

Gartner Executive Programs

**Building the
Digital Platform:
Insights From the
2016 Gartner CIO
Agenda Report**

About the Gartner CIO Agenda Report

Each year Gartner conducts the world's largest CIO survey to track how senior IT leaders around the globe are balancing their strategic business, technical and management priorities. We then generate the annual Gartner CIO Agenda Report, which presents survey findings and case studies, plus expert analysis and insight — enabling CIOs to compare priorities and actions with global peers, and glimpse what the future may hold.

This year's survey includes the views of 2,944 CIOs across 84 countries, representing approximately \$11 trillion in revenue/public-sector budgets and \$250 billion in IT spending.

Here are some key insights from the 2016 report.

IT in 2016: Harnessing the power of platforms, as digital deepens

As digitalization moves from an innovative trend to a core competency, enterprises need to understand and exploit platform effects throughout all aspects of their businesses. Not doing so will threaten their ability to: deliver; attract and retain talent; and have their products/services perceived as value-adding by customers.

The 2016 CIO Agenda Survey data shows that digitalization is intensifying. In the next five years, CIOs expect digital revenues to grow from 16% to 37%. Similarly, public-sector CIOs predict a rise from 42% to 77% in digital processes.

The deepening of digital means that lines are becoming increasingly blurred, and boundaries semiporous — both inside and outside the enterprise — as multiple networks of stakeholders bring value to each other by exploiting and exploring platform dynamics.

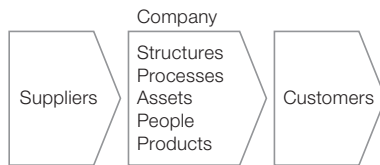
Digital leadership is a team sport, with CEOs expecting their CIOs to be “first among equals.” To succeed, CIOs must rethink and retool their approach to all the layers of their business’s platform, not just the technical one.

A platform view of a business emphasizes the value of connections

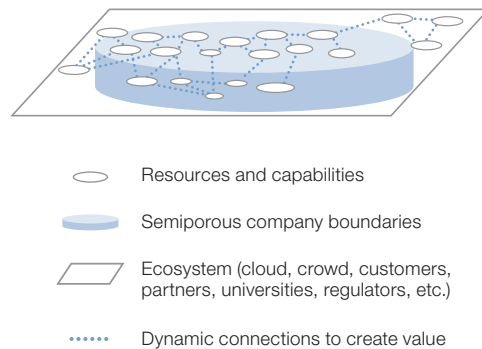
Unlike a traditional fixed system, with a clear inside and outside (suppliers providing inputs, and internal people/assets/capabilities creating products/services and delivering them to customers), a platform provides the business with a foundation where resources can come together — sometimes quickly and temporarily, sometimes in a relatively fixed way — to create value. Some resources may be inside, permanently owned by the company; some will be shared; and some can come from outside.

The value comes largely from connecting the resources, and the network effects between them.

