

2021/2022 Digital Transformation & Cloud Survey: A Wave of Change

Executive Summary

The latest iteration of our annual *Digital Transformation and Cloud Survey* features insights from 500 global respondents, who cite heightened attention on and investment in cybersecurity, AI and the cloud as indicators of digital transformation being an integral part of enterprise thinking and planning.

In this report, we provide these results together with insights from our almost decade of surveying the marketplace and thought leadership in digital transformation and cloud.

Moving forward, consider these four key concepts to help advance your DT and cloud initiatives:



Data Opportunities and Risk

Increased availability of data and improved means for processing data present new opportunities, from operational improvements to monetization. However, these also bring new risks both internally and externally.



Scaling Up on Cybersecurity New Internal Organization for Transformation

Digital transformation leaders should identify how their organizations are pursuing DT and evaluate how to empower proactive rather than reactive approaches to new developments.



People

In a digitally transforming world with increasing availability of new tools and advanced technology such as AI, people are still central to the development and delivery of products and services.



Cloud Remains Prominent

Cloud continues to be a main driver of, and enabling technology for, digital transformation.

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Key findings

The Survey had 500 respondents across 6 industry sectors (TMT, IMT, CGR, EMI, Healthcare & Financial). We are delighted to provide our TMT clients with some key takeaways from the Survey to help them stay ahead in the DT and cloud evolution. You can also read the full Survey by clicking below.

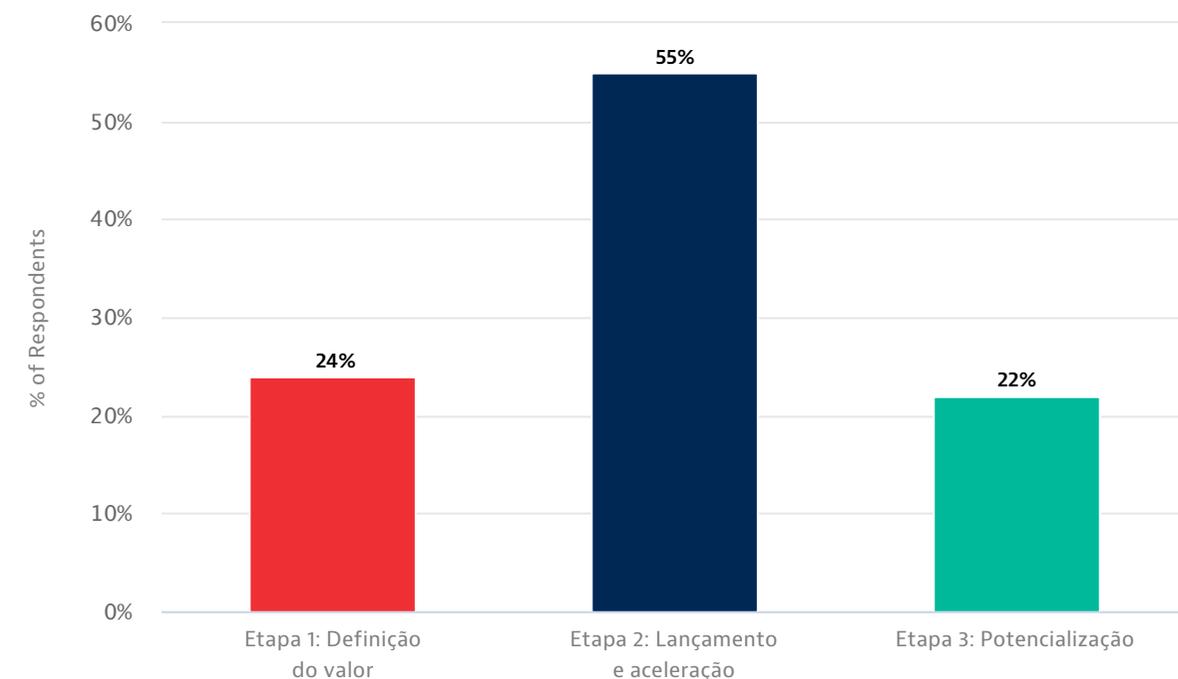
Key areas covered include:

- Shifting mindsets on digital transformation and cloud investments including increasing attention on cybersecurity and AI.
- Evolving legal and regulatory environment impacting all aspects of digital transformation and cloud.
- Cross-border regulation, tax, cybersecurity and governance are top of mind issues for digital transformation and cloud leaders.
- The latest trends and market practices with respect to cloud contracting terms and considerations.
- Reflections on lessons learned from prior digital transformation implementations.

