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Introduction



I am delighted to introduce our 2010 Chief Information Officers (CIO) Pulse Survey which provides a snapshot of the views of nearly 100 of Ireland's IT leaders on the challenges and opportunities for the business of IT.

The survey supports an increasing trend which we have seen among our clients to elevate IT on the corporate agenda and to recognise the crucial importance of IT to their success. Demands on IT Departments have never been greater, even where volumes of business have reduced significantly, and IT is one of the few areas where many organisations are still hiring to meet specialist skill needs.

Key themes of the survey are:

- **IT is driving business innovation.** An overwhelming majority (83%) of survey participants said that IT will play a significant role in driving innovation in the year ahead. This clearly demonstrates the leadership role of IT and its ability to shape business towards Ireland's knowledge economy.
- **IT is delivering greater value.** According to the survey, IT is now a key player in driving revenues and achieving cost savings. This has been achieved most notably through better use of management information (65%). The survey highlights that IT is a crucial player in driving bottom line results while positioning the business for future growth.
- **Business is not standing still where IT investment is concerned.** According to the survey, over half (54%) of IT leaders said that they are either maintaining or increasing their IT spend for the year ahead. Despite the huge emphasis on the cost agenda, IT and business leaders realise the benefits from appropriate IT investment and that this is critical for future business sustainability.

- **IT is having a greater influence on business.** Nearly two-thirds (60%) of CIOs see IT as a business partner or value creator. A similar proportion (62%) are members of the senior management team. There is a recognition that IT needs to be involved at the boardroom table in order to deliver value and this is clearly happening.
- **The green agenda – not a top priority for CIOs.** Similar to CEO views,* less than a third (27%) of Ireland's CIOs ranked Green IT initiatives to be a top business priority. This shows that some work is yet to be done to clearly understand the business benefits of implementing green initiatives. These benefits will not only flow to the bottom-line, but will also bring other competitive advantages such as brand and reputation.

These are challenging times for all organisations, but those who recognise the importance of IT and effectively exploit IT will emerge stronger and better prepared for the future. As can be seen from the survey, leading organisations are showing the way by investing more rather than less in IT.

Ciarán Kelly
Consulting Partner
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* PwC CEO Pulse Survey 2010

IT governance

According to the survey CIOs are playing a key role in influencing the top management agenda. For example, more than a third (41%) of CIOs are now reporting directly to the CEO and nearly two-thirds (62%) are members of the senior management team.

However, the survey highlights that IT governance may be an area for greater focus. For example, 41% of participating Irish organisations still do not have an effective IT Steering Committee in place.

“CIOs playing key role in Irish business”

“IT governance may be an area for greater focus”

Figure 1:
To whom does the head of the IT function report?

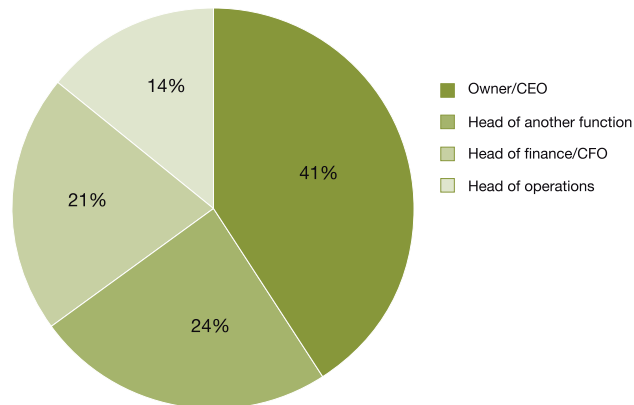


Figure 2:
Is the head of IT a member of the senior management team?

