

Survey reveals SA businesses are slowly adopting digital transformation

Just 8% of South African businesses are digital leaders, according to the Dell Technologies Digital Transformation Index (the DT Index). The DT Index, which was completed in collaboration with Intel, maps digital transformation progress of mid to large-sized companies and examines the digital hopes and fears of business leaders.

The study reveals that 13% of SA heads of business believe their organisation will struggle to meet changing customer demands within just five years and 19% fear they'll be left behind.

The DT Index's calculations are based on companies' perceived performance in the following areas: delivering against the core attributes of a digital business, their existing IT strategy, workforce transformation strategy and planned investments.



Source: pixabay.com

Two years after the DT Index's initial launch in 2016, Dell Technologies and Intel have more than doubled the scope of the research, from 16 countries to 42 and benchmarked 4,600 businesses, using the following groupings: Digital Leaders, Digital Adopters, Digital Evaluators, Digital Followers and Digital Laggards.



Focus on the challenges, not the technology

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The Digital Transformation Index has tracked movement across various groups. For instance, 23% of businesses now are categorised as digital adopters. These companies have advanced digital plans and innovations in place to power their transformation.

However, the Digital Transformation Index also reveals that too many companies are still in the bottom two groups meaning they're either moving too slowly or don't even have a digital plan in place.

| Benchmark groups | Description | 2018 SA analysis |
|------------------|---|------------------|
| Digital Leaders | Digital transformation, in its various forms, is ingrained in the DNA of the business | 8% |
| Digital Adopters | Have a mature digital plan, investments and innovations in place | 23% |

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| Digital Evaluators | Cautiously and gradually embracing digital transformation; planning and investing for the future | 39% |
| Digital Followers | Very few digital investments; tentatively starting to plan for the future | 24% |
| Digital Laggards | Do not have a digital plan, limited initiatives and investments in place | 6% |

Barriers to digital transformation

According to the research, 90% of South African businesses are facing major impediments to digital transformation today.

The five barriers to digital transformation are:

- Lack of the right in-house skill sets and expertise
- Data privacy and cybersecurity concerns
- Lack of budget and resources
- Regulation or legislative changes
- Lack of alignment and collaboration across the company

These barriers are hampering digital transformation efforts. For instance, 77% of South African business leaders believe that digital transformation should be more widespread throughout the organisation. Only 16% strongly agree they'll disrupt rather than being disrupted within five years.

"We've talked about being on the cusp of tremendous change for some time now. That's no longer the case," said Doug Woolley, GM of Dell EMC South Africa. "The next digital era has arrived and it's reshaping the way we live, work and conduct business. Which means that time is of the essence. Genuine transformation needs to happen now, and it needs to be radical."



Doug Woolley, GM of Dell EMC South Africa

Conquering their challenges

The research indicates that businesses are taking steps to overcome their barriers, along with the threat of being outmanoeuvred from more nimble, innovative players. Although progress in these areas is patchy/slow.

We can see this with:

- 64% of local businesses using digital technologies to accelerate new product/services development
- 64% of businesses building security and privacy into all devices, applications and algorithms
- 53% striving to develop the right skills sets and expertise in-house, such as teaching staff how to code
- 60% sharing knowledge across functions, by equipping IT leaders with business skills and business leaders with IT skills

Companies are also turning to emerging technologies and cybersecurity to power (and secure) their transformation.



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Planned investments within the next one to three years:

- 65% of South African businesses intend to invest in cybersecurity
- 49% of South African businesses intend to invest in IoT technologies
- 46% of South African businesses intend to invest in multi-cloud environments

- 41% of South African businesses intend to invest in flash technologies
- 34% of South African businesses intend to invest in compute-centric data center design

A small but significant number of businesses are even planning to experiment with nascent technologies. 20% will be investing in blockchain, 18% in quantum computing and 20% in VR/AR.

“It’s an exciting time to be in business. We’re at a crucial intersection – where technology, business and mankind meet to create a better, more connected world,” added Woolley, Dell Technologies. “However, only technology-centred organisations will reap the rewards offered by a digital business model, including the ability to move quickly, to automate everything and to delight customers. This is why digital transformation needs to be a number one priority.”

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