

CIO

State of the CIO :: 2015



Purpose and Methodology

CIO SURVEY SAMPLE	
TOTAL RESPONDENTS	558
MARGIN OF ERROR	+/- 4.15%
AUDIENCE BASE	CIO Forum on LinkedIn and CIO audience

LOB SURVEY SAMPLE	
TOTAL RESPONDENTS	304
AUDIENCE BASE	IDC's LOB Sentiment Survey / business decision makers at 1,000+ employee, US firms

SURVEY METHOD	
COLLECTION	Online questionnaire
NUMBER OF QUESTIONS	30 (incl. demographics)

Survey Goal

CIO's 14th 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 2015. 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.



Source: State of the CIO Survey, CIO magazine, January 2015

Respondent Profile

TOTAL RESPONDENTS	558
IT LEADERSHIP	100% Heads of IT

Company Size – Number of Employees	
5,000+	26%
1,000-4,999	26%
100-999	35%
Less than 100	11%
Average	9,748

JOB TITLE BREAKDOWN	
CIO	37%
Director/Managing Director	18%
CIO & EVP, SVP, VP	14%
SVP/VP	8%
General Manager	4%
CTO	5%
Other	12%

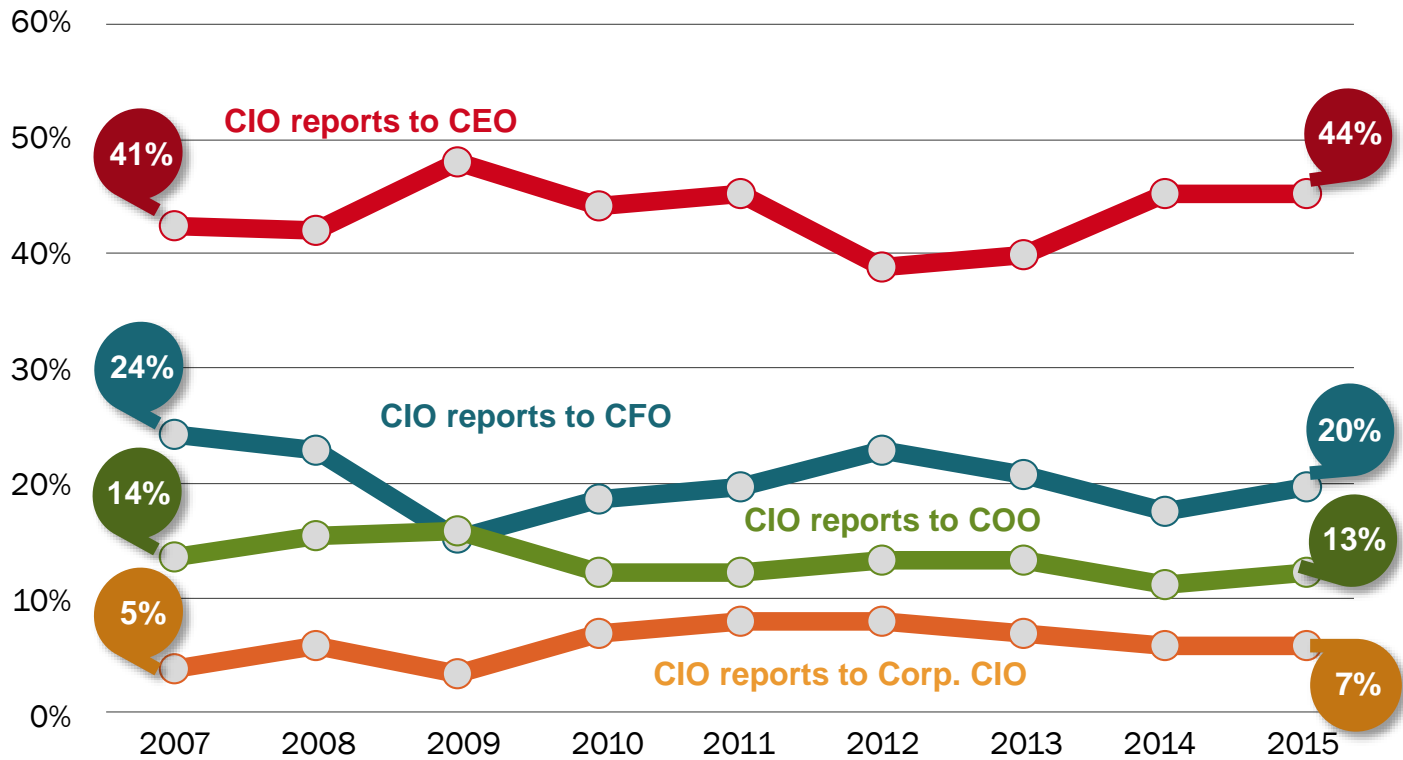
Top Represented Industries

- **Government & Non-Profits**
- **Manufacturing**
- **Financial Services**
- **High Tech/Telecomm**
- **Retail, Wholesale, Distribution**
- **Services (legal, consulting, real estate)**
- **Healthcare**



