

Reimagine Growth With A Platform-Centric Digital Strategy

A FORRESTER CONSULTING THOUGHT LEADERSHIP PAPER COMMISSIONED BY EDGEVERVE, FEBRUARY 2024



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Executive Summary

Digital transformation is a central ethos for businesses looking to future-proof their growth, relevance, and innovation. Firms must embrace new capabilities in AI, automation, and digital operating models to drive their digital capabilities toward operational resilience and business needs. While organizations have built strong focus and intent, the effectiveness of their digital transformation initiatives still falls short in driving strategic change. A platform-centric digital strategy that fosters connectivity and visibility across business and IT ecosystems shows great potential in amplifying human potential and catalyzing the efficiencies that firms urgently require.

There are some distinct characteristics of leading digital firms that allow them to realize better outcomes than their peers. Driving technologies toward customer needs in a way that connects business and IT, embraces automation, and optimizes partner ecosystems are just some characteristics that propels digital effectiveness. The potential of a platform-based approach is a key driver for an effective transformation and ecosystem connectivity.

In August 2023, EdgeVerve commissioned Forrester Consulting to conduct a custom study to understand the effectiveness of digital transformation initiatives today, and the extent to which firms have embraced a platform-based strategy to drive the needed connectivity and efficiency for profitability and growth. Forrester conducted an online survey with 630 respondents and 12 qualitative interviews with business and IT decision-makers responsible for their business, IT, supply chain and process automation strategy to explore this topic.

Key Findings

Despite heavy investments in digital transformation, it has largely been ineffective in driving business outcomes. Only 20% of respondents believed their organization has achieved success through their digital transformation initiatives. Challenges across processes, operational inefficiencies, and the lack of data readiness continue to impede their organization's expansion of digital initiatives, customer experiences (CX), and productivity gains.

Digital leaders leverage AI and automation to unlock unparalleled value. They have a concerted focus on driving connectivity, AI, and automation for success. C-level executives of firms in the advanced stage are 2.3 times more inclined than those in firms in the beginner stage to leverage AI to anticipate and respond to market changes. By harnessing such technologies effectively, digital leaders pave a path toward maximizing returns — being 1.7 times more effective in translating transformation investment into value.

Respondents, especially from large enterprises, believe that a platform-based strategy is key to drive success in digital transformation. A significant 70% of decision-makers believe adopting a platform-based strategy will improve the effectiveness of their organization's digital transformation efforts and drive technology advancements toward business goals. Firms want to make platform investments that enable connectivity and visibility, while also building operational efficiencies, insights, and growth.

