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Logicalis Global

CIO Report 2023

Shaping the new possible

A research paper from Logicalis based on a study of 1000 CIOs from around the globe.

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Foreword

Jon Groves
CEO Logicalis US

Despite concerns of an impending recession, 2023 looks to be a year of possibilities for CIOs.

The CIOs who participated in our most recent CIO survey are playing a leading role in delivering a digital-first future.

Of the CIOs surveyed, 57% say building and operating new digital services is their main responsibility this year, while 92% are confident their investment in digital services will build business resilience.

In response, we're pursuing new market opportunities with some of our core partners. In addition, we are striving to be among the first out of the gate with leading-edge digital solutions which solve for today's most profound challenges in cloud, connectivity, collaboration, and security.

Half of CIOs also say the right MSP can help to free up resources so they can focus on core strategic priorities and give them better access to needed skills and improved visibility into cost and performance. This is why we're strengthening our services portfolio to focus on our locally delivered professional services and globally delivered managed services.

Finally, 49% of CIOs tell us they consider carbon output, sustainability, and energy efficiency when choosing new suppliers. Logicalis is committed to adopting more responsible business practices by reducing our carbon and physical footprints, working alongside our suppliers.

As CIOs and IT leaders step out on a broader stage and show the boardroom how to shape the future, Logicalis is here to show you what's possible.

Executive summary

Our most recent CIO Report clearly demonstrates that the role of the CIO is expanding and evolving. Today, 41% of CIOs have some level of responsibility for business strategy while 81% say they are spending more time on innovation. This finding is mirrored in the recent Gartner Group Evolution of CIO Responsibilities survey, which found that 81% of CIOs are leading initiatives beyond traditional IT management. In its 2021 report, Gartner principal analyst Apoorva Chabra said: "Digital doesn't only disrupt business – it transforms leadership. Digital business success demands a paradigm shift in technology leadership, and an evolved way of thinking."

Technology leaders told us that organizations are concerned about economic turbulence in the aftermath of the pandemic. Many CIOs are facing budget constraints that make it essential to do more with less. However, the answer is not simply cutting back

57% of CIOs say that build-ing and operating new digital services is their main responsibility this year

or dialing back innovation. CIOs are responding to market challenges by developing strategies that drive growth, improve efficiency, and deliver the innovation increasingly demanded by customers, employees, and partners.

79% of CIOs are increasing spending on customer and employee experiences

Orchestrating transformation on the journey towards a digital-first future means CIOs are forging a new path. The four critical areas of focus for CIOs identified in our 2023 report include:

Innovation: Most CIOs are focused on innovation to help drive better experiences. Some 50% of CIOs are expected to deliver continuous innovation that elevates and differentiates customer and employee interactions.

Strategy: The modern CIO is likely to play a critical role in shaping business strategy, rather than simply focusing on growth. 80% of CIOs say that strategy will become a bigger part of their role over the next two years.

Digital transformation: Virtually all CIOs are in the process of digital transformation, and 57% of CIOs say that building and operating new digital platforms is still a core part of their job.

Re-imagining service partnerships: Faced with growing cyber-threats, budget restrictions and skills shortages, CIOs are building new partnerships with trusted managed service providers (MSPs) to drive innovation and digital resilience.

81% of CIOs are spending more time on innovation compared to a year ago

74% of CIOs expect to increase spending on IT Outsource Management in 2023 in search of benefits such as better visibility of costs and performance (55%), access to skills (48%) and the ability to utilize infrastructure and software as a service (47%).

Bold by design

New industry dynamics present CIOs with new opportunities

Bold leadership takes CIOs from the basement to the boardroom

The last decade has presented organizations with a host of challenges, but it has also provided a fast track for many CIOs from the basement to the boardroom. Technology leaders were already at the heart of digital transformation initiatives, but when remote working became the new normal, it was the CIO who helped to shift entire businesses to digital platforms and services.

Today, business leaders facing a turbulent future are turning to CIOs for strategic advice on navigating the challenges ahead. Can we deliver resilient services while also transforming the experience for our customers and employees? How can technology help us to differentiate services in an increasingly competitive market?

Traditionally, CIOs would drive efficiency and growth by managing the IT infrastructure to support business strategy. That's no longer enough.

Today's tech leaders are actively involved in creating business strategy, using their technology expertise to deliver innovative solutions that drive value and competitive advantage. Some 81% of CIOs told us that

81% of CIOs are spending more time on innovation, with almost half (46%) reporting that innovation is part of how their job performance is measured.

they saw a "significant increase" in the amount of time they spend on strategic planning in 2022, while 77% are spending more time selling ideas into the board.

CIOs are playing a role in orchestrating transformation, helping organizations to rethink the way they do business, building new revenue streams and transforming service delivery.

It's an evolution that makes sense. Many CIOs have strong leadership skills, technology expertise and a great awareness of many business silos. It's hardly surprising if their role expands from "supporting the business through technology" to "helping create and drive new business models and revenue streams that are enabled by technology."

