



8th Digital IQ Survey

The India story

Introduction

With India rapidly transforming, CEOs in India appear to be confident about the growth prospects of their businesses. According to PwC's 8th Digital IQ Survey, 71% of the respondents in India are confident about digital growth in the coming years. Similar to global organisations, in Indian companies too, there's a strong focus on digital for revenue enhancement, customer experience improvement and commercial innovation.

While our 20th CEO Survey indicated that organisations are focusing equally on organic initiatives for growth and cost reduction, the digital focus of most organisations in India appears to be only around growth.

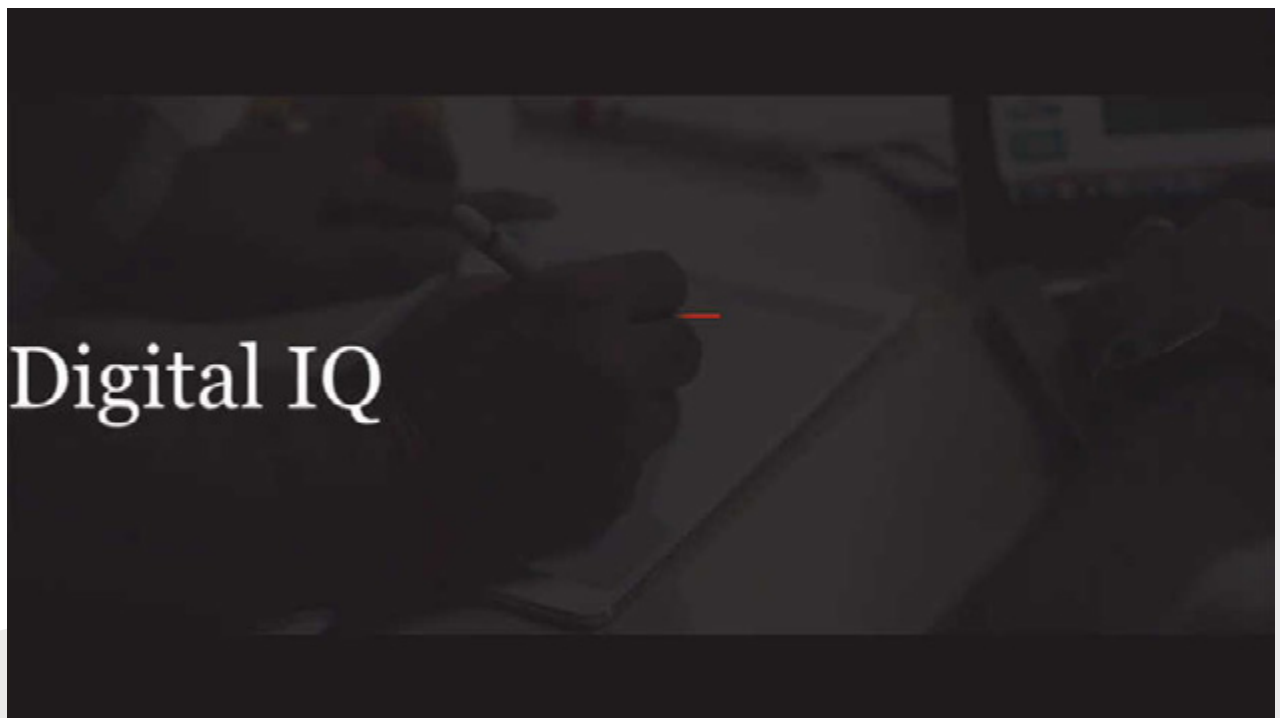
This report is based on Digital IQ Survey that was conducted by PwC [Price Waterhouse Coopers]. The report contains our analysis and inferences from this survey results and also expresses our views on Digital IQ.

This suggests that organisations are on the path to digital transformation but are yet to use digital to optimise their business. Based on the 2017 Global Digital IQ Survey, it can be observed that Indian organisations have moved beyond the stage of pondering digital strategies, and the question is no longer whether but how to achieve results in a digital world.

