digital enablement in an era of value realization.



randstad digital

Source: Everest Group, supported by Randstad Digital

foreword.

modern enterprises need to transition to a new IT talent model to scale digitalization initiatives.

In today's fast-paced business landscape, digital transformation is not just an option; it's a necessity. Every organization, regardless of its size or industry, is on a journey to harness the power of digitalization. It's about speed, agility, and innovation. It's about staying competitive in an ever-evolving marketplace.

At Randstad Digital, we recognize that "digital" means different things to different industries and markets. It's about solving problems with modern technology, skills, and products that drive progress. We've made it our mission to be your digital enablement partner, providing tailored solutions fueled by the world's largest talent engine.

The report by Everest Group, supported by Randstad Digital entitled, "Digital Enablement in an Era of Value Realization" is a testament to our commitment to your success. This report delves into critical topics such as the state of enterprise digitalization, the need for a new talent partner, sustainable models, and the advantages of digital enablement.

We've done extensive research to identify the specializations required to support your business's critical priorities. Digital transformation will elevate businesses beyond just their core industry. To stay competitive, enterprises must reimagine their customer needs with a digital focus.

We know it takes talented people to empower digital change, so we ensure access to proven talent when and where you need it. Whether it's augmenting your existing team for capacity, leveraging our global talent centers for specialized skills, or offering managed solutions across focused industries, we're designed to enable your digital journey.

The need for modern enterprises to transition their IT talent model is not just a challenge; it's a strategic imperative. The insights in this report by Everest Group are dedicated to addressing this imperative.

I invite you to explore the opportunities that digital enablement can offer your organization. Together, we can navigate the challenges of the digital era and achieve your business objectives.

Thank you for entrusting Randstad Digital as your digital enablement partner. We look forward to embarking on this transformative journey with you.



Raja Renganathan
Chief Growth Officer
Randstad Digital

Everest Group®

Digital Enablement in an Era of Value Realization

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Executive summary

As digitalization initiatives scale, modern enterprises need to transition to a new IT talent model. In a world where "technology is the business" enterprises need to move toward a more cohesive IT talent model that is integrated with business, measured on dynamic business Objectives and Key Results (OKRs), and can rapidly scale up or down.

However, most enterprises are challenged by existing technology skill gaps that aggravate over time with lack of scalable upskilling initiatives and high attrition. The constraints around digital talent availability through flexible models and the absence of sustainable, ongoing talent upskilling mechanisms can impede enterprises' abilities to capture business value from their digital investments. Traditional third-party arrangements offer a way out, but often fail to address the underlying issues as they end up competing with retained technology talent versus complementing them.

Digital Enablement powered by talent is a concept that helps to address these issues by providing enterprises access to specialized digital talent through a customized engagement model that facilitates on-demand scalability as well as ongoing learning and development of the resources. Digital Enablement aims to solve the critical talent issues on a sustainable basis by:

- Offering access to a globalized, specialist digital talent pool
- Deploying the talent pool through full-stack pods that are fit-for-purpose and can rapidly scale up or down, as opposed to static industrialized deployments that are governed by broad-brush cost considerations and pyramid economics
- Reinvesting in the enterprise talent pool through reskilling initiatives and implementing sustainable career architectures. In other words, Digital Enablers act as extended IT teams that ally with the enterprise – not compete with it

In this report, we discuss:

- The state of enterprise digitalization and the need for a new talent model
- The concept of Digital Enablement and how it is different from traditional staffing models
- The advantages of Digital Enablement and how enterprises can track progress on their digital journeys over time using Digital Enablement levers