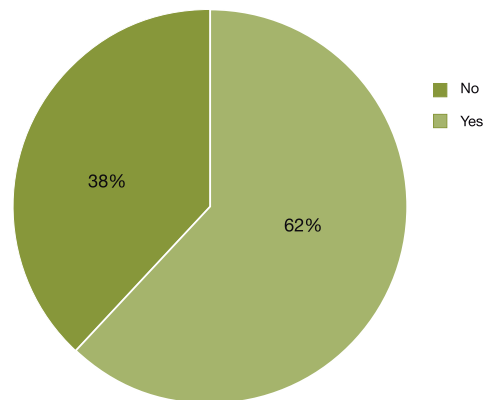
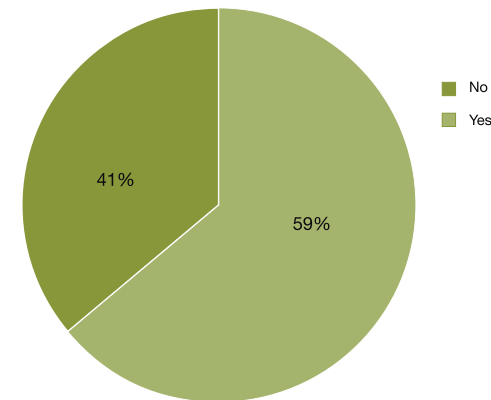


Figure 3:
Does your organisation have an IT Steering Committee in place?

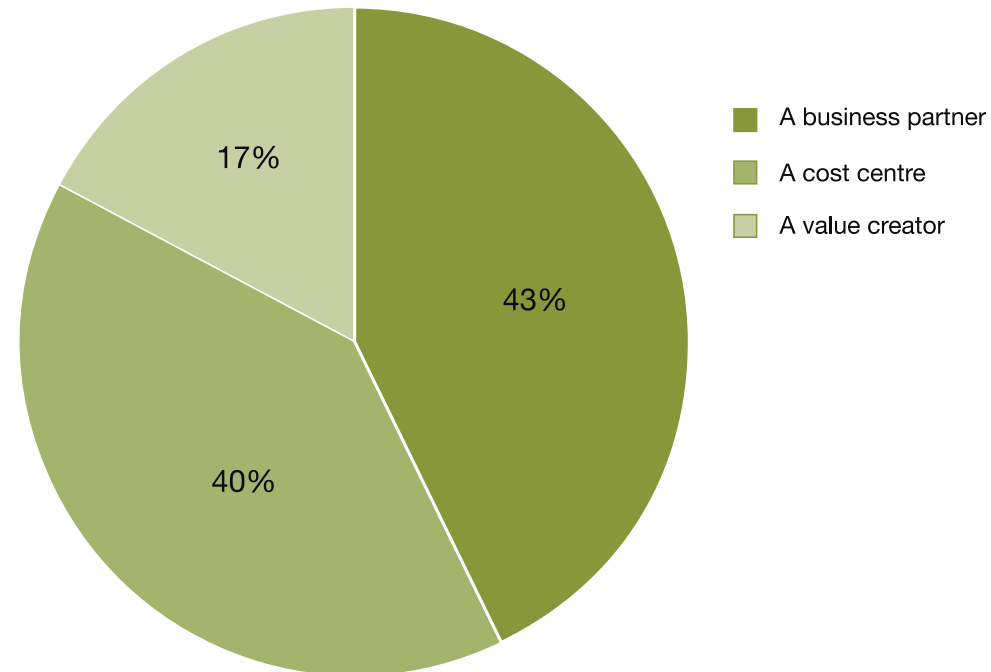


Existing IT service provision

Nearly two-thirds (60%) of survey respondents see IT as a business partner or a value creator indicating they see IT as playing a strategic role in the business. The remaining 40% see IT as a cost centre.

