2019 Digital Transformation Study of the Professional Services Industry

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EXECUTIVE SUMMARY

CLOUD COMPUTING AND AI LEAD THE WAY IN THE DIGITAL TRANSFORMATION OF PROFESSIONAL SERVICES FIRMS

60%

of respondents categorize their firms as being in the most advanced stages of the digital transformation journey

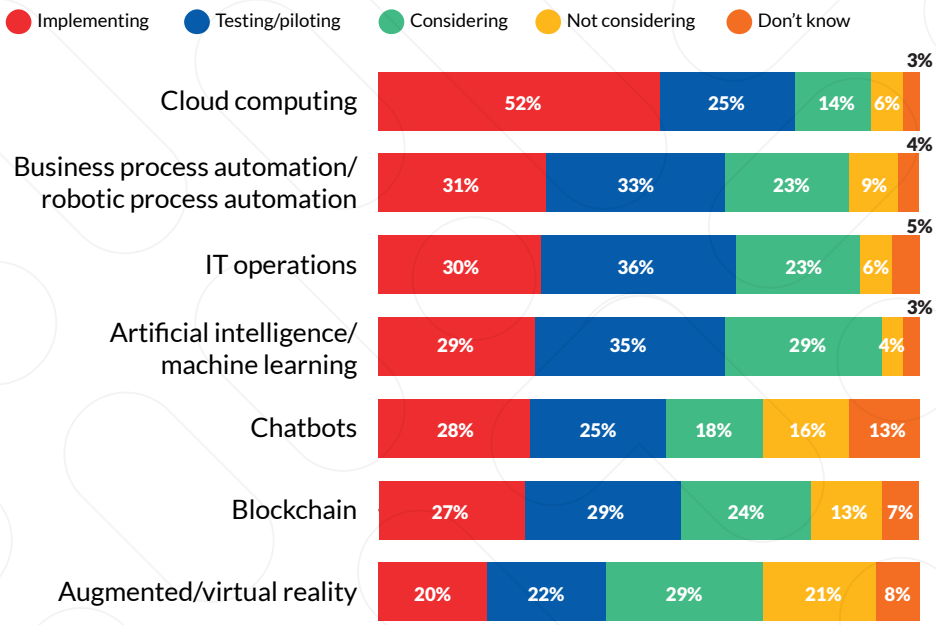
Emerging technologies, such as cloud computing, artificial intelligence (AI) and machine learning (ML), are disrupting the professional services industry. The potentially dramatic impact, coupled with increasing competition, means that firms are under pressure to quickly address the challenges of digitally transforming their business.

To explore these issues, Hexaware commissioned SourceMedia Research to conduct a custom survey of senior executives with decision-making responsibility for technology at large U.S.-based accounting, tax, audit, legal, advisory and consulting firms. The results indicate that cloud computing and AI are set to drive their digital transformation strategies.

All respondents have started a digital transformation journey that comprises six stages: business as usual; test and learn; socialize; strategize; deploy; and innovate. More than half (60%) categorize their firms as being in the three most advanced stages.

Cloud computing is the digital technology that is currently most accepted by respondents, as well as the technology most likely to be accepted in the near (1-3 years) and longer term (more than 3 years). Cloud computing is also the most implemented technology, although firms expect to implement, test or pilot all emerging technologies in the near and longer term. (See Figure 1-3.)

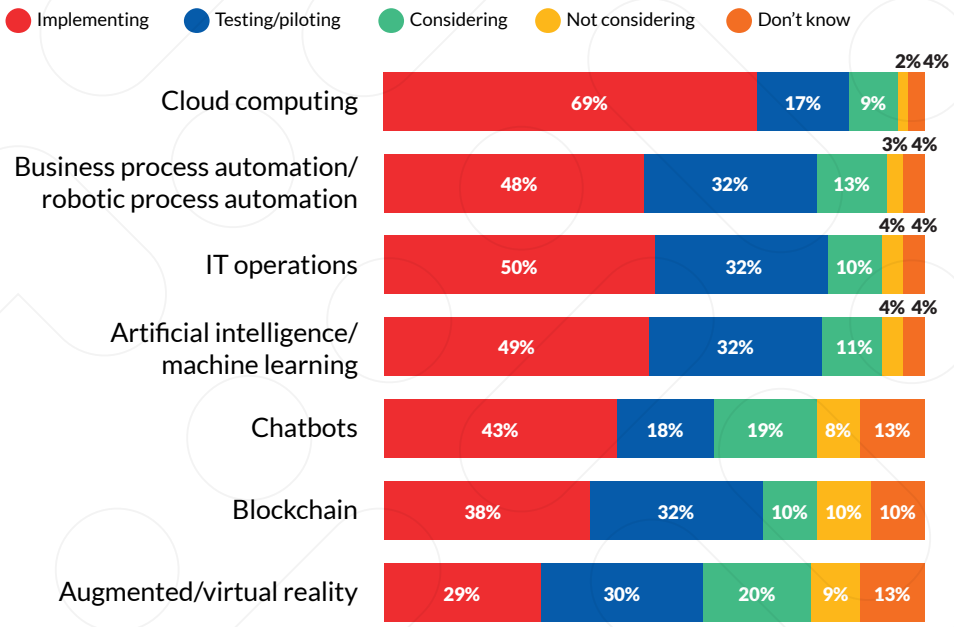
Figure 1. Current Technology Usage Strategy



