

CIO Survey 2016

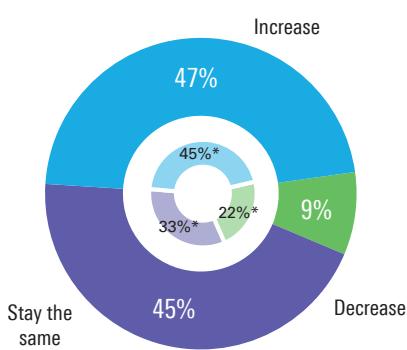
Business and Professional Services Sector Findings

The Harvey Nash / KPMG CIO Survey is the largest IT leadership study in the world. Almost 3,400 respondents across 82 countries representing over US\$200bn of IT budget spend.

This **Business and Professional Services industry** sector snapshot provides survey responses from over 290 business and professional services companies on some of the key topics and highlights several areas where this sector's responses were significantly different from those from across all industries.

KEY TOPICS

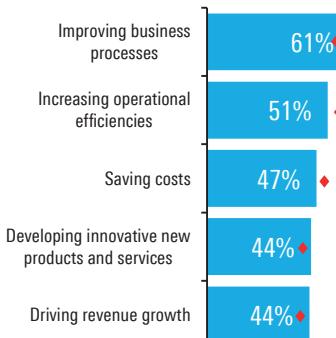
Looking forward, over the next 12 months, do you expect your IT budget to?



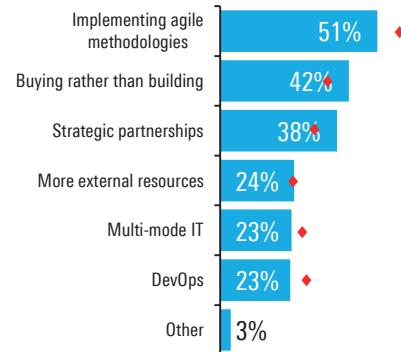
Business and professional services companies are **slightly more optimistic about their IT budgets** for next year than the all-industries average, with 47% of respondents expecting an increase in their IT budgets vs. 45% for all industries.

*All-industries average

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



What steps are you taking to become more agile and responsive?



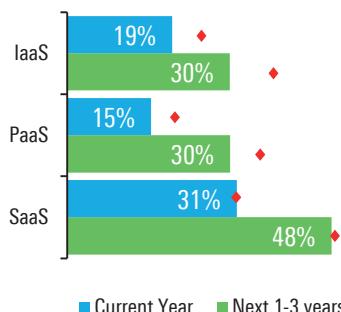
To become more agile and responsive, business and professional services firms are **more likely to use strategic partnerships** (38% vs. 32% for all industries), and **less likely to use DevOps** (23% vs. 28%) and **multi-mode IT** (23% vs. 27%).

Business and professional services companies **tend to share the same IT priorities as other industries**, however they place a **slightly higher priority on improving business processes** (61% vs. 56% for all industries).

◆ All-industries average

CLOUD

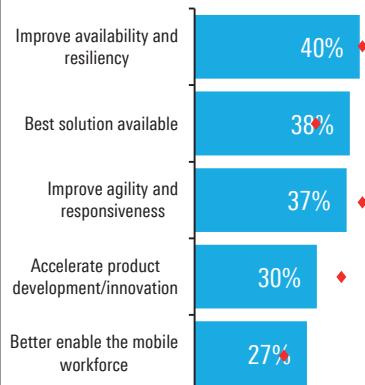
How would you characterize your current investment in the following cloud services and how do you expect that to change over time? (Significant investment)



■ Current Year ■ Next 1-3 years

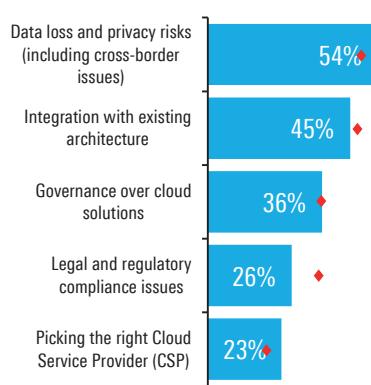
While business and professional services companies plan to spend close to the all-industries average on SaaS cloud services, they plan to invest less heavily in IaaS (30% vs. 39% for all industries) and PaaS (30% vs. 37%).

What are your top three reasons for using cloud technology?



Business and professional services companies are **more likely to invest in cloud services because it is the best solution available** (38% vs. 27% for all industries) and **to better enable the mobile workforce** (27% vs 19%).

