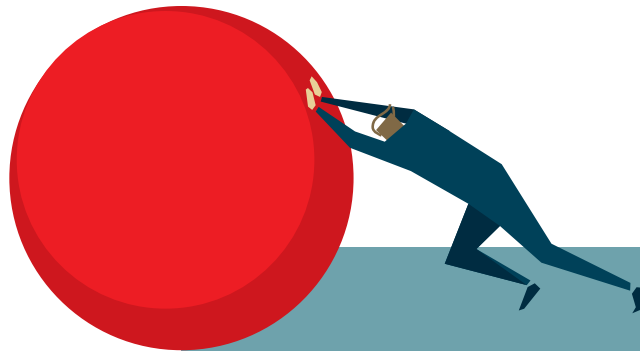


THE STRATEGIC CIO: NOW READY FOR PRIME TIME

Despite their dual role, **CIOs are finally able to spend more time on strategic responsibilities** – a shift that makes the job more rewarding than in the past and makes the **role even more important to the overall business.**





KEVIN VISCONI, CIO OF DOMINO'S PIZZA, has been at the helm of the fast-food chain's digital transformation for five years. On Visconi's watch, the IT team broke new ground with a profile that streamlines the customer experience following up with cutting-edge technology that lets consumers order through myriad channels, including smart watches, in-car systems, even pizza emoji tweets.

Visconi is helping to write the next chapter in Domino's digital experience even though he still has oversight of the front lines, maintaining core enterprise systems, spearheading security efforts, troubleshooting outages, and overseeing outsourcing contracts. That's because, like many CIOs, Visconi is increasingly sought out as a strategic business partner – a path he's been working towards his entire career.

"The role of the CIO is changing and it's a good thing," Visconi says. "CIOs are being asked to take on more of a leadership position because we understand the technology and how it can impact the business as well as how to make those tradeoff decisions. Understanding the pain points of the business is the job of IT as more of business becomes more dependent on technology."

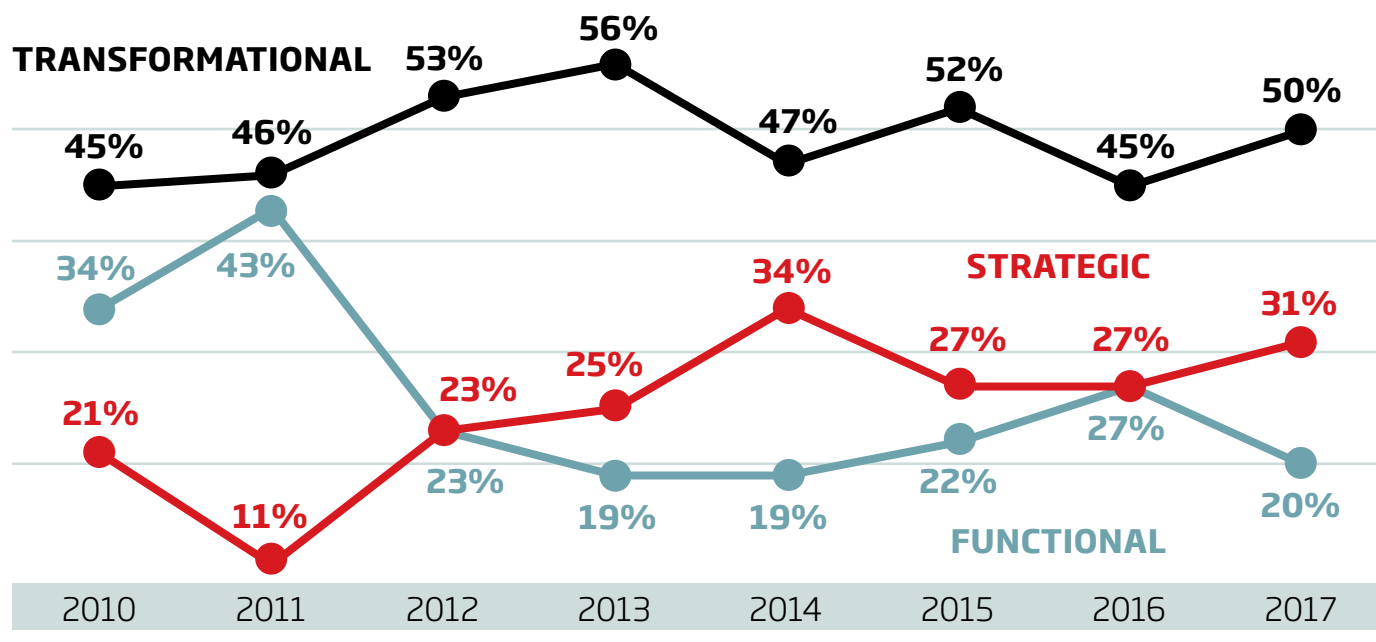
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KEVIN VISCONI, CIO
DOMINO'S PIZZA

