



Plugged In: Accelerating progress in power & utilities IT

Part 1: 2018 Harvey Nash CIO Survey Results on where Utilities IT stacks up against other industries



In this edition of KPMG Global Energy Institute's *Plugged In*, we asked Tim Gunter to discuss the recent [2018 Harvey Nash CIO survey results](#)¹ and how Utilities IT stacks up against other industries. This is the first part of a two-part interview.

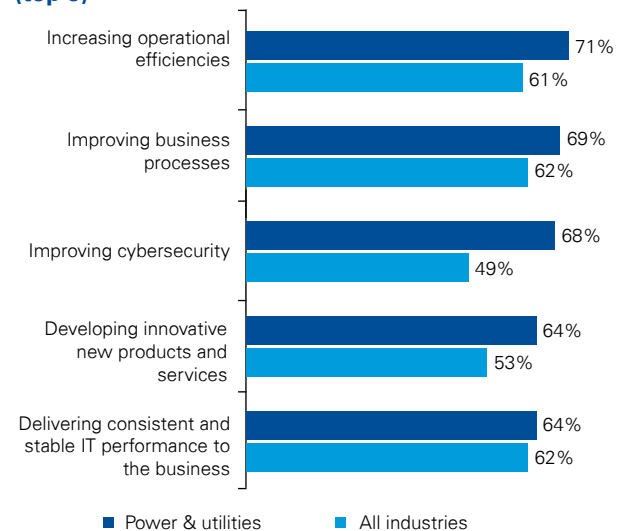
Utilities are often characterized as lagging other industries in IT innovation and operational maturity. Is it accurate?

That's an unfair stereotype. The utility industry has a long history of innovation in delivering its services—including energy management with commercial and industrial customers and demand response with residential customers. Information technology has been foundational to achieving these successes. However, the fundamental business model, along with certain regulatory hurdles, can place barriers to IT agility and responsiveness. It has created a laggard position for the utility industry in several areas.

Utility boards continue to prioritize “improving cybersecurity” at a much higher rate than what is seen in other industries. Beyond HIPAA and PII, utilities must also deal with assets defined as critical to reliability of the grid. With NERC CIP guidelines continually evolving, utility CIOs must dedicate an increasing amount of budget to compliance initiatives.

This extreme focus on security has contributed to a go-slow approach to the cloud. Couple that with the historical focus on capitalizing software for regulatory recovery and you create a situation where utilities are far behind in cloud adoption.

What are the key business issues that your management board are looking for IT to address? (top 5)



“Technology has evolved from something that happens in the data center to something that happens on people’s desks through cloud and SaaS apps.”

Amitabh Apte
Director – Digital Foundations Integration
Mars, UK

The survey finds that the cloud business case is stacking up across more than 70 percent of all industries by reducing complexity in infrastructure and application portfolios. As board members continue to press utility CIOs to increase operational efficiencies, they are missing an important tool in the IT shed.

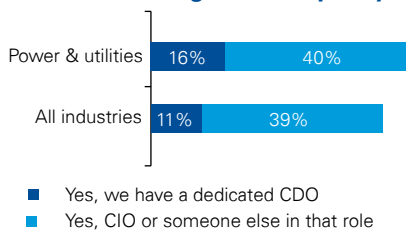
¹ [Now in its 20th year, the Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\\$300 billion of IT budget spend.](#)

But cutting costs is not enough; power and utility companies also want to deploy innovative new products and services and are demanding that IT play its part in those efforts (64 percent of utility boards prioritize innovation versus 53 percent in other industries). Across industries we are seeing the monetization of metadata—information about the company’s products and services that can increase their value and drive both top- and bottom-line growth. While IPPs and providers in deregulated markets are making headway, regulated utilities continue to face headwinds in charging for value-added information services.

