



IT ADVISORY

# From cost to value

2010 Global Survey on the CIO Agenda

KPMG ADVISORY



# Preface



Bryan Cruickshank  
*Global IT Advisory*

From compliance to cloud computing, from budget cuts to business innovation: it's clear the CIO has dealt with significant change in these turbulent times. The financial crisis in 2008/2009 had a serious impact on IT investments. But as the global economy recovers, technology-enabled business innovation is gaining pace, and the role of IT is changing again. What will be on the CIO's agenda in coming years? What are the main obstacles faced and where will the opportunities be revealed?

invitees responded, providing articulate views of the challenges CIOs are currently facing. In this report, the key findings are presented with perspectives and visions from leading CIOs in different regions along with insight from KPMG's technology leadership team.

We hope you find this report interesting and thought provoking. We cordially invite you to contact us personally, and to explore how your agenda compares to that of your peers.



Kumar Parakala  
*EMA IT Advisory*

We are pleased to present the results of our 2010 global survey on the CIO agenda as part of the 2010 World Congress on IT in Amsterdam, the Netherlands. A questionnaire based on KPMG's Technology Agenda was distributed among 4,500 CIOs on all continents. About 10 percent of the



Erik Schut  
*Netherlands IT Advisory*

# Management summary

## From cost to value

Continuing globalization, greater demands from stakeholders, stricter legislation, a society in which organizations and individuals increasingly operate in networks, and rapid technological developments. All these factors have an impact on the CIO's agenda. For the CIO, change seems the only constant.

In the spring of 2010, KPMG conducted a worldwide survey on the CIO agenda focused on the following:

- IT value delivery
- IT sourcing
- Risk and compliance
- Optimizing IT costs
- IT project portfolio management
- CIO personal priority setting

The results are clear. In the next few years, CIOs envision a shift in focus from cost efficiency and compliance to value creation and innovation.

The days when IT was seen merely as a means of improving efficiency seem behind us. These days, IT contributes directly to realising the business strategy and has a central role in management. According to CIOs, this requires the right people in an organization to keep the distance between the business and IT as small as possible.

The wordle (see figure 1) with the terms that identify CIOs' visions for IT leaves no room for doubt: the words business and team are clearly the most frequently used.

The survey analysis and findings provided eight clear conclusions:

### 01

**IT value dominates the CIO agenda  
IT is no longer about cost cutting,  
IT is about creating value**

Organizations wishing to create sustainable value need to get a grip on the way all information is produced, collected and used, and they need to use IT to respond rapidly to the changing market and society. Strategic and business alignment are key.

### 02

**The profile of a CIO determines the agenda for the future  
Do not expect IT value from a CIO with an operational profile**

To a large extent, the daily focus of any CIO depends on the sector in which he or she operates. CIOs in the financial sector are comparatively more involved with daily operations, while CIOs in the manufacturing sector are looking more at ways to innovate and transform with the help of IT.

### 03

**People are the success factor behind IT value**

**IT value is not only about technology**

CIOs clearly realize that value is not created simply by technology, but by people exploiting its full potential. 90 percent of respondents mentions 'people' as a major component of IT value.

### 04

**Cost optimization remains important  
Focus on process improvement**

According to 56 percent of respondents, cost optimization should always be a part of an organization's IT strategy, because it is a major competitive weapon. The focus is mainly on higher business process efficiency and less on pure IT topics such as IT staff and IT components.

### 05

**Risk and compliance: high on the agenda in the financial sector**

**Economic crisis impacts the CIO agenda in the financial sector**

Within the financial sector, risk and compliance is clearly higher on the agenda than in other sectors. Two factors that contribute to this fact are the high degree of regulation in the financial sector and the economic crisis. Because of the crisis, the emphasis of IT projects is on risk and compliance and sourcing and less on IT value.



# 01

IT value dominates the CIO agenda  
IT is no longer about cost cutting,  
IT is about creating value



In the current economic climate, information has become the fourth production factor, becoming increasingly relevant compared to the traditional production factors: labor, equity and raw materials. Furthermore, the nature of our society is changing, as new generations see technology and the ever-present availability of technology as completely natural. To them using technology is like breathing: it has become an instinct.

This not only has radical consequences for the way IT has to be developed and applied, but also for the role of a CIO. Organizations that want to create sustainable value have to get a grip on all kinds of information and use IT

to react rapidly to the changing market and society. It is their lifeline to the future.

The research clearly shows that CIOs realize this. They put IT value - the ability to better react to changing market conditions by using IT<sup>1</sup> - highest on their agenda for the coming years. Eighty percent of respondents put this in the top three of the most important trends. IT value was closely followed by cost optimization (62 percent), portfolio management (52 percent) and risk and compliance (56 percent). Sourcing was mentioned relatively infrequently (35 percent) and CIOs rarely mentioned any other major trends themselves.

**Bryan Cruickshank (KPMG Global IT Advisory) on IT value creation**

“Successful IT value creation needs to integrate and align the organization’s Technology, Processes and People agendas. One of the major potential pitfalls is the inability of many organizations to find suitably skilled people to drive the IT-enabled business transformation agenda. Often precious time and the ability to create value is lost as organizations embark on ambitious projects with the wrong people at the helm. CEOs and CIOs need to ensure that sufficient importance is attached to these aspects during project initiation.”

<sup>1</sup> The definition was derived from Sojer, Schläger, Locher, ‘The CIO – Hype, Science and Reality’, which distinguishes two important components: (1) focus on responding faster to changing business needs by improving the ability to rapidly develop and integrate IT; (2) using IT to monitor business performance and increase the speed of the business’ operational adjustments to market changes.

## “Creating room for experimentation”

Dubai-headquartered DP World has a network of 49 marine terminals and 12 new developments in 31 countries all over the globe and is one of the world leaders in the field of marine and logistical services. As CIO of a leading global ports operator, Yousif Almutawa views his job in considerably wider terms than ‘baby-sitting IT’. This new-generation CIO stimulates innovative thinking, encourages creativity and is not afraid to experiment.

Life has very few certainties. But Almutawa is certain of one thing: the world changes and so does the role of the CIO. The challenges are different for each organization and each sector, but in essence, it boils down to every organization growing according to the known S-curve and the fact that CIOs are expected to contribute when tapping into the next growth phase in a rapidly-changing world. Using his own organization as an example, Almutawa explains what that means in practice: “DP World is one of the leading organizations in the field of marine and logistical services. We ensure that freight is transported smoothly, swiftly and reliably from one location to the next. But we consider our service to be more than just shifting boxes. In the end, the information about that box is key: this is what is valuable and this is how we can differentiate in the future. As CIO, therefore, this is what I, together with the wider organization, have to think about. IT needs to not only support but also inspire. We have to have a wide vision, be alert to how the world is changing, translate those changes into smart IT projects and communicate this to the business in simple and tangible terms. Take Apple for example, it changed the entire music industry in a relatively short period through the introduction of the iPod. A CIO has to have a sharp eye for such changes in his and other sectors.”

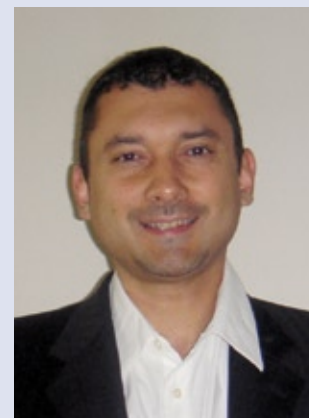
The discussion with Almutawa is not really about technology, but more about out-of-the-box thinking,

creativity and leadership. Regarding the latter Almutawa is very outspoken: “Leadership is one of the critical success factors if value is to be realised through IT investments. In the end success is not about technology but about the culture you create within an organization. A culture in which people, inside and outside the IT department, share ideas and cooperate with trust. A culture in which IT projects receive sufficient management buy-in and support. A culture in which there is also room to experiment. The most successful companies in the world offer such room: they start ten projects, of which maybe nine will be stopped along the way because they aren’t working out. But the tenth is incredibly successful.”

