

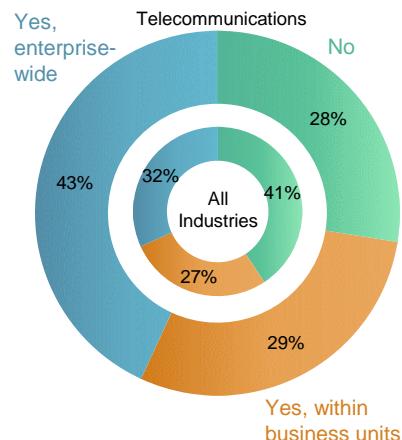


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

**This Telecommunications industry snapshot provides survey responses from more than 130 IT leaders on some of the key topics, and highlights several areas where this industry's responses differed significantly from those across all industries.**

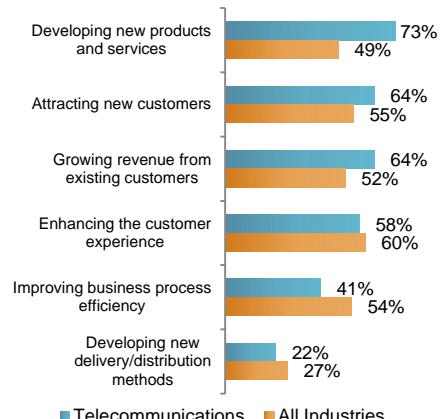
## Digital Strategy

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



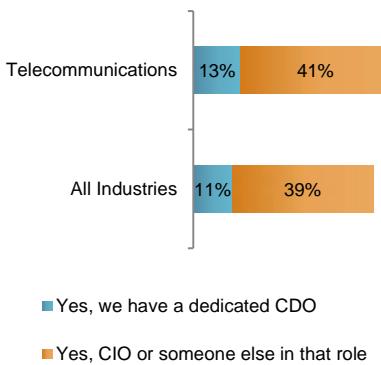
Telecom companies are far more likely to maintain an enterprise-wide digital business strategy than others (43% vs. 32% for all industries). An additional 29% maintain a digital strategy within business units. However, 28% lack a clear strategy of any sort.

Which are the most important goals when prioritizing digital Telecom initiatives in your organization?



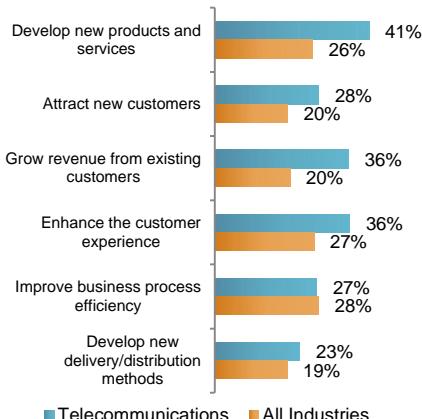
When prioritizing digital investments, Telecom companies **most heavily focus on developing new products and services** (73% vs. 49% for all industries) and **attracting new customers** (64% vs. 55%).

Does your organization have a Chief Digital Officer or someone serving in that capacity?



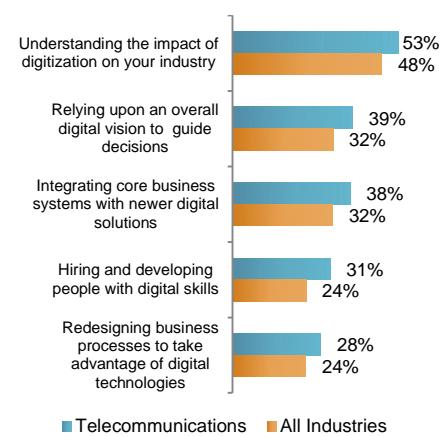
**13% of Telecom companies have a dedicated Chief Digital Officer**, more than in other industries. An additional 41% have the CIO or someone else act in that role. In total, more than half have a single executive in charge of their digital strategies.

How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)



Reflecting its importance, **41% of Telecom companies rate themselves as very effective or better at using digital to develop new products and services**. They are much less effective at using digital to advance their other top goal of attracting new customers (28%).

