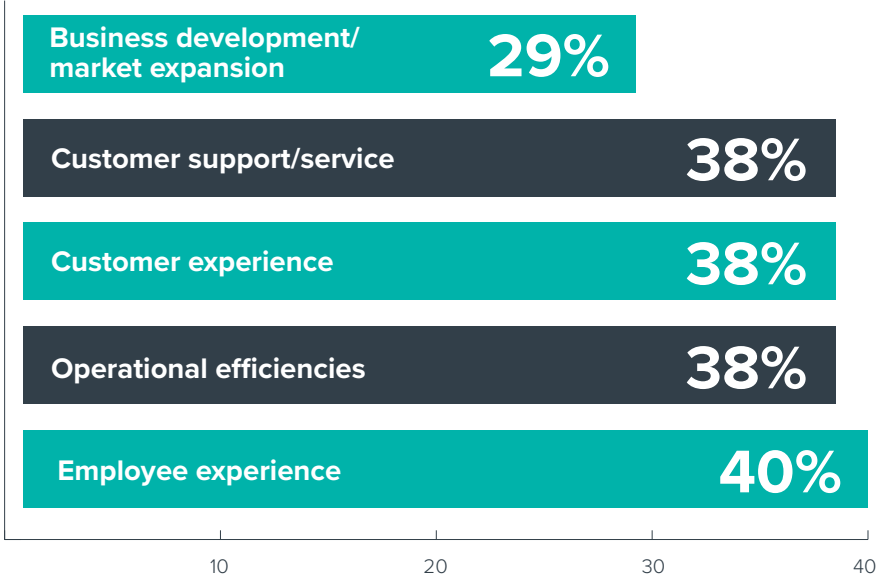
**59%** report **revenue losses of \$250K or more** in the last year as a direct result

**14%** report **revenue losses of \$1M or more** in the last year as a direct result





The most common areas of reported **digital transformation challenges resulting in poor or compromised performance** include:



Decision makers not only report revenue losses, but also **productivity losses that consume 15% or more** of productive work hours in a week:<sup>1</sup>

- 33%** report losing six or more hours in productivity due to **outdated or inefficient technology**
- 34%** report losing six or more hours in productivity due to **collaboration and communication difficulties**

Despite respondents feeling confident in early adoption of technology, frequent setbacks—specifically revenue loss, operating inefficiencies, and poor employee and customer experience as noted above—demonstrate they still have work to do in order to achieve true digital maturity.

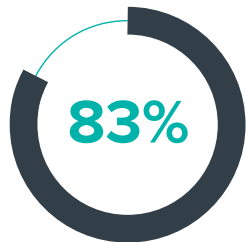
1. This figure is based on a 40-hour work week.

## 02 | Improving Digital Culture

Part of mastering digital maturity lies in improving an organization's digital culture. Data indicates an increasing awareness of the important role of digital cultures in determining digital transformation success. Notably, respondents' observations align clearly with a common digital transformation theme in recent media and thought leadership: **successful digital transformation occurs at the intersection of technology, people, and users' digital experiences.**



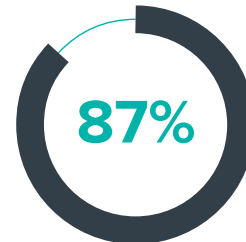
The majority of survey respondents agree that improving collaboration and alignment between non-IT and IT-focused workforces is critical in today's increasingly digital workplace. Both were reported as major 2023 priorities as businesses look to advance their digital transformation initiatives. Several additional strategic priorities were identified consistently as key to improving digital cultures:



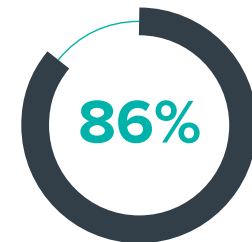
**Implementing platform technologies that improve real-time collaboration and efficiencies** (notably in the reduction of video, conference, and phone calls) for dispersed workforces



**Developing digital skills in non-IT workers** to help ensure successful adoption of digital transformation



**Improving IT team members' abilities to communicate with non-IT personnel** about digital transformation, in layman's terms



**Increasing IT upskilling and digital literacy among non-IT professionals**, which will be critical to future success in their company

And, executive leaders aren't immune from being encouraged to collaborate. Nearly a quarter of respondents (**23%**) suggest that **closer engagement by executive leadership** with the IT workforce on **digital transformation challenges would improve and encourage** the successful adoption of **digital transformation** within their organization.

