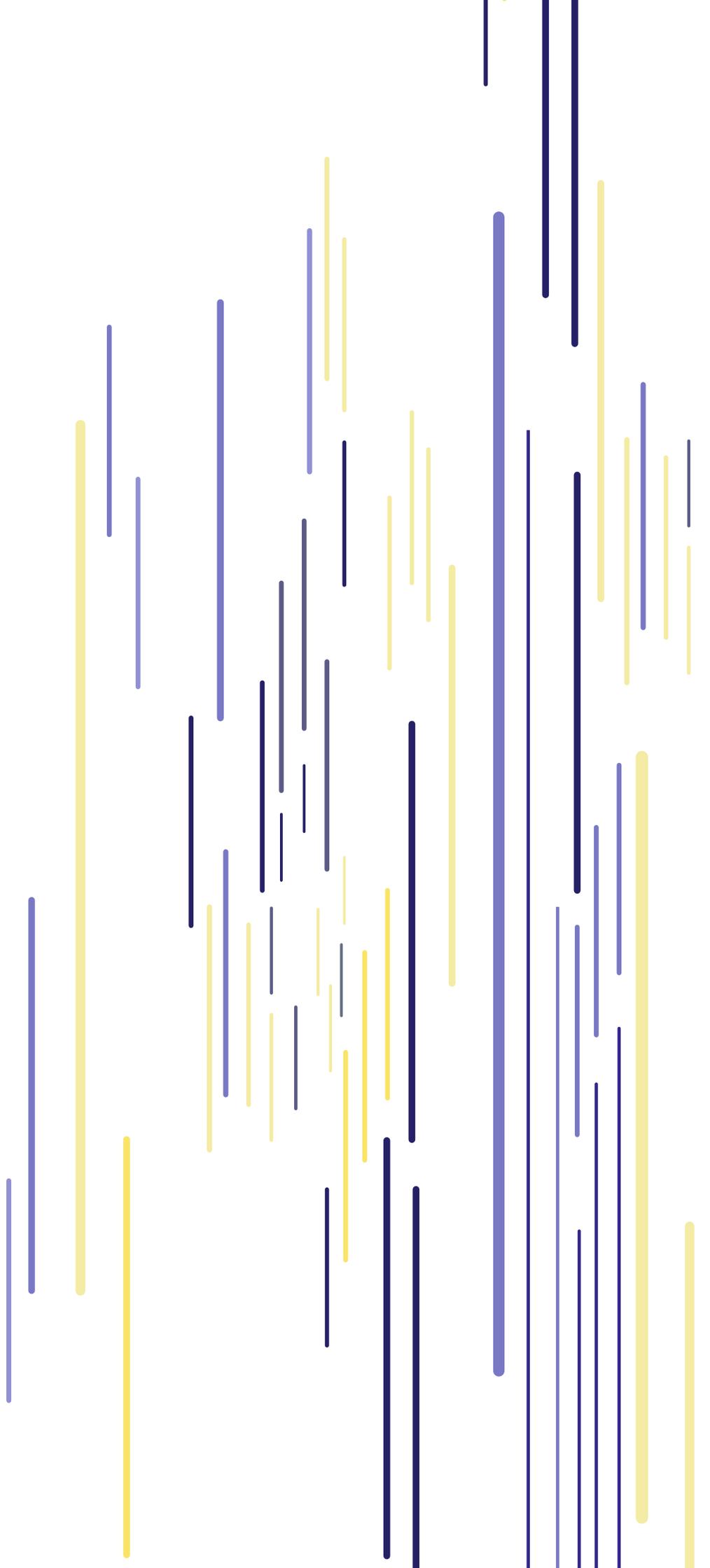




OPINION SURVEY ON DIGITAL
TRANSFORMATION

of Andalusian Enterprises



1.2. Aim of the Study

This study aims to address the situation of the Andalusian Enterprises in relation to different aspects of their digital transformation: digital culture, strategic importance of the digital transformation, main barriers, degree of implementation in the enterprises, etc.

This report deals with all this. Moreover, here are included the enterprises owners' perceptions about the digital transformation process of the enterprises. Its content is based on an exhaustive fieldwork, described below, based on a combination of quantitative and qualitative techniques.

