



Enterprise Digital Adoption | Pinnacle Model™ Assessment 2017 ***Excerpt***

Digital Services (DS)
Market Report – November 2017

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This is a complimentary excerpt from Everest Group's full report, "Enterprise Digital Adoption | Pinnacle Model™ Assessment 2017."

The full report is available on Everest Group's [reports website](#).

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- This report is included in the following subscription(s)
 - **Digital Services (DS)**
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- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
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- Tracking services | Service providers, locations, risk
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Full Report Contents*

- Executive summary
- Differentiators of Digital Pinnacle Enterprises™
- Definition of Digital Pinnacle Enterprises™
- Maturity assessment of five key capabilities
- Comparison of Digital Pinnacle Enterprises™ with industry average enterprises
- Implications
- Demographics
- Appendix

*This excerpt includes select pages from the full report; not all areas listed in the contents are covered in this excerpt

Background of the research

Digital is no longer a need but a necessity to survive in the rapidly evolving market where boundaries between industries and industry players are blurring. Enterprises are rapidly adopting digital strategies to combat disruption from competitors, making significant investments in new and advanced technologies and niche talent to deliver innovative services to their customers.

Most organizations do not have a well-defined, cross-enterprise digital investment strategy. They make investments that do not share common goals and hence do not yield desired returns. Within this context, we have what differentiates Digital Pinnacle Enterprises™ from their peers.

To better understand enterprises' digital strategies, Everest Group conducted a survey for 328 organizations across North America, Europe, the United Kingdom, and Asia Pacific. We evaluated enterprises on five key capabilities: strategy, organization and talent, process transformation, technology adoption, and innovation. This report presents key findings from the digital enterprise survey.

We identified 18 key dimensions in which enterprises are making investments for digital transformation, and further identified five key dimensions where Digital Pinnacle Enterprises differentiate and reap higher returns than the industry average.

Scope of this report:

- **Market segment:** Digital services
- **Geography:** Global

Sources leveraged:

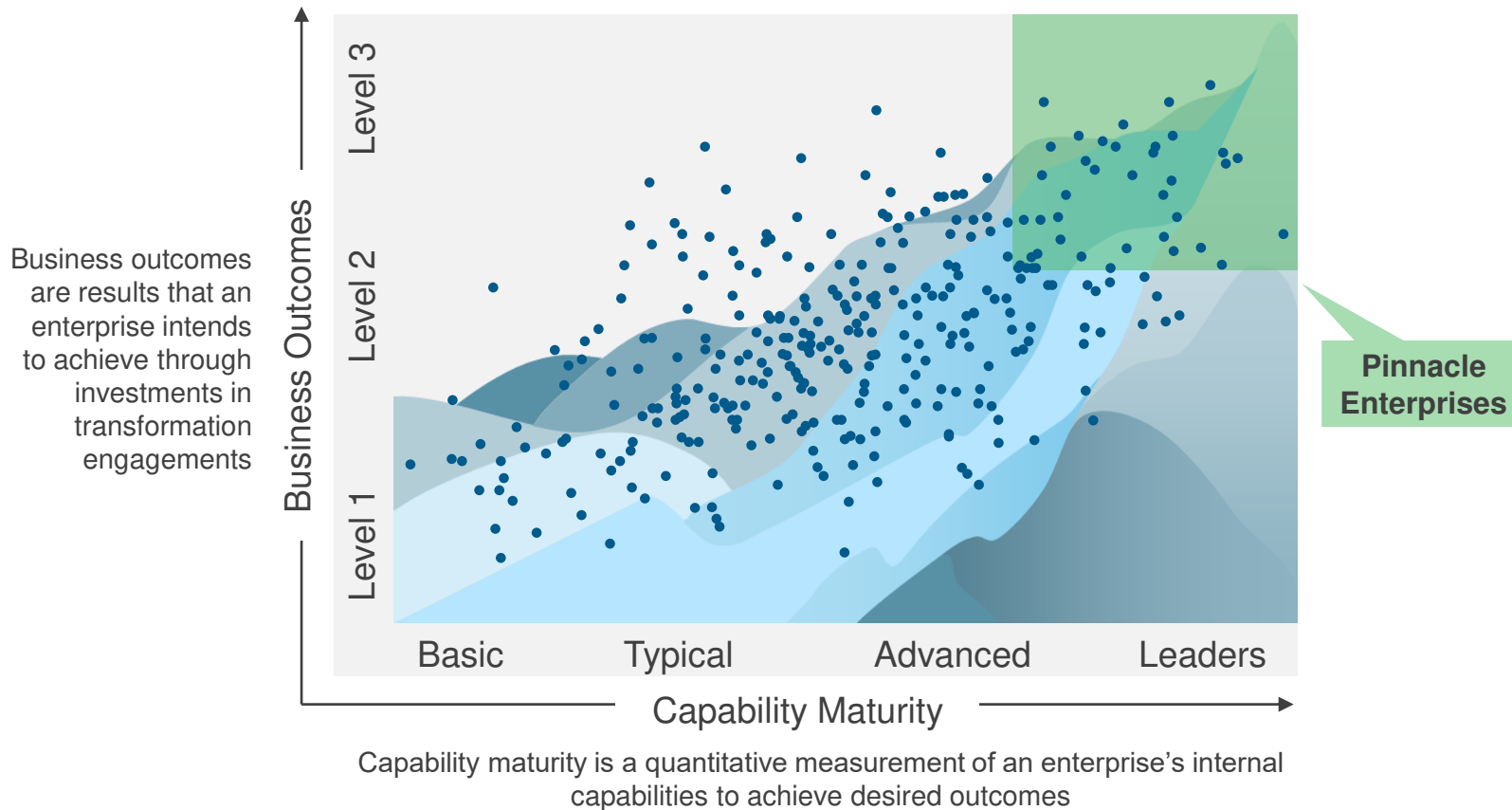
- Everest Group's survey of 328 enterprises with US\$1 billion or more in global revenue
- Survey was taken by Director, VP, and CXO level executives
- Expert analyst inputs
- Previous Everest Group research

Source: Everest Group (2017)

Digital Pinnacle Enterprises™ stand out from the rest

Definition of Digital Pinnacle Enterprises™

- Organizations that stand apart from others for their business outcomes and delivery capability
- Not all organizations will be working toward the same destination, but alignment is critical