“Nearly two-thirds of CIOs see IT as a business partner or value creator”

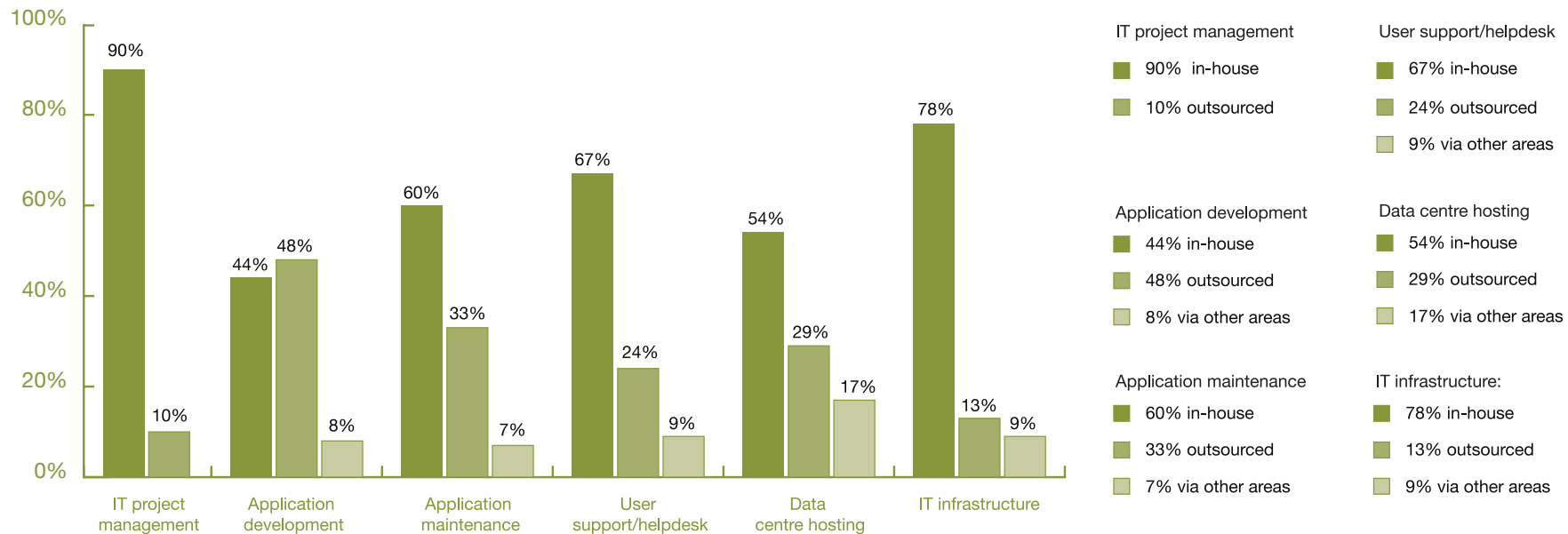
Figure 4:
Perception of IT in the organisation



The survey revealed a key role for outsourcing when it comes to the management of important IT functions. It found that a significant proportion outsource many aspects of IT.

Half of organisations surveyed outsource application development; a third outsource application maintenance and support; a quarter outsource their helpdesk, and 30% outsource their data processing centres.

Figure 5:
Management of IT functions



IT spend

According to the survey, nearly two-thirds (64%) of participating CIOs agreed that their organisation is spending sufficiently on IT. A third (32%) said that their IT expenditure for the year ahead will be similar to the previous 12 months; Nearly half (46%) said it would be less while the remaining 22% said it would be more. When looking at the monetary value of IT spend, half (49%) of

survey respondents said their IT spend was in the range of €5-50m; a quarter (24%) said it was in the range of €1-5m and over a quarter (27%) said it was less than €1m.

The downturn has had a significant impact on IT projects, with a third of respondents indicating that some projects planned or already under way in 2010 had been stopped. Almost two-thirds reported that the scope of some projects

had been curtailed. This reflects a shift in focus to projects that can directly support business transformation and business intelligence, rather than a reduction in overall project activity.

“The recession is having a serious impact on IT projects”

Figure 6:
Is the organisation investing sufficiently in IT?

