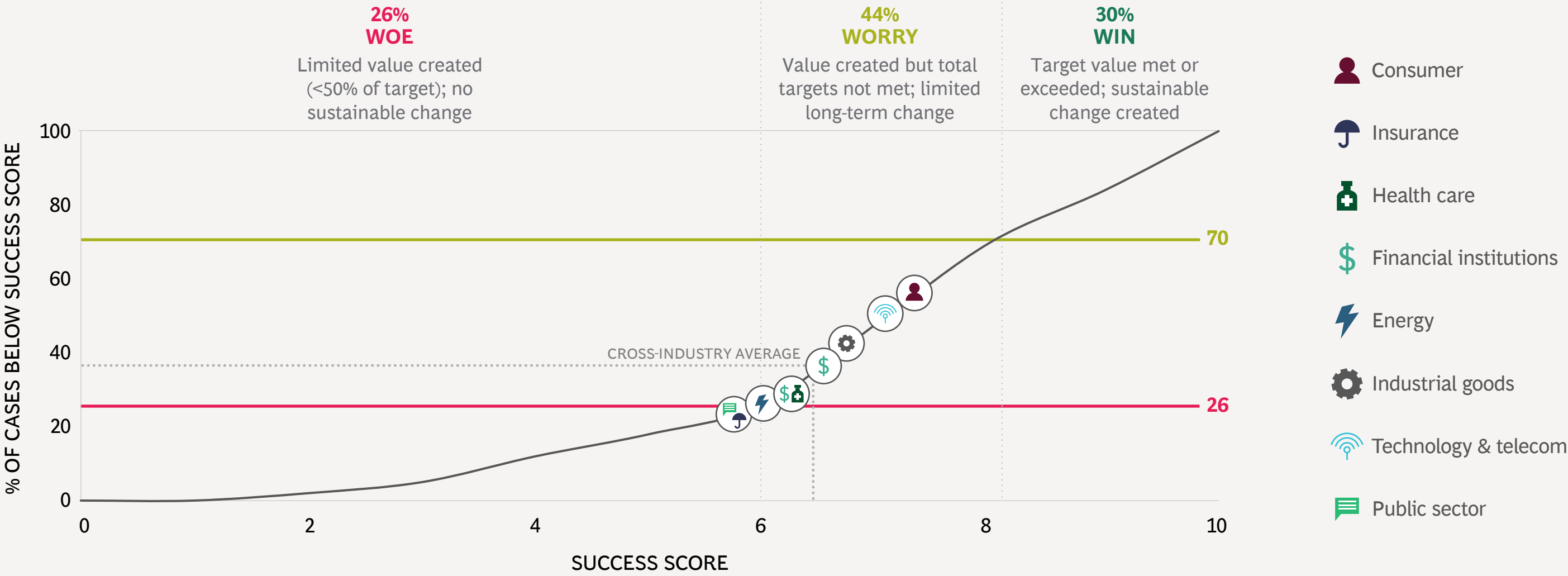




Which Industries are Best Positioned for Digital Transformation Success?

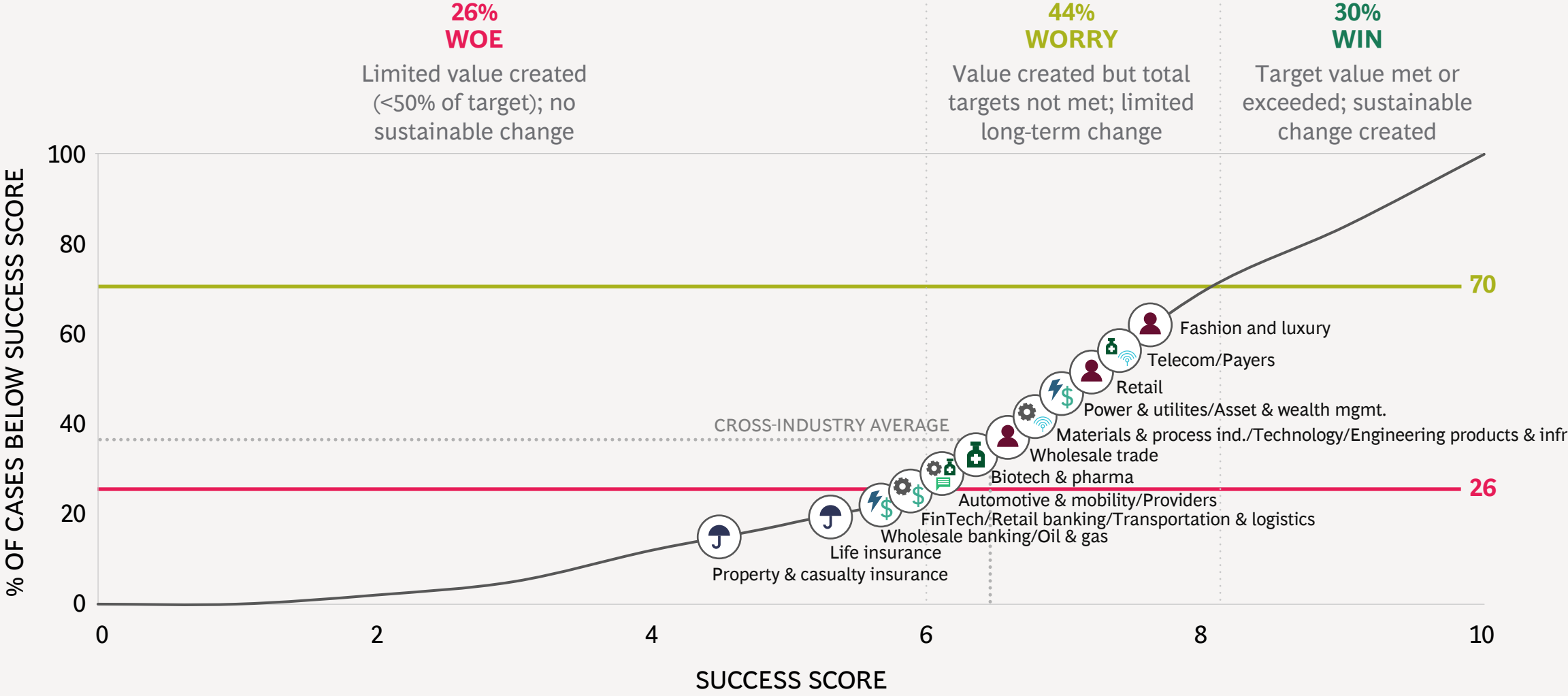
MAY 2021

Sectors vary in their odds for digital transformation success



Sources: Global DSR 2020 study; BCG analysis.
 Note: Total data points n = 980. Discrepancy from original publication (n = 895) due to some double counting (e.g., health insurance payers are included in both the health care and insurance sectors) and balancing sector representation. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

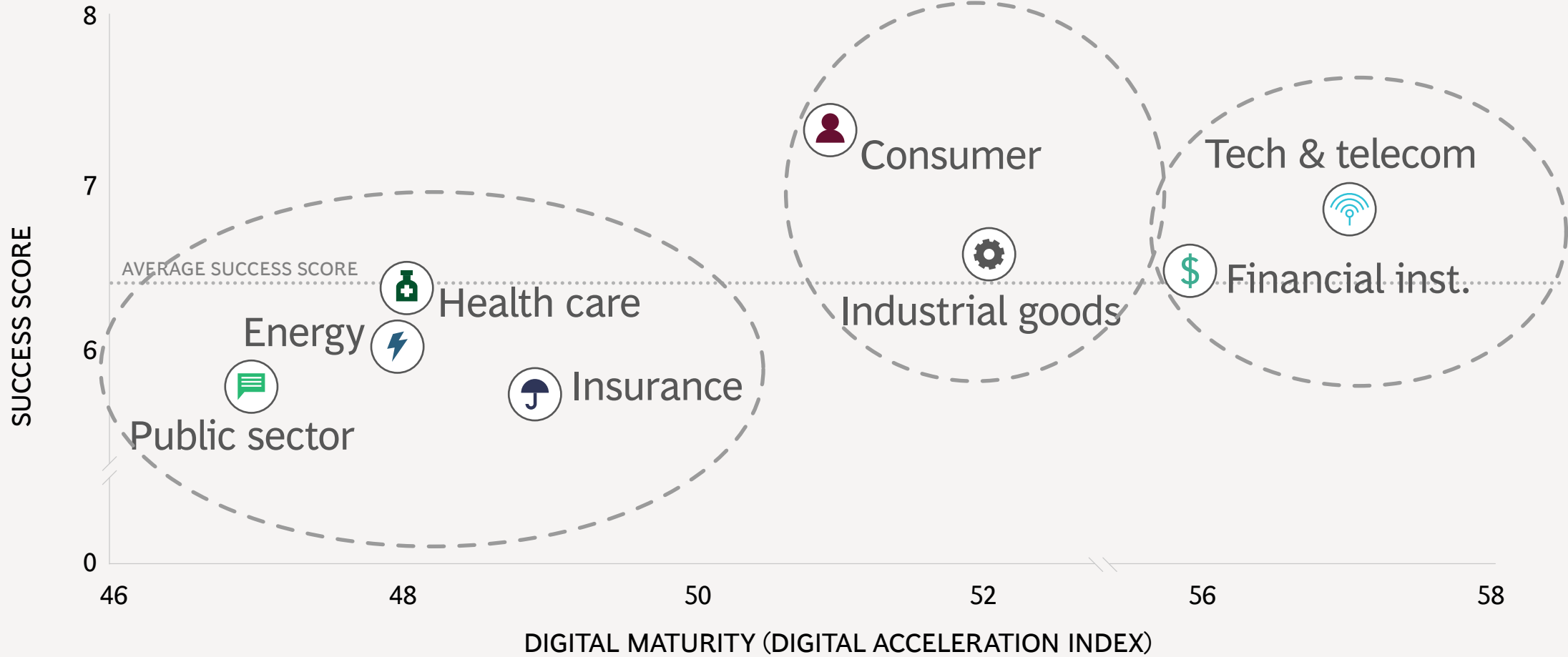
Industry segments vary even more



Sources: Global DSR 2020 study; BCG analysis.