Years in the making, the CIO transformation from order taker and implementer to strategist and business enabler is still very actively under way. But thanks to automation and a growing proficiency in operations, CIOs are increasingly able to direct more of their time and energy to strategic activities – a popular shift given most CIOs' aspirations. According to *CIO's* 2017 State of the CIO survey of 646 heads of IT, CIOs are consistently spending less time bogged down with functional tasks like cost control, vendor negotiation, IT operational improvements, and crisis management – although to be clear, they still have to get those tasks done. Alternatively, CIOs are increasingly diving into strategic opportunities such as driving business innovation, identifying opportunities for competitive differentiation, and developing new go-to-market strategies and technologies, the State of the CIO research shows. Three to five years out, CIO respondents foresee spending even less time on functional duties (53% compared to 82% in 2017),

CIOs INCREASINGLY SPENDING TIME ON STRATEGIC ACTIVITIES

Which of the following activities best characterize your focus and how you spend your time in your current role?



The new reality is that the business is now talking about technology as a strategic enabler and that's really positive.

TODD FINDERS, CIO

COMMERCIAL AND RESIDENTIAL
SOLUTIONS GROUP, EMERSON

although they are aware those responsibilities will never entirely go away.

The shift is altering how CIOs view their role. Only 20% of respondents to the 2017 State of the CIO survey fit into the functional classification this year (in largely traditional roles managing IT operations), down from 27% in 2016. Comparatively, half of respondents classified as transformational (focused primarily on implementing new systems and architectures, leading change efforts and aligning IT with business goals), up from 45% last year, and 31% leaned towards strategic (spending most of their time on strategy, growth and innovation activities), up from 27% in 2016.

CIOs able to focus on transformational and strategic efforts found their jobs to be far more rewarding (63% and 71% respectively) than CIOs still saddled with functional duties as

their primary responsibility (46%). Those CIOs emphasizing strategic and transformational efforts drew greater satisfaction for a number of reasons, including the propensity to report directly into the CEO, earn higher compensation packages, and have greater visibility with customers and the board of directors. In fact, 76% of CIOs in enterprise companies meet frequently or occasionally with customers and are also more likely to drive business innovation and work collaboratively with the CMO.

"The new reality is that the business is now talking about technology as a strategic enabler and that's really positive," says Todd Finders, CIO at Emerson's Commercial and Residential Solutions group. "It has never been more important to the business, and it's up to us as CIOs to make sure we are part of the solution."

IT AND SECURITY STRATEGY COALESCE

CEOs' TOP OBJECTIVES for CIOs showcase their rising stock as a strategic partner. Much like last year, CEOs are looking to CIOs to help drive corporate revenue growth (32%), upgrade IT security infrastructure (32%), and to simplify IT (31%). Security, in particular, remains a top priority due to the growing number of high-profile cyber breaches. With the CIO's mission to mitigate corporate risk, security is moving away

AS SECURITY CONCERNS STABILIZE, INNOVATION INCREASES

Which of the following activities best characterize your focus and how you spend your time in your current role?

