

Empowering 2020: Powering Digital Transformation in a New Decade

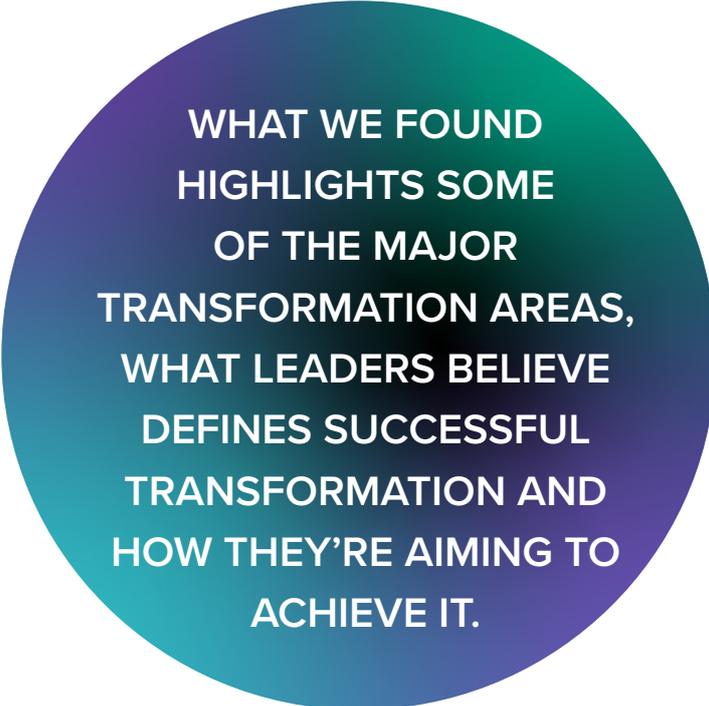
≡ CEO.DIGITAL INSIGHTS ≡

Introduction

Digital transformation is the business-critical objective of the moment and has been for some years within the finance sector.

With the new decade upon us, digital transformation will continue its rapid evolution as new technologies emerge and business practices change in their wake. 5G, AI, blockchain, UX/CX – these technologies and fields are coming to define not only transformation but business as a whole.

With that in mind, we surveyed technology leaders from across the finance sector to get a clearer picture of how leaders are guiding digital transformation into the new decade and beyond.



**WHAT WE FOUND
HIGHLIGHTS SOME
OF THE MAJOR
TRANSFORMATION AREAS,
WHAT LEADERS BELIEVE
DEFINES SUCCESSFUL
TRANSFORMATION AND
HOW THEY'RE AIMING TO
ACHIEVE IT.**

CEOs are the Main Driver of Digital Transformation

Who is responsible for driving transformation at your organisation?



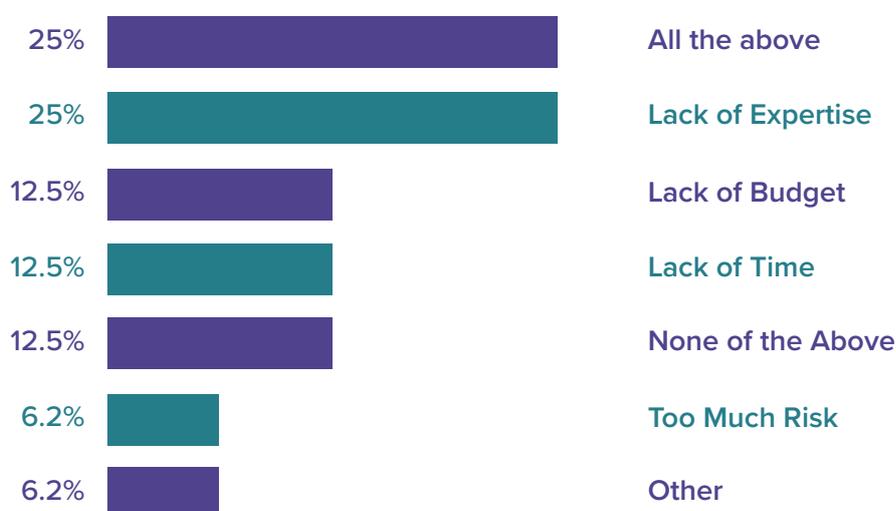
Responsibility for digital transformation rests with a select few individuals, but the clear winner is the CEO.

