Growing the Digital Business: Accenture Mobility Research 2015
The Accenture Mobility Research study provides insights into key digital trends. This year’s study is based on a combination of online and telephone interviews, conducted in December 2014 and January 2015, with 1,925 senior decision-makers for digital strategy and technologies. Participating companies represented 15 countries and nine industries, and more than 85 percent had revenues greater than $1 billion. Highlights of our research findings include the following:

- Executives are more likely to expect digital technologies to help deliver growth-oriented benefits—such as creating new revenue opportunities and supporting better customer engagement—than efficiency. And seven in 10 said that digital technologies have greater potential for transformation when implemented together rather than individually.
- Analytics has overtaken mobile as the digital technology commanding the most attention from companies.
- There’s a potential link between digital adoption and profitability. Our analysis showed companies rating themselves as more profitable than competitors, also appear to expect more out of digital technologies and to be further ahead along their digital transformation journey.
- A variety of challenges could be holding back broader deployment of digital technologies in many companies, with security concerns the most commonly stated. Other challenges include keeping current with technology, resource constraints, and technical integration issues.
- Another obstacle to greater adoption is that most companies’ approach to digital is not unified, with responsibility for digital strategy and implementation dispersed across the enterprise.

The emergence and adoption of digital technologies—including interactive marketing, analytics, mobility and the cloud—has rapidly transformed businesses, governments and industries around the globe. Mobile technologies have played a significant role in that digital transformation, across both consumers and the enterprise. Mobility has enabled companies to not only streamline their operations, but also engage more effectively with customers and tap into new sources of revenue.
Digital Technologies: The Pathway to Growth
Becoming a digital business—which we define for this research as an organization that incorporates a combination of two or more digital technologies—is critical to the success of any company.

In fact, recent Accenture research has uncovered empirical evidence that deep and broad penetration of digital technologies in businesses and economies—what we call “digital density”—leads to quantifiable improvements in productivity that can accelerate competitiveness and economic growth.1

If the results from this year’s research are any indication, executives around the world are aware of the value of digital technologies and what they can do for a business. Indicative of most executives’ opinions were the sentiments expressed by the IT director at a retailer in Brazil: “Our company thinks digital technology is the way we can achieve our goals and support every process [in the company],” the executive observed. “It is the most important part of our business. It helps us increase revenue as we can get more customers by adopting digital technology.” This executive went on to say, “We are using combined technologies, like we are using CRM combined with mobile technology and the whole CRM technology is available wherever our sales reps are.”

This was echoed by another participant, the IT director at an Australian-based healthcare company: “We are looking for growth, greater market penetration, improved speed of delivery, more customer satisfaction and engagement.”
Indeed, nine out of 10 executives in our survey said their organization has clear expectations for how digital technologies can enhance their business—from both a customer and enterprise perspective. For the largest percentage of executives, anticipated outcomes of combining multiple technologies are related to growth of their omni-channel commerce capabilities and ultimately, their customer base—creating new revenue opportunities, increasing product speed to market, boosting customer engagement, supporting rapid responses to customer demands, and enabling the penetration of new markets (Figure 1).

All of these outcomes can be more efficiently achieved through making business decisions based on insight into data, enabled by analytics.

That is potentially why executives this year are most likely to see analytics as their most critical digital technology area. Thirty-four percent ranked it as their top priority compared with last year, when 43 percent of executives cited mobile technology as a top one or two priority for their business.
Figure 1: Top five outcomes of combining multiple digital technologies

- Create revenue opportunities: 48%
- Increase product/service development speed: 46%
- Increase customer engagement: 46%
- Enable rapid responses to customer demands: 45%
- Enable penetration of new markets: 45%
Executives Report Making Progress Toward Digital
Our survey further found that companies believe they have made progress toward becoming digital businesses. In fact, nearly nine in 10 executives (87 percent) said their company has made significant inroads in leveraging digital technologies in the past year.

Executives also reported their company has taken a number of positive steps to formalize digital governance and decision making. For instance, about eight in 10 executives said their company has one, holistic strategy for moving toward becoming a digital business; a chief digital officer or comparable role to oversee the use of digital technologies in the enterprise; and a clear chain of command for making digital technology decisions (Figure 2).

