



CIO Survey 2016

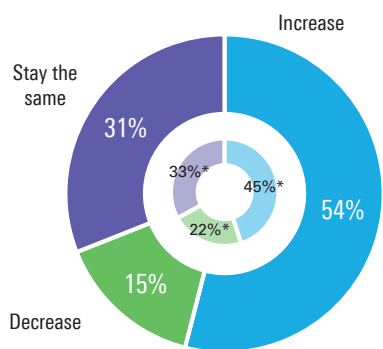
Retail/Leisure Sector Findings

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 **Retail/Leisure industry** sector snapshot provides survey responses from over 180 Retail/Leisure 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

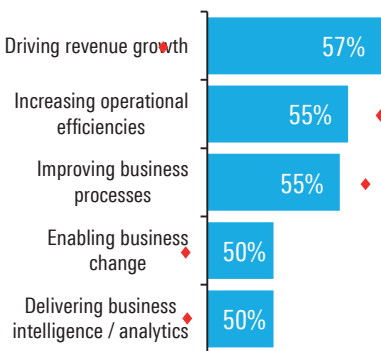
Looking forward, over the next 12 months, do you expect your IT budget to?



Retail/leisure companies are **more optimistic about their IT budgets** than the all-industries average. 54% of retail/leisure companies expect their IT budgets to increase next year, compared to 45% for all industries.

*All-industries average

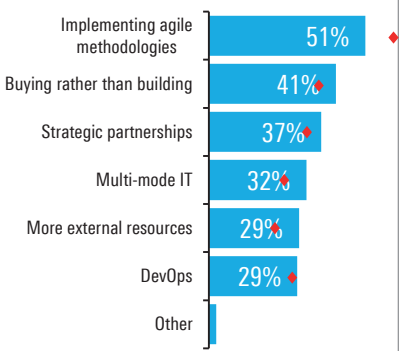
What are the key business issues that your management Board are looking for IT to address (top 5)?



Compared to the all-industries average, retail/leisure companies **place a higher priority on driving revenue growth** (57% vs. 39% for all industries), **enabling business change** (50% vs. 44%) and **delivering business intelligence/analytics** (50% vs. 44%).

◆ All-industries average

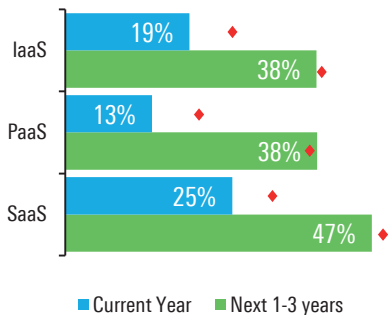
What steps are you taking to become more agile and responsive?



The methods retail/leisure companies use to become more agile and responsive are **similar to the all-industries average**. They are, however, **less likely to implement agile methodologies** (51% vs. 59% for all industries).

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)



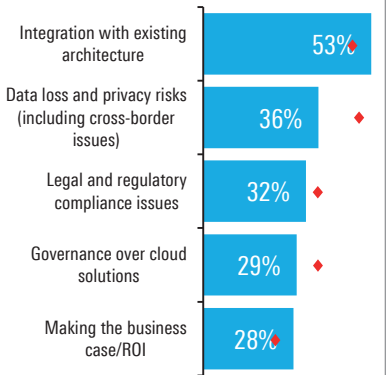
While retail/leisure companies have spent somewhat less than other industries on all types of cloud services this year, **their expected investment in cloud services over the next 1-3 years is in line with the all-industries average**.

What are your top three reasons for using cloud technology?



Retail/leisure companies are **more likely to invest in cloud services to improve agility and responsiveness** (47% vs. 40% for all industries) and **to accelerate product development** (39% vs. 34%).

What are your top three biggest challenges when adopting cloud?



