

The Advanced  
**Trends Survey  
Report 2016**

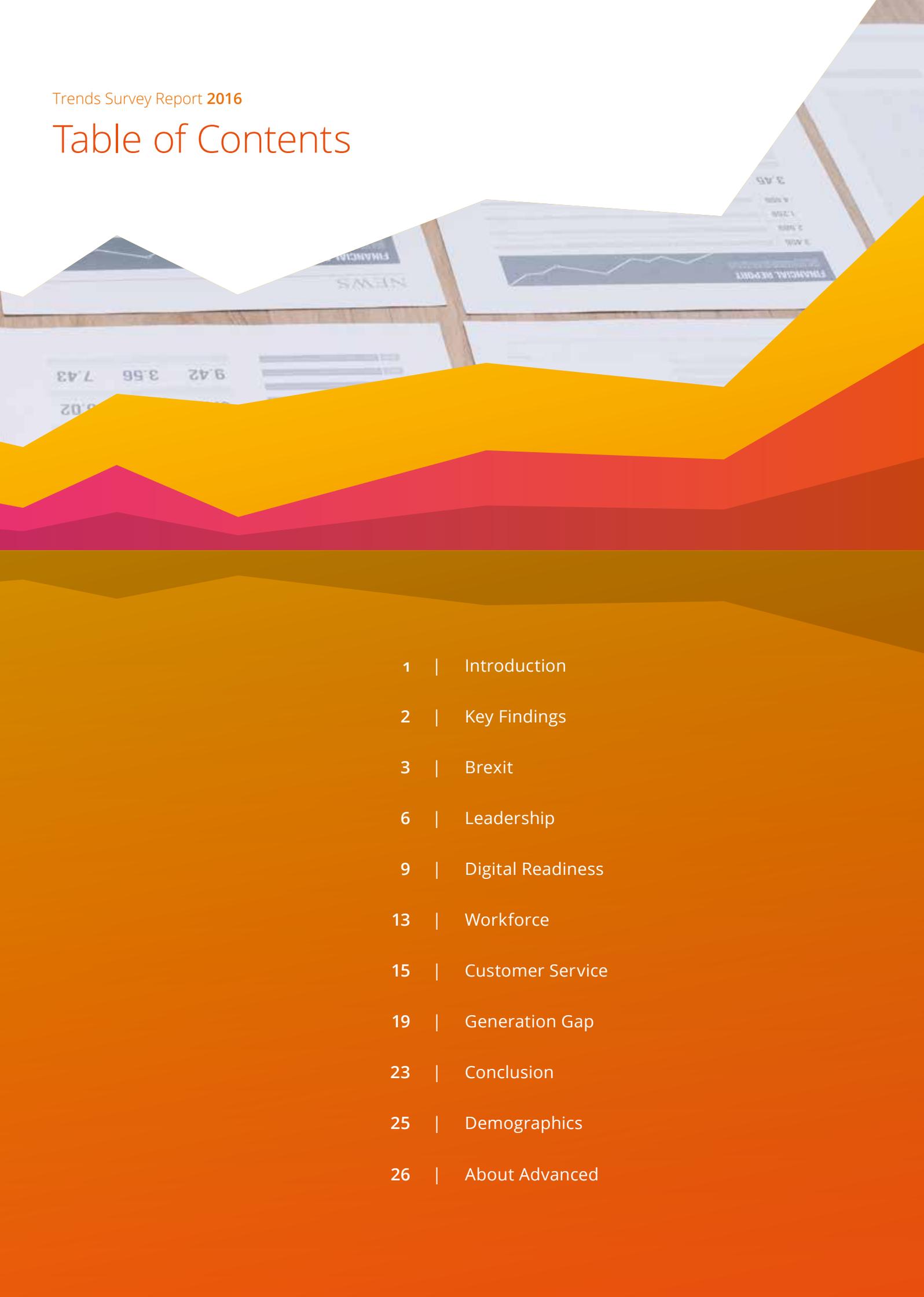




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# Introduction

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In October 2016, Advanced conducted its inaugural annual trend survey of over 1,000 business professionals in the United Kingdom.

As a British business undergoing one of the largest transformations of any UK company, being outward looking, understanding our customers' challenges, and those of the market, are critical for us to take responsibility and provide guidance in the solutions we deploy. The resulting report comprises of the key findings broken down by key areas such as; digital readiness, customer experience, the workforce and leadership.

We know British businesses face increasing pressure to innovate, grow and prosper in the disruptive digital age. Coupled with the far reaching economic uncertainty as the country braces itself for the consequences of Brexit, many organisations could easily become overwhelmed.

Dubbed the fourth industrial revolution, this new digital age is calling for businesses to reimagine their organisations, ensuring they have the right workforce and leadership to transform the service it offers to customers. Technology is the essential DNA for all organisations to help achieve this vision – with effective business intelligence being the critical component to smart decision making and productivity.

This inaugural, state-of-the-nation Trends Report will set a benchmark. It will identify and examine the top issues facing British businesses in the face of serious digital disruption, and highlight the ingredients needed to compete and be successful in a digital era.

The following summary represents a topline breakdown of the leading themes from the Advanced Trends research, highlighting the conclusions around the confidence in their organisations ability to transform and compete in a digital economy, post Brexit.

**Please note:** some figures may not add up to 100% due to rounding.

# Key Findings

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## Economy

**12%**

of respondents are well prepared for budget cuts as a result of Brexit

**60%**

believe the biggest impact to budgets will be felt in 18 to 24 months

**85%**

of those in public sector believe the government has not provided enough budget to successfully implement its digital agenda

**51%**

see Brexit as an opportunity for growth and prosperity

## Digital Readiness

**26%**

do not feel prepared for a cyber attack

**54%**

believe the risk around data security affects the adoption of digital technology

**86%**

believe the most important attribute in a business leader is the ability to re-imagine their business

**70%**

believe automation of manual tasks would free up valuable time to focus on value added services

**30%**

of respondents do not have access to accurate real time information

**84%**

believe real time information allows for faster, more informed decisions

## Customer Focus

**67%**

feel pressure to deliver services via social media

**93%**

believe a connected digital infrastructure is important to anticipate and service customer needs

**55%**

believe their IT infrastructure limits their ability to respond quickly to customers issues

## Cyber Security

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"I don't believe cyber security is holding us back. Whenever we're looking at digital transformation, we always consider the security risks when evaluating availability and resilience of the system. We see this as a significant importance to maintaining the reputation of our organisation – if we get a breach, we lose trust – it's as simple as that."

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**Mark Smith - Head of IT and Operational Systems at Monitor**

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"The fact that a quarter of respondents do not feel prepared for a cyberattack is not entirely surprising, but is worrying. We've seen a seismic shift in the security space in the past year; it feels like we're in the midst of a cold war arms race and every business and individual must now keep up with the significant problems arising from organised digital crime. The fact that the new National Cyber Security Strategy has almost doubled previous funding commitments, both reassures and reaffirms the significance of cyber security to every aspect of British life.

Our focus on IT security has never been higher and we are confident that we have the tools and skills in place to protect our business."

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**Anonymous, Private sector**

51%

see Brexit as an opportunity for growth and prosperity



## Brexit

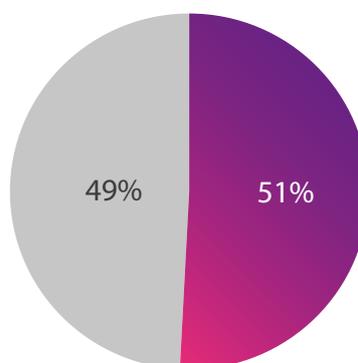
In the face of unprecedented change, are British businesses ready to react and adapt?

From the shock reaction to the Brexit vote following the EU referendum through to the upcoming results of the US election, we are acutely aware of the level of economic uncertainty and fear facing British businesses. We carried out this survey post Brexit and shortly before the US Presidential election and wanted to understand how this situation is perceived within the business community and gather insight into the views as to how it may impact their future success.

Do you see Brexit as a real threat to business survival or an opportunity for growth and prosperity?

With opinion divided almost in half, in line with the results of the EU referendum, it was necessary to delve further to gain a level of understanding about how they were planning to face this changing landscape and the resulting challenges.