Source: Everest Group's Enterprise Digital Analysis (2017)

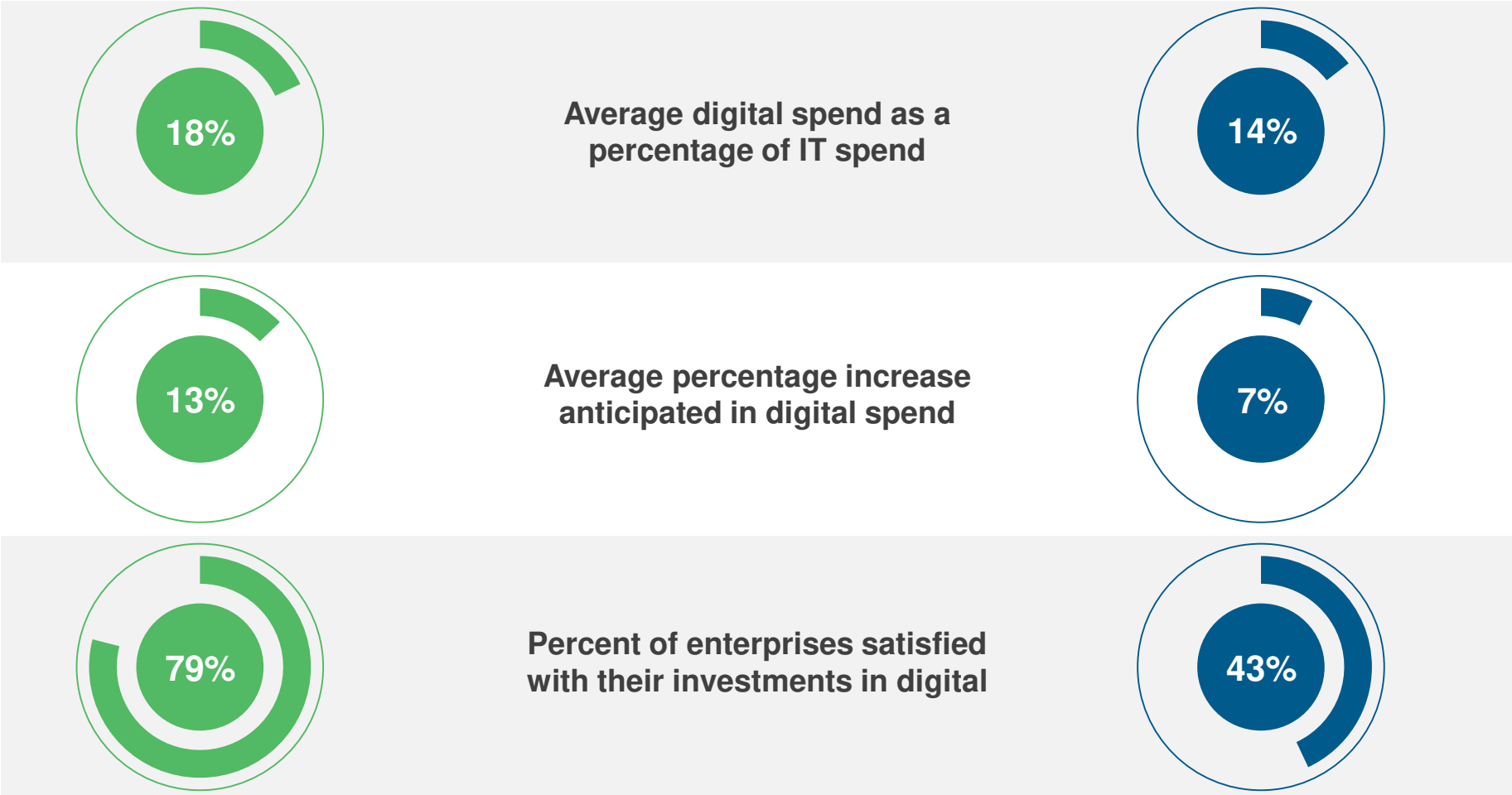
Executive summary: Digital Pinnacle Enterprises' investment strategies

- Digital Pinnacle Enterprises create strategic impact through digital transformation initiatives. They focus on disrupting their industries, improving customer experience, and launching innovative products and services
- Digital Pinnacle Enterprises differentiate from their peers based on their focus on culture, technology adoption, metrics, process reimagination, and innovation; among Digital Pinnacle Enterprises,
 - 87% have invested extensively in adopting an innovation-focused culture
 - 79% focus on technology adoption, such as big data analytics, cloud, DevOps, and cognitive and Artificial Intelligence (AI)
 - 74% define metrics to measure the impact of digital initiatives, such as the number of innovation projects, revenue dedicated to innovation, and executive time spent on innovation
 - 72% have defined current and future states of key internal processes working with their process owners to identify waste
 - 74% continuously explore new ways to improve existing products and services to delight customers
- The banking and capital markets, insurance, electronics, and hi-tech & technology industries show the highest level of maturity in digital capabilities, with higher returns as compared to other industries
- Due to the sophisticated nature of digital requirements, Digital Pinnacle Enterprises struggle to find the right talent for digital skills. Other enterprises struggle most with funding for their digital initiatives and cultural resistance to change
- Decision making in Digital Pinnacle Enterprises is increasingly being led by the Chief Digital Officer and Chief Executive Officer, as digital has far-reaching impact within the organization

Digital Pinnacle Enterprises make higher investments compared to the industry average

Digital Pinnacle Enterprises

Industry Average



Source: Everest Group's Enterprise Digital Analysis (2017)

