



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."

What is an 'Agility Trap'?

An 'Agility Trap' occurs when businesses seeking rapid digital transformation run fast and get stuck due to organizational or technological complexity.



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.

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.

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 Transformation Journey

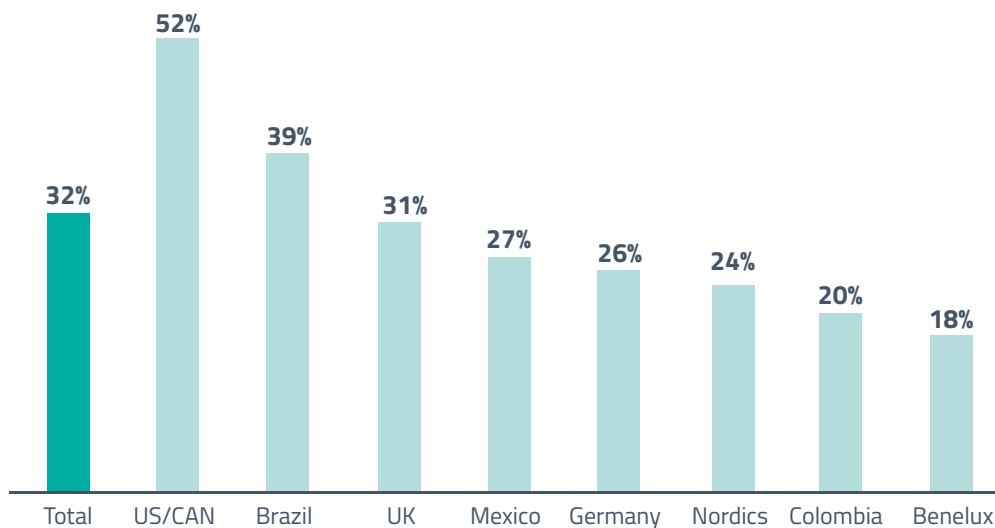
Keeping pace with digital change

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

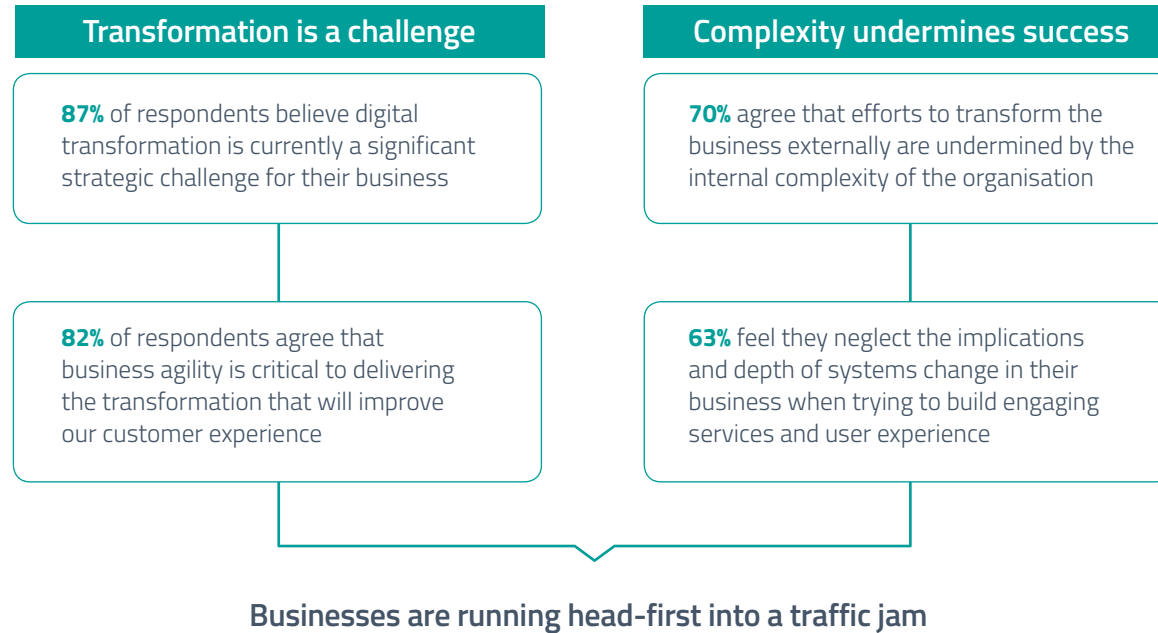
(Chart 1), with **52%** describing their level of project activity as 'moderate'. Furthermore, **41%** of respondents have significant plans to develop digital projects in the future. Chart 1 also shows the variance of live transformation by region.

