



Perspectives on technology
Mobility and the cloud in the mid-market





About the survey

From April 26 to May 21, 2013, a Deloitte survey conducted by OnResearch, a market research firm, focused on technology issues for mid-market companies. The 466 survey respondents were from businesses with annual revenues from \$100 million to more than \$1 billion, and 65 percent were senior executives.

Almost half of respondents were from consumer and industrial product companies or the financial services sector, with the remainder divided among the following: technology, media and communications, energy and resources, life sciences and health care, and other industries.

The full survey results are included in this report; some percentages in the charts may not add to 100 percent due to rounding, or for questions where survey participants had the option to choose multiple responses

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Executive summary



In new and exciting ways, mid-sized companies are turning to technology to help improve their business. While these companies have always had a basic need to manage their resources carefully by focusing on areas that provide the best return on their investment, increasingly, emerging technologies are providing just that. New solutions tied to the cloud and mobile are allowing middle market businesses to boost back-office productivity, reach new customers, and reinforce their culture.

These are among the findings of a recent Deloitte-sponsored survey of mid-market IT executives, who indicate they either are already tapping the potential of emerging technologies, or are laying the groundwork for their adoption. Our respondents make it clear that they are approaching new technologies such as cloud and mobile as they would any new product or service rollout: through careful assessment, pilot testing, evaluation, revision and development.

While today's pace of business creates a sense of urgency for companies big and small, mid-market competitors are finding this deliberate approach especially useful for generating early successes with limited resources. It is also allowing them to evaluate the various security and privacy considerations in employing new technologies as they continue down the road toward their further adoption.

Our report identifies three overarching themes as mid-market companies work to address these and other considerations.

1. Technology is seen as a catalyst for growth

Echoing the findings of Deloitte's report, *Mid-market perspectives: 2013 report on America's economic engine*, respondents to our technology survey indicate that mid-market executives are optimistic about their businesses, and that growth initiatives take precedence over cost-cutting as a priority. What's more, they see technology as a key driver of that growth in the year ahead. Once predominantly seen as an expense, technology is now viewed by more business leaders as a worthwhile investment and a source of strategic advantage. Additionally, the advent of cloud-based technology offers more affordable alternatives for mid-market companies as they work to drive growth in their organizations.

The linkage between technology investment and focus on growth helps explain why nearly half of those surveyed report their companies are spending more on technology this year than they did in 2012. A large number of those surveyed also say their organization sees technology playing an important role in accelerating growth and effectiveness, as well as a means to both compete on a differentiated basis and support efforts to globalize. Media, technology and telecommunications companies lead the way in this respect, but other sectors are not far behind.

Recognizing technology's increasing value, the vast majority of the mid-market companies surveyed now have a dedicated executive to identify, set and oversee the technology agenda.

New solutions tied to the cloud and mobile are allowing middle market businesses to boost back-office productivity, reach new customers, and maintain or build their culture.

2. New technology forays are focused on the customer

Mid-market companies are moving deliberately toward greater technology adoption, in many instances focusing on functions such as customer relationship management (CRM) and sales force automation (SFA).

Even those businesses that are just investigating cloud services say they will begin their journey with sales and customer management business activities, rather than targeting more operationally critical functions such as manufacturing and finance. Many of these initial technology successes have helped them make internal work streams more efficient, though our respondents say they have started to look into deploying new technologies “outside the walls” through platforms such as consumer-facing mobile applications.

3. Security concerns are hampering IT adoption

Security of information is a concern for many mid-market CIOs, and it helps explain why their early deployment of new technologies has been limited to peripheral sales support functions. Nearly four in every 10 executives we

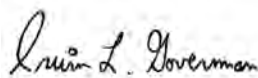
surveyed say issues concerning data privacy and security risks are giving them pause, and the issue is cited as the prevailing challenge in using cloud-based services.

At the same time, change from within — specifically, employees’ use of mobile devices — is increasing the urgency for IT leaders to understand the security and privacy ramifications. Many of the companies we surveyed have yet to establish policies and procedures for remote access to data and smart phone use. As many larger companies have done, their mid-market counterparts will likely have to proactively work to mitigate such risks through organized assessments, development of plans and policies, and rigorous monitoring.

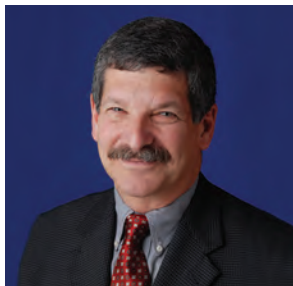
Overall, our survey suggests that change is not only coming to the middle market, but that it has already arrived for many companies. Leading mid-market CEOs, CFOs, and CIOs appear to be embracing technology’s promise as a competitive differentiator for supporting growth, maintaining an entrepreneurial culture, and increasing competitiveness — albeit with a healthy dose of caution.



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Technology

The great equalizer

Two decades ago, if you asked mid-market executives how they planned to compete and win against larger competitors, they would most likely have cited a combination of superior strategy, adaptability, nimbleness, execution, and talent. Perhaps the last thing you would have expected them to prioritize was technology. With many best-in-class technology solutions plagued by high price tags, IT leaders at smaller companies faced an uphill climb — hindered by lack of resources, the inability to focus on large implementations, and lack of access to capital — in trying to make the case for technology investments over other pressing business needs.

But today, advances in cloud computing, data analytics and mobile platforms are lowering the barriers to IT entry and promising new insights and capabilities at a fraction of the cost of the more traditional systems that were predominant in the past. Deloitte's *Tech Trends 2013* report points to the power of the Postdigital Enterprise™ — an organization that is able to harness the disruptive forces of analytics, mobile, social, cloud and cyber to more quickly understand their customers, help improve operations, and elevate their performance. In this emerging postdigital era, mid-market CIOs are combining such advances with breakthrough thinking in strategy, operations and human capital to gain more clout in the organizational hierarchy.¹

Our survey results suggest that such companies' growth aspirations are connected in some ways to the importance they place on technology and the internal champions who are setting the technology agenda. The findings paint a picture of an increasingly engaged market segment that perceives technology as a strategic asset, capable of supporting organizations' growth objectives in new and exciting ways.

Technology and growth

Earlier this year, Deloitte released a survey of mid-market executives that found they are poised for growth despite ongoing headwinds facing their businesses and the economy at large. *Mid-market perspectives: 2013 report on America's economic engine* showed that mid-market companies spent the past year taking steps to grow their revenue, boost productivity, and fine-tune their competitive positions.

Our current technology survey findings echoed this sense of optimism. Eighty-two percent of the respondents indicate their company's revenues increased over the last 12 months, and nearly as many — 78 percent — report they are at least "cautiously optimistic" about the business outlook over the coming year.

