State of Intelligent Process Automation Study

2018 Enterprise Digitization Progress Report

nintex

For the better part of a decade, trade publications, industry reports and industry experts have touted a continuously looping message:

It's time to prepare for digital transformation.

Although the majority of companies now have a formal digital transformation plan in place, most of those plans aren't working.[1] The fact that digital transformation has been a c-level priority for years – and yet most companies are falling short of their goals – begs the question: **"Why aren't companies making more digital traction?"**

We believe digital transformation is a journey to an achievable destination. But to get there, companies need to take a different approach. While IT has historically focused on full-code and/or low-code tools, line of business employees have opted for pre-packaged apps, creating a chasm that has hindered progress.

Intelligent process automation – the fourth wave of automation – will transform business as well as everyday life. IT is poised to be the hero in this transformation, provided they supplement the full-code/low-code tools they rely on for complex process automation with intelligent no-code solutions that empower the professionals in the organization's lines of business.

[1] https://www.inc.com/brian-de-haaff/most-digital-transformations-fail-here-is-why-according-to-experts.html

Methodology

To understand where and why organization's digital transformation plans are falling short, Nintex took a deep dive into what these plans look like and what is holding them back. Specifically, we wanted to understand:

> How far along are enterprises on their digital transformation journeys?

> What are the top priorities and key areas of investment for formalized digital transformation plans?

> To what extent do digital transformation plans encompass intelligent process automation?

> What are the biggest challenges actively impeding transformation progress? How do those challenges vary based on industry and department?

> What does digital transformation mean for line of business workers?

To answer these questions, Nintex conducted two surveys: First, a survey of 450 U.S. decision makers directly involved in their organizations' digital transformation strategies; and second, a survey of 650 U.S. line of business employees.2 Our surveys revealed several notable findings:

> While most companies have only recently launched formal digital transformation plans, **the plans themselves are mature** in terms of the technology involved.

> IT bottlenecks, budget shortfalls and a shortage of qualified in-house talent – compounded by an overreliance on IT departments – are all **stifling digitization progress.**

> Intelligent process automation will eliminate jobs – but not to a significant extent like many currently fear.

> Digital transformation plans often only reach the upper levels of an enterprise, without being effectively communicated to line of business employees.

[2] **SURVEY METHODOLOGY.**
Decision makers survey: Respondents are U.S.-based; work at companies with 250+ employees; work in either manufacturing, healthcare or finance; and serve either in an operations, IT or marketing role.
Line of business survey: Respondents are U.S.-based and work at companies with 250+ employees.

Early Adoption, Advanced Maturity

Companies are firmly planted in the early adoption stage of digital transformation. We found nearly two-thirds of companies have followed a formalized digital transformation plan for three years or less, while one-third have followed a plan for one year or less. Both company revenue and company size play a role in determining plan maturity.

LARGER COMPANIES ARE MORE LIKELY TO HAVE MATURE (5+ YEAR-OLD) TRANSFORMATION PLANS

250-1,000 employees
11% have a mature plan

50,000+ employees
27% have a mature plan

HIGHER ANNUAL REVENUE POSITIVELY CORRELATES WITH TRANSFORMATION PLAN MATURITY

<$100 million annual revenue
10% have a mature plan

>$100 million annual revenue
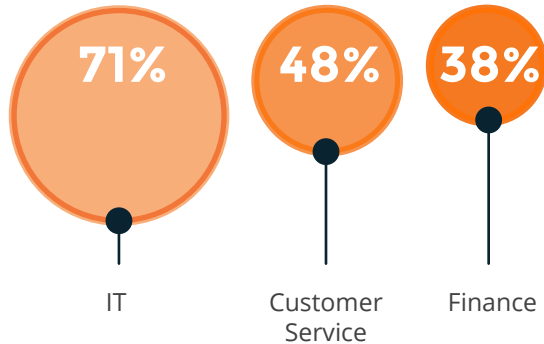**17%** have a mature plan

Despite the fact that digital transformation plans are relatively new, they are well-developed and profitable. On a scale of 1 to 10 – with 10 being a transformation plan that's fully mature and deeply embedded in the organization – the average digitization decision maker rated his or her company's plan a "7," while almost all decision-makers (94 percent) say their enterprise's transformation efforts are delivering a return on investment.

