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PwC's 5th Annual Digital IQ Survey

Digital conversations and the C-suite

Utilities Industry

Key findings
March 2013

“Companies with strong collaboration between the CIO and the C-suite are four times as likely to be top performers. These companies clearly have a higher Digital IQ – they understand the value of technology and weave it into every aspect of their organization.”

**—Chris Curran, Principal and
Chief Technologist, PwC**

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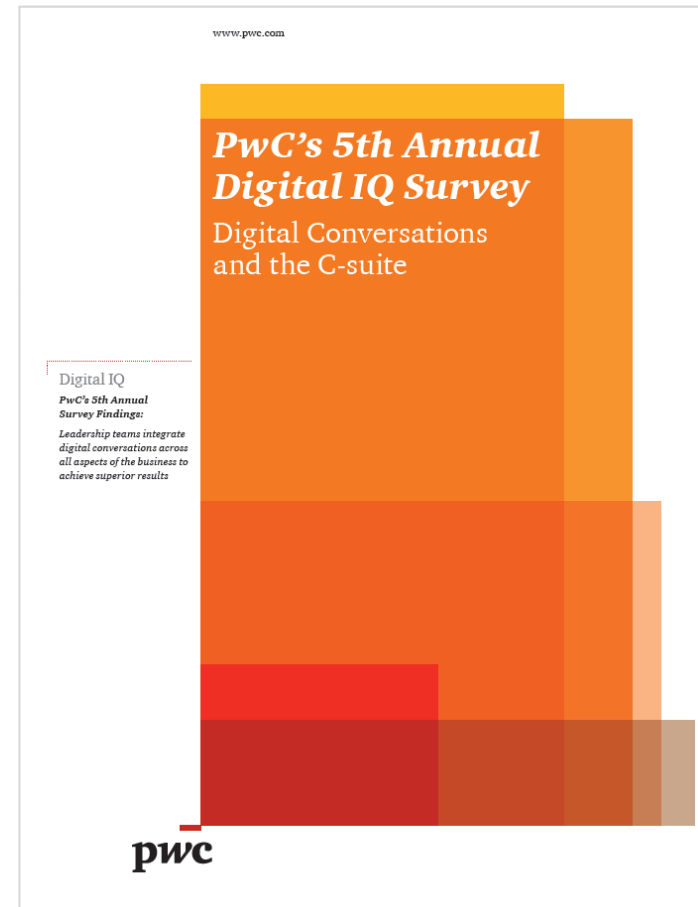
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Survey overview

PwC's Digital IQ Survey is an annual assessment of how well companies understand the value of technology and weave information technology into the fabric of their organization.

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Survey demographics

The 5th annual Digital IQ survey was conducted in mid-2012 by PwC's International Survey Unit (ISU).

- 1,108 respondents from 12 countries (aggregated into the **Americas**: US and Brazil; **Europe**: UK, France, Germany, Russia, Netherlands and Sweden; and **Asia-Pac**: Australia, Japan, China and India) across a variety of industries; these total respondents comprise the grouping "overall"
- Findings for the Utilities industry: 40 respondents across 9 countries
- “Top Performers” reported revenue growth of > 5% and said that their companies are in the top quartile for revenue, profitability and innovation
- “Strong Collaborators” had a mean score of 4.5 (out of 5) when indicating the strength of relationships between the CIO and other C-suite executives
- “Others” are those not classified as “Strong Collaborators” as they have less than an aggregate score of 4.5 across CIO and C-suite relationships
- Numbers may not add to 100% due to rounding

Reaping the benefits of Digital IQ

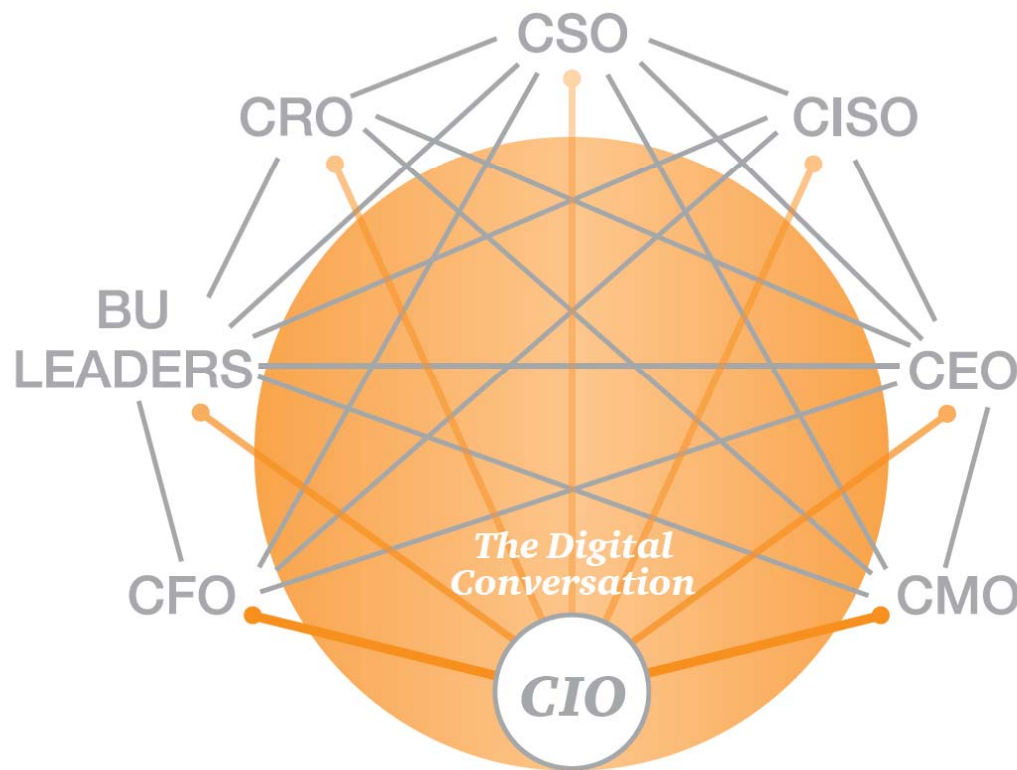
Executives can help raise their company's Digital IQ by considering the following questions:

1. How often do your firm's C-suite executives discuss how information technology is supporting the overall business? Are "digital conversations" taking place regularly? Are senior decision-makers aligned with the business strategy?
2. Is your firm's CEO a champion of information technology?
3. Beyond setting corporate strategy, does your firm have an effective roadmap that lays out steps to achieving the strategy—blending together strategy, operations and technology—and the costs of doing so?
4. Are information technology investments being made with overarching business goals in mind, or are these decisions happening in a silo?
5. Finally, are you considering pilot programs to develop a deeper understanding of the "art of the possible"—the ways that new and emerging technologies may be leveraged for greater business benefit?

Digital IQ global findings / power of Strong Collaborators

Our survey results found that Strong Collaborators link information technology and business strategy and aggressively invest in emerging technologies.

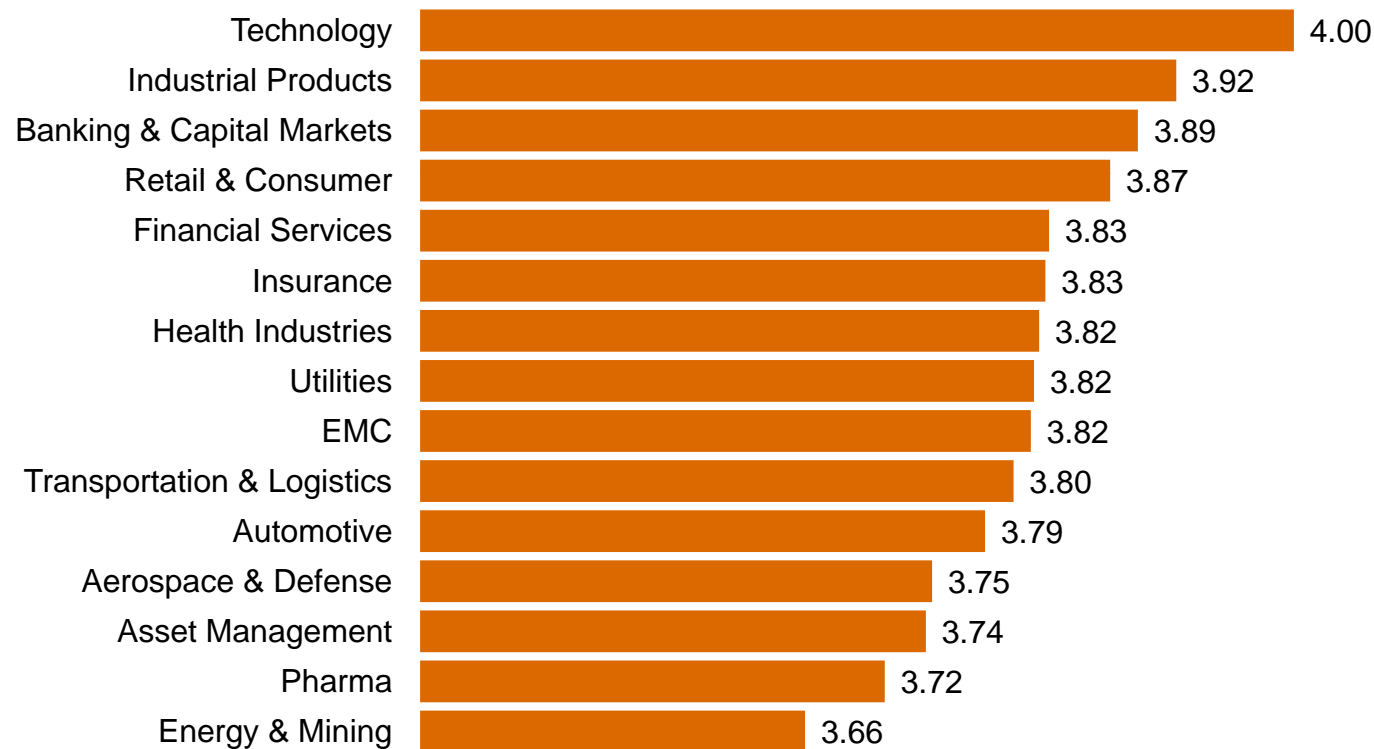
Strong Collaborators are 4x more likely to be Top Performers than those with less collaborative leadership teams