According to the survey results, for organisations in India, digital is synonymous with customer experience and innovation.

The findings of this year's survey lead us to conclude that most CEOs are driving the digital agenda in their organisations. In some organisations, chief digital officers (CDOs) have been appointed; however, the role of a CDO is not clearly defined. Nevertheless, the idea of having a CDO is gaining popularity and CDO appointments are occurring at a faster pace in India in comparison to the rest of the world.

Further, organisations are investing in customer experience and innovation more than their global counterparts and reinventing their business models to generate new sources of revenue. The 2017 Digital IQ Survey suggests that innovation is driven more by industry and competition and less by customer insights. It is surprising that innovation—a priority on the boardroom agenda—is not primarily driven by customer voice.



[Click on the clip to play](#)

Who is driving digital in organisations?

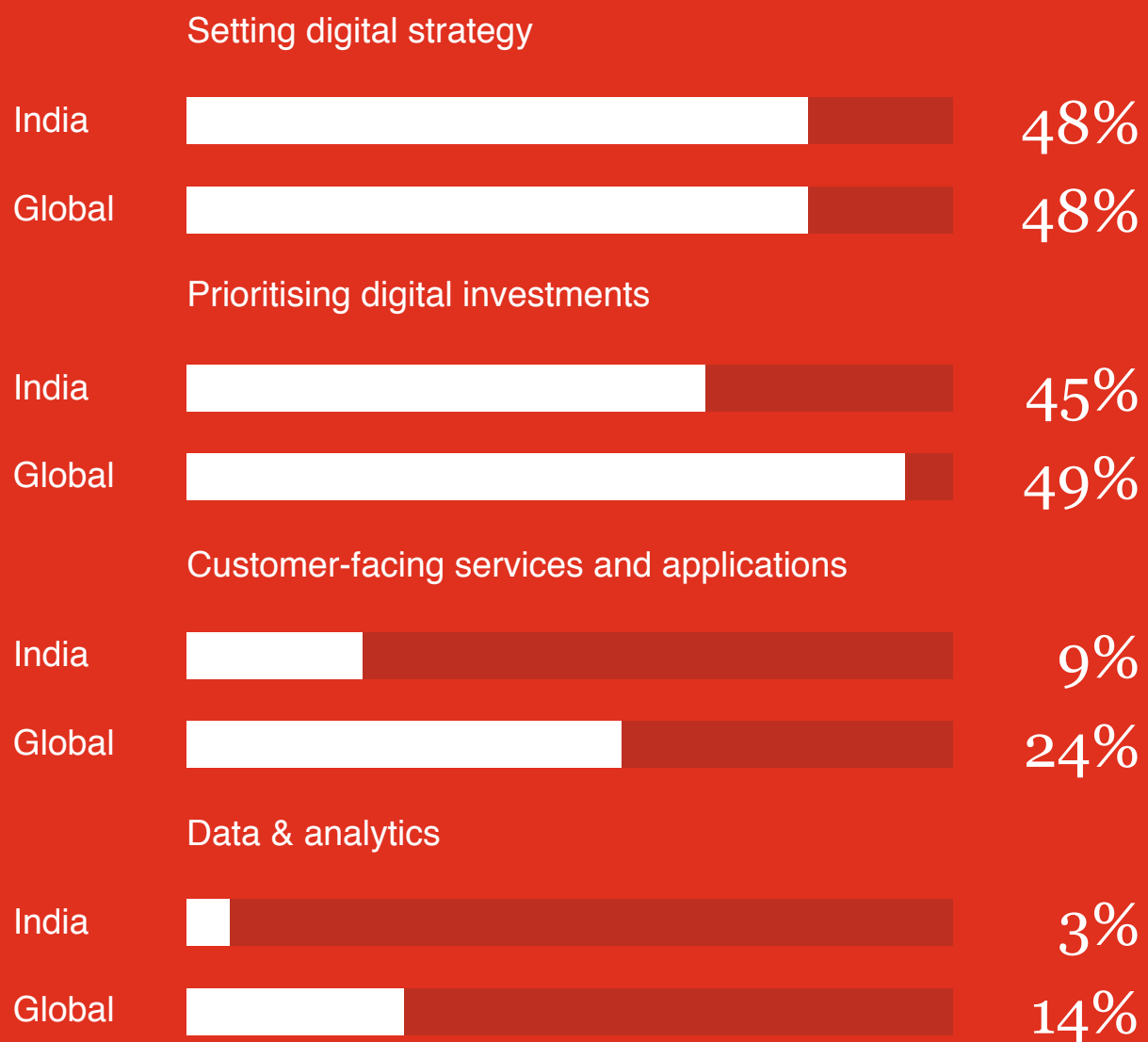
CEO is seen as the torchbearer for digital

