

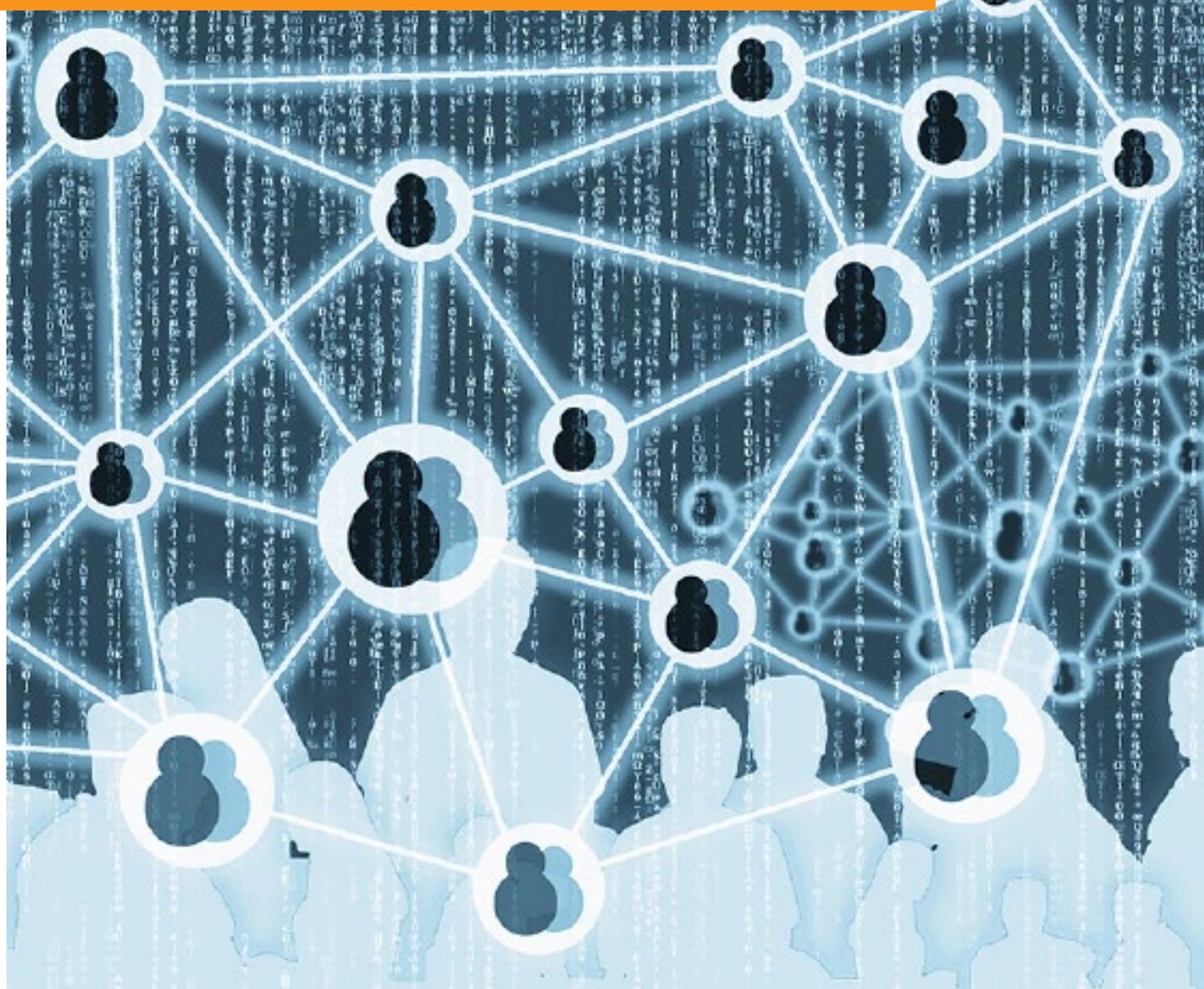
451

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EXECUTIVE BRIEF

THE DYNAMIC STATE OF DIGITAL TRANSFORMATION IN THE ENTERPRISE



CenturyLink®

THIS EXECUTIVE BRIEF IS A SUMMARY OF THE REPORT:

