



# Digital Transformation:

## Insight Into Getting It Right!

An IDC White Paper, Sponsored by Avaya

Authors: Chris Barnard, Rich Costello, Mary Wardley



Sponsored by: Avaya

**Authors:**  
**Chris Barnard**  
**Rich Costello**  
**Mary Wardley**

June 2018

Other technologies may be the transformation drivers, but communications will provide the essential connecting link to humans.

# Digital Transformation:

## Insight Into Getting It Right!

### IN THIS WHITE PAPER

It is the era of digital transformation. Digital transformation as a broad term describes the common practice of digitally enabling vast portions of a business' operations, including, if necessary, the reinvention of business processes to enable or take advantage of new digital capabilities. Digital transformation has the potential to radically improve how businesses serve their customers and how they enable the productivity and effectiveness of their own employees. In short, extensive experience among businesses has proven the potential of digital transformation to vastly improve customer experience (CX) and employee experience (EX).

Digital communications technology is the foundation for any digital transformation strategy. Effective interactions both within the company and outside the company — with customers and other constituents such as partners — is one of the main benefits of digital transformation. In fact, consumer and employee use of mobile devices and digital technology launched the digital transformation era. Communications is an enabler of workplace transformation. Other technologies may be the transformation drivers, but communications will provide the essential connecting link to humans. Many business leaders see this potential. Unfortunately, there is a significant gap between the ideal of high-functioning digital communications and the actual performance of many companies today.

To better understand how companies use digital communications technology and the impact of that technology on business, IDC conducted a global study of both enterprises and the consumers who engage with them. IDC surveyed business decision makers to understand their usage of, decision-making processes for, and attitudes toward communications technologies. IDC simultaneously surveyed consumers to understand their reactions to, usage of, and preferences for these technologies.

Enterprises should carefully choose technologies that help customers accomplish their goals and provide them in the manner (and to the degree) that customers will accept.

From this study, IDC identified best practices in using digital communications to improve corporate performance:

- » **Foster widespread employee adoption.** The benefit of any communications technology is limited by the degree to which it is used by the people it was put in place to serve. By ensuring employees are using the best available technology options, companies can improve not only employee productivity and efficiency but also the customer experience.
- » **Embed communications into workflows and business processes.** Directly connecting advanced communications technology into business systems and processes has the opportunity to further magnify its positive influence.
- » **Integrate back-office service delivery with customer communications.** Timely and accurate delivery of service commitments is one of the top drivers of positive customer experience. Integrating customer communications with operations, accounting, and other back-office functions can be a material asset in meeting these goals.
- » **Keep the human touch.** Consumers make it clear that for many important interactions, they still require the involvement of a live employee with the right skills and the ability to help them. Successful companies view digital technology as an enabler of these interactions rather than a replacement for them.
- » **Conscientiously use digital technology to address customers' needs on their terms.** While the most successful companies are proactive in providing cutting-edge communications technology for consumers to use, enterprises should carefully choose technologies that help customers accomplish their goals and provide them in the manner (and to the degree) that customers will accept.

## About This Study

The findings in this white paper derive directly from a January 2018 IDC study of:

- » The importance of communications technology to digital transformation in the enterprise
- » Key challenges to successful use of communications technology
- » Differences in impressions between IT and line-of-business (LOB) professionals
- » The impact of communications technology usage and policies on customers and their satisfaction levels

Only 19% of companies have engaged in digital transformation to the degree that they can say it is a market disruptor for them.

For the study, IDC surveyed 751 enterprise executives and 600 consumers across 15 countries to understand their usage of and attitudes toward communications technology for business. Qualifying business executives worked at the director level or higher and were decision makers or influencers for communications technology. These executives were evenly split between IT and LOB roles. Respondents came from a mix of industries.

Surveyed consumers ranged in age from 18 to 85. Qualifying respondents used the internet at least twice per week and had one or more online or phone interactions with a company in the past month.

## Most Companies Are Just Beginning the Digital Transformation of Their Business Communications

Digital transformation is widely understood to be instrumental in helping companies drive true innovation and disrupt markets. Nonetheless, the number of companies using it this way remains small. Only 19% of companies have engaged in digital transformation to the degree that they can say it is a market disruptor for them.

