

Amplifying the Enterprise

Insights From

**The 2012 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 2,335 CIOs from 37 industries across 45 countries, representing more than \$321 billion in corporate and public-sector IT spending.

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

Top 5 global business strategies for 2012 – and they all touch the customer:

1. Increasing enterprise growth
2. Attracting and retaining new customers
3. Reducing enterprise costs
4. Creating new products or services (innovation)
5. Delivering operational results



The changing face of IT in 2012

Leading CIOs will use technology as an “amplifier” of business and innovation. And 2012 will be a year in which leaders redefine how IT operates and is employed by the business.

Enterprise expectations are broadening the definition of technology

Technology’s role in the enterprise is increasing. But that doesn’t necessarily mean the role of the IT organization is also increasing. CIOs concentrating on IT as a force of operational automation, integration and control are losing ground to executives, including fellow CIOs, who see technology as a business driver and source of innovation. These executives are using technology to strengthen the customer experience and eliminate costly internal distortions. *They are using technology to “amplify” the enterprise.*

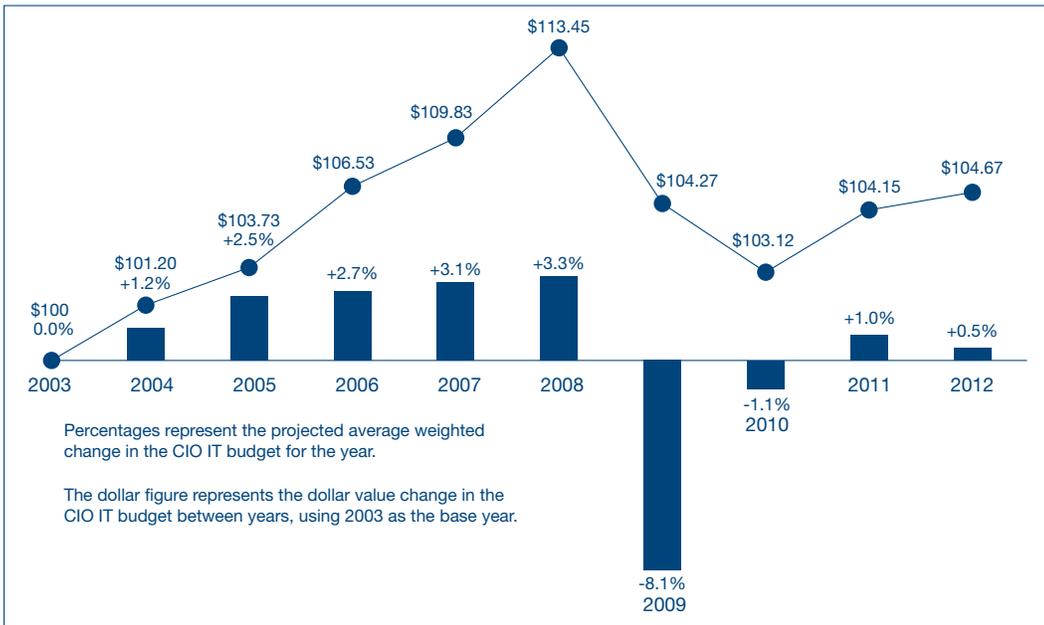
New business priorities are pulling CIOs in multiple directions

With social media, mobility, information and analytics all in play, the customer experience has become the pivotal area for enterprises and IT organizations to improve and exploit. The re-imagining of IT* that began last year will increase in pace as CIOs become less concerned with internal cost-reducing measures and more focused on using technology to drive enterprise results.

For CIOs to propel today’s business strategies, they will need to meet their enterprise’s broad technology goals as opposed to addressing specific strategies with specific technologies. This means they will need to find ways to transform customer channels and create compelling experiences. Recognizing that executives see technology as an amplifier of business strategy will help CIOs adjust to the changing nature of business strategies and the enterprise’s expectations.

*“Reimagining IT: The 2011 CIO Agenda,” by Mark McDonald and Dave Aron.

While business expectations might imply a significant increase in IT resources, general economic uncertainty around revenue growth and a continuing focus on costs have held CIO IT budgets essentially flat (global average weighted increase of just 0.5%).



