



CIO Leadership in defining the Short-Term Tactics and Long-Term Thinking in Tough Times

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Agenda

- These are tough economic conditions
- Driving down enterprise cost is still a priority
- In the long-term CIOs need to make their IT and themselves more flexible

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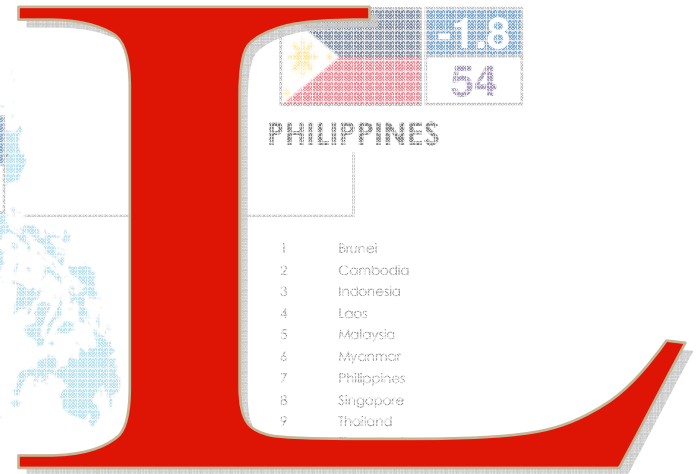
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Business leaders' key decision: what shape is this recession?

Worst

Case

Scenario



Deeper global recession with long low-growth period extending through 2009 and beyond

