



# KPMG Tech Report 2023

A deep dive on the Dutch  
research results from the Global  
Tech Report

KPMG NL

—  
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# Key results

## Background & objectives

This report presents the results of a survey conducted globally, with a particular focus on the results from the Netherlands. The survey aimed to gather insights into various aspects of digital transformation, exploring themes such as:

- ESG transparency;
- Data privacy;
- Security and regulations;
- The adoption of emerging technologies (i.e. AI/ML).

By looking at the responses from the Netherlands to global trends, the report aims to highlight unique preferences, challenges, and strategies within the effort of digital transformation.

### Increasing importance of ESG in Digital Transformation

In the Netherlands, ESG transparency influences digital transformation, with 47% of respondents emphasizing it as a top customer expectation



### Lack of governance and coordination

is considered to be the top bottleneck to digital transformation initiatives



### Data privacy and security

are considered to be the most influential customer expectations in digital transformation effort



65%

of businesses feeling less confident about investing in new technology due to economic uncertainty

60%

of respondents in the Netherlands consider AI/ML as the most important technology in helping businesses realize short term's ambitions

46%

of respondents expect to do more with a smaller budget than last year



# Success in Digital Transformation

Intentional digital transformation has mostly improved employee satisfaction and efficiency, with customer engagement lagging behind

**Survey results indicate that targeted digital transformation initiatives have increased profitability and performance, with specific technology playing a key role in the Netherlands**

The survey reveals that on average 56% of respondents in the Netherlands have reported on an increase in profitability and performance due to focused on digital transformation. This trend is not isolated; on average, 63% of global respondents have reported similar improvements, indicating a widespread positive impact of digital transformation efforts.

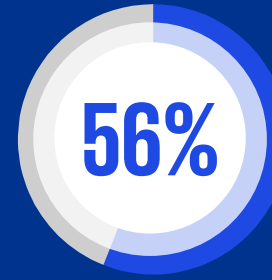
Beyond financial gains, these digital transformation efforts are also enhancing workplace dynamics. Notable benefits include raised employee satisfaction levels, which contribute to a more productive and positive work environment. Additionally, there is enhanced customer engagement, directly impacting customer satisfaction. This has opened new doors for business development, allowing organizations to explore new markets and innovate in their service and product offerings. This aligns with the survey results, where we see that 54% of respondents are confident that their organization will be able to turn risk into opportunity (e.g., by developing new business models), using their existing technology.

The main identified triggers for digital transformation are fast-tracking employee productivity, optimizing upsell and cross-sell strategies, addressing regulatory and security concerns, and enhancing the conversion of prospects into customers

Businesses are prioritizing digital transformation primarily to accelerate employee productivity and optimize upsell and cross-sell tactics aimed to boost spending volume. Both these aspects have received equal emphasis from 56% of respondents in the Netherlands.

In addition to these, 51% of respondents identify regulatory obligations or security concerns as critical triggers. These results highlight the importance of driving operational efficiency and revenue growth. On the other hand, they highlight the growing need for compliance with legal standards and robust data security.

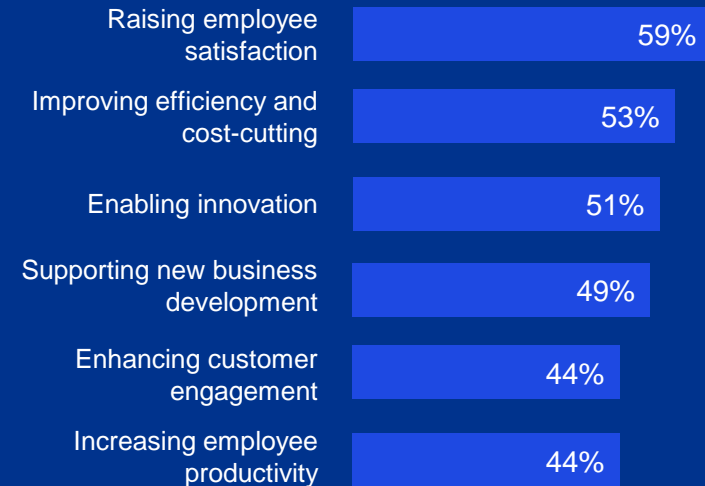
## All new technologies positively impact organization's profitability and performance



of businesses in the Netherlands say they have seen an increase in profitability and performance from investments in Digital Transformations

## Digital transformation investments make a positive contribution

To what extent would you say that your digital transformation investments in recent years have contributed to the following outcomes? (Percentages are of those answering 'above expectations')





