



KPMG U.S. Technology Survey Report

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# Technology, media, and telecommunications industry insights



# A tech-savvy sector claims modest achievements

U.S. technology, media, and telecommunications (TMT) companies are critical appraisers of their own technical prowess. The biggest tech companies are widely acknowledged to be leaders in developing and deploying cutting-edge technologies like artificial intelligence (AI)—and are now mapping a pathway to the metaverse. Nonetheless, the 2022 KPMG U.S. Technology Survey finds the TMT sector scoring itself modestly in a number of important areas.<sup>1</sup> One possible explanation is that these companies, with a deep appreciation for technology’s ever-growing potential, are more keenly aware than others of the gap between current capabilities and the future that lies ahead.



<sup>1</sup> In May and June 2022, KPMG U.S. surveyed 1,052 U.S.-based, executive-level technology leaders across eight broad industry sectors about the current state of their organization’s digital transformation journey, the challenges they are facing along that journey, and their planned technology investments. This report highlights the most significant differences in the survey findings for the technology, media, and telecommunications sector relative to all sectors represented in the survey.

# Looking for more from cloud and AI

Somewhat surprisingly, executives at TMT companies are more likely than those in any other industry to say their cloud agenda is behind schedule despite leadership support.

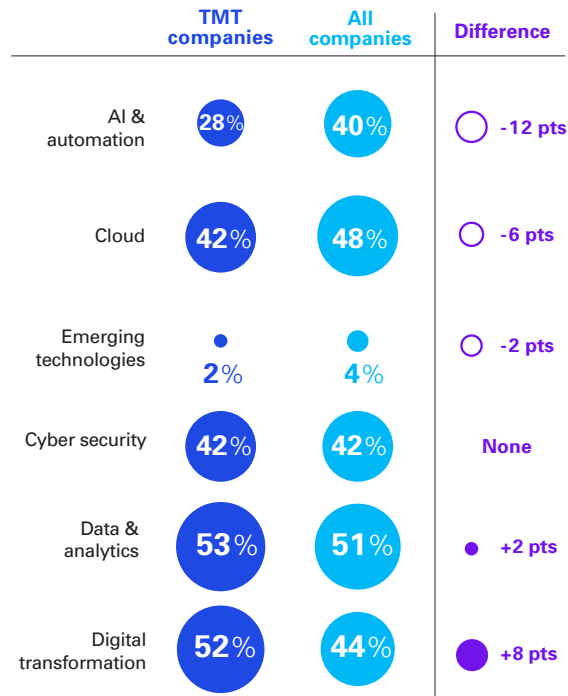
Fifty-seven percent say they expected to be further ahead than they actually are on their cloud agenda right now, versus 42 percent of executives at all companies. Similarly, only 28 percent say their organization is proactive and progressing against its AI/automation agenda, versus 40 percent at all companies. (See Figure 1.)

A stunning 39 percent of executives in this sector say a lack of executive buy-in and/or investment approval from leadership is limiting progress against their AI/automation agenda, versus 19 percent at all companies. In fact, they are least likely among executives in all sectors to identify AI/machine learning (ML) as a top-five area of investment for their organization over the next 12 months (37 percent, versus 48 percent at all companies). Their organizations are much more likely to be focused on the customer or user experience, with 63 percent of executives in this sector identifying it as a top-five area of investment. (See Figure 2 on next page.)

“These are interesting findings” says Mark Gibson, national sector leader, Technology, Media & Telecommunications, KPMG in the US and global lead of Technology, Media & Telecommunications, KPMG International. “In the area of AI, you can’t get further ahead

**Figure 1: A mixed record in progressing against digital agendas**

Percentage of organizations proactive in progressing against their strategy and continually evolving in the following areas:



Source: KPMG U.S. Technology Survey Report, KPMG LLP (U.S.), 2022.

than the leading companies in this industry, and most are already operating largely in the cloud. I suspect their expectations in these areas are simply much greater than they are in other industries. The differences in their investment plans, meanwhile, may be a reflection of the sector’s maturity in AI/ML relative to other industries.”