ROLE OF THE CIO

CIOs Continue to Report to the Top

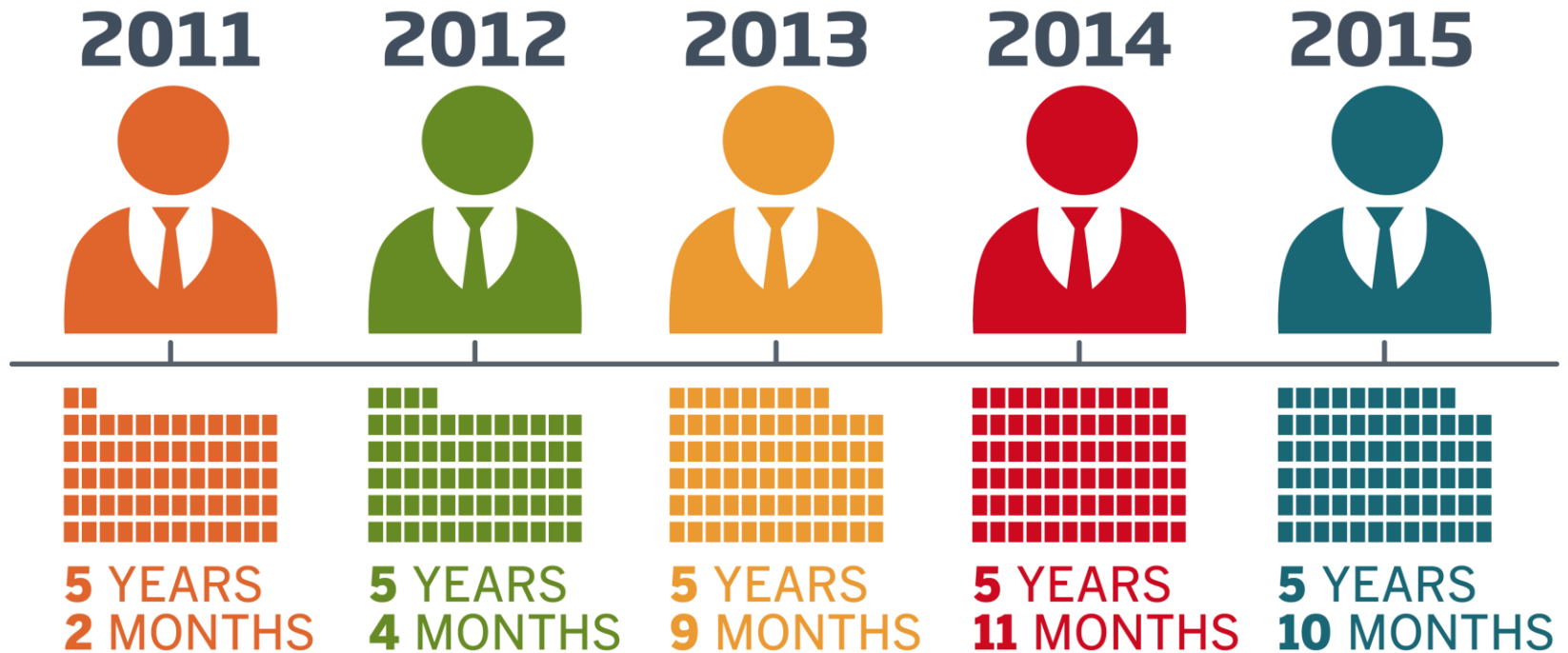


64% of Heads of IT hold a seat on the Business Executive Management Committee

Q. To whom do you report?
 Q. Are you a member of the business executive management committee?

Source: State of the CIO Survey, CIO magazine, January 2015

CIO Tenure Holds Steady



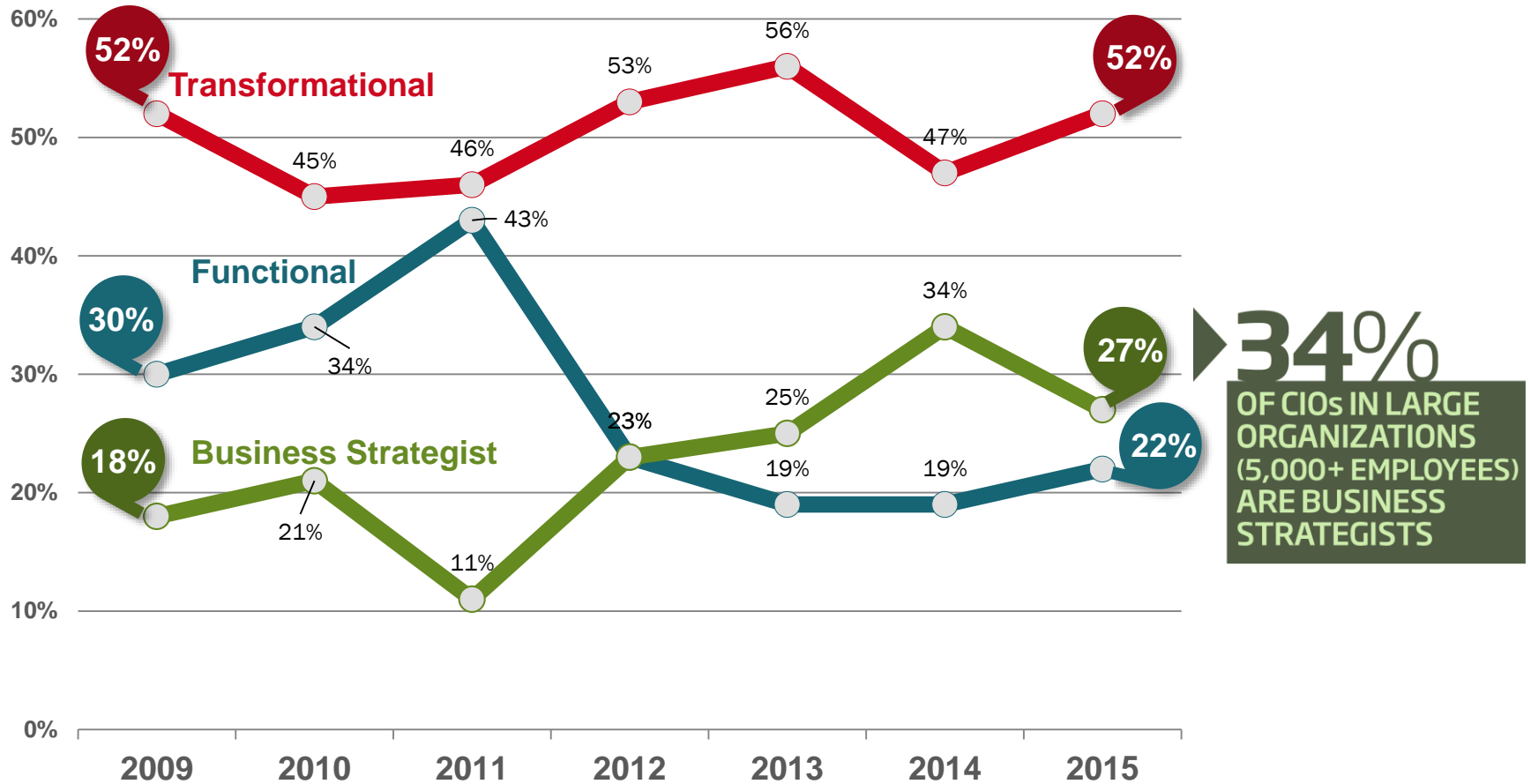
- ▶ NORTH AMERICA:
6 YEARS, 2 MONTHS
- ▶ NON-NORTH AMERICA:
5 YEARS, 3 MONTHS

▶ **\$234.8K**
AVERAGE YEARLY SALARY
 UP FROM **\$219.5K** LAST YEAR

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

Q: What range best represents your total annual compensation last year (including base salary, bonus and stock options)?

Largest Organizations Maintain Focus on Strategic Activities



Q: Which of the following activities best characterize your focus and how you spend your time in your current role? Respondents answers were weighted and summed to come up with an overall score which we then used to assign them to a specific bucket.

Security a Major Focus for CIOs in 2015

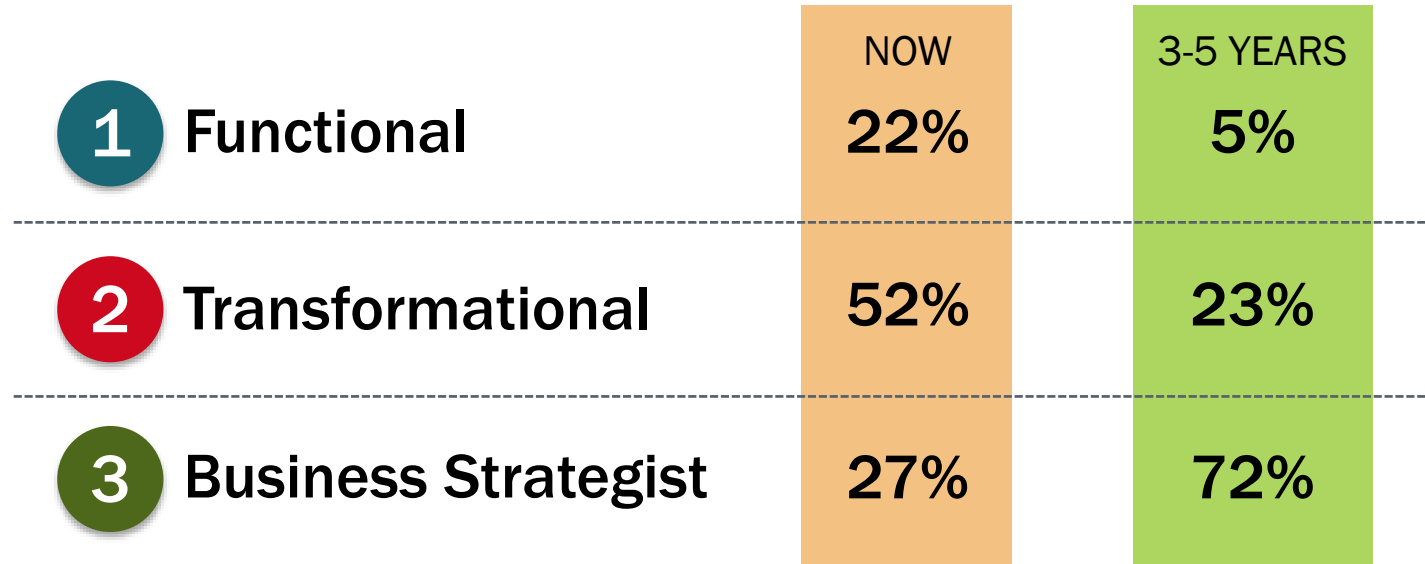
		2014		2015		
TRANSFORMATIONAL	Aligning IT initiatives with business goals	1	55%	1	54%	↓
	Implementing new systems and architecture	3	45%	3	44%	↓
	Cultivating the IT/business partnership	4	42%	4	43%	↑
	Leading change efforts	6	35%	5	42%	↑
	Redesigning business processes	9	24%	9	28%	↑
FUNCTIONAL	Improving IT operations/systems performance	2	50%	2	50%	
	Cost control/expense management	5	40%	6	41%	↑
	Managing IT crises	13	19%	12	21%	↑
	Negotiating with IT vendors	9	24%	11	22%	↓
	Security management	9	24%	7	31%	↑
BUSINESS STRATEGIST	Driving business innovation	7	31%	8	29%	↓
	Developing and refining business strategy	8	27%	10	24%	↓
	Identifying opportunities for competitive differentiation	12	20%	13	18%	↓
	Developing new go-to-market strategies & technologies	14	17%	14	13%	↓
	Studying market trends/customer needs to identify commercial opps.	15	16%	15	11%	↓

