

Harvey Nash/KPMG CIO Survey 2017

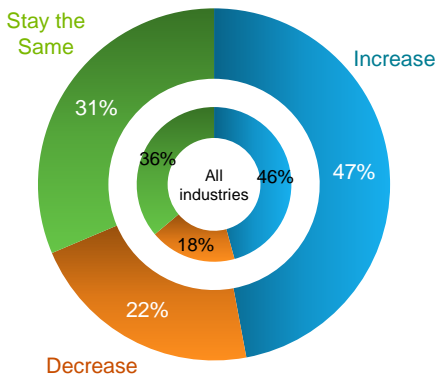
Utilities Sector Findings

The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,500 respondents across 86 countries, representing over US\$300bn of IT budget spend.

This utilities industry sector snapshot provides survey responses from 69 companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries..

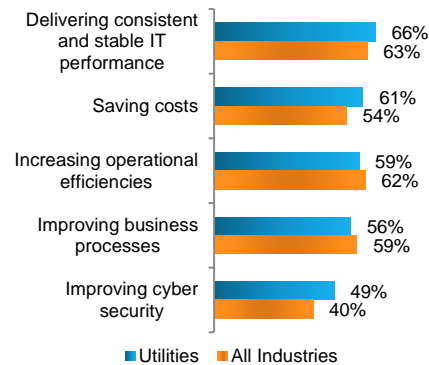
Key Topics

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



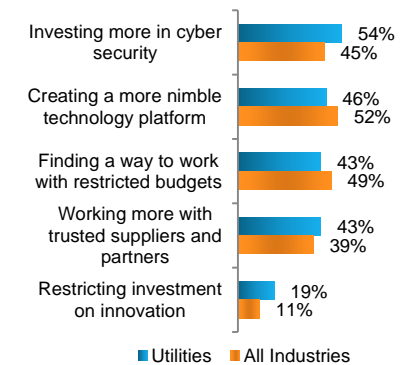
Utilities' IT budget expectations for the next 12 months are **similar to those of other industries**, with slightly more expecting a budget increase (47% vs. 46% for all industries), and expecting a decrease (22% vs. 18%).

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



Utility company Boards most notably **place a greater emphasis on saving costs** (61% vs. 54% for all industries) **and improving cyber security** (49% vs. 40%) than other industries.

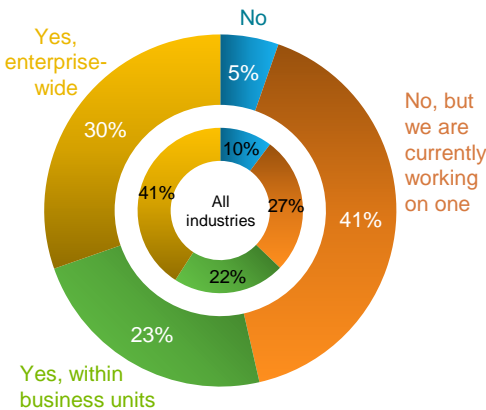
How have you adapted your technology plans to deal with uncertainty? (top 5)



Compared to other industries, utilities are **more likely to deal with uncertainty by investing in cybersecurity** (54% vs. 45% for all industries), **and restricting investment on innovation** (19% vs. 11%).

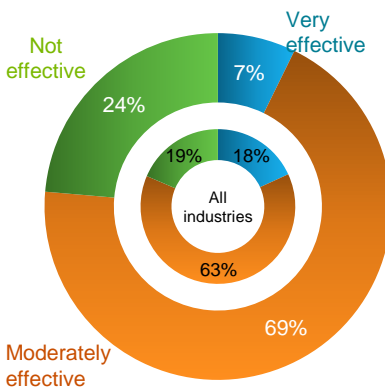
Digital Strategy

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



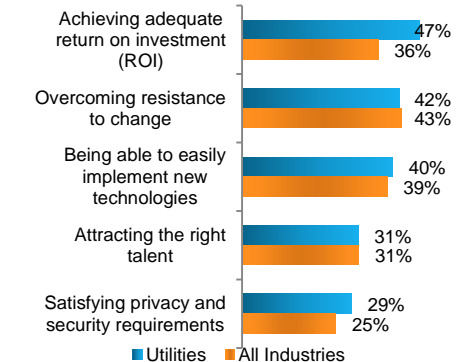
Utilities are **much less likely to maintain an enterprise-wide digital business strategy** (30% vs. 41% for all industries), with 41% of utilities lacking a strategy, but currently working on one.

How effective has your organization been in using digital technologies to advance its business strategy?



Utilities **report much lower overall effectiveness levels in their digital strategies** compared to others, with just 7% describing their digital strategies as very effective, compared to 18% for all industries.

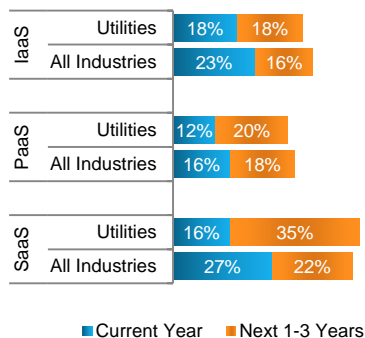
Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital capabilities, utilities **face greater challenges achieving adequate ROI** (47% vs. 36% for all industries) **and satisfying privacy and security requirements** (29% vs. 25%).

