Europe Digital Adoption Survey – Is Your Digital Strategy Plateauing?

Application and Digital Services
Market Report: December 2015 – Preview Deck

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- Peer analysis | Scope, sourcing models, locations

- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool

- Tracking services | Service providers, locations, risk

- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
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1   Banking, financial services, and insurance

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Background and scope of the research

Background of the research

The convergence of digital technology themes such as Social, Mobile, Analytics, Cloud (SMAC), and Internet of Things (IoT), has made it possible for enterprises to use technology creatively and in a manner that solves real business problems beyond just "run". Possibly for the first time in history, enterprises are challenged not by the lack of technology, but by its overwhelming abundance. The critical imperative for enterprises is to stay ahead of the competition's adoption curve in a manner that yields efficiencies throughout the value chain right from back-office to customer engagement.

Enterprises are adopting digital technologies not only to engage customers online or to create new business models, but also to streamline internal processes, drive supply chain efficiencies, or simply to make IT more agile and efficient. However, the nature and the extent of adoption vary significantly across enterprises.

To delve further into the true nature of adoption, we conducted a survey with IT leaders in 100 European enterprises. Surveys were conducted with IT and business leaders in organizations that have adopted or are considering adoption of three or more digital technology themes. This report analyzes the survey results with a specific focus on:
- Establishing a definitional framework for digital adoption
- Assessing the extent and nature of digital technology adoption amongst European enterprises
- Identifying key enterprise segments for digital adoption and mapping their adoption behavior
- Identifying key implications for European enterprises and service providers serving this market

Scope of this report
- **Market segment:** Digital technologies
- **Geography:** Europe

Sources leveraged:
- Everest Group survey with 100 European enterprises (US$1 billion or more in global revenue)
- Expert analyst input
- Previous Everest Group research[1]

    1   Application and Digital Services ; Cloud and Infrastructure Services
Source: Everest Group (2015)

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Overview and summary of key messages

This report analyses digital adoption among European enterprises and provides insight on their adoption maturity and spend. Enterprises focus their digital investments on digital enablement, Digital for Efficiency (DfE), and Digtial for Growth (DfG). Based on their DfE and DfG orientations, European enterprises are divided into four distinct segments. These four segments differ significantly in maturity and allocation of digital spend across business imperatives. The research also highlights key implications for service providers and buyers

Some of the findings in this report, among others, are:

Digital Adoption in Europe

- European enterprises display a high degree of adoption maturity for digital technologies. However, this adoption is targeted across specific technology themes as cited below:
  - Enabling technologies such as Infrastructure as a Service (IaaS) (73% of the enterprises) and cybersecurity (65% of the enterprises) have witnessed significant adoption
  - Big Data analytics (69%) and SaaS (68%) emerge as specific themes that enterprises are focusing on
  - About 60% of the enterprises reported making investments focused on customer-facing digital themes such as digital marketing, online/mobile commerce, and social media engagement
  - Though IoT and Machine-to-Machine (M2M) communication currently lags behind in adoption, about 50% of the enterprises are considering adoption
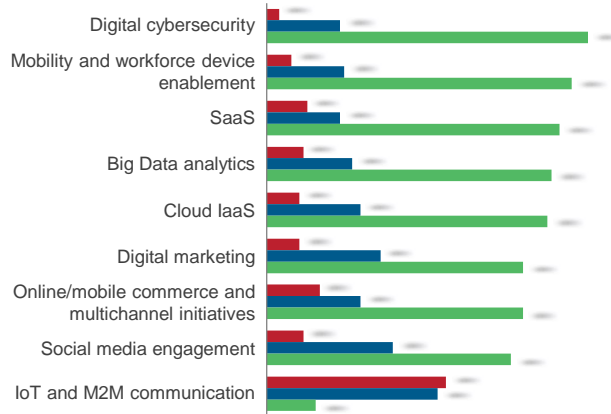
Segments in the European market

