

CIO

State of the CIO : 2016

Agenda



Tracking the KPIs



IT Skills Gap



Budgets & Investments

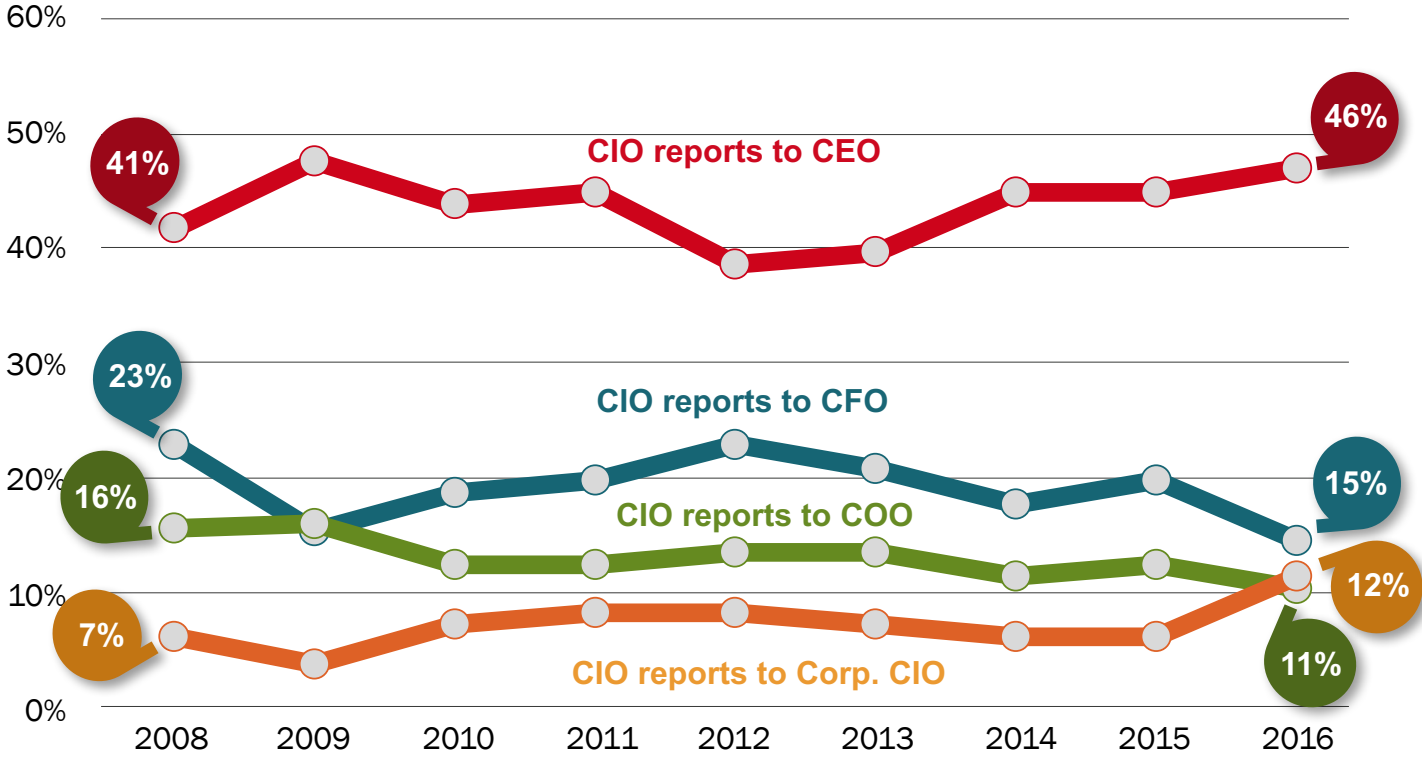


The Customer-Centric CIO



Tracking the KPIs

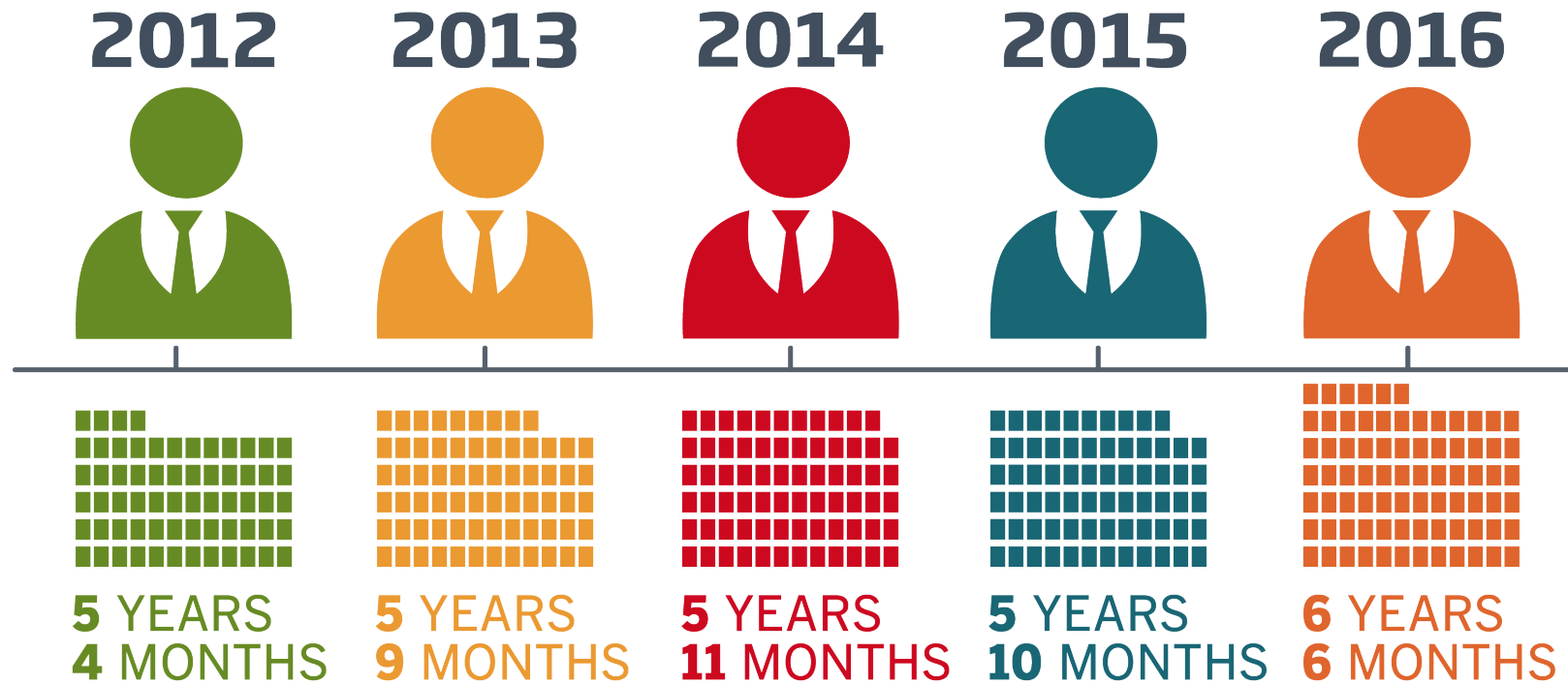
The Reporting Gap Widens



Q. To whom do you report?

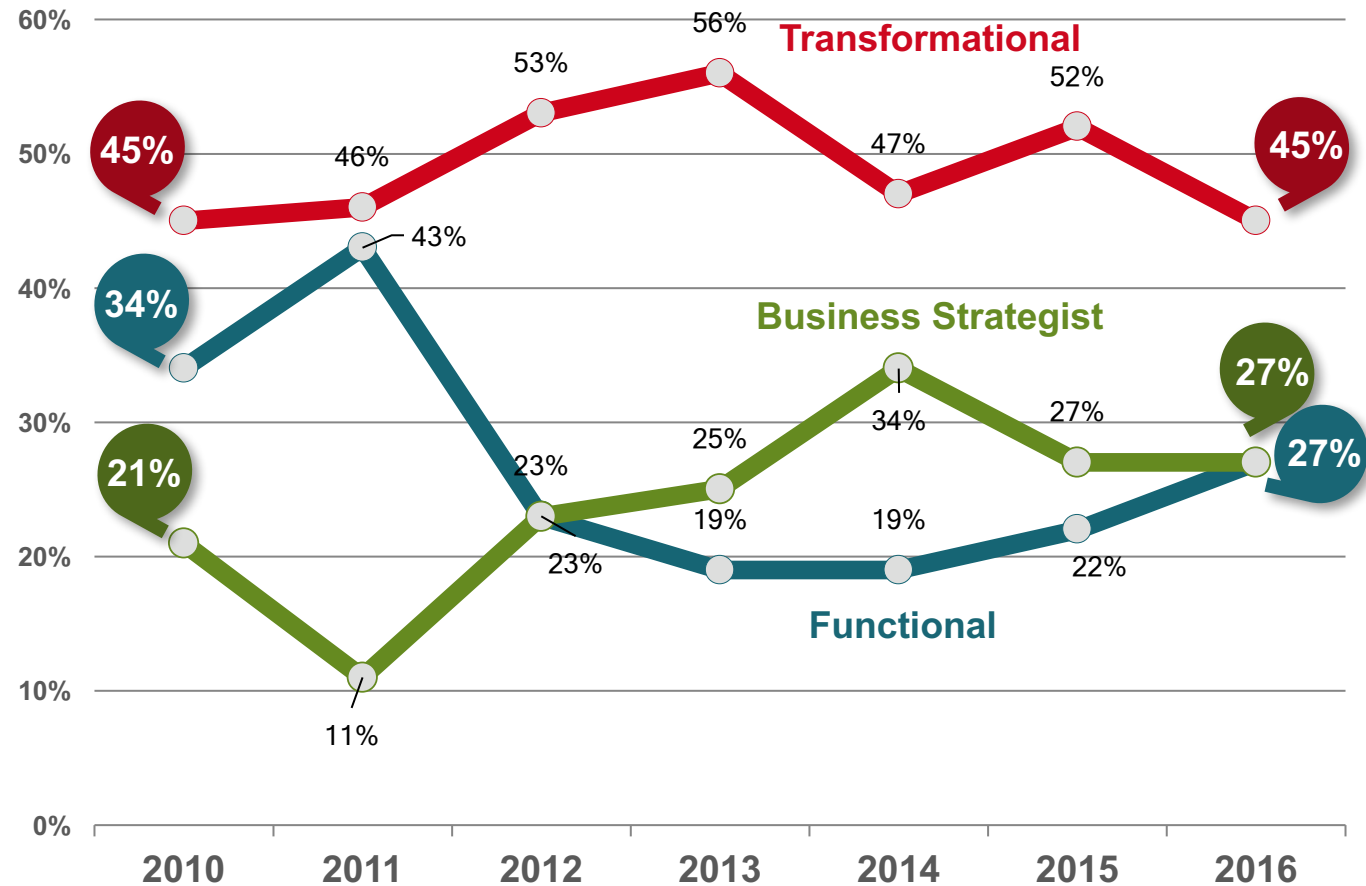
Source: State of the CIO, January 2016

Tenure Reaches an All-Time High



Q. How long have you been in your current position?

CIOs Focus Shifts Based on Need



Q: Which of the following activities best characterize your focus and how you spend your time in your current role? Respondents answers were weighted and summed to come up with an overall score which we then used to assign them to a specific bucket.

Source: State of the CIO, January 2016

Security a Top 3 Focus for CIOs in 2016

FUNCTIONAL

Improving IT operations/systems performance	49%	↓1
Security management	46%	↑15
Cost control/expense management	39%	↓2
Managing IT crises	27%	↑6
Negotiating with IT vendors	26%	↑4

TRANSFORMATIONAL

Aligning IT initiatives with business goals	51%	↓3
Implementing new systems & architecture	41%	↓3
Leading change efforts	40%	↓2
Cultivating the IT/business partnership	35%	↓8
Redesigning business processes	25%	↓3