In comparison to their global counterparts, a majority of Indian CEOs have digital transformation as a priority on their agenda and are highly involved in setting digital strategy and investing in it. Many organisations have begun weaving digital strategy into business strategy; however CIOs and CMOs, who are responsible for operationalising this strategy, need to quickly move from design to delivery phase.

The 2017 Digital IQ Survey indicates that 78% of the respondents feel that their CEOs are the true champions of digital and 48% state that it is their CEOs who build and create the digital strategy for their organisations.

The respondents also believe that CEOs are highly involved in prioritising digital investments.

What digital activities can a CEO be responsible for?



Source: PwC, Global Digital IQ® Surveys

Indian organisations are ahead of their global counterparts in driving digital innovation

To what extent do you agree with the following statements about innovation?

Identifying opportunities to digitalise our enterprise.



Have a consistent way to measure the value of digital innovation efforts.



Actively engage with external sources to gather new ideas for applying emerging technologies.



A dedicated team for digital innovation.



The concept of a CDO is yet to gain popularity

Chief digital officer (CDO) is still a long way from becoming a standard job title. Of the world's largest public organisations, less than 10% have a CDO, either in name or responsibility, as opposed to digitally mature organisations, more than half of whom have already instituted the role of a CDO or its equivalent in their organisations. Either some other executive does the job (other than the CIO) or the organisation feels that digital is an integral part of the way they do business and hence it's every executive's job to drive growth through digital.

In India, 81% of CIOs are involved in leading digital initiatives. However, a unique trend for the country is the high involvement of the marketing function in exploring emerging technologies and innovations.

For 38% of the Indian respondents, marketing is one of the top three departments involved in such activities, while globally, the percentage is as low as 18%. A possible explanation is that Indian organisations witness better results due to their focus on customer experience and investments in customer-facing technologies.

Generally, a CEO creates a CDO position when the digital initiatives start yielding tangible financial benefits.

If you do not have a CDO, why not?

Our CIO fulfills the role.



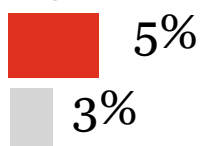
Another executive (not the CIO) fulfills the role.



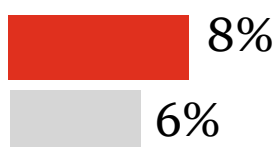
Digital is a part of an executive's job description.



Digital is not a significant part of our strategy



Don't have a CDO currently, but are planning to add one.



India

Global

Source: PwC, Global Digital IQ® Surveys

Digital is seen synonymous to customer experience and innovation-related activities

Every organisation defines digital in its own way. Some find it synonymous with IT, some find it closer to customer experience, and then there are organisations for whom digital means a high focus on data and analytics. How an organisation defines it depends on its digital maturity. Based on this year's Digital IQ Survey, it appears that the definition of digital for Indian organisations leans towards creating the right customer experience and innovation-related activities.

Digital is correctly and widely seen as customer-focused and innovation-led.

How do organisations define digital ?

Digital is synonymous with IT.

