Transformation Leaders Survey 2022

Measuring the pulse of transformation in the island of Ireland market

EY

Building a better working world

Contents

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EY Transformation Delivery

At EY, we are building a better working world by transforming businesses through the power of people, technology and innovation

Katie Flood
Partner | Transformation Delivery

What does EY Transformation Delivery do?

We enable clients to realise long-term value through transformation that places humans at the centre, deploys technology at speed and innovates at scale through the entire lifecycle of complex projects and programmes. The Transformation Delivery team sits within the Business Consulting pillar of EY's consulting practice.

EY's Transformation Delivery team is committed to delivering exceptional client services by providing large-scale transformation programme advisory services across a range of sectors, including Government & Health, Products & Services, Energy & Assets, and Financial Services.

With the breadth of capabilities, experience and technologies and a proven track record to turn transformation ambitions into reality, we can guide our clients through their transformation.

In 2022, we expanded the service offerings by Transformation Delivery to include Transformation Management and Capital Program Delivery (large infrastructure programs), in addition to Product Management, Complex Programme Management, Agile Delivery and Portfolio Management.

How can EY help?

EY Transformation Delivery helps businesses to increase the success rate, engagement and impact of large scale transformation efforts.

Transformation Programmes

We help problem-solve, design and deliver large scale long-term, multi-stakeholder transformation programmes.

Transformation Innovation Tools

EY has a range of innovation tools that are developed in-house along with cutting edge products from our partners. This includes EY Transformation Delivery Activator (TDA), EY Transformation Hub and EY Sustainability Transformation Hub, among others.

Survey introduction

Overview of survey: Purpose and key focus areas

As part of our efforts to drive business transformation, the EY Transformation Leaders Survey was compiled to gain an understanding of the challenges that impact organisations in the delivery of their projects and programmes. The questions focused on four keys areas:

| Scale of Transformation | Emerging Technology | Sustainability | Transformation Delivery |

To gather varied perspectives and insights, we invited a wide-ranging selection of respondents from the project and programme management community, who are either leading initiatives or have day-to-day involvement in transformation projects or programmes. We gathered over 50 responses from Irish organisations, across a range of sectors, and have summarised the major findings from the survey in this report.

Survey details

50 responses | **6** sectors

51% Leadership Level & Executives

Respondents by sector

| Government & Health **34%** | Products & Services **34%** |
| Financial Services **14%** | Energy & Assets **6%** |

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Snapshot of key results

Scale of Transformation

56% agreed that the uptake of transformations **has accelerated in the last year**, with only 2% stating that it has slowed

32% cited '**Focus on digital innovation**' as the key theme for transformation projects/programmes

Reasons for significant issues for scaling or delivering transformation

- 31% Lack of senior leadership support
- 24% Lack of clearly defined vision
- 24% Lack resources

Emerging Technology

46% of those surveyed **use data analytics** to innovate in business transformations

12% are **currently using Artificial Intelligence (AI)** in their transformation programmes

Use of Data Analytics will continue to grow in the coming years

33%

of respondent will have a **strong focus on data analytics in the next 3-5 years** to deliver transformation.

Sustainability

61% cited **securing funding and/ or revenue streams** to be the biggest challenge in adopting sustainability as a transformation driver
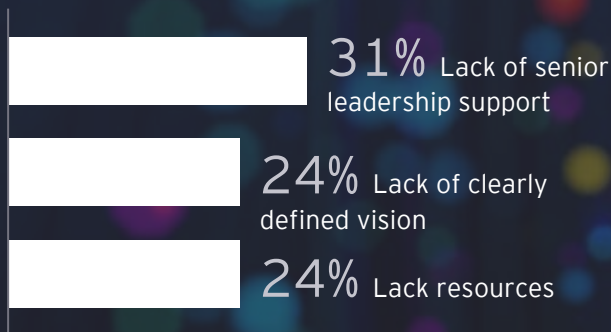
41% see sustainability **as part of the core transformation** agenda in their organisations

