



# 2013 State of the CIO **SURVEY**

Exclusive Research  
from *CIO* magazine

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



## **CIO Magazine 2013 State of the CIO Survey Results**

### **Executive Summary**

Results from *CIO* magazine's annual 'State of the CIO' survey, now in its 12<sup>th</sup> year, finds more CIOs optimistic about prospects for both their businesses and industries in the year ahead, however, many continue to express concerns about global recession and growing threats to enterprise security. Survey results suggest IT leaders are increasingly taking action to market IT and to build and solidify relationships with their non-IT stakeholders and their efforts appear to be paying off with a higher percentage viewed as a business peer. Big data and mobile spending will intensify with the percentage of CIOs expecting to complete major initiatives in these areas rising sharply. Investments in business intelligence (BI) & analytics initiatives along with data management solutions are also on the rise as IT leaders seek to understand how to best capitalize on the vast array of data available to their organizations.

### **Survey Highlights**

#### **IT Leaders Increasingly Optimistic but Global Recession, Enterprise Security Concerns Linger**

CIOs outlook for their business and their industry improved compared to a year ago however a significant number still predict challenges in the coming year, according to a recent survey of 563 IT leaders conducted by *CIO* magazine in September, 2012. Thirty-nine percent of the top IT executives we surveyed expect a good year ahead for their organizations business, up from 34 percent last year while nearly a third (32 percent) anticipate their industry will fare well, up from 29 percent last year. However, 6 out of 10 CIOs foresee a demanding year in store for their company and more than two-thirds (67 percent) expect challenges for their industry. Not surprisingly given the state of global economic conditions, nearly three quarters (73 percent) of respondents outside of North America predict a difficult year ahead for their business, significantly higher than 54 percent of North American IT leaders. Eighty-two percent continue to express concerns about global recession negatively impacting their organization within the next few years and seven out of ten believe increasing threats around enterprise security will have an adverse impact. Three quarters of North American CIOs are anxious about enterprise security threats, significantly higher than their non-North American colleagues (61 percent).



### Relationship Building with Business Stakeholders on the Rise, Efforts Paying Off for CIOs

Nearly two-thirds (64 percent) of the IT leaders we surveyed plan to focus on marketing the IT department to give the business a better understanding of IT's capabilities and processes, up from 55 percent in 2012. And results from the past 3 years suggest that CIOs are increasingly taking action to solidify or elevate their team's general relationship with business stakeholders by delegating more, developing leadership and cross-functional skills among their IT staff and increasing their attention and focus on customers. One third of CIOs now actively call on customers, up from just 18 percent two years ago and 34 percent train their IT staff to focus on external customers, up from 25 percent in the 2011 survey.

Stakeholder Relations	2011	2012	2013
Met more frequently with influential stakeholders	62%	59%	63%
Delegated more IT operations to trusted lieutenants	35%	46%	53%
Created quick wins for business partners	44%	44%	51%
Fixed major problems with systems operations	50%	51%	48%
Trained IT staff to partner better with business stakeholders	36%	41%	45%
Initiated new products and services for competitive advantage	40%	40%	44%
Developed a cross-functional focus among IT managers	32%	36%	44%
Developed IT leadership capabilities in senior managers	28%	38%	40%
Created a portfolio approach to IT	37%	39%	38%
Trained IT staff to focus on external customers	25%	28%	34%
Called on customers	18%	23%	33%
Cultivated a relationship with a board member	25%	29%	32%
Created a project management office	25%	27%	25%
Deepened staff bench strength in management/ leadership expertise	15%	18%	24%

Those relationship-building activities appear to be paying off. Fewer CIOs this year say their company's business stakeholders perceive their IT organization as a cost center lacking enterprise value (15 percent, versus 21 percent), while a higher percentage are viewed as business peers engaged in developing, not just enabling, business strategy (20 percent, versus 15 percent last year). Confidence in their team's performance against metrics and goals is up as well with 68 percent expecting a positive year ahead, up from 63 percent last year.