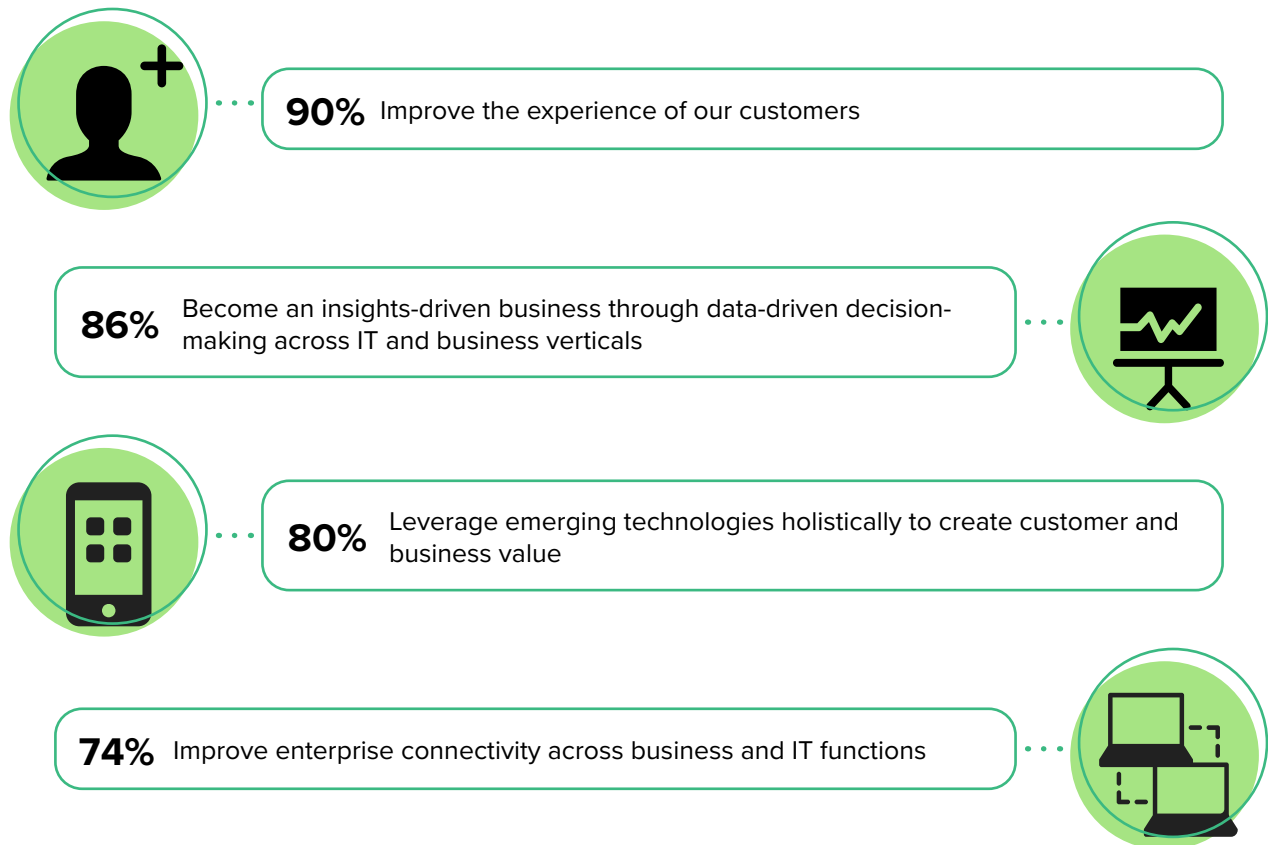


Digital Transformation Drivers Center Around Efficiency And Enterprise Connectivity

As customer expectations rapidly evolve and hybrid work becomes more prominent, decision-makers are driven to explore new technology operating models and structures that drive speed and responsiveness. Here, the difference among the priorities of business and IT stakeholders is clear as the IT team drives transformation toward operational resilience while the business team is focused on digitizing for the customer. Bridging these gaps to drive business and IT connectivity is therefore a core part of the transformation agenda today (see Figure 1).

FIGURE 1

Top Organizational Business Priorities Over The Next 12 Months

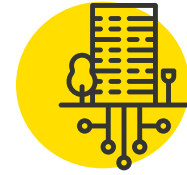


Base: 630 business and IT decision-makers responsible for their business, IT, supply chain, and process automation strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

- **Digital transformation priorities emphasize customer-centricity, efficiency, and growth.** Driving transformation in a way that improves CX is a central driver for 90% of decision-makers. They aim to build this experience through operational strengths, as 76% of respondents noted that their firms were focused on improving its IT operating model resilience to drive business growth.
- **Embracing emerging technologies and data to leapfrog the transformation agenda is a key focus.** More than two-thirds of respondents highlighted that it was a priority for their organization to become an insight-driven business through data-driven decision-making (86%) while also leveraging emerging technologies holistically to create customer and business value (80%). This is especially prevalent among decision-makers from traditional sectors such as consumer product goods (CPG), retail, logistics, and healthcare, who seek to embrace new capabilities in AI and automation in a more holistic way.
- **Connectivity across the enterprise and external ecosystem defines transformation priorities.** More than two-thirds of respondents actively considered the improvement of IT and business flows (73%) and the accessibility of data insights (73%) as a core means for their firm to drive digital transformation success in the next 12 months. However, beyond the enterprise, 76% of respondents also acknowledged the importance of enabling an external partner ecosystem to drive effective change, and another 66% believed that driving more connectivity in their partner ecosystem in a way that enhances visibility will play a key role in addressing digital transformation outcomes.
- **Large enterprises and IT leaders are more inclined to an AI-driven approach for digital transformation, seeking to augment employee potential and experience.** Sixty-four percent of decision-makers considered connecting human and AI capabilities a core need of their digital initiatives, while another 44% believed improving operational workflows with AI-powered applications is one of the key outcomes they want to realize. This perspective is most significantly driven by IT leaders in organizations where they are more likely than business

decision-makers to believe AI will play a significant role in their digital journey (67% vs. 57%). Furthermore, 63% of IT leaders believed AI will play a significant role in uncovering new revenue streams and improving employee productivity (71%) given the process-driven initiatives that AI is currently focused on.



