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DIGITAL TRANSFORMATION STRATEGY:

7 Emerging Trends that will Define 2021

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INTRODUCTION

The past year greatly emphasized the importance that every business must be a digital business. Companies faced immense pressure to create new value in customer experiences and their day-to-day operations. Digital-only brands already had a leg up on traditional players, but finding themselves falling behind, the traditional companies began transforming their business models with digital technologies.

During the latter half of 2020, there was an accelerated acquisition of new technologies and commencement of digital transformation journeys. For instance, for most companies in a variety of industries, remote work dominated the 9-5 landscape; according to a Harvey Nash and CIO KPMG survey gathering responses from 83 countries, 86% off the respondents switched to remote work.

But remote work did not simply mean sending employees home. Many companies were required to upgrade infrastructure and cloud settings and improve cybersecurity measures to allow for such a drastic change to everyday work life. Once the ball got rolling though, companies began looking past just surviving the economic turmoil, but rather thinking about what digital transformation may mean for the future of their business. For the retail industry specifically, digital transformation meant automating, digitalizing and modernizing their existing systems, whereas the healthcare industry began doing more and more non-contact consultations via online or app-based resources. Even banks concentrated their efforts to simplify online banking interfaces and phone-banking applications to improve customer experience. A recent McKinsey research reveals that digital adoption has taken a quantum leap (up to 10 years for some regions and industries) at both the organizational and industry levels.

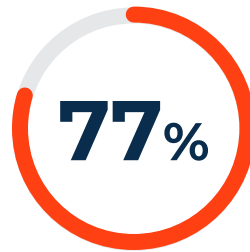But this shift was just a scratch on a surface to be known as the new normal.

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#1 MARKET OVERVIEW

The changes adopted in 2020 have paved a considerable path for further adaptions expected to unfurl in 2021. For those businesses who treated digital transformation like an investment will unswervingly reap the benefits.

77%

A recent survey of CEOs conducted by Fortune magazine and Deloitte showed that 77% of CEOs reported that the COVID-19 crisis accelerated their digital transformation plans. **(Deloitte)**

80%

80% of leaders in 2020 have seen the digital transformation of their businesses accelerate during the pandemic. **(KPMG)**

30%

The biggest changes were visible in the digital transformation of operations, where 30% say that progress has put them years ahead of where they would have expected to be right now. **(KPMG)**

However, those investments were just the beginning. As per the most recent Gartner Report, spending in the area of digital transformation will only increase across the board. But it is clear that top performers got a head start in 2020. This will inevitably increase their lead over contenders. Gartner went as far as to note that companies that have already invested funding into digital innovation, are 2.7 times more likely to excel in their field rather than be trailing behind the pack.

Furthermore, digital transformation expenditure is rocketing. With a compound annual growth rate of 15.5% expected from 2020 to 2023, spending is expected to near $6.8 trillion as organizations develop on existing strategies and become digital-at-scale future enterprises.

#1

MARKET OVERVIEW

It is clear that organizations that strategize revamped digital business models, while also successfully executing their company-wide strategies on digital platforms such as low-code, are better positioned for continual success in the digital economy.

> 2021 is the year, Forrester predicts, the majority of businesses will invest in having a full-fledged digital presence.

It is more evident than ever that digital transformation is essential to every business. The year 2021 will further necessitate that every business be able to generate/produce value at the speed of need. The economy is recovering, but to one that has shifted to a digital economy, leveraged to technology.

Only one question remains: what are the emerging digital transformation trends that companies should consider for better market positioning in 2021?

Luckily, no need to ponder further as we've done the research for you, and compiled a thorough list for your perusal.

Priorities for IT technology initiatives in companies worldwide in 2021:

Source: Statista

Digital transformation	**56%**
Cybersecurity	**50%**
Cloud-first/Cloud migration	**48%**
Improving customer experience	**29%**
Cost savings	**27%**
Agility/Automation	**12%**
Analytics/Big data	**12%**
Governance and compliance	**6%**

#1

MARKET OVERVIEW

DIGITAL TRANSFORMATION INDUSTRY OVERVIEW

Market Size Growth

Business Adoption

$3.3 trillion

89%

The digital transformation market is expected to grow at a CAGR (compound annual growth rate) of 23% from 2019 to $3.3 trillion by 2025

89% of all companies have already adopted a digital-first business strategy or plan to do so

Forty percent of all technology spending will go toward digital transformation, with enterprises spending in excess of **$2 trillion in 2019**. *(Source: IDC)*

Market pressures are the leading drivers of digital transformation as most efforts are spurred by growth opportunities (**51%**) and increased competitive pressure (**41%**). With high-profile data breach scandals making daily headlines, new regulatory standards like GDPR are also providing a reason for organizations to transform (**38%**). *(Source: Prophet)*