35.3% of our respondents said that the CEO is the person in charge of digital transformation. The remaining 64.7% of respondents cited the CTO, CIO, CDO, CXO and Board as those responsible for driving transformation.

Noticeable exemptions were the CMO and CHRO. Given the impact digital transformation can have on these functions, it is interesting to see they don't take charge of transformation. Equally so, external partners aren't given responsibilities for effecting transformation – all decisions, ultimately, are made internally.

Budget, Risk, Time, Expertise - All Barriers to Successful Transformation

What do you regard as the primary barrier to successful digital transformation?



Although 12.5% of technology leaders within finance didn't see any of our answers as a barrier to successful transformation, a staggering 50% cited a lack of expertise as one of the greatest barriers to success.

The implication is clear: financial organisations struggle with the technological know-how to complete transformation projects. A lack of resources also holds organisations back.

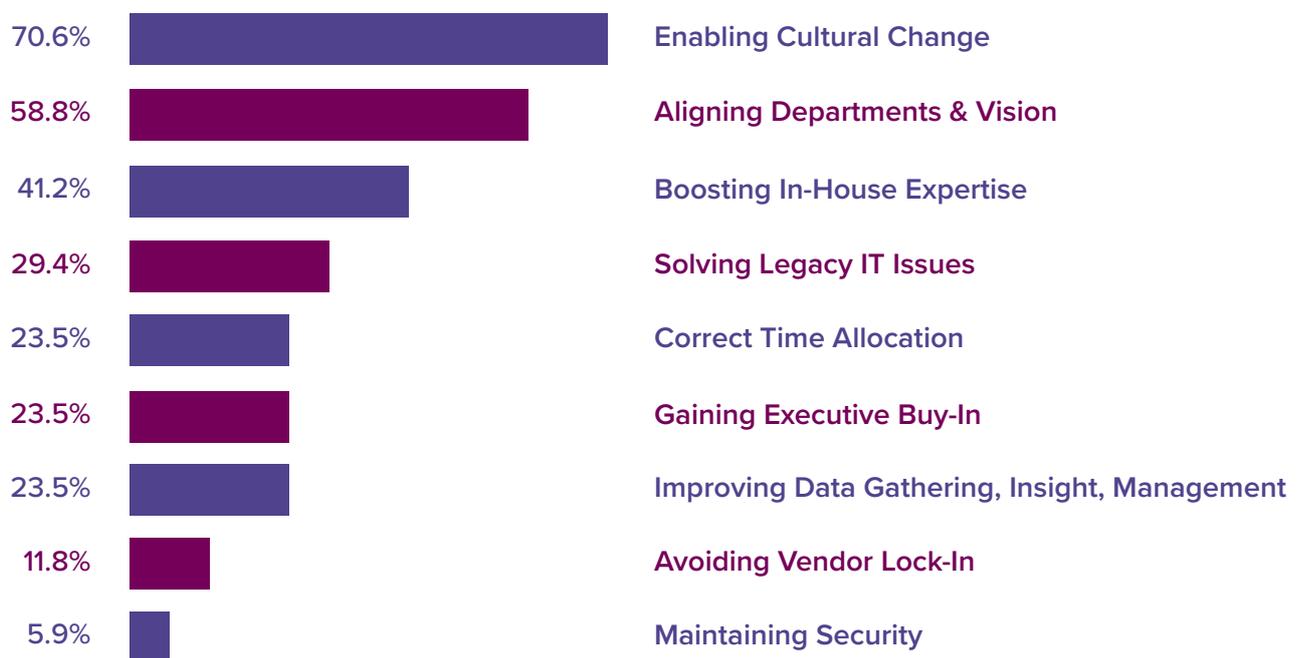
But given the greater revenue potential digital transformation can bring to organisations, these barriers shouldn't get in the way of success.