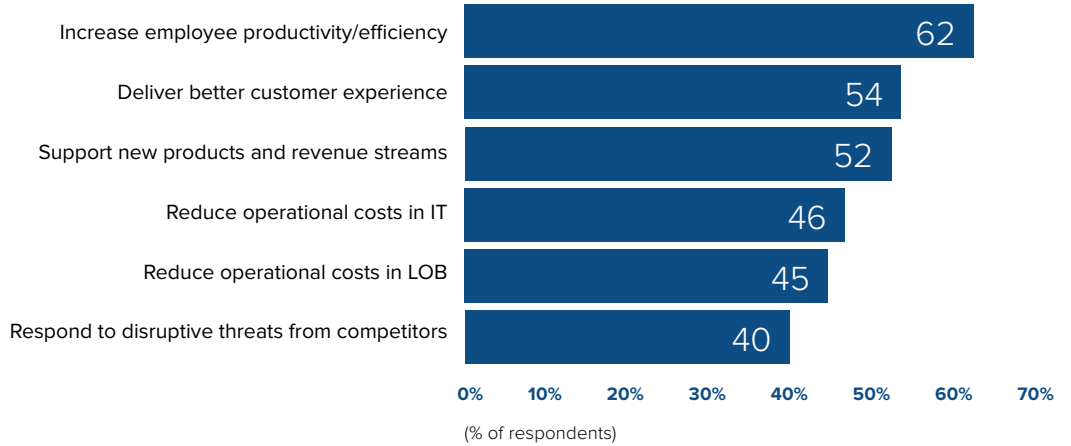
Furthermore, 69% of companies describe their digital transformation initiatives as something less than “extremely successful,” but responses vary by region. Forty-four percent of enterprises in North America consider themselves extremely successful, compared to 17% of enterprises in EMEA and 26% in APAC.

Companies are most likely to start their digital transformation journeys with a focus on employee productivity (see Figure 1 on next page). This approach allows companies to gain quick wins from technology initiatives, and it helps drive the employee adoption of technology that is so essential to improved customer experience.

**FIGURE 1**

## Primary Drivers Behind Digital Transformation Initiatives by Revenue Growth

**Q. What are the primary drivers behind your organization’s decision to take on these digital transformation initiatives?**



n = 751

Note: Multiple responses were allowed.

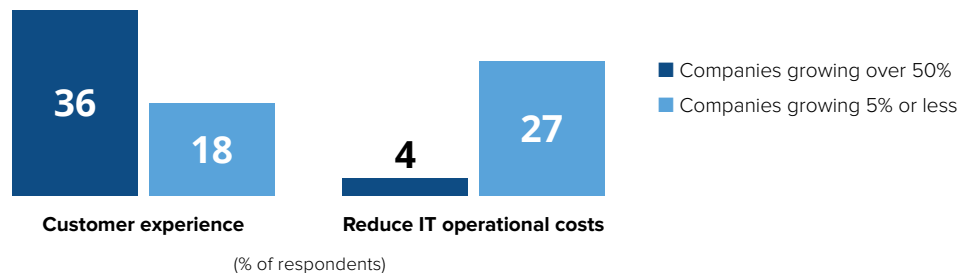
Source: IDC’s *Digital Transformation in Business Communications Enterprise Survey*, January 2018

Companies with the greatest revenue growth view customer experience as the chief driver of digital transformation initiatives.

The companies with the greatest revenue growth view customer experience as the chief driver of digital transformation initiatives. The companies with the least revenue growth focus on digital transformation for cost control (see Figure 2 below). Those growing more than 50% in revenue are nine times as likely to see CX as their primary digital transformation driver rather than cost reduction. Businesses growing 5% or less are 50% more likely to say cost reduction is their primary transformation driver over improved customer experience (27% and 18%, respectively).

**FIGURE 2**

## Primary Drivers Behind Digital Transformation Initiatives by Revenue Growth



n = 751

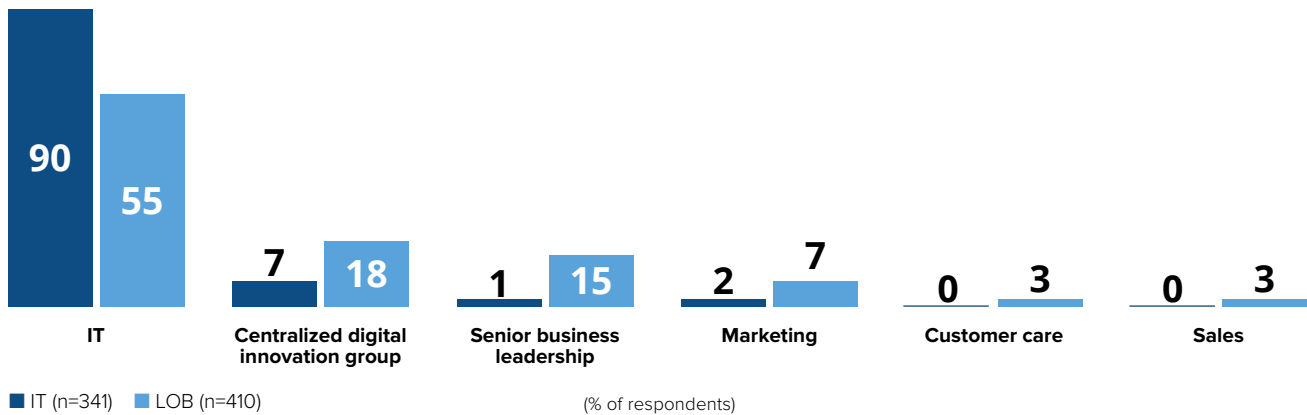
Source: IDC’s *Digital Transformation in Business Communications Enterprise Survey*, January 2018

There are some significant differences in how surveyed IT and LOB executives perceive their companies' digital transformation initiatives. Each function believes it is driving transformation initiatives, with 90% of IT executives stating that IT is driving these initiatives, while 55% of LOB executives say LOB is the driver. Centralized digital innovation groups and senior business leadership also received more than 10% of attribution from LOB (see Figure 3 below).

