Majority of Companies Predict Significant Impact from Digital Evolution, Yet Unprepared for Change Required, Says Study by Harvard Business Review Analytic Services in Association with Genpact

Crucial capabilities emerge: ability to experiment, manage change, and align flow of work across front and back office; Technology budgets not a primary concern

NEW YORK, Aug. 30, 2016 /[PRNewswire](#)/ -- Nearly two-thirds (64 percent) of companies predict significant impact from digital technology in two years compared to only 21 percent that see major results today; yet various organizational, cultural, and operational barriers must be overcome to achieve future positive business outcomes.

The new global study from Harvard Business Review Analytic Services in association with the Genpact Research Institute underscores that despite the promise, significant barriers remain to achieve digital transformation across the enterprise. This research demonstrates that even with financial investments, as well as the necessary technology talent and skills in place, much still stands in the way of achieving significant impact from digital:

- The inability to experiment quickly represents the biggest barrier with nearly half of respondents (48 percent) identifying it as a significant challenge.
- Change management and risk aversion are also high hurdles, cited by 41 percent and 38 percent, respectively.
- Certain oft-noted operational challenges to transformation remain, such as legacy systems (cited by 39 percent) and persistent departmental silos (38 percent).

Most respondents did not see budgets, technology skills, or cybersecurity as major barriers. The study underscores how companies must confront the "softer," more people-focused cultural issues head on to achieve digital's potential.

"While there is overwhelming optimism about digital's near future impact, only a minority of companies are successfully harnessing it to grow and beat the competition," **said Alex Clemente, managing director, Harvard Business Review Analytic Services.** "The research shows that enterprises need a coherent strategy, and must address the customer-centric and change management skills needed to overcome the significant barriers they face if they expect to realize digital's potential in just two years' time. Leaders are more likely to embrace the skills for enterprise success."

Leaders' success prove promise of digital is real
The research examines what differentiates the leaders (the 21 percent of respondents who say that their organization is achieving significant business outcomes from digital), from the laggards (the 21 percent that see only a limited impact). Leaders excel in several key areas:

- Leaders are three times more likely than laggards to be considerably ahead of the competition in terms of market position.
- The majority (62 percent) of leaders say digital has been a major driver of their ability to outperform competitors, compared to only 4 percent of the laggards.
- Leaders are seven times more likely than laggards to say digital has increased revenue.
- While only 17 percent of all respondents say their organization's middle and back office functions and systems effectively support customer experience expectations (i.e., the front office), leaders have significantly higher (42 percent) support from their middle and back office.

Taken together, these findings imply that aligning end-to-end front, middle, and back office operations has a direct relationship to the effectiveness of digital transformation, as well as a company's overall performance and market success.

Softer skills more important than tech knowledge; digital vision's implementation not clear
The study also examines the skills necessary for companies to harness the power of digital technology effectively. The top three are the ability to adapt to change (cited by 31 percent of respondents), customer-focused problem solving (27 percent), and communication and collaboration (18 percent). Technical knowledge ranks near the bottom (8 percent) as does understanding of analytical methods (4 percent).

Just half of all respondents say their companies have an enterprise-wide digital strategy, and most note strong fragmentation over its implementation. Leaders are much more likely to have a digital strategy (77 percent), yet fare no better than other companies in determining clear responsibility for the vision; a variety of roles are responsible:

- Half of all respondents (52 percent) say their chief information/technology officer has responsibility for creating their company's digital vision; 39 percent cite chief executives; 22 percent state business unit leaders.
- Despite the rising popularity of the chief digital officer (CDO) as a corporate function, CDOs fare no better than chief operating officers and chief marketing officers in having responsibility for the digital vision, with each cited at only 16 percent.

"It is not about technology skills alone," **said Gianni Giacomelli, senior vice president and head of the Genpact Research Institute.** "Companies must create a superior experience by reimagining the flow of work from the customer engagement layer, all the way to the back office. The front end is just the tip of the iceberg. Our study shows that digital leaders clearly excel in this end-to-end operational and process alignment."

About the Study
Conducted in the second quarter of 2016, Harvard Business Review Analytic Services, in association with the Genpact Research Institute, surveyed 682 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. More than half (51 percent) of organizations had revenue of $5 billion or more, and 68 percent of respondents work in companies of 10,000 or more employees. See http://www.genpact.com/lp/accelerating-the-pace-and-impact-of-digital-transformation to access the 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^{SM}** enterprise through our patented Smart Enterprise Processes (SEP^{SM}) framework that reimagines our clients' operating models end-to-end, including the middle and back offices. This creates Intelligent Operations^{SM} 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 75,000 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. Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.

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