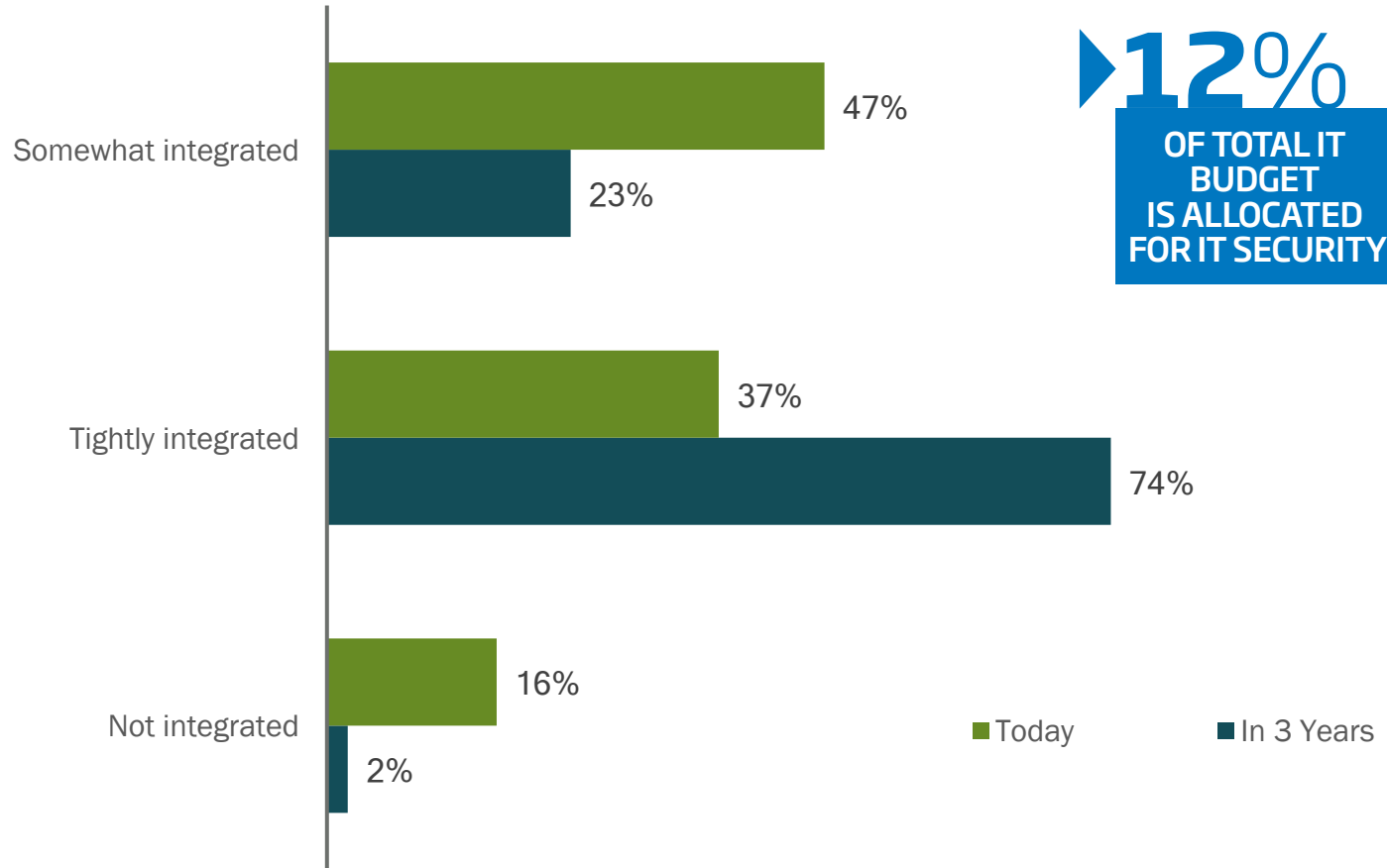
STRATEGIST

Driving business innovation	26%	↓3
Developing and refining strategy	25%	↑1
Identifying opportunities for comp. differentiation	16%	↓2
Developing new go-to-market strategies & technologies	12%	↓1
Studying market trends/customer needs to identify commercial opps.	12%	↑1

Q. Which of the following activities best characterize your focus and how you spend your time in your current role?

Source: State of the CIO, January 2016

Security Strategy Becoming Synonymous with IT Strategy



“Security needs to be part of a good IT strategy, which includes auditing what is in place today and looking at how to continuously improve. Budgeting for the right tools is only part of the equation.”

JOE SHERIDAN, CIO
SOAVE ENTERPRISES

Q. How tightly integrated are IT security strategy and IT strategy at your organization today? In 3 years?

Q. What percent of your company's total IT budget does IT security represent?

What the CEO Wants

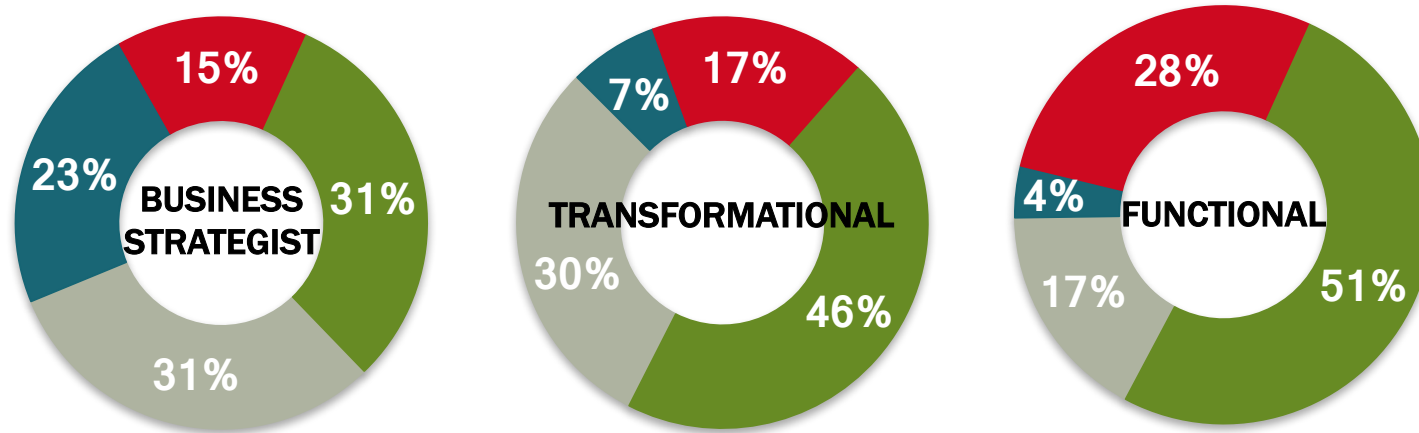
The CEO's Top Priorities for the CIO in the Coming Year:



Q: What are the CEO's top three priorities for you in the coming year?

Source: State of the CIO, January 2016

Business Strategists Gain Business Leader Status



- **Business Leader**
 Key driver of the enterprise's competitive future
- **Business Partner**
 Engaged in developing, not just enabling, business strategy
- **Service Provider**
 Credible reputation for efficient & effective delivery
- **Cost Center**
 Enterprise value unappreciated, misunderstood or unfulfilled

“Now that we are in a post-recession phase of growth, IT’s involvement as a business partner and leader has become more of a requirement.”

JOE SHERIDAN, CIO, SOAVE ENTERPRISES

Q. In general, how would you best characterize the way your company’s business stakeholders perceive the IT organization currently?

Communication is Key to Elevate IT/Business Relationship



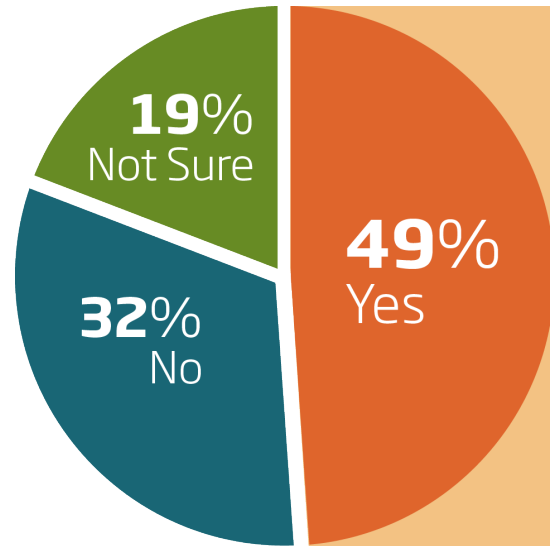
Q. From your perspective, which of the following actions will be most important in the coming year to elevate IT's general relationship with business stakeholders?