Executives say the top benefits of digital transformation are improved operational efficiency (**40%**), faster time to market (**36%**) and the ability to meet customer expectations (**35%**). *(Source: PTC)*

Seventy seven percent of CIOs name Digital Transformation as their biggest budget priority of 2021. *(Source: Constellation Research)*

Eighty seven percent of senior business leaders say digitalization is a company priority, but only **40%** of organizations have brought digital initiatives to scale. *(Source: Gartner)*

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DIGITAL TRANSFORMATION CHALLENGES IN 2021

- Bridging the (IT) skills gap
- Adoption of new technologies
- Lack of agility
- Managing compliance requirements and data protection
- Improving customer experience
- Managing the digital workforce
- Accelerate automation with intelligent decision-making
- Lack of a clear vision and plan
- Data challenge—Ineffective use of data

Sources: Userlane, Easysend, The Enterprisers Project, Compunnel Digital, Start it up

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DIGITAL TRANSFORMATION TRENDS OF 2021

Internet of Behaviors (IoB): simply put, is about using data to influence human behaviours. Specifically, it refers to a method by which user-driven data is analyzed via behavioral psychology perspective. The IoB, however, can become an influential marketing and sales tool for any organization. If conducted successfully, the results of such an analysis become the basis on which new approaches to user experience are developed, how final products and services presented by companies are utilized, and then, of course, how to market them. Today, Big Brands have a thorough understanding of their customers' behaviours, from personal interests to the logic used when making purchases. For example, individuals using a smartphone provide companies with geographical tracking abilities. Big Brand systems know when their customers visited a shopping centre or a hairdresser, inclusive of the length of stay, and if certain apps were used, what purchases were made on what day. These behaviours are then studied to improve marketing campaigns, for example, so to provide customer with better targeted sales.

Want to improve your customer experience and better target consumer spending? These statistical studies can be the key to improved mapping of consumer everyday habits in 2021.

x3

The number of devices connected to IP networks will be more than three times the global population by 2023.
(Source: Cisco)

15

By 2030, MTA predicts that there will be 15 connected devices per person.
(Source: MTA)

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DIGITAL TRANSFORMATION TRENDS OF 2021

Cybersecurity mesh: is a flexible, scalable and reliable IT security structure. The idea is that anyone can access any digital asset securely, no matter the location. It is estimated that now through 2025, the cybersecurity mesh will support more than half of digital access control requests.

This comes at a much-needed time, as with, for example, IoB now storing masses of detailed consumer behaviour and anywhere operations continuing to expand, impenetrable security measures are invaluable. According to Gartner, the cybersecurity mesh will become the most practical method to guarantee secure access to and utilization of distributed data from uncontrolled devices, as well as cloud-located applications.

Now more than ever, companies are growing their interests in privacy and security solutions more so than other innovations. The explanation behind this choice of investment is simple; not only are the risks of security breaches intensifying, but consumers are becoming increasingly less lenient toward organizational blunders—especially those related to security.

To further exasperate the need for improved cybersecurity, cyberattacks rank as the fastest growing crime in the US, causing calamitous disruptions to anyone involved.

$6 trillion

Globally, cybercrime damages have surpassed US $6 trillion by 2021. **(Cyberattacks)**

½

Through 2025, the cybersecurity mesh will support ½+ of digital access control requests. **(Gartner)**

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DIGITAL TRANSFORMATION TRENDS OF 2021

And it's not just the smaller players that are being picked on. In its second substantial data breach in the last two years, Marriott revealed that the personal information of approximately 5.2 million hotel guests was deceitfully accessed in 2020. The information breached included names, birth dates, phone numbers, addresses, and airline loyalty information. **(Cyberattacks)**

Furthermore, hackers have exploited the COVID-19 pandemic to expand their cyberattack crusades. From January to April 2020 alone, there was a **600%** upsurge in attacks on cloud servers, and a **238%** rise in attacks on banks (Cybersecurity). With more employees working remotely, it is more imperative than ever that companies shore up their networks and upgrade cybersecurity strategies.

Privacy-enhancing computation (PEC): refers to privacy enhancing technologies (PET) that support trusted environments for data sharing through third-party environments. PEC comprises of a variety of technologies that assist in achieving top-level private data protection. These technologies underpin data and privacy protection from breaches and cyber-attacks. In short, this trend facilitates the security and privacy needed for sharing data.

PE assists in the protection of personally identifiable information (PII) that end-users provide or transfer through services and apps. It is designed specifically for the increasing need to share data while maintaining security. Its key focus is on ensuring both confidentiality of personal data and protection of all the information received about users of any service or technology are top priorities for organizations responsible for PII.

