

# Hunting and Harvesting in a Digital World

Insights From the 2013 Gartner CIO Agenda Report

## About the Gartner CIO Agenda Report

The annual Gartner CIO Agenda Report is informed by the world's largest annual CIO survey, which for the past 12 years has tracked how CIOs balance their business, strategic, technical and management priorities. The report comprises survey findings, case studies, expert analysis and actionable insight, enabling CIOs to compare their strategies and activities with the priorities and actions of their global peers, and get a glimpse into what the future may hold. The survey findings in their entirety form the foundation of the annual Executive Programs CIO research agenda.

This year's survey encompasses the views of 2,053 CIOs from 36 industries across 41 countries, representing more than \$230 billion in corporate and public-sector IT spending.

Here are some of the key insights from this year's report.

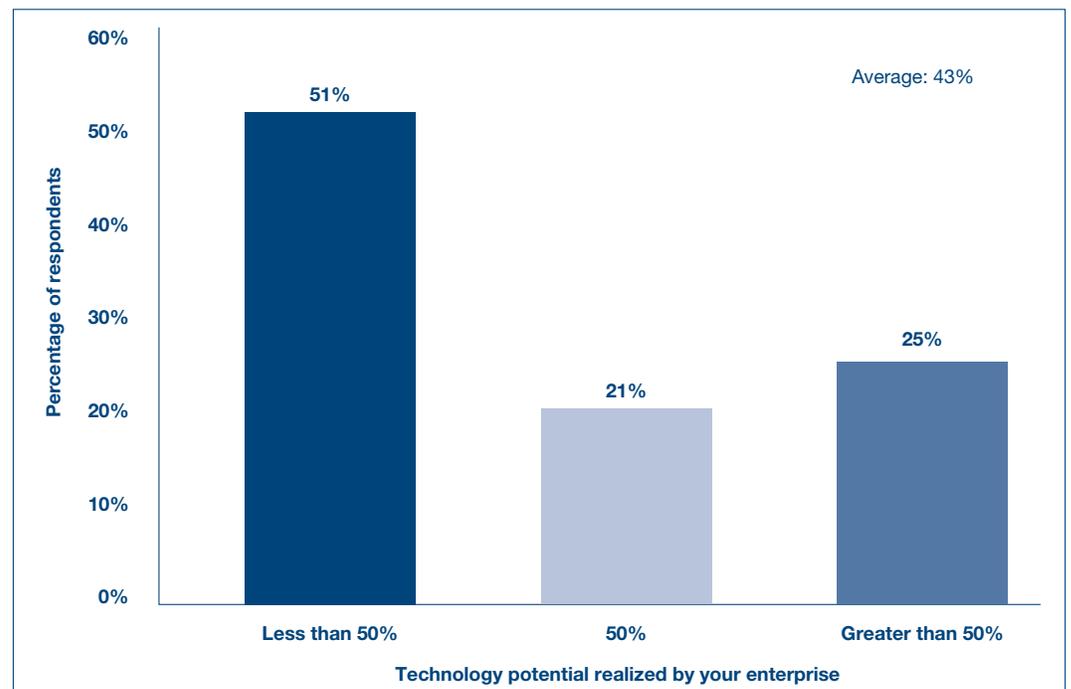


## IT in 2013: Developing plans to capture digital opportunities

CIOs have spent the past decade tending to IT operations in a world of tight budgets, limited technology innovation, cost cutting, outsourcing and control.

But over the past 18 months, digital technologies, including mobile, big data/analytics, social and cloud, have reached a tipping point with their business executives, changing IT's business and technical context.

On average, this year's CIOs report that their enterprises realize only 43% of technology's business potential. That number has to grow for IT to remain relevant in an increasingly digital world.



There is no choice but to increase technology's potential in the enterprise. This means evolving IT's strategies, priorities and plans from "IT as usual" toward "IT as growth engine."