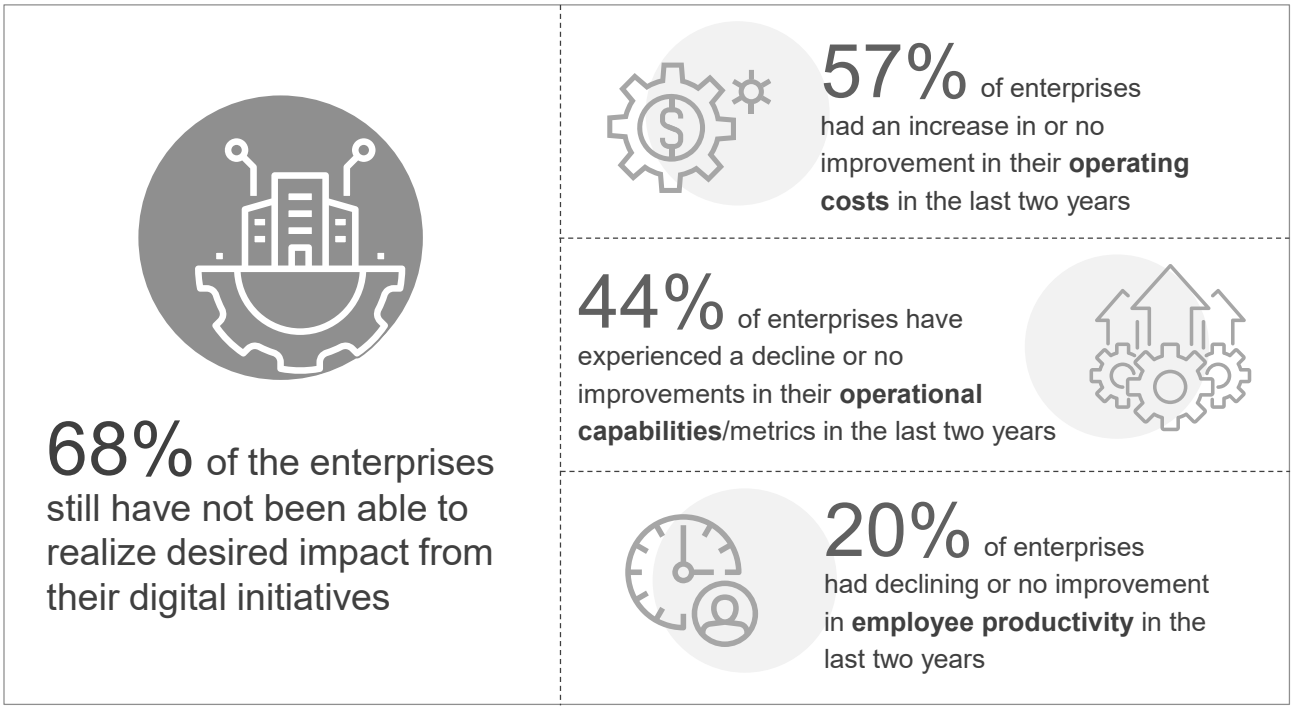
State of enterprise digital transformation

After a decade or more of digitalization initiatives, many enterprises are challenged to move beyond IT modernization and implementation of new technology to successfully operate digital businesses. The carefully planned pilot/PoC-driven approach is being replaced by rapid investments and seismic shifts in adoption of technologies such as AI, cloud, and IoT, underpinned by data-led transformation to enable pervasive digitalized operations. However, despite large-scale, multi-year modernization and implementation programs, 68% of all enterprises believe that they are not able to realize the value of their technology investments, as Exhibit 1 illustrates.

EXHIBIT 1

Impact of digital initiatives

Source: Everest Group (2023)



Conventionally, these digital businesses operate off a core digital product or platform that necessitates a closely intertwined relationship between the IT and operations teams. However, traditional IT structures have been built to operate at an arm's length from the business and do not facilitate the kind of agility and outcome orientation required in these businesses, as Exhibit 2 shows.

Our research indicates that 1 of every 3 companies is trying to move toward a more integrated IT model that is significantly more effective than traditional structure.