It is interesting to note the prevalence of executives who say their companies are more focused on growth initiatives than cost-cutting. Deloitte Services LP's Michael E. Raynor and Deloitte Consulting LLP's Mumtaz Ahmed recently published a book based on a statistical study of thousands of companies to isolate three rules that help explain how companies achieve exceptional results over a long period of time.² One of the principles they identified is to prioritize increasing revenue over reducing costs. The technology survey respondents are apparently living this mantra, as investing in organic growth is ranked as their top priority for 2013; cost-reduction initiatives finished a distant fourth, behind improving operational processes and supporting technologies, which appear especially important to family-owned businesses in the coming year.



Our survey results suggest that companies' growth aspirations are connected in some ways to the importance they place on technology and the internal champions who are setting the technology agenda.

¹ Suketu Ghandi and Bill Briggs, "CIO as the Postdigital Catalyst," *Tech Trends 2013: Elements of Postdigital*, Deloitte, January 2013.
² Michael E. Raynor and Mumtaz Ahmed, *The Three Rules: How Exceptional Companies Think*, Portfolio Hardcover, May 30, 2013.

As telling, perhaps, is the perception among mid-market companies that technology is or will soon be a key driver of those growth plans. Nearly half of the respondents — 46 percent — report that leadership values the role that technology plays as “strategic.”

What is more, respondents at companies reporting revenue growth over the past 12 months are nearly twice as likely as those companies with decreased revenue to see technology as a strategic asset. Just over one in three points to technology playing an important role toward growth and effectiveness at their company, and that they have made a significant investment in IT. Almost half of the executives — 45 percent — say their company’s current level of spending on technology is higher compared to a year ago.

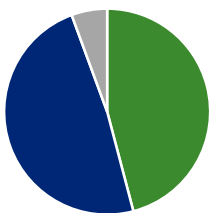
The more value respondents place on technology at their companies, the more likely they are to be optimistic about the business outlook. Among those who are upbeat about their prospects over the next 12 months, 60 percent believe that technology can increase their organization’s overall competitiveness, compared to just 40 percent of

respondents who are pessimistic about the outlook. This correlation applies to actual spending on technology as well, as executives at companies that increased IT spending over the past 12 months are more than twice as likely to be optimistic about their business prospects (89 percent compared to 42 percent).

As you might expect, this segment of the economy takes a cautious and practical view of technology investments. A third of the respondents describe their company’s IT adoption and implementation as “pragmatic” in comparison to their peers — a finding that was pronounced among life sciences and health care executives (53 percent). Twenty-eight percent call their company a “fast follower,” with only 18 percent describing them as “visionary.”

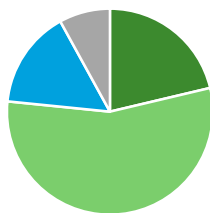
These characterizations are replicated in real dollars. The majority of mid-market companies continue to commit 5 percent or less of their revenue to IT, with executives from companies in energy and resources and consumer and industrial products indicating their companies spend the least. More than a third of technology, media, and telecom executives say their companies spend more than 5 percent on IT.

How does your company’s leadership value the role that technology plays? (Please select one.)



- Strategic (not an expense, but more of an investment) 45.9%
- Necessary (sometimes an investment, but often seen as an expense) 48.5%
- Not critical (necessary but certainly not an investment, only an expense) 5.6%

What is your company’s current “spend” on technology? (Please select one.)



- Our spend is above 5% of revenue 21.3%
- We spend between 1-5% of revenue on technology) 55.3%
- Our spend is negligible (< 1% of revenue) 15.4%
- We do not currently have a separate, identifiable spend 8.0%

Technology and globalization

Mid-market companies understand that having a technology strategy is critical to support global expansion. Today's workforce expects to tap the power of the enterprise anywhere and anytime, but especially at the point where decisions are made and where business is transacted. At the same time, dealing with social media requires global collaboration inside and outside of organizational boundaries and allows companies to interact with consumers individually.

Executives seem to recognize the benefits in going global and see technology — particularly mobile — as the fabric that connects business processes with employees and customers on the ground. Our survey bears this out, as nearly two-thirds of the respondents believe that globalization is important to their company's overall strategy — including 31 percent who “strongly agree” with its importance.

Notably, technology is seen by many as the bridge that will help them access new markets. Among executives who agree that globalization is important to their company's strategy, more than half see their companies' technology investments as a strategic imperative. Of those who disagreed that globalization is important, only 26 percent see technology through the strategy lens. In addition, those with global aspirations were more likely than those focused on the domestic market to describe their company as “visionary” or a “fast follower.”

Technology and headcount

We often think of technology and headcount as having an inverse relationship, but our respondents indicate a willingness to invest in both areas as they pursue their growth objectives. In this, technology appears to represent both an area of direct investment and one that leverages investments made in other areas, such as personnel, geographic expansion and new markets. We see this in the survey, as executives reporting higher technology spending at their companies are also more likely to anticipate headcount increases. All told, 60 percent of the respondents expect their companies to add employees over the coming year, with 18 percent projecting an increase of 10 percent or more. Of those executives at companies seeing increased spending on technology this year, 77 percent expect their headcount to increase as well in the coming 12 months.

Mid-market companies believe they will not have much trouble finding skilled workers to support or implement technology purchases, the survey suggests. Nearly two-thirds of the respondents believe it will be fairly easy to find qualified technology experts either within their organization or in the marketplace. This is an interesting finding in the face of reported shortages of skilled IT workers in the labor market.³ It also comes at a time when companies are getting smarter and projecting their workforce demands by “thinking like an economist,” employing analytics based upon economic indicators and college graduation projections to better identify, attract, hire, and retain the appropriate workforce.⁴



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³ Paul McDougall, “U.S. Tech Worker Shortage Looms, Study Warns,” *Information Week*, March 23, 2012.

⁴ Barbara Adachi, Michael Gretzko and Bill Pelster, *Human Capital Trends 2013: Leading Indicators*, Deloitte, May 2013.

Technology and leadership engagement

Deloitte's *Tech Trends 2013* report noted that CIOs are in a unique position to lead change,⁵ and the executives we polled appear to subscribe to this view. Technology has become important enough at mid-market companies to warrant a dedicated executive. The IT leader's status and reporting relationship varies by organization. The vast majority of companies — 90 percent — report having a CIO or technology director, but only 35 percent say these roles report directly to the CEO or the president. Even so, 51 percent report that their organization's executive leadership is actively engaged in emerging and next-generation technologies, with another 10 percent indicating they are "leading the charge."