A real threat to business survival

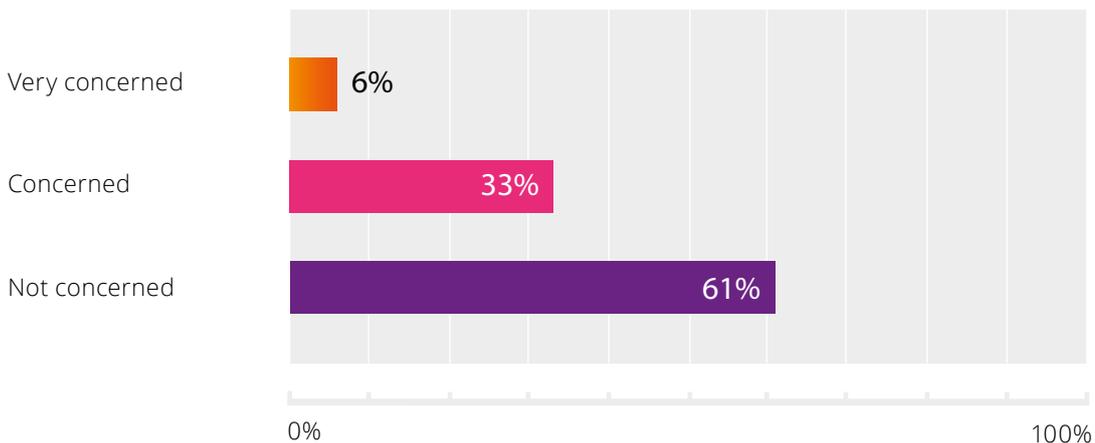


Business opportunity for growth and prosperity

## Brexit

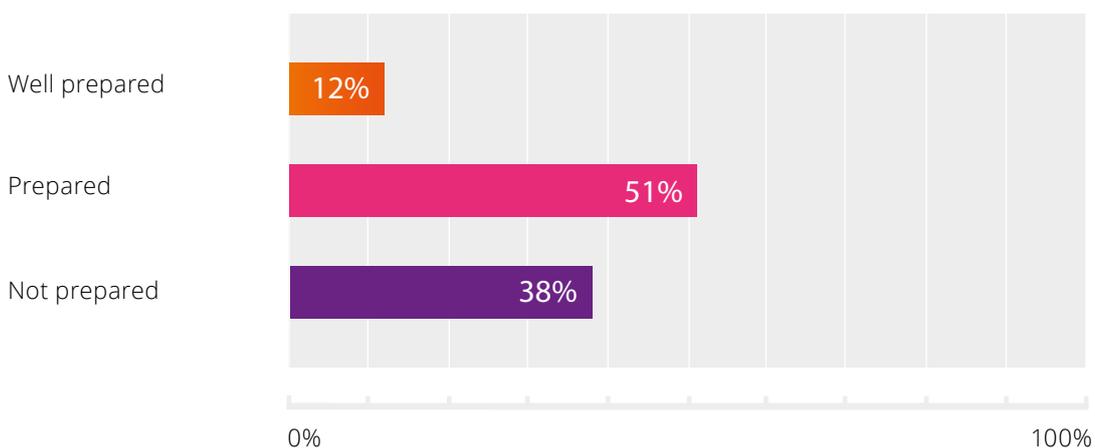
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Are you concerned that your organisation is not prepared for changes in regulation post Brexit?



With 39% of respondents concerned that their organisation is not prepared for changes, what really stands out is the 61% who are confident and ready to handle any changes which might be required. This level of confidence could be perceived as complacency as UK businesses enter what has to be one of the most competitive, volatile and uncertain periods in recent history.

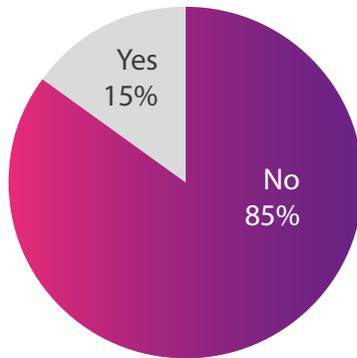
So how well prepared are UK businesses for any post-Brexit budget cuts?



Whilst some organisations have made provisions for cuts, there are still 38% who are not prepared at all, and 51% reporting they have made some contingency for cuts. The uncertainty around Brexit will certainly be playing into this and whilst the impact in the short term is uncertain, most agree the biggest funding impact will be felt in 18-24 months' time.

The economic implications of Brexit on private and third sector companies are markedly different to those in public sector, as such, we wanted to know if the 210 respondents from that sector believed the Government was providing enough funding to help them realise the digital agenda.

## Brexit



Has the government provided enough budget to implement the digital agenda?

With high profile white elephants that stalk public sector digital projects, the vast majority lack confidence in the level of investment that the Government has allocated for digital. With this in mind, the big question is whether public sector organisations will be able to transform effectively to build platforms, standards and digital services that deliver in line with customer expectations.



over **4/5**

believe the most important attributes for a business leader in the digital era is the ability to re-imagine their organisation and embrace change



# 1/3

of respondents have little or no confidence in their organisation's management in terms of its business intelligence to anticipate change

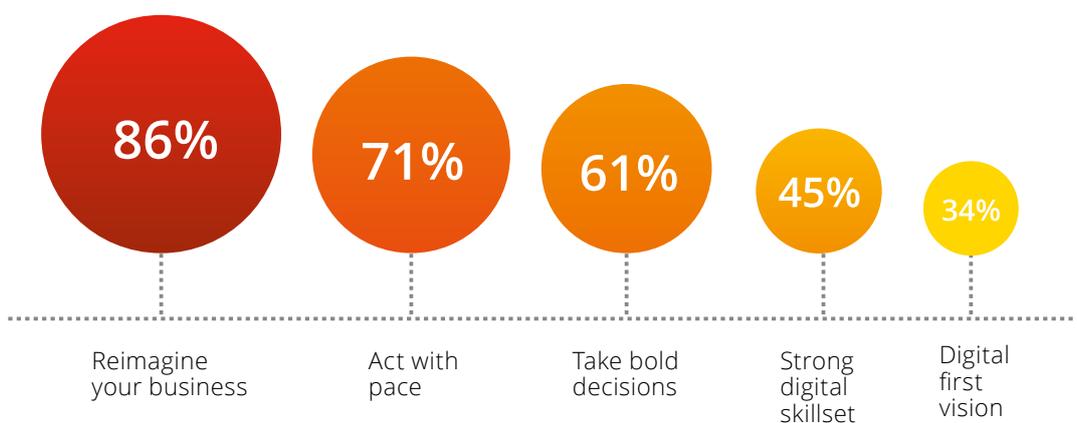
## Leadership

### Are British leaders really ready for change?

In the new digital age, one might argue that never before has it been so important for organisations to have the right leadership in place. With the pace of change impacting every area of engagement and expectations from customers, stakeholders and employees, leaders bear the pressure to successfully manage their business to adapt and succeed.

So it's important to know if they are ready and well placed for the challenge. However, just how agile are British businesses and what are the most important attributes of a leader in this digital era?

### What are the most important attributes for a business leader in the digital era?



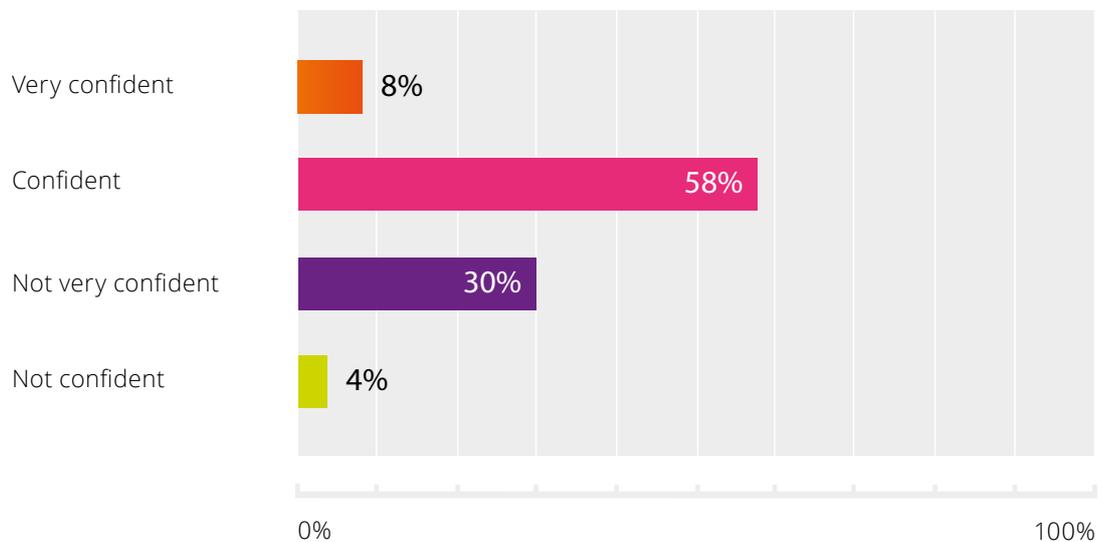
## Leadership

Given the seismic change happening within the British economy and beyond, it's reassuring that 87% of respondents highlighted the ability to reimagine the business as the number one characteristic in business leaders.