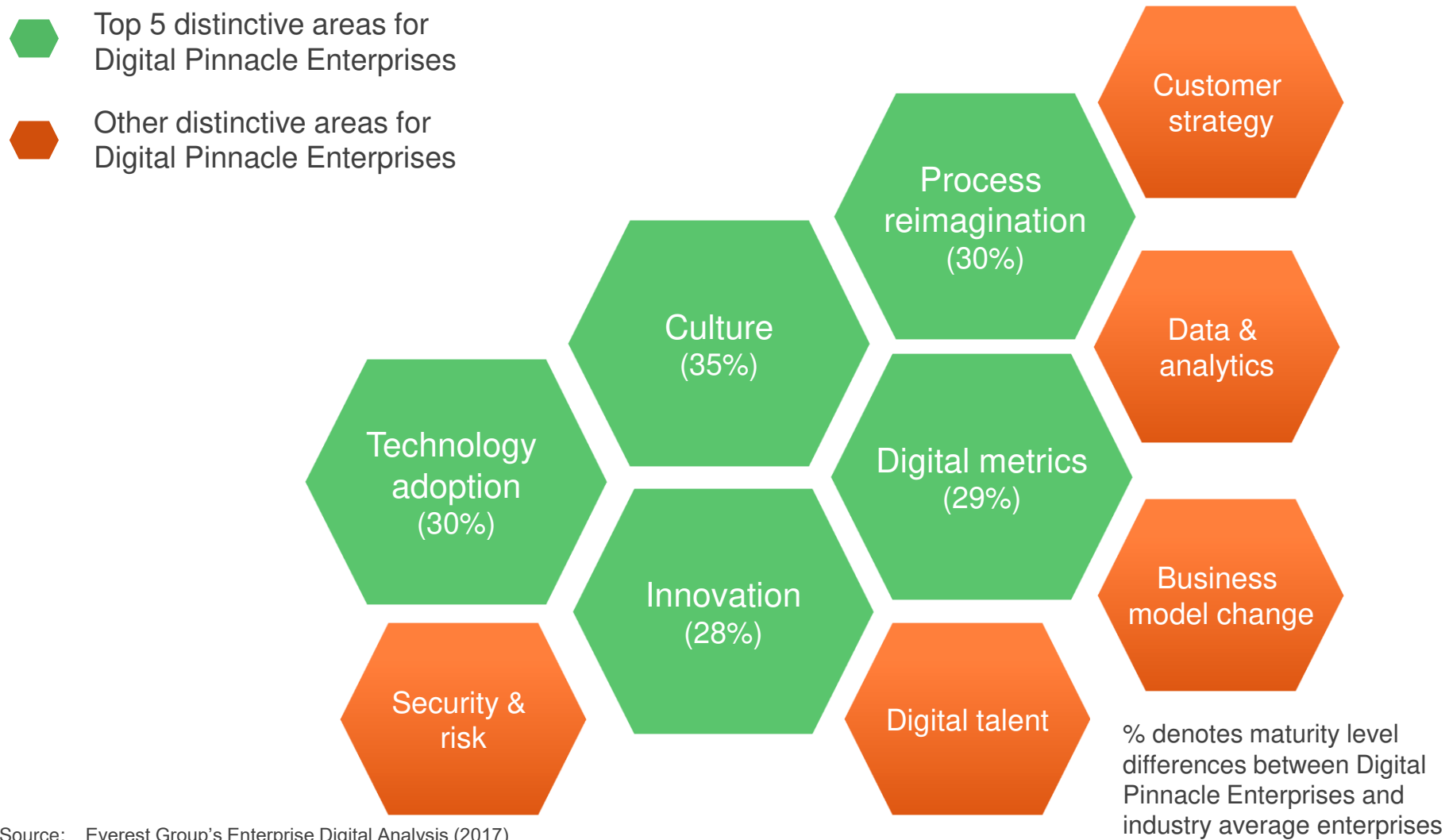
Enterprises use digital for a variety of value propositions; Digital Pinnacle Enterprises™ focus on strategic impact

Everest Group Total Value Equation



Source: Everest Group's Enterprise Digital Analysis (2017)

Digital Pinnacle Enterprises™ achieve high impact with differentiated capability



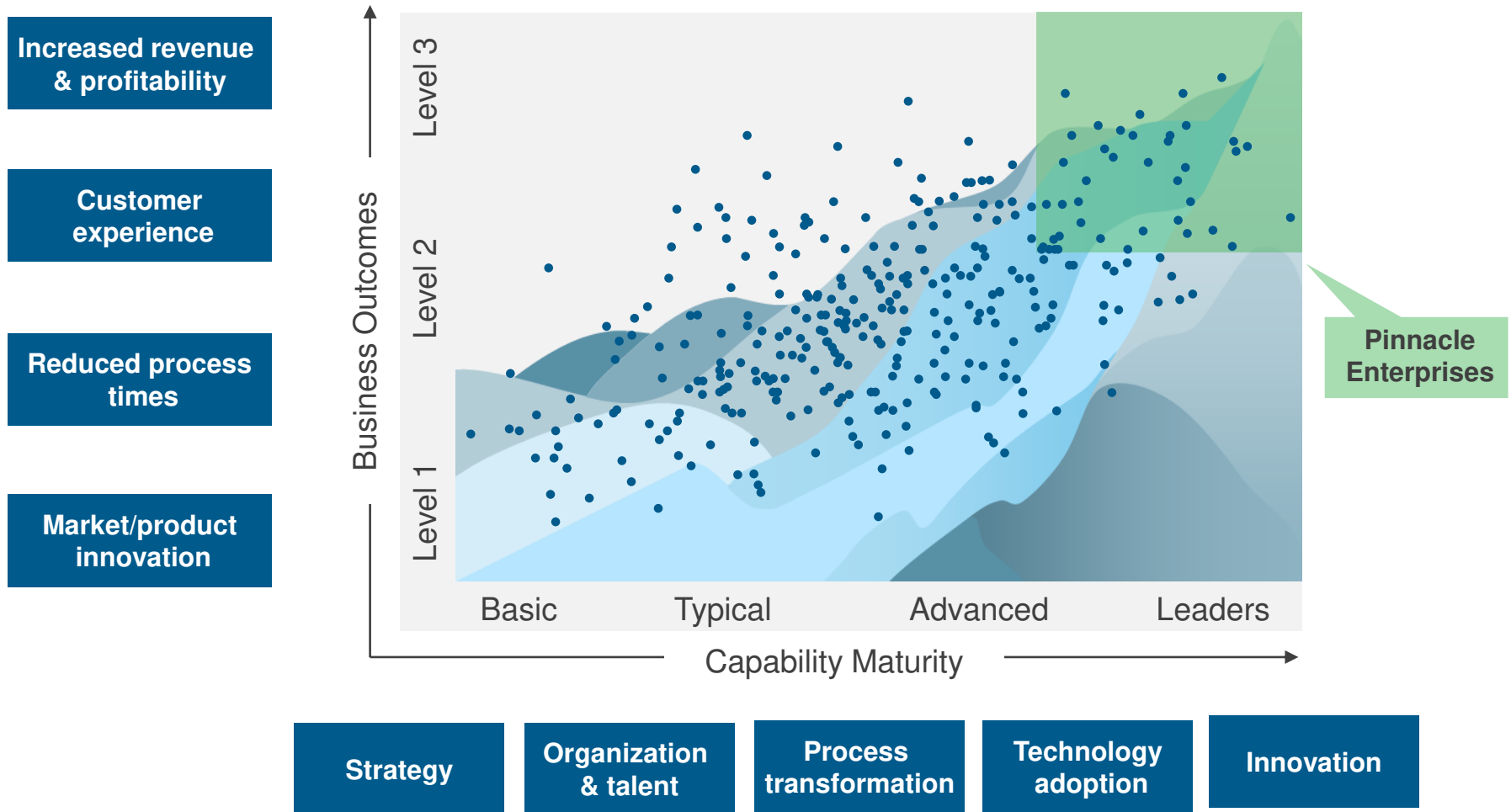
Source: Everest Group's Enterprise Digital Analysis (2017)

