

2015 CIO Agenda: An Africa Perspective

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Gartner's 2015 CIO survey results clearly show that digital technologies are creating a competitive frontier with winners and losers in all industries and geographies. CIOs in Africa must embrace digital leadership to seize digital opportunities. This research explores the CIO agenda for Africa.

Key Findings

- CIOs in Africa agree that the digital world engenders new, vastly different and higher levels of risk, and that the discipline of risk management is not keeping up.
- The top five new technology investment priorities for Africa CIOs — infrastructure and data center, BI/analytics, ERP, cloud and mobile — are in close alignment with the rest of the world, even if not in the same order. IT budgets in Africa are expected to increase in 2015 by five times the global average.
- With 85% of 2015 Africa CIO Survey respondents focusing on IT cost, it is by far the most common measure of IT performance.
- There is an overwhelming desire to change leadership style, with 67% of Africa CIOs saying they need to reduce command-and-control leadership style.

Recommendations

- Review with your enterprise and IT risk leaders whether risk management is adapting fast enough to a digital world.
- Look beyond the Nexus of Forces technologies, and explore the next wave of digital technologies because, for at least the next decade, deep technology-driven innovation is the new normal for market leaders.
- Utilize increased budgets to invest in cutting-edge technology and fund innovation and experiments.
- Expand IT performance metrics from a focus on cost only to include value generated from IT. IT cost certainly cannot be ignored, but including value drivers specific to the business puts the focus on IT as a key contributor to productivity and profitability.

- Consider 360-degree feedback assessments as one way to identify your areas of command, control leadership, and take action to embrace inspiring and visionary leadership style.

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Analysis

Every year, Gartner surveys the membership of its Executive Programs to expose key priorities, opportunities and threats facing its members across the globe. Of the 2,810 respondents to the 2015 Gartner CIO Survey, 26 came from Africa. This research is based on the maturity of the emerging markets in Africa, which include South Africa, Nigeria, Kenya and Egypt.

Last year's CIO Agenda explained how enterprises were moving beyond IT craftsmanship (focusing on technology) and IT industrialization (focusing on process efficiency and effectiveness) into the era of digitalization. This document comprises an update to our findings in "2014 CIO Agenda: An Africa Perspective."

This year's results of Gartner's survey (see "Flipping to Digital Leadership: The 2015 CIO Agenda") reveal three key leadership areas that organizations have to work on to ensure successful digital business initiatives, depicted in Figure 1.

Figure 1. Three Key Leadership Areas for Successful Digital Business



Source: Gartner (January 2015)

Information and technology leadership means leveraging legacy assets as a starting point for the digital world. Value leadership moves what's easily measurable (for example, IT cost) to what is most valuable, and people and culture leadership ensures changing from a control-led management style to a more vision and inspiration-led management style.

This research looks into the specifics of the Africa 2015 Gartner CIO Survey results.

Weak Risk Management Response

According to the 2015 CIO Survey, all Africa CIOs agree that the digital world engenders new, vastly different and higher levels of risk, and 75% of these CIOs responded that the discipline of risk management is not keeping up.

Clients in Africa also said that, in certain instances, IT governance has been mentioned as being too cumbersome and also not adapted to enable digital and bimodal approaches. Especially in the banking sector, process is a significant hindrance to agility.

Technology Spending Priorities

There is a remarkably close alignment throughout the top five new technology investment priorities for Africa CIOs and their peers across the globe. Infrastructure (including integration services)/data center, BI/analytics, ERP, cloud and mobile are in close alignment with the rest of the world, even if they are not in the same order (see Figure 2). For African CIOs, cloud and mobile are already central to business thinking. For example, for 26% of Africa CIOs, the default approach when designing customer-facing apps and services is to design the experience around a smart mobile device as the primary interface, while one-third said they factored in design for mobile as a secondary interface.

Similarly, about half of Africa respondents considered cloud — specifically SaaS — as a viable option. Investments in infrastructure and data center climbed to the top of the list from No. 3 last year. Investment in this area is largely fueled by the banking and oil industries, which are keen to improve their data center performance. This is especially true in Nigeria.

