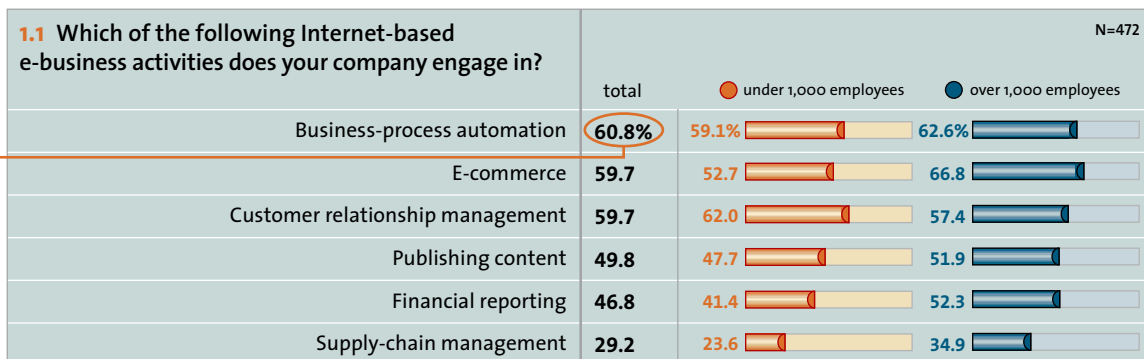


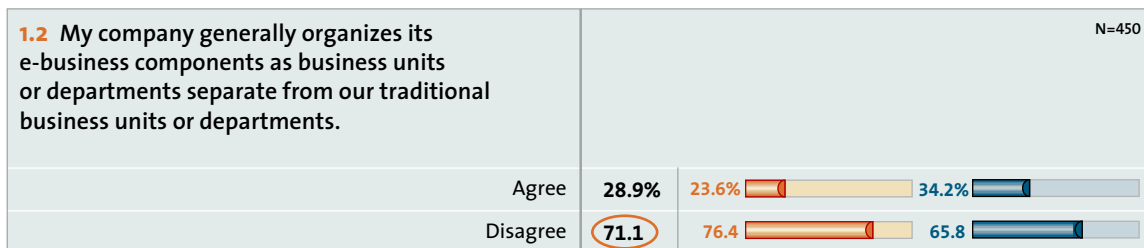
FINDING 1 E-business has moved beyond the “exploratory” stage and is increasingly well integrated into core business operations. If the bursting of the Internet

bubble has had any benefit, it’s been in making companies far more focused on leveraging the Internet to advance their business goals. CIOs say more and more of their core business applications have become Web-enabled in recent years, from accounting and HR to operations and sales. In fact, most CIOs indicate that e-business activities are no longer set up as separate organizations in their companies, but instead are tightly integrated within other departments.

73.9% of computer-product manufacturers have adopted Internet-based business-process automation.