Anyone who thinks that Almutawa preaches freedom to experiment by merely playing the odds is wrong. “Of course we work in a very structured way when identifying the value of IT for the business and, also, we can’t experiment unlimitedly. If only because we’ve also had to cut costs as a result of the economic crisis.” DP World has grown rapidly in recent years and as a result of the many acquisitions, the IT function is more decentralized than in many other organizations. That decentralization will partly remain in the coming years. But sharing ideas and the strategic use of IT is something that is applied by the organization as a whole: “In this respect we operate as one organization. Centrally, for instance, we can get information from

our systems with which we retrieve the waste from the processes worldwide. What is important is to convert data into valuable knowledge.”

Almutawa studied in California, the birthplace of the internet industry, and has worked in various organizations, including in the telecoms industry. He was also involved with start-ups, and that seems to have influenced his approach. “In general I think it’s good when CIOs try to translate insights from outside their own industry to their own situation. My background and experience helps me to do just that. But what is also important is whether you can communicate your insights and ideas well to the business. You have to explain in a simple way in order to obtain support for your ideas, and especially want to avoid giving technical lectures.”



Yousif Almutawa is CIO of DP World

# 02

The profile of a CIO determines his agenda for the future

Do not expect IT value from a CIO with an operational profile



The daily focus of a CIO also determines his agenda. Although this appears an obvious statement, it is an important finding confirmed by the survey and should be explained in more detail.

The daily focus of a CIO depends to a large extent on the sector in which he or she operates. The graph below shows that respondent CIOs in the financial sector are comparably more engaged with daily operations (operational) while CIOs in manufacturing are more focused on searching for ways to innovate with the help of IT (transformational).

Furthermore, the results show that a CIO focusing on operations also puts

other related themes high on his or her agenda, including IT sourcing and cost optimization. These themes are much higher on the agendas of CIOs focusing on operations than CIOs focusing on transformation.

The survey allowed CIOs to profile themselves as either efficient or effective (efficient meaning with a

cost-oriented approach, effective with a business-oriented approach). The results show that CIOs with a cost-oriented approach predominantly include the more conservative themes such as cost optimization and risk and compliance on their agendas.

In addition, the results show that a CIO's agenda is also determined by

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### **KPMG's view on CIO reporting structure**

Reporting to the CFO can be a constraint if cost control stifles innovation. We've already seen mistakes made with outsourcing contracts that were driven by cost models that just can't see into the future. IT may be better aligned to the business strategy through better 'top table' representation reporting directly to the CEO.

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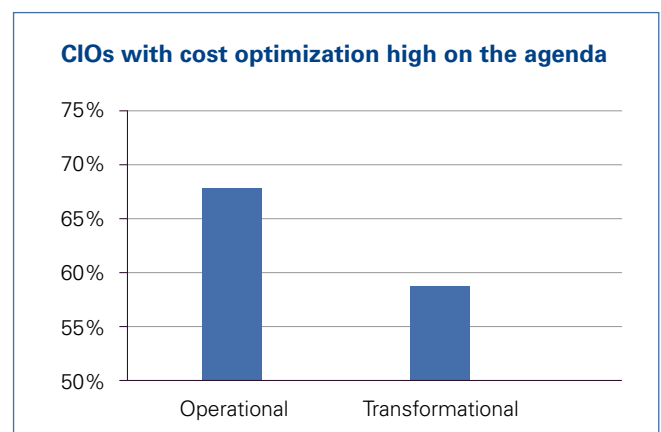
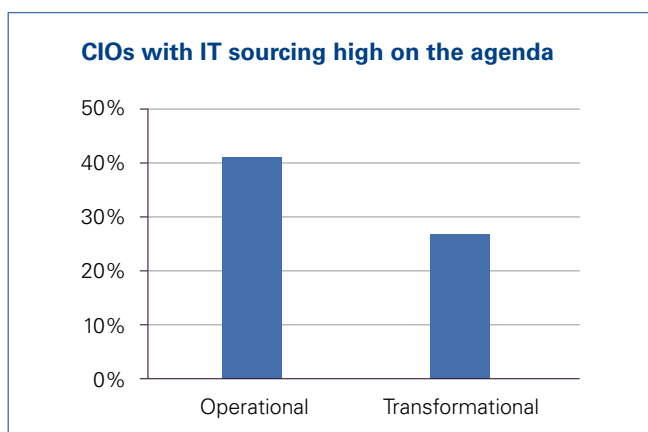
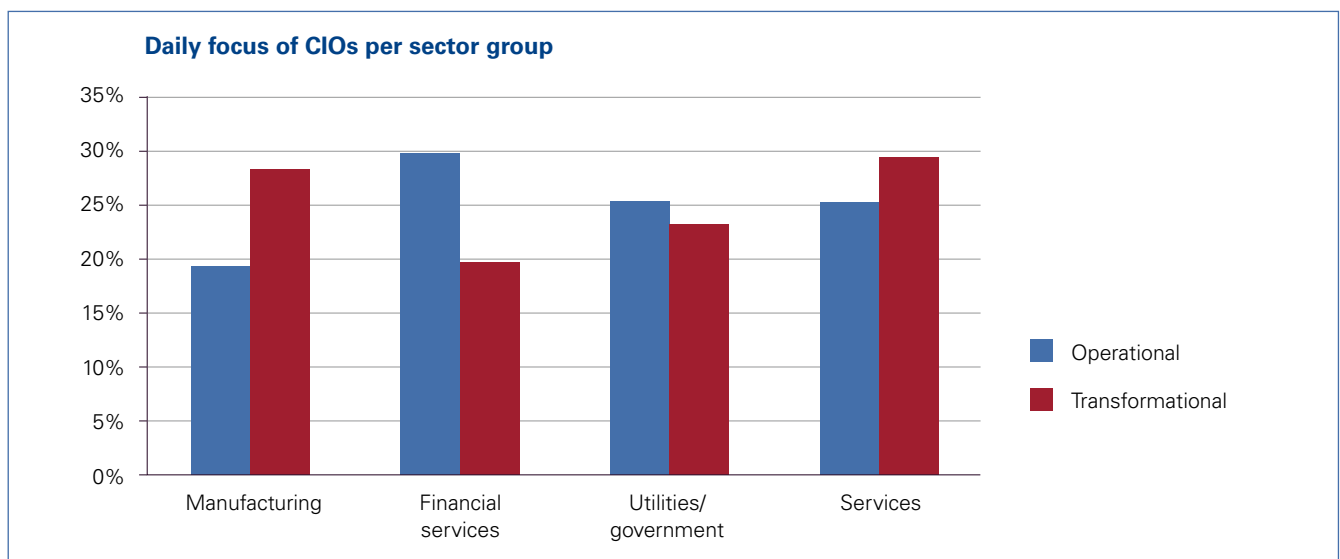
**KPMG’s view on CIO competencies**

“A CIO should have four important competencies. First, the ability to think like the organization’s customers and to understand clearly what they want and how they want it. Second, the ability to obtain a good understanding of relevant technological trends and identify their specific business benefits. Third, the ability to manage IT investment for value creation. Finally, the ability to connect well with the organization’s business leaders, to help them unravel the mysteries of technology.”

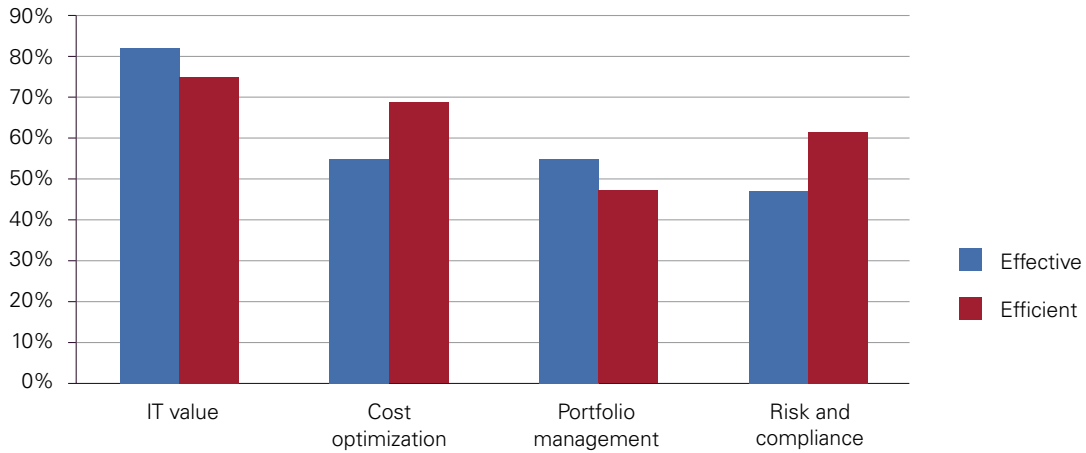
his position in an organization. A CIO reporting to the CEO views IT more as a critical business enabler with a high strategic value than a CIO reporting to the CFO. The former category of CIOs focuses comparably less on operational themes such as cost optimization.

