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UNLOCKING THE POWER OF DIGITAL TRANSFORMATION IN B2B

Real-world insights to drive successful digital transformation: Findings from a multi-market survey of B2B business leaders, VML experts, and client partners.

VML

A REPORT BY VML ENTERPRISE SOLUTIONS

Contents

Introduction

Let's be honest, the 'digital transformation' conversation has been around the block a few times. We've all heard the hype. But here's the kicker: despite all the talk, truly leveraging digital to craft experiences that actually, engage and convert? That's still a mountain many organizations are struggling to climb.

It's not getting any simpler, either. More channels than ever, customers demanding more than ever. And it's particularly challenging in B2B where the buying journey can take months and include a variety of client-side buyers, e.g. deciders, influencers and ratifiers. The bar for a comprehensive digital experience is rapidly rising given the importance of access to information resources, e.g. white papers, assessment tools, eBooks, etc. along with the integration of the digital experience with the multi-layered sales teams. The pressure to transform isn't just acute – it's a full-blown siren.

At VML this is our bread and butter. Unlocking integration of digital transformation power with the sales orchestration? That's what we do. We're not new to this game; with decades of experience reshaping businesses across a spectrum of industries, we've refined our approach. Our mission is to help our client partners not just integrate the labyrinthine digital/sales landscape, but to truly guide them through these transformations, and out the other side, stronger.

This report isn't about adding to the noise. It's designed to cut right through it. We're exposing the real, critical challenges of today's B2B transformations and delivering the insights you need to truly unlock the potential of B2B digital transformation to accelerate the velocity of the integrated marketing and sales pipeline.

How? We've combined the latest research – commissioned directly from B2B leaders deep in digital transformations (our "transformers") – with the sharp insights from our own VML experts. Add to that the real-world experiences and testimonies from a diverse range of B2B clients, and what you get is a definitive, multi-market, and current guide to digital transformation in B2B.

Methodology

We surveyed 1,500 business leaders of B2B businesses in Manufacturing, Health & Pharmaceuticals, and Energy, in the US, UK, China, Mexico, India, Germany, Netherlands and Brazil, covering senior positions in C-suite and management and functions including marketing, sales, operations and IT. Research was conducted between February 3 and February 14, 2025.

Additional insights and data have been pulled from other VML research including 'The Future Shopper' (2024) and 'AI at Work' (2025).

Bill Burkart

President B2B Practice
and Chair WPP B2B Council

Unlocking the power of digital transformation **condensed:**

Findings from our research study of B2B business leaders

1. Digital transformations are costly and fail too often.

37% of digital transformation projects fail. That's still too high despite an improved 63% success rate.

$7.7m is the average cost for a digital transformation project.

2. The majority of transformation programs suffer from a lack of strong and steady leadership.

59% of digital transformation projects start without a clear roadmap or end goal.

52% of transformers claim that senior leadership does not effectively support digital transformation.

3. Predicting the future – and building it – is hard. Expect change!

64% say that a digital transformation project they've been involved in has resulted in "scope creep".

69% of transformers agreed that a lack of measurement makes it hard to prove the ROI for digital transformation.

4. Customers should be central to any digital transformation project.

63% of transformers believe that digital transformation projects often feel very internally focused and are not fixated enough with the end customer.

73% of transformers admit that digital transformation projects were not aligned with customers' needs and requirements.

5. Legacy systems and technologies provide a challenge, and cloud engineering could be the answer.

64% of transformers claim that their ability to transform is hindered by their legacy systems and technologies.

73% of transformers say that cloud engineering has fundamentally changed how they approach transformation, compared to previous projects.

6. AI is forcing a review of digital transformation plans, but it's not without its challenges.

48% of survey respondents cited AI as being a key area of focus for digital transformation projects.

69% of transformers say that the emergence of AI has forced them to revisit and review their digital transformation strategies.

Unlocking the power of digital transformation **condensed:**

Findings from our research study of B2B business leaders

7. Compromised data capabilities and architecture are undermining the foundations of transformation programs.

54% of transformers told us that their organization's data practices are not mature enough to support advanced digital technologies.

55% of transformers say that data silos significantly hinder digital transformation progress.

54% of transformers admit they have difficulty translating their data into actionable insights.

8. Lack of shared vision, aligned objectives and upskilling all undermine the chances of digital transformation success.

66% of transformers say that different objectives across different teams can be a barrier to success.

57% of transformers say there is insufficient training to upskill the existing workforce to facilitate digital transformation.

9. Change management is as important as tech change, and people count!

69% of transformers say that project failure is often a consequence of lack of change management around people.

78% of transformers agree that digital transformation is as much about human beings as it is about new tech.

10. Most businesses can't do digital transformation alone and rely on third parties with specialist expertise.

81% of all businesses are using external partners for their transformation projects.

AI expertise is the most important skill. And while the most frequently used partners are IT-focused, AI companies are playing an increasingly prominent role.

11. Investing in your brand is more important than ever when undertaking digital transformation.

83% of transformers believe that achieving digital transformation is more likely if there is a clear vision of where the brand is heading in the future.

56% of transformers admit they find it harder to maintain brand consistency across multiple channels.

SECTION 1:

Setting the scene on digital transformations

CHAPTER 1:

Digital transformations – frequent, costly and too often unsuccessful?

We asked our B2B transformers how many digital transformation initiatives they have been involved in, in the last five years. The average answer was 10.

This number is even more startling when you marry it with the average cost of digital transformation projects, which, according to our transformers, is $7.7m.

$7.7m IS THE AVERAGE COST PER DIGITAL TRANSFORMATION PROJECT IN B2B.

The takeaway from this is that there is a substantial amount of money being spent on digital transformations.

Of course, this may be fine if transformation projects are judged successful and generate strong ROI. But, according to our B2B respondents, only 63% are successful. Or to put it another way, that's 37% of digital transformation projects failing to meet their over-riding objectives.

37% OF B2B DIGITAL TRANSFORMATION PROJECTS FAIL – THAT'S OVER ONE IN THREE.

This is actually a marked improvement on the eye-wateringly high failure rates reported in some industry studies. Even so, no one can be satisfied with more than one in three digital transformation projects failing to achieve their goals.

What we can say is that the success rate of our transformer audience (63%) is relatively encouraging, and – we would argue – reflects the increased digital maturity of organizations embarking on transformation. Most have been around this block before by now. The growing sophistication of (and familiarity with) enabling technologies such as AI, advanced analytics, development and automation testing, cloud and composable infrastructure is also instrumental in promoting more successful outcomes, along with better processes, skill sets, knowledge and strategic understanding of what the goals of digital transformation are.

40% OF OUR TRANSFORMERS ARGUE THAT DIGITAL TRANSFORMATION CAN NEVER BE COMPLETED.

EXPERT OPINION:

The success rate for digital transformations may be improving but too many still fail – especially with more businesses taking the journey.

"For years, transformation initiatives have had a one in three success rate. Technology advances have driven remarkable improvements in recent years, but enhanced firm receptivity is the real story. Where digital transformation was once seen as a strategic option, it's now recognized as an existential imperative. Or even an inevitability.

With more organizations committing to a journey of transformation, clear and adaptive leadership is required – particularly In turbulent, unpredictable markets – supported by agility across all operations throughout the program. Clinging too closely to the script in terms of initial plans and budgets is often cited as a driver of transformation failure – and VML's survey supports this."

Jason Gaikowski

Chief Transformation Officer, VML

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CHAPTER 2:

Can digital transformation ever be completed?

Before we delve deeper, let's briefly focus on the issue of success. Because while 37% of digital transformations aren't successful, there is a bigger question here. With the constantly evolving state of "digital", can digital transformations ever be completed?

We ask this question not as an indictment of businesses' ability to complete transformations, but rather because so many factors appear to be in a constant state of change, many of which are uncontrollable. And, as we'll talk about later, this creates the impression that the goal-posts of transformation are continuously moving.

The answer from our B2B audience was closer than you might expect. 60% said yes, they believed digital transformation was a finite undertaking. But that also meant 40% claim that digital transformation can never be completed.

These figures can be read a number of ways: an admission of failure to (yet) meet the transformation objectives; failure to set appropriate or any objectives at the outset – or to update them dynamically; or a recognition of the benefit of building on opportunities since the transformation program commenced – such as exploiting (and continuously integrating) the advancements in AI. We should not overlook external, increasingly geopolitical factors either. With global and regional turbulence having a profound impact on commerce, few businesses could claim in the last five years that things have returned to 'business as usual' – and we stand at a point when the rules of engagement for commerce are being radically rewritten.

As a result, by their very nature, transformations are – and need to be – dynamic. That's backed up by the number of respondents who see "business transformation" as constant and evolving (84%). However, this can cause confusion when it comes to success. 57% of our respondents said it was often impossible to know whether transformation projects had been successfully completed as the goal-posts were constantly shifting internally or due to external factors, as suggested.

Interestingly, 69% of respondents believe that legacy businesses find it harder to transform than "new" businesses.

CHAPTER 3:

What are the barriers to success?

So, if such a significant percentage of digital transformation projects appear to fail, what are the main reasons for this? Unsurprisingly, elements around the workforce, change management, vision, internal siloed teams, technology, and changing aims all play their part. Later in this report, we'll delve into these in more detail.

What are the key barriers to success for B2B digital transformation projects?