# Essentials for thriving in a digital economy

While in the last two years the most impact was made by low code/no code, in the next 0-3 years, Dutch businesses expect the most from AI/ML

**In EMEA and the Netherlands, there is a growing emphasis on adapting to customer feedback and being agile in responding to market signals**

In the EMEA, and particularly the Netherlands, the survey results show there is a focus on being highly responsive to customer needs and market trends. The ability to listen to and adapt based on customer feedback is seen as a critical component, as it is highlighted by 39% of respondents in the EMEA and 49% in the Netherlands. Additionally, agility in responding to market changes is emphasized in the Netherlands, as it is considered to be one of the most essential attributes to thrive in a digital economy by 40% of businesses.

**The shifting priorities in technology relevance are evident, as respondents consider AI/ML (including GenAI) as the most impactful technologies over the next 0-3 years**

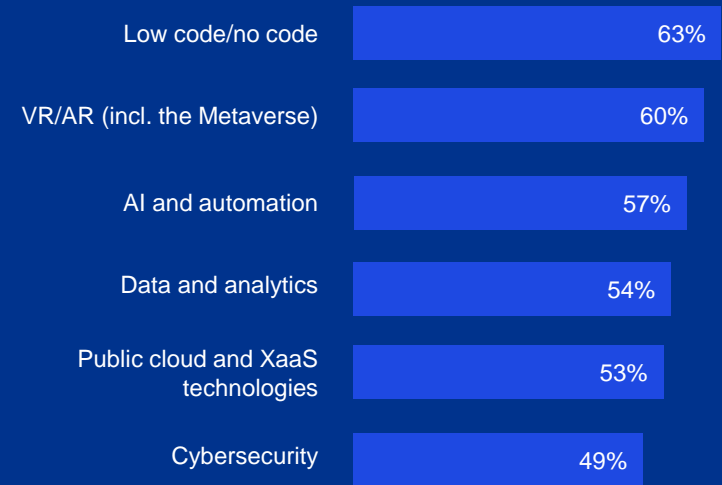
The shift becomes visible when looking at technologies that have positively impacted profitability and performance over the past 24 months. While 63% of respondents in the Netherlands emphasize the significance of low code/no code solutions, 57% highlight the importance of AI and automation. However, when considering which technologies are considered crucial for short-term business success, AI and automation emerge as front-runners, with 46% of respondents in the Netherlands indicating their importance. This trend mirrors globally, with 57% of global respondents expressing similar views.

**Focusing on what technologies to adopt is only part of the story. Success in digital transformations already requires embedding cybersecurity and privacy into tech selection and staff education, enhancing interdepartmental empathy and communication, and courageously embracing emerging technologies**

Globally, success in the digital economy starts with a strong focus on cybersecurity and privacy, as highlighted by 41% of respondents globally. Additionally, 37% of respondents globally view that fostering empathy and open communication between business functions is also a crucial element. On the other hand, a strategic and bold approach towards adopting emerging technologies is essential.

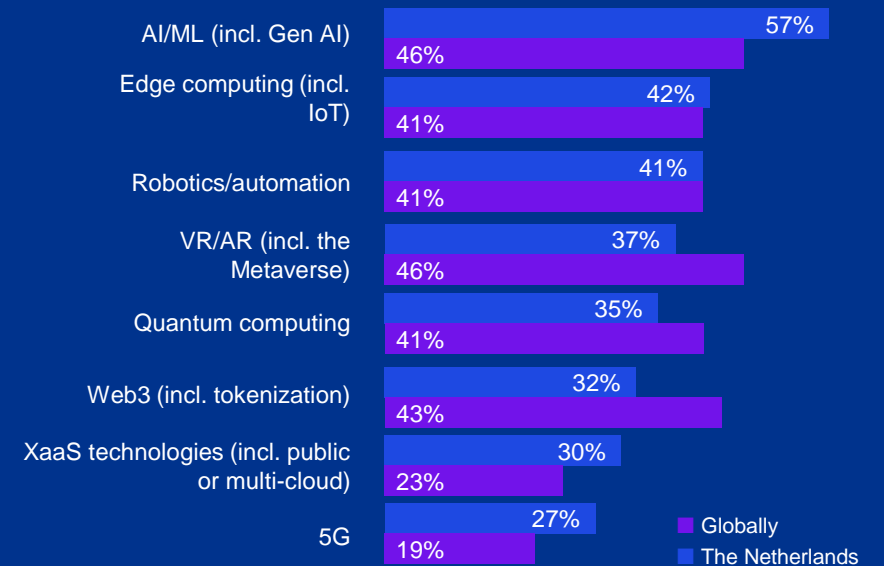
## Various technologies that have positively impacted profitability and performance

Over the past 24 months, have your digital transformation efforts with the following technologies positively impacted profitability or performance?



