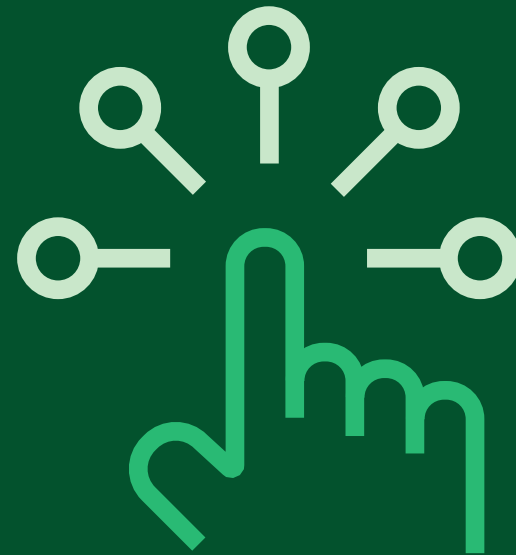


IT SERVICES

The Rates of Success, Goals, and Future Priorities of Digital Transformations, by Sector



The key findings for IT service companies

The IT services sector has focused on high demand for digital transformation in various sectors, marked by a strong leadership commitment and an integrated growth strategy—but it has faced significant challenges on talent and agile governance.

Most leading organizations have concentrated on external or client-facing digital initiatives such as customer experience and journeys, growth and business model innovation, sales and marketing acceleration, and digital ecosystem and partnerships.

Successful digital players are also pivoting toward internal digitization efforts such as digitizing employee journeys and support functions.

The pace of digital adoption in IT service companies needs to accelerate. Overall, 45% of IT service companies are in the win zone, a lower percentage than such other TMT segments as internet-based companies (58%) and hardware and devices companies (52%) have achieved.

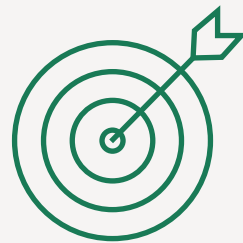
The forward-looking digital agenda for IT service companies includes service delivery and operations, sales and marketing, security, support functions, and R&D.

ESG considerations—especially those related to data privacy, cyber resilience, and the use of analytics for emissions reduction—are becoming more important.

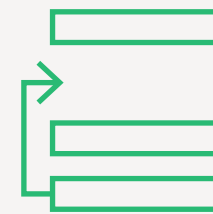
The data in more depth



**Rates of success
in digital
transformation**



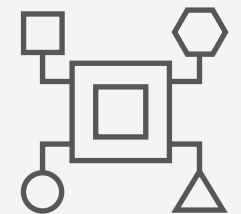
**Topics of focus
for IT service
companies**



**Top priorities for
the future**



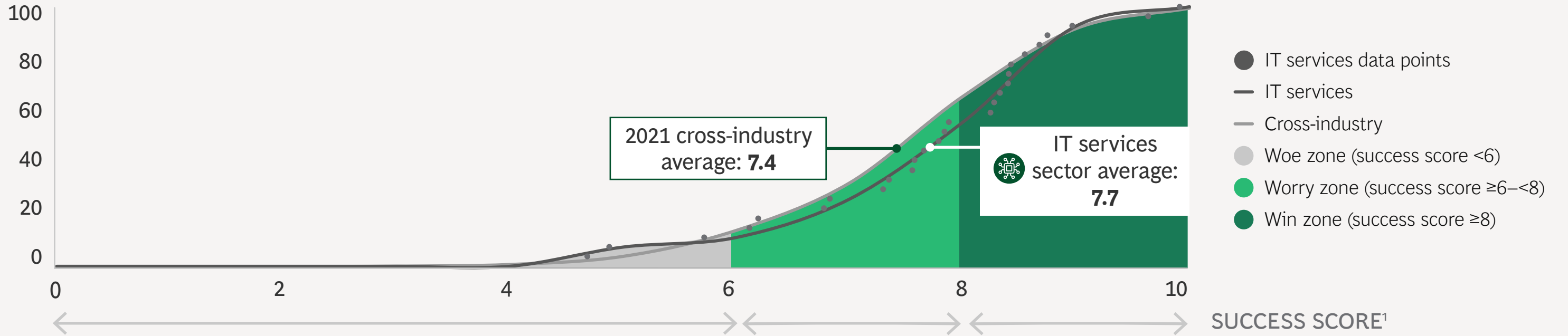
**The critical
human and
tech enablers**



**The role of ESG
in digital
transformation**

About 45% of IT service companies fall in the win zone, 1.3 times the cross-industry average

CASES BELOW SUCCESS SCORE (%)



2021 BCG Global Digital Transformation Survey overall

13%

52%

35%

SUCCESS SCORE¹

IT services sector

11%

44%

44%

1.3x cross-industry average

Limited value created (<50% of target); no sustainable change

Value created but total targets not met; limited long-term change

Target value met or exceeded; sustainable change created

Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10, using the guidelines in the table below.”

¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

IT service companies nearly clear the bar on leadership commitment and integrated strategy, but struggle to achieve an agile governance mindset

DISTRIBUTION OF SUCCESS SCORES ON INDIVIDUAL KEY FACTORS¹



Lower extreme IT services average Upper or lower quartile Upper extreme



● Woe zone (success score <6) ● Worry zone (success score ≥6–<8) ● Win zone (success score ≥8)

Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10 using the guidelines in the table below.”

¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

The transformation priorities for IT services have been customer experience and journeys, growth and business model innovation, and cybersecurity

Strategic objectives

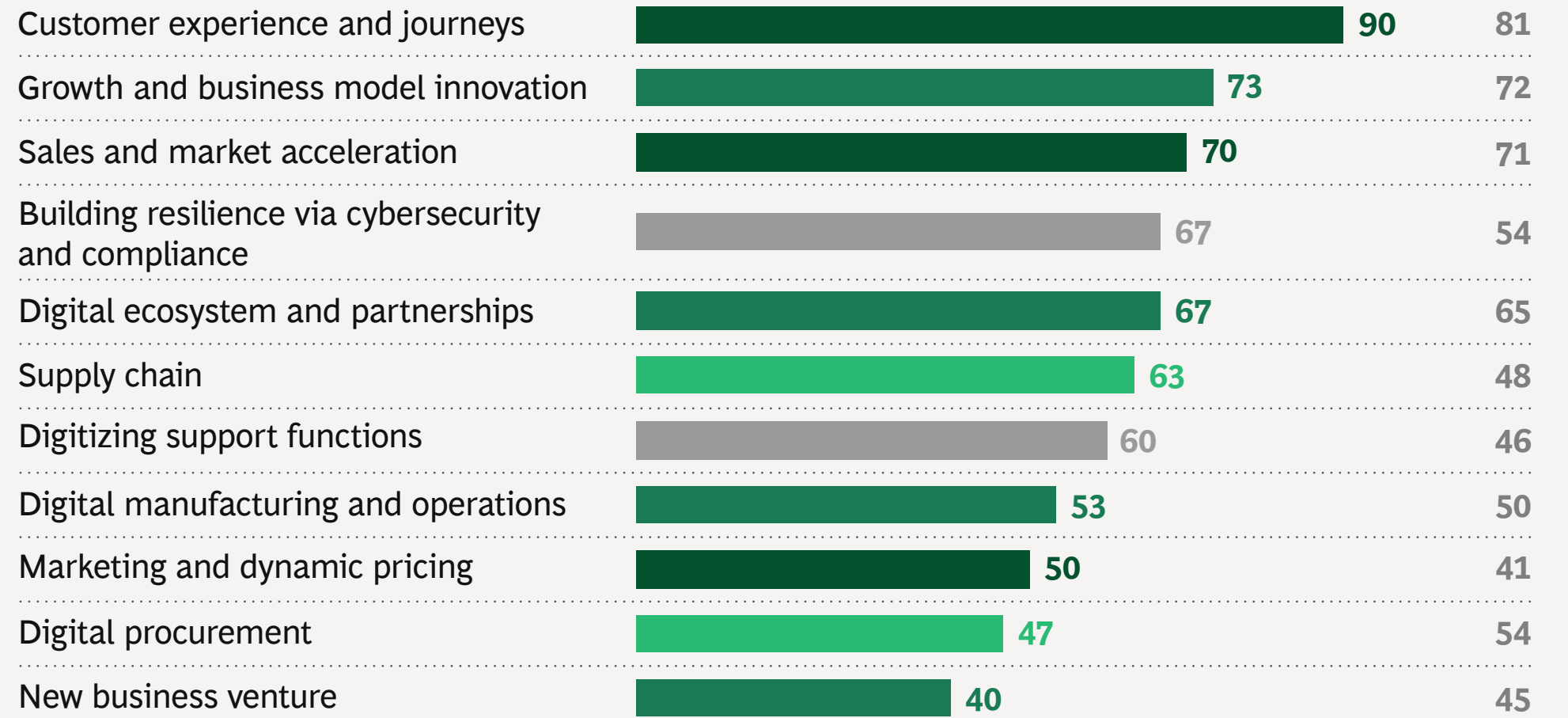
SHARE OF RESPONDENTS (%)



Scope of digital transformation¹

SHARE OF RESPONDENTS (%)

CROSS-INDUSTRY AVERAGE (%)



Source: BCG Global Digital Transformation Survey, 2021, n = 30.

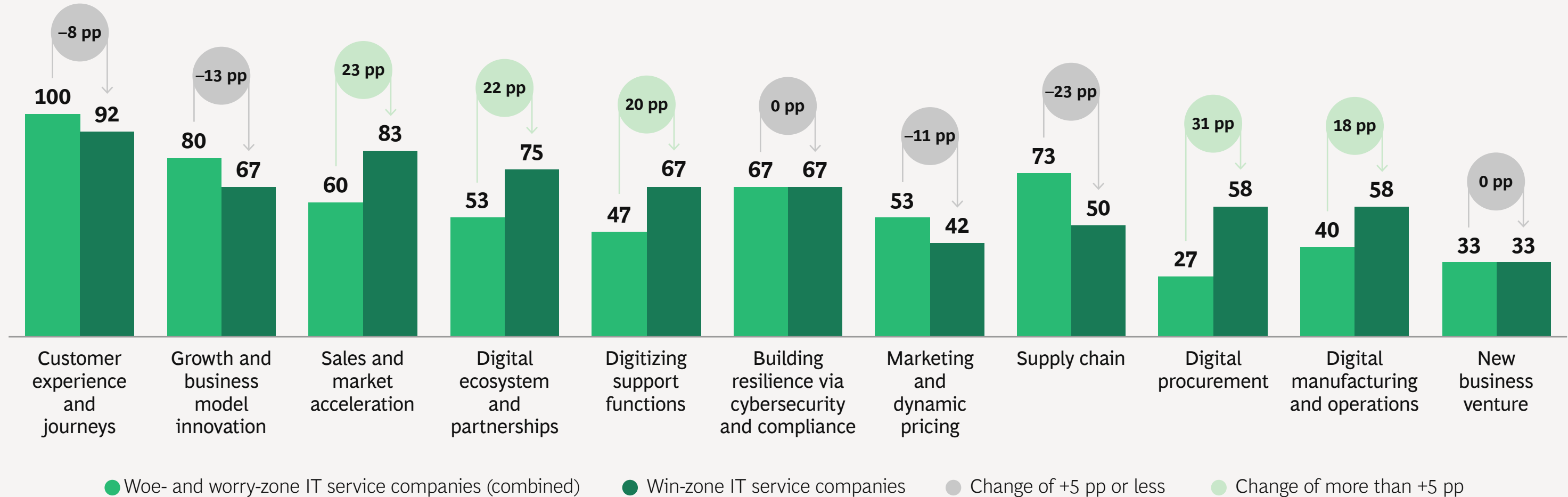
Note: Because of rounding, the percentages given for the strategic objectives do not add up to 100%.

