



Cognizant®

# Lighting the Way to the **Digital Economy**

As we move past the early days of the modern economy, crucial questions arise about how to keep moving forward: what's working, what's not, where investments are paying off, optimal next steps, what separates leaders from followers.

To answer these questions, we surveyed 2,491 business and technology leaders from multiple industries globally that collectively account for about **\$21.6 trillion** in annual revenue. After devising a framework for a maturity score, we also categorized respondents as **beginners**, **implementers**, **advancers** and **leaders**.



# Here's what we found

**Leaders**

80<sup>th</sup> percentile and above

**Advancers**

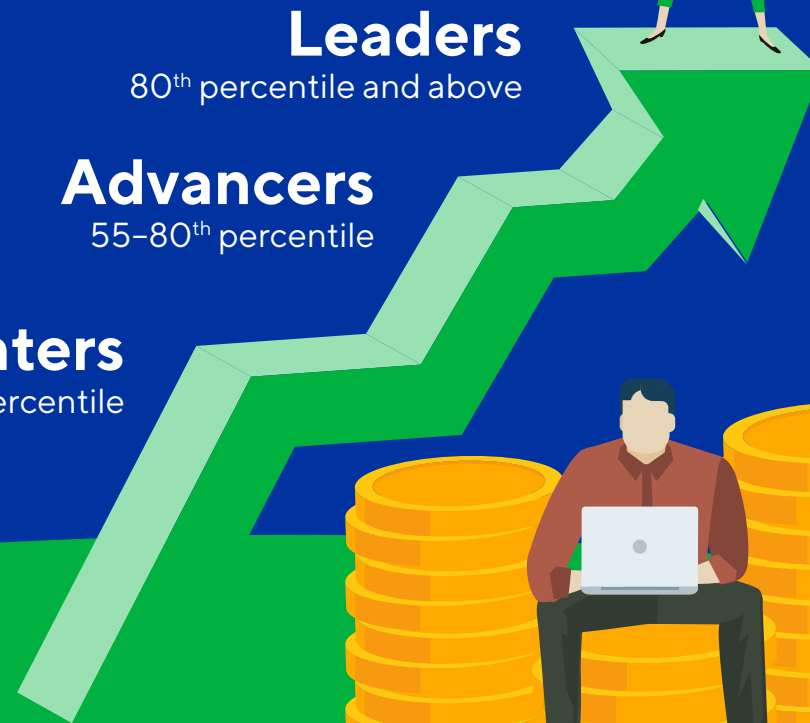
55–80<sup>th</sup> percentile

**Implementers**

30–55<sup>th</sup> percentile

