Harvey Nash/KPMG CIO Survey 2017
Construction/Engineering 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 construction/engineering sector snapshot provides survey responses from 119 construction/engineering 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?**

- Stay the Same: 37% (All industries: 40%)
- Increase: 44% (All industries: 50%)
- Decrease: 19% (All industries: 35%)

Construction/engineering companies are slightly more pessimistic about their IT budgets than other industries, with fewer expecting a budget increase (44% vs. 46% for all industries), and more a decrease (20% vs. 18%).

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

1. Improving business processes: 72% (Construction/Engineering: 67%)
2. Delivering consistent and stable IT performance: 67% (63%)
3. Increasing operational efficiencies: 66% (62%)
4. Saving costs: 57% (54%)
5. Delivering business intelligence / analytics: 48% (46%)

Construction/engineering company Boards most notably place a greater priority on improving business processes (72% vs. 59% for all industries), with most top priorities focused on driving cost savings and business efficiencies.

### Digital Strategy

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

- Yes, enterprise-wide: 30% (All industries: 41%)
- Yes, within business units: 41% (41%)
- No: 28% (27%)
- No, but we are currently working on one: 10% (10%)

Construction/engineering companies are far less likely to maintain an enterprise-wide digital business strategy than in other industries (30% vs. 41% for all industries).

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

1. Working more with trusted suppliers and partners: 54% (49%)
2. Investing more in cyber security: 49% (45%)
3. Creating a more nimble technology platform: 42% (52%)
4. Finding a way to work with restricted budgets: 36% (49%)
5. Reducing the amount of longer-term planning: 34% (30%)

To deal with uncertainty, construction/engineering companies are most notably more likely to work more with trusted partners (54% vs. 39% for all industries), and are less likely to find a way to work with restricted budgets (36% vs. 49%).

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

- Very effective: 29% (36%)
- Moderately effective: 33% (31%)
- Effective: 15% (17%)
- Not effective: 23% (26%)
- No: 9% (10%)

Construction engineering companies report extremely low overall effectiveness levels in their digital strategies, with just 10% describing their 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)**

1. Overcoming resistance to change: 61% (43%)
2. Being able to easily implement new technologies: 42% (39%)
3. Achieving adequate return on investment (ROI): 36% (36%)
4. Attracting the right talent: 29% (31%)
5. Gaining executive-level sponsorship: 23% (20%)

When implementing digital capabilities, construction/engineering companies face far greater challenges overcoming resistance to change (61% vs. 43% for all industries), which is by far the greatest challenge.

© 2017 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.
Conclusions

While the Construction / Engineering sector results clearly indicate a lagging industry, it is not surprising. The findings are consistent with KPMG’s 2016 Global Construction Survey, which indicated 69% of companies are either ‘followers’ or ‘behind the curve’ when it comes to technology and innovation. Those that do invest in disruptive technologies often gain a step over industry peers, which means construction/engineering companies tend to undertake the same innovation-related activities as other industries, with dedicating time for innovation opportunities and partnering the most common.

Construction/engineering companies fall short of cross-industry effectiveness benchmarks in several key IT capabilities, including executing projects, aligning IT and business strategy, developing the right culture, and facilitating the use of data and analytics.

Further Information

Geno Armstrong
Principal, Advisory
KPMG in the US
T: +1 206 852 7189
E: garmstrong@kpmg.com

More information about KPMG's 2017 Global Construction survey and the role technology plays alongside people and performance can be found at www.kpmg.com/ciosurvey.