Instead, leaders should be looking to increase their budgets to bring in expertise and additional training by forecasting the gains digital transformation will bring.

FINANCIAL ORGANISATIONS STRUGGLE WITH THE TECHNOLOGICAL KNOW-HOW TO COMPLETE TRANSFORMATION PROJECTS.

70.6% of Financial Leaders Say Cultural Change Drives Transformation Success

What do you regard as the most important elements for successful digital transformation? (Maximum 3)



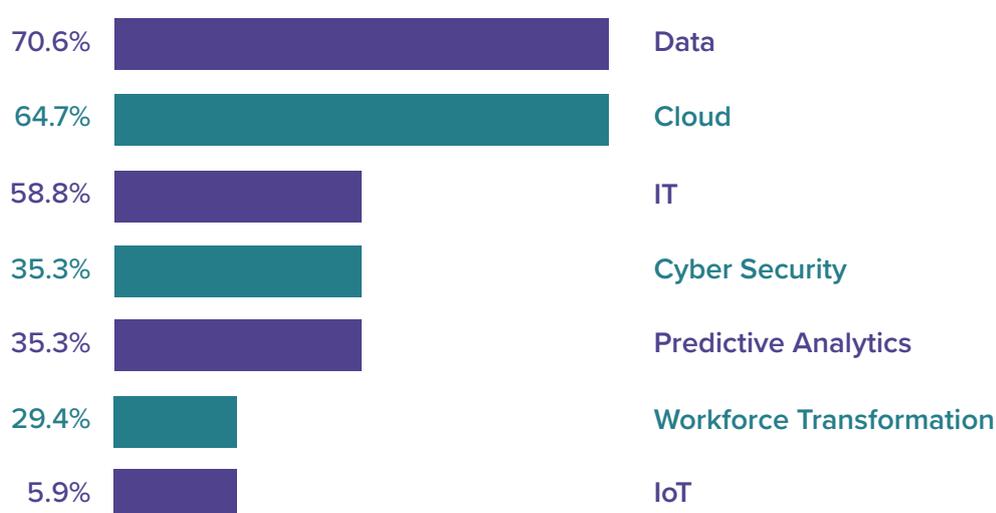
Our respondents also believe that company culture holds back transformation success. But by enabling cultural change, organisations can power a new age of transformation success. Similarly, our participants say that aligning departments and vision across the organisation can power digital transformation further.

To drive digital transformation success, financial leaders need to bring every employee along for the transformation journey. They need to invest in training and to align objectives across the whole organisation.

**BY ENABLING
CULTURAL CHANGE,
ORGANISATIONS CAN
POWER A NEW AGE
OF TRANSFORMATION
SUCCESS.**

≡ Data, Cloud & AI are Top Investment Priorities for Financial Leaders

Which are your top 3 priorities for digital transformation investment over the next 1-3 years?



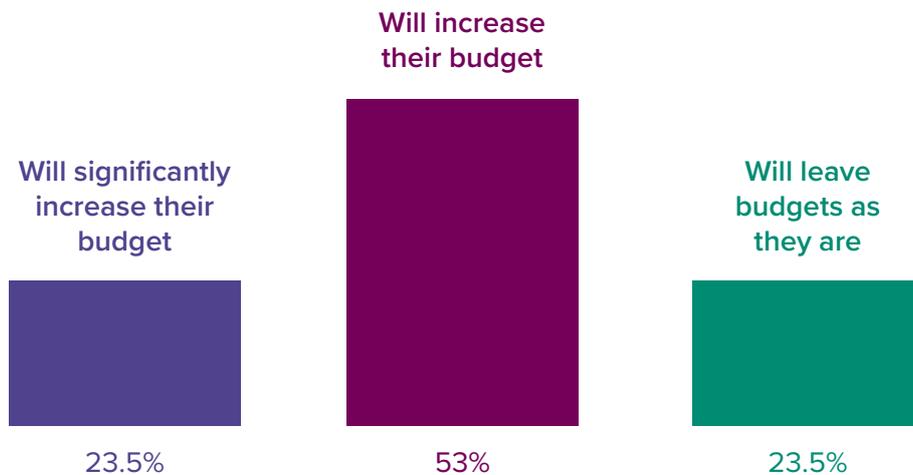
While IoT stands out as a minor investment priority, the majority of financial organisations are hoping to capitalise on data, cloud and AI in the next one to three years.

