

# The **2016** State of **DIGITAL TRANSFORMATION**

By Brian Solis with Jaimy Szymanski  
Includes survey data from 528 digital transformation leaders and strategists

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# EXECUTIVE SUMMARY

Digital Darwinism continues to impact businesses as technology and societies evolve. As a result, organizations are moving away from “business as usual” as they pursue digital transformation to compete. Today, companies are undergoing varying extents of modernization, with systems, models, processes, and architectures advancing along the way.

In the second edition of our “State of Digital transformation” research, we set out to learn how companies are changing and the challenges and opportunities they face while doing so. The data and insights in this report are based on the input of more than 500 digital transformation strategists and executives who are leading change within their organizations. This year, we are seeing companies evolve, with some changing faster and deeper than others. But, what’s most clear is, two years after our previous industry overview, companies are still facing significant challenges to operate in a digital economy.

We learned that efforts in customer experience often serve as the heart and soul of digital transformation, as we also saw in 2014. At the same time, many organizations continue to wrestle with the balance of technology and organizational priorities to define a collaborative and productive path toward change. In many ways, IT remains influential in driving digital transformation. As a result, companies are still prioritizing technology ahead

of customer-centricity and investing in front- and back-office solutions without a clear understanding of customer expectations, preferences, or values. IT is the department most frequently included in digital Centers of Excellence (CoEs), and updating information technology is currently the second-highest priority in terms of digital transformation initiatives.

But, focusing on customer experience (CX) through the lens of technology has its limitations. For example, in 2014 we found that 88% of companies were undergoing digital transformation as a means to improve CX, but only 25% had mapped their customer journeys.<sup>1</sup> In 2016, companies are making progress, but customer-centricity still appears to be more about words than actions. Although CX remains a top driver of digital transformation, only half of the companies we studied have mapped or are mapping the customer journey. While CX mapping is becoming more prominent, it still must gain greater traction to counterbalance (and give purpose to) investments in technology roadmaps.

In 2016, innovation has become a key priority in digital transformation efforts. This trend is rapidly gaining momentum as companies look to the startup ecosystem as a means to innovate and tap into the new expertise and talent often missing from more traditional organizations.

# REPORT HIGHLIGHTS

**CX remains the top driver of digital transformation**, but IT and marketing still influence technology investments (even without fully understanding customer behaviors and expectations).

**Fifty-five percent of those responsible for digital transformation cite “evolving customer behaviors and preferences”** as their primary catalyst.

**Only half (54%) of survey respondents have completely mapped out the customer journey** within the last year or are in the process of doing so.


**A mere 20% of digital transformation leaders are studying the mobile customer journey** and/or designing for real-time “micro moments” in addition to customer journey work.

**The top three digital transformation initiatives at organizations** today are accelerating innovation (81%); modernized IT infrastructure with increased agility, flexibility, management, and security (80%); and improving operational agility to more rapidly adapt to change (79%).

**Digital transformation is largely led by the CMO** (34%).

**Just 29% of companies have a multi-year roadmap** to guide digital transformation evolution.

# THE 2016 STATE OF DIGITAL TRANSFORMATION



Executives are going “all in” on exploring the impact and potential of digital on their companies and markets. To what extent these companies change, and how quickly, is dependent on a variety of elements ranging from culture to expertise to insights, and everything in between.

Digital transformation is working its way from the edges of the organization to the middle. Disparate efforts throughout the company, whether it's IT, marketing, or innovation, are starting to unite around a common effort to organize work, align executives and direction, and reframe business models. One of the driving factors behind those cross-functional efforts is CX.

## DEFINING DIGITAL TRANSFORMATION

Over our years of digital transformation research, we've learned that there are many definitions for the topic depending on who you talk to in the ecosystem. And, when rooted in the context of CX efforts, digital transformation carries even broader implications and opportunities for companies. Based on interviews with digital and innovation leaders over the past few years, we continually adapt our definition to reflect its current state and direction. For this report, we define digital transformation as:

*The realignment of or investment in new technology, business models, and processes to drive value for customers and employees and more effectively compete in an ever-changing digital economy.*

# CX CONTINUES TO DRIVE DIGITAL TRANSFORMATION EFFORTS

Companies look to customer behavior to inform and lead change, which puts CX at the heart of accelerating digital transformation initiatives. More than half (55%) of those responsible for digital transformation cite “evolving customer behaviors and preferences” as their top driver of digital transformation (see Figure 1).

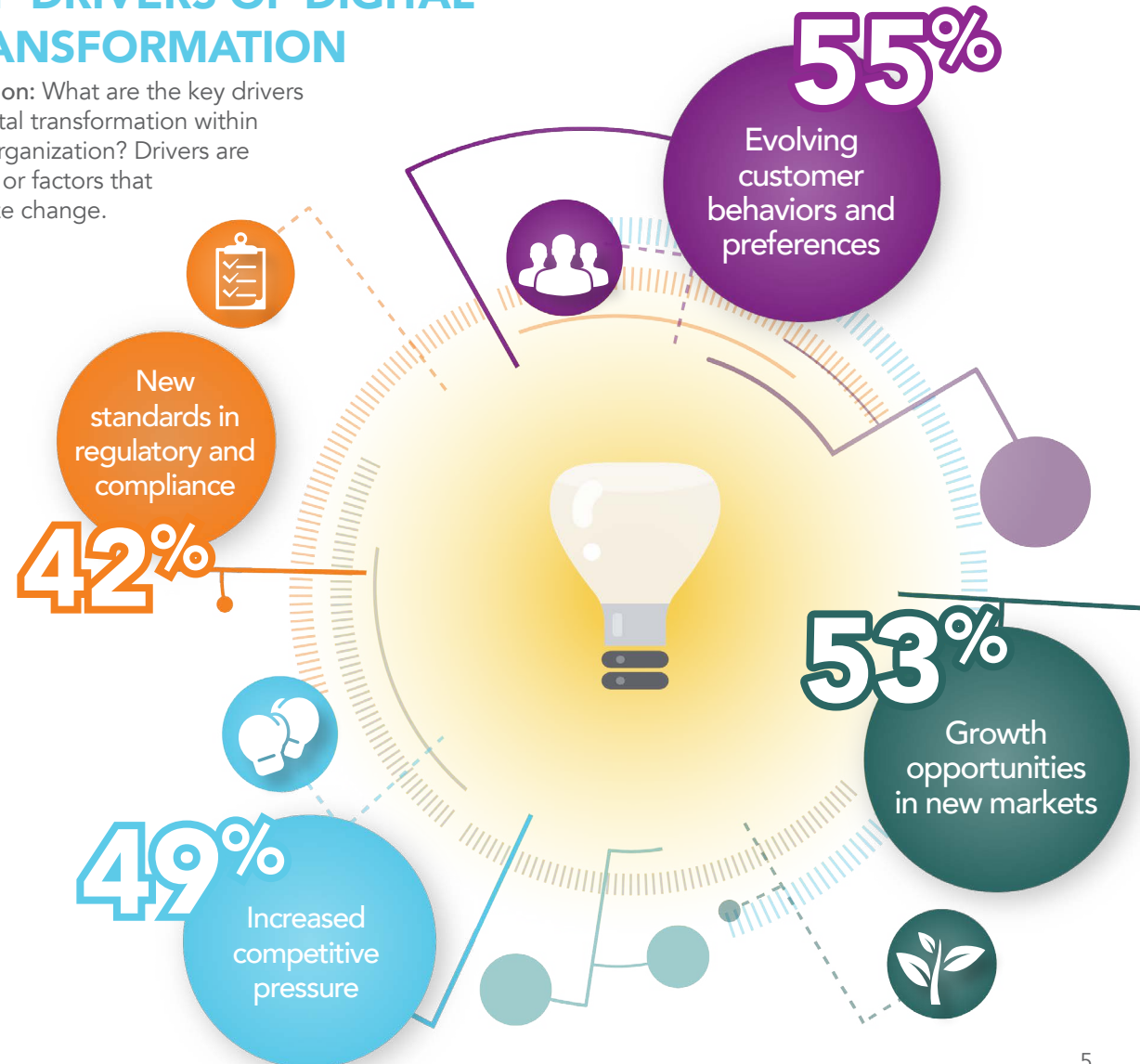
But it’s not just about chasing digital customers. As technology and customer behavior evolve, businesses are identifying new ways to increase reach, revenue, and impact.