Finally, we identified differences in each sector regarding the development that CIOs think they will make towards higher levels of organizational maturity on the various themes. CIOs from the financial sector have comparatively less ambitious expectations, while CIOs in government

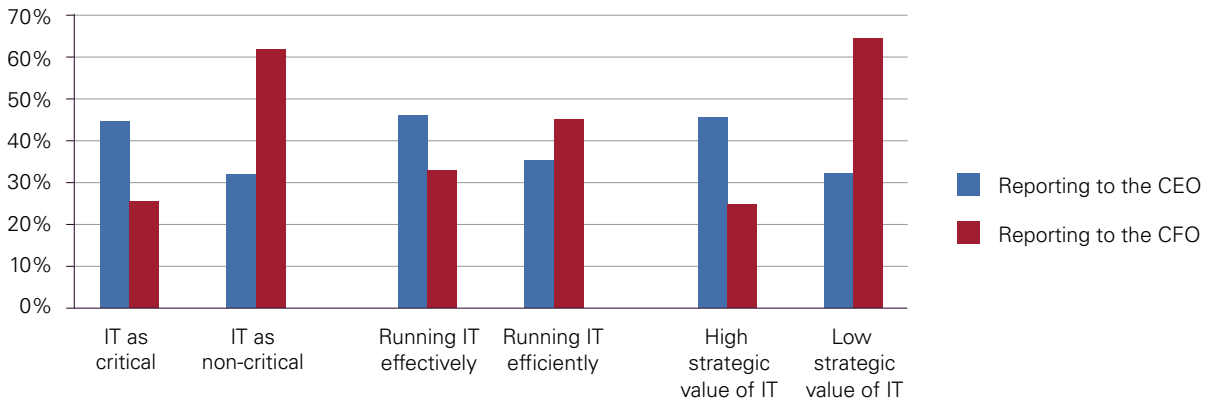
organizations and public utilities answer ‘progressively’: they expect, on average, to rise to a mature level somewhat faster in several IT areas.



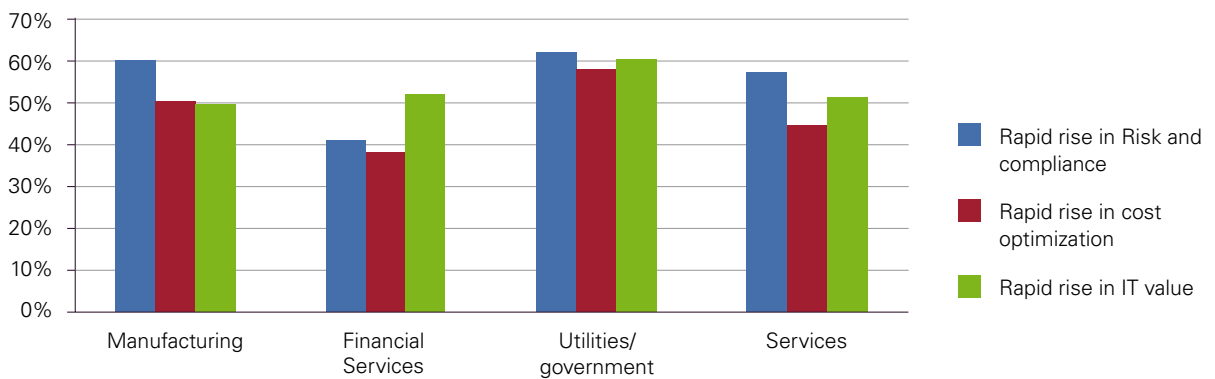
**Agenda setting by different types of CIOs (effective or efficient)**



**Opinion on IT, based on reporting structure**



**CIOs who expect to rise quickly in maturity**



## “As CIO I work on the basis of the Triple T: trust, teamwork and transparency”

Leonard de Villiers has decades of experience as a CIO, most recently as CIO of the ABSA Bank, one of the largest banks on the African continent. From Cape Town in South Africa, De Villiers gives his vision of the major current trends and how you need to act as a CIO to achieve your organization's priorities. “The Triple T principle is central to everything we do: trust, teamwork and transparency.”

When asked for today's most important IT trend, De Villiers doesn't hesitate: “Of the trends identified in this research, I would immediately choose IT's added value to business. At this time in particular, it is essential to create value through IT investments. In the case of a financial institution such as ABSA, working on single view of a customer, thereby ending thinking in silos, is an essential part of this. This is how commercial opportunities arise which will be recognized and appreciated by the business. The IT function must help the business to achieve its growth strategy under challenging market conditions. There is a lot at stake and you have to be able to act on developments rapidly and flexibly. Cost optimization is no longer the highest and only priority; we are again looking to the future.”

De Villiers sees numerous possibilities. For instance ABSA is currently investing in both internet and mobile banking (both through text messaging and mobile web applications), knowing that, on the African continent, these will be attractive growth opportunities in the coming years. These investments are all customer-centric. Such projects require adequate funding, and De Villiers shows himself to be a realist. “The funding required for IT projects is always greater than the budget. We are currently running 26 large projects, but ideally we would like to do more. We work in a very structured way, based on priorities calculated for projects, in

order to obtain the optimum results within the confines of our financial restraints. This was very difficult in 2009: after the unprecedented credit crisis it was difficult to obtain project funding. At that time the emphasis was on cost optimization. In 2010 it seems more is being done at a number of organizations, which is a good thing, since many CEOs have rescued their organizations from bankruptcy. Also in difficult times we should not view IT as a cost item: organizations need to use IT to achieve savings, to work more cleverly and to innovate. This year there is clearly room at ABSA for innovations, although half of our 26 major projects have been initiated as a result of compliance and regulatory demands.”

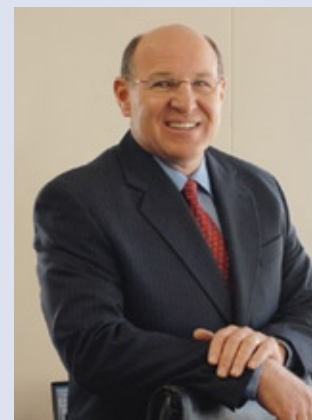
A CIO can have various roles when realizing his vision for his organization. The research distinguishes between inspirator, innovator and transformer. De Villiers recognizes these roles but doesn't believe it is possible to choose one of the three: “I really can't label myself, because I believe that I switch constantly between roles, as necessary.” Perhaps a situational approach is one of the key aspects of leadership. A CIO has to act differently at all levels – strategic, tactical and operational.

During our conversation De Villiers places emphasis on the human factor as a basis for success. Because, in his vision, it is not technology but talent that determines the success of the IT department. On this note he points to the Triple T philosophy. “ABSA's corporate slogan is ‘today, tomorrow, together’. This inspired us to develop our own Triple T for the IT department: trust, teamwork and transparency. These three pillars are essential for success. You have to earn trust so that the business will respect you, you have to continuously use teamwork in order to cooperate successfully on complex problems, and transparency is very

important in order to show why you are working on certain projects and how the projects are progressing. You have to take people with you in what you do and how you do it.”

De Villiers also knows, like no other, that the distance between the business and IT has to be as small as possible in order to make this philosophy a success. “Alignment with the business is key. This year we started the ‘get FIT’ programme. FIT stands for ‘Fluency in Technology’ and what it boils down to is that we had to familiarize three thousand people from the business with various technological developments and how we are going to use these technological developments within ABSA. This was a major success and next year we aim to reach five thousand ABSA employees.”

