Digital Business Study 2023

IT leaders are future-proofing their business with digital strategies

FOUNDRY

an IDG, Inc. company

In 2023, companies have adopted the mantra, "do more and better, but with less," thanks in part to a volatile business climate, employee shortages and hybrid work environments that challenge productivity norms. This requires transforming business models and value chains by embedding digital into everything they do. The goal—to make business more efficient and profitable, but also more agile and smarter, adjusting to consumer needs and changing market conditions.

The foundations of this digital-first strategy are not new. They were engrained even before pandemic shifts demanded digital solutions for remote work and a new era in customer experience. In fact, more than half of organizations (57%) have already adopted a digital-first strategy and 36% have plans to, according to Foundry's 2023 Digital Business Survey. For enterprise organizations with over 1,000 employees, 66% say they have already adopted a digital-first strategy and 29% have plans to. For small businesses of less than 1,000 employees, 49% have adopted a strategy and 41% are still in the planning stages. More than half of respondents (57%) are pursuing digital strategies to improve employee productivity and collaboration now that hybrid work environments are here to stay, up from 44% in 2021. Half of respondents (50%) are doing it

to reduce costs and inefficiencies, up from 38% last year. Others expect digital transformation to create better customer experiences to keep up with expectations (45%), enable business agility/resiliency (41%) or improve security (40%).

Today, digital initiatives have progressed from foundational elements, such as tech and skills assessments and security,

93%

of organizations have adopted, or have plans to adopt, a digital-first business strategy

95% 1000+ company size
91% <1,000 company size

ITDMs are further along with the following digital-first objectives than they expected:

1. Improving security
2. Improving employee productivity/collaboration
3. Creating better customer experiences

to pursuing digital strategies for data management and change management, workforce strategies, as well as developing metrics to measure success.

Foundry surveyed nearly 900 IT leaders whose organizations have a "digital first" strategy or plan to adopt the strategy. They are applying new technologies to radically change processes, customer experience and value.

Making progress

So far, most organizations that have adopted digital-first strategies are seeing positive results, particularly in improving security, where more than a quarter of survey respondents say they're further along than they expected (26%).

A significant portion of respondents believe that security is the most important step for success in digital transformation (39%). Information security and cybersecurity

risks have heightened in the past year, particularly with increased global tensions between the U.S., Russia, China and North Korea. So it's no surprise that 29% of organizations already have a data security strategy in place, 41% currently have a security strategy in development and 23% are planning their security strategy.

A quarter of respondents also say they're seeing progress in digital strategies that improve employee productivity and collaboration—probably because organizations are struggling with talent shortages and putting more digital resources toward preserving corporate culture in hybrid work environments.

Data security strategy

29% completed

41% in development

23% planning
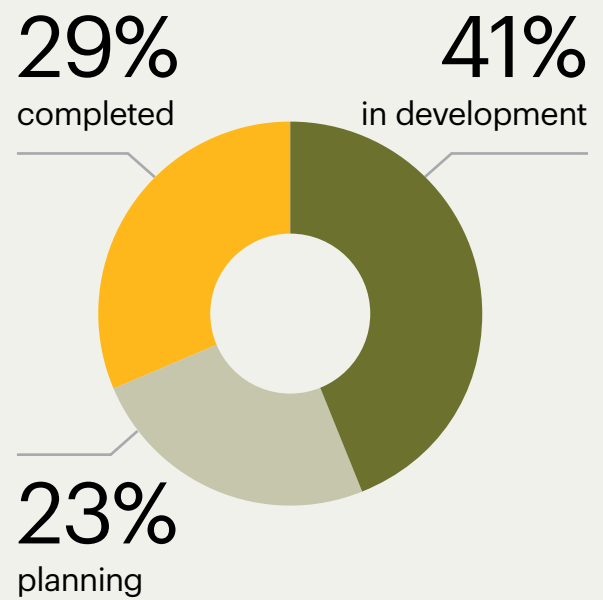
Others are behind the eight ball

Still, some organizations report being further behind than they expected to be in certain digital strategy areas. Case in point: Although a quarter of respondents see productivity and collaboration improvements, another 27% of respondents say they're further behind than they had expected. The same number of respondents are still waiting to realize reduced costs and inefficiencies (27%), a better customer experience to meet expectations (22%) and reduced complexity (20%). This might be due to the uneven business climate facing different types of organizations, or perhaps their budgets, executive buy-in or resources.

