



The Evolving State of Digital Transformation

Six Key Digital Transformation Trends Indicate Increasing Digital Maturity

90%

of companies list customer-facing initiatives such as digital marketing among their top business goals for transformation

80%

of transformations intend to self-fund¹ via existing digital initiatives

75%

of transformations are on the agenda of the CEO/ExCo leadership throughout the initiative's life cycle

70%

of transformations are sponsored by business leadership rather than the CIO or CTO

65%

of companies undergoing transformation have a dedicated chief digital officer in place

35%

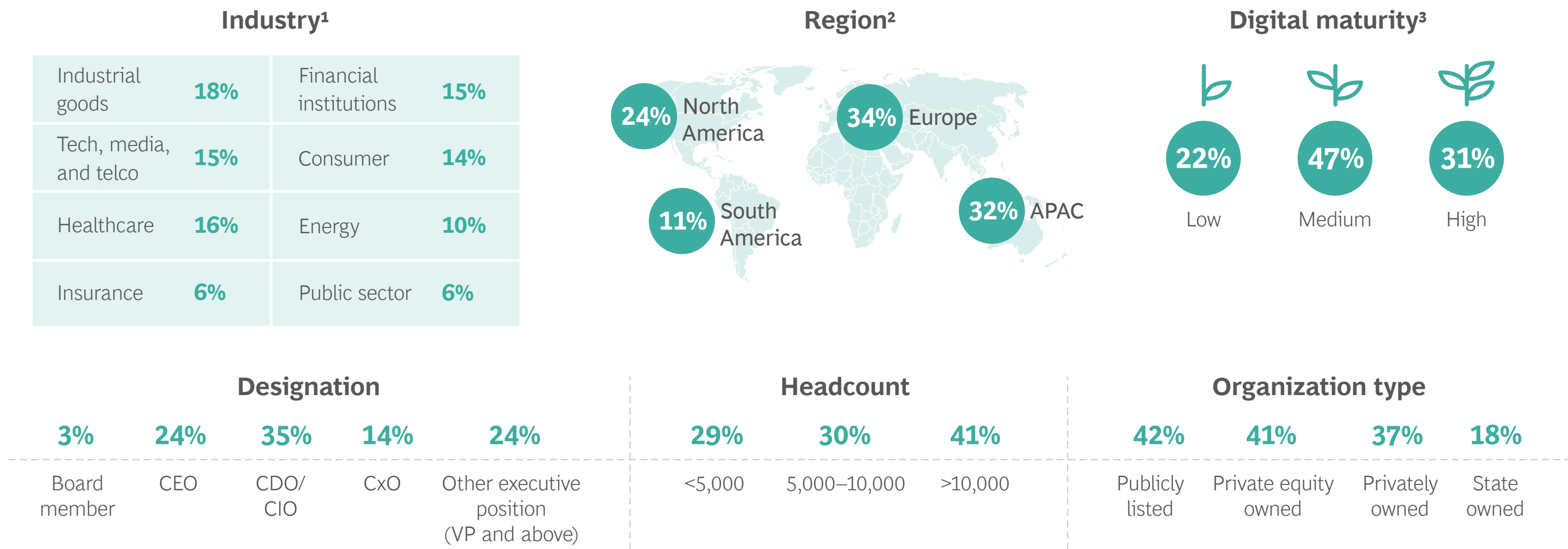
of companies view digital technology as disruptive to their business model

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Includes partial self-funding.

We Surveyed 825 Leaders Experienced in Digital Transformation



Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825. Responses were collected from organizations with minimum total annual revenues of US \$500 million, except for India (US \$250 million). CDO = chief digital officer, CxO = other C-level executives.

¹Responses were collected at the subsector level and then aggregated as per BCG industry verticals.

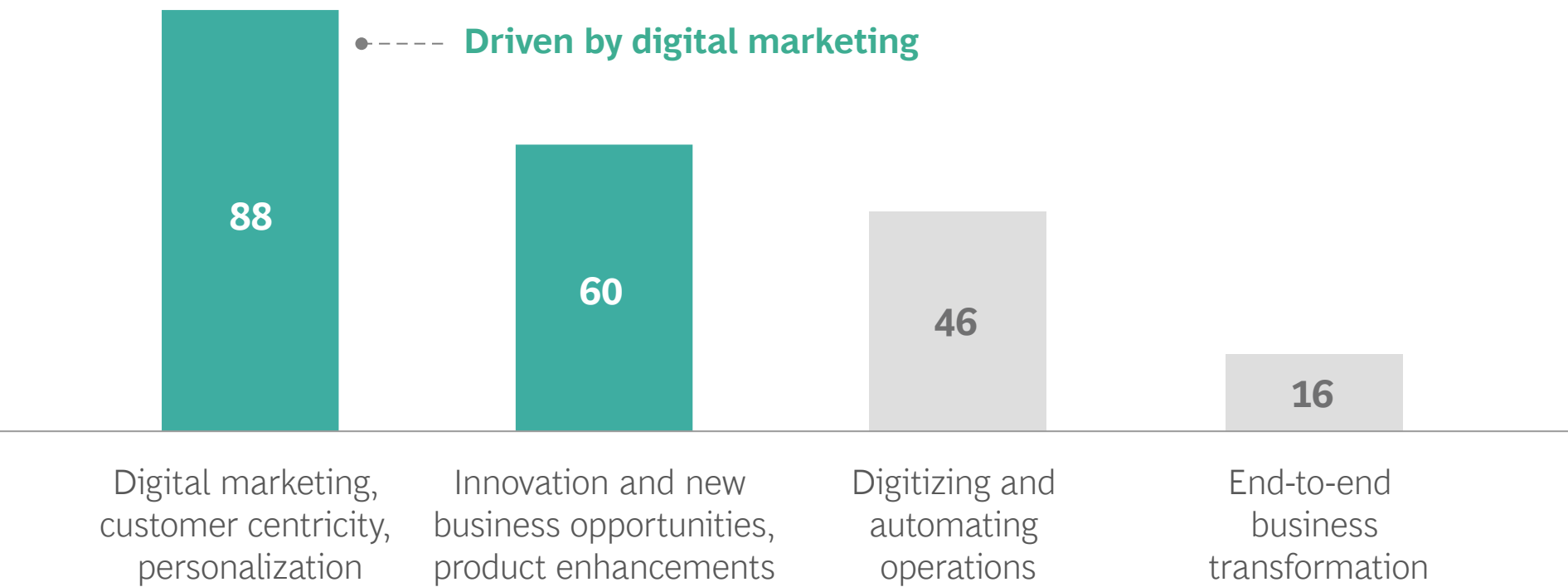
²Responses were collected from APAC (Australia, China, India, Japan); Europe (France, Germany, Italy, UK); North America (Canada, US); and South America (Brazil).

