KPMG

2024 KPMG US Technology Survey Report

The digital dividend

US businesses see their technology investments delivering enhanced profitability and performance but are still challenged to keep up with rapid pace of change.

kpmg.us/speed

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About the survey

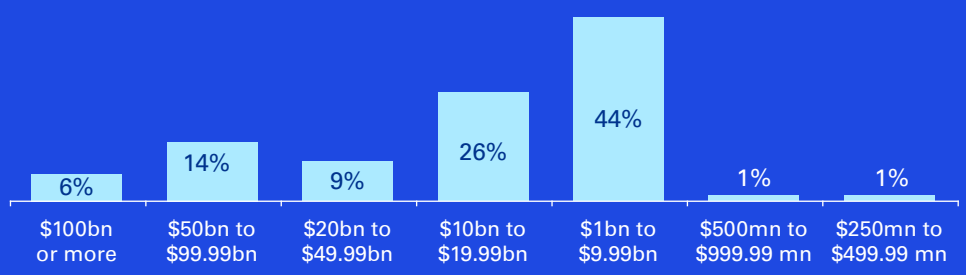
In this year's global tech report, KPMG surveyed nearly 2,500 technology professionals worldwide in a variety of industries to examine how they are managing the technology transformation. This report focuses on the 400 US respondents whose companies report revenues of $250 million and greater.

The top sectors represented in the survey were consumer and retail (24 percent), tech (21 percent), financial services (19 percent), and industrial manufacturing (12 percent).

Sample size: 400

Company size: $250 million and over

Company size breakdown



Sectors

- 24% Consumer and retail
- 21% Tech
- 19% Financial services
- 12% Industrial manufacturing
- 9% Life sciences and pharmaceuticals
- 6% Energy
- 6% Healthcare
- 3% Government and public sector

Foreword

Businesses are seeing big payoffs from their digital transformations.

Digital transformation and innovation has to do more than drive innovation and enhance performance. It must deliver profitability as well.

The 2024 KPMG technology survey found that US businesses are demonstrating a robust improvement in digital transformation outcomes, with a notable increase in enhanced profitability and performance compared to the previous year.

This report looks at the survey's 400 US respondents and finds US companies are making a significant shift towards mature digital initiatives, focusing on value management from the onset. They are putting a particular emphasis on "everything as a service" (XaaS), cybersecurity, creating a data backbone, and harnessing AI to fuel innovation and empower end-users .

On the other hand, US businesses still grapple with financial constraints and existing debt from earlier tech investments that hinder their ability to stay competitive, legacy systems that hamper data integration, and anxiety over making the right decisions about adding new technology.

As the digital transformation journey continues to unfold, it is critical for businesses to understand the complexities and opportunities that lie ahead. Whether it's navigating the challenges of cybersecurity, leveraging and empowering XaaS with better data ingtegration, or making informed decisions under competitive pressure, US businesses are at a pivotal juncture. With a proactive and continuous approach to evaluating the business value of tech initiatives, US companies are charting a course toward a future where digital transformation drives not just financial success but also a more sustainable and resilient business model.

Companies are achieving improved technology outcomes by applying insights from a number of factors, such as prioritizing value from the outset, advancing their digital capabilities, and elevating the skills and knowledge of their workforce.

Bobby Soni
Principal, Advisory and
Global Technology Consulting Leader,
KPMG US

Key takeaways

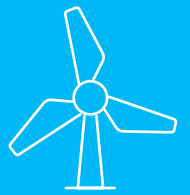
88%

of US businesses report improvements in profitability and performance—This marks a shift forward as only 45 percent reported improvements from digital transformation efforts in 2023.

81%

express difficulty in keeping up with the pace of change—US businesses are feeling the pressure with keeping up with the quickly evolving technological landscape.

71%



target sustainability and social responsibility goals—The majority of US businesses ensure their tech investments target their sustainability and social responsibility goals.

Growth in market competitiveness and falling sales are denting the confidence of most US organizations—US businesses are more likely than the global averages to cite growing competitive pressures in their organization's market and falling sales as reasons to feel less confident about investing in new technology.

39%

have AI use cases delivering business value and 35 percent are scaling AI with ROI achieved.

Cybersecurity and privacy concerns are the top barriers to US digital transformation.

Part 1:

Extracting value vs. the pace of change in digital transformation

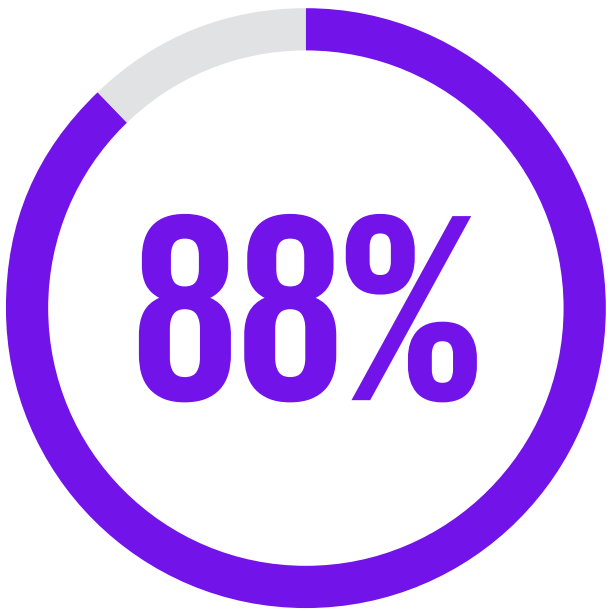
When it comes to value and the pace of technology change, the 2024 survey findings reveal a notable uptick in US businesses reporting enhanced profitability and performance from their digital initiatives, aligning with global trends and indicating a matured approach towards digital technologies across the market. Despite these advancements, US businesses still grapple with the relentless pace of technological change and the financial constraints that hinder their ability to stay competitive.

US businesses see a significant improvement in profitability from digital transformation.

Conventional wisdom suggests that digital transformations haven't been as successful as planned. Our survey is challenging that assertion.

The 2024 data shows that significantly more businesses (an average of 88 percent) are now reporting improvements in profitability and performance from their digital transformation efforts compared to 2023. This year's findings show the US is in strong alignment with global trends, reflecting a growing maturity in digital initiatives across the US market.

One reason for the change is that US companies are managing their technology with a product mindset and focusing on value management and creation from the very beginning, rather than experimenting with technology without clear business objectives. This shift in thinking suggests that companies have moved up on the maturity curve when it comes to the digital stack, both in terms of capability and expertise. This more widespread realization of value from key technologies also suggests that programs are being run extremely well.



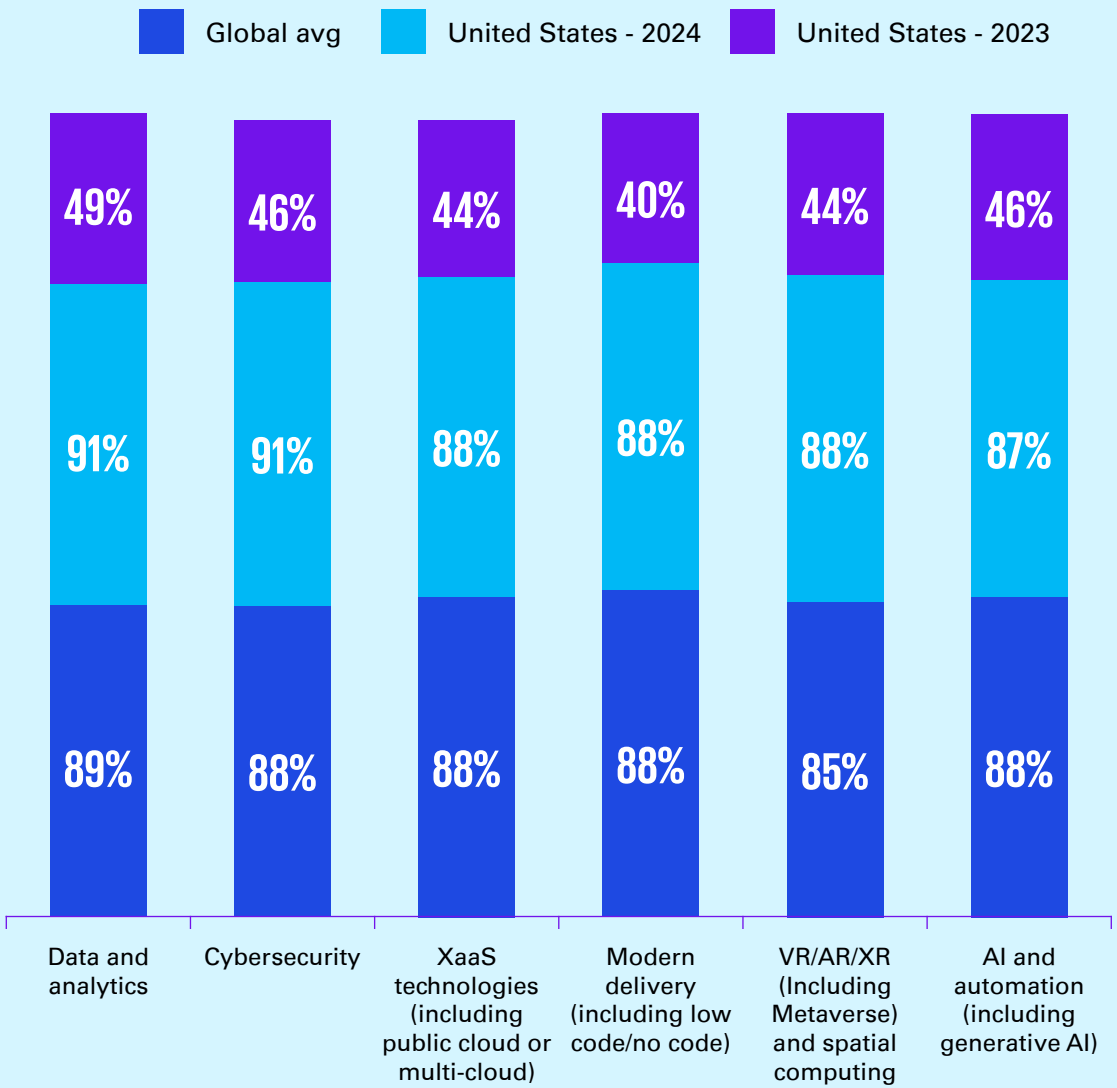
of US businesses report improvements in profitability and performance.

Only 45% report improvements from digital transformation efforts in 2023, a 95% increase year-over-year

> **US businesses still grapple with the relentless pace of technological change and the financial constraints that hinder their ability to stay competitive.**

Matteo Colombo
Principal, KPMG Global Cloud, Data & AI Leader, KPMG US

Have digital transformation efforts with the following tech improved your profitability or performance over the last two years?