2009 forecast GDP growth

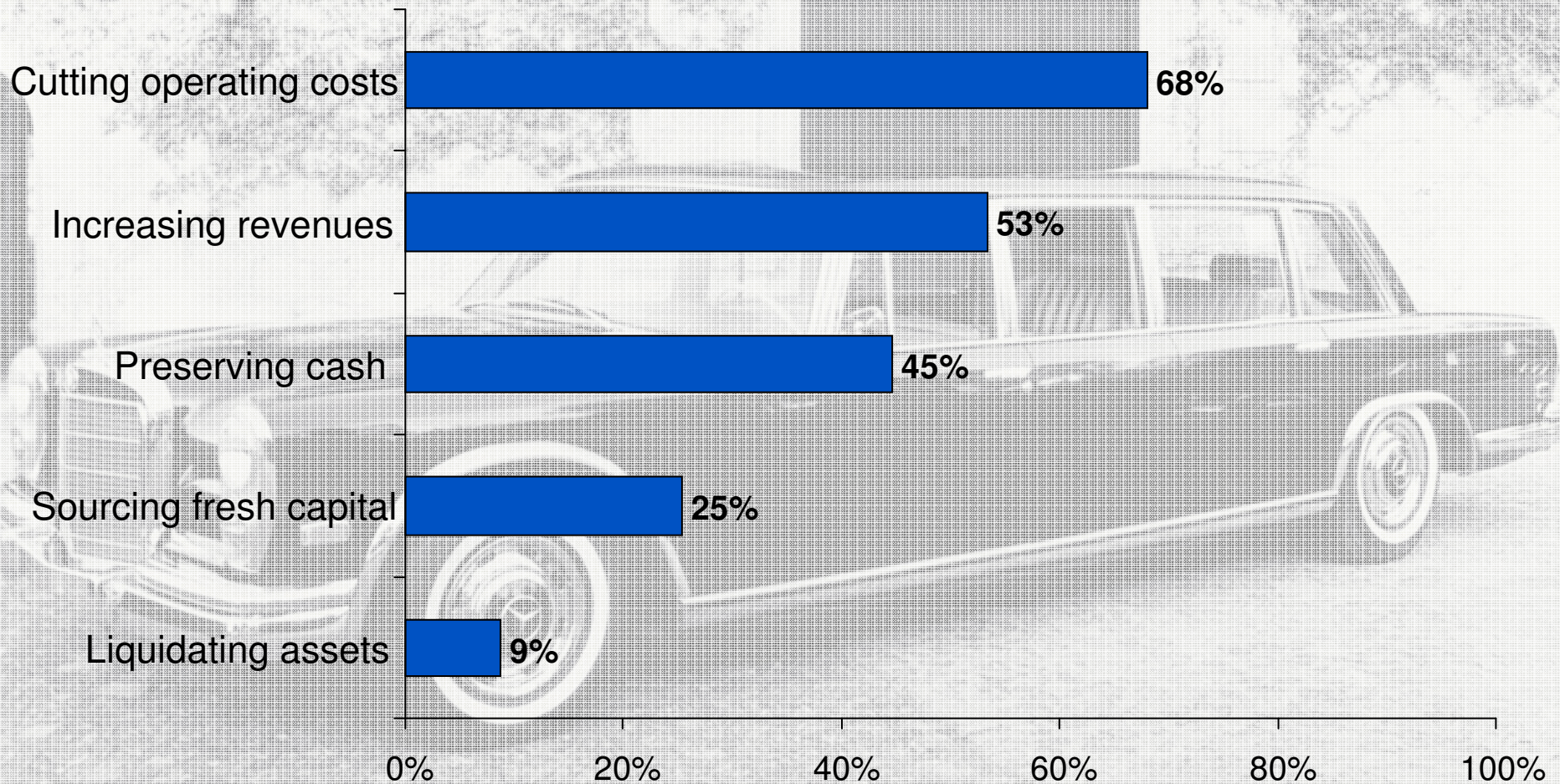
2009 e-readiness rankings ¹



Notes: 1: Economist Intelligence Unit e-readiness rankings (out of 70), June 2009
 Source: The Economist 2/7/09; IEU, June 2009

Business Executives' priorities indicate financial survival is the dominant theme

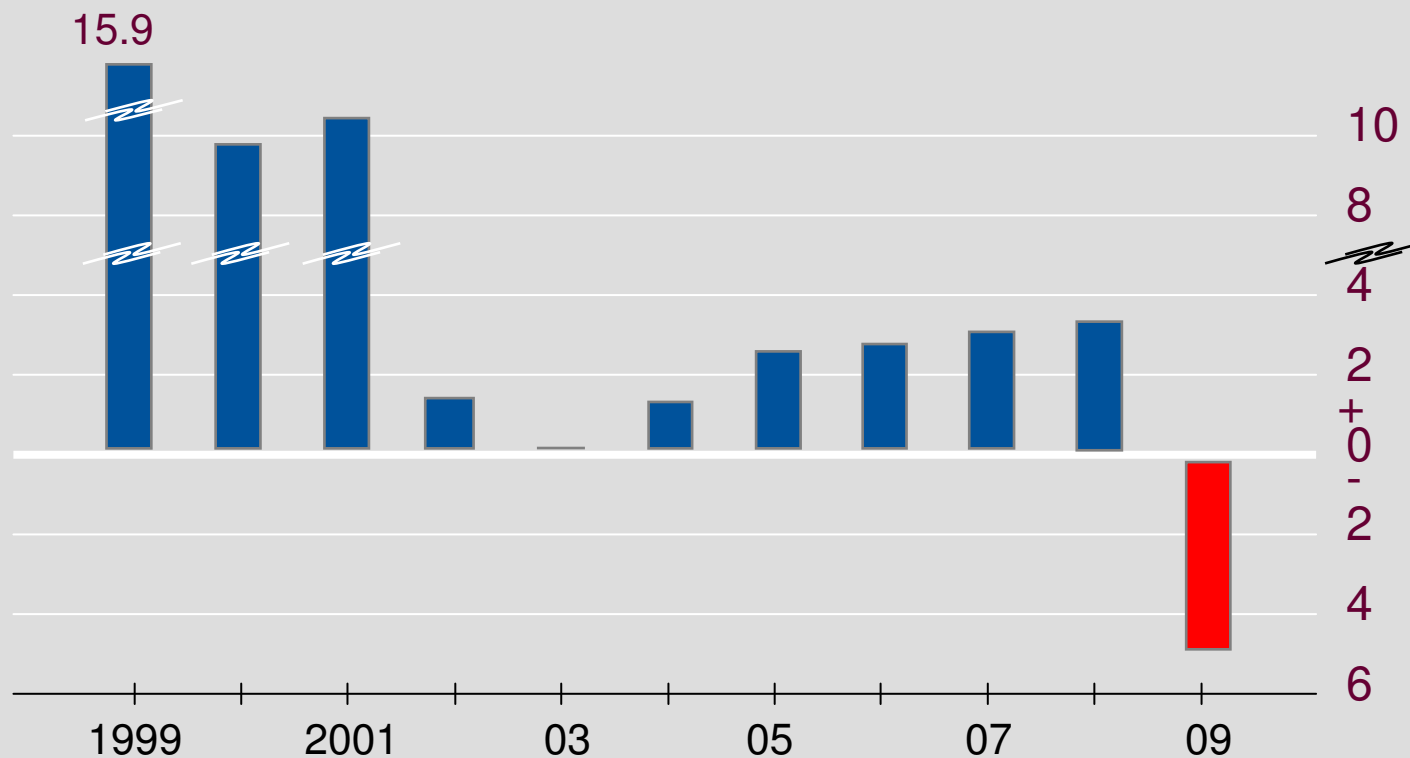
What is your top business priority for 2009?