"Digital transformation is happening fast across the globe."

Chart 1 Which regions house companies with high levels of digital transformation projects?



Against this backdrop of prioritizing digital transformation, businesses are finding several challenges on the road to realizing their strategic goals.



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.

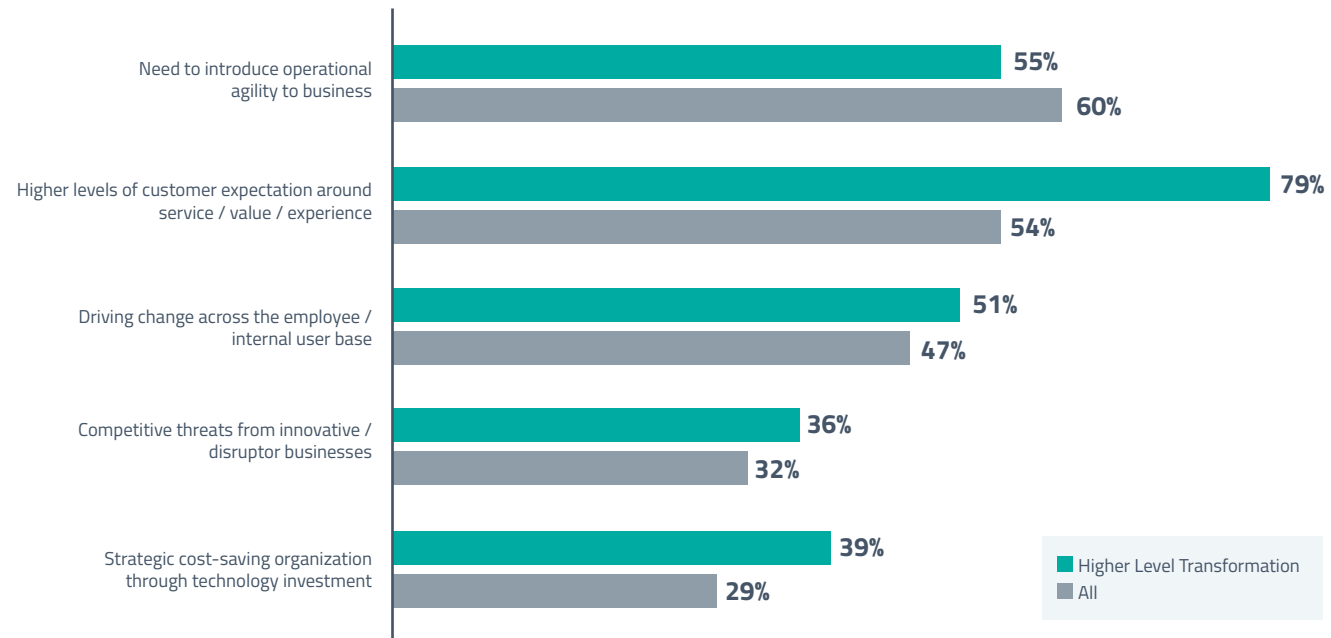


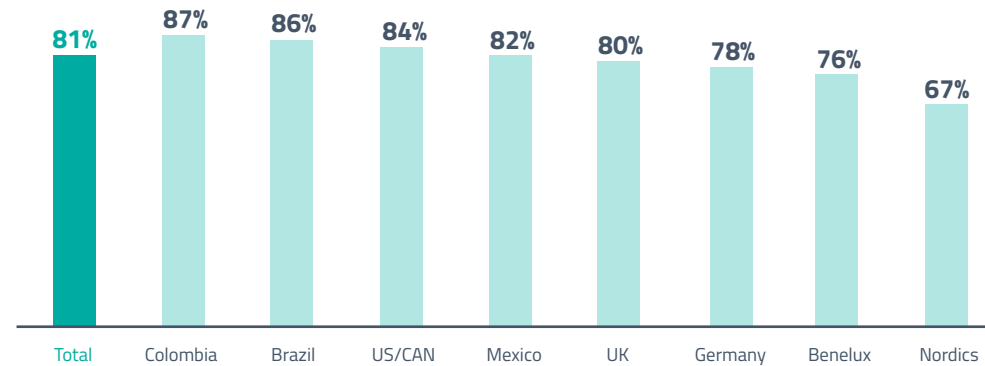
Chart 2 What are the main drivers for digital transformation? The grey bars above show all respondents. The green bars are those respondents with high levels of digital transformation projects in place – 32% of the businesses surveyed.

