Investments in Information Technology and Trends

Are senior business executives such as CFOs more conscious when it comes to IT investments? The answer to this question is two folds, one what is the value proposition of the technology and, second, its impact on the business. Often, CFOs are the sponsors of technology investments. And, they are supported by other executives (such as CIOs, IT Heads etc) to articulate the benefits of the technology. However, lack of conviction regarding “Return on Investment” is perhaps the most daunting question which CFOs find difficult to answer while deciding on a technology investment.

The world has changed a lot and so has the technology. And, therefore, with the changing times the role of a CFO has also evolved, the CFO today is not only the sponsor but also an influencer when it comes to technology decisions. The CFO today looks at an IT initiative with a top-down approach, where in, the initiative is “for the business and by the business”. It may seem that business executives may adopt a conservative approach on technology investment owing to macroeconomic uncertainties the recent findings during EY’s survey on Enterprise IT Trends and Investments conducted in 2014 points at optimistic outlook toward IT.

If information is the key to success then knowing about key technology needs and trends of the industry is key to the successful technology investment. The latest emerging technology trends indicate that technologies such as cloud, analytics (including business intelligence), mobility are on the top priority. Additionally, the technologies which are helping the CFOs to overcome business challenges such as mentioned below are catching attention and funds, both:

- Reducing operating costs, enterprise wide
- Availability of the information “when required and as required”
- Analysing and monitoring business performance analysis
- Availability and completeness of the data used for decision making

The fact that the CFOs are putting in efforts to solve such challenges by means of technology demonstrates that the technologies which are developed keeping business at the helm of the centre are having higher importance higher adoption. Apart from the emerging technologies few other which are of key importance to the CFOs are enterprise business applications, business process management tools, enterprise performance management tools helping them to deal with enterprise wide challenges. Similarly, for core business operations and for statutory needs investments are made in the technologies which are able to cater to requirements such as:

- Performance management data (dashboards, scorecards) for management reporting
- Budgeting, forecasting & planning
- Consolidated financial reporting and management
- Enterprise risk management
Technologies which provide clear business proposition are more likely to resonate with CFOs. For example, one of the key needs of the CFO is to play with data and draw meaningful conclusions to take real time decisions to run business. At the same time place comfort on the baseline data used for performing analysis and feel confident on the decisions taken. This typical demanding requirement is answered by Business Intelligence and Analytics tool, helping the CFO to create his or her own playground and faster turnaround of decisions. The high side of the story is that such technologies coupled with other technologies such as cloud computing (SaaS – Software as a Service) provides benefits of cost arbitrage, as well. Such investments are truly the double edged sword racking high on the CFOs agenda.

The recent EY survey indicates that about 75% of the respondents are of a view to increase their IT budget between 1% to 20%. Interestingly, the survey also confirms the views expressed above. it is observed in survey results that digital technologies are on top priority of technology investment. This includes enterprise mobility, data analytics and cloud. They are fundamentally changing the ways in which consumers interact with these organizations, and at the same time creating new business models at the heart of these organizations. Therefore, organizations see value in investing and adopting these technologies during early stages.

Our 2014 survey have shown a marked difference in adoption levels for each one such as:

- Cloud computing and IT consolidation are seen as the forerunners in this race with nearly 56% of respondents indicating it as their number 1 priority for the upcoming year;
- Business Intelligence, Analytics and Big Data come second at 34%;
- Enterprise mobility is at 25%; and social media is lagging behind at 9%.
Key thoughts and comments:

- Technologies serving to key business needs and requirements such as:
  - Helping overcome operational performance measurement & monitoring challenges
  - Providing flexibility to access right data anywhere anytime enhancing decision making capability
  - Streamlining reporting and consolidation for statutory compliance needs
  - Oversight and timely remediation of risks at an enterprise level
  - Reducing operational costs and still operate effectively & efficiently
  - Precise and sharper view on the business to stakeholders such as boards, audit committees or investors

For now and time to come, emerging technologies such as cloud, analytics, mobility are the right options for technology investment aiming to make business more agile and cost effective. While,
on the other hand enterprise technologies such as business process management, enterprise applications (ERP), performance management suites, GRC tools are the investment options to help achieve enterprise wide functional & procedural control and effective monitoring.

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