FUNCTIONAL		TRANSFORMATIONAL		STRATEGIC	
Improving IT operations' systems performance	45%	Aligning IT initiatives with business goals	53%	Driving business innovation	33%
	-4		+2		+7
Security management	41%	Implementing new systems and architecture	40%	Developing and refining business strategy	24%
	-5		-1		-1
Cost control/expense management	33%	Cultivating the IT/business partnership	38%	Identifying opportunities for competitive differentiation	21%
	-6		+3		+5
Negotiating with IT vendors	21%	Leading change efforts	35%	Developing new go-to-market strategies & technologies	17%
	-5		-5		+5
Managing IT crises	19%	Redesigning business processes	24%	Studying market trends/customer needs to identify commercial opportunities	13%
	-8		-1		+1

from being a standalone, functional responsibility to aligning more closely with IT strategy. In fact, slightly more than half (51%) of respondents to the 2017 State of the CIO survey said security and IT strategy is tightly integrated today compared to only 37% in 2016. Within the next three years, that number is predicted to jump to 80%, and more executives are getting involved with security planning, including line of business executives (LOB), which is another indicator of its strategic importance. In addition, IT security now represents an average of 12% of the total IT budget, according to survey respondents.

Another upside to security becoming entwined in the IT master plan: Economies of scale that give CIOs more room for higher value, innovation activities. For example, among activities CIOs spend their time on currently, driving business innovation is up seven percentage points to 33% this year while both identifying opportunities for competitive differentiation and developing new go-to-market strategies and technologies climbed five points to 21% and 17%, respectively. CIOs are even spending less time on security management activities, cited by 41% compared to 46% in 2016.

The heightened focus on security has caused some headaches for CIOs, however, particularly in the area of finding talent. Sixty percent of respondents to the 2017 State of the

CIO survey said they are grappling with skills shortages (compared to 49% last year), and security skillsets is one of the biggest gaps for both enterprise companies (34%) and SMBs (27%). Data science/business intelligence/analytics was the other big area where IT organizations are grappling with skills shortages, cited by 41% of enterprise respondents and 35% of SMBs.

The North American division of a large automotive maker has been scrambling to find strong IT security talent as it builds out its security infrastructure. Although the business has historically been hands-off with security, it's gotten much more involved, and the firm has shaken up the management structure. Today, the group's CISO reports directly into the CIO with a dotted line to the parent company and corporate risk management, notes Mike Spaulding, director of security strategy and

architecture for the firm. "We have poured a lot of money into security and continue to pour more in as other budgets get cut," he explains.

A good piece of the auto maker's budget is devoted to bringing more security talent on board, but finding good candidates has been tough, he admits. "It's a very competitive industry right now ... because it's exploding so quickly," he explains. "We have to do a better job of qualifying people, and if we can find them, the question is can we afford them."

SECURITY & IT STRATEGY NOW TIGHTLY INTEGRATED

2016 37%

2017 51%

NEXT 3 YEARS 80%

WARMING RELATIONSHIP WITH LOB

BEYOND STEPPING UP security infrastructure, another CEO mandate for IT leaders is to forge stronger partnerships with the business, and CIOs have made healthy progress here on a number of fronts. CIOs and LOB are much more aligned on the business requirements driving technology investments – for example, both groups are bullish on leveraging technology to improve customer experience, increase operational efficiency, transform existing business processes, and grow the business, although there are variations in the ranking of those objectives. For example, 40% of IT leaders see customer experience as the most important business driver for technology investments compared to only 26% of LOB. LOB's top priority is increasing operational efficiency (cited by 36% of LOB respondents) compared to 35% of IT leaders, who ranked this objective second. LOB was also focused on improving profitability (24%) – a goal that didn't make IT's top five list of objectives – while it was more tepid about bolstering cybersecurity protections (20% compared to 26% of IT respondents).

