



INNOVATION, R&D & IT HIRING TRENDS REPORT

alliantgroup's Report on C-Suite
Digital Transformation Sentiments

INNOVATION, R&D & IT HIRING TRENDS REPORT

alliantgroup's Report on C-Suite Digital Transformation Sentiments

As supply chains disrupt, trade wars abound, and digital technologies increase in response to the pandemic, companies of all sizes are learning that digital transformation must be front and center to maintain competitiveness. R&D and innovation efforts are critical for successful digital transformation, and C-suite executives are ramping up efforts to both build out internal capacity and procure external resources to quickly digitize their businesses and master emerging technologies like AI and machine learning.

Without the right technical talent, digital transformation can stall and even fail. That's why companies are closely following labor trends to meet potential employees where they're at – and it's not in superstar cities like New York and San Francisco. IT workers are leaving big cities for greener pastures as the pandemic has opened up the flood gates for remote work, pressuring companies to restrategize recruiting efforts and set up operations in mid-tier cities like Raleigh and Boise.

Our "Innovation, R&D & IT Hiring Trends Report" reveals that the C-suite is keenly aware of the catch-up necessary for digital transformation. As organizations put an even more significant emphasis on boosting IT hiring, R&D, and innovation efforts, IT consultants should position their services to meet this demand.



DHAVAL JADAV

Chief Executive Officer
alliantgroup

INNOVATION AND R&D INVESTMENT CAN NO LONGER BE SIDELINED



With the U.S. dropping out of the top 10 most innovative countries this year, according to Bloomberg's 2021 Innovation Index, C-suite executives have quickly learned that investing in innovation can no longer be sidelined. 29% of those surveyed said that the U.S. is lagging behind other countries when it comes to embracing digital transformation. One out of five (20%) surveyed said that the U.S. isn't embracing new technologies as aggressively as other countries. As the pandemic and scrambled supply chains only make things worse, organizations will need the expertise of IT consultants to bolster their digital transformation initiatives as they catch up on a global scale.

29%

Of those surveyed said that the U.S. is lagging behind other countries when it comes to embracing digital transformation



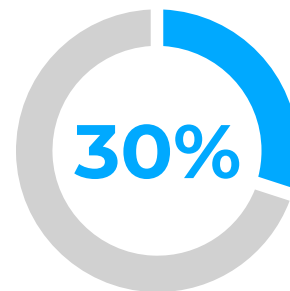
20%

One out of five (20%) said that the U.S. isn't embracing new technologies as aggressively as it should compared to other countries

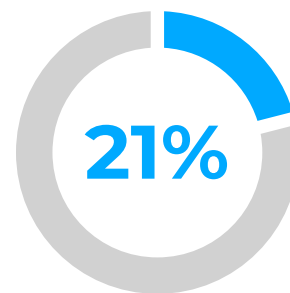




Research and development are critical for the U.S. to regain its top spot as the most innovative country. However, even as nearly 30% of C-suite executives reported having plans to invest in R&D over the next two years, companies too often disqualify themselves from taking full advantage of tax incentives like the R&D credit because of a lack of expertise in tax literacy. This information reveals a glaring unmet need where digital transformation consultants can provide undeniable value, especially as more than one out of five C-suite executives (21%) cited leveraging more government support like tax credits to further innovate within their industry.



C-suite executives reported having plans to invest in R&D over the next two years



C-suite executives cited leveraging more government support like tax credits to further innovate within their industry

CUTTING THROUGH (AND JUMPING OVER) THE RED TAPE

In terms of motivation to embark on digital transformation projects, nearly half (46%) of C-suite executives understood that their company needed these types of projects to survive in the long term. Despite this, efforts to execute hit a dead end as internal bureaucracies are too cumbersome to react. As 36% of C-suite executives surveyed cited the pandemic as having accelerated the need for digital transformation across most industries. 29% said it had hampered their organization's capacity for digital transformation, and a third (33%) reported there is too much red tape to innovate successfully. IT consultants can more easily side-step these internal challenges and enable companies to speed up their goals for digital transformation.