Large enterprises are **2.8 times** more likely to invest significantly in AI initiatives.

In parallel, large enterprises have invested more in AI, with 40% of respondents from large enterprises citing an investment of more than \$10 million in AI initiatives compared to 14% of their counterparts from midsize enterprises. This also aligns with the industry inclinations toward AI as behemoth industries such as telcos and insurance look to AI to connect their technology stacks (i.e., 78% of insurers) and as an enabler of better CX (i.e., 81% of telcos). Decision-makers in verticals like healthcare are also looking to drive improvements in their operational efficiency and effectiveness through their AI initiatives.

Ineffective Digital Transformation Impedes Business Impact

Despite the best intentions, companies have yet to create the impact and outcomes they need from their digital transformation. Regarding the ROI of their organization's transformation initiatives, only a minority of respondents can attribute them to any business value, which significantly impacts the productivity, efficiency, and customer outcomes they intend to serve. These often involve complex, multiyear initiatives with a high failure rate and risk, especially in today's volatile market with high stakes.¹



Ineffective digital transformation costs firms an estimated

\$18 million annually.

- **Firms struggle to deliver business value despite heavy investment in digital transformation.** Close to 2 in 5 (38%) of respondents from large enterprises with at least \$5 billion in annual revenue said their organization has invested at least \$500 million in digital transformation initiatives over the past year. However, more than half of these respondents (53%) noted that their organization has translated less than half of their digital transformation investments into tangible business value for their organizations. In fact, only 20% of respondents believed their organization's digital transformation efforts have been successful in achieving desired business outcomes. When considering current cost averages and company sizes of the respondents' organizations, that leads to that leads to a loss of nearly \$18 million from ineffective digital transformation initiatives.²
- **Internal and external process challenges continue to hamper digital transformation.** While respondents cited process efficiencies and improving CX as key drivers of their organization's digital investments, a significant proportion of them believed they have yet to see the ROI of their organization's digital transformation's impact on processes (68%) and CX (62%). In fact, 60% of them noted that their organizations

were still plagued with fundamental challenges in their processes with organizational silos, conflicting priorities, and difficulties in implementing new process capabilities (56%).

“Our first digital transformation... was very well funded, but we only achieved 20% of our corporate objectives. There was too much autonomy given to actual business units and manufacturing plants and there was no management approval in place.”

DIRECTOR, IT AND DIGITALIZATION, MANUFACTURING AND AUTOMOTIVE, US

- **Insufficient data readiness limits expansion of digital initiatives.**

Although data and data governance are critical for the success of any technology strategy and digital transformation, firms are still not going beyond tactical data quality initiatives and project-based requirements, or taking a strategic perspective on data. Almost half the respondents (45%) noted their organizations were facing data security issues, another 40% of them noted their organizations faced data quality and integration issues, and 35% of them noted their organization lacked a coexistence framework which allows for both existing systems and new integrated technologies to coexist harmoniously.

Firms are not ready to scale the use of AI technology within their platforms and workflows. Forty-four percent of respondents identified the immaturity of the technology as a barrier. A clear lack of an innovation-driven culture is also evident as employees were often worried about the security threats that came with the usage of AI (39%), and they did not have trust in an AI-based system (35%) (see Figure 2).

- **Business impacts resulting from ineffective digital transformation are significant.** Insufficient agility, flexibility, or modularity for executing

