



CIO Survey 2016

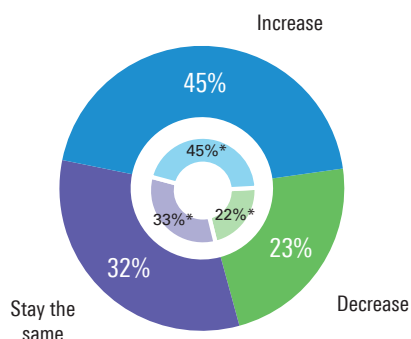
Construction/Engineering Sector Findings

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 **Construction/Engineering industry** sector snapshot provides survey responses from over 85 Construction/ Engineering 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

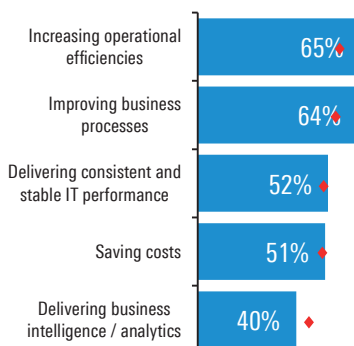
Looking forward, over the next 12 months, do you expect your IT budget to?



Construction/engineering companies' expectations for their IT budgets are **in line with the all-industries average**. 45% expect their IT budgets to increase next year.

*All-industries average

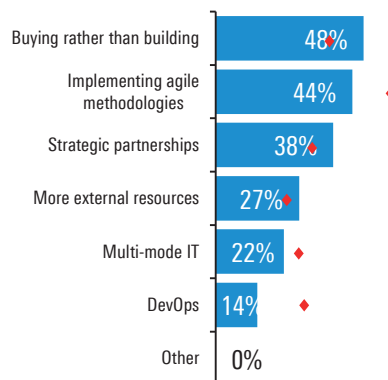
What are the key business issues that your management Board are looking for IT to address (top 5)?



Compared to other sectors, construction/engineering companies **place a higher priority on increasing operational efficiencies** (65% vs. 57% for all industries) **and improving business processes** (64% vs. 56%).

◆ All-industries average

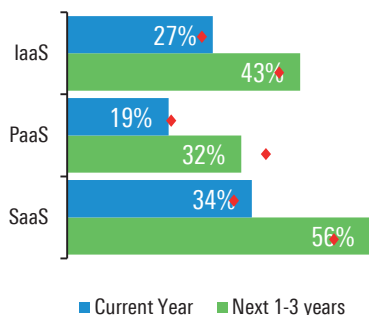
What steps are you taking to become more agile and responsive?



To become more agile and responsive, construction/engineering companies are **more likely to buy rather than build** (48% vs. 37% for all industries), and **less likely to implement agile methodologies** (44% vs. 59%) **or DevOps** (14% vs. 28%).

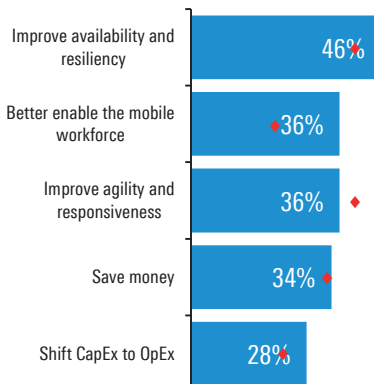
CLOUD

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



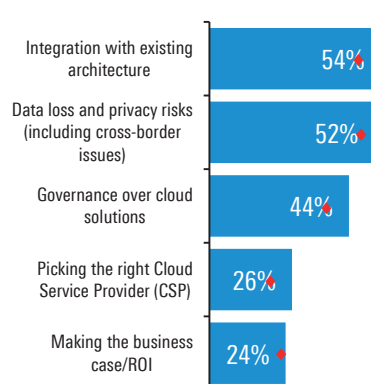
Like companies in other industries, construction/engineering companies **invest more heavily in SaaS than other types of cloud services**, and expect to **increase their investment in all cloud services significantly** in the next 1-3 years.

What are your top three reasons for using cloud technology?



Compared to other industries, construction/engineering companies are **more likely to invest in cloud services to improve availability and resiliency** (46% vs. 40% for all industries), **better enable the mobile workforce** (36% vs. 19%) and **shift CapEx to OpEx** (28% vs. 21%).

What are your top three biggest challenges when adopting cloud?



