

EXTRACT



Emerging Trends

EMERGING

**Digital Transformation:
Lessons for the Future**

Report

Sep 2024



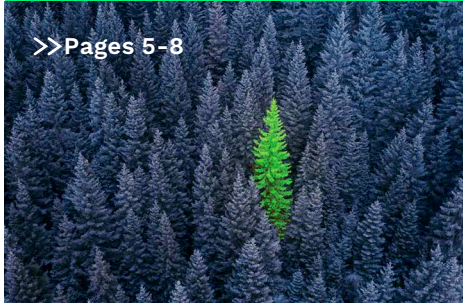
Contents

1

What really matters

Digital transformation is the biggest driver of demand for consulting services, but it also poses significant challenges.

>> Pages 5-8

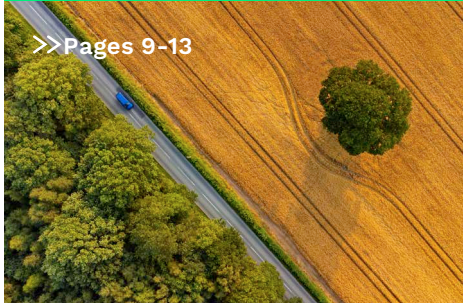


2

What does a digital transformation project look like?

Digital transformation projects have distinctive characteristics and challenges, but clients are struggling to respond in kind.

>> Pages 9-13



3

What role do consultants currently play on digital transformation projects?

Almost every digital transformation project requires significant consulting support, but the role consultants play changes over the lifetime of the project.

>> Pages 14-22

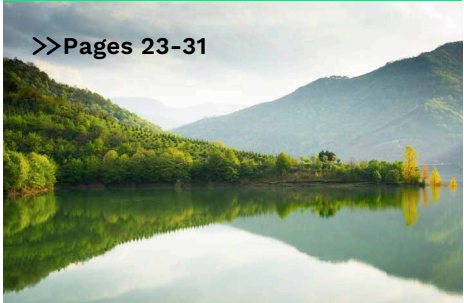


4

What have clients learned about ensuring digital transformation projects succeed?

Clients are generally satisfied with firms' work on digital transformation projects, but there are important lessons for the future.

>> Pages 23-31



About this report

>> Pages 32-33

About us and other reports

>> Pages 34-35

Introduction

In our last Emerging Trends report,¹ we highlighted potential concerns about digital transformation projects. The desire among clients to continuously and completely overhaul their technology has been an unquestioned fact for so long now that we've been surprised to learn that anything could temper it—but the crises of recent years have been so relentless that clients have told us they've been forced to take a step back and reconsider how they'd like to see this work delivered. Too many projects have failed to deliver the promised results and priorities have shifted over time, making it much harder to track and measure value.

At the same time, technology—and, by extension, technology consulting—has never been more important to clients. Every Market Trends report we've published this year has emphasised the important and wide-ranging benefits clients attach to technology services of all stripes. Two thirds of clients now tell us they need to update their technology as soon as possible in order to survive.

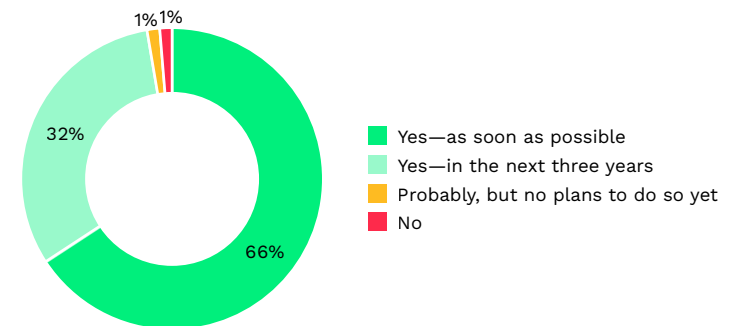
All this is to say, it's important that firms get digital transformation right. It's long been the jewel in the crown of firms' offerings, but clients are thinking about it differently, and are likely to end up frustrated if firms can't get with the program and align with buyers about what value looks like, and how the work should be delivered.

