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The 2020 State of Digital Transformation:

Benchmarking Digital Maturity in Business to Business Companies

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Executive Summary

2020 was filled with upheaval because of the COVID-19 crisis. B2B organizations made drastic changes, like shifting employees to remote work and digitizing customer offerings. Digitization forecast to take years happened in a matter of months.

In this report, we examine how B2B organizations pursue digital transformation, viewing responses in aggregate and through the lenses of digital maturity stage. The report makes a special effort to examine the impact of COVID-19 on digital transformation efforts. The digital maturity classification used in the report was created by benchmarking survey respondents across five areas: Leadership and culture, customer experience, marketing and sales, technology and innovation, and data and artificial intelligence.

This report examines a data set that is an excerpt of a larger study of B2C, B2B, B2G and B2B2C organizations, Altimeter's 2020 State of Digital Transformation. Comparisons of B2B to B2C and B2B2C are made at times that draw from the larger study which can be accessed at https://www.prophet.com/download/2020-state-of-digital-transformation-p1x/

This Overview section of our report has four major takeaways.

- Operations support, agility, and revenue are top priorities given COVID. The lead use cases are working from home (80%); digital marketing (76% investing to improve); digital selling (80% trying to close capability gaps); virtual product/ service delivery (44%); and growth initiatives (42%).

- The more digitally mature the company, the more they are focused on responding to and taking advantage of the COVID crisis. The less digitally mature the company, the more they are working on implementing digital basics.

- Digitally mature companies are maintaining their strategic focus despite the pandemic; they focus on digitally-driven innovation, incorporating a new wave of technologies with an intensity that is outpacing the market.

- Most digital transformations (80%) are led by CEOs, CIO/ CTOs or CDOs (Chief Digital Officers) reflecting the importance of technology and business transformation at the heart of digital transformations.

The Purpose of Digital Transformation in B2B

Organizations embark on digital transformation to increase their ability to accomplish specific business objectives. We found that the transformation efforts companies engage in differ significantly depending on their digital maturity to a much greater degree than geography, industry, and organizational size. Therefore, we have defined digital transformation as:

The strategic adoption of digital technologies and practices that increases the digital maturity of the organization and improves its ability to execute business transformation for growth.

Organizations must make tough choices about where to focus their efforts and initiatives. Benchmarking where they are — their digital maturity — against where they need to be to achieve their business transformation goals is essential. To that end, Altimeter surveyed 628 global respondents in three regions to obtain a clear picture of the state of digital transformation: what's driving it; who's leading it; and what are organizations' top priorities and challenges. This report is based on 170 survey respondents from B2B businesses and includes comparisons to 244 respondents from B2C and 175 B2B2C businesses.

Digital transformation has always been difficult, but 2020 brought the added disruption of COVID-19. Organizations had to pivot their operations, often with the help of digital technologies. We asked how COVID-19 had affected digital transformation when this research was fielded in April 2020. COVID-19 had already moved through China and was just peaking in EMEA and North America. The results represent a snapshot in time and reflect what to expect as COVID-19 continues to affect our world.
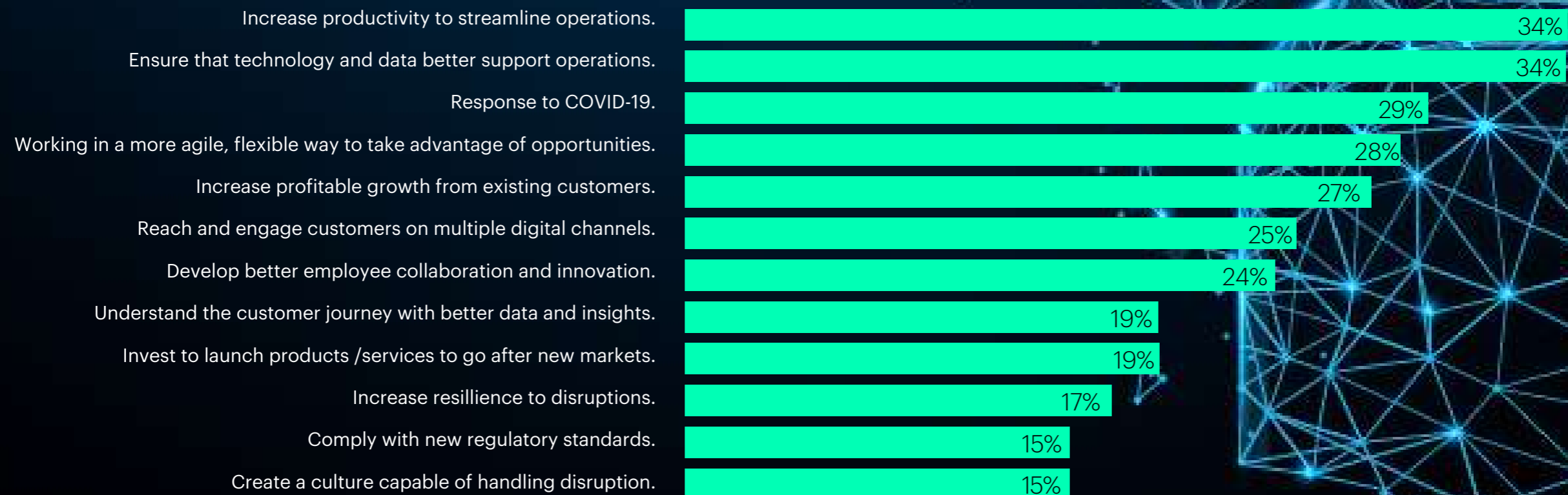
Top Drivers of Digital Transformation Shifted from New Markets to Operations

Our previous study of Digital Transformation, conducted in early 2019, revealed that the top digital transformation driver was growth opportunities in new markets. It was the choice among fifty-one percent of B2B, B2C and B2B2C respondents. In 2020, the realities of operating in the midst of a pandemic and economic uncertainty meant that the top drivers shifted significantly to be operations-focused —thirty four percent of B2B respondents pointed to operational productivity gains and improving the ability of technology and data to support operations while twenty nine percent of respondents said that responding to COVID-19 was a top driver (see Figure 1).

Growth drivers such as increasing growth from existing customers, reaching customers in multiple channels and investing in product and service launch remained important. They reflect an operational shift to greater focus on demand generation than on expansion into new markets. We observed very little difference in drivers among B2B, B2C and B2B2C respondents. All shared the same operational shift to a very similar degree.

Figure 1: The Top Drivers of Digital Transformation
"What are the key drivers of digital transformation within your organization? Select up to three."

Driver	Percent
Increase productivity to streamline operations.	34%
Ensure that technology and data better support operations.	34%
Response to COVID-19.	29%
Working in a more agile, flexible way to take advantage of opportunities.	28%
Increase profitable growth from existing customers.	27%
Reach and engage customers on multiple digital channels.	25%
Develop better employee collaboration and innovation.	24%
Understand the customer journey with better data and insights.	19%
Invest to launch products /services to go after new markets.	19%
Increase resillience to disruptions.	17%
Comply with new regulatory standards.	15%
Create a culture capable of handling disruption.	15%

Base: 170 B2B respondents

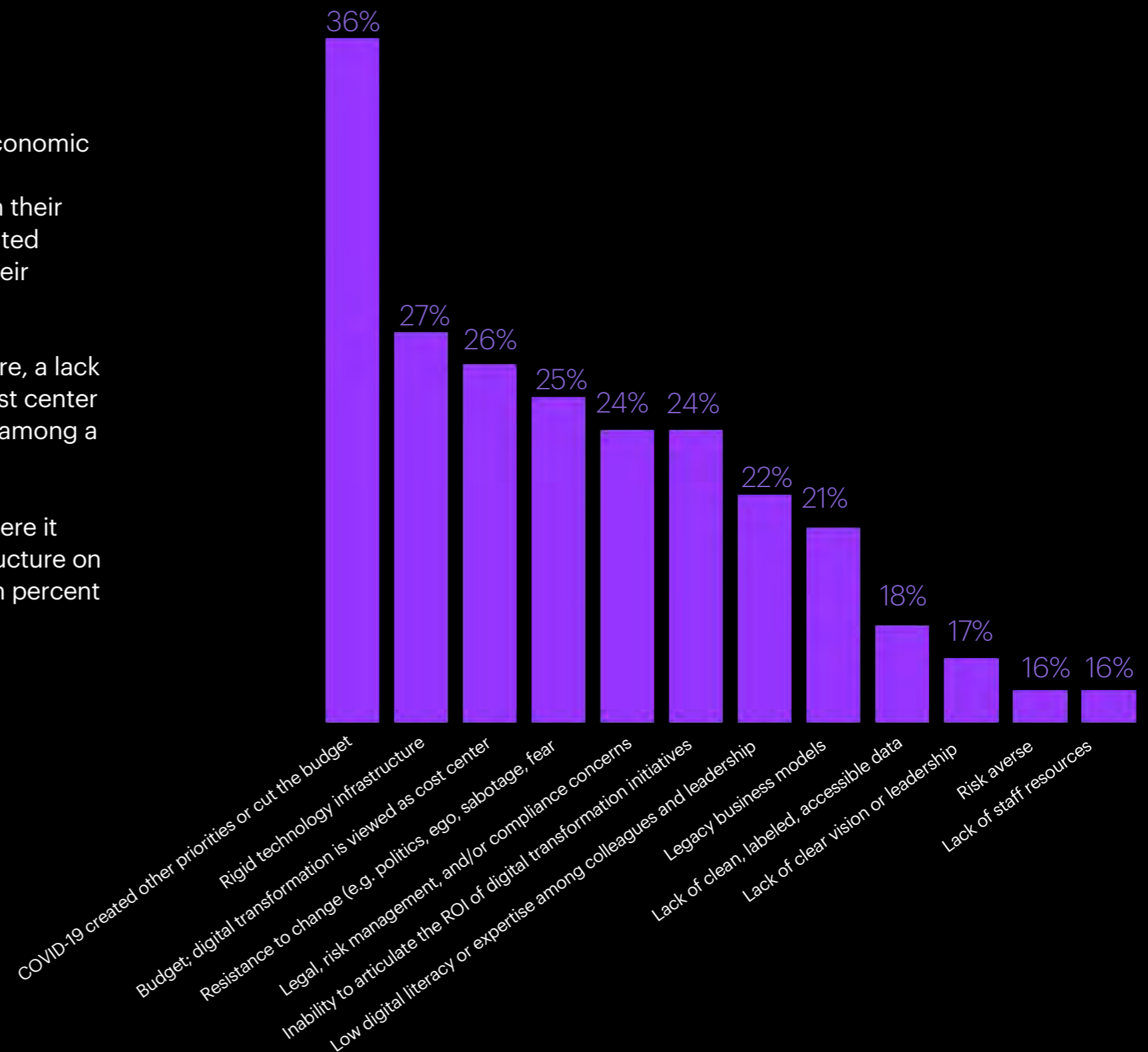# COVID-19 Leads the List of Digital Transformation Challenges

