

# Amplify the Enterprise: The 2012 CIO Agenda

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# Amplify the Enterprise: The 2012 CIO Agenda

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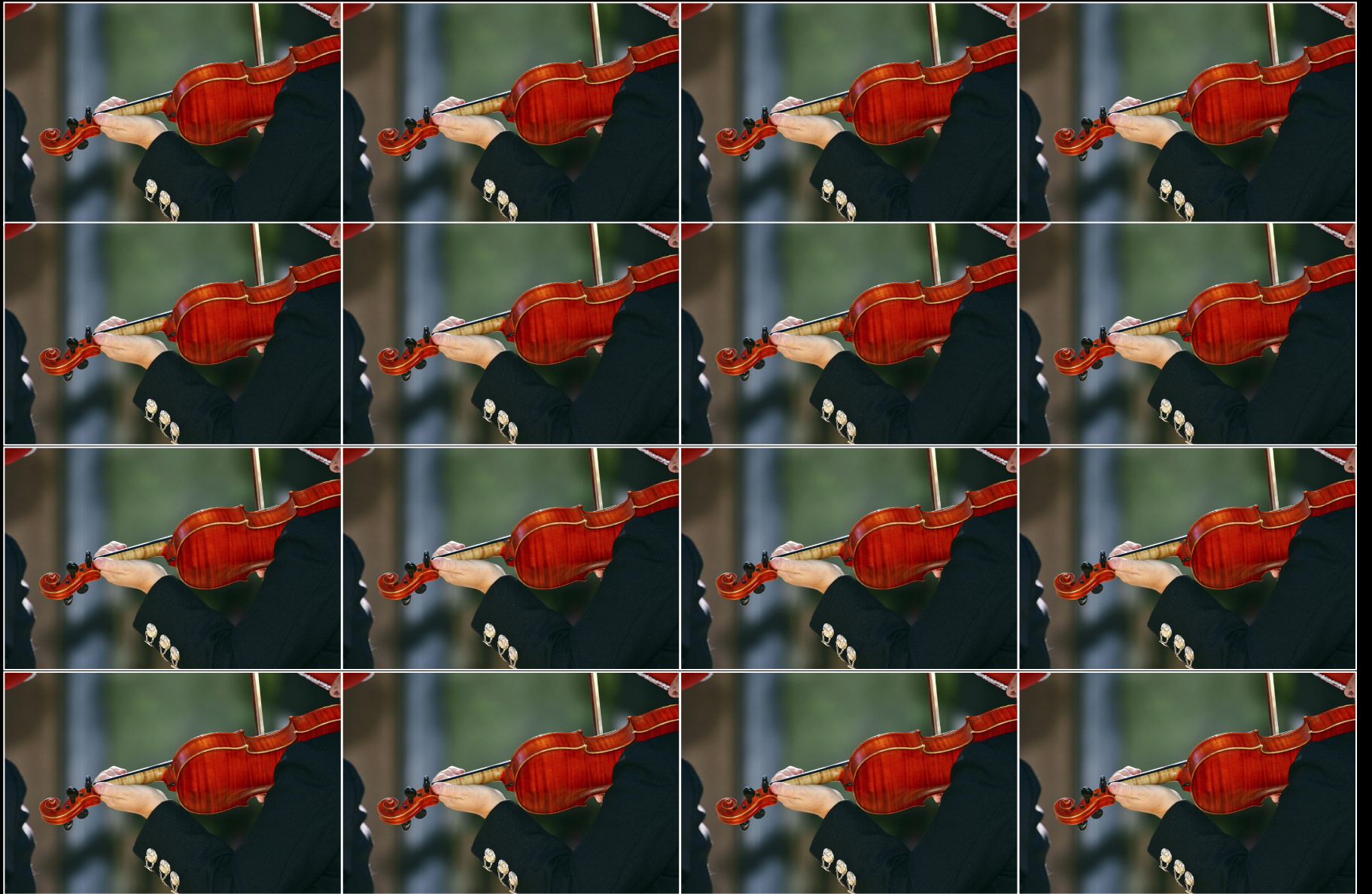
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# About the 2012 CIO Agenda and Survey



- Largest Annual Survey of CIOs
- Running since 1999
- Responding companies: 2,335
- Representing 45 countries and 37 industries
- Total CIO IT Budgets \$321 Billion in IT spend.
- Average IT budget \$137 million









# Amplify the Enterprise

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- **Business priorities pull the CIO in multiple directions**
- Strengthen the customer experience
- Eliminate internal distortions
- Build and enterprise amplifier.

# Business strategies call for revenue growth, reduced costs and new connections with customers.

## Business Strategies

Ranking of business strategies CIOs selected as one of their top three in 2012.

Ranking	2012	2011	2010	2009	2008
Increasing enterprise growth	1	1	*	*	*
Attracting and retaining new customers	2	2	5	4	2
Reducing enterprise costs	3	3	2	2	5
Creating new products or services (innovation)	4	4	6	8	3
Delivering operational results	5	9	*	*	*
Improving efficiency	6	8	*	*	*
Improving profitability (margins)	7	21	*	*	*
Attracting and retaining the workforce	8	12	4	3	6
Improving marketing and sales effectiveness	9	18	*	*	*
Expanding into new markets and geographies	10	11	13	10	4
Improving governance, compliance, risk, security	11	10	11	12	14
Implementing finance and management controls	12	25	*	*	*
Improving business processes	13	5	1	1	1