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

Q. Which of the following activities would you like to spend more time on in the next 3-5 years?

Source: State of the CIO Survey, CIO magazine, January 2015

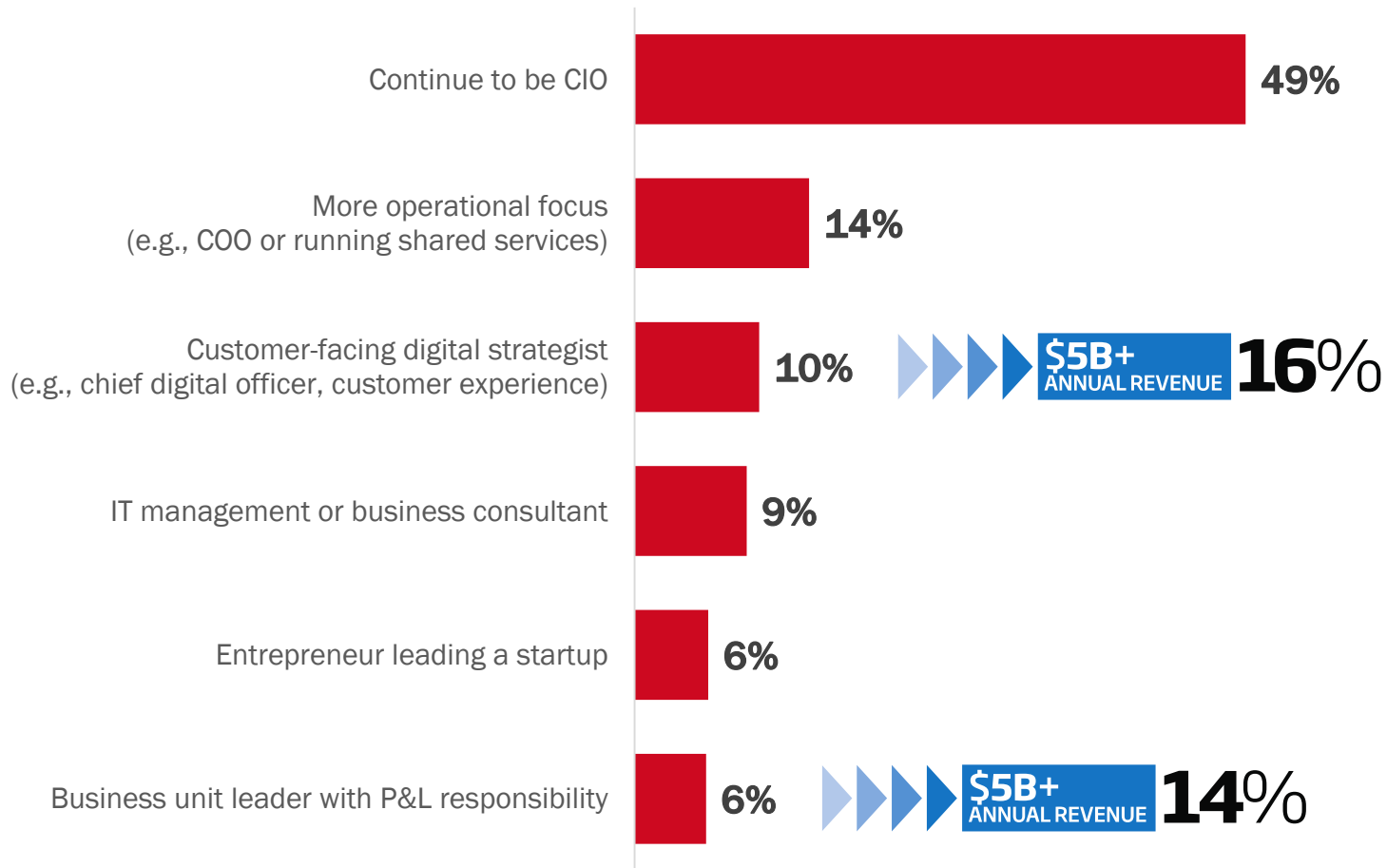
Looking Ahead, CIOs to Focus More on Business Strategy



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

Q. Which of the following activities would you like to spend more time on in the next 3-5 years?

Most CIOs Plan to Remain CIOs



Q: In which direction do you see your personal career heading in the next 3-5 years?

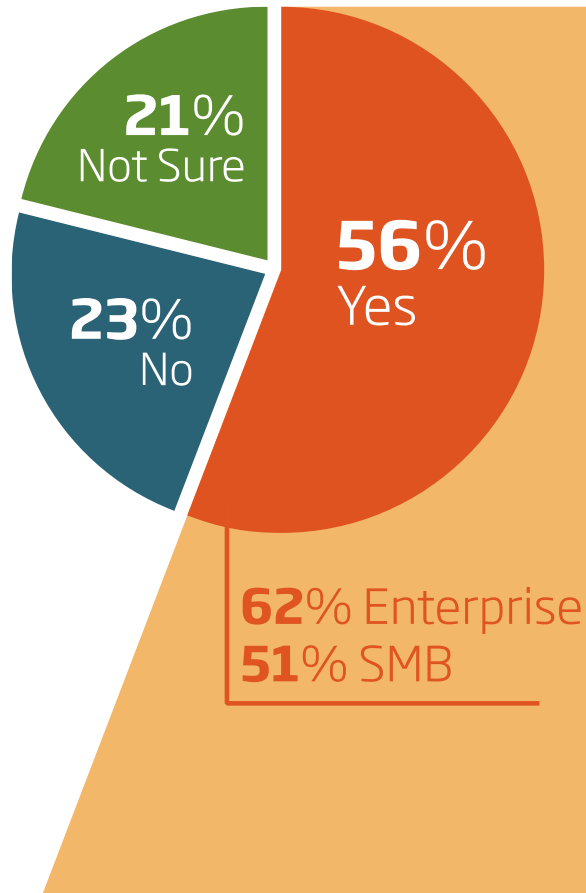
Source: State of the CIO Survey, CIO magazine, January 2015



SKILLS GAPS

IT Talent War Marches On

Experiencing Skill Shortages?



Difficult Skillsets to Find

1. Big data/business intelligence & analytics
2. Security/risk management
3. Application development/programming
4. Mobile technologies
5. Enterprise architecture
6. Business-IT liaison/business relationship management
7. Project management
8. Cloud services
9. Database administration
10. Smart initiatives/ Internet of Things (IoT)

Q: Will your organization experience any IT skills shortages during the next 12 months?

Q: In which areas do you anticipate your organization will have the most difficulty in finding appropriate skillsets?

Source: State of the CIO Survey, CIO magazine, January 2015



BUDGETS & INVESTMENTS

Majority of Tech Budgets Still Controlled by IT

ONLY
34%
 OF THE TOTAL DOLLARS
 INVESTED IN TECH IS NOT
 DIRECTLY CONTROLLED
 BY IT.
 (NOW AND IN THE NEXT 3 YEARS)