This makes sense. Finance stands to benefit from increased data opportunities and predictive analytics, powered by an enhanced cloud portfolio. In addition, those organisations that can invest in data now will reap the rewards of AI later. For instance, an established and experienced data team can extract and structure data in a way that makes it easier to teach AI solutions to identify patterns and make better recommendations going forward.

But this should be grave news for organisations who aren't investing in data, cloud and AI. The first adopters and data champions are more likely to reap the rewards of AI, as greater data accumulates more data. Laggards will be left behind in the coming decade.

76.4% of Organisations Will Increase Digital Transformation Budget Over Next 1-3 Years

What best describes your digital transformation budget over the next 1-3 years?



The majority of financial organisations will increase their digital transformation budgets over the next one to three years, with 23.5% saying they will increase their budgets significantly.

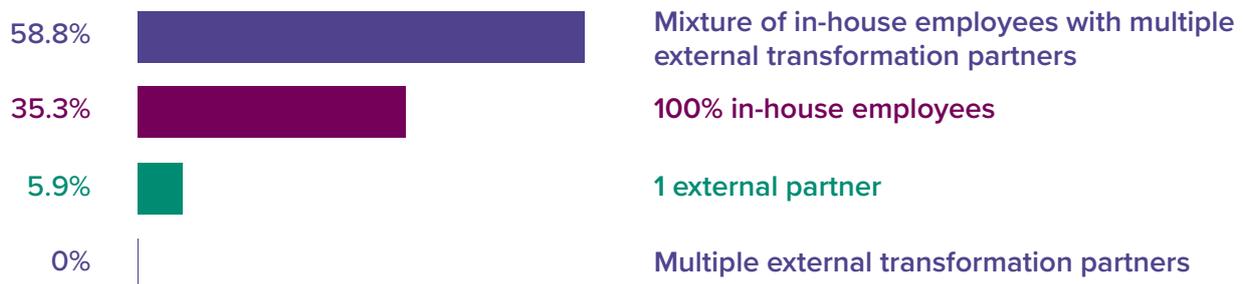
But almost a quarter of organisations aren't going to increase their budgets. What this means is a little unclear. It could either connote that a quarter of leaders have already allocated enough budget to digital transformation and will make a success of it.

With more investment coming into digital transformation initiatives across the sector, we expect to see greater innovation over the next three years.

However, it could also mean that a minority of financial leaders aren't investing enough to guarantee their continued competitiveness. Other financial organisations will transform their business practices and capabilities at a faster rate to this minority, which could lead to a loss of revenue in the long-term.

Mixture of In-House & External Partners Vital for Steering Transformation Success

What's the ideal composition of digital transformation steering committee?



Any digital transformation requires someone at the helm. As we saw earlier, the most likely leader of digital transformation is the CEO, but that isn't to say they drive transformation alone. We asked our respondents about their view on the ideal composition for a digital transformation steering committee to paint a clearer picture on this area.

Interestingly, 35.3% of financial organisations choose to keep digital transformation completely internal. This could signify that these organisations are willing to invest in in-house employees to ensure they have the expertise they need within the business.

