

# The Vodafone Enterprise Observatory

## Executive summary

Study of the state of digitization of Spanish enterprises and Public Administrations

# The Vodafone Enterprise Observatory

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## Let's talk about digitization

The Vodafone Enterprise Observatory is a content platform devised with the aim of becoming major forum of knowledge and inspiration for the digitization of enterprises and institutions. It mixes research and graphic information with interviews and video reports, combining the presence of the leading digital change experts with testimonies from professionals and business people who talk about their success cases.

**ObservatorioVodafone.com**

## Digital partners

Ever since it was set up, the Observatory has been assisted by partners as prestigious as **Google Spain** and the **Massachusetts Institute of Technology** (MIT) and **Harvard** through its Spanish language publications: MIT Technology Review and Harvard Business Review. The three institutions substantially enrich the Observatory with the contribution of their contents and digital experts.

**Google**

**Harvard  
Business  
Review**  
En español

**MIT  
Technology  
Review**  
Traducido por Google

## The study

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### The digital reality of enterprises and institutions

One of the Observatory's top priorities is ascertaining the digital reality of Spanish professionals, enterprises and institutions. This ambitious research study not only differentiates its results by each company's headcount, but also delves into sectoral and regional differences. The leading digitalization experts will respond in our platform to the concerns expressed by the enterprises in this study.

We have broken down the study into:

**Professionals and Small Enterprises**  
1-9 employees

**SMEs**  
10-99 employees

**Large Enterprises**  
More than 100 employees

**Public Administrations**

The Vodafone Enterprise Observatory study was conducted by the company Advice Strategic Consultants S.L. from April to June 2017, in two distinct phases: on the one hand, a **qualitative phase**, with 44 in-depth interviews of CEOs, Managers, Project Managers, Heads of production, system directors, etc., of the enterprises and institutions. On the other, a **quantitative phase**, with 2,406 telephone interviews of the same profiles.

#### Breakdown by sectors:

Agriculture, Forestry, Mining (86), Industry (428), Retail trade (170), Wholesale trade (217), Hotels, restaurants, cafeterias, bars (60), Transport, logistics (67), Construction (238), Services (736). Total: 2,002 interviews.

#### Breakdown by Public Administrations:

Central government (47), Social Security (10), Autonomous Regions (77), Provincial, County and Inter-Island Councils (36), Local Councils with more than 500,000 inhabitants (11), Local Councils of other provincial capitals (36), Other Local Councils (187). Total: 404 interviews.

## Introduction

### The necessary digital transformation of Spanish enterprises

The study reveals significant advances among the very large Spanish enterprises and a strong awareness of the importance of digitization among Public Administrations. Yet as far as smaller enterprises go, progress in digitization presents a mixed picture: a large percentage of these companies believe they are at an intermediate or advanced level of digitization and say that they have invested in ICT solutions in the last two years.

However, the conclusions drawn from the interviews conducted is that projects are addressed as specific needs arise. This conclusion is backed up by the very small number of enterprises that have a plan to tackle their digitization and the fact that not all of them have earmarked it any funds.

In addition, enterprises with fewer than 500 employees say that bringing in technologies that can be critical for their future competitiveness, such as cloud services, Big Data or IOT, appears low down on their list of priorities. The study also identifies the main brakes or barriers to digitization: the cost of projects, the lack of qualified personnel and not knowing about the technologies.

There is also an opportunity to improve the use of digital marketing tools that pave the way to new customer relationship models. The Vodafone Enterprise Observatory was set up with the aim of helping Spanish organizations to overcome these barriers and hurdles. From this forum, Vodafone and its partners wants to ensure that Spanish enterprises and Public Administrations (P.A.) become far more familiar with new technologies and offer examples of how digital change can be tackled efficiently, gaining in productivity and competitiveness.

### A good starting point: Spanish professionals' and enterprises' self-perception about their state of digitization is positive

The starting point is good: Spanish professionals' and enterprises' self-perception about their state of digitization is positive. Whatever the companies' size, **over 70% of Spanish enterprises and professionals believe they are at an "intermediate" or "advanced" level of digitization, and 6% say they have ambitious digitization plans for the next two years**. This belief is endorsed by the investment efforts that Spanish enterprises have made: 2 out of every 3 say that they have invested in digital resources in the last two years. The percentage rises to 82% in the enterprises with 100-plus employees. The hotel & catering trade, 86%, says it has invested most heavily, as opposed to 46% in other sectors such as agriculture or mining.

