



Business Digital Transformation Monitor

Exploring unknown paths
in the digital world

2024 Edition



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of digitalization of
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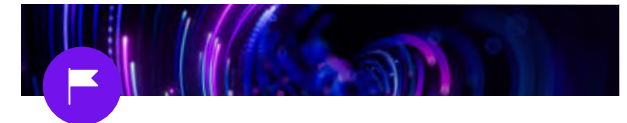
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Introduction

With publication of the Business Digital Transformation Monitor for the third year in a row, we finally have good news.

First, the headline indicator hit 5.1 out of 10 points, up 7/10th of a point from last year. So for the first time in the three-year history of the report, Polish companies entered the top half of the scale. The good news does not end there.

Second, the percentage of companies with a formal digital strategy document in place increased by 6 percentage points, to 27%, and 20% of companies that do not yet have one plan to create one in 2024.

Third, one in three companies plan to increase spending on digital transformation within a year, and nearly a fifth plan to hire new people to support this area.

Fourth, nearly 30% of companies use artificial intelligence tools, and another 30% of organizations that don't use AI yet plan to implement AI tools this year.

The last piece of good news is that the percentage of companies that have implemented cybersecurity management procedures rose by 12 pp, to 72%.

I will not hide my great satisfaction with the improvement of these indicators, because in the first two editions of the monitor, the biggest shortcomings we found in digital transition were digital strategy, financial outlays, and hiring, as well as implementation of AI and cybersecurity issues.

It seems that Polish businesses have woken from their analogue slumbers into the digital world, and are rising to action. There is still a lot of work ahead of us, and we should not revel in the result of 5.1 on a 10-point scale. We will face geopolitical and economic challenges—some we already know and some will surprise us. But that's not essential now. The key is that we have embarked on a journey in the right direction—towards digital transformation.

This year, we have also taken a closer look at ESG technology. Over 90% of companies use spreadsheets (e.g. Excel) for non-financial reporting, and only 3% do not use any technology. Due to increasing regulatory requirements and the surge in the number of companies subject to the reporting requirement, the landscape of ESG technologies will change. It is hard to imagine that in five years companies will still rely on spreadsheets for their ESG functions. Dedicated tools will be needed to improve data quality, raise the efficiency of business processes, and most importantly,

help manage ESG risk. Just consider what percentage of companies today rely on spreadsheets alone for their financial reporting and do not use dedicated technology. The same future awaits us in non-financial reporting. And the horizon is so close, it requires action now.

On behalf of KPMG in Poland, I would like to thank our content partner for the study, Microsoft. I would also like to express my sincere thanks to all the representatives of companies who were willing to share their invaluable insights and experiences in the area of digital transformation.

I wish you an interesting read.



**Grzegorz
W. Cimochoowski, PhD**

Partner
Head of Consulting
and ESG Leader,
KPMG in Poland

Key findings



The main indicator of the Business Digital Transformation Monitor was **5.1/10 points, an increase of 0.7 point** compared to last year.



For another year in a row, **companies with a formal document** for their digital transformation strategy achieved much higher scores for the Business Digital Transformation Monitor in each of the analysed areas.



The percentage of companies with a formal digital transformation strategy in place **increased by 6pp, to 27%.**



The highest score among sectors of the economy was achieved by **the financial industry, at 6.2 points.**



All organizations with a formal digitalization strategy said it sets specific goals and implementation methods.



20% of companies that do not yet have a formal digitalization strategy plan to create one in 2024.



One-third of companies plan to increase spending on digital transformation in the next year, and **18% of organizations** want to hire new people to support this growth area.

Key findings



The main benefits of using technology **in ESG reporting** were improved data quality, increased reporting efficiency, and less risk of error.



65% of companies don't measure the effectiveness of their AI-based tools, and **47% of respondents** fail to consider the effectiveness of technologies supporting ESG reporting.



For the second year in a row, **mobile solutions** turned out to be the technology most often used by companies.



The most frequently chosen IT systems for resource planning are **ERP and CRM.**



The percentage of companies with formalized cybersecurity management procedures in place **increased by 12pp, to 72%.**



57% of respondents believe that their company is well or very well protected against cyber threats.



28% of organizations are already employing tools using artificial intelligence, and **30% of the remaining** organizations plan to implement such solutions within the next year.

The state of digitalization of the Polish economy





The EU landscape

In January 2023, the European Union announced the “Path to the Digital Decade Policy Programme,” setting the directions for development of the EU’s digital transformation. By 2030, it is planned to achieve specific goals in four areas: (1) Digital skills, (2) Digital infrastructure, (3) Digitalization of businesses, and (4) Digitalization of public services. One way to monitor progress towards each of these goals is through a system based on the Digital Economy and Society Index

(DESI). Although the DESI ranking has been around for several years, the last edition was slightly modified to best assess the progress of countries in individual areas on the “Path to the Digital Decade.”

DESI analyses a wide range of categories, assessing the degree to which society and the economy have adapted to digital transformation. This index provides an integral view of the level of digitalization via

key indicators in the four areas mentioned above, in accordance with the EU programme. DESI not only identifies areas where improvements are needed, but also makes it possible to compare progress between EU member states. This tool is relevant not only for governments and public institutions, but also for companies seeking to understand global digital trends and adapt to modern challenges.

Unfortunately, Poland has placed well to the back of the DESI ranking for many years, and the differences from the most developed countries are striking. In the latest edition of the ranking, 34 indicators were collected. In only four categories did Poland make it into the top ten out of the 27 EU member states: the percentage of companies offering ICT training, the availability of broadband internet (at least 100 Mb/s) in households, the amount of data pre-filled in online forms of public institutions, and access to electronic health records. It goes downhill from there. In 25 out of 34 indicators, Poland ranked 20th or lower. It did worst in the 5G spectrum assigned and ready for use in the so-called pioneer bands.



DESI indicators where Poland scored the highest and the lowest

Poland's highest positions in the DESI ranking

- 6** Access to e-health records.
- 9** Broadband take-up of at least 100 Mb/s among households.
- 10** Enterprises providing ICT training.
- 10** Pre-filled forms in digital public services.

Poland's lowest positions in the DESI ranking

- 25** At least basic digital skills.
- 25** At least basic digital content creation skills.
- 25** At least basic digital skills among women.
- 25** ICT specialists as a percentage of overall employment.
- 25** Selling online cross-border.
- 25** Digital public services for citizens.
- 25** Digital public services for businesses.
- 27** Amount of 5G spectrum assigned and ready to use in the 5G pioneer bands.

Source: KPMG in Poland, based on European Commission data.

According to the EU report summarizing the first year of the “Path to the Digital Decade” programme, Poland still has a lot of work ahead of it to contribute to achievement of the common goals of the Digital Decade. Although positive changes are noticeable, each of the four areas still needs improvement. The EU places particular emphasis on the following issues¹:

- Strengthening digital skills in primary, secondary, and vocational education and training, and stepping up the upskilling and reskilling of the labour force, paying special attention to advanced and emerging technologies.
- Transposing the current EU regulatory framework into national regulations, to incentivize the development of robust connectivity.
- Assignment of the radio spectrum needed for 5G connectivity in a transparent, open and non-discriminatory way.
- Continuing work in the field of semiconductors and quantum computing to help the EU become a strong market player in these areas.
- Facilitating access to advanced technologies, including AI, big data and the cloud, through sustained measures including improved access to training.

- Supporting SMEs in increasing their use of advanced technologies and promoting the creation of startups.
- Stepping up efforts to digitalize public services.

To catch up and work towards the goals of the Digital Decade, an approach from the ground up is key, requiring joint action by central government and local authorities. Major support in this process will come from allocation of funds from the National Recovery Plan (NRP)—21.3% (over EUR 7.5bn) of the funds will be assigned to digital transformation. Notably, most of that, EUR 6.8bn, will support activities carried out under the EU’s “Path to the Digital Decade” programme².

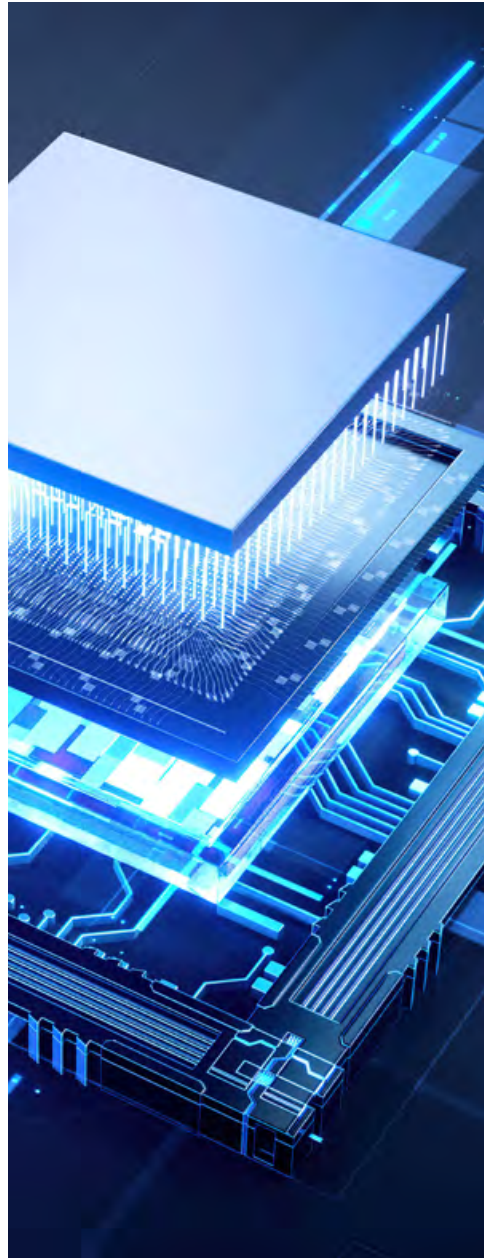
¹ European Commission, “2023 Digital Decade Country Report—Poland.”

² Ibid.



Approach to digital transformation





Today, no one disputes that digital transformation is a fundamental element of modern business, and at the same time is becoming an integral part of the growth strategy for companies around the world. In recent years, there has been a rapid development of technology, which directly affects the dynamics of the market. These changes force companies to constantly adapt to remain competitive and effectively face modern challenges.

The digital transformation process is much more than just implementing modern tools. It is a comprehensive model of change that includes a re-examination of the corporate culture, adjustment of business strategy, and operational optimization. Companies that take on this task with determination gain the opportunity to improve efficiency, meet the evolving needs of customers, and respond flexibly to dynamic market challenges, which have been abundant in recent years. Digital transformation enables rapid adaptation to trends, real-time analysis of market data, and refitting the business strategy to new circumstances—key success factors in the current digital age.

The importance of digital transformation stems from the need to meet the expectations of today's consumers. Customers now are used to instant availability, personalized service, and innovative solutions. Companies that successfully transform their business models by implementing smart data analysis systems, artificial intelligence or process automation have a chance to build lasting relationships with customers and improve their brand reputation.

The Business Digital Transformation Monitor, prepared by KPMG in Poland in cooperation with its tech partner Microsoft, is a compendium of knowledge on the approach of companies operating on the Polish market to the topic of digital transformation. The report highlights four key areas: digitalization strategy, technology implementation, cybersecurity, and transformation potential. Our goal is for this publication to be a source of information that will guide Polish companies on the path of success in a dynamic digital environment.

The findings in the first two editions of the report did not inspire optimism. Companies found themselves at a difficult moment economically and commercially, when digital transformation was pushed into the background and organizations had to set other priorities. But in the current edition of the monitor, a change in this area is visible. Companies in Poland have started to find room for digital transformation and are increasingly appreciating its benefits, seeing it as an opportunity for a better future. This is a sign that a new perspective is emerging, in which digital transformation becomes not only a necessity, but also a source of inspiration and hope for future business growth.

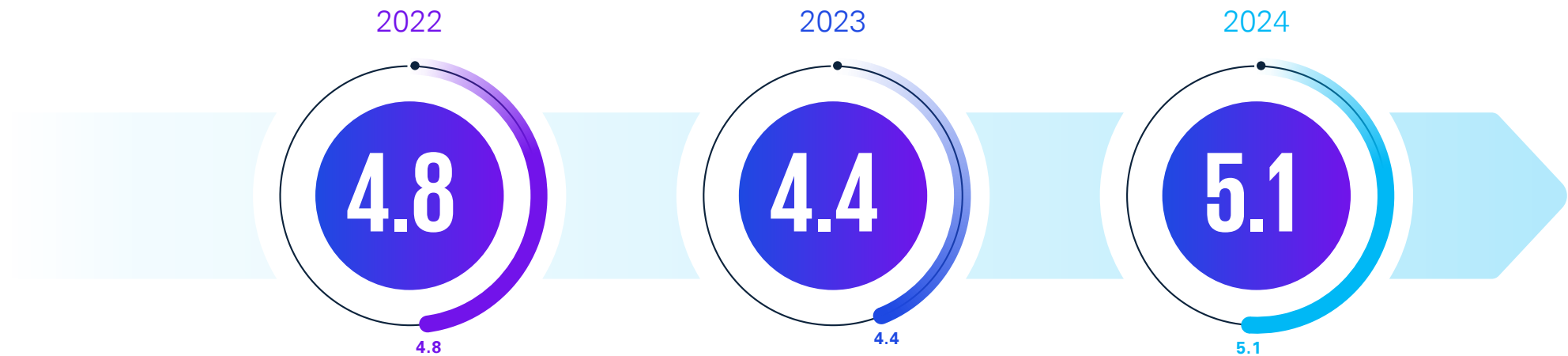
The Business Digital Transformation Monitor indicator

The report is now being issued for the third year in a row. Preparing publications year after year allows for assessment of changes—positive or negative—in the approach of companies operating on the Polish market to digital transformation. In 2022, the Business Digital Transformation Monitor index was 4.8 on a 10-point scale. Even then, KPMG experts warned that companies in Poland

were not paying enough attention to digitalization. 2023 brought an even bigger disappointment, as the index fell to 4.4 and companies clearly did not display a commitment to process transformation. The 2024 survey found optimistic changes, however, and the indicator has risen to 5.1. This increase may indicate a growing awareness among enterprises of the need to adapt to the dynamic business

environment, and increasing investments in digital technologies. Although there are still many challenges to overcome, the increase in the index is definitely a step in the right direction.

Business Digital Transformation Monitor score year-by-year



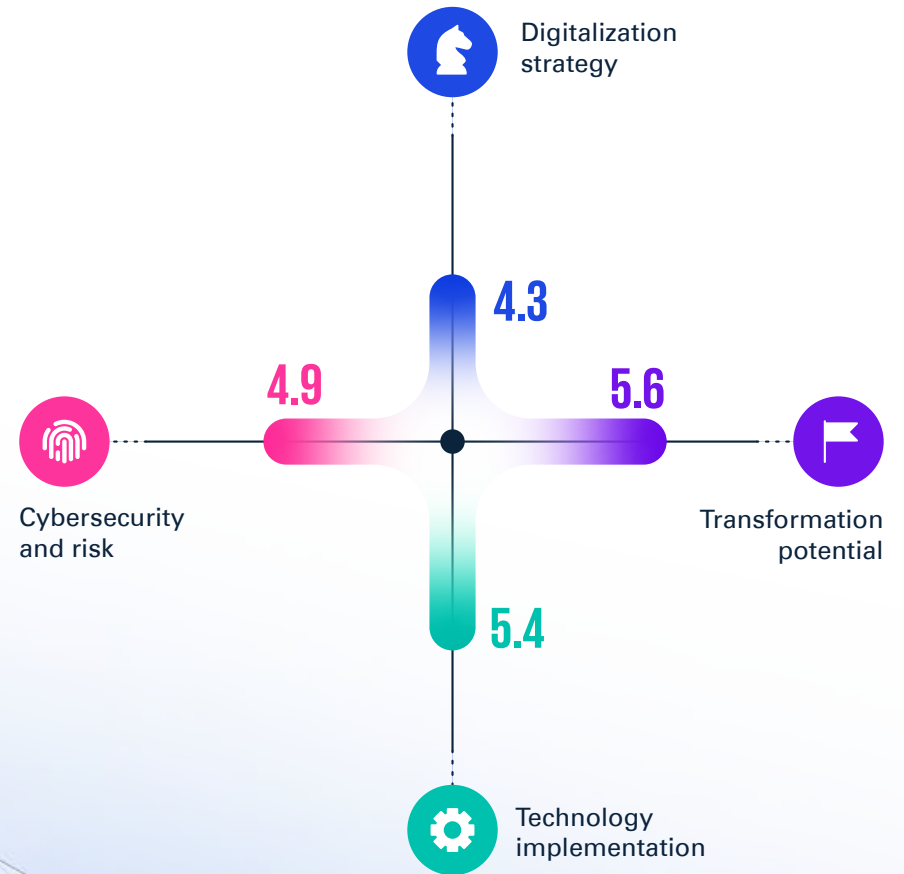
Source: KPMG in Poland, based on survey.

The main indicator in the Business Digital Transformation Monitor this year was 5.1 out of 10 points—an increase of 7/10th of a point over last year.

For another year in a row, the classification of individual areas is as follows: the highest score was achieved for the potential for transformation; second, implementation of technology; third, cybersecurity and risk; and last, digitalization strategy. Each of these areas showed improvement compared to the previous year and to the first edition of the survey, in 2022. After a period of hibernation caused by the uncertain economic situation, organizations have sprung back to life. Companies declare that they will increase spending on digital transformation, seek out new technologies, and hire more employees. This gives hope that the upcoming editions of the report will find continuing improvement.



Business Digital Transformation Monitor scores in individual areas of the study



Source: KPMG in Poland, based on survey.



