

UNLOCKING THE POWER OF DIGITAL TRANSFORMATION

Real-world insights to drive successful digital transformation: Findings from a multi-market survey of business leaders, VML experts, and client partners.



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Introduction

It feels like we've been talking about digital transformation for a long time. And yet, truly harnessing the power of digital technology to create experiences that convert remains elusive to many businesses.

The cause has not been helped by an ever-increasing number of channels and a much more demanding, expectant, and less loyal customer and consumer base.

Unlocking the power of digital transformation is what we do at VML Enterprise Solutions. With decades of experience transforming businesses across diverse industries, we have honed our craft to be able to help our client partners navigate the complexities of the commerce landscape and successfully guide them through transformations, and out the other side.

This report is designed to cut through the noise, exposing the critical challenges of today's transformations and providing the insights needed to unlock the potential of digital transformation and achieve lasting success.

To do this, we've synthesized the latest research which we commissioned among those who have been involved in digital transformations ('transformers' as we'll call them) with insights from our very own experts, supported by experiences and testimonies from a range of our clients.

So, if you've ever wanted a definitive, multi-market, current guide to digital transformation – for whatever transformative stage you are on – then this is it!



Jeff GehebCEO,
VML Enterprise Solutions

Methodology

We surveyed 4,000 business leaders in the US, UK, China, Mexico, India, Germany, Netherlands and Brazil, covering senior positions in C-suite and management and functions including marketing, sales, operations and IT. Research was conducted between February 3 and February 14, 2025.

Additional insights and data have been pulled from other VML research including 'The Future Shopper' (2024) and 'Al at Work' (2025).

Unlocking the power of digital transformation condensed:

Findings from our research study of 4,000 business leaders across 8 countries

O 1. Digital transformations are costly and fail too often.

37% of digital transformation projects fail. That's still too high despite an improved 63% success rate.

\$10.9m is the average cost for a digital transformation project.

29% of transformers (those undertaking transformation projects) argue that digital transformation can never be completed, reflecting a journey of continuous improvement.

2. The majority of transformation programs suffer from a lack of strong and steady leadership.

64% of digital transformation projects start without a clear roadmap or end goal.

56% of transformers claim that senior leadership does not effectively support digital transformation.

69% of transformers say senior management teams and budget holders do not fully understand the implementation of new tech. As a result, unrealistic budgets and timescales are set.

74% of transformers told us that, over the course of transformation programs they've been involved in, the objectives have changed.

 3. Predicting the future – and building it – is hard. Expect change, and the need for change, in your transformation programs.

76% of transformers say that estimating digital transformation budgets at the outset is a challenge.

67% say that a digital transformation project they've been involved in has resulted in "scope creep".

73% of transformers agreed that a lack of measurement makes it hard to prove the ROI for digital transformation.

4. Customers should be central to any digital transformation project.

68% of transformers believe that digital transformation projects often feel very internally focused and are not fixated enough with the end customer.

69% of transformers agree that consumers don't care about digital transformation per se. All they want is a good experience.

76% of transformers admit that digital transformation projects were not aligned with customers' needs and requirements.

 5. Legacy systems and technologies provide a challenge, and cloud engineering could be the answer.

69% of transformers claim that their ability to transform is hindered by their legacy systems and technologies.

81% of transformers say that cloud engineering has fundamentally changed how they approach transformation, compared to previous projects.

O 6. Al is forcing a review of digital transformation plans, but it's not without its challenges.

60% of survey respondents cited AI as being a key area of focus for digital transformation projects.

77% of transformers say that the emergence of AI has forced them to revisit and review their digital transformation strategies.

64% of transformers told us that the pace of Al's evolution is making it difficult to make long-term transformation decisions.

78% of transformers believe that their businesses' ability to effectively run and deliver digital transformation projects will improve with Al.

Unlocking the power of digital transformation condensed:

Findings from our research study of 4,000 business leaders across 8 countries

O 7. Existing data architecture and limited data capabilities mean that transformations are not being built on a strong foundation.

59% of transformers told us that their organization's data practices are not mature enough to support advanced digital technologies.

62% of transformers say that data silos significantly hinder digital transformation progress.

58% of transformers admit they have difficulty translating their data into actionable insights.

8. Lack of shared vision, aligned objectives and upskilling all undermine the chances of digital transformation success.

73% of transformers say that different objectives across different teams can be a barrier to success.

64% of transformers say there is insufficient training to upskill the existing workforce to facilitate digital transformation.

9. Change management and process change are as important as technological change when it comes to digital transformations.

74% of transformers say that project failure is often a consequence of lack of change management around people.

80% of transformers say that more focus should be placed on amending processes to match changes in technology.

83% of transformers agree that digital transformation is as much about human beings as it is about new tech.

10. Most businesses can't do digital transformation alone and rely on third parties with specialist expertise.

81% of all businesses are using external partners for their transformation projects.

3 is the average number of third-party partners used for digital transformation projects.

Al expertise is the most important skill. And while the most frequently used partners are IT-focused, Al companies are playing an increasingly prominent role. 11. Investing in your brand is more important than ever when undertaking digital transformation.

85% of transformers believe that achieving digital transformation is more likely if there is a clear vision of where the brand is heading in the future.

55% of transformers claim they are losing brand identity in a rush to digitize everything.

62% of transformers admit they find it harder to maintain brand consistency across multiple channels.



SECTION 1:

Setting the scene on digital transformations

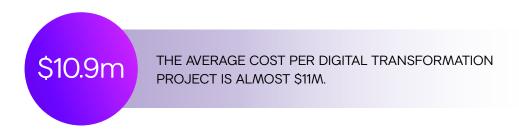


CHAPTER 1:

Digital transformations – frequent, costly and too often unsuccessful?

The first question we asked our transformers was "how many digital transformation initiatives have you been involved in, in the last five years". The average answer was 11 – that's more than 2 per year!

This number is even more startling when you marry it with the average cost of digital transformation projects, which, according to our transformers, is \$10.9m.



The takeaway from this is that there is a substantial amount of money being spent on digital transformations.

Of course, this may be fine if transformation projects are judged successful and generate strong ROI. But, according to our respondents, only 63% are successful. Or to put it another way, that's 37% of digital transformation projects failing to meet their over-riding objectives.



This is actually a marked improvement on the eye-wateringly high failure rates reported in some industry studies. Even so, no one can be satisfied with more than one in three digital transformation projects failing to achieve their goals. It's highly inefficient, poses a significant barrier to progress, and no doubt cools confidence in future investment.

What we can say is that the success rate of our transformer audience (63%) is relatively encouraging, and – we would argue – reflects the increased digital maturity of organizations embarking on transformation. Most have been around this block before by now. The growing sophistication of (and familiarity with) enabling technologies such as Al, advanced analytics, development and automation testing, cloud and composable infrastructure is also instrumental in promoting more successful outcomes, along with better processes, skillsets, knowledge and strategic understanding of what the goals of digital transformation are.



EXPERT OPINION:



The success rate for digital transformations may be improving but too many still fail – especially with more businesses taking the journey.

"For years, transformation initiatives have had a one in three success rate. Technology advances have driven remarkable improvements in recent years, but enhanced firm receptivity is the real story. Where digital transformation was once seen as a strategic option, it's now recognized as an existential imperative. Or even an inevitability.

With more organizations committing to a journey of transformation, clear and adaptive leadership is required – particularly In turbulent, unpredictable markets – supported by agility across all operations throughout the program. Clinging too closely to the script in terms of initial plans and budgets is often cited as a driver of transformation failure – and VML's survey supports this."



Jason Gaikowski
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CHAPTER 2:

Can digital transformation ever be completed?

Before we delve deeper, let's briefly focus on the issue of success. Because while 37% of digital transformations aren't successful, there is a bigger question here. With the constantly evolving state of "digital", can digital transformations ever be completed?

We ask this question not as an indictment of businesses' ability to complete transformations, but rather because so many factors appear to be in a constant state of change, many of which are uncontrollable. And, as we'll talk about later, this creates the impression that the goal-posts of transformation are continuously moving.

The answer according to our transformers is yes, digital transformations can be completed, at least according to 71% of our audience.

On the flipside, 29% claim that digital transformation can never be completed. This can be read a number of ways: an admission of failure to (yet) meet the transformation objectives; failure to set appropriate or any objectives at the outset – or to update them dynamically; or a recognition of the benefit of building on opportunities since the transformation program commenced – such as exploiting (and continuously integrating) the advancements in Al.

We should not overlook external, increasingly geopolitical factors either — with global and regional turbulence having a profound impact on commerce. Few businesses could claim in the last five years that things have returned to 'business as usual' — and we stand at a point when the rules of engagement for commerce are being radically rewritten. As a result, by their very nature, transformations are — and need to be — dynamic.

What's clear though is that "business transformation" is a constant and evolving state according to 87% of respondents. However, this can cause confusion when it comes to success. Almost two-thirds of our respondents said it was often impossible to know whether transformation projects had been successfully achieved as the goal-posts were constantly shifting internally or due to external factors, as suggested.

Interestingly, 74% of respondents believe that legacy businesses find it harder to transform than "new" businesses.



CHAPTER 3:

What are the barriers to success?

So, if such a significant percentage of digital transformation projects appear to fail, what are the main reasons for this? Unsurprisingly, elements around the workforce, change management, vision, internal siloed teams, technology, and changing aims all play their part. Later in this report, we'll delve into these in more detail.



THE CLIENT'S VIEW:

ĽORÉAL

"In my experience, transformations can fail because of two over-riding issues:

1. Insufficient planning upfront,

2. A lack of bringing together the technology and the business conversation at the right time.

Those discussions need to happen before you dive into the transformation process."



Alejandra Wilde

CDMO - Ecommerce Transformation Senior Manager, L'Oréal LATAM

What are the key barriers to success for digital transformation projects?

1	The lack of expertise and skills within the workforce	37%
2	Change management, particularly around people, is often ignored or not taken seriously enough	36%
3	Not having a clear vision of what digital transformation is, including a poorly defined roadmap to success	35%
4	Internal teams are siloed leading to poor communication, duplication of efforts, conflicts and a lack of alignment	35%
5	It's approached as a technology project, when it is much broader	32%
6	The changing nature of digital transformation projects means that the end goal is always changing and is rarely attainable	32%
7	The ability to effectively measure its impact and unclear KPIs	29%
8	Budget is insufficient to achieve the ambition	29%
9	Not enough focus is placed on changing business processes	26%
10	Customer needs are not considered enough	25%
11	Insufficient senior level buy-in	20%
12	Our brand is ill defined, and we don't know the story that we are trying to tell	17%
13	I can't think of any biggest barriers	3%

EXPERT OPINION:



Going beyond tech to deliver true, successful transformation.

