



Sustainable Business Transformation Survey Report

Introduction

UST commissioned Hanover Research to conduct a survey on **Sustainable Business Transformation** to gain insights into organizational priorities, challenges, and strategies. This report presents key findings from the survey, which was conducted among a diverse range of organizations across different industries and regions.

THINKING AHEAD REPORT

Key Findings

1 ORGANIZATIONAL PRIORITIES

Over the next five years, organizations prioritize enhancing data security and privacy (30%), attracting and retaining top talent (28%), increasing revenue and profitability (27%), and fostering innovation regarding sustainability and technology (26%).

2 TECHNOLOGY ADOPTION

Half of companies are fostering innovation regarding sustainability and technology through various methods such as incorporating sustainability goals into their mission and values (57%), utilizing technology to drive sustainable practices (54%), and dedicating teams and processes to test and evaluate new sustainable technologies (51%).

3 TRAINING INITIATIVES

Organizations are actively adopting training/upskilling initiatives for leveraging AI, with webinars being the most commonly considered initiative.

4 EXECUTIVE INVOLVEMENT

Presidents/CEOs and C-suite executives are actively involved in discussions about sustainable transformation, with most organizations indicating their involvement (76% and 72%, respectively).

5 PERCEPTION OF SUPPORT

Nearly all organizations (93%) believe their executive leadership is supportive of driving sustainable transformation initiatives, with higher-level executives perceived to be more supportive.

6 VALUE OF TRANSFORMATIONS

Organizations highly value both technology-driven transformations (92%) and sustainability (92%), with technology-driven transformation slightly more valued (54%) than sustainability (48%).

7 BARRIERS TO TRANSFORMATION:

Most organizations encounter barriers to achieving sustainable transformation goals, with insufficient human resources or expertise (32%) and inadequate data or information (30%) being the most common barriers.

8 IMPORTANCE OF AI

Most organizations (82%) believe AI is crucial for driving sustainable transformation efforts, and it is considered as important as broader data analytics and IT capabilities.

9 INVESTMENT IN DIGITAL TRANSFORMATIONS

Nearly three-quarters of organizations allocate between 26 and 75 percent of their IT budget to digital transformations, and most expect this spending to increase over the next three years.

10 FUTURE ROLE OF AI

Organizations expect AI to evolve in various aspects, with the most common expectation being its role in predicting and mitigating sustainability risks (70%).

11 MEASUREMENT OF SUCCESS

Organizations employ various methods to measure the success of technology-driven business transformations, with improved decision-making through data analytics (45%) being the most common method.

12 SUSTAINABLE SUPPLY CHAIN

All organizations use IT or AI to create a more sustainable supply chain, with various methods employed to assess and manage risks related to implementing new technologies.

13 OPERATIONAL CHANGES

Organizations are making operational changes for sustainable transformation, with sustainability integration, data-driven decision-making, flexibility and adaptability, and strategic alignment being the most common changes.

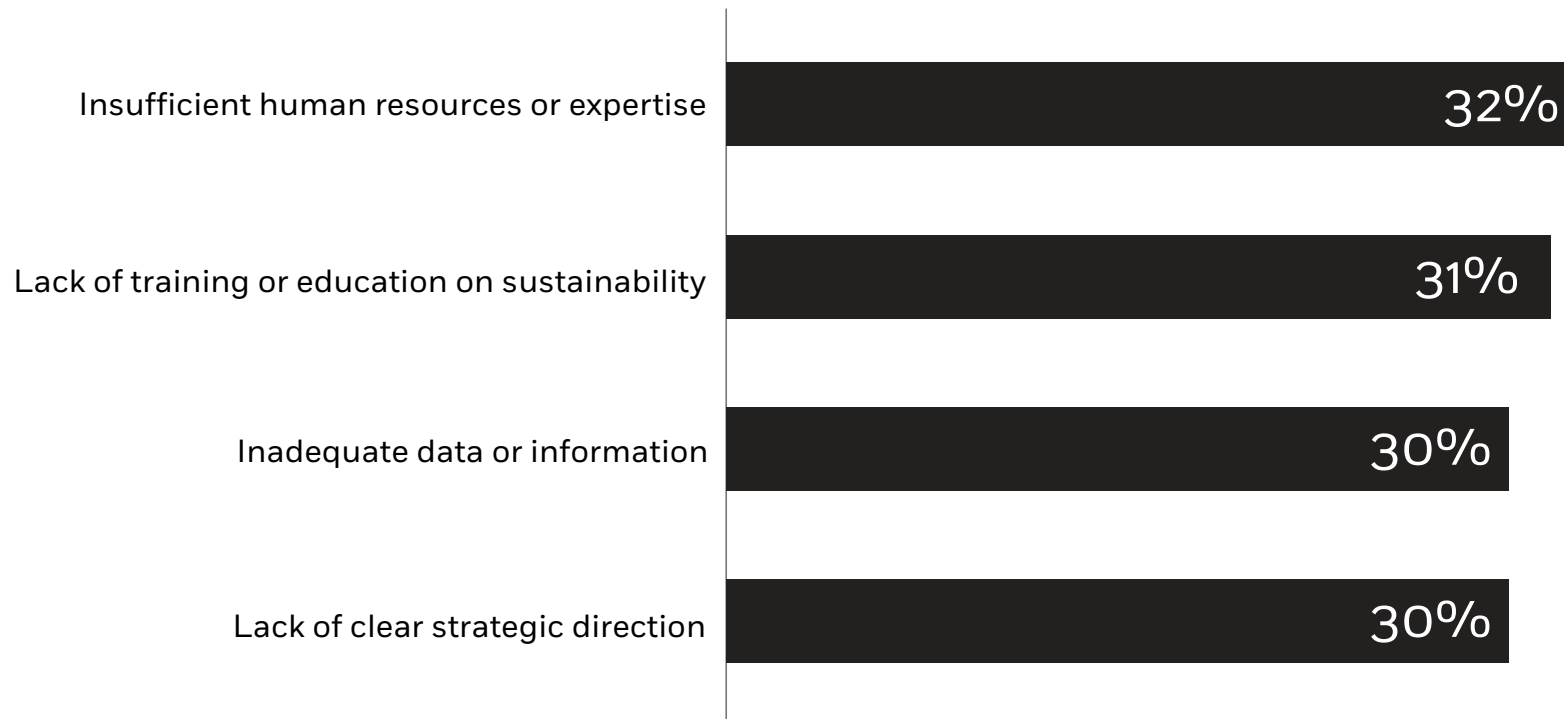
14 ROI AND KPI MEASUREMENT

Organizations use multiple methods to determine ROI and various KPIs to measure the success of their transformation, with cost savings from efficiency improvements and revenue generated from new products or services being the most common.

Struggle with sustainability goals

Nearly all organizations (94%) face hurdles in implementing sustainable transformation initiatives. Larger companies face more challenges with resistance to change than smaller businesses.

- While challenges faced are varied, organizations are most likely to experience insufficient human resources or expertise (32%), lack of training/education on sustainability (31%), inadequate data (30%), and lack of clear strategic direction (30%). Notably, many of these top challenges stem from lack of knowledge/expertise.
- Larger businesses by revenue tend to have more challenges with resistance to change than their smaller counterparts.