27%

Digital refers to all the investments we are making to integrate technology into all parts of our business

5%

Digital refers to all customer-facing technology activities

21%

Digital refers to all technology and innovation-related activities

37%

Digital refers to all data and analytics activities

3%

Digital goes beyond technology alone to reflect a mindset that embraces constant innovation, flat decision-making, and the integration of technology into all phases of the business

8%

Source: PwC, Global Digital IQ® Surveys

Indian organisations are spending more on customer-focused digital interventions

Indian organisations are beginning to relate digital closely to customer-facing technologies, and, as expected, are assigning a greater share of their spending to customer-focused digital initiatives than their global counterparts. Further, 84% of Indian respondents (versus 70% globally) focus on ways in which new technologies will affect human experiences, including those of employees and customers.

What value does India expect from its digital technology investments?

Among top three priorities

Grow revenue



Create better customer experiences



Increase profits



Source: PwC, Global Digital IQ® Surveys

59% of the Indian respondents are getting more than 15% of their revenue from digital channels, whereas globally, only 37% of global respondents appear to enjoy such a benefit.

One of the themes evident from the responses of the 2017 Digital IQ Survey is that Indian executives are collaborative—a fact that differentiates them from their global counterparts—because an organisation would need a wide range of competencies to succeed in digital interventions.

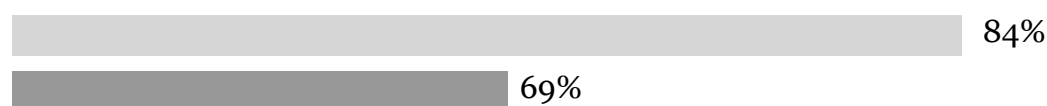
When it comes to key organisation relationships, Indian executives are more collaborative

Working relationship between the following C-suite executives in an organisation

CIO and CMO



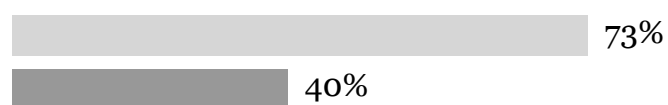
CMO and strategy head



CMO and business head



CIO and CHRO



India

Global

Source: PwC, Global Digital IQ® Surveys

What appears missing though is the clear division of responsibilities for digital initiatives. While digital strategy is something that most organisations are integrating with business strategy, this is not evident in the executive responsibilities or competencies required for execution.

For example, a CIO now cannot just be a technology person, she should be able to think strategically, critically and creatively. Clearly, there's a need for most organisations to relook at their organisational structure, candidate sourcing strategy, and culture in the digital age. Building the right talent pool takes longer than building technology or processes but it is vital to create a competitive digital offering.

Regardless of specific titles and responsibilities, a CDO needs full support from the C-suite for the success of critical digital initiatives. It is worth noting that a CDO does not and should not replace a CIO. With a CDO on board, there will be more active collaboration between the CIO and CMO. This leads to better alignment at every stage of the digital transformation and efficient execution of digital initiatives.

CIOs in India have much stronger relationships with their business unit heads, CEOs and heads of strategy. Similarly, CMOs in India enjoy stronger relationships with their business unit head—88% (64% globally)—and chief strategy officer —84% (69% globally).

The 2017 Digital IQ Survey shows that 91% of the respondents agree that the right people are involved in digital agenda setting and 71% say there is adequate communication among C-suite members.

How would you characterise the following obstacles in achieving expected results from your digital initiatives?

Lack of alignment/clarity on roles and responsibilities relating to digital ownership



Lack of support in the organisation



Source: PwC, Global Digital IQ® Surveys

Innovation is driven by industry and competition

How does your organisation gather ideas from external sources in order to apply emerging technologies in new ways to solve business problems?

Among top three choices

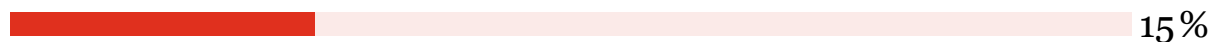
Industry Analysts



Competitive intelligence



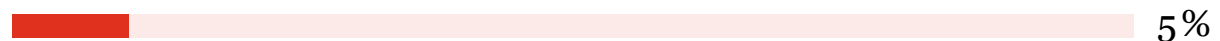
Crowdsourcing design/tech platforms



Customer advisory groups



Maker community



The survey results suggest that innovation in India is driven more by their own industry and competition trends. Analysis of data from the Global Digital IQ Survey over the past 10 years reveals that digital leaders know that it is critical to look beyond direct competition.

