



2010 State of the CIO **SURVEY**

Exclusive Research
from *CIO magazine*

Balanced Growth		25%
Growth	25%	
Growth and Income	25%	
Income	25%	
Cash Equivalents	25%	

EXECUTIVE SUMMARY

CIO Marching Orders for 2010: Hit Business Goals, Seize Commercial Opportunities

Executing on business goals now ranks within the top 5 critical leadership competencies for CIOs in the coming year, according to CIO magazine's ninth annual "State of the CIO" survey, conducted in September, 2009. Nearly one third (30 percent) of the 500+ IT leaders surveyed say meeting or beating business goals is a personal leadership competency that will be critically needed by their organizations in 2010, up significantly from the 18 percent reported in last year's survey. The percentage of CIOs selecting identifying and seizing on commercial opportunities as a critical leadership competency also rose significantly (22 percent versus only 6 percent last year) while external customer focus was cited by nearly one in five CIOs (18 percent), up from only 9 percent last year. Long-term strategic thinking and planning continues to be the most frequently cited critical leadership competency although fewer CIOs than last year placed it in their top 3 (60 percent versus 70 percent). Less than a third of the IT leaders we surveyed (30 percent) cite expertise in running the IT function as a critical personal leadership competency, down from 45 percent last year. Fewer CIOs also cite collaboration & influence (35 percent versus 42 percent) and team leadership (22 percent versus 34 percent) as critical personal leadership competencies needed by the business in the coming year.

Cost Control, Efficiency Top of Mind for Recession-Weary CIOs

Nearly two thirds of CIOs (62 percent) have canceled or postponed projects over the past year as a result of unfavorable economic conditions. Not surprisingly, managing costs now ranks among the top 5 most frequently cited activities where CIOs are spending the majority of their time (43 percent versus 31 percent last year) and controlling costs (63 percent) is the 2nd most frequently cited management priority for the year ahead, behind aligning IT and business goals (76 percent). While aligning IT initiatives with business goals continues to be the most frequently cited activity of focus, fewer CIOs than in previous years place it among the activities taking up most of their time (64 percent, down from 71 percent last year and 82 percent two years ago). The percentage of CIOs indicating that cultivating the IT-business partnership consumes their time also decreased (48 percent, down from 58 percent and 69 percent two years ago). Looking forward, CIOs predict that their IT department's efforts will improve end-user workforce productivity (63 percent), lower their company's overall operating costs (58 percent), re-engineer core business processes (53 percent) and improve the quality of products and processes (53 percent).

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HIGHLIGHTS

Reporting Structure

- Four out of ten CIOs (43 percent) report to the CEO, down slightly from the 47 percent reported last year but consistent with 41 percent two years ago. Only one in five CIOs report to the CFO (19 percent), up slightly from 16 percent last year and down from 23 percent two years ago.
- CIOs in small companies (56 percent) are significantly more likely to report to the CEO than their mid-market (41 percent) and large company (38 percent) counterparts.
- Seventy percent of CIOs have a seat on the business executive management committee.
- CIOs in the manufacturing sector are most likely to report to the CFO (40 percent) and least likely to have a seat on the business executive management committee (57 percent).

Salary & Tenure

- CIOs earn an average of \$219,300 annually, down from \$247,900 last year and \$237,400 two years ago and have been in their current positions for an average of 4 years, 8 months, down from the 5 years, 4 months reported last year but consistent with the 4 years 5 months reported two years ago.
- CIOs in the government and education sectors earn the lowest salary, on average while CIOs in the financial sector earn the most. Average tenure is lowest for CIOs within the retail, wholesale & distribution channels.