EXHIBIT 2

Traditional IT models vs. Integrated Digital models

Source: Everest Group (2023)

TRADITIONAL IT MODEL	Model characteristic	INTEGRATED DIGITAL MODEL
Optimize unit cost of IT	Objective function	Grow the digital business
Structured by siloed towers	Structural basis	Structured by integrated capabilities
Separated by run and build		Run and build are integrated into continuous feature enrichment within the Digital core
Driven by shared services with no direct linkage to business operations		Integrated tightly with specific digital business units, enabling stakeholder-centric value creation
Commoditized role descriptions	Talent model	Specialized roles
Heavily offshored		Right-shored for business needs
Flat pyramids		Optimal experience mix
High attrition		Persistent teams
Static capacity – slow to ramp up/down		Managed capacity – flexible ramp up/down
Static governance model	Governance	Dynamic governance model
Focused on IT input metrics		Focused on digital business success
KPIs and SLAs that remain consistent for a long time		Objectives and Key Results (OKRs) that change frequently

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Talent as a critical challenge for digital businesses

As enterprises try to pivot to a new integrated IT model for their digital businesses, they face significant talent challenges that start with an initial skill gap but can progressively worsen to the point that they risk ceding strategic control of their digital journeys, as described in Exhibit 3.

EXHIBIT 3

Key challenges enterprises cite in scaling IT talent

Source: Everest Group (2023)

Rising attrition	80%
Increasing skill gap	75%
Difficulty in candidate verification	70%
Increasing time & cost incurred	40%



58% of enterprises have insufficient in-house talent to achieve digital product success. 67% believe the situation will aggravate as new skill gaps will emerge as digital disruption causes structural changes in businesses.

- **Shortage of next-generation digital skills:** Rapid technology evolution is consistently shrinking the shelf life of IT skills, while also creating new roles. Organizations face the dual challenges of a competitive global talent market and technology changes outpacing feasible adoption timelines. For instance, we estimate the global skill gap for AI/ML technologies to be 25-30%. Corresponding numbers for cloud skills and cybersecurity skills stand at 20-25% and 30% respectively. The skill gap is further aggravated for digital businesses that require cross-functional talent across digital foundations, digital cores, and digital experiences.
- **Lack of agility and flexibility:** Static capacity management models make it hard to ramp-up/down, leading to over/under investment and delayed digital implementation. Digital businesses run off the back of composable digital products and platforms. As the digital core continually evolves, enterprises need a dynamic capacity model that enables rapid ramp up/down. In the absence of such a model, most enterprises over or under invest, which inevitably leads to cost overruns or stalled initiatives.

Over time, these challenges snowball, hollowing out digital capabilities, gutting organizational context and culture, and eventually eroding strategic control over the digital business.

- **Lack of contextualization:** Overreliance on third-party managed services dilutes the internal skill base and diminishes organizational context. The inherent skill shortages often result in an overreliance on third-party services that do not necessarily fix the underlying issue. Traditional managed services constructs usually do not reinvest in reskilling in-house technology talent or building sustainable career architectures for existing talent. Furthermore, third-party teams are often plagued by attrition and governed by static controls on cost and efficiency metrics that do not align with the evolving OKRs that define digital product success.

Digital Enablement: a talent-first philosophy for value realization

Digital Enablement refers to a talent-first approach to scaling and accelerating enterprise digitalization by collaborating with a third-party talent partner (also referred to as a Digital Enabler) that provides specialized digital talent supply through global deployments, continuous upskilling and progressive career architectures, and flexible engagement models, thereby enabling the enterprise to retain strategic control over the transformation agenda.