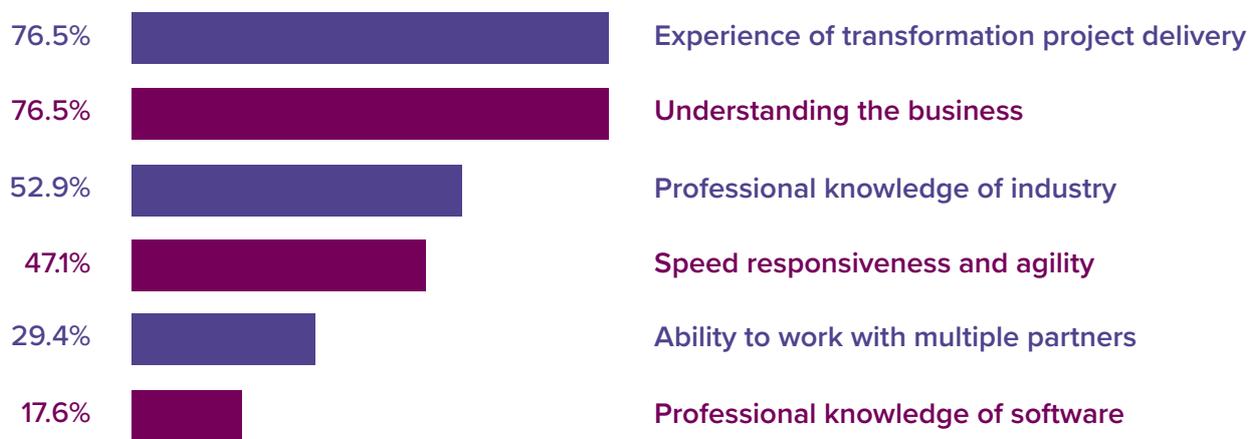
The overwhelming consensus was that a mixture of in-house employees and external transformation partners are the ideal foundation for a transformation steering committee.

ONE THING IS CLEAR:
EXPERTISE IS VITAL TO
SUCCESSFUL DIGITAL
TRANSFORMATION.

This makes sense, given that a lack of expertise holds back many organisations' transformation projects.

Experience & Business Understanding Crucial in an External Partner

What are the top 3 attributes you'd expect from an external digital transformation partner?



Following on from the previous question, we asked participants to rate the top three attributes they'd expect from an external digital transformation partner.

Topping out the list was transformation experience and a keen understanding of the organisation's unique needs.

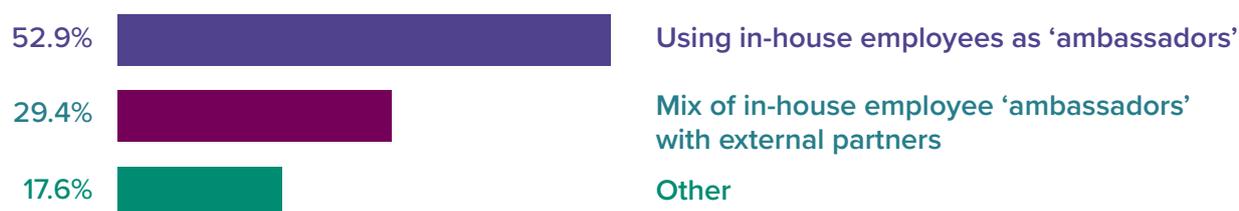
On a side note, it's worth mentioning that a professional knowledge of software and work ethic rank lower than previous experience and an understanding of the business. On the one hand, this could show that some organisations are less willing to innovate and risk failure. On the other hand, by giving less priority to professional knowledge of software financial leaders could be leaving themselves open to different risks.

Financial organisations understand that the only way to succeed with digital transformation is if their external partners have the knowledge necessary to make it successful.



Over Half of Financial Organisations Use In-House Employee Ambassadors to Encourage Innovation

What's the best way to develop an organisational culture of innovation?



Of course, innovation is never off the cards completely when it comes to digital transformation, even if they don't prioritise certain aspects external partners can offer.

In fact, innovation is the whole raison d'être for transformation projects.