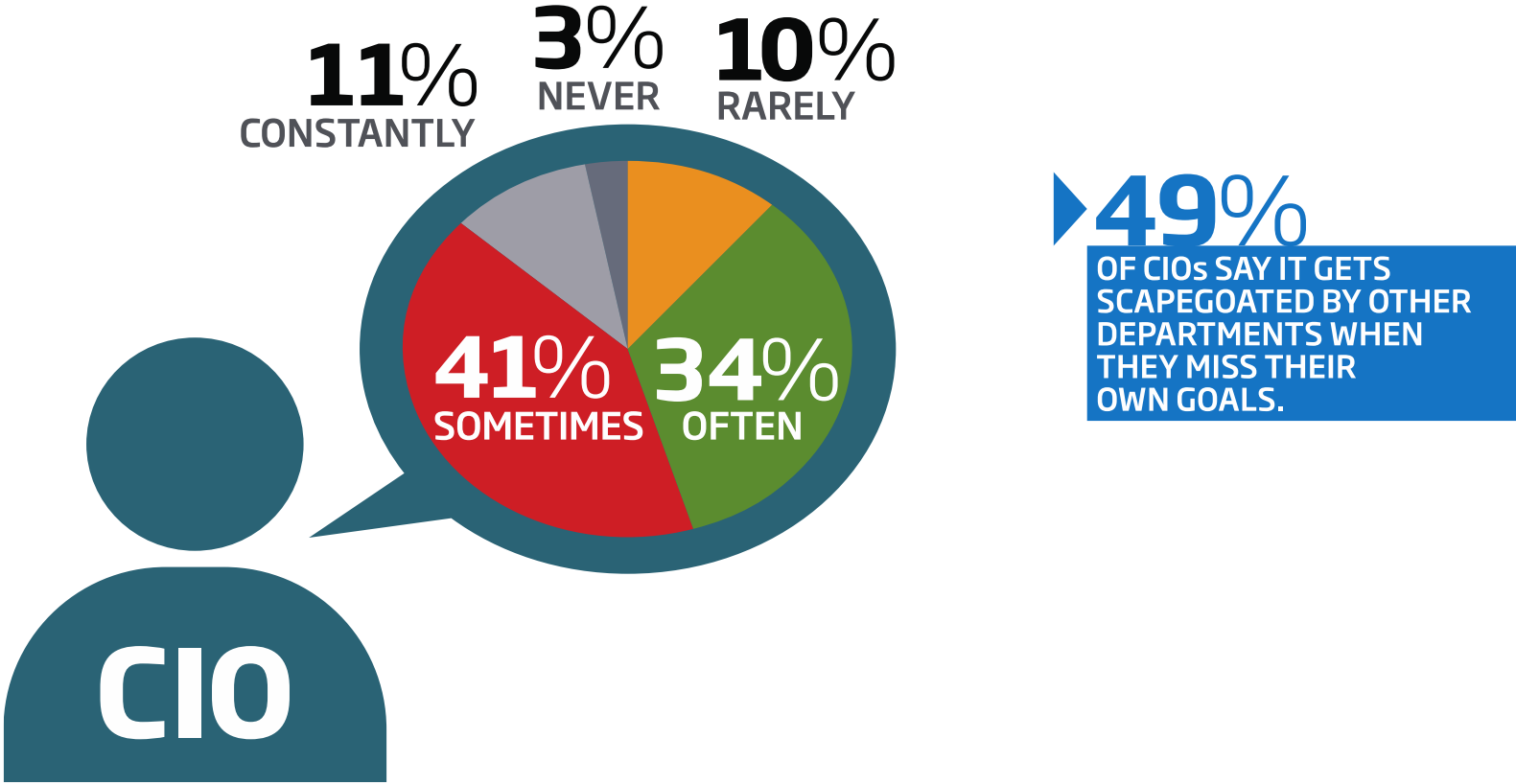
Other Groups that Have Budget for Tech Investments	Currently		In the Next 3-5 Years	
	Rank	Percentage	Rank	Percentage
Operations	1	44%	1	39%
Marketing	2	34%	2	38%
Finance/Accounting	2	34%	3	31%
Sales	4	23%	4	25%
Engineering	4	23%	5	22%
Human Resources	4	23%	6	23%
Administration	7	22%	7	19%

36%
 OF CIOs FEEL THEY ARE
 FIGHTING A "TURF BATTLE"
 WITH AT LEAST ONE OF
 THEIR EXECUTIVE PEERS.

Q: What percentage of the total dollars your organization invests in technology products and services is directly controlled by IT currently? In 3-5 years?

Q: Which other groups or functions in your organization have/will have budgets specifically earmarked for investments in technology products and services currently? In 3-5 years?

Shadow IT Projects Run into Problems



Q: Do you see projects outside of IT control running into problems with delivery, scalability or security?

Q: Please indicate your level of agreement with the following statements. (Percentages reflect Strongly Agree/Agree Somewhat)

Source: The CIO-CMO Study 2014, CIO magazine, EPAM, & The CMO Club; State of the CIO Survey, CIO magazine, January 2015

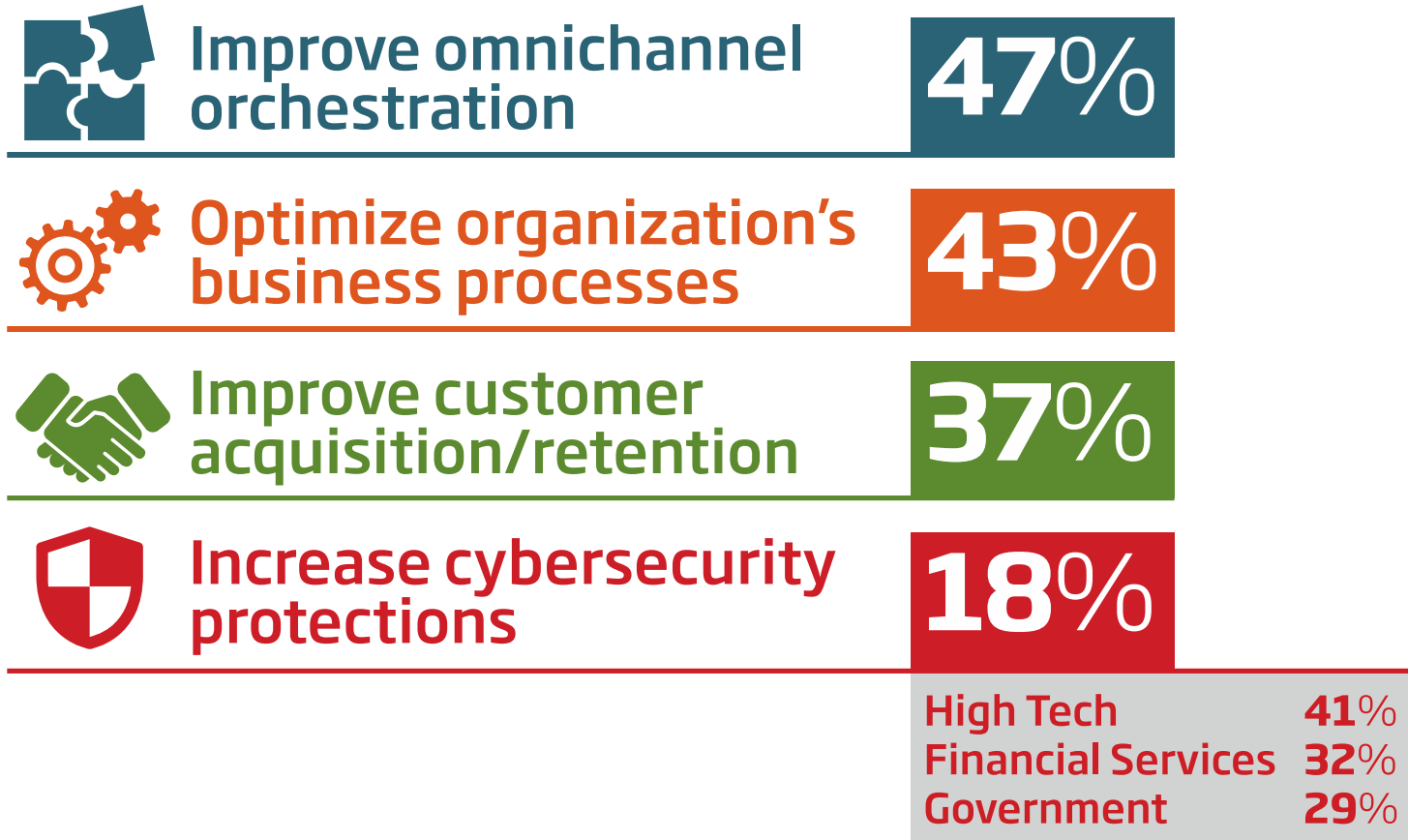
CIO/LOB Disconnect on IT Investment Drivers

Business Initiatives Driving IT Investments	CIOs		LOB	
	Rank	Percentage	Rank	Percentage
Optimize organization's business processes	1	44%	2	32%
Increase organization's productivity	2	42%	1	40%
Introduce new/improved products/services	3	31%	7	19%
Increase organization's agility	4	29%	9	16%
Improve customer acquisition and retention	5	26%	4	27%
Increase cybersecurity protections	6	23%	5	22%
Improve omnichannel orchestration of customer engagement, transactions, and fulfillment	7	22%	12	8%
Meet compliance requirements	8	20%	3	28%
Mitigate organization's risk	9	17%	10	14%
Create new IT-based sources of revenue	10	13%	7	19%
Expand into new geographic regions/countries	11	12%	6	21%
Improve organization's ability to attract and retain workforce	12	9%	11	12%

Q: In 2015, which of the following business initiatives will be most significant in driving IT investments at your organization?

