

The Quickening Pace of Digitalization



Mid-Atlantic CIO Forum

a conversation with

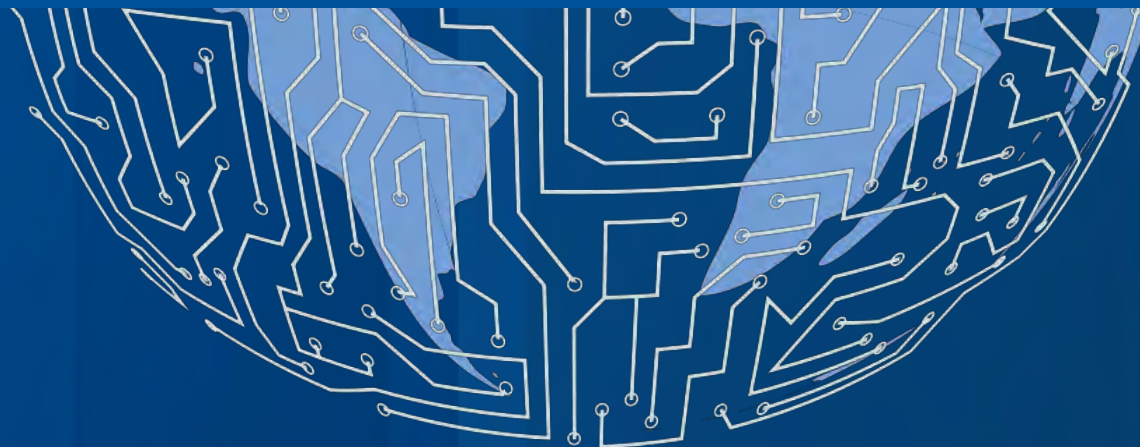
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October 15, 2015



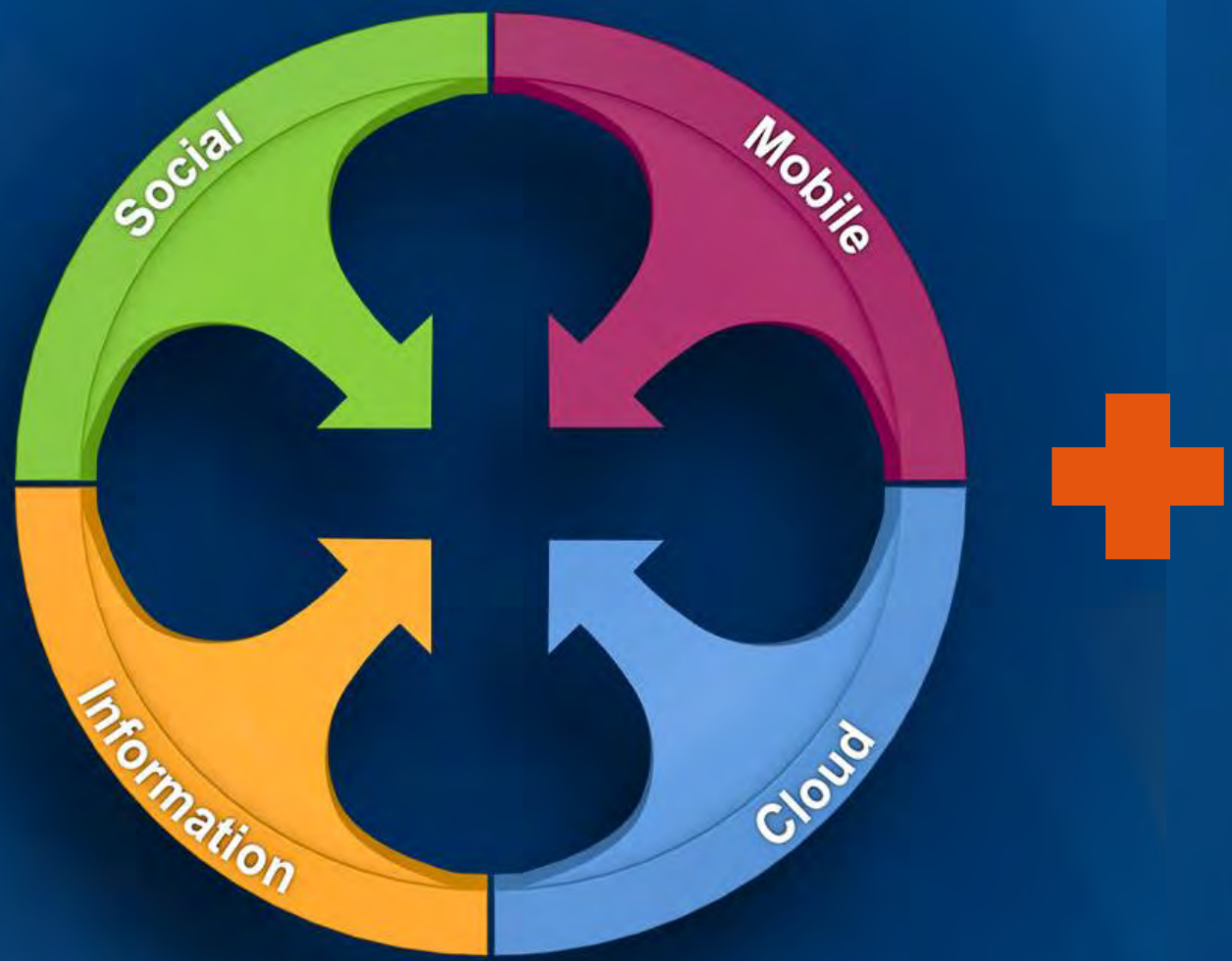
Digital Business: The creation of new business designs by blurring the digital and physical worlds.





Highly successful CEOs are making digital business a key part of business strategy

