THE AGILITY TRAP

2016 Global Executive Study into the State of Digital Transformation
Contents

04 The Transformation Journey
Keeping pace with digital change

06 High Expectations Everywhere
Customer expectation is driving rapid digital change

09 Trapped by Complexity
Moving fast is never easy

11 Barriers Preventing Escape
How transformation gets stuck

16 Conclusion
Igniting digital transformation for your business

18 Regional Snapshots
23 Methodology
"When your business sets off on a journey of digital transformation, beware of the traps that lay ahead."

Executive Summary

Companies undergoing transformation can experience a lot of turbulence along the way. Large, complex organizations often discover that the pace of change is set by their customers and a wave of disruptive competition. This can make these businesses feel very slow, very quickly.

To find out what measures can be taken to increase the pace of business change and the probability of success, Bizagi interviewed 1,004 representatives from large businesses worldwide, asking them to share their experiences and opinions of driving digital transformation. The result is The Agility Trap, a clear and concise report that demonstrates the disruption transforming businesses face, highlights pitfalls to avoid, and explains how to ignite the power of digital change.

What will you learn from this report?

The research explores the challenges surrounding digital transformation and provides recommendations based on four key areas.

- Understanding the drivers of change for your business
- Identifying the risk factors that influence successful transformation
- Overcoming cultural and organizational resistance to change
- Increasing the agility of existing systems to drive transformation

The Agility Trap is essential reading for any senior business decision makers or technology leaders, either at the start of a transformation process, or in the midst of digital change.
Businesses are required to run faster than ever to keep up, and those that haven’t started already are preparing to accelerate. The research shows that 32% of respondents across all regions currently have a high level of digital transformation projects live in 2016 (Chart 1), with 52% describing their level of project activity as ‘moderate’. Furthermore, 41% of respondents have significant plans to develop digital projects in the future. Chart 1 also shows the variance of live transformation by region.

"Digital transformation is happening fast across the globe."
Against this backdrop of prioritizing digital transformation, businesses are finding several challenges on the road to realizing their strategic goals.

**Transformation is a challenge**
- 87% of respondents believe digital transformation is currently a significant strategic challenge for their business.
- 82% of respondents agree that business agility is critical to delivering the transformation that will improve our customer experience.

**Complexity undermines success**
- 70% agree that efforts to transform the business externally are undermined by the internal complexity of the organisation.
- 63% feel they neglect the implications and depth of systems change in their business when trying to build engaging services and user experience.

Businesses are running head-first into a traffic jam.
There are five key drivers of digital transformation. And the majority of businesses identify the main ones to be either the need for operational agility (60%), or a response to changing customer expectations (54%). In fact, for businesses that have high levels of digital change in progress right now, the driver is customers all the way – 79% of these businesses cite changes in customer expectations as the key driver for transformation.

**High Expectations Everywhere**
Customer expectation is driving rapid digital change

There are five key drivers of digital transformation. And the majority of businesses identify the main ones to be either the need for operational agility (60%), or a response to changing customer expectations (54%). In fact, for businesses that have high levels of digital change in progress right now, the driver is customers all the way – 79% of these businesses cite changes in customer expectations as the key driver for transformation.

**Chart 2** What are the main drivers for digital transformation? The grey bars above show all respondents. The green bars are those respondents with high levels of digital transformation projects in place – 32% of the businesses surveyed.
At an industry level, the sentiment around customer expectation is also consistent, although traditionally customer-centric, consumer sectors such as Retail are a little less certain. Technology, Utility and Travel and Hospitality sectors are most likely to see customer-driven digital transformation changes.

In addition, 75% of respondents think that providing a customer experience that understands the immediate needs and situations of the individual is key to gaining a competitive edge.

It’s not just about your operations any more. The whole world is changing around you.

81% agree that the pace of change in their industry is increasing due to shifts in customer expectation around innovation, service and delivery.
When digital transformation falls below expectation

Companies are not readily able to admit that they’re stuck and so are unable to transform as much as is necessary. However, from the real world anonymised examples below, we can see where wholesale changes at the front end of a business may in fact be less ‘transformative’ than they first appear.

The customer may never see the problems at the front end, but their overall experience will suffer – and the business in charge will eventually suffer in turn.

**Store Card**
Supermarket creates a store card to keep up with competition but fails to capitalize on CRM intelligence and operational benefits for lean inventory

**Mobile Banking**
Bank creates mobile banking facility to catch smartphone wave but fails to integrate service into holistic customer experience due to organizational silos

**Employer Brand**
New self-serve benefits package launched for Multi National Company to boost employee morale but no connection to intranets, talent management or recruitment systems
Trapped by Complexity
Moving fast is never easy

Speed of response to digital demands is crucial because the technological environment affected by transformation impacts on so many areas of a business, including customers, employees and the wider operational infrastructure.