Enterprise IT spending is down

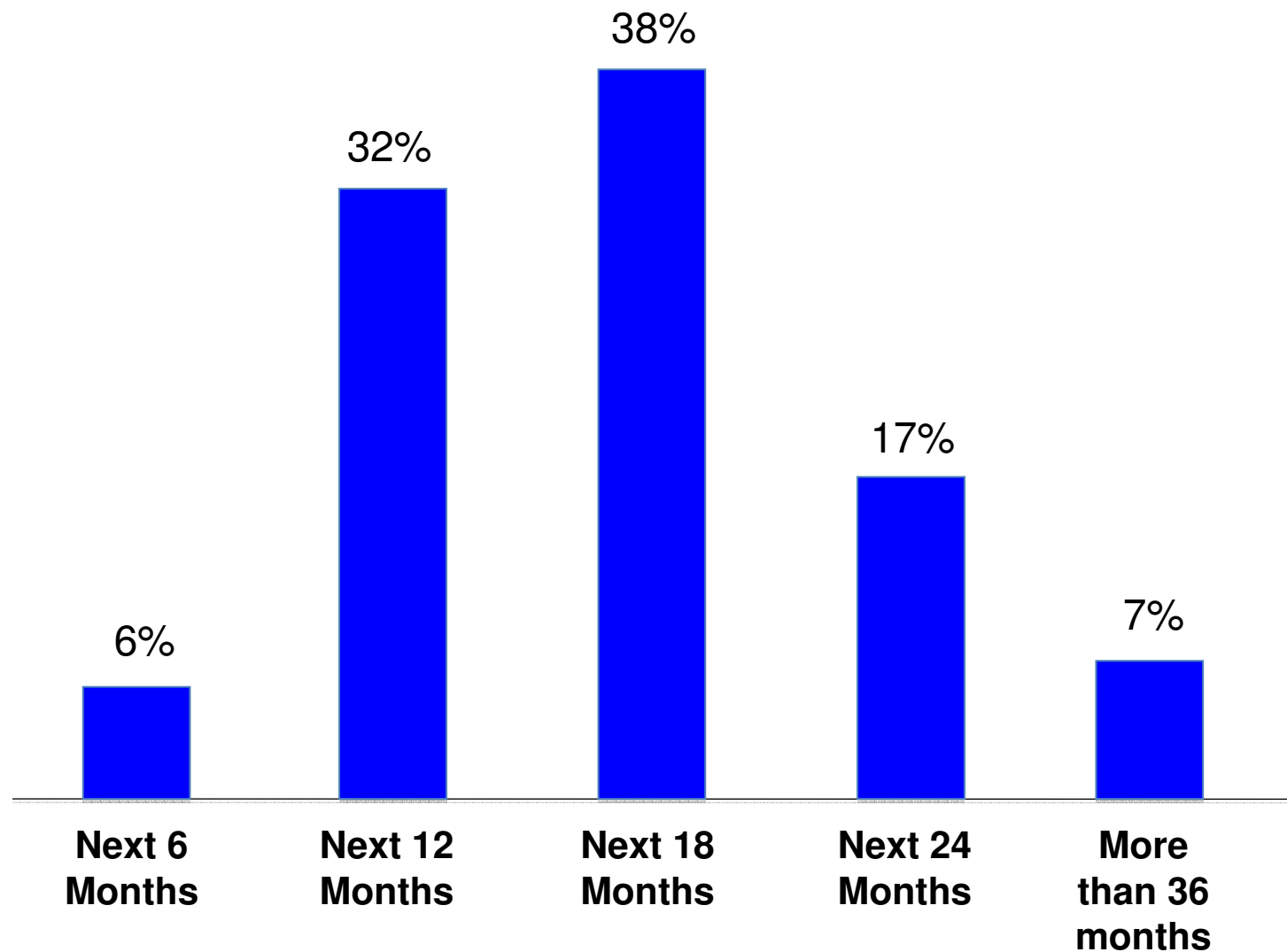
Boom to bust

Worldwide average enterprise IT budgets, % change on previous year



Source: Gartner EXP CIO Surveys, 2000 – 2009; EXP CIO Survey update, May, 2009

When growth will resume: CIO forecasts

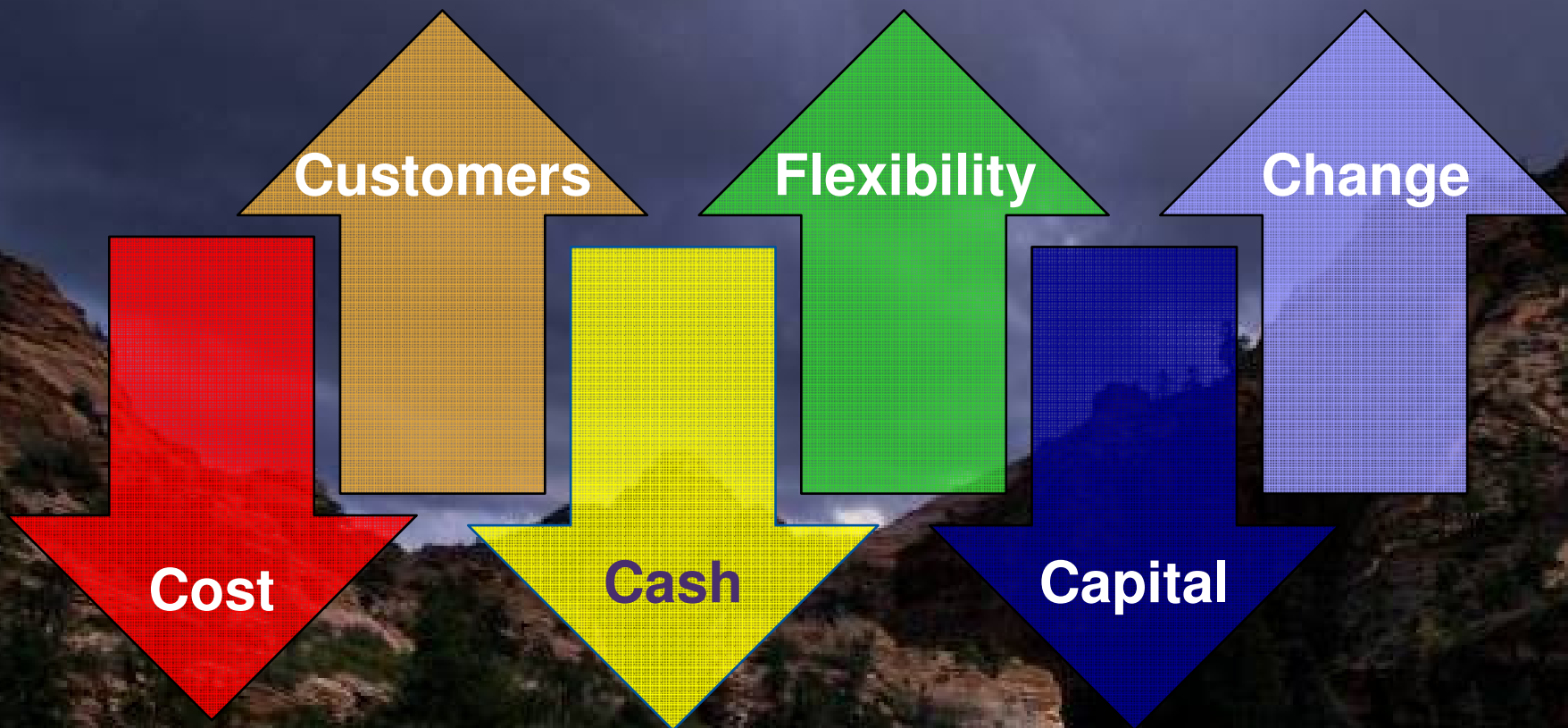


Source: May 2009 update, Gartner CIO survey; Informal polling June 2009

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The challenges facing the enterprise and the CIO



2009 Top 10 business priorities

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Top 10 Business Priorities 2009

Please select the top five business priorities for your enterprise/business unit in 2009?

Improving business processes

1

Cutting enterprise costs

2

Increasing the use of information/analytics in decision making

3

Improving enterprise workforce effectiveness

4

Managing enterprise change initiatives

5

Creating new products or services (innovation)

6

Consolidating business operations

7

Creating new sources of competitive advantage (new capabilities)

8

Expanding current customer relationships (expanding “wallet share”)

9

Targeting customers and markets more effectively (more effective service delivery)

10

IT represents a small proportion of business operating expense

IT Spend as % of Operating Expense - 2008, By Industry:

Database Average  5.9%

IT contributes to enterprise cost efficiency at four levels

Enable Innovation & Business Restructuring
Implement process improvement, business restructuring and innovation

Joint Business and IT Cost Savings
Implement cost-saving technologies in conjunction with the business

