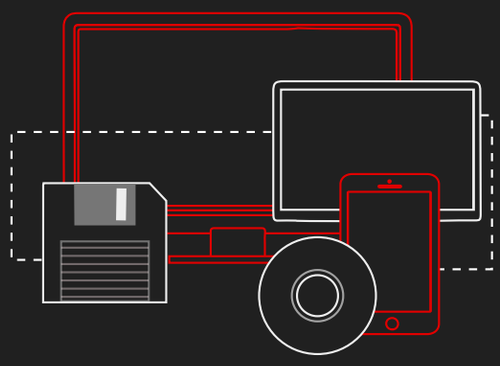
PULSE Ranorex®

Legacy Tech and Digital Transformation



One-Minute Insight Report summary:

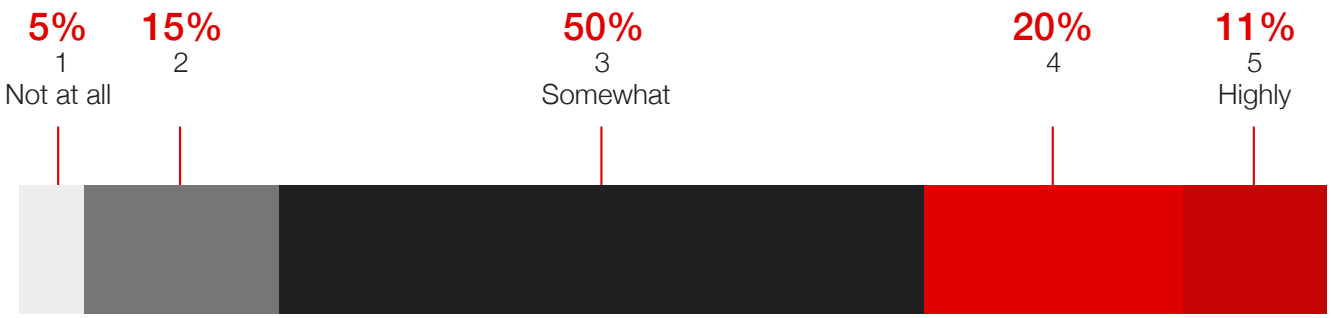
- Legacy technology has hindered organizational growth for most
- Most expect to spend between $500K-$1M on digital transformation over the next 2 years
- Efforts are split evenly between targeting legacy architecture and development practices for digital transformation, and a combination of rip and replace and integration methods
- Historic failure rates of digital transformation projects vary, with many reporting a failure rate greater than 25%—though most still feel confident in current project success
- There is a perception that executives either tolerate or are excited by digital transformation projects whereas employees are either excited by them or resist
- Most believe leadership has the biggest impact on digital transformation strategies and the success of new technology implementation

This study asks technology decision-makers about the impact of legacy technology on digital transformation and renovation projects, the approaches leaders are taking to address legacy technology, and the cultural aspects of success or failure of digital transformation projects—including who impacts the success of digital transformation initiatives the most: leadership or employees.

For many decision-makers, legacy technology has hindered organizational growth—with executive resistance to change the top challenge for digital transformation

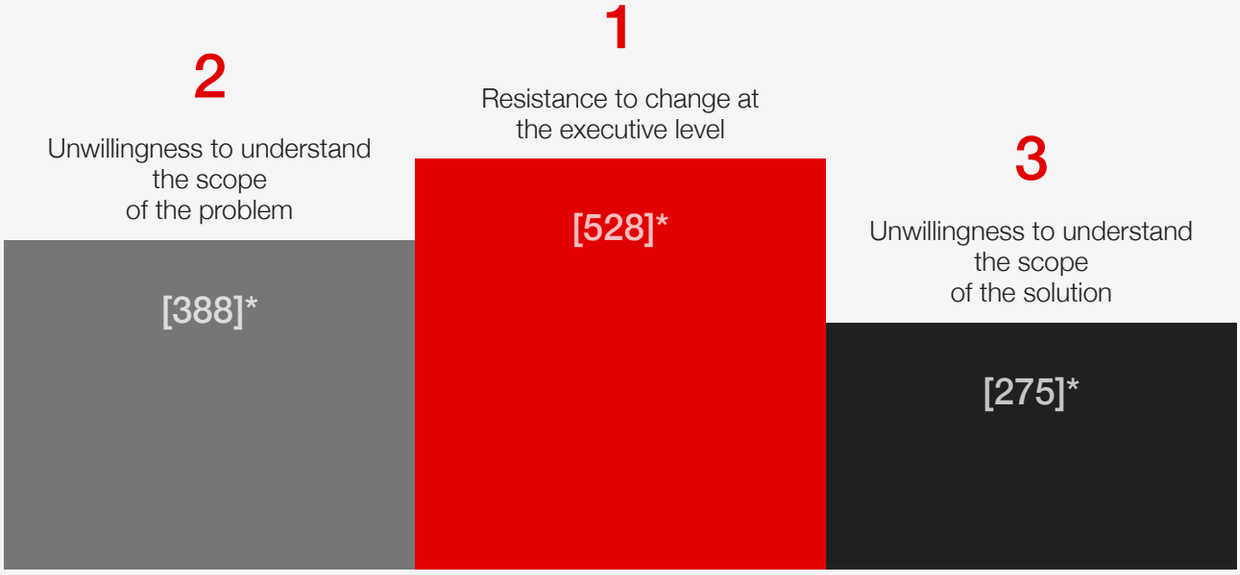
81% of decision-makers believe legacy technology has at least somewhat hindered their organization's growth over the last year.

On a scale of 1 to 5, to what extent has legacy technology hindered your organization's growth over the last year if at all?



