OXFORD ECONOMICS

Becoming more efficient

How IT executives lead digital transformation

Introduction

IT executives have their work cut out for them. As many organizations deal with fragmented operations—requiring major changes specifically to IT operations and infrastructure—their technology leaders also must adopt and integrate new technologies to meet internal goals and keep up with competitors. What tools are the most successful organizations adopting, and how are IT executives making the most of those technologies?

To answer these and other questions, Oxford Economics and SAP Concur surveyed 1,700 executives worldwide at organizations with more than 1,000 employees. Approximately 40% of the sample were IT executives; the remaining 60% were finance executives. This paper focuses on findings and key takeaways from the IT executives in the sample.

The survey revealed these key takeaways for IT executives:

- **Direct the search for efficiency gains.** As organizations focus on improving efficiency, IT executives are in the driver's seat. Their importance continues to grow in setting digital transformation strategies by implementing advanced technologies.

- **Get the most out of advanced automation.** This emerging technology could be the key to unlocking efficiency gains and advancing digital transformation strategies. However, to be successful, IT executives must make sure employees have the right skills to use the technology, and they must have an appropriate strategy for implementation.

- **Learn from Leaders.** A select group of IT executives are using advanced automation with sophistication to make efficiency gains. They are more likely to say their AI and automation strategies are customized to their company's specific needs, incorporate input from the finance function, and have teams dedicated to its execution. Emulating these and other best practices of will be crucial to success.

Key definitions

- **Efficiency:** Accomplishing more work in the same period of time

- **Productivity:** Doing higher-quality or higher-value work in the same period of time

- **Basic automation:** Rule-based automation patterns that lack intelligent features to analyze data and optimize processes and resources

- **Advanced automation:** Robotic automation with intelligent technologies, such as AI and machine learning (ML), that not only automate processes but also analyze historical and real-time work data, enabling programs to continuously learn and optimize processes and resources

Survey methodology and demographics

Sample

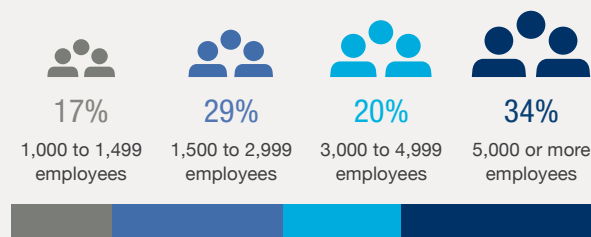Finance and IT executives (n=1,700)

Executive titles

CFO, CIO, CTO, and VPs of finance and technology

Sectors covered

A wide range

Company sizes

All have more than 1,000 employees.

17%	29%	20%	34%
1,000 to 1,499 employees	1,500 to 2,999 employees	3,000 to 4,999 employees	5,000 or more employees

Countries covered

Equally split between the United States, Canada, Mexico, Brazil, Latin America (Peru, Colombia, Argentina, and Chile), the UK, Germany, France, Italy, Spain, Nordics, Benelux, Australia, Singapore, China, Japan, and India

Dates fielded

May and June 2022

IT executives are leading the search for efficiency gains

As with the wider group of executives in our survey (see our *Executive Summary* for overall findings), IT executives say the goal for their function is increasing efficiency (46%), followed by increasing market share (35%). But efficiency is more than getting more work done in a set amount of time. According to Oxford Economics' and SAP's recent *sustainability survey*, more than half (57%) of IT executives say operational efficiency is a primary driver of sustainability policies.

Fig. 1: IT executives are focused on increasing functional efficiency

Q: **Apart from revenue growth, what are your organization's overall strategic priorities for the next two years?**

Select all that apply | IT respondents only

Increasing functional efficiency
46%

Increasing collaboration with other functions
31%

Increasing market share
35%

Improving the employee experience (e.g., engagement, retention)
28%

Reducing costs / increasing profit margins
33%

Automating/digitizing processes
27%

Increasing functional productivity
33%

Updating compliance and employee spending policies
25%

Increasing operational agility
32%

In a business environment marked by recessionary and inflationary pressures, a proliferation of remote work, and a wide range of new and emerging technologies, attaining many business goals is a tall order. IT executives are aware of these and other headwinds—executives in our survey say difficulty managing increasing amounts of data (29%), difficulty planning or predicting cash flow (29%), and difficulty digitizing manual operations (28%) are the top obstacles to meeting their functional goals. Specific challenges to increasing efficiency, according to IT executives, include disparate legacy systems (45%) and a lack of strategy (40%).

