



TALSOM

2022 EDITION

# **CORPORATE DIGITAL TRANSFORMATION :**

**HOW DO EMPLOYEES AND MANAGERS PERCEIVE IT?**



2022

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# **Foreword & Key Facts**

For the second year in a row, Talsom has studied organizational digital transformation trends. Digital transformation is a vector of growth and flexibility, and the pandemic has once again made it a key focus for businesses and the general public. But will it really be the transformation catalyst that the media has portrayed it to be? Given that sustainable digital transformation is our mission, we wanted to **look at the challenges companies are facing through the lens of their employees' and managers' experiences**. This study offers solutions to make digital transformation a true growth driver.

Two years in, now that the pandemic has compelled the vast majority of companies to adopt digital tools, one might think that they are now up to speed and, given the numerous benefits, have made digital transformation a priority. The situation

isn't quite so clear-cut, with **only 31% of managers reporting that technology adoption is high in their company**.

In this 2022 edition, we look at the main issues and at how managers and employees perceive them differently, in order to suggest concrete and sustainable actions. You'll learn that the main obstacles to digital transformation are **a lack of technological skills (70%), financial resources (58%) and managerial skills (57%)**.

#### **Methodology**

We commissioned Leger to conduct a web-based survey of more than 700 employees and managers of companies with 250 or more employees in Quebec and Ontario between December 3 and 15, 2021, with a margin of error of +/- 3.69% within a 95% confidence interval.



A person with a backpack is seen from behind, looking at a large digital display. The display shows a series of glowing blue lines that form a complex, overlapping geometric pattern, resembling a stylized 'X' or a series of nested rectangles. The background is a solid blue color.

# 1

**What is Digital Transformation?**

## 1.1 WHAT IS DIGITAL TRANSFORMATION?

The main objective of this survey is to take corporate digital transformation projects and see how they are evolving compared to how these same projects are perceived and accepted by managers and employees.

In the 2021 edition of our survey, we focused on the level of corporate preparedness for their digital transformation. Did the company have an investment and/or an implementation plan for the project? The breakdown of responses is as follows:

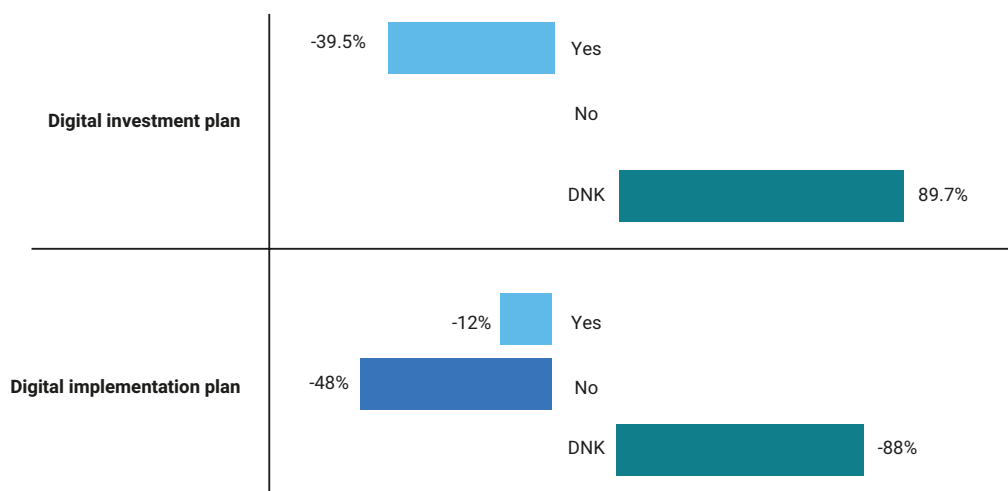
- 76% of companies said they had an investment plan, and 20% said they did not.
- 68% of companies said they had an

implementation plan, and 29% said they did not.

- 59% said they had both an investment plan and an implementation plan, while 15% had neither and 26% had one or the other.

In the 2022 edition of our survey, there was a marked discrepancy in the answers to that question compared to the 2021 responses. Companies that have a digital investment plan lost 30 percentage points (nearly 40%) and companies that have a digital implementation plan lost 8 percentage points (over 10%). Note that **more Quebec companies (56%) than Ontario companies have a digital investment plan.**

*Existence of an investment plan and an implementation plan*



## 2021 vs 2022



## 1.1 WHAT IS DIGITAL TRANSFORMATION?

**There was also a marked difference in the percentage of managers who didn't seem to know about either plan. In 2020, this was a very small minority (less than 10% of respondents).**

In 2021, this had increased to **33% of managers who said they weren't sure if their company had an investment plan**, and 25% who were unsure about the digital implementation plan, an increase of nearly 90% in both cases. Based on the rest of the survey, we can conclude that there is a certain lack of clarity and communication with respect to the digital transformation projects of companies in both Quebec and Ontario.

## 1.2 LEVERAGING DIGITAL

We asked managers if they felt their company was fully leveraging its existing digital capabilities in the following areas:

- Communication and/or marketing: 51% yes; 40% no
- Operations: 40% yes; 55% no
- Commercialization: 37% yes; 42% no
- Production: 37% yes; 52% no

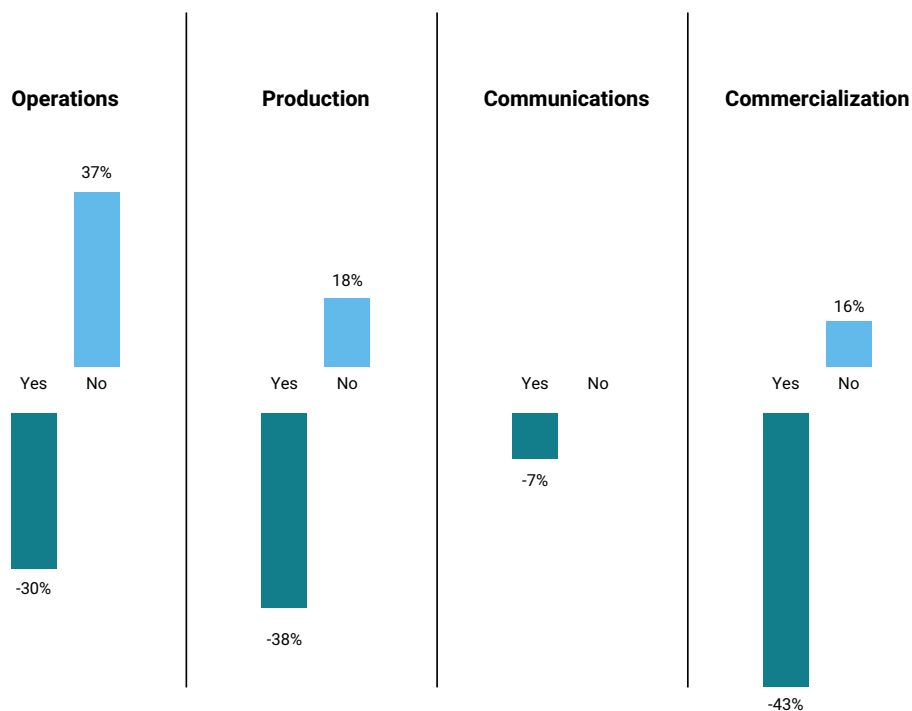
The survey results appear to show that there are **gains to be made** in all four areas, **particularly in operations and production**.

