



2011-2012 Transport & Logistics CIO Report

*CIOs Weigh In: Investment Plans, Solution Sourcing &
CIO Career Trajectories*

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I. Introduction

This will be the first of three reports aimed at CIOs and Heads of IT in the transport and logistics industry. In this segment the focus will be on IT investment trends and the role of the CIO within a transport or logistics company.

This industry report is compiled from the responses of CIOs and Heads of IT from top transport and logistics companies all over the world including DHL, CEVA, UPS, Pacific International Shipping and many more...

This report reveals:

- Primary motivations of logistics CIOs to invest in new technologies
- What areas of technology CIOs plan to invest in over the next 12 months
- What methods CIOs use to discover new technology solutions
- Who CIOs believe that they should be reporting to and how many of these sit on the operational board or executive management team

These responses enable us to provide an in-depth perspective into current technology trends in the transport and logistics industry and provide a valuable insight into the future direction of technology decision making for transport and logistics companies.

The results prove positive for many CIOs and Heads of IT who will experience an increase to their IT budget in the coming months. This indicates exciting times ahead for these players in the industry as their role within the company will become more and more important in the coming months. IT is proving not only to be a cost saver but also an essential method of improving operational efficiency within the business. This is further confirmed in a number of telephone interviews with IT executives who emphasised their belief that their role and that of their department was gaining in influence within their transport and logistics companies.

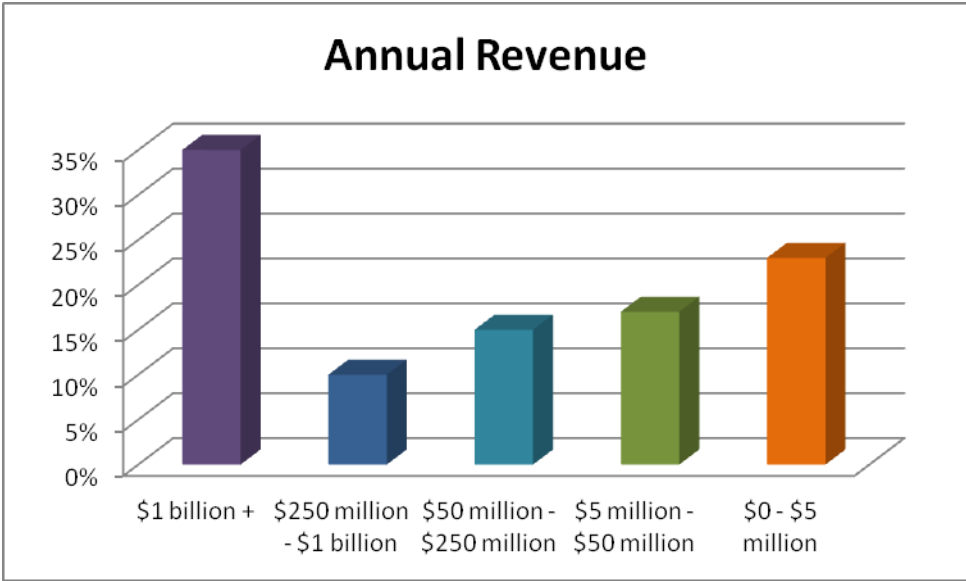
These same trends and issues will also be discussed live at our Logistics CIO and Supply Chain Technology Forums in Amsterdam 16-17th February 2012 and Chicago 28-29th February 2012. If you are interested in joining us then please contact Sophie Farrow (sfarrow@eft.com) for the European event and Haley Garner (hgarner@eft.com) for the US event.

