

WHITEPAPER

© A project by Beck et al., with the support of MKOR Consulting

October 2021

Digitalization in Romanian companies



„Our team has been successfully **developing digitalization projects for over 10 years**, ensuring digital document management and process optimization by implementing top technological solutions.

We considered it to be the right time to conduct the first market study that takes into account the typical aspects regarding the digitalization of Romanian companies.

We aimed to find out what is the perception of decision makers about digitalization, what technological solutions are used, the challenges encountered in carrying out new digitalization initiatives or which are the most known suppliers in the field.

We appreciate and thank the MKOR team for their professionalism and we want the information resulting from the in-depth analysis to draw attention and encourage the business environment towards new digital optimization initiatives!”

OANA-ANDREEA MOLDOVAN,
Marketing and Sales Support Specialist Beck et al.



"Whether we call it **Digitalization** or **Digital Transformation**, the process of switching from analog to digital is no longer just a **buzzword**, but rather a natural stage in the evolution of any business.

Together with our partners Beck et al. we wanted to offer a more complete perspective on how such initiatives are planned and implemented in Romanian companies.

We enjoyed the openness of experts who shared with us how digitalization projects are approached within the companies they represent.

The main research results are available in this material. We hope this provides a realistic overview that underpins the strategic approach to digitalization in any company."

CORINA CIMPOCA,
MKOR Consultant & Founder

The background of the entire page is a dark blue gradient. Overlaid on this are numerous thin, glowing blue lines that crisscross the frame. At various points where these lines intersect or terminate, there are small, bright blue circular dots, some of which have a soft glow around them, resembling stars or data points in a network.

ABOUT THE RESEARCH

We aimed to investigate the current state of digitalization initiatives in medium and large companies.

We asked the experts directly involved in such projects what are the main challenges encountered in their current activity and what digitalization solutions they use to address these challenges.

We analyzed the primary data collected within the structured interviews, and the main conclusions are presented in this report.

SUMMARY

-  #1 Digitizing the company is the first step in eliminating or streamlining analog processes. Subsequently, the resulting digital infrastructure is optimized. ● 6
-  #2 There is a discrepancy between the awareness level of solutions for digitalization and their actual usage rate (in the case of experts). ● 7
-  #3 Digitalization needs cover all the key areas for business development: operational, financial, human resources. ● 8
-  #4 Digitalization initiatives start bottom-up, while decisions are made top-down. ● 10
-  #5 1 in 2 companies is currently carrying out digitalization projects, and a third are in the stage of evaluating options. ● 12
-  #6 Digitalization projects are partially or fully outsourced. ● 12
-  #7 Organizations implementing digitalization projects monitor the impact of these initiatives through specific indicators. ● 13
-  #8 Human and financial resources, along with a strategic approach, are critical to the success of digitalization initiatives. ● 14
-  #9 Employee resistance to change is the main barrier to digitalization. ● 15
-  #10 Digital maturity is the result of a long-term effort, sustained by constant investments. ● 16

Digitalization

VS.

digital optimization

Experts directly involved in the implementation of digitalization solutions at company level have the necessary knowledge to manage this process. They associate the:



The digital infrastructure is an essential prerequisite in implementing any initiative aimed at optimizing company processes.



Digitalization of the company

with the implementation of digitalization solutions by eliminating or streamlining analog processes using digital tools, to improve performance



Digital optimization of the company

with the constant audit and streamlining of existing digital systems, including the transition to new technologies

The benefits of digitalization solutions

Decision makers within companies acknowledge the positive impact of implementing digitalization solutions at company level. The main benefits are:

STRATEGIC

- ✓ Streamlined decision-making
- ✓ High predictability
- ✓ Scaling possibilities
- ✓ Internal traceability

