

**Baker
McKenzie.**

Global Themes Driving Digital Transformation Trends and the Role of In-House Teams

Co-hosted in partnership with ACC St. Louis

ACC Association of
Corporate Counsel
— ST. LOUIS —

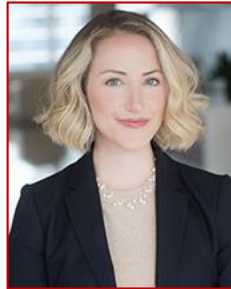
Speakers



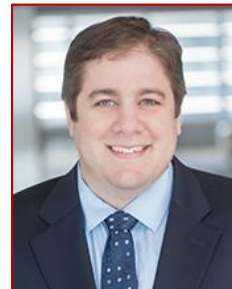
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Agenda

1

Survey background

2

Digital Transformation Outlook

3

Current Digital Transformation
Priorities

4

How Digital Transformation Will
Drive Future Enterprise Goals

5

What Determines Future Success?

6

The Path Forward

Organizational Profile

We interviewed senior buyers of digital services/cloud computing in 500 global organizations, representing 11 global markets.

United States
30%

United Kingdom
14%

Germany
8%

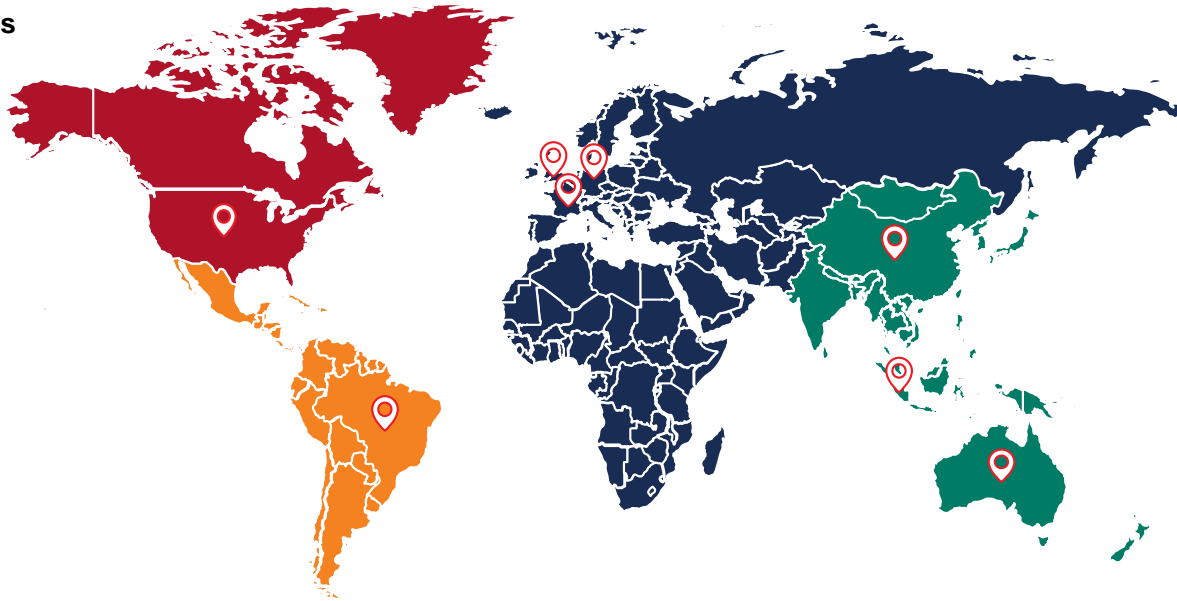
Brazil
10%

France
8%

Mainland China
10%

Singapore
10%

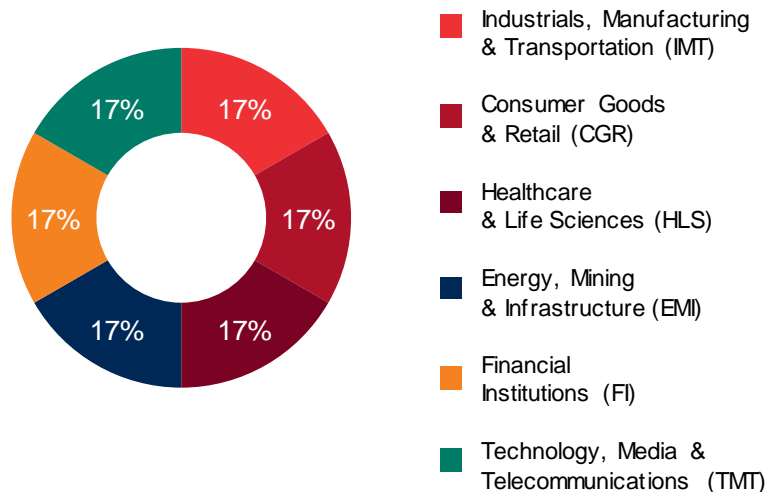
Australia
10%



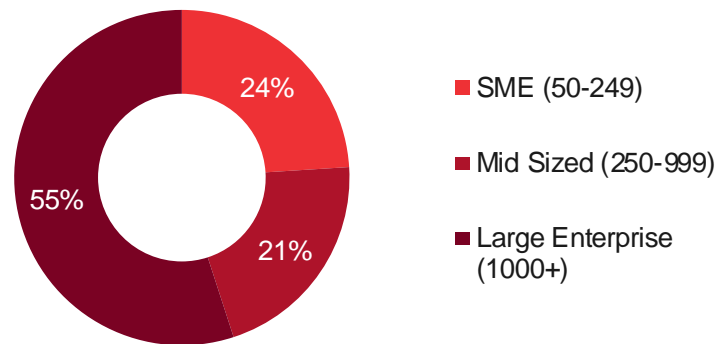
Organizational Profile

The majority of respondents work for large enterprises with over 1,000 employees. Six key sectors are represented evenly in our data.

