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Catching up: Covid-19 drives Europe's digitalisation wave

Europe edition of our global C-suite survey,
Leading in a Digital-First World

Preface

Europe has typically lagged behind the North America in the race to digitalise industries, preferring a slower and more cautious approach to innovation, but the region has woken up to the benefits of digitalisation and has ambitious plans for the future.

The European Commission (EC) has earmarked about €50 billion in public and private investment to fuel its digital industrial revolution, estimating that digitalisation could add more than €110 billion to the European economy over the next five years.[1]

That investment is right on time. The latest global Tata Communications' survey of 750 C-suite executives, 250 of whom are based in Europe, finds some common concerns among European business leaders on how to progress their digital transformations.

Here, we find out the share of firms in Europe that are currently among the leading digital-first businesses globally, a group that we call the 'Digital Trailblazers', and we highlight three areas for improvement for all firms:

01	A holistic programme for digital-first

02	Boosting the connected ecosystem

03	Time to think about trust

How we assess the digital maturity

Tata Communications' new research reveals why some firms are performing better than the rest.

The survey assessed the characteristics and performance of companies at different stages of the journey to becoming digital-first organisations. Out of 750 global respondents, 250 came from Europe. Countries constituting the region in the survey include Austria, France, Germany, the Nordics, Switzerland and the UK.

Confronted with rapid change, many have raced to establish a digital-first operating model that connects employees, customers, partners and suppliers in a way that is:

Secure   **Seamless**   **Trusted**

Some organisations have struggled with this transition. Others have made faster progress and are already benefitting from their digital advantage.

The research highlights three distinct groups of organisations who have had varying degrees of success with their digitalisation programmes:

- **The Digital Trailblazers,** have established mature digital-first operating models. On a scale of 1 to 10, the overall performance score of their digital operating model is either 9 or 10.

- **The Digital Migrators,** have made partial progress in digitalisation. On a scale of 1 to 10, the overall performance score of their digital operating model is either 7 or 8.

- **The Digital Aspirants,** are still at the early stages in their journeys and scored 6 or fewer on a scale of 1 to 10.

Progress despite trepidation

## A holistic programme for digital-first

11% of European executives say their digital operations are of the highest standard in the survey, earning them Digital Trailblazer status. These organisations have primed themselves for success through digital-first operating models, utilising platforms that drive hyperconnectivity for their value chain and finding approaches to fostering trust. Some countries outperform others the UK and France lead the others, including Germany, Austria, Switzerland and the Nordics.

While European businesses are slightly ahead of the global average in terms of Digital Trailblazer status, with their transformations spurred by the Covid-19 pandemic, there is plenty of room to improve for the vast majority aiming to become truly digital organisations.

Executives say that there are structural challenges to overcome here: 36% cite difficulties in embedding changes such as overcoming silos and adapting organisational culture. In terms of their aspirations, 42% emphasise improving employee productivity, and about one in three emphasises the need to develop an improved customer experience. They will only be able to attain their goals if the right culture is in place to support employees, who can then offer better quality interactions across the value chain. In the survey, 69% of European respondents claim success in providing better experiences for their ecosystem.

## Digital maturity improves the experiences European businesses can offer

Success in offering better customer experience

- ■ Europe
- ■ Global

Europe	69%
Global	68%

0% 20% 40% 60% 80% 100%
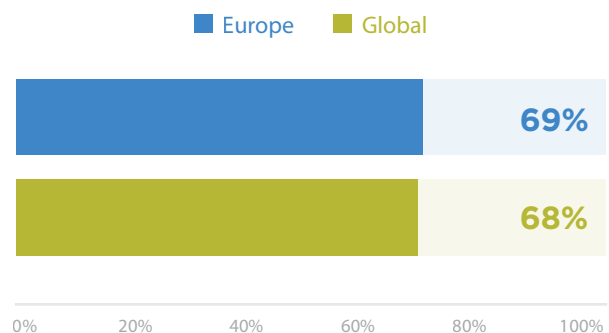
Some European companies have demonstrated the benefits a digital-first approach can offer through sustained investment and effective planning.