When asked to rank the cultural challenges to digital transformation, resistance to change at the executive level ranked highest.

What are the top 3 culture challenges to digital transformation at your organization?



*ranking score

“Companies that are not on the journey or are not even thinking about their digital transformation journey will soon be realizing that in order to be competitive, you must be agile and responsive to the market. Legacy thinking does not lend itself well in this new way of working.”

- C-suite, medium-sized manufacturing company

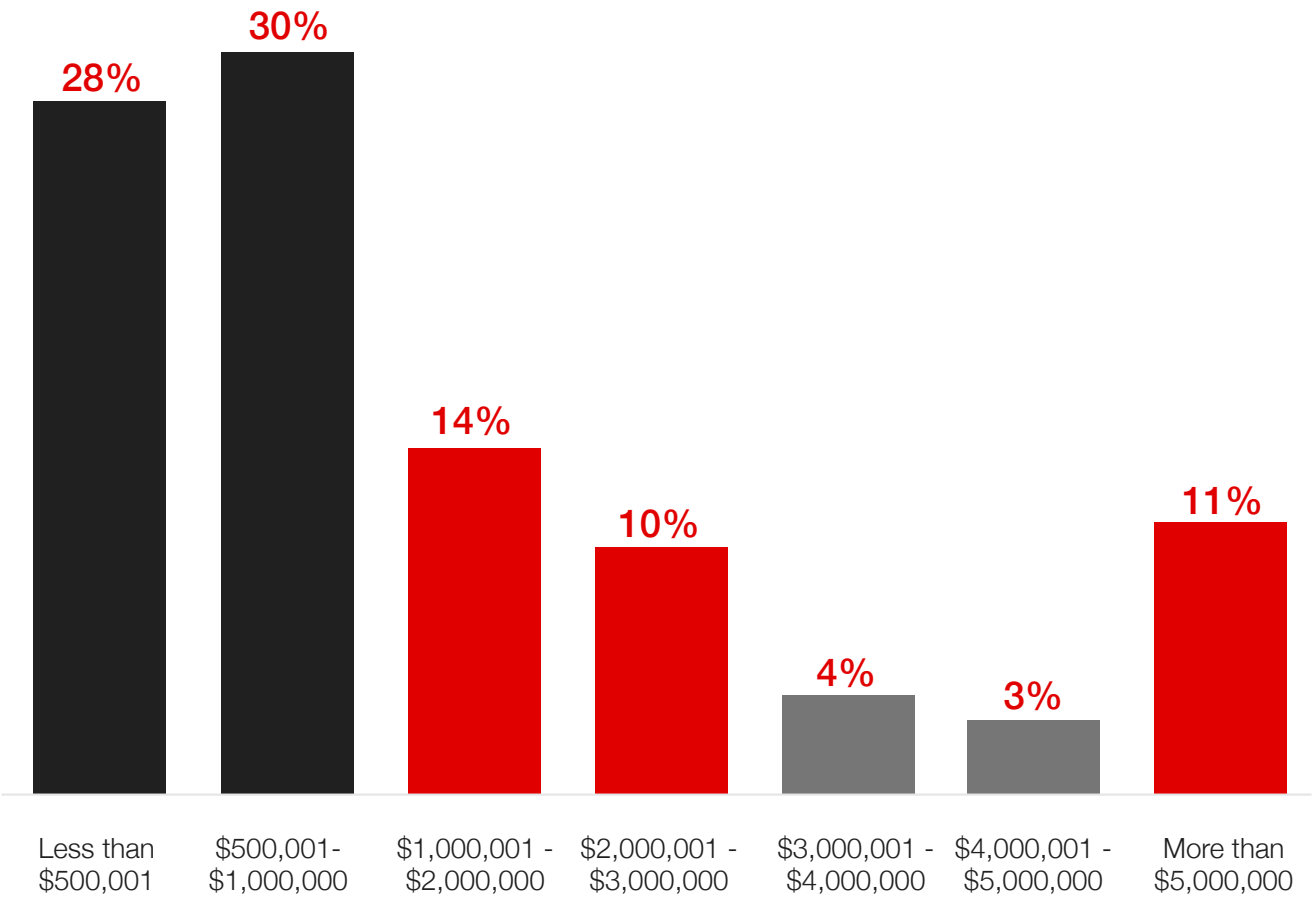
“Attitude is the key in [digital transformation] project[s].”

- C-suite, medium-sized finance company

Most predict a digital transformation spend of $500K to $1 million over the next two years—and decision-makers believe organizations that value their workforce are willing to invest

Most (58%) are expecting their spend on digital transformation to be at or below $1 million over the next 2 years. However, 11% are expecting to spend more than $5 million.

