



CIO Survey 2016

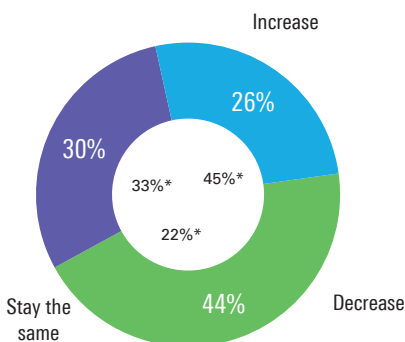
Energy Sector Findings

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 **Energy industry** sector snapshot provides survey responses from over 70 Energy 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

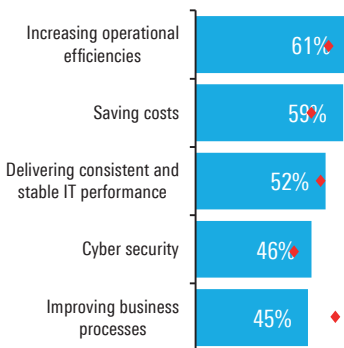
Looking forward, over the next 12 months, do you expect your IT budget to?



Reflecting the industry's difficult economic environment, energy companies are **much more pessimistic about their IT budgets** than other industries. Just 26% of energy respondents expect an increase in their IT budget next year vs. 45% for all industries.

*All-industries average

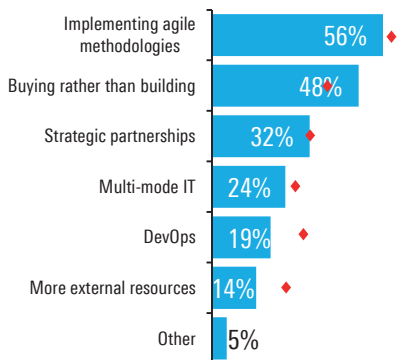
What are the key business issues that your management Board are looking for IT to address (top 5)?



Energy companies' Board priorities for IT **reflect a stronger cost focus than other industries**. Their top priorities for IT are increasing operational efficiencies (61% vs. 57% for all industries) and saving costs (59% vs. 50%).

◆ All-industries average

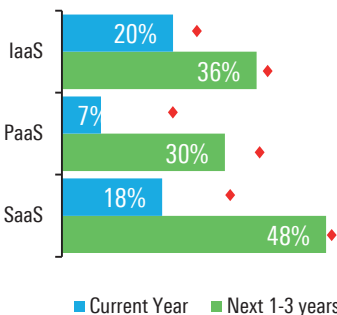
What steps are you taking to become more agile and responsive?



To become more agile and responsive, energy companies are **more likely to buy rather than build** (48% vs. 37% for all industries), and **less likely to utilize DevOps** (19% vs. 28%) and **external resources** (14% vs. 24%).

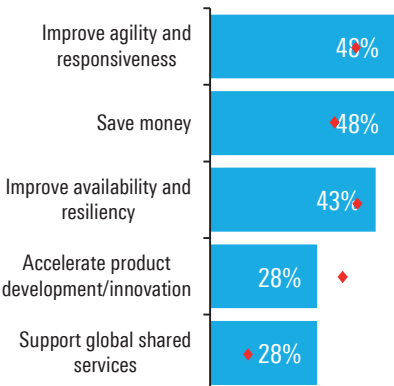
CLOUD

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



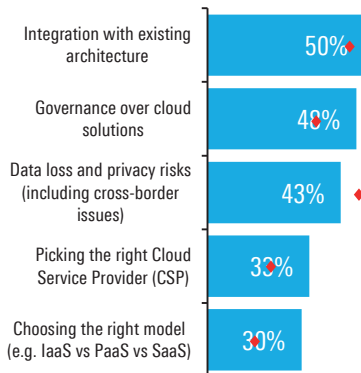
While energy companies plan to spend close to the all industries average on IaaS and SaaS cloud services in the next 1-3 years, **they plan to invest less heavily in PaaS** (30% vs. 37%).

What are your top three reasons for using cloud technology?



Energy companies are **more likely to invest in cloud services to improve agility and responsiveness** (48% vs. 40% for all industries), **to save money** (48% vs. 33%) and **to support global shared services** (28% vs. 13%).

What are your top three biggest challenges when adopting cloud?