³Maturity was determined by assessing the readiness level across aspects that included digital awareness, vision, leadership mindset, talent, ways of working, technology capabilities, and data strategy.

Around 90% of Companies Now List Customer-Facing Goals Among Their Top Business Objectives for Digital Transformation

Digital transformation is increasingly focused on revenue generation and getting closer to customers rather than the traditional focus on cost-cutting

Percentage of respondents by focus of business goals in their transformation initiatives¹



Companies typically pursue focused, discrete goals over end-to-end business transformation

“We see a big change in the way people connect to us, and that’s entirely enabled through digital.”

—CIO of a Dutch electronics company

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).
Note: N = 825.
¹Respondents were asked to select the specific goals of their previous digital transformation.

Around 80% of Transformations Aim to Self-Fund¹ Through Revenue Generated or Costs Saved via Digital Initiatives

We see increased adoption of self-funding over the past three years

~50%
2017

Gartner 2017
CEO survey²

~80%
2020

BCG Global
2020 survey³

Adoption of self-funding varies by sector and age of company

- Higher adoption (~85%) among younger companies
- Lower adoption (~65%) in public sector

Identifying short-term, measurable “lighthouse” initiatives that deliver rapid value is critical

“Ensuring that the transformation was at least partially self-funding helped us drive continued excitement and support across the organization—all the way from the board to the working team.”

—BCG case experience with a leading European bank

Sources: 2017 Gartner CEO and Senior Business Executive Survey; BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

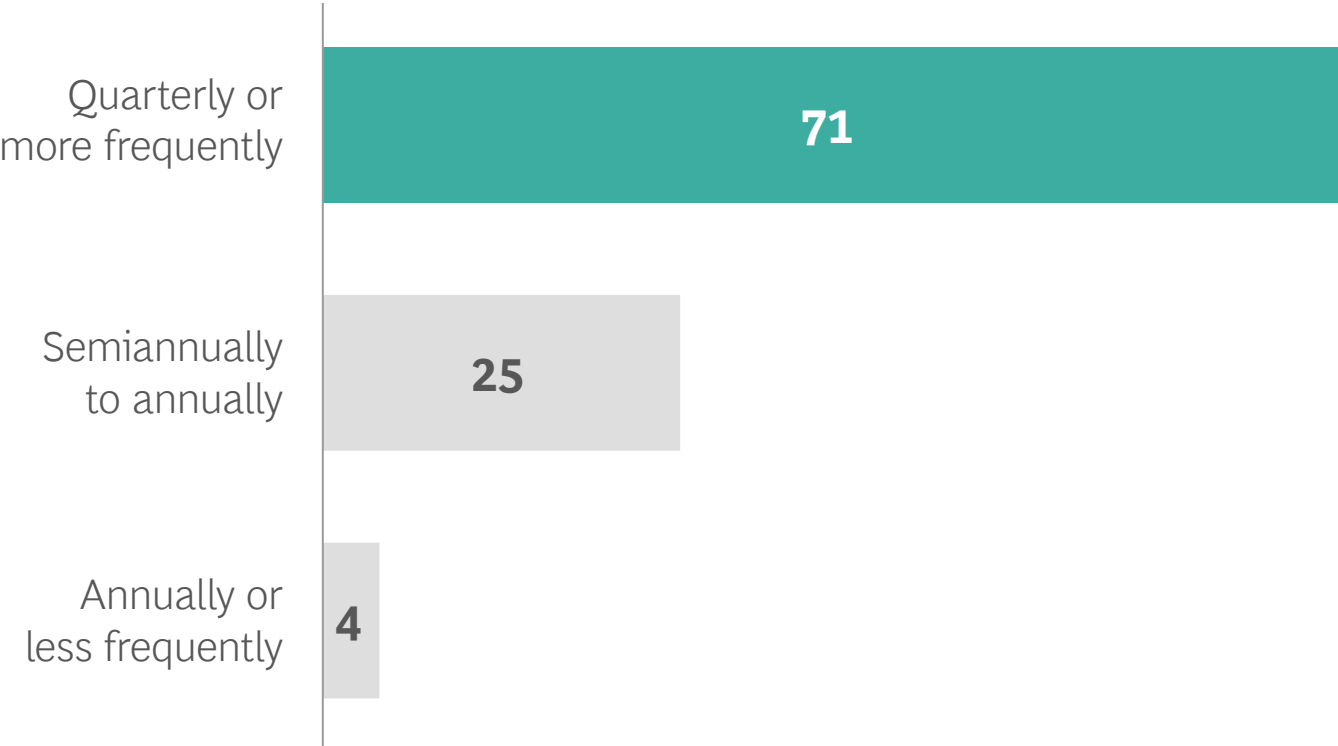
¹Including partial self-funding.

