CIO & MOBILE LEADER

STATE OF ENTERPRISE
★ MOBILITY ★
SURVEY

NOVEMBER 2014

kinvey

Key Findings

■ **CIOs have high hopes for mobile**

97 percent of CIOs have high hopes for what mobile can do for their business. 76 percent of CIOs are looking to mobile to reduce costs and increase employee productivity, 64 percent are looking to mobile to create new revenue opportunities, and 12 percent are looking to use mobile to disrupt the marketplace.

■ **Mobile app development is costly, slow, and frustrating**

56 percent of mobile leaders surveyed say it takes from 7 months to over 1 year to build one app and 18 percent say they spend from $500,000 to over $1,000,000 per app. 50 percent of CIOs think the process takes too long; 24 percent cite it as a source of frustration.

■ **App development is decentralized and fragmented**

71 percent of app development is currently being led by product lines or functions (e.g., marketing, sales, etc.) rather than centralized via enterprise IT. In organizations that say they have no formal mobile strategy, 61 percent of CIOs cite that each mobile project is run separately.

■ **Lack of mobile strategy is a formula for disaster**

46 percent of CIOs say fragmentation is the reason why their mobile strategy lags behind. This strategy-less approach leads to redundancy, inefficiency, and uncontrolled costs. This could mean that an enterprise could spend over $500M on this next wave of enterprise apps if they don't address this fragmentation.

■ **The past is the past – or is it?**

The top three reasons CIOs cite for causing their inability to advance their mobile strategy: 67 percent lack the budget, 53 percent have infrastructure built for the web (not mobile), and 50 percent don't have the right tools.

■ **CIOs are turning to cloud for mobile projects**

With so many CIOs frustrated by the time it takes to develop a single app, 63 percent say they'll be adding cloud services to address their mobile project needs. 67 percent are anticipating an 11 percent to 30 percent growth in the use of cloud services in the next twelve months.
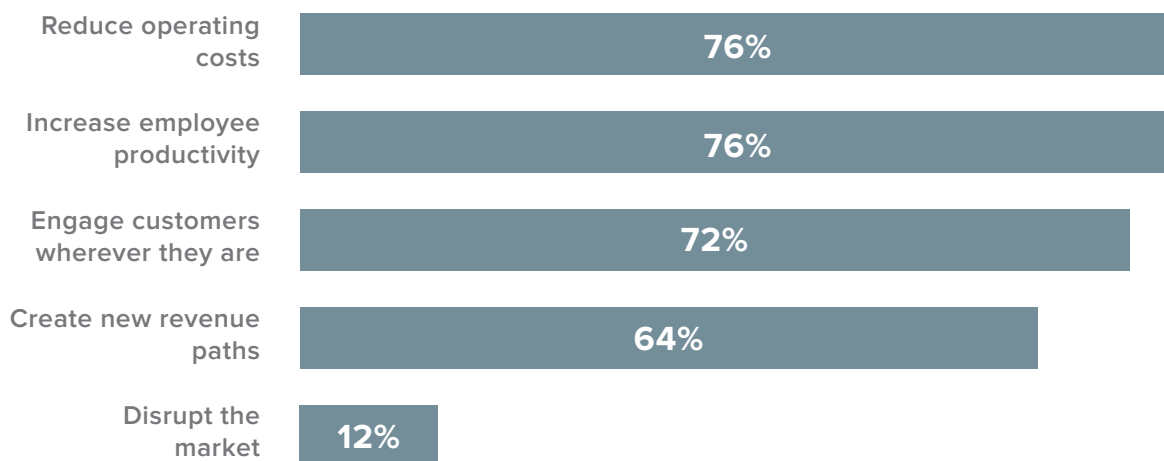
CIOs have high hopes for mobile.

97 percent of CIOs have high hopes for what mobile can do for their businesses, with 51 percent citing it's important and 46 percent saying it's critical.

HOW IMPORTANT IS HAVING A MOBILE STRATEGY TO YOUR BUSINESS?