#### STUDY OF THE STATE OF DIGITIZATION

Professionals and Small Enterprises



SMEs



Large Enterprises



● Advanced/concluded   ● Intermediate   ● We have plans for the future   ● Basic/not started

Is digitization one of enterprises' key concerns?

## Digitization is not a major priority for a significant percentage of Spanish enterprises

The quantitative study of the digitization of Spanish enterprises and P.A. has been backed up by interviews that shed light on the attitude that organizations and their managers take to digitization. One of the conclusions is that Spanish organizations are not tackling digital change in any planned fashion, but instead are responding to specific needs as they arise.

This conclusion is backed by the quantitative results obtained: **digitization is only a spontaneous concern for 2% of the majority of Spanish enterprises**. This percentage rises to 12% in enterprises with 100-plus employees and increases in those with 500-plus employees. There are no major changes by sector of activity, although in some such as agriculture or transport, there is practically no concern at all.

When respondents were offered a list of possible concerns, digitization trailed behind factors such as: taxation, profitability, the state of the economy, labour costs, regulations, competition, attracting customers, market changes and the demand for products and services. In this respect, the concern is larger among enterprises with 100-plus employees (7.2 points out of 10). Even so, digitization does not rank as one of the top five priorities for these enterprises –whatever their size–.

### HOW DIGITIZATION IS RATED (ON A SCALE OF 0 TO 10)



Although when asked spontaneously about "their biggest concerns", just 2% of the companies with between 1 and 100 employees mention the digitization as one of them.

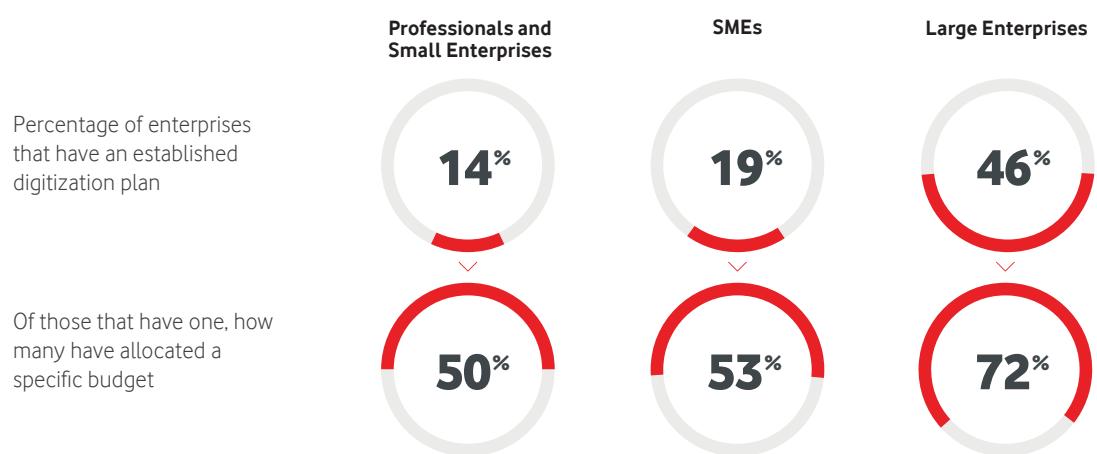
However, in large enterprises, the percentage that mention digitization as their top concern jumps to 12%, and is several points higher in enterprises with 500-plus employees.

Do they have specific plan for going digital?

## The percentage of enterprises with a specific plan for going digital is low

**Only 14% of small enterprises and professionals say that they have a digitization plan.** The percentage is higher in the bigger enterprises, reaching 46% in enterprises with 100-plus employees. In the smaller company segments, half of the companies that have a plan have assigned it a specific budget. This proportion rises to more than 70% in companies with 100-plus workers.

### EXISTENCE OF A DIGITIZATION PLAN AND BUDGET ALLOCATION



What benefits are they looking for digital changes?