Between the 2021 and 2022 survey editions, there was a sharp increase in managers' perception of the

underutilization of digital capabilities across all business functions. Did the pandemic bring greater visibility to the opportunities that technology can provide?

Could this be related to the fact that 9% of digital transformation projects appear to be in the planning stages, 21% have only just begun, 45% have been underway for some time, and 10% are nearing completion, compared to only 9% that are actually completed and are in a follow-up period?

It's hard to say, but the numbers seem to indicate an increased awareness of the value-added that technology can bring.



### 2021 vs 2022

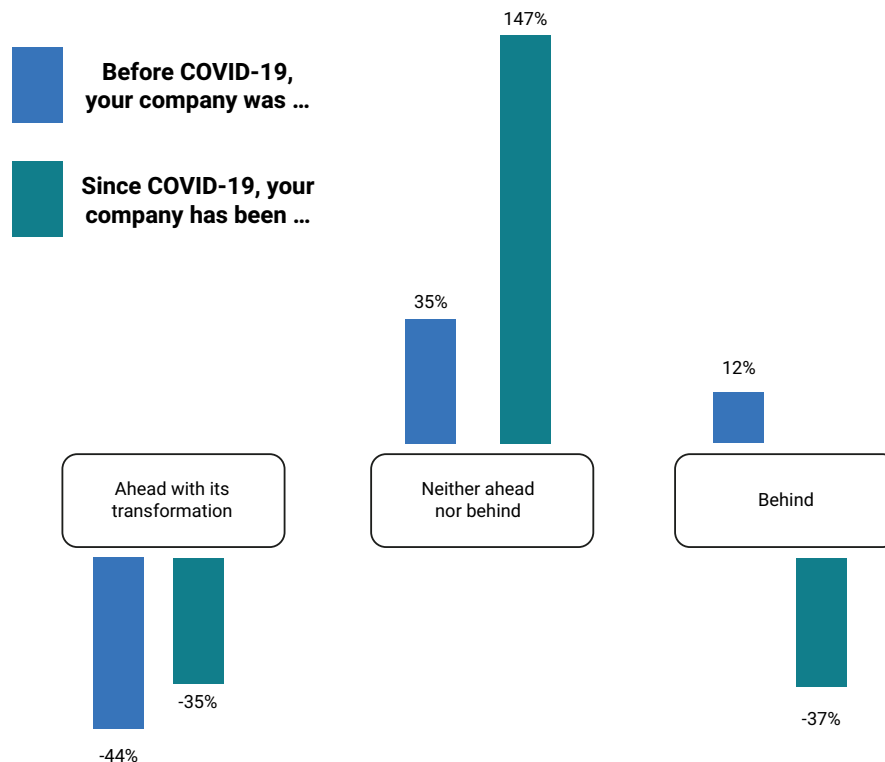
*Comparison of fully leveraged digital capabilities, by major business area*



## 1.3 PROGRESS OF DIGITAL TRANSFORMATION

In the 2021 edition of our survey, employees, managers and companies were unanimous in declaring that COVID-19 had earned its reputation as the best Chief Digital Officer. However, in hindsight, and based on the 2022 survey results, we can clearly state that this is not the case. **What may have seemed at the time to be an accelerated pace of corporate digital transformation turned out to be nothing more than a technology upgrade.** Overnight, a vast majority of companies had been forced to switch to telecommuting; many of them had had to provide the necessary tools and software to continue operating safely.

Wanting to confirm these findings, we repeated the question. The numbers speak for themselves: the number of managers who felt that their company had taken advantage of the pandemic to get ahead of the competition dropped by 34.7%. Conversely, the number of managers who felt that their company had fallen behind since the pandemic dropped by 37%. Finally, there has been a significant increase (+147%) in the number of managers surveyed who admit that the pandemic has had no real impact on their digital transformation.



## 2021 vs 2022

*Comparison of the company's standing in relation to the competition and its market*

## 1.3 PROGRESS OF DIGITAL TRANSFORMATION

**The perception that the pandemic drove corporate digital transformation may be because people didn't fully understand what digital transformation is.**

Companies upgraded their IT environment so they can continue to operate in telework mode, and are now entering a phase where they can capitalize on these new assets to begin a true digital transformation, which is much more than simply **deciding on new technology**. The transformation must be planned and supported, to generate sustainable benefits but, more importantly, in order to manage the associated risks. With so much involved – making technology decisions, prioritizing business objectives, being supported throughout the transformation – you may find yourself wanting to call on some experienced outside assistance.

A person is walking away from the viewer down a long, curved corridor. The walls and ceiling are made of a grid of panels, creating a sense of depth and perspective. The background has a blue and orange gradient, with the orange appearing in the bottom right corner. The overall atmosphere is futuristic and high-tech.

# 2

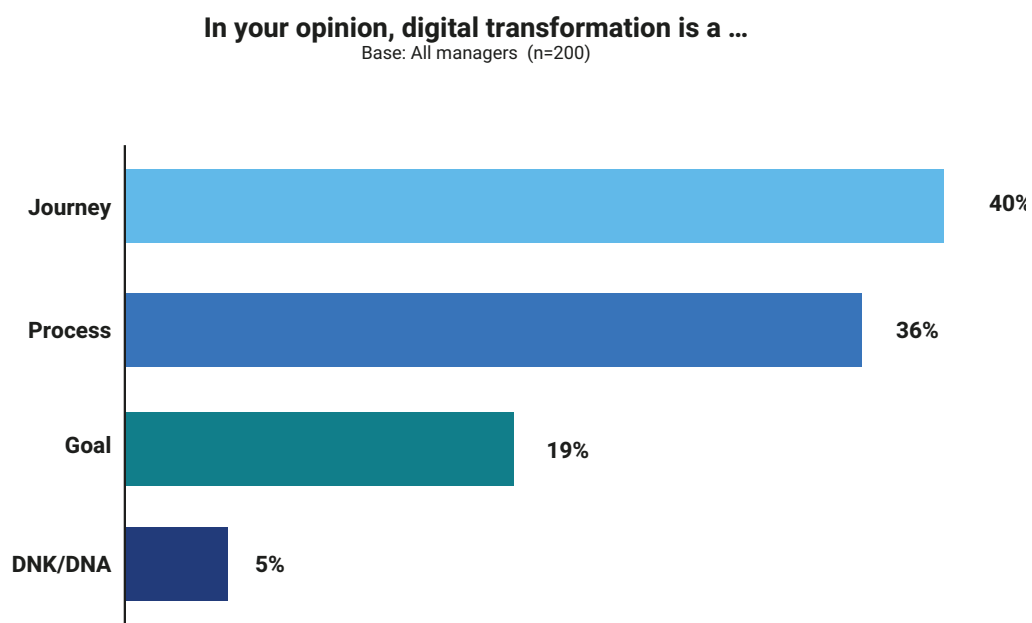
## **Defining Digital Transformation**



## 2. DEFINING DIGITAL TRANSFORMATION: THE GAP BETWEEN MANAGERS' PERCEPTIONS AND EMPLOYEES' NEEDS

Part of our evaluation of how well Quebec and Ontario companies are doing with their digital transformation\* involved assessing their level of understanding of what digital transformation actually is. The chart below breaks down answers to the question: "In your opinion, is digital transformation a journey, a process or a goal?"