Fifty-three percent cite “growth opportunities in new markets” as a driver to not only reach existing customers in better ways, but also to expand markets.

The better companies understand digital customers, identify new markets, and increase digital literacy, the more they earn significant competitive advantages. This causes pressure for other companies to respond. Almost half of those surveyed (49%) cited “increased competitive pressure” as driving their efforts.

**FIGURE 1.**  
**TOP DRIVERS OF DIGITAL TRANSFORMATION**

Question: What are the key drivers of digital transformation within your organization? Drivers are trends or factors that catalyze change.



# DIGITAL TRANSFORMATION BEST PRACTICES

In 2016, we introduced the digital transformation OPPOSITE framework based on three years of interviews with executives who are gaining traction in driving mature digital transformation initiatives.<sup>2</sup> OPPOSITE (see Appendix) is an acronym that represents a step-by-step approach companies can take to accelerate and unify efforts around digital transformation. These steps are based on a series of people-centric best practices, which represent Orientation, People, Processes, Objectives, Structure, Insights and Intent, Technology, and Execution. Specifically, we learned those companies that invested in better understanding the customer experience, as well as the digital and mobile journeys, were able to identify actionable insights and purpose. We found parallel trends and best practices emerged in our *2016 State of Digital Transformation* survey data.

## MORE COMPANIES ARE MAPPING THE DIGITAL CUSTOMER JOURNEY

In 2014, only 25% of companies undergoing digital transformation had mapped the customer journey and had a clear understanding of new or underperforming digital touchpoints. Yet, 88% cited CX as the driver for change. Technology was widely viewed at the time as the solution for change. But now, businesses are investing in a customer-centric approach that offers insights, purpose, and direction.

Today, 54% of survey respondents have completely mapped out or are in the process of mapping out the customer journey (within the last year). That's more than double the figure from only two years ago. These companies do so to find the data to define and prioritize their digital transformation roadmap.

Even though this is progress, to date only half (52%) of companies currently have a customer research program in place to better understand digital customer behaviors.



A hand holding a smartphone is shown on the left side of the page. Overlaid on the image is a network diagram consisting of white lines connecting various points, forming a web-like structure. The background is a blurred image of a hand holding a phone.

## AN ELITE GROUP OF COMPANIES IS EXPLORING “MOBILE-FIRST” MOMENTS

Mobile has given way to what Google refers to as “micro-moments,”<sup>3</sup> and they are completely upending traditional customer journeys. These mobile-first moments play out in common scenarios when someone is intent to do, buy, or learn something. As consumers increasingly use their phones to complete everyday activities, they’re fracturing the consumer journey into hundreds of new “micro” touchpoints where they seek real-time, mobile-optimized content, reviews, shared experiences, and direction online. Traditional touchpoints, such as websites, contact centers, representatives, affiliates, etc., don’t meet heightened expectations. In fact, they deter from what’s becoming an on-demand customer experience. As such, micro-moments represent new, critical opportunities for brands to shape their decisions and preferences.

**20%**  
of digital  
transformation  
leaders are studying  
the mobile customer  
journey

Despite all of this, just 20% of digital transformation leaders are studying the mobile customer journey and/or designing for real-time micro-moments in addition to customer journey work. Clearly, for companies to mature through the six stages of digital transformation, they must understand mobile’s impact on customer decision-making, behaviors, and value.

Mobile is just the beginning of disruption in the customer journey. With the runway for disruptive technologies still ahead (e.g., wearables, Internet of Things (IoT), artificial intelligence, virtual and augmented reality), companies will need a resilient infrastructure that adapts to not only mobile’s “micro-moments,” but also the impact of all these trends and new devices over time. One way to do so is to evolve digital transformation toward a state of innovation and adaptability. For example, in our recent *Six Stages of Digital Transformation* research (see Figure 2), we learned that mature companies were developing “innovation” teams, departments, and official innovation centers to study, partner with, invest in, acquire, and experiment with emerging technologies.

FIGURE 2.

## THE SIX STAGES OF DIGITAL TRANSFORMATION

From Altimeter Group's 2016 report, [The Six Stages of Digital Transformation](#), available for download from our website



### **BUSINESS AS USUAL:**

Organizations operate with a familiar legacy perspective of customers, processes, metrics, business models, and technology, believing that it remains the solution to digital relevance.



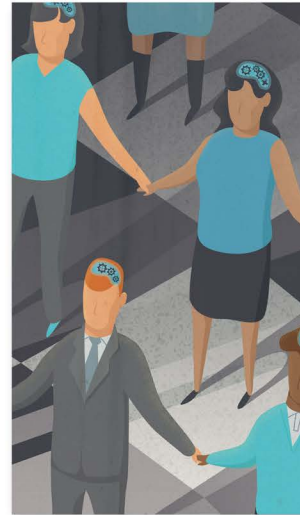
### **PRESENT AND ACTIVE:**

Pockets of experimentation are driving digital literacy and creativity, albeit disparately, throughout the organization while aiming to improve and amplify specific touchpoints and processes.



### **FORMALIZED:**

Experimentation becomes intentional while executing at more promising and capable levels. Initiatives become bolder and, as a result, change agents seek executive support for new resources and technology.



### **STRATEGIC:**

Individual groups recognize the strength in collaboration as their research, work, and shared insights contribute to new strategic roadmaps that plan for digital transformation ownership, efforts, and investments.



### **CONVERGED:**

A dedicated digital transformation team forms to guide strategy and operations based on business and customer-centric goals. The new infrastructure of the organization takes shape as roles, expertise, models, processes, and systems to support transformation are solidified.



### **INNOVATIVE AND ADAPTIVE:**

Digital transformation becomes a way of business as executives and strategists recognize that change is constant. A new ecosystem is established to identify and act upon technology and market trends in pilot and, eventually, at scale.