1	The lack of expertise and skills within the workforce	36%
2	It's approached as a technology project, when it is much broader	33%
3	Internal teams are siloed leading to poor communication, duplication of efforts, conflicts and a lack of alignment	32%
4	Not having a clear vision of what digital transformation is, including a poorly defined roadmap to success	31%
5	Budget is insufficient to achieve the ambition	31%
6	Change management, particularly around people, is often ignored or not taken seriously enough	30%
7	The changing nature of digital transformation projects means that the end goal is always changing and is rarely attainable	30%
8	Not enough focus is placed on changing business processes	28%
9	The ability to effectively measure its impact and unclear KPIs	28%
10	Customer needs are not considered enough	22%
11	Insufficient senior level buy-in	18%
12	Our brand is ill defined, and we don't know the story that we are trying to tell	13%
13	I can't think of any biggest barriers	3%

CHAPTER 4:

The focus of digital transformation projects

Where do digital transformation projects originate? In most cases, they stem from regional offices (42%), while 33% came from global offices, and 26% from local offices.

And what is their focus? It's fascinating to see artificial intelligence sit so high on this table. We'll talk more about this later. But already we start to see that businesses are re-assessing their transformations to consider how to integrate AI.

What are the key areas of focus for B2B digital transformation projects?

50% Data management and utilization

48% AI

44% Profitability and operational efficiency

41% Systems, technology and architecture (e.g. MACH)

37% Customer experience and engagement

35% Organization and department

31% New channels to market

29% Workforce and culture

With clarity of focus established, let's deep-dive into some of the key areas of digital transformation according to our audience of transformers…

EXPERT OPINION:

VML

Going beyond tech to deliver true, successful transformation.

"True digital transformation requires more than just implementing new technologies; it demands a fundamental shift in mindset. Organizations that prioritize agility, empower their teams, and foster a culture of continuous improvement are best positioned to realize the long-term benefits of their investments. Crucially, successful transformation hinges on robust change management strategies, especially when leveraging AI to fundamentally alter internal operating processes and outward market presence. Failing to anticipate and address adoption barriers and resistance to change can derail even the most ambitious initiatives.

VML takes a holistic approach to digital transformation, integrating change management, technology advancement, and financial objectives from the outset of every engagement. This ensures a cohesive strategy that drives measurable results and long-term value. By proactively addressing adoption barriers and resistance to change, we help ensure even the most ambitious initiatives deliver measurable results."

Stephanie Antonelli

Global Executive Lead, VML Enterprise Solutions

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SECTION 2:

Strategic vision, communication and leadership

Setting the direction of any digital transformation is one of the key tasks of the leadership team. We wanted to look at the impact and importance of vision, communication and leadership in the successful delivery of digital transformation services.

CHAPTER 1:

The need for a well communicated strategic vision

Having a strategic vision for digital transformation projects is vital and communicating it well is just as important. The insights from our research are mixed when it comes to how effectively this is currently being done.

On the negative side, it would appear that all too frequently, digital transformation projects are launched without a clear roadmap or end goal – something that 59% of our respondents agreed with.

59% OF DIGITAL TRANSFORMATION PROJECTS START WITHOUT A CLEAR ROADMAP OR END GOAL.

And nearly three-quarters of transformers (70%) say that a lack of strategic clarity around digital transformation projects means resources are frequently wasted.

Some of this appears to be an issue of leadership. In a worrying sign, over half (52%) of the transformers surveyed said that senior leadership did not effectively support digital transformation. Given that digital and business transformation are strategic and linked imperatives, this is a cause for concern.

52% OF TRANSFORMERS SAID THAT SENIOR LEADERSHIP DOES NOT EFFECTIVELY SUPPORT DIGITAL TRANSFORMATION.

However, on the positive side, 74% of our transformers said that the aim of the digital transformation projects they had been involved in had always been clearly linked back to business ambitions and objectives. And when it came to communication, 74% said – encouragingly, but perhaps surprisingly – that digital transformation projects and their vision and objectives had been effectively communicated internally.

CHAPTER 2:

Maintaining interest and budgetary support

What we also know about transformation projects is that they can take a matter of years to deliver. Does this protracted time affect senior leadership support?

Two in every three our transformers (61%) said that, due to the complexities and long timescales of digital transformation, senior leadership often lose focus and interest, and do not adequately support digital transformation initiatives for the required amount of time.

This in turn can mean that it's hard to maintain budget support from senior leadership over time for digital transformation initiatives, something that 59% of respondents agreed with. In today's competitive commercial markets where businesses are frequently pressured to cut costs, this is perhaps understandable yet liable to compromise the effectiveness and completion of digital transformations.

And, related to this, 59% said that as digital transformation projects continue, confidence is often lost in their ability to deliver meaningful value.

CHAPTER 3:

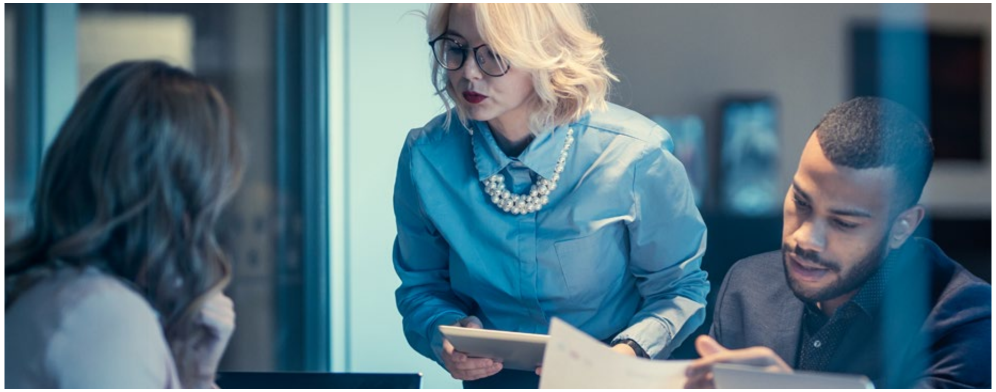
Realism and expectations

As technology plays such a fundamental role in transformation projects, it's worrying that 67% of our transformers say that implementing technology is not fully understood by senior management teams and budget holders, meaning that unrealistic budgets and timescales are set.

67%

SAY THAT IMPLEMENTING TECHNOLOGY IS NOT FULLY UNDERSTOOD BY SENIOR MANAGEMENT AND BUDGET HOLDERS, MEANING THAT UNREALISTIC BUDGETS AND TIMESCALES ARE OFTEN SET.

There's also an issue of managing expectations, as 56% of our respondents said that senior management have unreasonable expectations around the successful completion of digital transformation projects.



EXPERT OPINION:

VML

Effective upward management and the commitment of senior leadership maximizes the chance of digital transformation success.

"Digital transformation isn't just a top-down mandate or a collaborative journey; it's a battle fought in the trenches. Our experience tells us that it's the low-level tasks, the seemingly insignificant details, that create the chasms that swallow entire projects. Senior leaders can't afford to delegate the detail; they need to get into the weeds, because the detail is the transformation. It's not enough to fund initiatives; you have to own the execution. Ignore the small things, and you risk watching your transformation efforts collapse on your watch."

James Westoby

CEO, VML Enterprise Solutions EMEA

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CHAPTER 4:

Objectives and change

It's one thing having objectives for a digital transformation project at the outset, but what about in the final stages of the project? What has happened to those objectives?

Digital transformations are certainly not quick endeavors, so it's not hugely surprising that 69% of our respondents told us that, over the course of their projects, the objectives have changed.

69% OF TRANSFORMERS TOLD US THAT, OVER THE COURSE OF THEIR TRANSFORMATIONS, THE OBJECTIVES HAVE CHANGED.

While this might be expected to a certain degree, it's certainly true that changing objectives disrupt the ability to deliver digital transformation projects effectively (67%).

With objectives changing, 59% admitted that over time it can be easy to lose track of the over-arching goals, and that teams often seem confused. That clearly does little for confidence and alignment, and serves to undermine progress.

With this in mind, regular reviews and a more iterative approach to project delivery should be encouraged as the way forward – something that 75% of our respondents agreed with.

Key actions

1. **Lock in clear success metrics and objectives** at the outset of digital transformation projects – organizations must **resist shifting goal-posts** mid-transformation unless a change in impacting factors demands it.

2. Institute **formal senior leadership commitment** agreements and create binding leadership engagement frameworks.

3. Implement mandatory and structured **quarterly progress reviews.**

4. Establish realistic, detailed, and validated **implementation timelines** before starting, to avoid unrealistic delivery expectations.

SECTION 3:

Budgets, KPIs and measuring ROI

Anyone involved in a digital transformation project knows just how hard it is to budget for. Budgets can often prove to be inaccurate or require updating throughout the duration of the project. So, what do our transformers think when it comes to budgeting, and how can some of the common issues be avoided?

CHAPTER 1:

Estimating digital change budgets

Just under three-quarters of our transformers (70%) told us that estimating digital transformation budgets at the outset of projects is a challenge, and this often results in budgets being underestimated (73%).

70%

OF B2B TRANSFORMERS SAY THAT ESTIMATING DIGITAL TRANSFORMATION BUDGETS AT THE OUTSET OF PROJECTS IS A CHALLENGE.

When speaking to our clients, we often hear that if these projects were truly and accurately budgeted for, they may never get off the ground. This means that many businesses find themselves stuck between a rock and hard place knowing that they don't have enough budget to transform effectively while also knowing that, if they don't transform, the business may no longer be competitive and viable.

