



FROM IDG

2018 State of the CIO

BUSINESS TECHNOLOGY LEADERSHIP

Purpose and Methodology

CIO's 17th annual **State of the CIO** survey was conducted with the objective of understanding how the role of the CIO continues to evolve in today's business climate and to help define the CIO agenda for 2018. This definitive benchmarking survey measures the role of the CIO in the organization, budgetary responsibilities, business and leadership challenges, and the key skills needed for the job today.

Total respondents: 1,013

Heads of IT RESPONDENTS

Total Respondents: 738

Audience base:

CIO Forum on LinkedIn and CIO Audience

Job Titles:

CIO **32%**
Director/Managing Director **19%**
CIO *and* EVP, SVP, VP **18%**
EVP/SVP/VP **10%**
CTO **5%**
General Manager **4%**
Other **11%**

Top Represented Industries:

Government/Non-Profits **17%**
Financial Services **14%**
Manufacturing **13%**
High Tech **13%**
Healthcare **9%**
Services (legal, consulting, real estate) **9%**
Retail, Wholesale and Distribution **7%**

Company Size - Number of Employees:

5,000+ **26%**
1,000-4,999 **22%**
100-999 **34%**
Less than 100 **16%**
Average **9,884**

LOB RESPONDENTS

Total Respondents: 275

Function:

Admin/Corp. Management **22%**
Operations **20%**
Finance/Accounting **16%**
Sales **16%**
Human Resources **9%**
Marketing **8%**
Engineering/R&D **5%**
Other **5%**