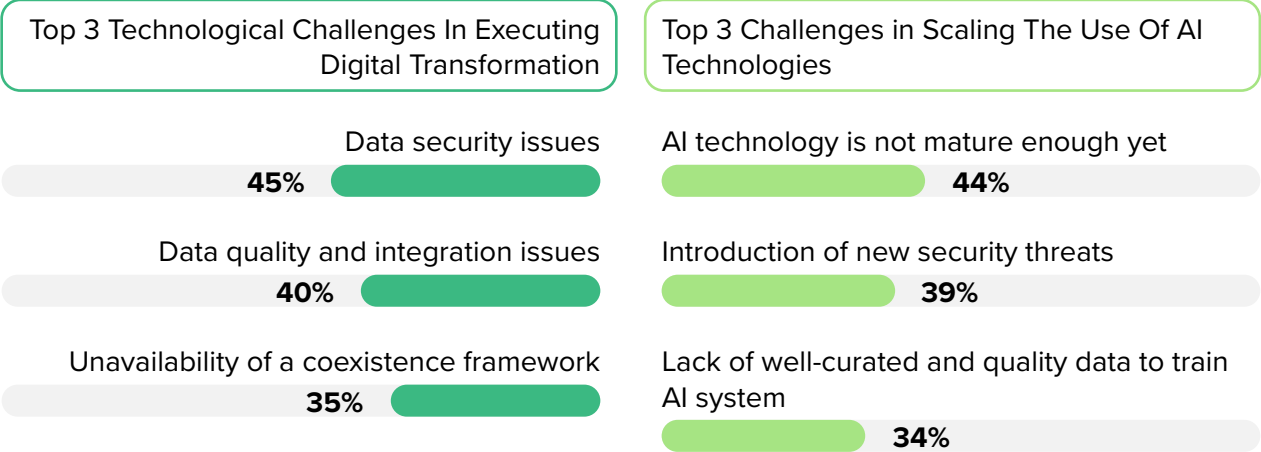
digital transformation undermine the strategic priorities for firms. These challenges prevented them from attaining the desired outcomes from their digital transformation efforts. While 44% of respondents sought to achieve operational workflow efficiencies with AI and foster an insights-driven culture through their digital transformation initiatives, 65% of respondents said their organization faced operational inefficiencies in workflows and a lack of an insights-driven culture due to their challenges faced in executing digital transformation (see Figure 3).

“In the current environment, telcos are really hard pressed to find value, which is why a key driver of our outlook is to look at ways to reduce cost to serve and drive internal efficiencies.”

DIRECTOR, PLATFORM SOLUTIONS DESIGN, TELCO, PHILIPPINES

FIGURE 2

Firms Lack A Strong Governance, Quality Rigor, And Strategic Perspective On Data, Consequently Hindering The Use Of AI



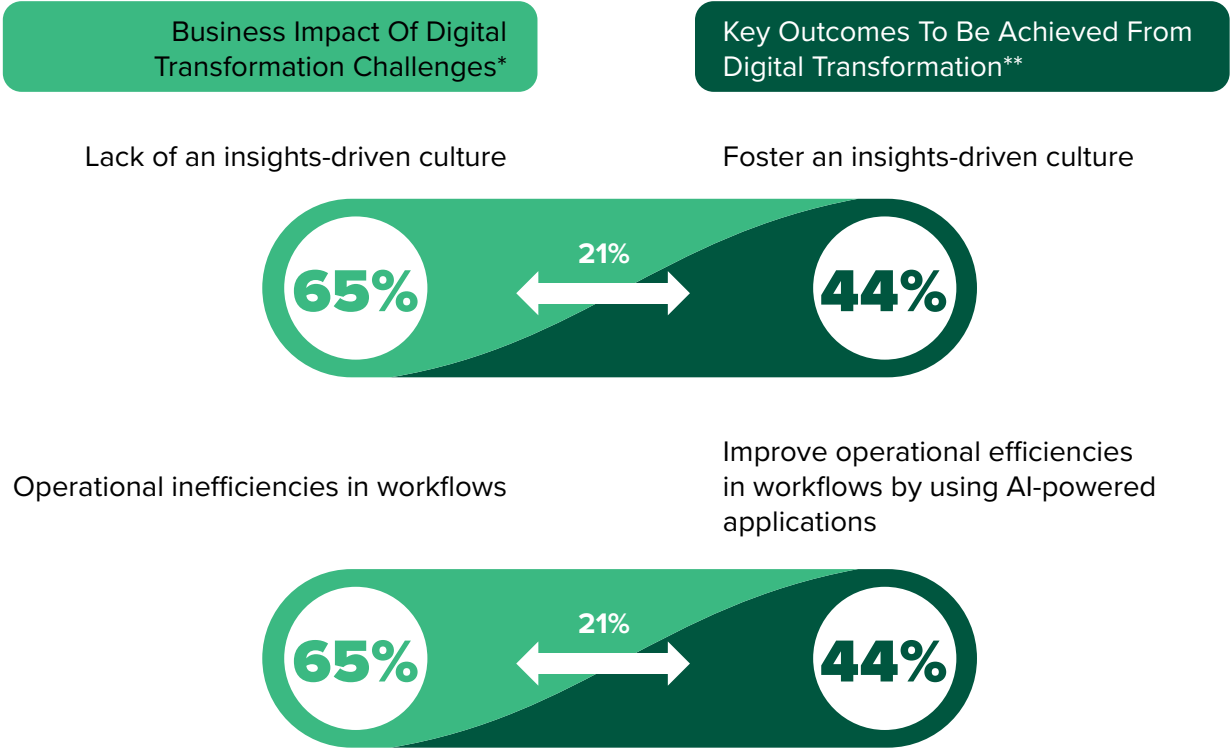
Base: 630 business and IT decision-makers responsible for their business, IT, supply chain, and process automation strategy