Source: SourceMedia Research, March 2019

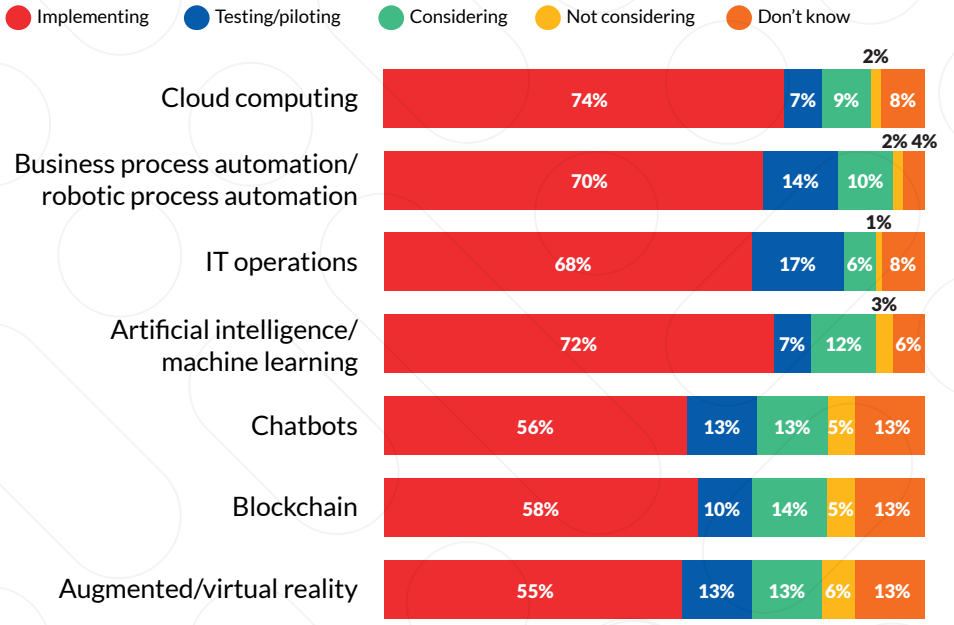
The main objective of respondents in implementing cloud computing is to improve technology and automation