Companies with collaborative C-suites intertwine business strategy and information technology and are often rewarded with stronger company performance.

They can also adapt quickly to market changes to maintain an advantage over competitors.

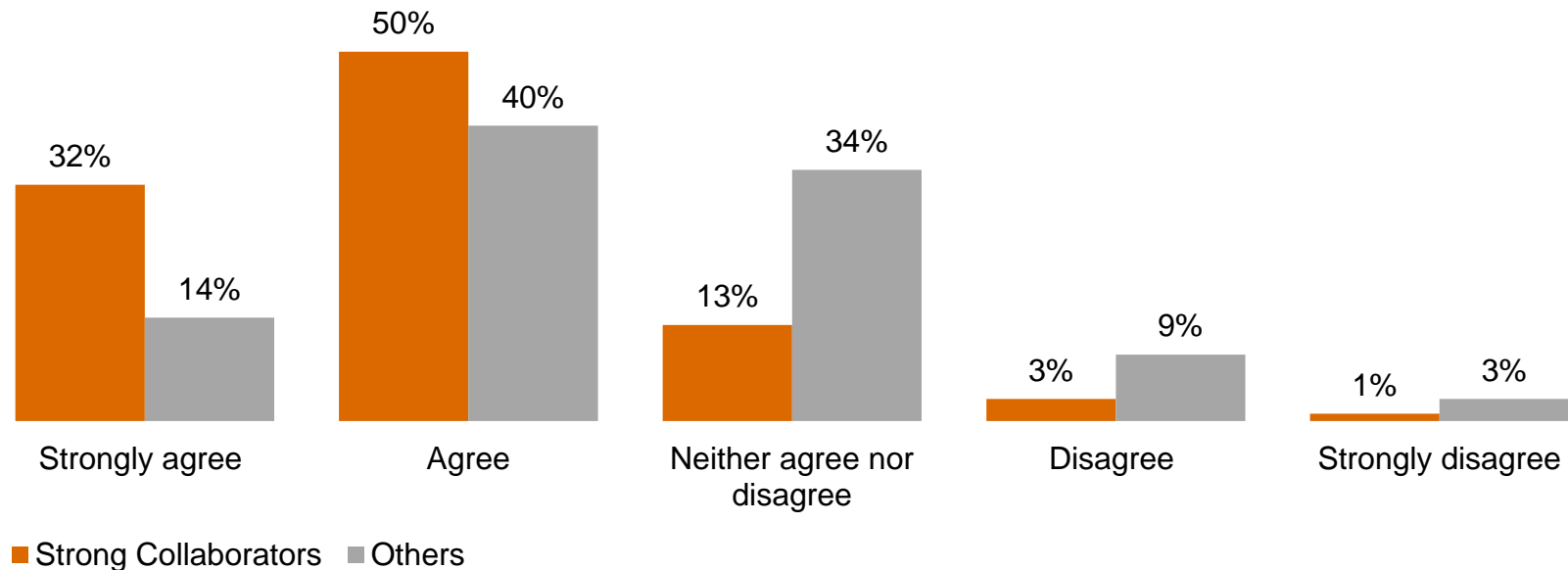
Technology and Industrial Products lead the pack with the strongest collaboration between the CIO and other C-suite executives



Those industries with a mean score closer to 5 have a higher proportion of strong CIO / C-suite collaboration (DIQ survey)

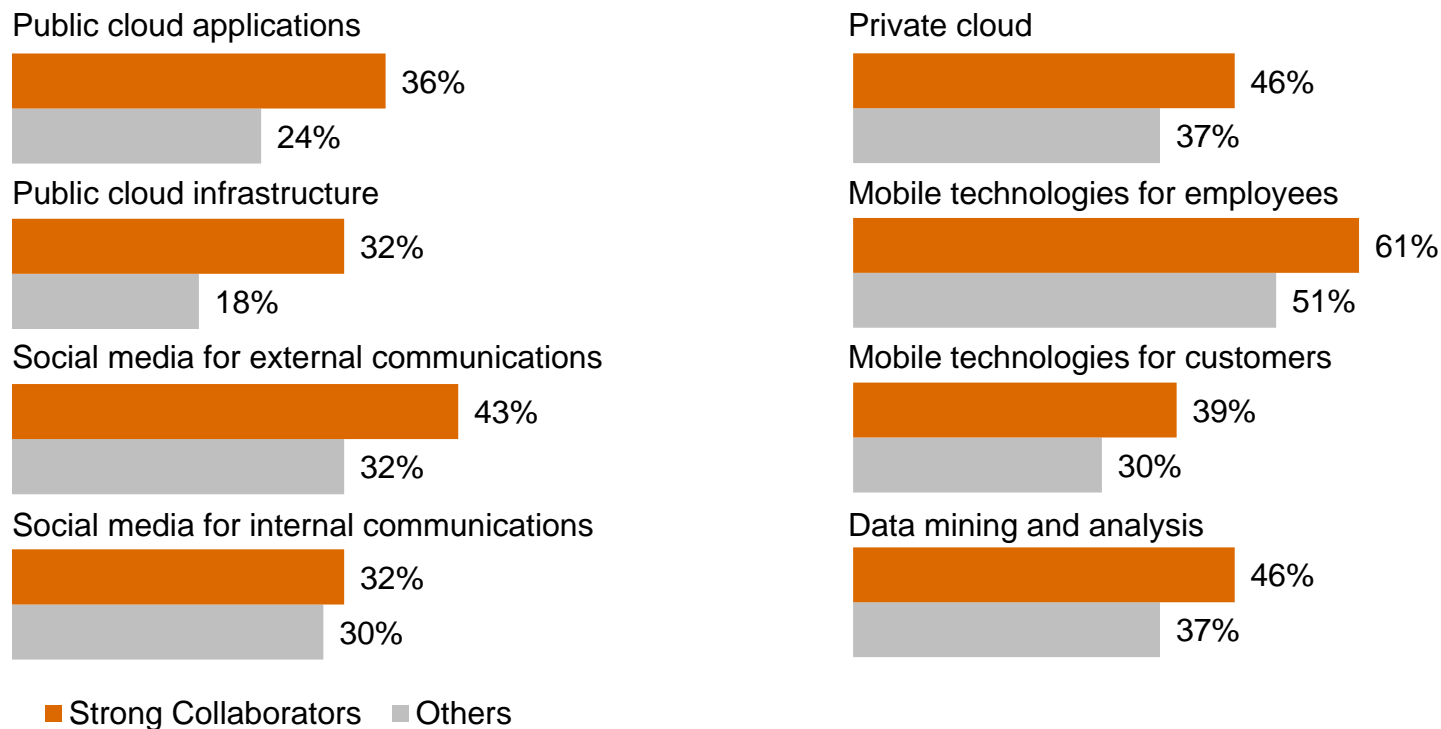
Within Strong Collaborators, CEOs are active champions of information technology

82% of Strong Collaborators “strongly agree” or “agree” that their CEO is a champion of information technology who is actively involved in driving information technology’s inclusion in the strategic and operational dialog