US businesses still feel pressure to keep pace with rapid technological change.

Despite the leap forward in digital transformation outcomes achieved in the last year, 81 percent of respondents said they feel it is difficult for their organization to keep up with the pace of technological change. One reason behind this belief is simply that the pace of change is faster than ever before. No sooner do companies get comfortable with one technology, an ecosystem of emerging competitors is upending the technological landscape. A prime example: generative AI (GenAI.)

While the pace of change is one reason companies feel they can't keep up, a majority—56 percent—also cite financial constraints as a key stumbling block for staying competitive. That's because in most enterprises, the budget planning cycle isn't aligned with the velocity of technology innovation. CIOs may have their budget for the year, but product development happens in increments and technology releases are monthly and quarterly. This misalignment results in tech debt.

Also, technology skills are in a highly competitive market. The issue in this case is budgeting enough money to attract software and data engineers needed to implement and maintain cutting edge technologies.

US businesses see XaaS as a priority for digital transformation strategy.

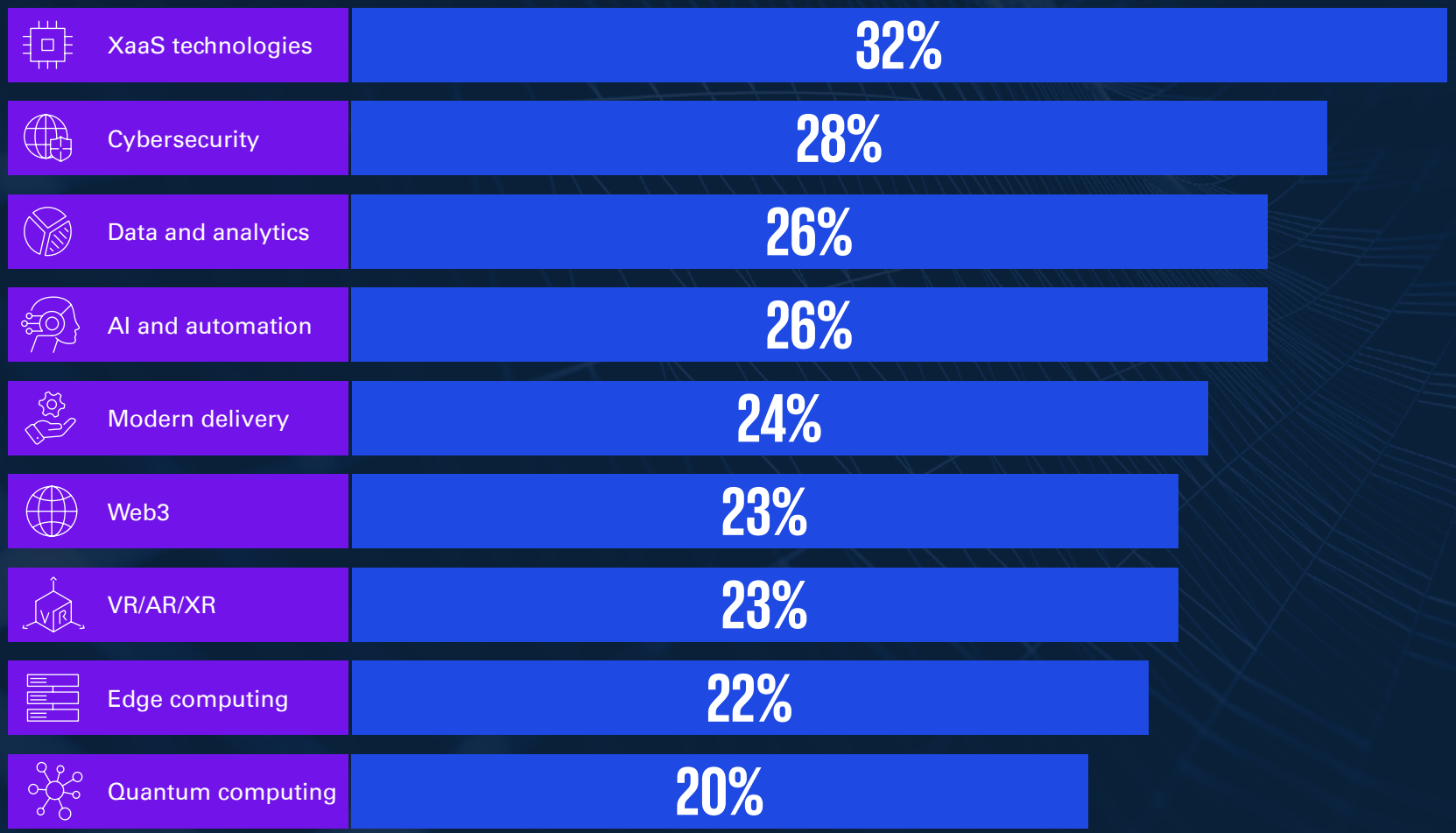
As US organizations move forward with their digital transformation, 32 percent of respondents said they are making XaaS a top priority of their strategy. Xaas—that includes infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS)—offers efficiencies, cost savings, faster setup, better data integration, among other benefits. (More on XaaS later in this report.)

This emphasis on XaaS as a top digital transformation priority is shared by global organizations, our survey found. However, the survey also found some US-global divergence when it comes to other digital priorities.

US companies also put a higher importance on cybersecurity, cited as priority by 28 percent of respondents. The US has a number of heavily regulated industries, such as financial services and healthcare, where regulations demand specific security and privacy measures. Moreover, the US is a high-profile target for cybercriminals. So, it's reasonable to expect a somewhat higher investment in cybersecurity.

US respondents also saw data analytics is most likely related to data modernization to deploy AI. The US was a leader in pursuing generative AI, but to continue to develop that technology requires companies to modernize their data so it can be best utilized by AI. The US was a leader in pursuing generative AI, but to continue to develop that technology requires companies to configure their data so it can be best utilized by AI. At the same time, the use of AI presents its own set of risks, which reinforces the need for more and more effective cybersecurity and cybersecurity specifically designed for AI.

Proportion of organizations that are proactive in progressing against their strategies in the following areas



Cybersecurity, insight extraction are seen as key attributes for success in digital economy.

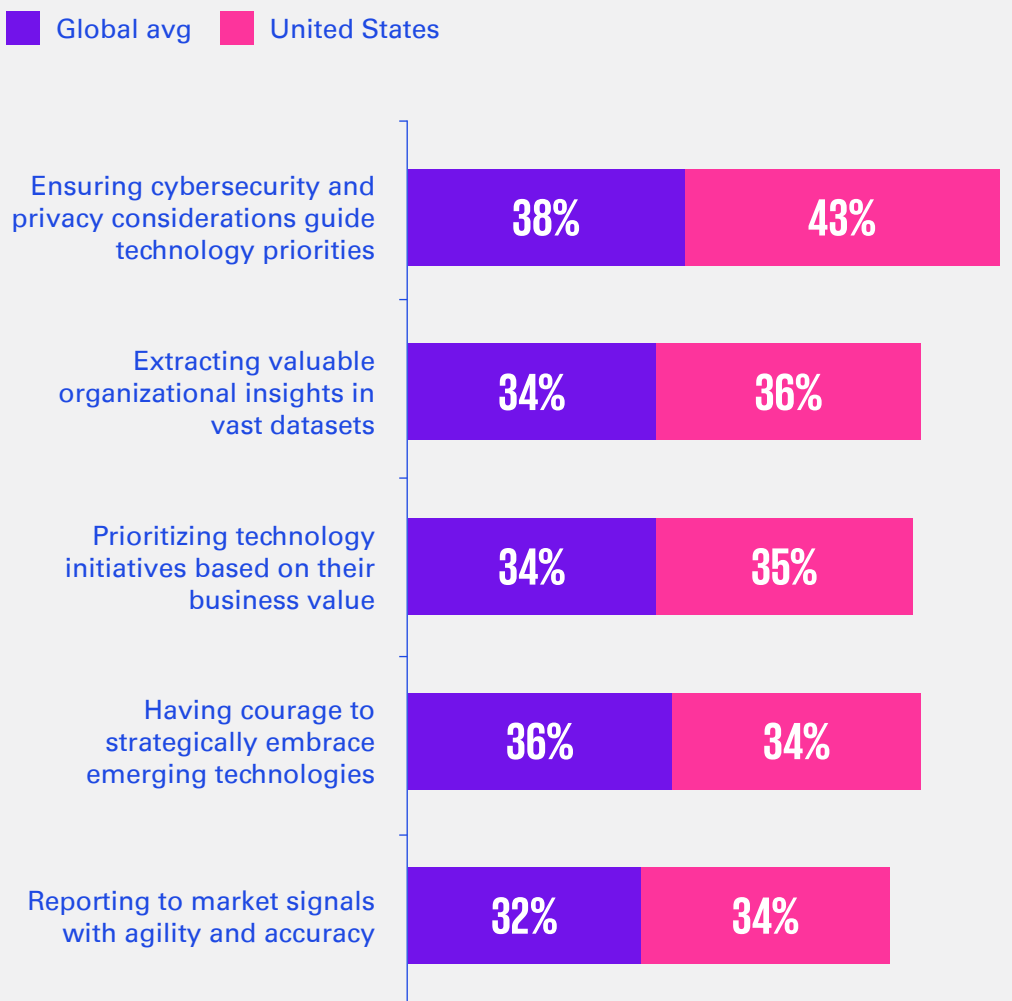
Our survey also asked business leaders what they consider the top attribute to thrive in a digital economy. Here again, US companies are putting an emphasis on investing in cybersecurity measures, cited by 43 percent of respondents, even outpacing the global average (38 percent).

Ironically, US respondents also cited cybersecurity and privacy concerns as the top stumbling blocks likely to slow down a digital transformation, which matches the global consensus. One reason is an uptick in cybercrime. Another reason is that data is being distributed more widely, increasing concerns about privacy. Before bringing a product to market, organizations must reassure consumers that their data will be well protected. One challenge to protecting data involves the complexity of data architecture and that information is still stored on legacy technology, such as mainframes. Here, there is no quick fix to making that data easier to access and analyze. However, AI is helping to move data out of mainframes and manage metadata to simplify the read across cloud and on-premises legacy applications.

Aside from cybersecurity, US companies also cite extracting valuable insights from vast datasets as a key attribute for success in a digital economy, underscoring the growing emphasis on data-driven decision-making. Other attributes for success include prioritizing technology initiatives based on business value and courageously embracing emerging technologies, reflecting a balanced focus on risk management and innovation.