Differentiation can also be found by digging into the best practices of unrelated industries to understand how digital is driving their successes and determining how to adapt these practices to one's own digital operating model. Looking outside of industry's traditional disciplines helps bring fresh perspectives in terms of customers, products and services that should be on offer.

Indian organisations are enthusiastic about innovating primarily for commercialisation purposes; however, they are not feeding in enough stakeholder voice into product and service innovation. This is necessary to deliver a consistent and personalised experience across channels. They need to learn from leaders in digital who are firm believers in the human-centric approach. Leaders envisage their future customers and build delivery models in partnership with technology and supply chain partners to create value for future customers. How does your organisation gather ideas from external sources in order to apply emerging technologies in new ways to solve business problems?



About 90% of Indian respondents agree that identifying opportunities to digitalise their organisations is a critical part of the innovation process. Innovation appears to be set into processes by Indian organisations, with dedicated teams in place for digital innovation.

Indian organisations are far more aggressive in engaging with external sources to gather new ideas for innovation. Indeed, 81% of Indian respondents say they engage with one or more external sources, while globally only 59% agree with this statement.

To make breakthrough innovations, companies are looking at a variety of innovative operating models such as open innovation (collaboration with outside partners), design thinking, corporate venturing and incubators (small groups of entrepreneurs that use rapid prototyping).

Indian organisations are investing in AI, IoT and Robotics

The surveyed organisations appear to be making significant investments in artificial intelligence (AI), Internet of things (IOT) and robotics; however, in the next three years, the investment focus is likely to shift towards augmented reality and the blockchain. The increasing focus on IoT and robotics is also suggestive of an increasing focus towards cost optimisation.

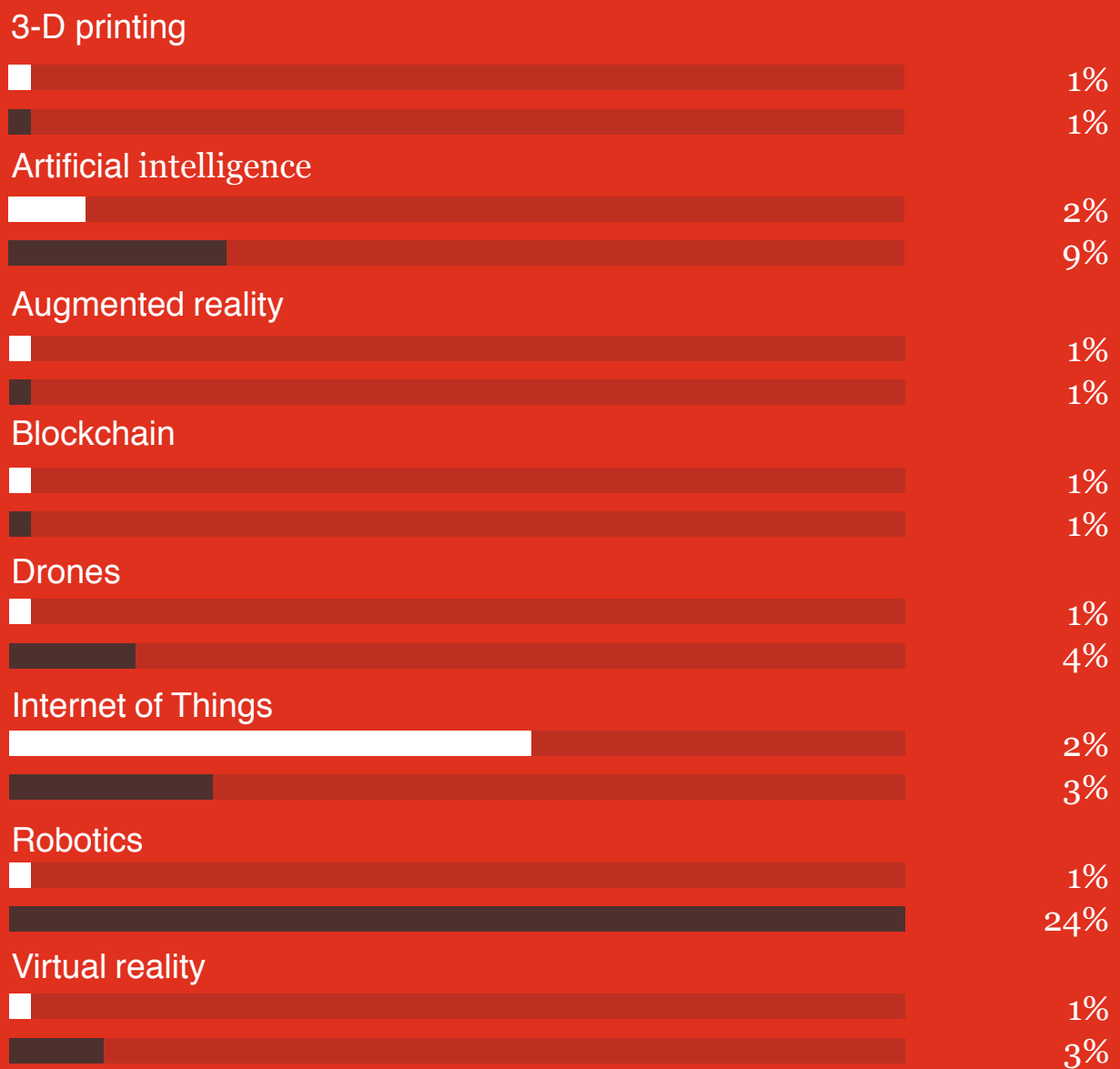
61% of Indian respondents have already implemented some form of robotics developed in their organisation as opposed to 38% globally. Organisations are adopting robotics quite rapidly and this is generating negative sentiments among employees.