Agenda



Tracking the KPIs



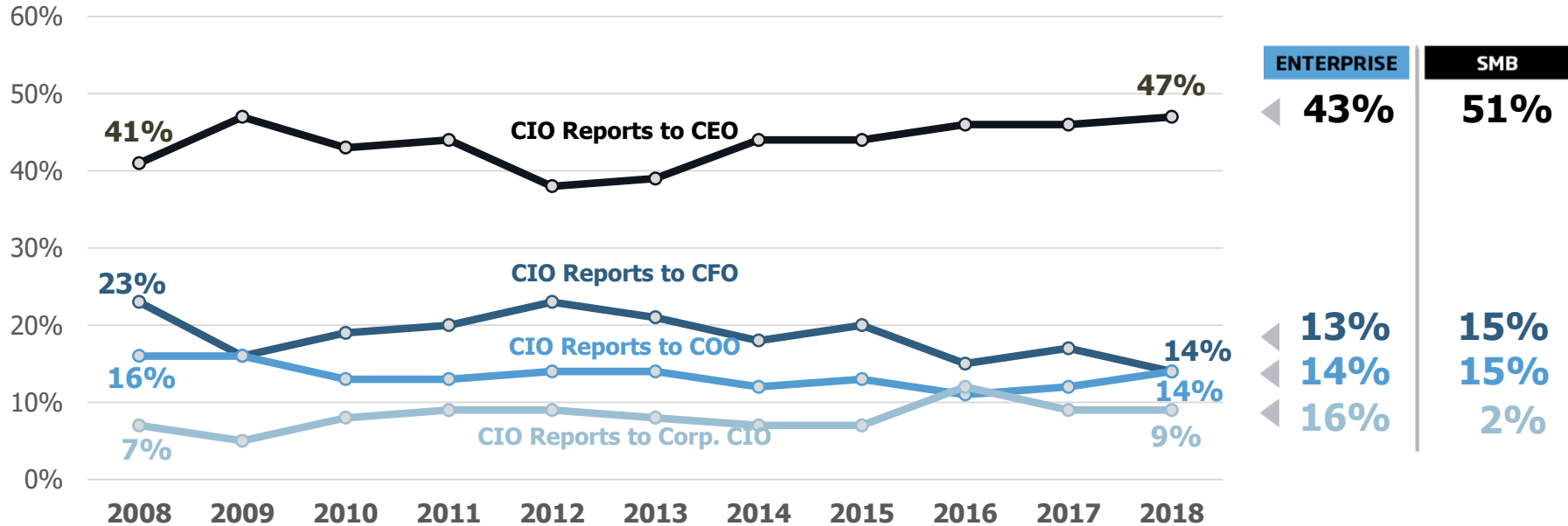
Budgets and Investment Drivers



IT/Business Relationship

Tracking the KPIs

CIOs Continue to Report to CEO

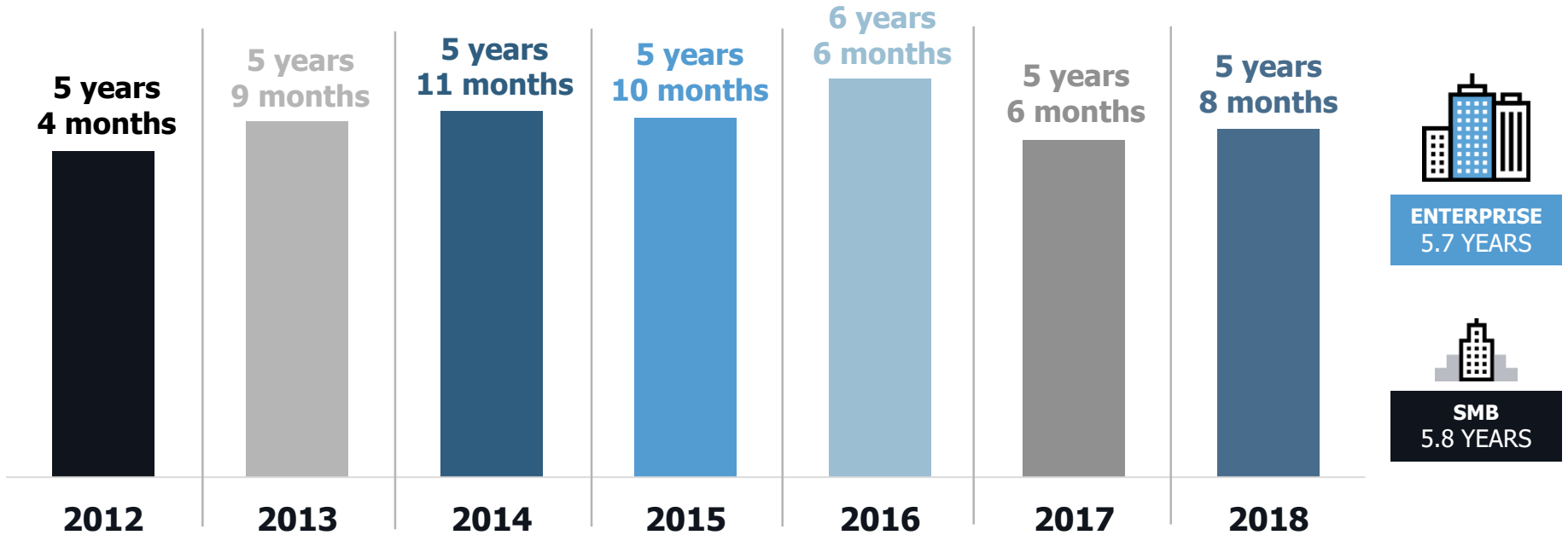


Q: To whom do you report?



Source: State of the CIO, 2018

CIO Tenure



Q: How long have you been in your current position?

