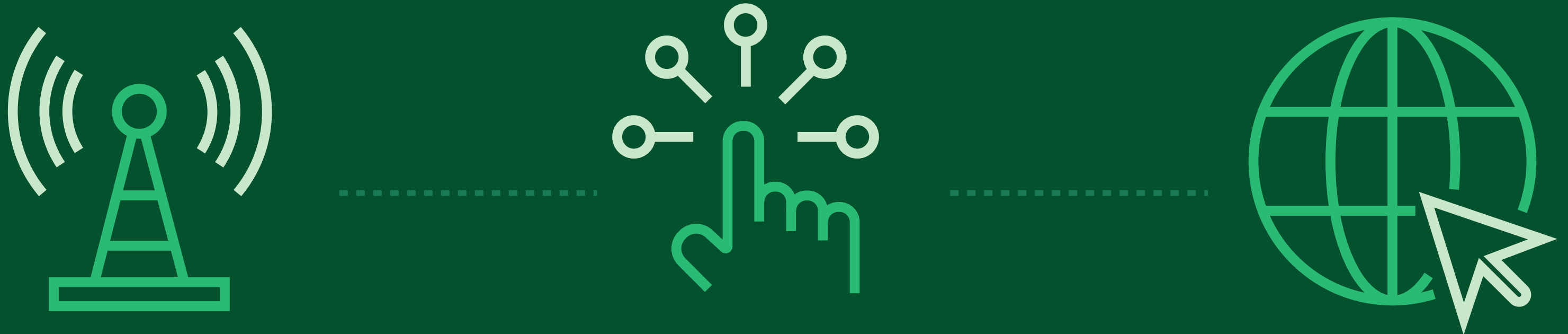


SOFTWARE AND SERVICES

What the Data Tells Us About Digital Transformation, by Industry



The key findings for software and services companies

Software's digital transformation success rate of 60% is the highest across all sectors because these companies are inherently digital and because leaders are naturally primed to be early adopters of digital advances.

Top-quartile companies nail the six key success factors, while median companies struggle most with talent.

Software companies pursue digital initiatives more broadly than companies in other industries, emphasizing customer experience, marketing and pricing, and innovation.

Successful digital players are prioritizing areas that have not yet emerged as universal priorities, such as automated lead generation, personalization, and automated churn reduction.

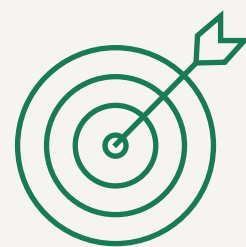
Software companies have sophisticated forward-looking digital agendas in customer experience and services, security, and support functions.

ESG is becoming more important in the digital agenda, especially supply chain, customer and employee data risk, and cyber resilience.

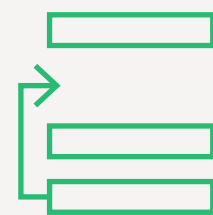
The data in more depth



**Rates of success
in digital
transformation**



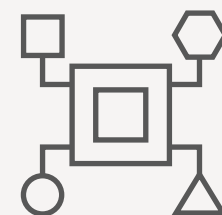
**Topics of focus
for software
companies**



**Top priorities for
the future**



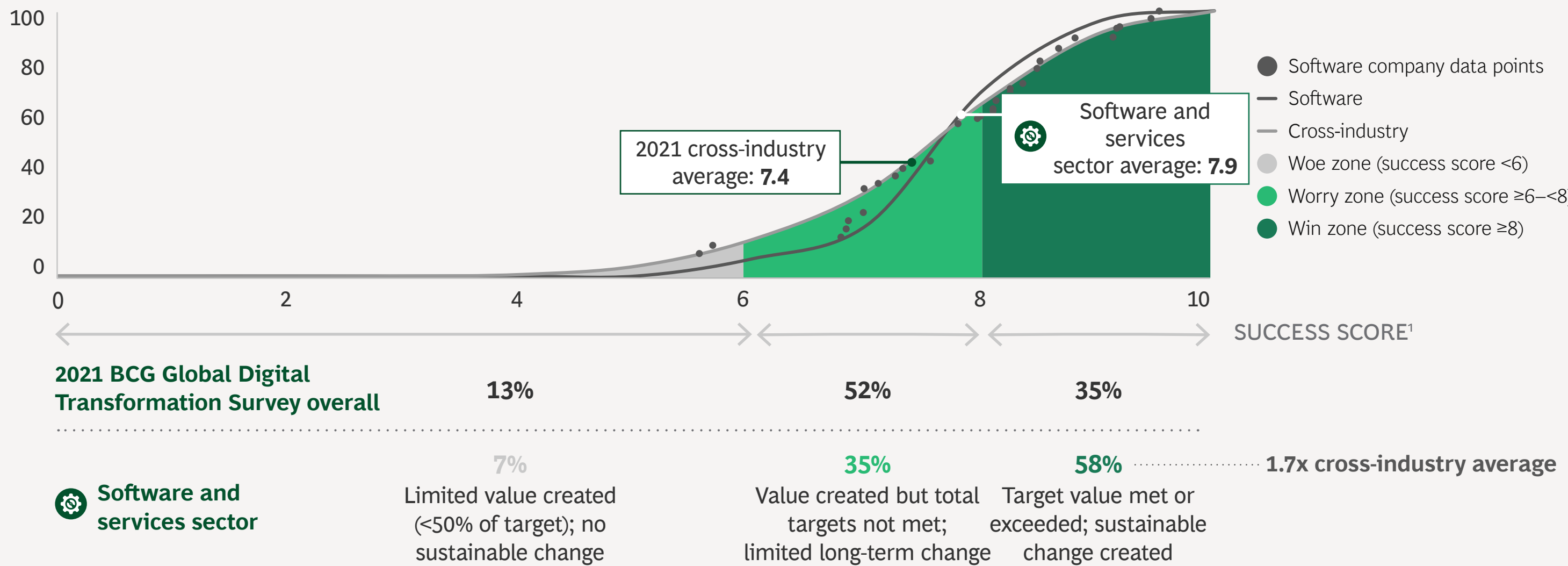
**The critical
human and
tech enablers**



