



2009 Survey on  
IT-business  
balance  
Shaping the  
relationship  
between business  
and IT for the  
future



# Foreword

It is our pleasure to bring to you the third edition of the IT-Business Balance Survey report. As in the previous ones, it explores some of the key themes which shape the relationships between IT and the Business.

Most companies are still fighting the impacts of the crisis. But in spite of the urgency and the uncertainty which rule today, now is probably a good time to reflect on how IT and the Business can work further together to create value. The years to come will probably see the advent of new relationship models, with the roles and responsibilities of IT and the Business being shifted and merged towards more integration, and a much more intensified dialogue.

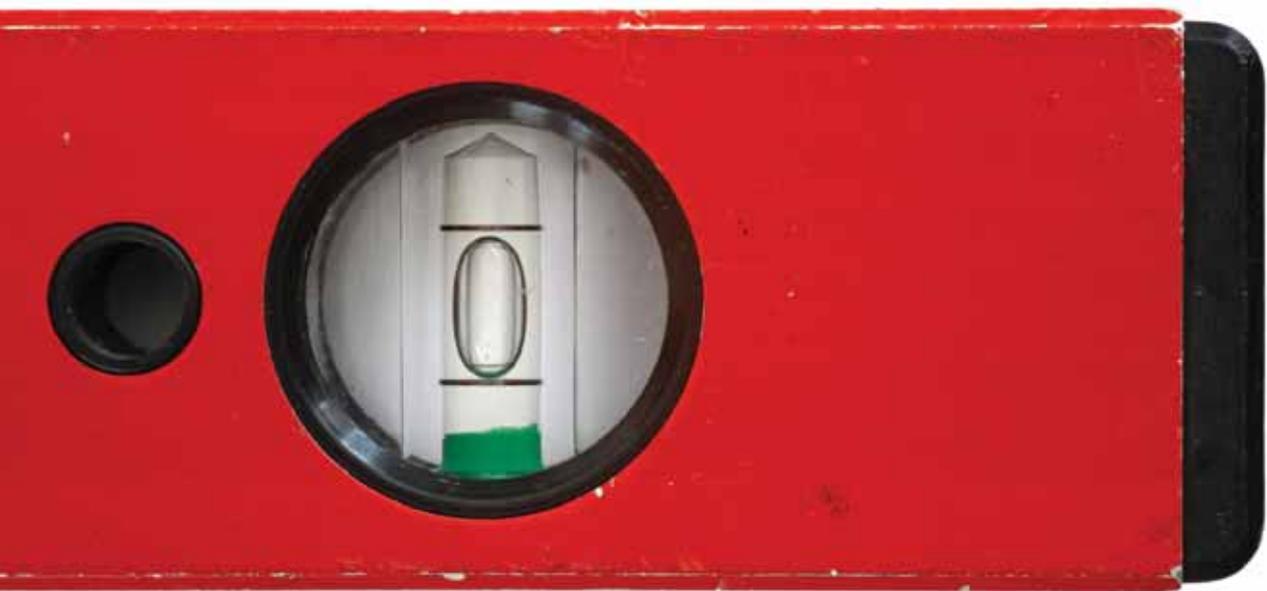
In this context, looking outside of the company can be very valuable to get fresh ideas on how to deal with Business-IT alignment. This is one of the goals of this report. It only gives a glimpse into key areas, but we hope it can be the starting point of fruitful thinking.

The 2009 edition took the IT-Business Balance Survey to another level of ambition, as the number of participating countries has drastically increased this year. The survey can (almost) be called global, since companies from five continents joined in, representing a vast array of industries and corporate profiles. This expanded participation brought a wealth of additional insights, and further increases the value of the survey as a sounding board for companies across the globe.

Sincerely

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# Survey highlights

The current economic context has given legitimacy to CIOs to act as leaders and intensify their dialogue with the Business. Hence the crisis gives an opportunity not to be missed to better anchor the role of the CIO as advisor and strategist. In order to tackle the challenging role of IT and the CIO, organisations must build business skills within IT and ensure that the integration – and thus alignment – between Business and IT trickles down throughout the entire organisation, at strategic, tactical and operational levels. Our survey shows some evolution in that direction, but also confirms that there is still some way to go before true integration of IT and the Business is achieved.

## **Evolution and trends: IT is expected to go beyond automation and efficiency to deliver business value**

The decisive external factors influencing IT decision-making are evolving, but with significant regional differences. In EMEA, cost reduction has, in many cases, become the most influencing factor for IT decision. In the Americas, fluctuating technology prices and business transformations are the key drivers, while in Asia-Pacific new technologies play a much larger role than any other factor.

When looking to the future, IT is expected to bring more business value than the traditional “more automation at less cost”. In EMEA, more emphasis is put on “turnover growth” and “profit growth”, while in the Americas and Asia-Pacific, respectively “go-to-market” advantage and “higher customer satisfaction” are expected to be the main outcomes of IT. These can be read as signs of the changing role of IT in business value creation.

## **IT Governance: IT is still not heard enough at the top, which impairs alignment**

Getting IT’s voice heard at the top is still difficult: about half of the responding companies rarely or never discuss IT matters at board level, and 3 out of 5 respondents (both IT and Business) note that IT management is never or rarely engaged in board meetings. IT steering committees are expected to foster the discussion of IT issues at board level, but they do not always get all the attention they deserve from the top.

The alignment between the IT and company strategies must go beyond budgeting – aligning IT and Business strategies is too often a one-off exercise. One out of 5 respondents report that their IT strategy is rarely or even never aligned with the company strategy, and for the majority it is still a yearly exercise tied to the budget. Globally, organisations must further focus their attention on the compatibility of the IT directions with the overall strategic orientations.

## **IT Management: IT is still not the driving force it should be but is getting closer to the business for decision making**

The results of the survey show that as a whole, IT is still not perceived as the main driving force behind business projects: with only 41.5% of respondents seeing it as “often” to “always” the driving force, and 58.5% answering “never” to “sometimes”. IT governance can help IT management get to full speed: our survey confirms that the more IT is considered at the highest levels of governance, the more it can act as a driving force.

More and more companies are institutionalising the relationship between the business and IT: finding the “just right” point is the challenge. The use of KPIs and the alignment of IT performance with business value are progressing. The current context has led to extensive and drastic reprioritisation of IT investment portfolios. This resulted in an intensified dialogue between IT and the business, with over 45% of the respondents indicating that the IT projects and investments are a collective decision of all the business departments with IT. Institutionalising this level of dialogue beyond the crisis should be on the CIO’s mind.

Our survey shows that a formalised and structured demand management allows IT to listen to the Business needs – it proves to be a means to get Business and IT aligned. Demonstrating the value of IT to the Business starts with a clear view on IT financials through formalised costing and chargeback.

## **IT (out)sourcing: still an option – with caution**

The survey shows no sign of less comfort with outsourcing in the current economic climate: it is perceived by both IT and the Business as a viable option to deliver IT services, albeit with a prudent stance, 60% of respondents stating a “moderately comfortable” attitude towards outsourcing. On-site sourcing models remain the most common types of sourcing, but there are significant differences between regions.

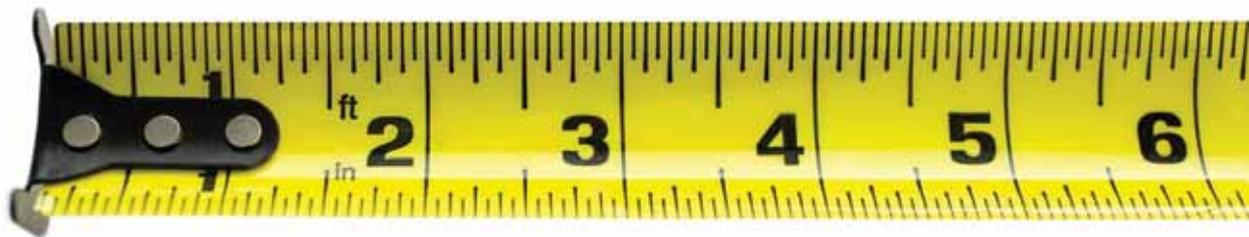
IT (out)sourcing is a joint Business affair: 69.9% of respondents indicate that the decision for IT (out) sourcing is made either jointly or with the business' input. However IT overestimates its role in the decision making process for outsourcing – survey responses demonstrate the value Business attaches to service definition.

**IT Security, privacy and fraud: still not enough awareness**

Business respondents to the survey expect a relatively higher share of budget to be dedicated to security and data privacy than their IT counterparts.

Overall, over 50% of both business and IT respondents believe that IT is highly committed to combating internal fraud – but EMEA respondents are more sceptical than in other regions.

There is still a lack of awareness regarding the number and severity of actual incidents. Hence the value of appropriate security and privacy management capabilities remains underappreciated, and it is difficult to justify required investments.



# A word on the approach and the participants

## Methodology

This year's survey explores the same topics as in previous years: Evolutions and trends shaping IT decision making, IT governance, IT management, IT outsourcing and security, privacy and fraud.

Both IT and non-IT professionals were approached for this survey, via mailings and direct contact.

In order to allow for comparisons and to preserve the consistency of the analysis over time, we have kept the questions used in the previous editions. Our team has, however, added a few questions, to refine the study and ensure the survey evolves with the context.

A total of 30 questions were asked to participants, who responded either electronically or on paper. An online version of the survey was released on the Deloitte Invision Internet survey platform. The data collection process was supported by Deloitte's international network of member firms.

It should be pointed out that the survey's objective was to identify general trends across industries and countries, not to provide a scientifically representative analysis of a given segment. As such, it aimed at gathering as many answers as possible to ensure broad coverage, but not to constitute a representative sample on all dimensions.

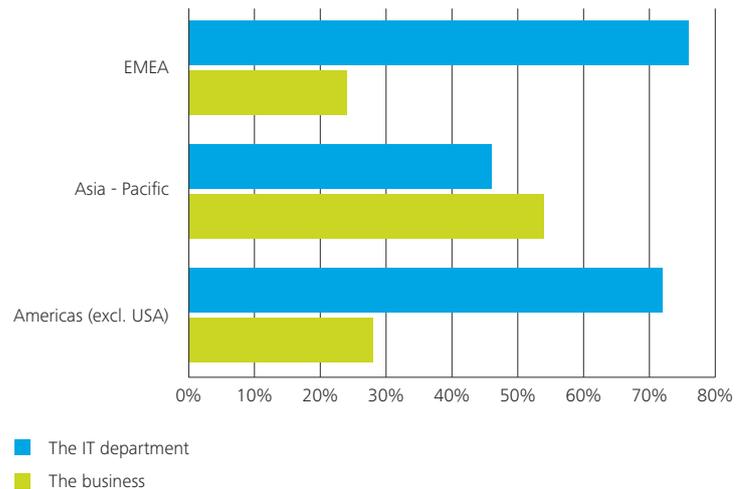
## Survey participants' facts and figures

### Number and profile of participants

Internationally, 1,868 respondents participated in this 2009 IT-Business Balance Survey. Incomplete, duplicate or inconsistent responses have been excluded from the final data set, resulting in a final statistical population of 549 valid responses.

Overall, there were more IT respondents to the survey than business respondents – only in Asia-Pacific is the split roughly equivalent. In the Americas and EMEA, IT is usually more represented. This does not impair the analysis as the numbers are sufficiently high for both, but it could be in itself a first finding: could it be that IT professionals are more concerned about the "balance issue" than their business counterparts?

IT / Business split of respondents



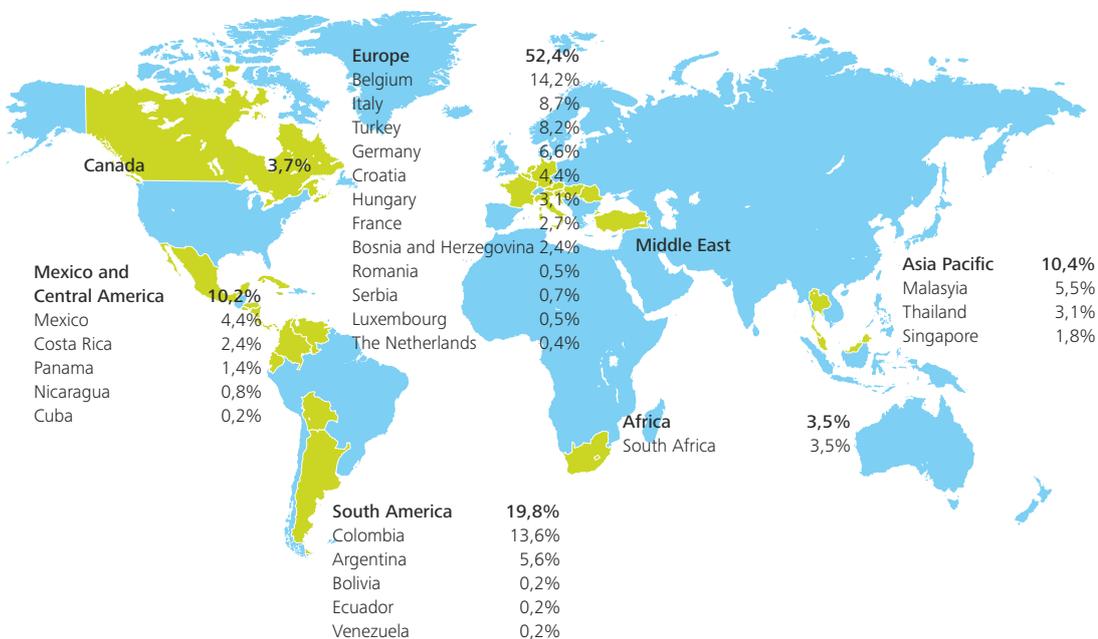
	Americas (excl. USA)		Asia - Pacific		EMEA		Total	
Business respondents	51	28%	31	54%	75	24%	157	29%
IT respondents	134	72%	26	46%	232	76%	392	71%
<b>Total number of respondents</b>	<b>185</b>		<b>57</b>		<b>307</b>		<b>549</b>	

### Geographic scope

Whereas in 2007 only Belgium participated in the Business Balance Survey, in 2008 the survey was expanded to 6 EMEA countries and South Africa. This year, participants from 28 countries from all over the world were surveyed. The map below shows the variety of respondents in terms of country of origin.