Note: Total data points n = 980. Discrepancy from original publication (n = 895) due to some double counting (e.g., health insurance payers are included in both the health care and insurance sectors) and balancing sector representation. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

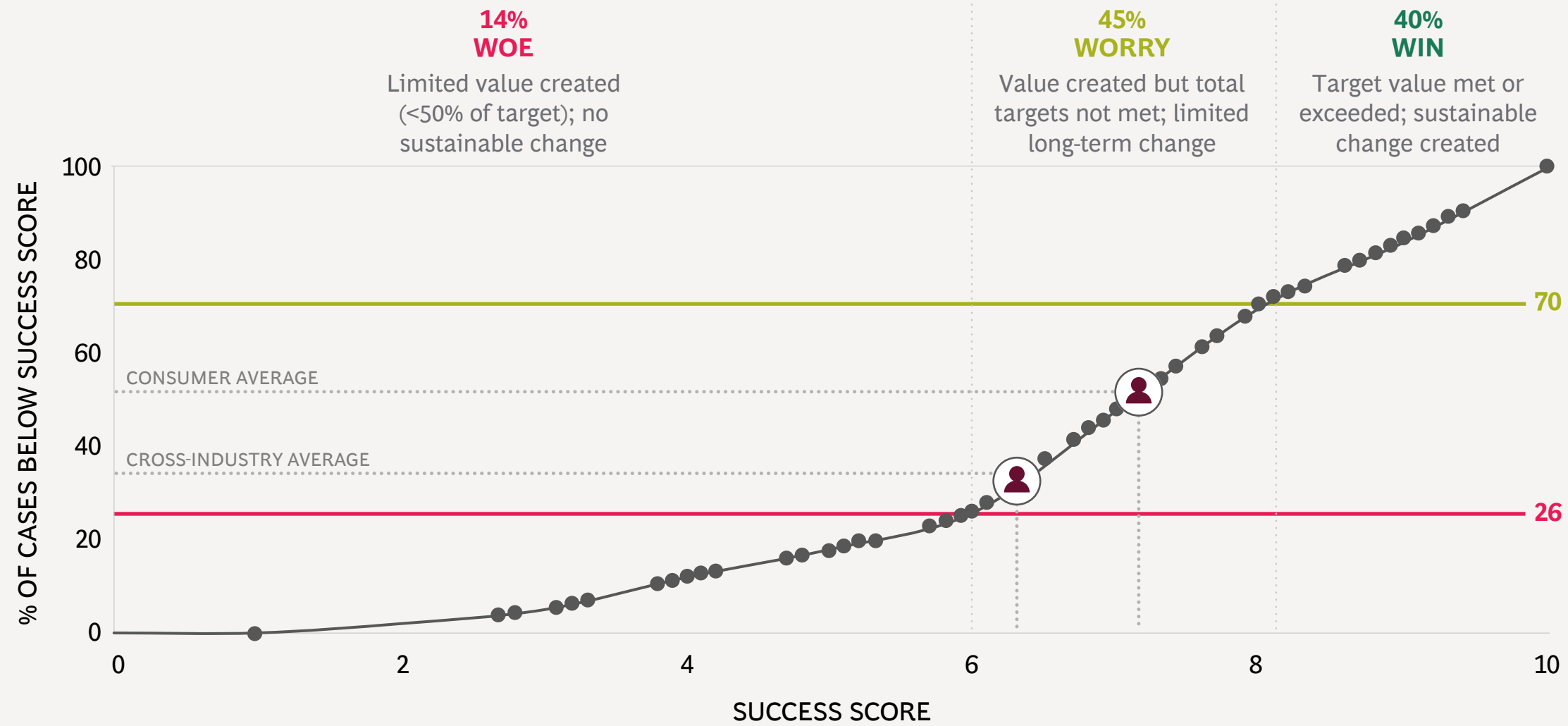
More digitally mature industries have a somewhat higher likelihood of success



Sources: Global DAI Study 2020 ("How Bionic Companies Translate Digital Maturity into Performance"); Global DSR Study ("Flipping the Odds of Digital Transformation Success"); BCG analysis.

CONSUMER

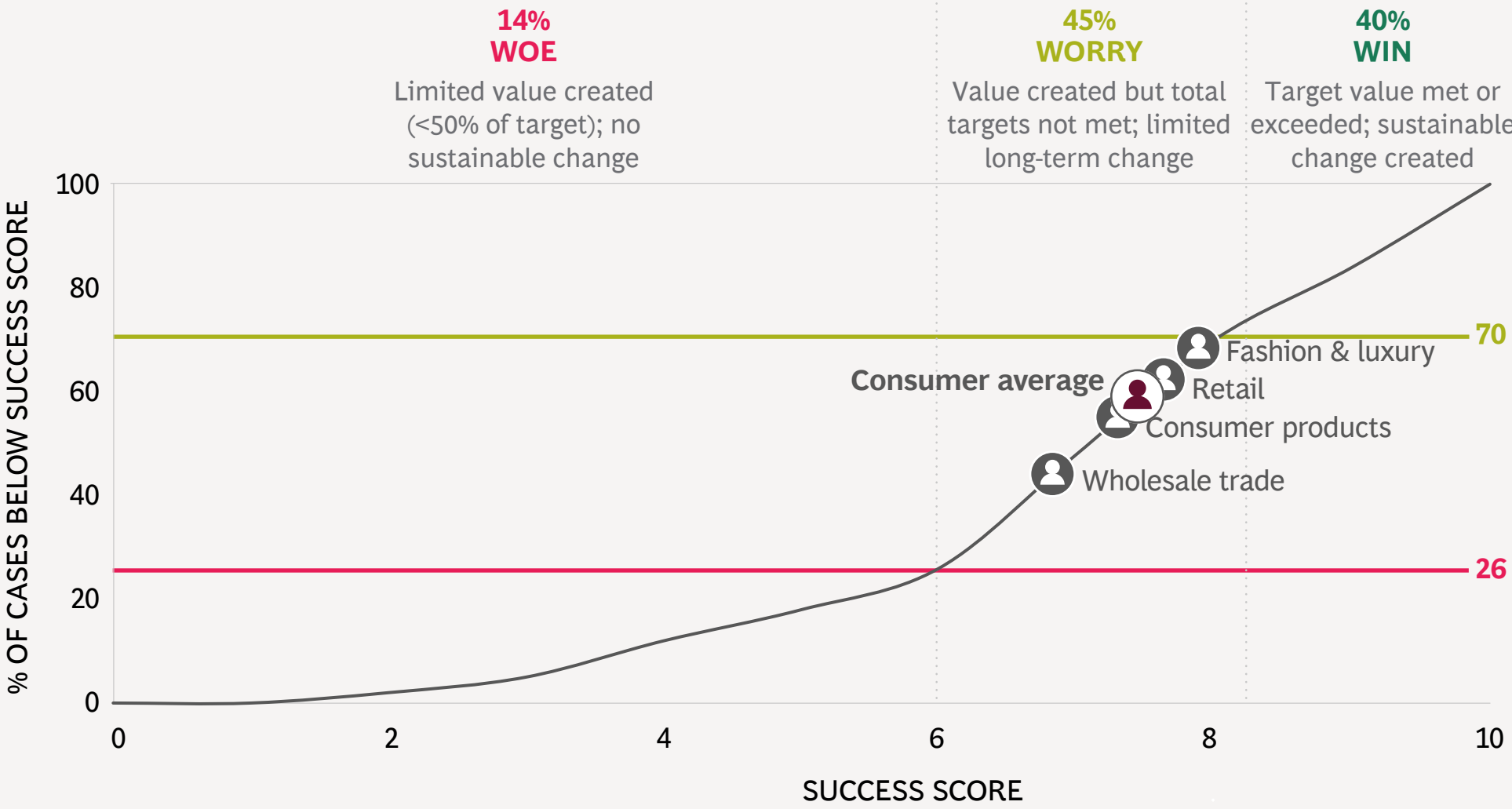
While the likelihood of success higher than most sectors, there are big variations between companies



Sources: Global DSR 2020 study; BCG analysis.