Consistent with the finding that digital transformation plans are mature in scope, we found that

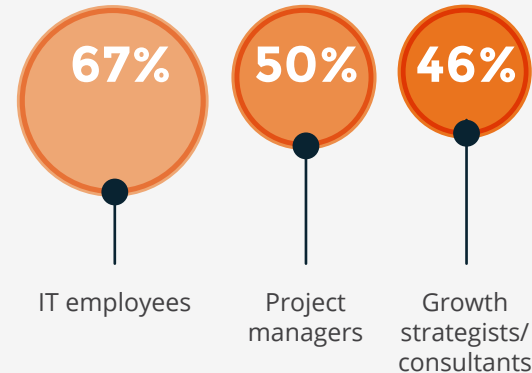**88%** of formalized digital transformation plans already include process automation and intelligent capabilities.

In addition to prioritizing mature, intelligence-driven transformation strategies, enterprises are investing in dedicated hires to carry out these plans.

71% of companies have hired specifically for digital transformation, according to the decision makers we surveyed. In terms of the specific transformation roles they're looking to fill, it's not just IT specialists.

TOP 3 DEPARTMENTS WHERE COMPANIES ARE INVESTING IN PROCESS AUTOMATION

71% IT

48% Customer Service

38% Finance

TOP 3 TRANSFORMATION-SPECIFIC HIRES

67% IT employees

50% Project managers

46% Growth strategists/ consultants

These transformation-specific specialists are harder to hire than typical employees, as **71%** of decision makers told us.

THE TOP REASONS FOR INVESTING IN DIGITAL TRANSFORMATION VARY BY INDUSTRY

Manufacturing

64% Productivity gains

54% Cost reduction

Healthcare

47% Improved CX

47% Productivity gains

Finance

53% Improved CX

49% Better cybersecurity

The takeaway

Most enterprises are only a few years into a formalized digital transformation plan. Yet the majority of plans are notably mature, incorporating process automation, intelligent solutions and transformation-specific hires.

To fully realize an organization's transformation strategies, IT departments need to focus investments on those that empower line of business users to rely on support from IT as needed rather than full dependence on IT.

The Most Common Business Process Pain Points

In a 2017 study, we surveyed line of business employees across the U.S. to determine the most broken corporate processes across IT, HR and sales/document management. We summarized the resulting list in the Definitive Guide to America's Most Broken Processes, available online at *http://nintex.me/ambps.*

With this digital transformation study, we returned to that list. We found there is notable alignment in terms of processes that companies are now targeting for significant automation and processes that America's Most Broken Processes survey respondents identified as being top among the most broken.

Digital Transformation Efforts Are Addressing America's Most Broken Processes

IT	HR/Administrative	Document Management
Network security **NOT IDENTIFIED AS A TOP BROKEN PROCESS**	Access to tools and docs that enable good job performance **#1 MOST BROKEN HR PROCESS**	Document sharing **#2 MOST BROKEN DOC MANAGEMENT PROCESS**
Technology troubleshooting **#1 MOST BROKEN IT PROCESS**	Annual performance review system **#1 MOST BROKEN ADMINISTRATIVE PROCESS**	Locating documents **#1 MOST BROKEN DOC MANAGEMENT PROCESS**
Password resets **#5 MOST BROKEN IT PROCESS**	Process-based onboarding **#2 MOST BROKEN HR PROCESS**	New customer onboarding **#5 MOST BROKEN DOC MANAGEMENT PROCESS**

The takeaway

The alignment between America's Most Broken Processes and the processes companies are actively solving with process automation indicates that their priorities are in the right place. Even if companies are not communicating their digital transformation efforts to the line of business they are still choosing the right pain points to level up with process automation.