Figure 2: Progress in leveraging digital, governance and decision making

- We have made significant inroads in leveraging digital technologies in the past year: 87%
- We have a clear chain of command for making digital technology decisions: 87%
- We have a chief digital officer or comparable role to oversee the use of digital technologies: 80%
- We have one, holistic strategy for moving toward becoming a digital business: 80%
More Work Is Needed to Overcome Obstacles to Adoption
While executives reported having made some progress in adopting digital technologies, they acknowledged that more work remains to address a variety of challenges that could be preventing faster uptake.

“We still have a long way to go in leveraging digital technologies,” said the head of technology at an investment bank in France. “However, it’s part of our company’s top priorities and we have identified a leadership team who would be making it possible.”

Executives cited a variety of challenges that are slowing digital adoption (Figure 3). Security concerns were the most prevalent, cited by more than half of the survey’s respondents as one of the most important challenges in digital technology implementations, and by one-quarter as the biggest challenge faced overall. The second-greatest challenge was the ability to keep pace with digital advancements. Other notable challenges include finding the right technology partners, exploiting digital’s potential, having sufficient resources to support digital deployments, and internal technical integration issues.
Figure 3: Biggest digital technology challenges

- Security concerns: 51%
- Keeping pace with digital advancements: 41%
- Finding the right technology partners: 37%
- Exploiting the potential of digital: 36%
- Having enough resources to support digital deployments: 34%
- Internal technical integration issues: 33%
- Developing a roadmap to adopt digital technologies: 30%
- The overlap of technologies makes it difficult to manage: 28%
- Internal organisation/infrastructure and team silos: 27%
- Lack of digital-focused leadership: 21%
Beyond these challenges, another major obstacle could be impeding progress. That is, strategy and execution for initiating and driving a digital transformation in most companies appears to be far from unified—despite executives’ recognition that an integrated, coordinated approach is most effective.

Indeed, seven in 10 executives acknowledged that digital technologies have more potential to transform an organization when implemented along with other digital technologies. Eighty-seven percent believe implementation of these technologies relies on collaboration across functions.

However, although 80 percent said they have one, holistic strategy for moving toward becoming a digital business, most organizations don’t yet have a centralized team that fully drives and owns the strategy as well as the budgeting and implementation of digital technologies. To wit, about the same percentage said their companies have separate teams that own different parts of digital strategy (79 percent), and that ownership of digital technology strategy exists within each function rather than across the enterprise (81 percent).

Typical of this approach is the situation at a US-based insurance company. “There is a team who looks after [digital strategy] along with the other department heads,” explained the company’s IT director. “The team implements the technologies and are responsible for their maintenance. The department heads advise them to modify as per their needs. The budget and maintenance costs sit under the respective departments’ billing.”

As far as implementation is concerned, “We mostly use the digital technologies in silos,” noted the IT director at a UK-based utilities company. An IT director at a pharmaceutical company in France concurred, saying digital technologies there are used in “isolation.”

It also appears the presence of a chief digital officer doesn’t necessarily mean that that person is the official “digital czar” empowered to make critical, strategic decisions about the digital direction of the organization from either a customer or an enterprise perspective. In fact, our interviews suggest that the role’s seniority and responsibilities differ considerably across organizations.
Profitability and Digital: Is There a Link?
One of the most interesting findings of our research is the correlation between a company's profitability (relative to competitors in its industry) and its approach to and perspectives on digital technologies.

We compared the responses by executives who described their company's profitability as “better than competitors” with those citing profitability as “worse than competitors.” Both groups tended to be similar in how they described their progress in adopting digital technologies, the challenges they face, and their approach to digital strategy. But they differed in several important areas.