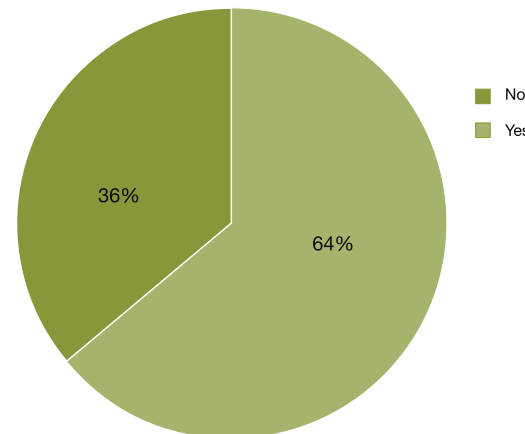
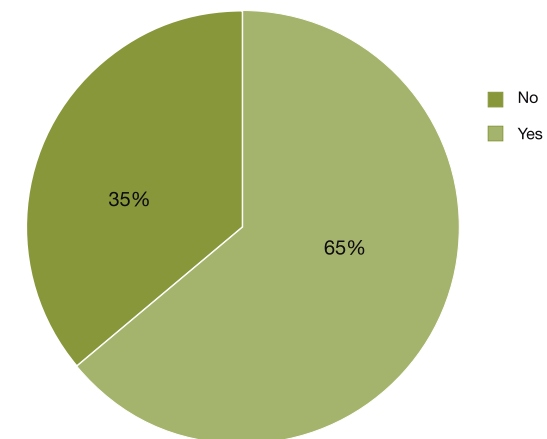


Figure 7:
Are IT costs clearly analysed and understood across the organisation?



“Majority of CIOs report IT spending in 2010 will be the same or greater than in 2009 despite the recession”

IT challenges and initiatives

Over three-quarters (80%) of CIOs reported that their biggest challenge was to meet business needs and maintain service levels in the context of reducing IT budgets. Two out of every three cited dealing with inflexible legacy systems as one of their top three challenges, while the increasing demand for management information was cited by more than 40%.

The recession could prove to be the catalyst that CIOs have been waiting for to increase the recognition of the value of IT as well as increase their influence at the top management table. Those who recognise the importance of IT, and effectively exploit it, will emerge stronger and better prepared for the economic upturn. As can be seen from the survey, leading organisations are showing the way by investing more, rather than less, in IT in 2010.

“Meeting business needs and service levels in the context of tightening budgets are top IT challenges”