Blockers to Digital Transformation Progress

Although we found that digital transformation plans are quite mature – and even if they are strategically targeting problematic manual processes – there are internal organizational problems that are actively impeding digital progress.

TOP 3 CHALLENGES THAT SLOW DIGITAL PROGRESS, ACCORDING TO DECISION MAKERS

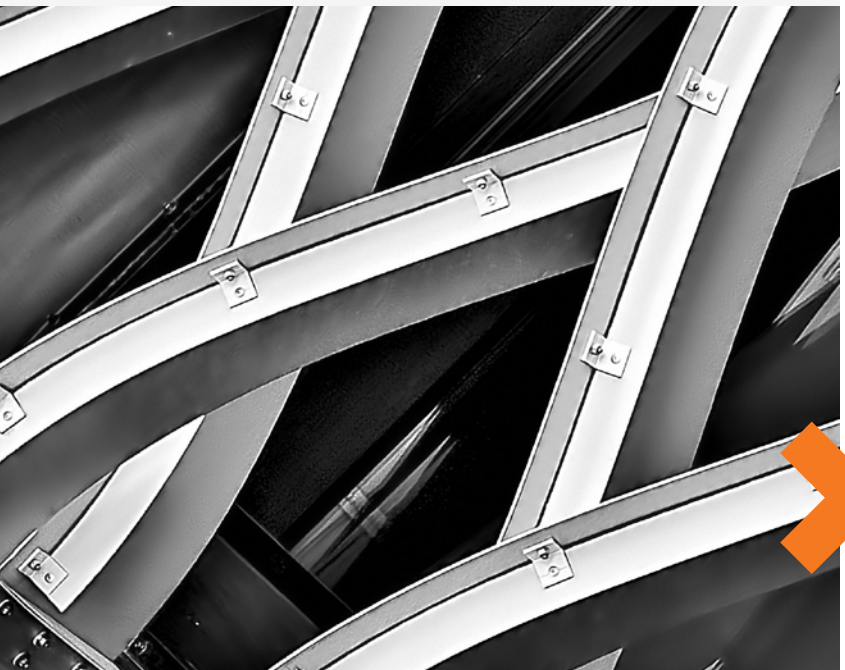Lack of interdepartmental communications strategies
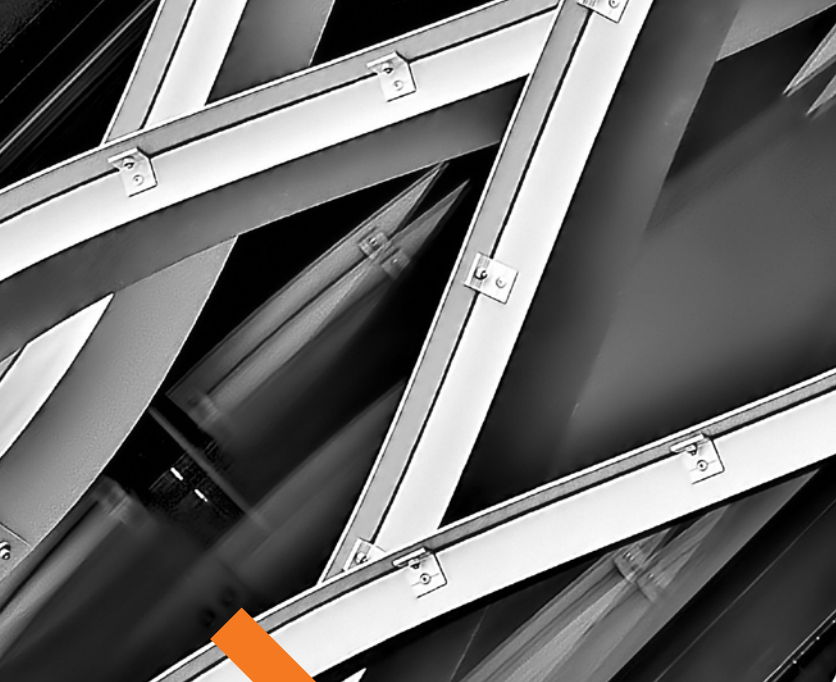
35%