4 Macro Trends - A Nexus of Forces



Ubiquitous Internet

Internet
Of
Things

Consumerization

Emerging Technology Trends - 5 SMART Technologies

Sensor Networks

Maker Machines

Augmented Humans

Robotics

Thinking Machines

The Digital Opportunity — Entering the Age of Digitalization

The Progress of the CIO Agenda



The Main Theme: Flipping CIO Leadership Focus

People and Culture
Leadership



Value
Leadership

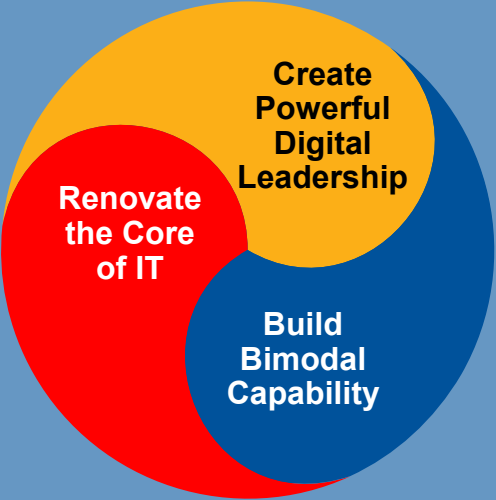


Information and
Technology Leadership



The Deepening of the Digital Journey

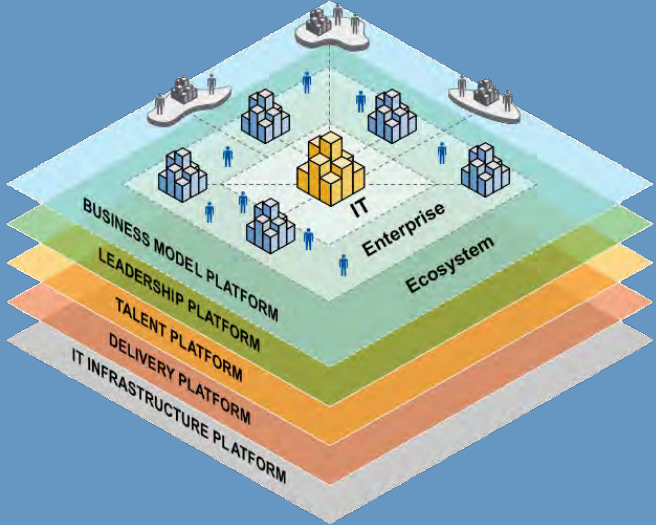
Taming the Digital Dragon



Flipping to Digital Leadership

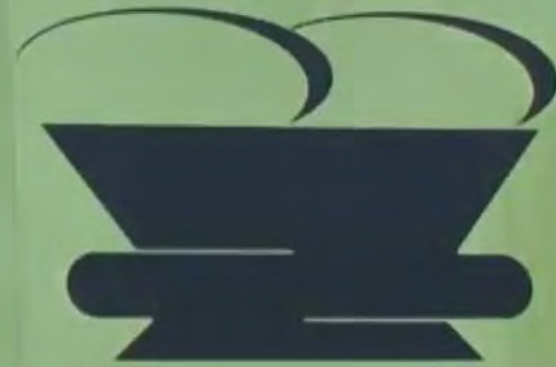


Building the Digital Platform



Henn na Hotel

Henn na Hotel



CEOs expect to

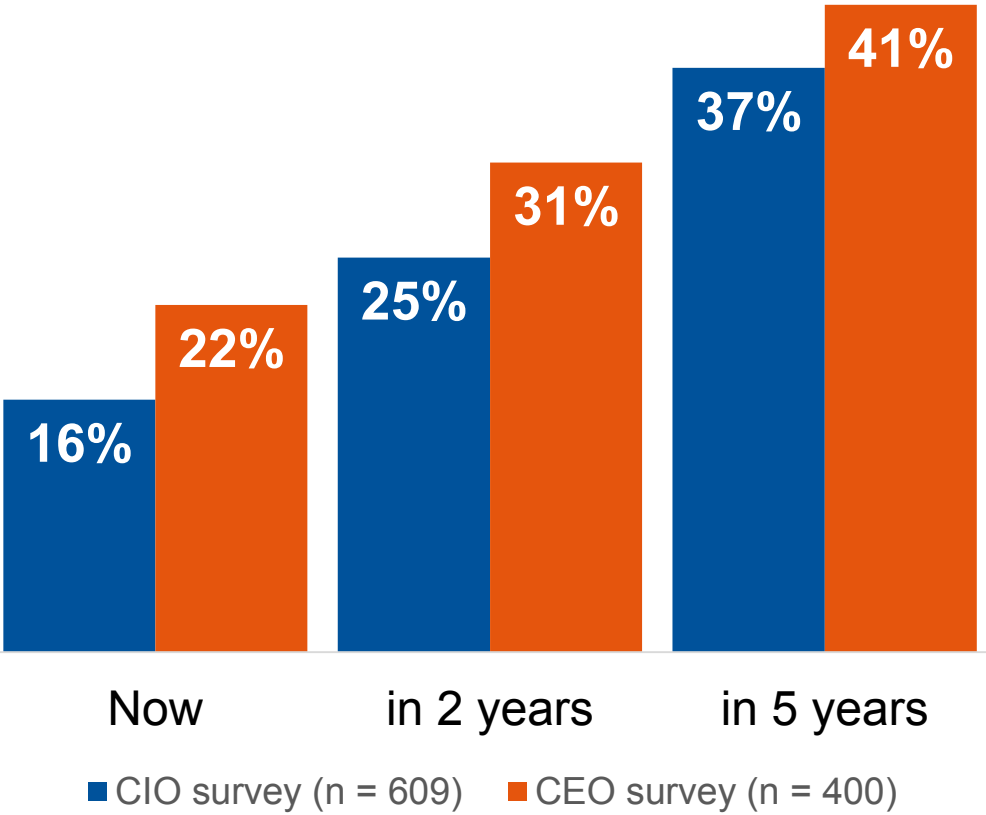
DOUBLE

digital revenue over five years

Digitalization Is Intensifying; Stakes Are Rising

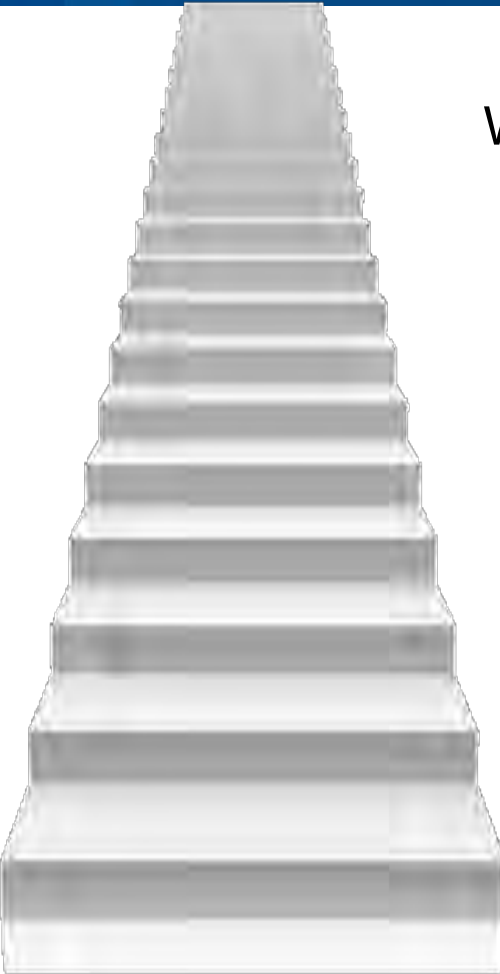
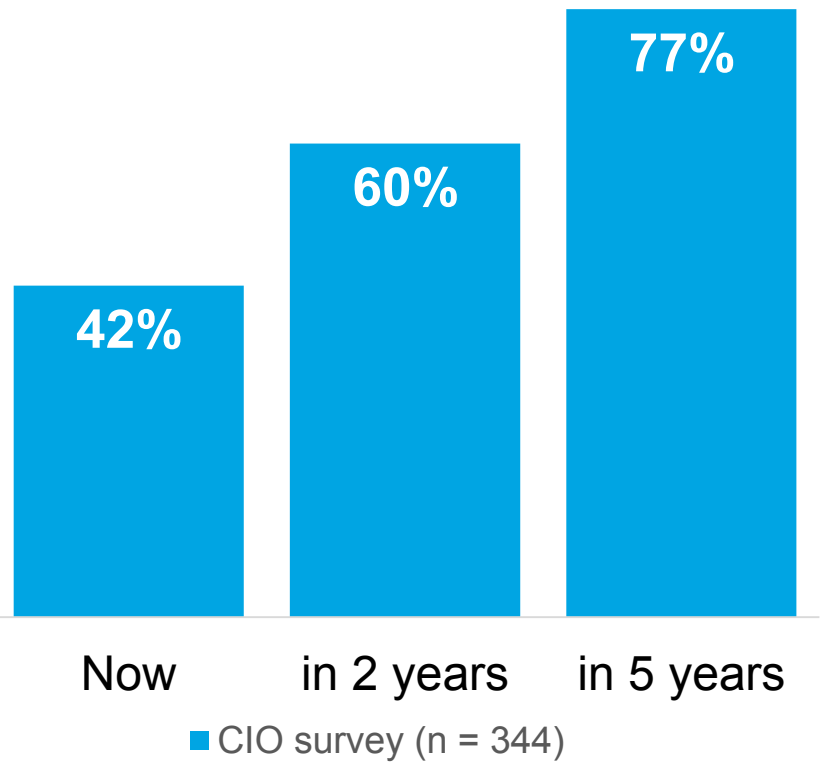
Private Sector

What % of your **revenue** is digital?