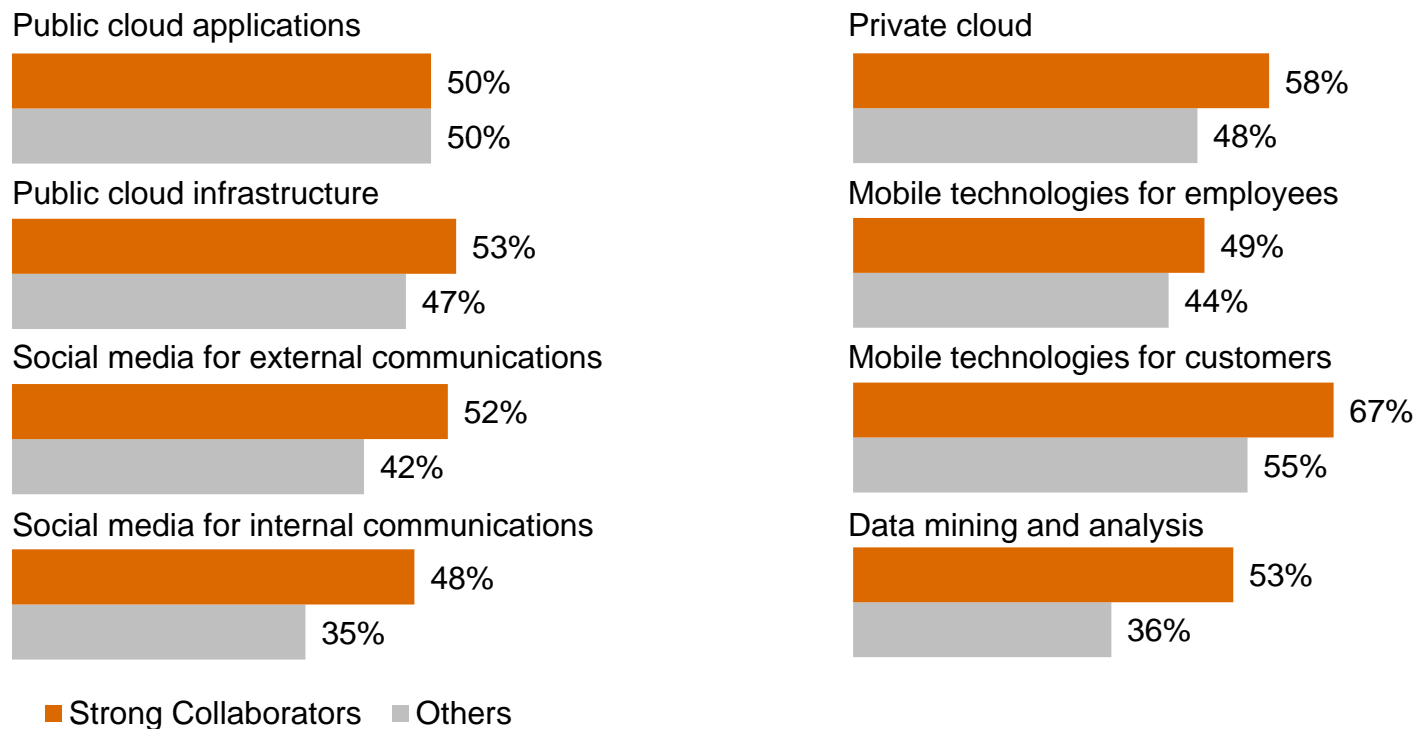
Our CEO or senior-most business leader is an active champion in the use of information technology to achieve our strategy

Strong Collaborators are more often aggressively investing in emerging technologies and mapping those investments to the overall business needs



Which of the following technologies are you currently investing in?

Strong Collaborators already investing in emerging technologies will likely boost spending in cloud, social, mobile and analytics in 2013



For each of these technologies what are your investment plans for 2013? ("Will invest more in 2013")

Key findings: the Utilities industry

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Change in digital technology is fast-paced, evolving and a persistent threat, requiring ongoing 'Digital Conversations' among the C-suite

48% *are concerned that the speed of technological change will potentially threaten the company's growth prospects*

56% *express concern that the availability of key skills will potentially threaten the company's growth prospects*

51% *indicate that they are interacting with customers using mobile technology*

38% *rank maintaining data quality and accuracy as a number one challenge in managing data*

43% *expect information technology capital spending to increase within merger and acquisition initiatives*

Key findings: the Utilities industry

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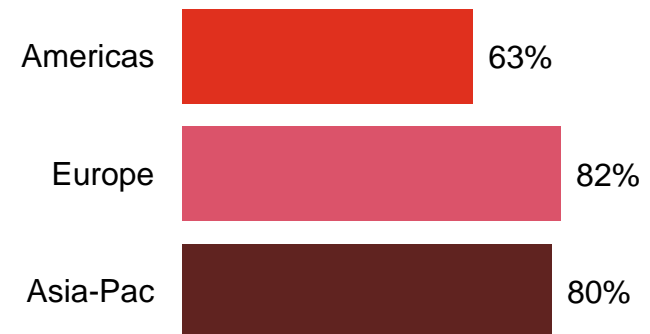
Company performance

Understanding the business strategy and the overall costs is important to ensure information technology maps to over-arching business needs

Business and information technology leaders within the Utilities industry understand costs associated with implementing strategy (respondents who “agree” or “strongly agree”)



Business and information technology leaders within the Utilities industry in Europe and Asia-Pac have the greatest understanding of the costs associated with implementing strategy



Please indicate your level of agreement with each of the following statements about this roadmap. We understand the costs needed to implement the roadmap (“Agree” or “Strongly Agree”)

Responses may be < 30 for some regions, so graph is for directional insight only

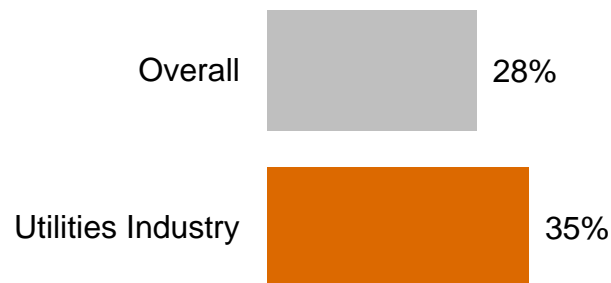
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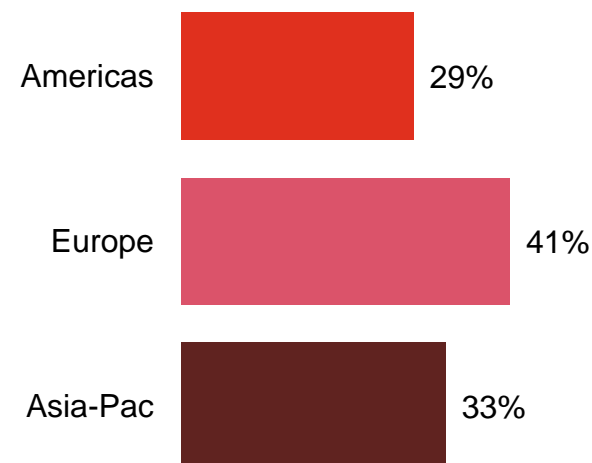
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Industry respondents lead overall numbers in viewing new product or service development as a key opportunity for growth in the next 12 months

Utilities industry respondents vs. overall



Utilities industry respondents by region



Which one of the following potential opportunities for business growth do you see as the main opportunity to grow your business in the next 12 months?

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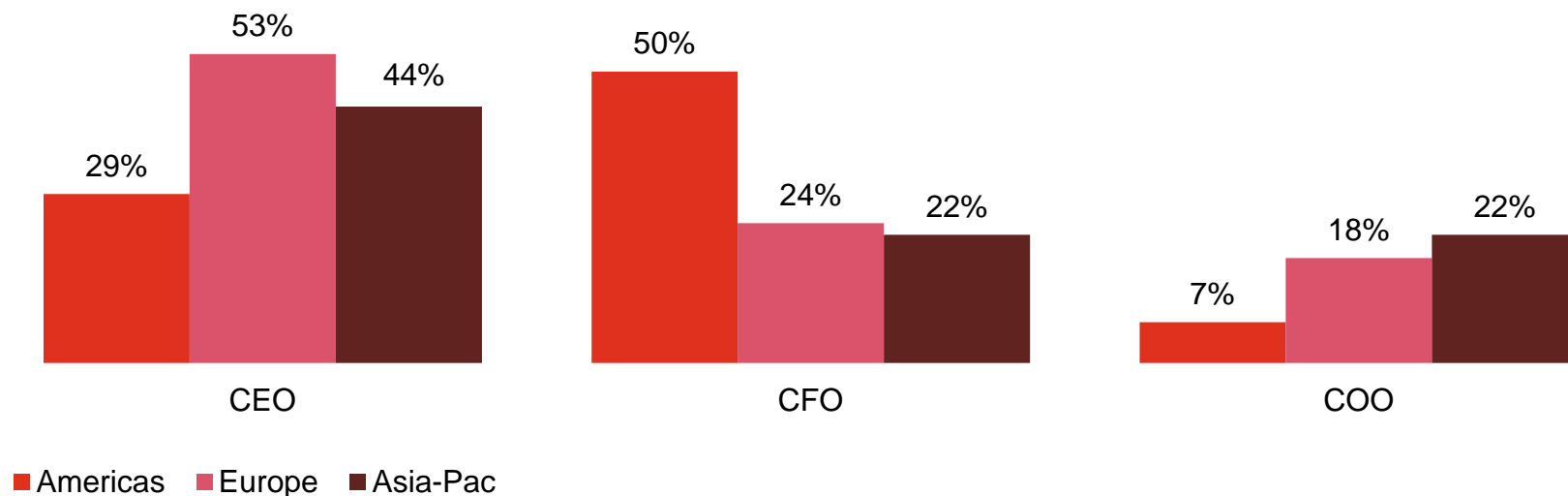
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Respondents reported that CIOs most often report to the CEO in Europe and Asia-Pac, while in the Americas they more often report to the CFO