Finally: what other important priorities does De Villiers see? “Project management. That will always be unrivalled in importance because the majority of IT projects can so easily get out of hand in terms of time, quality or funding. And so we aim high at ABSA regarding excellent project delivery.”



Leonard de Villiers is CIO of ABSA Bank

# 03

## People are the success factor behind IT value IT value is not only about technology

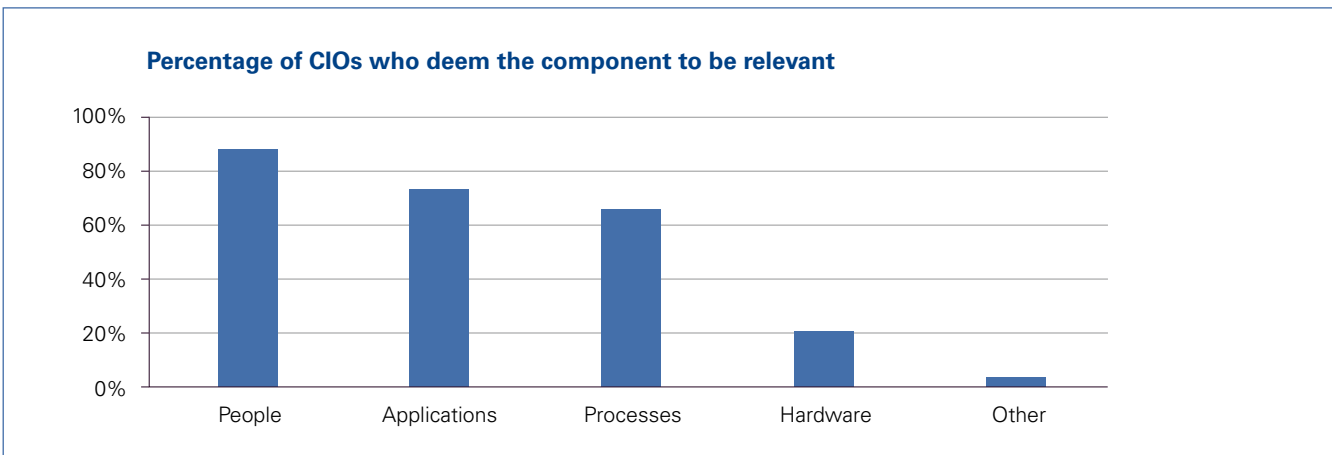
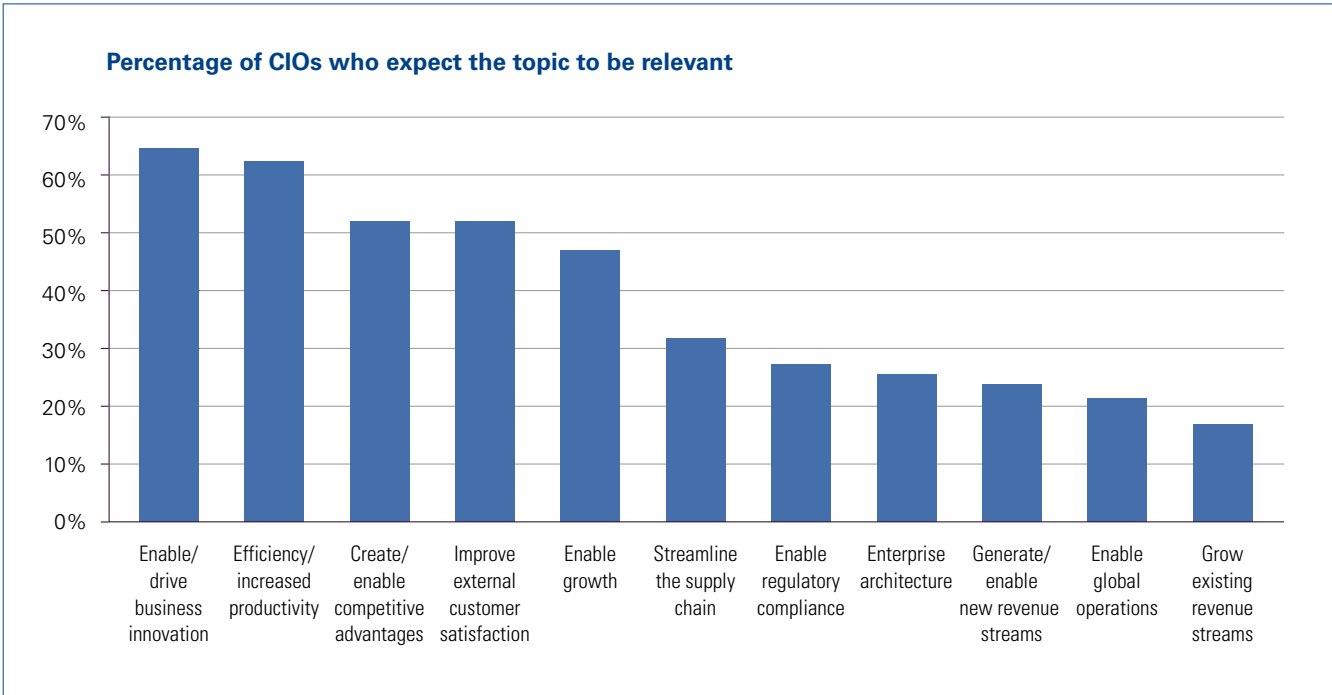


IT value is clearly at the top of the CIO agenda. More important than the actual definition is to understand what the respondents view as important components of the concept of IT value. CIOs mainly see the value in supporting the business (i.e. increasing productivity, driving business innovation) and to a lesser extent in the ability of IT to generate or increase business itself (i.e. generating new revenue streams, growing existing revenue streams).

Respondent CIOs clearly realize that value is not created just by technology, but by people exploiting its full potential. 89 percent mentioned the aspect

'people' as a major component of IT value. Other assets, especially hardware (21 percent), were mentioned much less often.

IT value is expected by CIOs to remain an important topic on the agenda in the coming years. More than half the respondents expect management to value the IT function based on value creation selecting, as the most appropriate statement, 'IT creates business'. Regarding this question, 24 percent agreed with the alternative statement 'IT saves money', while 14 percent still selected the highly conservative 'IT costs money'.



The survey resulted in similarly diverse findings regarding the question of how the costs and benefits of IT will be measured in five years time. Almost half the interviewees expect the costs and benefits to be measured in relation to the business goals and strategy.

16 percent expect them to be measured by means of a dashboard function. It is remarkable that almost a third (31 percent) expect measurement to be based on the notion of IT as a cost centre: 'operations and IT spending'.



## “The general manager of the future has worked in IT”

As IT Director Western Europe for Heineken Breweries, Maarten Buikhuisen doesn't simply ensure that IT runs smoothly. Because, for Heineken, IT is much more than a support function, contributing in a number of ways to the success of the business. The most important precondition for this relationship is for IT to understand the business and vice versa. So it's important to be up to speed on each other's areas of expertise.

IT is still a relatively young business field and, in terms of images, Buikhuisen likens it to a young green plant that still has some growing to do. His second association is with the image of a basketball team interlocking hands. The message is clear: IT has a great future and can contribute much to an organization. Provided that people in the organization are capable of working well together.

A good example is the collaboration between IT and marketing. For a company such as Heineken, marketing has been one of the most important activities for many years, because the company's brands are its most important assets. Originally marketing was an area where IT played only a limited part, mainly a supporting role, ensuring that transactional processes ran smoothly and reliably. Now, however, digital media are omnipresent and the breakthroughs are massive. The resulting marketing opportunities are allowing the IT department to really show its worth. As Buikhuisen says: “IT doesn't only deliver the technology behind the processes but also the ideas and information on which to base new initiatives. This will only be successful if we're involved right from the start: we have to be at the table when the ideas for new concepts are being developed so we can ensure new media are used to communicate with our consumers.”