Governments — in countries where the undersea cable lands, such as Kenya — are, on the other hand, driving investments in data centers.

Figure 2. Top Technology Priorities for 2015, Africa vs. Global

Africa	Global
1. Infrastructure and Data Center	1. BI/Analytics
2. BI/Analytics	2. Infrastructure and Data Center
3. ERP	3. Cloud
4. Cloud	4. ERP
5. Mobile	5. Mobile
6. Networking, Voice and Data Communications	6. Digitalization/Digital Marketing
7. Digitalization/Digital Marketing	7. Security
8. Application Development	8. Networking, Voice and Data Communications
9. BPM	9. CRM
10. Enterprise Applications	10. Industry-Specific Applications
11. IT Services/Automation	11. Legacy Modernization
12. CRM	12. Enterprise Applications

Source: Gartner (January 2015)

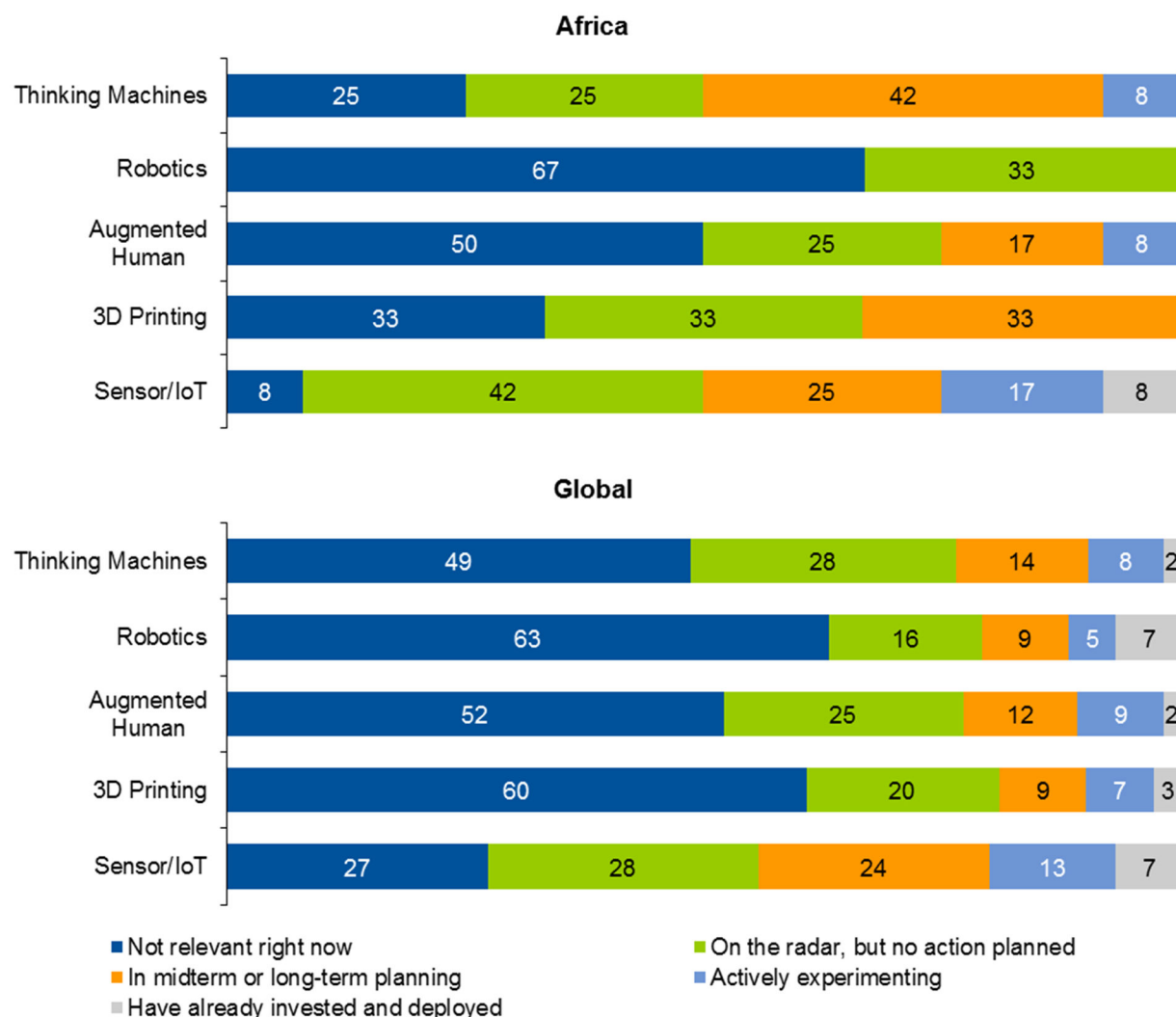
Africa CIOs also place a higher priority on networking, voice and data communications, at No. 6, than their global peers. This reflects the increased opportunity, in many African countries and across the continent, of improving communications network capacity and catalyzing business (including cloud). Issues with bandwidth availability are still a cloud adoption showstopper in many instances.