The good news? A static budget doesn't have to hold you back. IT can amplify the enterprise without a huge increase in spending. The technologies already exist, and the enterprise is raring to go.

IT no longer exists in a vacuum

In the face of continued economic uncertainty and government austerity, business strategies call for a combination of growth and operational efficiency. Technology will be at the center of this growth. Companies will use it to amplify enterprise strategy and operations, and eliminate the internal distortions that drive cost, complexity and a less-than-optimal customer experience.

Using technology to amplify business results

CIO technologies are about strengthening the customer experience

CIO technology priorities reflect a shift from internally focused IT transaction and management systems to externally focused technologies that deliver a more engaging customer experience and contribute to growth. CIOs increasingly see these priorities in combination rather than as individual initiatives, as combinations drive the customer experience and make the enterprise's objectives achievable.

A key example: Analytics and business intelligence was the top-ranked technology for 2012, but it is no longer a stand-alone technology. CIOs are combining analytics with other technologies to create new capabilities — combining analytics with supply chain for process management and improvement; analytics with mobility for field sales and operations; and analytics with social media for customer engagement and acquisition.

CIO technologies	Ranking of technologies CIOs selected as one of their top 3 priorities in 2012				
Ranking	2012	2011	2010	2009	2008
Analytics and business intelligence	1	5	5	1	1
Mobile technologies	2	3	6	12	12
Cloud computing (SaaS, IaaS, PaaS)	3	1	2	16	*
Collaboration technologies (workflow)	4	8	11	5	8
Virtualization	5	2	1	3	3
Legacy modernization	6	7	15	4	4
IT management	7	4	10	*	*
Customer relationship management	8	18	*	*	*
ERP applications	9	13	14	2	2
Security	10	12	9	8	5
Social media/Web 2.0	11	10	3	15	15

*Not an option that year

The new relationship between IT and enterprise effectiveness

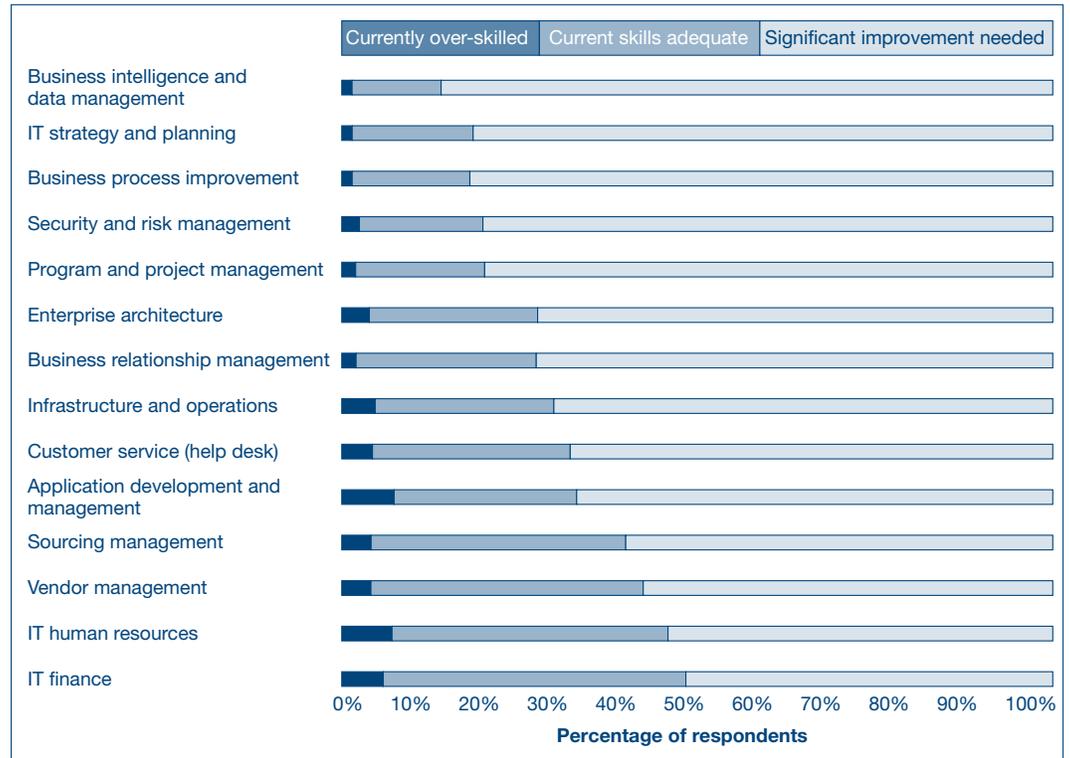
Enterprise effectiveness requires effective IT because technology provides the means to deliver business results at speed and scale. And effective IT relies on strong connections within IT and between IT and the rest of the enterprise. According to CIOs, effective governance throughout the enterprise is an important junction between effective enterprise leadership and the communication of enterprise needs in IT decision-making processes. The relationship between enterprise and IT effectiveness, coupled with governance effectiveness, make IT strategy a critical element of building IT into an enterprise amplifier.