FACT SHEET	
Universe	Companies whose registered office is in Andalucía and self-employed businessmen with tax residency in Andalucía.
Sample	545 questionnaires with a margin of error $\pm 4.2\%$ for global data, with a level of confidence of 95 % and a pq=50/50
Technique	On-line survey.
Fieldwork date	From September 21 th to October 2 nd 2017.
Execution	iBravo



Profile of the respondents according to the activity sector

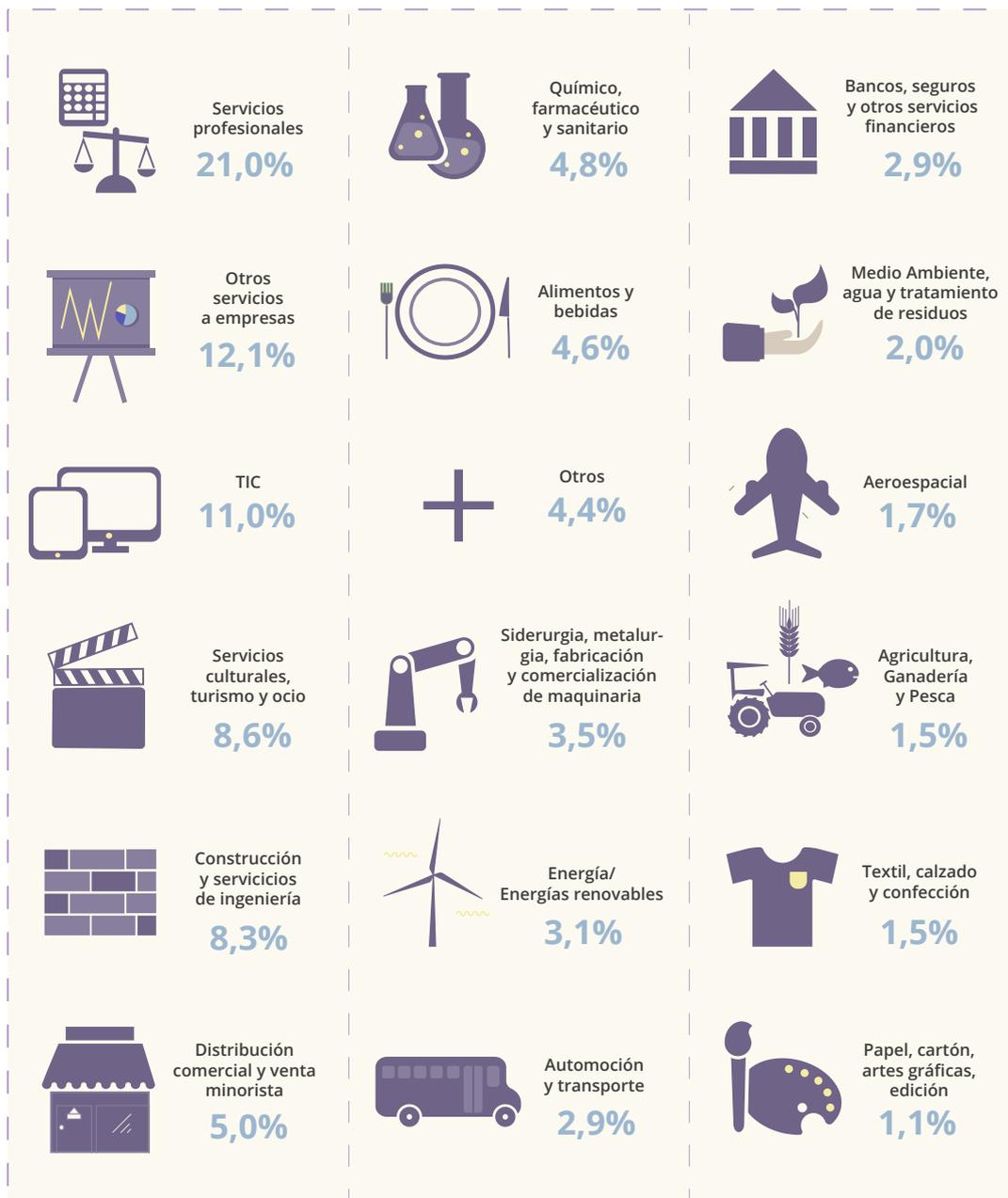


Tabla 1. Fuente: "Elaboración propia a partir de la Encuesta de Opinión al Empresariado Andaluz sobre Transformación Digital, CEA 2017".

According to companies' size, about an 18 % are large enterprises (250 or more persons employed), a 13 % medium-sized enterprises (50 to 250 persons employed), a 21% SME (10 to 50 persons employed) and a 48% micro-SMEs (fewer than 10 persons employed and self-employed businessmen).

CONCLUSIONS



As a conclusion, we can say that, in the Andalusian Enterprises, the digital culture is in settling process. Usually, this process is led at the highest possible level within the organization (Businessmen or CEO). However, in many cases it is not yet been formalized since almost 50 % of the enterprises do not have a formal strategy to deal with the Digital Transformation. There is also a high level of awareness about the necessary skills needed to deal with this process. Nevertheless, there is still some confusion regarding their degree of coverage on the part of the labour market since, although these competences are considered to be well covered, it is thought that the lack of skilled labour is one of the main barriers in the process of Digital Transformation of the enterprises. Moreover, in some sectors this degree of coverage is still low (especially in the manufacturing sectors, such as Food and Beverage or Iron and Still Industry, Metallurgy, Manufacturing and Mining.)