In which sector does your company primarily operate?



How many employees does your company have globally?



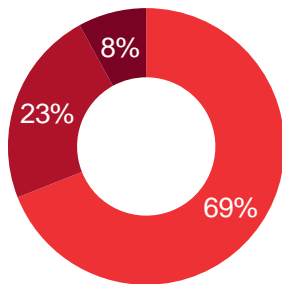


1 Strategic Focus: Digital Transformation Outlook

Defining Digital Transformation

The majority of respondents say digital transformation is a tool for improving process efficiency rather than fundamental business change.

What Does Digital Transformation Mean to Your Enterprise?



- Process efficiency
- New ways to sell product/services
- Business model change



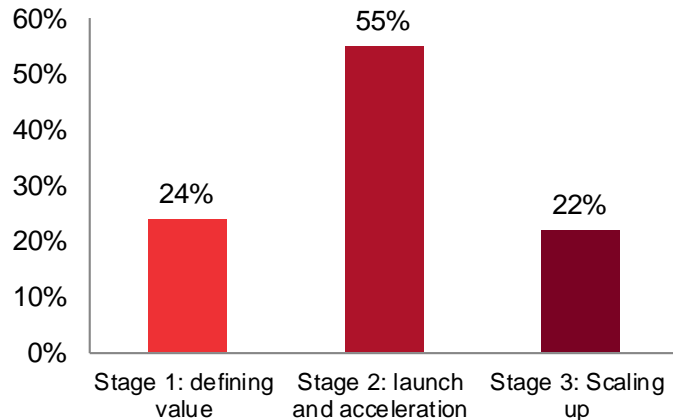
Sector Spotlight: TMT & IMT

Only 4% of fast-paced TMT companies characterize digital transformation as a fundamental change to the way they do business, compared to a high of 14% of IMT businesses.

Program Maturity

Digital transformation programs have matured rapidly since our last survey. Where previously 37% of organizations had yet to begin, most (77%) are now accelerating and scaling digital transformation efforts.

Stages of the Digital Transformation Journey



Sector Spotlight: TMT & IMT

54% of TMT organizations are managing a number of high-value initiatives and 45% are adopting new operating models.

