White Paper

Digital Transformation: Discover the Right Path to Avoid Hype and Disappointment

Sponsored by: Verizon

John Jackson Courtney Munroe
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DIGITAL TRANSFORMATION TODAY: AWARENESS, URGENCY, ACTION, ... AND THEN DISAPPOINTMENT

The state of digital transformation (DX) today is one where organizational awareness, competitive urgency, and resource investment are at an all-time high, but forward progress and implementation success are being undermined by execution challenges. This is an untenable situation at a time when delay or failure to digitally transform carries existential risks. Fortunately, top organizations and their leaders, who have already embraced digital transformation initiatives, have valuable insight and can show a way forward.

IDC surveyed 219 senior-level digital decision makers at large enterprises in the United States, Western Europe, and Asia/Pacific regions about their company's digital strategies and initiatives. Some common themes and insights emerged from organizations with more mature DX profiles and high levels of success implementing digital initiatives.

Four essential takeaways from this white paper are:

- 70% of digital stakeholders at all organizations — digital leaders or not — say networking is *very* important to digital initiatives.
- 83% of digital leaders trust their communication service providers' ability to enable their DX.
- 84% of digital leaders describe their organizations as leaders in networking.
- 76% of digital leaders say that network planning and digital strategy planning are part of the same process at their organizations.

While digital leaders place a premium on network leadership and look to communication service providers (SPs) first as trusted partners for DX, not all networks and communication SPs are equal. This white paper looks into the conditions that determine leaders and followers in the DX journey. It aims to provide specific guidance to digital stakeholders across the enterprise about how to make their organizations' digital initiatives — and DX journey — a success. IDC compares the findings of this year's research study with a similar study conducted in 2016 to understand how the market has progressed.

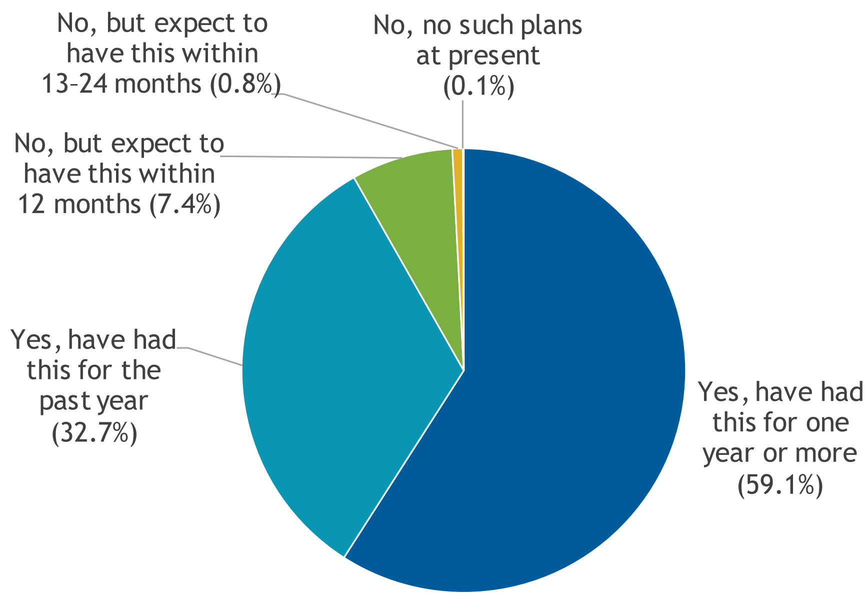
BROAD ACTION ON THE DX IMPERATIVE

Digital transformation has become a strategic, or even an existential, imperative and organizations are taking action. Survey data shows that most large enterprises have already committed material investment to DX, and virtually all organizations have plans to do so within two years (see Figure 1). In addition, almost 60% of organizations have had staff and/or budget dedicated to digital transformation initiatives for over a year. Another 32% of organizations committed similar investment within the past year.

FIGURE 1

Resource Allocation for Strategic Digital Initiatives

Q. Does your organization have dedicated staff and/or budget allocated for strategic digital initiatives (e.g., Is there a digital strategy leader or team with budget for broad or specific digital initiatives)?



n = 219

Base = all respondents

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

OBSTACLES TO EFFECTIVE EXECUTION APPEAR TO BE MOUNTING

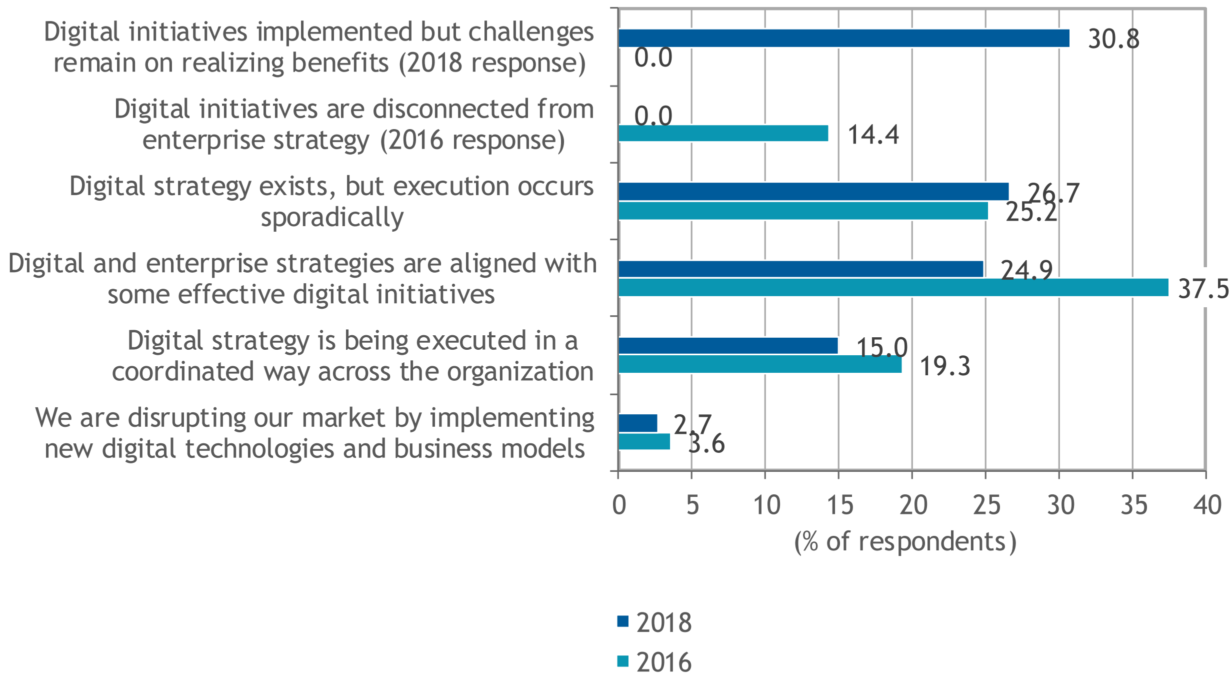
In spite of the increased investment and dedicated resource, execution on DX initiatives is proving difficult. Nearly half of survey respondents described their organizations' digital initiatives as disjointed, not yielding benefits, or disconnected from broader enterprise strategies (see Figure 2). Worse yet, a comparison of these assessments with those from an initial version of this research in 2016 suggests the effectiveness of DX initiatives — and organizations' progress on the DX journey — is lapsing.