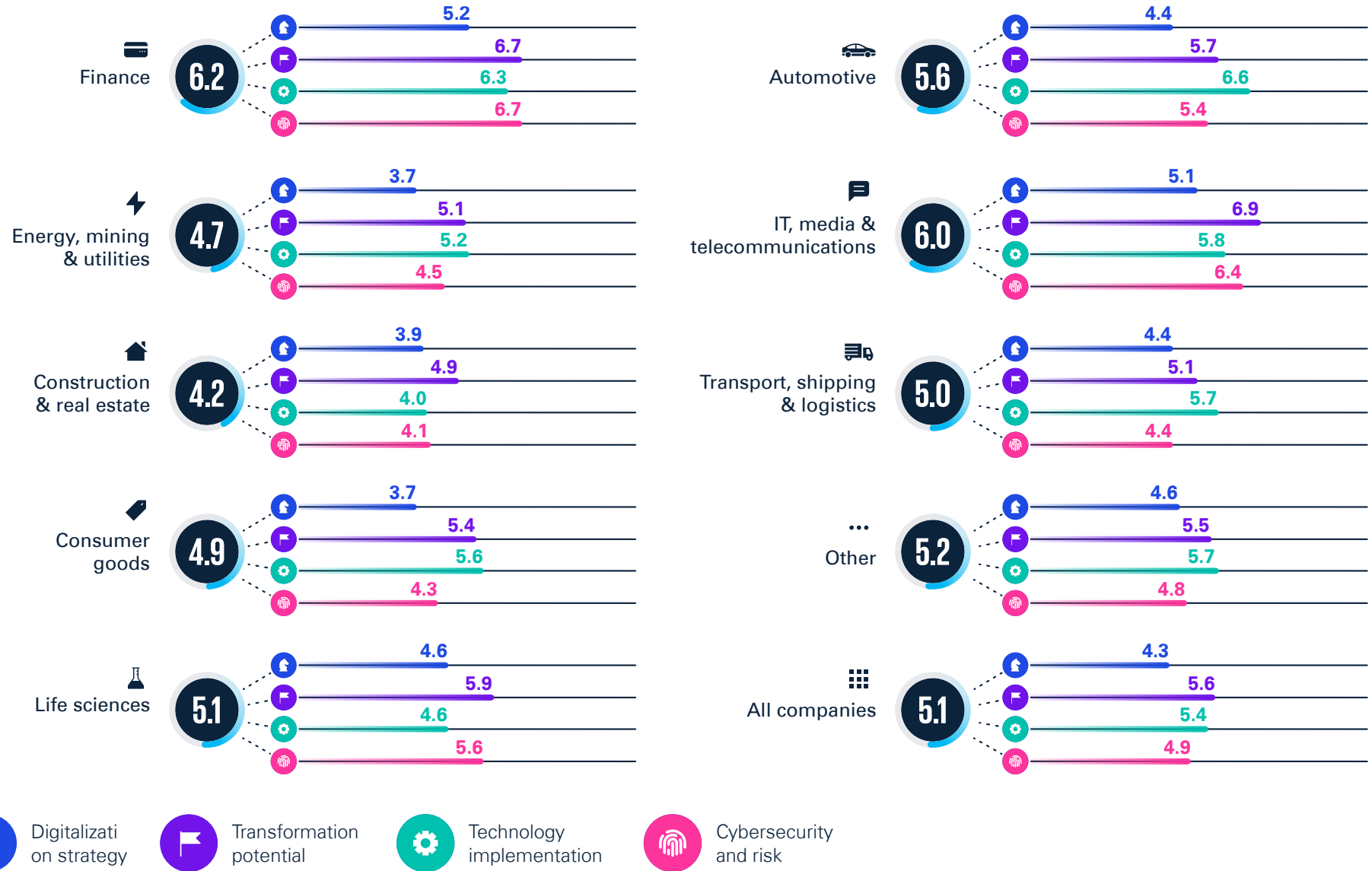
A new dawn in the financial sector

In this year's edition of the survey, the financial sector did best. This can be seen throughout the report—it emerges most often as the winner in individual areas. The result of the financial industry, 6.2 points, is 1.1 points higher than the average for the entire economy. In second place, by a slight margin, was the technology sector, where companies averaged 6.0 points. The automotive

sector took third with 5.6 points, which may be a bit surprising, as last year automotive performed the worst of the entire field. The only industry that recorded a decrease in its nominal result (by 0.2 of a point) was last year's leader, life sciences.

The highest score among the sectors of the economy was achieved by the financial industry, scoring 6.2 out of 10 points.

Business Digital Transformation Monitor by sector



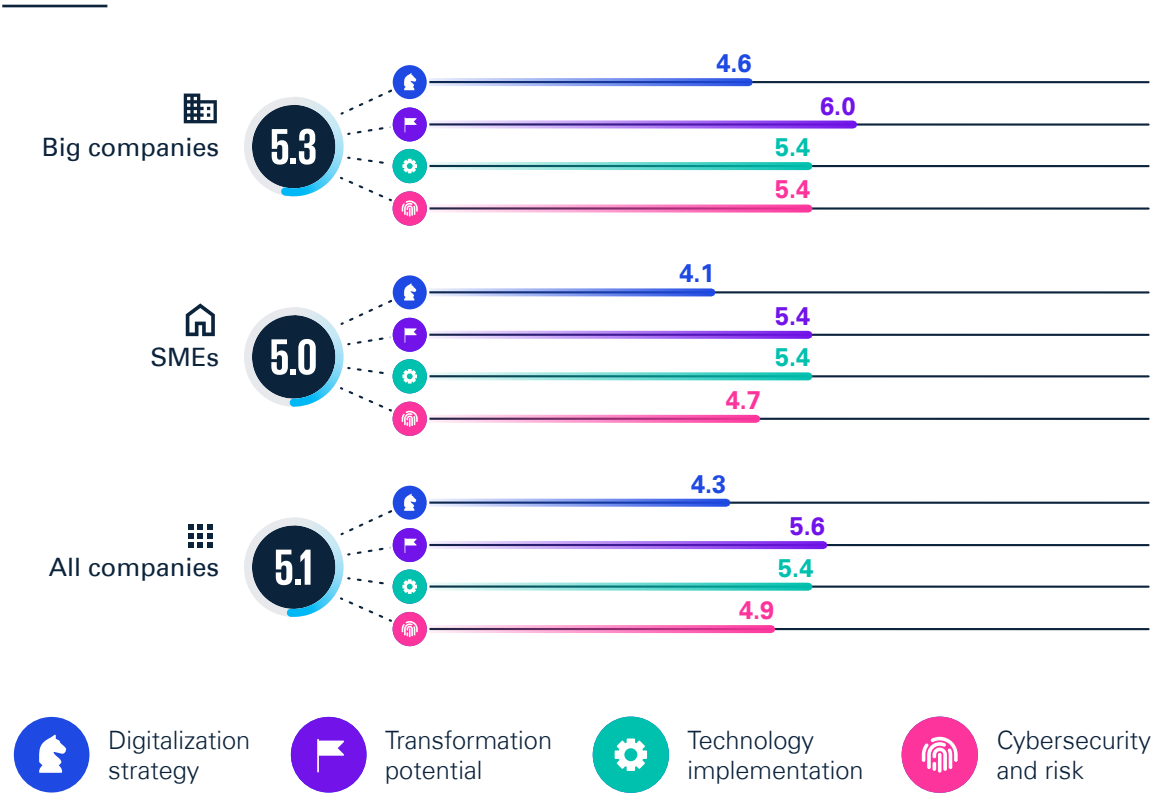
Source: KPMG in Poland, based on survey.

Big and strong

Last year, it was somewhat surprising that SMEs did better than big companies. In the latest edition of the survey, the largest organizations regained the lead. The biggest difference can be seen in cybersecurity and risk, where large

entities scored 0.7 point better. The only area where smaller companies are on a par with larger competitors is in implementation of technology—both groups achieved a score of 5.4 points.

Business Digital Transformation Monitor score by company size



Source: KPMG in Poland, based on survey.

Two years after publication of the first Business Digital Transformation Monitor, we are at the point where we should have started. This is both good and bad news. It's good because business is heading in the right direction—Polish companies have conquered half of the ten-point scale, the percentage of organizations that have or intend to create a formal digital strategy has increased, and more and more companies are planning to increase spending on digital transformation and hire more people to support this area. Artificial intelligence is starting to find a permanent place in Polish business, and the issue of cybersecurity is functioning more and more in practice, not just in theory.

The financial sector has taken the lead by far, achieving the highest overall score in the Business Digital Transformation Monitor. This industry can boast of excellent results in cybersecurity, investment in digital transformation, and commitment to raising employees' competences.

But we're at the beginning of the road and still lag far behind the leaders in Europe and in the world. There are still areas where the Polish digital transformation of business requires more attention and effort. We still face problems with implementation of new technologies, measuring the effectiveness of the tools already in place, and growing cyber threats. We still have ahead of us the digital transformation of ESG, which remains "analogue" for now. So we need to stay the course and also pick up the pace.



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 Partner
 Head of Consulting and ESG Leader,
 KPMG in Poland

Digitalization strategy

Without a detailed road map, it is difficult to reach a new, unknown place. You can rely on other people's directions or signs appearing along the road, but they can often point the wrong way or suggest a less than optimal route. Companies looking to thrive in a dynamic environment need a detailed road map in the form of a digital transformation strategy. Carrying out changes step by step, following a concept and plan, allows them to achieve the goals they have set and effectively transform their business processes. A document defining the digitalization strategy should become an integral part of the organizational culture, promoting innovation, adaptation, and continuous growth. The indicator in this year's Business Digital Transformation Monitor for digitalization strategy was 4.3 points (out of a possible 10). This is the best result in the three-year history of the report. Compared to the previous edition, the index increased by 8/10th of a point. Companies are freeing up funds to devote to digital transformation processes and hiring new employees to support digitalization efforts. An increasing share of companies also say they are identifying specific measures as part of their transformation strategy. Polish companies are beginning to understand the challenges facing them and tackle those challenges.

Business Digital Transformation Monitor score for digitalization strategy year-by-year



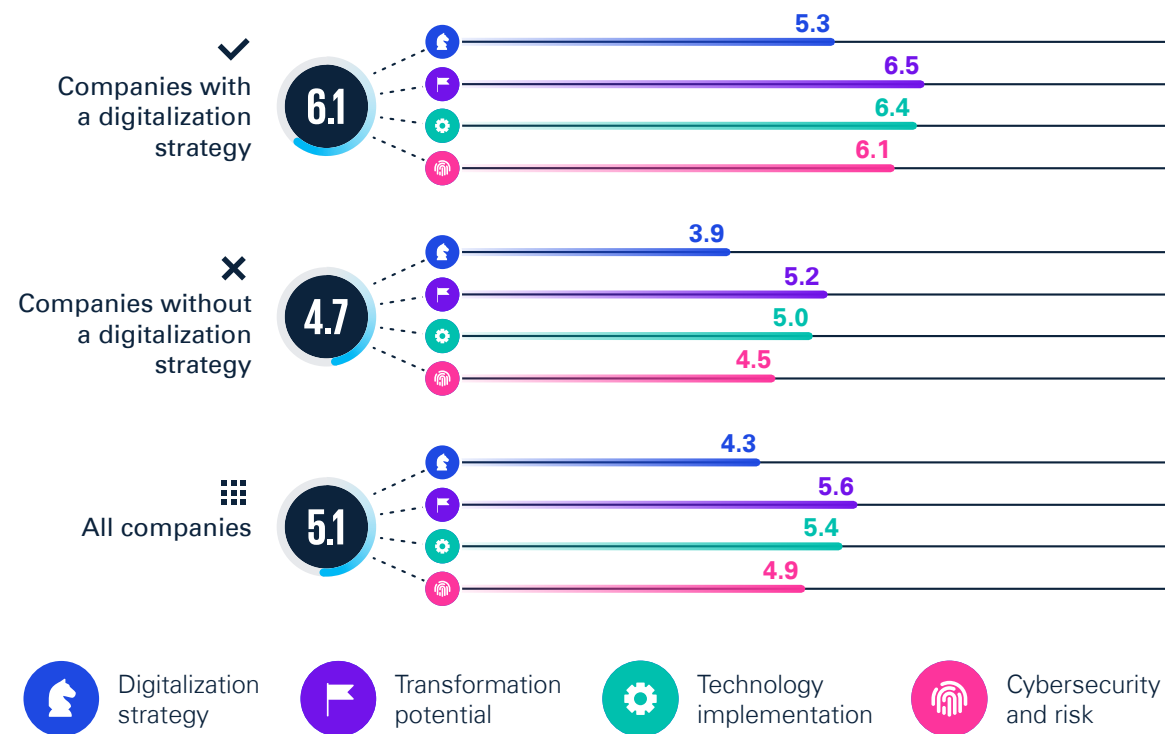
Source: KPMG in Poland, based on survey.

Digital Transformation Roadmap

The presence of a formal digital transformation strategy document can be crucial for effective change management in the company and for working out a clear, coherent development strategy. Companies that have such documents are more flexible, ready to react, and better prepared for changing market conditions and emerging technological challenges. This is confirmed by the results of this year's edition of the survey. The main indicator of the Business Digital

Transformation Monitor for companies that have adopted a formal strategy for the digitalization process was 6.1 points, 1.4 points more than the average for organizations that do not have such a document. Indeed, clear differences are visible in each of the four analysed areas. This correlation has remained unchanged for three years.

Business Digital Transformation Monitor indicator correlated with having a digitalization strategy



For another year in a row, companies with a formal digital transformation strategy achieved a much higher score in the Business Digital Transformation Monitor in each of the analysed areas.

Source: KPMG in Poland, based on survey.

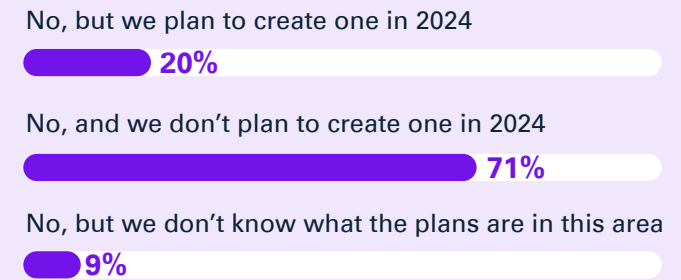
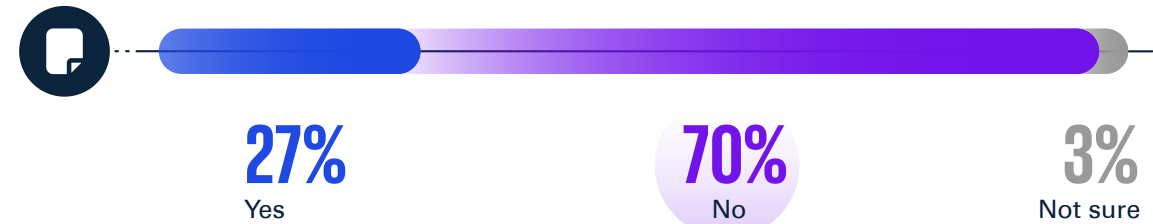
The percentage of companies with a formal digital transformation strategy in place increased by 6pp, to 27%.

It has already been proved that having a formal digital transformation strategy in place allows companies to better manage every area of digitalization. Companies have also begun to appreciate this connection. In this year's edition of the survey, 27% of respondents declared that their organizations have a documented digitalization strategy. Just over one in four may not seem to be a large percentage, but this result looks different considering that last year only 21% of companies could boast of having such a document. Not only has the number of companies

with a formal strategy in place increased—so has the quality of these documents. 100% of these respondents said that their digitalization plan sets specific goals and ways to achieve them (up 18pp from a year ago). The encouraging signs continue: 20% of organizations surveyed without a formal strategy yet signalled that they will create one in the coming year. That's up 15pp year-on-year.

20% of companies without a formal digitalization strategy plan to create one in 2024.

Functioning of a formal digital transformation strategy in companies



Source: KPMG in Poland, based on survey.

CEOs have a key role to play in the digital transformation strategy so that their organizations can achieve real competitive advantages. However, the exact nature of this role can vary dramatically from company to company, depending on each CEO's transformational ambitions and the organization's willingness to carry them out. The actual goals and objectives of digital transformation can vary greatly. Some include, for example, launching a new ERP system, while others would shift the entire organization to the cloud, start to use artificial intelligence, or focus on new mobile applications for customers.

The CEO's transformational ambitions may be limited to incremental digitalization. But then digitalization will not change the organization's business model, its target markets, or its growth opportunities. Such CEOs may not be as heavily invested in these endeavours, but are mostly just managing expectations and removing obstacles.

For ambitious ventures, a digital vision and strategy can include aspirations to enter new markets, develop new products or opportunities, or even pivot to an entirely new business model. When ambitions are this high, the CEO has a better chance

of transforming the entire enterprise with a new operating model and organizational structure.

The most ambitious digital transformation strategies have the potential to fundamentally change the business model. In these endeavours, the role of the CEO can shift from simply supporting transformation to embodying it. The vision of change displayed by the CEO can become a motto the organization can rally around in rebuilding its structure and culture.

The CEO's vision is crucial in driving the transformation. In addition to promoting transformative ambitions, CEOs must also help assess the organization's readiness for change and plan to bridge any gaps when there is a shortfall between ambition and readiness in the key areas: leadership, people, and corporate culture.

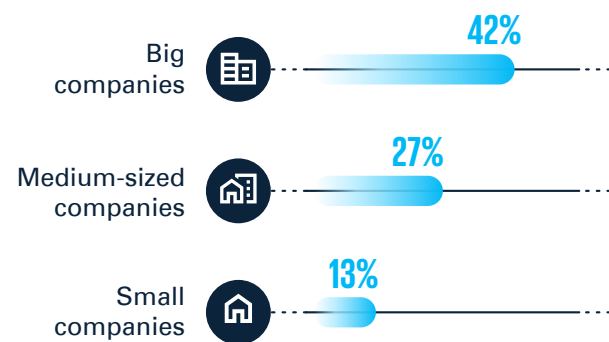


Stacy Ligas

Senior Partner, CEO
KPMG in Poland

Like last year, it is large organizations (employing more than 250 people) that most often declare that they have a formal digital transformation strategy in place. The largest companies seem better prepared to plan and implement digitalization measures. The high percentage of companies in this group that have a digitalization strategy (42%) suggests they are more engaged in issues of adapting to technological changes and the need to develop a clear, coherent development plan. On the other hand, the weaker results of smaller companies may not arise from a lack of awareness of changes, but from limitations in resources, difficulties in long-term planning of digitalization, or lack of experience in process transformation. Smaller companies certainly need more support in navigating the path to the digital future.