Critical 46%	Important 51%

Neutral 2%

Not Important 1%

While 76 percent of CIOs are looking to mobile to reduce costs and increase employee productivity, and 64 are percent looking to mobile to create new revenue opportunities, only 12 percent are planning to disrupt the market with mobile.
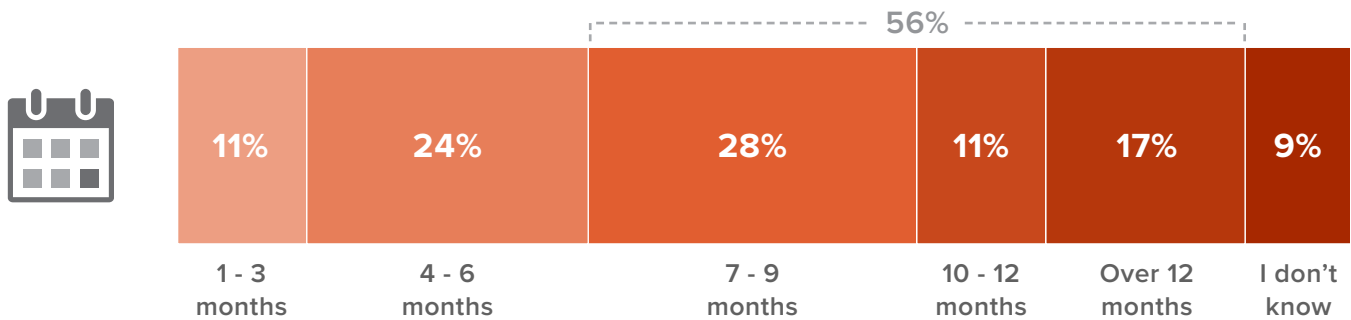
WHAT ARE YOUR BUSINESS GOALS WHEN IT COMES TO MOBILE?

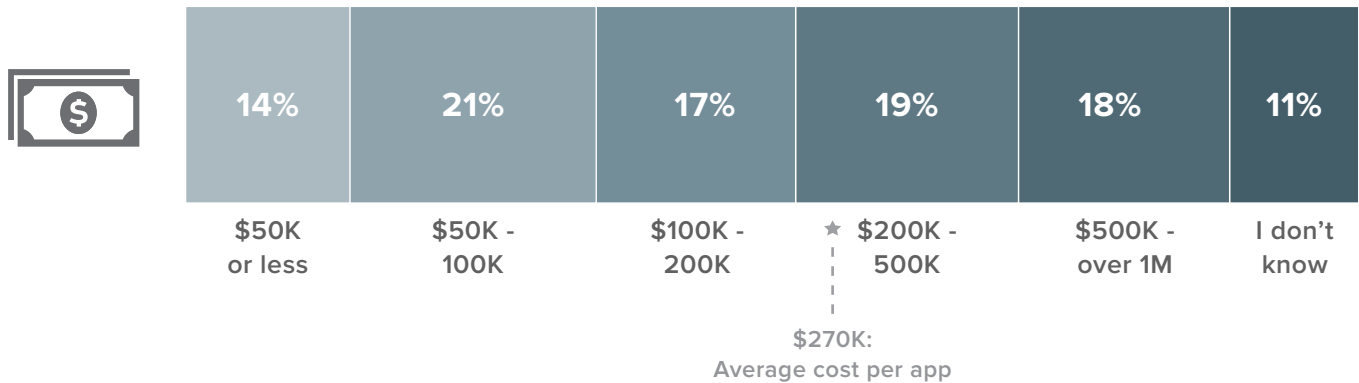|	
Reduce operating costs	76%
Increase employee productivity	76%
Engage customers wherever they are	72%
Create new revenue paths	64%
Disrupt the market	12%

Mobile app development is costly, slow, and frustrating.