Our report found that 81% of CIOs are spending more time on innovation, with almost half (46%) reporting that innovation is part of how their job performance is measured. Half of CIOs also said that their board expected them to deliver continuous innovation. This reflects a 2021 survey conducted by Deloitte, which found that 80% of CIOs are driving their organization's innovation efforts.

This doesn't mean that CIOs aren't still involved in technology strategy. Our report found that most CIOs expect digital transformation and related technology projects to be a top priority for the next two years, while 84% expect this part of their job to increase over the next two years.

Around 8 in 10 CIOs said they expected spending on digital transformation

77% are spending more time selling ideas into the board.

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Increasingly CEOs are looking to their CIOs for strategic advice as to how to leverage technology to improve the value of the business and the service to the customer.

James Watson, CIO, Total Safety, Texas

to increase in 2023, reflecting the wider importance of transforming customer and employee experiences and building better resilience. Despite the optimistic headline numbers on IT spending, CIOs are facing significant budget challenges, as they face record inflation, rising supply chain costs, and skills shortages. In reality, many spending increases will look like spending cuts in the 2023 economy.

Delivering innovation with impact

CIOs are transforming how we connect with customers and employees

Everywhere you look, people are talking about increasing customer experience. Whether a CIO is in a B2B or B2C environment, today's users expect 24/7 omnichannel access to personalized services supported by emerging technologies, from customer service chatbots to AI-powered insurance quotes.

CIOs are rethinking digital services to provide this experience for customers, partners, and employees. Some 79% of CIOs expect to increase spending on customer experience in 2023, while 77% want to "redefine" the customer experience in the year ahead. Research firm IDC recently cited employee experience as one of the top 10 CIO priorities for 2023.

"CIOs will be instrumental in helping their enterprise navigate the winds of change by...co-creating new business models and outcomes," said Serge Findling, a VP of research at IDC.

Tech leaders aren't just considering the experience of customers – they're also rethinking the employee experience.

With a shortage of skilled workers, CIOs understand that creating a supportive work environment that fosters enhanced collaboration and productivity is important in attracting and retaining skilled employees.

More than half (57% of the CIOs we spoke to say that employee experience is

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Technology only works when you work with your people, engaging key stakeholders, telling a story and creating a little bit of excitement around what's coming and how it's going to benefit their day to day work.

Dean Mills, Director of Information Technology, Anglicare Victoria

employee experience. Top of the experience wish list? Better connectivity (48%, guaranteed security for remote workers (45%, and new wellbeing initiatives (27%.

When innovation is a priority, it isn't surprising to see an increased interest in Agile for the rapid development of digital services. Forrester Research found that 40% of companies using Agile saw faster innovation, while 38% saw improved quality and faster time to market.

Some 80% of CIOs also expect to see increased investment in Agile in 2023, and almost half (44%) say that a key priority this year is using Agile to help balance legacy IT with innovation in digital platforms and services. ■

a key priority. What this means in practice is a focus on building a digital first culture with high quality interactions and the ability to use data to deliver better leadership insights.

This strategic goal perhaps explains some of the anticipated investment in digital transformation discussed in Chapter 1. Some 77% of companies are continuing to invest in digital transformation in 2023, and this will be

77% of companies are continuing to invest in digital transformation in 2023

important in delivering a better user experience.

Higher customer expectations are only one part of the story. On the other side, CIOs are helping organizations adapt to a shortage of

skilled workers by providing compelling, enjoyable digital experiences for employees.

More than half (53%) of CIOs expect to adopt new technologies to enhance the

77% want to 'redefine' the customer experience in the year ahead

Safe & sound

**Next-gen managed
services provide peace
of mind to the CIO**

Half of CIOs say
that the right MSP
can help to free
up resources so
that CIOs can focus
on core strategic
priorities

While CIOs are helping organiz-ations to innovate at pace and scale, it's never been more important to balance that momentum with risk awareness and resilience. In 2023, the role of the CIO must be to enhance existing capabilities and create new ones, while protecting the organization from continued volatility and increased risk.

Having a robust security and risk strategy allows CIOs to build resilience that leaves them free to focus their attention on driving continued innovation and service improvement. But it isn't easy – CIOs report that a lack of skills and rapidly growing threat landscape make resilience an ongoing challenge.

Around half of CIOs (52%) are increasing spending on risk management in percentage terms, and plan to grow their risk management teams this year. This makes sense if we consider the expanding number of threats that today's IT organizations need to mitigate.

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We generate about 170,000,000 events a month. There is no way our internal security team would be able to review that amount of data without using partners and their threat intelligence to help identify potential threats.

Ray Thorpe, global CISO at eShopWorld

Half (48%) of CIOs believe that malware and ransomware will present a significant risk to their organization in the year ahead. Other significant threats include data breaches (42%), phishing (37%), malicious insiders (31%) and human error caused by lack of staff awareness (31%).