Duncan O'Rourke, Northern Europe CEO for French multinational hotel group Accor, explains that his firm's transformation is not a new initiative:

"It started five years ago with the creation of Accor's mobile technology, enabling hotels to greet guests with ease. That was important, removing the need for check-ins and enabling employees to then interact with guests directly."
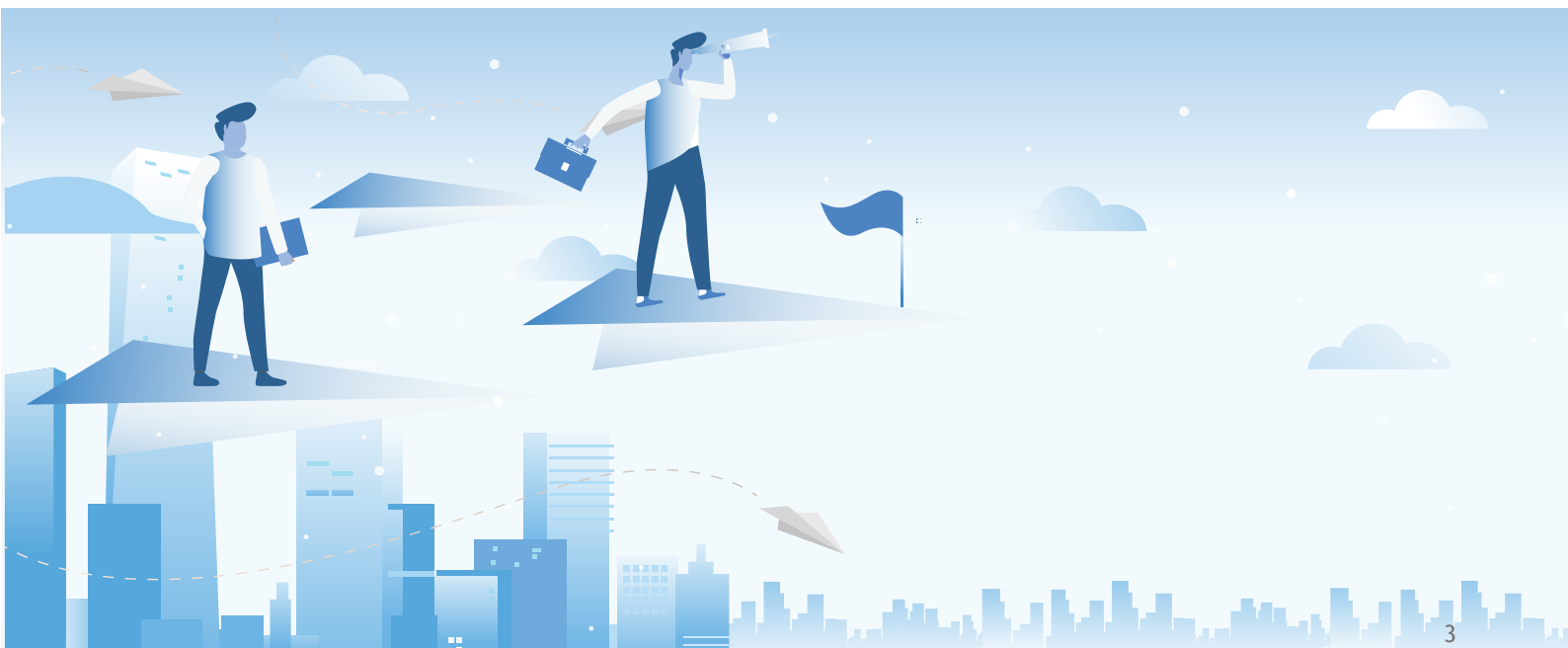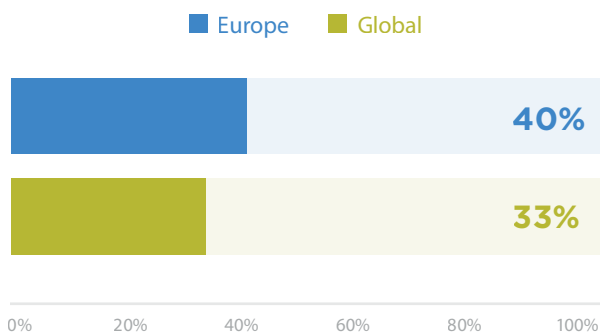
Boosting hyperconnectivity

European leaders are finding success in their ability to bring their entire ecosystems together seamlessly. When it comes to connecting stakeholders to drive productivity – a necessary component of a business environment designed to make the most of its resources – 40% of European executives say they have been successful, which puts them well ahead of counterparts in other regions. The global figure is just 33%.

