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Gartner Says Every Budget is Becoming an IT Budget

Analysts Discuss Key Issues Facing the IT Industry During Gartner Symposium/ITxpo 2012, 21-25 October, in Orlando

ORLANDO, Fla., October 22, 2012 — Twelve years ago technology spending outside of IT was 20 per cent of total technology spending; it will become almost 90 per cent by the end of the decade, according to Gartner, Inc. Much of this change is being driven by the digitization of companies' revenue and their services.

The Nexus of Forces is leading this transformation. The Nexus is the convergence and mutual reinforcement of social, mobile, cloud and information patterns that drive new business scenarios. Gartner analysts examined the impact of the Nexus of Forces during the opening keynote today at Gartner Symposium/ITxpo 2012, which is taking place here through 25 October.

Organisations are digitising segments of business, such as moving marketing spend from analog to digital, or digitising the research and development budget. Secondly, organisations are digitising how they service their clients, in order to drive higher client retention. Thirdly, they are turning digitisation into new revenue streams. Gartner analysts said this is resulting in every budget becoming an IT budget.

To address these changes, organizations will create the role of a Chief Digital Officer as part of the business unit leadership, which will become a new seat at the executive table. Gartner predicts that by 2015, 25 per cent of organisations will have a Chief Digital Officer.

"The Chief Digital Officer will prove to be the most exciting strategic role in the decade ahead, and IT leaders have the opportunity to be the leaders who will define it," said David Willis, vice president and distinguished analyst at Gartner. "The Chief Digital Officer plays in the place where the organisation meets the customer, where the revenue is generated and the mission accomplished. They're in charge of the digital business strategy. That's a long way from running back office IT, and it's full of opportunity."

Mr Willis said the forces of cloud, social, mobile and information are reconfiguring how people work and live. It's a world in which business and personal lives are intertwined. A world with fewer commands and control restrictions that stifle productivity and innovation.

"It's an environment where information technology does not define the rules. Instead it is a key ingredient in achieving personal and enterprise productivity and innovation. Where technology is so natural and pervasive that we don't even need to hold it in our hands. It's just a part of our lives," Mr Willis said.

However, there is serious work that needs to be done. IT leaders need to make sure they have policies and procedures in place to respond to the new Nexus-driven threats. They must counter cyberattacks, and anticipate new attacks from new sources at a high scale. They will need to respond to "reputation" warfare

and defend against social media “mercenaries”. They will also invest in new technologies that support employee-owned devices such as mobile device management, containerisation and virtualisation.

“Security investments are going to dramatically increase,” Mr Willis said. “An already large security market is about to get much bigger, growing by 56 per cent from current levels in five years time, while cloud security will almost triple.”

Mr Willis said some companies are already doubling or tripling their security budgets, for example in the health care industry.

Gartner analysts said a key reason for this is regulatory compliance. IT leaders need to anticipate and plan for the coming wave of government interventions and regulations. As information technology becomes pervasive in all operations, regulations from the analog world will come to the digital world.

CEOs want their CIOs to make their impact felt where the organisation meets the outside world. They want the CIO to unleash the forces that will differentiate their business. They don’t want the CIO spending all of their time automating the back office.

“The value CEOs seek is in digitising the interface between your business and its customer or citizen, creating whole new business opportunities in the process,” Mr Willis said. “The Nexus holds the promise of: new revenue streams; new missions; and new possibilities.”

Gartner analysts said this is the age of the engagement economy, and it is key for IT leaders to engage their employees. Mass collaboration is already becoming critical. Gamification holds a lot of promise for the future. When asked to innovate, engage, or solve a problem, Gartner recommends turning the challenge into a game. However, looking beyond internal gamification, IT leaders need a laser focus on their customers.

“If you cannot explain how every project in your discretionary budget affects the end customer or citizen, don’t do it,” Mr Willis said. “CIOs in every industry recognise that focusing on the customer is the major driver of innovation. The likelihood that a customer will recommend your brand to a friend or colleague matters.”

About Gartner Symposium/ITxpo

Gartner Symposium/ITxpo is the world's most important gathering of CIOs and senior IT executives. This event delivers independent and objective content with the authority and weight of the world's leading IT research and advisory organization, and provides access to the latest solutions from key technology providers. Gartner's annual Symposium/ITxpo events are key components of attendees' annual planning efforts. IT executives rely on Gartner Symposium/ITxpo to gain insight into how their organizations can use IT to address business challenges and improve operational efficiency.

Additional information about Gartner Symposium/ITxpo 2012 in Orlando, is available at www.gartner.com/symposium/us. Video replays of keynotes and sessions are available on Gartner Events on Demand at www.gartnerondemand.com. Follow news, photos and video coming from Gartner Symposium/ITxpo on Facebook at <http://www.facebook.com/GartnerSymposium>, and on Twitter at http://twitter.com/Gartner_inc and using #GartnerSym.

Upcoming dates and locations for Gartner Symposium/ITxpo include:

29-31 October, Sao Paulo, Brazil: www.gartner.com/br/symposium

5-8 November, Barcelona, Spain: www.gartner.com/eu/symposium

12-15 November, Gold Coast, Australia: www.gartner.com/au/symposium

5-7 March, 2013, Dubai, UAE: www.gartner.com/technology/symposium/dubai/

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