## Redesigning internal processes and systems, ahead of redesigning projects towards customers

The top priority of enterprises when they address digitization entails "redesigning internal processes" that help them to be more management efficient and more cost-effective, while the second most relevant aspect is "redesigning projects towards customers".

### TOP 5 PERCEIVED BENEFITS

Professionals and Small Enterprises	Pymes	Grandes Empresas
Make processes/tasks more efficient	24%	29%
More efficient	17%	19%
Saving time/being faster	13%	16%
Greater profitability	12%	12%
Larger number of customers	9%	8%

Professionals and Small Enterprises	Pymes	Grandes Empresas
Make processes/tasks more efficient	24%	42%
More efficient	17%	25%
Saving time/being faster	13%	16%
Greater profitability	12%	13%
Larger number of customers	9%	12%

## ¿En qué priorizarán sus inversiones digitales?

### Security and connectivity are the priority investment areas; some key technologies in digitization are not as relevant as one would expect

In its study, the Vodafone Enterprise Observatory has found that Spanish enterprises of all sizes **regard security and connectivity as their investment priorities**. This contrasts with the low priority that they place on services that will define the enterprises' future competitiveness (data analysis, IoT, collaborative work tools...).

**SECURITY** The bigger the enterprises that are asked, the bigger a priority this becomes.

Professionals and Small Enterprises



SMEs



Large Enterprises



**CONNECTIVITY** All the segments regard it to be important, in particular the large enterprises.

Professionals and Small Enterprises



SMEs



Large Enterprises



**CLOUD SERVICES** Information storage and the use of remote software does not appear as a priority.

Professionals and Small Enterprises



SMEs



Large Enterprises



**BIG DATA** This only appears as a priority, with 32%, when respondents are segmented into enterprises with 100-plus employees.

SMEs



Large Enterprises



**INTERNET OF THINGS** This still appears to be undeveloped terrain for most of the interviewed companies.

SMEs



Large Enterprises



How will digitization help them with customer relations?

## A large percentage of enterprises are not using digital tools to develop their customer relations

The study shows that a large percentage of enterprises do not see any need to invest in SEO or in digital marketing. Yet the larger the number of employees per company, the more that this need is indeed seen.

### ADVERTISING CAMPAIGNS

Professionals and Small Enterprises



SMEs



Large Enterprises



### SEARCH ENGINE OPTIMIZATION

Professionals and Small Enterprises



SMEs



Large Enterprises



### OTHER MARKETING ACTIONS

Professionals and Small Enterprises



SMEs



Large Enterprises



● Need already covered   ● Need (Short, medium or long term)   ● We don't need it   ● DK/NA

What barriers do they come across on their digital path?

## Worrying about the high cost is the main factor that keeps enterprises from going digital

All the interviewed segments said the same: **they are afraid that going digital is too expensive. One barrier found in the smaller businesses is not knowing what services designed to improve a business' digitization are available on the market.** And in larger companies, the difficulties that arise refer to the lack of skilled personnel and even to the resistance to change within their own organization.

### TOP 5 BARRIERS PERCEIVED

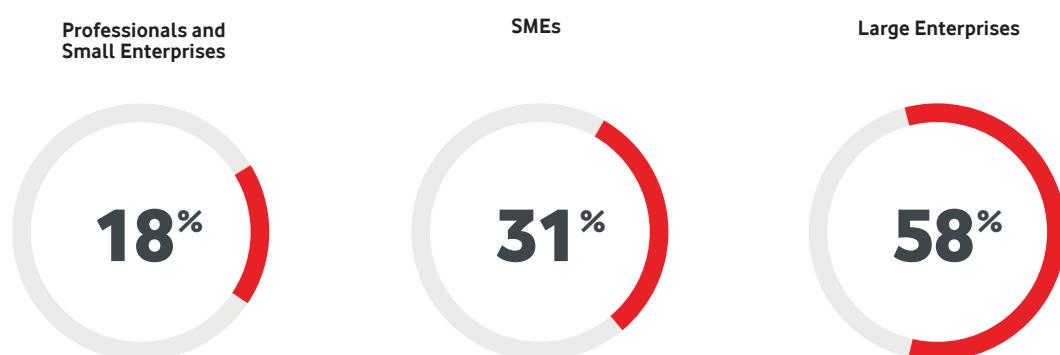
Professionals and Small Enterprises	SMEs	Large Enterprises			
High implementation cost	15%	High implementation cost	16%	High implementation cost	20%
Not knowing about the new technologies available	5%	Employee training	6%	Employees' resistance of the implementation	13%
Lack of time to implement it	5%	Lack of qualified personnel	5%	Lack of qualified personnel	12%
Employee training	5%	Lack of time to implement it	5%	Lack of time to implement it	9%
Lack of qualified personnel	4%	Problems with the Internet connection	5%	Change/adaptation management	8%