Although COVID-19 was a prime driver of digital transformation, the economic turmoil it created was also the leading obstacle to progress. Thirty-six percent of B2B respondents say that the biggest challenge they face in their digital transformation efforts has been COVID-19 — the pandemic created other priorities for their organizations and often precipitated cuts to their digital transformation budgets (see Figure 2).

The pandemic is not the only challenge. Rigid technology infrastructure, a lack of budget, associated with the belief that digital transformation is a cost center and resistance to change were the next three most important barriers among a little more than a quarter of respondents.

COVID-19 posed less of a challenge for B2B than for B2C businesses where it was chosen by forty-five of B2C respondents. Rigid technology infrastructure on the other hand was chosen as the most difficult barrier by twenty seven percent of B2B respondents and nineteen percent of B2C respondents.

Figure 2: The Top Challenges of Digital Transformation
"Please indiciate the most difficult challenges you or your organization come up against in digital transformation efforts. Select up to three."

- 36% COVID-19 created other priorities or cut the budget
- 27% Rigid technology infrastructure
- 26% Budget; digital transformation is viewed as cost center
- 25% Resistance to change (e.g. politics, ego, sabotage, fear
- 24% Legal, risk management, and/or compliance concerns
- 24% Inability to articulate the ROI of digital transformation initiatives
- 22% Low digital literacy or expertise among colleagues and leadership
- 21% Legacy business models
- 18% Lack of clean, labeled, accessible data
- 17% Lack of clear vision or leadership
- 16% Risk averse
- 16% Lack of staff resources

COVID-19 Has Set Back the Majority of B2B Companies

Figure 3: The Impact of COVID-19 on Financial Performance
"What impact has COVID-19 had on your financial performance?"

The underlying economic impact of COVID-19 has reduced or is anticipated to reduce revenues for fifty nine percent of B2B respondents through the end of 2020 (see Figure 3).

B2B and B2B2C companies are not experiencing quite as much loss of revenue as B2C companies. Nineteen percent of B2C respondents reported a significant loss of revenue compared to twelve percent of B2B and B2B2C respondents reporting a significant loss of revenue.

12%
47%
20%
16%
5%

| We have seen significant loss of revenue. | We have seen some drop off in revenue or anticipate it dropping off through the end of the year. | We have seen no impact on revenue and don't anticipate any future impact. | We have seen a slight increase in revenue or anticipate it will rise through the end of 2020. | We have seen a significant increase in revenue or anticipate it will rise through the end of 2020. |

Base: 170 B2B respondents

Operational Shifts Are Substantial, Their Permanence is Uncertain

What kinds of "operations" do respondents say they are supporting through Digital Transformation during the pandemic? Several follow-on questions paint a portrait. It is uncertain whether they reflect temporary changes or permanent shifts in organization behavior.
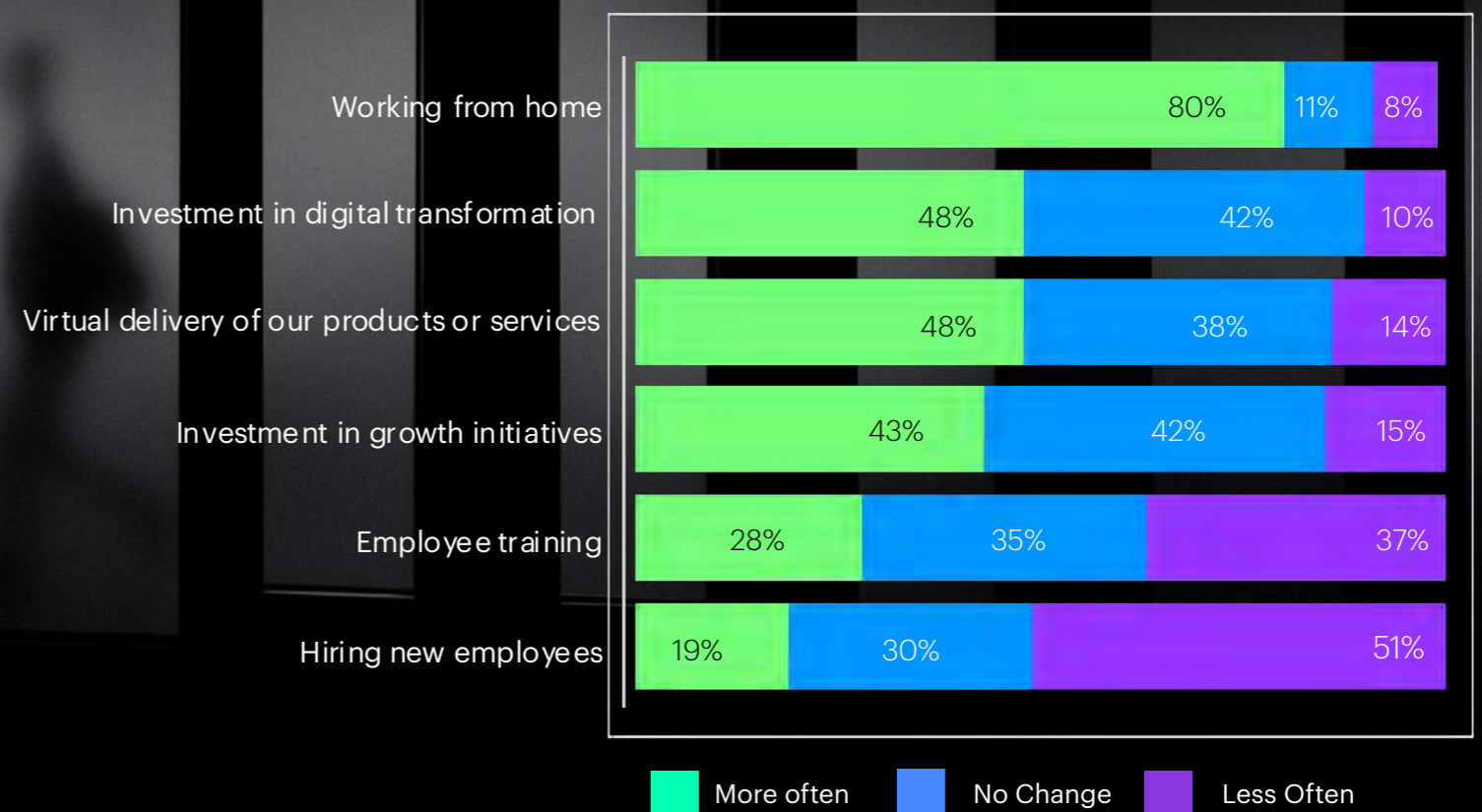
Eighty percent of respondents reported working from home more than before the pandemic. While our collective personal experiences may make this finding intuitive, we should not overlook the transformative impact on future digital behavior it may represent. Almost half (48%) reported increasing their virtual delivery of products or services (see Figure 4).

In the face of COVID-19's threat to revenue and operations, almost half (48%) of respondents reported increases in digital transformation investment and forty-three percent increased investment in growth initiatives.

B2B2C Businesses were more significantly more likely to deploy virtual delivery of products or services more often at sixty one percent of respondents for B2B2C versus forty eight percent for B2B and fifty one percent for B2C. B2C Businesses were at least ten percentage points less likely to invest in employee training, digital transformation or growth investments than either B2B or B2B2C business. This probably reflects the greater reported impact on suppressing revenues that COVID-19 has had on B2C businesses.

Figure 4: The Organizational Impact of COVID-19
"What impact has COVID-19 had on how much your organization is doing each of the following, compared to what you did before the crisis?"