"True digital transformation requires more than just implementing new technologies; it demands a fundamental shift in mindset. Organizations that prioritize agility, empower their teams, and foster a culture of continuous improvement are best positioned to realize the long-term benefits of their investments. Crucially, successful transformation hinges on robust change management strategies, especially when leveraging Al to fundamentally alter internal operating processes and outward market presence. Failing to anticipate and address adoption barriers and resistance to change can derail even the most ambitious initiatives.

VML takes a holistic approach to digital transformation, integrating change management, technology advancement, and financial objectives from the outset of every engagement. This ensures a cohesive strategy that drives measurable results and long-term value. By proactively addressing adoption barriers and resistance to change, we help ensure even the most ambitious initiatives deliver measurable results."



Stephanie Antonelli

Global Executive Lead, VML Enterprise Solutions

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CHAPTER 4:

The initiation and focus of digital transformation projects

Where do digital transformation projects originate? In most cases, they stem from global offices (41%), while 36% come from regional offices and just 23% originating in local offices.

And what is their focus? It's fascinating to see at the top of this table sits artificial intelligence. We'll talk more about this later. But already we start to see that businesses are re-assessing their transformations to consider how to integrate Al.



What are the key areas of focus for digital transformation projects?



With clarity of focus established, let's deep-dive into some of the key areas of digital transformation according to our audience of transformers...

Workforce and culture

New channels to market



Setting the direction of any digital transformation is one of the key tasks of the leadership team. We wanted to look at the impact and importance of vision, communication and leadership in the successful delivery of digital transformation services.

CHAPTER 1:

The need for a well communicated strategic vision

Having a strategic vision for digital transformation projects is vital and communicating it well is just as important. The insights from our research are mixed when it comes to how effectively this is currently being done.

On the negative side, it would appear that all too frequently, digital transformation projects are launched without a clear roadmap or end goal – something that 64% of our respondents agreed with.



OF DIGITAL TRANSFORMATION PROJECTS START WITHOUT A CLEAR ROADMAP OR END GOAL.

And over three-quarters of transformers (76%) say that a lack of strategic clarity around digital transformation projects means resources are frequently wasted.

Some of this appears to be an issue of leadership. In a worrying sign, over half (56%) of the transformers surveyed said that senior leadership did not effectively support digital transformation. Given that digital and business transformation are strategic and linked imperatives, this is a cause for concern.



OF TRANSFORMERS SAID THAT SENIOR LEADERSHIP DOES NOT EFFECTIVELY SUPPORT DIGITAL TRANSFORMATION.

EXPERT OPINION:



Why and how digital transformation should focus on realizing future value.

"Successful digital transformations require courage and a fundamental shift from viewing it as a series of projects to seeing it as a reimagining of how we create, deliver and capture value. This demands leaders who can articulate a simple, inspiring ambition and paint a clear picture of the future state. While technology modernization is challenging, it's the human element that requires our greatest leadership attention – building cross-functional support, maintaining momentum through setbacks, and sustaining the resilience needed to drive lasting business results."



Ben Geheb
Global Chief Experience Strategy Officer, VML
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However, on the positive side, 81% of our transformers said that the aim of the digital transformation projects they had been involved in had always been clearly linked back to business ambitions and objectives. And when it came to communication, 79% said – encouragingly, but perhaps surprisingly – that digital transformation projects and their vision and objectives had been effectively communicated internally.

CHAPTER 2:

Maintaining interest and budgetary support

What we also know about transformation projects is that they can take a matter of years to deliver. Does this protracted time affect senior leadership support?

Almost two-thirds of our transformers (65%) said that, due to the complexities and long timescales of digital transformation, senior leadership often lose focus and interest, and do not adequately support digital transformation initiatives for the required amount of time.

This in turn can mean that it's hard to maintain budget support from senior leadership over time for digital transformation initiatives, something that 63% of respondents agreed with. In today's competitive commercial markets where businesses are frequently pressured to cut costs, this is perhaps understandable yet liable to compromise the effectiveness and completion of digital transformations.

And, related to this, 65% said that as digital transformation projects continue, confidence is often lost in their ability to deliver meaningful value.

CHAPTER 3:

Realism and expectations

As technology plays such a fundamental role in transformation projects, it's worrying that 69% of our transformers say that implementing technology is not fully understood by senior management teams and budget holders, meaning that unrealistic budgets and timescales are set.



SAY THAT IMPLEMENTING TECHNOLOGY IS NOT FULLY UNDERSTOOD BY SENIOR MANAGEMENT AND BUDGET HOLDERS, MEANING THAT UNREALISTIC BUDGETS AND TIMESCALES ARE OFTEN SET.

There's also an issue of managing expectations, as 62% of our respondents said that senior management have unreasonable expectations around the successful completion of digital transformation projects.



EXPERT OPINION:



Effective upward management and the commitment of senior leadership maximizes the chance of digital transformation success.

"Digital transformation isn't just a top-down mandate or a collaborative journey; it's a battle fought in the trenches. Our experience tells us that it's the low-level tasks, the seemingly insignificant details, that create the chasms that swallow entire projects. Senior leaders can't afford to delegate the detail; they need to get into the weeds, because the detail is the transformation. It's not enough to fund initiatives; you have to own the execution. Ignore the small things, and you risk watching your transformation efforts collapse on your watch."



James Westoby

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CHAPTER 4:

Objectives and change

It's one thing having objectives for a digital transformation project at the outset, but what about in the final stages of the project? What has happened to those objectives?

Digital transformations are certainly not quick endeavors, so it's not hugely surprising that 74% of our respondents told us that, over the course of their projects, the objectives have changed.

74%

OF TRANSFORMERS TOLD US THAT, OVER THE COURSE OF THEIR TRANSFORMATIONS, THE OBJECTIVES HAVE CHANGED.

While this might be expected to a certain degree, it's certainly true that changing objectives disrupt the ability to deliver digital transformation projects effectively (72%).

With objectives changing, two-thirds of our transformers (67%) admitted that over time it can be easy to lose track of the over-arching goals, and that teams often seem confused. That clearly does little for confidence and alignment, and serves to undermine progress.

With this in mind, regular reviews and a more iterative approach to project delivery should be encouraged as the way forward – something that 79% of our respondents agreed with.

THE CLIENT'S VIEW:



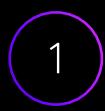
"2024 was a landmark year of digital transformation at Wendy's. We overhauled our loyalty platform, upgraded our CRM, and delivered a refreshed app experience. What's truly powerful is that digital isn't just my priority – it's a shared, top-down commitment across the organization. That kind of alignment fuels momentum, drives accountability, and ensures we have the internal and external support needed to execute boldly."



Akhilesh Anakapally

Director, Digital Product Management at Wendy's

Key actions



Lock in clear success metrics and objectives at the outset of digital transformation projects – organizations must **resist shifting goal-posts** mid-transformation unless a change in impacting factors demands it.

2

Institute **formal senior leadership commitment** agreements and create binding leadership engagement frameworks.

3

Implement mandatory and structured quarterly progress reviews.

4

Establish realistic, detailed, and validated **implementation timelines** before starting, to avoid unrealistic delivery expectations.

SECTION 3: Budgets, KPIs andmeasuring RO

Anyone involved in a digital transformation project knows just how hard it is to budget for. Budgets can often prove to be inaccurate or require updating throughout the duration of the project. So, what do our transformers think when it comes to budgeting, and how can some of the common issues be avoided?

CHAPTER 1:

Estimating digital change budgets

Just over three-quarters of our transformers (76%) told us that estimating digital transformation budgets at the outset of projects is a challenge, and this often results in budgets being underestimated (77%).

76%

OF TRANSFORMERS SAY THAT ESTIMATING DIGITAL TRANSFORMATION BUDGETS AT THE OUTSET OF PROJECTS IS A CHALLENGE.

When speaking to our clients, we often hear that if these projects were truly and accurately budgeted for, they may never get off the ground. This means that many businesses find themselves stuck between a rock and hard place knowing that they don't have enough budget to transform effectively while also knowing that, if they don't transform, the business may no longer be competitive and viable.



CHAPTER 2:

Speed of change and budgeting

"Project drift" and "scope creep" both have negative connotations in project management. But the reality when it comes to digital transformation is that the fluid nature of the technological and market landscape often makes changes mid-project inevitable.

68% of our respondents said that, because digital channels are constantly changing, it is hard to stop digital transformation projects from drifting. So, it shouldn't be a huge surprise to find out that 67% said the digital transformation projects they have been involved in have experienced "scope creep".



SAY THAT DIGITAL TRANSFORMATION PROJECTS THEY HAVE BEEN INVOLVED IN HAVE SUFFERED FROM "SCOPE CREEP".

In addition, 81% of respondents said that due to the fast pace of change in the digital world – including the emergence of new channels and technologies – budgets often need to change to reflect the shifting circumstances. We should also factor in the seemingly constant matter of supply chain disruptions.

The problem with this is that changing budgets are often seen as bad project management and can quickly erode support for the project, giving the perception that control is being lost and costs are spiraling. In fact, 75% of our respondents said that changing budgets is often seen as the fault of the project teams, when in reality it is down to the complex nature of digital transformation projects and changing circumstances.

The key is to embrace budgetary agility. 82% of our transformers confirm that successful digital transformation projects necessitate ongoing review and refinement of budgets.

CHAPTER 3:

Setting KPIs and proving ROI

Often, when talking about digital transformation projects, there is a sense that proving return on investment (ROI) can be quite a challenge. To understand the extent of this challenge, we began by examining KPIs.

The good news is that 79% of respondents said that in the digital transformation projects they had been involved in, there had always been clear KPIs. This percentage is higher than we might have expected and appears to show that at least at the outset of these projects, those involved are clear about the assessment metrics.



EXPERT OPINION:



Beyond the numbers – why data needs to translate into action.

"ROI isn't just about numbers; it's about action. Successful digital transformations hinge on the ability to translate data into actionable insights that drive strategic budget allocation. This means moving beyond vanity metrics to focus on KPIs that directly correlate with business outcomes, such as revenue growth, customer lifetime value, and market share. By connecting every investment to clear impact indicators, fostering a culture of continuous optimization, and embracing agile measurement frameworks, businesses can unlock sustainable growth and demonstrate true ROI."



Manjiry Tamhane

Global Chief Executive Officer Gain Theory and Global Chief Effectiveness Officer, VML

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But what about return on investment?

Ultimately, committing to any digital transformation project should result in the project paying back for the business. But despite having clear KPIs from the start, many transformers struggle with proving and measuring ROI.

As can be seen from the table overleaf, there are a number of different methods businesses use to measure ROI. In broad terms, there is a dual focus on operational improvements alongside better customer experiences. This is a positive finding as it shows that customers and consumers are driving (at least some of) the objectives.

But is there too much complexity in all of this? 60% of transformers told us that it is hard to measure the success of digital transformation projects, and 73% said they have difficulties with proving ROI due to a lack of measurement.

73%

OF TRANSFORMERS AGREED THAT IT IS HARD TO PROVE THE ROI FOR DIGITAL TRANSFORMATION PROJECTS DUE TO A LACK OF MEASUREMENT.

