# Mind the Gap On Your DX Journey

Making Content Work for Your Organization

An IDC InfoBrief, *Sponsored by Adobe* | **December 2019**

# Executive Summary

Digital transformation (DX) is the process by which enterprises adapt to or drive disruptive changes in their operations, customers and markets

- Many organizations are scaling initial DX programs to enterprise-wide, integrated initiatives - IDC calls this the era of *multiplied innovation* – **but 54% of organizations are still struggling with DX**

To scale efficiently and effectively, companies must reengineer content-centric business processes

- Customer experience and employee experience are top objectives for transforming these processes

- However **almost half have not progressed beyond digital versions of manual, paper-based workflows**

Paper still plays a key role

- **32% of all documents used each day are paper versus an electronic format**

- Paper is perceived as being more secure and/ or compliant. Lack of tools and technology to effectively digitize and re-engineer processes also hinders progress

Organizations can take immediate, low-cost steps to reengineer workflows

- **Begin by evaluating existing content-centric workflows and technologies.** This is crucial to determining where and how workflow automation could achieve a measurable return on investment (ROI).

- Identify use cases with high levels of inefficiencies and stakeholder pain points and then develop a strategy to address those pain points

- This requires senior-level commitment – **59% say the CEO plays the large role in decision making**

Respondents expect the number of fully digitized workflows to **increase by 33% in two years**

# Entering the Age of Multiplied Innovation

Digital transformation (DX) is the continuous process by which enterprises adapt to or drive disruptive changes in their operations, customers and markets.

Many organizations are scaling their initial pilot and/or siloed digital transformation programs to enterprise-wide, integrated initiatives. **IDC calls this the era of multiplied innovation.**

IDC predicts that worldwide spending on the technologies and services that enable the digital transformation of business practices, products, and organizations will reach

## $1.97 TRILLION IN 2022
### AT A COMPOUND ANNUAL GROWTH RATE OF 16.7%

# A Divide Exists Between Digitally Transforming Organizations and Those That Are Struggling

**46%**
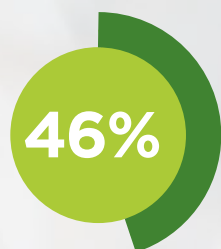
## Digitally Determined

Making the strategic, organizational, technology, and financial decisions that sets them up to digitally transform their organization.

**54%**

## Digitally Distraught

Still battling to get digital transformation project championed and funded.

# Is Your Organization Digitally Determined Or Digitally Distraught?

## Integrated Enterprise-Wide Digital Strategy

**100%**
Digitally determined

**0%**
Digitally distraught

The defining characteristic of the digitally determined organization is a **single enterprisewide strategy,** as opposed to multiple digital strategies rooted in the various lines of business.

## Embedded DX Organizational Structure

**33%**
Digitally determined

**17%**
Digitally distraught

Digitally determined organizations are **2X more likely to have digital initiatives throughout the organization** and culture, as opposed to residing in a central digital group.

## DX Funding From Capital Budget

**73%**
Digitally determined

**53%**
Digitally distraught

73% of the digitally determined are funding their **DX initiatives through a capital budget** (investing in a long-term venture) as opposed to short-term funding mechanisms.

## Enterprise-Wide Integrated Digital Platform

**33%**
Digitally determined

**9%**
Digitally distraught

1/3rd of the digitally determined are focused on scaling digital operations and therefore are working towards a **single digital platform** — including intelligent automation.

# Digital Transformation Yields Compelling Financial Results

**Comparing Revenue for Digitally Determined vs. Digitally Distraught**
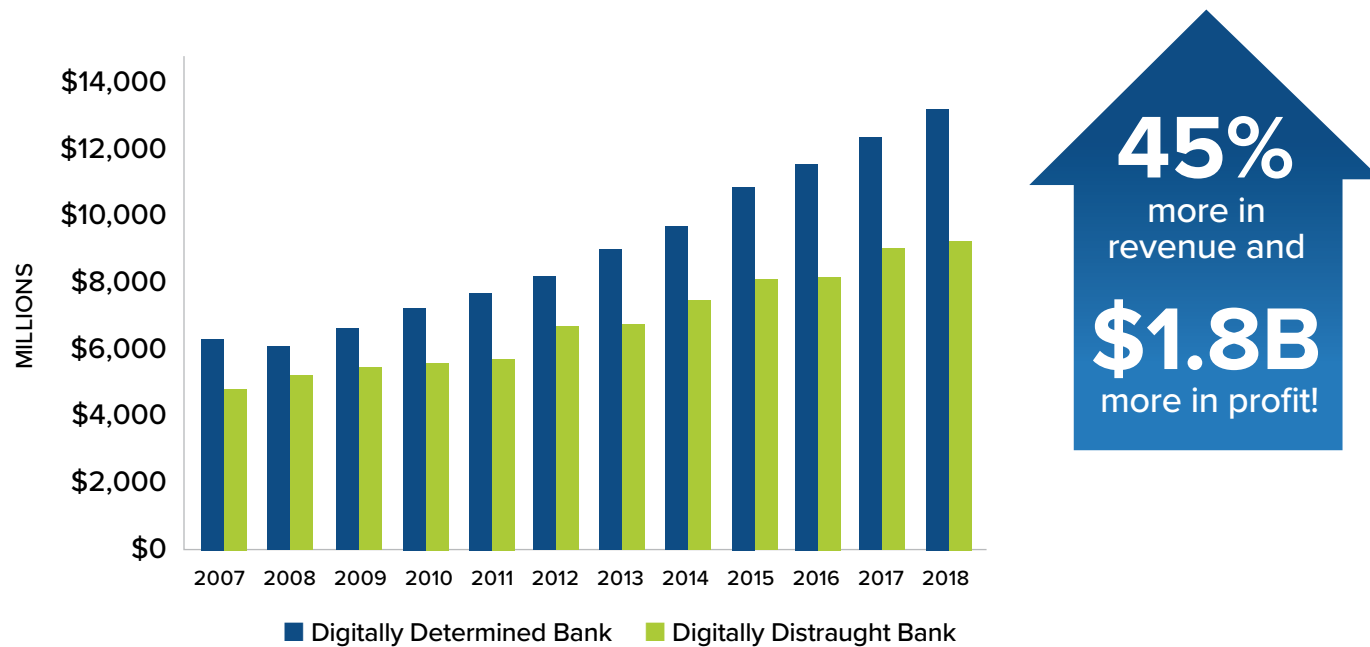
**Comparing Profit Before Tax for Digitally Determined vs. Digitally Distraught**