Note: Consumer only data points n = 152. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

The retail and fashion and luxury segments lead in terms of consistently building conditions for success



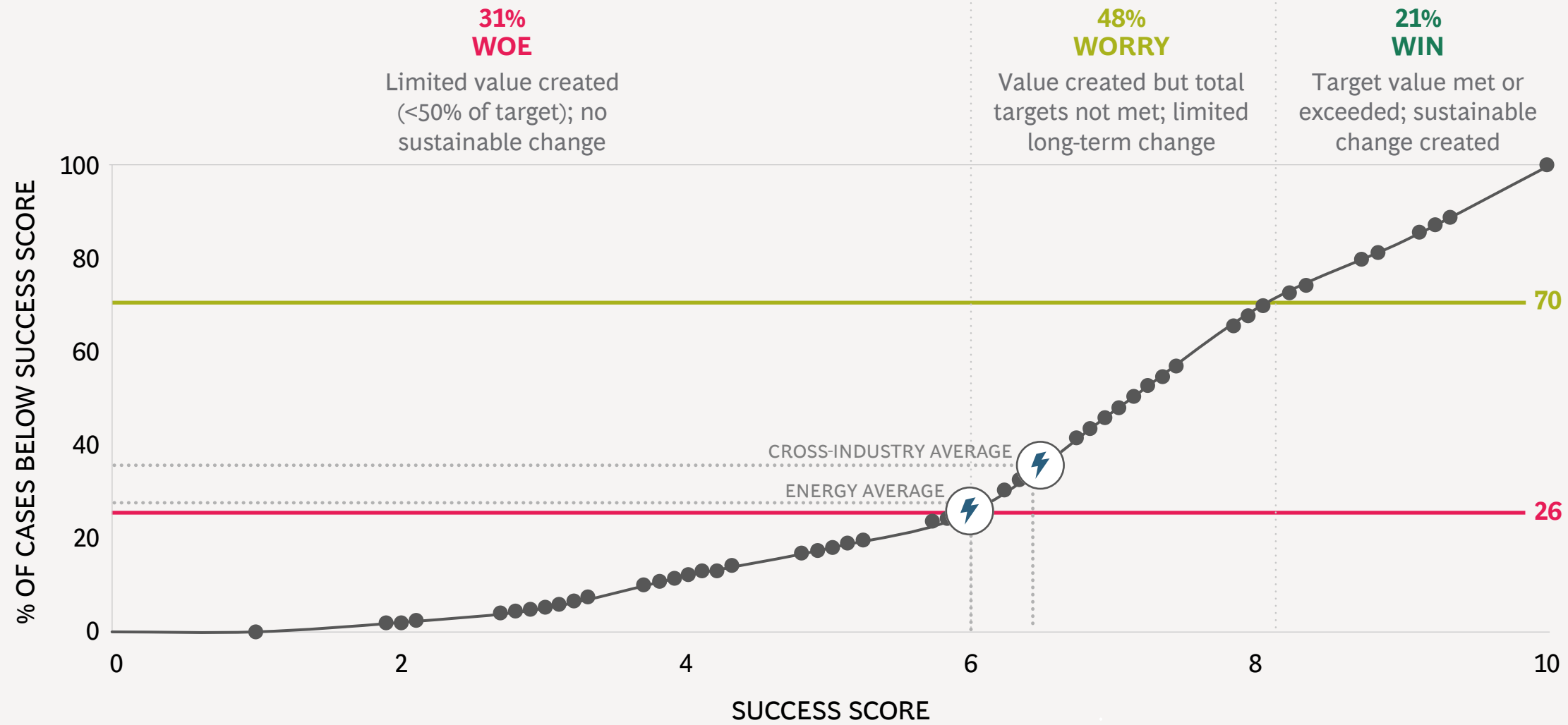
KSF PERFORMANCE SCORECARD

	Consumer products	Fashion & luxury	Retail	Wholesale trade
Agile governance	2nd quartile	3rd quartile	3rd quartile	3rd quartile
Leadership commitment	2nd quartile	2nd quartile	2nd quartile	2nd quartile
Effective monitoring	2nd quartile	4th quartile	2nd quartile	2nd quartile
Integrated strategy	2nd quartile	2nd quartile	2nd quartile	2nd quartile
High-caliber talent	2nd quartile	2nd quartile	2nd quartile	4th quartile
Modular tech, data platform	2nd quartile	3rd quartile	2nd quartile	4th quartile

● 1st quartile (top 25%)
 ● 2nd quartile (top 50%)
 ● 3rd quartile (top 75%)
 ● 4th quartile (top 100%)

Sources: Global DSR 2020 study, BCG analysis.
 Note: Consumer only data points n = 152; retail (n = 41); consumer products (n = 63); wholesale trade (n = 24), fashion and luxury (n = 20). Travel and tourism not shown due to insufficient n (n=3). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

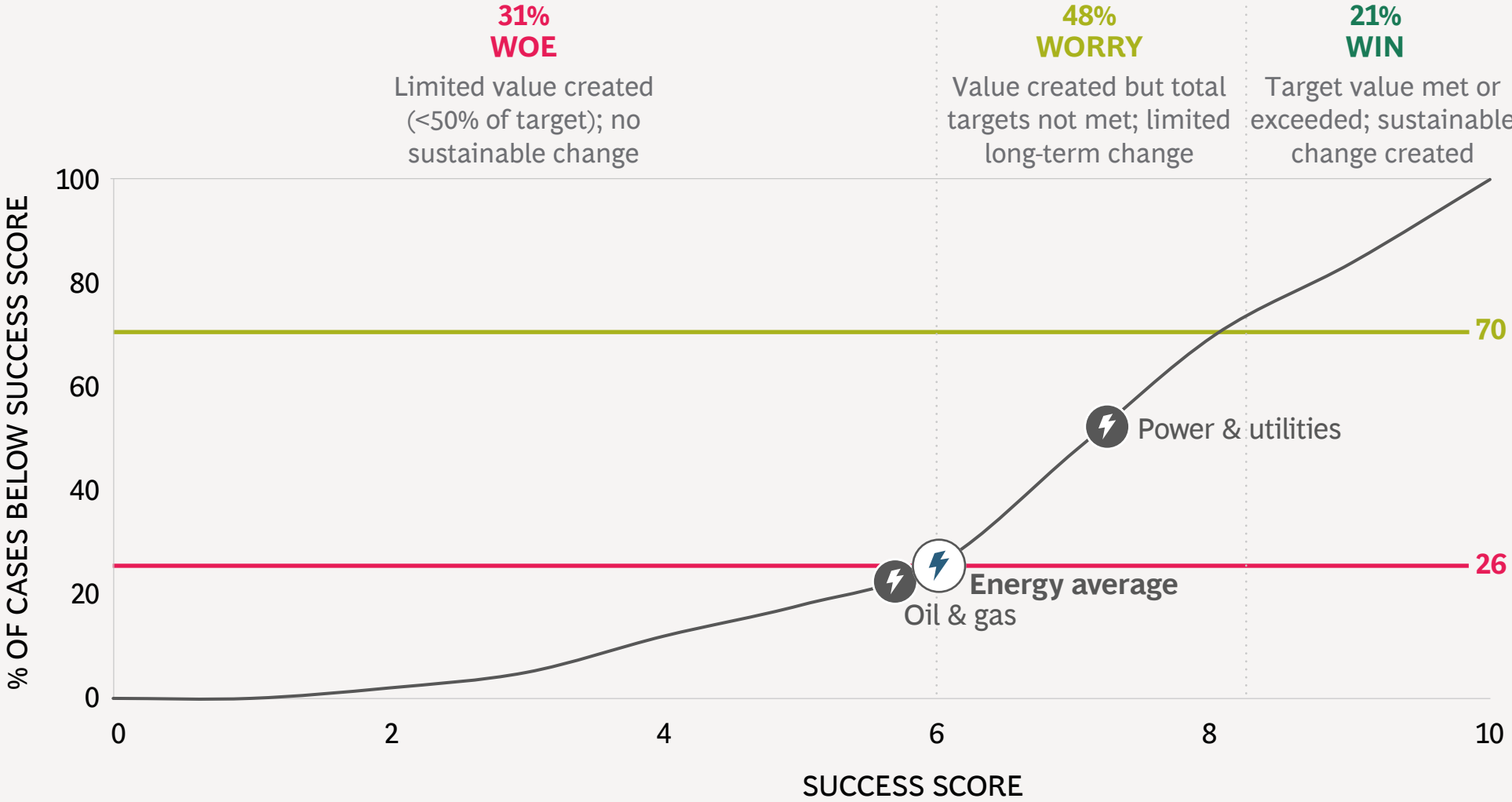
The current likelihood of success is below average



Sources: Global DSR 2020 study; BCG analysis.