Such a lack of proof can also result in waning support from senior management. 61% agreed that it can be hard to gain leadership support for digital transformation projects because of difficulties proving ROI.

THE CLIENT'S VIEW:

WOLSELEY

"Wolseley have experienced approximately 50% growth in their digital channels' participation to group sales since embarking on their transformation journey with VML. This has helped grow the sales line, strengthen customer relationships and provide efficiencies. The job isn't finished though, and we are constantly challenging ourselves whether we have done the right things, and did they all make a demonstrable difference, or if we need to revisit anything to ensure the benefits are delivered.

To facilitate this, deliverables and measures of success need to be both clear and robust from the outset. At the same time, whilst better outcome-setting at the start would sharpen any business's ability to rate the impacts better, it is imperative to maintain focus on what's ahead."



Tim BrennanDirector of Digital – Wolseley UK

How is ROI measured for digital transformation projects?

1	Operational Efficiency Gains: Measure improvements in processing times, cycle times, and error rates	45%
2	Employee Productivity Increase: Track gains in output per employee or unit of input	44%
3	Improved Customer Satisfaction (CSAT/NPS): Gauge the impact on customer experience through feedback and surveys	43%
4	Revenue Growth: Track increases in sales directly attributable to the digital transformation.	43%
5	Profitability Improvement: Calculate the combined impact of increased revenue and reduced costs on profit margins	43%
6	Cost Savings: Measure reductions in expenses due to automation and improved efficiency	42%
7	Innovation Rate Improvement: Measure the increase in new offerings developed and implemented	37%
8	Faster Time to Market: Analyze the reduction in time taken to launch new products or services	36%
9	Customer Lifetime Value (CLTV) Increase: Analyze the long-term value generated by retained and loyal customers	35%
10	Customer Acquisition Cost (CAC) Reduction: Assess the efficiency gains in acquiring new customers	32%
11	N/A – we have not measured this	1%

EXPERT OPINION:



ROI is indelibly linked with budgeting – it's impossible to evaluate transformation program success without managing budgets.

"ROI and budgeting are two sides of the same coin in digital transformation. Without a flexible, strategically aligned financial framework, measuring success becomes imprecise and reactive. The key is not just allocating resources but linking every investment to meaningful impact indicators and adjusting based on real outcomes.

At VML, we design dynamic budget structures that enable agility without compromising control. By leveraging predictive models and strategic metrics, we ensure that every financial decision drives tangible, sustainable value, aligning investment, execution, and returns with precision. For instance, when working with a client undergoing a large-scale digital channel transformation, we helped establish a dynamic budget model that prioritized high-impact initiatives. Instead of locking budgets upfront, we introduced rolling financial assessments tied to KPls such as conversion rates, customer retention, and operational efficiencies. By continuously refining investment allocations based on real-time insights, the client accelerated digital adoption while optimizing costs, driving a consistent increase in online revenue."



Eduardo Rivera

Strategy Director LATAM, VML - The Cocktail

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Key actions

 $\left(1\right)$

Develop flexible **budget frameworks** with built-in contingency and regular review cycles.

 $\left(2\right)$

Establish dual-track ROI metrics which combine both operational metrics and customer metrics to demonstrate value comprehensively.

(3)

Create **formal processes for budget adjustments** that acknowledge digital landscape changes.

4

Link KPIs to business outcomes by focusing metrics on concrete business results like revenue growth and cost savings rather than project milestones.



While many businesses claim to be customer-centric, the reality, as we all know, is that customers aren't always front and center of internal decision making. So, what about customer-centricity when it comes to digital transformation?

CHAPTER 1:

Customer-driven or internally focused?

At the heart of every successful digital transformation lies a critical strategic question: Is customer value driving our transformation agenda, or are we pursuing technology change for its own sake? This fundamental distinction often determines the difference between transformations that deliver lasting value and those that merely create digital noise.

Notably, over two-thirds of respondents (68%) agreed that digital transformation projects often feel very internally focused and are not focused enough on the end customer. A further 66% believe that businesses get too hung up on digital transformation projects and would be better off keeping up to date with changing consumer demand.

There is also a general belief that consumers don't care about digital transformation per se. All they want is a good experience. This is something that 69% of our transformers agreed with.

68%

OF TRANSFORMERS BELIEVE THAT DIGITAL TRANSFORMATION PROJECTS OFTEN FEEL VERY INTERNALLY FOCUSED AND ARE NOT FOCUSED ENOUGH ON THE END CUSTOMER.





Failing to address customer frictions will undermine digital transformation programs.

"In our experience, the reason(s) behind the drive for digital transformation, usually dictates its ultimate success. If the catalyst solely comes from a demand for cost-cutting, then it will likely fail due to a lack of focus, or even awareness of today's customer frictions. In some cases, if customer frictions aren't identified during the discovery phase of the project, a transformation project can actually exacerbate them, causing a decrease in conversion rates and lower AOVs.

There are also ancillary advantages to prioritizing customer research and including it as part of the initial digital transformation process. All identified frictions from the research can be categorized against a simple prioritization framework, meaning that any low cost, high impact adjustments can be made almost immediately, resulting in quick wins, improving conversion rates and increased AOVs. And by surfacing the biggest customer improvement opportunities, the insights can also influence the timings and, as such outcomes, to delivering bigger, faster revenue returns.

At VML we believe that mandating the inclusion of customer research into every digital transformation discovery phase will always return more value than its cost by solidifying the foundations upon which the transformation is built. We have seen all too often, this step being missed and businesses having to circle back, to plug the customer insight gaps, resulting in costly delays and rebuilds which could have easily been avoided."



Stephen Moody

Head of Commerce CX, VML Enterprise Solutions EMEA

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CHAPTER 2:

Keeping up with changing consumer demand

One of the biggest challenges with "giving customers what they want" is just how quickly "what they want" changes, and 64% of our respondents agreed.

An interesting stat from our Future Shopper research in 2024 was that 51% of global consumers believed that companies do not understand all the steps it takes for a customer to purchase a product. And in our latest survey, respondents conceded that they could indeed be doing more to understand things from the customer's perspective.

A huge four in every five transformers (80%) said they thought it would have been useful to have had an in-depth understanding of the customer experience and touchpoints, and to be clear on what was working and what was not, prior to beginning their digital change projects.



OF TRANSFORMERS CONCEDED IT WOULD HAVE BEEN USEFUL TO HAVE HAD AN IN-DEPTH UNDERSTANDING OF THE CUSTOMER EXPERIENCE AND TOUCHPOINTS BEFORE STARTING.

The same applies to the emotions that customers and consumers experience along the way. 81% of respondents said that having a clear understanding of the emotional attributes that resonate with target audiences helps businesses to shape digital transformations.

This is backed up by 62% of transformers agreeing that there is not enough customer research to truly understand what customers need from their experiences.

The result of this lack of research, according to 76% of respondents, is that digital projects and transformations are not aligned to customers' needs and requirements.

EXPERT OPINION:



Balancing customer need with the role of tech.

"The technology stack may power transformation but it's customer experience that drives and validates it. The data is clear: without a sustained understanding of customer journeys and emotional drivers, even the most advanced systems will fall short. At VML, we architect transformation programs where CX is not an input, but a governance principle. We ensure every stage, sprint and solution is aligned to how value is actually felt by the customer."



Karen BoswellGlobal CXTO, VML

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76%

OF TRANSFORMERS SAID THAT DIGITAL PROJECTS AND TRANSFORMATIONS WERE NOT ALIGNED WITH CUSTOMERS' NEEDS AND REQUIREMENTS.

EXPERT OPINION:



Digitally transformed businesses are in prime position to build dynamic customer interactions.

"A customer's last, best experience defines their expectations for every next interaction. These typically come from digitally native or fully transformed businesses whose mindset is naturally dataful and customer obsessed. Customer obsession gets beyond the foundation of understanding human need, and deeper into the interpretation of what customers care about, what motivates them, how they behave and feel, allowing us to begin identifying unknown and unmet needs, then using that knowledge as an unfair advantage.

This context enables digitally transformed businesses to build dynamic interactions, driven by Al and machine learning, that become predictive and anticipatory. In this way, they can begin to exceed customers' expectations, demonstrate how deeply relevant and valuable they are to them, and how they care about what customers care about."



Symon Hammacott Chief Experience Officer, VML APAC symon.hammacott@vml.com

THE CLIENT'S VIEW:

AkzoNobel

"Like many companies, we knew we needed to transform digitally, and we wanted to ensure it was driven by customer needs. The challenge was getting everyone aligned around this vision – you need buy-in across the entire organization and a real willingness to change, which isn't always easy to achieve.

Working with VML, we took a structured approach to understanding our customer experience challenges, using both qualitative and quantitative research. This helped us design solutions that actually addressed real customer pain points, rather than just implementing technology for technology's sake. We're measuring success through metrics like Net Promoter Score and customer satisfaction, focusing on tangible improvements in how customers interact with us.

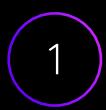
Perhaps the biggest change has been cultural – we've seen a real shift towards a customer experience mindset across different functions of the business. Looking ahead, we're particularly excited about how Al could help us identify and resolve customer pain points even faster, further improving the overall experience. It's still a journey, but we're seeing clear progress in how we serve our customers."



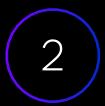
Ward Meijer

Head Of Digital Marketing EMEA Paints, AkzoNobel

Key actions



Mandate a customer research phase. Given that 62% admit to insufficient customer research and 66% say businesses focus too much on transformation versus customer needs, conducting thorough customer insights research before approving transformation projects will reap rewards.



Initiate customer journey mapping. While 81% claim to understand customer paths, 80% wish they'd done deeper research first. So, conduct comprehensive customer journey analysis, focused on your key personas, before planning any transformation initiatives.



Include emotional journey tracking. With 81% saying that emotional attributes shape success and 76% reporting misalignment with customer needs, it's important that businesses map both functional and emotional customer touchpoints.



Build rapid feedback mechanisms. Since 64% struggle with rapidly changing customer demands and 68% are too internally focused, creating continuous customer listening systems is a crucial mechanism for informing transformation priorities in line with customer needs.



The very definition of transformation is moving from one state to another. But navigating from where a business is now to where it needs to be in the future can be severely hindered by the way it is used to doing things. And this is clear with the issue of legacy systems and technologies.

CHAPTER 1:

Rip it up and start again?

A significant 69% of respondents claim that their ability to transform is hindered by their legacy systems and technologies. In fact, the opportunity to start with a blank piece of paper might be the best route to achieving fast and efficient digital transformation, but as 74% of our respondents said, while this might be ideal, it would simply take too long and be too costly. More than three-quarters of transformers (77%) also claim that it is much easier for young organizations to transform and pivot as they are less anchored to existing systems and technologies.