The share of answers of each country is indicated as a percentage of the total number. It should be noted that some countries are somewhat over-represented – for instance Colombia in South America, and Belgium in Europe. On a more global scale, EMEA has clearly gathered a larger share, especially compared to Asia-Pacific. These differences have been taken into account when preparing the report, and comparisons should always be made cautiously.

### IT Business balance survey 2009 map

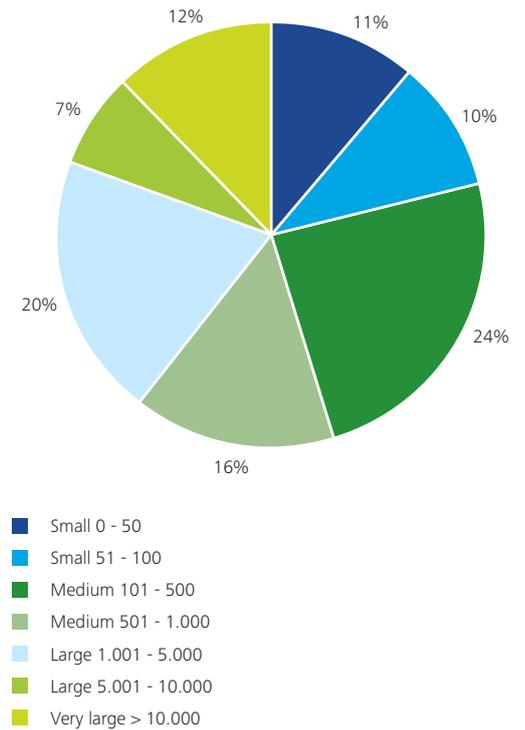


### Size of organisations

The pool of respondents reflects a good sample of small, medium, large and very large organisations. The following chart shows the distribution of organisation sizes, expressed as the number of people who use the IT facilities. Organisations from all sizes were represented in the survey.

As expected, there is a clear relationship between the size of the organisation and the size of its IT department, as illustrated in the table below. As last year, some marginal “oddities” appear: some large or very large organisations with comparatively small IT departments and in one case an IT department as large as the organisation as a whole. We believe these to be possible errors.

Participating companies per size

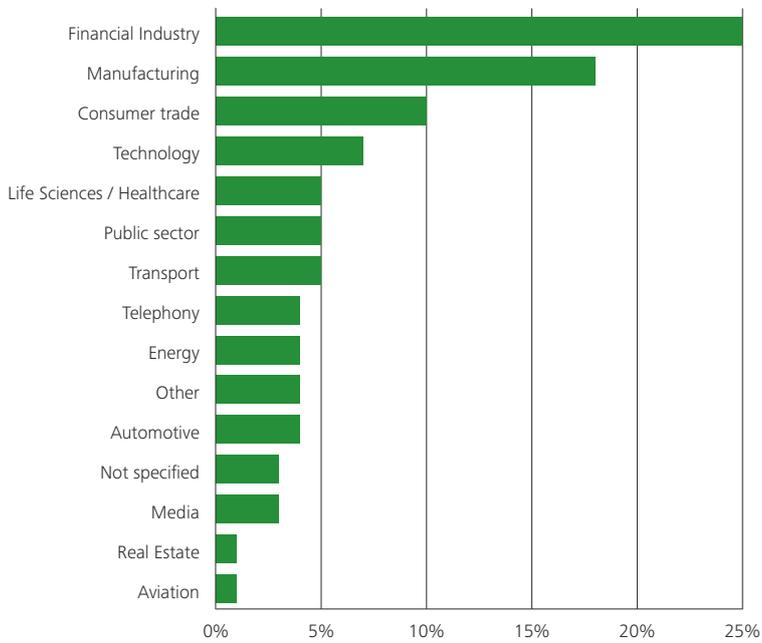


		Organisation size								
		Small		Medium		Large		Very large		
		1 -50	51 - 100	101 - 500	501 - 1000	1001 - 5000	5001 - 10000	>10000		
Size of IT Department	Small	1 -5	36%	28%	32%	4%	0%	0%	0%	100%
		6 - 10	9%	5%	36%	26%	21%	2%	1%	100%
	Medium	11 - 50	7%	4%	40%	27%	21%	1%	0%	100%
		51 - 100	0%	13%	9%	15%	47%	13%	3%	100%
	Large	101 - 500	0%	0%	8%	3%	32%	29%	28%	100%
		501 - 1000	0%	0%	0%	29%	21%	14%	36%	100%
Very large	> 1000	0%	0%	0%	3%	0%	0%	97%	100%	

**Industries**

Responses from a wide variety of industries were collected. The chart below shows the distribution of industries participating in the survey. Industries surveyed included more participants from the financial industry, manufacturing and consumer trade industries, with a combined total of 54.5% of the total number of participants. Again, this should be considered when interpreting the overall results of the survey.

**Participating companies per industry**





# Evolutions and trends

## Introduction

The past two years have been eventful for businesses all over the world. The financial crisis has impacted the global economy in an unprecedented way and has pushed companies in tight corners. In this turbulent context, the imperatives to free up cash, preserve revenue and minimise costs have driven the need for ever more efficiency while at the same time enabling swift adaptation to a fiercer competitive environment. As the outcomes of the crisis are clearly still in the shaping, it will also be critical for businesses to have the capability to adapt quickly to changes which are undoubtedly still to come.

IT is expected, perhaps more than ever, to deliver business value at the lowest possible cost. However, as IT is more and more integrated in the “fabric” of corporations – IT and business processes becoming so intertwined they are arguably not distinguishable – the crisis has also brought upon IT another, more fundamental role than efficiency: IT is, or should be, a main actor in facing the business challenges in these turbulent times, through transformation, and ultimately leading to a better competitive position.

In this context, alignment of IT and the business plays a critical role, starting with a shared understanding on what should drive IT decision making and how IT should contribute to the business.

Our survey addressed these two perspectives, investigating how IT and business executives perceive the decisive external factors driving IT decision-making, and how they perceive the “effects” of IT on the business, over the past two years and looking forward to the next three.

## A changing role for IT?

As expected in the current context, cost reduction proved to be a prevalent external factor for IT decision making. As was the case last year, delivering automation and faster execution still appears as an important outcome of IT efforts, especially in EMEA – an expectation which is particularly prevalent with business respondents.

However, this year’s survey also shows signs of change. There are indications that IT will be expected more and more in the years to come to deliver on dimensions which are more directly related to business value – competitive edge through better products and services, higher customer satisfaction, go-to-market advantage, growth and profitability.

The challenge for IT is to find ways to do so, and perhaps as importantly, to demonstrate this contribution to the business by linking IT actions to business outcomes in a more palatable way. Both IT and the business should get prepared for a more intensified partnership in which communication and clear articulation will be critical.

### Survey findings

#### Decisive external factors influencing IT decision-making

Looking over the past two years, the recent evolutions are reflected in the overall results of our survey, where “cost reduction initiatives” have been quoted most often as a driver for IT management, confirming the importance of this factor in the current context, and “new technologies” following suit. The impact of the need for “more automation” remains high, but lost the first position it held in last year’s survey. Surprisingly, “changing competition” is rarely quoted – an unexpected fact in the current challenging times.

Cost reduction has, in many cases, become the most influencing factor for IT decision making.

Decisive external factors influencing IT decision-making	Americas (excl. USA)	Asia - Pacific	EMEA	Grand Total
Cost reduction initiatives	8%	10%	15%	13%
New technologies	9%	17%	13%	13%
Internal restructuring or business process re-engineering	7%	11%	12%	11%
Request for more automation	6%	6%	13%	11%
Regulatory obligations	9%	10%	9%	9%
Mergers & acquisitions	11%	2%	8%	8%
New management	11%	7%	7%	8%
Changes in own product portfolio	12%	5%	7%	7%
New risks	6%	11%	6%	7%
Technology price fluctuations	13%	7%	3%	6%
Changing competition	4%	6%	4%	4%
ISO certification	2%	8%	2%	3%
Other	4%	1%	1%	1%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

While in the EMEA region results are in line with the overall analysis above, in the Americas (excluding the USA but including Canada and South American countries), the factors perceived as main drivers are quite different. "Fluctuations in technology prices" was the most recurring answer, indicating an appetite for opportunistic investments in technologies with decreasing prices, while the need for more automation is relegated to a much lower position, possibly linked to a more favorable cost of labor than in EMEA. The impact of mergers and acquisitions and new management have been very significant as well – a trend which was far less important in Europe and significantly lower in Asia-Pacific. For this latter region, the "traditional" prevalence of technological innovation makes "new technologies" the primary driver, followed from a distance by "new risks".

It should be highlighted that the main factors vary in some cases according to industries, with some notable highlights, such as the aviation industry, where "new technologies" and "internal restructuring" were by far the most often cited as influencing drivers for IT.

While in EMEA perception is more or less shared between the business and IT, in Asia-Pacific some differences emerge on regulatory obligations (perceived as much more of a driver by the business than by IT) and BPR (perceived as much more of a driver by IT than the business). In the Americas, this "disconnect" between IT and the business is on cost reduction initiatives (perceived as much more of a driver by the business) and M&As and changes in portfolio (perceived as more of a driver by IT).

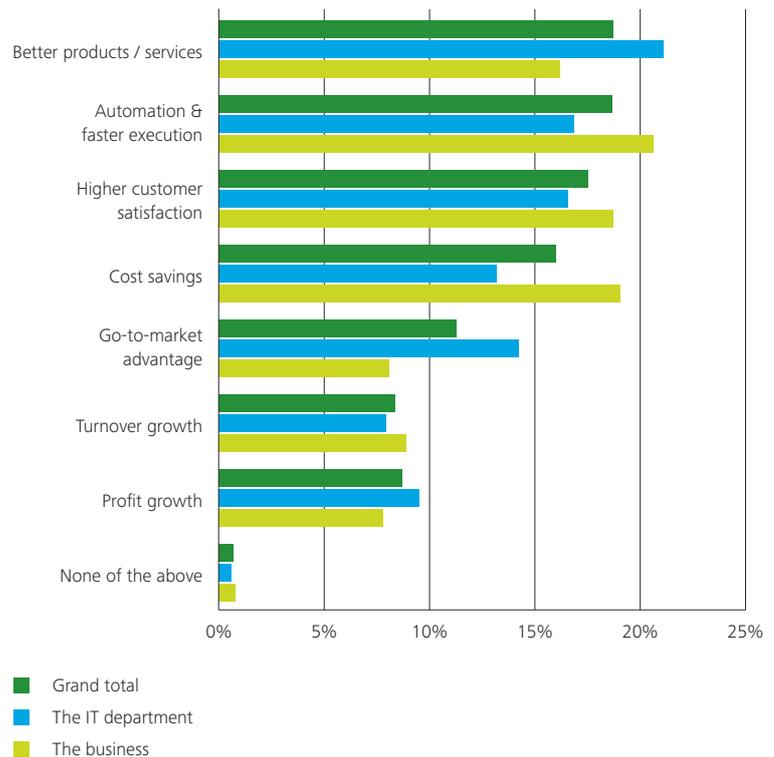
**Effects of IT on the business**

**Overall results**

The efficiency dimension of IT (automation, faster execution at lower cost), is still an important element of the value of IT, but its prevalence is in question. Other, probably more business-relevant elements - such as "go-to-market advantage", or financial impact, either top-line ("turnover growth") or bottom-line ("profit growth") - are gaining impetus when looking forward. This is still very relative, and it could be argued that these dimensions, while gaining weight, are still lagging because of a lack of connexion between what IT does and the key business value drivers.

Interestingly, when looking at future outcomes of IT, perceptions between IT and the business vary – which is somewhat telling. While business respondents emphasise "automation" and "cost savings", IT respondents quote "better products/services" more often – which we believe is again an indication of a difference in perception of what value IT brings to the business. Facing the new challenges, it could be that IT representatives are more aware of their changing role towards the business than their business counterparts.

**Expectations from IT in the next three years**



This analysis, however, varies according to geography, in which different regions display very different results.

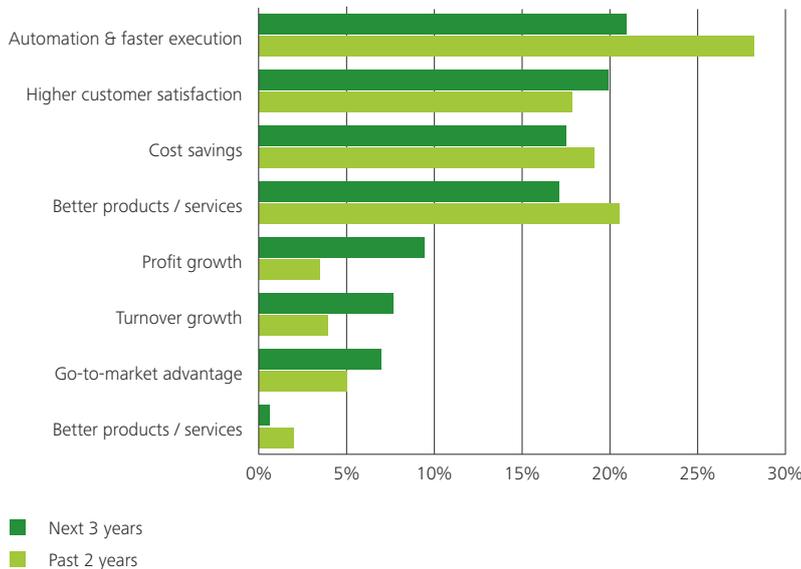
**EMEA**

In EMEA, looking at the past two years, “more automation” and “faster execution of company processes” were most often perceived as the value brought to the business by IT – this is particularly prevalent in sectors such as automotive, manufacturing, and life sciences & healthcare. “More automation and faster execution” is expected to be the main value brought by IT in the coming three years, albeit to a lesser extent, with more emphasis put on “turnover growth” and “profit growth” – an encouraging sign, perhaps, of the changing expectations of the role of IT in business value creation.