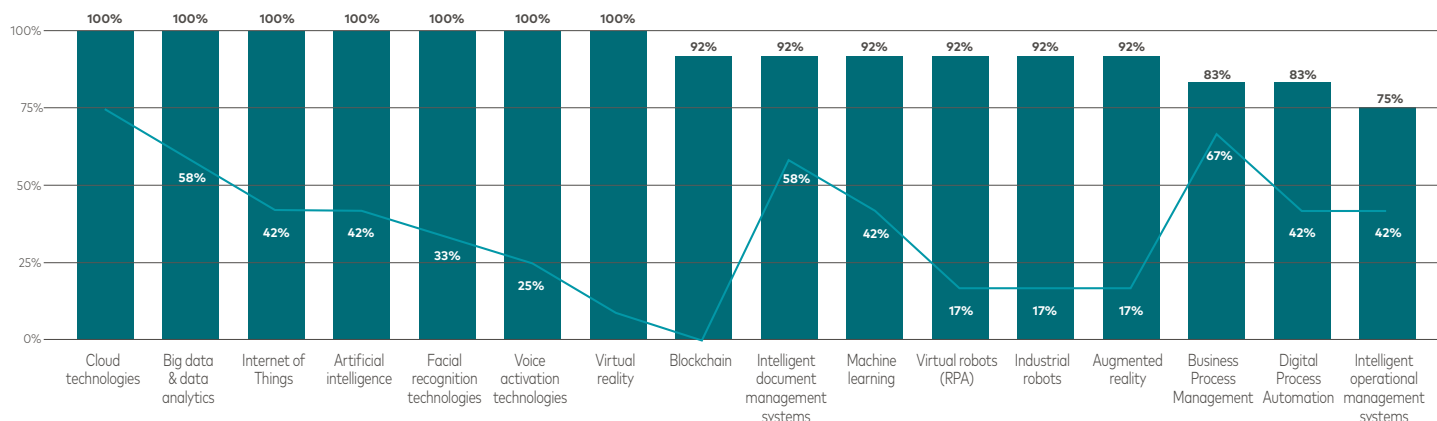
OPERATIONAL

- ✓ Increased productivity
- ✓ Simplified and streamlined processes
- ✓ Quick coverage of customer needs
- ✓ Streamlined internal and external communication
- ✓ Elimination of human error

FINANCIAL

- ✓ Decreased operating costs
- ✓ Rapid return on investment

Awareness of digitalization products and services



Q: From the list below, which digitalization products and services are you familiar with (or at least you've heard of)? / Which of these did you use in an organizational setting? | Digitalization in Romanian companies, 2021 | © MKOR Consulting



There is a discrepancy between the awareness level and the actual usage rate of the listed digitalization solutions.

Experts are familiar with the main options for digitalization products and services available to companies, regardless of their field of activity.

Although popular, technologies such as Blockchain, RPA, VR or AR are less used. The lack of specialized human resources, the large initial investment or the limited options in terms of suppliers may account for the lower adoption rate of these technologies.