Functioning of a formal digital transformation strategy, by company size



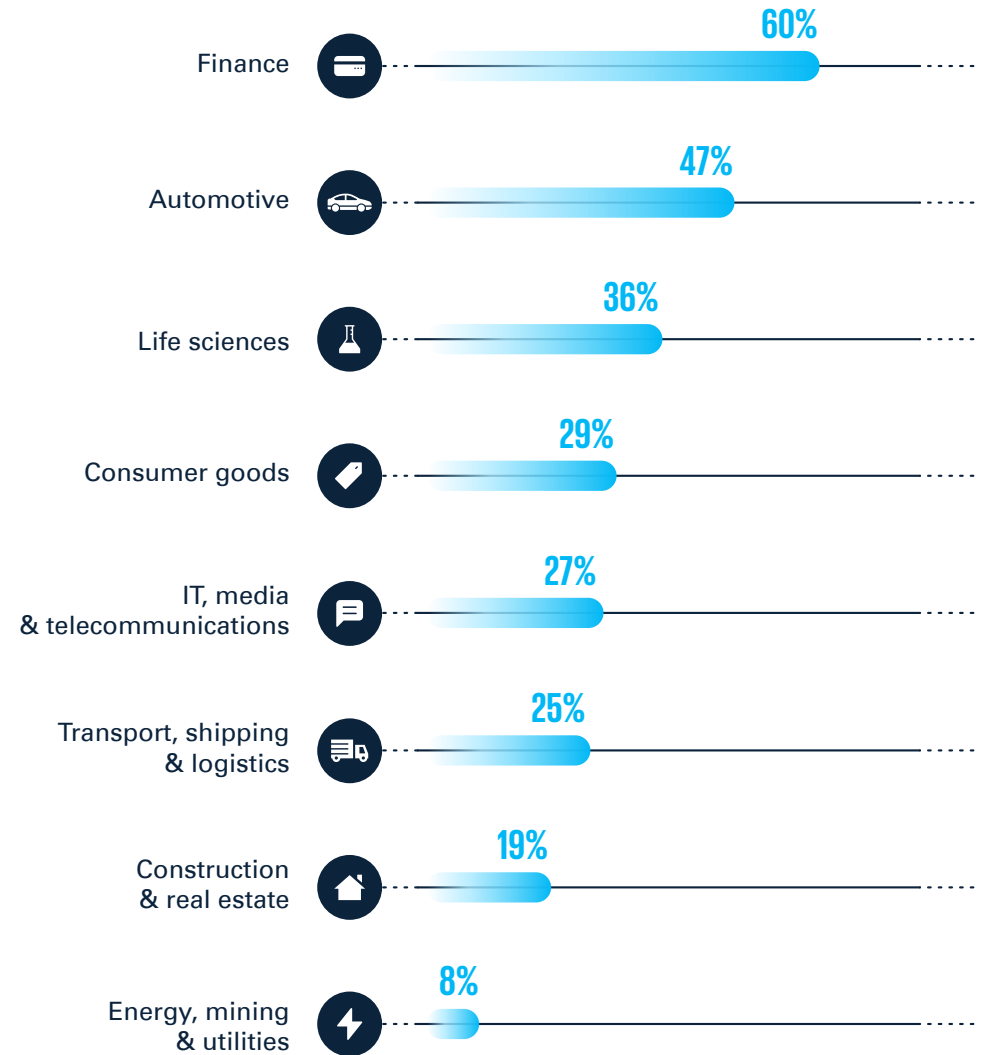
Source: KPMG in Poland, based on survey.



The financial sector is invariably the leader in having a formal digital transformation strategy. Currently, 60% of companies in this industry use such a document, an increase of 10pp from last year. The achievements of companies in the automotive and consumer goods sectors are also notable, up 36pp and 24pp respectively in this metric. But lagging by the energy sector in this measure is a concern, especially given the dynamics of this industry and its vulnerability to economic fluctuations.

All organizations with a formal digitalization strategy say the document sets specific goals and ways to achieve them.

Functioning of a formal digital transformation strategy, by sector



Source: KPMG in Poland, based on survey.

The results of this study clearly indicate that we still have a lot to do in the context of having a formal digital development strategy. Such a document is in force in 42% of large companies, less than 27% of medium-sized companies and only 13% of small organizations. Undoubtedly, we are at a crucial turning point for the development of AI, and “digital debt” reduces business innovation. It is vital for every company to include digital transformation in its strategy, because it will have a key impact on future growth and increasing revenues.

It is gratifying to note that the financial sector is the leader in having a formal digital transformation strategy. In this extremely dynamic business environment, agility is key. Virtually all companies, especially in a regulated industry, must be ready to adapt to rapidly changing market conditions today. This is where the cloud may be the answer, as it offers a level of safety beyond what can be achieved by an organization going it alone in security. Backed by AI, Microsoft now analyses as many as 78 trillion signals per day, and thanks to the support of Security Copilot, over 10,000 experienced cybersecurity analysts are 22% faster in performing their tasks.

A company should have people who can create a concept of the future exploiting the benefits of the cloud. We need visionaries who know their own business, understand technologies, and can also dream. On the other hand, it is not always easy for teams that have been operating in an on-premise environment for years to step outside that framework, and it is not at all obvious that the same people, in the same teams, are positioned to implement and use cloud solutions. This is where the challenge of developing people’s competences comes in.



Tomasz Dreslarski

Enterprise Commercial Lead,
Microsoft Poland

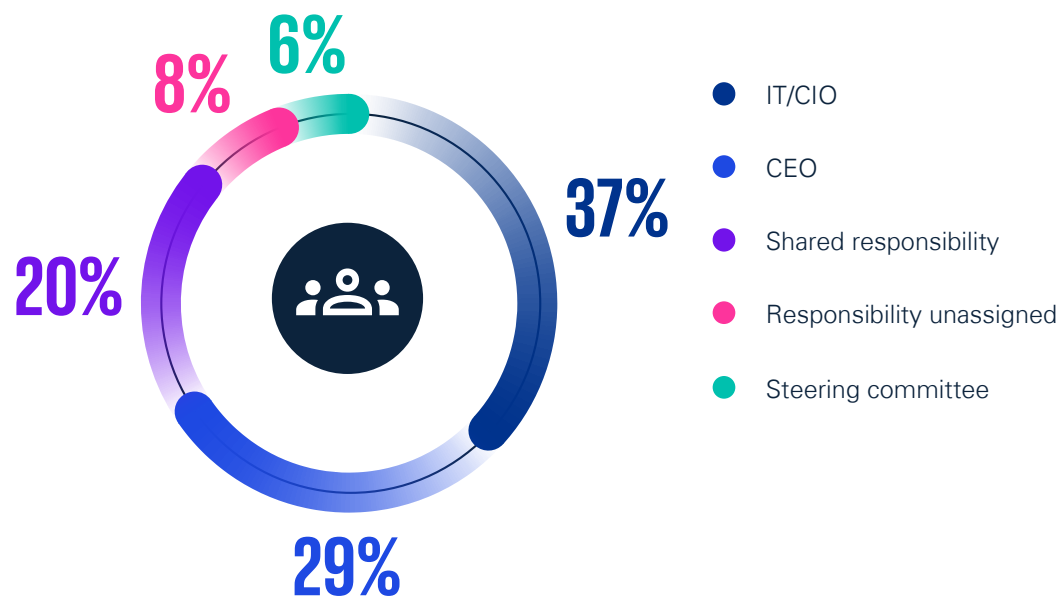
A guide through the mountains

Creating a written strategy is only the first step. Most important is how the company will achieve the goals set in the document. The success of the project requires a person or team to oversee it. In the largest number of companies surveyed (37%), the IT department or CIO is responsible for coordinating the strategy.

Leaving control over digital transformation to the CEO is also a popular solution (29%). There are still companies that have not specified who is responsible for implementation of the digitalization process, but that cohort dropped by 5pp since the previous edition of the survey. We can also look optimistically

at how organizations approach communicating the digital transformation plan among employees. 80% of respondents said that their subordinates have been brought into the loop on the aims of the strategy, +17pp over last year.

Person or department responsible for digital transformation



Source: KPMG in Poland, based on survey.



Investing in the future

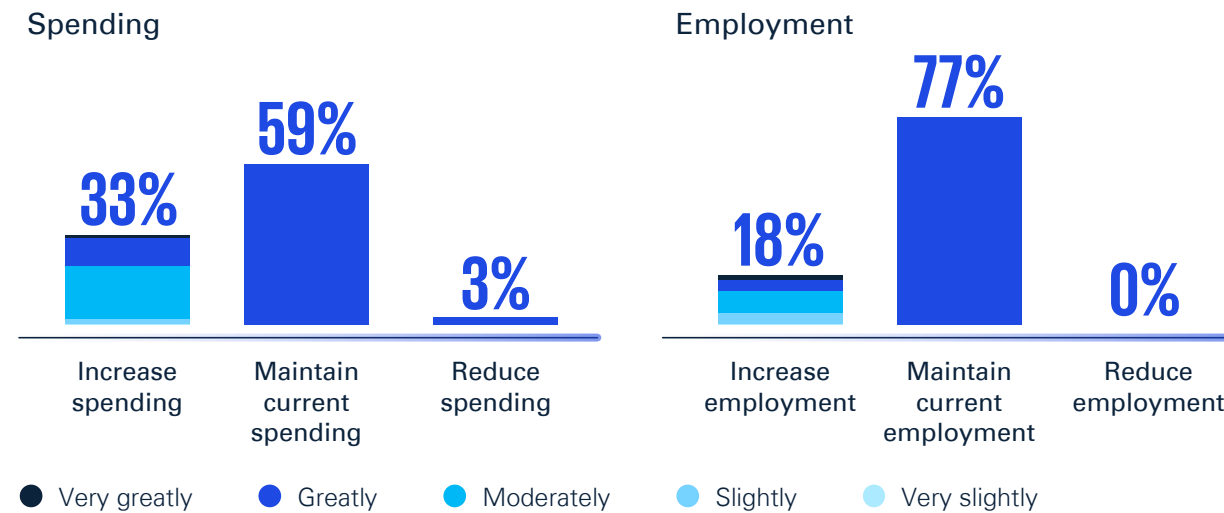
Proper implementation of the digitalization strategy also means the appropriate allocation of funds. In difficult economic times, companies have somewhat slowed spending on digital transformation, as confirmed by last year's edition of the survey. But in the long run this approach can be dangerous. In a rapidly evolving world, challenges will arise all the time, and companies cannot put development aside to bat down short-term threats. After all, the danger may prove overwhelming, and the organization too outdated to deal with it. Therefore, the best recipe is to devote due

care to the company's digital transformation—implementing new systems and technologies, as well as hiring and training specialists.

This is clearly the path that more and more companies are trying to take. 33% of respondents said they intend to increase spending on digital transformation in the next year—11% plan to do so by a large amount. Compared to the previous edition of the report, the percentage of companies that want to invest more in digitalization increased by 19pp.

Nearly 6 in 10 companies plan to maintain spending unchanged, and only 3% of organizations plan to cut the funds allocated for this purpose (5pp less than last year). Companies' plans to hire employees to implement digital transformation are also more ambitious than last year. 18% of organizations want to increase the number of jobs in this field, as compared to only 7% in 2023. None of the respondents planned to cut staff in this area of the company's operations.

Companies' digital transformation spending and hiring plans in over the next 12 months (from current levels)



Values may not add up to 100% (due to "don't know/hard to say" responses).

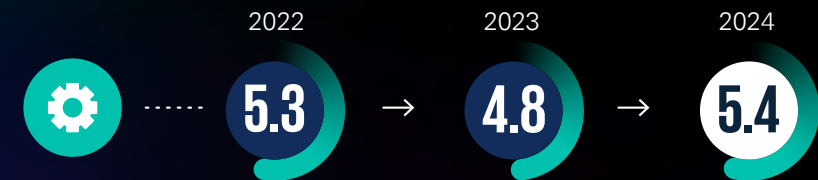
Source: KPMG in Poland, based on survey.

A third of companies intend to increase spending on digital transformation in the next year, and 18% plan to hire new people to support this development.

Technology implementation

It is impossible to talk about digital transformation of companies without implementation of new technologies and tools. They are a key element of digitalization, enabling companies to adapt to a rapidly changing business environment. By leveraging these solutions, companies can automate routine tasks, optimize operational processes, analyse massive amounts of data in real time, and respond faster to changing market needs. The indicator of this year's Business Digital Transformation Monitor for technology implementation was 5.4 points (out of a possible 10). Companies are befriending new technologies, such as artificial intelligence or the cloud, and implementing them into their daily operations. Modern tech solutions are also proving helpful in ESG reporting, a process not yet fully understood by companies.

Business Digital Transformation Monitor score for technology implementation year-by-year



Source: KPMG in Poland, based on survey.

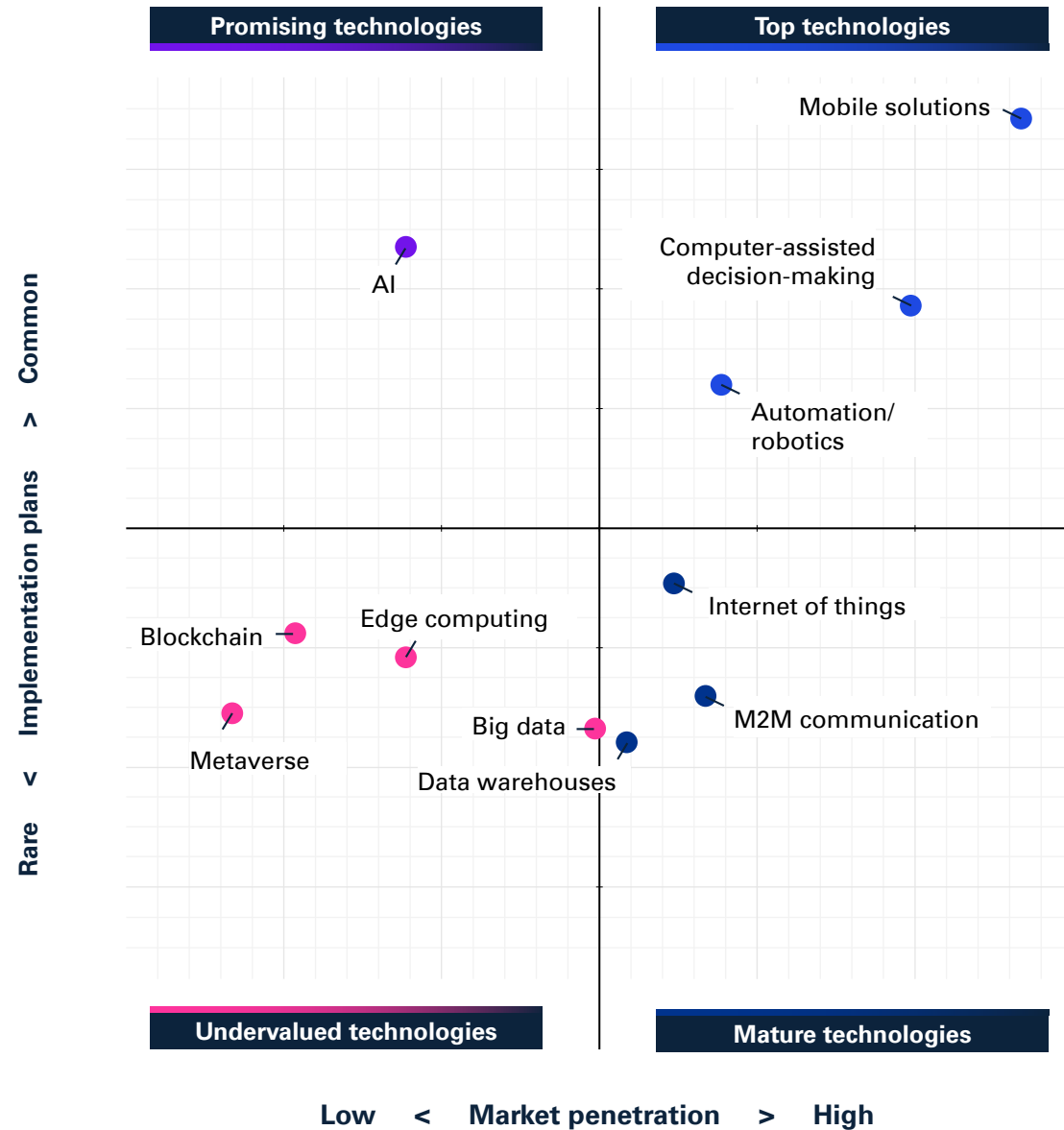
Technology landscape

Implementing new technologies can be difficult and time-consuming. But grounding your activities on the right strategy and selecting solutions tailored to the company's needs can certainly ease and expedite the process.

Polish companies most often use mobile solutions (67% of organizations have already implemented them, and another 36% of the rest plan to do so within 12 months). The sector that uses them to the greatest extent is the technology industry itself. Computer-aided decision-making came in second place, with 60% of companies using this technology regularly. The bronze medal went to automation and robotics, with a share of 48%. The top three did not change from last year, but the percentage share of companies using these technologies decreased slightly. All other technologies have gained in importance. The largest growth was recorded in the area of big data (+23pp) and the internet of things and edge computing (+15pp each). A still low percentage of companies (17%) say they use the metaverse.