Source: State of the CIO, January 2016



Struggle for Talent Stays Heated

Experiencing Skill Shortages?



Difficult Skillsets to Find

1. Big data/business intelligence & analytics
2. Security/risk management
3. Application development/programming
4. Business-IT liaison/business relationship management
5. Cloud services
6. Enterprise architecture
7. Mobile technologies
8. Project management
9. Smart initiatives/ Internet of Things (IoT)
10. Database administration

Q. Will your organization experience any IT skills shortages during the next 12 months?

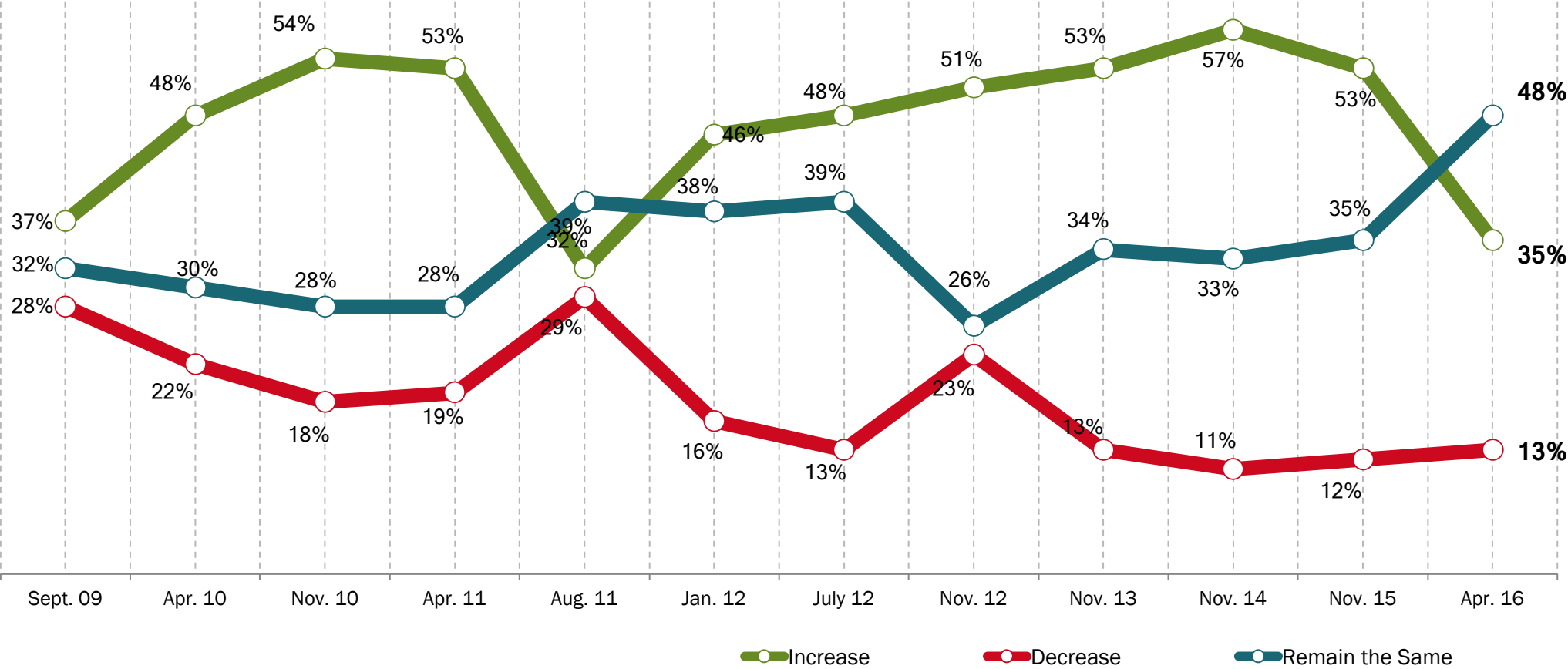
Q. In which areas do you anticipate your organization will have the most difficulty in finding appropriate skillsets?

Source: State of the CIO, January 2016



Budgets & Investments

Tech Budgets Leveling Out in 2016



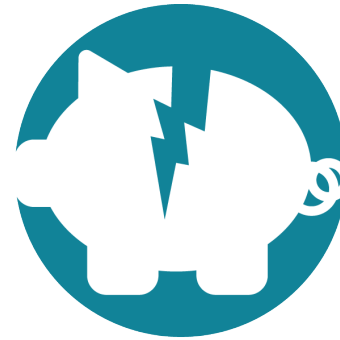
Q: Will your overall IT budget increase, decrease or remain the same in the next 12 months compared to the past 12 months?

Source: CIO IT Economic Outlook Study, May 2016

International Markets #1 Drawback on Tech Spending



Security breaches:
**Positively affecting
tech spending**
(50%)



