



Transformation study 2026

Transformation 2026

The study

As part of a structured survey, 1,115 executives from 15 countries shared their experiences from their most recent transformation. The study not only highlights trends and challenges but also provides you with practical recommendations for your IT transformation.



Dear Readers,

Based on the experiences of more than 1,100 international executives and IT professionals, the 2026 edition of this study clearly shows that transformation today is far more than just a technological upgrade – it is a key driver of competitiveness, innovation, and agility.

By far the most important driver of IT transformations is artificial intelligence. Traditional motives such as cost reduction are taking a back seat. Among top management, the perspective is changing, with transformations now viewed as a path to long-term competitiveness and innovation. What also impressed me while reading was the honesty of the results. In practice, transformation is not a linear process. It is complex, dynamic – and often different from what was originally planned.

One finding stands out in particular: 71% of companies had to adjust their migration methodology during the course of the project; for example, they changed their greenfield or brownfield roadmaps. This is a clear sign that successful transformations require a great deal of flexibility. Anyone launching a project today must be prepared

to question assumptions, reassess decisions, and adjust course when conditions change.

As always, a solid analysis and sufficient planning experience reduce risks. In addition, the ability to respond properly during the course of the project becomes a key success factor.

At the same time, it becomes clear that management must think strategically about transformation. Topics such as artificial intelligence, innovation capacity, flexibility, autonomy, and security are at the forefront today – and are fundamentally changing the role of IT. Transformation is therefore no longer a purely technical discipline, but rather a leadership mandate.

For me, this study is therefore more than just an analysis – it is a practical guide. The Transformation Study shows where companies truly stand today, what challenges they must overcome, and which approaches have proven effective in practice.

Enjoy the read!
Sincerely,

Jan Gilg

Global President Customer Success & Americas
Member of the Extended Board, SAP

Transformation 2026

The study

It covers 1,115 executives and IT experts from 15 countries.

All of them have undergone an IT transformation.

All of them have had experiences – good, bad, or costly.

We've compiled them here.



How successful are IT transformations, actually?

The result shows that fewer than one in five companies stays on budget and on schedule. Nearly half postpone the go-live. And the goals they set? On average, 71% are achieved.

Not a disaster. But no reason for complacency either.

And then there's AI. For 60% of respondents, it's the most important driver of their transformation – and at the same time, one of the biggest stumbling blocks. This study explains why. It reveals what drives companies, where they stumble – and what those who do better are doing differently. Based on real projects, real numbers, and real mistakes.



The structure of the Transformation Study 2026

Benefit from the experiences of others

How do companies migrate their data and processes from legacy IT systems to modern, future-proof IT environments?

That's exactly what we wanted to know. The Transformation Study 2026 by Natuvion and NTT DATA Business Solutions aims to answer this question – drawing on the insights of 1,115 CEOs, CIOs, and IT and transformation leaders from 15 countries, all of whom have one thing in common: they've just gone through the process themselves.

Our understanding of transformation

In short, transformation is more than just a system change. It involves the strategically driven transformation of the entire IT environment: processes, structures, data architectures, and ways of working. The goal is to become more modern, faster, and more capable of innovation.

This study focuses on IT transformations – specifically on migration, the technical transition of systems and data to new target environments.

What did they set out to do? Where did they run into problems? What would they do differently today? This provides insights and recommendations for anyone facing a transformation of their own – and who doesn't want to start from scratch. They help you plan transformation projects in a structured way, identify typical pitfalls earlier, and achieve your own goals more efficiently.



01

Motivation Category

Why did companies embark on the transformation in the first place? What goals did they set for themselves? And what would have happened if they hadn't?

02

Preparation Category

How did companies set up the project? What methodology, timeline, and budget were used? Did they switch ERP providers? How old were the systems before the transformation? And what was the biggest challenge before the project began?

03

Implementation Category

What was crucial during the transformation – both technically and organizationally? What role did AI play? How did companies handle their data, for example, in terms of migration paths, data protection, testing, and quality assurance?

04

Experience Category

Was the budget met? Was the schedule kept? What came as a surprise, and what was underestimated? And what would the respondents do differently next time – what does that mean for future transformations?

Selection of study participants

Respondents' roles and experience

We didn't just ask anyone. We surveyed CEOs, CIOs, as well as IT and transformation leaders from medium sized to large enterprises, all with one prerequisite: they had to have been actively involved in an IT transformation within the past two years. Participants were selected and surveyed anonymously by an independent market research firm.

The sample represents a broad range of management levels: 34.4% of respondents are members of executive boards or senior management, 42.6% hold department or business unit leadership positions, and 23.0% are group or team leaders. The survey was conducted in January and February 2026.

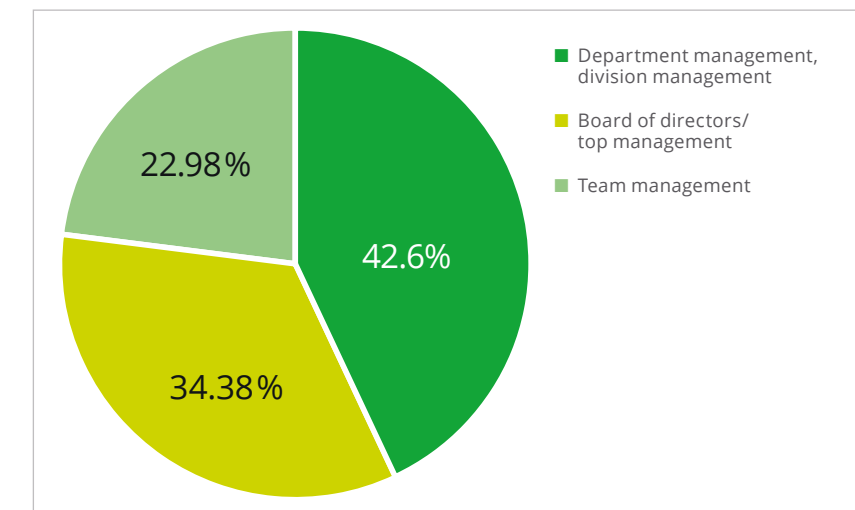


Figure 1: Respondents' role in the organization

Company size and revenue

The majority of respondents work for larger organizations. More than 80% are employed by companies with over 1,000 employees, and around 19% work for organizations with more than 10,000 employees. The remaining respondents are primarily employed by companies with between 250 and 999 employees.

A similar pattern can be seen in terms of company revenue. Overall, 81.6% of respondents work for organizations with annual revenues of at

least €350 million, while 37.4% are employed by companies generating more than €1 billion in annual revenue. The remaining 18.4% come from organizations with annual revenues between €150 million and €349 million.

This was a deliberate choice. We wanted insights from organizations that have experience with transformation initiatives and where transformations are typically large, complex projects rather than first-time endeavors.

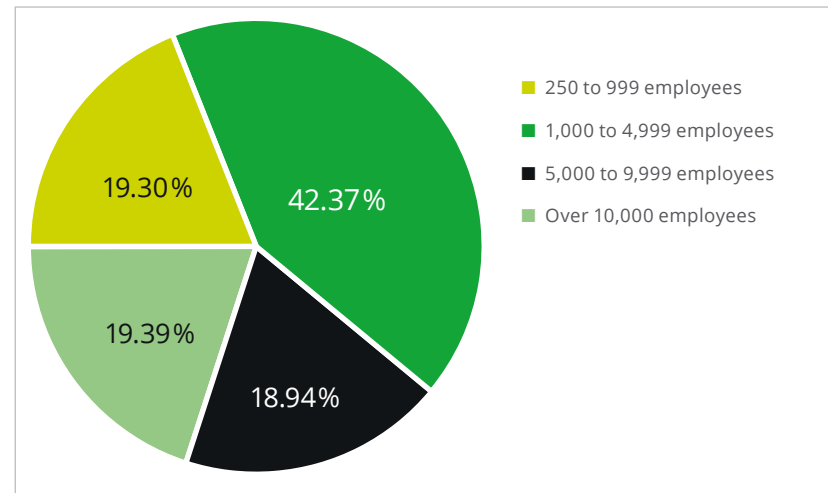


Figure 2: Number of employees in the respondents' organization

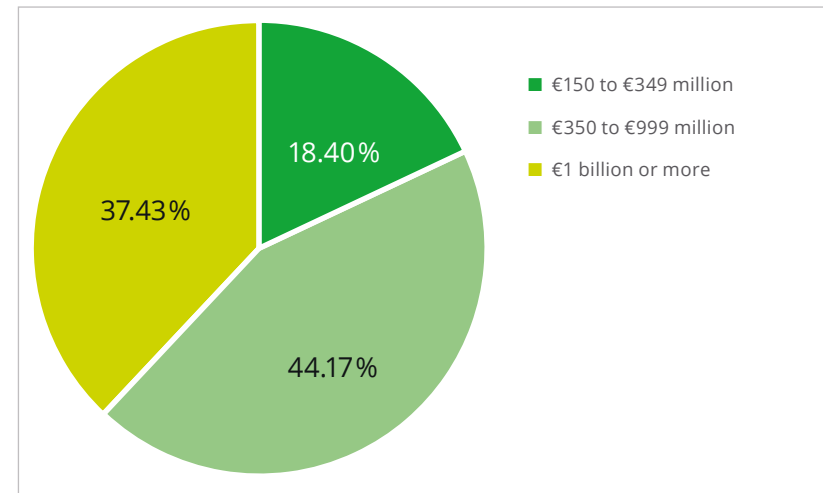
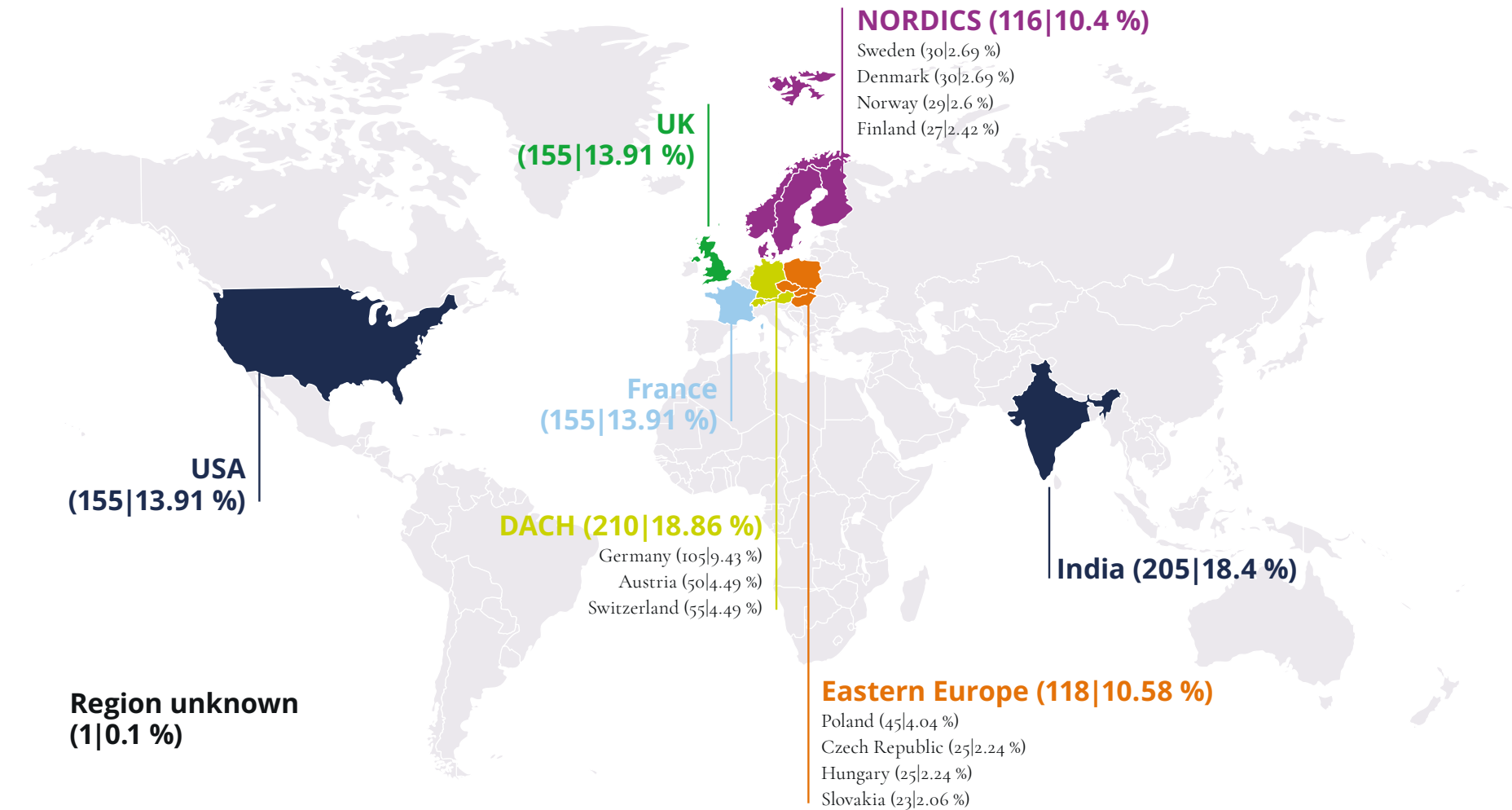


Figure 3: Revenue of the respondents' organization



Regions and countries surveyed this year



Regions and countries

To ensure comparability with previous years, we surveyed the same regions as in the past three editions of the study. The only new addition this year is India.

The survey includes CEOs, CIOs, and IT and transformation decision-makers from the United States, the United Kingdom, France, the DACH region, the Nordics, Eastern Europe, and India. To ensure statistically meaningful sample sizes, several countries were

grouped into regions. Eastern Europe comprises Slovakia, Hungary, Poland, and the Czech Republic. The Nordics include Sweden, Finland, Norway, and Denmark. The DACH region consists of Germany, Austria, and Switzerland.

Each region is represented by at least 100 and up to 250 respondents. In total, the study surveyed 1,115 IT decision-makers from companies with annual revenues of at least €150 million.



Key findings at a glance

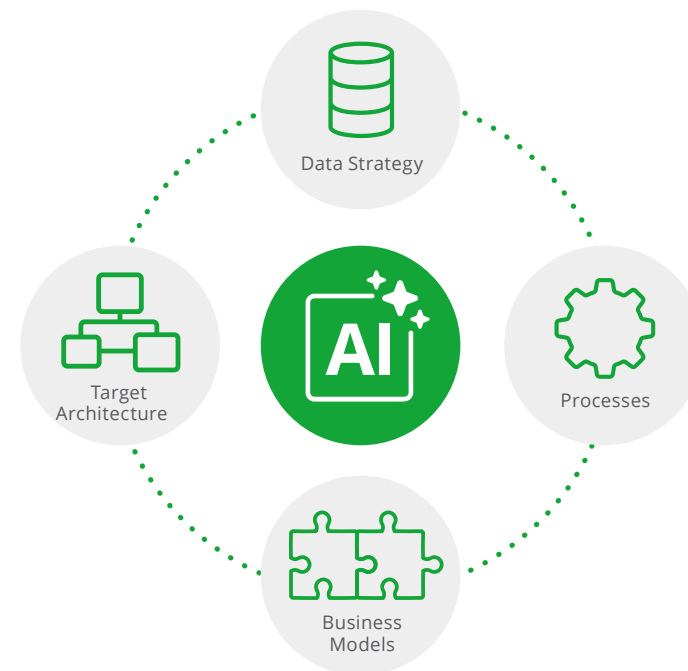
01

AI is the primary driver of transformations – with one catch.

With 60% of respondents citing the adoption of modern technologies such as artificial intelligence, AI has become by far the most important driver of IT transformation – an increase of 10 percentage points compared to the previous year. Traditional motivations such as cost reduction have moved into the background.

For top management, this marks a clear shift. Transformation is no longer measured solely by efficiency gains, but by its contribution to long-term competitiveness and innovation. Organizations that fail to recognize this risk falling behind structurally.

However, there is one important catch. The very foundations required for successful AI initiatives are also among the biggest challenges of IT transformation. Data quality, data transparency, governance, and test management are consistently underestimated or addressed too late. AI does not succeed in isolation. It depends on high-quality data, stable processes, and resilient system landscapes. For many organizations, these fundamentals will ultimately determine whether AI delivers on its promise.



02

Transformation is a leadership responsibility – whether you like it or not.

