



2016–2017 global CIO survey

Navigating legacy: Charting the course to business value

Executive summary

Deloitte’s 2016–2017 global survey of CIOs takes us a step forward in gaining a deeper understanding of how CIOs create legacy—the value and impact technology leaders deliver to their organisations.

Through in-depth interviews and online surveys, we collected the opinions and insights of more than 1,200 CIOs across 23 industry segments in 48 countries.

This year, we added three dimensions to our 2015 analysis:

- First, we looked into whether personality and working style impact CIO legacy. We examined the influence of inherent personality traits on CIO legacy, looking at 20 traits and working-style attributes to determine whether they were a differentiator in delivering value.
- Second, we investigated how IT capabilities and talent impact CIO legacy, and identified the critical leadership competencies required to build a lasting legacy. We explored whether CIOs are meeting business expectations by comparing IT capabilities and investments with business priorities.
- Finally, we took a deeper look at the three legacy patterns we discovered last year. Using cluster analysis to segment the respondent population into three patterns, we explored

the navigation between pattern types based on business need and specific triggers for change. Trusted operators, who ensure operational excellence, accounted for 55 percent of this year’s respondents; change instigators, who enable large business transformations, were at 11 percent; and business co-creators, who focus on delivering to business strategy, were 34 percent of those surveyed. Our analysis will allow CIOs to assess their current pattern and help them determine how to move among patterns as their business needs change today and in the future.

Here are some highlights from the survey results.

Nurture trumps nature: Personality is not a barrier to success

This year, we aimed to discover how much control CIOs have in creating their legacies. We explored whether a leader’s success could be attributed to inherent skills and personality traits—what we call “nature”—or to the capabilities that they

instill in their IT organisations and the leadership competencies they build on the job—“nurture.”

We evaluated CIOs on 20 personal and working-style attributes to understand how “nature” impacted the CIO’s role and legacy patterns. To our surprise, we did not find significant differences in 18 of the 20 attributes. In fact, 75 percent of CIOs shared the same seven personality traits.



We then evaluated 10 IT capabilities and 12 leadership competencies that are a direct result of “nurture,” or business environment. Here, we found significant differences and varying levels of maturity across these dimensions. We concluded that these IT capabilities and leadership competencies are a much bigger differentiator than personality traits in shaping a CIO’s legacy.

This is great news for CIOs—it could mean that their legacies are not bound by personality or working style, that is, their nature. In fact, their legacies will likely be shaped by how well they respond to and anticipate the needs of the business, that is, nurture.

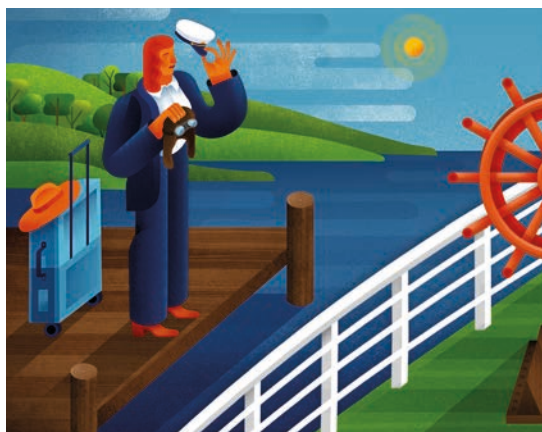
Alignment: Gaps exist in the alignment of IT capabilities with business expectations

To create value, CIOs must deliver IT capabilities that are aligned with key business priorities—CIOs

told us their top five priorities are customers, growth, performance, cost, and innovation. In addition to business priorities, they should meet their businesses’ expectations of IT, such as improving business processes, reducing costs, maintaining IT systems, and managing cybersecurity.

However, survey data show that business expectations of IT and IT capabilities are out of sync in several areas, including customer focus, technology-enabled business growth, and business innovation. For example, even though 57 percent of the CIOs surveyed said that customers were their organisation’s top business priority, less than half were involved in delivering customer experience (45 percent) or working on customer acquisition, retention, and loyalty (44 percent).

In addition, even though 78 percent of CIOs said that strategic alignment of IT activities with business strategy was critical to their success, only 5 percent said it was a leading-class capability in their IT organisation. This presents CIOs with a huge opportunity to drive strategic alignment through IT capabilities. To keep up with changing business needs, CIOs should develop IT capabilities to drive business value, enhance their own personal competencies, develop relationships with other executives, and develop and nurture their talent and teams.