It is envisaged that funding and the number of organisations that see sustainability as part of their core transformation agenda, will increase given the strong global focus on sustainability across all sectors, and the acceptance of it as a value driver for transformation programmes.
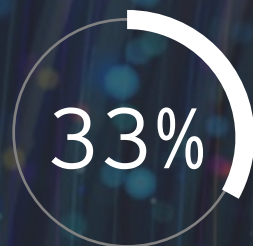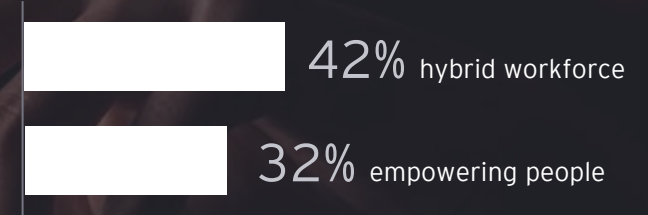
Transformation Delivery

56% of respondents believe that they are **structured to deliver transformation** at speed

31% categorised the **maturity level of project management** methods in their organisation as repeatable, while only 8% described it as established

Organisations need to adopt technology in order to build new processes, systems, services and solutions at the speed required by the market.

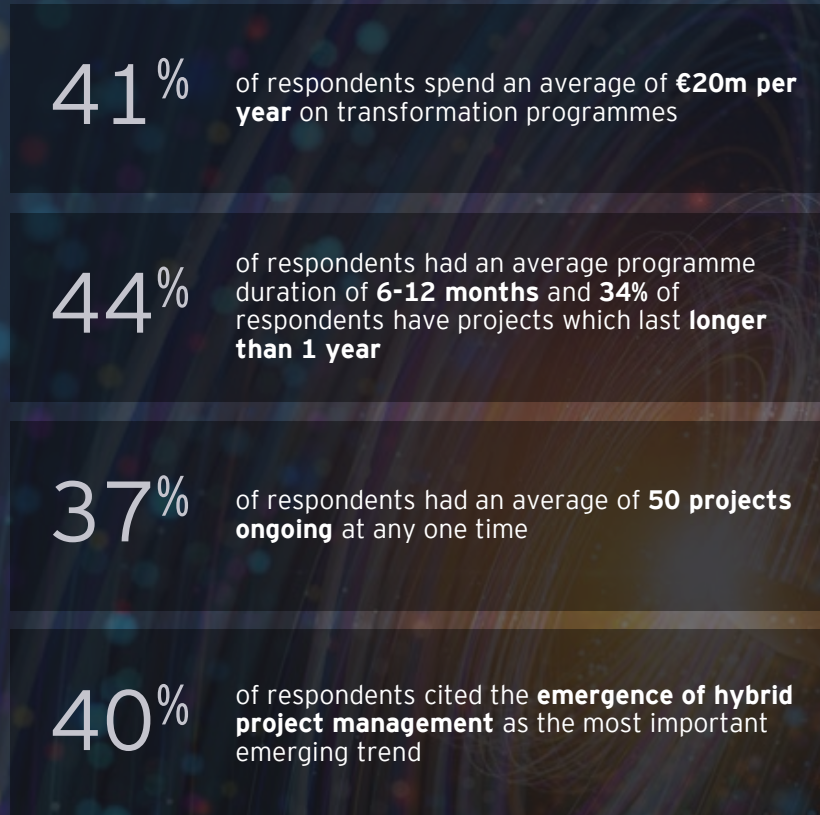**Key aspects of transformation delivery to continue in transformation post-pandemic**

- 42% hybrid workforce
- 32% empowering people

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What does the current average project/programme look like...

Transformation is delivered in a complex and competitive environment where organisations need to accommodate change effectively so that the end result can be fit for purpose

EY works with its clients to assist in increasing the impact, engagement, and success rate of large-scale programmes, enabling them to undergo purposeful and ongoing transformation.

41% of respondents spend an average of **€20m per year** on transformation programmes

44% of respondents had an average programme duration of **6-12 months** and **34%** of respondents have projects which last **longer than 1 year**

37% of respondents had an average of **50 projects ongoing** at any one time

40% of respondents cited the **emergence of hybrid project management** as the most important emerging trend

Emerging trends

1 The emergence of hybrid project management approaches (digital and remote teams) has been cited as the key emerging trend in project/programme delivery by 40% of the respondents.

2 Remote' project management is gaining popularity wherein all or a portion of project members are working remotely.

3 Organisations are establishing transformational projects to adopt new software tools and to cater to the trend of digitisation.