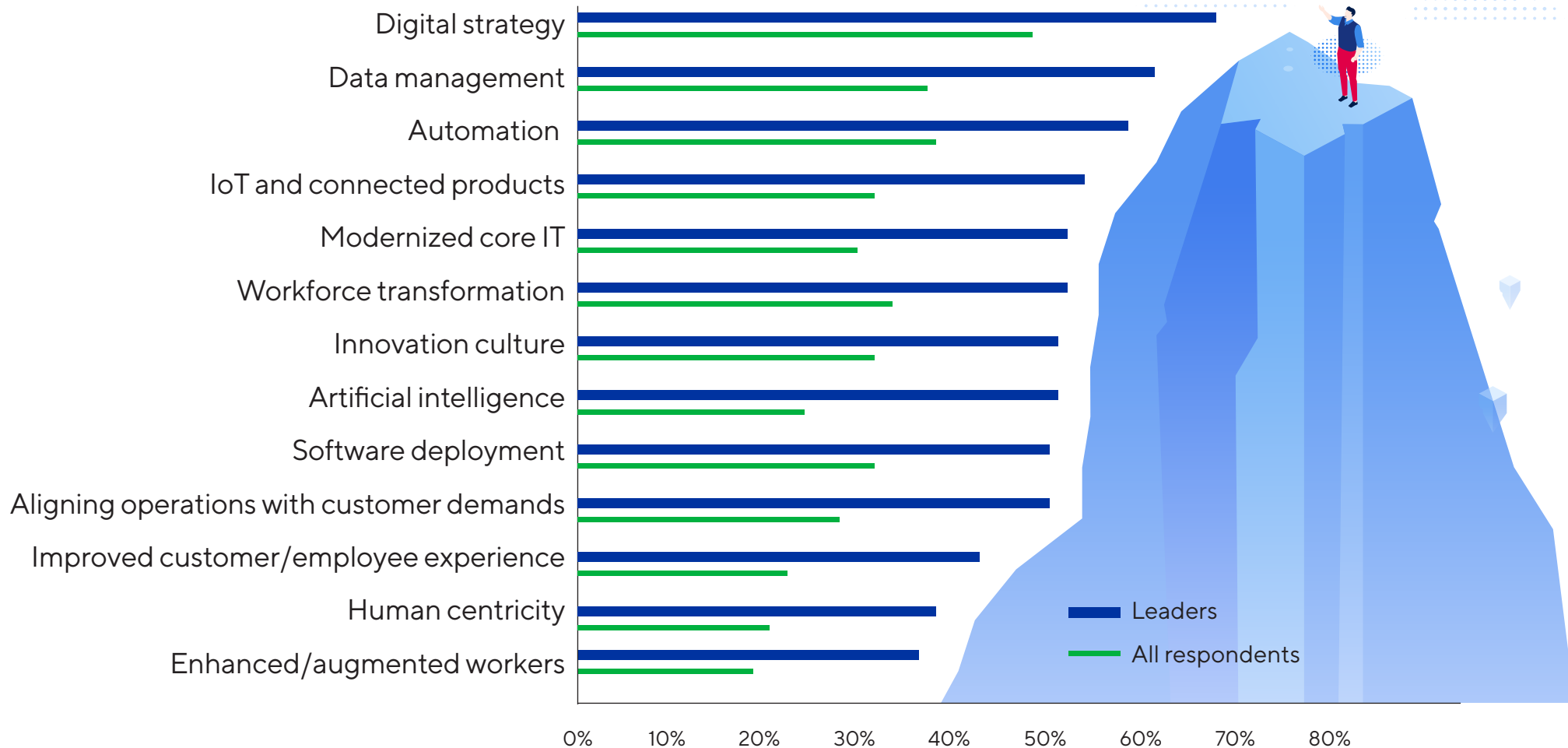
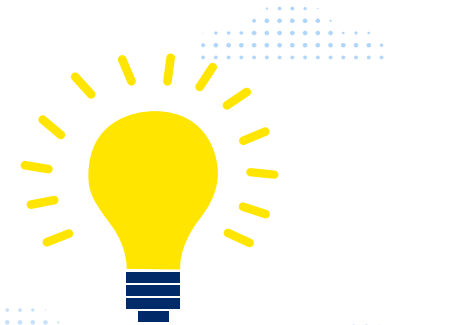
**Beginners**

30<sup>th</sup> percentile



# Where leaders are leading

More than half of all companies have at least begun implementing the **13 key components** of the modern enterprise, as we've defined them. Fewer are advanced or maturing in these areas, with leaders furthest ahead in digital strategy, data management, automation and IoT.



# Digital maturity by the numbers

A quick assessment can help any business determine if they're behind on the maturity curve. Here's what average companies are investing and reaping:



● **9.8%** of revenue is being invested in advanced technologies today

● **15.7%** of revenue will be invested in advanced technologies in three years

● **14.3%** of revenue is generated through digital channels.