- 40% of managers see digital transformation as a journey;
- 36% see it as a process;
- 19% see it as a goal.



There was no wrong answer. Ideally, digital transformation should involve all three answer choices, in the sense that **it's a people-centred journey, a method-based process and a changing and evolving goal.**

The idea of a digital transformation journey brings together all these components. **It's an agile, cross-functional process** that makes transformation an active process. It's an ongoing operation, the culmination of which is the attainment of a transformation ideal, where organizations continuously learn and adapt in the face of economic and social upheaval.

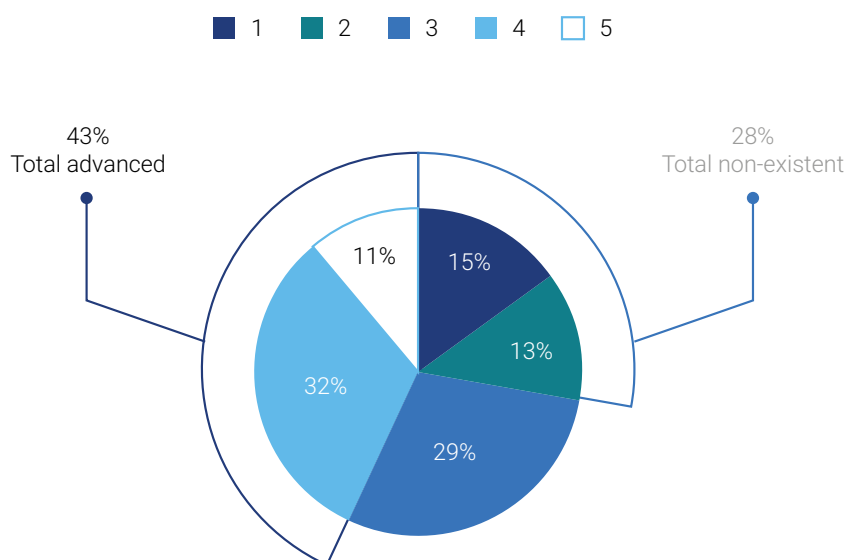
## 2. DEFINING DIGITAL TRANSFORMATION: THE GAP BETWEEN MANAGERS' PERCEPTIONS AND EMPLOYEES' NEEDS

When employees were asked how much they understood about digital transformation, **the results show a notable lack of understanding.** On a scale of 1 to 5, where 1 is no understanding at all and 5 is an advanced understanding, 57% of

employee responses were into the low range. **Only a minority of employees (43%) felt they had any understanding of what digital transformation is, with a mere 11% claiming to have fully understood it.**

On a scale of 1 to 5, where 1 is non-existent and 5 is advanced,  
how much do you understand about digital transformation?

Base: All employees (n=507)

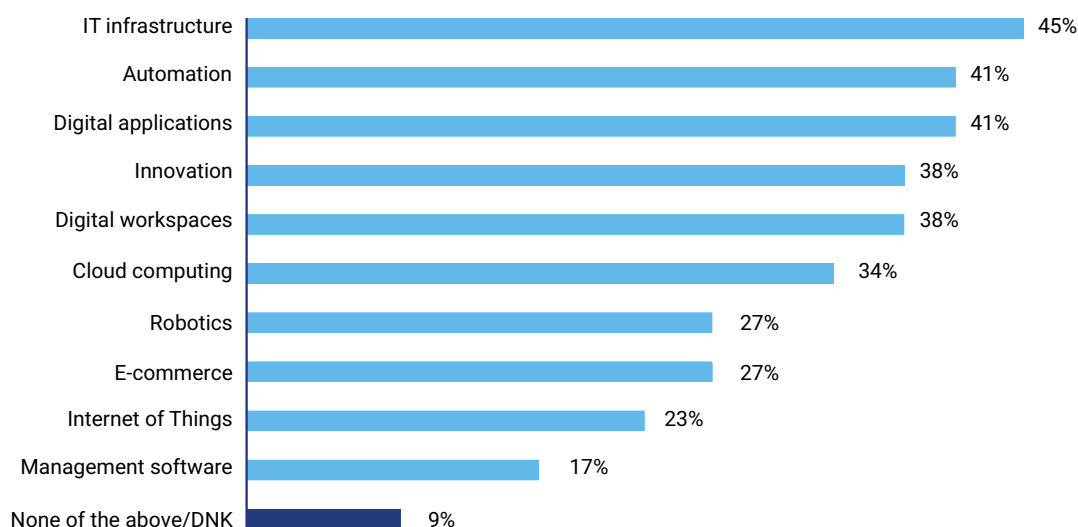


Many people consider digital transformation to be a vague, undefined concept. A majority of employees surveyed thought that “digital transformation” referred to IT infrastructure (45%), automation (41%), or digital applications (also 41%), but never saw the concept as a broader entity. **Significantly, the term means absolutely nothing to about one in ten people.**

## 2. DEFINING DIGITAL TRANSFORMATION: THE GAP BETWEEN MANAGERS' PERCEPTIONS AND EMPLOYEES' NEEDS

### What's the first thing that comes to mind when you hear the term "digital transformation"?

Base: All employees (n=507) – Several answers possible



\*Digital transformation refers to the use of technologies and tools to overhaul and/or optimize a company's internal and external processes. Digital transformation involves large-scale projects that affect all areas of a company, with some projects having a bigger impact than others. This makes it all the more important to get the right kind of support for strategic alignment, risk management and change management.

This uncertain understanding of digital transformation may explain why only **57% of employees were aware that their employer has begun implementing a digital transformation project**, a figure that approaches the 60% of managers who say their

company has a digital transformation plan. A closer look reveals that people working in finance and insurance (84%), as well as those in public administration (72%) were more likely to mention the digital transformation undertaken by their employer.



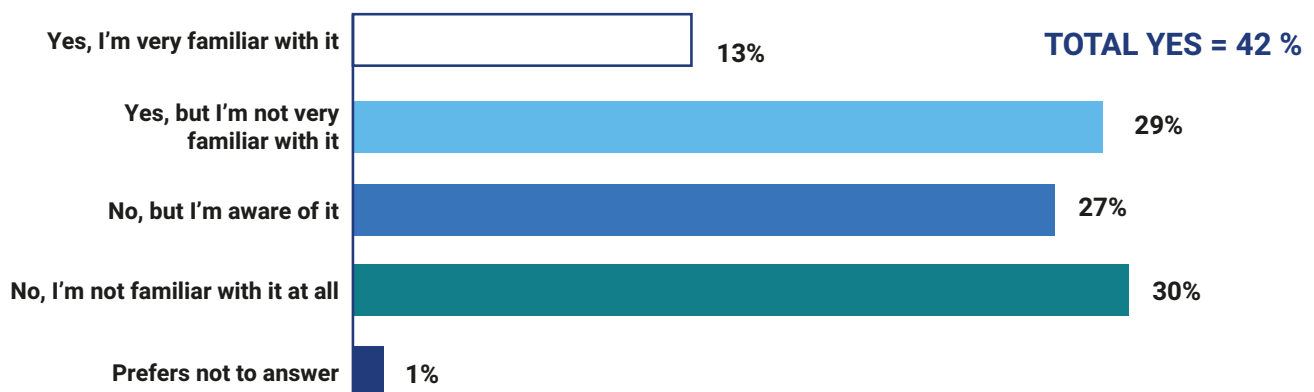
## 2.1 LACK OF TRANSPARENCY AND MOTIVATION

In this survey, we wanted to distinguish between employees who were aware of their company's digital transformation strategy and those who were not. A minority (42%) said they were very familiar with their company's digital

transformation strategy. However, 57% of them were either somewhat or completely unaware of it. This may be due to a lack of communication from the employer and/or a lack of interest on the part of employees.

