Estudio Sobre la Evolución y Tendencias de Indicadores TI en el Año 2007

AEMES
MADRID, 2007

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Gartner.

Agenda

- Initial Findings: 2007-2008

- Applications: traditional measures and new approaches

- Wrap up

- Q&A

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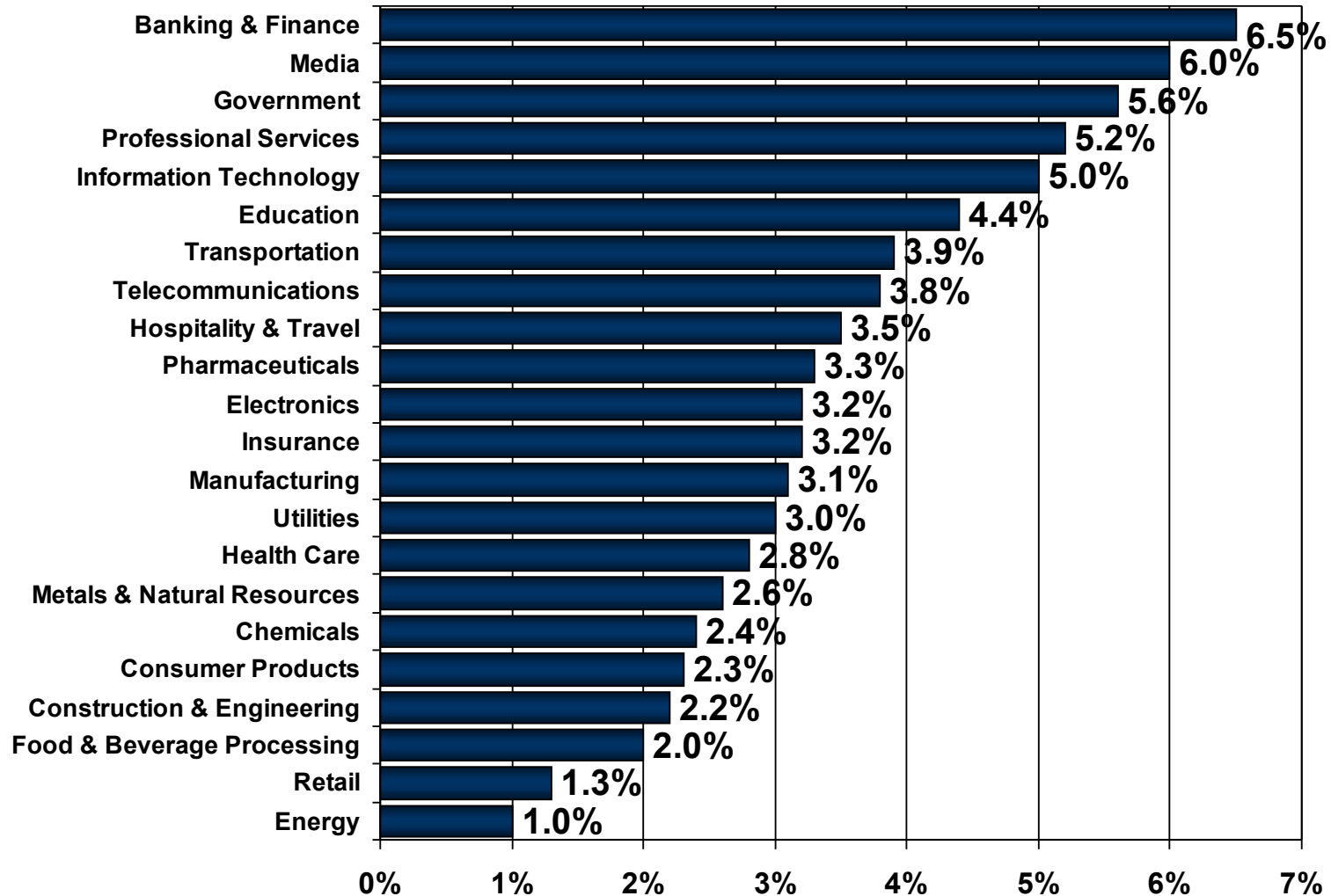# Key CIO Priorities in 2007

Top 10 CIO Strategies:

To what extent is each of the following a priority for you in 2007?

	2007		2006	2005	Spain
Delivering projects that enable business growth	1	↔	1	1	1
Linking business and IT strategies and plans	2	↔	2	2	6
Improving the quality of IS service delivery	3	↑	7	7	2
Attracting, developing, and retaining IS personnel	4	↓	5	**	7
Demonstrating the business value of IT	5		4	3	-
Providing new types of information (e.g.: analytics)	6	↑	*	*	-
Developing or managing a flexible technology infrastructure	7	↑	8	**	8
Improving IT governance	8	↓	9	10	5
Building business skills in the IS organization	9		3	9	4
Leading change initiatives (involving more than IT)	10		*	*	-
Implementing IS process improvements					3

* New question for 2007 ** New question for 2006, Source Gartner EXP

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Forecast IT Spending 2008:
Preliminary view, IT Spend as a % of Revenue

Industry	IT Spend as % of Revenue
Banking & Finance	6.5%
Media	6.0%
Government	5.6%
Professional Services	5.2%
Information Technology	5.0%
Education	4.4%
Transportation	3.9%
Telecommunications	3.8%
Hospitality & Travel	3.5%
Pharmaceuticals	3.3%
Electronics	3.2%
Insurance	3.2%
Manufacturing	3.1%
Utilities	3.0%
Health Care	2.8%
Metals & Natural Resources	2.6%
Chemicals	2.4%
Consumer Products	2.3%
Construction & Engineering	2.2%
Food & Beverage Processing	2.0%
Retail	1.3%
Energy	1.0%