OF TRANSFORMERS CLAIM THAT THEIR ABILITY TO TRANSFORM IS HINDERED BY LEGACY SYSTEMS AND TECHNOLOGIES.

Another challenge around legacy systems exists with their documentation. Two-thirds (67%) of our transformers told us that their system requirements aren't fully documented, which has led to challenges in the implementation of new systems. Yet, in other ways, the preoccupation with new systems and technologies perhaps brings its own problems. 71% of our transformers say that, when launching digital change projects, too much focus is placed on buying new technology solutions rather than working with what they already have. And almost the same percentage (75%) say that a half-way house involving new systems and technologies alongside legacy systems and technologies is a better approach than ripping out everything that already exists.

EXPERT OPINION:



Why sweating your current tech assets might be a better route to digital transformation than ripping everything up.

"Al disruption is real and putting immense pressures on legacy tech and data stacks. But transformation doesn't require a complete overhaul. In fact, a more pragmatic and cost-effective approach for many businesses may be to focus on integration. You can strategically enhance your existing legacy systems by integrating new Al, data, and tech capabilities for maximum impact. Through this approach, you can still achieve significant improvements in efficiency, customer experience, and ultimately, ROI. This allows you to maximize the value of your current investments while strategically positioning your business for future success.

We at VML absolutely believe it's a critical conversation to have with clients that are set on digital transformation and tech modernization in this AI era, to ensure they can hit their business growth, customer experience and employee experience goals in the most pragmatic, cost-effective way."



Brian Yamada
Chief Innovation Officer, VML
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THE CLIENT'S VIEW:



"The mission of stability of systems is critical, particularly in cybersecurity, infrastructure, systems up time and the network. All those things you take for granted until they're **not** working, and then you can forget about all the innovative solutions because things aren't communicating with each other. So, I place huge importance on how we think about the cloud, disaster recovery, redundancy, backups of data, multiple carriers for communications."



Tony LeopoldChief Technology & Strategy Officer, United Rentals

EXPERT OPINION:



In fast-moving markets, developing a futureproof tech strategy is essential to support long-term success.

"Without a future-proof technology strategy, businesses run the risk of falling behind. This is especially true in rapid growth markets such as Asia, and it's why in this region we have seen an increased adoption of MACH technologies. By embracing modularity that comes with composable technology, systems can be flexible enough to build upon for continuous innovation and capture the immense potential of the APAC market. The possibilities are endless which is why a MACH approach has become intrinsic to so many client transformations."



Hasan Hasnie
Chief Technology Officer, VML APAC
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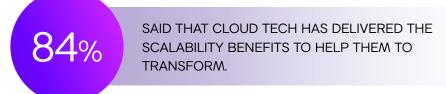
CHAPTER 2:

Cloud Adoption

One solution to address the agility issues of legacy systems is cloud engineering. There is certainly a sense amongst our respondents that cloud engineering can have a positive impact...

Four in five transformers (78%) say that moving to cloud tech will help them with future integration challenges around legacy and new platforms, while 68% say they feel that their legacy systems are putting business security and continuity at risk, and believe a new cloud platform will solve this.

Feedback on the impact of cloud tech on digital transformations was overwhelmingly positive. 81% of our respondents told us that cloud tech has fundamentally changed how they approach transformation compared to previous projects, and 84% said that cloud tech has delivered the scalability benefits to help them to transform. Perhaps technology infrastructure is finally catching up with ambition!



That being said, integrating cloud tech can be a challenge, with 72% saying that integrating cloud and legacy systems has been more complex than expected.

EXPERT OPINION:



Migrating to cloud, and its surrounding benefits.

"Legacy technology often hinders businesses seeking growth and innovation, but the cloud offers a powerful solution for transformation. Beyond just scalability, the cloud provides enhanced security, cost optimization, and the ability to rapidly deploy new features and services, and in a world of ongoing personalization and customer understanding, that capability for lean iteration allows us to really meet customers with best-in-class experiences. Additionally, the act of migrating to the cloud commonly evolves how companies approach projects, enabling greater agility. This shift allows businesses to modernize their technical architecture and align internal teams for more efficient delivery. At VML, we understand the transformative power of the cloud and work closely with our clients to architect and implement solutions that unlock these benefits, ensuring a seamless and strategic migration that optimizes technology, team alignment, and overall business performance."



Eric Pfeifer

Executive Director – Digital Products and Platforms

eric.pfeifer@vml.com



EXPERT OPINION:



Challenging the tech vs brand compromise argument on a transformation journey.

"Whilst the matter is often raised, the idea that technology compromises and diminishes brand artistry and development is a common misconception – if managed effectively. In fact, VML believes the opposite: in today's fragmented landscape, the most successful brands are built by strategically leveraging digital innovation. The key is harmonizing brand narrative, customer experience and channel nuances. By thoughtfully embracing technology to amplify, not erase, the art of connection, we can reduce complexity, build stronger brands, and craft personally relevant value ecosystems."



Ernest Riba
Chief Strategy Officer, VML LATAM
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THE CLIENT'S VIEW:

WOLSELEY

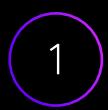
"Leveraging technology to simplify solutions for customers and internal teams is vital. At the same time, prioritizing business adoption as much as technical delivery to ensure things embed before moving on to the next thing is critical. The definition of 'done' is all too often based on tech delivery, not business adoption, but organizations should ensure that elements are closed only when they are adopted, not just because they have been deployed."



Tim BrennanDirector of Digital – Wolseley UK



Key actions



Take a hybrid modernization approach. Find success by blending old and new technologies that strategically update critical systems while maintaining valuable legacy assets.



Document your technology landscape. Invest in comprehensive mapping of your current systems, their dependencies, and requirements before making any changes.



Maximize existing technology value. Audit your current technology stack to identify underutilized capabilities and optimization opportunities before investing in new systems. In other words, sweat your existing assets!



Plan cloud integration carefully. Create detailed migration plans that account for legacy system complexities and dependencies.



We've talked about the pace of technological change leaving many organizations despairing about ever being able to complete digital transformation. No sooner have you started one project when a new technology and a new imperative for change has come along.

No technology is shaking up the digital landscape quite like artificial intelligence right now. On the one hand, it's a disruptive force that is pushing businesses to reconsider their digital transformation approach all over again. On the other hand, Al opens up unmissable opportunities for making digital change bigger and better.

CHAPTER 1:

Al and a new approach to transformation

Over three-quarters (77%) of transformers say that the emergence of Al has forced them to revisit and review their digital transformation strategies, while 79% agree that generative Al is having a significant impact on how they transform, as it shakes up their processes, people, and technology.

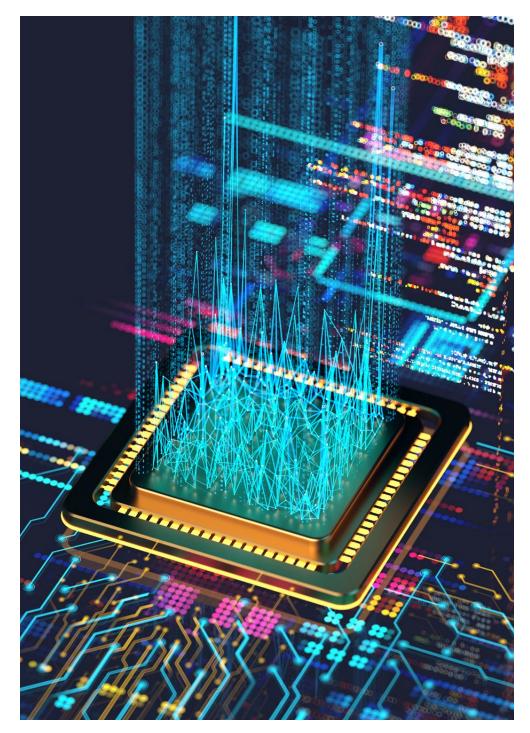
77%

OF TRANSFORMERS SAID THAT THE EMERGENCE OF AI HAS FORCED THEM TO REVISIT AND REVIEW THEIR DIGITAL TRANSFORMATION STRATEGIES.

Notably, the pace of Al-driven change is proving a major friction point for many businesses. 64% of our respondents told us that the speed of Al evolution is making it difficult to make long-term transformation decisions; no-one quite knows where exactly Al is going to take us.

64%

OF TRANSFORMERS TOLD US THAT THE PACE OF EVOLUTION OF AI IS MAKING IT DIFFICULT TO MAKE LONG-TERM TRANSFORMATION DECISIONS.



There are a number of different areas of digital transformation that are being stress-tested by the emergence of Al and its capabilities. Take, for instance, data, systems, and technology infrastructure. 61% of those surveyed said that their current infrastructure was not adequate to accommodate their Al ambitions.

61%

OF TRANSFORMERS SAID THAT THEIR CURRENT INFRASTRUCTURE WAS NOT ADEQUATE FOR THEIR AI AMBITIONS.

EXPERT OPINION:



Readying clients for transformation

"Excited to see the progress in digital transformation success, and we're driven to continue to improve. Also love that more and more transformers view this as a continuous process and that Al can be an accelerator.

To the questions around readiness, particularly from an infrastructure, architecture, and leadership perspective, VML is helping clients be ready for this transformation. Our open-source Journey-Driven Development process puts our clients in control of a connected AI transformation where they safely control their data and models while being able to leverage hyperscalers on the public cloud."



David Mitchell
CTO, Americas
david.mitchell@vml.com

THE CLIENT'S VIEW:



"Upskilling and reskilling our team is essential for digital transformation. The capacity to learn, unlearn, and relearn, along with fostering human collaboration and focusing on uniquely human capabilities, is crucial for thriving in an Al-driven future."



Jie Cheng

Global Vice President & Head of Digital Commerce, Mondelez International

Budgets too are under pressure, with 73% saying they have had to review their digital transformation budgets to accommodate AI initiatives. Employees also provide their own set of challenges. 66% say that their ability to harness the transformative powers of AI are being held back by employees who are struggling to adapt to AI-driven processes, while 60% admit they lack the internal expertise to properly implement AI within their transformations.

And, of course, the challenge of harnessing Al's opportunities when it comes to transformation is a lack of skills.

The good news is that 78% of transformers believe that the ability of businesses to effectively run and deliver digital transformation projects will improve with Al.

EXPERT OPINION:



Al's impact on digital transformation programs – and where to start.

"It's no surprise that business leaders see the potential of how AI will significantly impact digital transformation. Whether it's through empowering businesses to make better decisions through predictive analytics, improving customer experiences through hyperpersonalization, or streamlining operations and reducing waste, there are very few aspects of transformation where AI has no role to play.

That said, it is equally no surprise that business leaders also struggle with where to begin. The sheer breadth of opportunities across digital transformation using AI can be daunting, and the day-to-day changes in the technology are enough to make long-term planning feel like an exercise in futility. Focusing on short-term, achievable steps in the direction of an aligned long-term vision is essential to break out of that "deer-in-headlights" paralysis.