# LEADERS STRUGGLE TO UNDERSTAND NEW CONNECTED CUSTOMER BEHAVIORS

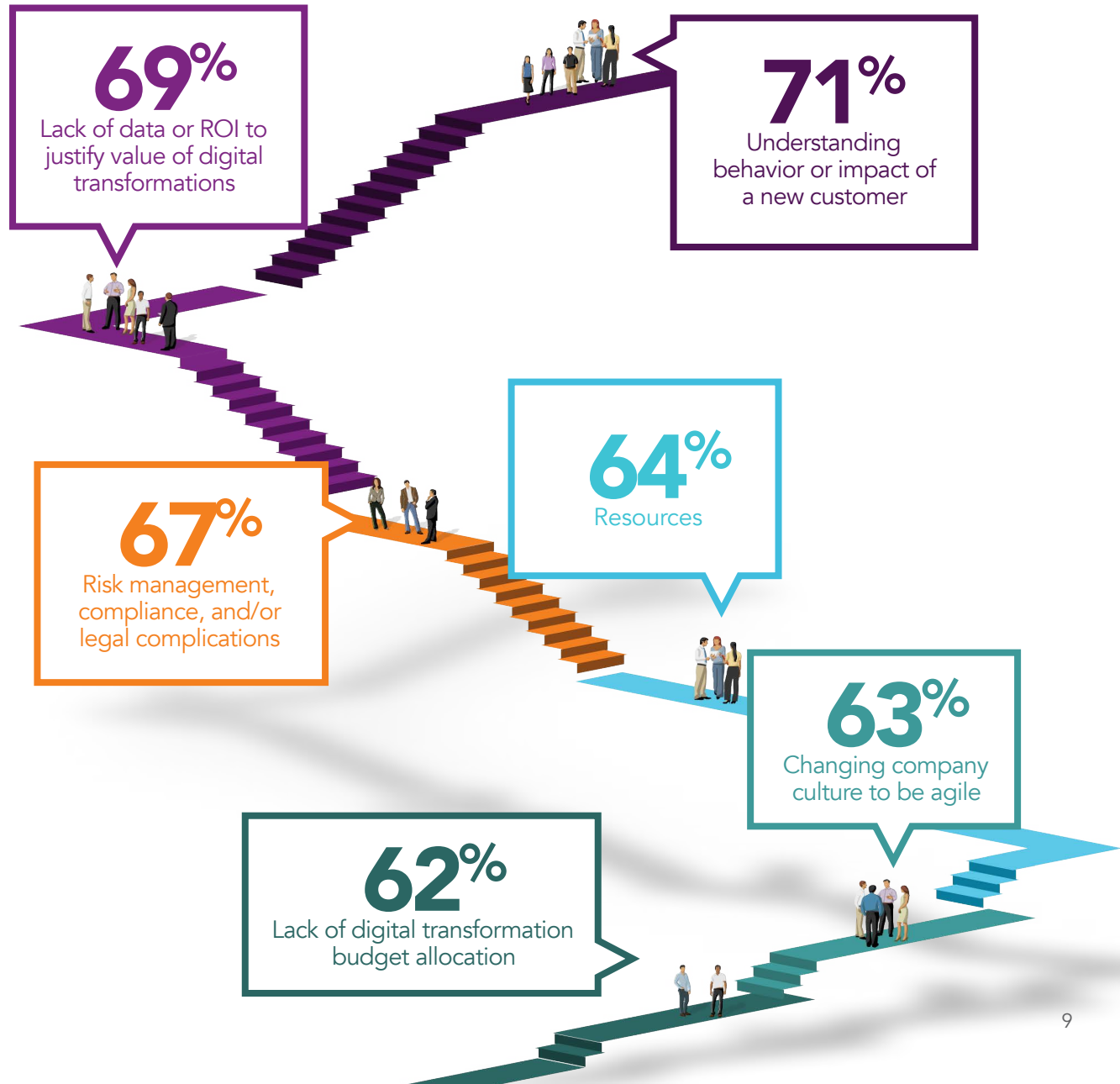
Executives still don't engage with the brand or business the way customers do. By not prioritizing customer journey work, companies face challenges in understanding new consumer behaviors and missing related datasets for decision-making. Companies that don't grasp or internalize the customer journey are obstructed from seeing its potential for optimization and innovation.

It's not a surprise, therefore, that the top challenge faced by those leading digital transformation is understanding behavior or impact of new connected customers (71%) (see Figure 3). This trend has grown since 2014, when 53% of respondents cited familiarity with this challenge.

FIGURE 3.

## DIGITAL TRANSFORMATION CHALLENGES

Question: Each of the following describes different types of challenges surrounding digital transformation initiatives. Please indicate the severity of each challenge as it relates to your digital transformation efforts. Data reflects responses marked "challenging" and "very challenging."



As more companies evolve, change agents are asking leaders for more funding and resources. In turn, they're being asked for results projections to support their requests and roadmaps. This lack of data or ROI to justify the value of digital transformation (69%) is still holding companies back from taking steps toward digital relevance, a sizable increase from our 2014 survey wherein only 34% of respondents cited the lack of data as a challenge. Although we're in an era of Big Data, companies still struggle to capture, comprehend, and act on insights available to them. This increasing gap between the ability to gather data and actually act on it (or position it in a compelling way) is affecting the potential for digital transformation advancement.

Another top challenge facing digital transformation is the very thing that governs the course of business: a culture that is pervasively risk-averse (63%). Boards, shareholders, and stakeholders want to make improvements and increase profitability but are often unwilling to examine and change the governance in place today. According to our survey respondents, risk management, compliance, and/or legal implications now represent the third greatest challenge at 67%. Yet, together, these are the very things that can facilitate change while creating a modern governance framework.



69%

of leaders are challenged  
by a lack of data or  
ROI to justify digital  
transformation

# DIGITAL TRANSFORMATION LEADERSHIP AND GOVERNANCE

The path to digital transformation is forged by those who aim to, or by default, blaze new trails. However, it isn't always clear early on who should drive or own digital transformation. Over the years, CMOs, CEOs, CIOs, and even the newly appointed Chief Digital Officer (CDO) have invested in initiatives that serve as the spark to move things forward. But, they often operate in isolation simply because of the nature of everyday business. That changes over time as champions of change realize they can make quantum leaps ahead by partnering with those leading separate efforts.

## THE CMO AND CEO CONTINUE TO LEAD DIGITAL TRANSFORMATION

Who owns digital transformation? According to our survey, digital transformation is largely led by the CMO (34%). Not far behind, though, is a digitally savvy generation of CEOs who, at 27%, recognize that it's time to lead their companies into the 21st century (see Figure 4). This is a number that we expect to grow in the coming years.

