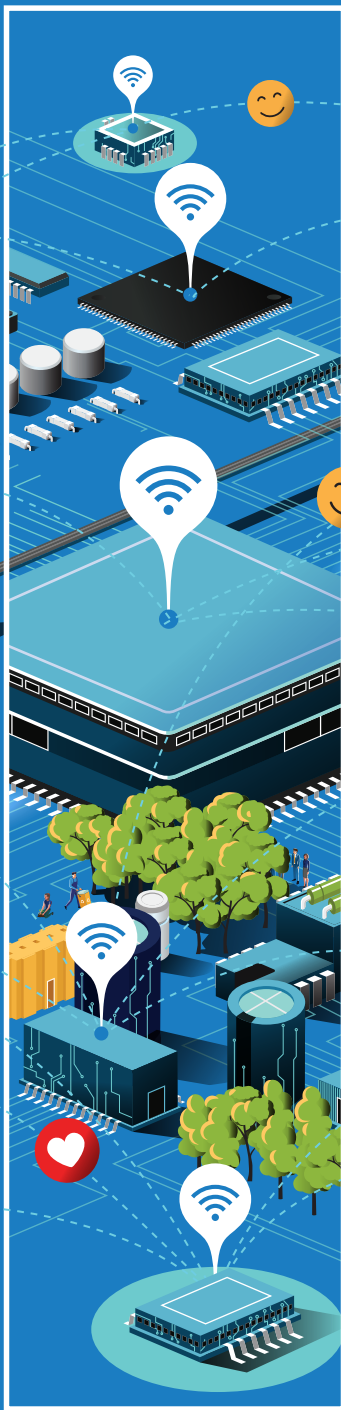


INFOSYS DIGITAL RADAR 2022

Purpose points
the way for digital
transformation

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Executive summary

The Watchers are gone. Companies that wait too long to adopt digital technologies cannot survive. In our 2018, 2019, and 2020 research, we found a sizable group of these “Watchers” — but not in 2021.^{4,5,6} Rates of digital adoption have risen steeply across all industries.

Transformation initiatives are winning the hard-fought battle for efficiency. Yet, the transition from remote work to the hybrid workplace requires renewed focus on the human element.

All business is digital, yet digital for its own sake is not enough. Environmental, social, and governance (ESG) factors have evolved from compliance to market imperative. Now the focus shifts to tech for good and an integrated digital and ESG strategy, as enterprises face an uncertain but hopeful future.

Digital Radar 2022 sheds light on how to adapt for the new era ahead. We surveyed nearly 2,700 leaders from 1,300 companies globally in 2021 and interviewed executives at top companies to understand the extent to which businesses have adopted digital technologies, how effective those technologies are, and the relationship between ESG commitment and digital transformation. Our major findings are outlined below and will help leaders prepare for 2022.

The digital floor has replaced the digital ceiling

Digital Radar 2020 found that most companies come up against a “digital ceiling” and could not reach the most advanced levels of tech adoption. Now nearly all companies have significantly implemented digital technologies, many breaking through that ceiling from previous years. The digital ceiling has become the digital floor — the once-difficult adoption threshold has become the minimum standard. This means that companies must use digital to differentiate beyond traditional IT metrics.

Beyond efficiency, experience guides

The primary reason companies used technology in our previous research was to improve efficiency. Technology meets that goal better than ever. However, companies now emphasize experiences, and tech only partially meets this need. To increase tech effectiveness — the extent to which initiatives meet their business objectives — companies must continuously recalibrate for human-centric, experience-based outcomes.

ESG commitment provides direction and clarity

For much of the past decade, companies have aggressively pursued technology adoption. This year’s analysis shows digital adoption on its own is no longer sufficient. Strong ESG commitment provides the people-focused framework to steer technology in the right direction.

Purpose points the way for digital transformation

Companies can gain \$357 billion globally through transformation programs that are guided by company purpose, including a strong commitment to people through ESG initiatives. We identified four ways to unify digital adoption and purpose:

1. Integrate experience into the operating model
2. Elevate the human element across the life cycle
3. Build diverse, dedicated teams so that tech solutions meet the needs of all
4. Measure initiatives using ESG targets

This report explores these four actionable steps to guide companies to increase transformation effectiveness, strengthen profitability, and fulfill their purpose.

The digital floor has replaced the digital ceiling

Infosys Knowledge Institute has formally tracked digital transformation since 2018, building on a decade of observation and experimentation.^{7,8,9} Each year, we found that companies adopted progressively more technology. In 2021, that was still true, but we discovered a distinct shift: Companies need technology to do more than improve efficiency, and technology is still not delivering on these new goals. Further, technology adoption alone no longer drives profits.

We surveyed nearly 2,700 digital transformation leaders, representing 1,300 companies, from the U.S., Europe, and Asia (see Appendix). This survey, executive interviews, and secondary research, conducted in the second half of 2021, provided input across strategic issues and 19 leading technology initiatives. We examined (a) *technology adoption*, the extent to which a company uses a given technology, (b) *transformation effectiveness*, the extent to which these programs meet their primary goals, and (c) *environmental, social, and governance (ESG) commitment*, how enterprises score on several ESG-related characteristics.

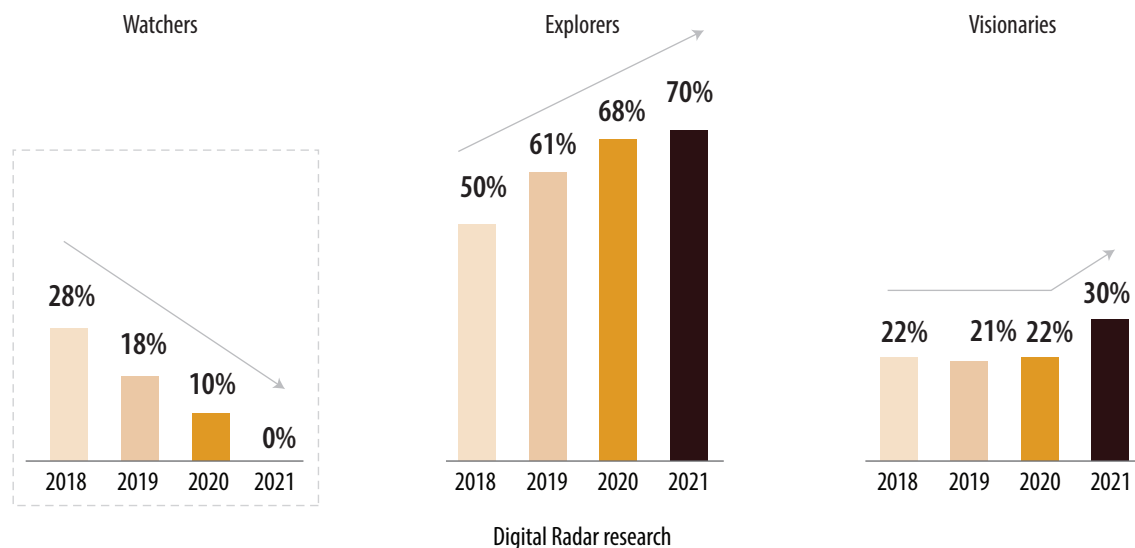
These three dimensions — in combination — are necessary ingredients for successful digital transformation. Our previous research showed that adopting Agile, cloud, and other technology led to better operational and financial benefits.^{10,11} It's not that simple anymore, as more companies approach digital maturity. This year's Digital Radar provides evidence for what business leaders have long believed: Technology alone does not deliver success.

Sunset for Watchers

In 2018, 2019, and 2020, we found that a meaningful portion of businesses lagged far behind, watching the technology journeys of others before starting their own. That is no longer the case.

Those "Watchers" are gone (see Figure 1). They either stopped watching and started adopting, or no longer operate as an independent business. All respondents reached adoption levels of the middle-tier Explorer or the top Visionary cohorts.

Figure 1. Watchers disappear



Source: Infosys Knowledge Institute

"Wait-and-see is no longer a plausible approach to technology. Natural selection — and 21st century business expectations — dictate companies adopt digital or die."