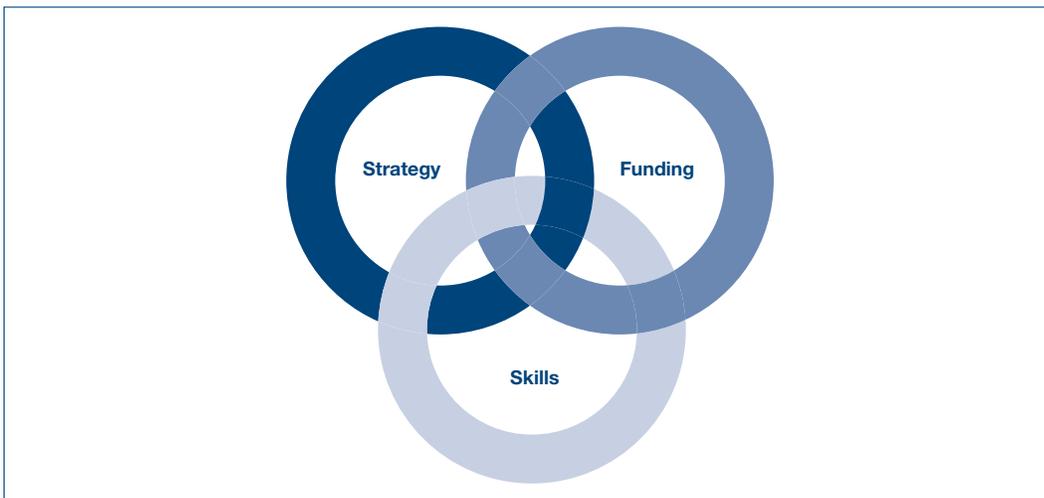
## Growth strategies still dominate business strategic priorities

The top 5 global business strategies for 2013 highlight achieving growth, gaining customers and expanding technology

1. Increasing enterprise growth
2. Delivering operational results
3. Reducing enterprise costs
4. Attracting and retaining new customers
5. Improving IT applications and infrastructure

How technology will support growth and results is a fundamental question. It is no longer sufficient to tend the IT “garden” and declare success.

IT faces a “quiet crisis” as current practices and plans no longer meet future realities and expectations. CIOs need to reconsider their focus on cost against the increased demands for digital technologies. The tension between cost and digital technologies creates three interlocking issues they must address over the next three years: strategy, funding and skills.



## Extending IT's performance profile beyond tending, to hunting and harvesting

Digital technologies, business demands for growth, and a rapidly changing enterprise landscape require CIOs and their IT organizations to extend their performance profile, adopting a broader range of behaviors to meet the challenges.

Our analysis of survey responses identified three performance profiles:

**Tend to the legacy:** Manage IT's current operational and investment responsibilities within existing boundaries and constraints — where the enterprise needs stability, cost management and quality of service.

**Hunt for new digital business opportunities:** Scout and find innovations and opportunities beyond enterprise boundaries. Some hunting projects will fail, but each helps the enterprise learn about digital technology and value. The result is an accelerating rate of performance as new technology and business solutions take the enterprise beyond current operations.

**Harvest value from business process changes and extended products/services:** Actively change business processes, extend products and services, and replicate best practices. Unlike tending, harvesting transforms IT, business processes and applications to produce additional results.

## Digital technologies lead CIO technology priorities

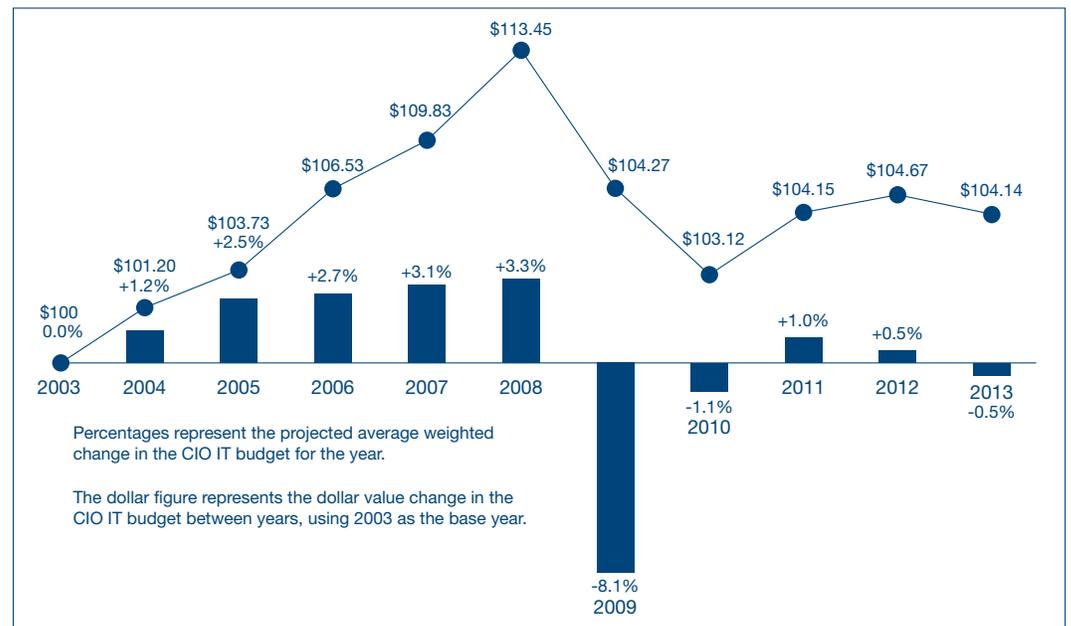
CIO technologies	Ranking of technologies CIOs selected as one of their top 3 priorities in 2013				
	2013	2012	2011	2010	2009
Analytics and business intelligence	1	1	5	5	1
Mobile technologies	2	2	3	6	12
Cloud computing (SaaS, IaaS, PaaS)	3	3	1	2	16
Collaboration technologies (workflow)	4	4	8	11	5
Legacy modernization	5	6	7	15	4
IT management	6	7	4	10	*
Customer relationship management	7	8	18	*	*
Virtualization	8	5	2	1	3
Security	9	10	12	9	8
ERP applications	10	9	13	14	2

