

THE TRANSFORMATIONAL CIO

Harvey Nash/KPMG CIO Survey 2018

Oil & Gas Industry Findings

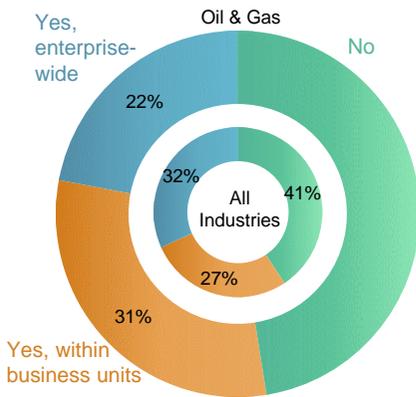


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

This Oil & Gas industry snapshot provides survey responses from 69 IT leaders on some of the key topics, and highlights several areas where this industry's responses differed significantly from those across all industries.

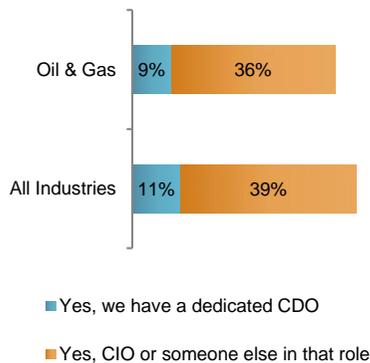
Digital Strategy

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



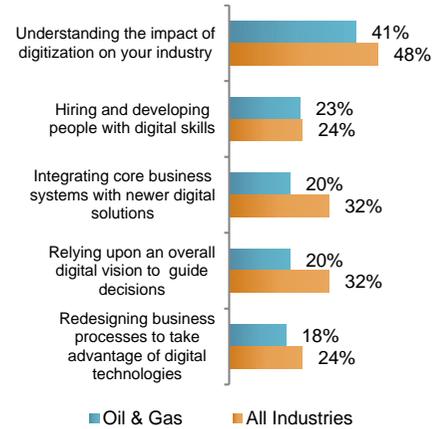
Oil & Gas companies are **much less likely to maintain an enterprise-wide digital business strategy** than those in other sectors (22% vs. 32% for all industries), with 53% having a clear strategy either enterprise-wide or within business units.

Does your organization have a Chief Digital Officer or someone serving in that capacity?



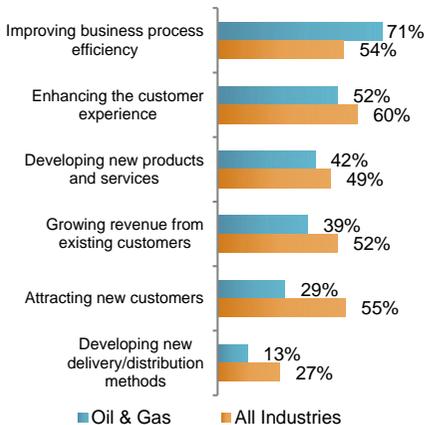
45% of Oil & Gas companies have a Chief Digital Officer, with 9% having a dedicated CDO and an additional 36% having the CIO or someone else acting in that role. Both figures are lower than the all-industries average.

How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



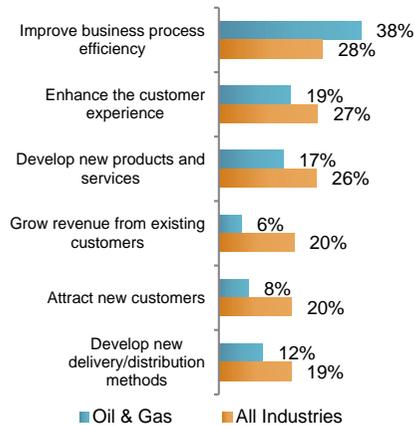
Oil & Gas effectiveness in key digital capabilities tends to lag peers in other industries. Oil & Gas is **most effective at understanding the impact of digitization (41%)**, but **struggles with redesigning business processes to take advantage of digital (18%)**.

Which are the most important goals when prioritizing digital technology initiatives in your organization?



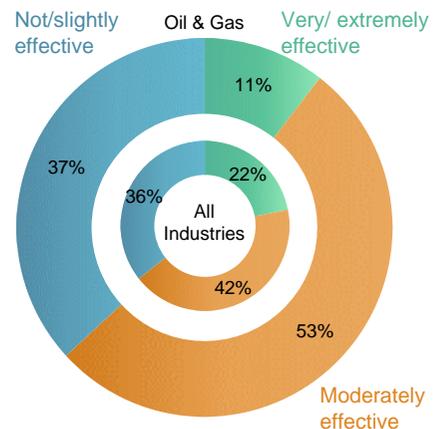
When prioritizing digital investments, Oil & Gas companies **heavily focus on improving business process efficiency (71% vs. 54% for all industries)**. They focus much less on attracting new customers (29% vs. 55%).

How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)



Reflecting its high importance, **Oil & Gas companies are far more effective at using digital to improve business process efficiency (38% vs. 28% for all industries)**. However, they are much less effective at using it to enhance the customer experience, also an important focus.

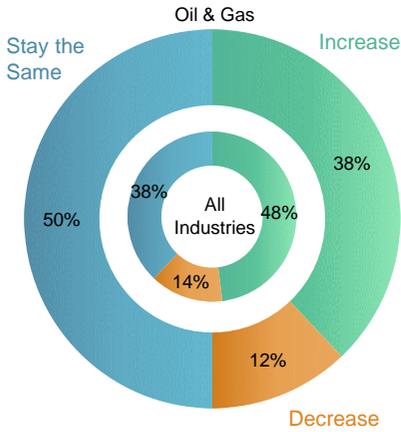
Overall, how effective has your organization been in using digital technologies to advance its business strategy?