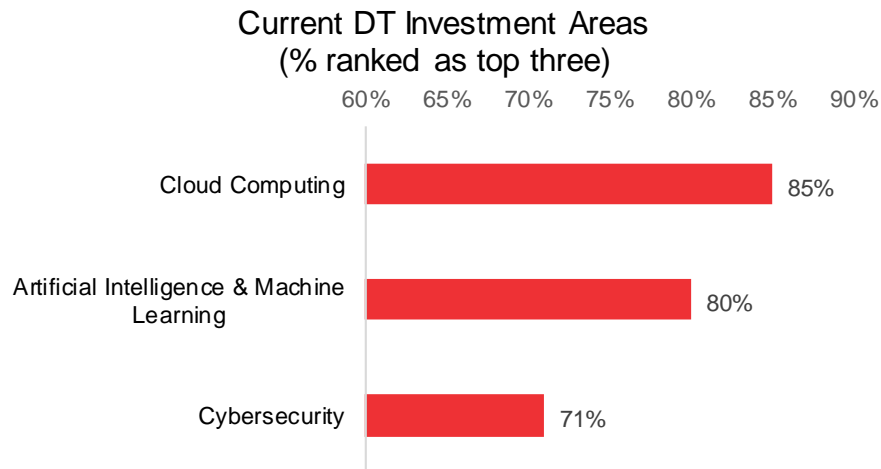
By contrast, 34% of EMI organizations are still securing senior management commitment and 35% are setting goals for their digital transformation programs.



2 Strengthening Foundations: Current Digital Transformation Priorities

Current Investment Priorities

Storing, mining and securing data are current priorities for investment in digital transformation.



Sector Spotlight: IMT & EMI

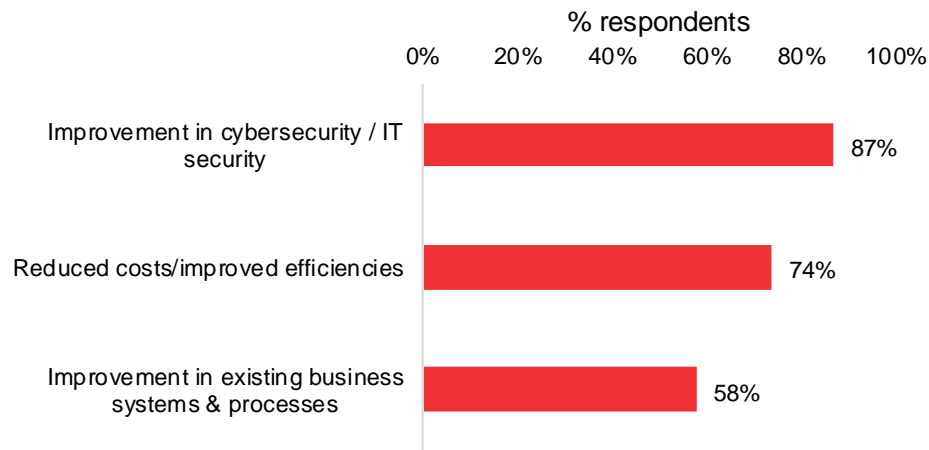
A relatively low 40% of IMT and 41% of EMI businesses are investing in cybersecurity.

A lack of investment in key protections could expose businesses to significant commercial risk and reputational damage if a breach were to occur.

Reaping the Benefits

Improved security is the leading benefit of digital transformation according to leaders. The impact of COVID-19 on business performance also looms large — digital transformation will play a key role in business process improvement and cost reduction.

