



# Leveraging the Human Advantage for Business Transformation

December 2023



**Matthew Wilkins**  
Senior Research  
Manager, European  
Services



**Jennifer Thomson**  
AVP AccAD, Cloud, Services  
Research Europe

An IDC InfoBrief, sponsored by **endava** 



# Contents

The new era: evolution from digital transformation to the digital business	3
Are digital transformation initiatives delivering on their goals?	4
What outcomes can digital transformation projects provide?	5
What is the organisational impact of failed digital transformation projects?	6
People are key to avoiding failure in digital transformation initiatives	7
Internal collaboration is critical, but partners and customers must not be forgotten	8
Embracing a human-centric approach enables digital project success	9
Automation has a central role in empowering human-centric transformation	10
Human-centric transformation relies on upskilling	11
The role of AI as a productivity multiplier	12
The importance of partnerships in augmenting human value	13
Recommendations	14
About Endava	15
Survey demographics	16
About IDC	17

# The digital business era

Enterprises have utilised technology to transform their ways of working. But business strategies must evolve in response to changing market dynamics and disruptions, customer demands and technological developments. The era of digital transformation is evolving into the era of the digital business, where enterprises operate a digital-first mantra — as they seek to create, develop and run entirely digital products and services.

67%

of organisations consider their business **digital-first**



To what extent do you think your organisation is a digital business?

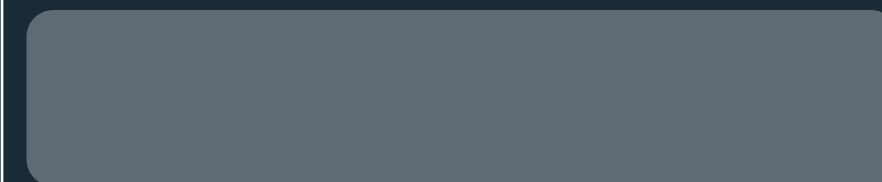
6%

Not at all



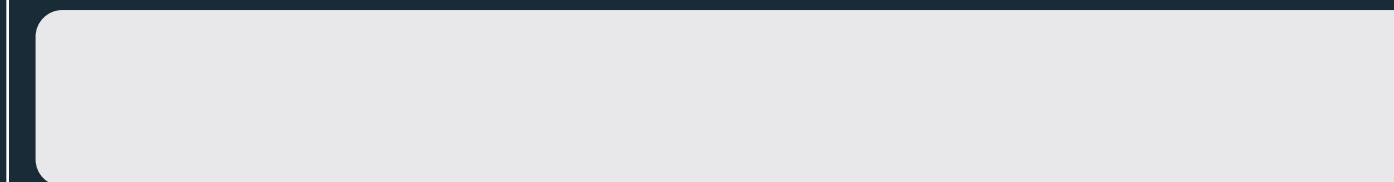
27%

Somewhat



43%

Mostly



24%

Digital native



# Are digital transformation initiatives delivering on their goals?

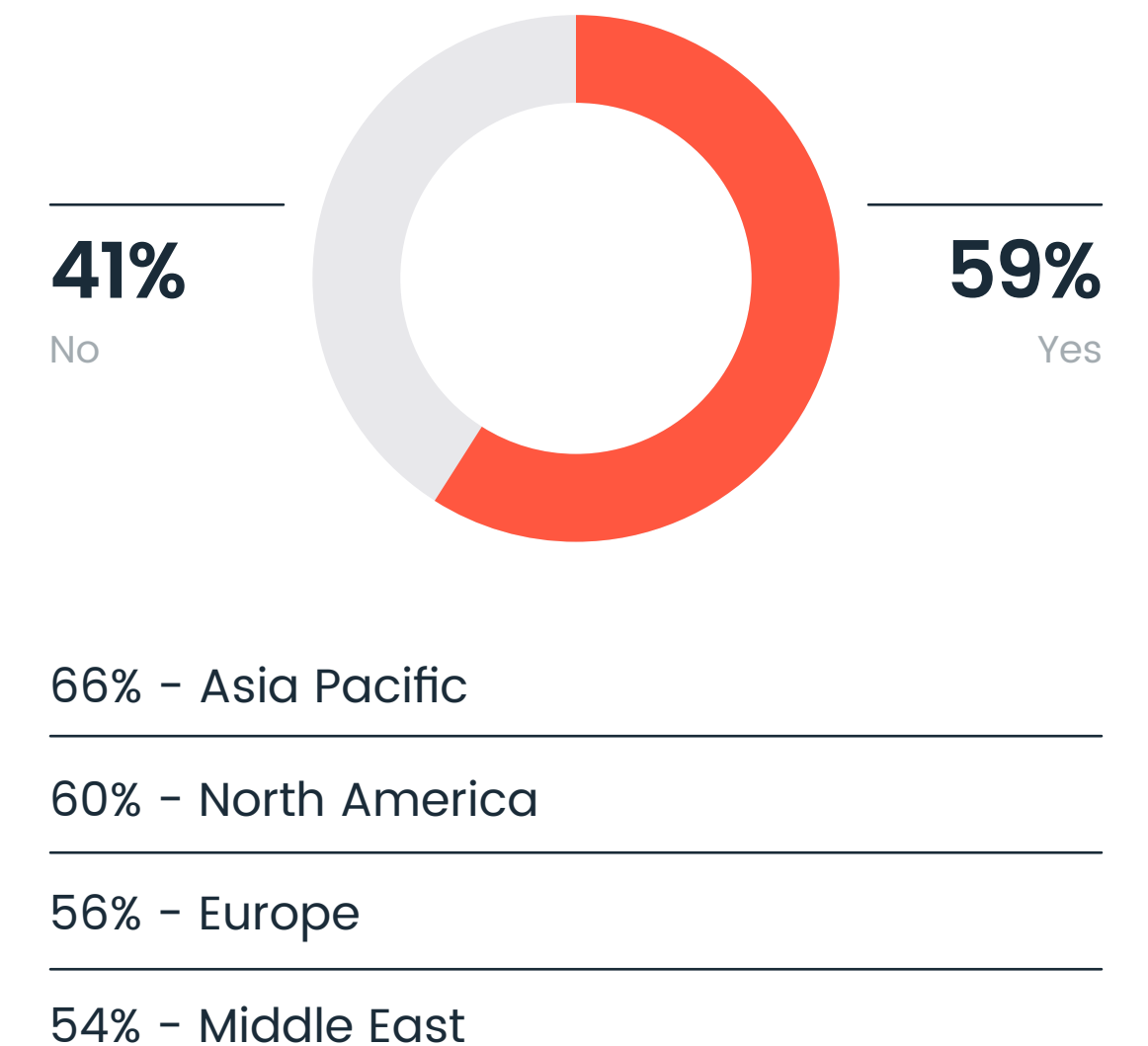
With most businesses considering themselves to be digital-first, the natural assumption is that digital transformation projects are executing on the aims set out at their inception...

With such a high failure rate, how is the perception of spending on digital transformation being affected?

**88%** of organisations said that up to 50% of digital transformation projects undertaken in the past 12 months achieved their expected goals and outcomes

Meaning that 1 in 2 projects **did not** achieve their goals and outcomes

**59%** of organisations believe investments in digital transformation projects have been wasted



Q: Has any of your organisation's investment in digital transformation (DX) projects in the last 12 months been wasted?