Top ten differences between Digital Pinnacle Enterprises and other enterprises

Dimension	Digital Pinnacle Enterprises have...
Culture	A strong focus on promoting innovation and a creative culture across the organization
Process reimagination	Defined future states for existing processes and automated these processes to support digitalization
Technology adoption	A central technology evaluation team that has led to rapid adoption of new technologies across the organization
Digital metrics	Defined new metrics, roles, and responsibilities to track their return on digital investments
Innovation	A centralized team that continually sources ideas from vendors, startups, employees, and customers
Customer strategy	Performed analysis of customer journeys and direct interactions with customers to create the future digital strategy
Security and risk	Included security and risk leaders in new and emerging technology evaluation and digital transformation projects to prepare, manage, and mitigate associated risks
Data and analytics	Used advanced analytics systems across multiple sources including internal systems, social media, third-party sources, etc.
Business model change	Focused on transforming the entire value chain (both internal as well as customer-facing processes) to create competitive advantage
Digital talent	Sourced talent across the organization and integrated that talent with various business units and functions

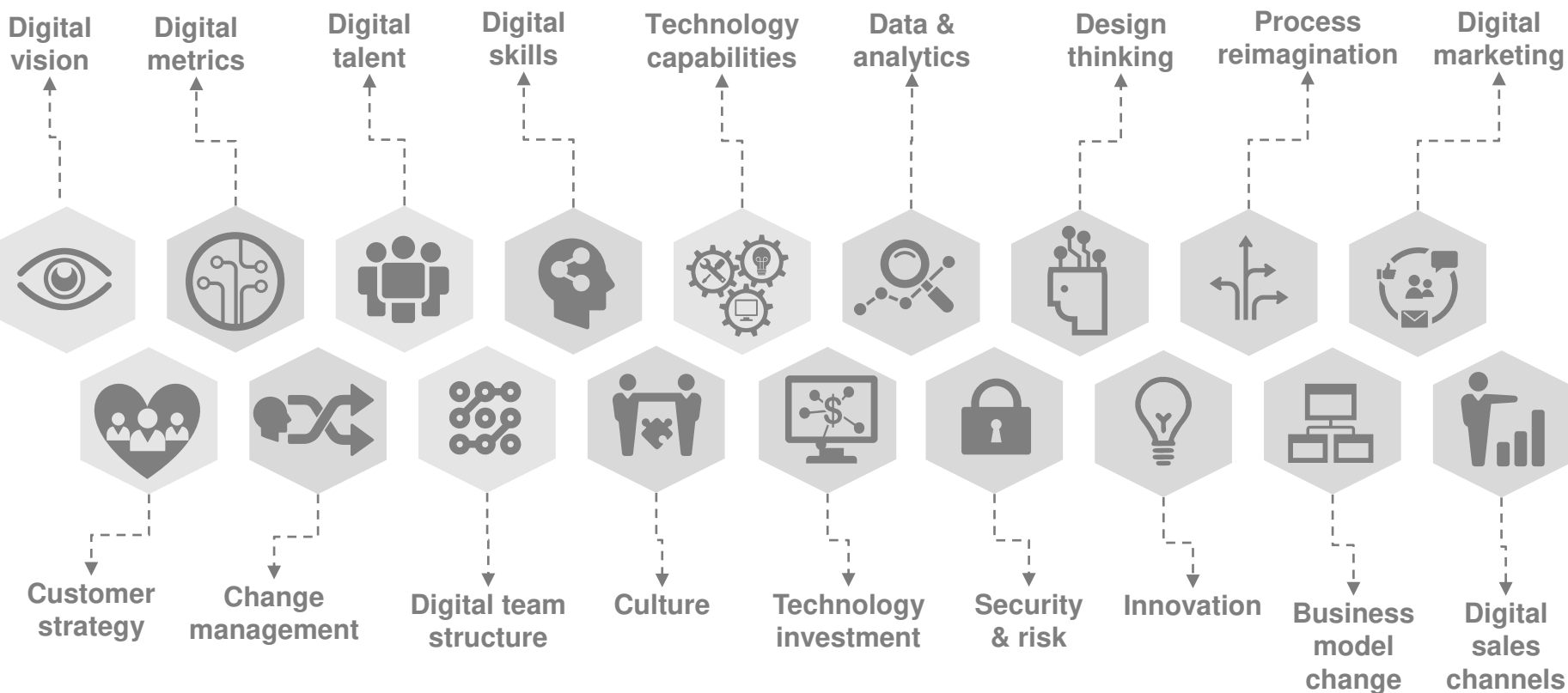
Source: Everest Group's Enterprise Digital Analysis (2017)

We identified Digital Pinnacle Enterprises™ based on their focus on business outcomes and capability maturity



Source: Everest Group's Enterprise Digital Analysis (2017)