Transformation expertise (35.2%) and data transparency (34.4%) have emerged as the most important success factors for the future. Technology alone is not enough. What matters is the ability to manage complex change effectively.

Therefore, strong leadership commitment is essential. Without that, organizations are more likely to face conflicting priorities, unclear decision-making, and project delays. This is not a new challenge – but one that is becoming increasingly apparent.

03

Transformations have grown. Planning often hasn't.

44% of organizations plan their transformation projects to last one to two years. Budgets between €5 million and €50 million have become the norm, with 52.7% of respondents falling within this range. Yet despite these plans, 82.2% exceed their budget and 79.5% miss their timeline. This is not the exception – it is the rule.

Transformation cannot be planned as a linear process. Organizations that treat it like a conventional project usually realize this too late. Realistic contingencies, a robust project setup, and the ability to deal with uncertainty are no longer optional. They are the minimum requirement for successful transformation.

04 **Data quality. Once again.**

A total of 26.4% of respondents identify data quality as the biggest unexpected challenge in their transformation projects. Since 2022, it has consistently ranked at the top of the list. Every year. Without exception. Inconsistent data, missing standards, and weak governance structures often go unnoticed in day-to-day operations.

During a transformation, however, their impact becomes impossible to ignore. As high-quality data is also the foundation for AI and data-driven business models, what once seemed like an operational issue has become a strategic risk. Organizations that address it too late end up paying the price twice.

05 **The biggest challenge is what already exists.**

A total of 39% of respondents identify analyzing the existing IT landscape as the biggest challenge during the planning phase. This is followed by overall project complexity at 29%.

The real challenge is not the target architecture – it is dealing with what already exists: legacy structures, dependencies, and technical debt. Much of this only becomes visible once the project is already

underway. A deep understanding of the existing system landscape is therefore not just a best practice. It is the foundation for everything that follows.

06 **Switching methodologies mid-project comes at a cost.**

A total of 71% of organizations adjust their migration methodology during the course of a transformation project, with 26.5% making fundamental changes. The link to budget overruns and schedule delays is clear. The impact on overall project success is equally significant. Organizations that had to make substantial changes to their methodology achieved their transformation goals in only 63% of cases, compared to an average of 71%.

The findings show that success is not determined by choosing the right methodology at the outset. It depends on the ability to implement necessary changes quickly, in a structured way, and without losing control. This is where the right transformation partner makes all the difference.

07 **In the end, efficiency still matters most.**

Despite all strategic ambitions, improving efficiency remains the most important measurable outcome of transformation projects, cited by 29.5% of respondents. Innovation (19.1%) and flexibility (15.2%) follow, but their benefits typically materialize only over the medium to long term.

Efficiency provides the short-term business case that justifies investment and creates operational capacity. At the same time, it lays the foundation for everything that follows – innovation, agility, and long-term competitiveness. The most successful transformations achieve both: immediate efficiency gains and a clear strategic direction for the future.

01 Category

Motivation

Reasons for an IT transformation

Why do organizations transform in the first place? The answer has changed significantly over the past few years – and by 2026, the shift is impossible to ignore.

In the past, traditional motives dominated: reducing costs, optimizing structures, or supporting mergers, acquisitions, and divestitures. Today, organizations are transforming because they have to. The world around them is changing too quickly to stand still.

Geopolitical tensions, economic uncertainty, volatile markets, and increasing regulatory requirements are reshaping the business environment. New regulations such as NIS2 and the Cyber Resilience Act are adding further pressure, making transformation a business necessity rather than a strategic option.

At the center of this shift is artificial intelligence. 60% of respondents identify the adoption of new technologies such as AI as the primary driver of their transformation initiatives.

This aligns with broader market developments. According to McKinsey, 79% of organizations already use generative AI regularly in at least one business function. AI adoption is no longer a question of if, but how quickly organizations can turn its potential into business value.

Innovation ranks second among the key transformation drivers at 46.5%, followed by greater flexibility at 42.2%. Cost reduction, which was the leading driver as recently as 2024, has dropped to fifth place.

Sustainability has also become firmly established as a transformation driver. It has moved from ninth to sixth place and remains stable year over year at 39.2%.

The priorities vary slightly depending on company size. Among organizations with annual revenues exceeding €1 billion, cost reduction remains more important, ranking third after having placed second the previous year. Smaller organizations, by contrast, place greater emphasis on improving customer service, where it ranks third, compared with fourth or fifth among larger enterprises.

External influencing factors

Trade tariffs, wars, and geopolitical disruption – the world has continued to change since the last edition of this study. That is why, for the first time, we asked whether external developments have influenced organizations' transformation strategies.

The answer is clear: 94.8% say they have. The leading factor, cited by 72.1% of respondents, is the growing need for data and technology sovereignty. Geopolitical tensions and security concerns rank second at 44.6%, closely followed by energy and industrial policy at 44.2%. External developments are no longer just shaping the business environment – they are directly influencing transformation decisions.

What would have happened without the transformation?

Transformation is demanding. But not transforming comes at a cost as well – and respondents are well aware of it.

The biggest concern, cited by 37.6% of respondents, is capacity and performance limitations. High costs follow closely at 35.8%, while incompatibility with new technologies ranks third at 35.4%.

Priorities differ depending on company size. Among organizations with annual revenues exceeding €1 billion, high costs are the primary concern, cited by 41.5% of respondents. Smaller organizations, by contrast, are most concerned about incompatibility with new technologies.

Regional differences are equally striking. In the United States and India, increasing time pressure and the need for faster decision-making are among the biggest concerns. In the United States, they rank alongside high costs at 43.2%, while in India they are cited by 46.4% of respondents.

In the DACH region, however, the dominant concern is more strategic: the risk of losing competitiveness. Here, transformation is no longer just a question of cost – it is a question of long-term business survival.



37.6%

Capacity and Performance Issues

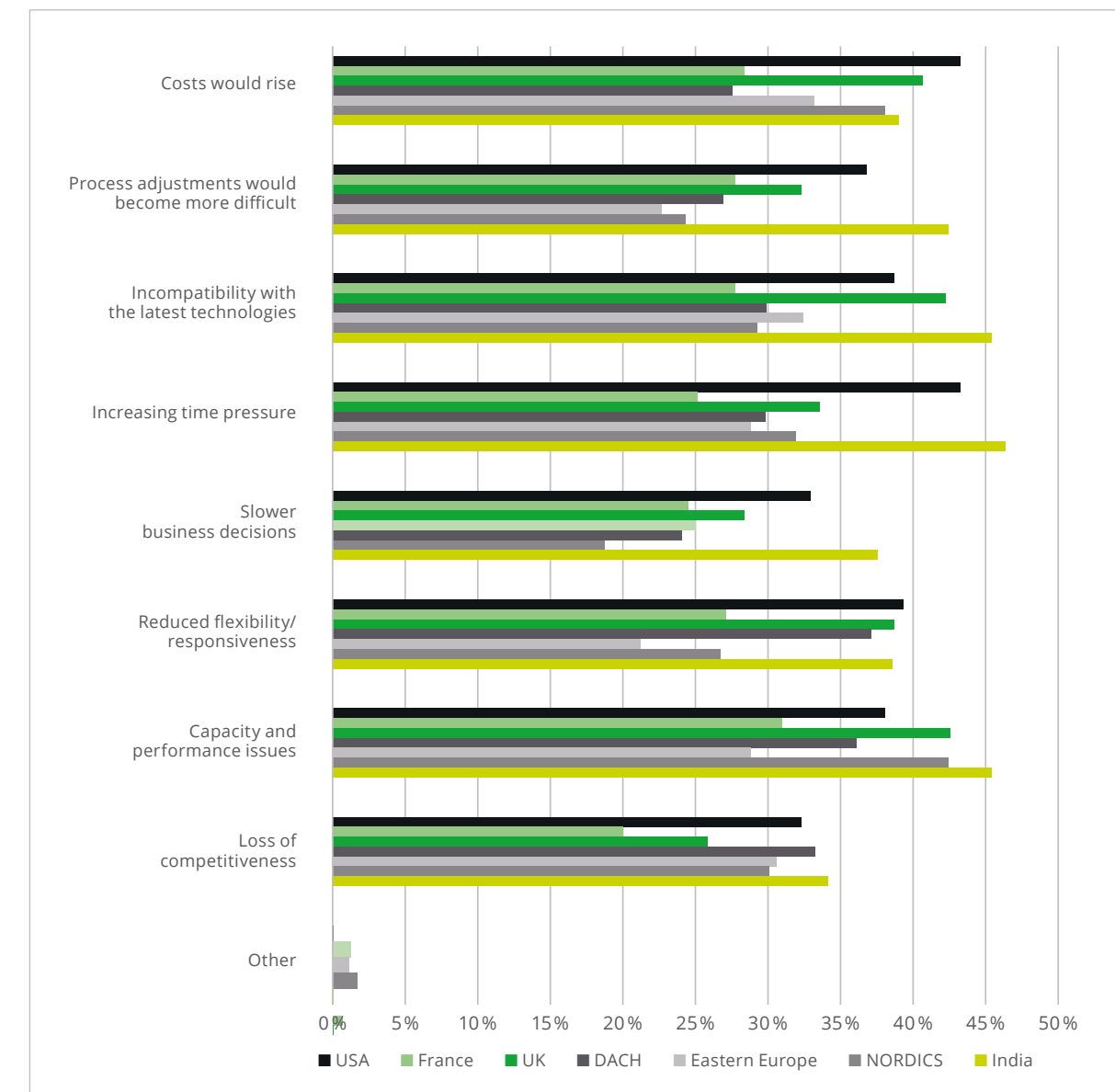


Figure 4: Regional Differences in the Estimated Risks of a Failure to Transform

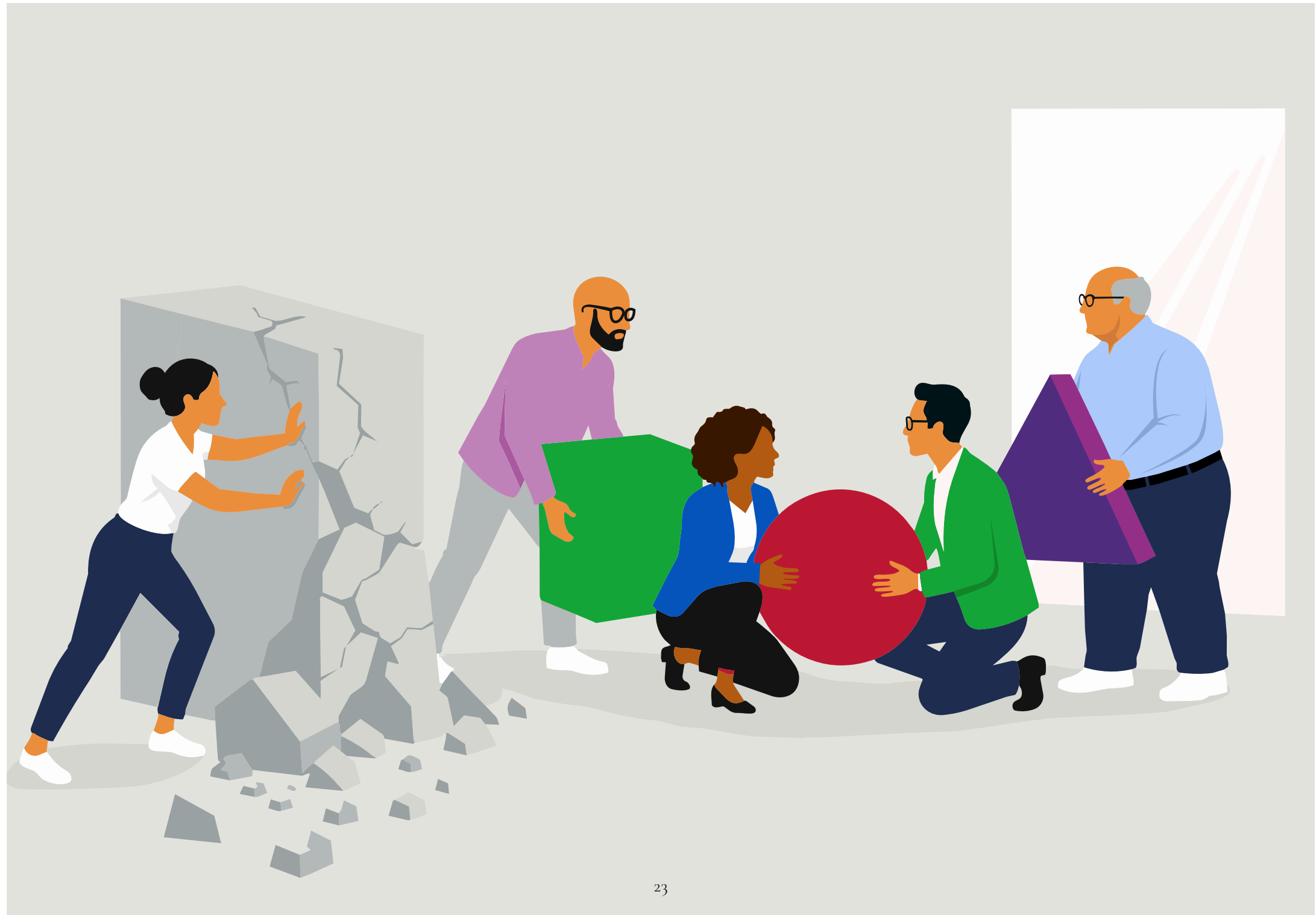


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The 2026 Transformation Study shows that AI is increasingly becoming the main driving force of corporate development. Those who use it to optimum effect and in a scalable manner will modernize systems, activate data, and lay the foundation for new business models – and that is precisely what we support our customers with all across the globe.

The companies that strategically anchor AI today will strengthen their efficiency and secure their competitive edge for the future.

Norbert Rotter
CEO NTT DATA Business Solutions



02 Category

Preparation

How much time and budget were planned?

Nearly 64% of respondents planned their transformation projects to last more than one year. The largest group, accounting for 44%, expected their transformation to take between one and two years. Another 19.8% planned for more than two years, while 5.3% anticipated projects lasting more than four years. Compared to the previous year, when 22.7% planned for more than two years, project timelines have become more realistic. The proportion of organizations planning to complete their transformation in less than six months also declined slightly, from 8.3% to 7.4%. A project duration of one to two years has clearly emerged as the industry standard.

Regional differences are noticeable. Organizations in the DACH region tend to plan significantly longer transformation timelines than those in the United States and the United Kingdom. While only 14.2% of U.S. respondents expect their projects to last more than two years, the figure rises to 22.9% in Germany and 30.9% in Austria. At the same time, fewer organizations in the DACH

region plan to complete their transformation in less than six months – 5.7% compared with 10.3% in the United States. Budget planning has also become more realistic than in previous years.

The most common budget range is between €10 million and €20 million, cited by 20.2% of respondents. Overall, more than half of organizations (52.7%) budget between €5 million and €50 million, up from 45.4% in the previous year.

As expected, budgets increase with company size. Organizations with annual revenues of up to €349 million most commonly allocate between €1 million and €2 million (27.9%). Mid-sized organizations with revenues between €350 million and €999 million most often budget between €10 million and €20 million (24.4%). Among organizations with annual revenues exceeding €1 billion, the most common budget range is between €20 million and €50 million (21.6%).

Transformation often succeeds or fails long before the first go-live – even during the planning phase.

Organizations that cut corners here – whether in analyzing the existing environment, budgeting, scheduling, or risk management – pay the price later. So what did organizations plan for? What made planning difficult? And what were the biggest obstacles before the transformation even began?