One challenge some technology leaders, and especially CIOs, continue to face is that they are not always well connected to the business as a whole. Technology may lie at the heart of business strategy for many mid-market companies, but the survey indicates that one-third of the companies surveyed report technology investments are frequently or always made within the business without consulting the IT function. As technology becomes more integral to an organization's growth, culture and competitive strategies, this finding suggests CIOs should keep pushing to stay in charge of, or at least involved in, the technology agenda.

What is the reporting relationship of the head of Information Technology at your enterprise? (Please select one.)

We have a CIO who reports to the CEO (or senior equivalent, such as president)

35.2%

We have a position dedicated to technology and this position reports to the CFO or other non-CEO position

28.5%

We have a technology director dedicated to the implementation and production of technology systems

27.0%

We do not have a person identified as head of Information Technology

8.7%

Other

0.6%

How would you describe the role of executive leadership in your organization with regard to emerging and next-generation technologies (including cloud, mobile and social)? (Please select one.)

They are leading the charge

10.0%

They are actively engaged

51.5%

They are passive, but willing to be engaged

25.8%

They have bigger fish to fry

11.0%

They are actively obstructing change

1.7%

⁵ Suketu Ghandi and Bill Briggs, *op. cit.*

Cloud and mobile

Putting the customer first

Technological change can bring disruption of all kinds — to business models, to investment strategies, to workforce needs, and to the competitive landscape. When it comes to the postdigital forces emerging today, one could argue that the potential for disruption has never been greater. Our respondents appear to understand the potential of new technologies to disrupt not just the competitive landscape, but also their mainstay business processes and ongoing operations.


Middle market technology leaders and their C-suite supporters are taking a cautious approach by focusing first on functional areas that are not core to financial reporting and regulatory requirements, offer the greatest return on investment — and pose the least amount of risk. In managing this balance between disruptive innovation and stability, IT solutions that are focused on the customer — such as customer relationship management (CRM) and sales force enablement services — are proving to be a logical first step. In the future, our respondents see these initial forays transitioning to more widespread IT adoption of social and mobile platforms, as well as predictive data analytics.

Cloud-based services

The survey findings suggest that mid-market companies are further along in the use of cloud-based solutions than one might expect. In fact, 56 percent of the executives say their organization is already using some form of cloud-based service.

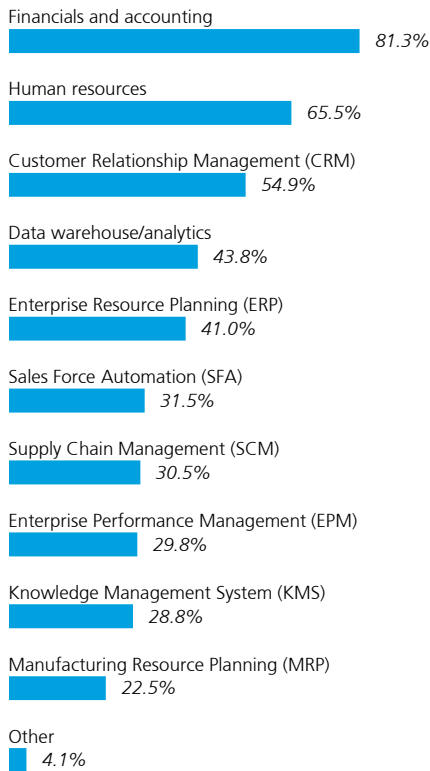
In a separate question, a significant number of the respondents — 42 percent — say their company is either investigating or experimenting with cloud-computing resources. Additionally, 26 percent describe their organization as actively building those resources, and 9 percent say their companies have already led successful deployments.

Notably, CRM services takes the top spot, with another customer-outreach offering — sales force automation — also popular. This suggests that mid-market companies see greater opportunity for quick returns from functions that are not critical to financial and regulatory reporting and can increase the top line, as opposed to core functions such as enterprise resource planning and supply chain management. Among those respondents investigating cloud-computing resources, 51 percent indicate these functions are being considered, and marketing was not far behind, at 39 percent. Finance and tax, by comparison, come in a distant fourth, garnering only 22 percent.

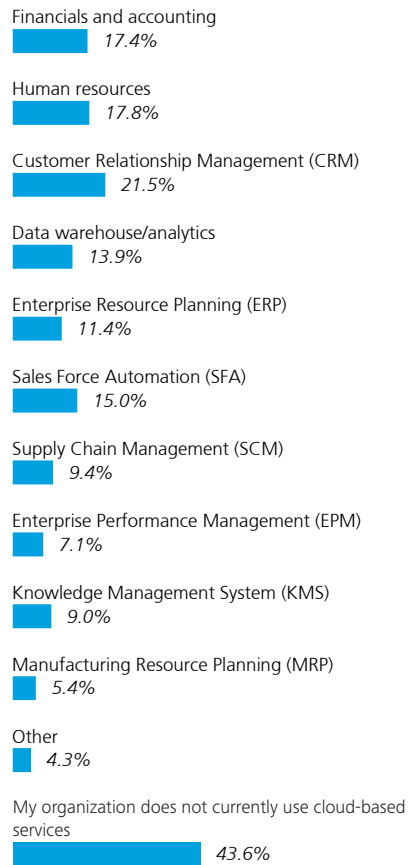


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Which basic information systems do you have in place? (Please select all that apply.)



Which cloud-based services does your organization currently use? (Please select all that apply.)



Mobile

As large enterprises turn to mobile to get closer to their customers, mid-market companies appear to understand that it will be just as important for their companies to stay on top of their customers' wants and needs — and they see mobile as a key lever in that respect.

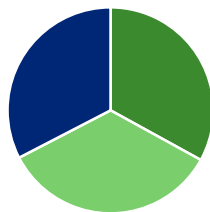
Surprisingly, two-thirds of the executives report that their organization is either planning (34 percent) or has already developed (33 percent) at least one mobile application. But actual deployment is taking some time — a separate question reveals that customer-facing mobile initiatives are underway at only 17 percent of respondents' companies. As with the case of cloud services, mobile's predominant use in the middle market is to enhance productivity in internal settings: while 39 percent say mobile technology is being used at their companies only for email, calendar and contacts, more than two-thirds of the overall respondents indicate that mobile computing will be used to increase workforce productivity.

Just as telling are the relatively small numbers of respondents who say their companies have not yet acted on opportunities to introduce mobile to the enterprise (11 percent), have only engaged in mobile application pilots or trials (11 percent), or don't see mobile as a strategic priority (8 percent).

Social and mobile initiatives appear to be far more important to those mid-market companies where globalization is a significant part of their growth strategy, with nearly twice as many respondents indicating their organization has distinct plans for social or mobile business opportunities (55 percent, compared to 26 percent of respondents who disagreed that globalization is important).

