

CIOs: Navigating a Complex Role



CIO's 15th annual State of the CIO study finds that IT executives are under intense pressures as they work strategically to digitally transform their businesses and defend company-sensitive information from cyberattacks, all while also trying to build an IT organization that can keep up with the pace of change.

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The CIO of a global apparel manufacturer begins his workday when he opens his eyes.

“I think most CIOs, the first thing they do is grab their phone,” he says, to confirm that no crisis has erupted overnight that needs to be addressed personally.

Provided none has, he spends the rest of his day addressing the future—reading about IT, fashion and manufacturing trends and conferring with the CEO, department heads and business unit leaders. He may check in with the company’s customers, or listen to pitches from technology startups, focused on ideas that can help move the company forward.

“Chief means you have a seat at the table with the other C-level people and you’re helping to set corporate strategy,” he says. The job is challenging, but it’s also energizing. “The CEO I work with said to me one time, ‘Your role is to be ahead of where the company is going. I’m not sure where I’m taking them, but you need to be ahead of me.’”



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CIO
GLOBAL APPAREL
MANUFACTURER



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Like the apparel company CIO, a large majority (84 percent) of IT leaders report that their roles are becoming increasingly more important to their businesses, according to the 15th annual State of the CIO survey. However, with more responsibility comes fresh challenges: to seize disruptive business opportunities made possible by cloud computing, mobility and big data; to build an IT organization that can keep up with new business demands; and to protect their companies from emerging threats to the digital enterprise.

In this environment, all CIOs are under pressure. Whether it crushes them or propels them forward depends upon their influence with business stakeholders. Among 571 IT executives surveyed, strategic CIOs – those who spend most of their time on strategy, growth and innovation activities – are significantly more likely to say that their role matters more today. These CIOs are also most likely to say their jobs are rewarding. They are paid the best, get more respect and are more likely to have the resources they need to address today's biggest IT challenges.

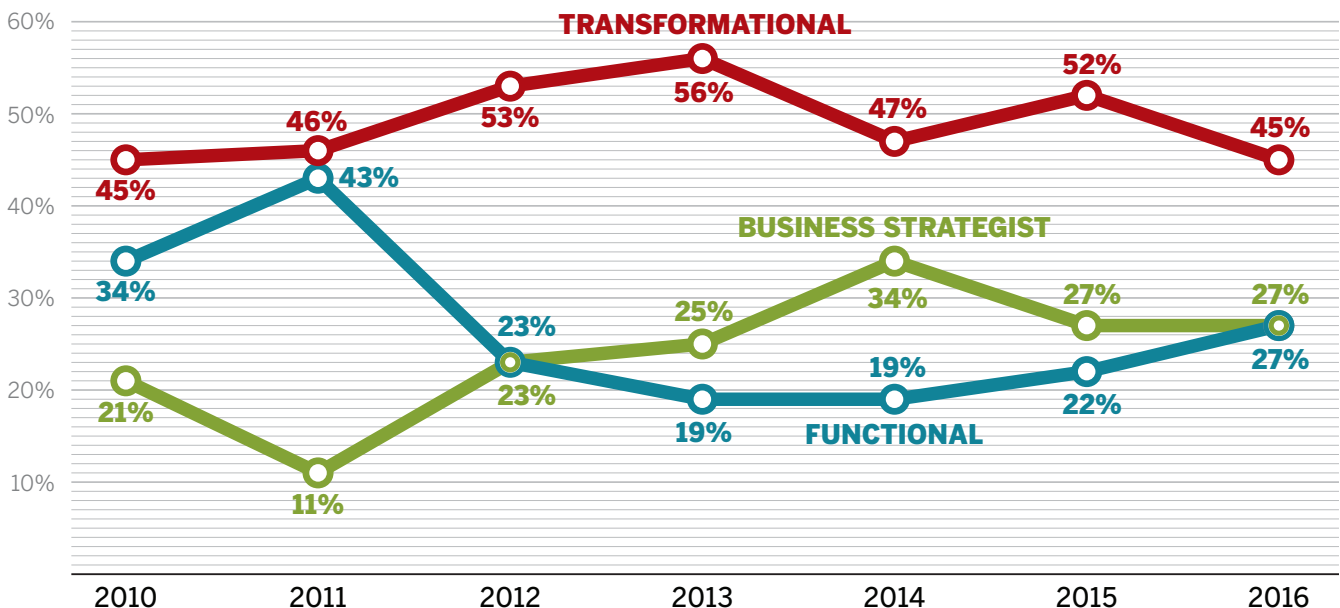
At the other end of the spectrum, functional CIOs – who are in largely traditional roles managing IT operations – are more likely to be frustrated, if not embattled. These CIOs are most likely to say IT is scapegoated when other departments miss their goals and most likely to feel that the CIO role is being sidelined.