As business strategies come to rely on the use of advanced technologies, IT executives are well placed to guide digital transformation and strategy. This, too,

presents challenges—68% of IT executives agree that the pace of digital transformation is speeding up. And as that pace quickens, two-thirds of IT executives say their roles have grown in importance in setting overall company strategy.

While the term "digital transformation" has been a buzzword for some time, its definition is changing. No longer focused on adopting basic technologies like cloud, **today's digital transformation is focused on the changing workforce and the use of intelligent technologies, such as AI and advanced automation.**

As digital transformation speeds up and IT executives' roles grow in strategic importance, these executives are on the hunt for the technologies that

can help them meet their functional goals and lead their businesses into the future. To that end, nearly three-quarters use of AI and machine learning as an opportunity to increase functional efficiency.

But making the most of these advanced technologies requires a lot of preparation, as IT executives must make sure new technologies can be integrated with existing platforms, data flows are clearly defined and accurate, and the changes can scale across the company. While most IT executives in the survey say they are effective at updating operational data (77%) and integrating technology platforms (71%), fewer are confident in their internal data sharing (60%) or the ability to update legacy systems (66%). Those who get it right could unlock major efficiency gains as well as other benefits.
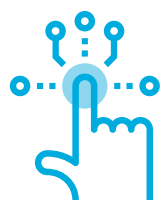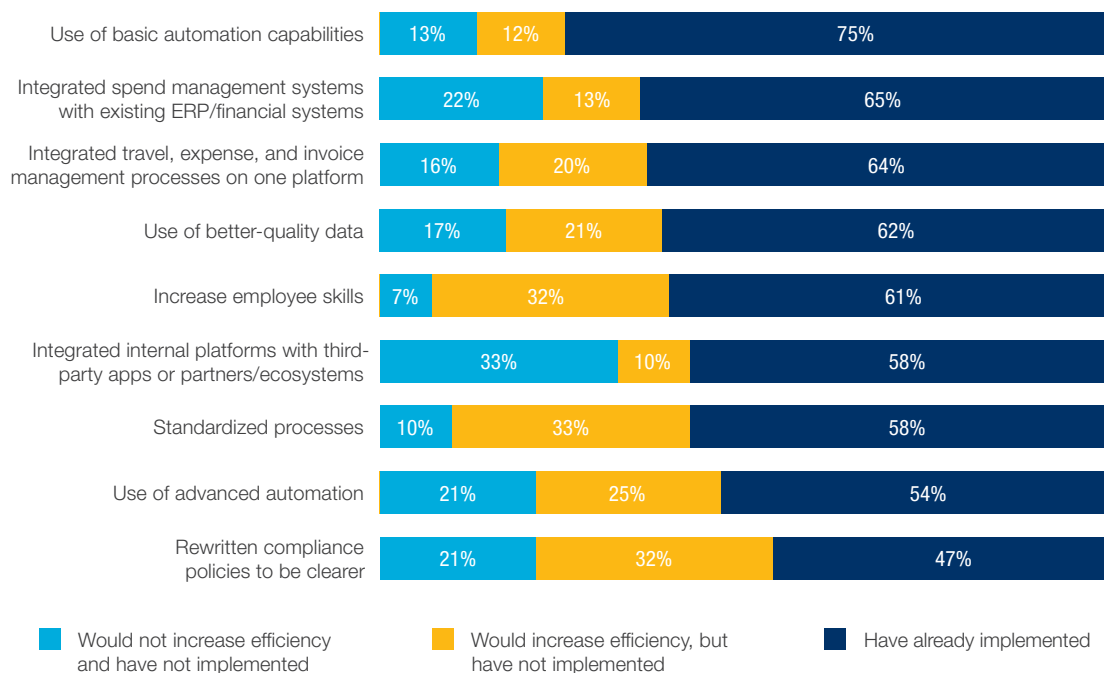
How IT executives can best leverage automation