Cost Savings within IT
Identify opportunities to reduce IT costs

IT Procurement
Get the best pricing and terms for your IT purchases

2009 Top 10 CIO Strategic Priorities

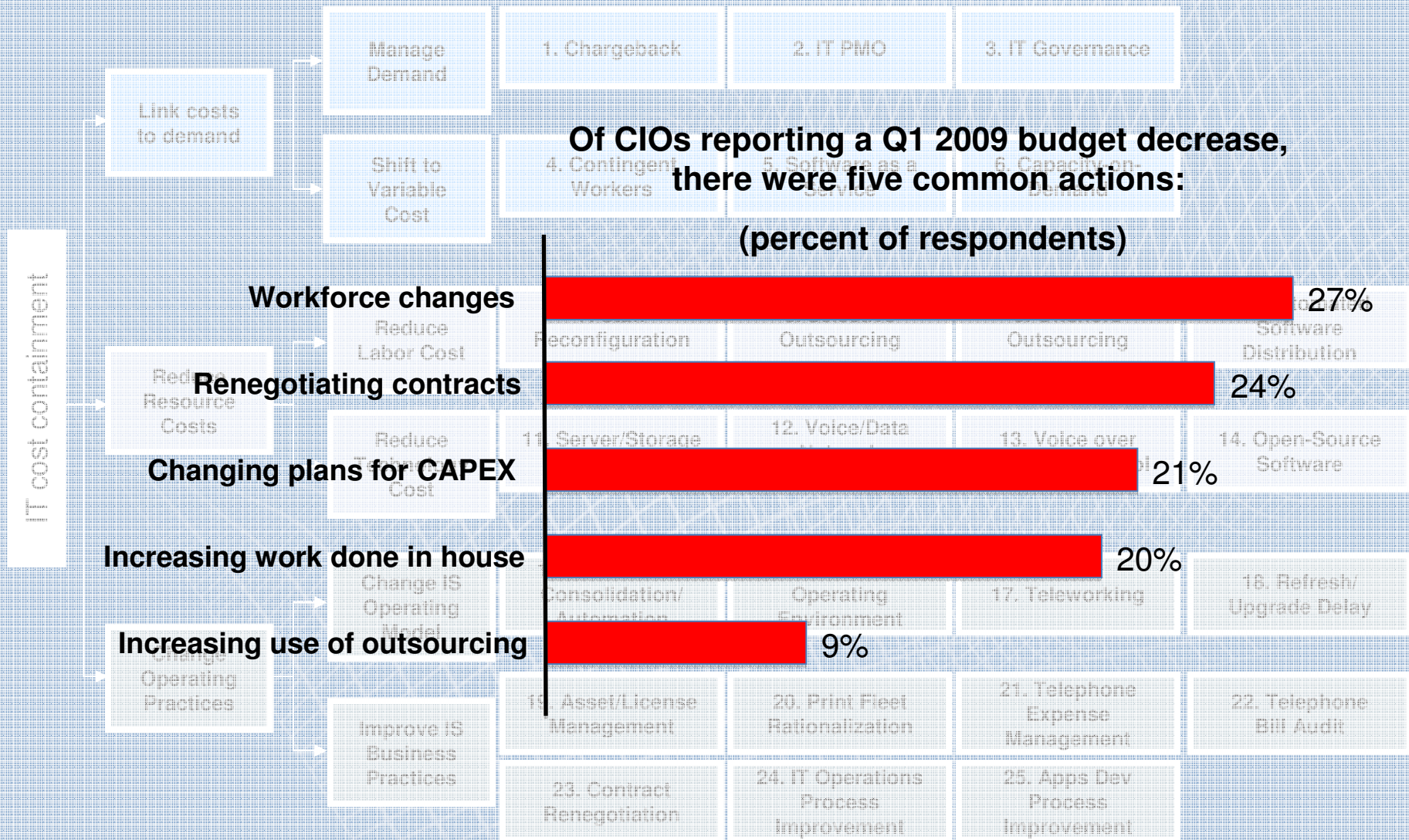
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Top 10 CIO Strategies 2009

Please select the top five priorities that you expect to focus on in 2009?

Linking business and IT strategies and plans	1
Building business skills in the IT organization	2
Reducing the cost of IT	3
Attracting, developing and retaining IT personnel	4
Delivering projects that enable business growth	5
Improving the quality of IT services	6
Expanding use of information/intelligence in operations, products or service	7
Implementing IT process improvements	8
Applying business performance metrics to IT	9
Consolidating IT operations	10

Use the 25 common it cost containment techniques framework to identify opportunities



2009 Top 10 CIO technology priorities

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CIO Technology Priorities

Please select your top five priorities for 2009?