— Ravi Kumar S
President, Infosys

Adoption is no longer enough

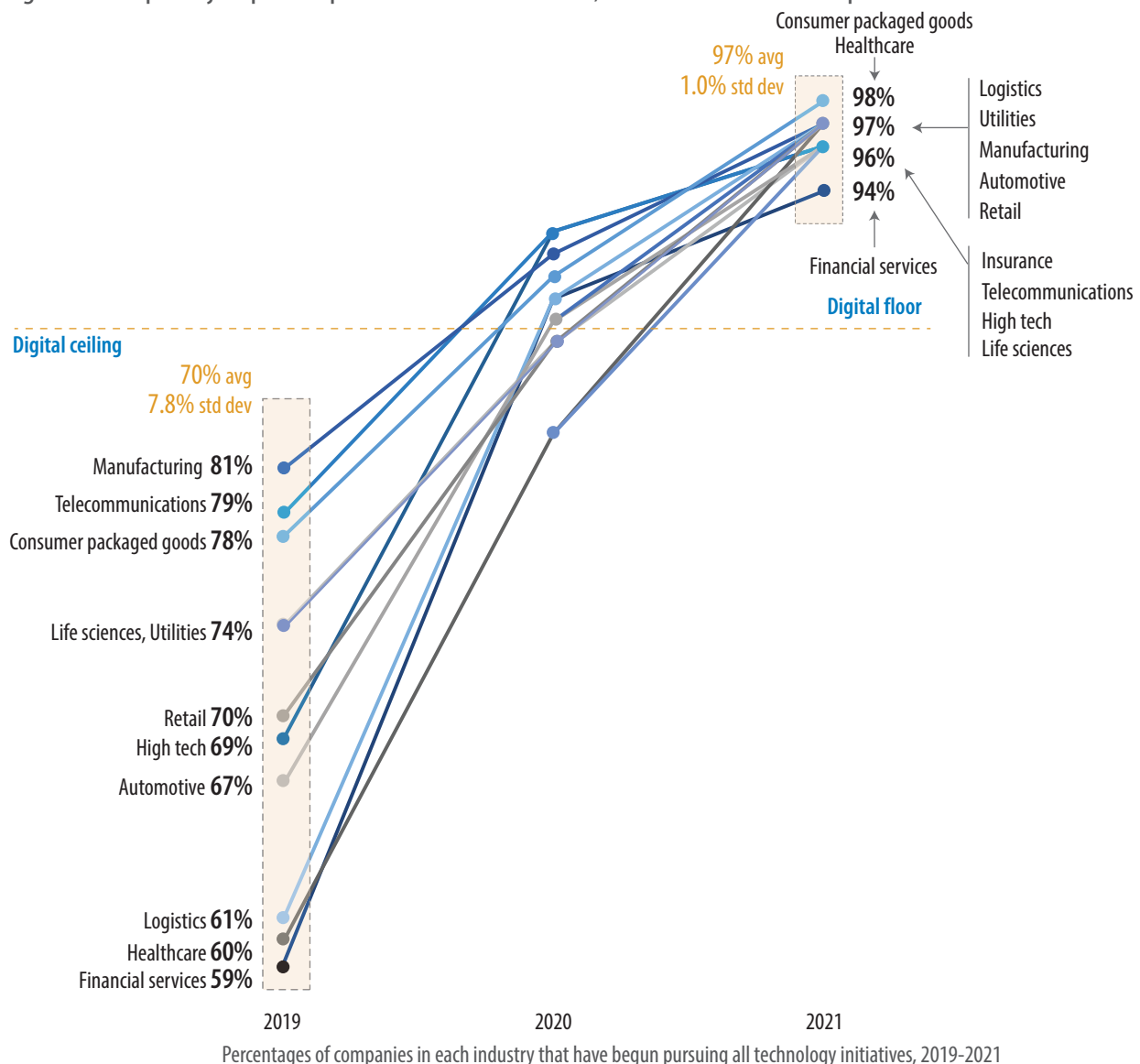
Last year's Digital Radar found a "digital ceiling" that many companies could not break through to reach the most advanced digital adoption. Now companies have broken through that barrier, and being a top adopter is no longer an operational or financial differentiator — it is table stakes in the new high-limit game of disruptive corporate poker. Instead of breaching a digital ceiling, companies need to transcend the "digital floor" — else they, like the former Watchers cluster in our research, will not exist.

"All companies want to be technology companies. Every industry wants to associate itself with

technology now," said Manish Tomar, chief information and digital officer for KPMG.

We found that companies across all industries have rushed to broadly implement technology — more than 90% indicated they had at least started to adopt the tech initiatives surveyed. The industry adoption rate increased from 70% to 97% — a stunning increase. Further, the standard deviation decreased from 7.8 to a near-commoditized 1.0, signifying the digital floor. (See Figure 2.)^{12,13}

Figure 2. Adoption jumped 27 percent across industries, while variation fell 87 percent



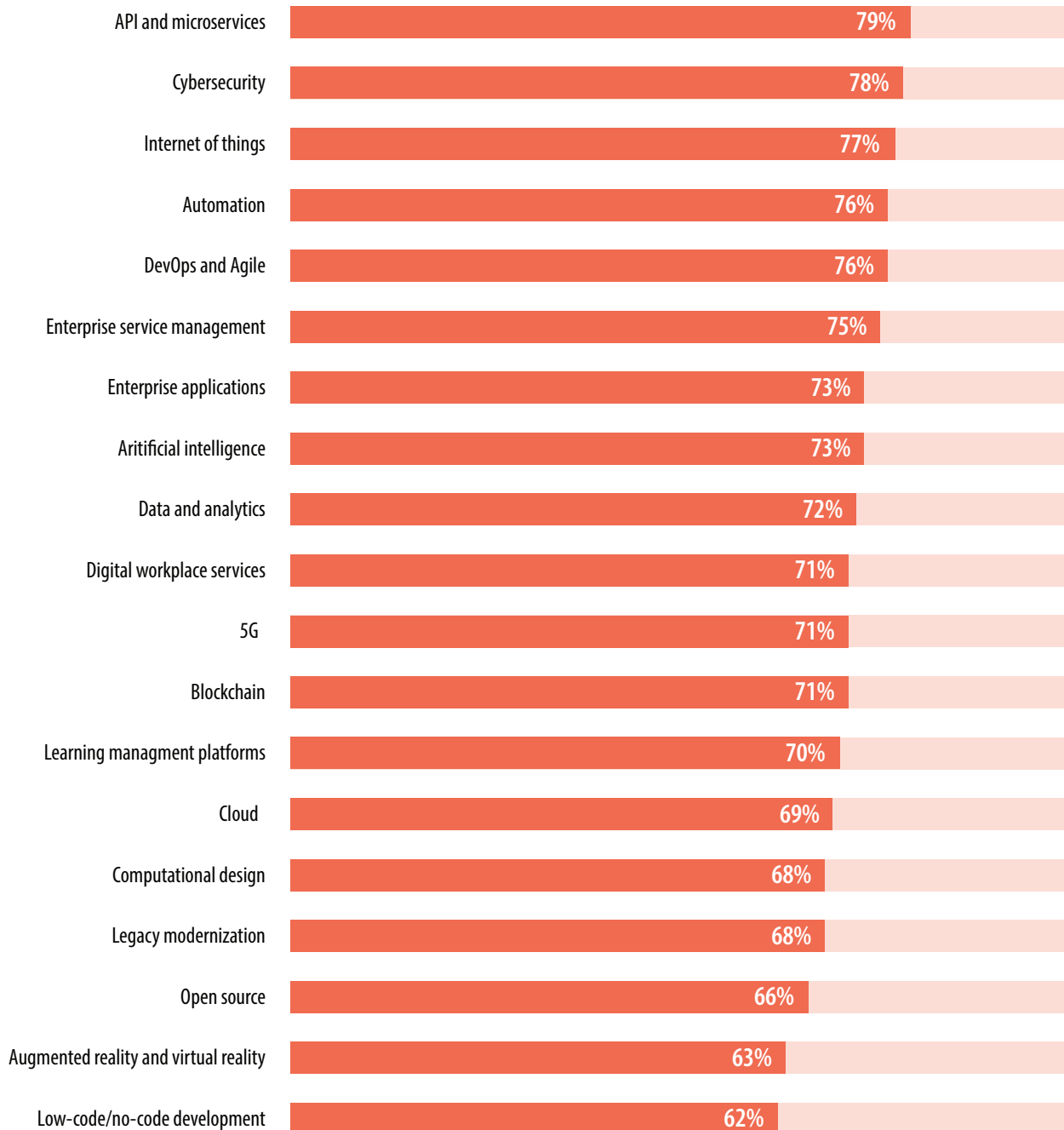
Source: Infosys Knowledge Institute

Companies significantly increased adoption for each of the 19 technologies covered in our research, both established and emerging ones (see Figure 3). Companies are keen to pursue emerging technologies: Most respondents reported implementing artificial intelligence (AI) and blockchain (73% and 71%, respectively). While these represent significant levels for each (over two-thirds), this suggests that once

emerging technologies (like AI) show real promise, enterprises are moving more quickly and more aggressively to implement them than in earlier times.