Industry	Salary	Tenure
Financial Services	\$269,000	5 years
Government/Education	\$156,900	4 years, 6 months
Healthcare	\$228,200	5 years, 1 month
Retail/wholesale/distribution	\$227,600	3 years, 11 months
Manufacturing	\$222,600	4 years, 5 months

Time & Focus in Role

- Aligning IT initiatives with business goals (64 percent), improving IT operations & systems performance (51 percent) and cultivating the IT/business partnership (48 percent) are among the most frequently cited activities where CIOs spend the majority of their time and focus.
- Managing costs is among the top 5 most frequently cited activities where CIOs are spending their time (43 percent versus 31 percent last year).

Non-IT Leadership Responsibilities

- Sixty two percent of CIOs have responsibility in a leadership capacity for one or more non-IT areas of the business. Security (28 percent), strategy (24 percent) and administration/operations (19 percent) are the most frequently cited non-IT areas of responsibility CIOs are heading up.

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Management Priorities

- Aligning IT and business goals (76 percent) is the most frequently cited management priority for CIOs in the coming year followed by controlling IT costs (63 percent), IT governance & portfolio management (54 percent) and business process redesign (54 percent).
- Long-term strategic thinking and planning (60 percent), collaboration & influence (35 percent) and change leadership (33 percent) are personal leadership competencies CIOs say will be most needed by their organizations in the coming year.

IT Impact

- CIOs predict that improving end-user workforce productivity (63 percent), lowering their company's overall operating costs (58 percent), re-engineering core business processes (53 percent) and improving the quality of products and processes (53 percent) will be among the IT departments most significant accomplishments in the year ahead.

IT Budget as a Percentage of Revenue

- On average, the IT budget represents an average of 5.7 percent of annual company revenues, according to the CIOs surveyed.

IT Staff to User Ratio

IT staff headcount is 216, on average, supporting 6,729 users. The retail/wholesale/distribution channels have the lowest IT staff to user ratio while manufacturing has the highest.

Industry	IT Staff	Internal Users	IT Staff: User
Financial Services	349	8,778	1:25
Government/Education	199	7,766	1:39
Healthcare	132	5,432	1:41
Retail/wholesale/distribution	137	2,730	1:20
Manufacturing	163	7,698	1:47

IT Labor Provided by Outsourcers

- Twenty one percent of IT labor at respondents' organizations, on average, is provided by outsourcers or contract service providers, up from 17 percent two years ago.

Economic Impact

- Sixty two percent of CIOs surveyed have canceled or postponed projects over the past year as a result of economic conditions.
- Infrastructure upgrades (39 percent), enterprise software rollouts (31 percent), unified communications (21 percent) and network upgrades (20 percent) are most frequently cited projects CIO's put off.
- Less than one in five CIOs surveyed brought in-house or plan to bring in-house any significant IT function that was previously outsourced (17 and 18 percent, respectively).

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Gender

- Eighty eight percent of IT leaders we surveyed are men and 10 percent are women (2 percent did not provide an answer).
- The healthcare sector has the highest number of women CIOs (21 percent) while manufacturing has the lowest percentage (6 percent).

Age

- The average age among CIOs responding is 46.
- Healthcare (49) has the oldest CIO's, on average, while retail/wholesale/distribution has the youngest (43).

METHODOLOGY

CIOs ninth 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 2010. The survey was administered online from September 2 through September 14, 2009 to CIO customers in charge of IT at their company or business unit. Findings shown are based on the responses of 594 heads of IT from a broad range of industries including government & education (15 percent), manufacturing (14 percent), high tech, telecom & utilities (13 percent), financial services (12 percent), legal, consulting & real estate services (8 percent), retail, wholesale & distribution (8 percent) and healthcare (7 percent). The margin of error on a sample size of 594 is +/- 4.0%. Percentages on questions where respondents selected one answer may not sum to 100 due to rounding.