**The role of ESG
in digital
transformation**

Nearly 60% of software companies fall in the win zone—a figure 70% higher than the cross-industry average

CASES BELOW SUCCESS SCORE (%)



Source: 2021 BCG Global Digital Transformation Survey.
Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10, using the guidelines in the table below.”
¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

Software companies struggle most with deploying high-caliber talent

DISTRIBUTION OF SUCCESS SCORES ON INDIVIDUAL KEY FACTORS¹



Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10 using the guidelines in the table below.”

¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

Transformation priorities for software companies have been customer oriented and innovation focused

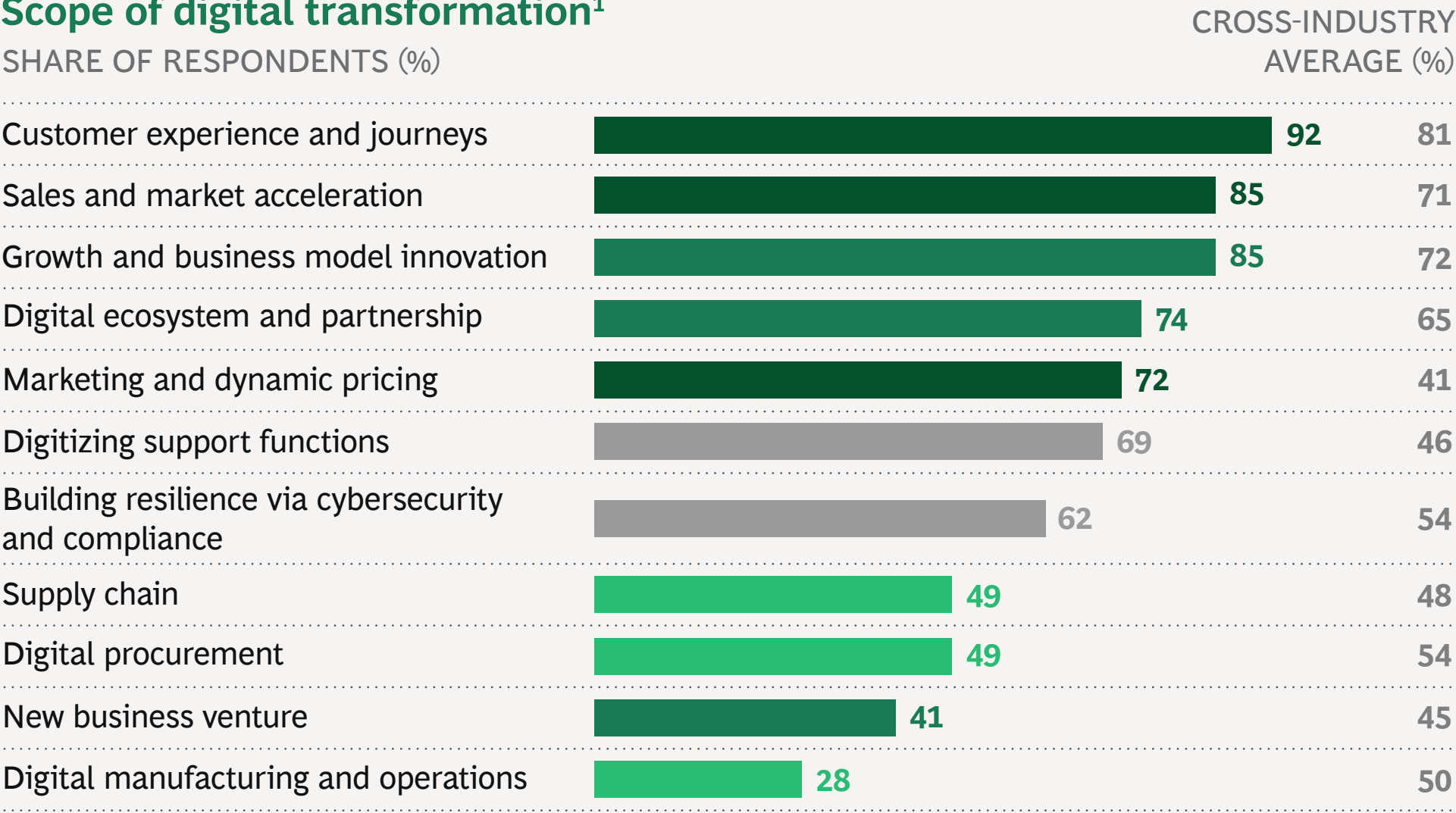
Strategic objectives

SHARE OF RESPONDENTS (%)



Scope of digital transformation¹

SHARE OF RESPONDENTS (%)

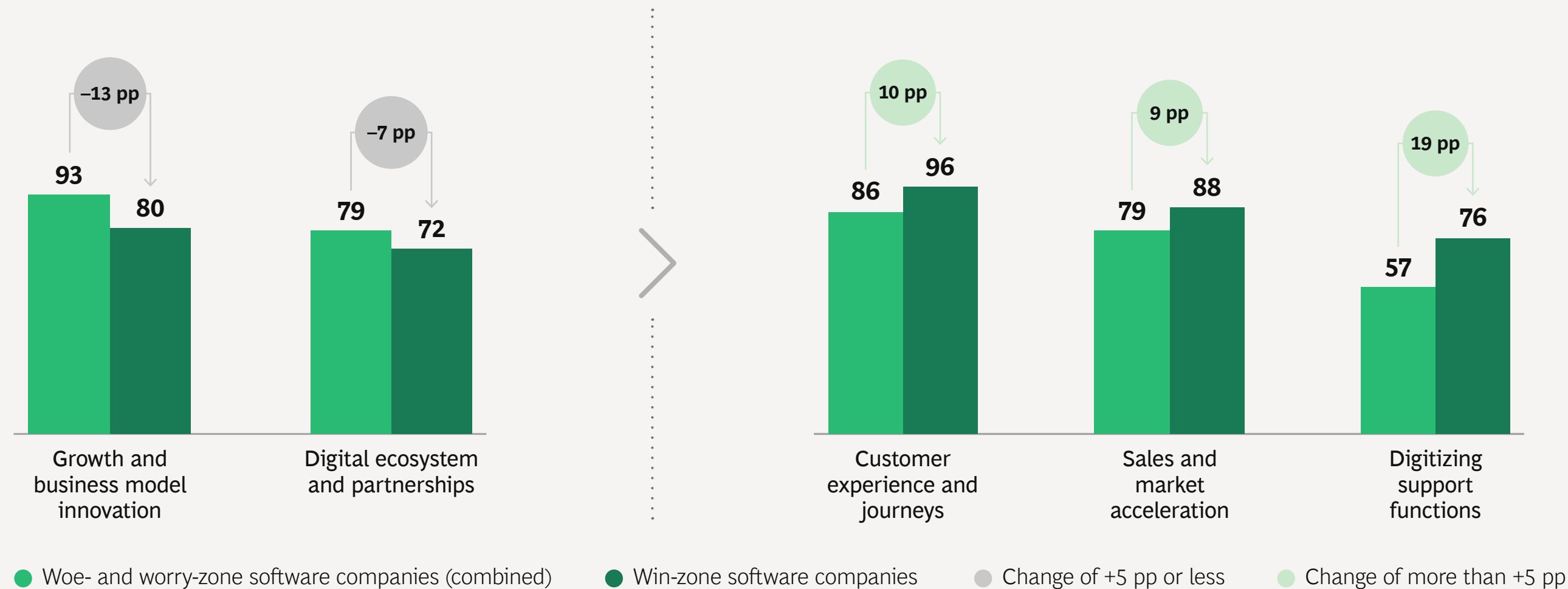


Source: BCG Global Digital Transformation Survey, 2021, n=39.
¹Respondents were asked to select all priorities that applied.