In 2022, companies expect to aggressively move IT systems and business functions to the cloud.¹⁴ Cloud and legacy modernization are important catalysts to realize the value of blockchain and other newer technologies.

Figure 3. Digital initiatives have reached a two-thirds adoption level across companies



Source: Infosys Knowledge Institute

Pervasive adoption leads to decentralized tech

Digital is so widely adopted that it has blurred the line between the business and technology functions. Emerging technologies are moving from technologists into the hands of users.

“Low-code/no-code platforms enable users to create solutions themselves, within the business function,” KPMG’s Tomar said. “Technology leaders need to realize the train is moving on, with or without them. We need to get on it or we’ll be left behind.”

The challenges of a federated, decentralized tech estate are coming into focus. For example, a novice

programmer using low-code/no-code tools could add security holes to a company’s codebase. Technology experts remain relevant by guarding against these risks in a world where business and tech borders have faded.

While the rise of citizen developers is a good thing — no more “us” and “them” — companies are struggling to govern assets without bogging them down in bureaucracy. Also, they are developing standards to qualify citizen developers and ensure they are educated to be responsible with the technology.

Technology adoption gives way to effectiveness

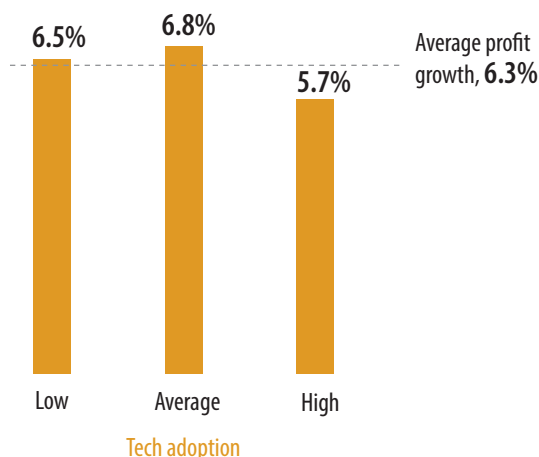
In previous years, high levels of tech adoption set companies apart. With adoption levels soaring since the pandemic,¹⁵ this year we evaluated how businesses benefit from this extensive tech adoption. Our initial hypothesis tested for evidence that high adoption levels benefit business. We found something less direct and more complex — a point of diminishing returns and a new differentiator, effectiveness.

Tech adoption alone does not deliver financial benefits. Companies with above-average adoption rates actually generated slightly less profit growth than those with lower adoption. Since companies with average (or lower) tech adoption generated higher profits, the data suggests other factors are at work (see Figure 4).

We found that what matters now is how *effectively* companies use that technology — that is, how well a technology meets its primary goal. Further, companies are more effective when they increase their impact on stakeholders.

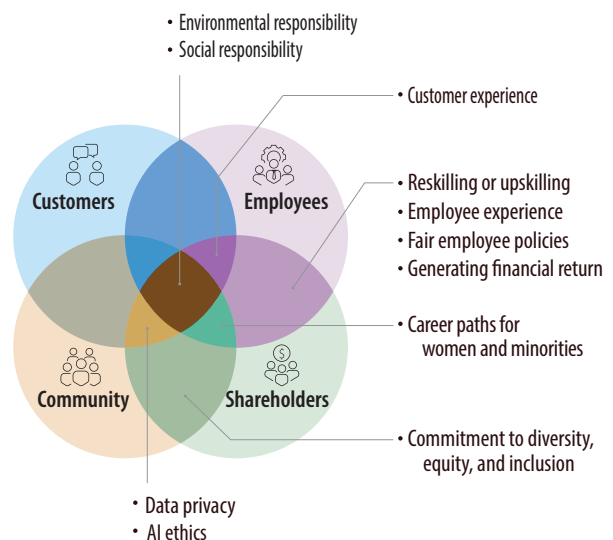
There are many ways that companies can create positive impact for stakeholders. Through exploratory research, we identified eleven of the most relevant practices and their relationships are shown in Figure 5. They include overall environmental and social responsibility and specific items like career paths for women and minorities, data privacy, and AI ethics.

Figure 4. Higher levels of tech adoption do not lead to higher profits



Source: Infosys Knowledge Institute

Figure 5. Human-centered practices and the stakeholders they impact



Source: Infosys Knowledge Institute

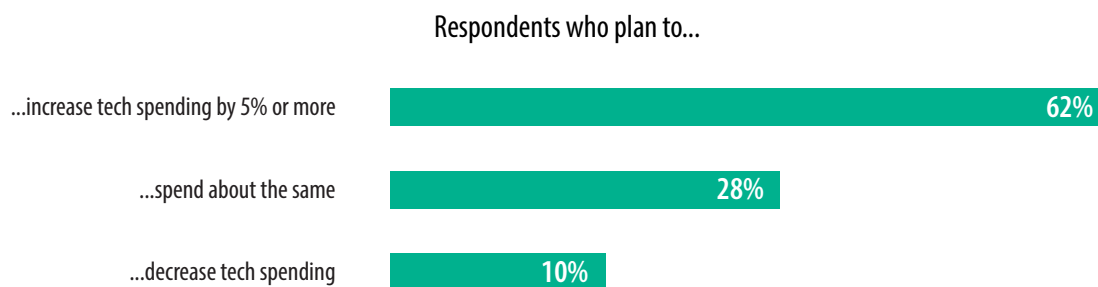
"Realizing ROI from technology investments takes time, requires vision and persistence in execution. Taking a microchange approach ensures continuous and incremental value realization" said Mohammed Rafee Tarafdar, Infosys's chief technology officer.

A clear understanding of what, how much, why, and how companies use technology will continue to be important going forward — spending on digital shows no signs of abating. Sixty-two percent of respondents

say they plan to increase their tech spending by 5% or more. Only 10% projected a decrease in tech spending, and 28% say they will spend about the same amount (see Figure 6).

As Mohit Joshi, president of Infosys, describes: "Increased technology should not mean increased complexity. Technology can — and should — simplify the landscape, which in turn increases agility."

Figure 6. Most companies intend to increase tech investments



Source: Infosys Knowledge Institute

"Taking a microchange approach ensures continuous and incremental value realization."

— **Mohammed Rafee Tarafdar**
Chief Technology Officer, Infosys

Beyond efficiency, experience guides

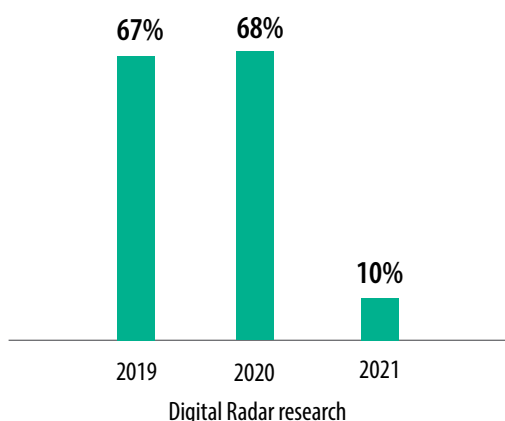
Goals have shifted and technology has not caught up. Executives have long wanted technology to deliver efficiency — and it does. However, now they need technology to provide the kind of experiences people expect today, and to have a positive impact. Tech today needs to do more good, not just do more.