73% of businesses agree that digital transformation requires a rapid response to avoid commercial failure.

Chart 5 Failure to respond quickly to transformation will result in commercial failure [agree/strongly agree]

- Total: 73%
- US/CAN: 86%
- Brazil: 83%
- UK: 74%
- Mexico: 73%
- Germany: 71%
- Nordics: 65%
- Colombia: 65%
- Benelux: 61%
Meanwhile, as Chart 6 demonstrates, respondents experience multiple challenges when customer, employee or operational applications are exposed to change. In fact, 89% of respondents have experienced at least one of the issues described below in the transformation process, with the related challenges of systems complexity (53%) and time delays (51%) cited as the most common problems.

"Business are trapped by systems that are too complex and take too long to implement or change".
Barriers preventing escape
How transformation gets stuck

The research shows that 51% of businesses believe they are either resistant to, or have mixed views towards transformation and change [Chart 7]. To change that, and avoid the agility trap, businesses must address important considerations around change culture, risk factors and tech agility, as identified by the research. This section looks at each area in detail.

Three critical elements that ignite digital change

1. Cultural Resistance
   Is your business set for change?

2. Drivers & Risk
   Have you understood the drivers of transformation?

3. Agile Processes
   Can your infrastructure make change happen?
Businesses driving digital transformation encounter organizational resistance along the way.

Charts 7 and 8 show the cultural resistance to change and the level of ‘transformation’ currently experienced by businesses from the study. What we see when looking at these factors in combination is that not all companies with high levels of active transformation projects are in support of transformation at an organizational level.

In fact, only 39% of organizations with high levels of projects in digital transformation seem in support of transformation at a cultural/organizational level, as shown in Chart 9. So a business with high levels of transformation in place is just as likely to be resistant to change (44%) as to be in support of it.
Lack of agility of IT presents the biggest risk factor overall.

<table>
<thead>
<tr>
<th>Transformation driver</th>
<th>Risk factor most likely to present for each transformation driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need to introduce operational agility to our business</td>
<td>Lack of agility in IT</td>
</tr>
<tr>
<td>Higher levels of customer expectation around service / value / experience</td>
<td>Lack of leadership knowledge</td>
</tr>
<tr>
<td>Driving change across the employee / internal user base</td>
<td>Lack of collaboration</td>
</tr>
<tr>
<td>Competitive threats from innovative / disruptor businesses</td>
<td>Insufficient budget</td>
</tr>
<tr>
<td>Strategic cost-saving organization through technology investment</td>
<td>Complex operational systems</td>
</tr>
</tbody>
</table>

Chart 10, above, shows that when each transformation driver is analysed, the most cited risk factor changes. For example, the risk most associated with driving change across the employee base is ‘lack of collaboration’, whilst the risk most associated with competitive threats is ‘insufficient budget’. This places a lot of pressure on the leaders of transformation strategy. Without clearly knowing the basis for transformation in a business, the risks cannot be fully understood. Failing to identify the risks appropriately can slow down digital transformation, or bring it to a standstill.
Can your infrastructure make change happen?

For businesses responding to the drivers of digital change, the agility of existing systems shows considerable room for improvement in most regions. With US and Canada topping the list as the region with the most agile systems currently, and Mexico at the tail end.

Only 25% of businesses globally are highly agile.
Chart 12 shows that, though levels of agility vary by region, they are consistent with the degree of digital transformation taking place in each country. The need for transformation clearly has an influence on demand for more agile systems.

But while the relationship between agility levels and digital transformation is clear, some regional levels of agility lag behind their rate of change to quite some degree, particularly in the UK, Germany, Mexico and the Nordics.
Conclusion
Igniting digital transformation for your business

The Agility Trap shows that digital transformation is important and challenging. Avoiding pitfalls along the way requires a clear understanding of transformation drivers and their associated risks, as well as of organizational resistance to change and the agility of existing infrastructure.

Here’s how those potential hurdles can be turned into ignition switches for digital transformation.

Transformation Success Factors

- **Understanding the drivers of change for your business**
- **Identifying the risk factors that influence successful transformation**
- **Overcoming cultural and organisational resistance to change**
- **Increasing the agility of existing systems to drive transformation**

Ignition Switch

- **Strategic clarity**
- **Responsive Processes**
- **Business and IT Alignment**
- **‘Wrapper’ Technologies**
Turning a potential agility trap into an ‘ignition switch’ for your transformation strategy should be the primary benefit of having tackled the issues described in this research. Whilst regions and sectors show some variation, the simple solutions to transformation success should be based on the following principles.