Brand awareness of providers of digitalization solutions



7

Industries:
Professional Services,
Banking,
FMCG,
Retail,
Pharma,
Production



4

Industries:
Professional Services,
Banking,
Retail,
Production



3

Industries:
Professional services,
Banking,
FMCG



2

Industries:
Banking,
FMCG



1

Industries:
Banking



4

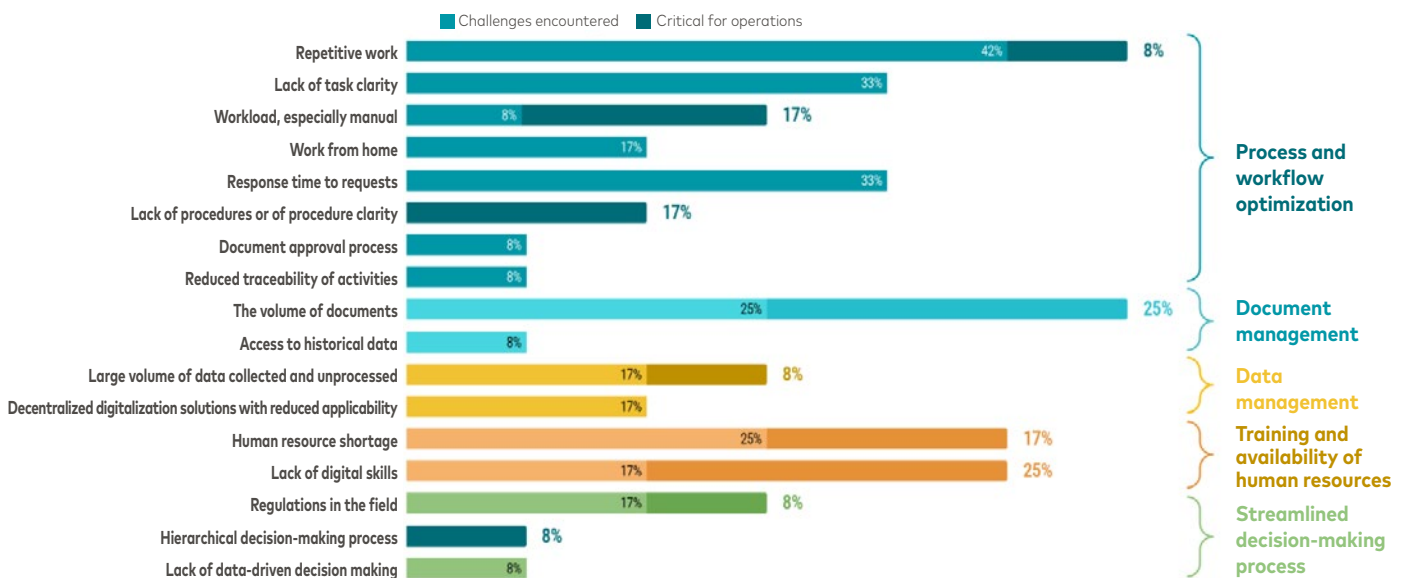
Industries:
FMCG,
Transport & Logistics,
Financial Services,
Production



Previous collaboration and direct recommendations are more important to experts than the reputation the supplier has in the field.

Q: Below I will list some companies that offer digital optimization solutions and services on the Romanian market. Please tell me what names you are familiar with: [multiple choice] | Digitalization in Romanian companies, 2021 | © MKOR Consulting

Challenges in the current activity



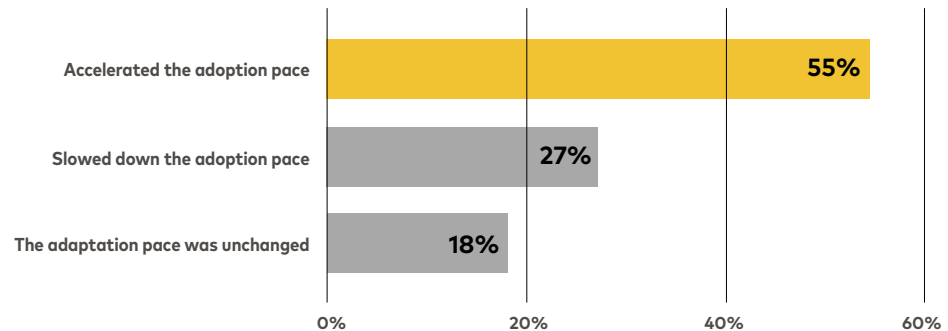
Q: Think about your current job: what are the main challenges you face on a daily basis? | Which of these challenges are critical to the operation of the company? | Digitalization in Romanian companies, 2021 | © MKOR Consulting

At organizational level, the most common bottlenecks can occur due to:

- repetitive work
- workload, especially manual
- missing or unclear procedures
- high volume of documents
- large volume of data collected and unprocessed
- human resources deficit
- lack of digital skills
- regulations in the field
- hierarchical decision-making process
- lack of financial resources

The pandemic context

The COVID-19 pandemic is one of the major challenges at the moment, due to the drastic changes it has imposed since the beginning of 2020 and which have had a different impact on the pace of adoption of the digitalization initiatives.



Q: How has the COVID-19 pandemic influenced the adoption of new technologies within your company (compared to the previous years)? | Digitalization in Romanian companies, 2021 | © MKOR Consulting

For more than half of the participating companies, the pandemic led to the emergence of new needs, both internally and in relation to the customers. Additionally, the decrease in business volume was, in some cases, an **opportunity** to allocate time and resources for the **priority implementation of the digital optimization projects**.