Note: Showing sum of responses ranked by respondents as top 5

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

FIGURE 3

Digital Transformation Challenges Hinder Key Organizational Outcomes



Base: 630 business and IT decision-makers responsible for their business, IT, supply chain, and process automation strategy

*Note: Showing responses for "Agree" and "Strongly agree"

**Note: Showing sum of responses ranked by respondents as top 5

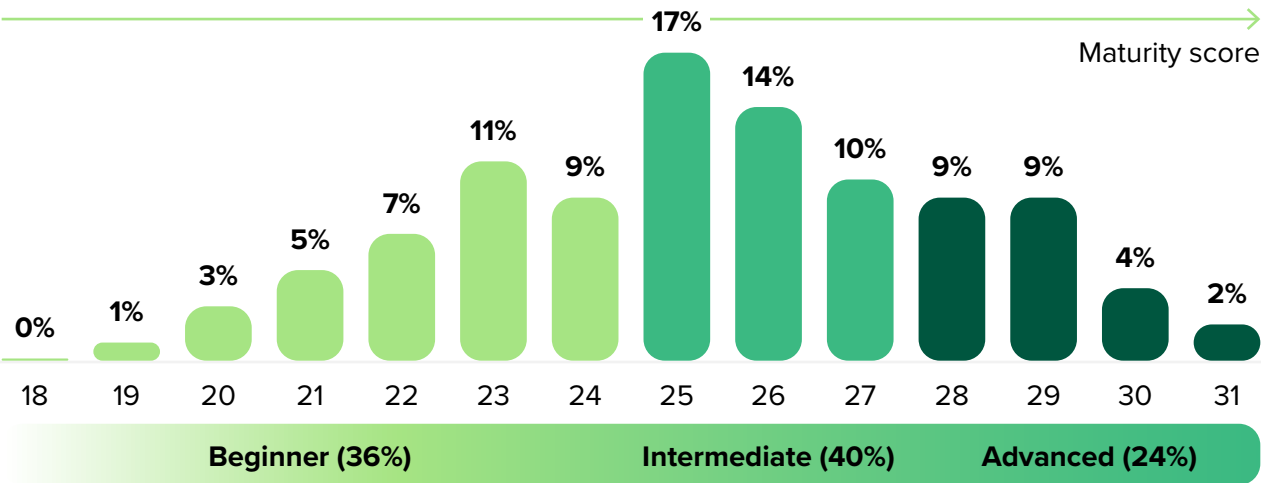
Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Digital Leaders Drive A Differentiated Approach To Transformation Initiatives

In exploring the factors that distinguish leaders from laggards in digital transformation effectiveness, this study defines firms with advanced digital capabilities as those with more unified and customer-centric processes, a higher adoption of AI and automation capabilities, and that are optimizing their partner ecosystems for digital success. Firms successful in their digital transformation have also tapped into using future fit platforms to enhance connectivity within and outside of their organization.³ By deliberately connecting experience and operations, these firms integrate the experiences of customers, employees, partners, and societies with a multitude of back-end systems, technology, and processes.⁴ Our findings showed that the level of maturity in the ability to connect systems and processes to improve business outcomes varies across firms (i.e., beginner, intermediate, and advanced) (see Figure 4).

FIGURE 4

Maturity Score Distribution Of Firm’s Ability To Connect Systems And Processes To Improve Business Outcomes



Base: 630 business and IT decision-makers responsible for their business, IT, supply chain, and process automation strategy
 Note: Maturity score is determined based on five maturity questions on firms' process, people and technology practices around digital transformation; minimum possible score is 0 and maximum possible score is 35; respondents achieved scores between 18 to 31 only.
 Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