A systems view of business

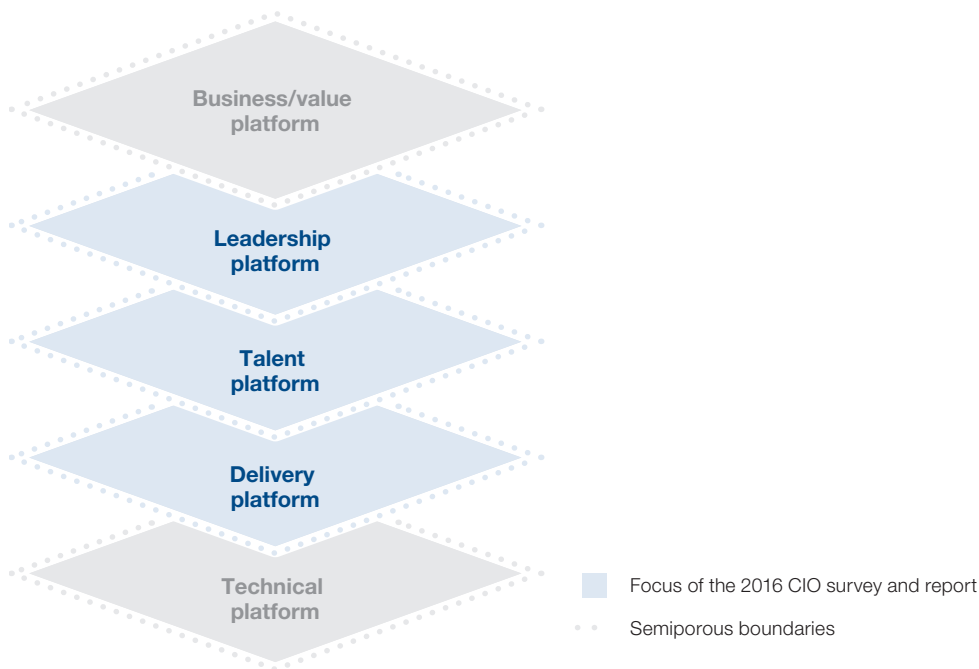


A platform view of business



To succeed in this environment, CIOs will need innovative approaches

CIOs have long recognized the power of platform approaches to information and technology architecture. What's different now is that new digital opportunities and evolving threats, including new commercial and ethical challenges, reveal that platform dynamics need to penetrate, and are penetrating, all aspects of the business.



With nearly 40% of CIOs reporting that they are the leaders of digital transformation in their enterprise, and 34% the innovation leaders, CIOs are clearly being given the opportunity to lead a digital transformation that exploits platform effects specifically in:

Managing delivery

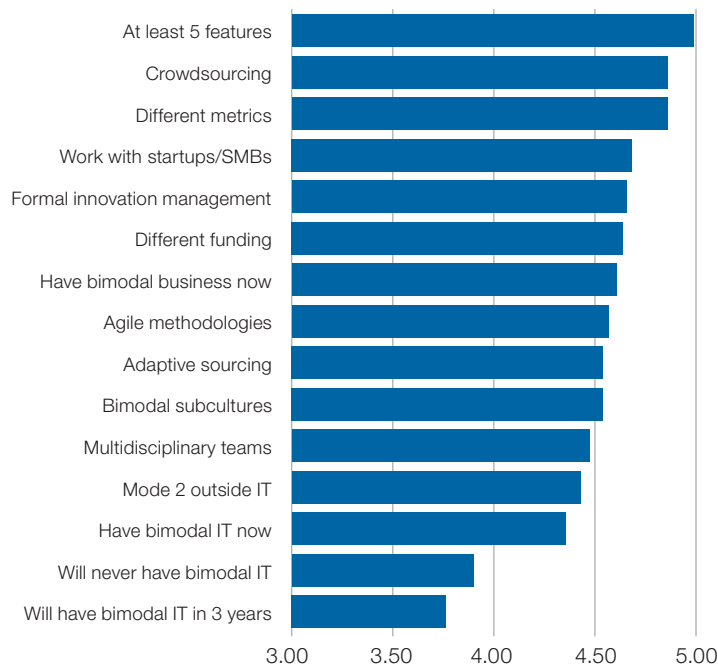
Managing talent

Executing effective leadership

Building out bimodal platforms for delivery of better digital performance

The survey found that the need to innovate is driving penetration of the bimodal construct — having two modes of IT, and ultimately of the entire business. Bimodal captures the platform characteristic of continuously building and refactoring capabilities for the future, and seems to have captured the global business mood, with leading companies increasingly separating the more exploratory parts of their businesses from those that exploit the well-established business (e.g., Google’s Alphabet).

Nearly 40% of CIOs are on the bimodal journey, with the majority of the remainder planning to follow in the next three years. The evidence shows that building a mature bimodal platform results in significantly better digital performance.



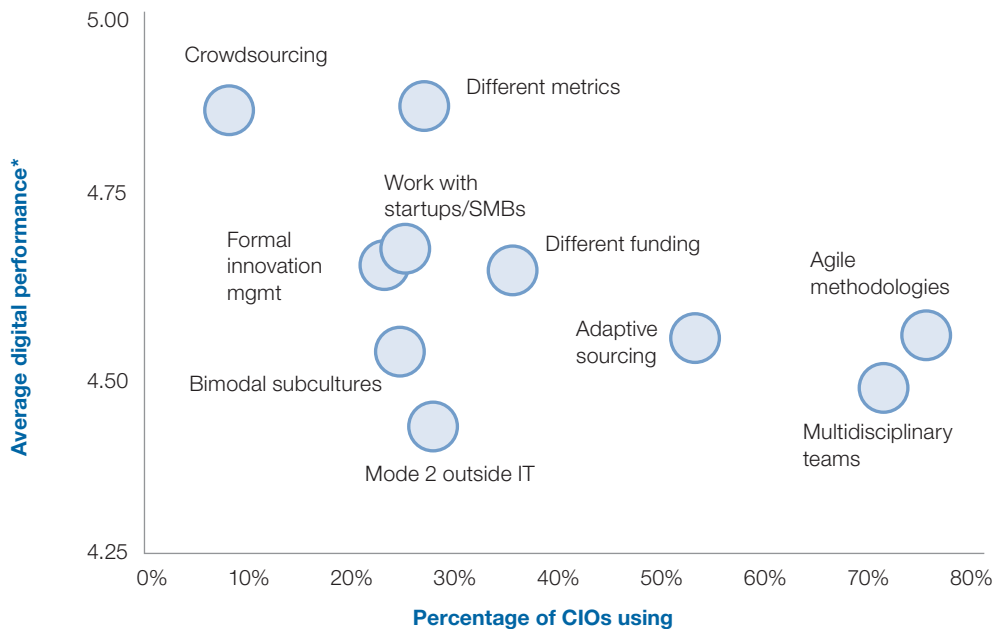
Note: Figure summarizes answers to the question, *How effective is your business at factoring digital considerations into strategy and planning?* for CIOs who answered positively to each bimodal characteristic (1 = very ineffective, 7 = very effective).