²In 2017, 50% of CEOs reported the self-funding of digital transformations versus funding from existing budgets.

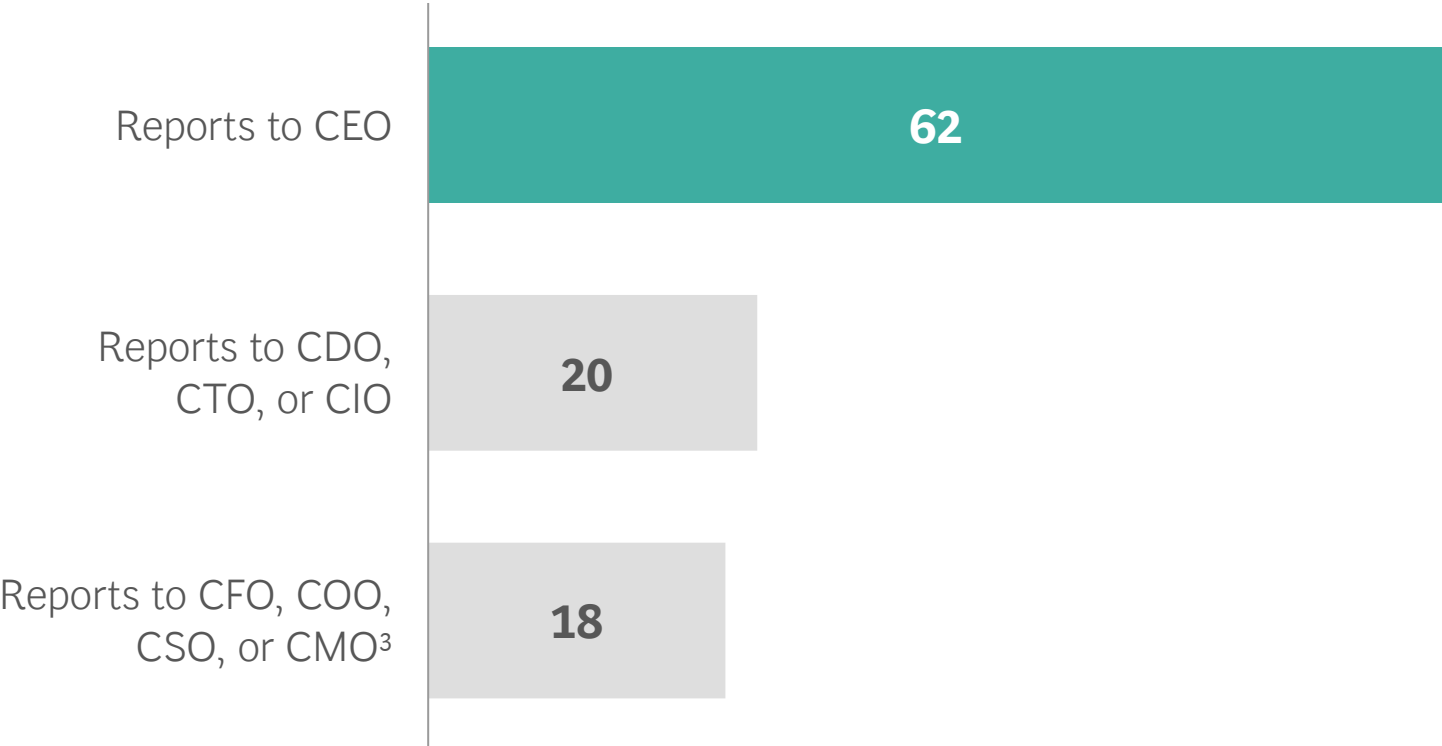
³Respondents were asked what the source of funding for their digital transformation was; multiple sources were allowed, indicating a combination of self-funding and other sources.

75% of Transformations Are on the Agenda of the CEO/ExCo Leadership Throughout the Initiative's Life Cycle¹

