

A Custom Technology Adoption Profile Commissioned By Microsoft | March 2017

Accelerating Digital Transformation With Technology

How Technology Can Bridge The Divides That Can Hinder A Digital Strategy

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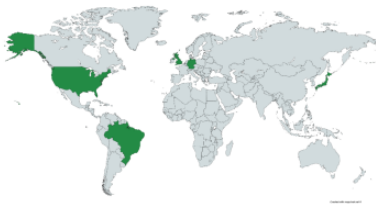
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Introduction

While enterprises worldwide embrace digital experiences to meet rising customer expectations, they also apply digital transformation strategies to remain competitive and drive revenue growth. At the same time, these businesses must embrace technology that is capable of increasing operational agility in order to support these evolving customer experiences. However, many enterprises fall short in their digitization efforts, employing limited strategies that “bolt on” digital enhancements to yesterday’s traditional business. These organizations fail to capitalize on the full potential of digital to create new sources of customer value, and they risk losing customers. As a result, successfully leading digital transformation requires an understanding of which paths lead to success.

In February 2017, Microsoft commissioned Forrester Consulting to better understand how enterprises across the globe are pursuing digital strategies. This study focuses on the outcomes they sought, the challenges they faced, and the improvements they are realizing. More specifically, this study highlights the role that technology has played in accelerating digital transformation efforts — showcasing specific benefits received by incorporating key technology pieces into the overall business strategy.



Regions

- › **20%** US
- › **20%** Brazil
- › **20%** United Kingdom
- › **20%** Germany
- › **20%** Japan



Company size

- › **17%:** 500 to 999 employees
- › **34%:** 1,000 to 4,999 employees
- › **30%:** 5,000 to 19,999 employees
- › **19%:** 20,000 employees or more



Seniority

- › **16%:** CEO / president / managing director
- › **21%:** Other C-level executive
- › **14%:** Vice president
- › **49%:** Director or manager

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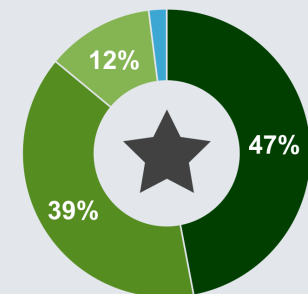
Digital Transformation Efforts Are Underway For Most Enterprises Worldwide

Organizations worldwide are clearly making digital transformation a priority. Indeed, 86% claim to have at least some form of a strategy in place. However, only 47% feel they are “Transformers” — pursuing a full strategy that lays out how their organization will use digital assets to create new sources of value for their customers to drive revenue growth in the future and create operational agility in service of customers. Thirty-nine percent are still limiting themselves as “Bolt-Ons” — bolting digital elements to their existing business models.



What best describes your organization's digital transformation strategy?

- Full strategy
- Limited strategy
- No strategy now; in the process of developing one
- No plans to develop strategy



Base: 253 global non-IT technology and business decision makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2017

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Enterprises That Fail To Build Out A Full Digital Transformation Strategy Miss Out On The Big Picture

Not taking the opportunity to fully embrace transformation presents challenges. Those pursuing a limited digital transformation strategy — Bolt-Ons — tend to focus on smaller, more tactical initiatives, seeing digital as a project. Meanwhile, those that embrace the full possibilities of digital transformation to reinvent their companies — Transformers — understand digital is more comprehensive, and they focus on shifting the entire business culture.



Which of the following initiatives are part of your organization's business strategy?

■ Transformers (N=120)

■ Bolt-Ons (N=98)

Appointing executive to lead digital transformation

28%
17%

Making acquisitions or engaging in joint ventures around digital tech

21%
11%

Changing organizational culture to support digital transformation

37%
27%

Creating a team to experiment with digital transformation initiatives

30%
23%

Creating new products or services using emerging tech

29%
22%

Adding technology capabilities to marketing

33%
37%

Creating more agility in your business using technology

38%
43%

Using systems of insight/analytics to improve customer outcomes

32%
38%

Improving employee collaboration and responsiveness to customers

38%
47%

Using systems of insight and analytics to improve productivity

33%
43%

Base: global non-IT technology and business decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2017

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Challenges With Technology Integration Are More Likely To Plague Bolt-On Companies

Bolt-Ons struggle more than Transformers with overcoming barriers to digital transformation. They particularly struggle when integrating technology into their business strategy. Bolt-Ons are 88% more likely to state that their systems are less agile, 68% more likely to use data in different ways across their organization, and 50% more likely to face a technology skills shortage than Transformers.



Which of the following are either potential or actual barriers experienced to your organization's integration of technology into your business strategy?

■ Transformers (N=120)

■ Bolt-Ons (N=98)

Lack of agility in our technology infrastructure / operations

16%

30%

Differing uses of data across departments in the organization

16%

27%

Lack of appropriate technology skills companywide

18%

27%

Base: global non-IT technology and business decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2017

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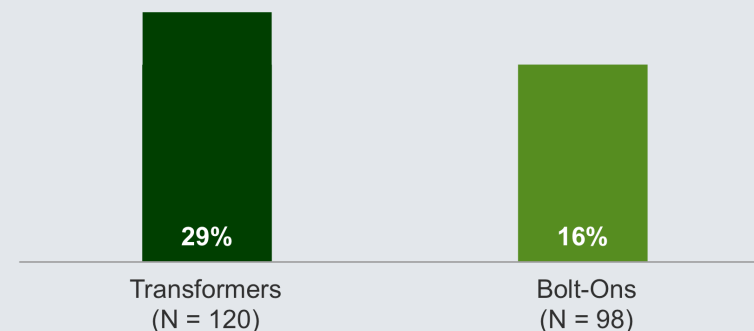
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Transformers Are 81% More Likely To Incorporate Technology Solutions Into Their Strategy

Bolt-Ons should prioritize overcoming their technology integration struggles, as technology may help mitigate these overall challenges and deliver benefits. Indeed, Transformers are more likely to integrate technology solutions for their business strategy than Bolt-Ons — 29% of Transformers factor in CRM, ERP, BI, and productivity technology into their business strategy compared with only 16% of Bolt-Ons.