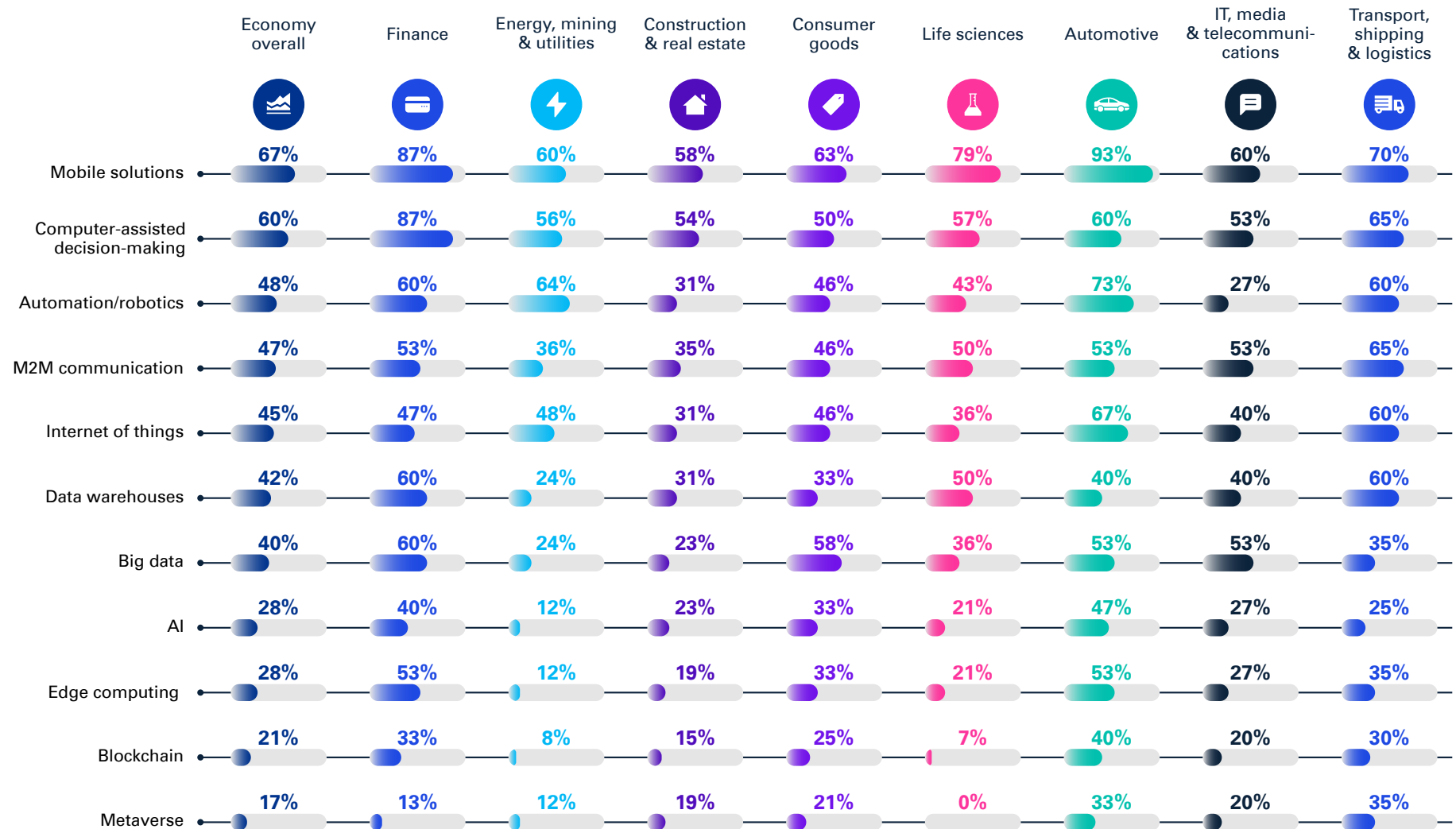
According to the implementation matrix, these three technologies (mobile solutions, computer-aided decision-making, automation and robotics) can be considered the most popular. Machine-to-machine communication, the internet of things, and data warehouses deserve to be called mature technologies. Big data, edge computing, the metaverse and blockchain are among the underrated solutions. For the second year in a row, only artificial intelligence is regarded as a promising technology.

Matrix of technology implementations in companies operating in Poland



Source: KPMG in Poland, based on survey.

Percentage of companies with implemented digital technologies by sector



For the second year in a row, mobile solutions turned out to be the technology most often used by companies.

Source: KPMG in Poland, based on survey.

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    error_mod.use_x = False
    error_mod.use_y = False
    error_mod.use_z = True

```

```

selection at the end -add back the deselected
obj.select= 1

```

```

er_ob.select=1

```

```

context.scene.objects.active = modifier_ob
("Selected" + str(modifier_ob)) # modifier ob

```