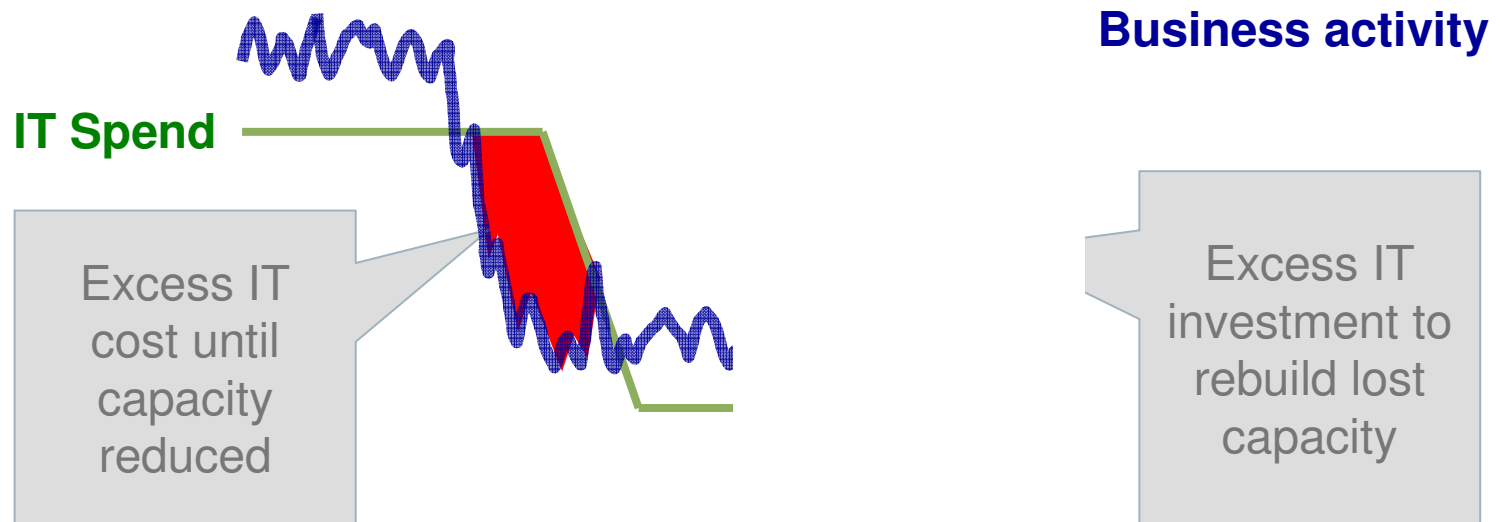
Business Intelligence (BI) applications (analytics, data mining)	1
Collaboration technologies	2
Networking, Voice and Data Communications (including VOIP)	3
Enterprise Applications (ERP, SCM, CRM, etc)	4
Servers and Storage Technologies (including virtualization)	5
Document management	6
Customer sales and service technologies	7
Legacy application modernization, upgrade or replacement	8
Security technologies (access control, authentication, etc)	9
Service oriented applications and architecture (SOA, SOBA)	10

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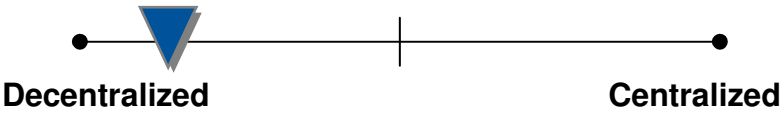
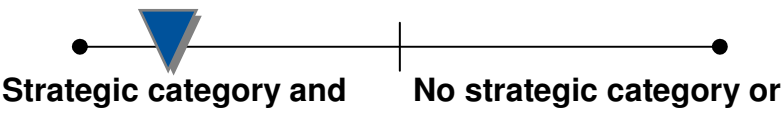
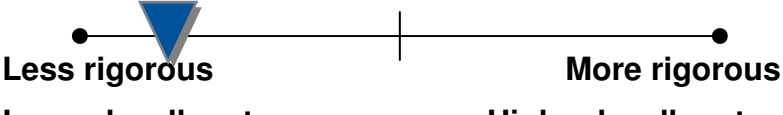
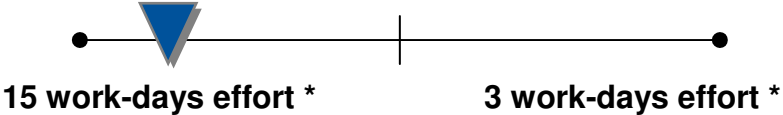
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IT costs need to be flexible to track changes in business activity levels