Oil & Gas companies **report lower overall effectiveness levels in their digital strategies** than others, with just 11% describing their digital strategies as very effective or better versus 22% for all industries.

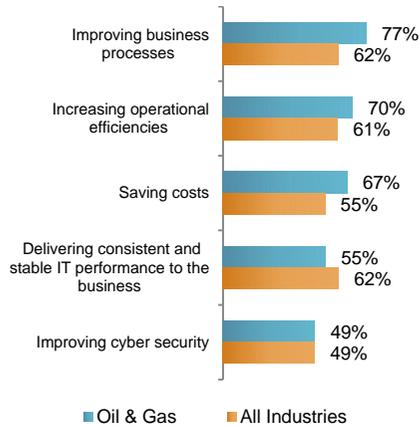
Budget/Priorities

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



Oil & Gas companies are **less optimistic about their IT budgets for next year** than those in other industries. 38% of respondents expect an increase in their IT budgets, compared to an all-industries average of 48%.

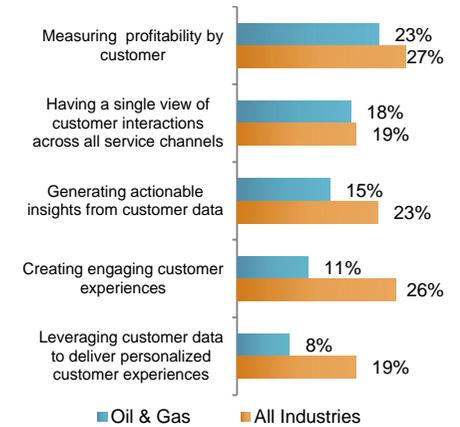
What are the key business issues that your management Board are looking for IT to address? (top 5)



Compared to those in other industries, Oil & Gas Boards **more heavily emphasize improving business processes** (77% vs. 62% for all industries) and increasing operational efficiencies (70% vs. 61%). They also place a much higher priority on saving costs (67% vs. 55%).

Customer Capabilities

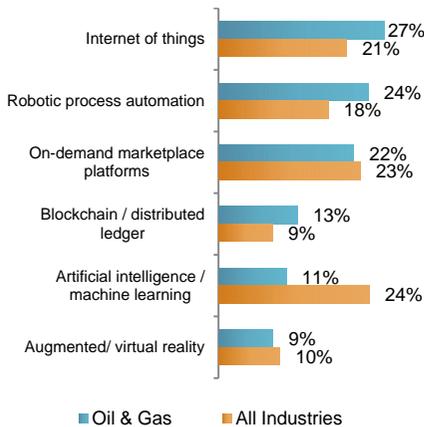
How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



Understandably, these customer-focused capabilities may not be as high on Oil & Gas company agendas, as in other industries. Based on this, it is interesting to see that Oil & Gas companies have room for growth in this area, more so than other industries.

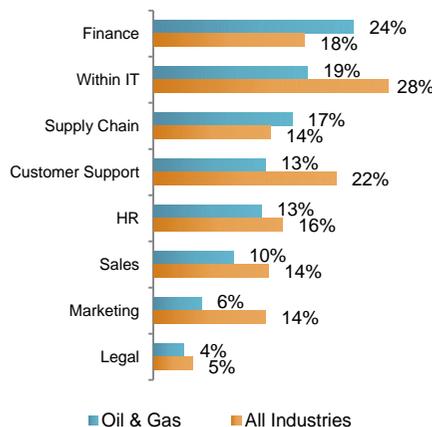
Technology & Innovation

How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



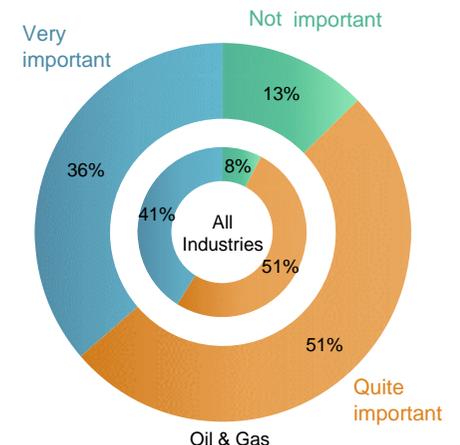
Of next-generation technologies, Oil & Gas companies are **most likely to have invested in the Internet of Things** (27%) and **robotic process automation** (24%), in both cases exceeding the investments of other industries.

In which functions have you implemented digital labor / automation?



While **digital labor / automation remains in its relative infancy across all corporate functions**, both in Oil & Gas and elsewhere, Oil & Gas companies are most likely to have implemented it in Finance (24%), and within IT (19%).

How important is it to have an innovative, experimental culture in your organization to ensure its digital strategy is a success?



As with companies elsewhere, Oil & Gas companies **view having an innovative, experimental culture as a critical component of the success of their digital strategies**, with 87% viewing it as very or quite important.

Conclusion

Oil & Gas CIOs have embraced the digital revolution and are currently exploring multiple ways to digitize their operations, including digital twins, robotization of physical and intellectual behavior, digitally equipping the labor force, and integrating it into the digital ecosystem with customers, suppliers and other stakeholders.

Digitization, including robotics and artificial intelligence, are currently regarded as primary instruments in enabling long-term efficiencies to achieve cash flow improvements. As a result of a potentially unclear digital strategy, the industry is looking at ways to redesign business processes to take advantage of digital.

The transition to digital remains a challenge for Oil & Gas companies and CIOs and the industry could benefit from more aggressive digital strategies spanning the entire value chain, from exploration through production, refining and retail. Digital solutions can improve efficiency, decision making effectiveness and better enable employees with day to day activities. To achieve this, companies should further invest to pilot and deploy digital solutions.

Further information

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