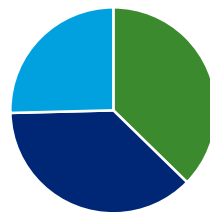
Looking ahead, more than half of the executives — 55 percent — agree that mobile computing will be a differentiator for their company. Not surprisingly, those in the technology, media and telecom industry are more committed to this view (72 percent), while life sciences and health-care respondents were not far behind (61 percent). These technology-dependent companies are also much more likely than the general population of respondents to agree that their organization has distinct plans for social or mobile business (62 percent versus 48 percent).

Which of the following best describes the status of your organization's development of a mobile application? (Please select one.)



- We currently have developed at least one mobile application 33.0%
- We are planning on building at least one mobile application in the next year 34.4%
- We are not planning on building a mobile application in the next year 32.6%

Where is your organization seeing the most traction with respect to mobile? (Please select one.)



- Business to employee 37.3%
- Business to consumer 37.3%
- Business to business 25.4%

Analytics

As digital technology transforms the ways companies reach out to customers and build their brands, it is also creating a wealth of data. At least for now, though, most mid-market companies are only scratching the surface of what data can reveal about their customers and future market opportunities, according to our survey. The majority of executives — 58 percent — report that their organization’s focus on analytics is using data to help manage the business, while 16 percent say analytics are being used to review historical data. Only one in five reveals that their company is focused on leveraging analytics to facilitate predictive decision-making.

When it comes to strategic decision making, leading businesses are beginning to see the value of applying advanced analytics to areas such as risk management, product development, reputation management and supply chain operations in a bid to remove the “unknowns” and detect early signals of change. To stay competitive, mid-market companies should continue to evolve in their use of analytics by turning to customer data not just to support their marketing decisions, but to manage processes and deliver new insights between and across functional areas throughout their organization



Most mid-market companies are only scratching the surface of what data can reveal about their customers and future market opportunities.

The next stage

Addressing security concerns

Mid-market companies may be putting plans in motion to seize the opportunities afforded by new technologies such as cloud and mobile, but it is clear that security concerns are acting as a speed bump on the road to adoption. In other cases, companies may be overlooking key security aspects of new technology initiatives, potentially creating risks for the organization.

“There is no such thing as hacker-proof,” Deloitte’s *Tech Trends 2013* report concluded, given how well-resourced, capable and methodical cyber criminals are these days.⁶ This growing threat suggests organizations move from a reactive stance to a more proactive position, creating a systematic enterprise-wide program to quickly detect, isolate and contain an event when it occurs.

Confidence in information security is top of mind for our respondents, as 35 percent see the issue as the greatest challenge in deploying or using cloud-based services. Ensuring data integrity and reliability ranks a close second (30 percent). We know that were it not for security concerns, mid-market companies would likely be embracing the cloud more. Nearly four in every 10 executives surveyed say issues concerning data privacy and security risks are holding them back from adopting cloud-based services. Of those respondents, security is the predominant concern among 76 percent of them; that figure rises to 84 percent at public companies.

Despite security issues with emerging technologies, many of the respondents indicate they do not have policies and procedures in place to manage the growing array of devices employees are using to conduct their work. Nearly a quarter of the executives reveal that their companies subsidize device purchases made by employees. Nearly a fifth of the companies in the survey have official “Bring Your Own Device” (BYOD) policies, where the firm subsidizes data and voice charges.

While this trend is accelerating the mid-market’s evolution toward adopting new technologies by forcing change from within, it may be getting ahead of companies’ ability to prepare for it. Slightly less than two-thirds say their company has an integrated set of policies and procedures for remote access to data and smart phone use, and less than half say they have policies relating to tablets, social media, and instant messaging.

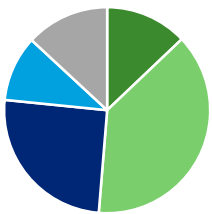
As emerging technologies begin to take firmer root in the middle market, forward-thinking leaders should work to proactively mitigate potential business risks by building the requisite due diligence and security strategies into their technology plans. Adopting a different mindset, one in which security and technology are incorporated into the business planning cycle, can empower mid-market companies to stay ahead of the adoption curve.



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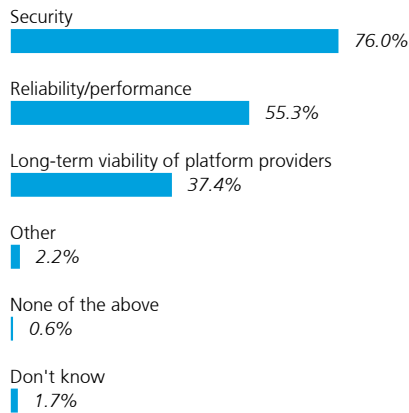
⁶ Kelly Bissell and Kieran Norton, “No Such Thing as Hacker-Proof,” *Tech Trends 2013: Elements of Postdigital*, Deloitte, January 2013.

What is the most significant factor influencing the pace of your organization's current adoption of cloud-based services? (Please select one.)



- Understanding business drivers and value proposition of cloud 12.9%
- Issues concerning data privacy and security risks 38.4%
- Integrating with existing applications and infrastructure 25.3%
- Funding, staffing and talent 10.3%
- No need at this time 13.1%

What are the data privacy and security risk issues of concern to your company? (Please select all that apply.)



Adopting a mindset in which security and technology are incorporated into the business planning cycle can empower mid-market companies to stay ahead of the adoption curve.

Conclusion

Nothing ventured, nothing gained

Our technology survey findings reveal that a slice of the mid-market is taking bold steps toward tapping the significant value of new technologies such as the cloud, social, and mobile. But these findings also point to a careful, measured approach, perhaps to reduce risk.

Still, there comes a time when every company with growth aspirations should venture into unfamiliar terrain. New technology brings new risks, but risk is already omnipresent. We see it in the regulatory environment, the nature of competition, corporate culture, geopolitics, and many other aspects of business. Risk is a given, and a way to avoid it altogether is to shy away from opportunity.

Given how much new technologies have penetrated everyday commerce, this may not be a realistic option. As our survey results show, cloud-based services are making serious inroads in critical business support areas, and mobile is here to stay, with companies and their employees significantly increasing the use, contribution, and value of this technology. And while many companies may not yet be taking full advantage of the potential of data analytics, the power of predictive insights they promise can also be enticing for growing companies. It's a good bet that if your company isn't marshaling these technologies, your competitors are.

