ADAPT 2018 WORKPLACE PRODUCTIVITY STUDY

INSPIRED BY

RICOH
imagine. change.

A D A P T

adapt.com.au

ADAPTInsights

Australia lagging its global competitors in digital transformation

The disquieting evidence from 2018 research studies carried out by ADAPT is that Australian organisations appear to be falling behind their global counterparts in the progress they are making towards transforming themselves into being 'future ready' digital businesses. Moreover, as well as lagging digitally, ADAPT's research also highlights that Australian companies are not embracing the collaboration and optimisation toolsets that help enmesh the digital transformation of a business by facilitating the required accompanying workplace transformation.

In undertaking its local research into digital business transformation ADAPT consciously followed the same methodology as that developed by Professor Peter Weill, the Australian who heads up the MIT Center for Information Systems Research, (CISR). MIT has identified four viable pathways an organisation could follow towards the state of digital business transformation that Weill describes as being 'Future Ready'. This state is reflected by organisations that have ultimately transformed themselves across two dimensions: customer experience and operational efficiency.

MIT surveyed world-wide CIOs to track the progress they are making along these four different pathways. It is in contrasting these global responses with those from Australia that ADAPT finds the worrying evidence that local businesses are behind their global competitors in the area of corporate digital progress.

Pathways to Digital Transformation

MIT believes that the majority of traditional organisations that seek to be 'Future Ready' come from a common starting point. This is, that their organisations have built up products and services over many years which have resulted in a spaghetti bowl of fragmented operations and complex processes, all of which impede the interactions these businesses have with their clients. According to MIT, organisations can choose to move on from this in one of four ways. They can follow a path that primarily focusses on enhancing customer experiences, to provide their clients with a more uniform journey through their interactions with the business. Alternatively, they might elect to industrialise their operations through increased automation by improving the efficiency and effectiveness of their processes. Another group may choose a more evolutionary path following a series of stair-steps towards their desired destination, alternating between customer experience and business optimisation initiatives. Finally, there are those who might feel that renovating their current business is just too hard and that the best way forward is to create a brand-new business and progressively migrate existing clients across to their new services.

The below chart reveals the responses from both the ADAPT and MIT research studies. This diagram shows the percentage of respondents that follow each of the four different pathways and the headway they are making towards the desired outcome. As can be seen, whichever path Australian businesses have chosen to follow, their global counterparts are making significantly better progress. Moreover, the MIT research was carried out a year earlier than the local ADAPT research. As such, it is probable that global organisations have probably made even more advancement in the intervening timeframe.

THE FOUR PATHWAYS TO TRANSFORMATION: GLOBAL AND AUSTRALIA (CIO EDGE & DIGITAL EDGE)

Figure 1 - **Progress along the different pathways towards Digital Transformation**

Pathway	Global	% Complete	CIO Edge Feb 2018	% Complete	Digital Edge May 2018	% Complete
Operational Excellence	20%	33%	15%	19%	21%	31%
Customer Experience	18%	34%	15%	26%	18%	20%
Stair Steps	41%	38%	52%	26%	51%	27%
New Organisation	14%	48%	11%	37%	7%	30%

Source: MIT CISR 2017 Digital Pathways Survey (N=400), February 2018 ADAPT Survey (N=103) and May 2018 ADAPT Survey (N=100).
5% and May 2018 ADAPT Survey (N=100). 4% (Aus3%) of firms have not yet started and 2% (Aus2%) are not transforming.

While this evidence flags alarm about the speed of the digital transformation of Australian businesses there is also another worrying sign that Australian organisations are dragging their feet. This is in the workplace transformation that needs to accompany the digital revitalisation of their go-to-market business models. It is all well-and-good transforming how an organisation interacts with its external clients and partners; however, the probability that these changes prevail will be heavily reliant on their internal employees who now need to live and breathe this new way of working.