So, with this ideal vision in mind, how do our British leaders really stack up and is there a dangerous disconnect between expectation and reality? Given the profound impact that the digital era is having on British businesses, leaders need to be well placed to anticipate and drive change, yet only one third of respondents identify a 'digital first' strategy as being a key attribute.

Should it be worrying then that, from a Brexit perspective at least, one third of our respondents do not have confidence in their organisation's management in terms of business intelligence to anticipate change.

Based on your organisation's management of its business intelligence, how confident are you in its ability to anticipate change?



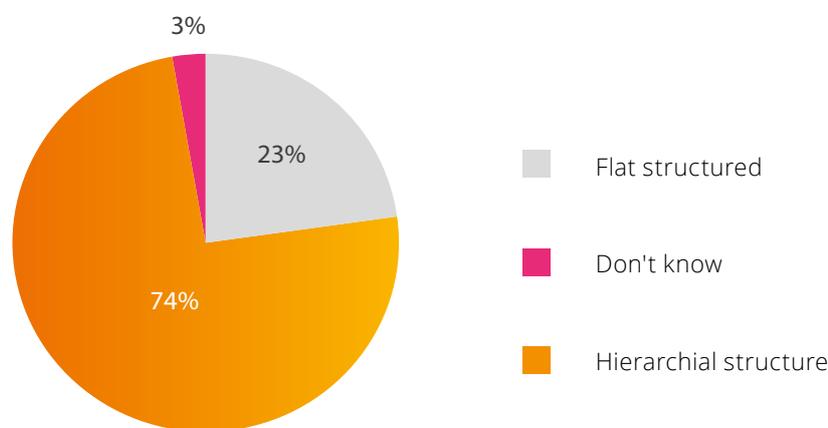
With this in mind, these results must call into question the ability of leaders to adapt and gain actionable insights from business intelligence, from which to prosper and compete. Again, given that nearly 50 percent of organisations do not act on real-time data and do not have the necessary connected digital infrastructure, arguably, a leader is not able to get up-to-date data easily from which to 'act with pace', nor are they in control to make informed 'bold decisions'.

## Leadership

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Along with critical leadership characteristics, businesses also need to consider the way in which they are structured to maximise the speed at which they can adapt and change. After all, what good is it having the right leaders if the business is structured in a way which delays and holds up change.

### How is your business structured?



With 74% of respondents aligning to a hierarchical organisation structure it's imperative that the perceived disadvantages associated with such structures, such as poor communication, increased bureaucracy and time to drive change, are reviewed in line with the aims of digital improvement programs. The great conundrum is that digital programs such as real time reporting allow for organisations to become connected and thus more flexible to drive through change.

If an organisation is to innovate, grow and prosper, change management must be a priority in the boardroom. However, this report suggests that while British businesses understand the importance of transformation, how do their leadership skills support this. The findings reveal a disconnect between what it takes to lead effectively and how well equipped leaders are to successfully navigate this journey.

62%

of respondents believe they have access to accurate up-to-date (real-time) information to make informed decisions



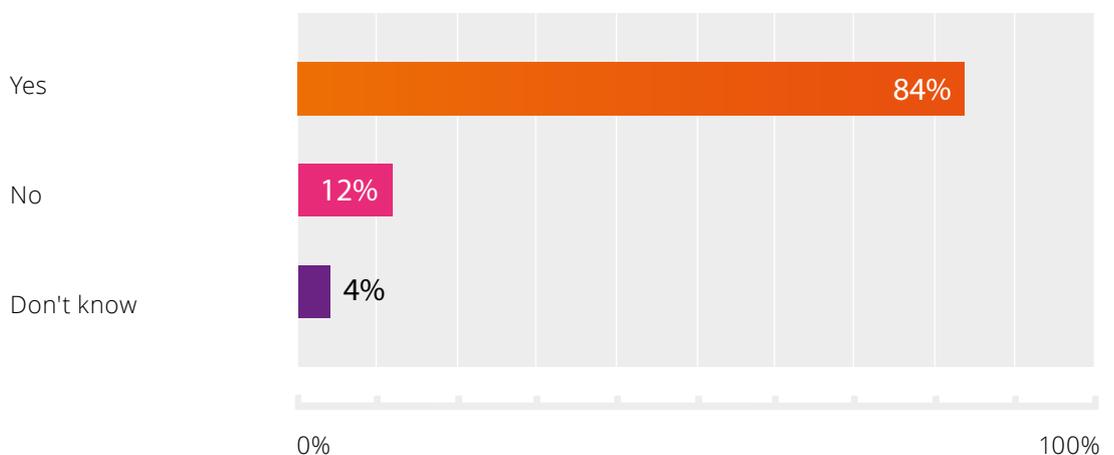
## Digital Readiness

As the digital era provides an opportunity to reimagine the world in which we live, there is a need for organisations to adapt quickly to the changing demands of customers, suppliers and markets. The key to success in this complex environment is being 'digitally ready'. By this, we mean using digital technology and associated new channels to enhance the way we collaborate both internally with employees, or externally to connect with stakeholders and customers. The impact can be significant, enabling organisations to harness the full potential of staff, leadership and customer engagement.

The majority of businesses overwhelmingly agree on the importance of change in order to prosper, yet the statistics reveal a disconnect between the perceived levels of preparedness and the reality.

So how are UK organisations faring when it comes to their use of digital?

Has your company invested in technology to simplify processes?



## Leadership

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"I'm reassured to see that 86 percent of respondents believe an ability to reimagine business is the most important attribute of a business leader; only time will tell whether the belief matches the reality."

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**Rob Bruce**, Head of Technology and IT Support at PRS

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"It is clear that organisations need leaders who can reimagine, rethink and take bold decisions. Digital skillsets are becoming increasingly important for leaders to be an effective architect for change. The driving force behind our business is an ability for leaders to identify business challenges and involve IS in shaping responses that are enabled by appropriate digital technologies."

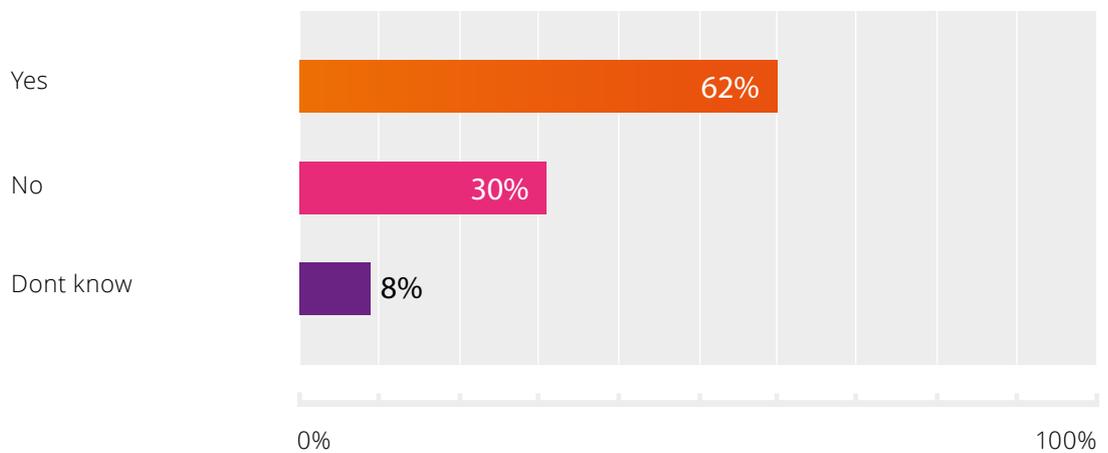
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**Robin Johns**, Head of Information Services at Tideway