How closely does senior management monitor digital transformation efforts? (%)²



Who did transformation leaders report to? (%)³

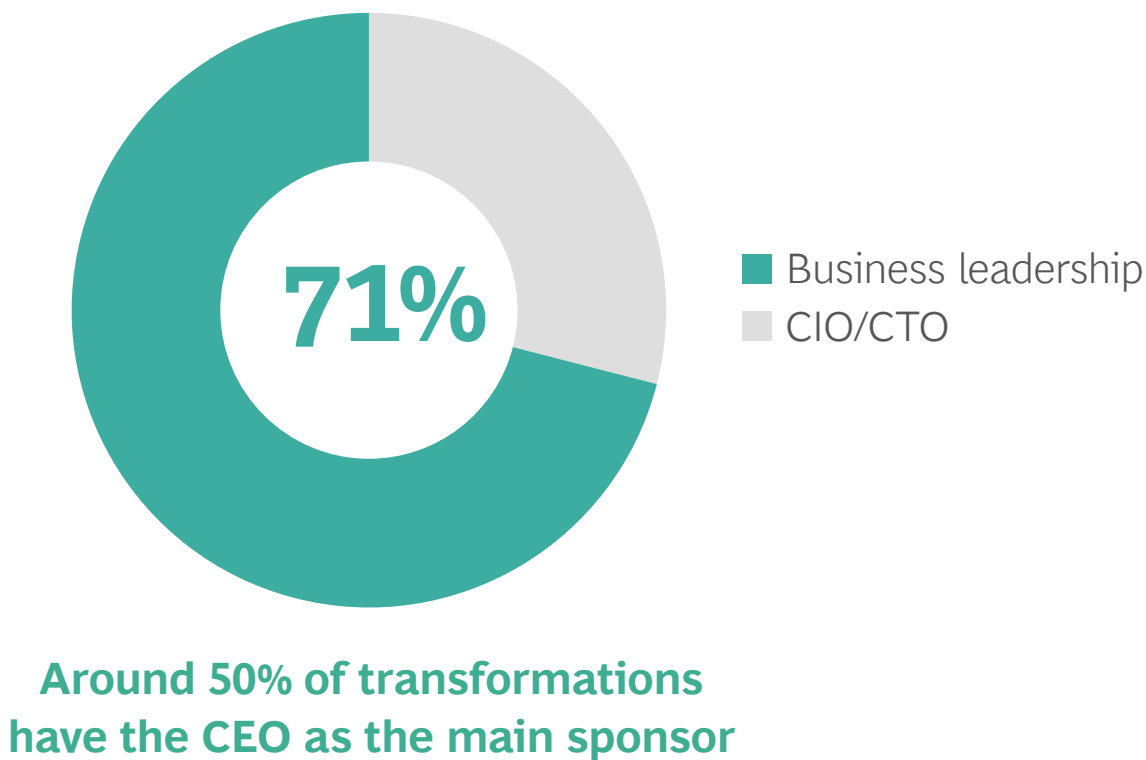


Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).
Note: N = 825. CDO = chief digital officer; CTO = chief technology officer; CIO = chief information officer; CSO = chief strategy officer; CMO = chief marketing officer.
¹Respondents were asked if their digital transformation was on the agenda of the CEO/ExCo (executive committee) leadership throughout its life cycle.
²Respondents were asked how closely the digital transformation was monitored by the most senior leadership.
³Respondents were asked who the transformation leader reported to.

Over 70% of Transformations Are Sponsored by Business Leadership Rather Than the CIO or CTO

The buying center should continue to shift as digital is increasingly embedded in the core business

Respondents, by main sponsors of the digital transformation¹



“When everyone talked about digital five to seven years ago, there was a lot of skepticism around it. It was largely the CIO’s responsibility. Now, everyone has woken up to the fact that digital is key, and CEOs and business leaders are actively driving it.”

—CIO of a multinational financial services company

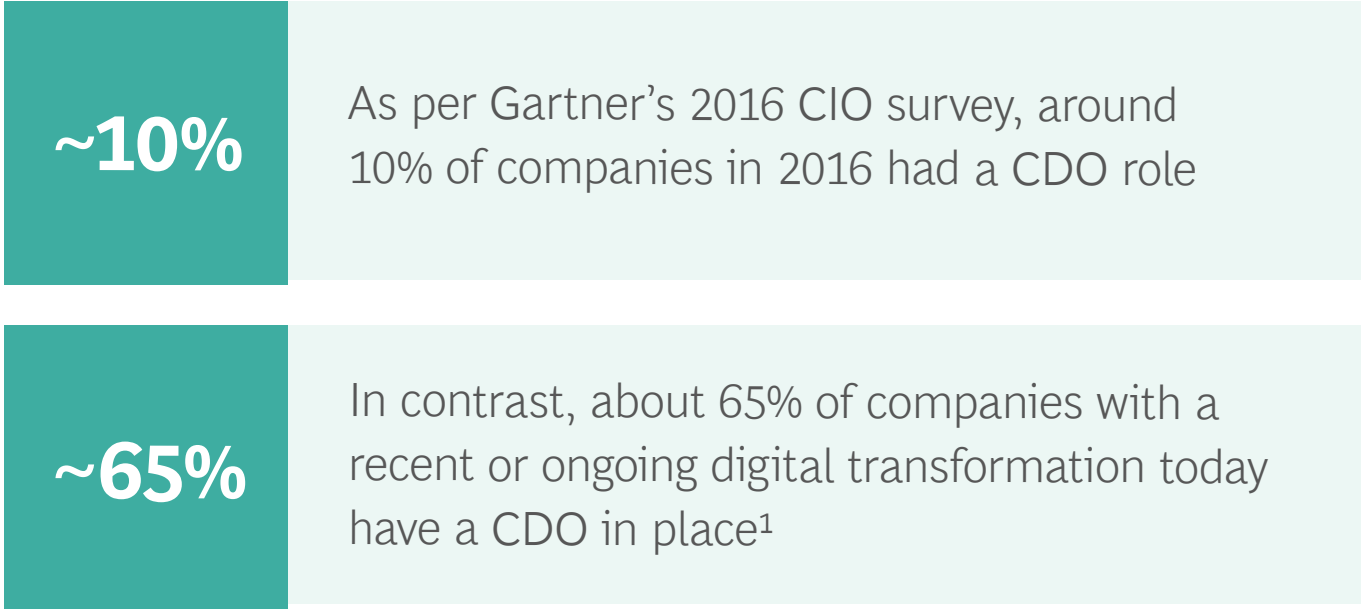
“I’m really proud of the fact that digital transformation has become an end-to-end enterprise endeavor. Our board is very keen on it, our executive team is very keen on it, and we’re really driving it as a group.”

—CIO of a US- and UK-based energy distribution service

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).
Note: N = 825.
¹Respondents were asked who the main sponsor of the transformation was.