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.

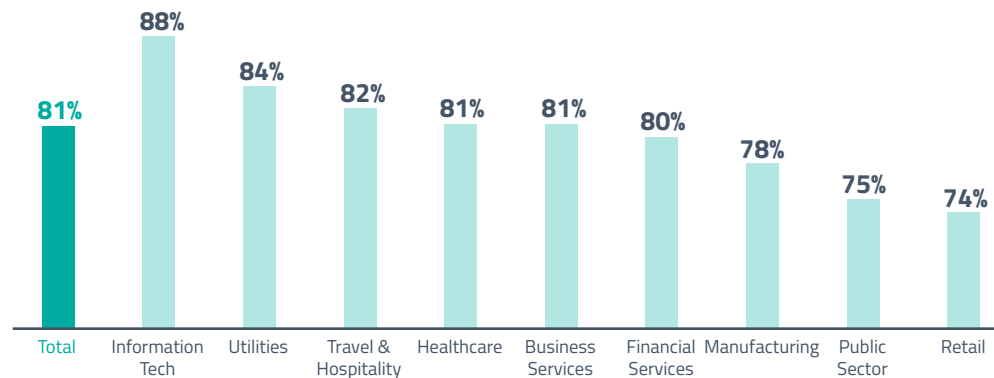
It's not just about your operations any more. The whole world is changing around you.

Chart 3 The pace of change in our industry is increasing due to shifts in customer expectation around innovation, service and delivery [agree/strongly agree]



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

Chart 4 Sector View: The pace of change in our industry is increasing due to shifts in customer expectation around innovation, service and delivery [agree/strongly agree]



