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what we know now:
the state of digital
transformation today.

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introduction

It's no secret that the event of the past year accelerated digital transformation, and Randstad's latest research indicates that, for the most part, organizations have seen significant — if perhaps unexpected — ROI as a result. Companies with the right tech stack, leadership and talent were able to adapt and thrive amid unprecedented disruptions. What's more, they're already seeing positive ROI on investments like IoT, agile and SD-WAN. But what about those that didn't fare so well?

Leveraging the responses from C-suite and technology executives across the U.S., we've broken down the state of digital transformation through the unique lens of the pandemic. What's shifted from an organizational standpoint? What remains the same? And what can senior leaders do to better prepare their companies and navigate whatever comes next?

In this report, we'll answer these questions and more, including:

- why COVID-19 has accelerated digital transformation — and what's really driving that
- where and how organizations today are balancing and prioritizing tech investments and talent objectives
- why massive remote work ups the ante when it comes to digital capabilities, and how having the most up-to-date technologies has become table stakes

Consider this report a roadmap to your digital transformation journey going forward.
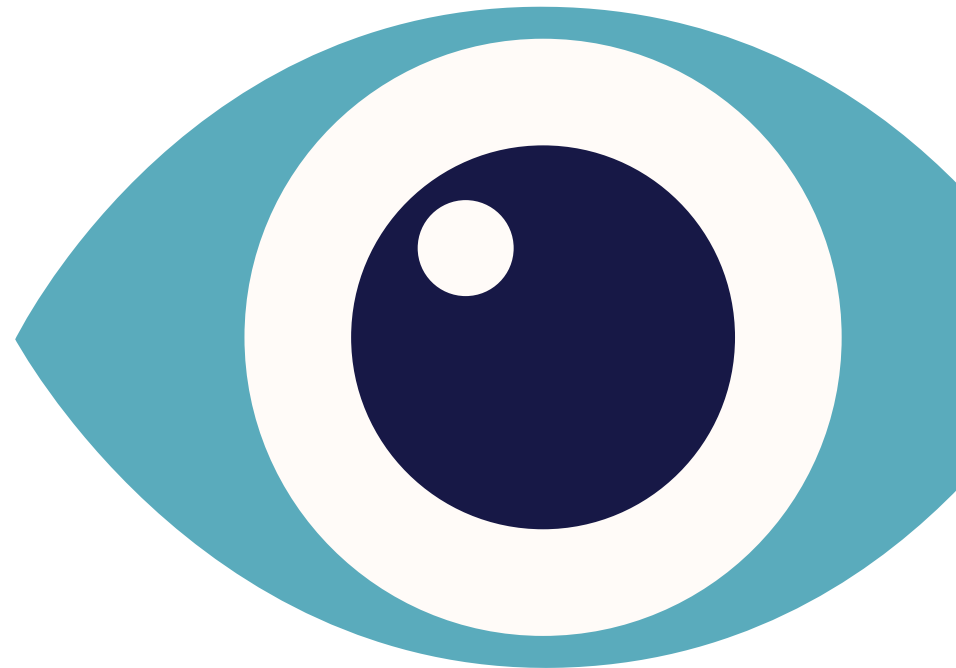
what's different today?

When the pandemic arrived, many organizations scrambled to ensure the health and safety of their employees while simultaneously building infrastructure to support remote work. Ad hoc fixes ruled the day as companies patched together solutions to preserve business continuity.

Much of that is over now — and in the case of digital transformation efforts, it also served as a catalyst for change. Where do we see proof that the pandmeic fast-tracked digital transformation? Respondents to Randstad's survey were crystal clear on that.

