

International Study Highlights the Major Drivers of Digital Transformation Projects

Europe wants to lower costs; the USA banks on innovation

USA, July 6, 2023 /EINPresswire.com/ -- SAP® consultancy [NTT DATA Business Solutions](https://www.nttdata.com) AG and IT service provider [Nativion](https://www.natuvion.com) GmbH jointly published the international „2023 Transformation Study.“ The study provides detailed insight into the motivation behind transformation projects within companies, the strategies and methods applied, and the major challenges in the transformation process. Over 600 CIOs and CEOs from successful SMEs around the world were surveyed for the study in 2022. They all have one important factor in common: They transformed their IT system landscape within the last two years. The study makes it clear that companies are under significant pressure to undergo this transformation, but their desire to do so is also very high. Among the regions surveyed, differences particularly arose in answer to the question of which goals the companies wanted to achieve via the digital IT transformation process.



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Nearly half of all decision-makers (46%) cited organizational changes and/or restructuring as the primary reason for launching the transformation of their IT infrastructure and processes within the last year. Other reasons included cost-cutting (36%) and improving customer service (36%). More than one-third of survey respondents stated that they decided to implement the transformation process with the goal of offering more innovative business models in the future.

„The study confirmed our perception of the reasons why companies opt to implement the digital transformation process,” says Norbert Rotter, CEO of NTT DATA Business Solutions and EVP of NTT DATA, Inc. „Despite a myriad of challenges, companies around the world view this transformation as a necessary step. Otherwise, they face higher costs, slower decision-making processes, and outdated IT infrastructure in the long term. Our job is to support companies during this process and reduce the complexity they have to deal with.”

The results of the study varied by region. In Germany, Austria, and Switzerland, companies' decision to launch the transformation process was most strongly linked to a desire to cut costs (43%), followed by organizational changes and restructuring (39%) and a desire to improve customer service (37%). And the numbers only deviate slightly in Great Britain and the Nordic region (Sweden, Denmark, Finland, Norway): Cost-cutting was mentioned second in these regions. Organizational changes were cited as the most important reason for the transformation process, and a desire to improve customer service ranked third.

The situation is different in the USA: While restructuring and organizational changes were still the most important reasons behind the decision to implement the transition process at US companies (59%), these companies were much more likely than their European counterparts to state that they intended for the transformation process to make their companies more innovative. Half of the American decision-makers believe that they will be able to offer more innovative business models once the transformation process is complete.

Challenges in Digital Transformation Projects

The study also analyzes the factors that can endanger the success of transformation projects. The decision-makers surveyed cited a lack of expertise among their employees (39%) and a shortage of resources (32%) as their biggest challenges. A lack of expertise can lead to delays in planning and implementing digital transformation projects. By contrast, the study indicates that time pressure on transformation projects has increased: In 2021, 40 percent of companies planned for a time frame of between one and two years, and 25 percent planned with less than one year. By the next year, 2022, only 30 percent of the companies surveyed planned for a time frame of one to two years; 33 percent expected to complete the process within a year.

„In many projects, we've discovered that companies underestimate the complexity of the transformation process," says Patrick Dahse, CEO of Natuvion GmbH, which has been part of NTT DATA Business Solutions since August 2022. „That's why good planning, a high level of technical excellence, and reliable migration management are key." When asked what they would have done differently in hindsight, the managers surveyed responded that they would have allocated more resources (46%) and time (38%), and that they would have started earlier (32%).

Sustainability Goals Are Not Yet Primary Drivers

In terms of ESG requirements and sustainability, the results of the transformation study were surprising. The managers surveyed felt that these factors were not yet a relevant reason to implement the IT transformation process. In total, just 14 percent of those surveyed cited ESG and sustainability as the motivation for their decision. The reevaluation of short-term economic factors carried more weight, however. The study investigated the impact of the new geopolitical and economic challenges on respondents' decision to initiate the transformation process. Responses were mixed here: Approximately one-fifth of companies indicated that they

postponed (19%) or completely abandoned (18%) the transformation process as a result of political and economic factors. On the other hand, 31 percent of respondents actually brought their transformation projects forward and made them a clear priority.

You can find the full results of the „2023 Transformation Study“ here.

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