Source: State of the CIO Survey, CIO magazine, January 2015; IDC LOB Sentiment Survey 2015

Retail CIOs Focused on Customer, Not Security



Q: In 2015, which of the following business initiatives will be most significant in driving IT investments at your organization? (Retail Industry)

Source: State of the CIO Survey, CIO magazine, January 2015

CIOs All In with Tech's Big 3

Technologies Driving IT Investments		CIOs		LOB
Big Data/Business Intelligence and Analytics	1	37%	6	18%
Mobile Technologies	2	35%	1	22%
Cloud Services	3	31%	3	21%
Application Modernization	4	26%	6	18%
Customer Experience Technologies	5	25%	4	19%
Security/Risk Management Technologies	6	21%	6	18%
Infrastructure Consolidation/Virtualization	7	19%	12	12%
Enterprise Architecture	8	17%	15	7%
Systems Operations Automation with Enterprise Management Software	9	14%	6	18%
Smart Initiatives/Internet of Things	10	13%	4	19%
Collaboration Technologies	11	12%	10	17%
Supply Chain Technologies	12	11%	1	22%
VOIP/Unified Communications	13	9%	14	8%
Content Management	14	9%	13	11%
Social Media	15	5%	11	14%
Video Conferencing/Telepresence	16	4%	16	6%
Open Source Technologies	17	3%	16	6%

Q: In 2015, which of the following technology initiatives will drive the most IT investments?

Source: State of the CIO Survey, CIO magazine, January 2015; IDC LOB Sentiment Survey 2015



IT/BUSINESS RELATIONSHIP

Security Getting More CEO Attention

2014

1	Help reach specific goal for corporate revenue growth
2	Complete major enterprise project
3	Enable new plan for customer acquisition & retention
4	Simplify IT
5	Lead a product innovation effort
6	Reduce IT spending by a certain percentage
7	Enable global expansion
8	Upgrade IT and data security to avoid cyber attack
9	Upgrade internal IT talent
10	Collaborate with the CMO or Chief Digital Officer on major customer initiative

2015

1	Complete major enterprise project
2	Help reach specific goal for corporate revenue growth
3	Simplify IT
4	Upgrade IT and data security to avoid cyber attack
5	Enable new plan for customer acquisition & retention
6	Lead a product innovation effort
7	Collaborate with the CMO or Chief Digital Officer on major customer initiative
8	Strengthen business skills of IT staff
9	Reduce IT spending by a certain percentage
10	Enable global expansion

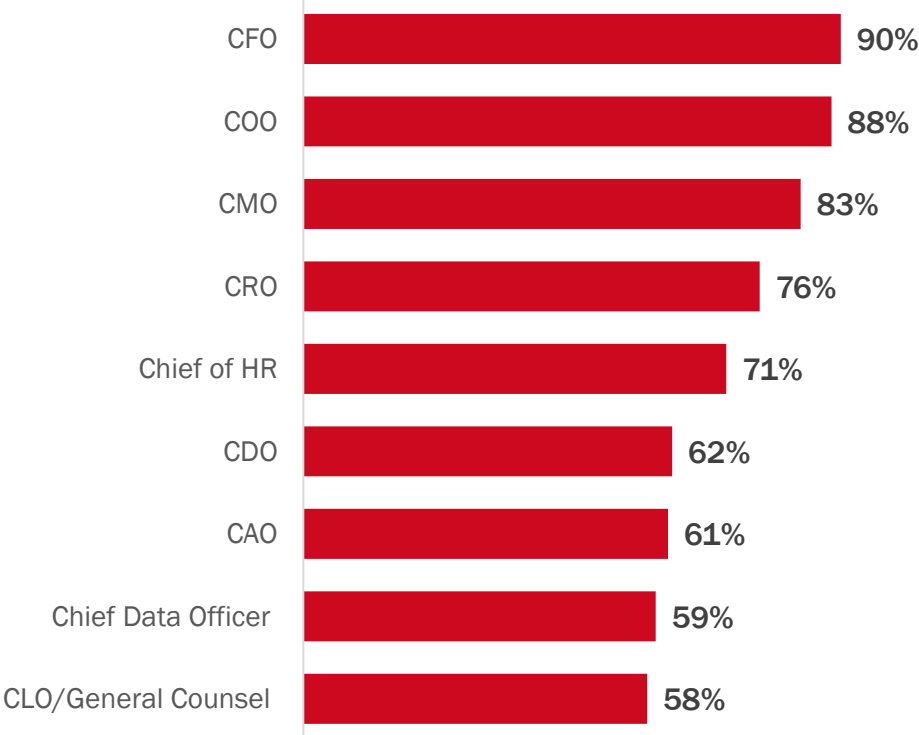
▶ **64%**
 OF CIOs SAY THE CEO FREQUENTLY CONSULTS WITH THEM ABOUT THE ORGANIZATION'S STRATEGY & FUTURE.

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

Source: State of the CIO Survey, CIO magazine, January 2015

C-Suite Collaboration

CIOs Expect to Collaborate with...



Q: In the next 12 months do you expect to collaborate with any of the following individuals on a specific business initiative? Summary of YES

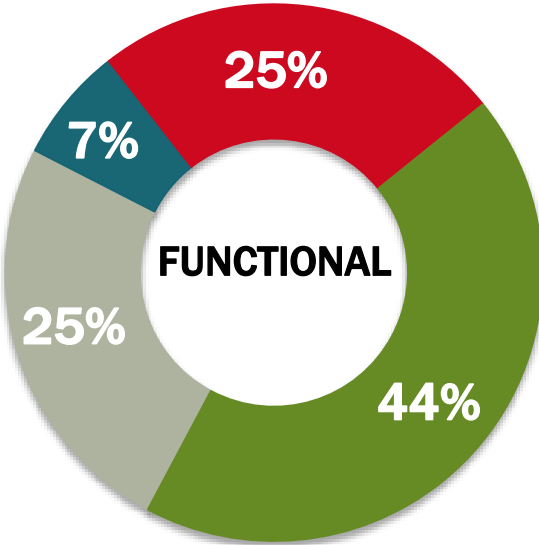
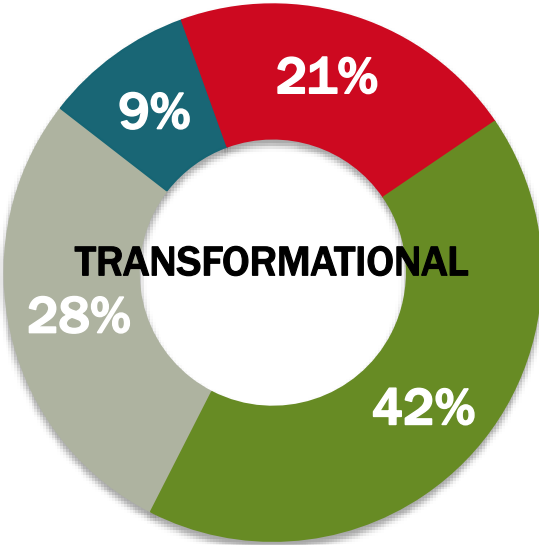
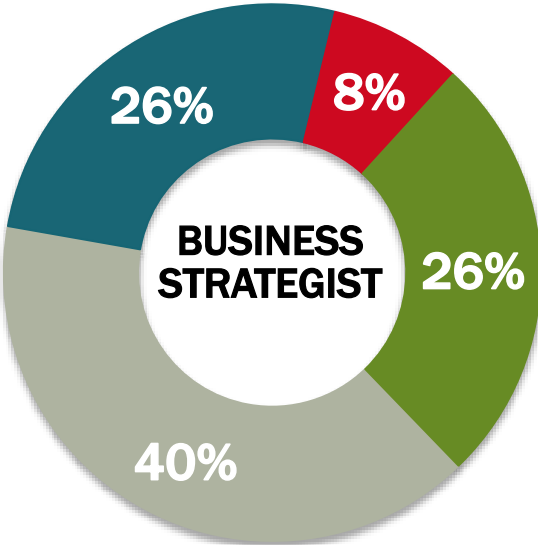
Source: State of the CIO Survey, CIO magazine, January 2015

Major Themes of Collaborative Projects



Q: You indicated plans to collaborate with an executive on a business project. Please briefly describe the type of project you are working on.

Strategic CIOs are Business Partners/Leaders



Business Leader
Key driver of the enterprise's competitive future

Business Partner
Engaged in developing, not just enabling, business strategy

Service Provider
Credible reputation for efficient & effective delivery

Cost Center
Enterprise value unappreciated, misunderstood or unfulfilled

Q: In general, how would you best characterize the way your company's business stakeholders perceive the IT organization currently?