Walking the Innovation/Operations Tight Rope

88%

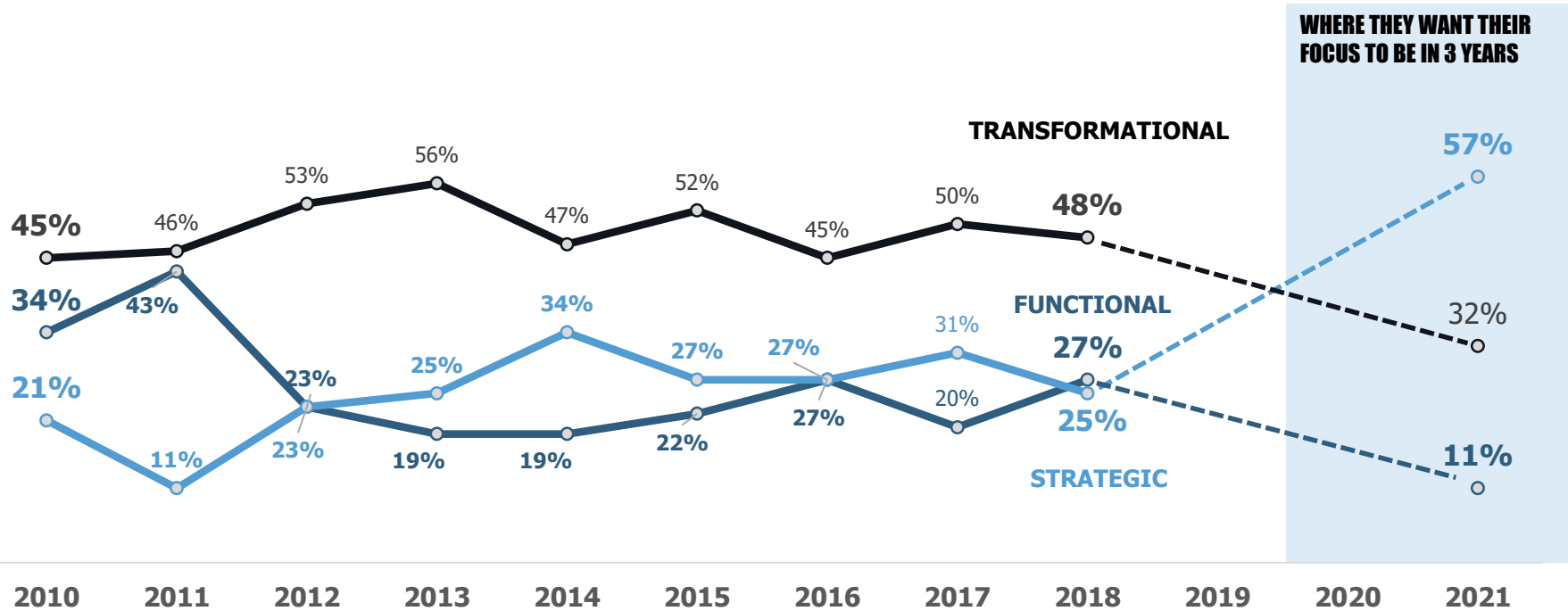
OF CIOS SAY THEIR
ROLE IS BECOMING
MORE **DIGITAL** AND
INNOVATION FOCUSED

73%

OF CIOS SAY IT'S
CHALLENGING TO FIND
THE RIGHT BALANCE
BETWEEN BUSINESS
INNOVATION &
OPERATIONAL EXCELLENCE

Q: Please indicate your level of agreement with the following statements:

CIOs Plan to Spend More Time on Strategic Activities



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

Security Takes Up More CIO Time

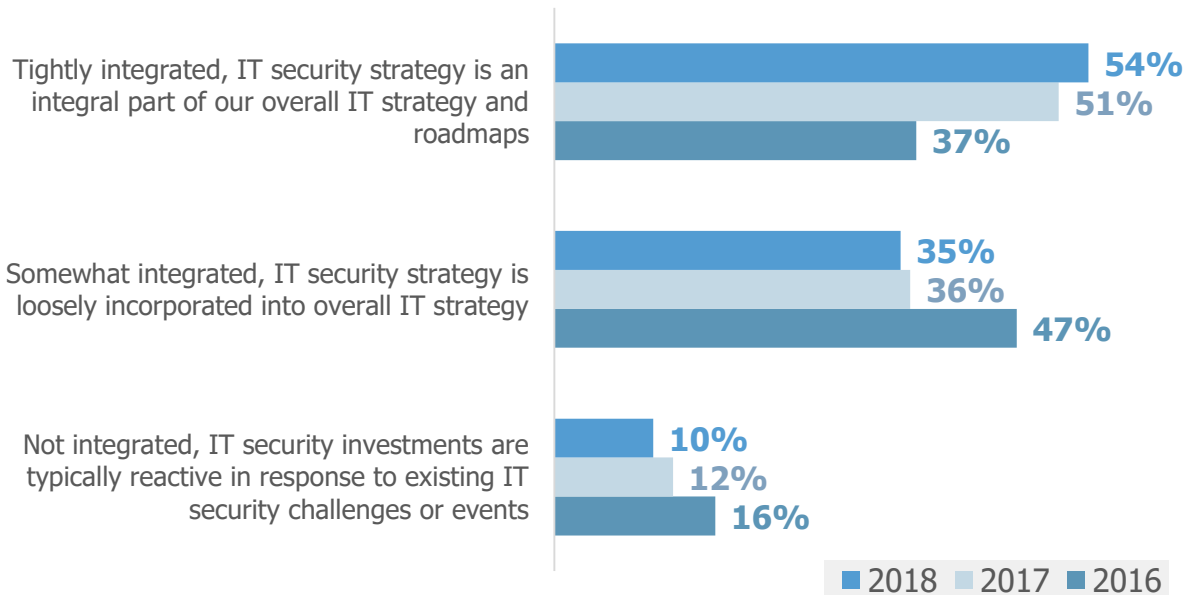
Functional	Now	In 3 Years
Improving IT operations/ systems performance	49%	23%
	+4	-26
Security management	54%	31%
	+13	-23
Cost control/ expense management	37%	20%
	+4	-17
Negotiating with IT vendors	22%	14%
	+1	-8
Managing IT crises	19%	8%
	+/-0	-11

Transformational	Now	In 3 Years
Aligning IT initiatives with business goals	50%	29%
	-3	-21
Implementing new systems and architecture	36%	30%
	-4	-6
Cultivating the IT/ business partnership	38%	27%
	+/-0	-11
Leading change efforts	33%	31%
	-2	-2
Redesigning business processes	26%	27%
	+2	-1

Strategic	Now	In 3 Years
Driving business innovation	28%	44%
	-5	+16
Developing and refining business strategy	21%	31%
	-3	+10
Identifying opportunities for competitive differentiation	17%	34%
	-4	+17
Developing new go-to-market strategies & technologies	14%	33%
	-3	+19
Studying market trends/ customer needs to identify commercial opportunities	10%	21%
	-3	+11

Q: Which of the following activities best characterize your focus and how you spend your time in your current role? AND Q: Which of the following activities do you plan to spend more time on in the next 3 years?