**FIGURE 3**

## IT Versus LOB Attribution of Digital Transformation Ownership

**Q. What department in your company is responsible for driving digital transformation initiatives?**



n = 751  
 Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

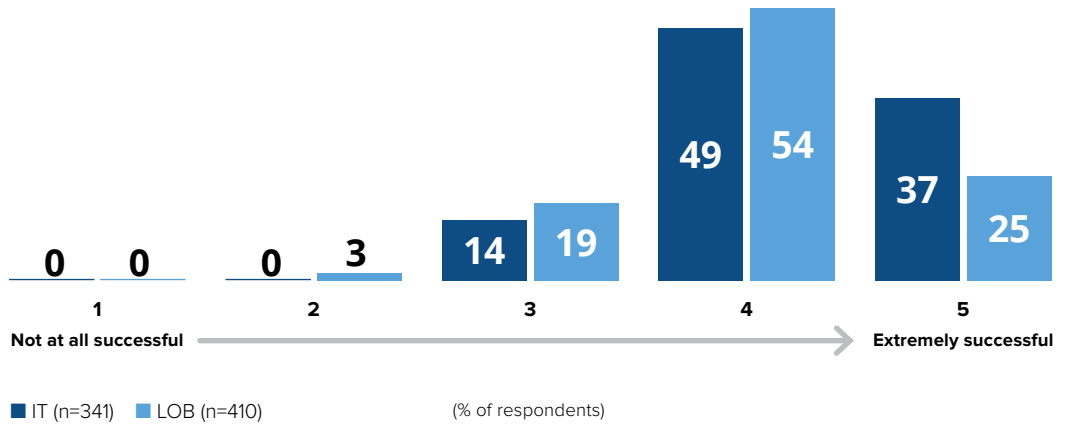
90% of IT executives believe that IT is driving digital transformation initiatives, while 55% of LOB executives believe LOB is the driver.

IT professionals are also more bullish on the success of their digital transformation initiatives than LOB professionals are, with more than one-third of IT calling transformation initiatives extremely successful, while less than one-quarter of LOB employees felt the same way (see Figure 4 on next page). The two functions agree that the primary driver to invest in transformation is employee efficiency and productivity, followed closely by customer experience. Both groups are also aligned in their evaluation that the number 1 impact of transformation initiatives on their organizations has been faster introduction of products and services.

**FIGURE 4**

## IT Versus LOB Evaluation of Digital Transformation Success

**Q. Overall, how successful has your organization been in meeting its digital transformation goals?**



n = 751

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

## Digital Transformation Depends On Employee Adoption of Unified Communications and Collaboration Technology

A goal of any digital transformation project is usually to coordinate diverse resources — such as cloud, mobile, social, and data analytics technologies — with new ways to operate and grow the business.

Successful digital transformation depends, in a fundamental way, on the effective use of unified communications and collaboration (UC&C) technology. Enterprises and their contact centers typically use multiple channels today for internal and external communications — including voice, email, IM, chat, and videoconferencing — for content sharing, annotating, and other purposes. These channels are important enablers of the new collaborative workplace. However, legacy solutions typically slow down the communications and collaboration workflow as both customers and employees often need to pause and switch between disparate channels and possibly devices in a single session. Legacy solutions are typically not fast or seamless.

A goal of any digital transformation project is usually to coordinate diverse resources — such as cloud, mobile, social, and data analytics technologies — with new ways to operate and grow the business. The very definition of UC is the unification and coordination of diverse communications resources into a single



Not only will new UC&C tools enable organizations to operate and grow the business in new ways, but these tools can also be integrated and embedded into new transformative business processes; help capitalize on and establish new innovative business models; and deliver more comprehensive worker and customer experiences.

