CIO Survey 2016

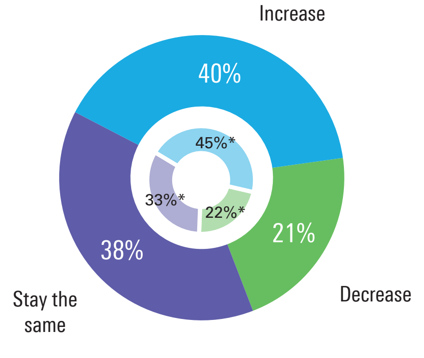
Transport/Logistics Sector Findings

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 **Transport/Logistics industry** sector snapshot provides survey responses from over 130 Transport/Logistics 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

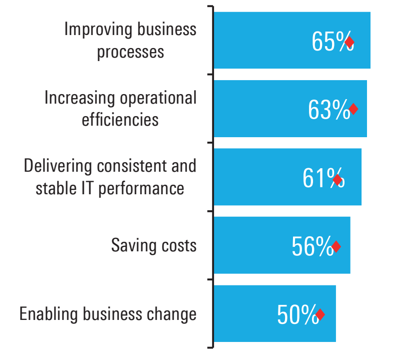
Looking forward, over the next 12 months, do you expect your IT budget to?



Transport/logistics companies are **less optimistic about their IT budgets** than the all-industries average. 40% expect their IT budgets to increase next year, compared to 45% for all industries.

*All-industries average

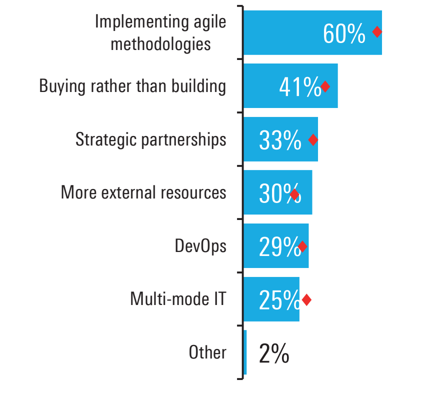
What are the key business issues that your management Board are looking for IT to address (top 5)?



Compared to the all-industries average, transport/ logistics companies **place a higher priority on improving business processes** (65% vs. 56% for all industries), **delivering consistent and stable IT performance** (61% vs. 51%) **and enabling business change** (50% vs. 44%).

◆ All-industries average

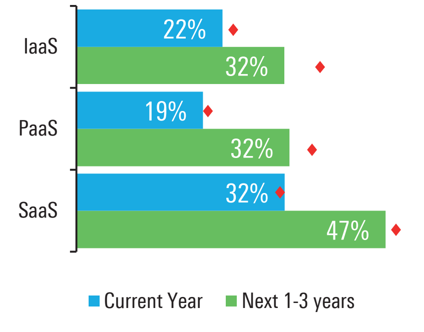
What steps are you taking to become more agile and responsive?



The methods transport/logistics companies use to become more agile and responsive are **similar to those of the all-industries average**. They are, however, **somewhat more likely to use more external resources** (30% vs.24% for all industries).

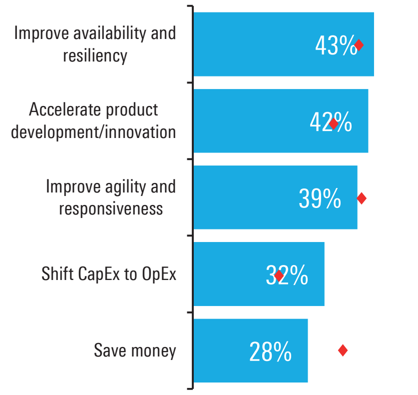
CLOUD

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



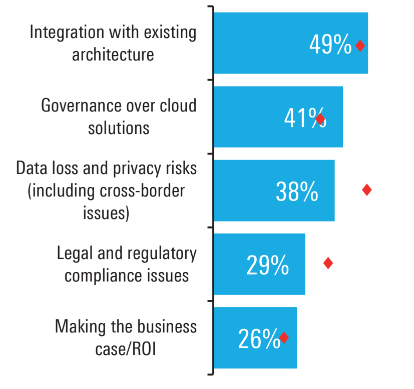
Like companies in other industries, transport/logistics companies **invest more heavily in SaaS than other types of cloud services**, and expect **to increase their investment in all cloud services significantly** in the next 1-3 years.

What are your top three reasons for using cloud technology?



Compared to the all-industries average, transport/ logistics companies are **more likely to invest in cloud services to accelerate product development/ innovation** (42% vs. 34% for all industries) and **to shift CapEx to OpEx** (32% vs. 21%).

What are your top three biggest challenges when adopting cloud?



Transport/logistics companies face **greater cloud adoption challenges around governance** (41% vs. 36% for all industries) and **fewer challenges with data loss and privacy risks** (38% vs. 49%) and **legal and regulatory compliance** (29% vs. 35%).