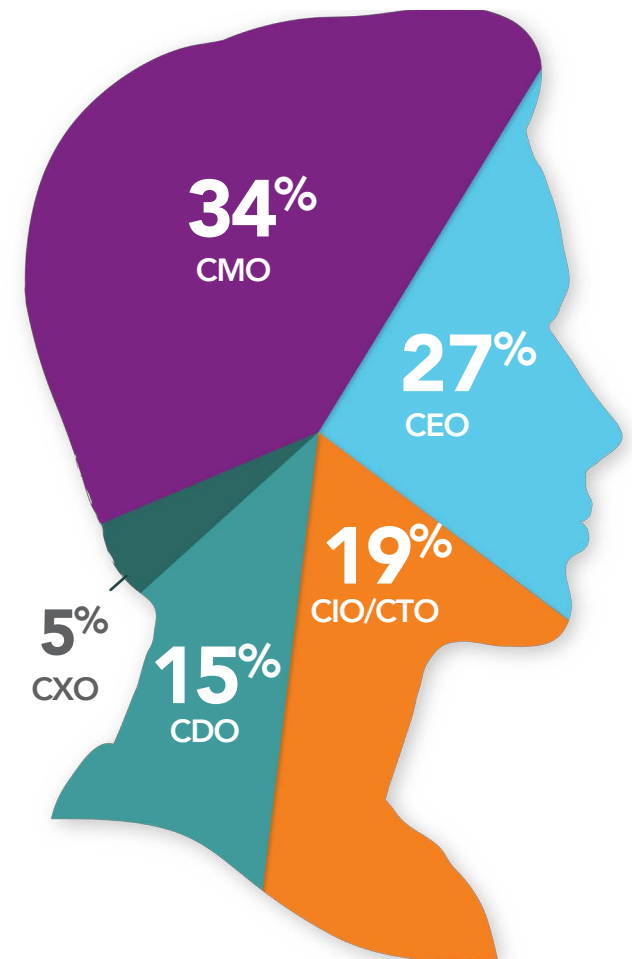
Digital transformation originally gained traction with CIOs, when it was driven by technology adoption over CX. Today, however, only 19% of CIOs are leading digital transformation efforts. It's understandable, as we found in earlier research that digital transformation is now about people first and technology second<sup>4</sup>.

Interestingly, the newly titled "chief experience officer" only represents 5% of leadership initiatives, gaining no ground since our 2014 study (5%).

Either way, this is a role that will become prominent over time, title aside, as customers will only continue to evolve. CMOs, CEOs, and CIOs will all assume CX-related responsibilities, which makes a chief CX role unnecessary.

FIGURE 4.  
**DIGITAL TRANSFORMATION LEADERSHIP FROM THE C-SUITE**

Question: Which executive is leading the digital transformation initiative?





## DIGITAL DEPARTMENTS ARE MORE COMMON THAN “CENTERS OF EXCELLENCE”

Steering committees, digital departments, and Centers of Excellence (CoEs) — what do they all mean, and how are they shaping digital transformation? Each, in their own way, is attempting to tackle the unknown by learning from, experimenting with, and adapting to new market dynamics.

Cross-functional steering committees are tasked specifically with solving for digital transformation at an enterprise level. Marketing, IT, CX, HR, legal, etc., mix and unite to carry an impact beyond any one silo. More than half (53%) of companies have an informal digital transformation steering committee that includes representatives from one or more departments. And, 40% of these companies have formally sanctioned committees as official working groups.

These formal workgroups, otherwise known as CoEs, serve as the executive-sponsored entity to lead digital initiatives. They typically have four to seven members, coming primarily from IT (63%), mobile (41%), e-commerce (40%), the C-suite (38%), and CX teams (38%). Legal is only included in digital CoEs 6% of the time, a figure which will need to increase over time to help rewrite the balance between risk and opportunity (see Figure 5).

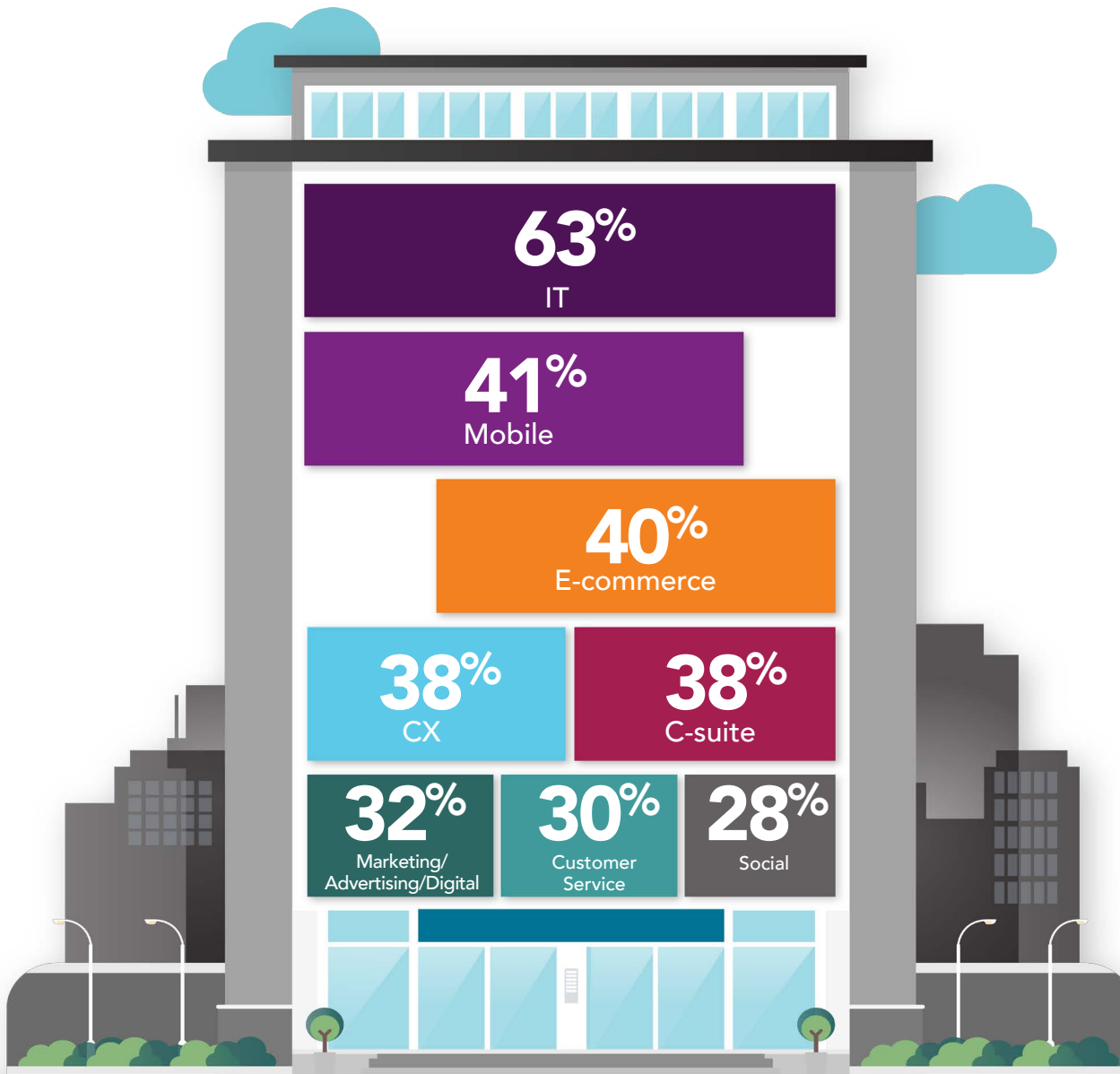
**53%**  
of companies  
have informal  
digital transformation  
steering committees

**40%**  
have formalized  
committees

FIGURE 5.