CHAPTER 2:

Speed of change and budgeting

"Project drift" and "scope creep" both have negative connotations in project management. But the reality when it comes to digital transformation is that the fluid nature of the technological and market landscape often makes changes mid-project inevitable.

61% of our respondents said that, because digital channels are constantly changing, it is hard to stop digital transformation projects from drifting. So, it shouldn't be a huge surprise to find out that 64% said the digital transformation projects they have been involved in have experienced "scope creep".

64%

SAY THAT DIGITAL TRANSFORMATION PROJECTS THEY HAVE BEEN INVOLVED IN HAVE SUFFERED FROM "SCOPE CREEP".

In addition, 76% of respondents said that due to the fast pace of change in the digital world – including the emergence of new channels and technologies – budgets often need to change to reflect the shifting circumstances. We should also factor in the seemingly constant matter of supply chain disruptions.

The problem with this is that changing budgets are often seen as bad project management and can quickly erode support for the project, giving the perception that control is being lost and costs are spiraling. In fact, 68% of our respondents said that changing budgets is often seen as the fault of the project teams, when in reality it is down to the complex nature of digital transformation projects and changing circumstances.

The key is to embrace budgetary agility. 76% of our transformers confirm that successful digital transformation projects necessitate ongoing review and refinement of budgets.

CHAPTER 3:

Setting KPIs and proving ROI

Often, when talking about digital transformation projects, there is a sense that proving return on investment (ROI) can be quite a challenge. To understand the extent of this challenge, we began by examining KPIs.

The good news is that 70% of respondents said that in the digital transformation projects they had been involved in, there had always been clear KPIs. This percentage is higher than we might have expected and appears to show that at least at the outset of these projects, those involved are clear about the assessment metrics.

But what about return on investment?

Ultimately, committing to any digital transformation project should result in the project paying back for the business. But despite having clear KPIs from the start, many transformers struggle with proving and measuring ROI.

As can be seen from the table overleaf, there are a number of different methods businesses use to measure ROI. In broad terms, there is a dual focus on operational improvements alongside better customer experiences. This is a positive finding as it shows that customers and consumers are driving (at least some of) the objectives.

But is there too much complexity in all of this? 53% of transformers told us that it is hard to measure the success of digital transformation projects, and 69% said they have difficulties with proving ROI due to a lack of measurement. Again, this appears to be markedly less of a problem in the Energy sector (51%).

69% OF TRANSFORMERS AGREED THAT IT IS HARD TO PROVE THE ROI FOR DIGITAL TRANSFORMATION PROJECTS DUE TO A LACK OF MEASUREMENT.

Such a lack of proof can also result in waning support from senior management. 57% agreed that it can be hard to gain leadership support for digital transformation projects because of difficulties proving ROI.

THE CLIENT'S VIEW:

WOLSELEY

"Wolseley have experienced approximately 50% growth in their digital channels' participation to group sales since embarking on their transformation journey with VML. This has helped grow the sales line, strengthen customer relationships and provide efficiencies. The job isn't finished though, and we are constantly challenging ourselves whether we have done the right things, and did they all make a demonstrable difference, or if we need to revisit anything to ensure the benefits are delivered.

To facilitate this, deliverables and measures of success need to be both clear and robust from the outset. At the same time, whilst better outcome-setting at the start would sharpen any business's ability to rate the impacts better, it is imperative to maintain focus on what's ahead."

Tim Brennan

Director of Digital – Wolseley UK

How is ROI measured for digital transformation projects?

1	Cost Savings: Measure reductions in expenses due to automation and improved efficiency	44%
2	Improved Customer Satisfaction (CSAT/NPS): Gauge the impact on customer experience through feedback and surveys	42%
3	Employee Productivity Increase: Track gains in output per employee or unit of input	41%
4	Profitability Improvement: Calculate the combined impact of increased revenue and reduced costs on profit margins	38%
5	Revenue Growth: Track increases in sales directly attributable to the digital transformation	35%
6	Innovation Rate Improvement: Measure the increase in new offerings developed and implemented	34%
7	Customer Lifetime Value (CLTV) Increase: Analyze the long-term value generated by retained and loyal customers	32%
8	Customer Acquisition Cost (CAC) Reduction: Assess the efficiency gains in acquiring new customers	32%
9	Faster Time to Market: Analyze the reduction in time taken to launch new products or services	27%

Key actions

1. Develop flexible **budget frameworks** with built-in contingency and regular review cycles.

2. Establish **dual-track ROI metrics** which combine both **operational metrics and customer metrics** to demonstrate value comprehensively.

3. Create **formal processes for budget adjustments** that acknowledge digital landscape changes.

4. **Link KPIs to business outcomes** by focusing metrics on concrete business results like revenue growth and cost savings rather than project milestones.

SECTION 4:

Customer experience

While many businesses claim to be customer-centric, the reality, as we all know, is that customers aren't always front and center of internal decision making. So, what about customer-centricity when it comes to digital transformation?

CHAPTER 1:

Customer-driven or internally focused?

At the heart of every successful digital transformation lies a critical strategic question: Is customer value driving our transformation agenda, or are we pursuing technology change for its own sake? This fundamental distinction often determines the difference between transformations that deliver lasting value and those that merely create digital noise.

Notably, near two-thirds of respondents (63%) agreed that digital transformation projects often feel very internally focused and are not focused enough on the end customer. A further 59% believe that businesses get too hung up on digital transformation projects and would be better off keeping up to date with changing consumer demand.

There is also a general belief that consumers don't care about digital transformation per se. All they want is a good experience. This is something that 63% of our transformers agreed with.

63%

OF TRANSFORMERS BELIEVE THAT DIGITAL TRANSFORMATION PROJECTS OFTEN FEEL VERY INTERNALLY FOCUSED AND ARE NOT FOCUSED ENOUGH ON THE END CUSTOMER.

EXPERT OPINION:

VML

Failing to address customer frictions will undermine digital transformation programs.

"In our experience, the reason(s) behind the drive for digital transformation, usually dictates its ultimate success. If the catalyst solely comes from a demand for cost-cutting, then it will likely fail due to a lack of focus, or even awareness of today's customer frictions. In some cases, if customer frictions aren't identified during the discovery phase of the project, a transformation project can actually exacerbate them, causing a decrease in conversion rates and lower AOVs.

There are also ancillary advantages to prioritizing customer research and including it as part of the initial digital transformation process. All identified frictions from the research can be categorized against a simple prioritization framework, meaning that any low cost, high impact adjustments can be made almost immediately, resulting in quick wins, improving conversion rates and increased AOVs. And by surfacing the biggest customer improvement opportunities, the insights can also influence the timings and, as such outcomes, to delivering bigger, faster revenue returns.

At VML we believe that mandating the inclusion of customer research into every digital transformation discovery phase will always return more value than its cost by solidifying the foundations upon which the transformation is built. We have seen all too often, this step being missed and businesses having to circle back, to plug the customer insight gaps, resulting in costly delays and rebuilds which could have easily been avoided."

Stephen Moody

Head of Commerce CX,
VML Enterprise Solutions EMEA

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CHAPTER 2:

Keeping up with changing consumer demand

One of the biggest challenges with "giving customers what they want" is just how quickly "what they want" changes. Although this is not as significant an issue for B2B companies as B2C, 55% of our respondents still agreed this was the case.

Close to three-quarters of B2B transformers (73%) said they thought it would have been useful to have had an in-depth understanding of the customer experience and touchpoints, and to be clear on what was working and what was not, prior to beginning their digital change projects.

73% OF TRANSFORMERS CONCEDED IT WOULD HAVE BEEN USEFUL TO HAVE HAD AN IN-DEPTH UNDERSTANDING OF THE CUSTOMER EXPERIENCE AND TOUCHPOINTS BEFORE STARTING.

This is backed up by 53% of transformers agreeing that there is not enough customer research to truly understand what customers need from their experiences.

The result of this lack of research, according to 73% of respondents, is that digital projects and transformations are not aligned to customers' needs and requirements.

73% OF TRANSFORMERS SAID THAT DIGITAL PROJECTS AND TRANSFORMATIONS WERE NOT ALIGNED WITH CUSTOMERS' NEEDS AND REQUIREMENTS.

THE CLIENT'S VIEW:

AkzoNobel

"Like many companies, we knew we needed to transform digitally, and we wanted to ensure it was driven by customer needs. The challenge was getting everyone aligned around this vision – you need buy-in across the entire organization and a real willingness to change, which isn't always easy to achieve.

Working with VML, we took a structured approach to understanding our customer experience challenges, using both qualitative and quantitative research. This helped us design solutions that actually addressed real customer pain points, rather than just implementing technology for technology's sake. We're measuring success through metrics like Net Promoter Score and customer satisfaction, focusing on tangible improvements in how customers interact with us.

Perhaps the biggest change has been cultural – we've seen a real shift towards a customer experience mindset across different functions of the business. Looking ahead, we're particularly excited about how AI could help us identify and resolve customer pain points even faster, further improving the overall experience. It's still a journey, but we're seeing clear progress in how we serve our customers."

Ward Meijer

Head Of Digital Marketing EMEA Paints, AkzoNobel

Key actions

1. **Mandate a customer research phase**. Given that over half of B2B transformers admit to insufficient customer research and an over-focus on transformation versus customer needs, conducting thorough customer insights research before approving transformation projects will reap rewards.

2. **Initiate customer journey mapping.** 73% of transformers wish they'd done deeper research to understand customer paths. So, conduct comprehensive customer journey analysis, focused on your key personas, before planning any transformation initiatives.