Figure 2. Technology Usage Strategy in 1-3 Years



Source: SourceMedia Research, March 2019

Figure 3. Technology Usage Strategy in 3+ Years



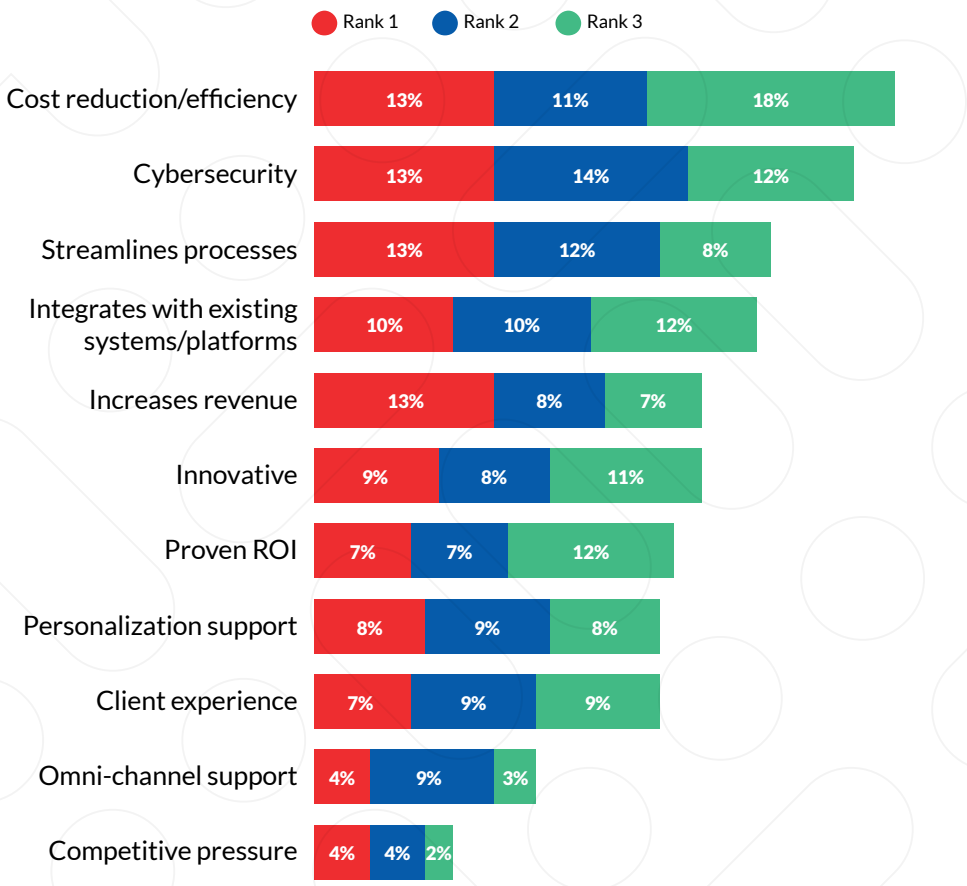
Source: SourceMedia Research, March 2019

The main objective of respondents in implementing cloud computing is to improve technology and automation. Indeed, to improve technology/automation is the top objective for implementing a range of emerging technologies, including AI, block-chain, chatbots, BPA/RPA and IT operations technologies.

Reducing costs and improving efficiency, cybersecurity and streamlining processes are top concerns when considering whether to adopt a major new technology

Understandably, cost is an important component when respondents consider whether they should adopt a major new technology or platform. Not surprisingly, reducing costs/improving efficiency is the top concern, with cybersecurity and streamlining processes ranking second and third. (See Figure 4.)

Figure 4. Top Consideration Factors in Technology Adoption



Source: SourceMedia Research, March 2019

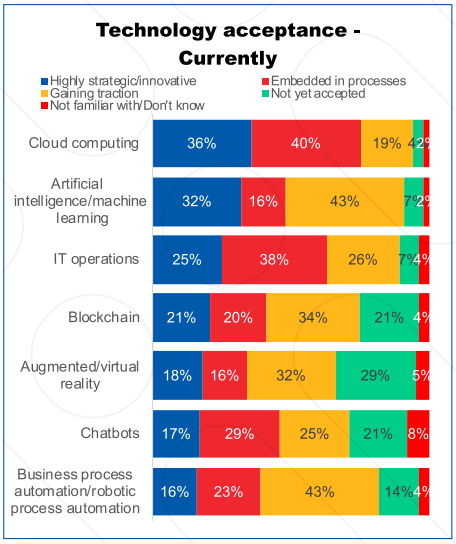
It is clear that professional services firms are very much invested in pursuing a proactive digital transformation strategy, and recognize the need to utilize disruptive new technology to position themselves successfully for the future. **For more detailed, additional information on the results of the survey, please read our full white paper on digital transformation in the professional services industry.**