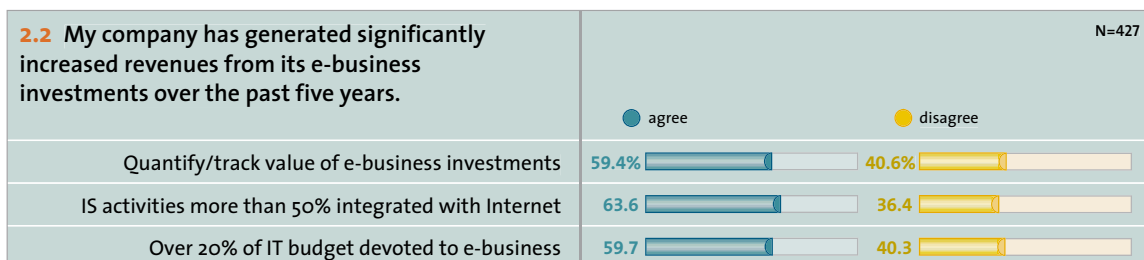


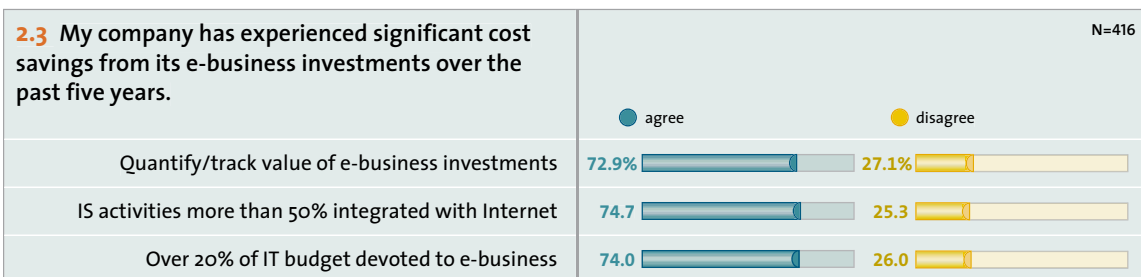
Just 9.7% of companies in healthcare keep e-business functions separate from other operations—the least likely major vertical to do so.



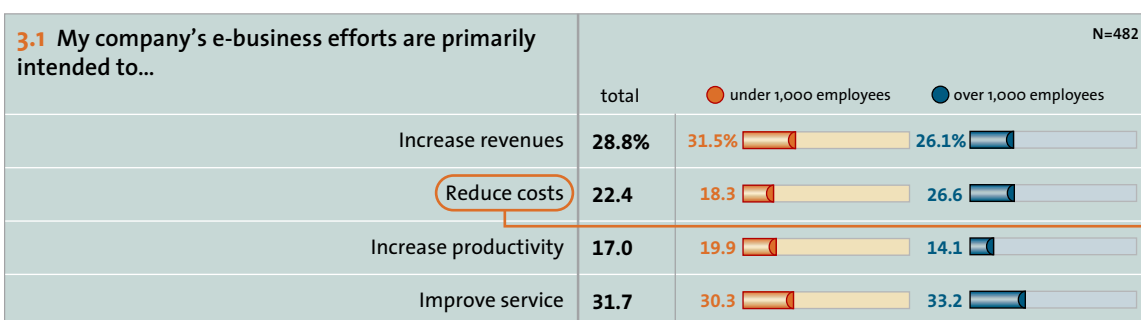
FINDING 2 E-business success is tied to specific practices. The research points to predictors of e-business success: quantifying and tracking the value of e-business

investments, ensuring information systems are integrated with the Internet, and allocating at least 20 percent of the IT budget to e-business activities. And these traits are interlinked: Respondents who said their companies closely track and quantify the value of their e-business investments are about 50 percent more likely to have most of their IT activities Web-enabled and to devote at least 20 percent of their IT budget to e-business than are those who don’t track and quantify.