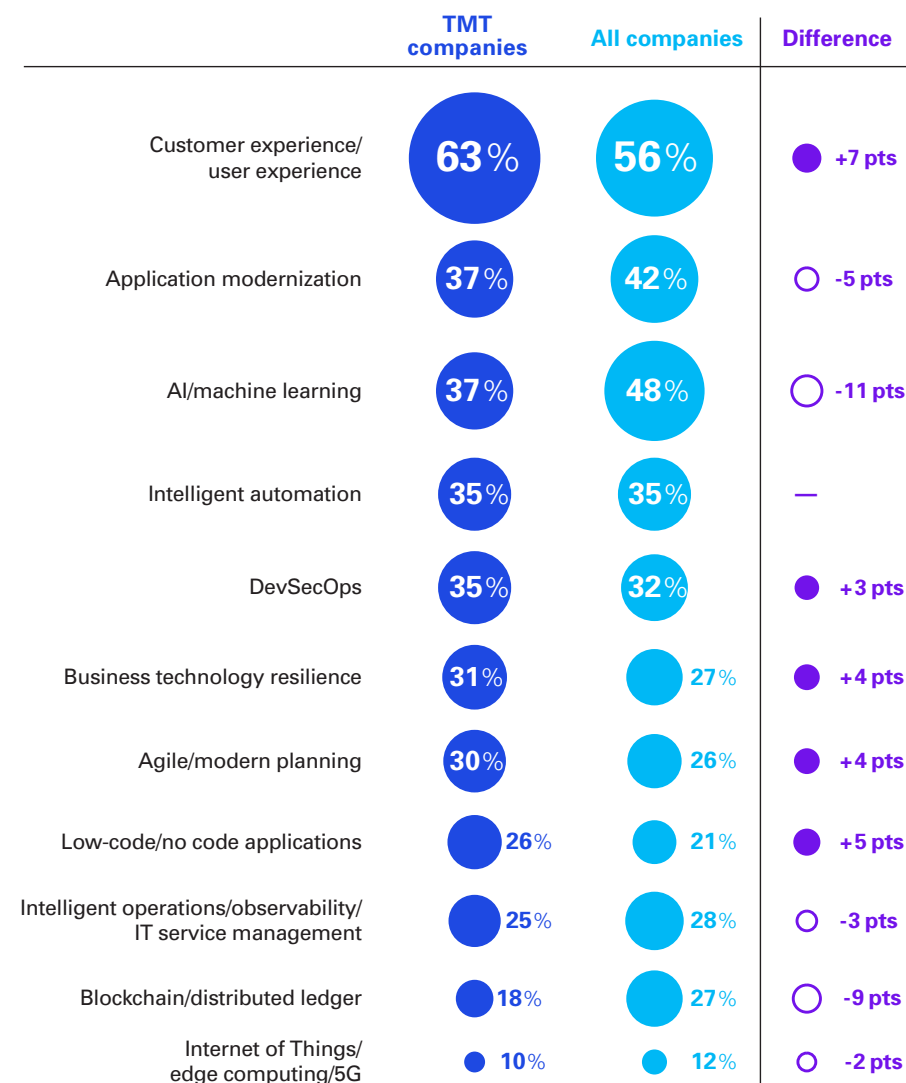
**“In the area of AI, you can’t get further ahead than the leading companies in this industry, and most are already operating largely in the cloud. I suspect their expectations in these areas are simply much greater than they are in other industries.”**

— Mark Gibson, National Sector Leader, Technology, Media & Telecommunications, KPMG in the US and Global Lead of Technology, Media & Telecommunications, KPMG International

## LOOKING FOR MORE FROM CLOUD AND AI *continued*

**Figure 2: Investing to improve the customer or user experience**

Where will your organization invest the most over the next 12 months?



Source: KPMG U.S. Technology Survey Report, KPMG LLP (U.S.), 2022.

Gibson also argues that there is some division within the sector, with consumer-facing companies, on average, being more advanced in leveraging the cloud, AI, and data analytics than others with a business-to-business (B2B) business model.

### Progressing well on digital transformation

There are some bright spots. Fifty-two percent of TMT executives—more than in any other sector other than healthcare—say their organization is proactive and progressing against its digital transformation strategy, versus 44 percent at all organizations. And they are more likely than executives in all other industries to say their organization has been very or extremely effective in using digital technology to advance its business strategy (72 percent versus 66 percent).

This sector also is doing well in a number of other areas. For example, 70 percent have deployed robotic process automation with a positive return on investment (ROI), versus 50 percent of all companies, and 39 percent have deployed vision systems with a positive ROI, versus 30 percent of all companies.

Looking forward, this is also the sector most likely to blaze a path to the metaverse—that future iteration of the internet that will connect digital worlds with the physical, and where interactions in the digital world will become more immersive. Sixty-eight percent of TMT executives say their company will invest in the metaverse over the next two years, versus 57 percent of all organizations.