# What outcomes can digital transformation projects provide?

Digital transformation initiatives are capable of delivering a positive impact for enterprises. **Optimised processes, reduced costs, increased revenues and the creation of new revenue streams** are the **leading outcomes** enterprises are deriving from their investments in digital transformation. These outcomes are uniform across all geographic regions and highlight that such digital transformation investments can drive increased profitability and efficiency. With 4 out of 10 organisations highlighting **people-related** benefits of improved employee productivity, satisfaction and retention.

Q: What successful outcomes has your organisation realised from recently completed digital transformation projects?



**North America:**

1. Cost reduction
2. Revenue increases and new revenue streams
3. Process optimisation

**Europe:**

1. Process optimisation
2. Cost reduction
3. Revenue increases and new revenue streams

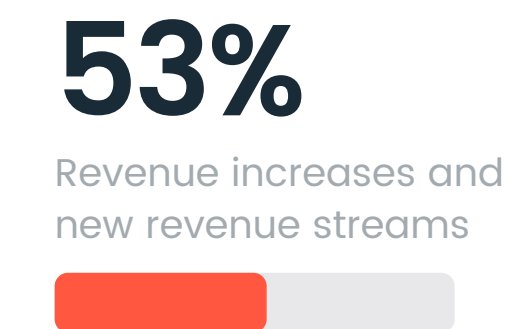
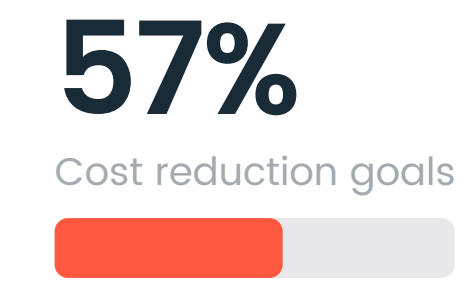
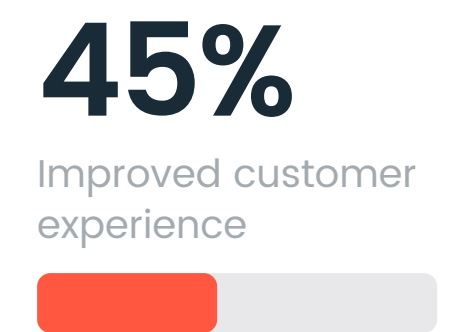
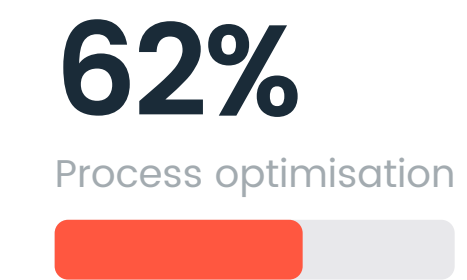
**Middle East:**

1. Process optimisation
2. Revenue increases and new revenue streams
3. Cost reduction

**Asia Pacific:**

1. Process optimisation
2. Cost reduction
3. Revenue increases and new revenue streams

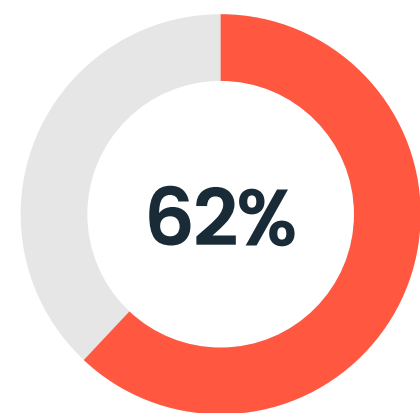
**Leading success outcomes realised from digital transformation projects:**



Q: What successful outcomes has your organisation realised from recently completed digital transformation projects?

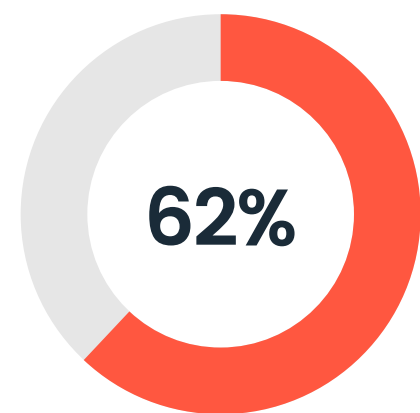
# What is the organisational impact of failed digital transformation projects?

Unsuccessful digital transformation initiatives are placing organisations at a disadvantage to competitors, with **digital maturity** and **time to market** being particularly affected; while senior management has become **wary** of additional digital investments.



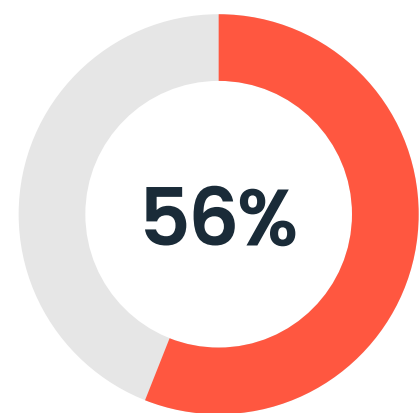
**We are less technically/digitally mature than our competitors**

...rising to 93% for firms with <999 employees!



**Our time to market for new products and services is longer than that of our competitors**

...rising to 72% for telco and media firms!



**Senior management is wary of making investments in digital technologies and/or initiatives**

Q: What challenges is your organisation now facing due to unsuccessful digital transformation projects? (if applicable)

Competitive and future investment woes are compounded by the **human impact** of unsuccessful digital transformation initiatives:

**56%** ...of organisations report that internal staff are frustrated

**50%** ...of organisations report that staff attrition has increased

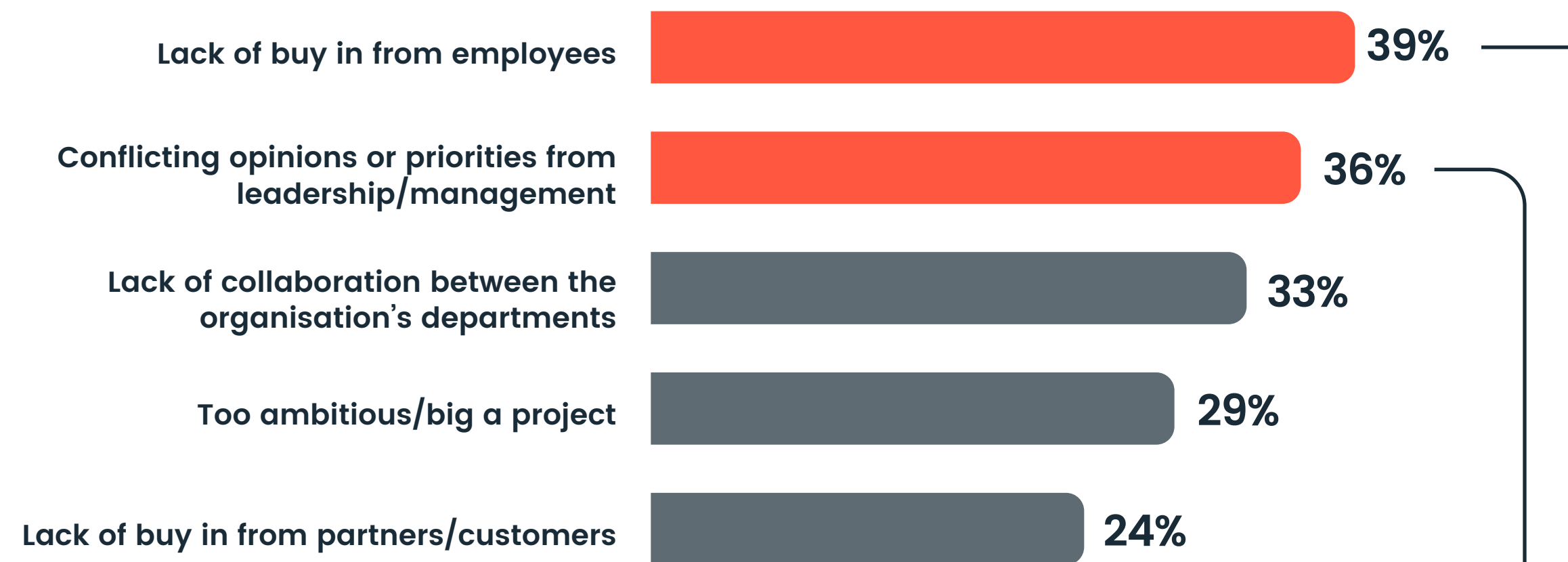
**44%** ...of organisations report that the work environment has become less exciting and stimulating for staff