Security and IT Strategy Go Hand in Hand



82% of CIOs expect their IT and security strategy to be tightly integrated in the next 3 years

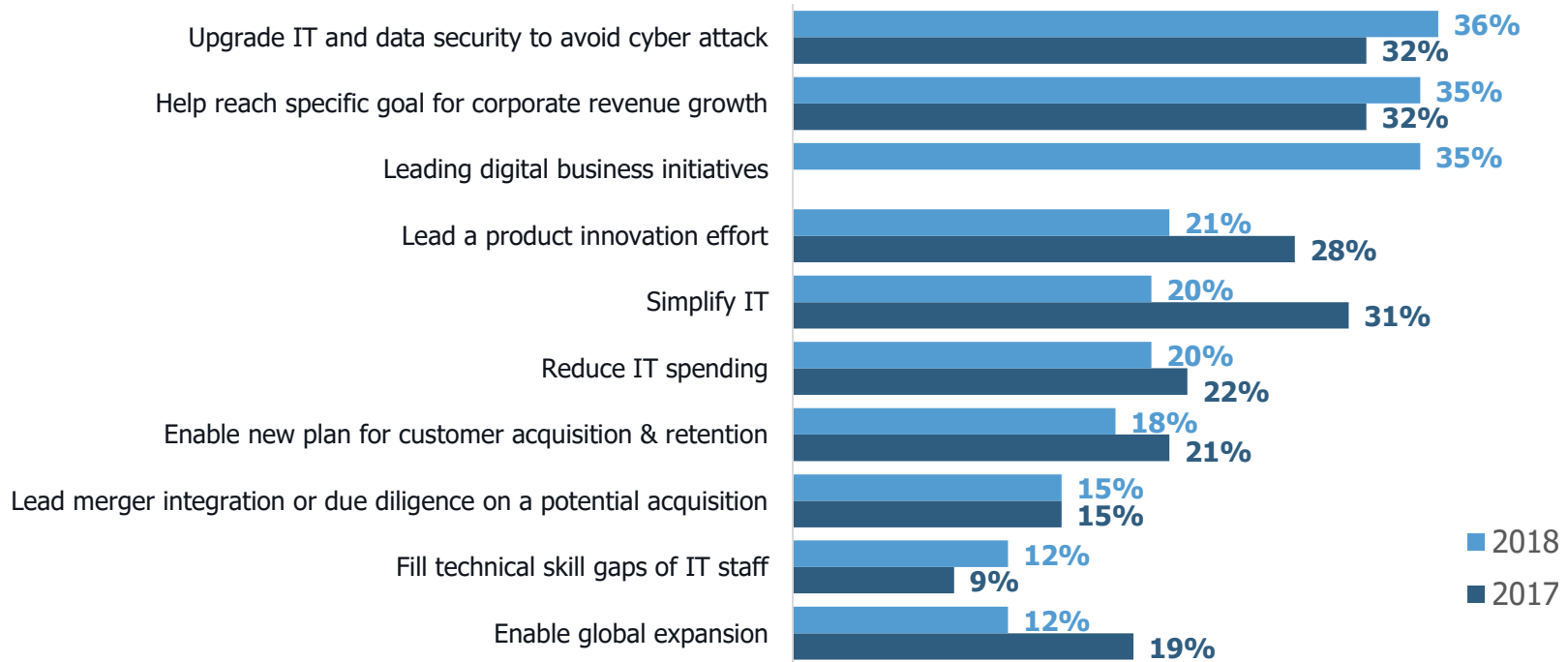
Q: How tightly integrated are IT security strategy and IT strategy at your organization today? AND Q: How tightly integrated do you expect IT security strategy and IT strategy at your organization will be 3 years from now?

IT/Security Integration by Industry

	Financial Services	Government/ Non-Profit	Healthcare	Manufacturing	Retail/ Wholesale/ Distribution	High Tech/ Telecom
Base	125	164	85	128	71	146
Tightly integrated, IT security strategy is an integral part of our overall IT strategy and roadmaps	62%	46%	46%	53%	45%	49%
Somewhat integrated, IT security strategy is loosely incorporated into overall IT strategy	31%	40%	41%	39%	39%	36%
Not integrated, IT security investments are typically reactive in response to existing IT security challenges or events	5%	13%	12%	7%	14%	12%
Don't know	2%	1%	1%	1%	1%	3%

Q: How tightly integrated are IT security strategy and IT strategy at your organization today?