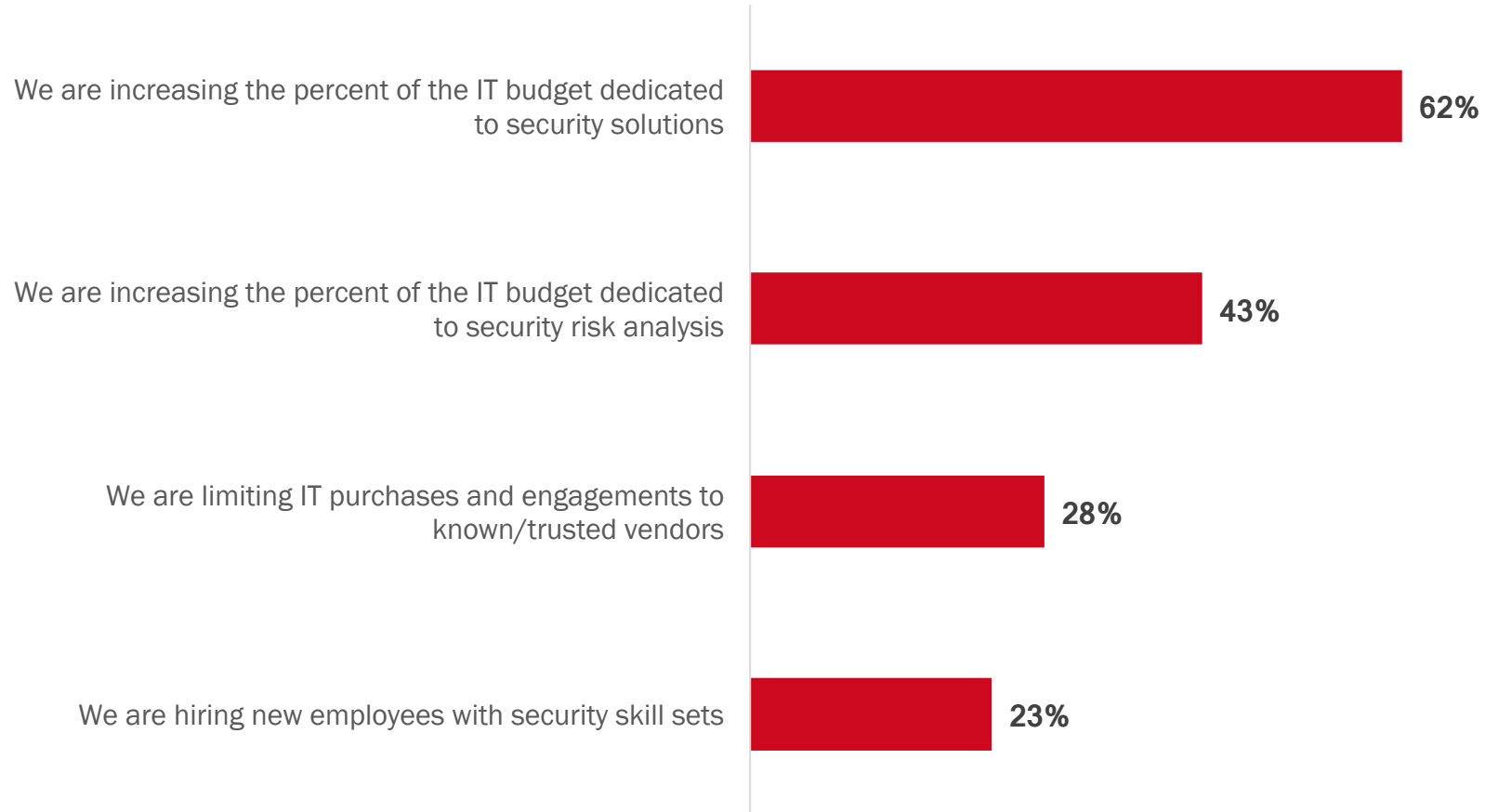
Economic unrest
outside of the U.S.:
**Negatively affecting
tech spending**
(34%)



2016 U.S.
presidential
election:
**No impact on
tech spending**
(80%)

Q. How have the following events or trends impacted your organization's investment plans for technology products and services over the next 12 months?

Impact of Security Breaches on IT Spending Strategy



Q. How have major/widely publicized information security breaches changed your organization's IT spending strategy over the past 12 months?

Source: CIO IT Economic Outlook Study, May 2016

Investment Collaboration Between IT & LOB Growing

Other Groups that Have Budget for Tech Investments

▶ **57%**
OF THE TOTAL DOLLARS INVESTED IN TECH NOW IS DIRECTLY CONTROLLED BY IT
(59% IN THE NEXT 3 YEARS)

▶ **48%**
HAVE A MORE COLLABORATIVE RELATIONSHIP WITH THEIR CMO NOW THAN IN THE LAST 3 YEARS

	Currently	In the Next 3 Years
Operations	44% ¹	37% ¹
Marketing	33% ²	32% ²
Finance/Accounting	31% ³	28% ³
Engineering	25%	21%
Human Resources	24%	26%
Sales	23%	23%
Administration	23%	23%
None of the Above	17%	18%

“The decision-making or budgets [may] come from other functions, however I believe this is how it should be. The owner of the deliverable – the beneficiary – should be the major stakeholder and fund the project.”

KELLY OLSEN, CIO
& HEAD OF CORPORATE PROGRAMS
NHS PROPERTY SERVICES

Q. What percentage of the total dollars your organization invests in technology products and services is directly controlled by IT currently? In the next 3 years?

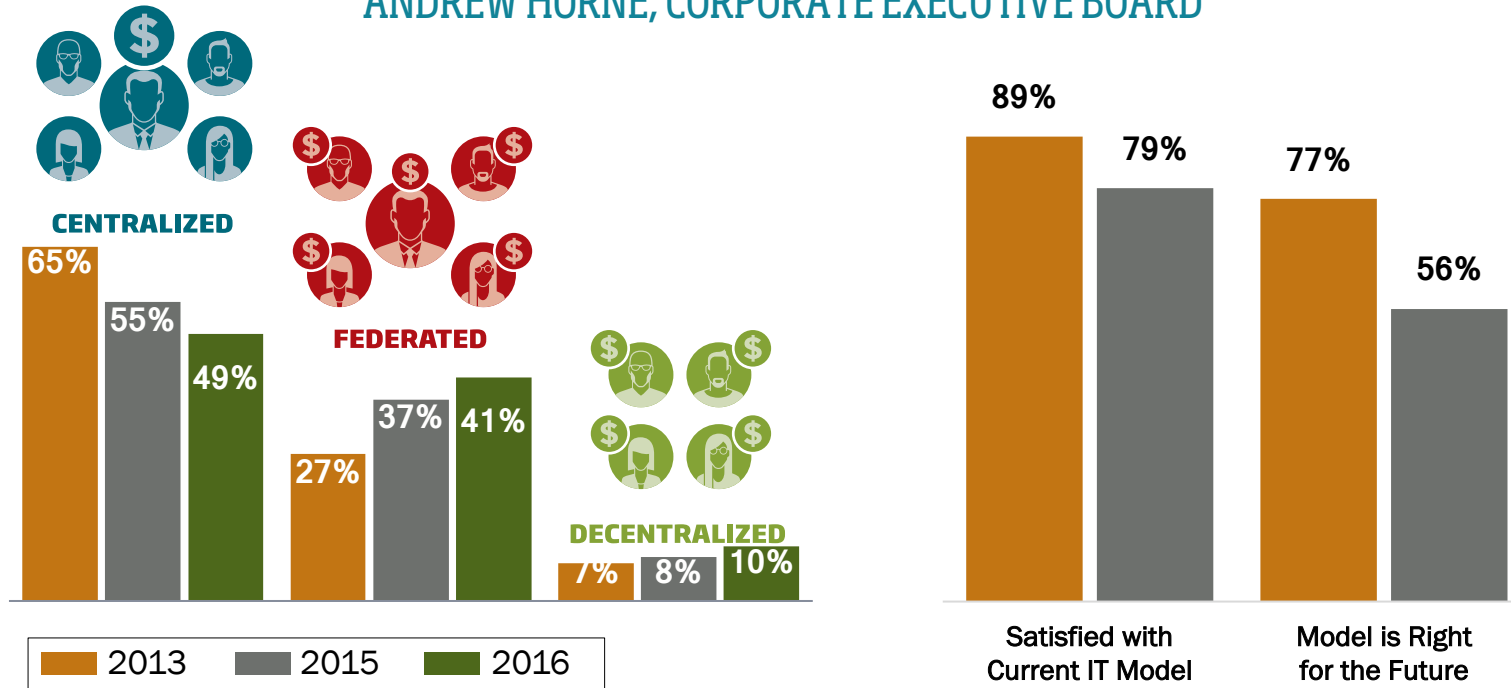
Q. Which other groups or functions in your organization have/will have budgets specifically earmarked for investments in technology products and services currently? In the next 3 years?