3. **Build rapid feedback mechanisms.** Since 55% struggle with rapidly changing customer demands and 63% are too internally focused, creating continuous customer listening systems is a crucial mechanism for informing transformation priorities in line with customer needs.

SECTION 5:

Technology, systems, legacy and cloud

The very definition of transformation is moving from one state to another. But navigating from where a business is now to where it needs to be in the future can be severely hindered by the way it is used to doing things. And this is clear with the issue of legacy systems and technologies.

CHAPTER 1:

Rip it up and start again?

A significant 64% of respondents claim that their ability to transform is hindered by their legacy systems and technologies. In fact, the opportunity to start with a blank piece of paper might be the best route to achieving fast and efficient digital transformation, but as 70% of our respondents said, while this might be ideal, it would simply take too long and be too costly. Nearly three-quarters of transformers (72%) also claim that it is much easier for young organizations to transform and pivot as they are less anchored to existing systems and technologies.

64%

OF TRANSFORMERS CLAIM THAT THEIR ABILITY TO TRANSFORM IS HINDERED BY LEGACY SYSTEMS AND TECHNOLOGIES.

Another challenge around legacy systems exists with their documentation. 61% of our transformers told us that their system requirements aren't fully documented, which has led to challenges in the implementation of new systems. Yet, in other ways, the preoccupation with new systems and technologies perhaps brings its own problems. 65% of our transformers say that, when launching digital change projects, too much focus is placed on buying new technology solutions rather than working with what they already have. And almost the same percentage (69%) say that a half-way house involving new systems and technologies alongside legacy systems and technologies is a better approach than ripping out everything that already exists.

EXPERT OPINION:

VML

Why sweating your current tech assets might be a better route to digital transformation than ripping everything up.

"AI disruption is real and putting immense pressures on legacy tech and data stacks. But transformation doesn't require a complete overhaul. In fact, a more pragmatic and cost-effective approach for many businesses may be to focus on integration. You can strategically enhance your existing legacy systems by integrating new AI, data, and tech capabilities for maximum impact. Through this approach, you can still achieve significant improvements in efficiency, customer experience, and ultimately, ROI. This allows you to maximize the value of your current investments while strategically positioning your business for future success.

We at VML absolutely believe it's a critical conversation to have with clients that are set on digital transformation and tech modernization in this AI era, to ensure they can hit their business growth, customer experience and employee experience goals in the most pragmatic, cost-effective way."

Brian Yamada

Chief Innovation Officer, VML

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CHAPTER 2:

Cloud Adoption

One solution to address the agility issues of legacy systems is cloud engineering. There is certainly a sense amongst our respondents that cloud engineering can have a positive impact...

Three in four transformers (73%) say that moving to cloud tech will help them with future integration challenges around legacy and new platforms, while 58% say they feel that their legacy systems are putting business security and continuity at risk, and believe a new cloud platform will solve this.

Feedback on the impact of cloud tech on digital transformations was overwhelmingly positive. 78% of our respondents told us that cloud tech has fundamentally changed how they approach transformation compared to previous projects, and the same number said that cloud tech has delivered the scalability benefits to help them to transform. Perhaps technology infrastructure is finally catching up with ambition!

78%

SAID THAT CLOUD TECH HAS DELIVERED THE SCALABILITY BENEFITS TO HELP THEM TO TRANSFORM.

That being said, integrating cloud tech can be a challenge, with 68% saying that integrating cloud and legacy systems has been more complex than expected.

EXPERT OPINION:

VML

Migrating to cloud, and its surrounding benefits.

"Legacy technology often hinders businesses seeking growth and innovation, but the cloud offers a powerful solution for transformation. Beyond just scalability, the cloud provides enhanced security, cost optimization, and the ability to rapidly deploy new features and services, and in a world of ongoing personalization and customer understanding, that capability for lean iteration allows us to really meet customers with best-in-class experiences. Additionally, the act of migrating to the cloud commonly evolves how companies approach projects, enabling greater agility. This shift allows businesses to modernize their technical architecture and align internal teams for more efficient delivery. At VML, we understand the transformative power of the cloud and work closely with our clients to architect and implement solutions that unlock these benefits, ensuring a seamless and strategic migration that optimizes technology, team alignment, and overall business performance."

Eric Pfeifer

Executive Director – Digital Products and Platforms

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THE CLIENT'S VIEW:

United Rentals

"The mission of stability of systems is critical, particularly in cybersecurity, infrastructure, systems up time and the network. All those things you take for granted until they're ***not*** *working, and then you can forget about all the innovative solutions because things aren't communicating with each other. So, I place huge importance on how we think about the cloud, disaster recovery, redundancy, backups of data, multiple carriers for communications."*

Tony Leopold

Chief Technology & Strategy Officer,
United Rentals

THE CLIENT'S VIEW:

WOLSELEY

"Leveraging technology to simplify solutions for customers and internal teams is vital. At the same time, prioritizing business adoption as much as technical delivery to ensure things embed before moving on to the next thing is critical. The definition of 'done' is all too often based on tech delivery, not business adoption, but organizations should ensure that elements are closed only when they are adopted, not just because they have been deployed."

Tim Brennan

Director of Digital – Wolseley UK

Key actions

1. **Take a hybrid modernization approach.** Find success by blending old and new technologies that strategically update critical systems while maintaining valuable legacy assets.

2. **Document your technology landscape.** Invest in comprehensive mapping of your current systems, their dependencies, and requirements before making any changes.

3. **Maximize existing technology value.** Audit your current technology stack to identify underutilized capabilities and optimization opportunities before investing in new systems. In other words, sweat your existing assets!

4. **Plan cloud integration carefully.** Create detailed migration plans that account for legacy system complexities and dependencies.

SECTION 6:

Artificial Intelligence

We've talked about the pace of technological change leaving many organizations despairing about ever being able to complete digital transformation. No sooner have you started one project when a new technology and a new imperative for change has come along.

No technology is shaking up the digital landscape quite like artificial intelligence right now. On the one hand, it's a disruptive force that is pushing businesses to reconsider their digital transformation approach all over again. On the other hand, AI opens up unmissable opportunities for making digital change bigger and better.

CHAPTER 1:

AI and a new approach to transformation

More than two-thirds (69%) of transformers say that the emergence of AI has forced them to revisit and review their digital transformation strategies, while 72% agree that generative AI is having a significant impact on how they transform, as it shakes up their processes, people, and technology.

69% OF TRANSFORMERS SAID THAT THE EMERGENCE OF AI HAS FORCED THEM TO REVISIT AND REVIEW THEIR DIGITAL TRANSFORMATION STRATEGIES.

Notably, the pace of AI-driven change is proving a major friction point for many businesses. 61% of our respondents told us that the speed of AI evolution is making it difficult to make long-term transformation decisions; no-one quite knows where exactly AI is going to take us.

61% OF TRANSFORMERS TOLD US THAT THE PACE OF EVOLUTION OF AI IS MAKING IT DIFFICULT TO MAKE LONG-TERM TRANSFORMATION DECISIONS.

There are a number of different areas of digital transformation that are being stress-tested by the emergence of AI and its capabilities. Take, for instance, data, systems, and technology infrastructure. 57% of those surveyed said that their current infrastructure was not adequate to accommodate their AI ambitions.

Budgets too are under pressure, with 67% saying they have had to review their digital transformation budgets to accommodate AI initiatives. Employees also provide their own set of challenges. 58% say that their ability to harness the transformative powers of AI are being held back by employees who are struggling to adapt to AI-driven processes, while 56% admit they lack the internal expertise to properly implement AI within their transformations.

And, of course, the challenge of harnessing AI's opportunities when it comes to transformation is a lack of skills.

The good news is that 72% of transformers believe that the ability of businesses to effectively run and deliver digital transformation projects will improve with AI.

THE CLIENT'S VIEW:

United Rentals

"One example where we are using AI is with service technicians. Some techs have been around for 15 years and know it all, others have been doing it for three years and may be unfamiliar with certain maintenance procedures. So, they open a chatbot, input the equipment number and AI finds all the appropriate manuals and summarizes the steps to fix the problem. Five years ago, that would have been inconceivable. These LLMs make information more accessible and accelerate the process."

Tony Leopold

Chief Technology & Strategy Officer,
United Rentals

EXPERT OPINION:

AI's impact on digital transformation programs – and where to start.

"It's no surprise that business leaders see the potential of how AI will significantly impact digital transformation. Whether it's through empowering businesses to make better decisions through predictive analytics, improving customer experiences through hyper-personalization, or streamlining operations and reducing waste, there are very few aspects of transformation where AI has no role to play.

That said, it is equally no surprise that business leaders also struggle with where to begin. The sheer breadth of opportunities across digital transformation using AI can be daunting, and the day-to-day changes in the technology are enough to make long-term planning feel like an exercise in futility. Focusing on short-term, achievable steps in the direction of an aligned long-term vision is essential to break out of that "deer-in-headlights" paralysis.

So, our purpose at VML is to enable AI readiness. This means pulling from an arsenal of turn-key solutions for quick wins in the short-term, be it multichannel ecommerce optimization, or new growth through CRM, while building a tech platform in the background that supports complete agility in the long-term. When we've done our jobs, regardless of where the future leads, our clients can use whatever AI tools and platforms promise the most ROI."

Jason Carmel

Global Lead, Creative Data, VML

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Key actions

1. Reassess transformation strategies through an AI lens and **create an AI-focused review** of your current transformation roadmap.