56 percent of mobile leaders surveyed say it takes from 7 months to more than one year to build one app. 18 percent say they spend from $500,000 to over $1,000,000 per app, with an average of $270,000 per app. 50 percent of CIOs think the app development process takes too long; 24 percent cite it as a source of frustration.

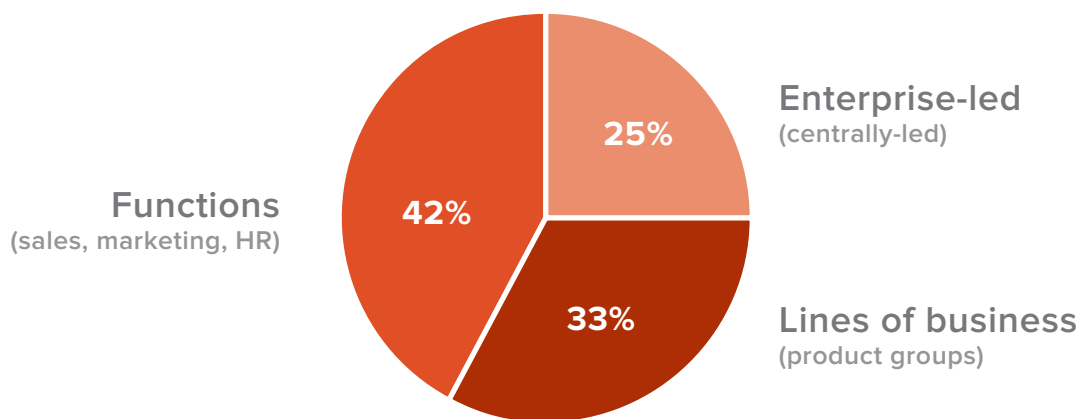**HOW LONG DOES IT TAKE YOUR ORGANIZATION TO DEVELOP & DEPLOY A MOBILE APP?**

	56%		

11%	24%	28%	11%	17%	9%
1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	Over 12 months	I don't know

HOW MUCH DOES YOUR ORGANIZATION SPEND TO DEVELOP & DEPLOY ONE APP?

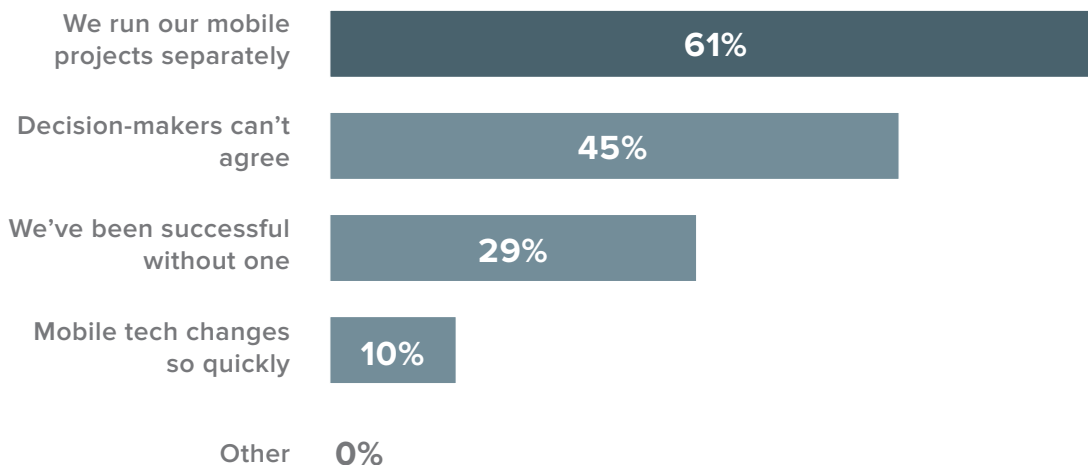| 14%	21%	17%	19%	18%	11%
$50K or less	$50K - 100K	$100K - 200K	★ $200K - 500K	$500K - over 1M	I don't know

$270K: Average cost per app

App development is decentralized and fragmented.