- **Firms that are more mature in their connectivity practices are more effective in achieving their key business outcomes with their digital transformation initiatives.** Firms advanced in connectivity are 1.7 times more effective in translating more than half of their digital transformation investments into business value as compared to firms in the beginner stage. C-level executives from firms in the advanced stage are more likely than their peers from firms in the beginner stage to believe that building better connectivity across partner ecosystems, human and AI, data and networks are needed to optimize digital transformation.
- **Optimizing human-centric capabilities with automation and an AI-first mindset goes a long way.** Firms in the advanced stage are more inclined to augment human potential with 72% of respondents considering the connection of human and AI capabilities a core need in their firm's digital initiatives, compared to 59% of their counterparts in beginner stages. Seventy-one percent of respondents from firms in the advanced stage look to drive automation in customer-facing services that improve not only customer engagement, but employee engagement as well.
- **Firms advanced in their connectivity capabilities are marginally ahead of the curve in embracing a cloud- and platform-based approach in their IT capabilities.** Overall, respondents recognized the criticality of cloud and platform capabilities in enhancing their organization's connective tissue. Close to 2 in 3 respondents (60%) noted that their organization is already leveraging a platform-operating mode approach for technology connectivity. Moreover, firms in the advanced stage are accelerating their platform capabilities marginally more than average, with 59% of respondents from these firms taking the platform-as-a-service approach to help with technological connectivity as compared to the average (54%).

As compared to firms in the beginner stage, firms in the advanced stage in connectivity are **1.7 times** more likely to be effective in translating more than half their digital transformation investments into business value.

- **Building effectiveness and connectivity among partner ecosystems is table stakes for advanced firms.** Enabling connectivity across IT and business teams, partner ecosystems, and data and networks is a core priority for 78% of digital leaders, compared to laggards in digital effectiveness. This highlights the impact that building better connectivity among ecosystems goes a long way in building effective digital enterprises.
- **Advanced firms embrace emerging technologies, AI, and process efficiencies.** Firms in the advanced stage are 1.3 times more advanced in their AI investments, with the C-suite in these firms being 2.3 times more inclined to embrace the impact of AI's capabilities, especially in anticipating and responding to market changes. In specific capabilities, digital leaders are more likely than those in beginner firms to increase their investments in natural language processing (56% vs. 45%), autonomous workplace assistants (30% vs. 20%), and explainable AI (33% vs. 27%) to improve their integration, automation, and intelligence capabilities.
- **Advanced firms encounter fewer challenges in executing their digital transformation initiatives.** Firms in the advanced stage are better equipped to be customer-centric, efficient, and avoid network silos. They face fewer obstacles in implementing new processes and capabilities (56% vs. 49%), designing a seamless CX (52% vs. 46%) and data silos that hinder digital implementation (33% vs. 29%) compared to beginner firms.

C-level executives from firms in the advanced stage are **2.3 times** more likely to value AI's help in improving their ability to anticipate and respond to market changes than those from firms in the beginner stage.

Firms Want To Pursue A Platform-Based Approach To Drive Digital Effectiveness

When executed properly, platform ecosystems have the power to address modernization and efficiency challenges. This is crucial as the dynamics of modern development decisions shift from the traditional build to buy-to-customize or compose. This move allows organizations to minimize technical debt by easily replacing modular components that are underutilized or expensive to maintain.

- **Respondents, especially from large enterprises, believe that a platform-based strategy will accelerate their organization's digital efforts.**

Seventy percent of decision-makers believed that adopting a platform-based strategy that bridges the gap between business and technology will help to drive their digital transformation initiatives better (see Figure 5). Sixty-six percent of decision-makers expect to enhance customer satisfaction through a platform-based approach.

Firms looking to engage platform-based vendors to improve connectivity are increasingly looking to tap into their expertise and ecosystem capabilities. Their firm's accessibility to the technology partners (70%) and greater insights to technology options and coordination of business and technology stakeholders (68%) in their firm were key drivers behind the engagement of a platform-based vendor.

- **Firms prioritize investments in platforms that empower connectivity for operational efficiencies, insights, and growth.** A majority of decision-makers (65%) are expected to harness the power of a connected ecosystem through a platform-based approach. More than 80% of respondents aimed to invest in integration capabilities, ensuring connectivity and data flow between different systems and applications (82%); and intelligent automation that leverages a combination of generative AI (genAI), natural language processing (NLP), and robotic process automation (RPA) to increase efficiencies (80%), and promote interoperability and break down silos (78%) (see Figure 6).