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DIGITAL TRANSFORMATION TRENDS OF 2021

As mentioned earlier, security is a top enterprise technology investment. And for good reason, too, as **84%** of customers are more loyal to companies that have strong security controls. It's still in a state of development, but there will soon be visible a strong trend regarding security and privacy improvements in 2021, in response to the many cyberattacks occurring and the swell in confidential data floating around the Internet.

Anywhere operations: refers to an IT operating archetype intended to support customers, empower employees and manage the distribution of business services across distributed infrastructures.

An anywhere-operations model will be vital for businesses to emerge successfully from the pandemic, as well as to thrive in the new normal. At its fundamental core, this operating archetype permits businesses to be accessed and enabled anywhere—where customers, employees and partners operate in remote environments.

By the end of 2023, **40%** of organizations will have applied anywhere operations to deliver optimized and blended virtual and physical customer and employee experiences. *(Source: Gartner)*

As per Gallup's State of the American Workplace report, the ideal engagement boost happens when workers spend around 3 to 4 days working off-site. Anywhere operations ensures that your employees can work from anywhere in the world without compromising on efficiency and output.

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DIGITAL TRANSFORMATION TRENDS OF 2021

Distributed cloud: is the delivery of public cloud services to various physical locations, though, please note that the governance, operation and development of the services continue to be the obligation of the public cloud service provider. This has an advantage as distributed clouds provide the benefit of smaller cloud service processing units in closer proximity to the user source. This also results in the ability to more easily meet regulatory agency requirements. For instance, the EU requires that user data does not travel outside of that user's country. As such, distributed clouds allow for the local planning of service processing units. Essentially, distributed cloud can meet the tailored service requirements of location-dependent use cases.

This service enables organizations to have a nimble environment with low-latency scenarios, reduced data costs and data residency requirements. **By 2025**, most cloud service platforms will offer some distributed cloud services. Distributed cloud is the future of the cloud and getting a jump start in 2021 is imperative. **(Gartner)**

62,8%
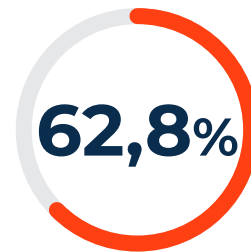
The worldwide spending on cloud IT infrastructure is expected to grow at a five-year CAGR of 9.6%, reaching USD 105.6 billion in 2024 and accounting for 62.8% of total IT infrastructure spending. **(Source: IDC)**

60%

Almost 60% of enterprises in North America rely on public cloud platforms. That's five times the percentage that did only 5 years ago. **(Source: Forrester)**

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DIGITAL TRANSFORMATION TRENDS OF 2021

AI engineering strategy: is needed to expedite the performance, interpretability and dependability of AI models while delivering the full value of AI investments. An AI engineering strategy intends to provide tools and a framework to proactively set-up AI systems to work in environments inherit to intense degrees of dynamism, ambiguity, and intricacy. The aim of AI engineering is to equip users accordingly to be able to develop systems across the enterprise spectrum, to anticipate changes in conditions and operational environments, as well as to ensure human requirements are translated into trustworthy AI.

AI undertakings regularly encounter issues with maintainability, scalability and governance, which can create challenges for some organizations. As such, an AI engineering strategy is imperative.

40%
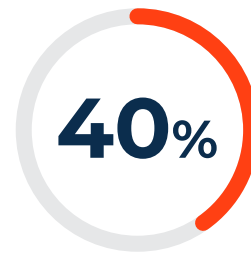
By 2035, AI can boost labor productivity by up to 40 percent.
(Source: Accenture)

85%

Up to 85% of business and IT executives anticipate making extensive investments in one or more AI-related technologies over the next three years.
(Source: Accenture)

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DIGITAL TRANSFORMATION TRENDS OF 2021

New business value from AI:

- Transform relationship between humans and machines—Using AI, people will be able to spend more time on exceptional work: the 20% of nonroutine tasks that drive 80% of value creation.

- Reimagine business models and processes—Smart machines will continually review end-to-end processes and apply "intelligent automation of process change" to refine and optimize.

- Unlock trapped value of data—Companies will apply AI to greatly enhance large data analytics, evolve algorithms with transactional data faster, and combine data in new ways to discover trends and deliver deep insights.

Source: Accenture

90%

At least 90% of new enterprise apps will insert AI technology into their processes and products by 2025.
(Source: IDC)

68%

68% of executives believe the future of business will involve people and AI working together.
(Source: Fujitsu)

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DIGITAL TRANSFORMATION TRENDS OF 2021

No code/low-code: is a novel category of software assemblers/constructors, and not traditional software developers. Although low-code platforms have been around for decades, it wasn't until the infamous year of 2020 that separated the digital-friendly organizations from the underperforming ones. It was clear during this period that businesses needed to transform, and fast, to better serve their markets. Not one organization had the time to dilly-dawdle, thinking about a digital transformation necessary to survive.