**45%** more in revenue and **$1.8B** more in profit!



■ Digitally Determined Bank   ■ Digitally Distraught Bank
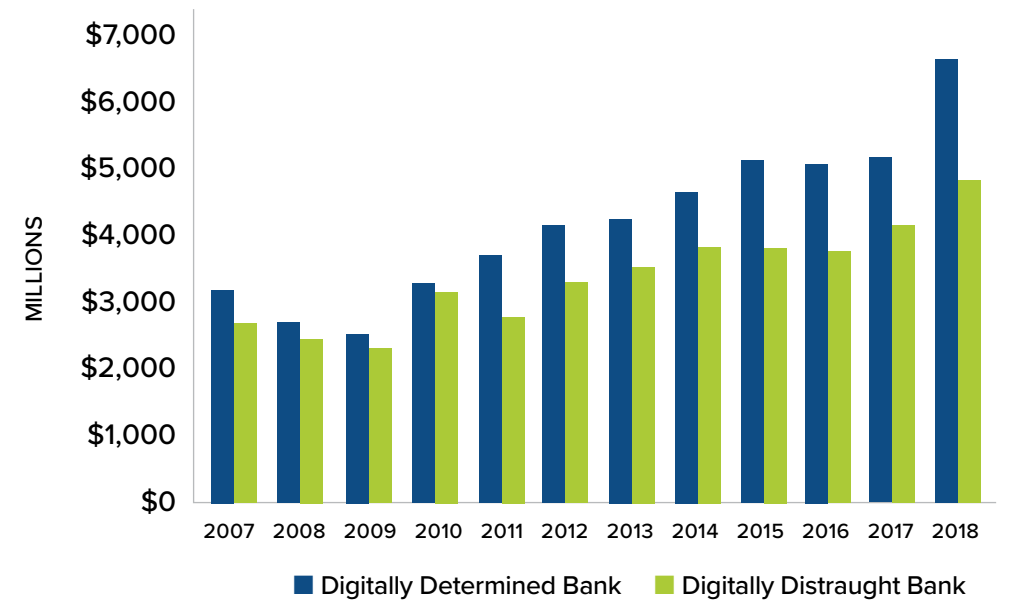
# Digitization Is a Critical Component of DX, But Most Are In Early Stages

**Almost half (48%)** admit that digitization of content-centric workflows has not progressed beyond digital versions of paper-based workflows, i.e. minimal reengineering has occurred.

**32% of all documents used each day are paper versus an electronic format.**
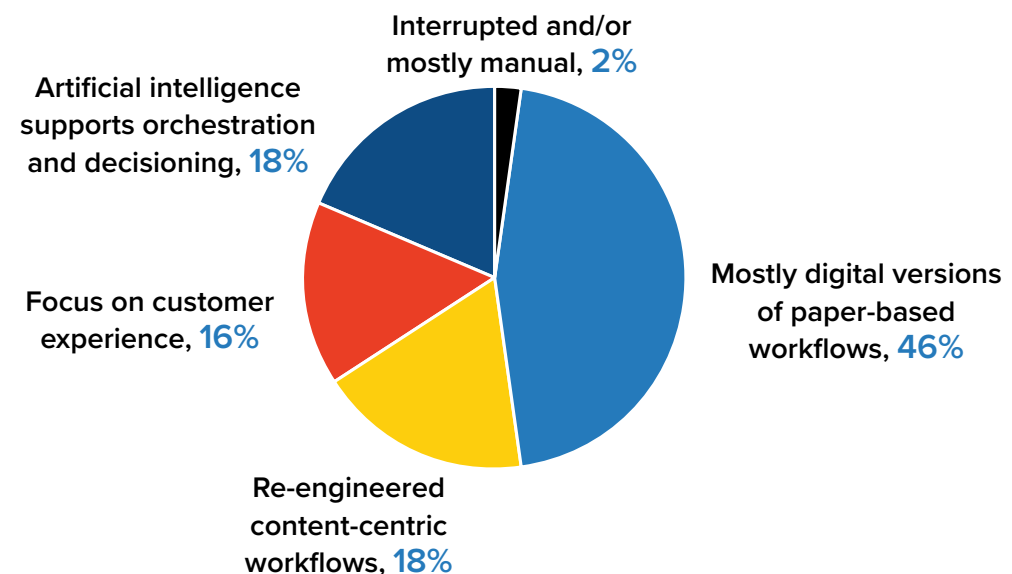
Two thirds (66%) are still at the earliest stages of maturity with North America slightly ahead of Europe.