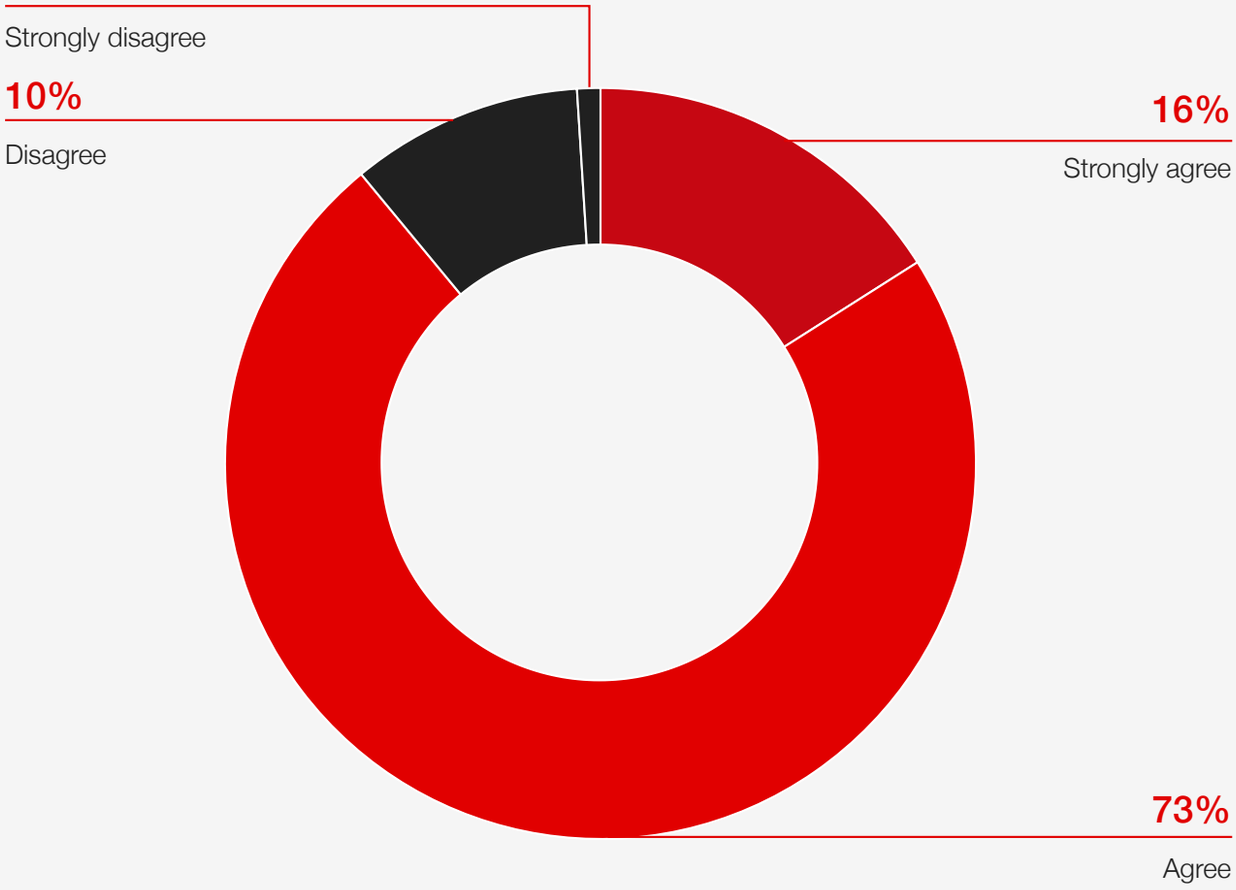
How much do you expect your organization will spend on digital transformation over the next 2 years?



Most decision-makers (89%) agree that a willingness to invest in digital transformation reflects how highly an organization values its workforce.

To what extent do you agree with the following statement: "An organization's willingness to invest in digital transformation is a reflection of how highly it values its workforce."

1%



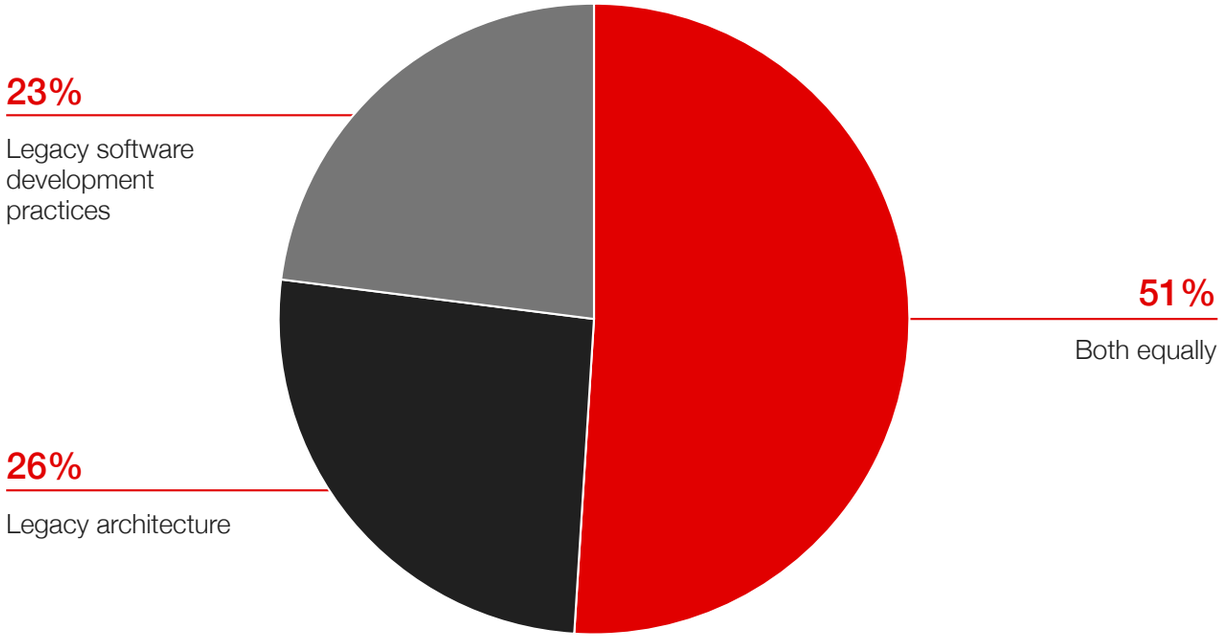
"We are approaching this year's digital renovation with identifying the top 3 projects and will hopefully begin in 2022."