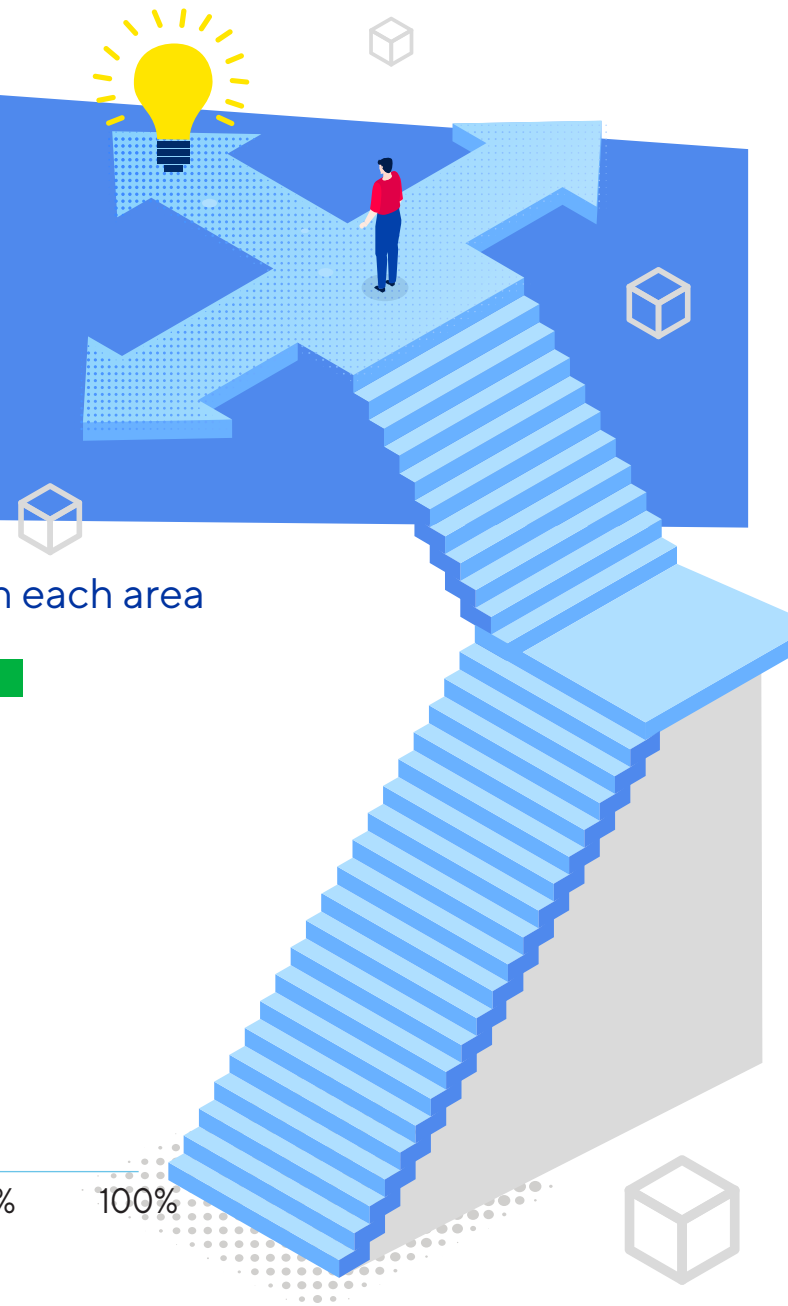
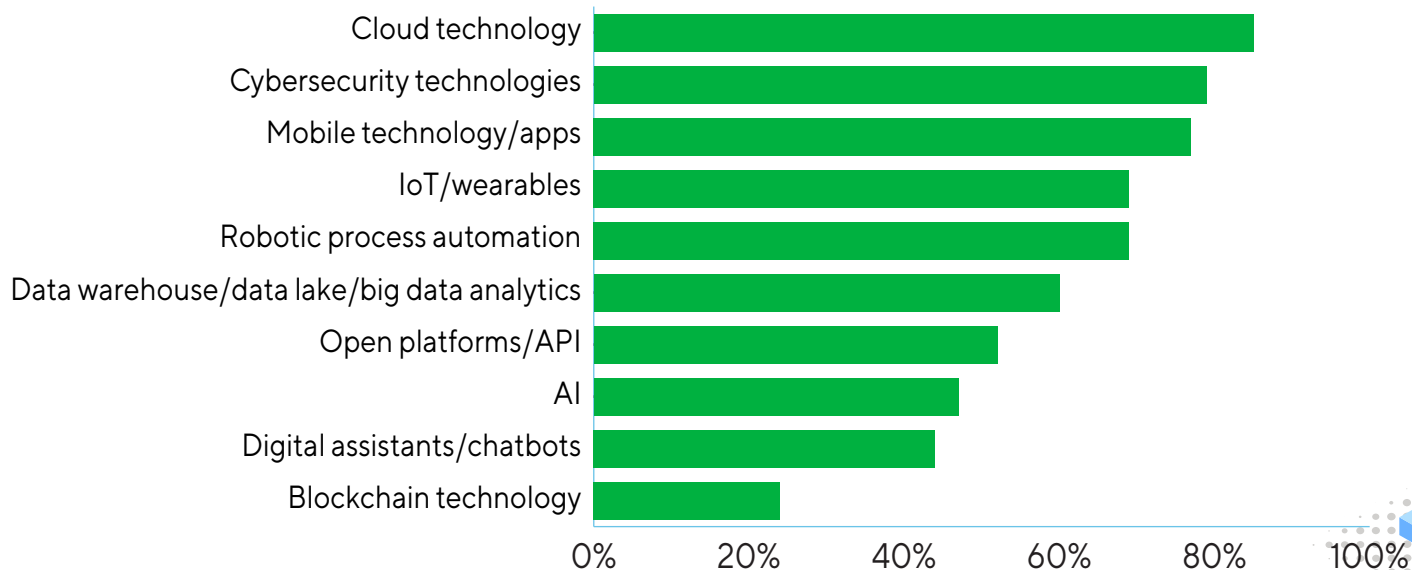
● **21.3%** of revenue is influenced by digital technologies and techniques



