

# Mastering the **New** **Business Executive** Job of the CIO

Insights From the 2018 CIO Agenda Report

**Gartner Executive Programs**

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## 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 3,160 CIOs across 98 countries, representing approximately \$13 trillion in revenue/public-sector budgets and \$277 billion in IT spending.

Here are some key insights from the 2018 report.

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## **Time to “remix”: Digitalization and technological innovation are changing the nature of the CIO’s job**

The 2018 CIO Survey plainly reveals that the job of the CIO is changing. As digitalization and innovation put more emphasis on the information rather than the technology in “IT,” the CIO’s role is transforming from delivery executive to business executive — from controlling costs and re-engineering processes to driving revenue and exploiting data.

Digital business clearly has the power to transform organizations. And as that transformation evolves, success requires a move from digital experimentation and pilots to the digital scaling of proven practices. It is inevitable then that CIOs must “remix” the job they do in order to support this shift and continue to be transformers.

According to the survey data, 93% of CIOs at top-performing organizations\* and 78% across the entire global sample (3,000+) lead adaptable and open-to-change IT organizations, thanks to the ongoing transformation to digital business. This makes now the right time for CIOs to transition to their new role and develop the crucial characteristics they will need to master going forward.

\*Based on self-reported IT and enterprise performance scores on aspects of digital maturity, we divided this year’s survey respondents into three categories — top, typical and trailing performers.

## The **advance of digitalization** means **pre-empting disruption**

Digitalization continues to advance, with enterprises seeking growth from digital business models where growth's dimensions can vary with new markets and customers, higher margins, more-diverse supplier networks, greater public-sector funding, extension of the mission, etc.

Nearly all (95%) of this year's CIO survey respondents expect their jobs to change as a result of digitalization, which generally means facing:

- Accelerating and converging technology trends
- Shifting business expectations
- New corporate/organization objectives

The data clearly shows that while delivery is still a CIO responsibility, much greater importance is being placed on attaining a broader set of business objectives. This translates into a shift in the critical characteristics of the CIO role and a clear contrast between the old and the new.

### The CIO role is changing

From	To
IT-outcome-focused	Business-outcome-focused
Order-taking	Collaborative agenda-setting
Supporting	Compelling
Cost-controlling	Revenue-building
Process re-engineering	Data-exploiting
Sourcing	Creating
Function-focused	Platform-focused
Seeking parity	Seeking differentiation
Within IT	Everywhere
IT-risk-focused	Business-risk-focused

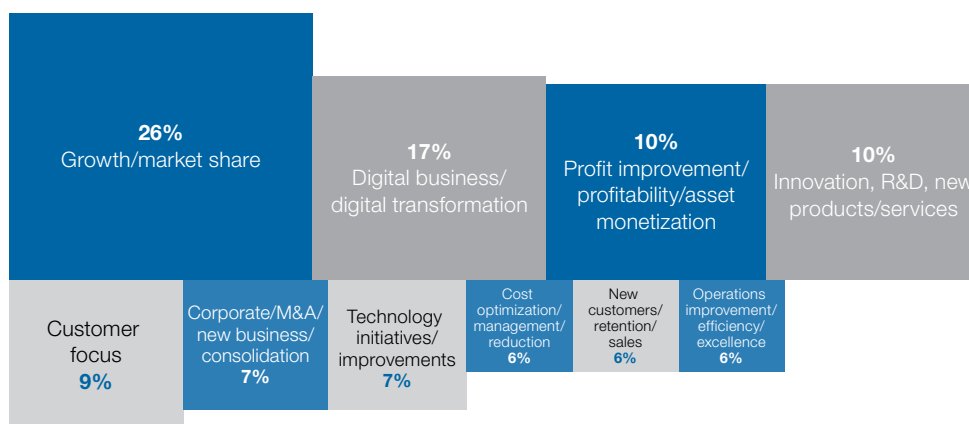
## Supporting the business's top objective: Growth

Growth is the No. 1 business priority reported by CIOs for 2018, echoing the 2017 Gartner CEO Survey, where 58% of respondents identified growth as their top business priority.

The lesser-ranked business priorities cited by CIOs suggest how this growth might be delivered:

- Digitalization of activities to reap economies of scale and scope
- Profit improvement flowing from new sources of revenue
- Product and service transformation through innovation
- Sharpened customer focus
- M&As that bring in talent and business accelerators

Thinking about your organization as a whole, what would you say are its top business objectives for the next two years (2017/2018)? (n = 2,615)



The good news is there is more money available to support business growth, with the average expected change in IT budgets up across the world between +2.0% and +5.1% depending on region. Some of those extra dollars, however, could be headed toward improving the enterprise's risk posture, as nearly all CIOs (95%) expect cybersecurity threats to increase and impact their organization.