The impact of unsuccessful digital transformation initiatives on the organisation is far reaching, but its **impact on employees should not be underestimated**. A workforce frustrated with its daily activities will not be motivated to excel right at the time when it is so critical to do so, as the business transitions into the **new digital business era**. If left unaddressed, the **risk** of losing experienced talent that possesses deep knowledge of the business and its customers can potentially leave significant gaps in the organisation's capabilities, which will be **costly** in both money and time to address.

# What is contributing to failed digital transformation projects?

## People are key to avoiding failure in digital transformation initiatives

An engaged and involved workforce is critical to the success of DX projects. Across internal staff of all seniority, external partners and customers, **people** are an essential factor in the potential success or failure of digital transformation initiatives.



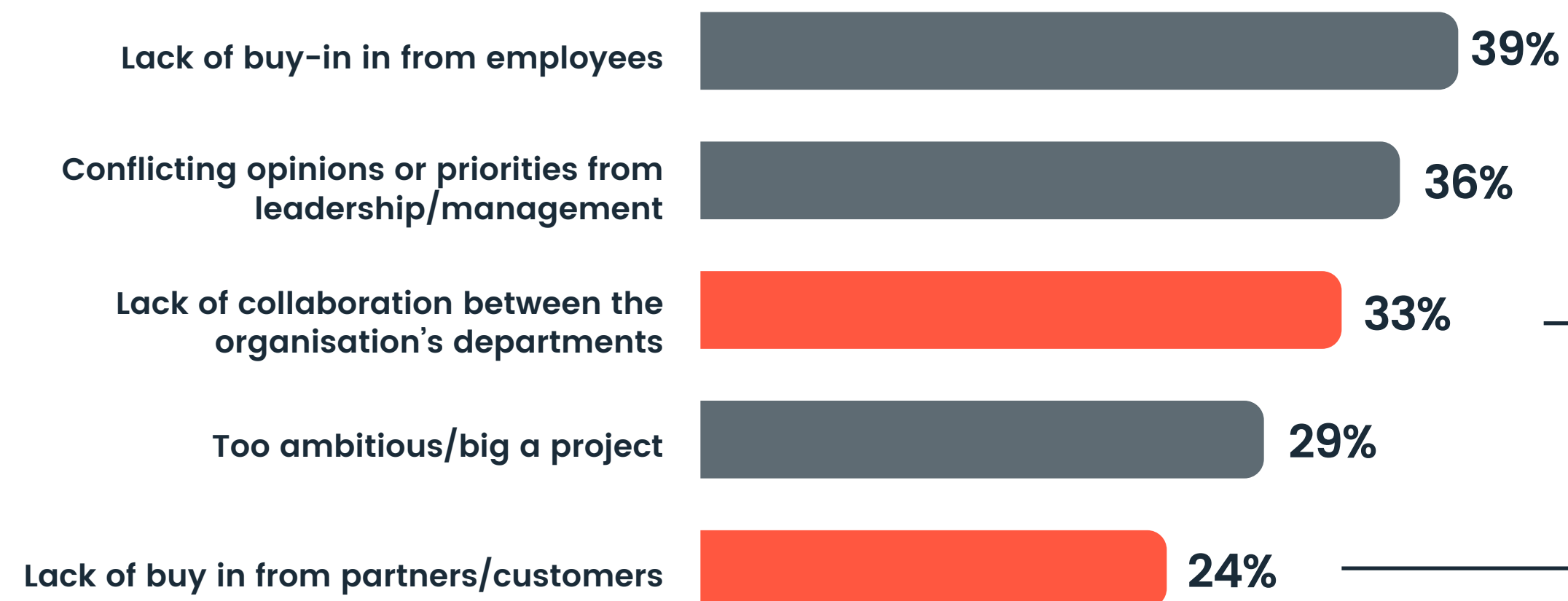
Q: What were the key reasons your organisation's digital transformation projects did not achieve their expected goals/outcomes? (top 5 responses plotted)

While the case for digital transformation initiatives must be made at the business and technology level, organisations often **underestimate the criticality** of employee buy-in. Effort must be placed into enabling employees to see the **benefits and value** of the initiative. They will be tasked with making it work, often resulting in the need to go the extra mile, ultimately enabling the organisation to realise the desired outcomes.

The overarching management of any digital transformation initiative is a critical factor in its success or failure. The larger the transformation, the more stakeholders will be involved and **human nature** will naturally seek to ensure the optimum benefits for all concerned. Organisations must ensure that stakeholder agendas are **checked at the door**, with management laser-focused on avoiding the **pitfall of internal conflict** across the planning and execution phases. Failure to do so risks multi-faceted initiatives pulling in too many directions, **diluting** the initial aims and **amplifying the problems** as conflict filters throughout the organisation.

# What is contributing to failed digital transformation projects?

Internal collaboration is critical, but partners and customers must not be forgotten



Q: What were the key reasons your organisation's digital transformation projects did not achieve their expected goals/outcomes? (top 5 responses plotted)

Digital transformation initiatives cannot be approached and executed as siloed activities in the digital business era. Collaboration and communication across all parts of the business is **imperative**, as business processes, functions and activities become increasingly **interwoven** in the **digital fabric** underpinning the digital business.

While digital transformation initiatives can often be viewed from a purely insular perspective, engaging with **ecosystem partners** must be a core part of the process. Gathering **external perspectives** should (at least) be a key step in the planning and design phase and (at best) be embraced as a potential mechanism for **co-innovation**. Yet, even more important is the customer view. Digital initiatives must focus on improving the **customer experience** today and tomorrow, with the ability to continue innovating in line with **future needs**. It must be a priority to bring the customer on the **journey**, to remove surprises and ultimately demonstrate **customer-centricity**.