¹Respondents were asked to select all priorities that applied.

Win-zone companies focus more on sales and marketing, partnerships, and support functions than worry- and woe-zone companies do

Scope of digital transformation

SHARE OF RESPONDENTS (%)



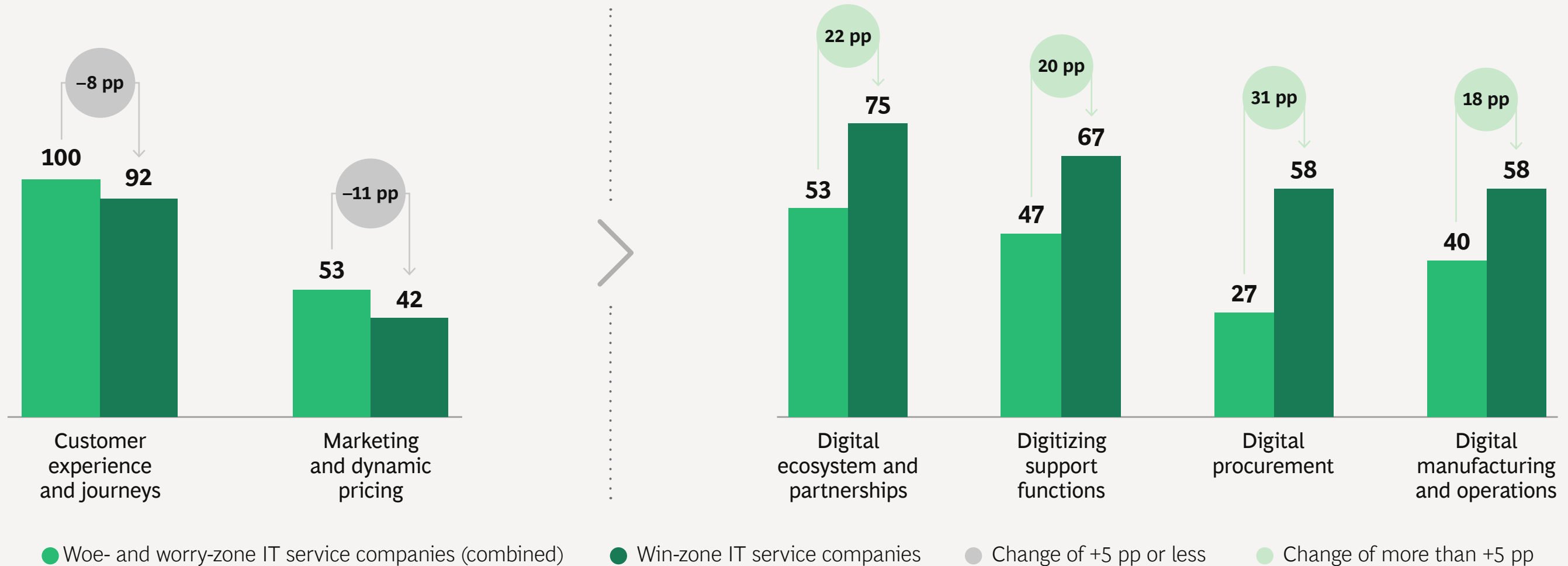
Source: BCG Global Digital Transformation Survey 2021, n = 30.

Note: Source question: "From the list of most common digital outcome areas and enablers in digital transformation, please help us identify the scope of your digital transformation (select all that apply)."

Win-zone companies are starting to shift focus from customer-oriented activities to topics related to digital operations and innovation

Scope of digital transformation

SHARE OF RESPONDENTS (%)

