The meteoric rise of the CIO

A research paper from Logicalis based on a study of 1000 CIO’s from around the globe.
The technology leaders who took part in our most recent survey are playing a leading role in delivering a digital-first future. Their growing field of influence at board level is giving rise to a bolder leadership style, helping organisations to reimagine customer and employee experiences.

The trend towards a more strategic CIO role that we first observed in our 2017 report has accelerated rapidly. At that time, CIOs saw digital as a strategic priority, but most said their organisation was lagging behind, slowed down by security concerns, complex legacy IT systems and a lack of digital awareness in the wider business.

Faced with an urgent need to innovate, CIOs stepped into the role of digital evangelist and strategic advisor. While 61% of CIOs in 2018 were measured by how much money they could save, almost half (46%) of today’s CIOs are measured on their ability to deliver innovative new services.

The expectations of CIOs have never been higher, but budgets are in short supply. CIOs are increasingly turning to managed service providers to cost-effectively deliver services that offer innovation, efficiency, and access to much-needed skills.

A tough market demands innovation, along with growth and efficiency. Having spent decades delivering just this within the IT organisation, it’s time for the CIO to step out on a broader stage and show the business how to unlock its full potential.
Our most recent CIO Report clearly demonstrates that the role of the CIO is expanding and evolving. Today, 41% of CIOs have some level of responsibility for business strategy while 81% say they are spending more time on innovation. This finding is mirrored in the recent Gartner Group Evolution of CIO Responsibilities survey, which found that 81% of CIOs are leading initiatives beyond traditional IT management. In its 2021 report, Gartner principal analyst Apoorva Chabra said: "Digital doesn't only disrupt business – it transforms leadership. Digital business success demands a paradigm shift in technology leadership, and an evolved way of thinking."

Orchestrating transformation on the journey towards a digital-first future means CIOs are forging a new path. The four critical areas of focus for CIOs identified in our 2023 report include:

- **79% of CIOs are increasing spending on customer and employee experiences**

Innovation: Most CIOs are focused on innovation to help drive better experiences. Some 50% of CIOs are expected to deliver continuous innovation that elevates and differentiates customer and employee interactions.

Digital transformation: Virtually all CIOs are in the process of digital transformation, and 57% of CIOs say that building and operating new digital platforms is still a core part of their job.

Reimagining service partnerships: Faced with growing cyber-threats, budget restrictions and skills shortages, CIOs are building new partnerships with trusted Managed Service Providers (MSPs) to drive innovation and digital resilience.

- **81% of CIOs are spending more time on innovation compared to a year ago**

74% of CIOs expect to increase spending on IT Outsource Management in 2023 in search of benefits such as better visibility of costs and performance (55%), access to skills (48%) and the ability to utilise infrastructure and software as a service (47%).
Evolving role of the CIO

Bold by design

New industry dynamics present CIOs with new opportunities
Bold leadership takes CIO’s from the basement to the boardroom

The last decade has presented organisations with a host of challenges, but it has also provided a fast track for many CIOs from the basement to the boardroom. Technology leaders were already at the heart of digital transformation initiatives, but when remote working became the new normal, it was the CIO who helped to shift entire businesses to digital platforms and services.

Today, business leaders facing a turbulent future are turning to CIOs for strategic advice on navigating the challenges ahead. Can we deliver resilient services while also transforming the experience for our customers and employees? How can technology help us to differentiate services in an increasingly competitive market?

Traditionally, CIOs would drive efficiency and growth by managing the IT infrastructure to support business strategy. That’s no longer enough.

Today’s tech leaders are actively involved in creating business strategy, using their technology expertise to deliver innovative solutions that drive value and competitive advantage. Some 81% of CIOs told us that they saw a ‘significant increase’ in the amount of time they spend on strategic planning in 2022, while 77% are spending more time selling ideas into the board.

CIOs are playing a role in orchestrating transformation, helping organisations to rethink the way they do business, building new revenue streams and transforming service delivery.

It’s an evolution that makes sense. Many CIOs have strong leadership skills, technology expertise and a great awareness of many business silos. It’s hardly surprising if their role expands from “supporting the business through technology” to “helping create and drive new business models and revenue streams that are enabled by technology.”

Our report found that 81% of CIOs are spending more time on innovation, with almost half (46%) reporting that innovation is part of how their job performance is measured. Some 81% of CIOs are spending more time on innovation, with almost half (46%) reporting that innovation is part of how their job performance is measured.