Leaders of mid-market companies may want to ask themselves:

- Are we taking advantage of the lower cost of entry, flexibility, and reduced implementation time offered by cloud-based technology?
- Given that mobile is not a trend, but rather a proven, valuable platform, do we have a strategy to better connect our people and get closer to our customers?
- Are we successfully complying with the regulatory and internal requirements around confidentiality, data protection, and security?
- How can we get more insights out of our analytics efforts?

Some positive next steps include evaluating the potential of better and higher value use of technology, especially cloud and mobile, while establishing processes for managing it. Based upon the survey results, it appears that it is a journey well worth taking for growing and successful mid-market companies. The English poet Geoffrey Chaucer couldn't have fathomed what would be technologically possible more than six centuries ago, but his take on risk still resonates today: "Nothing ventured, nothing gained."

Appendix: full survey results

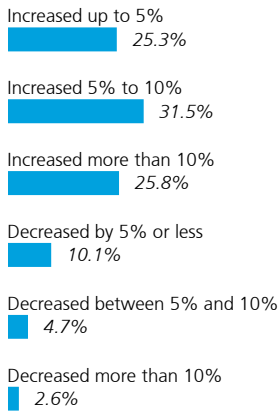
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Acknowledgment

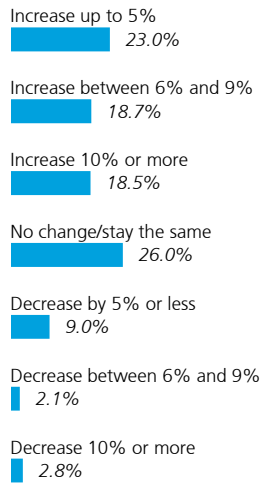
We would like to thank all survey participants, whose responses helped determine the focus of this report.

Business strategy and growth

Over the last 12 months, my company's revenue has...



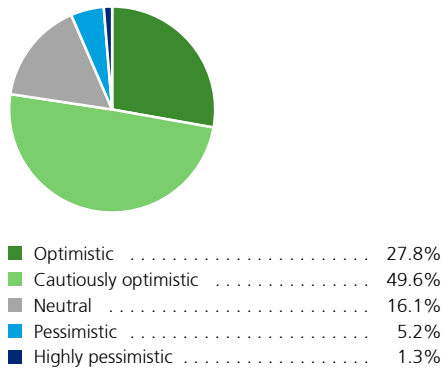
Based on your company's performance over the past 12 months, how do you expect your company's headcount to change over the next year?



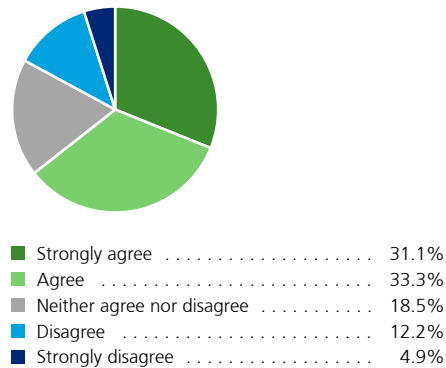
Please rank your company's top three strategic priorities over the next 12 months in order of importance.



For the next 12 months, my company's overall business outlook appears to be...

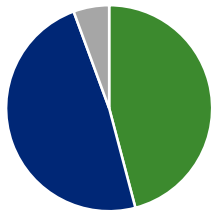


Please indicate your level of agreement with the following statement: "Globalization is important to my company's overall strategy."



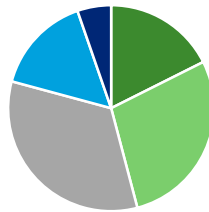
Technology

How does your company's leadership value the role that technology plays? (Please select one.)



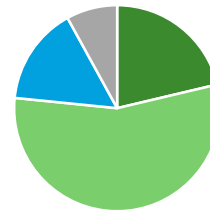
- Strategic (not an expense, but more of an investment) 45.9%
- Necessary (sometimes an investment, but often seen as an expense) 48.5%
- Not critical (necessary but certainly not an investment, only an expense) 5.6%

Compared to your industry peers, how would you describe your company relative to IT adoption/implementation? (Please select one.)



- Visionary 17.6%
- Fast follower 28.3%
- Pragmatic 33.3%
- Conservative 15.5%
- Laggard 5.3%

What is your company's current "spend" on technology? (Please select one.)



- Our spend is above 5% of revenue 21.3%
- We spend between 1-5% of revenue on technology) 55.3%
- Our spend is negligible (< 1% of revenue) 15.4%
- We do not currently have a separate, identifiable spend 8.0%

Which one of the following statements most closely describes the contribution of technology to your organization's growth and effectiveness? (Please select one.)

Technology plays an important role at our enterprise and we have a significant investment in IT
 35.5%

Technology is becoming more important and we are considering additional investments
 23.8%

Technology is very important to our enterprise and allows us marketplace differentiation in the products or services we provide
 15.7%

We are currently making significant investments in technology and/or adding new functionality (e.g., ERP)
 9.7%

Technology is considered a necessary component of our business but is not seen as a differentiator
 8.4%

Technology plays a minor role and we are most interested in the basic transactional functions (e.g., financial accounting)
 6.9%

Compared to last year, my company's current level of technology spend is:

Significantly higher
 6.4%

Higher
 39.1%

About the same
 47.8%

Lower
 6.4%

Significantly lower
 0.3%

What is the reporting relationship of the head of Information Technology at your enterprise? (Please select one.)

We have a CIO who reports to the CEO (or senior equivalent, such as president)
 35.2%

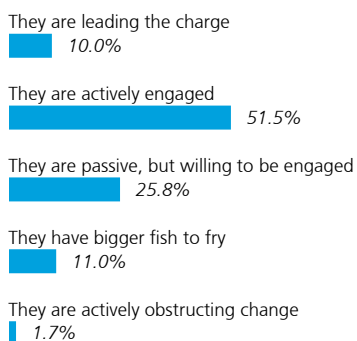
We have a position dedicated to technology and this position reports to the CFO or other non-CEO position
 28.5%

We have a technology director dedicated to the implementation and production of technology systems
 27.0%

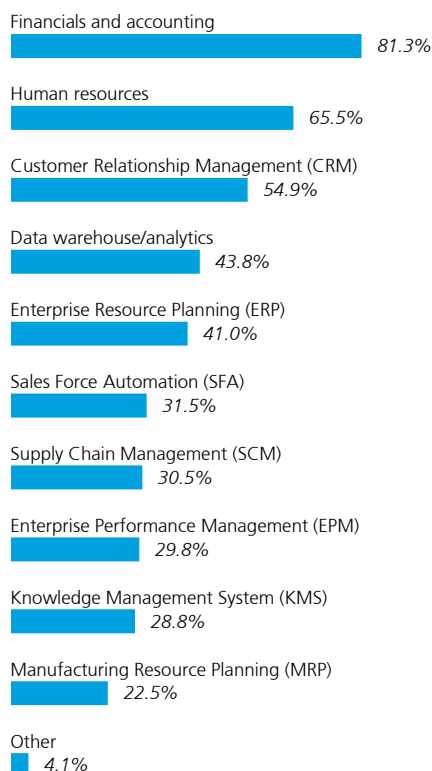
We do not have a person identified as head of Information Technology
 8.7%