CEO Adds to Innovation/Operations Challenge



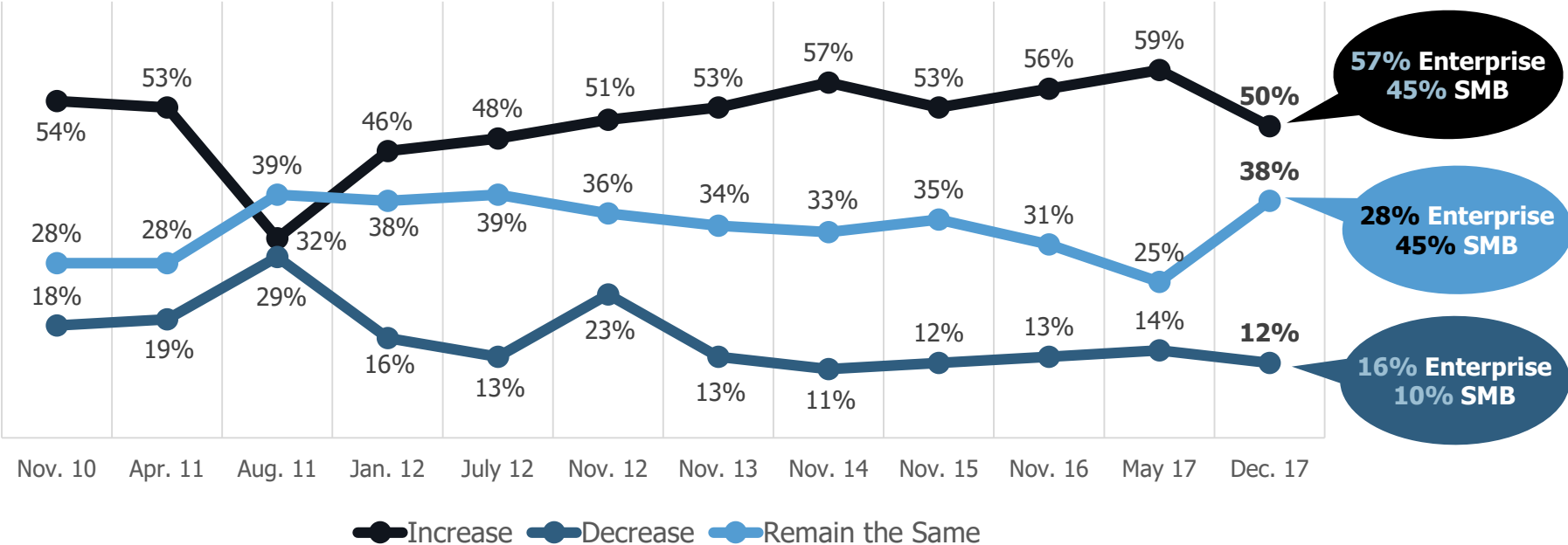
Q: What are the CEO's top three priorities for you in the coming year?

CEO Priorities by Industry

	Financial Services	Government/ Non-Profit	Healthcare	Manufacturing	Retail/ Wholesale/ Distribution	High Tech/ Telecom
Base	125	164	85	128	71	146
Upgrade IT and data security to avoid cyber attack	44% 1	43% 1	33% 2	32% 3	21% 4	30% 2
Help reach specific goal for corporate revenue growth	39% 2	20% 7	36% 1	37% 2	56% 1	39% 1
Leading digital business initiatives	37% 3	35% 2	29% 3	38% 1	46% 2	27% 4
Lead a product innovation effort	16% 7	24% 4	20% 7	19% 7	13% 8	21% 5
Simplify IT	18% 5	27% 3	24% 6	19% 7	15% 6	19% 6
Reduce IT spending	18% 5	23% 5	29% 3	23% 5	11% 9	18% 7
Enable new plan for customer acquisition & retention	19% 4	11% 9	13% 8	6% 12	25% 3	29% 3
Lead merger integration or due diligence on a potential acquisition	8% 12	2% 12	26% 5	24% 4	8% 11	16% 9
Enable global expansion	6% 13	2% 12	9% 10	22% 6	18% 5	12% 10
Collaborate with the CMO on major customer initiative	12% 8	10% 10	7% 11	10% 9	15% 6	11% 11
Fill technical skill gaps of IT staff	10% 10	23% 5	12% 9	9% 10	6% 12	17% 8
Strengthen business skills of IT staff	9% 11	12% 8	13% 8	9% 10	10% 10	8% 13
Partner with CDO (data) to identify new business or cost-saving opportunities	12% 8	7% 11	6% 12	6% 12	4% 13	11% 11

Budgets and Investment Drivers

Enterprises Expect Stronger Tech Budget Growth



Q: Will your overall IT budget increase, decrease or remain the same in the next 12 months compared to the past 12 months?

IT/LOB Tech Budget Collaboration Remains Consistent

Tech investments
directly controlled
by IT
CURRENTLY

55%

2017 54%



Tech investments
directly controlled
by IT in the
NEXT 3 YEARS

57%

2017 57%

Q: What percentage of the total dollars your organization invests in technology products and services is directly controlled by IT currently? In the next 3 years?

Tech Budgets Across Other Groups

	Currently	In the Next 3 Years
Marketing	42% 1	41% 1
Operations	35% 2	34% 2
Finance/Accounting	30% 3	29% 3
Administration	26%	25%
Human Resources	26%	26%
Engineering	26%	24%
Sales	23%	23%

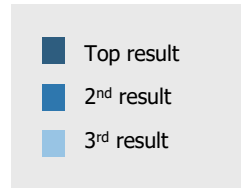
ENTERPRISE 36%

SMB 47%

Q: Which other groups or functions in your organization have/will have budgets specifically earmarked for investments in technology products and services: Currently? Within the Next 3 Years?