- Enterprises focus their digital investments on:
  - Digital enablement: Focus on optimizing existing IT environments (e.g. IaaS, security investments)
  - Digital for Efficiency (DfE): Investments for implementing digital strategies in back office (HR, finance, procurement, etc.) and middle office (e.g., supply chains) processes
  - Digital for Growth (DfG): Investments focused on market-facing business processes (sales & marketing)
- Based on their DfE and DfG orientations, European enterprises are divided into four distinct segments. These four segments differ significantly in the maturity of digital adoption across business imperatives

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This study deep dives into digital adoption trends among European enterprises

Digital adoption technology trends

Legend:
- **Unlikely to adopt** (red)
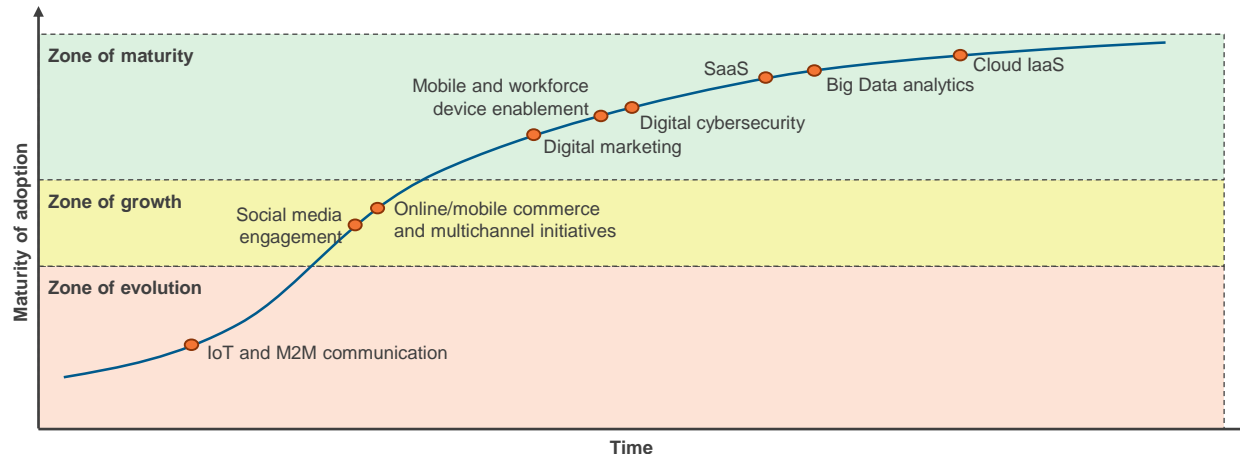- **Considering adoption / running pilot initiatives** (blue)
- **Already adopted** (green)

Categories (top to bottom):
- Digital cybersecurity
- Mobility and workforce device enablement
- SaaS
- Big Data analytics
- Cloud IaaS
- Digital marketing
- Online/mobile commerce and multichannel initiatives
- Social media engagement
- IoT and M2M communication

Digital technology adoption trends – Digital spend
(% of total IT spend)

European average — XXX

Categories (top to bottom):
- Communications, media & entertainment
- Healthcare and life sciences
- Travel and transportation
- Banking, financial Services, and insurance
- Manufacturing, consumer goods and retail
- Energy and utilities
- Professional services
- Oil and gas, metals, mining and other natural resources
- Public sector and government
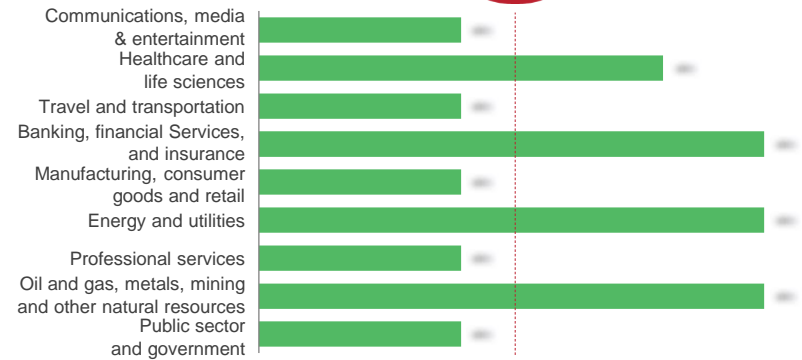
Digital technology adoption trends – Adoption maturity