Preliminary data as of Q3, 2007

Source: Gartner IT Key Metrics Data

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Moving Forward, Preliminary view:
Spending Change Expected For 2008, By Revenue Size
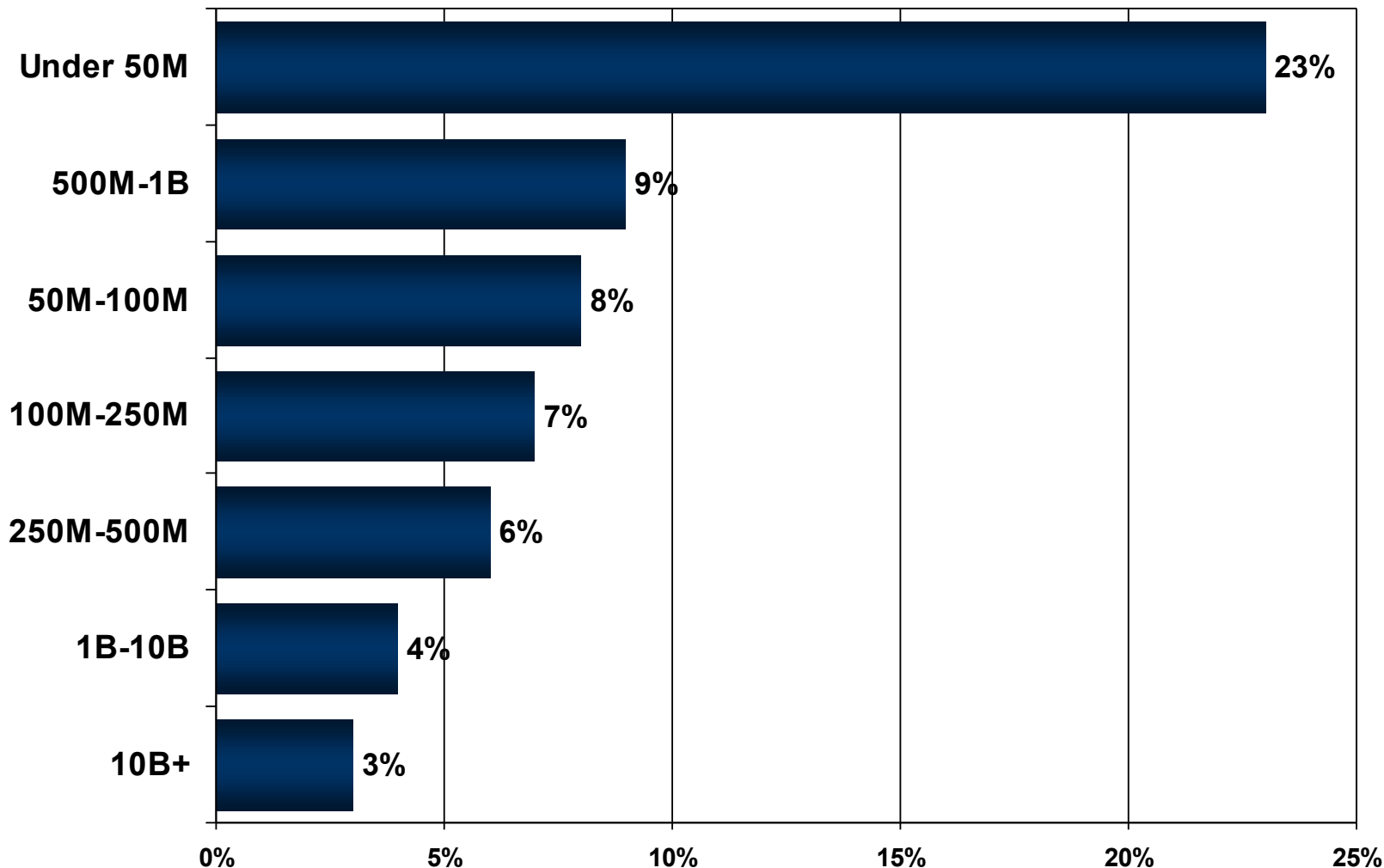
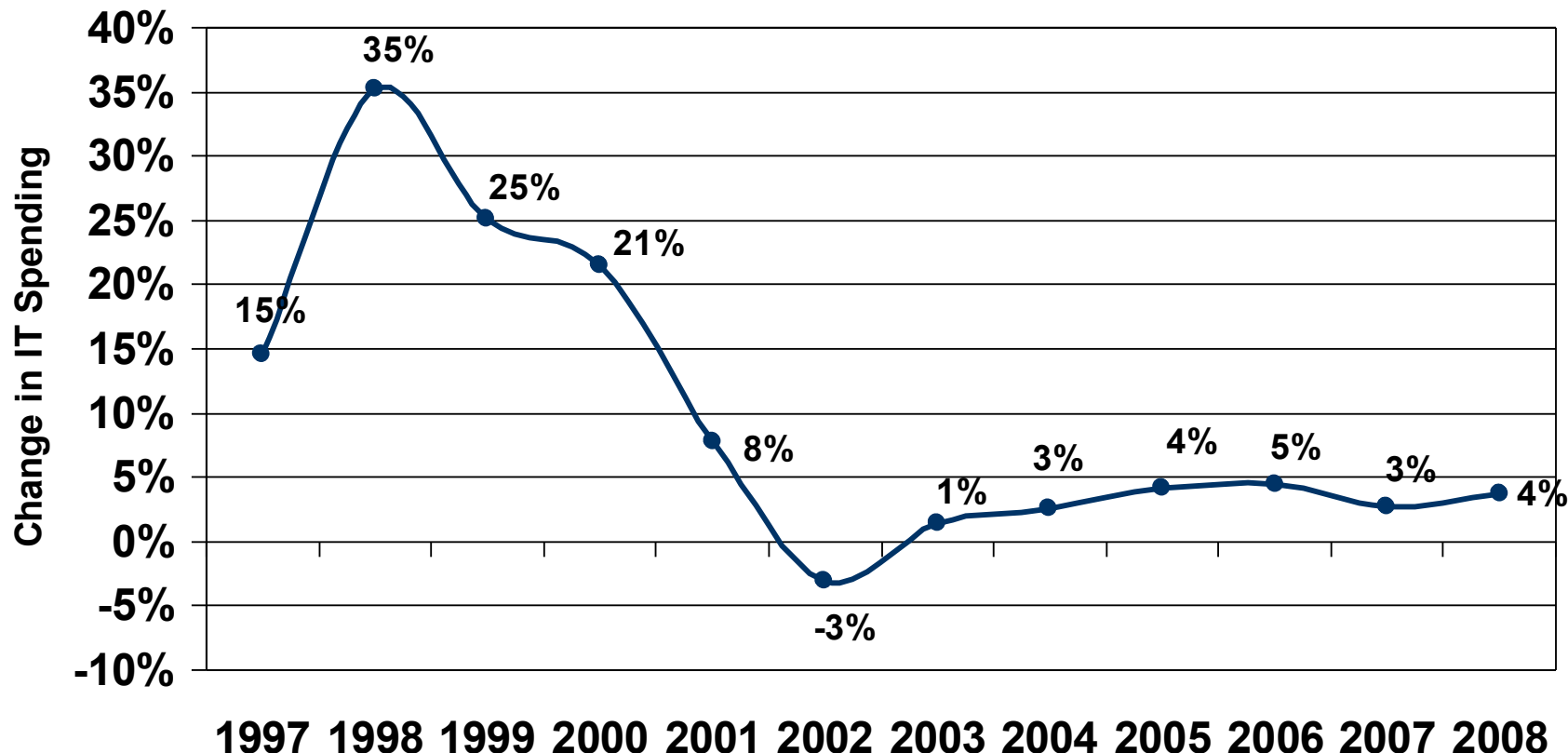| Revenue Size	Spending Change
Under 50M	23%
500M-1B	9%
50M-100M	8%
100M-250M	7%
250M-500M	6%
1B-10B	4%
10B+	3%

Preliminary data as of Q3, 2007

Represents organizations with greater than $1B annual revenue.

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Moving Forward, Preliminary View: Current Trends in IT Spending

Current spending plans are for moderate growth over last year.

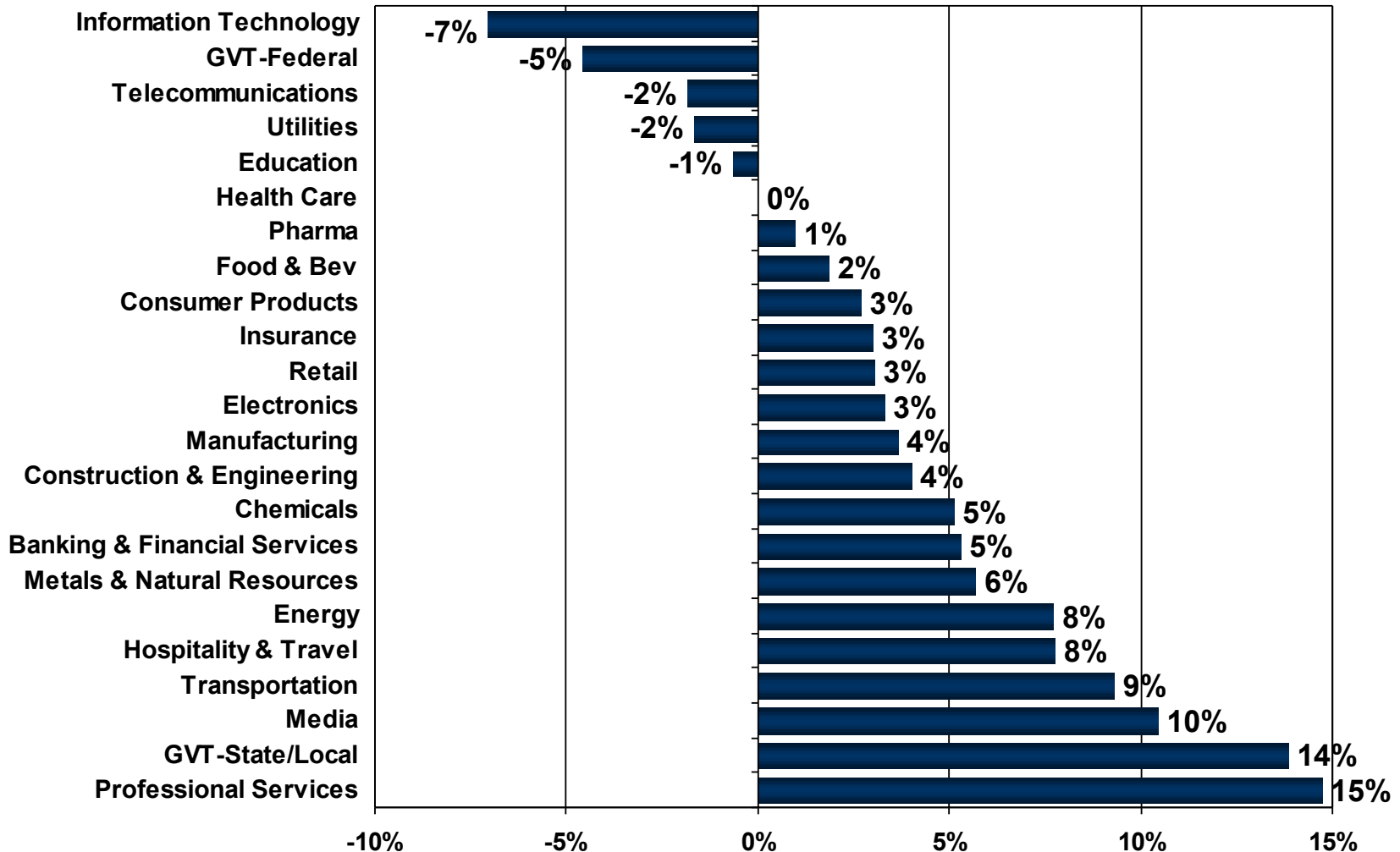**Represents organizations with greater than $1B annual revenue.**

Preliminary data as of Q3, 2007

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Moving Forward, Preliminary View: Spending Change Expected For 2008, By Industry

Industry	Spending Change
Information Technology	-7%
GVT-Federal	-5%
Telecommunications	-2%
Utilities	-2%
Education	-1%
Health Care	0%
Pharma	1%
Food & Bev	2%
Consumer Products	3%
Insurance	3%
Retail	3%
Electronics	3%
Manufacturing	4%
Construction & Engineering	4%
Chemicals	5%
Banking & Financial Services	5%
Metals & Natural Resources	6%
Energy	8%
Hospitality & Travel	8%
Transportation	9%
Media	10%
GVT-State/Local	14%
Professional Services	15%

Source: Gartner IT Key Metrics Data

Preliminary data as of Q3, 2007

Represents organizations with greater than $1B annual revenue.