On the other hand, the slowdown in the adoption of digitalization solutions is associated, in particular, with IT budget cuts during the pandemic.



The initiative for digitalization and the decision-making process

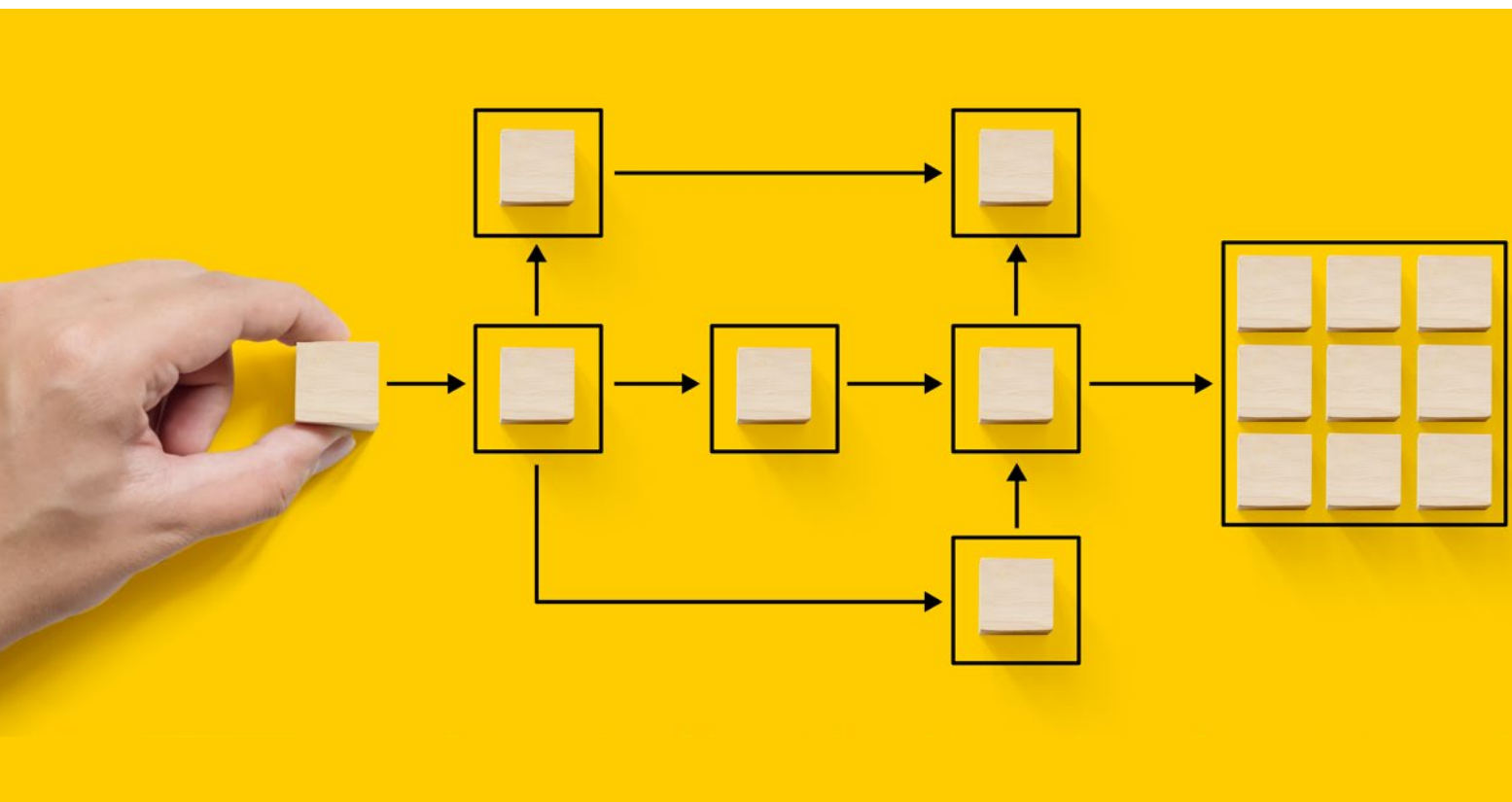
The initiators of the digitalization processes



Anyone can come up with proposals. We have a system created within the company to provide anyone with the possibility to come up with project proposals, from any hierarchical level. They can propose complete projects, including the required budget as well as team members. It is a fact. We would like it to be more common.

