Digital IQ survey | 10th Anniversary edition
Country focus: UK

PwC worked with Oxford Economics in late 2016 to survey more than 2,200 senior business and IT executives from 53 countries and more than 30 industry segments. In ten years of measuring Digital IQ — the rough measurement of an organisation's abilities to harness and profit from technology — we have seen companies struggle to keep up with the pace of change, even as they have focused on improving digital capabilities.

This report focuses on findings from the UK, where we received 200 responses, including meaningful samples from the public sector, industrial manufacturing, financial services, and retail and consumer industries. Throughout this paper, we will show comparisons to the rest of the world (excluding the UK) and the rest of Western Europe, including Belgium, Germany, Ireland, Italy, Netherlands, Spain, and Switzerland.

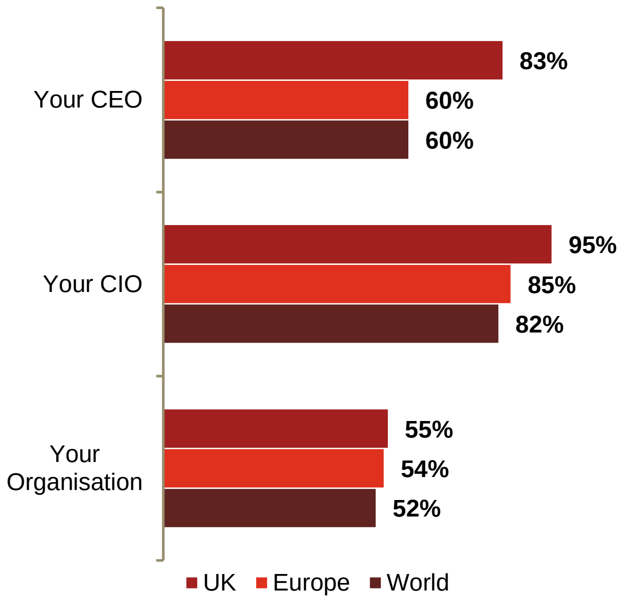
Digital IQ, leadership, and goals

British companies are ahead of their peers around the globe in many aspects of Digital IQ. Leadership is a particular strength: UK executives rate the Digital IQ of their senior management highly, with financial services most confident in their CEO (83% rate their Digital IQs over 70) and CIO (95%). Overall, UK firms are more likely than others to say their CEO is a champion for digital (74%, vs. 67% globally).

Leadership changes are also on the horizon. UK companies currently are slightly more likely to have a Chief Digital Officer than others (numbers are quite low around the world), and are more likely to say they will add one (16%, vs. 5% globally).

A healthy digital culture helps shape the organisational chart. Of the UK companies without a CDO, 20% (vs. 11% of others around the world and 10% of others in Europe) say the reason is because digital is integral to the way their company does business, and it is part of every executive's job description. Public sector organisations within the UK are most likely to say this is true (35%), followed by retail and consumer (23%) companies.

Please rate the Digital IQ of ...
(IQs rated 70 and above)



Approaches to emerging technology

A decade of Digital IQ has seen increased awareness of the business value of new technology. UK organisations are better prepared than others for the next wave of emerging technologies, including what we call the *essential eight*—tools that dramatically expand the scope and reach of computing power.

UK executives are more likely to say their approach to emerging tech is business-driven, rather than shaped by technology or vendors (49%, vs. 39% around the world and 38% in Europe)—a sign they have clearer plans in place for how to use emerging tech to drive business value. Financial services (77%) and industrial manufacturing (70%) companies are by far the most likely to say this is the case.

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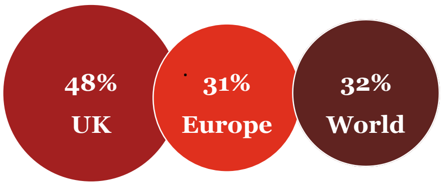
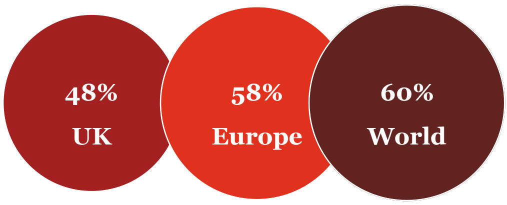
While UK companies are less likely than others to look outside the organisation for new ideas, they are more likely to have a dedicated innovation group (40%, vs. 32% around the world and 31% in Europe). Retail and consumer companies are most likely to say this is true (60%), followed by financial services (48%).