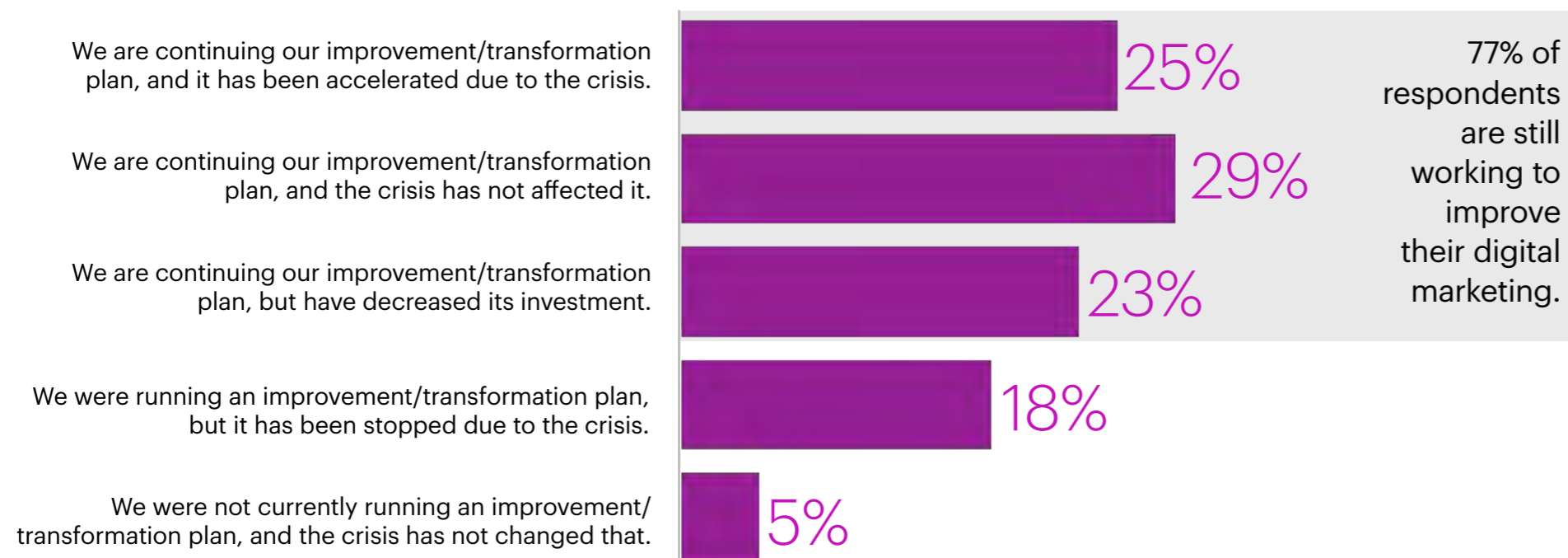|	More often	No Change	Less Often
Working from home	80%	11%	8%
Investment in digital transformation	48%	42%	10%
Virtual delivery of our products or services	48%	38%	14%
Investment in growth initiatives	43%	42%	15%
Employee training	28%	35%	37%
Hiring new employees	19%	30%	51%

Marketing Transformation Plans are Continuing and Even Accelerating During the COVID-19 Pandemic

Twenty nine percent of B2B companies are continuing their digital transformation plans for their marketing operations unaffected by the COVID-19 pandemic, and a quarter are accelerating their transformation programs (see Figure 5). Another twenty-three percent are continuing their marketing digital transformation, but with less investment due to the pandemic, suggesting that they now have to do more with fewer resources.

The fact that a combined seventy-seven percent of companies continue to work on digital marketing transformation implies COVID-19 has exposed digital-marketing capability gaps. Companies are evolving technologies and practices to ensure they are able to deliver what have become mission-critical business competencies. It makes sense to accelerate critical practices such as optimized web, mobile, and e-commerce channels, personalized digital outreach, and virtual selling because they are especially important in the absence of in-person selling caused by the pandemic.

Figure 5: COVID-19 Impact on Marketing Operations
"What impact has the COVID-19 crisis had on your plans to improve or transform your marketing operations?"

We are continuing our improvement/transformation plan, and it has been accelerated due to the crisis.	25%
We are continuing our improvement/transformation plan, and the crisis has not affected it.	29%
We are continuing our improvement/transformation plan, but have decreased its investment.	23%
We were running an improvement/transformation plan, but it has been stopped due to the crisis.	18%
We were not currently running an improvement/ transformation plan, and the crisis has not changed that.	5%

77% of respondents are still working to improve their digital marketing.
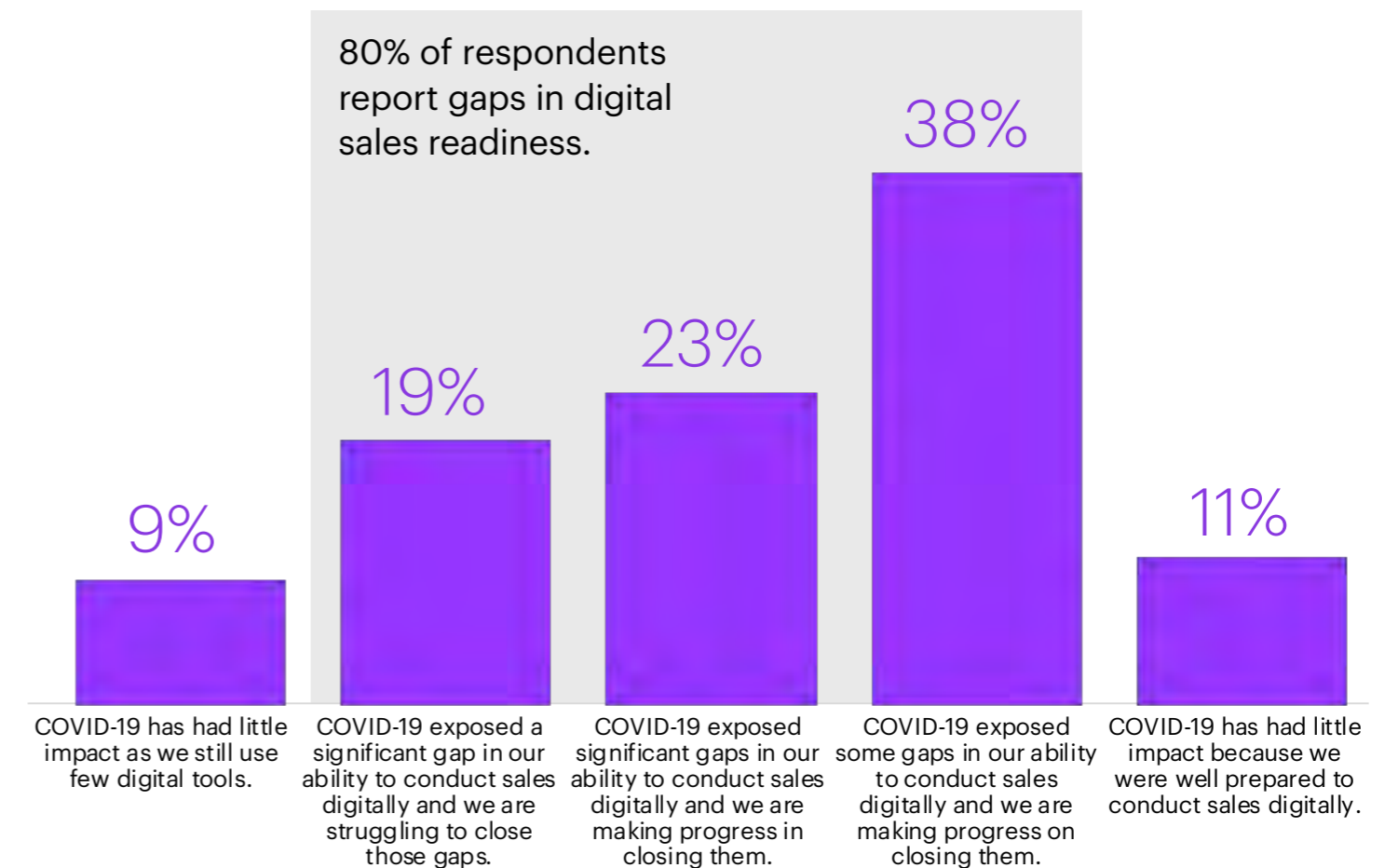
Base: 170 B2B respondents

COVID-19 Exposes Significant Gaps in Digital Selling Capabilities

Eighty percent of B2B respondents reported at least some gaps in digital-sales readiness due to COVID-19, and 42% found those gaps to be significant (see Figure 6). Those reporting significant gaps were less advanced in their digital transformation efforts overall.

Figure 6: COVID-19 Impact on the Sales Process
"What has the impact of COVID-19 been on the use of digital tools to conduct sales with your clients?"

80% of respondents report gaps in digital sales readiness.

| 9%	19%	23%	38%	11%
COVID-19 has had little impact as we still use few digital tools.	COVID-19 exposed a significant gap in our ability to conduct sales digitally and we are struggling to close those gaps.	COVID-19 exposed significant gaps in our ability to conduct sales digitally and we are making progress in closing them.	COVID-19 exposed some gaps in our ability to conduct sales digitally and we are making progress on closing them.	COVID-19 has had little impact because we were well prepared to conduct sales digitally.

Base: 170 B2B respondents   10

Data and Intelligent Technologies Grow In Importance Because of COVID-19

In the face of uncertainty, most companies (68%) are leveraging data and intelligent technologies for insight now more than they were before the COVID-19 pandemic (Figure 7.1). As most customer interactions have shifted online, insights about customer needs, behaviors, and preferences are now more generally available from digital sources, enabling insights into the organization (productivity, employee engagement, and sentiment), as well as into customers and consumers (behavior, sentiment, and trends).

Of those who reported increasing their data use, 76% said they did so out of a desire to get more value from their investments while 49% said it helped their teams align around a "single source of truth" (see Figure 7.2). Interestingly, 43% of respondents said the reason they are relying on data and intelligent technologies more is that they now have access to data that they didn't before the crisis, mainly because many organizations "democratized" access to data and insights when they moved to virtual workplaces and distributed teams.