FIGURE 5

Perceptions On The Types Of Technology Approaches That Will Drive Digital Transformation Initiatives At Firms

Rip and replace existing systems to build cloud-native platforms that adapt to emerging technology needs



Adopting a platform-based strategy that unifies and orchestrates business and technology



Engage professional services to improve quality and effectiveness of digital implementations



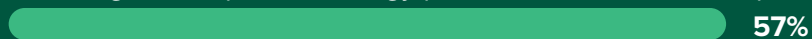
Look to system integrators to help with scalability and agility of initiatives



Look to in-house processes to manage and unify existing technology capabilities and legacy systems



Investing in multiple technology purchases to address unique technology needs



Base: 630 business and IT decision-makers responsible for their business, IT, supply chain, and process automation strategy

Note: Showing sum of responses for “Believe” and “Strongly believe”

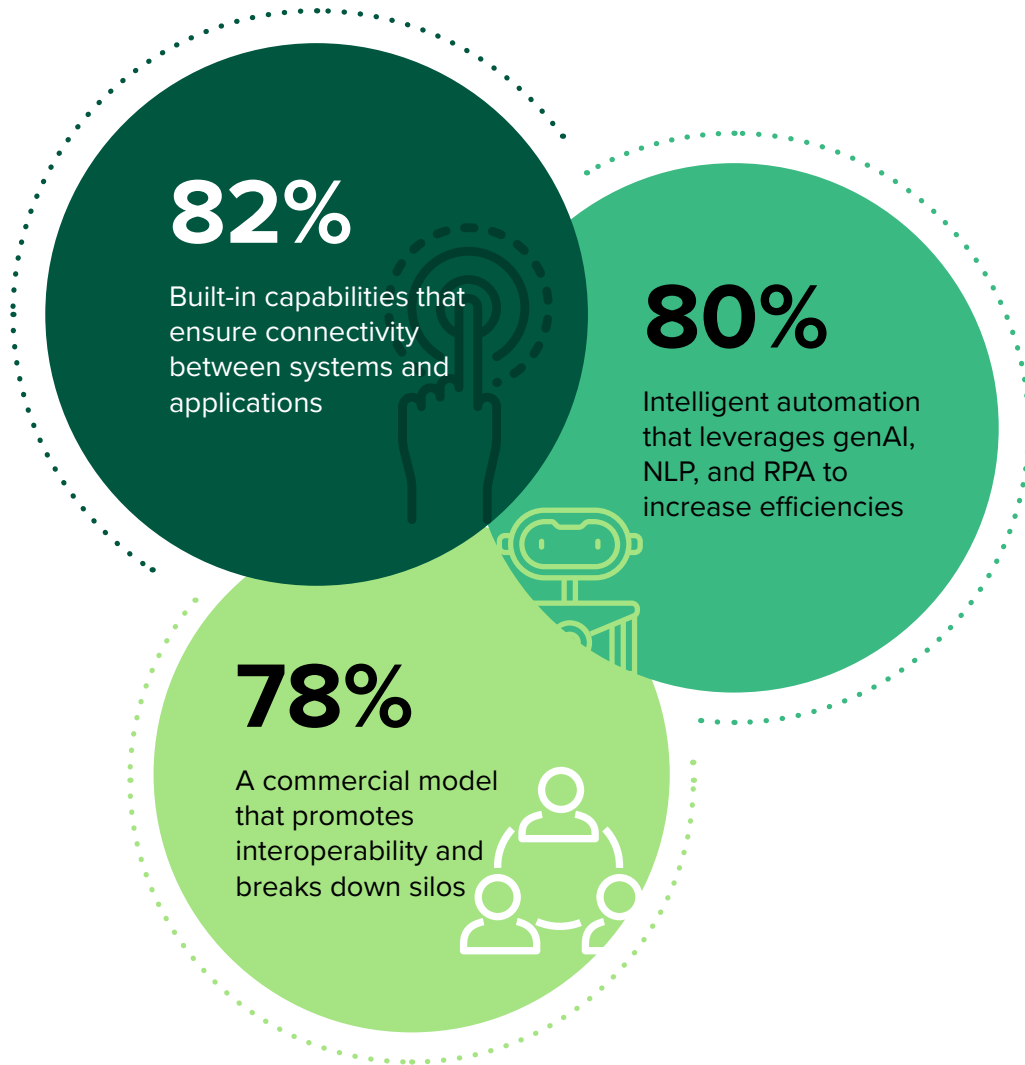
Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

“These marriages that we have with our platform-based vendors have been very, very critical and a key differentiator due to the active collaborations, active support, and engagement that we have with them across the usage lifecycle. From a learning and development perspective, they've also been very influential in training our internal teams.”