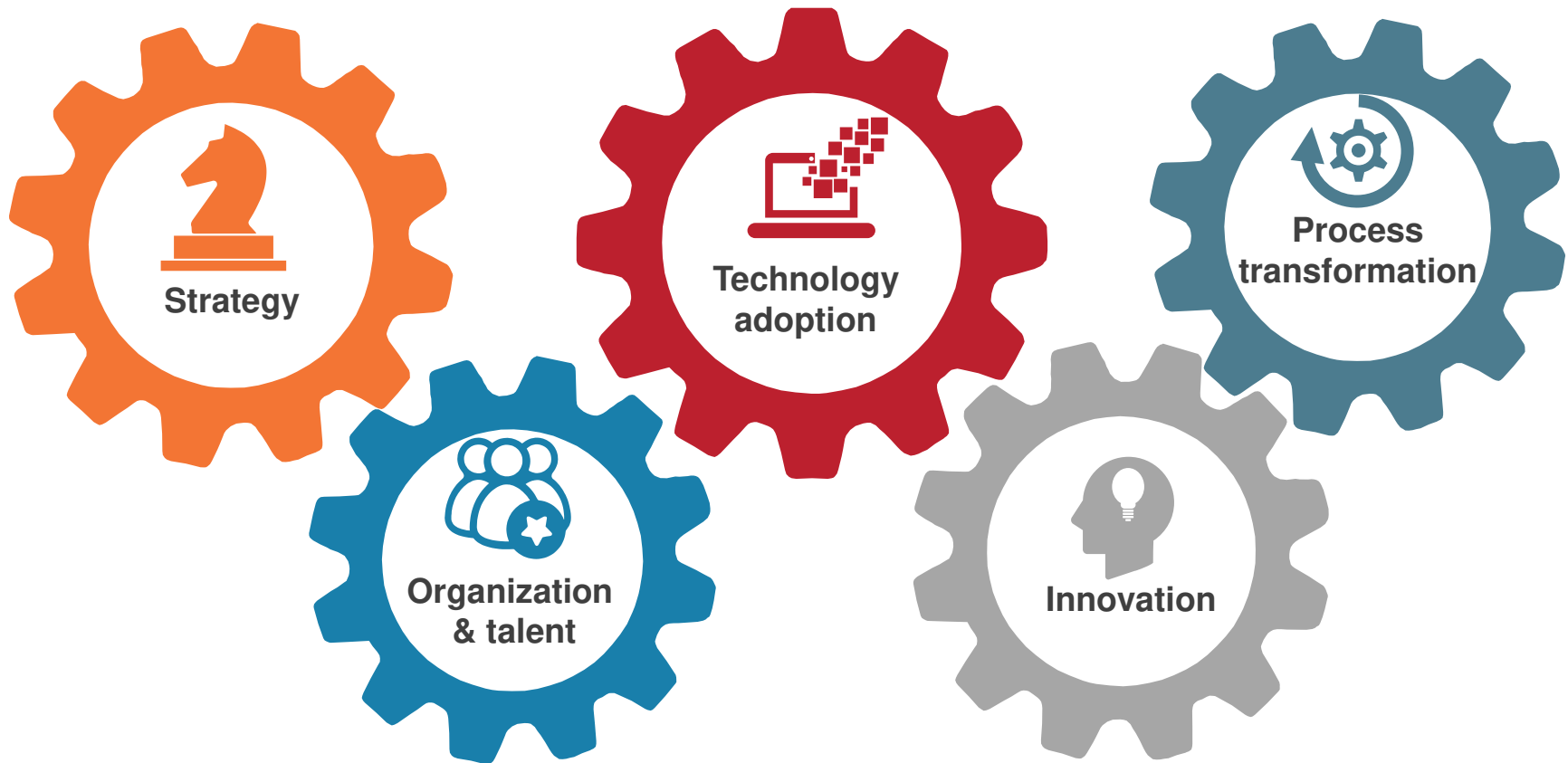
Most enterprises invest in 18 key dimensions to achieve digital transformation



Source: Everest Group's Enterprise Digital Analysis (2017)


Enterprises can achieve digital transformation through significant investment in five key capabilities

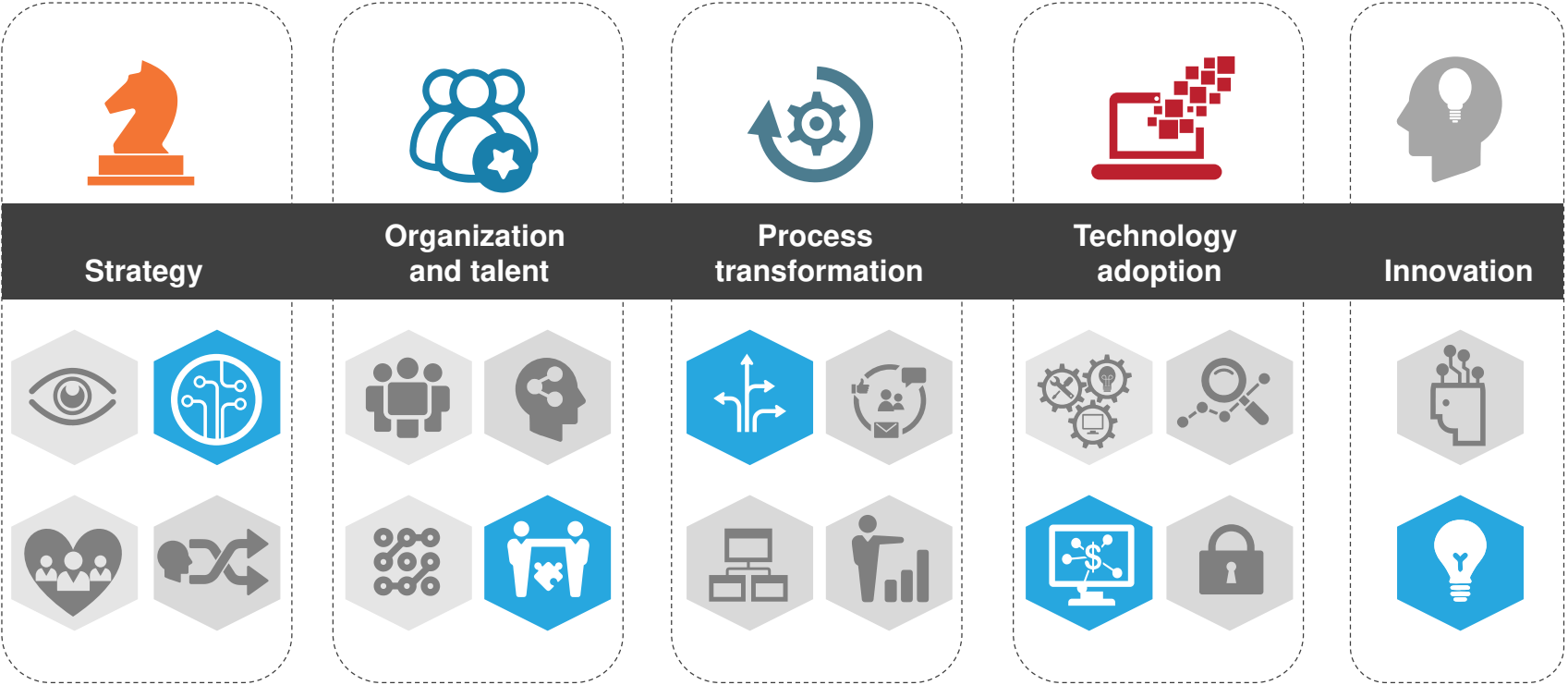
Five capabilities for digital excellence