### Are you familiar with your company's digital implementation plan?

Base: All employees (n=507)



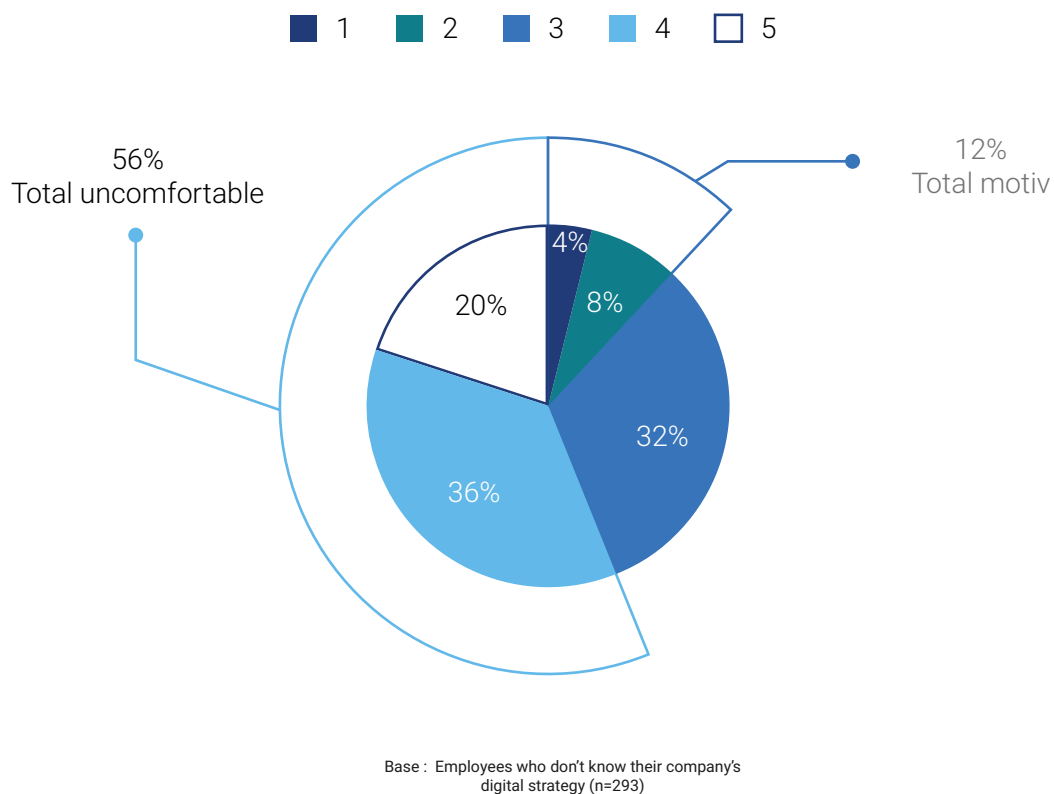
**However, we noticed that both aware and unaware employees were interested in being involved in identifying needs and were motivated to use new technologies, albeit with some exceptions.**

## 2.1 LACK OF TRANSPARENCY AND MOTIVATION

Among employees who were unaware of their company's digital strategy, **56% said they were motivated to use new technology. This figure is even higher (83%) among 18- to 34-year-olds.** An important finding, given that

this group represents a majority of [Canada and Quebec's labour force](#). However, it should be noted that **12% of respondents admitted to being extremely uncomfortable with the idea of using new technology.**

**On a scale of 1 to 5, where 1 means "Extremely uncomfortable" and 5 means "Highly motivated," how do you feel when you have to use new technology?**



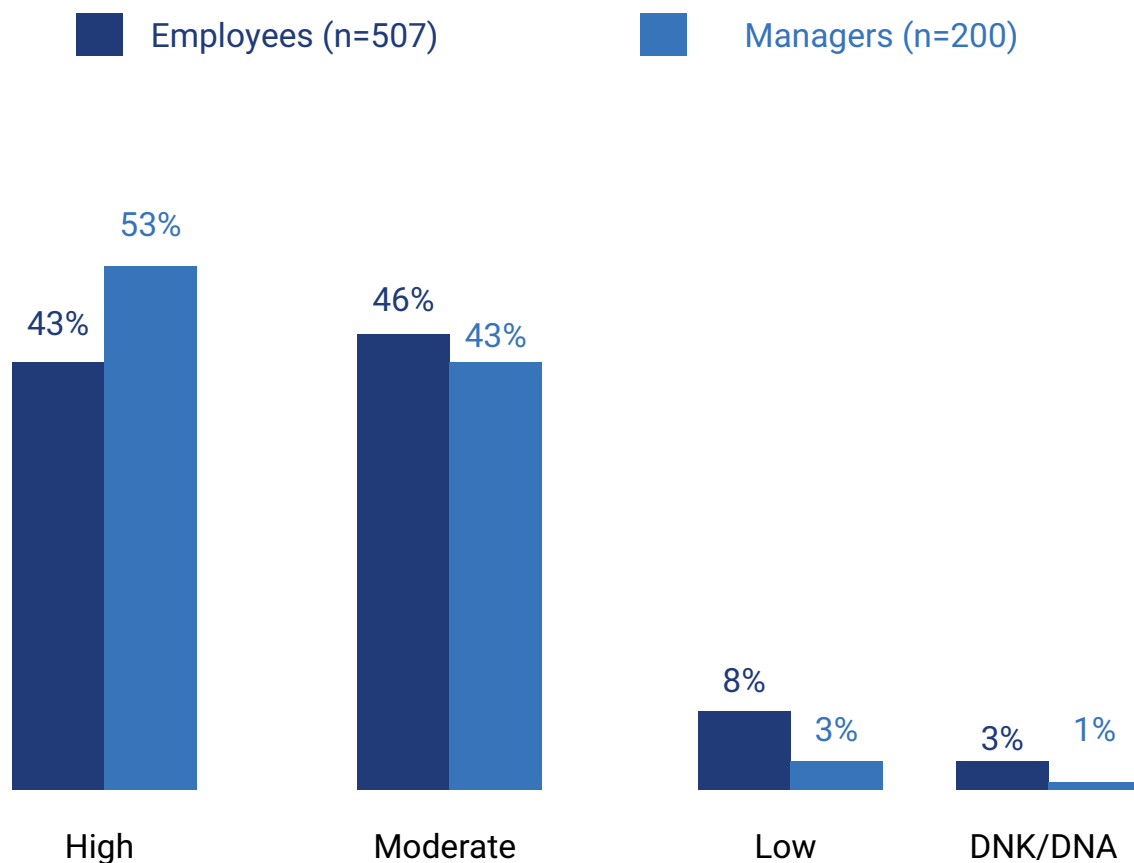
## 2.1 LACK OF TRANSPARENCY AND MOTIVATION

Managers seem to be more motivated, with **53% rating their motivation as high when it comes to adopting technology at work**, versus only **43% of employee respondents who rated**

**their motivation for this step as high.** Interestingly, Quebec employees (48%) seem more motivated than Ontario employees (33%).