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Agility, Preliminary View: 2008
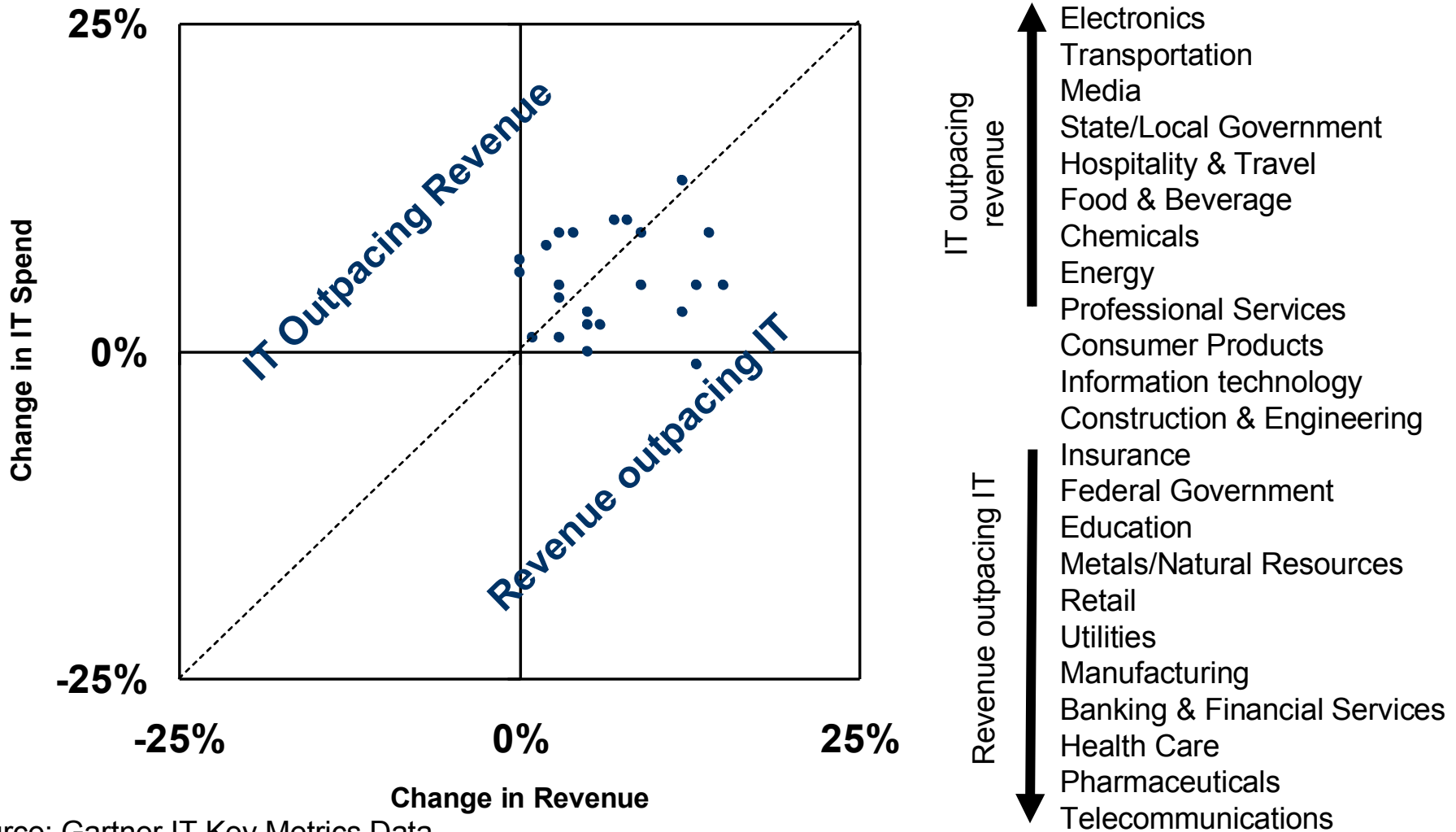
Change in IT Spend (y-axis: 25%, 0%, -25%)
Change in Revenue (x-axis: -25%, 0%, 25%)

IT Outpacing Revenue
Revenue outpacing IT

IT outpacing revenue
Electronics
Transportation
Media
State/Local Government
Hospitality & Travel
Food & Beverage
Chemicals
Energy
Professional Services
Consumer Products
Information technology
Construction & Engineering

Revenue outpacing IT
Insurance
Federal Government
Education
Metals/Natural Resources
Retail
Utilities
Manufacturing
Banking & Financial Services
Health Care
Pharmaceuticals
Telecommunications

Source: Gartner IT Key Metrics Data

Preliminary data as of Q3, 2007

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Moving Forward, Preliminary View: Regional Spending Change Expected For 2008
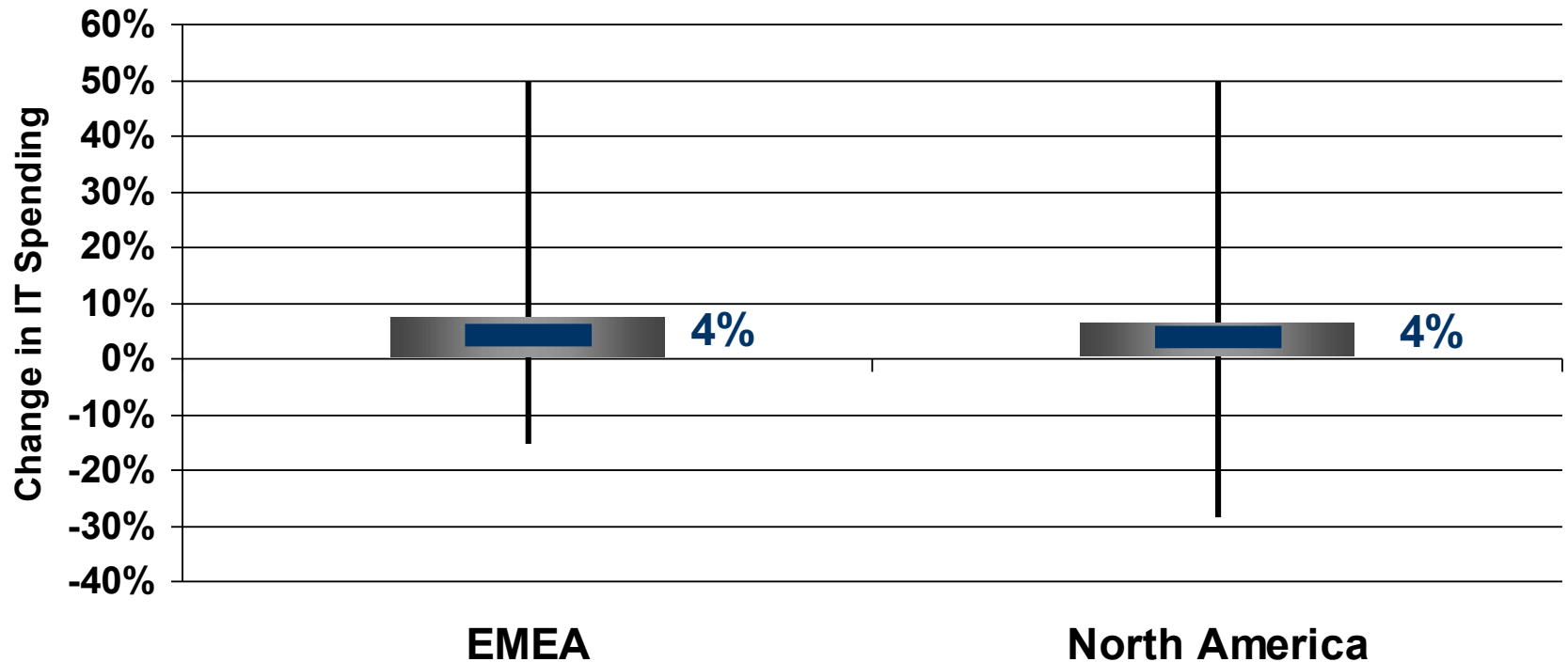
Cylinders denote the median 50% of responses

Represents organizations with greater than $1B annual revenue.