Figure 7.1:
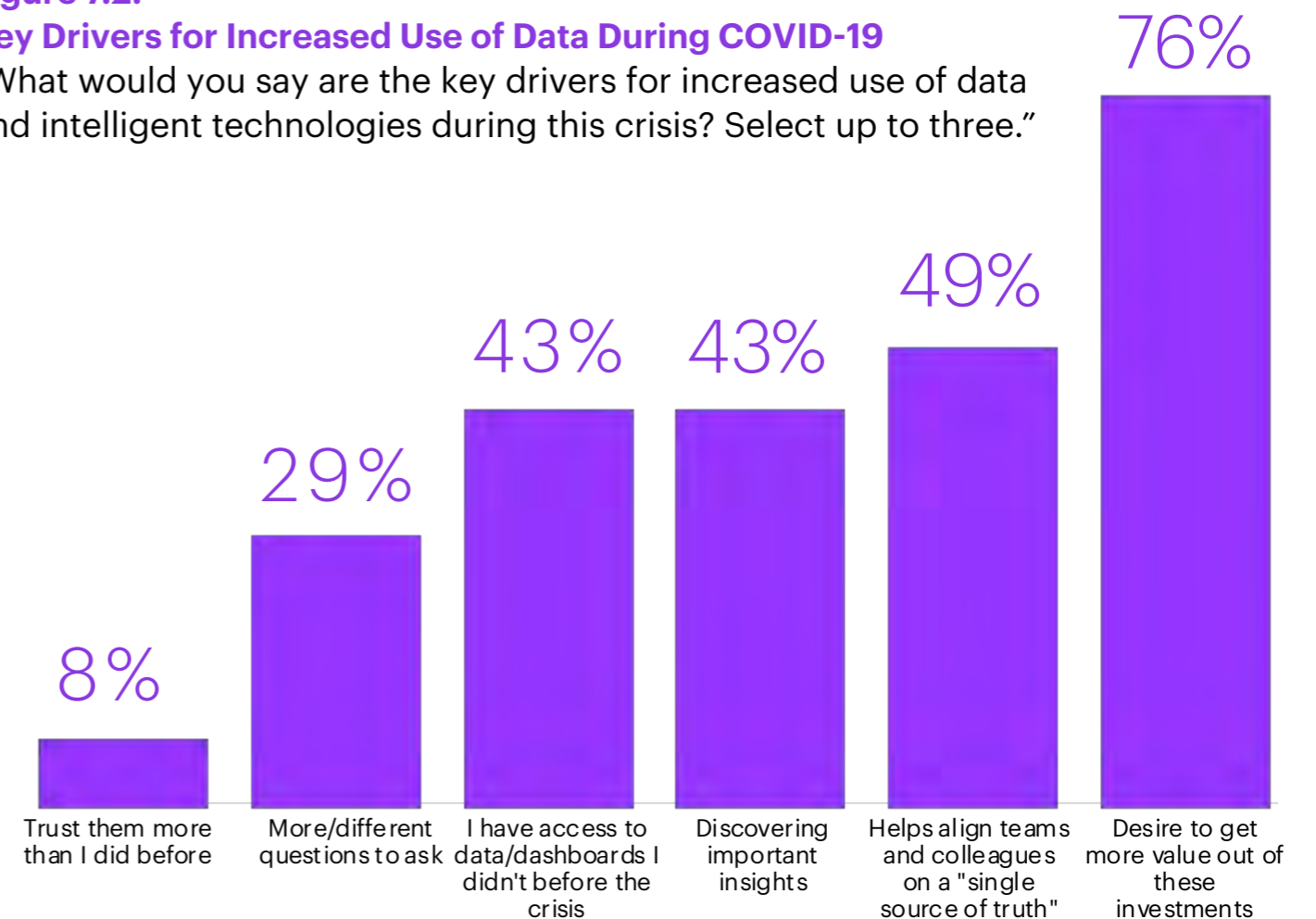**Organization Reliance on Data for Insight During COVID-19**
"To what extent are you relying on data and intelligent technologies as a source of insight during the COVID-19 pandemic? Select up to three."

2%	6%	24%	44%	24%
Much less	A little less	About the same	A little more	A lot more
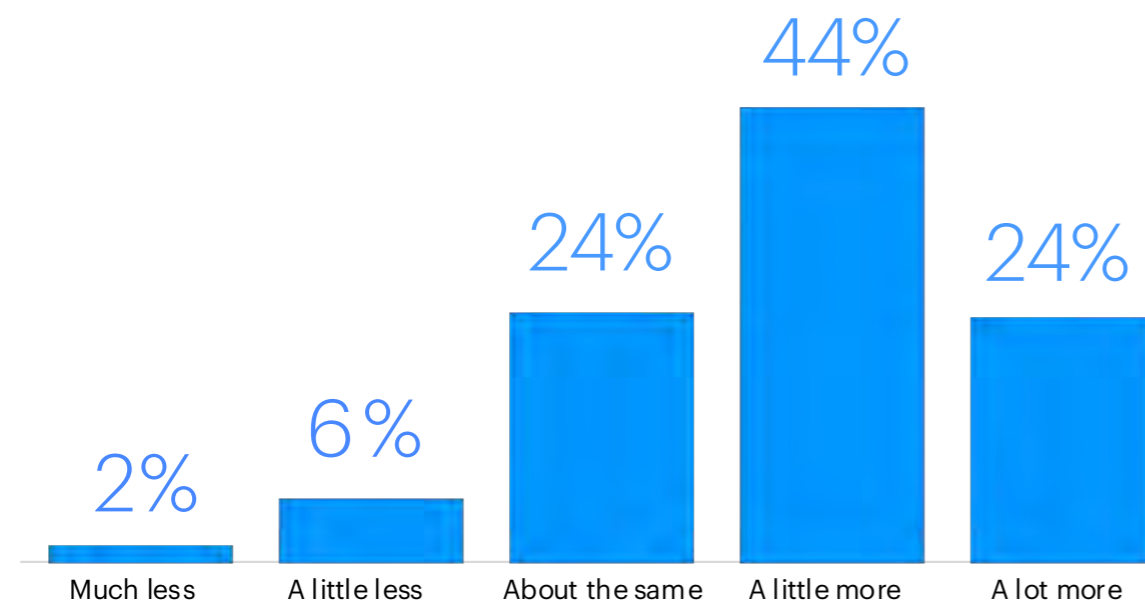
Base: 170 B2B respondents

Figure 7.2:
Key Drivers for Increased Use of Data During COVID-19
"What would you say are the key drivers for increased use of data and intelligent technologies during this crisis? Select up to three."

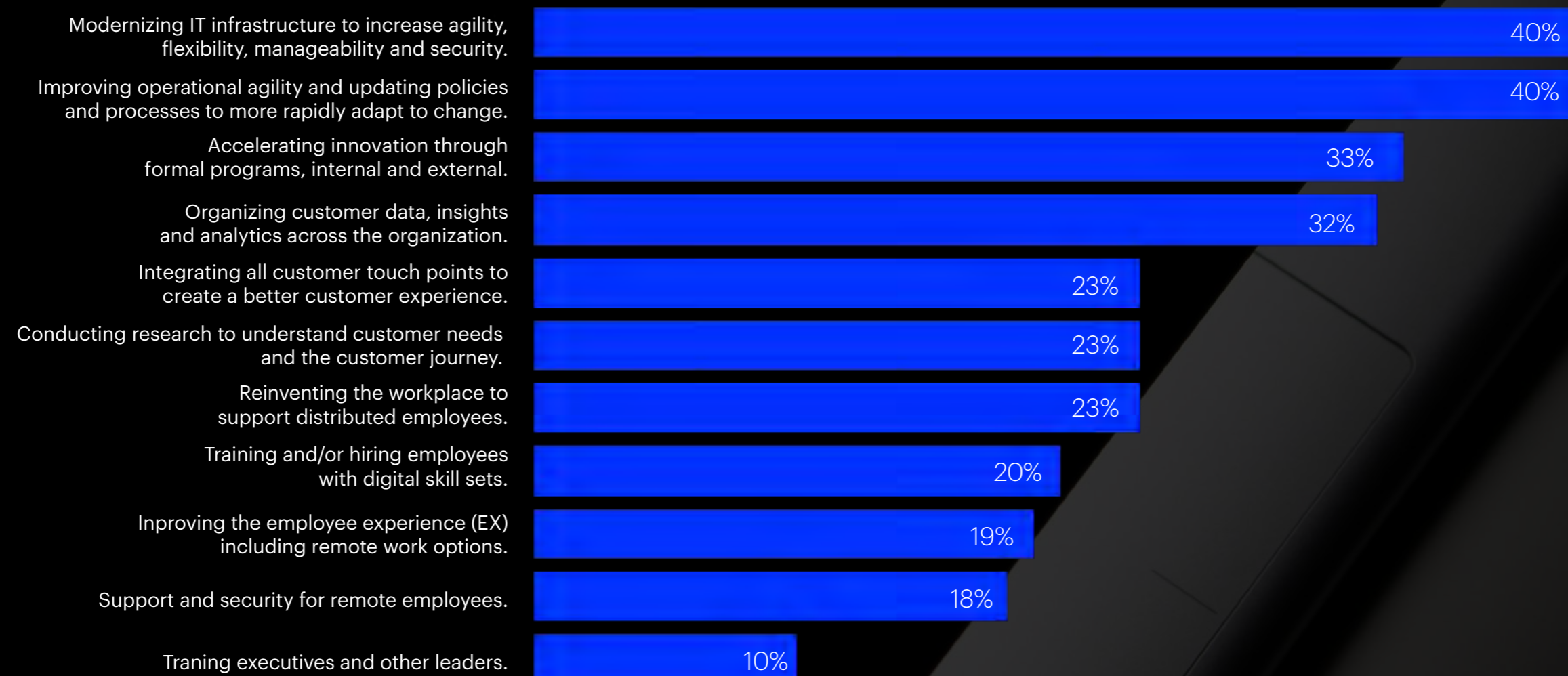|					
8%	29%	43%	43%	49%	76%
Trust them more than I did before	More/different questions to ask	I have access to data/dashboards I didn't before the crisis	Discovering important insights	Helps align teams and colleagues on a "single source of truth"	Desire to get more value out of these investments

Base: 115 B2B respondents who said they increased their reliance on data and intelligent technologies

Digital Transformation Initiatives Are Focused on Speed, Agility and Ability to Innovate

Company digital transformational initiatives centered around creating agility, flexibility, and accelerated innovation with better digital connections to customers and employees (see Figure 8). Differences between B2B, B2C and B2B2C organizations were small for most initiatives. However, B2B2C businesses were 40% more likely to prioritize modernizing IT infrastructure than B2B businesses and B2B businesses 50% more likely than B2C business to prioritize accelerating innovation.