4 The importance of RPA, AI and data analytics is increasing, with 22% citing it as the most important emerging trend in programme management.

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An insight into the average spend, length and number of projects/programmes

Average project length

Average project/programme length outlined by respondents

| Category	Percentage
1-6 months	20%
6-12 months	45%
1-3 years	31%
3+ years	4%
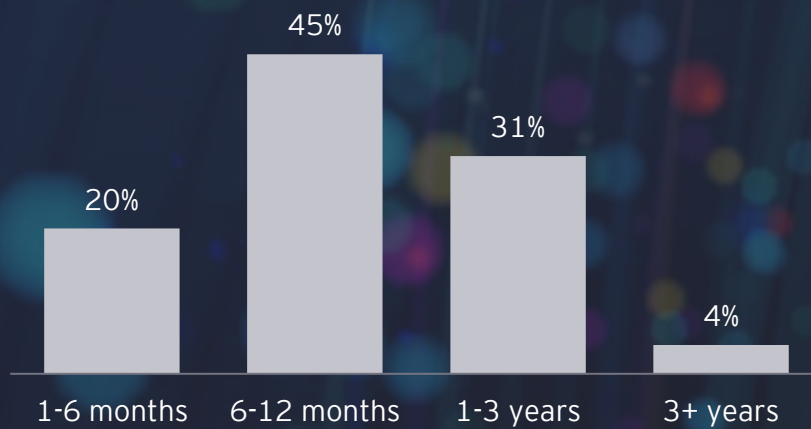
45% of organisations run projects with a duration of 6-12 months

35% of respondents have projects which last longer than 1 year. This is a slight decrease from the 37% level of 2021

Government & Health sector recorded projects with the longest durations followed closely by Products & Services

Average number of projects

Average number of project/programmes ongoing at any one time

| Category	Percentage
0 - 15	37%
16 - 30	12%
31 - 50	14%
50+	37%
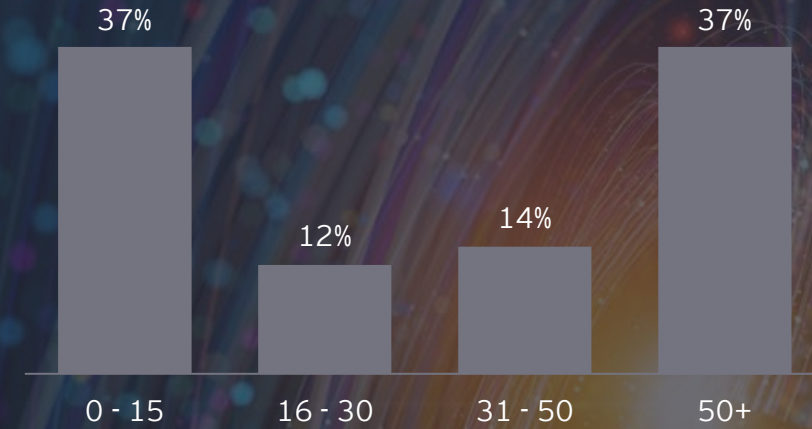
37% of organisations have more than 50 projects ongoing at any one time across their organisation. This aligns with the number of organisation's that have less than or equal to 15 live projects.

26% of respondents have between 16-50 projects ongoing at any one time

Average cost of projects

Average total spend by respondents on projects/ programmes

Category	Percentage
<€10m	37%
€10m - €20m	22%
€21m-€30m	4%
€31m-€50m	8%
€50m+	29%
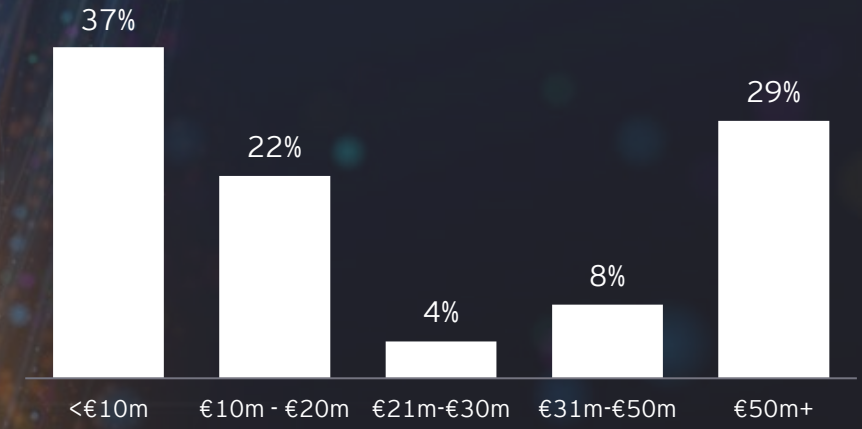
29% of participants spend over €50m per year (up from 26% in 2021)

