



Enterprise Digital Adoption | Pinnacle Model™ Analysis 2017

Digital Services (DS)

Market Report – November 2017: Complimentary Abstract / Table of Contents

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* Banking, financial services, and insurance

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- 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



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Background of the research

Digital is no longer a need but a necessity to survive in the rapidly evolving market where boundaries between industries and industry players are blurring. Enterprises are rapidly adopting digital strategies to combat disruption from competitors, making significant investments in new and advanced technologies and niche talent to deliver innovative services to their customers.

Most organizations do not have a well-defined, cross-enterprise digital investment strategy. They make investments that do not share common goals and hence do not yield desired returns. Within this context, we have what differentiates Digital Pinnacle Enterprises™ from their peers.

To better understand enterprises' digital strategies, Everest Group conducted a survey for 328 organizations across North America, Europe, the United Kingdom, and Asia Pacific. We evaluated enterprises on five key capabilities: strategy, organization and talent, process transformation, technology adoption, and innovation. This report presents key findings from the digital enterprise survey.

We identified 18 key dimensions in which enterprises are making investments for digital transformation, and further identified five key dimensions where Digital Pinnacle Enterprises differentiate and reap higher returns than the industry average.

Scope of this report:

- **Market segment:** Digital services
- **Geography:** Global

Sources leveraged:

- Everest Group's survey of 328 enterprises with US\$1 billion or more in global revenue
- Survey was taken by Director, VP, and CXO level executives
- Expert analyst inputs
- Previous Everest Group research

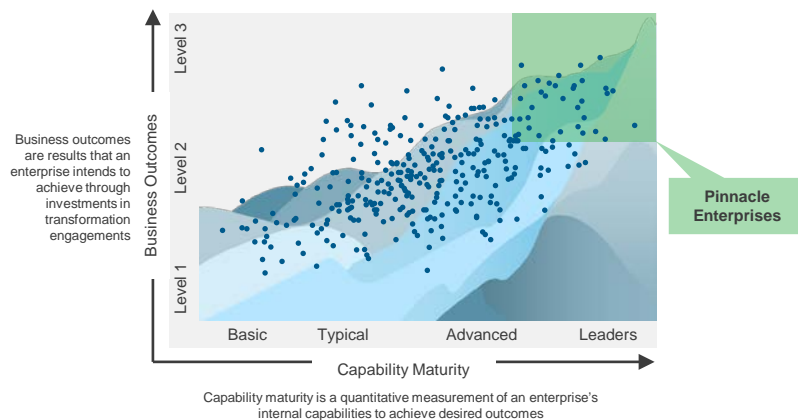
Source: Everest Group (2017)

Executive summary: Digital Pinnacle Enterprises' investment strategies

- Digital Pinnacle Enterprises create strategic impact through digital transformation initiatives. They focus on disrupting their industries, improving customer experience, and launching innovative products and services
- Digital Pinnacle Enterprises differentiate from their peers based on their focus on culture, technology adoption, metrics, process reimagination, and innovation; among Digital Pinnacle Enterprises,
 - 87% have invested extensively in adopting an innovation-focused culture
 - 79% focus on technology adoption, such as big data analytics, cloud, DevOps, and cognitive and Artificial Intelligence (AI)
 - 74% define metrics to measure the impact of digital initiatives, such as the number of innovation projects, revenue dedicated to innovation, and executive time spent on innovation
 - 72% have defined current and future states of key internal processes working with their process owners to identify waste
 - 74% continuously explore new ways to improve existing products and services to delight customers
- The banking and capital markets, insurance, electronics, and hi-tech & technology industries show the highest level of maturity in digital capabilities, with higher returns as compared to other industries
- Due to the sophisticated nature of digital requirements, Digital Pinnacle Enterprises struggle to find the right talent for digital skills. Other enterprises struggle most with funding for their digital initiatives and cultural resistance to change
- Decision making in Digital Pinnacle Enterprises is increasingly being led by the Chief Digital Officer and Chief Executive Officer, as digital has far-reaching impact within the organization

This study offers a deep dive into Digital adoption by enterprises; below are four charts to illustrate the depth of the report

Everest Group Pinnacle Model™

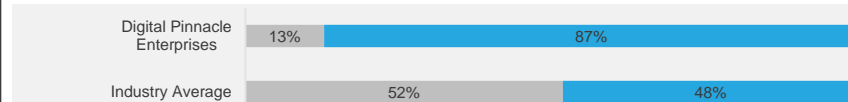


Key investments

Culture maturity

Percentage of respondents

■ Risk-averse and hierarchical culture
■ Innovation-focused culture



Digital Pinnacle Enterprises...