This is a major change from a few years ago. In the 'old information world'

Heineken focused on the customers, the retail and catering industry, and optimised its business using good information. In the 'new information world' there are also possibilities for communicating with the (individual) consumer by smart use of digital media, and this is obviously beneficial to marketing. “What it boils down to is that IT and marketing can work together seamlessly. Within Heineken we have Business Information Managers who ensure tight connection between IT and the business. Then the IT department doesn't inhibit new initiatives but can identify, early in the process, what is and what is not possible, and also introduce ideas itself. In this way IT becomes an initiator instead of an inhibitor. You have to earn such a position: you have to show that you're not the classic 'nerd in the basement' but that you also understand business opportunities. If people connect, you can actually learn from each other and empower each other. “

Of course, IT doesn't only create value for Heineken's marketing projects. “The entire IT organization has to look to the business. And vice versa: the business should also be willing to look at the (im)possibilities of IT. Anyone can see that this is the dawn of a new information world. The importance of IT is increasing and we don't yet know what the new world is going to look like. To anticipate this within the organization, job rotation between the business and IT will become critical.

In this regard Buikhuisen points out that the typical competencies of IT people can also be of great value outside their discipline: “An IT person is usually very analytical and strong in terms of process thinking and project management. As far as I'm concerned, IT is the glue which holds companies together. Marketing traditionally thinks more in terms of campaigns. With the rise of digital media, however, we have to ensure we don't see campaigns too much as one-off, isolated events, but secure them structurally, for instance in the social media channels. Input from IT helps in this respect.”

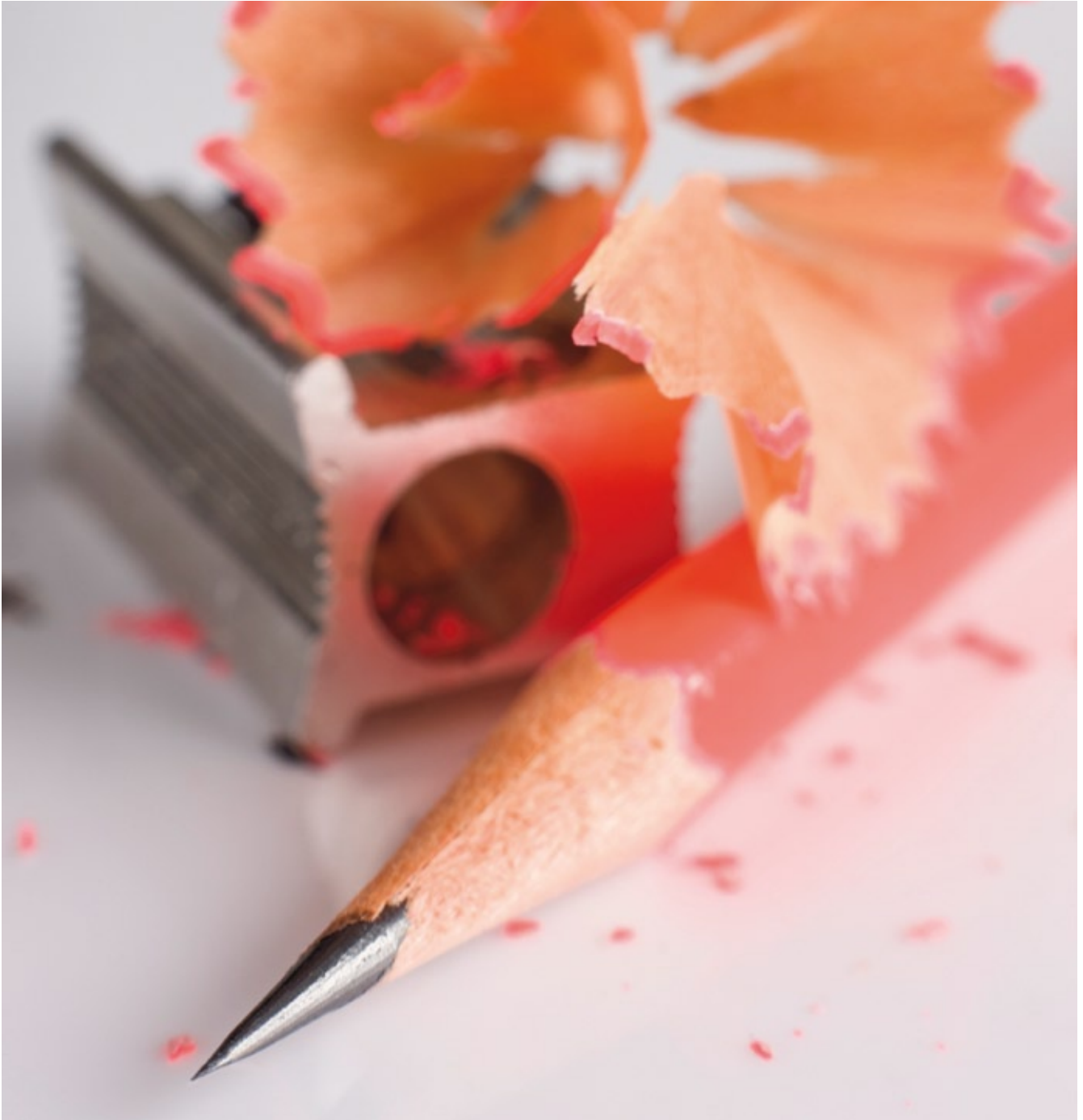
That's why I see it as a logical development that the general manager of the future will also have worked in the IT department.”



Maarten Buikhuisen is IT Director Western Europe at Heineken Breweries

# 04

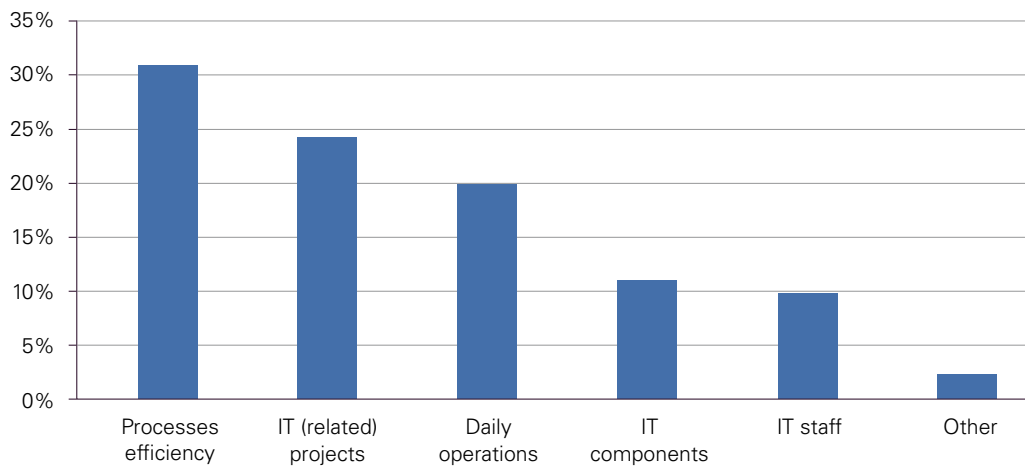
Cost optimization remains important  
Focus on process improvement



According to 56 percent of respondents, cost optimization should always be a part of the IT strategy. Probably because it is a major competitive weapon. However, 33 percent of respondents are of the opinion that cost optimization should not have a prominent place on the agenda,

as this theme has already been addressed sufficiently. So cost optimization remains on the CIO agenda but the response shows that the focus is mainly on greater process efficiency and less on pure IT topics such as IT staff and IT components.

**Percentage of CIOs who think cost optimization impacts the topic**



# 05

## Risk and compliance: high on the agenda in the financial sector

### Economic crisis impacts the CIO agenda in the financial sector



As a result of the financial crisis, risk and compliance is receiving more attention in the boardroom, say 68 percent of the interviewees. Eighty two percent expect the costs of compliance to increase in the next few years, with the majority expecting an increase of between 10 percent and 20 percent. However, how high this issue is on the agenda differs significantly for each sector. Within the financial sector risk and compliance is clearly higher on the agenda than in other sectors, most likely due to the financial crisis. Because of the crisis, the emphasis of IT projects is on risk and compliance (and sourcing) and less on IT value. The lower score by the financial

sector regarding the area of IT value seems to be the result of the immense pressure the financial crisis has put on this sector.