II. Methodology and Approach

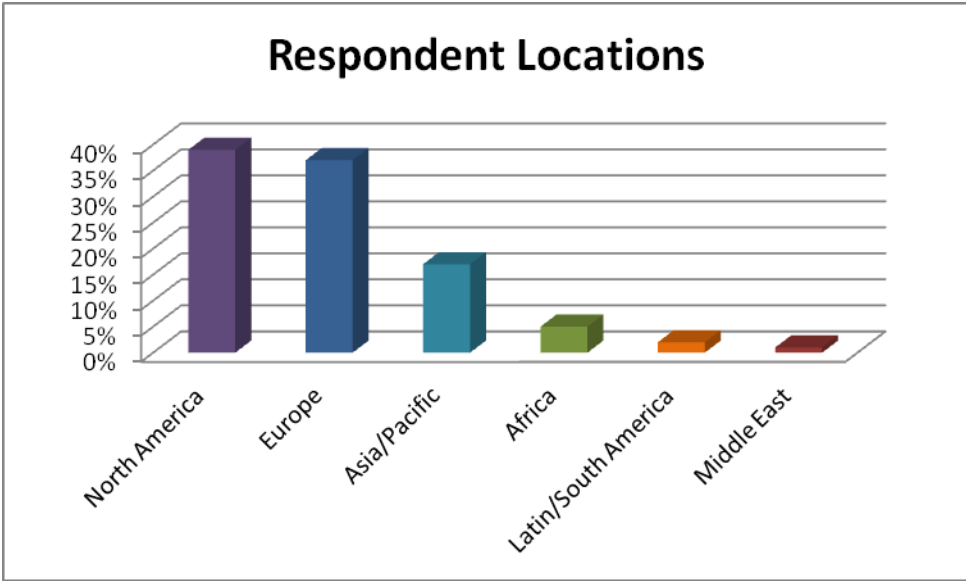
This survey was conducted in September / October 2011 with responses solicited by targeted e-mail lists, select trade association memberships, various related-industry databases and other targeted methods. No individual responses were analysed, but rather all responses were consolidated.

III. Profile of Respondents

35% of respondents represented companies with annual revenues of more than \$1 billion. 10% of respondents represented companies with annual revenues between \$250 million - \$1 billion, 15% of respondents represented companies with annual revenues between \$50 million - \$250 million, 17% of respondents represented companies with annual revenues between \$5 million - \$50 million, and 23% of respondents represented companies with annual revenues below \$5 million.



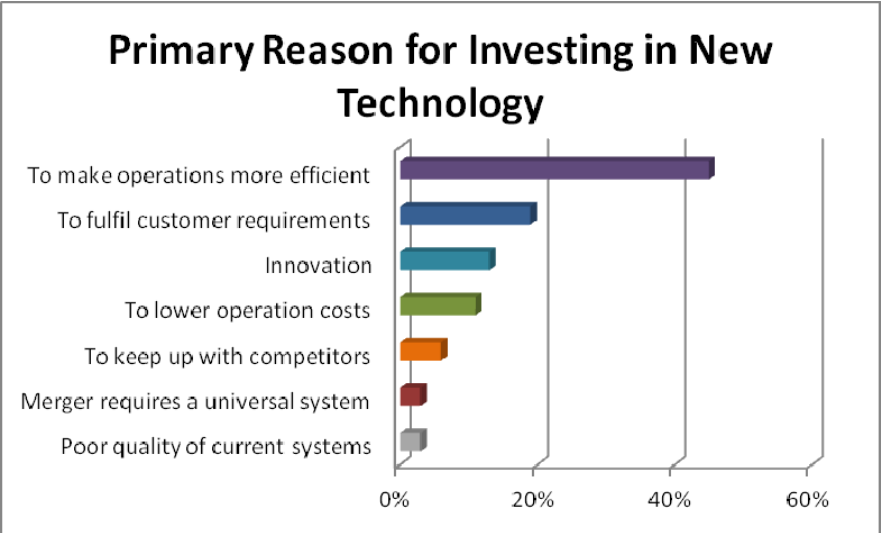
The majority of respondents were based in North America (39%) or Europe (37%). 17% were based in the Asia/Pacific region, with 5% in Africa, 2% in Latin/South America, and 1% in the Middle East.