```

irror_ob.select = 0

```

```

lgy_context.selected_objects=[0]

```

```

obj.select = 1

```

Implementation of new technologies in business is a key element of the growth strategy. While change can be challenging at times, well-planned actions can bring significant benefits in the form of improved efficiency, innovation, and increased market share. Introducing new technologies into the company is an opportunity to create new business models and better meet customer needs.

Companies in Poland seem more and more confident in the use of new technologies. It is heartening that less-common solutions, such as big data and the internet of things, have gained popularity in the last year. As the market matures, companies can afford to focus on more advanced technologies that may previously have been seen as experimental or risky. Investing in less-obvious solutions can also undoubtedly be a way to gain a market advantage over less technologically advanced competitors.

Once again, mobile solutions turned out to be the technology most frequently used by enterprises—the absolute top solution. The mobility trend has been more and more visible in society for several years, so such a result is not surprising. In the era of remote work, often delivered from different parts of the world, organizations that

do not give their employees and customers the ability to flexibly access systems and information are definitely losing out against the competition.

Implementing new technologies into business is a key element of the digital transformation process, which aims to transform traditional business models into more innovative and flexible structures. A key challenge in implementing tools is not only to choose the right solutions, but also to adapt them to changing market and business conditions. Ultimately, success depends on the ability to employ technology effectively in the context of specific needs and goals.



Jan Karasek

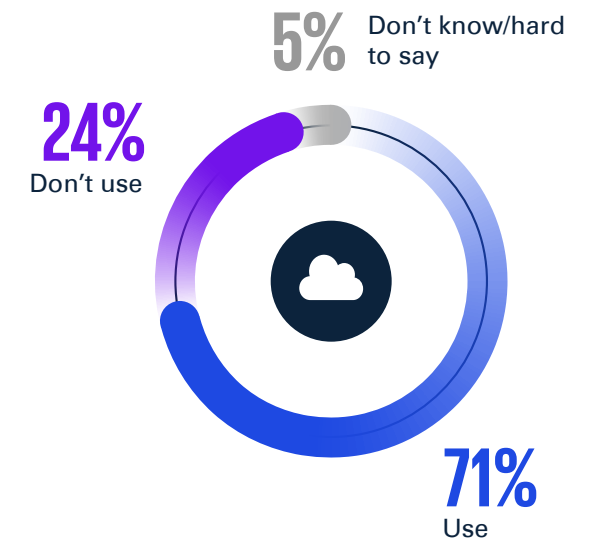
Partner
Management Consulting,
Strategy & Operations,
KPMG in Poland



From a big cloud a big rain

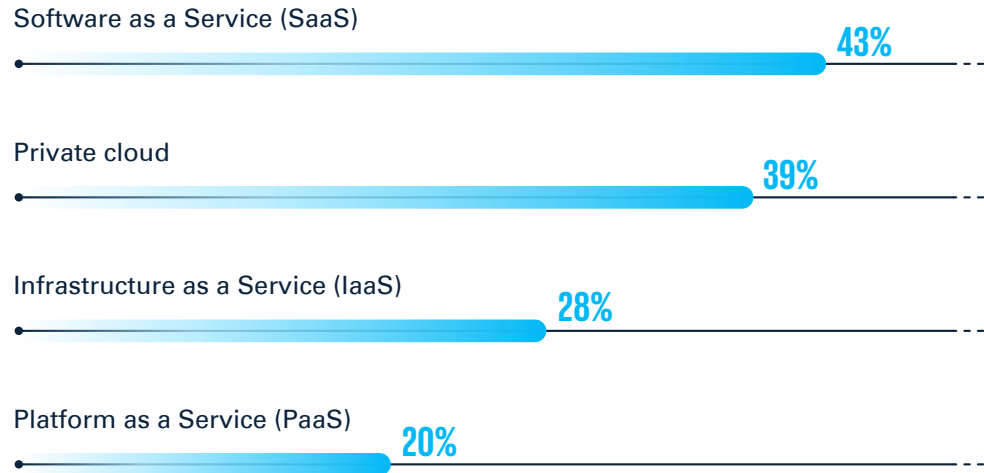
Cloud services are becoming a key part of the digital transformation, enabling companies to become more innovative and competitive in the market. Using the cloud provides organizations with quick and convenient access to data, increased security, and reduced IT infrastructure maintenance costs. A host of advantages are drawing more and more companies to migrate their applications and data to the cloud. According to our survey, 71% of companies have already decided on such a solution. This percentage increased slightly since the previous edition of the survey.

Percentage of companies with cloud services implemented

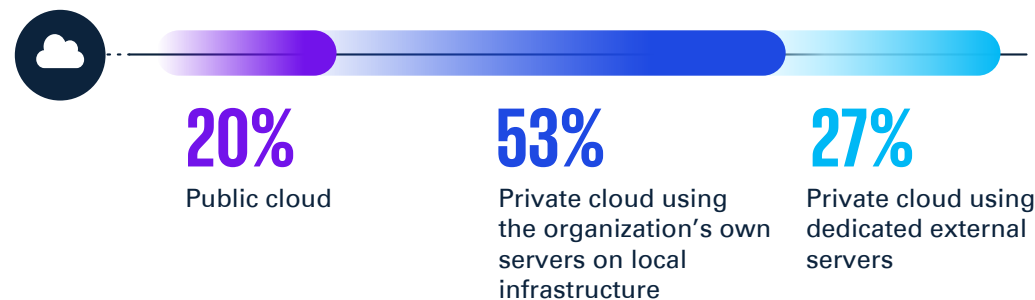


Source: KPMG in Poland, based on survey.

Implemented cloud service models



Plans for cloud-based data processing model in the next 3 years



Source: KPMG in Poland, based on survey.

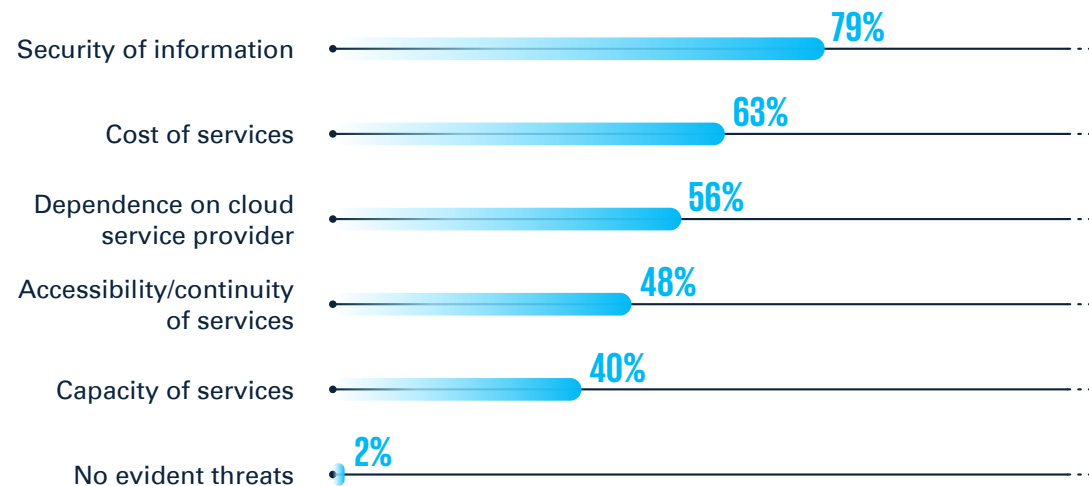
This year, the cloud service model most frequently used by companies turned out to be Software as a Service (SaaS), used by 43% of respondents. In second place was a private cloud with the company's own computing power (39%). This indicates that respondents, guided by convenience, prefer to use either a fully external system or a fully internal system. The smallest percentage of companies (20%) use the Platform as a Service (PaaS) model. The percentage market share of each of the mentioned models decreased since last year. As respondents can choose more than one answer to this question, this may suggest that over the last year organizations have completed the phase of testing various options and decided on the one most advantageous for them.

Cloud solutions are still gaining popularity, and certainly more and more companies will integrate them into their systems. As the survey shows, in the next three years, enterprises will mainly use the private cloud (80% of responses). 53% of respondents say they will use their own servers in local infrastructure, while 27% plan to use dedicated external servers—a decrease of 5pp compared to last year. The public cloud is gaining in importance, and will be preferred by a fifth of enterprises in the coming years (up 5pp from last year).

Although knowledge of cloud services is becoming widespread, respondents still express a number of concerns about using this type of solution. Only 2% of companies declare that they do not see any threats related to the use of the cloud—down 4pp year-on-year. The biggest concern of companies is over the security of their data, mentioned by 79% of respondents (+11pp y/y). The high cost of services came second, and dependence on a cloud service provider third. Risks that fell in importance during the year are performance and the availability and continuity of services.

Although respondents' concerns about using cloud services remain significant, many of these may be unfounded or outdated. For example, the concern about information security is understandable, but cloud service providers are constantly investing in advanced data protection mechanisms, ensuring a high level of security. Many of these platforms offer better security than most companies would be able to implement on their own.

Risks associated with the use of cloud services in digital transformation



Source: KPMG in Poland, based on survey.



Artificial, and increasingly real

Although artificial intelligence is currently in the spotlight, it will take some time for businesses to realize its full potential. AI is transforming the way operations and customer interactions are performed, enabling enterprises to build powerful algorithms and use data analytics to make strategic decisions. The development of smart systems is also associated with the personalization of services, new business models, and the possibility of introducing innovative products and services to the market. The proper use of AI is certainly one of the key factors that can contribute to the growth

of a company and allow it to stay ahead of the competition. The results of this year's survey show that more than a quarter of organizations have already implemented AI—28% of respondents confirmed that their companies use tools based on this technology (+13pp y/y). Of the companies that are not yet using AI, 30% plan to implement it within a year. The automotive sector (47% of companies have implemented this technology) and the financial sector (40%) are the most advanced in the use of AI.

28% of organizations are already using AI-driven tools, and another 30% of plan to implement such solutions within the next year.

Level of implementation of AI in companies

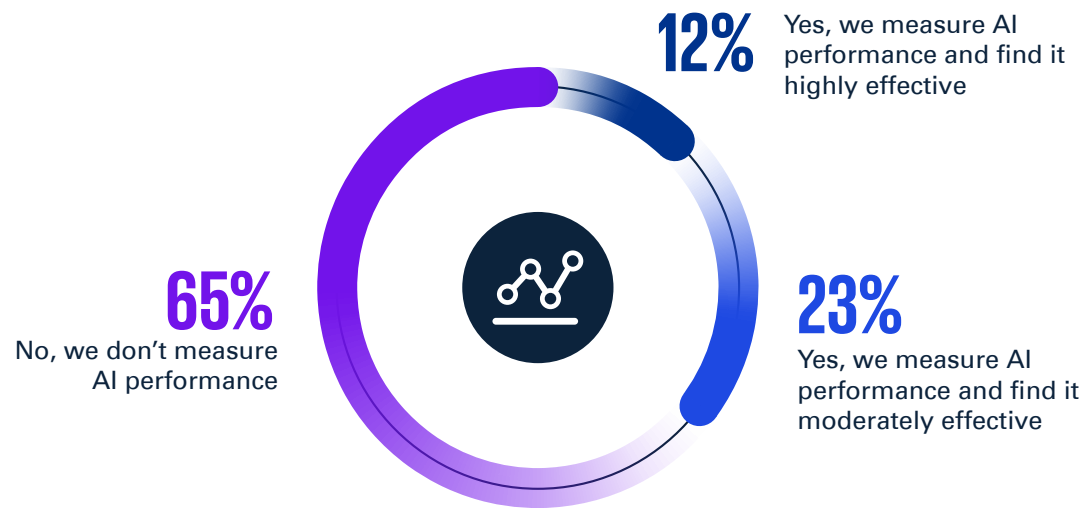


Source: KPMG in Poland, based on survey.

Measuring the effectiveness of the implemented tools is crucial for assessing the effectiveness of activities and making informed business decisions. This allows users to monitor progress, identify areas for improvement, and adjust their strategy based on actual data and results. Efficiency analysis also enables an assessment of the return on investment, so companies can consciously plan their upcoming expenses. So it is surprising that 65% of companies still do not measure

the effectiveness of the AI solutions they have implemented—an increase of 3pp since last year. An optimistic aspect is the increased share of companies assessing their AI measures carried out so far as highly effective (12% of respondents, up from 4% a year ago). Once again, none of the organizations measuring AI performance admitted that their AI activities are ineffective.

Measuring the effectiveness of implemented AI



Source: KPMG in Poland, based on survey.



Cloud services and artificial intelligence are becoming inseparable elements of digital transformation in companies, as is confirmed by this year's survey. The trend of migrating data to the cloud is growing, and SaaS dominates as the preferred model. This shows the demand for external, vendor-managed solutions. On the other hand, despite the desire to hand over responsibility for data to specialists outside the company, a fear of new technologies is still visible.

Information security concerns remain a significant factor impacting trust in cloud services. But in fact, cloud service providers often have far more resources and security expertise than most other companies, and enterprises can take advantage of advanced data protection mechanisms by leveraging the solutions available on the market. Another benefit of migrating to the cloud is eliminating the need to invest in your own IT infrastructure. Traditional solutions require significant financial outlays for the purchase, installation and maintenance of servers and equipment. By comparison, company managers in Poland should not be afraid that the costs of cloud services will be too high for them.

Although many still regard cloud solutions as a novelty in the world of technology for business, AI has been by far the most talked-about topic in recent months, or perhaps

even years, overshadowing the topic of migration to the cloud. The growth of AI technology is incredibly dynamic, and fortunately Polish companies do perceive the need to invest in AI. The growing interest in AI as a business tool is noticeable, highlighting the need to use this technology to improve businesses' operating efficiency and strategic effectiveness. But the key to success is awareness, proper management, and monitoring of the effectiveness of implemented solutions, allowing companies to transform their operations and stay a step ahead of the competition in the digital age.

The development of cloud technologies and artificial intelligence not only brings opportunities, but also requires constant adaptation to changing market conditions and data protection regulations. Companies must continue to invest in developing the digital competences of their employees, and consciously select service providers taking into account both innovation and data security.



Radosław Kowalski

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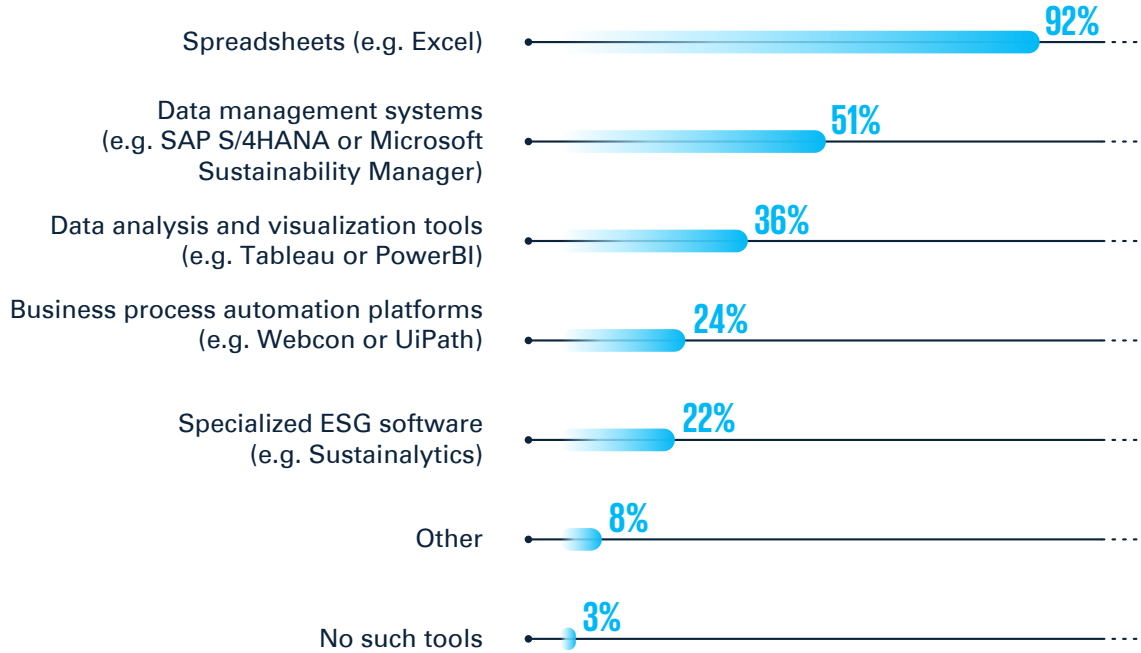
The tech dimension of sustainable business

Non-financial reporting is becoming standard practice in business, and companies that do not comply with the requirements set by regulators or the standards of their peers in the business community may risk loss to their competitiveness and reputation. ESG reporting involves the flow of huge amounts of data, and possible irregularities caused by errors in manual workup of indicators can be costly. That is why

companies need to make good use of the available tools. Apart from support in crunching large data sets, technologies also make it possible to identify trends, monitor and report results more precisely, and speed up the drafting of reports. Only 3% of companies participating in the survey said they do not use ESG reporting tools and technologies. The vast majority (92%) use spreadsheets, 51% use