59% of respondents outlined that their average spend per project was up to €20m per year, with 37% less than €10m per year

Government & Health sector has the highest average spend of over €50m per year, potentially due to the size and complexity of transformation projects/programs in the sector. It is envisaged that the capital expenditure may increase to address the opportunities and challenges faced by Ireland from local and global issues

Transformation Delivery

Scale of Transformation

Transformation in organisations continues to scale

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Organisations across all sectors are integrating agile structures and capabilities. This would empower them with more creative solutions at speed, with reduced development costs and enhanced collaboration within the team. Businesses today must adapt to change, seize opportunities quickly, and minimise the dangers posed by digital transformation. Businesses must BE digital, not merely DO digital, in order to achieve growth and competitive advantage in a digital environment. It is a method of thinking which should be accepted across the whole value chain.

Jennifer Ryan
Partner | Transformation Delivery

What has the greatest impact on an organisation's transformation?

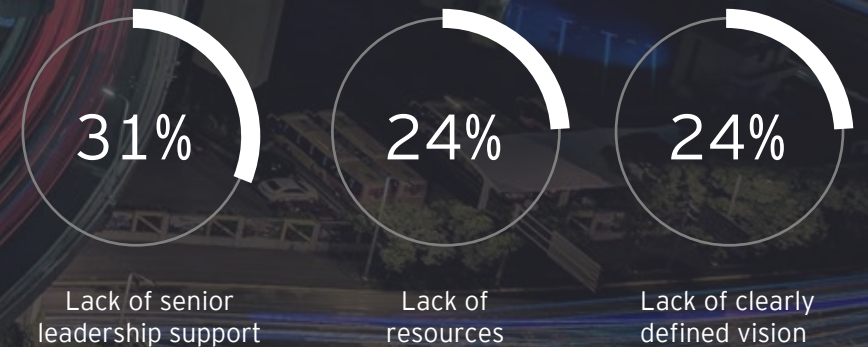|	
32%	Focus on digital innovation and transformation
25%	Changing customer expectations and experiences
11%	Remote and distributed workforce
11%	Responding to market changes
8%	Growing focus on climate/ sustainability
7%	Supply chain shifts
6%	Emergence of new business models

While many believe the impact of recent global events would reduce the uptake of transformation programmes, we discovered that 56% of the participants claimed that their transformation agenda accelerated in 2022, with only 2% claiming it had slowed.

Senior leadership is responsible for leading by example and ensuing focus towards the objectives of a project and programme. We can expect that lack of support might create a sense of isolation and unsurety among the project members. Supply chain issues may be the first challenge we think of when discussing recent global events, however when it comes to transformation, not all businesses are experiencing the same level of impact and are in fact detailing other trends that are effecting their transformations.

For majority of the respondents the key focus of transformation programmes were to address regulatory requirements. Government and Health sector respondents citied that 70% of their transformation spend was dedicated to address regulatory requirements.

The key reasons for a transformation project and/or programme experiencing significant issues

31%	24%	24%
Lack of senior leadership support	Lack of resources	Lack of clearly defined vision

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Emerging Technology

How organisations are engaging with emerging technology

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The last two years has increased the deployment of digital tools and the acceptance of data and analytics. Organisations are embracing a data-centric strategy to better understand and fulfilling their business goals, while also producing overall efficiencies in their operations.

In the short term, organisations should prioritise investing in data analytics and data literacy in order to unlock the potential of their data and give more value to stakeholders.

Keara Geary
Partner | Transformation Delivery

Project managers are under constant pressure to *multi-task and deal with competing priorities*

It can be anticipated that adopting emerging technologies would assist in higher successful delivery of transformation projects/programmes.