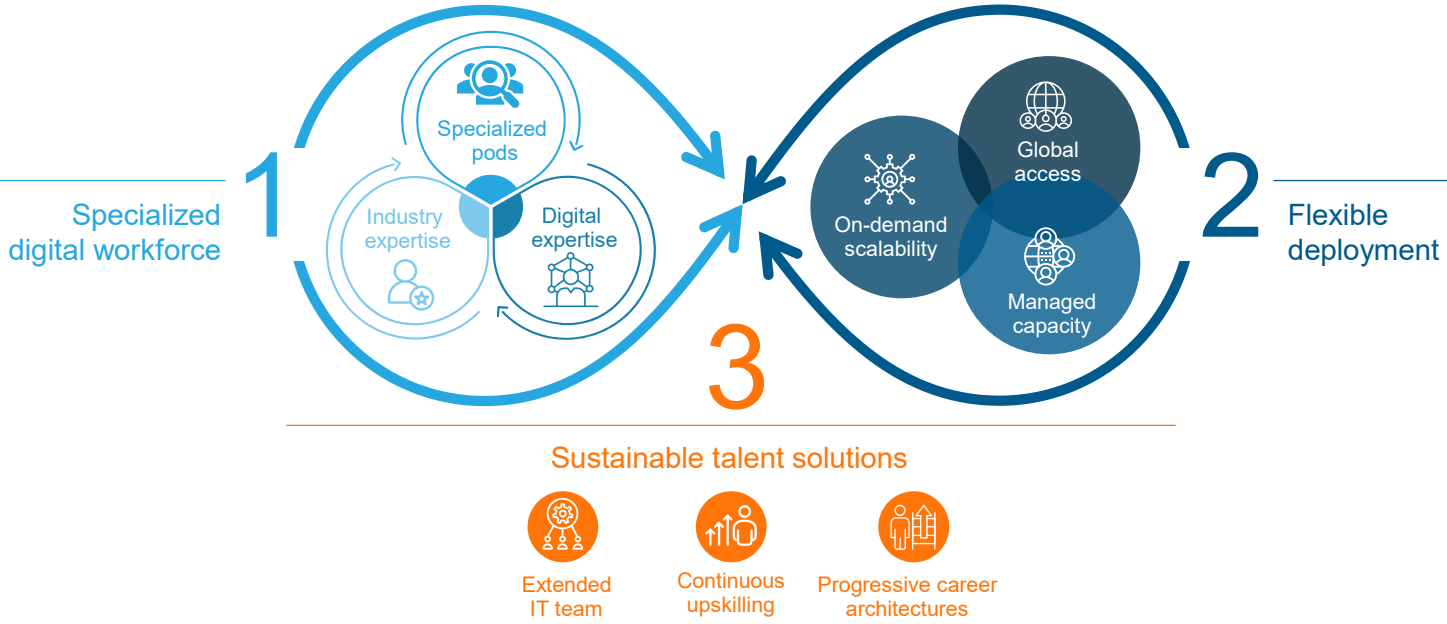
Exhibit 4 provides details on the framework for Digital Enablement powered by talent.

93% of enterprises are unable to source/train talent on key next-generation digital technologies to drive innovation.

EXHIBIT 4

Digital Enablement powered by talent

Source: Everest Group (2023)



KEY TENETS

Specialized digital workforce	Sustainable talent solutions	Flexible deployment
	The Digital Enabler	
• Pre-vetted talent to shorten verification and onboarding cycles • Specialized by technology and industry skills • Staffed through custom pods vs. individuals; pods are often cross-functional, scalable, and stay invested throughout the duration of the project	• Consistently reinvests in the retained IT team through hiring, deployment, and upskilling • Advises on and implements scalable career architecture models that help lower attrition over time • Works as an extended arm of the retained IT organization	• Globalized workforce access; shoring is determined by project needs and talent availability, not dictated by broad contractual/cost obligations • Can ramp up or down at short notice • Flexible and easy contracting processes – easy to buy, easy to consume • High transparency throughout the delivery cycle

The talent partnership model for digital enablement differs significantly from classic engagement models with traditional staffing firms. In this model, the partner assumes greater accountability for talent quality, delivers full-stack pods against contextual understanding of a specific project, and enables in-house capability creation over a long term through upskilling journeys, as depicted in Exhibit 5.