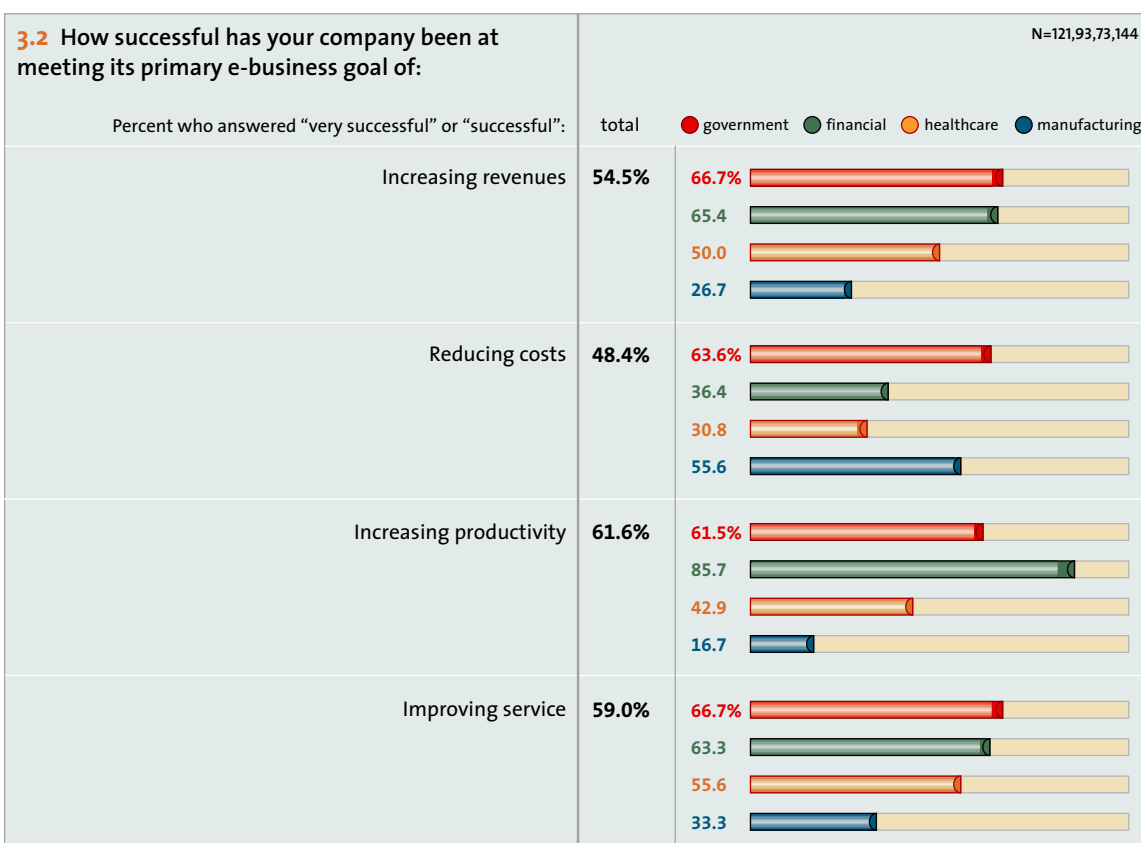




FINDING 3 Companies' motives for adopting e-business activities vary—and so do their results. It's easy to equate e-business with e-commerce—doing transactions via the Web—but nearly three-quarters of respondents say driving increased revenues is not their primary e-business goal. In fact, the motivators for adopting e-business are as varied as the companies themselves. Note that the objectives most would consider “easiest” to measure—increased sales and reduced costs—are the ones CIOs say they have had the lowest success rates with, to date.



Healthcare companies are heavily driven by reducing costs, while governmental agencies are focusing upon significantly improving service.