\* Not an option that year

# Government strategies concentrate on operational performance, cost and control.

## Government Business Strategies

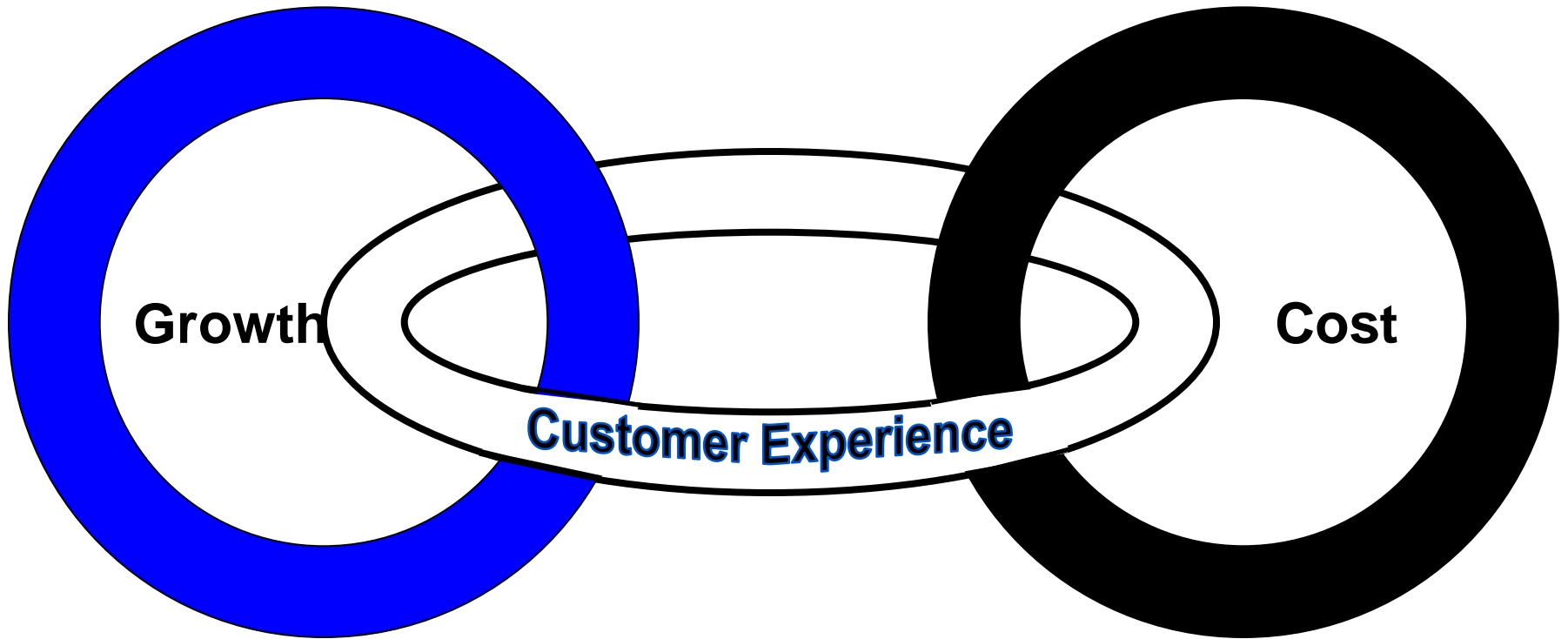
Ranking of business strategies CIOs selected as one of their top three in 2012.

Ranking	2012	2011	2010	2009	2008
Manage and deliver operational results	1	14	*	*	*
Reducing enterprise costs	2	1	2	2	5
Improving governance, compliance, risk, security	3	8	11	12	14
Improving efficiency	4	6	*	*	*
Attracting and retaining customers	5	4	5	4	*
Implementing finance and management controls	6	10	*	*	*
Attracting and retaining the workforce	7	9	3	3	3
Consolidating and standardizing operations	8	15	7	*	2
Increasing enterprise growth	9	7	*	*	*
Implementing technology and infrastructure	10	3	11	9	*
Improving business processes	11	2	1	1	1