Getting the IT strategy right is essential to achieving proper amplification. Seven factors are crucial:

- The IT strategy integrates with the overall business strategy.
- The IT strategy informs the business strategy (as opposed to being a one-way, order-taking strategic relationship).
- Key stakeholders understand the IT strategy (this usually entails a strategy expressed in 20 pages or less).
- The creation process for the IT strategy includes significant non-IT participation.
- The IT strategy contains real trade-offs linked to business success (e.g., IT sourcing arrangements are designed for maximum agility, not maximum efficiency).
- The IT strategy is separate from the plan (since the plan is more volatile than the strategy and thus has to be refreshed more frequently).
- The IT strategy is clearly defined.

A looming crisis of skills

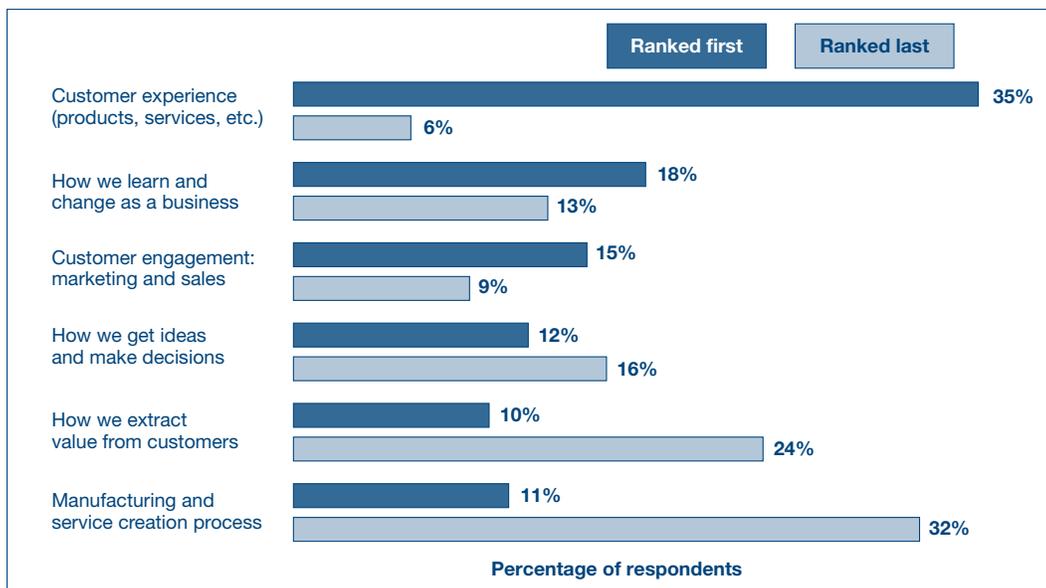
As the role of technology expands, so must the skills in IT. CIOs across the board indicate the need to significantly improve IT skills over the next four years as new technologies and business and operational demands all but render current skill levels and performance irrelevant.



New customer channels, new infrastructure, new game

The evolution of IT as a promoter of business growth

IT must adapt as new customer channels emerge. CIOs ranked the customer experience as the most important opportunity for IT innovation by an almost 2:1 margin. Enterprises feel the same; they see technology as a way to amplify their business by creating new channels and platforms that reach new customers, engage existing ones and support revenue growth.