These insights are provided by a more recent ICT Leadership Survey that ADAPT undertook looking at 'Technology's impact on workplace productivity'. This examined the time, energy and resources that local organisations have invested in technology adoption and future plans in the areas of workplace optimisation and workplace efficiency. Interestingly, the survey featured a question exploring the percentage of the workforce that respondents envisaged would be contractors or 'adaptive' workers by 2025.

The Adaptive Workforce

In many ways, this is a telling question in understanding the digital transformation of an organisation. A common feature of an effective digital business is the ability to rapidly change direction and seize new opportunities. This agility requires fluidity in the availability of the staffing resources to enable that organisation to scale up and down depending on what is required at the time. As such, a workforce that comprises of a large percentage of contractors seems to be a necessary underlying component for a successful digital business.

Respondents advised they anticipated that around 32% of their workers would be contractors or 'adaptive' workers by 2025. This represents a significant increase on the findings from the most recent study in this area by the Australian Bureau of Statistics. It's 2016 study, 'Characteristics of Employment, Australia' revealed that around 11% of Australian workers were independent contractors. As such, a 21 percentage point increase in the number of contractors in the workforce in the ten years between 2015 and 2025 is likely to have significant implications for how staff in Australian organisations operate. In particular, it will require executives to investigate ways that their increasingly more fluid workforce can collaborate.

Workforce Optimisation Tools

The ADAPT workplace productivity study indicates that just over half the respondents are utilising Workforce Optimisation tools with the rest expecting to take up the functionality over the next ten years. These tools offer a way for businesses to improve the efficiencies of their workforce and to maximise their productivity. The concern that ADAPT has with this uptake, is that when organisations decide to implement Workforce Optimisation functionality they must expect to take some time to learn how to harness it effectively. Unfortunately, it looks as if these learnings are likely to coincide with a rapid increase in the numbers of contractors they are engaging. A combination of an influx of new staff and new ways of working is rarely successful. Instead, it would be much better to set up the working arrangements in advance of the arrival of a very large pool of contractors.

Things are similarly disconcerting in the deployment of Artificial Intelligence (AI), and associated digital decision-making toolsets. These offer ways to automate a significant proportion of processes for greater consistency and reliability. With a growing percentage of the workforce becoming an ever-changing pool of contractors, whose understanding of corporate systems and processes is unlikely to be as rich as that of full-time employees, one would think such toolsets would offer a way for organisations to enforce consistency in their decision-making. Moreover, CIOs who are embarking on an industrialised pathway to a 'Future Ready' digital state may exploit these tools while automating their processes. Yet less than 19% of respondents report they are already using these toolsets. Again, it appears their adoption will coincide with the predicted 'casualisation' of the Australian workforce.

Intelligent Technology for Collaboration

Another toolset where respondents are slow on the uptake is the need to implement the latest generation of teamwork tools. The ADAPT survey explored whether respondents plan to use Intelligent Technology to collaborate at scale, innovate and deepen expertise. As figure 2 highlights below, less than 40% of respondents are already harnessing this functionality, with the vast majority of the remaining executives expecting to use intelligent technology to collaborate over the next five years.

DO YOU PLAN TO USE INTELLIGENT TECHNOLOGY COLLABORATIVELY TO SCALE, INNOVATE OR DEEPEN EXPERTISE?