Do they have personnel specialized in digitization?

## The lack of qualified professionals limits the development of digitization plans

**82% of the enterprises surveyed say that they do not have specialized staff to carry out the changes that digitization involves.** This percentage drops to 69% in enterprises that have between 10 and 99 employees, and 42% in enterprises with 100-plus employees. This lack of qualified professionals is an obstacle in the road towards digitization of many companies.

### PRESENCE OF DIGITIZATION-SKILLED EMPLOYEES



Who will help them to go digital?

## Most companies will resort to external suppliers to continue with their digital process

In the three segments interviewed, more than 70% believe that they will need external suppliers' help to a greater lesser or extent to keep on going digital. Telecommunications companies always appear as one of the main suppliers for taking that road. Professionals and small enterprises will also rely on IT companies, many of them local; while companies with a large number of employees tend to choose the sector's large consultants and companies.

### TO WHOM WILL THEY ENTRUST THEIR DIGITIZATION

#### Professionals and Small Enterprises



#### Type of suppliers

Telecommunications operators	<b>38%</b>
IT firms and suppliers	<b>32%</b>
Specialized sector firms	<b>14%</b>
Local IT firms	<b>11%</b>
Management programme suppliers	<b>4%</b>

#### SMEs



#### Type of suppliers

Telecommunications operators	<b>30%</b>
Consultancy firms	<b>28%</b>
IT firms	<b>21%</b>
Local IT firms	<b>16%</b>
Large ICT industry companies	<b>8%</b>

#### Large Enterprises



#### Type of suppliers

Consultancy firms	<b>47%</b>
Telecommunications operators	<b>36%</b>
Large ICT industry companies	<b>20%</b>
IT firms and suppliers	<b>6%</b>
Local suppliers	<b>3%</b>

## **Enterprises with more than 500 employees**

The largest companies are the most digitized

### **Significant progress in the digitization of large Spanish enterprises (500-plus employees)**

The data obtained in the quantitative research conducted by the Vodafone Enterprise Observatory show that the large Spanish enterprises with 500-plus employees have made significant inroads in going digital.

Certain conclusions can be drawn that set them apart from the rest of the companies:

- Far more often than smaller companies, they mention digitization as a strategic priority and recognize that technologies are essential for their business.
- They allocate larger budgets to their plans but not necessarily have a larger % of specific digitization plans.
- They lead the field in digitization investment.
- They are firmly committed to improving security in the new digital environment, but unlike smaller organizations, they give much greater priority to investing in technologies that will determine enterprises' future competitiveness, such as Big Data or IoT.
- They have more qualified professionals to carry out this transformation.