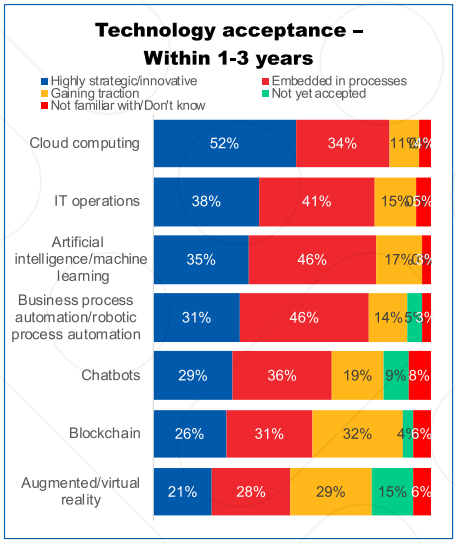
Detailed Findings

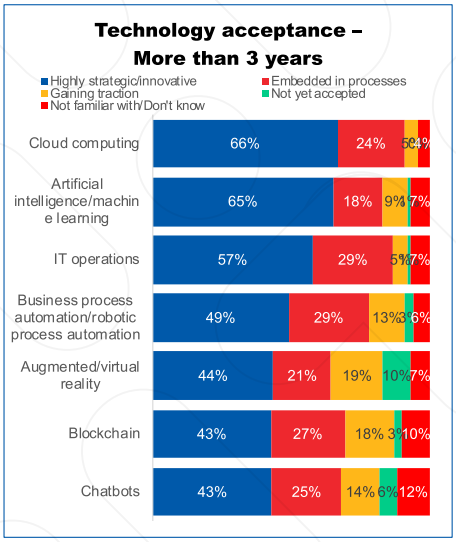
Workload/ resources and staff retention are the biggest challenges to firms' business success

Challenges to firm's business success
% Extremely/Very challenging

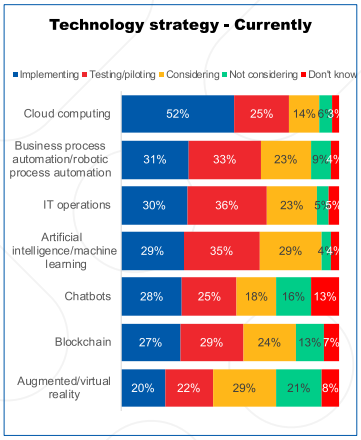
Cloud computing is currently the most accepted technology and is foreseen to be the most accepted technology in the near future

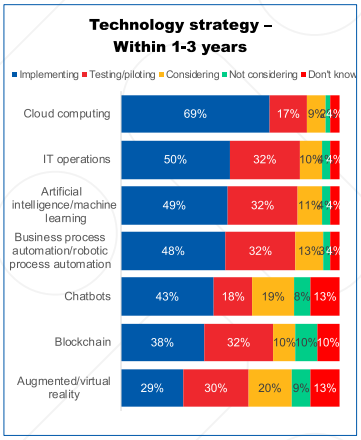


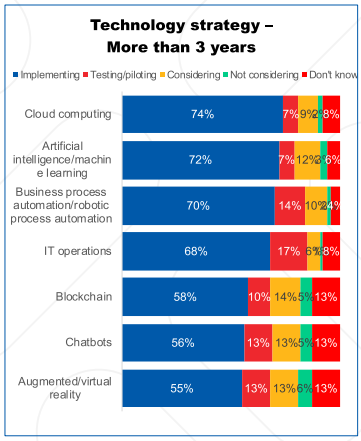




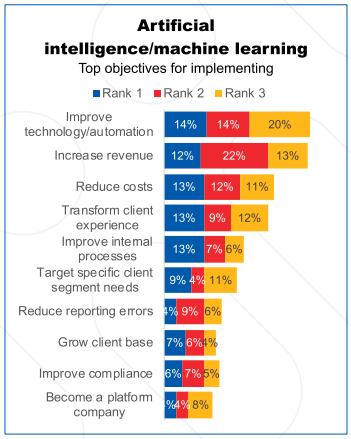
Cloud computing is the most implemented technology; emerging technologies are mostly expected to be implemented/ tested/piloted in the near future

