

# Harvey Nash/KPMG CIO Survey 2017

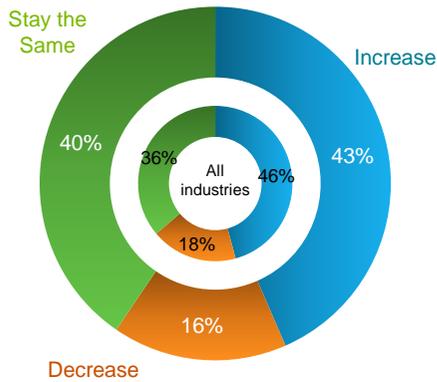
## Manufacturing Sector Findings

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 manufacturing sector snapshot provides survey responses from nearly 400 manufacturing companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries.

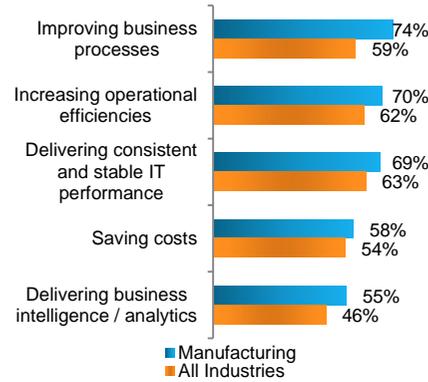
### Key Topics

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



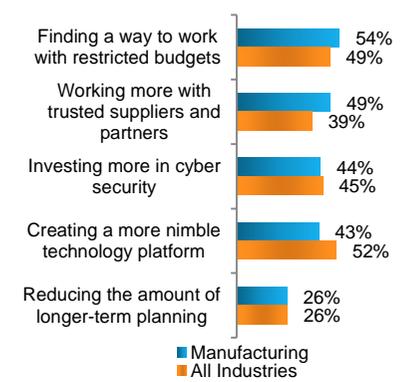
Manufacturing companies IT budget expectations are in-line with those of other industries, with slightly fewer expecting a budget increase (43% vs 46% for all industries), or a decrease (16% vs. 18%).

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



Manufacturing places a much greater emphasis on IT improving business processes (74% vs. 59% for all industries) increasing operational efficiencies (70% vs. 62%), and delivering business intelligence/ analytics (55% vs. 46%).

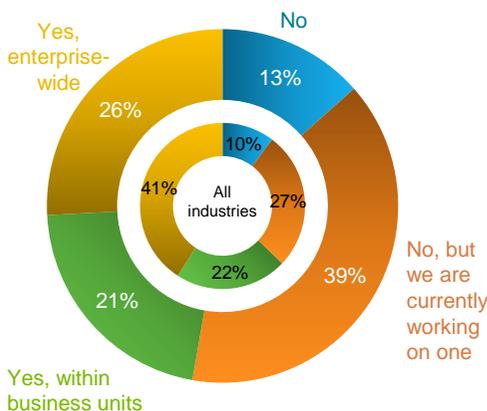
How have you adapted your technology plans to deal with uncertainty? (top 5)



Manufacturing deals with uncertainty much more often by working with trusted supplier and partners (49% vs. 39% for all industries), and less by creating a more nimble technology platform (43% vs. 52%).

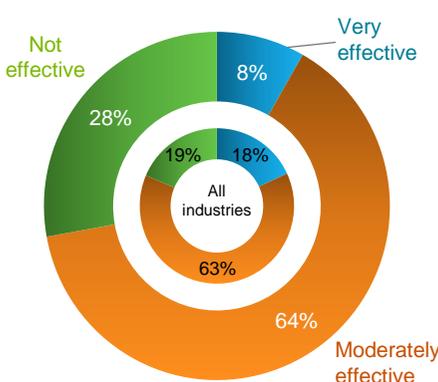
### Digital Strategy

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



Manufacturing companies are much less likely to maintain an enterprise-wide digital business strategy than those in other industries (26% vs. 41% for all industries).

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



Manufacturing companies report low overall effectiveness levels in their digital strategies, with just 8% describing their digital strategies as very effective, versus 18% for all industries.

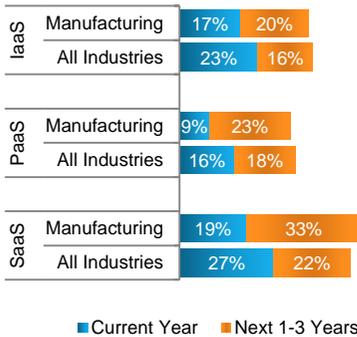
Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital, manufacturing companies face greater challenges overcoming resistance to change (49% vs. 43% for all industries) and gaining executive sponsorship (27% vs. 20%).