Financial leaders are trying to encourage a culture of innovation within their companies. To do that, more than half of organisations are nominating employee ambassadors. Meanwhile, a further 29.4% utilise a mixture of in-house ambassadors and external partners to bring innovation to their enterprise.

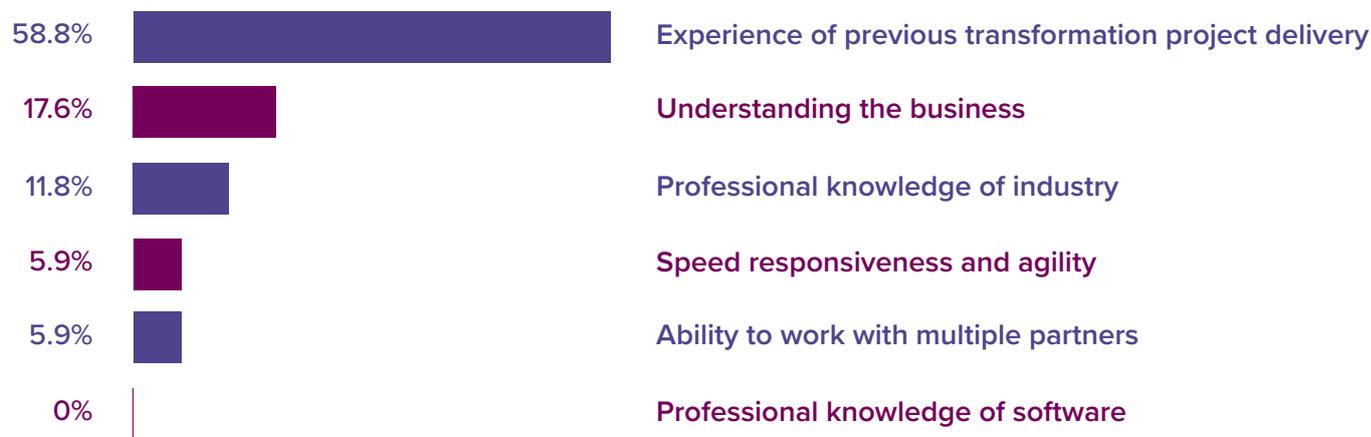
There is no clear-cut way to foster innovation within an organisation, but leaders who appoint innovation champions could help encourage employees to adopt new practices as part of the wider digital transformation.





Productivity Improvements Main Criteria for Judging Digital Transformation Success

How do you measure impact of digital transformation programs?



No digital transformation project can be introduced without an agreed measure of success to monitor down the line. For almost 60% of financial organisations, productivity is the main measure of success.

Trailing further behind is the impact the digital transformation has on sales and conversions, taking 17.6% of the vote. Elsewhere, 11.8% of financial organisations look for revenue impact, but the final 11.8% look to feedback and qualitative data to measure the transformation's impact.

We believe a mixture of several different criteria for judging transformation success is best.

Organisations should look to productivity gains, profitability, sales and revenue increases as well as feedback to judge a transformation's success effectively.

FOR ALMOST 60% OF FINANCIAL ORGANISATIONS, PRODUCTIVITY IS THE MAIN MEASURE OF SUCCESS.

Learn More About the State of Digital Transformation at CEO.digital

Digital transformation is constantly in flux.

It is a business imperative but can take on many forms depending on the organisation in question. With this survey, we hoped to show how financial organisations are approaching digital transformation

WHAT WE FOUND IS THAT:

CEOs take most responsibility for driving digital transformation.

Financial leaders are investing in data, cloud and AI above all else.

Lack of experience and expertise holds over half of organisations back.

Leaders are appointing in-house champions to foster cultures of innovation.

Cultural change can bring transformation success.

Productivity is the top measure of digital transformation success.

To learn more about how digital transformation is evolving as we go into the next decade, be sure to head to **CEO.digital** now.

We collaborate with leading figures like Dell Technologies to bring digital transformation insights to light.



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