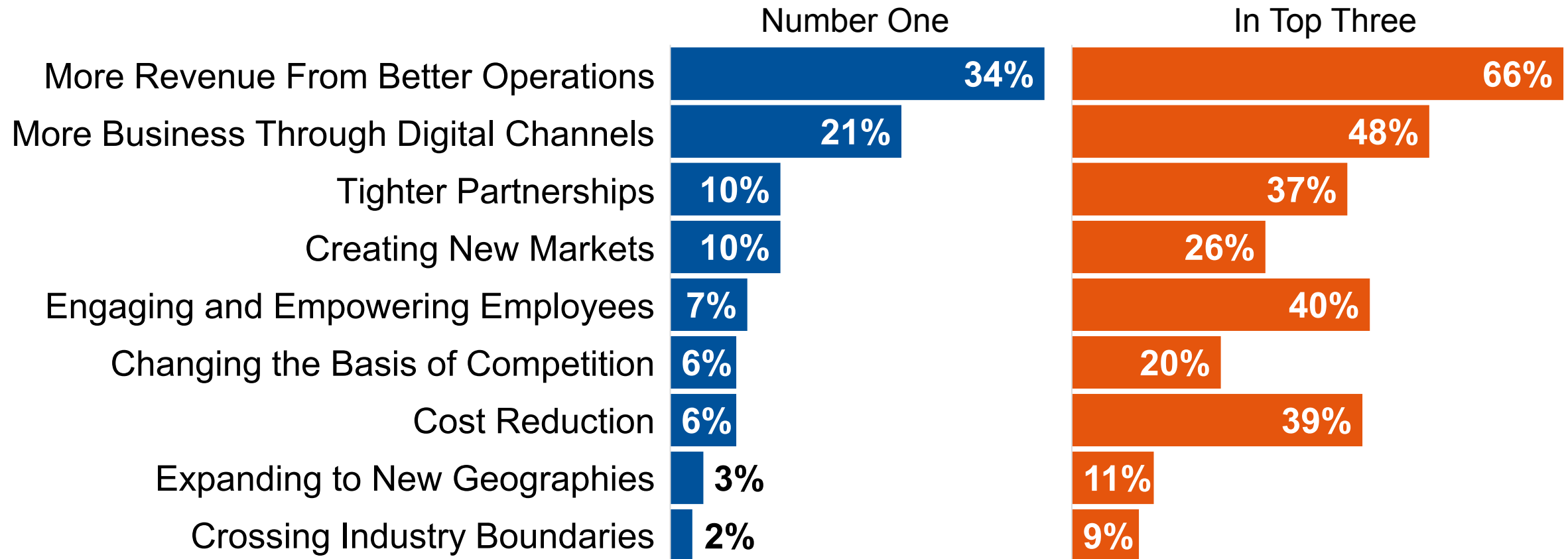
Public Sector

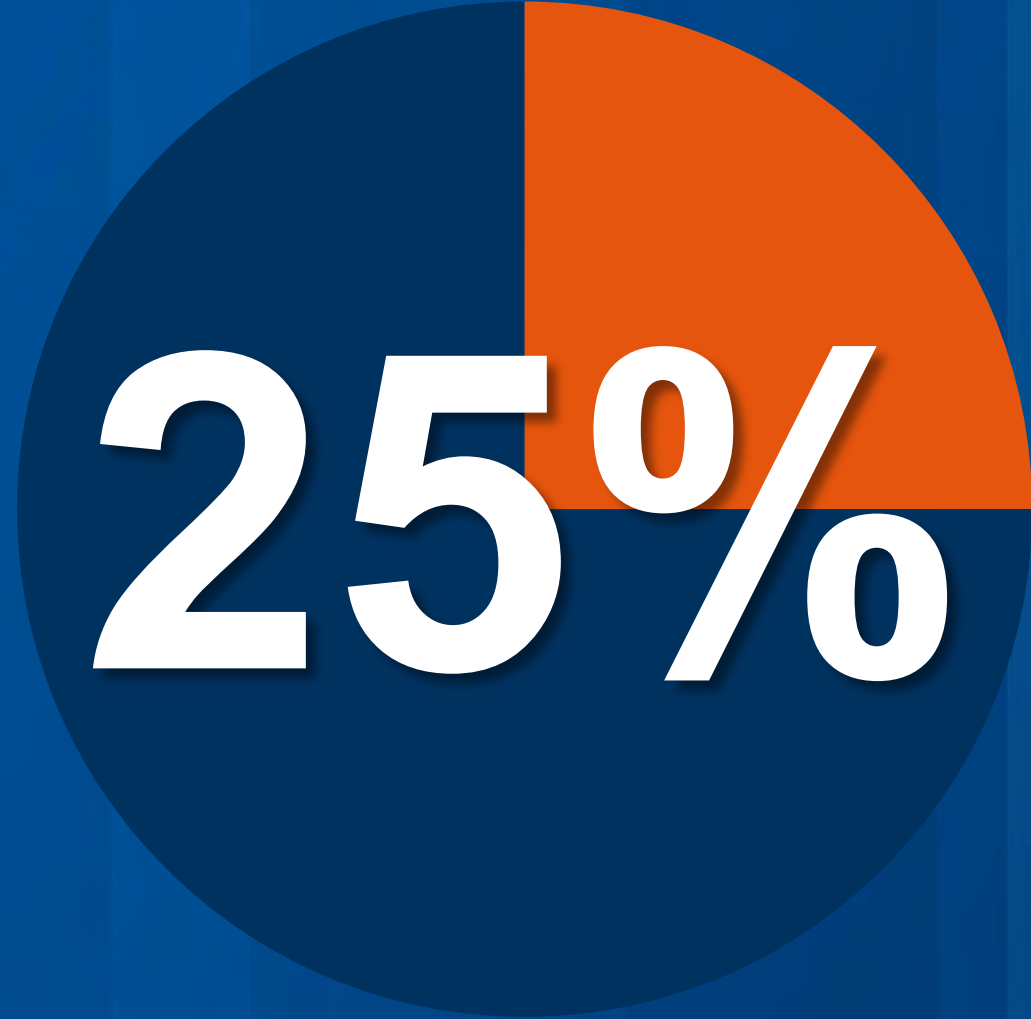
What % of your **processes** is digital?



Digitalization Is Still Quite Operational — The Potential Is Much Greater

941 CIO respondents selecting top three digital impacts on their business, in order



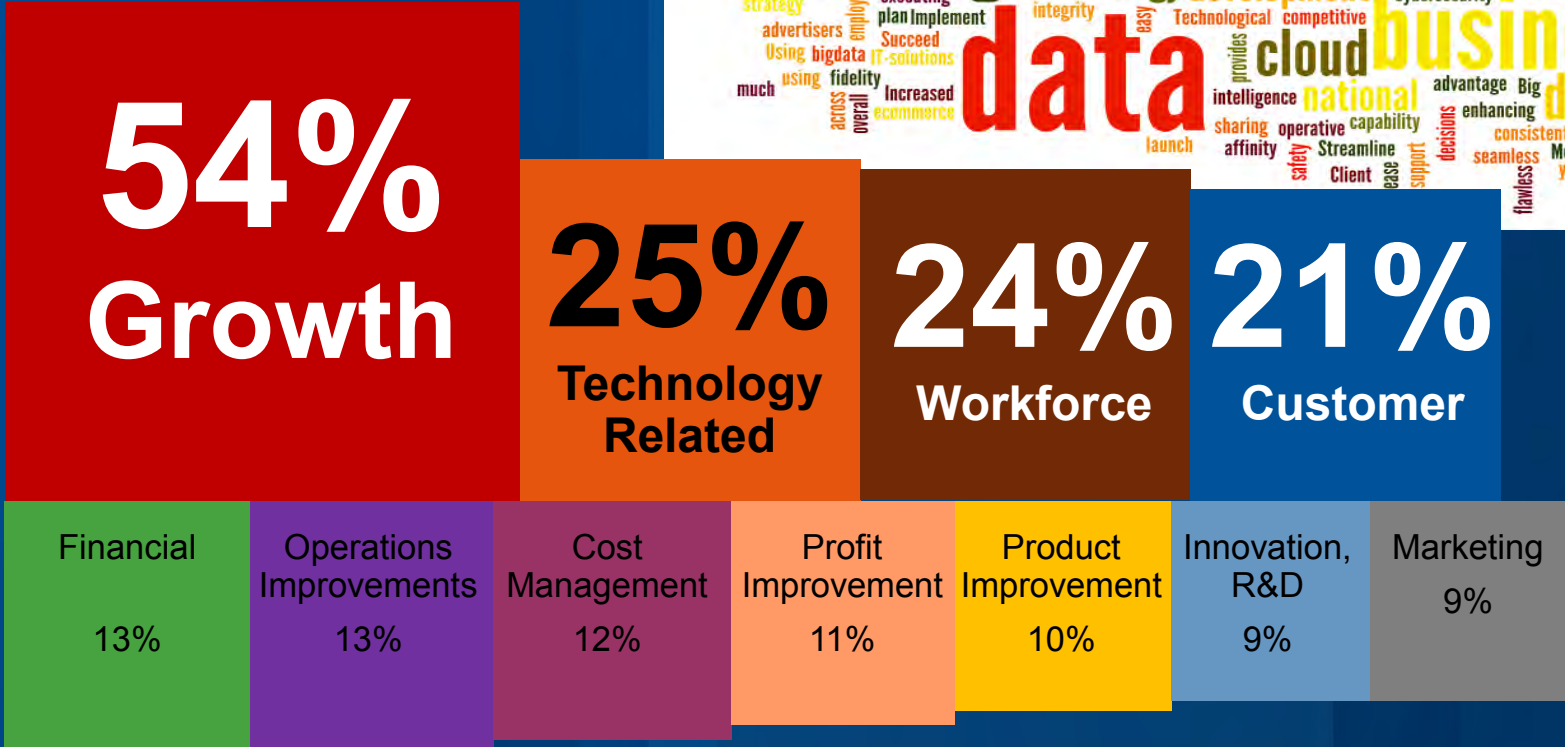


of CEOs

name a technology issue
in their top three

business priorities

Please tell us your organization's top five strategic business priorities for the next two years (2015-2016).



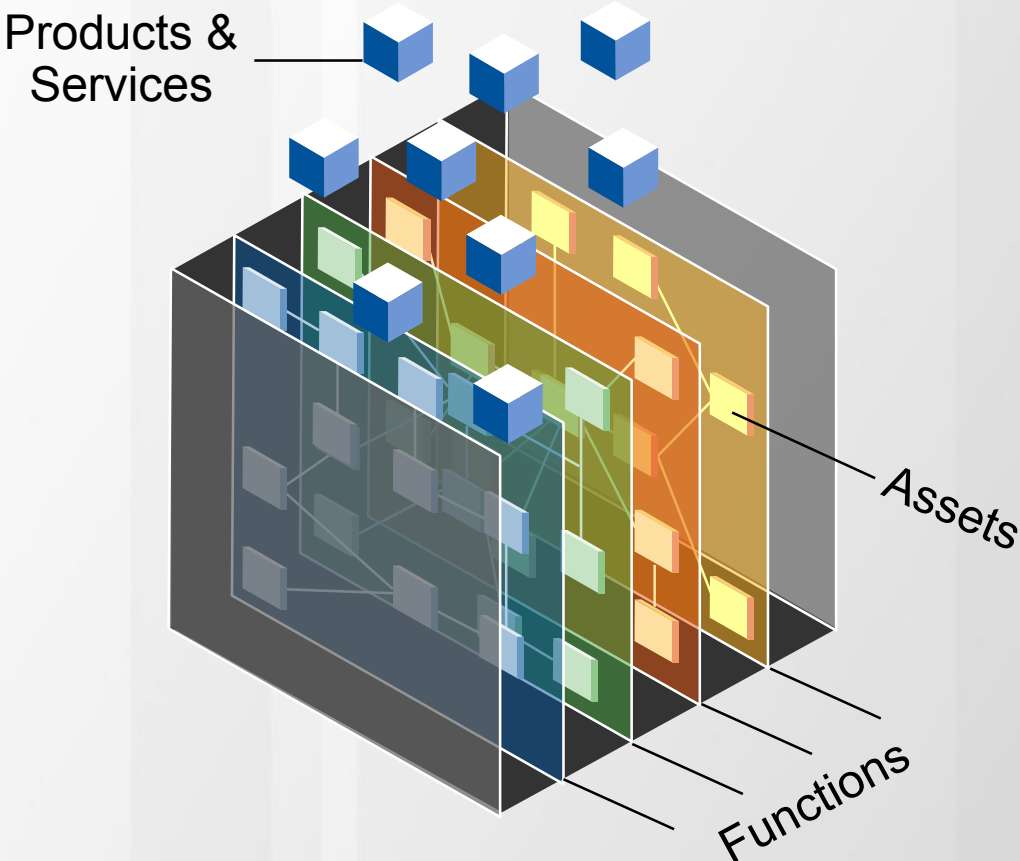
The Technology Opportunity: Monetize Big Data, Underpinned by the Cloud