| = Range   ━━ = Average   ▉ = Middle Quartiles

Source: Gartner IT Key Metrics Data

Preliminary data as of Q3, 2007

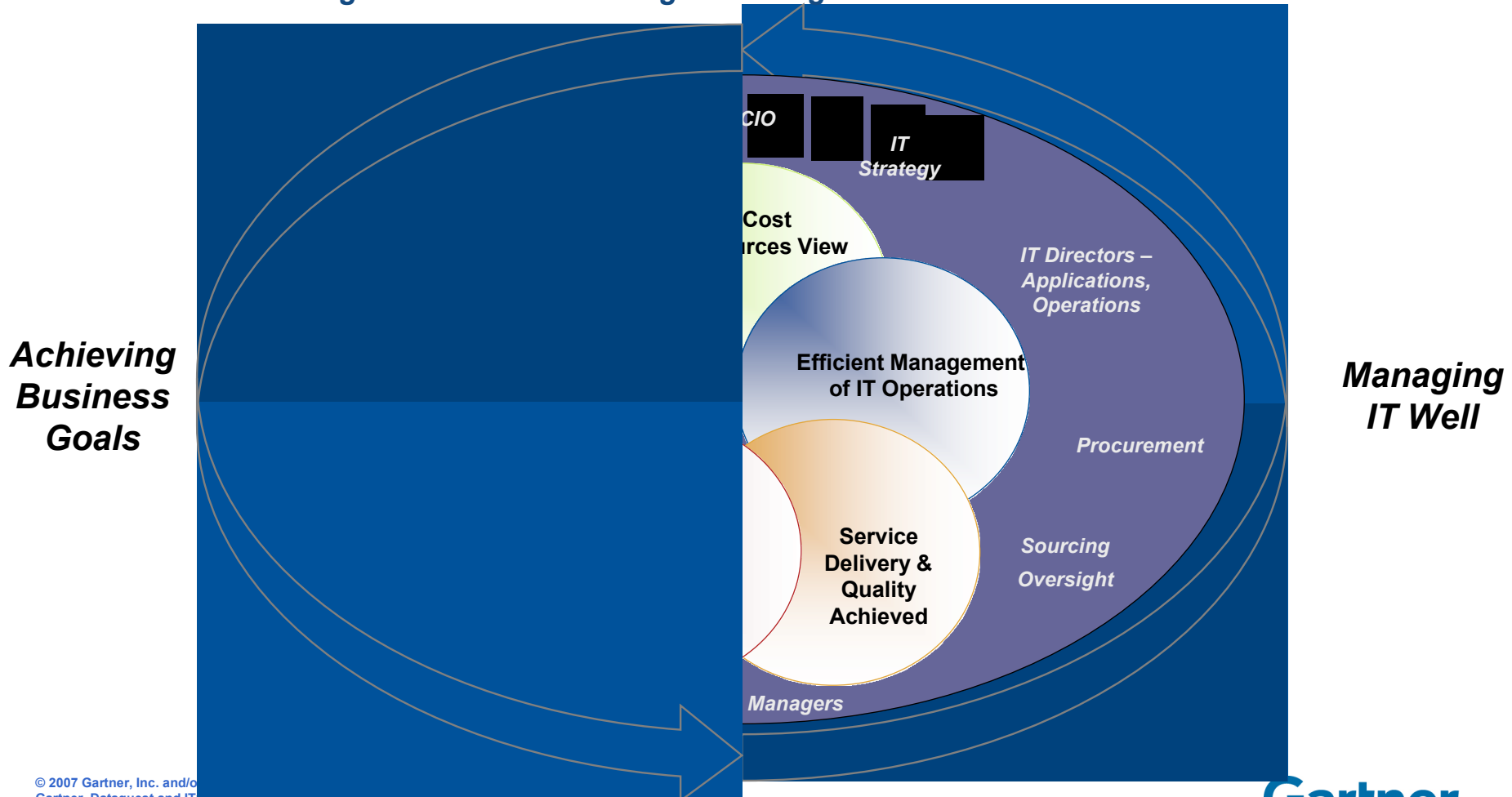**Gartner**®

Applications in the IT Portfolio

Applications can represent nearly half of the organization's spend and yet the ability to of communicate the value they create is an ongoing challenge.

Source: Gartner IT Key Metrics Data

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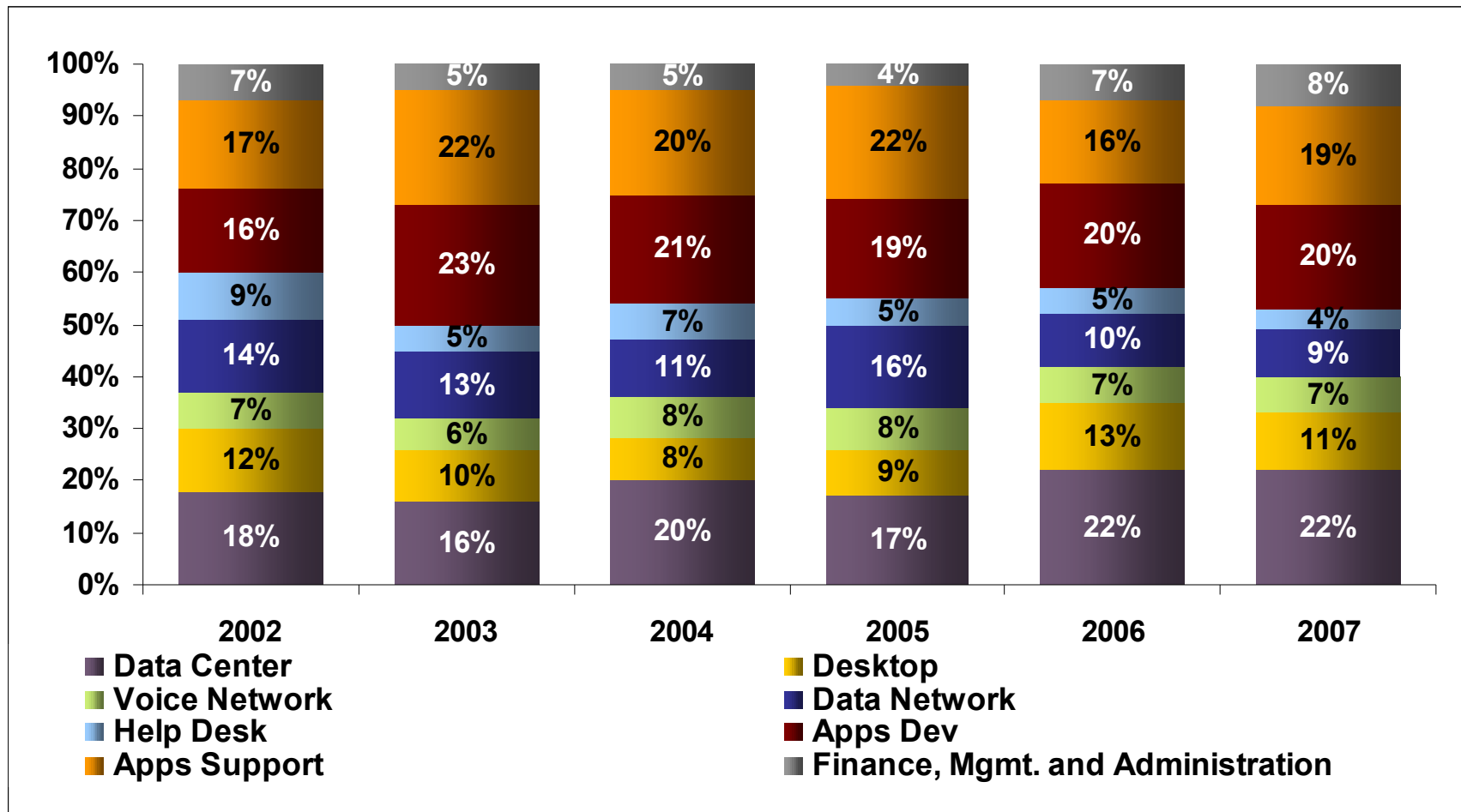
# Strategic Performance Management: Supporting the Organization's Objectives

Having a clear understanding of who your audience is (and there may be more than one) and their goals will help focus on the appropriate level of information and communication format.

Strategic Performance Management aligns to IT Governance Processes.

Achieving Business Goals

Managing IT Well

CIO

IT Strategy

Cost
rces View

IT Directors – Applications, Operations

Efficient Management of IT Operations

Procurement

Service Delivery & Quality Achieved

Sourcing Oversight

Managers

Source: Gartner IT Key Metrics Data

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Applications Performance Management

Aside from unit cost and productivity measures, do you have alternate approaches to communicating applications performance?

No, 26%

Yes, 74%
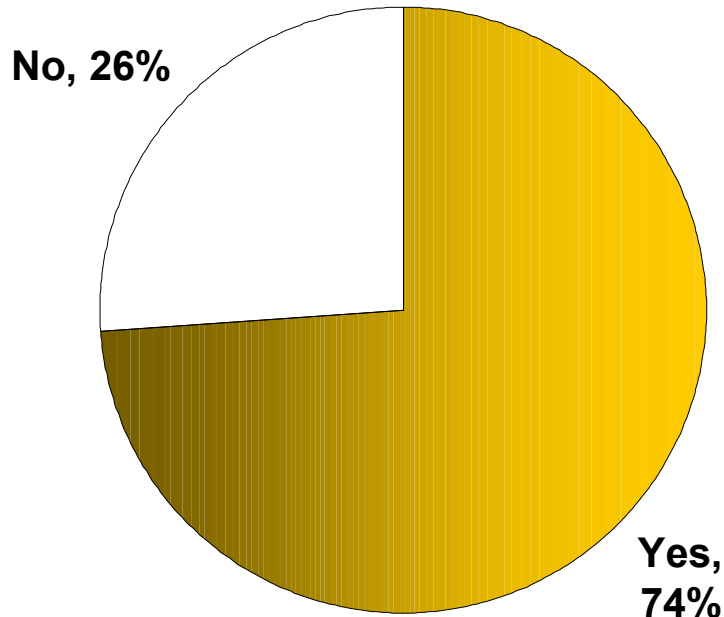
Additional Approaches:
- Customer satisfaction reporting
- business-focused project performance measures
- Usage reports
- Business case post mortem
- Requirements analysis
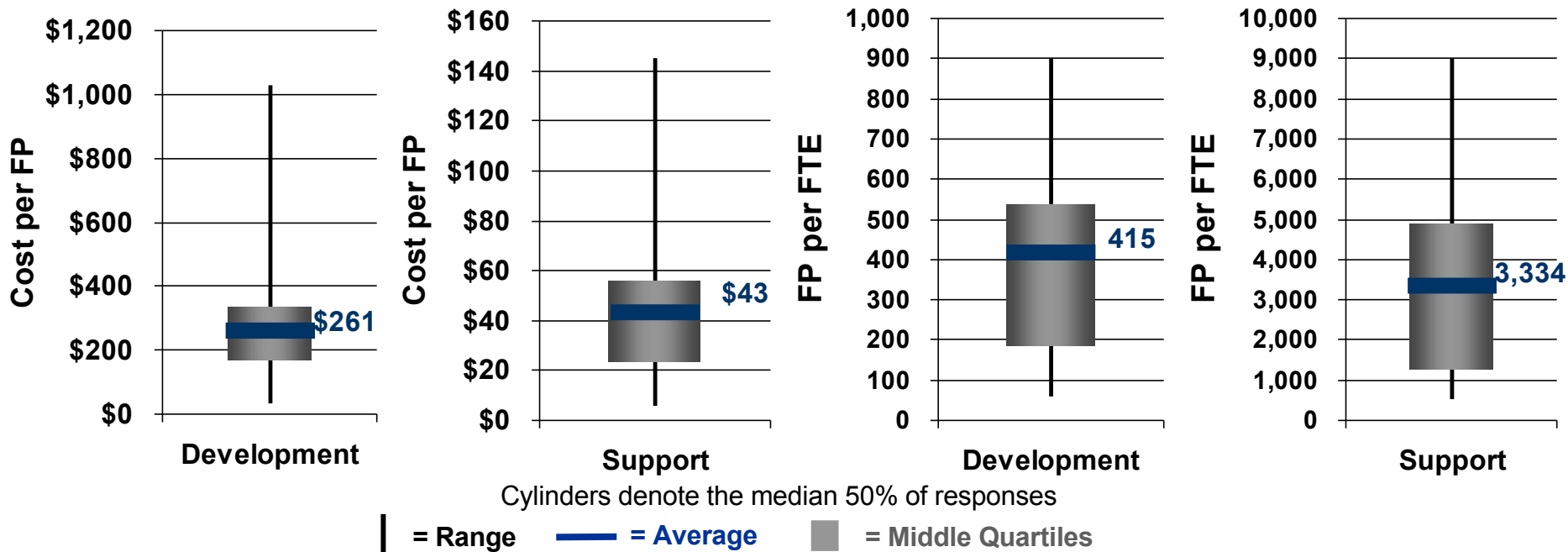- Service level analysis