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

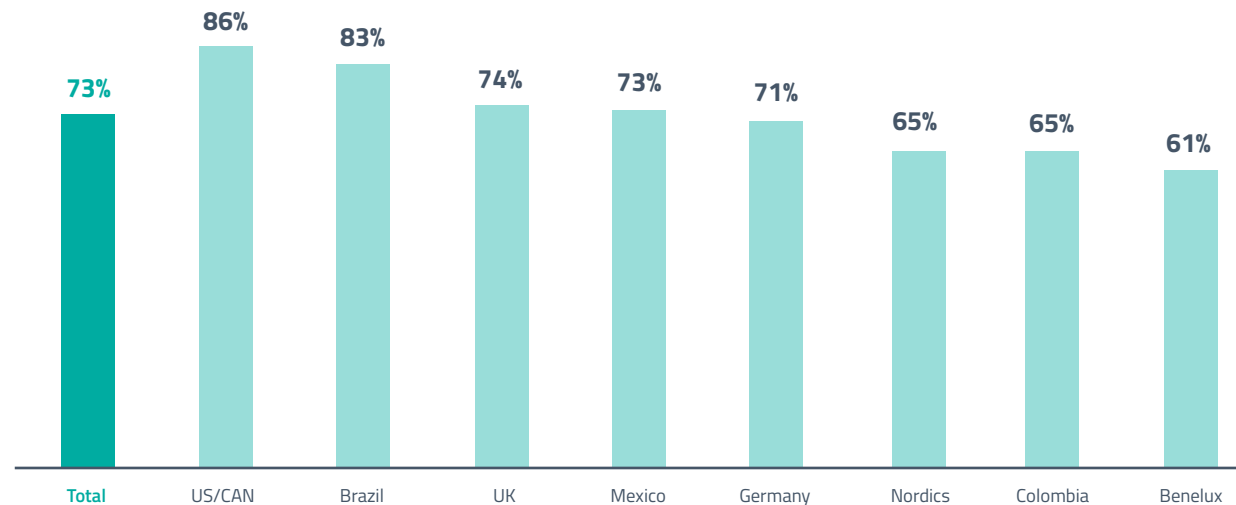
Trapped by Complexity

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.

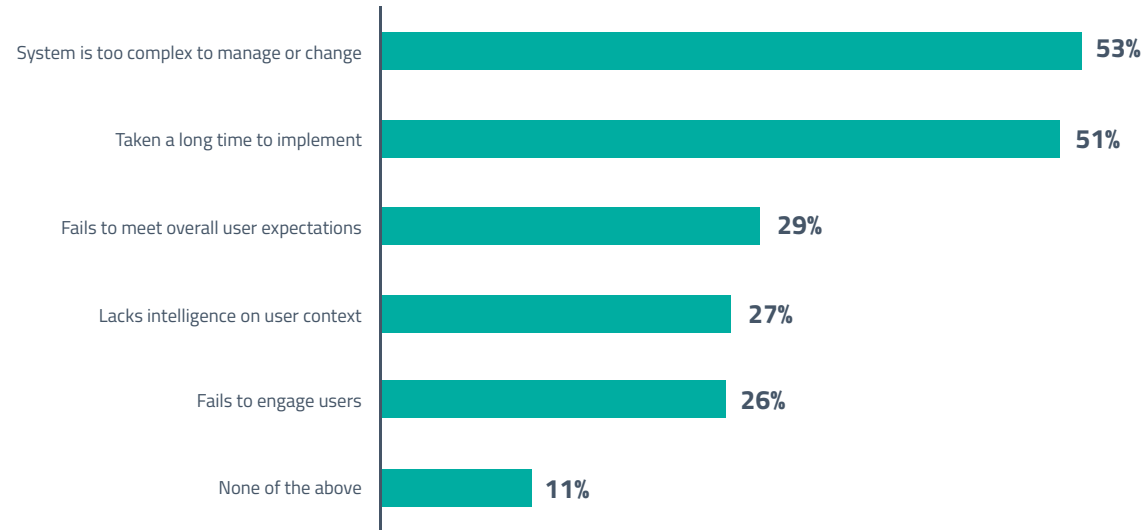
Chart 5 Failure to respond quickly to transformation will result in commercial failure [agree/strongly agree]



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".

Chart 6 Which challenges are companies facing when the transformative IT change is within customer, employee or operational applications?



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?

Chart 7 Q. What from the following most accurately describes your organisation's view towards business transformation or change?

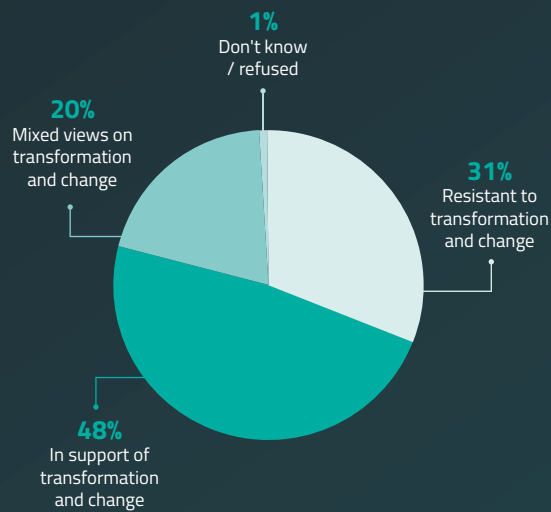


Chart 8 Q. To what degree are current projects in your organisation directly associated with a digital transformation strategy?