Some organizations have no plans to pursue a digital-first business strategy. About 7% of organizations are in this camp, citing a shortage of skills, lack of budget and no executive support as the top reasons.

Assessments and roadmaps in place

As mentioned earlier, the foundations of a digital strategy are already in place for most organizations. More than a quarter of organizations have already assessed technology and IT skills needs (27% and 26%, respectively). One in four respondents (25%) have a roadmap in place for the overall digital strategy or a workforce strategy,

Next steps: Managing data and change, evolving security and measuring success

With those strategies in place, organizations are now developing data management strategies (42%), according to survey respondents, followed by data security and change management strategies (41% each). More than a third of respondents are still determining what the metrics for success will be (38%).

Data management strategy
Digital strategies harness vast amounts of data that, if managed correctly, can improve efficiencies, productivity and revenue. So it makes sense that 43% of organizations are currently developing their data management strategies, including data accessibility and data quality, and one in five organizations already have this strategy in place. Another quarter of organizations (27%) are still in the planning stages.

Change management
Adapting the organization's culture to a new digital-first business approach is another crucial step to ensure a successful transformation, and most of the IT leaders surveyed are on board. Nearly one of five respondents say they already have change management strategies in place,

and 41% are actively developing a change management program. About a quarter of respondents are still in the planning phase.

Determining the metrics of success
With digital business processes now in place for most organizations, the challenge now becomes what metrics should be used to determine success. Just one in five organizations have already determined their metrics for success, but far more are currently in the processing of developing those metrics (38%) and more than a quarter are still in the planning process (29%).
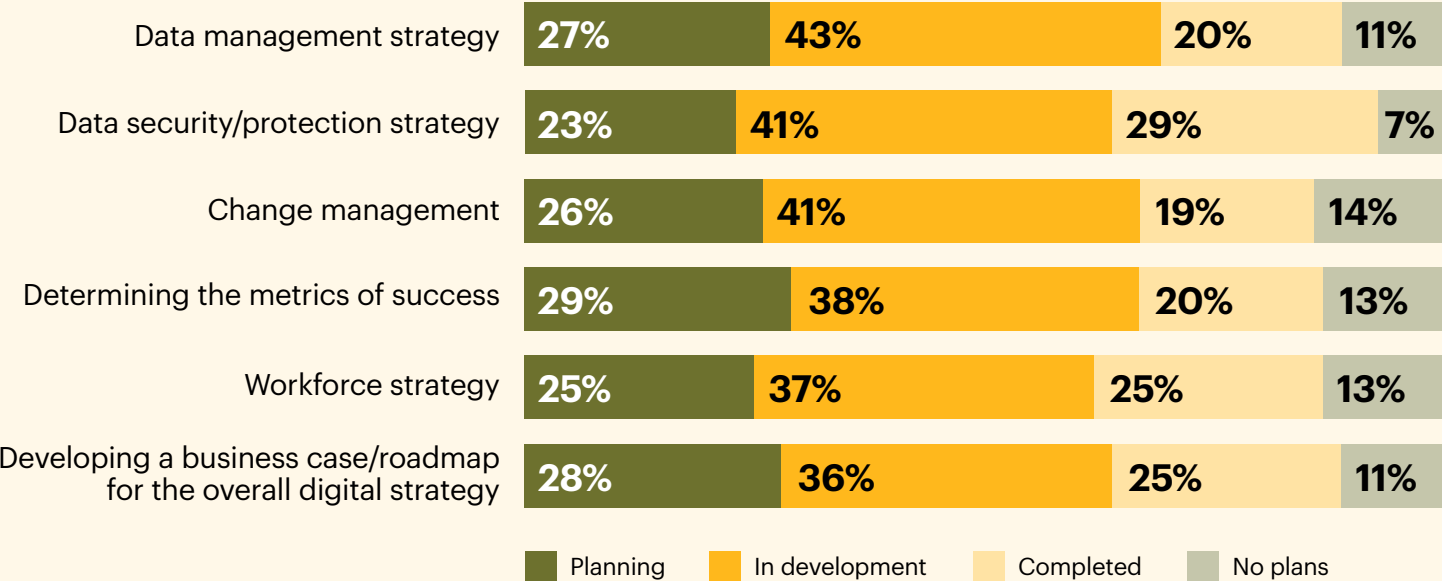
Those organizations with a developed strategy for measuring success look at a number of different results. About half of IT leaders measure improved employee productivity through process efficiencies automation (51%). Some companies measure customer experience using customer satisfaction scores or similar metrics, while others simply measure increased profitability (47% each). Some 40% measure success by their ability to innovate.