- Director, medium-sized healthcare company

Decision-makers are taking a multi-faceted approach to replacing legacy tech

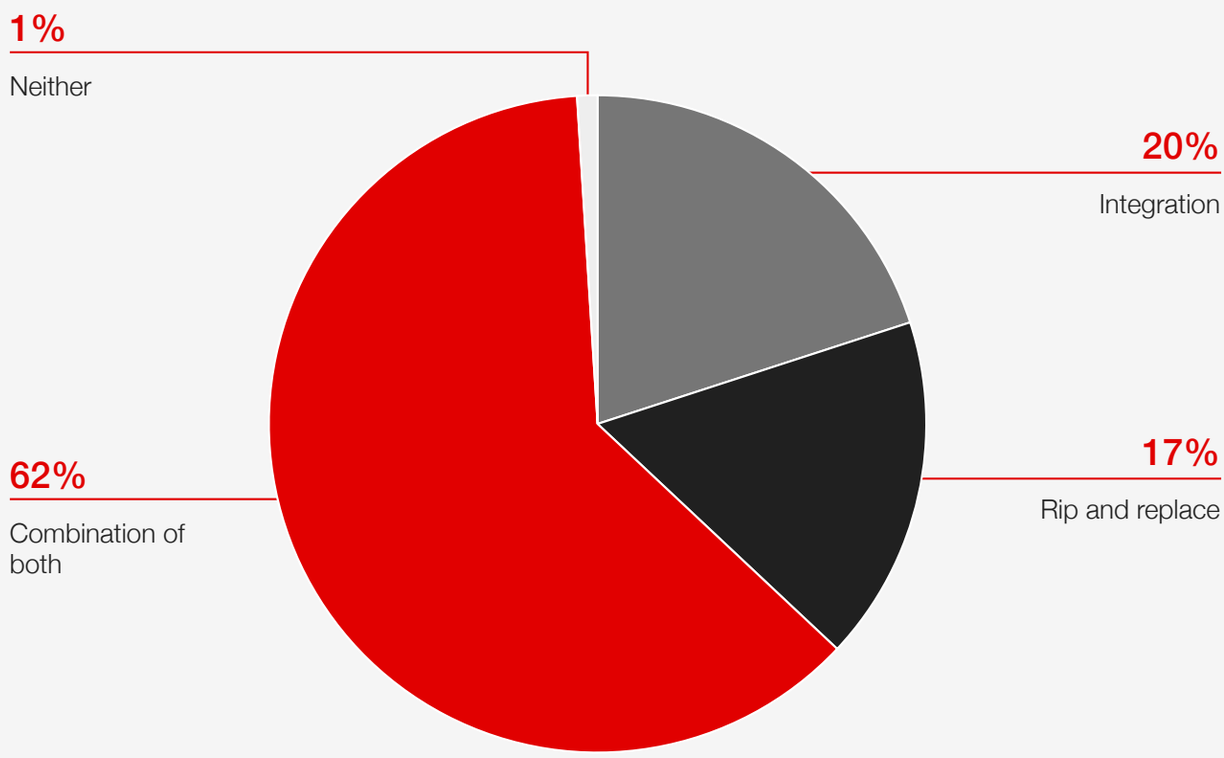
The majority of respondents (51%) say their organization, in their efforts to migrate away from legacy tech, is equally focused on legacy architecture and legacy software development practices.

Is your organization more focused on migrating away from legacy architecture or legacy software development practices?



Decision-makers are also taking a combined approach to how they achieve digital transformation by employing both rip and replace and more effective integration (62%).

What does digital transformation look like at your organization—completely replacing all legacy systems, or getting them to integrate more effectively?



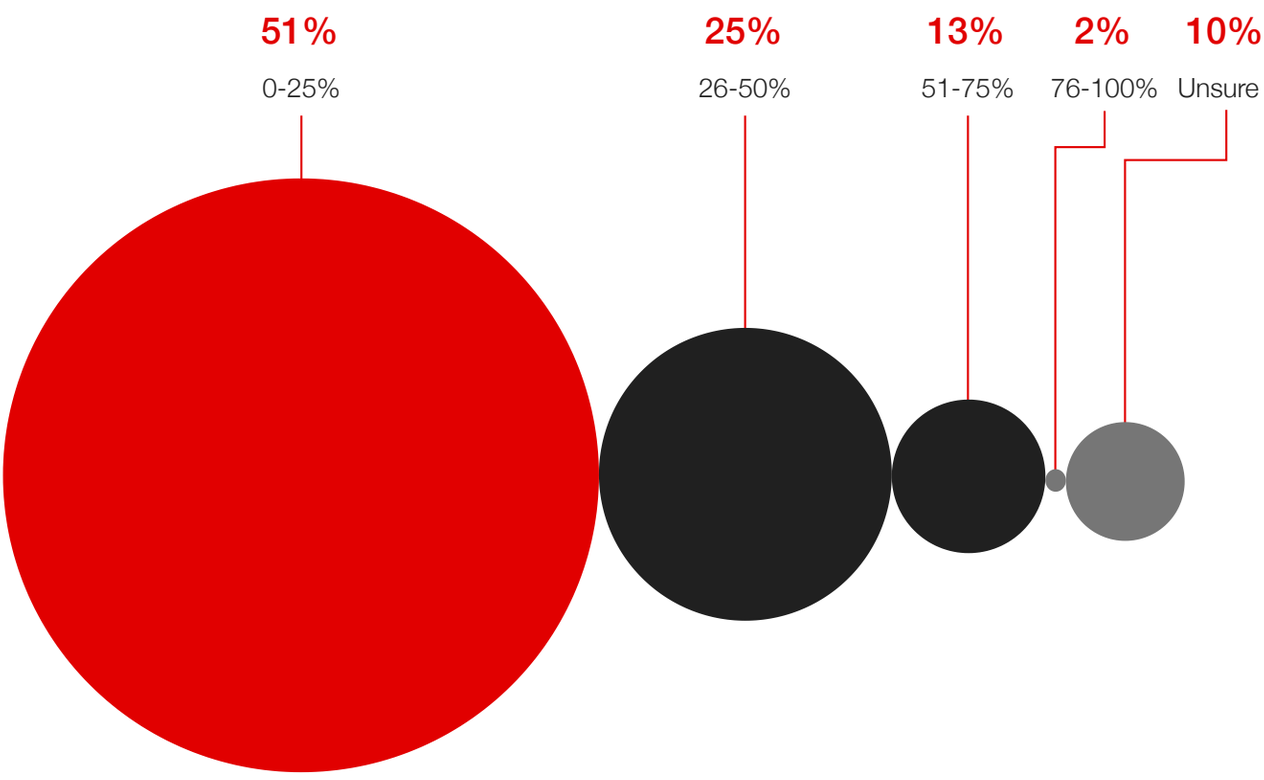
"[Digital transformation is] very difficult with some legacy systems that are critical to operations."