**Which statement best characterizes your organization's current state regarding content-centric processes?**



Interrupted and/or mostly manual, **2%**

Artificial intelligence supports orchestration and decisioning, **18%**

Focus on customer experience, **16%**

Mostly digital versions of paper-based workflows, **46%**

Re-engineered content-centric workflows, **18%**

*"From a manufacturing standpoint we've always run things very state-of-the-art ... but the business side is like the high school bake sale where we threw money in a shoebox."*
**—Director of IT, semiconductor manufacturer**

Source: IDC Document Processes Survey 2019, IDC, May, 2019

# Content-Centric Processes Drive CX and EX

## While standard business indicators top the list....

...Customer experience, employee productivity, and experience are in the top 10 objectives.

*"...I did it on my phone. I was able to on there and sign a bunch of documents. It's just the ease."*
**—Regional Manager, financial services**

**What are your organization's most important business objectives for investing in digitizing of content-centric business processes and workflows?**

| Objective | % |
|---|---|
| Reduce cost and increase profitablity | 53% |
| Improve security | 33% |
| Improve employee productivity | 29% |
| Improve customer experience | 28% |
| Improve operational efficiencies | 26% |
| Improve employee experience | 24% |

% of respondents

# Why Are There Still Paper-Based Processes?

Paper is perceived as being more secure and/or compliant. Lack of tools and technology to effectively digitize and re-engineer processes also hinders progress.
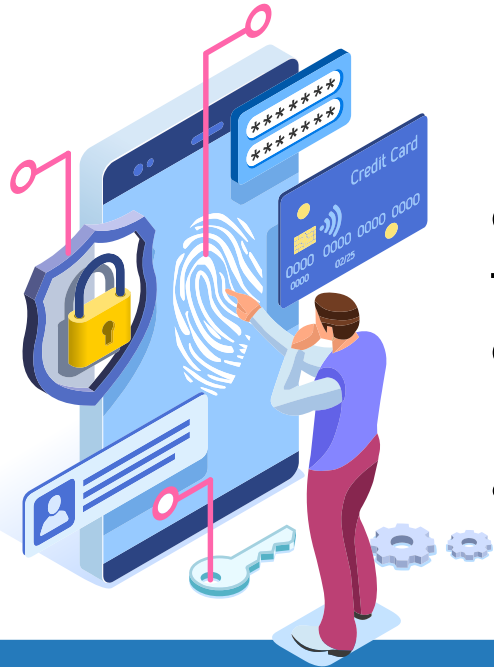
*"With deposit opening, everything is paper."*
**—SVP of Operations, financial services**

**Why do you think some business processes will retain a level of paper-based and manual activity? For example, why do some documents require a wet signature?**

| | |
|---|---|
| Compliance with regulations require us to keep processes as they are | **43%** |
| Perceived security risk associated with digitizing the processes | **42%** |
| Costs of change too high | **41%** |
| Lack of tools and technology required to digitize the processes | **36%** |
| Lack of compelling business rationale | **28%** |

% of respondents
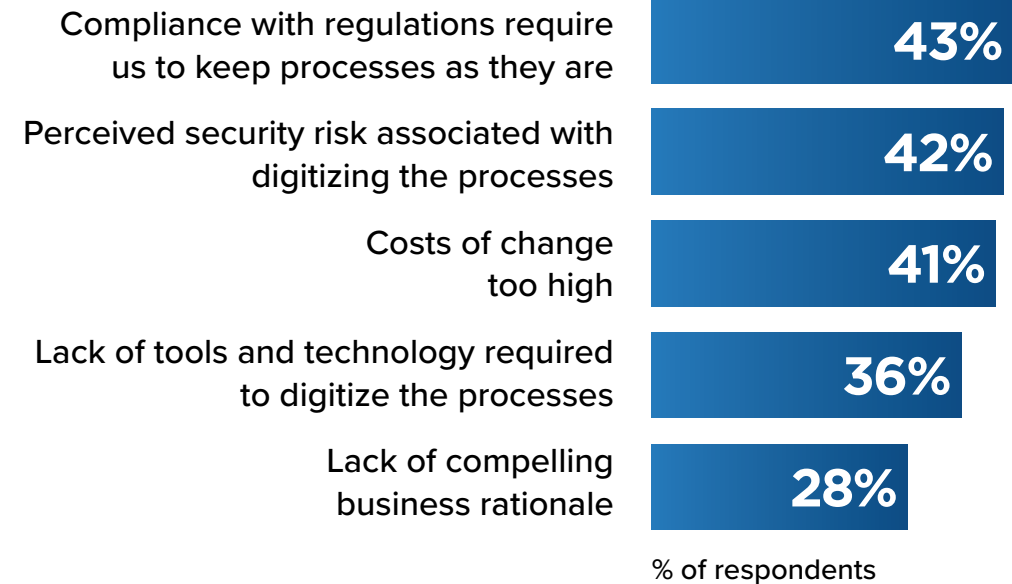
# Challenges Remain with Manual and Paper-Based Processes