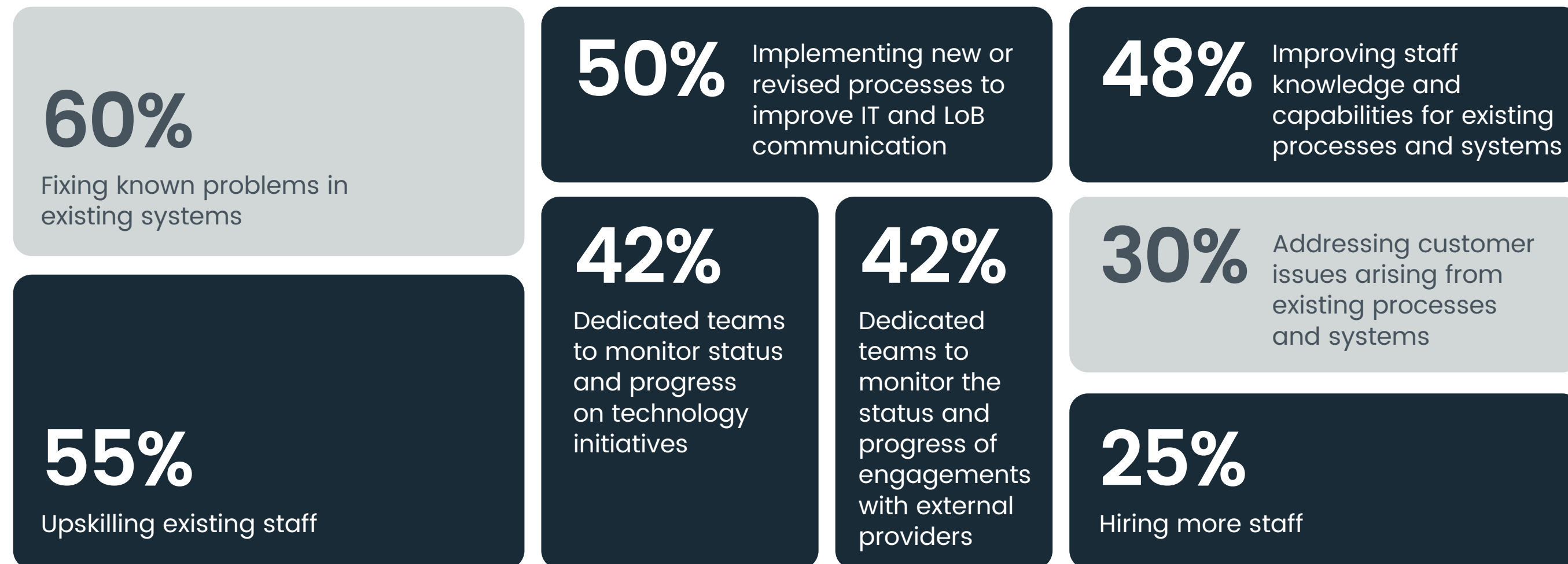


# Embracing a human-centric approach enables digital project success

The human aspect sits at the core of digital project success. For instance: diverse skills bring a project to life, from design to implementation and use; IT and line of business (LoB) collaboration creates a synergy that propels initiatives forward; knowledge dissemination fosters an environment of growth and learning; while clearly communicated goals and business value metrics provide a roadmap to success and clearly defined markers of progress. Adopting a human-centric approach from the start not only prevents digital investment waste, but also fosters innovation and success.

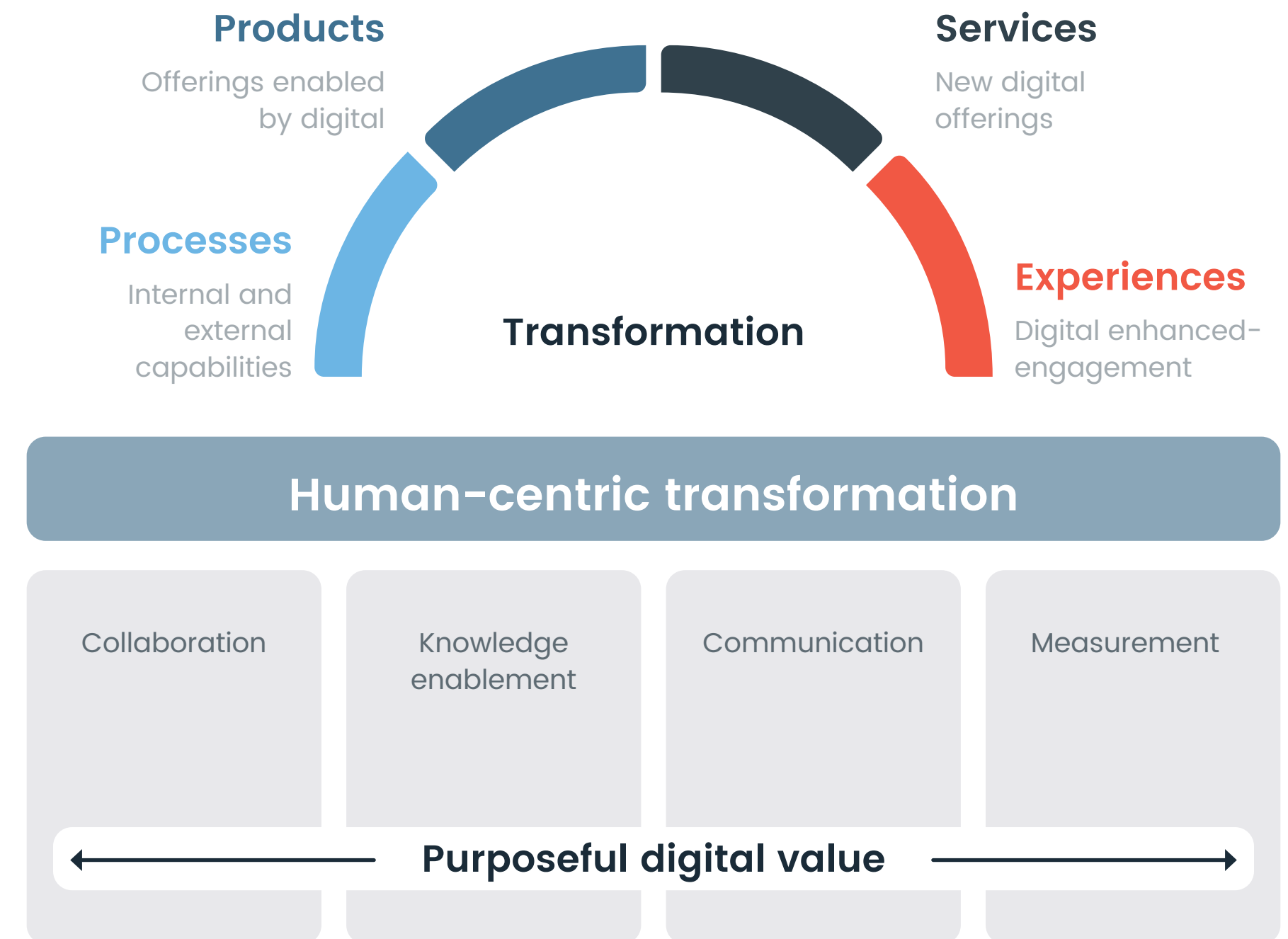
## Investment improvement areas

● Human-centric processes



Q: You indicated that DX investment had been wasted. In hindsight, which — if any — of the following areas do you think investment would have been better placed?

