

The Harvey Nash logo consists of the words "HARVEY" and "NASH" stacked vertically in white, uppercase, sans-serif font, set against a red rectangular background.

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The PA Consulting Group logo features the text "in association with" in a small, grey, sans-serif font above the letters "PA" in a large, bold, red, serif font, followed by the words "Consulting Group" in a smaller, grey, sans-serif font.

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The background of the top half of the page is a photograph of the Earth as seen from space, showing the blue and white horizon of the planet against the blackness of space. A bright light source, likely the sun, is positioned behind the horizon, creating a lens flare effect.

# HARVEY NASH U.S. IT LEADERSHIP TRENDS

*A YEAR-OVER-YEAR ANALYSIS*

In early 2010, Harvey Nash expanded its IT leadership survey scope in order to examine critical business and technology issues on a multinational level. Over 2,500 CIOs, IT executives and managers across the U.S. and Europe participated in the survey, which provides valuable insight into the state of IT organizations in numerous regions around the globe.

In the U.S., Harvey Nash has been surveying IT leaders for the past five years. The annual survey provides insight into how IT leaders are addressing challenges, planning strategies, leveraging resources and managing their careers. With recession mentality still strong across the U.S., this survey—conducted at the very beginning of 2010—offers a unique opportunity to see how the resources, priorities and strategies of American IT leaders are evolving in a period of slow, very guarded economic recovery. This supplement to the comprehensive global survey narrows the focus to the U.S. marketplace in order to provide a year-over-year analysis of several IT leadership issues and to examine how American IT executives are addressing them.

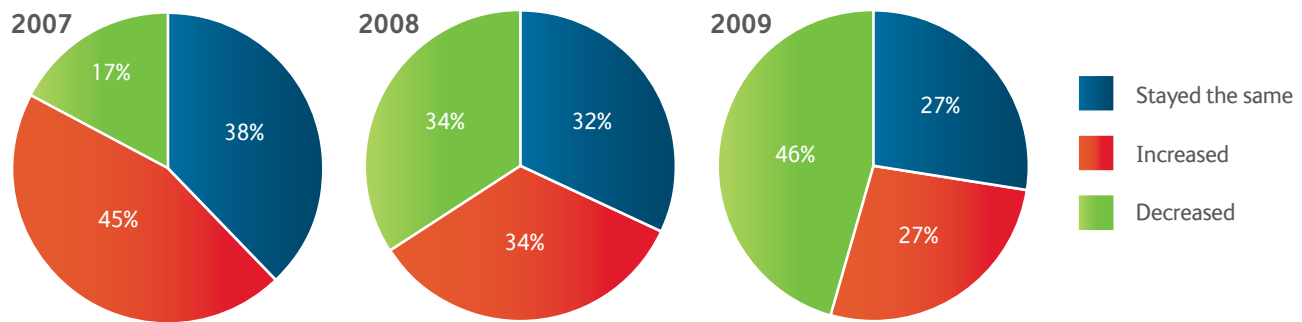
*A Harvey Nash 2010 CIO Survey Supplement*

# U.S. IT Leadership Trends: A Year-Over-Year Analysis

## U.S. IT Budgets Decline Sharply

2009 was a much harder year for IT budgets in the U.S. than 2008. When asked to share how their IT budgets changed over the last 12 months, nearly half (46 percent) of survey respondents saw a decrease in their budgets and only 27 percent saw an increase. In 2008, 34 percent saw a budget decrease but the very same amount (34 percent) saw an increase in their budgets. By looking back to 2007, when 45 percent of IT leaders saw IT budget increases, it's clear how drastically resources fell for IT leaders during the recession.

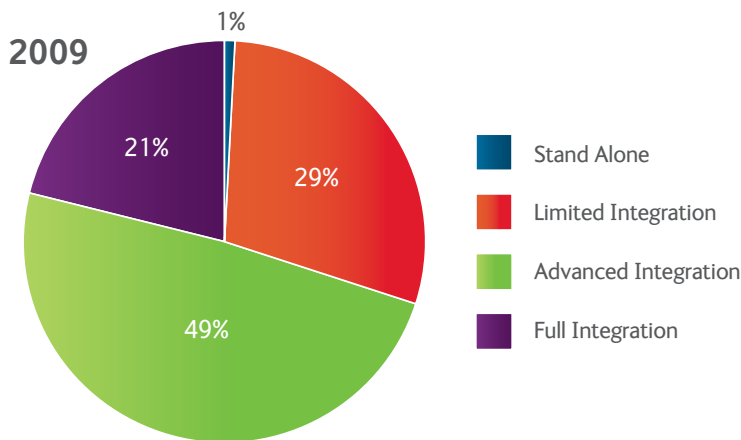
Figure 1. IT Budgets from 2007 to 2009



## IT Business Integration Increases

The recession seems to have had a powerful impact on the alignment of IT and business priorities. In 2008, only 7 percent of IT executives classified the integration of IT and business within their organizations as fully or completely integrated. In 2009, 21 percent of respondents said that IT and business organizations were fully integrated. Another 49 percent classified their integration as advanced. In total, 70 percent of IT leaders today feel that business and IT have achieved full integration or are on the advanced side of integration.

Figure 2. How integrated is the IT function within your business?