Important issues in risk and compliance are security (85 percent) and – more specifically– identity management (48 percent).

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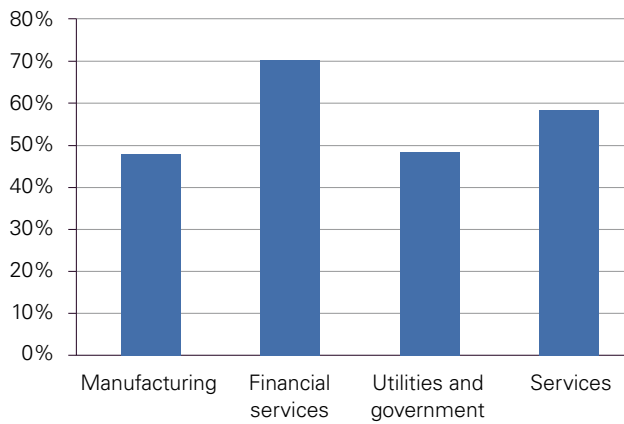
#### **KPMG's view on compliance**

There is "value in regulation". The cost of compliance has rocketed as companies moved from writing policies and discharging responsibilities to testing and demonstrating operation effectiveness.

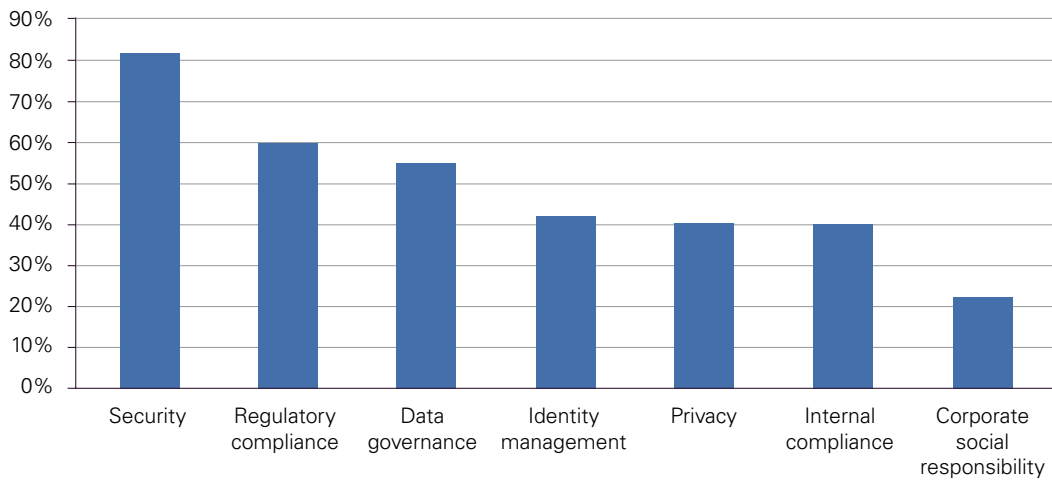
IT can help address this. IT can and should drive enhanced automation, analytics and reporting that are designed to reduce compliance costs. Further, extending or using regulatory reporting for other purposes could shift a number of regulatory endeavors into value creators, as much of the data required for regulatory reporting is often core for other initiatives, e.g. on customer insight.

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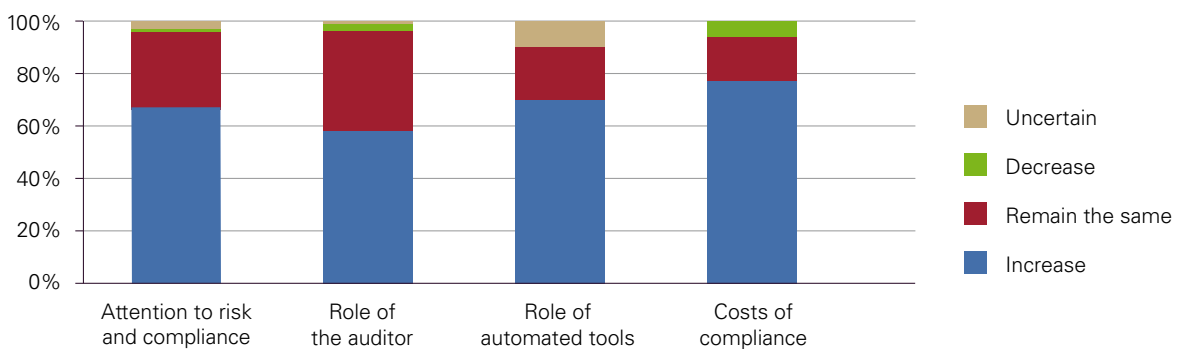
**Risk and compliance on the agenda**



**Percentage of CIOs who think the topic to be relevant**



**Developments in risk and compliance**



# 06

## Sourcing: the first major outsourcing wave has ended

CIOs want to get more value from their sourcing providers



For many years, the issue of sourcing was an integral part of the IT strategy in many organizations and contributed significantly to performance. The first wave of outsourcing activity seems to have reached its end, as this theme was hardly mentioned as an important agenda topic. It has become part of the day-to-day activities for most IT departments. Most respondent CIOs still expect the number of outsourcing contracts to increase in the coming years. What also stands out is that many CIOs are becoming more critical of their sourcing providers, mentioning

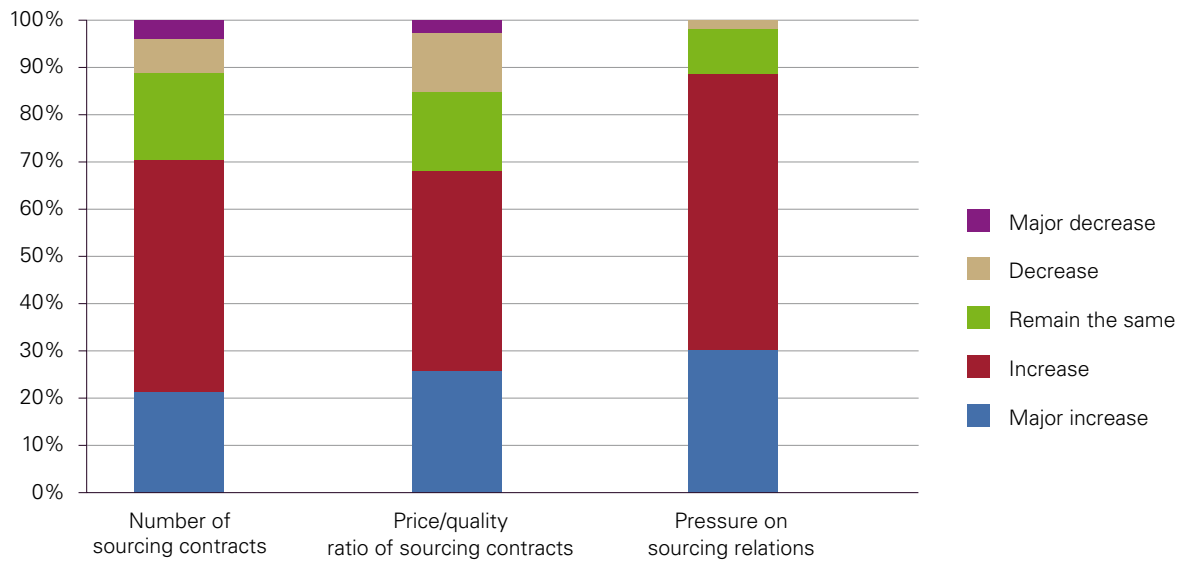
that they intend to pay much more attention to the price-quality ratio and a large majority of respondents intending to increase pressure on their sourcing provider.

This indicates a maturity in terms of sourcing and a realization that sourcing should show satisfying results. Regarding control, the figures also suggest greater cost awareness. Over 71 percent of CIOs indicate that they use their own audits to monitor their sourcing providers' working methods.