Now that “every company is a tech company,” or so it seems, IT is tightly linked to the business and just as sensitive to disruption.¹⁶ Moreover, goals continue to shift at both the micro (project) level and the macro (ecosystem) level. While old school objectives of schedule, budget, and quality still exist, transformation leaders also need to consider ever-changing customer and employee expectations, and an increasing list of ESG-minded stakeholders.

Innovation and experience overtake efficiency

Not only have companies dramatically increased technology adoption, what they are using technology to accomplish has also changed substantially. This year, only 10% prioritized efficiency, compared with nearly 70% in our Digital Radar 2019 and 2020 research (see Figure 7). The primary goals for technology are now innovation, developing a data-driven culture, improving customer engagement, and creating new business models.

Figure 7. Efficiency plummets as a transformation goal



Source: Infosys Knowledge Institute

“Technologies such as artificial intelligence, automation, and data analytics have demonstrated the potential to transform businesses, drive new business models and create network effects through ecosystem plays. But those are hefty goals that require clear strategy and collaboration across internal and external ecosystems,” said Sunil Senan, senior vice president and head of data and analytics for Infosys.

Fumbi Chima, chief information officer of Boeing Employee Credit Union, explains the importance of technology and goal alignment. Chima and her group make technology decisions based on strengthening ties to its 1.3 million member-customers. “The thing we want technology to do is help us be closer to our customer,” she said.¹⁷

KPMG’s Tomar said his business looks at digital transformation as going beyond delivering efficiency and automation to creating a unified enhanced experience. “For every digital asset that we deploy, we ask: How is it going to enhance the experience of our partners, professionals, and customers? How is that asset going to improve our ability to personalize their experience?”

The strategy gap: desired > delivered

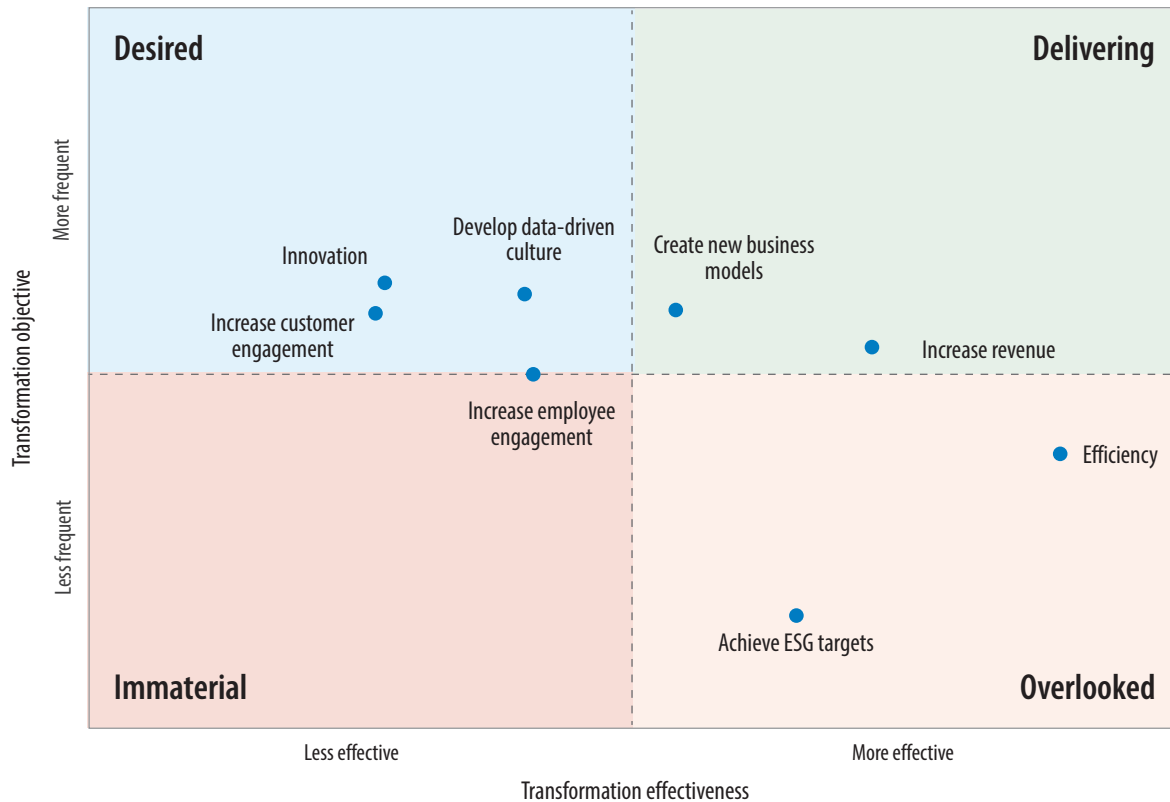
We asked respondents to rate how well their technology programs met their needs, across eight objectives selected on the basis of relevance and impact. Figure 8 examines the most frequently chosen of these eight transformation goals (vertical axis) versus how effective that technology is at meeting that goal (horizontal axis).

“The thing we want technology to do is help us be closer to our customer.”

— Fumbi Chima

Chief Information Officer, Boeing Employee Credit Union

Figure 8. The most frequent transformation objectives tend to be the hardest to achieve



Source: Infosys Knowledge Institute

Tech continues to deliver efficiency, in fact better than any of the goals, yet only 10% of respondents identified it as their primary goal. While 43% of respondents prioritized “innovation,” “increase customer engagement,” and “develop data-driven culture,” these goals were judged as less effective (upper left quadrant). Creating “new business models” and “increasing revenue” were both popular and effective in delivering tech value (upper right quadrant).

“Achieve ESG targets” was the least popular of these strategic objectives yet was judged as one of the most effective at delivering value from technology programs. This reinforces the results of our research,

that ESG is still emerging as a technology program driver yet is already making an impact on the human element in project delivery.

KPMG’s Tomar said his firm sees great promise in technology to change how it engages with customers.

“If we have a good inventory of information about a specific industry, market challenges, and customers, we can approach a customer in a much more targeted, personalized fashion,” he said. “In the past, campaigns were much more generic — at best, targeted at an industry. Insights at the customer level were very limited.”

“Now we can have the conversation the customer is interested in,” he said.

ESG provides direction and clarity — and profits

Companies that have a strong ESG commitment also use their technology more effectively. This is not a coincidence or wishful thinking. Regardless of country, industry, or company size, we found that ESG commitment significantly impacts transformation effectiveness.

ESG commitment informs company culture, shapes mindset, and provides a purpose that guides decision-making up and down the line. ESG provides direction, whether for first-line employees making project decisions or executives addressing strategic change. Companies use technology more effectively when project and organizational charters include the human values reflected in ESG commitment.

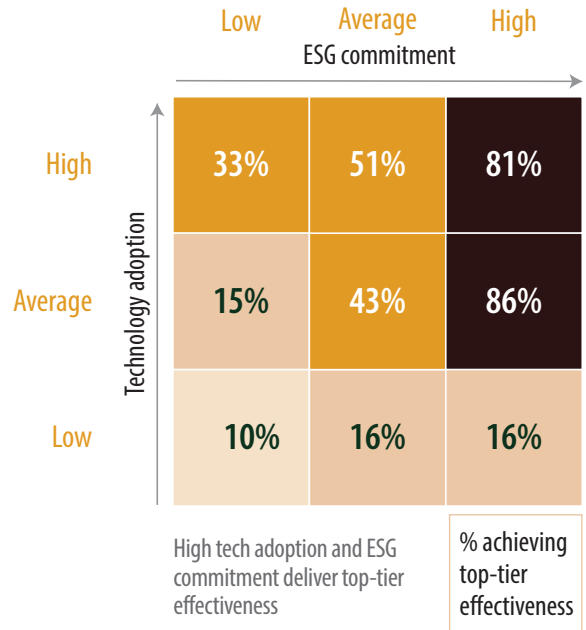
Figure 9 shows the relationship of ESG commitment and technology adoption to effectiveness. The percentage in each cell indicates the likelihood of being effective (also a proxy for greater profitability). The dark squares in the upper right corner highlight that when companies have average or high levels of tech adoption and strong ESG commitment, more than 4 times out of 5, they also use technology most effectively.