One in three organizations surveyed did not have a formal mobile strategy. This is not surprising given that 75 percent of app development is currently led by product lines or functions (e.g., marketing, sales, human resources, etc.) rather than centralized via enterprise IT. If this situation isn't addressed, businesses will face a future of fragmentation, rising costs, and unrealized mobile potential.

WHICH ORGANIZATION IS LEADING THE NEED FOR MOBILE APPS?

Enterprise-led
(centrally-led)
25%

Functions
(sales, marketing, HR)
42%

Lines of business
(product groups)
33%

WHAT ARE THE REASONS FOR NOT HAVING A MOBILE STRATEGY?

We run our mobile projects separately — **61%**

Decision-makers can't agree — **45%**

We've been successful without one — **29%**

Mobile tech changes so quickly — **10%**

Other — **0%**

Lack of mobile strategy is a formula for disaster.

When asked to identify the reasons they are falling behind with their mobile strategy, 69 percent of CIOs say they lacked the tools and skills and 62 percent identified the rapid pace of change. It's not surprising that 46 percent also identified fragmentation and disagreement as key contributors when 71 percent of mobile projects occur in a silo and without a standardized approach.

PLEASE SELECT THE REASON(S) FOR YOUR INABILITY TO ADVANCE YOUR MOBILITY STRATEGY

69%	62%	46%	46%	39%	15%	0%
Right tools & skills	Pace of change	Fragmentation	Disagreement	Cost	Need	Other
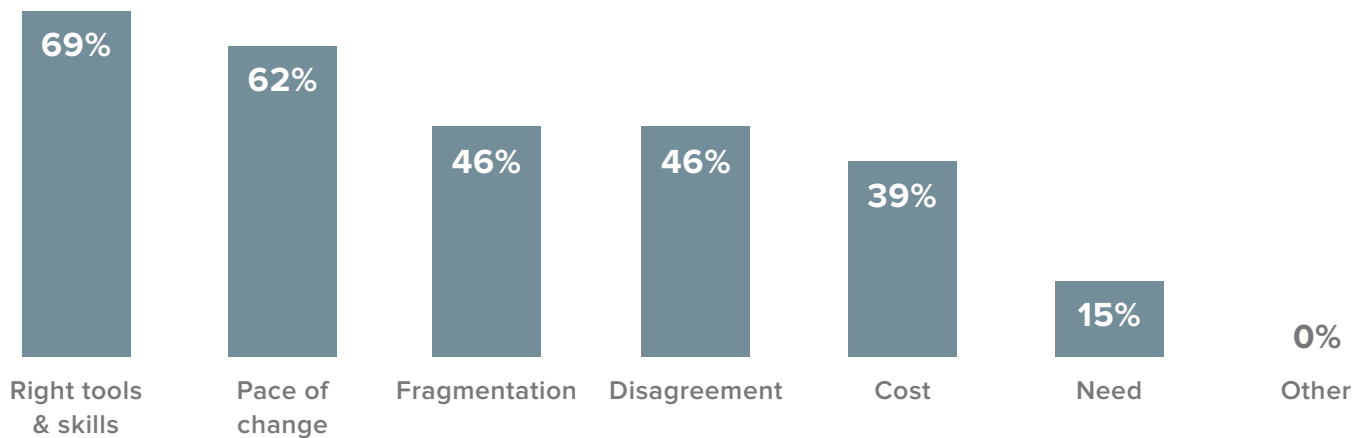
Driven by the need to support mobile moments with small purpose-built apps, Gartner estimates that most enterprises will have over 2000 mobile apps. When you do the math, this means that an enterprise could spend upwards of $500M on this next wave of enterprise apps if they don't address this fragmentation.
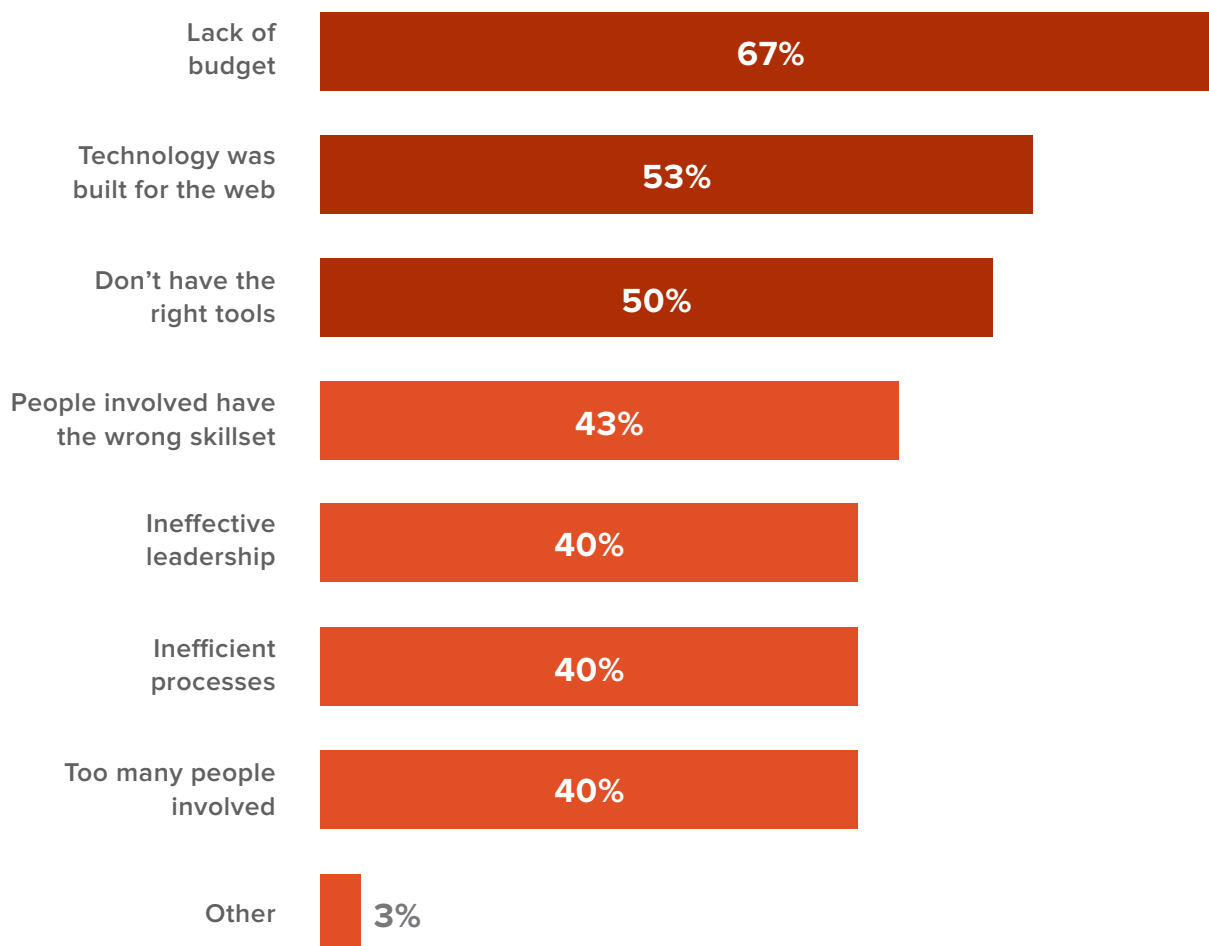
DOING THE MATH

2,000 Apps*

X **$270K**
(AVG COST PER APP)