Which of the following technologies are you making substantial investments in India?

3-D printing	10 %
Artificial intelligence	42 %
Augmented reality	10 %
Blockchain	7 %
Drones	3 %
Internet of Things	64 %
Robotics	27 %
Virtual reality	16 %

Source: PwC, Global Digital IQ® Surveys

Negative perception of technology by employees



Global
India

Source: PwC, Global Digital IQ® Surveys

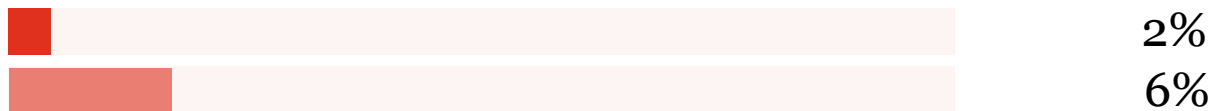
India is adopting agile methodologies

Agile methodologies are gaining prominence and agile is becoming a mindset that applies well beyond software development teams. In organisations, digital transformation hinges on their agility and ability to integrate internal resources with external partners to support the evolving industry landscape and customer demands.

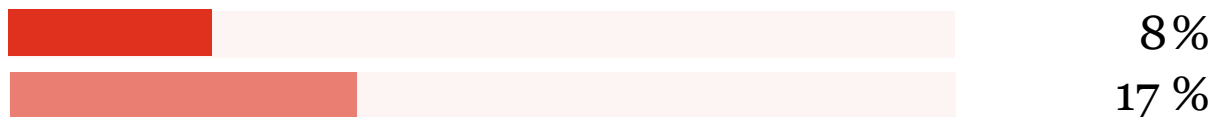


To what extent are you currently using agile approaches in your organisation?

