IBM Study: Majority of Global C-Suite Executives are Rapidly Accelerating Digital Transformation due to COVID-19 Pandemic, but People and Talent are Key to Future Progress

Leaders surveyed name inadequate skills and employee burnout as biggest barriers to progress, yet study finds significant disconnect in how executives and employees rate businesses in addressing these gaps

ARMONK, N.Y., Sept. 30, 2020 /PRNewswire/ -- A new IBM (NYSE: IBM) study of global C-suite executives revealed that nearly six in ten responding organizations have accelerated their digital transformations due to the COVID-19 pandemic. Traditional and perceived barriers like technology immaturity and employee opposition to change have fallen away - in fact, 66% of executives surveyed said they have completed initiatives that previously encountered resistance.

Participating businesses are seeing more clearly the critical role people play in driving their ongoing transformation. Leaders surveyed called out organizational complexity, inadequate skills and employee burnout as the biggest hurdles to overcome -- both today and in the next two years. The study finds a significant disconnect in how effective leaders and employees believe companies have been in addressing these gaps. 74% of executives surveyed believe they have been helping their employees learn the skills needed to work in a new way, just 38% of employees surveyed agree. 80% of executives surveyed say that they are supporting the physical and emotional health of their workforce, while just 46% of employees surveyed feel that support.

The IBM Institute for Business Value (IBV) study "COVID-19 and the Future of Business," which includes input from more than 3,800 C-suite executives in 20 countries and 22 industries, shows that executives surveyed are facing a proliferation of initiatives due to the pandemic and having difficulty focusing, but do plan to prioritize internal and operational capabilities such as workforce skills and flexibility – critical areas to address in order to jumpstart progress.

"For many the pandemic has knocked down previous barriers to digital transformation, and leaders are increasingly relying on technology for mission-critical aspects of their enterprise operations," said Mark Foster, senior vice president, IBM Services. "But looking ahead, leaders need to redouble their focus on their people as well as the workflows and technology infrastructure that enable them – we can't underestimate the power of empathetic leadership to drive employees' confidence, effectiveness and well-being amid disruption."

The study reveals three proactive steps that emerging leaders surveyed are taking to survive and thrive.

Improving operational scalability and flexibility

The ongoing disruption of the COVID-19 pandemic has shown how important it can be for businesses to be built for change. Many executives are facing demand fluctuations, new challenges to support employees working remotely and requirements to cut costs.

In addition, the study reveals that the majority of organizations are making permanent changes to their organizational strategy. For instance, 94% of executives surveyed plan to participate in platform-based

business models by 2022, and many reported they will increase participation in ecosystems and partner networks.

Executing these new strategies may require a more scalable and flexible IT infrastructure. Executives are already anticipating this: the survey showed respondents plan a 20 percentage point increase in prioritization of cloud technology in the next two years. What's more, executives surveyed plan to move more of their business functions to the cloud over the next two years, with customer engagement and marketing being the top two cloudified functions.

Applying AI, automation and other exponential technologies to help make workflows more intelligent

The COVID-19 pandemic has disrupted critical workflows and processes at the heart of many organizations' core operations. Technologies like AI, automation and cybersecurity that could help make workflows more intelligent, responsive and secure are increasing in priority across the board for responding global executives. Over the next two years, the report finds:

- Prioritization of AI technology will increase by 20 percentage points
- 60% of executives surveyed say they have accelerated process automation, and many will increasingly apply automation across all business functions
- 76% of executives surveyed plan to prioritize cybersecurity – twice as many as deploy the technology today.

As executives increasingly invest in cloud, AI, automation and other exponential technologies, IBM recommends leaders should keep in mind the users of that technology – their people. These digital tools should enable a positive employee experience by design, and support people's innovation and productivity.

Leading, engaging and enabling the workforce in new ways

The study showed placing a renewed focus on people may be critical amid the COVID-19 pandemic while many employees are working outside of traditional offices and dealing with heightened personal stress and uncertainty.

Ongoing IBV consumer research has shown that the expectations employees have of their employers have shifted amidst the pandemic – employees now expect that their employers will take an active role in supporting their physical and emotional health as well as the skills they need to work in new ways.

To address this gap, IBM recommends executives place deeper focus on their people, putting employees' end-to-end well-being first. Empathetic leaders who encourage personal accountability and support employees to work in self-directed squads that apply design thinking, Agile principles and DevOps tools and techniques can be beneficial. Organizations should also think about adopting a holistic, multi-modal model of skills development to help employees develop both the behavioral and technical skills required to work in the new normal and foster a culture of continuous learning.

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