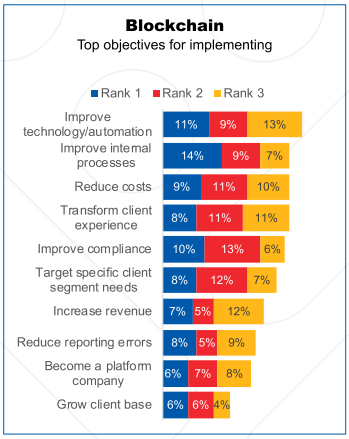


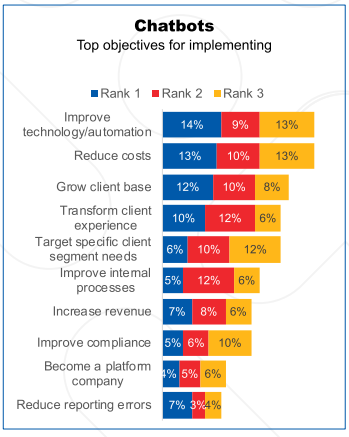




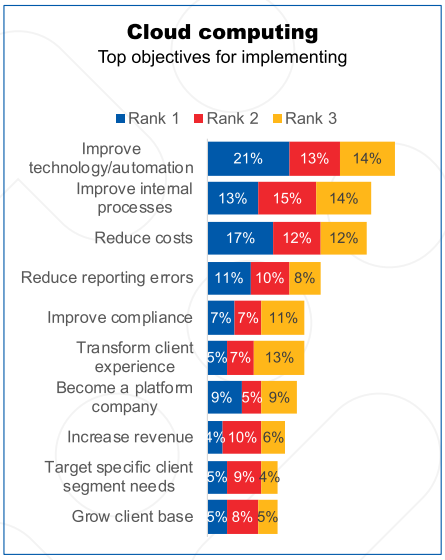
Improving technology/ automation is the top objective for implementing AI, blockchain and chatbots

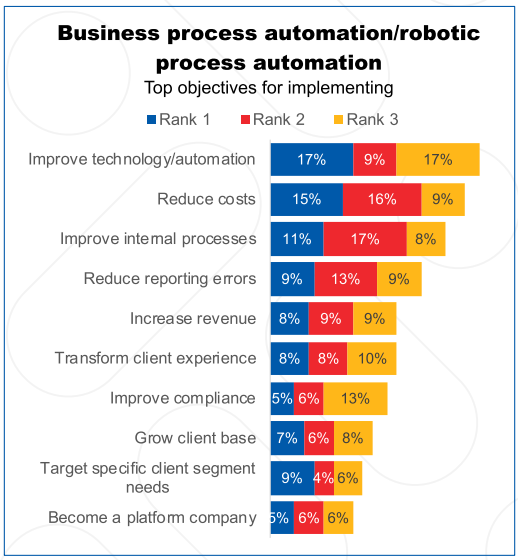




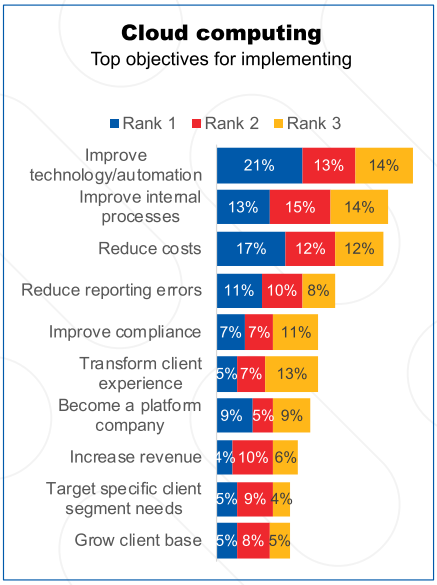


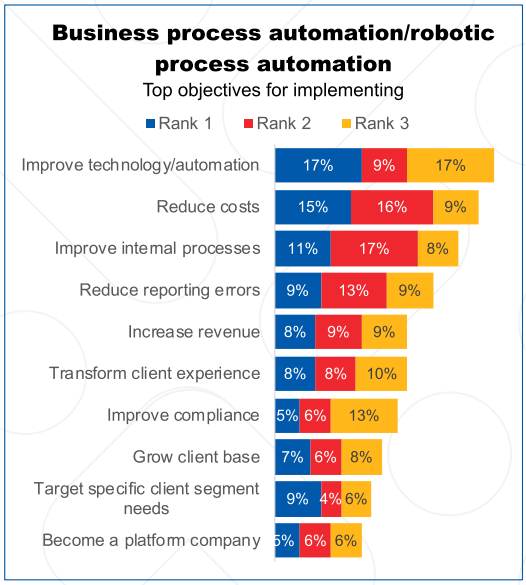
Improving technology, internal processes and reducing costs are the main objectives for cloud computing and BPA/RPA automation implementation