46%

C-suite executives understood that their company needed digital transformation to survive in the long term



36%

C-suite executives surveyed cited the pandemic as having accelerated the need for digital transformation



29%

Said the pandemic hampered their organization's capacity for digital transformation



33%

Reported there is too much red tape to innovate successfully

As the pandemic continues to apply pressure on the transition to digital, an alarming number of organizations don't have plans for digital transformation where IT consultants can take the lead. Half (50%) of the C-suite executives surveyed have budgeted up to nearly \$5 million in digital transformation for the next two years, while one quarter (25%) have budgeted between \$1 million to just below \$5 million. Meanwhile, 65% of C-suite executives reported having between one and four digital transformation projects to be completed in the next two years, a sizable percentage. However, 15% had no idea whether any digital transformation projects would be completed. To fill this gap, 38% of C-suite executives said they are prioritizing investment in vendors/third parties to implement/adopt new technologies and enable their digital transformation efforts over the next two years. IT consultants should take advantage of this massive opportunity.



C-suite executives have budgeted up to nearly **\$5 MILLION** in digital transformation for the next two years.



25%

C-suite executives have only budgeted **\$1-5 MILLION** towards digital transformation



38%

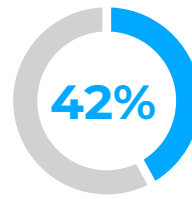
C-suite executives said they are prioritizing investment in vendors



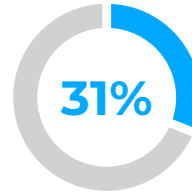
Had no idea whether any digital transformation projects would be completed

IT'S NO LONGER AN EMPLOYER'S MARKET

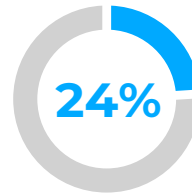
As the nation faces a historic skilled worker shortage, not having the right technical talent will seriously impact many digital transformation initiatives. 42% of C-suite executives surveyed said access to more talent was their organization's top action to innovate. 31% Surveyed said not hiring the right talent was one of the biggest mistakes they made when undergoing a digital transformation project. Although 24% said they plan to invest in the community and/or STEM education programs to fill their technical talent pipeline, these hiring pushes will not be immediate and provide a critical window for IT consultancies to offer their expertise.



C-suite executives said access to more talent was their organization's top action to innovate

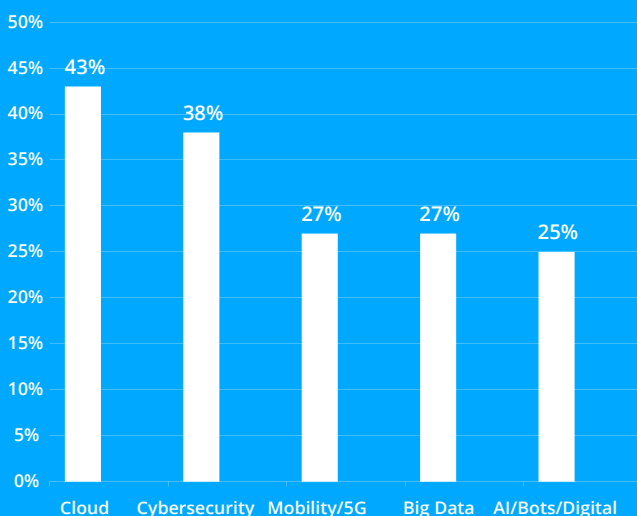


Said not hiring the right talent was one of the biggest mistakes



They plan to invest in community or STEM education programs

Planned Digital Transformation Projects



In terms of business priorities, nearly a quarter (24%) of C-suite executives said IT would be the number one department for digital transformation projects over the next two years. In addition, 43% of C-suite executives surveyed said they'll have cloud-based solutions successfully implemented into their business over the next two to three years, followed by cybersecurity at 38%, mobility/5G at 27%, Big Data at 27%, and AI/bots/digital assistants at 25%. While these plans are ambitious, they still indicate a massive gap in existing internal technical resources. More nimble IT consultancies/third-party providers should immediately bolster their teams in these areas to partner with companies as they kick their digital transformation projects into high gear.