However, there are significant differences. BPM and IT services/automation make the Africa list of technology priorities, but not the global list. This can be attributed to CIOs in Africa who are still wrestling with implementation, whereas the more developed regions (North America and EU) have put these problems behind them as a worry or a need.

The Nexus of Forces (mobile, social, cloud and information) is no longer the exotic — it is the place where all enterprises live. However, this must not mean the nexus as the end of the journey, but rather an acknowledgment that the next set of digital technologies and trends is coming down the line much faster than we think.

Figure 3 shows the penetration of the five SMART technologies: sensor networks/the Internet of Things; maker machines, such as 3D printing; augmentation of humans with devices or smart decision-making systems; robotics; and thinking machines (for example, IBM's Watson; see "The Five SMART Technologies to Watch").

Figure 3. Adoption of SMART Technologies, Africa vs. Global



Values represent the percentage of respondents and may not total 100% due to rounding.

Source: Gartner (January 2015)

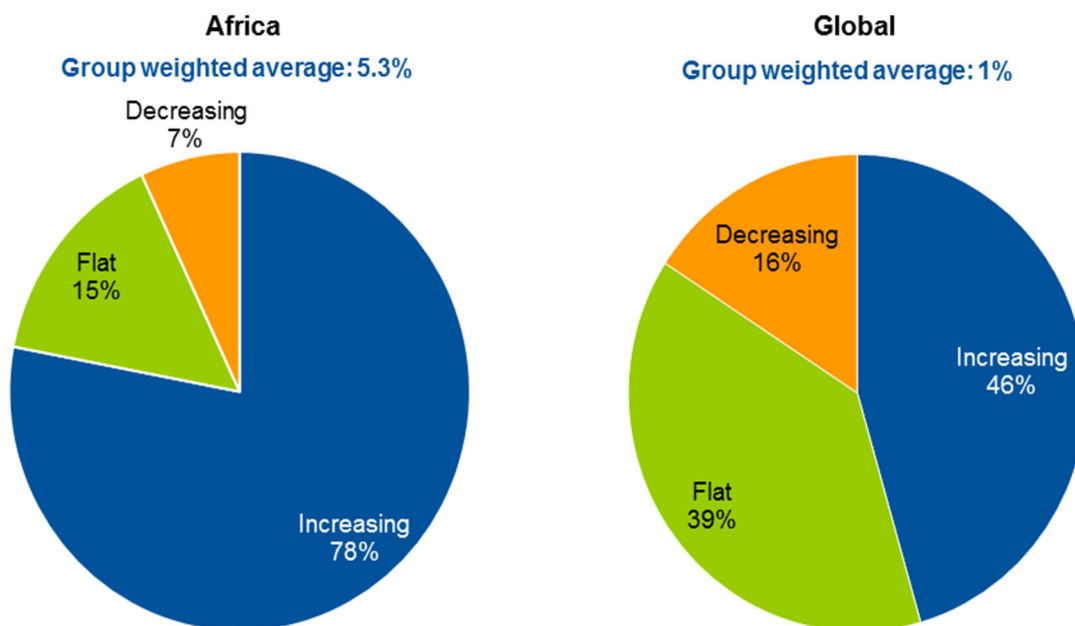
Africa CIO responses showed that these technologies are far more relevant than their global counterpart. This can be attributed to the extractive industries — mining and oil drilling. For example, Anglo American, a global mining company founded in South Africa, reported that the Internet of Things and autonomous vehicles radically improve yields and effectiveness in mining.