- Invest extensively in adopting an innovation-focused culture
- Invest in and partner with startups to source new ideas and innovation across their product and services portfolio
- Establish a centralized teams responsible for sourcing ideas from vendors, startups, employees, and customers
- Regularly train and motivate employees to drive innovation in not only in customer-facing services but in internal services, as well

Actions

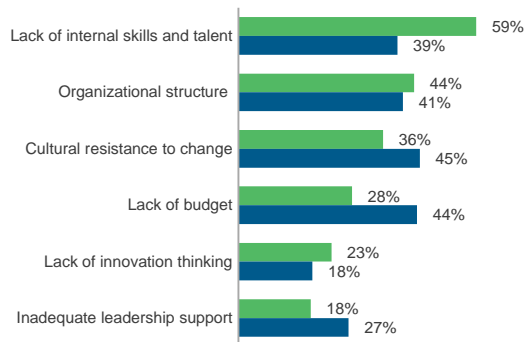
- Ensure that a customer-value orientation is well-established across the business
- Use an incentive structure that rewards innovative behavior and business results from innovation
- Establish a portfolio view of innovation performance – enable increased risk-taking without retribution for individual failed projects
- Leverage internal social tools to drive transparent collaboration across the organization
- Build a network of startups and academic institutions to serve as a continuous source of new ideas

Barriers to adoption

Key digital barriers

Percentage of respondents

■ Digital Pinnacle Enterprises
■ Industry average



- Digital Pinnacle Enterprises are challenged to find the right talent due to the sophisticated nature of technology adoption. As enterprises move toward Pinnacle status, they find it difficult to source skills within their organizations. Digital Pinnacle Enterprises are able to overcome this challenge by sourcing skills from their partner ecosystem
- Other enterprises struggle most with funding their digital initiatives, leadership support, and cultural resistance to change. They do not face a big skill and talent availability gap due to the low maturity of their digital technologies

Key differences of Digital Pinnacle Enterprises™

Dimension	Digital Pinnacle Enterprises have...
Culture	A strong focus on promoting innovation and a creative culture across the organization
Process reimagination	Defined future states for existing processes and automated these processes to support digitalization
Technology adoption	A central technology evaluation team that has led to rapid adoption of new technologies across the organization
Digital metrics	Defined new metrics, roles, and responsibilities to track their return on digital investments
Innovation	A centralized team that continually sources ideas from vendors, startups, employees, and customers
Customer strategy	Performed analysis of customer journeys and direct interactions with customers to create the future digital strategy
Security and risk	Included security and risk leaders in new and emerging technology evaluation and digital transformation projects to prepare, manage, and mitigate associated risks
Data and analytics	Used advanced analytics systems across multiple sources including internal systems, social media, third-party sources, etc.
Business model change	Focused on transforming the entire value chain (both internal as well as customer-facing processes) to create competitive advantage
Digital talent	Sourced talent across the organization and integrated that talent will with various business units and functions

Source: Everest Group (2017)

Research calendar – Digital Services

■ Published ■ Planned ▨ Current release

Flagship Digital Services

Release date

Digital Services – PEAK Matrix™ Assessment: Redefining customer experience with digital	September 2017
Enterprise Digital Adoption – Pinnacle Model™ Analysis 2017	November 2017
Digital Interactive Agencies PEAK™ Matrix Assessment	Q4 2017
IoT Services PEAK™ Matrix Assessment	Q4 2017

Thematic Digital Services reports

Customer (Dis)Satisfaction: Why Are Enterprises Unhappy with Their Service Providers?	January 2017
Internet of Things (IoT) in Medical Devices	March 2017
Top 20 IoT Trailblazers: Startups Crossing the Chasm	May 2017
Betting Big: Amazon Leveraging Digital to Transform the Grocery Industry	June 2017
Quality Orchestration: QA in the Digital Era	July 2017
Design Thinking: Innovation Catalyst for Digital Transformation	July 2017
Enterprise Bots Adoption	July 2017
DevOps Best Practices	Q4 2017

Note: For a list of all digital services reports published by us, please refer to our [website page](#)

Additional research references

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 that may be of interest

1. **Digital Services – PEAK Matrix™ Assessment and Market Trends: Redefining customer experience with digital:** ([EGR-2017-4-R-1932](#)); 2017. Digital adoption has moved from being an IT agenda to an organization-wide agenda, and enterprises are increasingly investing in digital technologies for achieving organizational goals. This research presents an assessment and detailed profiles of 22 IT service providers featured on Everest Group's PEAK Matrix for digital services for 2017.
2. **Design Thinking: Innovation Catalyst for Digital Transformation** ([EGR-2017-4-R-2242](#)); 2017. Several organizations have adopted design thinking to innovate their products and services. Technology giants such as Apple, IBM, and SAP, have adopted design into their daily operations and have seen high impact on their financial results. In this research, we delve deeper into design thinking and its implications on various industries. We also deep dive into how service providers can inculcate a design-driven culture across the organization so that it is reflected in their service delivery.

For more information on this and other research published by Everest Group, please contact us:

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