# Most have built the foundation – but need to keep moving

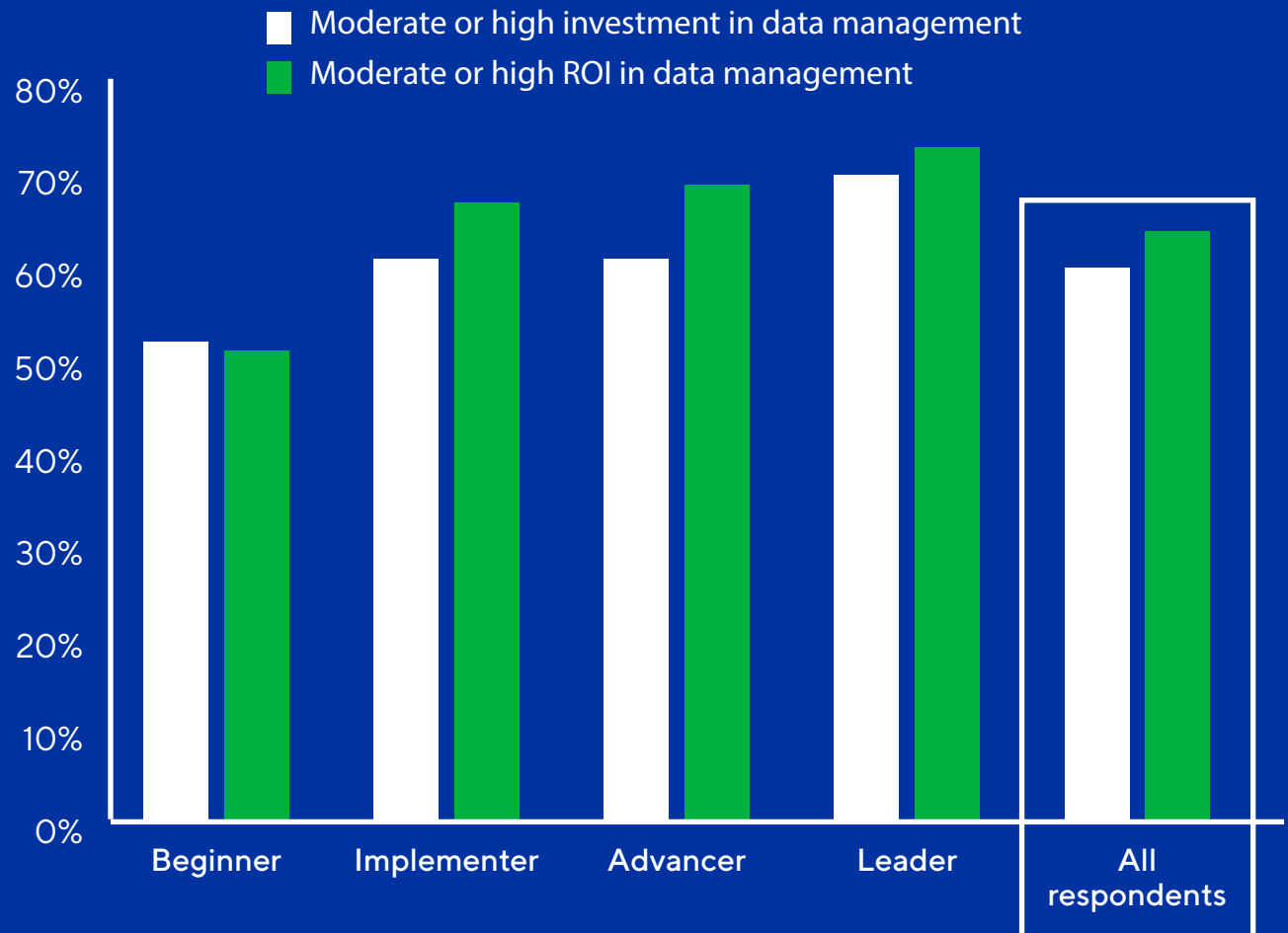
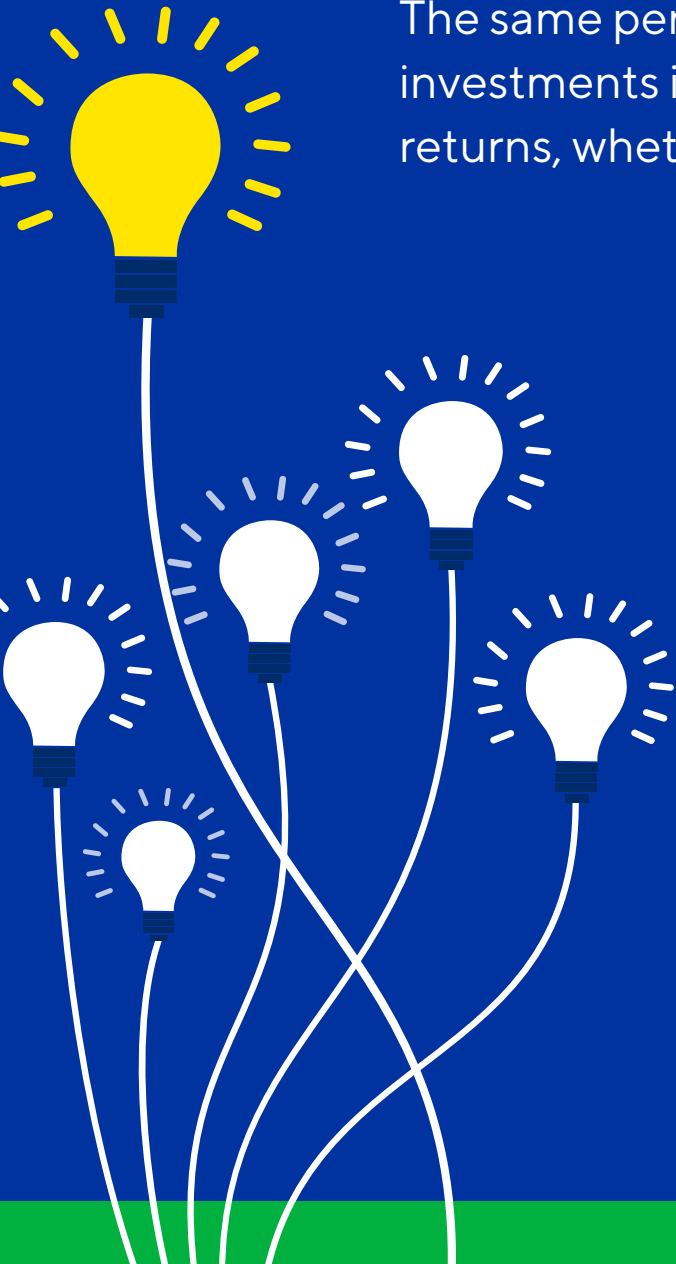
More than **77%** of companies have already made significant investments – and realized moderate or high returns – in three essential areas: the cloud, mobile and cybersecurity. It's time now to focus energies and investments into the fuel for late-stage maturity: process automation, IoT, data management and AI.