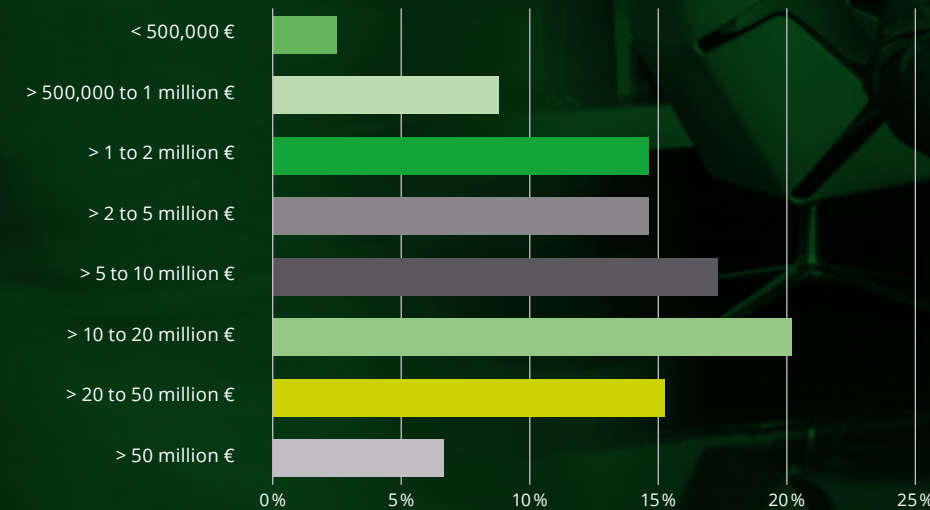


Figure 5: What is a rough estimate of the total budget for your transformation project? (Including personnel, training, license costs, consultant costs, change management, etc.)

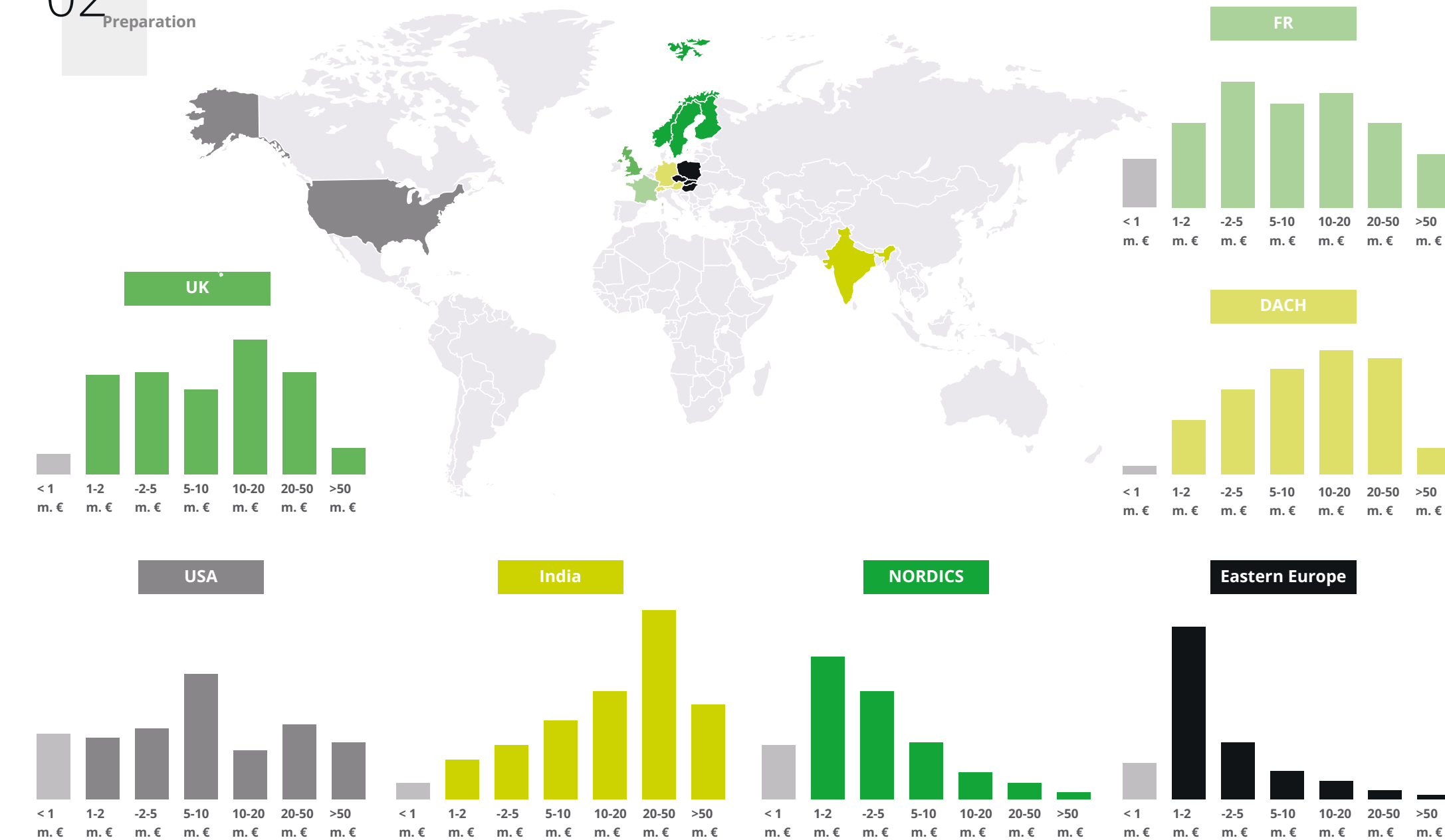


Figure 6: What was the planned budget?

Challenges during the planning phase

Large projects come with large challenges – and the planning phase is no exception. We asked respondents to identify their three biggest planning challenges.

For yet another year, analyzing the existing IT environment ranks first, cited by 39.1% of respondents. This comes as no surprise. Organizations that want to implement AI need high-quality data. And to improve data quality, they first need a clear understanding of what they already have. It sounds straightforward. In reality, it rarely is.

Project complexity ranks second at 29.1%, followed by budget management at 25.9%, which moves up from fourth place last year. Close behind, in fourth place, is early and continuous communication between stakeholders and departments at 22.9%, dropping one position from the previous year. The two challenges have simply switched places.

Company size also makes a difference. Among smaller organizations, project complexity ranks third at 23.8%. For larger organizations, it rises to second place, with 33.6%.

Regional differences reveal distinct priorities. In the United States, analyzing the existing IT environment dominates the ranking at 46.5%, well ahead of all other challenges. In the DACH region, the picture is reversed. Here, project complexity ranks first at 35.2%, while IT environment analysis comes second at 30.0%. Two regions – two very different challenges.

39.1%

Analysis of the existing IT environment



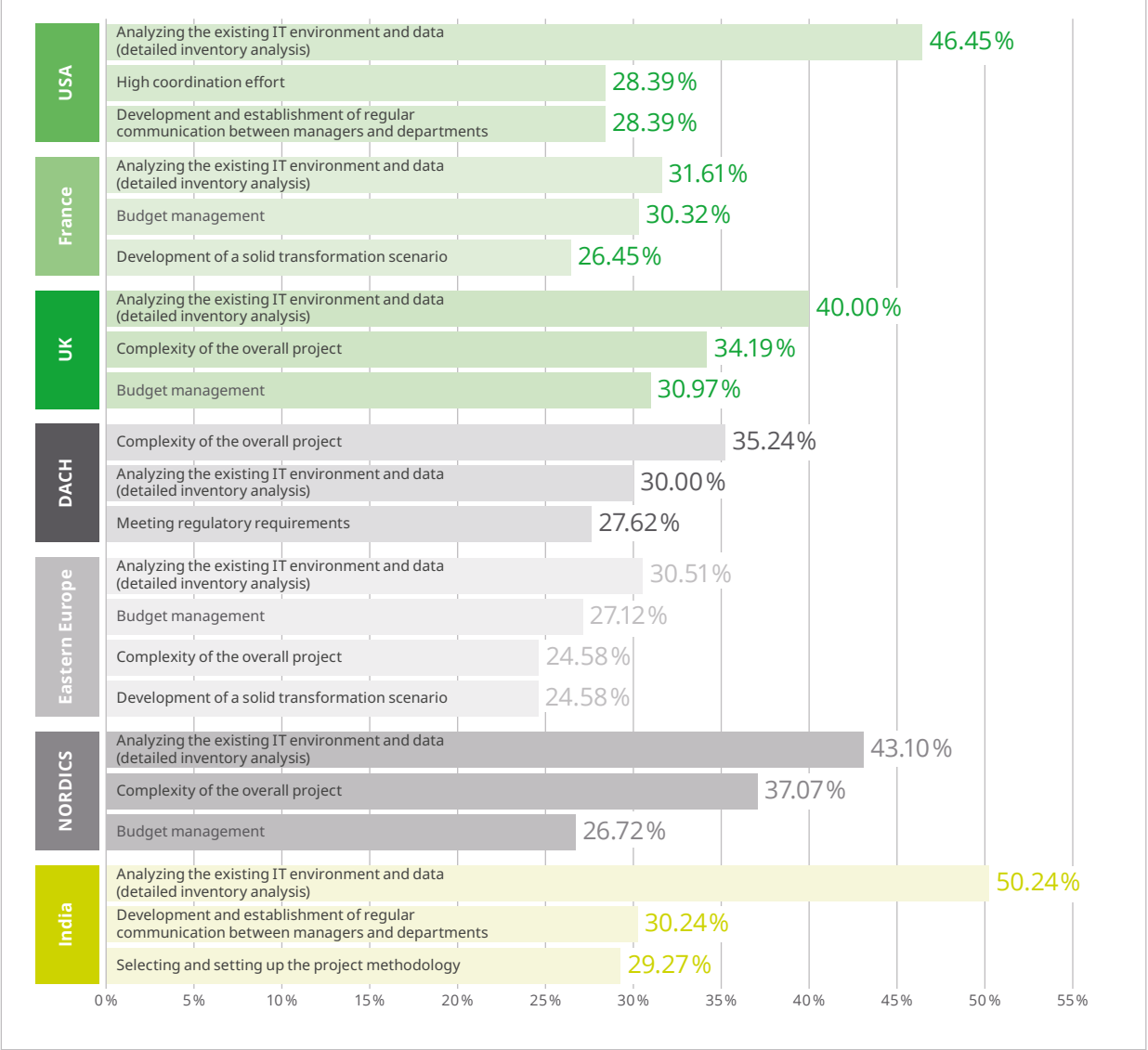


Figure 7: What were your biggest challenges during the planning phase?

What was the planned downtime window?

No transformation comes without downtime – that is the reality. But organizations are becoming less willing to accept it. They expect transformations to have as little impact on business operations as possible. Ideally, none at all.

A total of 9.5% of respondents say that no downtime is acceptable. The largest group, 30.3%, is willing to tolerate only a few hours of downtime –

up from 27.5% in the previous year. At the same time, the proportion of organizations accepting up to one business day of downtime has declined from 24.3% to 19.7%. The trend is clear: downtime must be shorter, more controlled, and almost invisible. Expectations also vary significantly across regions. In France, 29.0% of respondents consider downtime of up to one business day acceptable. In the United States, it is just 11.6%.

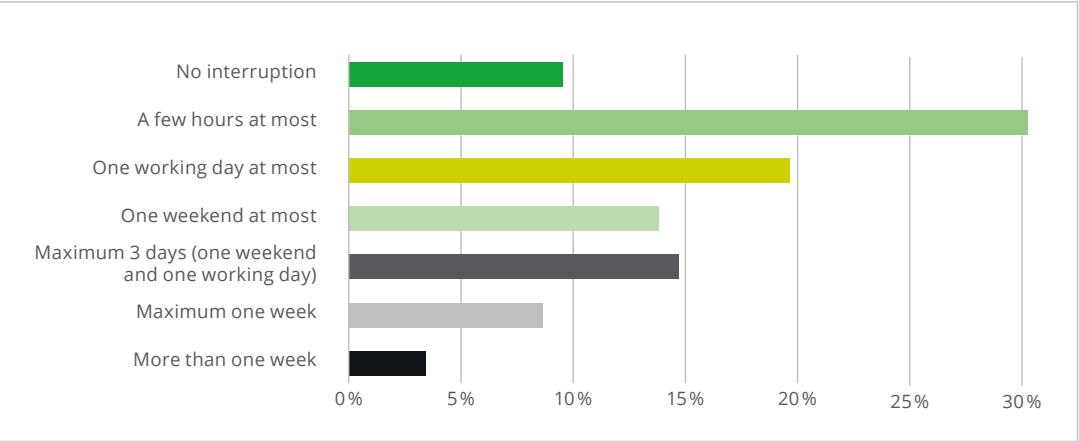


Figure 8: What is the maximum duration of business interruption that a transformation can cause in your company without generating noticeable effects?

30.2%
at most a few hours

How old were the legacy systems?

Most organizations replace systems that are between six and ten years old, with 43.5% of respondents falling into this category. Overall, 38.4% of the systems being replaced are more than ten years old, while 9.9% have been in operation for more than sixteen years. Compared to the previous year, these figures have remained largely unchanged.

A clear pattern emerges: the older the system, the larger the budget and the longer the planned project duration. Among systems older than sixteen years, 18.0% of transformation projects have budgets exceeding €20 million, and 54.2% are planned to run for more than four years.

At the same time, another trend stands out. Even relatively new systems – no more than five years old – are already being transformed. Half of these projects are completed in less than six months, and 31.0% have budgets below €500,000.

The reason is simple: technical age is no longer the only trigger for transformation. Cloud strategies, AI readiness, integration requirements, mergers and acquisitions, and regulatory changes all play an increasingly important role. Today, systems age not only technologically, but strategically as well.

43.45%

Systems that are 6–10 years old

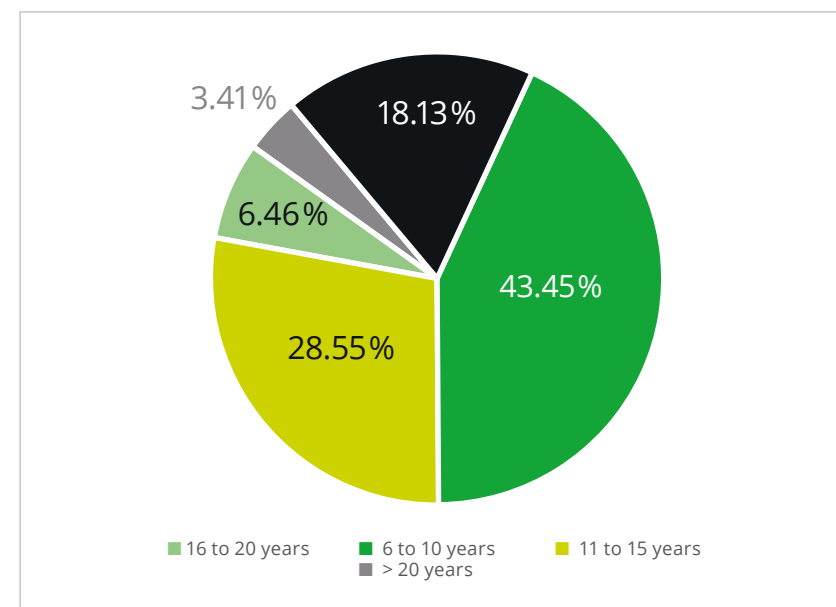


Figure 9: How old were the IT systems that were replaced or upgraded?

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In a just a few years, we will ask ourselves how companies ever managed to transform without AI. After all, AI turns experience into scalable knowledge and makes transformation a more predictable process.

Patric Dahse
CEO Natuvion

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Companies used to transform their IT to reduce costs. Today, they transform to ensure their future success.

Holger Strotmann
CEO Natuvion

What role did data protection play?

A total of 38.9% of respondents identify data protection as a key driver of IT transformation – an increase of five percentage points compared to the previous year. Among them, 77.6% also cite data sovereignty as a significant influencing factor.

Regional differences are striking. In India and the United States, data protection is considered a major driver of transformation. Only 1.0% of respondents in India and 2.6% in the United States say it plays no significant role, compared with 10.0% in the DACH region. At first glance, this may seem contradictory, but it is not. In Europe, data protection has long been embedded in everyday business through the GDPR. It is already integrated into processes and governance structures, making it less visible as a distinct transformation driver because it has become the norm. One trend has remained consistent throughout all editions of the study: data protection is primarily viewed as a transformation driver by senior management. By contrast, there are only minor differences across organizations of different sizes.

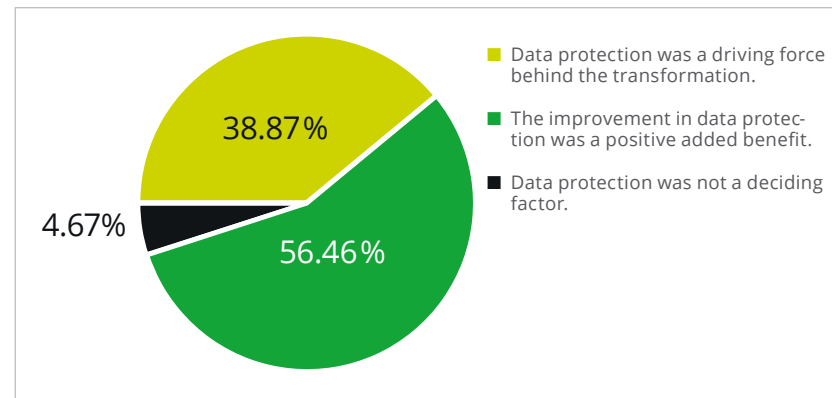


Figure 10: What role did data protection play in your transformation project?

