

Walking the digital tightrope

A Fujitsu report



December 2016

shaping tomorrow with you

FUJITSU

The background is a solid red color. It features several abstract geometric elements: a large, curved grid of squares on the left side, and numerous smaller, tilted squares and rectangles scattered across the right side, creating a sense of depth and movement.

“Digital business is shifting from a future strategic vision by IT leaders and digital leaders to providing a real competitive edge today.”
– Gartner



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Introduction

From an aging population and unprecedented urban migration to economic uncertainty and the urgent need for sustainable energy provision, Europe now faces an unparalleled set of disruptive challenges.

It is technology that links this social, political and economic upheaval. We're witnessing the evolution of a hyperconnected world, with emerging technologies fueling skyrocketing connections between people, processes, things and information. As soon as 2020, we can expect 50¹ billion connected devices and a trillion sensors² in everyday objects – with experts predicting even higher numbers.



¹ Gartner, Embed Digital Business Into the Fabric of Your Organization, Michael Burkett, November 5, 2015. G00292637.
<http://www.gartner.com/document/3163226>

² Fairchild Semiconductor, With a Trillion Sensors, the Internet of Things Would Be the „Biggest Business in the History of Electronics“.

In the face of this new reality, no one can avoid fundamental change. To survive and thrive in this hyperconnected world, businesses need to digitalize, since only digitalization can enable and empower organizations to flex and adapt in the face of such rapid and continuous change.

Ultimately, of course, digitalization isn't a choice. Change is upon us, from employees who expect to work in new ways, to the emergence of new competitors, to customers demanding new approaches.

All this leaves organizations facing tough choices. While digitalization brings an enormous opportunity for growth and value creation, it can also exponentially increase risk and complexity. Decisions need to be made against competing priorities – often with incomplete information, a lack of the right skills and no way to predict the outcome.

Of course, the big picture can be hard to see when we're focused on more tactical issues, such as whether it's best to go with private or public cloud, remote or central storage, or whether to embrace mobile or centralized applications. There's also the very real challenge of what to do with the ICT we currently have. Unstoppable transformation lies ahead, but we can't just leave our existing investments behind. We need to balance risk and cost while digitalizing without disruption to day-to-day needs.

We think that the winners in tomorrow's hyperconnected, highly complex world will be those companies who realize value comes not from specific technologies but from enabling connections. By harnessing the power of data to drive innovation, insights and ideas, these organizations can chart the right course towards growth and competitiveness, while remaining safe and secure.

Fujitsu has undertaken research to uncover how companies are meeting their digital destiny: We've talked to more than 600 European CEOs and senior IT decision-makers, asking them how the process of digitalization is being handled within their organization.

Our research provides a snapshot of four countries – Sweden, Germany, the UK and Spain – at different stages of the digital journey, although the overarching aim of this study was to assess the confidence of organizations in adapting to the new digital world.

When you scratch the surface, business optimism on digital transformation in fact looks more like bravado. The survey reveals that only one in four are actually confident in their digital decisions, while two in three will even admit that their digital transformation projects are a gamble.

Digital transformation is increasingly core to societal and economic stability and in order to thrive, businesses will need to accelerate the pace at which they bring technology and new ideas together. However, the lack of clear ownership and conflicting priorities is a barrier to success. Fujitsu is focused on supporting customers on their journey to digital transformation and in enabling customers to achieve balance, both in order for them to thrive in a digital world as well as to transform their businesses without disruption.

Duncan Tait,

CEO, EVP and Head of EMEA, Fujitsu

Executive summary

To provide a snapshot of digitalization today, we surveyed more than 600 European CEOs and senior IT decision-makers in Sweden, Germany, the UK and Spain. Here's what we discovered.

Decision makers are over-confident about their digital maturity

Fujitsu uncovered an overwhelming level of confidence from respondents in their own capabilities and progress in digital transformation projects. However, below the surface, there's a great deal of uncertainty – for example, two in three say it is hard to agree on what to do, while a similar number agree they would benefit from a more balanced approach. Fujitsu's view is that over-estimating capabilities plus the inability to grasp the complexities of digital transformation is a dangerous combination that paves the way for failure.