Interestingly, cost savings do appear frequently in the answers, but not to the same extent as what has been driving IT investment decision making. It is perhaps an indication that IT cost reduction programmes, and the support of IT for business cost reduction, have yet to reach their full impact. We can also argue that these impacts are perhaps not visible enough to the business – with several possible explanations, such as a deficit of communication or a deficient articulation between IT’s contribution and tangible business outcomes.

Facing the new challenges, it could be that IT representatives are more aware of their changing role towards the business than their business counterparts.

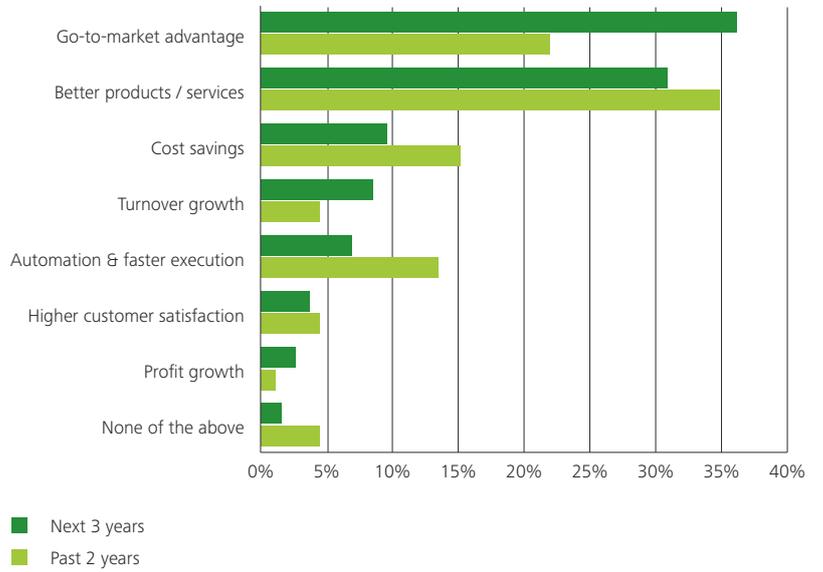
**EMEA: Effects of IT on the business, past and future**



**Americas (excluding USA)**

In South America, for the past two years as well as for the coming three, emphasis is put on “better products/services”, and “go-to-market advantage”, the latter becoming the most expected effect of IT for the future. Interestingly, “cost reduction” and particularly “automation” score low, arguably demonstrating a more “outward” focus, IT playing there a comparatively larger part in reaching out to the market than in optimizing corporate processes and lowering costs.

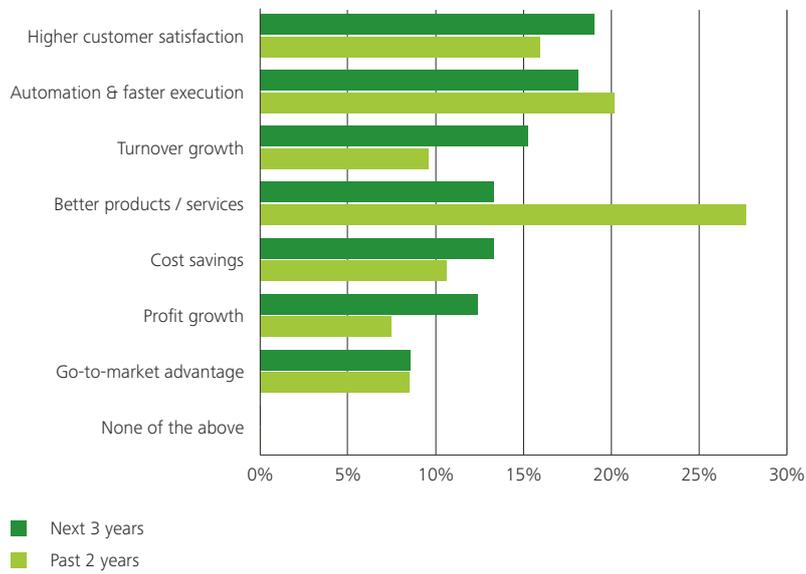
**Americas: Effects of IT on the business, past and future**



### Asia-Pacific

In Asia-Pacific, a shift is expected from IT, from having largely contributed to “better products/services” in the past two years to more focus on “higher customer satisfaction” and “automation”. “Turnover growth”, “profit growth” and “cost savings” are also expected to be more important outcomes of IT in the years to come – a trend which is in line with what is seen in EMEA.

#### Asia-Pacific: Effects of IT on the business, past and future





# IT Governance

## Introduction

The IT Governance Institute defines IT Governance as 'an integral part of enterprise governance' that "consists of the leadership, the organisational structures and the processes that ensure that the organisation's IT sustains and extends the organisation's strategies and objectives". Management, however, does not yet always see the added value of IT Governance for the overall success of their organisation.

Although management is aware of a need for change and signs of improvement can be seen, the idea of business-IT alignment and even beyond (business-IT "fusion") has not yet been fully implemented in most companies. Heading towards this integration of Business and IT and thus confirming the strategic importance of IT is the challenge management needs to tackle in order to further bridge the gap between Business and IT in the current economic environment. Nevertheless, many organisations have indeed shown that integrating the IT strategy and the business strategy yield splendid results.

## IT governance as an enabler of Business-IT dialogue?

In today's economic climate, challenges have never been greater, but at the same time the role of IT and the role of the CIO have never been so much put at the forefront. Therefore, management must find the possibilities to completely rethink IT and transform it into a strategic asset for their company. It is time to evolve the relationship between Business and IT. "Getting IT in line with the business" is probably not sufficient anymore – the dialogue between both parts has to become an on-going, all pervasive activity taking place at all levels – from corporate to business unit down to project and service delivery.

Our survey explored the following key questions underpinning IT governance:

- Is IT's voice heard at the top levels of the organisation?
- How much attention is paid to aligning business and IT strategies?

The results tend to show that there is still a way to go before this somewhat idealistic vision is achieved: half of the respondents still highlight that their IT issues are rarely or never discussed at board level, and alignment of IT and business strategies is still not frequent enough. Steps can be taken, however, by fostering the dialogue and implementing mechanisms to shape it.

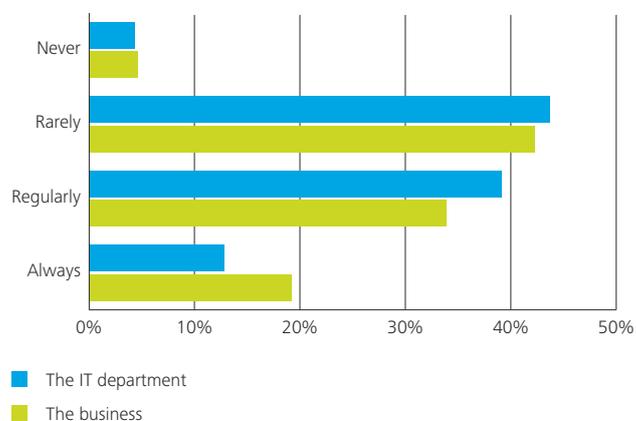
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IT is still not fully involved: about half of the respondents frequently discuss IT matters at board level; the other half rarely or never do so.

### Survey findings

#### Getting IT's voice heard at the top

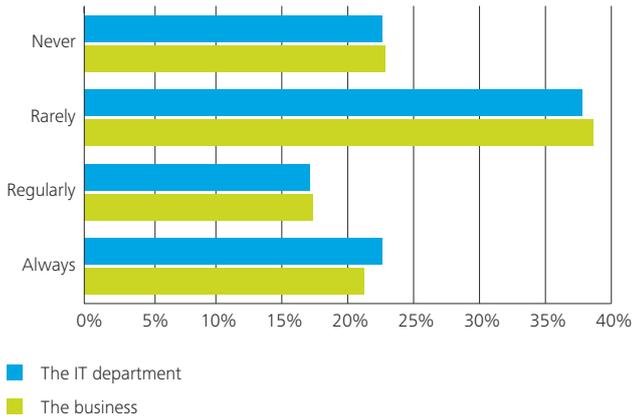
Frequency with which IT issues appear on the agenda of the Board of Directors or Management Committee



The survey results show a low integration of IT and Business: only about half of the respondents report that IT matters appear regularly or always on the board's agenda. The other half either rarely discuss IT issues, or even never (4%). "IT is still not fully involved": this idea is shared by both the IT department and the Business.

Furthermore, it is interesting to note that the Business respondents have a more positive view on the topic: 19% indicate that IT is always part of the board's agenda, compared to only 13% from IT sharing this view. This discrepancy further shows the lack of mutual understanding between both.

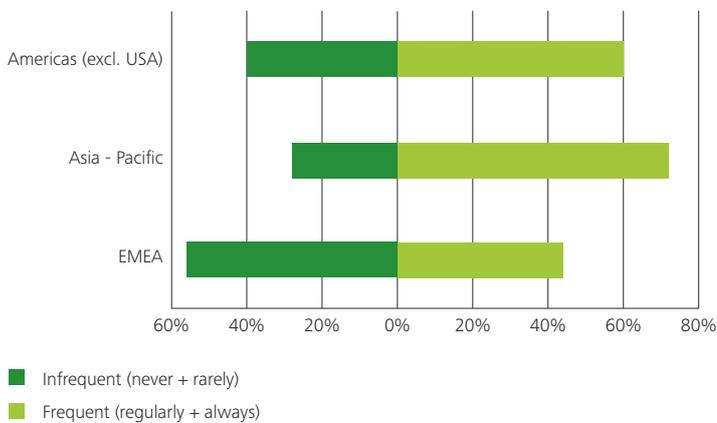
**Frequency with which IT Management is engaged in Board meetings**



IT management is not always present in the board meetings where IT matters are discussed: 3 out of 5 respondents (both IT and Business) note that IT management is never or rarely engaged in board meetings. Indeed, IT is often represented by other functions like finance and support services.

Knowing that today a lot is still 'lost in translation' between Business and IT, these organisations can improve Business understanding of IT and, vice-versa, IT understanding of the Business and its objectives, through integration in board meetings.

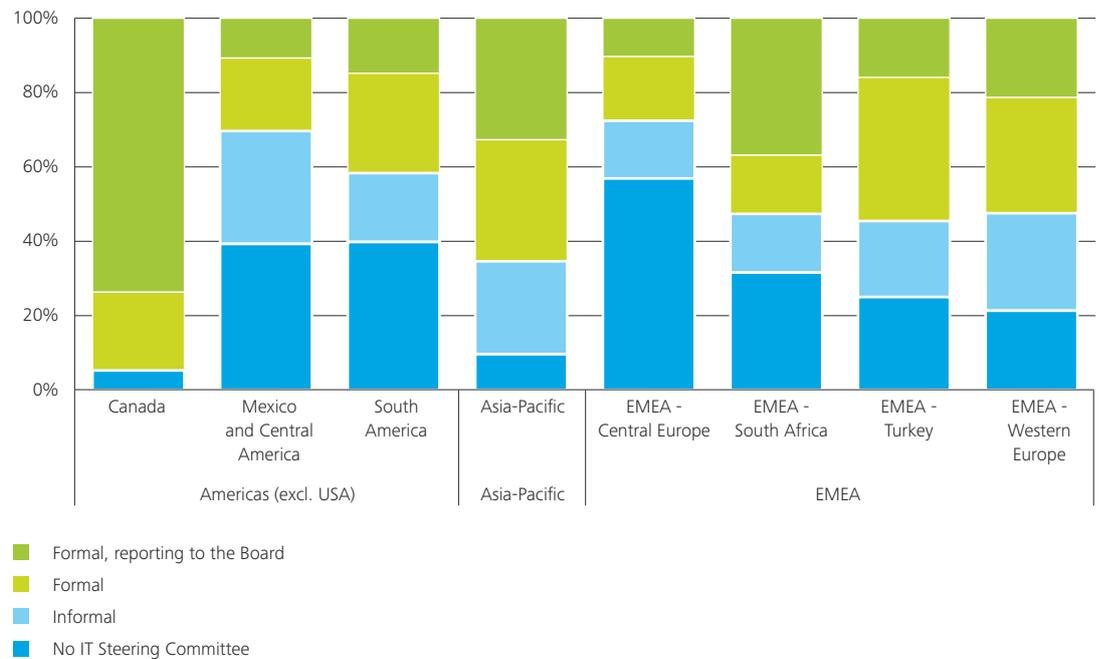
**Frequency with which IT Management is engaged in Board meetings**



The perception of how frequently IT issues are discussed at top management level varies between – and even within – the different regions. On a high level, the respondents from the Asia-Pacific region report that IT issues appear frequently on the agenda of the board of directors (72%), compared to the Americas (excluding USA) and the EMEA region (44%).

The existence of an IT steering committee varies a lot depending on geography – while IT steering committees are often present and formalised in Canada and Asia-Pacific in particular, they are much less frequent in Central Europe and South America, for instance.