AI: key driver or just an added benefit?

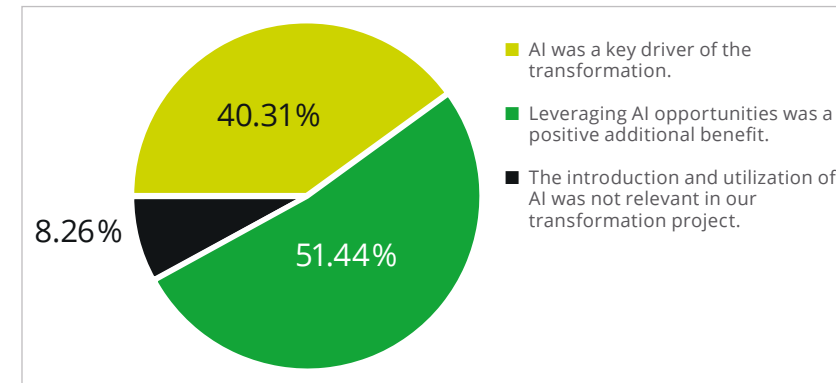


Figure 11: What role did the introduction and use of artificial intelligence (AI) play in your transformation project?

For 40.3% of respondents, AI is the most important driver of their transformation – a record high. At the same time, the share of respondents who say AI played no role has fallen from 11.6% to 8.3%. AI has become firmly established. The rapid growth seen in previous years is beginning to level off – not because interest is declining, but because organizations have already recognized its strategic importance. India leads the ranking, with 55.6% of respondents identifying AI as the primary transformation driver, followed by the United States at 46.5%. The Nordics rank lowest at 23.3%. Conversely, Eastern Europe has the highest share of respondents who say AI played no role, at 16.1%, while India reports the lowest share at just 2.9%. The results also reveal a clear leadership gap. More than half of senior executives (55.4%) view AI as a key transformation driver, compared with only 21.9% of team leaders. While executive leadership is pushing AI forward, its strategic importance has yet to be fully embraced at lower management levels.



Change ERP provider – or not?

Transformation forces organizations to ask fundamental questions. One of them is whether to stay with their current ERP provider or use the transformation as an opportunity to switch.

Overall, 51.4% of organizations remained with their existing ERP provider. The United Kingdom shows the highest level of loyalty at 63.2%, closely followed by the DACH region at 62.4%. The United States stands out as a notable shift. After being the region most likely to change ERP providers in previous years, 57.4% of U.S. organizations stayed with their existing provider this year, compared with just 42.0% the year before. One possible explanation is the impact of recent political and economic developments.

India shows the highest willingness to switch providers, with 67.8% of organizations choosing a new ERP provider, followed by the Nordic countries at 57.6%. Company size also plays a role. Among organizations with annual revenues exceeding €1 billion, 56.4% stayed with their current provider, compared with only 47.8% of organizations generating between €350 million and €999 million in annual revenue.

The reasons for switching are diverse. Organizations frequently reassess their ERP strategy during mergers, carve-outs, or the replacement of legacy systems. Other common drivers include cloud migration and the resulting reduction in licensing, maintenance, and operating costs, better support for specific business requirements, stronger compliance and security capabilities, and the consolidation of system landscapes following organizational change.

One finding is particularly noteworthy. Organizations that identify AI as a key driver of their transformation are significantly more likely to switch ERP providers. The ability to integrate AI has become an increasingly important competitive differentiator for ERP providers.

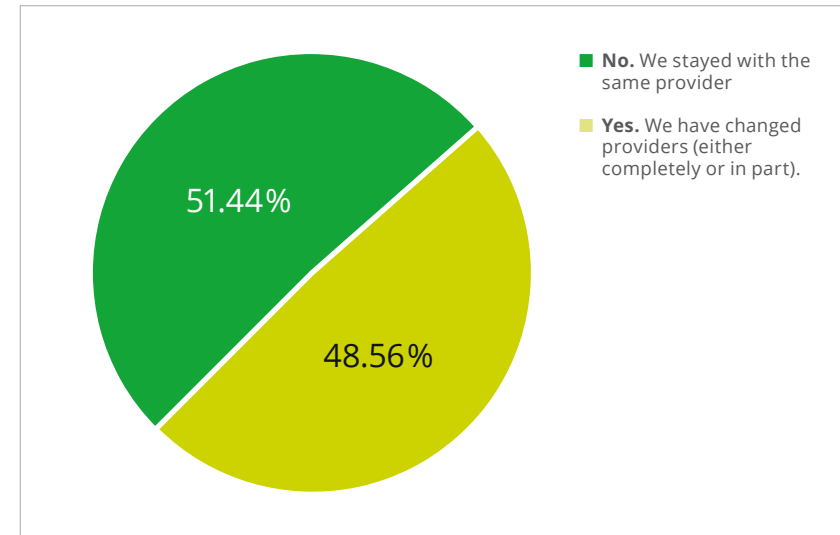


Figure 12: Was there also a change in ERP vendor or manufacturer as part of the transformation?

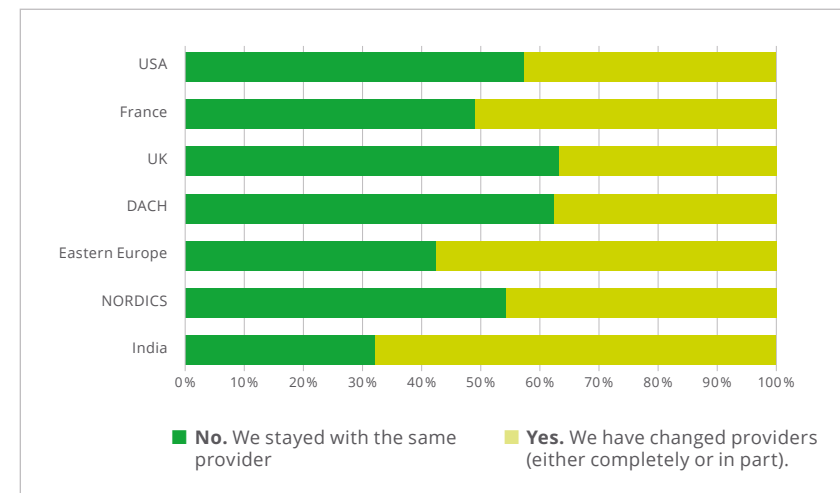


Figure 13: ERP vendor switching: a regional comparison

The impact of switching ERP providers

One finding up front – we'll explain the details later. Among organizations that completed their transformation on schedule, 71.2% stayed with their existing ERP provider. Among those that remained within budget, the figure is even higher at 76.5%.

This is despite the fact that organizations switching providers typically plan for larger budgets from the outset. Nearly half (49.7%) of those that changed ERP providers allocated more than €10 million to their transformation, compared with just 34.8% of organizations that stayed. This does not necessarily mean that switching ERP providers is the cause of these challenges. Provider changes often go hand in hand with broader strategic and organizational transformations, which are inherently more complex to plan. Even so, the results point to a clear trend: Organizations that switch ERP providers should expect to invest more time, more budget, and greater organizational effort.

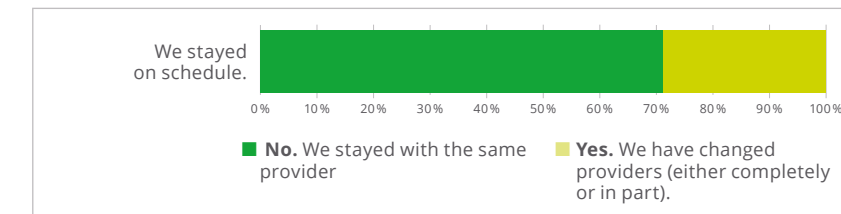


Figure 14: Switching ERP providers and adherence to the schedule

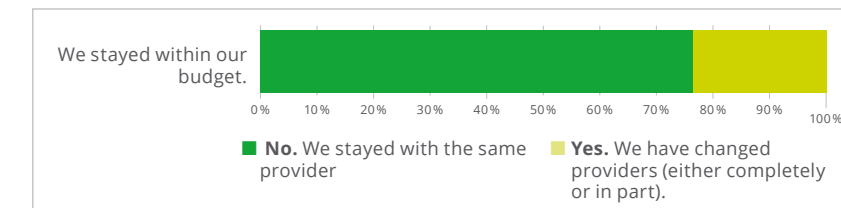


Figure 15: Switching ERP providers and staying within budget



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Today, legacy systems are no longer just technologically outdated. They are strategically outdated – especially when they hinder innovation, AI, or new business models.

Bernd Krakau

COO & Member of the Executive Board, Komm.ONE (AöR)



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A successful IT transformation is based on a structured approach backed by industry knowledge and experience with disruptive technologies such as AI. The key enablers are technology, data, and people, which, together with a clearly defined strategy, qualified specialists, strong leadership, and a culture of openness to change and continuous improvement, form the basis for sustainable transformation success.

Christoph Eymann,
Associate Partner, IBM Deutschland GmbH





03

Categorie

Implementation

Take everything, declutter selectively, or start afresh?

With the decision to implement a new ERP system comes the next big question. How should the migration be approached? This is far more than a technical decision. It shapes the entire project – from budget and timeline to the overall outcome.

There are three main approaches. Brownfield: take everything with you. Keep existing processes and migrate all your data. Fast. Efficient. But only if what you have is worth keeping. Greenfield: start from scratch. Maximum freedom. Maximum effort. Selective Data Transition: the middle ground. Take only what you really need. Leave the rest behind. Then there are hybrid approaches, combining brownfield or greenfield with selective data migration.

So, what did organizations choose?

A total of 34.4% opted for brownfield. Another 25.3% selected selective data transition. Hybrid approaches account for 20.3%, while 20.0% chose greenfield. The takeaway is clear. Nearly half of all organizations (45.6%) deliberately migrated only part of their

data and left the rest behind. At the same time, 80.0% retained at least some of their existing data. A complete fresh start remains the exception, not the rule.

System age also plays a role. brownfield is most common among newer systems, with 43.1% of organizations choosing it for systems that are no more than five years old. That makes sense. If a system has only recently been modernized, keeping it is often the logical choice. But when you're dealing with a 15-year-old system, the decision becomes far less obvious.

Regional differences are equally striking. France is the greenfield champion, with 36.1% of organizations opting for a complete restart – the highest share of any region. The United Kingdom is at the opposite end of the spectrum. Only 10.3% choose greenfield, while 41.3% prefer brownfield. Eastern Europe leads in selective data transition, with 34.8% of organizations choosing this approach. India, by contrast, strongly favors brownfield at 45.4% and records the lowest adoption of selective data transition at just 19.5%.

Is the migration approach adjusted during the transformation?

The short answer: yes. Most of the time.

A total of 71% of organizations adjust their migration approach during the course of a transformation project. More than one in four (26.5%) make fundamental changes. That is no minor adjustment. Changing your migration strategy halfway through a project means rethinking decisions that have already shaped the transformation. Start over? Keep going?

There is no easy answer – but there are clear consequences.

Greenfield projects are the most likely to change course. Only 16.6% stay with their original approach from start to finish. In other words, 83.4% eventually discover that, in one way or another, they still need historical data. Brownfield projects are considerably more stable, with 44.0% following their original migration approach throughout the entire project.

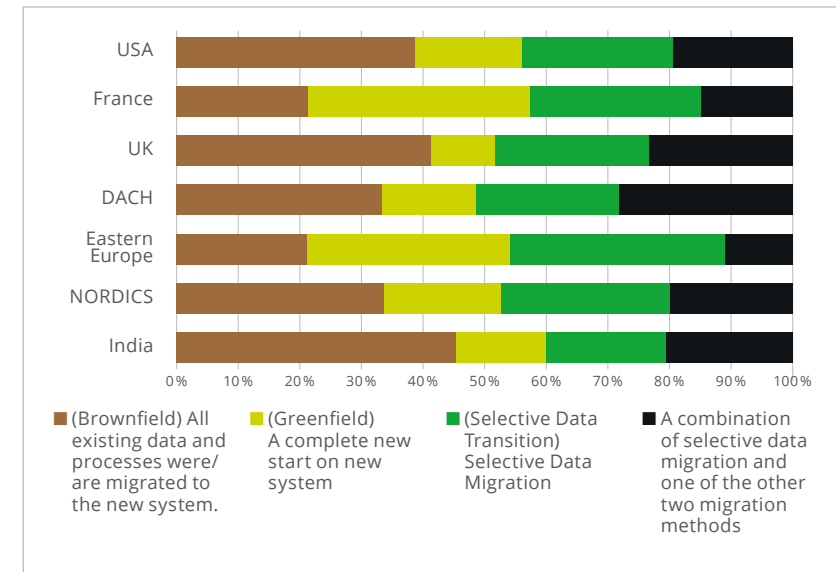


Figure 16: A regional comparison of migration strategies

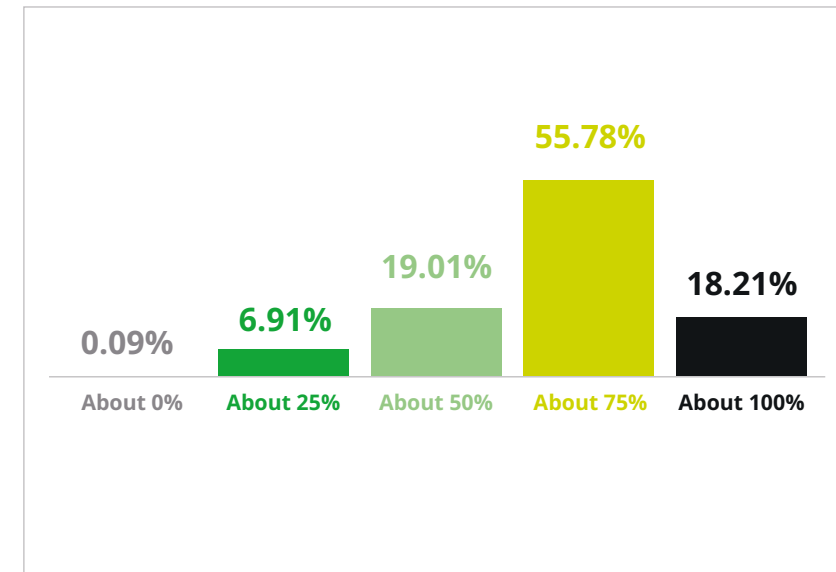


Figure 17: To what extent were the goals achieved through transformation?

What happens when the migration approach changes?

Quite a lot. Among organizations that exceeded their project timeline by more than 20%, 75.4% had to change their migration approach during the project. Among those that exceeded their budget by more than 20%, the figure is even higher at 76.1%.

The findings make one thing clear: success is not determined by choosing the "right" migration approach at the outset. It depends on the ability to

adapt when circumstances change – quickly, confidently, and without losing momentum.

If that capability is missing – whether within the project team or from the implementation partner – the costs rise quickly. Choosing the right partner is therefore not a minor decision. It is one of the most important factors for a successful transformation.

