MICRO®
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# 2020 Digital Transformation Report

Interim results from the
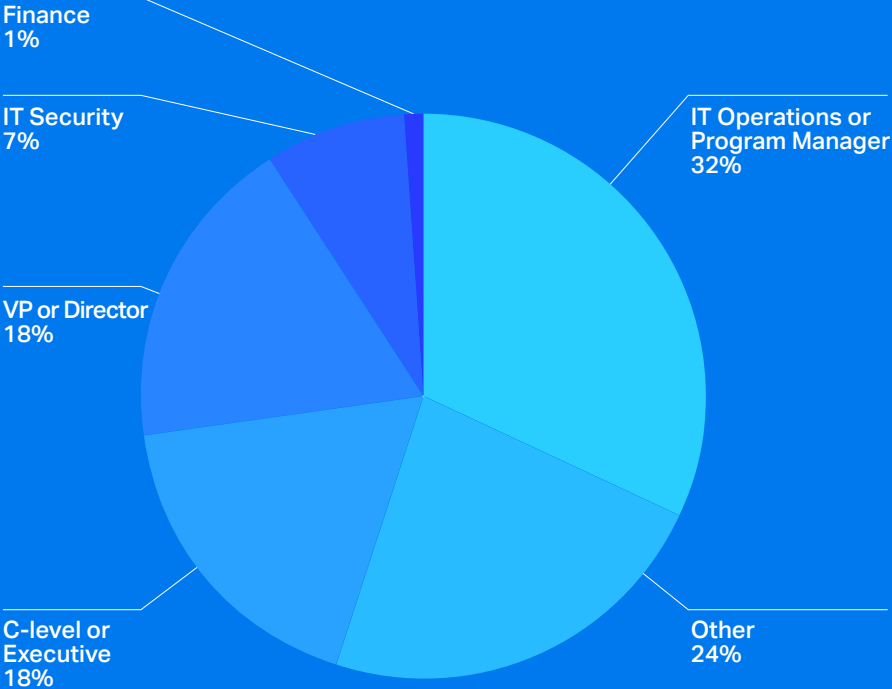Micro Focus DX Survey

Micro Focus August 2020
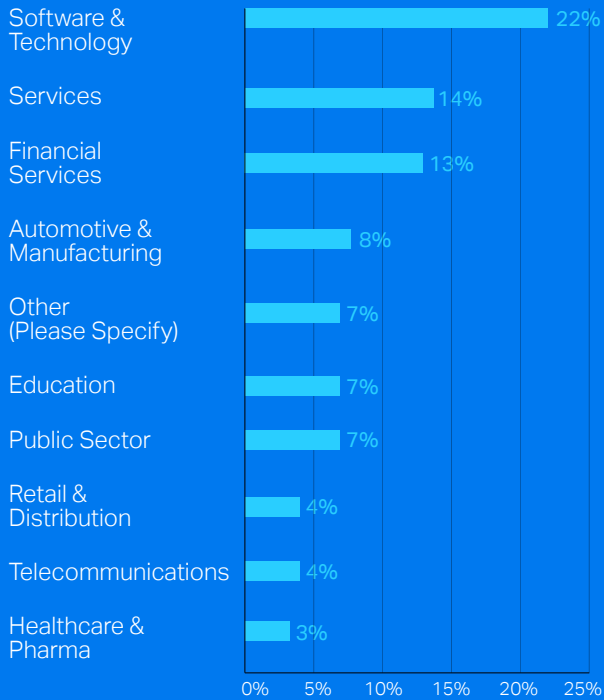
# DX Survey Response Demographics