Other
 0.6%

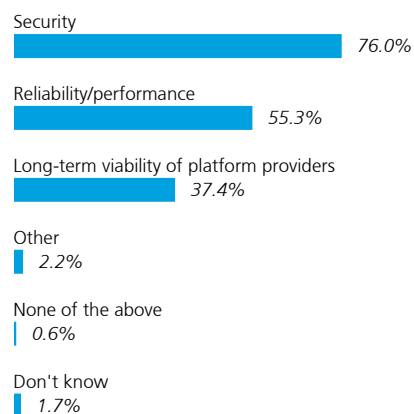
How would you describe the role of executive leadership in your organization with regard to emerging and next-generation technologies (including cloud, mobile and social)? (Please select one.)



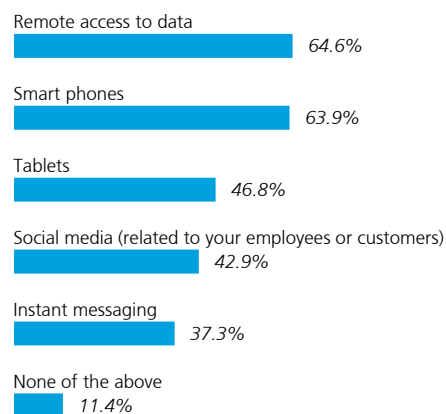
Which basic information systems do you have in place? (Please select all that apply.)



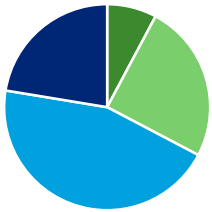
What are the data privacy and security risk issues of concern to your company? (Please select all that apply.)



Does your organization have an integrated set of policies and procedures for the following? (Please select all that apply.)

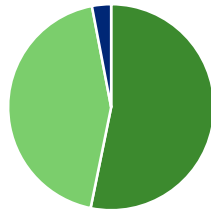


How often do you see technology investments being made from within the business without IT department involvement?



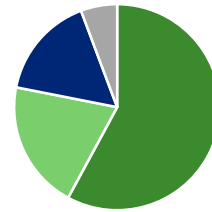
- Always; IT is limited to “keep the lights on” and business units are responsible for their own new technology 7.8%
- Frequently; functional/business unit leads subscribe to cloud offerings or maintain dedicated technology staff 24.9%
- Rarely; only small requests that require minimal effort will be directly sourced 44.9%
- Never; all IT spend must be overseen by the IT organization 22.4%

Do you believe that technology can increase your organization’s overall competitiveness?



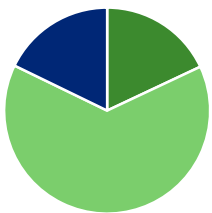
- Significantly 53.2%
- Somewhat 43.8%
- Not at all 3.0%

Which of the following best describes your organization’s focus on analytics (specific to business intelligence, data query and visualization and data warehouse technologies)? (Please select one.)



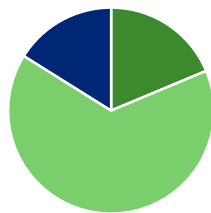
- The focus is on current data used to manage the business 57.9%
- The focus is on predictive data, providing insight into the future 20.2%
- The focus is on retrospective (historical) data 16.2%

How easy is it to find qualified technology resources within your organization to support your business needs?



- Very easy 18.0%
- Fairly easy, with some difficulty locating specialized skill 64.2%
- Not easy, with significant difficulty locating qualified and/or affordable resources 17.8%

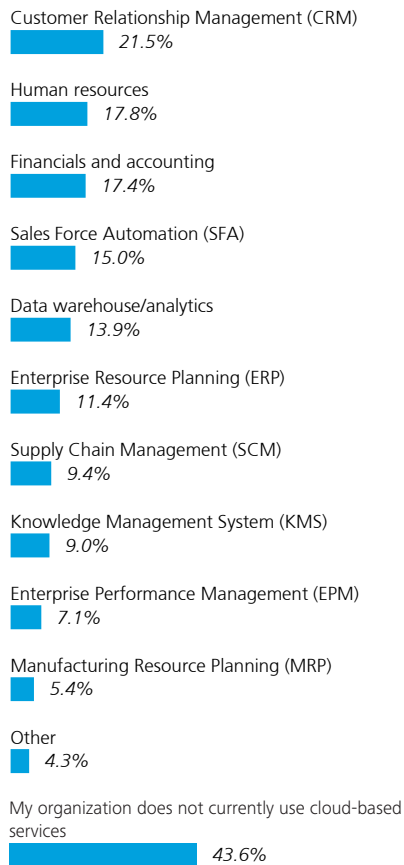
How easy is it to find qualified technology resources in your marketplace to support your business needs?



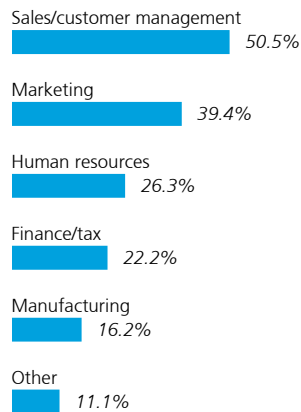
- Very easy 18.7%
- Fairly easy, with some difficulty locating specialized skills 65.2%
- Not easy, with significant difficulty locating qualified and/or affordable resources 16.1%

The cloud

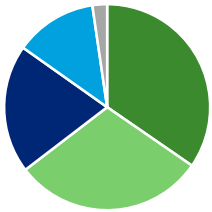
Which cloud-based services does your organization currently use? (Please select all that apply.)



Regarding your organization's interest in the potential opportunities cloud-computing offers, what business functions are you considering? (Please select all that apply.)

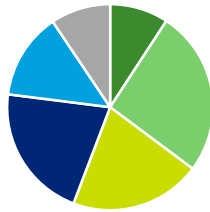


If you are currently deploying or using cloud-based services, what do you consider to be the greatest challenge? (Please select one.)