Digitalization is seen as fundamental to success

Three quarters of organizations are hungry to move faster towards digital adoption, citing the most popular major benefits as being attracting and keeping talented employees, market responsiveness and customer retention and loyalty. Meanwhile, the main risks of falling behind are a reduction in productivity and a decrease in overall revenues.

The main benefits from digitalization are clear, but getting there is a gamble

Transformation is still seen as a gamble by 70% of respondents – underlining that there's a lot of fear and concern behind the bravado. Furthermore, three-quarters of firms would like their digital transformation projects to move faster. However, C-level executives also agree that the process faces a number of roadblocks, such as how to integrate with existing infrastructure and processes, and the perceived lack of relevant ICT skills. In two-thirds of cases, this is exacerbated by a lack of alignment on digital priorities.

C-level executives and IT budget holders agree on the benefits of transformation

Four key benefits from successful digital transformation came shining through – the attraction and retention of a talented workforce, business responsiveness to the market, customer retention and loyalty and increasing workforce productivity. The incentives for leading a successful transformation are clearly recognized.

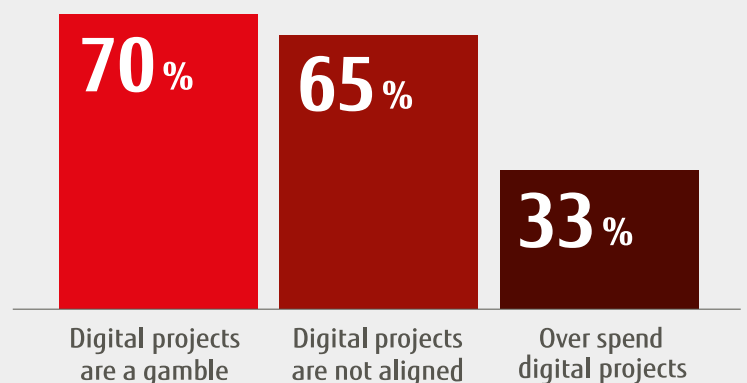
Everybody recognizes the main threats from failing to digitalize fast enough

Just as the rewards are crystal clear, so are the downsides of not digitalizing fast enough – with our survey highlighting the four main reasons being a reduction in productivity, a decrease in overall revenue, the inability to attract and retain talent, and an increase in costs. Also, a failure to prioritize digitalization projects and the lack of skills to do so are amongst the biggest threats to success.

Decision makers are too focused on technology

There's no single business area responsible for managing digitalization. However, in half of organizations, the emphasis is placed on IT teams, suggesting that digitalization may be regarded as a technology challenge.

Digital transformation challenges



The digitalization tightrope

At first glance, European organizations seem optimistic about their digital maturity.

An overwhelming **92%** of the IT decision-makers surveyed by Fujitsu said they would class their organizations as either somewhat or extremely mature with regards to digital maturity.

This optimism also extends to their view of competitors: Three in five respondents believe they're on par with industry competition in terms of digital maturity, and one in three regard themselves as more advanced. Overall, a remarkable two-thirds of respondents see their organizations as digital leaders.

The reasons given for wholeheartedly embracing a digital future are equally positive. Our survey confirmed that IT decision-makers are quick to recognize the crucial role that digitalization plays in business growth and success, highlighting the major benefits as attracting and keeping talented employees (43%), greater market responsiveness (38%) and improved customer retention and loyalty (37%).

However, dig a little deeper into how digitalization is being managed and funded and it becomes clear that organizations throughout Europe are walking a tightrope. Faced with tough decisions, a thin veneer of optimism masks a maelstrom of competing drivers, priorities, stakeholders and budgets. Organizations are, in fact, precariously balanced between two opposing digital pitfalls: stagnation and acceleration.