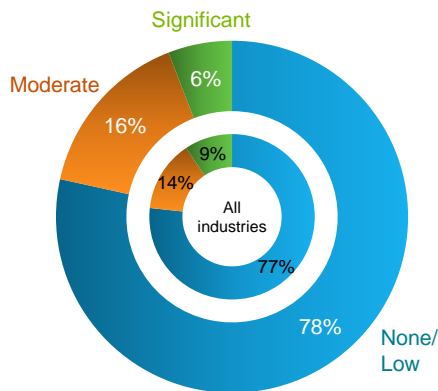
Technology & Innovation

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



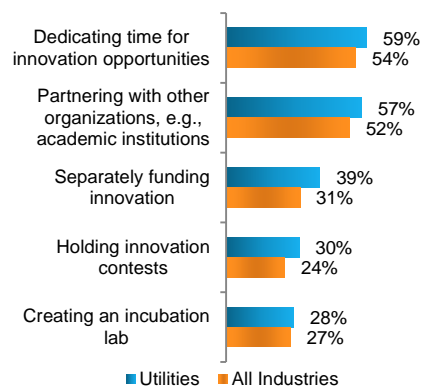
Compared to other industries, utilities are **less likely to currently invest significantly in all types of cloud services**, especially SaaS (27% vs. 16% for all industries).

How would you characterize your current investment in digital labor?



Utilities have invested roughly equally in digital labor as other industries, with fewer making significant investments (6% vs. 9% for all industries), but more making moderate investments (16% vs. 14%).

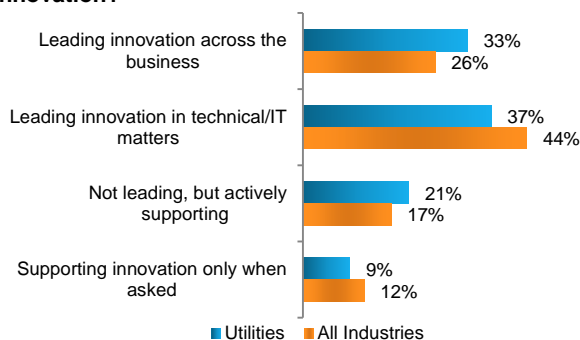
In which of the following ways is your organization fostering innovation?



To foster innovation, Utilities are most notably **more likely to separately fund innovation** (39% vs. 31% for all industries) and **hold innovation contests** (30% vs. 24%).

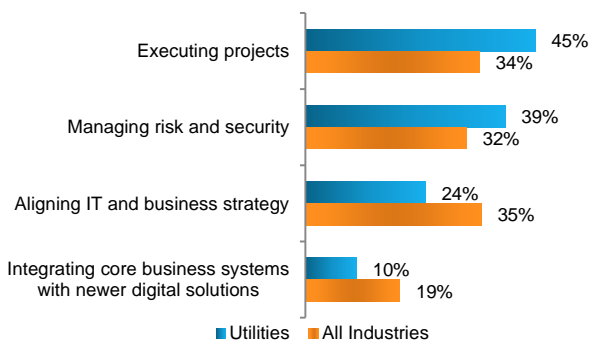
Significant Differences

Which of the following do you think best describes the role your organization's CIO is currently playing in promoting innovation?



Compared to their peers, utilities CIOs are **more likely to lead innovation across the business** (33% vs. 26% for all industries), **less likely lead innovation only in technical/IT matters** (37% vs. 44%), and are **equally likely to take secondary, supporting roles**.

How effective is your IT organization in each of the following capabilities? (Very Effective)



Compared to others, utilities **excel at executing projects** (45% vs. 34% for all industries) and **managing risk and security** (39% vs. 32%), but **lag in key capabilities such as aligning IT and business strategy** (24% vs. 35%) **integrating core business systems with digital solutions** (10% vs. 19%).

Conclusions

Digitalization is driving disruptive changes across the entire power and utilities value chain. Utility executives are building or improving their digital strategy by investing in their IT capabilities. Utility CIOs' main goals under these new strategies are cost-savings and becoming more effective at the operational level. They expect that the greatest challenges for IT will be obtaining an adequate return on investment and maintaining support for new technologies. Only 10 percent see their own IT department as 'very effective' at integrating new digital solutions into the core business system.

In the years ahead, utility companies need to focus on their IT and digital capabilities to advance operational excellence and continuously improve cyber security mechanisms. But one of the most important challenges in becoming a utility company of the future, is to convert new digital solutions into innovative business models, connecting IT with the company's strategic development.

Further information

Michael Salcher

Global Power and Utilities Leader
KPMG International
T: +49 89 9282-1239
E: msalcher@kpmg.com

Regina Mayor

Global Sector Leader, Energy and Natural Resources
KPMG International
T: +1 713 319 3137
E: rmayor@kpmg.com

www.kpmg.com/ciosurvey



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