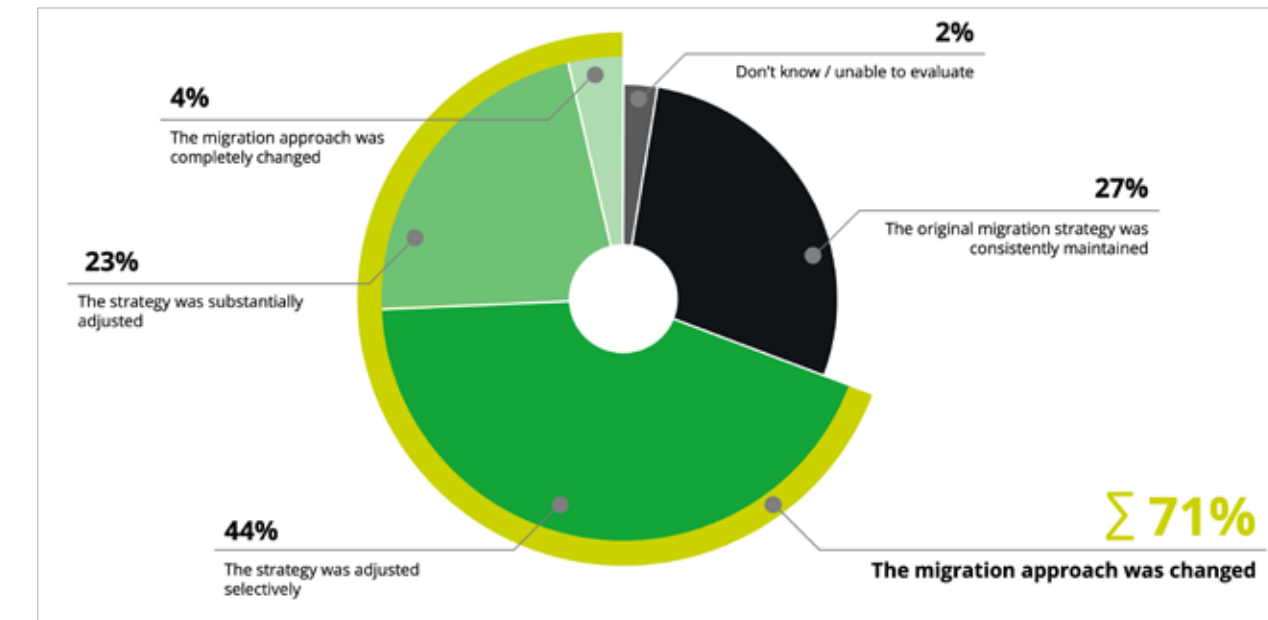


Figure 18: Was the strategy changed during the migration?

71%
changed their approach
to migration

Has the operating model changed in favor of the cloud?

Yes – and this has been the case for years.

In the first three editions of the Transformation Study (2022–2024), around 55% of organizations reported using more cloud services after their transformation than before. Last year, that figure increased to 65%. In 2026, it remains virtually unchanged at 64.9%, confirming that cloud adoption has reached a consistently high level.

The results also reveal an interesting difference across management levels. Senior executives are more likely to believe that cloud usage has remained unchanged. Department and business unit leaders see a different picture:

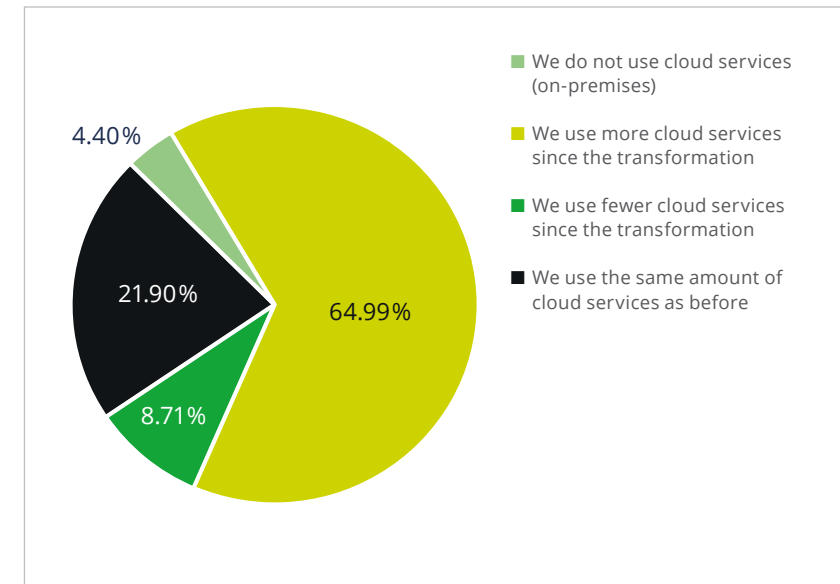


Figure 19: Did the transformation involve a shift of the operating model to the cloud (in whole or in part)?

71.2% report that cloud usage has increased. Those closer to day-to-day operations experience the impact of cloud adoption more directly.

Regional differences are equally striking. In previous years, the United Kingdom (73.0%) and the United States (68.4%) led the way in cloud adoption. This year, Eastern Europe takes the lead at 72.9%, followed closely by the United Kingdom at 69.0%. The DACH region ranks last by a considerable margin, with 52.9% reporting increased cloud usage after their transformation. At the same time, 30.5% say their cloud usage has remained unchanged, suggesting that many organizations in the region had already invested heavily in cloud technologies before beginning their transformation.

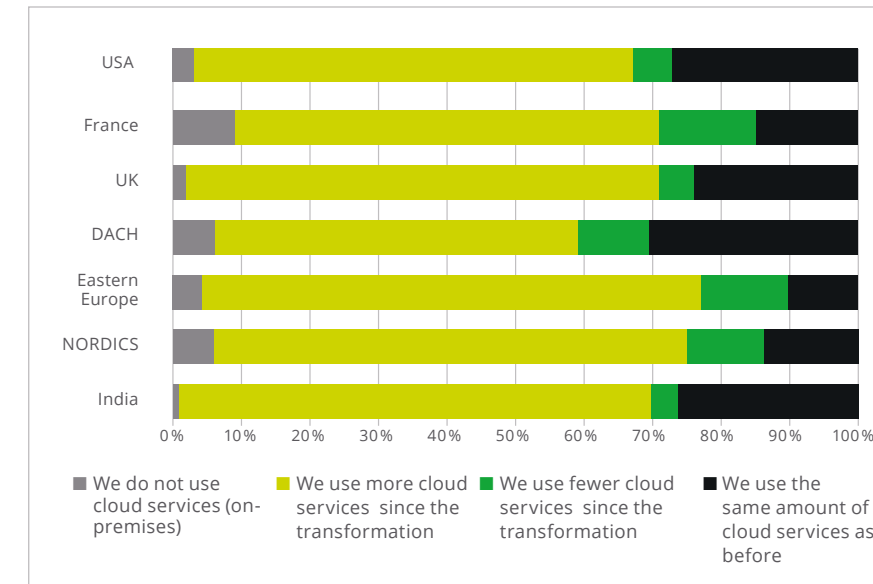


Figure 20: Regional comparison of cloud operating model changes

Why did you choose the cloud?

The cloud is no longer an experiment – it has become the strategic standard. But what motivates organizations to make the move?

The leading reason, cited by 47.4% of respondents, is faster and easier access to technological innovation – particularly AI. It ranks well ahead of every other factor.

The second and third most important reasons are almost tied: data security at 37.7% and greater flexibility and adaptability at 37.6%.

The message is clear. Organizations no longer see the cloud as just a technology upgrade. They see it as a strategic enabler for building more resilient, agile, and innovation-driven IT landscapes.

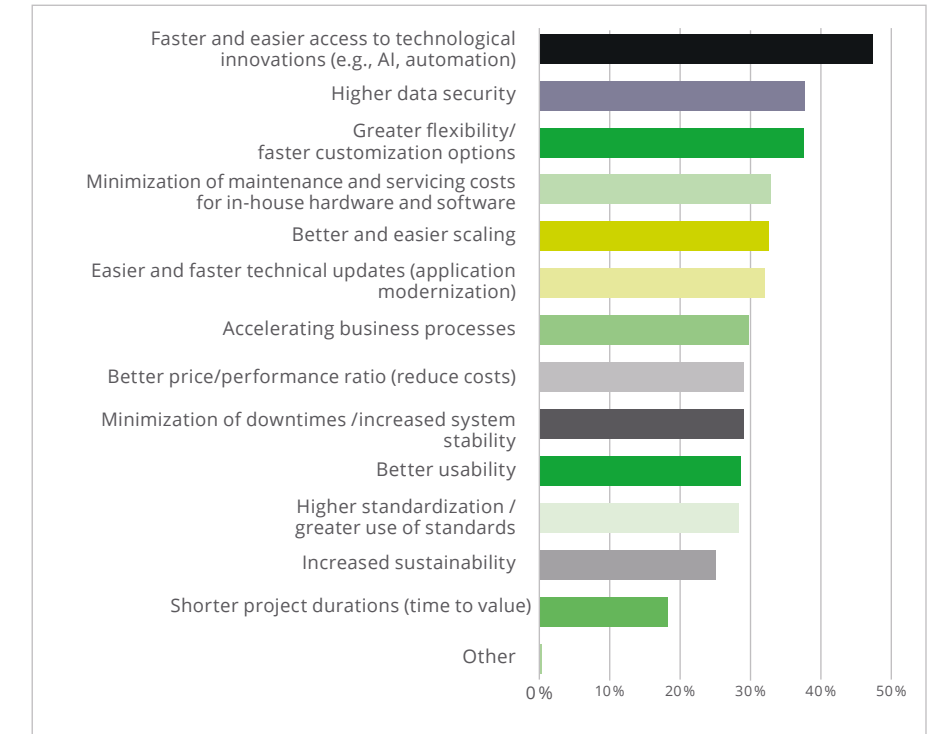


Figure 21: Why are you using more cloud services today?

What's the best way to approach a transformation project?

Project management may sound administrative, yet in transformations of this scale, it is a survival strategy. A total of 90.3% of organizations rely on agile or at least partly agile project management methods – a slight increase from 86.0% in the previous year. The most common approach is a hybrid model combining agile and waterfall methodologies, chosen by 52.8% of respondents. Fully agile approaches account for 37.5%, while the traditional waterfall model alone ranks a distant third at just 8.3%.



52.87%

A mix of agile and waterfall methodologies

The message is clear: organizations that still rely exclusively on waterfall are going against the trend. Regional preferences vary considerably. France is the strongest advocate of fully agile project management, with 61.3% of organizations choosing this approach – by far the highest share of any region. India, by contrast, makes relatively little use of fully agile methods (18.5%) and overwhelmingly favors the hybrid approach at 74.6%. The United States has the highest adoption of the traditional waterfall model at 13.6%, while France reports the lowest at just 1.9%.

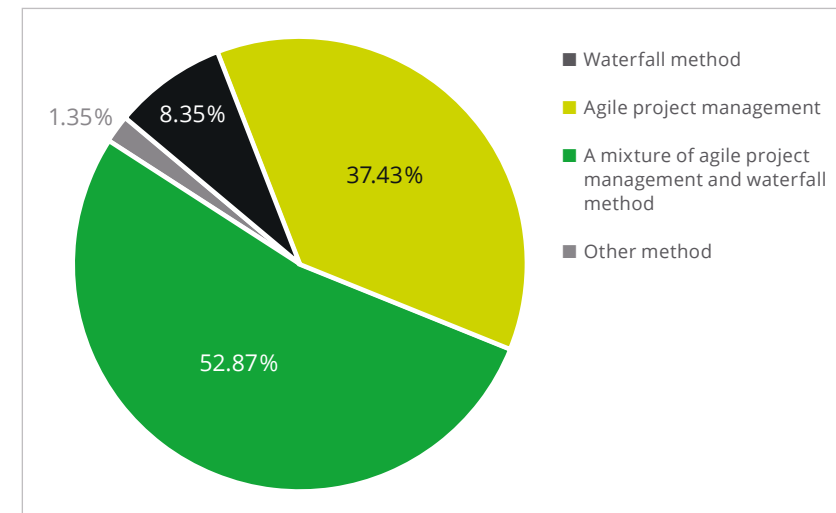


Figure 22: What project management methods did you use to plan, implement, and manage your transformation?

Did the project management approach change?

The short answer: in nearly two-thirds of projects – yes.

A total of 63.5% of respondents changed their project management approach at some point during the transformation. The most common shift was from agile to hybrid, cited by 24.2% of respondents. That tells an interesting story. Organizations often start with the best intentions to stay flexible, but eventually realize they need more structure – and adapt accordingly.

Overall, 36.0% moved away from a fully agile approach. Among those using waterfall, 27.6% changed methodologies during the project, with 15.6% switching to agile and 11.9% to a hybrid approach.

India shows the highest rate of change, with 81.8% of organizations adjusting their project management approach, followed by France at

75.7%. The DACH region is the most consistent, with only 42.0% making changes. In the United Kingdom, just under half of organizations (47.4%) switched approaches.

The DACH region reveals an especially interesting pattern. Around 13.0% moved from agile to hybrid in search of greater structure and control.

At the same time, 12.1% switched from waterfall to agile to gain more flexibility. Two seemingly opposite trends, yet both point to the same conclusion: there is no perfect project management approach.

Success depends on choosing the right approach at the right time.

Because every transformation has one thing that cannot move: the go-live date. At some point, the switch has to be flipped—no matter how agile the project has been.

Flexibility is not an end in itself. It only creates value when it serves the goal.

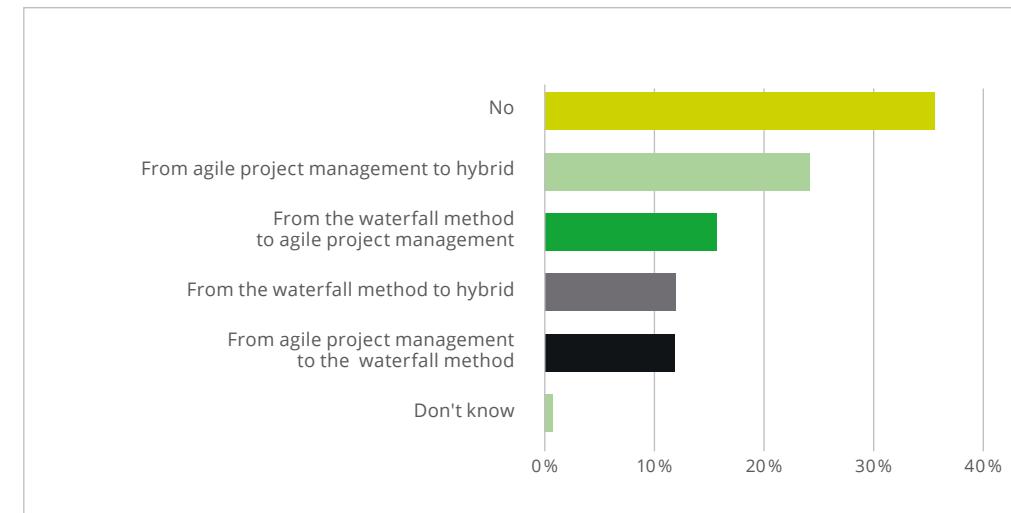
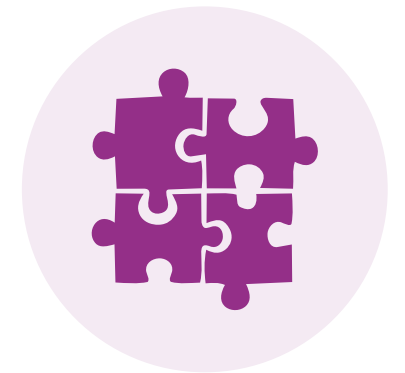


Figure 23: Did you change the project management method during the transformation project?



04 Category

Experience

Transformation can be planned on paper. In reality, it rarely unfolds as expected.

This chapter looks at what actually happened: what caught organizations by surprise, what they underestimated, what worked well – and what they would do differently the next time.

How well were the transformation goals achieved?

On average, organizations achieved 71% of their transformation goals. That is the honest answer to the question of the extent to which they actually accomplished what they had originally set out to do.

Not bad. But not exactly a reason to celebrate either.

Larger organizations perform slightly better than smaller ones. Companies with annual revenues of up to €349 million achieve an

average of 66.4% of their objectives. Mid-sized organizations reach 71.8%, while organizations with revenues exceeding €1 billion achieve 73.2%.

Regional differences are equally noticeable. The United Kingdom leads the ranking with an average goal achievement of 76.7%, closely followed by the United States at 76.5%. Eastern Europe ranks last at 61.1% – a significant gap compared with the other regions.