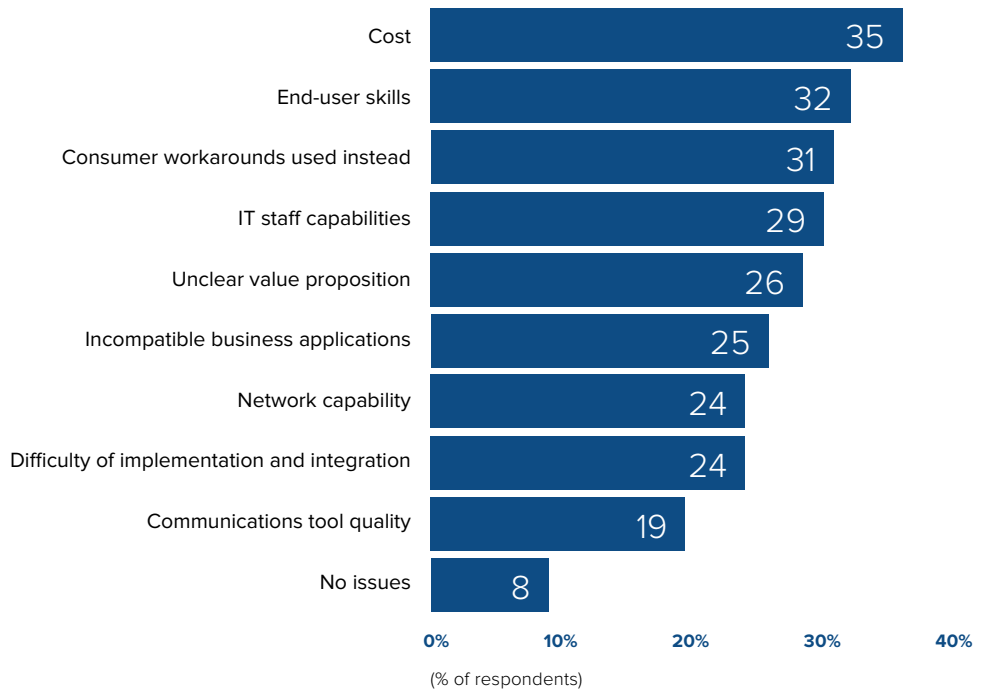
view. So not only will new UC&C tools enable organizations to operate and grow the business in new ways, but these tools can also be integrated and embedded into new transformative business processes; help capitalize on and establish new innovative business models; and deliver more comprehensive worker and customer experiences.

It is not enough for companies to provide the best in communications technology; employees have to use it. Otherwise, transformation initiatives can still fall short. Employee adoption of these technologies is a significant obstacle. After cost, the biggest barriers to adoption of UC&C capabilities in the enterprise are lack of adequate end-user skillsets, and the use of similar consumer communications technology (such as Skype) as a workaround to the company-provided methods (see Figure 5 below).

**FIGURE 5**

## Barriers to Unified Communications and Collaboration Adoption

**Q. What are the top 3 barriers to user adoption/usage of your organization's deployed UC&C capabilities?**



n = 443  
 Base = respondents who indicated that their organization currently uses unified communications and collaboration solutions  
 Source: IDC's *U.S. Enterprise Communications Survey*, March 2017



91% of enterprises feel that embedding communications into processes and applications is important.

When organizations fail to use UC technology optimally, the biggest negative consequences are increases in organizational costs, reduced organizational agility, and reduced customer service levels. Once again, IT and LOB see matters differently here, with IT citing cost as the most significant negative impact and LOB ranking reduced organizational agility highest.

By focusing early on employee productivity for communications technology initiatives, employers can familiarize team members with the technologies. This leaves companies better off to drive the full set of potential benefits.

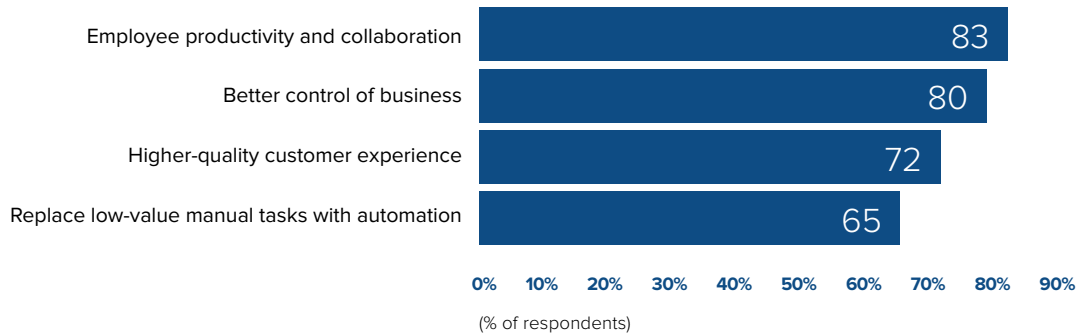
## Embed Communications Into Business Processes

Embedding communications technology directly into workflows and processes can have a strong positive impact on the business, chiefly in the forms of improved employee productivity and collaboration, better control of the business, and a higher-quality customer experience (see Figure 6 below). The importance of these benefits is demonstrated by the fact that a full 91% of enterprises feel that embedding communications into processes and applications is important.

**FIGURE 6**

### Benefits of Embedding Communications into Business Processes

**Q. Why do you think it is important to embed communications into business processes?**



n = 643

Base = respondents who indicated that embedding communications into core business processes and applications is very important for their organization

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

Embedding communications capabilities into customer-facing applications can help companies better engage their mobile employees, customers, and partners.

Companies are more proactive in embedding communications into productivity applications (85% of the time) than into customer service applications (77% of the time). This fact is not surprising considering that employee productivity is the single most cited benefit of embedded communications and indeed that employee productivity is the biggest driver of digital transformation. Prioritization of these benefits differs by geographic region. In North America and APAC, enabling productivity and collaboration is seen as the top benefit, while Europeans find enabling a higher-quality customer experience most important.