On all projects



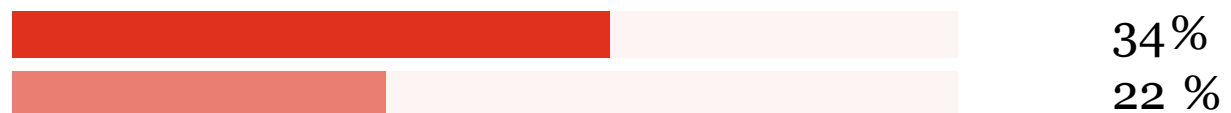
On more than 50% of projects



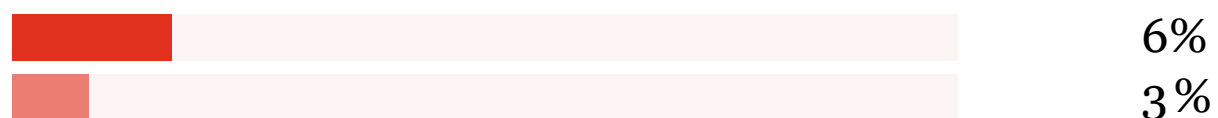
On 10–50% of projects



On a pilot basis



Not at all



Global

India

Source: PwC, Global Digital IQ® Surveys

This is exemplified by the concept of delivery pods, where cross-functional employees come together to form small teams that follow consistent rules with regard to reporting, planning and defining roles. While the pods are designed to be repeatable and consistent in structure, a level of autonomy is maintained in a way that the workload is distributed. While every pod may not have the same estimation hierarchy or sprint schedule, they need to report on their activities in the same way.

Digital leaders are driving this new concept of digital pods so that every digital initiative within an organisation is carried out in a consistent manner.

This concept of a digital pod is an offshoot of agile development methodologies as it digs deeper by placing cross-functional teams in the same physical environment using the same methodologies and tactics and helps them learn together as they work on initiatives.

Instead of having these pods located exclusively in offshore zones, they can be distributed geographically. The best locations for the hubs are those where proximity to digital talent and communication with headquarters or other hubs is not an issue.



Considerations for your business

Customer experience is pivotal to build trust.

As you experiment with emerging technologies, don't short-change the customer or employee experience. You can develop a digital product that leverages AI, for example, but have you sufficiently thought through issues such as the need for necessary trust and transparency for your customers and employees need.

Move towards a digital operating model.

Create processes and organisation structures that help you become more collaborative, transparent, flexible and lean. Companies must be well prepared to work with external partners and seamlessly integrate them with the internal processes.

Communicate more.

When the leadership is driving digital, it is critical to communicate more with the functional heads and their teams for building the alignment that is necessary for the success of digital transformation projects.

Make emerging technologies a priority.

Your leadership team should view emerging technologies as a core competency of the organisation. If emerging technologies are considered as a side project, they are unlikely to have any lasting impact on the organisation as a whole. Get your C-suite and your board excited about the potential of emerging technologies through demos at your next board meeting or encouraging hands-on homework to experiment with consumer technologies such as home automation systems or AI assistants. Focus on the human experience.

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 2,08,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at : www.pwc.com

In India, PwC has offices in these cities: Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit www.pwc.com/in

PwC refers to the PwC International network and/or one or more of its member firms, each of which is a separate, independent and distinct legal entity in separate lines of service. Please see www.pwc.com/structure for further details.

©2016 PwC. All rights reserved

*To have a deeper conversation about PwC's
2017 Digital IQ Survey, contact:*

Sudhir Singh

Partner & Leader, Digital Services | sudhir.singh@in.pwc.com

Authors

Sudhir Singh | *Partner & Leader, Digital Services*

Tapish Mehta | *Principal Consultant, Digital Services*

Sakshi Mor | *Senior Consultant, Digital Services*

Anik Pait | *Consultant, Digital Services*

Acknowledgments

Sujatha Menon | *Principal Consultant, Digital Services*

Kamaini Mittal | *Senior Consultant, Digital Services*

www.pwc.in

Data Classification: DCo

This publication does not constitute professional advice. The information in this publication has been obtained or derived from sources believed by PricewaterhouseCoopers Private Limited (PwCPL) to be reliable but PwCPL does not represent that this information is accurate or complete. Any opinions or estimates contained in this publication represent the judgment of PwCPL at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. PwCPL neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take.

© 2016 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, “PwC” refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.