

## **Excelling in Organizational Change, Not just Technology, Enables Digital Transformation Success, Says Study by Harvard Business Review Analytic Services in Association with Genpact Research Institute**

**Difficulties with fast experimentation, legacy systems, and functional silos are common issues; Digital revolution's leaders show ability to overcome challenges and drive innovative use of technology for broader business benefits**

NEW YORK, May 19, 2016 /[PRNewswire](#)/ -- Despite digital technologies' growing importance to enterprise success, and the considerable time and resources invested, only about a third of companies say that they currently achieve significant positive business outcomes from their use of digital, says a new study from Harvard Business Review Analytic Services in association with the Genpact Research Institute.

The study looks at where companies focus digital investments, their expected benefits, and obstacles faced. To probe deeper on the qualities needed for effective enterprise digital transformation, the research also examines what differentiates the leaders (the top third of respondents who cite positive business outcomes from their digital implementations) from everyone else (the strivers).

All respondents face similar key barriers from their organizations' use of digital technologies, such as the inability to experiment quickly (cited by 46 percent of leaders and 55 percent of strivers), organizational silos (47 and 52 percent), and legacy systems (50 and 52 percent). The study, however, found that successful digital transformation hinges much more on the ability to embrace necessary organizational change.

### **Embracing Risk and Having Strategic Vision Key Among Digital Leaders**

Those companies leading the pack tackle corporate culture, strategy, and change management barriers head on:

- **Having a risk-averse culture** is a major obstacle for more than half (53 percent) of the companies that are digital strivers compared to less than a third (31 percent) of leaders.
- **Lacking a clear vision** for digital transformation is twice as common with strivers as leaders (47 percent vs. 24 percent).
- **Change management** capabilities are a challenge for half of the strivers but only 37 percent of leaders.

### **Leaders Drive Greater and More Innovative Business Benefits**

The study demonstrates that leaders clearly leverage the power of digital technology more effectively to receive broader business benefits. What is particularly interesting is this includes driving more innovative strategies such as expanding markets, launching products, and creating new business models, as well as more operational cost cutting and asset utilization.

- **Increasing market share and expanding to new markets:** More than three quarters of leaders strongly agree that digital technologies increase market share compared to less than a third of strivers. Leaders also see much more opportunity to use digital to create new markets (77 percent versus only 30 percent of other strivers).
- **Launching new products:** Nearly 80 percent of leaders use digital technology to launch new products and services compared to only 39 percent of strivers.
- **Creating new business models:** Two-thirds of leaders versus only a quarter of other companies embrace digital technology to create new business models.
- **Utilizing assets better :** 80 percent of leaders strongly agree that their digital efforts improve asset utilization versus 39 percent of strivers.
- **Reducing costs:** 70 percent of leaders say digital technologies reduce costs compared to only 43 percent of

other companies.

## **Digital's Impact Across the Enterprise Remains Elusive, Yet Promise Shown**

Even with these reported benefits, the study shows challenges remain in driving the impact of digital through the entire enterprise. Most companies do not have a systematic enterprise-level process that aligns digital interventions to business outcomes; however, leaders are four times more likely than strivers (40 versus 11 percent) to embrace such a company-wide approach. Leaders also are twice as likely as strivers (66 versus 33 percent) to have support from their company to use digital to improve non-customer-facing operations (e.g., middle- and back-office functions such as accounting, sales operations, auditing, and procurement).

"This study underscores how digital transformation is not challenging because it is about technology – but rather that it is challenging because it is about change," **said Alex Clemente, managing director, Harvard Business Review Analytic Services.** "This is testimony to the importance of a strong and agile corporate culture with a vision that works through common obstacles like legacy technology systems. So that, in combination with focusing on the end customer experience, is helping digital leaders achieve their desired business outcomes."

"Leaders aren't perfect, but they clearly have a better understanding of how to design digital interventions that are more holistic and focused on what matters most, so they're able to turn their organizations around more effectively," **said Gianni Giacomelli, senior vice president and head of the Genpact Research Institute.** "The study sheds new light on [our previous analysis](#) that shows nearly \$400 billion of investment may not achieve the expected results. Based on our experience running and transforming complex operations for hundreds of global companies, we have determined that effective digital transformation requires much more than just technology and analytics savvy. Enterprises benefit enormously from complementary management disciplines such as design thinking and Lean principles, and require solid domain expertise. This is what we call Lean Digital<sup>SM</sup>, and Genpact's new [Silicon Valley innovation center](#) brings this approach to life with our clients."

The Genpact Research Institute and Harvard Business Review Analytic Services will release the second phase of this study later this year that will further explore digital transformation methods and skills. In the meantime, a diagnostic tool for companies to benchmark themselves against this study's results is available at <http://ratio.genpact.com>

## **About the Study**

Conducted in the first quarter of 2016, Harvard Business Review Analytic Services, in association with the Genpact Research Institute, surveyed 376 respondents representing companies of more than 1,000 employees across multiple sectors, business functions, and regions around the world, with a prevalence of U.S. and European firms. See <http://www.genpact.com/lp/what-is-holding-back-the-digital-revolution> to access the full report.

## **About the Genpact Research Institute**

The Genpact Research Institute is a specialized think tank harnessing the collective intelligence of Genpact – as the leading business process services provider worldwide – its ecosystem of clients and partners, and thousands of process operations experts. The Institute examines new trends that influence the evolution of strategically important operating models, helping our client's business. The Institute combines Genpact's deep expertise in process management, analytics, and technology with the insights of our research partners and clients. Projects are led by leaders and subject matter experts from Genpact's offices around the world. These teams also draw on a global network of external partners and industry experts, and benefit from our extensive connection with hundreds of large clients globally. For more information, see <http://www.genpact.com/home/about-us/research->

[institute.](#)

## About Genpact

Genpact (NYSE: G) stands for "**generating business impact.**" We are a global leader in digitally-powered business process management and services. We architect the **Lean Digital<sup>SM</sup>** enterprise through our patented Smart Enterprise Processes (SEP<sup>SM</sup>) framework that reimagines our clients' operating model end-to-end, including the middle and back offices. This creates Intelligent Operations<sup>SM</sup> that we help design, transform, and run. The impact on our clients is a high return on transformation investments through growth, efficiency, and business agility. For two decades, first as a General Electric division and later as an independent company, we have been passionately serving our clients. Today, we generate impact for a few hundred strategic clients, including approximately one-fifth of the Fortune Global 500, and have grown to over 70,000 people in 25 countries, with key offices in New York City. The resulting business process and industry domain expertise and experience running complex operations are a unique heritage and focus that help us drive the best choices across technology, analytics, and organizational design. For additional information, visit [www.genpact.com](http://www.genpact.com). Follow Genpact on [Twitter](#), [Facebook](#), [LinkedIn](#), and [YouTube](#).

## For more information:

### Danielle D'Angelo

(Genpact Media Relations)

[danielle.dangele@genpact.com](mailto:danielle.dangele@genpact.com)

+1 914-336-7951

### Abby Trexler

(for Genpact)

[atrexler@peppercomm.com](mailto:atrexler@peppercomm.com)

+1 212-931-6179

### Jaana Ijas

(For Genpact Europe)

[iljas@peppercomm.com](mailto:iljas@peppercomm.com)

+ 44 (0)20-7680-7116

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