- Director, medium-sized education company

While many have seen digital transformation projects fail, most still feel confident that their organization's approach to digital transformation will be successful

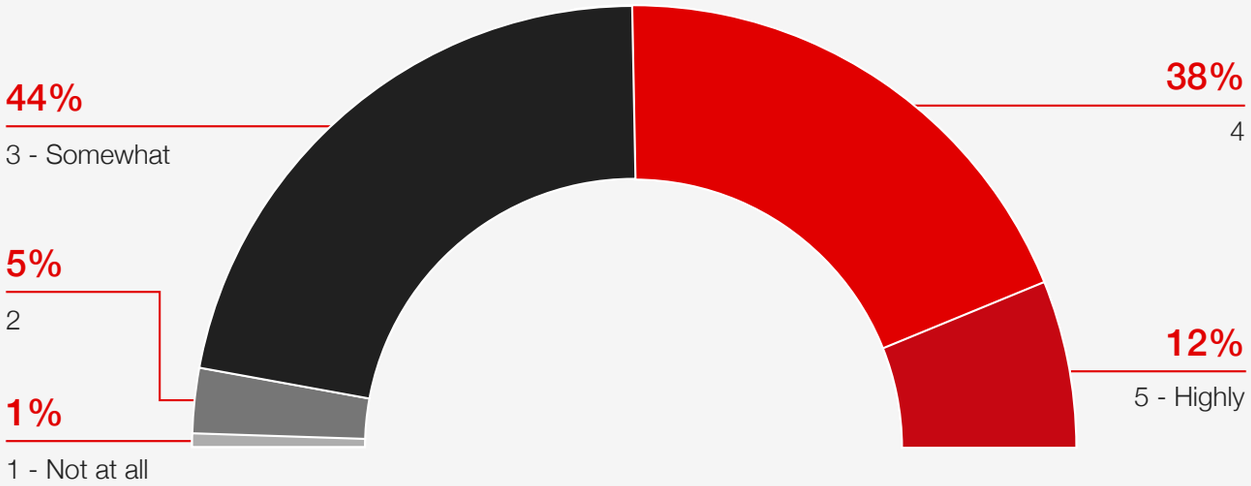
Over half (51%) of decision-makers report a failure rate of 0-25% for digital transformation projects within their organization. However, a quarter (25%) report a failure rate of 26-50%.

Historically, what has been the failure rate of digital transformation projects at your organization?



Most (94%) are feeling at least somewhat confident that their organization's approach to digital transformation will be successful.

How confident are you that your organization's approach to digital transformation will be successful?



"We've had our fair share of failures in transformation projects. The key learnings have been to understand the scope well, always focus on value and expected key outcomes. Stay away from all the deceivingly fancy low value high energy benefits and stick to the key outcomes."

- C-suite, small finance company

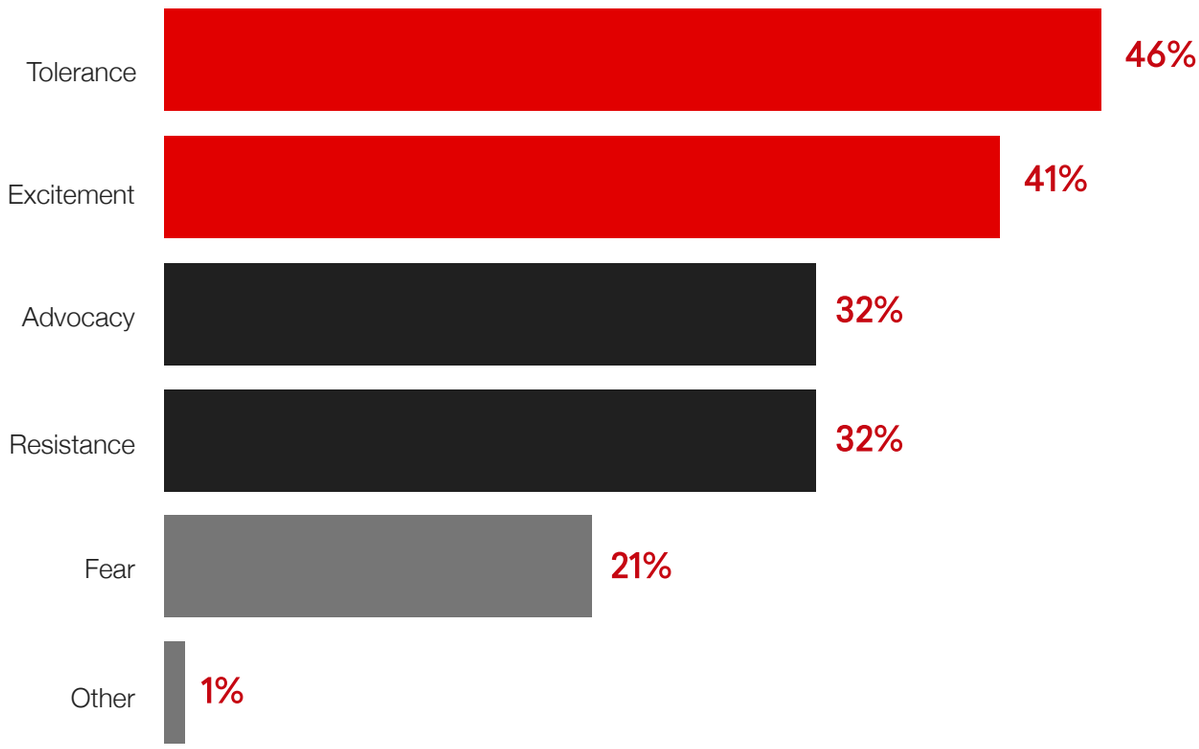
"[My experience of digital transformation is] plan, prepare, rethink, replan, reprepare, rethink and rinse and repeat."