This data paints an alarming picture in which organizations have a sense of urgency around DX initiatives and are investing in support of these initiatives, but organizations falter when it comes to execution.

FIGURE 2

Digital Initiatives by Organizations: 2016 Versus 2018

Q. *Please indicate which response below best characterizes your organization's current approach to a digital strategy.*



n = 219 for 2018 data, n = 603 for 2016 data

Base = all respondents

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

FOLLOW THE DIGITAL AND NETWORK LEADERS FOR DX EXECUTION

This white paper describes the strategy, execution, and culture of organizations that are seeing optimal results from digital initiatives versus those that say they're struggling. The objectives of this white paper are to shed light on the barriers to effective digital transformation and to provide guidance on how organizations should move forward.

This white paper features the results and analysis of a global survey of 219 digital leaders in several countries in the Americas, Europe, and Asia/Pacific regions. Respondents represent senior decision makers at the cutting edge of digital transformation in enterprise organizations that are both ahead of and behind the DX curve.

This study is a follow-up to a 2016 study that surveyed 603 digital stakeholders on their initial foray into DX and the role of the network and their communication SP in the process of implementing digital transformation. The 2016 study focused on organizations' initial approach to digital transformation. This year's edition focuses on the challenges of executing digital initiatives and the instructive lessons to be drawn from leaders doing things successfully.

DX: WHAT IT IS AND WHY FAILURE IS NOT AN OPTION

Digitization Brings Disruption

Computer mainframe companies were not prepared for the PC. Polaroid and Kodak were not prepared for the digital still camera. Nokia, Motorola, Samsung, and Sony Ericsson were not prepared for the iPhone. The music and entertainment industries were not prepared for Napster, and later iTunes, Spotify, and Netflix. Retail was not prepared for Amazon. Local transportation was not prepared for Uber. Hospitality was not prepared for Airbnb. Governments and regulatory authorities were not prepared for Facebook. And on it goes.

Digital disruption is neither new nor only about the aforementioned high-profile examples of new technologies or upstart competitors that changed the rules of the game. Digital disruption has become a pervasive constant that affects almost all facets of organizational conduct. To be certain, digitization has transformed, and will continue to transform, traditional macro markets, often disruptively and with massive displacement of economic value for incumbents. But the impact of digitization is more pervasive than this. Digitization changes the way employees, partners, suppliers, and customers alike expect to interact with the organization. It can create massive efficiencies and productivity enhancements. At the same time, it exposes daunting new security challenges. The era of digitization requires transformative change — both internal and external — of almost any organization interested in remaining competitive. Therefore, to be successful, digital transformation must belong to all parts of the organization.

DX: The Constant Journey

DX essentially describes continuous processes by which organizations adapt to succeed in an environment where digitization represents a constant threat and opportunity. Consequently, the DX journey will never be done. DX initiatives can be reactive, proactive, offensive, and defensive in nature, and these may be aimed both within and outside the organization — customers, suppliers, partners, employees, corporate leadership, governmental agencies, investors, and more are all considered. DX initiatives are driven by one or more of four critical goals for organizations:

- Drive operational efficiencies and productivity gains by streamlining business processes.
- Transform the customer experience with new digital competencies and technologies.
- Create and deliver new business models with the agile delivery of products and services, potentially giving the organization the ability to disrupt competitors. Reach new customer segments and enter new markets.
- Prevent disruption by equipping the organization to act with speed and agility ahead of, or in response to, competitive threats.

Key Trends Driving DX: The What and Why of Digital Transformation

The FAANGs – Facebook, Apple, Amazon, Netflix, and Google – are high-profile reminders of how advanced digital models can accelerate away from competitors, disrupting their core as well as adjacent markets, while capturing disproportionate share of revenue or profits, or both. Failure to adjust can easily have existential consequences, and most organizations are exposed.

IDC estimates spending on DX-related activity will be $1.1 trillion in 2018, or 1.1% of global GDP, growing to $1.8 trillion in 2021.

It's no surprise that DX has become a strategic imperative across all industry segments and markets and that our survey respondents almost universally report investment and staff allocated to digital initiatives. IDC estimates spending on DX-related activity will be $1.1 trillion in 2018, or 1.1% of global GDP, growing to $1.8 trillion in 2021. Yet according to IDC's definition of DX, less than 7% of all companies are classified at the highest level of digital maturity, while 65% describe early stage DX implementations.

The risk of complacency or uneven execution is real. IDC predicts that within the next 12 months, digital leaders will derive at least 45% of their revenue from digital-related commerce activities. These organizations are positioned to accelerate away from the competitive field. Companies that have not realized at least 25% of revenue from DX-related initiatives by 2020 risk being rendered obsolete by agile competitors. The time for competent execution and for finding the right DX partners is now.