## DIGITAL CENTERS OF EXCELLENCE, DEPARTMENTAL CONTRIBUTIONS

Question: What departments are represented in the digital center of excellence or digital hub?  
Check all that apply.



Digital departments are now very common, with 81% of companies citing their existence. Yet, only 40% have a formalized cross-functional workgroup. These digitally focused groups tend to employ four to five full-time employees. But, as of now, they're mainly focused on emerging technologies and their impact on one group rather than the entire enterprise. This would imply that companies are "doing digital" just to "do digital" without involving multiple stakeholders and making it a cross-functional effort. Once this work connects to other stakeholder groups, digital transformation accelerates and its effect becomes more profound in the process.

# MEASURING DIGITAL TRANSFORMATION SUCCESS

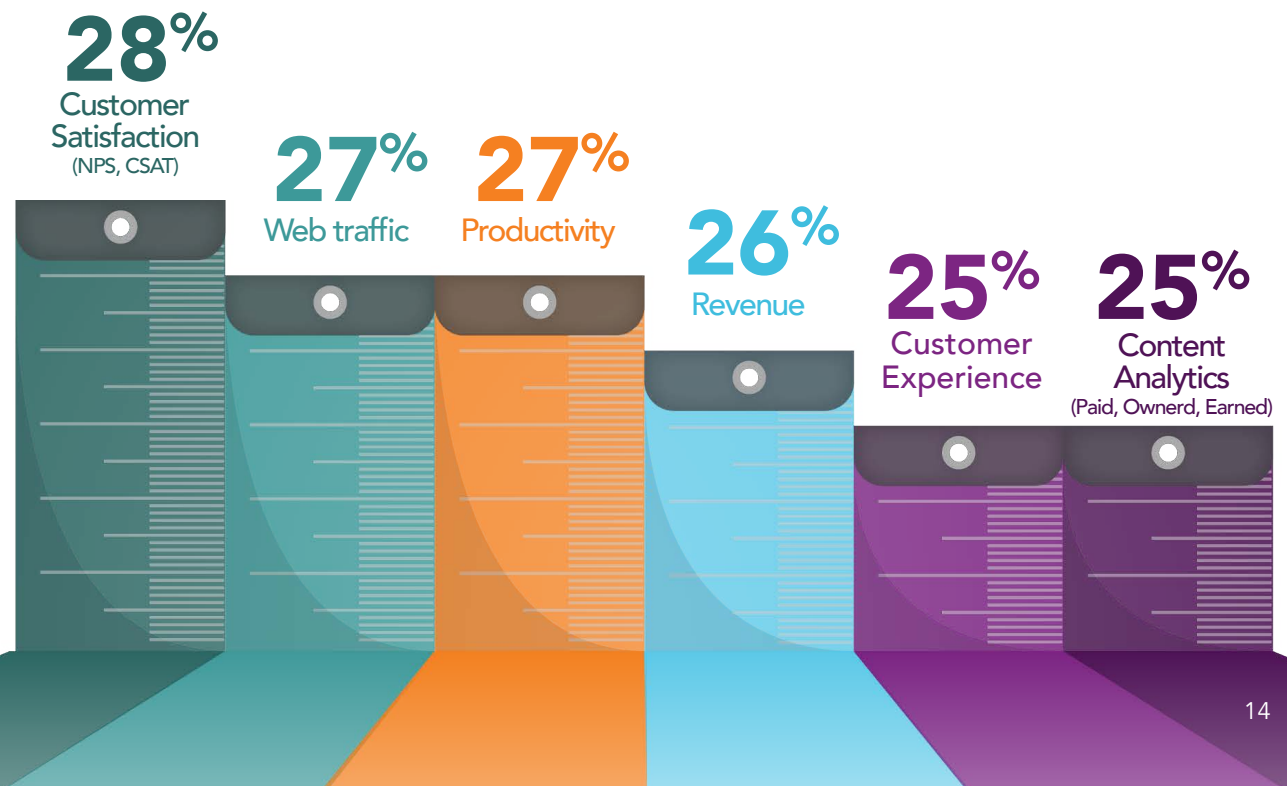
Digital transformation progresses as companies invest in new pilots and initiatives. Experience and maturity also develop as companies build an infrastructure upon modernized governance, operations, and digital education/training to support change across the organization. Companies that mature do so by measuring advancement while making the case for next steps. This requires evolving beyond legacy metrics and KPIs to more effectively align with trailblazing business objectives. Along the way, defining what success looks like in each step and in the long-term, tracking toward these goals, and ultimately communicating headway and learnings become a best-practice of the most advanced companies.

## COMPANIES TIE DIGITAL TRANSFORMATION TO LEGACY METRICS VS. NEW OPERATIONAL KPIS

When approaching digital transformation, many companies turn to traditional metrics to help validate the success of new investments. Although this helps frame them within existing business paradigms, strategists must still rethink metrics to chart future development in new channels, experiences, content, and devices. In the early stages of digital transformation maturity, survey respondents revealed the six most important metrics that organizations can actually measure around digital transformation right now are (see Figure 6).

**FIGURE 6.**  
**DIGITAL TRANSFORMATION SUCCESS TIED TO MEASURING CUSTOMER SATISFACTION**

Question: What are the five most important metrics your organization can actually measure today related to digital transformation?



Existing KPIs help validate early work in digital transformation. But often, measurement efforts are focused on measuring isolated efforts within each department/function. For example, only 22% of those surveyed cited having a content strategy in place that addresses customer needs at all journey stages, but content analytics are in the top five most important metrics measured. There is a disconnect between strategy and measurement in digital transformation efforts. In this instance, content is one of the most important engagement tools in every moment of truth, before, during, and after transactions.

As companies mature, silos preventing an integrated customer experience begin to crumble as key stakeholder groups connect across departments. This drives the development of new measurement frameworks to align with digital transformation roadmaps. We found in our *Six Stages of Digital Transformation* research that over time, as the roadmap becomes substantiated, gaps in measurement are identified and an analytics inventory is audited. This clearly marks the transition from maturity Stage 3 (Formalized) to Stage 4 (Strategic) when examining analytics as part of an overarching digital transformation. During Stage 4 and beyond, new outcomes and KPIs are generated to track inter-departmental roadmap collaboration, integrated customer experiences, and top-level business performance indicators. These may include Customer Lifetime Value (CLV), revenue creation, profitability, and increased market valuation, among others.