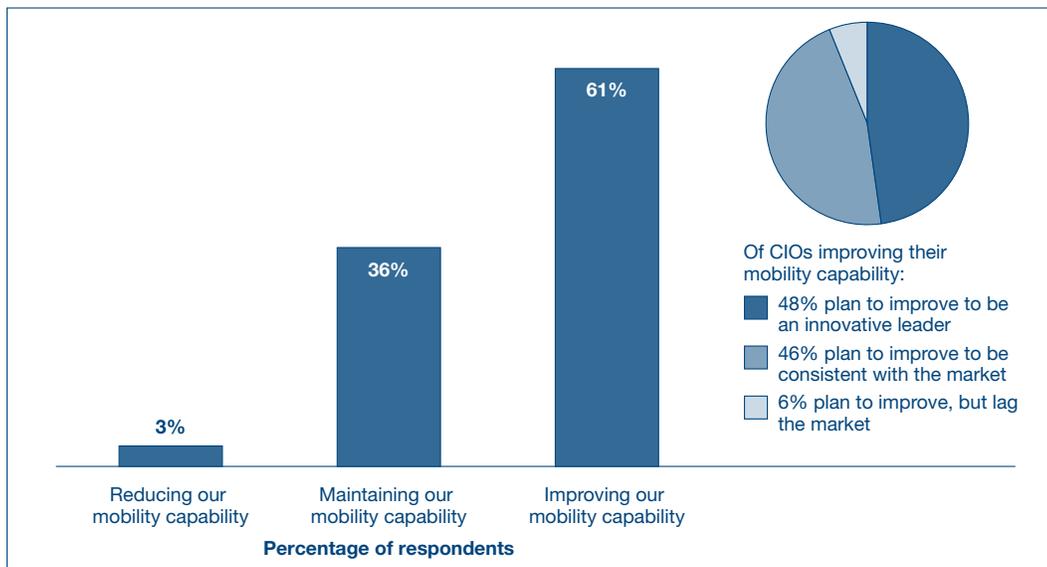
Social media, essential for customer engagement, is at a tipping point

The ability to engage the attention, energy and activities of customers, associates and other interested parties creates a powerful tool for the enterprise. Social media and collaborative technologies are particularly relevant here, since they lend themselves to business and CIO strategies revolving around the customer experience and sales. The figure below shows the breakdown of enterprise attitudes toward social media according to CIOs responding to our survey. Attitude maturity increases from top to bottom, with an ability to fuse social media into enterprise strategy representing full maturity.

Attitude	Description	Percentage of responses
Folly	Social media is considered a source of entertainment with little or no business value. Business leaders ignore social media, saying it has no real business application.	9%
Fearful	Social media is seen as a threat to productivity, intellectual property, security or management authority. Business leaders know it has value but think the risks outweigh the benefits.	19%
Flippant	Social media is a technology IT provides and business leaders use spontaneously to deliver value.	24%
Formulating	Social media is an established technology used to achieve specific business goals and purposes.	28%
Forging	Social media has proven value and is incorporated into strategy and plans. The ideas and actions generated in social media influence business functions.	13%
Fusing	Social-media-based collaboration is integral to enterprise thinking and behavior. Collaborative communities are not an exception; they are part of the organizational fabric.	7%

Mobility is a technology priority over the next three years

CIOs confirmed that the race for mobile solutions is on, with 61% of those responding to our survey planning to enhance their mobility capability over the next three years. Of these, almost half (48%) believe they will become leaders in their industries by fully adopting innovative mobility solutions. The split between mobility solutions focusing on customers and those focusing on the workforce is about equal.



An exciting time to be a CIO

Success is contingent on anticipating the coming changes

CIOs are being asked to drive business innovation, create new and engaging customer channels, and achieve enterprise operational objectives. In 2012, CIOs have the opportunity to amplify the enterprise to achieve new levels of success. A wealth of technology exists that the business is keen to use, without dramatically increasing spending. Resourceful CIOs must be both efficient and creative to take advantage of the new technologies while working with stagnant budgets. The 2012 CIO Survey and current business conditions suggest that CIOs must now raise enterprise effectiveness quickly, efficiently and flexibly.

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