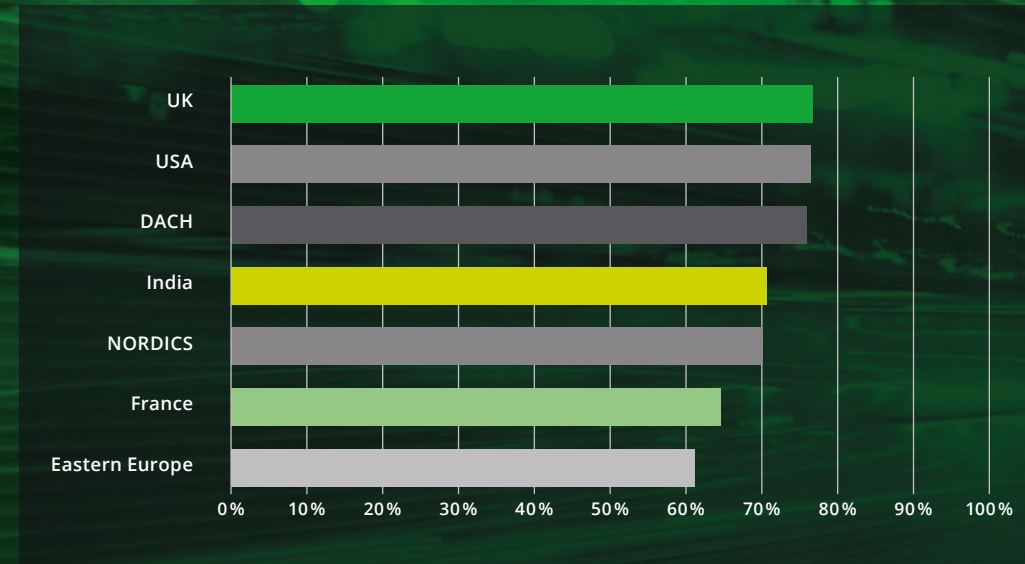


Figure 24: Regional comparison of goal achievement

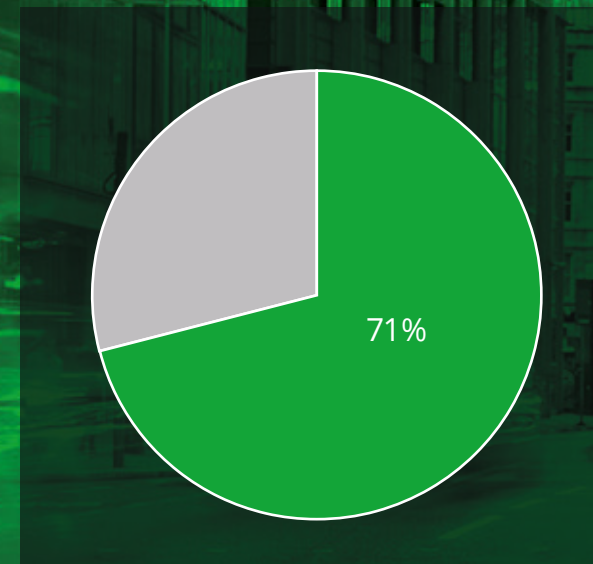


Figure 25: To what extent have you achieved your goals with the transformation?



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For me, the most exciting finding of the study is the AI paradox: AI is regarded as the most important driver of innovation – at the same time, data quality, test management, and governance are among the greatest challenges in transformation projects.

Michael Fichtner
CIO, FC Bayern München



76.3%
used AI

Was AI used in the transformation – and where?

A total of 76.3% of respondents used AI at some stage of their transformation. The more interesting question is: where?

The most common use case is technical analysis, cited by 63.4% of respondents. AI is no longer just an assistant – it has become an operational tool that directly supports execution. Close behind is data quality and migration at 59.8%. Meanwhile, 55.8% already use AI for strategic analysis and planning, making it not only an execution tool but also a foundation for decision-making.

One difference stands out. Organizations with annual revenues exceeding €1 billion are significantly more likely to use AI for quality assurance and testing, with 54.4% doing so compared with 39.4% of smaller organizations. Larger enterprises increasingly view AI as a way to scale transformation activities, while many smaller organizations have yet to fully realize its potential.

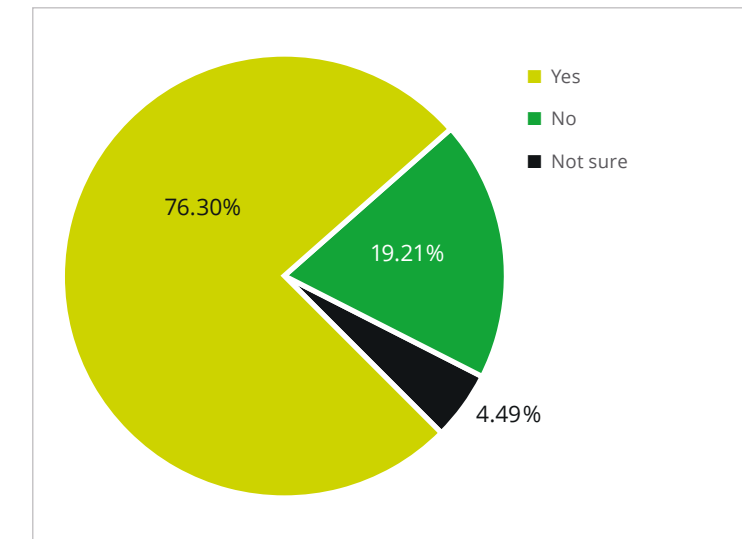


Figure 26: Was AI systematically used in your transformation project?

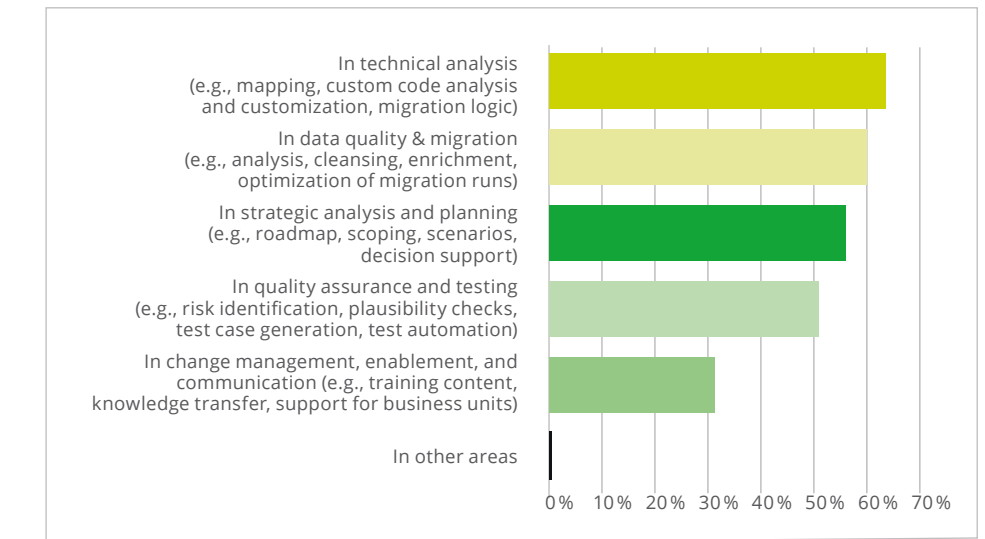


Figure 27: Where was AI systematically used in your transformation project?

What did the transformation actually cost?

More than planned. Almost every time.

A total of 82.2% of organizations exceeded their transformation budget. For more than half of them (50.8%), the overrun was between 1% and 19%. While relatively moderate, these figures highlight a clear pattern: budget overruns are the norm, not the exception.

Nearly one-third of organizations (31.4%) exceeded their budget by more than 20%, and 17.8% overshot it by more than 30%. Both figures have increased slightly compared to the previous year. Only 17.9% of organizations stayed within or below their planned budget, almost unchanged from last year's 17.6%.

Larger budgets do not provide greater protection against overruns – quite the opposite. Among projects with budgets between €20 million and €50 million, more than half (51.2%) exceeded their budget by over 20%. For projects with budgets between €1 million and €2 million, that figure drops to 22.7%. The reason is straightforward: larger budgets typically reflect more complex projects, and complexity is much harder to predict.

The migration approach also makes a difference. Greenfield projects are the most likely to exceed their budget, with 37.8% reporting overruns of more than 20%. Hybrid approaches perform best, with only 26.1% crossing the 20% threshold. This makes Selective Data Transition and hybrid migration approaches the most budget-friendly options. Regional differences are equally pronounced. The United Kingdom performs best, with 25.2% of organizations staying within budget, followed by the Nordics at 21.6%. At the other end of the spectrum is

India, where 57.6% of organizations exceeded their budget by more than 20%—by far the highest rate worldwide. Eastern Europe follows at 33.1%. The data also delivers another clear message. Organizations that struggled during the planning phase to develop a robust transformation strategy or establish the right project methodology were significantly more likely to exceed their budget by more than 20%, with 40.5% falling into this category.

Good preparation pays off. Poor preparation does too—just in a very different way.

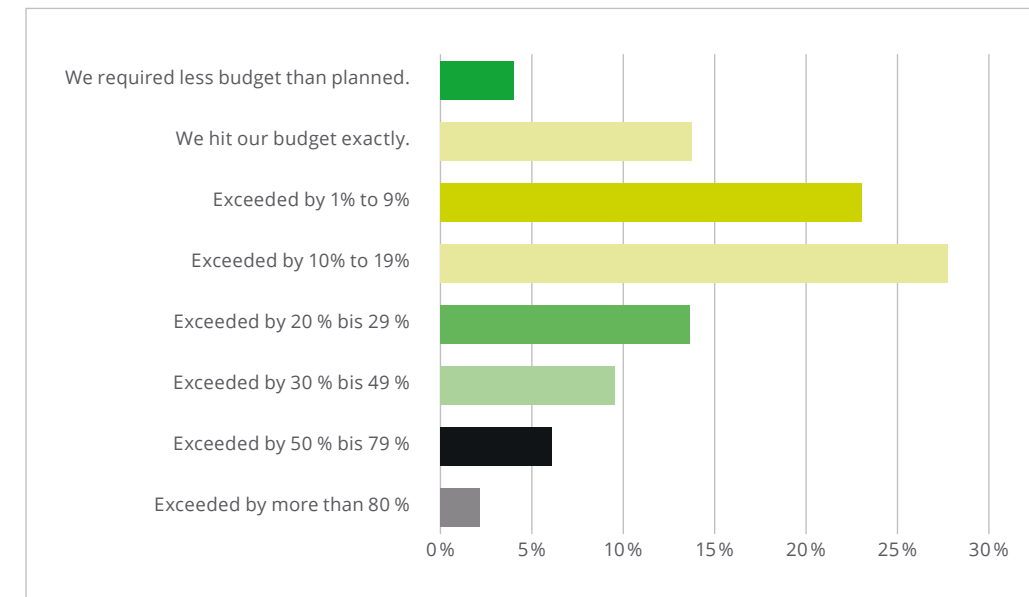


Figure 28: How far did you exceed your budget?



Was the timeline met?

A similar picture emerges when it comes to project timelines – with one small bright spot. A total of 79.5% of organizations exceeded their planned timeline. Among them, 43.7% reported delays of more than 20%, down slightly from 44.8% in the previous year. It is only a modest improvement, but an improvement nonetheless. The most common delay falls between 10% and 19%, cited by 23.8% of respondents. Meanwhile, 20.5% of organizations completed their transformation on or ahead of schedule – virtually unchanged from the previous year. The pattern is similar to budget performance. The longer a project is planned to run, the more likely it is to exceed its timeline. The larger and more complex the transformation, the more unforeseen challenges arise. That is not an excuse. It is mathematics.

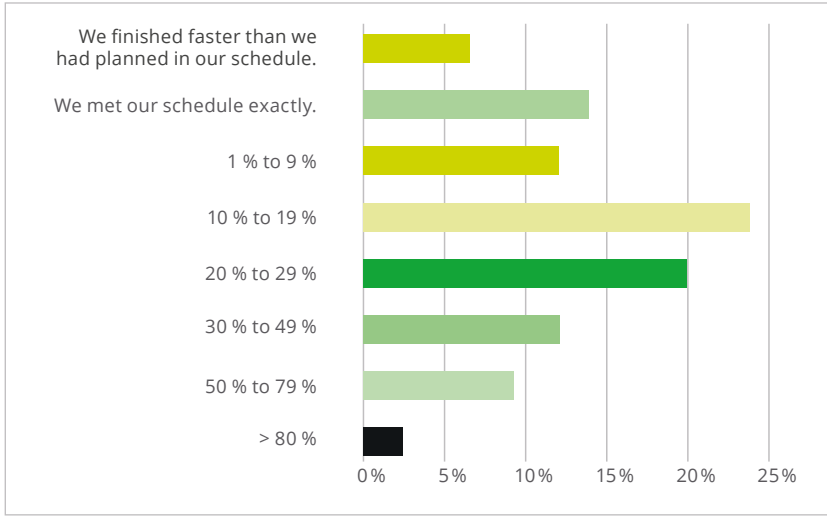


Figure 29: How much longer did the project take than planned?

Regional differences are once again significant. India reports the largest schedule overruns, with more than half of all organizations experiencing delays of over 20%. France follows at 45.2%. The United Kingdom performs best, where only 32.3% of organizations exceeded their timeline by more than 20%.

Which measures had the greatest impact?

Success depends on both technical and organizational measures. And compared to last year, priorities have shifted slightly. On the technical side, improving system and data security ranks first at 55.3% – a significant increase from 47.0% in the previous year. This reflects more than just the growing number of cyberattacks. It also highlights the increasing importance of data and technology sovereignty. Data security is no longer simply an operational safeguard – it has become a strategic foundation for resilient and controllable IT environments. Second place goes to improving data quality, followed by establishing and testing dedicated test environments. The latter moves up from fourth place last year, while IT environment analysis drops from third to fourth, with the two measures effectively swapping positions.

Regional differences are also evident. India (66.8%) and the United Kingdom (64.5%) place the greatest emphasis on improving system and data security, while Eastern Europe ranks lowest at 42.4%. On the organizational side, developing new skills remains the top priority at 39.6%, unchanged from the previous year. Second place goes to introducing cross-functional reporting and project management structures at 38.1%, followed closely by optimizing project management at 37.6%.

More than one in four organizations (27.7%) rely on managed service providers to support their transformation projects. Why? The main reasons are regulatory requirements (61.5%), the need for 24/7 operations (58.9%), and resource constraints (49.5%). External partners are no longer seen as a temporary solution. They have become strategic extensions of the project team, providing specialized expertise that is often unavailable in-house. Larger organizations are also more likely to invest in cross-functional communication (40.5%) and external consultants (31.9%) than smaller organizations, where the figures are 29.1% and 20.4%, respectively. This is hardly surprising. Larger transformations require greater coordination and additional specialist support.

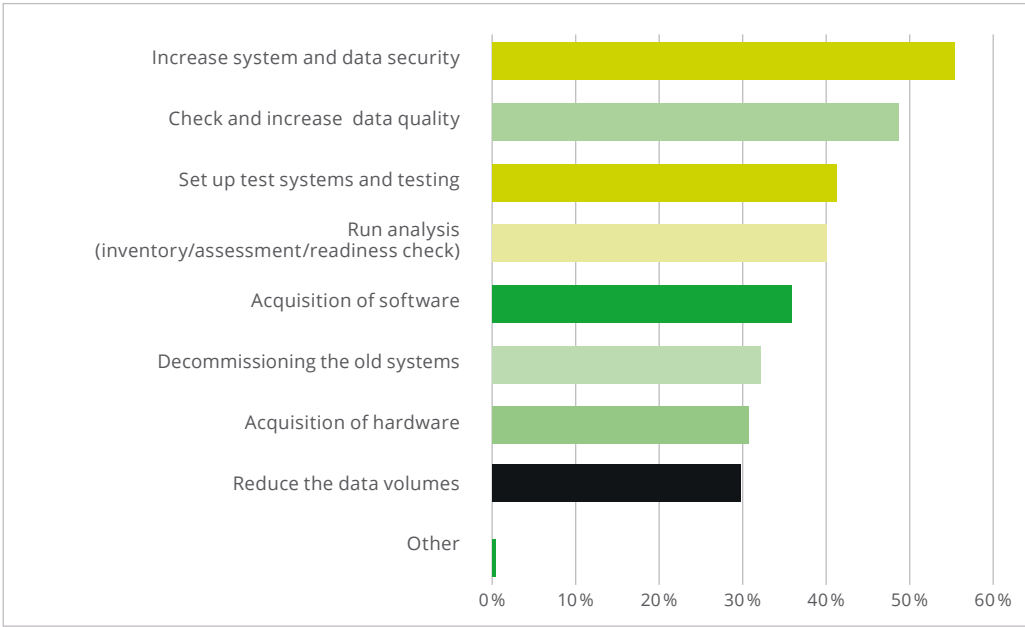


Figure 30: Which technical measures were of decisive importance in the transformation process?