Most CIOs aspire to strategic and growth-focused roles. Asked what they were likely to spend their time on in three to five years, 68 percent said they are looking forward to a future when they can turn their attention to innovation and business results. Whereas in the past, much attention has been paid to business and IT alignment, the State of the CIO shows that perhaps we have reached a point where alignment is now table stakes. While still high on the list of how CIOs spend their time, activities such as aligning IT and business goals and cultivating the IT/business partnership are in fact taking up less of a CIO's time this year than they have in years past. CIOs have largely succeeded at proving IT is relevant; now they are striving to maximize their influence.

THE TRANSFORMATION IMPERATIVE

The continued pull of cloud computing, mobility and big data, along with the emergence of digital business models, has many companies in a state of continuous change. The necessity of transforming IT in order to execute new business strategies means CIOs themselves have to embody a persona made up of varying skill sets and strengths. They have to think strategically when advising colleagues on the potential of new technologies and act tactically in order to build an IT organization capable of executing business plans.

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





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Due to these factors, the State of the CIO sees IT heads currently focusing their time in three different areas: strategically - spending most of their time on strategy, growth and innovation activities; transformationally - focused primarily on implementing new systems and architectures, leading change efforts and aligning IT with business goals; and functionally - managing expenses, security and IT crises, and improving IT operations. As a percentage of all CIOs, transformational CIOs are declining over time - currently 45 percent comprise this group (down from 56 percent in 2013). The remaining IT executives are evenly split (27 percent each) between functional CIOs and strategic CIOs. Enterprise organizations are much more likely to have CIOs in strategic roles (31 percent versus 25 percent in small and medium-sized companies), which reflects the limited resources IT leaders at smaller companies may have to delegate for operations management.

But whether a CIO is strategic, transformational or functional is a fluid classification and generally relates to the role IT must play to execute the business strategy. IT leaders, in tune with business needs, may even shift between roles, such as when the company faces urgent IT operational or management concerns.

Consider the group CIO at a European electronics company. The company has been executing a new corporate model, necessitating an examination of costs, infrastructure and security - all typically functional activities. However, that same CIO must now start to think strategically as they prepare for what's next. "We needed to implement this new landscape that was defined a couple of years ago," he explains. "Now we're at a turning point. What do we need to do to get an IT organization that is ready for the future?"

THE SKILLS GAP

Among the many challenges of the CIO role is building a staff with the necessary skills. Nearly half of all CIOs (49 percent), and more than half (54 percent) in enterprise organizations anticipate an IT skills shortage, especially in big data, business intelligence and analytics; security and risk management; and application development. CIOs at large companies are, in addition, significantly more likely than their peers at smaller companies to identify shortages in business relationship management, cloud and enterprise architecture skills.

A recent [CIO.com article](#) notes that CIOs are balancing a dual workforce - otherwise known as "bimodal IT". Their team needs to keep legacy systems running while also transitioning to new platforms. Meanwhile, they also have to find the talent who are ready and able to work on emerging technologies.