However, in other sectors, there seems to be a lack of commitment for some IT departments to take up operations technologies (Internet of Things) under the traditional IT department domain. A strong view was that this aspect of IT belonged to, for example, the engineers (that is, outside of IT). ERP and other business applications and related infrastructure services were the comfort zone of CIOs in Africa.

Increased IT Budgets

CIOs in Africa expressed a lot more optimism in IT budget increases from 2014 to 2015, while the IT budgets of their peers around the world are not growing exuberantly (see Figure 4).

Figure 4. Expected IT Budget Change 2014 to 2015, Africa vs. Global



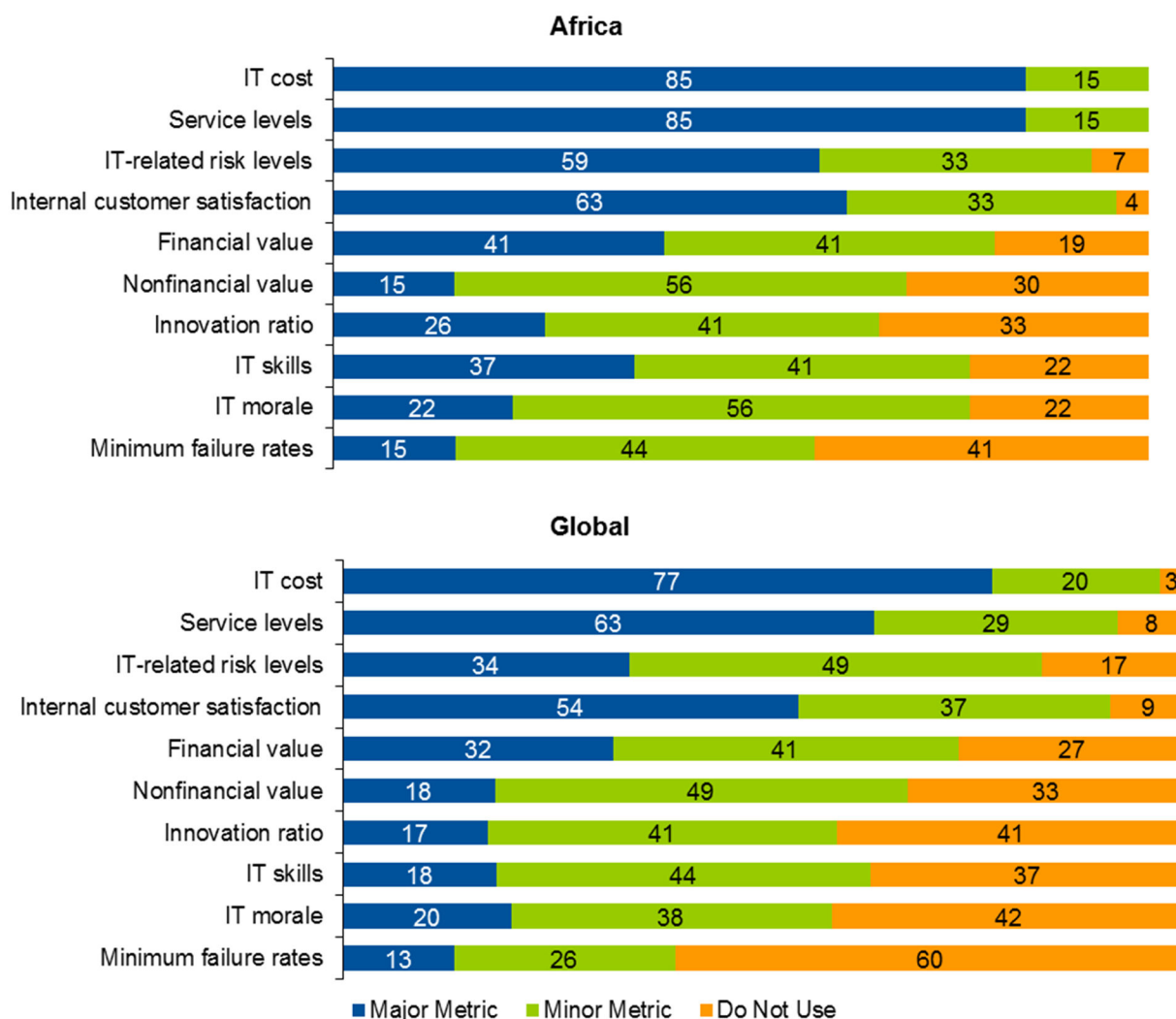
Numbers may not total 100% due to rounding.