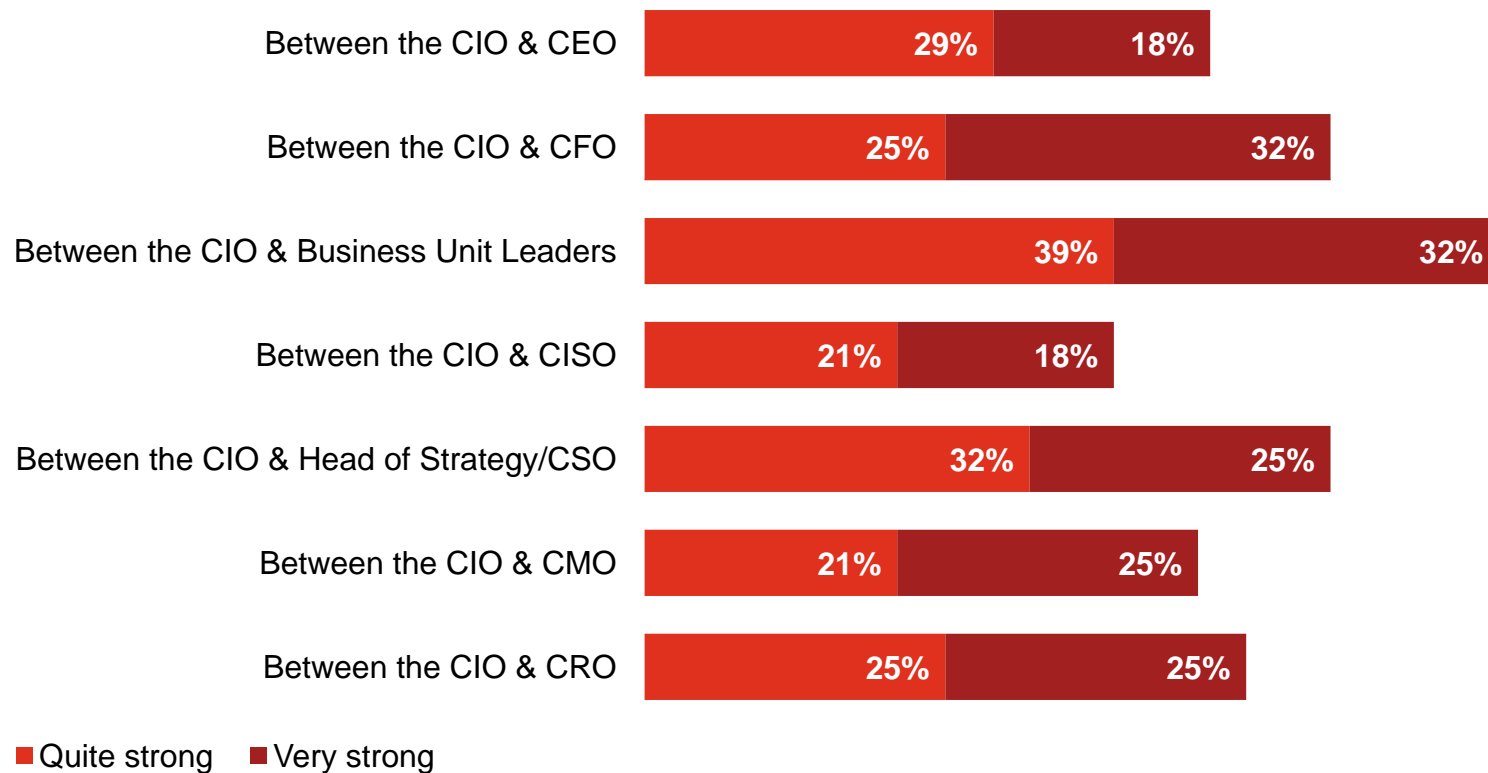


To whom does the Enterprise or Global CIO report to in your organization?

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A strong relationship between the CIO & the C-suite can help ensure that information technology is leveraged across all aspects of the organization



Please rate the strength of working relationships or collaboration between each of the following roles in your company

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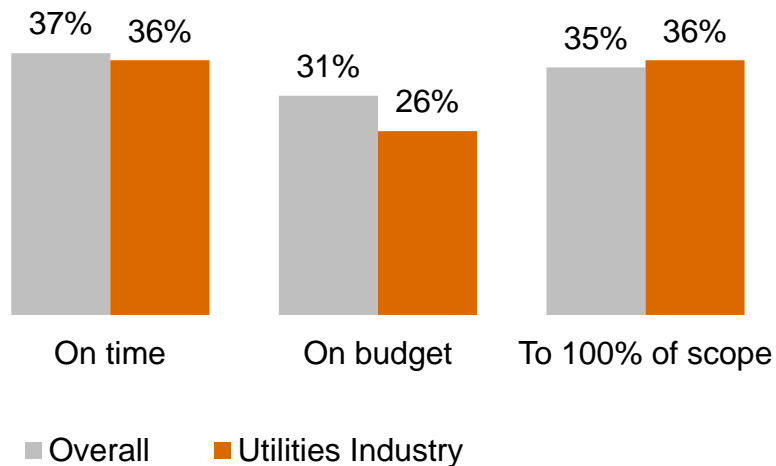
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Mobilization & roadmap

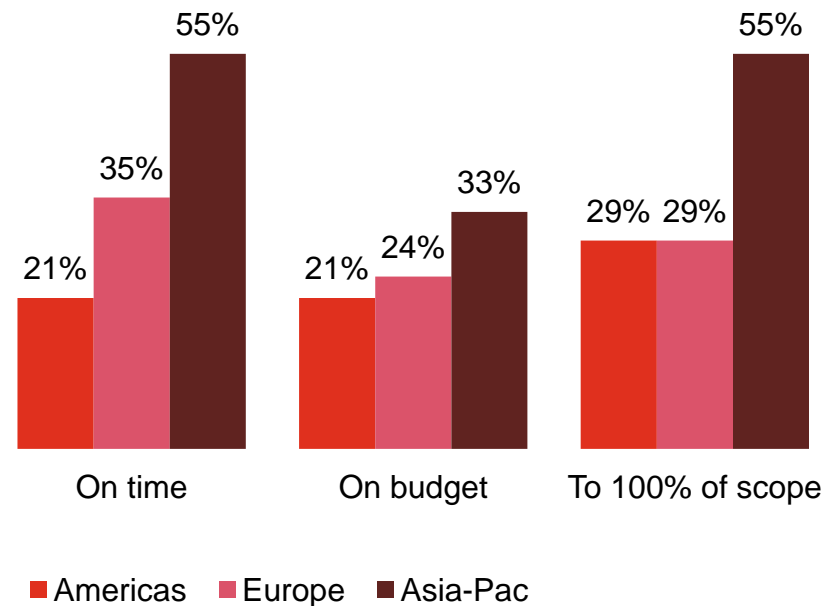
Company performance

Asia-Pac respondents lead in delivering information technology initiatives on time, on budget, and to scope

Utilities industry respondents vs. overall



Utilities industry respondents by region



On average, how often did strategic information technology initiatives fall within each of the following delivery categories in the last 12 months? ("Frequently" or "Always")

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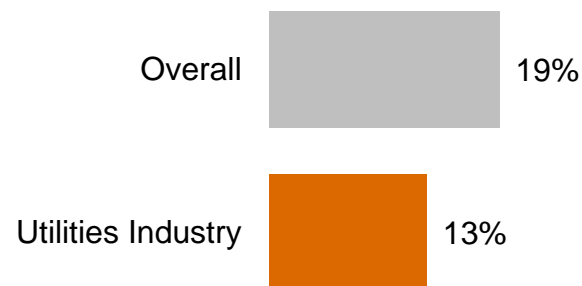
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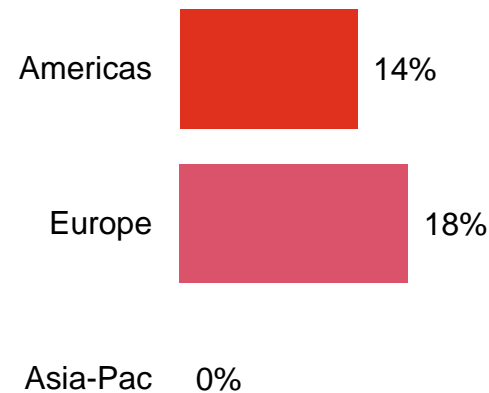
Company performance

Few Utilities employees have what they need on a mobile platform, which may be worrisome in this digital economy

Utilities industry respondents vs. overall



Utilities industry respondents by region

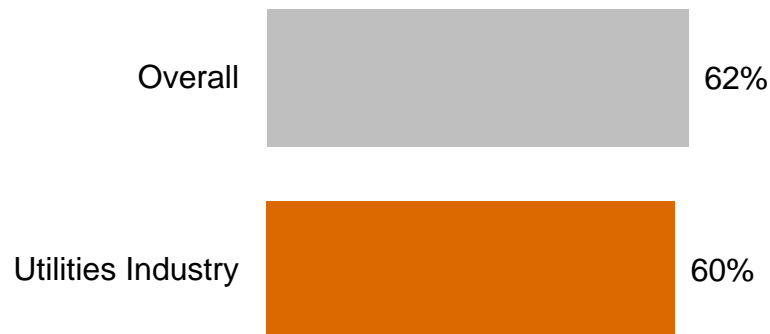


How equipped are the employees in your organization to deliver products and services using mobile technology? That is to say, to what extent do they have the mobile skills, tools and applications they need?