#	#	Priority	2016	2015	2014	%
◆	1	BI/Analytics	39%	41%	50%	▼
◆	2	Infrastructure and Data Center	27%	31%	37%	▼
◆	3	Cloud	25%	27%	32%	▼
◆	4	ERP	21%	26%	34%	▼
▲	5	Digitalization/Digital Marketing	21%	17%	11%	▲
▼	6	Mobile	20%	24%	36%	▼
◆	7	Security	15%	13%	11%	▲
◆	8	Networking, Voice and Data Communications	10%	12%	12%	▼
▲	9	Legacy Modernization	10%	7%	7%	▲
◆	10	Industry-Specific Applications	9%	9%	10%	◆
▼	11	CRM	9%	11%	8%	▼

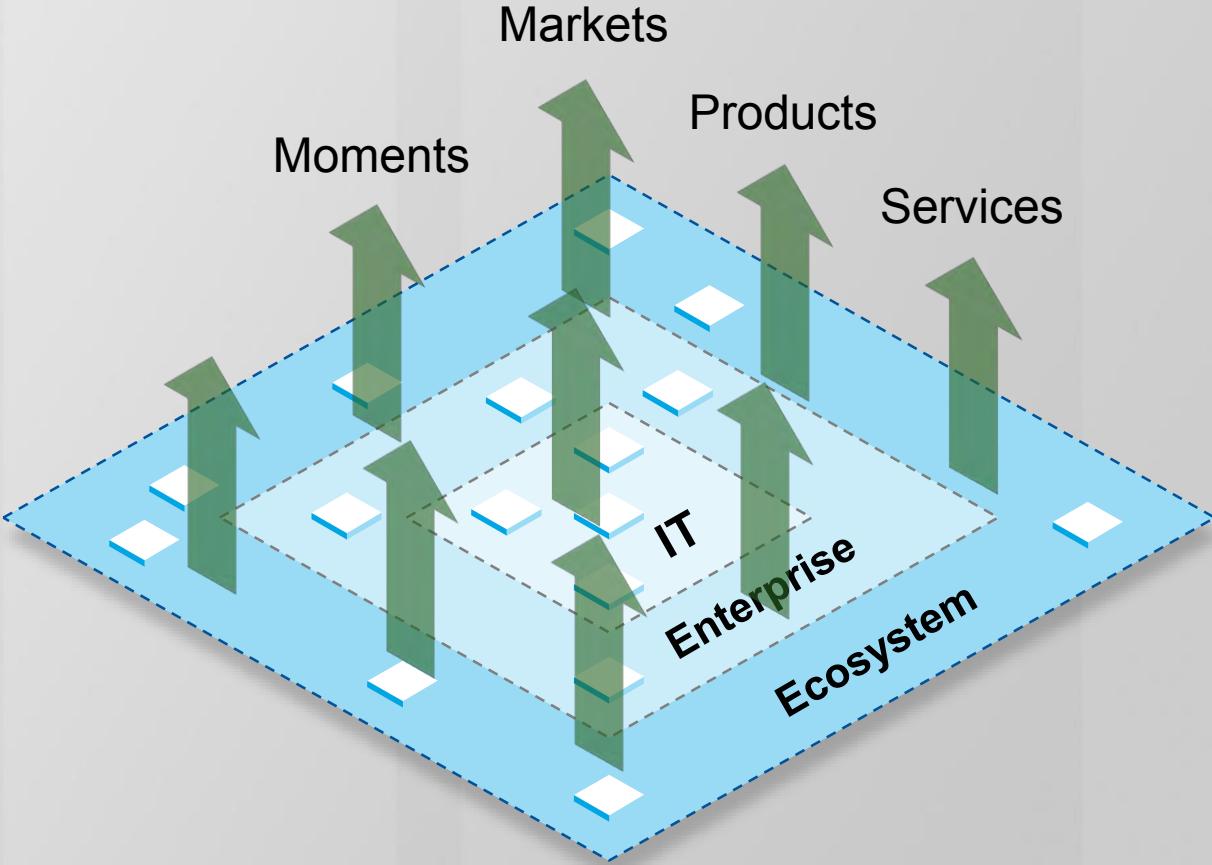
Note: Percentages represent the proportion of CIOs citing each priority as one of their top three areas of new IT spending.

