Closing the Acceleration Gap

Toward Sustainable Digital Transformation
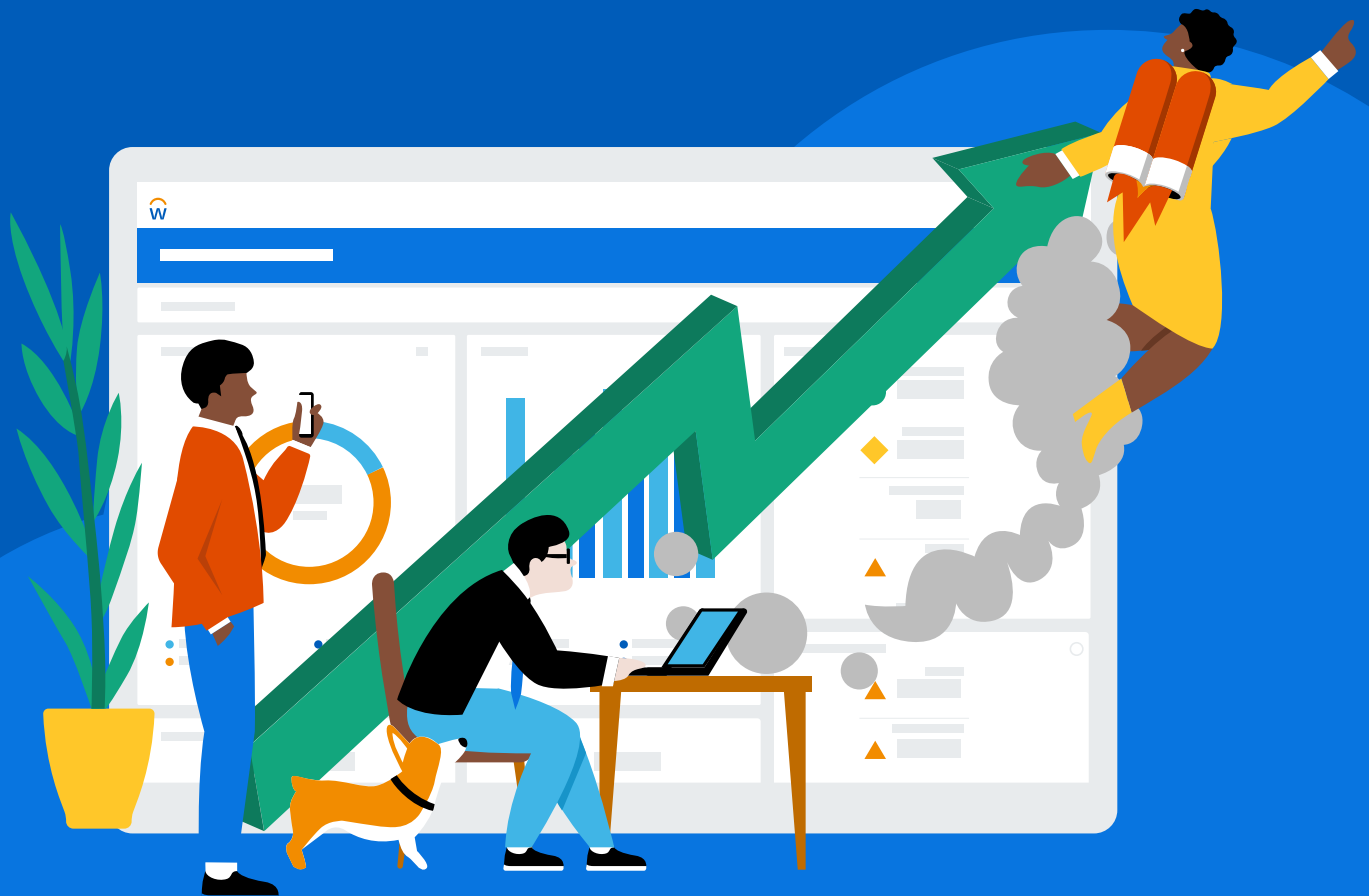
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At a glance.

Organizations around the world are at a crucial juncture in their digital transformation. After recalibrating their strategies following the onset of the COVID-19 pandemic, many are now adopting a more considered approach to change—whether they are speeding up or slowing down.

Our latest global research—a survey of 1,150 senior business executives and in-depth qualitative interviews with 10 senior business leaders and transformation experts—tracks the pace of digital transformation over the course of the past 24 months, and asks whether and how it can be sustained. It also looks at which organizations have responded quickly and effectively, and what leaders are doing to ensure they don't get left behind.

Our research finds that digital ambitions are more restrained than they were a year or two ago. In 2020, more than one-third of companies (36%) expected digital to account for 75% or more of their revenue within 3 years. By 2021, just 13% of organizations said the same—a figure that aligns to pre-pandemic digital aspirations (12% in 2019).

And fewer businesses are adopting a "fail fast" mentality (53% in 2021, compared with 77% in 2020), which suggests that the culture of experimentation that gathered pace during the pandemic has lost momentum.

A spotlight on the acceleration gap.

As the demands of a business environment in flux continue to evolve, culture, technology, structure, and processes are struggling to march to the same beat. An acceleration gap—between the pace of change driven by new opportunity and the ability of an organization to capitalize on it—has opened. Closing it will be imperative to business survival.

Where the pace of digital transformation is slowing, a key reason for this is organizational culture—and for some, burnout and the desire for a more sustainable pace. Where it is accelerating, the quality and accessibility of data and workforce skills are critical keys to success.

> " It's about the systems and processes in place. It's the skills of the people around the business. It's the culture of the business itself. Together, those things create an acceleration gap between what leaders see they need to do and what's actually possible within their business."
>
> **Pete Schlampp**
> Chief Strategy Officer, Workday

Glossary of terms.

Throughout this report, we refer to several key terms. Here's how we defined them for the purposes of our own research:

- **Digital strategy:** Current and future plans for the adoption and transformation of digital technology, skills, and processes to improve business outcomes.

- **Digital revenue:** Revenue from digital products and services or from new digital business platforms, as opposed to traditional products/services that are part of the legacy business model.

- **Internal operations:** The process of managing the inner workings of your business so it runs as efficiently as possible.

- **Usable data:** Data that is both high quality (accurate, consistent, and trustworthy) and available (timely, up to date, and in a format that allows for business decisions to be taken on it) to help achieve a business outcome.

58% of business leaders say that digital transformation has already slowed from the frenetic pace of 2020—or they expect it to slow in the future

52% say there is a growing gap between where their business is and where it needs to be to compete

What the research tells us.

A sustainable pace for transformation is front and center.

Leaders recognize that digital transformation must be an ongoing effort—not just in terms of the technology, data, and analytics they use, but also in the way it develops and sustains the people, skills, culture, structures, and processes required to drive it forward.

Against this backdrop, digital transformation is slowing compared with 2020, as leaders grapple with whether the rate of change during the pandemic is sustainable over the long-term. Nearly 6 in 10 leaders (58%) say their digital transformation has already slowed or they expect it to slow in the future.

### The acceleration gap is real—and it is widening.

In parallel, business needs show no sign of waning in scope or complexity, which is why the acceleration gap is widening. More than half of leaders (52%) say there is a growing divide between where their business is and where it needs to be to compete.

To bridge that gap, and stop it from widening even more, they will need to take a proactive approach to data collection and analysis and adapt or transform their business cultures.