Regional differences are equally noticeable. The United Kingdom places the strongest emphasis on establishing effective communication structures, with 50.3% of organizations identifying this as a key success factor. The figure drops to 33.8% in the DACH region and just 26.3% in Eastern Europe. Building new capabilities is particularly important in the United States, where more than half of organizations identify it as a critical success factor. In France, by comparison, only 31.0% do so.

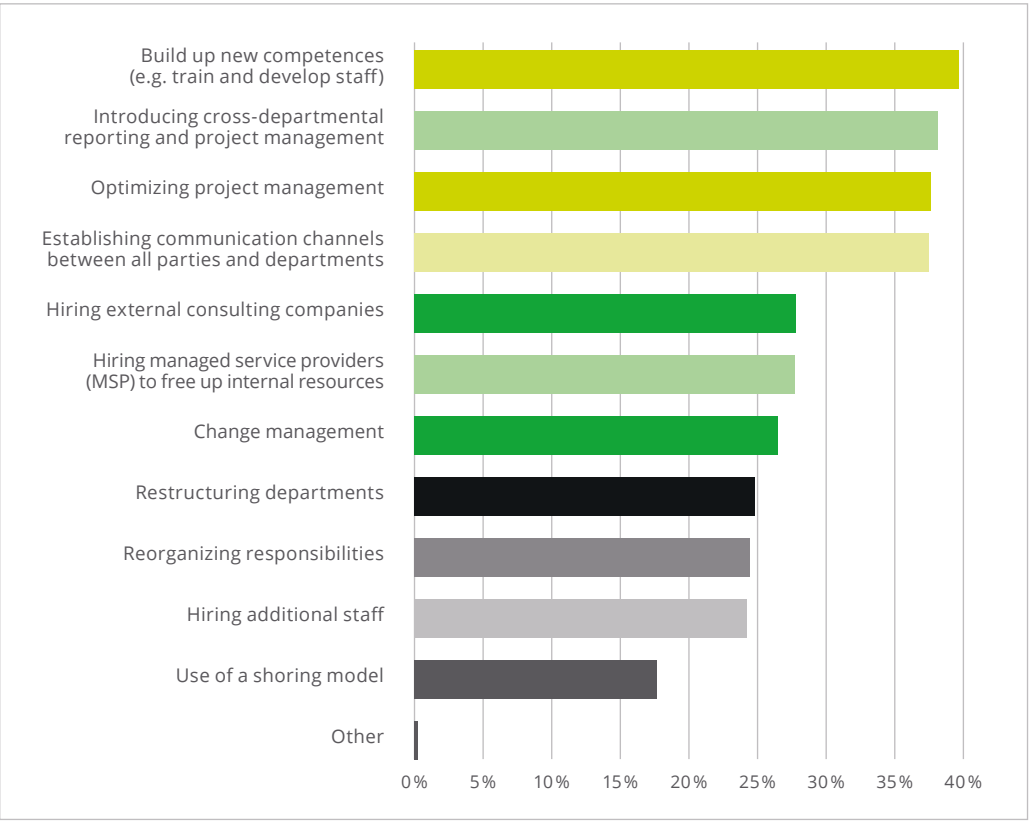


Figure 31: Which organizational measures were of decisive importance in the transformation process?

What came as the biggest surprise?

Data quality tops the list once again at 26.4%. Since 2022, it has ranked number one every single year. Every. Year. What goes unnoticed in day-to-day operations becomes impossible to ignore during a transformation: inconsistent data, duplicates, and missing standards. And every time, it catches organizations off guard.

The biggest surprise comes in second place: meeting regulatory requirements at 23.9%, up from eighth place last year. A remarkable jump. Compliance cannot simply be transferred to a new system. Regulatory requirements are often addressed too late, while new technologies introduce additional obligations that many organizations fail to anticipate.

Test management ranks third at 23.5%, up from fifth place last year. As system environments become more connected and interfaces more complex, testing effort is consistently underestimated. Limited automation, unclear responsibilities, and late test planning only make matters worse. Organizations that treat testing as an afterthought pay the price.

The larger the organization, the bigger the surprise. Only 18.0% of organizations with annual revenues of up to €349 million identify test management as an unexpected challenge, compared with 25.2% of organizations generating more than €1 billion in revenue. The more complex the landscape, the greater the shock.

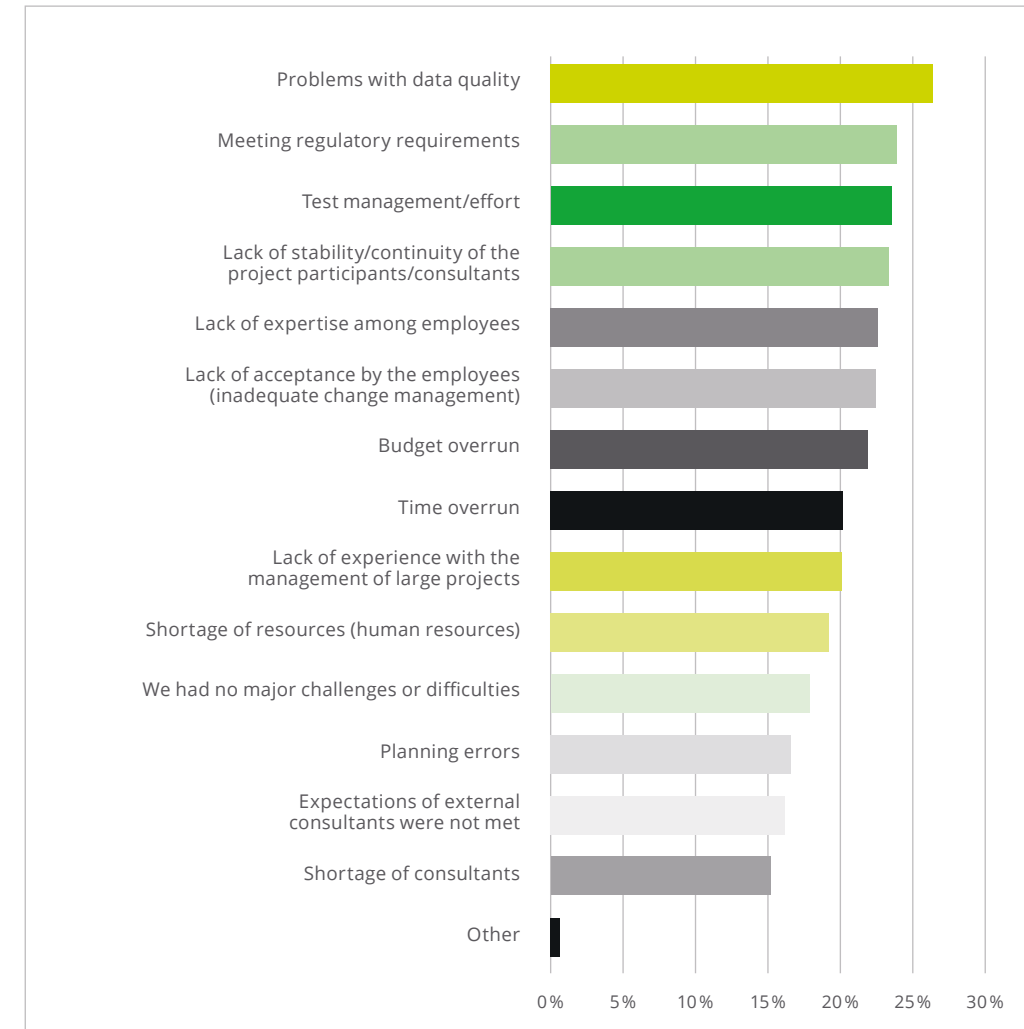


Figure 32: What challenges and difficulties surprised you during the transformation process?



What was most underestimated?

First place is shared by two topics, each cited by 32.4% of respondents: technical implementation and testing. Testing ranked fourth last year. Now it tops the list.

What already emerged in the previous section becomes even clearer here: testing is the most underestimated aspect of IT transformation. Even though, by now, it should no longer come as a surprise.

Project planning ranks third at 30.2%, unchanged from the previous year. Fourth place goes to communication across departments at 29.6%. Company size also makes a difference. Large organizations are far more likely to underestimate resource planning, with 29.7% citing it compared with just 18.9% of smaller organizations.

Regional differences are equally revealing. The United States and the United Kingdom are the only two regions where testing is underestimated more often than technical implementation. Everywhere else, the opposite is true.

32.4%

Technical implementation +
testing

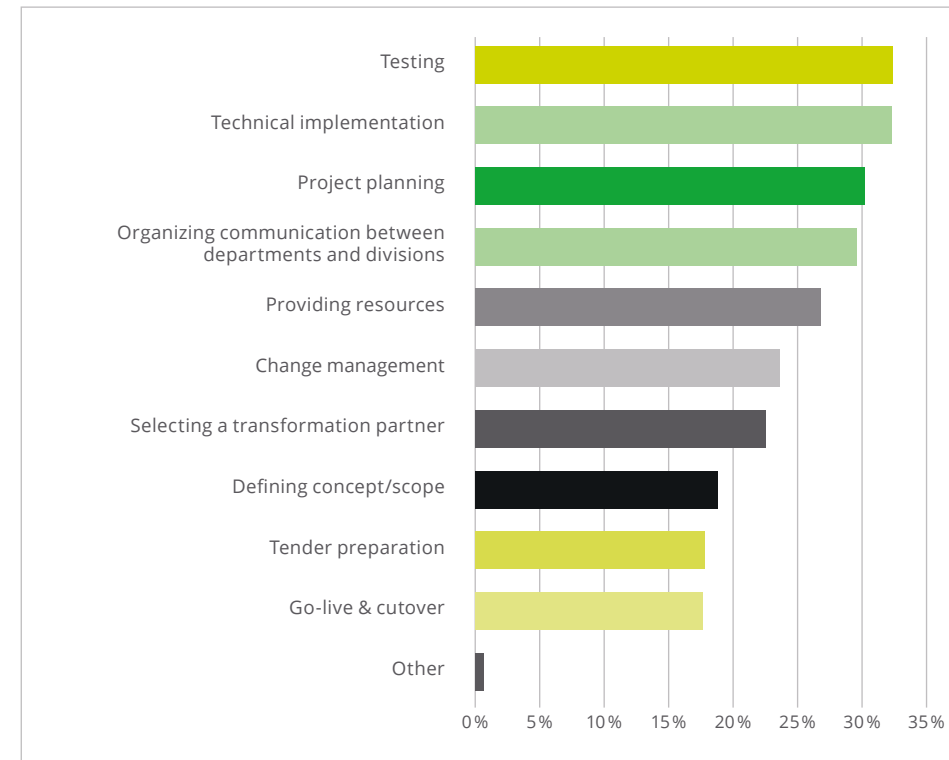


Figure 33: Which part of your transformation project did you underestimate the most?

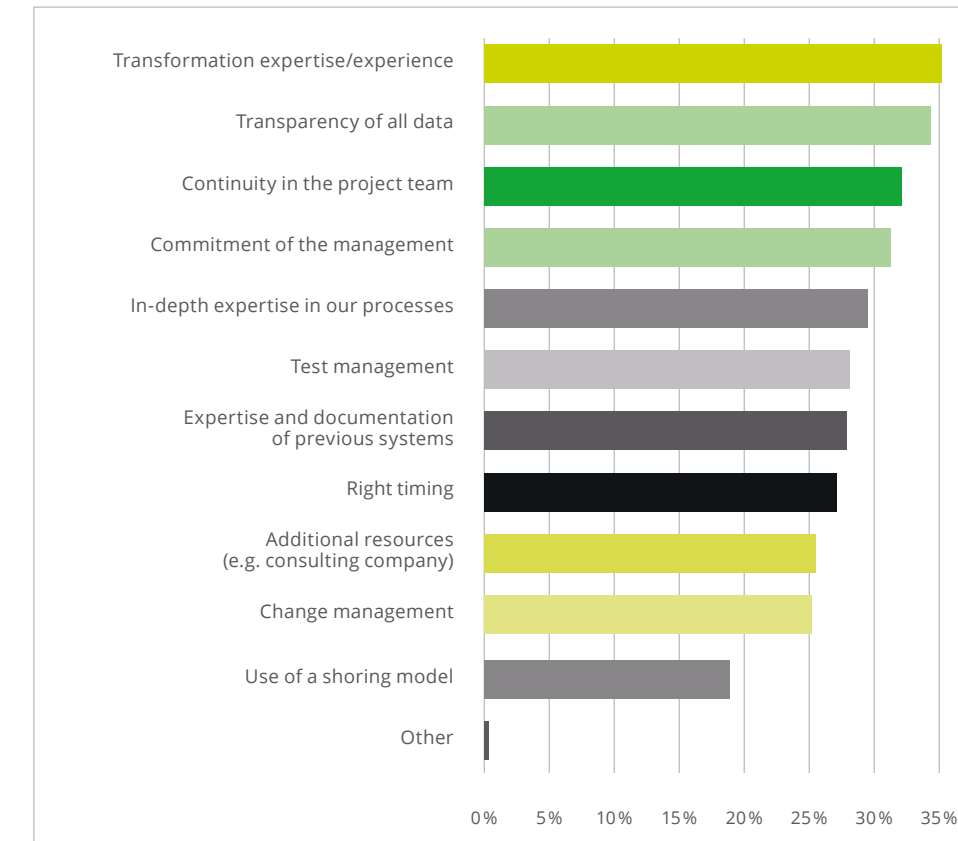


Figure 34: What were the most important success factors in the transformation process?

What separates successful transformations from unsuccessful ones?

The number one success factor, cited by 35.2% of respondents, is transformation expertise. Ranked second last year, it now takes the top spot. Organizations that truly understand the complexity of transformation make better decisions, identify risks earlier, and manage projects more effectively.

Second place goes to transparency across all relevant data at 34.4%, up from third place last year. You cannot transform what you do not understand. As AI becomes increasingly important, data transparency becomes even more critical. Reliable AI depends on consistent, high-quality data.

Third place goes to continuity within the project team at 32.1%. The United Kingdom stands out with a different perspective. There, management commitment ranks as the most important success factor at 45.8%, followed by team continuity. UK organizations tend to take a stronger top-down approach to transformation. Without visible executive support, projects struggle to gain the momentum they need.



Was the go-live delayed?

A total of 42.9% of respondents had to delay their go-live. Nearly one in every two organizations.

The older the system landscape, the more likely the delay. Among organizations replacing systems that were 16 to 20 years old, 65.3% postponed their go-live. For systems between 6 and 10 years old, that figure drops to just 37.0%.

The migration approach also has a significant impact. Only 37.0% of brownfield projects delayed their go-live, compared with 57.4% of greenfield projects.

The larger the project budget, the greater the likelihood of a delay – another reflection of increasing project complexity. One exception stands out: projects with budgets between €5 million and €10 million perform particularly well, with only 31.6% postponing their go-live. This appears to be the sweet spot where project scope and predictability are best balanced.

The strongest predictor of an on-time go-live, however, is methodological stability. Among organizations that did not change their project management approach, 76.3% met their planned go-live date. For organizations that kept their original migration approach, the figure is 63.5%.

Good planning leads to more punctual go-lives.

42.9%

postponed the go-live

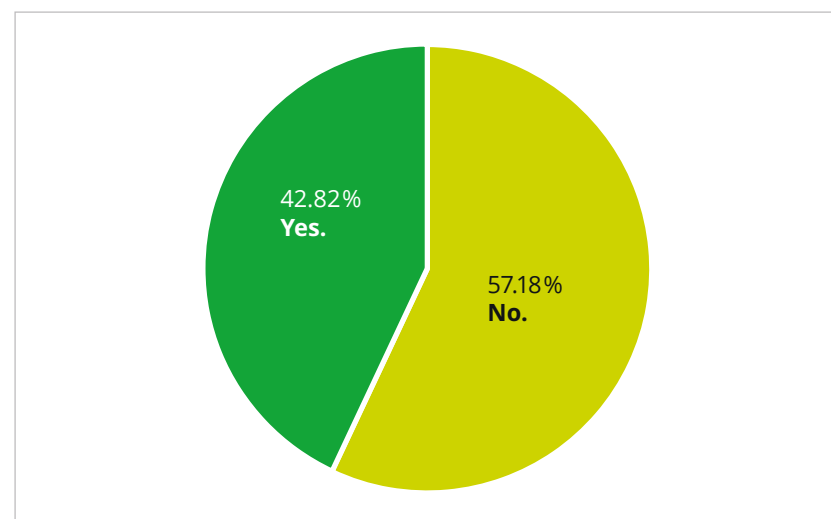


Figure 35: Did you have to postpone your go-live?



