Digital Maturity: The Foundation for Business Growth and Better Outcomes

The Digital Age has created opportunities as well as challenges for businesses everywhere. The business that thrives despite today’s digital disruption is one that can effectively modernize on an ongoing basis. As this organization matures digitally, its revenues grow, efficiencies improve, costs are reduced, and security increases. At the same time, its IT systems improve in performance, productivity, and reliability.

To understand how businesses are maturing digitally, the challenges they face, and the benefits they gain from their maturation, CenturyLink partnered with IDG to survey 101 IT decision-makers at enterprises with 500+ employees. The results, presented here, illustrate how digital modernization can boost business outcomes and benefit IT.

» Investment priorities

Digital maturity is a dynamic state rather than a permanent destination. And, not surprisingly, successful organizations treat digital maturity as a progression—and tend to focus their investments on a combination of business strategy and infrastructure. The IDG/CenturyLink survey respondents share these priorities. Almost all of them have invested in both technology infrastructure (95%) and business strategy (91%) over the past two years, which together account for nearly half (47%) of their total expenditure on modernization.

These two areas of investment achieve the greatest return when treated as a combination, as digital maturity must develop across every aspect of the business. This creates a digital foundation that can evolve over time and runs from the data center all the way to the boardroom. The benefits extend to the customer via superior digital engagement and security that helps create a trusted relationship with customers, employees, and third parties.

“It’s a two-way communication, and in a lot of cases, customers get to choose how they want to communicate with a company,” says Adeel Omer, VP of Product Marketing and Analyst Relations at CenturyLink. “With that degree of flexibility, the business outcomes are incredible. You get much higher revenue, because you have a population of customers that’s a lot more interested in engaging with you and wants to do business with you.”

The survey results support this view (see Figure 1). The digital maturity benefits most often cited by respondents are in customer engagement (74%), customer trust and perception (73%), and customer insights and behavior (73%).
Digital maturity is a dynamic state versus a permanent destination. Successful organizations treat digital maturity as a progression—and focus their investments on business strategy and infrastructure.

» Overcoming the challenges of digital maturity

Every organization suffers growing pains as it matures digitally. The most common challenges reported by survey respondents include security concerns (42%), resistance to change (40%), and legacy systems (36%). These were followed by lack of budget (32%), concerns about disrupting operations (29%), lock-in to traditional models (28%), and other priorities’ taking precedence (28%). Each of these challenges limits the impact of organizational change on people, processes, and

<table>
<thead>
<tr>
<th>Improvements</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>Customer engagement</td>
<td>Security concerns</td>
</tr>
<tr>
<td>Customer trust and perception</td>
<td>Resistance to change</td>
</tr>
<tr>
<td>Customer insights and behavior</td>
<td>Legacy systems</td>
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<tr>
<td></td>
<td>Lack of budget</td>
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<td></td>
<td>Concerns about disrupting operations</td>
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<tr>
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<td>Lock-in to traditional models</td>
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<td></td>
<td>Other priorities’ taking precedence</td>
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</table>

Source: IDG 2019
technology. The key to effectively aligning these elements is being agile, but it may be challenging for companies to embrace an agile approach, says Omer. Emerging technologies and techniques are often seen as threats by IT specialists, who may resist their implementation.

“The biggest resistance to change is always culture, and the reason is because the IT world is spread out long and thin,” says Omer. “You’ve got Oracle administrators, you’ve got SQL administrators, you’ve got network administrators, you’ve got server administrators. In this new world, all those old paradigms go away.

“Fiber channel SAN administrators used to be some of the highest-paid folks in the IT world,” he continues, “but now if I move all of my capacity to the cloud, my needs are better served by a cloud architect, or perhaps a data scientist. They can help IT extract business insights from across data repositories in a multicloud environment — and that’s the cultural piece that a lot of IT departments grapple with.”

What’s more, Omer says, “in a world where you have to be more nimble and agile, software development is something every company needs to embrace. The honest truth is that every company in the world needs to become a software company.”

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– ADEEL OMER, VP OF PRODUCT MARKETING AND ANALYST RELATIONS AT CENTURYLINK

**» Overcoming the challenges**

Although these are significant barriers, they can be overcome. One way to achieve this involves starting digital transformation with small trials; with success, these tests can be used to prove the benefits of modernization and gain support for more-widespread changes, Omer notes.

This approach is successful, however, only if companies are continuously aware of any technological developments that arise along the way, ensuring that they can respond to digital trends ahead of their competitors. In addition, cross-functional teams can help implement initiatives on an ongoing basis.

And these goals should guide ongoing technology decisions and deployments. As applications emerge that require more bandwidth and latency, networks must be flexible so they can scale in response. In addition, the cloud is often the logical choice, since it delivers on-demand compute capacity. Security needs to expand from defending the perimeter of the on-premises environment to protecting the edge, with the network serving as a threat sensor that can monitor the risks.

IT infrastructure must be agile enough to move from systems of record to systems of insight driven by data analysis; this approach boosts engagement and increases the return on investment.