> "
> If we speak about the success of any digital transformation, it enables seamless, usable digital-native data. It also increases connectivity between our people, processes, and systems, as the underlying data creates a digital fabric."
>
> **Malika Pastor**
> CIDO, Colliers
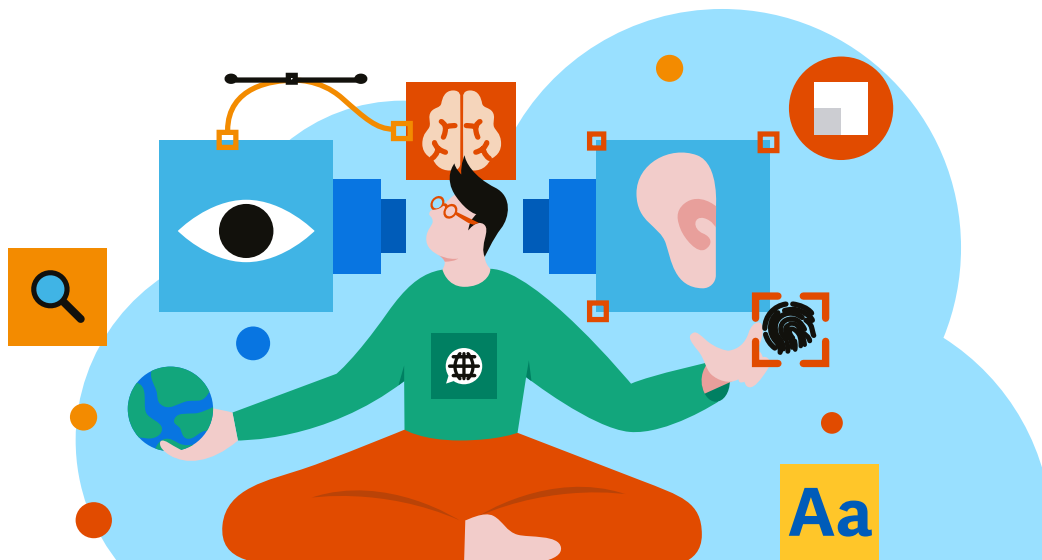
Cultural barriers and a lack of adequate skills threaten progress.

Among today's businesses, the top challenges to digital transformation are skills and cultural barriers—such as trust, transparency, and engagement. Nearly 4 in 10 (38%) of the organizations say a lack of relevant workforce skills is their biggest barrier to achieving their transformation goals. Among this cohort, 68% say that the pace of their digital transformation has slowed. Out of the businesses that say cultural barriers are their biggest obstacle, 42% have experienced a digital slowdown.

Data democratization underpins agility.

Companies with fully accessible data are more likely to report strong transformation progress and be better equipped digitally to maintain business continuity in a crisis. Fewer than half of leaders (46%) say they are well-equipped digitally to ensure business continuity in times of crisis. In companies where data is fully accessible (the extent to which data is collected, stored, processed, and managed effectively, giving employees self-service access to timely and reliable data), that figure rises to more than three-quarters (76%).

Sustainable transformation for business resilience.

Organizations have pivoted at an accelerated pace to leveraging digital channels as a part of their organizational operating models. At the same time, many leaders have been forced to move to shorter-term planning cycles as pandemic-related concerns, supply chain disruptions, and labor shortages make longer-term assumptions and estimates obsolete. This makes the ability to "run in the now" a necessity—see the section on the five characteristics of an adaptable organization at the end of this report.

"Every week brought new circumstances, new considerations," says Wojtek Wieronski, general manager, finance, at consumer electronics company MediaMarktSaturn Poland, speaking about 2020. "And the whole traditional planning cycle was not particularly relevant, because the budget and forecast became obsolete after a matter of weeks."

Our qualitative research tells us that companies have been emboldened by what digital can do. The scope of the digital opportunity available to them is wide and far reaching, from new digital revenue streams, digitalizing systems and processes, making data available and accessible, fostering new skills, and finding new ways to market and sell. But they need to ensure that their ambitions and execution are sustainable, which means that many are taking a more measured approach to their transformation strategies.
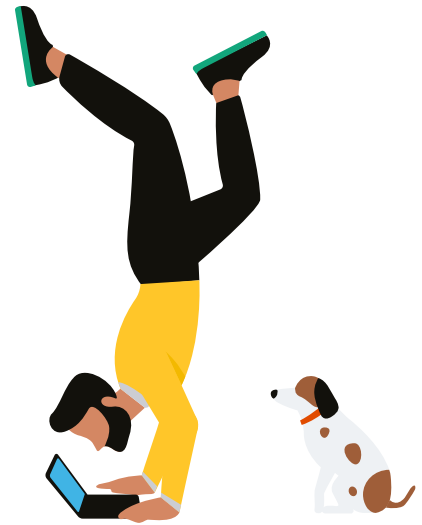
> "
> The pandemic has really proven to everyone that it's important to be able to pivot very quickly, to be very adaptable, and to feel comfortable doing a very wide variety of different things."
>
> **Ciara Lakhani**
> Chief People Officer, Dashlane

> "
> When the pandemic hit, we did in three months what we had originally planned to do over several years. We greatly accelerated what we were doing and broadened our roadmap."
>
> **Denise Chamberlain**
> EVP, CFO, EE Health
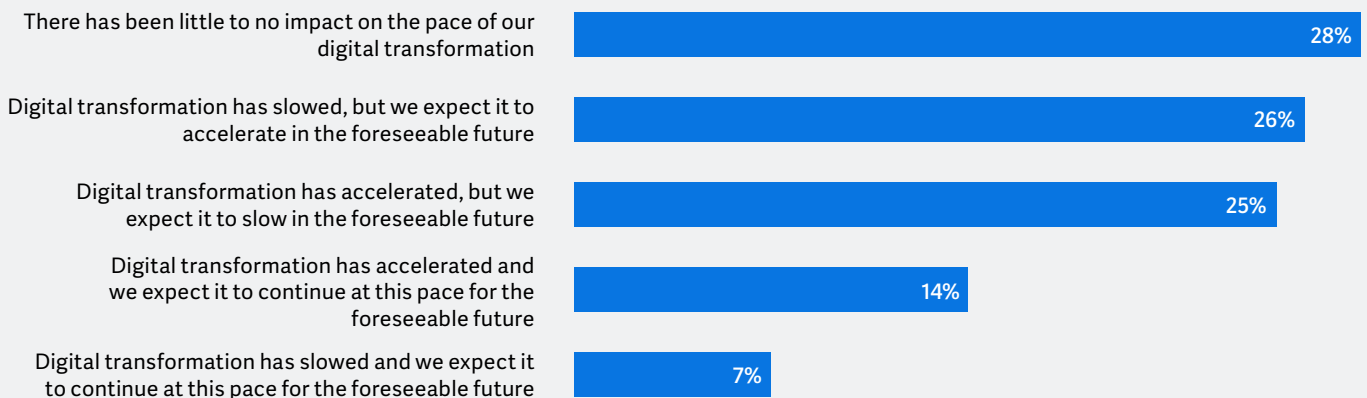
Digital transformation shifts gears—and focus.

There is no single definition for "digital transformation"—for some organizations it means a shift to digital revenue streams; for others it is about digitizing information and processes; and for others it is about what needs to happen to take advantage of technology. Our research finds that 58% of leaders say the pace of digital transformation has either already slowed from where it was a year ago or they expect it to slow down in the future. Just 14% expect it to continue at the current pace.

Why? Some companies are simply running out of steam. According to Jennifer LaClair, CFO at digital financial services firm Ally Financial, the hardest part of driving multi-year transformation is keeping motivation levels high across the business: "When you have a multi-year roadmap, you need to keep people energized and motivated to ensure productivity remains high, especially when you know, by design, you won't see any meaningful impact for years."

However, there is growing recognition that businesses must shift their focus inward to modernize the core of their operations. For LaClair, the entire operating platform needs to be digitized—from compliance to risk management: "A digital customer experience has to be connected very closely to a digital employee experience or, at some point, your fulfillment is going to fall down. The companies that win with digital transformation are those that have digitized their operations, not just their apps."

The pace of digitalization is slowing.

There has been little to no impact on the pace of our digital transformation	28%
Digital transformation has slowed, but we expect it to accelerate in the foreseeable future	26%
Digital transformation has accelerated, but we expect it to slow in the foreseeable future	25%
Digital transformation has accelerated and we expect it to continue at this pace for the foreseeable future	14%
Digital transformation has slowed and we expect it to continue at this pace for the foreseeable future	7%

Survey question: Which of the following statements best describes the extent to which the pandemic has affected your organization's digital strategy and the pace of transformation moving forward?