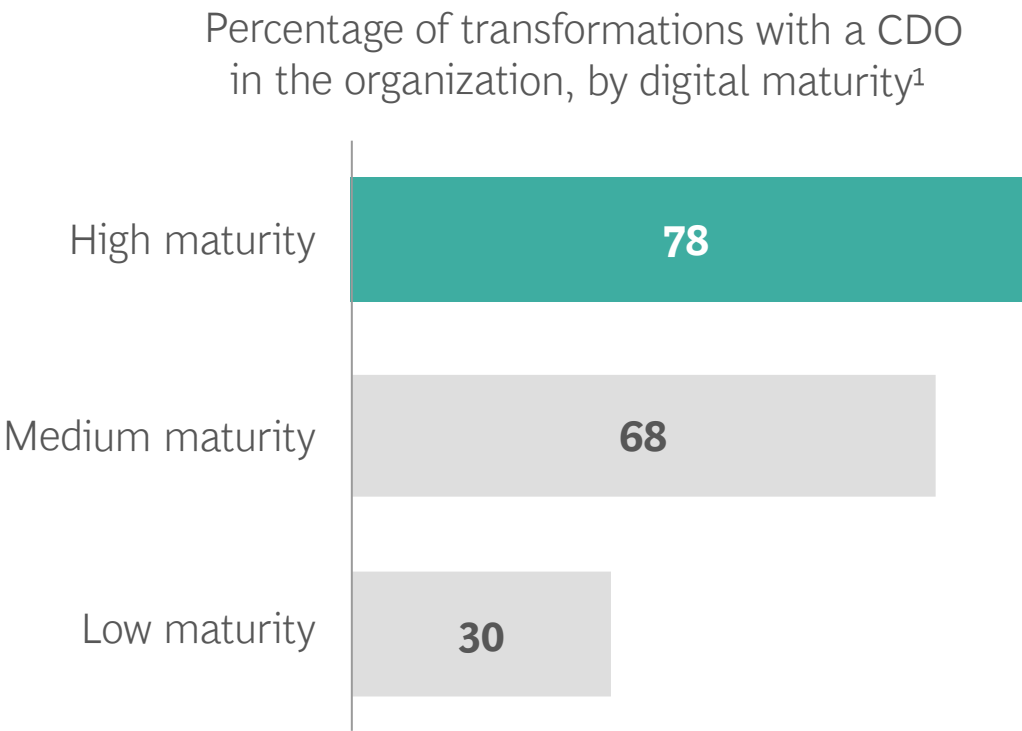
65% of Companies Undergoing Digital Transformation Have a Dedicated Chief Digital Officer in Place

Around 2/3 of companies with a recent or ongoing transformation have a CDO role¹



Higher adoption of CDO role seen in emerging countries (>75%)

The CDO role is more prevalent among companies that are high in digital maturity²



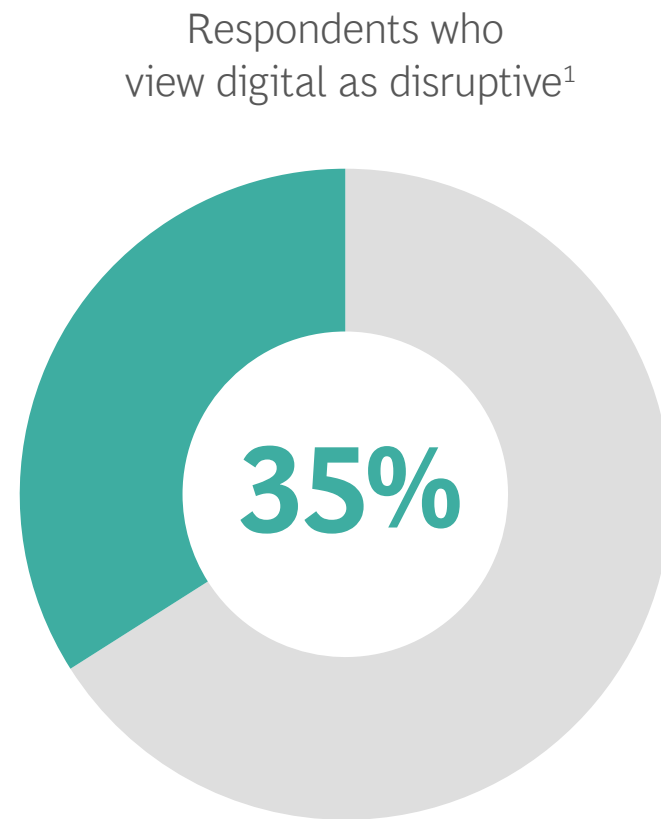
Sources: Gartner survey, “Building the Digital Platform: The 2016 CIO Agenda”; BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Respondents were asked whether they have a CDO in the organization.

²Maturity was determined by assessing the readiness level across aspects that included digital awareness, vision, leadership mindset, talent and ways of working, technology capabilities, and data strategy.

35% of Companies View Digital Technology as Disruptive to Their Business Model



Organizations increasingly recognize the potential of digital to generate significant shifts in their business models and value propositions

■ **Disruptive**

Digital technology has the potential to materially change our current business model or enable us to add new business models.

■ **Sustaining**

Digital technology helps us pursue our current business model more effectively.

