

Over Half of Businesses Do Not Understand the Digital Economy

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Going Digital is Foregone Conclusion yet Businesses are not Ready, Lack Skills and Infrastructure to Compete Digitally

A study released today has found over half (57%) of business leaders do not understand the Digital Economy, highlighting that organisations are not yet fully prepared to deliver the digital experiences and access buyers desire and require.

The study by OnePoll, commissioned by Ness Software Engineering Services (SES), a leading provider of software product engineering services, asked 1,000 business leaders in the UK, from a mix of industries, how they feel about the Digital Economy and their company's role in it.

Companies are aware that the status quo is hazardous and there is an innovation gap to bridge. 42% said a lack of innovation at their companies would harm the company's future prospects, and 42% expect to increase spending on Research & Development (R&D). In terms of leadership, there is a majority view (57%) that business executives in their companies should lead digital transformations, rather than IT. This aligns with a broader industry trend that puts pressure on technologists to find innovative ways to use technology to grow the business, rather than solely focusing on basic IT system maintenance and cost reduction.

The study identifies that lack of in-house skills and suitable technology infrastructure are the biggest factors holding enterprises back from competing in the Digital Economy. Nearly half (46%) said they do not have the skills or expertise to drive digital transformation projects in terms of developing, deploying, managing and supporting the technology. They are short on expertise in areas including e-commerce (cited by 40%), e-business (44%) and supporting digital infrastructures such as cloud and mobile (48%). The ability to execute change is a key obstacle, with 42% saying they do not have the infrastructure to develop and roll out digital products fast enough.

Doug Mow, senior vice president of corporate strategy and chief marketing officer at Ness SES said, "The growth of the Digital Economy is a major transformative force in the market where digital native companies are disrupting the business models of traditional companies to steal market share. In response, incumbent businesses must modernise their user experiences, products, and systems to remain competitive. This includes engaging customers and partners via electronic commerce mechanisms, modern form factors such as mobile, and with real-time, personalised insight."

To close the gap between the digital needs of the business and internal capabilities, many companies are engaging external technology partners. 42% of those surveyed outsource technical engineering services. Their top priority for engaging with a partner is the partner's ability to deliver both on time and on-budget (cited by 39% of respondents). This can be a challenge in practical terms, however, if the company needs to hire one partner for front-end user experience design and development, and another for back-end product engineering and data analytics. Often, the two pieces are not well-coordinated, which leads to time and cost overruns throughout the life of the products and services. This synchronisation becomes increasingly critical in today's fast-paced and innovative markets.

Mow commented, "The Digital Economy is the new, post-recession normal, and digital transformation is the route to participation. No industries are immune to technology's impact. The scale of transformation will take most incumbent businesses out of their enterprise IT comfort zones, so it is paramount they seek the right levels and quality of software engineering support from whichever resources they choose to engage - internal or external."

As a partner to many organisations who are successfully capitalising on the Digital Economy, Ness SES helps clients leverage next-generation software approaches and modernise current software solutions. The company offers a uniquely-integrated combination of user experience design and rigorous product engineering and data analytics services. Governed by the Ness Connected Framework, this ensures complete continuity between product vision and execution - from front-end design to back-end development - throughout the software development lifecycle.