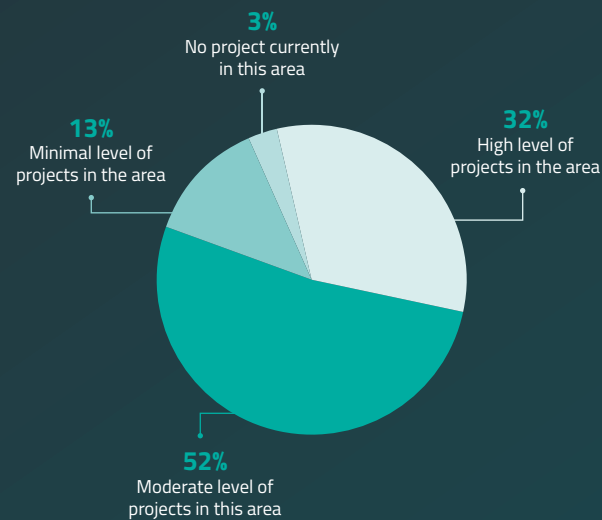
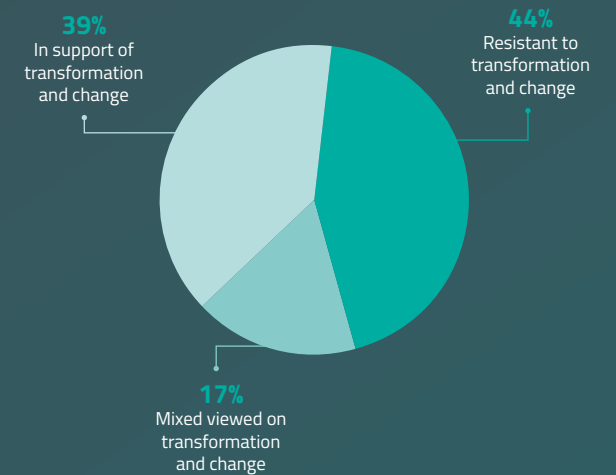


Chart 9 Base: Businesses with high levels of digital transformation projects in place



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.

Chart 10 The drivers and risks associated with transformation are diffused and varied



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 11 Which regions house companies with high levels of agility across customers, employee and operational systems?

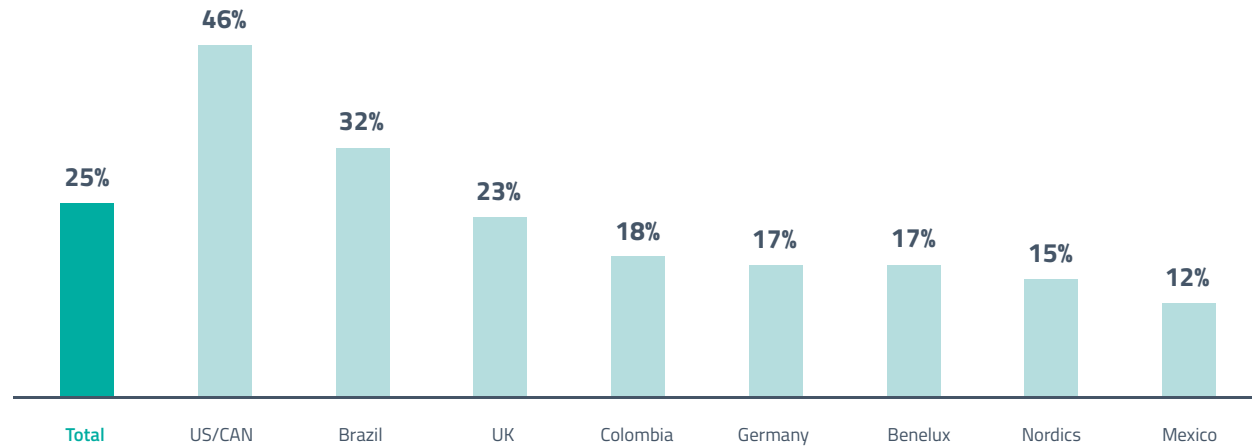


Chart 12 What's the relationship between levels of digital transformation and agile systems per region?