Europe leads other regions on connectivity - but remains far behind the Digital Trailblazers

Success connecting stakeholders to drive productivity

■ Europe   ■ Global

Europe	**40%**
Global	**33%**

0%   20%   40%   60%   80%   100%

Europe's business leaders need to increase their hyperconnectivity – despite some success already. Rising trends in borderless working, which requires both people and things to be connected, will need to be underpinned by investment in network connectivity solutions, including broadband connectivity and the Internet of Things (IoT).

Time to think about trust

European regulators and leaders have emerged as champions of digital trust in recent years – introducing the General Data Protection Regulation (GDPR), for example. However, the region's organisations still find it difficult to embed trust in their value chains.

Although ahead of the global average, only 39% of European executives said they have had success in providing secure access to data and applications for employees. Just 38% said they have had success at establishing secure and trusted digital interactions with partners and suppliers.

As in other regions, European firms are not always providing secure access to data and applications

Success in providing secure access to data and applications

■ Europe   ■ Global

Europe	**39%**
Global	**33%**

0%   20%   40%   60%   80%   100%
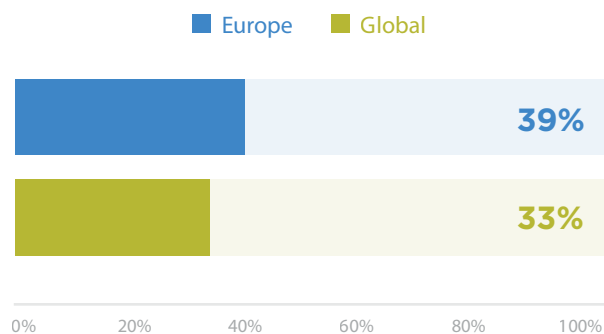
Europe's C-suite must take this performance gap seriously. Embedding trust across the value chain, as the Digital Trailblazers have already done, ensures resilience at a time when cyber attacks have spiked.[2] More than 7 in 10 European respondents (71%) said that they have confidence in their ability to continue conducting their business as usual in the face of significant disruption, an indicator of robustness. However, they agreed the need to do more to protect themselves in such adverse times.

2   https://www.europol.europa.eu/activities-services/main-reports/european-union-serious-and-organised-crime-threat-assessment 2

A push from the pandemic

European executives recognise the need to move to more digital operating models and are ready to do so: almost half (43%) expect to be Digital Trailblazers in the next 12-24 months. The COVID-19 pandemic and the differing national responses to it across the region have prompted new behaviours that have accelerated digitalisation and are likely to become entrenched over the long term.

As working and living arrangements have increasingly shifted online, there has been a rapid acceleration in the development and adoption of new technologies across Europe – as well as a repurposing of existing ones.[3]
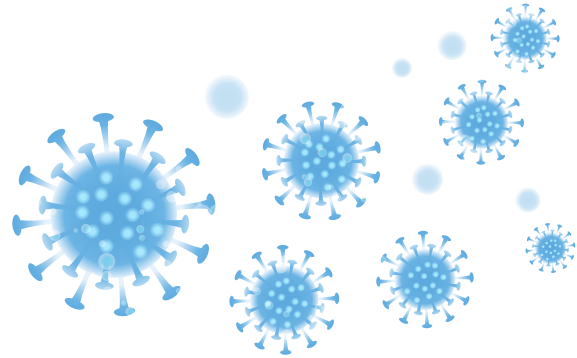
Three steps to maturity

To increase their digital maturity, we recommend that European businesses:

Get connectivity right to enhance the ecosystem

Engaging with stakeholders in the ecosystem is a vital way to boost business profiles and reputations. In a post-COVID world, this will depend on shrewd investments in connectivity. For businesses to benefit from being part of an expanded digital ecosystem, all members need to have the ability to receive and send data at speed.

Put trust first to build resilience in the value chain

The rise in cyber crime means stakeholders in the ecosystem will be especially vigilant about who they engage with, and how. Europe's businesses must prove that they understand the threat and have put in place the latest cyber-security measures in order to foster strong relationships with vital partners that can support them in the face of another crisis.

Shift their mindset

European executives know they struggle with silos and need to think about the transition to digital in a holistic way. This requires a fundamental shift in organisational culture, with all members participating fully in the digital transformation.

Find out more about how organisations plan to become digital-first in our global report at digitalfirst.tatacommunications.com

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