The World Is Moving Toward Platforms

Business as a System

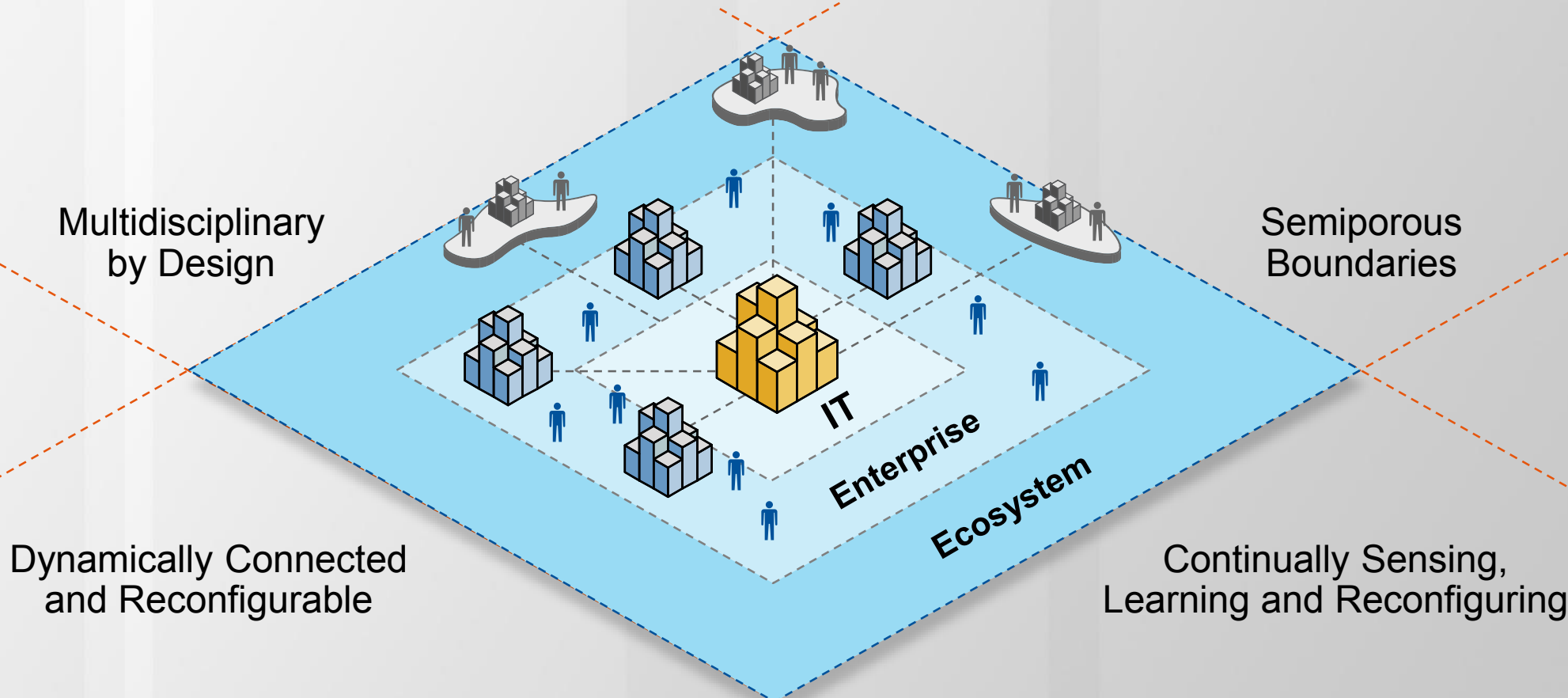


Business as a Platform



Platforms Are Powerful

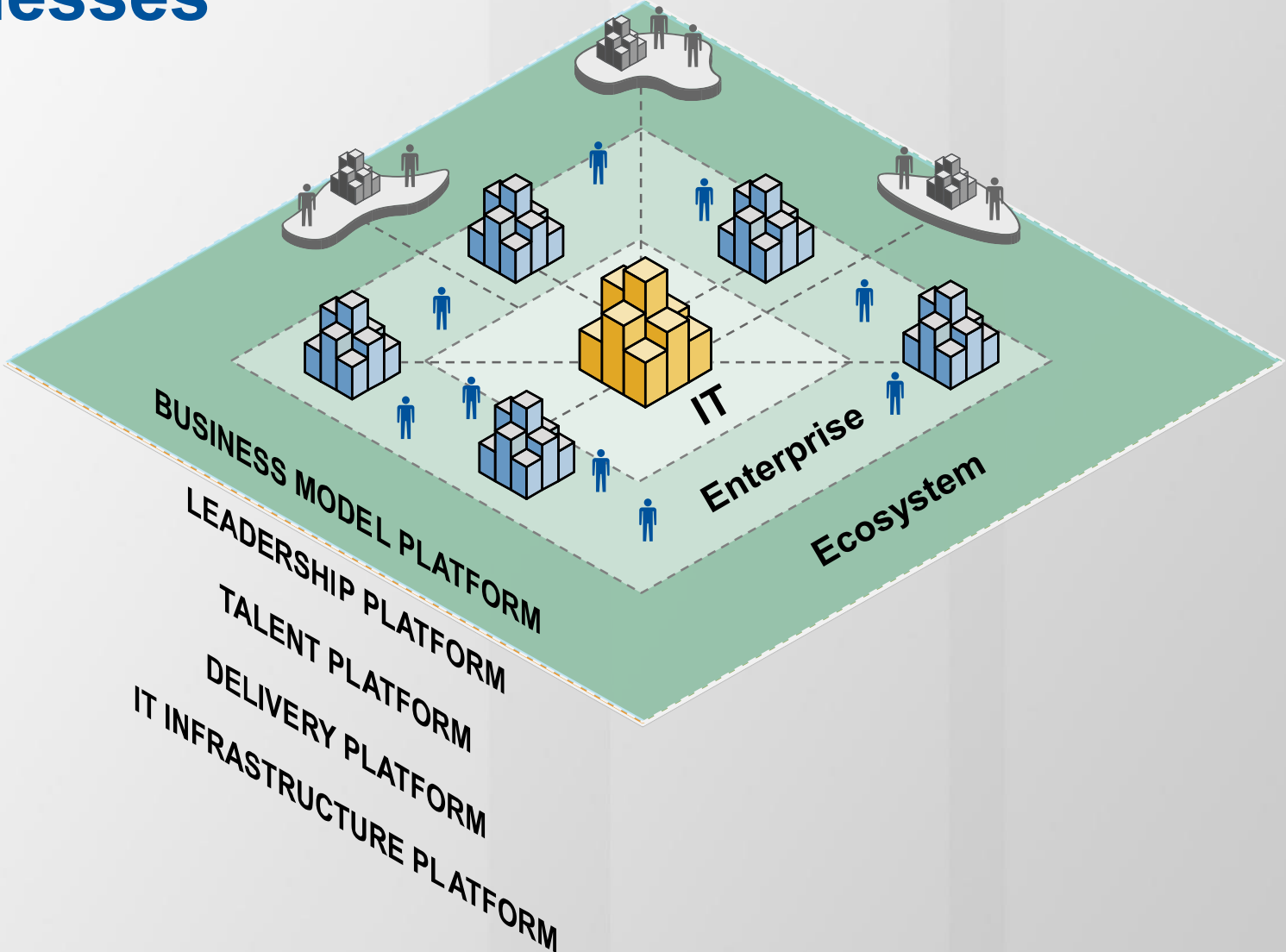
ECONOMICS OF CONNECTIONS





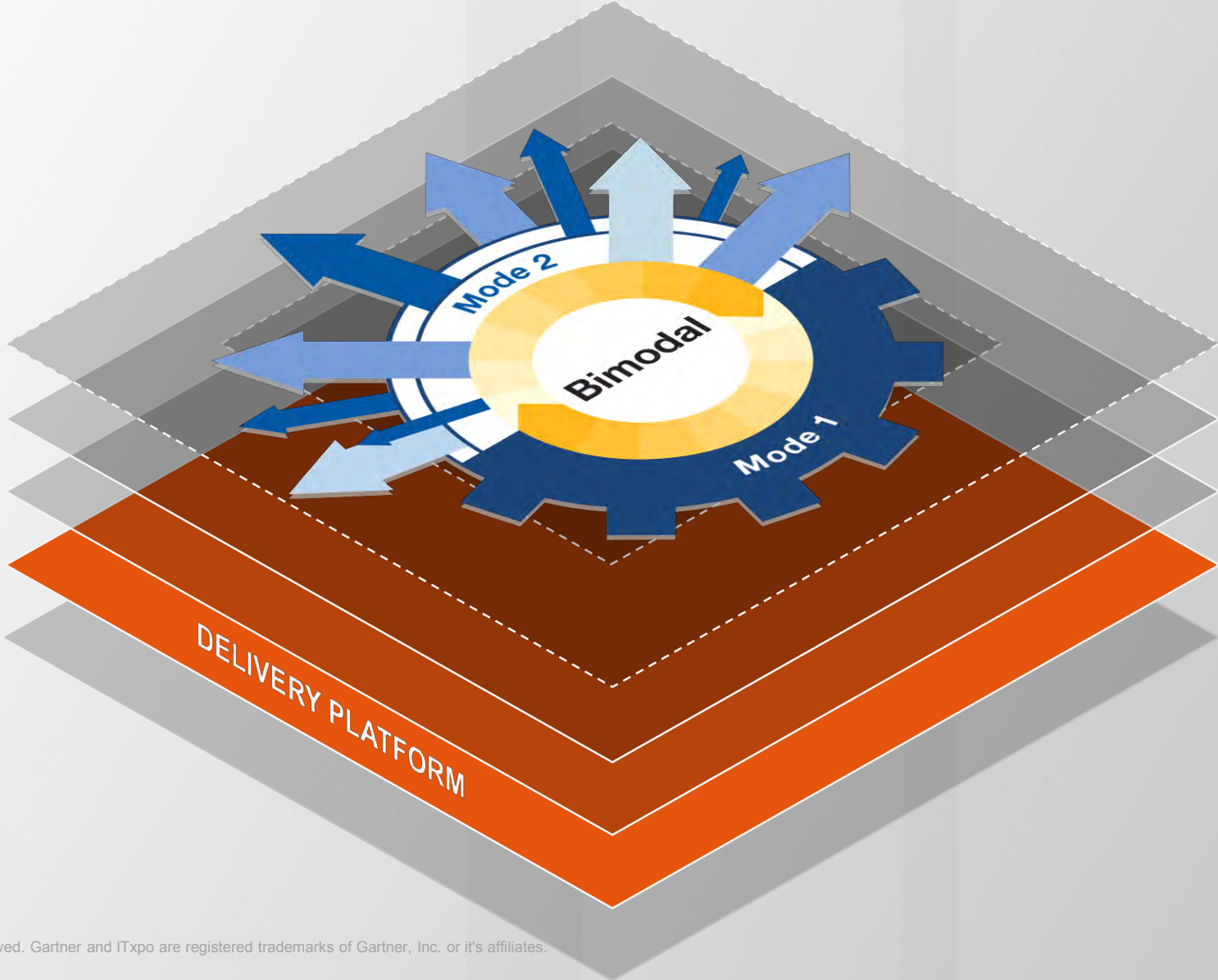
occardo

Digital Visionaries Are Building Platforms Throughout Their Businesses



Create a Bimodal Delivery Platform

**Exploit
and
Explore**



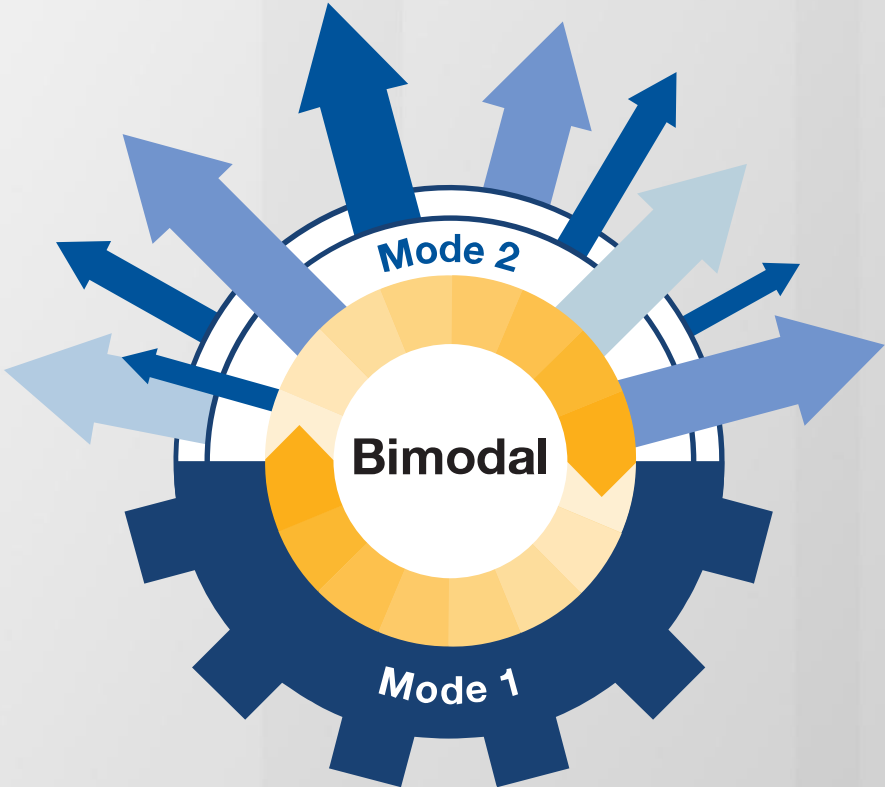
Build the Dual Capability to Exploit and Explore