IV. Views of Transport and Logistics Providers

Primary reason for investing in new technology

The first segment sought to establish the trends regarding investment in new technology by transport and logistics companies. Respondents were asked to identify the number one reason for investing in new technology. To make operations more efficient (45%) was the most popular response. Fulfilling customer requirements (19%) and innovation (13%) were also seen as important reasons. Interestingly very few of our respondents' technology purchases were prompted by poor quality of current systems.

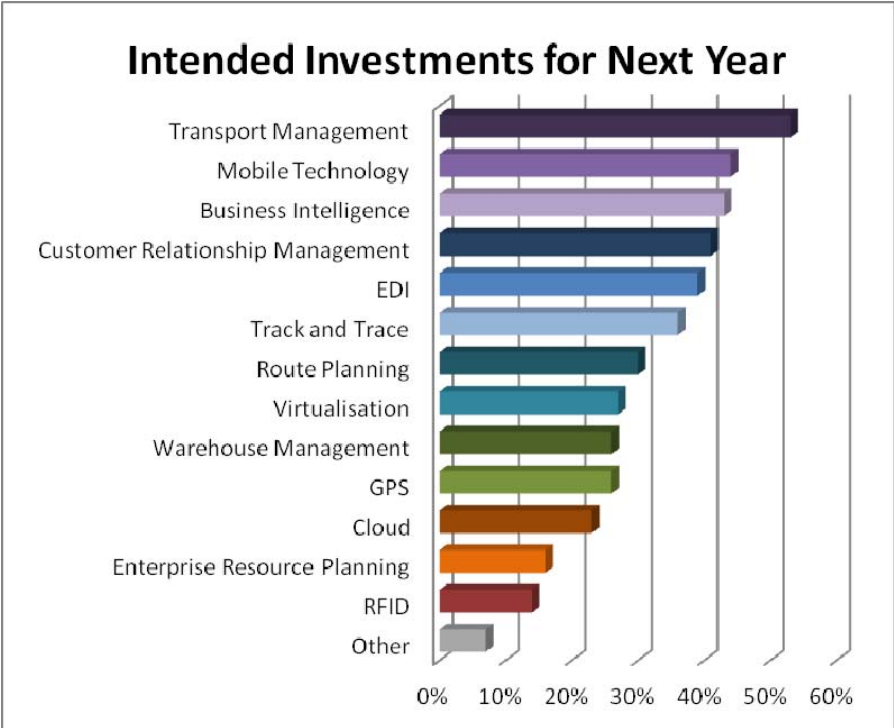


Intended Technology Investments for Next Year

Transport or logistics providers were looking to invest in a variety of technologies, with the most common being: transport management (53%), mobile technology (44%), business intelligence (43%), customer relationship management (41%), EDI (39%), and track and trace (36%).