## Technologies considered important in helping business in the short term

Of the following technologies, which do you think will be most important in helping your business achieve its short-term ambitions (over the next 0-3 years)?





# Key challenges in digital transformation

Key challenges for digital transformations remain on the human side of digital: governance, cultural resistance, communication issues and skill gaps

**Key bottlenecks in digital transformation initiatives are not on technology but on the human side of digital: inadequate governance and coordination within technology functions, a risk-averse culture and significant communication gaps within and across organizations**

As highlighted by 56% of respondents in the Netherlands, a top obstacle to digital transformation is the lack of effective governance and coordination in the technology function. They expect (much) more here than their current technology functions are delivering. Additionally, the presence of a risk – averse culture within the organization is the second obstacle, as identified by 44% of respondents in the Netherlands. This cultural resistance to embracing change and innovation significantly slows down the pace and effectiveness of digital transformation efforts. Which is shown in our survey, as 57% of the respondents in the Netherlands agree that employee resistance influences their investment decisions with new technologies.

Communication gaps also pose a significant challenge, with 57% of the respondents stressing the importance of improving the ability of tech functions to communicate the potential of new technologies to the boards. This issue is more pronounced at regional level (62%), and globally (69%). Additionally, long-term contracts with vendors can limit their ability to invest in new technologies, as pointed out by 49% of respondents in the Netherlands.



**External factors such as cost escalation, geopolitical volatility and complex regulatory developments affect the confidence of businesses to invest in new technology**

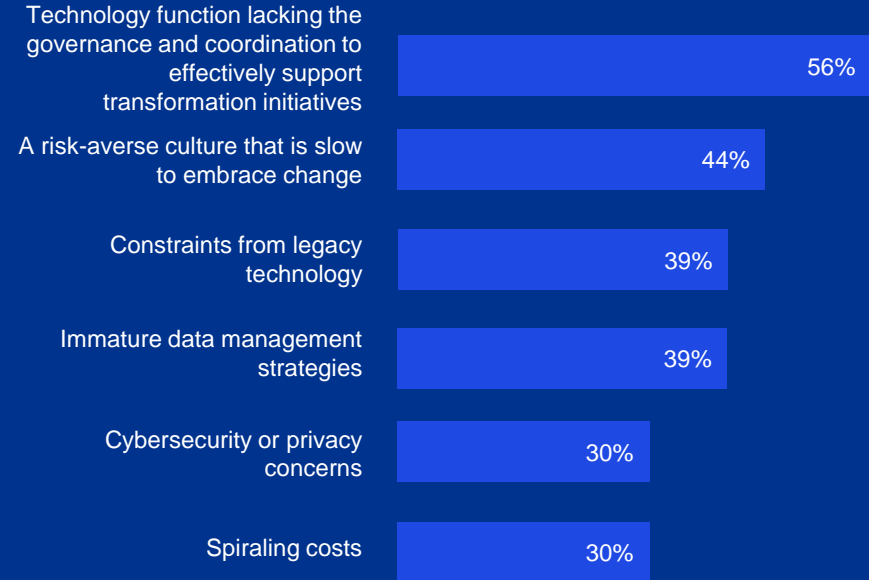
Respondents express concerns about various external factors negatively impacting their confidence to invest in new technology. Cost escalation (74%), geopolitical volatility and complex regulatory developments (each at 67%). These factors add layers of complexity to the decision-making process.

**Addressing diverse perspectives and bridging skill gaps are key to ensuring efficient collaboration and successful transformation**

To minimize communication issues and enhance collaboration, it is important to acknowledge and address different perspectives within teams. As highlighted by 79% of respondents, they agree to support collaboration with the wider business; and stated that their tech function would benefit from a higher concentration of diversity. Additionally, bridging skill gaps within the tech function is essential. A balanced combination of technical know-how and soft skills is important for driving successful digital transformation efforts and fostering a culture that embraces change and innovation.

## The tech department's lack of coordination threatens transformation progress

Which of the following challenges are most likely to slow down your transformation?