Percent of respondents who have made significant investments in each area



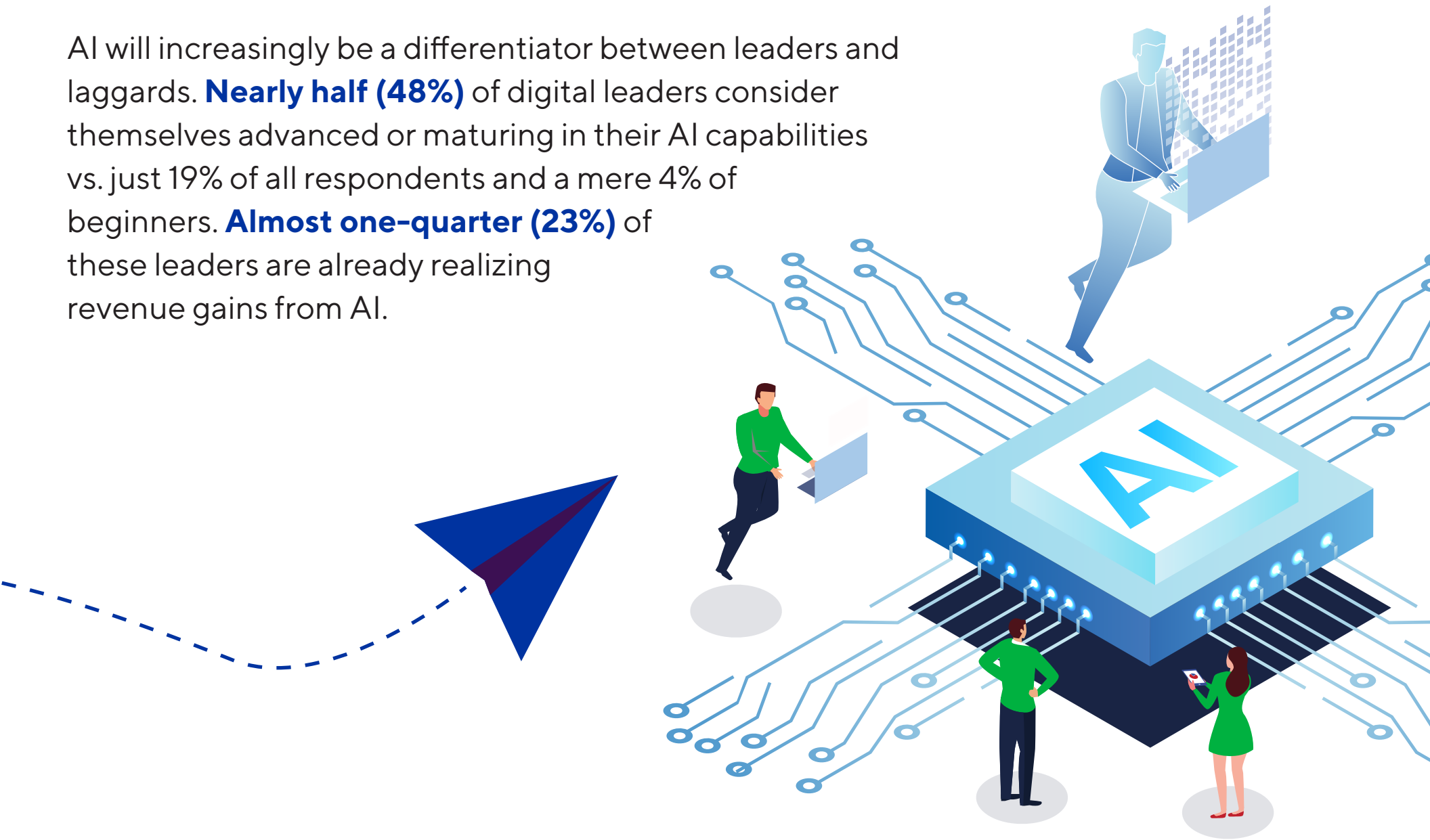
# No one regrets investing in data management