Includes companies that either are not thinking through the potential of digital, or are so far advanced that digital is already core to business model

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

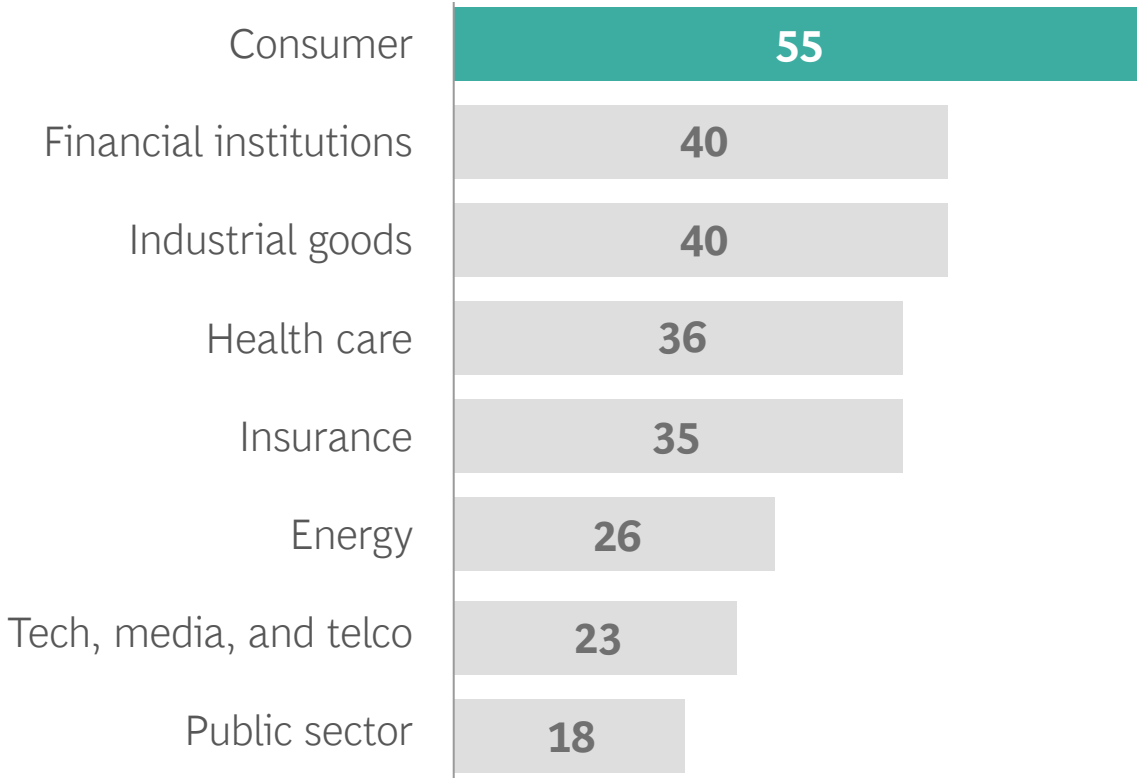
Note: N = 825.

¹Respondents were asked if the company views digital technology as disruptive or sustaining to its business model.

The View of Digital Technology as Disruptive Varies by Industry and Organization Type

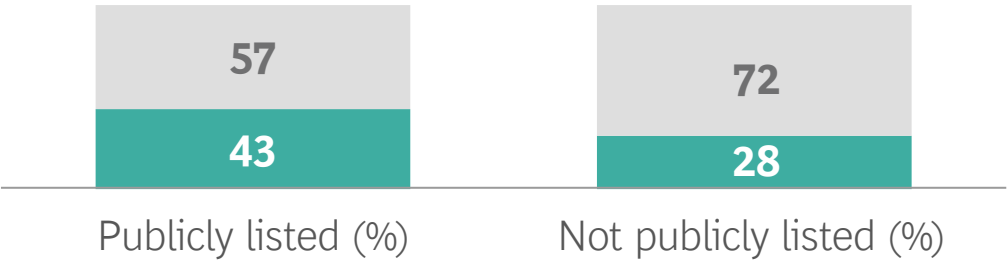
55% of consumer companies view digital technology as disruptive to their business model

Percentage of respondents viewing digital as disruptive¹



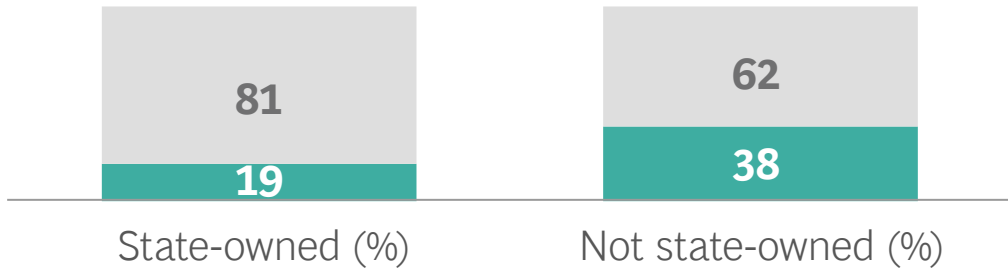
43% of publicly listed companies view digital technology as disruptive

Percentage of respondents viewing digital as disruptive¹



19% of state-owned companies see digital technology as disruptive

Percentage of respondents viewing digital as disruptive¹



Disruptive
Sustaining

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Respondents were asked if the company views digital technology as disruptive or sustaining to its business model.