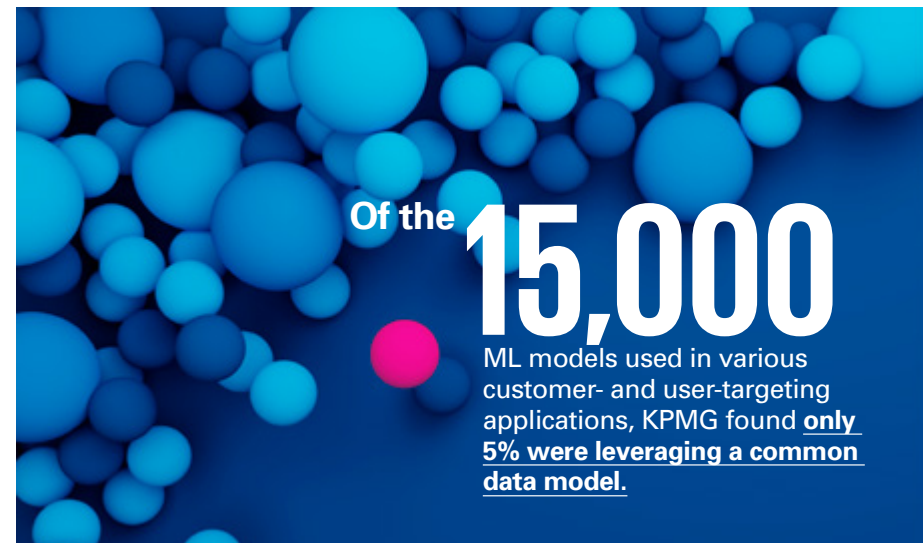
# Charting a smart course amid a world of possibilities

Ironically, one of the great challenges for companies in this sector, especially for those at the top of the food chain, is their unwillingness to take advantage of products from their biggest competitors due to fears that it might compromise their competitive position. This means companies in this sector will need to continue searching out innovative partners in the start-up space to build their own capabilities.

Even so, the opportunities that emerging technologies present for TMT companies are virtually limitless. Unlike in other industries, many companies in this sector have an opportunity to compete both horizontally and vertically. They can employ new technologies internally to drive agility, efficiency, and cyber security, and they can deploy them in their products, services, and business models to drive top-line growth.

Meanwhile, the looming opportunity presented by the metaverse is, for this sector, extraordinarily rich. KPMG foresees a continuous evolution toward a metaverse that in very short order will no longer be limited primarily to gamers but rather will include consumer and business users of all stripes. In the metaverse, participants won't have to struggle with bulky goggles or headsets to join in, but instead will wear something very much like today's reading glasses or a mobile device. It's a world where training, communication, and collaboration will take place as effortlessly and naturally as they do in the physical world today.

Elsewhere, KPMG sees opportunities for TMT organizations to optimize their existing investments in AI/ML across the front and back office. Right now, there is significant variation in the maturity of AI/ML deployment and infrastructure. At business-to-consumer (B2C) companies, for example, many consumer-facing products have mature AI/ML automation baked in, while in other areas—risk identification, cyber security, compliance—AI/ML capabilities are still in their infancy and will take three to five years to mature and be deployed at enterprise scale.



Some of the work yet to be done involves data management. At one large B2C company, for example, KPMG observed 15,000 ML models being used in various customer- and user-targeting applications, yet only 5 percent were leveraging a common data model that would have allowed them to identify anomalies end-to-end. Moving forward, it will be crucial for TMT organizations to build connective tissue between their data models and data orchestration infrastructure to generate insights that can drive both value creation and value preservation.

“TMT organizations in many respects hold the keys to the kingdom,” says Gibson. “Many have extraordinary digital expertise and exceptional access to data. With the right digital strategy, they have a tremendous opportunity to grow their businesses.”

# How KPMG can help

At KPMG, we know business technology. We provide insights and capabilities to help TMT companies improve financial performance, accelerate growth, and delight clients in a challenging time. Over the last dozen years, we've built a leading technology organization designed specifically to help technology leaders succeed at the accelerated pace business now demands.

Unlike business-only consultancies, our more than 15,000 Technology professionals have the resources, the engineering skills and experience, the battle-tested tools and solutions, and the strategic alliances with leading technology companies to help achieve your vision quickly, efficiently, and reliably. And unlike technology-only firms, we have the business credentials and sector experience to help you deliver measurable business results, not just blinking lights. We're recognized by industry analysts as a leader in advanced technologies: AI and automation, data and analytics, cyber, low-code, and more.

Our experience deploying Microsoft, Oracle, Salesforce, Workday, and other leading cloud solutions, combined with our preconfigured cloud solutions, means we're already 80 percent done before you even pick up the phone.

Whether we're helping you deploy a new technology, migrate to a new cloud platform, or outsource challenges with our managed services, you can count on us to deliver—fast.

That's speed to modern technology.

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