

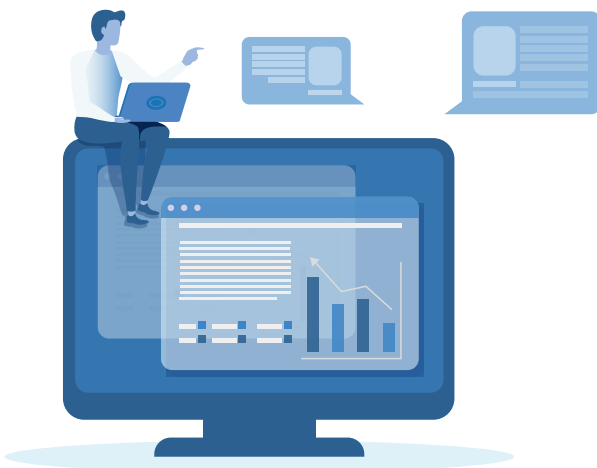
Cautiously closing the gap: North America's digitalisation strategy

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

Preface

Growing demand for broader access to digital services in North America has seen exponential growth in the digital transformation sector, projected to account for over \$750 billion by 2025.¹

The latest global Tata Communications' survey of 750 C-suite executives, 150 of whom are based in North America, shows that some organisations are doing better comparatively. The economic disruption of the past year, and efforts to speed up digitalisation programmes, have seen a leader group emerge ready to enter the post-pandemic digital economy. We call these the 'Digital Trailblazers'.



Here, we find out the share of firms in North America 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 Establishing a digital-first model

02 Supporting a connected ecosystem

03 Ensuring a trusted operating environment

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, 150 were based in North America.

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. They scored the overall performance of their digital operating model either 9 or 10 on a scale of 1 to 10.
- **The Digital Migrators**, have made partial progress to digitalisation. They scored the overall performance of their digital operating model either 7 or 8 on a scale of 1 to 10.
- **The Digital Aspirants**, are still at the early stages of the journey and scored their digital operating models 6 or fewer on a scale of 1 to 10.

¹ <https://www.businesswire.com/news/home/20190930005592/en/North-America-Digital-Transformation-Market-to-2025---Space-for-Implementation-Across-SMEs-Provides-Significant-Opportunity---ResearchAndMarkets.com>

How to win the race to digital leadership

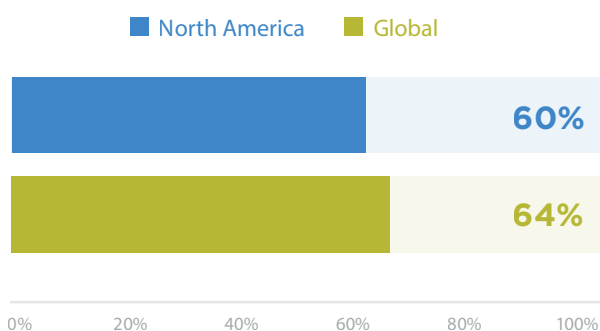
Establishing a digital-first model

North America's executives are confident in their companies' ability to develop digital-first operating models. However, there is a significant effort needed to achieve their goals. 12% of the businesses currently categorise themselves as Digital Trailblazers, putting North America slightly ahead of the global average of 10%.

Organisations in the region realise the need for significant digital efforts, which is why the number of executives who expect their firms to reach Digital Trailblazer status in the next 12-24 months is four times higher than the current figure, at 48%. Moreover, they recognise the effort needed to get there. Of the currently considered digital-first operations, 60% report effectiveness, compared with 64% globally.

North American firms have blazed a trail on digital, but will need to do further work to become truly digital-first

Success with digital-first operations



This achievement gap highlights a thought-provoking dilemma facing North American businesses. Organisations have allocated more resources towards digital - which is why they provide a more significant share of Digital Trailblazers than any other region - but many don't show the same success on business KPIs, including experience across their value chain and agility to respond in the face of a crisis.

Since digital-first operations underpin so many of these factors, businesses need to take a more joined-up approach to digital; many firms with digitalised processes to date have made a siloed approach or without a viable, inclusive plan to digitalise their entire organisations.

This gap also shows that an intensified play for digital will almost certainly boost their standing in areas that will only become more significant as the trends were seen since 2020 become entrenched. The digital future cannot benefit internal operations alone; it must offer value to stakeholders, too.

Supporting a connected ecosystem

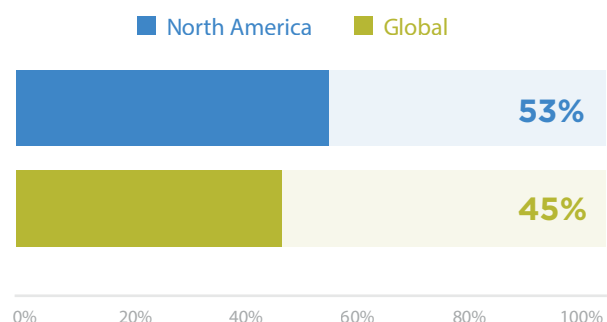
As businesses prepare for a digital approach to operations that involves their entire ecosystem - suppliers, partners, employees and customers - unlocking enhanced digital performance depends on good connectivity. North American businesses are acutely aware of this.

