

Deloitte CIO Survey 2014 results announced

After a prolonged economic downturn, organisations across the globe are setting their sights on stronger growth and - for many companies - investment in technology is becoming a strategic priority, according to Kamal Ramsingh, Technology Leader of Consulting Africa at Deloitte.



The Deloitte CIO Survey 2014
CIOs: At the Tech-junction

www.deloitte.co.uk/ciosurvey2014

Technological innovation is changing the way businesses operate and connect, giving firms the opportunity to recalibrate their operating models to reflect the emerging digital economy. CIOs are associated with maintaining core IT systems for businesses, but a key question in this year's survey is whether they should also take more responsibility for harnessing technology innovation to drive business growth.

"Currently, 55% of the CIO budget is focused on supporting delivery of core IT services, with 22% assigned to business growth. CIOs continue to see delivery of business outcomes through IT services as their primary responsibility. That makes sense given their role in managing core systems, but suggests they could do more in applying technology when driving innovation for business growth," continued Ramsingh.

Most CIOs have a limited budget for innovation-related activities and report that risk aversion among other board members constrains their ability to make riskier IT investments.

The survey results suggest that more could be done to drive the technology growth agenda in the C-Suite and CIOs could make more effort to develop networking groups, alliance partners and supplier relationships. Small and niche relationships may also be rich untapped sources of new ideas.

Taken together, these findings suggest that business leaders do not always believe CIOs are the natural choice to drive technological innovation for growth. However, that perception may be changing and CIOs are becoming more effective business partners with half of CIOs rating themselves 'strong and effective' in that regard, a 10% increase from last year. A significant majority of CIOs state that responding to new businesses needs and driving digital strategy are their top priorities for the next 13 to 18 months.

As new technologies proliferate, the role of CIOs may be set to change as they consider how far to take the innovation and

growth agenda. However, the rise in prominence of positions such as chief marketing, digital and data officers provide organisations with alternatives.

"Now is the time for CIOs to choose whether to remain custodians of core IT systems or become drivers of growth through technological innovation," said Ramsingh.

Key findings

- **IT budgets and key priorities:** The worst budget cuts are in the past, with only 23% of CIOs reporting a decrease in budget in 2014, similar to last year's survey results. CIOs continue to allocate the lion's share of budgets to routine IT activities, but there is a 3% shift this year towards change and growth activities, perhaps a reflection of the more positive macro-economic environment;
- **CIO portfolio:** CIOs tend to prioritise the delivery of IT services over profit, innovation and growth, the survey shows. For example, CIOs are twice as likely to prioritise IT delivery over "transforming IT from a cost centre to a profit centre" or "investing in new technologies". In a positive development, more than 60% of respondents say they evaluate project portfolios against measures such as risk vs reward;
- **CIO relationships:** The survey results suggest that CIOs could do more to enhance their board relationships if they want their IT functions to innovate and support business growth. More positively, slightly more than 40% of CIOs report having a very good relationship with CEOs;
- **CIO pulse:** For businesses that aspire to grow through technology innovation, there is still work to be done to shift mentalities and embed an innovation culture in the IT organisation. One-third of CIOs consider IT innovation as very important to the IT function. More than half of the CIOs consider innovation to be important to their organisation, but receive little funding in the IT budget to effectively deliver; and
- **Analytics:** With businesses using increasing volumes of data for analytics purposes, it is surprising to note that more than 50% of CIOs are not piloting, implementing nor adopted analytics in their organisations. The good news is that 74% of this group use analytics to support business strategy and almost half see this as giving them a competitive advantage. Still, more than a quarter either don't use analytics or do so in a way that has no clear alignment to business strategy.

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