RESPONDENT PROFILE

All respondents are the top IT executive at their company or business unit. Sixty three percent hold a CIO/CTO title, 20 percent general manager/managing director/director, 7 percent EVP/SVP/VP and 10 percent other. Company size distribution is as follows: Small companies under \$100 million annual revenue: 28 percent, mid-size companies \$100 million - \$999.9 annual revenue: 31 percent, large companies \$1 billion+ annual revenue: 31 percent, government/non-profit: 5 percent (4 percent of respondents did not provide an answer). Sixty three percent of respondents are from North America.

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RESULTS BY QUESTION

Top IT Executive	Percent
Yes	100%

Reporting Structure	Percent
CEO	43%
COO	13%
CFO	19%
Corporate CIO	8%
Other	16%

Member of Executive Committee	Percent
Yes	70%
No	30%

Tenure	Percent
Less than 1 year	12%
Between 1 and 2 years	18%
Between 2 and 3 years	17%
Between 3 and 4 years	13%
Between 4 and 5 years	8%
Between 5 and 6 years	6%
Between 6 and 7 years	4%
Between 7 and 8 years	5%
Between 8 and 9 years	4%
Between 9 and 10 years	3%
Between 10 and 12 years	4%
Between 12 and 15 years	3%
Between 15 and 20 years	2%
Longer than 20 years	1%

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Non-IT Leadership Responsibility	Percent
Security	28%
Strategy	24%
Administration/Operations	19%
Customer Service	17%
Risk Management	16%
Procurement	14%
Line of Business (as head)	9%
Engineering	8%
Marketing	6%
Logistics/Supply Chain	6%
Mergers & Acquisitions	5%
Finance/Accounting	5%
Human Resources	5%
Environmental Sustainability	4%
Sales	4%
Manufacturing/Production	2%
Other	13%
None of the above	38%

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Salary	Percent
More than \$750,000	2%
\$500,001 to \$750,000	2%
\$450,001 to \$500,000	1%
\$400,001 to \$450,000	2%
\$350,001 to \$400,000	4%
\$300,001 to \$350,000	4%
\$250,001 to \$300,000	8%
\$225,001 to \$250,000	6%
\$200,001 to \$225,000	7%
\$175,001 to \$200,000	11%
\$150,001 to \$175,000	10%
\$125,001 to \$150,000	12%
\$100,000 to \$125,000	12%
Less than 100,000	9%
Prefer not to answer	10%

Critical Leadership Competencies	Percent
Long-term strategic thinking and planning	60%
Collaboration & influence	35%
Change leadership	33%
Expertise in running the IT function	30%
Meeting or beating business goals	30%
Team leadership	22%
Identifying and seizing on commercial opportunities	22%
Knowledge of your business's market	21%
External customer focus	18%
People development	15%

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Focus in Current Role	Percent
Aligning IT initiatives with business goals	64%
Improving IT operations/systems performance	51%
Cultivating the IT/business partnership	48%
Cost control/expense management	43%
Implementing new systems and architecture	42%
Leading change efforts	39%
Driving business innovation	34%
Redesigning business processes	32%
Identifying opportunities for competitive differentiation	24%
Developing and refining business strategy	22%
Negotiating with IT vendors	20%
Managing IT crises	19%
Developing new go-to-market strategies & technologies	16%
Security management	13%
Studying market trends/customer needs to identify commercial opportunities	12%

Scope of Authority	Percent
Enterprise-wide IT	85%
Division IT only	15%

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IT Budget as a Percent of Revenue	Percent
Less than 1%	11%
1% to 1.9%	15%
2% to 2.9%	17%
3% to 3.9%	11%
4% to 4.9%	8%
5% to 5.9%	7%
6% to 7.9%	6%
8% to 9.9%	4%
10% to 14.9%	7%
15% to 19.9%	3%
20% to 24.9%	2%
25% or more	4%
Don't know	6%

IT Staff Headcount	Percent
Over 4,000	1%
3,001 to 4,000	1%
2,001 to 3,000	1%
1,001 to 2,000	3%
501 to 1000	3%
101 to 500	15%
50 to 100	16%
Less than 50	61%
Don't know	1%