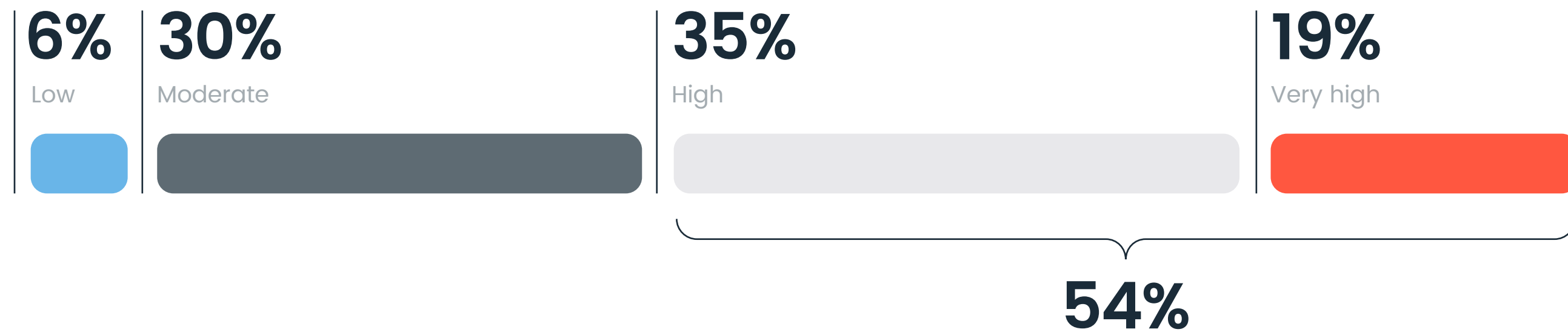
## The digital business framework **must** be built on human-centric transformation



# Automation has a key role in empowering human-centric transformation

Automation has the potential to boost employee satisfaction, enrich work experiences and increase productivity. To maximise the benefits, clear communication of its impact and employee involvement are key to a successful automation strategy. A people-first approach not only optimises results, but also fosters a culture of creativity and innovation.

**To what extent is enterprise-wide automation improving the day-to-day activities of employees – empowering them and enhancing their work experience and employee satisfaction?**



## A successful automation strategy should focus on:

Elimination of routine tasks

**58%** have an automation strategy centred on the removal of mundane employee tasks

Transparency/clear communication

**65%** ensure transparency around the workforce impact of automation via the C-suite/management team

Employee engagement

**54%** ensure employee engagement and satisfaction is integral to the organisational automation strategy

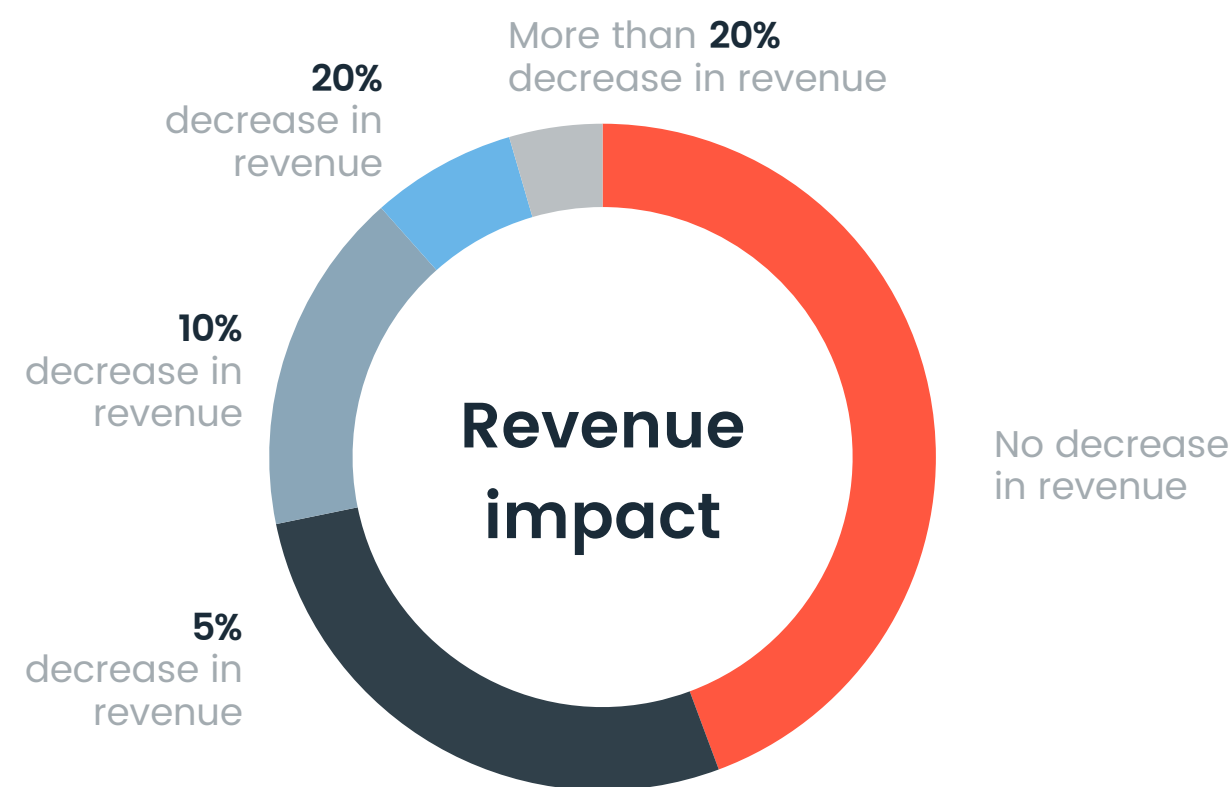
Regional view: automation strategy	Asia Pacific	Europe	Middle East	North America
Eliminates routine tasks	66	56	63	58
Empowers employees through automation	63	56	47	50
Provides automation transparency/clear communication	69	64	63	64
Employee engagement is central to success	51	58	63	49

# Human-centric transformation relies on upskilling

## Three essential questions for any organisation to ask themselves

What is the revenue impact of labour and employee skills shortages?