2. **Upgrade infrastructure for AI readiness.** Assess and enhance your technical foundation before launching AI projects, focusing on data processing and storage capabilities.

3. **Create AI-specific budget allocations** and establish dedicated funding streams for AI initiatives while protecting core transformation budgets.

4. **Build flexible AI implementation plans** and develop phased approaches that balance innovation with practical adoption rates.

SECTION 7:

Data governance

Now let's take a look at data – the lifeblood of many organizations – but also an area of business that can be very hard to manage and organize.

So, what role does data play, and what challenges does it pose when it comes to digital transformation projects?

CHAPTER 1:

Data possibilities beyond business capabilities

While the potential for data to play a vital role in business change clearly exists, harnessing this potential is clearly a challenge for many businesses. In fact, 54% of our respondents told us that their organization's data practices are not mature enough to support advanced digital technologies.

54%

OF TRANSFORMERS TOLD US THAT THEIR ORGANIZATION'S DATA PRACTICES ARE NOT MATURE ENOUGH TO SUPPORT ADVANCED DIGITAL TECHNOLOGIES.

And while 80% of our respondents said that strong data governance is a must for effective digital transformation projects, 53% said they lacked the necessary data governance frameworks to safely accelerate digital transformation.

Issues around personnel are also preventing data from being truly embraced. 55% of respondents told us that their workforce lacks the data literacy skills needed to fully embrace digital transformation.

It's clear that lots of work needs to be done in order to allow businesses and workers to embrace the transformative opportunities that data offers them.

CHAPTER 2:

Data silos and quality

It's all very well having lots of data across the organization, but the key is to be able to join it up and use it effectively. And this, seemingly, is a struggle for many businesses.

According to 52% of respondents, their organization's data infrastructure is too fragmented to support effective digital transformation initiatives, while a further 55% say that data silos significantly hinder digital transformation progress.

55%

OF B2B TRANSFORMERS SAY THAT DATA SILOS SIGNIFICANTLY HINDER DIGITAL TRANSFORMATION PROGRESS.

And what about the ability to integrate data from different sources – something that is increasingly important in today's omnichannel-aspirant world? Well, that appears to be a struggle too, with 55% saying that integrating data from different sources is a challenge. Clearly there is work to be done around data to better set up transformation projects for success.

CHAPTER 3:

Delivering data-driven insights and actions

Data is all well and good, but the real benefit is the insights it provides and the actions it drives. Yet turning data into meaningful action is not always easy.

A significant 55% of our transformers say that data quality issues are preventing them from gaining meaningful insights from their digital transformation efforts, while 54% admit they have difficulty translating their data into actionable insights that drive digital transformation.

The ability to do this in real-time is also important, but once again businesses are struggling, with a high percentage (56%) saying that real-time data processing capabilities are insufficient to meet their digital transformation goals.

54% OF B2B TRANSFORMERS SAY THAT THEY HAVE DIFFICULTY TRANSLATING THEIR DATA INTO ACTIONABLE INSIGHTS.

Key actions

1. Build data foundations before introducing advanced tech by **establishing robust data management frameworks** prior to pursuing complex transformation initiatives.

2. Break down data silos systematically and **create a unified data architecture** that connects existing systems and standardizes data collection.

3. Launch company-wide **data literacy programs** that teach both technical skills and practical data interpretation.

4. Upgrade real-time processing capabilities by **investing in modern data infrastructure** that enables immediate analysis and decision-making.

SECTION 8:

People – stakeholders, teams, collaboration and skills

Digital transformations encompass the entirety of a business – so they should. There are very few businesses and very few industries where digital is not playing a role.

However, this broad scope can create challenges, particularly in coordinating stakeholders, fostering collaboration, and effectively structuring and equipping teams with the necessary skills.

CHAPTER 1:

The challenges of multiple stakeholders

The first thing that came out of our survey is just how many stakeholders are involved in digital transformation projects. We asked our transformers to list out all the different teams. Unsurprisingly, sitting in first position came IT/IS (51%), reflecting how technology and systems sit at the heart of most digital transformation projects.

If we remove IT/IS, we can see in the following table how many other business functions have contributed to a similar degree across transformation programs. What stands out is that executive senior management and management (33%) appear to be no more involved in digital transformation than operations, product development, customer services, etc. This indicates just how many leadership teams operate a hands-off policy or are detached when it comes to digital transformation, raising questions about how much this contributes to the failure rate.

A similar question arises from the fact that a Project Management Office (PMO) is only involved in 31% of projects. Yet 66% of respondents said that their projects were more successful when they were involved.

Other challenges arise just from having so many different parties involved. Given the size of the list above, it's perhaps no surprise that 58% of our transformers say that their transformation projects have been characterized by frequent conflicts between teams. Two-thirds (66%) said these issues often arise from different teams having varied objectives, which creates barriers to the success of the project. And 65% said that as digital transformations touch so many parts of the business, they become difficult to coordinate.

66%

OF TRANSFORMERS SAY THAT DIFFERENT OBJECTIVES ACROSS DIFFERENT TEAMS CAN BE A BARRIER TO SUCCESS.

A key challenge lies in the lack of clear ownership and accountability. While 27% of transformers indicated that the CTO leads digital transformation projects, and 32% emphasized the importance of IT/IS for success, 17% also attributed failures to IT. Beyond these areas, responsibility is fragmented, revealing a significant lack of consensus on who should be held accountable for digital transformation outcomes.

Which areas of the business have been involved in digital transformation projects?

1	IT/IS	51%
2	Operations	35%
3	Executive senior leadership and management	33%
4	Project management office (PMO)	31%
5	Customer services	31%
6	Data governance / compliance	28%
7	Marketing	28%
8	Product development / product manufacturing	27%
9	CX (customer experience)	25%
10	Sales	24%
11	Supply chain management	24%
12	Accounts / finance	24%
13	Change management team	23%
14	Human Resources	22%
15	Network / store development	21%
16	Legal and compliance	19%
17	R&D	18%
18	HR	18%
19	Investor relations	12%

CHAPTER 2:

A workforce lacking in skills and training?

Finally, let's focus on the workforce and their skills. With "digital" being so far-ranging, and encompassing so many elements, it can be hard to find the right workforce to effectively deliver digital transformations. We wanted to explore this further.

On one side, 73% of transformers said it was hard for them to find the right people to effectively deliver complex digital change projects. But while it's hard, the good news is that 74% said they have the right skill sets within their organizations to achieve their goals for digital transformation.

One way to address any skills gap is obviously through training, yet 57% of our respondents admitted there was insufficient training to upskill the existing workforce to facilitate digital transformation.

57% OF TRANSFORMERS ADMITTED THERE IS INSUFFICIENT TRAINING TO UPSKILL THE EXISTING WORKFORCE TO FACILITATE DIGITAL TRANSFORMATION.

EXPERT OPINION:

VML

Expect change and embrace the need to change.

It's said that "Nobody likes change", but that's because it can be unsettling. In our experience, it's not necessarily the disruption inherent in the journey that disorientates employees, but the lack of a clear destination. Too many businesses fail to excite people about the opportunities inherent in transformation; less frustrating bureaucracy, more empowerment, clearer impact and a more fulfilling environment. And too many organizations lapse when keeping all stakeholders up to date with progress and delays.

The best advice imparted to me was to start every transformation program with a communications plan, not a project plan. Timelines will shift, priorities will adapt and progress is uneven. Clear communication and an unwavering commitment to the destination will increase the chances of successfully bringing stakeholders with you on the path to change.

At VML, our transformation teams are experts in people as well as programs. Understanding that change is reflected in behaviors – which are affected by motivations as much as governance – allows us to shepherd successful transformation through the most complicated, global organizations.

Alan Davies

Global Consulting Lead, VML

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Key actions

1. Create unified transformation governance by **establishing a central transformation office / PMO** that aligns goals across departments and reports directly to both business and IT leaders.

2. **Mandate active executive involvement** and demand regular hands-on engagement from C-suite in transformation initiatives.

3. Invest in workforce development by **creating structured digital upskilling programs** that target specific transformation needs.

SECTION 9:

Processes and change management

One of the biggest mistakes that can be made in any digital transformation project is to overlook the vital role of processes and people. In fact, 66% of transformers say that digital transformation projects focus too much on technology. All too often, getting the right technology in place is seen as the end-goal. Two-thirds of our respondents (66%) also agreed this is a mistake as it disregards the other vital components of digital transformation.

CHAPTER 1:

Ignore process change at your peril

In fact, 79% of our respondents said that digital transformation is as much about new processes as it is about new technology, while a further 74% said that more focus should be placed on amending processes to match changes in technology.

69% OF TRANSFORMERS SAY THAT PROJECT FAILURE IS OFTEN AS A CONSEQUENCE OF LACK OF CHANGE MANAGEMENT AROUND PEOPLE.

Another 61% said that there is insufficient change management when new systems and technologies are implemented.

But such is the dynamic nature of digital transformation, process change can itself evolve as a project develops. 78% of respondents told us that transformation projects would be more likely to succeed if training and processes were regularly revisited and amended to reflect changes to the program.

CHAPTER 2:

The role of humans

Let's be clear, although the noise around AI might sometimes have you believe differently, businesses are led, run and populated by humans, and their role in transformation programs is intrinsic and instrumental. Thankfully the transformer audience is aware of this, with 78% agreeing that digital transformation is as much about human beings as it is about new technology.

