

## Gartner Survey of More Than 2,800 CIOs Reveals That CIOs Must "Flip" Their Leadership Styles to Grasp the Digital Opportunity

As the technologies and trends that power digitalisation move to centre stage, CIOs are being presented with a unique opportunity to become digital leaders according to a global survey of CIOs by Gartner, Inc. The survey showed that CIOs are fully aware that they will need to change in order to succeed in digital business, with 75 percent of respondents saying that they need to adapt their leadership style in the next three years.

Gartner analysts presented these findings during the sold out Gartner Symposium/ITxpo, which is taking place in the U.S. this week.

"To grasp the digital opportunity, incrementally improving IT performance isn't enough," said Dave Aron, vice president and Gartner Fellow. Digitalisation is no longer a sideshow — it has moved to centre stage and is changing the whole game. CIOs now have a unique opportunity, but they must 'flip' their information, technology, value and people leadership practices to deliver on the digital promise."

The worldwide survey included responses from 2,810 CIOs, representing more than \$397 billion in CIO IT budgets in 84 countries. The Gartner report "Flipping to Digital Leadership: The 2015 CIO Agenda," represents the most comprehensive examination of digital business opportunities and threats and CIO strategies.

Gartner's last CIO Survey — "Taming the Digital Dragon: The 2014 CIO Agenda" — explored the advent of the third era of enterprise IT, where information and technology make a fundamentally different contribution to the business, less tied to efficiency and effectiveness of internal processes than to enabling disruptive new products, services and business models. Nearly one year later, the third era is here, and digitalisation is increasingly determining the winners and losers in all industries.

"This isn't just a high-tech story, a U.S. story, a private-sector story, a large-company story or a startup story," said Mr. Aron. "Digitalisation is transforming all types of companies and public sector agencies. More often than not, these transformations represent both massive opportunities and substantial challenges for the CIO and the IT organisation. Digitalisation is not only a way to gain a competitive edge, but also provides a powerful ability to flip disadvantages into advantages."

According to the 2015 CIO Survey, 89 percent of CIOs agree that in addition to the considerable opportunities afforded by digitalisation, the digital world engenders new, vastly different and higher levels of risk, and 69 percent said that the discipline of risk management is not keeping up. CIOs therefore need to review with the enterprise and IT risk leaders whether risk management is adapting fast enough to a digital world.

The exciting news for CIOs, is that despite the rise of roles, such as the chief digital officer, they are not doomed to be an observer of the digital revolution. According the survey, 41 percent of CIOs are reporting to their CEO. This is a return to one of the highest levels it has ever been, a result of the digital narrative gaining prominence in the boardroom and on the executive committee. Even stronger evidence of opportunity for CIOs is the fact that the survey reveals that CEOs expect them to lead the digital charge during this critical transition period.

However, as in last year's CIO survey, it appears that IT budgets are not growing exuberantly. The average IT budget will grow by just one percent from 2014 to 2015. CIOs estimate that 79 percent of IT spending will be "inside" the IT budget (up slightly from last year), but much digital innovation can and will be funded outside the planned IT spending.

Perhaps the biggest hurdle when it comes to digital opportunity for CIOs is the fact that the IT discipline within most enterprises has developed a set of behaviors and beliefs over many years, which are ill-suited to exploiting digital opportunities and responding to digital threats. To start with, most enterprises still think of innovation in terms of the technology paradigm. If this continues, the digital opportunity may be lost. Digital leadership means flipping the approach from legacy first to digital first, assuming all solutions will be cloud based, designed for mobile and highly contextualised, and looking to exploit unstructured data, and run data-led experiments. Secondly, most enterprises and their CIOs disproportionately focus on what is easily measurable (e.g., IT cost), rather than what is most valuable or requiring the most attention (e.g., the value of building a digital capability) — another situation that has to flip.

"During the second IT era of industrialisation, people leadership was honed to emphasise precision, discipline and tight control," said Graham Waller, vice president and executive partner for Gartner Executive Programs. "Therefore, through both nature and nurture, CIOs have evolved into control-style pragmatic leaders. Given the characteristics of the new digital era, this bias is dangerous. CIOs must invert their style to be more vision-led and inspirational."

The survey results underline the fact that CIOs already know this. Seventy-three percent of surveyed CIOs say that they have changed their leadership style over the last three years, and 75 percent say they must change it over the next three years to flip their leadership style from "control first" to "vision first."

"Being a powerful digital leader and influencer takes time and CIOs need to spend time being digital leaders," said Mr. Aron. "Running an IT organisation is a complex business, and when we compare the 2011 and 2015 Gartner CIO Surveys, we find that the average CIO is spending more, not less, time running the IT shop — five percent more, or an extra day per month. However, the survey data also tells us that, all things being equal, the CIOs with higher performance as IT leaders spend significantly less time running the IT shop and delegate some business unit leader engagement. This gives them an extra five percent 'time bonus,' or a day per month, to engage the board, senior leadership and external customers."

Additional insight from Mr. Aron on the CIO Agenda is available on the Gartner YouTube Channel at <http://bit.ly/1natQ3r>. More commentary from Mr. Waller is available on the Gartner YouTube Channel at <http://bit.ly/1rS7PoV>

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