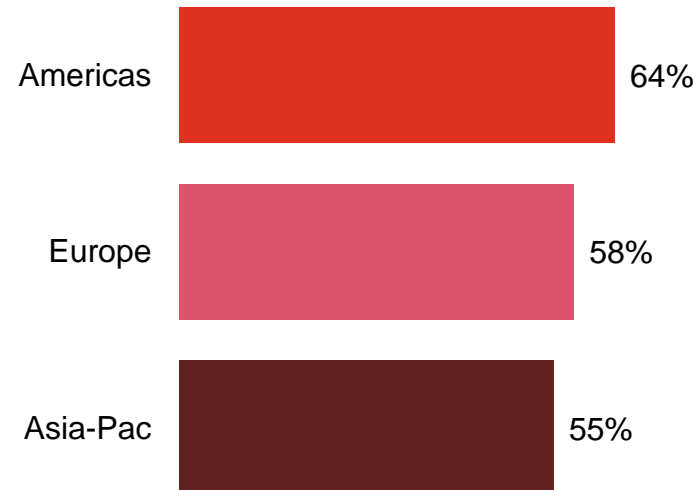
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The majority of respondents agree that harnessing Big Data will provide a competitive advantage. But are they prepared to translate insight into action?

Utilities industry respondents vs. overall



Utilities industry respondents by region



To what extent do you agree or disagree with the following statements about “big data” and your organization? Harnessing “Big data” will give my organization a competitive edge (“Agree” and “Strongly Agree”)

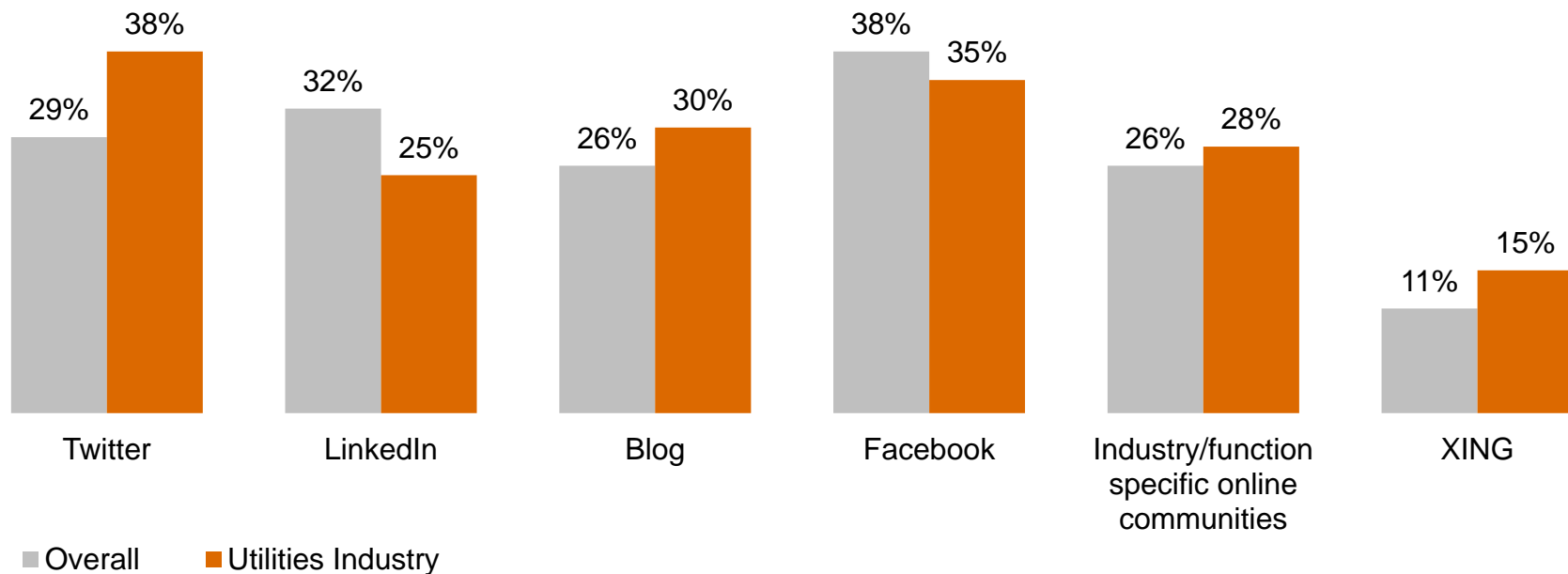
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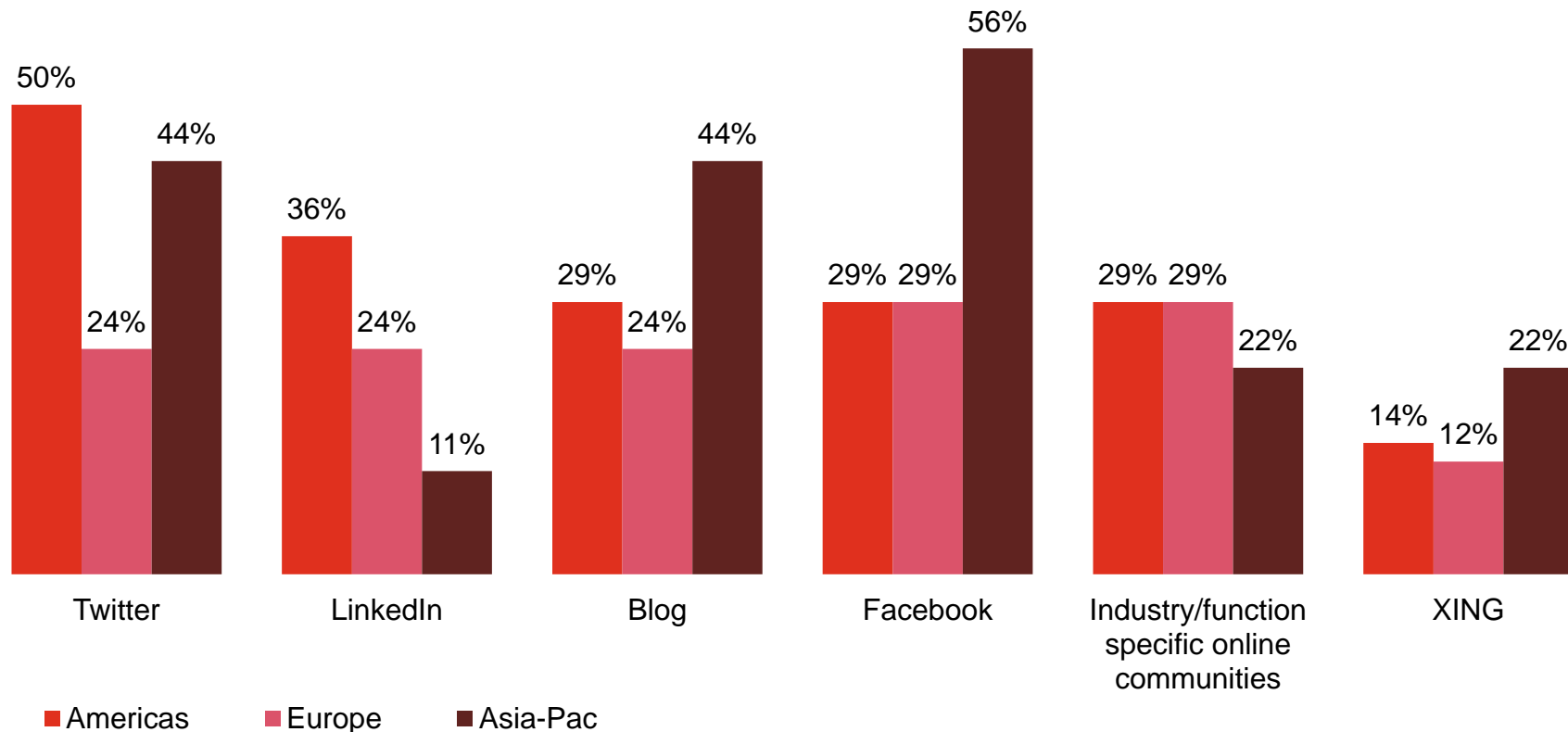
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Industry respondents more often expect the use of Twitter, blogs, industry-specific online communities and XING to increase this year