Figure 2 - **Use of Intelligent Technology for collaboration**
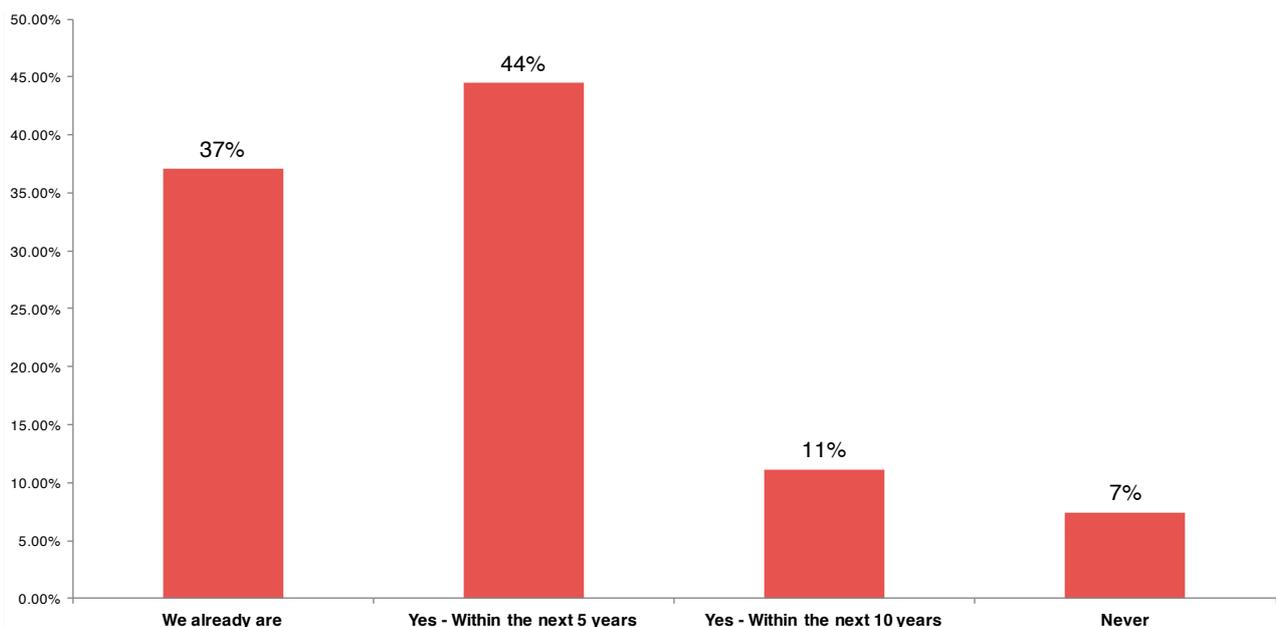
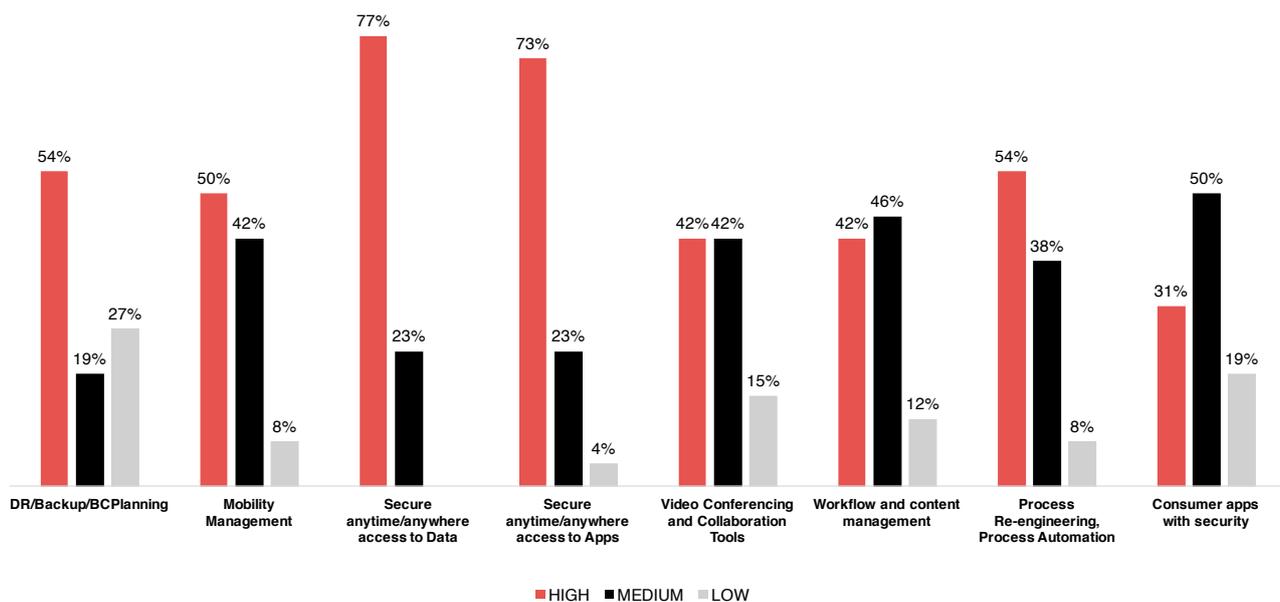Source: ADAPT 'Technology's impact on workplace productivity' (2018)