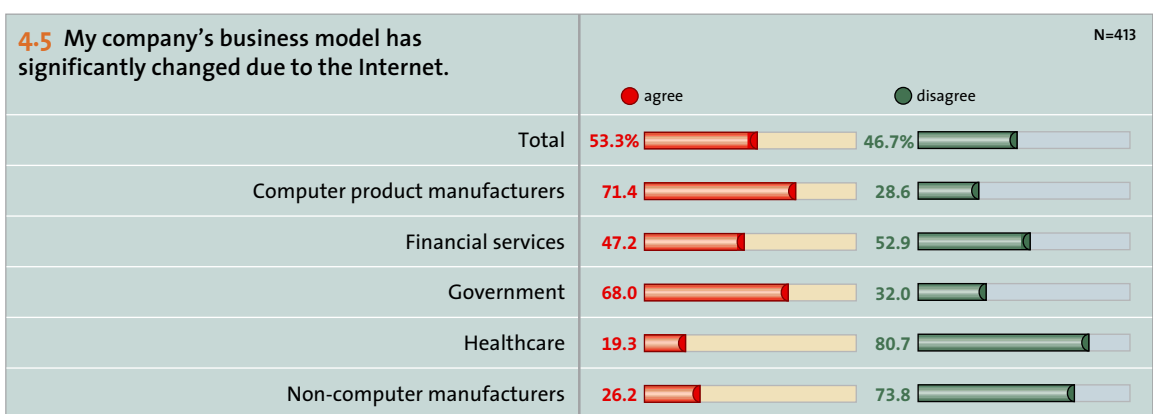
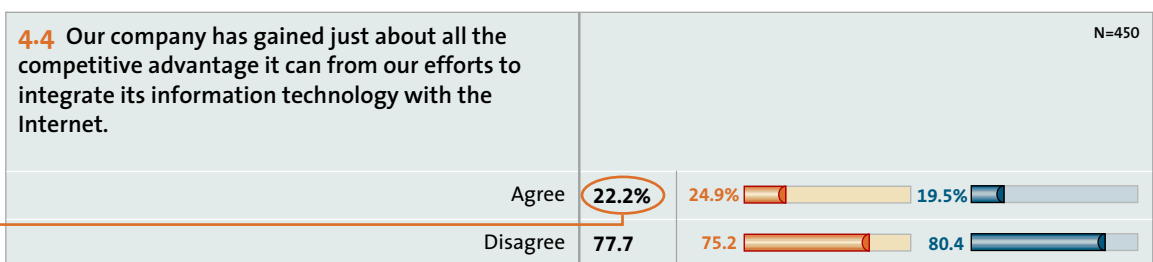
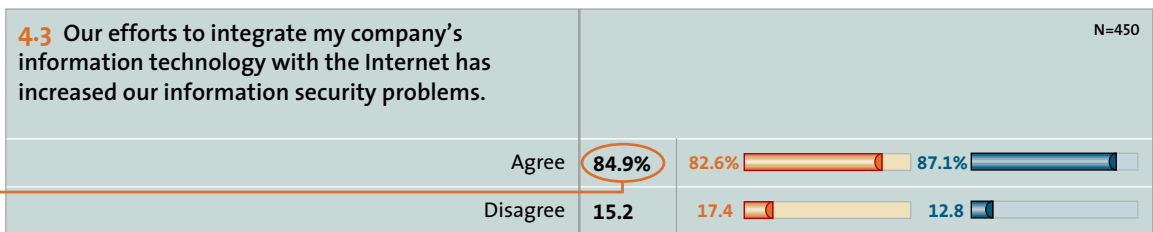
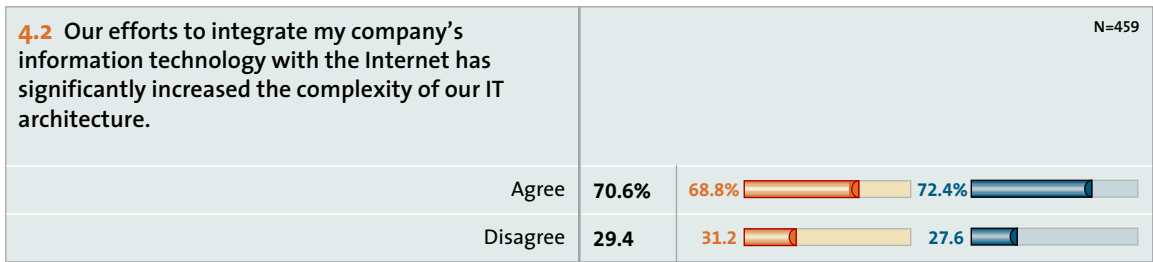
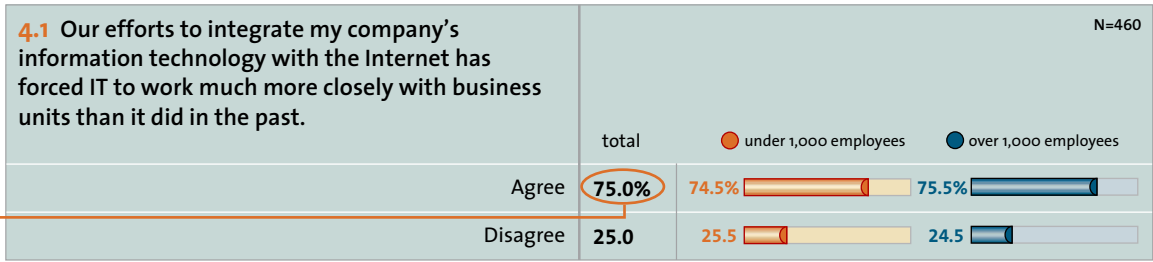


FINDING 4 **Implementing e-business has been a significant challenge—and there’s more to be done.** Doing e-business right is tough, grueling work. Its complex nature makes it a bear to implement and manage, particularly when you’re talking about legacy systems and security. The biggest challenge? CIOs often point to the human factor—the need for IT and the business units to work far more collaboratively than ever. At the same time, CIOs say there’s a lot more they need to do in order to fully leverage their e-business investments—but at least they’re not giving up.