Exploratory Work

Refactor to Industrialize



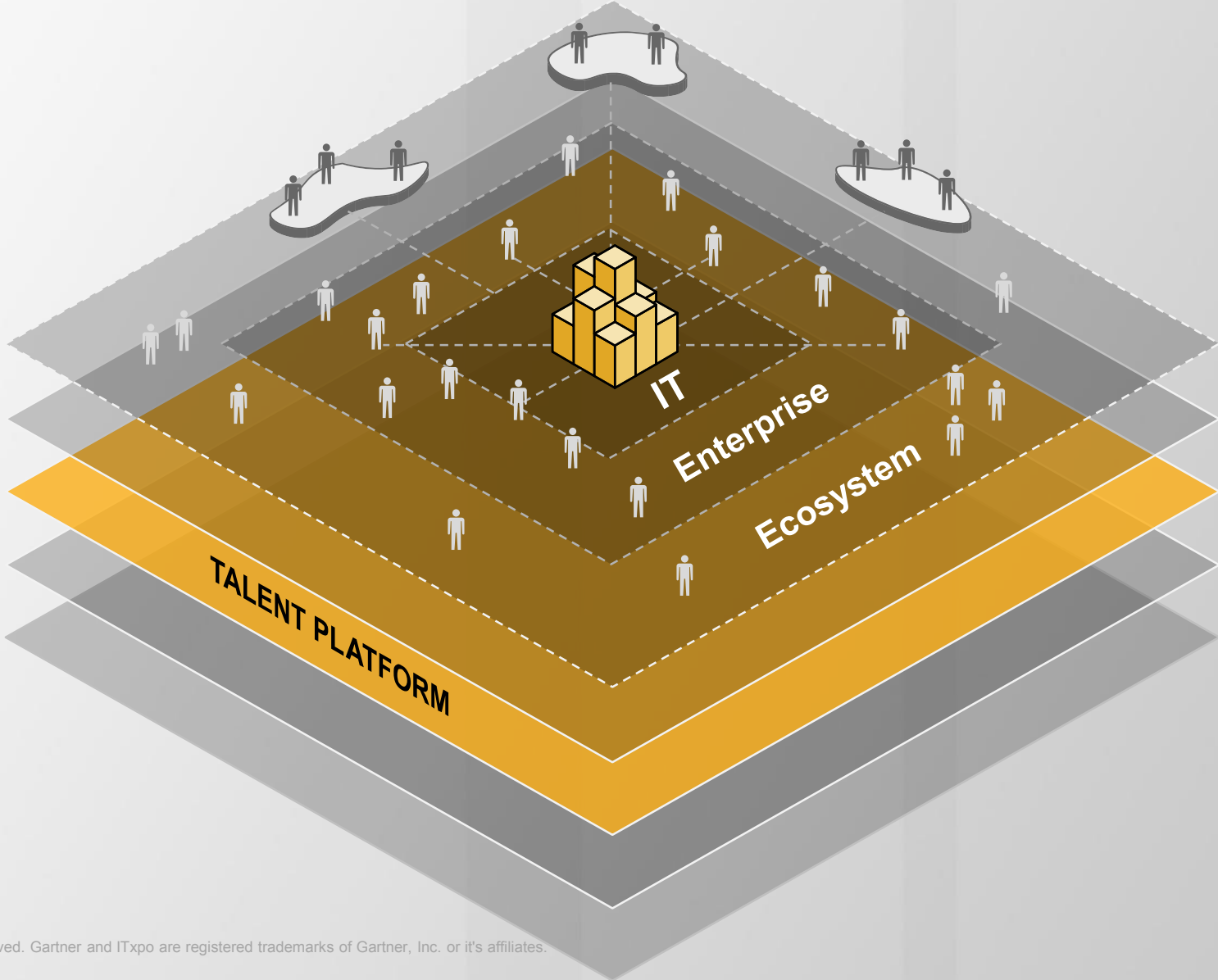
Unlock for Innovation



Predictable Work

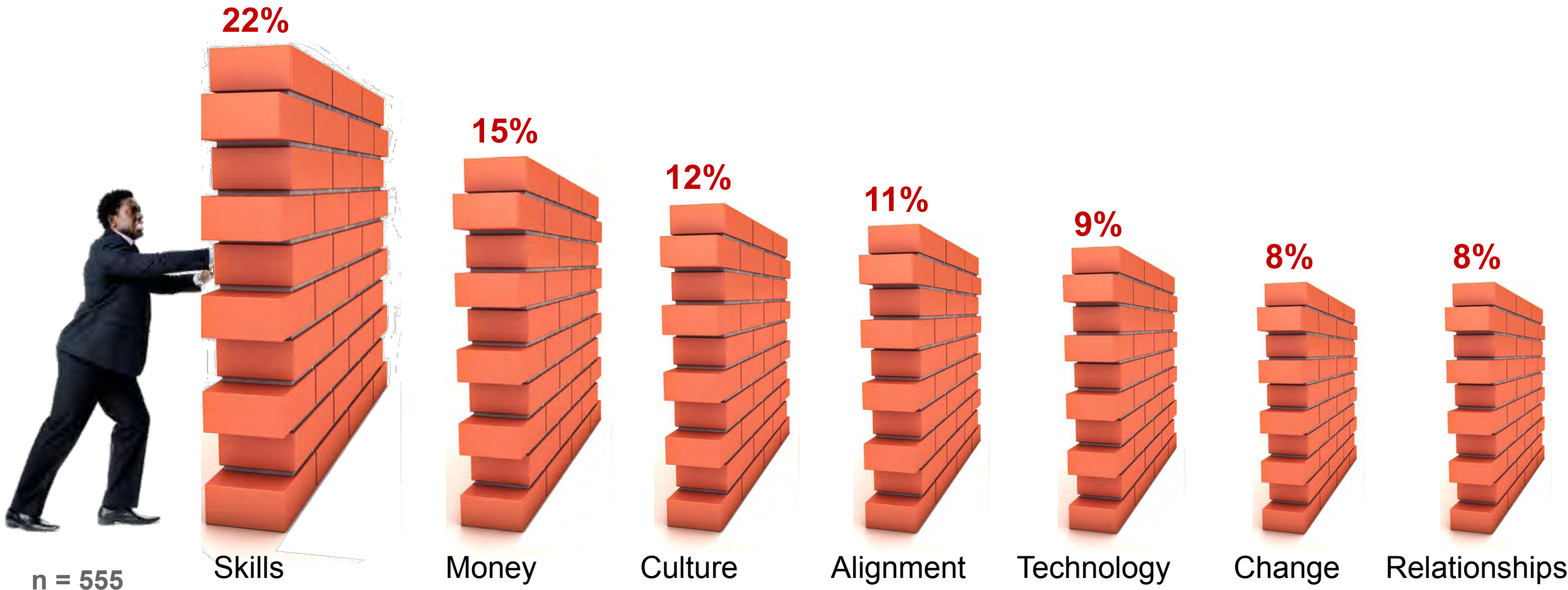
Evolve the Talent Platform

**Ignite
Talent
from Inside
and Out**



Talent Issues Are the Biggest Barrier to CIO Success

What is your biggest barrier to achieving your objectives as a CIO?

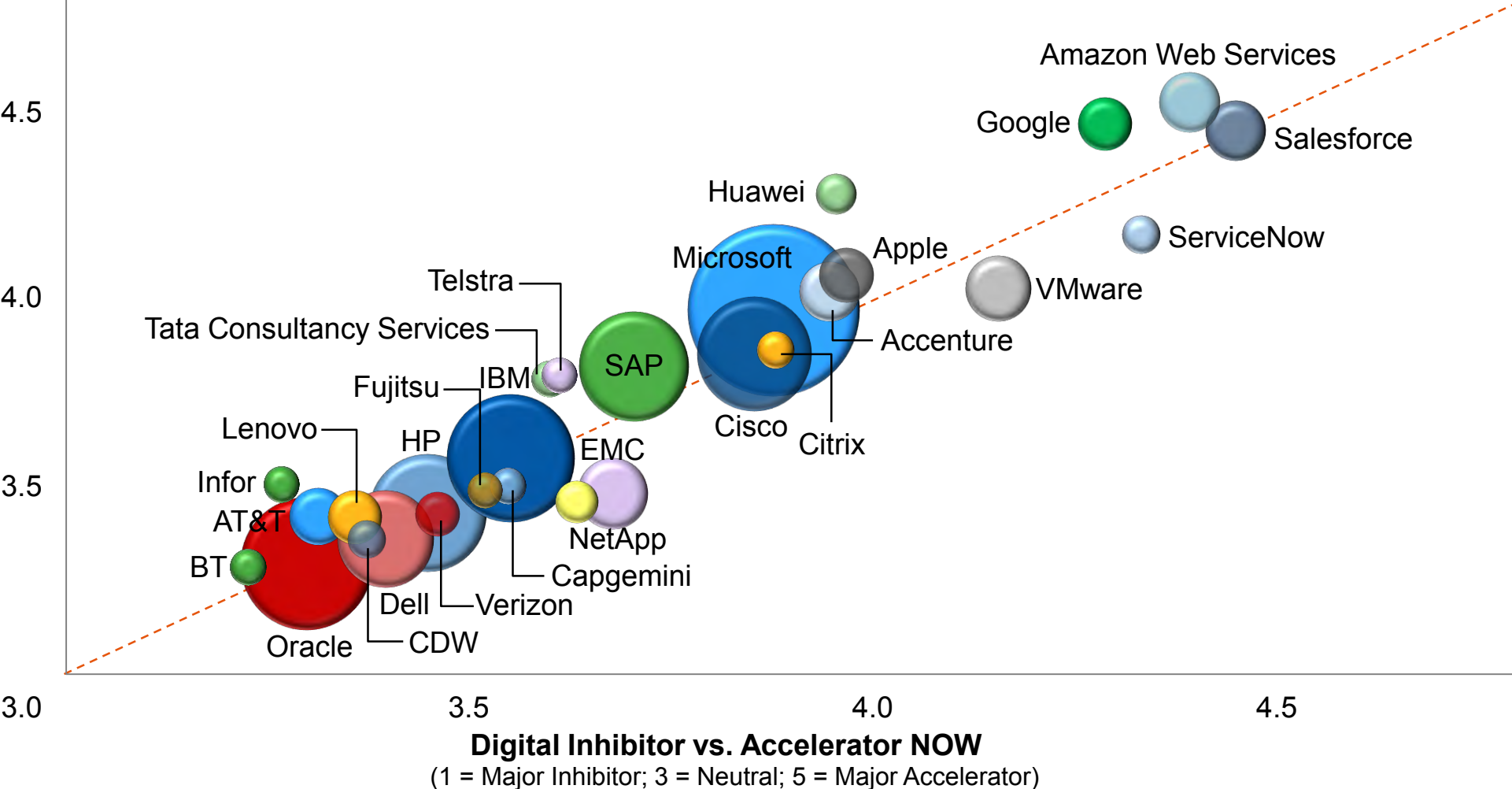


The Biggest Talent Gaps Are Information and Business Knowledge

1. Information/Analytics	40%
2. Business Knowledge/Acumen	18%
3. Security & Risk	17%
4. Digital	15%
5. Project Management	13%
6. Software Development	13%
7. Architecture	12%
8. Leadership	9%
9. Attract/Retain	8%
10. Technical Skills	8%