46% of organisations are **prioritising the use of Data Analytics** to innovate in business transformations

15% of organisations surveyed are relying on the **Internet of Things** to innovate in business transformations

12% of organisations are utilising **Artificial Intelligence (AI)** as a tool in delivering their transformation programmes

NOW
57% of participants are currently using Data Analytics and Robotic Process Automation (RPA) as part of their projects/programmes

NEXT
54% of respondent organisations citied the need to upskill in Artificial Intelligence and Machine Learning.

BEYOND
71% see Data Analytics, Artificial Intelligence and Internet of Things as the most useful technologies for business transformation in the next 3-5 years.

53% believe their organisation is in the early stages of adopting technology

Only 16% believe they have achieved an effective state of technology adoption within their transformation journeys

Of those that are confident they have adopted technology effectively, **86% respondents** run projects with a duration of less than 12 months. This would indicate that respondents value speed with technology when completing projects.

Technologies used to deliver business transformation

Technology	%
Data Analytics	46%
Artificial Intelligence	12%
RPA	11%
Machine Learning	16%
Internet of Things	15%

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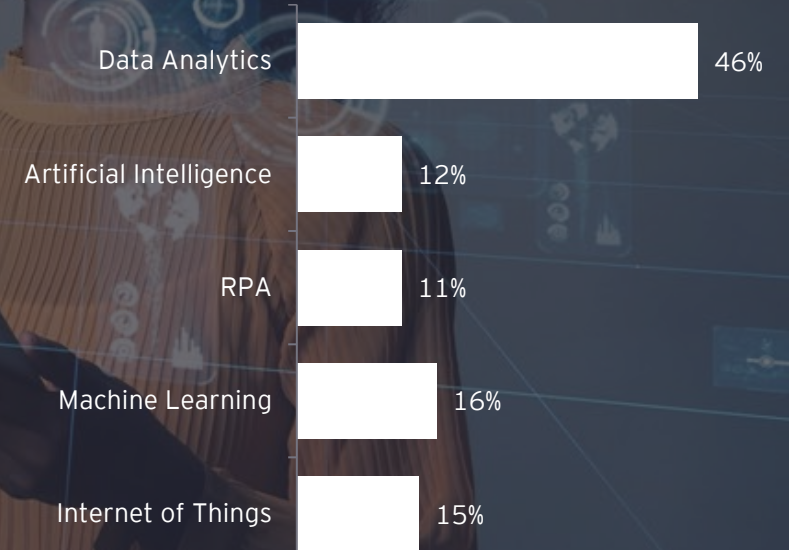
Transformation Delivery

Sustainability

Sustainability as a core transformation agenda

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EY has a 'value-led sustainability' approach to drive sustainability with speed and scale, while creating value for business, society and the planet.

A well-planned sustainability journey directly supports long-term value creation. EY sustainability is well placed to support our clients across all service lines and sectors in each facet of the sustainability transformation journey.

Katie Flood
Partner | Transformation Delivery

Sustainability and ESG (Environmental, social, and corporate governance) issues represent serious and urgent challenges for our planet that everyone (business, government, society and individuals), must help to resolve. The role that businesses can play in solving these issues is growing.

Key observations related to sustainability

Organisations are redefining sustainability strategies by putting it at the core of value creation and listening to the needs of their stakeholders

The global market is continuing to accelerate the need for sustainable actions by organisations

Businesses are faced with sustainability focused problems and opportunities that require effort, scale and speed of deployment

It is necessary to have a strong organisation strategy. This requires a cultural shift, along with buy-in from senior stakeholders

In the future, it is likely that ESG/sustainability thresholds will be embedded in transformation programmes/projects to ensure efficient and effective business operations

63% of the organisations with an intent to mobilise a TMO (Transformation Management Office), were **likely to have sustainability** as a value driver