Figure 10 shows the relative impact of increasing ESG and tech adoption. Consider a company with average tech adoption and average ESG commitment (the middle square). Improving ESG results in materially higher effectiveness than increasing adoption level, with companies twice as likely to be effective. While technology adoption continues to add value, ESG commitment has emerged as a value driver in its own right, perhaps even more so, given its early maturity stage.

“Companies that apply purpose to translate strategy through technology will create benefits for the bottom line, planet, and people.”

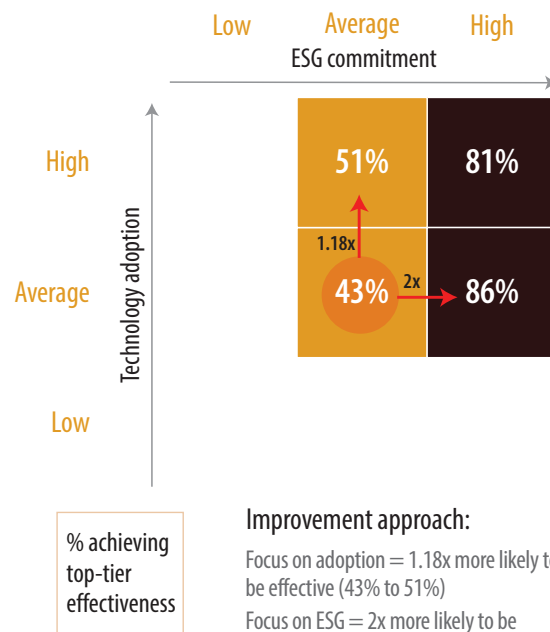
— Mohit Joshi
President, Infosys

Figure 9. Tech adoption and ESG commitment combine to deliver effectiveness



Source: Infosys Knowledge Institute

Figure 10. Companies can increase their transformation effectiveness by increasing adoption and double it through ESG commitment



Source: Infosys Knowledge Institute

KPMG's Tomar said businesses are embracing environmental and societal goals more readily in their normal course of business. In doing so, achieving these goals becomes easier.

As the world demands more sustainable business practices, our research revealed a strong link between ESG and effectiveness. Those that capitalize on this link are best placed to succeed in the decade ahead, from actual business value and by anticipating regulatory requirements.

Consider these examples.

IKEA, the Swedish furniture retail company, has undergone a massive digital transformation over the past three years — with employees and customers at the center. The company has focused on “human-centric technology,” considering how they should use technology rather than only what they could do. In this three-year transformation, IKEA's share of revenue from e-commerce has jumped from 7% to 31%.¹⁸ Moreover, from 2017 to 2020, the company produced strong profit growth of 24%, despite just a 1% increase in revenue.¹⁹

Microsoft is rated among top performers on ESG parameters. It has consistently been rated AAA in MSCI's ESG ratings (the highest on a scale from CCC

to AAA) from 2017 through 2021.²⁰ How has this translated to financial success? The company has been identified as a Leader in several Gartner Magic Quadrants, including those for Unified Endpoint Management (UEM) tools, Cloud Access Security Broker (CASB) solutions, and Access Management.²¹ It also tops the Investor Business Daily's 100 Best ESG Companies list for 2021.²² This technology and ESG performance contributes into superior financial growth: From 2018 to 2021, Microsoft's profits grew by 55%, while revenue grew by 15%.²³ While Microsoft has been hitting on all cylinders and causation is difficult to establish, this is another high-profile example of ESG excellence correlating strongly with traditional operational and financial performance metrics.

Infosys has a long tradition of corporate sustainability, including achieving carbon neutrality in 2020. Recently it established ESG Vision 2030, a 10-year plan for commitments to the planet, people, and other stakeholders. The company has already made significant progress on this plan: launching a negative carbon plan, bringing digital learning tools to more than two million users online, and achieving ISO 27701 privacy certification. Beyond the societal benefits, these initiatives make business sense: reducing waste, nurturing a learning culture, and respecting stakeholder privacy rights.

“Using ESG metrics is becoming a way of life more than something you think of only in terms of ratings.”

— **Manish Tomar**

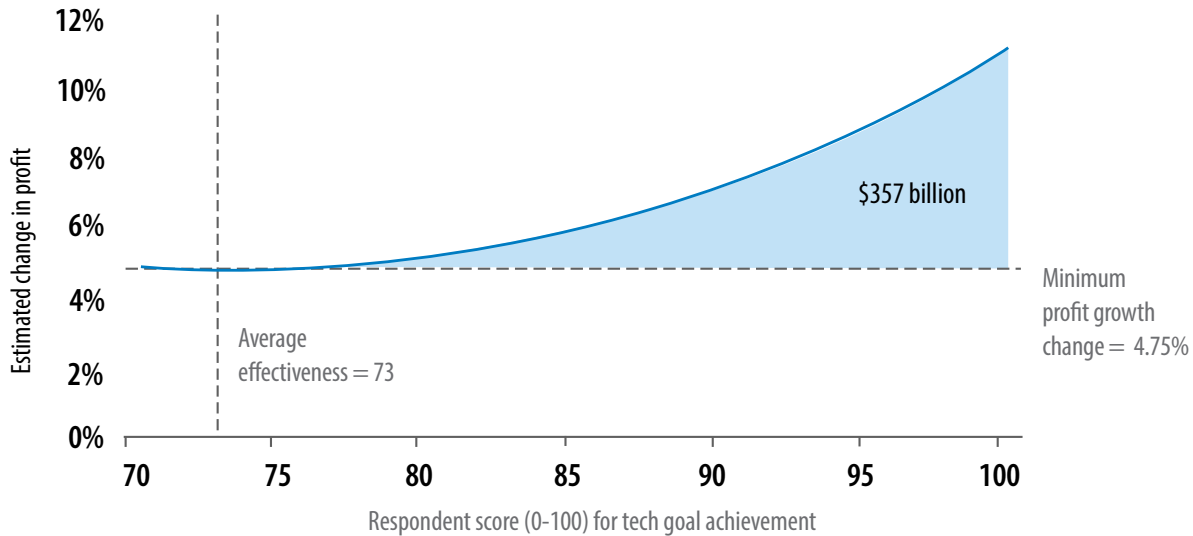
Chief Information and Digital Officer, KPMG

Increasing effectiveness can add \$357 billion in profits globally

Improving transformation effectiveness can increase profits globally by \$357 billion (see Figure 11). This number represents the incremental profit through improving effectiveness on par with the top respondents in our survey.

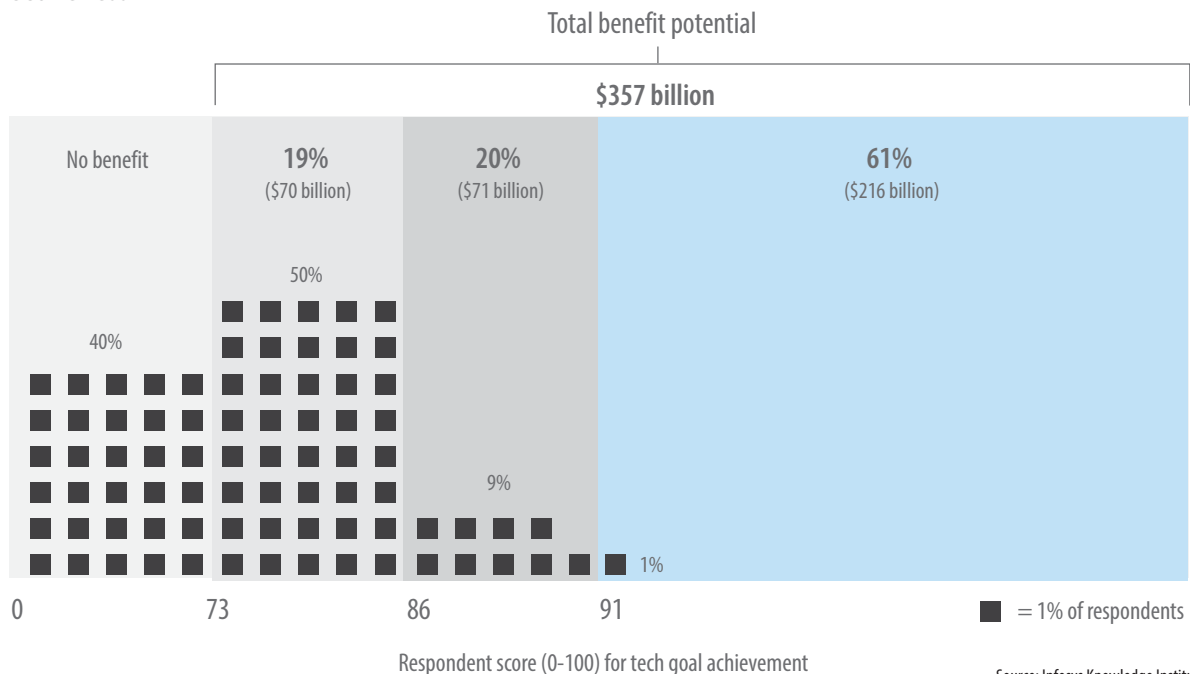
The value relationship is nonlinear, though incremental gains above the average only yield small benefit. The vast majority of the profit potential (\$287 billion) is from improving from 86 to 100 on our technology effectiveness measurement. Only 10% of companies were in this range (see Figure 12).