Software companies that are farther along in the transformation journey shift their focus toward digitizing support functions and customer-centricity

Scope of digital transformation

SHARE OF RESPONDENTS (%)

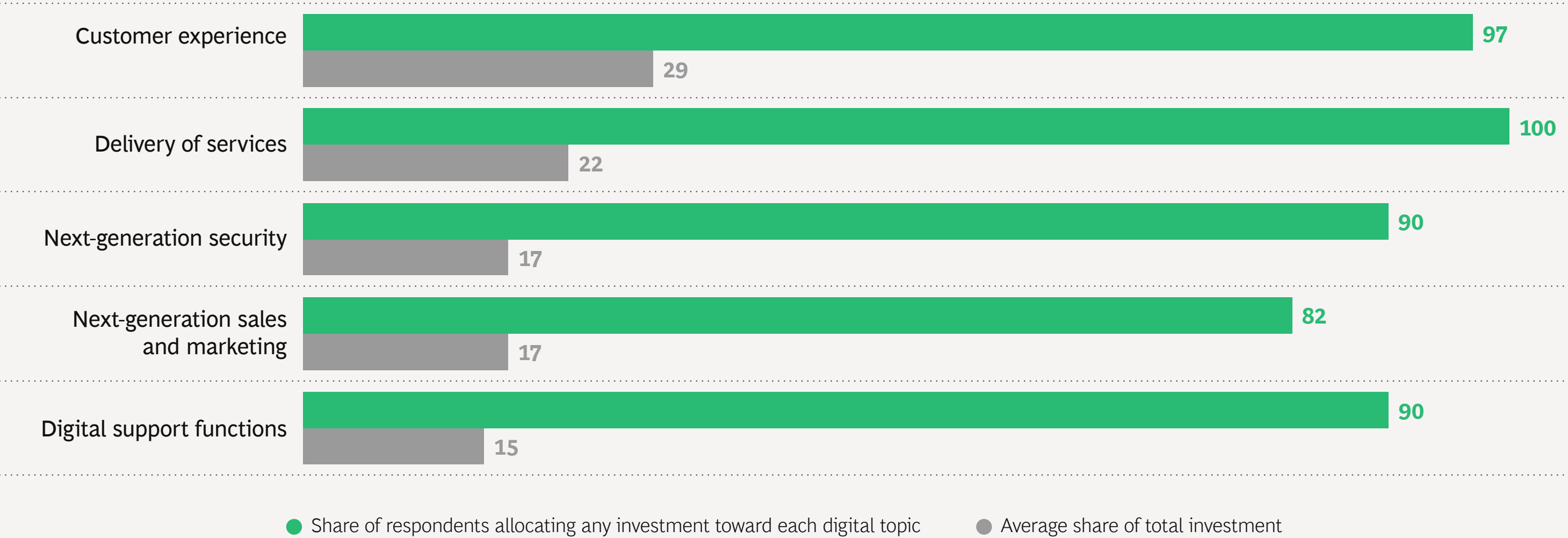


Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: "From the list of most common digital outcome areas and enablers in digital transformation, please help us identify the scope of your digital transformation (select all that apply)."

Nearly all software companies intend to direct 50% of their investments toward customer experience and delivery of services

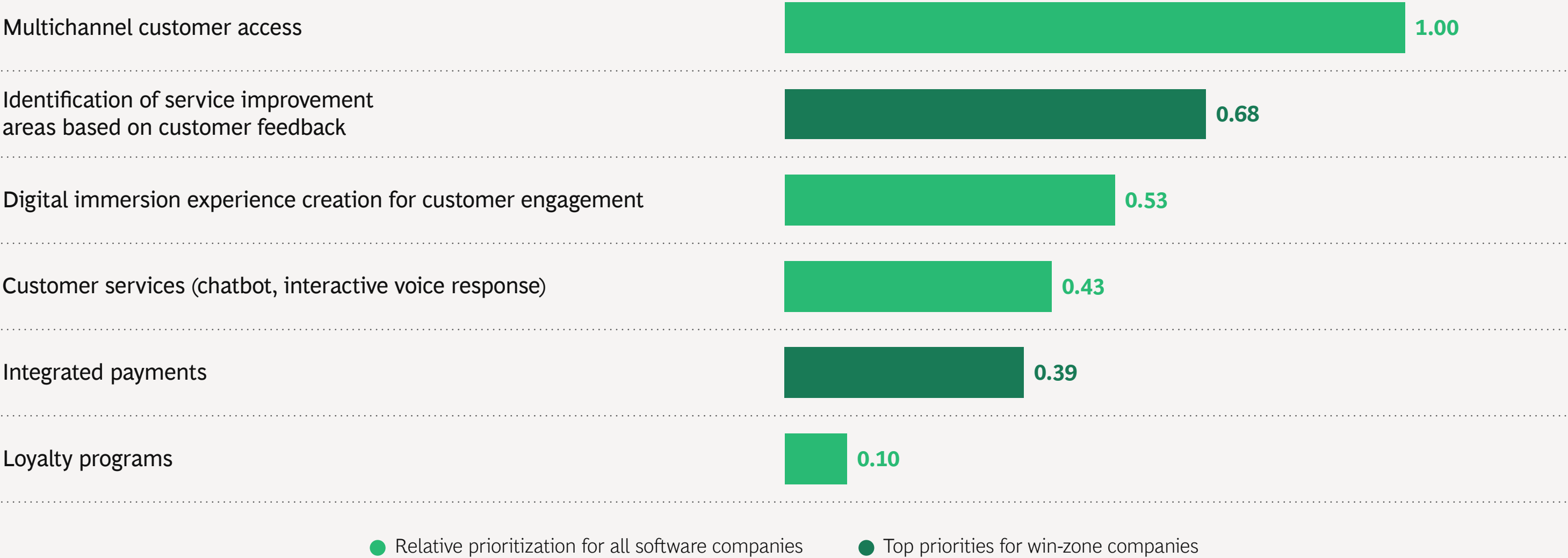
PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹



Source: 2021 BCG Global Digital Transformation Survey.
¹For example, the uppermost pair of bars can be read as “97% of software respondents plan to invest in customer experience, allocating an average 29% of total digital investment.”