Note: Energy only data points (n = 81). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Most energy companies are not well prepared, although utilities are generally in better shape



KSF PERFORMANCE SCORECARD

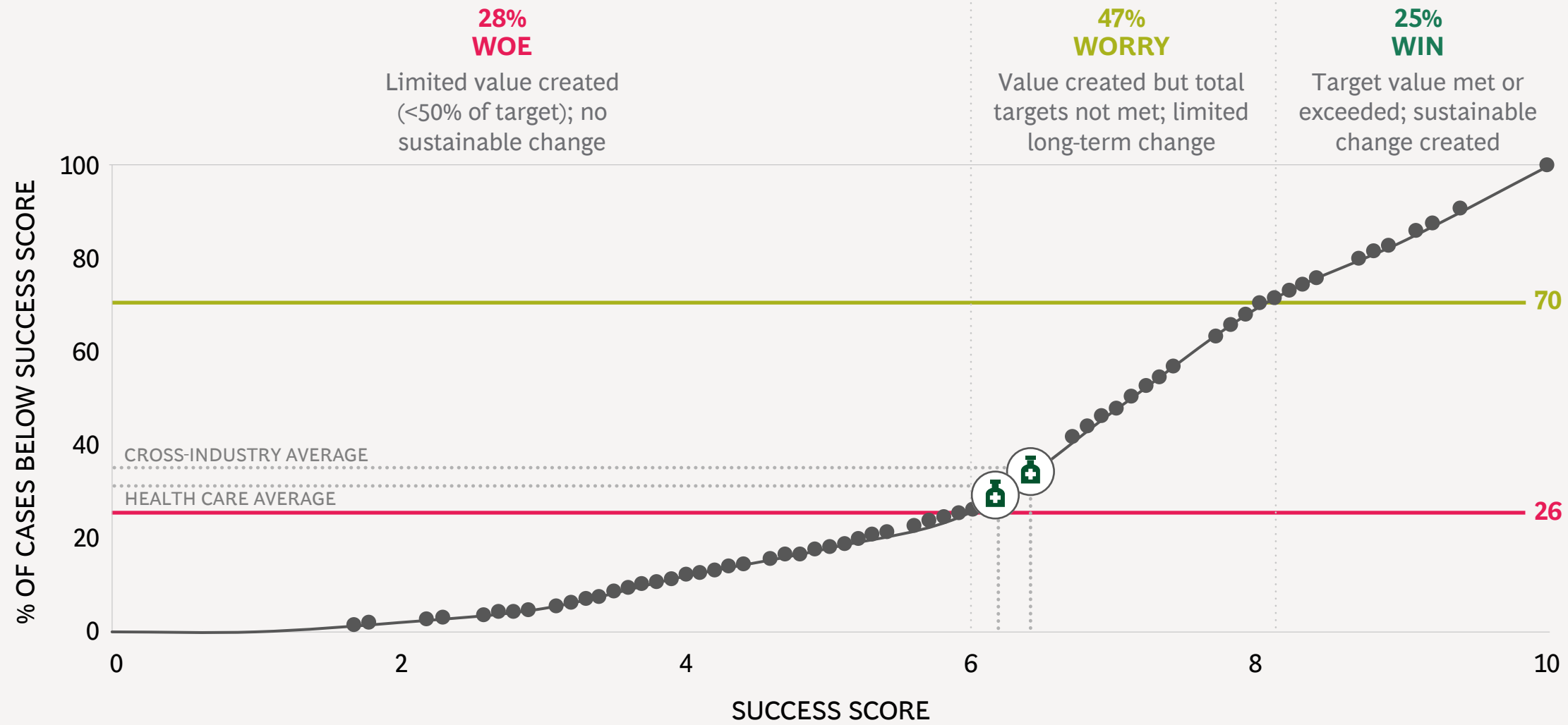
	Oil & gas	Power & utilities
Agile governance	🔴	🟡
Leadership commitment	🟢	🟢
Effective monitoring	🟡	🟢
Integrated strategy	🟡	🟡
High-caliber talent	🟢	🟡
Modular tech, data platform	🔴	🟢

● 1st quartile (top 25%) ● 2nd quartile (top 50%) ● 3rd quartile (top 75%) ● 4th quartile (top 100%)

Sources: Global DSR 2020 study; BCG analysis.
 Note: Energy only data points (n = 81); oil and gas (n = 46); power and utilities (n = 21). Greentech not shown due to insufficient n (n = 14). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

HEALTH CARE

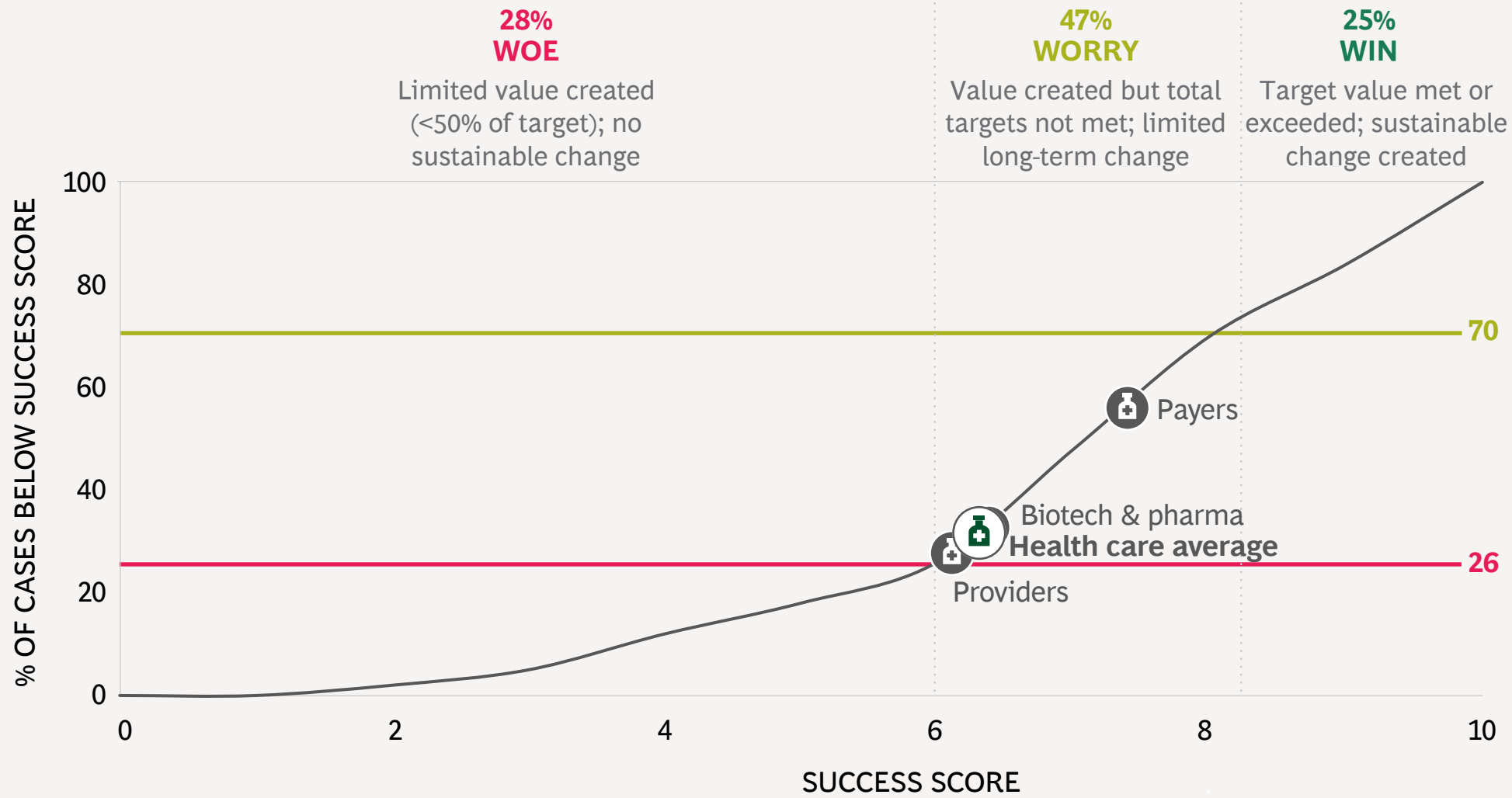
The likelihood of success is slightly below average, but the spread is wide



Sources: Global DSR 2020 study; BCG analysis.