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Multidimensional DX Factors Keeping Organizations from Executing More Effectively

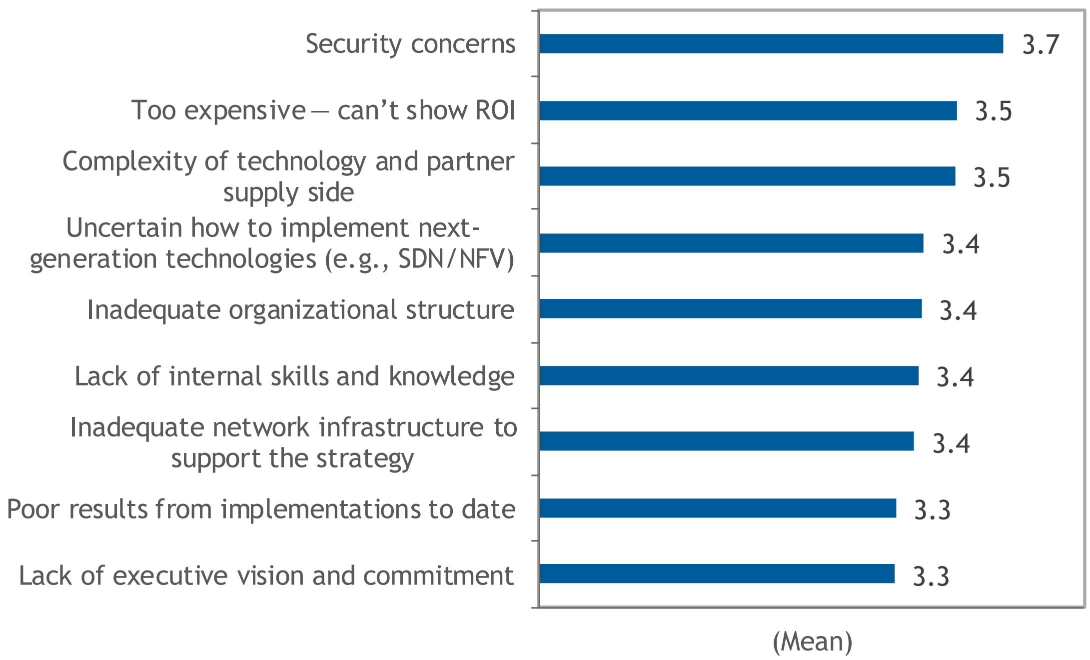
The dramatic change in our survey respondents' assessment of their organizations' DX maturity points to execution challenges (refer back to Figure 2). Implementation and execution of DX initiatives will require change, often in an organizational structure as well as within critical support systems and infrastructure.

Organizational transformation is usually difficult. Planning for, sourcing, selecting, and harnessing new, often cutting-edge critical support systems and infrastructure can challenge the most accomplished IT department. These factors, coupled with the multidimensional nature of what DX aims to achieve, will require new skills within the organization and a different kind of support from trusted solution providers. All these issues came through in our survey when we asked digital stakeholders about challenges to achieve digital strategy (see Figure 3).

FIGURE 3

Obstacles to Achieving Digital Transformation

Q. Please rate the impact of the following obstacles or challenges on your organization's digital strategy.



n = 219

Base = all respondents

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

THE FIVE MAIN REASONS DX PROJECTS ARE DELAYED OR GRIDLOCKED

- **Security threats multiplied:** Security, which reliably tops concerns of technology decision makers, also holds its place at the top of the list of decision makers when we asked respondents about obstacles to digital strategies. But it is the case that the DX environment introduces complex, newer technologies such as software-defined networking/network function virtualizaton (SDN/NFV), diverse public and private multicloud environments, and distributed, containerized application configurations that vastly multiply the number and nature of security considerations.
- **Confusion about where to begin and who to trust:** Respondents' ranking of complexity of the technology and partner supply side is perhaps the most instructive insight on the list of ostacles to achieve digital transformation (refer back to Figure 3). It speaks directly to our point about the challenges of planning for, sourcing, evaluating, and selecting complex, new DX-enabling technologies. But more importantly, it shows that organizations are challenged to find the right trusted partners for the DX journey.
- **DX-enabling tech — complex and unfamiliar:** Technologies such as SDN/NFV will be essential enablers of business agility, giving organizations the ability to scale up and down operations

nearly instantaneously through network orchestration, with commensurate cost scaling. Respondents' expression of uncertainty around implementing technologies such as SDN/NFV points directly to their complexity as well as the need for an implementation vision for their role in DX initiatives. This suggests that organizations that pursue SDN initiatives without the right trusted partner will find it challenging, time consuming, and costly.

- **An essential connection between network and digital that cannot be missed:** Inadequate network infrastructure support may be directly related to challenges in implementing DX-critical technologies such as SDN/NFV. DX will require a hybrid network platform that facilitates reliable and on-demand access to internal datacenters as well as diverse multi-cloud environments. These requirements will often be global in nature. The essential connection between the network and DX has become apparent to our survey respondents, who have a dramatically higher opinion of the importance of network infrastructure to DX initiatives today versus in 2016.
- **Underperformance that will persist unless changes are made:** Given the security, technical, and partner challenges cited, it is not surprising to see inadequate organizational structure and internal skill, poor ROI to date, and cost concerns so tightly coupled in the ranking.

The lack of executive vision and commitment ranks last. As our survey results suggest, almost all organizations are committed to DX. But if DX challenges are not met, executive support may falter — a potentially perilous trend in an environment where failure is not an option.

IDENTIFYING THE LEADERS AND BEST PRACTICES/LESSONS LEARNED

We used a process to identify leading digital organizations, with a view to revisiting the overlap between digital and network leadership that emerged in our 2016 study. Our survey first established respondents' familiarity with their organization's network resources and then asked them to characterize their organization's network reliability and performance.

We then asked respondents to describe the state of implementation of their organization's digital initiatives. Nearly 32% of respondents said their organizations were on the leading edge. Strikingly, 83.5% of digital leaders also call themselves network leaders.

