### The Current and Future State of Nike's IT Function



ITS - Cost - Budget Framework
October 10<sup>th</sup>
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## Nike boasts a strong operational foundation with investment in future opportunities

# IT Budget 3.2% of Sales COMPETITIVE ADVANTAGE OPPORTUNITY 9% 4% CORE SUPPORTING THE BUSINESS 12% 9%

| OPERATIONS | PLANNED<br>UPGRADES | GENERAL<br>MAINTENANCE |
|------------|---------------------|------------------------|
|            | 20%                 | 46%                    |

| INVESTMENT: 34%                            | OPERATIONS: 66%             |
|--|-----------------------------|
| Avg. Project Size:<br><b>10,000,000</b> \$ | Planned/General: <b>1:2</b> |

### **Teamwork Relationship Stance**

Nike's IT function works collaboratively across all departments, providing strong operational support and enabling innovation through teamwork

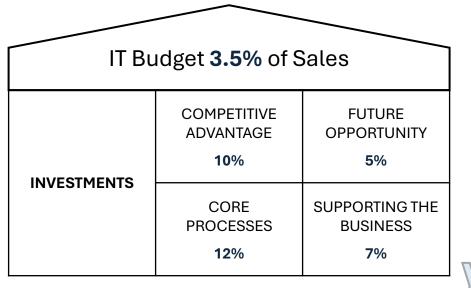
### **Driver Operating Model**

The IT function at Nike currently acts as a **Driver**, leading innovation through digital transformation and e-commerce initiatives while supporting operational excellence

### IT Spend Reasoning

- The IT budget as a percentage of sales is slightly above average for a large company in the apparel industry
- Most resources are dedicated to maintaining and enhancing current operations, particularly through supply chain optimization
- Nike invests moderately in transformation and growth projects, like AI technologies for customer engagement

## Nike's future focuses on gaining competitive advantage through IT investments



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### **Teamwork Relationship Stance**

Nike's IT function will continue to operate in the **Teamwork** stance, fostering close collaboration across departments to ensure cross-functional innovation

#### **Driver Operating Model**

IT will remain a **Driver** in leading digital transformation to empower other departments with tools for innovation, ensuring that every part of the business can leverage technology for growth

#### **Nike's Future State**

Better Tomorrow Approach should be used to make minor improvements and ensure steady innovation while maintaining Nike's current operational strengths

### **Suggested Budget Changes**

The increased IT Budget reflects a focus on digital transformation with higher allocations to **Competitive Advantage** and

Future Opportunity to explore emerging technologies