

# The future of IT

## Enabling the delivery of products and services at market speed and scale

Businesses are under increasing demands. Seeing advancements in digital technology as the answer to delivering value while providing a meaningful return, organizations are finding their IT function ready and willing, but often unable to run at the different speeds required by different product portfolios. Today, IT must do more than “keep the lights on”. It needs to respond to these accelerating forces and evolve the operating model to meet the demands of a connected enterprise. This means transforming to the future of IT; one where culture, a flexible organizational model, diverse capabilities, and an ecosystem of talented people all come together.

### IT as the enabler

Businesses are becoming hyper-connected, with digital transforming their organizations. And, as predicted by IDC, by 2022 fully 80% of revenue growth will depend on digital offerings and operations<sup>1</sup>. Reverberated in our recent study of IT leadership, 61% of companies that are effective at using digital technologies see higher revenue growth than their competition<sup>2</sup>.

Achieving such success means IT must be inexorably intertwined with the connected enterprise. Today, however, most IT functions cannot support this.

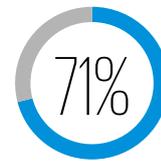
To innovate and pivot with the organization, IT must evolve its operating model. Doing so involves changing how it provides technology services, responds to issues and manages expectations, while delivering value. Such a change would create a dynamic, flexible, scalable, connected model that would play a critical role in supporting and enabling the connected enterprise in a digital world.

### Ambition and ability need alignment

The IT function is crucial to a digital transformation that enables the delivery of new products and services at market speed and scale, but ambition and ability are not aligned.



of CEOs say acting with agility is the new currency of business<sup>3</sup>



of CEOs say their company's growth relies on its ability to challenge and disrupt business norms<sup>3</sup>



of companies expect to transform their primary business activity in the next 3 years<sup>2</sup>



of CIOs believe their digital strategy is only moderately effective or worse<sup>2</sup>

### Key trends and drivers influencing IT functions<sup>2</sup>



#### Demand for data & insights

Only **17%** of companies are “very effective” at maximizing value from the data they hold



#### Cyber threat

**32%** of companies reported a major cybercrime in the last 2 years



#### Increased investment

**55%** of IT leaders had budget increases in the past year, highest levels in 15 years



#### Battle for skills

**67%** of IT leaders are reporting a lack of skills holding back their strategies



#### Intelligent automation

**33%** of companies plan to replace over 20% of roles with AI/automation within 5 years



#### Business managed IT

**64%** of companies now allow “business-managed IT” spend and 1 in 10 actively encourage it

## Delivering business value

The IT function runs a real risk of being left behind as business partners work to innovate at market speed. By combining six elements in the right proportions, IT can deliver value for the business:

 <b>Market speed</b> Realign capabilities, people, architectures, and ways of working to enable the delivery of new products and services at variable speeds and scale.	 <b>Flexible IT workforce</b> Develop a 360 degree view of the IT workforce, including business, technical, and virtual skills, to create a flexible ecosystem of talent.
 <b>Dynamic investment</b> Deploy a “think like a VC” portfolio investment approach and leverage lean financial processes to drive dynamic and continuous funding of technology and investments.	 <b>Data as an asset</b> Establish rules of engagement, make data fluency and business driven data curation a strategic imperative and reimagine a frictionless data supply chain.
 <b>Modern delivery</b> Integrate business, engineering, testing and operations into full stack teams, automating large portions of the value chain.	 <b>Customer trust</b> Instil technical trust throughout the organization, delivering intrinsically safe products and services, to influence perceived trust for customer value.

## How KPMG member firms can help

KPMG member firms recognize that CIOs and IT leaders face increasingly complex demands and challenges. Today, IT must advance the business, not just support it, with boards increasingly expecting returns on digital investments and the implementation of successful digital transformation strategies that will drive up agility, responsiveness and enhance the customer experience.

KPMG professionals can help CIOs, technology leaders and business executives to harness new technology and improve the strategic value of their technology investments. If your business is seeking ways to leverage technology as a source of innovation and competitive growth, KPMG member firms can help.

To learn more about how you can become a market speed organization, please visit [kpmg.com/Future-IT](https://kpmg.com/Future-IT)

## Contact us

For further information on how KPMG professionals can help your business, please contact us.

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#### Sources:

1. IDC Press Release, IDC Launches New Framework to Accelerate Digital Transformation and Help Enterprises Become Digital Natives (IDC, Oct 2017)
2. Harvey Nash / KPMG CIO Survey 2019
3. KPMG CEO Outlook 2019



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