Digital Transformation

Our data shows that the majority (**69%**) of organizations define DT as a tool for operational efficiency: taking an existing business process and seeking to improve or expand it with the use of technology.

Most organizations (77%) are accelerating and scaling up DT:



Nearly half (**52%**) of organizations are currently focused on smaller scale projects, while **45%** are focused on building personnel infrastructure, **40%** on promoting new and agile ways of working and **28%** on creating the culture needed to deliver transformational projects.

The top priorities for investment are related to Cloud Computing (**85%**) storing, mining, monetization and securing data. Followed up by AI and Machine Learning (**80%**) and Cybersecurity (**71%**).

AI and Cybersecurity

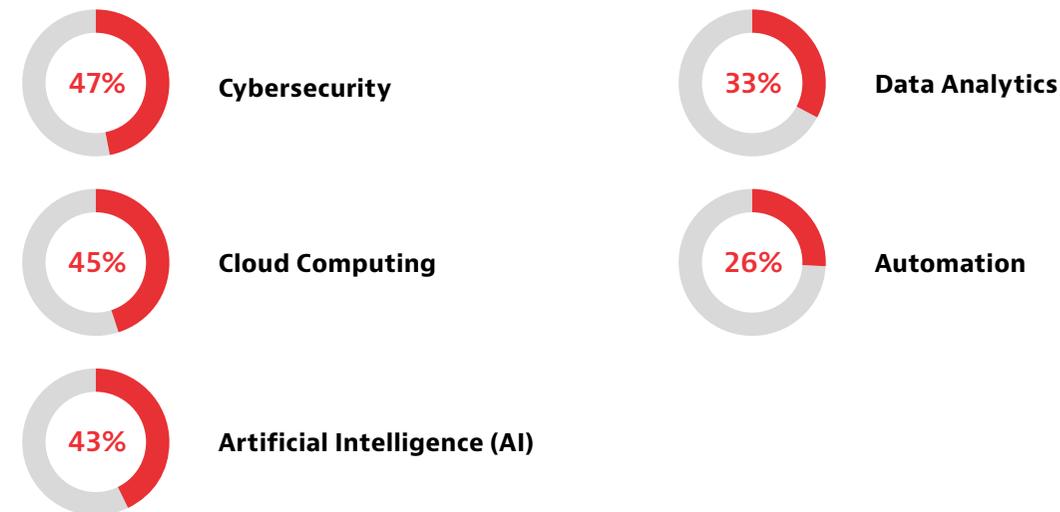
Artificial Intelligence is important to firms, and although only **43%** mention AI as core to their business right now, **80%** cited AI as a current investment area. The greatest impact of AI are expected to be in improved communication, new revenue streams, better customer engagement and greater business agility.

Many companies in Industrials, Manufacturing & Transportation (**43%**) and Energy, Mining & Industrials (**29%**) are switching investment from IoT and automation to Cybersecurity.

Meanwhile, there is a continued trend with cloud computing and cybersecurity maintaining their position as core to digital transformation strategies with **98%** of companies in Healthcare & Life Sciences investing in cybersecurity. Cybersecurity also ranks high on the investment agenda for the Technology, Media and Telecommunications industry (**93%**) and Financial institutions (**92%**).

Top 5 Strategic Technologies for Digital Transformation:

% of Respondents indicating these technologies as strategic to DT (multiple responses allowed)



Cloud Computing

Cloud is critical in digital transformation. Cost reduction is a key driver. Main concerns are data privacy and cybersecurity.