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Our report found that 81% of CIOs are spending more time on innovation, with almost half (46%) reporting that innovation is part of how their job performance is measured. Half of CIOs also said that their board expected them to deliver continuous innovation. This reflects a 2021 survey conducted by Deloitte, which found that 80% of CIOs are driving their organisation’s innovation efforts.

This doesn’t mean that CIOs aren’t still involved in technology strategy. Our report found that most CIOs expect digital transformation and related technology projects to be a top priority for the next two years, while 84% expect this part of their job to increase over the next two years. Around 8 in 10 CIOs said they expected spending on digital transformation to increase in 2023, reflecting the wider importance of transforming customer and employee experiences and building better resilience. Despite the optimistic headline numbers on IT spending, CIOs are facing significant budget challenges, as they face record inflation, rising supply chain costs and skills shortages. In reality, many spending increases will look like spending cuts in the 2023 economy.
Everywhere you look, people are talking about increasing customer expectations. Whether a CIO is in a B2B or B2C environment, today’s users expect 24/7 omnichannel access to personalised services supported by emerging technologies, from customer service chatbots to AI powered insurance quotes.

CIOs are rethinking digital services to provide this experience for customers, partners, and employees. Some 79% of CIOs expect to increase spending on customer experience in 2023, while 77% want to ‘redefine’ the customer experience in the year ahead.

Tech leaders aren’t just considering the experience of customers – they’re also rethinking the employee experience. With a shortage of skilled workers, CIOs understand that creating a supportive work environment that fosters enhanced collaboration and productivity is important in attracting and retaining skilled employees.

Research firm IDC recently cited employee experience as one of the top 10 CIO priorities for 2023. “CIOs will be instrumental in helping their enterprise navigate the winds of change by co-creating new business models and outcomes,” said Serge Findling, a VP of research at IDC.

More than half (57%) of the CIOs we spoke to say that employee experience is a key priority. What this means in practice is a focus on building a digital first culture with high quality interactions and the ability to use data to deliver better leadership insights.

This strategic goal perhaps explains some of the anticipated investment in digital transformation discussed in Chapter 1. Some 77% of companies are continuing
to invest in digital transformation in 2023, and this will be important in delivering a better user experience.

Higher customer expectations are only one part of the story. On the other side,

77% want to ‘redefine’ the customer experience in the year ahead

CIOs are helping organisations adapt to a shortage of skilled workers by providing compelling, enjoyable digital experiences for employees.

More than half (53%) of CIOs expect to adopt new technologies to enhance the employee experience. Top of the experience wish list? Better connectivity (48%), guaranteed security for remote workers (45%), and new wellbeing initiatives (27%).

When innovation is a priority, it isn’t surprising to see an increased interest in Agile for the rapid development of digital services. 

Forrester Research found that 40% of companies using Agile saw faster innovation, while 38% saw improved quality and faster time to market.

Some 80% of CIOs also expect to see increased investment in Agile in 2023, and almost half (44%) say that a key priority this year is using agile to help balance legacy IT with innovation in digital platforms and services.

Technology only works when you work with your people, engaging key stakeholders, telling a story and creating a little bit of excitement around what’s coming and how it’s going to benefit their day-to-day work

Dean Mills, Director of Information Technology, Anglicare Victoria

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While CIOs are helping organisations to innovate at pace and scale, it’s never been more important to balance that momentum with risk awareness and resilience. In 2023, the role of the CIO must be to enhance existing capabilities and create new ones, while protecting the organisation from continued volatility and increased risk.

Having a robust security and risk strategy allows CIOs to build resilience that leaves them free to focus their attention on driving continued innovation and service improvement. But it isn’t easy – CIOs report that a lack of skills and rapidly growing threat landscape make resilience an ongoing challenge.

Around half of CIOs (52%) are increasing spending on risk management in percentage terms, and plan to grow their risk management teams this year. This makes sense if we consider the expanding number of threats that today’s
We generate about 170,000,000 events a month. There is no way our internal security team would be able to review that amount of data without using partners and their threat intelligence to help identify potential threats.

Ray Thorpe, Global CISO, ESW

IT organisations need to mitigate. Half (48%) of CIOs believe that malware and ransomware will present a significant risk to their organisation in the year ahead. Other significant threats include data breaches (42%), phishing (37%), malicious insiders (31%) and human error caused by lack of staff awareness (31%).

CIOs are optimistic about technology’s ability to build resilience. Some 92% of those surveyed are confident that their investment in digital services will build business resilience.