Source: Gartner (January 2015)

With 85% of 2015 Africa CIO respondents and 77% of global respondents focusing on IT cost, it is by far the most common measure of IT performance (see Figure 5). Africa-based and global enterprises and their CIOs disproportionately focus on what is easily measurable (for example, IT cost), rather than what is most valuable or requiring the most attention. Communicating the business of value of IT seems to be a challenge with a number of clients.

IT cost certainly cannot be ignored, but if it is the dominant metric, the message is to generate value from IT by reducing IT cost. Since IT cost is normally only a small percentage of revenue or of overall business costs, even a substantial reduction has very limited impact on the bottom line. Gartner CIO clients said the main challenge is linking the IT cost to top-line measures, as seemingly, there is a limited impact that may not necessarily be the case in the long term, especially in sectors (banking, insurance sectors) facing a high degree of competitiveness from new digitally enabled startups or highly innovative companies.

Figure 5. Use of IT Performance Metrics, Africa vs. Global



Values represent the percentage of respondents and may not total 100% due to rounding.

Source: Gartner (January 2015)

CIOs in Africa should, therefore, consider flipping the focus from reducing IT cost per dollar of revenue to increasing revenue per dollar of IT cost. This simple but powerful inversion puts the focus on what a business is all about — productivity and profitability — there is no limit to value creation.