Figure 8: Top IT challenges

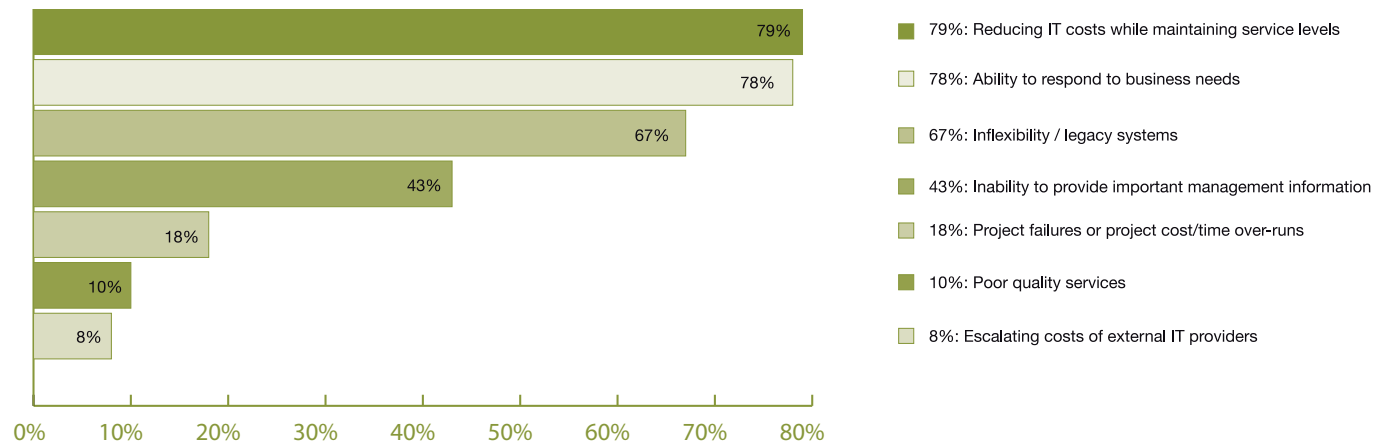
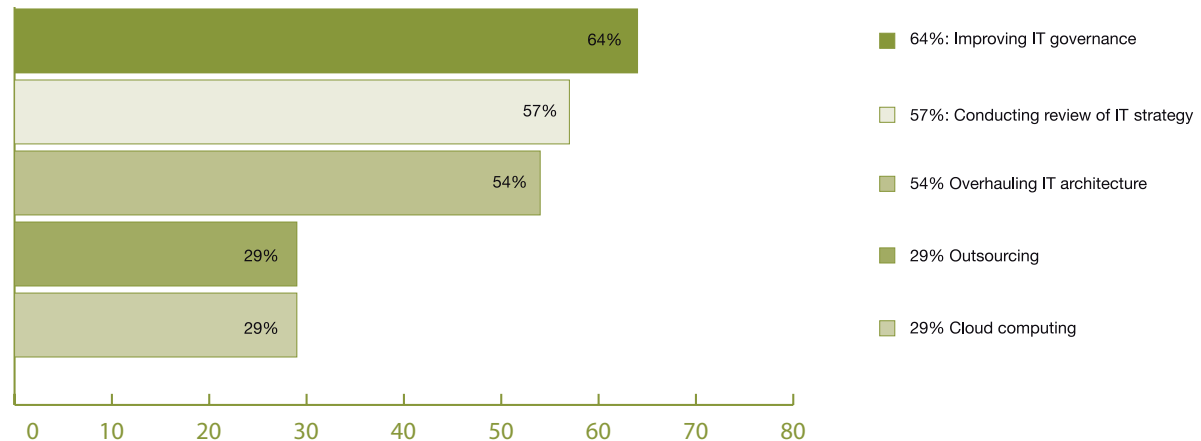