In this report, we'll answer these questions and more, including:

→ **63%**
leaders who said that COVID-19 has made their organizations embrace digital transformation sooner than they had expected

→ **63%**
said they were making greater investments in technology on account of COVID-19

→ **49%**
indicated that digital transformation was not a strategic priority prior to the pandemic's onset, but it's become one since

In short, leaders were enthusiastic about investing in tech at the start of the pandemic, largely because it was the only way to preserve business continuity while ensuring employee safety.

key drivers of digital acceleration

What factors drove digital transformation efforts, and why did the pandemic accelerate them? Let's look at three of them.

widespread supply chain disruption

To get a sense of the magnitude of the pandemic's impact on supply chains, consider that closures of processing plants affected more than a third of the beef and pork supply in the U.S. Some estimates also show that the majority of Americans saw an uptick in the frequency of out-of-stock products. Both findings point to the pandemic's massive impact on the supply chain — and to why it's been a powerful incentive for companies to evolve their digital capabilities in this area.

Organizations that already had advanced digital tools in place were far better prepared to weather the storm. For those that did not, supply chain woes are a prime reason why accelerating their digital transformation has to be a top priority.

"The flexibility and resilience of supply chains suddenly became a really big deal."

—Kristen Williams, vice president of digital technology at Meijer

dovetailing concerns around employee engagement and productivity

As work-from-home orders stretched from weeks to months, employee engagement became a greater concern. For example, how do you sustain a vibrant and distinctive organizational culture when teams are remote and, in some cases, rarely interacting? And how do you disseminate something so innately human and intangible as culture to new hires during an all-digital onboarding process?

Unfortunately, there aren't easy answers to these questions. But at the same time, these evolving engagement concerns also relate to the challenge of effectively monitoring the productivity of newly remote workforces. In fact, "productivity" wasn't just a priority in our recent survey, it was the priority.

It's also an area where many organizations appear to be moving the needle through digital transformation. The majority of leaders (64%) indicated that their investments in technology have already led to gains in productivity. From an organizational standpoint, that's a silver lining.

"'Productivity' is a flexible term. We can use it to measure output, but also whether or not we're spending time on the right things."

—Billy Whited, director of UI design and development, financial services at Ameriprise

new delivery channels and business models

The pandemic has resulted in companies across the board being forced to experiment with new, contactless delivery channels — especially in the e-commerce realm, where it's estimated that a quarter of all retailers launched online stores during the pandemic. Still others have sought to reinvent their business models wholesale. All of these adaptations required organizational agility — a capability unlocked and improved by digital transformation.

These changes also come with major human-capital implications. When delivery channels or business models change, what roles or capabilities emerge as critical? Where can existing capabilities be leveraged? When does it make sense to launch skilling initiatives to plug critical gaps?

Given these concerns, it's unsurprising that almost half of the respondents (48%) indicated they were increasing headcount in key tech areas to address challenges surfaced by COVID-19. But how and where they plan to source that talent remains an open question.

"COVID-19 has accelerated our needs in certain areas. Our digital business exploded. How do we get the things that our customers need to them in the way that they want them?"