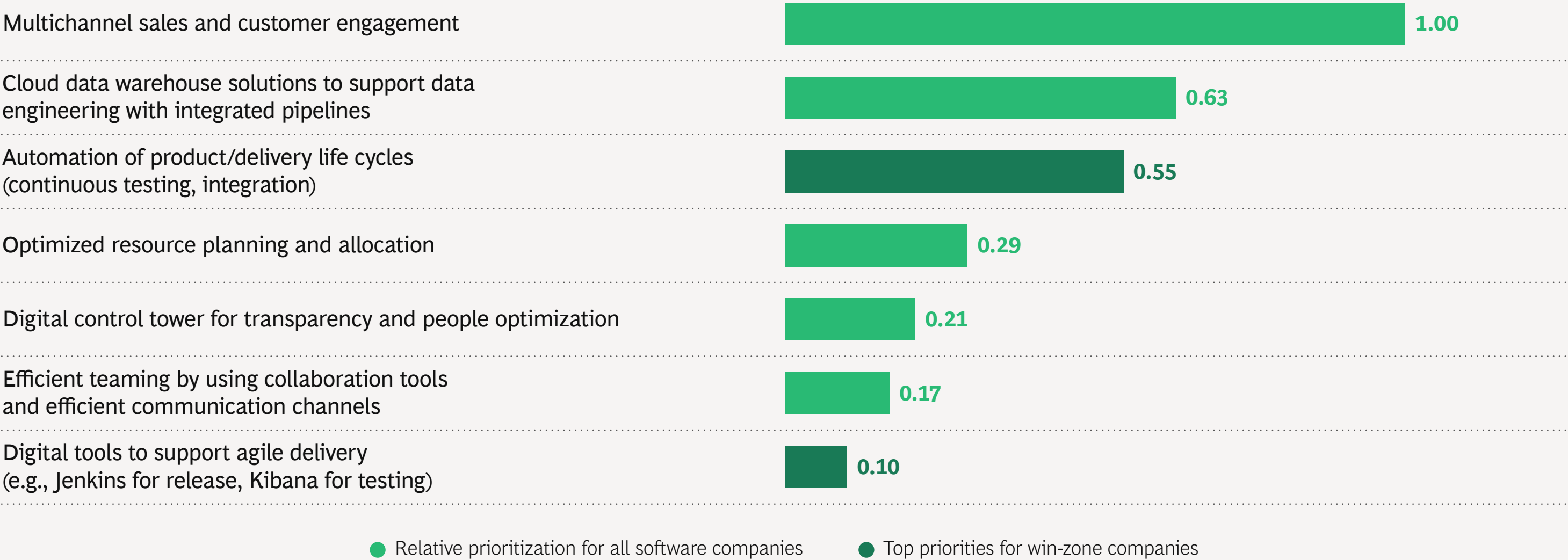
Software companies’ digital priorities: Customer experience

Digital initiatives (bars indicate relative prioritization of initiatives)