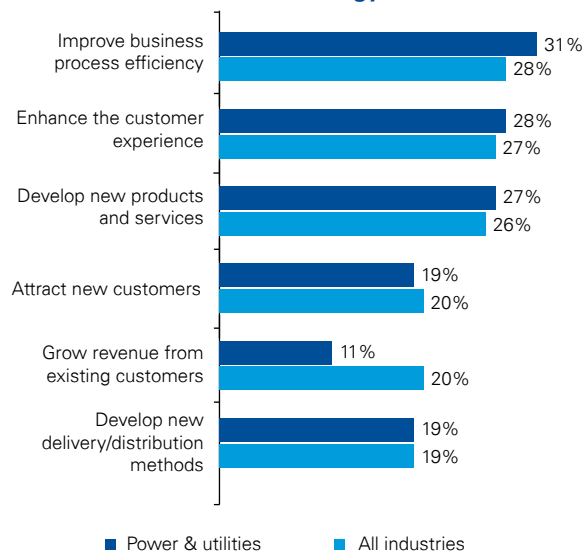
Where are utilities CIOs taking a leader position?

Digital is a key focus with power and utility technology executives. They are making significant investments and commendable progress in helping their business partners adopt digital technologies, with more utilities identifying a chief digital officer than respondents across all industries. They are also more likely to maintain an enterprise-wide digital business strategy with nearly two-thirds of P&U companies having a clear vision and roadmap for digital.

Does your organization have a chief digital officer or someone serving in that capacity?



Overall, how effective has your organization been in using digital technologies to advance its business strategy?



About the Global Energy Institute The KPMG Global Energy Institute (GEI) is a worldwide knowledge-sharing forum on current and emerging industry issues. Launched in 2007, the GEI interacts with its over 30,000 members through multiple media channels, including audio and video Webcasts, publications and white papers, podcasts, events, and quarterly newsletters. To become a member, visit www.kpmgglobalenergyinstitute.com.

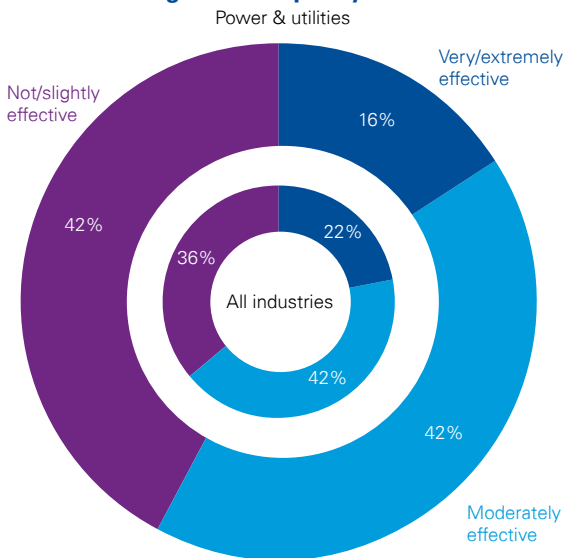
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But strategies are of little value unless they are executed successfully. Utilities rate themselves lower than others when it comes to using digital technologies, with more saying they are not effective and fewer saying they are extremely effective. Based on our experience working across multiple industries, we think they are being a bit too hard on themselves. They are actually making good progress in developing new delivery and distribution models and are ahead of their peers in improving process efficiency. And with an emphasis on the middle office—field services, vegetation management, substation maintenance, etc.—utilities are pioneering digital opportunities in ways from which other industries can learn.

It’s also a good sign that utilities are leading in business relationship management. Utilities rate themselves higher on how effective they are at integrating core business systems with newer digital technologies and redesigning business processes to take advantage of digital. This only happens when IT and the business are closely aligned on goals and outcomes in a give-and-take relationship that benefits both. This mutual trust is most likely why P&U companies are also slightly ahead on hiring and developing digital skills. These capabilities are proliferating throughout enterprises, but utilities IT seems to be getting its fair share of digital talent.

Does your organization have a chief digital officer or someone serving in that capacity?



In Part 2 of this discussion, Tim Gunter will address what these results mean for utilities IT and its future.

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