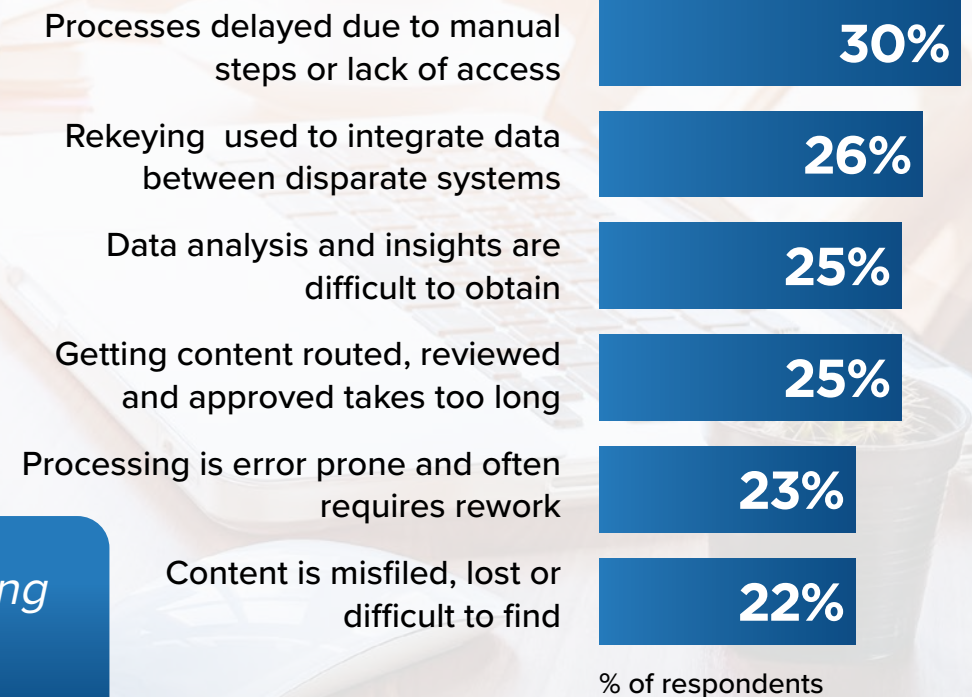- Processes delayed due to manual steps or lack of access

- Including difficulty in getting content routed, reviewed and approved in time

- Rekeying is used to manually integrate data between disparate systems

- Data analysis and insights are difficult to obtain

## And this is critical for effective DX!

*"Some things just stay paper because there is nobody championing to push it. It's not like it's a huge cost … it's like an internal annoyance but they haven't really exposed the back office."*
**—CISO, higher education**

**What were/are the top business challenges with your existing content-centric business processes or workflows?**

| | |
|---|---|
| Processes delayed due to manual steps or lack of access | **30%** |
| Rekeying used to integrate data between disparate systems | **26%** |
| Data analysis and insights are difficult to obtain | **25%** |
| Getting content routed, reviewed and approved takes too long | **25%** |
| Processing is error prone and often requires rework | **23%** |
| Content is misfiled, lost or difficult to find | **22%** |

% of respondents

IDC ANALYZE THE FUTURE

# Strategies for Managing Paper-Based and Digital Processes

Managing both types of processes is problematic for **82% of respondents**. Only 18% say that this is not a problem, and only 1% say that their processes are fully digitized and automated.
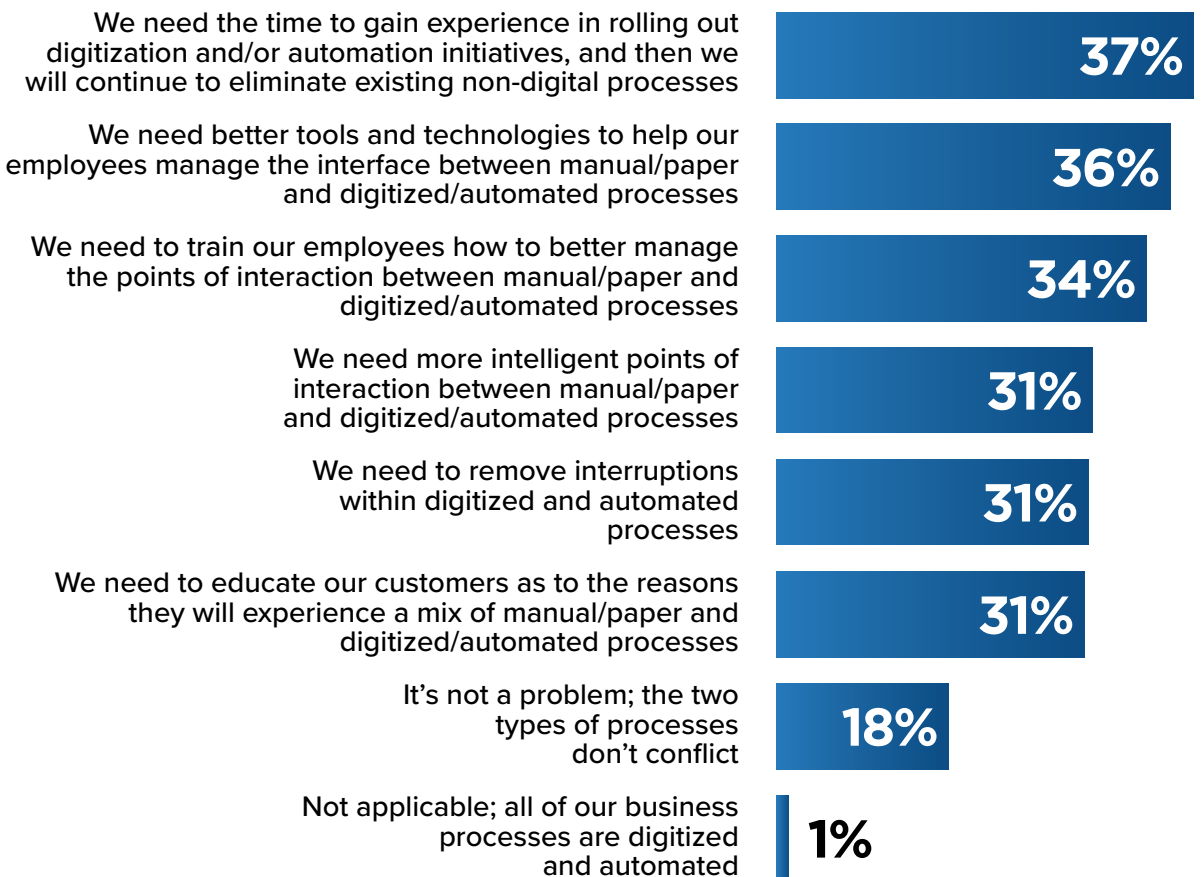
## Greater experience will lead to greater efficiencies.