Note: Health care only data points (n = 154). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Payers stand out with relatively high likelihood of success



KSF PERFORMANCE SCORECARD

	Biotech & pharma	Providers	Payers
Agile governance	3rd quartile	4th quartile	2nd quartile
Leadership commitment	2nd quartile	2nd quartile	2nd quartile
Effective monitoring	2nd quartile	2nd quartile	3rd quartile
Integrated strategy	4th quartile	4th quartile	2nd quartile
High-caliber talent	3rd quartile	3rd quartile	2nd quartile
Modular tech, data platform	3rd quartile	3rd quartile	3rd quartile

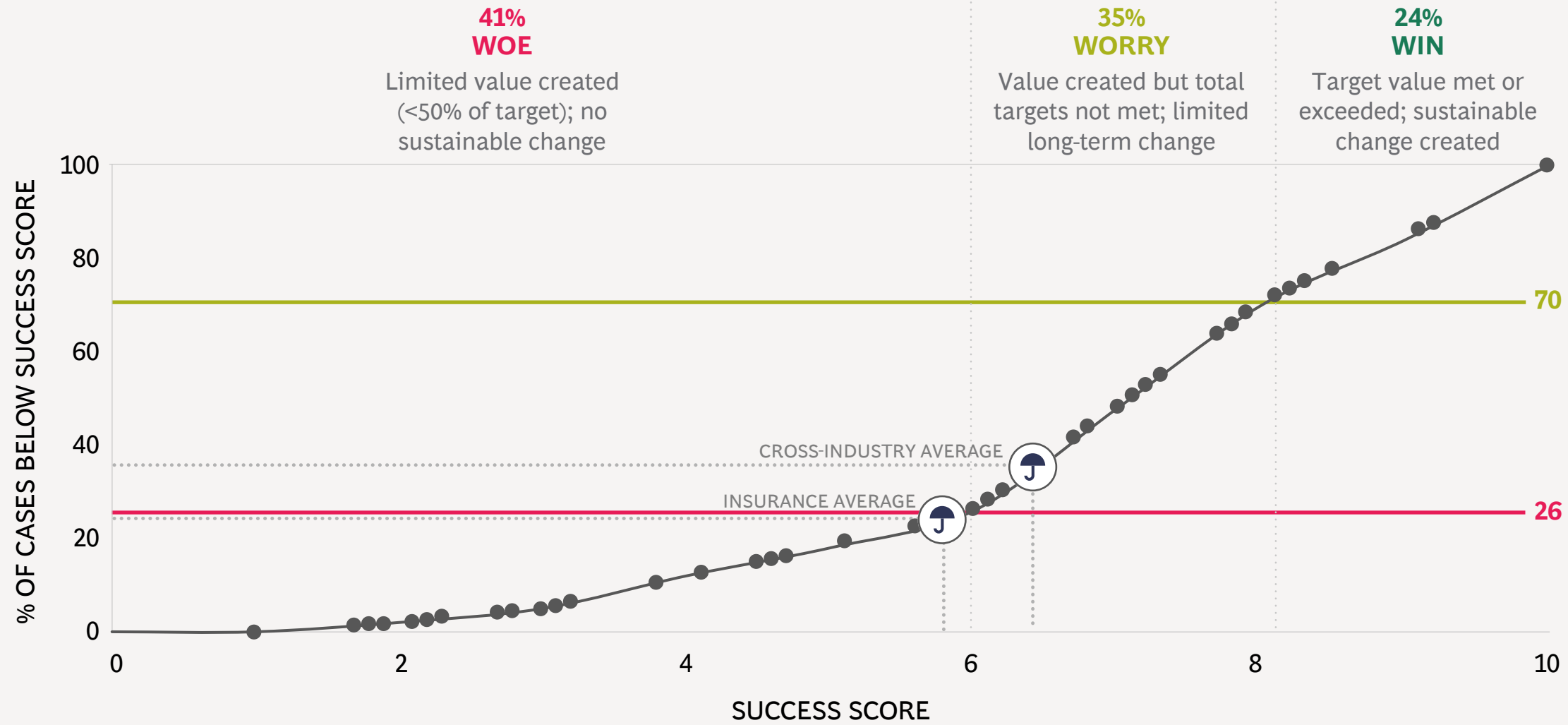
Legend: ● 1st quartile (top 25%) ● 2nd quartile (top 50%) ● 3rd quartile (top 75%) ● 4th quartile (top 100%)

Sources: Global DSR 2020 study; BCG analysis.

Note: Health care only data points (n = 154); payers (n = 34); providers (n = 61); biotech and pharma (n = 45). Payers is double counted. Medtech not shown in the chart due to insufficient n (n = 14). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

INSURANCE

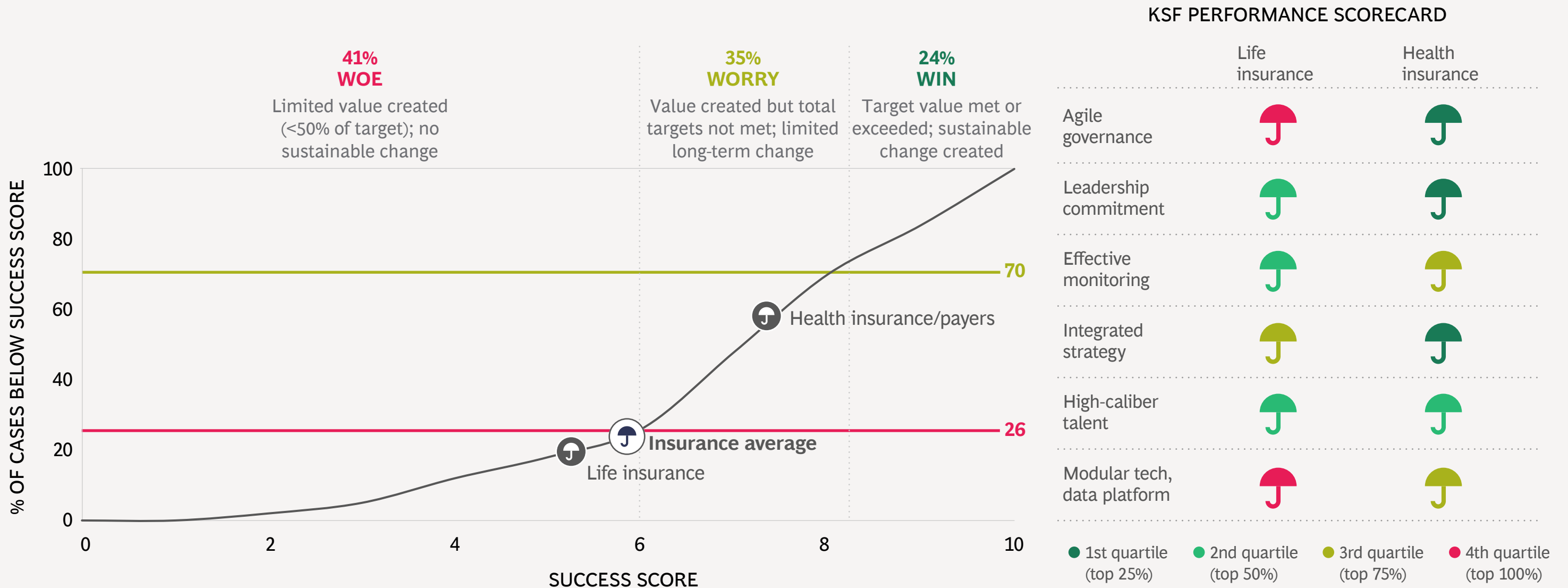
Insurers lag in digital transformation success, but there are a few winners



Sources: Global DSR 2020 study; BCG analysis.

Note: Insurance only data points (n = 74). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Health insurance leads the sector in consistently building conditions for success