Experienced barriers to achieving sustainable transformation goals

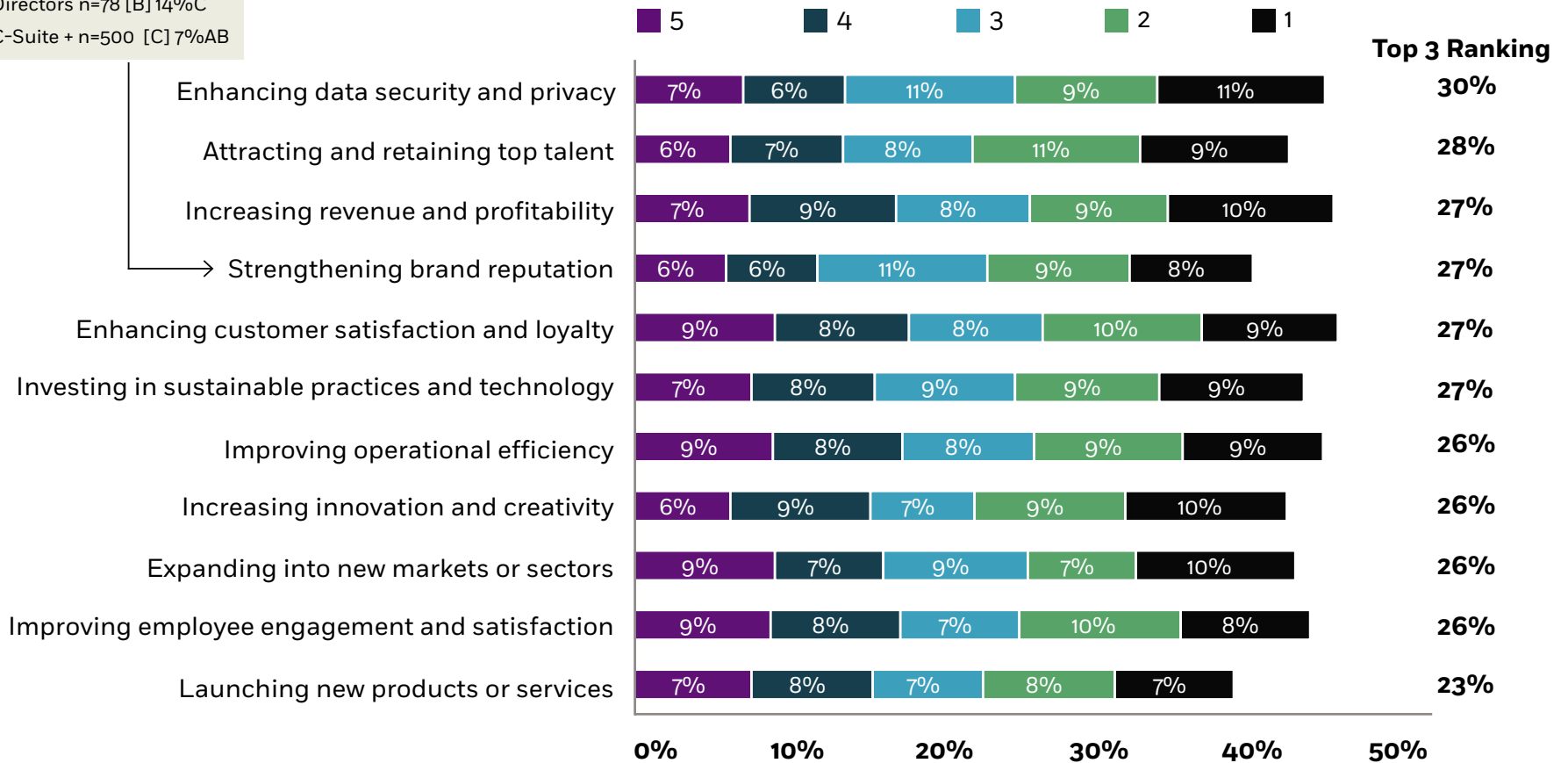
Customer focus wins

Directors value customer experience (58%) and revenue (55%) more for success than managers (40%) or the C-suite (39%). Revenue is a bigger priority for managers and directors.

- Organizations are most likely to prioritize enhancing data security and privacy (30%) as well as attracting and retaining top talent (28%) as their primary objectives over the next five years.
- Interestingly, increasing revenue/profit is much more important to managers/directors than c-suite.