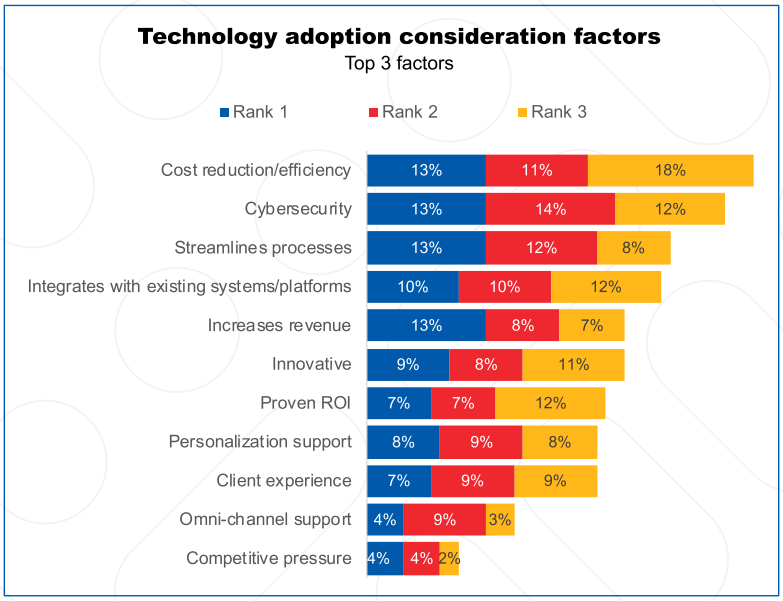


Improving technology is the top objective for IT operations implementation and transforming the client experience is the top objective for augmented/ virtual reality implementation

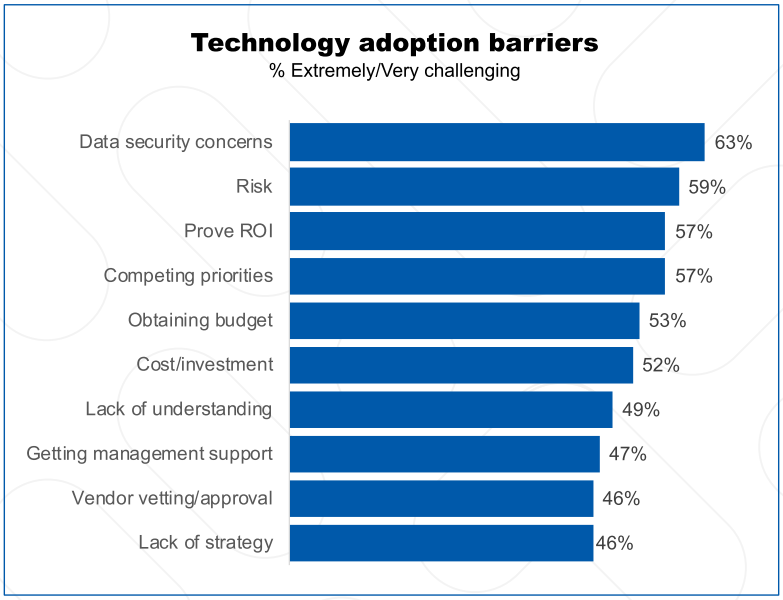




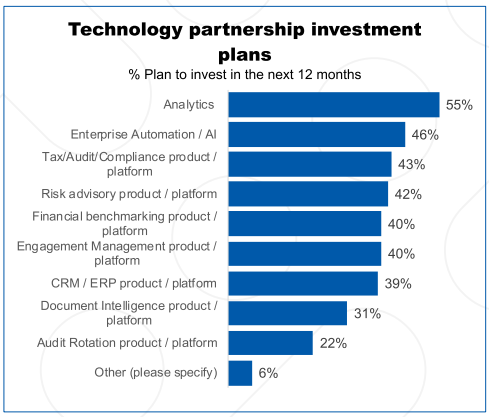
Cost reduction/ efficiency and cybersecurity are the top consideration factors when adopting a new technology