Digital Pinnacle Enterprises™ invest in five key dimensions

We have identified five key dimensions in which Digital Pinnacle Enterprises have invested more and reaped higher returns compared to their peers

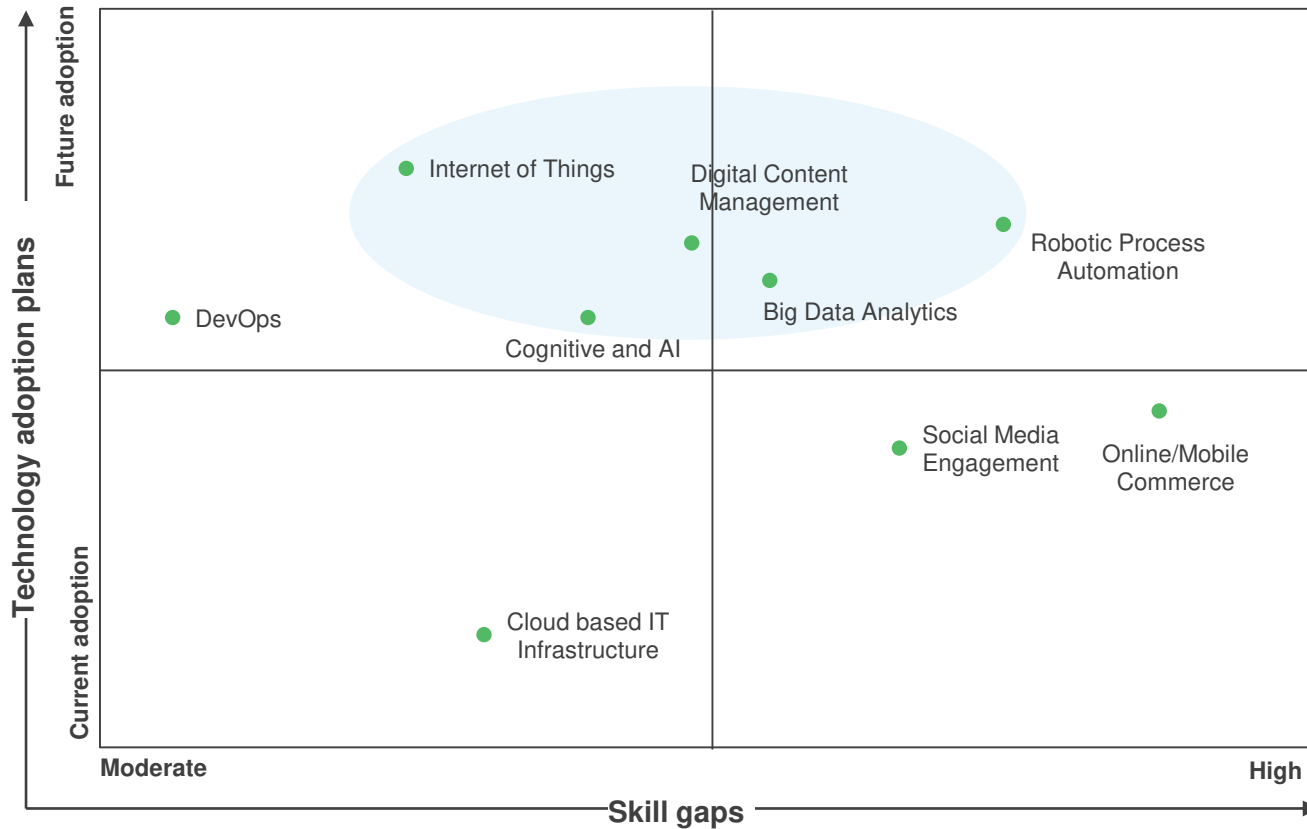
 Highest maturity dimensions



Enterprises plan to adopt new digital technologies but are challenged with skill gaps