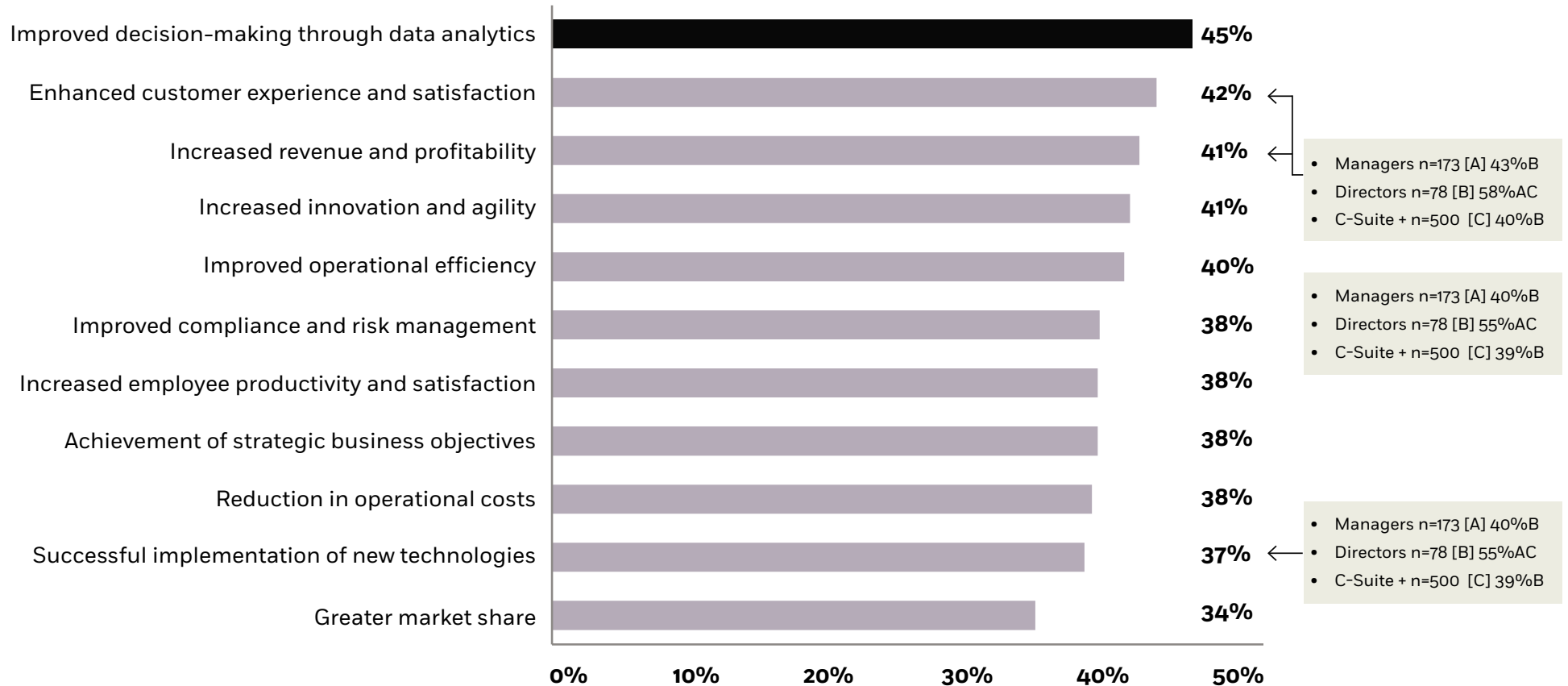
Ranked 1

- Managers n=173 [A] 17%C
- Directors n=78 [B] 14%C
- C-Suite + n=500 [C] 7%AB



Main organizational objectives [Ranked]

Directors are significantly more likely to report that their organizations measure success through enhanced customer experience and satisfaction (58%) and increased revenue/profitability (55%) than managers (40%) or executive leadership (39%).

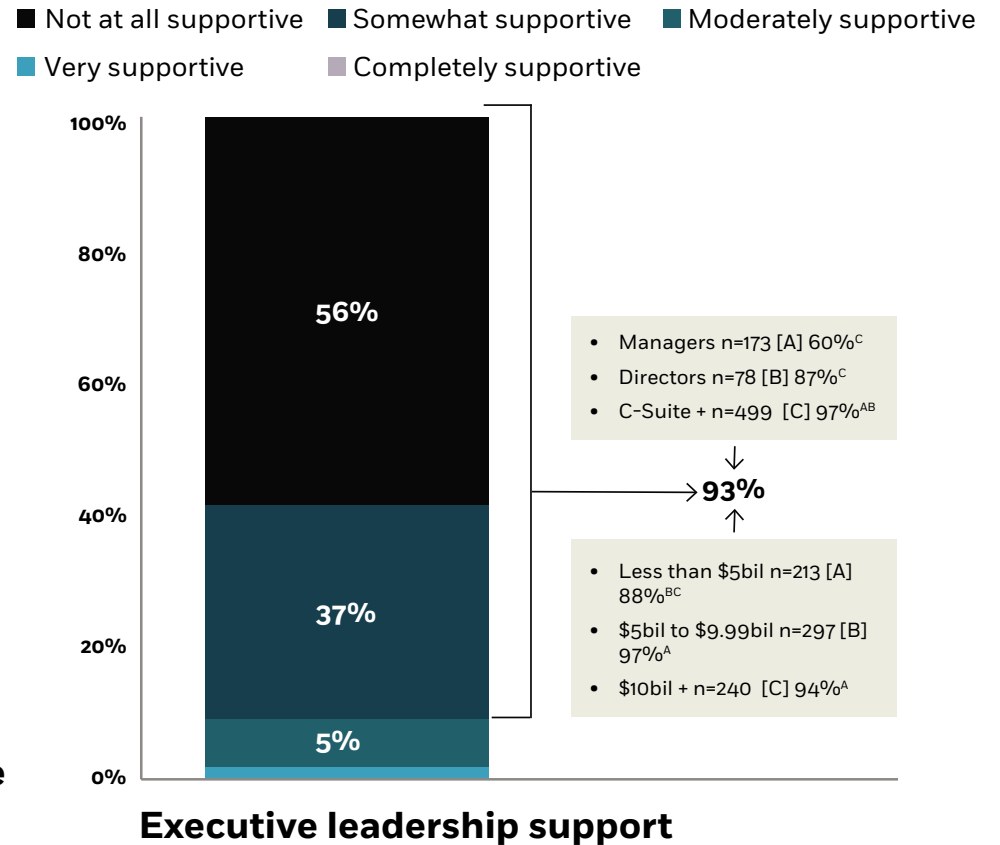


Method of measuring success of technology-driven business transformations

Tech over sustainability: A balancing act for businesses

Businesses juggle tech and green goals (57% innovate sustainably, but tech wins at 61%). Even with some leader buy-in, CEOs champion sustainability the most. Larger companies are also more focused on sustainable transformations.

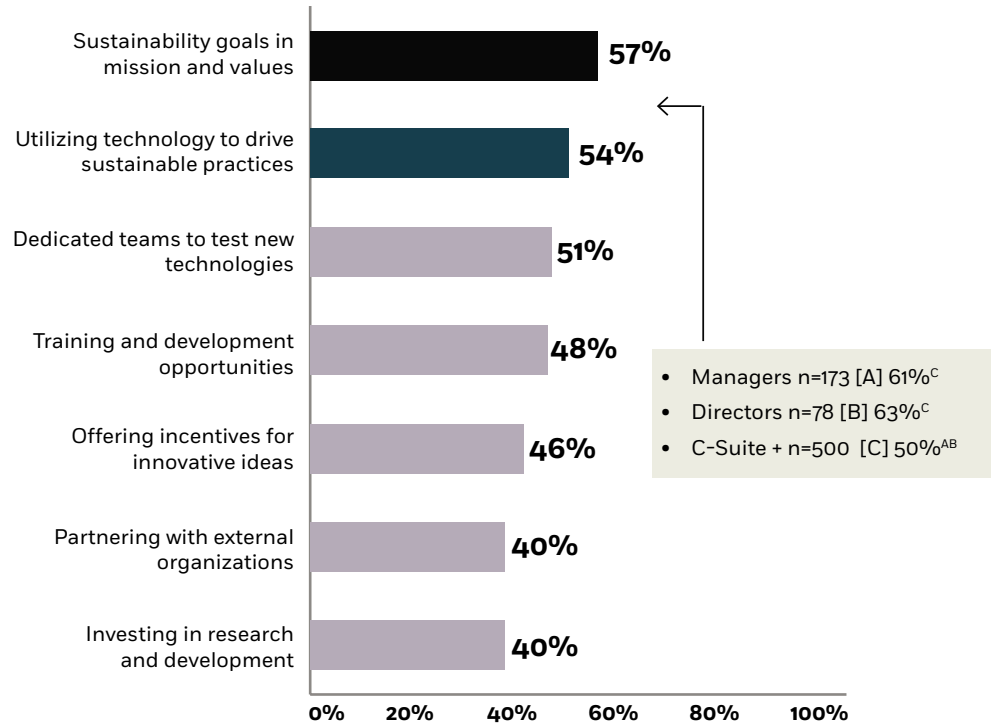
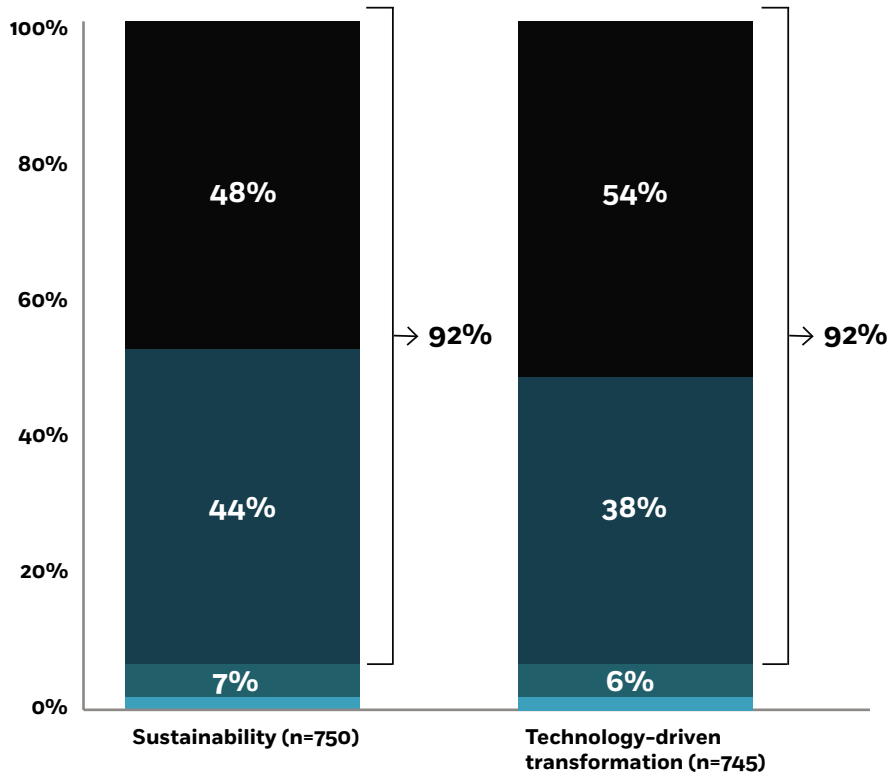
- While all roles indicate C-level leadership are supportive of sustainable transformation, perhaps unsurprisingly, the C-level themselves indicate higher levels of support.
- Companies with larger revenue are more likely to indicate high levels of support than those in lower revenue brackets.