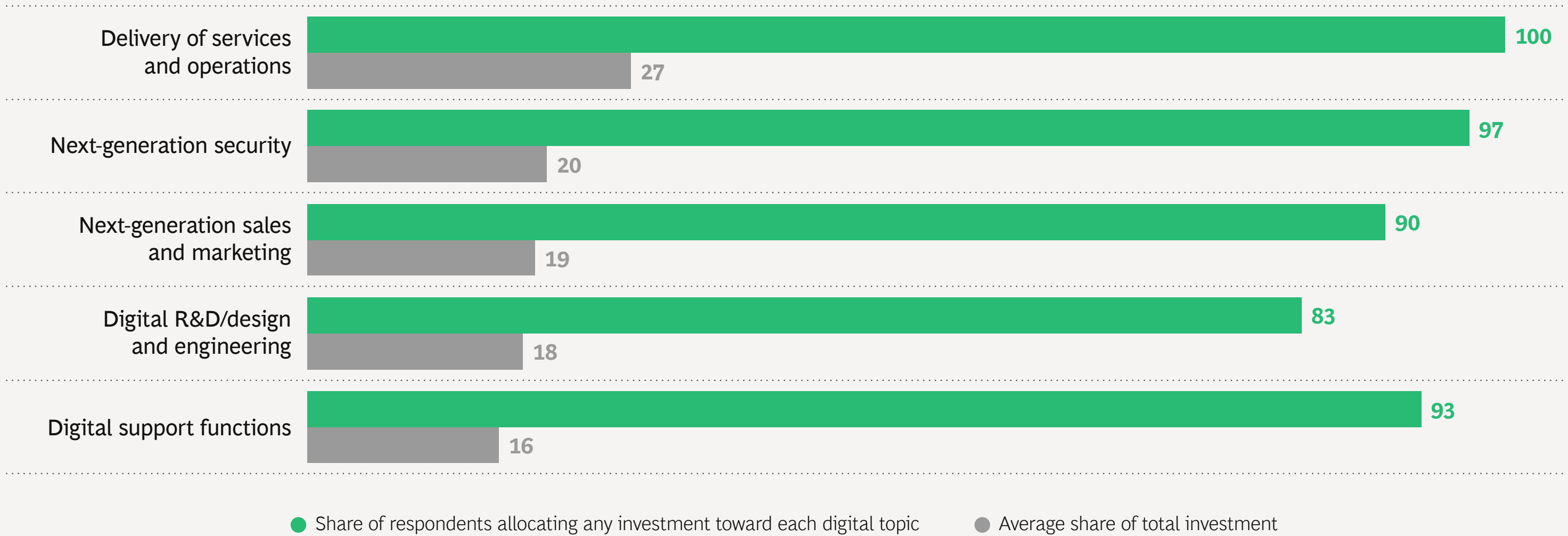


Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: "From the list of most common digital outcome areas and enablers in digital transformation, please help us identify the scope of your digital transformation (select all that apply)."

Most IT service companies intend to invest half of their digital spending in delivery of services and operations and next-generation security

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹

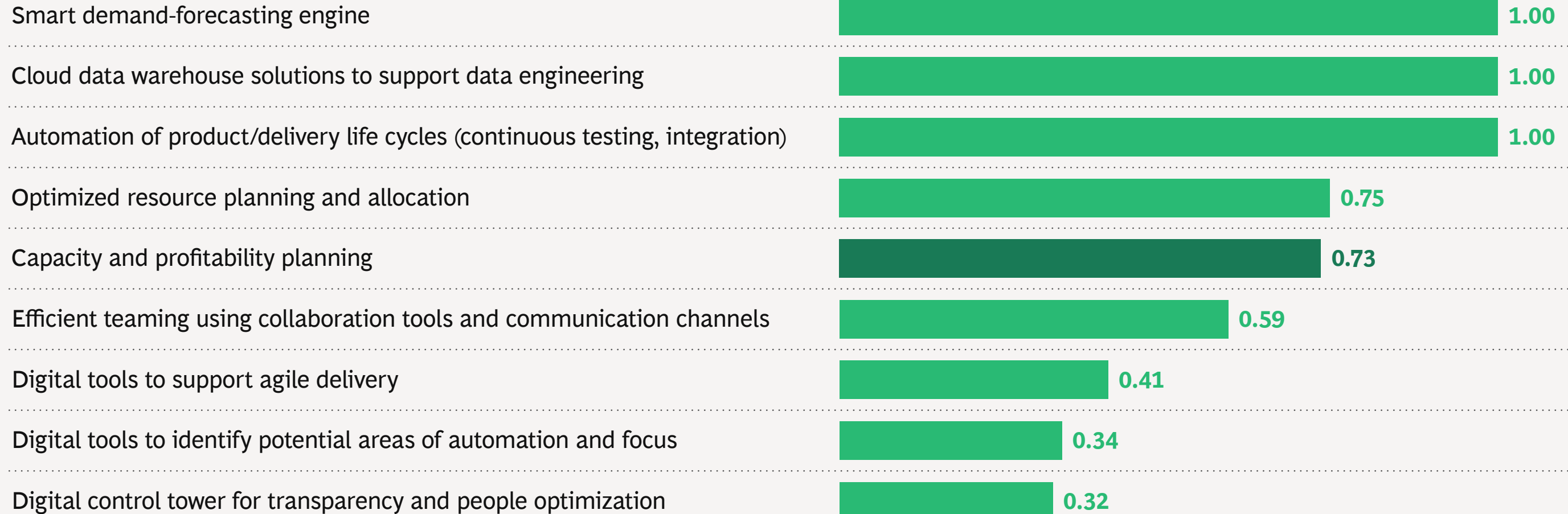


Source: 2021 BCG Global Digital Transformation Survey.

¹For example, the uppermost pair of bars can be read as “100% of IT service respondents plan to invest in delivery of services and operations, allocating an average 27% of total digital investment.”