**» Reaping the benefits of modernization**

Businesses that achieve a great degree of digital maturity experience numerous benefits across business and IT outcomes. (See Figure 2). The most common competitive advantages, according to survey respondents, are those that impact the business (35%), followed by technology (21%), and the customer (20%). (See Figure 3).
FIGURE 2.
Where Digital Maturity Creates Better Business Outcomes
Impact of digital business modernization on company
(Top 2 Box = Significant improvements and improvement)

<table>
<thead>
<tr>
<th>Category</th>
<th>Significant improvement</th>
<th>Improvement</th>
<th>Top 2 Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer engagement</td>
<td>36%</td>
<td>38%</td>
<td>74%</td>
</tr>
<tr>
<td>Customer trust and perception</td>
<td>35%</td>
<td>38%</td>
<td>73%</td>
</tr>
<tr>
<td>Customer insights and behavior</td>
<td>31%</td>
<td>42%</td>
<td>73%</td>
</tr>
<tr>
<td>Customer experience</td>
<td>31%</td>
<td>41%</td>
<td>72%</td>
</tr>
<tr>
<td>Culture</td>
<td>37%</td>
<td>32%</td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: IDG 2019

FIGURE 3.
The Top 10 Advantages of Digital Modernization

<table>
<thead>
<tr>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
</tr>
<tr>
<td>Technology</td>
</tr>
<tr>
<td>Customer</td>
</tr>
<tr>
<td>System</td>
</tr>
<tr>
<td>Capabilities</td>
</tr>
<tr>
<td>Market</td>
</tr>
<tr>
<td>Financial</td>
</tr>
<tr>
<td>Product</td>
</tr>
<tr>
<td>Data</td>
</tr>
<tr>
<td>Employees</td>
</tr>
</tbody>
</table>

Source: IDG 2019
On the technology front, benefits include improvements in networking KPIs, security KPIs, better cloud outcomes, and infrastructure. (See Figure 4).

Among the respondents, 76% had experienced improvements in networking. Among these respondents, the average improvements on availability, utilization, and network provisioning and deployment time ranged between 20% and 30%. Another 76% of the respondents had seen improvements in security. Among these survey takers, the average improvement on mean time to contain, number of threats blocked, and number of incidents ranged between 20% and 42%.

Of the 68% of companies that had experienced better cloud outcomes, they had seen, on average, improvements ranging from 20% to 28% in infrastructure/platform costs, management and configuration effort/resources, and application uptime. Among all the survey respondents, 69% of their organizations had seen improved infrastructure.

Of these, average improvements were between 20% and 30% in better satisfaction scores for business-facing services and application and service total costs.

All of these benefits are built on agile foundations offering the flexibility that digital maturity needs, notes Omer. “One of the things we hear is that the business is frustrated with IT, because the business is thinking about new ways to engage and interact with customers, but IT takes a long time to set up the applications that allow that. In a world of digital transformation, IT now is not a roadblock. It is an absolute enabler for the business to explore these ideas.”

68% OF COMPANIES EXPERIENCED BETTER CLOUD OUTCOMES, INCLUDING AVERAGE IMPROVEMENTS FROM 20%-28% IN INFRASTRUCTURE/PLATFORM COSTS, MANAGEMENT AND CONFIGURATION EFFORT/RESOURCES, AND APPLICATION UPTIME.
The bottom line: reaching digital maturity

Digital maturity provides the essential foundation for future business growth. The IDG/CenturyLink survey shows that although modernization is a challenge, it can have an enormous impact if the right digital strategy is in place.

Clearly, more digitally mature companies will gain the confidence of customers, increase staff capacity, and create more impactful business insights. Their technology will keep pace with advances while also becoming more secure and efficient. Customers will gain better products and services and have higher levels of satisfaction as their needs are better understood and served, and top talent will be drawn toward the most-innovative companies.

Modernization is built on a digital backbone that is agile, adaptive, and secure enough to support continuous innovation. Investing in networking, security, infrastructure, and the cloud can help create a digitally mature business that will thrive through future disruption.

For more information on improving digital maturity, visit centurylink.com/digitalbusiness

FIGURE 4. Technology Benefits Run the Gamut

<table>
<thead>
<tr>
<th>Percentage of respondents</th>
<th>Area of improvement</th>
<th>Average KPI improvement</th>
<th>Specific KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>76%</td>
<td>Networking</td>
<td>20-30%</td>
<td>Availability, utilization, and network provisioning and deployment time</td>
</tr>
<tr>
<td>76%</td>
<td>Security</td>
<td>20-42%</td>
<td>Average improvement on mean time to contain, number of threats blocked, and number of incidents</td>
</tr>
<tr>
<td>68%</td>
<td>Cloud outcomes</td>
<td>20-28%</td>
<td>Infrastructure/platform costs, management and configuration effort/resources, and application uptime</td>
</tr>
<tr>
<td>69%</td>
<td>Infrastructure</td>
<td>20-30%</td>
<td>Better satisfaction scores for business-facing services and application and service total costs</td>
</tr>
</tbody>
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Source: IDG 2019