

IT investment shifts from cost cutting to customer focus

Sixty three per cent of respondents cited improved customer retention and satisfaction as main driver



Customers are the main drivers for IT investment

Customer focus is now the main reason businesses are developing their IT, according to a report by the CBI and Nominet.

In a survey of 500 UK companies 63 per cent of respondents cited improved customer retention, 60 per cent said tailoring products and services to customer needs and 57 per cent cited marketing as key investment drivers.

"This report shows that the main driver for developing IT services is now the ability to help companies focus on customers and add value, rather than simply cutting costs," said John Cridland, deputy director-general of the CBI.

"At a time of tougher economic conditions and ever-increasing international competition, it is vital that all firms understand how they can use IT to drive performance and create goods and services customers want."

Survey results revealed that the main barriers to the extensive development of internet-based services are geographic dispersion of staff, information assurance concerns and differing regulatory requirements.

In terms of entering new product markets and new geographic markets mid-sized firms appear to have benefited less from IT than their small and large competitors.

The survey also found UK companies increasingly recruit foreign IT staff, with 59 per cent now employing them in some capacity, up from 52 per cent two years ago.

Twenty five per cent of companies hire Indian IT staff and 11 per cent now hire Chinese IT staff.

But only 13 per cent of companies cited an inadequate UK skills base as the reason for hiring foreign staff. The main drivers were international growth, cited by 61 per cent and individual project requirements cited by 46 per cent.

Respondents would welcome help from government in the area of IT.

Forty two per cent would like support using IT services to access overseas markets, and 39 per cent would welcome the development of a national centre of excellence to identify and share best practice.

Baroness Shriti Vadera, under-secretary of state for business and competitiveness, welcomed the report.

"The development and take-up of IT is critical for business growth and efficiency. We need to make sure that all firms – large and small – have access to technology that will improve productivity and, importantly, the skills to use it effectively," she said.