Budget Ownership is Shared Between IT & LOB

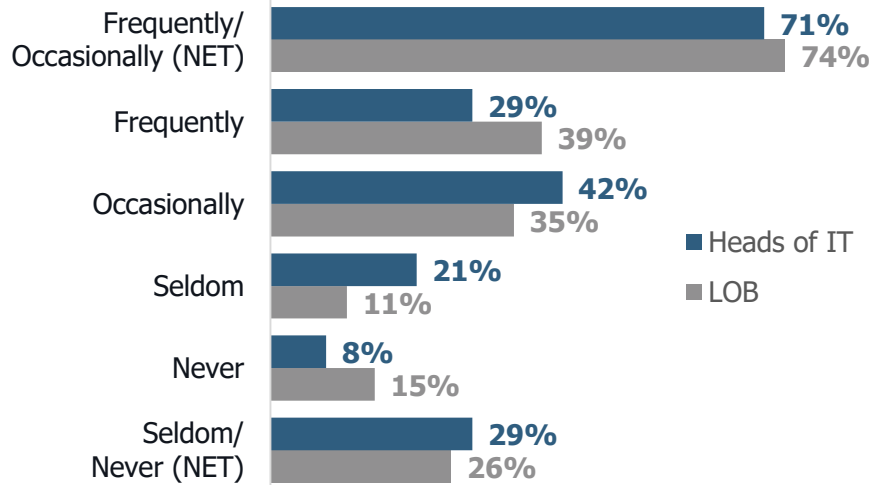
	IT	Shared	Individual Dept./LOB
Administration (planning, buying, organizing)	41%	40%	18%
Engineering	29%	44%	26%
Finance/Accounting	26%	50%	22%
Human Resources	21%	51%	27%
Marketing	20%	51%	28%
Operations (coordinating and controlling the resources needed to produce a company's goods and services)	27%	52%	20%
Sales	23%	50%	26%
Other	13%	62%	24%



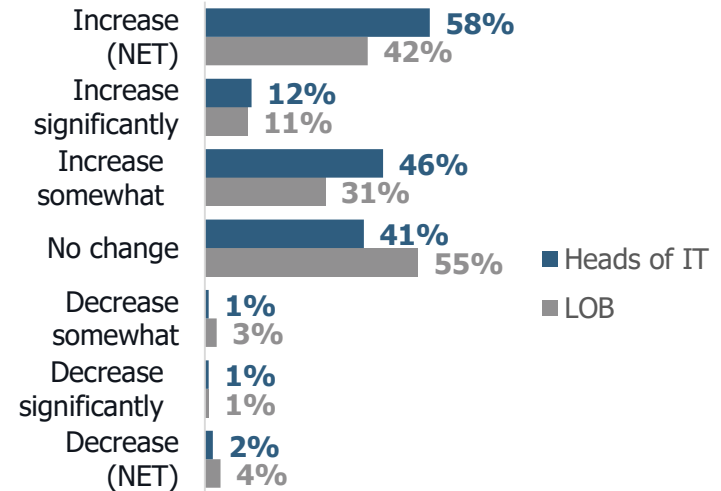
Q: With respect to each of the departments or functions below, who owns the budget for investments in technology products and services?

CIOs Expect Customer Meetings to Increase by a Greater Degree than LOB

Meet with External Customers Today



Expect Frequency to Change



Q: How frequently do you and/or your direct reports meet with external customers today? AND Q: How do you expect the frequency with which you and/or your direct reports meet with external customers to change over the next 12 months?

CIOs and LOB Align on Business Initiatives Driving IT Investments

	Heads of IT	LOB
Increase operational efficiency	1 39%	1 43%
Improve customer experience	2 38%	4 25%
Growing the business	3 33%	3 26%
Increase cybersecurity protections	4 31%	2 32%
Transform existing business processes	5 30%	14%
Improving profitability	23%	21%
Optimize worker productivity	20%	5 24%
Meet compliance requirements	19%	14%
Introduce new digital revenue streams	17%	9%
Enhancing/enabling new product development	17%	16%
Monetize company's data	8%	7%
Improve organization's ability to attract and retain talent	5%	7%

Q: In 2018, which of the following business initiatives will be most significant in driving IT investments at your organization?

Slight Variance on Tech Initiatives Driving IT Investments

	Heads of IT	LOB
Enterprise Applications (CRM, ERP, etc.)	1 35%	3 19%
Data/Business Analytics	2 33%	2 21%
Cloud Computing	3 28%	3 19%
Security/Risk Management	3 28%	1 24%
Application Modernization/Legacy Systems Migration	5 22%	13%
Customer Experience Technologies	19%	3 19%
Infrastructure Consolidation/Virtualization	12%	10%
Business Process Management	12%	17%
Mobile Application Development	11%	9%
Enterprise Management software & automation tools	11%	8%
Agile/DevOps processes	9%	7%
Internet of things/Sensor data	9%	9%
AI (Artificial Intelligence)	8%	4%
Enterprise Architecture	8%	5%

Q: In 2018, which of the following technology initiatives will drive the most IT investment at your organization?