Top Three Benefits of DT Implementation



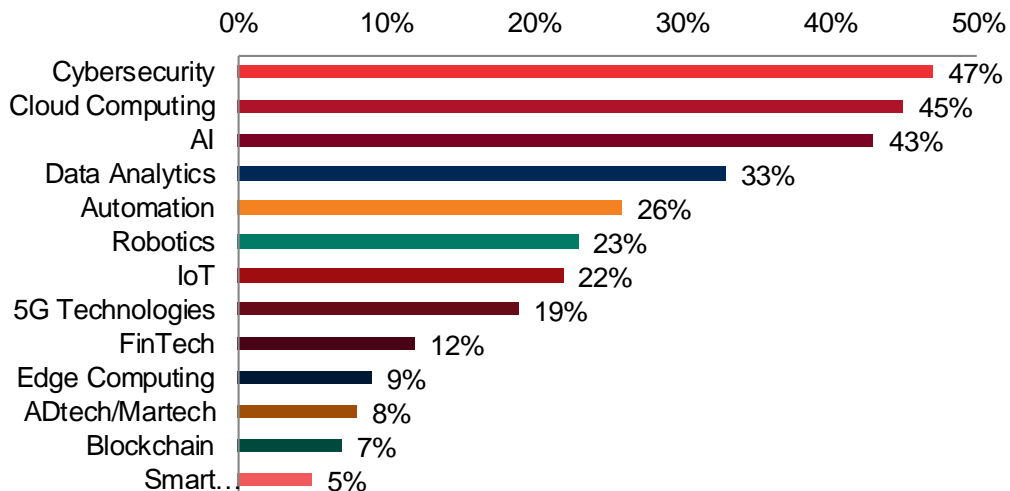
Cybersecurity Risks Are Front and Center

In 2020, agility was previously the top benefit of digital transformation cited by respondents. Now, the focus is firmly on technology as a tool for protection and efficiency.

Core Technology

Organizations' most strategically important technology reinforces these investment priorities and key benefits. With protecting assets and cost reduction top of mind, cybersecurity and cloud computing are at the core of digital transformation.

Top Five 5 Most Important Technologies
(current digital transformation strategy)



AI is Newly Important

In 2020, only 14% of survey respondents were heavily investing in AI. Today, nearly half of leaders believe AI is core to digital transformation.



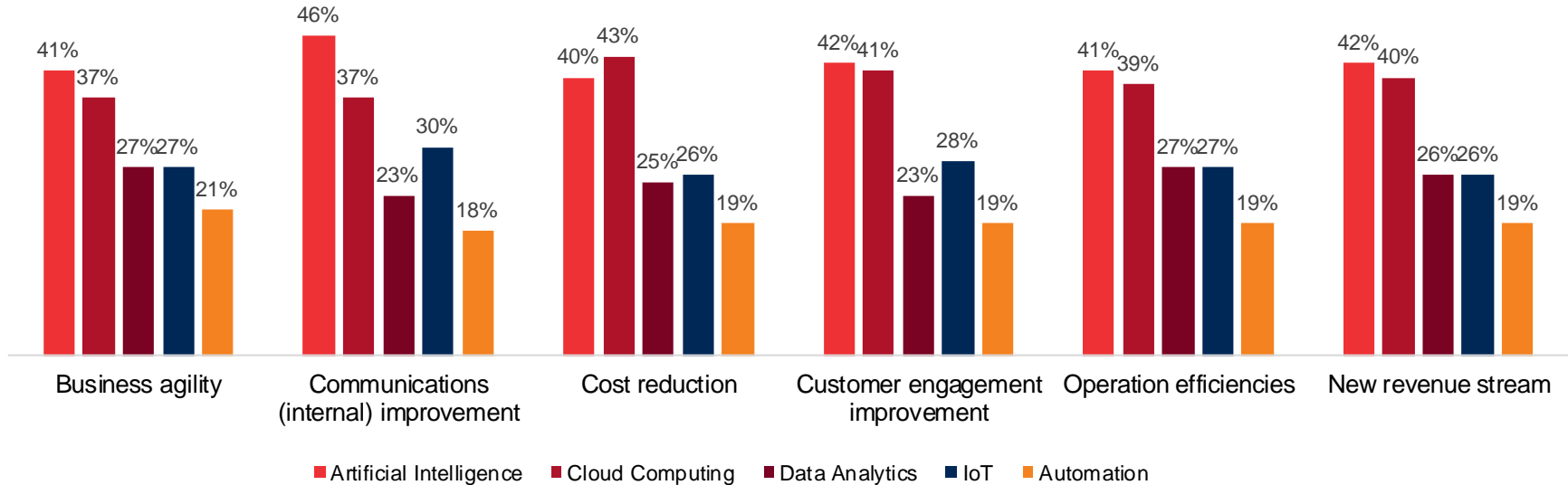
Sector Spotlight: HLS

98% of HLS respondents surveyed said cybersecurity is a current area of investment.