EXHIBIT 5

Talent partnership vs. traditional staffing models

Source: Everest Group (2023)

TRADITIONAL STAFFING		TALENT PARTNERSHIP
Assumes minimal accountability for talent quality and has minimal context of a digital engagement	OWNERSHIP	Offers pre-vetted talent to suit a specific engagement
Typically offers a disparate set of individuals	UNIT OF DEPLOYMENT	Offers custom pods aligned to a digital project
Does not invest in upskilling client talent	TALENT SUSTAINABILITY	Has strong capabilities in talent upskilling and enabling a sustainable digital talent pool

Value realization through a talent partnership approach

Talent partnership as a philosophy offers significant benefits over traditional third-party partnership models:

- **Agility:** The talent partnership approach is tied to dynamic value realization. Flexible deployment models and on-demand capacity variability enable enterprises to tap into heterogenous and specialized digital talent as they progress on their digital journeys.
- **Strategic control:** In the talent partnership model, enterprises continue to own OKRs for their digital initiatives, empowering them to fine-tune their growth metrics frequently, ensuring alignment with digital product evolution. This model contrasts with static KPI and SLA-based outsourcing models, which require the partner to own input metrics that may lose their relevance or linkage with business requirements over time.
- **Capability building:** One of the central tenets of talent partnership lies in the long-term build-up of sustainable in-house digital talent enabled by well-established upskilling, reskilling, and cross-skilling mechanisms. By contrast, traditional outsourcing arrangements that ultimately transfer ownership of talent challenges, as opposed to solving them.
- **Governance:** Governance metrics can be dramatically simplified as digital teams simply measure project success or percentage of OKR achievement, eliminating overhead governance costs.

Digital Enablement readiness: the Digital Enablement Index

The Digital Enablement model can work well when enterprises face typical challenges associated with scaling and accelerating digital journeys. At the same time, readiness for Digital Enablement requires a certain degree of progress toward integrated digital models, a strategic focus on velocity, productivity, and innovation, and a conviction around building sustainable in-house digital talent.

Exhibit 6 provides a self-diagnostic tool to help enterprises assess their talent readiness to advance their digital journeys through a Digital Enablement Index. The Digital Enablement Index measures enterprises' digital enablement maturity across three key dimensions:

- **Digital talent availability:** Understand the enterprise's ability to seamlessly identify, attract, acquire, and scale its next-generation digital talent through in-house channels or third-party talent partners

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- **Digital talent quality:** Understand the enterprise's ability to optimally utilize its in-house or third-party sourced digital talent to enhance productivity and create business value
- **Digital talent sustainability:** Understand the enterprise's ability to develop a sustainable next-generation digital talent pool through established learning and development programs and strong career growth opportunities enabled by in-house channels or third-party talent partners

This self-diagnostic toolkit provides an easy-to-use maturity framework that enterprises can use to assess their current digital enablement readiness and offers guidance on appropriate course-correction measures for the long run.

EXHIBIT 6

Digital Enablement Index: self-diagnostic toolkit

Source: Everest Group (2023)

Enterprise maturity assessment

The 12 questions below represent a quick and easy way to assess yourself on the Digital Enablement Index.

To find your score on the Digital Enablement Index, please rate yourself on these questions using a scale of 1 to 5

Strongly disagree | 1 | 2 | 3 | 4 | 5 | Strongly agree

Maturity level Low Medium High

Digital talent sustainability

The organization can scale digital competencies by sustained improvement in

We are able to retain our in-house digital talent successfully	Digital talent retention
We are able to offer long-term career paths to our in-house digital talent	Upskilling journeys completed
We have well-established and continuous upskilling models for our in-house digital talent	New certifications added
We increasingly feel less dependent on third-party talent for our digital projects	% of digital talent promoted
We are happy with talent retention within our third-party sourced digital teams	