IT bottlenecks

33%

Insufficient training for line of business employees on new technologies

32%

As these issues illustrate, it's not issues of cost or technology that hinder digital progress. Instead, it's shortcomings in communication, processes and training. This finding is consistent with a recent Forrester Research report on the mounting importance of process to digital transformation.[3]

When digital transformation efforts fail, it's not because of budget shortfalls. Lack of communication, IT bottlenecks and the disempowerment of line of business users clearly play a role. Interestingly, these same factors underscore an over-reliance on full-code/low-code solutions and point to the need for no code tools that enable line of business users to rapidly design, build and automate their own workflows.

OF COMPANIES THAT HAVE FAILED TO MEET EXPECTATIONS OF DIGITAL TRANSFORMATION SUCCESS, THE BIGGEST REASONS ARE:

Lack of executive buy-in

38%

Lack of sufficient in-house talent

38%

Lack of transformation-specific leadership

35%

[3] https://www.forrester.com/report/The+Growing+Importance+Of+Process+To+Digital+Transformation/-/E-RES143158

In their own words.

Decision makers reveal the biggest digital transformation challenge they'll face within the next five years:

> Degree of understanding and support from executive level

> Hiring people with the right skill sets, getting them trained and MOTIVATED to do the right job

> Obtaining qualified in-house IT talent

> Getting Enterprise level buy-in

> Ensuring we have the right budget and infrastructure

The takeaway

Organizations are bogged down by problems with communication, processes and training on their digitization journeys. These issues point to a lack of internal alignment necessary to drive lasting change with transformation efforts. Executive buy-in and transformation-focused leadership could improve alignment and other obstacles to progress by encouraging IT to supplement full-code/low-code tools with no code applications that are more accessible to line of business users.

We've Got a Failure to Communicate (and Lead)

Poor top-down communication and a lack of transformation leadership are significant problems that inhibit progress toward transformation.
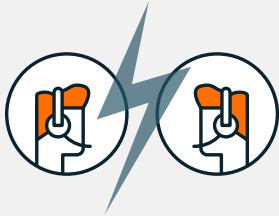
Only **47%** of line of business employees are even aware of what digital transformation is – let alone whether their company has a plan to address/achieve digital transformation.

This awareness gap is largely concentrated among line of business employees who are not managers:

67% of managers know what digital transformation is compared to only

27% of non-managers. The significant exception to the awareness gap is IT line of business workers,

89% of whom know what digital transformation is.

As a result of their lack of awareness, line of business employees are more likely to view their company's transformation and automation efforts as endangering their jobs, even though this is not the case.

Nearly one-third of employees are worried the use of intelligent capabilities will endanger their jobs. Yet, the vast majority of jobs won't go away as a result of intelligent process automation.

Of decision makers who said process automation will eliminate some jobs,

71% told us this elimination will only extend to one-fifth or fewer of all jobs in the company.

The reason line of business employees aren't getting the memo about transformation efforts – and have unfounded job fears as a result – is that there's no clear leader behind transformation efforts. We found a lack of consensus about who should lead digital transformation efforts within an organization.

Despite **89%** of decision makers saying they have a designated transformation lead, there's no one person who emerges as the clear leader across companies.

Who's leading your company's digital transformation?