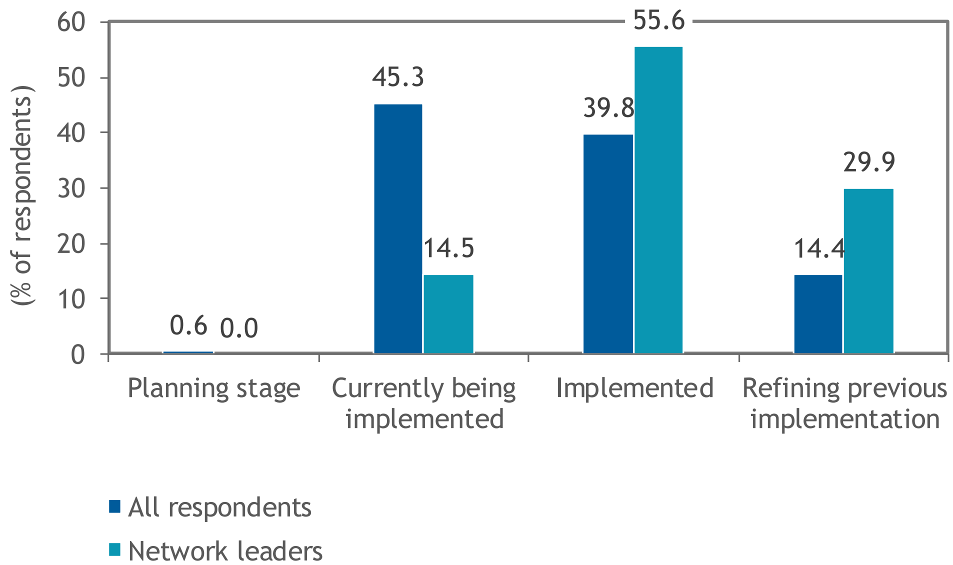
Of course, it's one thing to claim leadership and another to demonstrate it, so we asked respondents about the state of implementation of digital initiatives. 39.8% of all respondents report having digital transformation initiatives implemented (see Figure 4). This figure jumps to 55.6% among network leaders. Also an impressive 29.9% of network leaders say that their organizations are refining previous implementations — a rate 2 times that of the total respondent base. Network leaders are implementing or refining digital initiatives well ahead of the broader market.

39.8% of all respondents report having digital transformation initiatives implemented. This figure jumps to 55.6% among network leaders.

FIGURE 4

State of Implementation of Digital Transformation Initiatives

Q. How would you describe the current stage of execution and implementation of your organization's digital transformation initiatives?



n = 219 (total), n = 49 (self-described "network leaders")

Base = all respondents and self-described "network leaders"

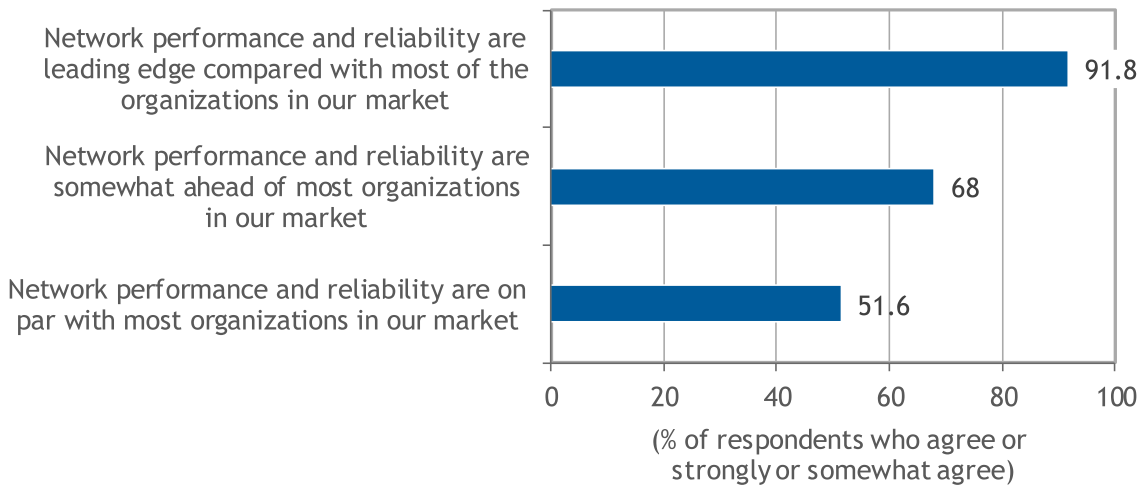
Source: IDC and Verizon's *Network Transformation Survey,* April 2018

Organization structures and operational alignment are keys to execution, of course. Instructively, but perhaps not surprisingly, 91.8% of self-described network leaders indicate that network planning and digital strategy planning are part of the same process in their organizations (see Figure 5).

FIGURE 5

Network and Digital Planning Process Alignment

Q. Please indicate the extent to which you agree with the following statement: Our network planning and digital strategy planning are part of the same process.



n = 219

Base = all respondents

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

It's clear from our survey results that organizations at the leading edge of digital are also at the leading edge of network performance and reliability. These same self-described digital and network leaders also rank communication service providers highest in the trusted partner for digital initiatives consideration set. This means that digital leaders have:

- A relatively higher level of comfort and confidence with the advanced DX-enabling connectivity and networking technologies cited as obstacles to progress by the broader respondent base
- Prioritized communication service providers — entities somewhat outside the traditional IT trusted partner consideration set, but with a uniquely high level of competencies in the same challenging advanced networking techniques and concepts — as trusted partners for DX initiatives

Organizations at the leading edge of digital are also at the leading edge of network performance and reliability.

NEW SKILLS REQUIRED INTERNALLY AND FROM TRUSTED PARTNERS

DX requires new skills from both within the organization and trusted partners. The obstacles described by our survey respondents suggest that the transition to a DX-ready organization should consider a closer or new alignment with trusted partners that offer a clear and comprehensive starting point for the DX journey. Such partners will have an advanced understanding, born of experience, of the advanced technical and networking requirements that enable DX, as well as the organizational changes and skill sets that must be put in place to ensure DX success.

As more digital initiatives are launched, the critical role of networking in supporting them has become more apparent. At some level, the association between networking and digital initiatives is simply intuitive.