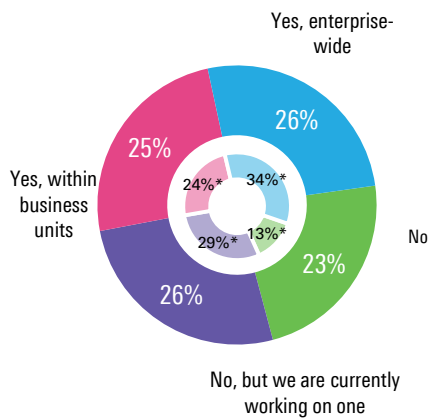
Energy companies are **much more likely to face cloud adoption challenges over governance over cloud solutions** (48% vs. 36% for all industries), **picking the right Cloud Services Provider** (33% vs. 19%), and **choosing the right model** (30% vs. 14%).



All data is sourced from the Harvey Nash / KPMG CIO Survey 2016.

DIGITAL DISRUPTION

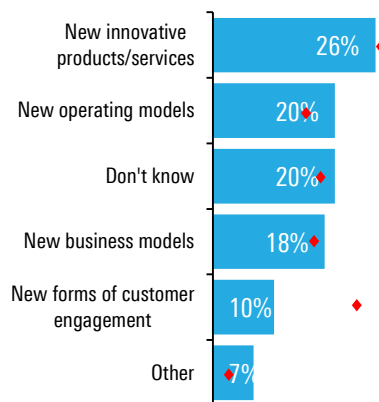
Does your organization have a clear digital business vision and strategy?



Energy companies are **less likely to have a digital business strategy**, within business units or enterprise-wide, than the all industries average (51% vs. 58% for all industries).

*All-industries average

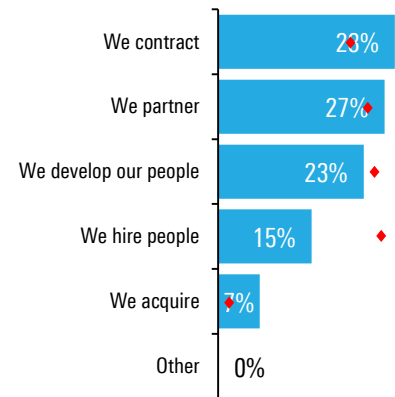
If you are currently experiencing digital disruption, what is the primary source of disruption?



Energy companies are **much less likely to face digital disruption from new forms of customer engagement** (10% vs. 23% for all industries) and **more likely from new operating models** (20% vs. 14%).

♦ All-industries average

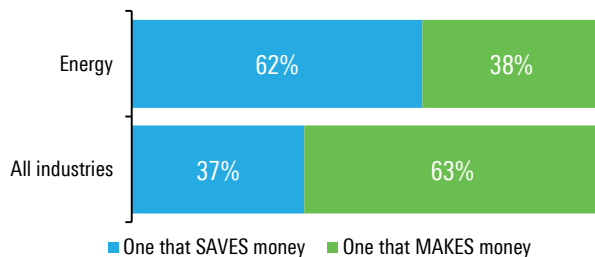
What is the primary method you use for coping with digital disruption?



Energy companies are **more likely to contract outside resources to cope with digital disruption** (28% vs. 21% for all industries), and **less likely to hire people** (15% vs. 26%).

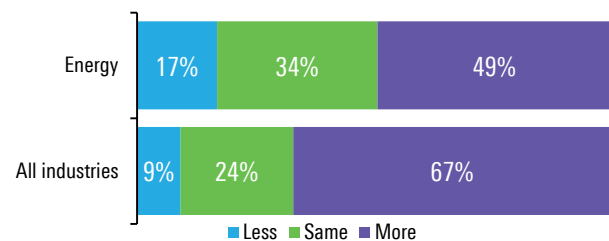
SIGNIFICANT DIFFERENCES

What type of IT project is most appealing to your CEO?



Energy company CEOs are **much more focused on IT projects that save money rather than make money**. 62% of respondents report that IT projects that save money appeal most to their CEOs, compared to 37% for all industries.

In your opinion, is the role of CIO / IT Director becoming more or less strategic within your organization?



Energy companies' difficult economic environment has also impacted the nature of the role of their heads of IT. Only 49% of Energy companies report their head of IT's role is becoming more strategic, compared to 67% for all industries.

CONCLUSIONS

Volatile industry market dynamics are contributing to Energy CIOs being more pessimistic on their IT budgets compared to other industries. It is therefore not surprising that a strong cost focus, and increasing operational efficiencies are clear priorities for the sector. Similarly, pursuing IT projects that save money in contrast to making money is a key difference for the Energy sector compared to the all-industries average.

Cloud technologies are being pursued to both improve agility and save money, but planned investment is lower than for other sectors.

Energy industry operating models are seriously threatened by digital disruption, with new products and services, and new operating models being the main sources of disruption.

FURTHER INFORMATION

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