What's holding back some digital initiatives?

Despite much progress, some organizations still face significant challenges with their digital business initiatives. More than a third of organizations lack a sufficient budget to

Strategies in place to become a digital business

	Planning	In development	Completed	No plans
Data management strategy	27%	43%	20%	11%
Data security/protection strategy	23%	41%	29%	7%
Change management	26%	41%	19%	14%
Determining the metrics of success	29%	38%	20%	13%
Workforce strategy	25%	37%	25%	13%
Developing a business case/roadmap for the overall digital strategy	28%	36%	25%	11%

carry out their digital plans. This number increases to 45% of SMB respondents. They also face competing priorities (35%), or they don't have enough IT staff, or those with the right skill sets (34%). Others struggle with replacing legacy systems (28%) or dealing with the complexities of their IT infrastructure (27%). Cultural issues, such as resistance to change or poorly designed roles and responsibilities, create another roadblock hindering digital strategies.

IT leaders are exploring AI and ML additions to digital strategies

Organizations are looking to several new technologies to further their digital-first strategies, but none more so than artificial intelligence and machine learning. These tools, as seen in the recent frenzy over AI tool ChatGPT and similar rollouts at Google and others, have the potential to automate everything from business processes and decision-making to software development to creating written content. "IDC Research estimates the worldwide economic impact of generative AI across all lines of business functions, by the end of 2033 to be close to $10 trillion," says Ritu Jyoti, group vice president, AI and Automation market research and advisory services at IDC. "The impact will encompass increased revenue, lowered expenses, and improved productivity."

84%

are either exploring or are currently using AI and machine learning to become a digital-first business

Nearly a third of IT leaders surveyed (32%) have AI and ML on their radar or are actively researching these technologies, while another 20% are piloting the technology and 16% already have AI and ML in production. Augmented and virtual reality, 5G, bots and edge computing round out the top five technologies that organizations plan to pursue in the next 12 months to further their digital-first strategies.

Cloud-native platforms and AI engineering are among the other hot emerging technologies that organizations are pursing (37% and 32%, respectively) to enable digital-first strategies, followed by cybersecurity mesh (31%) and decision intelligence (28%).

Conclusion

A volatile business climate, employee shortages and hybrid work environments that challenge productivity norms are propelling digital-first strategies in 2023.

- More than half of organizations already have a digital-first strategy. Most organizations have the foundation in place—including security strategies, technology assessments and IT skills assessments, and a roadmap for their workforce and digital strategy.
- Today, organizations are developing digital strategies for data management and change management, as well as determining metrics to measure success.
- Some organizations still face significant challenges with their digital business initiatives due to lack of budget, competing priorities and lack of skills needed.
- Nearly a third of IT leaders are actively research AI and ML technologies to add to their digital platforms. They're also investing in native cloud platforms and AI engineering to further their digital-first strategies.
- IT leaders are future-proofing their business with digital strategies. This next era of digital transformation will impact all sectors and continue to reshape the way we do business.

About the survey

The 2023 Digital Business study analyzed data from a Foundry online questionnaire given to 898 IT executives between March and April 2023. All survey respondents are involved in the purchase process for major IT or security products and services. Respondents represent companies primarily in the North America (60%), with some in the Asia-Pacific region (22%) and in Europe (17%). These companies come from a variety of industries, including technology, financial services, manufacturing, healthcare and the services industry. Respondents' companies have an average of 13,441 employees.