Delivering value: Adapting to business needs requires shifting among CIO legacy patterns

As business priorities and expectations evolve, CIOs must anticipate the pattern type that matches future business needs and proactively shift among patterns as required. CIOs' ability to drive value to the enterprise by adopting one of the three pattern types is largely determined by the IT capabilities and leadership competencies they nurture in their IT organisations—not by their own personality or working style.



Most savvy CIOs will evaluate current business priorities and expectations and forecast future business direction—and chart the course for a journey that involves navigating across patterns by adapting and driving change across IT capabilities, leadership competencies and influence, talent and culture, and technology solutions and investment. Our survey respondents are already thinking about positioning themselves for future success by switching pattern type: 44 percent told us they wanted to adopt a different pattern than their current one.

Digital transformation: Chart your individual journey

Depending on business context, the definition of digital will vary; so will the CIO's journey to digital transformation. Digital should be defined based on business need, not industry nomenclature. For example, to a health care organisation, digital might mean using technology to achieve better patient outcomes, while a B2B company's digital transformation might involve using technology in the supply chain to improve efficiency and decision making.

Our data and interviews lead us to believe that some CIOs and business leaders view “digital” only as customer-facing, front-end tools and technologies—what we call the tip of the digital iceberg. Others view digital as a mind-set, where technology fundamentally transforms and shapes future business models and revenue streams and becomes the growth engine for their organisations. This requires embedding technology in every facet of the business, and demands a fundamentally different role for CIOs.

Whatever your definition of digital, the digital shift often requires large transformations in back-end technologies, legacy IT systems, IT culture, skills, and capabilities. The digital big picture—the CIO's area of expertise and control—lies unseen below the water line and can be the largest part of the digital iceberg. For this reason, we believe that CIOs are better positioned than any other occupant of the C-suite to drive digital across the entire organisation.



First, however, CIOs must develop and improve their digital capabilities and investments. More than a quarter (28 percent) ranked their IT organisations as below average in digital skill sets, especially customer and digital experience and analytics. Two out of five CIOs told us they were underinvesting in emerging technologies and analytics.

Conclusion: CIOs can control digital direction—and their own legacies

These pivotal times provide an opportunity for CIOs to sculpt a legacy not only for themselves, but also for their teams and businesses. As they align technology strategy, capabilities, teams, and culture with evolving business needs, priorities, and expectations, CIOs are in a unique position to drive business transformation, harness digital disruption, and become a catalyst for monumental organisation-wide change.

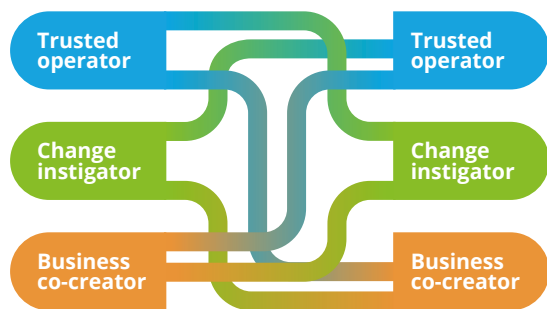
Here are five key takeaways for cementing CIO legacy:

- **Be adaptive.** CIOs are not limited by personality traits or work styles. In fact, we have seen that they can control their careers—and their legacies—by nurturing required leadership competencies and IT capabilities and switching among the three legacy pattern types as their organisations evolve. By shifting among CIO pattern types based on
- organisational needs, CIOs can sculpt their legacies and make an indelible impact on their teams and businesses.
- **Invest in talent and capabilities to drive value.** CIOs can't build their legacies alone. The IT capabilities, teams, and talent that CIOs develop play an important role in their legacies. To succeed, CIOs need to engage, attract, invest in, and retain talent and skill sets.
- **Rethink digital.** CIOs should collaborate with other leaders to define “digital” based on their business context. They should acknowledge their role as drivers of the organisation's digital transformation, demonstrate leadership, and exert influence over future business needs and strategy.
- **Cast a wider net of relationships and influence.** To become and remain influential, CIOs should develop and maintain relationships with key stakeholders. They need to build alliances and partnerships inside and outside of the C-suite, their company, and their industry.
- **Step up or step aside.** CIOs are at an inflection point. Irrespective of industry or competitive environment, technology will fundamentally transform their businesses. CIOs are best positioned to lead their organisations on this transformational journey, and if they don't step up, other business leaders will.