The dangers of falling behind

Today, only a third of organizations are aligned behind the same digital priorities, while half admit to some conflict and one in 10 report openly competing agendas. Meanwhile, two in five admit that their current digital strategy is unclear and confused.

Given the uncertainty on the road ahead, it seems some organizations are slamming the brakes on digitalization. One in six report no appetite to accelerate digital adoption, a third believe their organizations already invest too much time and money in digital projects, and one in four identify a lack of board level commitment to digital initiatives as a major barrier to completing projects successfully.

While such hesitancy is perhaps understandable, no organization can afford to stand still as we race towards tomorrow's hyper-connected world. The digital agenda is largely being propelled by forces outside organizational control, with IT decision-makers identifying both customers (20%) and employees (18%) as leading drivers. Digitalization cannot be stopped and business-as-usual cannot simply continue.

Fortunately, the majority of IT decision-makers do see the dangers of failing to digitalize fast enough – fearing lower productivity (40%), reduced revenues (38%), the inability to attract and retain talent (38%), increased costs (37%), and even business failure (20%). The pressure of taking steps to digital transformation is clear – as one CEO told us: **"The risk of investing in incorrect technologies is lower than doing nothing and slipping behind the competition."**

Bridging the digital disconnect

Major benefits

- Attracting and keeping talented employees
- Market responsiveness
- Customer retention and loyalty

Main risks

- Reduction in productivity
- Decrease in revenue



The dangers of racing ahead

If organizations face serious risks from failing to embrace digitalization, should they accelerate its adoption instead? The appetite is certainly there: Three quarters of organizations want to move faster towards digitalization, spurred on by its clear role in business growth and success.

However, accelerating digitalization presents its own dangers. Moving more quickly tends to narrow an organization's options, leaving less time for strategic planning, essential recruitment and the implementation of appropriate security controls.

This is borne out by our findings: One in four IT decision-makers identified a lack of time and resources as a major barrier to successful digitalization in itself, alongside a failure to prioritize digital projects correctly (31%), a shortage of the right skills (31%) and security fears (27%).

By fast-tracking digitalization, IT decision-makers are forced to make very difficult choices about the future of their organizations at speed, on competing priorities, without the necessary skills and with no certainty as to the outcome. Ultimately, this is more likely to harm than help.

This isn't a technology problem

To make the right choices and successfully tread the digital tightrope, organizations need a clear strategy and strong leadership. Unfortunately, this isn't the reality we see today. Instead, organizations face not only disparate digital priorities, but also a wide variety of stakeholders driving the agenda and no agreement over who should be in control.

Among business leaders, the digital agenda isn't primarily driven by the board (18%) or the CEO (16%). In fact, we discovered a wide spectrum of responses, with the IT department or CIO coming out on top (23%). This suggests that digitalization is regarded as a technology challenge, rather than a business one. Equally, in half of organizations, the management of digital projects lies with the IT department.

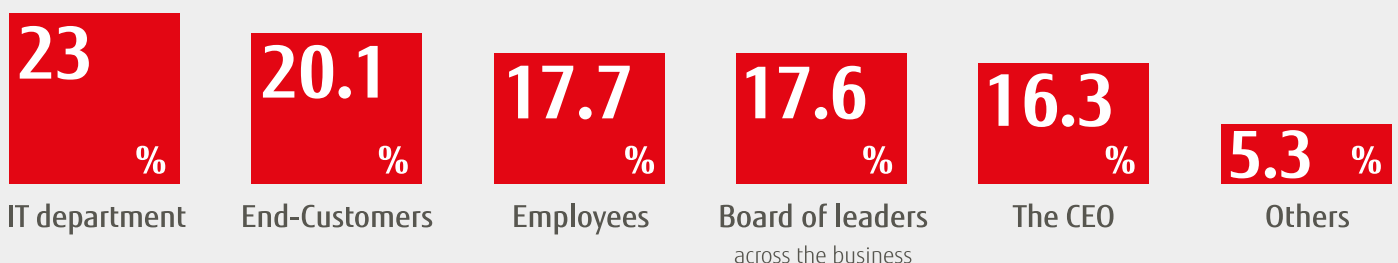
"It's important...to separate the clear day-to-day strategy from the overall business digitalization process. However, strategies must be taken to an intermediate level in order to be able to connect the two in the future...so there's synergy between them." – A Spanish CEO in the Finance sector.