Q. How has the CIO/CMO relationship changed at your organization in the last 3 years?

Transformation Leads to Shifts in IT Models

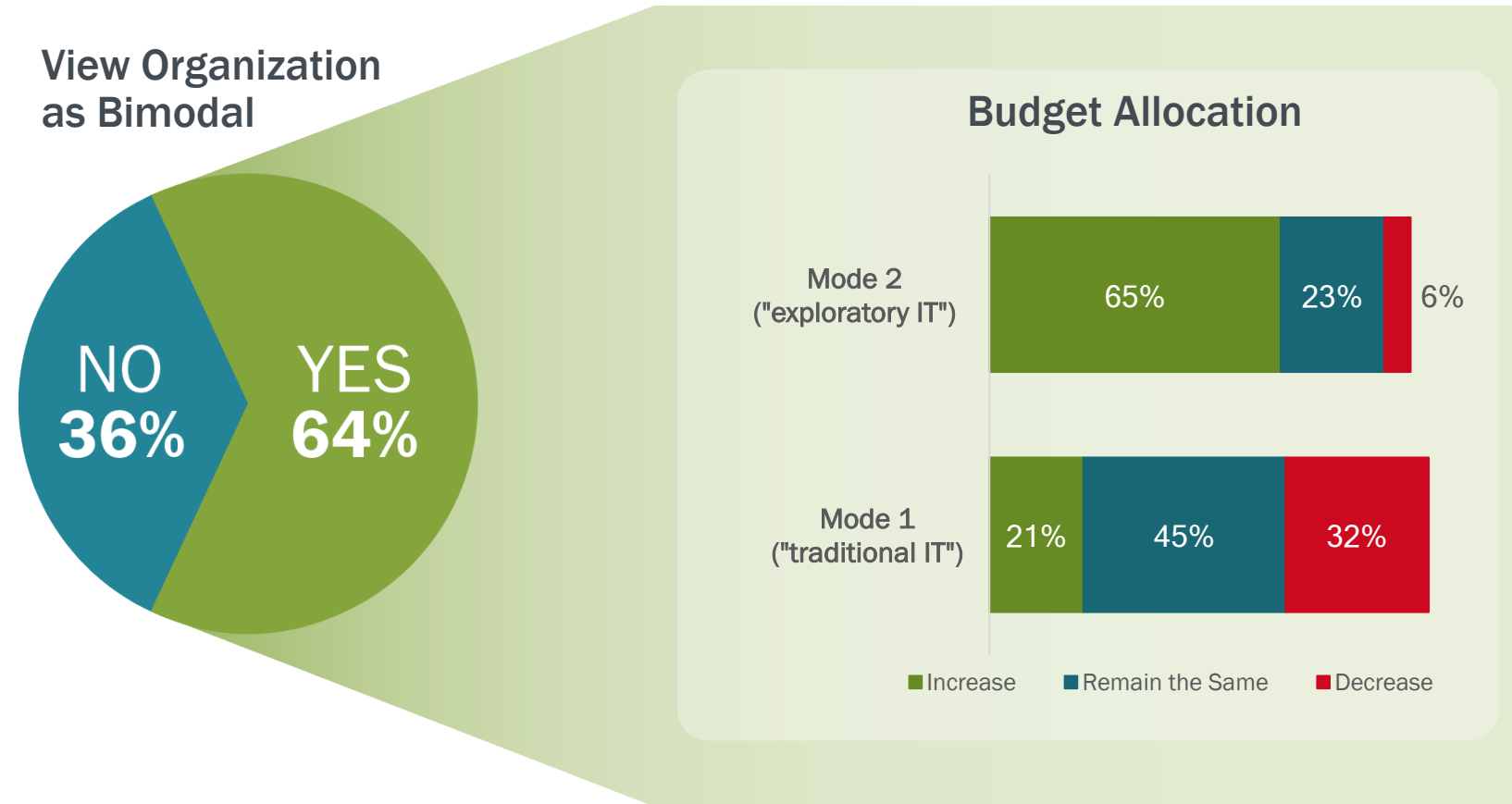
“ Companies are struggling to transform into digital versions of themselves, often with no clear idea of what they will look like at the end. The IT group must be ready for anything. ”

ANDREW HORNE, CORPORATE EXECUTIVE BOARD



Q: Which one of the following best describes how your company’s IT organization is structured today? AND Q: In your opinion, is a [CENTRALIZED, FEDERATED, DECENTRALIZED] approach the most appropriate IT model for your organization's current and future business requirements?

Bimodal IT Orgs Allocating More Dollars to Exploratory IT



Q. Do you view your IT organization as "bimodal"? Will the percentage of your total IT budget allocated to Mode 1 ("traditional" IT)/Mode 2 ("exploratory" IT) increase, decrease or remain the same in the next 12 months? (Base: bimodal IT organization)

CIO/LOB Aligned on Top Business Drivers

	CIOs	LOB
Improve customer experience	44% 1	45% 2
Increase operational efficiency	43% 2	47% 1
Increase cybersecurity protections	41% 3	24% 5
Meet compliance requirements	30% 4	18%
Transform existing business processes	28% 5	25% 4
Introduce new digital revenue streams	24%	16%
Improve organization's agility	23%	22%
Optimize worker productivity	22%	40% 3
Optimize existing business processes	19%	17%
Improve organization's ability to attract and retain talent	12%	15%

Boxes indicate top 3 responses.

Q. In 2016, which of the following business initiatives will be most significant in driving IT investments at your organization?

Source: State of the CIO, January 2016; IDC LOB Sentiment Survey 2015

Disagreement Among Top Tech Initiatives

	CIOs	LOB
Security/ Risk Management	34% 1	24% 4
Enterprise Applications	30% 2	15% 7
Big Data/ Business Analytics	27% 3	29% 1
Cloud Computing	24% 4	28% 2
Application Modernization	22% 5	16% 6
Infrastructure Consolidation/ Virtualization	18% 6	8%
Customer Experience Technologies	14% 7	26% 3
Mobile Application Development	14% 7	7%
Internet of Things	12% 9	7%
Business Process Management	11% 10	23% 5
Enterprise Architecture	11% 10	3%

Boxes indicate top 3 responses.