Embedding communications capabilities into customer-facing applications can help companies better engage their mobile employees, customers, and partners. Understanding that mobile users have different expectations for how they engage with a company than someone sitting at a desk is very important when digitally transforming an organization. After all, consumer and employee use of mobile devices and digital technology launched the digital transformation era. Mobile users expect a “push of the button” experience that takes full advantage of the value of mobile technology — a simplified, intuitive experience at the speed of their fingertips.

The highest-performing companies place the greatest emphasis on how communications technology can help them improve customer experience. Therefore, companies must ensure that they don’t stop at employee productivity; they also must focus on how to embed communications into processes and applications that can help delight customers. The research shows that consumers are willing to use advanced technologies, such as internet-enabled smart devices and artificial intelligence (AI), when these technologies suit their needs and provide a better experience. To provide this optimized experience, enterprises should ensure that communications technology options are embedded where they will have the most positive impact.

Companies offering internet-enabled smart devices should ensure that these devices provide the information or enable the communication that customers need in real time to extract the most value from them. Traditional businesses such as banks and financial institutions, for example, are transforming their business models by layering digital capabilities on top of their existing core offerings to provide higher-value services to their mobile and remote customers. The banks are essentially leveraging digital channels to build solutions that help customers do their own business more conveniently and efficiently. Their main consideration in the digital era is to ensure continued engagement with customers through the multitude of touch points now available, with the goal of increasing business and revenue-generating opportunities.

The more digitally enabled a business becomes, the less factors like location and on-hand inventory represent competitive advantages.

## Integrate Customer Communications With Back-Office Processes

The top decision drivers when consumers choose a company to do business with are:

- » Ease of finding products or services
- » High-quality customer service
- » Timely delivery of service

(see Figure 7 on next page)

Not surprisingly, in this changing landscape, excellence in customer service can be a primary differentiator. However, optimizing customer experience and service delivery is also critical to winning and keeping business. Unfortunately, only one-third of organizations say they integrate customer experience with fulfillment and delivery extremely well.

Furthermore, customer service is the second most important driver of the overall quality of experience with a company, behind only price. The more digitally enabled a business becomes, the less factors like location and on-hand inventory represent competitive advantages.

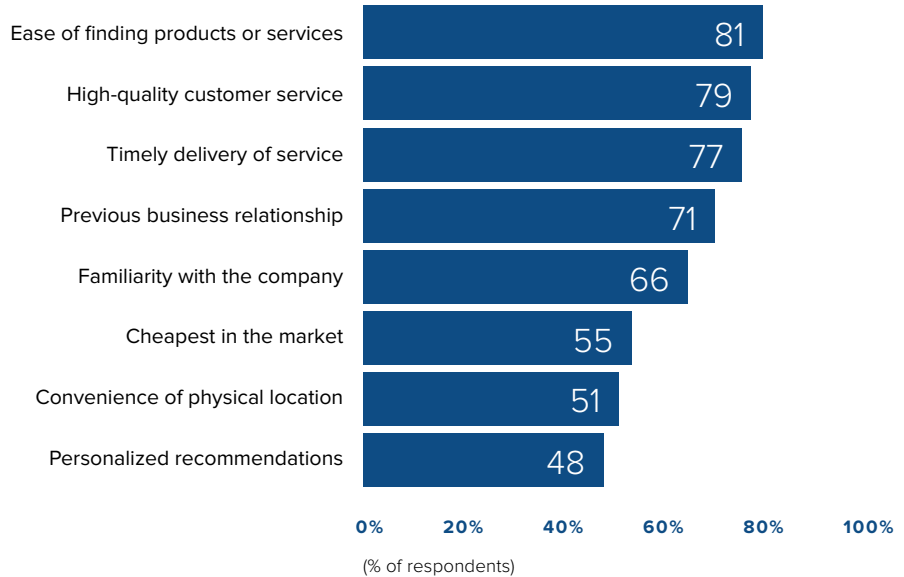
The importance of location varies somewhat by region. For example, consumers in North America and Europe give much less importance to businesses' physical locations (with 40% and 46%, respectively, feeling that physical locations are very or extremely important) than do Asian and Latin American consumers (61% and 69%, respectively, calling them very or extremely important).

Suggestions and personalized recommendations are also much more important to Asian and Latin American consumers, with 58% and 56%, respectively, rating them very or extremely important as opposed to 40% for North America and 43% for EMEA.

**FIGURE 7**

## Decision Drivers When Selecting a Company to Do Business with

**Q. When you're deciding which companies or service providers to do business with, how important is each of the following?**



n = 600

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

Effective interactions both within the company and outside the company — with customers and other constituents such as partners — is one of the main benefits of digital transformation.

When selecting and building out a communications technology stack, enterprises should be wary that internal silos don't lead to technology choices that create a suboptimal customer experiences. Because of organization structures, companies frequently have different selection processes and decision makers for internal-facing and external-facing technology solutions. If these groups fail to align around these technology solutions, employees may find themselves facing unnecessary service roadblocks, and customers ultimately are the ones who will suffer.