IT service companies' digital priorities: Delivery of services and operations

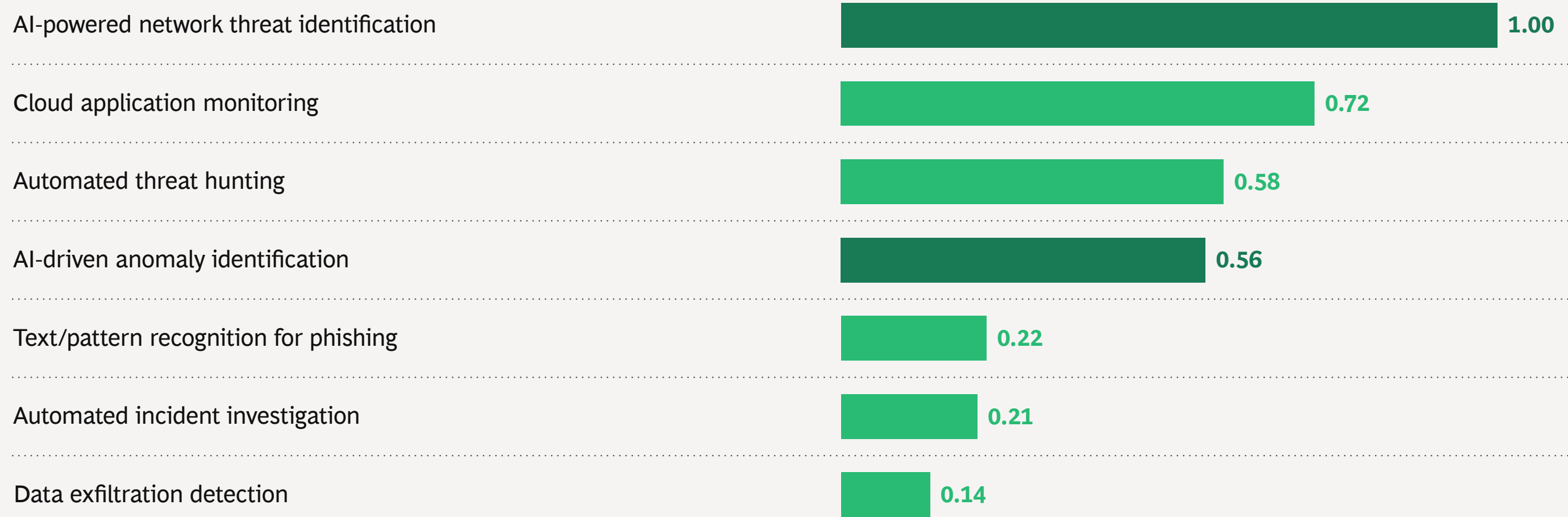
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all IT services companies ● Top priorities for win-zone companies

IT service companies' digital priorities: Next-generation security

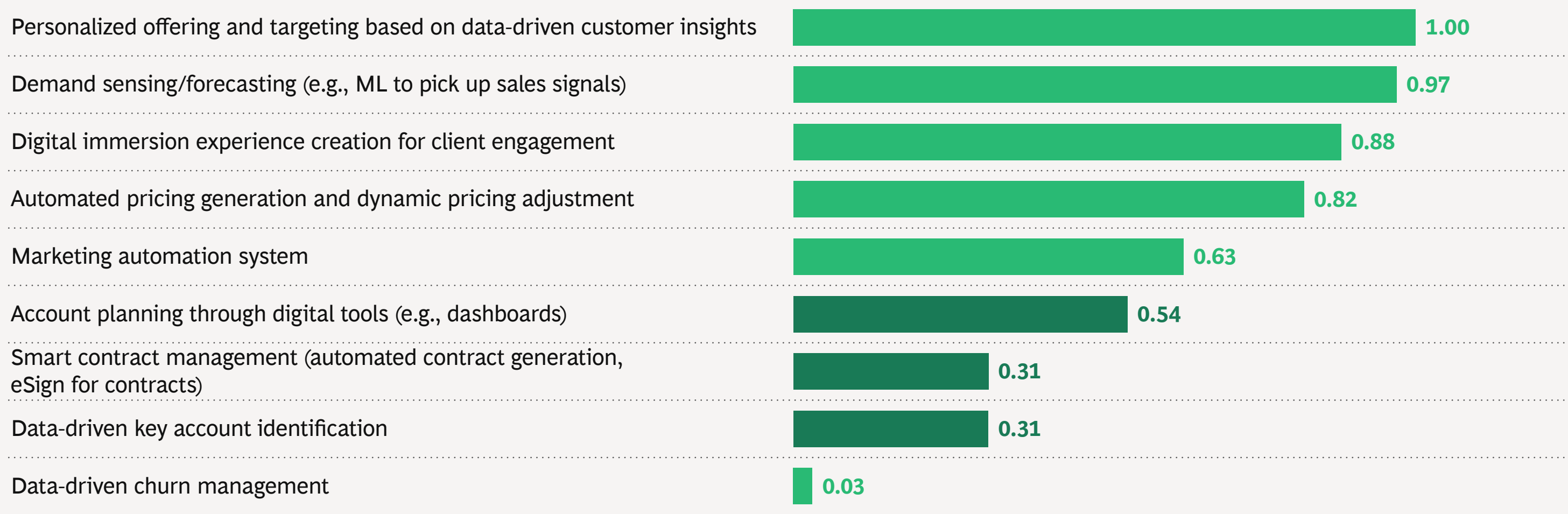
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all IT services companies ● Top priorities for win-zone companies