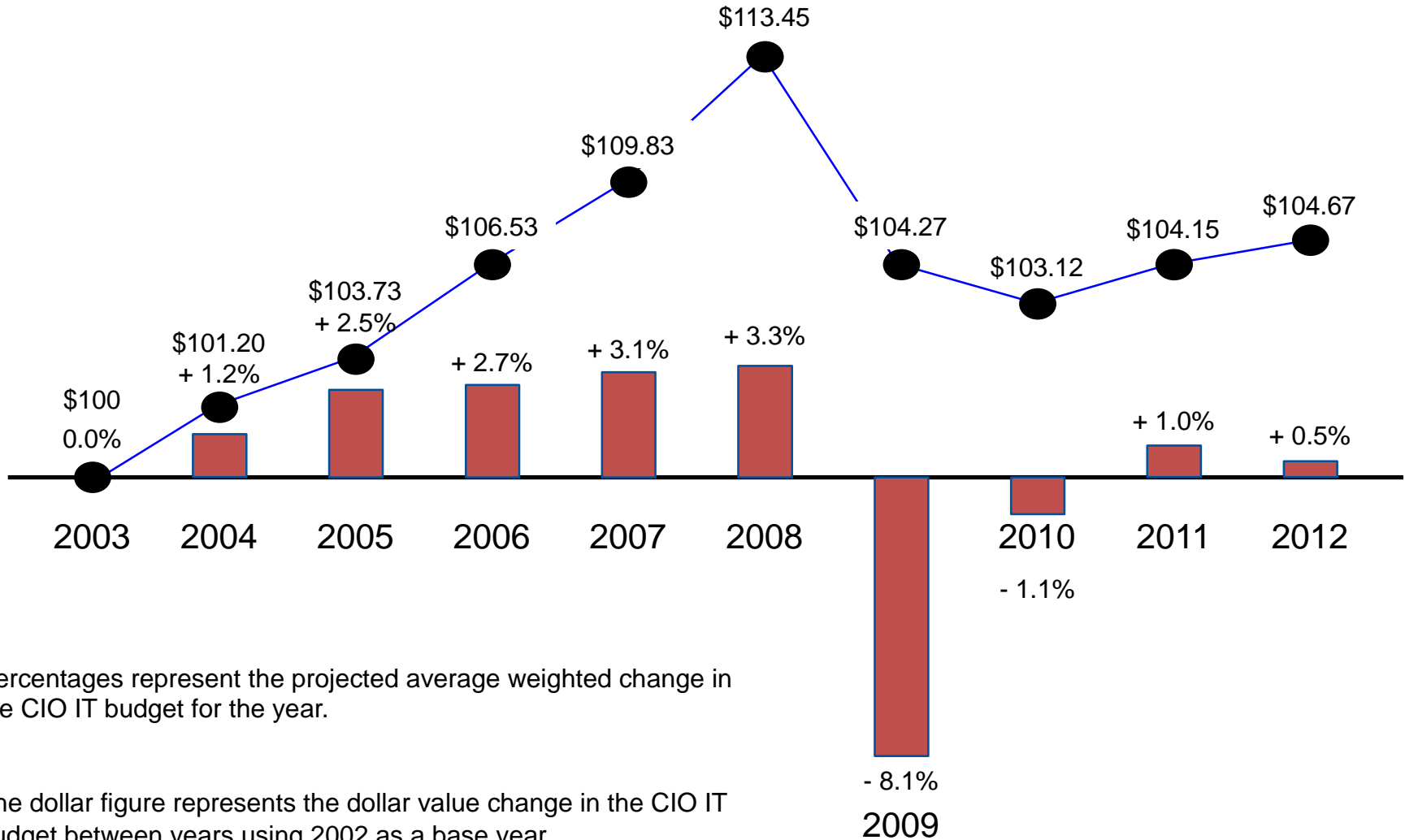
\* Not an option that year

# The Customer Experience

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# CIO IT Budgets do not support 'investing' their way to success.



Percentages represent the projected average weighted change in the CIO IT budget for the year.

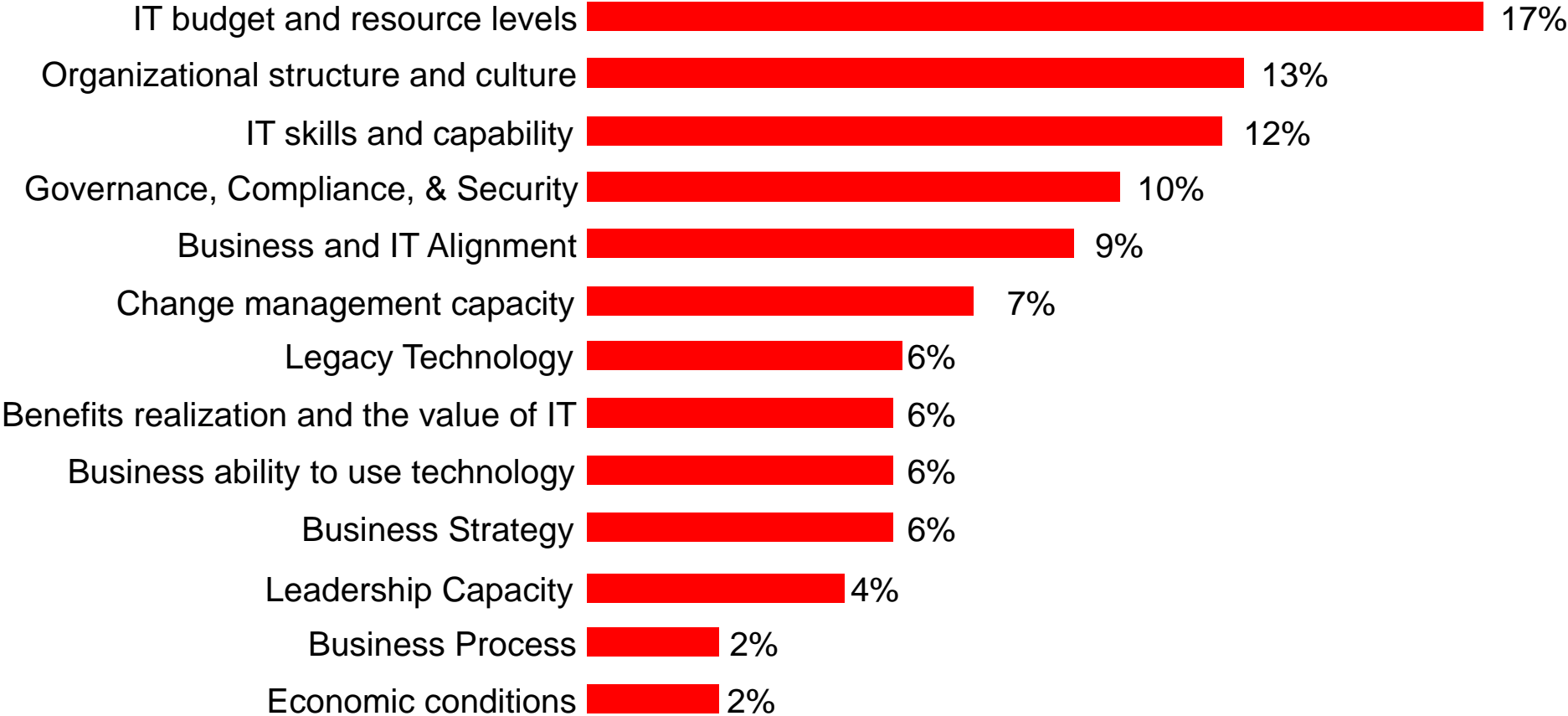
The dollar figure represents the dollar value change in the CIO IT budget between years using 2002 as a base year.