Skill gaps vs. technology adoption plans

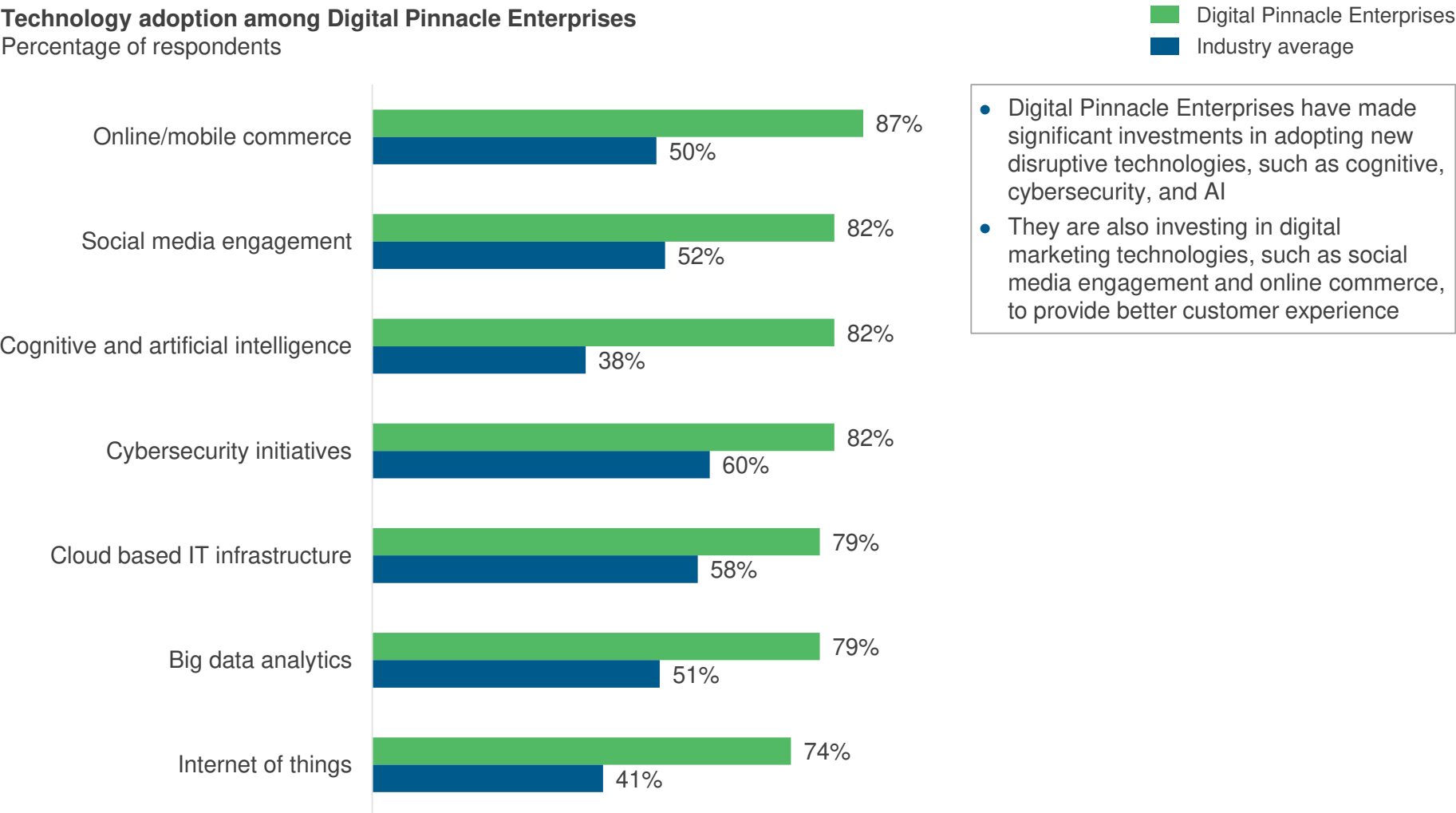
Investment Zone



- Enterprises plan to invest in emerging technologies but face a talent availability gap
- Key technology investment areas include Cognitive and AI, Internet of Things (IoT), Robotic Process Automation (RPA), big data analytics and digital content management
- There has been considerable adoption of cloud-based IT infrastructure, social media, and online/mobile commerce

Digital Pinnacle Enterprises™ have made considerable investments in disruptive technologies

Technology adoption among Digital Pinnacle Enterprises
Percentage of respondents



Source: Everest Group's Enterprise Digital Analysis (2017)

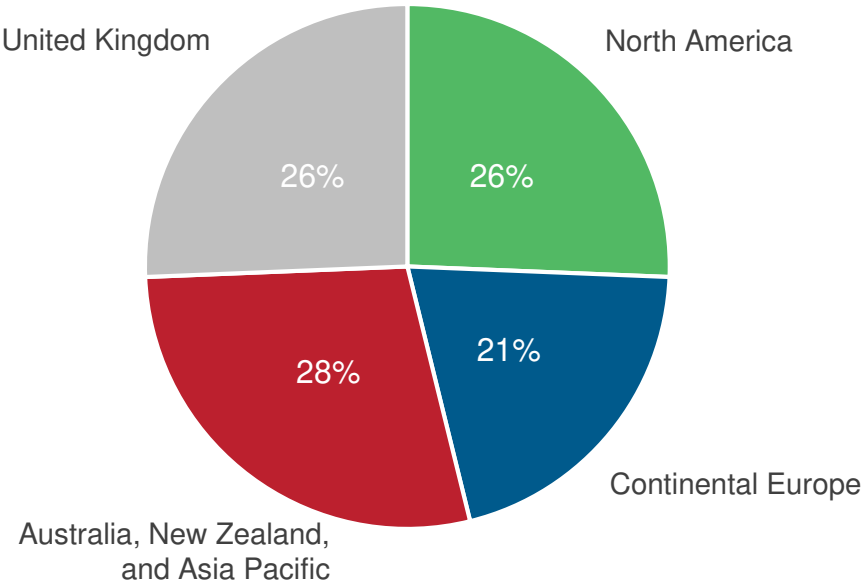
Implications: Enterprises need to invest in growing all five capabilities based on an analysis of their current maturity



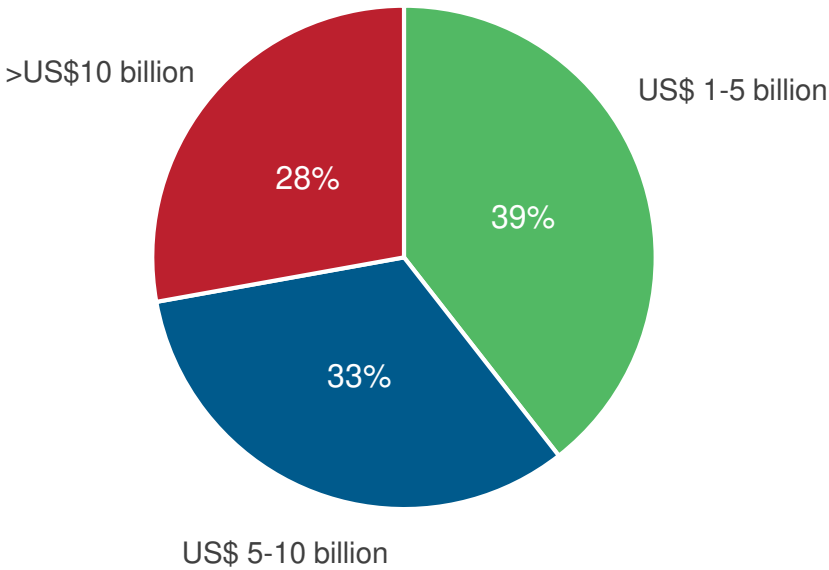
Source: Everest Group's Enterprise Digital Analysis (2017)