CIOs are optimistic about technology's ability to build resilience. Some 92% of those surveyed are confident that their investment in digital services will build business resilience.

However, CIOs are also taking a wider view of resilience and security, rethinking the way that services are built and delivered. A third of CIOs already work with MSPs to deliver digital services, and 77% expect to increase spending on outsourced IT and managed services

92% of those surveyed are confident that their investment in digital services will build business resilience

in the year ahead. Respondents cite security compliance (39%) as one of the main expectations when working with an MSP. The majority of CIOS (57%) are already moving towards cloud-first environments,

while 38% are working with MSPs to deliver digital platforms. This shift is being driven by wider strategic priorities around innovation, sustainability, and security: 57% of CIOs say they would work with an MSP

77% expect to increase spending on outsourced IT and managed services in the year ahead

to boost digital platform capability, while 48% would be driven by sustainability.

The benefit of such relationships is clear – half of CIOs say that the right MSP can help to free up resources so that CIOs can focus on core strategic priorities. Meanwhile, 41% say that an MSP can provide better access to skills (41%) and improved visibility of cost and performance (35%).

The zero net transition

A sustainable future

Embracing innovation to drive a more sustainable future

The CIO is emerging as the business leader in sustainability and ESG. Tech leaders are in an ideal position to advance sustainability by driving digital transformation, improving energy efficiency, and reducing carbon emissions.

CIOs have a head start in understanding sustainability, because they're often at the forefront of delivering more sustainable, digital services - from self-service customer portals to remote working platforms. They're also likely to have experience evaluating sustainability data. Almost half (49%) of the CIOs in our report told us they look at carbon output, sustainability and energy efficiency when choosing new suppliers, and 20% say this is an important consideration when choosing new MSPs.

This experience means that many CIOs are well aware of the benefits of sustainability. Our study reveals that 92% of CIOs see a clear link between ESG,

49% of CIOs look at carbon output, sustainability and energy efficiency when choosing new suppliers, and 20% say this is an important consideration when choosing new Managed Service Providers (MSPs).

sustainability and enterprise value. The biggest motivators for driving improved sustainability were cited as:

- Marketing competition (55%)
- Customer attraction (52%)
- Employee expectations (45%)
- Customer retention (45%)

The challenge that CIOs face in boosting sustainability is a lack of skills, understanding, and data in the wider business. While the business recognizes that sustainability is important, perhaps urgent, there is a lack of understanding when it comes to creating and measuring the effectiveness of a sustainability strategy.

Our report found that 48% of CIOs said progress in sustainability is hindered by a lack of in-house skills. Other barriers include a lack of appropriate data collection and a need for greater support and buy-in from senior leadership.

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Digitalization goes hand in hand with sustainability. Every company now has sustainability goals and digitalisation is the key to delivering sustainable business value.

Nuno Pedras, Group CIO and Digital Officer for Galp Energia, Portugal

In a Gartner survey, 63% of respondents indicated investments in IT and digital solutions are part of their sustainability programs.

According to Info Tech Research's 2023 Tech Trends Report, today less than one quarter of IT professionals say their organization can accurately report on ESG performance. This will change as sustainability moves up the corporate agenda, and when financial regulators start to demand companies compliance on carbon emissions. When that happens, the CIO could be a pivotal figure in delivering change. Speaking to Deloitte, Jedidiah Yueh, founder of

SustainableIT.org, said: "CIOs have a great responsibility and incredible opportunity to combine the power of technology and leadership to impact not just sustainability but all three pillars of ESG."

"There is a clear opportunity for CIOs to translate their experience in building sustainable digital services to become trusted advisors to the C-Suite," concludes Toby Alcock, CTO Logicalis.

Orchestrating transformation in a digital first world

The CIO of 2023 is riding a wave of innovation, but they're trying to conduct an orchestra at the same time.

From their podium, the CIO ensures that existing services are secure and keep to a predictable rhythm, while increasing the tempo of new services that drive innovation and value.

It's a tall order. To give themselves the best chance of success, CIOs should ask themselves the following:

1 - As a CIO, what action can I take to fine tune innovation in our organization?

2 - How can I build greater collaboration and harmonize with colleagues across the organization?

3 - What are the most significant risks to our organization and how can we build resilience to mitigate those risks?

4 - How well do we pitch to employees and customers, and how can technology help to transform and improve their experiences in a way that differentiates our service?

5 - What steps can I take to build understanding, awareness and measurable action around sustainability that reach outside the IT organization?

6 - How can I rethink the way our organization engaged with service providers to meet challenges around skills, performance, and efficiency?

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Without communication there is a limited chance of success because ongoing communication ensures your stakeholders remain engaged.

Peter Harrigan

Technology leaders who provide sound answers to these questions will emerge as clear strategic partners to the business by driving digital transformation, enhancing existing services, and providing innovative solutions to new challenges.

By using their IT experience as a lens for making strategic choices that drive innovation and differentiation in a digital-first world, CIOs have a clear opportunity to step up to drive transformation and steer their organization's future. ■