- More than half of organizations foster innovation through sustainability goals in mission and values (57%), utilizing technology to drive sustainable practices (54%), and dedicated teams to test new technologies (51%).

Extremely valued
 Very valued
 Moderately valued

 Slightly valued
 Not at all valued

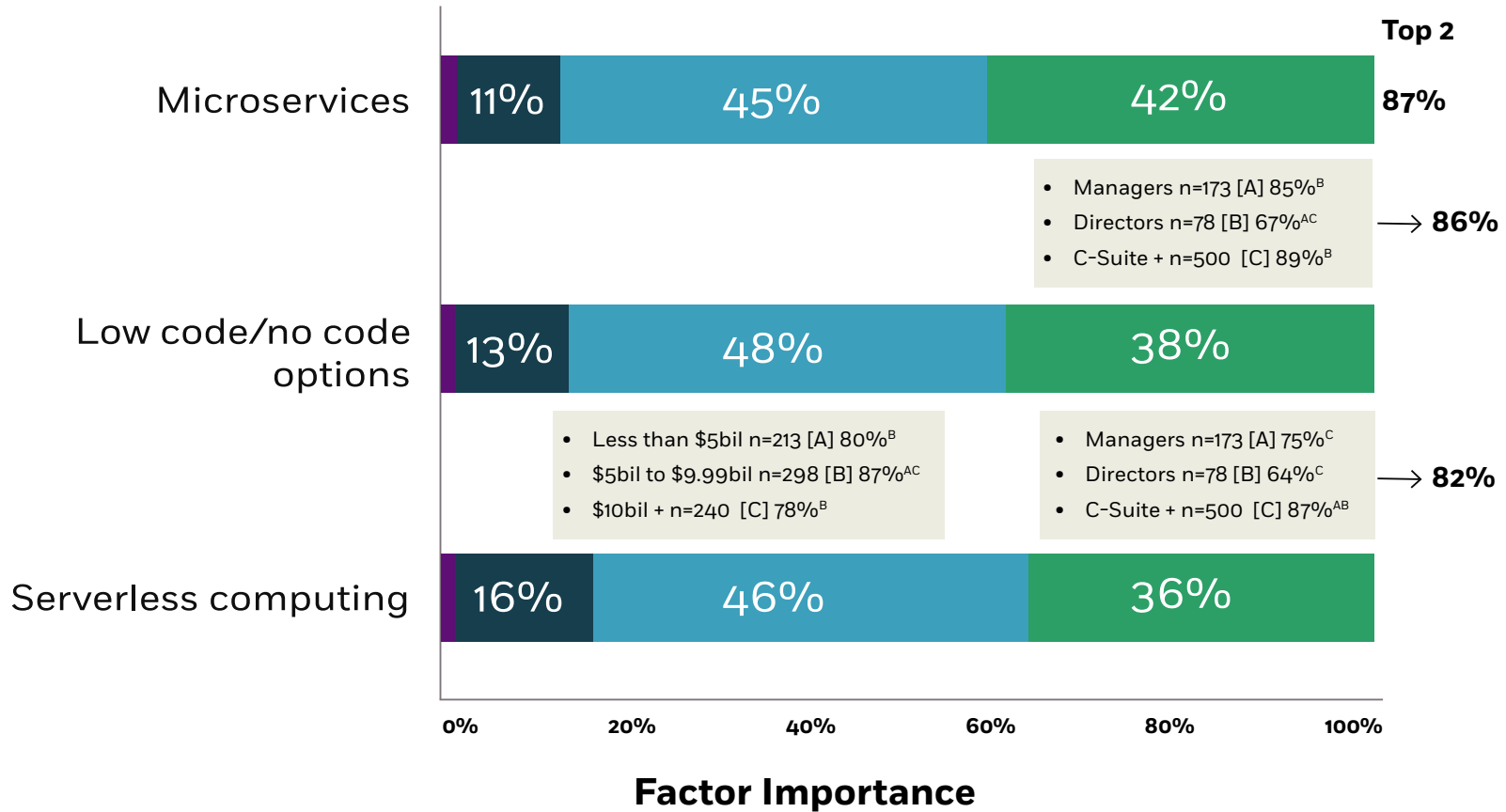


Bigger businesses, bigger focus on tech

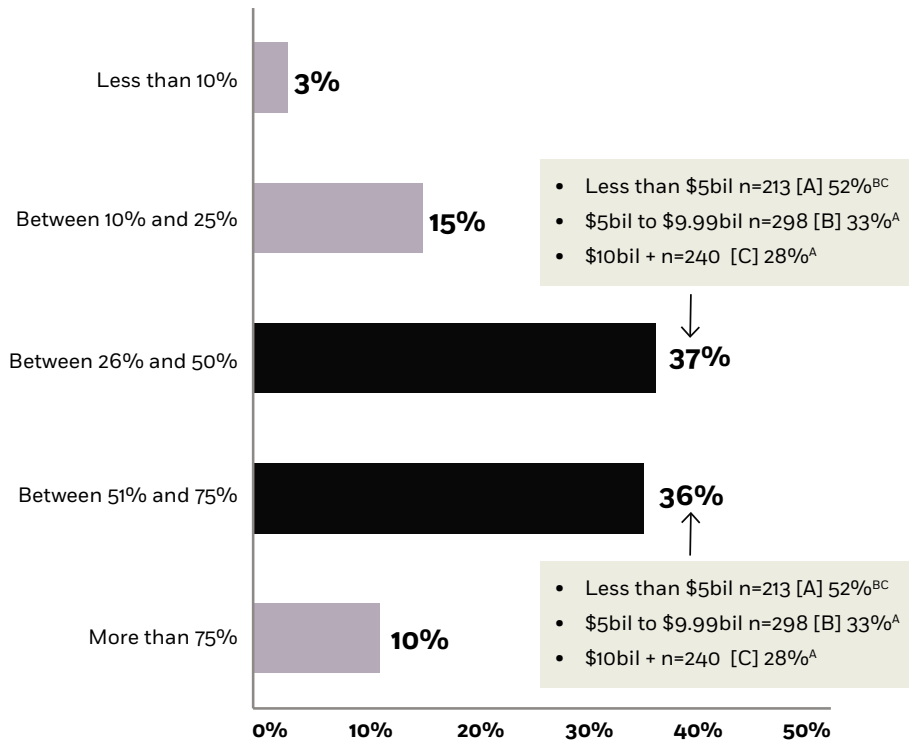
Bigger firms value tech more. IT and data analytics are priorities for large organizations, with nearly all businesses planning to boost IT budgets for sustainability initiatives in the next three years.

- Executive leadership find both data analytics (C-suite: 89%; Directors: 67%) and AI (C-suite: 87%; Directors: 64%) significantly more important than directors do.