IT/Business Relationship

CIOs Seen as Strategic Advisors

2017: 63%
combined

Up to
80% this
year



49%

Strategic advisor

Proactively identifies business need/opportunity and makes recommendations regarding technology and or provider selections



31%

Consultant

Evaluates and advises on business need, technology choices and/or providers upon request



12%

Risk assessor

Primarily evaluates and advises on technology choices and/or providers primarily through a risk management, security and/or governance lens



5%

Roadblock

Raises enough red flags and other obstacles to considering new technologies that projects are difficult to complete



4%

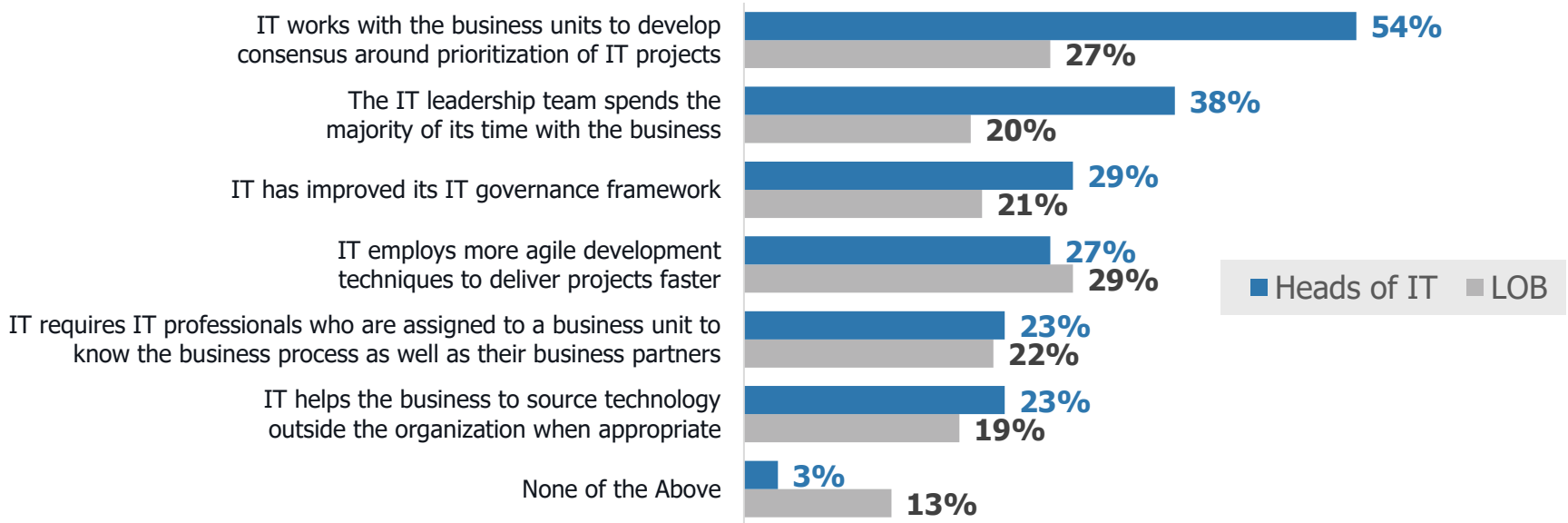
Rogue player

Primarily does their own thing in technology procurement for new initiatives, creating challenges of transparency and visibility



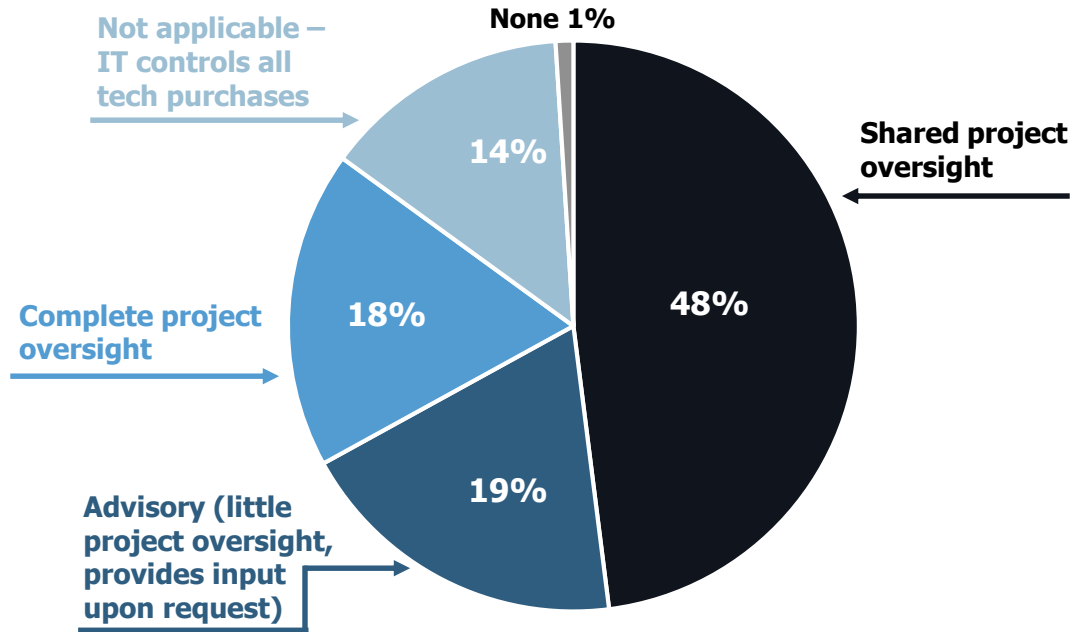
Q: Which of the following best characterizes IT leadership at your organization when it comes to technology considerations?
(BASE: LOB respondents)