At 82.1%, government CIOs agree the most; at 56.3% those in healthcare the least.

Healthcare CIOs were nearly unanimous in agreement, thanks no doubt to the landmark HIPAA legislation.

Government, at 26.8%, and companies with less than 1,000 employees, at 24.9%, are the most likely to say they’ve fully leveraged their e-business efforts.



FINDING 5 **E-business spending is sizeable—and it's still on the rise.** Even in the face of the weak economy, companies still are spending millions on e-business. While prior research and anecdotal information points to a shift in that spending from infrastructure build-up and high-profile application projects to services designed to help leverage prior investments such as training, help desk and application integration, nobody's choked off IT's funding supply when it comes to e-business projects.

5.1 What is the total amount, in U.S. dollars, of your company's investment in e-business efforts in 2002 and 2003?	N=395,396		
	total	under 1,000 employees	over 1,000 employees
2002 (mean)	\$7.9 million	\$725,000	\$15 million
2003 (mean)	\$8.2 million	\$825,000	\$15.5 million

In 2002, computer-product companies allocated the largest percentage (26.4%); healthcare companies the smallest (9.3%).

5.2 What percent of your company's total IT budget was allocated to its e-business efforts in calendar 2002 and 2003?	N=414,420		
	total	under 1,000 employees	over 1,000 employees
2002	20.0%	23.1%	16.3%
2003	21.5	25.8	17.1

FINDING 6 **E-business isn't just about financial benefits.** No one would debate the critical nature of financial measurements in ROI analyses. But CIOs are pointing to numerous other benefits derived from e-business activities. Though they may be more difficult to measure and quantify than increased revenues and cost savings, factors such as enhanced customer satisfaction and improved productivity are often seen as every bit as crucial to a company's success—and to a CIO's career.