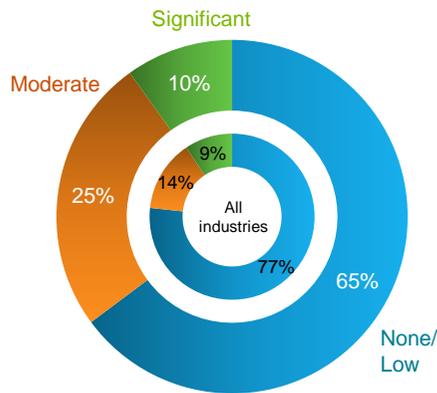
## Technology & Innovation

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



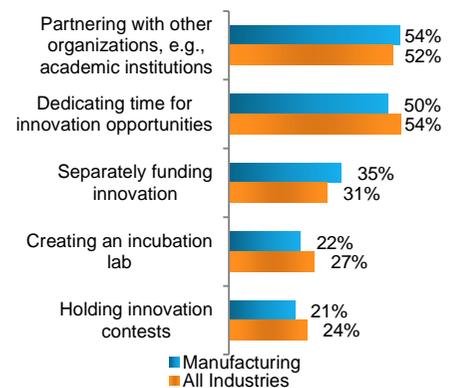
Compared to other industries, manufacturing companies are **less likely to invest significantly in cloud services currently**, but expect to increase their investment more than other industries in the next 1 -3 years.

How would you characterize your current investment in digital labor?



Manufacturing has invested more heavily in digital labor than other industries, with many more making moderate investments (25% vs. 14% for all industries) and slightly more making significant investments (10% vs. 9%).

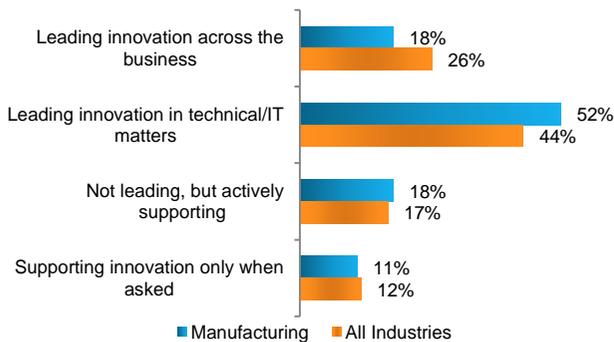
In which of the following ways is your organization fostering innovation?



Manufacturing companies generally **undertake similar innovation-related activities** as those in other industries, with partnering with other organizations and dedicating time for innovation opportunities the most popular.

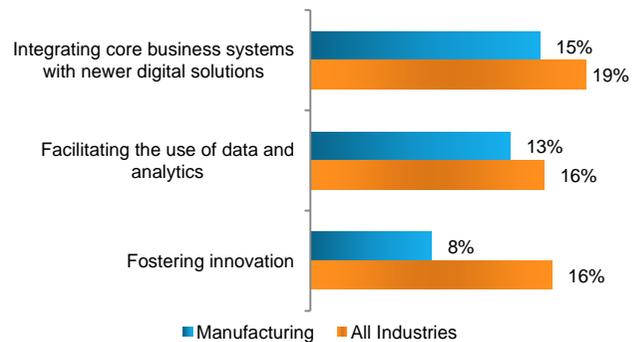
## Significant Differences

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



Compared to non-industry peers, manufacturing CIOs are **less likely to lead innovation across the business** (18% vs. 26% for all industries), and **more likely to lead only in technical/IT matters** (50% vs. 44%). They are equally likely to take secondary, supporting roles.

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



Manufacturing companies **lag behind cross-industry effectiveness benchmarks in key next-generation IT capabilities**. In particular, they **struggle with fostering innovation**, with just 8% considering themselves very effective, compared to an all-industries average of 16%.

## Conclusions

Manufacturing CIOs are continuing to improve how they deliver services to the business through an increased focus on operational processes, that requires balancing efficiency and effectiveness, as they look towards modernizing their legacy applications and infrastructure. In many companies these may have been in place for more than 30 – 40 years. Another key challenge facing manufacturers is the soon-to-be-retired workforce and the need to attract new talent. We have seen a heightened awareness of this in the past year with an increased focus on obtaining the institutional knowledge of the workforce, as well as establishing programs to attract millennials. These workforce changes also present challenges in the ability of organizations to embrace and adopt new technologies, and require a thoughtful approach to implementing them. We find the most successful adoption and realization of value to the business happens when organizational change management is a core component. In summary, these areas of focus will enable the office of the CIO in Manufacturing to continue adding value to the business through enhanced capabilities in digital strategies, and other next generation innovation technologies, but they are still early in the adoption of these compared to other industries.

## Further information

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