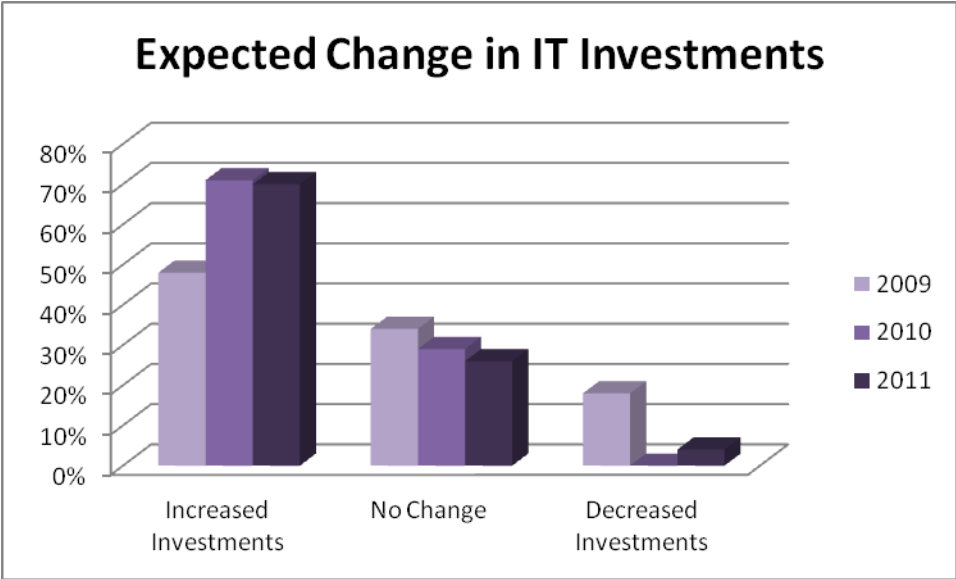
Looking further into the data, 2/3 of transport and logistics companies with annual revenues of over \$1 billion were looking to invest in business intelligence as opposed to the 43% overall result. Although both smaller and larger companies both face similar business challenges the implementation of business intelligence tools is rather different. Smaller companies can manage aspects of business intelligence through excel and do not require a complex business intelligence system, perhaps explaining the lower importance that they place in investing in this area.

It was also discovered that the number of companies with annual revenues of over \$1 billion who intended to invest in warehouse management systems (WMS) was almost double that of companies with annual revenues less than \$1 billion.



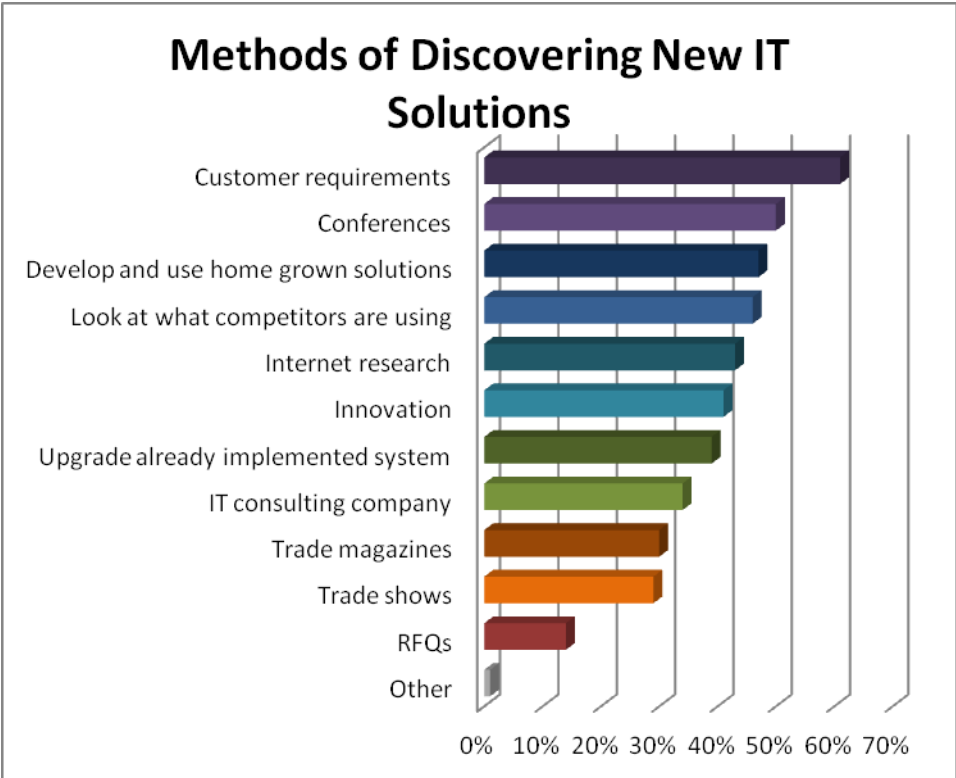
Changes in IT Investments

As with last year, the majority of respondents representing transport or logistics providers (70%) are increasing their IT investment this year. Only 4% are decreasing their investments. This is a very encouraging result for CIOs and Heads of IT, allowing them to explore more options regarding new technologies.