—Kristen Williams, vice president of digital technology at Meijer
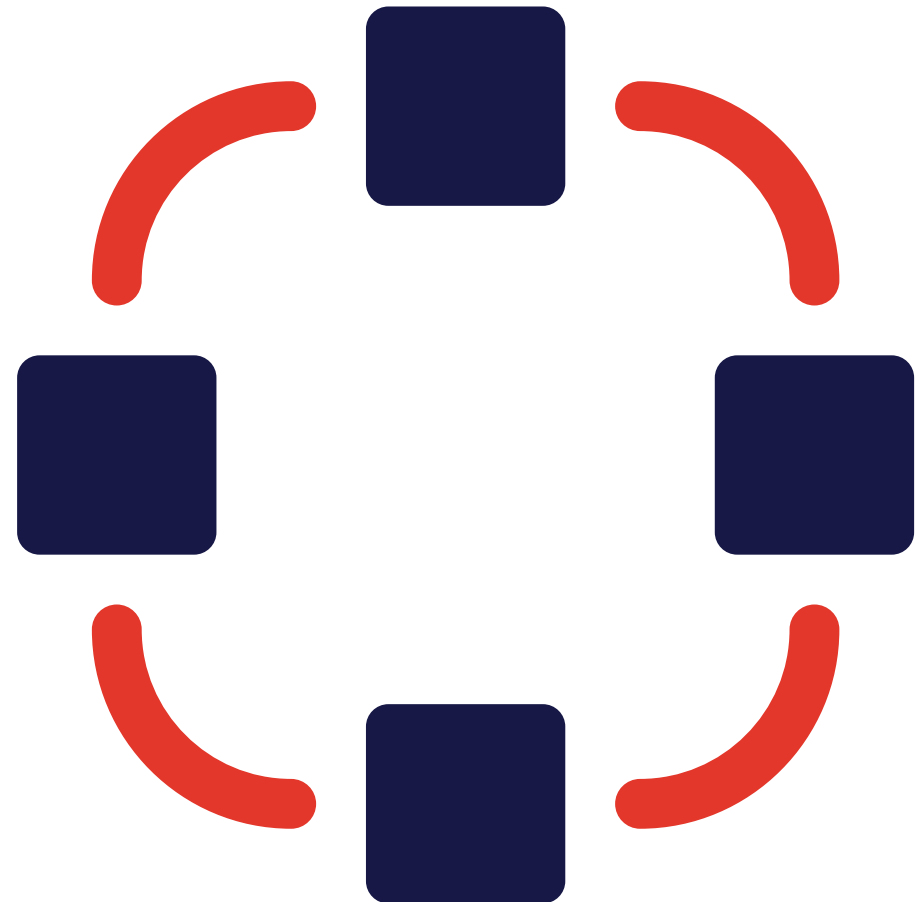
connecting the dots between tech and talent

Keeping employees safe and healthy was top priority at the outset of the pandemic. Those concerns are now being supplanted by more strategic initiatives, but people still remain in focus.

In fact, two of the top three benefits of digital transformation cited — employee productivity and the ability to more effectively compete for digital talent — are people- or talent-centered. But in 2018, organizational priorities looked markedly different. Competitiveness in the marketplace (36%), speed to market (24%) and long-term cost reductions (17%) were the top benefits mentioned. To find out what's changed, let's dive deeper into the findings from our survey.

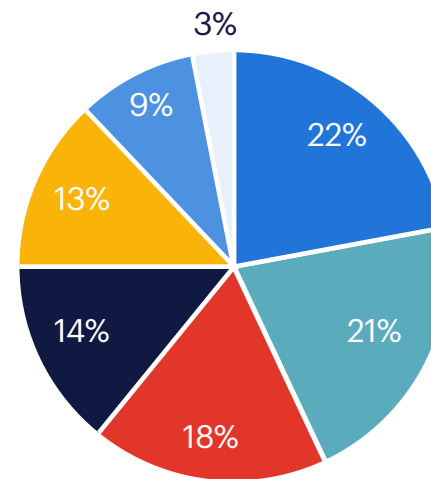# insights into changing organizational priorities

What's motivating leaders today to redesign their businesses and embrace technology? Our survey revealed a variety of competing answers, including key differences from the responses we received on the same survey just two years ago.

Note the shift in the importance of "competitiveness in marketplace." The top incentive for digital transformation for more than a third of leaders in 2018, it was cited as a priority by slightly more than one in five in 2020. That's a significant change, and when considered alongside other key changes — most notably, the fact that the ability to "better compete for digital talent" doubled in that time — it suggests a highly nuanced interpretation. It may even be the case that we've reached a watershed moment in organizational thinking, with the very definition of "competitiveness" on the line.
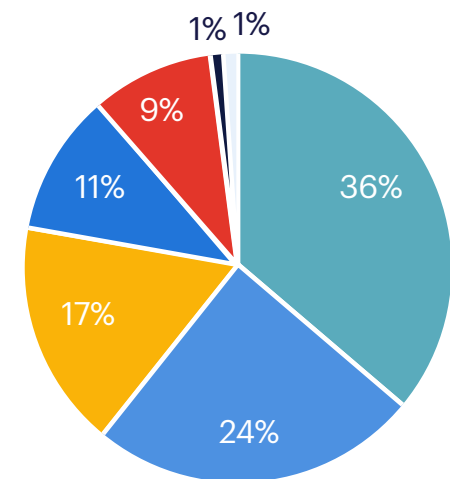
But let's back up and unpack that a little bit.