## So far we've heard from more than 175 organizations about their digital transformation (DX) plans and progress.

Here's a peek into the demographic breakdown of the first global group of responders. This ebook has our initial insights into their responses, their biggest challenges, where they want to be on their DX journey next year, and how Smart Digital Transformation can help.
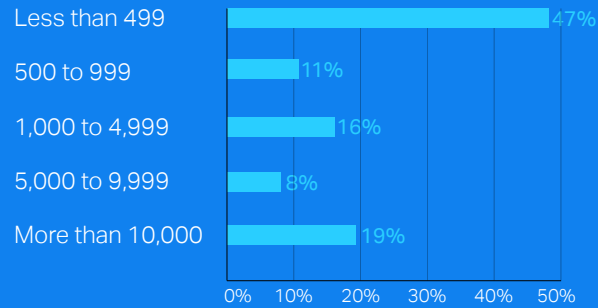
## Role
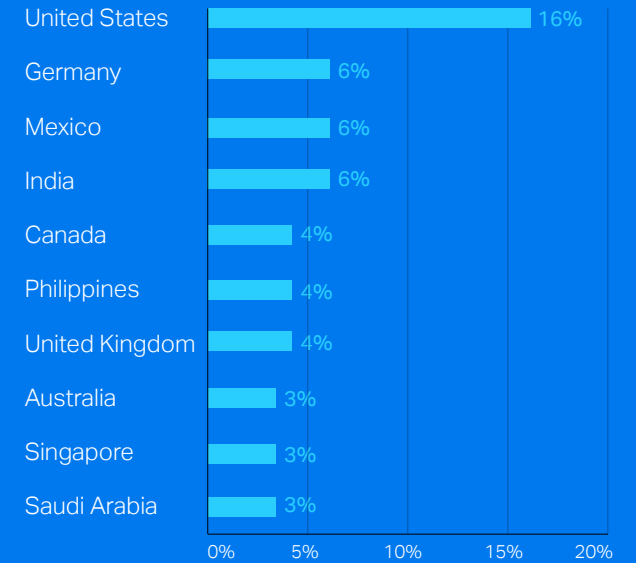
Finance
1%

IT Security
7%

VP or Director
18%

C-level or
Executive
18%

IT Operations or
Program Manager
32%

Other
24%

## Top 10 Industry or Market

| Industry | Percentage |
|---|---|
| Software & Technology | 22% |
| Services | 14% |
| Financial Services | 13% |
| Automotive & Manufacturing | 8% |
| Other (Please Specify) | 7% |
| Education | 7% |
| Public Sector | 7% |
| Retail & Distribution | 4% |
| Telecommunications | 4% |
| Healthcare & Pharma | 3% |

## Company Size

| Size | Percentage |
|---|---|
| Less than 499 | 47% |
| 500 to 999 | 11% |
| 1,000 to 4,999 | 16% |
| 5,000 to 9,999 | 8% |
| More than 10,000 | 19% |

## Top 10 Countries

| Country | Percentage |
|---|---|
| United States | 16% |
| Germany | 6% |
| Mexico | 6% |
| India | 6% |
| Canada | 4% |
| Philippines | 4% |
| United Kingdom | 4% |
| Australia | 3% |
| Singapore | 3% |
| Saudi Arabia | 3% |

# Digital Transformation Accelerated

**We know DX is top of mind for most of our customers. Their approaches to DX and perspectives about how best to accomplish it are changing, as reflected in our latest DX survey.**

This year, six key takeaways stand out. Read what our customers have to say and follow along with resources to help fuel your own DX journey.