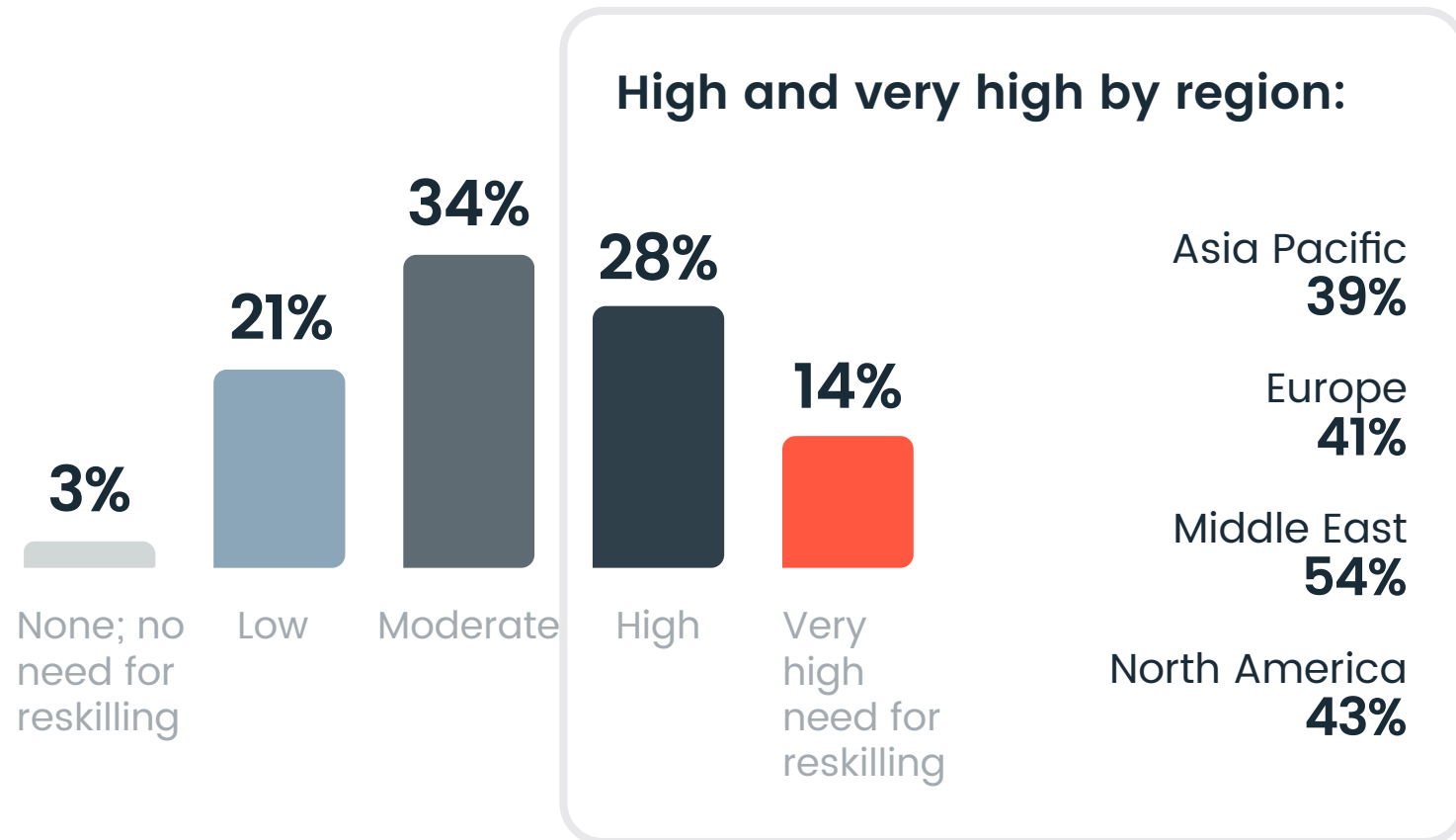
**56%** of organisations anticipate a negative revenue impact due to labour and employee skills shortages



Q: Which of the following best represents the impact labour and employee skills shortages are having on your organisation's business?\*

Does automation/AI have an impact on reskilling requirements?

**76%** of organisations expect reskilling demands to increase due to the impact of automation and AI

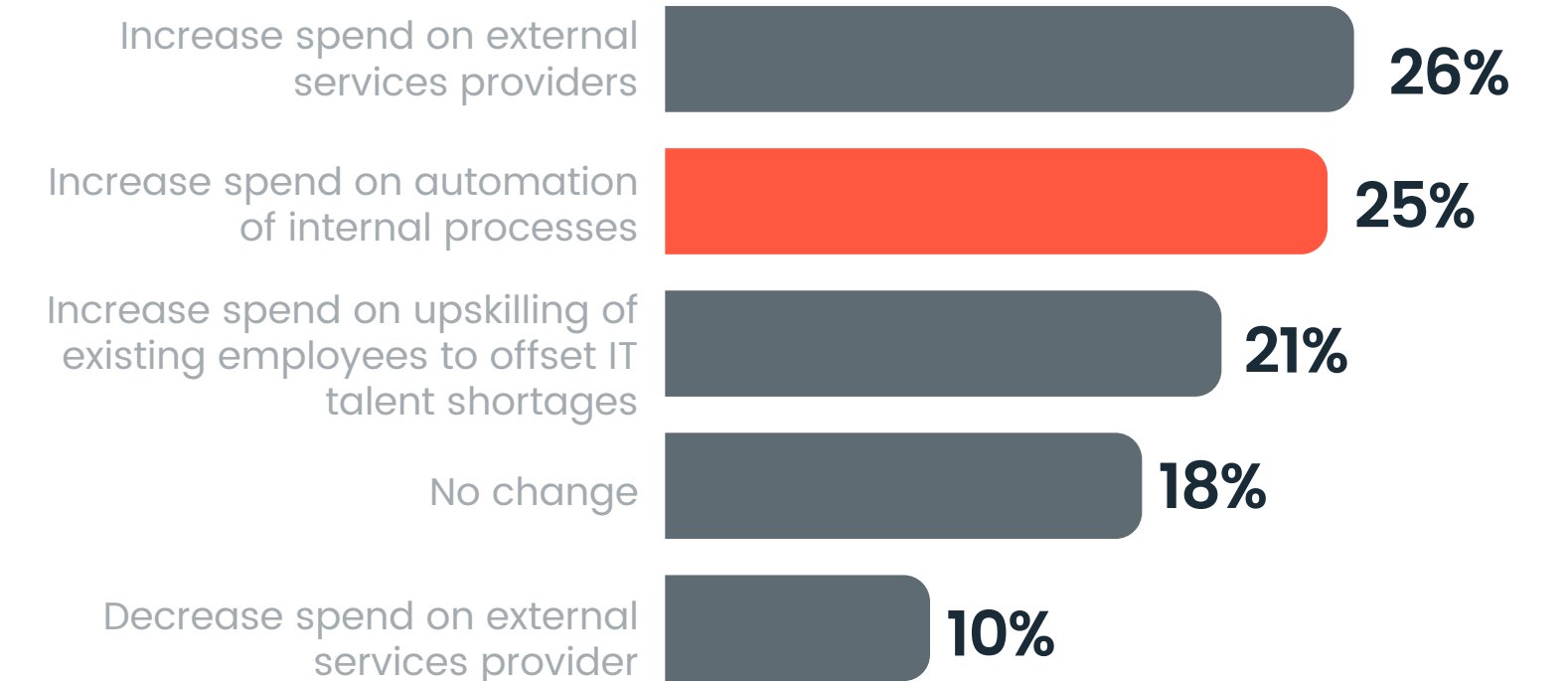


Q: What is the impact of automation/AI on your organisation's reskilling needs? \*\*

What is the pathway to skill augmentation?

**64%** of organisations have set up formal upskilling programs

Current labour shortages demand an **automated** and **multi-faceted** approach to reskilling and upskilling.