As for other challenges to digital transformation, US organizations also cited unaddressed tech debt in their top three challenges, emphasizing the growing need to modernize legacy systems to move their digital transformation journey forward. In contrast, the overall global consensus placed unaddressed tech debt outside of their top five.

Top five attributes essential to thrive in a digital economy



Part 2:

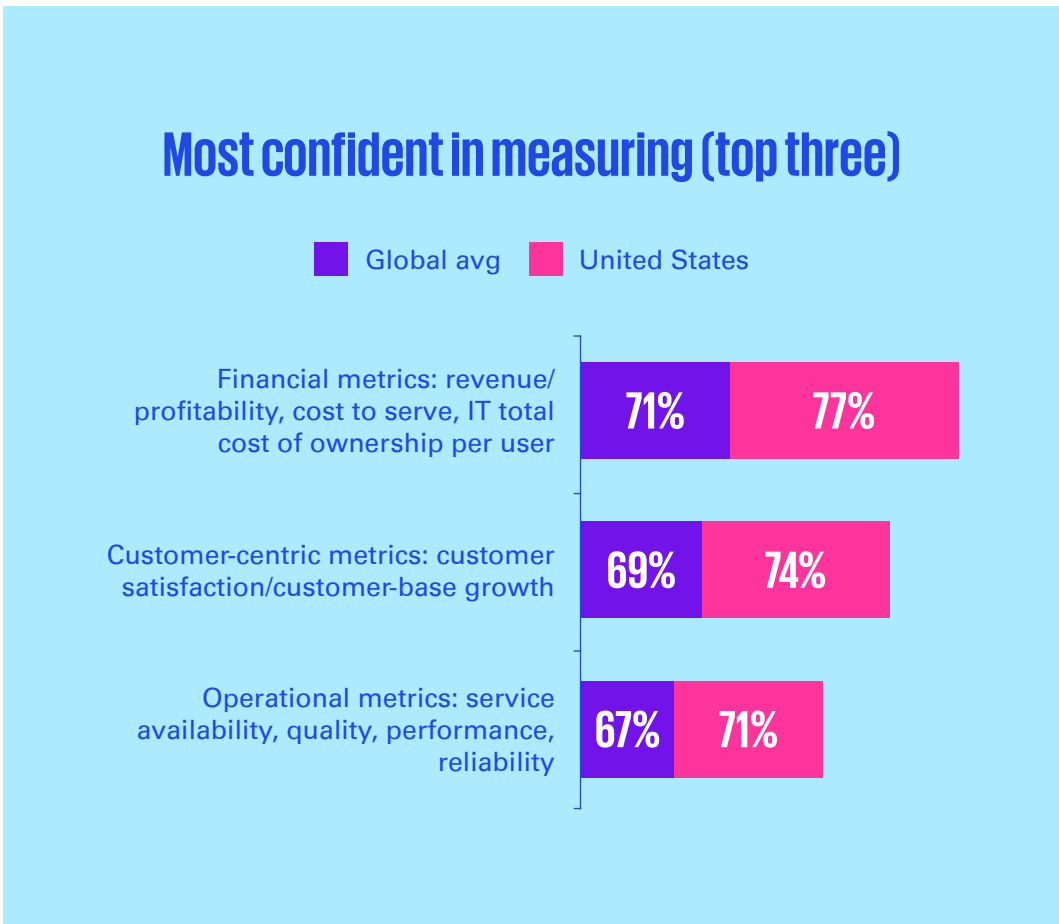
Securing value through continuous monitoring

Our survey found that US businesses are adopting a proactive and continuous approach to evaluating the business value and performance of their tech initiatives. This always-on mindset allows for real-time adjustments and recognition of success, fostering a culture of agility and responsiveness. However, the decision-making processes within US organizations exhibit gaps in stakeholder engagement and consistency, leading to suboptimal consensus-building and risk management.

US businesses take an always-on approach to evaluating tech's business value and performance.

We've seen that US businesses believe they are deriving more value from their technology investments than in years past. One reason is that US organizations are taking a continuous-monitoring approach to evaluating the performance of their technologies, rather than assessing investments in response to certain developments. In comparison to the global average, the US market is more confident in its ability to measure tech performance, in particular with financial, customer and operational metrics.

In our survey, 72 percent of US respondents continuously evaluate the business value and outcomes of all their tech investments. This is slightly above the global average (by 4 percentage points). Most programs go off track when there is no monitoring or metrics to demonstrate if the program is offering value.



When tracking tech investments, US organizations emphasize strategic alignment and diverse metrics.

Strategies to track value of digital transformation projects and investments

In addition, the survey found that both US and global organizations prioritize aligning tech investments with long-term goals and regularly updating value-tracking metrics as part of their efforts to extract greater value from tech investments. However, US companies place more importance on using both qualitative and quantitative metrics for trend analysis.

	US		Global avg
#1	Aligning investments with long-term goals	#1	Aligning investments with long-term goals
#2	Regularly update value-tracking metrics/Use qual and quant metrics for trends	#2	Regularly update value-tracking metrics
#3	Real-time data guides decisions	#3	Real-time data guides decisions

US business less likely to seek stakeholder engagement on tech decisions.

We've seen in the previous section that organizations must ensure technology investments offer worthwhile returns starting in the planning phases. But determining where to make tech investments can involve hundreds of decisions. What's the best way to reach a consensus?

While US companies align with global best practices in many aspects of decision-making for digital transformation, they show lower confidence across critical areas like

- **Understanding key factors**
- **Risk management**
- **Stakeholder engagement**

More specifically, US organizations lag behind global benchmarks in achieving consensus among stakeholders

(68% vs. 73%)

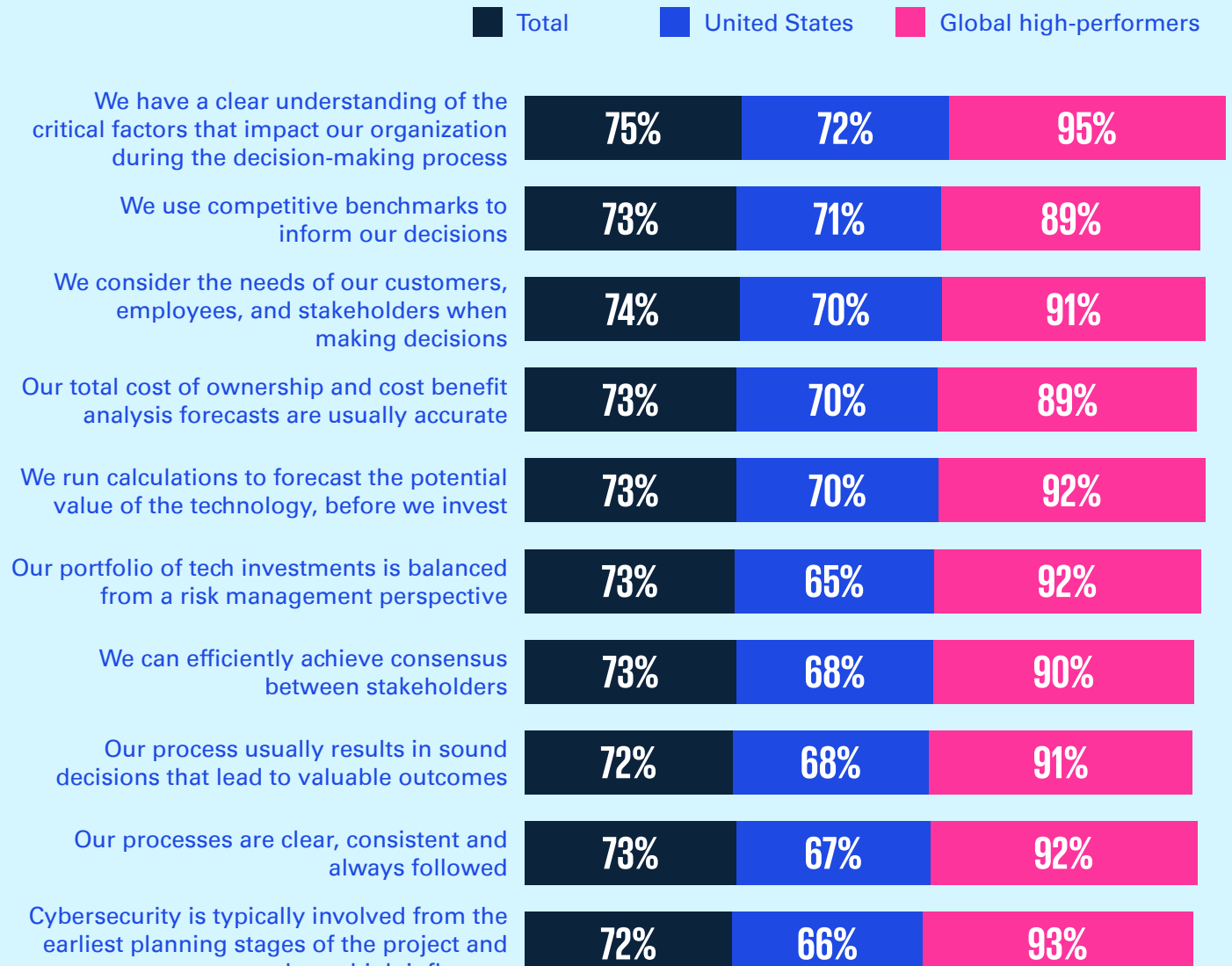
and maintaining consistent processes

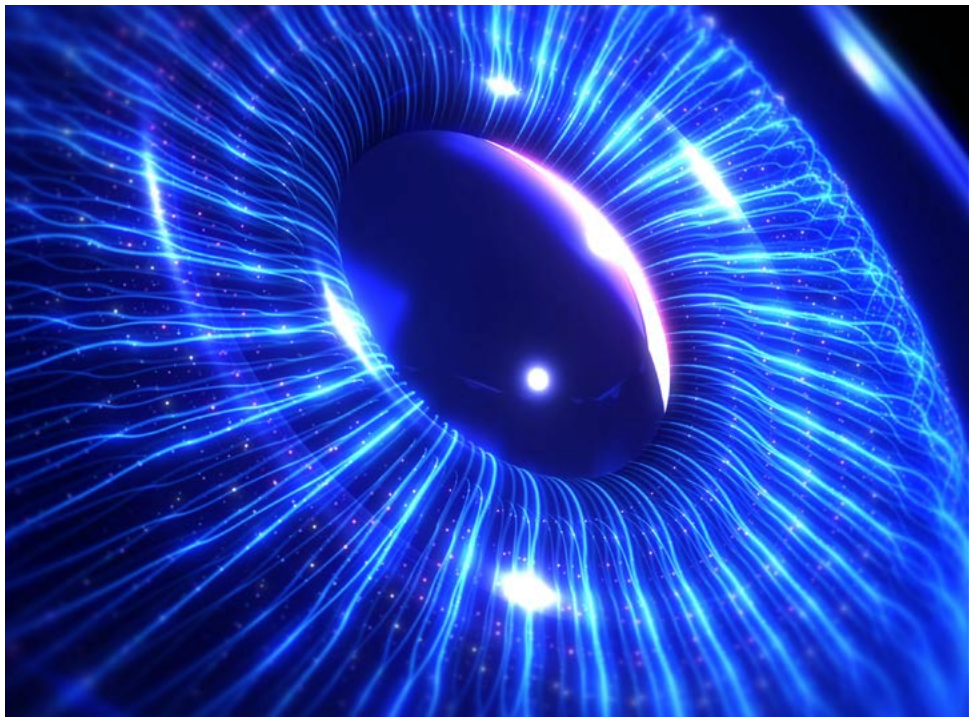
(67% vs. 73%)

indicating room for improvement in internal alignment and process rigor.