RECRUITING MOVES BEYOND SUPERSTAR CITIES

The search for the right technical talent has expanded beyond superstar cities like New York and San Francisco. C-suite executives are now aligning their hiring priorities with more significant migration trends in the U.S. following the shift to remote work. Respondents noted finding skilled talent as the number one area that will accelerate digital transformation at 42%, in addition to the top action of expanding tech talent recruiting to outside typical high-tech regions (e.g., San Francisco, New York, and Austin) at 30%. A quarter (25%) even reported opening up offices in these non-high-tech locations to support their initiatives, and IT consultancies would be wise to map their hiring to these areas as well.

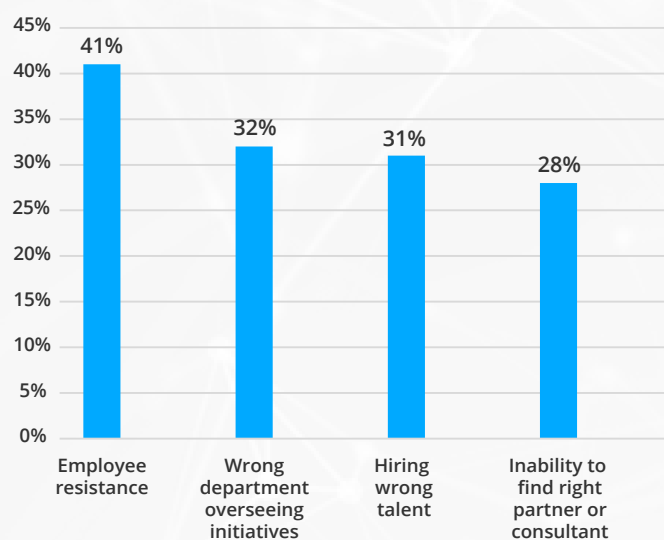
Respondents noted finding skilled talent as the number one area that will accelerate digital transformation at

42%

Expanding hiring outside high-tech areas at

30%

Biggest Digital Transformation Mistakes



Although C-suite executives see the light when harnessing technical talent, it will take a critical shift in culture. Some of the biggest mistakes executives feel that happen when undergoing digital transformation include employee resistance at the top at 41%, the wrong team/department overseeing initiatives at 32% and not hiring the right talent at 31%. More than a quarter (26%) said their company culture doesn't embrace change and 28% said they can't find the right technology and consulting partners. These internal challenges are ripe for talented IT and change management consultants to step in and better promote themselves as easing the process of digital transformation that can so often be met with resistance.

RESEARCH METHODOLOGY

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 101 U.S. adults who are C-level and senior-level non-IT employees at firms with at least 50 employees. Fieldwork was undertaken between June 10, 2021 to June 14, 2021. The survey was carried out online.

ABOUT alliantgroup

alliantgroup is a management consulting company with a mission to strengthen American businesses through reinvestment in innovation and job growth. We educate businesses, the industry groups that serve them and the accounting firms that advise them on federal and state credits and incentives that are legislated by our government to keep the U.S. competitive in the global landscape. We are proud to have helped over 20,000 businesses claim nearly \$13 billion in credits and incentives. alliantgroup is headquartered in Houston, Texas with additional offices located in Austin, Boston, Chicago, Indianapolis, New York, Irvine, Sacramento, Washington, D.C.; and Bristol and London in the U.K.

For more information, visit [alliantgroup](https://alliantgroup.com) and engage with us on LinkedIn, Facebook, Twitter, and YouTube.



alliantgroup[®]