Head of Digitalization, Large Company, Transport & Logistics

The proposals for implementing digitalization solutions start **from the bottom up**: from front-office staff to department managers or local management, in the case of companies with an international presence.



Key actors in the decision-making process



of experts make decisions
**together with another
person**



people, on average,
make decisions
in terms of digitalization

Key actors in implementation

The technical skills of the employees are a key factor in the successful implementation of digitalization initiatives, regardless of the area of application. The collaboration with direct beneficiaries (staff from the optimized departments) remains essential, thanks to the *insights* provided and the support needed to adopt new technologies.

Beneficiaries of digitalization

The implementation of digitalization solutions is **appropriate for most business lines**, especially in retail, production, pharmacy or the banking system.

Generally, digitalization initiatives are aimed at:

- ✓ Sales staff (including e-commerce)
- ✓ Operational staff (logistics, distribution)
- ✓ Production staff
- ✓ Administrative staff (financial, accounting, legal, procurement, human resources)
- ✓ Management (middle and top)
- ✓ Internal specialists (Control, Quality, Risk Management)

The status-quo of digitalization projects



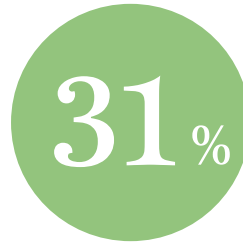
All the organizations analyzed, above average in size, are in at least a minimum stage of digitalization (even those that do not currently carry out any project of this nature). Determinants of this status quo are:

quo are:

- The need to address the complexity of activity-specific processes
- The need to remain technologically relevant
- The need to remain competitive
- The need to adapt to the digital life standards of employees and customers



of the participating organizations
are currently carrying out
digitalization projects



of the participating organizations are currently
evaluating options
regarding digitalization



of the participating organizations
do not carry out
any digitalization initiatives

Covering the needs for digitalization



The lack of capacity to fully implement digitalization as an internal process (including in the case of IT companies) indicates the complexity of this process in terms of expertise and resources required.

Outsourcing digitalization projects is a fact. Regardless of the size or field of activity, companies only partially cover their digitalization needs internally, especially those related to management and strategy.



of the participating organizations cover the needs for digitalization in a **mixed manner** (both internally and externally)



of the participating organizations cover the needs for digitalization **exclusively externally**

There is a tendency to **internally solve punctual needs**, mainly related to the specific field of activity (**9 in 9 organizations** that cover the digitalization needs in a **mixed manner**).

In order to extend the digitalization initiatives to the entire company, the expertise of external suppliers is preferred.

An important requirement for outsourcing is that the proposed solutions **can be integrated with existing applications and are flexible enough to meet specific needs**.

Thus, **7 in 12 participating organizations** externally cover their digitalization needs through the acquisition / development of **DPA platforms (Digital Platform Automation)**.

Digitalization Outcomes

- ✓ digitization of documents
- ✓ digital capture of information
- ✓ digital signing of documents
- ✓ automated handling of goods
- ✓ digital inventory management
- ✓ instant access to information (databases) / documents (both internally and in the relation with the partners)
- ✓ digital order processing
- ✓ elimination of repetitive activities

Metrics (KPIs) for impact assessment

There is a constant concern at company level to evaluate the efficiency of investments in solutions for digitalization (developed internally and purchased externally), regardless of the allocated budgets and the digitalization stage.

For **3 in 9 companies** covering the needs for digitalization in a mixed manner (both internally and externally), **the turnover increased by 10-19%** as a result of the adoption of digitalization solutions.

For **3 in 12 companies** that cover the digitalization needs exclusively externally, the **impact in turnover** of the digitalization initiatives is between **less than 1% and over 30% respectively**.