## Skills considered needed by tech professionals in leadership

### Empathetic skills

- 1 Ethical understanding
- 2 Creativity and Innovation
- 3 Collaboration



### Commercial skills

- 1 Strategic thinking
- 2 Technical or digital literacy
- 3 Cost control



# Section 1

## ESG

**ESG has become a primary tech innovation focus, with significant role in sustainability, ethics, diversity and environmental reporting**

### **47% of respondents in the Netherlands identify ESG transparency as the leading customer expectation influencing their digital transformation strategies**

When respondents in the Netherlands were asked about the impact of customer and user expectations on digital transformation projects, ESG transparency emerged as one of the top reasonings. On the other hand, 56% of respondents have expressed confidence in advancing ESG priorities within their organizations. This trend indicates a strong alignment between digital transformation strategies and ESG objectives in the Netherlands. Thus, digital transformation efforts need to be closely aligned with ESG principles in the Netherlands. Failing to integrate these aspects into digital strategies could imply missing out on key customer expectations and potentially falling behind in a market that highly values ESG transparency.

### **A significant 46% of respondents in the Netherlands view advancing ESG priorities as one of the main priority goals for tech innovation in the coming year**

In the Netherlands, 46% of respondents have identified advancing ESG priorities or commitments as one of the top innovation goals for their technology functions to contribute to in the next 2 years. This shift signifies ESG's transition from being a mere aspect of reporting responsibility to becoming a central driver of value creation. By integrating ESG considerations into their technology

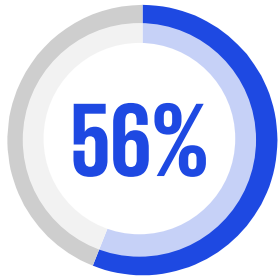
strategies, organizations are redefining the essence and impact of their tech functions.

### **Over half of the respondents are confident in utilizing existing technologies to progress on ESG ambitions**

56% of the respondents in the Netherlands express confidence in their existing technological infrastructure to support ESG goals. One of the examples is by using data analytics tools for ESG-related tasks such as performance tracking, compliance reporting and identifying areas for improvement. This highlights the potential of existing technologies in facilitating the ESG transition and underscores how organizations can repurpose their current tech stack to align with their sustainability and social responsibility goals.

### **The majority of respondents agree that the tech function plays a crucial role in various aspects of ESG; from product developments to ethical workforce behavior**

Survey data strongly indicates that the majority of respondents view the technology function as a crucial player in ESG initiatives. In the Netherlands, 81% of respondents have confidence in the tech function's capacity to innovate in developing sustainable products, reflecting an emphasis on embedding sustainability in innovation. Additionally, 87% of respondents in the Netherlands recognize the crucial role of technology in fostering an ethical workforce culture.



of respondent in the Netherlands have confidence in their ability to advance ESG priorities or commitment using existing technologies

## Tech functions have influential role in ESG initiatives

To what extent, if at all, is the technology function in your business playing an instrumental role in the following initiatives?

<p><b>87%</b> ensuring our workforce behaves ethically</p>	<p><b>84%</b> supporting diversity, equality, and inclusion (incl. in recruitment)</p>	<p><b>81%</b> supporting measurement and reporting of carbon emissions</p>
<p><b>81%</b> developing more sustainable products or services</p>	<p><b>80%</b> contributing to social causes</p>	<p><b>79%</b> reducing carbon emissions by improving efficiency or changing technologies</p>



# Section 2 Artificial Intelligence

Despite AI/ML being widely seen as vital, actual implementation lags behind due to a lack of understanding and of solid internal data and policy foundations

**AI/ML is identified globally as crucial for business ambitions, while VR/AR technologies gain special attention in the Netherlands**

When respondents were asked about their reasons for prioritizing VR/AR technologies, a notable 70% of respondents in the Netherlands cited the influence of market leaders who have already adopted these technologies. Furthermore, 60% of respondents in the Netherlands reported that their digital transformation efforts involving VR/AR have positively impacted performance and profitability over the past 24 months. Additionally, the survey underscores the tangible benefits that VR/AR technology can bring to a business, including raised employee satisfaction and enhanced customer engagement.

However, the global perspective on VR/AR varies, with only 37% of respondents globally consider this technology as important for helping business in short term. This disparity suggests, that while VR/AR is gaining traction and providing its value in the Netherlands, its global adoption and perceived importance are more nuanced.