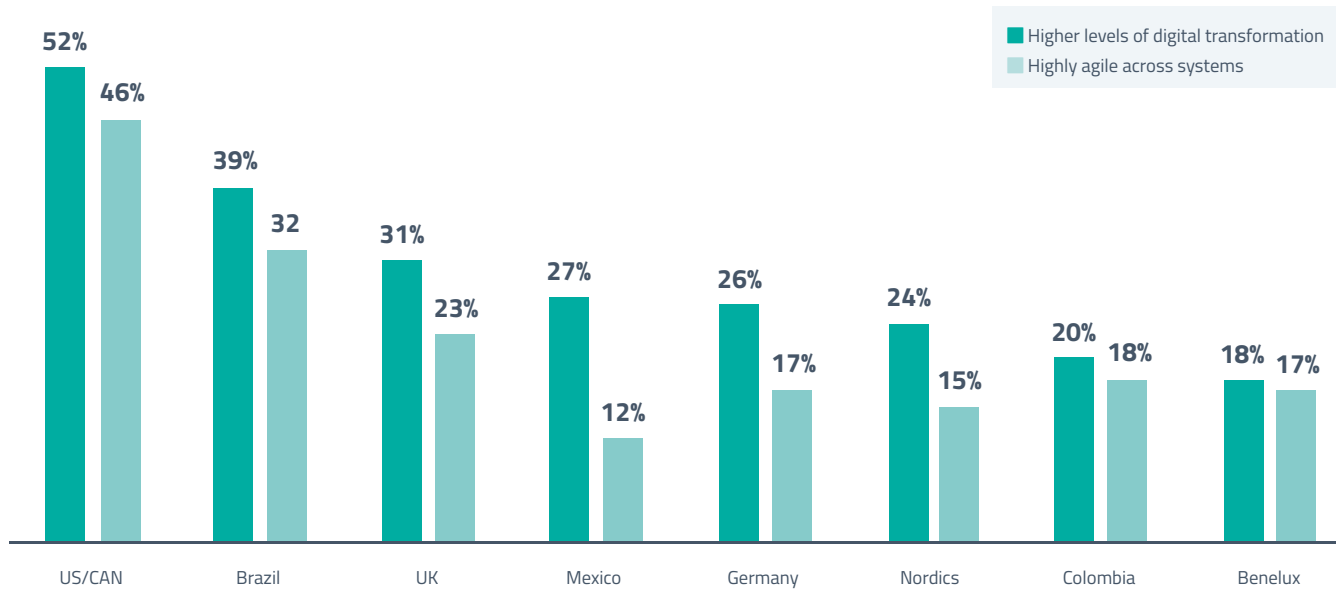


Chart 12 shows that, though levels of agility vary by region, they are consistent with the degree of digital transformation taking place in each country. The need for transformation clearly has an influence on demand for more agile systems.

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

Ignition Switch



Understanding the drivers of change for your business



Strategic clarity



Identifying the risk factors that influence successful transformation



Responsive Processes



Overcoming cultural and organisational resistance to change



Business and IT Alignment



Increasing the agility of existing systems to drive transformation



'Wrapper' Technologies

Ignition Switches for Digital Transformation

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.

Regional Snapshots

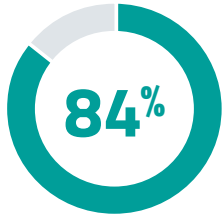
The following pages provide a country summary of the key data points provided by the research. Countries included are: US/Can, UK, Benelux, Nordics, Germany, Brazil, Colombia and Mexico.