## Digital Readiness

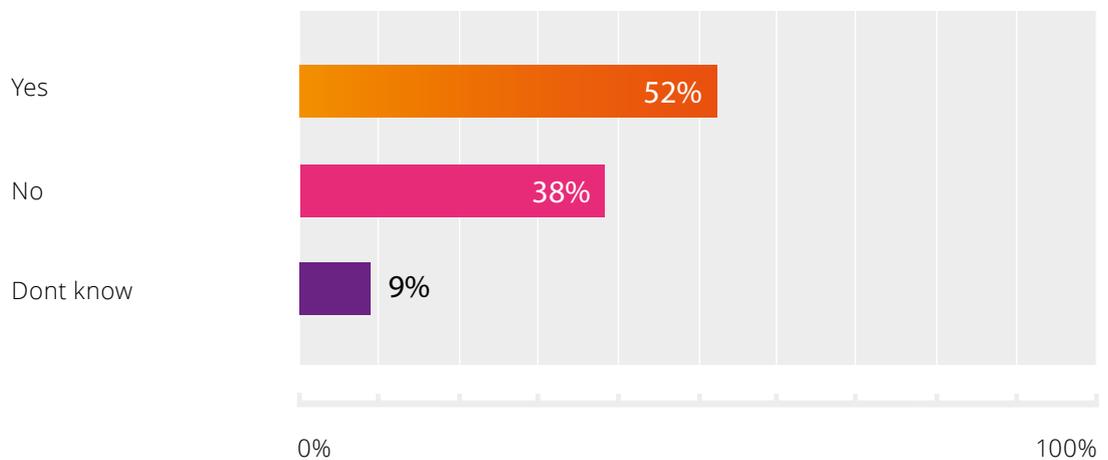
Most businesses seem to believe in the benefits that digital investment delivers, after all 85 percent of respondents claim to have invested in technology to simplify processes. What becomes apparent though is that when implimenting these digital initiatives, such as real time information, cloud based solutions and connected digital infrastructures, many do not seem able to embrace the associated benefits they firmly believe in.

Do you have access to accurate up-to-date (real-time) information to make informed decisions?



The reality therefore appears to be quite different. Only just over half describe themselves as having access to up-to-date (real-time) information, so it could be argued a significant percentage of organisations are making decisions based on historical data.

Would you describe your organisation as having a modern digital infrastructure (departments connected through integrated data and statistics to gain insight into your operations)?

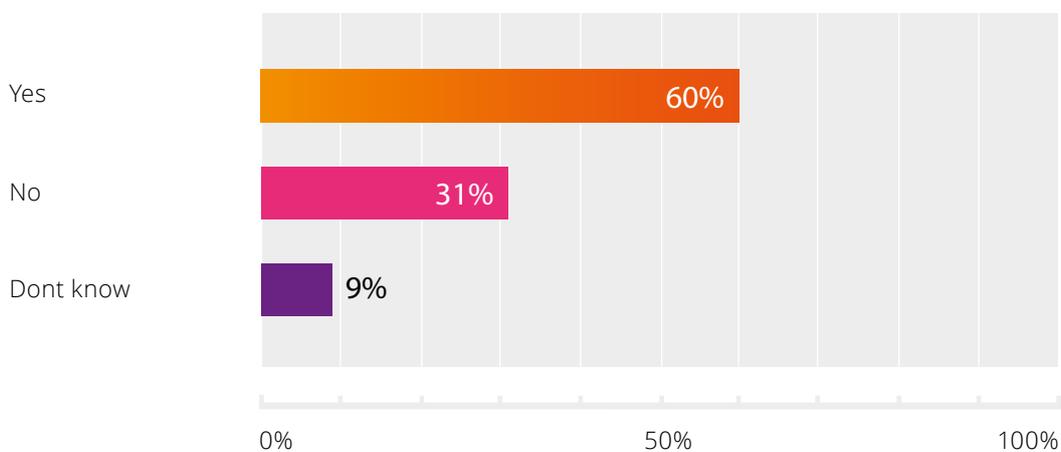


## Digital Readiness

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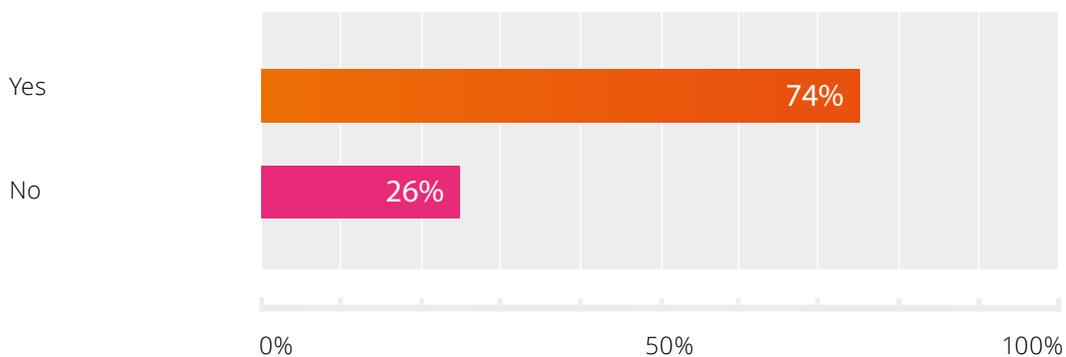
With only half of respondents describing themselves as having a modern digital infrastructure, one could ask how the other organisations are gaining the business insights required to understand the effectiveness of their operations, the skill base of their people and how this maps onto the business' future strategy.

Has your company invested in Cloud based systems?



Whilst the current trend seen in businesses to shift systems and infrastructure to the cloud is confirmed with 60% of respondents citing they have invested in cloud systems, the degree to which businesses are prepared for a cyber attack is alarming.

Is your organisation prepared for a potential cyber attack?



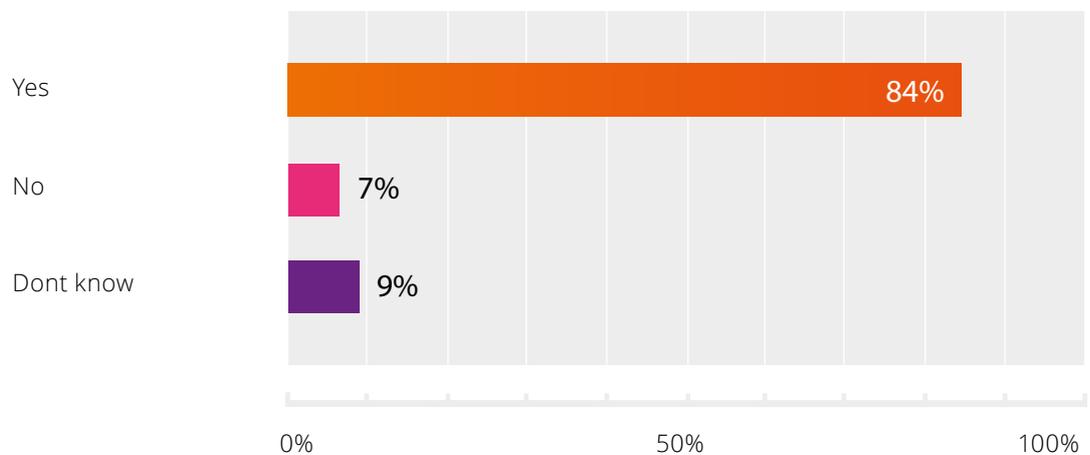
## Digital Readiness

Whilst considering the threat to UK businesses from competitors, it is painfully obvious that a critical risk to UK business is that of a cyber-attack. A good example is the recent Tesco bank attack, in which 20,000 accounts had money stolen with customer refunds already running into millions of pounds. They have the ability to cripple organisations at all levels. The Government itself is pledging a £1.9 billion investment in cyber security, in recognition of this danger. We therefore wanted to understand how much preparation UK businesses have made given these circumstances.

