



# 2012 State of the CIO **SURVEY**

Exclusive Research  
from *CIO* magazine

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Balanced Growth		25%
Growth	25%	
Growth and Income	25%	
Income	25%	
Cash Equivalents	25%	

# CIO MAGAZINE 2012 STATE OF THE CIO SURVEY

## EXECUTIVE SUMMARY

Results from CIO magazine's annual 'State of the CIO' survey, now in its 11<sup>th</sup> year, suggest a challenging year ahead for IT leaders with enterprise security threats a top concern. CIOs operating as strategic business partners, while still in the minority, are more likely to predict a good year ahead, confident they are improving risk management and command the highest salaries. More CIOs are taking some action to improve or solidify relationships with business stakeholders but a good number are still falling short in this area with survey results suggesting a gap between CIOs perceptions and those of their non-IT peers.

## SURVEY FINDINGS

### CIOs predict challenging year ahead; enterprise security threats top of mind

Eighty-two percent of the 596 IT leaders we surveyed in September expect the global recession will have a negative impact on their organization within the next three years while 57 percent are concerned that stagnant U.S. job growth will negatively impact their organizations (that figure climbs to 69 percent when looking at North American respondents). Seventy percent of IT leaders expect the coming year will bring challenges for their industry while nearly two-thirds (65 percent) expect challenges for their organization's business outlook. The growing threat to enterprise security is a concern for many IT leaders with 69 percent expecting a negative impact to their organization within the next three years. When asked to rate the performance of their team against metrics and goals, however; many of the CIOs we surveyed are more upbeat with almost two-thirds (63 percent) anticipating a good year ahead. And four out of ten respondents predict growing economic strength in emerging economies like China and India will have a positive impact on their business in the next few years.

### Mixed perception of the IT organization by business stakeholders

While the strategic influence of CIOs has generally grown in the past few years more than half of the IT leaders we surveyed (57 percent) are still perceived as a service provider or technology collaborator. Nearly one in five (21 percent) say IT is negatively perceived as a cost center.

Perception of IT Organization by Business Stakeholders	Total
Cost center - <i>Enterprise value unappreciated, misunderstood or unfulfilled</i>	21%
Service Provider - <i>Credible reputation for efficient &amp; effective delivery</i>	27%
IT Partner - <i>Trusted, influential collaborator on all things IT</i>	30%
Business Peer - <i>Truly part of "the business," engaged in developing, not just enabling, business strategy</i>	15%
Business Game Changer - <i>Acknowledged as a primary driver of the enterprise's competitive future</i>	7%

CIOs in companies where the IT organization is perceived as a business peer or business game changer are significantly more likely to predict a good year ahead for their business (48 percent versus 34 percent for total respondents) and for their industry (42 percent versus 28 percent). The most business-savvy CIOs are significantly more likely to report to the CEO (60 percent, versus 38 percent), sit on the business executive committee (85 percent, versus 66 percent), and lead a non-IT area (68 percent, versus 57 percent). This group also commands the highest salaries (\$245,000, on average, versus \$218,000).

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## Many CIOs and non-IT leaders disagree about costs and competition

In addition to our 'State of the CIO' research, this year we worked with Forrester Research to survey non-IT executives to learn how their views compare to those of CIOs and found disconnects in some key areas. When it comes to cutting costs, just 61 percent of 386 CIOs in North America say rising pressure to reduce costs is a high or critical priority, compared to 84 percent of 377 North American business decision makers. And fewer than half of IT leaders (47 percent) are concerned with the competition, compared with 78 percent of business decision makers viewing it as a high or critical priority.

## Room for improvement in business stakeholder relations

While 77 percent of the CIOs we surveyed expect a broader understanding of IT by non-IT colleagues will positively impact their IT organizations within the next few years, survey results suggest a good number of CIOs aren't taking the time to build relationships with their business peers. Forty-three percent report that marketing the IT department so the business has a better understanding of IT is a low priority or not on their agenda. For IT leaders that do make the effort to elevate or solidify their general relationship with the business, meeting more frequently with influential stakeholders (59 percent) and major systems operations fixes (51 percent) are among the most common efforts cited. A higher percentage of IT leaders this year are delegating more of their operations to trusted lieutenants (46 percent, up from 35 percent), developing IT leadership capabilities in senior managers (38 percent, from 28 percent), and training IT staff to better partner with business stakeholders (41 percent, up from 36 percent). While relatively few CIOs are out talking to their customers, more are taking the time to do so this year (23 percent, from 18 percent).

## METHODOLOGY

CIOs annual "State of the CIO" survey is 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 2012. This definitive benchmarking survey, now in its 11<sup>th</sup> year, measures the role of the CIO in the organization, budgetary responsibilities, business and leadership challenges, and the key skills needed for the job today. Members of CIO's audience were invited to participate in an online survey between September 12, 2011 and September 21, 2011. Results are based on 596 respondents who indicated they are the head of IT at their company or business unit. The margin of error on a sample size of 596 is +/- 4.0%. Percentages on questions where respondents selected one answer may not sum to 100 due to rounding. References to company size are based on the following definitions: small: <\$100 million annual revenue, mid-size: \$100 million - \$999.9 million, large: \$1 billion+ annual revenue. Not all respondents answered every question.

## RESPONDENT PROFILE

All respondents are the top IT executive at their company or business unit. Fifty-three percent hold a CIO/CTO title, 27 percent general manager/managing director/director, and 20 percent EVP/SVP/VP or other job title. Company size distribution is as follows: Small companies under \$100 million annual revenue: 28 percent, mid-size companies \$100 million - \$999.9 annual revenue: 38 percent, large companies \$1 billion+ annual revenue: 27 percent, government/non-profit: 5 percent (3 percent of respondents did not provide an answer). A broad range of industries are represented including government & education (16 percent), manufacturing (16 percent), financial services (13 percent), healthcare (11 percent), high tech, telecom & utilities (10 percent), legal, consulting & real estate services (9 percent), and retail, wholesale & distribution (9 percent). Sixty-five percent of respondents are from North America.

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