Workplace Productivity

The ADAPT study then looked at the area of Workplace Productivity. Here the findings indicate a high level of confusion among respondents. When asked whether they had invested time and resources into Workplace Productivity over the last year, a healthy 58% indicated they had done so. Mind you, this does reflect a disturbing complacency in the rest of the survey sample. One would think that Workforce Productivity should be a priority for any modern business.

This ambivalence towards Workplace Productivity is also highlighted in responses to a follow up question that examined the drivers for the workplace productivity strategies. As can be seen in figure 3 below, the dominant drivers are much more around secure access to data and applications rather than some of the toolsets like mobile management, video-conferencing, and workflow and content management. This is not to diminish the importance of focussing on security matters. However, ADAPT does feel highlighting security functionality is a somewhat confusing response to what people see as their drivers for Workplace Productivity. The concern is that a focus on security might be being used as an excuse not to take the time to investigate how to pitch and deliver a strategy to the executive leadership around a workplace transformation.

DRIVER FOR WORKPLACE PRODUCTIVITY STRATEGY

Figure 3 - **Drivers for the Workplace Productivity Strategy**

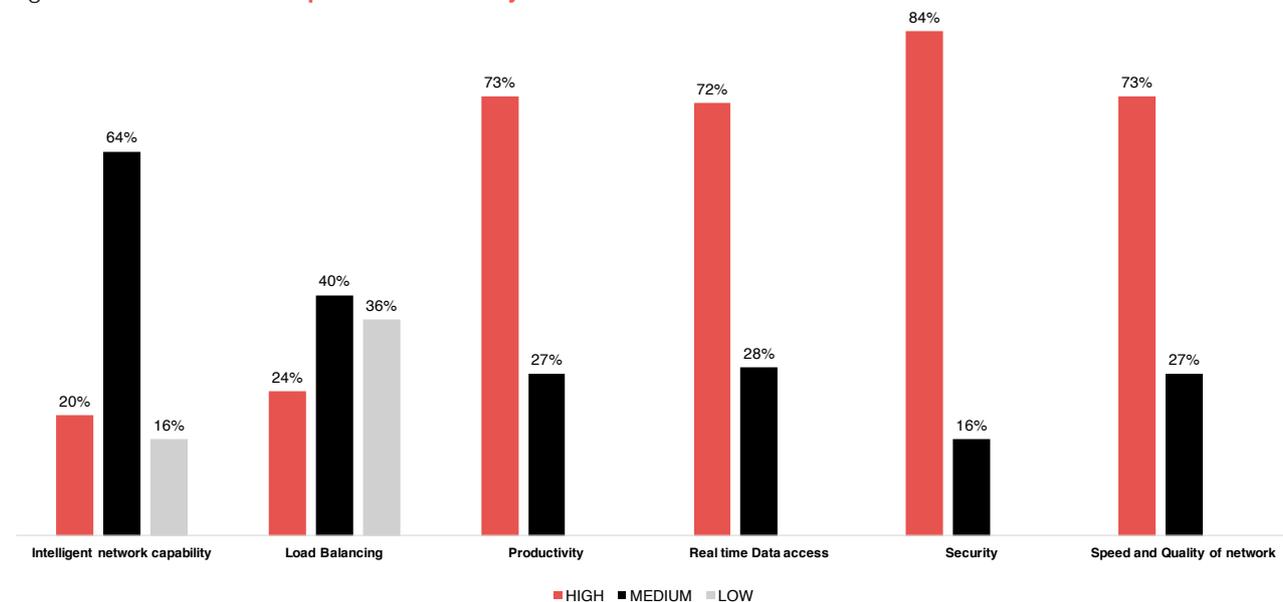Source: ADAPT 'Technology's impact on workplace productivity' (2018)