Key challenges in adopting sustainability in the transformation agenda

Securing Funding / Revenue Streams — 61%

15% — Other

7% — Resilience

17% — Regulatory Compliance
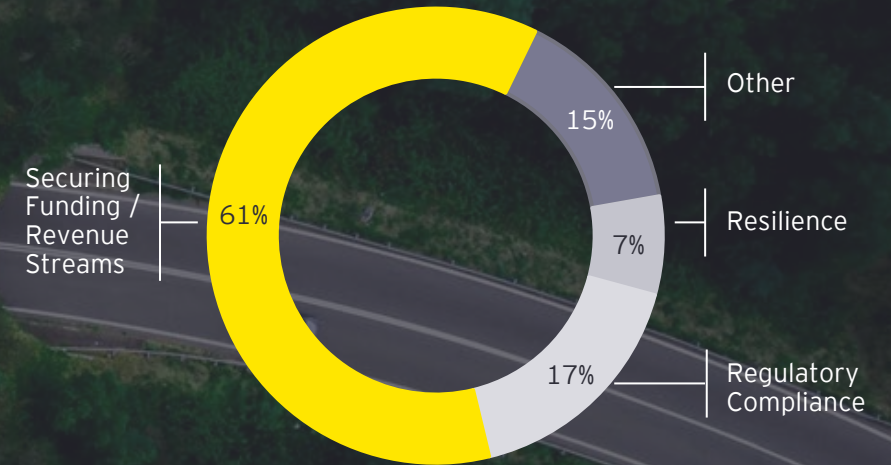
51% Agree that corporate strategy drives focus towards sustainability in a transformation project/ programme

34% Identify the market (regulators, customers and other stakeholders) to push the sustainability agenda

15% Put the ownership on the project sponsor to direct focus towards sustainability in programmes

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How ready are organisations to deliver transformation?

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The establishment of a transformation delivery office within organisations will allow for the creation of a human-centred innovation hub, with agile-based transformation allowing for the implementation of technology at speed.

Established offices with optimally-trained leaders will allow for innovation at speed; allowing organisations to futureproof against volatile and rapidly changing business environments.

Sarah Reade
Partner | Transformation Delivery

In times where rapid growth requires similar speed of delivery, it is imperative that organisations not only adapt and evolve with the current working environments but transform for the future

44% did not agree that their **organisation is structured to deliver** transformation at speed

50% participants believe that **establishing a TMO** would provide a centre of excellence for change in their organisation

18% citied **performance reporting in projects/programmes** as the primary benefit of establishing a TMO

Setting up a transformation management office (TMO) would assist proactive development rather than reacting to the market challenges. Every transformation is constrained in different ways, a TMO/PMO (Project management office) can offer an end to end, oversight and control of the project life cycle.

Key skills for future project managers
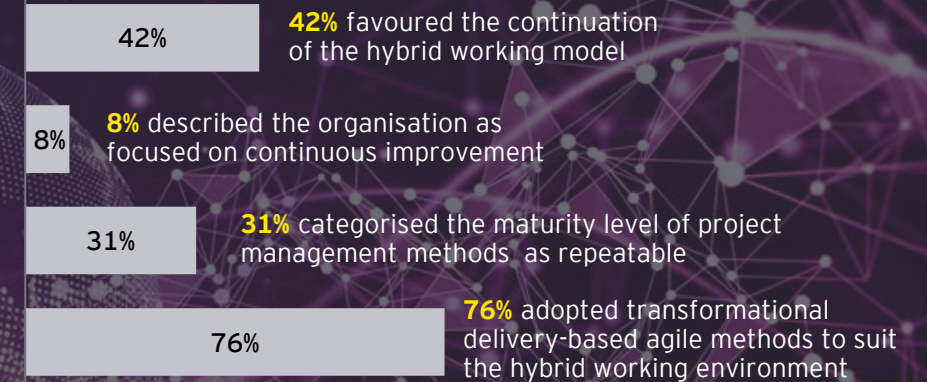
Strategic thinking and planning
28%