data management systems, and 36% use analytical and visualization tools. So far, 22% of companies have opted for specialized ESG software, while 8% of companies said they also use other tools—including ERP systems, cloud systems, and in-house tools.

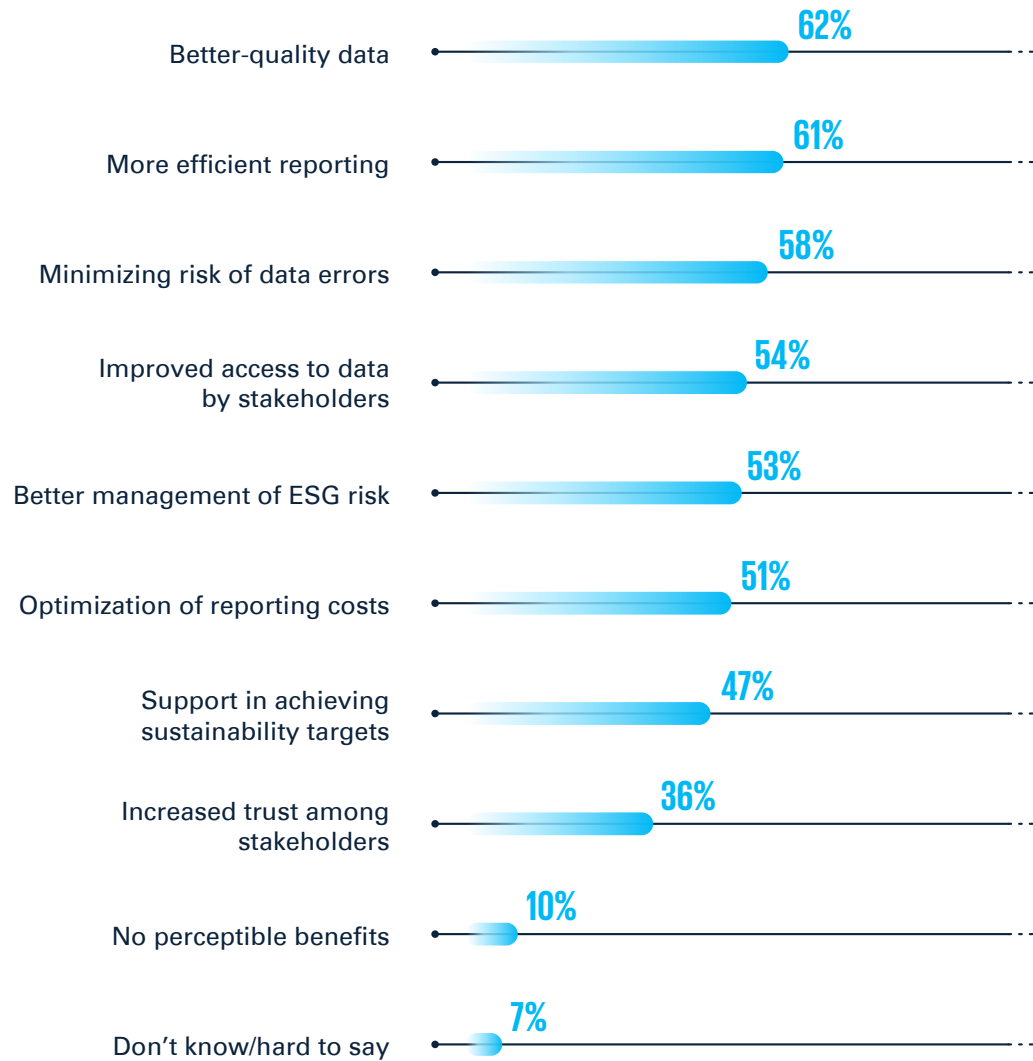
Implemented ESG reporting tools and technologies



Source: KPMG in Poland, based on survey.



Benefits of using ESG reporting tools and technologies



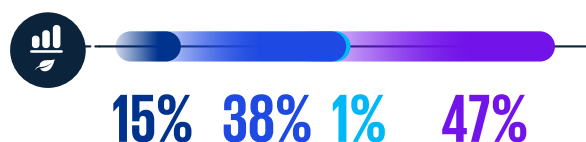
Source: KPMG in Poland, based on survey.

Only 10% of respondents say they do not see any benefits from using ESG reporting tools and technologies. The plus most frequently indicated was improvement in data quality, noted by 62% of respondents, following by increased efficiency of reporting (61%) and minimizing the risk of data errors (58%). Further down were support in implementation of sustainability targets (47% of responses) and increased trust among stakeholders (36%).

The main benefits of using technology in ESG reporting were better data quality, higher reporting efficiency, and minimized risk of error.

As in the case of AI, the respondents were asked about measuring the effectiveness of the non-financial reporting tools implemented at their organization. In the case of ESG, the situation seems slightly better, as “only” 47% of companies fail to carry out such analyses. Although this is a smaller percentage than for AI, nearly half of companies still do not check whether the tools they have introduced are generating the desired results. 38% of respondents said they considered the actions taken so far to be moderately effective, and 15% very effective, while 1% of respondents studied the success of ESG reporting tools and found them entirely ineffective.

Measuring the effectiveness of implemented ESG reporting tools and technologies



- Yes, we measure the effectiveness of existing ESG solutions and find them highly effective
- Yes, we measure them and find them moderately effective
- Yes, we measure them and find them ineffective
- No, we don't measure them

Source: KPMG in Poland, based on survey.

ESG reporting and management are becoming an increasingly complex task, requiring companies to process and analyse large quantities of data. New reporting requirements, such as the European Sustainability Reporting Standards, already cover several hundred data points at the outset. But this is only the tip of the iceberg, as companies seeking to internally transform their business model in line with ESG principles must additionally track and analyse a number of metrics beyond the basic requirements. In this context, the role of IT in ESG management and reporting becomes invaluable.

As ESG principles are increasingly integrated into business strategies, companies are beginning to need tools that will not only facilitate reporting, but also support strategic decision-making. The use of tools and technologies in the ESG reporting process is widespread, which shows a general trend towards digitalization and automation of business processes. Spreadsheets, while still very popular, are gradually being supplemented and supplanted by more extensive data management systems. These advanced tools not only offer greater precision and efficiency, but also enable deeper analysis and better understanding of the data, which is crucial for effective management of environmental, social, and governance issues.

The benefits of using technology in ESG reporting are multidimensional. Improving data quality and increasing the efficiency of reporting is an obvious aspect. These technologies can also minimize the risk of error, which is crucial in the context of increasing regulatory requirements and stakeholder expectations regarding the transparency

and reliability of ESG reports. In addition, the ability to identify trends and precisely monitor performance allows companies not only to adjust their strategies on the fly, but also to anticipate future challenges and opportunities.

Despite wide recognition of the benefits of technology, there is still room for improvement, especially in the context of monitoring and evaluating the effectiveness of tools adopted by the organization. That so many companies don't do this reveals a need for greater awareness of the importance of continuous assessment and optimization of ESG reporting processes. In an era of rapidly changing technologies and growing expectations, adaptability and readiness to invest in new solutions are becoming key success factors.

In short, ESG reporting technologies are no longer just a tool to facilitate fulfilment of the bare minimum requirements, but a strategic asset that can greatly contribute to achieving sustainability goals, raising the company's integrity and competitiveness. The world is fast moving towards a sustainable future, and companies that effectively harness the potential of ESG tech will be leaders not only in their industries, but also in the global sustainability movement.



Justyna Wysocka-Golec

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Customer orientation

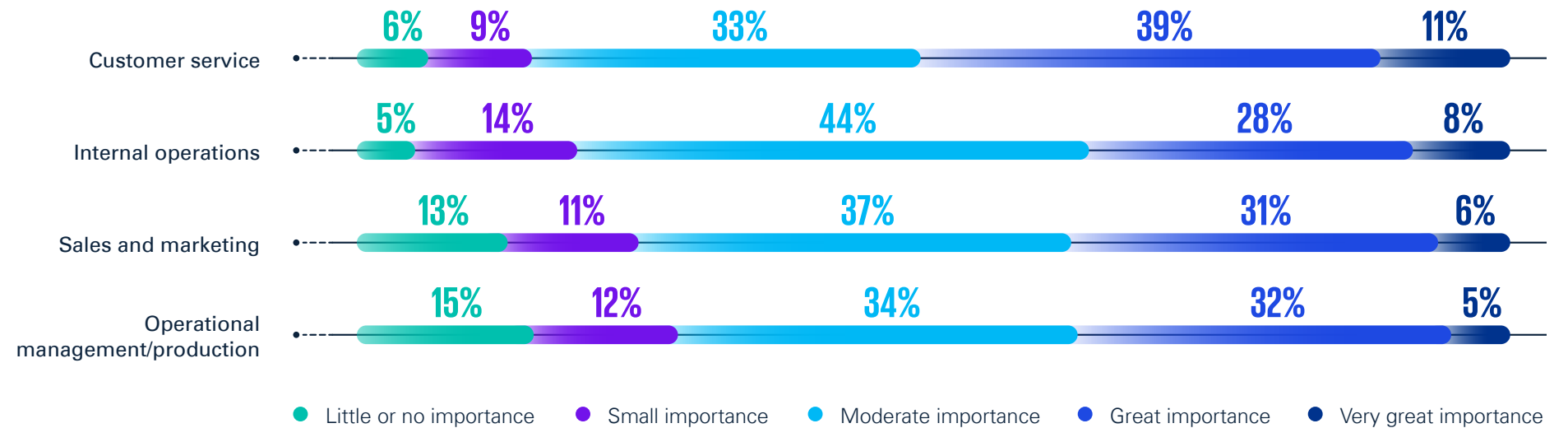
Rolling out new technologies at a company can be a key factor supporting various areas of its business, from operations to marketing strategy. Innovative tech solutions offer the potential to optimize processes, increase efficiency, and improve the customer experience.

Over the next 12 months, the respondents in our survey will pay the most attention to the last of these: customer service. Half of the respondents said that digitalization of customer-facing activities will be important or very important to them. Another 33% will attach moderate importance to this area.

Introduction of new technologies in internal operations will be important or very important for 36% of companies, but a moderate concern for 44% of organizations. Almost the same level (37%) of high or very high importance was attached to sales and marketing and operational management/production. Tellingly, compared to the previous year each of these areas gained more interest from respondents. The percentage of companies that will give little or no particular weight to these areas also decreased.

Importance companies will attach to growth of digital technologies in specific areas over the next 12 months.

Importance companies will attach to growth of digital technologies in specific areas over the next 12 months



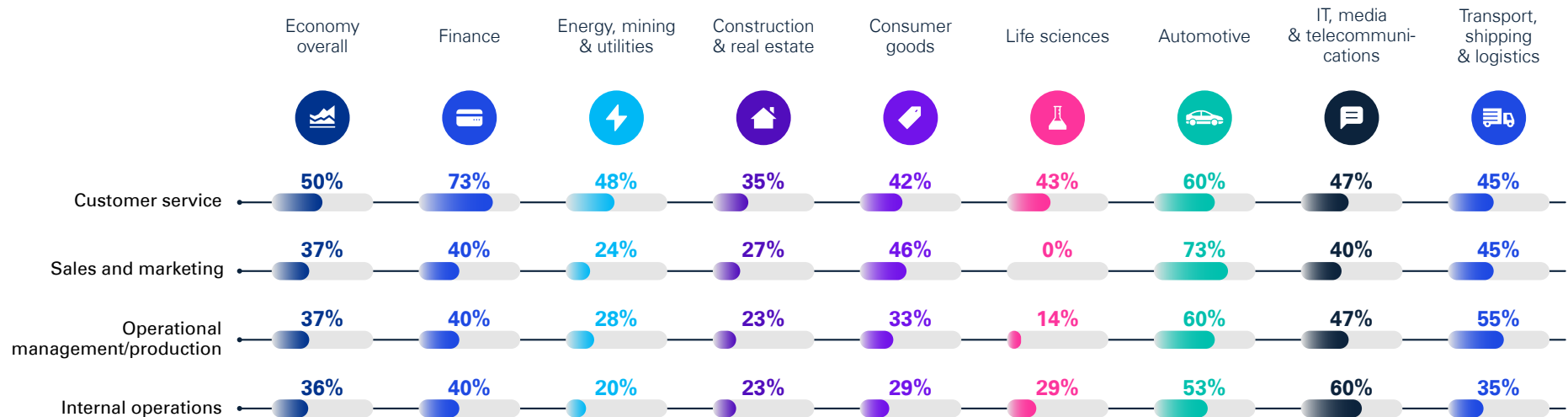
Values may not add up to 100% (due to "don't know/hard to say" responses).
Source: KPMG in Poland, based on survey.

Digital transformation in the area of customer service will be particularly important for the financial and automotive sectors (73% and 60% of responses, respectively). Automotive companies rank first in terms of sales and marketing development plans (73%) and operations/production (60%). In the case of internal operations, the technology sector takes the lead with a result of 60%. Looking at the results of last year's survey, the progress in companies in the automotive industry should be appreciated.

In the previous edition, they recorded some of the weakest results in almost all categories. What may be surprising, however, is the reduction in the level of engagement by life sciences companies, which particularly seem to neglect the area of sales and marketing, as well as operational management and production.



Percentage of companies planning to attach great or very high importance to the development of digital technologies in particular areas



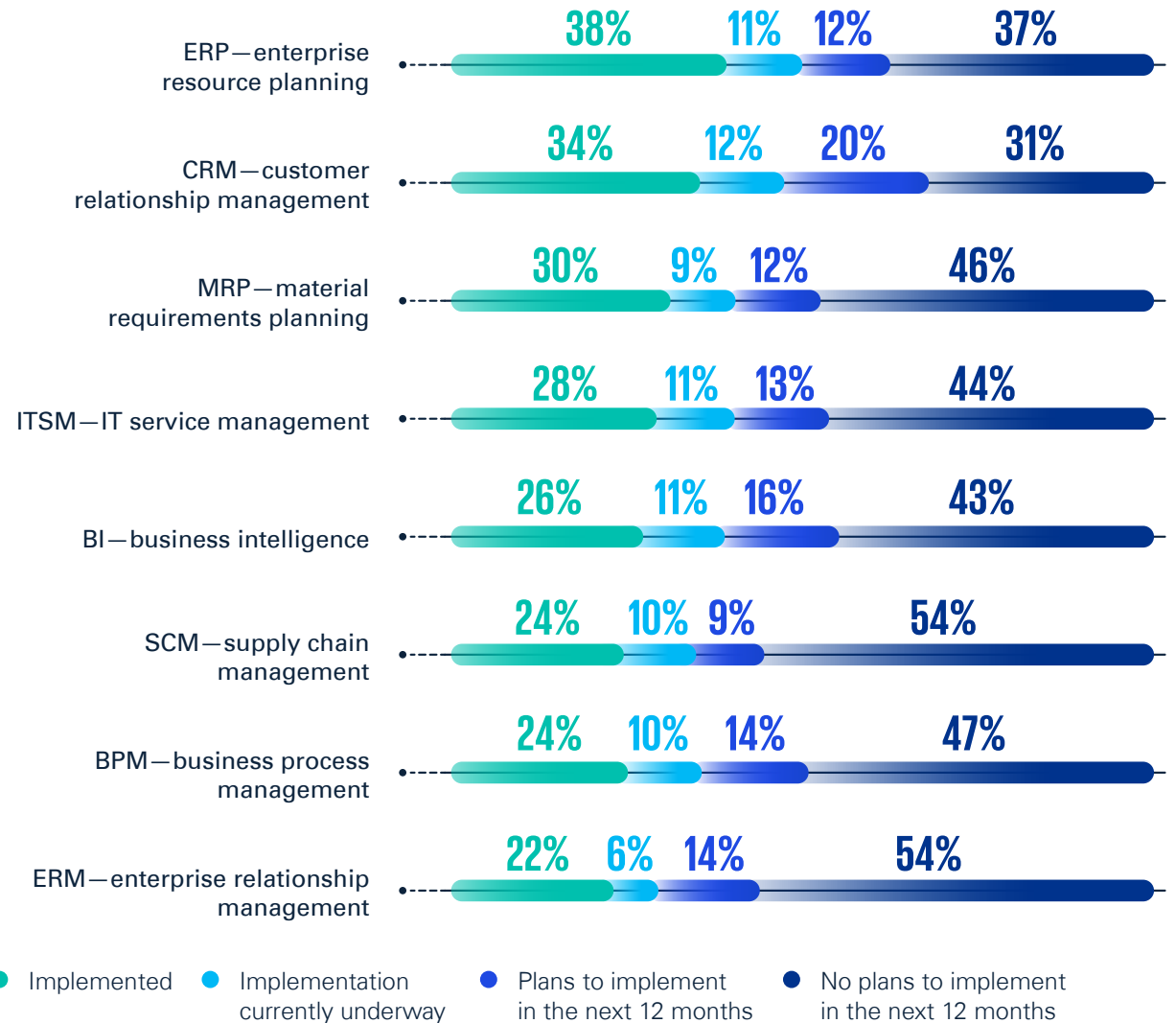
Source: KPMG in Poland, based on survey.

Tools in practice

The IT system most commonly used by companies this year turned out to be enterprise resource planning (ERP). It has been implemented by 38% of organizations, and another 11% are currently in the implementation phase. Last year's winner, customer relationship management (CRM), was indicated this year by more than a third of respondents, while 12% of organizations were implementing it at the time of the survey. Polish companies are least likely to use enterprise relationship management (ERM), i.e. supporting in-house relationships—chosen by 22% of respondents. The most promising system is CRM, with 20% of companies planning to implement it within the next year.

The most frequently chosen IT systems for resource planning by companies are ERP and CRM.

State of implementation of enterprise systems in Poland



Values may not add up to 100% (due to "don't know/hard to say" responses).
Source: KPMG in Poland, based on survey.

"I know, I understand, and I'm planning!" This phrase keeps company managers awake at night. Today, without tech support, the answers to these challenges are difficult or impossible to obtain. Therefore, organizations are looking for the best market solutions when planning their business transformation. These solutions comprehensively show the state of the company and the direction it is heading.

ERP systems play one of the key roles on the map of digital solutions, providing information about individual areas of the organization. Today, we no longer talk separately about finance/accounting, inventory, or HR/payroll. Now business digital transformation is driven by integrated solutions, taking into account not only historical information, but also advanced predictive planning, communication with devices, and elements of automation and robotics, further backed by analytical tools. All this requires access to the vast computing power offered by cloud solutions. But business's heavy reliance on technology exposes it to huge challenges in terms of security and business continuity. The uncertain geopolitical situation reveals the limitations of local solutions when it is necessary to manage a company from multiple locations. The answer to these challenges is the ability to dynamically switch between different data centres, professionally protected against lurking threats.

Choosing an integrated ERP system is a challenge in itself, and its implementation requires significant commitment and a professional approach

to the project on the part of management and a well-prepared project team. One way to make implementation easier is modern methodologies reflecting best practice offered by tech providers, as well as a sufficiently agile approach to implementation, dedicated implementation methodologies and ready-made preconfigured cloud solutions. It is often necessary to obtain help from outside the organization in the form of consulting or outsourcing, because the company's in-house experience may prove outdated. Speed of implementation and ensuring adaptation to the changes ahead are challenges addressed by providers of advanced ERP systems.