Workplace Productivity

The final area of the ADAPT study looked at Workplace Connectivity. This is a broad subject embracing things like harnessing social media and leveraging smartphone functionality. However, it was another area where the responses indicated a worrying level of procrastination. The essence of a digital transformation is the enhanced connectivity that it fosters with external suppliers and customers. However, for this to be realised there must be a similar level of internal workplace connectivity behind the scenes. The indications from the ADAPT survey is that this may not be happening.

A little over 30% of respondents indicated they had already invested in Workplace Connectivity over the past year. This seems a surprisingly low figure given the popularity of social media and the penetration rates for smartphones in Australia. Moreover, this lack of appreciation of what might be achieved from Workplace Connectivity is revealed in what respondents reported as their drivers for it. Again, as shown in figure 4 below, security dominates the thinking. As ADAPT recognised earlier in this report, security in an online world is clearly a predominant priority. However, surely this is something that should not be considered in isolation. Security should be part of the considerations of other activities that can enhance the way an organisation works. If not, then it appears that security is being used as a pretext for delay.

DRIVER FOR WORKPLACE CONNECTIVITY

Figure 4 - **Drivers for Workplace Connectivity**

Source: ADAPT 'Technology's impact on workplace productivity' (2018)

The overall impression that ADAPT has from its recent studies is that not only are Australian organisations making slower progress along their digital pathway to being 'Future Ready' than their global counterparts but also that they are not taking the necessary holistic approach to meeting these requirements. Organisations need to have the internal structures and operations in place to support this new way of working. In particular, respondents are predicting that nearly a third of their workforce will be freelancers and contractors by 2025. The nature of the engagement with these workers is that they are likely to come and go depending on demand. For them to work effectively, workforce collaboration, connectivity and productivity tools need to be enmeshed in the business beforehand to define the internal support practices required to reinforce an effective digital business transformation.

"

As things stand at present, for many Australian organisations, the envisaged benefits of digitalisation could well be undermined by the presence of outdated work practices within the business."

Peter Hind - Senior Analyst, ADAPT

Author

Peter Hind - Senior Analyst, ADAPT

Peter Hind is an analyst and commentator on the ICT industry with over 25 year of experience in Australia and abroad. At ADAPT, Peter is responsible for producing and analysing senior executive surveys for technology, finance and digital leaders, while providing expert analysis on industry trends and hosting ADAPT's Edge Experiences and private events.

About ADAPT

The leading CXO advisory practice in Australia with strong ties to Australia's most renowned change agents. ADAPT's vision is to make Australia a more commercially competitive, productive and differentiated world leader – to enable our organisations to compete better on the global stage.

To learn more about our brand, see testimonials from our event attendees and speakers, and view our invitation-based event portfolio, please visit: **www.adapt.com.au**

About Ricoh

In today's rapidly changing technological landscape organisations are faced with the challenge of reinventing themselves, while providing a more enriched yet simplified customer experience. Ricoh bridges the gap between the physical and data-centric worlds by providing solutions that drive real results with innovative technologies, ensuring they continue to deliver value to customers.