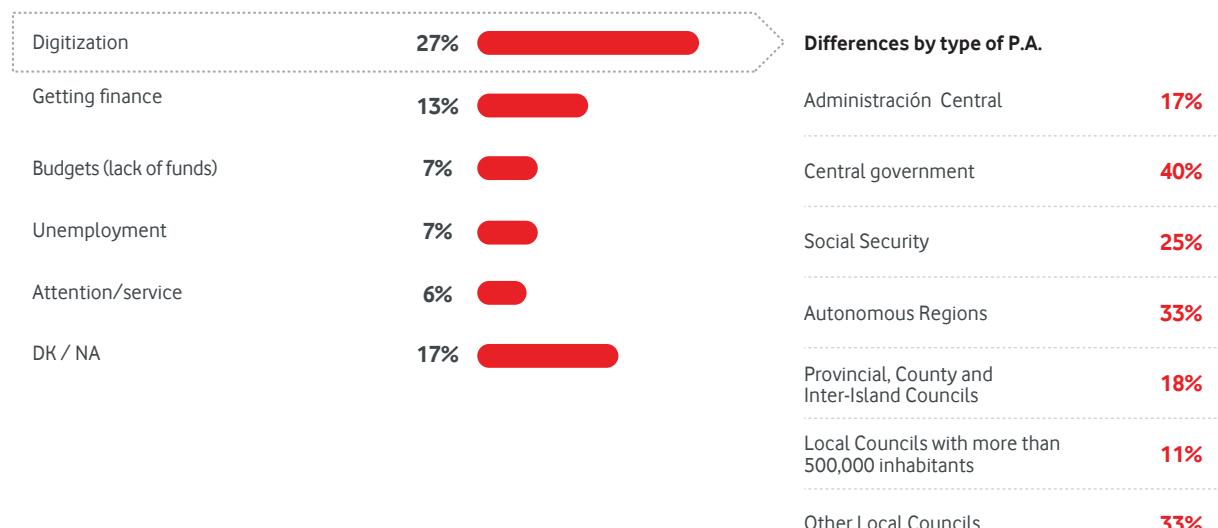
# Public Administrations

Is digitization a priority for Public Administrations?

## Right now, digitization is the biggest concern for the managers of Spain's public institutions

The response in public institutions has been overwhelming: **Digitization ranks at the top of the list of concerns of Spanish public institution managers**. This is partly due to the need to apply the E-Administration Act and to comply with the government's digital agenda, and partly due to the institutions' own awareness in that regard. The study outlines the major differences that exist between central, regional and local government institutions, and between the different natures and functions of each institution.

### THE PUBLIC ADMINISTRATIONS' CONCERN



Why is digitization important for the public sector?

## Digitization is a cross-cutting issue for public institutions

Furthering digital processes is important for public institutions for three reasons: it brings benefits both internally and also for members of the public and management efficiency.

### INTERNAL

- Better hardware and software
- Implementation of digitization services in administrative work.

### WITH MEMBERS OF THE PUBLIC

- Implementation of e-government.
- Better relations with members of the public.
- Implementation of services that facilitate communication between the Institution and the public.

### IN MANAGEMENT EFFICIENCY

- Both internal, within the institution.
- And in services provided to the public: refuse collection, street lighting, etc.

Has the institutions' relationship with members of the public changed?

## Institutions believe that their relationship with the public is better now, mainly thanks to digitization

The Vodafone Observatory study also asked if **the public institutions' relationship with its citizens has improved in the last two years**. The answer has been overwhelming: 70% of respondents said that it has.

The reasons for this improvement include several digitization-related issues like the inclusion of new channels of communication and the use of new technologies.



What are the biggest benefits and barriers to digital change?

## Local government bodies want to be more efficient thanks to digitization, but worry that they do not have the staff to carry it out or money to pay for it

Efficiency is the most repeated word when it comes to looking for incentives for digitizing local government. Both in improving processes and management: **going digital makes them faster institutions that attend to members of the public better**. The biggest brake or barrier is worrying about not having qualified personnel to carry it out. This obstacle appears especially in Municipalities with 500,000-plus inhabitants, where the concern rises to 36%. The second cause for concern is not having the money to make the changes. In this regard, it is the smaller local councils that are most pessimistic.

BENEFITS		BARRIERS	
Make processes/tasks more efficient	38%	Lack of qualified personnel	17%
More efficient management	29%	Lack of finance	15%
Better customer/user care	16%	High implementation cost/lack of funds	10%
Saving time/being faster	14%	Digital divide/resistance from neighbours/users	9%
Better user satisfaction	11%	Employees' resistance to the implementation	6%

What digital services are a priority for the public sector?

## Security and connectivity are the priority digital services for Public Administrations

IT security systems, together with Internet and inter-device connectivity are the two top priorities of Spanish public institutions. In both cases, seven out of every ten respondents say that it is a priority in some way or another. Half of the respondents will give priority, to a greater or lesser extent, to issues involving the Internet of things or Cloud services. Finally, and a long way behind these issues, come the topics related to Big Data and analytics.



● A lot/Quite a lot   ● A little   ● Not much/Not at all   ● DK/NA