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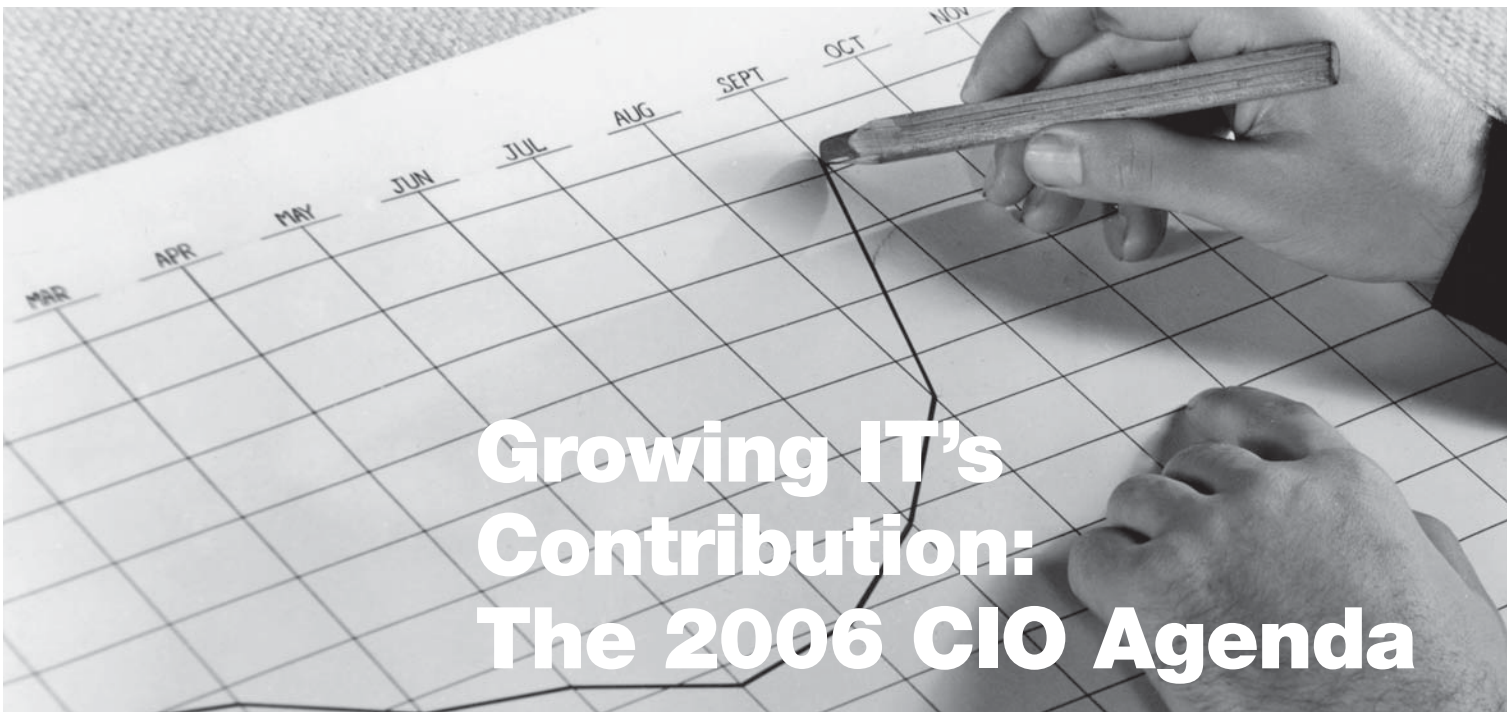

Growing IT's Contribution: The 2006 CIO Agenda

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During the last 30 years, IT has changed the world. The world is now changing IT. Customers, markets and external demands are shaping the CIO's agenda. Success in this environment requires growing IT's contribution in ways that build on IT's strong internal focus to deliver growth and results.

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Results matter. Whether CIOs are asked to play an enabling role or have a more direct contribution, they recognize that attitudes toward technology only change based on the facts on the ground and not strategies or imperatives in the boardroom.

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Foreword

For 30 years IT changed the world by creating new industries, altering business and dramatically improving performance. In 2006, CIO attention will grow IT's contribution in new ways by applying IT to meet the challenge of external forces. Until now, IT has been changing the world. Now CIOs face a future where the world is changing IT.

Growing IT's Contribution: The 2006 CIO Agenda draws on more than 1,400 responses to the Gartner EXP annual CIO survey. This survey sought answers to the question, *What are the issues associated with setting the CIO agenda in 2006?*

This report was written by the Gartner Executive Programs research team led by Mark McDonald (group vice president and head of research), assisted by Marcus Blosch (vice president and research director), Trish Jaffarian (research director), Lily Mok (research director) and Sandra Stevens (research manager). We acknowledge and thank the following people for their contributions to this report:

- Our interviewees for the case studies: Manish Choksi, Asian Paints Ltd.; Jonathan Smoke, Beazer Homes; Fran Dramis, BellSouth; Rob Carter and Fred Smith, FedEx; Bassim Haj, Norske Skog; Michael Irizarry, U.S. Cellular; Daniel Dixon, Wells Fargo; and Kevin Cooney, Xilinx.
- Other Gartner colleagues and members of the Gartner Executive Programs research team: Dave Aron, Richard Hunter, Patrick Meehan, Tina Nunno, Andrew Rowsell-Jones, Chuck Tucker, Graham Waller and adjunct researcher, Barbara McNurlin.