Figure 8: Digital Transformation Initiative Priorities

"Which initiatives are most important to your digital transformation efforts? Select up to three."

Initiative	%
Modernizing IT infrastructure to increase agility, flexibility, manageability and security.	40%
Improving operational agility and updating policies and processes to more rapidly adapt to change.	40%
Accelerating innovation through formal programs, internal and external.	33%
Organizing customer data, insights and analytics across the organization.	32%
Integrating all customer touch points to create a better customer experience.	23%
Conducting research to understand customer needs and the customer journey.	23%
Reinventing the workplace to support distributed employees.	23%
Training and/or hiring employees with digital skill sets.	20%
Inproving the employee experience (EX) including remote work options.	19%
Support and security for remote employees.	18%
Traning executives and other leaders.	10%

Base: 170 B2B respondents

Most B2B Organizations Have Continued Transformation Initiatives as Planned - Some are Accelerating
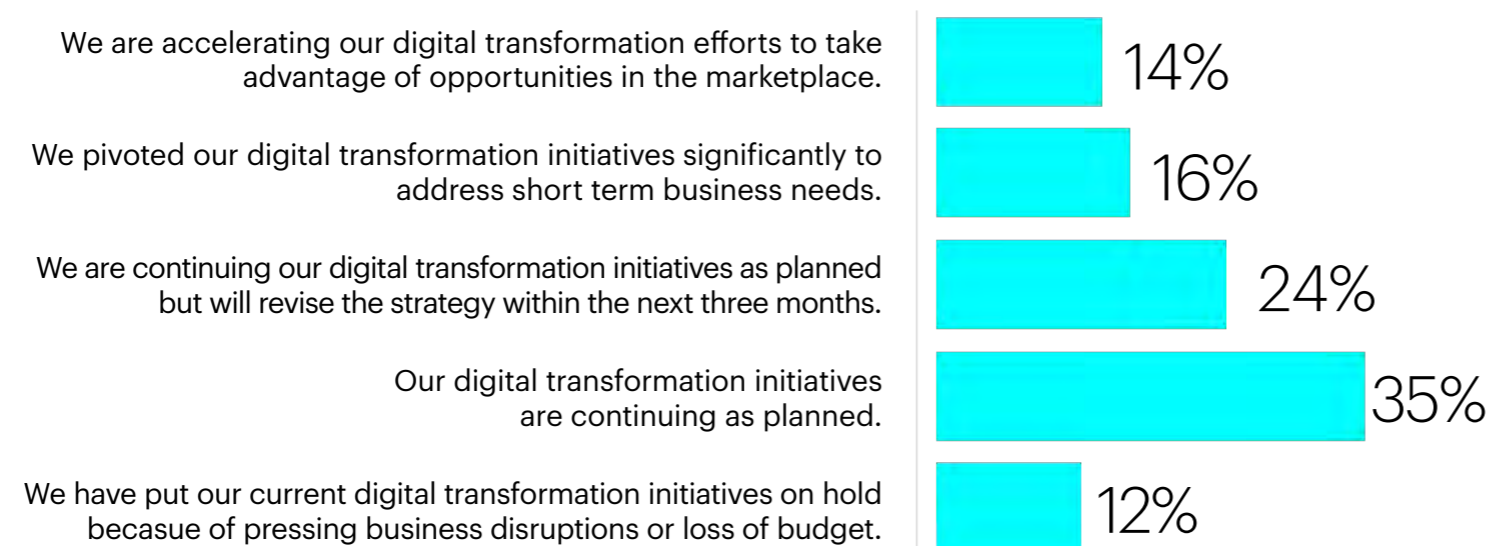
While digital transformation priorities have been altered by COVID-19 a substantial number have sustained the initiatives they planned prior to the pandemic. Not every company is responding in the same way.

Sixteen percent of B2B respondents indicate pivoting their efforts to take advantage of marketplace opportunities after the outbreak of COVID-19 while twelve percent have put their transformation initiatives on hold (see Figure 9).

Organizations that are further down the path of digital transformation have been able to better respond to the pandemic — and also take a more opportunistic approach compared to those who are still struggling to put in place basic digital capabilities. While fourteen percent of all B2B organizations are accelerating their efforts more than two thirds (70%) of the most digitally-mature organizations are accelerating their digital transformation efforts. They recognize that disruption isn't a time to step back but to step forward — and these most advanced organizations have the confidence in their digital capabilities to believe they can capitalize on the situation.

Figure 9: Transformation Initiative Shifts Due to COVID-19
"How have your digital transformation initiatives shifted because of the spread of COVID-19?"

We are accelerating our digital transformation efforts to take advantage of opportunities in the marketplace.	14%
We pivoted our digital transformation initiatives significantly to address short term business needs.	16%
We are continuing our digital transformation initiatives as planned but will revise the strategy within the next three months.	24%
Our digital transformation initiatives are continuing as planned.	35%
We have put our current digital transformation initiatives on hold becasue of pressing business disruptions or loss of budget.	12%

Base: 170 B2B respondents

Another way to understand the impact of digital maturity is to look at the top drivers of digital transformation by maturity level. For digital leaders, the response to COVID-19 is the most cited driver of digital transformation, with 45% choosing it as one of their top three drivers versus only 30% of digital laggards (see Figure 10). For almost half (45%) of the digital laggards, the top priority is to increase productivity or streamline operations, compared to just 25% among digital leaders. This implies that most digital leaders had already moved beyond the operational component of digital transformation.

Figure 10: Digital Transformation Drivers by Digital Maturity

	Digital Leaders	Digital Laggards
Response to COVID-19	**45%**	**30%**
Ensure that technology and data better support operations.	**33%**	**31%**
Work in a more agile, flexible way to take advantage of opportunities.	**30%**	**24%**
Increase productivity or streamline operations.	**25%**	**45%**

Base: 170 B2B respondents

The topic of digital maturity brings us to issues that move beyond the response to COVID-19. Digital maturity accounted for the greatest variance in overall digital transformation efforts, even more so than geography, organizational size, or industry. To better understand this, let's take a closer look at the components of digital maturity in the context of digital transformation.

The Five Stages of Digital Transformation Maturity

When Altimeter first described stages of digital maturity in 2016, most organizations were still just beginning to dip their toes into the digital space. As an indication of how quickly thing have changed, artificial intelligence wasn't even mentioned in that report! Since then, we've seen many organizations move swiftly to transform their businesses, and AI is quickly becoming a core competency for many of them.

Based on our organizational research, we can measure and benchmark the stage of digital maturity of organizations, which is the result of their digital transformation efforts. After all, digital transformation is the process, but digital maturity and the associated digital capabilities to support business outcomes are the ultimate goal.