Urgency for Digital Transformation Has Increased in Light of COVID-19



>80%

of respondents feel that digital transformation has become more urgent



~65%

of respondents anticipate increased investments in digital transformation



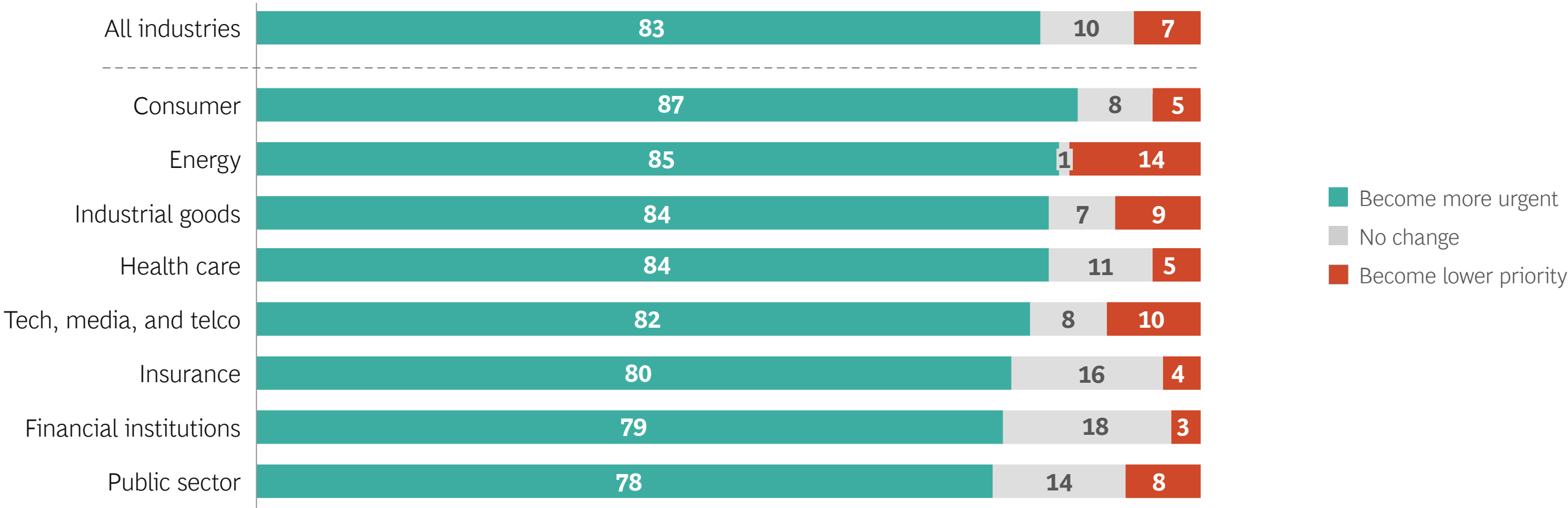
Initiatives around remote working at scale, cybersecurity, digital commerce and marketing, and automation are now higher priorities

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

While Digital Has Been a Top Priority for Several Years, 83% of Companies Now Plan to Accelerate Their Digital Transformation Efforts

Percentage of respondents by views on the urgency of digital transformation in light of COVID-19¹

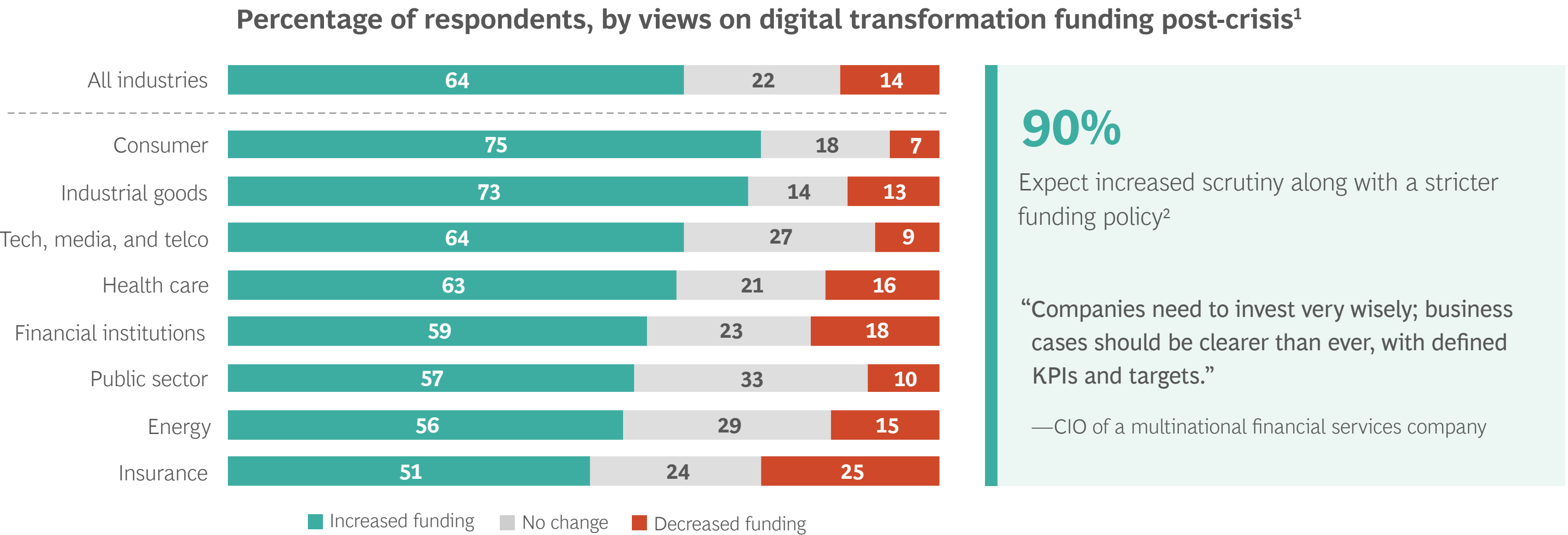


Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Respondents were asked if the COVID-19 pandemic affected the urgency of their organization’s overall digital strategy.

64% of Companies Expect Digital Transformation Funding to Increase, but 90% Expect Higher Scrutiny or a Stricter Funding Policy



Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Respondents were asked if they anticipated any change in the amount of funding for digital transformation in light of recent economic trends and events, in particular the COVID-19 pandemic.

²Respondents were asked if they anticipated increased scrutiny of funding for digital transformation in light of recent economic trends and events.