EXHIBIT 6 (continued)

Digital Enablement Index: self-diagnostic toolkit

Source: Everest Group (2023)

Maturity level Low Medium High

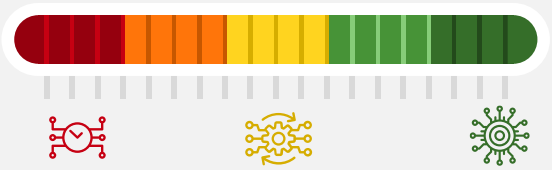
Digital talent quality

	The organization performs well on productivity and quality metrics such as
We have successfully optimized productivity and velocity within our digital estates	Improved developer productivity
Our ability to access high-quality digital talent has helped us improve velocity and time to market	Backlog reduction
Digital talent from our third-party partners is mostly deployable and project-ready	Sprint velocity
Digital talent from our third-party partners takes little time to understand the business context of our projects	Defect reduction
	Business OKR achievement

Digital talent availability

	The organization performs well on availability and fulfillment metrics such as
We can consistently access the digital talent we need for our projects	Time to fill
We can ramp up/down our digital talent supply from our partners at short notice	Time to onboard
We spend minimal time in interviewing, vetting, and onboarding digital talent from our partners	Interview-to-hire ratio
	Quality of hires

HOW TO READ YOUR SCORE



LESS THAN 30
Your digital agenda is being significantly compromised by the lack of a scalable digital talent model. You need to urgently reassess your digital talent strategy. Review the questions on which you rated yourself the lowest – they are likely to indicate immediate priority areas.

30-44
You are in the same category as most enterprises – Digital Enablement could help you accelerate and scale your initiatives.

45 OR MORE
Congratulations! You have made significant progress on the Digital Enablement journey. You might still benefit from some targeted actions focused on the questions on which you have assigned a low rating, but these are unlikely to be burning issues.

Enterprises need to track improvements on a set of core metrics across the three dimensions (Digital talent quality, availability, and sustainability) as they progress on their Digital Enablement journeys. Digital Enablement models typically outperform traditional staffing models on availability metrics to begin with and should lead to improvements in quality and sustainability of digital talent over time.

Identifying the talent partner of choice

Once an enterprise decides to go ahead with the talent partnership strategy, it needs to identify a viable partner (Digital Enabler) of choice. A Digital Enablement provider needs to be able to offer specific critical competencies to qualify as a viable partner. Exhibit 7 describes the criteria that organizations can use as a sourcing checklist for partner identification.

EXHIBIT 7

Sourcing checklist to identify a Digital Enabler

Source: Everest Group (2023)

Specialized digital workforce	Flexible deployment	Sustainable talent solutions
01 Does the partner actively vet and authenticate the talent being offered?	04 Does the partner offer access to a global talent supply, as opposed to being restricted to specific geographies?	07 Is the partner comfortable working as an extended arm of the in-house IT team?
02 Does the partner offer pre-certified talent with specialist experience in the desired technologies/industries?	05 Does the partner offer global project management capabilities and tools?	08 Does the partner have expertise in hiring specialist digital talent for customers?
03 Can the partner actively advise on pod composition for a particular project, as opposed to supplying a disparate set of individuals?	06 Can the partner ramp up/down at short notice?	09 Will the partner invest in upskilling in-house digital talent, as opposed to competing with in-house talent?
		10 Can the partner advise on and implement career architecture frameworks for in-house digital talent?

Conclusion

As more organizations adopt the integrated IT model, talent is becoming a key imperative to deliver on their digital mandates and business objectives. Most business leaders agree that talent holds the secret to their future value and success. The growing demand and limited supply of digital talent is placing immense pressure on organizations to improve their workforce planning and management strategies.