# Projected CIO IT Budgets By Size

	2012 Projected CIO IT budget change		Percent of Responses		
	Weighted	Unweighted	Increasing	No Change	Decreasing
<b>Size of projected 2012 CIO IT Budget</b>					
Less than \$1 Million	+ 11.3%	+7.9%	45%	39%	16%
\$1 Million to less than \$5 Million	+ 9.6%	+ 6.4%	51%	34%	15%
\$5 Million to less than \$10 Million	+ 5.4%	+5.8%	52%	33%	15%
\$10 Million to less than \$25 Million	+ 4.8%	+ 3.7%	47%	32%	21%
\$25 Million to less than \$50 Million	+ 5.6%	+ 5.6%	45%	37%	8%
\$50 Million to less than \$100 Million	+ 2.6%	+ 2.6%	47%	33%	21%
\$100 Million to less than \$250 Million	+ 1.3%	+ 1.4%	35%	43%	22%
\$250 Million to less than \$500 Million	+ 1.4%	+ 1.4%	30%	43%	26%
\$500 Million to less than \$1 Billion	+ 2.2%	+ 0.8%	31%	47%	22%
Greater than \$1 Billion	- 0.5%	- 1.3%	32%	42%	26%
<b>Global</b>	<b>+ 0.5%</b>	<b>+ 4.3%</b>	<b>45%</b>	<b>36%</b>	<b>19%</b>

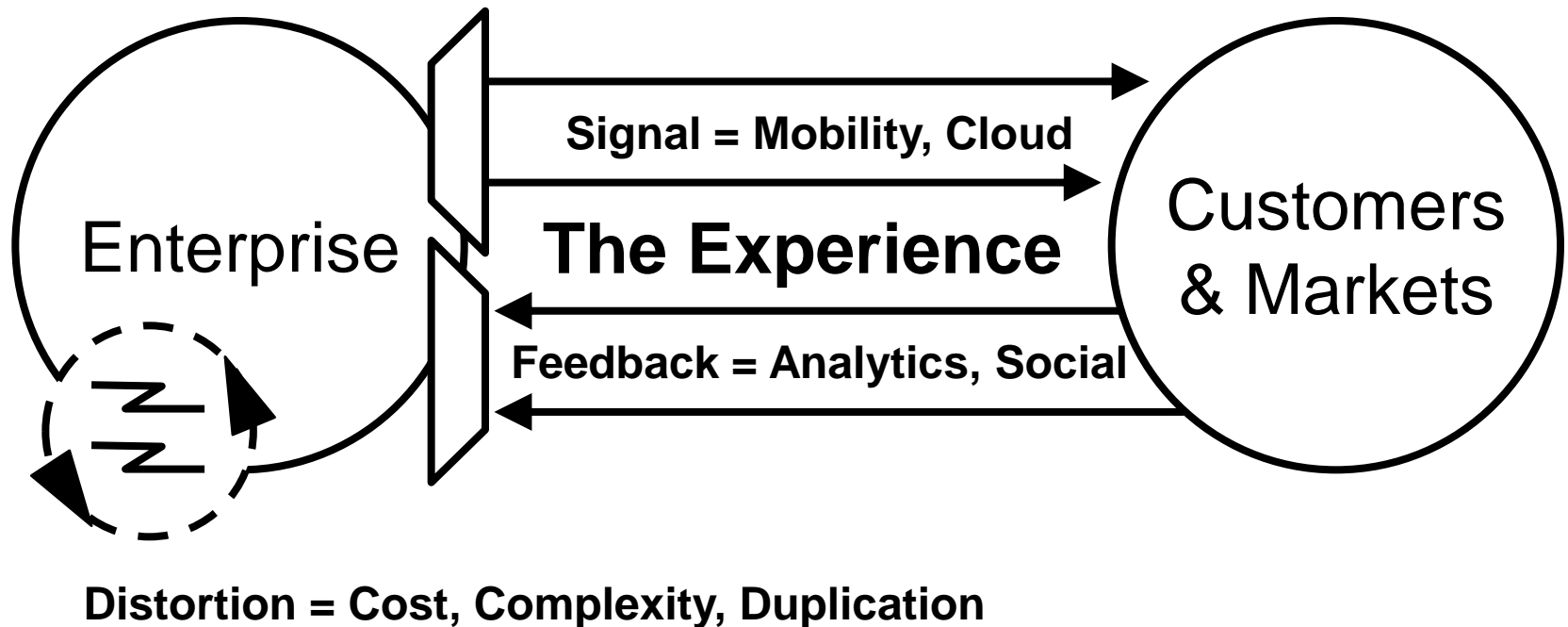
- Weighted IT budget change incorporates the size of the IT budget into the overall figure.
- Unweighted IT budgets is the average of each company without regard to budget size.

# CIOs see multiple non-financial barriers to gaining value from IT.



Percentage of Respondents

# Technology is expected to 'amplify' the enterprise.



# Amplify the Enterprise

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- Business Priorities pull the CIO in multiple directions
- **Strengthen the customer experience**
- Eliminate internal distortions
- Build and enterprise amplifier.

# Technology Priorities call for strengthening the customer experience.

## CIO Technologies

Ranking of technologies CIOs selected as one of their top five priorities in 2012.

Ranking	2012	2011	2010	2009	2008
Analytics and Business Intelligence	1	5	5	1	1
Mobile Technologies	2	3	6	12	12
Cloud Computing (SaaS, IaaS, PaaS)	3	1	2	16	*
Collaboration Technologies (workflow)	4	8	10	5	8
Virtualization	5	2	1	3	3
Legacy Modernization	6	7	11	4	4
IT Management	7	4	10	*	*
Customer Relationship Management	8	18	*	*	*
ERP Applications	9	13	6	2	2
Security	10	12	9	8	5
Social Media/ Web 2.0	11	10	3	15	15