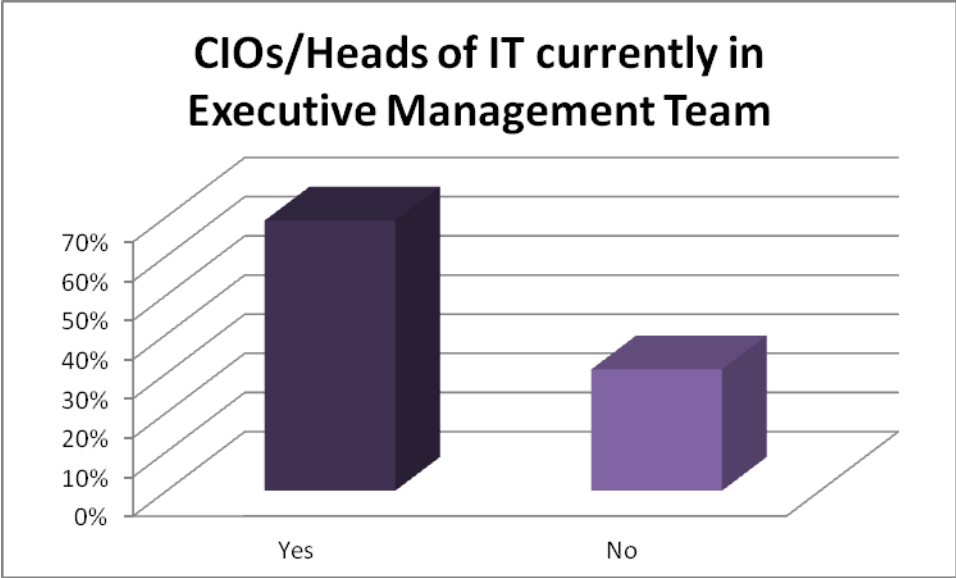
Popular Methods of Discovering New IT Solutions

Respondents were asked how they find out about new IT solutions. The most popular methods included: looking at customer requirements (61%), conferences (50%), developing and using home grown solutions (47%), and looking at what competitors are using (46%).



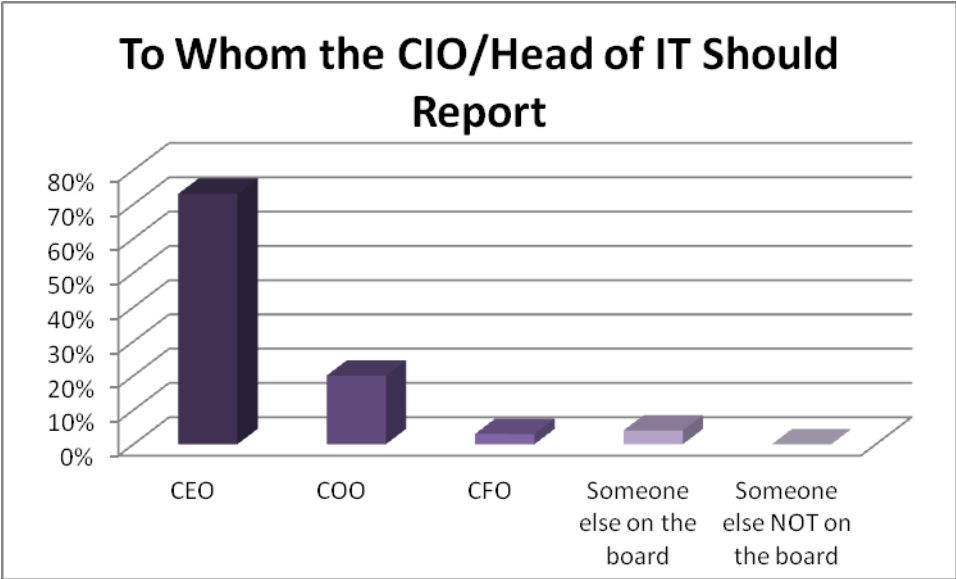
CIOs/Heads of IT Currently On the Operational Board or in the Executive Management Team

Respondents representing transport or logistics providers were asked if their CIO/Head of IT currently sits on their operational board or executive management team. This was the case for 69% of respondents. This is higher than we expected but this could be explained by the varying definitions of 'operational board' and 'executive management team' by different companies.