Executive summary

Powerful external forces are shaping the CIO's agenda. Enterprises are broadening their focus from providing efficient operations to creating new sources of advantage in highly competitive markets. Both public and private sector entities face a world of customers with new levels of information, influence and choice.

IT's future is with the business

IT is becoming more business-focused in 2006. Top business priorities for 2006 include improving business processes, keeping an eye on enterprisewide operating costs and attracting, retaining and growing customer relationships.

CIOs project modest IT budget growth (for the third straight year) of 2.7 percent.

Concerns over security and business disruptions have slipped in the list of the top 10 business priorities in 2006.

Security and privacy are still critically important, but CEOs now expect the CIO and IT to keep the enterprise secure.

How will CIOs grow IT's contribution in 2006? By working across dual tracks in their agenda. One track will require working "in" the business, delivering technology services and improving business processes; the other will involve working "on" the business, to realize the new capabilities required to support competitive differentiation and customer choice.

CIOs recognize that the business is expecting them to play a larger role in business-intensive issues

To what extent will each of the following business, societal or government trends impact your enterprise in 2006?	Ranking 2006		2005	2004
Improving business processes	1	↔	1	**
Enterprisewide operating costs	2	↑	3	2
Attracting, retaining and growing customer relationships	3		*	*
Supporting competitive advantage	4	↔	4	**
Improving enterprise competitiveness (bottom-line profitability)	5		*	*
Expanding use of information/intelligence in products and services	6	↑	7	5
Security breaches and disruptions to the business	7	↓	2	1
The need for revenue growth	8	↓	6	4
Faster innovation	9	↑	10	7
Data protection and privacy	10	↓	5	3

*New question for 2006 **New question for 2005

Working "in" the business requires a different skill set

Raising overall performance requires working "in" the business to improve its ability to achieve its plans and goals. CIOs are enhancing their ability to work in the business by changing the nature and mix of IT skills.

CIOs widen their focus by working "on" the business

Working "on" the business transforms the enterprise through new products, services and capabilities. CIOs are looking to expand the role of information and IT in the business. This requires understanding the forces shaping customer and market expectations. The result is improving how the enterprise uses information by strengthening the information value chain.

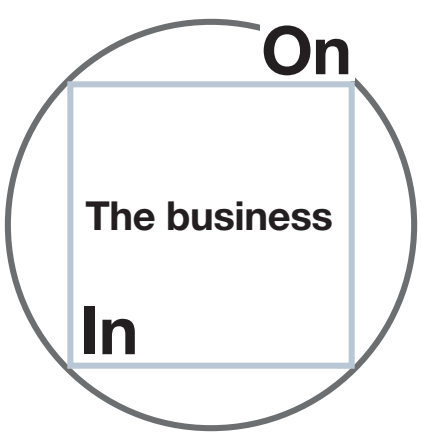
Setting your 2006 agenda

CIOs are leading IS through a transformation that will increase IT's contribution. It is a multiyear transformation, with each IS organization moving at its own pace and in alignment with its enterprise context.

CIOs report that the transformation started in 2005, with an increased focus on business process improvement. The 2005 recommendations still hold true for many making this transformation. They include:

- Keeping a tight control over IS
- Creating a stable core of IT services
- Managing the CEO-CIO relationship
- Paying attention to security and risk
- Building a business process capability

Success requires CIOs to work both "in" the business and "on" the business*



***In* the business** issues concentrate on current operations and improvements. Issues focus on the current fiscal year. They include the infrastructure required to operate the business effectively at scale.

***On* the business** issues deal with the future shape of the enterprise—its products, services and structure. CIOs working on transformational change are working *on* the business.

*Adapted from Gerber, M., *The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It,* New York, NY: HarperCollins, 2001.

The high-priority items for 2006 describe the next set of actions CIOs are taking to transform IS and increase its business focus:

- Making time for customers and the front-office capabilities. Generating growth from the core of your business is the greatest challenge facing executives.
- Identifying opportunities to use information more effectively. Understanding and applying what you know is a prime source of competitive difference and advantage.
- Building business awareness and skills across the IS organization. CIOs must raise the business relevance of IT services and solutions; and that requires increasing business knowledge in IS.
- Remaining vigilant on enterprise security and risk management. Security and risk are now assumed to be part of the CIO's and IT's responsibilities.
- Results matter. Whether CIOs are asked to play an enabling role or have a more direct contribution, they recognize that attitudes toward technology only change based on the facts on the ground and not strategies or imperatives in the boardroom.

In 2006, CIOs recognize that the world is changing IT, making it more customer, market and information focused. These CIOs are starting with a core of high-quality IT services to create value today in the business. They are also building on these achievements through business process improvement and by working on the business to position it for the future.

CIOs' strategic priorities continue a focus on growth, alignment and demonstrating IT's contribution

To what extent will each of the following CIO actions be a priority for you in 2006?	Ranking 2006		2005	2004
Delivering projects that enable business growth	1	↔	1	18
Linking business and IT strategies and plans	2	↔	2	4
Building business skills in the IS organization	3	↑	9	1
Demonstrating the business value of IT	4	↓	3	2
Attracting, developing and retaining IS personnel	5		*	*
Applying metrics to the IS organization and IS services	6	↓	4	14
Improving the quality of IS service delivery	7	↔	7	3
Flexible technology infrastructure	8		*	*
Improving IT governance	9	↑	10	11
Consolidating the IS organization and operations	10	↓	8	**

*New question for 2006 **New question for 2005

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