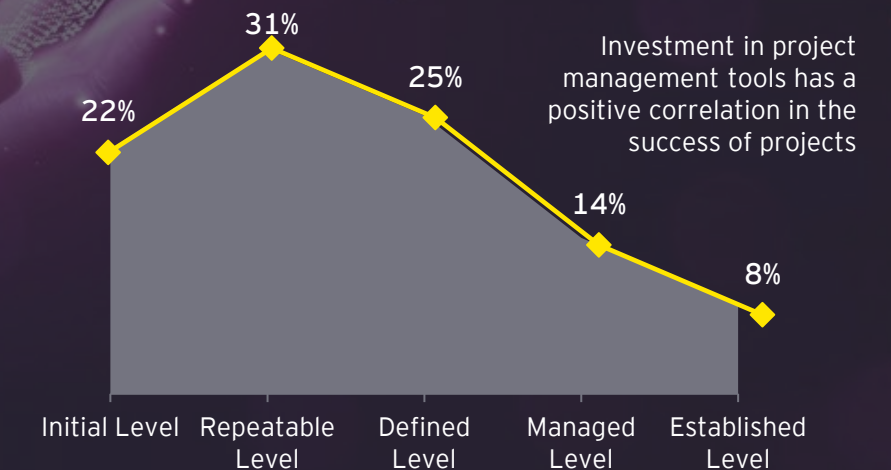Communication skills
26%

Leadership skills
11%

Leading change in an organisation
21%

Transformation at speed

A hybrid working environment could provide a platform for adopting agile methodologies, aiding in transformation at speed

42% — **42%** favoured the continuation of the hybrid working model

8% — **8%** described the organisation as focused on continuous improvement

31% — **31%** categorised the maturity level of project management methods as repeatable

76% — **76%** adopted transformational delivery-based agile methods to suit the hybrid working environment

Respondents outlined the maturity of their project management methods to deliver transformation

Investment in project management tools has a positive correlation in the success of projects

22% — Initial Level
31% — Repeatable Level
25% — Defined Level
14% — Managed Level
8% — Established Level

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Key takeaways

Scale of Transformation

Transformation has been essential for businesses to adopt following the period of disrupted business due to the pandemic

Impact of Digital Innovation will increase collaboration and customer engagement through personalised and accessible services and products.

Agile business models will enable organisations to embrace innovation at scale, to rapidly test and iterate new products and operational models.

Businesses today must adapt to change, seize opportunities quickly. EY can support organisations to *integrate agile structures and capabilities, to empower them* to develop more creative solutions at speed, with reduced costs and enhanced collaboration

Emerging Technology

Emerging technology will transform the way organisations approach transformation programmes

Data analytics will allow organisations:

► Process and analyse vast amounts of data

► Provide real-time insights into market trends and operational efficiencies

► Facilitate data driven decision making and transformation initiatives

AI will change the way organisations:

► Automate their processes and tasks

► Complete complex tasks with speed and accuracy allowing resources to focus on more critical tasks

EY can support the client's journey to integrate these emerging technologies, which will allow transformation programmes to drive innovation and help organisation's reach their goals more effectively.

Sustainability

Sustainability has rapidly grown in importance as a key factor in shaping organisation's future

Green initiatives will increasingly form a *part of the organisational culture* with renewable energy sources, reducing carbon emissions, and a reduction in waste being the primary ways *to meet their sustainability goals*.

An increase focus on sustainability will:

► Drive increased employee engagement

► Help promote a positive corporate environment

► Impact transformation delivery as engaged employees are more likely to embrace change

EY has a 'value-led sustainability' approach to drive sustainability with speed and scale, while creating value for business, society and the planet. EY sustainability is well placed to support our clients across all service lines and sectors in each facet of the sustainability transformation journey.

Transformation Delivery

There is an increasingly urgent need to initiate transformation within organisations in order to adapt to the ever changing business landscape

Finding a delicate balance between maintaining current performance while investing in skills, technologies and resources is an onerous task.

With *speed and change being key elements* to successful transformation, EY can enable timely decision making at all levels of the organisation, and strive to make our clients' *strategies, business cases, transformation and most complex endeavours a reality*.

Upcoming events that you maybe interested in

PMI National Conference

1

Topics: Power skills for project management

Date: 24 May 2023

EY Speaker: Sarah Reade

Sustainability in Project Management

2

Topics: What this means for PMs (Trends to Transformation)

Date: 28 September 2023

EY Speaker: Katie Flood

Data and Analytics Webinar

3

Topics: Role of D&A in sustainability projects

Date: 26 October 2023

EY Speakers: Multiple

Please reach out to our **EY Transformation Delivery leadership team** if you are interested in any of the upcoming in-person events or webinars.

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EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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