Finding their way through this maze of challenges will be easier for organizations that take a methodical approach to business transformation and choose modern solutions using the technologies of the future. It is not enough to choose what is good today—you have to transform with a view to tomorrow and the challenges to come. Then maybe the phrase "I know, I understand, and I'm planning!" will no longer arouse such anxiety.



Bartosz Zawisza

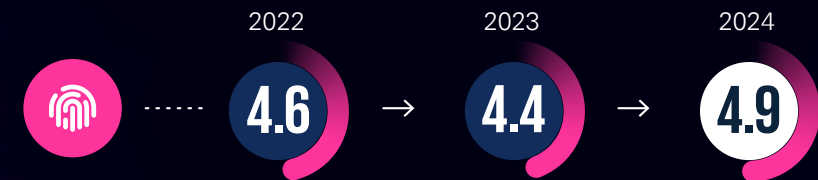
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Cybersecurity and risk

With the growing number of cyber incidents and increasingly sophisticated attack vectors, the right digital security is essential to maintain business continuity, defend corporate reputation, and protect the confidentiality of customers' and suppliers' data. By implementing effective cybersecurity strategies, organizations can minimize the risk of attacks while providing a stable and secure work environment. With the growing threat of cyberattacks, regulators are introducing increasingly stringent data protection and information security rules. To meet legal requirements and standards for cybersecurity, companies need to constantly update and upgrade their procedures, invest in appropriate technology and employee training, and monitor threats.

Appropriate risk management is an essential element in ensuring long-term stability. The score in this year's Business Digital Transformation Monitor for cybersecurity and risk was 4.9 points out of 10. This is up half a point from last year. Companies recognize the lurking dangers, and are focusing on building dedicated cybersecurity teams, formalized procedures, and threat monitoring systems.

Business Digital Transformation Monitor indicator for cybersecurity and risk year-by-year



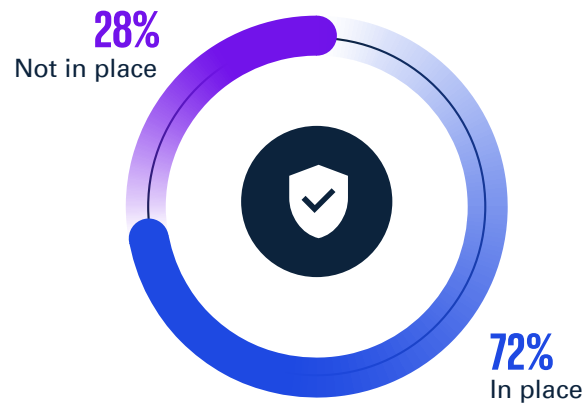
Source: KPMG in Poland, based on survey

Digital security

How businesses deal with cyber threats undoubtedly affects the pace and quality of their digital transformation. Effective cybersecurity strategies help avoid downtime for implementation of new technologies, while maintaining stability and security in the digitalization process. And poor security can lead to delays, additional costs, and loss of customer trust. In the survey, 72% of respondents declared that their companies have

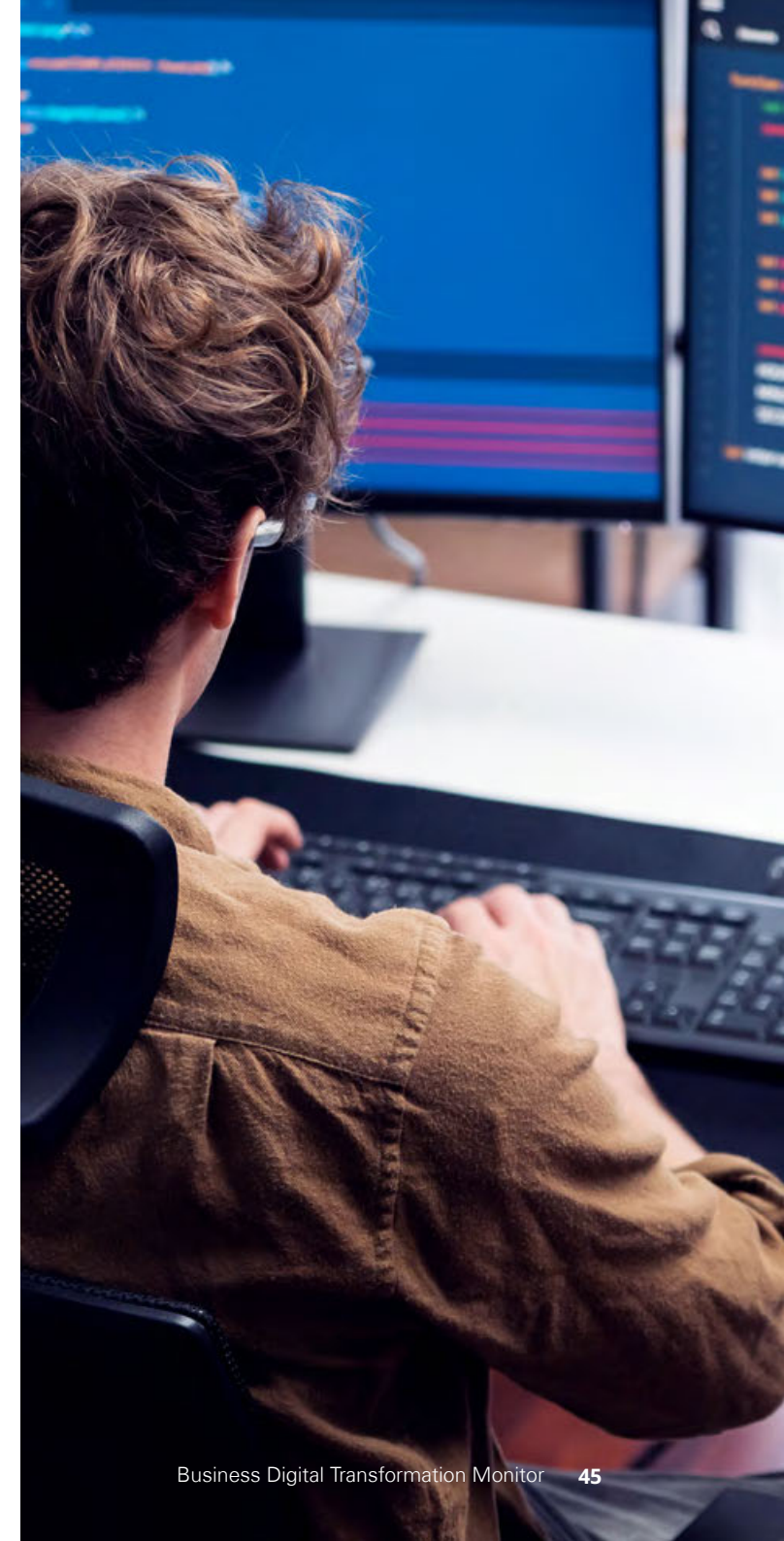
created and implemented cybersecurity policies and procedures (+12pp y/y). The financial and automotive sectors, with 87% of respondents reporting formal cybersecurity management, and the life sciences industry, with 86%, are the best performers in this respect.

Formal cybersecurity management (company has adopted and implemented policies and procedures in this area)



The percentage of companies with formalized cybersecurity management procedures in place increased by 12pp, to 72%.

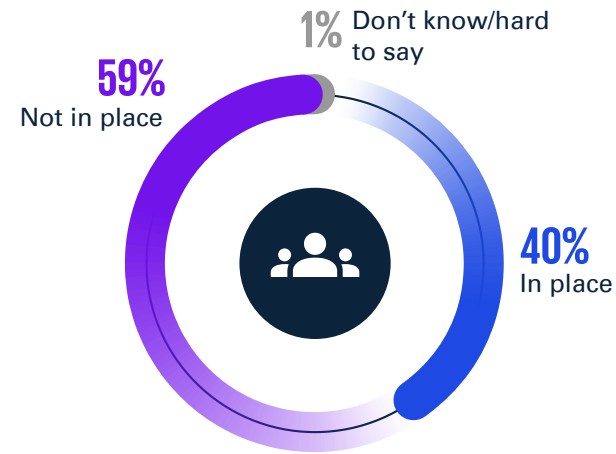
Source: KPMG in Poland, based on survey.



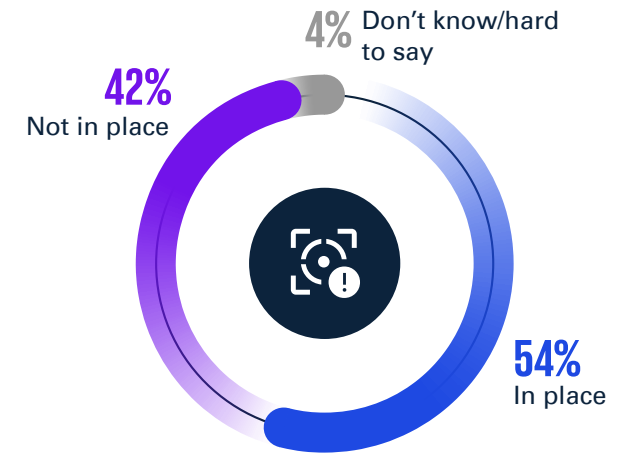
Also, 40% of respondents say their companies have a cybersecurity department or team, an increase of 13pp since last year. Again, the financial sector is in the lead, with the percentage of such companies rising to 80%. The financial industry has also done well in implementing cyber threat monitoring systems in the software supply chain, performing just as well as the cybersecurity department. Overall, the share of companies in which such a system exists was 54%—14 percentage points more than in the previous edition of the report.

Regular software audits allow for a quick response to possible incidents and identification of weak links in the supply chain. With the increasing complexity of systems, each element can be a potential source of risk for the entire organization, so it's vital to oversee every step of the process to ensure safety.

Dedicated cybersecurity department or team within the company



Cyber-threat monitoring system in the software supply chain



Source: KPMG in Poland, based on survey.



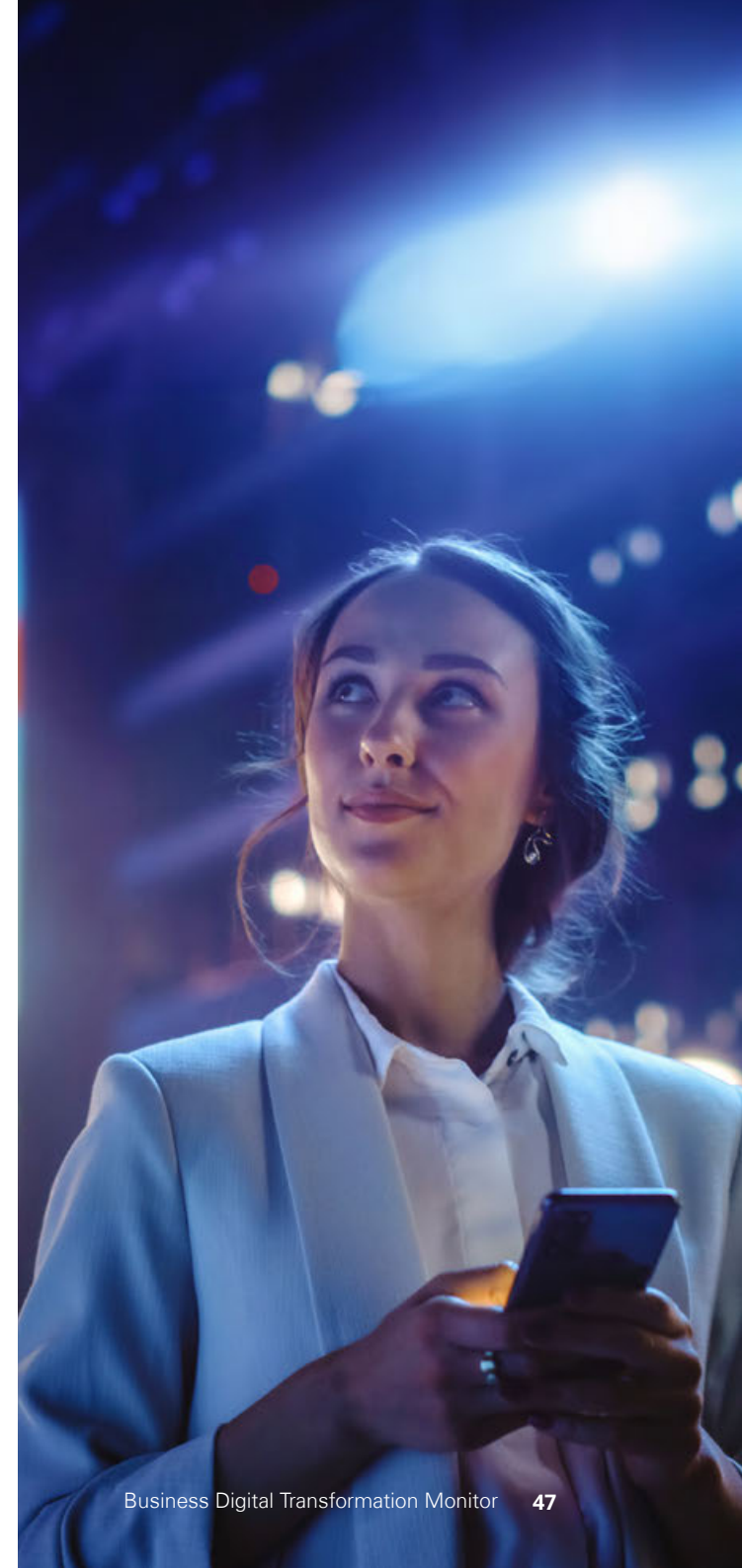
Safety at the forefront

The opinion of managers on the level of cybersecurity in the company can be an important indicator of the effectiveness of activities in this area. A high level of satisfaction can indicate trust in the strategy and security measures in place. Most respondents—57%—believe that their company is well or very well protected against cyber threats, and another 31% believe that their company is moderately safe. These results may seem optimistic—but beware the trap of complacency. Attack techniques are becoming more and more sophisticated. According to the “Cybersecurity Barometer” published by KPMG at the end of February 2024, 66% of the surveyed organizations registered at least one cybersecurity incident in the previous year. Thus managers should examine their security objectively and continually raise the level of protection.

Digital technologies are vulnerable to cyberattacks, which can lead to data loss, service interruptions, or theft of confidential information. Misuse of data or misinterpretation of analytical results can lead to suboptimal decisions, harming the business and its market position. Companies should systematically assess the risks associated with the use of digital technologies, taking into account different scenarios and possible consequences. Such actions are pursued on a large or very large scale by 37%

of companies (7pp more than last year), while 33% say they place moderate weight on assessing these risks. On the positive side, the percentage of companies admitting that they do not take tech risks into account and quantify these risks fell by 8 percentage points during the year.

Implementation of new technologies obviously requires investment outlays, and more than a quarter of respondents intend to significantly increase their cybersecurity spending in the next year. This figure has doubled—last year, only 13% of organizations said they would take such steps. And notably, the percentage of enterprises that do not plan to increase spending, or plan to increase it only slightly, has fallen by 19pp. Investing in digital security can save companies serious financial losses, so cutting corners on cybersecurity does not pay off in the long run.

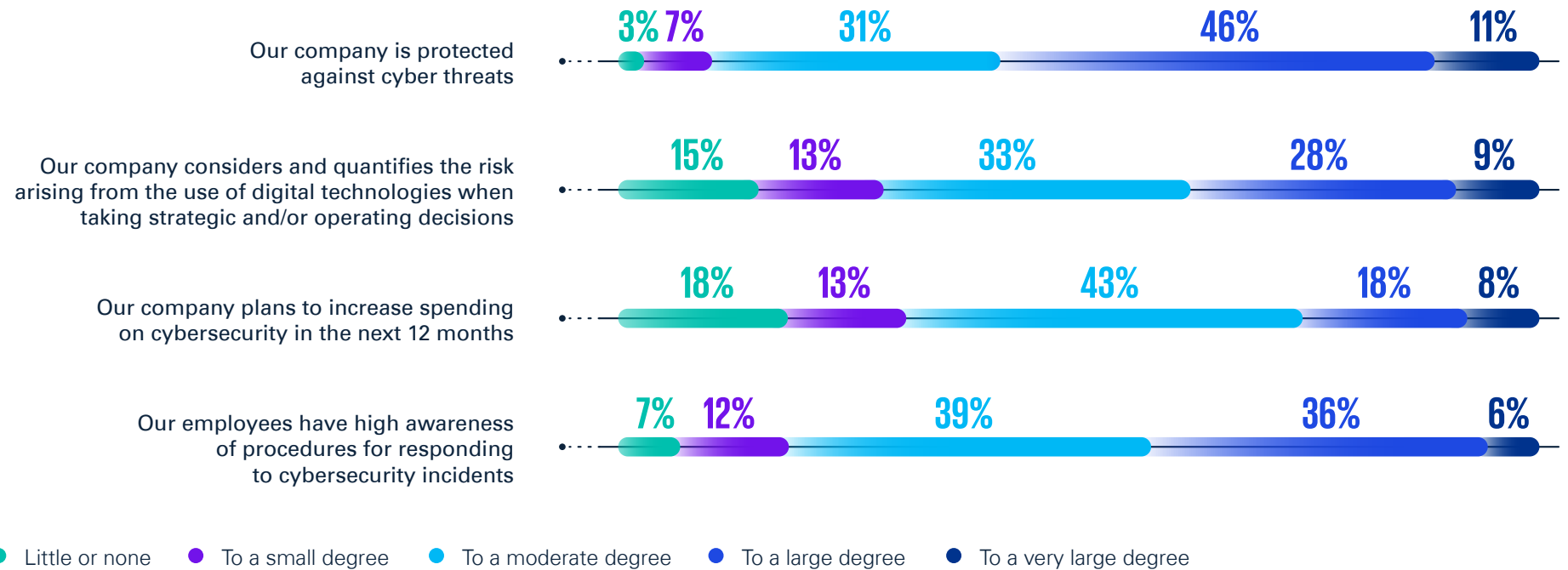


57% of respondents believe that their company has sufficient protection against cyber threats.

Employees are often on the front line in the fight against cyber threats, so their ability to recognize red flags and knowledge of the right procedures can significantly reduce damage and minimize possible risks to the company. As the survey shows, respondents trust their employees—42% of companies agree strongly or very strongly that their employees have a high awareness of cyber

incident response procedures. Another 39% of respondents agree to a moderate extent. It is encouraging that only 19% of organizations believe their employees are unprepared, or poorly prepared, to prevent cybercriminal attacks.

Opinions on corporate cybersecurity



Values may not add up to 100% (due to "don't know/hard to say" responses).
Source: KPMG in Poland, based on survey.

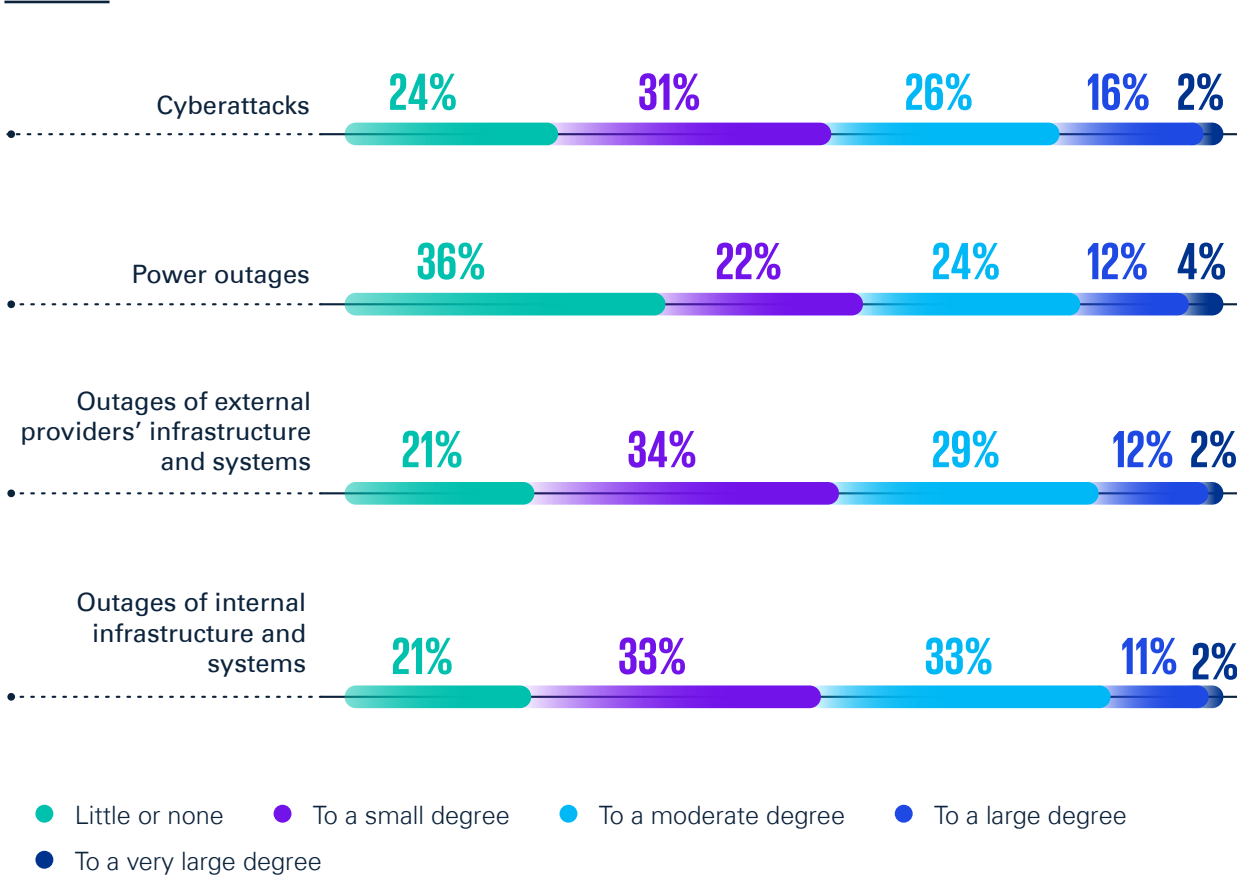
Threat protection

The positive opinions expressed by respondents about their security systems are also confirmed by their assessment of the materiality of threats. For each of the four risks mentioned, more than half of respondents believe that they pose little or no threat to the success of their digital journey.

Cyberattacks turned out to be the biggest challenge for the digitalization process, with 18% of respondents saying they may pose a significant threat to implementation of the digitalization process. Interestingly, the percentage of respondents expressing serious or very serious concerns increased from the previous year for each of the four threats. These conclusions are ambiguous: although most respondents still underestimate the threats limiting progress in digitalization, the number who are starting to perceive these threats at all is noticeably increasing.



Assessment of the materiality of threats to the success of companies' digitalization in the next 12 months



Values may not add up to 100% (due to "don't know/hard to say" responses). Source: KPMG in Poland, based on survey.

The optimism of the survey respondents on their level of protection against cyberattacks is extremely high. Almost nine in ten Polish companies assess their level of security as at least moderate. This observation is thought-provoking, especially given the increasing sophistication of today's cybercriminal groups and the general increase in the intensity of cyberattacks, due to the ongoing cyber war. On the other hand, we are pleased with the increase of 14 percentage points in the number of organizations that have implemented mechanisms for monitoring cyber threats in their supply chain. These types of attacks, often used by cybercriminal groups associated with hostile countries, are one of the most serious threats today. This challenge will be even greater

in the context of the implementation of AI systems, whose integrity and effectiveness directly depend on the safety of how the AI is trained.

Thinking holistically about the implementation of new technologies, taking cybersecurity aspects into account is necessary for the success of the process. Companies should apply effective risk analysis methodologies, grounded in clear communication between business unit managers and cybersecurity specialists. It is worrying that despite a slight improvement in this area compared to last year's survey results, still only 37% of companies take risk analysis into account to a large or very large extent when making strategic or operational

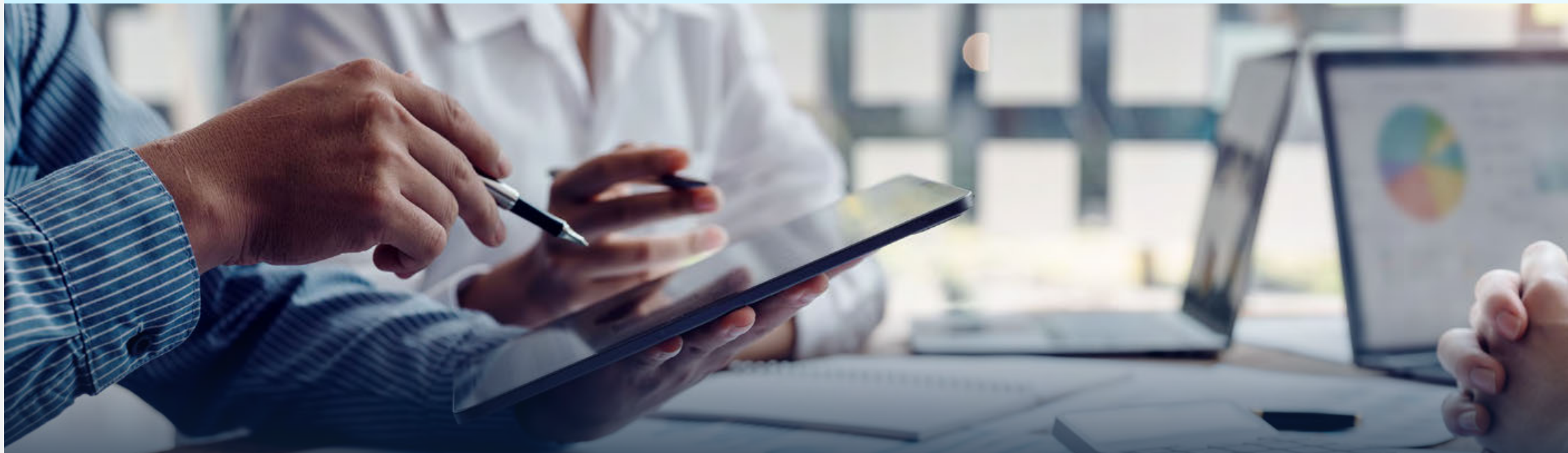
decisions to use new technologies. A refined analysis will ensure optimal investment in cybersecurity, i.e. the greatest feasible reduction in operational risk.

This issue looms large for companies investing more in cybersecurity. Over a fourth of organizations plan to invest in this significantly within the next year. But will these funds be optimally invested if the decision-makers don't pay enough attention to risk analysis?



Michał Kurek

Partner
Consulting, Head of the Cybersecurity
Team at KPMG in Poland and Central
& Eastern Europe



Transformation potential

Transformation potential refers to an organization's ability to adapt and leverage new technologies and innovative strategies to improve its efficiency, flexibility, and competitiveness. The digitalization process includes not only the technological aspect, but also cultural and organizational aspects, requiring commitment both to invest in new solutions and to shape a flexible and innovative corporate culture. Organizations need to ensure employee engagement at all levels. Both leaders and operational staff must be prepared to make digitalization decisions and equipped with the skills necessary to effectively employ new tools and technologies. Education, training and support from management are key to building awareness and acceptance among employees. The score for transformation potential in this year's edition of the Business Digital Transformation Monitor was 5.6 points out of 10, the best result among all four factors analysed. There is also noticeable improvement compared to the two previous editions of the survey.