Who the CIO/Head of IT Should Report To

Respondents representing transport or logistics providers were also asked who, in their opinion, the CIO/Head of IT should report to. The majority (73%) felt that the CIO/Head of IT should report to CEO, while 20% thought the COO was the appropriate person. This is perhaps not surprising given that the respondents of the survey were CIOs or Heads of IT.



VIII. Conclusions

This first segment of the 2011-2012 report reveals the positive trend that most companies will enjoy an increased IT budget over the next 12 months, which they will look to invest in technologies that will improve their operational efficiency.

More than 60% of the transport and logistics companies appear to be tailoring their IT investment strategies to match customer requirements. Perhaps this gives an indication of improved relationships within differing areas of the supply chain.

The technology that more than half of the transport and logistics companies were looking to invest in was transport management systems (TMS), given its healthy ROI and the increased visibility that it offers.

There was a general consensus worldwide that the CIO/Head of IT should report to the CEO. However we must take into consideration that this survey was directed specifically at CIOs and Heads of IT, which may explain this result. The number of CIOs/Heads of IT who currently sit on their operational board or executive management team, again doesn't really vary globally, but was higher than expected. This may be due to different definitions of what the operation board or executive management team is, especially in smaller companies.

Given the importance of technology in the transport and logistics industry in these current times the role of the CIO is growing in importance day by day. This is especially true due to the fact that the majority of transport and logistics companies will be increasing their IT investment. There are exciting times ahead for the CIOs and Heads of IT!

Want to learn more?

Discuss your IT Investment Strategy In-Person with the Industry's Top CIOs and VPs of IT:

Join the 13th Logistics CIO & Supply Chain Technology Forum, and put yourself at the heart of the industry discussion. This is THE place to be to meet over 100 CIOs & VPs of IT from top transport and logistics companies. Join them to tackle the top issues facing your company & your competitors, and ensure you have the latest competitive insight to craft your IT strategy.

PLUS - you'll also get to meet the 80+ senior supply chain decision-makers from top manufacturers & retailers who will be attending the co-located Supply Chain Technology Forum. Your pass grants you access to both Forums & all of the networking events. It's a two-for-one opportunity!

Complimentary passes are available! If you are a CIO, VP of IT or equivalent from transportation and logistics companies then you could qualify for a complimentary pass and one night's free hotel accommodation.

[Register Today](#) to guarantee your place.

For more information on our Logistics CIO & Supply Chain Forums please contact:

Sophie Farrow (sfarrow@eft.com) for our European event (Amsterdam, 16-17th February 2012)

About eyefortransport

Established in 1998, eyefortransport has become one of the leading providers of business intelligence, independent research, news and executive level events for the supply chain & logistics industries. eyefortransport has two primary focuses:

1) To provide executive networking opportunities in the supply chain & logistics industries via the more than 15 events we annually organize and host in North America, Europe and Asia and online via the tens of thousands of users of www.eft.com. The events are designed to complement and enhance the business connections available through our online network, and bring together the industry elite. Regularly attended by CEOs and senior management from the transport and logistics industry and Heads of Supply Chain of major companies, the events focus on current developments and latest trends, and are enhanced by high level, exclusive networking opportunities.

2) To deliver industry education through dozens of industry reports, surveys, newsletters, webinars and senior-level presentations at leading events.

For the list of current research, news and conferences we produce please visit www.eft.com

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