**22%**

have a content strategy  
that addresses customer  
needs throughout  
their journey

# DIGITALLY TRANSFORMING COMPANIES EARN BUSINESS ROI AND INFLUENCE CULTURE

Digital Darwinism favors those companies that invest in change. Every executive and senior leader we interviewed since 2013 vehemently believes that digital transformation has no final destination on its horizon. The point of the journey is driving incremental change to help their company progress along the six stages.

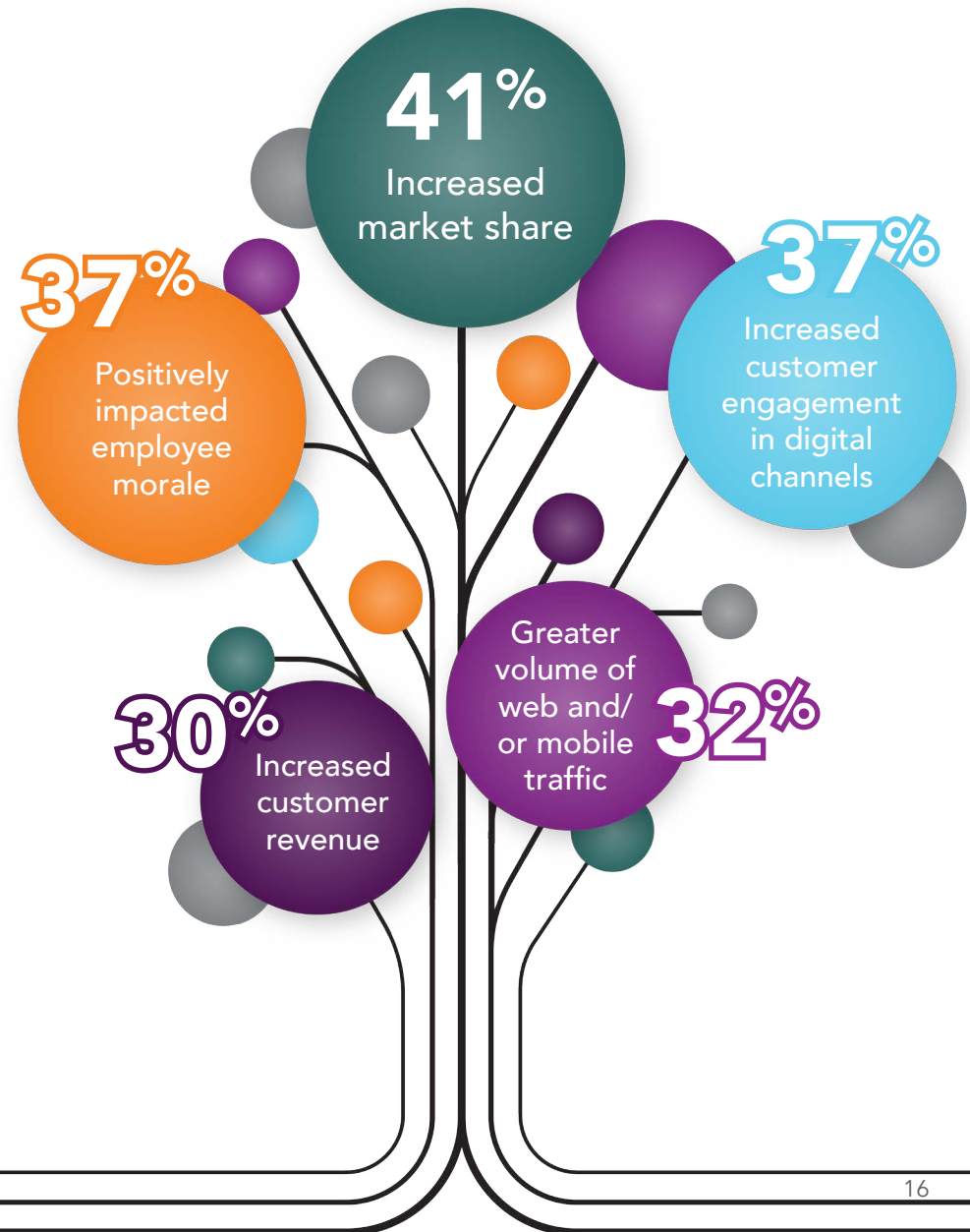
Digital transformation isn't easy though. Its true evolution takes time and resources, with benefits delivered in the long-term. This, to some, can represent deliberate moves away from delivering against quarterly returns. That's the paradox of investing in digital transformation; it gives returns to those who treat it as a long-term investment versus those who expect immediate impact.

According to our research, returns earned directly as a result of digital transformation efforts are more than validating and promising (see Figure 7). Companies are realizing types of ROI any C-suite and board can appreciate: increased market share (41%) and increased customer revenue (30%). Additionally, the ROI of digital transformation is reflected in employee morale. As the saying goes, "Happy employees equal happy customers." In that regard, 37% of respondents stated that second to increased market share, employee engagement was the next big return.

FIGURE 7.

## TOP BENEFITS WITNESSED FROM DIGITAL TRANSFORMATION EFFORTS

Question: What benefits have you already witnessed from your digital transformation work?





# FUTURE TRENDS AND EVOLUTION OF DIGITAL TRANSFORMATION

In our *Six Stages of Digital Transformation* maturity model, we note that the sixth stage reflects a state of innovation and agility. Companies that explore innovation do so at varying extents, but they all share a common goal of expanding the company's market perspective by exploring what digital customers want, how new technologies change behaviors and expectations, and what latest technologies need to be tracked. In their own way, companies seek to track emerging technology and trends, as well as gain new expertise and talent. More advanced companies also aim to partner with startups and startup ecosystems to innovate outside of its day-to-day operational culture.

## COMPANIES PRIORITIZE INNOVATION AS DIGITAL TRANSFORMATION EFFORTS MATURE

While CX was initially the primary catalyst for digital transformation, innovation, agility, and the pursuit of digital relevance are the new factors driving companies along the maturity model. For executives and senior leadership, the need to accelerate innovation (81%) was at the top of the digital transformation agenda. Right behind it was the need to modernize the IT infrastructure with increased agility, flexibility, management, and security (80%). And, the third priority for enterprise transformation is improving operational agility to more rapidly adapt to change (79%).

Through these priorities, businesses are developing a roadmap that helps them compete for the present while building a next-generation business model to compete for the future. This work is organized into six pillars that form the foundation for the six maturity stages (see Figure 8).

FIGURE 8.