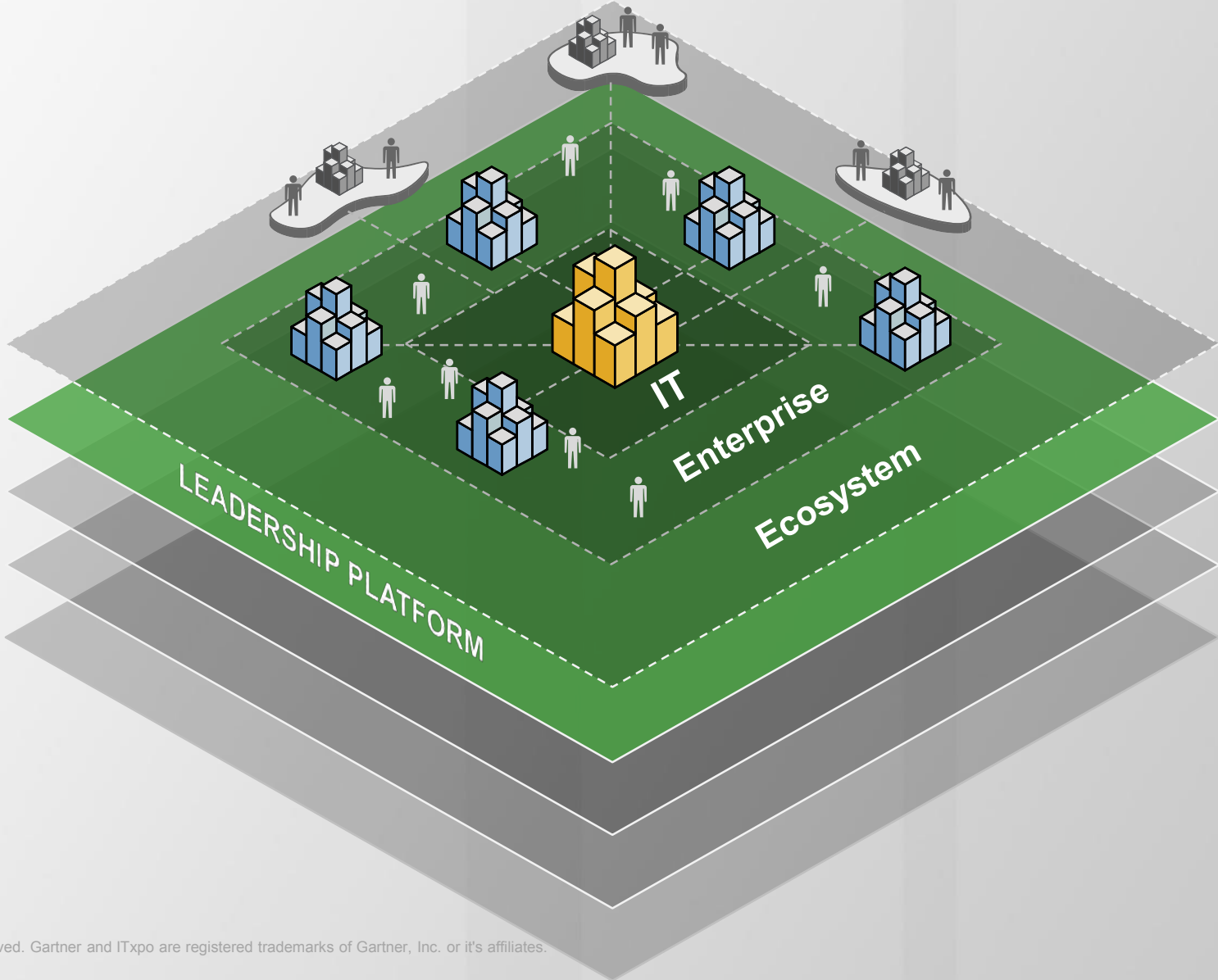
Choose Partners That Are Digital Accelerators, Not Inhibitors

Digital Inhibitor vs. Accelerator, Next 3 Years
(Same Scale)