This assertion is backed up by Accenture research,[1] which finds that leading companies that amplified their technology investments during the COVID-19 pandemic have significantly extended their growth advantage over competitors. Its survey of 4,300 respondents shows that by stepping up investments in areas such as the cloud, artificial intelligence (AI), and other technologies, "Leaders" are now growing revenue at five times the rate of "Laggards."
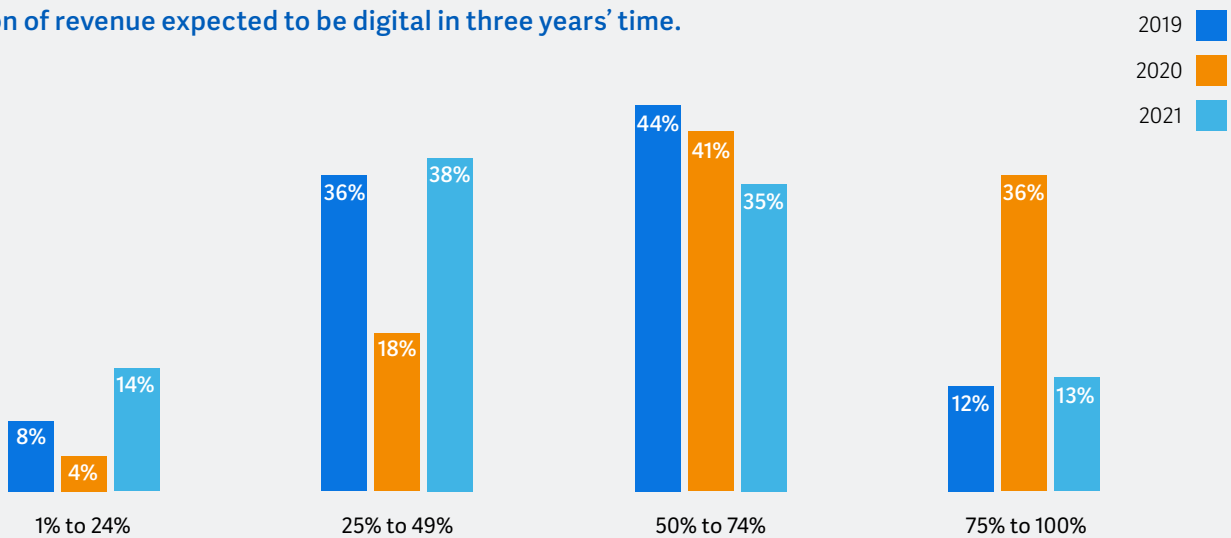
Digital investments have long been weighted toward customer-facing areas of the business, and the past two years have been no exception. Just 18% have digitalized the majority of their internal operations; 82% say less than half of their internal operations are digitalized. But the pandemic, the great resignation, and the move to remote and hybrid working have made it clearer than ever that investments in the back office are critical.

When it comes to anticipated digital revenue streams, leaders are also taking a more pragmatic view of what is possible in the medium-term. In 2020, 36% expected digital to account for 75% or more of their revenue within 3 years. Now, just 13% of organizations say the same—1% point higher than before the pandemic, which suggests expectations are becoming more realistic.

In short, there appears to have been some euphoria in 2020 that snapped back in 2021: more modest levels of anticipated digital revenue are up very slightly from pre-pandemic levels.

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[1] https://newsroom.accenture.com/news/leading-companies-that-scaled-technology-innovation-during-covid-19-are-growing-revenue-five-times-faster-than-lagging-adopters.htm

Proportion of revenue expected to be digital in three years' time.

2019
2020
2021

	1% to 24%	25% to 49%	50% to 74%	75% to 100%
2019	8%	36%	44%	12%
2020	4%	18%	41%	36%
2021	14%	38%	35%	13%

Survey question: Thinking about your company's revenue mix three years from now, approximately what proportion of revenues do you expect to be digital?

Organizational barriers threaten digital progress.

Waning motivation aside, respondents cite a lack of workforce skills (38%) and cultural barriers (35%) as their biggest transformation blockers. CEOs are even more acutely aware of these barriers: 45% and 39%, respectively.
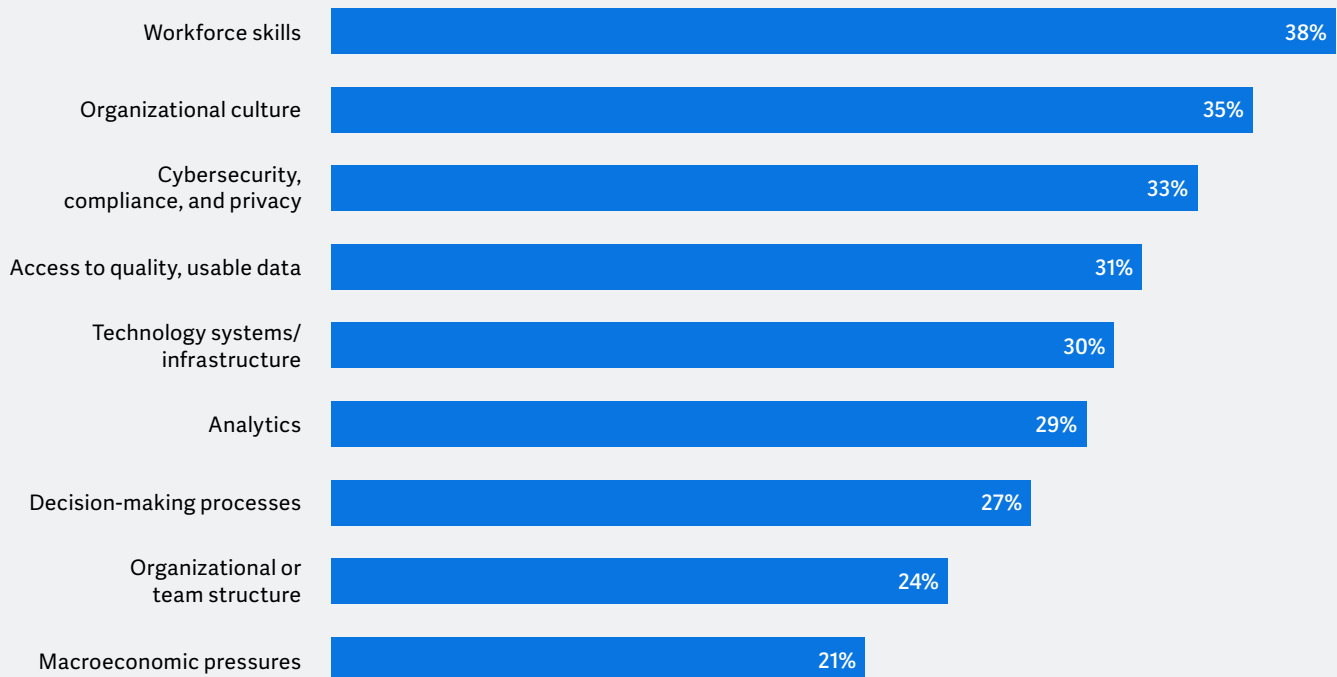
Our research shows a correlation between the fundamental pillars of transformation, such as workforce skills and culture, and the ability of businesses to accelerate and execute their transformation strategies effectively. For example, companies that report a slowing in their digital transformation are nearly four times more likely to say that a lack of required skills is their biggest barrier to transformation than companies where the pace has accelerated.

Those organizations that have accelerated their transformation, on the other hand, are more likely to say that data, analytics, and/or security and compliance are their top barrier to progress. This suggests that, after skills and culture, these three areas are the key enablers of success.

38% of leaders say a lack of relevant workforce skills is their biggest barrier to transformation. Among this group, 68% have reported a slowdown in digital transformation and 18% have reported an acceleration.

Transformation is slowed down by cultural and structural barriers.

Barrier	Percentage
Workforce skills	38%
Organizational culture	35%
Cybersecurity, compliance, and privacy	33%
Access to quality, usable data	31%
Technology systems/infrastructure	30%
Analytics	29%
Decision-making processes	27%
Organizational or team structure	24%
Macroeconomic pressures	21%

Survey question: Which of the following areas present the biggest barrier(s) to your business achieving its transformation goals?

According to Bilal Waris, AirAsia's head of HR Centre of Excellence and Operations, a shift in organizational culture needs support from the top. "Culture starts with leadership," says Waris. "The biggest role HR can play is to set the right leadership behaviors for everybody to follow and use data to understand why they are important."

However, there is another expanding gap: between ambition and reality. Only half of leaders say they identify new digital opportunities more quickly than their competitors—down sharply from 2020, when nearly three-quarters of leaders (74%) said the same. And 55% of leaders say their organization's digital strategy is often or always outpaced by the demands of the business.