Figure 11. Improving transformation effectiveness can boost profits \$357 billion



Source: Infosys Knowledge Institute

Figure 12. 90% of companies can dramatically increase profitability through improved transformation effectiveness



Source: Infosys Knowledge Institute

Technology with purpose delivers better results

Trends we identified in our previous research have accelerated in the past two years: Technology adoption is rapidly increasing, the war for talent rages on, and stakeholder value has taken its place alongside shareholder value as a boardroom priority.^{24,25}

To keep pace, companies need both high levels of technology adoption and a deep commitment to people, as identified through our assessment of ESG commitment. Together, they provide purpose and direction for today's powerful tech tools.

Digital alone is not living up to its promise. Intended technology outcomes, such as improving customer engagement, are not comprehensive enough and not always delivered. Even customer metrics have evolved from “well-priced quality, quickly” to “rich experience, with purpose.” That purpose includes customer perception of corporate practices, and in the case of employees, additional dimensions of opportunities and support.

In a similar vein, the triple bottom line (people, planet, profits) is not delivering the value John Elkington intended when he coined the term nearly 30 years ago. In his words: “Unless and until we can integrate all of this into real-world solutions, this is not going to work.”²⁶ Further, “For many companies, ESG is box ticking and window dressing.”²⁷ Even this imperfect strategy may have served companies well in recent times — ESG funds outperformed the S&P 500 in 2020 and early 2021 — but it remains to be seen whether financial markets are in an ESG bubble and if ESG ratings reflect any material impact on corporate financial fundamentals.^{28,29,30}

Our study sheds light on these unknowns, relative to transformation initiatives. First, we showed that ESG orientation creates positive impact on transformation effectiveness. Second, our findings suggest that when a company focuses on the human purpose underlying ESG, employees believe the company is more environmentally responsible, more socially responsible, and delivers greater value for shareholders. Other recent research confirms this impact on hiring and retention.³¹

Companies have made tremendous strides in digital transformation over the past decade, and especially the past two years. They can build on these successes, applying the same basic ingredients for successful transformation to ESG initiatives: good science, solid engineering, and human commitment.

ESG initiatives ensure that people stay in the picture. ESG is more than well-intended corporate morality and compliance — it is a modern lens that is both market-aware and employee-sensitive, simultaneously outside-in and inside-out. We see an evolution from compartmental corporate social responsibility and “do good while making money” to integrated ESG and “generate impact through a single sustainable bottom line.”

The research provides a clear message that transformation criteria and capabilities have evolved, and ESG practices have become an integral component of transformation success. Adopt new technology with a human focus, and transformation effectiveness — and greater profitability — will follow.

“Profit with purpose is an organization’s appreciation of addressing sustainable value creation for all its stakeholders, including shareholders, employees, clients, vendors, environment, and the society at large.”

— Nilanjan Roy

Chief Financial Officer, Infosys

Unifying ESG with digital transformation

Our study found that digital adoption and ESG orientation individually drive profits — to a point — but they are better together. The combination of digital and ESG has a synergistic effect to create greater profitability.

“Companies are facing immense pressure to announce big ESG commitments — but there remains great internal reticence and uncertainty around how they will meet these commitments with confidence,” says Deepak Padaki, EVP of Strategy and Chief Risk Officer at Infosys. “While there are clear ethical and moral reasons for ESG, the important link between ESG and profitable growth — the ROI — is as yet not clear.”

Our study shows this link, reinforcing other recent research.³² However, the value ESG provides does not arise merely from obligatory metrics and compliance — it is generated from an underlying commitment to the concepts behind those metrics, that is, purpose.

We identified four approaches to amplify purpose and increase transformation effectiveness:

1. **Integrate experience into the operating model**
2. **Elevate the human element across the life cycle**
3. **Build diverse, dedicated teams so that tech solutions meet the needs of all**
4. **Measure initiatives using ESG targets**



“We must bring ESG and company strategy into a single narrative.”

— Deepak Padaki

Executive Vice President, Strategy and Chief Risk Officer, Infosys

1. Integrate experience into the operating model

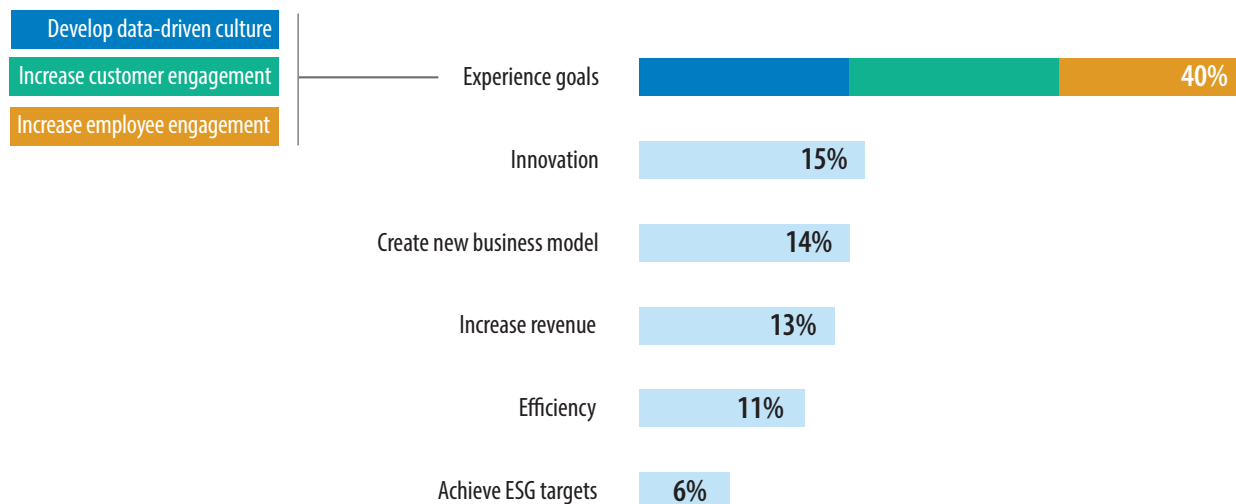
Efficiency is necessary but no longer sufficient. Strategic differentiation is required to avoid the commoditization that even operational excellence cannot prevent. Companies need to do more than just be efficient, and tech adoption for its own sake risks becoming a modern day regression to the mean. In a world of ubiquitous technology, what is the next differentiator?

Our research found that people-focused experience goals such as improving customer engagement and building a data-driven culture have become more popular than tech-driven efficiency (see Figure 13). Companies accomplish these people-oriented goals by focusing on human experience, the new driver of value creation. In this landscape, organizations adopt design principles and deliver experiences that meet growing customer and employee expectations and lead to better business outcomes. "Digital transformation should provide an experience that is both intuitive and tailored to specific user needs," said Joshi.

As explained by Skyler Mattson, President of WONGDOODY, "Human experience companies understand the human problems that they are trying to solve with innovations, and they put the human at the center of everything they do."³³ Computational design is an example of how to quantify that experience. The combination of qualitative thick data and quantitative big data provides a more complete perspective into user needs, so solutions can ultimately deliver a richer experience.