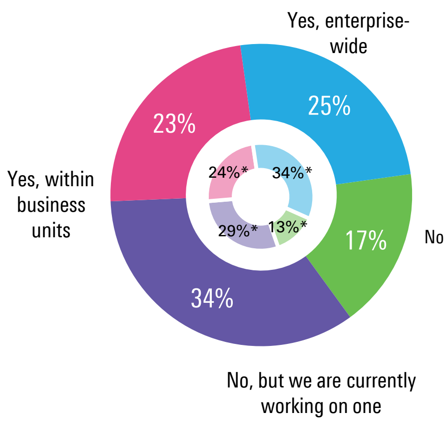
KPMG

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

Due to rounding, numbers may not equal 100%.

DIGITAL DISRUPTION

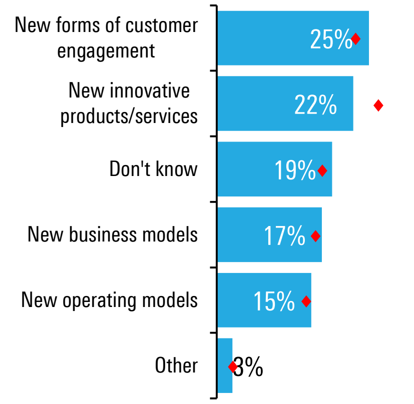
Does your organization have a clear digital business vision and strategy?



Transport/logistics companies are **less likely to have a digital strategy than the all-industries average**, particularly an enterprise-wide strategy (25% vs. 34% for all industries).

*All-industries average

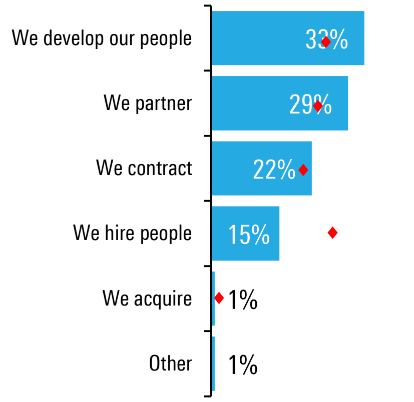
If you are currently experiencing digital disruption, what is the primary source of disruption?



Transport/logistics companies **largely face the same sources of digital disruption as the all-industries average**, though they are somewhat less likely to face disruption from new innovative products/services (22% vs. 27% for all industries).

◆ All-industries average

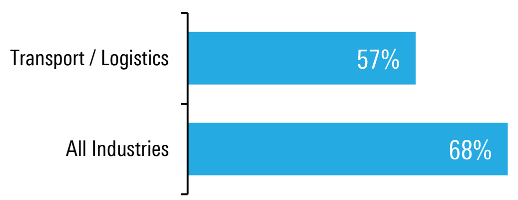
What is the primary method you use for coping with digital disruption?



To cope with digital disruption, transport/logistics companies are **more likely develop people** (33% vs. 25% for all industries) **and partner** (29% vs. 24%), and are **less likely to hire people** (15% vs. 26%).

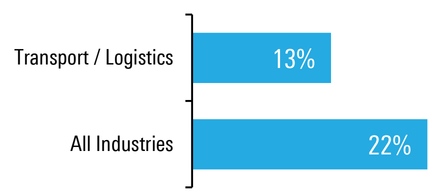
SIGNIFICANT DIFFERENCES

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



Compared to other industries, transport/logistics respondents are **less confident that their management Boards adequately address cybersecurity**. Just 57% believe that their Boards recognize the risks posed by cyber attack are and doing enough about it, compared to 68% for all industries.

To what extent do you feel your organization is positioned to identify and deal with current and near future IT security / cyber attacks? (Very well positioned)



Correspondingly, while IT departments across all industries feel vulnerable to cyber attack, transport/logistics companies **feel much more vulnerable to cyber attack than others**. Just 13% report that they are well positioned to identify and deal with such attacks, compared to 22% for all industries.

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CONCLUSIONS

Transport & Logistics companies are still focusing too much on their existing core business when it comes to IT. An overall digital strategy is often missing, especially when compared to other sectors. The stronger focus on operational IT issues by transport companies could be explained by greater budget constraints in comparison to other sectors but this focus may distract from exploiting wider IT-related opportunities. Most strikingly, new forms of customer engagement are the primary source of digital disruption within the sector. Customers are thus exerting pressure on operators to innovate and provide new IT solutions. Despite this pressure from users of transport services, external resources and partnerships are still the predominant method by which transport operators deal with digital disruption and challenges. It can be concluded that the sector is lacking the ability to match the rapidly-changing IT landscape, and to develop comprehensive solutions in-house and has therefore had to rely on other industries and tech start-ups with regards to digital services. It is not unexpected that transport and logistics companies feel much more vulnerable to cyber-attacks than other industries, given their reliance on external partners. In summary, companies operating in the transport sector should focus on shifting their attention away from their core business and external solutions, and should instead try to develop their own tailored IT offerings, in order to decrease vulnerability and the negative impacts of disruption. A comprehensive digital strategy should be the starting point for these activities.

FURTHER INFORMATION

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