Two years ago, the inaugural Digital Transformation (DT) Index revealed nearly half of business leaders (45%) believe their organization will be obsolete within 3-5 years. Digital disruption has continued unabated since then. So, what’s the situation today?

Dell Technologies, in collaboration with Intel, surveyed 4,600 business leaders from around the globe to analyze their organizations’ transformation efforts.

**Global perspective:**
40+ countries

**Cross-functional:**
Director to C-Suite from Mid-Size to Enterprise organizations

**Industry view:**
12 industries
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>REDRAWING THE BUSINESS LANDSCAPE</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>ON THE VERGE OF A CRISIS IN CONFIDENCE</td>
<td>5</td>
</tr>
</tbody>
</table>
REDRAWING THE BUSINESS LANDSCAPE
Despite the inexorable move towards a digital world, many businesses’ digital transformation programs are still in their infancy.

78% believe digital transformation should be more widespread throughout their organization.

51% believe they’ll struggle to meet changing customer demands within five years.

1 in 3 still fear they’ll be left behind.
<table>
<thead>
<tr>
<th>Benchmark Groups</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Digital Leaders</strong></td>
<td>Digital ingrained in DNA</td>
</tr>
<tr>
<td><strong>Digital Adoptors</strong></td>
<td>Mature digital plans, investments and innovations in place</td>
</tr>
<tr>
<td><strong>Digital Evaluators</strong></td>
<td>Gradual digital transformation and planning</td>
</tr>
<tr>
<td><strong>Digital Followers</strong></td>
<td>Very few investments; tentative plans</td>
</tr>
<tr>
<td><strong>Digital Laggards</strong></td>
<td>No digital plans; limited initiatives and investments</td>
</tr>
</tbody>
</table>
MAJORITY LAG BEHIND THE CURVE

DIGITAL LAGGARDS
No digital plans; limited initiatives and investments

DIGITAL FOLLOWERS
Very few investments; tentative plans

DIGITAL EVALUATORS
Gradual digital transformation and planning

DIGITAL ADOPTERS
Mature digital plans, investments and innovations in place

DIGITAL LEADERS
Digital ingrained in DNA

Percentage of total respondents
9% 30% 33% 23% 5%
Almost 4 in 10 businesses are still spread across the two least digitally mature groups on the benchmark.

- **Digital Laggards**: No digital plans; limited initiatives and investments
- **Digital Followers**: Very few investments; tentative plans
- **Digital Evaluators**: Gradual digital transformation and planning
- **Digital Adopters**: Mature digital plans, investments and innovations in place
- **Digital Leaders**: Digital ingrained in DNA

Percentage of total respondents:

<table>
<thead>
<tr>
<th>Year</th>
<th>Digital Laggards</th>
<th>Digital Followers</th>
<th>Digital Evaluators</th>
<th>Digital Adopters</th>
<th>Digital Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>15%</td>
<td>32%</td>
<td>34%</td>
<td>14%</td>
<td>5%</td>
</tr>
<tr>
<td>2018</td>
<td>9%</td>
<td>30%</td>
<td>33%</td>
<td>23%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- **2018**: ↓6% (relative to 2016)
- **2016**: ↑9% (relative to 2018)

**MAJORITY LAG BEHIND THE CURVE**
MATURITY BY COUNTRY & REGION

COUNTRY

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>58</td>
</tr>
<tr>
<td>Brazil</td>
<td>56</td>
</tr>
<tr>
<td>Thailand</td>
<td>55</td>
</tr>
<tr>
<td>France</td>
<td>38</td>
</tr>
<tr>
<td>Denmark</td>
<td>38</td>
</tr>
<tr>
<td>Japan</td>
<td>29</td>
</tr>
</tbody>
</table>

REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>45</td>
</tr>
<tr>
<td>Americas</td>
<td>51</td>
</tr>
<tr>
<td>APJC</td>
<td>47</td>
</tr>
</tbody>
</table>

DEVELOPED VS EMERGING

<table>
<thead>
<tr>
<th>Type</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed</td>
<td>44</td>
</tr>
<tr>
<td>Emerging</td>
<td>50</td>
</tr>
</tbody>
</table>

**AVERAGE SCORE OUT OF 100**
EMERGING MARKETS ARE FARING BETTER

“We’ll disrupt rather than be disrupted within five years”

Emerging: 53%
Developed: 40%

<table>
<thead>
<tr>
<th>Digital Laggards</th>
<th>Digital Followers</th>
<th>Digital Evaluators</th>
<th>Digital Adopters</th>
<th>Digital Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>No digital plans; limited initiatives and investments</td>
<td>Very few investments; tentative plans</td>
<td>Gradual digital transformation and planning</td>
<td>Mature digital plans, investments and innovations in place</td>
<td>Digital ingrained in DNA</td>
</tr>
</tbody>
</table>

More Laggards & Followers in **developed countries**
More Leaders & Adopters in **emerging markets**

Percentage of total respondents:
- Emerging: 6% (12%), 26%, 36%, 27%, 6%
- Developed: 12%, 33%, 31%, 20%, 4%
## MATURITY BY INDUSTRY

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Score Out of 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecoms</td>
<td>50</td>
</tr>
<tr>
<td>Technology</td>
<td>50</td>
</tr>
<tr>
<td>Financial services</td>
<td>48</td>
</tr>
<tr>
<td>Life sciences</td>
<td>48</td>
</tr>
<tr>
<td>Media and entertainment</td>
<td>48</td>
</tr>
<tr>
<td>Private healthcare</td>
<td>48</td>
</tr>
<tr>
<td>Automotive</td>
<td>48</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>46</td>
</tr>
<tr>
<td>Retail and consumer products</td>
<td>46</td>
</tr>
<tr>
<td>Insurance</td>
<td>45</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>45</td>
</tr>
<tr>
<td>Public healthcare</td>
<td>41</td>
</tr>
</tbody>
</table>

**AVERAGE SCORE OUT OF 100**
3 FACING PERSISTENT BARRIERS TO TRANSFORMATION
91% of businesses are facing major hurdles to transformation.