Big Bets on AI

Positive impact on communications, customer engagement, revenue streams and business agility is driving interest in AI.

Technologies Ranked as Top Two for Greatest Potential Impact



Big Bets on AI

Artificial Intelligence is the technology expected to have the greatest impact in relation to



improved internal
comms (46%)



new revenue
streams (42%)



better customer
engagement (42%)



greater business
agility (41%)

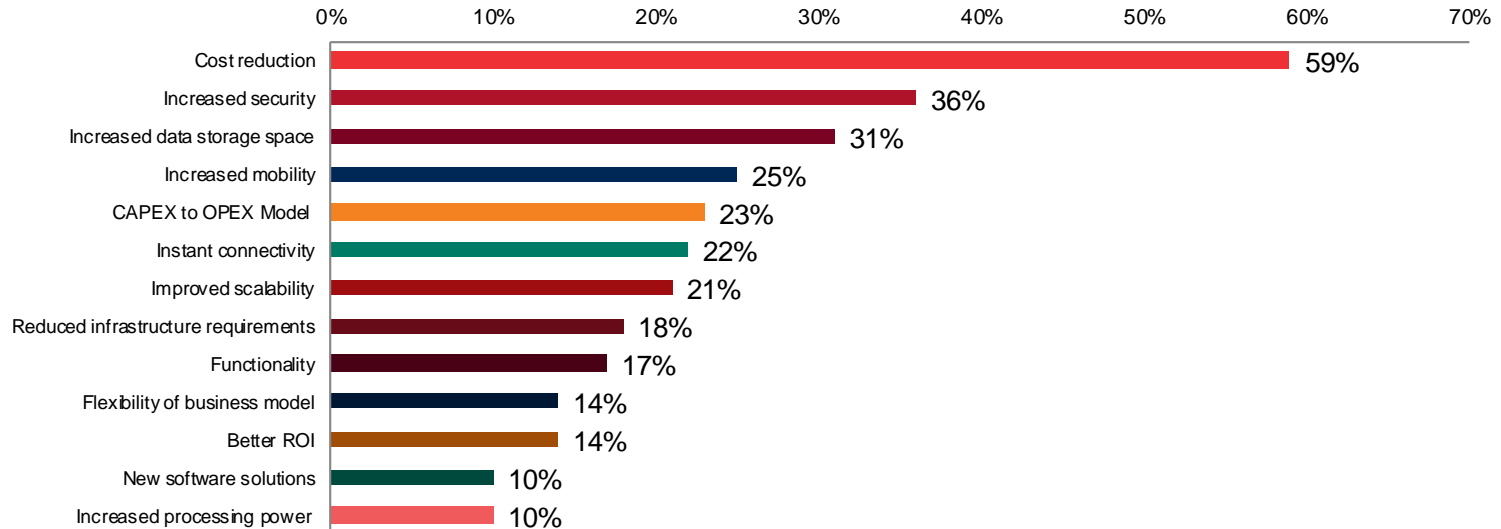


improved operational
efficiency (41%)

Cloud Remains Critical to Transformation

Benefits to agility, operational efficiency, data storage and security mean cloud is a critical component of digital transformation today. Almost half of companies are using private cloud, and nearly a third are using a combination of public and private.