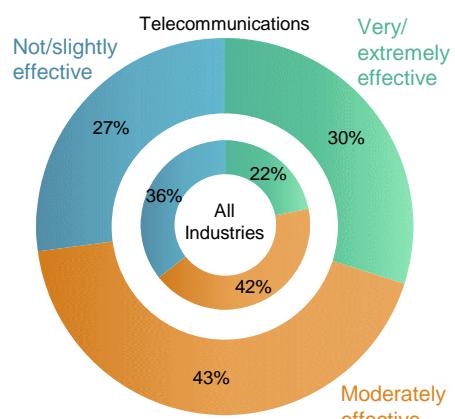
How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



■ Telecommunications ■ All Industries

Telecommunications effectiveness in key digital capabilities exceeds that of other industries. In particular, Telecom companies **excel at understanding the impact of digitization** (53% vs. 48% for all industries). However, they struggle with redesigning business processes to take advantage of digital.

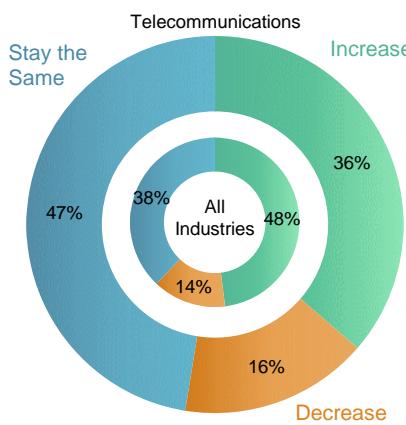
Overall, how effective has your organization been in using digital technologies to advance its business strategy?



Telecom companies **report much higher overall effectiveness levels in their digital strategies than other industries**, with 30% describing their digital strategy as very effective or better, compared to a cross-industry benchmark of 22%.

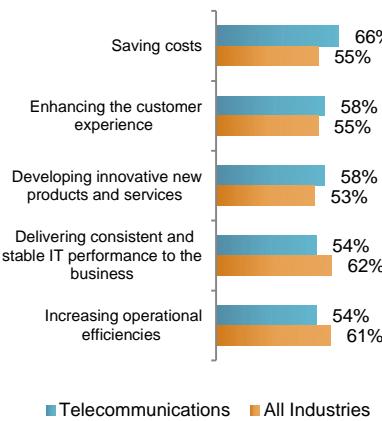
## Budget/Priorities

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



Telecom companies are **much more pessimistic about their IT budgets for next year** than companies in other industries, with 36% expecting an increase, compared to an all-industries average of 48%.

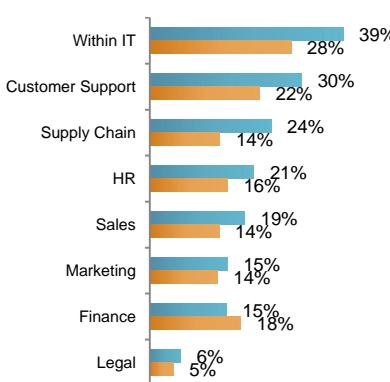
What are the key business issues that your management Board are looking for IT to address? (top 5)



■ Telecommunications ■ All Industries

Compared to other industries, Telecom management Boards **more heavily emphasize IT saving costs** (66% vs. 55% for all industries). Telecom companies also focus heavily on enhancing the customer experience (58%).

In which functions have you implemented digital labor / automation?

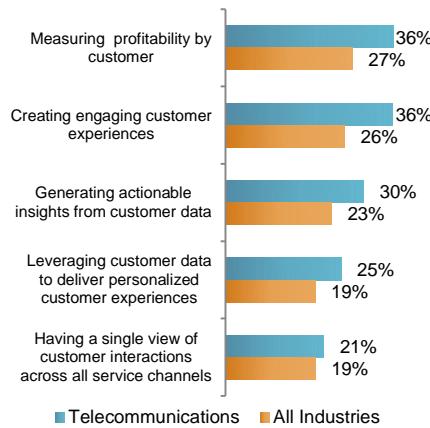


■ Telecommunications ■ All Industries

Telecom companies have **implemented digital labor/automation much more frequently than others**, especially within IT (39% vs. 28%) and Customer Support (30% vs. 22%).