There is also a delta between CIOs and LOB when it comes to which technology initiatives to invest in. IT leaders ranked big data/business analytics, cloud computing, security/risk management, and enterprise applications as their top priorities. In comparison, business process management and cus-

CIO/LOB ALIGNMENT ON BUSINESS DRIVERS FOR TECH INVESTMENTS

Heads of IT

- 1 Improve Customer Experience
- 2 Increase Operational Efficiency
- 3 Transform Existing Business Processes
- 4 Growing the Business
- 5 Increase Cybersecurity Protections

LOB

- 1 Increase Operational Efficiency
- 2 Growing the Business
- 3 Improve Customer Experience
- 4 Improving Profitability
- 5 Transform Existing Business Processes

tommer experience technologies topped the agenda for LOB, followed by cloud computing and security/risk management. In addition, marketing technologies (19%) and social media/collaboration (10%) ranked among the top 10 technologies for LOB, but did not make the cut for IT leaders – an indication, perhaps, that marketing has taken ownership of that piece of the technology stack.

CIOs SHOW STRONG INVOLVEMENT IN MARTECH PURCHASES

How are you involved in purchase decisions regarding the marketing technology stack?



The IT group is now perceived as a partner in problem solving rather than a gate keeper.

CRAIG JOHNSON, PRESIDENT

RESIDENTIAL SOLUTIONS GROUP, EMERSON

In fact, 38% of respondents said their marketing groups have budgets specifically earmarked for technology purchases and that number is expected to rise to 42% over the next three years. Even so, CIOs are staying pretty involved in the purchasing decisions. Ninety-three percent of respondents said they play some sort of role in marketing technology decisions, from meeting and negotiating with potential vendors (66%) to consulting to determine needs and requirements (65%), and overseeing implementation (60%). As a result of this close collaboration, CIOs feel positive about their relationship with the CMO, with 46% of CIO respondents saying the CMO/CIO relationship drew closer this past year.

Besides marketing, other groups, including operations, finance/accounting, sales, human resources, and engineering also have their own technology budgets, but the portion has remained fairly consistent over the years. The 2017 State of the CIO survey found that IT currently controls about 54% of all technology investments, compared to 57% in 2016, and the number is expected to bounce back to 57% over the next three years.

LOB also puts stock in CIOs as a strategic advisor and consultant on technology decisions, leaning on them to identify business needs, make recommendations, and perform risk assessments. Forty-one percent of LOB respondents to the 2017 State of the CIO survey said their CIO was a strategic advisor on technology decisions and 22% regularly call on them as a business consultant. At the same time, however, LOB seems unsure of IT's role in new business initiatives: Only 27% of LOB respondents said IT is instrumental in recommending technology solutions (compared to 64% of CIOs), 24% felt IT successfully collaborates with LOB on building a business case (compared to 59% of CIOs), and 31% were clear on IT's role in developing technical requirements (compared to 49% of CIOs).

LOB's uncertainty may be related to the fact that it sees a more diverse role for CIOs, split between innovation activities, identifying emerging technologies to accelerate digital transformation, and project management. CIOs, on the other hand, envision their primary role as more focused on innovation, tasked with finding the parts of the business that can be digitally transformed (cited by 41% of CIOs).

Emerson's Finders conducted a survey 18 months ago to get to the heart of what LOB thought of IT's role and the quality of work being done. The revelations were pretty sobering – the business didn't see IT as strategic or innovative nor did they think the group was doing enough of what needed to be done, he explains. "It was a challenge to continue to do more because they keep wanting more," he admits.

Post survey, Finders went on a tear to address the problem, embedding IT staffers in the business, conducting listening tours, and doing a lot of heavy lifting to make the IT organization more customer focused, in keeping with the overall corporate mission. Months into the initiative, Finders says relations with LOB have improved and the groups have a much better sense of IT's overall strategic contribution.

