



Independent Study Commissioned by Virtusa Finds 85 Percent of Businesses Plan to Invest in Digital Transformation in 2018

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Study shows firms must first master interconnected disciplines of customer experience, operational excellence and business innovation to achieve stronger digital transformation maturity

SOUTHBOROUGH, Mass.--(BUSINESS WIRE)--Mar. 22, 2018-- [Virtusa Corporation](#) (NASDAQ GS:VRTU), a global provider of digital engineering and IT outsourcing services that accelerate business outcomes for its clients, today announced the findings of *The Digital Transformation Race Has Begun*, a September 2017 study commissioned by Virtusa and conducted by Forrester Consulting, that reflects the digital maturity of firms worldwide. The study evaluates the state of digital transformation across six key industries – retail, banking, healthcare, insurance, telco, and media.

"The Forrester Study confirms that while most companies are preparing to make digital transformation a priority, they have a long way to go before achieving any kind of mastery over the multiple disciplines required to effectively innovate," said Frank Palermo, global head of digital solutions, Virtusa. "Firms that are obsessed with their customer's experience can achieve significant operational efficiencies and put innovation at the heart of their respective cultures and are the ones that will see the greatest benefits from digital transformation. In today's business climate, with industries being disrupted at every turn, companies must be able to quickly change their products and processes to pivot to take advantage of new market opportunities. As the study finds, improving digital maturity will be key to meeting the changing needs of customers in an evolving marketplace."

The study was generated with input from more than 600 digital transformation decision makers in North America and Western Europe to explore the state of digital maturity across six key industries. Respondents included C-level executives, vice presidents, and directors at companies with revenues ranging from \$250 million to more than \$1 billion.

The study deployed a digital transformation maturity index, examining firms' innovation readiness and competency across these key industries in three areas: customer experience, operational excellence, and business innovation. In all three areas, firms fared slightly better in customer experience compared to operational excellence and business innovation. The study also identified five levels of digital transformation maturity firms can reach – Curious, Exploring, Deploying, Thriving, and Mastering – to best synthesize the data from the maturity index. On average, firms currently fall into the lower-to-middle range of the Deploying category (26.06 out of 45).

According to the study, currently 85 percent of firms surveyed said they would increase the budget their company allocates for digital transformation next year, with 37 percent indicating the increase would be by 10 percent or more. Further findings from the study include the following:

- Retail outperforms other industries across all three categories, setting the standard for creating innovative, digitally-driven customer experiences.
- Banking firms are ease-of-use leaders, yet they face investment challenges, including slow economic growth, low interest margins, increased regulation, and changing consumer expectations.
- Healthcare companies traditionally lag behind other industries in adopting business technologies that help with customer engagement. This is tied to intense regulatory requirements leading to a significant focus on security of customer data.
- Insurance organizations are just beginning to digitally transform as the complexity of products and services, legacy technology reliance, and risk-averse cultures all affect how fast insurers can move forward with their digital transformation journeys.
- Telco firms are shifting to customer-centricity, driven in part by low customer satisfaction and disruption caused by over-the-top (OTT) providers.
- Media companies have the most ground to cover in digital transformation. They also represent the group least likely to increase investment in digital transformation.

The study also recommends that firms be customer obsessed by building visions for winning over executive stakeholders, establishing baselines to build digital transformation roadmaps, and putting innovation at the heart of their firms' cultures to ensure greater digital transformation maturity.

"In the age of the customer, empowered, demanding customers can exercise more choice than ever before in deciding which companies will earn their business, and which will fall by the wayside. To keep up, firms must invent or reinvent their businesses with technology at the core, or watch customers defect as their markets are disrupted," the study states, adding, "To move forward on digital transformation, firms must evaluate their current capabilities, then plot a path forward accordingly. Furthermore, firms must move soon to keep up with the fast pace of digital change ... In the age of the customer, firms must adapt or be swept aside."

Virtusa provides strategic digital solutions and services across a wide spectrum of industries. These solutions are services designed to help companies transform their businesses, expand their addressable markets, and increase revenues. Leveraging its strong innovation and digital engineering expertise, proven platforms, solutions, jump-start kits, and partnerships with some of the leading technology vendors, Virtusa helps global firms in their digital transformation journey. Specifically, Virtusa's digital offshoot, Virtusa Digital, works with Global 500 businesses in financial services, insurance, media, healthcare, and beyond to push the boundaries of user experience (UX), mobility, social, cloud, gamification, analytics, big

data, and IoT to accelerate time-to-market, increase productivity, and improve customer service.

To access the full study, please visit: <http://www.virtusadigital.com/digital-transformation/>

To learn more about Virtusa's Digital Services, visit: <http://www.virtusadigital.com/>

Survey Methodology

In this study, Forrester conducted an online survey of 606 organizations representing six verticals in North America and Western Europe to evaluate the state of digital transformation readiness today. Survey participants included decision makers in customer insights, digital operations, or business innovation strategy. Questions provided to the participants asked about their current plans and capabilities in digital transformation.

About Virtusa Corporation

Virtusa provides end-to-end digital transformation and information technology (IT) outsourcing services to Global 2000 companies. Using a combination of digital engineering services to create distinctive digital storefronts, and a unique platforming methodology to rationalize IT application infrastructure, Virtusa helps clients successfully execute end-to-end digital business transformation initiatives.

Virtusa accelerates business outcomes for its clients by providing cost-effective solutions through a global delivery model, using advanced methods such as Agile DevOps and gamified CICD, and applying disruptive innovation through its xLabs and Digital Innovation Center. As a result, its clients are simultaneously able to drive business growth through digital-first customer experiences, while consolidating and modernizing their IT application infrastructure to support digital business transformation.

Founded in 1996 and headquartered in Massachusetts, Virtusa has operations in North America, Europe, and Asia.

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