The top barriers span technology, people and policy.

1. Data privacy & security concerns
2. Lack of budget & resources
3. Lack of the right in-house skills sets and expertise
4. Regulation & legislative changes
5. Immature digital culture
6. Lack of the right technologies to work at the speed of business
7. Information overload
8. Lack of senior support & sponsorship
9. Lack of a coherent digital strategy & vision
10. Weak digital governance and structure
FACING PERSISTENT BARRIERS TO TRANSFORMATION

BARRIERS TO PROGRESS

2016

1. Lack of budget & resources
2. Lack of the in-house right skills sets and expertise
3. Lack of senior support & sponsorship
4. Lack of the right tech to work at the speed of business
5. Data privacy & security concerns
6. Reactive approach to competitor activities
7. Lack of a coherent digital strategy & vision
8. Immature digital culture
9. Regulation & legislative changes
10. Fragmented & siloed computing environment
11. Weak digital governance & structure
12. Unable to extract valuable insights from data
13. Information overload

2018

1. Data privacy & security concerns
2. Lack of budget & resources
3. Lack of the in-house right skills sets and expertise
4. Regulation & legislative changes
5. Immature digital culture
6. Lack of the right tech to work at the speed of business
7. Information overload
8. Lack of senior support & sponsorship
9. Lack of a coherent digital strategy & vision
10. Weak digital governance & structure
11. Reactive approach to competitor activities
12. A fragmented or siloed computing environment
13. Unable to extract valuable insights from data
ON THE VERGE OF A CRISIS IN CONFIDENCE
CONFIDENCE & TRUST CRISIS

Business leaders lack confidence and trust in their own organization in the digital era.

1 in 3
- Don’t trust their organization to comply with regulations i.e. GDPR
- Don’t trust their organization to safeguard customer data
- Don’t trust their organization to look after employee data

49%
Believe their organization will struggle to prove it’s trustworthy within the next 5 years

43%
Question whether they can be open and honest about business decisions
FORMULATING A DIGITAL RESCUE PLAN
Business leaders believe digital transformation would deliver game-changing benefits

Most likely to improve within 5 years by embarking upon a successful digital strategy:

1. Productivity rate
2. Profitability
3. Revenue growth
4. Customer retention
5. Return on IT investments
TOP TECHNOLOGY INVESTMENTS

1. Cybersecurity  58%
2. Internet of Things tech  46%
3. Multi-cloud environment  44%
4. Artificial Intelligence  40%
5. Compute centric approach  35%
6. Flash technology  31%
7. Cognitive systems  30%
8. AR/VR  26%
9. Blockchain  21%
10. Quantum computing  16%

91% plan to invest in powerful technologies within the next 1-3 years
LEADERS HAVE AN INCREASED FOCUS ON WORKFORCE

- Developing their in-house digital skills and talent by teaching all employees how to code: 46% in 2018 compared to 27% in 2016.
- Sharing knowledge across functions by equipping IT leaders with business skills and business leaders with IT skills: 44% in 2018 compared to 19% in 2016.
FIVE YEAR GOALS

77%
Believe they’ll harness emerging technologies to predict customer demand and manage resources

68%
Intend to use emerging technologies to improve supply chain transparency, traceability and efficiency

47%
Believe they’ll transact via blockchain
REALIZING THEIR DIGITAL FUTURE
Emerging technologies are transforming our world and providing a huge opportunity for organizations to leap ahead of their peers. However, the DT Index reveals the majority of businesses still have a long way to go to realize their future.

The risk of falling further behind and finding themselves on the wrong side of the digital economy is real.
Business transformation is now a universal prerequisite for all businesses. Yet progress is slow. Too many leaders fear they won’t meet customer demands within five years.

There has been some improvement since 2016 however, the majority have scored behind the digital transformation curve. There’s still a lot work to be done.

Businesses are struggling to make progress: held back by persistent barriers.

Leaders are losing confidence in their own organization: to protect employee and customer data, be transparent and comply with regulations.

Leaders agree on key KPIs and plan to invest in technology (91%) within the next three years, to aid security, IT, workforce and business transformation efforts.

The DT Index shows the majority of businesses still have a long way to go. The time to act is now, while a huge opportunity remains in play.
About Dell Technologies

Dell Technologies is a unique family of businesses that provides the essential infrastructure for organizations to build their digital future, transform IT and protect their most important asset, information. The company services customers of all sizes across 180 countries – ranging from 98% of the Fortune 500 to individual consumers – with the industry’s most comprehensive and innovative portfolio from the edge to the core to the cloud.

www.delltechnologies.com

About Vanson Bourne:

Vanson Bourne is an independent specialist in market research for the technology vertical. Their reputation for robust and credible research-based analysis is founded upon rigorous research principles and an ability to seek the opinions of senior decision makers across technical and business functions, in all business verticals and all major markets. For more information, visit www.vansonbourne.com.