Change in Needed Leadership Style From Command to Vision

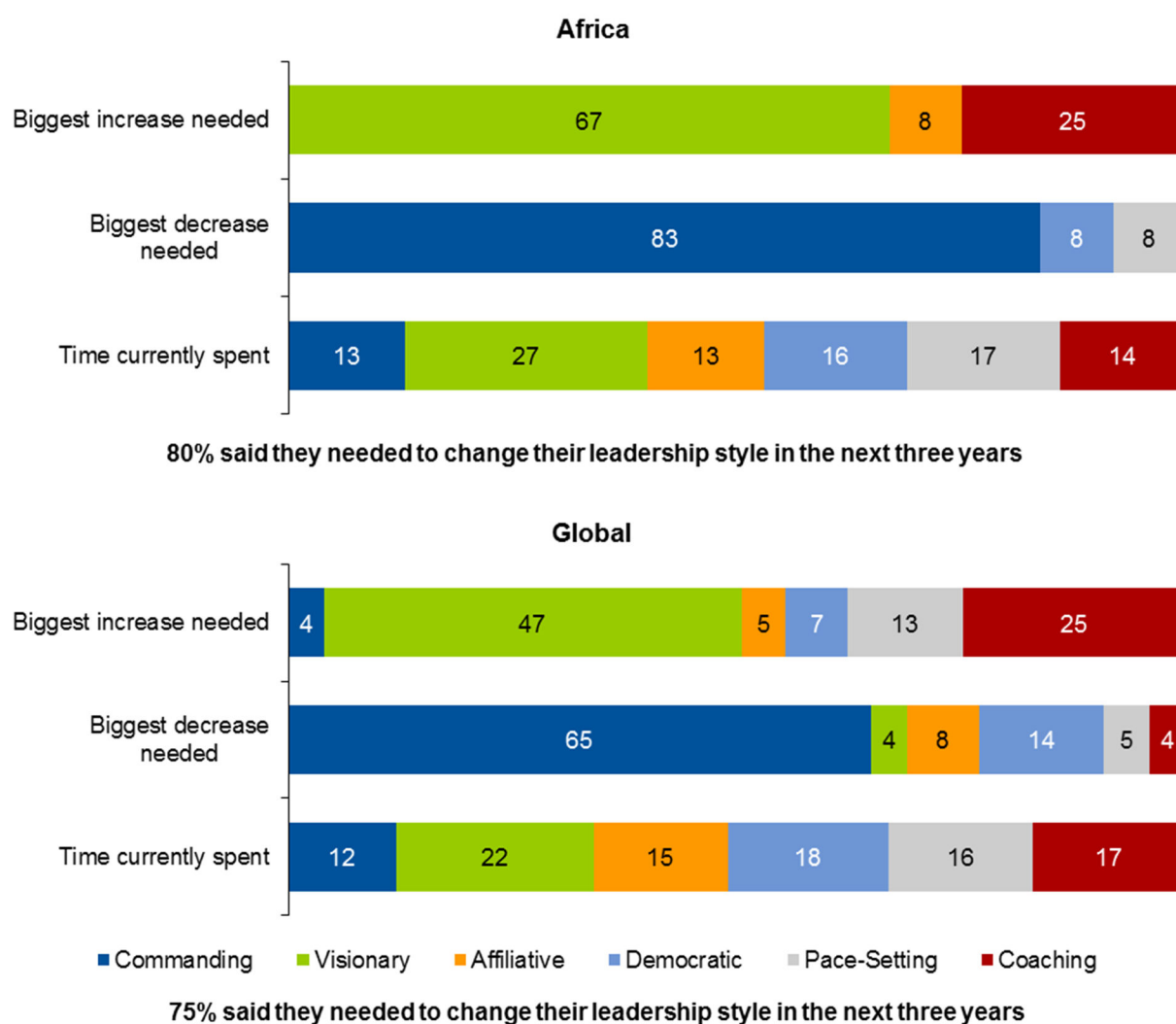
Digital leadership is almost always about creating the new and leading with speed, often in areas with a high degree of uncertainty and no well-trodden paths to follow. It also typically requires leading and inspiring — inside and outside your area of control, and inside and outside the

enterprise — while engaging with customers and influencing the business ecosystem. Command-and-control leadership doesn't suit this digital world. In fact, it can be an obstacle. Vision and inspiration are typically the most powerful attributes of digital leaders.

Eighty percent of Africa CIOs recognize the need to flip their leadership style in the next three years, from "control first" to "vision first," most commonly by amplifying their vision (67%) while reducing their command and control (83%; see Figure 6).

While CIOs in the rest of the world also echo the need to change their leadership style, there is a 20% difference in areas where the biggest increase (visionary) and decrease (commanding) are needed.

Figure 6. Leadership Style Considerations, Africa vs. Global



Values represent the percentage of respondents and may not total 100% due to rounding or "don't know" responses.

Source: Gartner (January 2015)

CIOs have a unique opportunity to take a strong digital leadership role in the transformation of their businesses. Seizing this opportunity requires flipping "control first" to "vision first" in people (and cultural) leadership.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Hype Cycle for ICT in Africa, 2014"

"Leading Offshore Services Locations in EMEA, 2015: Nearshore Increases Despite Geopolitical Concerns"

"Market Guide for Pan-African Network Service Providers"

"Flipping to Digital Leadership: The 2015 CIO Agenda"

Evidence

This document and all the documents in this special report are primarily informed by the 2015 Gartner CIO Survey. This survey was conducted during June, July and August 2014, and received responses from 2,810 CIOs in 84 countries and all major industries, representing approximately \$12.1 trillion in revenue/public-sector budgets and \$397 billion in IT spending.

More on This Topic

This is part of an in-depth collection of research. See the collection:

- Global Perspectives on Flipping to Digital Leadership: The 2015 CIO Agenda

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