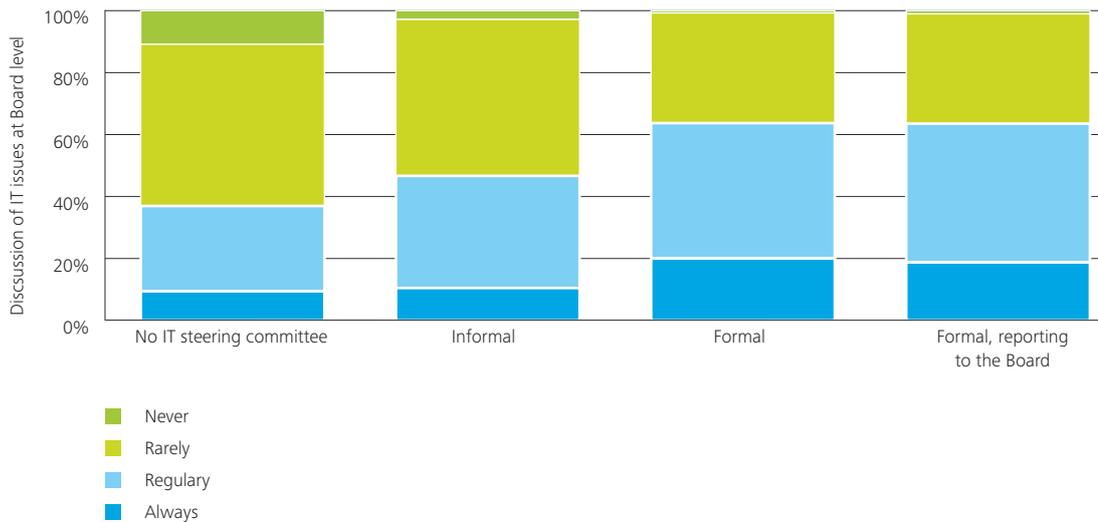
**Presence and formalisation of an IT Steering Committee, per region**



In the Asia-Pacific region, 9 out of 10 respondents claim that there is an IT steering committee present within their organisation. At the same time, the majority of the respondents report that IT issues appear rather frequently on the board of directors’ agenda. In other regions, IT issues are less frequently discussed at board level and the absence of an IT steering committee is more common.

The appearance of IT issues on the agenda of the board and the existence of an IT steering committee could be expected to be positively correlated; i.e. the more formal the IT steering committee is, the more frequently should IT issues be discussed at board level. The overall results tend to highlight such a relationship: it seems that the existence and formalisation of an IT steering committee fosters the discussion of IT issues at board level.

**Relationship between IT Steering Committee and Board level discussion of IT issues**



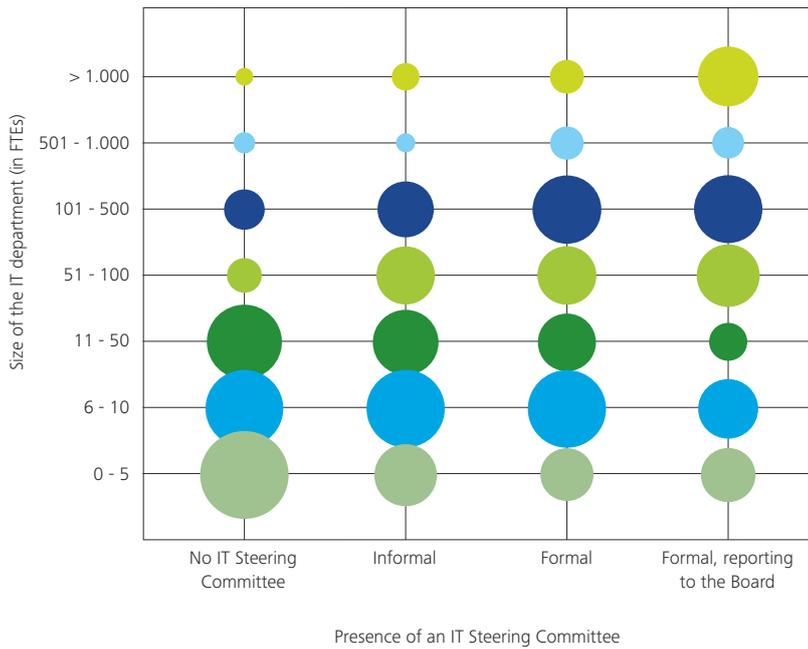
A more detailed geographic analysis, however, reveals further remarkable differences between countries. In Canada, for instance, an IT steering committee reporting to the board is present in most cases, yet IT issues are not as often discussed at board level as could be expected. In Mexico and Central America, on the other hand, IT steering committees are seldom present, yet IT still appears regularly on the agenda of the board.

As a rule, we note that there is not such a clear relationship between the IT steering committee and discussion of IT at board level. There are probably other factors at play – not least the role that can be played by informal channels in bringing IT to the board. But the question can probably be raised: does the IT steering committee get all the attention it deserves from the board? And from another perspective, does the IT steering committee address the board’s expectations? IT steering committees can play a key articulation role in bringing IT and the Business together to make technology decision making a shared responsibility – it should not be relegated to the role of debating technological options.

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**IT steering committees are expected to foster the discussion of IT issues at board level, but they do not always get all the attention they deserve from the top.**

**Relationship between the presence of an IT Steering Committee and the size of the IT department**



As expected, and similar to previous year’s survey results, the presence of an IT steering committee is positively correlated with the company size. The graph clearly shows the absence of a (formal) IT steering committee in those companies with small IT departments (less than 50 FTEs). As IT departments grow, companies tend to strengthen their IT decision making mechanisms with a dedicated IT steering committee, more formalised in larger corporations.

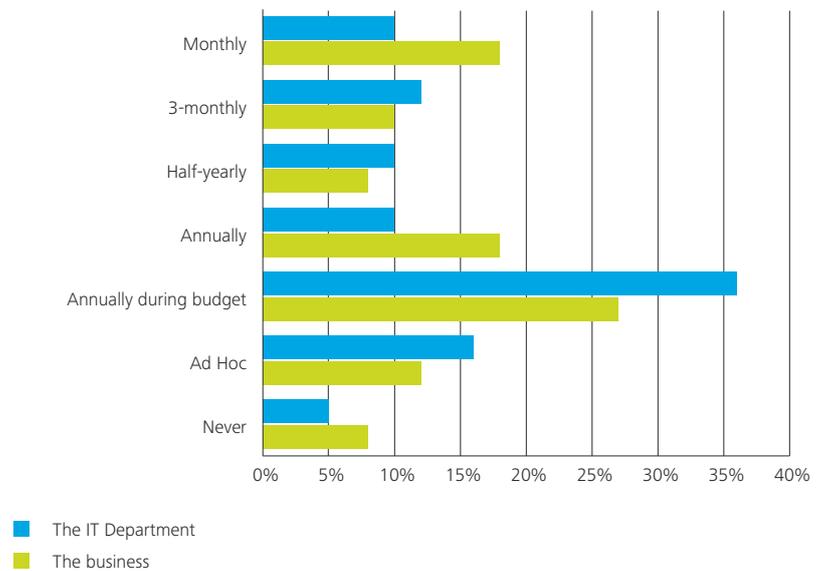
It seems that, even today, IT is not heard enough at the top. More than half of the respondents’ companies are not engaging enough with IT at the strategic level, which can lead to misalignment and missed opportunities to make the most of technology to reach corporate goals and generate business value. A noteworthy conclusion, especially in these economically challenging times! The crisis gives an opportunity for IT leaders to show their added value and increase their impact at board level – provided they get access to it, which should be taken into account by boards themselves.-

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The alignment between the IT and company strategies must go beyond budgeting – aligning IT and Business strategies is too often a one-off exercise.

#### Getting IT and Business strategies in line

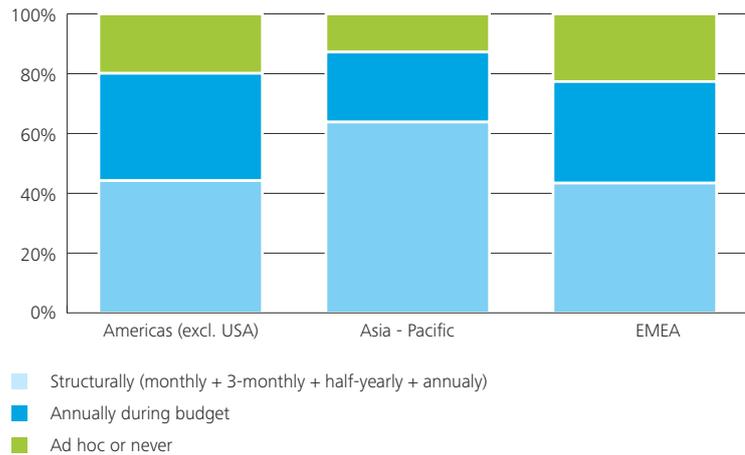
The frequency with which the IT strategy is aligned with the company strategy



In almost half of the participating organisations, the IT strategy is aligned with the company strategy on an annual basis (mainly together with the budget). This is confirmed by the IT and Business departments. Both have a different opinion, though, when defining whether the alignment occurs in conjunction with or independently from the budgeting cycle. It seems that IT mainly perceives the alignment of its own strategy with the corporate strategy merely as a budgeting exercise.

Furthermore, one out of 5 respondents report that their IT strategy is rarely or even never aligned with the company strategy. These organisations may have a huge opportunity to improve performance through IT by putting Business and IT leaders together and integrating the Business and IT strategies.

Frequency with which the IT strategy is aligned with the company strategy (per region)



One out of every 10 respondents of the Asia-Pacific region states that the IT strategy is never aligned with the company strategy, whereas only one out of 5 respondents of the EMEA region perceives no alignment between both strategies. For the Americas region, the survey results lay in between. It therefore seems that in the Asia-Pacific region, IT governance is more structured than in the other two regions, which are lagging behind to get IT and Business aligned.

A thorough alignment between the corporate and IT strategy appears to be rather infrequent. However, synchronizing business and IT should be done at all levels, starting from the top, at the strategic level.

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Globally, organisations must further focus their attention on the compatibility of the IT directions with the overall strategic orientations.

# IT Management

## Introduction

IT management is an excellent reflection of the relationship between IT and the Business. On the one hand it reflects how IT is managed in itself as a business, while on the other it reflects how the business is supported through IT.

In the current troubled context, managing IT means addressing conflicting goals:

- Balancing lower costs and increased quality of service; and
- Balancing increased agility while mitigating risks.

Faced with these challenges, a few questions are raised which have been investigated in the survey:

- Is IT established as a driving force for business projects?
- How are the responsibilities shared between IT and the business?
- How formalised are the relationships between IT and the business?
- How is IT managing the demands of the business?
- How is the business involved in IT investments?
- How are the IT financials shared with the business?

## Managing IT together with the business?

The boundaries of IT management are more and more extended towards the business – it could be argued that managing IT is no longer the prerogative of the IT department only, but should instead be at the heart of an intensified dialogue between the business and IT.

The results of this year's survey show that this proposed view is probably not shared yet.

- IT is still not perceived as the main driving force for business projects by 58.5% of all respondents.
- IT strategy is still viewed by IT respondents as IT's own area.
- IT governance is still viewed by business respondents as primarily a topic for IT.

There are signs, however, that IT management is evolving towards a tightened dialogue with the business, in particular for IT investment management, with nearly 46% of all answers pointing towards a collegial business approach with the support of IT.

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## IT supports business projects, but still does not act enough as a driving force in starting them up – or so it seems to the business.

### Survey findings

#### Establishing IT as a driving force

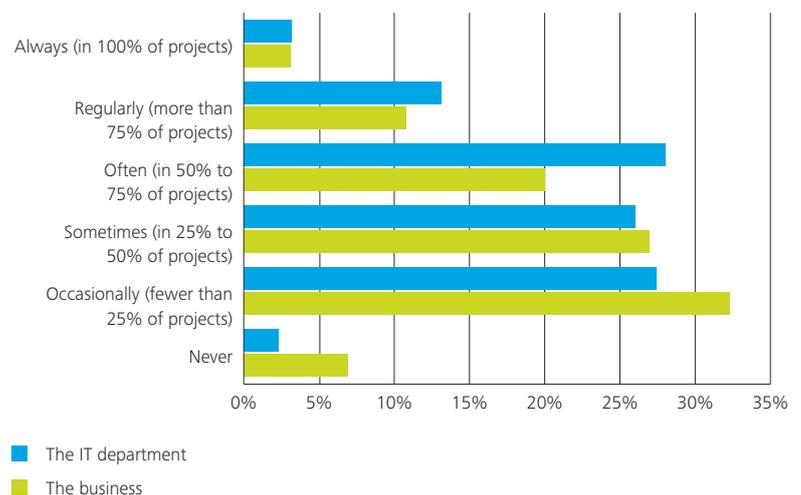
One way to look at IT management is by investigating how often IT is the driving force in starting up projects for the business. While the question is straightforward, it should be noted that it should primarily relate to projects for the business, and not just starting up 'internal' IT projects.

The results of the survey show that as a whole, IT is still not perceived as the main driving force behind business projects – with only 41.5% of respondents seeing it as “often” to “always” the driving force, and 58.5% answering “never” to “sometimes”.

With strong innovation drive and governance in place it could be expected that a higher percentage of projects is driven by IT.

What is striking, though, is the difference in assessment between the business and IT. As seen in the chart below, the business perceives that IT is less often a driving force in starting up projects, compared to their IT counterparts. This discrepancy is often seen as, and can be, a result of a number of factors, including insufficient governance and a lack of communication between IT and the business.