### What is your level of motivation to adopt digital at work?

Base : Tous les répondants (n=707)





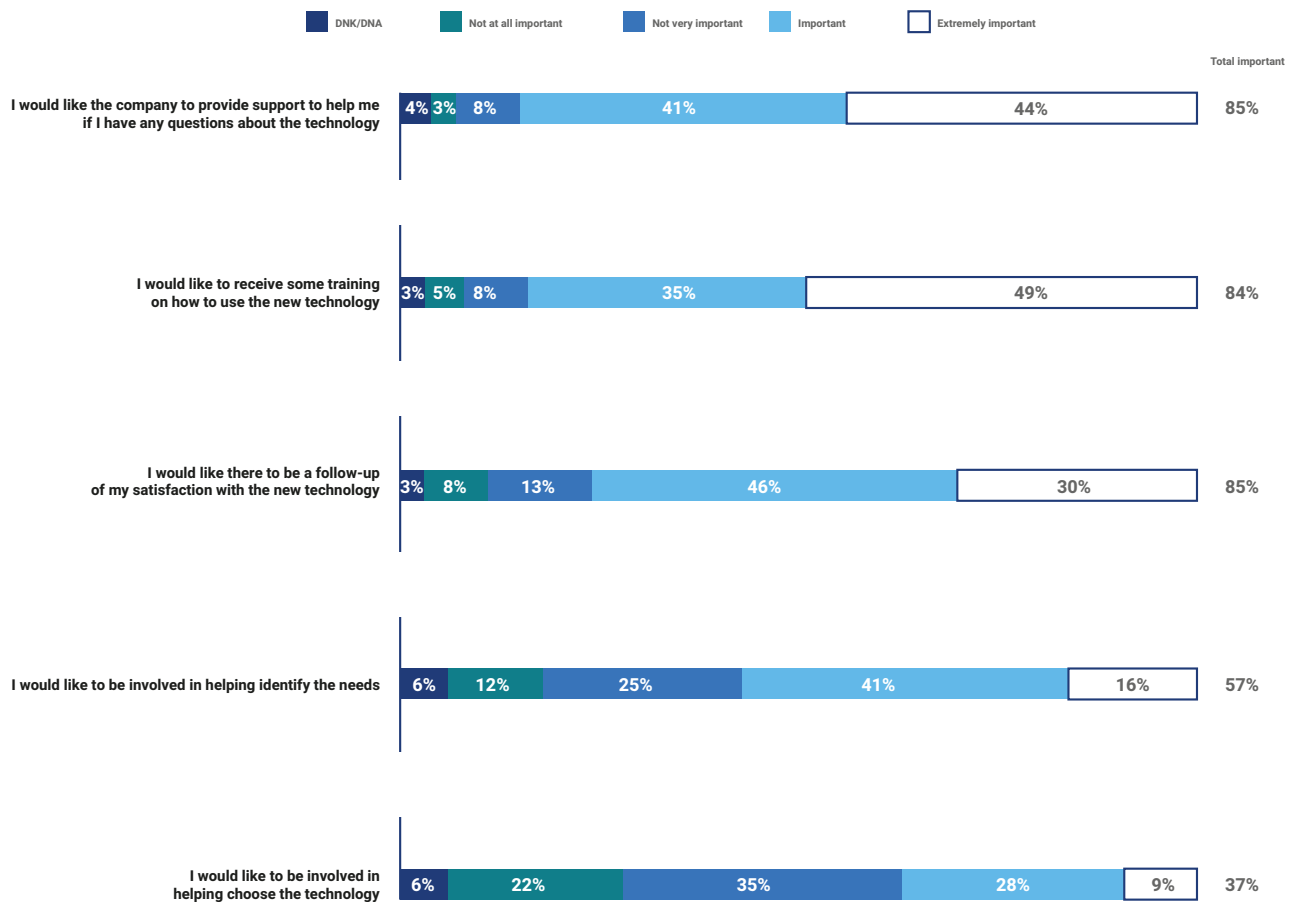
## 2.1 LACK OF TRANSPARENCY AND MOTIVATION

According to managers, this lack of motivation slows down the company's digital transformation project. Yet, 57% of employees who are unfamiliar with their company's digital strategy said **they would like to be involved in the process of identifying needs when new technology is introduced in their workplace**. They would like their satisfaction with the new technology

to be tracked (76%), and they would also like training on how to use the technology (84%) and support to answer their questions prior to implementation (85%). This is where companies realize the true value of change management.

### When new technology is rolled out in your workplace, how important are each of the following factors to you

Base: Employees who are unaware of their company's digital transformation strategy (n=293)

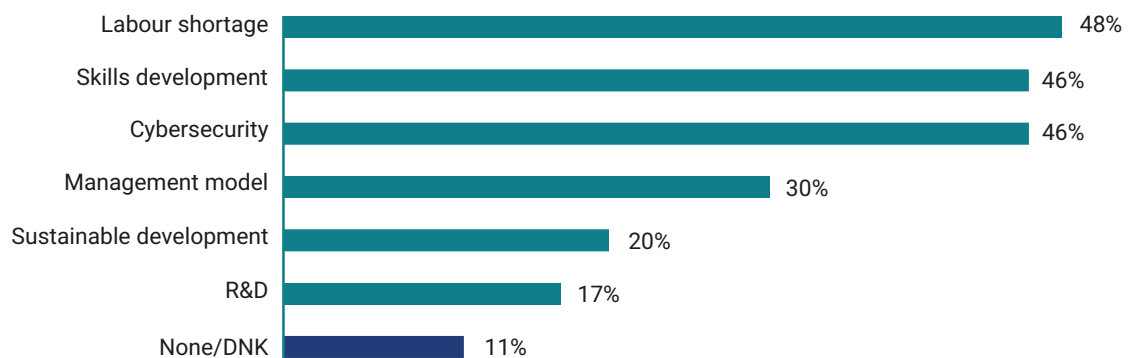


## 2.2 SKILLS SHORTAGE

Employees familiar with their employer's digital strategy believe the main obstacles to digital transformation are a lack of technology skills, financial resources and management skills. Of that group,

46% believe that **skills development is one of the main challenges facing their employer**. Of course, companies have other issues on their mind, such as labour shortages (48%) and cybersecurity (46%).