Whilst reassuringly 74 percent of UK business seem prepared for a security threat, it's concerning to see that 26 percent are not prepared for a cyber-attack. This not only poses a risk to customers, but a reputational risk to brand, surely this should be a key priority for all businesses?

Consider for a moment if UK companies were able to gain the associated benefits that access to real-time information from a connected infrastructure would provide, then think how that would transform them to be better informed and consequently a more agile business.

Does your access to accurate up-to-date (real-time) information allow you to make informed decisions faster, spot threats and identify opportunities?



When asking respondents who had done just that, we were able to see that 82% of them were then able to seize a significant advantage with regards to speed of decision making and the threats associated to their business.

**71%**

believe automation of manual tasks would free up time to focus on value add







66%

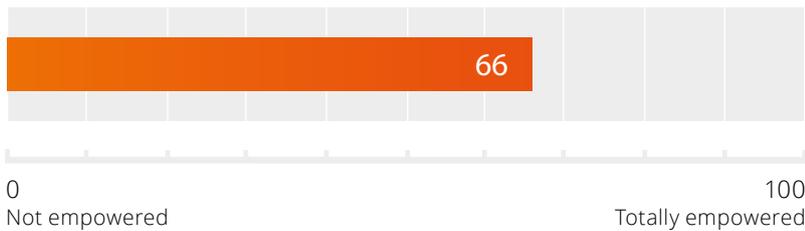
of respondents believe they are empowered with the right tools to do their job most efficiently



## Workforce

Having explored the leadership and digital readiness of UK companies to implement change, a critical consideration is how they successfully build an agile workforce. Looking at the results, it seems that businesses need to embrace the new ways that people want – and expect – to work.

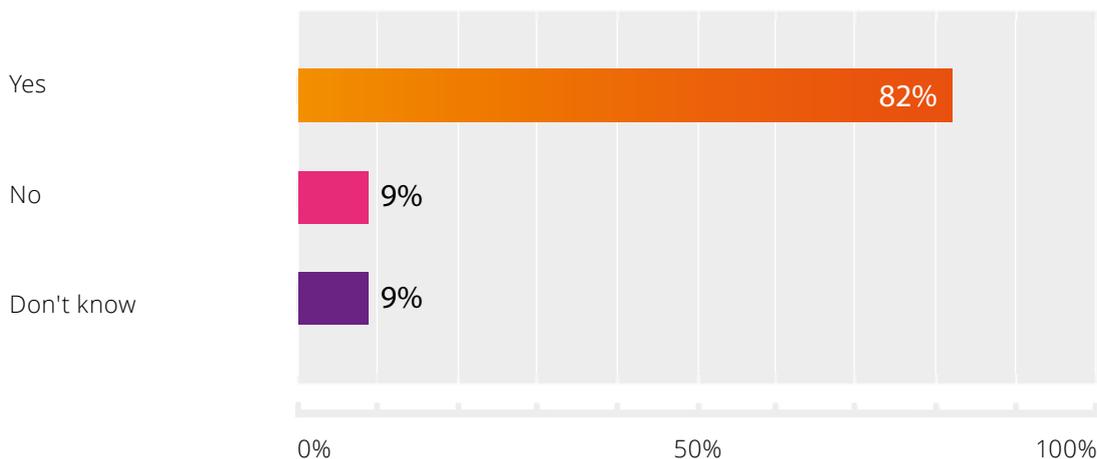
Are you empowered with the right tools to do your job most efficiently?



On the sliding scale for respondents, the average level of enablement was just 66 out of 100, this is way below the level of empowerment employees should expect in this digital era. Equally, over 32% are not very confident in their business to have an organisation wide view of its business-critical data.

When questioned further, respondents revealed that of those who do have access to up-to-date information, 83 percent state that this does help them to spot threats and identify opportunities. Of those that don't, 82 percent agreed it would help them.

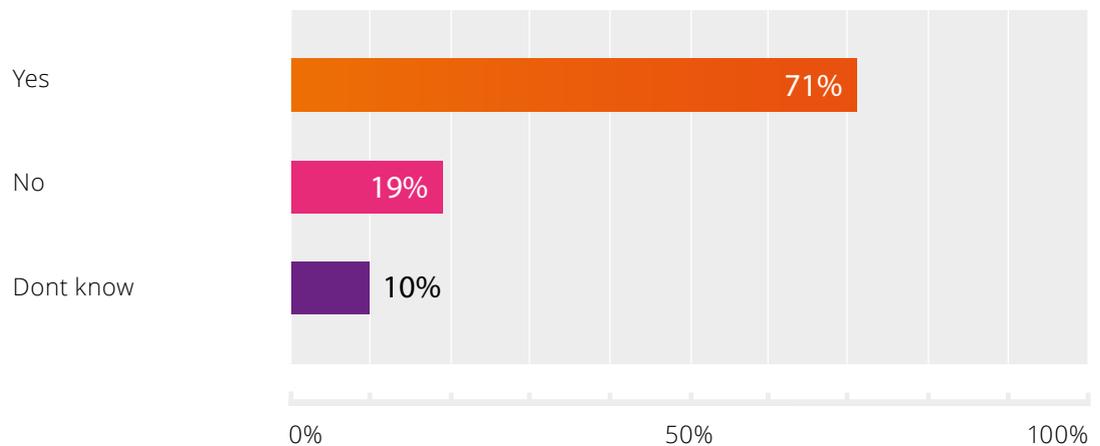
Would access to accurate up-to-date (real-time) information allow you to make informed decisions faster, spot threats and identify opportunities?



## Workforce

Additionally, 71 percent believe that the automation of manual tasks would free them up to do more value-add activities.

Do you believe the automation of manual tasks would free you up to focus on value-add activities?



To build the capabilities to succeed in the future, the results reveal that a large segment of businesses still need to up their digital game. What’s more, British employees recognise this, revealing a disconnect between the potential of the workforce and the reality of what they can actually achieve.

This is becoming increasingly evident with the impact of millennials in the workplace. The ‘born-digital’ generation expect a level of investment in digital technology that supports and embraces the way they like to work, from bring your own device (BYOD) policies, through to an openness to engaging with new messaging and social channels for communications.

When we consider the importance of empowering the workforce so they can operate at their optimum potential, and the associated productivity challenges that lie at the heart of British businesses, addressing frustration within the workforce should be seen as one of the critical deliverables. If businesses want to build workforces that are agile, innovative and engaged, there appears to be a growing demand for incorporating digital technologies to unlock business potential.

## Workforce

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"By taking advantage of cloud-based technologies, we are able to support the increasingly mobile nature of the workforce, whilst still ensuring secure and robust access to our business applications. All our people can access our systems and perform their roles from any office or non-office location.

The low score for enablement is not surprising given the levels of technical debt that many companies have to deal with. The workforce is becoming increasingly savvy with technology and social media applications setting new expectations about more effective ways of working. Therefore, companies will demand greater investment in digital technologies to drive enablement, improve agility and increase staff productivity."

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**Robin Johns**, Head of Information Services at Tideway



93%

believe a connected digital infrastructure is important to anticipate and service customer needs

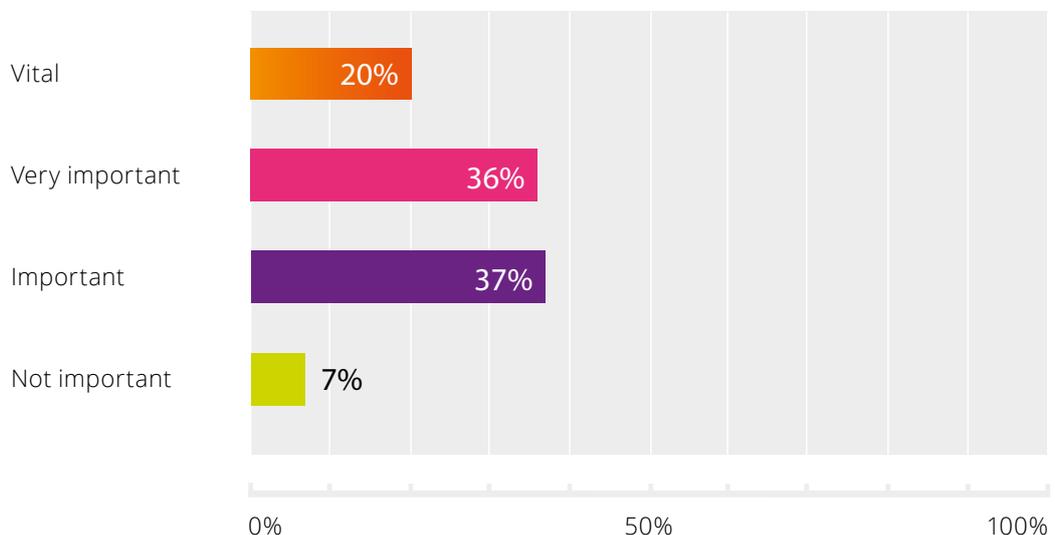
## Customer Service

It's vital for organisations to understand that being 'digitally ready' is about transforming in the right way, often driven by a desire to get closer and more personal with customers. Every communication should be designed so that it's easy, efficient, and creates a satisfying interaction for them.