40% CEO

40% CIO/CTO

37% Chief Digital Officer

22% Chief Customer Experience Officer

14% CMO
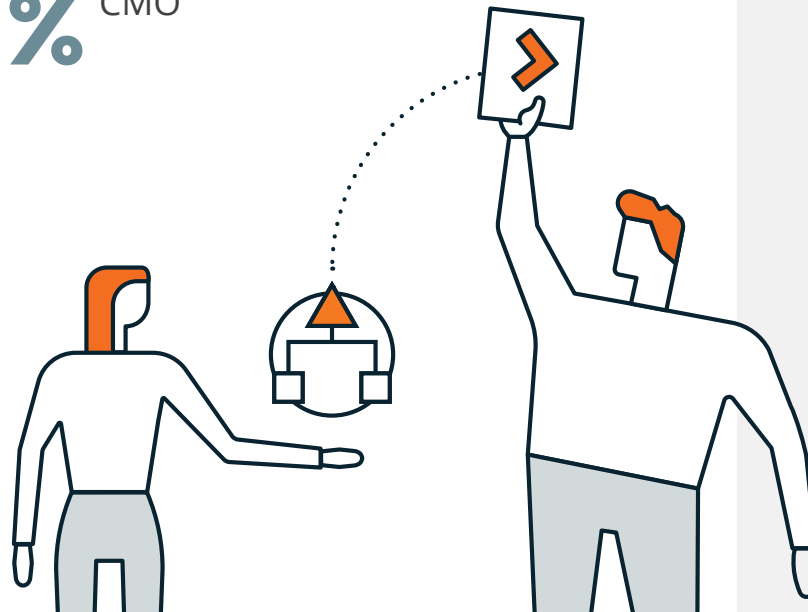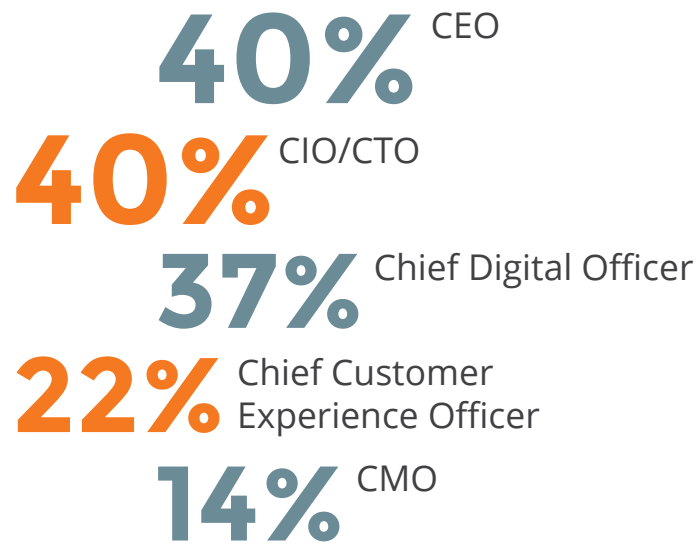
This lack of clarity about leadership has clear consequences. Among decision makers we surveyed, lack of transformation leadership is the third most-cited reason why digital transformation efforts fall short of desired success.

As intelligence moves to the forefront of business processes, clear leadership becomes even more important. In the era of intelligent process automation, machine learning and artificial intelligence (AI) there is a chance to create new opportunities for leaders to help employees work smarter and more efficiently. But to take advantage of those opportunities, transformation initiatives require leaders who balance the needs of IT and line of business users.

The takeaway

Poor top-down communication is leaving line of business employees in the dark about digital transformation efforts within their companies. This lack of communication leads employees to worry that intelligent technologies will eliminate their jobs, when in reality the vast majority of roles will not be threatened by digitization or process automation. Additionally, the transition to intelligent process automation demands leaders willing of striking the right balance between full-code/low-code tools for IT and no code tools for line of business employees. These failures highlight a lack of clarity about who should lead digital transformation.

Leveling Up Digital Transformation:
Key Action Items

Digital transformation is critical to future business success, and most organization's plans are at a mature stage of development. The stakes couldn't be higher: Intelligent process automation presents significant opportunities in helping organizations leverage intelligence capabilities (e.g., machine learning, AI, RPA, and natural language processing) for process improvement.

But transformation efforts are being stifled by bottlenecks, communication failures and a lack of clear leadership – not to mention the gap between the needs of IT and line of business employees. Consequently, there is waning confidence that true digitization is an attainable future state. In order to fully realize the promise of digital transformation, organizations must adopt a more strategic roadmap.