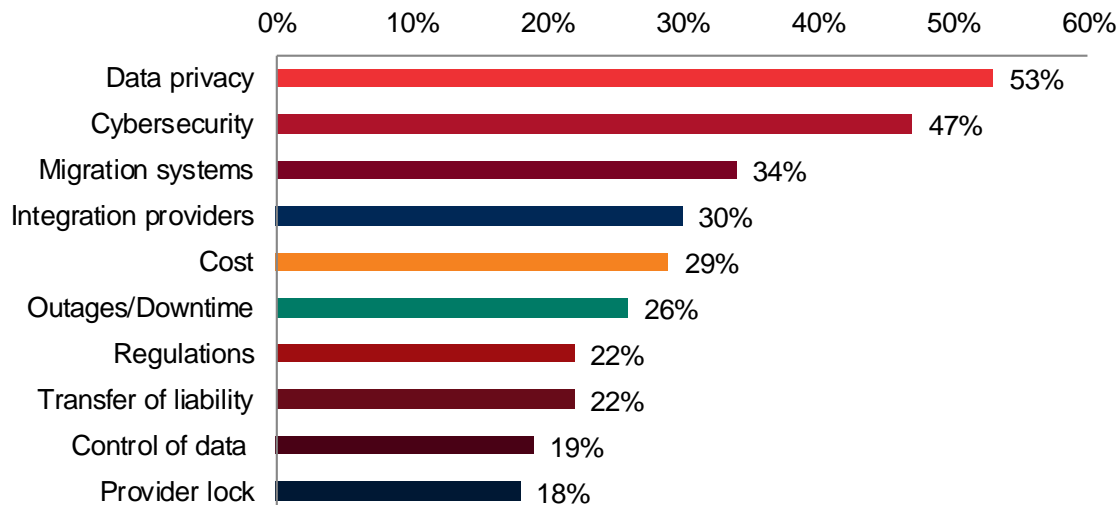
Top Five Benefits Being Realized From Cloud Computing Investments to Date



Cloud Adoption Compounds Cybersecurity Worry

Despite the reported benefits in increased data security arising from cloud technology, concerns around data privacy and cybersecurity still keep leaders awake at night. While migration from legacy systems has become a greater concern over the past year, issues around control of data have eased.

Top Five Concerns (Cloud Computing)



Sector Spotlight

IMT, CGR & EMI

Outages/downtime is a top three concern when it comes to using cloud computing for IMT (39%), CGR (46%) and EMI (53%) organizations, compared to only 26% of all respondents.

HLS, TMT & FI

Data privacy and cybersecurity are ranked as top concerns around cloud adoption for HLS, TMT and FI organizations.

A night cityscape with digital data lines overlaid on the buildings. The scene is dark with blue and purple tones, featuring numerous skyscrapers and a network of glowing lines representing data or connectivity.

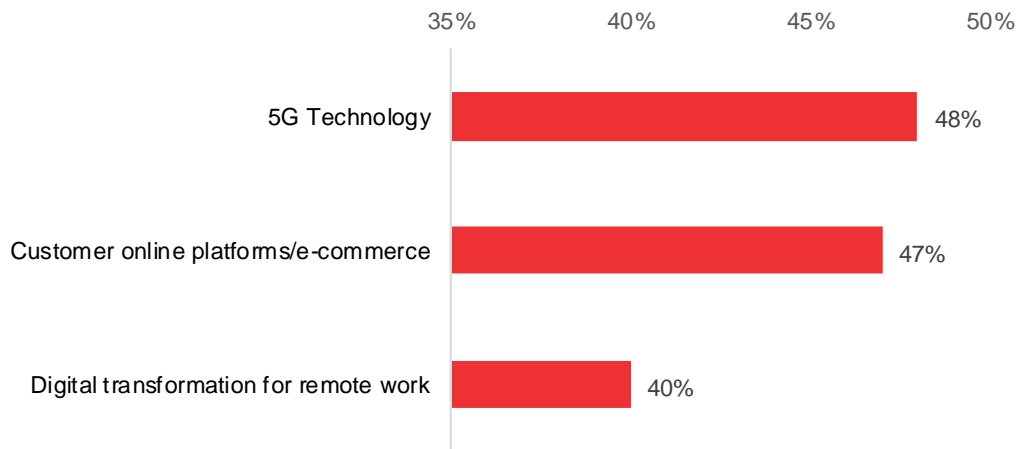
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A Step Change: How Digital Transformation Will Drive Future Enterprise Goals

Future Investment Priorities

Future investment suggests that organizations are gearing up for a step change in digital transformation. Artificial Intelligence, cybersecurity and cloud computing will be the lowest priorities for future investment, as new technology takes precedence.