# Six Key Takeaways

- Competing Priorities ›
- CX in the DX Vision ›
- How to Map the Journey ›
- Time Is of the Essence ›
- Smart DX ›
- Run, Transform, and Adapt ›
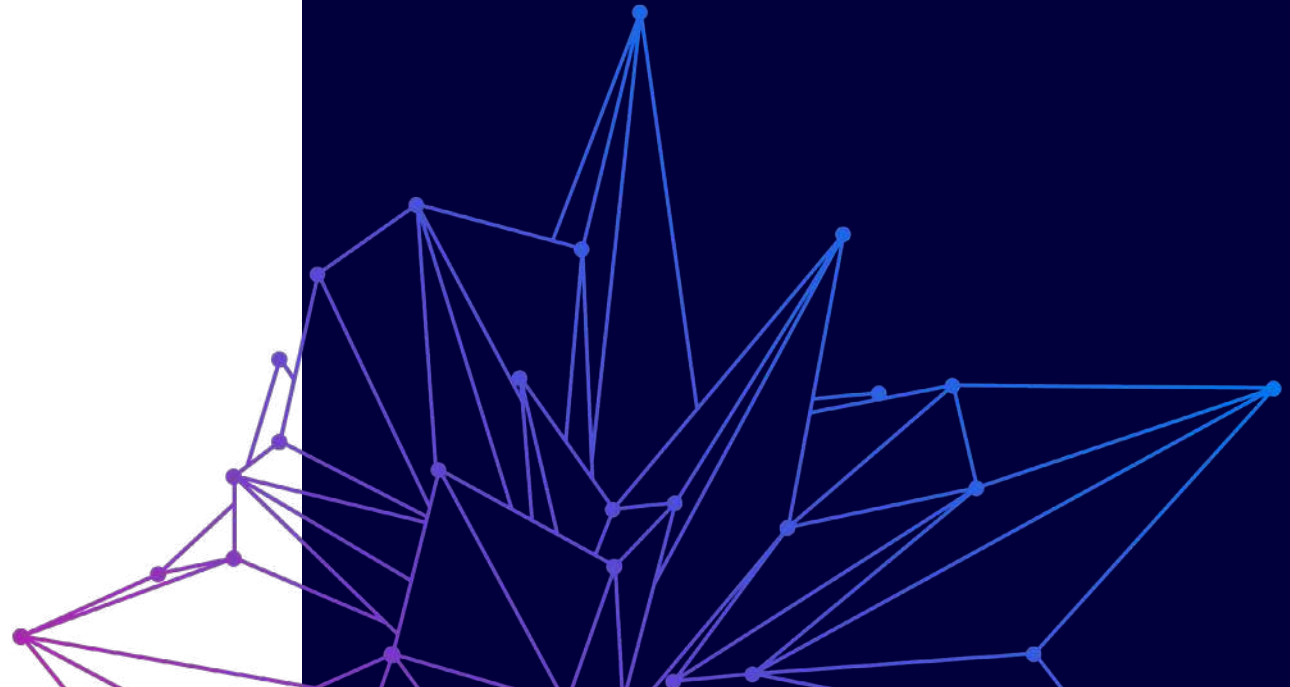
# Competing Priorities

**Organizations are struggling with how to prioritize DX alongside important business initiatives.**
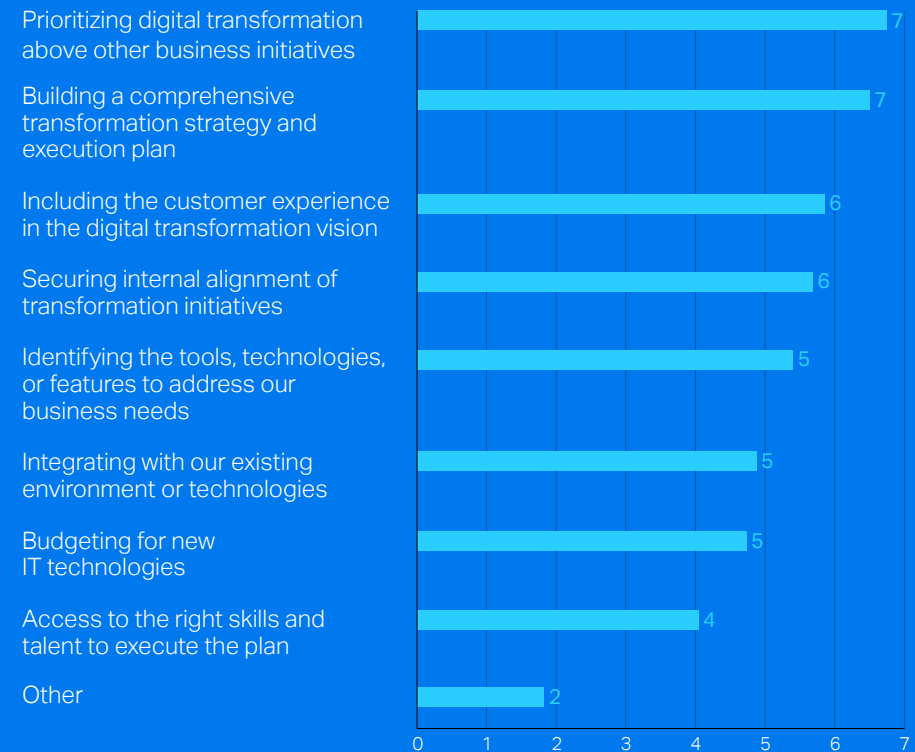
### What comes first?