- Director, small real estate company

Executives tolerant and employees excited about digital transformation

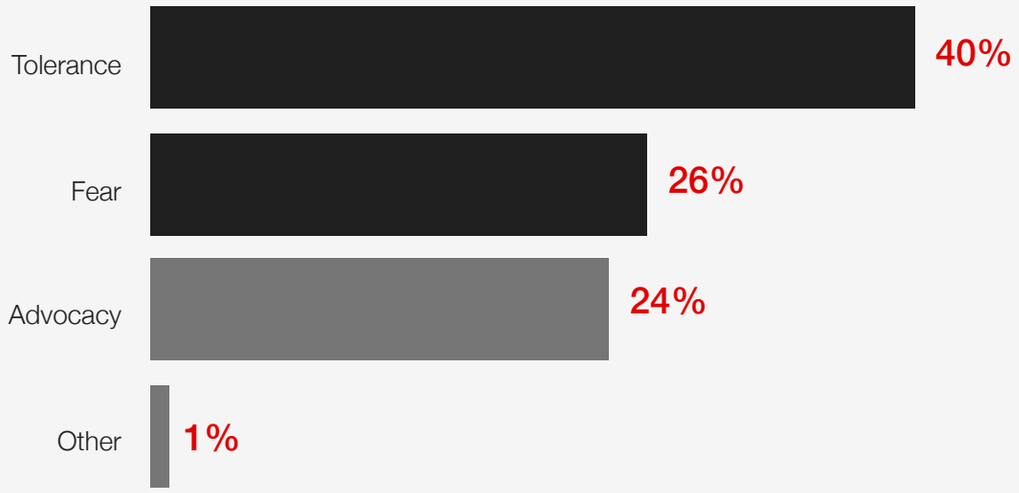
The top reported sentiment among executives towards digital transformation is tolerance (46%), though on a more positive note, excitement (41%) is second.

What is the executive attitude towards digital transformation at your organization?



Contrastingly, decision-makers believe the top sentiment towards digital transformation among employees is excitement (51%), though resistance (43%) places second.

What is the employee attitude towards digital transformation at your organization?



"Having the right leadership and the right message is huge. When used as merely a buzzword, leadership looks laughable and pathetic."

- Manager, large manufacturing company

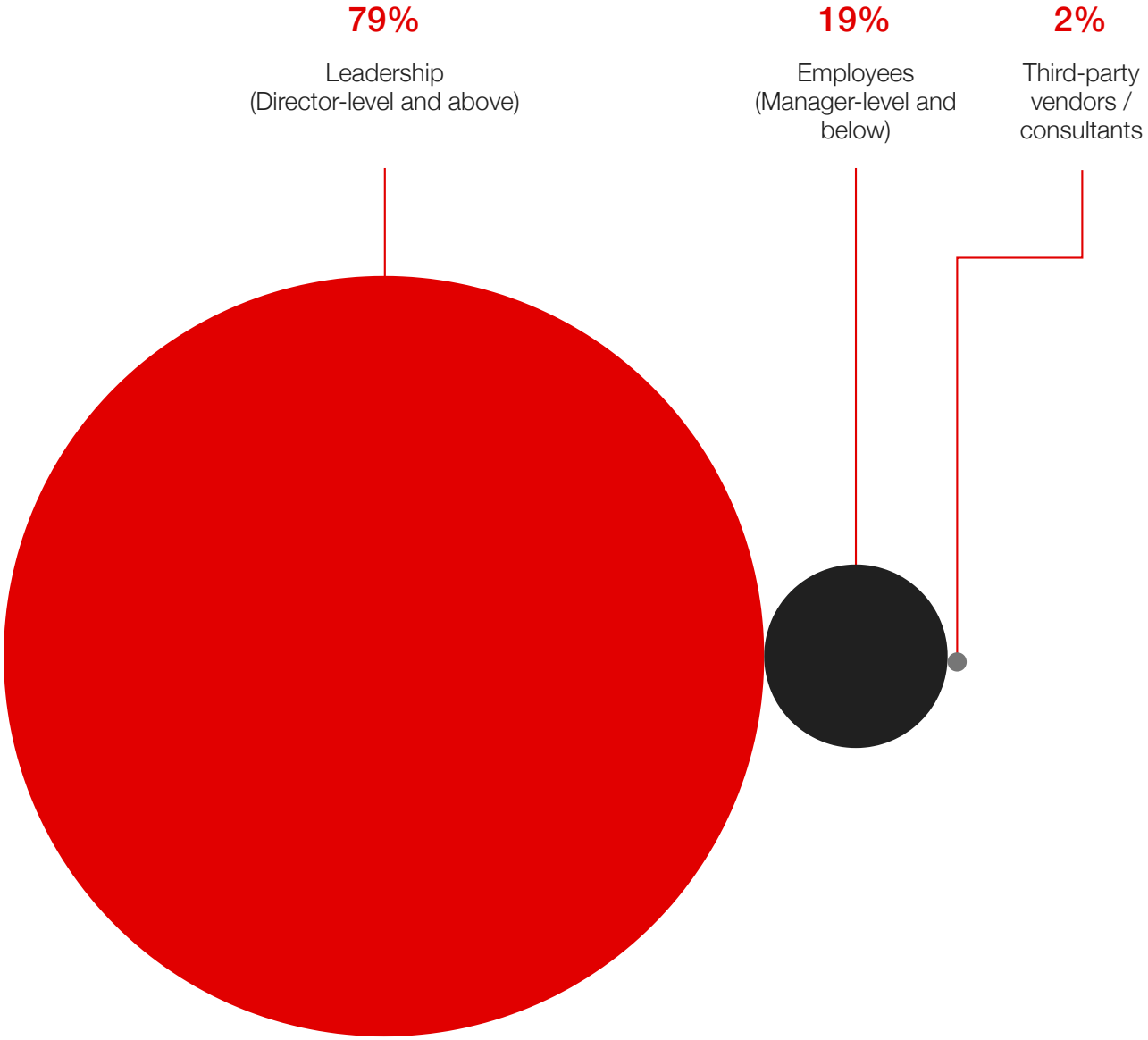
"Adding a new technology is always hard as there are always users who will have resistance towards it."