Addressing these gaps presents a significant opportunity for US companies to enhance their digital transformation decision-making frameworks and achieve better outcomes.

Decision-making processes for tech investments





That's the nervousness and anxiety in the C-suite. Executives know they have got to move fast. They know technology is changing fast. They know AI can disrupt everything, but if they make the wrong choices, then they're in trouble because the consequences are higher than they've ever been.

Matteo Colombo
Principal, KPMG Global Cloud, Data & AI Leader, KPMG US

Leaders more nervous about new tech investments

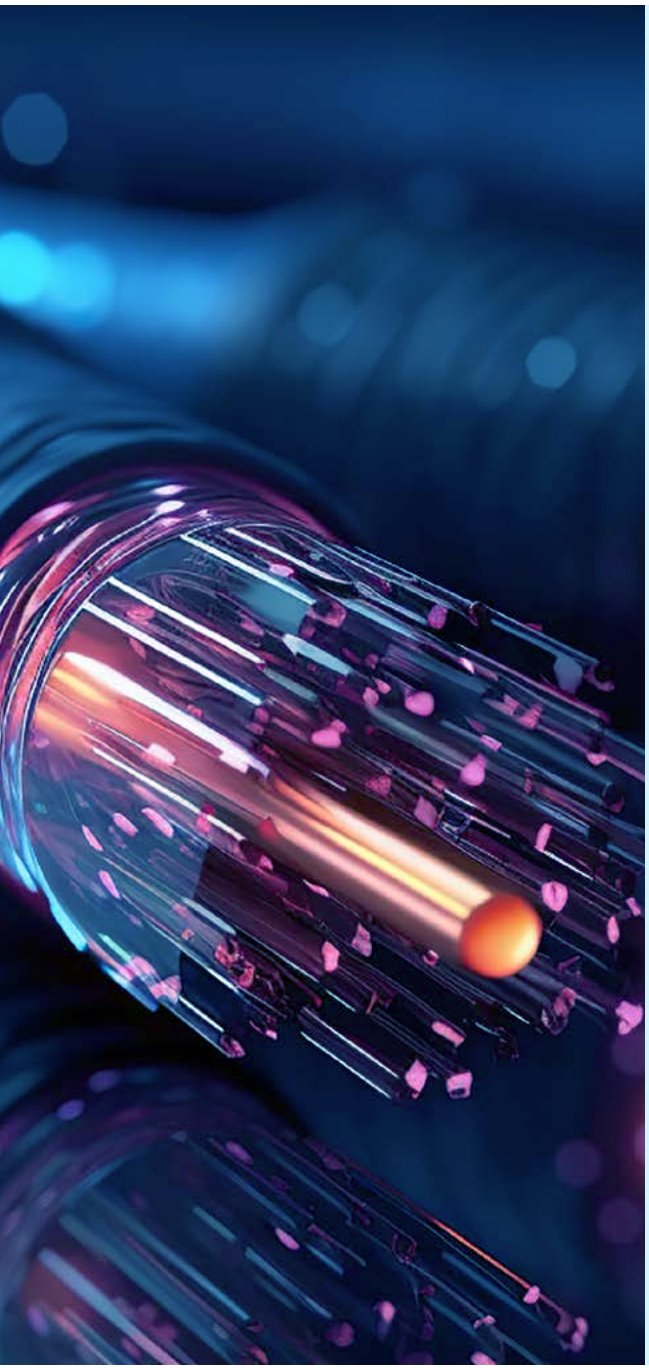
There's another aspect of making tech decisions: the fear of making the wrong one. And our survey found that fear around further investments is on the rise year over year. US businesses report increased anxiety across all categories tracked since 2023, with heightened concerns around market competition (73 percent), trust in new technologies (70 percent), and regulatory challenges (69 percent). Notably, competitive pressures are significantly higher than last year and above the global average.

Part of the issue is tech debt, which can add to the uncertainty about adding new technology while still having the drag of debt of existing technology. Another factor is CEO sentiment. Many are afraid of making the wrong choice during a period of extreme competitive pressure and disruption.

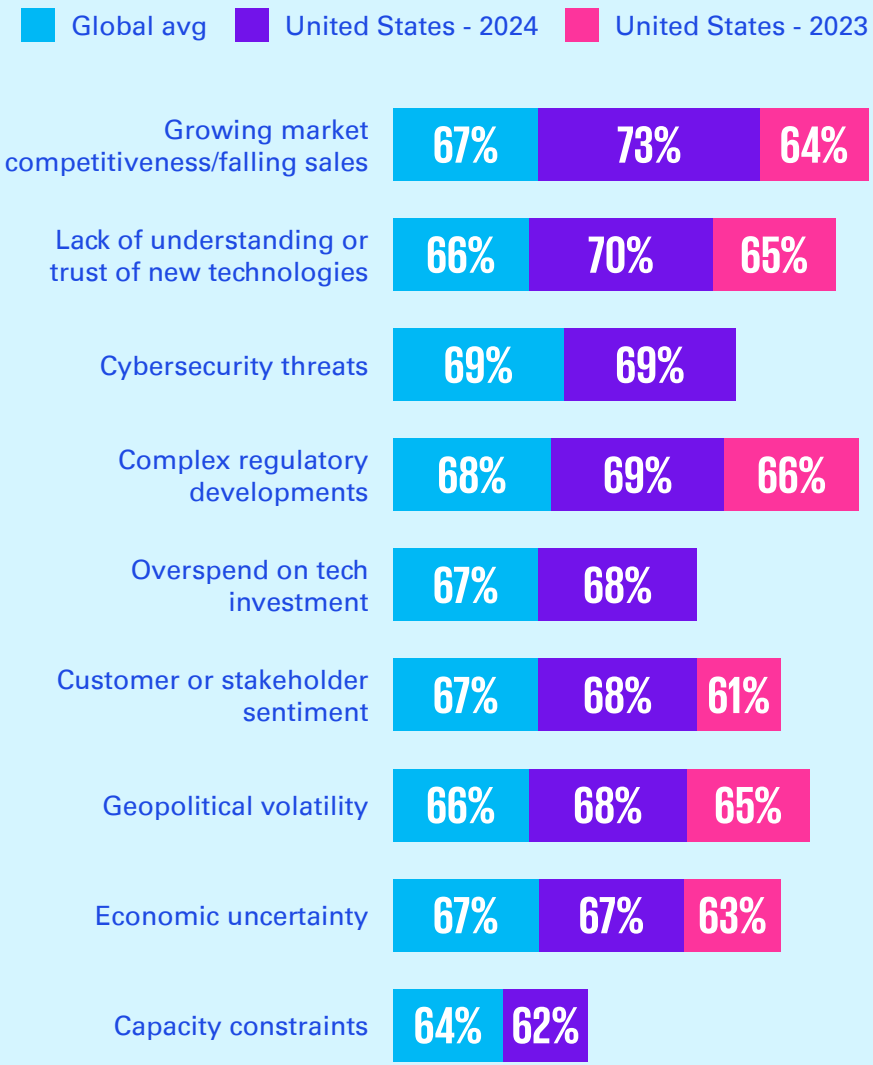
Making commitments on new technology is challenging enough in the face of rapid technology change. But equally daunting is integrating that new technology into existing systems. Sometimes, that implementation doesn't go smoothly. While 76 percent of US respondents said they prioritize adopting new technology to deliver new value into their business models

58%

still face weekly disruptions due to flaws in their legacy systems, highlighting challenges in balancing modernization with existing infrastructure.



Factors making businesses feel less confident about investing in new technology



US prioritizes environmental KPIs and ensures initiatives target sustainability goals.

Although businesses are clearly looking for ROI from their technology, not all business value is financial. A company's sustainability efforts and reputation with stakeholder are also have worth. In the US, tech leaders have made strong commitments to sustainability goals. And this commitment is trickling down to their suppliers and clients and supply chain.

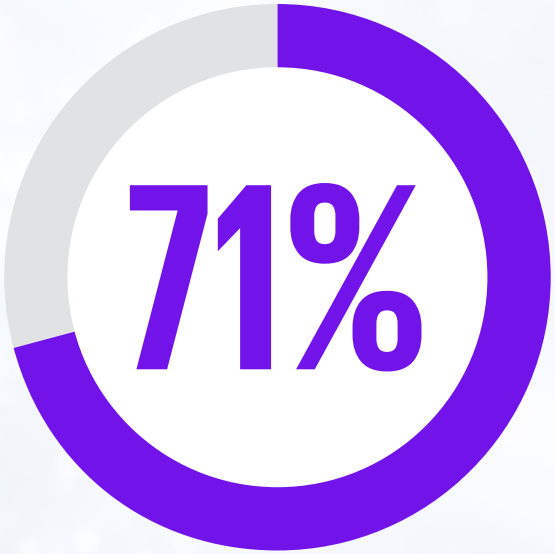
While financial performance is the top KPI in the US, respondents say they place a stronger emphasis on environmental metrics than the global average. Among US respondents, 71 percent said they ensure their tech investments directly target their sustainability and social responsibility goals. By comparison, the global consensus placed performance against environmental goals outside their top five metrics for evaluating tech, whereas US organizations place it within their top two.

Strategies to track value of digital transformation projects and investments

Top three tech performance indicators

	US	Global avg
1	Financial	Financial/ Business growth
2	Environmental	Customer
3	Customer/Risk and Cybersecurity	Risk and cybersecurity

Target sustainability and social responsibility goals



Of US respondents ensure their tech investments directly target their sustainability and social responsibility goals, which is slightly above the global average.