Figure 9: Top IT Initiatives planned for 2010

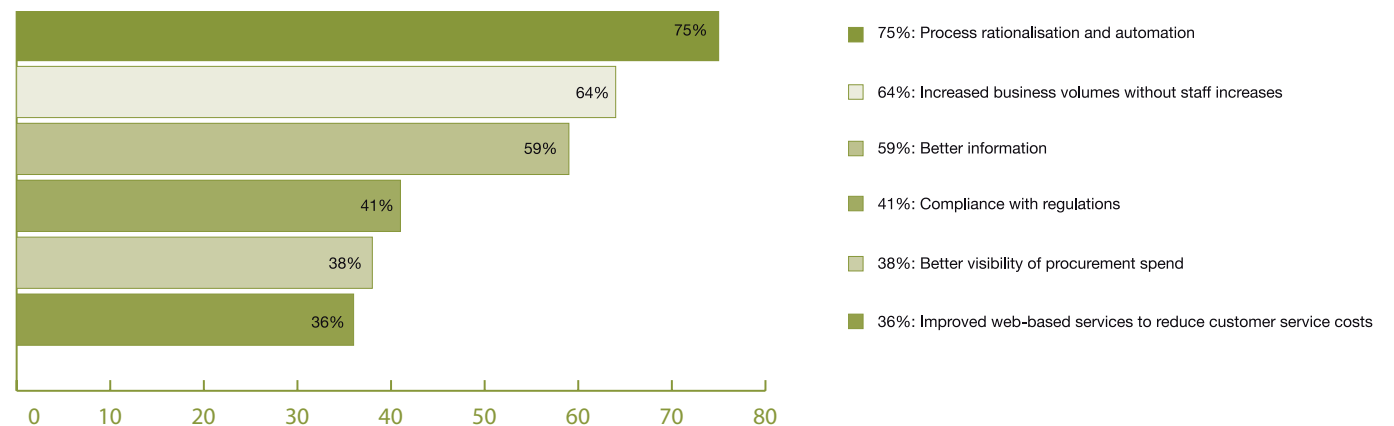


IT value

An overwhelming majority (71%) of respondents said that IT had been a significant factor in decreasing costs in the last year. The top ways that IT has contributed to the decrease or containment of costs in respondent organisations in the last year were: process rationalisation and automation (75%); increased business volumes without staff increases (64%); better information (59%) and compliance with regulations (41%).

These views expressed by CIOs are supported by the Chief Executives of Irish business. For example, over half (53%) of Irish CEOs see IT investment as their most potent weapon in effecting cost reduction across their organisations, according to PwC's 2010 CEO Pulse Survey.

Figure 10: Ways in which IT has contributed to cost containment



“IT is seen as crucial in supporting the cost reduction agenda”

Over a third (41%) of Irish CIOs agreed that IT has been a significant factor in increasing revenues in the organisation in the last year. The single key method that IT has contributed to increasing revenues in respondent organisations in the last year was better use of management information to support the business (65%). Other methods included: enabling the introduction of new, more sophisticated products (35%) and increasing responsiveness to market opportunities (35%).

An overwhelming majority (83%) of responding CIOs felt that IT will play a significant role in driving innovation in the year ahead. Furthermore, nearly three-quarters (71%) agreed that IT is an integral part of the

strategic decision making process of the business. However, only half (51%) of survey respondents reported that IT has been a significant factor in improving the organisation's external reputation in the last year.

The survey revealed that 95% of organisations now require a business case prior to approval of significant IT expenditure. Two-thirds (67%) said that the benefits achieved from IT projects are measured and reported against agreed KPIs. However, 33% do not subsequently verify that the intended benefits were actually delivered.