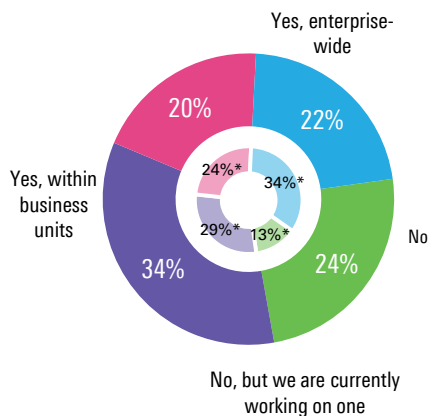
Construction/engineering companies face **greater cloud adoption challenges around integration with existing architecture** (54% vs. 47% for all industries), **governance** (44% vs. 36%) and **picking the right CSP** (26% vs. 19%).



Source: Harvey Nash/KPMG CIO Survey 2016

DIGITAL DISRUPTION

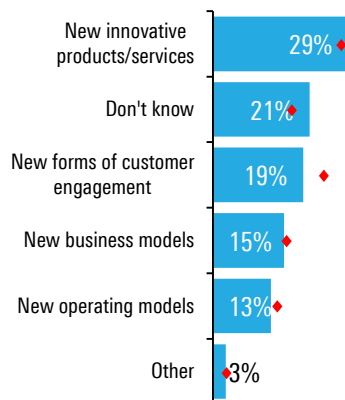
Does your organization have a clear digital business vision and strategy?



Construction/engineering companies are **less likely to have a digital strategy than the all-industries average**, particularly an enterprise-wide strategy (22% vs. 34% for all industries).

*All-industries average

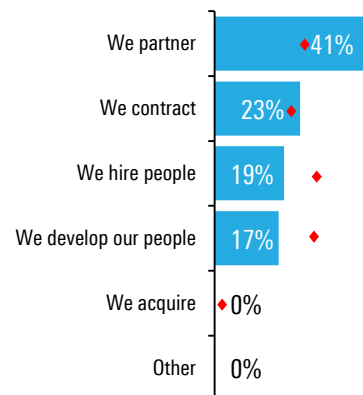
If you are currently experiencing digital disruption, what is the primary source of disruption?



Construction/engineering companies **face the same sources of digital disruption as other industries**, with new innovative products/services the most common.

♦ All-industries average

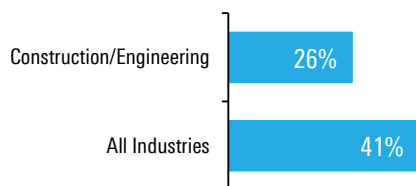
What is the primary method you use for coping with digital disruption?



To cope with digital disruption, construction/engineering companies are **more likely to partner** (41% vs. 24% for all industries) and **less likely to hire people** (19% vs. 26%), or **develop people** (17% vs. 25%).

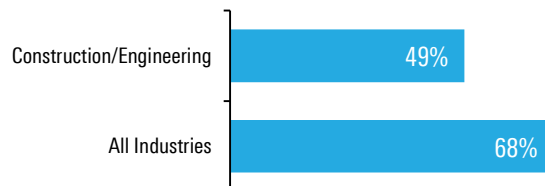
SIGNIFICANT DIFFERENCES

Do you believe that your organization has the appropriate resources and funding to drive its innovation agenda? (Yes)



Compared to other industries, construction/engineering respondents are **much less likely to believe that their organizations have adequate resources to drive innovation**. Just 26% believe that they have appropriate resources and funding, compared to 41% for all industries.

Do you believe your Board recognizes the risks posed by cyber attack, and is doing enough about it? (Yes)



Construction/engineering respondents are also **much less confident that their management Boards adequately address cybersecurity**. Just 49% believe that their Boards recognize the risks posed by cyber attack and are doing enough about it, compared to 68% for all industries.

CONCLUSIONS

As outlined in the KPMG 2016 Global Construction Survey (GCS), Engineering and Construction (E&C) firms are facing a tepid business environment in the coming years. While project volume is projected to increase, it lags behind prior years and margins are being squeezed. As a result, E&C firms are looking to rationalize spending and improve efficiencies through operations, both reflected in this CIO survey. E&C firms need to balance this against the strong demand by Owners to be more tech-savvy and push the boundaries on innovation and disruption, a point not lost on our GCS participants.

Cyber remains a significant concern and liability to E&C firms, most of which operate globally in many high risk jurisdictions on disconnected and disparate IT systems. As a result, both the Board and Management need to quickly come up to speed on cyber risks.

E&C firms need to continue to balance cost and profitability against investments in technology, including IT infrastructure assets.

FURTHER INFORMATION

Geno Armstrong

Principal, Advisory

KPMG in the US

T: +1 206 852 7189

E: garmstrong@kpmg.com

www.kpmginfo.com/cioagenda

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