$540M
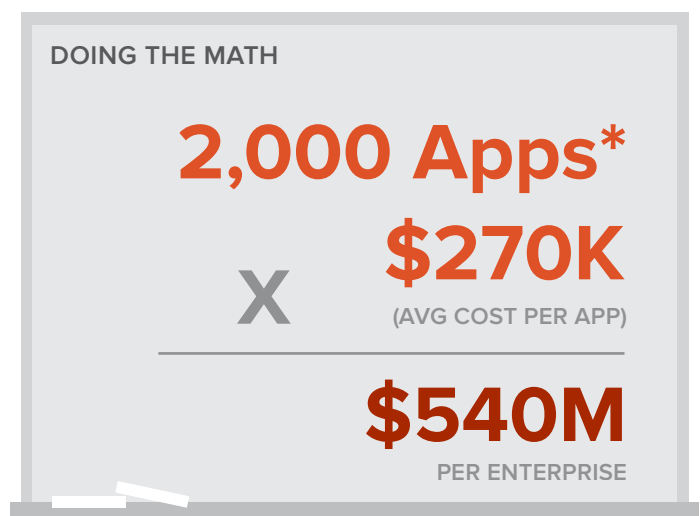
PER ENTERPRISE

*Gartner estimates that most enterprises will have between "1,750 and 3,500 mobile apps to develop and manage."
Source: Gartner Presentation, "Magic Quadrant: Mobile Application Development Platforms", Van Baker, IT Symposium October 2014.

The past is the past – or is it?

Mobile app development, and the infrastructure required to support it, is different from what was needed for Web apps. CIOs can't abandon their existing systems – they need them to run the business today – yet many lack the budget to build the new platform they need for this next wave of apps.

This finding is confirmed by the research results in which 67 percent of CIOs say they do not have enough budget, 53 percent have infrastructure built for the web, and 50 percent don't have the right tools.

PLEASE SELECT FROM AMONG THE FOLLOWING REASONS FOR YOUR INABILITY TO ADVANCE YOUR MOBILE STRATEGY

|	
Lack of budget	67%
Technology was built for the web	53%
Don't have the right tools	50%
People involved have the wrong skillset	43%
Ineffective leadership	40%
Inefficient processes	40%
Too many people involved	40%
Other	3%

CIOs are turning to cloud for mobile projects.

With so many CIOs frustrated by the time and cost it takes to develop a single app and the skills and technology gap between Web and mobile apps, 63 percent say they'll be adding cloud services to address their mobile project needs.

WHAT ARE YOU DOING TO REDUCE THE TIME IT TAKES TO DEVELOP & DEPLOY MOBILE APPS?

63%	54%	46%	42%	42%	38%	21%	8%
Adding cloud services	Standardizing development process	Outsourcing development	Hiring additional developers	Turning to external consultants	Investing more money	Investing in tools/tech	Other
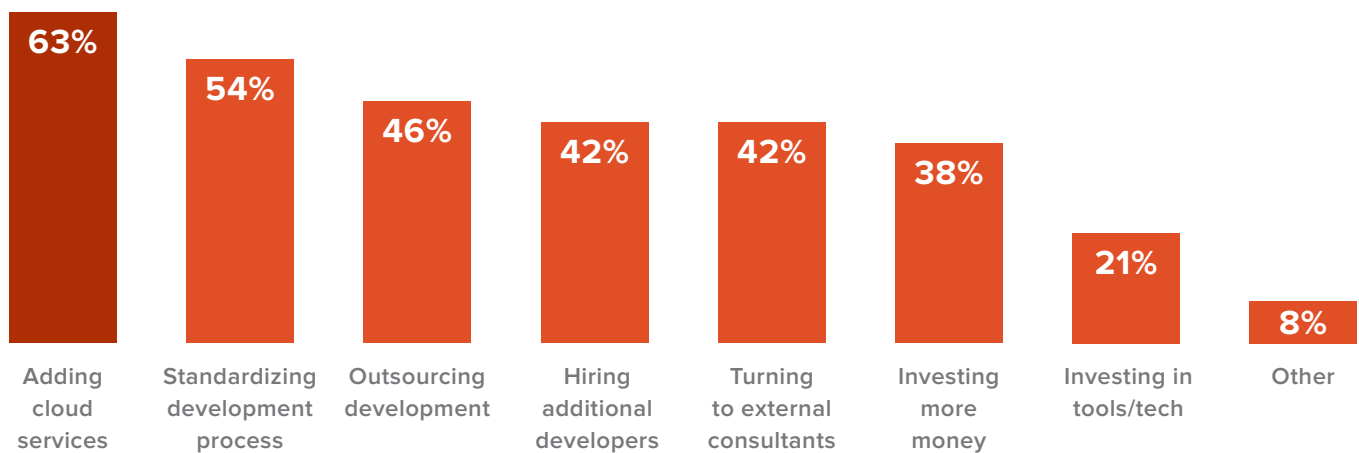
67 percent of CIOs anticipate their use of cloud services growing by 11 percent to more than 30 percent