Business Digital Transformation Monitor indicator for transformation potential year-by-year



Source: KPMG in Poland, based on survey.

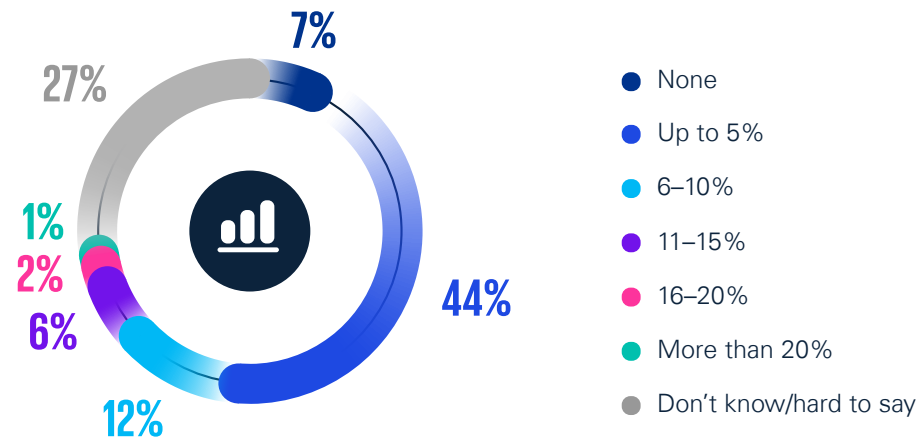
Human capital at the heart of transformation

Without adequate financial resources, organizations may face difficulties in implementing new solutions and maintaining competitiveness in the market. Digital transformation requires significant financial outlays, which include investments in new technologies, employee training, IT infrastructure development, and support from external service providers. Investments in digitalization often require long-term planning and budgetary flexibility to be able to respond appropriately to changing needs and circumstances. Conscious allocation of financial resources is becoming a key element of effective digital transformation.

In this light, it may be surprising that Polish companies do not fully monitor how much of their budget they spend on digital transformation, with

27% of respondents saying they do not know or it is hard to say. This may be because digital transformation is a multifaceted process, making it difficult to pinpoint precisely which expenses are involved. Most companies allocate up to 5% of their revenues to digitalization. This answer was given by 44% of respondents, while 12% of companies spend 6–10% of their revenues on digital transformation. Only 1% of companies said they aim to spend 20% of revenue for this purpose, but 7% of organizations admit that they aren't making any such spending. The industries most allocating their spending to digitalization are finance and technology, in which 73% of companies invest funds for this purpose.

Digital transformation expenditure (percentage of revenue)



Source: KPMG in Poland, based on survey.

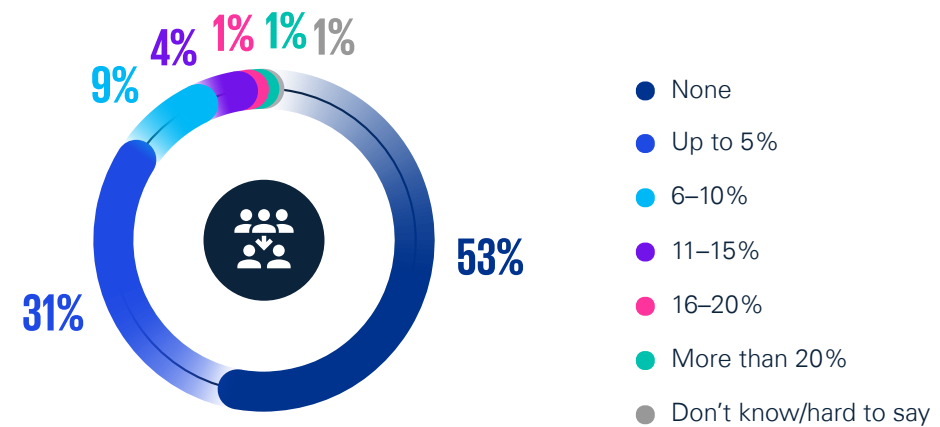




Hiring employees specifically tasked with digital transformation allows the organization to focus on pursuing its digital strategy, while receiving the needed technical support and expertise. On the positive side, the share of companies not carving out jobs for these purposes has fallen to 53% (down 18pp from last year). The largest number of enterprises, 31%, deploy up to 5% of their workforce in implementing

the organization's digital strategy, while 9% of respondents say this function is performed by 6–10% of employees. As in the case of spending, only 1% of companies exceed the 20% threshold. Among sectors, transport and logistics comes out best in this ranking, with 60% of companies assigning at least one employee to meeting the goals of digital transformation.

Employees mainly assigned to digital transformation (percentage of employees)



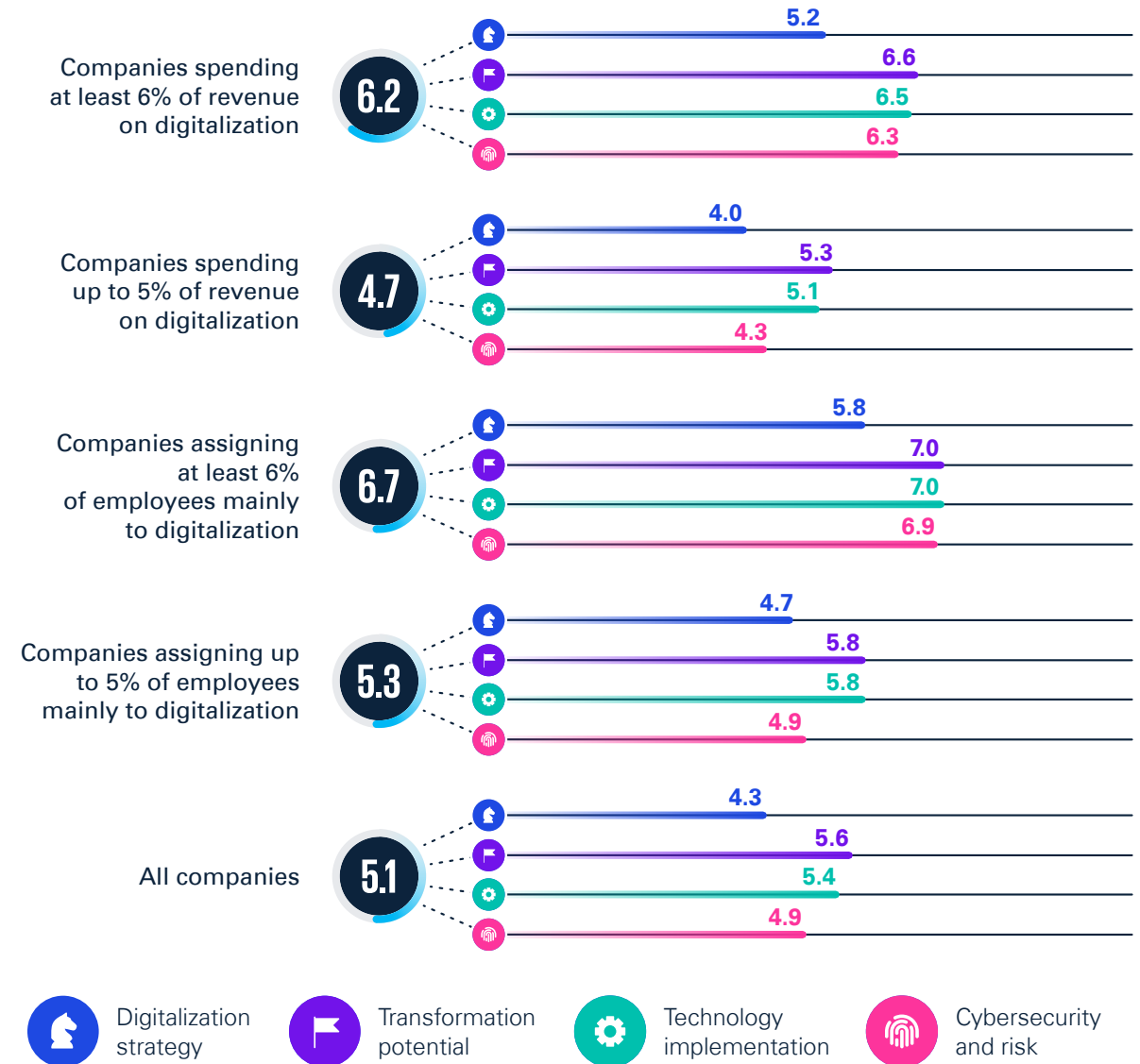
Source: KPMG in Poland, based on survey.

53% of companies do not specifically assign employees to digital transformation tasks.

The higher the digital transformation expenditure and the more specialists employed, the more likely an organization is to achieve positive results in the digital transformation survey overall. This is evident in this year's results. Companies that spend a larger share of their revenues on digitalization and employ more staff in this area achieved higher scores across all four categories studied. The results of companies focusing on employees are particularly impressive. The main indicator of the Business Digital Transformation Monitor for such enterprises was 6.7 points. Clearly, investing in human resources can generate greater benefits for organizations and accelerate the pace of development.



Business Digital Transformation Monitor score correlated to the current level of resources devoted to digital transformation



Source: KPMG in Poland, based on survey.

From knowledge to understanding

With the rapid pace of change in technology, organizations need to stay on top of the latest trends and innovations. Searching for information on new technologies is a key factor in companies' growth strategy, and continuous education is becoming an indispensable element of success. Optimistically, 42% of companies declare that they avidly or very avidly seek knowledge about new technologies that can support their business. Another 39% say they perform such activities to a moderate degree.

Employees' readiness for changes tied to digitalization is crucial for its successful implementation. Employees who are open to new technologies and eager to learn can

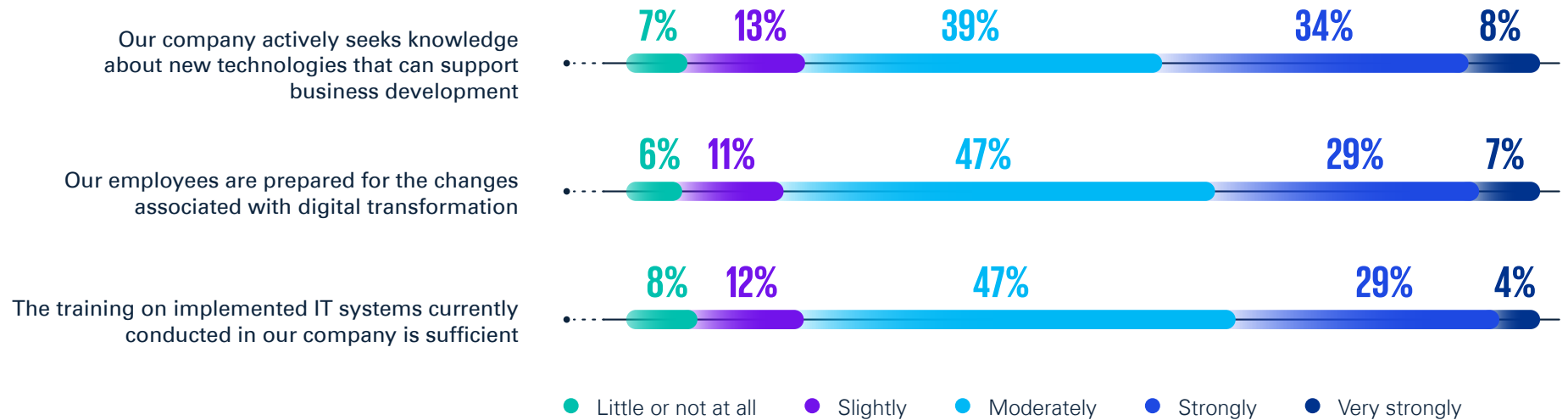
be the driving force behind the transformation, contributing to faster adaptation of the organization to the changing business environment. A high level of workforce readiness for change means greater flexibility to adapt to new tools, processes, and work strategies, which fosters the effective implementation of digital innovations. Of the companies surveyed, 36% believe that their employees are well or very well prepared for these changes, and 47% moderately prepared.

Appropriate training not only provides employees with the knowledge of how to use these systems, but also helps them understand the benefits of innovation, which can increase their motivation

to use these tools in their own daily work. Ambitious courses accelerate the adaptation process while minimizing resistance to change. Among respondents, 33% either strongly or very strongly agree that the digitalization training they provide to their employees is sufficient, while 47% subscribe moderately to this statement.

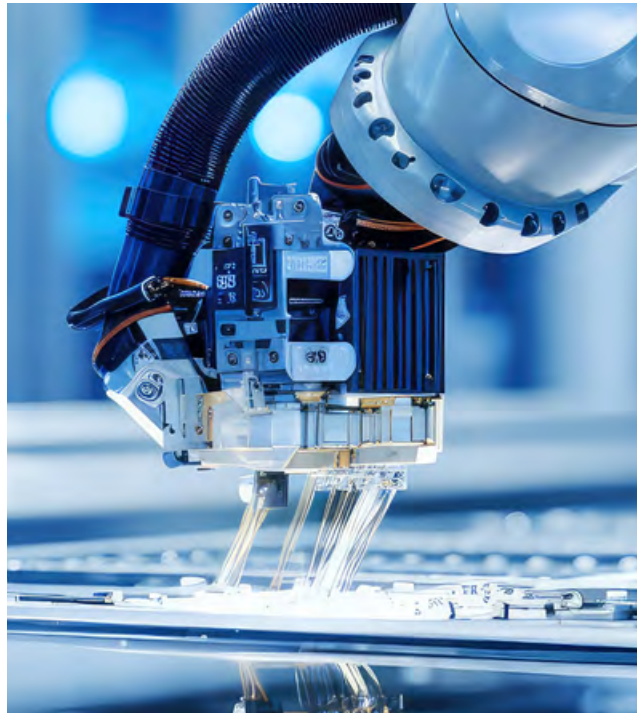
In each case, the percentage of companies paying little or no attention to these areas decreased this year. This is a positive trend, suggesting that companies perceive the importance of continuous education and acquiring new knowledge.

How strongly respondents agree with claims about their company's potential for transformation

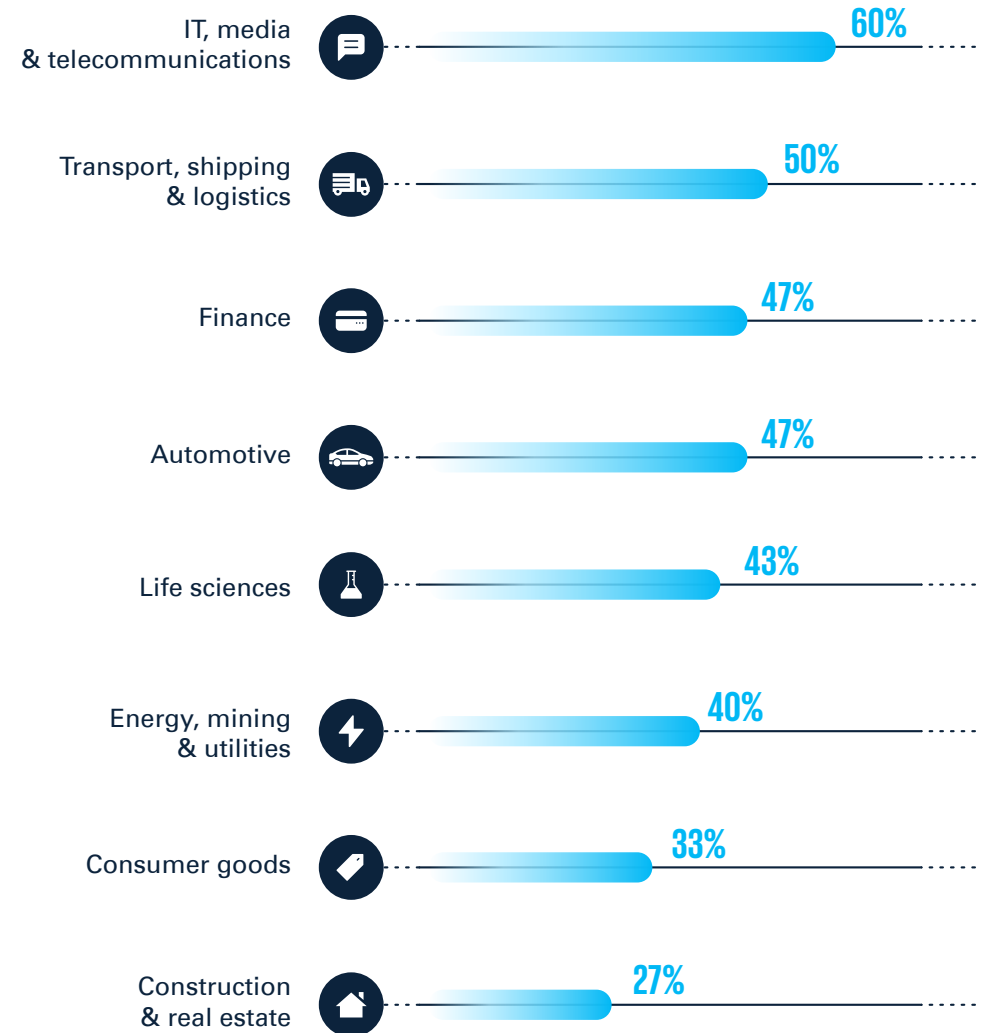


Values may not add up to 100% (due to "don't know/hard to say" responses).
Source: KPMG in Poland, based on survey.

The technology sector showed the greatest interest in seeking knowledge, with 60% of companies in this industry saying they are avidly or very avidly looking for new technologies that can support the growth of their business. This is not surprising, given the nature of the tech market. In second place was transport, shipping and logistics, with half of companies claiming this degree of enthusiasm. The financial industry took third place here (47%). Companies from the construction and real estate sector showed the least interest, with 27% of respondents saying their company is actively expanding its knowledge in this area.



Percentage of companies in each sector intensely or very intensely seeking new technologies to support business development

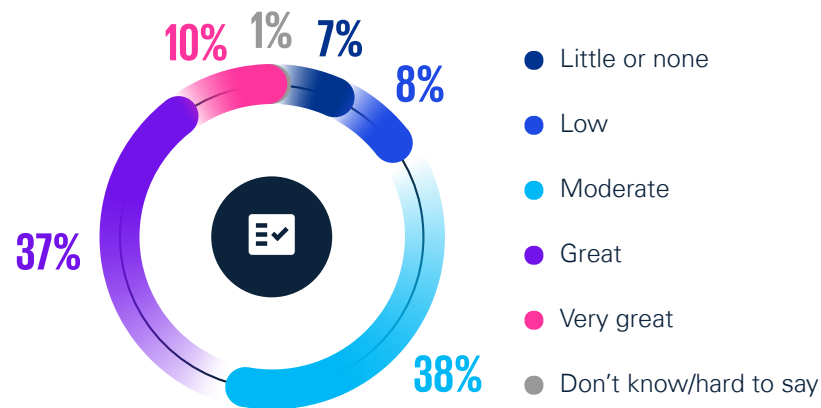


Source: KPMG in Poland, based on survey.

Fresh learning

An untrained employee often feels lost and unmotivated. Proper introduction of staff to the operation of a new system, or investing in digital skills, can raise employee engagement and the company's effectiveness. Nearly half of the respondents (47%) remember this, as they declare that they will pay great or very great attention to employee training in the next year—up 15pp since last year. The share of companies placing little or no weight on training has also decreased (from 22% in 2023 to 15% in the current edition). Entities employing more than 250 people are the most committed to employee growth, with 60% of those organizations saying they attach great or very great importance to increasing the competences of staff. Among the sectors, finance definitely stands out, with all organizations in this market regarding their staff's tech training as relevant or highly relevant.

Importance companies attach to training in implemented systems and digital competences in the next 12 months



Source: KPMG in Poland, based on survey.

MICROSOFT COMMENT

Today, training and continuous development of digital competences are a key to business success and the bulwark of a company's resilience. In the tech industry itself, 60% of survey respondents say they are looking for new tools to drive their business growth. This is a clear signal that as a society we are increasingly aware of the benefits of following the digital path.

We are already in a new era. The era of artificial intelligence—a technology with extraordinary potential to change business and every industry, from finance, to trade, e-commerce, healthcare, nonprofits, and finally state administration. Solutions such as Copilot are already making a real difference in companies. This service is helping overcome “digital debt” and increasing productivity.

Every employee needs AI-related skills. Cooperation with AI, using natural language, will become as inseparable a part of our work as internet access or using a computer are now. Critical thinking, analytical assessment of situations, solving complex problems, as well as creativity and originality: these are the new key competencies, and not just for technical jobs or AI experts.

In the KPMG study, 36% of respondents believe that their employees are well or very well prepared for the changes inherent in digital transformation, and 47% are moderately prepared. In the face of rapid changes and such vast acceleration of technological development, we must not forget about trust and security. The debate will continue on training and responsible use of tools such as AI—they must operate ethically, responsibly, fairly, inclusively, reliably and safely. The task of spreading knowledge and providing tools that businesses can use for their own benefit, and to create innovations and optimized solutions for their customers, now rests in our hands.



Dominika Bettman
General Manager
Microsoft Poland

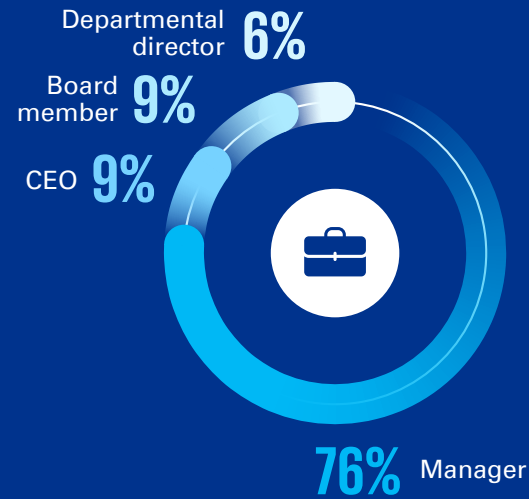
Methodology

This report was prepared by KPMG in Poland based on the results of a survey conducted by Norstat, using the CATI method (computer-assisted telephone interviews) in late January and early February 2024.

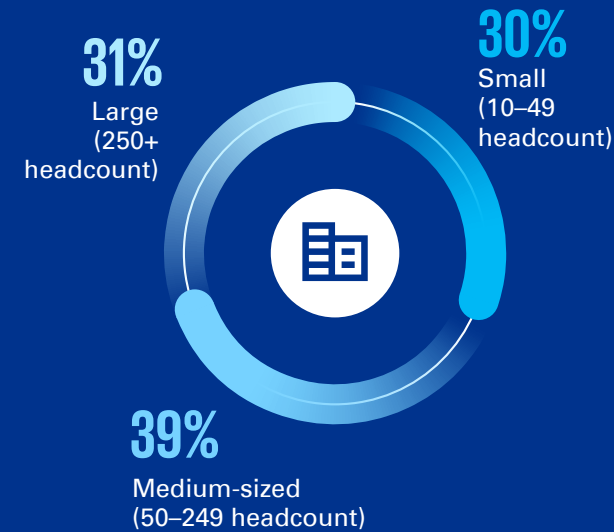
The survey involved 180 respondents who are responsible for digitalization issues in their companies, including managers, departmental directors, board members, and CEOs.

The sample of surveyed companies was selected to approximately reflect the share of small, medium-sized and large enterprises in the Polish economy, excluding entities employing fewer than 10 people.

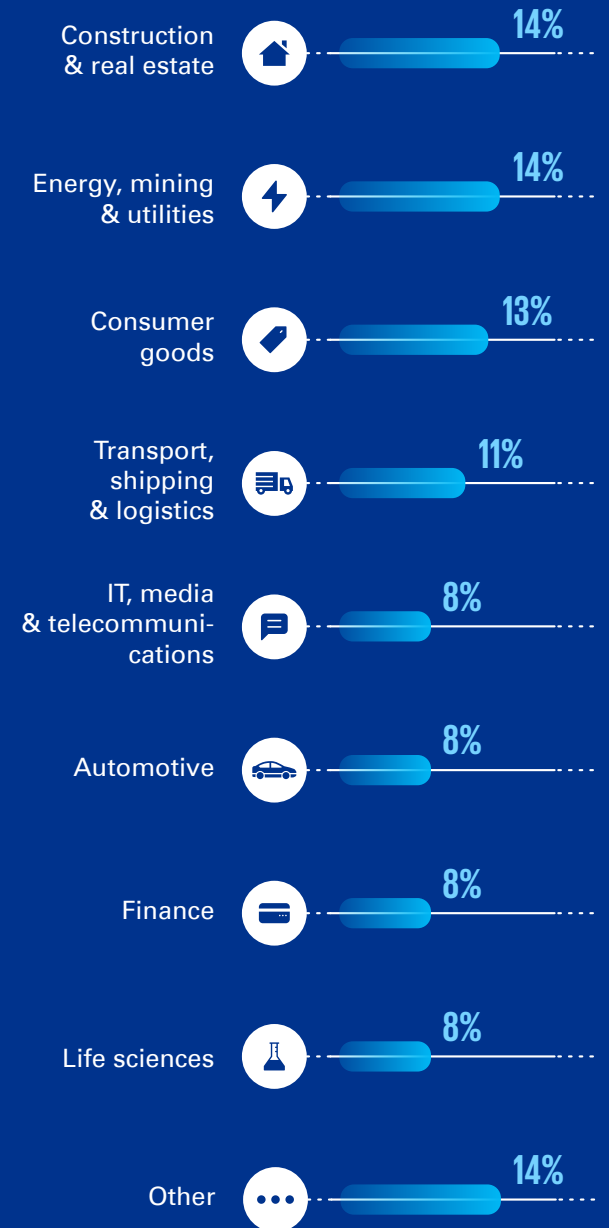
Respondent's position



Company size



Industry



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