78% OF TRANSFORMERS AGREE THAT DIGITAL TRANSFORMATION IS AS MUCH ABOUT HUMAN BEINGS AS IT IS ABOUT NEW TECHNOLOGY.

That said, being aware of this and doing something about it do not necessarily go hand-in-hand. Two-thirds (68%) of respondents said that the impact of digital transformation projects on the human workforce is often overlooked.

CHAPTER 3:

Why change management is so important

Change management must be addressed and embraced head-on. The problem is that other areas of transformations often consume budget. According to 67% of our respondents, because changing technology can be so expensive and time-consuming, there is often insufficient budget and time for change management around people and processes. As a result, 69% claim that project failure is often a consequence of a lack of change management around people.

EXPERT OPINION:

VML

Why change management and enablement are key for successful transformation.

"This data confirms what we at VML already know: most digital transformations are failing because they're focused too heavily on tech. The 73% who say technology is over-emphasized are pointing to the fatal flaw in many transformations...

Too many businesses treat transformation as a software upgrade, not a complete overhaul. They ignore the people, neglect the processes, and then wonder why they're not seeing results.

At VML, we don't just implement technology; we transform businesses. We understand that lasting change requires a relentless focus on people, processes, and culture. Through our decades of helping clients to transform, we've seen it all, and we know exactly how to navigate these challenges. If you're ready to see your budget work a lot harder and start seeing real results with measurable ROI, it's time to talk to VML."

Shalina Ganatra

Head of Ecommerce Consultancy,
VML Enterprise Solutions EMEA

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Key actions

1. Balance technology investments with the requisite process redesign – you need both to succeed. **Put people at the center of your plans** by creating dedicated workforce impact assessments and adaptation plans.

2. **Protect change management budgets** and ring-fence funding for people and process changes separate from technology costs.

3. **Institute regular process reviews** and establish quarterly process adjustment cycles throughout the transformation.

SECTION 10:

Working with external partners

Many businesses strive – and would prefer – to keep digital transformation in-house. In fact, 66% of respondents said they favor managing digital transformation entirely in-house. While that may be the preference, the complexity of digital change often means that businesses must rely on the expertise and resource of external partners.

CHAPTER 1:

How reliant are businesses on third parties for transformation?

Our data tells us that, whatever the stated preference of businesses, 86% of all transformations rely on external partners, meaning just 14% start their projects solo. And, on average, the businesses that are using external partners are collaborating with three different partners.

86% OF B2B BUSINESSES ARE USING EXTERNAL PARTNERS (ON AVERAGE, THREE) FOR THEIR TRANSFORMATION PROJECTS.

But there is a clear quality deficit when it comes to finding the right partners, as 78% of transformers said they wish there were better third parties who could help them manage, deliver, and succeed with their digital transformation projects. This is actually lower than the global figure for B2C companies. So B2B companies seem more satisfied with the quality of third-party provisions for digital transformation. But that's not to say there is still plenty of room for improvement.

EXPERT OPINION:

VML

Partnerships and the need for openness, contextual understanding and coopetition.

"In today's complex landscape, successful transformations require strategic partnerships connecting multiple systems, solutions, services, and teams into a cohesive ecosystem – no single vendor can provide everything. Effective partnerships follow a framework approach, increasing efficiency by documenting and sharing best practices. You make partnership an active mindset, building effectiveness through deeper stakeholder relationships across all parties, not just focusing on commercial results.

VML orchestrates multi-partner ecosystems, championing customer experiences and coordinating technology implementations. We bring contextual understanding – often missing from transformations – to help client and partner teams design, build, and deploy user-friendly, flexible solutions. We commit to coopetition – bringing stakeholders, even competitors, together to build ecosystems that create opportunities and value for everyone. We help create a bigger pie, not just fight over the same pieces. For example, one client funded a global COE program based on savings from partner collaboration."

Martin Coady

Executive Director Marcomms,
VML Enterprise Solutions

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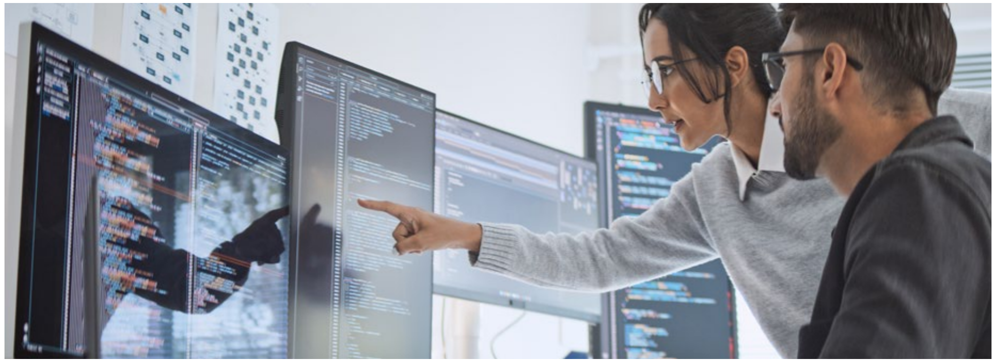

CHAPTER 2:

What types of third parties are being used?

The most striking finding is the clear dominance of IT-focused partners, with IT companies (34%), topping the list by a margin. After that, cybersecurity firms, software vendors, cloud service providers, tech and AI consultancies make up a strong supporting cast of tech-focused support.

What's unexpected is the relatively low position of traditional transformation leaders – large management consulting firms rank a lowly 11th (15%), suggesting a shift away from traditional consulting models towards specialized technical expertise.

78% OF TRANSFORMERS WISHED THERE WERE BETTER THIRD PARTIES WHO COULD HELP THEM MANAGE, DELIVER, AND SUCCEED WITH THEIR DIGITAL TRANSFORMATION PROJECTS.

It's also worth noting the emergence of AI companies (21%) among the top digital transformation partners. This suggests AI capabilities are now seen as more critical to transformation programs than traditional infrastructure support.

THE CLIENT'S VIEW:

United Rentals

"In our business, we are meeting and building trust with the person that you're helping to serve. So digital is always intended to enhance the relationship, not replace it. We want our people to be solving problems with customers, and offer expert advice, not processing transactions.

VML partners with United Rentals on the customer experience side – the website, digital commerce, digital marketing, the mobile app customers use to manage their rentals. VML pioneered all of that. And increasingly, they are helping run some of our innovation projects like on-demand rental in our app, where customers just walk up to a piece of equipment, scan a QR code and put it on rent right there."

Tony Leopold

Chief Technology & Strategy Officer,
United Rentals

What type of third parties are you using in your transformation project(s)?

IT companies	34%
Cybersecurity firms	23%
Software vendors	23%
Cloud service providers (CSPs)	22%
Technology consulting firms	21%
AI companies / consultancies	21%
System integrators	21%
IT staffing agencies	20%
Data analytics companies	18%
Digital marketing agencies	17%
Large management consulting firms	15%
UX / UI design agencies	14%
Independent management consultants	14%
Hardware vendors	13%
Research firms	13%
Niche consulting firms with areas of particular expertise	12%
Creative advertising agencies	12%
Venture capital and private equity firms	9%
Banks	8%
Offshore development centers	8%

EXPERT OPINION:

VML

Why IT-focused companies are the preferred partner on digital transformation journeys.

"The dominance of IT-focused companies in digital transformation partnerships reflects a fundamental shift: technology is no longer merely a supporting element, but the core driver of transformation itself. While strategic vision and change management remain crucial, businesses now require partners with the practical expertise to construct and implement their digital future. As our report indicates, the most sought-after capabilities are in areas like AI – which, at 42%, ranks as the most desired capability for transformation partners – alongside software development and cloud computing; the essential components for realizing tangible digital change.

VML Enterprise Solutions offers a unique blend of these critical skills and more. We combine a deep understanding of customer experience, a proven track record in ecommerce, and advanced capabilities in AI. This allows us to bridge the gap between strategic planning and practical execution, delivering measurable results that directly impact business performance. With 81% of businesses relying on external partners for transformation, our ability to integrate creative thinking with technical innovation and proficiency ensures that we can provide comprehensive solutions, tailored to unlock the full potential of digital transformation for our clients."

Nick Harry

CTO, VML EMEA

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CHAPTER 3:

What capabilities do external partners need to have?

In terms of the skill sets and capabilities businesses are looking for from transformation partners, the most striking finding is AI ranking joint top (34%), again supporting the fact that AI specialists are now highly sought-after transformation partners, and further underlining how AI has moved from being a specialty to a core requirement.

There's an interesting hierarchy in the technical skills. While hard technical capabilities dominate the top (with AI, cloud computing, software development making up the top 3), they're followed by broader abilities like innovation and emerging tech capabilities and evidence of previous digital transformations (both 30%). This indicates that companies want partners who can both execute technically and think ahead.

Again, traditional consulting capabilities rank surprisingly low: strategic business consulting skills (26%), change management (22%), and industry knowledge (28%) sit outside the top 10 requirements. This represents a significant shift from traditional transformation approaches.

What skills and understanding do your third parties need?

AI skills	34%
Cloud computing expertise	34%
Software development capabilities	31%
Evidence of delivery of digital transformation projects in the past including case studies	30%
Innovation and emerging technologies abilities	30%
Project management capabilities	30%
Deep understanding of cybersecurity	29%
Data and analytics – data warehousing, business intelligence	29%
Particular industry knowledge	28%
The ability to program manage large projects	26%
Strategic business consultancy skills	26%
Network infrastructure capabilities – designing, implementing and managing	25%
Change management expertise	22%
Creativity	21%
Business process engineering	21%
A clear view of what the future looks like	21%
Agile project methodologies	20%
Relationship management	19%
Strong financials	16%
Off-shore capabilities to reduce cost	15%

CHAPTER 4:

The importance of industry expertise

Businesses often gain comfort from third parties who have experience and knowledge of their own industry. We wanted to delve into this in more detail.