\*Not an option that year

The top 10 global technology priorities reflect a greater emphasis on externally oriented digital technologies, as opposed to traditional IT/operationally oriented systems.

CIOs see these technologies as disrupting business fundamentally over the next 10 years. And they see themselves with a range of digital innovation tools, all of which rely on tending existing platforms in support of hunting for new digital opportunities and harvesting value from products, services and operations.

CIO IT budgets are projected to be slightly down, with a weighted global average decline of 0.5% compared to 2012 actual spending.



- 25% of firms expect to cut their IT budgets.
- 33% of firms expect an increase over 2012.
- 42% of firms predict the same spending as in 2012.

IT cannot expect to secure additional funding without assuming new responsibilities or producing new results. Reacting to limited budgets by restructuring costs, outsourcing and doing more with less made sense from 2002 to 2011, when the supply of innovative technologies was scarce.

But digital technologies have changed all that. CIOs will need to make the case that mainstream emerging mobile, big data/analytics, social and cloud technologies justify revisiting IT budget and investment levels.

## IT must change in response to a changing world, with new roles and behaviors

Digital technologies provide a platform to achieve results, but only if CIOs adopt new roles and behaviors to find digital value.

Most CIOs cannot simply make the case for greater strategic involvement, funding and skills on the basis of where IT is today. They are confronting a changing technology model. IT must go beyond its current focus on tending to current operations and systems — to adopting new behaviors so that it can hunt for new digital innovations and opportunities and harvest raised business performance from products, services and operations.

CIOs recognize that they must set aside old tools and adopt new rules. They cannot simply add more items to the agenda; there is not enough IT capacity to start new things without stopping others.

**“In a world of change, it is concerning that around half of CIOs surveyed do not see IT’s enterprise role changing over the next three years. Without change, CIOs and IT consign themselves to tending a garden of legacy assets and responsibilities.”**

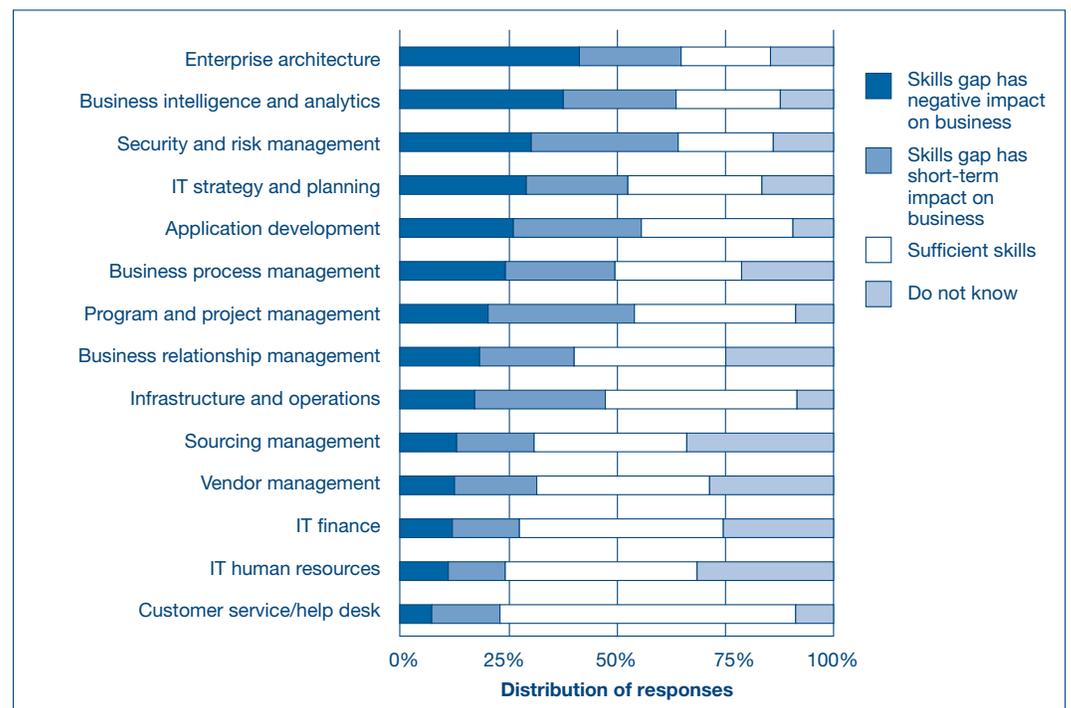
— Mark P. McDonald  
Group Vice President, Gartner Fellow  
Co-author, 2013 Gartner CIO Agenda Report

