

News Release

Technology Investments are a Strategic Priority; Yet CIO Innovation Budgets Remain Insignificant

Prague, 12 November 2014 – The highest priority for CIOs in the upcoming 12-18 months is reacting promptly to the current business needs (71%) and implementing a digital strategy (47%). While technology investments are a strategic priority, the innovation budgets of CIOs are still very low. In terms of new technologies and trends, CIOs place much more emphasis than in the past on introducing mobile applications, private and public clouds, the possibility of using analytical tools, Big Data and BYOD. These are the key findings of the new Deloitte study, in which over 900 CIOs from 49 countries of the world participated, including the Czech Republic and Slovakia.

“The new survey shows that CIOs in the Czech Republic see their key role as supporting new business opportunities and that they want to focus on growth through innovation. Although more than half of CIOs (52%) consider innovations a significant priority, they are given very little funds for this purpose. Almost a half of CIOs invest less than 10% of their budget in innovations,” commented Zdeněk Křížek, partner at the Deloitte ICT Consulting and Risk Management department.

“The Czech Republic and Slovakia are close to the global trend in introducing mobile applications. Over a third of companies have already implemented or are currently implementing a mobile solution (this figure is slightly below 50% globally), which makes mobile applications the most applied and adopted trend in the Czech Republic and in Slovakia,” added Petr Viktora, partner at the Deloitte ICT Consulting department.

As opposed to previous years, Czech and Slovak companies are planning to benefit from using social media and digital channel trends; however, a half of companies have not yet found the potential of using them, or this trend is not relevant for them.

IT Budget

Despite the lingering effects of the economic crisis, a third of companies in the Czech Republic and in Slovakia have seen a year-on-year IT budget increase, while almost a fourth of companies reduced their IT budget. This state of affairs is in line with budget developments around the world, where budgets were increased at 37% of organisations. IT budgets saw the most significant year-on-year drop in the sphere of public administration - in the Czech Republic and Slovakia, IT budgets were reduced in 71% of state organisations compared with 58% in Central Europe and 44% in Western Europe.

The financial services (banking and insurance) sector is doing the best – budgets were only reduced in 10% of companies in the Czech Republic and Slovakia, while budgets grew in nearly a third of companies. This trend is in line with the development in Western Europe, where 40% of companies in this industry saw an increase in their IT budgets.

“Most companies in the Czech Republic and Slovakia have stabilised their IT budgets. In the state administration, however, the bad times have not yet passed,” added Zdeněk Křížek.

The Share of IT Employees in Companies

The survey also focused on the share of IT employees in companies. In Central Europe, the share of IT workers per 100 company employees is lower than in Western Europe. The largest differences are found in the Consumer, Financial and Energy industries. According to the survey, in Central Europe, 100 enterprise employees are supported by an average of 5 IT workers, whereas in Western Europe there are 7 per 100. The largest differences are found in the energy sector (3 as compared to 6), the consumer sector (2 compared to 5), and the financial sector (8 as compared to 11).

Using Analytical Tools and Big Data

More than two thirds (68%) of CIOs use data analytics as supporting material for creating their business strategy and nearly a half believe that data analytics can give them a competitive advantage. Over a quarter of CIOs do not use data analytics yet or use it with no relation to the company strategy and the specific needs of the other corporate functions.

61% of companies in the Czech Republic and Slovakia are planning to invest significant amounts in data analytics and in applying the principles of Big Data. A fifth of companies are already using an appropriate solution or are implementing it at the moment (in Western Europe it is a third of companies).

“Up to 85% of CIOs around the world agree that Big Data can increase the company’s awareness of information and rationalise its decision-making processes to a large extent. The situation is similar in the Czech Republic and Slovakia, with one significant difference: the local companies are still lagging behind the rest of the world in applying this trend. Big Data tools are most often used in the TMT (Technology, Media and Telecommunications) sector, where 40% of companies have already adopted this trend or are currently implementing the relevant tools,” added František Mareš, a director at the Deloitte ICT Consulting department.

You can view the full **CIO Survey** at www.deloitte.com/cz/cio-survey.

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