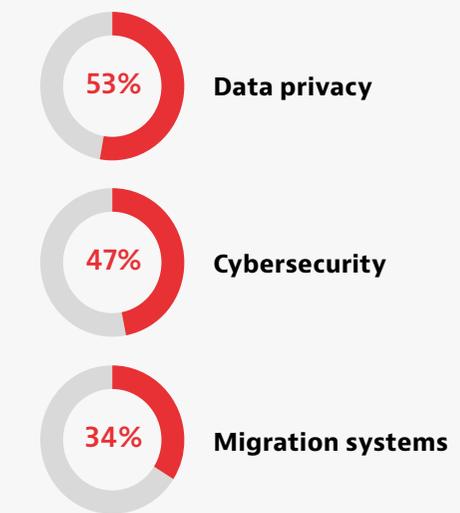
Top 3 Benefits of Cloud Computing:

% Respondents citing this area as a benefit of cloud computing (multiple responses allowed)



Top 3 Concerns of Cloud Computing:

% Respondents citing this area as a concern in relation to cloud computing (multiple responses allowed)

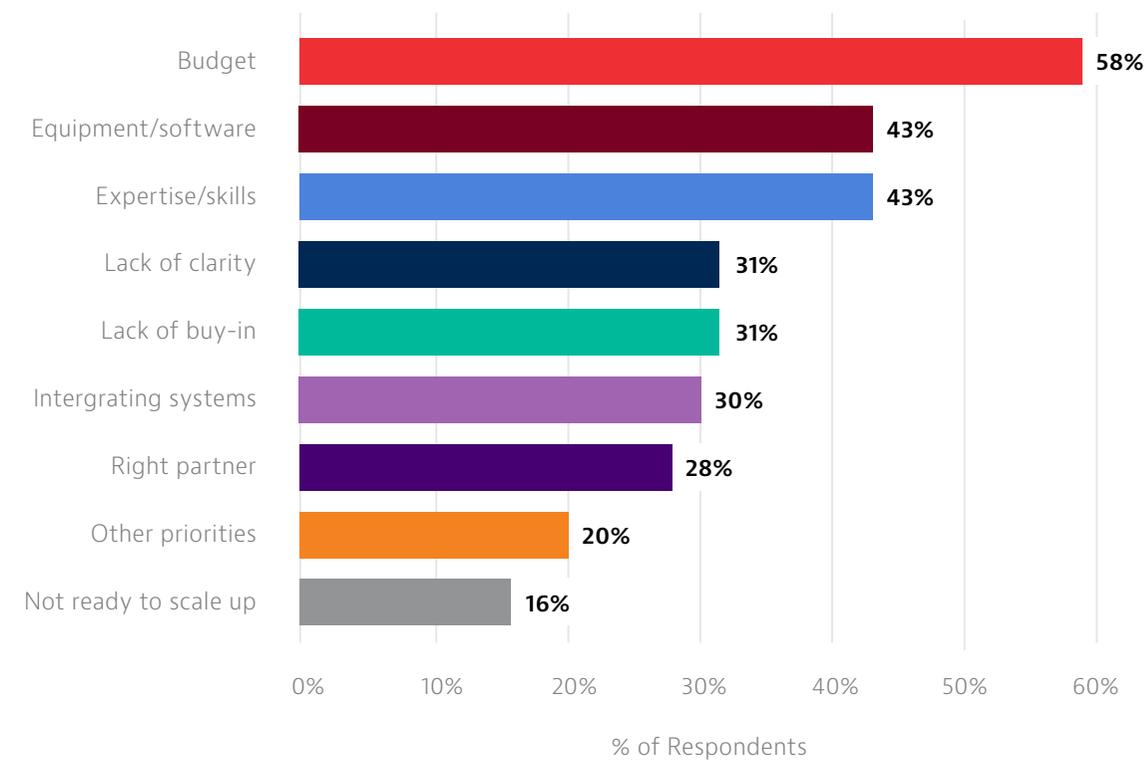


78% do not regard control of data and use rights as negotiable. **4 out of 5** respondents agree that liability caps are based on service fees, but liabilities for data privacy issues and security are higher.

Barriers to Digital Transformation

Companies are facing budget constraints to progress their digital transformation (**58%**), while lack of equipment and software or expertise and skills (**43%**) are the most common barriers.