Some IT executives are not taking full advantage of the potential efficiency gains from automation, however. As Fig. 2 shows, most have already implemented basic automation, and 54% are doing the same for advanced automation. But nearly a third acknowledge that increasing employee skills, standardizing processes, and rewriting compliance policies would increase efficiency—even though they haven't done so. Those actions—in addition to adopting advanced automation—are the key ingredients in making the most out of technologies and improving efficiency.

Fig. 2: Most have adopted basic automation, but advanced automation is less common

Q: Which of the following changes would significantly increase your own function's overall efficiency? Which have you already implemented?

IT respondents

Category	Would not increase efficiency and have not implemented	Would increase efficiency, but have not implemented	Have already implemented
Use of basic automation capabilities	13%	12%	75%
Integrated spend management systems with existing ERP/financial systems	22%	13%	65%
Integrated travel, expense, and invoice management processes on one platform	16%	20%	64%
Use of better-quality data	17%	21%	62%
Increase employee skills	7%	32%	61%
Integrated internal platforms with third-party apps or partners/ecosystems	33%	10%	58%
Standardized processes	10%	33%	58%
Use of advanced automation	21%	25%	54%
Rewritten compliance policies to be clearer	21%	32%	47%

■ Would not increase efficiency and have not implemented   ■ Would increase efficiency, but have not implemented   ■ Have already implemented

In fact, of the IT executives who have already standardized processes, 71% say it has "completely" or "to a large extent" been successful in increasing their functional efficiency—and 77% of those who have adopted advanced automation say the same, as do 61% of those who have rewritten compliance policies to be clearer.

Certainly, the use of basic and advanced automation is not a "plug and play" scenario. IT executives must ensure employees have the right skills to adopt the technology, and they must have a detailed, adaptable strategy for implementation.
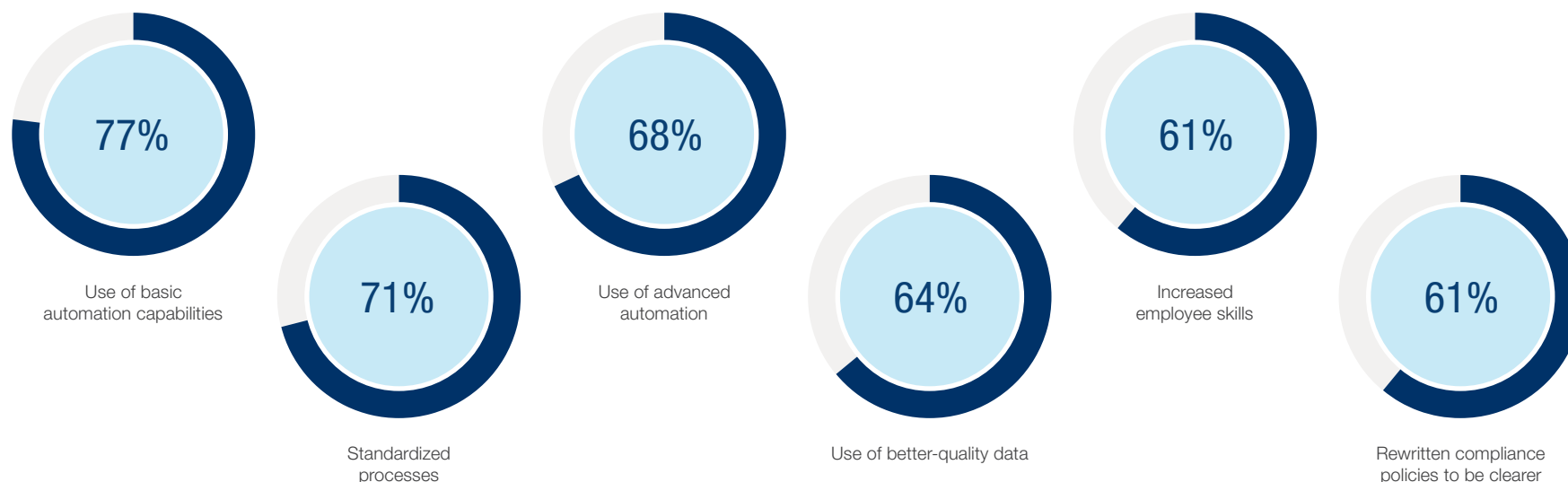
A select group of executives are reporting even more success in using advanced automation in their functions—and it all comes down to how they are implementing the technology.