What's clear is that having expertise specific to the industry in which the transformation company operates is important when selecting a third party. This is something that an overwhelming 82% of our transformers agreed with, while 80% said that they would be more likely to select a third party who can provide evidence of expertise in their industry.

But all is not lost for third parties who don't have industry-specific expertise, as 49% of transformers said that they would consider working with third parties who have no expertise in their industry. It's also worth pointing out that, in the overall ranking of all skills, specific industry knowledge comes in 9th place.

EXPERT OPINION:

VML

How partnerships can deliver and support an always-on ecosystem of change.

"Digital transformation is empowered by a mindset of positive disruption and challenging the status quo. We've found that for successful transformation efforts, this is as applicable to thinking about capabilities as it is to operating models and ways of working – amplified by partner selection, not only for the transformation efforts themselves, but also execution in your future-state digital ecosystem. Finding a marriage between the two is essential. As a frequent transformation partner for organizations, both at an enterprise and micro-scale, we've embraced the mentality of being a strategic execution partner with skin in the game.

We think about this as our unique ability at VML Enterprise Solutions to close the think-make gap. Bringing outside-in perspectives and innovation to elaborate on your digital aspirations, implementation chops to bring those capabilities to life, and adapted delivery models to amplify your investments in digital and realize outcomes. The result is an ecosystem of change that is always-on, fostering continuous improvement and reducing 'discovery fatigue' that is often encountered in transformation efforts where there is a divide between strategy and execution."

Jason Reese

Global Vertical Lead – Healthcare, VML

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CHAPTER 5:

Third party selections for digital transformation journey stages ➔

Third party selections for: Digital transformation journey stages

Large management consulting firms	16%
Technology consulting firms	10%
Niche consulting firms with areas of particular expertise	10%
Independent management consultants	8%
Digital marketing agencies	8%
IT companies	7%
System integrators	7%
No preference	7%
System integrators	5%
Hardware vendors	4%
Cloud service providers (CSPs)	3%
AI companies / consultancies	3%
Data analytics companies	2%
Creative advertising agencies	2%
UX / UI design agencies	2%
Cybersecurity firms	2%
Research firms	1%
Venture capital and private equity firms	1%
Offshore development centers	1%
IT staffing agencies	1%

Third party selections for: Project management and planning

Large management consulting firms	16%
Technology consulting firms	11%
IT companies	10%
Niche consulting firms with areas of particular expertise	8%
System integrators	7%
Independent management consultants	6%
No preference	6%
Software vendors	6%
Digital marketing agencies	5%
Cloud service providers (CSPs)	4%
Creative advertising agencies	4%
Data analytics companies	3%
Hardware vendors	3%
AI companies / consultancies	3%
IT staffing agencies	3%
Offshore development centers	2%
Research firms	1%
UX / UI design agencies	1%
Cybersecurity firms	1%
Venture capital and private equity firms	1%

Third party selections for: Change management

Large management consulting firms	14%
Technology consulting firms	10%
Niche consulting firms with areas of particular expertise	10%
Independent management consultants	10%
IT companies	7%
No preference	6%
System integrators	6%
Digital marketing agencies	6%
Software vendors	5%
Cloud service providers (CSPs)	4%
Creative advertising agencies	4%
Hardware vendors	4%
Research firms	3%
Data analytics companies	2%
UX / UI design agencies	2%
IT staffing agencies	2%
AI companies / consultancies	2%
Cybersecurity firms	1%
Offshore development centers	1%
Venture capital and private equity firms	1%

Third party selections for: Organizational structure and realignment

Large management consulting firms	15%
Technology consulting firms	12%
Independent management consultants	9%
IT companies	8%
Niche consulting firms with areas of particular expertise	8%
No preference	7%
System integrators	6%
Digital marketing agencies	6%
Hardware vendors	4%
Creative advertising agencies	3%
Cloud service providers (CSPs)	3%
AI companies / consultancies	3%
Cybersecurity firms	2%
Research firms	2%
Data analytics companies	1%
UX / UI design agencies	1%
IT staffing agencies	1%
Offshore development centers	1%
Venture capital and private equity firms	1%
Other	1%

Third party selections for: Data

Data analytics companies	14%
IT companies	10%
System integrators	9%
Technology consulting firms	8%
Cloud service providers (CSPs)	8%
Niche consulting firms with areas of particular expertise	8%
Software vendors	6%
Large management consulting firms	6%
No preference	5%
Independent management consultants	4%
Digital marketing agencies	4%
AI companies / consultancies	3%
Cybersecurity firms	3%
Hardware vendors	3%
IT staffing agencies	2%
Creative advertising agencies	2%
Venture capital and private equity firms	1%
Research firms	1%
UX / UI design agencies	1%

Third party selections for: Technical and systems, development, architecture and integration

Technology consulting firms	17%
System integrators	14%
IT companies	13%
Large management consulting firms	7%
Niche consulting firms with areas of particular expertise	7%
Independent management consultants	7%
Software vendors	7%
Hardware vendors	5%
No preference	4%
AI companies / consultancies	3%
Digital marketing agencies	3%
Creative advertising agencies	2%
Data analytics companies	2%
UX / UI design agencies	2%
Cloud service providers (CSPs)	2%
Cybersecurity firms	1%
IT staffing agencies	1%
Research firms	1%
Venture capital and private equity firms	1%
Other	1%

Third party selections for: AI (usage and integration)

AI companies / consultancies	26%
Technology consulting firms	10%
IT companies	9%
Large management consulting firms	8%
Software vendors	7%
Independent management consultants	6%
Niche consulting firms with areas of particular expertise	5%
System integrators	5%
No preference	5%
Hardware vendors	4%
Digital marketing agencies	4%
Cloud service providers (CSPs)	3%
Creative advertising agencies	3%
Venture capital and private equity firms	1%
IT staffing agencies	1%
Cybersecurity firms	1%
UX / UI design agencies	1%
Research firms	1%
Data analytics companies	1%

Key actions

1. **Build strategic partner networks** to proactively create a balanced mix of internal and external expertise.

2. **Prioritize AI capabilities in partner selection.** With AI skills ranking as the #1 required capability, evaluate potential partners primarily on their AI expertise and innovation capabilities.

3. **Match partners to project phases.** Since different partners excel in different areas, create phase-specific partner selection criteria.

4. **Balance industry expertise with innovation** by prioritizing partners who combine sector knowledge with fresh perspectives and cutting-edge capabilities.

SECTION 11:

Brand and GTM

The scramble for digital transformation, while necessary, can fundamentally change what a brand is, what it stands for, what it sells, and how it goes to market (GTM). While many digital transformation projects focus on the internal changes required, the outcomes are ultimately how, where, and when a brand is viewed, the experience it offers its customers, the channels through which that experience is found, and how it sells. With this in mind, we wanted to look at the impact of digital transformations on brands, and how they go to market.

CHAPTER 1:

Aligning visions around digital transformation

When a business is experiencing change, it's important that its direction is clearly articulated and known. 83% of our transformers agreed that achieving successful digital transformation is more likely if there is a clear vision of where the brand and the business is heading in the future.

83% OF TRANSFORMERS BELIEVE THAT ACHIEVING DIGITAL TRANSFORMATION IS MORE LIKELY IF THERE IS A CLEAR VISION OF WHERE THE BRAND IS HEADING IN THE FUTURE.

A related idea is that having a core set of principles that guides behavior and decision-making also helps with digital transformations. Once again, this was felt strongly, with 79% agreeing. The same sentiment applies to company culture, with 85% saying that the culture of the business plays a major role in the ability to successfully deliver digital transformation.

And what about the role of purpose? Can this help with digital transformation? Once again, the answer is a resounding yes, with 74% of respondents saying that having a clear brand purpose that goes beyond just selling products and services helps to build a coherent, robust, and ultimately more successful digital change project.

EXPERT OPINION:

VML

How to sustain and reinforce your brand on a digital transformation journey.

"Digital transformation is not just about technology – it's about transforming the entire business, including the brand. Too often, companies get caught up in the technical details and lose sight of the core values that define their brand identity. To sustain and reinforce your brand during this journey, you must first clearly articulate those values and ensure they are woven into every aspect of the transformation. This means aligning your digital strategy with your brand purpose, ensuring a consistent brand experience across all touchpoints, and empowering employees to become brand ambassadors. When your brand values are at the heart of your digital transformation, you not only strengthen your brand but also create a more meaningful and engaging experience for your customers. And don't forget, digital transformation is an ongoing journey, not a destination. The digital landscape is constantly evolving, and brands must be agile and adaptable to thrive."

Naomi Troni

Global Chief Marketing Officer, VML

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CHAPTER 2:

The digital transformation challenge to brands

It seems as if every brand is on a path to digitization. And that's good – but only to a degree, as digital transformation can pose risks to brands. Half (50%) of our transformers fear they are losing brand identity in the rush to digitize everything.

50%

OF B2B TRANSFORMERS FEAR THEY ARE LOSING BRAND IDENTITY IN A RUSH TO DIGITIZE EVERYTHING.