So, our purpose at VML is to enable AI readiness. This means pulling from an arsenal of turn-key solutions for quick wins in the short-term, be it multichannel ecommerce optimization, or new growth through CRM, while building a tech platform in the background that supports complete agility in the long-term. When we've done our jobs, regardless of where the future leads, our clients can use whatever AI tools and platforms promise the most ROI."



Jason Carmel
Global Lead, Creative Data, VML
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THE CLIENT'S VIEW:



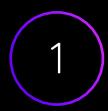
"One example where we are using AI is with service technicians. Some techs have been around for 15 years and know it all, others have been doing it for three years and may be unfamiliar with certain maintenance procedures. So, they open a chatbot, input the equipment number and AI finds all the appropriate manuals and summarizes the steps to fix the problem. Five years ago, that would have been inconceivable. These LLMs make information more accessible and accelerate the process."



Tony Leopold

Chief Technology & Strategy Officer, United Rentals

Key actions



Reassess transformation strategies through an Al lens and **create an Al-focused review** of your current transformation roadmap.



Upgrade infrastructure for AI readiness. Assess and enhance your technical foundation before launching AI projects, focusing on data processing and storage capabilities.



Create AI-specific budget allocations and establish dedicated funding streams for AI initiatives while protecting core transformation budgets.



Build flexible AI implementation plans and develop phased approaches that balance innovation with practical adoption rates.



Now let's take a look at data – the lifeblood of many organizations – but also an area of business that can be very hard to manage and organize.

So, what role does data play, and what challenges does it pose when it comes to digital transformation projects?

CHAPTER 1:

Data possibilities beyond business capabilities

While the potential for data to play a vital role in business change clearly exists, harnessing this potential is clearly a challenge for many businesses. In fact, 59% of our respondents told us that their organization's data practices are not mature enough to support advanced digital technologies.



OF TRANSFORMERS TOLD US THAT THEIR ORGANIZATION'S DATA PRACTICES ARE NOT MATURE ENOUGH TO SUPPORT ADVANCED DIGITAL TECHNOLOGIES.

And while 84% of our respondents said that strong data governance is a must for effective digital transformation projects, 58% said they lacked the necessary data governance frameworks to safely accelerate digital transformation.

Issues around personnel are also preventing data from being truly embraced. 60% of respondents told us that their workforce lacks the data literacy skills needed to fully embrace digital transformation.

It's clear that lots of work needs to be done in order to allow businesses and workers to embrace the transformative opportunities that data offers them.

EXPERT OPINION:



Data governance should be viewed as non-negotiable in transformation journeys.

"Data governance is traditionally focused on ensuring high-quality data to unlock innovation and drive business success, however, the evolving digital and Al landscape has expanded its scope.

Now, data governance must promote end-to-end data assurance, particularly for consumer experiences. And in fast-paced, data-rich industries, it's become a strategic imperative. Effective data governance ensures data quality, compliance, operational efficiency, and informed decision-making – fueling innovation, sustainable growth, and digital transformation.

This survey reveals that many organizations are still grappling with the complexities of the digital landscape. A robust data governance framework can provide the necessary guidance, acting as a compass to help them achieve their transformation goals."



Alex BerniGlobal Vertical Lead – Technology,
Media and Telecom, VML

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CHAPTER 2:

Data silos and quality

It's all very well having lots of data across the organization, but the key is to be able to join it up and use it effectively. And this, seemingly, is a struggle for many businesses.

According to 60% of respondents, their organization's data infrastructure is too fragmented to support effective digital transformation initiatives, while a further 62% say that data silos significantly hinder digital transformation progress.

OF TRANSFORMERS SAY THAT DATA SILOS SIGNIFICANTLY HINDER DIGITAL TRANSFORMATION PROGRESS.

And what about the ability to integrate data from different sources – something that is increasingly important in today's omnichannel-aspirant world? Well, that appears to be a struggle too, with 62% saying that integrating data from different sources is a challenge. Clearly there is work to be done around data to better set up transformation projects for success.

THE CLIENT'S VIEW:



"For a Digital Transformation to succeed, organizations must embrace adaptability, monitor progress diligently, and foster a culture that views failure as an opportunity for learning. Continuous adjustment, driven by data and championed by leadership, is not only essential, but critical."



Mabel LuGlobal VP, Digital Ecosystem and Transformation,
Danone

CHAPTER 3:

Delivering data-driven insights and actions

Data is all well and good, but the real benefit is the insights it provides and the actions it drives. Yet turning data into meaningful action is not always easy.

A significant 62% of our transformers say that data quality issues are preventing them from gaining meaningful insights from their digital transformation efforts, while 58% admit they have difficulty translating their data into actionable insights that drive digital transformation.

The ability to do this in real-time is also important, but once again businesses are struggling, with a high percentage (60%) saying that real-time data processing capabilities are insufficient to meet their digital transformation goals.

58%

OF TRANSFORMERS SAY THAT THEY HAVE DIFFICULTY TRANSLATING THEIR DATA INTO ACTIONABLE INSIGHTS.

THE CLIENT'S VIEW:



"When I first stepped into this role, Google Analytics was our primary source of insights. Today, every digital squad is empowered with their own dashboards, tailored KPIs, and a clear definition of success. This shift has created a culture of accountability, where teams are not just measuring activity, but owning the results."



Akhilesh Anakapally

Director, Digital Product Management at Wendy's

EXPERT OPINION:



The challenge and solution to understand and activate data.

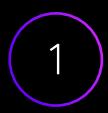
"Our clients struggle most with understanding what data they have, what value it contains, and how to activate on it. These organizations should be looking to take a service-oriented approach to building their data fabric architecture that acts a substrate that connects their marketing ecosystem. This includes the ability to ingest both structured and unstructured data from a vast landscape of first-party and third-party sources, store it securely, catalog it, and refine it through transformations that enhance its value.

This process is ultimately in service of increasing accessibility of these data strata across the enterprise to business stakeholders, providing self-service access for the mining of new insights and activations in the market."



Jason Bedell
Chief Architect, VML NA
iason.bedell@vml.com

Key actions



Build data foundations before introducing advanced tech by **establishing robust data management frameworks** prior to pursuing complex transformation initiatives.

2

Break down data silos systematically and **create a unified data architecture** that connects existing systems and standardizes data collection.

3

Launch company-wide **data literacy programs** that teach both technical skills and practical data interpretation.

4

Upgrade real-time processing capabilities by **investing in modern data infrastructure** that enables immediate analysis and decision-making.



Digital transformations encompass the entirety of a business – so they should. There are very few businesses and very few industries where digital is not playing a role.

However, this broad scope can create challenges, particularly in coordinating stakeholders, fostering collaboration, and effectively structuring and equipping teams with the necessary skills.

CHAPTER 1:

The challenges of multiple stakeholders

The first thing that came out of our survey is just how many stakeholders are involved in digital transformation projects. We asked our transformers to list out all the different teams. Unsurprisingly, sitting in first position came IT/IS (65%), reflecting how technology and systems sit at the heart of most digital transformation projects.

If we remove IT/IS, we can see in the following table how many other business functions have contributed to a similar degree across transformation programs. What stands out is that executive senior management and management (31%) appear to be no more involved in digital transformation than operations, product development, customer services, etc. This indicates just how many leadership teams operate a hands-off policy or are detached when it comes to digital transformation, raising questions about how much this contributes to the 37% failure rate.

A similar question arises from the fact that a Project Management Office (PMO) is only involved in 29% of projects. Yet 75% of respondents said that their projects were more successful when they were involved.

Other challenges arise just from having so many different parties involved. Given the size of the list above, it's perhaps no surprise that 63% of our transformers say that their transformation projects have been characterized by frequent conflicts between teams. Almost three-quarters (73%) said these issues often arise from different teams having varied objectives, which creates barriers to the success of the project. And 69% said that as digital transformations touch so many parts of the business, they become difficult to coordinate.

This coordination is made more complicated because each individual team may have slightly different objectives and aims when it comes to the outcome of the digital transformation project. According to 73% of our respondents, these issues often arise from different teams having different objectives, which can be a barrier to the success of the project.





A key challenge lies in the lack of clear ownership and accountability. While 30% of transformers indicated that the CTO leads digital transformation projects, and 37% emphasized the importance of IT/IS for success, 25% also attributed failures to IT. Beyond these areas, responsibility is fragmented, revealing a significant lack of consensus on who should be held accountable for digital transformation outcomes.

Which areas of the business have been involved in digital transformation projects?

1	IT/IS	65%
2	Operations	31%
3	Product development / product manufacturing	31%
4	Executive senior leadership and management	31%
5	Customer services	30%
6	Data governance / compliance	29%
7	Marketing	29%
8	Project management office (PMO)	29%
9	Network / store development	24%
10	Sales	24%
11	CX (customer experience)	23%
12	Change management team	23%
13	Accounts / finance	23%
14	Supply chain management	22%
15	Human resources	22%
16	R&D	20%
17	HR	17%
18	Legal and compliance	17%
19	Investor relations	15%

EXPERT OPINION:



Without effective involvement and inputs from stakeholders, digital transformation projects are destined to fail.

"Successful digital transformation hinges on a meticulously planned approach that integrates people (culture), processes, and tools, with a primary focus on the human element. That means:

- Cultivating a change and learning culture where continuous improvement, experimentation, and collaboration are not just encouraged but incentivized.
- Redesigning workflows to leverage data and technology effectively, streamlining operations, and enhancing customer experiences.
- Selecting and implementing data and technology solutions (with effective training and support) that align with the organization's strategic goals and are user-friendly for all stakeholders.

Ultimately, the success of digital transformation depends on the people right across the organization, their ability to adapt and embrace new ways of working, and leveraging data to make informed decisions. That's why VML works with clients to provide end-to-end support, from crafting a human-centric strategy and meticulous planning to seamless implementation, impactful rollout, and ongoing operational optimization, ensuring technology is leveraged to enhance culture and drive sustainable growth."



Glenda Kok

Chief of Technology Business, VML LATAM

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CHAPTER 2:

A workforce lacking in skills and training?

Finally, let's focus on the workforce and their skills. With "digital" being so far-ranging, and encompassing so many elements, it can be hard to find the right workforce to effectively deliver digital transformations. We wanted to explore this further.

On one side, 76% of transformers said it was hard for them to find the right people to effectively deliver complex digital change projects. But while it's hard, the good news is that 79% said they have the right skillsets within their organizations to achieve their goals for digital transformation.

One way to address any skills gap is obviously through training, yet 64% of our respondents admitted there was insufficient training to upskill the existing workforce to facilitate digital transformation.

64%

OF TRANSFORMERS ADMITTED THERE IS INSUFFICIENT TRAINING TO UPSKILL THE EXISTING WORKFORCE TO FACILITATE DIGITAL TRANSFORMATION.