*"Obviously in banking we're very heavily paper based. ... digitized signatures is... one of biggest focal points right now."*
—**SVP of Operations, financial services**

### What is your organization's strategy for managing processes that are fully digitized/automated and those that are interrupted by manual or paper-based steps?

| | |
|---|---|
| We need the time to gain experience in rolling out digitization and/or automation initiatives, and then we will continue to eliminate existing non-digital processes | **37%** |
| We need better tools and technologies to help our employees manage the interface between manual/paper and digitized/automated processes | **36%** |
| We need to train our employees how to better manage the points of interaction between manual/paper and digitized/automated processes | **34%** |
| We need more intelligent points of interaction between manual/paper and digitized/automated processes | **31%** |
| We need to remove interruptions within digitized and automated processes | **31%** |
| We need to educate our customers as to the reasons they will experience a mix of manual/paper and digitized/automated processes | **31%** |
| It's not a problem; the two types of processes don't conflict | **18%** |
| Not applicable; all of our business processes are digitized and automated | **1%** |

% of respondents

# Digitization Priorities

## Diverse factors influence prioritization for digitization

- Improved security tops the list for IT, which line-of-business cites improved productivity

- Improved Customer Experience cited by more than **25%** of respondents, and highlighted by focus group participants

*"...We have to answer to investors, ... so therefore ... we prioritize customer experience and anything that's going to add to bottom line."*
**—SVP of Operations, financial services**

**Which factors play an important role in prioritizing which content-centric workflows to digitize and when?**

| Factor | % |
|---|---|
| Improved security | 32% |
| Improved employee productivity | 29% |
| Improved analytics | 28% |
| Increased revenue | 27% |
| Improved customer experience | 26% |
| Higher accuracy and/or error reduction | 25% |

% of respondents

**From Focus Groups:** Prioritizing which processes to automate can be a challenge. Customer-facing, revenue-generating or costly processes tend to be prioritized, but each initiative is weighed on its merits, with business cases typically required for all but the smallest projects.
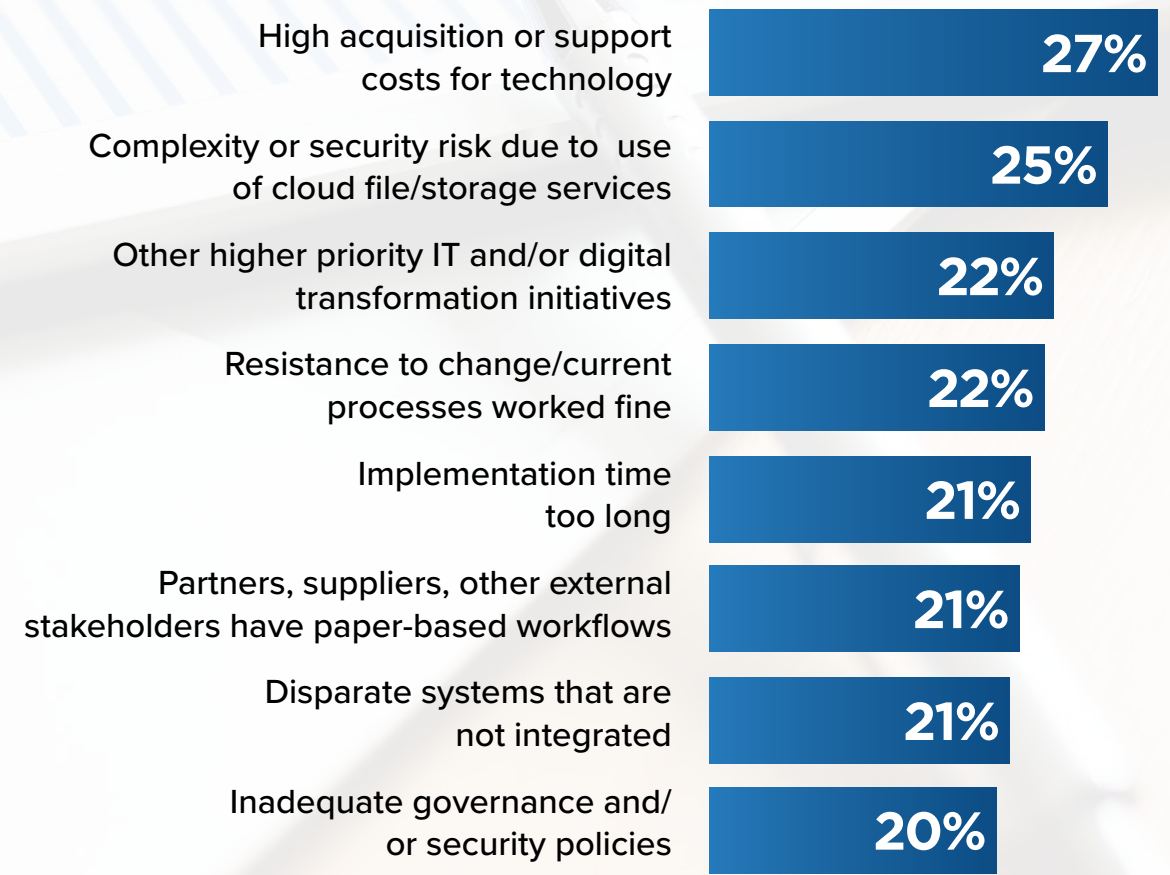
# Barriers to Digitization Efforts