This means the same employees responsible for day-to-day ICT operations are also expected to oversee the strategic implementation of digital projects. In only 15% of organizations are initiatives run by a separate team established specifically to manage digital projects.

This short-sighted focus on technology may provide a clue as to why the objectives of digitalization are so often aimed at existing procedures, with process optimization (49%) and operational efficiency (46%) as the highest priorities. We found that the more forward-thinking, strategic applications of digitalization – such as data management and insights (22%) or new business initiatives/innovation (18%) – are given a much lower priority.

This focus on digitalization as a technology challenge also extends to budgets. In two-thirds of organizations (69%) the IT budget is split between digital innovation and day-to-day operations. Only in 27% of organizations has a separate budget been created to support digitalization. Currently, almost half of organizations (47%) feel they have struck the wrong balance between digital and traditional IT projects when it comes to the time and money being invested, despite the fact that 56% weight investment towards digital innovation.

Digital transformation drivers







The need for balance

A maelstrom of competing digital drivers, priorities and stakeholders has eroded the confidence of today's IT decision-makers. Just a quarter of respondents say they're extremely confident in advising their business on the right decisions, while three in five admit it's difficult to know the right choices to make when it comes to digital adoption. Indeed, for most, digitalization seems little more than a roll of the dice – with almost three quarters admitting the success of digital projects is a gamble.

IT decision-makers are waking up to the fact that a new path to digitalization is needed: one that embraces it as a business challenge first and foremost, then implements the right strategy to ensure progress happens at a manageable pace. One said: **"We're introducing digitalization steadily, so it's easier in the crossover and everyone, including customers and our workforce, has time to adjust."**

Two thirds felt they would benefit from a more balanced approach to digital adoption that effectively combined new technologies with existing solutions. This would also address the greatest barrier to confident decision-making: the ability to integrate with legacy infrastructure, something highlighted by almost a third of IT decision-makers.

However, to move forward with true confidence, IT decision-makers also need to forge the right partnerships. Alongside access to essential skills, more than a quarter think that finding an appropriate technology partner is crucial to making confident decisions.

An experienced partner can frame an organization's digital journey as part of a holistic and informed strategy, while also providing access to scarce expertise and the knowledge to integrate forward-thinking solutions with existing systems.

Ultimately, the right support is crucial for organizations and IT decision-makers to walk the digitalization tightrope with confidence.

Mapping Europe's digital future



According to the World Economic Forum, European economies lead the continent in the race to digitalization. We surveyed a spectrum of countries across this region – Sweden, Germany, the UK and Spain – to see how the picture differs.

Spain

Spain is the most digitally confident, with 39% of organizations ranking themselves as extremely digitally mature, while 40% believe they're more digitally advanced than their competitors and 68% of IT decision-makers agree their business has the right approach to digital adoption.

Spanish organizations also have a tremendous appetite to embrace their digital future, with 90% wishing to accelerate adoption. Funding priorities clearly reflect this digital-first agenda, with two thirds of organizations weighting spending towards digital innovation and away from day-to-day IT costs – the starkest split in all countries surveyed.

Cost is undoubtedly the primary driver for digitalization, with IT decision-makers most worried by the potential for lost revenues (47%) and increasing costs (43%) due to failing to digitalize quickly enough. This focus on the bottom-line may be why Spanish organizations are more aligned behind the same digital priorities than their European peers, with 57% of companies reporting a common view.