## Demolish walls to **scale** and succeed

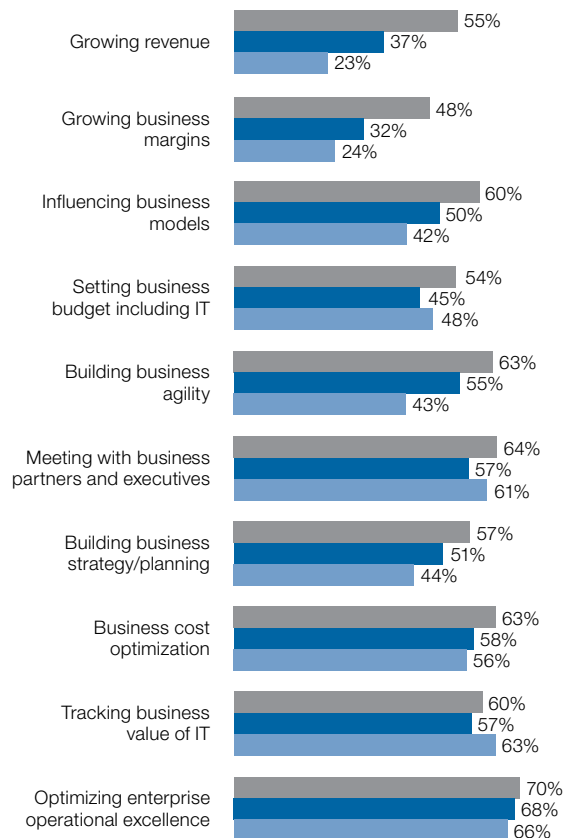
CIOs are challenged to grow digital business by delivering economies of scale and scope. If former opportunities are simply exhausted, this may mean “jumping the curve” and even cannibalizing the business model.

Although there has been a slight net increase in the scaling of digital initiatives, there is still a major wall of resistance facing CIOs attempting a scale play. The largest “brick” in that wall is addressing broad-based culture change — cited by nearly half of this year’s survey respondents as their biggest barrier.

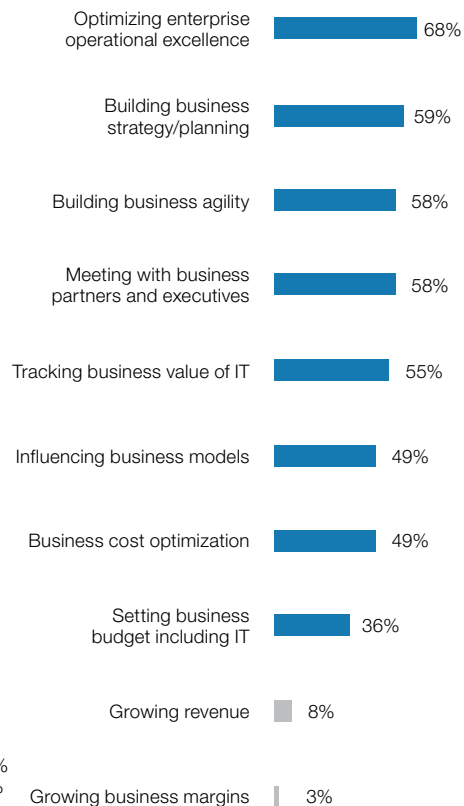
Another wall is the CIO’s own job objectives. According to the survey, 84% of CIOs at top-performing organizations have responsibility for areas of the business outside of traditional IT, the most common being innovation and transformation. In step with this is a shift in CIO success criteria, from IT delivery objectives to more business-based measures.

### Which of these strategic business objectives are among your personal job objectives?

**CIO non-IT objectives, total sample (less public sector)**



**CIO non-IT objectives, public sector (n = 383)**



Percentage of respondents

■ Top (n = 141) ■ Typical (n = 2,009) ■ Trailing (n = 160)

Note: Percentages may not add up to 100% due to rounding.

## Spend more time on **executive leadership** and **differentiating technologies**

The survey shows a notable increase in CIO time spent on executive leadership — on average, two more days per month vs. three years ago. In addition, a CIO's technology priorities (in terms of their potential differentiation value) have implications for how the CIO allocates job time.

BI/analytics is in the No. 1 technology spot for 2018. However, CIOs at top-performing enterprises are more likely than their peers to consider their top differentiating technologies as more strategic and spend more time on them.

### Which technology area do you think is most important to helping your business differentiate and win/to achieving your organization's mission?