TOP 10 LOB
TECHNOLOGIES NOT IN
THE CIO'S TOP 10

Enterprise Management &
Software Tools

Marketing Technologies

Robotics

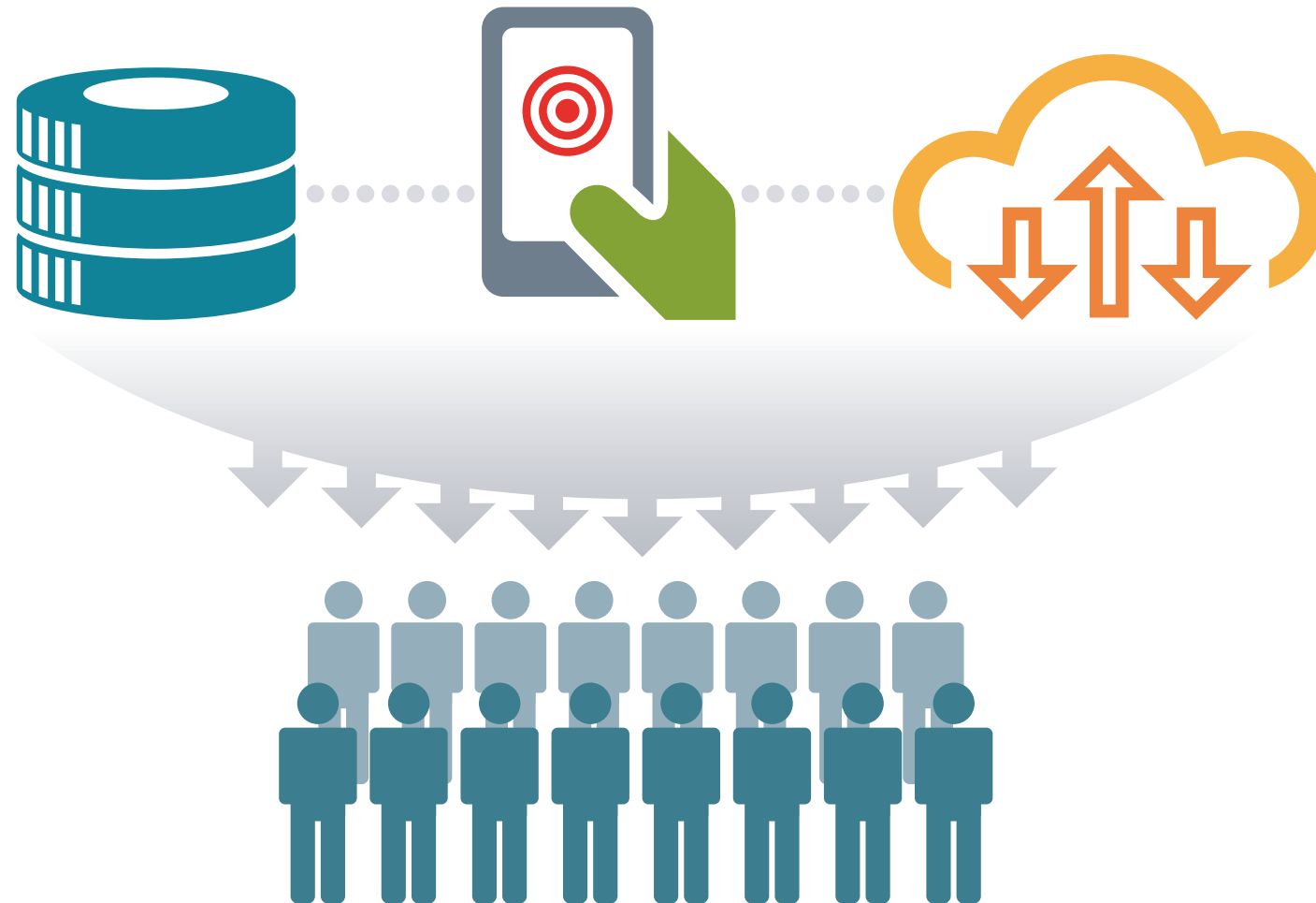
Q: In 2016, which of the following technology initiatives will drive the most IT investments?

Source: State of the CIO, January 2016; IDC LOB Sentiment Survey 2015



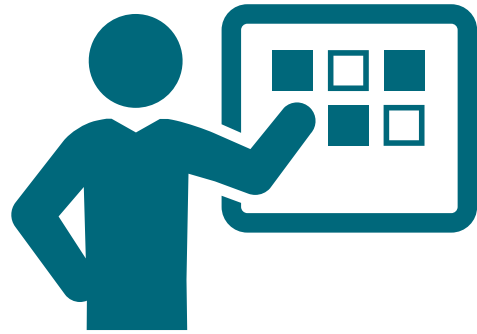
The Customer Centric CIO

Digital Transformation Drives Customer Value



LOB Execs See IT as Key for Digital Transformation

Top Three Ways IT can Contribute to Digital Transformation:



Identify
which parts of the business
could be transformed through
the use of technology.