Some CIOs may be stuck in a Catch 22 though, as their ability to attract and retain the best employees hinges on having a technologically attractive environment. As Sharyn Leaver, group practice director for CIOs at Forrester Research notes in a recent [CIO.com](#) story, digital laggards will have difficulty recruiting top talent and without the talent resources, the companies can't succeed.

However, when CIOs and business leaders agree on the role of IT and have a strong partnership, it may be easier for CIOs to hire the people they need. Survey results show that CIOs who work for organizations where IT is considered a business leader/partner are significantly less likely to expect skills shortages in the upcoming year - just 40 percent versus 63 percent in IT organizations that are seen as cost centers and 50 percent that are seen as merely service providers.



EXPERIENCING SKILLS SHORTAGES?

Business Leaders/Partners 40%

Service Providers 50%

Cost Centers 63%



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CLOSING THE PERCEPTION GAP OVER SECURITY

In the wake of high-profile data breaches, security has emerged as perhaps the most pressing operational issue for all CIOs. The survey shows a sharp uptick this year in CIOs' attention to security management—46 percent of IT executives report this to be a focus for the upcoming year, up from 31 percent in 2015.

Security is also the operational activity that even strategic CIOs are most likely to spend time on. Though perhaps once considered a tactical challenge, this year's study shows security has increasing strategic implications.

The success of new cloud-based, mobility-enabled business models depends on impeccable data protection and CEOs are finally starting to realize this. IT executives report that improving cybersecurity ranks third on the list of goals their CEOs have set for them personally (29 percent), behind completing a major enterprise project (40 percent) and reaching a specific revenue goal (32 percent). Just as recently as two years ago, beefing up cybersecurity ranked only eighth.

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"We have a lot of high level support from our CEO to implement a security program," says the electronics executive. "We now have a CISO as part of our IT organization. In the past, that wasn't the case."

What's more, security ranks as the top technology initiative driving IT investment. And functional CIOs, despite their challenges, are even more likely than other IT executives to be investing in security. Forty percent of them cited it as a top IT initiative, compared to around one-fourth of their peers.

However, CIOs and other business leaders are not in complete alignment over security. A comparison of State of the CIO data with related research by market research firm IDC (a sister company to CIO's publisher, IDG Enterprise), shows that IT and line of business leaders agree on the top two business drivers for technology investments: increasing operational efficiency and improving the customer experience.

But they differ when it comes to the significance of other business initiatives on technology spending, including increasing cybersecurity. For CIOs, cybersecurity ranks in their top three initiatives and it ranks only in the top five for business leaders.

Despite the overall focus on security, how business stakeholders perceive IT has a direct effect on security spending. According to this year's study, companies are spending, on average, 12 percent of their IT budgets on security. But the averages are significantly higher in companies where IT is viewed as a business leader (19 percent) compared to organizations where IT is considered a cost center or service provider (10 percent each).

In addition, a strong business/IT partnership is certainly related to whether a company has a security strategy that is tightly integrated with its overall IT strategy. Eighty-nine percent of CIOs who work in organizations where IT is perceived as a business partner/leader say that security is at least somewhat integrated, if not tightly integrated, with their IT strategy.



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GROUP CIO
EUROPEAN ELECTRONICS COMPANY



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COLLABORATION AND COMMUNICATION

Building productive relationships with C-level colleagues and other business stakeholders has always been important. However, collaboration between IT and the business may be even more important in 2016 as the appetite for technology increases throughout different departments.

Three years ago, CIOs predicted that IT would directly control an average of 66 percent of technology spending in their organizations after three years. Today, CIOs report they control only an average of 57 percent—less than they anticipated.