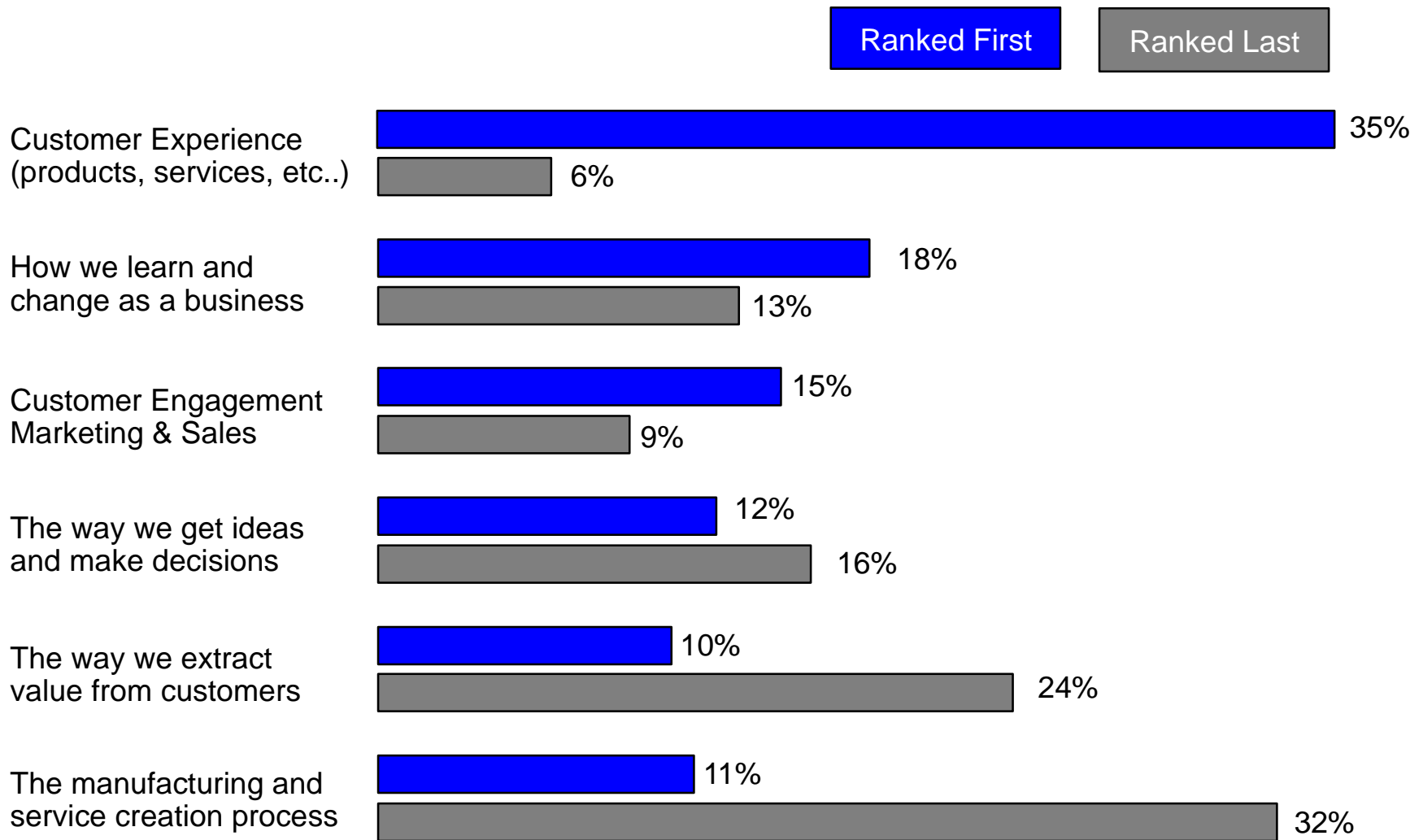
\* Not an option in that year

# Government technology priorities see new technologies creating new channels and infrastructure.

Government CIO Technologies	Ranking of technologies CIOs selected as one of their top three priorities in 2012.			
Ranking	2012	2011	2010	2009
Mobile Technologies	1	3	7	12
Cloud Computing (SaaS, IaaS, PaaS)	2	1	2	*
Virtualization	3	2	3	3
IT Management	4	5	8	*
Analytics and Business intelligence	5	10	11	5
Security	6	8	5	4
Legacy Modernization	7	9	11	4
Collaboration Technologies (workflow)	8	7	10	7
Infrastructure and data center	9	6	17	10
Document Management	10	*	*	*