The purpose of this report is to delve deeper into this challenge. Our research is underpinned by our latest Emerging Trends survey, in which we asked 150 senior executives to think about a current or recent digital transformation. From this rich starting point, we explore how digital transformation projects work in practice: what clients want, what they get, and—crucially—how they'd like things to change.

¹ Source, *Emerging Trends: The Future of Consulting*, July 2024. Available at: <https://www.sourceglobalresearch.com/reports/9502-emerging-trends-the-future-of-consulting>.

Figure 1

In your opinion, does your organisation need to update its technology in order to survive?



Data source: Market Trends survey 2024 [global data]

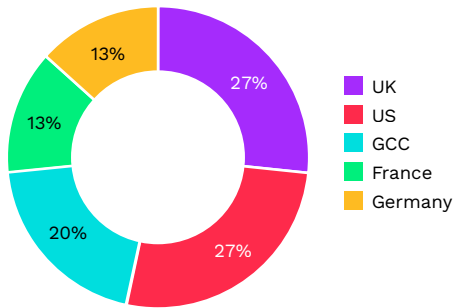
“Our problem is that digital transformation is different to anything we’ve ever tried before, which means we need to adopt a new approach. It’s a combined strategy-with-technology project, but we treat it as though it’s just a technology project.”

Chief Strategy Officer, healthcare

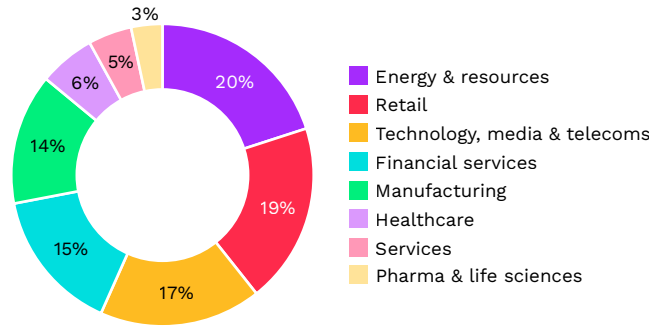
Methodology

We surveyed 150 senior executives in July 2024, all of whom are responsible for buying consulting services. Respondents worked in five geographies, all of which are important in terms of scale and/or growth potential—the UK, US, Germany, France, and the GCC. They were also drawn from a representative mix of sectors and functions. Three fifths came from organisations with more than 5,000 people.

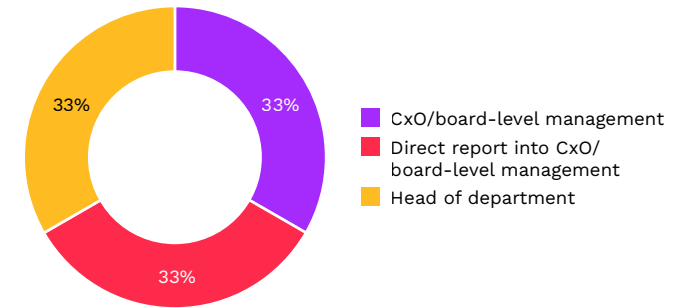
Respondents by geography



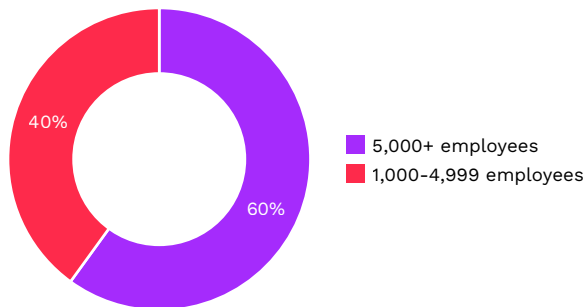
Respondents by sector



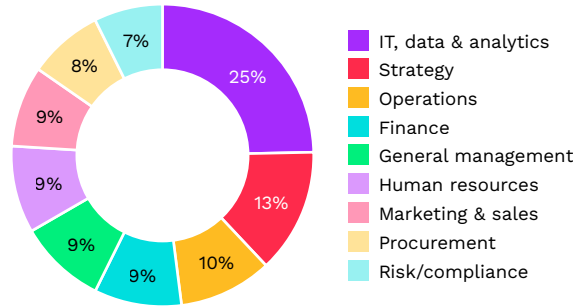
Respondents by responsibility



Respondents by headcount



Respondents by function





What really matters

- Not having the right expertise is the biggest problem that clients face on digital transformation projects.....6**
- Success depends on measurability (among other things) 7**
- Clients expect AI to solve all the problems with digital transformation8**

2



“You can’t think of it like a technology change. It’s actually a change of the whole company. It’s a really dramatic change, which involves all parts of our business and all of our people, not just the IT department. That’s transformation.”

