The transformation is upon us

Digital transformation is on everyone’s lips in 2016. It was, for example, the theme of the annual conferences of the Confederation of Norwegian Enterprise (NHO) and the World Economic Forum. In Sweden, there is currently a debate about how well-equipped the country’s businesses and industries are for the transformation. Jacob Wallenberg has expressed concern that Swedish industry might be left behind in the race for digitalisation.

At EVRY we are naturally passionately committed to the digital transformation, and as a vendor highly affected by it. In 2015 we made sizeable changes to our infrastructure business. Firstly, we opened a data centre outside Oslo that has world-class technological and environmental solutions.

Then on 1 October we announced a joint commitment to infrastructure and cloud services with IBM. The aim of this was to ensure we are adapted to the market’s increasing demand for hybrid cloud solutions and scalability. EVRY is committed to being a partner with a strong local footprint and excellent market knowledge, but at the same time we need to offer scalable solutions based on global standards. Our partnership with IBM has been designed to allow us to offer both of these things, and to be able to weave together hybrid cloud solutions that are suited to each individual customer. Flexibility and scalability are the be-all and end-all for digital business models, and our offering has to be competitive relative to all criteria and every competitor.
Our passion means we have a burning desire to understand our local market, our customers and their thoughts on developing new and digital business models. This survey is something of a temperature gauge of where Norwegian and Swedish companies stand, the relationship they have with digital transformation, the opportunities and threats they perceive, and how well prepared they think they are. We have asked 200 companies in Norway and Sweden, across industries, from relatively small businesses to large enterprises with global footprint.

I will let the results speak for themselves, but I think the change will perhaps be larger and will have a greater impact than many people believe. I am particularly keen not to underestimate the impact of separate industries joining together, examples of which are being seen more and more often. We are seeing global online shops expand into an increasing number of areas, but we are also seeing local firms doing this. In Norway, one example we have seen is an online electronics retailer that now also offers general financing services and insurance, which are in no way connected to the goods they are selling online. I think we have only seen the start. Digital transformation starts by understanding digital customers and their preferences. The whole value chain then has to be seen in relation to these insights. At EVRY we had to make sizeable changes as we grasped what it is that our customers will want tomorrow, and I think that this is an exercise that all businesses should carry out.

I hope our survey on digital transformation helps you to reflect on where your business currently stands, and if you would like to discuss the challenges and opportunities of digital transformation you are obviously more than welcome to get in touch with us. We will only succeed if we give our customers a digital advantage – this is consequently our strategic approach in these rapidly changing times.

Best regards
Björn Ivroth
CEO of EVRY
Digital development impact

The digital development has huge impact on businesses in almost all kind of industries.

96% of the companies consider themselves significantly influenced by the digital development.

To what extent have your business been impacted by the digital development?

- Very high degree: 68%
- To some degree: 28%
- To a small degree: 4%
- To no degree: 0%
- Do not know: 0%

EVRY SURVEY DIGITAL TRANSFORMATION 2016
Relationship to digitalisation

See the opportunities, but lack of knowledge is an issue.
95% are positive to the digitalisation, and 59% believe they have the knowledge to realise the opportunities.

- In total, 36% of the companies acknowledge lack of competence.
- 43% of Swedish companies say they lack the competence, while only 29% of Norwegian companies expressed the same.

Which sentence describes your company’s relationship to digitalisation?

- We are positive and have necessary knowledge: 59%
- We are positive, but lack knowledge: 36%
- We are on hold, but think we will take advantage of this development: 3%
- We are sceptical and think challenges exceed possibilities: 1%
- We are negative and see a lot of challenges for our business: 0%
- No opinion: 0%
- Do not know: 0%
Digitalisation has a strong impact on most industries!

- 27% of Norwegian companies say that digitalisation has changed their industry in a very high degree as compared to 21% of Swedish companies.
Overall business strategy

Digitalisation has become a central part of corporate strategy. 78% state that digitisation is a key part of business strategy.

Are digital tools, channels and/or business models a central part of your overall business strategy?

- Yes: 78
- No: 20
- Do not know: 2

0% 50% 100%
64% expect their industry to change significantly in the next 1-3 years as a consequence of digital business models.

• No significant difference between Sweden and Norway.

Do what degree do you expect digital business models will change your industry within the next 1-3 years?

- In very high degree: 24
- In high degree: 40
- To moderate degree: 23
- To a small degree: 8
- To no degree: 4
- Do not know: 4

0% 50% 100%
Digital business models as a threat

Only 13% consider digital business models as a threat to their business.

- 73% of Swedish companies answer no, compared to 80% of Norwegian companies.

Do you consider digital business models as a threat to your company?

- Yes: 13%
- No: 77%
- Do not know: 10%
Dedicated senior leader

45% reports to have top executive with dedicated responsibility for digital business development.

- 52% of Norwegian companies are answering yes, but only 39% in Sweden.

Has your company a dedicated leader in the senior management with responsibility for digital business development?

- Yes: 45
- No, but we consider such a position within the next 12 months: 9
- No: 36
- Do not know: 9
Expertise at management level

Less than half have sufficient expertise at management level.

Does your company have sufficient expertise at management level to develop and evaluate digital business models?

- Yes, and we have the knowledge needed: 45
- No, but we give high priority to knowledge building: 34
- No: 9
- Do not know: 11
Well over half believe their own business will change significantly over the next 3 to 5 years.

Do you expect your business to change significantly the next 3-5 years due to the digital development?

- Yes: 61
- No: 30
- Do not know: 9
55% believe that the competitive situation of their own business is significantly affected by the digital development.
Advantage of digitalisation

73% say that their business has exploited digitization to increase business competitiveness.

Have your company taken advantage of digitalisation to increase competitiveness?

- Yes: 73
- No: 18
- Do not know: 9
What is the obstacles that prevent your business from taking advantage of digitalisation?

- Costs are too high: 37%
- Our customers are not "digital": 26%
- Concerns about security: 22%
- Too low change ability in our organisation: 18%
- Too low digital competence among our employees: 17%
- The complexity is too high: 15%
- The potential is low in our industry: 15%
- Lack of digital competence in management: 14%
- Regulations are an obstacle: 10%
- Vendors not clear on business value: 6%
- High risk: 6%
- Do not know: 16%
About the Survey

- Opinion conducted 200 interviews in a website survey based on Norstat population panel, 100 in Norway and 100 in Sweden. The survey was conducted in December 2015.
- Target group: Managers in administration, accounting / finance, marketing, IT, as well as specialists in IT.
- Businesses with more than 100 employees.
- Responsible at Opinion: Ole Brauteset.
- Responsible at EVRY: Jørn Bremtun (jorn.bremtun@evry.com)
- Oslo, January 22, 2016.

### Facts about the participants in the survey

<table>
<thead>
<tr>
<th>Number of employees in the company</th>
<th>Your position within the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 1000</td>
<td>IT specialist: 7%</td>
</tr>
<tr>
<td>200 – 999</td>
<td>Head of department: 55%</td>
</tr>
<tr>
<td>Under 200</td>
<td>CIO: 8%</td>
</tr>
<tr>
<td></td>
<td>Sales-/marketing officer: 10%</td>
</tr>
<tr>
<td></td>
<td>CFO: 13%</td>
</tr>
<tr>
<td></td>
<td>CEO: 6%</td>
</tr>
</tbody>
</table>