## DIGITAL TRANSFORMATION REQUIRES MULTIDISCIPLINARY INVOLVEMENT

### GOVERNANCE AND LEADERSHIP

An infrastructure that is driven by leadership philosophies that determine the fate of business evolution

### DATA AND ANALYTICS

How a company tracks data, measures initiatives, extracts insights, and introduces them into the organization

### PEOPLE AND OPERATIONS

Who is involved in Digital Transformation, the roles they play, the responsibilities and accountabilities they carry, and how a company enacts change and manages transformation, including its roles, processes, systems, and supporting models

### TECHNOLOGY INTEGRATION

Implementing technology that unites groups, functions, and processes to support a holistic CX

### CUSTOMER EXPERIENCE

The processes and strategies aimed at improving touchpoints along the entire customer journey

### DIGITAL LITERACY

Ways in which new expertise is introduced into the organizations



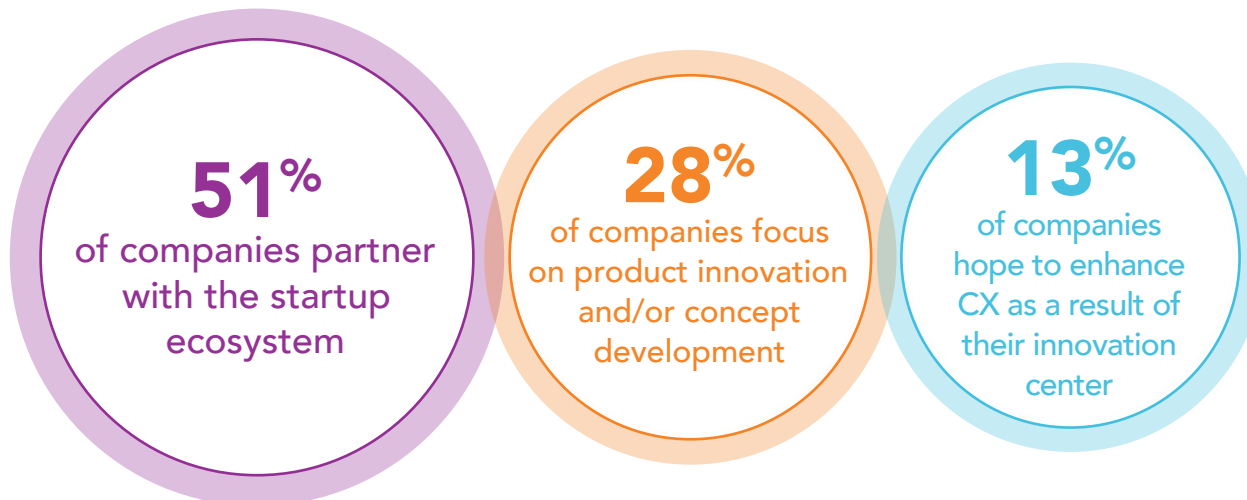
# PROGRESSIVE COMPANIES INVEST IN INNOVATION CENTERS AND TEAMS

Innovation is often limited when teams are not empowered to operate outside of their day-to-day work. In our 2014 and 2016 surveys, we learned that 63% of leaders believed changing company culture was a top challenge facing digital transformation. As a result, more progressive companies are exploring innovation outside of the proverbial box.

To accelerate innovation, 46% of those surveyed stated that their company has launched a formal “innovation center” to understand and test new technologies and develop new solutions/services. Another 35% have formally tasked an innovation team to lead efforts.

We find that more companies have digital departments than CoEs, but with innovation departments and centers, it’s flip-flopped. This is likely because digital is more formalized within companies than innovation, which is why in our maturity framework we found very few companies at stage 6, “Innovative and Adaptive.”

This work opens the door to “future proofing.” More advanced companies combat disruption and expand innovation efforts by partnering with startups, investors, entrepreneurs, and universities to learn, invest, and acquire new technologies and expertise. In 2015 and 2016, Altimeter and CapGemini Consulting published two reports on the rise of innovation centers.<sup>5</sup> In the most recent edition, we found that the key objectives for these new innovation centers are:



# CONCLUSION

Digital transformation is as much a technology story as it is one about how people lead change inside and outside the company. The human factor is pervasive in each of our reports on the subject. It's really the driving force behind evolution and revolution in business.

In our 2014 report, pushing forward against existing "culture" was the top challenge facing digital transformation. In 2016, understanding connected consumer behavior tops the list. Both reflect the human side of change. The same evolution in customer behavior, expectations, and values are driving evolution among employees and their aspirations.

As a whole, digital transformation is young, and businesses are still learning where and how to change. But even in its early stages, progressive companies are already seeing benefits in how they compete and how they measure success.

The reality is that companies in every industry are facing similar challenges and looking at customer behavior and competitive pressure, not just technology, as the source of drive and direction. Those making progress along the six stages of digital transformation are investing in these best practices:

- DCX:** Study and map the digital customer experience.
- MOBILE:** Also, study and map the mobile customer journey.
- RESEARCH:** Invest in ongoing customer research to better understand digital/mobile behaviors.
- ROADMAP:** Develop a digital transformation roadmap.
- TOUCHPOINTS:** Update/Innovate customer-facing technology in digital AND mobile.
- OMNI-CHANNEL:** Drive strategies that engage and guide customers seamlessly through digital, mobile, and real-world journeys.
- PROCESSES:** Improve processes/operations that expedite changes.
- IT:** Build an agile, integrated, and scalable technology infrastructure.
- LEADERSHIP:** Executives appoint someone to lead and pave the way for digital initiatives (budget, resources, culture), as well as manage expectations among shareholders, stakeholders, and the board.
- TASKFORCE:** Form a working team to drive initiatives, coordinate activities/resources, and be accountable.
- METRICS:** Establish new metrics that measure progress and track new outcomes.

## ABOUT THE AUTHORS



### BRIAN SOLIS

Brian Solis (@briansolis) is a digital analyst, anthropologist, and also a futurist. Brian studies the effects of disruptive technology on business and society. More so, he humanizes these impacts to help people see people differently and understand what to do about it. He is an award-winning author and avid keynote speaker who is globally recognized as one of the most prominent thought leaders in digital transformation and innovation.

Brian has authored several best-selling books, including *What's the Future of Business (WTF)*, *The End of Business as Usual*, and *Engage!*. His latest book, *X*, explores the intersection of where business meets design to create engaging and meaningful experiences.



### JAIMY SZYMANSKI

Jaimy Szymanski (@jaimy\_marie) is an industry analyst, focusing on how organizations adapt their digital strategies and core business models to serve the new "connected customer." She has authored multiple research reports and artifacts on the topics of digital transformation, the collaborative economy, the autonomous world, consumer mobile, customer experience, and the Internet of Things. Jaimy provides independent research and advisory services to companies in varied industries that are affected by emerging technologies.

## ECOSYSTEM INPUT

For this report, Altimeter, a Prophet Company worked with Phronesis Partners to conduct a survey of 528 qualified digital transformation strategists and executives leading change within their companies. Respondents were from companies in varied industries, with more than 250 employees, in the United States, Canada, United Kingdom, France, and Germany.

Over the past three years, Altimeter has also conducted a series of executive interviews that informed this research, among other reports. We interviewed digital strategists and executives at organizations undergoing digital transformation efforts about their journey in adapting to the new digital customer experience.

## OPEN RESEARCH

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Altimeter, a Prophet Company, is a research and strategy consulting firm that helps companies understand and take advantage of digital disruption. In 2015, Prophet acquired Altimeter Group to bring forward-thinking digital research and strategy consulting together under one umbrella and to help clients unlock the power of digital transformation. Altimeter, founded in 2008 by best-selling author Charlene Li, focuses on research in digital transformation, social business and governance, customer experience, Big Data, and content strategy.