Managing Director, financial services

What does a digital transformation project look like?

- Digital transformation means different things to different people 10**
- Digital transformation projects involve a uniquely wide set of challenges 11**
- Clients’ responses to their challenges may not be adequate12**
- Consultants are heavily involved in around three quarters of digital transformation projects.....13**

3



What role are consultants currently playing on digital transformation projects?

“These days, professional services firms do a blend of strategy consulting and technology consulting. While they’re separate things, digital transformation does cut across different areas. They’re better at putting the whole piece together because they have the strategic view and the people who can help us translate that into execution.”

Chief Technology Officer, financial services

- Why are consultants necessary?..... 15
- Consultants are used throughout the digital transformation process, but in some areas more than others..... 16
- Just because clients are using consultants in a digital transformation project doesn’t always mean that the latter’s input is consistently essential..... 17
- Subject matter experts are adding more value than partners on digital transformation projects 18
- Ecosystems are ubiquitous, but not always essential..... 19
- Pressure on prices means that digital transformation projects are more likely to be paid for on a performance/outcomes-related basis... 20
- Which firms do clients hire for digital transformation projects, and why?..... 21

4



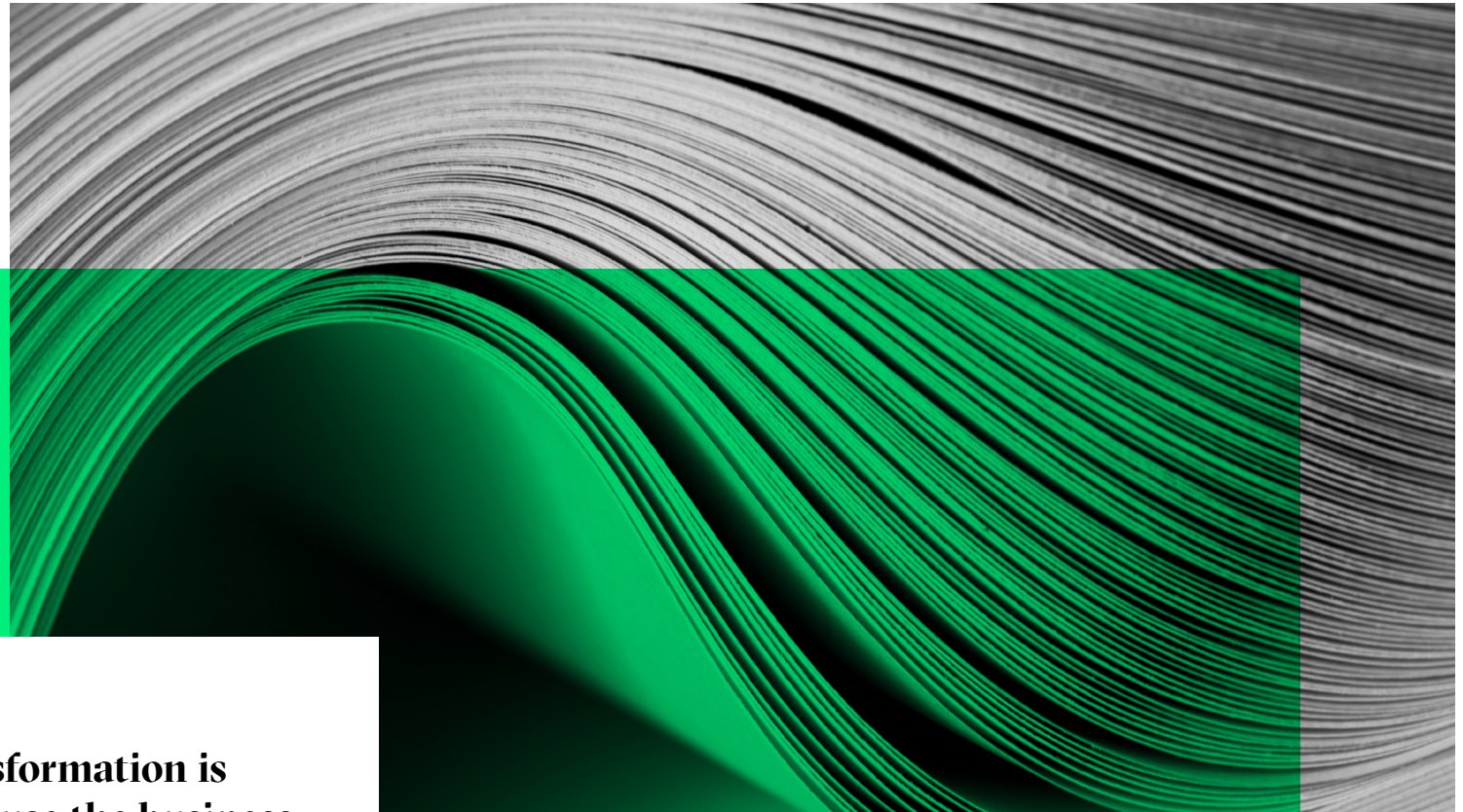
“Now that the early buzz around GenAI has dampened, businesses have started to take a more discerning look at the technology... Firms that talk to the practical applications are more likely to catch the attention of busy clients who currently feel under pressure from many angles.”