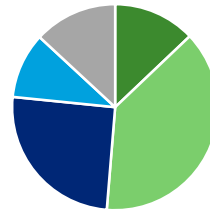
- Confidence in information security 34.6%
- Ensuring data integrity and reliability 30.0%
- Complexity of integration with core systems 20.2%
- Business processes and workflow management 12.9%
- Other 2.3%

Which term most closely describes your organization's current use of cloud-computing resources? (Please select one.)



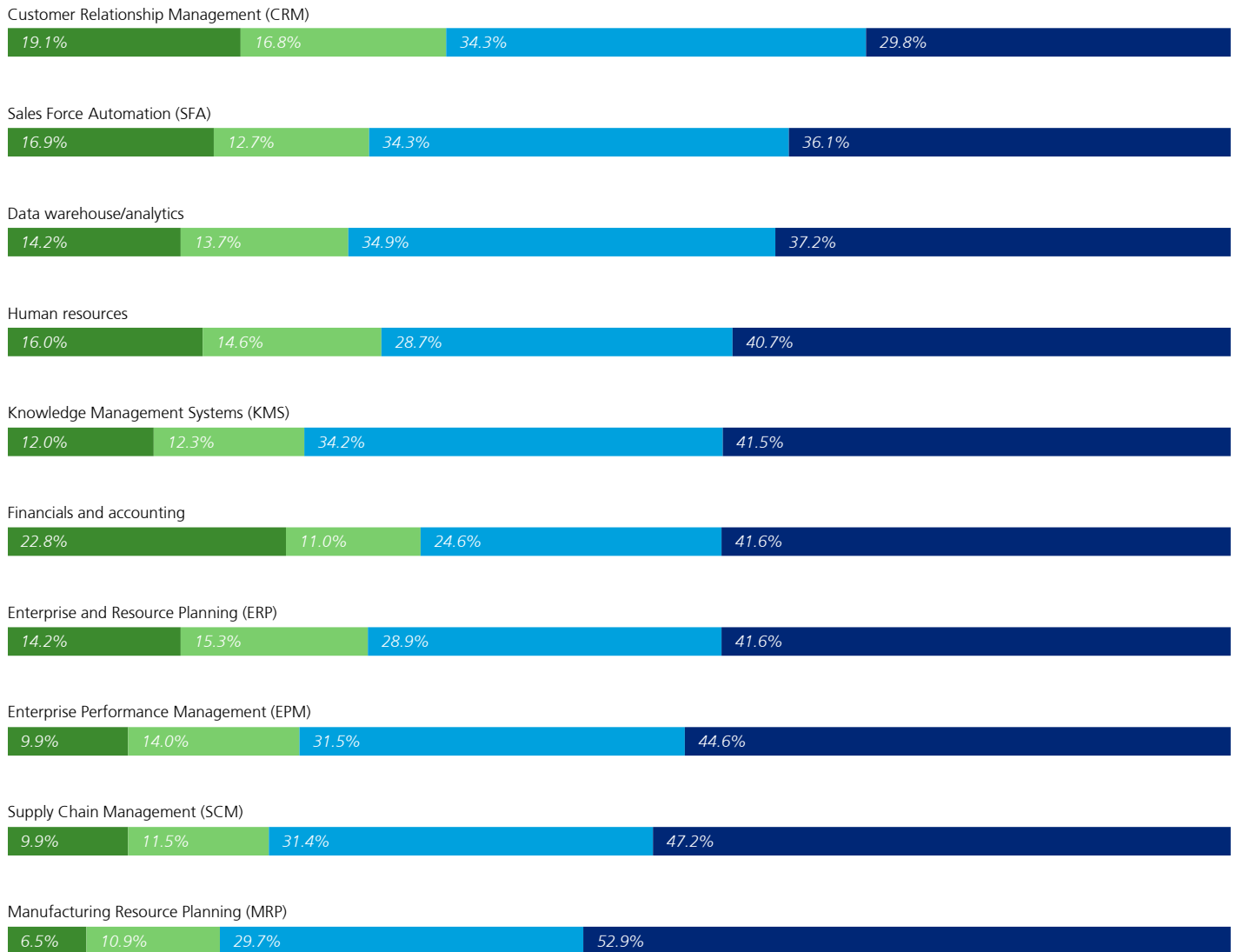
- Mature; successful deployments (e.g., ERP, CRM, HR) 9.2%
- Building; in the deployment phase of production for cloud-computing services 26.0%
- Experimenting; pilot projects started or being planned 20.6%
- Investigating; interested in the potential opportunities cloud computing offers 21.2%
- No action; still waiting to take concrete steps 13.6%
- No action; don't have a need 9.4%

What is the most significant factor influencing the pace of your organization's current adoption of cloud-based services? (Please select one.)



- Understanding business drivers and value proposition of cloud 12.9%
- Issues concerning data privacy and security risks 38.4%
- Integrating with existing applications and infrastructure 25.3%
- Funding, staffing and talent 10.3%
- No need at this time 13.1%

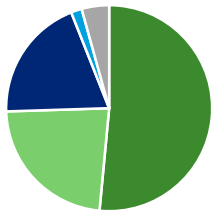
For each of the following functions, please describe each function's relationship to the cloud.



■ Already cloud-based
 ■ In the process of moving to the cloud
 ■ Considering moving to the cloud
 ■ No interest in moving to the cloud

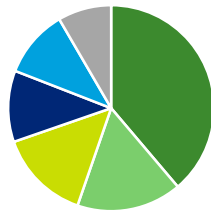
Mobile and social computing

How would you describe your organization's mobile device policy? (Please select one.)



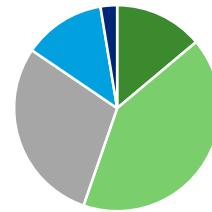
- Mobile applications are being actively used for customer engagement (B2C), workforce productivity (B2E), and business-partner interaction (B2B) 51.5%
- Mobile device purchases are subsidized (employees are fully or partially reimbursed) 23.0%
- We have a "Bring Your Own Device" policy (BYOD) where employees use their own mobile devices for work and the organization subsidizes the data and/or voice charges 19.5%
- Other 1.7%
- None of the above 4.3%

Which of the following most closely describes your organization's current situation with respect to mobile technology (e.g., the use of smart phones, tablets, remote access to data and instant messaging as ways to communicate)? (Please select one.)



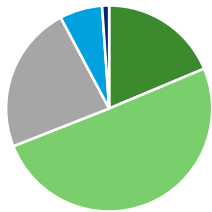
- Mobile technology is being used only for email, calendar and contacts 38.8%
- Customer-facing mobile initiatives are under way 16.5%
- Mobile applications are being actively used for customer engagement (B2C), workforce productivity (B2E) and business-partner interaction (B2B) 14.4%
- Several mobile application pilots/trials are under way, and/or a roadmap of mobility initiatives exists 11.2%
- Considering potential opportunities to introduce mobility to the enterprise, but no implementations have been started yet 10.7%
- Mobile is not a strategic priority 8.4%

Please indicate your level of agreement with the following: "I believe that mobile computing will be a differentiator for my company."