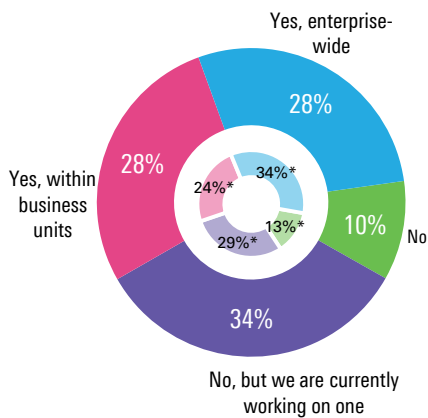
Retail/leisure companies face **greater cloud adoption challenges around integration with existing architectures** (53% vs. 47% for all industries) and **fewer challenges with data loss and privacy issues** (36% vs. 49%).



Source: Harvey Nash/KPMG CIO Survey 2016

DIGITAL DISRUPTION

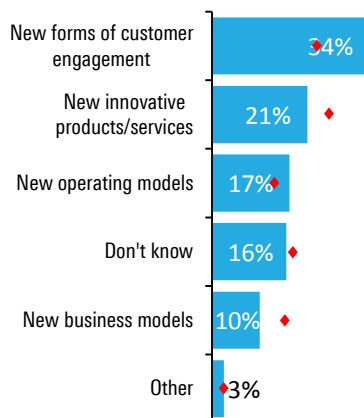
Does your organization have a clear digital business vision and strategy?



Retail/leisure companies are roughly **equally likely to have a digital strategy as all industries**, but these strategies are more often within business units (28% vs. 24% for all industries) and less often enterprise-wide (28% vs. 34%)

*All-industries average

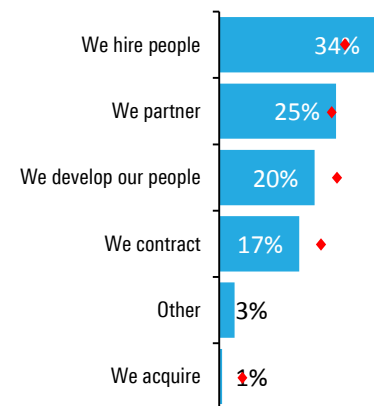
If you are currently experiencing digital disruption, what is the primary source of disruption?



Retail/leisure companies are **more likely to face digital disruption from new forms of customer engagement** (34% vs. 23% for all industries).

♦ All-industries average

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



Retail/Leisure companies are **more likely to hire people to cope with digital disruption** (34% vs. 26% for all industries), and **somewhat less likely to develop people** (20% vs. 25%) or **contract** (17% vs. 21%)

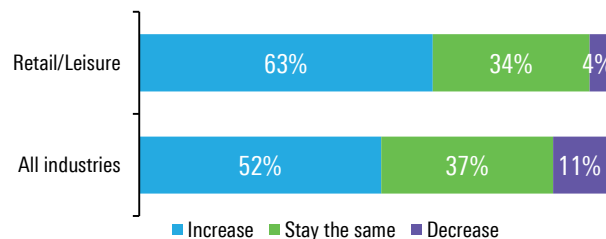
SIGNIFICANT DIFFERENCES

Do you believe your Board recognises the risks posed by cyber attack, and is doing enough about it? (% that responded 'Yes')



Retail/Leisure respondents are **less confident that their management Boards adequately address cybersecurity**. Just 59% believe that their Boards recognize the risks posed by cyber attack and are doing enough about it, compared to 68% for all industries.

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



Retail/Leisure companies **have more aggressive plans to outsource** than the all-industries average. 63% report that they plan to increase their outsourcing spend over the next 12 months, compared to 52% for all industries.

CONCLUSIONS

It is no surprise that CIOs from Retail and Leisure organizations are seeing Customer Engagement as the main source of digital disruption. Digital innovation is creating a significant advantage for forward-looking companies that realize consumers are quickly coming to expect seamless, customer-centric, and fully integrated experiences as an industry standard.

CIOs in these sectors said they were relatively more optimistic about their IT budgets increasing than the other sectors were. However, the Retail and Leisure executives were less likely than those in other sectors to say their digital strategy spans the entire enterprise. This is concerning since to be truly successful, Retail and Leisure companies need to be investing in fully integrated, "omni business" models that span not only across sales channels, but throughout the entire organization. Retail and Leisure CIOs need to ensure their investments are focused on enterprise-wide integration and solutions in the coming year.

FURTHER INFORMATION

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