IT service companies' digital priorities: Next-generation sales and marketing

Digital initiatives (bars indicate relative prioritization of initiatives)

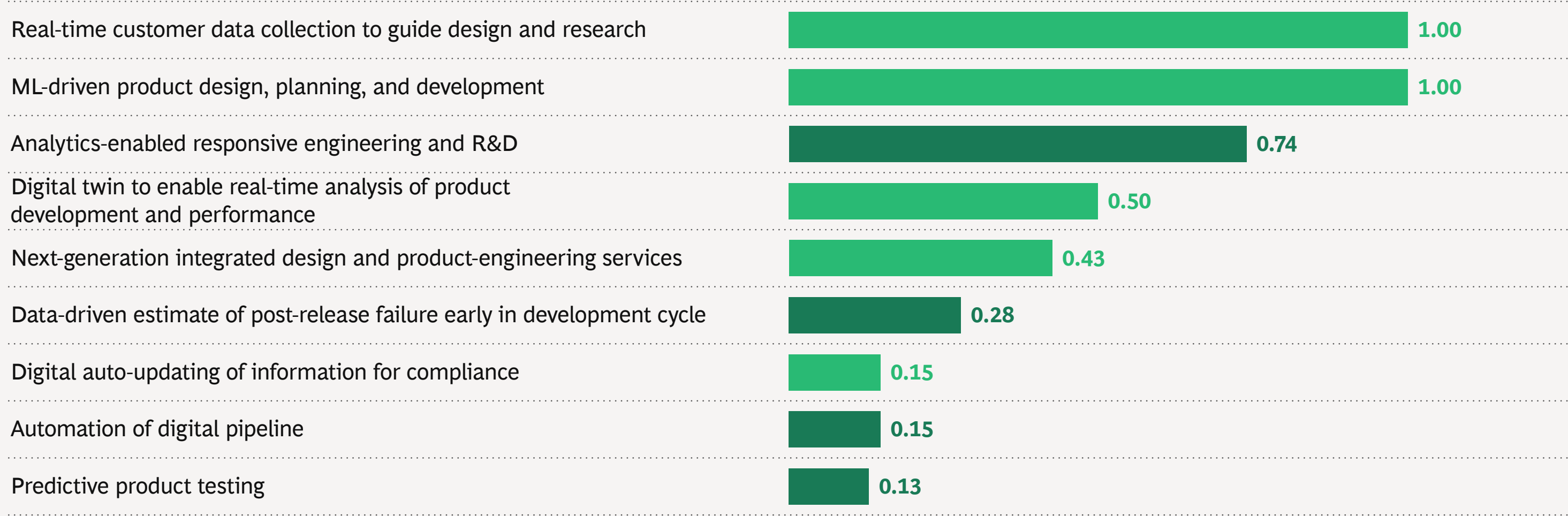


● Relative prioritization for all IT services companies

● Top priorities for win-zone companies

IT service companies' digital priorities: Digital R&D and design and engineering

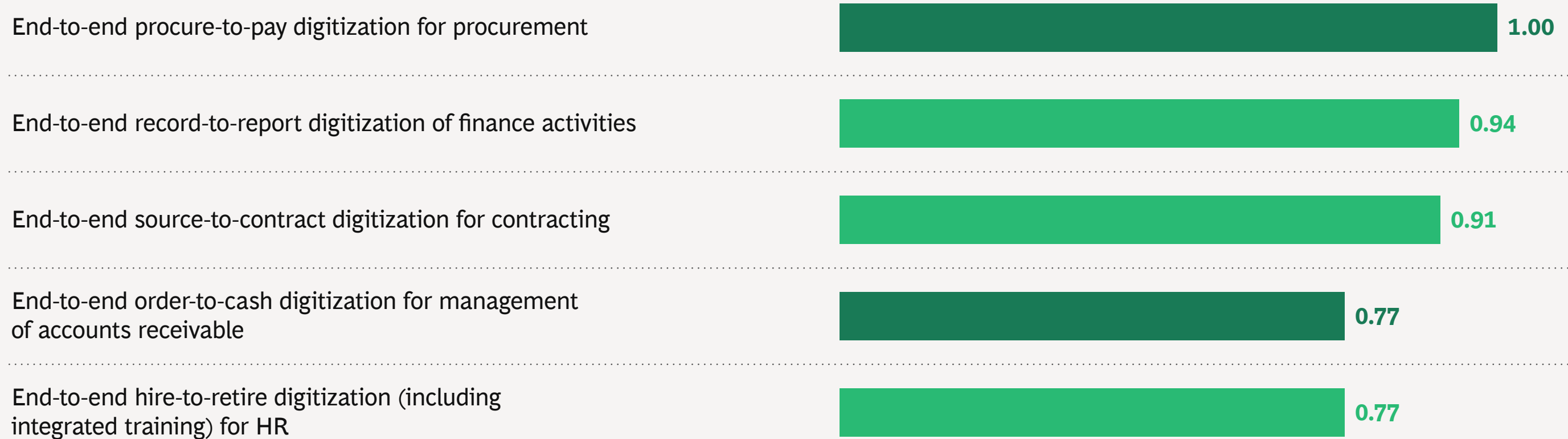
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all IT services companies ● Top priorities for win-zone companies

IT service companies' digital priorities: Digital support functions

Digital initiatives (bars indicate relative prioritization of initiatives)