> 71% say standardizing processes has been successful in increasing their functional efficiency—and 77% of those who have adopted advanced automation and 61% of those who have rewritten compliance policies to be clearer say the same.

Fig. 3: Automation, standardized processes, and better quality data have been the most successful in increasing efficiency

Q: **To what extent has your use of the following been successful in increasing your function's overall efficiency?**

"To a large extent" and "completely" responses combined | IT respondents only

77% — Use of basic automation capabilities

71% — Standardized processes

68% — Use of advanced automation

64% — Use of better-quality data

61% — Increased employee skills

61% — Rewritten compliance policies to be clearer

Sidebar | Meet the AI Strategy Leaders

We isolated a group of survey respondents who are using advanced technologies to increase efficiency in their own roles, while growing in strategic importance organization-wide. This elite group (n=277, approximately 16% of the sample, 40% of which are IT executives) is defined by the following:

- They agree that their role has grown in importance in **setting overall company strategy** in the past two years and that they will play an even greater part company-wide going forward.

- They agree that they have played an important part in **leading digital transformation** at their organizations and that this contribution has led to their increased involvement in broader strategic decisions.

- They have already **implemented advanced automation** to increase productivity and efficiency throughout their organizations.

In addition to displaying leadership in strategic and digital transformation, the IT executives in this group:

- **Have no major differences compared to non-Leaders** when it comes to industry, revenue, or number of employees.

- Are more likely than non-Leaders to say its members are **prepared to meet their top organizational and functional strategic challenges**.

- **Use advanced AI and automation with sophistication**—they are more likely to have a detailed, adaptable strategy in place for its use, customize the technology to meet their specific needs, and integrate platforms to see the greatest productivity and efficiency gains.

- **Are more effective at a range of IT-specific tasks**, including data sharing inside (72%, vs. 57% of non-leaders) and outside (72% vs. 57%) the organization, updating legacy systems (77% vs. 63%), and cybersecurity (83% vs. 67%).

Overcoming challenges and learning from AI Strategy Leaders

An elite group of executives we call AI Strategy Leaders are growing throughout their organizations in strategic importance, guiding digital transformation and adopting advanced automation. The skillful use of advanced automation and related technologies is critical to increasing functional efficiency—respondents using those technologies report outsized efficiency gains. Approximately 40% of this group are made up of IT executives, in line with our overall survey demographics.

How are the IT executives in our elite group of AI Strategy Leaders notching outsized efficiency gains? Most say it is due to their implementation of a detailed, adaptable strategy for the use of AI and automation (59%), taking steps to ensure data accuracy (53%), and having employees who are adequately trained (49%).

Fig. 4: AI Strategy Leaders attribute adaptable strategies to increased effectiveness

Q: For the technologies that have greatly increased your function's productivity/efficiency, to what do you attribute that effectiveness?