However, the desire to digitalize leaves little time for long-term thinking: 25% of IT decision-makers concede their organization's digital strategy is unclear and confused, three in four see the success of digital projects as a gamble and 42% flag security concerns as a major barrier to digitalization.

This confusion may be linked to the fact that it's more common for IT departments to drive the digital agenda (29%) and oversee projects (63%) in Spanish organizations than elsewhere – suggesting a remorseless, technology-centric approach. Ironically, by prioritizing immediate revenues and cost reduction, Spanish organizations may be losing out on the lucrative potential of long-term, strategic digital innovation.

Germany

German companies appear to be succeeding with a methodical approach to digitalization. While their level of digital maturity is on a par with other countries, German organizations are the least likely to want to move faster towards digital adoption, with a third (29%) of IT decision-makers seeing no appetite for this. One German CEO encapsulated the zeitgeist, saying: **"The trend is generally towards digitalization, we must adapt to remain competitive."**

Germany is also more positive when it comes to its digitalization efforts: 43% of IT decision-makers strongly agree that their organization is taking the right approach to digital adoption. Meanwhile, Germany also leads in finding the right balance between digital and traditional IT projects, with three fifths of organizations stating that time and money is being invested correctly.

Digitalization's competitive impact is the central focus for Germany. Unlike the rest of Europe, IT decision-makers here see the main benefit of digitalization as customer retention and loyalty (48%) while digitalizing the customer experience is also a top priority for the majority of organizations (60%).

However, there are challenges. Digitalization in Germany faces a distinct skills gap, with 41% of IT decision-makers pointing to this as the main barrier to success. Highlighting the downside to being an early technology adopter, German organizations are being held back by existing infrastructure and processes. A third of respondents cited a lack of visibility due to department silos as the greatest barrier to confident digital decision-making – substantially more than elsewhere in Europe. The ability to integrate with legacy infrastructure was cited almost as frequently (30%), suggesting that German organizations need to drive connectivity before they can fully capitalize on the potential of digitalization.

UK

When it comes to digitalization, 'keep calm and carry on' seems to be the message from the UK, with organizations taking a more cautious view than their European peers: One in three do not have an appetite to move faster towards digital adoption, while budgets are weighted less heavily to digital projects.

This wary approach is reflected in the UK's digital confidence. Almost a fifth of IT decision-makers don't feel confident advising their organizations on the right digital choices, compared to a survey-wide average of one in 10. This reticence may be explained by the conflict over digital priorities in the UK – where only 16% of organizations are aligned behind a common vision and 21% state they have openly competing goals.

Nevertheless, UK organizations are taking a strategic approach to digitalization. CEOs drive the digital agenda in more than a quarter (26%) of businesses and two-thirds (61%) of IT decision-makers agree their organization has a clear digital strategy – more than anywhere else. As one UK CEO commented: **"We've sought expert advice and implemented the recommendations. It's a longer term plan and we feel we're on the right path."**

Perhaps because of this strategic mindset, UK organizations place greater emphasis on digitalization for business innovation than other countries, with 34% making it a priority. However, the UK's digital projects are also the most commonly stymied by existing technology solutions hindering innovation (32%) and network capacity (29%) according to IT decision-makers.

These integration challenges explain why the lack of an appropriate technology partner is cited as the greatest hindrance to confident digital decision-making in the UK, as cited by one in four respondents.

A Fujitsu case in point: Above-the-clouds service

Gatwick Airport in the UK is the busiest single runway in the world. It already serves 40 million passengers a year, but also needed to deliver a seamless customer experience. Fujitsu implemented a cloud-based unified communications solution to connect front-line staff in terminals and the airfield with the back office staff, who now take strategic calls or make things happen via voice, video and data.

"We realize digitalization and technical advancement is extremely important to our business and are all agreed that investment is critical and an ongoing project. We will continue to invest year upon year."
– A UK CEO in the Manufacturing sector.