STRENGTHENING APPRECIATION OF THE NETWORK'S ROLE IN DX

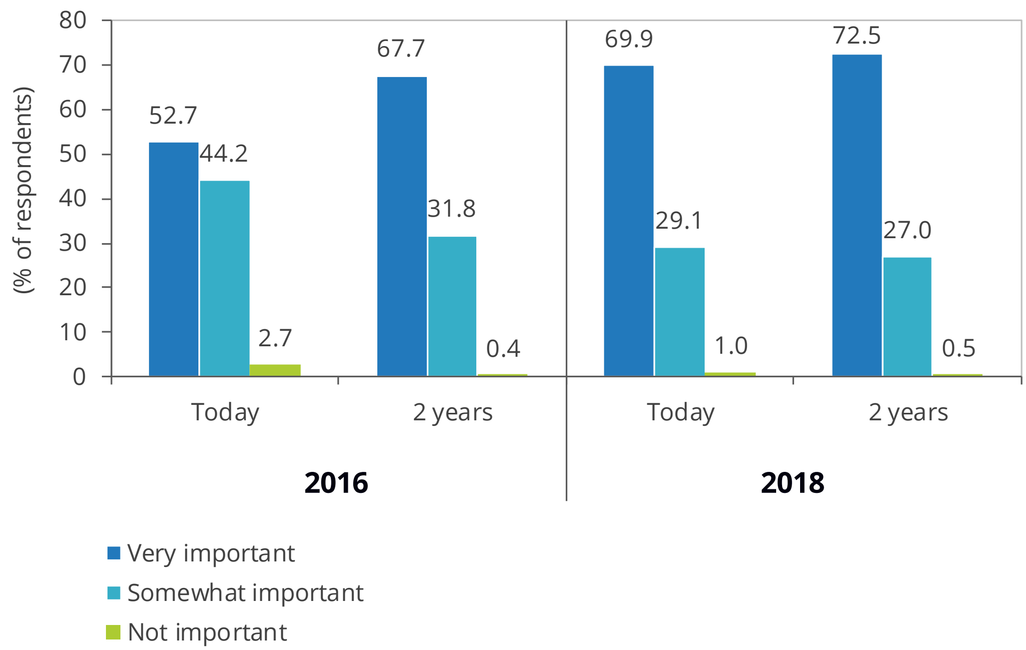
The full potential of DX cannot be realized without network transformation. This was IDC's conclusion in the first version of this study, published in 2016. This update shows that support for this conclusion has strengthened among digital leaders across 14 major industry verticals in organizations in the United States, Europe, and Asia.

70% of digital leaders surveyed in 2018 consider networking capabilities to be very important to their organizations' digital initiatives (see Figure 6). This is a significant increase from 53% in 2016, suggesting that as more digital initiatives are launched, the critical role of networking in supporting them has become more apparent. At some level, the association between networking and digital initiatives is simply intuitive. In the 2016 survey, digital leaders are also nearly unanimous in ascribing some level of importance of the network to digital initiatives.

FIGURE 6

Importance of the Network in Digital Initiatives: 2016 Versus 2018

Q. How important are your organization's networking capabilities to its digital initiatives today and in two years?



n = 219 for 2018 data, n = 603 for 2016 data

Base = all respondents

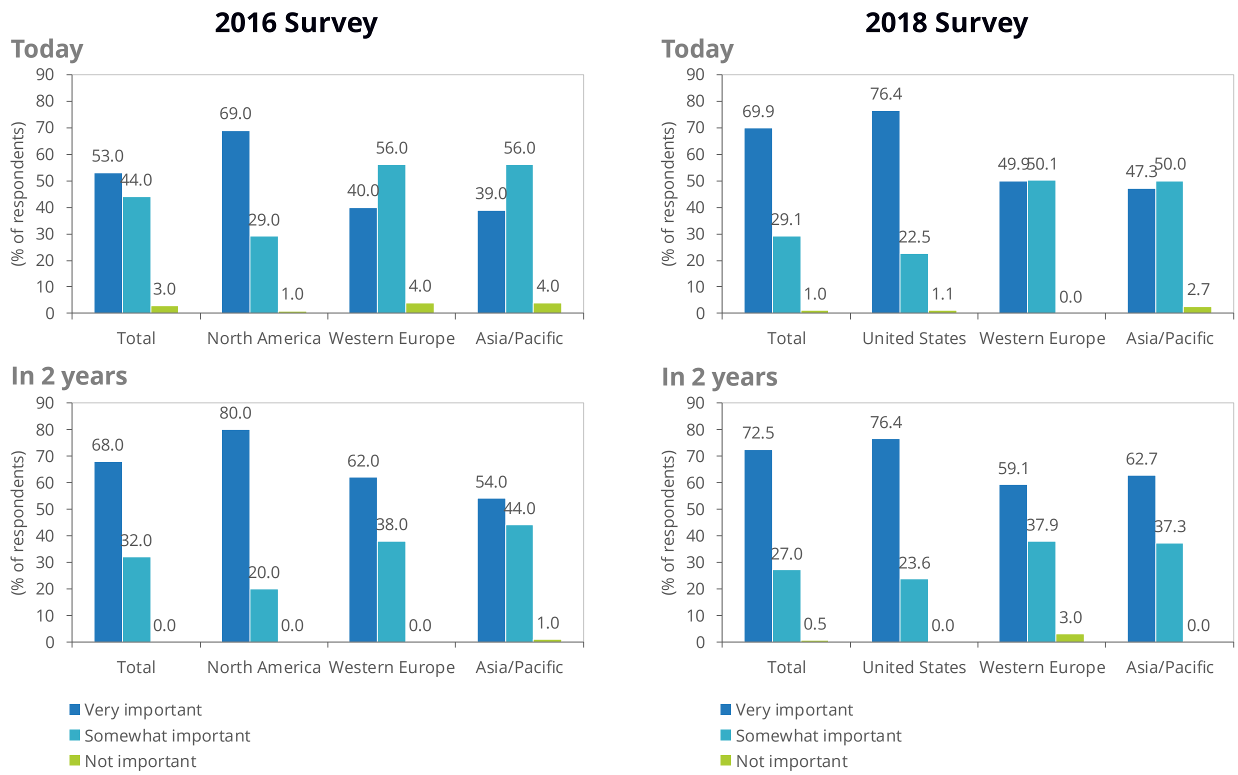
Source: IDC and Verizon's *Network Transformation Survey,* April 2018

The sentiment is global, but a regional view shows European and Asian digital leaders' appreciation of the importance of network to digital initiatives today (versus two years hence) has increased by around 10% in each region since 2016 (see Figure 7). Curiously however, sentiment in both regions still trails the conviction evident in the United States. This may relate to the profiles of communication SPs in the regions, as well as differences in relative stages of DX readiness.

