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BUSINESS TECHNOLOGY LEADERSHIP

2015 State of the CIO SURVEY

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CIO Magazine 2015 State of the CIO Survey Results

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Survey Highlights

Positive Indicators as CIOs Cope with Digital Disruption

Personal indicators remain positive for CIOs as digital disruption causes companies to radically evolve and reinvent themselves, according to our 14th annual State of the CIO survey conducted among 558 top IT executives. This year's survey finds 44 percent of IT leaders reporting to the CEO, consistent with last year and up from the 39 percent reported in 2013 while 64 percent sit on their company's executive committee, up a couple of points from 62 percent reported last year but down slightly from the 66 percent reported in 2013. More than two thirds (68 percent) have mutually shared, measurable goals with other executive level ("c-suite") peers determined by the CEO or head of their company and 64 percent say their CEO consults with them on a frequent basis about their organization's strategy and future. Completing a major enterprise project (44 percent) and helping to reach a specific goal for corporate revenue growth (40 percent) are among the most frequently cited priorities handed down from the CEO in the coming year. Average compensation increased to $235,000, up from five years of relatively flat salaries hovering around $219,000 the past few years.

CIOs and Business Stakeholders Perceptions Not Always Aligned

Despite these positive indicators, survey results suggest CIOs and their business peers may have differing perceptions on the IT organization. Thirty-three percent of our CIO respondents believe other departments view the IT group as an obstacle to their mission; however, this number jumps sharply to 54 percent when looking at a similar survey question asked among 304 business decision makers by CIO's sister company, market-researcher IDC. IDC's LOB Sentiment Survey also finds nearly half of business decision makers think their CIO is fighting a turf battle with another executive-level peer (47 percent), compared to just 36 percent of our CIO sample. And 37 percent of the business decision-makers surveyed by IDC believe the CIO is being sidelined in their business, much higher than the 20 percent of IT leaders. IT and business leaders also tend to disagree on the difficulty and role of the CIO; 91 percent of IT leaders feel the CIO role is becoming increasingly more challenging compared to 76 percent of IDC's business decision makers and just shy of half think their future role will be focused mostly on managing contractors, cloud and other IT service providers (49 percent, compared to 59 percent of IDC's sample).

CIOs are relatively divided when it comes to how they believe their company's business stakeholders currently perceive the type of IT organization they are running. Forty-four percent think the business perceives their IT organization as a business partner engaged in developing, not just enabling business strategy (30 percent) or a business leader, a key driver of the enterprise's competitive future (13 percent). Thirty-eight percent of respondents think their IT organization is viewed as a service provider with a credible reputation for efficient and effective delivery while roughly one in five (18 percent) believe the business views their IT organization as a cost center with unappreciated, misunderstood or unfulfilled enterprise value. CIOs whose IT organization is viewed as a business partner or business leader category command higher salaries and have been in their positions longer than those perceived as a cost center or services provider. They are also more likely to report to the CEO and sit on their company's executive committee.

Elevating the IT-Business Relationship

IT leaders most frequently identify engaging business stakeholders more effectively as among the most important actions they can take to elevate their IT organization's general relationship with business stakeholders; however, according to IDC far fewer business decision makers think this area is important (33 percent, compared to 64 percent). Making the IT group easier to work with is also cited less often among the business sample (34 percent, compared to 21 percent) as is creating quick wins for business partners (31 percent, versus 51 percent), more delegation of their IT operations (29 percent, versus 20 percent), building a relationship with a board member (23 percent, versus 15 percent), and calling on external customers (21 percent, compared to 9 percent).

Security Continues to Increase in Importance

Aligning IT initiatives with business goals is most frequently cited as among the activities characterizing CIOs focus and how they spend time in their current role (54 percent) followed by improving IT operations and systems performance (50 percent) and implementing new systems and architecture (44 percent). The percentage of CIOs spending time on security management increased to 31 percent, up from 24 last year and 20 percent in 2013. Security is a greater focus for North American CIOs; 35 percent indicate security management best characterizes their time and focus currently, significantly higher than the 24 percent reported by their colleagues outside of North America while security and risk management technologies will drive the most IT investments for 26 percent of North American CIOs, significantly higher than the 14 percent reported in other regions.

When asked where they'd like to spend more time in the future, CIOs tend to point to more strategic activities such as driving business innovation (55 percent), identifying opportunities for competitive differentiation (42 percent), and developing and refining business strategy (39 percent). Looking at historical data; however, results have not differed dramatically over the past few years suggesting that many CIOs want to shift their focus to more business strategist-oriented activities but may lack the time or focus to do so.

Big Data, Mobile, Cloud Driving Investment

Big data/ business intelligence & analytics (37 percent) is the most frequently identified technology CIOs expect will drive the most IT investments followed by mobile technologies (35 percent), and cloud services (31 percent). T budget as a percentage of revenue averages 6.3 percent, down from 8.6 percent reported last year but up from previous years which have ranged between 4.7 percent and 5.7 percent.

Optimizing the organization's business process (44 percent) is among the most frequently cited business initiatives CIOs expect will be most significant in driving IT investments followed by increasing the organization's productivity (42 percent) and introducing new or improved products and services (31 percent). Roughly one third of enterprise CIOs (33 percent) cite increasing the organization's agility as an initiative driving IT investments, significantly higher than the 25 percent of CIOs in small and mid-size companies.

CIOs Forecasting Skills Shortages

More than half of CIOs (56 percent) expect IT skills shortages in the next year. This figure climbs to 62 percent for CIOs in enterprise organizations, significantly higher than the 51 percent reported in small and mid-size companies. When asked in which area they anticipate having the most difficulty finding appropriate skillsets big data/business intelligence and analytics was most frequently cited (39 percent), followed by security/risk management (30 percent), application development/programming and mobile technologies (tied at 27 percent). However, just 9 percent point to improving the organizations ability to attract and retain workforce as significant in driving IT investment.

Methodology

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. Members of the CIO audience were invited to participate in an online survey between August 15, 2014 and September 9, 2014. Respondents were offered a summary report of the survey results as an incentive to complete the survey. Results are based on 558 respondents who indicated they are the top IT executive at their company or business unit. The margin of error on a sample size of 558 is +/- 4.15%. Percentages on questions where respondents selected one answer may not sum to 100 due to rounding. Not all respondents answered every question. For the purposes of this report large or enterprise references refer to respondents in organizations with 1,000 or more employees while small or medium (SMB) is defined as respondents in organizations with fewer than 1,000 employees.

Several references are made to IDC's LOB Sentiment survey which fielded in August, 2014 among 304 business decision makers in 1,000+ employee, US firms. IDC's sample excluded government and education. While we are reporting overall State of the CIO results for the purposes of this report, results did not differ dramatically when excluding those segments from the State of the CIO data set for figures cited in this report.

Respondent Profile

Sixty one percent of respondents are from North America followed by Asia-Pacific (21 percent) and EMEA (14 percent). Fifty-two percent of respondents work in large companies with 1,000 or more employees while 47 percent are employed in small and medium size organizations with fewer than 1,000 employees (1 percent did not provide an answer). A broad range of industries are represented including government & nonprofits (22 percent), manufacturing (13 percent), financial services (12 percent), high tech, telecommunications & utilities (10 percent), retail, wholesale & distribution (9 percent), healthcare (8 percent), and business services (8 percent).