Do you expect the usage of social media in your organization for business purposes to increase, decrease or stay the same in the next 12 months? (% saying "Increase")

Planned use of social media varies by country, although Facebook, blogs and Twitter seem particularly popular in Asia-Pac



Do you expect the usage of each social media in your organization for business purposes to increase, decrease or stay the same in the next 12 months? (% saying "Increase")

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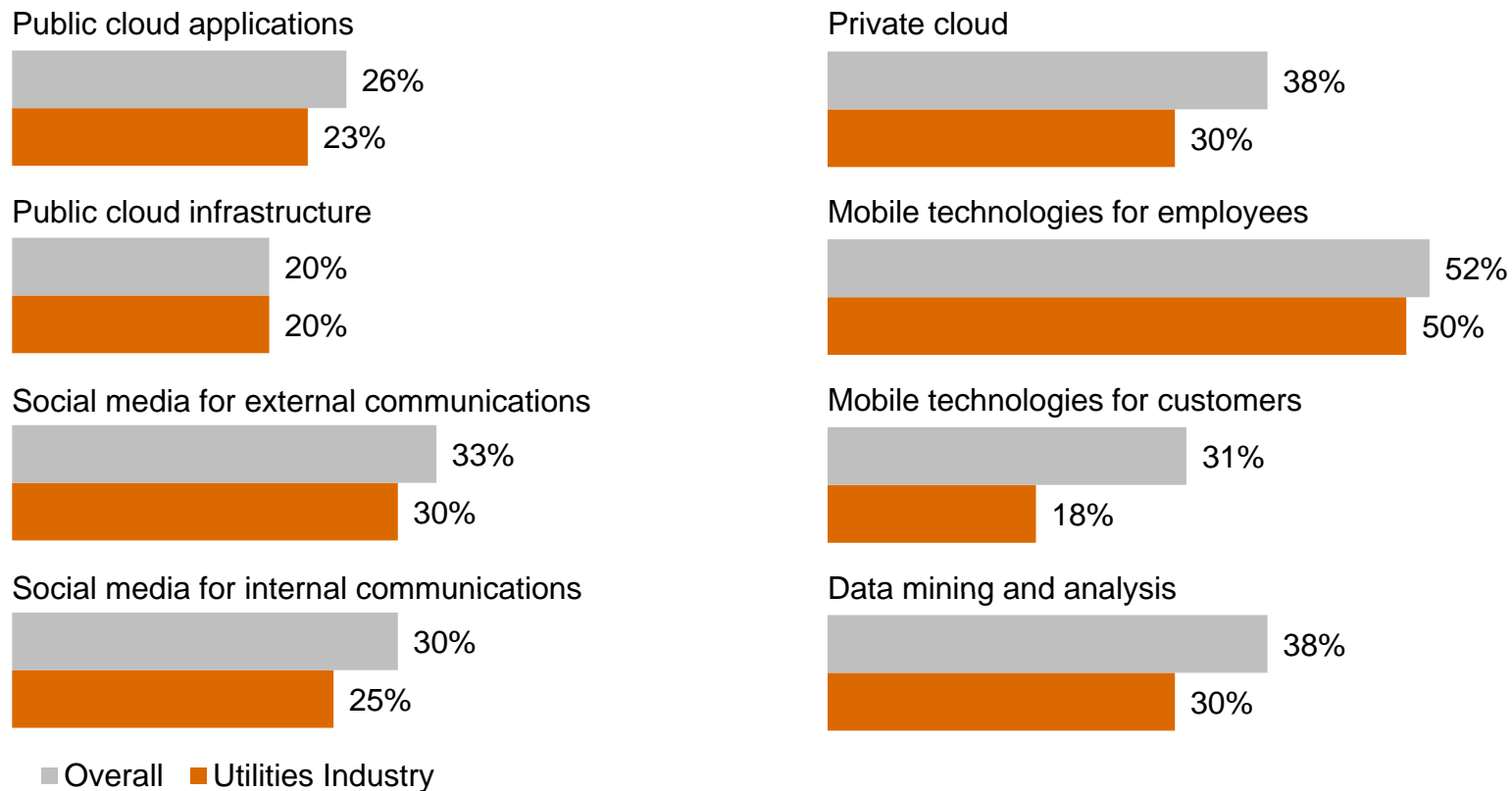
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Investments in mobile, social, cloud and data analytics trail overall respondents



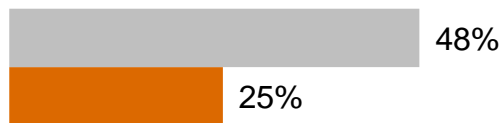
Which of these technologies are you currently investing in?

However, in the year ahead, the Utilities industry appears to be looking for more from public and private cloud applications

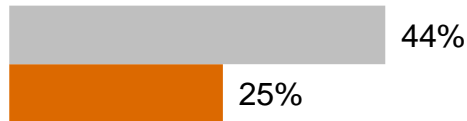
Public cloud applications



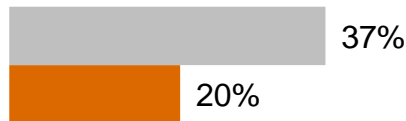
Public cloud infrastructure



Social media for external communications



Social media for internal communications



■ Overall ■ Utilities Industry

Private cloud



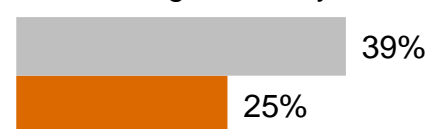
Mobile technologies for employees



Mobile technologies for customers



Data mining and analysis



For each of these technologies what are your investment plans for 2013? ("Will invest more in 2013")

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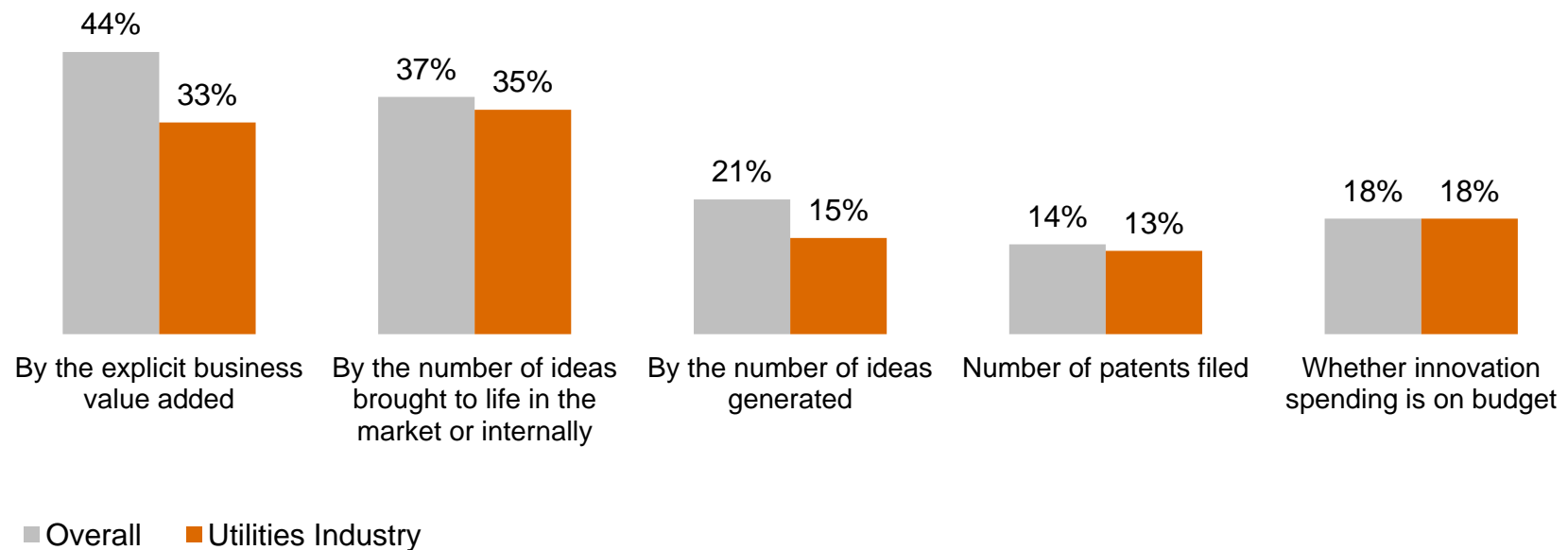
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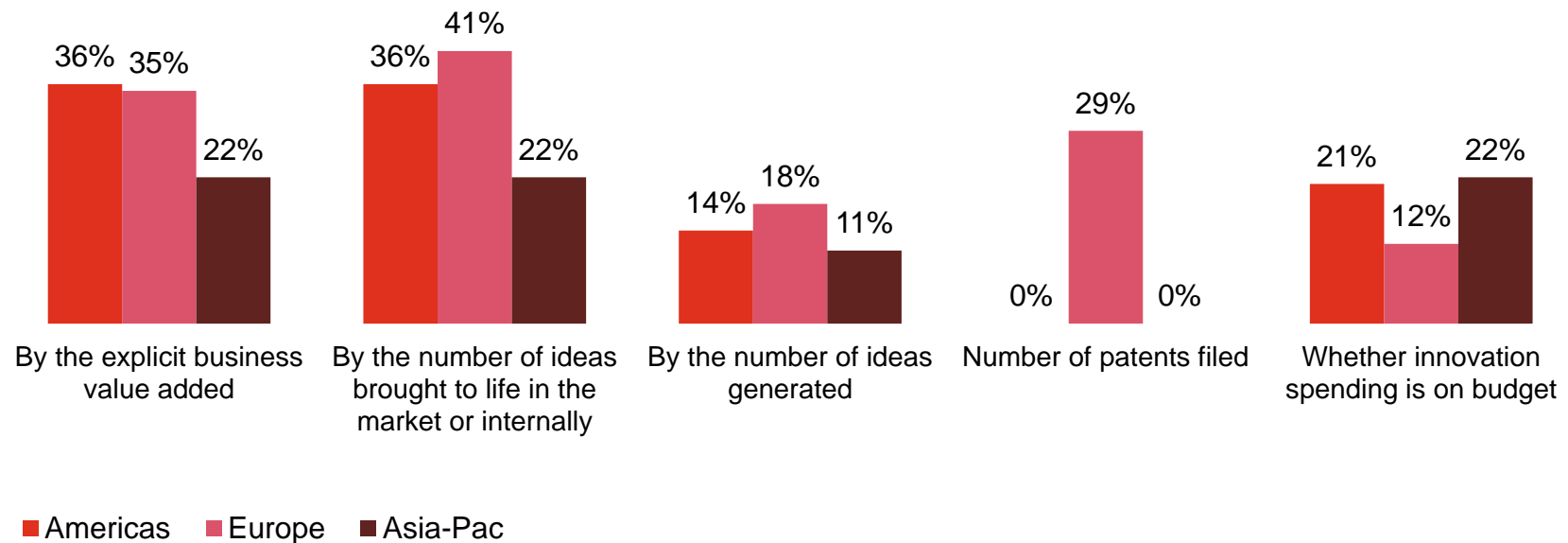
Company performance