Sweden

Swedish organizations aren't as far along the road to digitalization as their European counterparts, with only 24% of IT decision-makers viewing their companies as extremely digitally mature and two thirds (66%) seeing them as playing digital catch-up. However, Swedish businesses are making up for lost time, with 87% focused on faster digital adoption.

Paradoxically, Swedish IT decision-makers are the most self-assured of the countries surveyed, with 38% stating they're extremely confident in advising their organization on the right digital choices. Half (47%) of Swedish companies are also aligned behind common digital priorities, more than most of their European peers. As a Swedish business leader told us: **"Having the right priorities for digital platforms is very important. We look at the future and consider what we will need in five or ten years-time."**

This digital optimism may be due to starting from a blank canvas. As mentioned above, while Swedish organizations are currently less digitally mature, they also have fewer existing IT investments. This explains why IT decision-makers cited existing technologies (11%) and network capacity (8%) as less of a hindrance to digital success than other countries.

However, it seems clear that the fast pace of digitalization has come at a cost. 52% of IT decision-makers now agree or strongly agree that the digital strategy in their organization is unclear and confused – the highest in Europe. Meanwhile, three quarters (75%) regard the success of digital projects as a gamble, a figure second only to Spain.

Overall, Swedish organizations are ready for a change of tack. 72% of respondents agreed their company would benefit from a more balanced approach to digital adoption – the highest among countries surveyed.

Embracing the digital economy

Finance

The financial sector is weathering major change as agile new market entrants take advantage of today's hyperconnected world to offer disruptive services like digital wallets, peer-to-peer lending, and mobile payments.

With 95% of organizations considered 'quite' or 'extremely' digitally mature, the finance seems confident in its current position. It's not standing still, however: three quarters of organizations want to move faster towards digital adoption.

Market responsiveness is seen as the most important benefit of digitalization – an area highlighted by 43% of IT decision-makers. This suggests that rapidly reacting to customer needs, voracious competition and other market forces is becoming ever more crucial. One CEO stated that the key drivers for digitalization were **"customer demands, constraints and pricing. People want more for less"**.

IT decision-makers named operational efficiency (48%) and customer experience and loyalty (45%) as the most important strategic focuses for digitalization projects. Interesting however, the financial sector generally isn't harnessing the power of its customer data to inform business strategies, with only 30% of organizations prioritizing data management and insights.

Every industry is grappling with digital transformation in today's always on, real-time, information rich marketplace. Fujitsu surveyed four major sectors – Finance, Manufacturing and Utilities, Retail and the Public Sector – for indications on how digital approaches, and success, vary.

Given that this sector is also a prominent target for cybercrime, it would be reasonable to expect security to be a major barrier to successful digital projects, but it was actually only named by a minority (19%) of IT decision-makers – fewer than in any other sector. In part, this may be due to access to the right skills; one financial services CEO told us his organization is **“ensuring the right skills by doing a gap analysis”**.

“All sectors are adapting to the digital age, and all stakeholders are too. If you don’t, you run the risk as a company of falling behind – with all that that implies for your customers, competition and suppliers.” – A Spanish CEO in the Financial sector.

All told, digital confidence is high amongst this sector’s IT decision-makers, with 30% strongly agreeing that their organization has the right approach to digital adoption and 84% agreeing that a clear digital strategy has been mapped out. Of all four sectors we surveyed, Financial is also the most aligned behind the same digital priorities, with 40% of respondents citing common goals.

Manufacturing and Utilities

The traditional Manufacturing and Utilities sector is becoming much more of an information driven industry, with data being captured from equipment, products and services to boost productivity, reduce costs and improve quality.

As we might expect from a tech savvy sector, 98% of manufacturing and utility companies are ‘quite’ or ‘extremely’ digitally mature. This sector also expresses the strongest appetite to accelerate digital adoption, something backed by four fifths (80%) of all organizations. As one CEO commented: **“We are very competitive and customer focused – the more high-tech your organization is, the more chance there is of success.”**

Two thirds (66%) of manufacturing and utilities regard themselves as on a par with their competitors in terms of digital maturity – more than any other industry – suggesting there’s extreme competition to stay ahead in this digital race.