FIGURE 7

Importance of the Network in Digital Initiatives by Region: 2016 and 2018

Q. How important are your organization's networking capabilities to its digital initiatives?



n = 219 (total), n = 89 (United states), n = 65 (Western Europe), and n = 65 (Asia/Pacific) for 2018 data; n = 603 (total), 202 (North America) 201 (Western Europe), and n = 200 (Asia/Pacific) for 2016 data

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

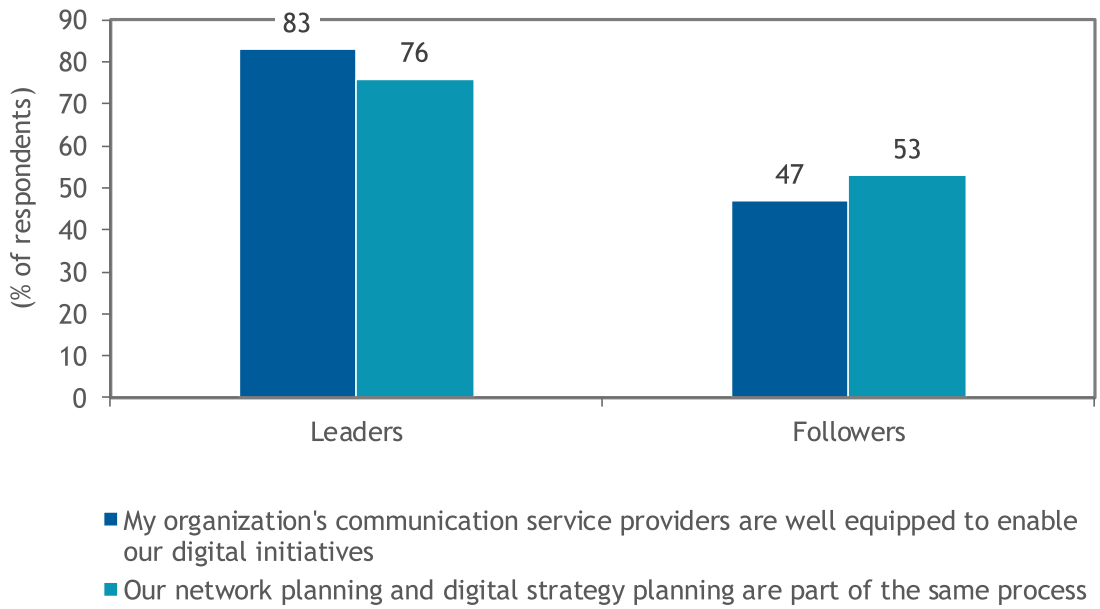
TODAY'S DIGITAL LEADERS HAVE TRUST AND CONFIDENCE IN COMMUNICATION SERVICE PROVIDERS AS PARTNERS FOR DIGITAL INITIATIVES

Figure 8 shows that 83% of digital leaders trust that their communication SPs are well equipped to support their organizations' digital initiatives. This trust contrasts starkly with that of followers. The same wide confidence gap was evident in our 2016 study, as was the gap in alignment between network planning and digital strategy planning processes. 76% of digital leaders also report that their network planning and digital strategy planning are part of the same process. The high level of network/digital process alignment and high confidence in communication SPs' support for DX are instructive for organizations needing to improve their digital execution.

FIGURE 8

Digital/Network Planning Process Alignment: Leaders Versus Followers

Q. *Please indicate the degree to which you agree with the following statement: My organization's communication service providers are well equipped to enable our digital initiatives.*



n = 152 (self-described network leaders), n = 67 (self-described network followers)

Base = self-described "network leaders" and self-described "network followers" who agree or agree strongly

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

Communication SPs are more strongly preferred trusted partners for digital initiatives than other provider types among digital leaders (see Figure 9). The strength of this sentiment toward communication SPs as primary trusted providers for digital initiatives has grown since our 2016 study. It provides further evidence that the connection between network and digital leadership is not coincidental, and that digital leaders' appreciation of communication SPs as trusted providers for digital initiatives is strengthening.

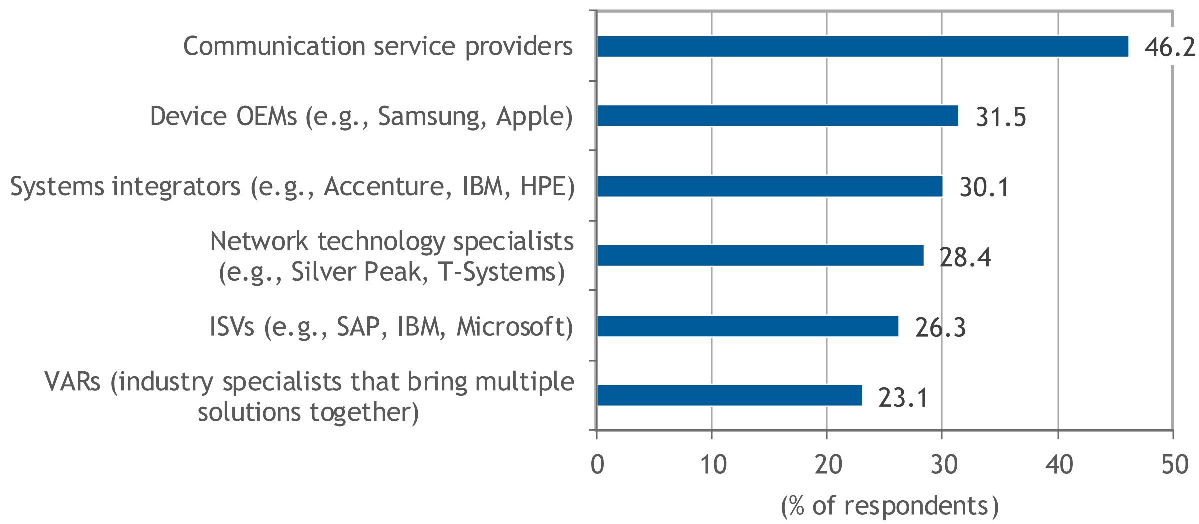
But the evident confidence among digital leaders may not be securely placed. Communication SP profiles, assets, ability to invest, and strategic visions can vary greatly. Such divergence will have a direct impact on a given communication SP's ability to serve as a trusted partner for DX initiatives.

Communication SPs are more strongly preferred trusted partners for digital initiatives than other provider types among digital leaders.