At the heart of every digital transformation strategy is software. The type of software chosen by organizations will reflect the pace at which transformations can happen. Low-code software can accelerate the ability to build software, apps and processes much quicker than currently available.

But what is software without its users? Even without deep technical knowledge, a marketer or accountant can use a no-code/low-code platform to quickly create an app that addresses their specific needs—transforming them into what are commonly called citizen developers.

Business users, including marketing managers, sales reps, service professionals, and human resource personnel can create, configure, and deploy customized apps without software development skills. Not only does this save time for business users, but it also reduces the burden on IT, ensures all users can better contribute to the organization's success, but it also brings companies that much closer to building a low-code company.

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DIGITAL TRANSFORMATION TRENDS OF 2021

No-code/low-code platforms reduce the amount of needed development operations tasks. In 2021, low-code platforms will not only help more organizations upgrade legacy applications and automate processes faster, but also enable them to do so with less software development, development operations resources and cloud architecture, which continue to be either challenging to find or costly. It is clear that low-code is a key ingredient for successful digital transformation.

75%

By 2024, 75% of large enterprises will be using at least four low-code development tools for both IT application development and citizen development initiatives.
(Source: Gartner)

65%

More than 65% of application development in 2024 will be performed by low-code platforms.
(Source: Gartner)

90%

Low-code/ no-code solutions have the potential to reduce the development time by 90%.
(Source: Redhat)

$4.4 million

The average company avoided hiring two IT developers using low-code tools. This reaped about $4.4 million in increased business value over three years from the applications designed.
(Source: Forrester)

CONCLUSION

It is evident that the pandemic has accelerated all automation and digital transformation initiatives by several years, but it is also clear that these trends will continue into the foreseeable future. A company's prerogative to digitally transform will directly position them against their competitors as either leaders or followers in their market. Organizations began to feel this early in 2020, as a Gartner survey pointed out that 48% of organizations believed their revenue would be negatively impacted if they failed to undergo digital transformation initiatives in the next 12 months.

The digital transformation trends forecasted for 2021 will continue to penetrate almost every industry, teasing out the weaker players like a game of Darwin's survival of the fitness, but at a much faster pace, of course. These modern digital transformative practices allow companies to create more personal relationships with customers, witness how products are actually performing and whether or not those products meet customer expectations.

It is expected, according to Forrester, that by the end of 2021, 30% of $1 billion-plus firms will possess a significant digital portfolio, while 20% will resurrect digital departments dedicated to instigating disruptive products.

The work that was begun in 2020 will continue into 2021 and will likely expand to a range of pressing prospects like those listed above. Much like in the year 2020, the trajectory and speed of digital transformation will likely continue helping solve global and market problems faster, better and at scale. It's rather simple, those organizations that are not investing in digital transformation will be left behind.

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ABOUT CREATIO

Creatio is a global software company providing a leading low-code platform for process management and CRM. The company offers three products on one platform to connect the dots between marketing, sales, service and operations. The system delivers end-to-end processes to manage the complete customer journey – from lead to order to continued customer service excellence. Creatio products are backed by a robust low-code platform. Building apps and changing processes in Creatio is easy – you don't need to be an IT specialist and there is few to no coding. Creatio offers the agility to continually test, modify, and improve processes to keep up with the new business environment.

CREATIO SUPER POWERS

BPM ENGINE
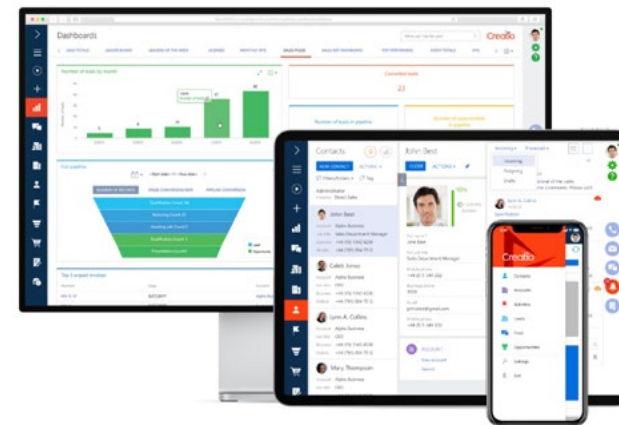to change processes faster

LOW-CODE PLATFORM
to make everyone a developer

UNIFIED CRM
to align sales, marketing and service

Empowering mid-size and large enterprises to accelerate operational & customer facing processes

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