Key Drivers:
- Increased business pressure
- Improving business accountability
- Continued outsourcing/off-shoring pressures
- Increasing complexity

Source: Gartner IT Key Metrics Data

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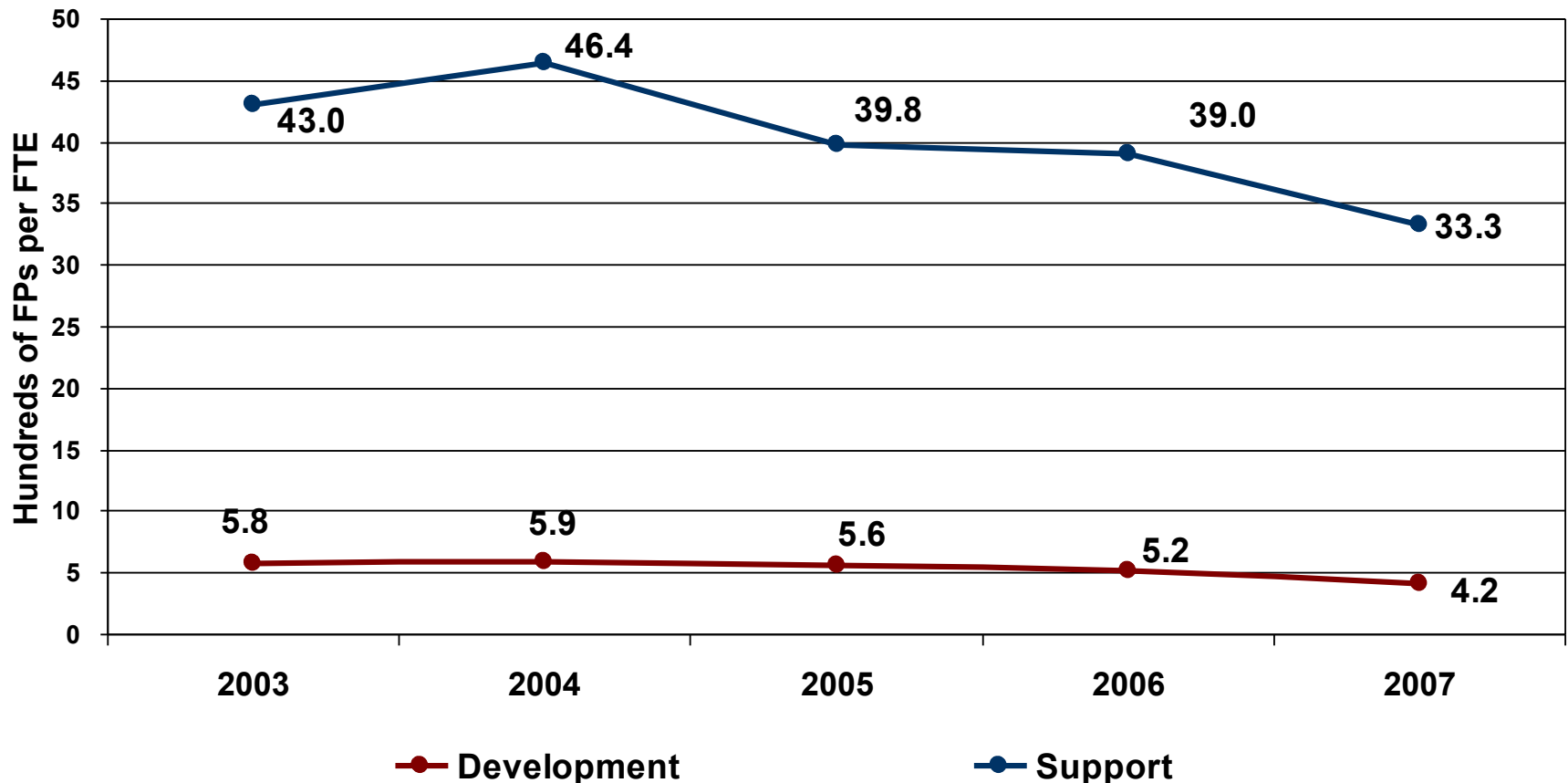# Factors for broadening the measurement toolset: Traditional measures may not capture full context

Applications measures focus on cost and productivity are appropriate for managing applications performance, but do not address business value.

Cylinders denote the median 50% of responses

| = Range | = Average | = Middle Quartiles |

Source: Gartner IT Key Metrics Data

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Factors for broadening the measurement toolset:
## Traditional measures may not capture full context

Productivity declines, often due to increased complexity, underline the need to explain aspects of business and technical context.

Source: Gartner IT Key Metrics Data

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Factors for broadening the measurement toolset: Increased outsourcing represents new challenges

For many organizations, the large amount of IT assets in the hands of 3rd parties means increased pressure to manage business value and risk.
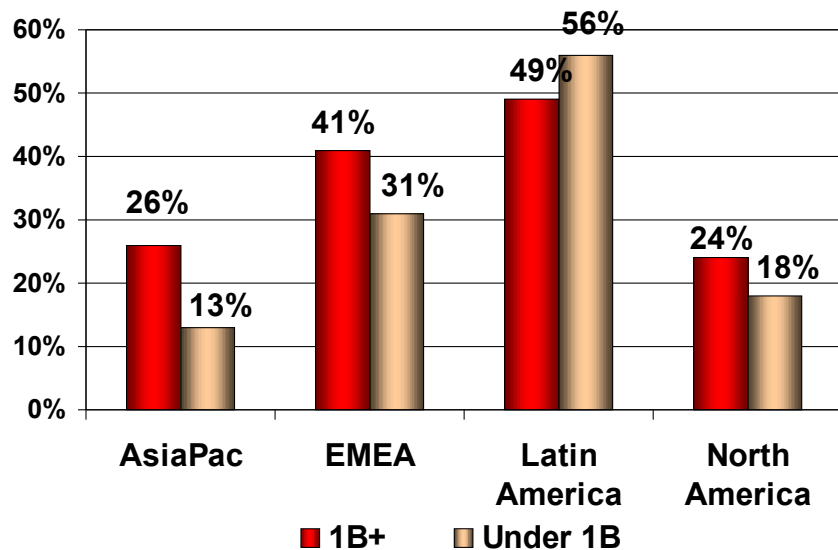
Percentage of Applications Spending on Outsourcing
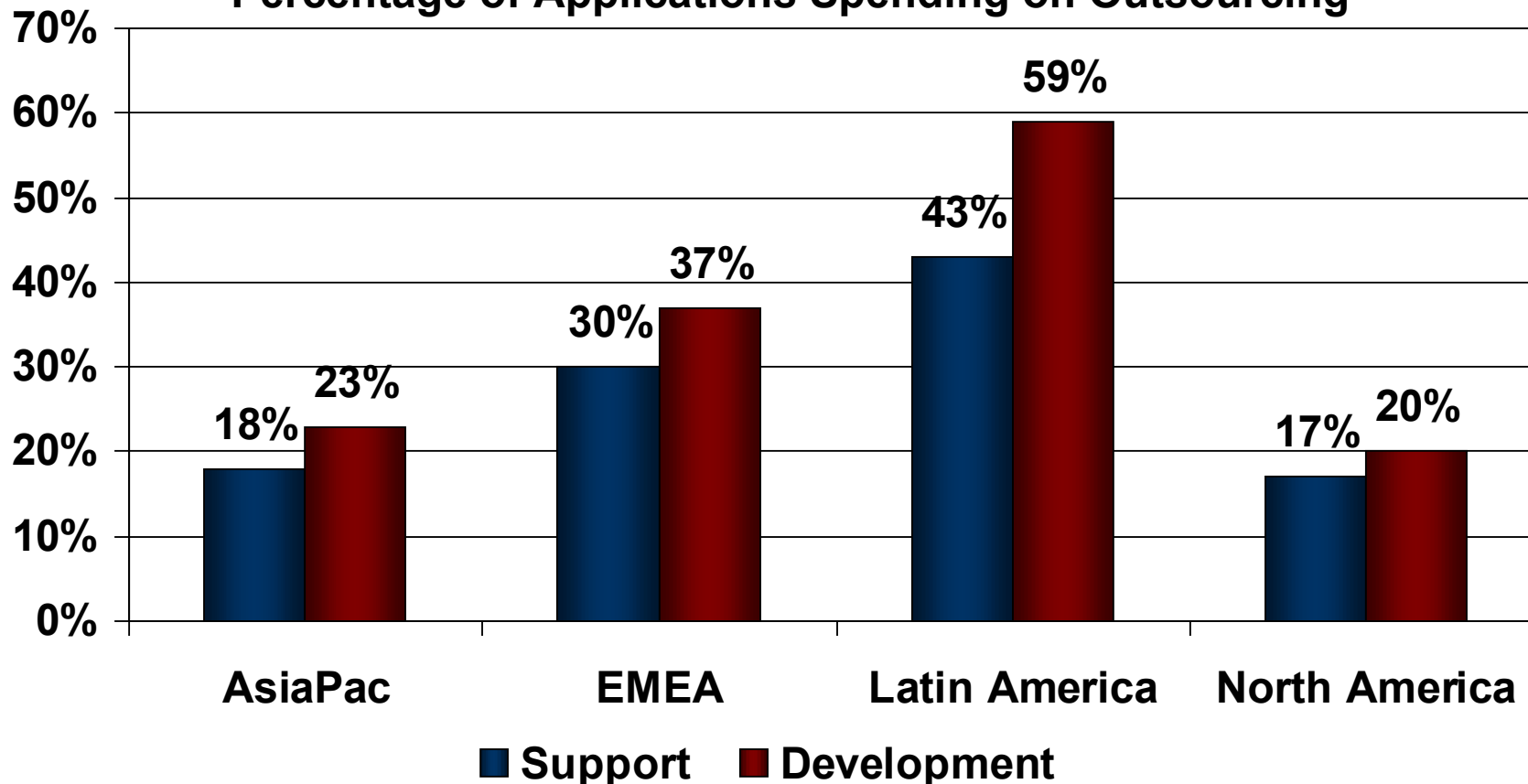
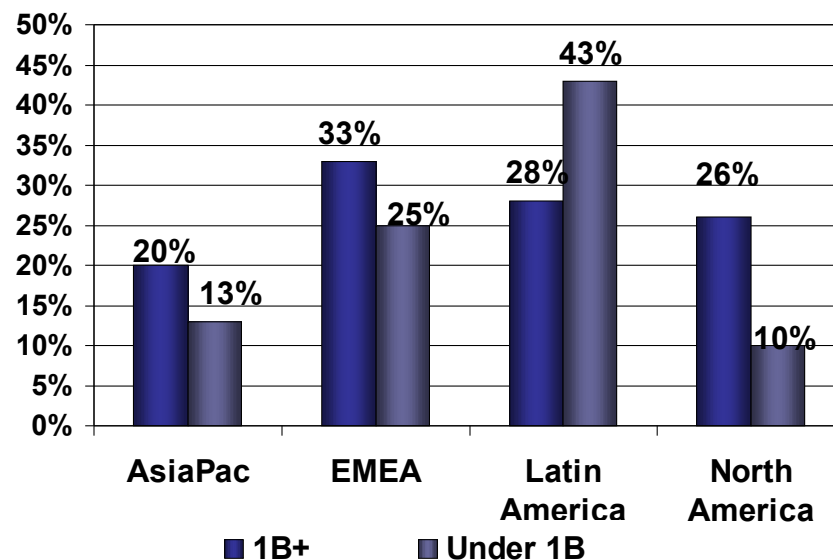Source: Gartner IT Key Metrics Data