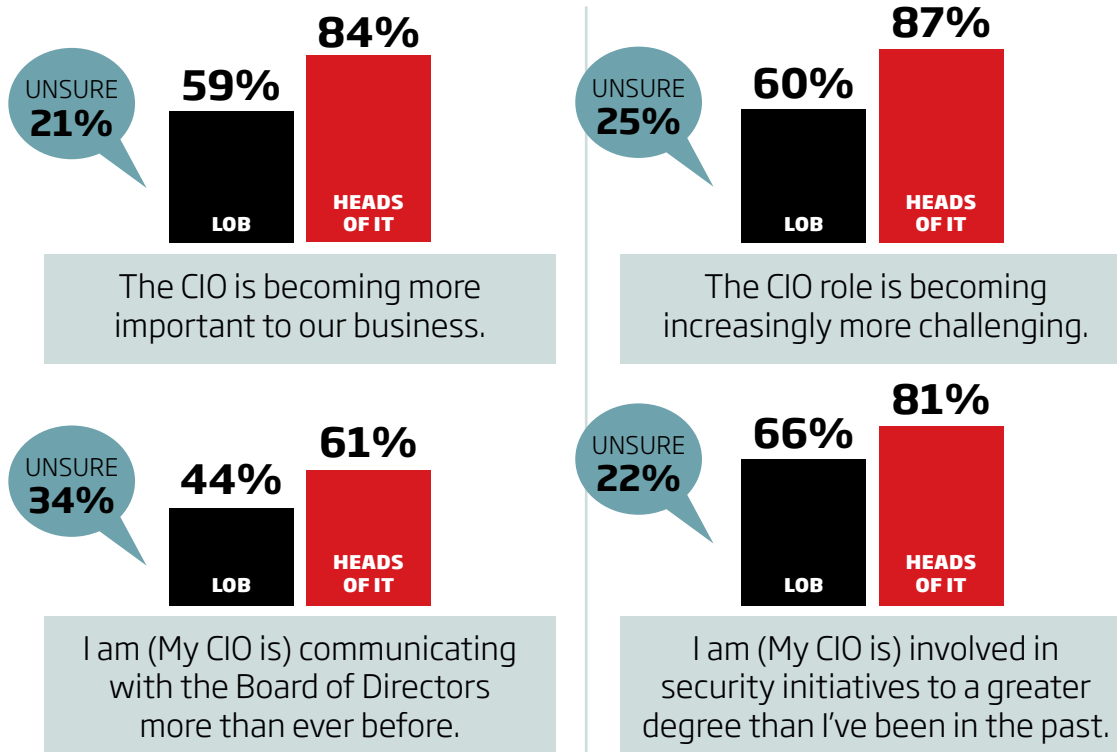
Craig Johnson, president of the Residential Solutions group within Emerson's Commercial and Residential Solutions platform, agrees that the IT/LOB relationship has dramatically improved. Previously, he says IT was so focused on converting legacy systems to a common Oracle platform that it seemed to be doing things "to" the business, rather than "for" the business. Today, with a strong governance model, actively engaged IT steering committees, and a concerted effort by IT to understand emerging business needs, things are back on track.

"The IT group is now perceived as a partner in problem solving rather than a gate keeper," Johnson says. "We are increasingly sharing best practices across our solutions businesses with IT as a facilitator. This has created a better balance between IT governance and business responsiveness."

More CIOs need to follow Finders' lead and work to ensure LOB fully understands the CIO's strategic influence on the enterprise as well as the full scope of the role. For example, 84% of CIOs believe the role is becoming more important to the business compared to only 59% of LOB (an additional

63%
OF LOB SEE
CIOs AS
STRATEGIC
ADVISORS/
CONSULTANTS

THE CIO ROLE



21% of LOB respondents were unsure). Similarly, while 87% of CIOs found their role to be more challenging, only 60% of LOB acknowledged the increasing complexity and 25% were not sure where they stood on this issue. Nearly a third of LOB respondents were also unclear about their CIO's interaction with the board of directors and 22% didn't have a clear picture of the CIO's increasing involvement in security initiatives.