FIGURE 9

Preferred Trusted Providers for Digital Initiatives

Q. Which type of supplier do you consider to be your primary or "trusted partner" for digital initiatives?



n = 152

Base = digital leaders

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

CURRENT AND FUTURE DIGITAL TECHNOLOGY OBJECTIVES

So far, we have established a clear overlap between self-described digital leaders and network leaders.

Organizations' objectives for digital initiatives may be said to span a continuum of ambitiousness and sophistication. For example, objectives such as cost reduction and revenue/profitability growth are things organizations are generally trying to achieve. Business process or customer experience improvements may require more sophisticated or nuanced approaches. Disrupting competitors with digital technologies and transformative investments is clearly ambitious, requiring considerable sophistication.

Digital and Network Leaders Have Advanced DX Agendas

We would expect network leaders to have relatively more sophisticated objectives for their digital initiatives. This is true for the most part:

- **Tackling more sophisticated DX initiatives:** Network leaders place relatively less emphasis than followers on more rudimentary objectives including cost reduction and revenue and profitability growth. Instead, they lead in prioritizing customer service improvement (where customers may be employees, consumers, business customers, suppliers, etc.) and business process and productivity improvement.

- **More proactive than reactive:** Network leaders are less likely to describe their digital initiatives as reactive.
- **Out to disrupt the competition with DX:** Network leaders are more likely, by a factor of 3 to 2, to describe their digital strategy's aim as disrupting the competition by advancing their digital capabilities.

But it isn't all perfect in network leader land. Network leaders are not leading the pack with digital initiatives aimed at entering new markets or changing their revenue models, perhaps because they are focused on improving the operational model they have in the markets in which they operate. Nor are they demonstrably growing revenue or profitability ahead of followers. This suggests that leaders and followers alike have lofty ambitions for their digital strategies, and that there is still time for investment, partnership, and execution that can change the game.

The 10 Essential Technology Investments That Separate Digital Leaders from the Pack

But strikingly, self-described network leaders are investing in critical DX-enabling technologies ahead of the market. There should be little doubt that these profiles are in the vanguard of IDC's $1.1 trillion forecast for DX spending in 2018. We asked respondents, "How will your organization's level of investment in the following change between this year and next year?"

- Mobility (including applications, devices, software for management, security, app development)
- Traditional network access technologies
- New network technologies (e.g., software-defined networking, network function virtualization)
- Internet of Things/machine-to-machine connected solutions
- Cybersecurity
- Cloud computing/storage
- Social and collaborative business tools
- Wearable technologies
- Robotic or autonomous systems (e.g., drones)
- Customer analytics — advanced and predictive, data mining, and similar "big data" solutions

Network leaders indicated their organizations would invest at a higher level than followers year on year in every case. This should have the full attention of organizations that are not leaders today. It suggests an aggressive, disruptive mentality aimed at expanding business operations, backed by execution, organizational alignment, and investment.

12 Networking Technologies That Define Network Leadership

The aforementioned response pattern was presented again when we probed more deeply on network technologies, when respondents were asked, "Does your organization plan to invest in the following network-related technologies and services over the next 18 months?":

- Improving WAN/network security
- Unified communications and collaboration
- Software-defined networking/NFV
- Voice and data convergence onto IP networks

- Enterprise social networking
- Cloud services (cloud-based services, storage, applications, or communications)
- Business applications in mobile devices
- Upgrading existing network infrastructure
- Increasing network bandwidth
- Putting video over the WAN
- WAN optimization
- Rapid response

These technologies form the arsenal of DX. Again, in all cases, network leaders led followers in indicating that their organizations would invest in *new* products and services versus enhancing existing assets or having no plans to invest. Results suggest that network leaders recognize these networking-led technologies as essential to their future DX strategies. Perhaps this is not surprising given these organizations' effective alignment of digital and network planning processes, reported history of leading digital implementation, and the higher probability that they are going to communication SPs first for digital initiatives. These investments, if effectively implemented, are digital business agility multipliers. Here again, organizations behind the network leadership curve should urgently rethink their digital investment priorities.

TOP THINGS TO CONSIDER WHEN SELECTING A COMMUNICATION SERVICE PROVIDER PARTNER

Time for Closer Consideration of Communication SPs as Trusted Partners for DX

We expect network leaders to continue to generally outperform other organizations in terms of digital execution and to continue developing the continuous transformation reflexes that will define DX success. These organizations are operationally aligned, ambitious, actively aware of the role of the network in supporting digital initiatives, and more appreciative of the primary role of communication SPs as trusted partners for DX. And they're investing ahead of the market in next-generation technologies essential to supporting DX.

But the path forward remains challenging. New skills and technologies must come into play within the organization and from trusted partners. But it is not yet clear whether more network or digital leaders will look to communication SPs first as trusted partners for digital initiatives. The evidence presented in this study suggests that communication SPs merit close evaluation as trusted providers for DX in the near term. This section offers a checklist-style set of evaluation criteria.

Figure 10 shows survey respondents' ranking of the importance of attributes of the ideal communication service provider. The top 2 responses reflect organizations' requirements for agility and flexibility in a cloud environment. SD-WAN is an early stage feature in the migration to software-defined virtualized infrastructure. Enterprises also require choice in their software-defined architecture, which can span a wide range of vendors as well as network access options.