Our approach is based on examining digital transformation through the lens of impact on the business and the customer as the adoption and acceptance of technology by customers is the driving force for digitization. Furthermore, customer-facing digital capabilities are key to driving accelerated growth, the source of investment for further transformation. Because customers never stay where they are, the process of transformation continues on, even at the highest stages of maturity and the definitions of the stages of digital maturity evolve with each edition of this report.
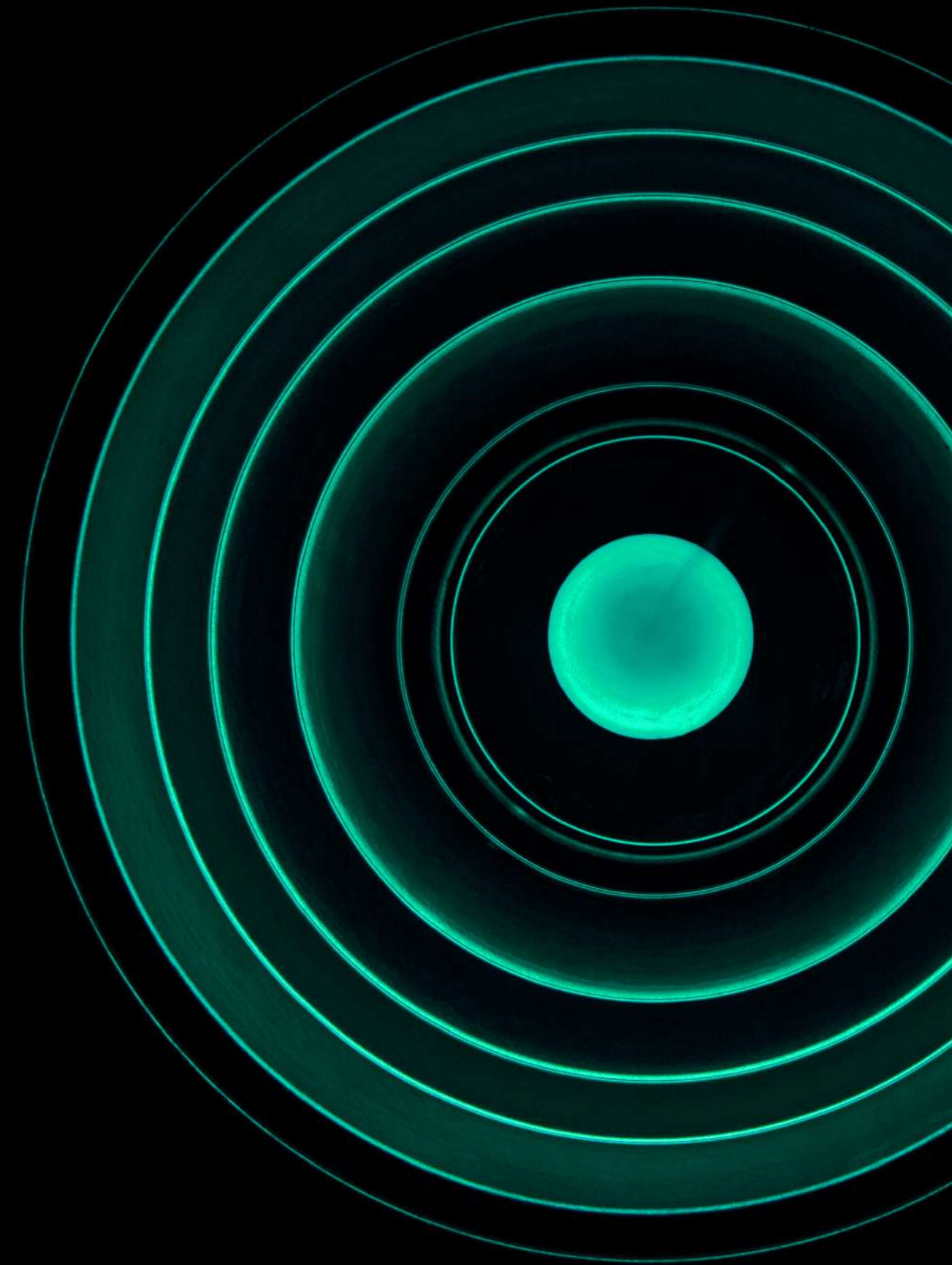
The Five Stages of Digital Transformation Maturity

Digital maturity was determined by evaluating the adoption of digital practices across five areas: Leadership and culture, customer experience, marketing and sales, technology and innovation, and data and artificial intelligence. We assessed a total of 26 different criteria, assigning scores ranging from 1 (lowest level of maturity) to 5 (highest level of maturity) to arrive at average scores in each of these areas, culminating in an overall digital maturity score for each respondent.

To understand the impact of overall digital transformation maturity, we grouped all of the respondents into one of five stages of digital transformation based on their maturity scores (see Figure 11).

Fig 11: The Five Stages of Digital Transformation Maturity
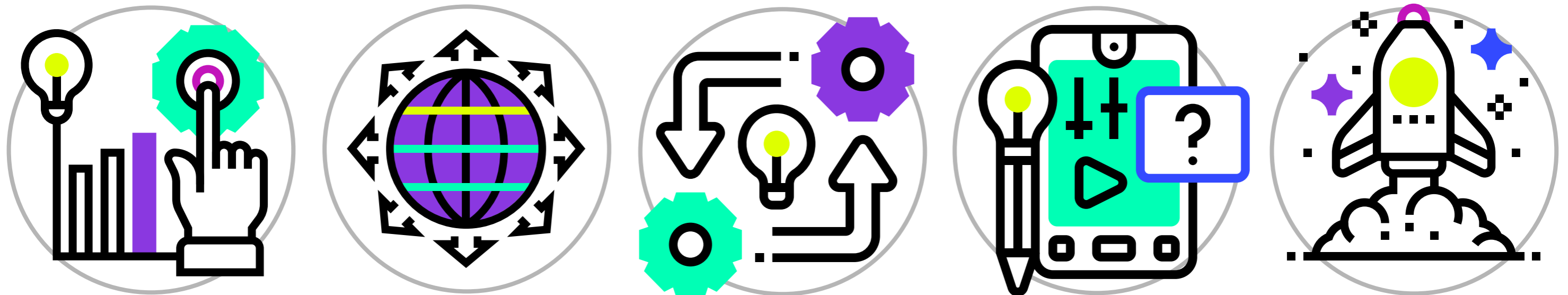
Stage 1: Making the Case

Companies dip their toes in digital transformation. They engage in early customer-facing experiments to help make the case for greater investment in digital platforms and data.

Stage 2: Developing Foundations

Companies seek to understand customer journeys and boost the digital skills of employees. Early experiments map first digital processes. Successes build momentum and generate funding.

Stage 3: Building Operations

Companies digitize operations at scale. They invest in leadership and culture and modernizing platforms and processes - putting data to work at a departmental level and driving marketing/sales.

Stage 4: Integrating Platforms

Companies turn to integrating digitized operations so that data can be used strategically across the organization and across customer experiences. They begin adopting emerging technologies and using AI.
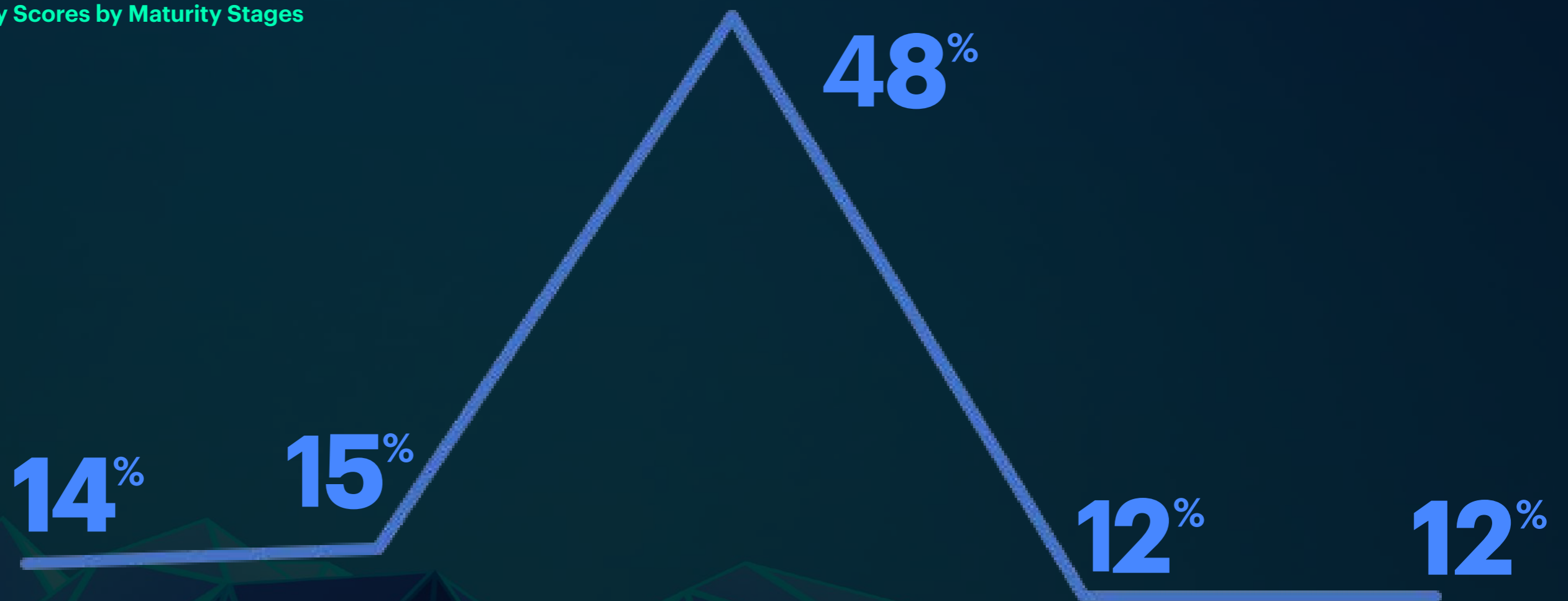
Stage 5: Optimizing for Growth

As integration takes hold companies accelerate the use of emerging technologies, particularly AI, to drive revenue growth, improve marketing and sales and boost organization and culture.

Base: 628 respondents across B2B, B2C, B2G and B2B2C

Almost half of all B2B respondents (48%) fall into the building digital operations stage of transformation (see figure 12). They can be characterized by a shift toward investment at scale in technology as well as a much greater focus on leadership and culture building than earlier stages of maturity. Unlike later stages they have not yet incorporated AI and advanced technologies into their initiatives, many initiatives remain siloed within parts of the larger enterprise and they are not fully bringing their technology investments to bear on behalf of customers by transformational moves in marketing and sales or customer experience.

The distribution of maturity stages closely parallels the distribution for B2C companies. This result challenges the widely held assumption that B2B companies lag the maturity of B2C companies. B2B2C companies skew toward greater maturity. This may be because their need to address both business customers and end consumers demands greater capabilities than either B2B or B2C ecosystems.