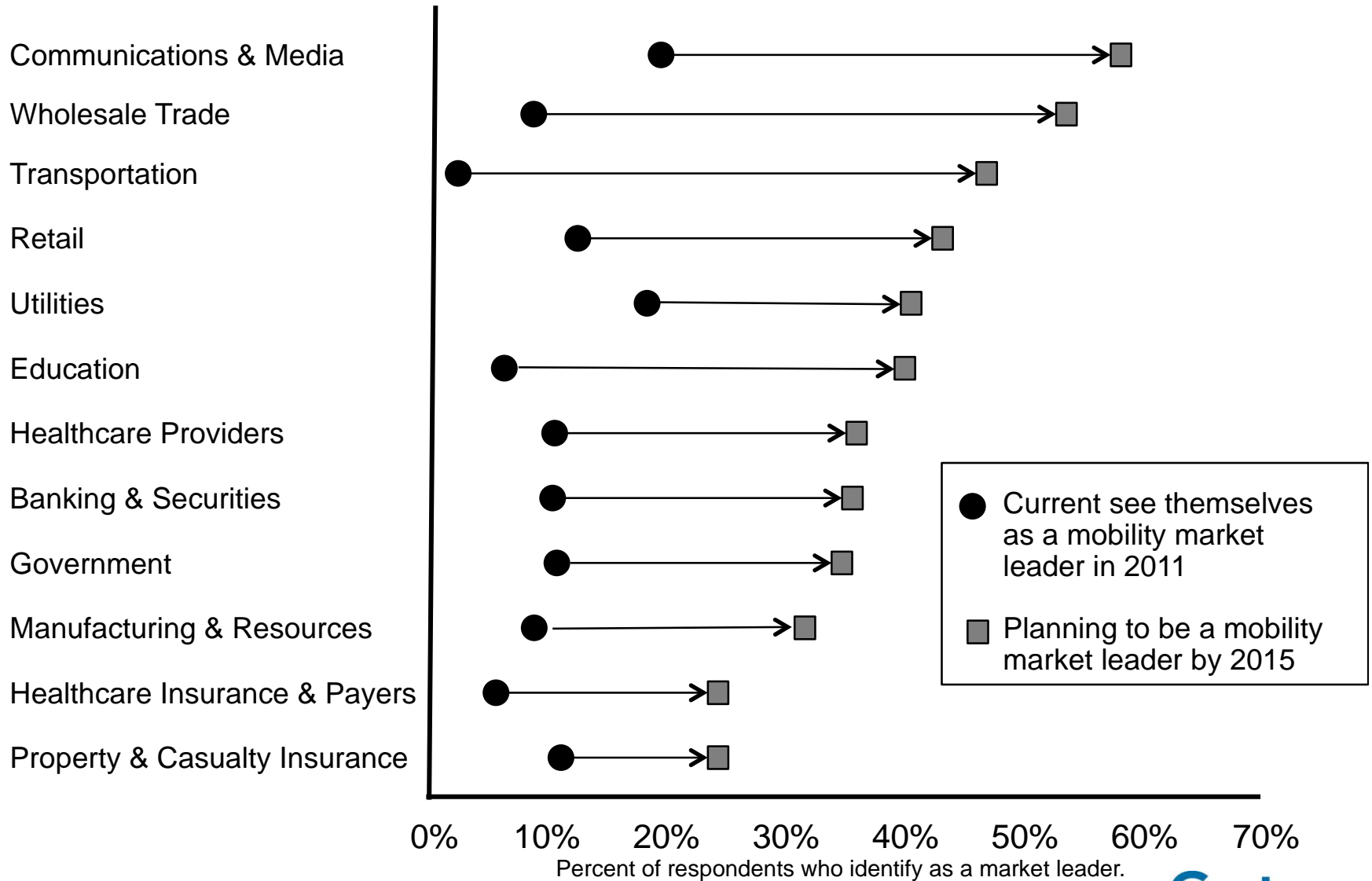
\* Not an option in that year

# CIOs see customer experience as the greatest opportunity for IT innovation.



Distribution of Respondents

# Mobility looks to be the next competitive frontier for technology.



# Amplify the Enterprise

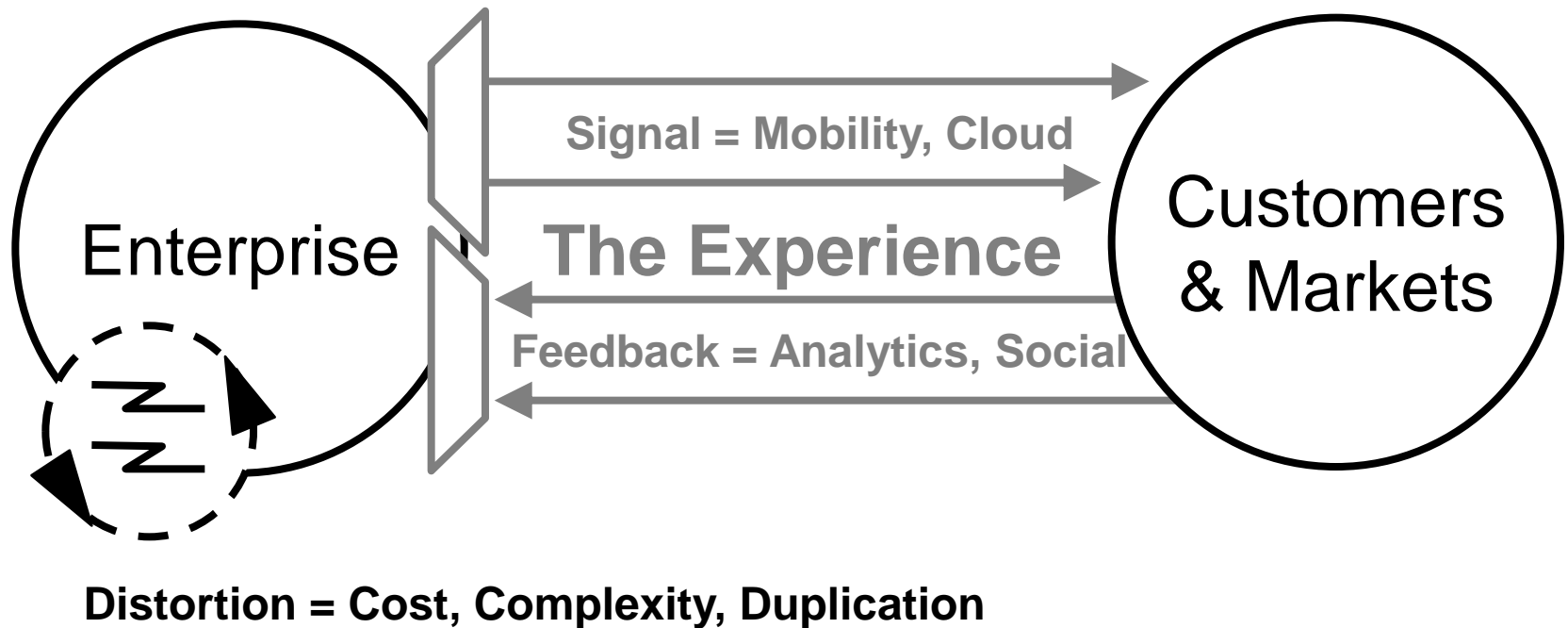
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- Business Priorities pull the CIO in multiple directions
- Strengthen the customer experience
- **Eliminate internal distortions**
- Build and enterprise amplifier.

# Technology is expected to eliminate internal distortions.

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# CIO Strategies are focusing on eliminating internal distortions.

## CIO IT Strategies

Ranking of IT strategies CIOs selected as one of their top three in 2012.