- Director, small consumer goods company

Those in leadership positions make the biggest impact on digital transformation strategies and new technology adoption

Decision-makers report that the biggest impact on digital transformation comes from those in leadership positions (defined here as Director-level and above) (79%).

Who has the most impact on digital transformation decisions and strategies at your organization?



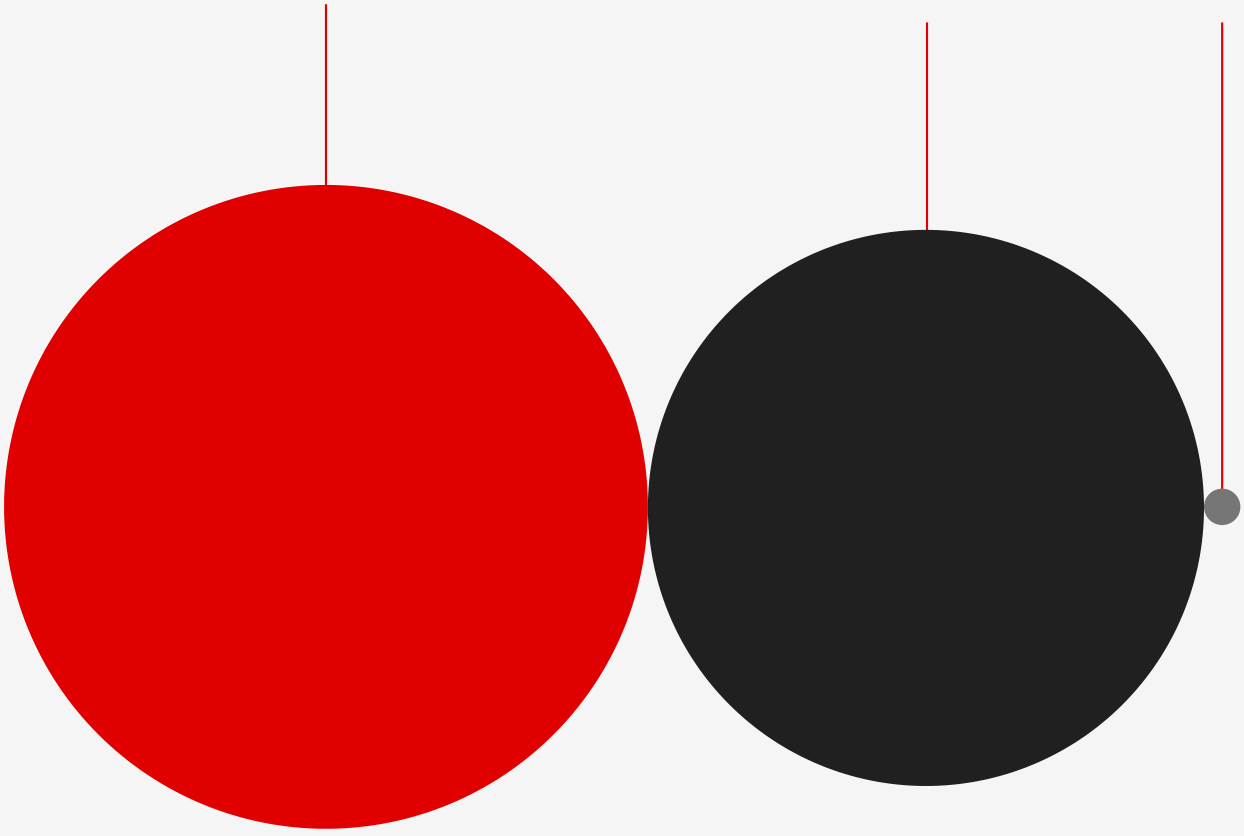
However, when asked about impact on the successful adoption of new technologies, it was a closer call between leadership (52%) and employees (defined here as Manager-level and below) (45%).

Who has the most impact on successful implementation and adoption of new technologies?