**Strategic Clarity**

There is no single driver of digital transformation. For any large organisation, the rationale for investing in change will be influenced by a number of internal and external issues. However, there is a need to distill and prioritize the causes placing demands on the business to change. To base something as pervasive as a transformation strategy on a general sense of competitive pressure or customer expectation will present obstacles in the implementation of any project or organisational-wide programme.

**Responsive Processes**

There are manifold risks and risk complexity identified in the research. It is impossible to mitigate against all risks before embarking upon a programme of systemic change. Therefore, the operational processes supporting transformation need to be responsive to the evolution of the programme itself.

The speed and momentum of change will suffer if the business is not able to respond to changes and pressures created by: budget setting, leadership engagement and process or IT agility.

**Business Alignment**

Digital transformation brings together the worlds of business and technology in new ways. Collaboration across traditional organisational ‘silos’ need to be encouraged from the ideation stage onwards. The right environment must be created to provide a balance of control and autonomy to knowledge workers and IT leaders in order to affect tangible business change required.

**‘Wrapper’ Technologies**

Bizagi believes that digital transformation can only be achieved rapidly with the right technology solutions in place. It describes its own solution as a ‘wrapper’ for IT infrastructure and transformational needs. ERP systems are not easily replaced or transformed. The potential of running a ‘two speed’ IT organisation to ensure time-sensitive transformation can develop in isolation of the slower-paced infrastructure needs also seems problematic for most businesses. Solutions should be sought out that affect existing systems without disruption, provide a ‘wrapper’ for digital transformation processes and create pervasive benefits across the organisation.

---

Conclusion

**Ignition Switches for Digital Transformation**

The Agility Trap - Global Study into the State of Digital Transformation
Regional Snapshots

The following pages provide a country summary of the key data points provided by the research. Countries included are: US/Can, UK, Benelux, Nordics, Germany, Brazil, Colombia and Mexico.
### United Kingdom

#### The Agility Trap
Respondents that strongly agree or agree to statements provided

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital information is a strategic challenge</td>
<td>84%</td>
</tr>
<tr>
<td>Our efforts to transform business externally are undermined by internal complexity</td>
<td>69%</td>
</tr>
<tr>
<td>Neglect implications and depth of systems change</td>
<td>60%</td>
</tr>
</tbody>
</table>

#### Cultural Change Resistance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resistant to, or have mixed views towards transformation or change</td>
<td>39%</td>
</tr>
</tbody>
</table>

#### Transformation Drivers

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational agility</td>
<td>60%</td>
</tr>
<tr>
<td>Higher Customer Expectation</td>
<td>54%</td>
</tr>
</tbody>
</table>

#### System Change Challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>System too complex</td>
<td>57%</td>
</tr>
<tr>
<td>Time delays</td>
<td>42%</td>
</tr>
</tbody>
</table>

#### Business Agility Importance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Business agility is critical to delivering the transformation that will improve our customer experience)</td>
<td>78%</td>
</tr>
</tbody>
</table>

### Germany

#### The Agility Trap
Respondents that strongly agree or agree to statements provided

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital information is a strategic challenge</td>
<td>87%</td>
</tr>
<tr>
<td>Our efforts to transform business externally are undermined by internal complexity</td>
<td>73%</td>
</tr>
<tr>
<td>Neglect implications and depth of systems change</td>
<td>66%</td>
</tr>
</tbody>
</table>

#### Cultural Change Resistance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resistant to, or have mixed views towards transformation or change</td>
<td>56%</td>
</tr>
</tbody>
</table>

#### Transformation Drivers

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational agility</td>
<td>71%</td>
</tr>
<tr>
<td>Higher Customer Expectation</td>
<td>47%</td>
</tr>
</tbody>
</table>

#### System Change Challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>System too complex</td>
<td>36%</td>
</tr>
<tr>
<td>Time delays</td>
<td>49%</td>
</tr>
</tbody>
</table>

#### Business Agility Importance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Business agility is critical to delivering the transformation that will improve our customer experience)</td>
<td>72%</td>
</tr>
</tbody>
</table>
### BENELUX

**THE AGILITY TRAP**
Respondents that strongly agree or agree to statements provided

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital information is a strategic challenge</td>
<td>74%</td>
</tr>
<tr>
<td>Our efforts to transform business externally are undermined by internal complexity</td>
<td>60%</td>
</tr>
<tr>
<td>Neglect implications and depth of systems change</td>
<td>67%</td>
</tr>
</tbody>
</table>

### NORDIC

**THE AGILITY TRAP**
Respondents that strongly agree or agree to statements provided

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital information is a strategic challenge</td>
<td>81%</td>
</tr>
<tr>
<td>Our efforts to transform business externally are undermined by internal complexity</td>
<td>62%</td>
</tr>
<tr>
<td>Neglect implications and depth of systems change</td>
<td>67%</td>
</tr>
</tbody>
</table>