CIO legacy

Navigating the CIO journey

The forward-thinking CIO will often fulfill current business expectations, look ahead to future business priorities, and then chart their course to the pattern that best fits what the business will require next—which gives CIOs six potential journeys to navigate:



A shift to **trusted operator** may be needed when the organisation:

- Is facing delivery challenges for a large, global implementation coupled with an IT budget cut
- Has a security breach or IT delivery challenges as part of a merger

A shift to **change instigator** may be needed when the organisation:

- Requires a complex, customer-facing, technology-enabled transformation
- Needs a major shakeup to meet digital mandates

A shift to **business co-creator** may be needed when the organisation:

- Is making new acquisitions or facing rapid growth into new markets where alignment is needed between business and IT
- Needs to align business and IT strategy post a large transformational system implementation

2016–2017 GLOBAL CIO SURVEY

Navigating legacy

In the 2015 global CIO survey, we showed you a map for creating CIO legacy—how technology leaders deliver lasting value to their organisations. A key finding was that effective CIOs add value in three distinct ways based on the needs of the business. We also described how CIOs can diagnose their situation by recognising their current pattern and identifying which pattern they should move toward to better meet business needs.

This lens—the needs of the business—determines which pattern will most effectively enable CIOs to add lasting value by preparing themselves and developing the people and processes around them. From the 2015 survey, we concluded that no pattern type is better than any other; successful CIOs can, and should, navigate from one pattern to another based on shifting business needs.

This year, we plot the course. The theme of this year's global CIO report—navigating legacy—focuses on how CIOs can chart the journey between pattern types as they look to create their legacy.

Read the report and chart your course today at dpress.deloitte.com/cio-survey.

1,217 Total survey participants
15% Of participants from a global 1000 company
23% Of US CIO respondents from Fortune 500

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How does each CIO pattern type successfully create business value?

Trusted operator

Trusted operators make up 55 percent of all CIO respondents. They lead IT organisations where business expectations mandate a focus on cost, efficiency, security, reliability, and performance.

Change instigator

11 percent of CIOs surveyed are currently change instigators. They help their organisations navigate complex, technology-enabled transformations and the resulting shifts in the business.

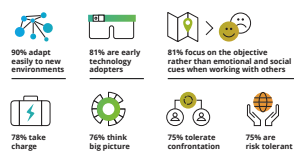
Business co-creator

34 percent of global CIOs are currently business co-creators. They work to embed IT into the fabric of the business and gain influence through building credibility and relationships.

Nature vs. nurture

What personality traits and working styles collectively define CIOs?

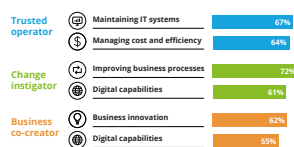
CIOs as a group are surprisingly similar in many of their personality traits and working styles, which suggests that CIOs' ability to create value is not limited by inherent, personality-based attributes.



Creating business value

What are the top business mandates for each CIO pattern type?

The adaptive, shape-shifting CIO is looking not only at current business priorities and mandates, but also at future business direction—and they are charting a course for that journey to deliver business value.



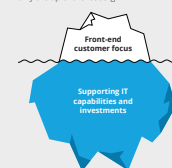
Where can CIOs align IT capabilities to business expectations?

CIOs are uniquely positioned to anticipate and shape the path forward by building the right team, strategic vision, and capabilities. They can do this by closing the gap between what CIOs report as business expectations of IT and the currently developed IT capabilities in their organisation.



The digital iceberg

As business priorities shift toward the customer, CIOs must continue to spend time looking at current and future business expectations around digital transformation. Business leaders are increasingly focused on the "front" end of digital—the customer experience—but they may ignore the skills and capabilities needed to support digital initiatives. In reality, as most technology professionals appreciate, the front end is only the tip of the iceberg.



Digital presents a challenging and exciting time for CIOs as they navigate business needs around "the digital iceberg"—they are well positioned to influence and create the right strategy, platforms, and services to realise a holistic digital enterprise rather than a collection of disjointed departmental investments. CIOs have a unique purview of digital's comprehensive potential reach across the organisation and can actually do more than anticipated—they can shape the direction of the digital transformation.

Digital transformation efforts go far beyond just interacting with customers; digital presents an opportunity to rethink the role of technology for an organisation.

What personal competencies and talent skills do CIOs need to build?

The CIO's ability to adapt and drive value to the business is largely driven by the leadership competencies and talent they nurture in their IT organisations.



Some graphs represent an average of survey respondents' responses or that selected most survey option.

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