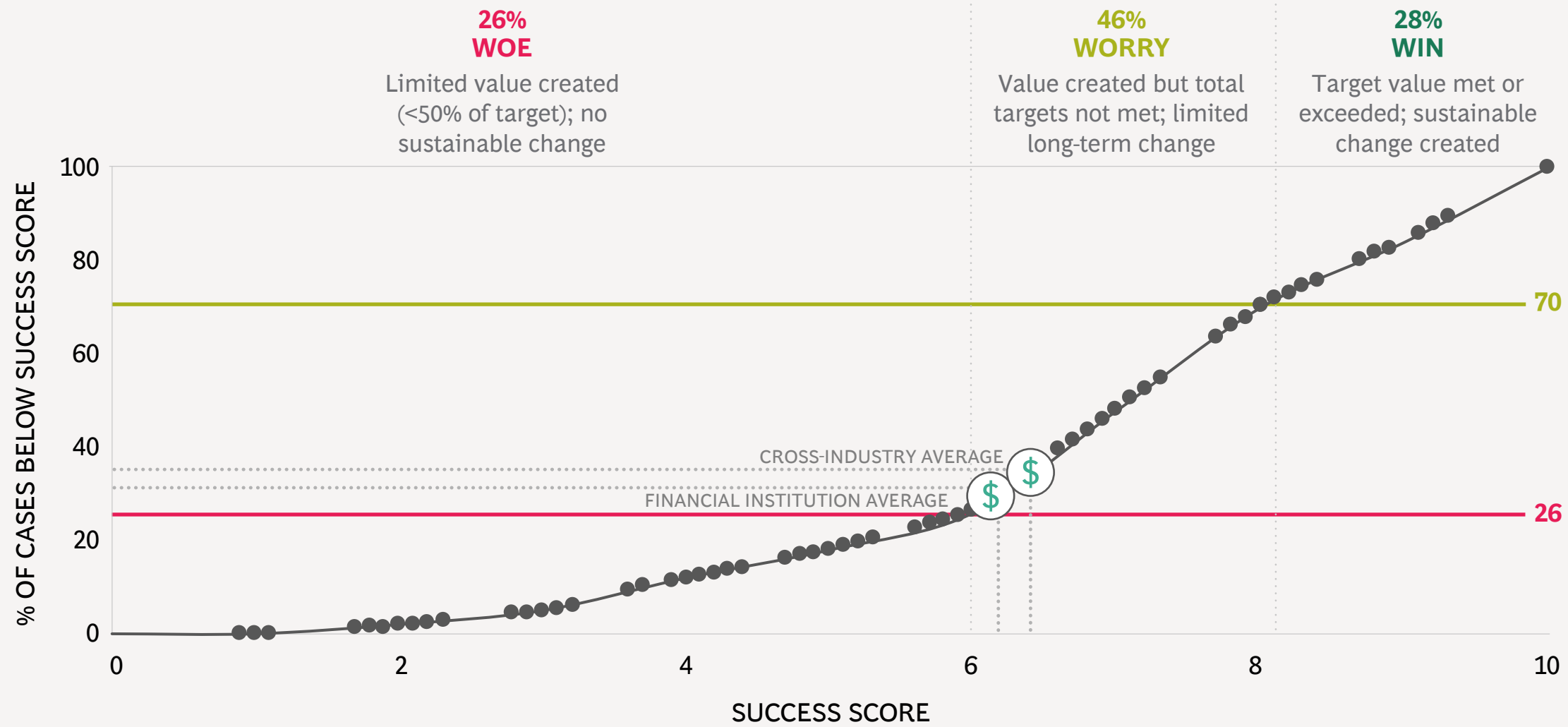


Sources: Global DSR 2020 study; BCG analysis.

Note: Insurance only data points (n = 74); life insurance (n = 29); health insurance/payers (n = 34). Health insurance/payers is double counted. Property & casualty insurance and reinsurance not shown due to insufficient n (n = 10, n=1 respectively). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

FINANCIAL INSTITUTIONS

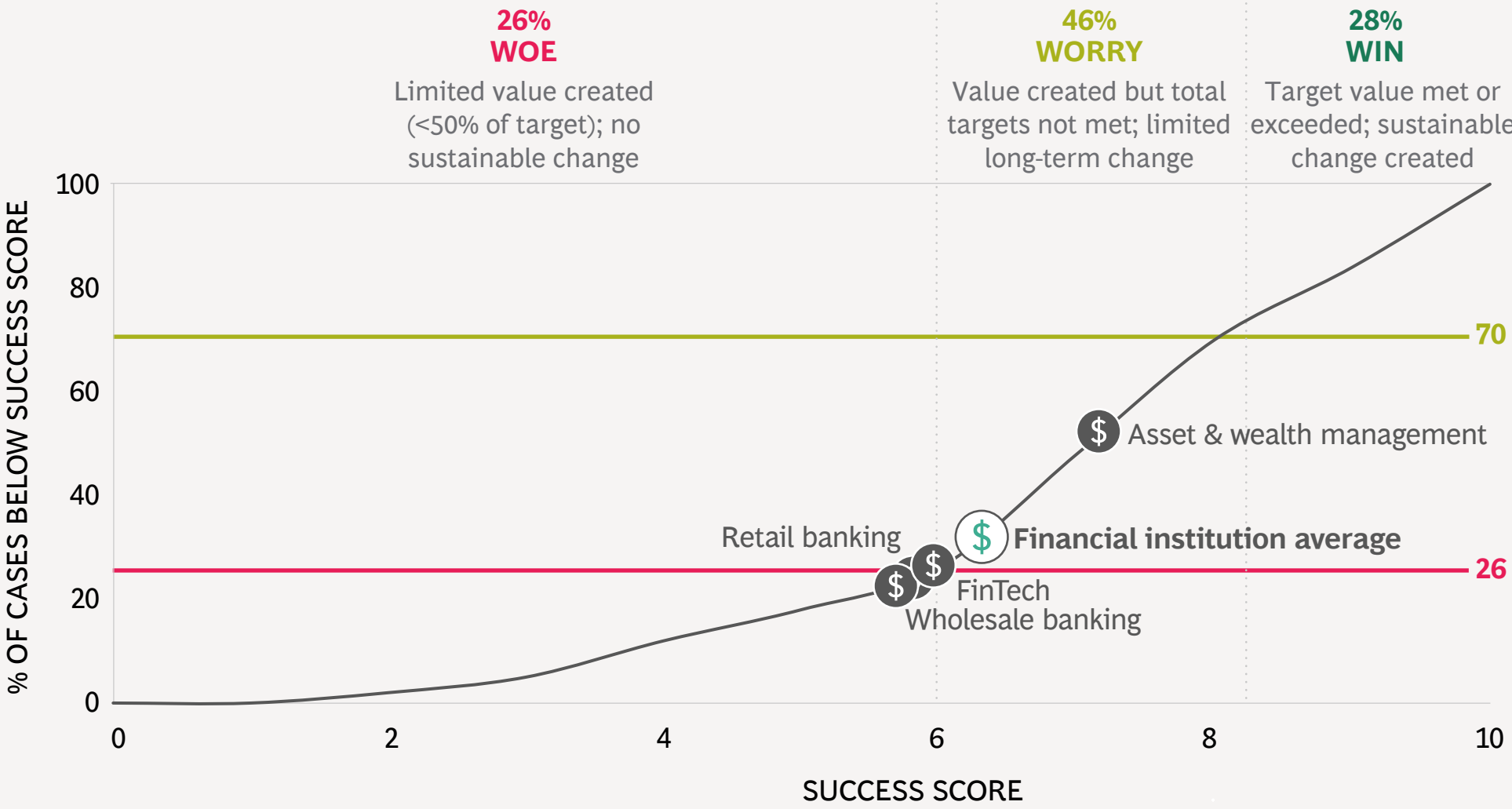
There is a wide spread of success in the financial services sector



Sources: Global DSR 2020 study; BCG analysis.

Note: Financial institutions only datapoints (n = 193). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Asset and wealth management leads by a wide margin in setting conditions for success



KSF PERFORMANCE SCORECARD

	Asset & wealth	FinTech	Retail banking	Wholesale banking
Agile governance	\$	\$	\$	\$
Leadership commitment	\$	\$	\$	\$
Effective monitoring	\$	\$	\$	\$
Integrated strategy	\$	\$	\$	\$
High-caliber talent	\$	\$	\$	\$
Modular tech, data platform	\$	\$	\$	\$

● 1st quartile (top 25%) ● 2nd quartile (top 50%) ● 3rd quartile (top 75%) ● 4th quartile (top 100%)

Sources: Global DSR 2020 study; BCG analysis.
 Note: Financial institutions only data points (n = 193); asset and wealth management (n = 96); FinTech (n = 31); wholesale banking (n = 26); retail banking (n = 40). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