LOB is also less aware of the challenges facing CIOs. Only half were keyed into the CIO's struggle to find the right balance between innovation and operations (a challenge cited by 87% of CIOs) and just 31% had knowledge of CIOs embroiled in turf battles with other executive peers – an issue cited by 42% of CIOs.

Ken Kauppila, CIO of Merchants Leasing, was determined to strengthen the relationship between IT and LOB when he joined the provider of fleet management solutions several years ago. At the time, the company was behind schedule on a major product rollout, and Kauppila knew there needed to be more transparency to streamline development efforts and foster a better working partnership between IT and LOB.

Kauppila instituted an IT steering committee where LOB owners, IT and even the CEO could come together to have an open dialog about resources, strategic initiatives, priorities as well as on-going performance metrics. Development schedules are now on track, and IT is regularly called in as a resource for sales calls and other high-profile meetings. "Now we have weekly meetings with LOB where we go over our priorities, and show them where they are in the queue based on our workload," he explains. "The most critical function of the CIO is to have strong relationships with the business because they are our customers."

Thanks to concerted efforts to cultivate strong business relationships and the stabilization of security strategy, CIOs have come a long way from their traditional functional role as technology implementer to serving as a critical partner to the business. While there is still work to be done helping LOB understand the full extent of their strategic role, CIOs are having significant impact on the business as they drive digital transformation and help innovate lasting competitive advantage.

EXAMINING THE MARKETPLACE

We think research is invaluable in helping to connect marketers with customers and prospects.

Our research portfolio explores our audiences' perspectives and challenges around specific technologies, examines the changing roles within the IT purchase process, and arms IT marketers with the information they need to identify opportunities. To review the presentation of full results from any of these studies, contact your IDG Enterprise sales executive or Sue Yanovitch, VP, Marketing for IDG Enterprise at [syarovitch@idgenterprise.com](mailto:syanovitch@idgenterprise.com).

BUYING PROCESS

Each year we take a deep dive into the enterprise IT purchase process to learn more about who is involved and who influences decision-making, what sources purchasers rely on to keep up to date with technology – and throughout the purchase process – and how they feel about the vendors they're working with.

ROLE & INFLUENCE OF THE TECHNOLOGY DECISION-MAKER

The annual IDG Enterprise Role & Influence of the Technology Decision-Maker survey is conducted to gain insight into the evolving role and influence of IT decision-makers in today's corporations. The research examines the involvement of IT decision-makers during each stage of the IT purchase process and the primary influences and information sources they rely on throughout the purchase process.

CUSTOMER ENGAGEMENT

The IDG Enterprise Customer Engagement survey looks at the role content consumption plays in the purchase process for major technology products and services, and provides insights to IT marketers to map their engagement touch-points to customers' information needs. The survey looks at how a wide variety of content types are used throughout the individual stages of the IT purchase process and how that content is consumed, discussed and shared.

TECHNOLOGY INSIGHTS

Designed to explore the technologies that are top of mind among our audiences to understand the business challenges, drivers, and adoption within the enterprise.

ROLE AND PRIORITY STUDIES

- CIO Tech Poll: Economic Outlook
- CIO Tech Poll: Tech Priorities
- Computerworld Forecast Study
- Global Information Security Survey
- State of the CIO
- Architect Persona
- Developer Persona
- State of the Network

TECHNOLOGY SPECIFIC STUDIES

- Big Data & Analytics: Insights into Initiatives & Strategies Driving Data Investments
- Cloud Computing: Key Trends and Future Effects
- Consumerization of IT in the Enterprise
- The Mobile First Enterprise
- Unified Communications & Collaboration

CUSTOMER JOURNEY POSTER

Want to know which content drives IT decision-makers and fuels their engagement during the IT purchase process? IDG Enterprise's Customer Journey poster serves as your content marketing guide to strategically reach your target customers. Request a copy of the poster at idgenterprise.com/resource/marketing-tools/customer-journey-poster-2016.

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