Figure 11: Ways in which IT has contributed to increasing revenues

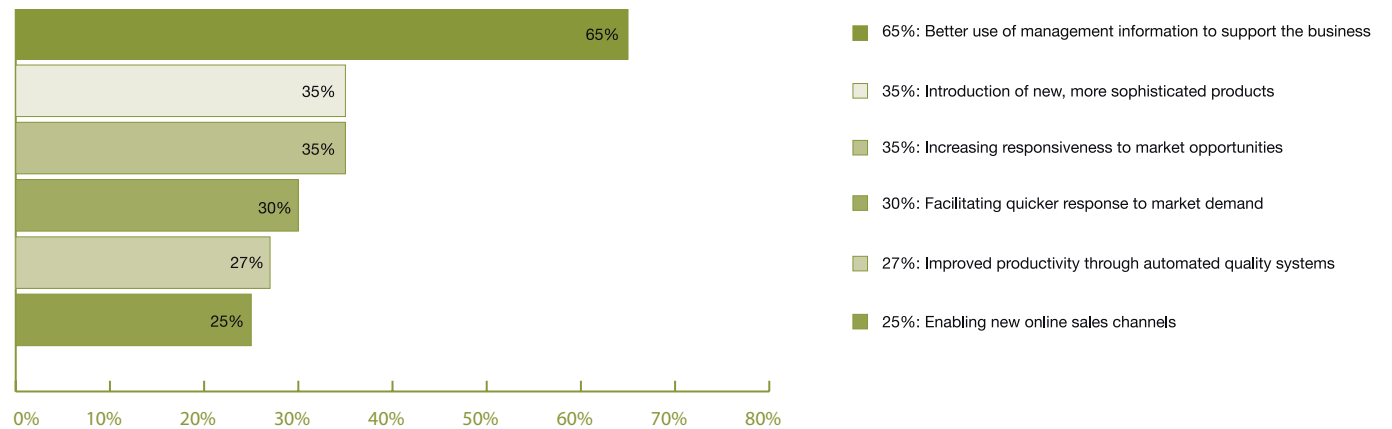
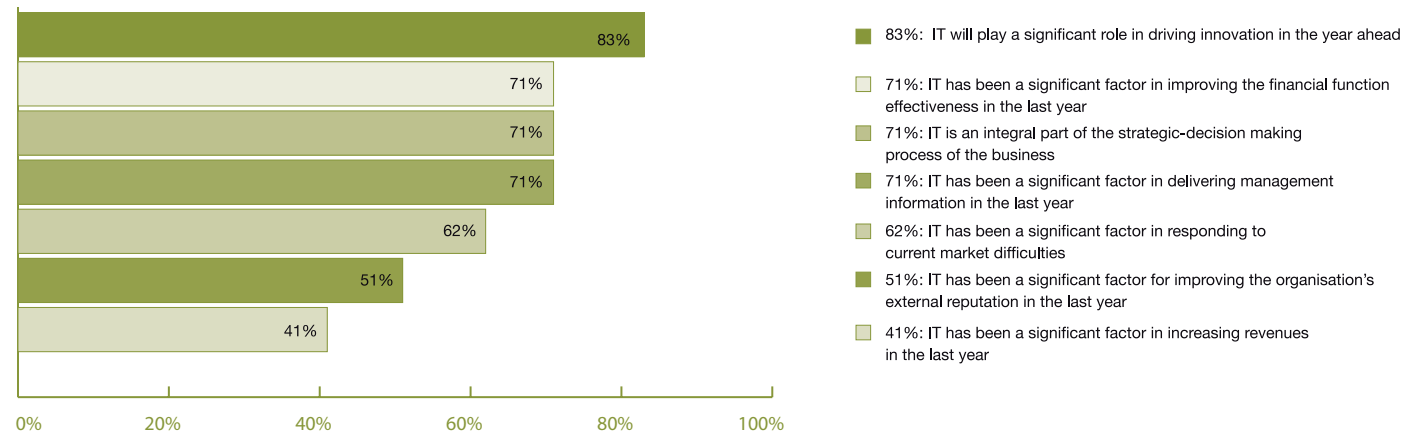


Figure 12: IT's success in driving the business forward

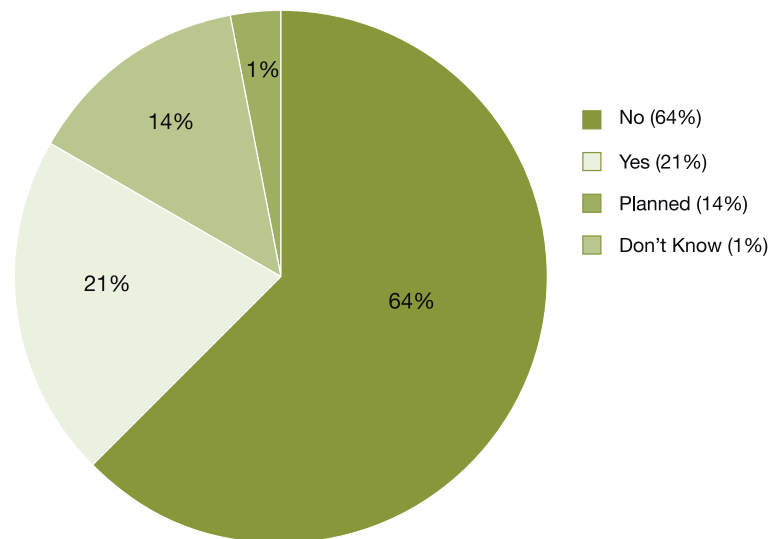


Green IT

The PwC 2010 CEO Pulse survey found that climate change/sustainability was not a top business priority. This sentiment is reflected by their CIO colleagues. For example, less than a third (27%) of Ireland's CIOs said that Green IT initiatives are a top business priority for 2010. This lack of perceived importance was reflected in the fact that nearly two-thirds (64%) said that their organisation did not have a documented policy in place to reduce their IT carbon footprint.