#### Technologies expected to help businesses differentiate from their competitors

Percentage of respondents	Total (n = 2,834)	Top (n = 165)	Typical (n = 2,476)	Trailing (n = 193)
BI/analytics	26%	28%	26%	20%
Digitalization/digital marketing	14%	17%	14%	12%
Cloud services/solutions	10%	15%	9%	8%
Mobility/mobile applications	6%	7%	6%	5%
Internet of Things	6%	6%	6%	6%
Customer relationship management	5%	1%	5%	6%
Artificial intelligence	5%	7%	5%	1%
Enterprise resource planning	5%	1%	5%	9%
Infrastructure/data center	5%	3%	5%	4%
Automation	4%	2%	4%	3%

Sixty-four percent of CIOs at top-performing organizations are very or extremely involved in their enterprise's BI/analytics activities, with participation by CIOs at typical and/or trailing organizations much lower.

This reveals an opportunity for many CIOs to become more deeply involved in a technology central to the business's growth objectives.

## Take advantage of an IT organization primed for change

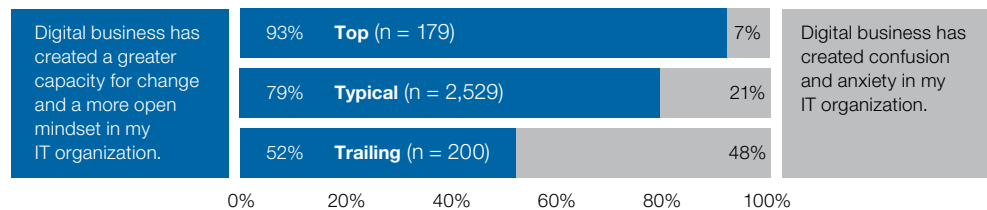
With 78% of all CIOs (93% at top performers) reporting that digital business is making their IT organizations better prepared to change, now is the time to consider shifting your digital strategy from finding early adopters, starting pilot programs and moving to bimodal to seize opportunities, to something more direct:

- Building the required bench strength to scale the enterprise's digital business through support of the digital ecosystem
- Determining and putting in place the right digital team structure for your enterprise
- Anticipating the next wave of tech and relentlessly rebalancing your technology portfolio

Even at trailing performers, more than half of CIOs report that their IT organizations have a more open mindset. The time to act is now.

### With which statement do you agree most?

#### Views of impact of digital business on risk



# Prepare IT for new technologies

In this new world, success is based not on what CIOs build, but on the services they integrate. The IT organization will move from manufacturer to buyer, and the CIO will become an expert orchestrator of services.

As for the coming wave of technology, AI (followed by digital security and IoT) is the most problematic technology to implement, according to CIO respondents who have done it. The most common pain point with these technologies, particularly AI, is seeking out the new skills required to exploit them.

Investing in technologies seen to provide key capabilities or sources of differentiation, and pruning others, will have a profound impact on the IT organization.

## Which of these technologies will require (has required) ...

### Impact of technologies on the IT department

Technology	Size of sample using this technology	Needed new skills	Needed hard-to-find skills	Needed change to structure of IT	Needed change to culture of IT	Needed new IT leadership	Needed new source of funding
Digital security	2,242	26%	22%	14%	18%	12%	11%
Internet of Things	1,115	25%	10%	21%	16%	14%	21%
Artificial intelligence	807	47%	37%	22%	29%	27%	21%
Conversational interfaces	654	5%	4%	5%	8%	3%	3%
3D printing	522	1%	0%	1%	0%	0%	3%
Smart robots	512	8%	6%	9%	10%	8%	9%
Virtual/augmented reality	524	8%	6%	5%	4%	5%	9%
Digital twin	381	9%	6%	9%	12%	9%	7%
Blockchain/distributed ledger	293	23%	18%	13%	14%	11%	17%
Autonomous vehicles	208	8%	10%	7%	5%	7%	15%

Colors show an impact "heat map," with grays denoting the biggest impact, blues the least.

## Changing landscape > changing responsibilities > **new job**

The accelerating adoption of digitalization and the quickening pace of technological innovation are changing the nature of the CIO's job — from the old role of delivery executive to the new role of business executive. For the majority of CIOs, the biggest challenge of this change is that the details of this new job are unclear, leaving them without a blueprint to follow.

With enterprises looking for growth through the scaling of digital best practices, a shift in CIO job objectives is inevitable — a fact borne out by nearly all the CIOs we surveyed around the world.

The insights, analysis and action plans in this year's CIO Agenda surface the most important characteristics of this new role and provide the guidance and advice to help CIOs master them.

Digitalization has created a larger capacity for change in many IT organizations, so now is a great time to start your role transition if you have not already.

The message is loud and clear: To continue to effect digital transformation, CIOs will have to transform themselves.

Note: All graphics are excerpted from 2018 Gartner CIO Survey data.

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