Furthermore, the data suggests that one of the worst things a CIO can do is to delay bimodal. Those who are planning to move toward bimodal, but have not taken steps yet, were at the bottom in terms of digital performance.

Managing delivery

Start bimodal with the easy things, but reach for higher levels

When it comes to using bimodal disciplines, the survey suggests that many enterprises are focused on what's easy rather than what's most effective. For example, crowdsourcing was cited as the most effective independent discipline, but it ranks low on percentage of use.



*1 = significantly underperforming, 7 = significantly outperforming.

Though it's not unreasonable to start with the easier things, in order to gain buy-in and experience, the key message is not to get stuck there.

Managing talent

Still the biggest barrier to CIO success: Talent issues

Talent has now been recognized globally as the single biggest issue standing in the way of CIOs achieving their objectives.

The biggest talent gaps are around information — big data, analytics, and information management — followed by business knowledge/acumen. Worryingly, many of these gaps are the same ones CIOs cited four years ago.

	Barrier to success as CIO	Percentage of CIOs
1	Skills/resources	22%
2	Funding/budgets	15%
3	Culture/structure of organization	12%
4	IT-business alignment	11%
5	Technology challenges (legacy, security, etc.)	9%
6	Capacity/willingness to change	8%
7	Management sponsorship/understanding/relationships	8%

Note: Percentages represent the number of CIOs identifying an item as their main barrier.

Talent management practices are not keeping up with the ever-increasing and changing needs of the digital world. CIOs must think about talent as a platform and innovate with it, leading to a greater focus on strategies such as:

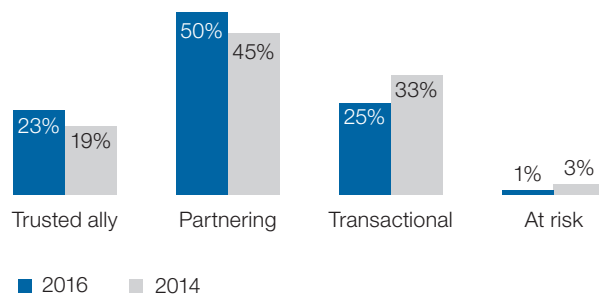
- Recruiting/rotating staff from outside IT
- Working more closely with universities on internships, co-designed courses, etc.
- Crowdsourcing
- Considering customers, citizens, vendors and partners as extensions (and digital accelerators) of the talent platform

Executing effective leadership

Stepping up to lead digital transformation and innovation

As we've noted, significant numbers of CIOs are already their enterprise's digital leaders or innovation leaders (39% and 34%, respectively). Plus, compared to two years ago, the majority feel that their power and influence are increasing, and more believe they are trusted allies and partners of the CEO.

Nature of current CIO-CEO relationship



But though most CEOs see their CIO as having the lion's share of digital leadership responsibility, they see them sharing it more broadly across the C-level. For CIOs, this means adapting their leadership style to exploit platform effects, and building a network of digital leadership inside and outside the enterprise.

CIOs are excited by this opportunity but concerned about cutting through organizational policies, processes and politics, as well as the sheer volume and pace of change. But if they don't free up time (through delegation and prioritization) and use it to influence and increase enterprise digital savvy, as well as develop themselves, they will fall under the digital bus.

Digital business is a reality now, pointing the way to competitive advantage

While the meaning of digital revenues and processes is open to interpretation, it's clear that digital business is a reality now and expected to be a very significant aspect of achieving competitive advantage and differentiation using information and technology.

Though not every company and government agency is becoming a platform business in terms of industry dynamics, new digital opportunities and threats mean that all enterprises need to understand and exploit platform effects throughout their businesses to remain viable.

For CIOs, "platformizing" their approach to delivery, talent and leadership presents an enormous opportunity to orchestrate these layers of the business, create value for their enterprise and become a key digital leader.

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