Of course, competitiveness ultimately comes down to one thing: customers. More than half (54%) of this sector’s organizations see improving the customer experience and loyalty as the main priority for digitalization, with 46% of IT decision-makers also citing customer retention and loyalty as its chief benefit.

Despite this competitive atmosphere, digital confidence is sky-high in this sector. 95% of IT decision-makers are ‘quite’ or ‘extremely’ confident in advising their business on the right digital choices. This may be due to the fact that manufacturers and utilities are long used to keeping pace with changing technologies.

Today, the greatest challenge to confident digital decision-making – affecting a third (36%) of organizations – is the ability to integrate effectively with existing infrastructure. Half of IT decision-makers now believe their organizations would benefit from a more balanced approach to digital adoption that blends new technologies with current solutions.

A Fujitsu case in point: Banking on security

Banco Bradesco headquartered in Sao Paulo, Brazil, serves 60 million customers. Today, it manages more than 48,000 ATMs, 90 million credit cards and 48 million debit cards. To prevent fraud, protect customers and improve the bank’s service, we implemented Fujitsu PalmSecure® technology in its ATMs. The technology uses biometric identification and can provide card-less validation for withdrawals.

Retail

Long after the rise of e-commerce transformed the Retail sector, organizations now face the challenge of seamlessly engaging customers and maintaining loyalty across a broad spectrum of different devices, channels and platforms.

More so than any other industry, Retail is playing digital catch-up. Three quarters (79%) of organizations are hungry for faster digital adoption, while a third (34%) of IT decision-makers strongly agree their company is lagging behind in the digital race. As one CEO told us: **"The buzzword is 'multi-channel', as the customer decides when, where, how and which distribution channel is used."**

Unsurprisingly, customers are one of the main drivers for Retail's digital agenda (21%), second only to the influence of board-level business leaders (25%). Equally, business process optimization (58%) and the customer experience (42%) are cited as the two most important strategic focuses for digitalization. One business leader we questioned summed this up: **"Our customers demand speed and...convenience, so we've had to become digitally mature."**

Despite the enthusiasm to make up lost ground, the Retail sector is still unsure of the right path to take. This industry is least likely to be aligned behind common digital priorities, according to 31% of respondents, while a quarter (25%) of IT decision-makers also strongly agree that it's difficult to know the right choices to make regarding digital adoption. As one Retail CEO said: **"There's a strategy but it should be clearer. We're moving with the innovations sent our way."**

The sector has been shaken by a series of high-profile customer data breaches in recent years. Security is now regarded as the greatest barrier to digitalization, giving 33% of IT decision-makers pause for thought – more than any other industry. One CEO said: **"We're afraid of a hack, it's well documented in our sector."**

Retail is also feeling the digital skills shortage more than any other sector, with 28% of IT decision-makers strongly agreeing their organization lacks the right skills to deliver digital projects successfully. Given that 83% of IT decision-makers agree or strongly agree that the success of digital projects is a gamble, it seems clear that retailers urgently need outside expertise.

A Fujitsu case in point: Redefining retail

Auchan, the French international retailer, employs 330,000 people and has over 1,700 supermarkets across Europe. It wanted to create a more convenient shopping experience. Fujitsu delivered three digital-based solutions aligned to new customer shopping scenarios: a self-service kiosk, a hybrid kiosk that converts to a full checkout, and a handheld scanner for customers to use as they shop.



A Fujitsu case in point: healthy savings

Emory Healthcare headquartered in Atlanta, Georgia, manages six hospitals and 10,000 employees – of whom 1,800 are medics. Fujitsu delivered a virtual workspace that gives staff uninterrupted, 24-hour access to their healthcare systems, anywhere they are needed – at the front line from bed to bed, via mobile devices, or in the back office.

Public Sector

Governments are embracing digitalization to drive savings and satisfy a new generation of digital-first citizens who expect information and services to be readily available online, at low or no cost.