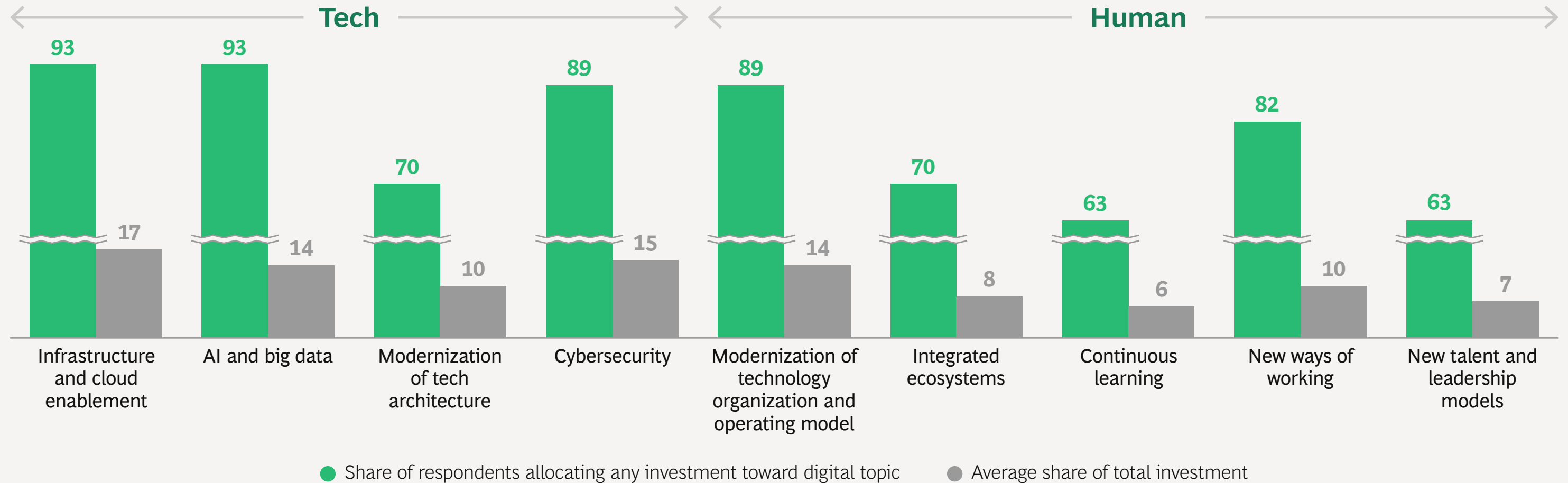
● Relative prioritization for all IT services companies

● Top priorities for win-zone companies

IT service companies intend to invest across a broad range of tech and human enablers

Nine out of ten IT service companies plan to invest in infrastructure and cloud enablement, AI and big data, cybersecurity, and modernization of tech organization allocating on average about 60% of their total digital enabler spending to these areas

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS ENABLER DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹

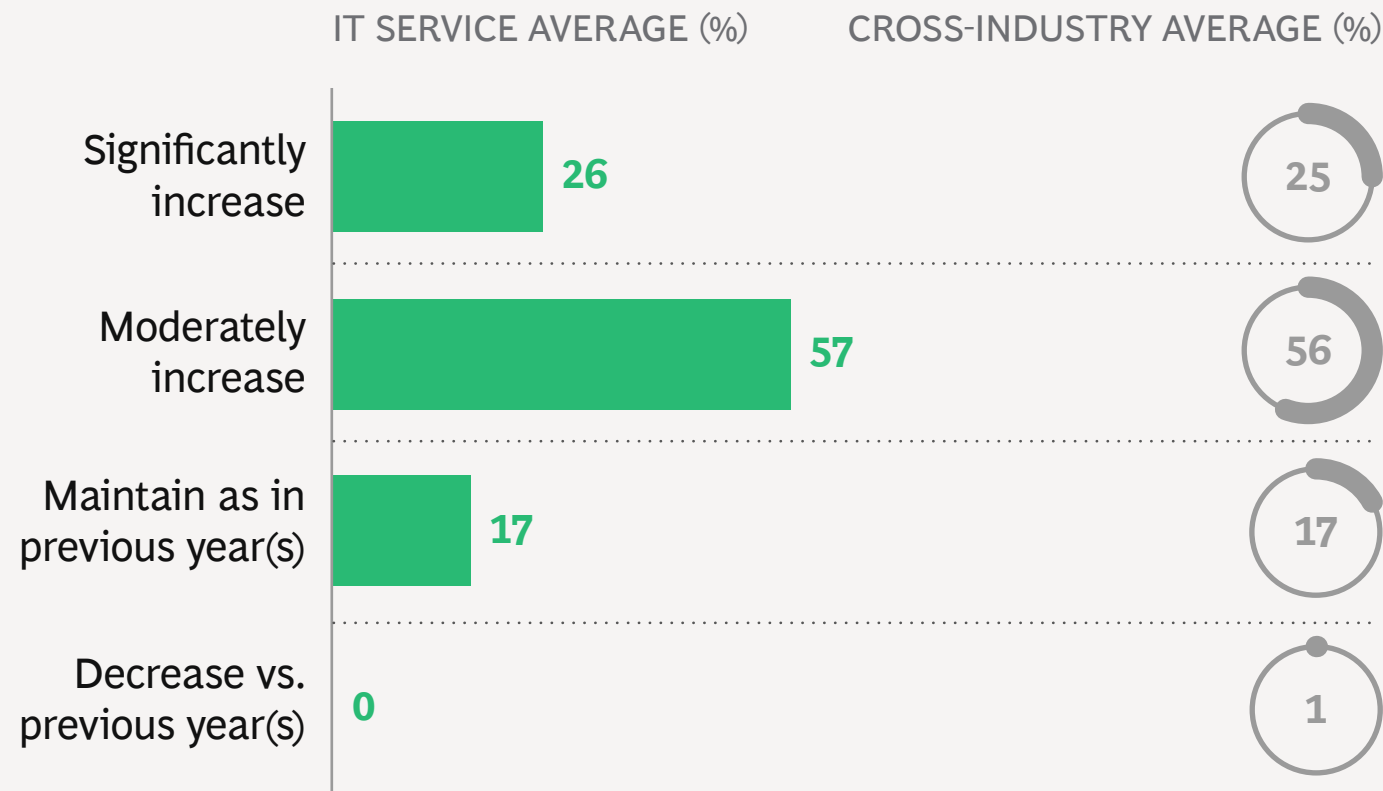


Source: 2021 BCG Global Digital Transformation Survey, n = 30.

¹For example, the leftmost pair of bars can be read as "93% of IT service respondents plan to invest in Infrastructure and cloud enablement, allocating an average 17% of their total digital enablers spending."

About 83% of IT service companies plan to increase investments in ESG (in line with cross-industry averages)

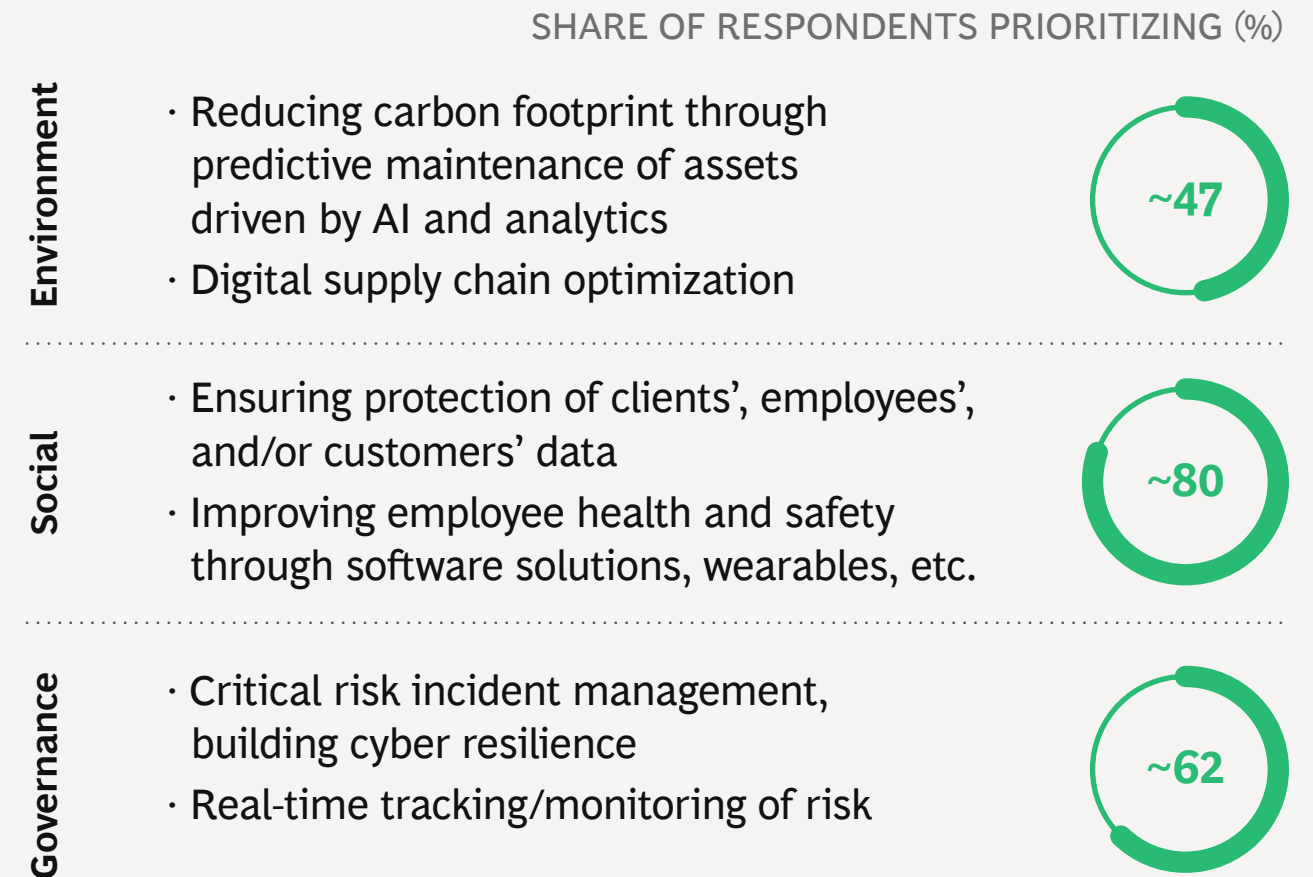
Share of respondents planning to increase/decrease/maintain investment toward ESG in coming years



Source: 2021 BCG Global Digital Transformation Survey, n = 30.

... with greater emphasis on S and G dimensions

Leading digital initiatives being prioritized to support E, S, and G goals



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