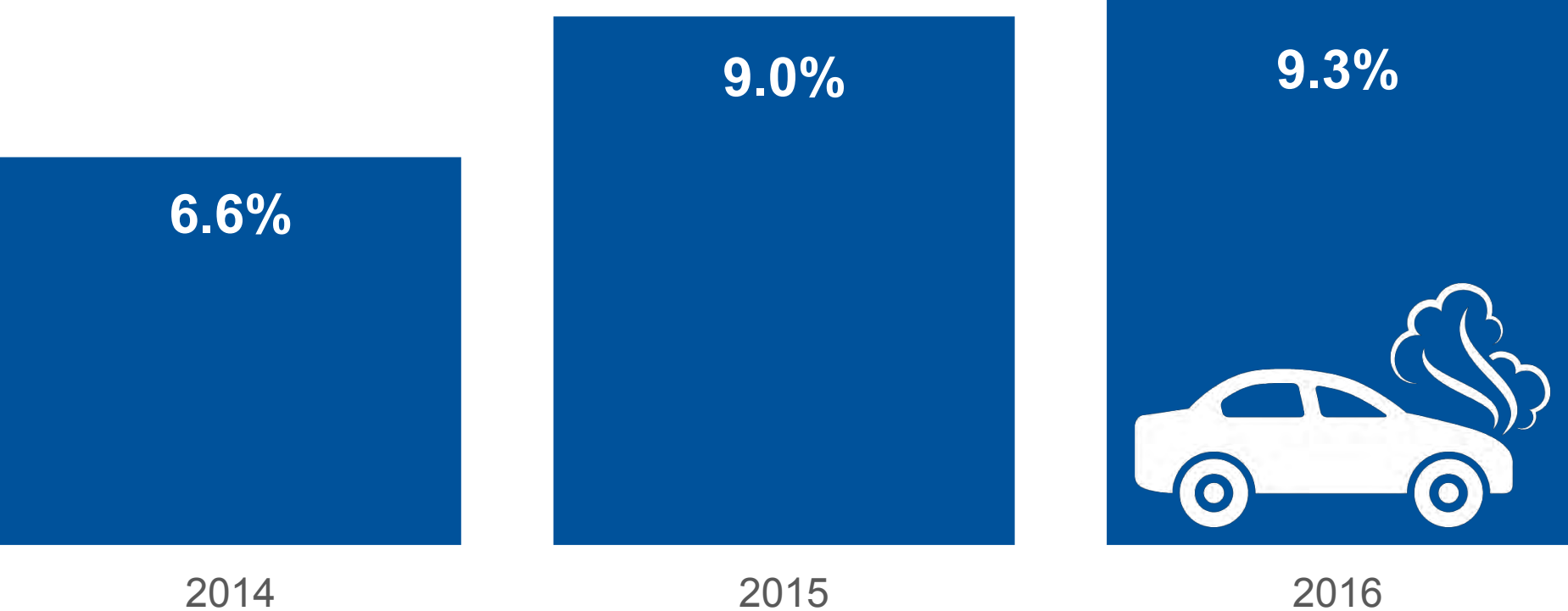
Build Your Leadership Platform

Digital Leadership as a Team Sport



Chief Digital Officers Are Not Being Put in Place as Fast as Expected

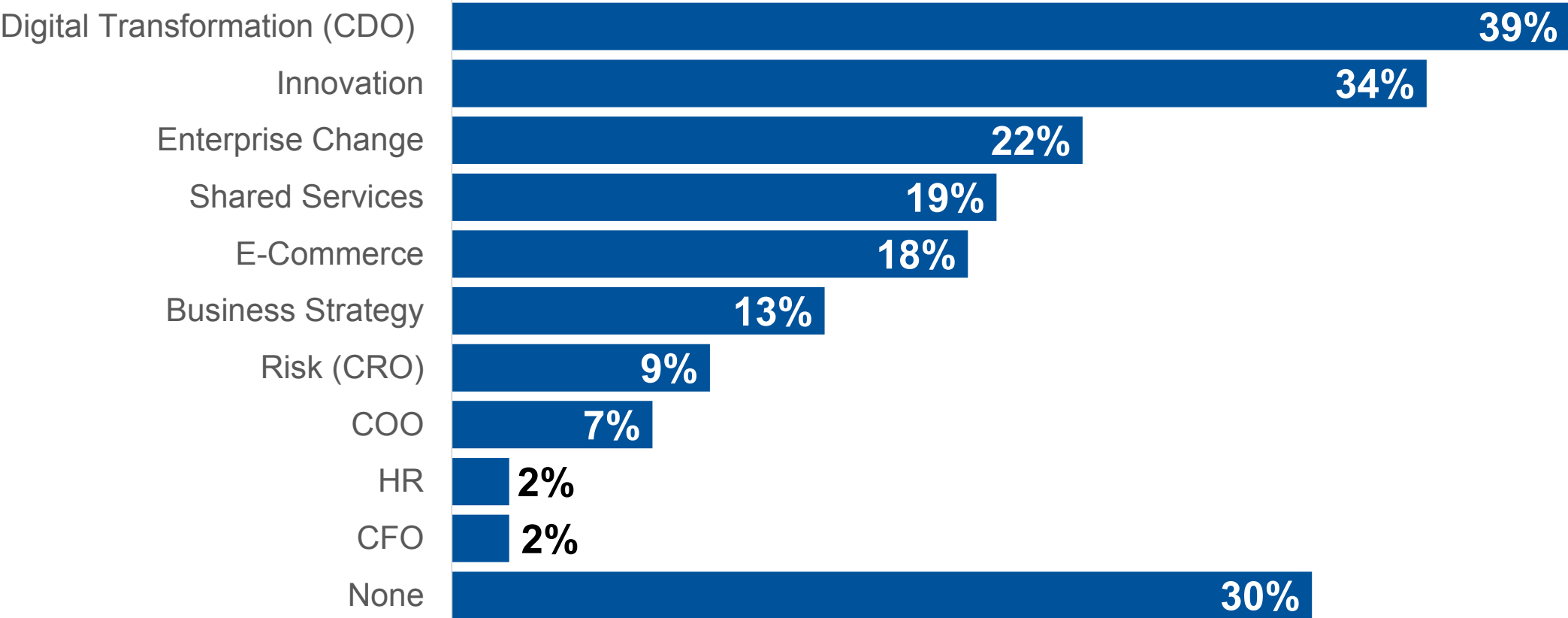
% of Enterprises with a CDO



n = 2,943

Many CIOs Are Leading Digital Transformation and Innovation

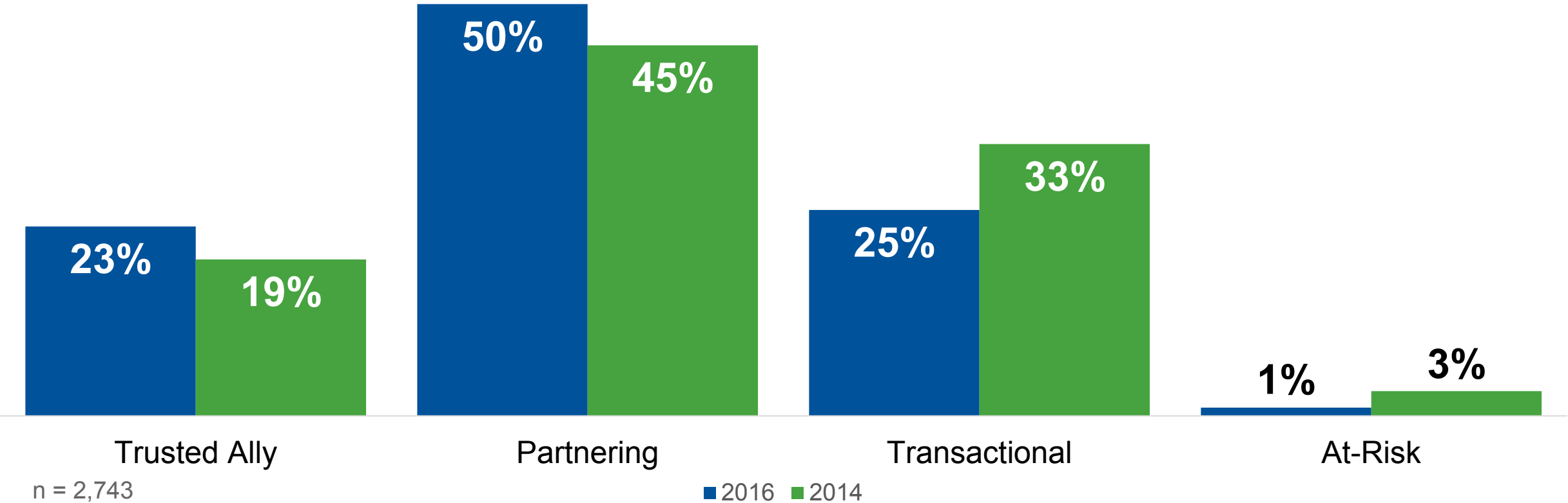
CIO Leadership Roles



2016, n = 952

CIO Power and Influence Up from 2014, and Increasing

Nature of current CIO-CEO relationship



Decide Your Level of Digital Courage

Digital
Product
Extensions



Digitally
Driven New
Business
Models

Digital Blue
Oceans

Digitizing
Operations

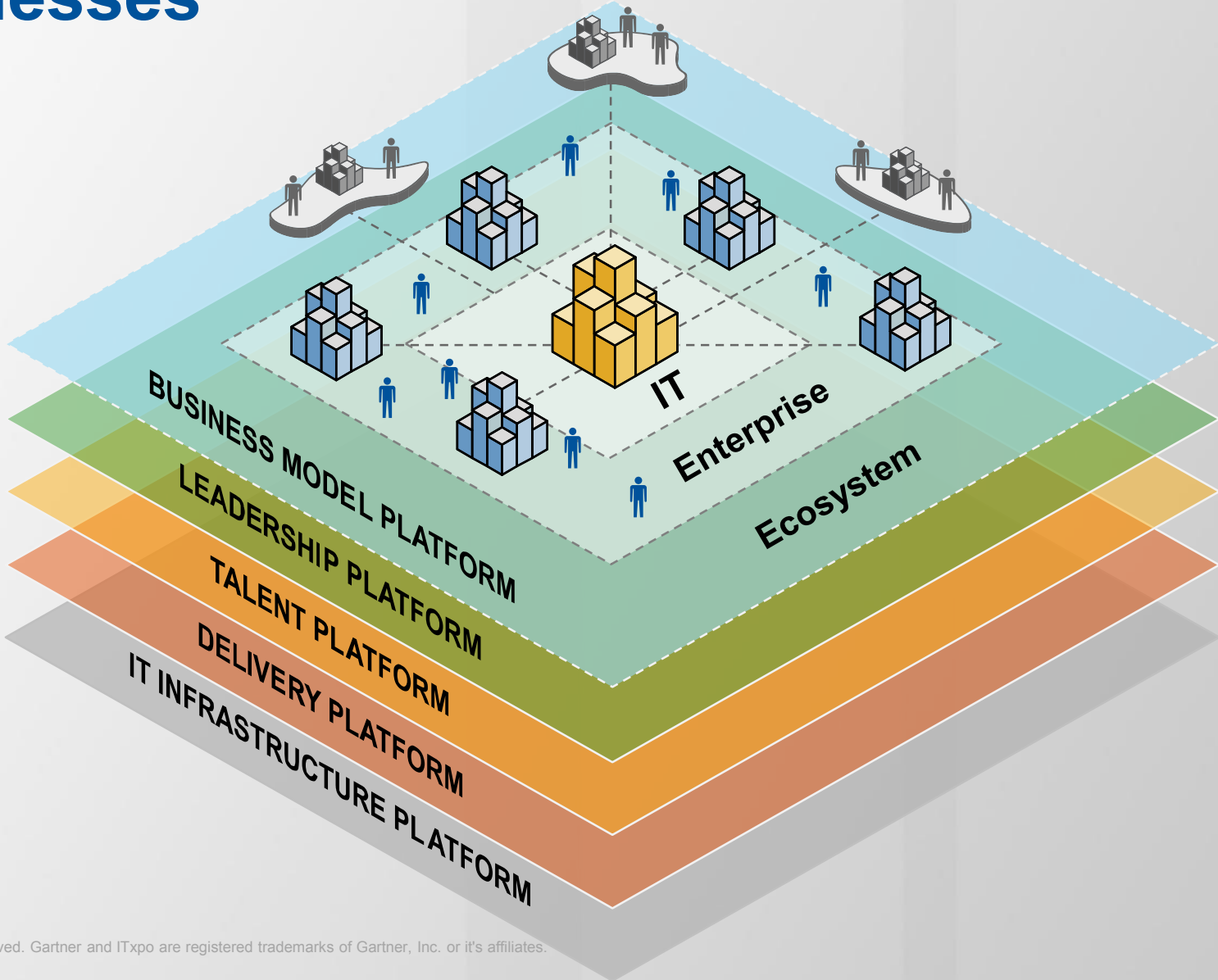
Take
the Lead



Passively
Respond

Change
the Game

Digital Visionaries Are Building Platforms Throughout Their Businesses





Ardent Mills™

Nourishing what's next.™

Create Your Digital Platform Action Plan

	Done	This Year	Next 3 Years	Later/Never
LEADERSHIP PLATFORM	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
TALENT PLATFORM	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DELIVERY PLATFORM	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Coulda...Woulda...Shoulda
Shoulda...Coulda...Woulda
Woulda...Shoulda...Coulda

CIOs should

Request and expect CEO *involvement*

A few years ago, CIOs couldn't get CEOs to help sort out big "political" technology management issues. It's different now. Ask again.

CIOs should

Determine what percentage of growth is expected from digital products

The digital part of business growth is escalating rapidly. But it's not just about marketing and selling.

... or just **DEVELOP** the next digital product

CIOs should

Start long-term planning for digital change and scaling

Digital change is becoming deep and structural. Development of assets, capabilities and business models takes years.

... or describe and name the new industries of 2025

CIOs should

Work with the CFO and strategy officer on the digital long term

Spending all of your time and energy with sales and marketing will not be sufficient to win.

... or aim to BE the next chief strategy officer

CIOs should

Drive technology education as a mission-critical project

Until leaders are clear what digital is, followers will struggle. CEOs are tackling this. Make sure you fully support them.

... or propose new ventures and acquisitions

CIOs should

Double the amount of time they spend with "competitors"

Discuss industry futures and make each other paranoid. If you don't, new entrants will eat all of your lunches.

... or start an industry platform consortium



75%

of CEOs

**See Rising Risks
From Technology**

CIOs should

Regularly **agitate** the C-suite with internal security failure stories

Corporate damage and CEO job losses are increasing. Quiet tolerance of poor security practices is unacceptable.

... or act unilaterally on high-risk users and systems

What Will **YOU** Do Differently?

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