Fig 12: Digital Maturity Scores by Maturity Stages

14% **15**% **48**% **12**% **12**%

Stage	Stage 1: Making the Case	Stage 2: Developing Foundations	Stage 3: Building Operations	Stage 4: Integrating Platforms	Stage 5: Optimizing for Growth
Average Digital Maturity Score*	2.14	2.77	3.47	4.22	4.86

Base: 170 B2B respondents   *1 (lowest level of maturity) to 5 (highest level of maturity)   17

Use of Digital Tools Varies By Maturity Stage

Looking at the use of digital tools by maturity stage reveals significant differences between stages in the use of tools on behalf of customers and to support organizational leadership and culture (see Figure 13).

Technology on behalf of customers: Stage 4 & 5 companies stand out in their use of AI for personalization and in super responsive/proactive reach out to customers based on their actions. Stage 3 companies demonstrate progress in using conversational technologies (chat bots, digital assistants, voice agents) and in mapping customer journeys to a much higher degree than less mature companies.

Organization leadership and culture: Stage 4 and 5 companies show a marked increased in leadership connecting transformation to strategy and in prioritizing employee engagement. Stage 3 companies join their more mature peers in the adoption of agile business practices.

Figure 13: Digital Tools by Digital Maturity Stage

	Stages 1&2	Stage 3	Stages 4 & 5
We use AI on many channels and in real time to personalize customer experiences .	0%	11%	50%
We preemptively reach out to customers if we notice certain activities on our digital channels	2%	6%	55%
We have mapped a unified digital customer journey that spans across all functions and online/offline channels.	9%	36%	87%
We use conversational technologies across the business and consider them to be strategic tools.	2%	38%	85%
Employee engagement is one of our top strategic objectives	2%	19%	70%
Our executive leadership constantly connects digital transformation to higher business strategy objectives.	4%	7%	80%
Our organization has adopted agile business practices that allow us to make decisions faster and take risks .	14%	67%	87%

Base: 170 B2B respondents
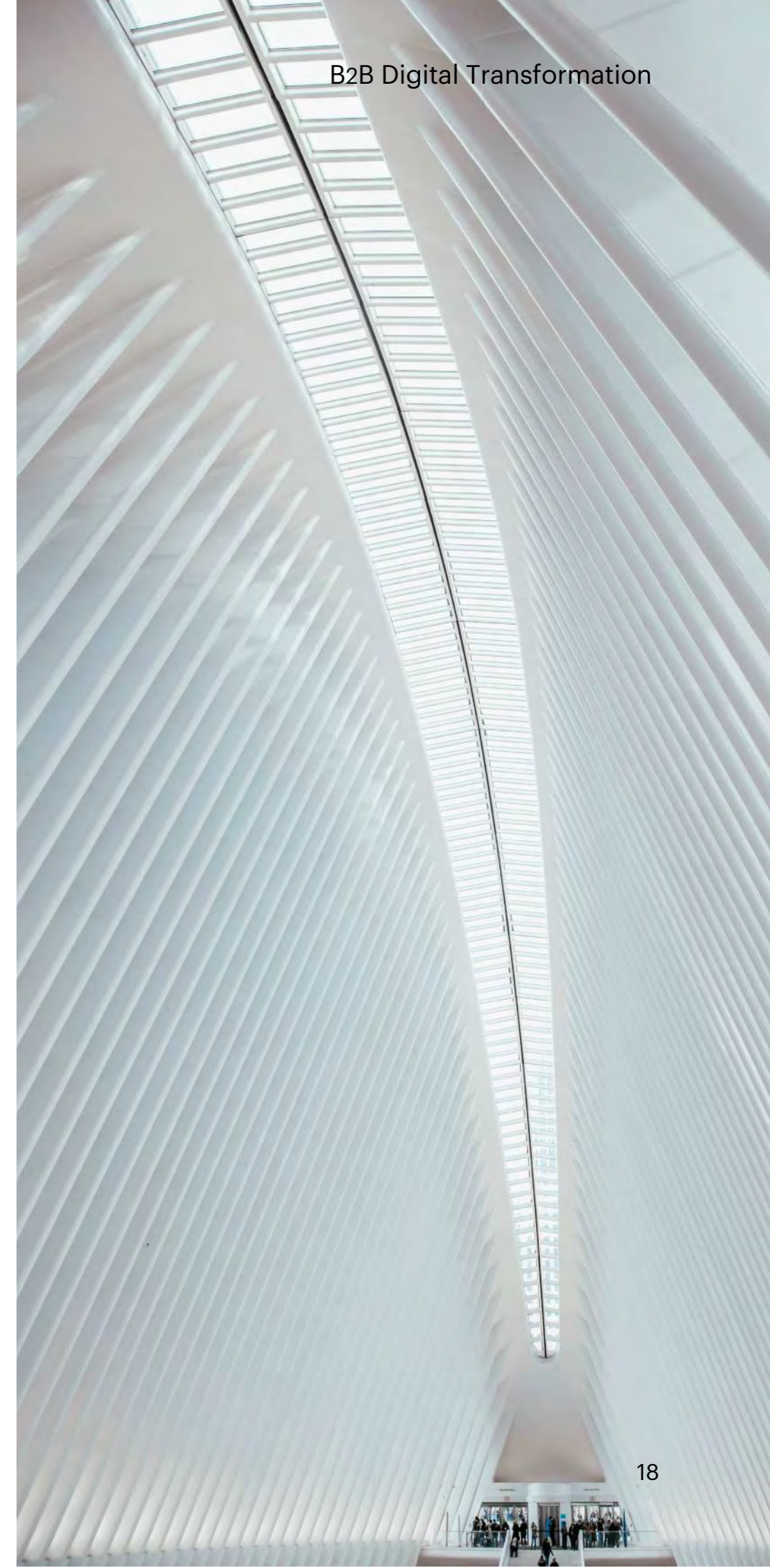
Cybersecurity Tops The List of Technology Investment Priorities

Forty-five percent of respondents cited cybersecurity as a top priority for the first time. It's no wonder — the shift to distributed work caused by the pandemic created additional cybersecurity needs around identity, access management, and network security. Cloud was also a priority because it enables the updating and integration of legacy on-premises IT systems, a key step along the path of digital maturity.

Figure 14: Prioritized Technology Investments, 2020
"What are your top priorities for technology investments in 2020? Select up to five."

Technology	Percentage
Cybersecurity	45%
Cloud	34%
Internet of Things (IoT) (e.g. Geo-fencing, beacons, or other embedded sensors)	33%
Data Science	31%
5G	29%
Machine Learning(ML)/Artificial Intelligence (AI)	29%
Blockchain	23%
Real time analytics and reporting	21%
eCommerce platforms	20%
DevOps	20%
Conversational technologies (e.g. Digital assistants, chatbots, voice agents)	19%
Augmented Reality (AR) / Virtual Reality (VR)	18%
Social media	16%
Mobile solutions	16%
Teleconferencing / Video Conferencing	15%
Cross-functional collaboration platforms	13%
Edge computing	12%
Wearables	11%
3D printing / additive manufacturing	10%
Autonomous vehicles / robotics	9%
Quantum computing	9%
Drones	8%

Base: 170 B2B respondents

Because digital transformation initiatives differ by digital maturity, the technology priorities also vary significantly depending on maturity. More advanced in their usage of and reliance upon data, Stage 4 & 5 organizations are more likely to focus their investments on technologies that support cohesive, data- enabled initiatives — such as machine learning/artificial intelligence, cybersecurity, and 5G to (see Figure 15). Given the prevalence of distributed work, we also added audio and video conferencing technologies to the list this year. Overall, 15% of all respondents said that conferencing was a top priority, with 24% of organizations at the lowest digital maturity Stages 1 & 2 naming it as one of their top priorities.

Figure 15: Top Technology Investment Priorities for 2020 by Maturity Stage
"What are your top technology priorities? Select up to five."

	Stages 1 & 2	Stage 3	Stages 4 & 5
Cybersecurity	**25%**	**47%**	**62%**
Cloud	**27%**	**41%**	**35%**
Machine Learning (ML) / Artificial Intelligence (AI)	**12%**	**28%**	**52%**
Internet of Things (IoT) (e.g., geo-fencing, beacons, or other embedded sensors)	**22%**	**35%**	**40%**
5G	**31%**	**21%**	**42%**
Real-time analytics and reporting	**21%**	**25%**	**15%**
Conversational technologies (e.g., digital assistants, chatbots, voice agents)	**14%**	**12%**	**32%**
Teleconferencing / Video conferencing	**24%**	**14%**	**9%**