The same percent of respondents who've made moderate or substantial investments in **data management (60%)** have realized moderate to high returns, whether in savings, growth or valuation.

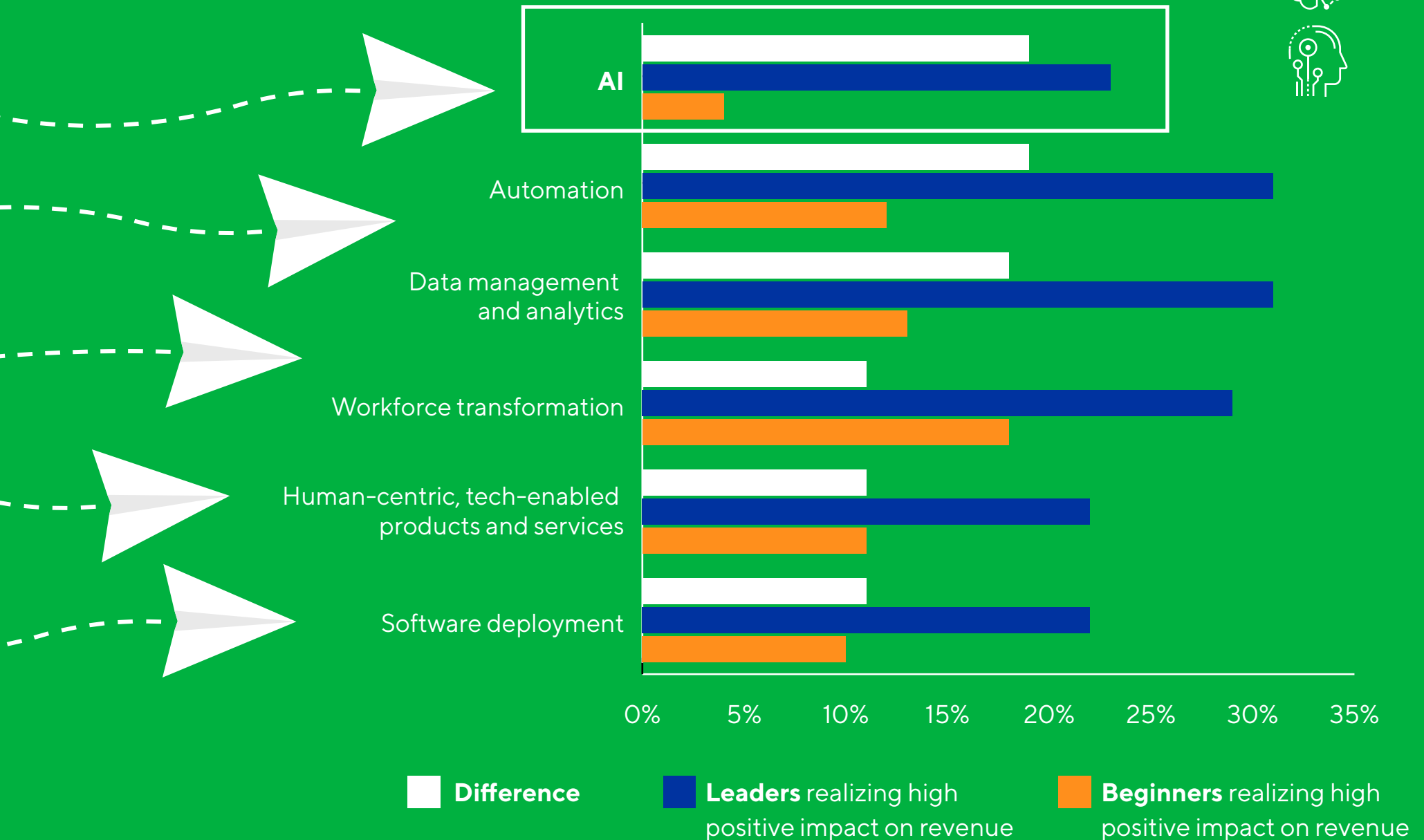


# If you want to separate from the pack, look to AI

AI will increasingly be a differentiator between leaders and laggards. **Nearly half (48%)** of digital leaders consider themselves advanced or maturing in their AI capabilities vs. just 19% of all respondents and a mere 4% of beginners. **Almost one-quarter (23%)** of these leaders are already realizing revenue gains from AI.