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Internal Users Supported by IT	Percent
More than 100,000	2%
50,001 to 100,000	1%
30,001 to 50,000	2%
20,001 to 30,000	2%
10,001 to 20,000	5%
7,501 to 10,000	2%
5,001 to 7,500	4%
2,501 to 5,000	13%
1,001 to 2,500	15%
501 to 1,000	16%
301 to 500	8%
201 to 300	6%
101 to 200	10%
Less than 100	13%
Don't know	1%

Percent Total IT Labor Provided by Outsourcers or Contract Service Providers	Percent
0%	13%
1% to %10	36%
11% to 20%	16%
21% to 30%	11%
31% to 40%	6%
41% to 50%	4%
51% to 60%	3%
61% to 70%	3%
71% to 80%	3%
81% to 90%	2%
91% to 100%	2%
Don't know	1%

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Projects Canceled or Postponed Past Year as a Result of Economic Conditions	Percent
Infrastructure upgrades	39%
Enterprise software rollouts	31%
Unified communications	21%
Network upgrades	20%
Storage	16%
Mobile/wireless	12%
None of the above	38%

In-sourced Previously Outsourced IT Function(s)	Percent FY '09	Percent FY '10
Yes	17%	18%
No	83%	82%

Top Management Priorities 2010	Percent
Aligning IT and business goals	76%
Controlling IT costs	63%
IT governance & portfolio management	54%
Business process redesign	54%
Leadership development/staff training	44%
Marketing/articulating IT value/business contribution	43%
Rationalizing/centralizing the application portfolio	35%
Protecting customer data/privacy	25%
Scaling IT globally	23%
Regulatory compliance	22%
Other	5%

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Projected IT Accomplishments in Coming Year	Percent
Improve end-user workforce productivity	63%
Lower the company's overall operating costs	58%
Re-engineer core business processes	53%
Improve quality of products and/or processes	53%
Innovative new market offerings or business practices	39%
Improve security/risk management	34%
Manage customer relationships	34%
Acquire and retain customers	25%
Support global expansion	19%
Enable regulatory compliance	18%
Other	2%

Gender	Percent
Male	88%
Female	10%
Prefer not to answer	2%

Age	Percent
29 or under	1%
30-34	6%
35-39	18%
40-44	20%
45-49	21%
50-54	19%
55-59	7%
60-64	5%
65 or over	1%
Prefer not to answer	2%

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Title	Percent
CIO	38%
CIO and EVP	3%
CIO and SVP	6%
CIO and VP	9%
CTO	6%
EVP	1%
SVP	1%
VP	5%
General Manager	2%
Managing Director	2%
Director	16%
Other	10%

Industry	2010
Advertising/Marketing/PR/Media (publishing, broadcast, online)	5%
Financial Services (banking, insurance, brokerage)	12%
Government and Nonprofits (including education)	15%
Healthcare (providers and pharmaceuticals)	7%
High Tech, Telecom & Utilities	13%
Retail, Wholesale and Distribution	8%
Services (legal, consulting, real estate)	8%
Transportation (airlines, trucking, railroads, shipping, logistics)	5%
Travel and Leisure (cruiselines, hotels, theme parks, casinos)	2%
Manufacturing (including automotive, aerospace & defense, construction, engineering, chemical, metals & mining)	14%
Other	12%

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Annual Revenue	2010
Over \$40 billion	2%
\$30 billion to \$40 billion	2%
\$20 billion to \$29.9 billion	2%
\$10 billion to \$19.9 billion	5%
\$5 billion to \$9.9 billion	4%
\$2 billion to \$4.9 billion	8%
\$1 billion to \$1.9 billion	9%
\$501 to \$999 million	10%
\$101 to \$500 million	21%
\$50 to \$100 million	11%
Under \$50 million	17%
Don't know/prefer not to answer	4%
Not applicable (e.g., non-profit, government)	5%

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