55% of leaders say their organization's digital strategy is often or always outpaced by the demands of the business.

"We'll see a future with more unpredictability and disruptions, and thus increasing needs to perpetually refigure work and organizations. The genie is out of the bottle, and even if COVID isn't a factor tomorrow, it's going to be impossible to simply snap back to the past."

Dr. John Boudreau
Professor Emeritus, Marshall School of Business, and Senior Research Scientist, Center for Effective Organizations, University of Southern California (USC)

How to close the acceleration gap.

To successfully embed digital transformation throughout an organization, both leadership and the workforce need reliable, accurate insights. The ability to glean insights hinges on the confluence of three key elements: data, workforce skills, and organizational culture.

Our research finds that, when data is usable—that is, both high quality (accurate, consistent, and trustworthy) and available (timely, up to date, and in an accessible format)—it enables organizations to meet and then rapidly exceed the needs of the business.

A dynamic digital strategy keeps businesses one step ahead.

To understand and promote a digital mindset, organizations need to make sure their digital strategies are fit for purpose. Many neglected their strategic planning during the peak of the pandemic, and digital strategy remains undefined.

More than half of leaders (55%) say their organization's digital strategy is often or always outpaced by the demands of the business. Just 41% of companies say their digital strategy allows them to keep pace with or exceed the needs of the business at all times.
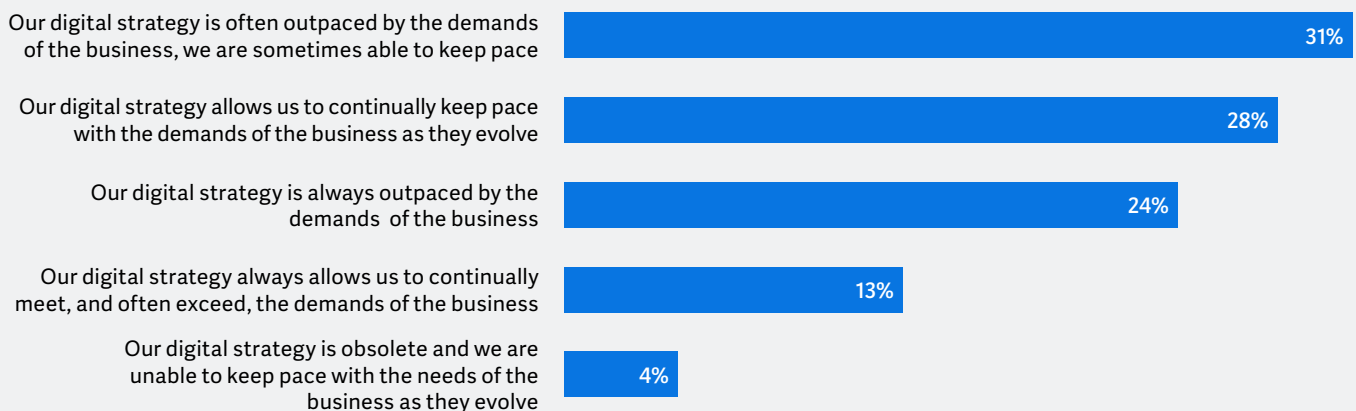
> "
> From a finance perspective, the biggest priority for us is automation. The smoother you operate with your business partners, the better you can deal with them."

Wojtek Wieronski
General Manager Finance,
MediaMarktSaturn Poland

The acceleration gap threatens digital progress.

Our digital strategy is often outpaced by the demands of the business, we are sometimes able to keep pace	31%
Our digital strategy allows us to continually keep pace with the demands of the business as they evolve	28%
Our digital strategy is always outpaced by the demands of the business	24%
Our digital strategy always allows us to continually meet, and often exceed, the demands of the business	13%
Our digital strategy is obsolete and we are unable to keep pace with the needs of the business as they evolve	4%

Survey question: Which of the following best describes your organization's current digital strategy?

For Canada-based professional services and investment management company Colliers, digital strategy is about more than just applications, platforms, and equipment. According to its Chief Information Digital Officer Malika Pastor, "It means implementing a far-reaching, forward-thinking strategy that touches every part of our company."

Data skills underpin transformation capability.

Digital strategy and agile decision-making rely on access to trusted and timely data. But it is no good having the access if organizations lack the ability to mine it effectively. And the current volatility of the global business environment has underlined the need for leaders to close the data-literacy skills gap that exists within their businesses.
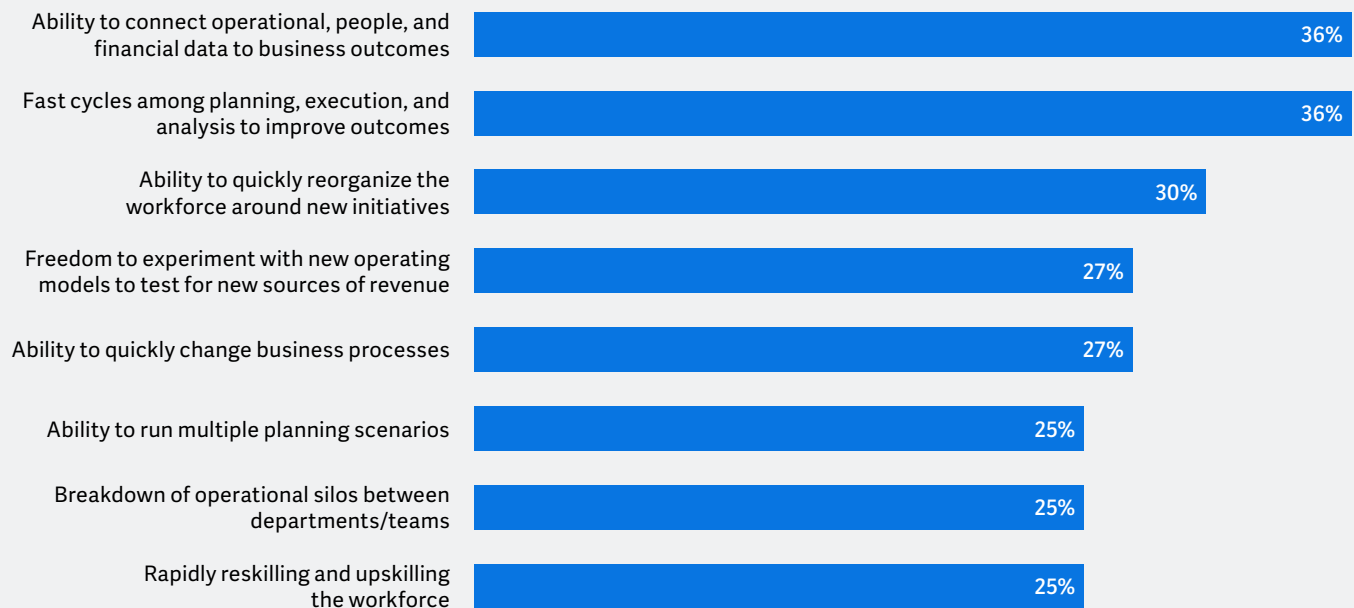
Our research also suggests that the ability to analyze data across all critical business systems is key to business agility—a vital component of successful digital transformation: 34% of leaders say that advanced analytics and data visualization skills will ensure that their teams can continuously meet evolving business demands, for example. And these are the skills most sought after by IT leaders (35%) and finance leaders (34%)—see "CFO focus: embedding a data culture."

"
Technology around the world is rapidly evolving, and every day it becomes more advanced. To follow the trend, we must scale ourselves up— even just a little progress is better than nothing."

Herman Widjaja
CTO, Tokopedia

Data helps teams to keep up with evolving needs.

Ability to connect operational, people, and financial data to business outcomes	36%
Fast cycles among planning, execution, and analysis to improve outcomes	36%
Ability to quickly reorganize the workforce around new initiatives	30%
Freedom to experiment with new operating models to test for new sources of revenue	27%
Ability to quickly change business processes	27%
Ability to run multiple planning scenarios	25%
Breakdown of operational silos between departments/teams	25%
Rapidly reskilling and upskilling the workforce	25%

Survey question: When it comes to enabling your team to continually meet the needs of the business, which of the following operational capabilities are most important?