- Organizations making between \$5 billion and \$9.99 billion (87%) are significantly more likely to find AI important compared to other organizations (Less than \$ 5 billion: 80%; \$10 billion +: 78%).

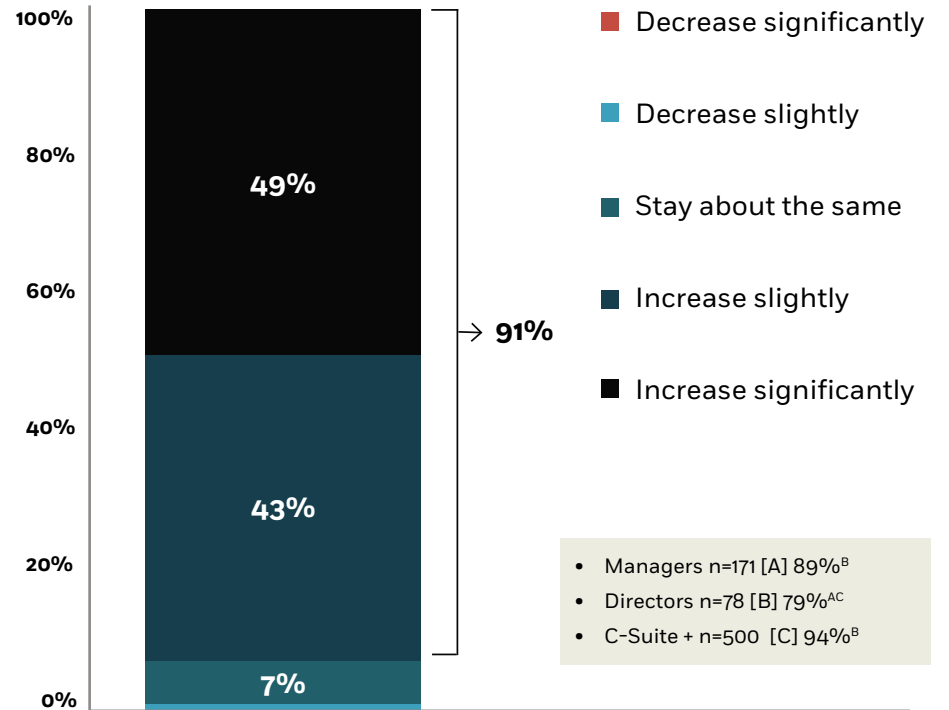
Not at all important
 Slightly important
 Moderately important
 Very important
 Extremely important



- Almost all businesses (91%) expect an increase in their organization’s IT budget dedicated to sustainable transformation over the next three years.
- Directors (79%) are significantly less likely to expect their IT budget to increase over the next three years compared to managers (89%) and executive leadership (94%).



Amount of IT budget spent on sustainable transformation



Expected changes to amount of dedicated IT budget on sustainable transformations

AI to the rescue

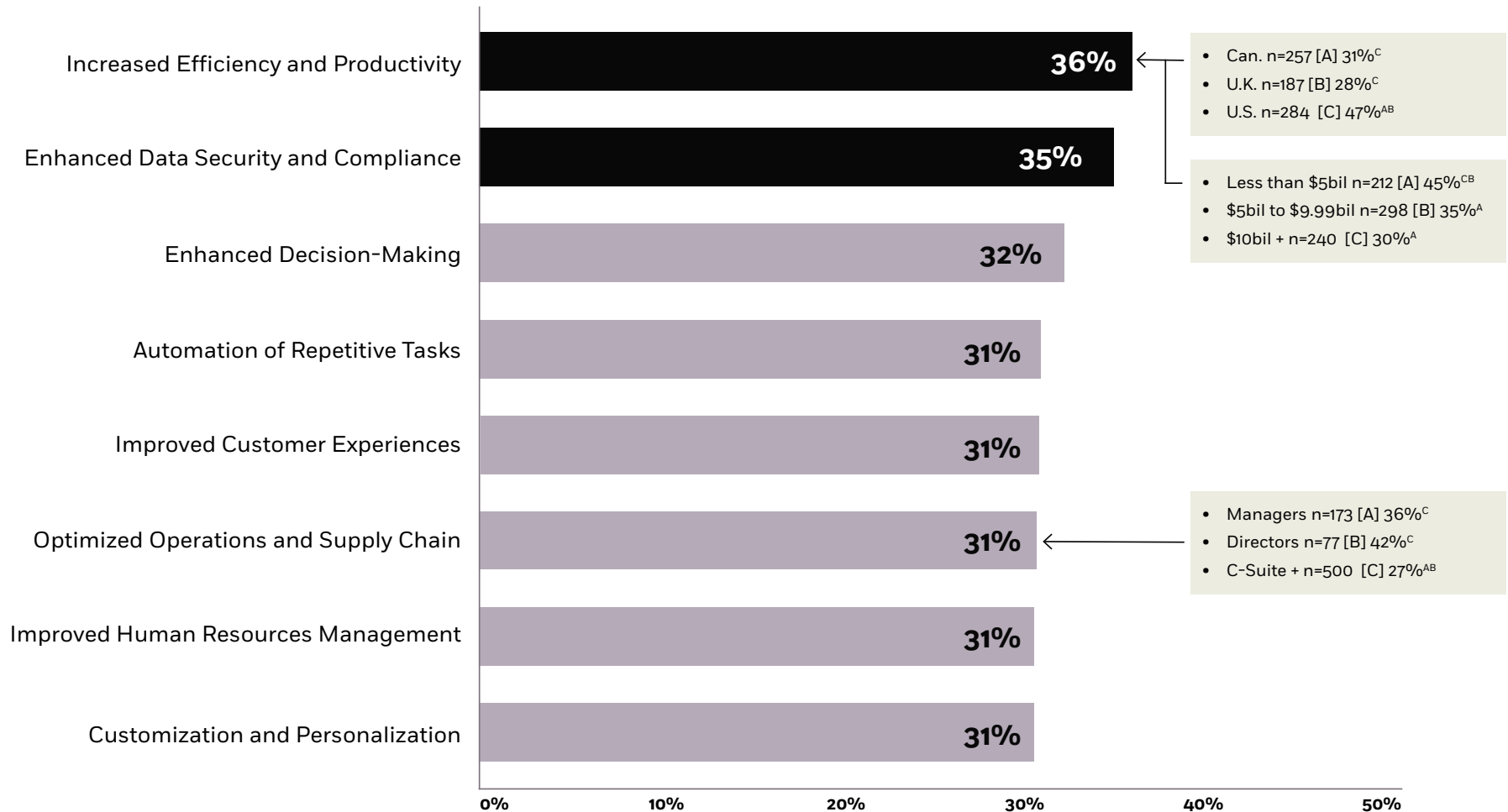
AI seen as risk management gamechanger. 70% expect AI to predict and mitigate risks in 5 years.