Demographics

Geography division
2017; Percentage of respondents



Global annual revenue
2017; Percentage of respondents

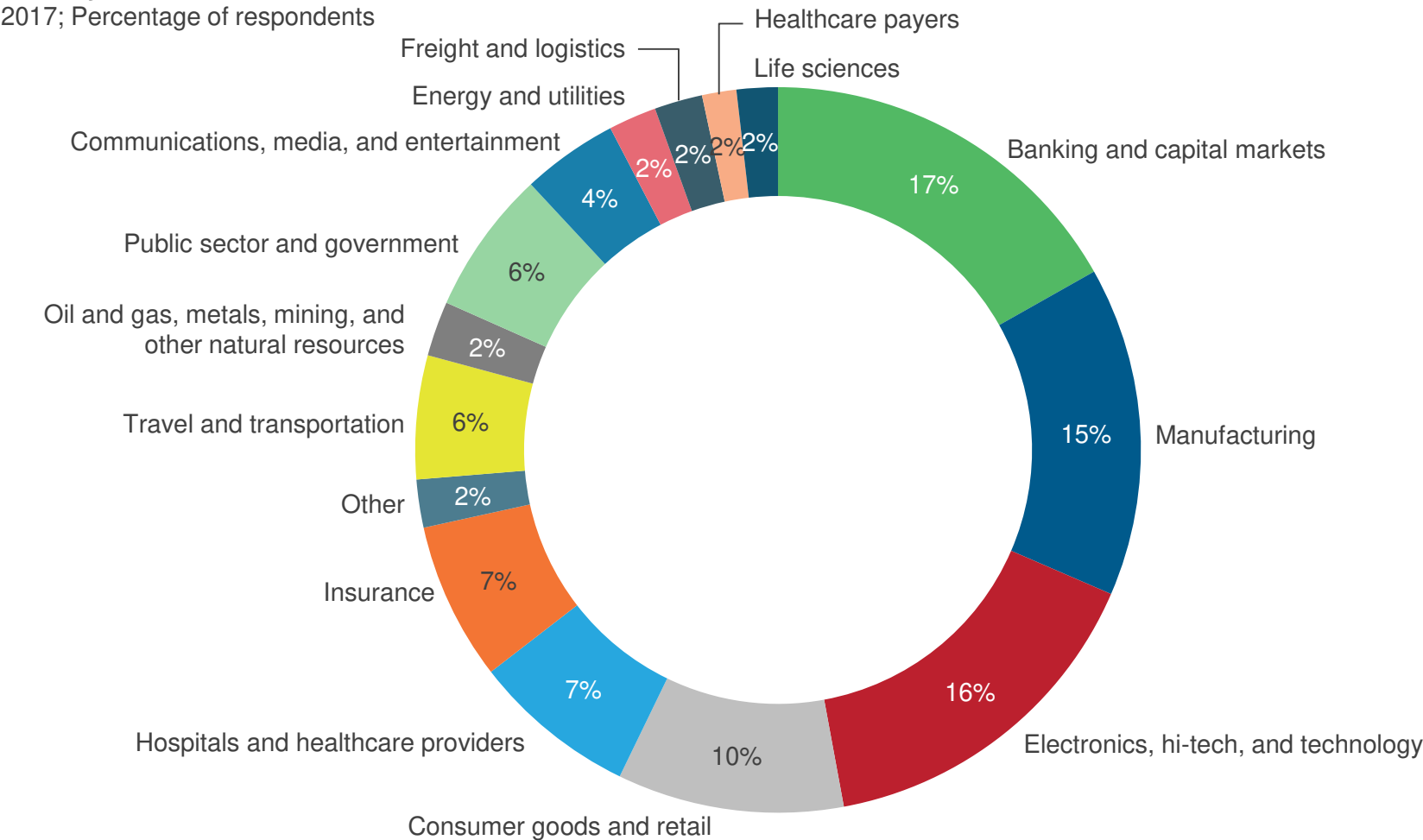


Source: Everest Group's Enterprise Digital Analysis (2017)

Demographics

Industry division

2017; Percentage of respondents



Source: Everest Group's Enterprise Digital Analysis (2017)

Research calendar – Digital Services

Published Planned Current release

Flagship Digital Services	Release date
Digital Services – PEAK Matrix™ Assessment: Redefining customer experience with digital	September 2017
Enterprise Digital Adoption – Pinnacle Model™ Assessment 2017	October 2017
Digital Interactive Agencies PEAK™ Matrix Assessment	Q4 2017
IoT Services PEAK™ Matrix Assessment	Q4 2017

Thematic Digital Services reports	
Customer (Dis)Satisfaction: Why Are Enterprises Unhappy with Their Service Providers?	January 2017
Internet of Things (IoT) in Medical Devices	March 2017
Top 20 IoT Trailblazers: Startups Crossing the Chasm	May 2017
Betting Big: Amazon Leveraging Digital to Transform the Grocery Industry	June 2017
Quality Orchestration: QA in the Digital Era	July 2017
Design Thinking: Innovation Catalyst for Digital Transformation	July 2017
Enterprise Bots Adoption	July 2017
DevOps Best Practices	Q4 2017

Note: For a list of all digital services reports published by us, please refer to our [website page](#)

Additional research references

The following documents are recommended for additional insight into the topic covered in this research. These documents either provide additional details on the topic, or complementary content that may be of interest

1. **Digital Services – PEAK Matrix™ Assessment and Market Trends: Redefining customer experience with digital:** ([EGR-2017-4-R-1932](#)); 2017. Digital adoption has moved from being an IT agenda to an organization-wide agenda, and enterprises are increasingly investing in digital technologies for achieving organizational goals. This research presents an assessment and detailed profiles of 22 IT service providers featured on Everest Group's PEAK Matrix for digital services for 2017.
2. **Design Thinking: Innovation Catalyst for Digital Transformation** ([EGR-2017-4-R-2242](#)); 2017. Several organizations have adopted design thinking to innovate their products and services. Technology giants such as Apple, IBM, and SAP, have adopted design into their daily operations and have seen high impact on their financial results. In this research, we delve deeper into design thinking and its implications on various industries. We also deep dive into how service providers can inculcate a design-driven culture across the organization so that it is reflected in their service delivery.

For more information on this and other research published by Everest Group, please contact us:

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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