HR leaders also prize these skills. "The ability to understand the data, what to look for, how to dice the data, how to analyze the data, and how to present the story of what's happening—all those capabilities are now needed more than ever before," says AirAsia's Bilal Waris.

Data skills are among the most desired.

Advanced analytics and data visualization (chosen by 34% of business executives)
Most sought after among IT (35%) and finance (34%) leaders.

Ability to develop and embed new revenue streams (29%)
The priority skill among finance leaders (38%), compared with 27% of IT and 24% of HR leaders.

Advanced understanding of regulation and compliance (28%)
A priority skill for IT leaders (31%), compared with 27% of finance and 26% of HR leaders.

Creative thinking and problem solving (24%)
Most sought after by finance (27%) and HR (26%) leaders.

Ability to work in collaborative, self-organizing teams (23%)
Sought after by 26% of finance leaders and 22% of HR and 21% of IT leaders.

Ability to identify, anticipate, and manage risk (23%)
Most sought after among IT (24%) and finance leaders (23%).

Survey question: When it comes to enabling your team to continually meet the needs of the business, which of the following skills are most important?

"

The office of the CFO has not transformed as much as other leaders within the organization. They're emerging from the pandemic and saying, 'We can't go forward like this anymore—we know that we need to transform."

Pete Schlampp
Chief Strategy Officer, Workday

CFO focus: embedding a data culture.

The role of the CFO has transformed over the past decade. It is no longer enough for finance leaders to focus exclusively on the bottom line; they must also be well versed in technology and interpersonal skills.
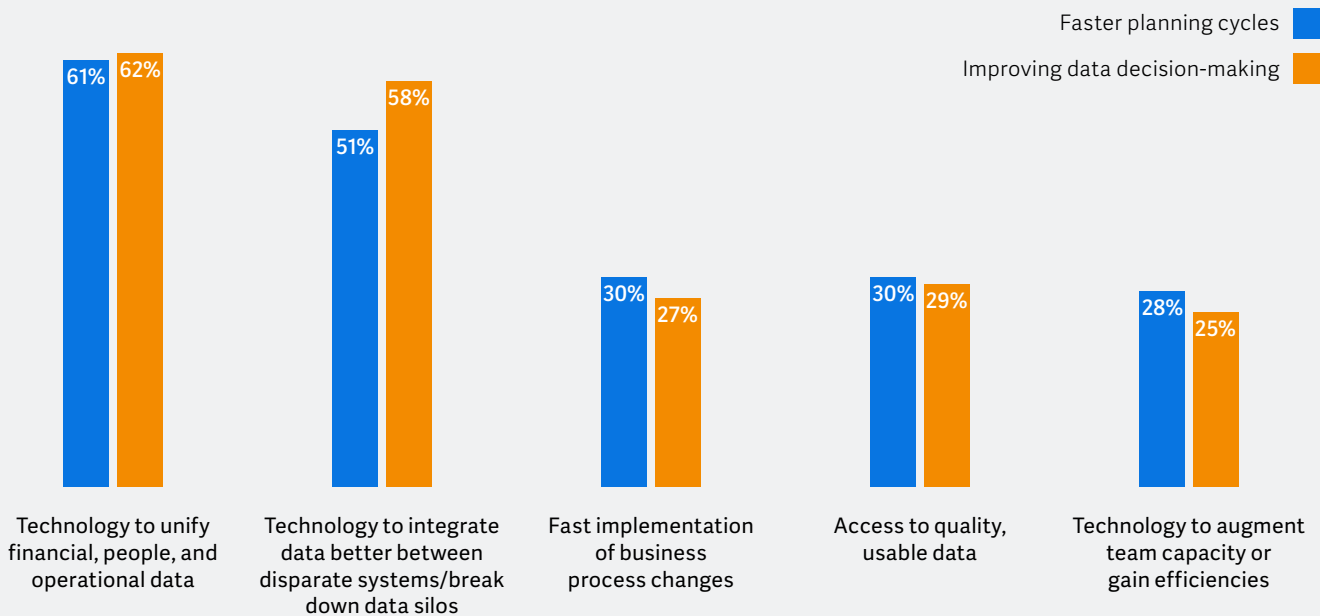
Against this backdrop, unified and usable data is key. "Access to data is the crux of most technology issues in any company," says Ally CFO Jennifer LaClair. "Data needs to be the responsibility of everyone in an organization, and that's the approach we've taken at Ally—every leader and every employee is a tech leader."

Critically, 34% of finance leaders say they have little or no confidence in their team's ability to meet the demands of the business, and only 49% say they have confidence in the efficiency with which their organization moves among planning, execution, and analysis cycles.

Half of finance leaders (51%) say that one of the most important elements required to accelerate planning, execution, and analysis cycles is the new technologies that help them to better integrate data between disparate systems and break down internal data silos; 61% say that technology that unifies financial, people, and operational data is their most pressing need.

Unified data improves the speed and quality of finance decisions.

Legend:
- **Faster planning cycles** (blue)
- **Improving data decision-making** (orange)

Category	Faster planning cycles	Improving data decision-making
Technology to unify financial, people, and operational data	61%	62%
Technology to integrate data better between disparate systems/break down data silos	51%	58%
Fast implementation of business process changes	30%	27%
Access to quality, usable data	30%	29%
Technology to augment team capacity or gain efficiencies	28%	25%

Survey question: Which of the following are most important to enabling faster cycles between planning, execution, and analysis to improve overall business performance? Which of the following are most important to improving your ability to make data-informed decisions in real time?

The pandemic has already forced many organizations to overhaul their internal structures, but it is a focus on data accessibility that could be the key to swift and sustainable digital transformation.

Our research highlights the extent to which using fully integrated solutions to break down data silos can aid effective decision-making and support digital transformation. Fewer than half of leaders (46%) say they are well-equipped digitally to ensure business continuity in times of crisis. In companies where data is fully accessible, that figure rises to more than three-quarters (76%).

Organizations are handling significant volumes of data from disparate systems, which in turn complicates the data-sharing process. As well as making sure that only the right people access the right data, if datasets are not consolidated and normalized, how can users be confident that they are viewing the latest information? Our findings suggest that many organizations are struggling to share their data effectively internally, and as a result are unable to capitalize fully on analysis and insight-generation.

"The size of data growth that needs to be processed is very high, and there is more variety," agrees Herman Widjaja, CTO at one of Indonesia's largest technology companies, Tokopedia. "Human intelligence can no longer keep up with processing it."
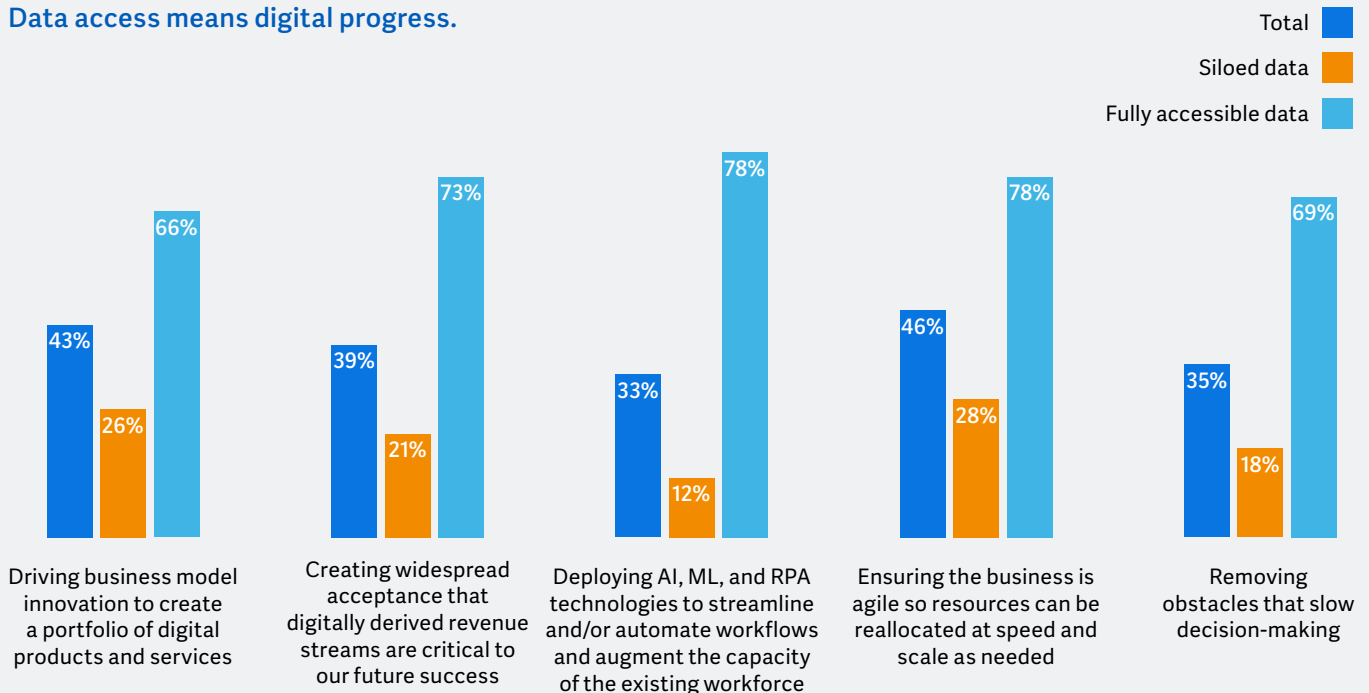
76% of leaders in companies where data is fully accessible say they are well equipped digitally to ensure business continuity in times of crisis.