Future Digital Transformation Investment Area
(% respondents ranked as top three)



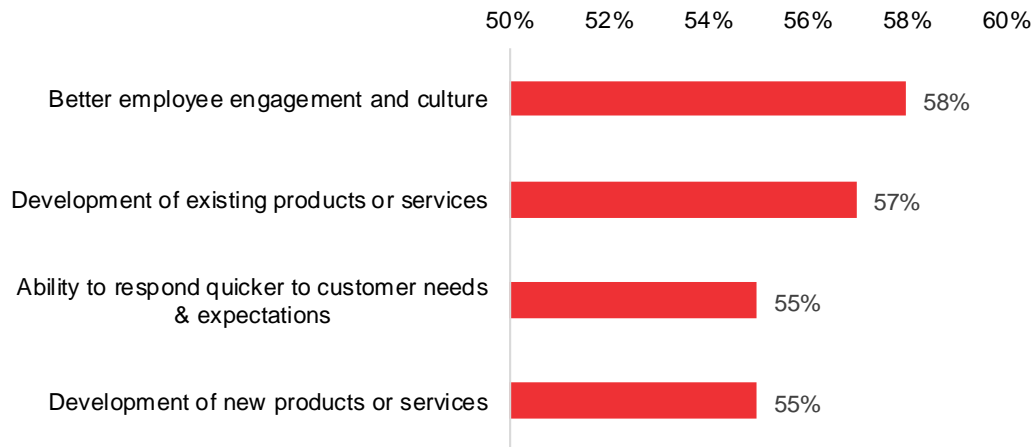
Sector Spotlight: IMT & EMI

43% of IMT and 29% of EMI businesses will prioritize cybersecurity over the next 12 months, as they pivot from current investments in IoT and automation to protecting their digital assets.

Shift in Enterprise Strategy

These priorities reflect a shift in enterprise strategy — from security and efficiency to new revenue streams and customer and employee experience. Digital transformation is an enabler of overall organizational goals.

Expected Benefits in Next 12 months
(% of respondents)



Why the Change?

As the global war for talent grows and customer expectations continue to evolve, digital transformation can help organizations to compete.

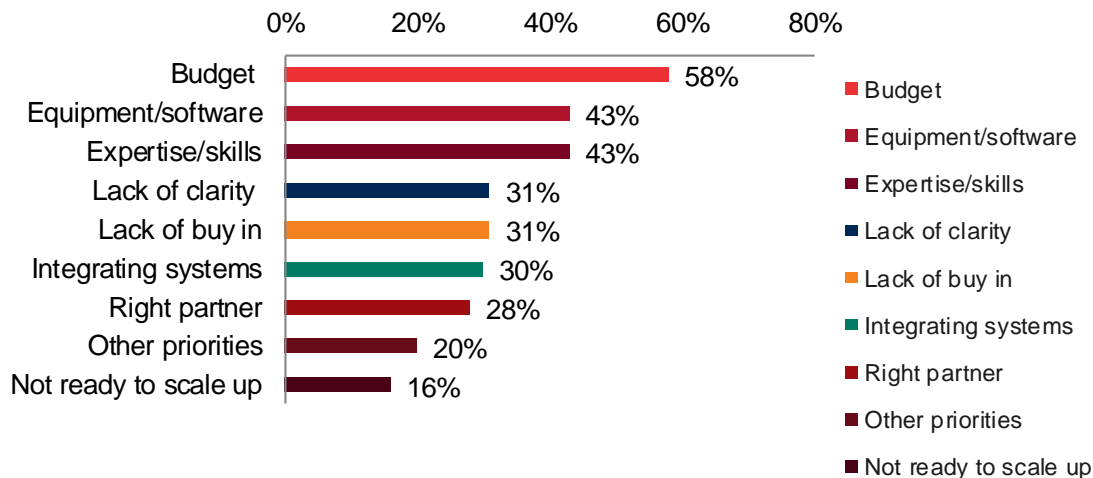


4 Overcoming Roadblocks: What Determines Future Success?

The Resource Gap

Organizations are struggling to access the talent and resources they need to make digital transformation a reality. These issues are exacerbated by a lack of budget.