Which of the following technology solutions are currently considered part of your organization's business strategy?



Base: global non-IT technology and business decision makers (showing those who have adopted productivity, CRM, ERP, and BI platforms as part of their overall business strategy)
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2017

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CRM, ERP, BI, And Productivity Solutions Unlock Key Business Benefits

Those adopting CRM, ERP, BI, and productivity technology as part of their overall strategy are significantly more likely to have experienced a number of key business benefits. They credit their technology configuration with delivering an entire host of benefits, from operational gains in efficiency (58%), nimbler internal operations, (43%) and increased employee productivity (49%) to greater customer engagement (62%), retention (57%), and acquisition (45%).



Which of the following benefits have you experienced from your current use of technology within your business strategy?

Technology Adopters (N=53)

All Others (N=200)

Increased customer engagement



Increased operational efficiency



Increased customer retention



Increased innovation



Development of new revenue streams



Increased customer acquisition



Increased brand recognition



More nimble internal operations



Increased overall revenue



Increased employee productivity



Base: global non-IT technology and business decision makers

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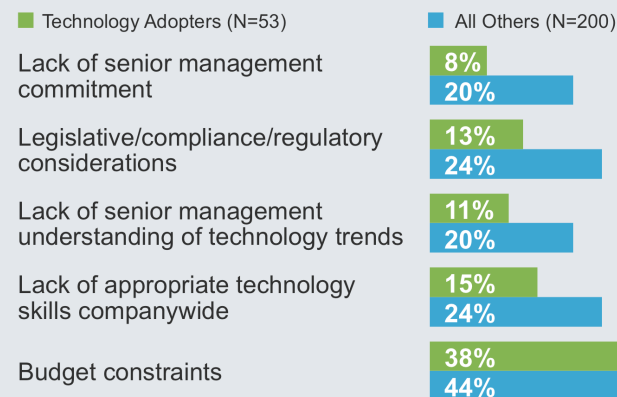
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Weaving Technology Into Strategy

Those who include CRM, ERP, BI, and productivity technology in their strategy are more likely to have secured senior leadership commitment, bridged the skills gap, and be more open to change.



Which of the following are either potential or actual barriers experienced to your organization's integration of technology into your business strategy?



Base: global non-IT technology and business decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2017

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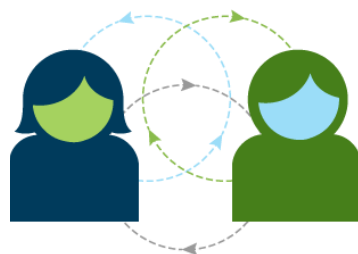
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Silos Must Be Bridged In Order To Reap The Rewards From Technology

To unleash the full power of technology as a driver of revenue growth, firms must overcome the silos that prevent them from harnessing insights across the enterprise. This requires expanding processes as well as technology: Decision makers agree that connecting employees across departments with real-time communication technology (89%), democratizing access to data (83%) and intelligence (81%), and connecting both customer-facing (87%) and employee-facing (84%) technologies together on a single platform can effectively help decision makers overcome the silos that impede a successful technology integration.



How effective would the following be for overcoming organizational / departmental silos that exist in a company's efforts to fully integrate technology into business strategy?

Connecting employees across departments with real-time communication technology **89%**

Democratizing access to improve the employee and customer experience **87%**

Connecting customer-facing technology to deliver an improved customer experience **87%**

Connecting employee-facing technology across departments on a single platform **84%**

Democratizing access to data so more employees can make data-driven decisions **83%**

Democratizing access to intelligence to make better decisions in real time **81%**

Base: 253 global non-IT technology and business decision makers (Showing those selecting "Singulary effective," "Highly effective," or "Moderately effective")

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The digitized business strategy pursued by Transformers reaps rewards for senior-level decision makers who seek to transform their business into a digital business. The greatest benefits accrue to digital strategies that cover all aspects of an organization, especially by creating new sources of customer value. Indeed, the all-encompassing strategy that Transformers pursue is like a racecar, while the strategy that Bolt-Ons pursue — tacking on digital elements to existing strategies — is like tacking on a spoiler to a minivan. Leaders deploy a variety of technologies in service of customers and in bridging the gaps across departmental divides that stymie many transformations. Challenges exist and must be surmounted, but improvements to customer acquisition, retention, and revenue growth suggest a transformation strategy is needed for survival.

METHODOLOGY

This Technology Adoption Profile was commissioned by Microsoft.

- › To create this profile, Forrester developed custom survey questions asked of 253 non-IT technology and business decision makers in the US, the UK, Germany, Brazil, and Japan, representing companies with 500 or more employees.
- › The custom survey was completed in February 2017. For more information on Forrester's data panel and Tech Industry Consulting services, visit forrester.com.

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