Both DX and other business priorities are crucial, and it's necessary for IT and the business to work together to accomplish organizational goals. For example, the recent change of business models from an office-based workforce to a virtual workforce happened nearly overnight. The business needed it to happen quickly, and IT needed to ensure access, capacity, and security for it to work. The two groups needed to be nimble and work together to ensure things happened smoothly for customers and safely for the business.

## What's the Plan?

Ranked next is the challenge to build a comprehensive transformation strategy and execution plan. Organizations are finding it difficult to build internal alignment, agree on objectives, and discern where to begin.

Of note, we thought budget constraints would rank within the top three of challenges. Surprisingly it was at the bottom—perhaps because the pandemic has highlighted to executives the urgent need to invest in these important initiatives.

## Rank your organization's challenges to achieving a successful digital transformation with "1" being the biggest challenge

| Challenge | Value |
|---|---|
| Prioritizing digital transformation above other business initiatives | 7 |
| Building a comprehensive transformation strategy and execution plan | 7 |
| Including the customer experience in the digital transformation vision | 6 |
| Securing internal alignment of transformation initiatives | 6 |
| Identifying the tools, technologies, or features to address our business needs | 5 |
| Integrating with our existing environment or technologies | 5 |
| Budgeting for new IT technologies | 5 |
| Access to the right skills and talent to execute the plan | 4 |
| Other | 2 |

Note: Weighted average on a scale of the nine challenges identified.

# CX in the DX Vision

## Customers are still king

Amid the struggle to get internal alignment, set a digital strategy, and prioritize effectively, the customer's experience (CX) can easily get lost along the way.

The number three challenge articulated by respondents was "including the customer experience in the digital transformation vision." Organizations often think in terms of function, department, tooling, cost center, etc. The most successful DX strategies think cross functionally from the point of view of the customer.

## CX can be your differentiator when it comes to DX

## Seamless DX for great CX

To the customer, their experience knows no boundaries. They should be unaware of the underpinning technology. If you can bring DX together with CX, this is the beginning of innovation. And it could be the thing that sets you apart from your competitors.

Organizations who take DX as an opportunity to innovate and optimize CX will outpace their competitors and realize significant market growth.

## ⊙ Next steps

Schedule a complimentary session with Micro Focus DX and CX experts where we can help you identify how they work together for your success.

# How to Map the Journey

## Where do we start?

When asked, "Where are you currently on your digital transformation journey?", a surprising 46 percent responded in what are considered the beginning stages. These include, "Not started", "Started planning and organizing around our current environment", and, "Identified critical streams for automation, but have not started".

If you cross-reference these responses and other survey data points, many respondents are clearly trying to find the road map for their way forward. They need expertise and guidance on where to begin and how to map priorities, initiatives and deliverables.

## 46% of organizations are at the beginning of their DX journey

## Who will do the work?

Another 32 percent of respondents have identified skill gaps across the organization and don't feel they have the in-house expertise to be able to implement their transformation.

## Do you have any advice?

Organizations need partner vendors to help advise them based on real-world, practical experience. These are uncharted waters and those that seize opportunities to innovate and accelerate their DX journey will outpace their competitors.

## Next steps

Not a mapmaker? No worries.

Schedule a complimentary meeting with Micro Focus DX experts who can get you on the right path for your organization.