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Factors for broadening the measurement toolset: Increased outsourcing represents new challenges

It is important to note that organizations outsource a larger component of their development work – which often underscores the perception of IT as a "utility" within the business.

Percentage of New Development Budget on Outsourcing

- AsiaPac: 1B+ 26%, Under 1B 13%
- EMEA: 1B+ 41%, Under 1B 31%
- Latin America: 1B+ 49%, Under 1B 56%
- North America: 1B+ 24%, Under 1B 18%

■ 1B+ ■ Under 1B

Percentage of Support Spending on Outsourcing

- AsiaPac: 1B+ 20%, Under 1B 13%
- EMEA: 1B+ 33%, Under 1B 25%
- Latin America: 1B+ 28%, Under 1B 43%
- North America: 1B+ 26%, Under 1B 10%

■ 1B+ ■ Under 1B

Source: Gartner IT Key Metrics Data

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Additional Approaches to Explaining Performance: Contractor Usage

Contractors are often used to quickly take on the support of new projects – and infuse the organization with new skills. Unless these new skills get transferred effectively there is also significant risk associated with contractor usage and prolonged heavy contractor usage may also be a cost burden.

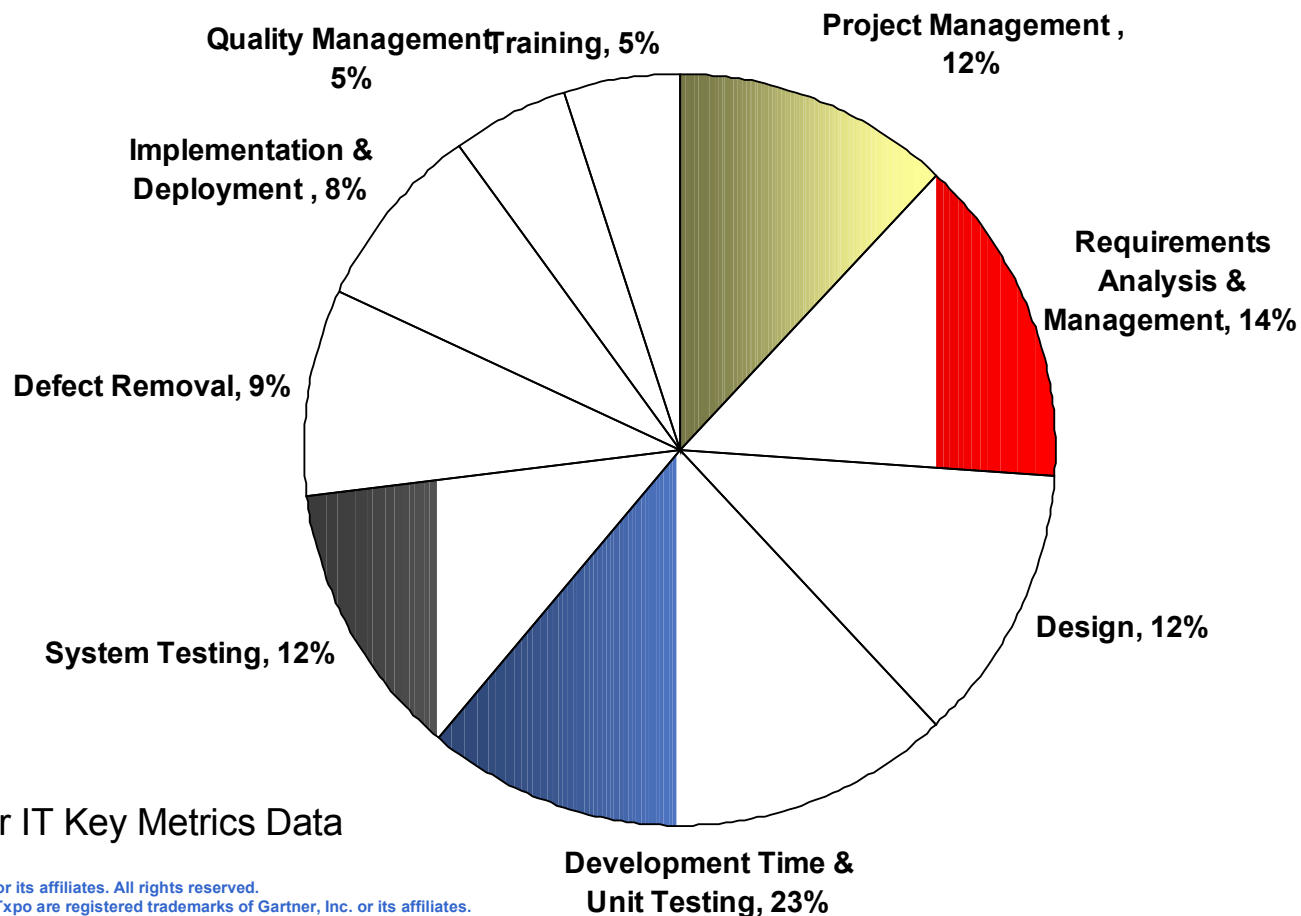## % of Applications FTEs that are contractors