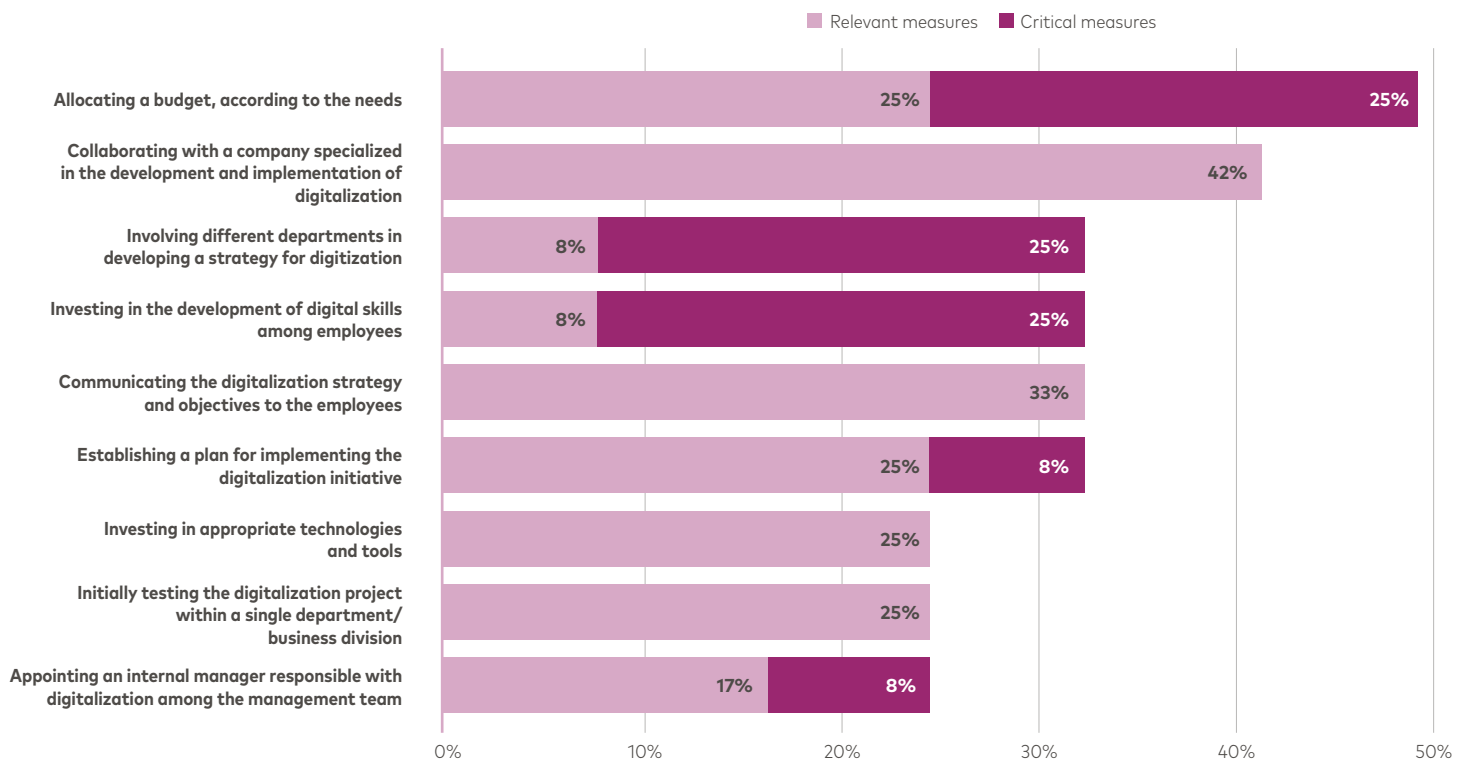
Even if they do not directly calculate the financial performance of investments (increase in turnover or profit, reducing costs), organizations monitor **specific KPIs** concerning processes and resources, such as:

- workload
- volume of documents
- sales volume
- response times
- process duration (reporting, document processing, onboarding, development of new products / services, etc.)
- resources involved (employees, infrastructure, costs, etc.)
- number and type of customers
- employee productivity
- employee satisfaction
- usage rate of digitalization solutions
- feedback from users
- process traceability

The success of digitalization projects

Digitalization is an opportunity for the Romanian business environment, but the successful implementation of digitalization solutions is conditioned by a series of measures and resources.