Part 3:

Improved data capabilities fuel innovation and empower end-users.

In the age of digital transformation, the ability to harness data for actionable insights stands as a foundation for competitive advantage. However, our survey underscores a critical gap for US companies compared to their global counterparts in embedding data and analytics into their organizational fabric.

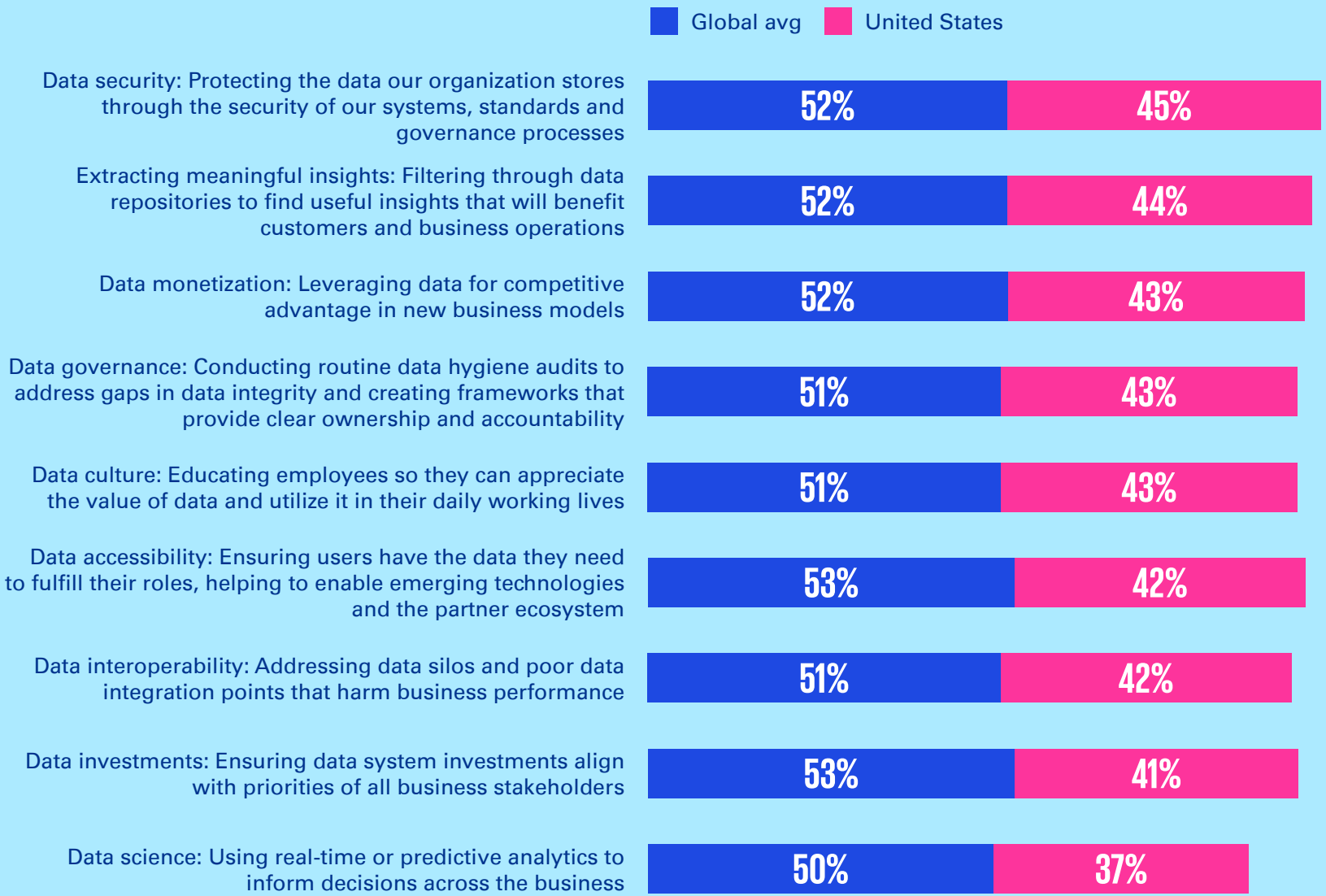
US lags behind global peers in embedding data and analytics initiatives.

Key to any digital transformation is the collecting and analysis of data to bring about better business insights to help leaders make better decisions.

Our survey found that, compared with their global counter parts, US companies could do more to fully embedding data-driven practices, particularly when it comes to leveraging data for competitive advantage and making real-time, analytics-informed decisions. In particular, These practices include data science, data accessibility, and data monetization.

One impediment to better leveraging data is the tech complexity of the US landscape. The technology used by US companies runs the gamut, from mainframes to client/servers to the web to the cloud, often in combination. Those disparate platforms can make it difficult to access and analyze data. Nevertheless, these results suggest opportunities for US businesses to strengthen data governance, culture, and overall effectiveness in utilizing data assets.

Proportion of respondents in the top two levels of data management maturity



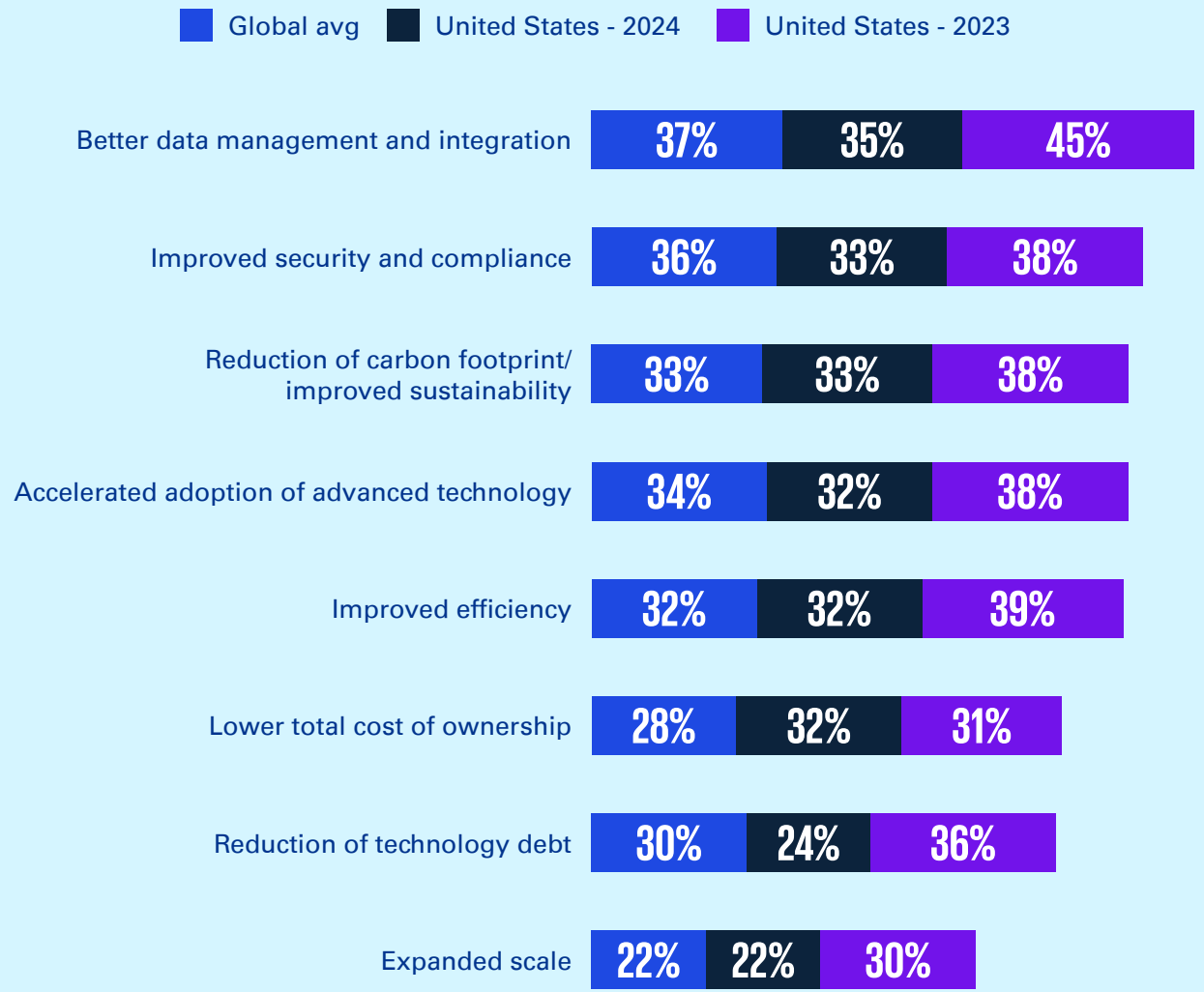
Data management and integration upgrades remain the top benefits of XaaS technologies.

One effective way to better access and manage data is through XaaS. As we've mentioned earlier, US companies are making XaaS the top priority of their digital transformation projects. Our survey found that 35 percent of US respondents continue to see data management and integration as the top benefits US organizations are achieving from their XaaS technologies.

As to other benefits of XaaS, US respondents cited security and compliance (33 percent), and sustainability (33 percent) and ranked them higher in importance compared to 2023.

Meanwhile, leveraging XaaS to reduce technology debt has declined from 36 percent to 24 percent, indicating a more strategic approach to cost management, suggesting that in 2024 focus is on optimizing core operations rather than expansive growth initiatives.