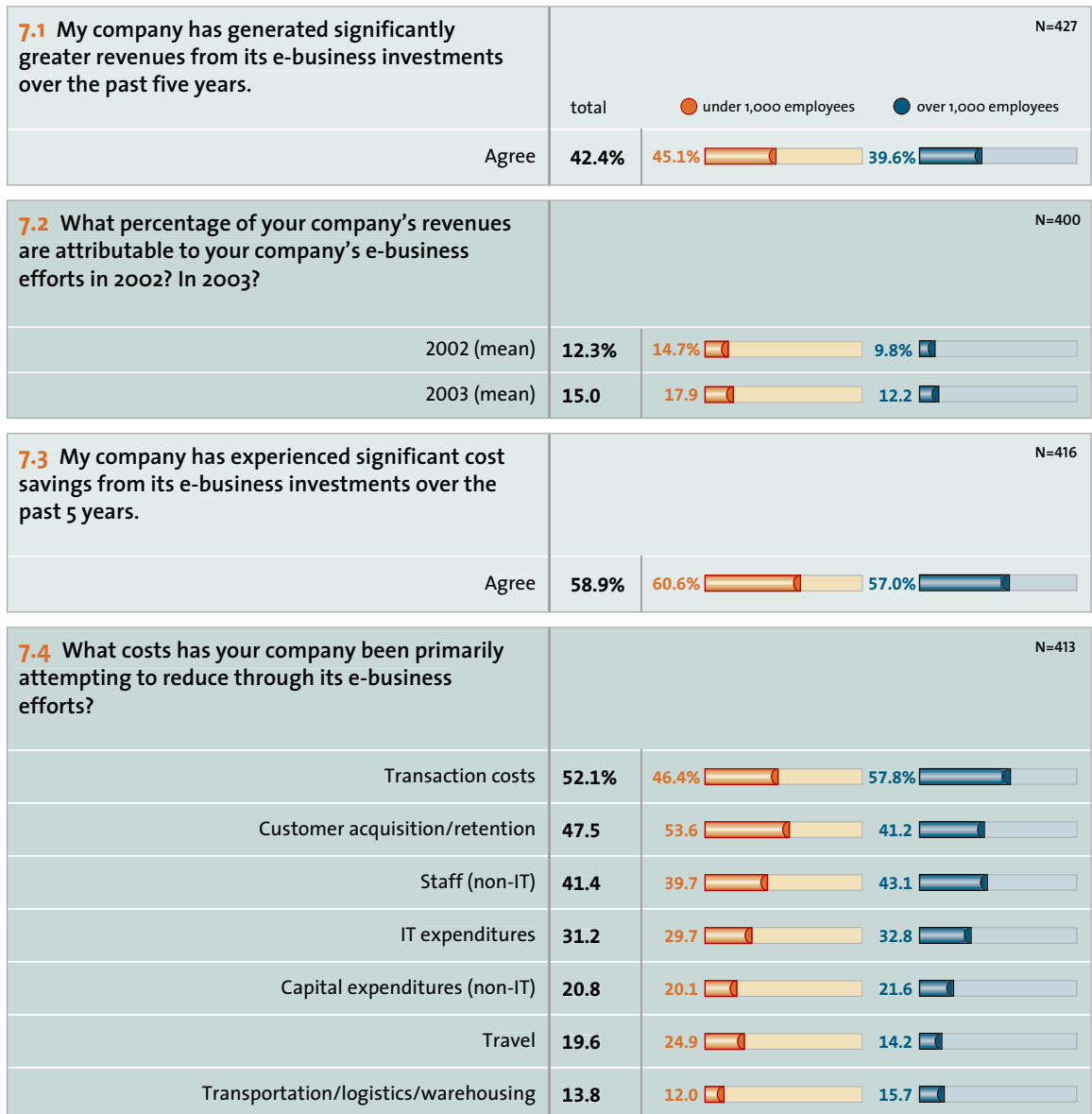
On average, respondents said their companies realized a 13% improvement in worker productivity due to e-business.

6.1 What non-financial benefits have you seen increased in your company thanks to its e-business efforts?	N=411		
	total	quantifies/tracks value of e-biz investments	does not quantify/track value of e-biz investments
Customer satisfaction	71.3%	80.1%	57.9%
Worker productivity	60.8	66.7	52.4
Customer knowledge	47.9	56.9	34.8
Error reduction	43.3	48.0	36.6
Flexibility	43.1	50.0	32.9
Worker satisfaction	42.6	48.8	33.5
Partner satisfaction	36.7	44.3	25.0

6.2 Our efforts to integrate my company's information technology with the Internet has enabled us to align our IT efforts more closely with corporate strategy.	N=458		
	total	under 1,000 employees	over 1,000 employees
Agree	80.1%	81.0%	79.3%
Disagree	19.9	19.0	20.7

FINDING 7 **Smaller companies have embraced e-business as enthusiastically as large ones . . . and often more so.** Think e-business is just for big-companies? Think

again. As smaller companies increasingly look for ways to leverage technology investment into competitive advantage, they've plunged headlong into e-business. CIOs at companies with less than 1,000 employees are more likely than their bigger counterparts to monitor and track the value of their e-business investments, integrate their overall information systems with the Internet, and increase the rate of their e-business investments in 2003 from last year (smaller companies report a 13.8 percent year-over-year increase, compared with 3.8 percent for the same period for larger companies).



How the survey was done: *CIO Insight* editors designed the 2003 E-business Survey together with Equation Research, LLC (www.equationresearch.com), a Pleasantville, N.Y.-based supplier of custom research services. IT executives gathered from Ziff Davis Media publication lists were invited to participate in the study by e-mail. The questions were posted on a password-protected Web site, and 512 qualified respondents (259 from companies with 1,000 employees or more, and 253 from companies between 50 and 999 employees) replied from June 4 to June 30, 2003. Of the respondents, 58 percent were CIOs or CTOs, and the rest held titles of vice president of IT or higher.