**To the best of your knowledge, apart from its digital transformation, what other issues is your company currently dealing with?**



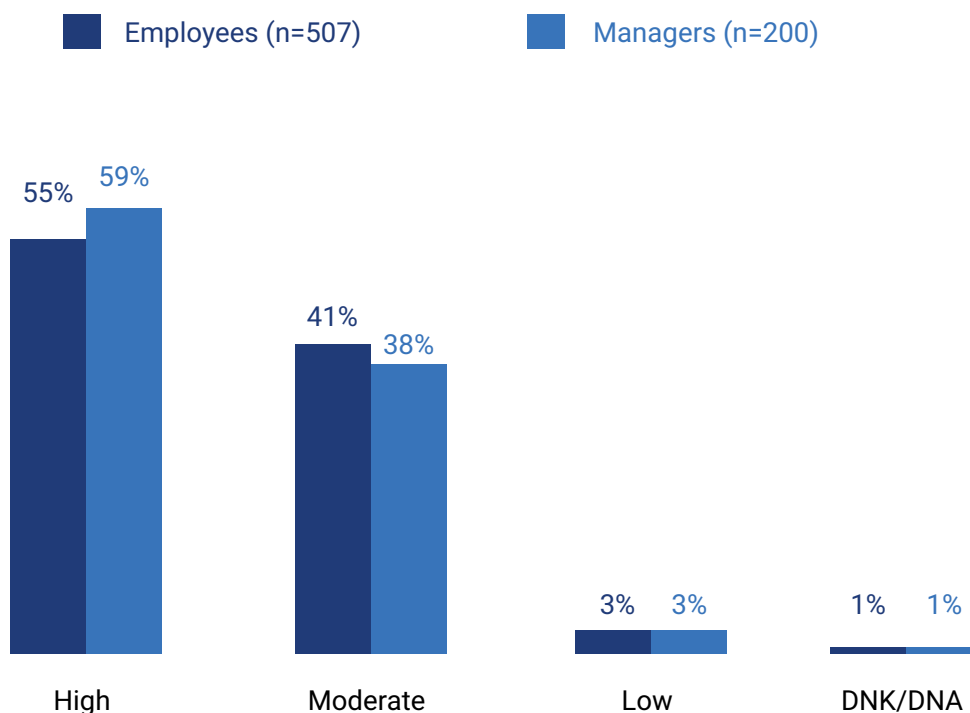
Base: Employees who are aware of their company's digital transformation strategy (n=214) – Several answers possible

## 2.2 SKILLS SHORTAGE

However, there appears to be a disconnect between the company's perception of employee abilities and the employees' perception of their own abilities. Based on their answers to the question "How do you rate your ability to use technology in your work?", **the majority of employees and managers (55% of employees and 59% of managers) rated their (personal) ability as high** and said they have sufficient resources at their disposal (66% and 69% respectively). On the other hand, when managers were asked

if the lack of internal skills or employee commitment to digital adoption was a problem for their company, **64% said that it slowed down company growth, with 21% saying that it significantly impeded growth.** The same was true for **70% of employees familiar with the strategy who said that a lack of skills was a barrier.** The divide between our perceived personal commitment and ability to embrace technology, and that of others, seems to be a common phenomenon.

### How do you rate your ability to use technology at work?

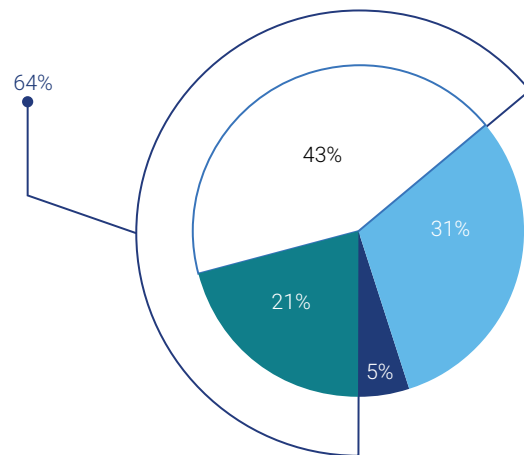




## 2.2 SKILLS SHORTAGE

In your company, how significant a factor is the lack of internal skills and/or employee commitment to digital adoption with respect to corporate growth?

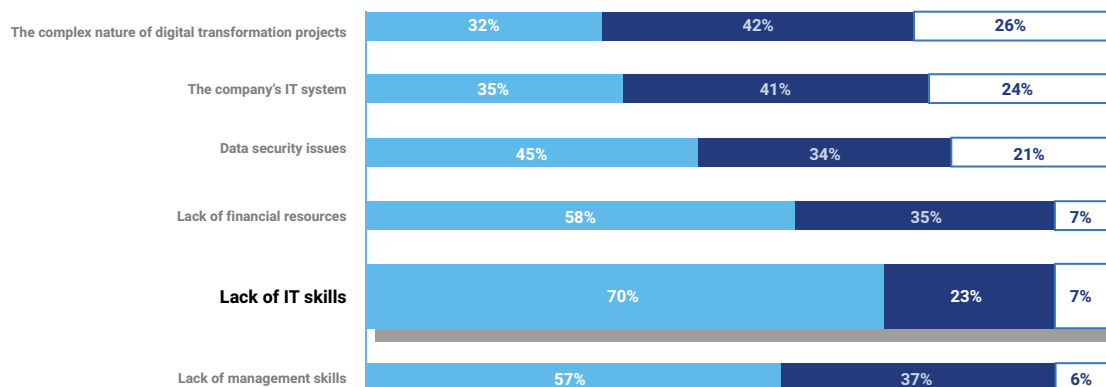
1 Important 2 Not very important 3 Not at all important 4 DNK/DNA



Base: All managers (n=200)

To the best of your knowledge, what is the impact of the following variables?

Is an impediment Has no impact Is a driver



Base: Employees who are aware of their company's digital transformation strategy (n=214)

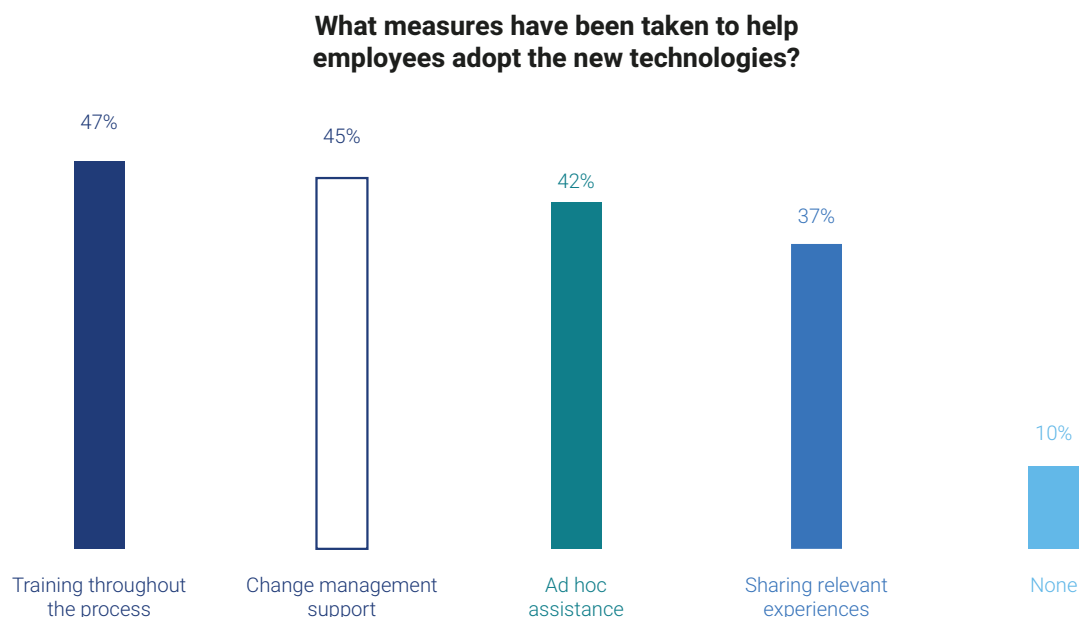
## 2.2.1 TOOLS AND STRATEGIES

### 57% of employees familiar with their company's strategy rate the support it provides for their digital transformation project as average.