**AI/ML is recognized as a critical technology for short-term ambitions by a significant percentage of respondents, with higher emphases regionally and globally**

In the Netherlands, 46% of organizations consider AI/ML essential for their immediate goals. This sentiment that intensifies to 55% in

EMEA, and even more globally. This trend illustrates the growing reliance on AI/ML as key drivers in technological strategy and highlights their perceived importance across various geographical scopes.

**Despite the recognition of AI/ML as vital, there is a notable lag in its implementation across the industry**

The survey reveals a disparity in the adoption of AI/ML technologies:

- 26% of respondents have not yet initiated any actions.
- 47% of respondents are in the stages of strategizing and seeking investment approval.
- 27% of respondents are actively implementing.

In examining why some businesses are yet to adopt AI/ML, several reasons come to light. For some, for example, AI/ML appear to be a frightening technology to implement, primarily due to its perceived complexity. A shortage of skills resources can further contribute to the hesitation, making it challenging to embark on AI/ML initiatives. Additionally, the fast-evolving nature of AI technology, with rapid advancements, may create concerns about staying current and relevant.

**AI/ML adoption faces challenges, leading to varied approaches among businesses, including strategizing and active implementation. Companies' strategies are influenced by their digital maturity**

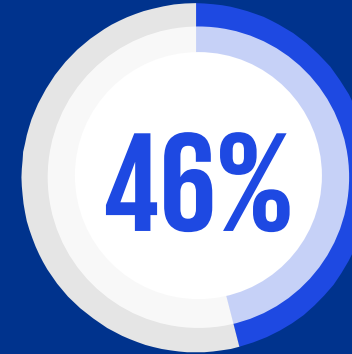
Businesses approach AI/ML adoption with different strategies. Some are in the planning phase, exploring various implementation methods, while others actively implement AI/ML, showing higher digital maturity. Challenges exist especially for custom solutions, but existing applications such as SAP or Microsoft can streamline the process. Additionally, implementing guidelines for AI tool usage, such as ChatGPT, enhances transparency and control over adoption.

**AI/ML adoption requires a solid foundation, addressing concerns about transparency in AI systems and decision making processes**

The growing focus on AI/ML technologies brings the need for a solid foundation. The survey highlighted a concern raised by over half of the respondents (54%) about a delay in the progress of automation because of concerns around how AI systems make decisions. Addressing these concerns requires not only the development of robust AI policies practices but also a deeper understanding of AI ethics, transparency, and AI operations, and accountability in AI driven-decisions. Ensuring the ethical implementation of AI/ML is thus becoming as important as the technology itself.

**Organizations should adopt technologies such as AI/ML based on strategic business objectives rather than merely mirroring market trends or competitor actions**

The increasing prioritization rates of AI/ML, indicated by 45% globally, 48% regionally and 56% in the Netherlands, may suggest of businesses aligning with market leaders. However, it is crucial for businesses to move beyond simply replicating competitor strategies. Instead, the adoption of AI/ML should be grounded in a well-considered strategy that aligns with the business's unique ambitions and values.



of respondents in the Netherlands considered AI as the most important technology

**3 reasons why respondents prioritize AI/ML including gen AI to support short term ambition**



# Section 3 Security and regulation

Businesses prioritize cybersecurity and data privacy, while the new wave of tech and data regulations requires a more holistic look at compliance in digital

**Globally, stronger data privacy or cybersecurity is seen as the most influential customer expectation shaping their digital transformation strategies**

In response to the question about customer and user expectations impacting digital transformation priorities, 50% businesses in the Netherlands and 52% businesses globally, highlighted “stronger data privacy and cybersecurity” as the primary influence. This response underscores the escalating importance of data security in the digital age.

**Technology leaders are increasingly focusing on cybersecurity in the context of digital transformation, as it is important to address the risk at an the early stage**

In an era where digital transformation initiatives are rapidly expanding, cybersecurity has emerged as a significant concern for technology leaders. In the Netherlands, 60% of respondents agree that addressing risk at the early stages of the digital transformation significantly enhances the success of these efforts. This emphasis is well founded, as the introduction of new technologies can escalate cybersecurity risks. The challenges extend beyond technical aspects; it is essential for businesses to integrate security into their transformation processes. This integration is crucial not only for operational purposes but also for establishing trust with stakeholders.

**Cybersecurity concerns can negatively impact the pace of digital transformation initiatives but also offer opportunities for enhancing loyalty**

About 30% of respondents in the Netherlands indicate that cybersecurity or privacy concerns have the potential to slow down digital transformation efforts. This emphasizes the need for a balanced approach that advances digital capabilities while ensuring robust security. Additionally, 54% of respondents recognize that improving cybersecurity and privacy helps to provide a loyalty-winning customer experience. By elevating cybersecurity measures, companies will not only be able to protect their operations but also to differentiate themselves in the market, fostering a sense of safety and trust among their customers.