## Keep The Human Touch

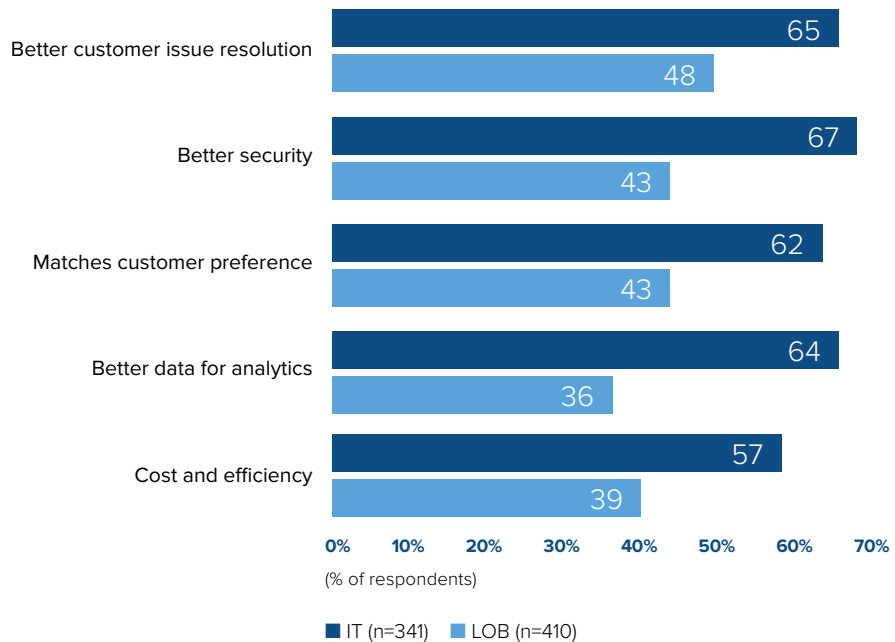
Digital channels are important to customer experience, and both consumers and organizations receive a great deal of value from digital transformation initiatives. Digital communications technology is the foundation for any digital transformation strategy. Effective interactions both within the company and outside the company — with customers and other constituents such as partners — is one of the main benefits of digital transformation.

The biggest benefit businesses experience from bots and other service automations is better resolution of customer issues. However, this is another area where IT departments are much more optimistic about the effects of these technologies than LOB (see Figure 8 below).

**FIGURE 8**

## Benefits of Customer Service Automation (IT Versus LOB)

**Q. What are the primary advantages and disadvantages of providing self-service to customers using bots and automation in customer communications compared with providing human-to-human communications?**



n = 751

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

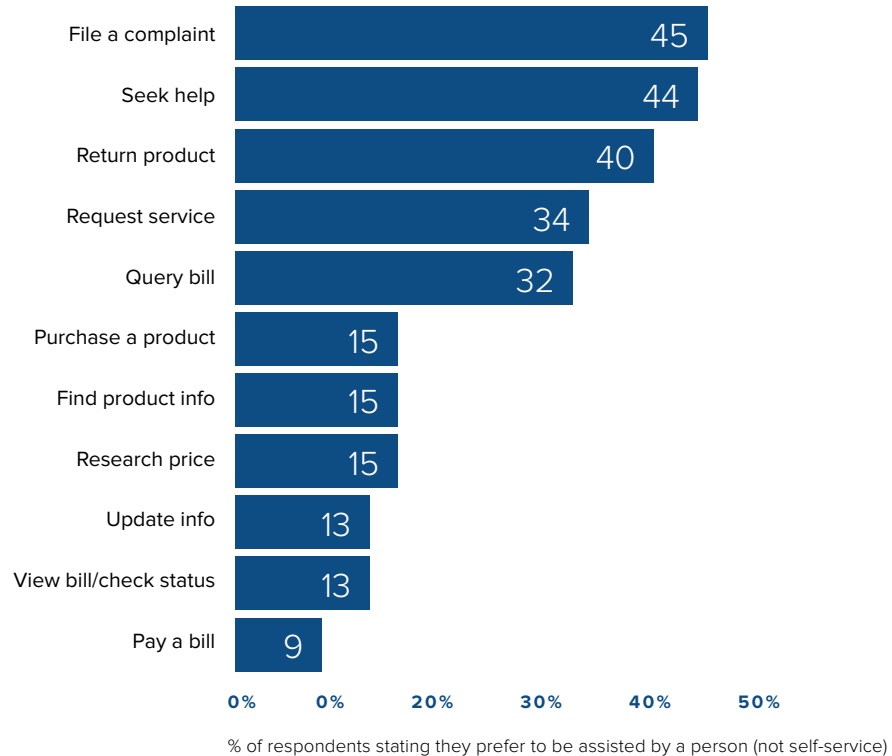
Consumers like to have the option of digital and automated service, but they demand the availability of human service when they choose it.