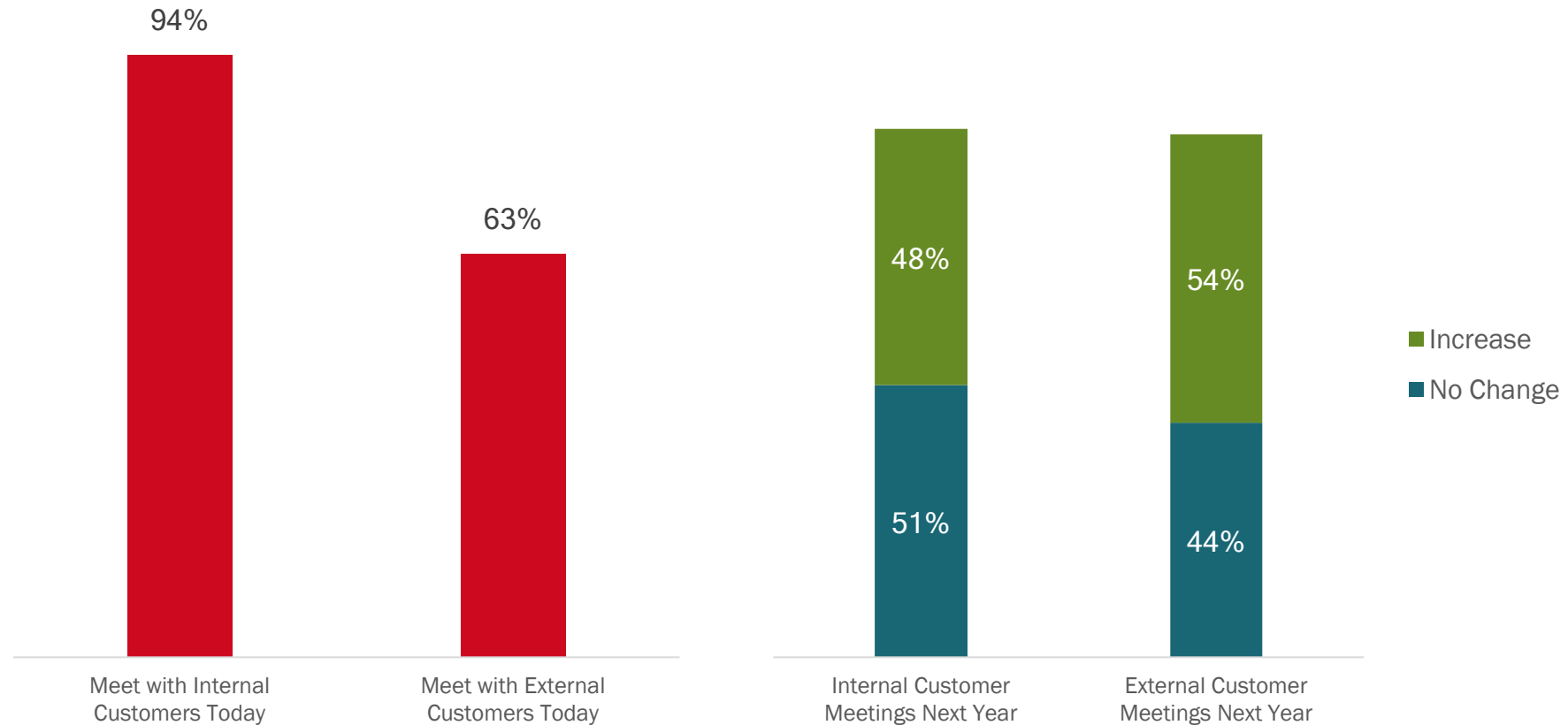
Identify
emerging technologies
that could accelerate
digital transformation.



Manage
digital project
implementations.

Q. What is the single most important role your IT organization could play in your organization's digital transformation?

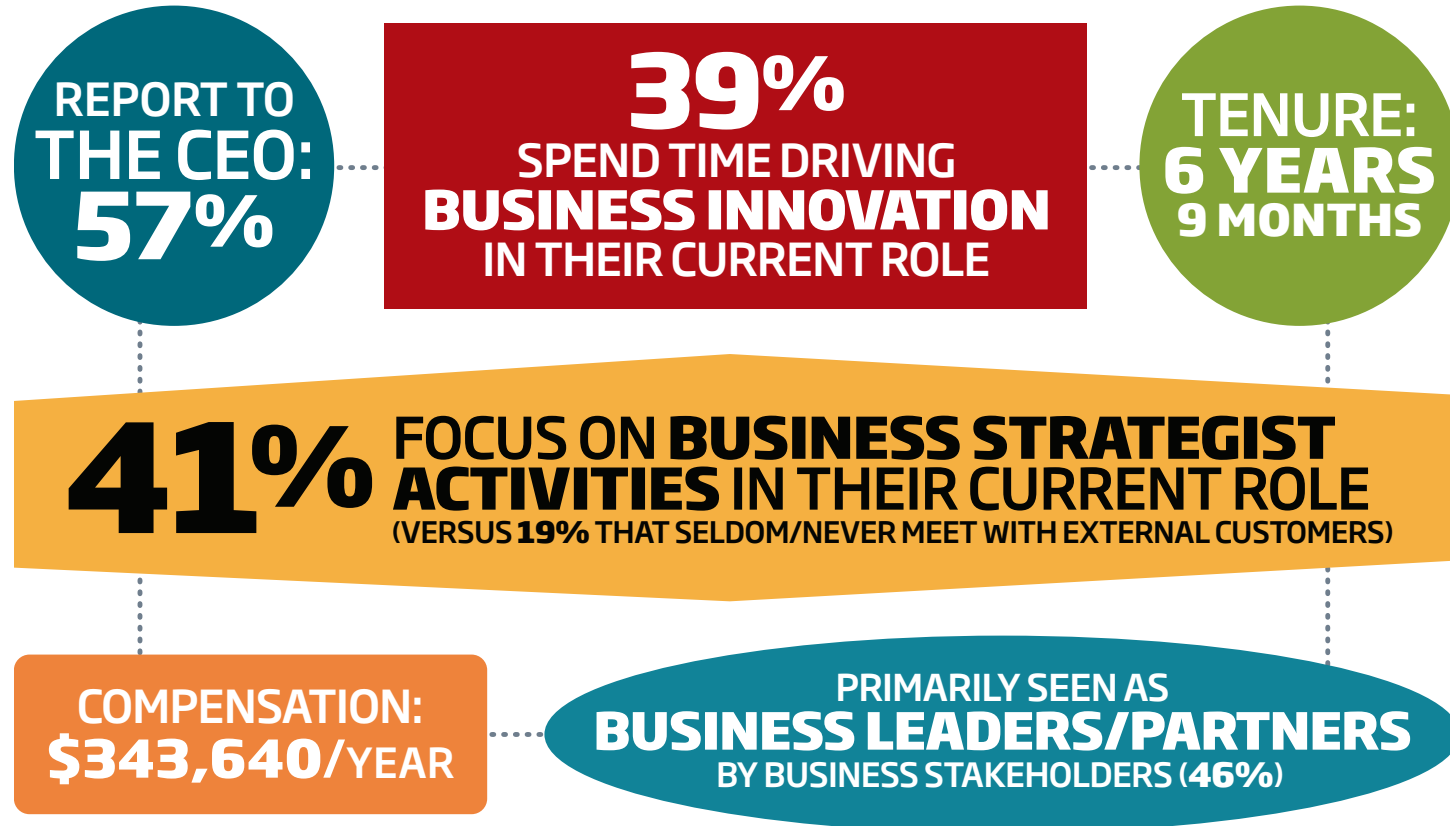
External Customer Meetings Set to Rise



Q. How frequently do you and/or your direct reports meet with internal customers today? How will that change in the next 12 months?

Q. How frequently do you and/or your direct reports meet with external customers today? How will that change in the next 12 months?

Attributes of External-Facing CIOs



Frequently meets with External Customers

CONTINUE THE CONVERSATION



Adam Dennison

SVP/Publisher, CIO

EMAIL: adennison@cio.com

TWITTER: [@adamidg](https://twitter.com/adamidg)