

Building back better: four in five UK companies 'unable to scale' digital transformation plans

3 years ago



Many UK businesses are in danger of suffering stunted growth due to a lack of investment in core IT connectivity systems.

A new report from Neos Networks has found that four in every five UK firms are unable to scale plans to their fullest potential with current connectivity arrangements. Just 20% of UK businesses state they are in a position to undertake digital transformation plans.

This comes as 84% of enterprise organisations state their digital transformation plans have accelerated due to Covid-19. For almost half (49%) of the firms surveyed, these plans have been accelerated by a year or more. Almost every firm (98%) said they consider digital transformation to be important to their future strategy, underlining just how integral digital plans are to the growth of UK business.

The report found that 81% of companies saw a 'highly successful' digital transformation success rate when up to 20% or more of the digital transformation budget was devoted to connectivity or networking. For companies allocating 10% or less of their budget to connectivity or networking, the success rate dropped to 19% and the number of unsuccessful initiatives rose to 62%. This illustrates the fundamental role that connectivity plays in digital development.

Conducted by leading dark fibre and business connectivity provider Neos Networks, the report gathered results from 247 medium-to-large UK organisations, and data, cloud and network infrastructure service providers. The findings highlight challenges businesses face in 'building back better', what's needed to ensure UK business has future-ready systems and just how many companies need connectivity investment to grow.

[Full report available here](#)

The factors that influence digital transformation success

The report highlighted 14 'keys to success' surrounding digital transformation. The following factors are those most common to highly successful firms:

- 90% of highly successful firms — recognition of significant benefits conferred by SD-WAN (which include proactive management, better performance information and control of applications)
- 74% — IT department is always involved in specifying and implementing connectivity solutions used in digital transformation
- 72% — connectivity and networking budget is 10% or more of the overall digital transformation budget
- 72% — have a 'very supportive' telecoms partner
- 63% — seeing securing remote internet connections as very important

Industries that embraced these digital transformation indicators are more likely to enjoy 'highly successful' digital transformation outcomes. Energy & utility firms are best positioned, holding seven 'keys to success', on average. They are closely followed by the transport sector, which has just under seven keys.

The industry with the lowest score was the government & public sector, with just over five indicators met.

However, the reality is that organisations from all sectors have work to do, with none demonstrating more than half of the 14 'keys to success' identified.

Pete Asman, Managing Director for Public Sector and Enterprise at Neos Networks, says "It's clear that UK business needs greater investment, particularly after all the commercial challenges and changes the pandemic brought. This report only serves to highlight how integral connectivity and smart technology is to firms hoping to enact digital transformation – and the success of digital initiatives.

"The pandemic has acted as a catalyst in some ways, moving digital ever closer to the heart of businesses. It's only natural that some industries have more catching up to do than others. What's important now, however, is that we see investment in connectivity, especially if we want to see real economic growth in the post-pandemic landscape."

Lylla Creswell, founder & CEO of Transport Exchange Group, says "There's no doubt that Covid-19 has accelerated digital transformation initiatives. In our industry, this has been driven primarily by changes to consumer behaviour and the huge increase in online purchases and more deliveries. Consumers have warmed to the idea of using ecommerce for everything from grocery shopping to financial transactions, and this has had a massive impact on the logistics industry.

"One of the biggest issues in our sector is a skills shortage – most courier and haulage businesses don't have dedicated IT resource to map out a proper digital transformation strategy and implement the right tech. Sometimes, there's also a reluctance to fully support digitalisation. But there's been a sharp contrast around the acceptance of digital workflow pre and during the pandemic.

Pete Hanlon, CTO at Moneypenny, says "It's easy to be consumed by the day to day work and put off large projects like digital transformation until next year. It's also easy to think that it's just a technology project rather than business change. Without the right level of focus and buy-in from across all areas of the business, digital transformation will never happen.

Companies that are more agile and take a digital first approach have been best placed to ride out the challenges over the past two years. I believe we will see an unprecedented level of investment in digital transformation over the next few years as more and more companies adopt a similar digital first approach. This investment can only be a good thing for the post-pandemic recovery.”

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