A global pandemic accelerated the prioritization of DX for organizations and significantly increased the urgency as well.

# No Time Like the Present

## Get on the fast track

A global pandemic accelerated the prioritization of DX for organizations and significantly increased the urgency as well. 32 percent of organizations fast-tracked projects that were planned for later as a result of the pandemic.

Most organizations shifted overnight to a virtual business model out of necessity. Without a strong DX strategy, enterprises risk decision-making in the absence of data with inadequate inputs. Yet, these decisions can lead to costly changes and technical debt down the road.

## Get it done

This acceleration and urgency is reflected in survey responses, as most organizations (59 percent) want to complete most of (29 percent) or all (30 percent) of their digital transformation within the next 12 months.

This represents an accelerated timeline that we haven't seen previously. The pandemic may have shifted thinking around DX and increased the urgency, thus the need to complete their transformation within a year.

## 12 months from now… Where do you want to be in your DX journey?

**32%** of organizations fast-tracked projects that were planned for later as a result of the pandemic

**59%** of organizations want to complete most or all of their digital transformation in the next 12 months

# Time Is of the Essence

Almost half of the respondents haven't started or have just begun planning. But if we go even deeper, 38 percent of that group think they will still be in the planning stage or just identifying critical streams for automation a year from now.

**46% of organizations have not started planning their DX journey, and of those, 28% want to have gone through most or completed their initial DX journey**

## DX takes a lot of time

Knowing how long the Micro Focus DX journey has taken (and it isn't complete yet), this is significant. Most initial DX journeys take three to five years for full transformation from back end to front end. Meanwhile, the IT landscape continues to change and evolve.

Across the board, such accelerated timelines underscore the need for experts in the DX space to help guide transformations based on real-world knowledge and best practices.

## ❯ Take your next steps with Micro Focus

Where do you fit on the journey and what projects can we help you accelerate based on new needs?

Talk with our DX Experts to find out how we can help.

# The Realities of DX

## Run

Running your organization keeps your lights on and achieves your immediate goals. But now there's a need for an increased level of agility that keeps pace with world events and changing business models.

## Transform

Transforming IT is now conventional wisdom. If your organization doesn't evolve, its growth, profitability, and customer-satisfaction objectives can suffer. In order to run in the future, you need to transform today.

# Smart DX

## Bridge existing and emerging

The need to run your business while going through a digital transformation is significant. Respondents to the survey tell us their preferred approach is to modernize their current environments by bridging existing and new technologies. In some cases, systems must be replaced, but they try to avoid the rip and replace approach as much as possible.

## DX focus

When asked what parts of their technology stack they are focusing on, the majority want to modernize their existing infrastructure, followed by security, and then IT operations management. Analytics/big data and application development appear in the middle of the list and are ranked evenly. We may see up-strides in analytics/big data as organizations mature along the DX curve.

## The Micro Focus view

At Micro Focus we believe in Smart Digital Transformation. This includes the ability to run and transform at the same time. It enables you to unleash new capabilities within your existing and emerging technical stacks. That's why we focus our time, energy, and portfolio around helping businesses leverage their existing IT investments. In fact, we purposely chose to invest in purchasing companies that round out our ability to help customers from end to end as they run their business and meet new challenges.

## 63% of organizations prefer a hybrid approach to DX

## Next steps

Micro Focus can help you define priorities and map an approach that allows you to run your business while also accelerating your transformation. Schedule a complimentary meeting with our DX experts and get personalized DX recommendations.

# Run, Transform, and Adapt

## In review

When asked how the current market forces, including the pandemic, may have influenced an organization's approach to DX, several trends emerge.