THE CLIENT'S VIEW:

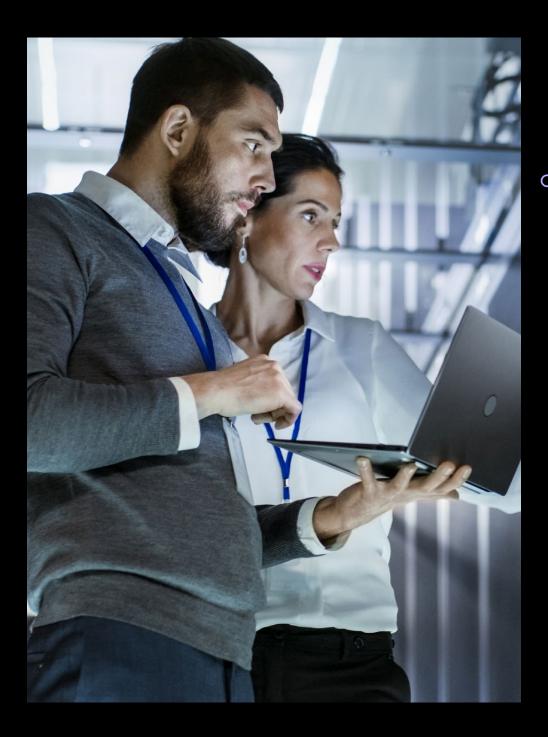


"We've restructured from channel-based teams into experience-led squads – cross-functional groups made up of developers, analysts, agency partners, and marketers. This shift allows us to focus on the full customer journey, not just individual touchpoints. Whether a customer engages with our loyalty program on the app, web, or kiosk, the experience is seamless and consistent."



Akhilesh Anakapally

Director, Digital Product Management at Wendy's



EXPERT OPINION:



Expect change and embrace the need to change.

It's said that "Nobody likes change", but that's because it can be unsettling. In our experience, it's not necessarily the disruption inherent in the journey that disorientates employees, but the lack of a clear destination. Too many businesses fail to excite people about the opportunities inherent in transformation; less frustrating bureaucracy, more empowerment, clearer impact and a more fulfilling environment. And too many organizations lapse when keeping all stakeholders up to date with progress and delays.

The best advice imparted to me was to start every transformation program with a communications plan, not a project plan. Timelines will shift, priorities will adapt and progress is uneven. Clear communication and an unwavering commitment to the destination will increase the chances of successfully bringing stakeholders with you on the path to change.

At VML, our transformation teams are experts in people as well as programs. Understanding that change is reflected in behaviors – which are affected by motivations as much as governance – allows us to shepherd successful transformation through the most complicated, global organizations.



Alan Davies
Global Consulting Lead, VML
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Key actions

Create unified transformation governance by **establishing a central transformation office / PMO** that aligns goals across departments and reports directly to both business and IT leaders.

2

Mandate active executive involvement and demand regular hands-on engagement from C-suite in transformation initiatives.

3

Invest in workforce development by **creating structured digital upskilling programs** that target specific transformation needs.



One of the biggest mistakes that can be made in any digital transformation project is to overlook the vital role of processes and people. In fact, 73% of transformers say that digital transformation projects focus too much on technology. All too often, getting the right technology in place is seen as the end-goal. 70% of our respondents said this is a mistake as it disregards the other vital components of digital transformation.

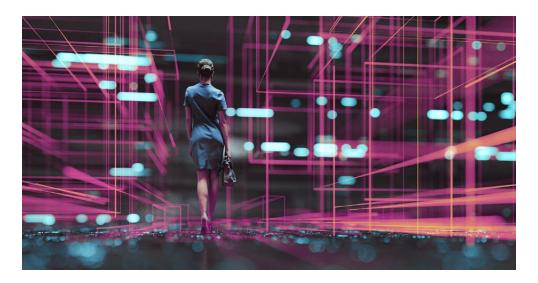
CHAPTER 1:

Ignore process change at your peril

In fact, 84% of our respondents said that digital transformation is as much about new processes as it is about new technology, while a further 80% said that more focus should be placed on amending processes to match changes in technology.

80%

OF TRANSFORMERS SAID THAT MORE FOCUS SHOULD BE PLACED ON AMENDING PROCESSES TO MATCH CHANGES IN TECHNOLOGY.



THE CLIENT'S VIEW:

L'ORÉAL

"I built a playbook with VML, a process blueprint, mapping step by step what everybody needs to do. The playbook made all the difference because it brought clarity and trust to the teams – they could open the book and see exactly what we were planning to do. It also provided the confidence that what we're doing has been thought through, planned properly."



Alejandra Wilde

CDMO – Ecommerce Transformation Senior Manager, L'Oréal LATAM

Another 67% said that there is insufficient change management when new systems and technologies are implemented.

But such is the dynamic nature of digital transformation, process change can itself evolve as a project develops. 82% of respondents told us that transformation projects would be more likely to succeed if training and processes were regularly revisited and amended to reflect changes to the program.

CHAPTER 2:

The role of humans

Let's be clear, although the noise around Al might sometimes have you believe differently, businesses are led, run and populated by humans, and their role in transformation programs is intrinsic and instrumental. Thankfully the transformer audience is aware of this, with 83% agreeing that digital transformation is as much about human beings as it is about new technology.

83%

OF TRANSFORMERS AGREE THAT DIGITAL TRANSFORMATION IS AS MUCH ABOUT HUMAN BEINGS AS IT IS ABOUT NEW TECHNOLOGY.

That said, being aware of this and doing something about it do not necessarily go hand-in-hand. Three-quarters (75%) of respondents said that the impact of digital transformation projects on the human workforce is often overlooked.

EXPERT OPINION:

To enable a successful digital transformation, it's critical not to overlook the most vital asset – humans!

"Digital transformation is a continuous journey, not a one-time implementation, and effective change management, with a focus on people, is its guiding principle. Success hinges on a foundation of thorough assessment and adaptation, starting with a clear understanding of the organization's 'as-is' state. This includes evaluating existing processes and technology, but, crucially, also assessing the skills and cultural readiness of your people. To achieve desired outcomes and minimize disruption, organizations should embrace an iterative approach, regularly revisiting and refining training programs, communication strategies, and processes. These refinements should be driven by human feedback and designed to support employees as they adapt to evolving technologies and the overarching goals of the transformation.

At VML we understand that effective digital transformations hinge on strong change management and a deep understanding of the needs of people and teams. So, we help clients build trust and drive early adoption by providing comprehensive change management support throughout the entire transformation journey."



Glenda Kok
Chief of Technology Business, VML LATAM
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EXPERT OPINION:



Why change management and enablement are key ingredients for a successful digital transformation project.

"This data confirms what we at VML already know: most digital transformations are failing because they're focused too heavily on tech. The 73% who say technology is over-emphasized are pointing to the fatal flaw in many transformations...

Too many businesses treat transformation as a software upgrade, not a complete overhaul. They ignore the people, neglect the processes, and then wonder why they're not seeing results.

That's where we come in. At VML, we don't just implement technology; we transform businesses. We understand that lasting change requires a relentless focus on people, processes, and culture. Through our decades of helping clients to transform, we've seen it all, and we know exactly how to navigate these challenges. If you're ready to see your budget work a lot harder and start seeing real results with measurable ROI, it's time to talk to VML."

Shalina Ganatra

Head of Ecommerce Consultancy, VML Enterprise Solutions EMEA

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CHAPTER 3:

Why change management is so important

Change management must be addressed and embraced head-on. The problem is that other areas of transformations often consume budget. According to 71% of our respondents, because changing technology can be so expensive and time-consuming, there is often insufficient budget and time for change management around people and processes. As a result, 74% claim that project failure is often a consequence of a lack of change management around people.

74%

OF TRANSFORMERS SAY THAT PROJECT FAILURE IS OFTEN AS A CONSEQUENCE OF LACK OF CHANGE MANAGEMENT AROUND PEOPLE.

Key actions

Balance technology investments with the requisite process redesign – you need both to succeed. **Put people at the center of your plans** by creating dedicated workforce impact assessments and adaptation plans.

2

Protect change management budgets and ring-fence funding for people and process changes separate from technology costs.

3

Institute regular process reviews and establish quarterly process adjustment cycles throughout the transformation.

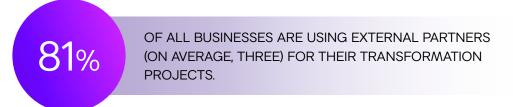


Many businesses strive – and would prefer – to keep digital transformation in-house. In fact, 74% of respondents said they favor managing digital transformation entirely in-house. While that may be the preference, the complexity of digital change often means that businesses must rely on the expertise and resource of external partners.

CHAPTER 1:

How reliant are businesses on third parties for transformation?

Our data tells us that, whatever the stated preference of businesses, 81% of all transformations rely on external partners, meaning just 19% start their projects solo. And, on average, the businesses that are using external partners are collaborating with three different partners.



But there is a clear quality deficit when it comes to finding the right partners, as 82% of transformers said they wish there were better third parties who could help them manage, deliver, and succeed with their digital transformation projects.

EXPERT OPINION:



The right partner will ensure your transformation program stays on track despite unforeseen headwinds.

"The success of any transformation program isn't just determined by strategy or technology – it hinges on selecting the right external partners. The right partner brings not only expertise but also the resilience and adaptability needed to navigate unforeseen challenges, ensuring that your objectives remain on track despite evolving market conditions and internal complexities."



Aadit Bimbhet
Regional Commerce Director, VML APAC
aadit.bimbhet@vml.com



Partnerships and the need for openness, contextual understanding and coopetition.

"In today's complex landscape, no company can build or buy from a single vendor a solution for all technical challenges – successful transformations require strategic partnerships that connect multiple systems, solutions, services, and teams into a cohesive ecosystem. The most effective partnerships follow a framework approach that increases efficiency by documenting and sharing best practices with everyone who is looking to work with any existing partner or create a new one. You make partnership an active mindset not a static thing, build effectiveness through deeper relationships across stakeholders from all parties rather than just focusing on commercial results, and maximize the overall return on investment by being open to how the successes from partnerships in one part of the business can be leveraged to solve challenges in other parts.

VML serves as a skilled orchestrator in multi-partner ecosystems, uniquely positioned to champion the best customer experiences and coordinating the technology implementations to support that vision. We are often using this technology alongside employees to create and deploy experiences, so we bring contextual understanding often missing from transformation projects, to help client and partner teams design, build and deploy a solution that doesn't just meet requirements, but that will be easy to be use and flexible to meet the changing requirements we know will be coming. We do this through a commitment to coopetition – bringing stakeholders even from potential competitors together to build ecosystems that create opportunities and return value for everyone involved. In other words we bring together all stakeholders to help create a bigger pie rather than fighting with each other over the same pieces. For example, one of our clients funded a global COE program based on the savings from the sharing and collaboration between multiple partners."



Martin Coady

Executive Director Marcomms, VML Enterprise Solutions

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CHAPTER 2:

What types of third parties are being used?