Digital transformation is a journey. Technology-driven organizational redesigns often deliver value in stages over time, not right away. And in the context of rapid technology adoption, having the right talent on hand to take advantage of all those new tools and capabilities is key — so much so that it becomes inseparable from competitiveness itself.

The takeaway here isn't that competitiveness in the marketplace is any less of an organizational priority. What's changed is how organizations are thinking about the relationship between talent and competitiveness in the marketplace.

2020

Value
22%
21%
18%
14%
13%
9%
3%

2018 (IT respondents)

Value
36%
24%
17%
11%
9%
1%
1%

Legend:
- productivity of employees
- competitiveness in marketplace
- better compete for digital talent
- changing our service or product delivery model
- long-term cost reductions
- speed to market
- reduction in people

distinguishing between short- and long-term gain

Leaders were broadly optimistic about the impact of their current tech investments, and much of their bullishness appears to be well grounded. For example, the majority agreed with the following statements:

2020   **completely/strongly agree**

The investments we are making today in digital
technologies will pay off for us in the long run.   78%

If we don't embrace digital technologies,
our company will be left behind.   71%

We have saved the company money overall as a result
of our investments in digital technologies.   69%

We are meeting our business objectives more effectively
as a result of digital technology investments.   69%

We have seen ROI from our investments in
digital technologies.   64%

We have increased revenues as a result of investments in
digital technologies.   64%

The most immediate takeaway here is that, according to the majority of respondents, digital transformation efforts are already generating bottom-line value for their organizations.

The longer-term outlook that has emerged, while somewhat murkier, also reveals important alignments among leaders. The fears encoded in the statement, "If we don't embrace digital technologies, our company will be left behind," for example, seem to be as tied to employer branding as they are to daily operations. That further underscores the vital connection between digital transformation and big-picture talent outcomes.

digital transformation in focus

Buy-in from senior-level stakeholders. Alignment across the organization. Appropriate metrics and KPIs to measure success. You hear a lot about the pieces that need to be in place to drive successful digital transformations — but even among experts in the space, there isn't always alignment on how they should be prioritized.

Here's what today's leaders cited as the most significant barriers to digital transformation:

| 2020	completely/strongly agree
Our organization can't implement new digital tools at the speed management expects.	45%
We lack the resources to be as technologically advanced as we'd like in order to be considered a digital leader in our industry.	42%
We lack the knowledge of digital capabilities today in order to become a digital leader.	42%
Because we are behind in implementing new technologies, we are at a disadvantage in competing for business.	42%
We are behind the curve in implementing new technologies and would not be considered an innovative leader in our industry.	41%
We lack the resources to become a digital leader.	41%
Our employees are frustrated with the pace at which we implement new digital tools.	37%

There's yet another pitfall to be aware of: Organizations need to recognize that structural change is a requirement for successful digital transformation. Fortunately, this appears to be very much top of mind for leaders. Sixty-two percent agreed that networks and centers of excellence will replace traditional hierarchies. In 2018, just 48 percent said the same.

Finally, a hint of a silver lining: There is heightened awareness of the importance of partnering with digitally proficient vendors. Eighty-six percent of executives today described those partnerships as "highly important" or "very important," compared to 72 percent in 2018.

zooming out to see the bigger picture

After everything that's happened throughout the past year, it's no surprise that adaptability and agility are top priorities. You can see that thinking reflected in the forward-looking goals cited by respondents.