Here's what that involves:

1 Build digital transformation awareness across the enterprise

Identified problem

Our study found that at the line of business level, employees who are not managers don't know what digital transformation is. This awareness gap indicates that decision makers are overlooking the importance of top-down communication and transparency in articulating a digital transformation vision.

Proposed solution

Enterprises should address this problem by prioritizing more focused and strategic top-down communication efforts. While dedicated transformation project managers and consultants can and will help drive better communication to the line of business, their efforts will be ineffective without buy-in at the top.

2 Consolidate digital transformation leadership within a center of excellence

⚠️ **Identified problem**

Currently, there's no consensus about who should lead enterprise digital transformation efforts. This lack of clarity impedes companies from achieving cross-enterprise transformation goals.

⚙️ **Proposed solution**

Solving the leadership problem requires creating and designating a consolidated hub in which digital transformation decisions are made. In practice, what that looks like is a digital transformation Center of Excellence (CoE) that sits within the IT department, but pulls from marketing, digital, CX, finance and the C-suite. All major departments need a seat at the table for a transformation CoE to function optimally, and ownership needs to be evenly dispersed across these departments. Additionally, CoE decision makers need to drive the availability of no code tools that enable line of business employees to design, build and automate workflows.

USE OF IPA SOLUTIONS BY ENTERPRISES AS PART OF FORMAL DIGITAL TRANSFORMATION STRATEGY

62% Advanced Workflow

55% DocGen™

51% Mobile Apps & Forms

43% Robotics Process Automation

62% Process Intelligence

39% Machine Intelligence

3 Deploy intelligent process automation tools that empower line of business employees

Identified problem

Line of business workers outside of the IT department see digital transformation – and automation tools in particular – as a potential threat to their jobs rather than a tool that can augment performance. The lack of no code tools disempowers line of business employees and prohibits them from embracing digital transformation as a strategy for process improvement. Yet, the overwhelming majority of employees (77 percent) do want more involvement in transformation initiatives.

Proposed solution

With digital transformation there's a real opportunity to empower the line of business with sophisticated automation technology. The strategic implementation of no code and low-code intelligent process automation tools across the frontline workforce doesn't just drive transformation awareness – an important step to combat the line of business digital transformation awareness gap – but also helps eliminate the need for change management, since line of business workers will themselves become agents of change in the process.

IS YOUR IT DEPARTMENT EXTREMELY PREPARED TO HANDLE THE TECHNOLOGY NEEDS OF DIGITAL TRANSFORMATION?

AN INDUSTRY-BASED LOOK:

45%
Finance

36%
Healthcare

29%
Manufacturing
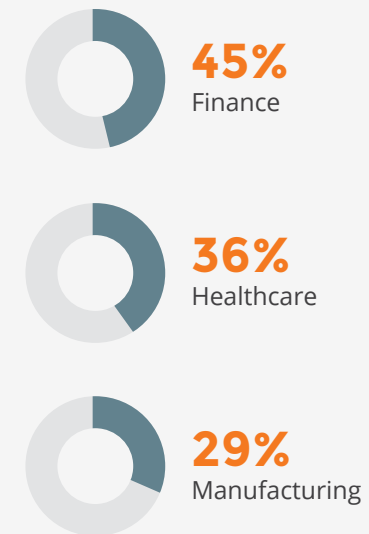
Final
Takeaway

Digital transformation is important to all organizations and most have a transformation plan in place. Early efforts are heading in the right direction but lack the directional clarity to be effective across the entire enterprise.

Ultimately, the companies that achieve true success on their digital journeys will be the ones with the most accessible, transparent and adaptable journey maps. These maps must include the adoption of no code tools for line of business employees that supplement the full-code/low-code tools that IT needs to manage complex tasks. By considering the needs of everyone in the enterprise and creating clear channels of communication, companies will be better positioned to take advantage of intelligent process automation.