The concept of digital transformation generates many questions about the possibility of human beings being replaced by “machines”. **While it may change the nature of work, in most cases it will not replace human skills, but rather introduce new ones.** It's important that you know what skills are required to carry out a transformation, to target gaps and needs, but also to make that transformation sustainable in the long term. This enables you to recognize top talent and implement a skills development plan so these people can grow with your company. Given the

current labour shortage, especially in Quebec, **keeping your best employees and identifying transferable skills gives you a competitive advantage.**

If the gap between your needs and the skills available is too great, you may want to bring in an external consultant. Whether it's to get specific skills for a certain period of time, such as IT skills, or a partner to help you manage your transformation, to guide you through the change process and ensure its success.



Base: Employees who are aware of their company's digital transformation strategy (n=214)

## 2.2.1 OUTILS ET STRATÉGIES

**Our survey showed that only 57% of companies have a training plan. It also found that 20% of respondents don't even know if their company's overall training program includes digital transformation training.**

There's definitely room for improvement, as illustrated by the fact that **57% of employees familiar with their company's strategy rate the support it provides for their digital transformation project as average.**

It seems that, while several measures have been identified as ways to help companies adopt new technologies, the results clearly show that there is room for improvement.

The background features a series of vertical light streaks in shades of blue, teal, and orange, creating a bokeh effect. Silhouettes of three people are visible: two in the upper half and one in the lower center, all facing away from the viewer.

# 3

## Key Issues

Taken together, the answers to our questions about digital transformation point to three key issues for companies:

**labour shortages, cybersecurity and climate change.**

These issues are putting pressure on companies that are operating in increasingly complex and fast-paced environments. Leveraging technology is a key success factor to achieve greater flexibility and agility.



## 3.1 LABOUR SHORTAGES

### **For 70% of companies, the lack of technological skills is the biggest obstacle to digital transformation.**

Competition for increasingly scarce talent leads to higher salaries and delayed rollouts. At 58%, a lack of financial resources was the second-most cited constraint.

Companies are putting in place new measures to address these issues: 47% of them are providing training throughout the process, and 45% are supporting their digital transformation with a change management plan.

Recognizing the talent required to fill the skills gap is a great way to ensure your transformation is sustainable. This enables you to recognize the best talent and implement a skills development plan so that they can grow with your company. Given the current labour shortage, especially in Quebec, keeping your best employees and identifying transferable skills gives you a competitive advantage.

Another challenge of the current labour shortage – only compounded by the

recent so-called “Great Resignation” which is being led by millennials - is how to attract and retain top talent.

Our study shows that new technology positively impacts a company's ability to attract and retain top talent, as supported by the following figures:

- 97% of managers say companies that integrate new technology into work processes are more attractive;
- 75% of managers say companies that lag behind in their digital transformation drive employees to move to other companies.

Finally, implementing an HRIS or ERP system makes it easier to anticipate needs and attract more qualified candidates. These systems also speed up administrative processes, so companies are more efficient at making offers and developing new resources.

## 3.2 CYBERSECURITY

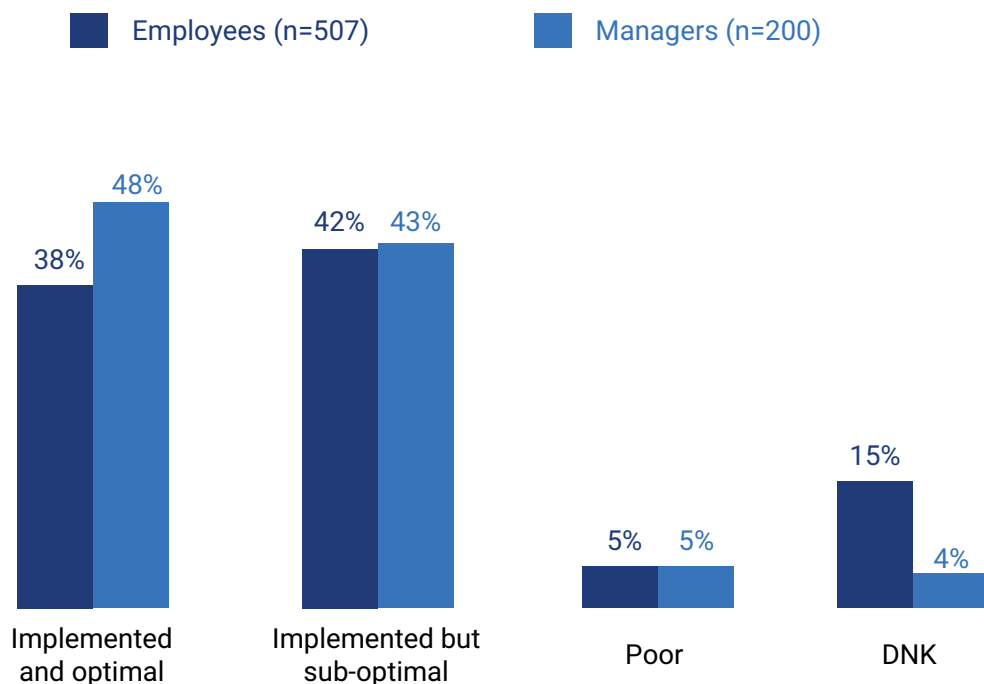
The rapid introduction of new remote and hybrid work modes has made companies more vulnerable to cyberattacks, making this issue, and the accompanying increase in cloud-based solutions, central to digital transformation.

Less than half the companies surveyed have a cybersecurity policy. Yet, at 46%, cybersecurity is ranked as digital transformation's third biggest challenge. Cross-referencing the results suggests that insufficient communication or understanding

of the technical issues explains this apparent contradiction.

Indeed, 74% of respondents said that their company has or plans to implement a cybersecurity strategy, but 42.5% felt that their company's level of cybersecurity was sub-optimal and 15% were unable to rate the level. However, 88% of people working in science and technology confirmed that their company has a cybersecurity strategy.