Ricoh addresses each clients need to remain competitive and relevant in the market, a key component behind workspace transformation. With 50 years of experience working within the Australian technology market, the breadth and depth of Ricoh's workspace technology solutions is expansive and provides organisations with the extra edge they need to stay ahead of the digital curve.
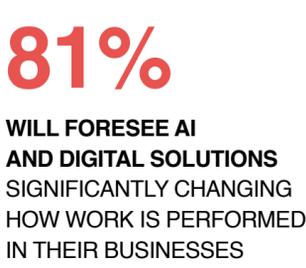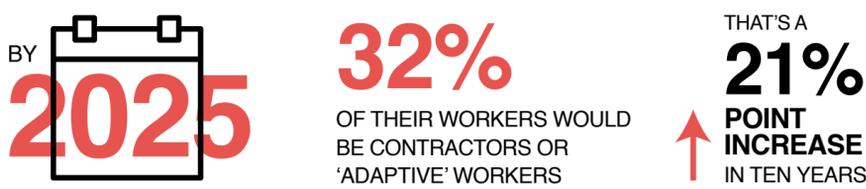
ADAPT

ADAPTInsights

TECHNOLOGY'S IMPACT ON WORKPLACE PRODUCTIVITY

ADAPT WORKPLACE PRODUCTIVITY STUDY CONDUCTED IN JUNE 2018 WITH C-LEVEL IT EXECUTIVES FROM FINANCE, PHARMACEUTICALS, EDUCATION, HEALTH, ENTERTAINMENT, CONSTRUCTION, MARINE AND FMCG.

Australian business leaders are struggling to deliver workplace transformation strategies. For many organisations, the envisaged benefits of digital transformation is being undermined by outdated work practices.

AREA OF CORPORATE DIGITAL PROGRESS
LOCAL BUSINESSES ARE BEHIND THEIR GLOBAL COMPETITORS

BY **2025**

32% OF THEIR WORKERS WOULD BE CONTRACTORS OR 'ADAPTIVE' WORKERS

THAT'S A **21% POINT INCREASE** IN TEN YEARS

1/3 OF WORKERS WILL BE **FREELANCERS AND CONTRACTORS**

WHICH REPRESENTS A SIGNIFICANT **'CASUALISATION'** OF THE AUSTRALIAN WORKFORCE

81% WILL FORESEE AI AND DIGITAL SOLUTIONS SIGNIFICANTLY CHANGING HOW WORK IS PERFORMED IN THEIR BUSINESSES

19% ARE ALREADY EXPERIENCING IT

Source: Australian Bureau of Statistics (2016), Characteristics of Employment, Australia.
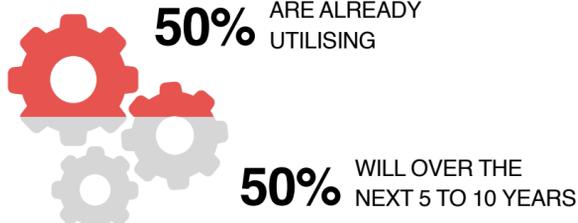
BECOMING FUTURE READY?

To succeed, businesses must set up working arrangements in advance of the arrival of a large pool of contractors. A combination of an influx of new staff and new ways of working is rarely successful.

PLANNING TO USE INTELLIGENT TECHNOLOGY TO SCALE, INNOVATE AND DEEPEN EXPERTISE
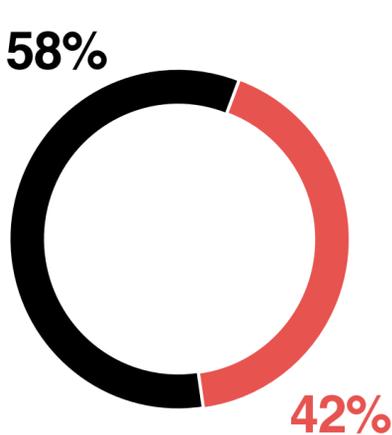
37% OF RESPONDENTS ARE ALREADY HARNESSING THIS FUNCTIONALITY

55% ARE EXPECTING TO GET GOING OVER THE NEXT 5 YEARS

8% ARE NOT PLANNING AT ALL

UTILISING WORKFORCE OPTIMISATION TOOLS

50% ARE ALREADY UTILISING

50% WILL OVER THE NEXT 5 TO 10 YEARS

INVESTING TIME INTO WORKPLACE:

