

# Shaping the future of digitalization



## Global perspectives on digital technologies, risk and corporate digital responsibility (CDR)

Eversheds Sutherland surveyed 700 senior executives worldwide (both tech suppliers and customers) to investigate the adoption of digital technologies and how they manage the related legal, ethical, ESG and other CDR responsibilities. As digitalization accelerates, an effective strategy which encapsulates CDR is key to success.

**Defining digitalization**

Digitalization is the application of digital technologies to transform business activities, processes, competencies and models to fully leverage the changes and opportunities brought about by technology and data. This encompasses a company's procurement, deployment and/or use of such technologies. It also encompasses businesses developing, selling/reselling or licensing out such technologies. In all cases, this could be for internal use or customer-facing purposes, making it relevant to all companies regardless of sector.

**Defining corporate digital responsibility (CDR)**

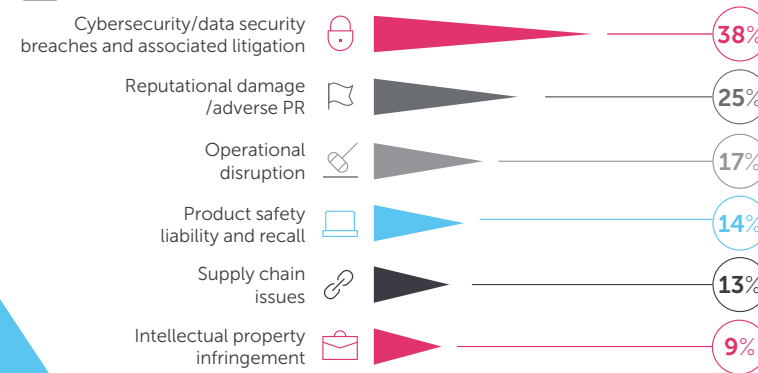
CDR is a set of responsibilities (relating to commercial, legal, compliance, ethics, ESG, governance and oversight imperatives) that organizations should consider when making decisions relating to technology and data and when implementing their digitalization strategy.

### But digitalization also creates risk

**61%** of businesses struggle to keep up with the legal and voluntary guidance requirements that apply to digital technologies.

#### Which risks are businesses most concerned about?

Businesses were asked to prioritize their top three out of 13 key risks. The results highlight that some key risks are not being given adequate priority:



### CDR adoption is insufficient

**59%** of companies recognize that CDR is a board-level issue but only **20%** of respondents have board-level sponsorship or a board-level advocate for CDR.

#### CDR implementation measure

% of businesses with this in place

Board focus on CDR and implementing a CDR strategy to comply with regulatory and governance obligations and meet expectations from stakeholders on responsible use of technology and data is key, but still lacking:



### Digitalization is finding new frontiers

Businesses are forecast to spend more than **\$10 trillion** on digital transformation over a five-year period\*

**97%**

of corporate executives say the pandemic accelerated their digital transformation.

\* International Data Corporation (IDC), Worldwide Digital Transformation Spending Guide, 2021

### CDR should be considered in M&A and partnerships

**69%**

of businesses expect to form a strategic partnership with a digitalization technology company in the next two years, and **31%** expect to acquire AI technology. But just **21%** of respondents say they use due diligence or procurement checklists tailored to CDR issues when procuring digitalization technologies or acquiring technology businesses.

Factors considered 'very important' to moving forward with an acquisition, investment or partnership



### AI, data and unethical outcomes

In the next three years, **47%** of companies will use AI technology – compared with **32%** today. EU regulation of AI could soon include the potential for fines of up to the higher of **6%** of global turnover or **€30 million** for breaching ethical, bias, sustainability and other statutory obligations. But too many businesses using AI or machine learning are not taking measures to ensure fair, accurate and reliable decisions and outcomes:

#### Risk-mitigation measures

% of businesses with these in place