"
Access to data should be a democratized responsibility across an entire company."

Jennifer LaClair
CFO, Ally Financial

Data access means digital progress.

Total
Siloed data
Fully accessible data

	Driving business model innovation to create a portfolio of digital products and services	Creating widespread acceptance that digitally derived revenue streams are critical to our future success	Deploying AI, ML, and RPA technologies to streamline and/or automate workflows and augment the capacity of the existing workforce	Ensuring the business is agile so resources can be reallocated at speed and scale as needed	Removing obstacles that slow decision-making
Total	43%	39%	33%	46%	35%
Siloed data	26%	21%	12%	28%	18%
Fully accessible data	66%	73%	78%	78%	69%

Survey: For each of the following, please use the scale to indicate the degree of progress made in your organization.

Data accessibility and real-time insights drive a digital transformation mindset.

In our research findings before the pandemic, we stressed the importance of organizational culture in igniting innovation, but our latest research suggests that it continues to be a key roadblock to digital transformation. As it turns out, data accessibility plays a surprisingly big role in fostering a future-ready culture, as well.

About half of leaders (52%) say that their organization's culture enables the business to embrace change readily. And this rises to 85% among companies where data is fully accessible—highlighting an urgent need to overcome siloed data sources.

Leaders whose organizations are transitioning successfully into the digital age say that data is at the core of the shift, but also that the culture that enables access to it is equally essential.

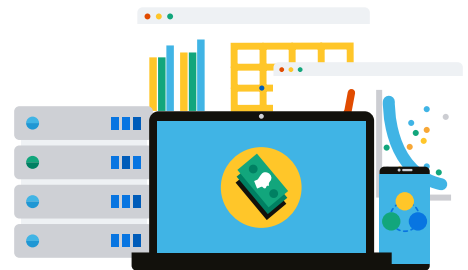But companies that have overcome their data silos are still a rarity:

- **12%** say that data is fully accessible to those who need it.
- **43%** say that data is somewhat or completely siloed.
- **45%** say that data is only somewhat accessible to those who need it.

As we might expect, IT leaders are most likely to report full accessibility (21%), versus 10% of HR leaders and just 7% of finance leaders. Clearly there is a long way to go for all business functions, but the situation is especially dire with finance.
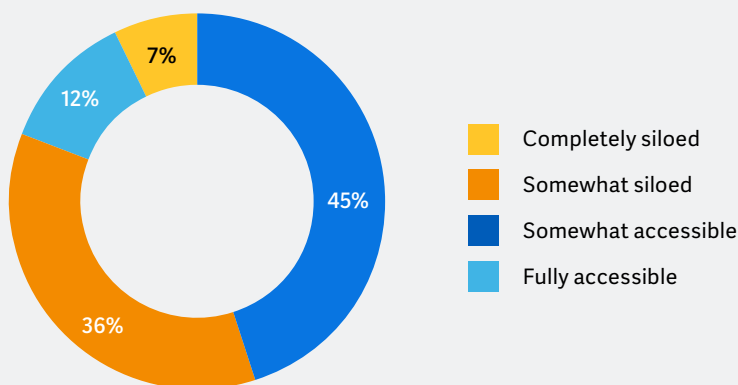
> "
> From an information perspective, [data accessibility is] great because we can make proactive decisions for our B2B services based on predictive insights."
>
> **Malika Pastor**
> CIDO, Colliers

Access to usable data remains a challenge.

- 7% Completely siloed
- 36% Somewhat siloed
- 45% Somewhat accessible
- 12% Fully accessible

Survey question: To what extent is data readily usable across the organization for those who need it?

CIO focus: adopting a 360-degree outlook.

Balancing cybersecurity, compliance, and data privacy is a growing challenge for CIOs in the new working environment. More than a third of IT leaders (35%) say that removing reliance on IT teams for data access or reporting will prove critical to data availability, which highlights a desire to break down silos and democratize data access for the sake of business continuity.

At the same time, they are aware of the vital need to closely safeguard personal and organizational data, with improved cybersecurity, compliance, and/or privacy and protection a priority investment area among 52% of IT respondents.

Fostering a culture that embeds the best practices of data privacy and security into every worker's daily routine requires continuous stewardship from IT leaders on data literacy. They also need to convey the overall business benefits of providing the right security and governance of the data being handled.

Relinquishing control of data in the right way has clear advantages for transformation. Unified data empowers finance teams to run their own analysis and reports, for instance, which frees up IT resources. It is also helping organizations to adopt other technologies that are critical to future business prosperity. For example, in companies where data is fully accessible, nearly 7 in 10 IT leaders are confident in their ability to adopt cloud technology without legacy constraints.

> "
> Whose job is it to provision drop-down microphones in meeting rooms? Is it property services? Is it technology? Wouldn't it make sense to think about our future workplace as being some kind of blend between the physical and the virtual? Asking if the environment we give our people meets their needs as well as ours? That's very much where our investment thinking is going."
>
> **Charles Ewen**
> CIO and Director of Technology, Met Office
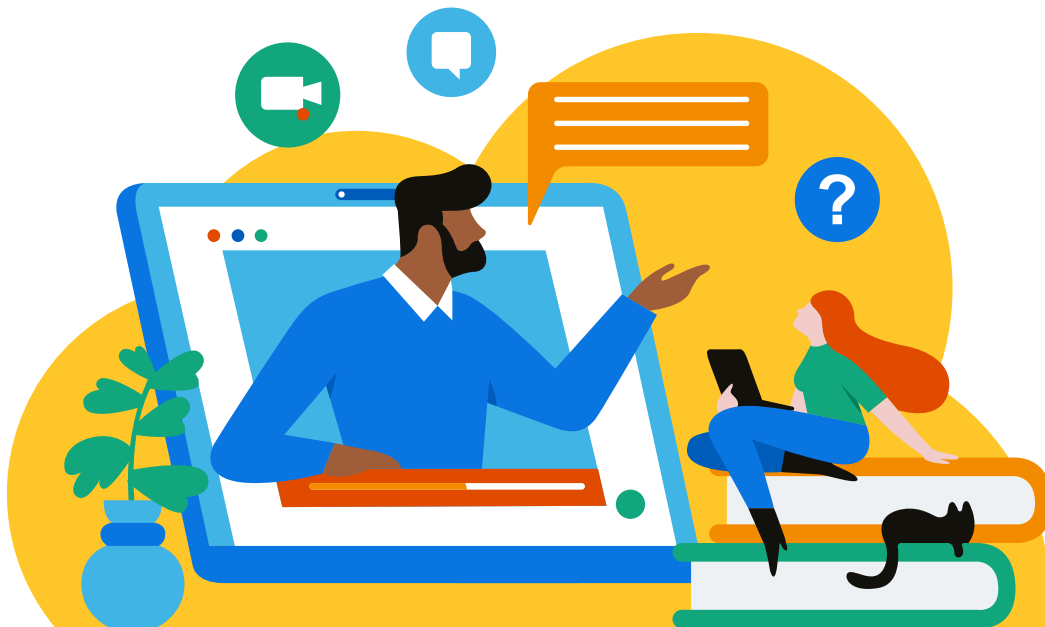
The pandemic has accelerated cloud adoption as organizations across the world have embraced flexible working practices, but our research suggests that IT leaders need to do more to ensure their businesses are equipped for the new hybrid era and able to reap the benefits. Only 33% of IT leaders are prioritizing faster acquisition of targeted talent and the development of new skills to ensure their teams can meet the shifting demands of the business.