Consumers like to have the option of digital and automated service, but they demand the availability of human service when they choose it. In particular, customers are more likely to opt for human assistance for tasks that are critical, complex, or emotion laden (see Figure 9 on next page). And, when they do require human assistance, consumers want access to the right person with the right skills and knowledge to deal with their issue quickly. In fact, three-quarters of respondents aged 45+ prefer to speak to a specialist over a general service representative so that they can resolve their issues faster.

**FIGURE 9**

## Tasks for Which Consumers Prefer Human Assistance

**Q. Whether you conduct these activities online, on the phone, or in person, do you prefer to do them on your own in a self-service manner or to receive help from a human representative (sales associate, customer service person, etc.)?**



n = 600

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

More than one in three companies find it difficult to blend human and digital customer interactions, with LOB perceiving greater difficulty than IT.

Unfortunately, enterprises face challenges in blending human and digital customer interactions. More than one in three companies find it difficult to blend the two, with LOB perceiving greater difficulty than IT. As companies create and execute communications technology strategies, they must keep in mind the objective of creating a better overall customer experience. Aligning technology objectives with company-wide customer experience objectives can be an asset.

When communicating with companies, customers demand quick and easy access to professionals with the knowledge to help them. The top 2 contributors to a positive customer experience are quick resolution of issues and the ability to deal with a real person. Furthermore, consumers expect the professional they deal with to be knowledgeable and able to help them. However, a full 42% of issues and transactions remain unresolved after the first interaction.

More than 25% of consumers feel that it takes too long for them to reach the right person when dealing with a company.

In fact, when asked about their interactions with companies, consumers report far from excellent results:

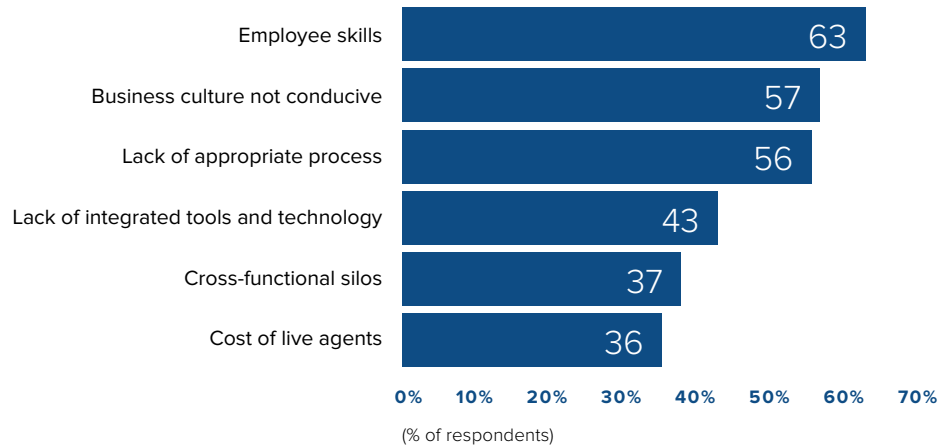
- » 22% of issues are not resolved quickly.
- » 25% of issues are not easy to resolve.
- » 27% of the time it is not easy to get the right person.
- » 21% of customers ultimately are not satisfied at the end of interactions.

The greatest barriers to successfully blending human touch with digital communication channels are not technology and cost. Rather, the biggest barriers are the lack of appropriate employee skill sets, business culture, and lack of processes (see Figure 10 below). The consequence of this difficulty is quite meaningful, with more than 25% of consumers feeling that it takes too long for them to reach the right person when dealing with a company.

**FIGURE 10**

## Barriers to Blending Human Touch with Digital Technology

**Q. What makes blending the human/employee touch with digital technologies and interactions in your customer engagement processes difficult?**



n = 301

Base = respondents who indicated that it is very difficult to blend the human/employee touch with digital technologies and interactions in customer engagement processes

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018



A full 40% of consumers presently use or are open to using advanced technologies that assist their communication and interaction with organizations.

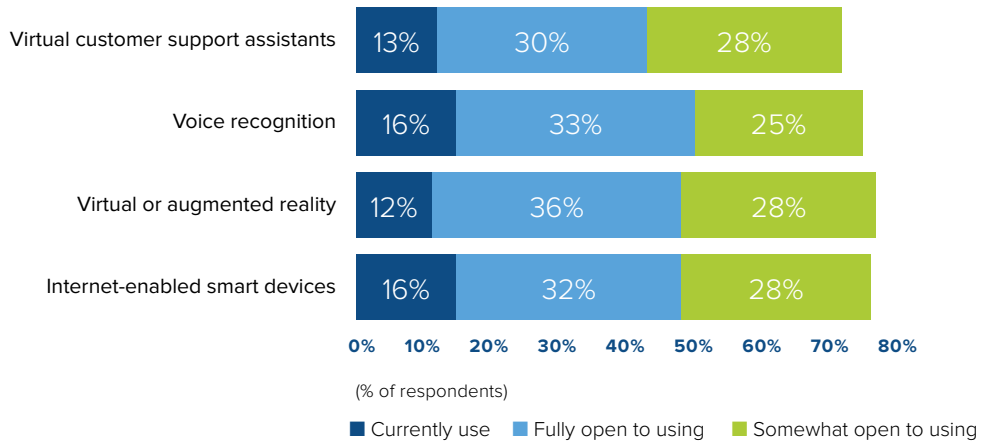
## Match Technology Decisions To Customer Desires

Companies can help their performance by selecting and implementing the transformational communications technologies that align with the way consumers want to use them. The technologies that most directly contribute to a positive customer experience are those that directly help customers achieve their objectives. A full 40% of consumers presently use or are open to using advanced technologies that assist their communication and interaction with organizations (see Figure 11 below).