The most striking finding is the clear dominance of IT-focused partners, with IT companies (41%), AI consultancies (31%), and technology consulting firms (29%) forming the top three partners chosen to work on digital transformation projects. This creates a strong technology-centric triangle of support.

What's unexpected is the relatively low position of traditional transformation leaders – large management consulting firms rank only 9th (with 18%), suggesting a shift away from traditional consulting models towards specialized technical expertise. Similarly surprising is the modest role of digital marketing agencies (16%) given the customer-facing nature of many transformations.

82%

OF TRANSFORMERS WISHED THERE WERE BETTER THIRD PARTIES WHO COULD HELP THEM MANAGE, DELIVER, AND SUCCEED WITH THEIR DIGITAL TRANSFORMATION PROJECTS.

Another interesting insight is the emergence of AI companies as the second most common partner (31%), ranking above more established categories like cloud service providers (25%) and system integrators (18%). This suggests AI capabilities are now seen as more critical to transformation programs than traditional infrastructure support.

THE CLIENT'S VIEW:



"In our business, we are meeting and building trust with the person that you're helping to serve. So digital is always intended to enhance the relationship, not replace it. We want our people to be solving problems with customers, and offer expert advice, not processing transactions.

VML partners with United Rentals on the customer experience side – the website, digital commerce, digital marketing, the mobile app customers use to manage their rentals. VML pioneered all of that. And increasingly, they are helping run some of our innovation projects like on-demand rental in our app, where customers just walk up to a piece of equipment, scan a QR code and put it on rent right there."



Tony Leopold

Chief Technology & Strategy Officer, United Rentals



What type of third parties are you using in your transformation project(s)?

IT companies	41%
Al companies / consultancies	31%
Technology consulting firms	29%
IT staffing agencies	27%
Cloud service providers (CSPs)	25%
Software vendors	25%
Data analytics companies	24%
Cybersecurity firms	23%
Large management consulting firms	18%
System integrators	18%
Digital marketing agencies	16%
Hardware vendors	16%
UX / UI design agencies	15%
Research firms	12%
Independent management consultants	12%
Niche consulting firms with areas of particular expertise	12%
Creative advertising agencies	11%
Venture capital and private equity firms	10%
Banks	9%
Offshore development centers	9%

EXPERT OPINION:



Why IT-focused companies are the preferred partner on digital transformation journeys.

"The dominance of IT-focused companies in digital transformation partnerships reflects a fundamental shift: technology is no longer merely a supporting element, but the core driver of transformation itself. While strategic vision and change management remain crucial, businesses now require partners with the practical expertise to construct and implement their digital future. As our report indicates, the most sought-after capabilities are in areas like AI – which, at 42%, ranks as the most desired capability for transformation partners – alongside software development and cloud computing; the essential components for realizing tangible digital change.

VML Enterprise Solutions offers a unique blend of these critical skills and more. We combine a deep understanding of customer experience, a proven track record in ecommerce, and advanced capabilities in Al. This allows us to bridge the gap between strategic planning and practical execution, delivering measurable results that directly impact business performance. With 81% of businesses relying on external partners for transformation, our ability to integrate creative thinking with technical innovation and proficiency ensures that we can provide comprehensive solutions, tailored to unlock the full potential of digital transformation for our clients."



Nick Harry
CTO, VML EMEA
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CHAPTER 3:

What capabilities do external partners need to have?

In terms of the skillsets and capabilities businesses are looking for from transformation partners, the most striking finding is Al's dominance. At 42%, it ranks as the most desired capability, significantly ahead of even fundamental skills like software development (34%). Again, supporting the fact that Al specialists are now the second most sought-after transformation partner, this further underlines how Al has moved from being a specialty to a core requirement.

There's an interesting hierarchy in the technical skills. While hard technical capabilities dominate the top (with AI, software development, cloud computing all scoring above 33%), they're closely followed by broader abilities like innovation and emerging tech capabilities (32%). This indicates that companies want partners who can both execute technically and think ahead.

Again, traditional consulting capabilities rank surprisingly low: strategic business consulting skills (25%), change management (25%), and industry knowledge (25%) all sit in the bottom half of requirements. This represents a significant shift from traditional transformation approaches.

The data also reveals an interesting tension. While project management capabilities rank relatively high (29%), agile methodologies rank much lower (23%), suggesting that companies still prefer traditional project management approaches despite the industry's push toward agile.



What skills and understanding do your third parties need?

Al skills	42%
Software development capabilities	34%
Cloud computing expertise	34%
Innovation and emerging technologies abilities	32%
Data and analytics – data warehousing, business intelligence	32%
Deep understanding of cybersecurity	29%
Project management capabilities	29%
The ability to program manage large projects	28%
Evidence of delivery of digital transformation projects in the past including case studies	28%
Network infrastructure capabilities – designing, implementing and managing	28%
Particular industry knowledge	25%
Change management expertise	25%
Strategic business consultancy skills	25%
A clear view of what the future looks like	25%
Creativity	24%
Agile project methodologies	23%
Business process engineering	22%
Relationship management	20%
Strong financials	19%
Off-shore capabilities to reduce cost	16%

CHAPTER 4:

The importance of industry expertise

Businesses often gain comfort from third parties who have experience and knowledge of their own industry. We wanted to delve into this in more detail.

What's clear is that having expertise specific to the industry in which the transformation company operates is important when selecting a third party. This is something that an overwhelming 86% of our transformers agreed with, while 85% said that they would be more likely to select a third party who can provide evidence of expertise in their industry.

But all is not lost for third parties who don't have industry-specific expertise, as 56% of transformers said that they would consider working with third parties who have no expertise in their industry. It's also worth pointing out that, in the overall ranking of all skills, specific industry knowledge comes in 11th place.

THE CLIENT'S VIEW:



"You need partners. VML's parent WPP was our very first implementation partner – supporting the initial implementation of Salesforce. We are now jumping into more advanced activation tactics with WPP. We are also working closely with WPP on global media performance reporting that we can use to optimize campaigns and know that we are making the right decisions with our media dollars to get the right ROI."



Christopher Bardi

Senior Director, IT – Digital Marketing & Advertising Technology, Colgate-Palmolive

EXPERT OPINION:



How partnerships can deliver and support an always-on ecosystem of change.

"Digital transformation is empowered by a mindset of positive disruption and challenging the status quo. We've found that for successful transformation efforts, this is as applicable to thinking about capabilities as it is to operating models and ways of working – amplified by partner selection, not only for the transformation efforts themselves, but also execution in your future-state digital ecosystem. Finding a marriage between the two is essential. As a frequent transformation partner for organizations, both at an enterprise and micro-scale, we've embraced the mentality of being a strategic execution partner with skin in the game.

We think about this as our unique ability at VML Enterprise Solutions to close the think-make gap. Bringing outside-in perspectives and innovation to elaborate on your digital aspirations, implementation chops to bring those capabilities to life, and adapted delivery models to amplify your investments in digital and realize outcomes. The result is an ecosystem of change that is always-on, fostering continuous improvement and reducing 'discovery fatigue' that is often encountered in transformation efforts where there is a divide between strategy and execution."



Jason Reese

Global Vertical Lead – Healthcare, VML

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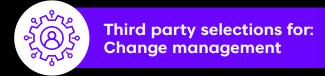


Large management consulting firms	16%
Technology consulting firms	11%
IT companies	9%
Niche consulting firms with areas of particular expertise	8%
System integrators	7%
Independent management consultants	6%
Software vendors	6%
Digital marketing agencies	5%
Hardware vendors	5%
No preference	4%
Cloud service providers (CSPs)	4%
Al companies / consultancies	3%
Creative advertising agencies	3%
Data analytics companies	3%
Research firms	3%
IT staffing agencies	2%
UX / UI design agencies	2%
Offshore development centers	1%
Cybersecurity firms	1%
Venture capital and private equity firms	1%
Other	1%

CHAPTER 5:

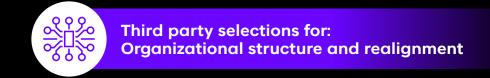
Third party selections for digital transformation journey stages →





Large management consulting firms	1/%
Technology consulting firms	12%
IT companies	10%
Independent management consultants	8%
Niche consulting firms with areas of particular expertise	8%
Software vendors	6%
System integrators	6%
Digital marketing agencies	4%
Hardware vendors	4%
No preference	4%
Cloud service providers (CSPs)	3%
Al companies / consultancies	3%
Creative advertising agencies	3%
Data analytics companies	3%
IT staffing agencies	2%
Research firms	2%
Cybersecurity firms	2%
UX / UI design agencies	1%
Offshore development centers	1%
Venture capital and private equity firms	1%

Large management consulting firms	16%
Technology consulting firms	9%
IT companies	9%
Independent management consultants	9%
Niche consulting firms with areas of particular expertise	8%
System integrators	7%
Software vendors	6%
Hardware vendors	5%
Digital marketing agencies	4%
Cloud service providers (CSPs)	4%
No preference	4%
IT staffing agencies	3%
Al companies / consultancies	3%
Data analytics companies	3%
Creative advertising agencies	2%
Research firms	2%
Cybersecurity firms	2%
UX / UI design agencies	2%
Venture capital and private equity firms	1%
Offshore development centers	1%
Other	1%

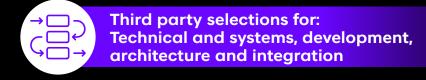


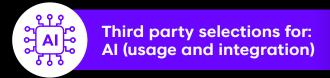


Third party selections for: Data

Large management consulting firms	18%
Technology consulting firms	10%
IT companies	9%
Niche consulting firms with areas of particular expertise	8%
System integrators	7%
Independent management consultants	7%
Software vendors	6%
Cloud service providers (CSPs)	4%
Digital marketing agencies	4%
Hardware vendors	4%
No preference	4%
Creative advertising agencies	3%
Al companies / consultancies	3%
IT staffing agencies	2%
Data analytics companies	2%
Research firms	2%
Cybersecurity firms	2%
UX / UI design agencies	2%
Offshore development centers	1%
Venture capital and private equity firms	1%
Other	1%

Data analytics companies	18%
IT companies	11%
Cloud service providers (CSPs)	9%
Technology consulting firms	9%
Software vendors	9%
System integrators	7%
Large management consulting firms	5%
Niche consulting firms with areas of particular expertise	5%
Hardware vendors	4%
Cybersecurity firms	4%
Independent management consultants	3%
Digital marketing agencies	3%
Al companies / consultancies	3%
No preference	3%
IT staffing agencies	2%
Creative advertising agencies	2%
Research firms	2%
UX / UI design agencies	1%
Offshore development centers	1%



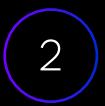


Technology consulting firms	17%	Al companies / consultancies	30%
IT companies	16%	IT companies	10%
System integrators	11%	Technology consulting firms	8%
Software vendors	8%	Software vendors	7%
Large management consulting firms	6%	Large management consulting firms	5%
Niche consulting firms with areas of particular expertise	5%	System integrators	5%
Hardware vendors	5%	Niche consulting firms with areas of particular expertise	5%
Cloud service providers (CSPs)	4%	Cloud service providers (CSPs)	5%
Independent management consultants	4%	Hardware vendors	5%
Al companies / consultancies	4%	Independent management consultants	4%
Digital marketing agencies	3%	Digital marketing agencies	3%
No preference	3%	No preference	2%
Data analytics companies	2%	Creative advertising agencies	2%
Creative advertising agencies	2%	IT staffing agencies	2%
Cybersecurity firms	2%	Cybersecurity firms	1%
IT staffing agencies	2%	UX / UI design agencies	1%
UX / UI design agencies	2%	Data analytics companies	1%
Offshore development centers	1%	Research firms	1%
Research firms	1%	Offshore development centers	1%
Venture capital and private equity firms	1%	Venture capital and private equity firms	1%

Key actions



Build strategic partner networks to proactively create a balanced mix of internal and external expertise.