To provide these human experiences, strong environmental and societal practices need to be visible across the operating model. Dee Mc Laughlin, senior vice president of global brand marketing at Capital Group talks about the increased scrutiny in financial services to be values-focused. She describes that companies must "visibly demonstrate support for gender equality and inclusion in the workplace" and to "stand up for racial equity, to use business clout to drive positive change."³⁴

Figure 13. Businesses want tech to address experience goals more than efficiency



Source: Infosys Knowledge Institute

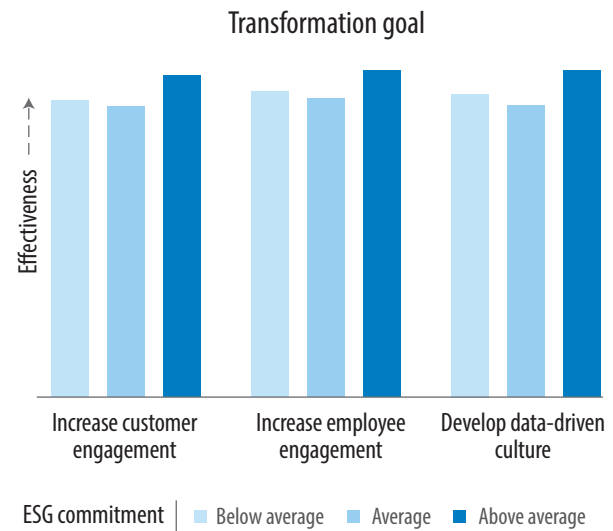
The modern operating model values interactions over transactions, and human experiences must be adaptable, inclusive, and measurable. Solutions need to be adaptable so organizations can react to change in a fast, frictionless, and cost-effective way.³⁵

Inclusivity casts a wider net of the human experiences a company can provide. In the words of Kat Holmes, senior vice president of product experience at Salesforce: “Inclusive design focuses on including people who have been systematically excluded from your product or experience.”³⁶

Finally, human experiences need to be measured — and not just after product release. Measurement needs to be a core part of design, built into its DNA from inception.³⁷

Digital Radar 2022 finds that increased ESG commitment and better use of tech for people-oriented goals go hand-in-hand (see Figure 14). While efficiency remains important, human experience is the new frontier of operational excellence and will distinguish top performers from the pack.

Figure 14. Better ESG commitment and better performance on experience goals go hand-in-hand



Source: Infosys Knowledge Institute

“Human experience companies understand the human problems that they are trying to solve with innovations.”

— **Skyler Mattson**

President, WONGDOODY

2. Elevate the human element across the life cycle

The need for human-centricity does not end in project planning — but often, it still does. While design thinking and similar user-centric approaches have become prevalent, they tend to be used during the project concept stage. Later stages of IT projects still emphasize traditional project targets like functionality, time, and budget metrics.³⁸

Companies need to maintain the human focus throughout project delivery. Beyond customer needs and user functionality, the human experience creates a distinct set of criteria that has implications for both traditional project life cycle phases and the continuous software development methodology that is Agile. Agile has swept through the IT organizations of companies and has become the standard for project delivery. Agile is now applied in non-IT business domains, with scrum teams and Kanban becoming a common element of organization structures and toolkits.

Sprints and scrum teams provide a natural structure for teams to increase human experience. By enhancing “customer focus” to become “human experience,” new questions and perspectives emerge. Specifically, Agile can also be applied to adoption, breaking down the change process into small microsteps so that

coordinated small behavior changes (nudges) deliver the experience originally envisioned in design.³⁹ This Agile approach encompasses a diverse stakeholder ecosystem, including the development team, product owner, scrum master, and customer.⁴⁰

Although Agile has been around for nearly 30 years, a recent Infosys Knowledge Institute report found evidence that it continues to provide competitive advantage.⁴¹ Companies that implemented Agile in more than half (60%) their teams and had started their Agile journey less than two years ago were more likely to grow faster than peers (64% vs. 54% average). (See Figure 15.)

Privacy is another example of the human element that can be elevated across the life cycle, especially as more and more data is generated through human-technology interactions. As we noted in *The Live Enterprise* book, “Privacy cannot be fully protected by existing policies and regulations alone, and it is necessary to introduce privacy as the default case into the design of processes and IT systems across the entire information life cycle.”⁴²

Figure 15. Agile provides more advantage for recent, rapid adopters



Percentage of companies growing more than peers, based on recency and level of Agile adoption

Source: Infosys Knowledge Institute

3. Build diverse, dedicated teams so that tech solutions meet the needs of all

Purpose-driven culture is created through teams that are intellectually diverse and have a shared, dedicated purpose. Talent is the engine of digital transformation, and developing this talent also creates diverse and dedicated teams. It also ensures that solutions are designed through different lenses, so that they are truly effective in meeting the needs of all people.

Aruna Ravichandran, chief marketing officer of WebEx by Cisco, describes three core principles of successful teams: Intellectual diversity, psychological safety, and a purpose worth fighting for. “In this current world, when you hear the word ‘diversity,’ it’s primarily used to refer to racial or gender diversity. However, intellectual diversity goes much, much more beyond that.”⁴³

Psychological safety increases creativity and creates a culture of risk-taking, which fosters innovation. For a manager to really know what the team is capable of, they need the ability to express their opinions without worrying whether they’re going to be heard, Ravichandran emphasized.

Learning and development have a critical role to play to create a purpose-driven culture because they increase diversity and provide employees with a sense of safety. Reskilling and upskilling bring new career opportunities to people who might not otherwise have them. Infosys’s reskilling initiatives with community colleges, for instance, provide a wider swath of people the opportunity for upward social mobility.⁴⁴

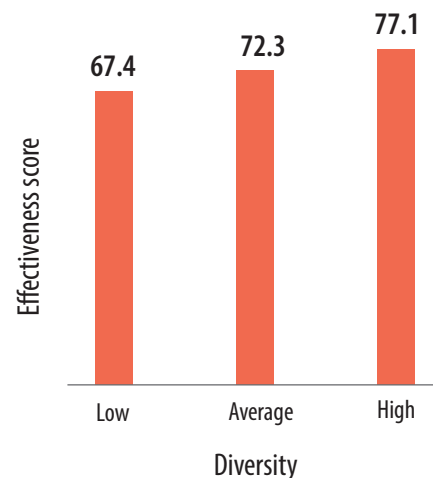
Finally, teams need to come together and share a dedicated purpose they can fight for. This purpose motivates workers, and it drives engagement. Ravichandran describes that Cisco’s purpose “is to power an inclusive purpose for all,” and that every employee feels that they are fighting for that purpose.

Similarly, Miya Gray, vice president of customer experience and engagement at Pfizer says, “One reason I joined Pfizer is because of our purpose: To

create breakthroughs that change patients’ lives. It’s really not that difficult to rally a team around that purpose.”⁴⁵ While not every company will develop life-saving drugs, leaders are tasked to discover and nurture a distinct purpose that unites their people. For example, employees of The Vanguard Group believe they work at a financial services firm with a purpose: to help the world live and retire better through investment success. That purpose permeates their platforms, processes, and programs.

Much more than slogans, true diversity and enduring purpose provide direction and commitment to teams delivering digital initiatives. Digital Radar 2022 reflects this as well. Survey respondents with high levels of diversity achieved higher degrees of effectiveness (see Figure 16).

Figure 16. Companies with greater diversity use technology more effectively



Source: Infosys Knowledge Institute

4. Measure initiatives using ESG targets

Transformation programs are no stranger to metrics. From the classic budget and schedule to fit-for-purpose testing, IT projects utilize a variety of measurements. However, human-centered and ESG metrics have typically been tracked separately from these more traditional metrics. This arrangement delivered results in an age of efficiency and customer satisfaction. However, as human experience and ESG have come to the forefront, this separation is no longer acceptable.

The good news is that experience and ESG have become more quantitative and metrics-driven. Computational design keeps the focus on human experience rather than personas by interpreting, codifying, and measuring the behavior of a diverse group of real users in real time at a detailed level. Science-based targets have evolved to formally measure environmental attributes like emissions and ethical governance. This scientific approach is also converting the qualitative world of social responsibility and diversity into results-oriented, actionable programs linked to operational and financial goals.