#### How often is IT a driving force in starting up projects for the business?

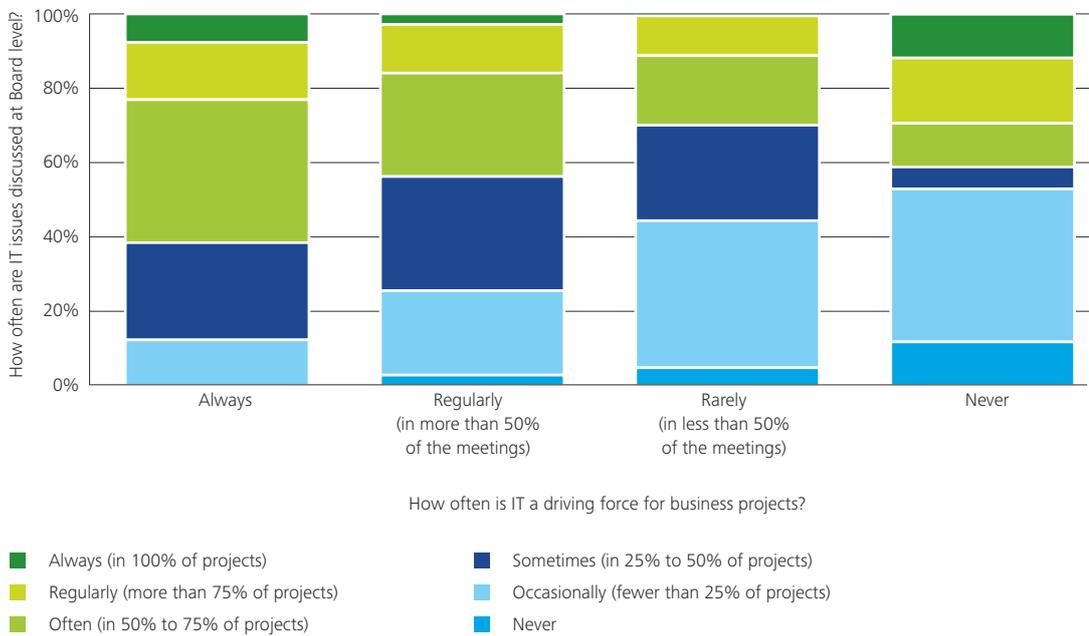


To investigate this relationship with governance, we explored the correlation between “IT as a driving force” and the IT governance question “How often do IT issues appear on the agenda of the Board of Directors or the Management Committee”. The relationship then becomes clear.

In organisations where IT has a stronger presence at board level, IT is more often seen as being a driving force behind business projects. This can clearly be interpreted as a sign that stronger IT governance ensures stronger involvement of IT in business projects – an element which can be seen as essential in shaping a strong partnership between IT and the business. Interestingly, our results also show that when IT issues

are never discussed at board level, two extreme scenarios are dominant: either IT never plays a driving role, probably relegated to a simple executor, or on the contrary IT “takes full control”, always driving technological business projects. None of these extremes is desirable, which reinforces the role of IT governance as a way to strike the right balance between Business and IT.

**The influence of the board on IT's driving force**



**Sharing responsibilities between business and IT**

The co-creation of value demands increasing “shared responsibilities” which transcend the traditional boundaries – but there is still progress to be made to reach a common view. Although there are indications from our survey that both the Business and IT understand the implicit need for shared responsibilities, there are also clear signs that some areas of responsibilities are still viewed as the prerogative of either IT or the Business.

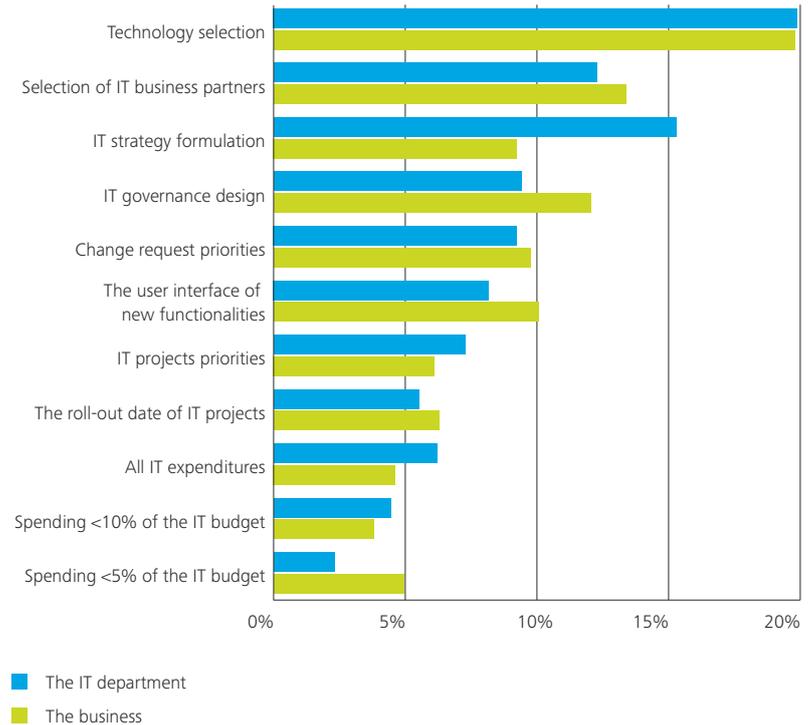
When asked what decisions IT can make independently the obvious answer stands out – technology decisions are for 20% of the respondents IT’s responsibility. The runner-up is also no surprise, being the selection of the IT business partners. Overall, there seems to be a shared understanding between IT and the business that many IT decisions should involve both sides, with shared responsibilities, which was already apparent in last year’s survey. This is, however, not the case when it comes to IT strategy and IT governance.

IT respondents believe in 15% of cases that IT can independently make decisions on the IT strategy, (vs. 9% for the Business). Conversely, for IT governance, the Business has a more “liberal” stance, feeling that IT can design its governance principles independently. This distortion in perception between both parties could point to a fundamental lack of understanding of the tight articulation between the Business and IT in these critical areas.

IT strategy, as well as IT governance, is a key element in shaping the value IT brings to the business, and as such should be the result of a dialogue between stakeholders.

More and more companies are institutionalising the relationship between the business and IT: finding the “just right” point is the challenge.

Domains in which IT can make decisions independently from the Business



**Formalising the relationship between the Business and IT**

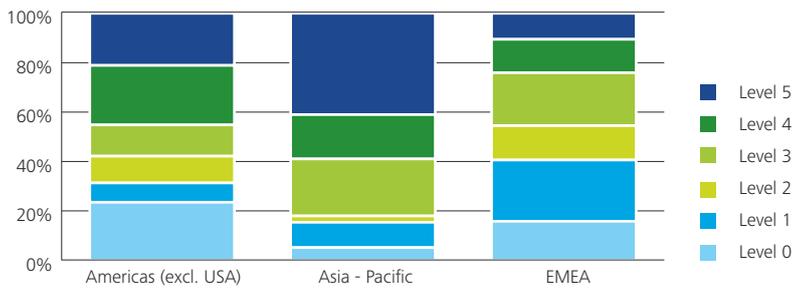
What is the basis for the relationship between the business and IT? Over the past few years, there has been a trend towards the formalisation of this relationship and the implementation of clear agreements between the different parties involved through formalised IT service level management, and, as a corollary, a structured and formalised IT performance measurement process. This trend, which is overall reflected in this year’s survey results, has been driven, amongst other elements, by the increased emphasis on improved quality of service – the business no longer takes minimal service for granted and demands accountability from IT on its commitments. As can be expected, the degree of formalisation is correlated to the size of companies: the larger the company, the higher the degree of formalisation.

The use of KPIs, and the alignment of IT performance with business performance are progressing but still maturing. Our survey results show striking differences between regions. While in Asia-Pacific a high level of maturity seems to have been achieved (with over 80% of respondents achieving level 3 and above), in EMEA and the Americas the situation is overall more heterogeneous. Very surprisingly, in EMEA, there are still 24.8% of respondents reporting back that the performance is ‘measured’ through subjective senior management assessment. It is also interesting to note, still in EMEA, the relatively low proportion of companies reaching the highest level of maturity (10.5% at level 3).

Although a high degree of formalisation is not necessarily required to ensure sufficient measurement of performance, what is key, however, is an appropriate set of tools, mechanisms and rules set in conjunction with the Business. In EMEA, for more than 40% of responding companies, monitoring, if done at all, is essentially carried out independently from the Business (level 2 and below).

Measuring IT's performance intelligently, in close relationship with the business, is now essential if IT is to demonstrate its value and help the Business make the most of it –

**Formalisation and maturity of IT performance measurement, per region**



there might be a bit of a push to give for many EMEA companies. For the purposes of this survey, the formalisation and maturity of IT performance management has been assessed using the following descriptions.

Level	Maturity of the IT performance measurement
Level 5	Based on a continuous measurement of indicators directly related to business performance, with targets set against business strategic objectives, monitored both by the business and IT, and broadly communicated
Level 4	Based on comprehensive measurements, covering several areas of performance, monitored jointly by the business and IT at regular intervals
Level 3	Based on financial and technical metrics, monitored jointly by IT and the business
Level 2	Based on financial and technical metrics essentially monitored by IT
Level 1	Based on a subjective senior executive assessment
Level 0	There is no specific measurement

### Managing IT investments together with the business

In order to respond to the increased agility required of IT, IT has to listen closely to the business to understand and prepare for upcoming demands. And this trend is again reflected in the survey, combined with a focus on lowering costs and reducing the risks.

As can be seen in the table below, over 45% of the respondents indicated that the IT projects and investments are a collective decision of all the business departments. This collective decision will ensure that the costs are more challenged and that risks will be looked at across the different business departments.

The underlying portfolio management ensures not only transparency towards the different business units, but also creates the necessary visibility on the projects and their business value for the organisation.

Key influencers in decision making for IT projects and investments?	Answers from ...		
	The Business	The IT department	Grand Total
All business departments decide collectively jointly with IT, for all IT projects and investments	50.44%	44.18%	45.76%
Each business department decides jointly with IT, for its own IT projects and investments	34.51%	40.60%	39.06%
Business departments make their own decisions for IT projects and investments, and then inform IT	10.62%	8.36%	8.93%
IT makes its own decisions for IT projects and investments and then informs the business	4.42%	6.87%	6.25%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

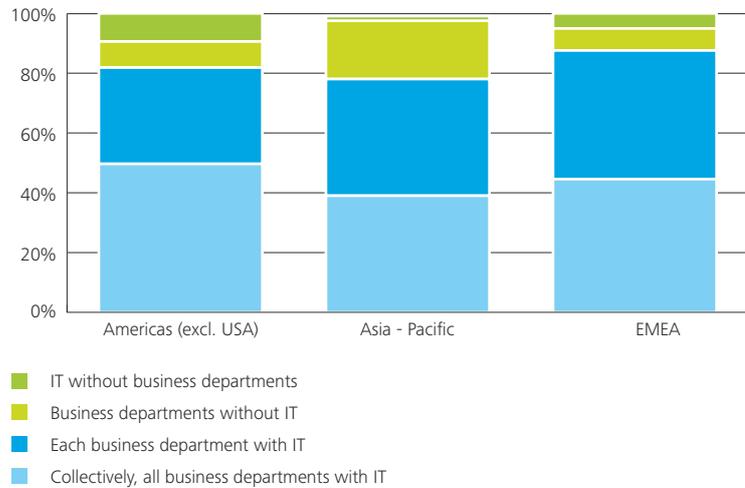
While 45% are based on collective decision across the business units and IT, a little less than 40% indicate that the decisions are taken unilaterally between the business unit and IT, not involving the other business units. This solution has an increased risk to create rework without leveraging the solutions already developed for the other business units, and it increases the responsibility of IT to ensure this is not happening.

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The current context has led to extensive and drastic reprioritisation of IT investment portfolios. This resulted in an intensified dialogue between IT and the business. Institutionalising this level of dialogue beyond the crisis should be on the CIO's mind.

As visible in the chart, we have not found substantial differences between regions.

#### Key influencers in IT project and investment decision making

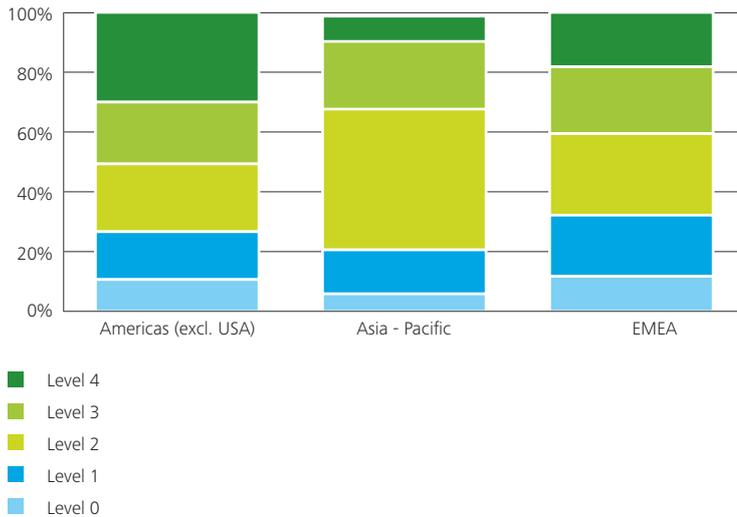


#### Listening closely to the needs of the business

We use the following definition of demand management: “the process to manage the IT demands issued by the business”. It is not in the ITIL v3 context where demand management is used in the service strategy sense. Demand management brings Business and IT together with an iterative and on-going process. The goal of the process is to aggregate the IT demands, calculate the costs, and maximise the value creation through the use of IT resources.

When looking at the results of our survey, it appears clearly that demand management has been introduced in most organisations, with two thirds of the respondents indicating some form of formalised demand management.

### Formalisation and maturity of IT demand management



For the purposes of this survey, the formalisation and maturity of IT demand management has been assessed using the following descriptions.