WHAT PERCENTAGE OF YOUR IT INFRASTRUCTURE/APPLICATIONS DO YOU ANTICIPATE MOVING TO THE CLOUD OVER THE NEXT 12 MONTHS?

67%

5%	28%	43%	17%	7%
0% moved (or decline)	1 - 10% moved	11 - 20% moved	21 - 30% moved	+30% moved
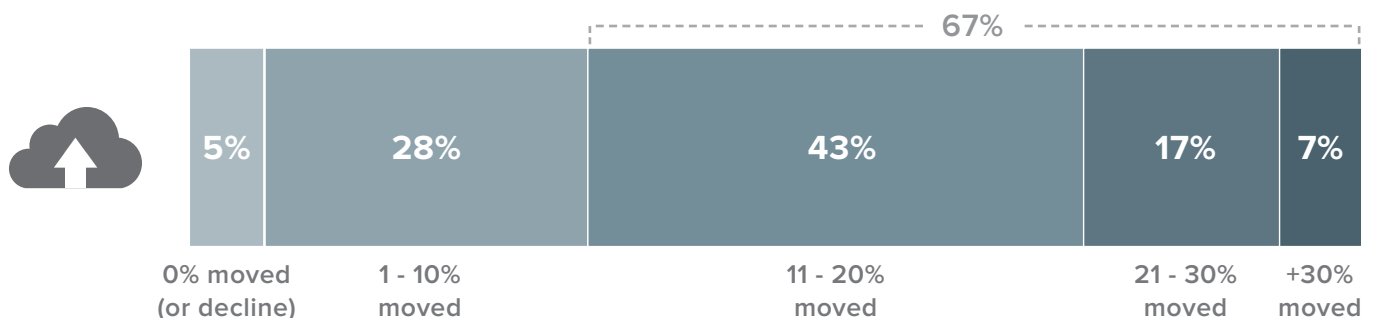
Conclusion

The research confirms that while mobile plays an important and critical role in the enterprise, the process to build and deploy apps is often inefficient, redundant, and costly. These issues prevent businesses from creating apps that disrupt or seriously change business processes. It's stifling mobile innovation.

To address this, CIOs and mobile leaders are turning to cloud to advance their mobile strategies and doing so at a rapidly accelerating rate.

Methodology

Kinvey commissioned Research Now to conduct a survey in September 2014. The survey results include answers from 100 Chief Information Officers and 100 Mobile Leaders in North America who work at companies with more than 500 employees

JOB TITLE

Chief Information Officer	50%
Chief Mobility Officer	9%
Digital Officer	7%
Mobile Architect	7%
Mobile Strategist	5%
Chief Digital Strategist	5%
Other	19%

INDUSTRY

Manufacturing	24%
Technology	18%
Financial	14%
Government	9%
Healthcare	9%
Energy / Utility	6%
Education	4%
Retail	3%
Media / Entertainment	3%
Pharmaceutical	2%
Other	10%

COMPANY SIZE

501 - 1,000	16%
1,001 - 5,000	40%
5,001 - 10,000	21%
10,001 - 30,000	13%
Above 30,000	11%