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## HOW TO WORK WITH US

Altimeter research is applied and brought to life in our client engagements. We help organizations understand and take advantage of digital disruption. There are several ways Altimeter can help you with your business initiatives:

**Strategy Consulting.** Altimeter creates strategies and plans to help companies act on business and technology trends, including ethical and strategic data use and communications. Our team of analysts and consultants work with global organizations on needs assessments, strategy roadmaps, and pragmatic recommendations to address a range of strategic challenges and opportunities.

**Education and Workshops.** Engage an Altimeter speaker to help make the business case to executives or arm practitioners with new knowledge and skills.

**Advisory.** Retain Altimeter for ongoing research-based advisory: Conduct an ad-hoc session to address an immediate challenge or gain deeper access to research and strategy counsel.

To learn more about Altimeter's offerings, contact [info@altimetergroup.com](mailto:info@altimetergroup.com).

# APPENDIX: THE PATH TO DIGITAL TRANSFORMATION TAKES AN O.P.P.O.S.I.T.E. APPROACH

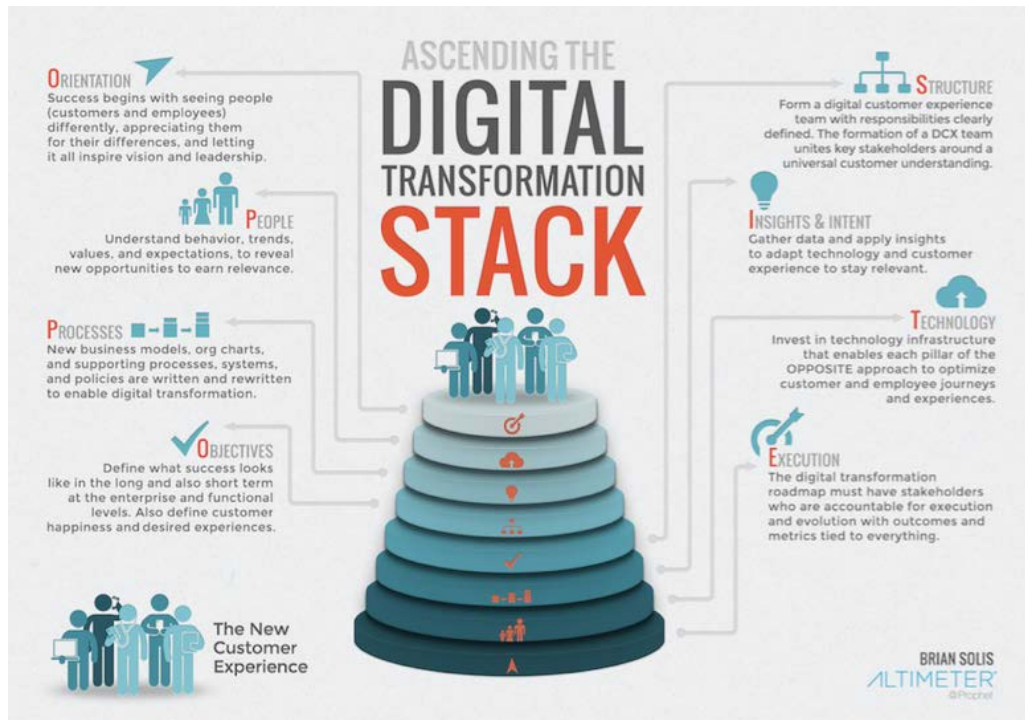
While researching digital transformation over the past three years, we've uncovered many common characteristics that companies exhibit while growing through the stages of digital transformation maturity. Many of these commonalities were apparent in the results of our *2016 State of Digital Transformation* survey data as well, and overlapping themes emerged. Examining these best practices amongst innovative leaders resulted in a new framework recently published by Altimeter: the *Eight Success Factors of Digital Transformation: How Businesses Are Taking an O.P.P.O.S.I.T.E. Approach to Business as Usual*.

As mentioned earlier, OPPOSITE is an acronym that offers companies a step-by-step approach to digital transformation. It stands for: Orientation, People, Processes, Objectives, Structure, Insights & Intent, Technology, Execution.

The framework offers insights and new understanding of technology, data and the digital customer. By following the OPPOSITE approach, digital transformation becomes identifiable, approachable, and attainable for organizations. The OPPOSITE framework is available for download here (<http://bit.ly/the-opposite>).

Here's an overview of the eight best practices of emergent leaders and the work they're doing to evolve businesses in a digital economy:

- Orientation:** Establish a new perspective to drive meaningful change.
- People:** Understand customer values, expectations, and behaviors.
- Processes:** Assess operational infrastructure and update (or revamp) technologies, processes, and policies to support change.
- Objectives:** Define the purpose of digital transformation, aligning stakeholders (and shareholders) around the new vision and roadmap.
- Structure:** Form a dedicated digital experience team with roles/responsibilities/objectives/accountability clearly defined.
- Insights & Intent:** Gather data and apply insights toward strategy to guide digital evolution.
- Technology:** Re-evaluate front- and back-end systems for a seamless, integrated, and native customer (and, ultimately, employee) experience.
- Execution:** Implement, learn, and adapt to steer ongoing digital transformation and customer experience work.



This framework serves as a guide for change agents, like you, to drive digital transformation. When combined with this report, OPPOSITE guides and informs the development of your digital transformation roadmap. It metaphorically visualizes your work as a stack, building upward toward change one stage at a time. Use it to steer your work in shaping the DCX and the supporting infrastructure. Through your efforts, the organization becomes not only technology-savvy but more so people-centric. The company will become agile and sets the stage for innovation.

This is true transformation, not just about digital. It's in the ongoing pursuit that makes change less about stages and more about vision, purpose, and resolve. It's time for a new paradigm for business leadership, relevance, and prosperity.

## ENDNOTES

<sup>1</sup> Solis, Brian, Szymanski, Jaimy, and Lieb, Rebecca. The 2014 State of Digital Transformation. Altimeter Group. 2014 (<http://www.altimetergroup.com/2014/07/the-2014-state-of-digital-transformation/>).

<sup>2</sup> Solis, Brian and Szymanski, Jaimy. The Six Stages of Digital Transformation Maturity. Altimeter, a Prophet Company. 2016 (<http://www2.prophet.com/l/69102/2016-02-08/3ksgvl>).

<sup>3</sup> Google, Think with Google. "Micro-Moments." (<https://www.thinkwithgoogle.com/collections/micromoments.html>).

<sup>4</sup> Solis, Brian, Li, Charlene, and Szymanski, Jaimy. Digital Transformation: Why and How Companies Are Investing in New Business Models to Lead Digital Customer Experiences. Altimeter Group. 2014 (<http://www.altimetergroup.com/2014/04/new-research-understanding-the-digital-customer-experience-drives-investment-in-digital-transformation/>).

<sup>5</sup> CapGemini and Altimeter Group. The Innovation Game and The Rise of Innovation Empires. 2015-2016 (<https://www.capgemini-consulting.com/the-innovation-game>).