- Close to two-thirds of organizations expect AI to enhance data analysis for informed decision making.
- In general, AI is expected to help facilitate sustainable transformation in many ways over the next 5 years.



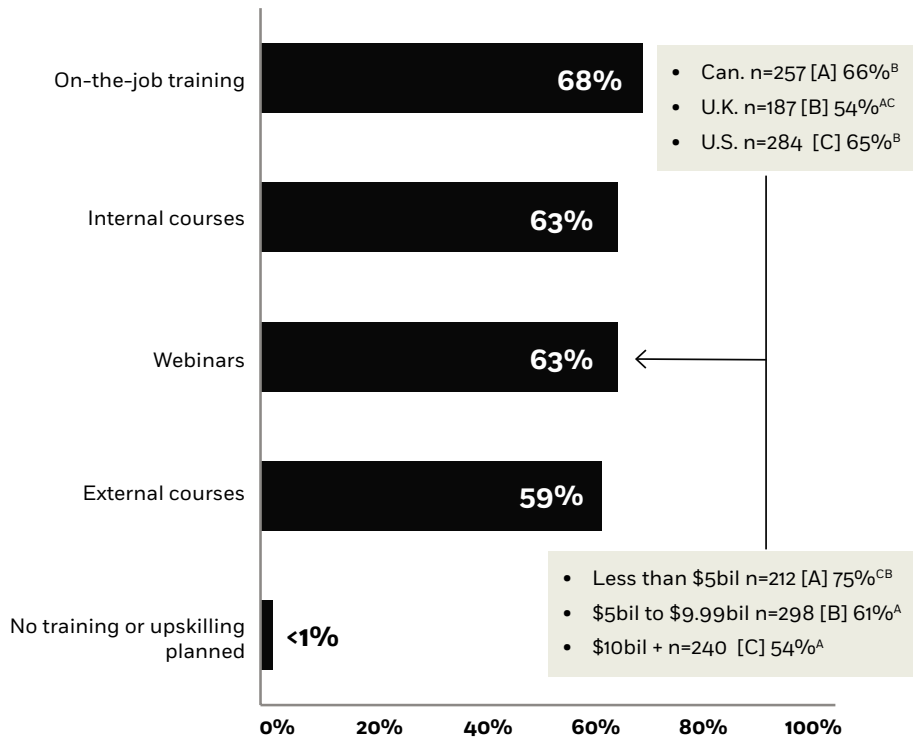
Expected evolution of AI towards goals in the next five year

- Managers (36%) and directors (42%) are significantly more likely to think optimized operations and supply chain will benefit from AI and machine learning than executive leadership (27%).
- Competitive advantage falls to the bottom of the list in terms of what will benefit the most from AI and Machine learning. This may be due to competitive advantage being more grandiose than other more targeted areas and requiring unique differentiators rather than a proliferated technology all business have access to.

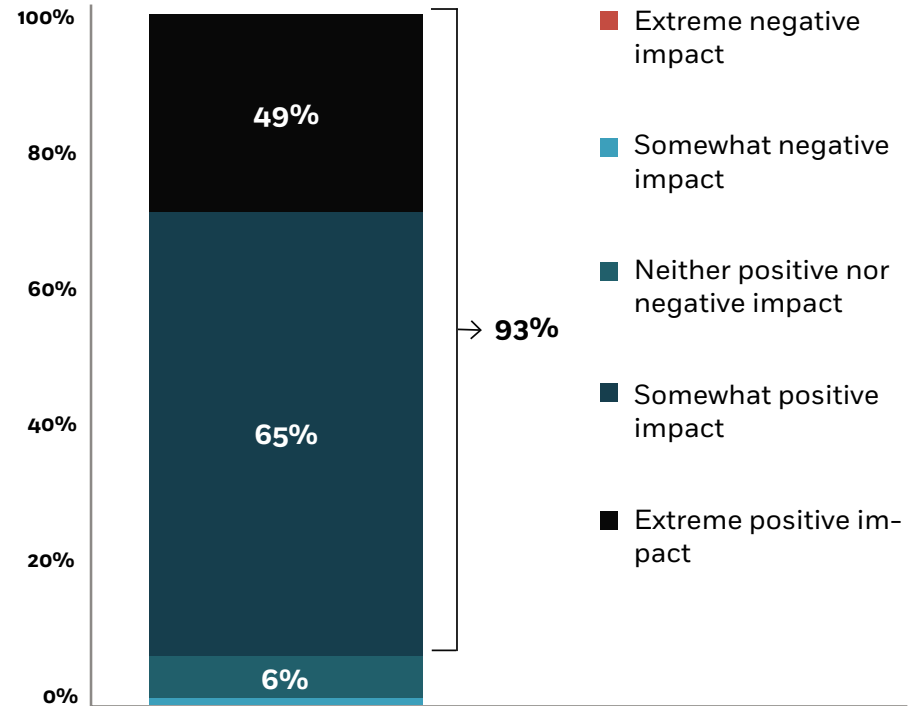


Areas most likely to benefit from AI and machine learning

- More than two-thirds of organizations (68%) currently or plan to implement on-the-job training use of AI.
- Nearly all organizations (93%) believe AI and new technologies have had a positive impact on operational efficiency though few (28%) believe they have had an extremely positive impact.