**First,** organizations are prioritizing DX. They are starting their journeys and have fast-tracked certain projects.
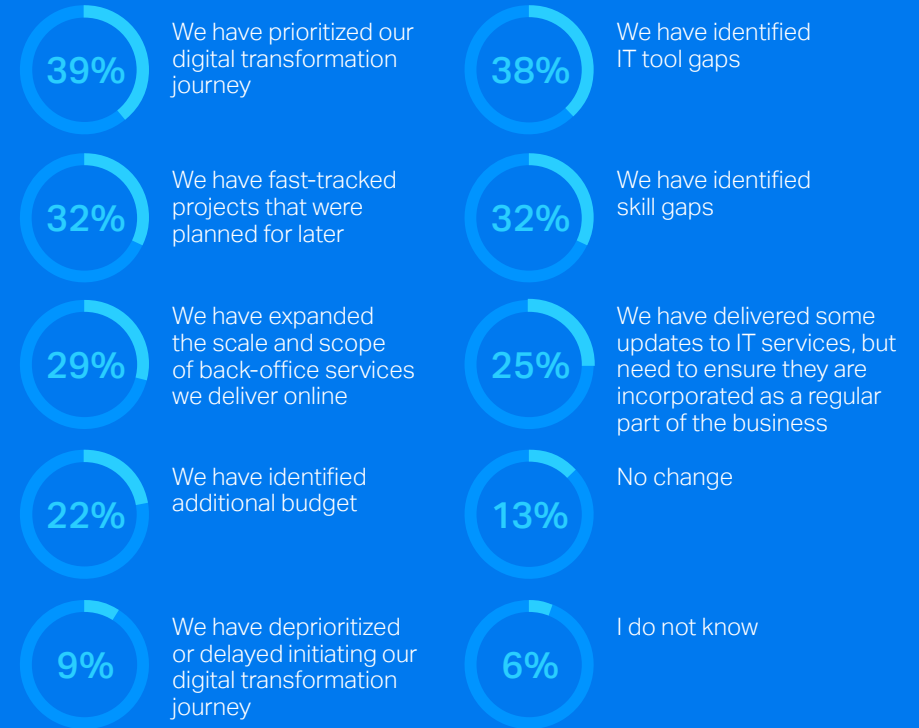
**Second,** they have identified both IT tool gaps and skill gaps.

**Third,** they are re-evaluating and expanding the scale of the back-office services that they deliver online.

## Reaching the goal

It shows us that organizations have to both run, transform, and ultimately adapt their businesses to any market condition. The need for smart DX and strong confidence in an approach is critical, and they can be the deciding factor as to whether organizations will survive.

## How have current market forces (including the pandemic) influenced your organization's back-office digital transformation?

**39%** We have prioritized our digital transformation journey

**38%** We have identified IT tool gaps

**32%** We have fast-tracked projects that were planned for later

**32%** We have identified skill gaps

**29%** We have expanded the scale and scope of back-office services we deliver online

**25%** We have delivered some updates to IT services, but need to ensure they are incorporated as a regular part of the business

**22%** We have identified additional budget

**13%** No change

**9%** We have deprioritized or delayed initiating our digital transformation journey

**6%** I do not know

## Next steps

You don't have to go it alone. Micro Focus has innovative ways to transform quickly while also maintaining your ability to run your business. Schedule a complimentary meeting today.

# On Your Mark. Get Set. Go.

Now that you've seen the data, how does it match your own experience? If you are ready to dive in and accelerate your DX journey, here are some recommendations to get you started.

## On your mark

Strategy drives everything. With accelerated timelines and even more demands on the business, it's critical that you have partner vendors and internal experts to help guide you based on real-world, practical experience.

If you need help defining or revising your strategy or revising your strategy, Micro Focus has DX experts who can consult with you now, at no charge.

## Get set

Leverage other people's journeys and learnings. We curated some great case studies from our own customers who have rocked their DX journey. Check out helpful resources from IDC and others at our DX site.

## Start where the pain is greatest.

## Go

We value the advice of IDC analyst Melinda Ballou, "Speaking from a transformation perspective, [start] where the pain is greatest." Identify some quick wins to model the value of your efforts for the business. Join one of our DX webinars and stay tuned for our full 2020 survey results coming out in early 2021.

# Schedule your free DX briefing today with one of our DX experts.

www.microfocus.com/en-us/digital-transformation/contact-us

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