Emma Carroll, Head of Content, Source

What have clients learned about ensuring digital transformation projects succeed?

- What are the characteristics of a successful digital transformation project?.....24**
- Clients are generally very positive about the contribution made by consulting firms to their digital transformation project26**
- There is room to drive satisfaction up further by improving clients’ access to experts 27**
- AI: The solution to every problem?28**

5



“Digital transformation is paramount, because the business environment is changing so fast. Competition is fierce. You have to react. This is defining our industry.”

Head of Project Management, manufacturing

About this report

- Meet the experts..... 33
- About us..... 34
- Publication schedule 2024 35

Meet the experts

Fiona Czerniawska

Fiona is the Founder and CEO of Source. She's one of the world's foremost commentators on the global professional services and consulting industry.

Before starting Source, she had almost 20 years' experience as a management consultant, primarily working in the areas of marketing and strategy, initially with PwC, before moving on to be Head of Strategy and Business Planning for EY in the UK.

She's the author of a dozen books, including *Business Consulting: A Guide to How it Works* and *How to Make it Work* and *Buying Professional Services*, both of which were published by The Economist.

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Alice Moore

Alice is an Editor at Source. Building on her time as a writer and analyst on Market Trends and Emerging Trends reports, she works closely with report authors across the business to make Source's insights as impactful as possible.

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About us

We help professional services firms **understand what really matters** when facing decisions of vital importance.

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

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Publication schedule for 2024

2024	Market Trends Reports	Market Trends Briefings	Client Perceptions Studies	Emerging Trends Programme	White Space Reports	White Space Insights			
Q1	January	India			Client Perceptions of Thought Leadership	Featured thought leadership (monthly) Quarterly webinar series			
	February						Forecasts for 2024 UK GCC France	ET1 Ecosystems	
	March							UK US Germany	
Q2	April		Financial Services GCC France			Featured thought leadership (monthly) Quarterly webinar series			
	May						Nordics US DACH Australia East Asia	Retail Australia Energy & Resources	
	June						South East Asia	Technology, Media & Telecoms China Japan	ET2 Go-to-Market Strategy
Q3	July	South America Healthcare & Pharma		ET3 The Future of Consulting		Featured thought leadership (monthly) Quarterly webinar series			
	August						Africa Energy & Resources Financial Services Technology, Media & Telecoms		
	September						Sustainability	Risk Tax	ET4 Digital Transformation
Q4	October		Audit Technology		Hot Topic Report	Featured thought leadership (monthly) Quarterly webinar series			
	November						Tax Risk Technology		ET5 Expertise
	December						Planning for Growth in 2025		ET6 What Clients Will Want in 2025