Digital Orchestrators

The CIO as the Digital Orchestrator Across the C-Suite

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Introduction

The C-suite is increasingly shifting to the “digital dream team,” wherein every function is a technology function.

In this context, the role of the CIO is critical: as a trusted advisor, an enabler of innovation, and a source of intelligence — the digital orchestrator.

CEOs will increasingly rely on CIOs to create the conditions for success in the digital-first world.

My perspective as a CIO is that we used to ask, ‘Can we try to make sure that the CIO has a place at the table?’ But now we’re so far beyond that conversation; we’re at a place where businesses are expecting the CIO to have a strategic voice for the organization.

Julie Ragland, Senior VP and CIO, Navistar Incorporated
Rise of the Digital Business

We are entering the Digital Business era following two chapters of digital transformation. The DX 1.0 story was the innovation and experimentation phase, often about solving problems in silos — in marketing, in workflows, in commerce. Success wasn’t always scalable. DX 2.0 has been focused on financial impact, deriving meaningful and measurable value from digital investments. Every organization will have to develop a strategy to thrive in the Digital-First World. The goal of every organization is to become a sustainable digital business for the long run; a business that is focused on outcomes.

Jamie Dimon, CEO of JP Morgan
Announcing $12B annual tech spend Tech to Compete with the FinTechs

We are there for the long run. We’re going to add products and services and countries for the rest of our lives.

The CIO as Digital Orchestrator

As technology becomes the key differentiator for all organizations operating in the digital-first world, the spotlight is being shone on the technology leadership function. CIOs will need to stand up and deliver tangible value to help their respective organizations thrive in a digital-first world. CIOs are in a unique position as they have a view across all functional areas due to the pervasiveness of technology in organizations today.

The CIO’s role has shifted to that of a Technology Leader, an Innovator, a Strategic Advisor, a Transformation Leader, or Optimizer — all strategic roles and working across the C-suite to drive change.

<table>
<thead>
<tr>
<th>CIOs’ Most Important Roles in Their Companies</th>
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<tbody>
<tr>
<td>Technology Leader</td>
<td>44%</td>
</tr>
<tr>
<td>Innovator</td>
<td>27%</td>
</tr>
<tr>
<td>Strategic Advisor</td>
<td>26%</td>
</tr>
<tr>
<td>Transformation Leader</td>
<td>23%</td>
</tr>
<tr>
<td>Optimizer</td>
<td>23%</td>
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</table>

62% of CEOs see the role of the CIO focusing on **business outcomes**, business **agility**, and **new revenue streams** from digital over the next two years.
Technology: Word of the Year in 2022. Digital is the Growth Engine for the Next 5 Years.

IDC asked CEOs which word most reflects what their organizations need to focus on to thrive in 2022. We provided a list of 10 words, and technology was the word of the year for global CEOs, followed by efficiency and growth.

40% Technology
33% Efficiency
32% Growth

Technology is top of mind for the CEO and is a key priority in 2022 for organizations to thrive in the current economic climate.

CEOs are not just talking technology, they are investing in it for the business. 88% of CEOs plan to sustain or increase tech spending in 2022. What’s more interesting is the expected growth in revenue from digital products, digital services, and digital experiences. This ambitious growth projection requires technology leadership, vision, and a consensus across the C-suite.

Expected % of Revenue from Digital

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>2022</td>
<td>30%</td>
</tr>
<tr>
<td>2025</td>
<td>35%</td>
</tr>
<tr>
<td>2027</td>
<td>41%</td>
</tr>
</tbody>
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Source: IDC WW CEO Sentiment Survey – January 2022 (N=389)
Strategy Driven by the **Digital Dream Team**

- **CIO: Technology leadership** has a seat at the table
- The CEO is personally engaged, **ensuring that this is a group of equals** in a Tug of Value (vs. Tug of War)
- Demand for **quicker time to value**, and often digital-first

Alignment on strategy between all C-suite roles is a key characteristic of the digital dream team
Views from the CEO and Board: **Priorities and Risks**

**Security has become a board-level topic.**
CEOs view cybersecurity threats as a top issue, and they expect its importance to rise over the next two years. The growing threat landscape, the expanding attack surface, and the challenges in responding to the frequency of incidents is driving organizations to the limit of their capabilities. CEOs recognize the importance of a team approach to managing security and CIOs are central figures in helping mitigate cyber risks.

### Board of Directors Top Priorities in 2022

- **Cyber Security Threats**: 86%
- **Digital Sovereignty**: 86%
- **Diversity & Inclusion**: 81%
- **AI Ethics**: 81%
- **Environmental Sustainability**: 79%

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“This is not about managing one crisis. It’s about being prepared for anything and being able to adapt to any disruption to the business. And technology is critical to make this a reality.”

Gonçalo Caseiro
Chair, INCM
(Portuguese Mint and Official Printing Office)
CIO-CEO Relationship: Technology Leadership in a Digital-first World

Nearly 1 in 2 CEOs Need help in terms of building out a digital-first strategy

89% of CEOs see it as “absolutely critical” or “very important” to have the right technology leader in place to drive digital transformation in 2022.

