

CIO Survey: COVID-19 forces one of the biggest surges in technology investment in history, finds world's largest technology leadership survey



Companies spent the equivalent of around US\$15bn extra a week on technology to enable safe and secure home working during COVID-19, reveals the 2020 KPMG / Harvey Nash CIO Survey. This was one of the biggest surges in technology investment in history – with the world's IT leaders spending more than their annual budget rise in just three months, as the global crisis hit, and lockdowns began to be enforced.

The largest technology leadership survey in the world of over 4,200 IT leaders, analyzing responses from organizations across 83 countries with a combined technology spend of over US\$250bn, also found that despite this huge surge of spending, and security & privacy being the top investment during COVID-19, 4 in 10 IT leaders report that their company has experienced more cyber attacks. Over three quarters of these attacks were from phishing (83%), and almost two thirds from malware (62%) suggesting that the massive move to home working has increased exposure from employees.

At the same time, organizations have struggled to find skilled cyber security professionals to support this dramatic shift to homeworking – and report that cyber security (35%) is now the most 'in demand' technology skill in the world. This is the first time a security related skill has topped the list of global technology skills shortages for over a decade.

"No one could have predicted the unexpected mass relocation of office workers from the safe boundaries of the corporate network to living-rooms, bedrooms and kitchen tables all over the world. The attack surface of organisations has therefore expanded exponentially" notes **Gabriel Tanase**, *Partner in the Cyber & Technology practice of KPMG in Romania*. "It is no surprise, therefore, that cyber-attacks have increased as a result of the influence of Covid-19" he continues. "As Spear phishing has become the main attack vector, organizations should focus on educating people inside the organization rather than on technically securing the perimeter", Tanase concludes.

Although technology spend has risen dramatically during the pandemic, the survey found that technology budgets will be under more strain over the year ahead. Prior to COVID-19, over half (51%) of IT leaders expected a budget rise in the next 12 months, but during the pandemic this number declined to 43%. This still represents a net increase in budgets and remains almost twice as high as IT spend in 2009 - in the wake of the 2008 Global Financial Crisis.

More than half of the respondents (47%) say the pandemic has permanently accelerated digital transformation and the adoption of emergent technologies. Technology is the key enabler in organizations' efforts to become leaner and more efficient in their operations. But technology introduces new risks, resulting from rapid scaling of

cloud-based software, remote access from personal devices and management of vast amounts of data across more and more complex technology environments. Therefore, it was no surprise that the survey showed that security and privacy is the most important investment in the New Reality.

“IT and business functions recognize that they can significantly improve customer and business outcomes, lower risk and innovate faster, if they work together” says **Gheorghe Vlad**, *Director in the Cyber and Technology practice of KPMG in Romania*. “While we moved onward from the first shock of the crisis generated by the pandemic, when focus was placed rather on resilience than long term planning, the time has come for IT to adjust to the New Reality and increase the use of emerging technologies (such as SaaS marketplace platforms, intelligent automation or machine learning) for the benefit of companies and customers” he concludes.

Other key findings from the world’s largest technology survey include:

- Digital companies pull away – Digital Leaders were more likely than non-digital leaders to make additional technology investments as a result of COVID-19 – with 50% more organizations that are ‘very’ or ‘extremely effective’ at using digital technologies spending an additional 21-50%. These investments focused on large-scale implementations of Distributed Cloud (42%) and SaaS (34%). The crisis has served to emphasize a growing divide between organizations driving their strategy through technology, and those that aren’t.
- Concerns over mental health - 8 in 10 IT leaders during COVID-19 are concerned about the mental health of their team, which has resulted in 58% of the organizations where they operate putting programs in place to support their staff.
- Cloud investment up – After investment in security and privacy (47%), investment in infrastructure and the cloud was the third most important technology investment during COVID-19, with the number of IT leaders actively considering Distributed Cloud nearly doubling in just 12 months (from 11% to 21%).
- Skills shortages – Prior to COVID-19, 2020 skills shortages remained close to an all-time high. Subsequently, shortages in tech talent have remained high, only marginally dropping compared to the 2008 Global Financial Crisis. In addition to cyber security skills (35%), the next three most scarce technology skills are organizational change management (27%), enterprise architecture (23%) and technical architecture and advanced analytics, both at 22%.
- Remote working and the new deal for employees - Remote working is here to stay, as 86% of IT leaders moved a significant part of their workforce to remote working, and 43% expect more than half of their employees to work from home after the pandemic. Work location & remote working has risen to become one of the five most important factors for engaging and retaining key technology talent during, and after, COVID-19. Leaders will therefore need to rethink how they attract and engage their employees in a world where physical location is no longer a prime asset (or drawback).

In our special report IT in the New Reality [included in the results of this year’s CIO Survey] we share four models of economic recovery patterns following the COVID-19 pandemic. While recovery will be unique to each sector, country, and company – common to all is the urgency to act decisively.