2020

2018 (IT respondents)
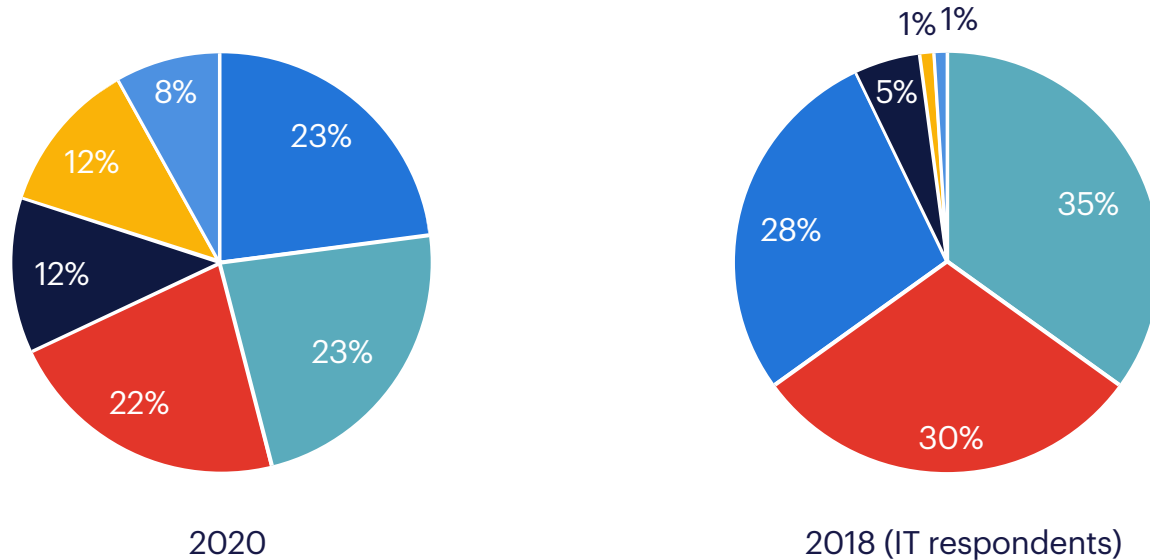
■ implementing processes and technologies that make us more adaptable to change

■ implementing processes that make us more agile (the strategic agility to anticipate talent needs, adjust in real-time and utilize workers from a variety of employment arrangements)

■ implementing technologies that allow us to operate faster

■ moving away from traditional, hierarchical organizational structure to a more team-centric, networking model

■ implementing tools to connect a disparate/spread-out workforce

■ new delivery models or channels

It's easy to see why agility, adaptability and resilience-oriented moves leapfrogged other priorities. Given the organizational triage caused by COVID-19, it should come as no surprise that these priorities would have attained urgent status.

conclusion

Our survey reveals that leadership is keenly aware of the role that digital transformation can play in not only driving businesses forward, but protecting their companies from future shocks. Whatever our "new normal" ultimately looks like, it's clear that successful digital transformations will set companies apart from their competitors.

A few key takeaways from this report:

- Tech and talent aren't mutually exclusive. Competitiveness is going to be as much an index of tech capabilities as it is of outcomes around hiring, engagement and retention.

- Allocating capital in tech will drive operational and talent outcomes in tandem. These investments can also serve to empower increasingly agile and remote workforces. Organizations that succeed here will see bottom-line value like never before.

- Organizational leaders recognize that, in order to realize the full value of digital transformation, they need partners capable of augmenting their digital capabilities.

For all of the ways in which the past year has been without precedent, none of these trends are going to evaporate whenever we come out on the other side. If anything, the opposite is more likely: These trends are going to become more entrenched, and more closely connected to business outcomes, down the line.

Forward-thinking leaders will operate with that in mind — using these trends as a foundation for thinking critically, investing strategically and making necessary changes to their business models.

human
forward.

survey methodology

The results presented here reflect the answers of 276 C-suite executives, directors, department heads and other decision-makers responsible for technology services, including hardware and/or software purchasing, for their organizations. Survey respondents have been bucketed by seniority:

- CEOs, CFOs, CIOs/CTOs and COOs

- EVPs, SVPs and VPs

- managers and directors

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