Software companies’ digital priorities: Delivery of services

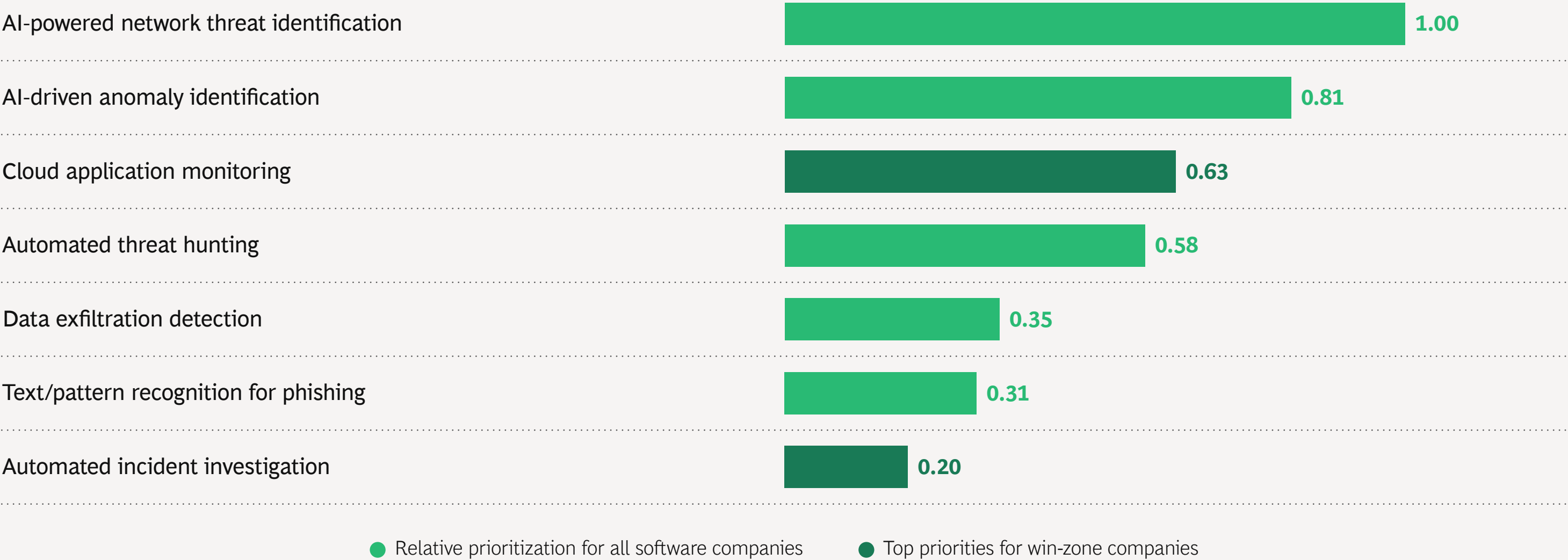
Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 37.

Software companies’ digital priorities: Next-generation security

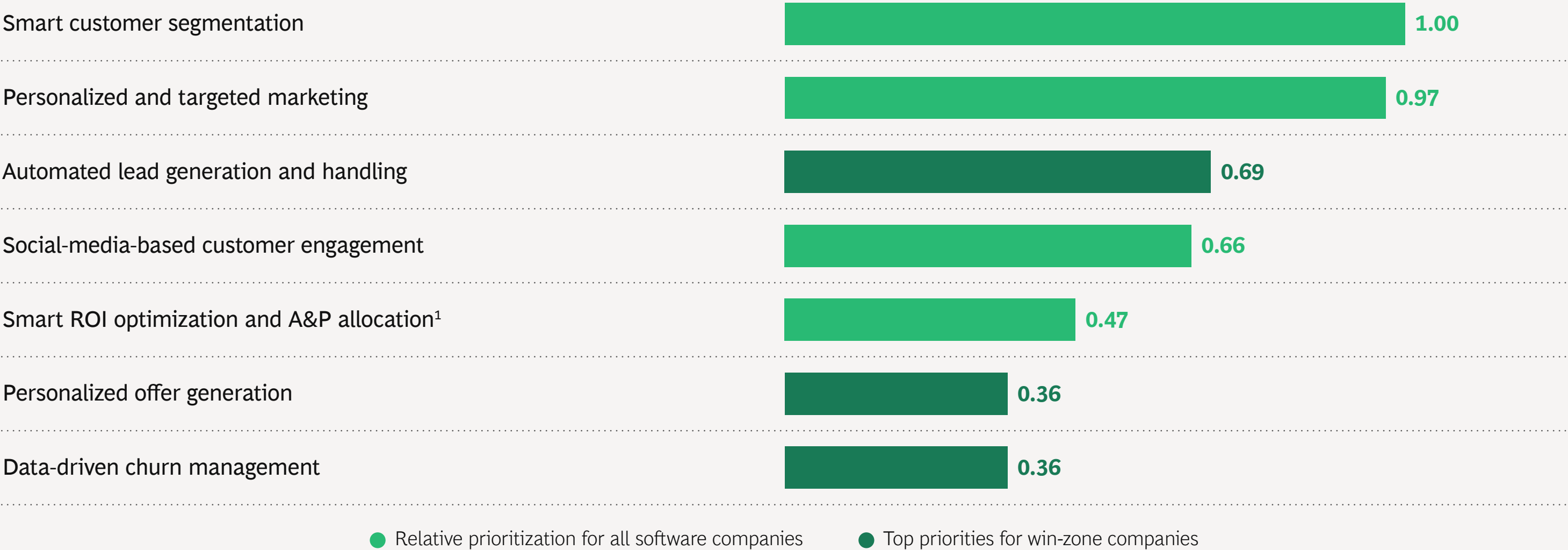
Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 37.