Many respondents measure innovation success by the number of ideas brought to life in the market and by explicit business value added



How is innovation success measured at your company? (Select all that apply)

Respondents in Europe and Americas consider the number of ideas brought to market and the explicit business value added to be strong measures of innovation success



How is innovation success measured at your company? (Select all that apply)

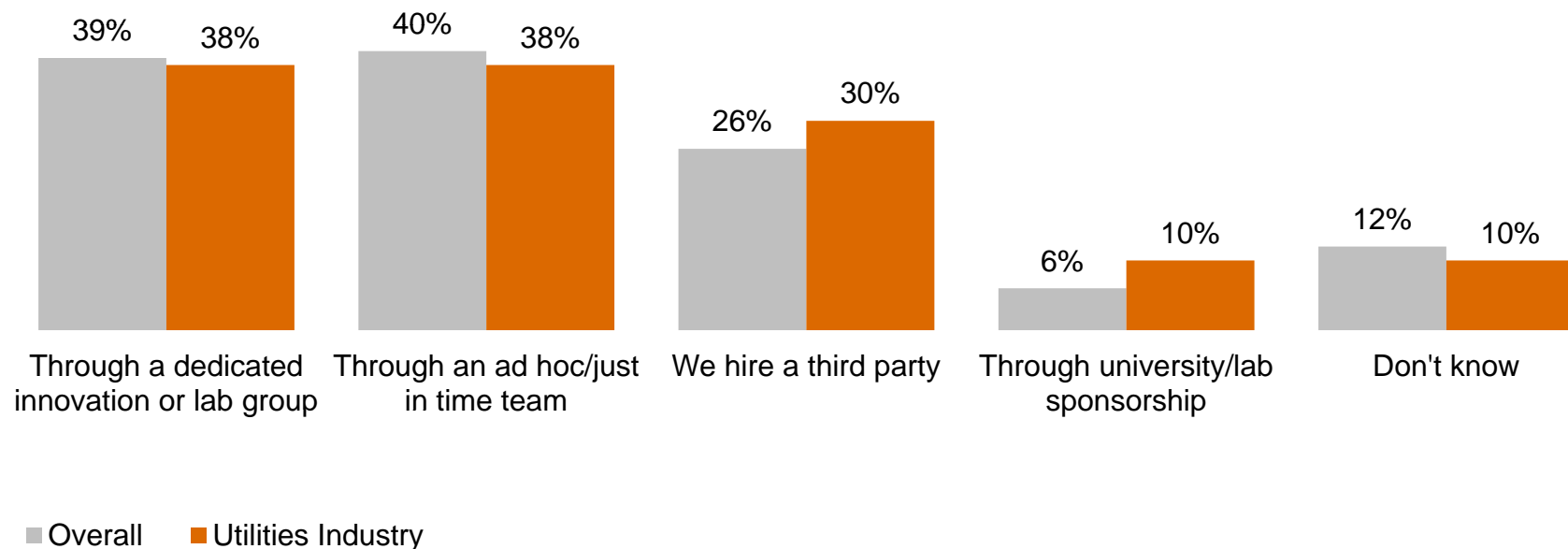
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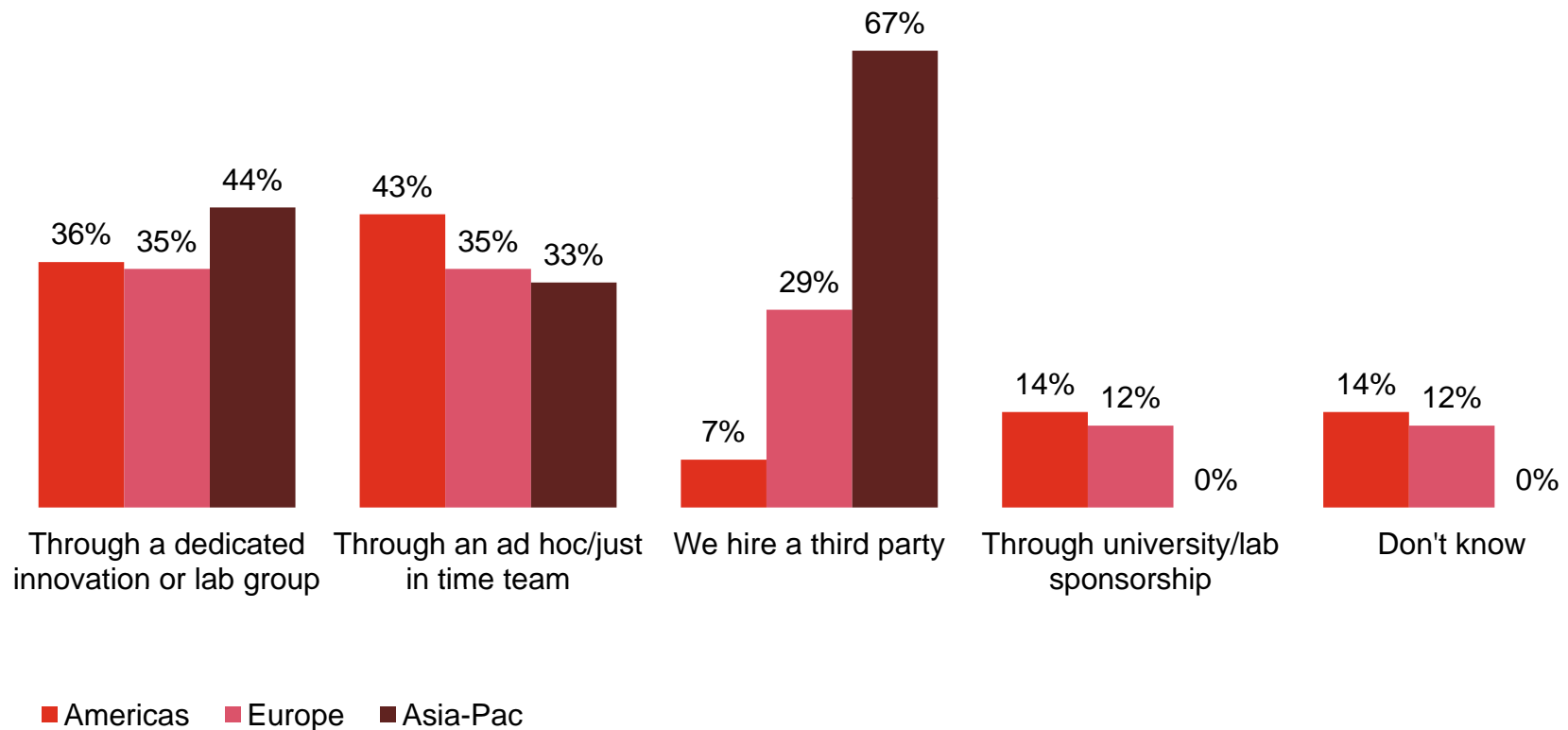
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Respondents are most likely to fuel innovation through a dedicated innovation or lab group, an ad hoc/just in time team or a 3rd party



How do you explore and act on high priority technology innovations in your organizations?