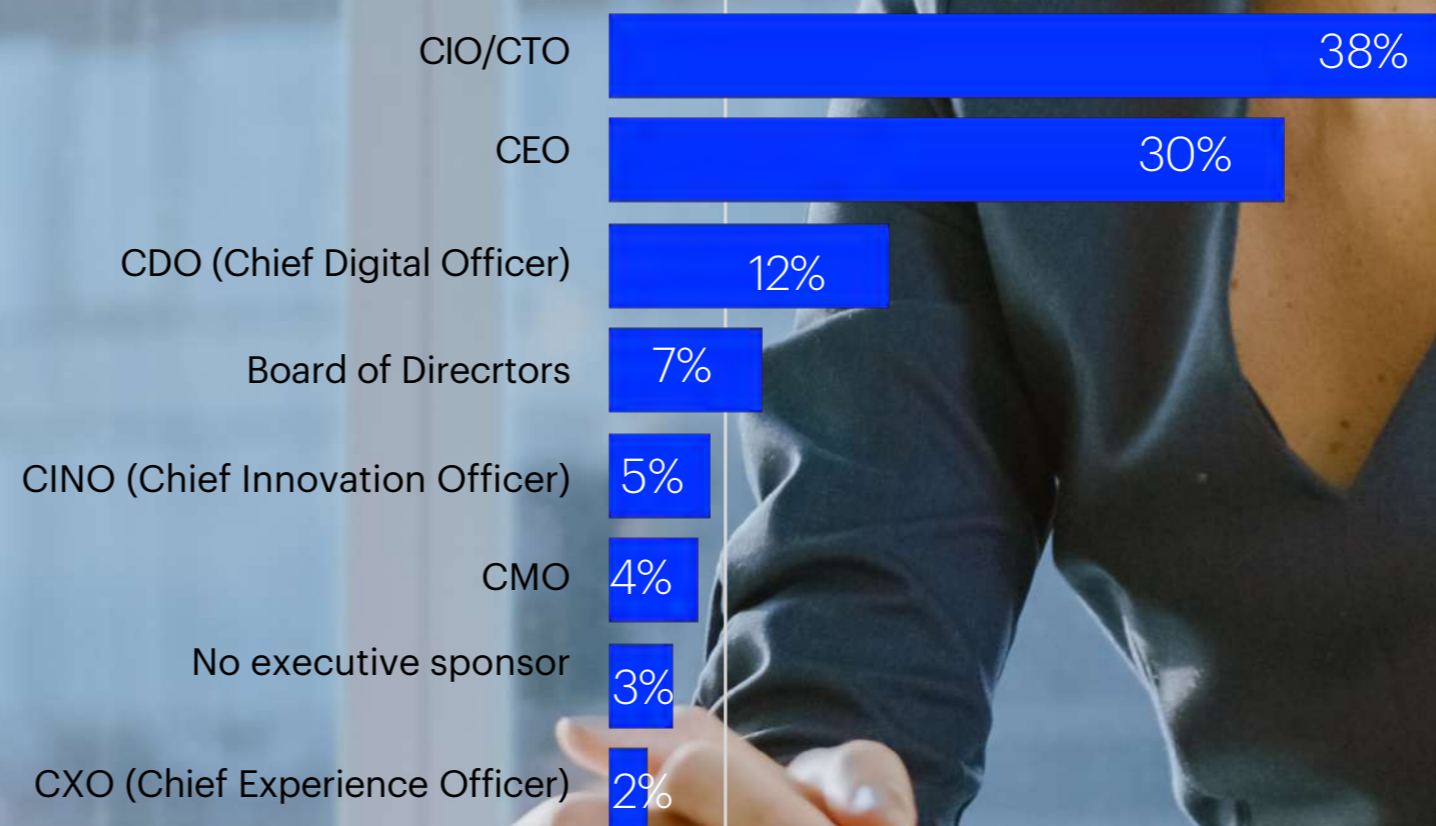# Digital Transformation Sponsored Primarily by CIO/CTOs and CEOs

Because both technology and business transformation reside at the heart of digital transformation, it's natural for the CIO/CTO, CDO, Chief Digital Officer and the CEO to sponsor or own responsibility for leading it (see Figure 16).

Together, the CEO, CDO and CIO/CTO roles provide point leadership for digital transformation in 80% of reported cases. CIO/CTO leadership grew over the past year by 22%.

CMOs, CXOs and CINOs are rarely the executive sponsors yet most digital transformations are propelled by shifting to digital marketing, remaking customer experiences or pivots in innovation and business model. This leaves open the question of how these customer facing roles should be included in transformation leadership.

Figure 16 : Ownership of the Digital Transformation Journey
Which executive officially owns or sponsors the digital transformation initiative?

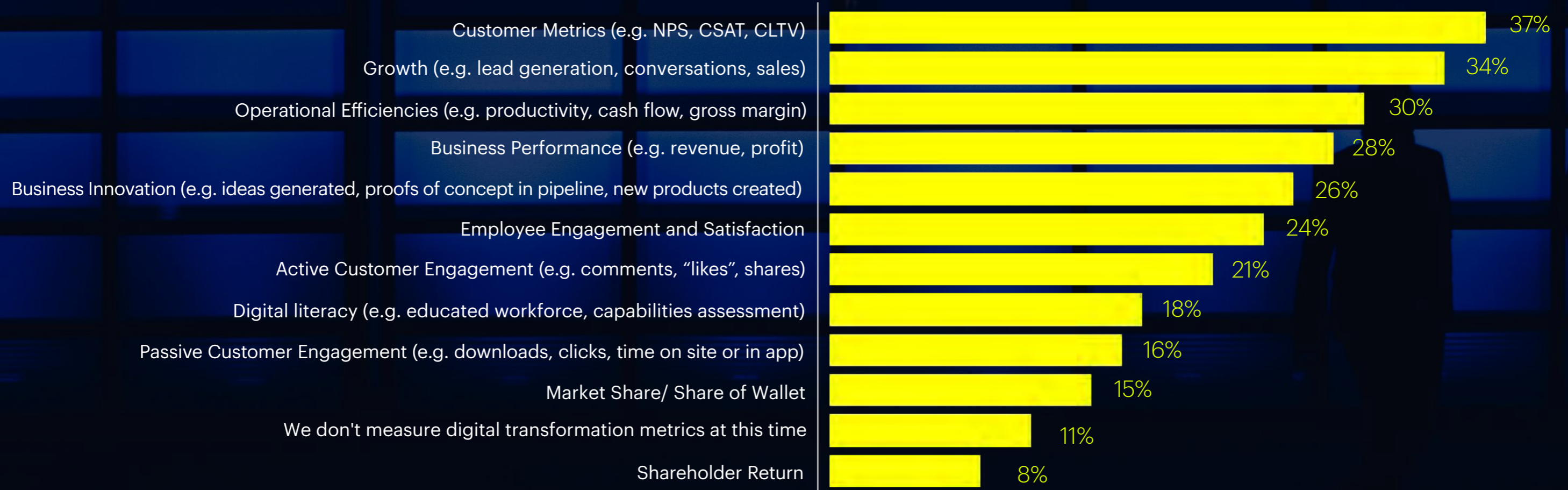| Role	Percentage
CIO/CTO	38%
CEO	30%
CDO (Chief Digital Officer)	12%
Board of Direcrtors	7%
CINO (Chief Innovation Officer)	5%
CMO	4%
No executive sponsor	3%
CXO (Chief Experience Officer)	2%

Base: 170 B2B respondents

Growth- and Customer-Centric Metrics Define Digital Transformation Success

While no single metric emerged as the one most organizations used to measure the success of digital transformation, the top four metrics connect digital transformation to business objectives and outcomes (see Figure 17). This is good news, because clear business outcomes increase the likelihood that digital transformation will be taken seriously across the organization.

Figure 17: The Top Metrics Used to Measure Digital Transformation
"What metrics does your organization actually measure today related to digital transformation? Select up to three."

Metric	%
Customer Metrics (e.g. NPS, CSAT, CLTV)	37%
Growth (e.g. lead generation, conversations, sales)	34%
Operational Efficiencies (e.g. productivity, cash flow, gross margin)	30%
Business Performance (e.g. revenue, profit)	28%
Business Innovation (e.g. ideas generated, proofs of concept in pipeline, new products created)	26%
Employee Engagement and Satisfaction	24%
Active Customer Engagement (e.g. comments, "likes", shares)	21%
Digital literacy (e.g. educated workforce, capabilities assessment)	18%
Passive Customer Engagement (e.g. downloads, clicks, time on site or in app)	16%
Market Share/ Share of Wallet	15%
We don't measure digital transformation metrics at this time	11%
Shareholder Return	8%

Base: 170 B2B respondents   22

Implications for Action

There are three major action implications from this report.

First, when it comes to taking advantage of business opportunities, digital maturity matters. Digital leaders can afford to invest in innovation and use the disruption created by events like COVID-19 to their advantage. The lesson from these digital leaders is to not lose sight of the need to invest in digital transformation, even when budgets tighten. While no one can predict future moments of opportunity with certainty, they will continue to come — creating chances for digital leaders to further outperform digital laggards.

Second, more than ever, digital maturity is about building outward-facing applications, digitizing marketing and sales, and driving innovation to increase revenue. Organizations without mature digital capabilities in a world that has shifted more digital than ever will lack revenue engines.

Finally, digital transformation is about the most senior levels of leadership. For every CIO/CTO entrusted with the responsibility, there is a CEO who thinks business when they think digital and has taken responsibility upon themselves for driving digital transformation. Collaboration between these two key leadership roles — supplemented by CDOs, Chief Innovation Officers, and Boards — will be critical to ensure that companies remain on the path to business transformation through digital.

Methodology

This report is an excerpt of 170 B2B respondents from 628 professionals from organizations with at least 1,000 employees, across four geographies: North America (U.S. and Canada); Europe (U.K., France, and Germany); The People's Republic of China; and Southeast Asia (Indonesia, Singapore, and Vietnam). The respondents from these organizations included in-house and agency digital strategists and C-suite or other executive-stage leaders. Our sample includes a fixed quota of respondents from five industry verticals: Banking/Finance, Consumer Products, Healthcare, Retail, and Technology. We asked each respondent multiple choice answer questions about digital transformation at their respective organizations or organizations they serve. Digital maturity was scored across 26 criteria in five areas. More details about the criteria are available in the online version of this report here.

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