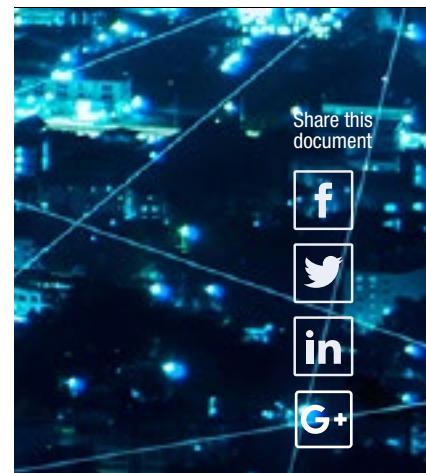
Enterprise Digital Transformation Strategies Turning Disruption into Differentiation

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- Based on web-based surveys and telephone interviews, 451 Research polled 1,402 decision makers across 12 geographies in North America, Europe and Asia Pacific to assess the state of enterprise digital transformation. The report, 'Enterprise Digital Transformation Strategies Turning Disruption into Differentiation' is the result of this primary research.
- In collaboration with CenturyLink, this 451 Research report highlights some of the shared learnings of enterprise strategists and practitioners, as well as insights, directional indicators and recommendations on the state of digital transformation in the modern organization today.

RESEARCH FINDINGS

- Digital transformation success is a journey, not a destination. But without reliable systems, networks, and infrastructure, progress will be hampered. 41% of 1,402 decision makers rated IT systems as the highest IT-led priority for their digital projects.
- Digital transformation is real and happening now around the globe. 51% of companies have a formal strategy for digital transformation and are implementing it by digitizing their business processes and operations. Less than 10% of organizations polled don't have any plans for digital transformation. The rest are actively planning their journey ahead.
- Organizations in Hong Kong show the most strategic maturity when it comes to digital transformation (63%), followed by Germany, India, Japan, China, Canada, Australia & Singapore. The UK and the US trail in 9th and 11th place.
- When asked to rate the organizational goals of their digital transformation projects, 1,402 decision makers responded as follows:
 - 29% are focused on improving operational efficiency
 - 24% are interested in enhancing customer experience, agility, and managing risk
 - 24% are improving internal or external customer or citizen experience
 - 22% seek to manage business risk better
- The three biggest barriers to digital transformation identified in several verticals across the globe:
 - Inflexible IT systems 35%
 - Organizational silos 33%
 - Risk & security 31%
- US and European organizations, in their digital transformation initiatives, prioritize increasing the level of automation to reduce manual processes by a 10 point differential over Asia-Pacific and its lower-cost labor markets. This example illustrates how regional priorities shape strategies.



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RESEARCH FINDINGS (cont.)

- When asked about primary drivers for digital transformation, top of mind among IT and line-of-business leaders across the world is the perennial need to reduce costs (46%). This foundational requirement of early stage digitization is a building block that enables other drivers such as creating new revenue streams and increasing competitive differentiation.
- The pace of digital transformational change in organizations depends on the focus of the digitization initiative and the quality of its execution. Unfortunately, there are often unrealistic expectations about how long it takes before changes are apparent.
- Service provider partner choices are important as their role in enterprise IT grows, driven by the adoption rate of cloud, big data and advanced analytics, intelligent automation software and IoT. The enormous demands placed on IT environments and business applications for data speed, network reliability, and processing power dictate that the core digital infrastructure warrants particular attention.
- Enterprises overwhelmingly call on third-party specialists to help drive digital transformation, with only 8% stating that they choose not to. The services most frequently sought are from IT/telco providers (49%) and cloud service providers (45%).
- Guided by a formal strategy, digital transformation inspires innovation. When asked to rate their own organization's 'ability to innovate', executives at businesses with a formal plan in place were much more positive than those without (59% Vs. 22%).

TAKEAWAYS

- Lessons learned from real life digital transformation projects:
 - 1. Focus on the customer
 - 2. Be willing to use a variety of partners
 - 3. Build in multiple layers of network-based security
 - 4. Engineer a cloud-enabled enterprise network
- The shift to cloud services is viewed as a critical enabler for digital transformation initiatives. Progressive enterprises are not just seeking hosted platforms, but service partners that proactively manage them, helping ensure their business goals are met.
- The 5 Re's of digital transformation:
 - Re-envision the customer experience
 - Re-think business models
 - Re-invigorate operational processes
 - Re-define how employees interact
 - Re-move barriers for suppliers and partners
- Business leaders in every vertical sector are increasingly concerned about staying competitive. Digital disruption continues to claim corporate casualties; victims of competitors that invested in modern infrastructure and leveraged massive scale to transform markets on a global basis. The digital transformation of business represents both a competitive threat and a market opportunity.



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