Security and data usability are IT investment priorities.

Security and compliance
(chosen by 52% of business executives)
Improved cybersecurity, compliance, and/or privacy protection

Unifying technology (45%)
Technology to unify financial, people, and operational data

Data integration (42%)
Technology to integrate data better between disparate systems/break down data silos

Data usability (37%)
Improved access to quality, usable data

Skills and talent (33%)
Faster acquisition of new skills and talent

Technology for efficiency (32%)
Technology to augment team capacity or gain efficiencies

Survey question: Looking ahead, what investments are you prioritizing to ensure the IT team can continuously meet the demands of the business as it evolves?

Business continuity has encouraged next-level innovation.

Since the COVID-19 pandemic began, efforts to build resilience and maintain continuity in a crisis have prompted leaders to rethink their business priorities.

Take EE Health's digital roadmap. The events of the last few years not only expedited the transformation of the Illinois-based integrated health system, they also evolved patient demand in terms of the service they want to receive—forcing EE to pivot its operations toward a technology-based model.

"The industry has been moving for a long time toward using advanced technology, robotics, and pharma, to reduce or eliminate inpatient hospital stays," explains EE Health EVP, CFO Denise Chamberlain. "Physicians and surgeons are working hard to get comfortable with doing more surgeries on an outpatient basis and then sending the patient home. The patients like it better, so some of that is probably never coming back."

According to Chamberlain, EE Health has embraced a "fail fast" mantra, but not all companies have seized the opportunity to reshape their futures during the pandemic. In fact, more than half of our respondents (54%) agree that technology investments ultimately take priority over the cultural and structural transformations that will embed them. Viewed another way, prioritizing new technology could actually provide businesses with a golden opportunity to re-evaluate and reimagine their processes and systems, which in turn is likely to have a significant impact on their organizational culture.

About half of leaders (49%) say that an inability to connect operational, people, and financial data to business outcomes impairs agility. And 43% agree that their ability to evaluate performance in real time is hindered by operational silos.

Dr. John Boudreau, professor emeritus, Marshall School of Business, and senior research scientist, Center for Effective Organizations, University of Southern California (USC), suggests that organizations should view work as a product, and workers as consumers. "Then," he says, "ask yourself: what if we applied our best product development tools and experts to 'use work as a design experiment'? The best organizations are going to do just that."

Time for a reset?

54% of leaders agree that technology investments ultimately take priority over cultural and structural transformation

49% says their firm's inability to connect operational, people, and financial data to business outcomes impairs agility

43% say their ability to evaluate performances in real time is hindered by operational silos

Survey question: To what extent do you agree with the following statements about the current and future needs of the business?

CHRO focus: promoting agile experimentation.

HR leaders were thrust into the spotlight during the pandemic, and the profession continues to work closely with senior management to shift to agile and hybrid working arrangements while ensuring employee safety, well-being, and engagement.

"The HR team needs to be ready to execute new responsibilities with confidence where there are no existing best practices, and be a grounding force that helps to stabilize the business," says Ciara Lakhani, chief people officer at technology platform Dashlane.

Our research finds that, with 64% of HR leaders either confident or somewhat confident in their team's ability to accelerate transformation, HR teams may be in a position to be business-change enablers.

When asked how they will ensure that workforce skills are fit for purpose in the future, HR leaders cite the unification of people, financial, and operational data as business critical. But the adoption of new technologies is a double-edged sword: 43% of these leaders say they are not confident in their team's ability to elevate human performance with tech.

Why is this the case? According to USC's John Boudreau, "The barriers to digital transformation include a commitment to or being comfortable with tradition, the lack of a growth mindset—the idea of change, automation, or experimentation as a positive—and outdated assumptions, such as that digital transformation and automation replace people in jobs."

If HR leaders can overcome the technology hurdle, says Boudreau, "HR has an opportunity to teach the organization how to begin to see work, work relationships, and organizational and team design through an agile experimentation lens."
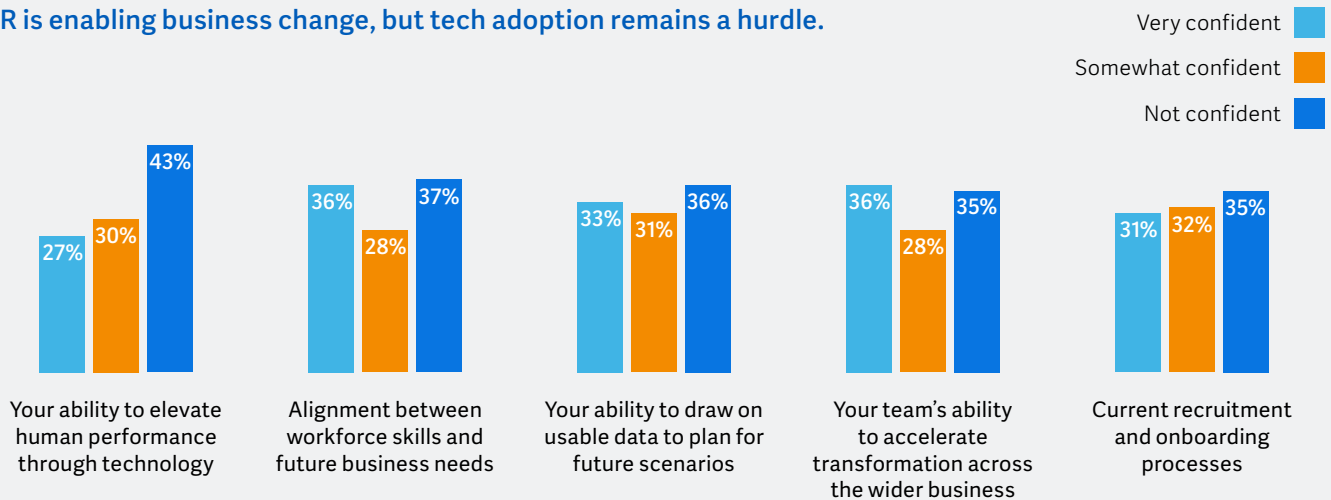
"
The aviation industry has perhaps been the most disrupted by COVID-19. It also has the greatest opportunity to reimagine how it will come back from it."

Bilal Waris
Head of HR Centre of Excellence and Operations, AirAsia

HR is enabling business change, but tech adoption remains a hurdle.

Legend:
- Very confident
- Somewhat confident
- Not confident

	Very confident	Somewhat confident	Not confident
Your ability to elevate human performance through technology	27%	30%	43%
Alignment between workforce skills and future business needs	36%	28%	37%
Your ability to draw on usable data to plan for future scenarios	33%	31%	36%
Your team's ability to accelerate transformation across the wider business	36%	28%	35%
Current recruitment and onboarding processes	31%	32%	35%

Survey question: Thinking about your team's ability to continually meet the demands of the business, to what extent are you confident in the following?

Final word.

Transformation is not isolated to a single place, event, or time. "The reality is, we're going to be transforming for the foreseeable future," says Workday Chief Strategy Officer Pete Schlampp. "There is really no shortage of opportunities to continue to transform and to apply data to new problems."

The crisis has highlighted great ingenuity and resourcefulness. It has also brought about a change in the institutional pecking order.

However far companies have progressed to now, they must keep pace with—and anticipate—business needs as they evolve in order to remain relevant. For that, they need smarter use of data and an organizational culture that supports it.

Five characteristics of an adaptable organization that will help close the acceleration gap and make digital transformation sustainable.

1 Continuous recalibration.
Imagine the entire organization being able to perform shorter plan-execute-analyze cycles, access actionable insights, and align for faster decision-making.