### CULTURAL CHANGE RESISTANCE

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>47%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>50%</td>
</tr>
</tbody>
</table>

Resistant to, or have mixed views towards transformation or change

### SYSTEM CHANGE CHALLENGES

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>47%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>50%</td>
</tr>
</tbody>
</table>

System too complex

### TRANSFORMATION DRIVERS

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>50%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>33%</td>
</tr>
</tbody>
</table>

Operational agility (Top 2 selections per region)

### BUSINESS AGILITY IMPORTANCE

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>69%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>34%</td>
</tr>
</tbody>
</table>

Business agility is critical to delivering the transformation that will improve our customer experience

### CULTURAL CHANGE RESISTANCE

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>50%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>78%</td>
</tr>
</tbody>
</table>

Resistant to, or have mixed views towards transformation or change

### SYSTEM CHANGE CHALLENGES

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>42%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>42%</td>
</tr>
</tbody>
</table>

Time delays (Top 2 selections per region)

### TRANSFORMATION DRIVERS

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>40%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>78%</td>
</tr>
</tbody>
</table>

Higher Customer Expectation

### BUSINESS AGILITY IMPORTANCE

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENELUX</td>
<td>34%</td>
</tr>
<tr>
<td>NORDIC</td>
<td>78%</td>
</tr>
</tbody>
</table>

Business agility is critical to delivering the transformation that will improve our customer experience

---

20 The Agility Trap - Global Study into the State of Digital Transformation
Country Snapshots

**US & CANADA**

**The Agility Trap**
Respondents that strongly agree or agree to statements provided

- **91%**: Digital information is a strategic challenge
- **71%**: Our efforts to transform business externally are undermined by internal complexity
- **66%**: Neglect implications and depth of systems change

**Cultural Change Resistance**
- **50%**: Resistant to, or have mixed views towards transformation or change

**Transformation Drivers**
- **Operational Agility**: 61%
- **Higher Customer Expectation**: 67%

**System Change Challenges**
- **Operational Agility**: 61%
- **Higher Customer Expectation**: 56%

**Business Agility Importance**
- **Operational Agility**: 86%
- **Higher Customer Expectation**: 66%

**BRAZIL**

**The Agility Trap**
Respondents that strongly agree or agree to statements provided

- **96%**: Digital information is a strategic challenge
- **68%**: Our efforts to transform business externally are undermined by internal complexity
- **58%**: Neglect implications and depth of systems change

**Cultural Change Resistance**
- **59%**: Resistant to, or have mixed views towards transformation or change

**Transformation Drivers**
- **Operational Agility**: 71%
- **Higher Customer Expectation**: 66%

**System Change Challenges**
- **Operational Agility**: 50%
- **Time Delays**: 50%

**Business Agility Importance**
- **Operational Agility**: 94%
- **Higher Customer Expectation**: 66%
Country Snapshots

**COLOMBIA**

**THE AGILITY TRAP**
Respondents that strongly agree or agree to statements provided

- Digital information is a strategic challenge: 95%
- Our efforts to transform business externally are undermined by internal complexity: 77%
- Neglect implications and depth of systems change: 63%

**CULTURAL CHANGE RESISTANCE**
- Resistant to, or have mixed views towards transformation or change: 63%

**SYSTEM CHANGE CHALLENGES**
- System too complex: 69%
- Time delays: 76%

**TRANSFORMATION DRIVERS**
- Operational agility: 64%
- Higher Customer Expectation: 60%

**BUSINESS AGILITY IMPORTANCE**
- Business agility is critical to delivering the transformation that will improve our customer experience: 81%

**MEXICO**

**THE AGILITY TRAP**
Respondents that strongly agree or agree to statements provided

- Digital information is a strategic challenge: 90%
- Our efforts to transform business externally are undermined by internal complexity: 78%
- Neglect implications and depth of systems change: 62%

**CULTURAL CHANGE RESISTANCE**
- Resistant to, or have mixed views towards transformation or change: 57%

**SYSTEM CHANGE CHALLENGES**
- System too complex: 33%
- Time delays: 60%

**TRANSFORMATION DRIVERS**
- Operational agility: 68%
- Higher Customer Expectation: 52%

**BUSINESS AGILITY IMPORTANCE**
- Business agility is critical to delivering the transformation that will improve our customer experience: 85%
The Agility Trap research was commissioned by Bizagi and conducted in May 2016 by Loudhouse Research, an independent research consultancy head-quartered in the UK. Respondents were senior IT decision-makers within their organizations, or senior customer experience professionals. Job titles with the IT respondent base included: CIO, IT Director, Head of IT and Senior IT Manager. Job titles for customer experience professionals included: Customer Experience Director, Contact Centre Director, Client Services Director and Director of Online/Digital.

1004 interviews were conducted online using an online survey.