- In-House Support
- Contractors

Support
- 83%
- 83%
- 17%
- 17%

Development
- 76%
- 76%
- 24%
- 24%

0%   20%   40%   60%   80%   100%

Source: Gartner IT Key Metrics Data

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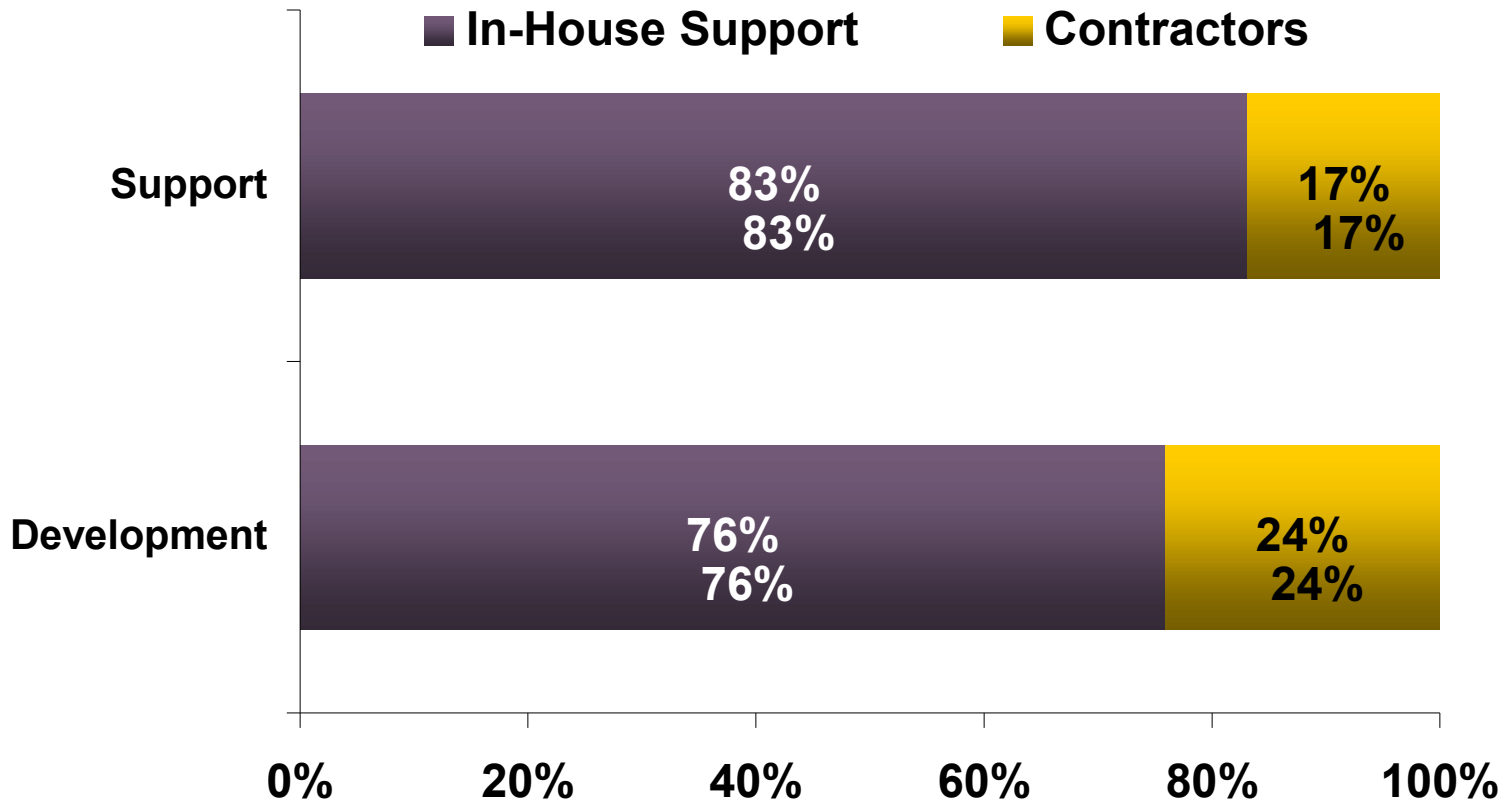
Additional Approaches to Explaining Performance: Lifecycle phases

While not a new measure to understanding performance, lifecycle phase analysis can also be shared with the business to help outline its role in project performance.
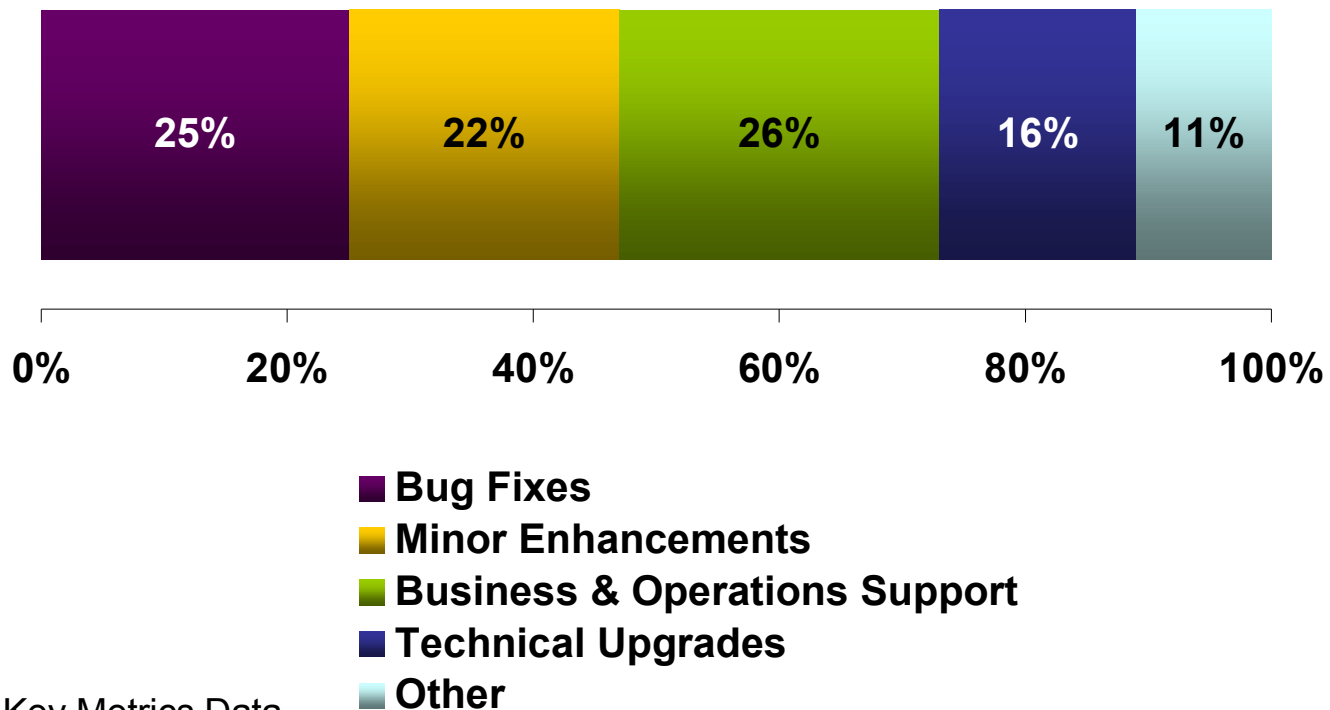

Percentage of Time on Lifecycle Phases

- Quality Management, 5%
- Training, 5%
- Project Management, 12%
- Implementation & Deployment, 8%
- Requirements Analysis & Management, 14%
- Defect Removal, 9%
- Design, 12%
- System Testing, 12%
- Development Time & Unit Testing, 23%

Source: Gartner IT Key Metrics Data

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Additional Approaches to Explaining Performance: Understanding where support time goes

Another traditional measure revisited can help explain how support work may not only be about fixing problems but adapting to business needs. It may also highlight the need to revamp aging systems.

## Distribution of Support Activity by Type

25%	22%	26%	16%	11%

0%   20%   40%   60%   80%   100%

■ **Bug Fixes**
■ **Minor Enhancements**
■ **Business & Operations Support**
■ **Technical Upgrades**
■ **Other**

Source: Gartner IT Key Metrics Data

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Additional Approaches to Explaining Performance: Project Performance

Understanding the number of projects approved that are ultimately cancelled is useful to understanding the IT-Business relationship and can be helpful in establishing accountability.

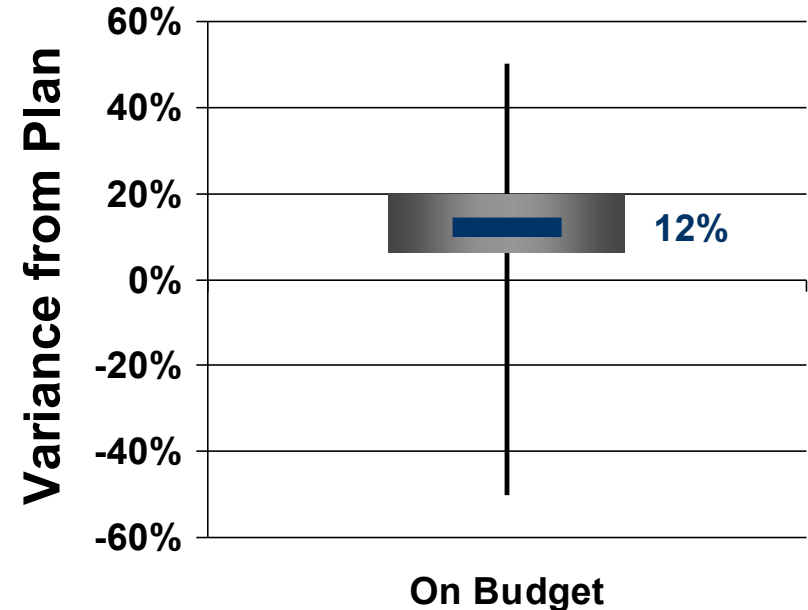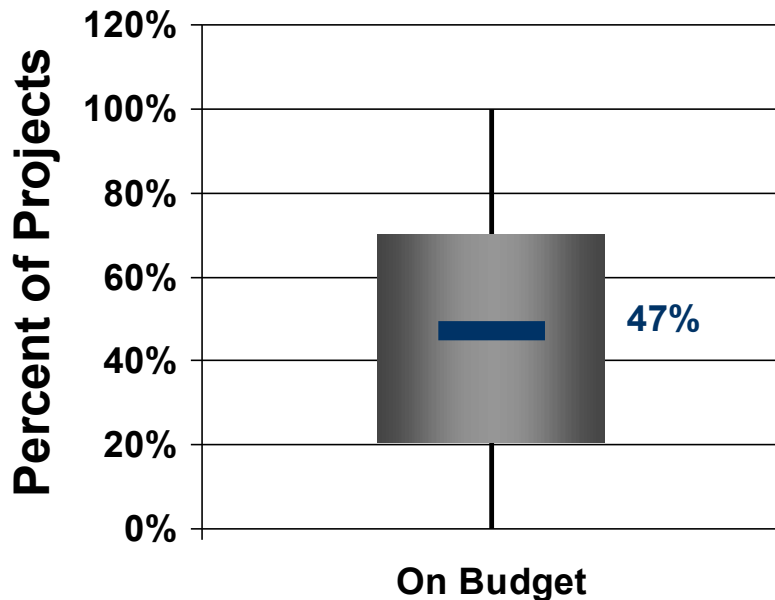## % Approved Projects Cancelled Prior to Delivery
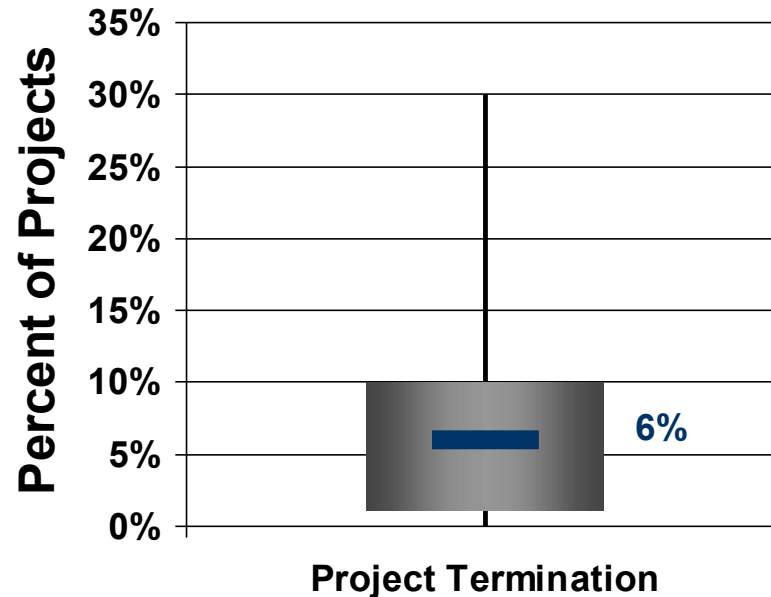
6%