Due to COVID-19, Certain Initiatives Are More Urgent Across the Board

Ways of working (remote working, digitally enabled working)

Telecom: Remote visual assistance technology to allow technicians to work remotely

Industrial Goods: VR-powered studio for design and R&D teams to collaborate virtually

Strengthening cybersecurity and technology

Technology: Acquired encryption service as part of a 90-day push to fix security flaws

Insurance: Blockchain technology to enable and accelerate back-end processes such as data verification

Digital marketing and commerce

Banking: Enabling services through WhatsApp to allow customers to bank from their homes

Consumer: Grocery stores allowing customers to book check-in slots and wait in a virtual queue using an app

Automotive: End-to-end digital showroom experience enabling consumers to view models, customize vehicles, make payments, and get the vehicles delivered

Automation (operations and supply chain)

Consumer: Virtual assistant and chatbot to manage spike in online shopping

Health Care: 5G-powered robots to reduce strain on human personnel

Energy: Semiautomation of battery plants to reduce worker involvement

























Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Respondents were asked if digital initiatives were now likely to become of higher or lower priority in response to the COVID-19 crisis.

The Most Common Business Goals Prioritized Due to COVID-19 Are the Acceleration of Digital Commerce, Digital Marketing, and Automation

Top-priority initiatives by industry¹

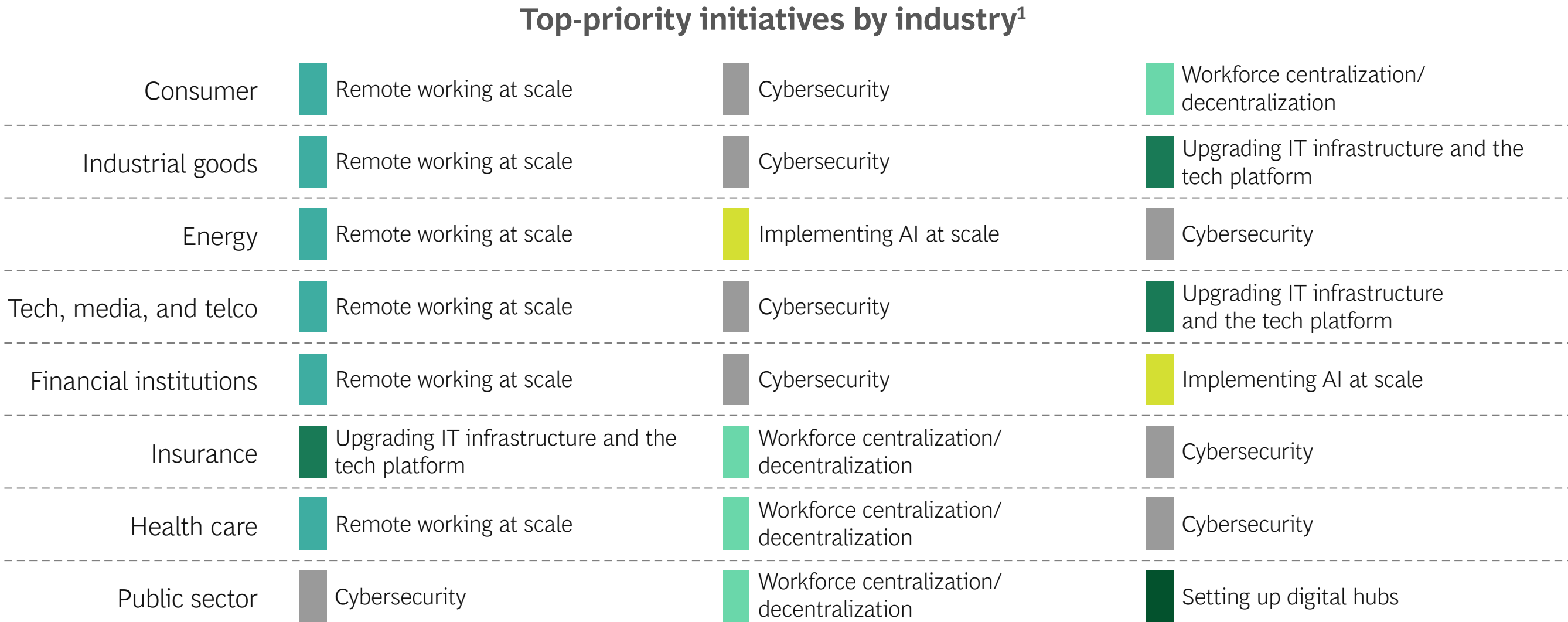
Consumer	 Accelerating digital commerce	 Digital marketing	 Automation
Industrial goods	 Innovation	 Accelerating digital commerce	 Digital marketing
Energy	 Accelerating digital commerce	 Digital marketing	 Innovation
Tech, media, and telco	 Accelerating digital commerce	 Customer centricity	 Automation
Financial institutions	 Automation	 Digital marketing	 Accelerating digital commerce
Insurance	 Automation	 Product enhancement	 Accelerating digital commerce
Health care	 Accelerating digital commerce	 Automation	 Digital marketing
Public sector	 End-to-end transformation	 Accelerating digital commerce	 Automation

Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).

Note: N = 825.

¹Respondents were asked if digital initiatives are now likely to become a higher or lower priority in response to the COVID-19 pandemic.

The Most Common Capability Development Initiatives Prioritized Due to COVID-19 Include Remote Working at Scale and Cybersecurity



Source: BCG Global Digital Transformation Survey 2020 (April–June, 2020).
Note: N = 825.
¹Respondents were asked if digital initiatives are now likely to become a higher or lower priority in response to the COVID-19 pandemic.

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