Which Industries are Best Positioned for Digital Transformation Success?

MAY 2021
Sectors vary in their odds for digital transformation success

Sources: Global DSR 2020 study; BCG analysis.
Note: Total data points n = 980. Discrepancy from original publication (n = 895) due to some double counting (e.g., health insurance payers are included in both the health care and insurance sectors) and balancing sector representation. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Industry segments vary even more

Sources: Global DSR 2020 study; BCG analysis.

Note: Total data points n = 980. Discrepancy from original publication (n = 895) due to some double counting (e.g., health insurance payers are included in both the health care and insurance sectors) and balancing sector representation. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
More digitally mature industries have a somewhat higher likelihood of success.
While the likelihood of success higher than most sectors, there are big variations between companies

14% WOE
Limited value created (<50% of target); no sustainable change

45% WORRY
Value created but total targets not met; limited long-term change

40% WIN
Target value met or exceeded; sustainable change created

Sources: Global DSR 2020 study; BCG analysis.
Note: Consumer only data points n = 152. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
The retail and fashion and luxury segments lead in terms of consistently building conditions for success.

14% WOE
Limited value created (<50% of target); no sustainable change

45% WORRY
Value created but total targets not met; limited long-term change

40% WIN
Target value met or exceeded; sustainable change created

Sources: Global DSR 2020 study, BCG analysis.
Note: Consumer only data points n = 152; retail (n = 41); consumer products (n = 63); wholesale trade (n = 24), fashion and luxury (n = 20). Travel and tourism not shown due to insufficient n (n=3). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
The current likelihood of success is below average

- **31% WOE**: Limited value created (<50% of target); no sustainable change
- **48% WORRY**: Value created but total targets not met; limited long-term change
- **21% WIN**: Target value met or exceeded; sustainable change created

**Sources:** Global DSR 2020 study; BCG analysis.

**Note:** Energy only data points (n = 81). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Most energy companies are not well prepared, although utilities are generally in better shape.

Sources: Global DSR 2020 study; BCG analysis.
Note: Energy only data points (n = 81); oil and gas (n = 46); power and utilities (n = 21). Greentech not shown due to insufficient n (n = 14). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
THE HEALTH CARE

The likelihood of success is slightly below average, but the spread is wide.

- **28% WOE**: Limited value created (<50% of target); no sustainable change
- **47% WORRY**: Value created but total targets not met; limited long-term change
- **25% WIN**: Target value met or exceeded; sustainable change created

**Note:** Health care only data points (n = 154). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Payers stand out with relatively high likelihood of success

Sources: Global DSR 2020 study; BCG analysis.
Note: Health care only data points (n = 154); payers (n = 34); providers (n = 61); biotech and pharma (n = 45). Payers is double counted. Medtech not shown in the chart due to insufficient n (n = 14). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Insurers lag in digital transformation success, but there are a few winners

Sources: Global DSR 2020 study; BCG analysis.

Note: Insurance only data points (n = 74). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Health insurance leads the sector in consistently building conditions for success

**KSF PERFORMANCE SCORECARD**

<table>
<thead>
<tr>
<th>Life insurance</th>
<th>Health insurance</th>
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<tbody>
<tr>
<td>Agile governance</td>
<td>🌧️</td>
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<tr>
<td>Leadership commitment</td>
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<td>High-caliber talent</td>
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<tr>
<td>Modular tech, data platform</td>
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</tbody>
</table>

**% OF CASES BELOW SUCCESS SCORE**

- **41% WOE**: Limited value created (<50% of target); no sustainable change
- **35% WORRY**: Value created but total targets not met; limited long-term change
- **24% WIN**: Target value met or exceeded; sustainable change created

**SUCCESS SCORE**

- **0**: Limited value created
- **20**: Value created but total targets not met
- **40**: Target value met or exceeded
- **100**: Total targets met

**Sources**: Global DSR 2020 study; BCG analysis.

**Note**: Insurance only data points (n = 74); life insurance (n = 29); health insurance/payers (n = 34). Health insurance/payers is double counted. Property & casualty insurance and reinsurance not shown due to insufficient n (n = 10, n=1 respectively). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
There is a wide spread of success in the financial services sector. 

Sources: Global DSR 2020 study; BCG analysis. 
Note: Financial institutions only datapoints (n = 193). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Asset and wealth management leads by a wide margin in setting conditions for success

26% WOE
Limited value created (<50% of target); no sustainable change

46% WORRY
Value created but total targets not met; limited long-term change

28% WIN
Target value met or exceeded; sustainable change created

Sources: Global DSR 2020 study; BCG analysis.
Note: Financial institutions only data points (n = 193); asset and wealth management (n = 96); FinTech (n = 31); wholesale banking (n = 26); retail banking (n = 40). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Engineering products and materials and process industries fare slightly better in building conditions for success

**23% WOE**
Limited value created (<50% of target); no sustainable change

**43% WORRY**
Value created but total targets not met; limited long-term change

**33% WIN**
Target value met or exceeded; sustainable change created

**INDUSTRIAL GOODS**

Sources: Global DSR 2020 study; BCG analysis.
Note: Industrial goods only datapoints (n = 162). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
With the likelihood of success slightly higher than average, huge variations in success and failure still exist.
The likelihood of success is slightly higher than average

Sources: Global DSR 2020 study; BCG analysis.
Note: Technology and telecom only data points (n = 145). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Technology and telecom both do average jobs of building conditions for success

Sources: Global DSR 2020 study; BCG analysis.
Note: Technology and telecom data only points (n = 145); technology (n = 91); telecom (n = 33). Media not shown due to insufficient n (n=17). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
The public sector is in the woe zone

- **35% WOE**: Limited value created (<50% of target); no sustainable change
- **47% WORRY**: Value created but total targets not met; limited long-term change
- **18% WIN**: Target value met or exceeded; sustainable change created

**Limited value created**
- No sustainable change

**Value created but total targets not met**
- Limited long-term change

**Target value met or exceeded**
- Sustainable change created

Sources: Global DSR 2020 study; BCG analysis.
Note: Public sector only data points (n = 49). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.
Economic development and ICT score higher on building conditions for success

- **35% WOE**
  - Limited value created (<50% of target); no sustainable change

- **47% WORRY**
  - Value created but total targets not met; limited long-term change

- **18% WIN**
  - Target value met or exceeded; sustainable change created

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<th>EFC</th>
<th>Education, employment, &amp; welfare</th>
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1st quartile (top 25%)
2nd quartile (top 50%)
3rd quartile (top 75%)
4th quartile (top 100%)

**Successful Cases Below Success Score**
- 35% WOE: Limited value created (<50% of target); no sustainable change
- 47% WORRY: Value created but total targets not met; limited long-term change
- 18% WIN: Target value met or exceeded; sustainable change created

**Success Score Calculation**
Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Sources: Global DSR 2020 study; BCG analysis.
Note: Public sector data only points (n = 49); EFC (n = 24); education, employment, and welfare (n = 12). Defense and security and infrastructure, cities, and transport (ICT) not shown due to insufficient n (n = 6).