The digital maturity scale

New to the Digital Business study this year is a digital maturity scale. This scale looks at the different levels of digital adoption among respondents and where they fall on the "maturity scale." The nascent phase of the maturity scale, which is where 14% of respondents fall, either have no plans to adopt a digital-first business strategy or are just starting to show signs of interest in adoption. The maturity scale also categorizes ITDMs who are early adopters of a digital-first business strategy (36%) and those who are classified as mid adopters (34%). These individuals are mostly in the planning and development stages of becoming digital-first. Lastly, those who are classified as advanced (16%) have completed digital business strategies and are no longer in the research phases of their digital journey.

The breakdown

14% Nascent

16% Advanced

36% Early adoption

34% Mid adoption
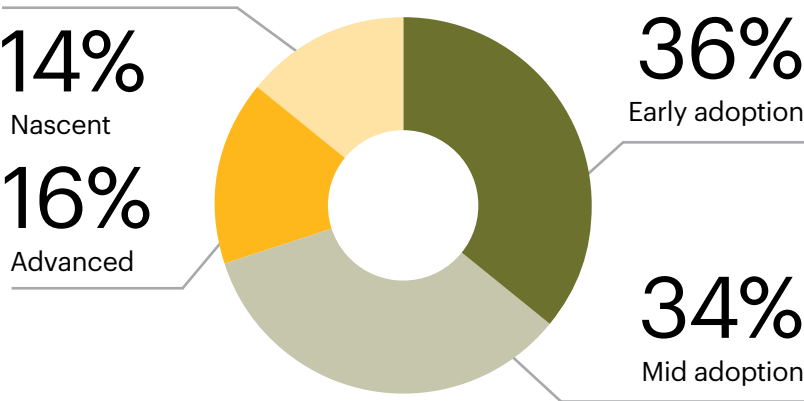
Nascent

Only **2%** of nascent respondents consider their organization to be a digital native company.

Just over half **(54%)** of nascent respondents have no intention of adopting a digital approach for their business.

Just less than half **(52%)** that are classified as nascent say their organization is playing catchup to their competitors in terms of a digital-first strategy.

41% of nascent respondents say there is a big gap between their need for digital skills and the skills available in the marketplace.

When asked what the top objectives of their organization's digital business strategy are, those who are classified as nascent said:
- Reducing costs/inefficiencies **(67%)**
- Improving employee productivity/ collaboration **(53%)**
- Improving security **(40%)**

Nascent IT decision-makers are actively researching the following technologies:
1. Business process management
2. Software-defined storage (SDS)
3. AI and machine learning
3. Private cloud

When respondents were asked to describe how their company's level of spending in specific technology areas will change over the next 12 months, those classified as nascnet said they plan to increase spend in:
- Enterprise risk management **(29%)**
- Mobile apps **(29%)**
- Data analytics **(28%)**

The biggest digital challenges for nascent respondents are:
- Lack of sufficient budget **(52%)**
- Lack of staff and/or correct skill sets **(50%)**
- Cultural issues **(41%)**
- Too many competing priorities **(41%)**
- Lack of corporate vision and/or buy-in **(38%)**

Early adoption

Just over half **(53%)** of early adopters say customer experiences have become a priority for their organizations over the past 12 months.

When asked if their organization is moving forward with spending to support their strategy regardless of the current economic indicators, **43%** agreed.

39% of early adopters say that their organization is playing catchup to their competitors, when it comes to having a digital-first strategy.

41% of early adopters say there is a big gap between their need for digital skills and the skills available in the marketplace.

When asked about the top objectives of their organization's digital business strategy, those classified as early adopters say:
- Improving employee productivity/ collaboration **(54%)**
- Reducing costs/inefficiencies **(50%)**
- Creating better customer experiences **(45%)**

When respondents were asked to describe how their company's level of spending in specific technology areas will change over the next 12 months, early adopters said they plan to increase spend in:
- Data analytics **(27%)**
- A/ML **(26%)**
- Business process management **(26%)**
- Mobile devices **(25%)**

Early adopters are actively researching the following technologies to become digital-first:
1. AI and machine learning
2. 5G

Early adopters identify their biggest digital challenges as:

- Lack of sufficient budget **(39%)**
- Too many competing priorities **(34%)**
- Complexity of IT infrastructure **(32%)**
- Lack of staff and/or correct skill sets **(32%)**

Mid adoption

78% of mid adopters agree that customer experiences have become a priority over the past 12 months.