**In the Netherlands, cybersecurity strategies are geared towards securing complex ecosystems and ensuring regulatory compliance**

Cybersecurity teams are focused on protecting a diverse ecosystem of third-party and external partnerships. They are embedding automated security within core business processes and striving to meet stringent cybersecurity regulations. This multifaceted strategy is vital in an environment where digital threats are increasingly sophisticated and compliance with cybersecurity standards is more crucial than ever. Therefore, ensuring a secure and compliant digital environment is essential for the success of any digital transformative initiative.

**The EU's expanding tech and data regulations drive company's compliance, with 51% of respondents in the Netherlands recognizing regulatory obligations and security concerns as digital transformation triggers**

These regulations have forced companies to give importance to compliance efforts. The regulatory landscape, characterized by its complexity, now covers previously unregulated markets and products. Companies are actively addressing this challenge by developing robust business controls and frameworks to align with the evolving legal requirements. Additionally, many of these regulations overlap with each other, adding another layer of complexity to compliance efforts.

**The EU's emphasis on ongoing compliance underscores the need for companies to stay alert and adaptable in the face of evolving regulations**

Notable regulations such as Digital Service Acts (DSA), Digital Operational Resilience Act (DORA), Digital Market Act (DMA), Digital Governance Act (DGA), and other, in force or currently pending, legislation serve as benchmark in shaping the compliance landscape. Companies are expected to actively align their operations with these evolving legal requirements.



**How can  
KPMG  
help?**





# KPMG helps clients to digitally transform with confidence, speed and agility

## Leveraging our Connected. Powered. Trusted. Elevate framework and assets

Connected. Powered. Trusted. Elevate is the KPMG approach with business transformation solutions that help clients get to a more productive and sustainable future. The solutions are designed to address different client challenges and different parts of a business or a operating model. Each one contains rich insights and is underpinned by our leading methodology and advanced technology.

At KPMG, we have the right expertise in-house to perform effective digital transformation. We work multidisciplinary and bring extensive experience in the key capability areas

### Digital Strategy

Available propositions:

- Connected Digital Strategy
- Connected Ecosystem
- Connected FinTech
- ESG Tech Strategy & Transformation
- Customer & Brand Strategy

### Digital Transformation

Available propositions:

- Agile & Digital Operating Models
- Connected Transformation
- Business Architecture
- Cloud Transformation & Architecture
- Tech M&A

### Digital Law

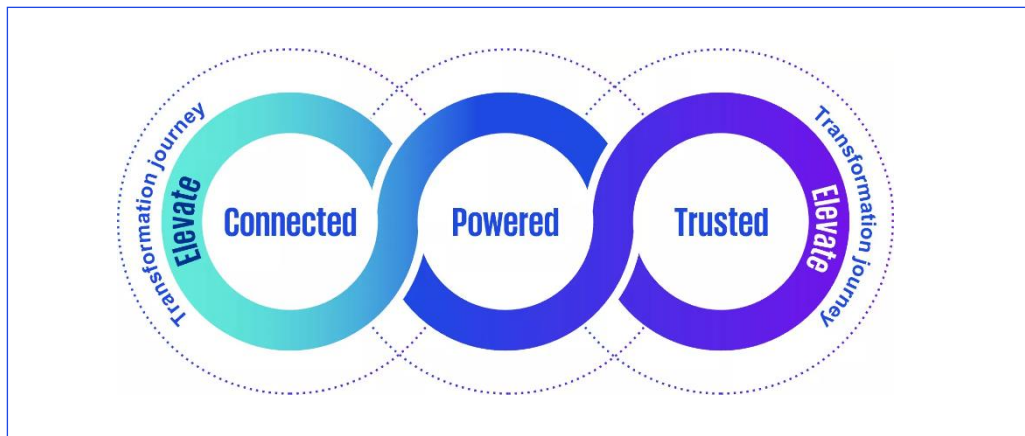
Available propositions:

- Legal & Regulatory Strategy & Management
- Strategic IP Management
- Cloud, tech and data contracting
- Legal Operations and Legal Transformations (LOTS)

### Digital Enablement

Available propositions:

- Platform Technology
- Modern Delivery
- Tech Integration
- Tech Advisory



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