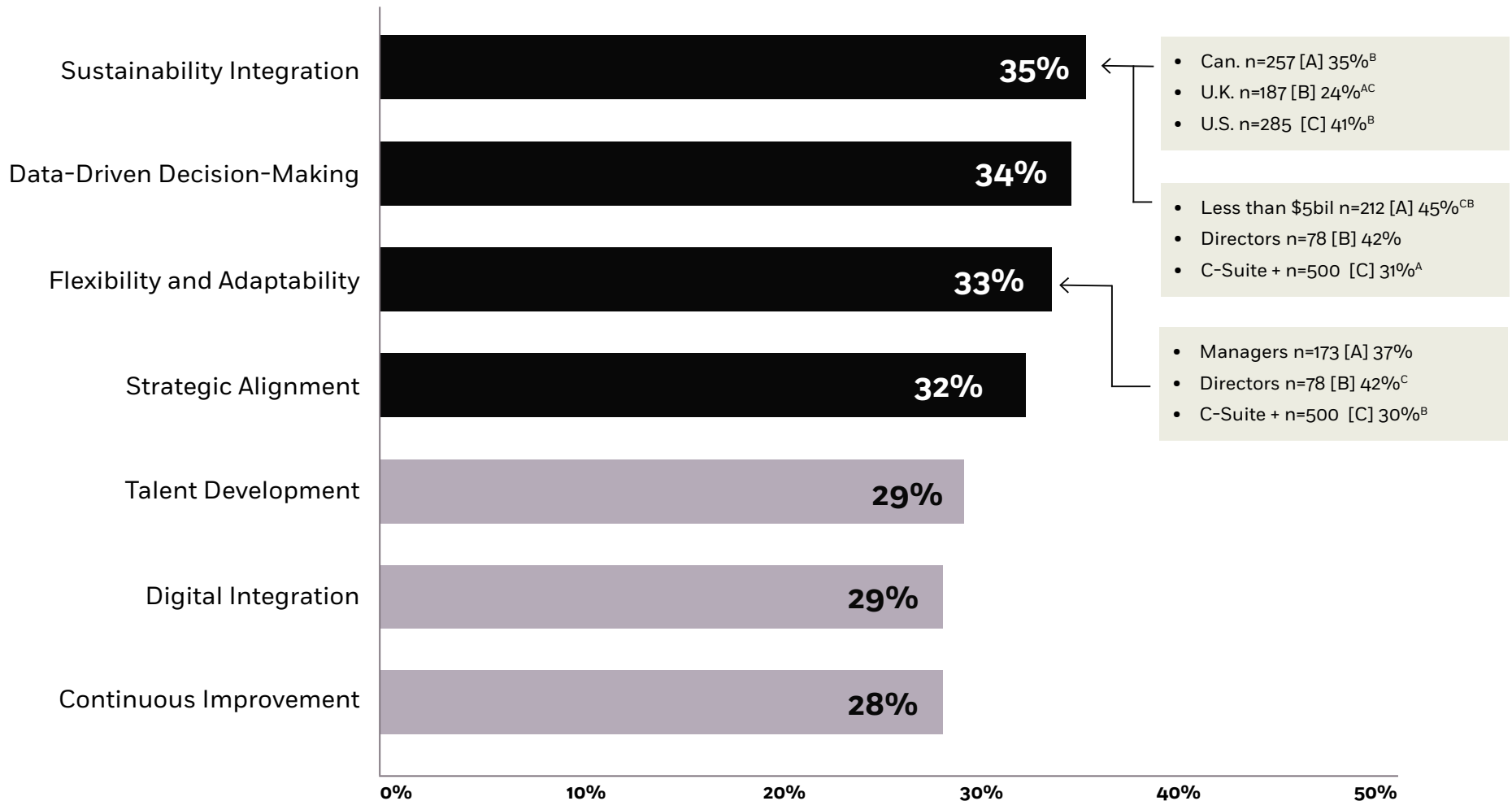
Types of training/upskilling adopted or planned to adopt



Impact of AI and new technologies on operational efficiency

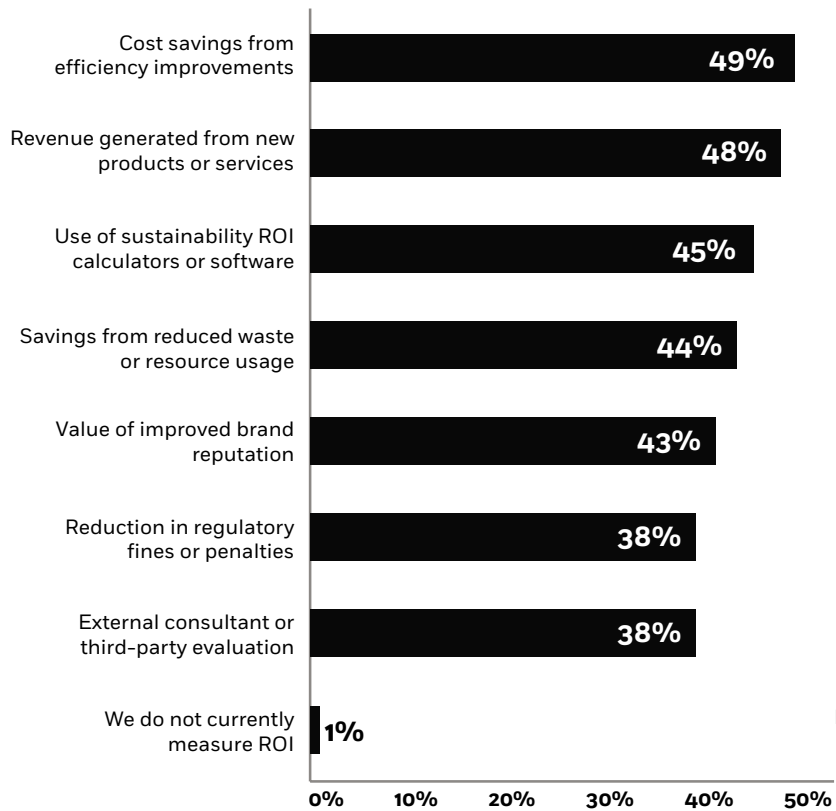
Beyond profit: Sustainability takes center stage

- Other changes such as feedback mechanisms and cultural shifts are rarely seen as necessary by comparison.
- Sustainability integration is more often identified as essential in North America than in the U.K.