As illustrated in Figure 4, those who described their company's profitability as better than competitors were more likely to expect a much broader range of outcomes from combining multiple digital technologies. This echoes findings from the Accenture CMO Insights report which showed that high performing companies said investments in analytics, digital and mobile are paying off.3
Figure 4: Expected outcomes for digital differed by company profitability relative to competitors

- Create new revenue opportunities: 57% of more profitable companies vs. 42% of less profitable companies
- Increase customer engagement: 53% of more profitable companies vs. 37% of less profitable companies
- Enable penetration of new markets: 52% of more profitable companies vs. 43% of less profitable companies
- Enable rapid response to customer demand: 52% of more profitable companies vs. 34% of less profitable companies
- Increase speed of offering time to market: 51% of more profitable companies vs. 44% of less profitable companies
- Transform the way our company operates: 45% of more profitable companies vs. 38% of less profitable companies
- Streamline our operations: 44% of more profitable companies vs. 36% of less profitable companies
- Enable us to move from being product-orientated to service-orientated: 40% of more profitable companies vs. 33% of less profitable companies
Conversely, those believing their profitability is worse than competitors were more likely to see digital technologies as a threat instead of an opportunity, they were also more likely to be lagging in digital transformation, and to lack a centralized budget for implementation (Figure 5). These findings suggest that an optimistic, open embrace of digital technologies—combined with a focused approach to implementing them—can have a positive effect on a company’s overall profitability. By recognizing the significant opportunities that digital presents to improve myriad aspects of its business, and mobilizing to capitalize on them, a company can outperform its competitors.

Our analysis also illustrates that inverse holds true: Companies that are lagging behind in transforming into a digital business—and are trying to avoid digital technologies instead of using them to their benefit—are creating a major gap between themselves and their competitors. And the longer they wait to adopt digital, the harder it will be for them to catch up.

Figure 5: Companies with lower profitability tend to lag in digital transformation

<table>
<thead>
<tr>
<th>Category</th>
<th>More profitable</th>
<th>Less profitable</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no one budget holder for digital technology implementation</td>
<td>43%</td>
<td>64%</td>
</tr>
<tr>
<td>Their organization hasn’t even started to think about transforming into a digital business</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Digital technologies threaten the future of our business</td>
<td>22%</td>
<td>16%</td>
</tr>
</tbody>
</table>

More profitable

Less profitable
Conclusion
As our research shows, executives roundly recognize the promise of digital technologies and companies have made some progress in adopting them for themselves and for their end users.

For example, the numerous positive benefits executives expect from digital's use, and the surprisingly high number of chief digital officers in place, reflect considerable optimism that digital can help improve business performance across all functions, including back-office and customer-facing. The correlation we found between digital and profitability further underscores that relationship. The rise in importance of analytics, in particular, signals companies are getting serious about using digital to help them enhance their insights into the state of the business and improve overall decision making related to everything from marketing to supply chain to human resources to finance and accounting.

However, potential pitfalls remain that organizations must address for digital to have a more substantive impact on business performance. For instance, companies still need to establish some clarity regarding responsibility for strategy definition and digital decision making. Pursuing digital technologies in siloes not only risks duplication of effort and resources, but also mutes the impact they could have on business performance.

Furthermore, to overcome security challenges, enterprises need to view digital technologies holistically. The best results come when security of mobility and cloud, for example, is treated as an extension of wider enterprise security and not applied discretely to those solutions. The same holds true across digital marketing channels as millions and millions of customers put their personal information online as they seek new, easier and more seamless methods of making purchases. A holistic view of the customer and all the touch-points must be considered to keep personal data secure.

To be sure, the road to digital transformation presents its share of challenges. However, as our study and other Accenture research attest, fully embracing digital technologies and deploying them in a highly coordinated, strategic way, is arguably one of the most proven routes to strong and sustained business growth—bring efficiencies to the enterprise and customers, through all of a company's channels.
References


About Accenture Digital

Accenture Digital, comprised of Accenture Analytics, Accenture Interactive and Accenture Mobility, offers a comprehensive portfolio of business and technology services across digital marketing, mobility and analytics. From developing digital strategies to implementing digital technologies and running digital processes on their behalf, Accenture Digital helps clients leverage connected and mobile devices; extract insights from data using analytics; and enrich end-customer experiences and interactions, delivering tangible results from the virtual world and driving growth. Learn more about Accenture Digital at www.accenture.com/digital.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 336,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$30.0 billion for the fiscal year ended Aug. 31, 2014. Its home page is www.accenture.com.

Copyright © 2015 Accenture
All rights reserved.

Accenture, its logo, and High Performance Delivered are trademarks of Accenture.