Increasingly, providing a digital face to your business with a presence on all relevant digital touchpoints is forming a major part of a business' ability to achieve true customer satisfaction. At the same time, to respond and engage effectively with customers, data analytics is increasingly playing a vital role in enabling decision-makers to understand customer behaviour.

Perhaps it's unsurprising then that a staggering 93 percent of those surveyed believe a connected digital infrastructure is important to be able to service a customer's needs, and of that 93 percent, 20 percent believe that it's vital.

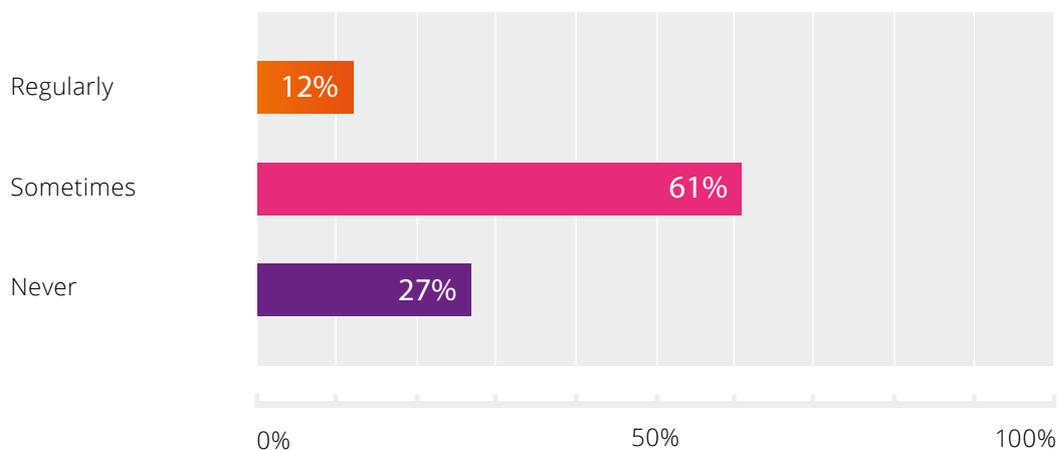
How important is a connected digital infrastructure in being able to service and anticipate your customer's needs?



## Customer Service

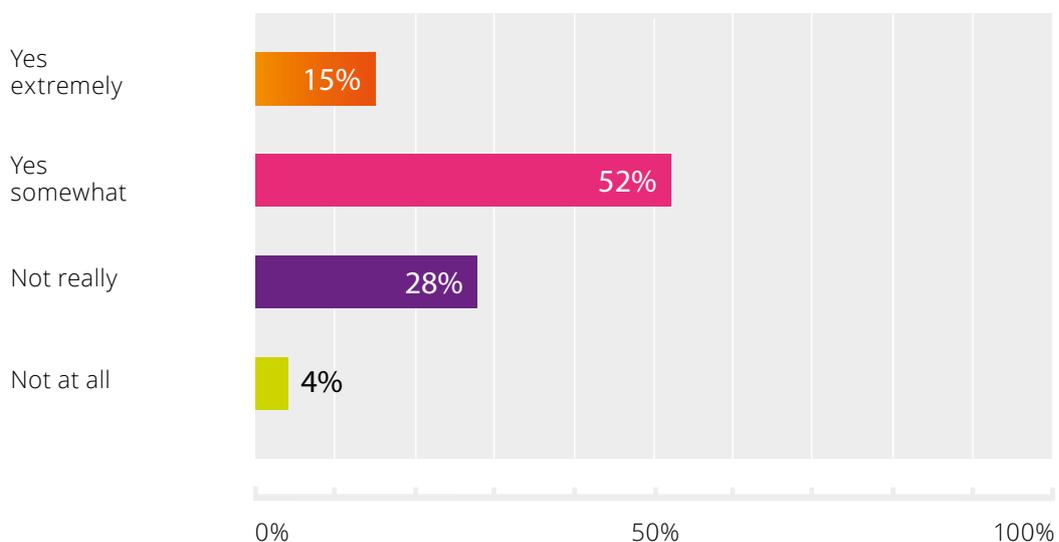
Yet the reality is that many businesses do not fully understand, and therefore are unable to deliver the multi-touchpoint experience customers now expect. 73 percent admit to problems reacting quickly to customer issues due to limitations with their online services.

Have you had problems in being able to quickly resolve customers' issues due to limitations with your current online service?



Two-thirds of those organisations surveyed (67 percent) feel pressure from customers to deliver a more digital face to their service via social media.

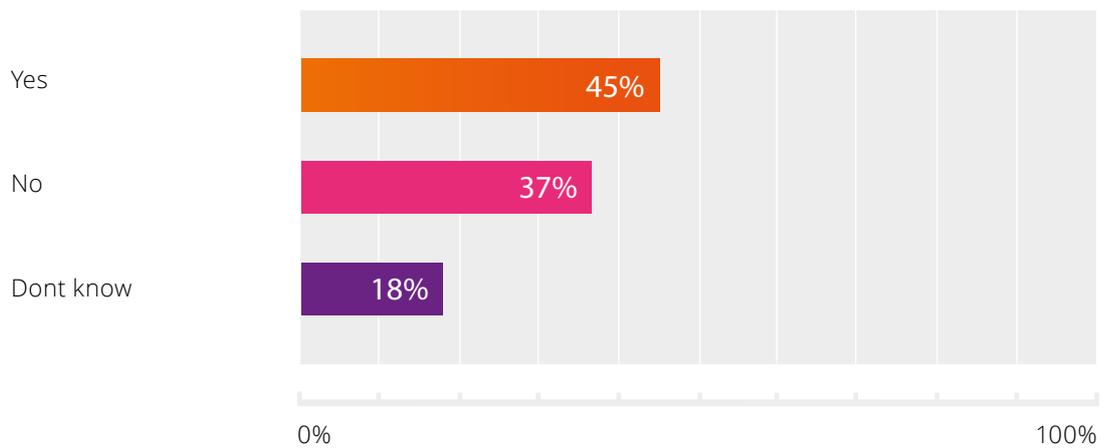
Is there increasing pressure from your customers to deliver a more digital face to your service? e.g. delivering services via social media etc.



## Customer Service

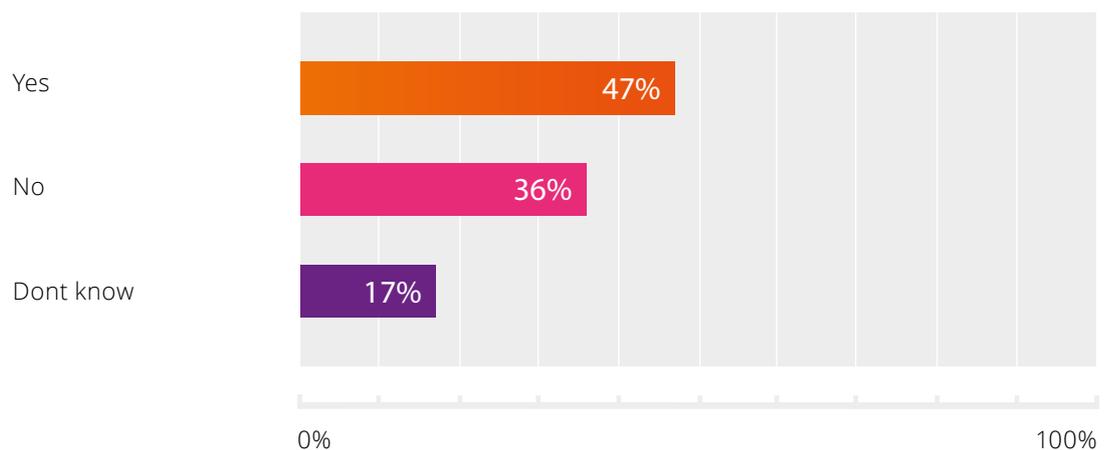
Yet somewhat incredibly, over half of respondents (53 percent) have either not used social media to innovate in the way they interact with customers, or simply don't know if they have.