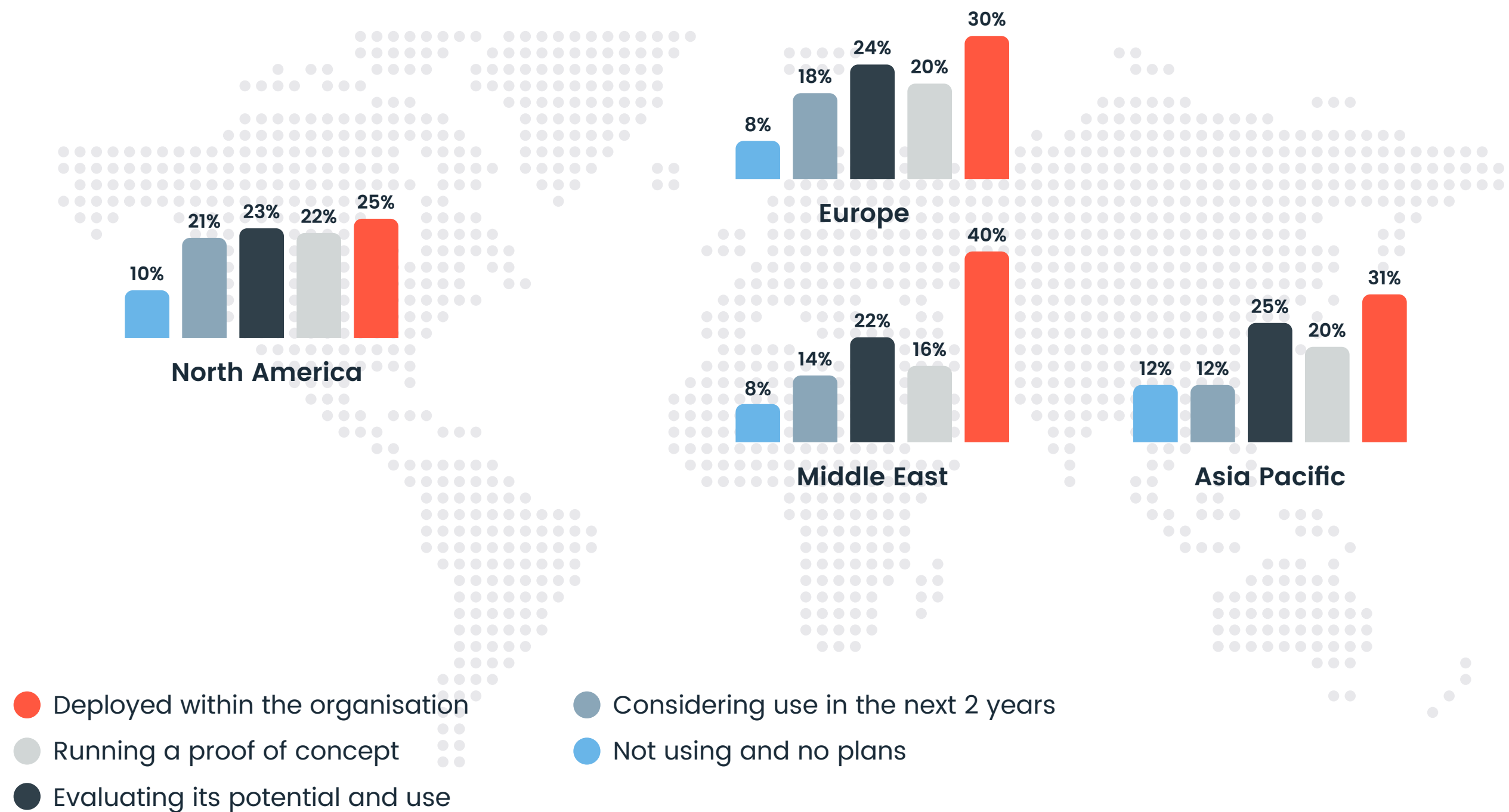


Q: Considering current labour shortages, how much investment in IT support services is your organisation planning to make in the next 18 months?

# The role of AI as a productivity multiplier

## AI adoption

AI is having a significant impact on businesses and organisations across industries. 1 in 2 organisations globally have deployed or are currently running a proof of concept, underlining the increasing importance of AI. Intelligence is becoming a primary source of value creation, in which AI is a key accelerator of business change.



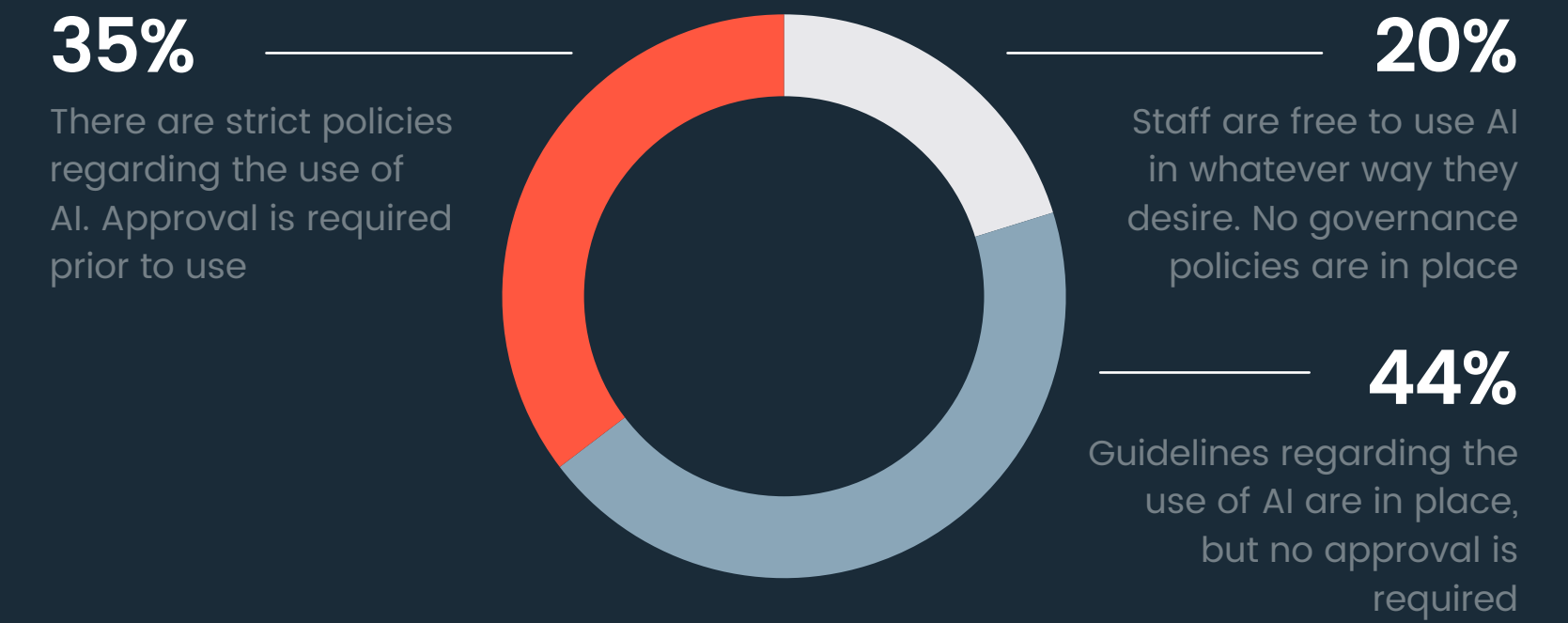
Q: Which of the following statements best applies to your organisation concerning AI?

## AI governance

AI governance and policies must align to human values

**51%** consider retaining human influence on the AI it uses as very or extremely important

Today, horizontal and vertical AI use cases are being implemented across enterprise service operations, product optimisation, customer experience, risk modelling and many other areas. As the reach and adoption of AI continues to grow, responsible AI is increasingly top of mind. Governance policies should align with human-centred values that focus on mitigating the unintended outcomes of AI.



# The importance of partnerships in augmenting human value

Organisations may feel it is solely up to them to address the challenges posing a risk to their organisation. Yet engaging with external partners can provide access to a source of independent, knowledgeable and alternative thinking that can be used to address the challenges arising from digital transformation initiatives.



Q: What challenges is your organisation now facing due to unsuccessful digital transformation projects?

Q: What were the key reasons your organisation's digital transformation projects did not achieve their expected goals/outcomes?

Q: Which of the following are most important when selecting a strategic IT services provider today?

# Recommendations

Organisations must be mindful of the four steps to leverage the human advantage in business transformation:

## Position

### Position for the digital business era:

Digital transformation is a powerful tool to affect business change – enabling organisations to realise cost savings, create new revenue streams and optimise their processes for greater efficiency. By initiating a transformation journey, organisations can **re-invigorate** their ability to compete in the **digital business era**, placing digital products and services at the **heart of their organisation**.