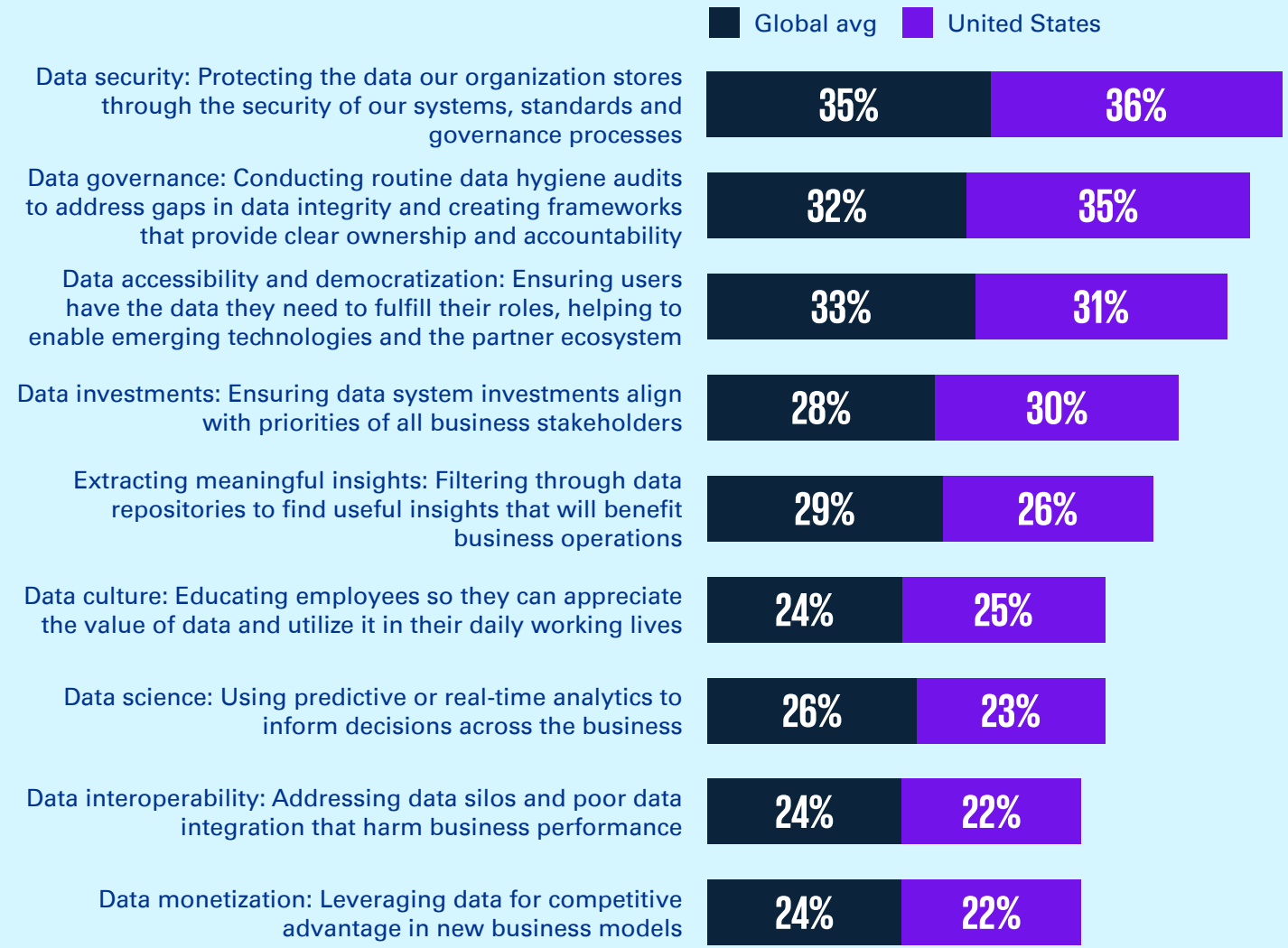
Key benefits achieved from leveraging public cloud platforms/XaaS technologies in the past year



Data security and governance lead US priorities, while data insights and culture remain underdeveloped areas.

Better data management also involves keeping that information safe and out of the wrong hands, particularly as the amount of data used by businesses increases. As we've seen in early responses around cybersecurity, US organizations show a high level of concern around keeping data secure and private. Data security is the top focus for both US (36 percent) and global (35 percent) organizations, underscoring the critical importance of safeguarding systems and governance. US companies place greater emphasis on data governance (35 percent vs. 32 percent globally) and aligning data investments with business priorities (30 percent vs. 28 percent).

Data management area focus in the next 12 months



While data accessibility is a key priority globally (33 percent), the US lags slightly behind at 31 percent. Lower prioritization of extracting insights and fostering a data-driven culture suggests areas for improvement in both markets.

Part 4:

Businesses see payoff from AI adoption

In the rapidly evolving landscape of AI, US companies are making significant strides, aligning with global trends in AI adoption and value realization. This includes a mix of use cases directly contributing to business outcomes and broader AI initiatives scaling with a clear return on investment.

US AI adoption aligns with the global average, with most businesses already achieving value.

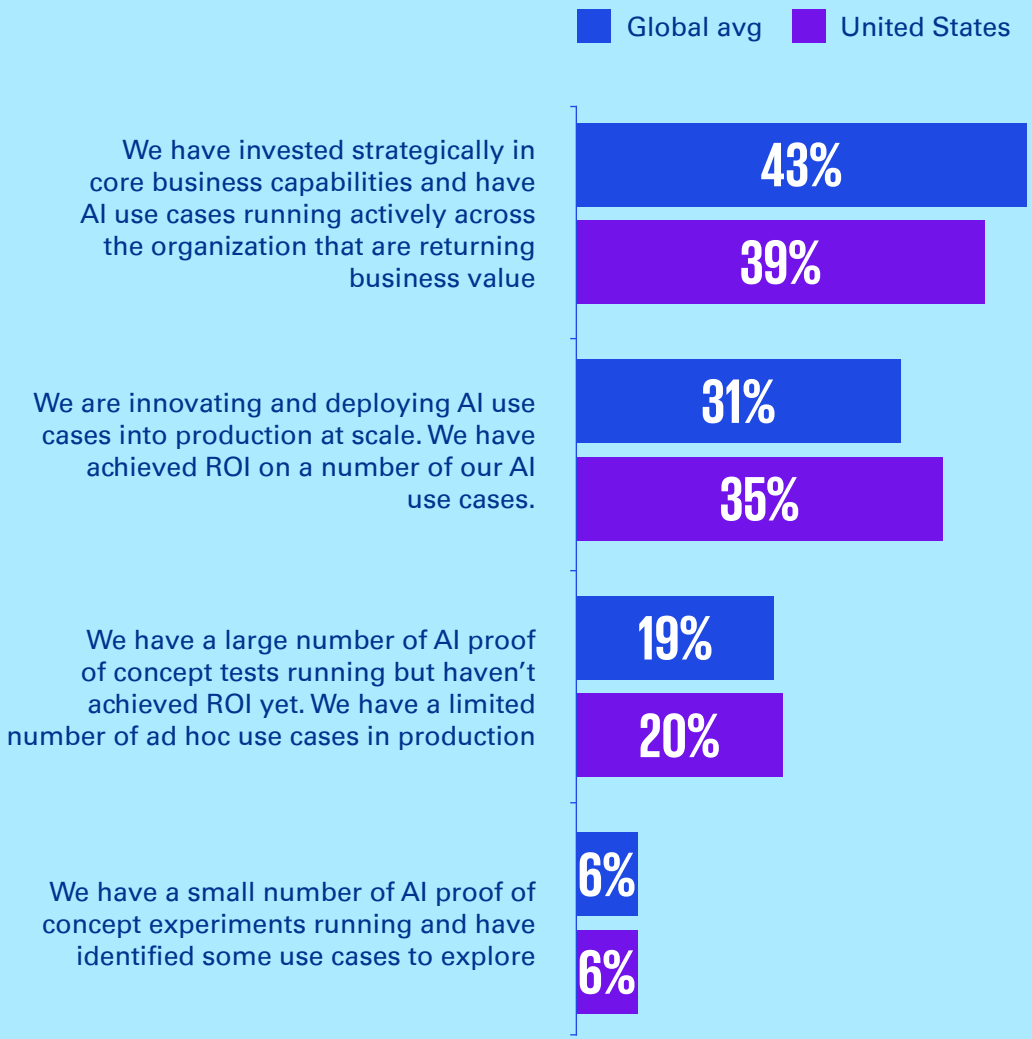
Since making its debut in late 2022, generative AI has been the focus of technology departments in organizations across all sectors. Our survey found that most US organization are moving forward aggressively with their AI adoption, and the investments are paying off.

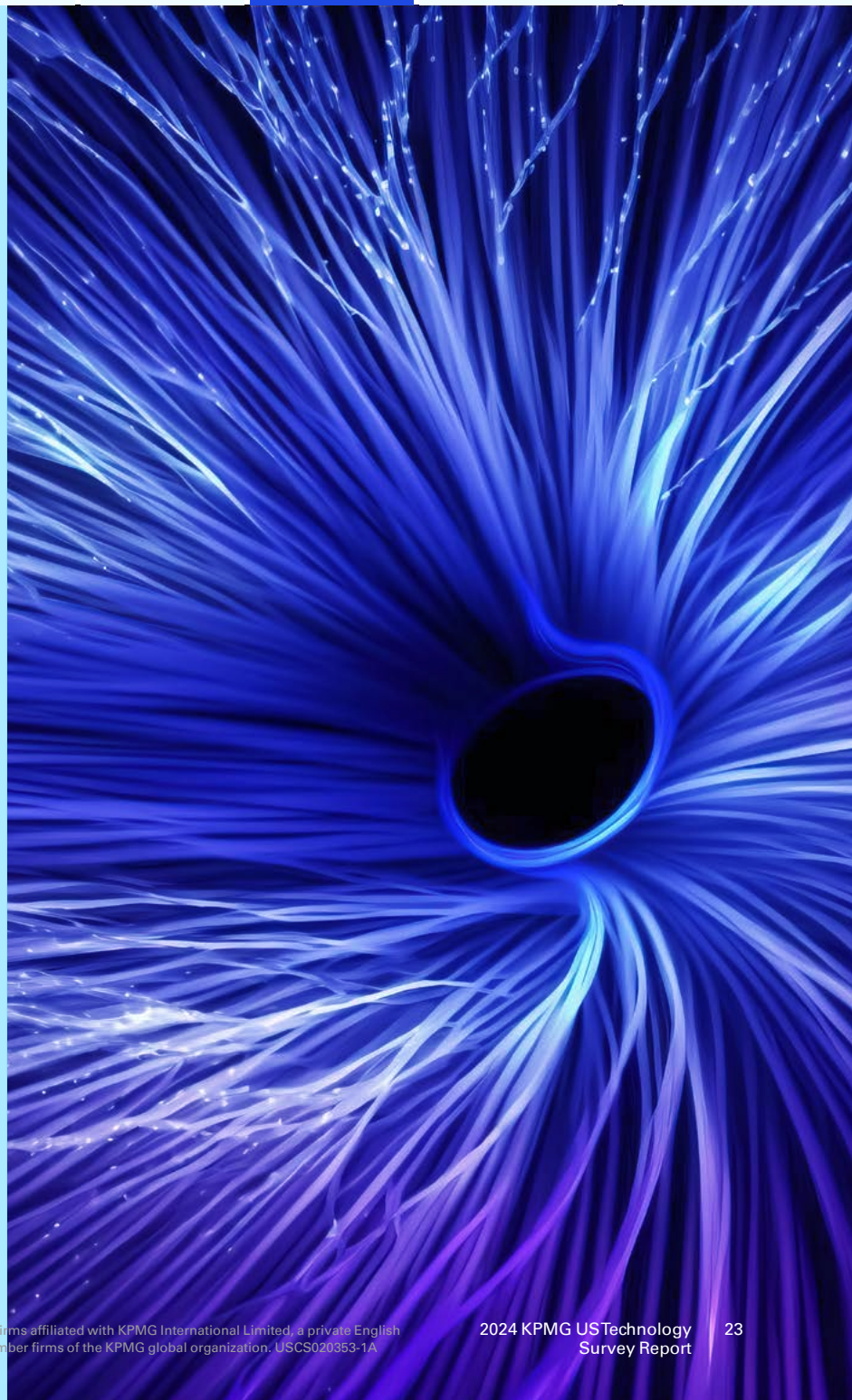
74% are already generating business value from their AI implementation so far.