**FIGURE 11**

### Consumer Use of Advanced Communications Technologies

**Q. How open would you be in using the following technologies for purchasing products and services or for customer support?**



n = 600

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

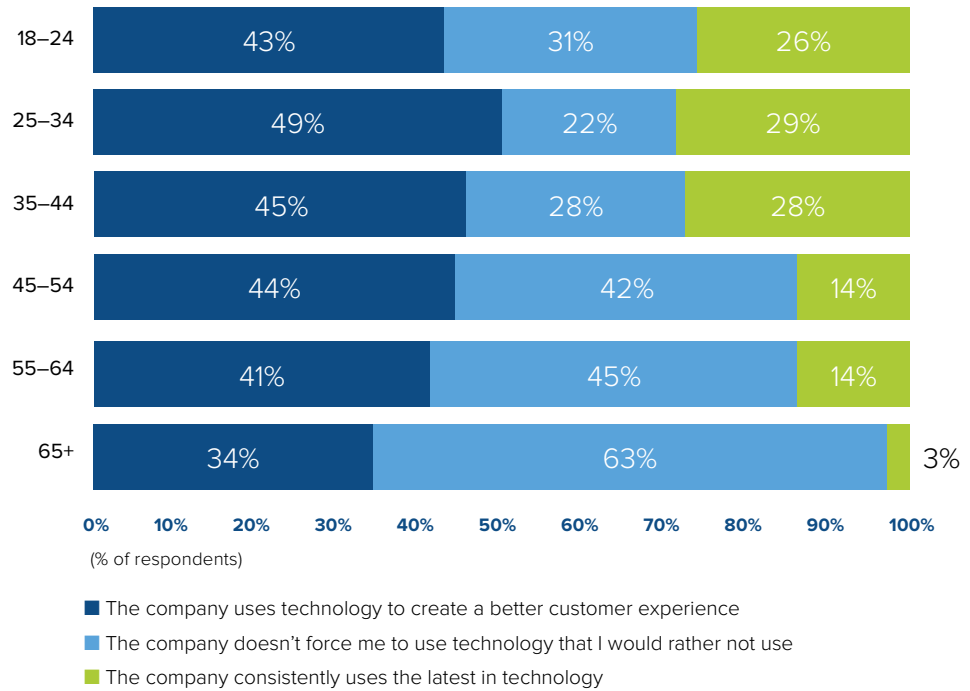
Other aspects of consumer preferences, such as age and geography, could also impact companies' optimized communications technology strategies. Consumers under 45 are much more likely to prefer companies that actively adopt and offer the latest technology to improve customer support. Those over 45 do not want to be forced to use advanced technology for customer support that they would rather not use (see Figure 12 on next page). These attitudes vary by geography as well. Consumers in APAC and Latin America are more likely to prefer that companies use the latest in communications technology than those in EMEA and North America.

Consumers under 45 are much more likely to prefer companies that actively adopt and offer the latest technology to improve customer support.

**FIGURE 12**

## Most Important Factor for Technology’s Contribution to Customer Experience

**Q. Which of the following factors contribute most to a positive experience when using technology to buy or get support for products and services?**



n = 600

Source: IDC's *Digital Transformation in Business Communications Enterprise Survey*, January 2018

## IDC Recommendations

Communications is a fundamental component of digital transformation. Companies should consider the following guidelines when selecting and implementing communications technologies:

- » **Foster widespread employee adoption** in order to get the full potential benefit each technology has to offer.
- » **Embed communications into business processes** for improved employee productivity and customer experience.
- » **Integrate communications** with the back office to facilitate smooth service delivery, a leading driver of customer satisfaction.
- » **Don't forget the human touch** as consumers still want a qualified professional human available to help them.
- » **Deploy technologies that enhance the ability of customers to achieve their goals** and match their desires for use.

Companies that approach communications technology the right way can use it to drive improved employee efficiency, innovation, organizational agility, and superior customer service. Communications-oriented digital transformation initiatives can profoundly affect both customer experience and employee effectiveness. Communications is an enabler of workplace transformation. Other technologies may be the transformation drivers, but communications will provide the essential connecting link to humans.

### IDC Global Headquarters

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

#### Copyright Notice

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

*Copyright 2018 IDC. Reproduction without written permission is completely forbidden.*

### About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.