Respondents from Asia-Pac overwhelmingly use a 3rd party to explore and act on high priority technology innovations



How do you explore and act on high priority technology innovations in your organizations?

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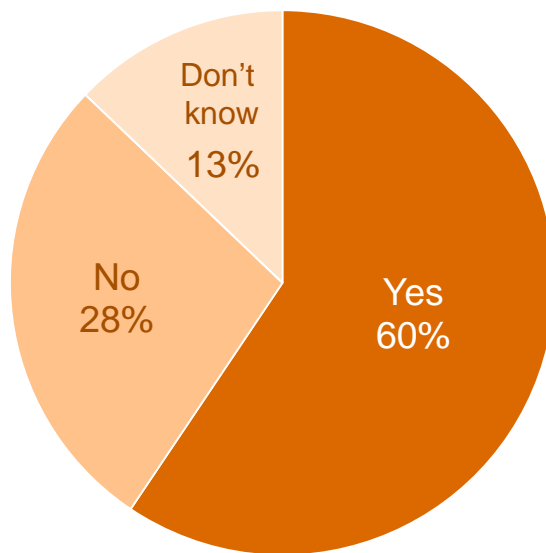
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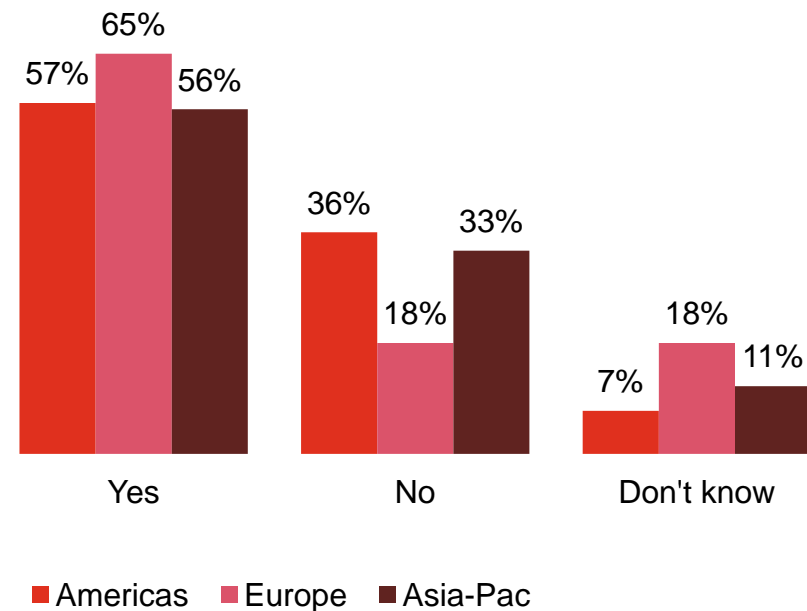
Company performance

60% have a single multi-year roadmap for the business, a common characteristic of top performing companies in our survey

Utilities industry respondents overall



Utilities industry respondents by region



Does a single, multi-year roadmap for the overall business strategy, exist within your organization?

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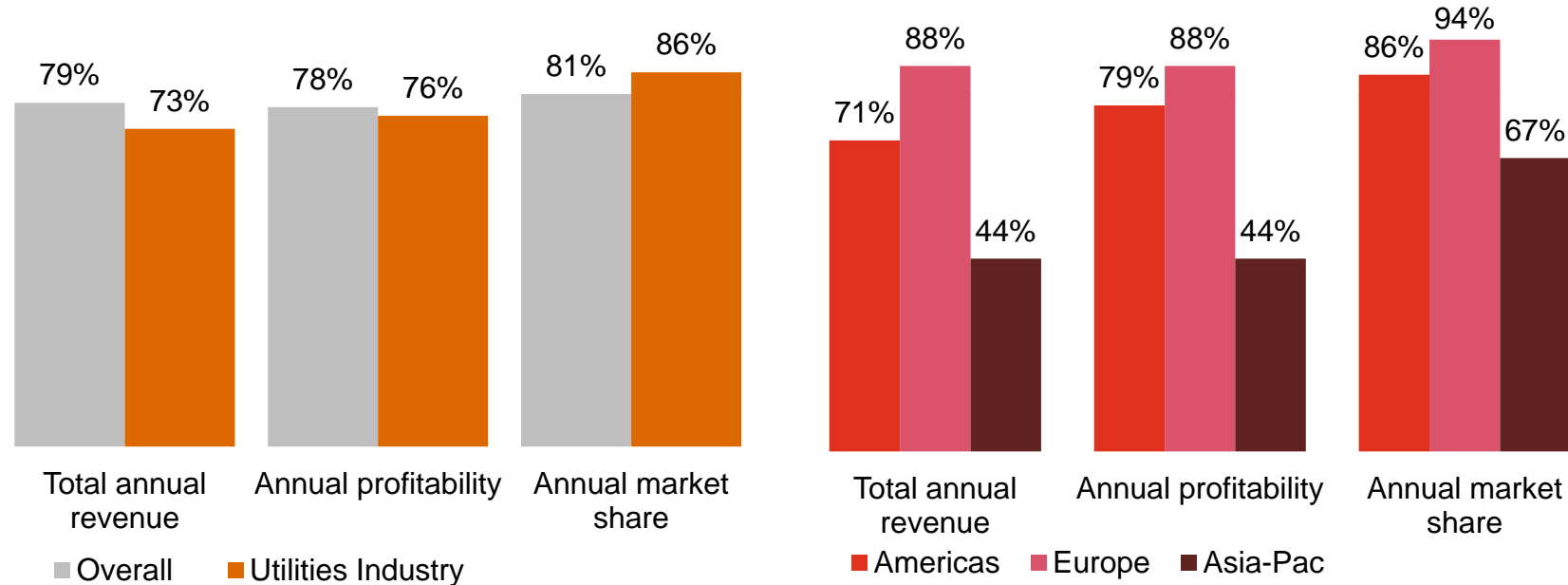
Investment in information technology

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Company performance

Confidence in revenue, profitability and market share over the next 12 months is high



How confident are you about your company's prospects for growth in the following metrics over the next 12 months?
("Very confident" or "Somewhat confident")

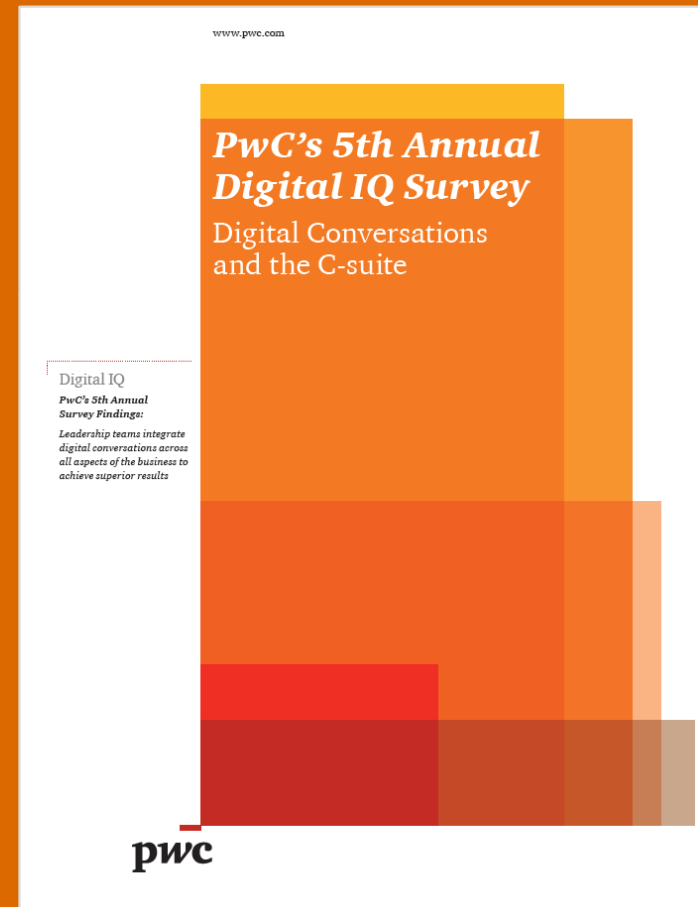
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