IT DIRECTOR, HIGH-TECH ENTERPRISE, US

FIGURE 6

Features/Functionalities In Platform-based Capabilities To Be Prioritized In Firms' Investment Strategy



Base: 441 business and IT decision-makers responsible for their organization's business, IT, supply chain, and process automation strategy, who believe that adopting a platform-based strategy and unifying business and technology, will drive digital transformation initiatives

Note: Showing sum of responses for "Will invest in the next 3 to 6 months" and "Will invest in the next 12 months"

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Key Recommendations

Forrester's in-depth survey of business and IT decision-makers yielded several important recommendations on how companies can optimize their digital processes toward effective outcomes:

Build connectivity that drives a customer-centric tech strategy.

Digital leaders who have ensured synergy between business needs and IT priorities have been more effective in driving effective change. This involves a strategic focus on aligning business and IT stakeholders on transformation priorities from the early stages, while also ensuring tools, systems, and metrics move toward building a connected enterprise.

Prioritize AI and automation capabilities that remain accountable to employee outcomes.

Digital leaders have advanced their focus on AI and optimized their automation tools and processes to drive more self-service at scale. This focus augments human potential, impacts employee productivity, and ultimately, CX.

Embrace emerging technologies with clearly-defined use cases.

With the advent of new technologies in genAI and the like, decision-makers are keen to understand how to leverage emerging tech to differentiate their firms. However, without a defined set of use cases and outcomes in how such capabilities are needed to drive outcomes in the business, firms will be stuck without a clear strategy to prioritize the right emerging technology capabilities for business success.

Optimizing partner ecosystems to drive accountability and efficiency while cocreating new approaches.

Especially among large enterprises, the complexity of partner ecosystems can be difficult to navigate in a way that primes them for effective scale without hindering success. Catering to the partner ecosystem with platforms that

enable visibility and accountability can encourage partner ecosystems to be strategic differentiators.

Leverage a platform strategy that enables you to capture value through efficiencies, insights, and growth.

The current shortfalls and gaps in digital transformation effectiveness have highlighted the need to strategically connect business, IT, and partner ecosystem priorities while enabling technical connectivity across systems, data flows, and operational processes to drive change. Adopting a platform-based approach that focus on building the visibility required across internal and external ecosystems, driving the automation agenda to build efficiency, and providing the insights for accountable decision-making can drive digital transformation initiatives toward the strategic differentiators they intend to be.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 630 decision-makers and in-depth interviews with 12 senior decision-makers at organizations in the US, UK, Germany, France, Australia, New Zealand, Philippines, Singapore, and Vietnam to evaluate digital transformation objectives and effectiveness. The study began in August 2023 and was completed in September 2023.

Appendix B: Demographics

REGION	
United States	59%
United Kingdom	8%
Germany	7%
France	6%
Australia	5%
New Zealand	5%
Philippines	4%
Singapore	4%
Vietnam	3%

POSITION	
C-level executive	30%
Senior vice president or vice President	34%
Director	36%

FUNCTION	
IT	62%
Business	38%

ANNUAL REVENUE	
\$1 billion to less than \$3 billion	30%
\$3 billion to less than \$5 billion	30%
\$5 billion and above	40%

INDUSTRY	
Consumer product goods, retail, and logistics	17%
Manufacturing and materials	17%
Healthcare	17%
Telecommunications services	17%
Banking and financial services	17%
Insurance	17%

RESPONSIBILITY FOR STRATEGY	
IT	66%
Business	52%
Process automation	38%
Supply chain	13%

Note: Percentages may not total 100 due to rounding.

Appendix C: Endnotes

¹Source: “[The Digital Transformation Services Landscape, Q3 2023](#),” Forrester Research, Inc., August 4, 2023.

²This calculation is derived from our survey data that suggests 62% of decision-makers invested \$100 million in digital initiatives, and 58% of this cohort declared that less than half of these investments translated into business value.

³Source: “[Digital Transformation — Time For A Health Check](#),” Forrester Research, Inc., April 20, 2023.

⁴Source: “[What Makes A Future Fit Platform Strategy?](#),” Forrester Research, Inc., May 11, 2023.

The image features a background of overlapping, curved shapes in various shades of green, ranging from dark forest green to a lighter, almost yellowish-green. The shapes are organic and fluid, creating a sense of movement and depth. In the center of the composition, the word "FORRESTER" is written in a white, serif, all-caps font. A small registered trademark symbol (®) is positioned to the upper right of the final letter 'R'.

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