Has social media enabled you to improve/innovate the way you interact with your customers?



Perhaps this is because almost the same amount, (47 percent) believe that customers use social media to complain; when taking a millennial-only view of the respondents, this rises to 59 percent.

Do you believe your customers use social media as a channel to complain?



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# 67%

feel pressure from customers to deliver more digital face to service via social media

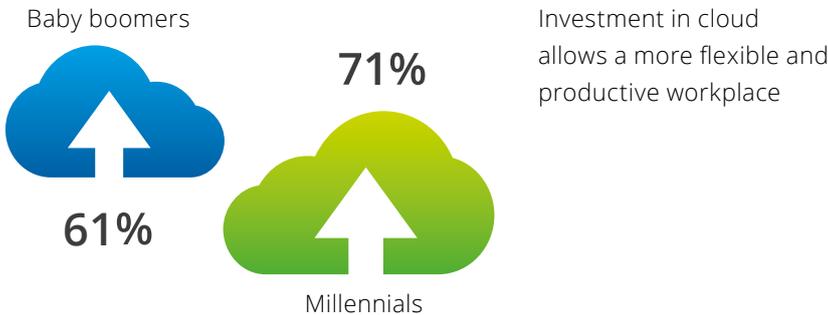


## Customer Service

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The reality is that people's experience of the digital era at home - with 24/7 connectivity and access to the latest technology devices - is influencing expectations. Customers are looking to all brands to create a seamless experience and businesses of all types are in denial if they ignore that social media plays a large part in delivering this. The fact that a third of businesses don't know, (a) whether social media has enabled them to improve their customer interactions, or (b), whether their customers use social media to complain, suggests a real lack of clarity around the role of digital in the customer-centric business.

Given customer loyalty - from referrals and renewal of business - plays a critical role in the success of every organisation, those failing to embrace a customer-centric digital strategy is less able to compete effectively. British businesses cannot afford to ignore the need to innovate with social engagement. Only those organisations who truly put their customers front and centre, creating operations that revolve around every aspect of the customer journey - wherever it takes place - will grow and prosper amongst the disruption caused by digital.



## Generational Gap

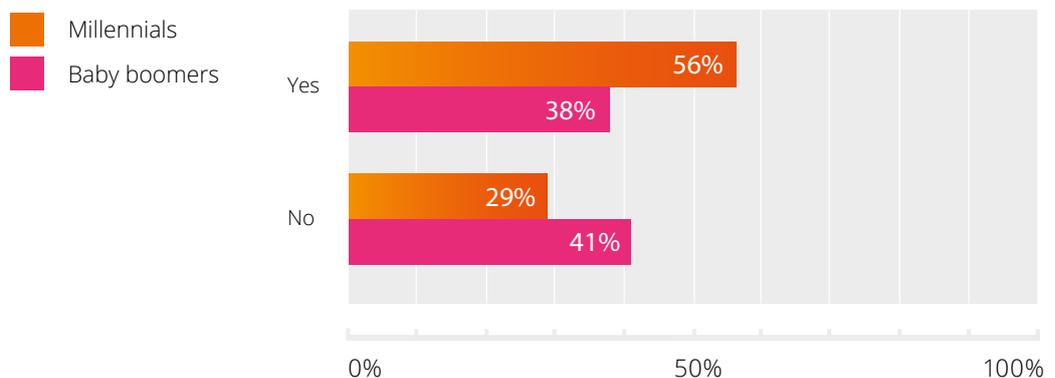
### Generation Gap (are millennials more in tune with the reality of the state of digital Britain?)

While there's a wealth of speculation about the workplace generational divide, what is the reality of how businesses are embracing digital? As older generations such as Baby Boomers (born before 1963) continue to develop a 'millennial mindset', adapting to digital technology and communications, in reality, are today's workers actually more similar than one would think or are there real gaps between the generations?

Our research indicates an overall trend showing millennials (born after 1980) have a lower sense of belief around the level of innovation that is taking place in British businesses and the potential state of readiness when considering threats. However, it could be argued that it is simply too early to make distinct claims, but this is definitely an area to watch as trends emerge over the forthcoming years.

So, where are the biggest gaps, and can it be argued that millennials are both more digitally savvy and closer to the reality? Perhaps the older generations are slightly more in denial regarding how prepared British business is for change.

### Do you believe your customers use social media as a channel to complain?

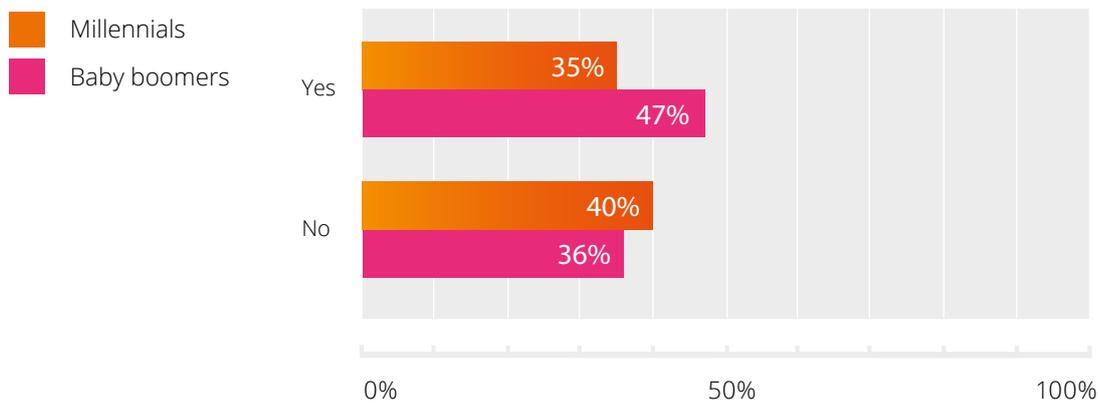


## Generational Gap

These results display one of the largest areas of discrepancies between the generations, for example, while millennials believe that 57 percent of customers are using social media channels, the Baby Boomer generation of workers only believe that 38 percent are, this 19 percent disconnect may in part be due to the level they operate at within the company, the way in which they interact as customers themselves via social media or further expectations not yet gauged coming into play.

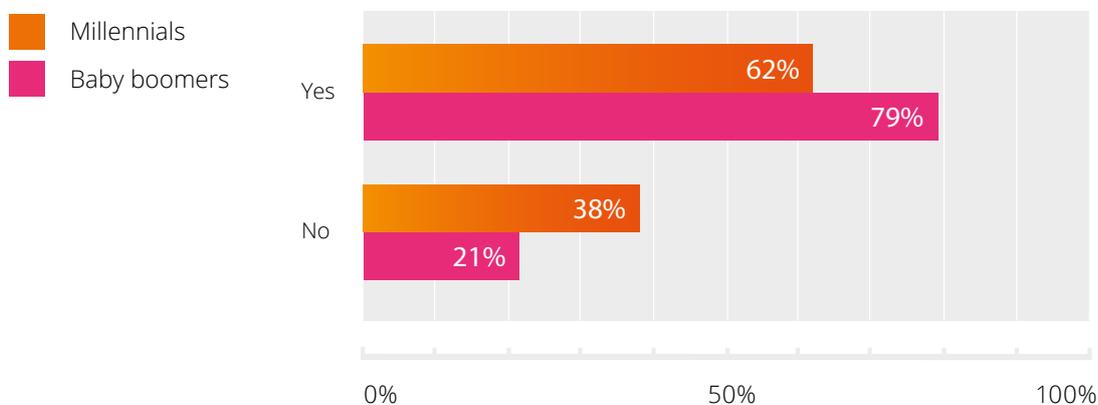
Despite this, nearly half of Baby Boomers, 47 percent believe that social media has enabled them to improve the way they interact with customers, whereas only 35 percent of Millennials believe this to be the case. This looks like a further difference based on expectations.