82% of CEOs indicate that the CIO will continue in their existing role to lead the technology team in 2022, or will be promoted to a more senior leadership role (i.e., CTO or CDO) focusing on digital.

6% of CEOs plan to hire an external technology leader (a CTO or a CDO) to lead the technology function in 2022.
Enabling Business Agility: The Future of Finance

A multitude of business pressures and uncertainties point towards a need for a comprehensive and real-time view of financial status.

Key Finance Metrics for Enterprises: CFOs are focused on cost management and forecasting accuracy, which has become increasingly complex, and the need for real-time data is increasingly urgent. Being agile implies moving quickly.

“More involvement with IT decisions involving finance, ERP, analytics”

“Forecasting Accuracy”

“Optimizing budgeting, planning and forecasting” and “Improving decision making and manager effectiveness”

“Communicating financial and business metrics to stakeholders effectively”

“Financial planning/ performance management software” and “Business analytics software”

Source: IDC Deep Dive into the Future of Finance, 2021
59% of CFOs believe that finance will need to transform their respective organizations by leveraging technology and data. The CIO-CFO relationship is critical to success in that transformation process.

Modern organizations generate more data than they know what to do with. These are the top priority metrics for finance:

1. **Forecasting Accuracy**
2. **Cost Management**
3. **Sustainability KPIs**

Without that ability to make decisions from data, C-suite executives find themselves reacting to volatility defensively instead of using data to be proactive, predictive, and prescriptive.

As inflation emerges as a growing business risk, CIOs and CFOs can work together to manage costs both in IT and in business units where data and technology can be harnessed for operational efficiency.
Employee Experience and the Talent Challenge

**Improved talent attraction** requires greater focus on what employees want.

- **Talent Attraction**: 42.3%
- **Employee Satisfaction**: 36.9%
- **Learning & Development**: 35.9%
- **Mental Health & Happiness**: 32.7%
- **Diversity & Inclusion**: 22.1%

Source: The C-Suite Tech Agenda: Which Metrics Matter in the Boardroom, IDC 2022
CIO-CHRO Relationship

Top technologies that will be used by CHROs

- Recruiting applications: 61%
- Work performance management: 59%
- Learning management: 53%
- Core HR: 50%
- Compensation management: 46%
- Payroll accounting: 31%

- As all business units become technology units and are forced to break down functional silos, HR will become increasingly involved with technology decisions.
- This collective approach will enable CHROs to address the top pain points of employee training and development, retaining high performers, and engaging and motivating remote workers.
- In the hybrid work model, CIOs can focus on applications that foster location-agnostic collaboration securely.
The role of IT expands beyond the core, and now a new layer of adjacent technology becomes critical to lines of business, driving new business outcomes.

Digital technology becomes the new way to compete.

#1 Technology initiative for the CEO: Revenue-Generating Technology Architectures
CIO-Tech Leaders Relationship

Digital business models are ramping up and leading more enterprises to establish chief technology officer (CTO) roles. This role complements the CIO function by establishing deeper competencies in 3 inter-related domains:

- **Business model vision**
- **Business stakeholder management**
- **Team structure**

**CTO**
- Long-term tech vision
- Customer and partner engagement
- Skills
  - Tech architecture selection

**Team**
- (TECH) Team

**Business**
- (TECH) Business

In most organizations, a CTO’s first job is to bring together C-level, product owners, developers, and infrastructure teams.

Simone Fiore, CTO, eWitness

Building a Data-Driven Innovation Culture

Driving Business Outcomes:

Organizations with excellent enterprise intelligence experience 3x–4x greater quantitative business benefits than organizations with poor enterprise intelligence.

83% of companies want to be more data-driven, but only 30% currently use data and analytics routinely as a key factor in their decision making. The need is widely felt, as it is recognized that this is essential in becoming a digital-first business.

Enterprise Intelligence
- Ability to Synthesize Information
- Delivery of Insights at Scale
- Capacity to Learn
- Data Culture

Capability Gap
Business Outcomes Enabled by the CIO

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Top Five “Major Strategic Shifts” in the Next Two Years

- Faster products/services innovation: 66%
- New digital channels: 66%
- New digital products: 65%
- New market entry: 60%
- New business models: 54%

“Pace of products/services innovation” is top of mind for government, higher ed, healthcare verticals.

Retailer and manufacturers are strongly focused on “new digital channels”.

Telco & media organizations expect shifts related to “new digital products and channels”.

Harnessing the power of digital is not just IT’s responsibility, it is everyone’s responsibility in a digital company.

Vipin Gupta, CIO
Toyota Financial Services

Essential Guidance

**Byte-sized transformation:** Undergoing a business model transformation toward a digital end state is no easy task. Organizations need to find ways to break up the big bang approach into smaller chunks.

**Tech leadership driving the digital dream team:** As the C-suite ramps up its digital IQ to become the digital dream team, technology leaders are going to have to think about entirely new ways of driving digital value through different organizational structures and metrics.

**Collaboration is king across the C-suite:** The CIO has never been more critical to orchestrate budgets, stakeholders, and technology architectures to make this happen.
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