Of this group, 39 percent have AI use cases that are delivering business value and 35 percent are scaling AI with ROI achieved in several cases. The focus remains on advancing maturity levels to unlock broader benefits and move beyond proof-of-concept stages.

As for how to use AI, the top three short-term goals for leveraging AI among US organizations focus primarily on operational efficiency (45 percent), followed by advanced pattern detection and issue correction (40 percent), and product and service innovation (39 percent). This highlights a strong emphasis on enhancing efficiency and optimizing processes as immediate AI priorities in the US market.

Current maturity level with AI adoption





US companies favor collaboration for AI experimentation instead of top-down initiatives.

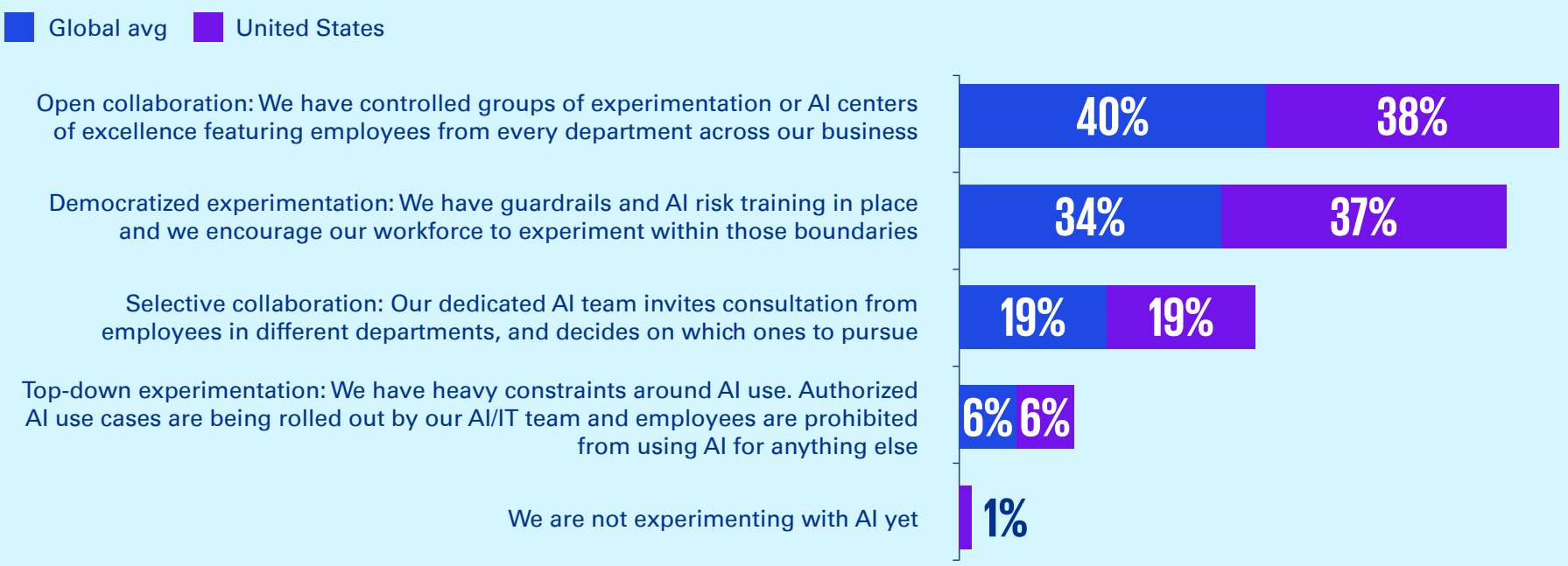
For all its advantages, implementing AI is a big task, involving changes in technology and the way people interact with it. And in many ways, it's a new frontier, with many unanswered questions. The challenge for organizations is how best to proceed.

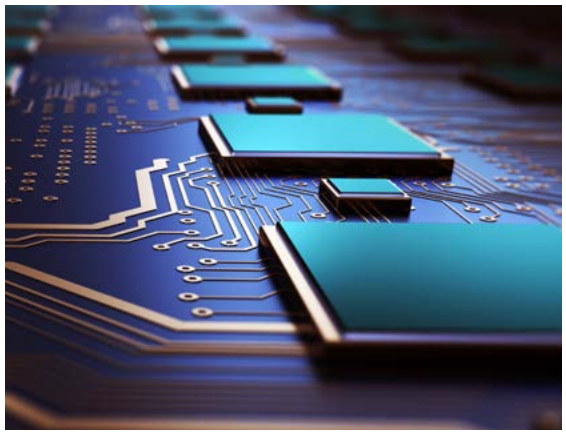
When it comes to developing and deploying AI throughout their organizations, US respondents said their companies primarily experiment with AI through open collaboration (38 percent) and democratized approaches (37 percent), closely mirroring global trends.

While selective collaboration is equally used by 19 percent of US and global companies, top-down experimentation remains the least favored method (6 percent). The data indicates that most US companies are actively exploring AI use cases, with a focus on inclusive and cooperative experimentation.

One reason for the disparity between the US and global results may be regulations. Europe is taking a strong stand on regulating AI and that environment may require a more top-down coordination that what we're seeing in the US. However, the US will likely begin shifting away from experimentation to focusing more on proof of concept and small use cases.

How companies are experimenting with AI use cases

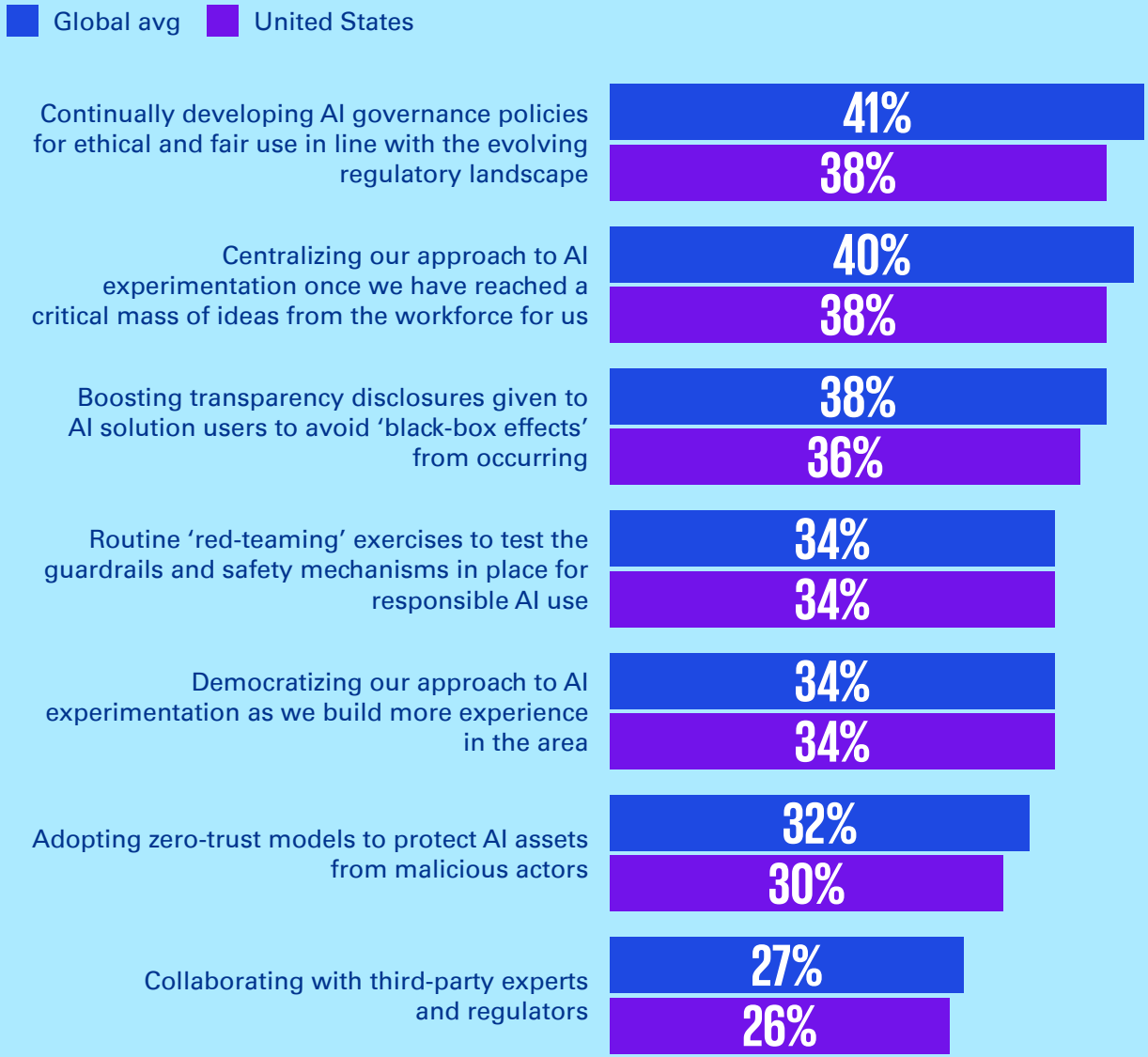




While focus is on continuous oversight to securely scale AI, many expect to hit a tipping point where they will centralize AI experimentation.

As with other technology programs, US organizations prioritize continuous oversight (38 percent) and centralizing AI governance (38 percent) as key strategies for securely scaling AI, closely aligning with global trends. Transparency enhancements (36 percent) and routine governance redesigns (34 percent) are also top priorities, although the US slightly lags in democratizing AI governance and adopting zero-trust frameworks compared to global peers. Collaborative approaches are less emphasized in the US (26 percent), suggesting room for improvement in cross-functional AI governance efforts.