76% of mid adopters say their organization is moving forward with spending to support their strategy regardless of the current economic indicators.

71% of mid adopters agree that their organization is further along on their digital business journey than they would have expected two years ago.

When asked about the top objectives of their organization's digital business strategy, those classified as mid adopters say:

- Reducing costs/inefficiencies **(48%)**
- Creating better customer experiences to keep up with expectations **(45%)**
- Improving employee productivity/ collaboration **(45%)**
- Enabling business agility/resiliency **(40%)**
- Improving security **(40%)**

When respondents were asked to describe how their company's level of spending in specific technology areas will change over the next 12 months, mid adopters said they plan to increase spend in:

- Data analytics **(42%)**
- AI and machine learning **(41%)**
- 5G **(40%)**

Mid adopters are investing in emerging technology trends in 2023, specifically:

- Cloud-native platforms **(41%)**
- AI engineering **(36%)**
- Cybersecurity mesh **(36%)**

Mid adopters identify their biggest digital challenges as:

- Lack of sufficient budget **(39%)**
- Too many competing priorities **(34%)**
- Complexity of IT infrastructure **(32%)**
- Lack of staff and/or correct skill sets **(32%)**

Advanced

87% of those segmented as advanced consider their organization to be a digital native company.

93% of advanced respondents believe that their organization is moving forward with spending to support their strategy regardless of the current economic indicators.

95% of those segmented as advanced agree that customer experiences have become a priority over the past 12 months.

When asked what the top digital objectives of your organization's digital business strategy are, those who are classified as advanced have top objectives of:
- Enabling business agility/resiliency **(55%)**
- Creating better customer experiences to keep up with expectations **(53%)**
- Improving employee productivity/ collaboration **(53%)**
- Improving security **(48%)**
- Reducing costs/inefficiencies **(47%)**

When respondents were asked to describe how their company's level of spending in specific technology areas will change over the next 12 months, advanced respondents said they plan to increase spend in:
- AI and machine learning **(56%)**
- Data analytics **(53%)**
- 5G **(53%)**
- DevOps **(49%)**
- Robotic process automation **(46%)**
- Mobile apps **(46%)**

Advanced organizations are investing in emerging technology trends in 2023, specifically:
- Cloud-native platforms **(60%)**
- AI engineering **(60%)**
- Cybersecurity mesh **(53%)**
- Decision intelligence **(53%)**
- Generative AI **(47%)**
- Total experience **(47%)**

Regional key takeaways

Is your marketing scope region-specific? Explore the key research findings from North America, Europe, and Asia-Pacific. Contact us to dive deeper into the regional results.

North America

More than half (58%) of organizations in North America already have a digital-first strategy and **34%** are in the research and development stages.

- Specific solutions NA organizations have in place to become a digital business are data security strategies **(30%)**, technology assessments **(28%)** and IT skills assessments **(26%)**, and a roadmap for their workforce strategy **(25%)**.

Some of the biggest challenges NA organizations face with their digital business initiatives are:

- Too many competing priorities **(43%)**
- Lack of sufficient budget **(39%)**
- Lack of staff and/or correct skill sets **(31%)**

The top digital business objectives for IT leaders in North America are:

- Reducing costs/inefficiencies **(54%)**
- Improving employee productivity/ collaboration **(51%)**
- Creating better customer experiences to keep up with expectations **(51%)**

IT leaders in North America are actively researching the following technologies to become digital-first:

- AI and machine learning
- Augmented reality
- 5G
- Edge computing

Over a third (36%) of NA IT leaders are actively researching AI and ML technologies to add to their digital platforms, specifically augmented reality, 5G and edge computing **(24%)**.

Some ITDMs in the North American region are further along in their digital business strategy than they previously expected. They're surprised they're further along with: improving security **(27%)**, creating better customer experiences **(25%)**, and improving employee productivity **(24%)**.

IT leaders in North America are investing in emerging technology trends to support their digital business strategies. Specifically, they're investing in:

- Cloud-native platforms **(36%)**
- Cybersecurity mesh **(31%)**
- AI engineering **(28%)**

EMEA

91%

of EMEA organizations have adopted, or have plans to adopt, a digital-first business strategy

Sixty six percent of organizations in EMEA already have a digital-first strategy, which is the highest percent of all three regions, and **25%** are in the research and development stages.