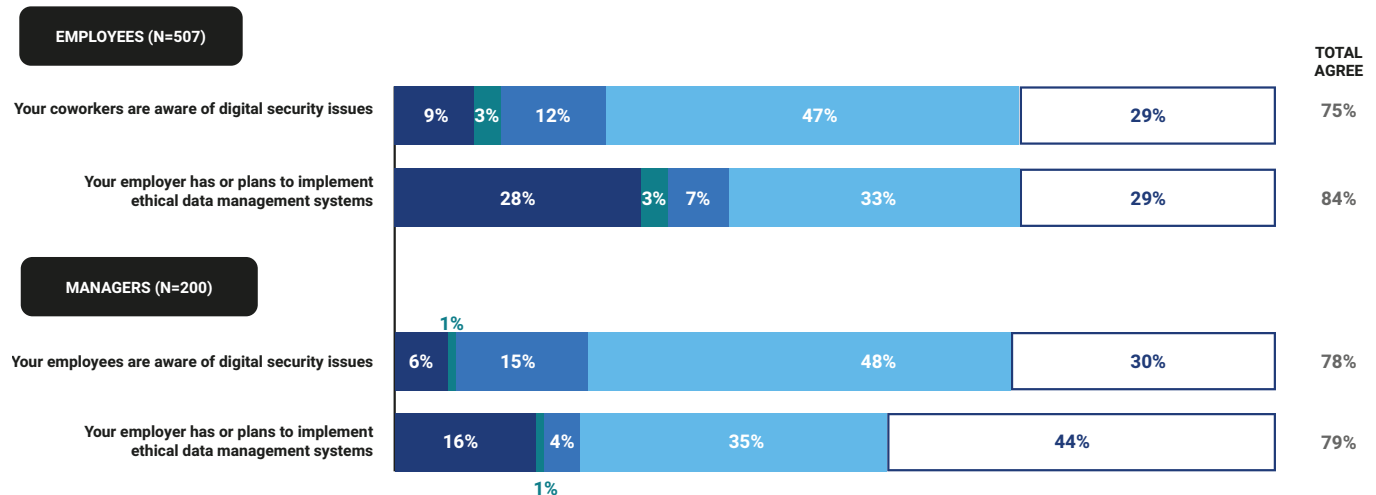
**To the best of your knowledge, how would you rate your company's level of cybersecurity?**



## 3.2 CYBERSECURITY

Indicate your level of agreement with each of the following statements:

DNK/DNA
  Completely disagree
  Somewhat disagree
  Somewhat agree
  Completely agree



The increase in the number of cyber-attacks has raised awareness of digital security issues, but 22% of respondents are not aware their company has any data management controls in place.

**Poor communication when implementing new technologies can be an obstacle to their adoption, creating such alienation that employees leave the company.**

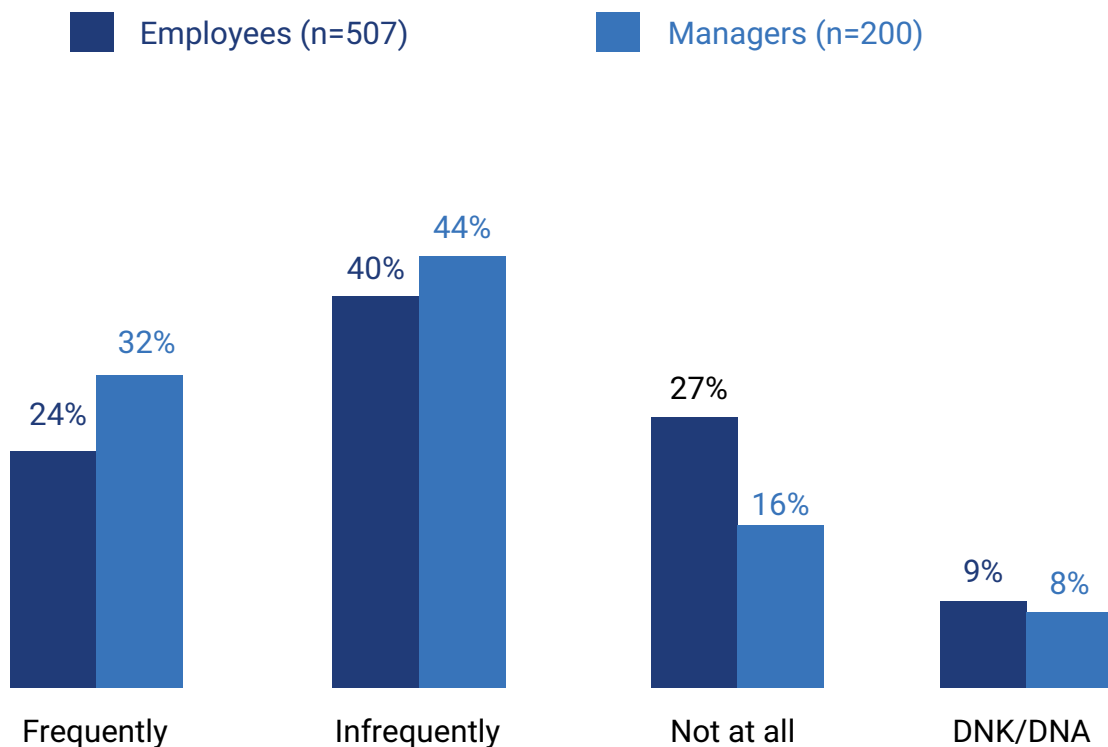
### 3.3 CLIMATE ISSUES

Corporations are now obliged to put environmental responsibility at the top of their strategic agenda. The new generation of employees prefers companies that share their values, and political pressure has spurred companies to reduce their energy footprint. However, 49% of respondents say that technology use only marginally affects global warming. More 18–34-year-olds believe their technology use has a

strong environmental impact (24% vs. 13%).

Businesses have a key role to play in promoting digital sobriety, since 55% of technology-related carbon emissions come from data use and processing equipment such as terminals, data centers and networks. However, companies still lag behind when it comes to talking about digital sobriety and other digital issues.

#### How often does your company promote awareness of climate-related or digital sobriety issues as they relate to technology use?





# **Conclusion**

## **The foundations of digital transformation**



## CONCLUSION

Two years into the pandemic, with the many well-documented benefits of digital transformation, one would be forgiven for assuming that they are on top of this process and have made their digital transformation a priority. However, we observed that only 31% of managers report high technology adoption in their company. The gap between the general perception of accelerating digital transformation and the reality on the ground could simply be due to the increased use of technology for telework.

Our study highlights managers' and employee's differing perceptions of digital transformation. Even today, IT and/or department managers are too often seen as being responsible for digital transformation, which is too seldom part of real, far-reaching change. In fact, implementing new technology leads to comprehensive, companywide change, which in turn leads to a change in corporate culture.

***There are almost as many business models as there are approaches to digital transformation. It's important to understand that the constant evolution of technology means that goals must change and grow in step with the transformation itself. Ideally, companies should view their digital transformation project as their North Star: a guiding light that shows them the path forwards – a path towards a destination that will generate ever-growing value and help them be more and more competitive as they grow.***

Olivier Laquinte, President, Talsom

Even as the number of crises and the need for agility accelerates the pace of transformation, the major obstacles are still primarily due to human factors. More than ever, companies need vision, communication and support. Those that implement comprehensive transformation and change plans will gain a considerable competitive advantage.

Digital transformation is important for companies to remain viable. At Talsom, our goal is to ensure that these companies are still around ten years from now, creating opportunities for current and future generations. Our actions show the strength of our commitment to acknowledge, empower and inspire.

# HOW TALSOM POWERS YOUR BUSINESS

We use a cross-functional, multidisciplinary approach to power your transformation, working holistically rather than sequentially, and combining the diverse expertise of all our teams to deliver strong value-added consulting services.

Our teams have the expertise to be your single resource, from planning to execution, and have extensive experience working with many local, national and international clients. We employ every kind of innovation to help you understand, specify, plan and execute your transformation to a digital world.



# TALSOM

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