

Gartner EXP Worldwide Survey of 1,500 CIOs Shows 85 Percent of CIOs Expect "Significant Change" Over Next Three Years

Worldwide Survey Results Show CIOs Must "Make the Difference" by Replacing Generic IT With Distinctive Solutions That Drive Enterprise Strategy

Half of CIOs Investing in Web 2.0 Initiatives Are Doing So for the First Time in 2008

STAMFORD, Conn., January 23, 2008 — Eighty-five percent of chief information officers (CIOs) see significant change coming over the next three years as they look to meet rising business expectations for IT to make the difference in their enterprise strategy, according to a worldwide survey of 1,500 CIOs by Gartner Executive Programs (EXP).

"CIOs recognize the importance of IT in 'making the difference' by changing business processes, attracting customers and developing new products and services," said Mark McDonald, group vice president and head of research for Gartner EXP. "However, they are guarded in their confidence in IT's ability to create results in these areas. Momentum has been building for IT to play a larger role. This year, those expectations are beginning to outpace CIO confidence to deliver. This sharpens CIOs' concentration on IT capabilities like never before."

Making the Difference

The Gartner EXP CIO report *Making the Difference: The 2008 CIO Agenda* represents the most comprehensive examination of business priorities and CIO strategies. It encompasses more than \$132 billion dollars of IT spending and the insights from more than 1,450 enterprises across 33 countries and 23 industries.

"The message is consistent across the survey; business leaders expect IT to make the difference rather than deliver generic IT solutions," Mr. McDonald said.

"IT difference is the reason customers use when they choose a company's products and services," added Mr. McDonald. "Making the difference involves taking on additional technical risk and cost, a departure from past CIO strategies that concentrated on managing these factors. CIOs will need to become more tolerant of risk and innovation and flexible to meet changing market and customer demands."

CIOs are in a strong position to lead in making the difference. CIO tenure has stabilized at an average of four years and four months, giving CIOs ample time to work with executives to transform their enterprises. In addition, more than half of CIOs report having responsibilities outside of traditional IT, reflecting their enhanced business leadership position. The most common additional responsibility is related to business process improvement.

CIO Staffing Challenges

While overall IT effectiveness continues to climb, CIOs face challenges in their people, their processes and IT performance. Only 27 percent of CIOs believe that they have the right number of skilled people to meet business needs. That is impacting both IT performance and IT's support for enterprise strategies.

"The skills of your people count," said Mr. McDonald. "Two-thirds of IT organizations that do not meet business expectations claim that skills are at the core of their performance issue. This issue is not expected to be resolved quickly, because only half of CIOs reporting a skills issue have building IT skills as a top-five strategy for 2008."

Web 2.0 and Social Computing

Web 2.0 and social computing are on the rise according to CIOs. Half of companies increasing their investment in Web 2.0 are doing so for the first time. Social computing is rapidly becoming a way that IT can play a direct role in making the difference to the customer and the market.

"Every company is entering a world rich with information and personal expression. Web 2.0 and social computing provide tools to capture both and turn them into customer insight, engagement and retention," said Mr. McDonald.

IT Spending and Priorities

Worldwide IT budgets are expected to increase by an average of 3.3 percent in 2008, up slightly from 2007. Enterprises are willing to invest in IT that delivers distinctive solutions. IT budgets at these companies are growing at a rate of 4.9 percent on average, compared with IT budgets at generic IT shops, which will rise an average of 3.1 percent.

Improving business processes was the No. 1 business priority for the fourth consecutive year (see Table 1). Creating new products or services (innovation) moved from being the No. 10 priority in 2007 to the No. 3 priority for 2008. Business intelligence was the No. 1 technology priority for the third year in a row.

Table 1
Top 10 Business and Technology Priorities in 2008

Top 10 Business Priorities	Ranking	Top 10 Technology Priorities	Ranking
Business process improvement	1	Business intelligence applications	1
Attracting and retaining new customers	2	Enterprise applications (ERP, CRM and others)	2
Creating new products and services (innovation)	3	Servers and storage technologies	3
Expanding into new markets or geographies	4	Legacy modernization, upgrade or enhancement	4
Reducing enterprise costs	5	Technical infrastructure	5
Improving enterprise workforce effectiveness	6	Security technologies	6
Expanding current customer relationships	7	Networking, voice and data	7
Increasing the use of information and analytics	8	Collaboration technologies	8
Targeting customers and markets more effectively	9	Document management	9
Acquiring new companies and capabilities (mergers and acquisitions)	10	Service-oriented architecture (SOA) and service-oriented business applications (SOBA)	10

Source: Gartner EXP (January 2008)

"CIOs and IT will need to realign themselves around the enterprise strategy, enterprise performance and results, or else they will only reinforce the perception that IT provides market-matching solutions rather than market-making capabilities," Mr. McDonald said. "CIOs see business expectations of IT taking a big leap in 2008, and CIOs are now expected to deliver the solutions that make the enterprise different in a way that matters to company performance and customer satisfaction. That is a tall order requiring CIOs to think differently about their role in 2008 and beyond."

About Gartner EXP

Gartner Executive Programs (EXP) is a membership-based organization of more than 3,600 CIOs worldwide. Members benefit from the convenience of a single source of knowledge, one-to-one counsel, personalized service, the shared knowledge of the world's largest community of CIOs, and the assurance of Gartner objectivity and insight. Additional information about Gartner EXP can be found on the Gartner Web site at www.gartner.com/exp.

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