INDUSTRIAL GOODS

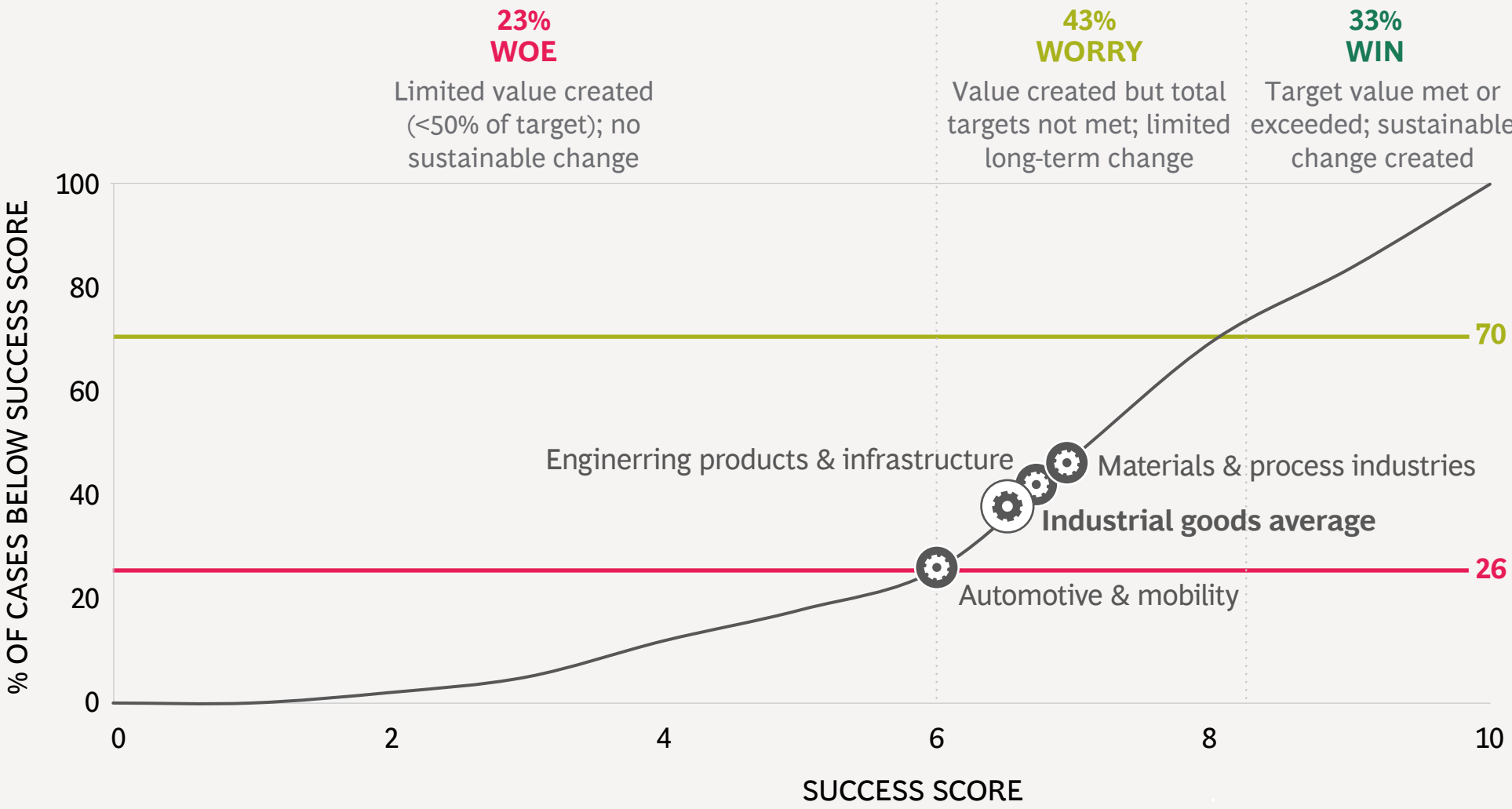
Engineering products and materials and process industries fare slightly better in building conditions for success



Sources: Global DSR 2020 study; BCG analysis.

Note: Industrial goods only datapoints (n = 162). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

With the likelihood of success slightly higher than average, huge variations in success and failure still exist



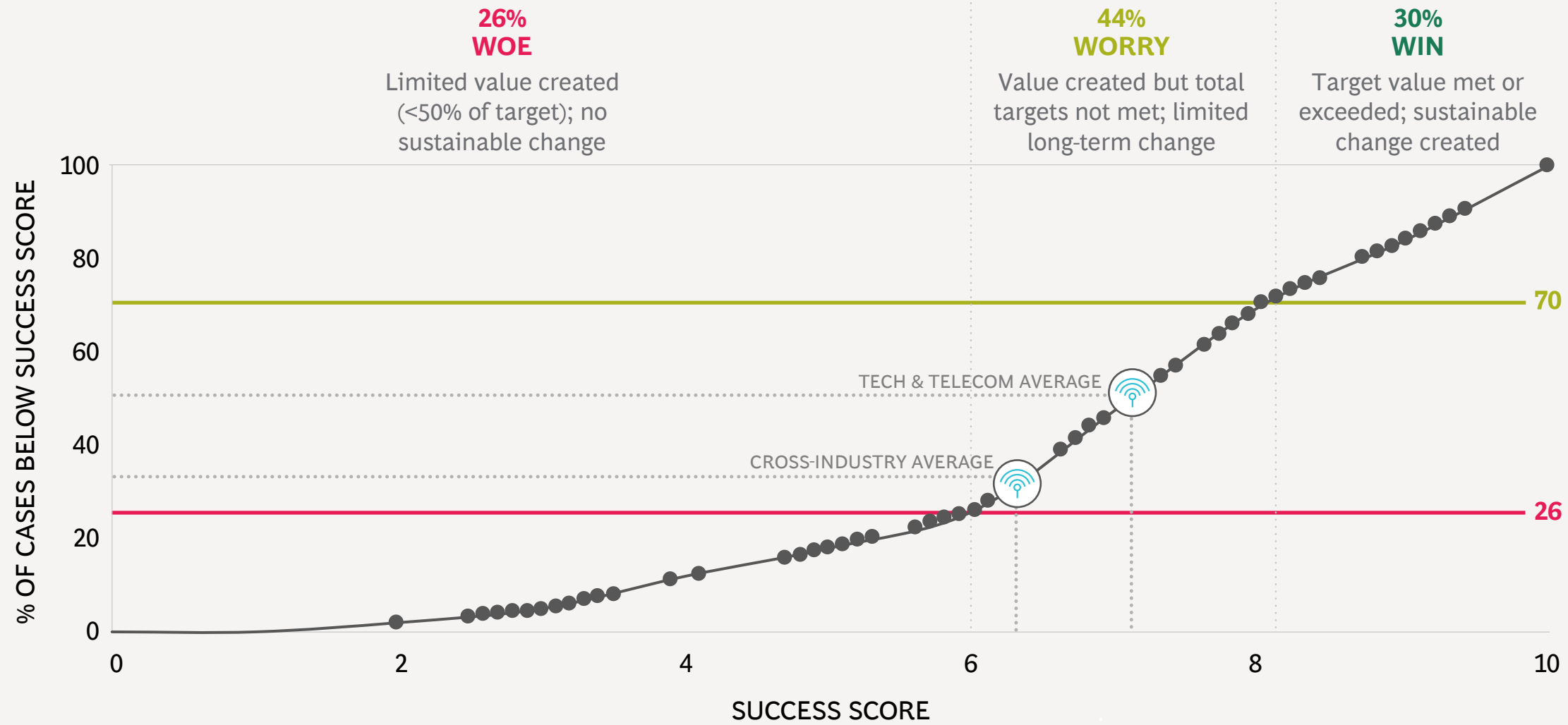
KSF PERFORMANCE SCORECARD

	Automotive & mobility	Eng. prod. & infr.	Materials & process ind.
Agile governance	4th quartile	3rd quartile	3rd quartile
Leadership commitment	2nd quartile	2nd quartile	2nd quartile
Effective monitoring	2nd quartile	2nd quartile	2nd quartile
Integrated strategy	3rd quartile	2nd quartile	3rd quartile
High-caliber talent	3rd quartile	2nd quartile	4th quartile
Modular tech, data platform	3rd quartile	2nd quartile	3rd quartile

● 1st quartile (top 25%)
 ● 2nd quartile (top 50%)
 ● 3rd quartile (top 75%)
 ● 4th quartile (top 100%)

Sources: Global DSR 2020 study; BCG analysis.
 Note: Industrial goods only data points (n = 162); automotive (n = 30); engineering products and infrastructure (n = 110); materials and process industries (n = 18). Transportation and logistics not shown due to insufficient n (n=6). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