Key factors for success



Q: In your opinion, what are the most important steps for the successful implementation of digital optimization initiatives in the business environment? Choose a maximum of 3 options from the following, the most relevant in the context of your company: | Of the chosen options, which is the most important? | Digitization in Romanian companies, 2021 | © MKOR Consulting

The measures considered the most relevant for the success of digitalization initiatives involve **two critical resources**:



human



financial



Employee **resistance to change** is the main barrier to digitalization. Beyond the **lack of digital knowledge and skills**, the reluctance to adopt new technologies is influenced by **the fear of employees that they will lose their jobs**.

There are two essential resources to be able to implement these [digitalization] processes. The first is the human resource or the know-how and the ability to come up with solutions adapted to the things you need. And the second resource is financial, the budget needed to invest in that solution. The equipment can be found and the technology exists.

Shareholder, Large company, Professional services

Therefore, the company's **leadership** is key to ensuring the availability of these critical resources and the strategic approach to digitalization.

Other resources that can contribute to the success of digitalization projects:

- IT infrastructure (stable, state-of-the-art, able to support the complexity of processes)
- stakeholders (reliable external partners, with expertise in implementing digitalization solutions, staff informed about the changes)
- public policies (the digitalization of the state, digital education for the general population)



The digital maturity of companies

Developing a digital ecosystem with impact on the entire company is associated with **a strategic approach to the digitalization projects (digital mindset) and an increase in the budgets allocated to these initiatives.**

Digital maturity can be achieved through:



**a sustained effort
(implementation,
development,
upgrading) over long
periods of time**

Periods of implementation of digitalization solutions*:

- <1 month for specific functionalities
- up to 2.5 years for the implementation of a single platform
- up to 25 years for the development of the entire digital ecosystem

varies depending on the **budget and the **complexity of the initiative***



**constant
investments**

Amounts allocated to internal digitalization projects*:

- **50k €** up to **3 million €**

the differences are due to the **specifics of the activity and the **complexity of the optimization process***

Collaboration costs for external suppliers*:

- **5k - 10+ million €** - for the **implementation / development of digitalization solutions**
- **2k - 250k €** - for **digitalization solutions / products licenses**
- **25€ - 2k €** per month - for **subscription** based products and services (support and maintenance, management and accounting, HR, etc.)

**varies depending on the type of expenses*

Additionally, a more advanced degree of digitalization requires the acquisition of expertise and resources needed to internally develop digitalization solutions tailored to specific business needs (centers of excellence in digitalization, dedicated laboratories).





Project-based company, which provides complete IT services.

The company operates internationally, with headquarters in Germany, Switzerland, Romania, Brazil and Singapore, and since 2021 is part of the newly founded Skaylink Group. It has a global presence starting with 1989, and it has been active in Romania from 2005.

Beck et al. is a reliable partner for its customers, providing advice, implementation and support in the process of accelerating the digital transformation.

Beck et al. Services SRL

🏠 Cluj-Napoca, Hexagon Office,
Calea Turzii, Nr. 178K

OANA MOLDOVAN

Marketing Specialist & Sales Support

☎ +40 722 154 349

✉ oana.moldovan@becketal.com

🌐 **becketal.ro**



Innovative market research agency that combines practical business experience, MBA know-how and top expertise to provide an in-depth understanding of the business environment.

In its activity, MKOR Consulting covers all types of research and offers increased flexibility to its clients, in order to understand and deliver the most detailed market perspectives.

MKOR Consulting

🏠 Bucharest, Louis Pasteur,
No. 48a, District 5

CORINA CIMPOCA

Senior Consultant & Founder

☎ +40 728 853 359

✉ corina@mkor.ro

🌐 **mkor.ro**

@ 2021 Beck et al. & MKOR Consulting

This material is the intellectual property of its authors. Reproducing or distributing it without citing the source falls under the provisions of the copyright law (no. 8/1996, with subsequent amendments and completions).