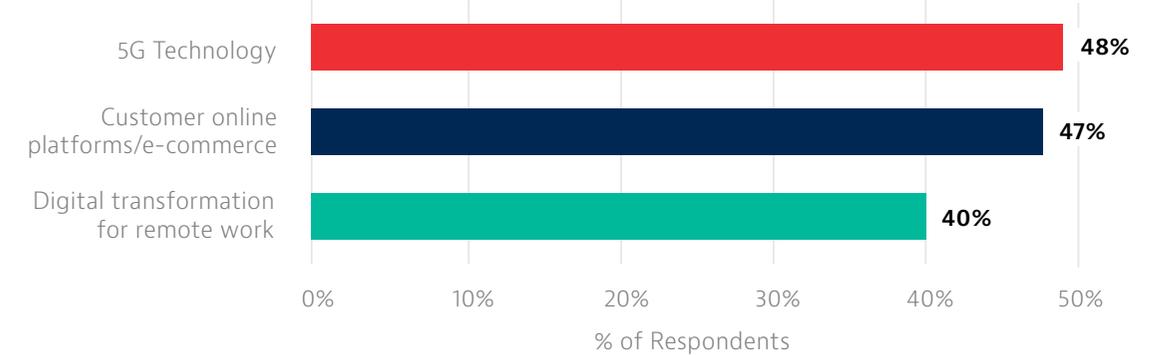
Barriers to Scaling Up and Accelerating Digital Transformation:



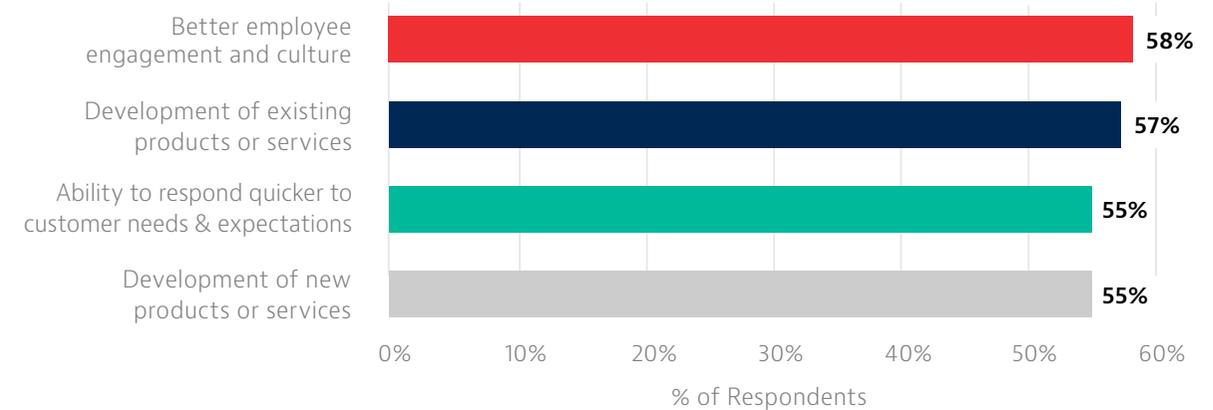
Future Investment:

Future investment suggests that organizations are gearing up for a continued evolution in DT. Future priorities reflect other potential aspects of enterprise strategy, from security and efficiency to new revenue streams and customer and employee experience. Future investment priorities center on communication (5G), customer engagement (e-commerce) and remote work.

Future Digital Transformation Investment Area (% of Respondents ranked as top three)



Expected Benefits in Next 12 Months



Control over data

Digital transformation can be a double-edged sword, creating new opportunities and new areas of exposure. Main areas of concerns are the mismanagement of data security practices (**78%**), data storage practices (**74%**) and cross-border regulation confusion (**68%**).

Data residency laws and regulations have affected organizations, and there is expectation of increased regulation in the future, by an overwhelming majority (**91%**).

The tax landscape continues to shift, with a substantial portion of our respondents indicating significant focus on permanent establishment/tax planning and digital services taxes. The taxation of digital products and services, which impacts how consumers and businesses buy and sell digital goods, has continued to be the focus of debate and regulatory change.

Conclusions

Respondents recognized that faster identification of and reaction to problems and better management of unexpected third-party costs would have resulted in greater success for previous DT initiatives. In retrospect, DT implementation would have benefited from earlier involvement of subject matter teams in compliance and tax as well as the development of a clear governance plan.

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