The sheer number of channels that brands are having to bridge and populate in an omnichannel world is a major cause of these problems, leading to brand dilution, inconsistency and conflict. 56% of transformers said they have found it more difficult to maintain brand consistency across multiple sales channels than they originally expected. And 58% said that digital transformation strategies have been significantly complicated by the increase of new channels through which to sell.

To put it another way, when it comes to brands, more channels equals more problems. Furthermore, 65% of transformers opined that most businesses lack the foresight and innovation credentials to take advantage of new and emerging channels.

56%

OF B2B TRANSFORMERS SAID THAT THEY HAD FOUND IT HARDER TO MAINTAIN BRAND CONSISTENCY ACROSS MULTIPLE CHANNELS.

Creating differentiation between brands is a struggle too. If we consider shopping via branded websites, mobile sites and apps, many different brands from multiple different industries are offering very similar experiences.

This is a concern for many of our respondents, with 73% conceding they must work hard to create differentiation in the way that they tell their brand's story and how people experience it, while half (50%) say that digital transformation has killed the art of brand storytelling.

Another 48% went a step further, telling us that transformation efforts are creating more channel conflict as opposed to channel harmony.

Conclusion

Improving your digital transformation strike rate

Digital transformation remains a critical business imperative. Given the ongoing technological revolutions reshaping our world, given the promised benefits – game-changing efficiency gains, massive cost reductions, business operations built in the image of what customers want – who can afford not to go along for the digital ride?

Yet, in too many cases, the promise of digital transformation is not being realized. A 37% project failure rate tells us that a lot of decision-makers are struggling with how to succeed at digital transformation.

At the same time, improving the success rate of digital transformation projects is clear from our survey, as captured in the sections of this report:

- **Strategy:** Lock in a clear strategic vision, senior leadership commitment, objectives and timelines from the outset.
- **Budgets and objectives:** Develop flexible budget frameworks, formal processes for budget adjustments, ROI metrics combining operations and customers, and KPIs linked to business outcomes.
- **Customer experience:** Research customer needs and wants, map the customer journey functionally and emotionally, monitor changing customer demands.
- **Data:** Ensure rock-solid data foundations, create a unified data architecture, launch company-wide data literacy programs, upgrade real-time processing capabilities.
- **Technology:** Blend old and new tech, document your current tech landscape, sweat your current (legacy) assets, plan cloud integration.
- **AI:** Reassess transformation strategies through an AI lens, upgrade infrastructure for AI readiness, budget for AI, be flexible with AI implementation, take it step by step.
- **People:** Unify stakeholders via a central transformation office, mandate executive involvement, upskill your workforce around digital transformation.
- **Process and change:** Balance tech investments with process redesign, protect change management budgets, review processes regularly.
- **External partners:** Build a strategic partner network with skills matched to different transformation phases, and prioritize AI capabilities and a mix of category expertise with fresh perspectives.
- **Brand:** Don't lose sight of your brand vision and purpose; put your brand values at the heart of digital transformation.

Overall, the key takeaway is this: digital transformation is, at its core, a business transformation, not just a shift in technology. Successful organizations are treating it in terms of comprehensive business changes that balance technical innovation with human factors. This demands a shift in mindset, a willingness to challenge established norms, and a relentless focus on delivering exceptional customer experiences.

Ultimately, the organizations that will thrive, as the digital age continues to evolve and technological change becomes an accepted norm, will be those that embrace more flexible, integrated approaches designed to adapt in sync with continuous innovation while maintaining clear direction. The journey may be complex, but the rewards are well worth the effort.

How VML can help

For over two decades, VML has supported dozens of high-profile enterprises through their B2B digital transformation journeys. We've learnt from deep experience what makes digital transformation programs successful, as businesses seek to connect with a whole new generation of buyers and navigate the new disruptive forces in the B2B world with:

1) audiences and buyer groups shifting radically

2) erosion of trust and the hard-won prize of earning it

3) customers demanding more value beyond the transaction.

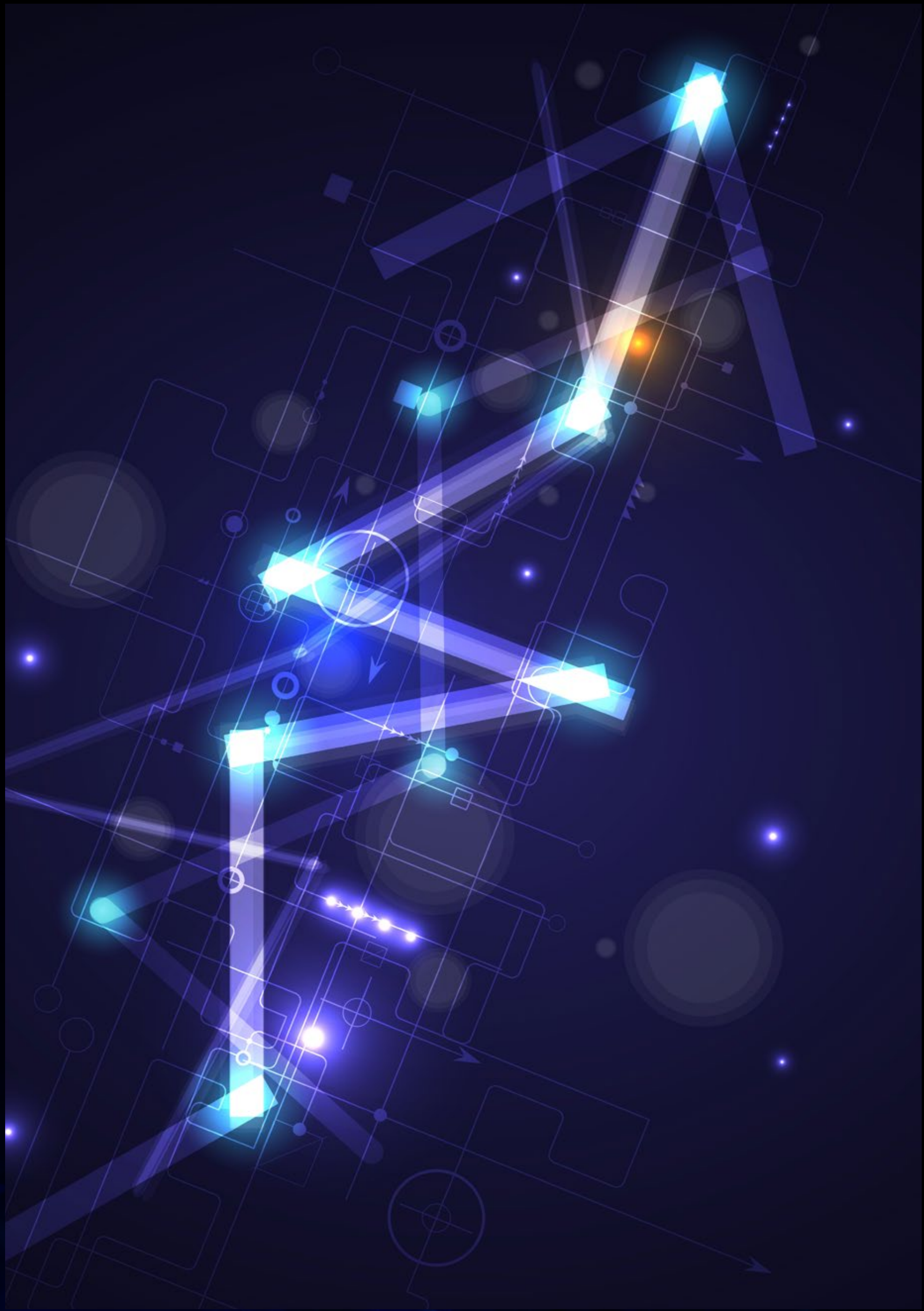
Our services include:

- **Strategy and Consulting**
- **Future Vision Development, Alignment, and Storytelling**
- **Technology Implementation and Integration**
- **Experience Design and Development**
- **Ongoing Support and Optimization**

We can also tailor services and solutions to suit the precise requirements of clients to help drive growth. We do this through the intersection of brand experience (BX), customer experience (CX) and commerce (CO) to drive growth through the customer lifecycle. This enables real connection, driven by emotion, delivered though data and technology.

If you'd welcome help and implementation on any of the key actions in each section, or a discussion on how to unlock the full potential of *your* digital transformation, please get in touch:

contact.ES@vml.com



About VML

VML is a global brand creative and digital transformation company that combines brand experience, customer experience, and commerce, to create connected brands that drive growth. The agency is celebrated for its innovative and award-winning work with blue chip client partners including AstraZeneca, Colgate-Palmolive, Ford, Microsoft, Nestlé, The Coca-Cola Company, and Wendy's. VML is recognized as a Leader by Forrester Wave™ reports for Commerce Services, Marketing Creative and Content Services, and is a Strong Performer in the Forrester Wave™: CX Strategy Consulting Services. It was also named a Leader in IDC MarketScape: Adobe Experience Cloud Professional Services and a Visionary in the Gartner Magic Quadrant for Digital Experience Services. VML's specialist health network, VML Health, is also one of the world's largest and most awarded health agencies. VML's global network is powered by 26,000 talented people across 60-plus markets, with principal offices in Kansas City, New York, Detroit, London, São Paulo, Shanghai, Singapore, and Sydney.

VML is a WPP agency (NYSE: WPP). For more information, please visit **www.vml.com**, and follow along on **Instagram**, **LinkedIn**, and **X** **#WeAreVML**.

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