Software companies’ digital priorities: Next-generation sales and marketing

Digital initiatives (bars indicate relative prioritization of initiatives)

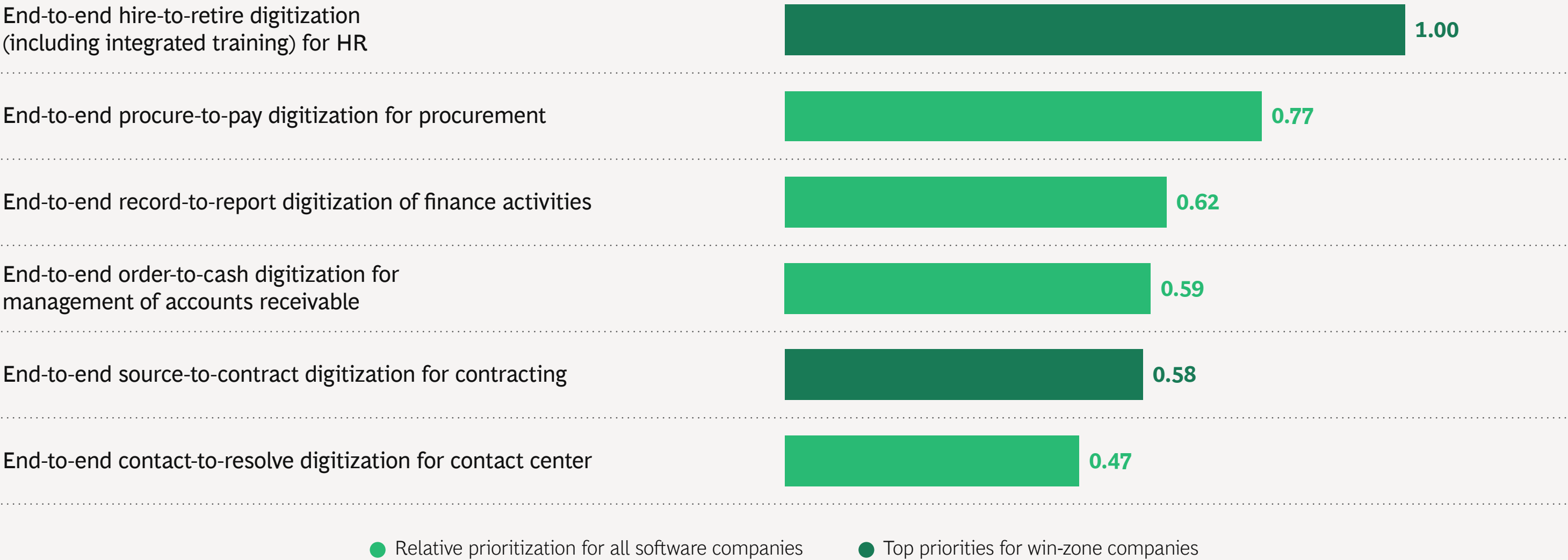


Source: 2021 BCG Global Digital Transformation Survey, n = 37.

¹A&P = advertising and promotion.

Software companies’ digital priorities: Digital support functions

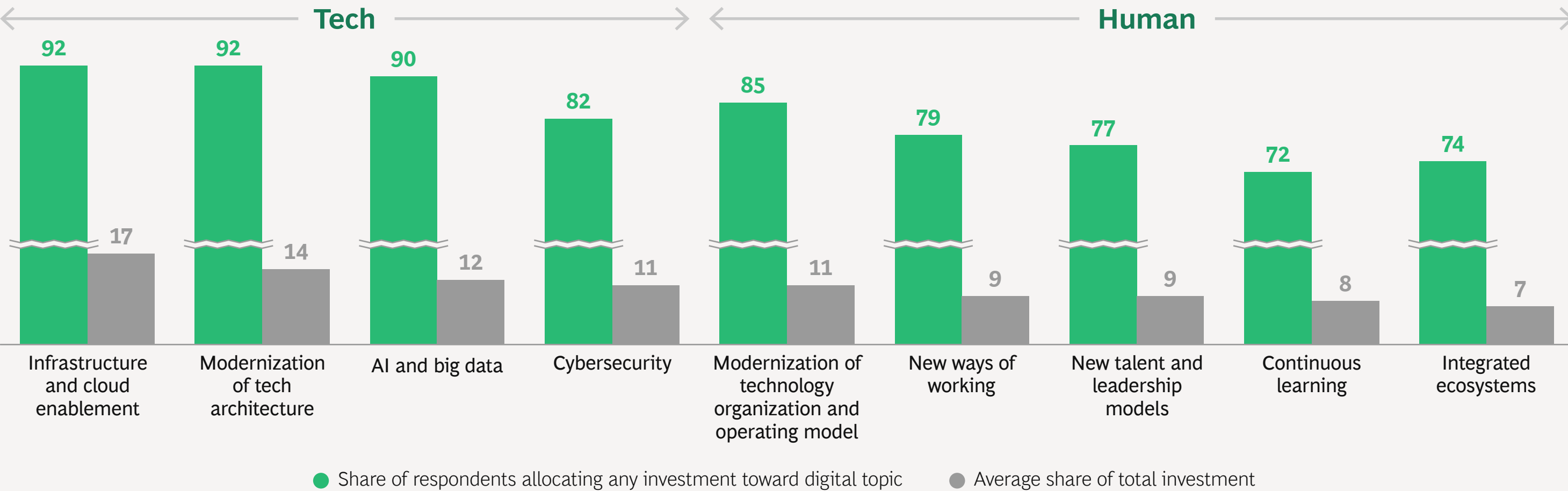
Digital initiatives (bars indicate relative prioritization of initiatives)