Has social media enabled you to improve/innovate the way you interact with your customers?



Another apparent gap is around the threat of cyber security to businesses.

Is your organisation prepared for a potential cyber attack?

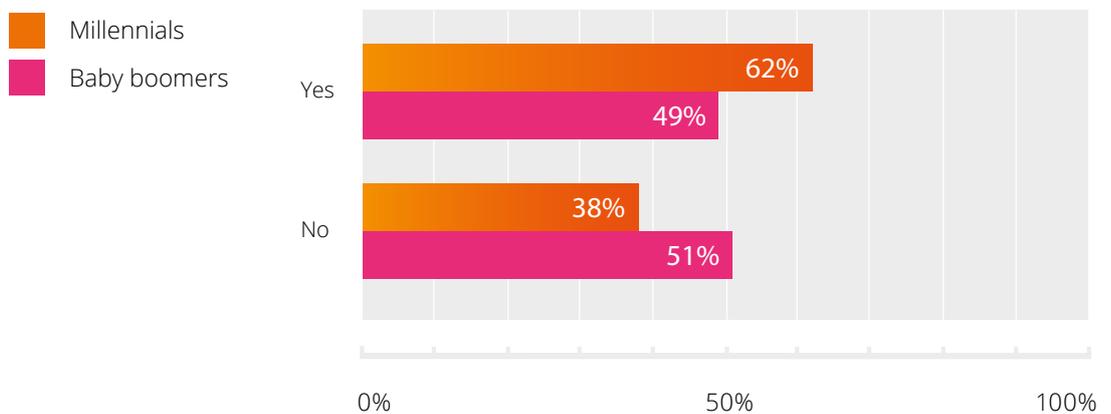


## Generational Gap

Attempting to explain the difference of why 79 percent of older respondents believe that their business is prepared for an attack, as opposed to only 62 percent of millennials without completing further analysis would be conjecture, sufficed to say it's something we are looking to dig deeper into now we have the results.

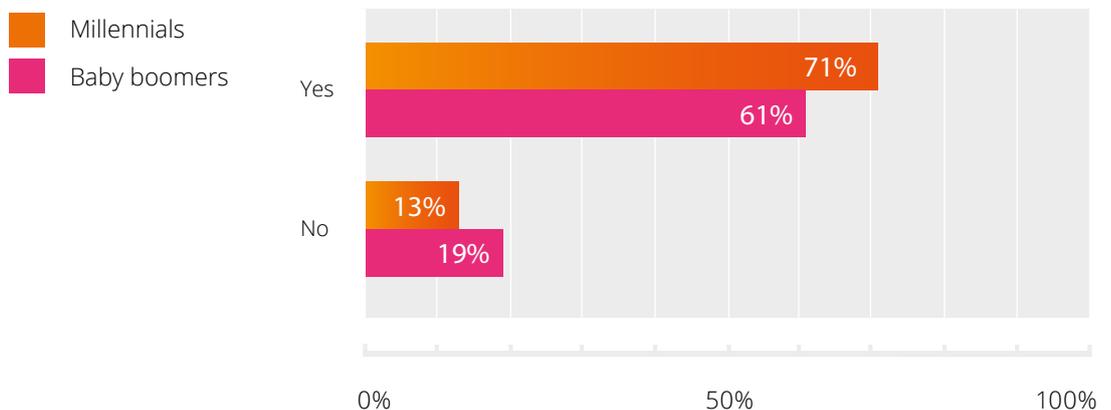
The third main area of difference between the generations came from attitudes to the state of the nation now. For example, frustrations amongst more digitally savvy millennials with regard to how their current IT infrastructure is hindering them, are higher.

### Does your current IT infrastructure limit your ability to respond quickly to customer's issues?



Some 62 percent of millennials state their current systems limit their ability to respond to customer issues quickly, compared to only 49 percent of the older generation. Similarly, only 53 percent of millennials have faith that they have a connected view, in comparison to 69 percent of older workers. However, 71 percent believe that investment in the cloud allows for a more flexible and productive workplace, compared to only 60 percent of older respondents.

### Has the investment in Cloud based systems allowed a more flexible and productive workplace?



## Generational Gap

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Perhaps surprisingly, the survey results do demonstrate that on the whole, both millennials and older workers understand the benefits of technology investment and what it can deliver. But in all cases, millennials have a higher affinity to the benefits.

The research also indicates an overall trend showing millennials have a lower sense of belief around the level of digital innovation that is taking place in British businesses and the potential state of readiness when considering threats. However, as we are only in the early stages of this digital era, it is arguably too soon to make specific claims; instead, we must watch closely over the coming years to see what trends emerge.

# Conclusion

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The extensive research carried out with over 1,000 business professionals gives us a unique insight into the state of British industry and its ability to react to the changes that are affecting arguably every area of life, from economic, political, social and digital disruption.

We know British businesses are under incredible pressure to innovate, grow and prosper in the disruptive digital age. At the same time, there is considerable economic and political uncertainty from the consequences of Brexit and the upcoming US election.

The report has identified three key areas in which we can begin to monitor trends for the future and understand what it takes to achieve success now and into the future:

- Economic readiness
- Digital readiness
- Customer readiness

Underpinning these areas, where beliefs, anxieties, expectations and requirements are changing constantly, are the individual people that can, should and indeed must play a critical role in this era of disruption. We are talking about organisations' workforces as well as their leaders, regardless of age or background.

In this fourth industrial revolution, where we have identified with overwhelming agreement that the digital age is requiring a need to reimagine organisations, it is only with an empowered and productive workforce and skilled leadership that companies will succeed in transforming the service it offers to customers, in keeping one step ahead of the competition and in being prepared for the very real and present threats, such as from cyber breaches and attacks. However, whilst there is a recognition that technology is the essential DNA for all organisations to help achieve this vision, there is arguably a disconnect in exactly how prepared businesses are to face this digital future effectively.

Our state-of-the-nation Trends Report has set a benchmark in identifying and reviewing the top issues facing British businesses in the face of serious digital disruption. So how can you progress from here and what could be the next steps?

## Conclusion

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In the first instance, we believe there are five business critical questions that should be examined and discussed in depth by everyone keen to understand what needs to be considered to innovate, grow and prosper in this digital era:

1. What is the most important driver of change for your business that will deliver the biggest impact?
2. Where do the gaps lie in your workforce in order to unlock its potential, drive productivity and map onto your business strategy?
3. How does the leadership of your business measure up against these findings to create a state of readiness within your organisation?
4. What are the strengths and weaknesses of your business' digital infrastructure in providing the business intelligence to enable and support the above three questions?
5. What is the potential cost to your business of not accelerating the degree to which you are a digital business?

# Demographics



## UK Headquarters >10%

London 22%

South East 21%

West Midlands 10%

## Industry Types >5%

Education 15%

Legal 10%

Business Services 7%

Charity 7%

Manufacturing 6%

NHS 7%

Professional Services 6%

## Job Role >15%

Finance 17%

IT 19%

Management 19%

Answer Choices	Percentage Responses
Born in 1963 or before (Baby boomers)	34.54%
Born between 1963 - 1980 (Generation X)	46.49%
Born after 1980 (Millennials)	18.98%

# About Advanced

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Advanced is the third largest provider of software and IT Services to the UK market. Through our enterprise and market focused offerings we positively impact millions of people's lives through continually investing in our people, partnerships and own technologies to stay focused on our markets', customers' and their stakeholders' needs.

We enable our customers to drive efficiencies, savings and growth opportunities through focused, right-first-time software solutions that evolve with the changing needs of their business and the markets they operate in.

True partnership is the defining thing that makes us different from the competition. We pride ourselves on delivering focused software solutions for public sector, enterprise, commercial and health & care organisations that simplify complex business challenges and deliver immediate value.

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## NEWS



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