When it comes to supporting connectivity for collaboration within their organisations, despite all the efforts they made in 2020, the region's executives feel they could be doing more. Around 35% report a high level of success in providing effective digital collaboration capabilities for employees, putting them only marginally ahead of the 31% global average. There is a similarly low level of success in ensuring effective collaboration with partners and suppliers.

One clear suggestion from the region's respondents about where the sticking point might be: more than half (53%) of firms in North America say that unstable network conditions at home or in remote locations have affected employee productivity.

Unstable network conditions threaten productivity in North America

Proportion impacted by unstable network conditions at home



North American executives must address this. In the US, where, in recent years, millions of more people have come to depend on the internet to carry out their jobs, the existing digital infrastructure does not seem adequate to support this surge in use because of lagging connectivity.²

North American executives recognise the opportunity to take the lead on this: one in four prioritises an investment drive that supports more excellent connectivity with their ecosystem. They understand that a digitally connected ecosystem will lay the foundation for a productive one.

Ensuring a trusted operating environment

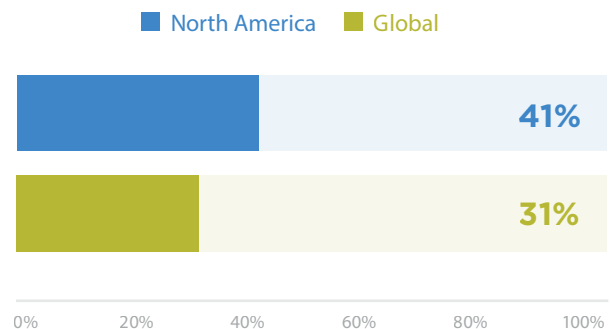
The new world of work will struggle to get off the ground unless businesses can learn to trust each other in the new digital operating environment. Fortunately for North American businesses, many already seem to be trusted.

According to the Edelman Trust Barometer, business is now the only institution in North America that is competent and ethical.³ However, the rise in cybercrime over the course of the pandemic (the FBI's cyber division is reported to have received reports of as many as 4,000 attacks daily⁴) means that more will need to be done to shore up security.

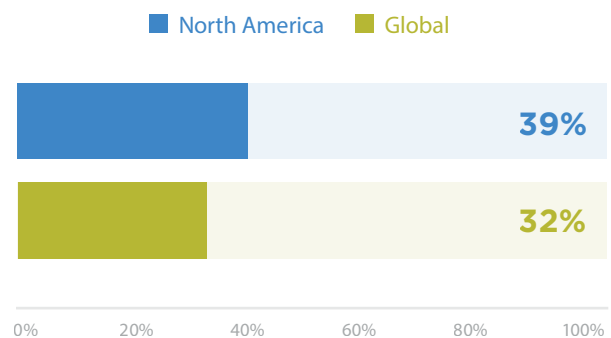
Albeit ahead of the global average, just 39% of executives in North America report success in establishing secure and trusted interactions with suppliers and partners, on the other hand only 47% think that their organisation has a robust system to vet interactions with customers and partners properly, which puts them behind the global average.

Working productively from anywhere depends on safe and secure interactions as much as good connectivity

Success enabling workforce to work productively anywhere



Success enabling secure and trusted interactions for partners and suppliers



² <https://www.theguardian.com/world/2020/apr/13/coronavirus-covid-19-exposes-cracks-us-digital-divide>

³ https://www.edelman.com/sites/g/files/aatuss191/files/2021-01/2021%20Edelman%20Trust%20Barometer_U.S.%20Country%20Report_Clean.pdf

⁴ <https://www.prnewswire.com/news-releases/top-cyber-security-experts-report-4-000-cyber-attacks-a-day-since-covid-19-pandemic-301110157.html>

On a more positive note, North American firms say they are ready to build a secure ecosystem for all: one in three have said that increased investment in efforts to support and bolster digital trust will be a priority in the next 12-24 months. These firms stand to benefit immensely, as trusted operations will drive trusted business.

Ambitious plans will cement Digital Trailblazer status

North American businesses know they will need to adapt to the complexities of the new business-partner ecosystem, and there are already indications of the opportunities that a digital-first mindset can offer.

Eric Hansotia, CEO of AGCO Corporation, a US-based agricultural machinery manufacturer, explains an opportunity that his company is taking:

"We want the [agricultural] machines to understand their environment and make real-time adjustments on these most difficult, tricky, fast-changing variables that farmers usually can't optimise as a computer can."

The agricultural scope is significant, encompassing precision and sustainability, and this can be delivered confidently owing to a careful approach to digital connectivity and security.

Three steps to maturity

To increase their digital maturity, we recommend that North American businesses:



Unlock new levels of performance with better connectivity

North American firms have adapted better than others to remote working, but they risk not reaching next-level performance without next-generation connectivity solutions. Investment promises more significant outcomes for the ecosystem, but the situation should be monitored carefully to keep valuable digital ecosystems intact.



Actively drive trust

Businesses may be the most trusted of all institutions in the region, but executives cannot afford to be passive on privacy and cyber threats if they want to retain this trust. An active approach to investment in cybersecurity systems is one clear way to achieve this and establish more open digital communication channels with customers.



Ensure that digital-first operations support experience and agility

Digital-first is not simply the process of getting operations online - it is also about making them easier to engage with customers. North American firms that want to provide the first-rate experience that customers demand in the digital age will need to make provisions for their transformation plans. The best way to do this is to listen to customers and ascertain their needs.

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