Other information that reaffirms this process of settling is the fact that the 92 % of the companies have made some investment in relation to the Digital Transformation. In 27 % of the occasions, this inversion is more than the 10 % of the Annual Budget. Nevertheless, only the 54 % of these enterprises have a leader of the Digital Transformation appointed, moreover, among these, only the 12 % is appointed ad-hoc. The percentage of enterprises that had formalized their strategy of Digital Transformation is still low (and therefore, it is the result of an organized impulse, planned and with pre-established aims).

In regards the profits that the Digital Transformation supposes to the enterprises, Andalusian businessmen make a connection between these profits and the development of the enterprises (accessing to new markets, opening up new business lines, greater knowledge of the customers...) considering secondary other aspects such as time flexibility, satisfaction of workers or retaining the talent. Regarding their influence in cost reduction, the smaller the dimension of the enterprise is the more apparent the benefit is.

The main barriers of the Digital Transformation process are related to "human" issues and not technological issues, as it can be the lack of knowledge of the advantages and implications of the process, the lack of visibility of the Management or the fear to change. The cost is a factor understood as a barrier for small and medium-sized enterprises but not for large companies. This barrier of the lack of knowledge is reflected in the very same results of the survey, in which we can see a high percentage of affirmative answers in the questions about the degree of implementation of Internet of Things; Probably because of the lack of knowledge about the topic of the question.

As a consequence of this lack of knowledge, the issues that the experts consider to be barriers to the process of Digital Transformation (such as data security, the speed of the change and their effect in the technological obsolescence or policy issues) are not seen as such by the businessmen, mainly because of their lack of knowledge about them.

Interestingly, although the potential profits that are attributed to the Digital Transformation are related to the business development, the enterprises that regularize their Digital Transformation give priority to the improvement of efficiency or the improvement of the information management among the main aims of that strategy.



This creates the risk (and the paradox) that the Digital Transformation creates frustration in the enterprises because they may have high expectations. The problem comes when they start to work on the policy and digital strategy and it does not work because, since they have not gone in depth into the business model, the enterprise is not ready nor organized to such transformation.

Another interesting point is that the self-employed are those who make a greater budgetary effort to include the Digital Transformation; the 44 % put a 10 % of their budget for this matter. It is also interesting the correlation between the Digital Transformation and the Business Growth, being the enterprises with a higher increase in invoicing the ones that allocate a higher percentage of their budget to Digital Transformation.

Regarding the level of digitalization of enterprises, the departments related with finances, information management and communication are the most digitalized. However, we still can find a huge scope for improvement in warehouse management and different aspects for human resource management. This means that CRM and ERP systems are already widely available in Andalusian enterprises, especially in large and medium-sized enterprises.

On-line commerce is also well-established (the 45 % of the enterprises are already using it), and the Cloud Computing is disclosed as a high level unique tool for small size enterprises.

Finally, the presence of Andalusian enterprises in social media can be considered to be “massive”, since the 91 % of them are available on the network. Facebook is disclosed as the main Social Network for Andalusian enterprises, followed closely by Twitter and Linked In. However, the presence in “thematic” social media, more specific to the business sector, is still low (14 %), with the exception of the touristic sector (67 %), that is driven mainly by the presence of enterprises that belong to this sector in Trip Advisor. On the other hand, it is important to say that the dynamization of these social networks in many cases is still irregular or inexistent. Again this could be a consequence of the lack of knowledge and the lack of digital culture.

To sum up, the Andalusian businessman, although is aware of the extremely importance of the Digital Transformation as a tool for their own competitiveness and despite the effort that, as a consequence, is making to adapt, is still in an initial stage of the process, of which their potentiality and their consequences are to some extent unknown. It is important to take this into account since there are ambitious Digital Transformation initiatives currently in progress that are supported by Public Administration, Business Associations and different public and private institutions. These can fail just because businessmen do not have the required digital culture to incorporate and take advantage of them in their value chain.



COMPUTER GRAPHICS / SUMMARY



51% of the enterprises do affirm to have a formal strategy to tackle Digital Transformation



92% of the Andalusian enterprises have made this year come investment in relation to Digital Transformation



54% of the enterprises have designated a leader of the Digital Transformation

📶 Main profits of the Digital Transformation for Andalusian enterprises:

1 Accessing new markets

2 Opening up of new lines of business

3 Greater knowledge of the customer

📶 Main barriers of the Digital Transformation process

Lack of knowledge of the advantages and implications of the process

Lack of visibility of the Management

Fear to change

📶 Departments with a greater level of digitalization

FINANCES

INFORMATION MANAGEMENT

COMMUNICATION

The enterprises with a greatest increase of invoice devote a greater percentage of their budget to Digital Transformation.



The 53% of the enterprises have invested more than a 5% of their budget in annual investment related with the Digital Transformation process.

Proportionally, the self-employed are those who make a greater budgetary effort, the 44% allocate more than the 10% of their investment budget for this matter.