Project Termination

Cylinders denote the median 50% of responses

| = Range   ——— = Average   ▨ = Middle Quartiles

Source: Gartner IT Key Metrics Data

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Additional Approaches to Explaining Performance: On-time and On-budget performance

On time and On Budget measures are also old favorites, but leading organizations are measuring these and communicating them throughout the project lifecycle; rather than being lagging indicators, these become powerful measures that clearly establish accountability between the business and IT.
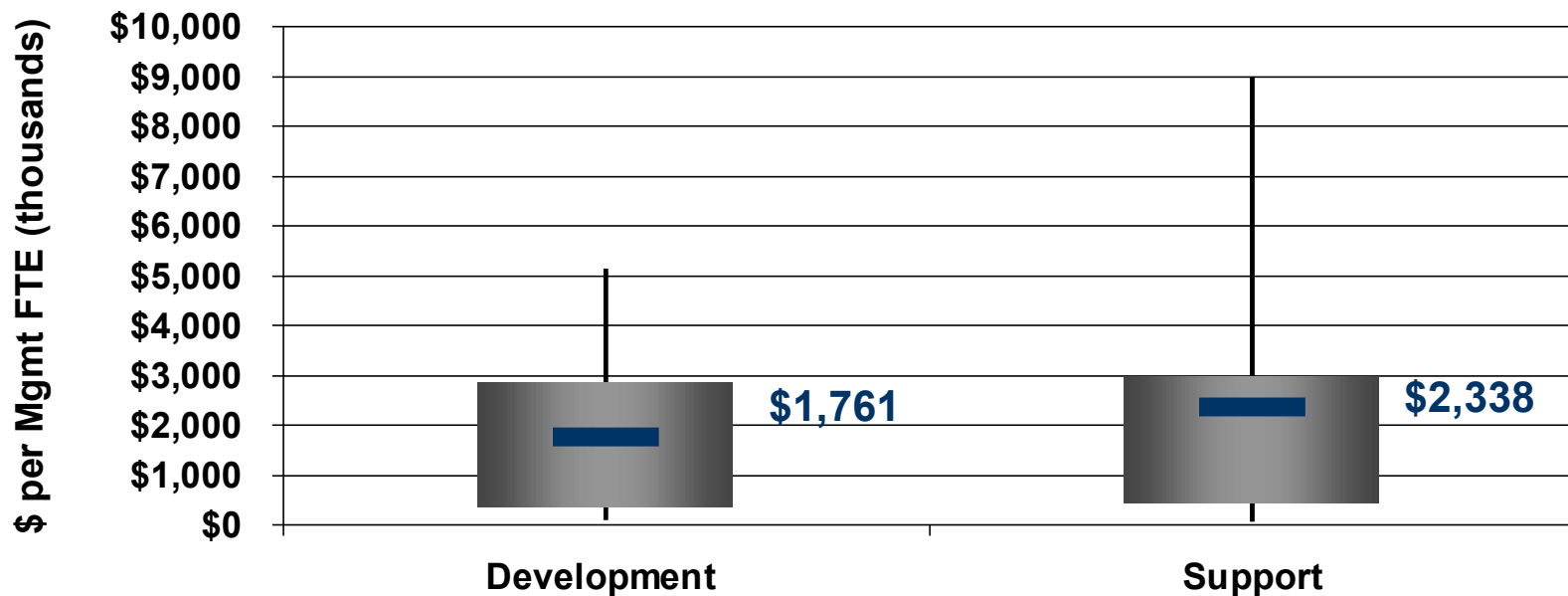

Cylinders denote the median 50% of responses

| = Range   — = Average   ■ = Middle Quartiles

Source: Gartner IT Key Metrics Data

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Additional Approaches to Explaining Performance: $ Supported by Contract Oversight

The "retained team" is an important notion to ensure that the outsourced applications activities receive the appropriate internal level of support to improve success rates. Activities include project oversight, Service level and demand management and business development and communication.


Cylinders denote the median 50% of responses

| = Range   ▬▬▬ = Average   ■ = Middle Quartiles

Source: Gartner IT Key Metrics Data

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Additional Approaches to Explaining Performance: Run, Grow, Transform

By breaking out spending on new development in terms of how it aligns to the value it generates can often clearly dispel the belief that development work is purely discretionary – and help the business make better decisions about budgeting and competitive threats.

Distribution of Applications Development Spending by Strategic Category

Transform the Business, 24%

Run the Business, 47%

Grow the Business, 29%

Source: Gartner IT Key Metrics Data

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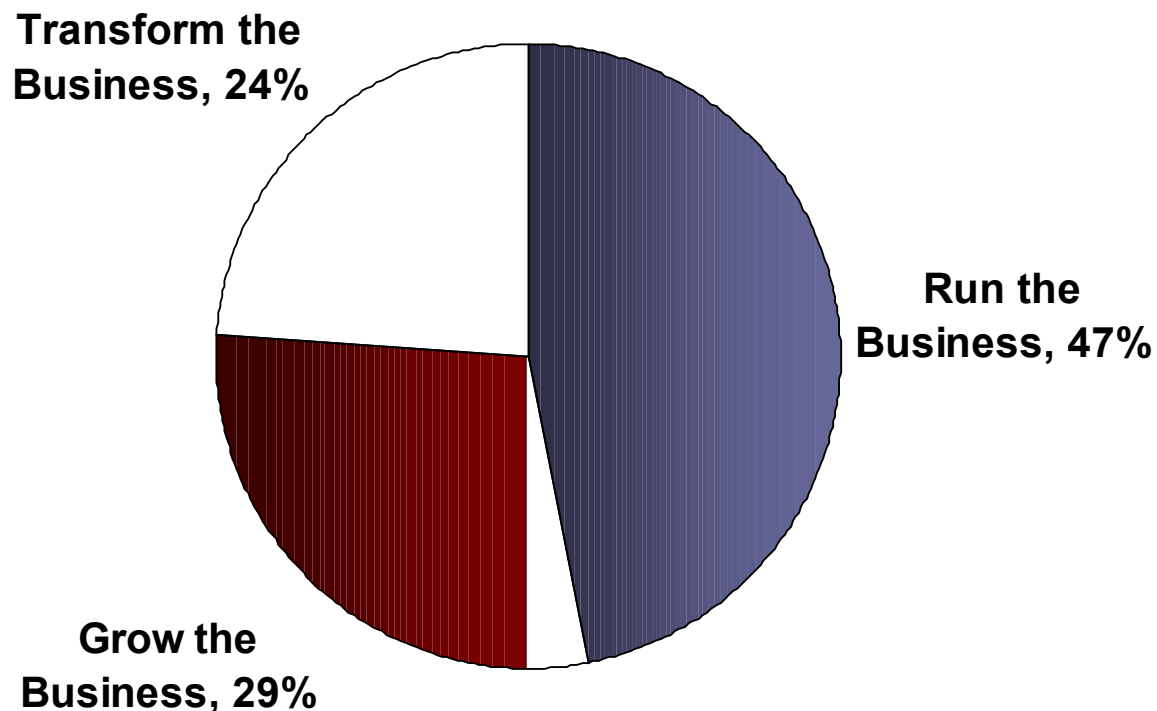
Wrap Up

- CIOs and applications professionals are increasingly expected to report on business impact, not only technical efficiency.

- Business, technical and social factors can all play a part in determining what measures should be used to monitor performance.

- Organizations will be required to develop capabilities around the key notions of strategic performance management.

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Where to go for Benchmarking Help

Worldwide IT Benchmark Team:
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For ongoing benchmark data support:
www.gartner.com/wwb

For free high level data in exchange for your organization's data, please contact: linda.tracy@gartner.com

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