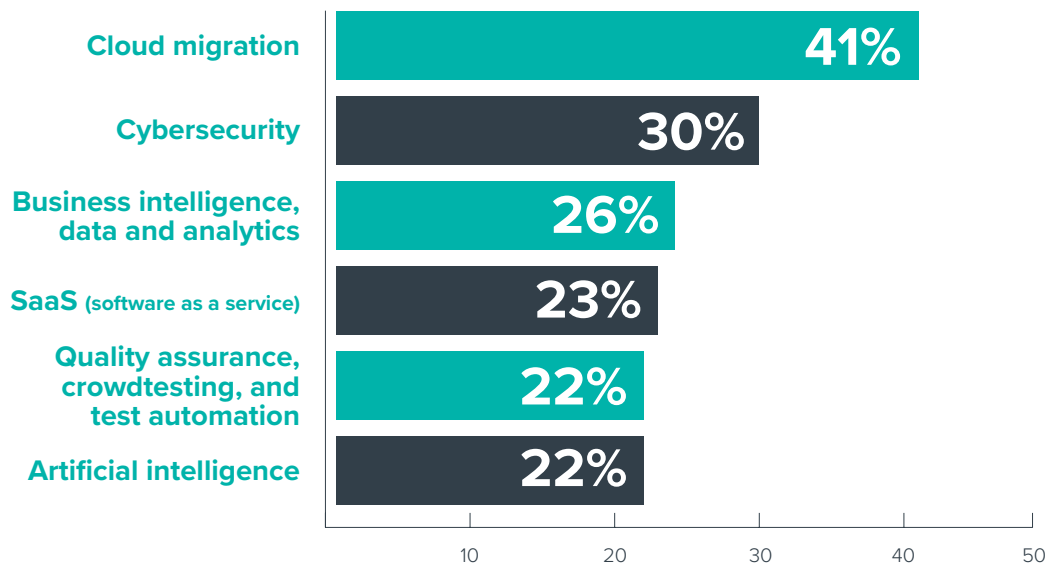
## 03 | Prioritizing Technology Investments

As organizations increase their focus on digital maturity, they must also continue to keep up with new digital innovations, platforms, and tools, such as automation, artificial intelligence, and machine learning.

Respondents provide a view into the key technologies decision makers in the digital transformation space are considering to improve digital execution.

Results reflect an increasing appetite to leverage **cloud computing** for **greater business and technology agility**; the need for **improved data insights** to **drive smarter decision making**; and the **concern** that this must all happen **against a cybersecurity threat landscape** that becomes more challenging as digital technologies proliferate.

Investments that **rose to the top** included:



Survey responses also clearly underscore that **specialized talent is considered a critical investment** by the majority of surveyed decision makers in maximizing today's digital technology investments.

**95%** of surveyed decision makers indicate they will **need to hire more talent or upskill their current workforce** in specific areas of IT in the next 12 months

**91%** **plan to outsource tech services**, such as cloud migration and cybersecurity, to a third party





As organizations weigh the benefits and drawbacks for expanding their current IT workforce or outsourcing responsibilities to a third party, there is a parallel—and growing—concern over **retaining a strong, digitally astute workforce.**

Immature, unclear, or struggling digital transformation strategies appear to hurt worker retention. A notable share of respondents express **difficulty retaining workers due to an immature or underdeveloped** digital transformation strategy.

↗ **47%** have **difficulty retaining IT workers** because their digital transformation strategy is immature or underdeveloped

↗ **39%** of decision makers have **difficulty retaining non-IT workers** because their digital transformation strategy is immature or underdeveloped

By recognizing workers' pain points within the organization's digital transformation strategy, decision makers can better identify and act on solutions to progress toward greater digital maturity.

## 04 | Conclusion

The results from CTG's third annual digital transformation decision maker survey bring forth consistent, clear factors in **measuring an organization's digital maturity and resulting ability to extract the full benefits and value from digital transformation**:

- **Identify potential failure points** and **understand the integration needs for new technologies** across different prioritized business processes.
- Determine the **most critical technical and non-tech skills** necessary for your organization to gain the most value from new technology. Digital acceleration enables **new, data-driven insights and decision making**, but employees must adapt to these new tools in order to see their advantages and experience their benefits.
- **Ensure leadership buy-in and participation** to demonstrate that digital transformation is a strategic business imperative driven from the top.
- **Communicate early and often about the digital strategy** and **expected impact of digital accelerators** such as automation, artificial intelligence, and machine learning.
- Assess the **need for new agile structures and methodologies**.



The pandemic ushered in rapid digital acceleration, but as the pandemic winds down and businesses return to a new normal, digital acceleration remains a priority. **Digital leaders must** continue to **improve alignment between workers** with varying levels of **tech literacy, new technology adoption, and digital maturity** to prevent digital acceleration from creating more challenges than it solves. This alignment will ultimately maximize the benefit of new technology investments and achieve more successful digital transformations.

Failing to achieve alignment carries risk of significant consequences that yield lost revenue and productivity, poor customer engagement, challenged talent retention and attraction efforts, decreased employee collaboration, and more. While organizations that achieve alignment will continue to reach new levels of digital maturity and unlock the sustainable business value from digital transformation, organizations that fail to achieve alignment risk falling behind.

CTG accelerates digital transformation and enables companies to achieve the business and technology benefits they need to compete and innovate. Hear from our clients directly how we help organizations stay ahead of the digital curve in this brief [Three Client Stories](#) video.

Looking to accelerate your digital journey? No matter the challenge or strategic imperative, CTG experts have been serving as trusted advisors for nearly 60 years; [contact our experts today](#) to create your unique path forward.



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#### Methodology

CTG commissioned Atomik Research to conduct an online survey of 877 digital transformation decision makers throughout six international markets — the United States, Belgium, France, the United Kingdom, Canada and Luxembourg.

All decision makers report holding full-time employment within industries such as BFSI, fintech, manufacturing, retail, health, life sciences,

automotive, transportation, logistics, government/public sector, hospitality, utilities, telecom, power, energy, oil, gas, or consumer packaged goods. Decision makers indicated their employing organizations to have revenues ranging from \$50 million to more than \$5 billion and consisting of 250 to over 5,000 employees. Fieldwork took place between January 23 and February 7, 2023. The margin of error for the overall international sample is +/- 3.3 percentage points with a confidence level of 95%.

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