- Cost is the top barrier to digitization efforts

- Other barriers are the complexity or security risk associated with cloud repositories

- Automation of content workflows is often not on the IT radar or is considered lower priority than other DX initiatives

- Focus group participants stressed the issue of organizational inertia to overcome resistance to change

*"I think people don't perceive change well."*
**—SVP of Operations, financial services**

**What were / are the major barriers to your organization's efforts to digitize content-centric business processes or workflows?**

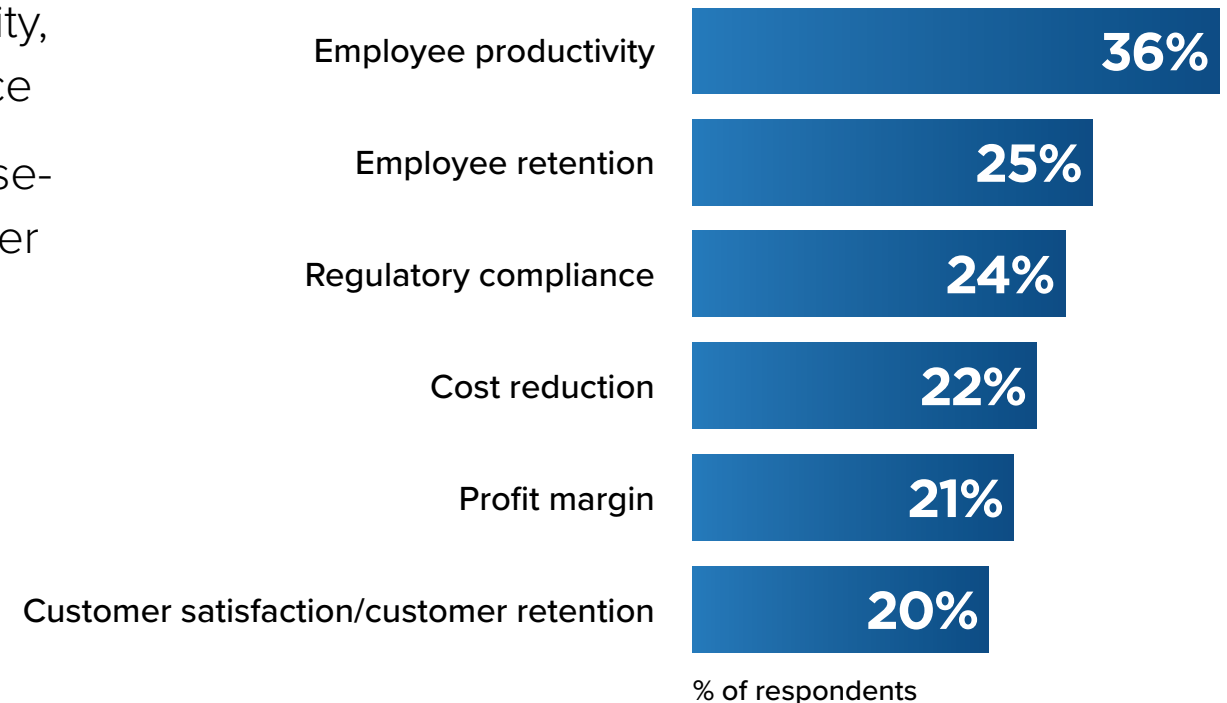| Barrier | % |
|---|---|
| High acquisition or support costs for technology | 27% |
| Complexity or security risk due to use of cloud file/storage services | 25% |
| Other higher priority IT and/or digital transformation initiatives | 22% |
| Resistance to change/current processes worked fine | 22% |
| Implementation time too long | 21% |
| Partners, suppliers, other external stakeholders have paper-based workflows | 21% |
| Disparate systems that are not integrated | 21% |
| Inadequate governance and/or security policies | 20% |

% of respondents

# Measuring Success

Respondents used a broad range of metrics to evaluate business outcome

- Top metrics overall were employee productivity, employee retention and regulatory compliance

- Those respondents who have major, enterprise-wide DX initiatives completed have seen better business outcomes than those with smaller departmental initiatives

**What are the three most important performance measures for the way your organization manages/measures its business?**

| | |
|---|---|
| Employee productivity | **36%** |
| Employee retention | **25%** |
| Regulatory compliance | **24%** |
| Cost reduction | **22%** |
| Profit margin | **21%** |
| Customer satisfaction/customer retention | **20%** |

% of respondents

**From Focus Groups:** Digitization efforts are improving the way services are delivered with examples including provision of online classes, streamlining railcar maintenance, or automating partner agreements. Improvements to the business include saved time, greater efficiencies, and improved customer experience.