### Major Initiatives for Big Data and Mobile Intensifying

Major initiatives around mobility, business intelligence (BI) and analytics, and cloud are among the top 3 most frequently cited projects finished in the past year or slated for completion within the next year. More than half of CIOs expect to complete one or more major mobility initiatives within the next year. Survey results suggest big data initiatives are increasingly on the radar for IT leaders after a relatively slow start last year. Fifty-nine percent of the IT executives we surveyed classify their organization as late majority (34 percent) or laggards (25 percent) when it comes to adoption of big data initiatives and just 13 percent have completed a major big data initiative within the past year. However, 37 percent expect to complete one or more major initiatives around big data within the next year.

Major Initiatives Completed or Planned	Past Year	Next Year
Mobility (including mobile apps)	38%	52%
Business intelligence and analytics	43%	47%
Cloud computing	42%	39%
Big Data (Volume, Variety, Velocity)	13%	37%
Data management solutions	31%	36%
Customer engagement/social media	36%	35%

### Additional Survey Findings

#### Reporting structure

Thirty nine percent of the top IT executives we surveyed report to the CEO, relatively consistent with last year (38 percent) while 21 percent report to the CFO, down slightly from 23 percent in 2012. Roughly two-thirds (66 percent) are a member of their organization’s business management committee.

#### Salary & Tenure

Average tenure is 5 years, 9 months, up from 5 years, 4 months last year and 5 years, 2 months in 2011. Salaries rose slightly to an average of \$219,500, up from \$218,100 last year and \$210,300 two years ago.

#### Career Roots

Eighty-five percent of IT executives have their career roots in the technology organization and 15 percent from some other part of the business. Operations (46 percent), administration (34 percent), customer service (33 percent), shared services (25 percent), finance/accounting (22 percent), and engineering (22 percent) are the most commonly cited non-IT areas in which CIOs have career experience.



### **Activities Characterizing Time & Focus**

Alignment continues to be the most frequently cited activity consuming CIOs time. Sixty-three percent say the majority of their time and focus is spend on aligning IT initiatives with business goals followed by improvements to IT operations and systems performance (54 percent), implementing new systems and architecture (50 percent), cultivating partnerships between IT and business (45 percent), and cost control and expense management (40 percent).

Within 3-5 years, many CIOs aspire to spend their time on more strategic activities including driving business innovation (54 percent), developing and refining business strategy (45 percent), and identifying opportunities for competitive differentiation (41 percent).

### **Business & Management Priorities**

Improvements to their offerings (82 percent), increasing expectations from customers (80 percent), and hiring, developing and retaining the best possible staff & human capital (79 percent) are among the top business issues considered a critical or high priority for the CIOs we surveyed. Business processes improvements and increasing IT 's capacity and resources to drive business innovations top the list of most frequently cited IT management priorities in the year ahead (66 percent, respectively).

### **IT Budget as a Percentage of Revenue**

CIOs report their average IT budget as a percentage of revenue is 5.2 percent, up from 4.7 percent last year but consistent with 2011 levels. In terms of budget allocation, an average of 68 percent of the IT budget is devoted to operational expenditures (OPEX) while 32 percent is devoted to capital expenditures (CAPEX).

### **Outsourcing**

The percentage of IT services currently provided by 3<sup>rd</sup> parties including outsourcers and cloud providers increased slightly to 25 percent, up from 23 percent last year and 22 percent two years ago. This figure is expected to climb to 37 percent within the next 3 – 5 years.



## **Methodology**

*CIO's* 12<sup>th</sup> 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 2013. Members of CIO’s audience were invited to participate in an online survey between September 4, 2012 and September 18, 2012. Respondents were offered a summary report of the survey results as an incentive to complete the survey. Results are based on 563 respondents who indicated they are the head of IT at their company or business unit. The margin of error on a sample size of 563 is +/- 4.1%. Percentages on questions where respondents selected one answer may not sum to 100 due to rounding. Not all respondents answered every question.

## **Respondent Profile**

Company size distribution is as follows: Small companies under \$100 million annual revenue: 29 percent, mid-size companies \$100 million - \$999.9 annual revenue: 37 percent, large companies \$1 billion+ annual revenue: 26 percent, government/non-profit: 5 percent (4 percent of respondents did not provide an answer). A broad range of industries are represented including government & nonprofits (21 percent), manufacturing (15 percent), financial services (13 percent), high tech, telecom & utilities (10 percent), healthcare (9 percent), business services (7 percent), and retail, wholesale & distribution (7 percent). Sixty-six percent of respondents are from North America.

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