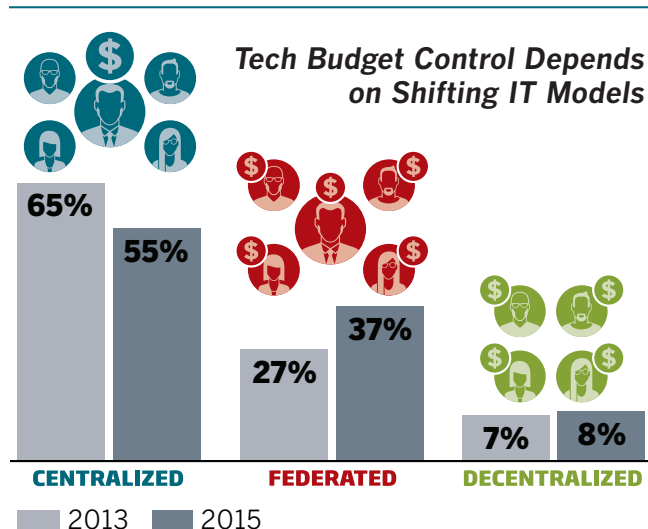
Understanding why the decrease of IT control has exceeded expectations has a lot to do with understanding the different IT models. In the 2015 Role & Influence of the Technology Buyer study, conducted by CIO's parent company IDG Enterprise, we can see how IT models are changing over time. Centralized organizations, (giving CIOs control of the IT budget and technology assets), have moved from being the IT model for 65 percent of organizations in 2013, to 55 percent today. There is a comparable increase in Federated organizations, (having some IT decisions and assets distributed among business units), which moved from 27 percent in 2013 to 37 percent today. Decentralized organizations, (fully-independent IT business units), remains a distant third with only 8% of organizations adopting this model, and no material change in this number over two years. Since these IT models are fluid and may shift along with organizational change, it is difficult to predict who will control budgets in the future.

Increasing involvement in technology spending among other departments may not be a negative change – as long as CIOs continue to influence technology deployment. The CIO relationship with marketing offers a case in point.

In one-third of companies, marketing has its own technology budget. However, the majority of CIOs (92 percent) are involved in purchasing decisions about the marketing technology stack at some level, whether or not they control it directly.

But when IT is considered a business partner or leader, CIOs are significantly more likely to be involved with approving the solution purchases and making the final vendor selection than in companies where IT is viewed as a cost center or service provider. Business partners/leaders are also significantly more likely to report that their relationship with marketing has become more collaborative over the past three years.

So as relationships become even more critical to business success, how can a CIO elevate their rapport with their business peers? Well, they may want to start with examining their communication: 64 percent believe communicating with stakeholders more effectively is the most important way to elevate these relationships. Given that more than two-thirds (68 percent) of CIOs or their direct reports meet daily or weekly with internal customers--and the majority (51 percent) see no need for these meetings to increase—what happens in these meetings may matter most.



It's important that IT leaders and employees understand how their work relates to the company's success."

JOHN DICK
CIO, TOWERS WATSON



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“We have IT leaders aligned with each of our four business segments. Those leaders have ongoing dialogue about the needs of our associates and customers, and about how to best leverage our technology standards,” John Dick, with Towers Watson, said in an interview earlier this year. Formal planning sessions, meanwhile, help his team to “identify opportunities to leverage technology to other units or across the enterprise.”

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Whether a CIO has a strategic, transformational, or functional role, the 2016 State of the CIO research confirms that IT leaders are most successful when they are able to take their knowledge of business operations and strategy to execute technology initiatives that move their companies forward.



To request a meeting with an IDG Enterprise sales executive to walk through the full results of this study, please contact **Sue Yanovitch, VP of Marketing, IDG Enterprise** at syanovitch@idgenterprise.com.

WHAT DOES ALL OF THIS MEAN FOR TECHNOLOGY MARKETERS?

The complex role of the CIO can create challenges for IT marketers looking to reach and engage them around the solutions their company provides. The 2016 IDG Enterprise IT Executive Persona study provides some clues as to what makes them tick.