# Different Verticals Emphasize Different Metrics for Success

Top metrics varied quite a bit by industry:

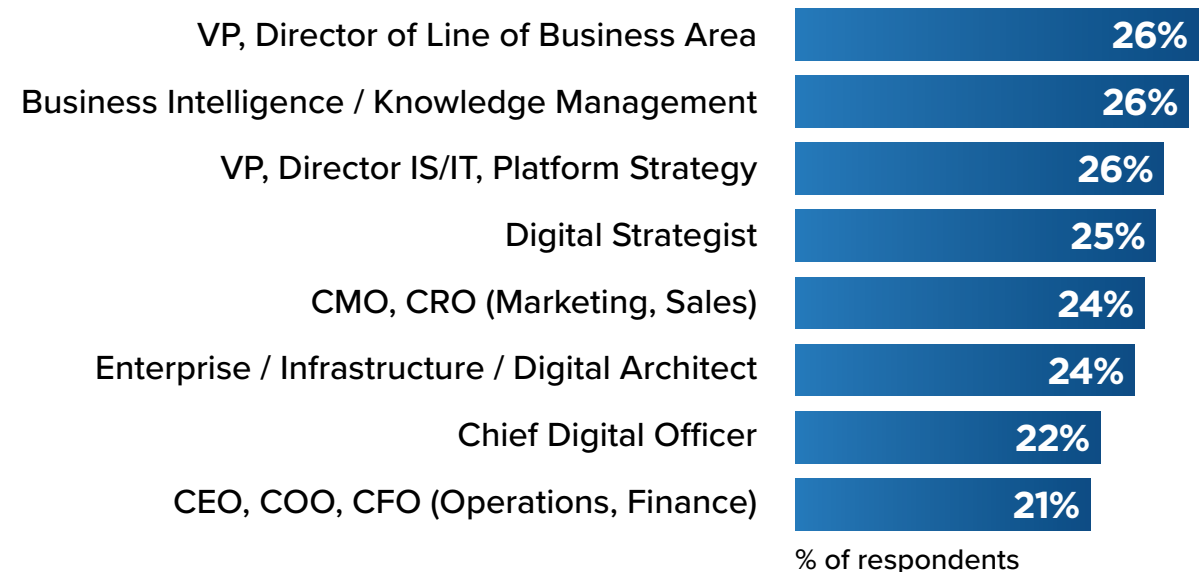| **Financial Services** | **State and Local Government** | **Higher Education** | **Life Sciences** | **Other Industries** |
|---|---|---|---|---|
| • Employee productivity | • Risk mitigation | • Employee productivity | • Profit margin | • Profit margin |
| • Revenue from new products | • Security | • Operational efficiency | • Employee productivity | • Employee productivity |
| • New customer acquisition | • Meeting | • Time to market for new courses and offerings | • Market share | • Customer satisfaction/ retention |
| | • Lowering budgets | | | |
| | • Efficiency | | | |

# Content Workflow Is Strategic: CEO Is the Key Decision Maker

Transformation of content-centric processes is most **often a collaboration between leadership and business users (51%),** though it is also very frequently a top-down initiative **driven by senior leadership (41%).**

**Primary influencers are C-level executive leadership,** executive leadership of departments, corporate IT and functional/departmental IT.

The CEO and **C-level executives** in operations, finance, technology and innovation **are the primary decision makers and budget holders.**

**Which of the following job titles play the largest role in influencing decisions regarding initiatives that digitize content-centric business processes or workflows?**

| | |
|---|---|
| VP, Director of Line of Business Area | 26% |
| Business Intelligence / Knowledge Management | 26% |
| VP, Director IS/IT, Platform Strategy | 26% |
| Digital Strategist | 25% |
| CMO, CRO (Marketing, Sales) | 24% |
| Enterprise / Infrastructure / Digital Architect | 24% |
| Chief Digital Officer | 22% |
| CEO, COO, CFO (Operations, Finance) | 21% |

% of respondents

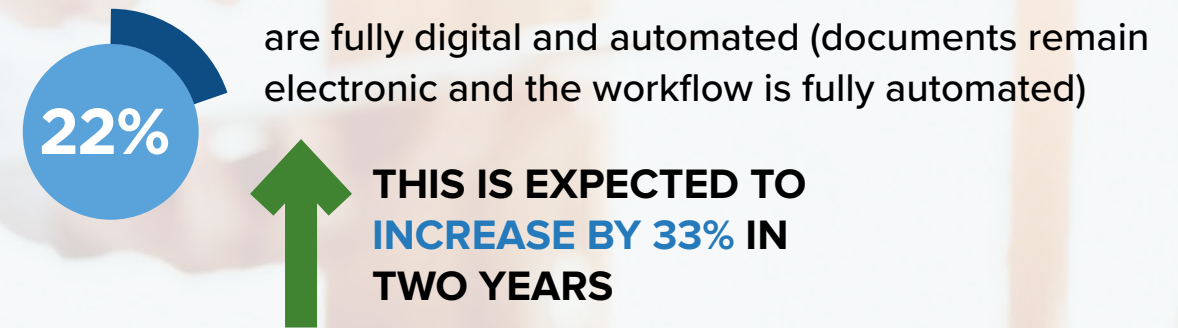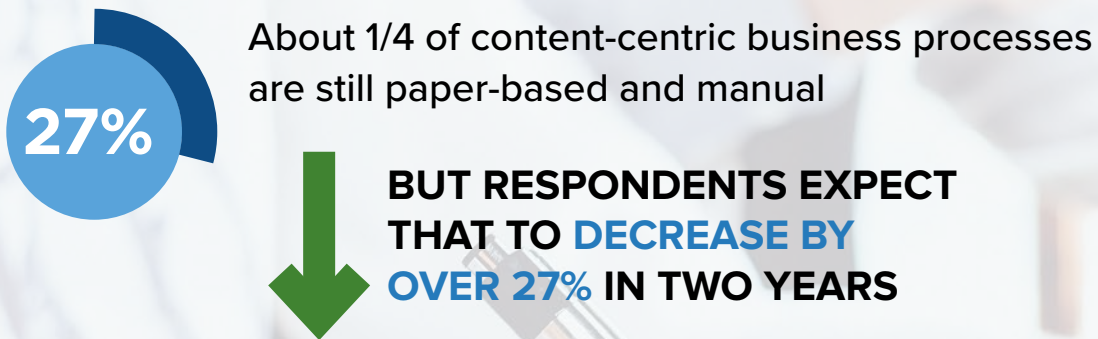**#1 DECISION MAKER IS THE CEO (59%)**