Talent partnership models offer a powerful approach to the current challenges enterprises face by providing a sustainable next-generation digital talent model to seamlessly scale their digital businesses. Enterprises are able to have a long-term view on digital talent while retaining complete strategic control over their digital transformation visions. Furthermore, a strategic collaboration with a digital enabler orchestrated through a detailed assessment of the enterprise's needs and clearly defined roadmap and goals can help enterprises build a robust workforce management strategy and mitigate the common pitfalls. The benefits can have significant impact over time and accrue through improved scalability and agility of the digital business model.

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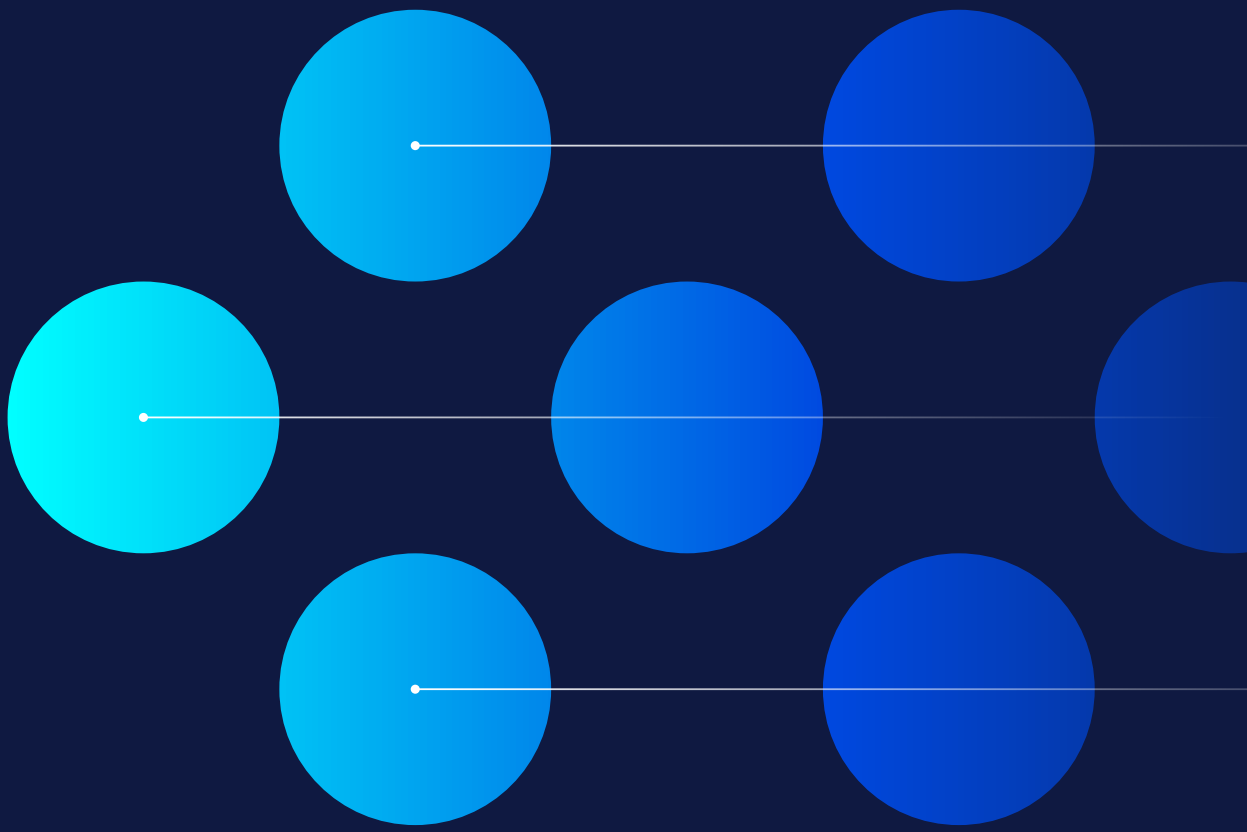

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