



IDC Digital Transformation Capability
ASSESSMENT REPORT

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YOUR RESULTS

Organizations can only reap the full benefits of digital transformation if it is truly embedded within their culture, processes and technology. IDC has created the Financial Services Digital Transformation Capability Assessment Tool to help FSIs assess their readiness for their digital future. It scores FSIs on their approach to becoming digital by looking at three core elements - how far advanced you are along the DX journey, how successful your DX initiatives have been, and the steps you have taken to becoming a Connected FSI. Based on a global survey of 1,050 FSI institutions across banking, insurance and capital markets among other, we class organizations into three levels of Digital Transformation capability: DX Complacents, DX Conformists and DX Trailblazers.

OVERALL PERFORMANCE: Stage 1 - DX Complacent

This result might hurt a bit, but based on your responses to IDC's Financial Services DX Capability Assessment Tool, your organization has been rated at the earliest level of DX capability - Digital Transformation Digphobe. This means you are struggling with moving to a Digital Future compared to the rest of the industry and there is much to do to be where you need to be. While it may seem an unattainable goal at this point, you must look to incremental improvements and seek outside assistance where possible to to accelerate your move to a digital future.

Your results indicate that there is plenty to do to get on the level with DX. This report will give you advice on areas to give priority to as you look to progress to the next stage of DX capability, so let's turn to the next page and dig into what you can do.

DX ADOPTION PERFORMANCE

This section of the report assesses the stage of your organization's DX journey based on your attitude to investing in digital technologies, how advanced you are in transforming your digital channels and business's perception of IT's role in DX.

Your overall score for this section indicates that you are in line with your DX Complacent peers with respect to the progress you have made so far. You have a long way to go so you must take steps to accelerate the journey now. You could look in to individual assessment areas within this section to understand what changes you could potentially make to your overall approach and DX strategy.

Q1: On a scale of 1 to 5, how transformed are the following areas, in your organization?

Based on your response, you are either exploring your options or have just started transforming some of the digital channels to improve customer engagement and attract new revenues. This is in line with most of your DX Complacent peers. To advance in the DX journey, you need to consider a proactive approach to transform all your current points of engagement with the customer and invest in new channels to improve outreach.

Q2: What is IT's role (as viewed by business) in transforming business through digital technologies in your organization?

Our research shows that FSIs that are advanced in DX view IT as an integral part of their transformation strategy. IT is considered a driver of competitive advantage in such forward looking organizations.

Your company views IT as a driver of efficiency rather than a cost to be cut. This is good and you are more advanced in this than others in your DX Complacent peer group - but the ideal is to see IT as a platform for new services and a driver of competitive advantage. A shift in perception would need IT to demonstrate how the investments in digital technologies are contributing to the larger transformation objectives.

Q3: Which of the bands below best represent the proportion of your IT budget spend on the following areas?

Progress in digital transformation has a direct correlation to significant investments in the DX services. FSIs that are advanced in DX typically have focused DX investments. They also balance this very well with their investments in traditional IT services.

Your investment bands indicate that you are well ahead of your DX Complacent peers as far as your IT services investments are concerned. You are in great position as this is an important criteria for DX progress.

Q4: Will you spend more, less, or the same in 2018 than in the previous year for the following areas?

According to our research, FSIs that are advanced in their DX journey have solid plans to increase their DX investments in the next couple of years to keep up the momentum. With agile delivery models and automation becoming norm to address evolving requirements and speed to market, they plan to reduce investments in traditional business and IT consulting. Investments in BPO services are also expected to decline in the next couple of years.

Your investment bands indicate that you are ahead of your DX Complacent peers with respect to your investments in traditional IT and Business Consulting and Outsourcing services. You must revisit your traditional IT outsourcing priorities and continue to explore opportunities to allocate budget for cognitive enabled automation and other digital initiatives to move ahead in your DX journey.

SUCCESS IN DX

This section analyzes how successful you are in your digital initiatives by looking at your approach to DX, the way you measure success in DX as well as your specific digital technology investment priorities.

Overall, you have scored like your DX Complacent peers in this section that assesses your DX success. You need to work hard to move to the next level by considering your approach to DX and which digital technology investments will give you the much needed boost to succeed in your transformation effort.

Q5: What is the typical balance in your company for digital transformation initiatives?

An important ingredient for success in digital transformation is an organization's approach to implement digital projects.

In your company, DX projects are mainly individual business unit driven with some strategic enterprise wide initiatives which is a common characteristic for many DX Complacents. For you to succeed in your digital journey, your senior leadership should seriously consider following an integrated enterprise wide strategy.

Q6: How successful are you in your digital initiatives?

To measure the success of digital initiatives, FSIs need to define new digital KPIs such as customer advocacy scores, return on data-related investments, business's ability to transform and automate processes etc. Digitally advanced organizations use their KPIs for quarterly performance reviews, strategic planning, monthly ops reviews, directing weekly activities and also for presenting them to investors.

Q7: At what stage is your organization today in the deployment of each of the following digital technologies or initiatives to transform your business in response to the changing customer and market needs?

Our research in financial services shows that investments in Big Data and analytics, Social and collaboration tools, business through new channels and platform based ecosystem delivery provide an advantage to the FSIs that are advanced in their DX journey.

Your investment bands indicate that you are ahead of your DX Complacent peers with respect to your investments in DX services and IT services. You are in a good position as far as this important criteria for DX success is concerned so keep it up!

CONNECTED FINANCIAL SERVICES

Connected financial services bring together businesses and products with the help of a digital platform where diverse stakeholders (both internal and external) collaborate to deliver value-oriented and personalized offerings to customers through a partnership network approach. In this section, we look in to the progress you made in establishing a connected financial services business and your overall approach to risk management while doing so as this is vital to build loyalty and trust among your customers and partners.

Your cumulative score in this section shows that you are much ahead of your DX Complacent peers in this area. Well done on your forward looking approach to establish a connected financial services business to align with customer and market needs. You must now look at other aspects that will help you advance in your DX journey and also measure and manage DX success.

Q8: Which statement best describes how advanced you are in delivering a connected financial service?

Digital savvy organizations aspire to become connected financial services establishments for competitive advantage.

Based on your response, you are in line with some of your peers in the Complacent category with respect to your position in delivering connected financial services. You need to start kicking off projects to deliver a connected financial services business in order to meet the ever-evolving expectations of your customers and partners in the digital world.

Q9: In delivering a connected financial services business, to what extent have you implemented each of the following to assess risk and ensure the right levels of security?

Financial services organizations should employ robust methods to assess risk and ensure that the right levels of security are in place in a connected financial services model with measures such as identity management, fraud detection, cyberthreat detection, investments in next gen security etc.

Your score indicates that you have employed some of these measures currently. This means you are well ahead of your DX Complacent peers. Keep it up!