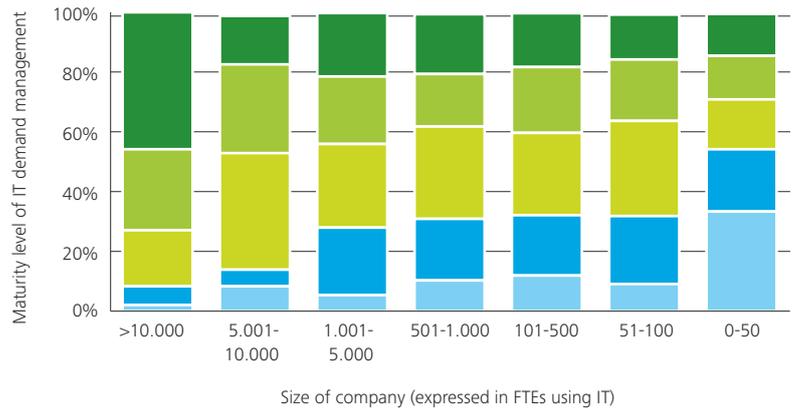
Level	Maturity of IT demand management
Level 4	The demand management process is well defined, continuous and actively managed
Level 3	The demand management process is formalised and consistently applied with regular intervals
Level 2	The demand management process is formalised, but not consistently applied
Level 1	The demand management process is not formalised, irregular, unplanned
Level 0	There is no specific demand management process

Overall, 43.3% of respondents indicated that their company was at level 3 or 4, with some variations in geography – with the Americas leading, and Asia-Pacific slightly lagging in this respect (an interesting fact if we consider the otherwise high level of maturity of IT performance measurement in this region). While this can appear as a reasonably high figure, this still leaves 30% of all respondents with either no process or a informal, unstructured one – a fact particularly visible in EMEA. Probably unsurprisingly, the highest levels of maturity are to be found in the larger organisations, with over 10,000 employees using IT.

Formalised and structured demand management allows IT to listen to the Business needs – it proves to be a means to get Business and IT aligned. However, its success depends on the business skills of the IT organisation.

**Formalisation and maturity of IT demand management, according to company size**

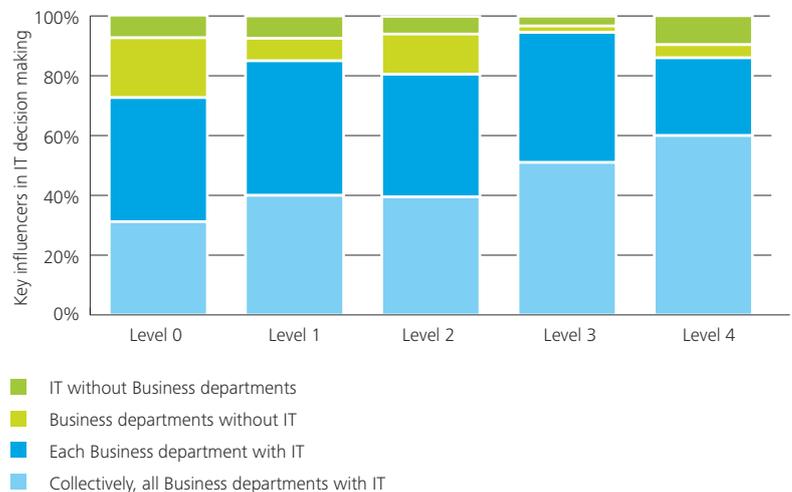
Size of company (expressed in FTEs using IT)



- Level 4
- Level 3
- Level 2
- Level 1
- Level 0

Further analysis on the relationship between the IT demand management process and IT decision making brings interesting insights. The overall results of the survey show that the higher the level of structure and formalisation of IT demand management, the more “collective” the IT decision making: continuous, structured and formalised IT demand management plays a key role in helping the Business and IT aligning on IT investments.

**Formalisation of IT demand management as a lever for joint IT / Business decision making**



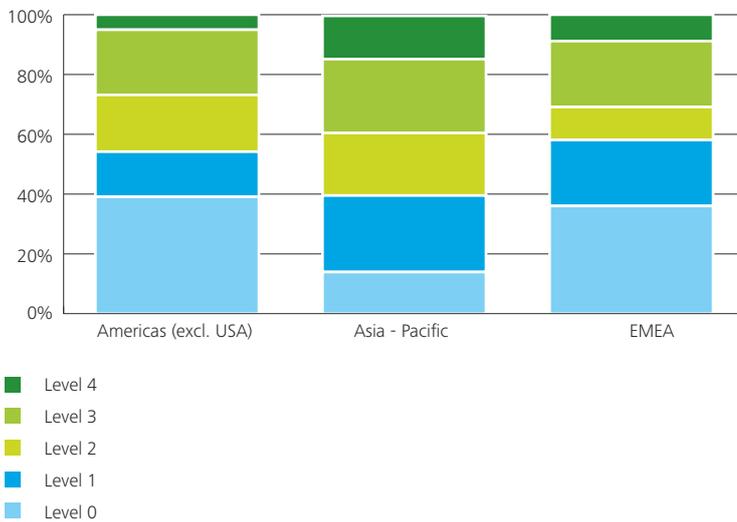
- IT without Business departments
- Business departments without IT
- Each Business department with IT
- Collectively, all Business departments with IT

**Implementing costing and chargeback to provide visibility into IT costs**

Recent years have seen the development of IT cost charge-back as a mechanism to strengthen the relationship between IT and the business, in particular by providing more transparency towards their customers into the cost of IT, leading to a better understood “value for money”.

The results of our survey show that both IT and business respondents are aware of the existence of such mechanisms in their organisation, which can be seen as a testimony to the good communication around them. They also show that adoption of such mechanisms is growing, with still progress to be made towards the more advanced forms of chargeback, probably due to the complexity of their implementation. While the more advanced and complex chargeback mechanisms based on consumption measurement combined with a pricing approach are only slowly being adopted (less than 8% in total), over 40% of all respondents across regions indicate having a complete chargeback mechanism in place. Approximately one third of the respondents informed us there was still no cost allocation or chargeback. There are some noticeable differences between regions, however, with the highest levels of maturity being achieved in Asia-Pacific and EMEA.

**Formalisation and maturity of IT costing and chargeback**



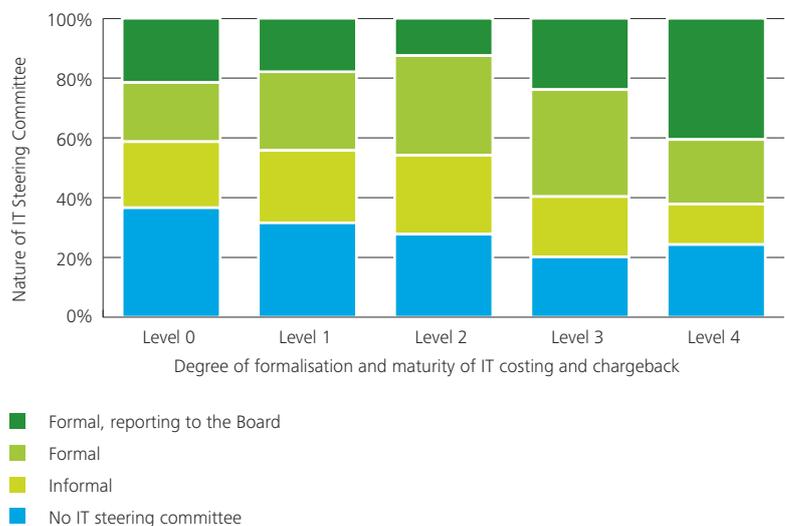
For the purposes of this survey, the formalisation and maturity of IT demand management has been assessed using the following descriptions.

Level	Maturity of IT costing and chargeback
Level 4	There is a complete allocation and chargeback process, based on consumption measurement (or other underlying cost drivers) and a pricing approach to steer and reward business decisions
Level 3	There is a complete allocation and chargeback process, essentially based on service consumption (or other underlying cost drivers)
Level 2	There is a complete allocation and chargeback process, essentially based on flat rates
Level 1	There is a partial chargeback, essentially based on flat rates
Level 0	There is no cost allocation/chargeback to the business for IT services

Organisations with advanced chargeback mechanisms also have a strong IT service level management in place with formal agreements and SLAs. This relationship could be expected as service level management constitutes the basis for the transparency needed for an optimal chargeback setup.

As was to be expected, organisations with a stronger IT governance (as seen through the presence of an IT steering committee, in particular reporting to the board) also have more advanced costing and chargeback mechanisms that are linked to a larger extent to the business activities. Again the link is due to the transparency that is generated and the open communication between Business and IT. The need of the IT steering committee to communicate clearly on IT financials to the board also fosters this trend.

**Relationship between IT costing and chargeback and IT steering committee**





# IT Outsourcing

## Introduction

Every outsourcing project is characterised by certain benefits to obtain, and a level of risk that must be managed in order to realise those benefits. In most cases, as documented in previous reports, companies have indicated that the sought after benefits are usually financial, which are often realised as well. Interestingly, companies also admitted that often non-financial benefits are not well understood at the start of the outsourcing project, and tend to be more difficult to obtain as originally assumed.

Given today's economic climate, it is quite unlikely to think that cost reduction would no longer be the number one reason for outsourcing. As most companies are in some way affected by the economic crisis they are under high pressure to perform cost reduction, and it is quite likely that outsourcing will remain one of the considered options to realise some cost savings. Additionally, it can be expected that ongoing outsourcing contracts are renegotiated and that pricing schemes are being reviewed, resulting in perhaps lower margins for service providers.

In such a climate the risk arises that companies are outsourcing for tactical (financial) reasons rather than strategic which pay off in the longer term. It will be the challenge of every CIO to combine short term savings with long term benefits such as gaining competitive advantage or transformation of operations.

Our survey explored how comfortable senior management is with outsourcing and how companies formalise their relationship with their vendors. Additionally we queried the companies on their decision process for outsourcing, and how much they spend in general on outsourcing compared to their IT budget.

## Outsourcing as an option to face the crisis?

The survey indicates that outsourcing is still a viable option for most companies as overall a good level of comfort towards outsourcing exists. Typically that level of comfort is greater with IT than with the business respondents in our survey. However, on second view this doesn't mean that companies would go without hesitation on an outsourcing journey: the majority of respondents reported to be moderately comfortable, and moreover one out of six is even uncomfortable. Indeed, outsourcing is not your every day project. The survey results indicate that for most companies it will require some extra effort to keep outsourcing under control.

Overall, IT tend to indicate that the business is often quite involved in taking an IT outsourcing decision, while this is not entirely in line with what the business respondents have answered. Could it be that the decision process is not as transparent and sound as it looks to the IT function in companies?

We have found that on-site sourcing remains the popular type of outsourcing, counting for about 40% of the surveyed companies. This type may typically require fewer controls as the degree of ownership remains internal, but may inhibit more strategic advantages to be created.

Additionally, 1 out of 4 companies indicates that all types of outsourcing can be considered, depending on the need.

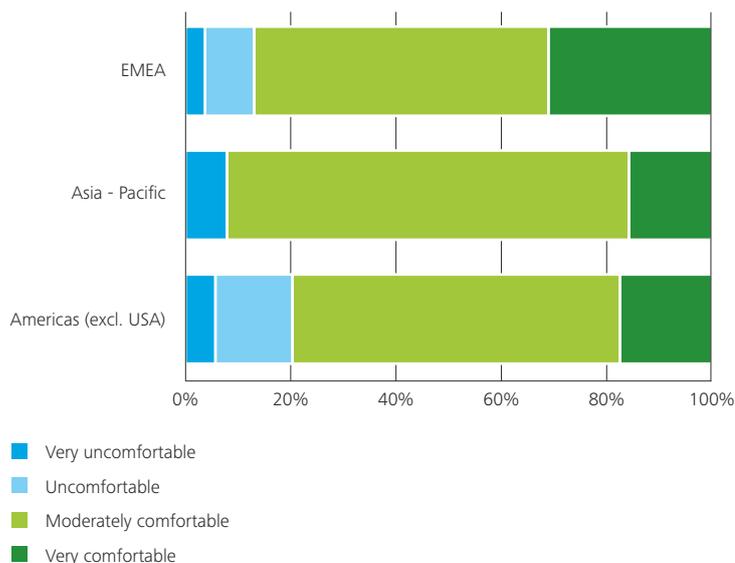
There is no sign of less comfort with outsourcing in the current economic climate: it is perceived by both IT and the Business as a viable option to deliver IT services, albeit with a prudent stance.

**Still favouring (out)sourcing as an option – with caution**

In line with last year’s results, overall a large majority of the respondents have indicated that management in their organisation feel (moderately to very) comfortable with outsourcing today – a fact even more emphasised in the Americas. There is no sign of less comfort with outsourcing in the current economic climate.

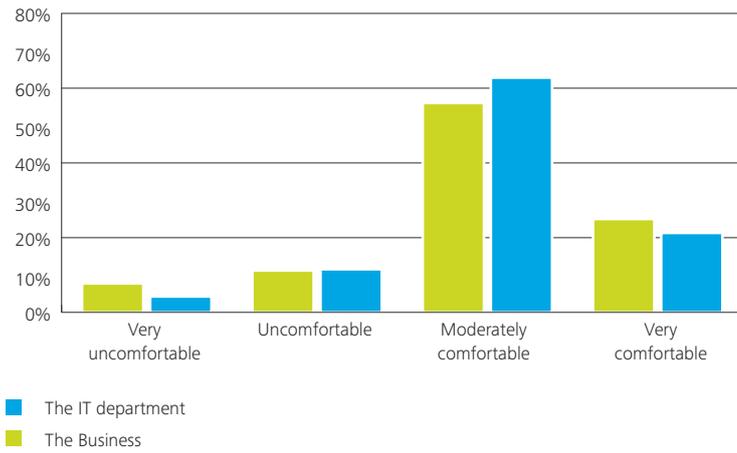
However, we note that there is also a prudent stance; overall the large majority of companies has a moderate level of comfort - which indicate outsourcing is a viable option, it is certainly not yet the average process which is estimated to be under full control. Additionally, one out of six respondents answered to be uncomfortable (very uncomfortable + uncomfortable).