Software companies intend to invest across broad range of tech and human enablers

Nine out of ten software companies plan to invest in infrastructure and cloud enablement, AI and big data, and modernization of tech architecture, allocating on average about 45% of their total digital enabler spending to these areas

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS ENABLER DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹

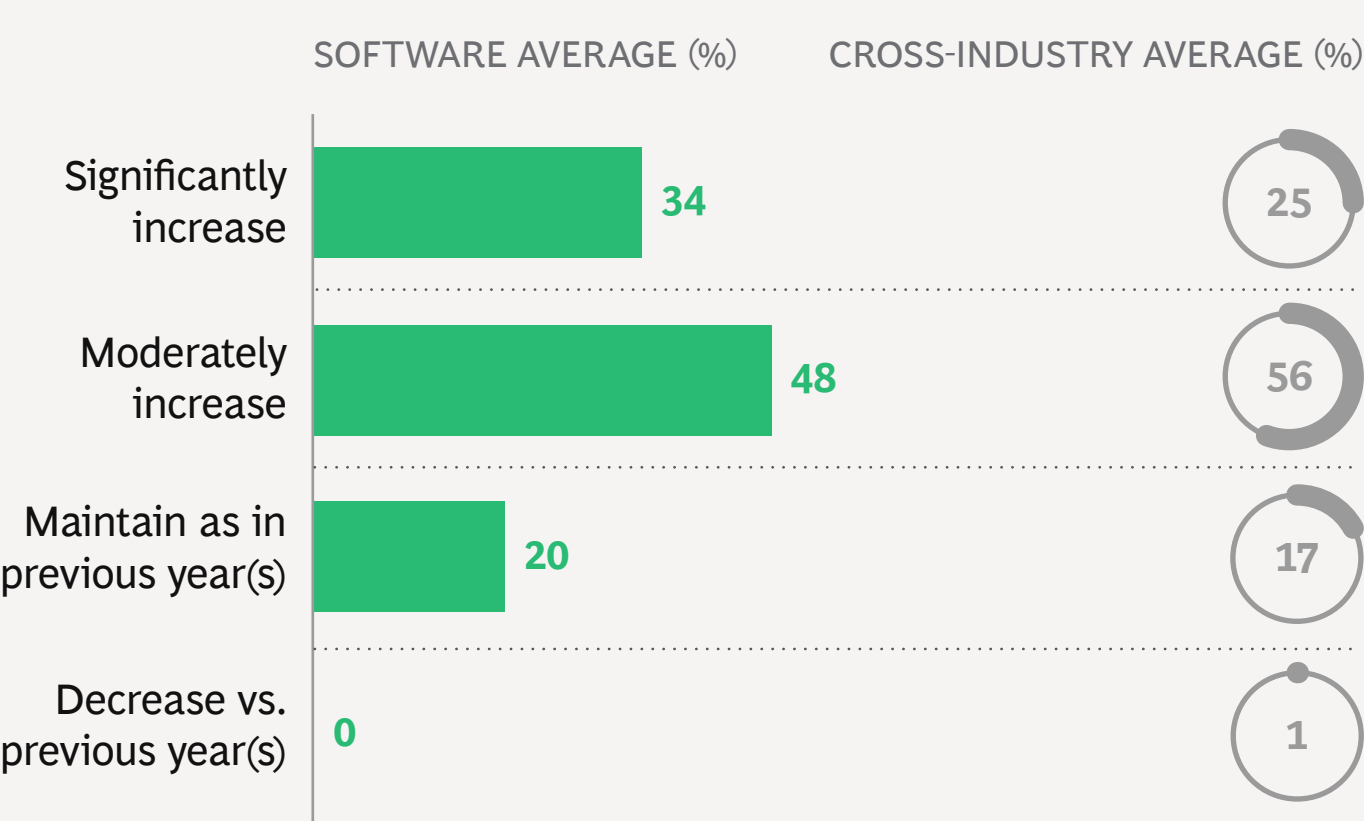


Source: 2021 BCG Global Digital Transformation Survey, n = 37.

¹For example, the leftmost pair of bars can be read as “92% of software respondents plan to invest in Infrastructure and cloud enablement, allocating an average 17% of their total digital enabler spending.”

About 82% of software companies plan to increase investments in ESG (in line with cross-industry averages)

Share of respondents planning to increase/decrease/maintain investment toward ESG in coming years



Source: 2021 BCG Global Digital Transformation Survey, n = 39.

... with greater emphasis on S and G dimensions

Leading digital initiatives being prioritized to support E, S, and G goals



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