Prioritize AI capabilities in partner selection. With AI skills ranking as the #1 required capability, evaluate potential partners primarily on their AI expertise and innovation capabilities.



Match partners to project phases. Since different partners excel in different areas, create phase-specific partner selection criteria.



Balance industry expertise with innovation by prioritizing partners who combine sector knowledge with fresh perspectives and cutting-edge capabilities.



The scramble for digital transformation, while necessary, can fundamentally change what a brand is, what it stands for, what it sells, and how it goes to market (GTM). While many digital transformation projects focus on the internal changes required, the outcomes are ultimately how, where, and when a brand is viewed, the experience it offers its customers, the channels through which that experience is found, and how it sells. With this in mind, we wanted to look at the impact of digital transformations on brands, and how they go to market.

CHAPTER 1:

Aligning visions around digital transformation

When a business is experiencing change, it's important that its direction is clearly articulated and known. 85% of our transformers agreed that achieving successful digital transformation is more likely if there is a clear vision of where the brand and the business is heading in the future.

85%

OF TRANSFORMERS BELIEVE THAT ACHIEVING DIGITAL TRANSFORMATION IS MORE LIKELY IF THERE IS A CLEAR VISION OF WHERE THE BRAND IS HEADING IN THE FUTURE.

A related idea is that having a core set of principles that guides behavior and decision-making also helps with digital transformations. Once again, this was felt strongly, with 83% agreeing. The same sentiment applies to company culture, with 86% saying that the culture of the business plays a major role in the ability to successfully deliver digital transformation.

And what about the role of purpose? Can this help with digital transformation? Once again, the answer is a resounding yes, with 83% of respondents saying that having a clear brand purpose that goes beyond just selling products and services helps to build a coherent, robust, and ultimately more successful digital change project.

EXPERT OPINION:



How to sustain and reinforce your brand on a digital transformation journey.

"Digital transformation is not just about technology – it's about transforming the entire business, including the brand. Too often, companies get caught up in the technical details and lose sight of the core values that define their brand identity. To sustain and reinforce your brand during this journey, you must first clearly articulate those values and ensure they are woven into every aspect of the transformation. This means aligning your digital strategy with your brand purpose, ensuring a consistent brand experience across all touchpoints, and empowering employees to become brand ambassadors. When your brand values are at the heart of your digital transformation, you not only strengthen your brand but also create a more meaningful and engaging experience for your customers. And don't forget, digital transformation is an ongoing journey, not a destination. The digital landscape is constantly evolving, and brands must be agile and adaptable to thrive."



Naomi Troni Global Chief Marketing Officer, VML

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CHAPTER 2:

The digital transformation challenge to brands

It seems as if every brand is on a path to digitization. And that's good – but only to a degree, as digital transformation can pose risks to brands. Over half (55%) of our transformers fear they are losing brand identity in the rush to digitize everything.



OF TRANSFORMERS FEAR THEY ARE LOSING BRAND IDENTITY IN A RUSH TO DIGITIZE EVERYTHING.

The sheer number of channels that brands are having to bridge and populate in an omnichannel world is a major cause of these problems, leading to brand dilution, inconsistency and conflict. 62% of transformers said they have found it more difficult to maintain brand consistency across multiple sales channels than they originally expected. And the same number said that digital transformation strategies have been significantly complicated by the increase of new channels through which to sell.

To put it another way, when it comes to brands, more channels equals more problems. Furthermore, 73% of transformers opined that most businesses lack the foresight and innovation credentials to take advantage of new and emerging channels.

62%

OF TRANSFORMER SAID THAT THEY HAD FOUND IT HARDER TO MAINTAIN BRAND CONSISTENCY ACROSS MULTIPLE CHANNELS.

Creating differentiation between brands is a struggle too. If we consider shopping via branded websites, mobile sites and apps, many different brands from multiple different industries are offering very similar experiences.

This is a concern for many of our respondents, with 77% conceding they must work hard to create differentiation in the way that they tell their brand's story and how people experience it, while over half (57%) say that digital transformation has killed the art of brand storytelling.

Another 58% went a step further, telling us that transformation efforts are creating more channel conflict as opposed to channel harmony.

THE CLIENT'S VIEW:



"Digital has been a help in managing our brands and GTM. Technology enables us to get the messaging out better, faster, to more platforms, across more brands. We are now also exploring how we use data across brands."



Christopher Bardi

Senior Director, IT – Digital Marketing & Advertising Technology, Colgate-Palmolive



"So, what's your best advice?"

In addition to the main survey, we asked our transformers one final, open-ended question: "What were your biggest learnings, and what advice would you give anyone undertaking a digital transformation project?" This is what they told us:

"Place people and culture at the heart of digital transformation"

Across all countries, a recurrent theme centered around the human element of digital transformation. This included elements like prioritizing employee training, communication, change management and user adoption.

"Customer centricity should guide digital transformation and its aims"

Customers should remain central to any digital transformation project. It is important to never lose sight of the customers' needs throughout the transformation process.

"Strategic planning and execution planning are vital"

It might sound obvious, but the need for clear goals, roadmaps, and well-defined processes was a recurring theme.

This includes careful budgeting, resource allocation, and risk management – all assessed and updated via timely reviews.

"Agility, dynamism and adaptability need to be embraced"

The ability to adapt to change and embrace new processes, approaches, technologies, etc. is seen as crucial, especially when you consider the role of Al. Change should be expected.

"The pivotal and enabling role of AI is only set to increase"

Al has had a huge impact on digital transformation and will increasingly do so. When it came to key learnings, the ability to harness Al with the right skillsets and expertise was something that came out loud and clear.

"Teamwork and collaboration are crucial to deliver success"

While everyone should be pulling in the same direction, it's clear that this is not always the case. Effective communication and collaboration within teams, across departments and the entire organization should be encouraged (and often incentivized).

Conclusion

Improving your digital transformation strike rate

Digital transformation remains a critical business imperative. Given the ongoing technological revolutions reshaping our world, given the promised benefits – game-changing efficiency gains, massive cost reductions, business operations built in the image of what customers want – who can afford not to go along for the digital ride?

Yet, in too many cases, the promise of digital transformation is not being realized. A 37% project failure rate tells us that a lot of decision-makers are struggling with how to succeed at digital transformation.

At the same time, improving the success rate of digital transformation projects is clear from our survey, as captured in the sections of this report:

- **Strategy:** Lock in a clear strategic vision, senior leadership commitment, objectives and timelines from the outset.
- **Budgets and objectives:** Develop flexible budget frameworks, formal processes for budget adjustments, ROI metrics combining operations and customers, and KPIs linked to business outcomes.
- Customer experience: Research customer needs and wants, map the customer journey functionally and emotionally, monitor changing customer demands.
- **Data**: Ensure rock-solid data foundations, create a unified data architecture, launch company-wide data literacy programs, upgrade real-time processing capabilities.
- **Technology:** Blend old and new tech, document your current tech landscape, sweat your current (legacy) assets, plan cloud integration.

- AI: Reassess transformation strategies through an AI lens, upgrade infrastructure for AI readiness, budget for AI, be flexible with AI implementation, take it step by step.
- **People:** Unify stakeholders via a central transformation office, mandate executive involvement, upskill your workforce around digital transformation.
- **Process and change:** Balance tech investments with process redesign, protect change management budgets, review processes regularly.
- External partners: Build a strategic partner network with skills matched to different transformation phases, and prioritize AI capabilities and a mix of category expertise with fresh perspectives.
- **Brand:** Don't lose sight of your brand vision and purpose; put your brand values at the heart of digital transformation.

Overall, the key takeaway is this: digital transformation is, at its core, a business transformation, not just a shift in technology. Successful organizations are treating it in terms of comprehensive business changes that balance technical innovation with human factors. This demands a shift in mindset, a willingness to challenge established norms, and a relentless focus on delivering exceptional customer experiences.

Ultimately, the organizations that will thrive, as the digital age continues to evolve and technological change becomes an accepted norm, will be those that embrace more flexible, integrated approaches designed to adapt in sync with continuous innovation while maintaining clear direction. The journey may be complex, but the rewards are well worth the effort.

How VML can help

For over two decades across multiple industry sectors, VML has supported dozens of high-profile enterprises through their digital transformation journeys. We've learnt from deep experience what makes digital transformation programs successful, and what can compromise or even fatally undermine them. Our services include:

- Strategy and Consulting
- Future Vision Development, Alignment, and Storytelling
- Technology Implementation and Integration
- Experience Design and Development
- Ongoing Support and Optimization

We can also tailor services and solutions to suit the precise requirements of clients to help them deliver powerfully on their objectives.

If you'd welcome help and implementation on any of the key actions in each section, or a discussion on how to unlock the full potential of *your* digital transformation, please get in touch:

contact.ES@vml.com





About VML

VML is a global brand creative and digital transformation company that combines brand experience, customer experience, and commerce, to create connected brands that drive growth. The agency is celebrated for its innovative and award-winning work with blue chip client partners including AstraZeneca, Colgate-Palmolive, Ford, Microsoft, Nestlé, The Coca-Cola Company, and Wendy's. VML is recognized as a Leader by Forrester Wave™ reports for Commerce Services, Marketing Creative and Content Services, and is a Strong Performer in the Forrester Wave™: CX Strategy Consulting Services. It was also named a Leader in IDC MarketScape: Adobe Experience Cloud Professional Services and a Visionary in the Gartner Magic Quadrant for Digital Experience Services. VML's specialist health network, VML Health, is also one of the world's largest and most awarded health agencies. VML's global network is powered by 26,000 talented people across 60-plus markets, with principal offices in Kansas City, New York, Detroit, London, São Paulo, Shanghai, Singapore, and Sydney.

VML is a WPP agency (NYSE: WPP). For more information, please visit <u>www.vml.com</u>, and follow along on <u>Instagram</u>, <u>LinkedIn</u>, and <u>X</u> #WeAreVML.

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