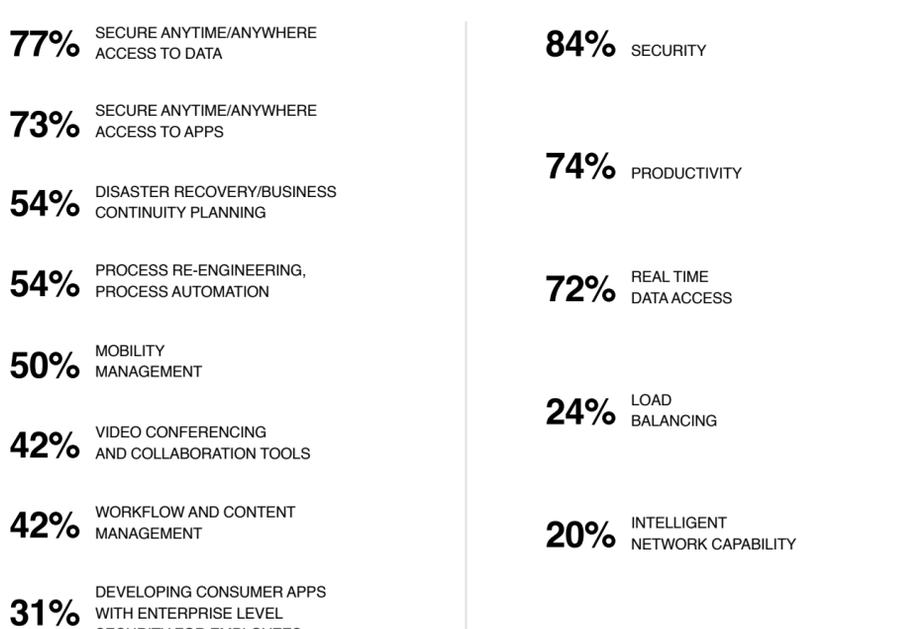### PRODUCTIVITY STRATEGY

58%

42%

CONNECTIVITY STRATEGY

31%

69%
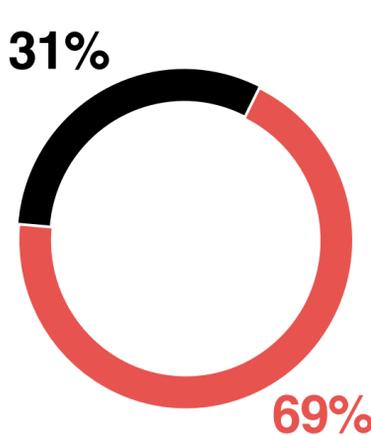
■ YES - OVER THE LAST YEAR   ■ WILL INVEST IN THE NEXT 2 YEARS

DRIVERS UNDERPINNING WORKPLACE PRODUCTIVITY

77% SECURE ANYTIME/ANYWHERE ACCESS TO DATA	**84%** SECURITY
73% SECURE ANYTIME/ANYWHERE ACCESS TO APPS	
54% DISASTER RECOVERY/BUSINESS CONTINUITY PLANNING	**74%** PRODUCTIVITY
54% PROCESS RE-ENGINEERING, PROCESS AUTOMATION	
50% MOBILITY MANAGEMENT	**72%** REAL TIME DATA ACCESS
42% VIDEO CONFERENCING AND COLLABORATION TOOLS	**24%** LOAD BALANCING
42% WORKFLOW AND CONTENT MANAGEMENT	
31% DEVELOPING CONSUMER APPS WITH ENTERPRISE LEVEL SECURITY FOR EMPLOYEES	**20%** INTELLIGENT NETWORK CAPABILITY

ADAPT's 2018 WORKPLACE PRODUCTIVITY STUDY surveyed IT decision makers responsible for technology decisions in organisations with 200-1000 staff with questions based around Workforce, Workplace and Connectivity. This research was conducted on behalf of RICOH Australia.

ADAPT

adapt.com.au