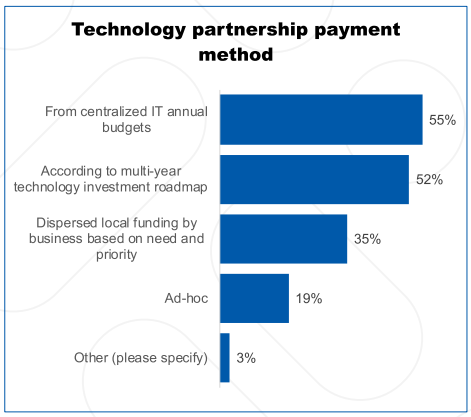


Data security is the most challenging barrier to adopting new technologies

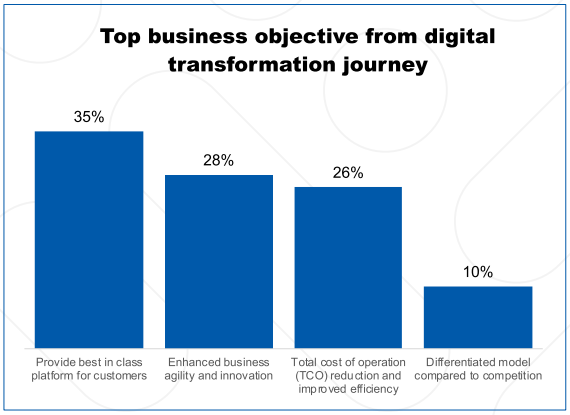


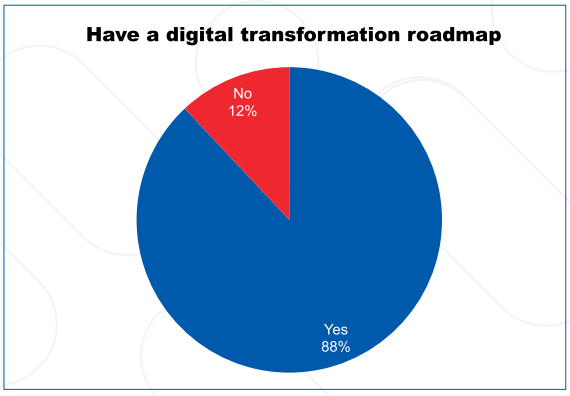
Firms are most likely to invest in an analytics technology partnership within the next year



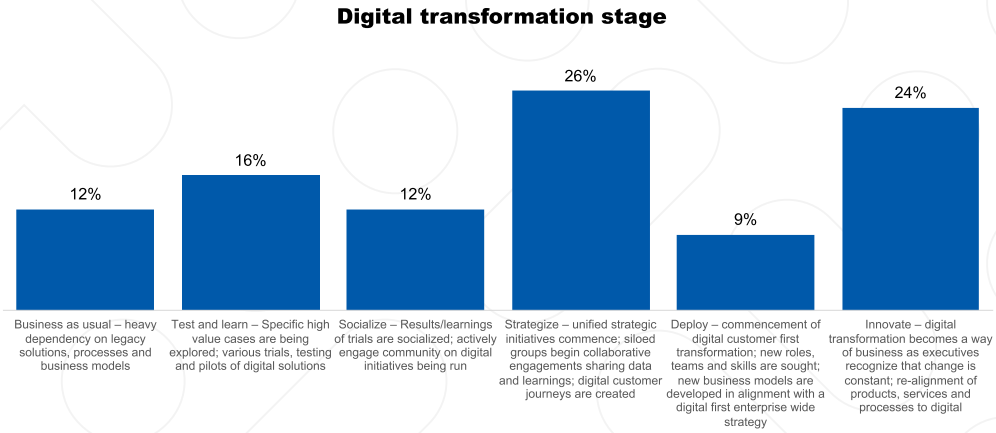


The majority of firms have a digital transformation roadmap; top business objective is to provide best in class platform for customers





More than half of firms are in the later digital transformation stages: strategize, deploy or innovate



Methodology

In March 2019, SourceMedia Research conducted an online survey commissioned by Hexaware. Respondents include 112 senior level executives at accounting, tax, audit, legal, advisory and consulting firms, with revenues ranging from $500 million to more than $5 billion. All participants have decision-making responsibility for technology.

About Hexaware

Hexaware is the fastest growing next-generation provider of IT, BPO and consulting services. Our focus lies on taking a leadership position in helping our clients attain customer intimacy as their competitive advantage. Our digital offerings have helped our clients achieve operational excellence and customer delight. We are now on a journey of metamorphosing the experiences of our customer's customers by leveraging our industry-leading delivery and execution model, built around the strategy— 'Automate Everything, Cloudify Everything, Transform Customer Experiences.' We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics, and Professional Services. We are the only IT service provider to have an entire vertical dedicated to professional services as an industry, where we enable professional services firms ReImagine Trust through innovative and valued solutions by leveraging emerging technologies. Hexaware services customers in over two dozen languages, from every major time zone and every major regulatory zone. Our goal is to be the first IT services company in the world to have a 50% digital workforce.

Learn more about Hexaware at **http://www.hexaware.com**

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