



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, organisations 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 organisational 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 organisations. And, as predicted by IDC, by 2022 fully 80 percent of revenue growth will depend on digital offerings and operations¹. Reverberated in our recent study of IT leadership, 61 percent of companies that are effective at using digital technologies see higher revenue growth than their competition².

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

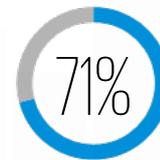
To innovate and pivot with the organisation, IT must evolve its operating model. Doing so involves changing how it provides technology services, responds to issues and manages expectations, while delivering value. Such a change would create a dynamic, flexible, scalable, connected model that would play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



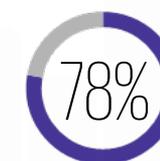
of companies are focused on transformation³



of CEOs are personally ready to lead radical organisational transformation⁴



of executives are not confident their business can build and implement a new operating model³



of CIOs believe their digital strategy is only moderately effective or worse²

Key trends and drivers influencing IT functions²



Demand for data & insights

Only **23%** of companies are "very effective" at generating actionable insights from customer data



Empowered customer

'Customer-centric' companies are **38%** more likely to report greater profitability than ones that are not



Intelligent automation

67% of organisations are looking to intelligent automation to reduce additional headcount



Cyber threat

33% of companies reported a major cybercrime in the last 2 years



Battle for skills

65% of IT leaders are reporting a lack of skills holding back their strategies



Business managed IT

66% of organisations see business managed IT as the new norm

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:

 Market speed Realign capabilities, people, architectures, and ways of working to enable the delivery of new products and services at variable speeds and scale.	 Flexible IT workforce Develop a 360 degree view of the IT workforce, including business, technical, and virtual skills, to create a flexible ecosystem of talent.
 Dynamic investment Deploy a 'think like a VC' portfolio investment approach and leverage lean financial processes to drive dynamic and continuous funding of technology and investments.	 Data as an asset Evolve foundational data assets to fuel demand for actionable customer insights, transparency to risk and opportunity, and operational efficiency.
 Modern delivery Integrate business, engineering, testing and operations into full stack teams, automating large portions of the value chain.	 Customer trust Instil technical trust throughout the organisation, delivering intrinsically safe products and services, to influence perceived trust for customer value.

How KPMG member firms can help

KPMG member firms recognise 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 organisation, please visit kpmg.com/au/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 2018
3. KPMG Global Transformation Study 2016
4. KPMG CEO Outlook 2018



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