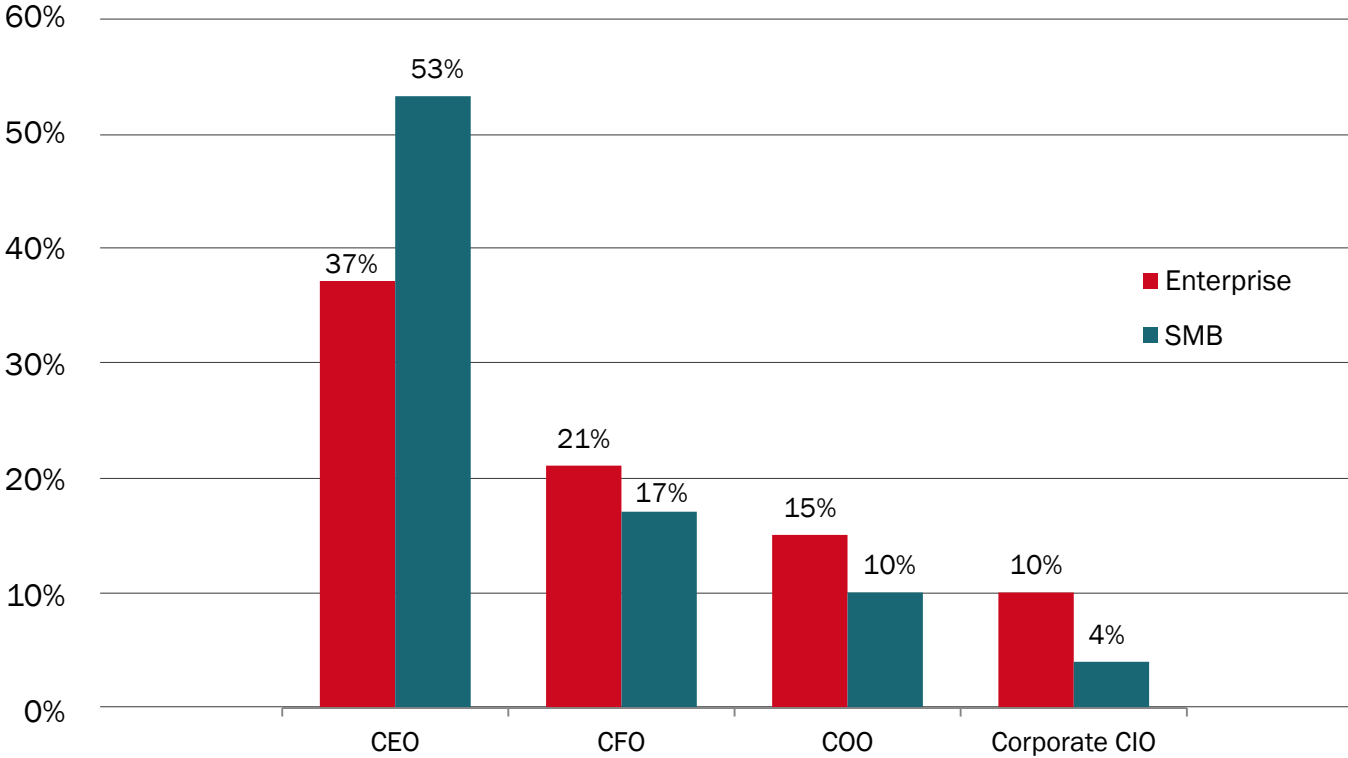
Conclusions

- CIOs continue to report to the top and the CEO frequently consults with them about strategy & future plans.
- With high profile data breaches in the spotlight, security has become a strategic initiative for most CIOs and a key area of focus for them from their CEO.
- The war for IT talent is another factor making the CIO role more difficult.
- While CIOs plan to collaborate with other C-Suite executives on a variety of different projects in the coming year, the majority of tech budgets are still controlled by IT.
- CIOs and other LOB decision-makers don't always agree on what business initiatives most significantly affect tech investments.
- Looking ahead, CIOs would like to spend more of their time on strategic business activities including those that contribute directly to revenue growth.