A lack of IT cost flexibility causes IT to lag changes in business volumes

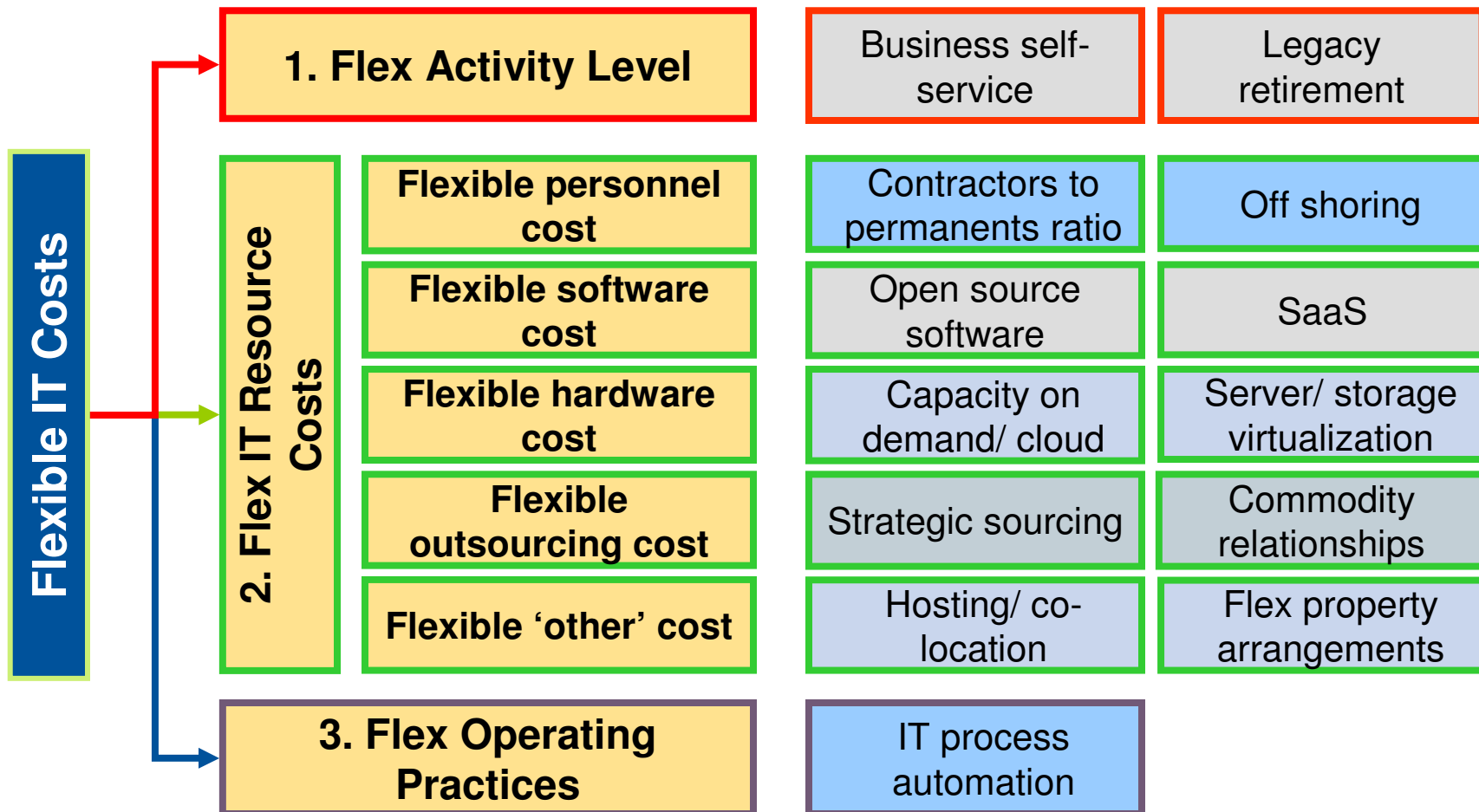


Build flexibility into oversight

Area	Less flexible IT cost	More flexible IT cost	Actions
Governance style:	 <p>Decentralized</p> <p>Centralized</p>		Flex governance arrangements to centralize (take spending authority from BUs) and decentralize (give spending authority to BUs) decision making
IT portfolio allocation:	 <p>Strategic category and funding</p> <p>No strategic category or funding</p>		Flex IT portfolio allocations -- for example the existence of and funding for a 'strategic' category/ set aside 5 % of IT budget
Business cases:	 <p>Less rigorous</p> <p>Lower hurdle rates</p> <p>More rigorous</p> <p>Higher hurdle rates</p>		Flex business case process – to require more or less rigor, higher or lower hurdle rates
Small enhancements limit:	 <p>15 work-days effort *</p> <p>3 work-days effort *</p>		Flex "small enhancement" limit * Illustrative work-days effort limits