Plan to scale AI considering governance, trust and cybersecurity



US companies expect AI to transform knowledge work by automating tasks and redefining roles

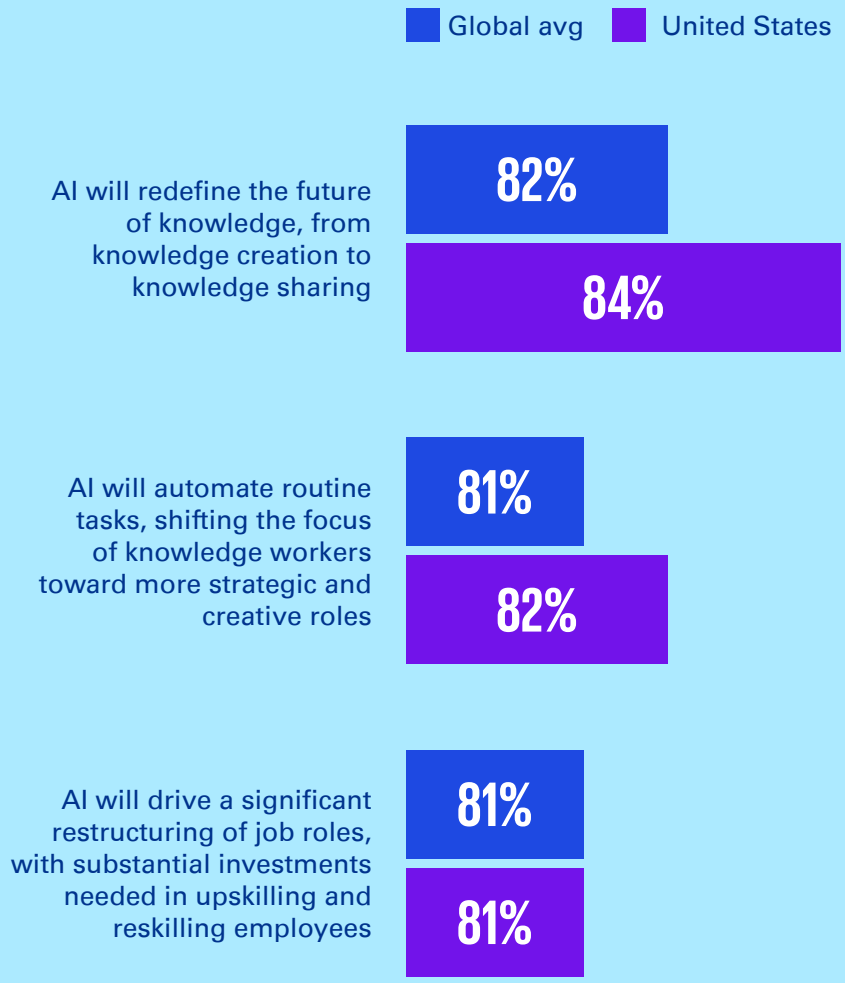
As companies ramp up their use of AI throughout their organization, one persistent question is how the technology will affect the role of workers. Looking ahead, US organizations expect AI to significantly disrupt knowledge work over the next decade, with 84 percent predicting a shift from knowledge creation to knowledge sharing.

Additionally, **82 percent** foresee AI automating routine tasks, enabling workers to focus on more strategic and creative roles.

This aligns closely with global expectations, highlighting the widespread belief that AI will drive major changes in job structures, necessitating investments in upskilling and reskilling.

As companies move towards not just the augmentation but the automation of a task, expect to see a shift from AI Assistants to autonomous AI agents and even fleets of agents. AI agents are LLM-powered autonomous software entities that perceive their environment, make decisions, act upon them and interact with users or other systems in a manner like a human. A steppingstone towards the adoption of AI agents is the adoption of Copilots which are essentially an AI Assistant powered by LLM/generative foundation models. However, many consider Copilots as a type of AI agent as well. They work alongside users rather than operating independently. Unlike fully automated AI agents, Copilots provide suggestions and recommendations to assist users in completing tasks. As we are facing an inflection point for autonomous agent development, we expect to see a transition from augmentative generalist AI to autonomous specialized AI. Along with this evolution we are likely to experience a transition in the role that humans play alongside AI, from humans being "in-the-loop' to human beings 'on-the-loop'.

Top three ways AI will disrupt roles of knowledge workers over the next 10 years



Conclusion

US businesses are navigating through the complex landscape of digital transformation, where extracting value and managing the rapid pace of technological change are not just goals but essential survival strategies.

However, the pace of technological change, financial constraints, cybersecurity threats, and the need for a robust data backbone pose significant hurdles. Yet, US companies are demonstrating resilience and strategic adaptiveness, making notable strides in improving digital transformation outcomes, managing technology with a product mindset, and prioritizing sustainability alongside financial objectives.

Here are some major takeaways for organizations to consider:

1

Strategic Emphasis on XaaS and AI: Companies should continue to prioritize XaaS and AI, leveraging these technologies for enhanced data management, operational efficiency, and innovation. A focus on scalable AI use cases that deliver tangible business value will be key to advancing maturity levels and unlocking broader benefits.

2

Bolster Cybersecurity Measures: In light of the prioritization of cybersecurity and the challenges it presents, organizations must invest in robust cybersecurity measures, especially for protecting data on legacy systems. This includes adopting a comprehensive cybersecurity framework tailored to the unique threats and regulatory requirements faced by US businesses.

3

Foster a Data-Driven Culture: Addressing the gap in embedding data and analytics practices requires a concerted effort to foster a data-driven culture. This involves enhancing data governance, improving data accessibility, and integrating data insights extraction into organizational decision-making processes.

4

Align Tech Investments with Sustainability Goals: With a strong emphasis on environmental KPIs, US organizations should continue to align their technology investments with their sustainability and social responsibility goals. This includes evaluating tech initiatives not just on financial metrics but also on their impact on environmental objectives.

Here are some major takeaways for organizations to consider: (cont.)

5

Enhance Decision-Making Frameworks: To navigate the complexities of digital transformation, US companies must enhance their decision-making frameworks, addressing gaps in stakeholder engagement and process consistency. This involves fostering collaboration, building consensus among stakeholders, and maintaining a rigorous approach to evaluating the business value of tech investments.

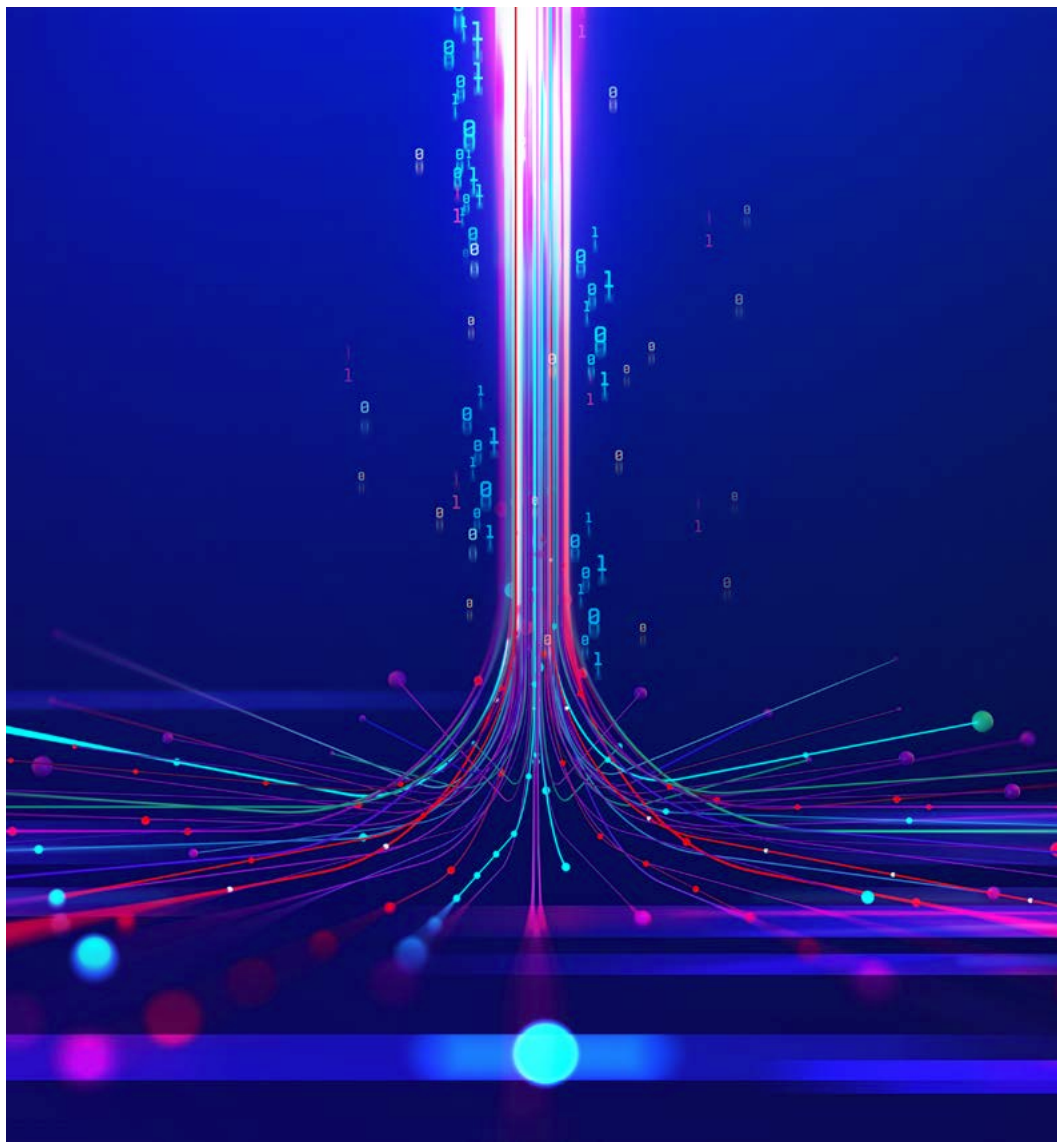
6

Address Tech Debt and Legacy System Challenges: A proactive approach towards modernizing legacy systems and addressing tech debt is crucial. Organizations should prioritize initiatives that streamline technological infrastructure, reduce reliance on outdated systems, and enable the seamless integration of new technologies.

7

Upskilling and Reskilling for the Future Workforce: As AI and other technologies transform knowledge work, investments in upskilling and reskilling will be essential. Organizations must prepare their workforce for the future, focusing on strategic and creative roles that AI and automation will increasingly enable.

Embracing these insights and action items will be pivotal for US organizations to realize the full potential of digital transformation—not just financial success but also contributing to a sustainable and resilient future.



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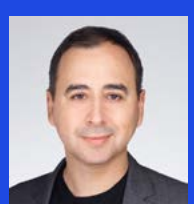

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