## The IT labor market “works” for only one in four enterprises

### 2012’s looming crisis of skills has officially arrived

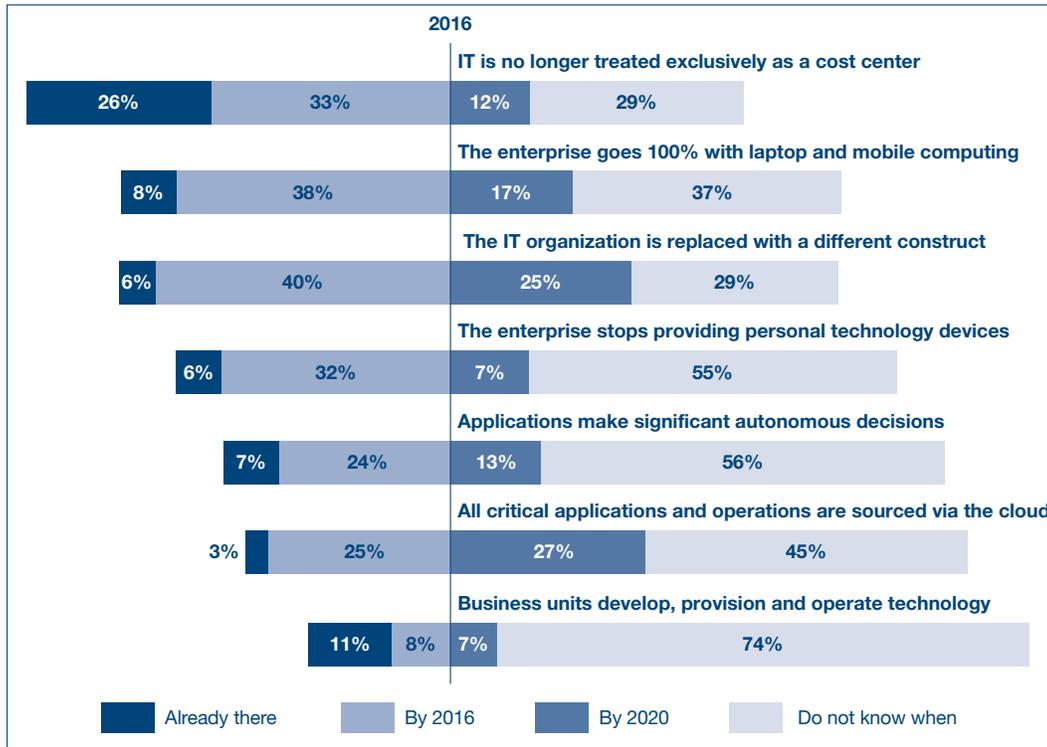
When CIOs were asked whether the IT labor market had the ability to supply them with the required skills, only one in four said yes, and most of those lead smaller organizations.

CIOs feel that they have sufficient talent available in operational roles such as internal customer service and the help desk, IT finance and IT HR. However, they see a gap in key skills relating to digital technologies, such as enterprise architecture, business intelligence and analytics, security and risk management, and IT strategy and planning. For each of these skills, more than half of CIOs report a shortage of talent.



IT organizations planning to actively hunt for digital opportunities and harvest operational results require a continuous flow of IT skills and resources. Rather than treating this as an HR challenge, CIOs who use the IT labor market most effectively do not separate IT skills from business results; on the contrary, they see the two as integrally linked.

## CIOs anticipate significant change over the next three years



## CIO leadership in 2013: A range of actions and goals

The CIO agenda outlines the challenges for 2013 and the actions required for success. CIOs foresee a finite set of tasks that define what they “do new,” undo, redo and choose not to do. These actions, and decisions not to act, reflect the need to establish a new financial, organizational and enterprise rationale for information technology.

- *Do new:* Exploit new digital technologies, creating the capabilities needed to meet growth and efficiency demands — a digital edge.
- *Undo:* Remove historical and legacy commitments to create new connections in processes, structures and roles.
- *Redo:* Revise and extend every business practice, solution and strategy to refresh IT and reinvigorate its value potential.
- *Don't do:* Don't blindly apply “best practices,” attend to false signals or surf dead-end trends; instead, liberate resources, time and attention for new challenges.

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