**TOP BUDGET HOLDER IS THE CEO (40%)**

*"I see a growing interest from the CFO's office to understand the behavioral analytics of the organization on spend."*
**—CISO, higher education**

# Optimism for the Future

Percentage of paper-based workflows will decrease as digitization increases

**27%** About 1/4 of content-centric business processes are still paper-based and manual

**BUT RESPONDENTS EXPECT THAT TO DECREASE BY OVER 27% IN TWO YEARS**

**22%** are fully digital and automated (documents remain electronic and the workflow is fully automated)

**THIS IS EXPECTED TO INCREASE BY 33% IN TWO YEARS**

*"When I first joined, we were on paper performance management, paper onboarding, and now we are trying to eliminate a lot of that. Because we are an academic unit, there are a lot of things that we're doing to move away from paper for students as well."*
**—Sr. Director of HR, higher education**

# What Is Next? AI and Content Agility

Content Agility is the ability to provide access to content in any type of format (structured or unstructured text documents, images, video, audio, social streams, etc.) with the use of artificial intelligence to influence and optimize the creation, ingestion, accessibility, transformation and/or utilization of that content.

An example may be an "intelligent customer account opening," which, could be structured as an interactive, interview-based experience, where components of the content are used to feed and customize different aspects of the customer onboarding process.

Almost three-quarters of respondents surveyed (71%) indicate that content agility is extremely or very important to content-centric business processes.

Respondents are using AI to digitize and/or transform content-centric business processes, and use will increase over two year.
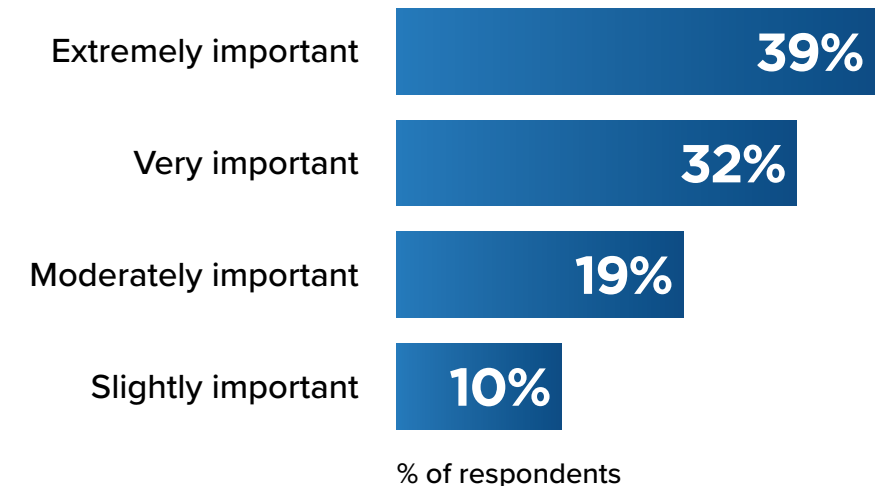
# Content Agility: The "Next Frontier" In Content Automation

Focus group respondents had a very positive reaction to the concept of content agility:

Few believed that they have content agility today. It is seen as more aspirational to most at this point.

- Key barriers to implementing content agility include initial cost, interoperability, security, handling of unstructured data, and transparency on the source of record

- All saw it as something their organizations should be striving for

- When asked who can provide content agility technology, Adobe was the only vendor mentioned in the context of the definition

**How important is 'content agility' to the content-centric business processes and workflows in your organization?**

| | |
|---|---|
| Extremely important | **39%** |
| Very important | **32%** |
| Moderately important | **19%** |
| Slightly important | **10%** |

% of respondents

# Recommendations

**Consider the digitization and automation of content-centric workflows as a core component of a broader, strategic, well-funded digital transformation program, that will:**

» Increase business value by increasing security, reducing cost, improving profitability, driving employee productivity, and improving both employee and customer experience

**Select high value, customer and employee content workflows to automate using digitization technologies:**

» Take advantage of e-signatures, intelligent capture, electronic forms, workflow automation/business process management or other task or process automation

» Automate the extraction of information from content with advanced capture tools

**Build on digitization experience by expanding across customer and employee use cases:**

» Start with high value use cases with defined success metrics. Measure success and use to build momentum for adjacent use cases

# Methodology

The content for this IDC InfoBrief comes from two sources:

- Two focus groups were held with in August 2019 with senior-level digitization decision makers from both IT and lines of business

    » Groups were held in Chicago IL and Sunnyvale, CA

- A web survey was deployed in August 2019 to 1000 decision makers with budget control or ability to influence budget spend for digital transformation (DX) projects

    » Respondents came from North America and Western Europe

- Verticals industries included: financial services, state/local government, higher education, life sciences and other industries