Ranking	2012	2011	2010	2009	2008
Delivering business solutions	1	2	1	3	1
Reducing the cost of IT	2	3	3	2	10
Developing or managing a flexible infrastructure	3	1	8	11	11
Expanding the use of information and analytics	4	7	7	10	9
Improving IT management and governance	5	4	6	4	7
Improving business alignment and relationship	6	10	2	1	2
Implementing mobility solutions	7	18	*	*	*
Consolidating IT operations and resources	8	5	9	9	12
Implementing business process improvements	9	8	4	5	6
Improving IT organization and workforce	10	6	10	8	3
Implementing Cloud (SaaS, IaaS, PaaS)	11	9	*	*	*

\* New response category

Number = 2,338

# Government IT strategies reflect a tight connection with the business.

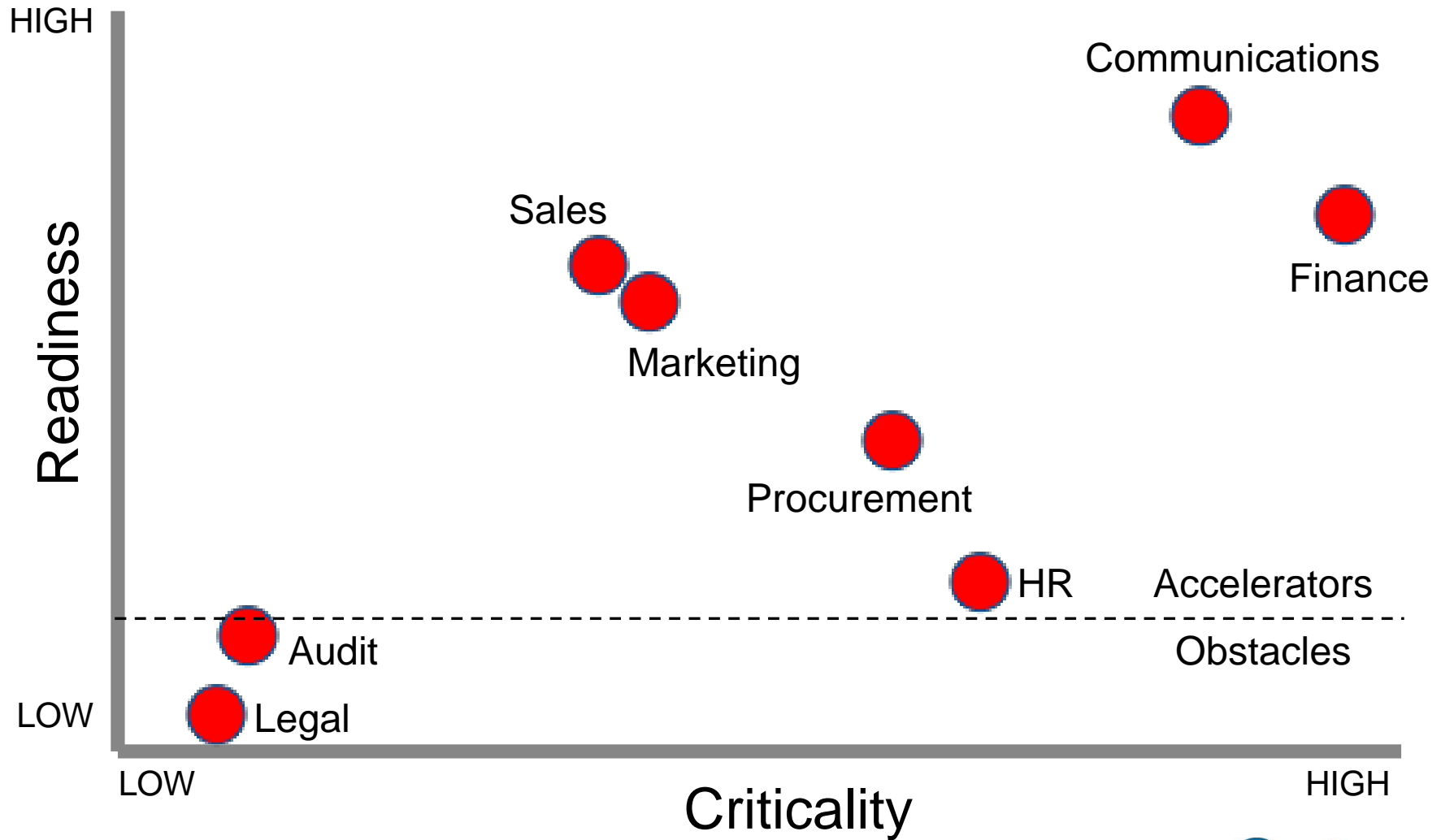
## Government CIO IT Strategies

Ranking of IT strategies CIOs selected as one of their top three in 2012.

Ranking	2012	2011	2010	2009	2008
Improving IT management and governance	1	10	1	5	5
Delivering business solutions	2	3	6	15	8
Reducing the cost of IT	3	4	5	7	13
Improving business alignment and relationship	4	2	2	3	3
Consolidating IT operations and resources	5	6	*	6	7
Enhancing IT security and recoverability	6	*	*	*	*
Developing or managing a flexible infrastructure	7	1	11	5	14
Implementing business process improvements	8	8	3	2	6
Improving the IT organization and workforce	9	9	10	9	1
Applying shared services and outsourcing	10	*	*	*	*

\* Not an option that year

# The relative readiness of internal enterprise operations.



# Amplify the Enterprise

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- Business Priorities pull the CIO in multiple directions
- Strengthen the customer experience
- Eliminate internal distortions
- **Build and enterprise amplifier.**