Y-axis: Maturity of adoption
X-axis: Time

- **Zone of maturity**
  - Cloud IaaS
  - Big Data analytics
  - SaaS
  - Mobile and workforce device enablement
  - Digital cybersecurity
  - Digital marketing
- **Zone of growth**
  - Online/mobile commerce and multichannel initiatives
  - Social media engagement
- **Zone of evolution**
  - IoT and M2M communication

Source: Everest Group (2015)

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The research identifies four distinct market segments among enterprises for digital adoption and analyzes their adoption characteristics
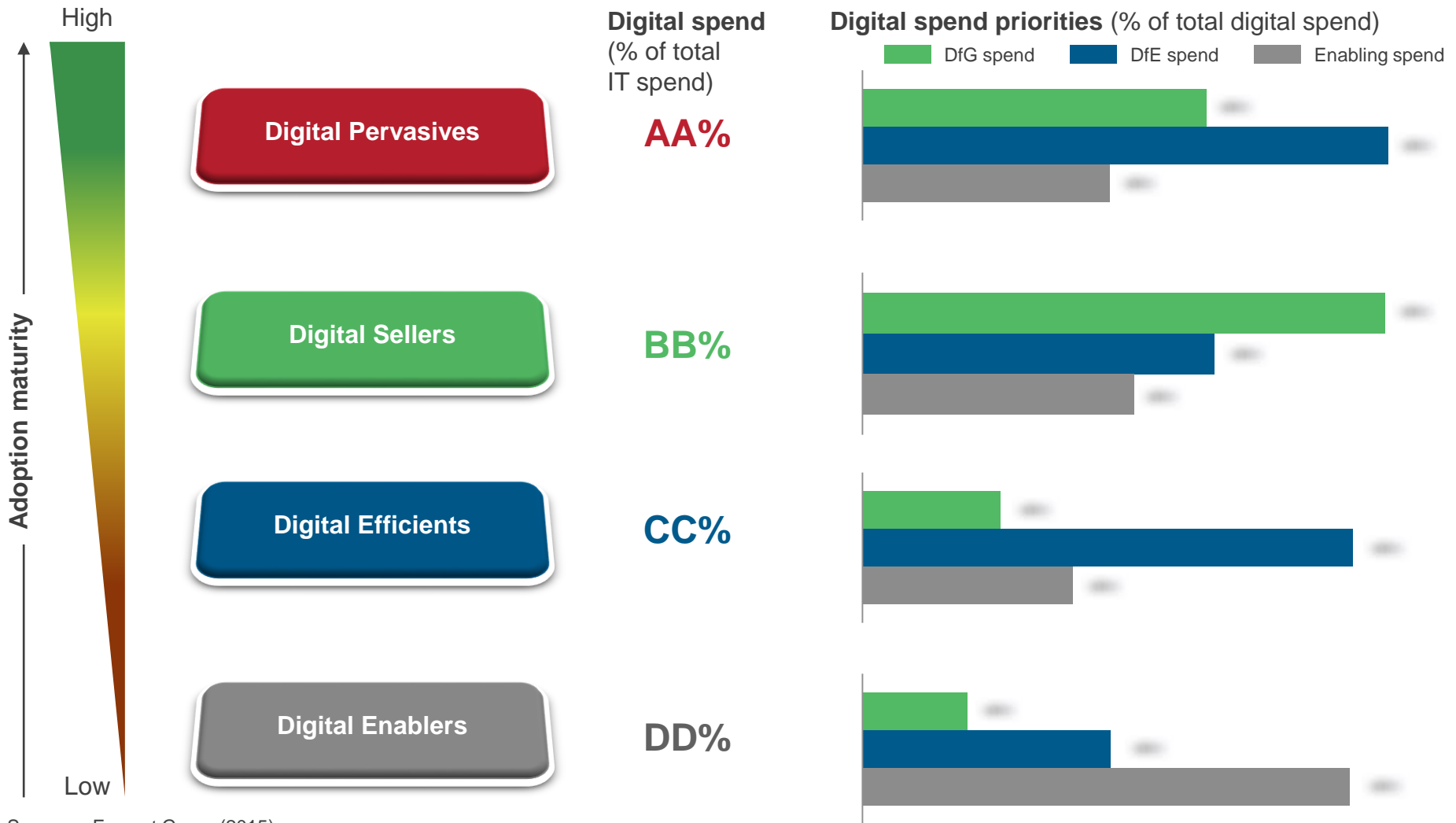