UNITED KINGDOM

THE AGILITY TRAP

Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



Neglect implications and depth of systems change

CULTURAL CHANGE RESISTANCE

39%

Resistant to, or have mixed views towards transformation or change

TRANSFORMATION DRIVERS

Operational agility

60%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

54%

SYSTEM CHANGE CHALLENGES

System too complex

57%

SYSTEM CHANGE CHALLENGES

Time delays

42%

BUSINESS AGILITY IMPORTANCE

78%

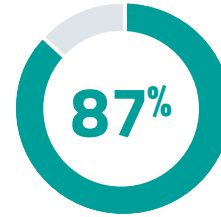
(Business agility is critical to delivering the transformation that will improve our customer experience)



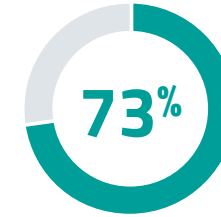
GERMANY

THE AGILITY TRAP

Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



Neglect implications and depth of systems change

CULTURAL CHANGE RESISTANCE

56%

Resistant to, or have mixed views towards transformation or change

TRANSFORMATION DRIVERS

Operational agility

71%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

47%

SYSTEM CHANGE CHALLENGES

System too complex

36%

SYSTEM CHANGE CHALLENGES

Time delays

49%

BUSINESS AGILITY IMPORTANCE

72%

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

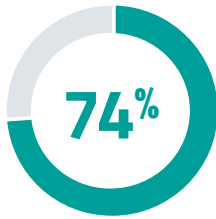
Country Snapshots



BENELUX

THE AGILITY TRAP

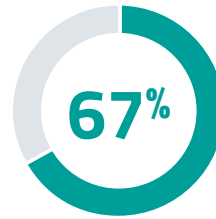
Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



Neglect implications and depth of systems change

CULTURAL CHANGE RESISTANCE

47%

Resistant to, or have mixed views towards transformation or change

TRANSFORMATION DRIVERS

Operational agility

50%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

40%

SYSTEM CHANGE CHALLENGES

System too complex

47%

SYSTEM CHANGE CHALLENGES

Time delays

40%

BUSINESS AGILITY IMPORTANCE

69%

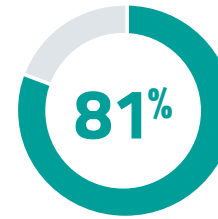
(Business agility is critical to delivering the transformation that will improve our customer experience)



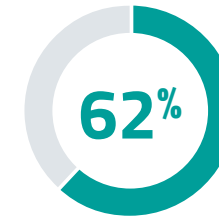
NORDIC

THE AGILITY TRAP

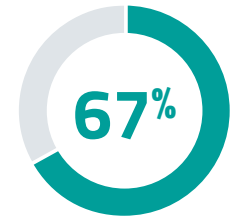
Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



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

33%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

34%

SYSTEM CHANGE CHALLENGES

System too complex

50%

SYSTEM CHANGE CHALLENGES

Time delays

42%

BUSINESS AGILITY IMPORTANCE

78%

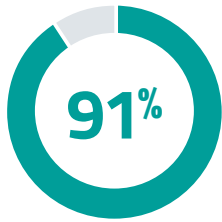
(Business agility is critical to delivering the transformation that will improve our customer experience)



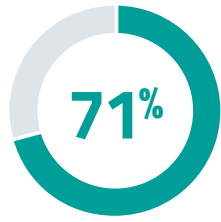
US & CANADA

THE AGILITY TRAP

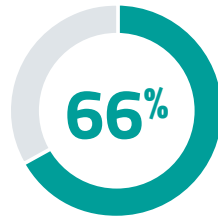
Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



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%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

67%

SYSTEM CHANGE CHALLENGES

System too complex

66%

SYSTEM CHANGE CHALLENGES

Time delays

56%

BUSINESS AGILITY IMPORTANCE

86%

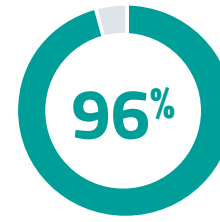
(Business agility is critical to delivering the transformation that will improve our customer experience)