**Level of comfort with outsourcing, per region**



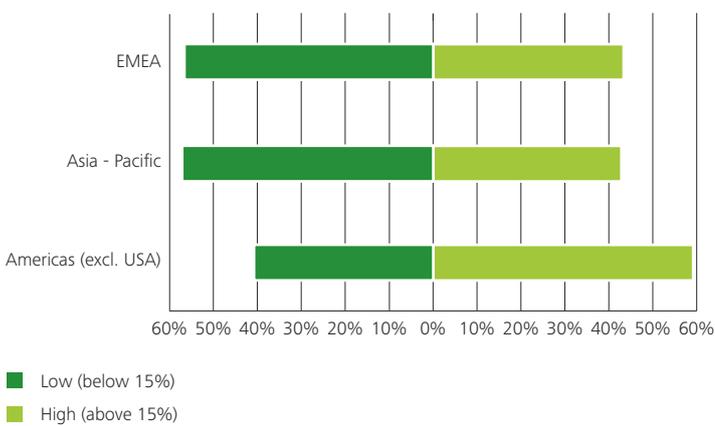
As could be expected, however, we noticed that 1 out of 4 respondents representing the business were not able to provide an answer to the question. This could reveal that business representatives are currently not much aware of the current (IT) outsourcing activities in their companies. In comparison, the IT representatives indicated an overall very slightly higher level of comfort with outsourcing than the business respondents.

**Level of comfort with outsourcing from the Business and IT**



The overall positive attitude towards outsourcing is reflected in the relatively important budgets dedicated to it, as illustrated below. The difference in budget for IT outsourcing among the three surveyed regions indicates a possible higher level of experience with IT outsourcing in EMEA compared to the two other regions. In EMEA nearly 60% of companies indicated to spend more than 15% of their IT Budget on outsourcing, while in Asia Pacific this is only slightly above 40% of respondents.

**Percentage of the IT budget spent on (out)sourcing, per region**

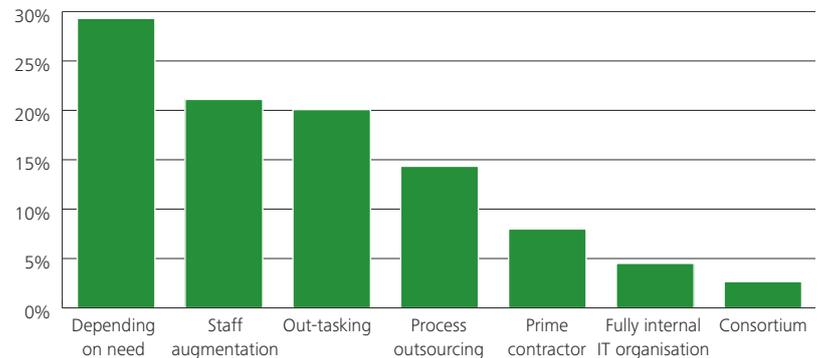


### Using different flavours of (out)sourcing

To verify what exactly is understood under 'sourcing' we asked business and IT representatives to indicate the type of outsourcing applied by IT:

- Outsourcing of complete business or IT processes (e.g. application development or infrastructure operations)
- Outsourcing of activities to a single supplier who assumes full responsibility but may subcontract to other suppliers (prime contractor model)
- Outsourcing of activities to multiple suppliers collaborating with each other (consortium model)
- Outsourcing of the activities of an individual to external IT staff onsite, also known as staff augmentation
- Outsourcing a defined set of projects or tasks to an external supplier on site (out-tasking).

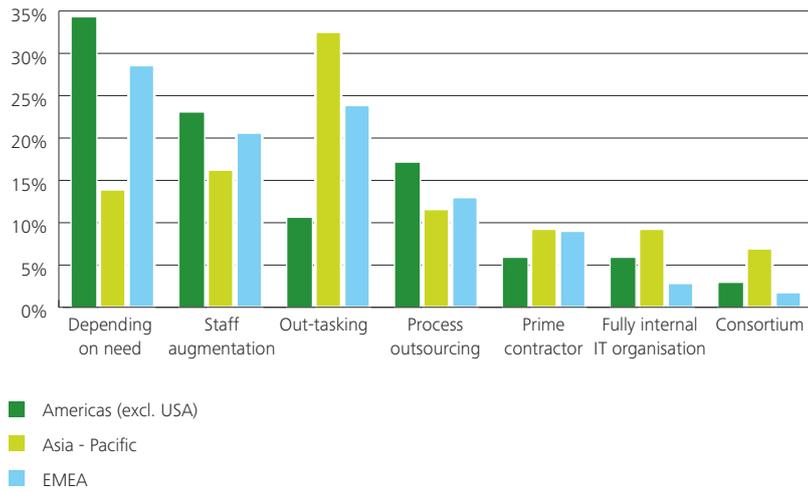
### Primary types of (out)sourcing



As per last year's results, over 1 out of 4 respondents indicated that all forms of sourcing can be considered depending on the needs of the organisation.

On-site sourcing (staff augmentation and out-tasking) models remain the most common types of sourcing, but there are significant differences between regions. Remarkably there is no difference between IT and business representatives who answered the question, neither is there a relationship in our survey between the type of outsourcing and the level of comfort with outsourcing.

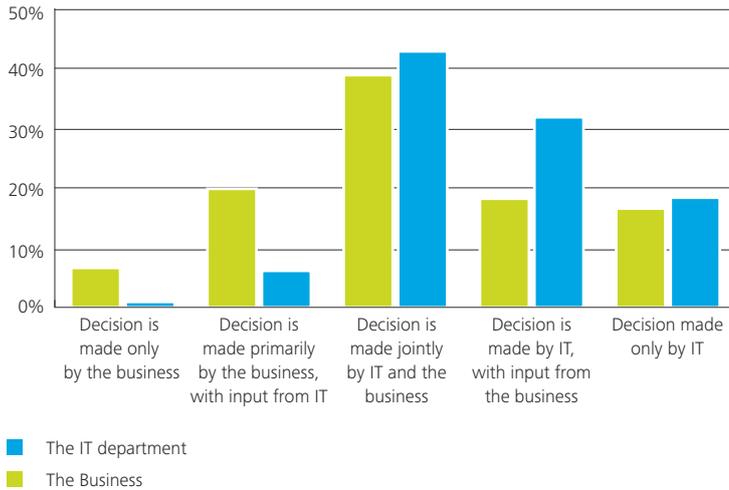
Primary types of (out)sourcing in the different regions



On-site sourcing models remain the most common types of sourcing, but there are significant differences between regions.

There are, however, significant differences between regions. In Americas there is a stronger tendency to do body-shopping type of outsourcing (21%), while in EMEA and even more in Asia-Pacific the out-tasking of specific services to suppliers is more common (resp. 21.5% and 24.5%).

**Business and IT have a different perception on the IT (out)sourcing decision**



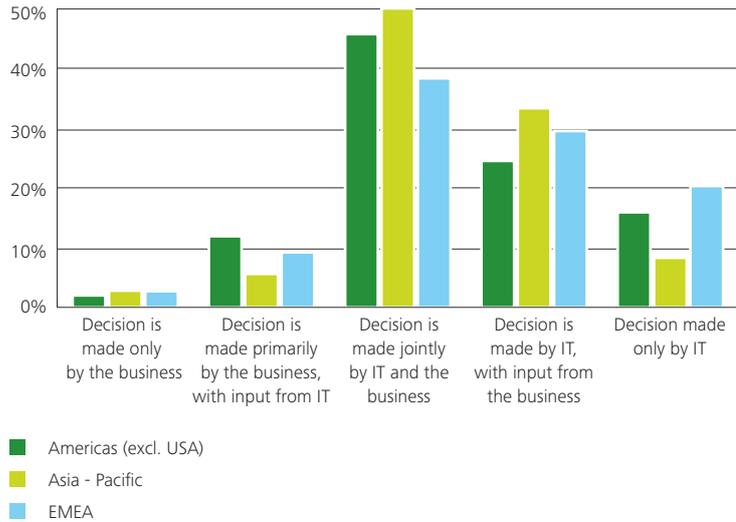
**Deciding on (out)sourcing jointly between IT and the business**

The majority of our respondents (69.9%) indicated that the decision for IT outsourcing is made either jointly between IT and business or that at least the business’ input is considered when IT takes the decision to outsource. Interestingly, the perception is quite different between IT and business representatives: 57% of the business representatives think the IT outsourcing decision is taken jointly or with their input, while 74% of the IT representatives indicated that the business is involved in decision making. Moreover, only 7% of the IT respondents think that the business takes the decision solely or with IT input, while at the business side our survey counted more than 26%.

This dichotomy between IT and Business perceptions might reveal an important fact: decision making on IT (out)sourcing is of importance to the Business, which believes it has a part to play. Indeed, the definition of the services to be outsourced and the SLA model with an external service provider should be in line with business objectives to ensure that value is delivered. Our survey shows that IT management tends to underestimate the impacts of IT outsourcing on the business. This means that for companies where decision making in this respect is not made jointly, there is room for better communication and information sharing between Business and IT.

However, some nuances need to be made when analysing the surveyed regions. In Asia-Pacific, 1 out of 3 respondents was unable to answer the question. However, when analysing the valid answers for Asia-Pacific, it turned out that the IT outsourcing decision process tends more towards collaboration between IT and business than in the other surveyed regions. More than 83% of the answers in the Asia-Pacific region indicate that the outsourcing decision is either taken jointly or by IT with input from the business. About 8% answered that the decision is taken solely by IT, which is substantially lower than in the other regions with figures above 15% for Americas and 20% for EMEA.

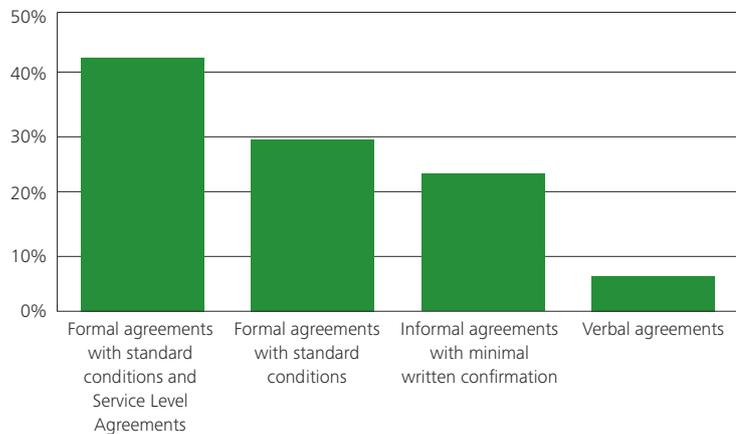
**Main decision makers for IT (out)sourcing, per region**



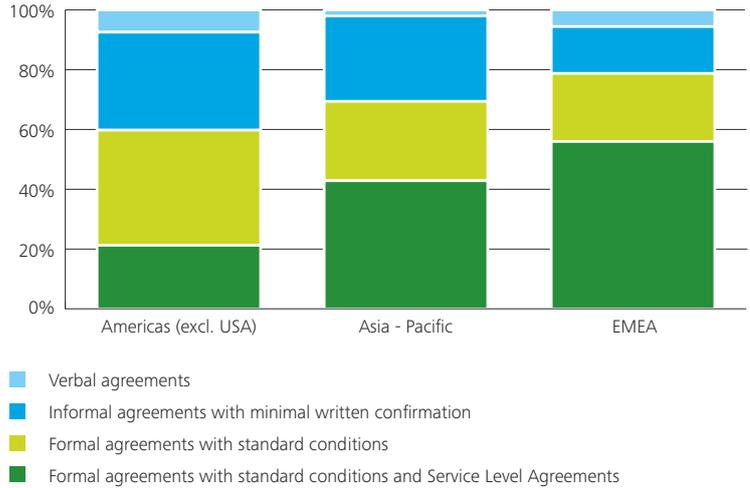
**Keeping in control when outsourcing**

As the relationship of IT with the business is steadily formalizing over the years, we can expect the same trend in the relationship between IT and its external service providers. Indeed, in 63% formal agreements exist, with the top answer being the formal agreement with standard conditions and a service level agreement. The level of formalisation with IT service providers is the highest in the EMEA region (nearly 80%), while in the Americas the formalisation level is at 60% with informal agreements still accounting for 40% (verbal or informal with minimal written confirmation).

**Formalisation of the relationship with IT service providers**

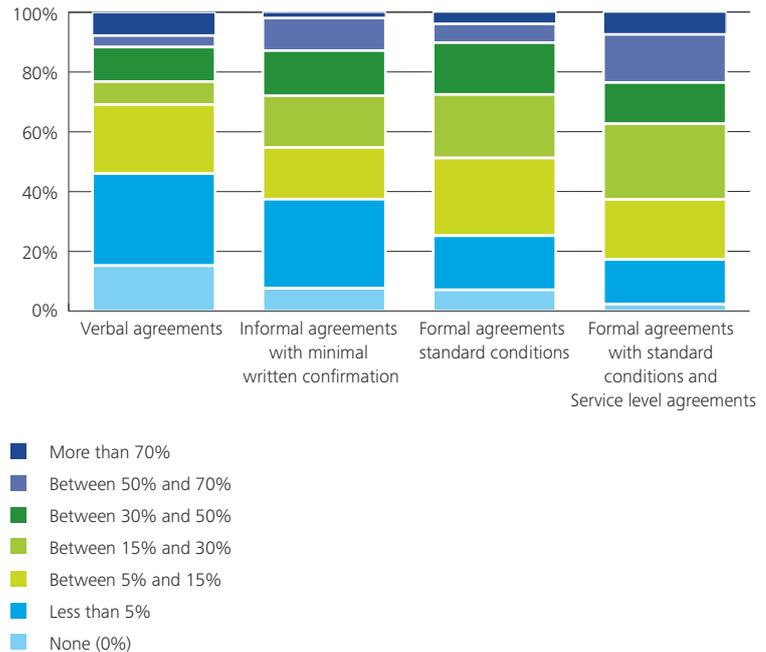


**Level of formalisation of relationship with IT service providers, per region**



Furthermore it is interesting to see that the level of formalisation is linked to the budget spent on outsourcing. Formalisation is higher within companies that spend more on outsourcing. Obviously more outsourcing requires the necessary controls and formal contracting is one of those controls to put in place to manage risk adequately.