- Specific solutions EMEA organizations have in place to become a digital business are data security strategies **(42%)**, technology assessments, IT skills assessments, and developing a business case/roadmap for the overall digital strategy **(38%)**.

Some of the biggest challenges EMEA organizations face with their digital business initiatives are:

- Lack of staff and/or correct skill sets **(34%)**
- Lack of sufficient budget **(30%)**
- Complexity of IT infrastructure **(29%)**

The top digital business objectives for IT leaders in EMEA are:

- Improving employee productivity/ collaboration **(47%)**
- Reducing costs/inefficiencies **(43%)**
- Creating better customer experiences to keep up with expectations **(41%)**

A quarter of EMEA IT leaders are actively researching augmented reality/virtual reality to add to their digital platforms. They're also researching bots **(24%)**, AI and machine learning, and risk assessment tools **(23%)**.

Some ITDMs in the EMEA region are further along in their digital business strategy than they previously expected, specifically with improving security **(27%)**, creating better customer experiences **(25%)**, and improving employee productivity **(24%)**.

I**T leaders in EMEA** are investing in emerging technology trends to support their digital business strategies. Specifically, they're investing in:

- AI engineering **(43%)**
- Cloud-native platforms **(42%)**
- Decision intelligence **(41%)**

APAC

Less than half (45%) of organizations in the APAC region already have a digital-first strategy, which is the lowest percent among the three regions, but there is interest with **48%** in the research and development stages.

- Specific solutions APAC organizations have in development to become a digital business are change management (39%), data management **(38%)**, and data security strategies **(34%)**, as well as IT skills assessment tools **(34%)**.

Some of the biggest challenges APAC organizations face with their digital business initiatives are:

- Lack of sufficient budget **(42%)**
- Lack of staff and/or correct skill sets **(40%)**
- The need to replace legacy systems **(30%)**
- Cultural issues (such as resistance to change, poorly defined roles and responsibilities) **(30%)**

The top digital business objectives for IT leaders in APAC are:

- Improving employee productivity/ collaboration **(53%)**
- Reducing costs/inefficiencies **(46%)**
- Enabling business agility/resiliency **(41%)**

APAC ITDMs say their organizations are further along with these digital initiatives than they expected:

- Improving employee productivity **(30%)**
- Reducing costs/ inefficiencies **(xx%)**
- Enabling business agility **(22%)**
- Enabling sustainable growth **(19%)**

Almost a third (31%) of APAC IT leaders are actively researching AI and machine learning to add to their digital platforms, as well as augmented reality, 5G **(27%)**, enterprise risk management tools, and multi-cloud **(26%)**.

IT leaders in APAC are investing in emerging technology trends to support their digital business strategies. Specifically, they're investing in:

- Cloud-native platforms **(36%)**
- AI engineering **(35%)**
- Cybersecurity mesh **(30%)**

Examining the marketplace

Research is an invaluable way for marketers to better understand customers and prospects, with the goal of building quality connections. At Foundry this is one way we are focused on building bridges between tech buyers and sellers. Our first-party relationships with the most important tech buyers and influencers around the world, allows us to apply value across our customers marketing stack. Our research portfolio explores our audiences' perspectives and challenges around specific technologies—from analytics and cloud, to IoT and security—and examines the changing roles within the IT purchase process, arming tech marketers with the information they need to identify opportunities.

To see what research is available, visit FoundryCo.com/tools-for-marketers. For a presentation of full results from any of these studies, contact your Foundry sales executive or go to FoundryCo.com/contact-us.

Buying process

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Buying process studies
- Role and Influence of the Technology Decision-Maker
- Customer Engagement

Technology insights

Each year we explore the technologies that are top of mind among our audiences to understand the business challenges, drivers, and adoption within the enterprise. These research studies are designed to help IT marketers understand what their customers are focused on and where the market is moving.

Role and priority studies
- CIO Tech Poll: Tech Priorities
- State of the CIO

Technology-specific studies
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- Cloud Computing
- Digital Business
- Security Priorities

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