A detailed, adaptable strategy for the use of AI and automation
- 59%
- 39%

We have taken steps to ensure data accuracy
- 53%
- 51%

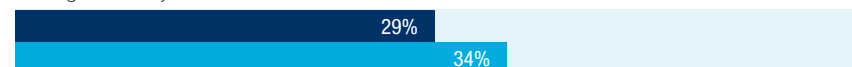Having employees internally who are adequately trained on the technology
- 49%
- 50%

More effective and closer collaboration with the finance function
- 45%
- 49%

The technology is customized to our company's specific needs
- 42%
- 33%

Management buy-in
- 29%
- 34%

Integrated platforms (i.e., that combine travel, expense, and invoicing into existing ERP systems)
- 28%
- 21%

■ IT executives, AI Strategy Leaders   ■ Non-Leaders

Leaders and non-Leaders cite the same top challenges in meeting their functional goals, namely managing increasing amounts of data (29%, vs. 29% of non-Leaders), implementing changes to company culture (31% vs. 28%), and difficulty planning or predicting cash flow (32% vs. 27%). But AI Strategy Leaders are significantly more likely than non-Leaders to use advanced automation and AI to increase efficiency—and they have laid down the groundwork to ensure success as they deploy those technologies, as Fig. 5 shows.

Leaders have taken a variety of steps to overcome their challenges, especially using AI and automation in spend-management processes and integrating processes with existing business applications and on one platform. Clearly getting the most value out of advanced automation involves a lot of "behind the scenes work."

Fig. 5: Using technology with sophistication helps Leaders overcome goals

Q: To what extent do you agree with the following statements about your organization's AI and automation strategy?
"Agree" and "strongly agree" responses combined

…has a team dedicated to ensuring its execution
- 83%
- 73%

…is adaptable
- 79%
- 54%

…takes steps to ensure data accuracy
- 79%
- 74%

…is customized to our company's specific needs
- 74%
- 64%

…incorporates input from the finance function
- 74%
- 66%
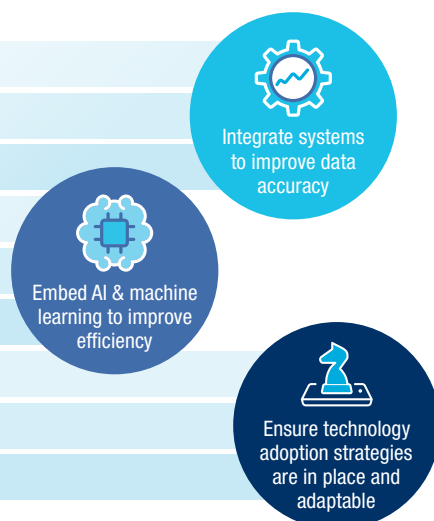
■ AI Strategy Leaders, IT executives ■ All other IT executives

Conclusion

Since many IT executives have not yet adopted advanced automation, they can learn a lot from AI Strategy Leaders. Emulating their best practices may be the best way forward for IT executives looking to increase functional efficiency. But as the Leaders' roles grow in stature, they are also becoming more complex.

IT executives must use these technologies with sophistication, making sure that implementation strategies are adaptable, comprehensive, and customized; that data is verified; and that technology is integrated across platforms. To join the ranks of our AI Strategy Leaders and increase efficiency, we recommend the following actions:

Integrate systems to improve data accuracy

Embed AI & machine learning to improve efficiency

Ensure technology adoption strategies are in place and adaptable

- ■ **Integrate systems to improve data accuracy.** Difficulty managing increasing amounts of data and difficulty digitizing manual operations are major obstacles to IT executives' goals of increasing efficiency. However, few executives attribute increases in efficiency to the integration of platforms, suggesting that this important area is often overlooked by IT executives.

- ■ **Embed AI and ML into existing processes to improve efficiency.** While most IT executives have seen the benefits of basic automation capabilities, fewer have adopted advanced automation. This technology can boost the efficiency of existing processes, freeing up employees to focus on innovation and higher-value work.

- ■ **Ensure technology adoption strategies are in place and adaptable.** The best-performing IT executives are using advanced automation and AI with sophistication—not only are they more likely than others to have applied those technologies, but their adoption strategies are also customized to their company's needs. These executives recognize that implementing AI and advanced automation is a journey, and have taken the necessary steps to prepare for it.

Learn how advanced automation can help

To learn how IT leaders can adopt advanced automation to improve efficiency, compliance, and spend control, visit Spend management for IT leaders.

About Oxford Economics

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