**Level of formalisation is linked to percentage of IT budget for (out)sourcing**



# Security, privacy and fraud

## Introduction

In an ideal world, organisations and individuals would enjoy the seamless delivery of high-quality information, transmitted safely and securely wherever, whenever, and to whomever it was deemed valuable and needed. This network would help create better informed, more productive people, and would enable the trusted, efficient, and effective delivery of products and services.

The changing business environment and adopted technologies have forced organisations and executives to enhance their focus on data privacy and security, the absence of which can lead to multiple potential risks. This holds especially true for the non-IT professionals with significant governance or management responsibilities.

Today, between outsourcing and off-shoring, supply chains, alliances, partnerships, and other intertwined arrangements, the very definition of the enterprise has changed. This blurring of boundaries can have profound implications for organisations' security posture and requires specific measures to be taken.

With IT playing an ever-increasing role in the daily lives of customers, employees and business partners, the opportunities to breach the fortress through people are increasing as well. While people are an organisation's greatest assets, they are also a weak point in security and privacy efforts. As awareness of the people side of security and privacy grows, so will the need to address it as stakeholders look to organisations to demonstrate an ability to close the "people" gap.

Despite what IT providers and vendors promise, information processing and technology is not natively secure, and hence appropriate security risk management is required. Given the ever evolving technology landscape, security is becoming more intangible and less visible, which can create both a false sense of security and anxiety about what is actually secured and controlled. Organisations should continue to apply the overall principle of "security-in-depth" with the introduction of new technologies.

## Fire trucks vs. smoke detectors?

It's very predictable: when the media report another security or privacy breach, executives suddenly get motivated. Typically they would quickly assemble the brain trust, demand reports, and seek assurance.

"This can't happen to us, can it?"

The impact of security or privacy incidents can be very severe and costly. Consider, for example, the major data loss recently suffered by a multinational company. To deal with the event, they sent postal notifications to several million customers whose personally identifiable information had been compromised; they purchased several months of credit report monitoring for each affected consumer; they paid significant legal fees; and they suffered unquantifiable but likely significant customer losses and reputation erosion.

Most executives are motivated and proactive when it comes to increasing revenue, attracting talent, and pursuing growth opportunities. Yet, within the security and privacy realm, many of these same executives wait for an external event — be it a spectacular crisis or a more routine regulation — before taking action.

Companies that deal with hazardous waste would never contemplate waiting for an accident before investing in safety measures. Farmers don't wait for their crops to be decimated by insects before applying pesticides. Yet in regard to security and privacy, many organisations still summon a fire truck rather than install a smoke detector.

### Survey Findings

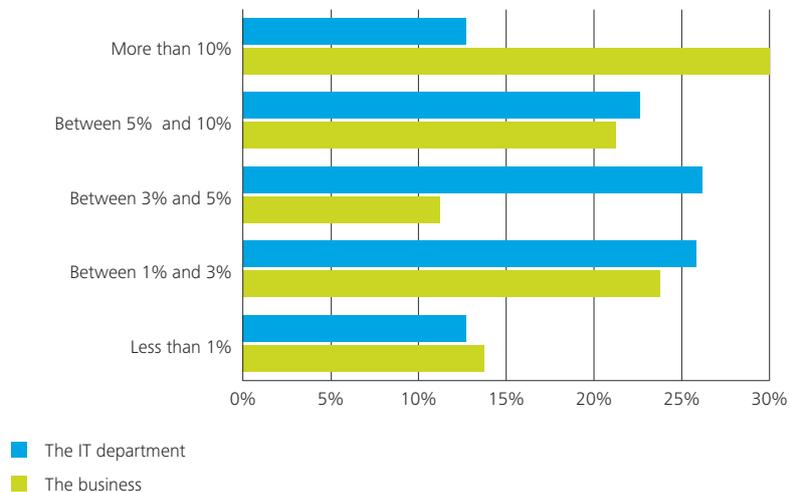
#### Difficult consensus in uncertain times

While the current business climate requires focusing on an unprecedented level of cost efficiency, organisations may be exposing themselves to critical risks. During a downturn, defending against attacks is particularly important in order to ensure business continuity. Without appropriate investments in security and innovation, organisations might not be able to keep pace with the growing threats imposed by increasingly sophisticated attacks and emerging technologies.

Global Deloitte reference studies on Security & Privacy in 2009 revealed that the recent macroeconomic challenges have caused a significant drop in security investment, which is having a detrimental impact on all aspects of security. It is striking that security budgets fail to keep pace, while the security environment becomes more complex and regulation continues to increase.

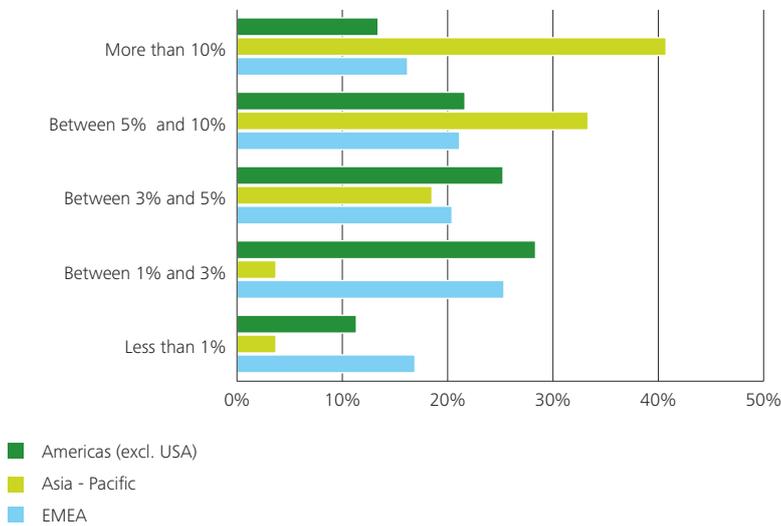
In the survey results we noted a deviation in the perception of business and IT survey participants regarding the IT budget resources committed to data security and privacy measures. Surprisingly, the business respondents to the survey believe that a larger IT budget portion is spent on data security and privacy in comparison with what the IT department believes.

#### What portion of the IT budget of your organisation is spent every year on data security and data privacy?



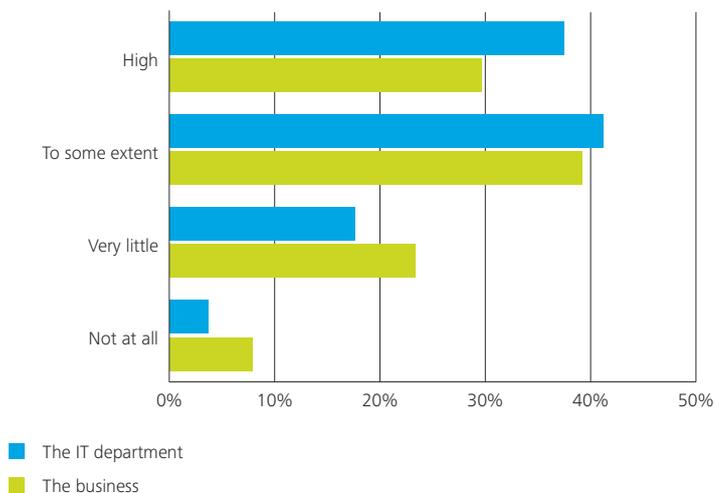
However, even more striking are the regional results regarding the IT budget portion spent on data security and privacy. The responses from survey participants in EMEA and the Americas (excl. USA) were very similar, but the Asia-Pacific survey respondents indicated much higher IT budget portions spent on security and privacy.

**What portion of the IT budget of your organisation is spent every year on data security and data privacy?**



The security and privacy environment becomes more complex through new technologies, cyber defence issues and increased regulation. However, security budgets fail to keep pace.

**To what extent are procedures and guidelines on data security and data privacy monitored by top management?**



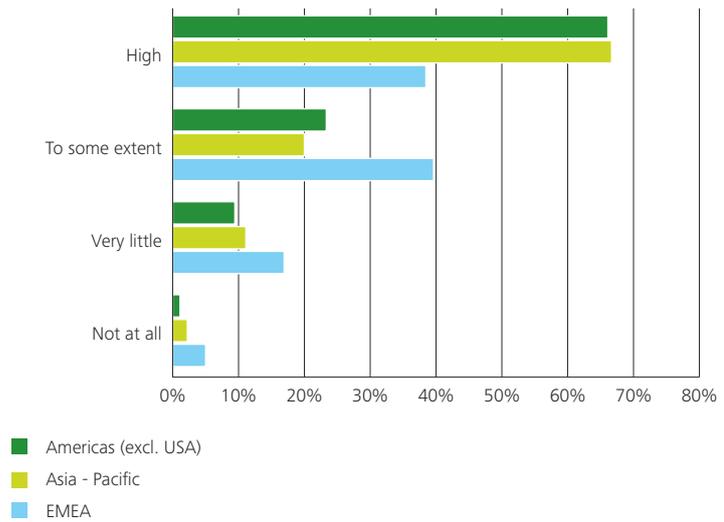
Overall the survey pointed out that a majority of the respondents believe that management is monitoring data security procedures and guidelines today. We noted an improvement in comparison with the previous year survey results, and this is supported both from the perspectives of the business and IT. However it is striking that 31% of the IT participants still indicate that senior management is hardly monitoring data security, and responded “very little” or “not at all” to this question.

It is also interesting to note that we also observed regional differences in the survey responses, as participants from the Asia-Pacific region clearly indicated that their level of comfort is significantly higher than in EMEA and the Americas regarding management monitoring of procedures and guidelines on data security and privacy.

### Business and IT aligned in combating internal fraud

Overall, over 50% of both business and IT respondents believe that IT is highly committed to combating internal fraud, which could be seen as an improvement compared to last year's result (40%), if it was not for sharp regional contrasts. The survey results do show a significant regional difference regarding the level of comfort regarding measures against internal fraud. Whereas in Asia-Pacific and the Americas over 65% of respondents indicate that the IT department is highly committed to addressing fraud risks, in the EMEA region this does not reach 40% (in line with last year's results).

### To what extent is IT committed to combatting internal fraud?



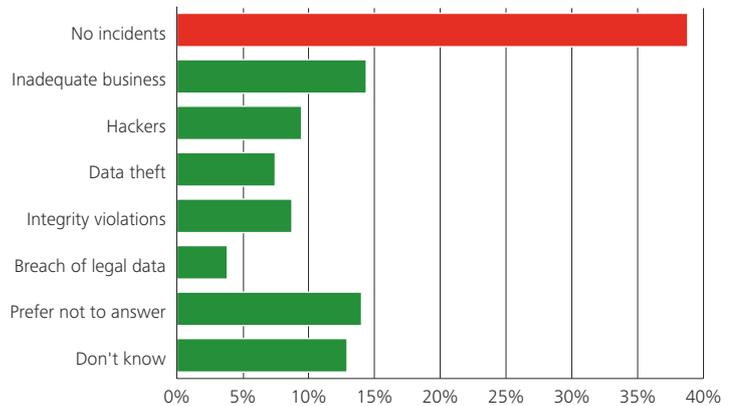
This is in contrast with the perception of 31% of IT respondents indicating that top management is not or only very little monitoring security and privacy through guidelines and procedures – respondents seem to have confidence in the commitment of IT to combating fraud, but are more reserved with regards to the actual monitoring by top management.

Only 1 out of 7 business decision makers did not know the extent of the countermeasures taken by IT against fraud risks. This indicates a sound level of awareness on the subject and engagement of business stakeholders in most organisations.

### Handling incidents

Similar to the previous year survey results, surprisingly over 38% of the respondents indicated that they are not aware of security incidents within their organisations in the past year. Furthermore 14% of both IT and business representatives indicated insufficient information about incidents. Could it be that both business and IT are still unaware of any incidents due to the lack of transparency about incidents and countermeasures within the organisation?

### Which incidents were detected in your organisation during the past year?



As could be expected and in line with previous year results, respondents of large organisations indicate to suffer more from hackers and data theft whereas smaller organisations suffer more from legal data protection issues.

Additionally, the survey confirms that large organisations tend to be more reluctant or unwilling to disclose detailed information regarding incidents in the security, privacy and fraud domain. This is an understandable position given the reputational risk related to exposing security, fraud or fraud breaches.

Further analysis of the survey data reveals regional differences in survey results amongst the participants as detailed below.

Which incidents were detected in your organisation during the past year?



At first glance, all participating countries indicate to suffer from a varying set of security, privacy and fraud breaches. Taking only the positive responses into account, it is remarkable that participants in Asia-Pacific appear to be most aware about incidents in their organisations compared to the rest.

There is still a lack of awareness regarding the number and severity of actual incidents. Hence the value of appropriate security and privacy management capabilities is difficult to justify required investments.

# Acknowledgements

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Deloitte would like to thank all the business and IT professionals who kindly accepted to participate in this survey and dedicated time to it.

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