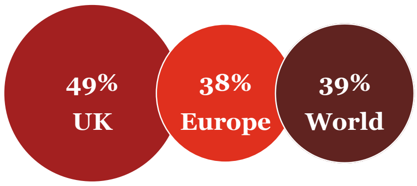
Spending on emerging technologies is healthy at UK companies compared with the rest of the world (43% are devoting more than one-fifth of their technology budget to them, vs. 33% globally). Current investments are focused on the Internet of Things (84%, vs. 72% globally and 65% in Europe) and artificial intelligence (66%, vs. 53% globally and 56% in Europe). Investment in AI is highest in the public sector (75%), followed by financial services (71%) and industrial manufacturing (70%). Meanwhile, 97% of retail and consumer respondents are investing in IoT. The next wave of investment will include increased emphasis on robotics and augmented reality.



We primarily use a dedicated innovation or lab group to explore emerging technologies.

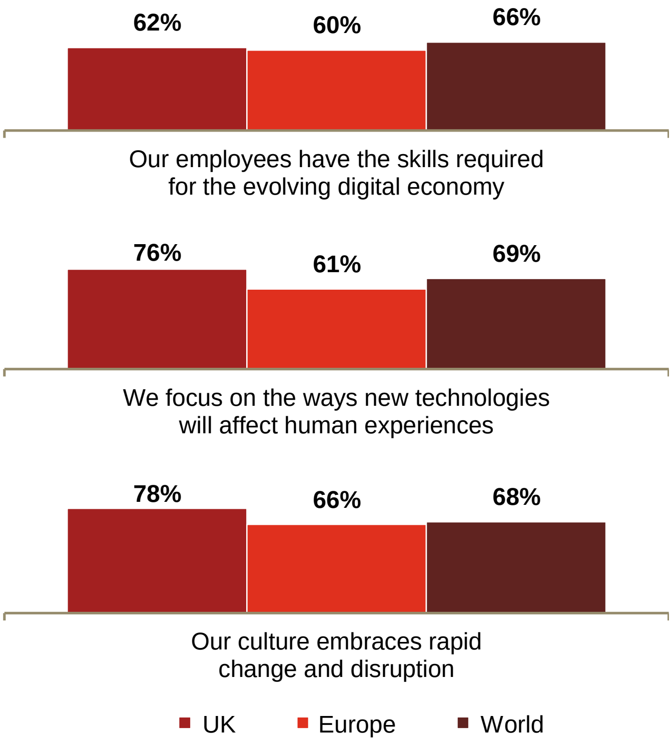


We actively engage with external sources to gather new ideas for applying emerging technologies.



Our approach to emerging technology is business-driven.

The human factor



The human experience is a critical dimension of Digital IQ; to get full value from technology, organisations must create digital cultures that adapt to change, focus adequately on customer and employee experiences, and develop the right mix of skills within their workforce.

UK companies boast higher skill levels in areas such as cybersecurity (78%, vs. 63% globally and 64% in Europe), digital strategy and planning (72%, vs. 52% globally and 51% in Europe), and evaluating emerging technology (70%, vs. 51% globally and 53% in Europe). Unsurprisingly then, British firms are also less likely to cite a lack of properly skilled teams as barriers to digital initiatives (43% say this is not a barrier, vs. 36% globally and 32% in Europe).

UK executives are more likely than others to say their company focuses on the impact of next-generation technologies on human experiences (76% vs. 69% globally), but they must continue to build user-experience skills—just 47% say those skills are highly developed today. And as companies invest more in emerging technologies, they will need to be aware of employee concerns about job replacement and other issues; very few UK executives say workers see tools like robotics (13%) and AI (10%) as threats, which may overlook the growing apprehensions.

For more insights on our Digital IQ Survey, download our global report on *www.pwc.co.uk/digitaliq*