## Recognise

### Recognise the human element in digital transformation:

The reality is that digital transformation initiatives largely focus on **technology** and **process**. Organisations that recognise the importance of the **human element** for their initiatives will be better positioned to take their staff on the transformation journey and avoid factors which contribute to failed goals and outcomes.

## Skill

### Create adaptive skilling programs for changing digital requirements:

Organisations must not underestimate the **impact of skills** on their transformation initiatives and should prioritise the identification of skills deficiencies along with the creation or upscaling of skilling programs that will enable them to function optimally in the digital business era. Emerging technologies – such as AI – will place **greater demands** on internal reskilling programs, but organisations should look to both **automated and external approaches** to meet their needs.

## Partner

### Partner to offset organisational risks:

It is very hard for a single organisation to meet all demands their digital business ambitions place on them. Market pressures and headwinds, such as the risk of recession, impact of inflation and the competition for talent, place significant pressure on organisations trying to maximise their available resources. But organisations have a key asset at their disposal: the **partner ecosystem**. **External technology partners can augment and assist in all aspects of digital initiatives** empowering organisations and their staff to meet required goals and outcomes, where the benefits can include optimised processes, reduced costs and increased revenue.

# About Endava

Endava is a technology company with a passion for leveraging the latest technologies to help businesses thrive. By combining world-class engineering, deep sector expertise and a people-centric mindset, it strategically partners with its customers to build best-in-class technological solutions that drive innovation and transform their businesses. Endava supports its customers through every step of their digital transformation journey, from ideation to production, to create dynamic platforms and intelligent digital experiences to reach new heights. Rooted in its human-centric approach, Endava treats its customers as individuals, creating solutions tailored to their unique needs. Its agile, multi-disciplinary teams seamlessly integrate with the client's teams, catalysing ideation and delivering robust solutions.

Endava helps businesses accelerate and take advantage of new business models and market opportunities across various industries, including payments, insurance, finance and banking, technology, media, telecommunications, retail and consumer goods, supply chain, healthcare and life sciences, automotive and travel.

As of September 30, 2023, 11,761 Endavans served clients from locations in Europe, the Americas, Asia Pacific and the Middle East.



# Survey demographics

## Company size

**25%**  
250–499  
employees

**24%**  
500–999  
employees

**26%**  
1,000–2,499  
employees

**24%**  
2,500+  
employees

## Vertical industries

**21%** Retail and wholesale

**20%** Financial services

**21%** Healthcare service provider

**19%** Mobility

**19%** Telco and media

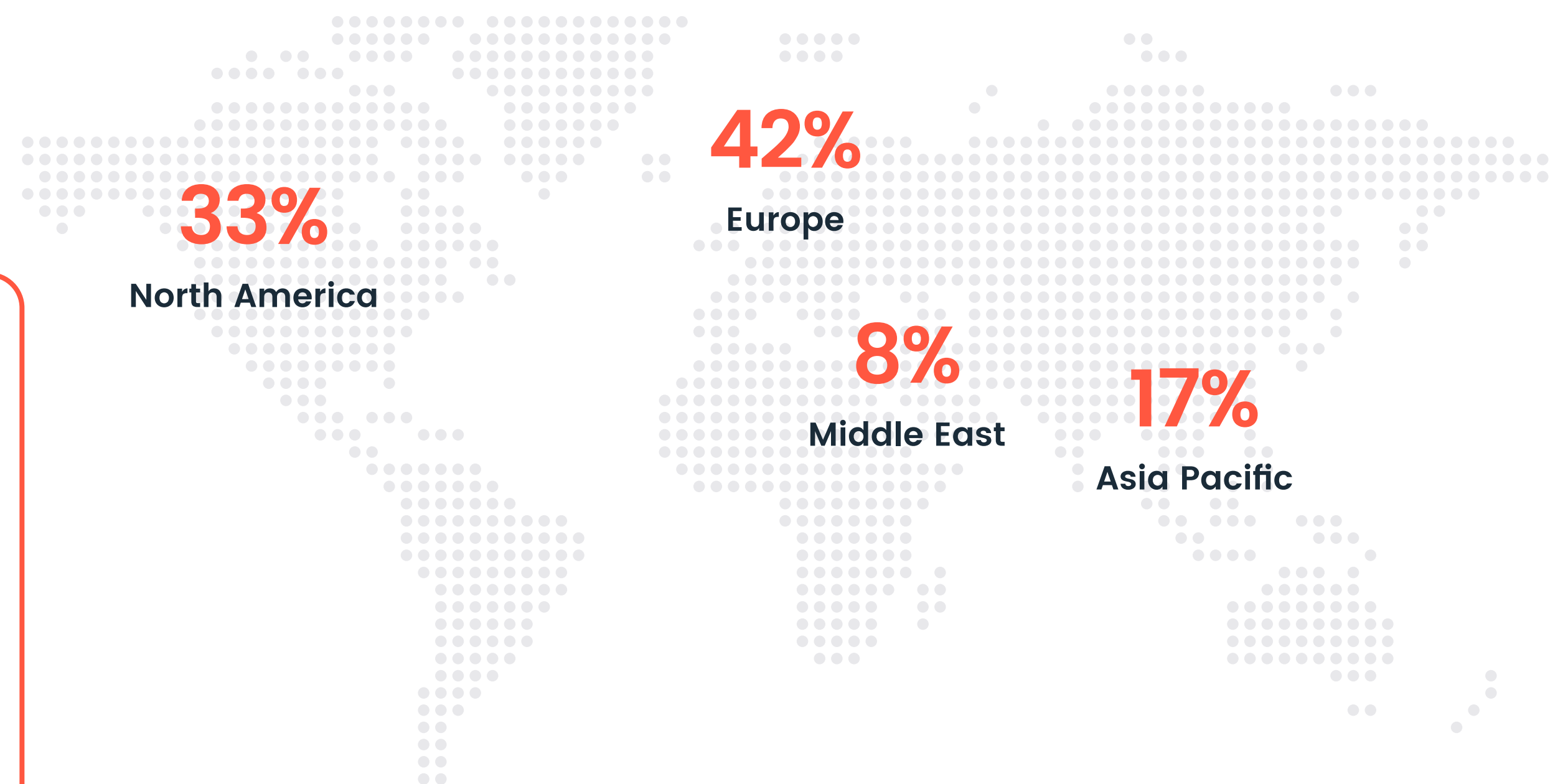
## Decision influence

Primary decision maker  
**29%**

Part of decision making  
**37%**

IT influencer  
**35%**

## Geographic split





# About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets.

With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight help IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives.

Founded in 1964, IDC is a wholly-owned subsidiary of International Data Group (IDG, Inc.), the world's leading tech media, data, and marketing services company.



This publication was produced by IDC Custom Solutions. As a premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets, IDC's Custom Solutions group helps clients plan, market, sell, and succeed in the global marketplace. We create actionable market intelligence and influential content marketing programs that yield measurable results.

© 2023 IDC Research, Inc. IDC materials are licensed for external use, and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.



## IDC UK

5th Floor, Ealing Cross, 85 Uxbridge Road, London, W5 5TH, United Kingdom  
T 44.208.987.7100



© 2023 IDC Research, Inc. IDC materials are licensed [for external use](#), and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.

[Privacy Policy](#) | [CCPA](#)