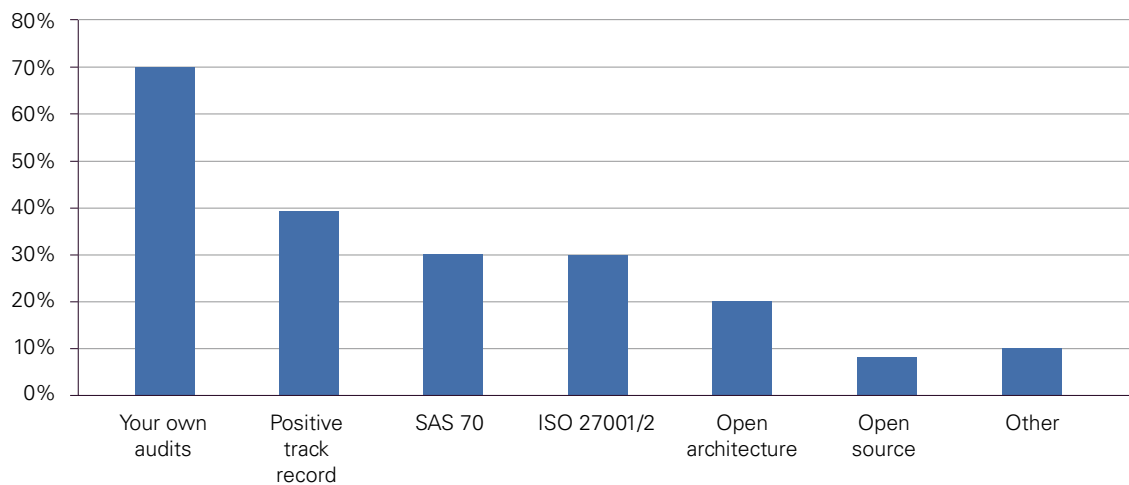
### **Kumar Parakala (KPMG EMA IT Advisory) on outsourcing**

Outsourcing and offshoring of processes, not only for IT but also HR, finance and other business unit processes are set to continue, as will organizations establishing their own captives on offshore locations. The challenge for these programmes is not only to look at short-term cost optimization, but also at long-term value creation. The financial sector has been through a tremendously turbulent period. It was all-hands-on-deck and the pressure to cut costs was massive. Financial institutions now need to focus their growth agendas by leveraging IT (and CIOs).

### Developments in IT sourcing



### Percentage of CIOs who think the assurance method to be relevant



# 07

CIOs in dynamic environments are first to apply new ways of working

Collaboration tooling and cloud computing are the new kids on the block



CIOs that work in a dynamic internal environment, or at least have the perception that they do, are more inclined to try new concepts and technologies. They have higher expectations of progressive technologies and concepts such as:

- Collaboration management;
- e-Inclusion;
- Appointing a dedicated portfolio manager.

Respondent CIOs expect use of collaboration tooling to increase significantly over the next five years.

Cloud computing too is generating significant interest: 72 percent of the respondents see this as a good way to outsource IT functionality.

As expected, the preference is for non-critical systems and for outsourcing near a private cloud.

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### **KPMG's view on collaboration**

The perception has always been that big wins come from big exciting projects, so executives may not recognize that great benefit could be created through relatively simple services (e.g. collaboration environments). Also, it is difficult for professional IT managers to articulate the business case of these technologies. Although intangible, the benefits are real and companies need to be willing to watch consumer trends and then pilot some of those simple solutions for employees. Much of it will not work out but enough will be successful to make the projects—and the knowledge gained from the process—worthwhile.

Interestingly, younger professionals prefer virtual interaction. For them, in-person meetings are restrictive, as they don't allow people to be quickly pulled in, instant message for real-time input, share and edit documents on the fly, etc. For all these reasons face-to-face meetings will become the exception and not the norm. This is a cultural shift and comes from the desire to achieve more out of meetings in a shorter space of time.

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**KPMG’s view on cloud computing**

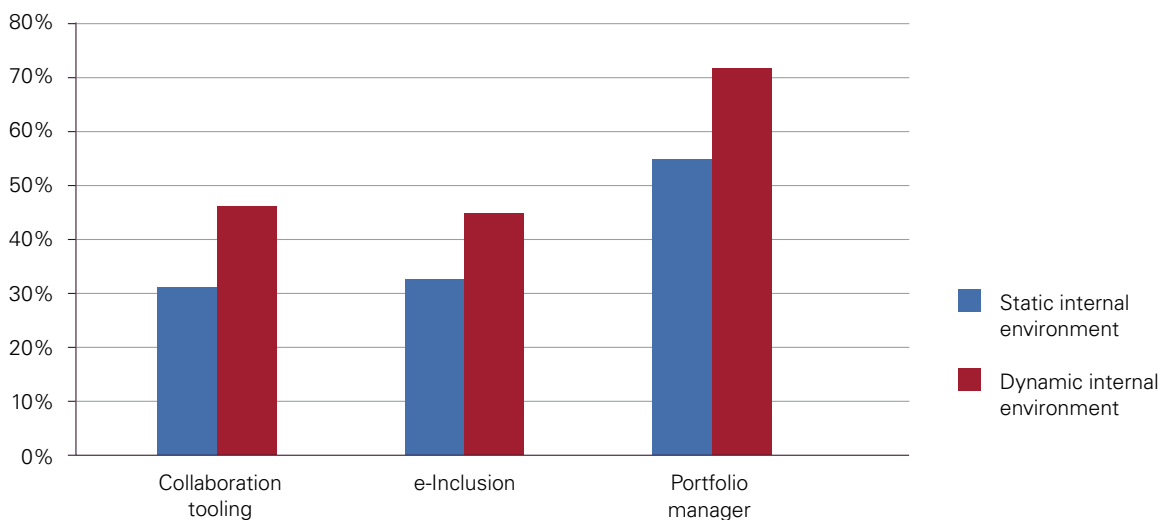
Cloud computing seems to be of interest only for non-critical systems, but that will change.

The barriers to widespread adoption appear to be a lack of clear understanding and confusion, particularly around regulation. This is especially true for financial organizations, which are naturally wary of data loss, security breaches and regulatory issues that could expose them to fines in excess of the amount saved. We will eventually see cloud computing used for critical systems and data but that is still five to 10 years out. Eventually, companies will start to ask why they should devote millions of dollars and hundreds of people to optimizing

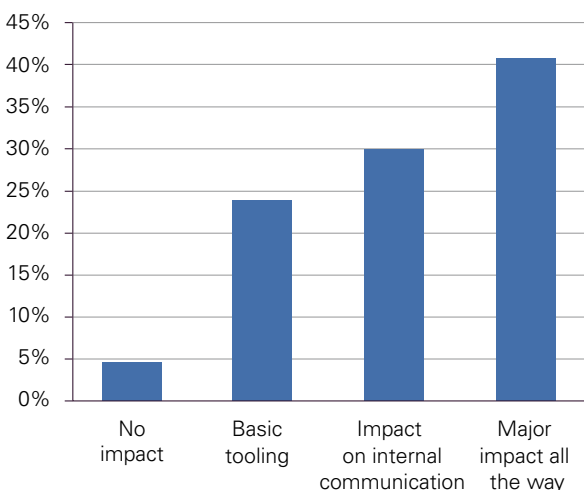
a data centre full of computers, keeping them patched, keeping them running, monitoring them, upgrading them and maintaining them if all of that is not their core business. This thought process is seen by many as the logical outcome of outsourcing.

What will bring about the change is new vendors or smart existing ones that will provide services (i.e. applications plus guaranteed service levels) that address client needs. For example, Google is making commitments about the territories in which data will be held for its corporate cloud offerings; this is significant and was not available 18 months ago.