## More IT Leaders Reporting to CEOs and CFOs

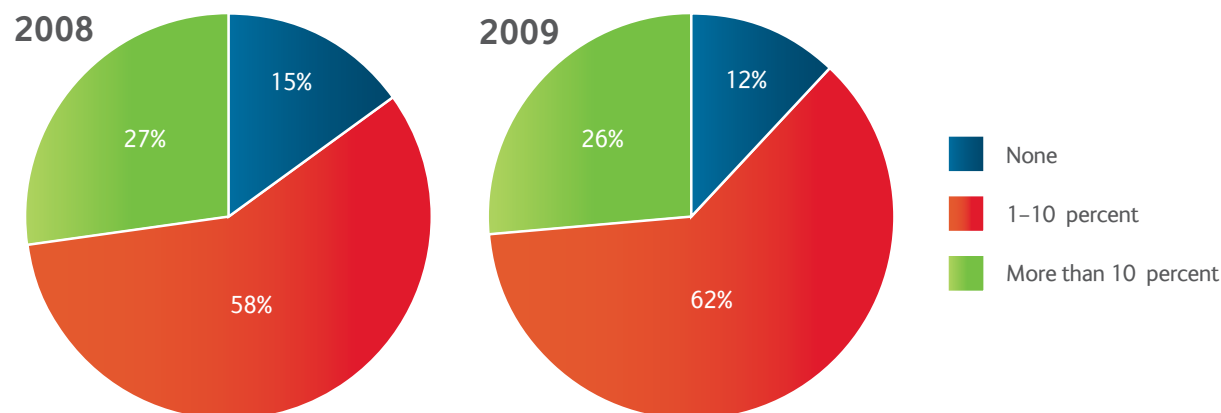
This survey noted a subtle shift in U.S. reporting lines. In 2008 only 15 percent of IT leaders reported to the CEO and in 2009 that number grew to 21 percent. In 2008 only 7 percent reported to the CFO and in 2009 it increased slightly to 10 percent. As the IT-business integration results also reflect, it appears that during times of recession CEOs and CFOs from the U.S. are determined to manage technology more closely.

# U.S. IT Leadership Trends: A Year-Over-Year Analysis

## Innovation ROI is Steady as Collaboration Shifts to Competitors

While the recession may have hit IT budgets hard, innovation success was not hampered. According to IT executives, their innovation ROI results were approximately the same if not a little bit better than the previous year. In 2008, 58 percent of IT leaders said their innovation efforts achieved ROI between 1 percent and 10 percent. For 2009, 62 percent of IT leaders said ROI was between 1 percent and 10 percent. In 2008, 27 percent of IT leaders saw revenue of more than 10 percent for their innovation efforts. That number fell by just one percentage point to 26 percent in 2009.

Figure 3. ROI Innovation in 2008 and 2009



This year also marked an upwards shift in innovation collaboration. In 2008, only 7 percent of IT leaders said they were collaborating with competitors when it came to innovation. For 2009, that number rose to 13 percent, demonstrating how tough times can inspire businesses to find partners in atypical places. Collaboration with customers also rose from 33 percent in 2008 to 38 percent in 2009 while other collaborative relationships (such as those with suppliers and professional services firms) held steady.

## IT Leaders Identify a Skill Shortage

There was a significant increase in the number of U.S. CIOs who believe their organizations are suffering from a technology skills shortage. In 2008, 49 percent of respondents agreed that their IT function lacked the skills needed to compete. In 2009 that number jumped to 62 percent, which is a 13 point hike. Of those who said there is a skills shortage, 68 percent believe it is now influencing their organization's ability to grow.

## IT Outsourcing & Offshoring Steady with Plans to Grow

The proportion of U.S. CIOs indicating they were planning to invest more in outsourcing activity in 2009 was flat over 2008 at 38 percent. However, there has been a significant drop in U.S. survey respondents who demonstrate intentions of cutting outsourcing projects. Last year, 22 percent of U.S. CIOs cut projects as budgets were threatened. This year, only 15 percent are likely to reduce outsourcing activity. In terms of offshoring, 88 percent of U.S. respondents said they were planning to maintain or increase their offshore activity in the next 12 months.

## IT Leader Turnover Falls

Turnover has decreased in the last year at the IT leader level. Only 7 percent of U.S. respondents have been employed less than one year with their current organization, compared to 11 percent in 2008. Those who have been with their employer less than 24 months also dropped from 21 percent the year prior to 13 percent in 2009.

# U.S. IT Leadership Trends: A Year-Over-Year Analysis

U.S. CIOs in the mid-range of tenure (two to five years) had the biggest population growth, up from 22 percent in 2008 to 32 percent in 2009. However, there are fewer U.S. respondents in the longest tenure category (more than 10 years), dropping from 27 percent to 23 percent. This shift may likely reflect an increase in early retirement departures due to the difficult business environment.

## IT Leader Job Satisfaction Declines

In terms of job satisfaction, the recession had an impact. In 2007, job satisfaction dropped from 88 percent to 79 percent. That number fell again in 2008 to 75 percent and in 2009 hit 69 percent, its lowest point in the Harvey Nash CIO Survey to date.

Figure 4: Job Satisfaction from 2006 to 2009

<b>2006</b>	88%
<b>2007</b>	79%
<b>2008</b>	75%
<b>2009</b>	69%

## Moving Forward

2009 was clearly a year of declines for U.S.-based IT leaders. Smaller budgets, decreased satisfaction and widespread nervousness about the market kept many IT leaders cautious and in their jobs. As 2010 progresses, Harvey Nash will continue to measure both the U.S. and global IT leaders' perspective to analyze how those declines evolve and how CIOs and IT leaders adjust their strategies in the year ahead. To get a full copy of the global 2010 Harvey Nash CIO Survey, you can visit [www.harveynash.com/ciosurvey](http://www.harveynash.com/ciosurvey) or request one from your local Harvey Nash representative.

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