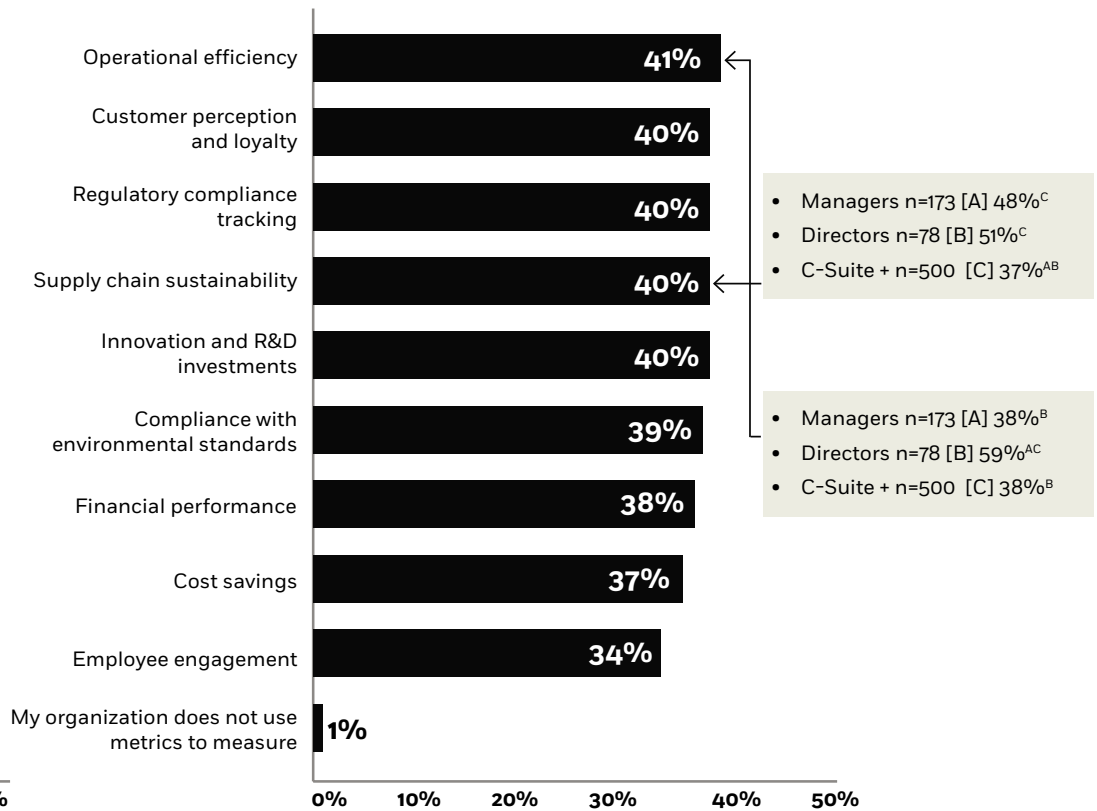


Operational changes for sustainable transformation

- Organizations are also all looking at KPIs, but there is little difference in prevalence of the most popular KPIs to use.
- Managers (48%) and directors (51%) are significantly more likely to measure operational efficiency than executive leadership (37%). This is likely due to the differing scope of their roles.



Method for determining ROI



KPIs organizations measure

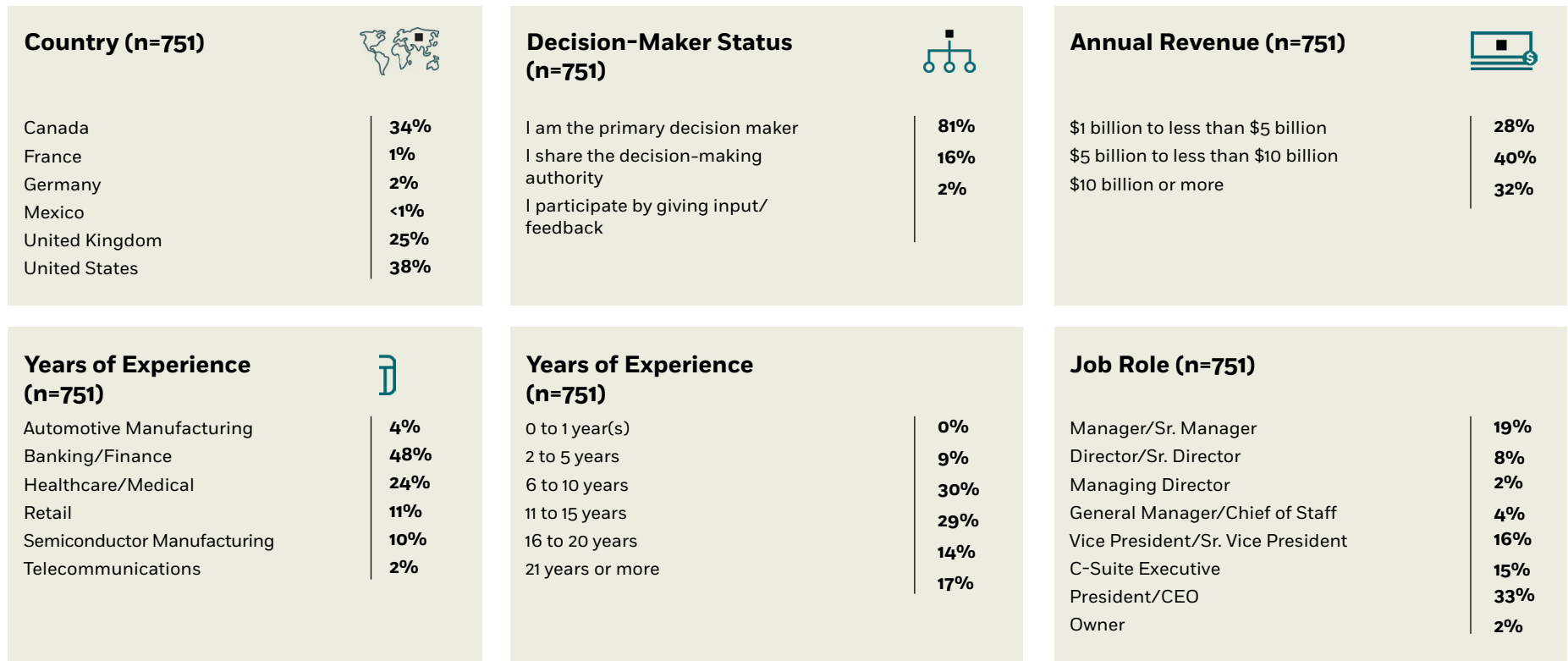
The future of business is intelligent: Leverage AI for sustainable growth

Enterprise AI is a game-changer. The findings from this survey highlight the significance of sustainable business transformation efforts and the role of technology, particularly AI, in driving these initiatives. Organizations recognize the importance of prioritizing sustainability goals and leveraging technology to achieve their objectives. Moving forward, organizations need to address barriers, invest in training initiatives, and continue measuring the success of their transformation efforts to ensure long-term sustainability and success.

Whether you want to boost revenue through wider market reach or optimize operations for cost savings (or both!), AI delivers real impact. We understand there's no one-size-fits-all approach. That's why **UST AlphaAI** offers customized solutions powered by cutting-edge advancements.

Our team of AI experts collaborates with top institutions like MIT CSAIL and Stanford SAIL Labs to stay ahead of the curve. We translate this knowledge into end-to-end solutions that address your specific challenges and unlock positive business outcomes. Solve problems faster, achieve your goals, and achieve sustainable growth – all with the power of **UST AlphaAI**.

Respondent characteristics



For more than 24 years, UST has worked side by side with the world's best companies to make a real impact through transformation. Powered by technology, inspired by people and led by our purpose, we partner with our clients from design to operation. Through our nimble approach, we identify their core challenges, and craft disruptive solutions that bring their vision to life. With deep domain expertise and a future-proof philosophy, we embed innovation and agility into our client's organizations—delivering measurable value and lasting change across industries, and around the world. Together, with over 30,000+ employees in 30 countries, we build for boundless impact—touching billions of lives in the process.

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