**Developments in IT expected by CIOs in different environments**



**Impact of collaboration tooling**



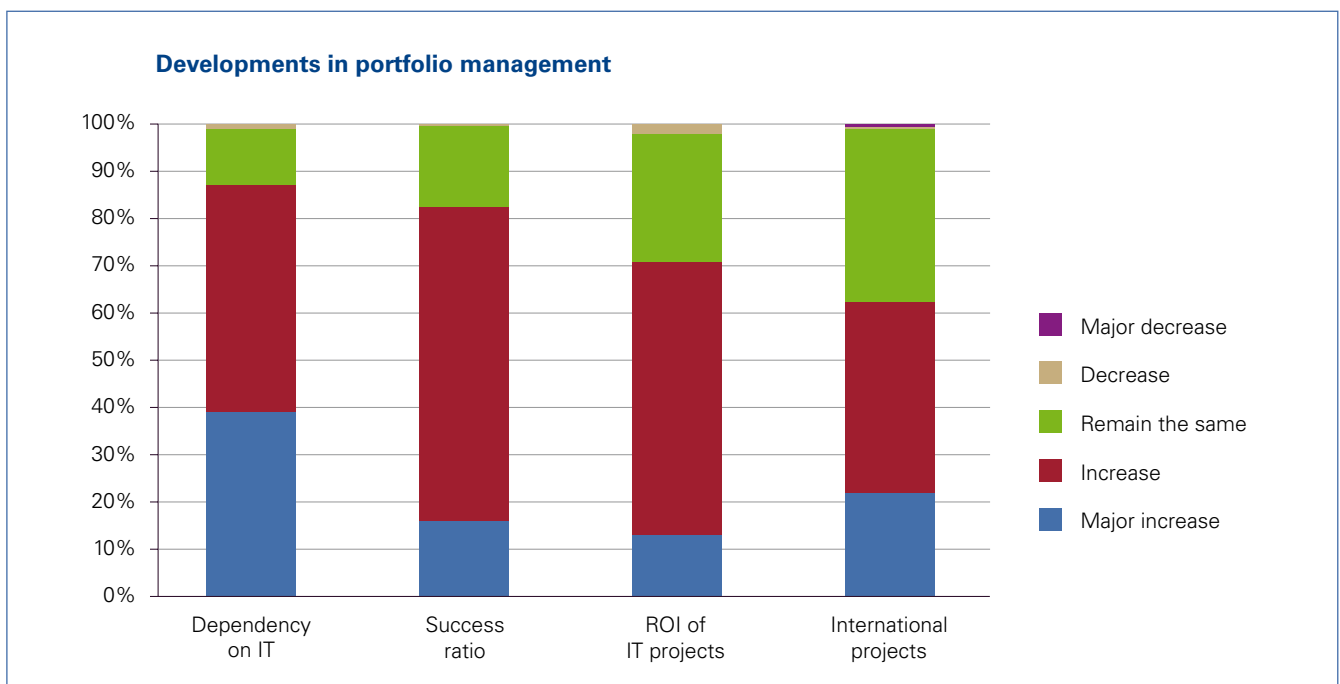
# 08

The CIO is optimistic about the future  
IT is expected to be increasingly successful



CIOs seem to be optimistic about the future. They expect project success

rates and returns on investment to grow in the next few years.



### Mark Britnell (KPMG in the UK) on CIO challenges in the healthcare sector

“In many countries, the healthcare sector is on the verge of a radical transformation. One of the preconditions for making this a success is that CIOs understand the issues in the healthcare sector down to the smallest detail, and are able to base their reasoning on the patient’s perspective instead of letting technology dominate. A CIO needs to have empathy with healthcare. Fortunately, a shift is occurring. CIOs are increasingly playing a mature role within the sector.”

“There is no real doubt that a transformation of the healthcare sector in many countries is both desirable and unavoidable. For the Western world, it is imperative to improve the quality of care while at the same time lowering costs, if for no other reason than to be able to cope with an ageing population. We will not achieve this by making small changes. If we center the entire healthcare system on the patient, this radically new model will allow us to

take great strides in terms of costs as well as quality. Our study, ‘A Better Pill to Swallow’, shows that both in the UK (Torbay) and Canada (Ontario) the ability to look holistically at an individual’s needs and provide funding and care support from ‘pooled’ budgets has reduced unnecessary bureaucracy and streamlined the care process, thereby making it more personal to the user, and more effective and efficient as a result. Similarly, purchaser-provider partnerships in different parts of the US have demonstrated impressive results.”

“The current situation in the healthcare sector is characterized by legacy systems that are out of date and were not designed with the patient in mind. These are often not fit for use and too expensive for many hospitals. Instead, we should adopt a more personalized approach and small, flexible applications. Healthcare could then be organized very differently, but this requires an initial investment. One of the biggest pitfalls is that the

healthcare sector will be confronted with cynicism in society and politics. There will inevitably be doubts about the feasibility of a fundamental modernization as, in practice, major IT projects unfortunately quite often go wrong. That is why we will have to work to improve the image of IT and overcome the cynicism.”



Mark Britnell is KPMG’s Head of Health for UK and Europe

# Appendix

## Background to the survey

As a prelude to the global conference on IT that takes place every two years (the World Congress on IT, one of the largest IT events worldwide), in January 2010 KPMG's Global Advisory practice decided to perform a worldwide survey of 4,500 CIOs and IT decision makers.

KPMG's objective in producing this survey is to provide information to enable CIOs to set their priorities for

the coming years. The survey was based on KPMG's own technology agenda, which was launched in 2007 and updated in 2009. Specific to the survey is an analysis of the CIO's profile and its relation to the priorities on his or her agenda. Since statistics alone show only part of the story, the whitepaper was completed with interviews with CIOs from different regions and KPMG firms' professionals' views on the main topics on the

agenda. We hope these results will support CIOs in their decision-making.

As part of the process KPMG set up a dedicated project team, including an editorial board with content matter specialists. Together with the editorial board we created a survey that was extremely valuable to respondents, as the feedback we received showed.

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## Our methodology

The objective of the survey was to understand the agendas of CIOs worldwide for the coming years and to explore correlations in three areas:

1. Agenda topics and responses to various factual questions
2. Profile of the CIO
3. Environmental factors, such as location, sector, and size of the organization

The questions, especially the content-related questions, were verified with the editorial board of content matter

specialists within KPMG's global network with the aim of ensuring that the topics discussed were relevant and accurate. The profile-related questions were based on an article by M. Sojer, C. Schläger, and C. Locher on the position of the CIO<sup>2</sup>.

The exploration of correlations was based on a number of hypotheses, which were verified using statistical methods.

A total of 4,500 CIOs were approached to respond to the online survey. At the

closing of the survey, about 450 CIOs had responded, 300 of them had completed the survey in full. The results presented in this report were all statistically significant.

The interviews with the CIOs and the thought leaders were held through video conferencing and conference calls. The written versions were verified and agreed by the interviewees.

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2 M. Sojer, C. Schläger, and C. Locher, 'The CIO – Hype, Science and Reality', <http://is2.lse.ac.uk/asp/aspecis/20060105.pdf>

## Glossary of terms

- **Cloud computing**  
A model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.
- **Cost optimization**  
Activities performed by management to control IT spending. This includes both the reduction of IT spending and the IT spending strategy.
- **e-Inclusion**  
e-Inclusion or digital inclusion is the term used within the European Union to encompass activities related to the achievement of an inclusive information society. In this vein, new developments in technology turn the risk of a digital divide into 'digital cohesion' and opportunity, bringing the benefits of
- the internet and related technology to all segments of the population, including people who are disadvantaged for specific reasons, such as disabilities.
- **Globalization**  
An indication of the global coverage of an organization measured in terms of the number of countries the organization is located in, how many continents it spans and how widespread its turnover is across these countries.
- **IT governance**  
The leadership and organizational structures and processes that ensure that an organization's IT function sustains and extends the organization's strategies and objectives.
- **IT sourcing**  
IT sourcing is everything that can be considered important to managing IT that is not implemented within
- the boundaries of the organization itself. This concerns both sourcing strategy and managing sourcing relations.
- **IT value**  
Activities performed by management to increase the added value of IT investments as well as the way in which IT adds value to the business.
- **Portfolio management**  
Activities that help organizations make sound decisions by prioritizing the deployment of scarce resources to change initiatives and by maximizing the value of projects, programmes and portfolios to help achieve the organization's strategy.
- **Risk and compliance**  
Activities performed by management to identify, analyze and respond to risks in order to become, and remain, compliant with internal requirements and external laws and regulations.

## Special thanks

The results of the survey would never have been completed without the help of a large group of people. Special thanks are due to:

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- Michiel Kooper, project manager  
Edo Roos Lindgreen, partner in charge

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