However, CIOs are also taking a wider view of resilience and security, rethinking the way that services are built and delivered to help reduce and manage risk. A third of CIOs already work with Managed Service Providers to deliver digital services, and 74% expect to increase spending on outsourced IT and managed services in the year ahead. Respondents cite security compliance (39%) as one of the main expectations when working with an MSP.

The majority of CIOs (57%) are already moving towards secure cloud-first environments, while 38% are working with MSPs to deliver digital platforms. This shift is being driven by wider strategic priorities around innovation, sustainability and security: 57% of CIOs say they would work with an MSP to boost digital platform capability, while 48% would be driven by sustainability.

The benefit of such relationships is clear – half of CIOs say that the right MSP can help to free up resources so that CIOs can focus on core strategic priorities. Meanwhile, 41% say that an MSP can provide better access to skills (41%) and improved visibility of cost and performance (35%).
A sustainable future

Embracing sustainability through innovation
The CIO is emerging as the business leader in sustainability and environmental, social and governance (ESG.) Tech leaders are in an ideal position to advance sustainability by driving digital transformation, improving energy efficiency, and reducing carbon emissions.

CIOs have a head start in understanding sustainability, because they’re often at the forefront of delivering more sustainable, digital services - from self-service customer portals to remote working platforms. They’re also likely to have experience of evaluating sustainability data. Almost half (49%) of the CIOs in our report told us they look at carbon output, sustainability and energy efficiency when choosing new suppliers, and 20% say this is an important consideration when choosing new Managed Service Providers (MSPs).

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This experience means that many CIOs are well aware of the benefits of sustainability. Our survey reveals that 92% of CIOs see a clear link between ESG, sustainability and enterprise value. The biggest motivators for driving improved sustainability were cited as:

- Marketing competition (55%)
- Customer attraction (52%)
- Employee expectations (45%)
- Customer retention (45%)

The challenge that CIOs face in boosting sustainability is a lack of skills, understanding and data in the wider business. While the business recognises that sustainability is important, perhaps urgent, there is a lack of understanding when it comes to creating and measuring the effectiveness of sustainability strategy.

Our report found that 48% of CIOs said progress in sustainability is hindered by a lack of in-house skills. Other barriers include a lack of appropriate data collection and a need for greater support and buy-in from senior leadership. According to Info Tech Research’s 2023 Tech Trends Report, today less than one quarter of IT professionals say their organisation can accurately report on ESG performance.

This will change as sustainability moves up the corporate agenda, and when financial regulators start to demand companies’ compliance carbon emissions. When that happens, the CIO could be a pivotal figure in delivering change. Speaking to Deloitte, Jedidiah Yueh, founder of SustainableIT.org, said: “CIOs have a great responsibility and incredible opportunity to combine the power of technology and leadership to impact not just sustainability but all three pillars of ESG.”

“Digitalisation goes hand in hand with sustainability. Every company now has sustainability goals and digitalisation is the key to delivering sustainable business value”

Nuno Pedras, Group CIO and Digital Officer for Galp Energia, Portugal

In a Gartner survey, 63% of respondents indicated investments in IT and digital solutions are part of their sustainability programs.
The CIO of 2023 is riding a wave of innovation, but they’re trying to conduct an orchestra at the same time. From their podium, the CIO ensures that existing services are secure and keep to a predictable rhythm, while increasing the tempo of new services that drive innovation and value. It’s a tall order. To give themselves the best chance of success, CIOs should ask themselves the following:

1 - As a CIO, what action can I take to fine tune innovation in our organisation?

2 - How can I build greater collaboration and harmonise with colleagues across the organisation to build stakeholder engagement?

3 - What are the most significant risks to our organisation and how can we build resilience to mitigate those risks?

4 - How well do we pitch to employees and customers, and how can technology help to transform and improve their experience in a way that differentiates our service?

5 - What steps can I take to build understanding, awareness and measurable action around sustainability that reach outside the IT organisation?

6 - How can I rethink the way our organisation engaged with service providers to meet challenges around skills, performance, and efficiency?

Technology leaders who provide sound answers to these questions will emerge as clear strategic partners to the business by driving digital transformation, enhancing existing services and providing innovative solutions to new challenges.

By using their IT experience as a lens for making strategic choices that drive innovation and differentiation in a digital-first world, CIOs have a clear opportunity to step up to drive transformation and steer their organisation’s future.
We are Architects of Change. We help organisations succeed in a digital-first world.

At Logicalis, we harness our collective technology expertise to help our clients build a blueprint for success, so they can deliver sustainable outcomes that matter.

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