## Customer Capabilities

How effective is your organization at each of the following capabilities? (Very/Extremely Effective)

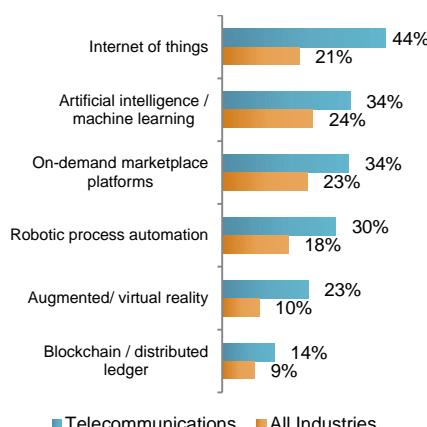


■ Telecommunications ■ All Industries

Telecom **exceeds cross-industry effectiveness benchmarks in five critical customer-focused capabilities**, especially in measuring profitability by customer (36% vs. 27%). However, Telecom companies struggle with having a single view of customer interactions across all service channels (21% vs. 19%).

## Telecom & Innovation

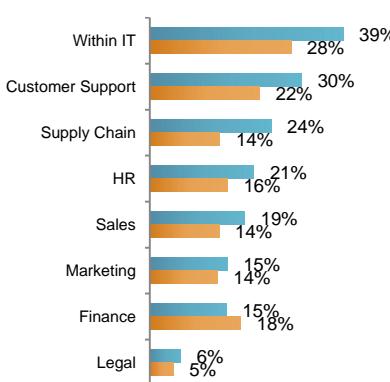
How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



■ Telecommunications ■ All Industries

Of next-generation technologies, Telecom companies are **most likely to have invested in the Internet of Things** (44% vs. 21% for all industries), **A.I./machine learning** (34% vs. 24%), and **on-demand marketplace platforms** (34% vs. 23%).

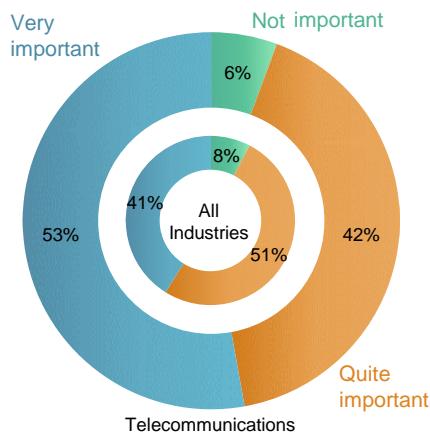
In which functions have you implemented digital labor / automation?



■ Telecommunications ■ All Industries

Telecom companies have **implemented digital labor/automation much more frequently than others**, especially within IT (39% vs. 28%) and Customer Support (30% vs. 22%).

How important is it to have an innovative, experimental culture in your organization to ensure its digital strategy is a success?



■ Telecommunications ■ All Industries

Telecom companies view **having an innovative, experimental culture as an even more critical component of the success of their digital strategies** than others, with 53% viewing it as very important compared to 41% across all industries.

## Conclusion

With shrinking margins, rising network costs and legacy IT systems, the Telecom industry faces capital constraints. Telco Boards want IT to address cost savings, enhance the customer experience and develop new products/services and these challenges are reshaping CIO priorities in driving innovation and digital strategies.

Innovation is at the heart of these challenges, underpinned by investment in next-generation technologies. Telcos have invested more into IoT, A.I. and on-demand marketplace platforms compared to other industries. In addition, to help improve margins, they have implemented digital labor/automation much more frequently, especially within IT and Customer Support.

To help meet IT budget demands, Telcos are more likely to maintain an enterprise-wide digital business strategy, with more than 53% of IT leaders understanding the impact of digitization in the sector. The drive to increase margins and flow of capital has seen Telcos exceed other industries in five critical customer-focused capabilities, especially in measuring profitability by customer (36% vs. 27%). That said, they struggle with having a single view of customer interactions across all channels.

Reflecting the importance of digital strategies to Telcos, their digital initiatives prioritise developing new products/services, attracting new customers, enhancing customer experience and growing existing customer revenue. Indeed they are proving successful in these areas compared to other industries with 41% rating themselves very/extremely effective at their top priority of developing new products/services. However, they struggle in using digital technologies to redesign business processes. While Telcos are leading most industries in many areas, there's still much to do to fully exploit the digital opportunity.

## Further information

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