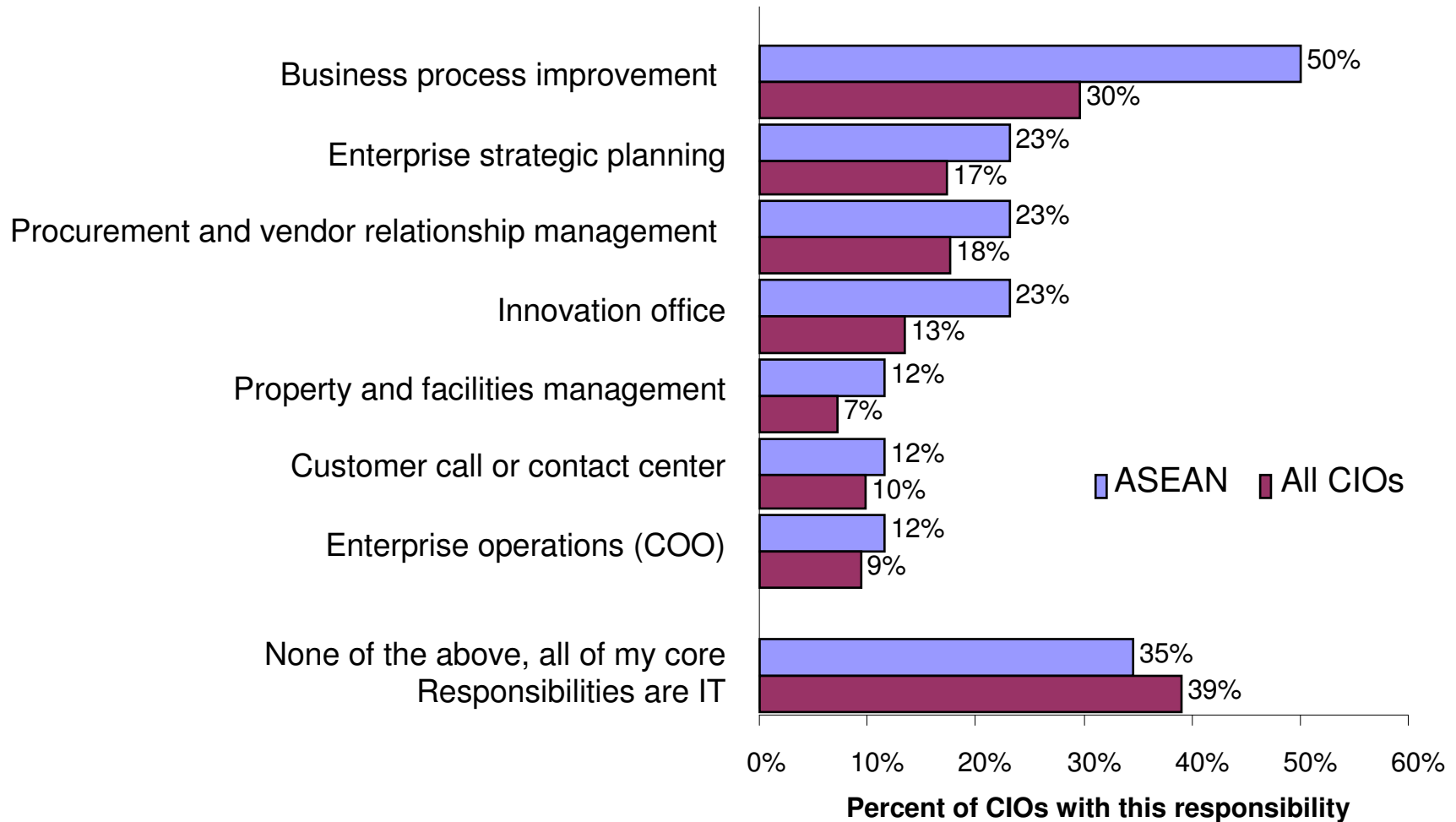
Standardize/ commoditize IT

ILLUSTRATIVE



Develop responsibilities outside of IT

Additional Responsibilities



Recommendations: Advance improvements and drive down costs

- Don't lose sight of the future when dealing with the present – consider how IT will contribute to the changes and growth opportunities that arise in 2010 and beyond.
- Build CIO/ CFO bridge to ensure transparency and control of IT investments: anticipate your CEO's response to the further major business shocks.
- Put results before activities: put business performance first; put leadership ahead of administration.
- Identify and seize time-dependent value creating and cost-reduction opportunities, e.g., contract renewals, lease expirations, facility expansions, moves, and new construction.
- In the long-term redouble your efforts to make IT and yourself more flexible.