APPENDIX

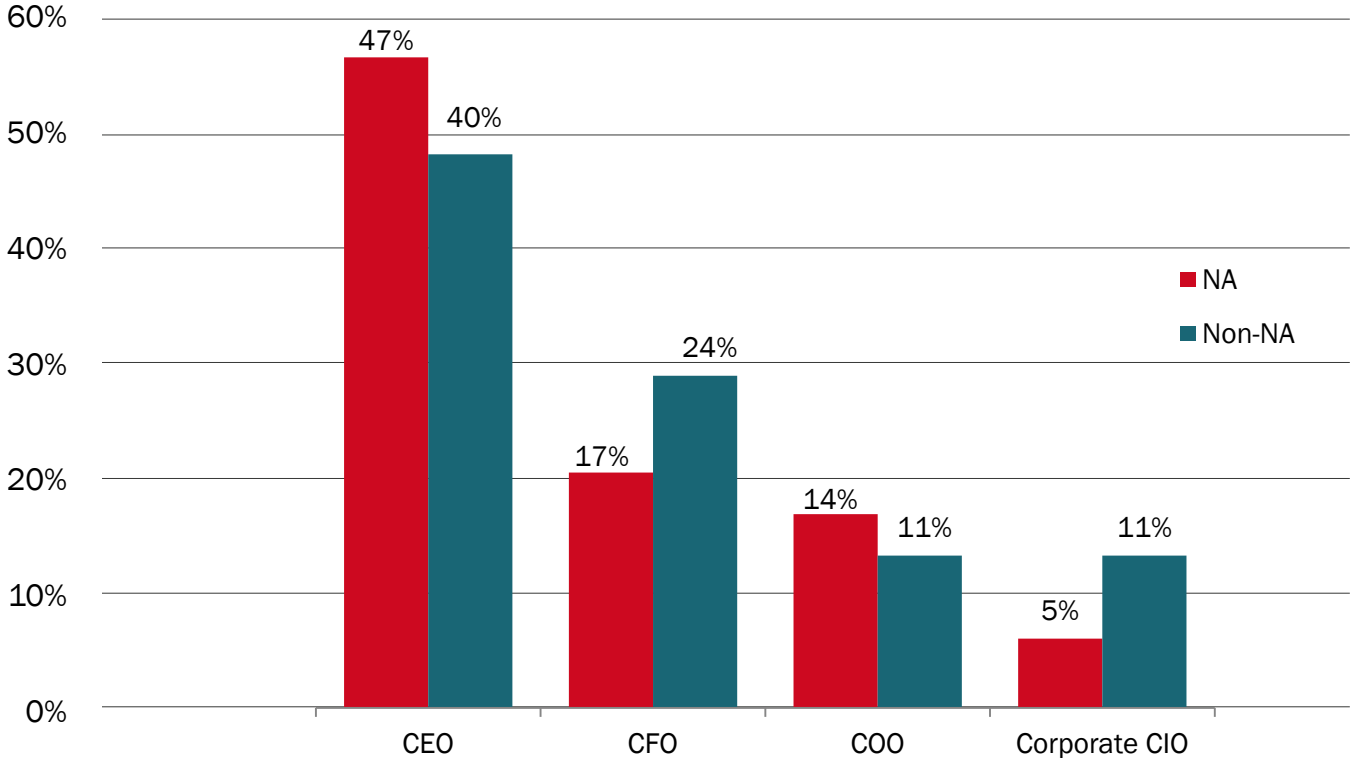
Reporting by Company Size



Q. To whom do you report?
Q. Are you a member of the business executive management committee?

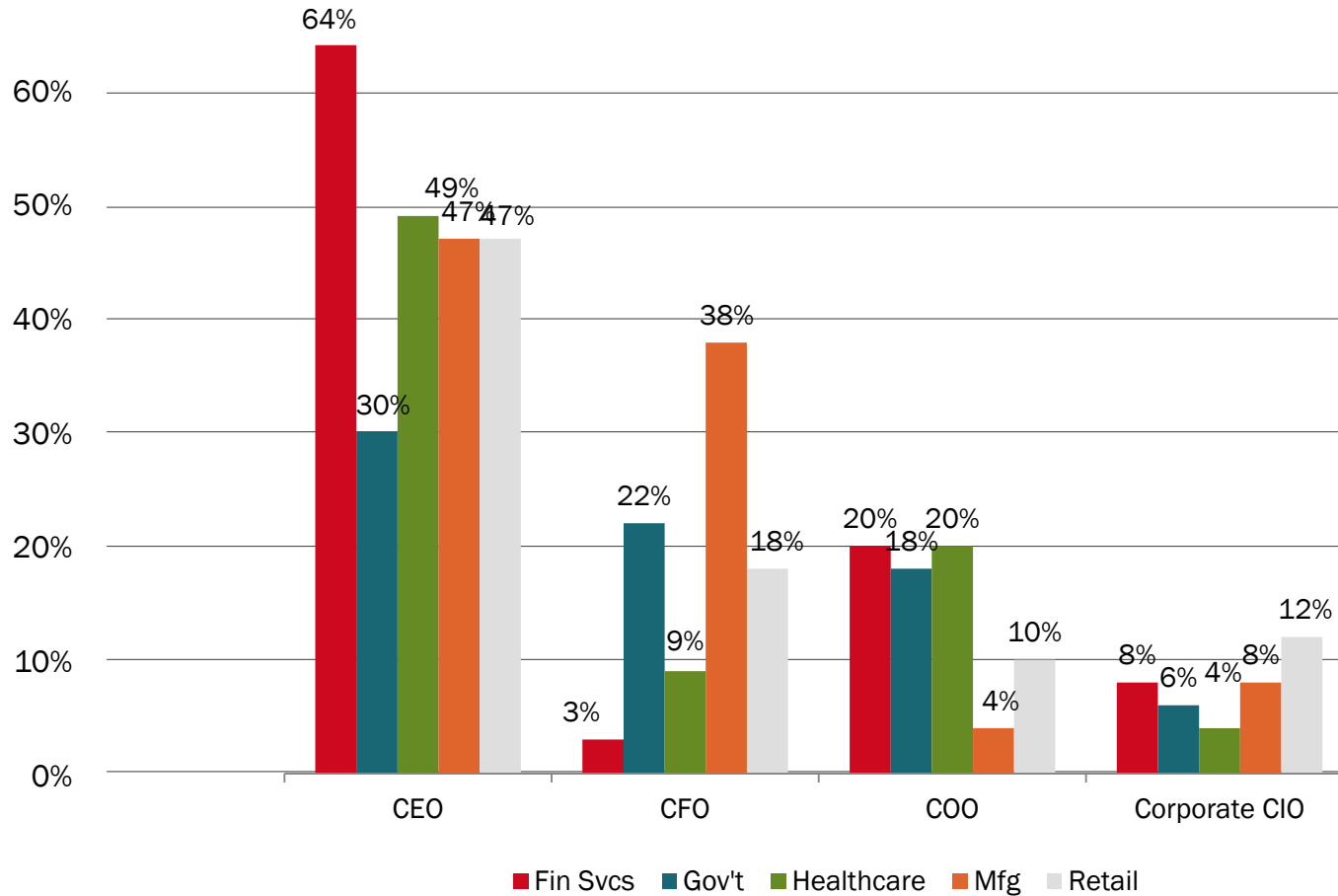
Enterprise: 1,000+ employees
SMB: <1,000 employees

Reporting by Location



Q. To whom do you report?
Q. Are you a member of the business executive management committee?

Reporting by Industry

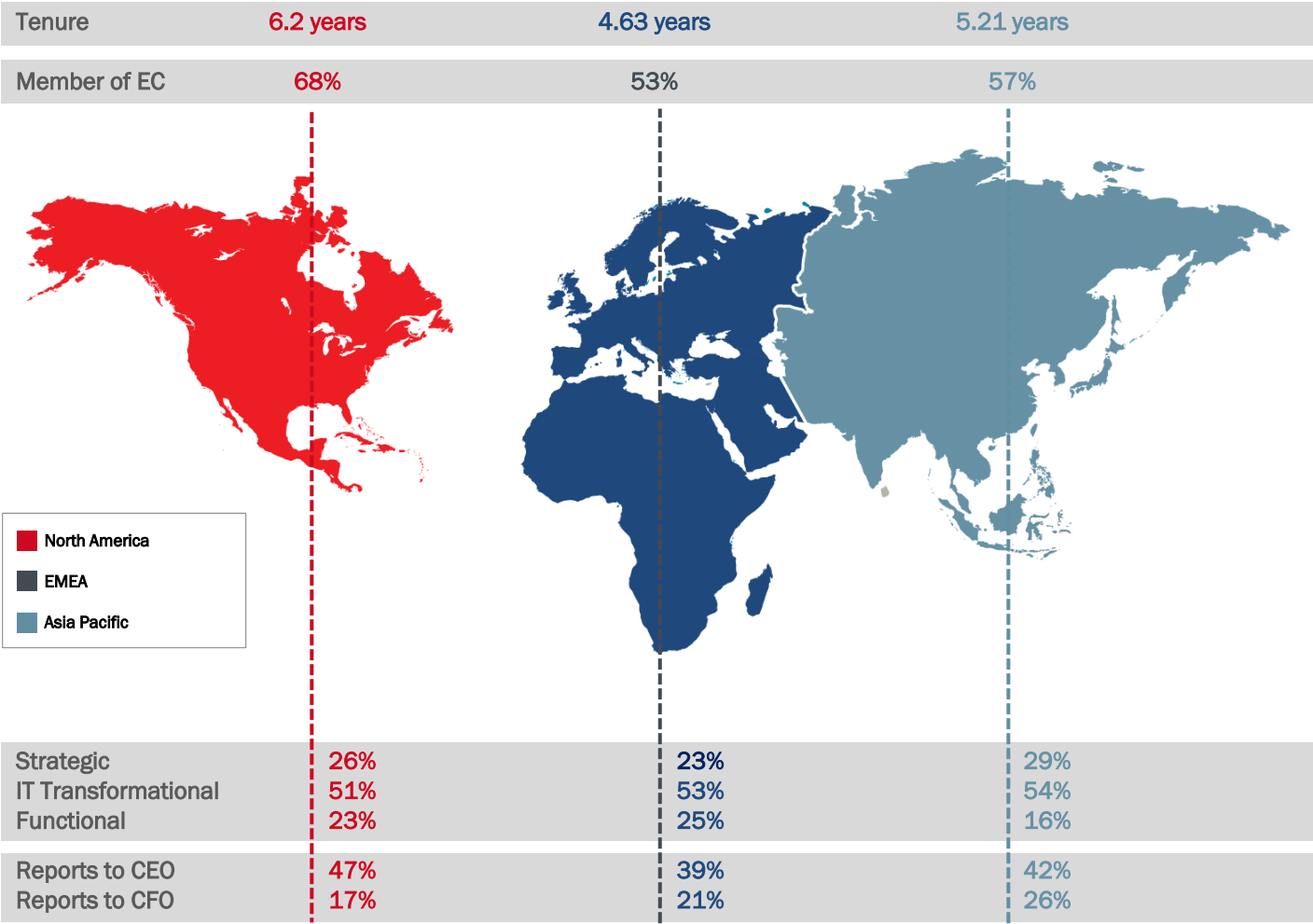


Q. To whom do you report?

Q. Are you a member of the business executive management committee?

Source: State of the CIO Survey, CIO magazine, January 2015

CIO Role More Strategic in North America



Business Stakeholders View CIO Role Differently

CIOs

 91%

The CIO role is becoming increasingly more challenging.

 85%

The CIO is becoming more important to our business.

 64%

The CIO role is becoming more rewarding.

 49%

The future CIO role will likely be focused primarily on managing contractors, cloud and other IT service providers.

 20%

The CIO is being sidelined in our business.