IT Helping to Prioritize Tech Projects Improves IT/Business Relationship



Q: What are the top 3 steps the IT organization has taken to improve its IT/Business working relationship in the past year?

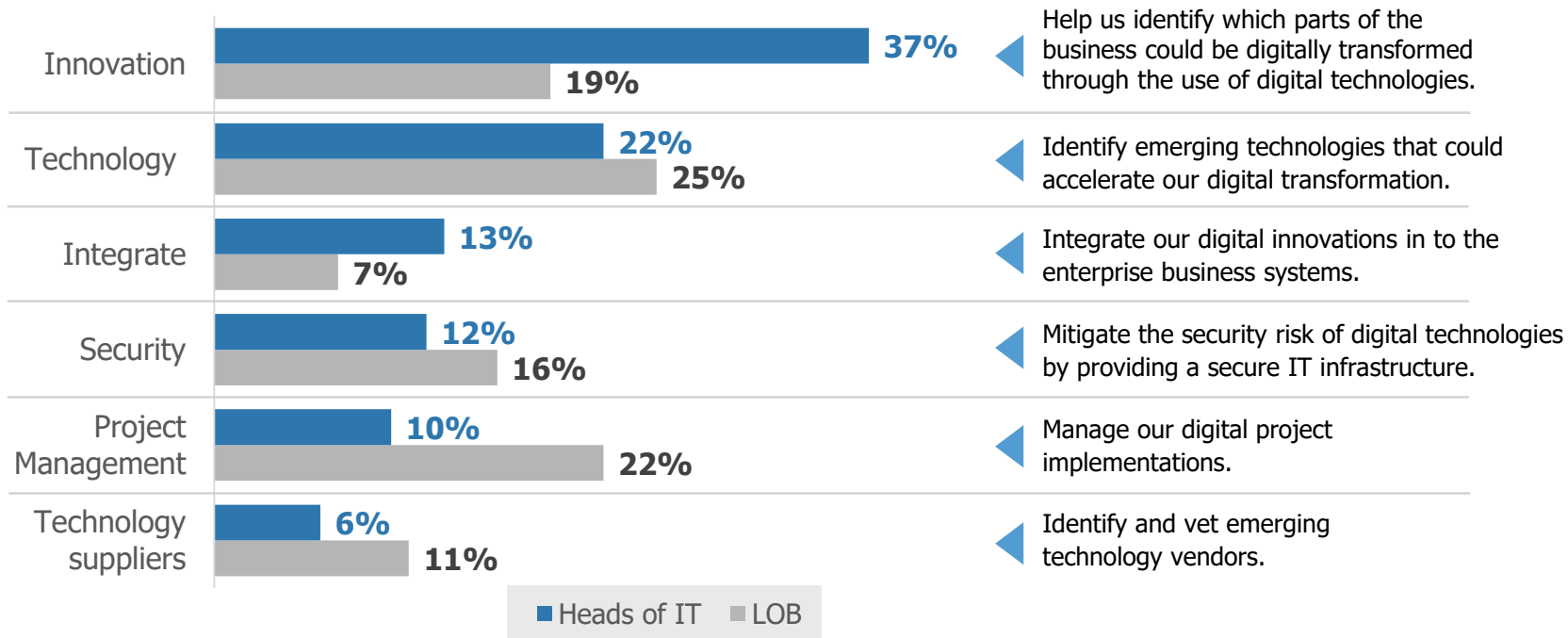
IT Oversight on LOB Technology Purchases



71%
of CIOs say
collaborative IT (when
IT shares oversight to
some degree with
departments or LOB)
**has become more
frequent**

Q: When lines of business or departments purchase technology products or services with their own budget, what role does IT typically play in those projects? AND Q: Over the past 12 months, to what degree has there been a change in the frequency of “collaborative IT” projects (where IT shares oversight to some degree with departments or lines of business)?

CIOs Wear Many Hats in Digital Transformation



Q: What is the single most important role your IT organization could play in your organization's digital transformation?

Key Takeaways for the Strategic CIO

- Communication is King both internally and externally
- Offload the non-strategic by leveraging cloud providers and partners
- Take time to meet with VCs and early stage startups
- *Drive* and *own* digital, don't just support and participate
- Ultimately strive to be a true Corporate Officer

Appendix