Technology and purpose go hand-in-hand here: The emergence of exponential technologies and new mindsets allows companies to chase loftier goals practically, while reducing drag on the financials.⁴⁶

Lofty goals are important — and, ironically, more likely to be met.⁴⁷ To set high environmental impact goals, for instance, companies can work with the Science-

Based Targets initiative (SBTi). SBTi is a partnership between global nonprofit organizations including Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. SBTi verifies that targets set by companies are consistent with meeting the Paris Agreement's goals of limiting warming to 1.5 C. These global goals can be translated and applied to enterprises and then transformation programs. From carbon footprint to equitable impact, transformation goals can apply ESG in the trenches and drive operational results.

Technologies that enable companies to set and meet important climate goals include blockchain, cloud computing, and internet of things (IoT). As Mark Livingston, Infosys Consulting CEO, describes, cloud "can help define data-based macro-level policies on renewable consumption goals and carbon metrics."⁴⁸ Blockchain can ensure traceability through distributed ledger technology to work toward reaching net-zero. IoT can be used to reduce or prevent carbon emissions, such as Ericsson's IoT-based traffic monitoring solution that optimizes traffic routes.⁴⁹

These and other digital-based technologies measure the environmental and social impact of businesses, while also building those businesses. The essence of this, as described in our recent book "Practical Sustainability," is to "hold initiatives to a science-based, financially sound standard."⁵⁰

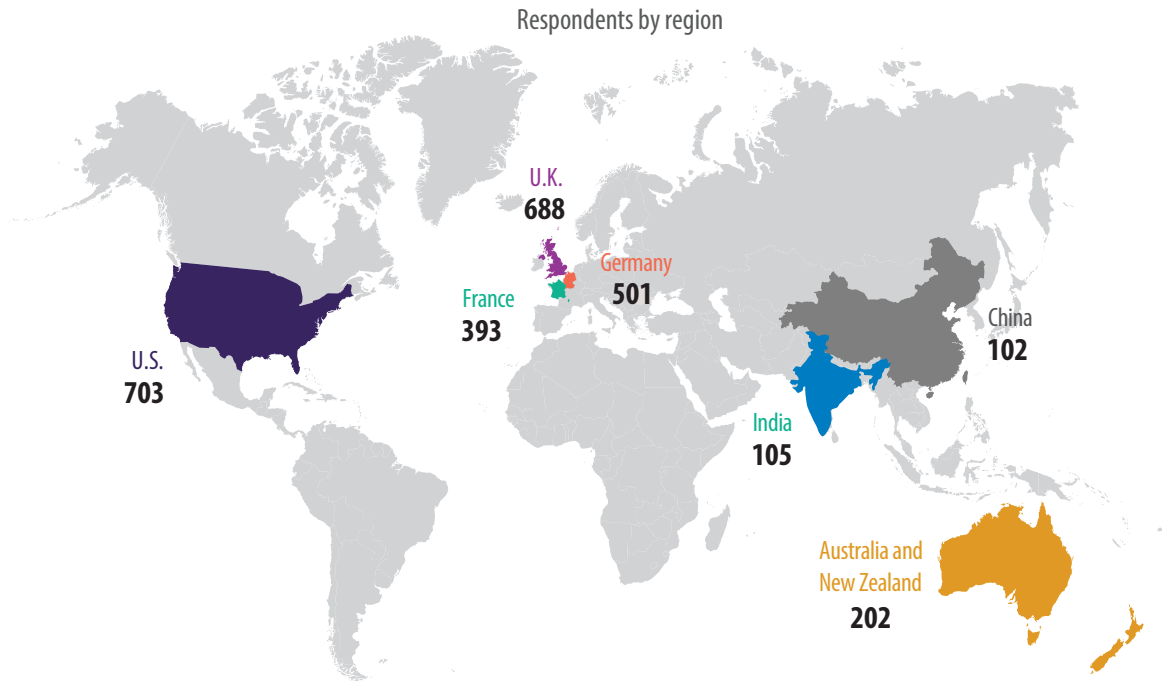
"Companies that set ambitious ESG targets are more innovative, socially and environmentally responsible, and profitable."

— **Corey Glickman**

Vice President, Sustainability and Design, Infosys

Appendix: Research approach and survey data

To enrich insights, we also conducted phone interviews with industry practitioners, executives, and subject matter experts.



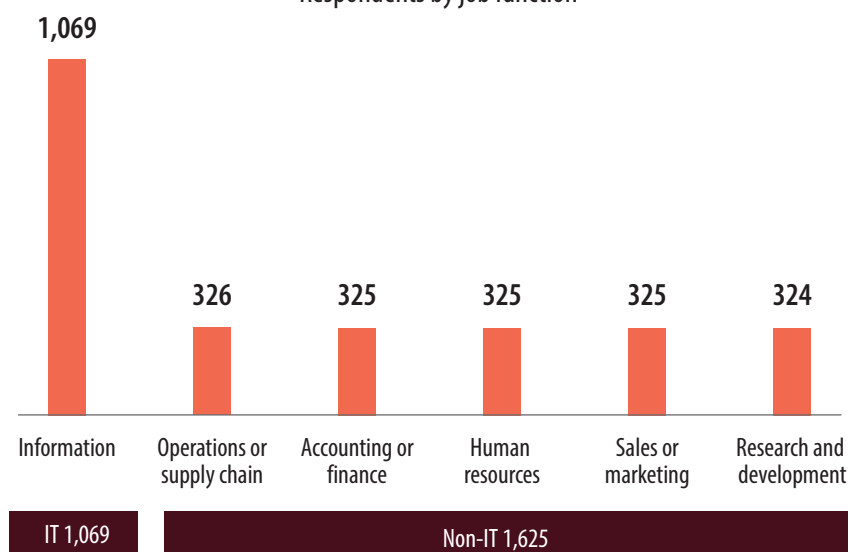
Source: Infosys Knowledge Institute

Respondents by industry

Utilities 229	Manufacturing 227	Financial services 225	Consumer packaged goods 225
Logistics 228	Telecommunications 226	Retail 222	Life sciences 219
Healthcare 228	Insurance 225	High tech 222	Automotive 218

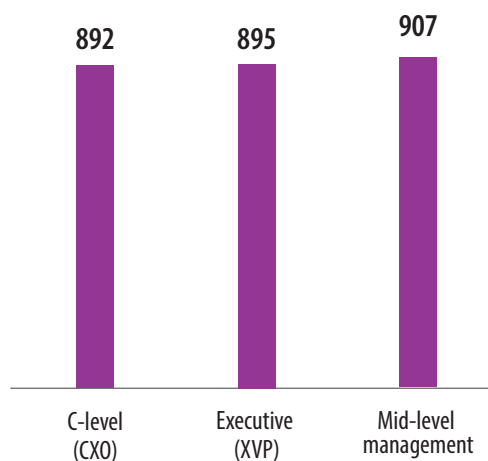
Source: Infosys Knowledge Institute

Respondents by job function



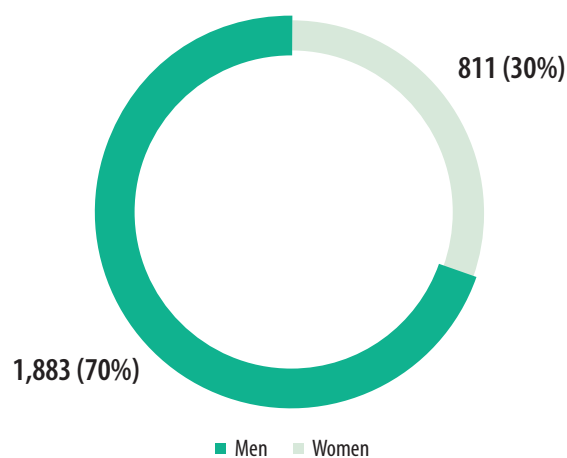
Source: Infosys Knowledge Institute

Respondents by seniority



Source: Infosys Knowledge Institute

Respondent gender



Source: Infosys Knowledge Institute

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