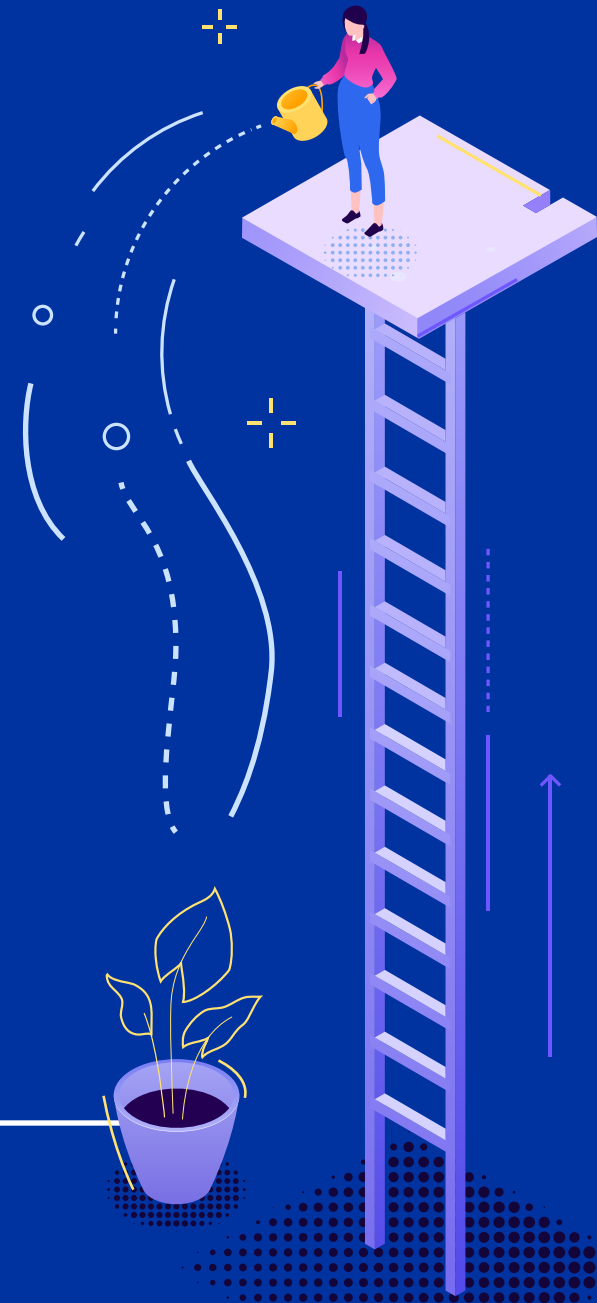
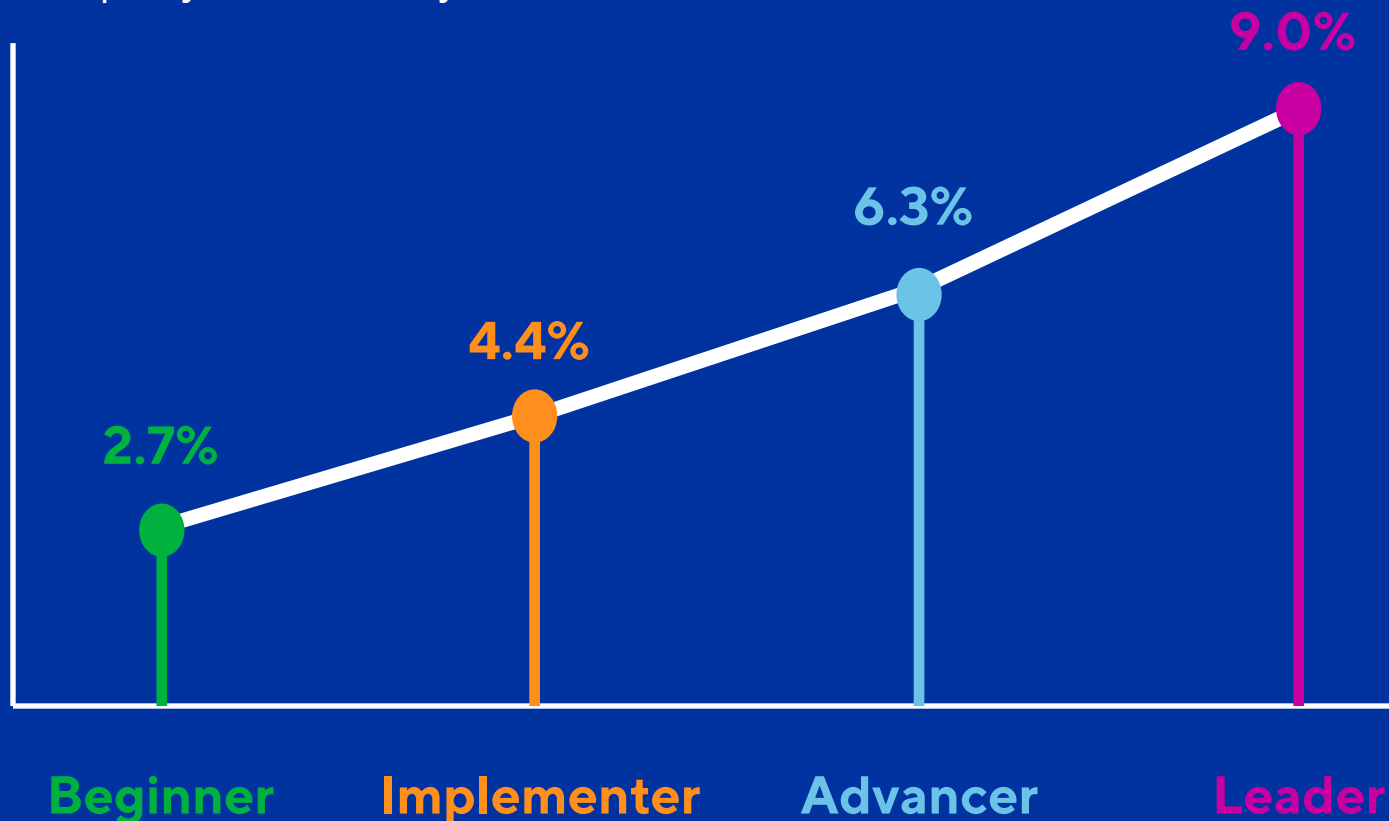
# Separating leaders from laggards





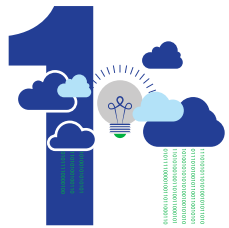
# There's real value in adapting to the modern economy

As businesses progress from beginners to leaders on the digital maturity curve, they can expect a net economic impact (revenue minus cost) equal to 9% of revenue. In dollar terms, that's about **\$770 million** in value for the average-size company in our study.



# Obstacles to avoid

Based on our findings, client work and other research, here are six obstacles to avoid while navigating the digital maturity curve.



**Assume things will get easier.** Most respondents have built a solid foundation for the modern economy, but that doesn't mean they're finished.



**Consider software an IT problem.** In the modern economy, it's all about code.



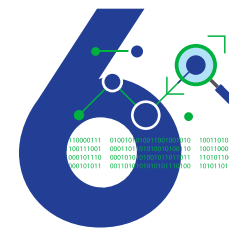
**Ignore your data.** Data management is among the most important steps any company can take to win in the new economy.



**Wait for AI to "happen."** A dollar invested in AI today will lead to a great ROI for those willing to place their bets.



**Take your time.** The longer you take to catch up, the wider the gap you have to close.



**Treat this organizational change like any other project.** Adopting advanced technologies and business approaches is an ongoing secular shift, not a single IT project.