



CIO Outlook

Driving digital transformation in 2017

DRIVING **DIGITAL TRANSFORMATION** IN 2017

The role of the CIO has never been more challenging. Operational responsibilities, budget pressures, customer expectations, and the demands of the business have combined to create a unique landscape for the CIO to navigate.

CIOs must adapt not only to rapid technological developments and employee demands, but the imminent arrival of the app generation – those who have never known a world without a smartphone – bringing a new set of expectations.

According to Gartner, “thanks to digital, CIOs have an unprecedented opportunity to transform themselves and their departments, and become a key voice at the executive table and boardroom.”¹

This CIO Outlook report draws on new global research with insight from 292 CIOs, commissioned by Fuze, to explore the current challenges and strategies of today’s IT business leaders.

What did the findings show? CIOs want to champion digital transformation and innovation, and they have the vision and progressive approach to make it happen.

FROM CUSTODIAN TO **CHAMPION**

FAST FACTS



the average percentage of an organization's domestic annual revenue that is spent annually on IT



the average percentage of the IT budget that CIOs are expected to save over the next five years



the average percentage of IT budgets that is spent on implementing and maintaining communications infrastructure and applications

For CIOs, the pressure to do more with less has never been higher. An overwhelming 91 percent are under pressure to reduce expenditure, and IT departments are spending most of their time simply 'keeping the lights on'.

¹ Gartner "New CIO Responsibilities in a Digital Business World", John MacDorman, Dave Aron, 15 November 2016

IT COMPLEXITY IS A TIME DRAIN FOR BUSINESSES

IT departments currently spend 83 percent of their time managing IT & communications platforms and resolving user issues, with only 11 percent of their time set aside for planning future innovation

Yet this is not where CIOs want to focus. A significant 61 percent say senior executives place too much emphasis on cost reduction and 58 percent say they can't focus on innovation due to other pressures.

How the board views the success of the CIO's team reflects this 'operational' focus, with the primary measure being system and application downtime. But most CIOs want to be measured on innovating the IT department and their ability to shift the emphasis from cost reduction to revenue generation.

The fact is that CIOs want to champion change and take a proactive role in modernizing the enterprise. And there's a clear belief that IT's role is fundamental in driving digital transformation.