# Amplifying IT starts with amplifying the IT strategy.

## Enterprise Effectiveness

## IT Effectiveness

IT strategy is integrated with the overall business strategy



Largest Gap

IT strategy informs business strategy



Second Largest Gap

Key stakeholders understand the IT strategy



Strategy creation process includes significant non-IT participation



Strategy contains real trade-offs linked to business success



IT strategy is separate to the plan



IT strategy is clearly defined



COMPLETELY DISAGREE

COMPLETELY AGREE

COMPLETELY DISAGREE

COMPLETELY AGREE



Largest Gap



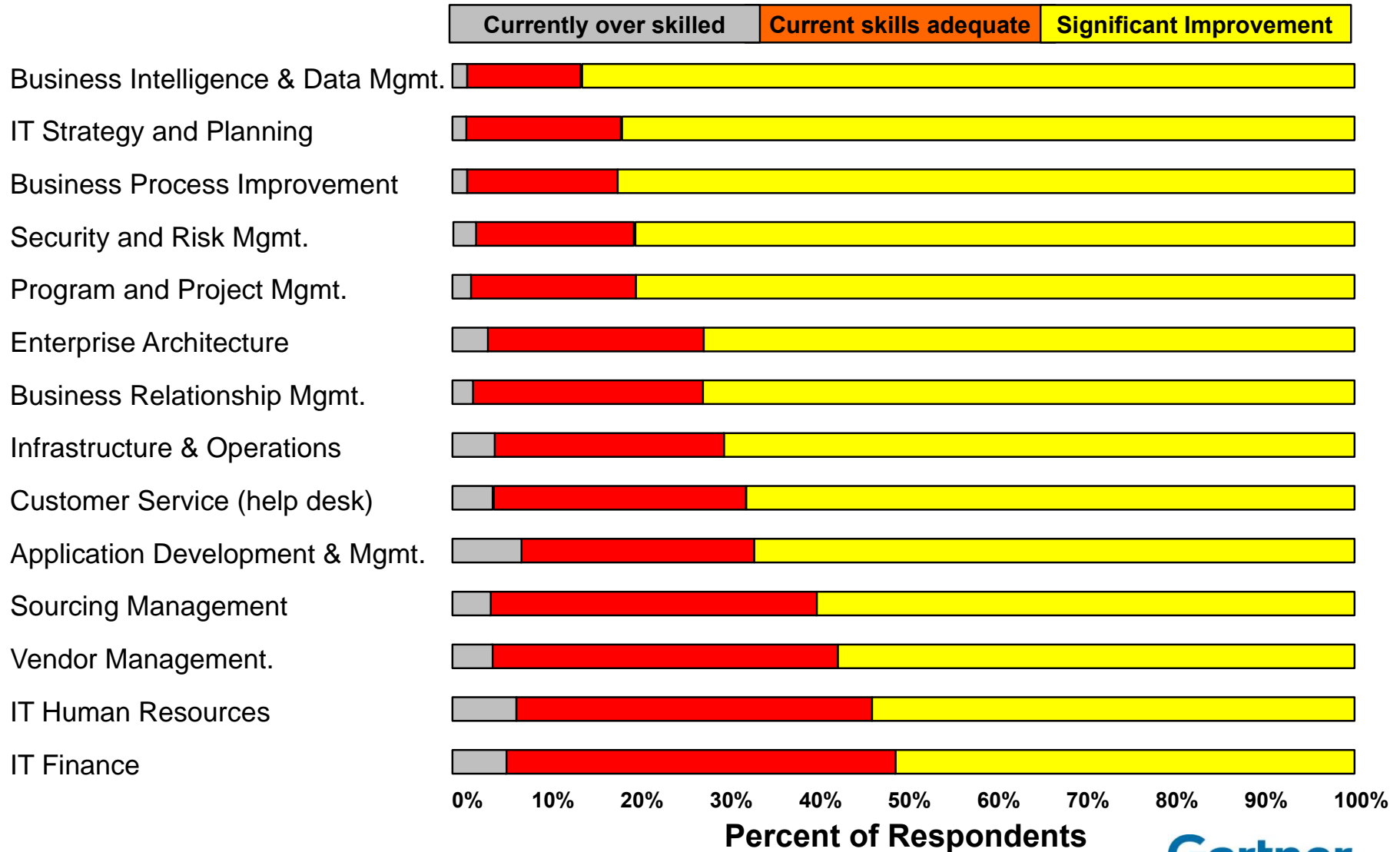
Second Largest Gap



Leader

Late Follower

# CIOs recognize the need for new and better skills.



# Leaders apply external metrics to demonstrate their contribution.

	Metrics Type	All Respondents	Top Performers	Average Performers	Below Average Performers
Core	Performance against budget and cost	Often – 64%	Always – 76%	Often – 64%	Often – 60%
	Service Availability Metrics (e.g. Uptime)	Often – 61%	Always – 77%	Often – 62%	Often – 50%
	Performance against project and program schedule	Often – 55%	Often – 71%	Often – 55%	Common – 45%
Internal	IT portfolio allocation across Run / Grow / Transform	Common – 41%	Often – 58%	Common – 41%	Common – 25%
	Performance against Service Level Agreements (SLA's)	Common – 40%	Often – 67%	Common – 39%	Common – 30%
	IT cost as a percent of revenue	Common – 30%	Common – 40%	Common – 32%	Rarely – 19%
	IT cost per employee or user	Rarely – 22%	Common – 31%	Rarely – 24%	Rarely – 12%
External	Contribution to business value or business outcome	Rarely – 22%	Often – 56%	Rarely – 21%	Rarely – 9%
	Reducing Risk frequency and/or impact	Common – 25%	Often – 52%	Rarely – 22%	Rarely – 18%
	Comparison or benchmarking against others	Rarely – 17%	Common – 39%	Rarely – 16%	Rarely – 8%
	Adoption or deployment rates for new technology	Rarely – 10%	Common – 29%	Rarely – 8%	Rarely – 5%

Percentage of respondents indicating that metrics is always used or is mandatory

Always 100% - 75%      Often 74% - 50%  
 Common 49% - 25%      Rarely 24% - 0%

# Suggestions and recommendations



- Adopt the mindset that your organization is about technology, not just IT.
- Think of how technologies can combine to amplify enterprise performance and the business model.
- Connect growth and cost via the customer experience.
- Act on mobility strategies and plans to become your industry's leader.
- Continue to remove internal distortions across processes, operations, systems and IT.
- Embrace amplification through new IT strategies, skills, and metrics.



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