What was the most important outcome of the transformation?

Despite all the strategic ambitions – AI, innovation, and data sovereignty – improving efficiency remains the most frequently cited transformation outcome at 29.5%. It is followed by increased innovation at 19.1% and greater flexibility at 15.2%.

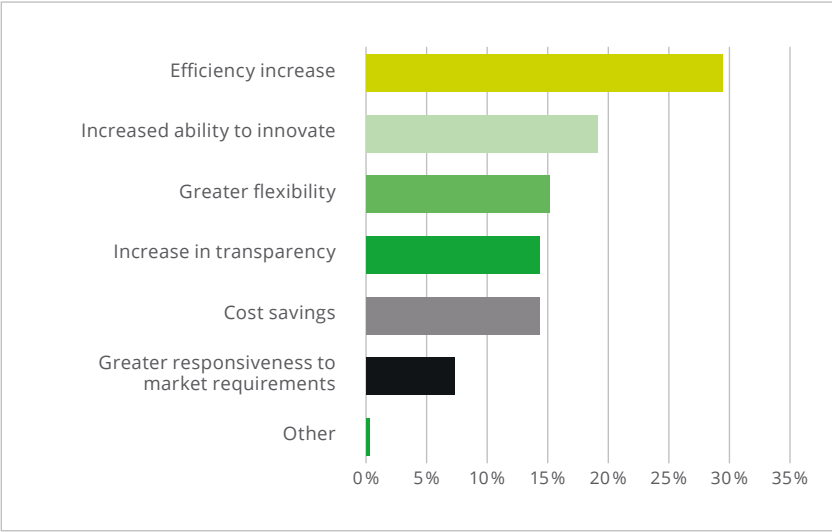


Figure 36: What was the most important result/success of your project?

There is no contradiction here. Efficiency is the short-term business case. It justifies the investment and creates the operational capacity for what comes next. Innovation and flexibility deliver their value over the longer term. The motivation for transformation is changing. The way organizations measure success is still catching up.

29.5%

Increased efficiency



”

Many companies are currently investing heavily in AI initiatives. However, the study also shows that those who cannot get their data quality and system complexity under control will struggle to generate sustainable business value from AI.

Frank Reitmayer,
Board Member, EnBW Ostwürttemberg DonauRies AG



Where did the transformation reduce costs?

Among organizations that identified cost reduction as a key transformation driver, we asked a follow-up question: where were savings actually realized?

The clear winner is IT infrastructure, cited by 48.1% of respondents. It is followed closely by system landscape harmonization at 35.6% and reducing data volumes at 35.0%.

The message is clear: consolidation pays off.

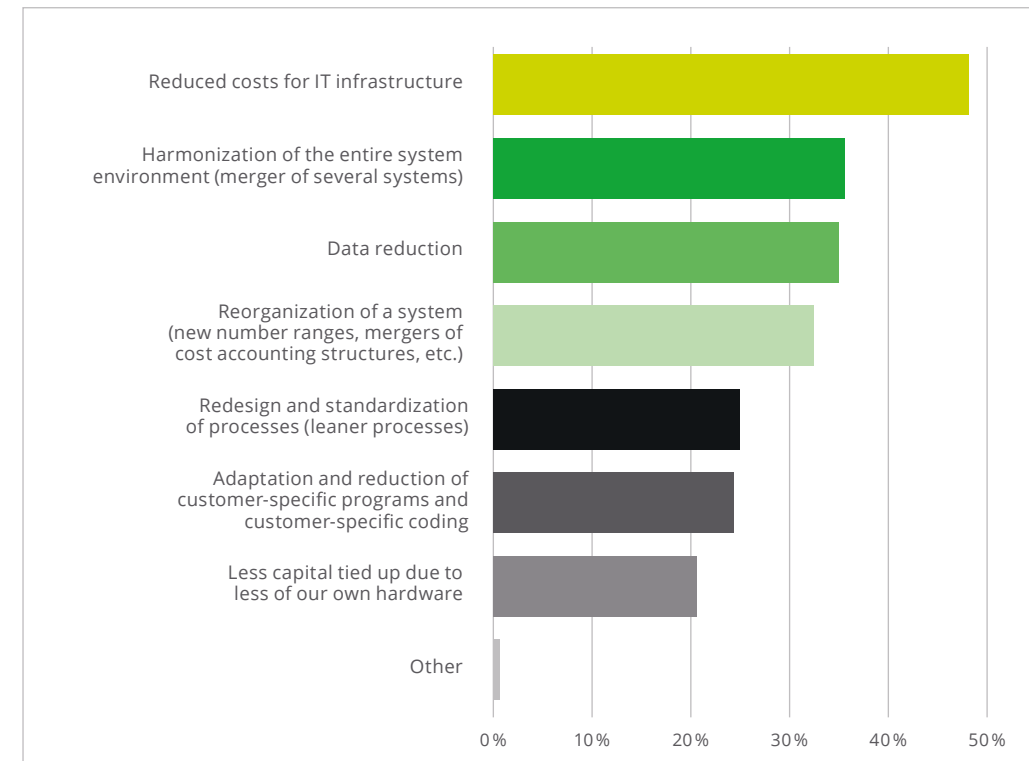


Figure 37: Where did you actually achieve cost reduction effects?

48.1%

IT infrastructure

What would organizations do differently next time?

For the first time, we included AI as a response option to this question. It immediately claimed the top spot. A total of 34.2% of respondents say they would make greater use of AI in future transformations. It wasn't even an option last year. Now it ranks first. That says a lot.

Second place goes to placing greater focus on the most critical business processes after migration (32.4%). Third is improving cross-functional communication (32.2%) – a recurring theme whose importance is confirmed year after year. Fourth is investing more in data quality (30.0%), up from seventh place last year. Experience is clearly changing priorities.

Company size also influences the results. Large organizations with annual revenues exceeding €1 billion prioritize communication (36.7%) even ahead of AI. Mid-sized organizations focus primarily on stabilizing business processes after migration. Smaller organizations place the strongest emphasis on AI, with 34.5% identifying it as their top priority for future projects.

Regional differences are equally striking. India leads by a wide margin, with 51.2% of organizations planning to make greater use of AI in future transformations. In the United States, improving communication ranks first at 41.3%. In the DACH region, the top priorities are closely grouped: data quality, resource planning, and communication, each cited by around 28% of respondents. Organizations in the Nordics would primarily allocate more resources and allow more time, both at 35.3%. In the United Kingdom, the top priorities are more time (37.4%), greater use of AI (37.4%), and additional resources (36.1%). Eastern Europe focuses primarily on allocating more resources (29.7%) and placing greater emphasis on business processes after migration (28.8%).

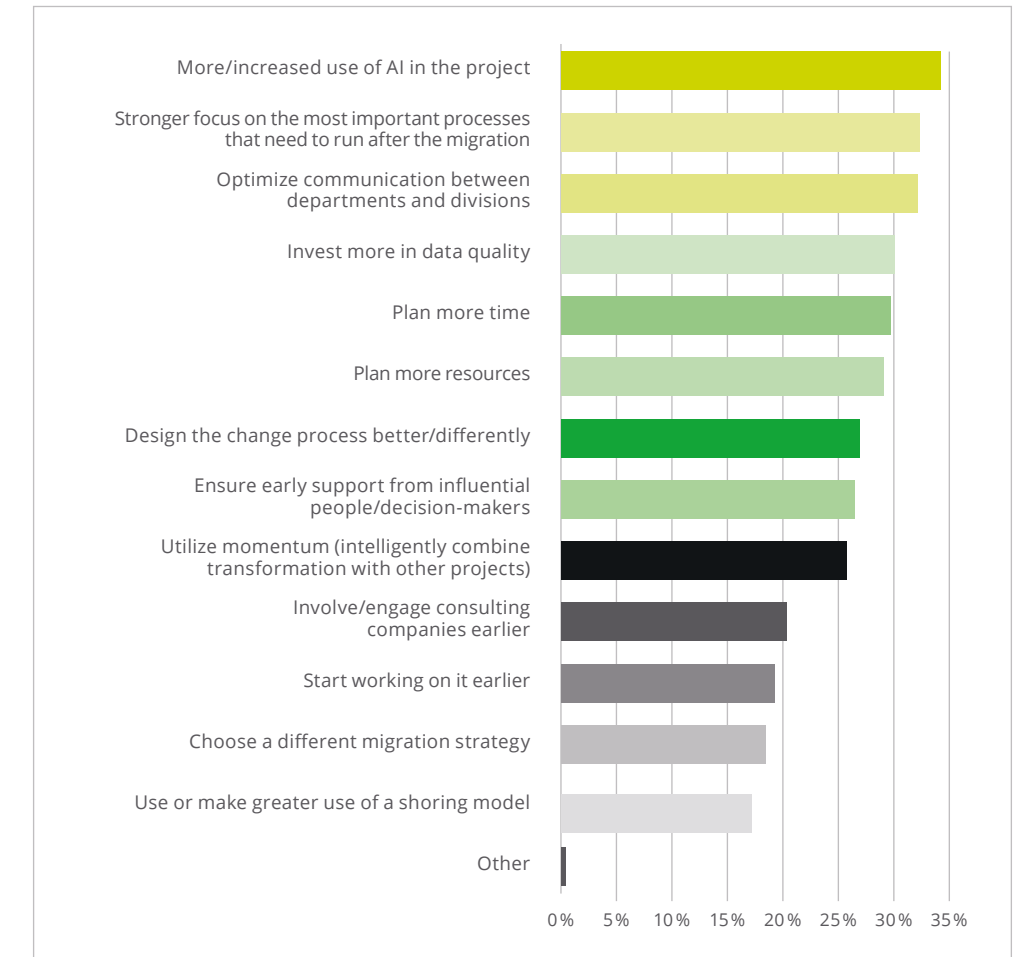


Figure 38: What would you do differently today as part of the transformation process?

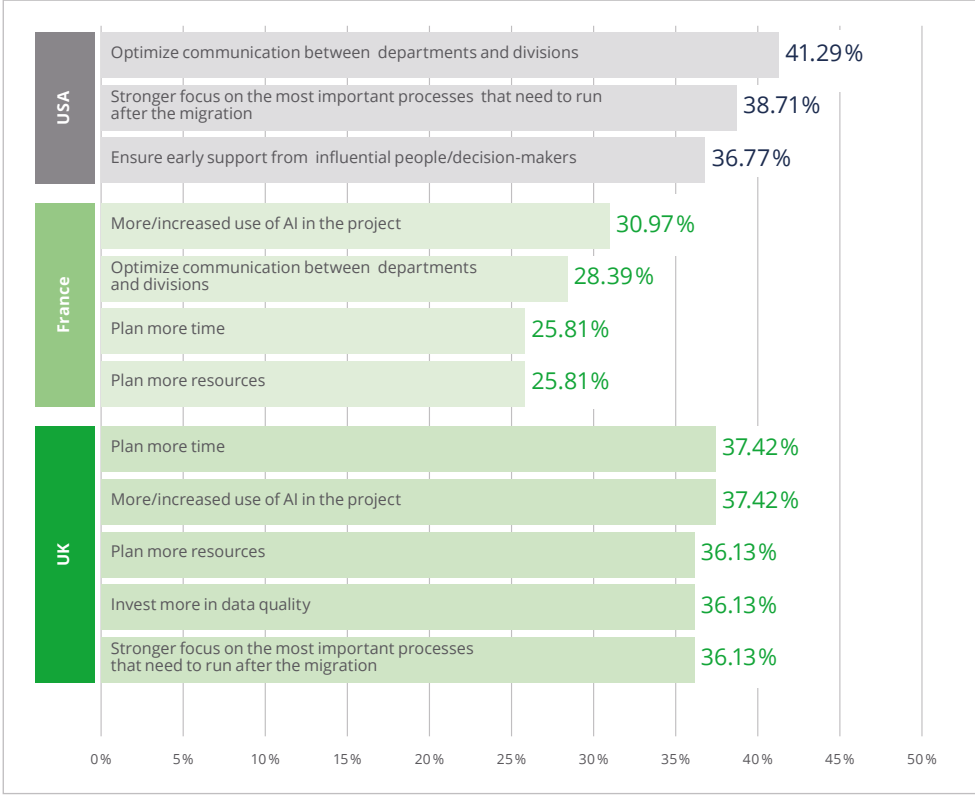
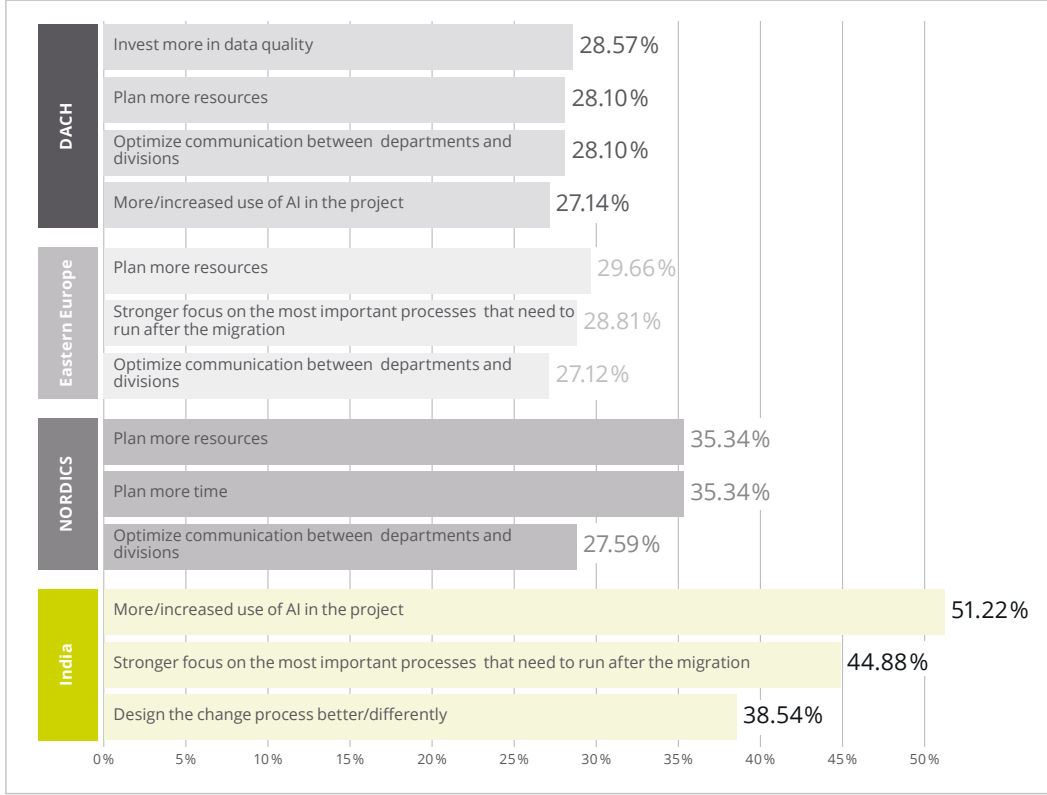


Figure 39: Improvement potential for future transformations by region



Five years of the Transformation Study – what we've learned

This is not just another chapter.
It is a look back at five years of questions, answers, and insights from

more than 4,000 decision-makers across 15 countries – all of whom have experienced one thing: an IT transformation.

What did five years reveal?

A fundamental shift has taken place.
Not overnight. But it is impossible to miss.
In 2022, organizations transformed because they had to. Rising cost pressure, aging systems, and restructuring were the primary drivers. Today, they transform because they want to. To innovate. To harness AI. To stay competitive.

Cost reduction, once the number one reason for transformation, has dropped to fifth place. AI, barely a consideration five years ago, now ranks first.

What has not changed is data quality. It has been the number one challenge for five years in a row.
That is no coincidence. It is a structural problem.

Transformation never stops.

The next five years will raise new questions. AI will no longer be the newcomer, it will be the foundation. What the next unresolved challenge will be, we'll find out.



NatuviON Offices

Germany

NatuviON GmbH

- Altrottstraße 31
69190 Walldorf (Headquarter)
- Berlin
 - Munich
 - Leipzig

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