LOB

76% 

75% 

56% 

59% 

37% 

Q: Please indicate your level of agreement with the following statements. (Percentages reflect Strongly Agree/Agree Somewhat)

Source: State of the CIO Survey, CIO magazine, January 2015; IDC LOB Sentiment Survey 2015

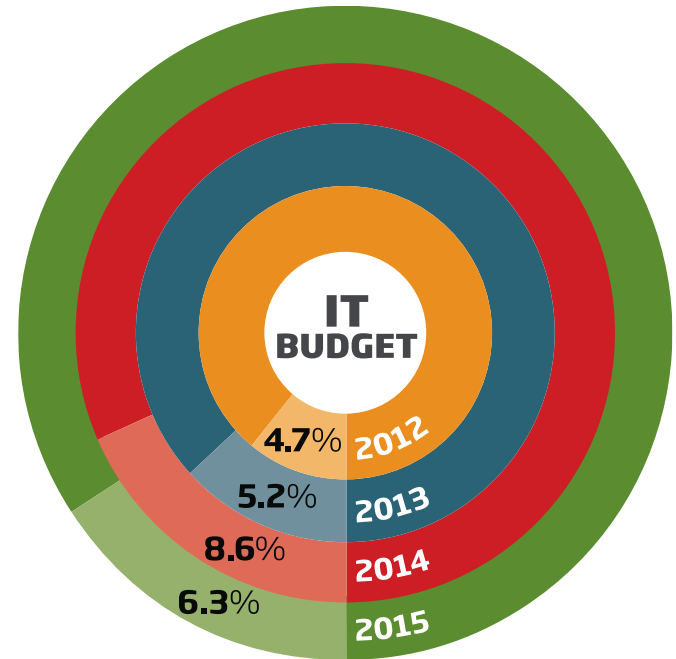
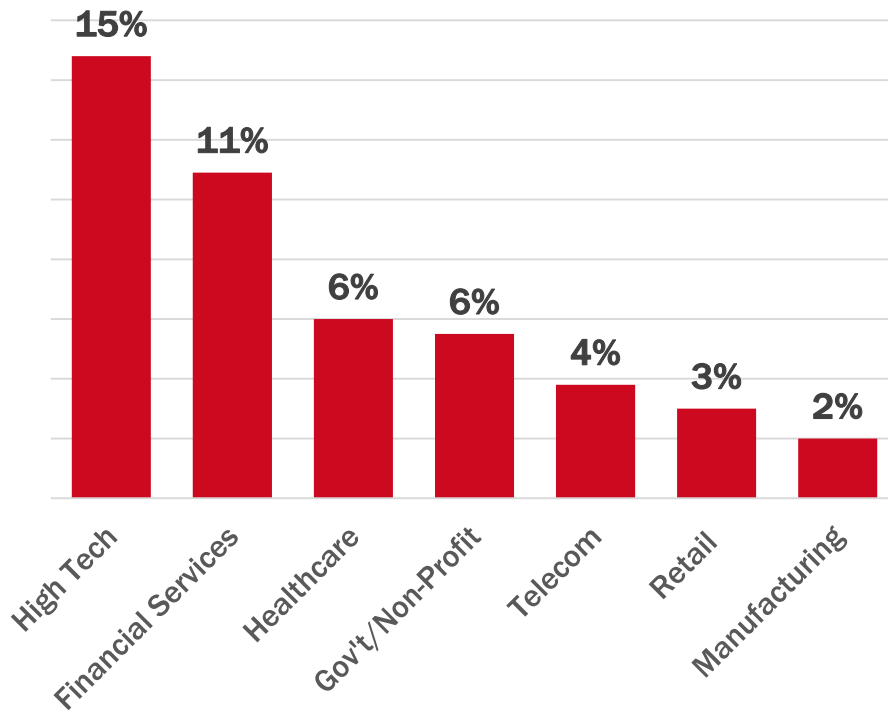
Differing Views on IT by CIOs and Business Stakeholders

	CIOs	LOB	Differential
The CIO role is becoming increasingly more challenging.	91%	76%	15
The CIO is becoming more important to our business.	85%	75%	10
The CIO role is becoming more rewarding.	64%	56%	8
It's challenging (LOB: for the CIO) to find the right balance between business innovation and operational excellence.	74%	71%	3
IT gets scapegoated by other departments when they miss their own goals.	49%	53%	-4
The CEO consults with me (LOB: the CIO), frequently, about our organization's strategy and future.	64%	73%	-9
The future CIO role will likely be focused primarily on managing contractors, cloud and other IT service providers.	49%	59%	-10
I'm (LOB: The CIO is) fighting a turf battle with at least one of my (LOB: his/her) executive level (c-suite) peers.	36%	47%	-11
The CIO is being sidelined in our business.	20%	37%	-17
Departments outside IT see the IT group as an obstacle to their mission.	33%	54%	-21

Q: Please indicate your level of agreement with the following statements. (Percentages reflect Strongly Agree/Agree Somewhat)

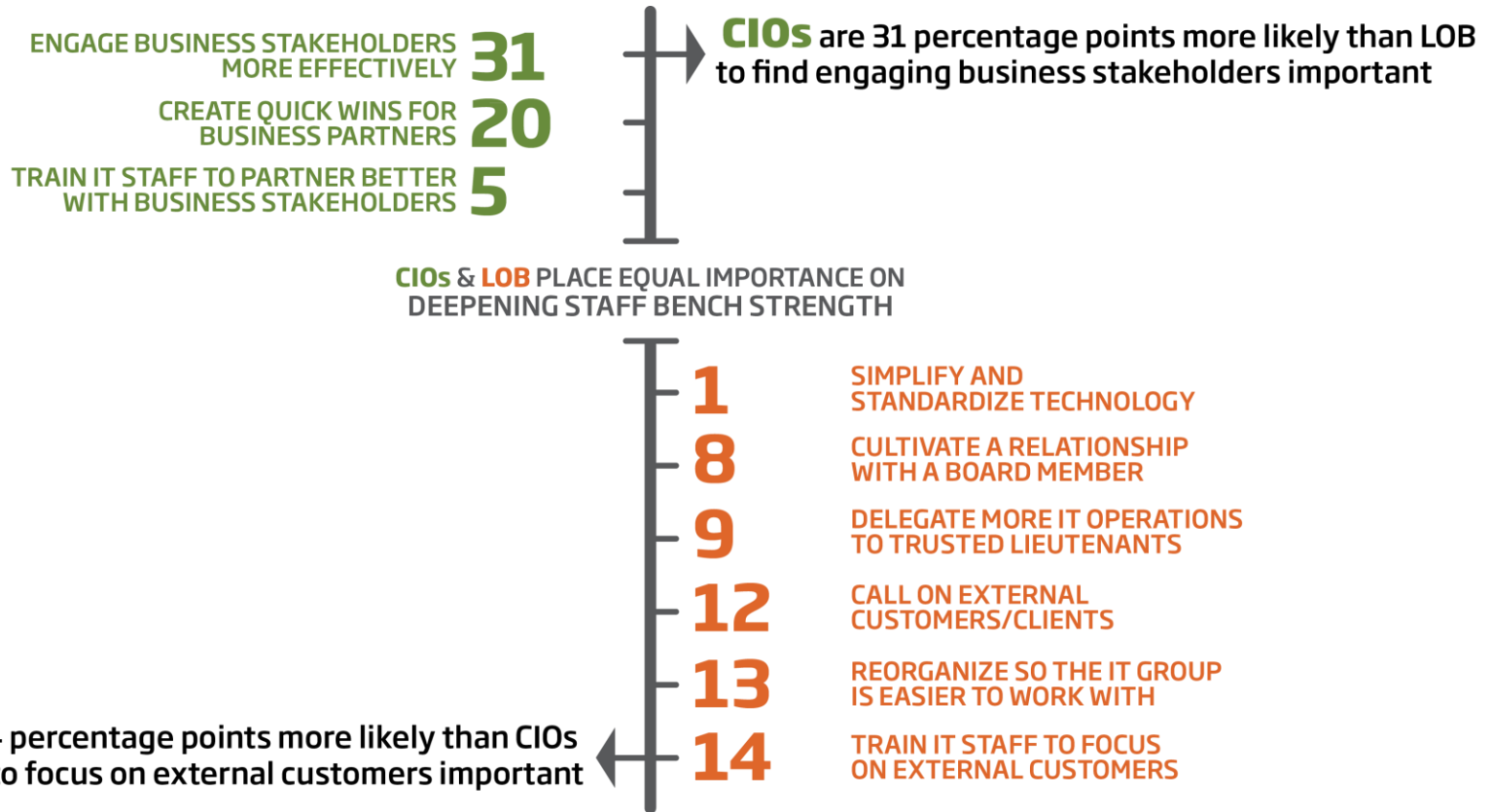
Source: State of the CIO Survey, *CIO* magazine, January 2015; IDC LOB Sentiment Survey 2015

IT Budget vs Total Revenue Varies by Industry



Q: What percent of your company's total revenue does the IT budget represent?

Disconnect on Pain Points Between IT & Business



Q: Which of the following actions will be most important in the coming year to elevate IT's general relationship with business stakeholders?

Source: State of the CIO Survey, CIO magazine, January 2015; IDC LOB Sentiment Survey 2015