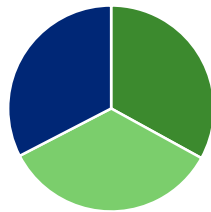
- Strongly agree 13.9%
- Agree 41.4%
- Neither agree nor disagree 29.2%
- Disagree 12.9%
- Strongly disagree 2.6%

Please indicate your level of agreement with the following: "Mobile computing will increase workforce productivity at my company."



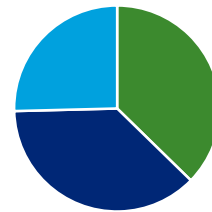
- Strongly agree 18.7%
- Agree 50.4%
- Neither agree nor disagree 23.2%
- Disagree 6.7%
- Strongly disagree 1.1%

Which of the following best describes the status of your organization's development of a mobile application? (Please select one.)



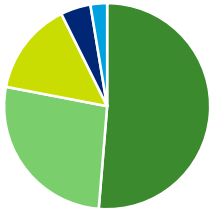
- We currently have developed at least one mobile application 33.0%
- We are planning on building at least one mobile application in the next year 34.4%
- We are not planning on building a mobile application in the next year 32.6%

Where is your organization seeing the most traction with respect to mobile? (Please select one.)



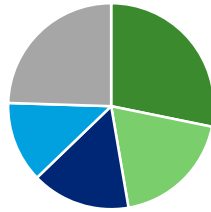
- Business to employee 37.3%
- Business to consumer 37.3%
- Business to business 25.4%

What is the most valuable business benefit that mobile solutions can contribute to your organization? (Please select one.)



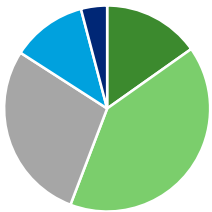
- Provide efficiency and effectiveness gains for internal workforce by deploying mobile tools 51.5%
- Improve customer engagement through mobile channels for marketing, loyalty, service/customer care, and transactional capabilities. 26.6%
- Increase market share and revenue via mobile enablement of sales force 14.6%
- Improve asset efficiency by embedding communication capabilities into equipment not currently connected 4.7%
- Spur innovation into new markets or business models 2.6%

Which of the following best describes your organization's plans for social or mobile business? (Please select one.)



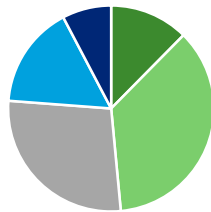
- They are managed as distinct initiatives, but with some coordination between efforts 28.2%
- They are tightly linked, but distinct, initiatives 19.1%
- They are managed as independent initiatives 15.5%
- They are managed as a single initiative (or by same leadership team) 12.7%
- Not applicable; social or mobile business is not our strategic roadmap 24.5%

Please indicate your level of agreement with the following: "Social or mobile computing will affect my company's business in the coming year."



- Strongly agree 15.2%
- Agree 40.6%
- Neither agree nor disagree 28.3%
- Disagree 11.8%
- Strongly disagree 4.1%

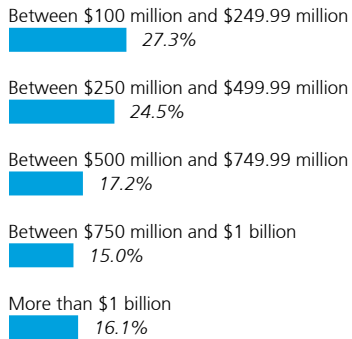
Please indicate your level of agreement with the following: "My organization has distinct plans for social or mobile business."



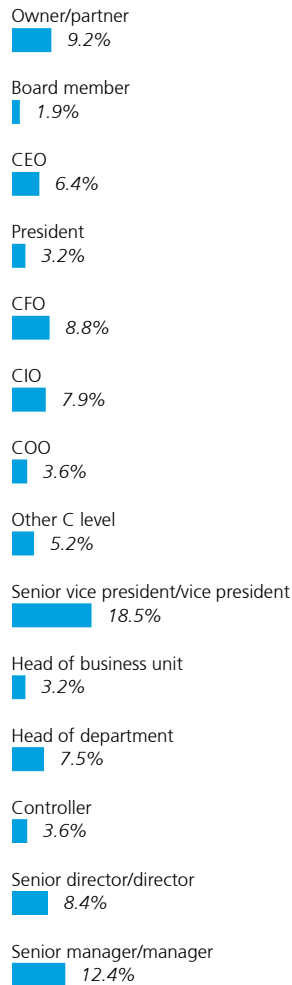
- Strongly agree 12.4%
- Agree 36.1%
- Neither agree nor disagree 27.7%
- Disagree 16.1%
- Strongly disagree 7.7%

Survey respondent demographics

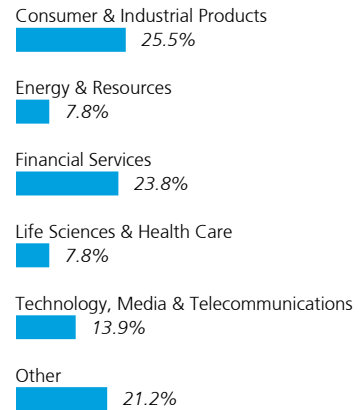
What was your company's 2012 annual revenue in U.S. dollars?



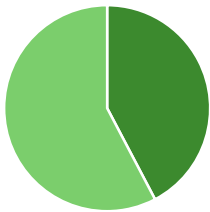
Which of the following best describes your title?



In what sector does your company operate?

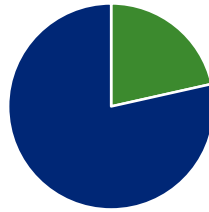


Which of the following describes your level of knowledge regarding your organization's information technology?



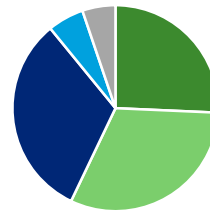
■ I am very knowledgeable about our information technology	42.3%
■ I am somewhat knowledgeable	57.7%

Is your company public or private?



■ Public	21.5%
■ Private	78.5%

If private, which category best describes your company?



■ Family-owned	25.7%
■ Closely held (excluding family-owned)	31.4%
■ Private equity owned	32.0%
■ Venture capital backed	5.7%
■ Other	5.2%

In which state is your company's headquarters located? [Number of respondents shown.]