2 Run in the now.
Break down data silos with both transactional and analytics data in the same system so you can operate seamlessly in real time.

3 Mitigate uncertainty with the full picture.
Unify financial, people, and operational data from across the enterprise, providing reports and analytics where data is discoverable.

4 Empower business owners.
Configuration, not coding, means the business can rewire processes, onboard new entities, and spin up new organizational structures in days.

5 Elevate people performance.
    Touchless automation that includes ML can eliminate tedious tasks,
    assist with decision-making, and provide engaging experiences.

It is all about the strategy, says Schlampp: "Step back, consider your vision for
the future, and ask yourself: 'Where do we need to be as a business five years
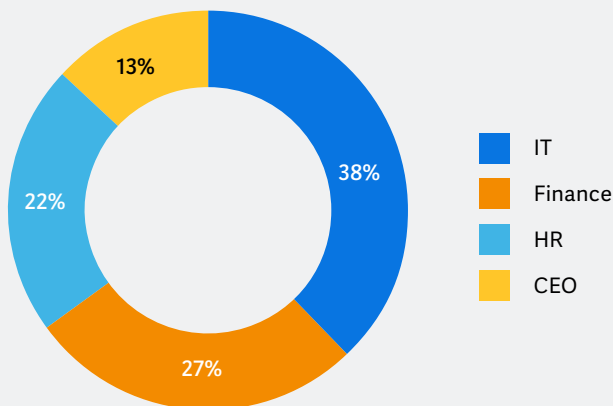from now?' Then, apply your resources to the areas where you're going to get
the most return."

About the research.

The data in this report comes from a global survey commissioned by Workday and conducted by Longitude, a *Financial Times* company, in September and October 2021. The survey of 1,150 business leaders and senior executives (C-suite or their direct reports) sought to understand the impact of digital transformation on three core business functions: finance, IT, and HR.

Respondents were based in North America, EMEA, and APAC, and worked across 13 sectors, with the largest proportions working in the retail (16%), technology (12%), and financial services (11%) sectors.
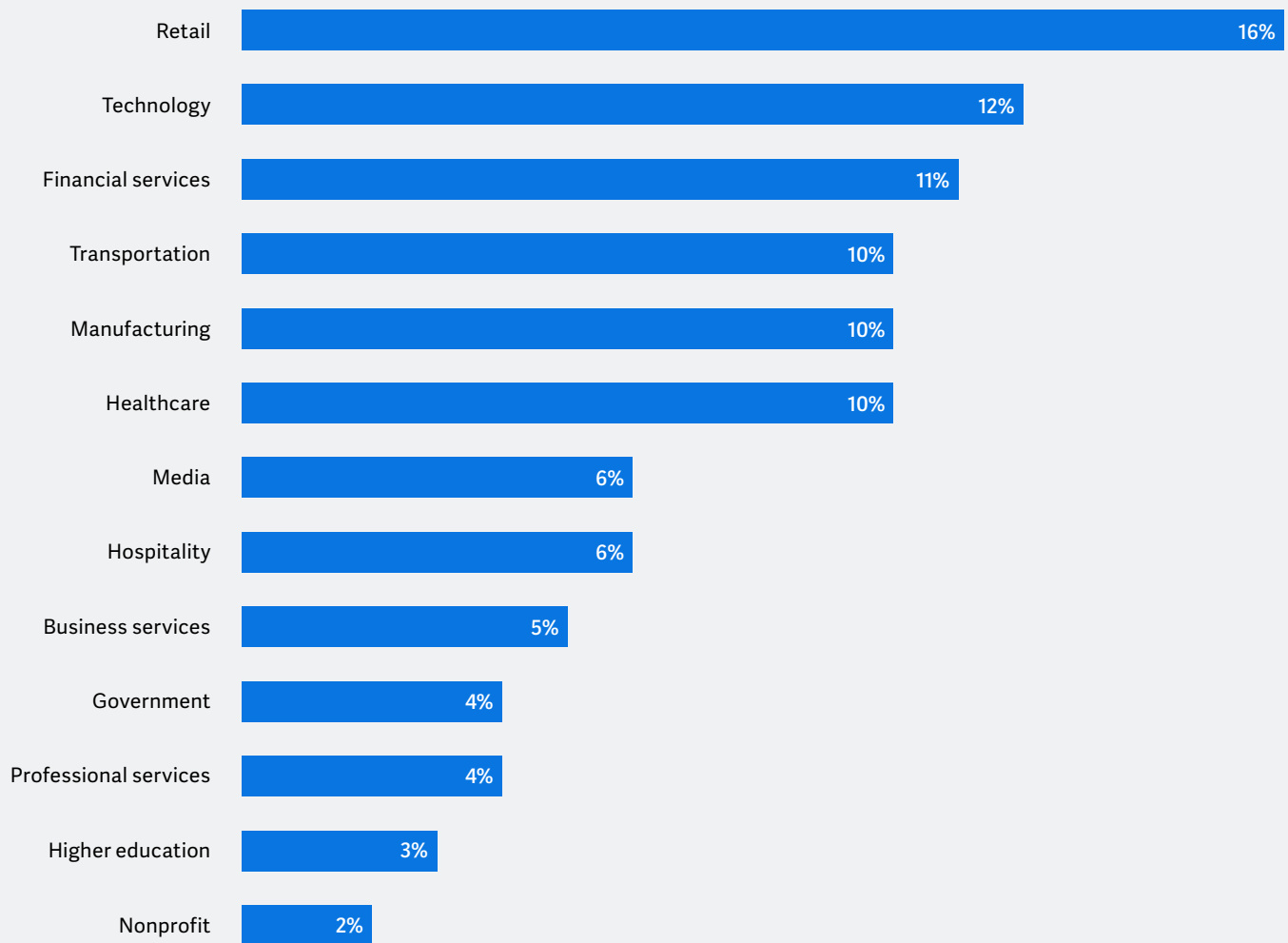
In addition to this quantitative research, between September and November 2021, Longitude carried out 10 in-depth qualitative interviews with senior business leaders and transformation experts from the HR, IT, and finance functions. Participants came from organizations that include AirAsia, Ally Financial, Dashlane, EE Health, the Met Office, and Tokopedia.

Respondents by function.

- IT — 38%
- Finance — 27%
- HR — 22%
- CEO — 13%

Survey question: Which of the following best describes your job role?

Respondents by sector.

Sector	%
Retail	16%
Technology	12%
Financial services	11%
Transportation	10%
Manufacturing	10%
Healthcare	10%
Media	6%
Hospitality	6%
Business services	5%
Government	4%
Professional services	4%
Higher education	3%
Nonprofit	2%

Survey question: In which sector does your company primarily operate?

Respondents by region.

EMEA	APAC	North America
53%	26%	21%

Survey question: In which country are you based for work?

Contact us to see how we can help your finance function accelerate its digital transformation with Workday.
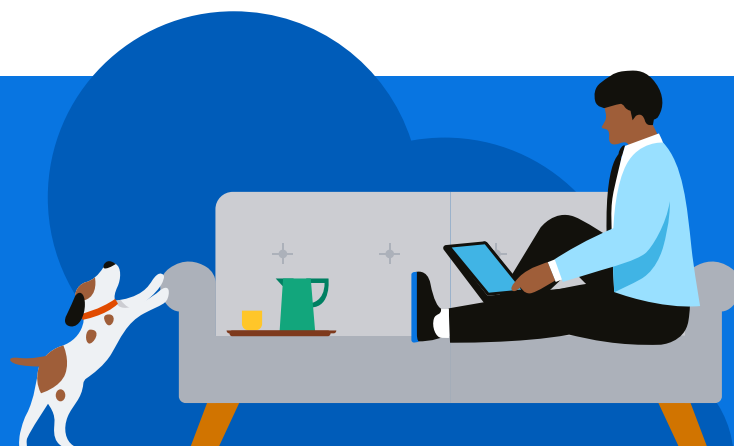
About Workday

Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers adapt and thrive in a changing world. Workday applications for financial management, human resources, planning, spend management, and analytics have been adopted by thousands of organizations around the world and across industries— from medium-size businesses to more than 45% of the *Fortune* 500.

For more information about Workday, visit workday.com.