CIO Persona Profile

- **CIOs are Strategic Influencers**
 - Expected to be knowledgeable and ahead of the game, including the CEO
 - Positioned to influence the company’s strategic future and put plans in place to achieve it
- **CIOs are Agents of Change**
 - In the past, IT had been viewed as a support function
 - Now, there is a need and desire for IT to not only be integrated throughout the business, but to push change forward
- **CIOs are Accessible**
 - Believe they are the most actively engaged of all the executives
 - Need a greater awareness of the business and spends time with each key department to learn how IT can best serve their needs

Keys to the CIO

- **They need a partner**
 - Feel it is important to meet with vendors in order to build relationships and an understanding of their business
 - “Vendors you shop, partners you work with. And that’s key.”
- **They don’t buy technology, they buy business solutions**
 - Know the business problem, and how your solution solves that problem
 - “Come with homework in hand on how you can help us and our ROI.”
- **They Want Relevant and Meaningful Information**
 - Interest in analyst services are waning as they are expensive and too broad in their content
 - Analyst services are no longer the single source for information, as CIOs begin to leverage local firms with a legacy of meaningful effort

REMEMBER: CIOs bring value to the business when they can stay ahead of advancements in IT as well as the ever-changing needs of the broader organization.

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Examining the Marketplace

We think research is invaluable in helping to connect marketers with customers and prospects. Our research portfolio explores our audiences' perspectives and challenges around specific technologies, examines the changing roles within the IT purchase process, and arms IT marketers with the information they need to identify opportunities. **To request a meeting with an IDG Enterprise sales executive to walk through the full results of any of these studies, please contact Sue Yanovitch, VP of Marketing, IDG Enterprise at syanovitch@idgenterprise.com.**

BUYING PROCESS

Each year we take a deep dive into the enterprise IT purchase process to learn more about who is involved and who influences decision-making, what sources purchasers rely on to keep up to date with technology—and throughout the purchase process—and how they feel about the vendors they're working with.

Role & Influence of the Technology Decision-Maker

The annual IDG Enterprise Role & Influence of the Technology Decision-Maker survey is conducted to gain insight into the evolving role and influence of IT decision-makers in today's corporations. The research examines the involvement of IT decision-makers during each stage of the IT purchase process and the primary influences and information sources they rely on throughout the purchase process.

Customer Engagement

The IDG Enterprise Customer Engagement survey looks at the role content consumption plays in the purchase process for major technology products and services, and provides insights to IT marketers to map their engagement touch-points to customers information needs. The survey looks at how a wide variety of content types are used throughout the individual stages of the IT purchase process and how that content is consumed, discussed and shared.

TECHNOLOGY INSIGHTS

Each year we explore the technologies that are top of mind among our audiences to understand the business challenges, drivers, and adoption within the enterprise. Each research study is designed to help IT marketers understand what their customers are focused on and where the market is moving.

Role & Priority Studies

- CIO Tech Poll: Economic Outlook
- CIO Tech Poll: Tech Priorities
- CIO/CMO Partnership
- Computerworld Forecast Study
- Cyber Security Watch Survey
- Global Information Security Survey
- State of the CSO
- State of the Network
- Tech Persona: Enterprise Developer

Technology Specific Studies:

- Big Data & Analytics: Insights into Initiatives & Strategies Driving Data Investments
- Cloud Computing: Key Trends and Future Effects
- Consumerization of IT in the Enterprise
- The Mobile First Enterprise
- Unified Communications & Collaboration

CUSTOMER JOURNEY POSTER

Want to know which content drives IT decision-makers and fuels their engagement during the IT purchase process? IDG Enterprise's Customer Journey poster serves as your content marketing guide to strategically reach your target customers. **Request a copy of the poster at www.idgenterprise.com/report/customer-journey-poster**

Additional ways to stay on top of information from IDG Enterprise:

- Sign-up for IDG Enterprise's monthly MarketingFit newsletter and receive our proprietary research, product and event information, and relevant content from across IDG Enterprise brands direct to your inbox. Go to **www.idgenterprise.com**
- To get results from IDG Enterprise research when it happens, or any other news, follow us on Twitter: **@IDGEnterprise**
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