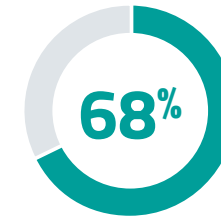
BRAZIL

THE AGILITY TRAP

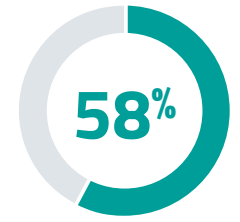
Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



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%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

66%

SYSTEM CHANGE CHALLENGES

System too complex

50%

SYSTEM CHANGE CHALLENGES

Time delays

50%

BUSINESS AGILITY IMPORTANCE

94%

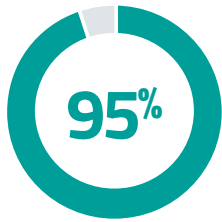
(Business agility is critical to delivering the transformation that will improve our customer experience)



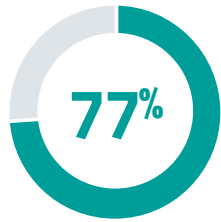
COLOMBIA

THE AGILITY TRAP

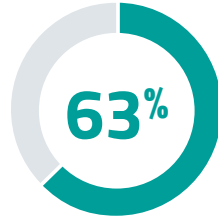
Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



Neglect implications and depth of systems change

CULTURAL CHANGE RESISTANCE

63%

Resistant to, or have mixed views towards transformation or change

TRANSFORMATION DRIVERS

Operational agility

64%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

60%

SYSTEM CHANGE CHALLENGES

System too complex

69%

SYSTEM CHANGE CHALLENGES

Time delays

76%

BUSINESS AGILITY IMPORTANCE

81%

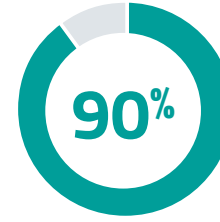
(Business agility is critical to delivering the transformation that will improve our customer experience)



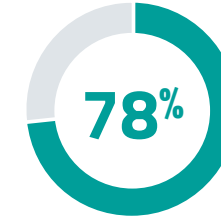
MEXICO

THE AGILITY TRAP

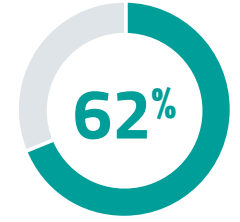
Respondents that strongly agree or agree to statements provided



Digital information is a strategic challenge



Our efforts to transform business externally are undermined by internal complexity



Neglect implications and depth of systems change

CULTURAL CHANGE RESISTANCE

57%

Resistant to, or have mixed views towards transformation or change

TRANSFORMATION DRIVERS

Operational agility

68%

(Top 2 selections per region)

TRANSFORMATION DRIVERS

Higher Customer Expectation

52%

SYSTEM CHANGE CHALLENGES

System too complex

33%

SYSTEM CHANGE CHALLENGES

Time delays

60%

BUSINESS AGILITY IMPORTANCE

85%

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

Methodology

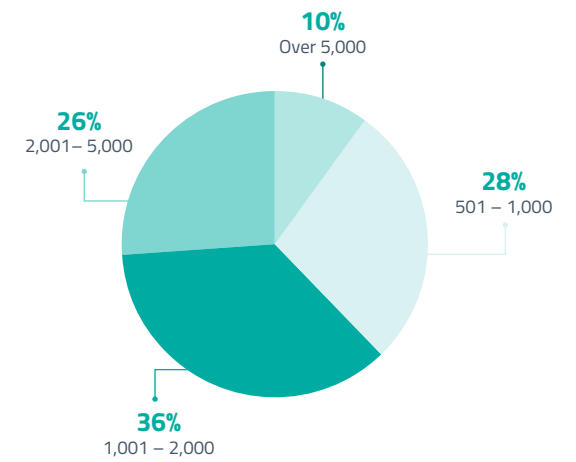
The Agility Trap research was commissioned by Bizagi and conducted in May 2016 by Loudhouse Research, an independent research consultancy head-quartered in the UK. Respondents were senior IT decision-makers within their organizations, or senior customer experience professionals. Job titles with the IT 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.

Sample size per-region



Company size



Job Role