52%
Leadership
(Director-level and above)

45%
Employees
(Manager-level and
below)

3%
Third-party
vendors /
consultants

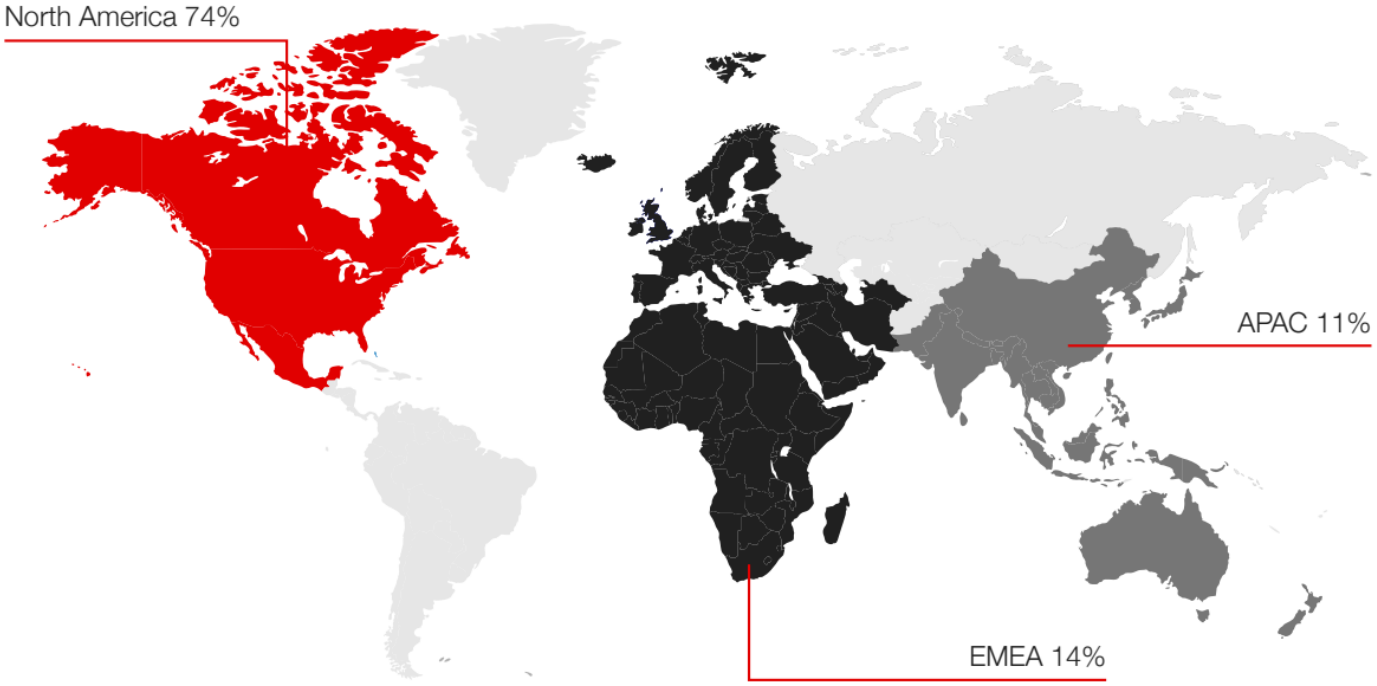


“Key to any initiative of this scale is planning and selling. Just [digital] renovation and transformation to be trendy is not the answer. Build the right business case and sell it to ALL levels of the organization. Many times, as we all know, change is not looked on as positive.”

- Director, large software company

Respondent Breakdown

Region



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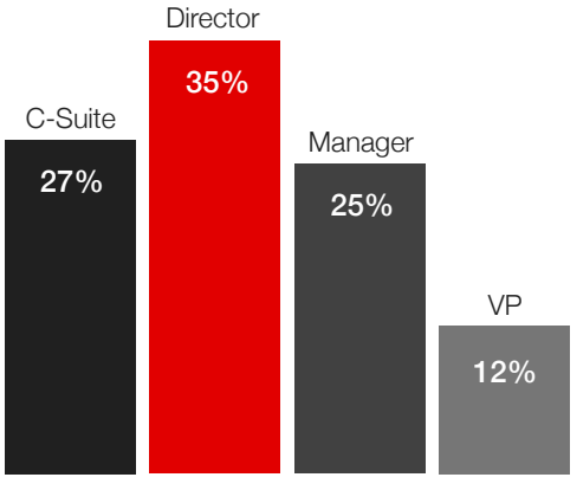
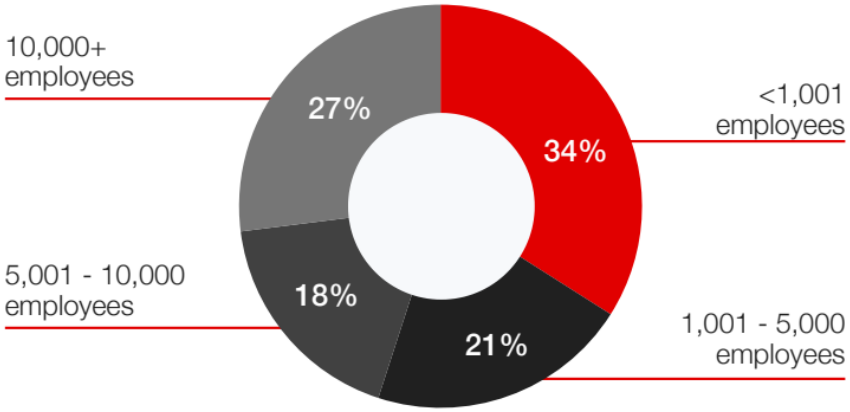


Company Size



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