80% of CIOs say IT's ability to innovate is critical to business success

80% of CIOs say IT can drive business success



92%

want to lead digital transformation



93%

want to champion innovation



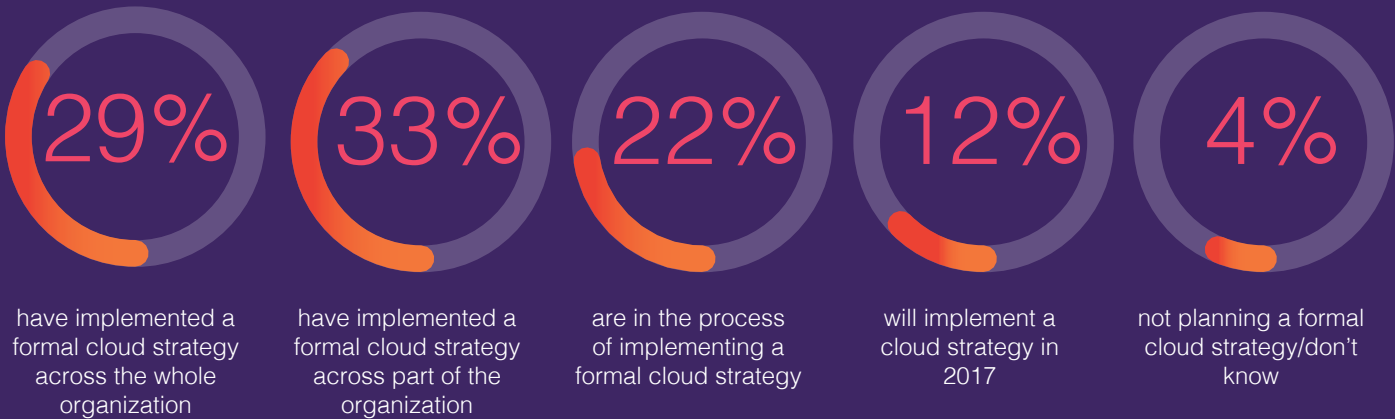
91%

want to drive business growth

HEADS IN THE CLOUD

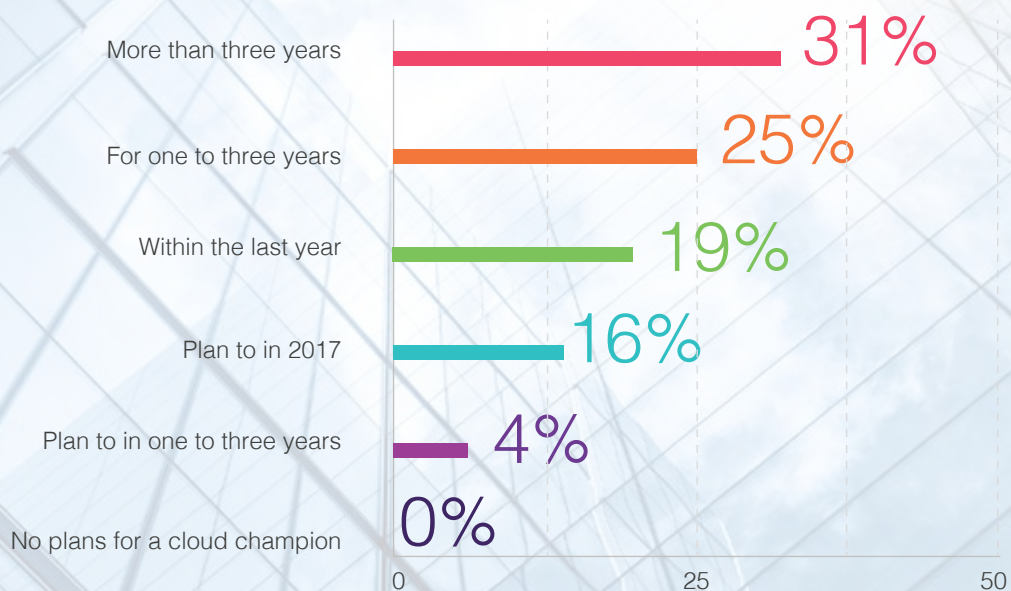
By the end of 2017, an overwhelming 96 percent of CIOs will have a formal cloud strategy in place.

MATURITY LEVELS IN CLOUD STRATEGIES



These cloud maturity levels largely correlate with the presence of an internal advocate for these initiatives. By the end of 2017, 86 percent of enterprises will have a cloud champion who is responsible for driving the cloud strategy.

WHEN FORMAL CLOUD CHAMPIONS WERE INTRODUCED






COMMUNICATIONS **COMPLEXITIES**

It's no surprise that when it comes to communications, application sprawl is rife in today's enterprises. CIOs are reporting use of multiple applications for voice and video conferencing, messaging, and screen sharing – and that's not including those that workers are using without the knowledge or permission of the IT department.

CIOs report a minimum of three communications tools across different categories.

APPLICATION **SPRAWL**

-  3 voice conferencing applications
-  3 voice conference applications with screen sharing
-  3 video calling
-  3 screen sharing (no voice)
-  4 office collaboration (share files etc.)
-  3 instant messaging
-  3 group messaging



WHAT CONCERNS CIOs ABOUT COMMUNICATIONS INFRASTRUCTURE AND APPLICATIONS



87%

the time it takes to manage and maintain



85%

training users on new technologies



86%

the cost of maintaining and managing on-premise equipment and applications



82%

the complexity



80%

providing ongoing support to employees

For the majority (67 percent), reducing the number of communication applications in the next 12 months is important, yet 60 percent also say that investing in new communications technologies is a priority.

While CIOs want to reduce their spend on communications infrastructure by around 15 percent, the key drivers to justify additional investment in new communication approaches lie in improving the communication experience, particularly with those CIOs who identify as progressive and innovative.

TOP THREE DRIVERS FOR ADOPTING NEW COMMUNICATION TECHNOLOGIES



54%

Improving the customer experience



47%

Improving enterprise communication



43%

Reducing operating costs





PREPARING FOR THE **APP** GENERATION

The next generation to enter the workforce defines itself by technology, having never known a world without smartphones and the internet. To these young people, the phrase 'there's an app for that' isn't just a snappy advertising slogan. It's a truism and an answer to just about any question. And while it may be a few years until the majority of the app generation join the workforce, the disruptive effect of younger generations is already being felt. In considering the next generation of workers, CIOs feel under-prepared yet excited for the innovation they'll demand.



54%

say they will present issues as they are not used to certain technologies



47%

say additional training will be required on older IT systems



81%

say they will fuel adoption as IT refreshed and updates tech approaches



72%

say there will be more emphasis on innovation due to younger employees

CHANGING FOR THE FUTURE

As the app generation enters the workplace, it will bring a new set of expectations and challenges to today's IT environments. According to a recent Gartner survey, nearly eight in 10 people believe that the skills and knowledge their organizations have in 10 years will bear little resemblance to the skills and knowledge they have today². While this poses a significant risk to businesses that are ill-prepared for the new generation, it does provide CIOs with the perfect opportunity to convince their organizations of the need to upgrade now.

Catering to the expectations of the App Generation will not only benefit the latest employees, but will also provide a springboard upon which businesses can launch their wider digital transformation strategies. By taking control of their domain and driving innovation, CIOs can be the positive catalyst for change within their businesses, helping to move their companies forward.

² Smarter with Gartner "Analyst Answers: The CIO's Biggest Digital Transformation Challenges", Chris Howard, Diane Morello, Bard Papegaaij, Donna Fitzgerald, 23 September 2016.

Methodology

Fuze commissioned research with 292 corporate CIOs working in organizations of 500+ employees in North America, Australia, and Europe, with an average annual revenue of USD \$1.7 billion. The survey was carried out by Vanson Bourne using online and telephone interviews in December 2016.

About Fuze

Fuze is a global, cloud-based unified communications platform. Designed for the way people work, Fuze powers business conversations and insights across the modern enterprise. With a single unified voice, video, and messaging application, people can now communicate anytime, anywhere, across any device.

Learn more at www.fuze.com