Digitalization in the Public Sector is most often driven by time and cost pressures; governments need to seek out efficiencies and see digitalization as a crucial tool to achieving them. For more than half of companies (52%) improving operational efficiency is the main priority on the digital agenda. As one Public Sector CEO said: **"It's a priority for us to optimize processes. We want things to be faster and streamlined."**

However, Public Sector organizations are also the most resistant to digital adoption, with a quarter (26%) of respondents saying they have no appetite.

There is also a huge disparity of expertise and digital maturity across Public Sector organizations. Of all the industries surveyed, this sector not only claimed the most 'extremely' digitally mature organizations (34%), but also the most that were 'not very mature' (10%) and 'not mature at all' (3%).

Digital confidence is similarly divided. This sector boasts the most IT decision-makers that are extremely confident in advising their business on digital choices (28%), but also the most that aren't confident at all (15%). These decision-makers cite a lack of skills, whether in executing (30%) or planning projects (28%), as the leading hindrance to confident choices.

Overall, this sector seems to lack digital direction. Despite the fact that Public Sector organizations are the most likely to have a separate budget to fund digital projects (30%) and teams established specifically to oversee digitalization (19%), one fifth (20%) still have competing digital priorities – substantially more than any other industry.



Conclusion

There's no getting away from it: Three quarters of senior IT decision-makers admit the success of digital projects is a gamble.

We've seen why this is so: competing priorities, the demands of propping up legacy infrastructure, a lack of the right skills and technology partners, and no way to predict outcomes all play a part.

So, how can organizations approach digitalization with renewed confidence and, more importantly, make the right choices? Here's Fujitsu's recommendation:

"Success isn't a matter of luck. It's the result of laying the foundations to bring about successful practices and working to lay the foundation for evolution."
– A Spanish CEO in the Retail sector.

Strong industry partnerships and a more balanced, well-paced approach to transformation help, of course, but there's more to it. To really succeed, organizations need to understand the characteristics of digital success.

Firstly, this means embracing connectivity – not specific technologies. By harnessing the power of hyperconnectivity, organizations can manage complexity instead of being constrained by it, and in turn, this enables them to concentrate on high-value, differentiating activities while automating low-value tasks.

Secondly, organizations should focus on the beneficial business outcomes that digitalization can create. Competitiveness can be lifted through prioritizing the elimination of silos and focusing on sharing information more rapidly across entire organizations. For example, connect R&D departments with production and distribution to bring new features to market more quickly.

Lastly comes the ability to innovate. Technology is transforming innovation: it isn't necessarily making it better, but it is making it quicker, cheaper and easier.

"I would consider digital success to be when access to information for customers and for employees is smooth – when all departments can access it."
– A UK CEO in the Public Sector.

Through capitalizing on these new capabilities, processes will become more agile. In the age of digital transformation, technology is enabling experimentation with new ideas more quickly, more cheaply and easily, thanks to the surging connections between people, information and technology that are helping to drive innovation.

By walking the digitalization tightrope with confidence, Fujitsu strongly believes that companies in Europe will be empowered to deliver new business and social value, enrich lives, and set us on a path towards a safer, more prosperous and sustainable future.

A Fujitsu case in point: Managing complexity

Airbus, headquartered in Toulouse, France, manages the most complex production line of any company. The A380 has over 4 million parts and must trace over 2 million through the entire lifecycle of the aircraft. Fujitsu RFID technology has enabled a smaller inventory, real-time control of the production line and easier aircraft servicing.

FUJITSU AMERICA, INC.

Address: 1250 East Arques Avenue Sunnyvale, CA 94085-3470, U.S.A.

Telephone: 800 831 3183 or 408 746 6000

Website: <http://solutions.us.fujitsu.com>

Contact Form: <http://solutions.us.fujitsu.com/contact>

Have a question? Email us at: AskFujitsu@us.fujitsu.com

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