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Think back to 2007. A young U.S. senator named Barack Obama announced his candidacy for president. The housing bubble started to burst. Apple released the first iPhone.

It wasn't long ago and, yet, in technology terms, it's almost an eternity — ride- or hotel-sharing companies didn't exist yet and the first generation of social media platforms were just hitting the mainstream. So much has changed since then. We've seen it here at PwC, as well. During the past

decade, we surveyed the leaders at the world's largest companies annually through our Global [Digital IQ Survey](#), tracking their evolving sentiments, priorities, and challenges of how they're using technology to transform their own businesses.

So what exactly has changed when it comes to digital? A lot.

A decade ago, for example, companies were mainly focused on data mining, search technology, and virtual collaboration. Today, executives are directing their energy toward artificial intelligence, machine learning, and the Internet of Things.

In 2007, companies lacked a mobile strategy, let alone a mobile presence for engaging with their customers or for helping employees collaborate. Companies had not yet turned *en masse* to leverage social platforms like Facebook to advance their business goals. Consumer technology and its potential went largely ignored in the enterprise.

Even the word “digital” now means something different. It used to be synonymous with “IT.” Nowadays, a company's digital strategy practically drives the roadmap and goals of many departments, from marketing to sales to HR.

So one would expect that today's companies have a much better Digital IQ than they did way back in 2007, right? The answer, surprisingly, is no.

Our latest survey, which polled 2,216 executives at companies with annual revenue of more than \$500 million, found executives' confidence in their organization's digital abilities is actually at the lowest it has been since we started tracking. Just 52% of executives rated their Digital IQ as strong, down 15% from the year before.

That said, companies and executives have improved at embracing digital transformation. CEOs recognize how much their digital strategy influences business goals. Back in 2007, only 40% of CIOs were involved in strategic planning; now they're regarded as some of the most integral members of the C-Suite.

But actions speak louder than words, and despite this shift in recognition of the importance of digital, the average investment in emerging technologies (as a percent of total technology spending) grew just 1% over the 10-year period. In our most recent survey, executives say they look to digital initiatives primarily to increase revenue and reduce costs. These are worthy goals, of course, but it also means there's less priority being placed on innovating and implementing the latest technologies into their products.

So while management recognizes the importance of the digital transformation, technology has also accelerated at a breakneck speed, making it more difficult for businesses to keep up with the curve, much less stay ahead of it.

But they are trying. Senior leaders realize what the stakes are. The CEOs who aren't prioritizing digital are either changing their tune, or being phased out: just 33% of executives in our 2007 survey said their CEO was a champion for digital; that number has doubled to more than 68% today.

CIOs, in addition, have gotten a prime seat at the table. In 2007, just 40% of executives said the CIO was significantly involved in strategic planning in 2007, while today they own some of the most important strategic initiatives for organizations across industries.

So how can companies translate these efforts into results going forward? The answer we found is simple, if a bit ironic: focus on the human experience.

What we've learned, both through our surveys and in our own experience with clients, is that the human experience is vital to raising an organization's Digital IQ. Businesses must think critically about how their digital initiatives will affect the experience of customers and employees, as even the most well-intentioned initiatives can have unforeseen impacts on people.

Top performers in our survey — those reporting revenue growth and profit margin increases above 5% for the past three years and expected revenue growth of at least 5% for the next three years — have a better understanding of the human experience that surrounds digital technology. These companies prioritize user experience specialists and creating better customer experience through their digital initiatives.

Overall, the companies that give CIOs a seat at the table, make IT a part of their strategy, and realize that the fate of their IT investments and business goals are intertwined will be most ready to face the challenges of tomorrow — and the next decade.

Tom Puthiyamadam is a principal and Global Digital Services Leader with PwC's Advisory practice based in New York. His primary focus is developing programs designed to help major organizations increase growth by adopting cutting-edge digital-first business strategies.