Barriers to Scaling Up / Accelerating Digital Transformation

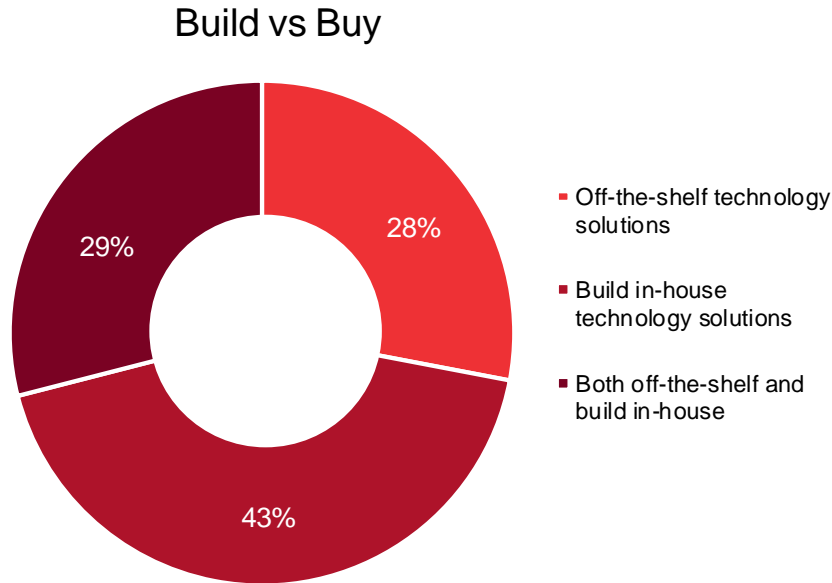


Sector Spotlight: IMT

41% of IMT organizations say that other more important strategic initiatives are taking priority, which is holding them back from scaling/accelerating digital transformation.

Build vs Buy: Overcoming the Resource Gap

Plans to develop new technology and buy the solutions that will be critical to digital transformation could be undermined by budget and buy-in issues.



To Consider

A lack of senior buy-in and clear strategic direction could mean teams rush into investments without managing risk.

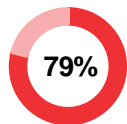


What's Needed

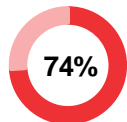
Clarity of input and output is essential to manage confidentiality provisions and licensing scope, identify and protect newly created IP, and manage and enforce rights.

Data Storage and Security Risks

New technology means new risk for organizations — with particular concerns around data storage, security and exposure to cross-border data processing regulations.



Data security exposes the enterprise to the greatest risk of a data breach



Data storage exposes the enterprise to the greatest risk of a data breach



Increased cross-border regulation related to data is causing confusion



Key Takeaway

79% of organizations have some form of cyber insurance, but there may also be benefits in migrating to private, on-premises cloud for customer and commercial data.

A night cityscape with a digital overlay of vertical lines and a grid pattern. The background shows illuminated skyscrapers and a city street with traffic lights. The overall color palette is dark blue and black with white and green accents.

5

The Path Forward

Key Areas for Consideration



New Internal Organization for Transformation

Identify how your organization is pursuing digital transformation and evaluate what organization will empower proactive vs. being reactive



Data Opportunities and Risk

Availability of data and means of processing present new opportunities from operational improvement to monetization, but come with new risks, externally and internal compliance



Cloud Remains Prominent

Cloud continues to be a main driver of, and enabling technology for, digital transformation



People

In a digitally transforming world with availability of new tools and advanced technology such as AI, people are still central

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