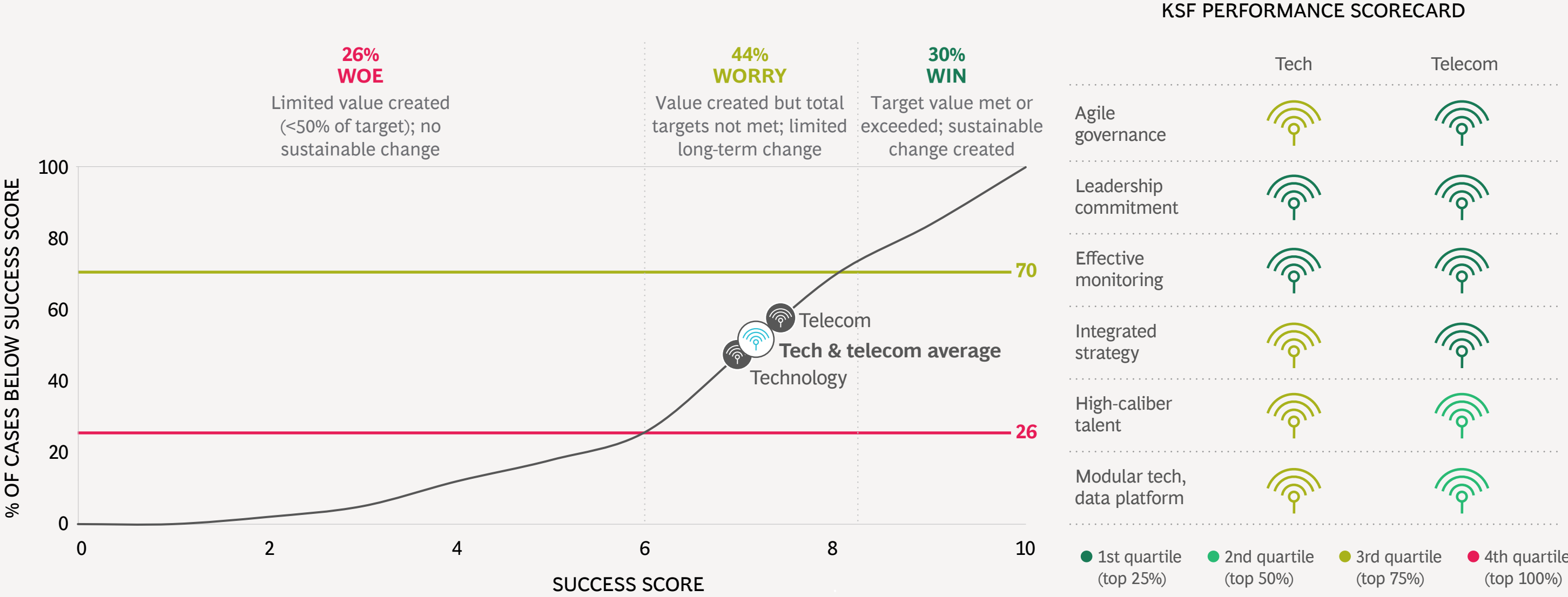
The likelihood of success is slightly higher than average



Sources: Global DSR 2020 study; BCG analysis.

Note: Technology and telecom only data points (n = 145). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

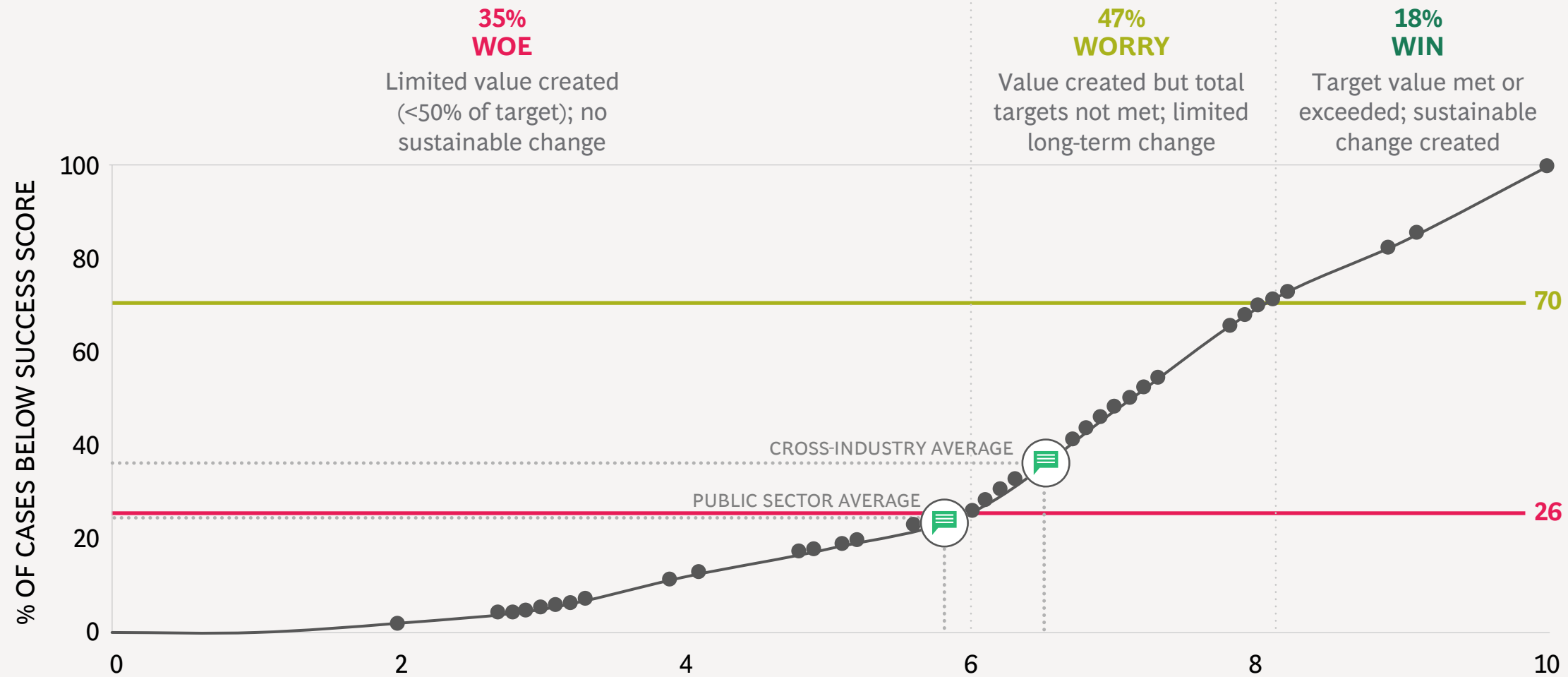
Technology and telecom both do average jobs of building conditions for success



Sources: Global DSR 2020 study; BCG analysis.
 Note: Technology and telecom data only points (n = 145); technology (n = 91); telecom (n = 33). Media not shown due to insufficient n (n=17). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

PUBLIC SECTOR

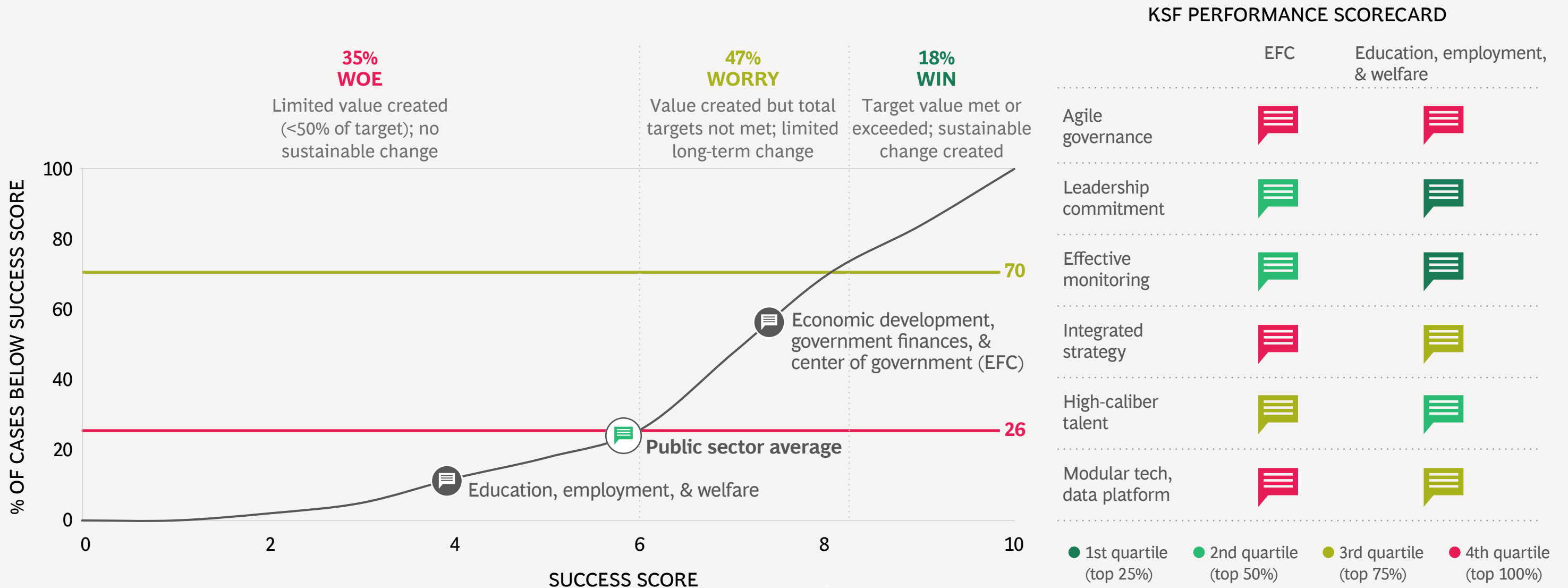
The public sector is in the woe zone



Sources: Global DSR 2020 study; BCG analysis.

Note: Public sector only data points (n = 49). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Economic development and ICT score higher on building conditions for success



Sources: Global DSR 2020 study; BCG analysis.

Note: Public sector data only points (n = 49); EFC (n = 24); education, employment, and welfare (n = 12). Defense and security and infrastructure, cities, and transport (ICT) not shown due to insufficient n (n = 6). Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.