The research also highlights key implications for enterprises as well as service providers

Implications for service providers

Service provider implications

Create verticalized go-to-market strategies

Have distinct value propositions for DfE and DfG objectives

Define value through a series of business metrics

Develop capabilities to work within multi-stakeholder environment

Manage expectations on change management effort

Focus on end-to-end processes

- [illegible]

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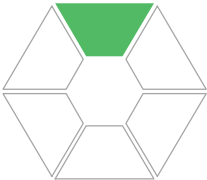
Application and digital services research calendar

■ Published	■ Current

Topic	Release date
Upcoming Contract Renewals – Application Services	March 2015
The Agile Journey: Following Agile to Being Agile	May 2015
Application Services – Annual Report 2015: "Agile to DevOps? Not so Fast"	July 2015
Enterprise Digital Adoption: High Returns, Will They Sustain?	July 2015
Independent Testing Services – PEAK Matrix™ Assessment and Profile Compendium 2015	July 2015
North America Digital Adoption Survey – How Pervasive is your Digital strategy?	August 2015
Independent Testing Services PEAK Matrix™ – Europe-focused – Assessment and Profile Compendium 2015	September 2015
Testing Services Market Update 2015 – Digital Testing, Buyers Beware!	September 2015
Digital Services – PEAK Matrix™ Assessment and Profile Compendium 2015	November 2015
Europe Digital Adoption Survey – Is Your Digital Strategy Plateauing?	December 2015
Upcoming contract renewals – Application services	Q1 2016
SaaS implementation services – PEAK Matrix™ assessment and Profile Compendium 2016	Q1 2016

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Additional research recommendations

The following documents are recommended for additional insight into the topic covered in this research. These documents either provide additional details on the topic, or complementary content which may be of interest

1. **North America Digital Adoption Survey – How Pervasive is Your Digital Strategy?** (EGR-2015-4-R-1551); 2015. This report focuses on digital adoption in North America. It establishes a definitional framework for digital adoption and assesses the nature and extent of digital technology adoption amongst North American enterprises. The research identifies four distinct market segments and maps their adoption behavior. It also highlights key implications for North American enterprises and service providers serving this market

2. **Enterprise Digital Adoption: High Returns, Will They Sustain?** (EGR-2015-4-R-1504); 2015. This Everest Group research analyzes the leading digital technologies expected to bring the maximum RoI and suggest measures that the enterprises need to adopt to consistently get returns on these digital initiatives

3. **Application Services – Annual Report 2015: "Agile to DevOps? Not so Fast"** (EGR-2015-4-R-1503); 2015. This annual research deep dives into the application services landscape. It provides data-driven facts and perspectives on the overall market. The research covers application services adoption trends, demand drivers, and buyer expectations. The research analyzes buyer challenges, trends shaping the market (adoption of Agile methods and increased interest in the DevOps model of application delivery) and also provides an outlook for 2015 for the broader IT as well as application services market.

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