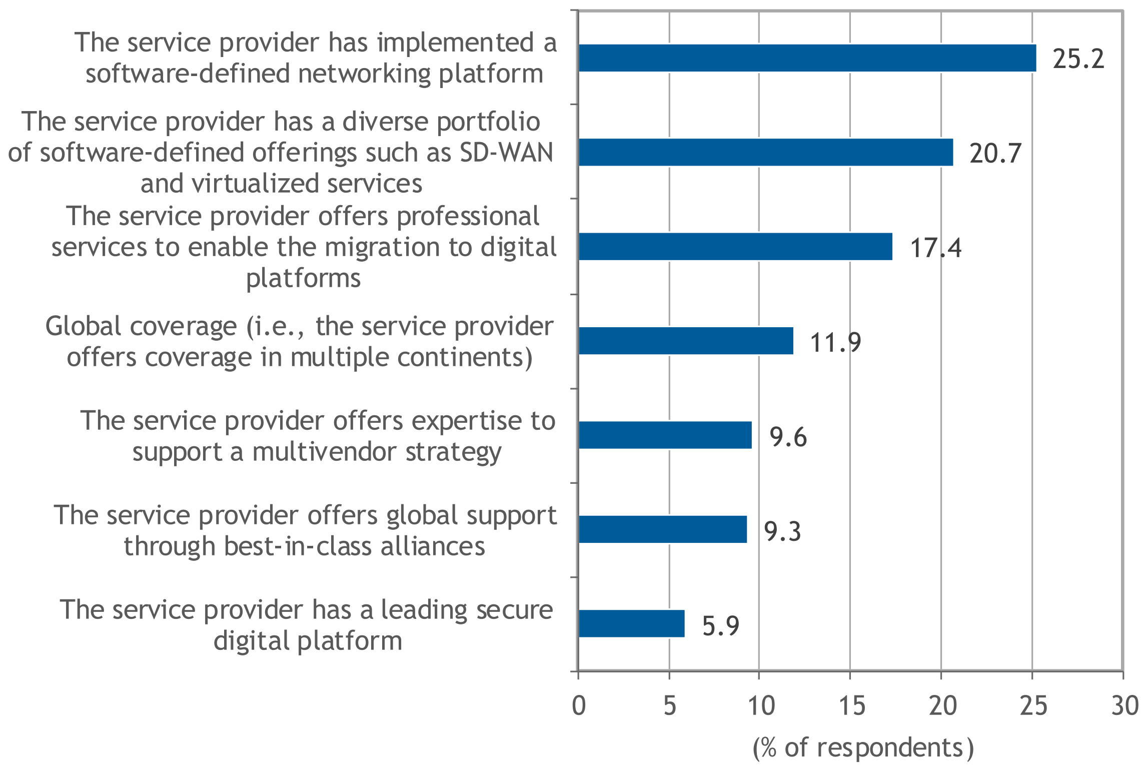
It is important for service providers to offer a diverse portfolio as well as a road map to a managed virtualized cloud-based infrastructure. This is critical for facilitating flexibility and agility. SD-WAN is crucial to managing applications by rapidly assessing and reconfiguring network resources based on end-user consumption.

These capabilities will be essential enablers of the agility and breakthrough customer experiences organizations envisage for DX. The importance of a well-configured software-defined network is particularly key for digital transformation — something our digital stakeholder survey respondents seem to appreciate.

FIGURE 10

Importance of Attributes to Assess a Network Partner

Q. Rank the top 3 attributes in terms of their importance when assessing a communication service provider.



n = 219

Base = all respondents

Source: IDC and Verizon's *Network Transformation Survey,* April 2018

THE DX-READY COMMUNICATION SP CHECKLIST

It is critical to partner with a service provider that offers:

- World-class virtualized network infrastructure (This is critical to maintaining high standards of reliability and performance metrics.)
- Network support for applications hosted in diverse cloud environments, which leverage data and information generated by geographically dispersed sites that increasingly depend on applications hosted in the cloud as well as internal datacenters
- Support for diverse access technologies ranging from broadband to LTE and eventually 5G
- Complex application policy management to ensure an optimal customer experience irrespective of the underlying network
- Global reach to cater for future expansions of your business in the new digital world

We expect a growing requirement for DX platforms (DXPs) that integrate diverse components including internal IT resources as well as external vendors and partners. This is in addition to virtualized networking capabilities previously described. The DXP has several attributes, including the following:

- A content platform that includes omni-experience content and data that resides in a multi-cloud environment
- A software platform that includes commerce, CRM, marketing automation, and analytics tools
- A hybrid network platform that facilitates reliable and on-demand quality access to internal datacenters as well as diverse multi-cloud environments

The Importance of Finding Supplementary and Complementary Technical Skills

Another important issue is ensuring that the internal DXP functions adequately with the support of the internal IT department, and that the network infrastructure provides the requisite KPIs and business continuity resources to meet a high level of customer experience.

The list of capabilities associated with a DX-ready communication SP partner is longer and deeper than most digital decision makers fully appreciate. Most companies don't have the professional services capability, technical skill set, or security expertise in-house to adequately manage scalable implementation of a DXP. This should add urgency to partner evaluation processes.

CONCLUSIONS, RECOMMENDATIONS, AND DX-READY NETWORK PARTNERS

There is a demonstrably tight link between digital leadership and network leadership that offers lessons in organization, investment, and technology and partner selection for all organizations on the DX journey. Six key lessons from digital leaders are summarized:

- **Become a network leader by investing in leading-edge networking capabilities.** A large majority (83.5%) of self-described leading-edge DX organizations also describe themselves as having leading-edge networking capabilities.
- **Network leadership supports effective implementation of digital initiatives.** Network leadership is clearly established where digital transformation initiatives are up and running.

- **Align network planning and digital strategy planning processes.** 92% of network leaders work in organizations where network planning and digital strategy planning are part of the same process.
- **The right communication SP can be an effective primary trusted provider for digital initiatives.** Both self-described digital and network leaders indicate a preference for communication SPs (or network technology specialists) as trusted providers for digital initiatives over other traditional sources.
- **Network leaders are more ambitious and execute digital initiatives at a higher level.** Digital initiatives among network leaders are generally more sophisticated and oriented toward disruption relative to the rest of the market.
- **Investment in the right places is key to supporting execution.** Network leaders are doubling down on investment, raising overall spending on next-generation digital solutions, and prioritizing investment in net-new networking technologies that will be essential to effective DX processes.

Clearly, challenges and complexities remain for organizations with DX agendas — and that should be for almost all organizations.

Failure to digitally transform is not an option. But our survey data shows the reality for most organizations today is halting execution. This is primarily attributable to misalignment of organizational resources and planning processes, the complexity of emerging technologies that will power DX, a lack of understanding where to go for support, and quite probably the inadequacy of current trusted partners' ability to fully support digital initiatives and the eventual transition to DX as a continuous process.

DX will only ultimately be as effective as its underlying technologies and services.

Today's network leaders have an edge in digital. They are investing in new technologies ahead of the market and are looking to deliver disruptive change. They appreciate that DX will only ultimately be as effective as its underlying technologies and services. And they appear to be realizing more that communication SPs that are also investing ahead of the competition in the kinds of new technologies that will deliver disruptive change are logical first-choice partners for the DX journey.

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Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com