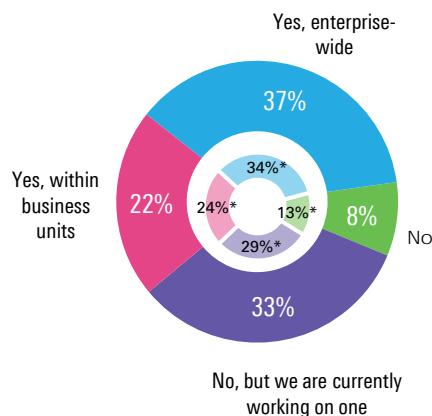
What are your top three biggest challenges when adopting cloud?



Business and professional services firms are **more likely to face cloud adoption challenges due to data loss and privacy risks** (54% vs. 49% for all industries) and **less likely to face challenges from legal and regulatory issues** (26% vs. 35%).

DIGITAL DISRUPTION

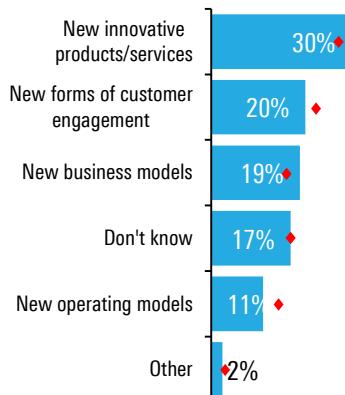
Does your organization have a clear digital business vision and strategy?



Closely in line with the all industries average, 59% of business and professional services companies report they have a digital business strategy, most often enterprise-wide.

*All-industries average

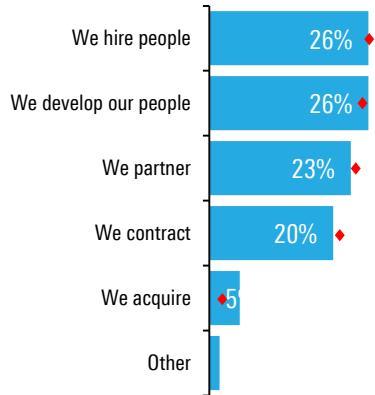
If you are currently experiencing digital disruption, what is the primary source of disruption?



Business and professional services companies largely face the same sources of digital disruption as other industries, but are **slightly more likely to face disruption from new business models** (19% vs. 16% for all industries).

◆ All-industries average

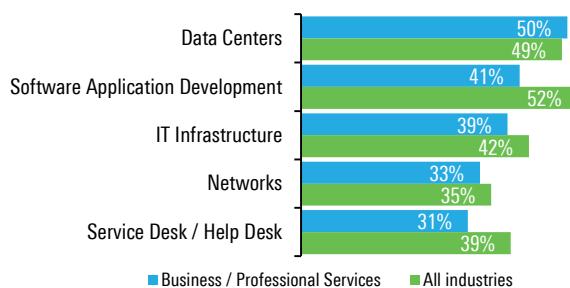
What is the primary method you use for coping with digital disruption?



Likewise, the ways business and professional services firms use to cope with digital disruption **closely mirror the all-industries average**, with hiring people and developing people the most popular methods.

SIGNIFICANT DIFFERENCES

What functions do you outsource? (top 5)



Business and professional services firms **outsource less** than other industries. This is true of all of the functions that they outsource most, except for data centers.

How do you expect your spend on outsourcing to change over the next 12 months? (Increase)



Likewise, business and professional services firms **have more modest expectations for future outsourcing spend**. 47% expect to increase spend in the next 12 months vs. 52% for all industries.

CONCLUSIONS

CIOs in Professional Service firms report an even stronger emphasis on business process improvement than other industries; not surprising, perhaps, given the relatively limited focus on process in that sector for decades, and the dramatic acceleration in challenges to the conventional time-based business model in recent years. That same business model focus explains the near 10% higher percentage of Professional CIOs who believe their CEOs are prioritising projects that make, rather than save, money. To underline this point, almost 50% of Professional firm CIOs regarded either new business models or new innovative products/services as the primary source of digital disruption

When Professional Service firms do come to invest in major IT enabled change however, CIOs are much less convinced than their counterparts in other sectors that new systems projects (including Finance, CRM, CMS) have been successful. Professional firms generally view IT as a strategic asset with the CIO having strong relationships with business partners, and being optimistic about their future budgets. It is notable, though, that Professional firms are twice as likely (7.1% against 3.5%) to have more than 75% flexible resourcing.

As digital strategies and Chief Digital Officers become more established it is striking that Professional firms tend to centralise direct responsibility for digital with the CEO, C-suite or Board of Directors to a much greater extent than is the case across other industries. When it comes to the specific strategies being deployed within professional service organisations we see a now familiar lag in adopting some of the more recent innovations from other industries, including IaaS and PaaS, DevOps, multi-mode IT and outsourced application development and maintenance.

FURTHER INFORMATION

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