“More work to be done in driving the green agenda”

Figure 13:
Is a documented IT carbon footprint policy in place?



Survey methodology

The survey, which had 87 participants, was carried out in June 2010 amongst the Chief Information Officers (CIOs) of Ireland's top organisations covering a range of sectors and ownership types.

Figure 14: Sectors

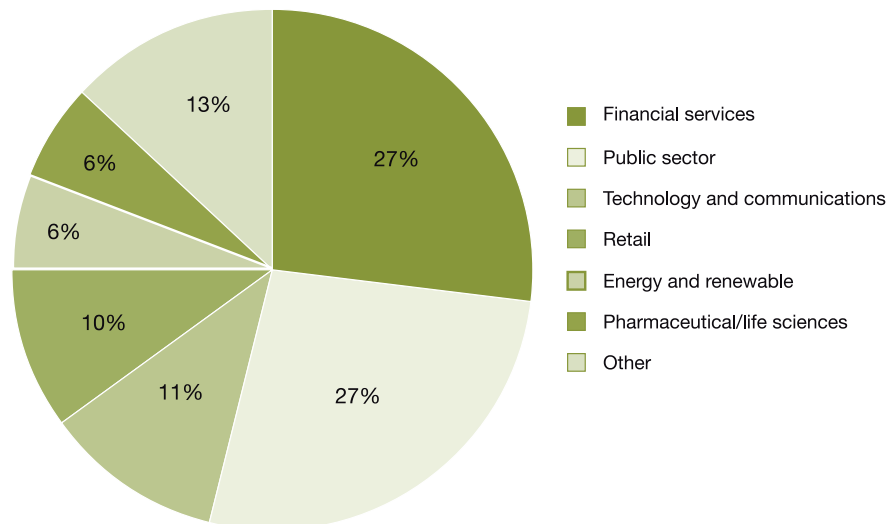
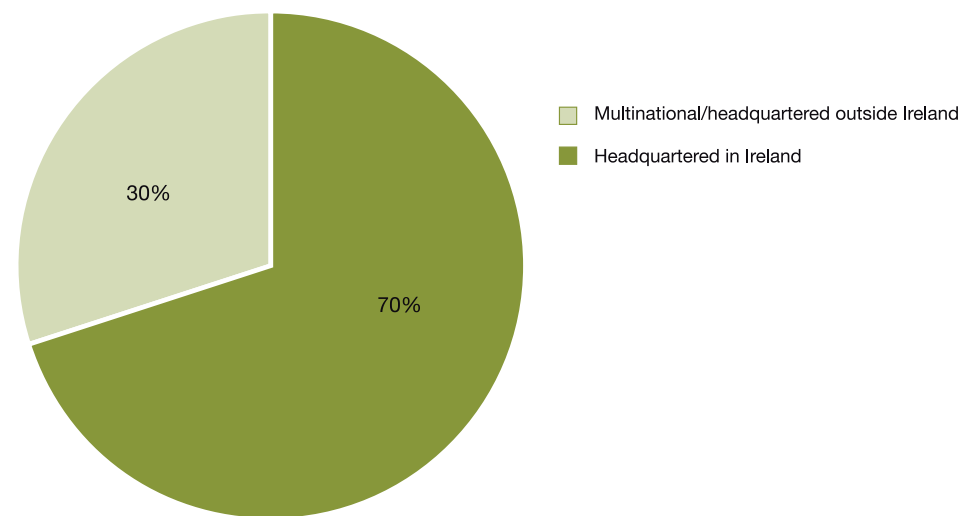


Figure 15: Ownership of company



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