IDC FutureScape: Top CIO Decision Imperatives for 2015

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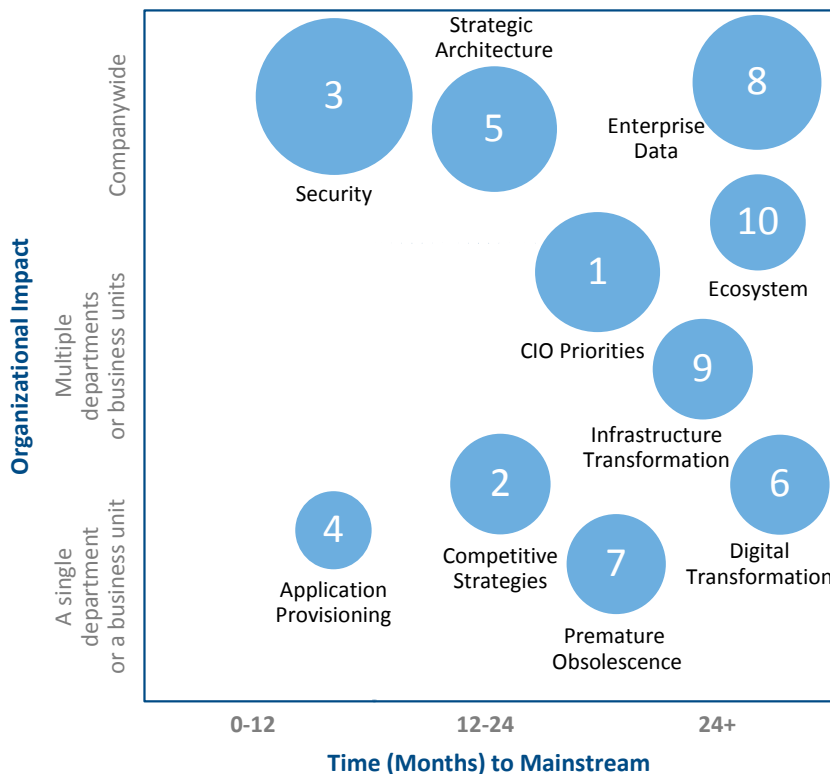April 2015

IN THIS EXCERPT

This is an excerpt of IDC's *FutureScape: Worldwide CIO Agenda 2015 Predictions* report (#252235, October 2014), which discusses the top 10 decision imperatives on the 2015 CIO agenda.

FIGURE 1

IDC FutureScape: Worldwide CIO Agenda 2015 Top 10 Decision Imperatives

Source: IDC, 2015

Figure 1 presents IDC's CIO agenda top 10 decision imperatives for 2015 in terms of their likely impact across the enterprise and the time it will take for the decision imperatives to reach mainstream. By mainstream, IDC means the broad middle of the bell curve of adoption (i.e., the 40%-60% of enterprises that are neither the first movers and early adopters nor the last to act).

Each bubble's size provides a rough indicator of the complexity and/or cost an enterprise will incur in acting on the given decision imperative. In this excerpt, we will focusing in on five of these decision imperatives and we will provide the IT impact and some guidance on each of them.

IDC OPINION

The 3rd Platform disruption – cloud, mobility, big data/analytics, and social business – obliges most businesses to transform. While IT organizations have worked hard over the years to learn how to cope with changes, the current rate of acceleration and the order-of-magnitude increases in every measure of volume present the CIO with a seemingly impossible challenge. With traditional approaches, IT organizations are too slow, while business organizations need speed. LOB executives are taking charge of their destiny, and this is a time of great challenges and opportunities for CIOs, who find themselves at a crossroad. Once again, the future of the company is at stake, and the role of the CIO and future of the IT organization are also in question.

During the past year, IDC has conducted numerous benchmark studies to understand the impact of the 3rd Platform on the IT organization. What we have found striking is how two largely opposite attitudes are displayed by IT organizations. On one side, and still in the majority, are the survivors that adopt a wait-and-see attitude when it comes to innovation or changing their processes. This approach is essentially reactive and avoids any involvement until there is a proven need or until, against all warnings, a new technology is de facto introduced by an LOB. This is a dangerous attitude that could result in loss of credibility and force IT to squander resources to support solutions that were never architected or budgeted for.

On the other side, the thrivers decide to make IT more strategic and a true business partner, becoming an innovation champion. These IT organizations are proactive, not afraid to experiment and fail or to make decisions with limited experience in the technology, going beyond their comfort zone. Thrivers seem to take more risk and probably display more visible failure. However, IDC's benchmarks find that thrivers have become rapidly more mature in every dimension of the enterprise IT transformation.

IDC summarizes the following guidance for 2015 for CIOs that want to thrive rather than just survive:

- Champion innovation, and create a 3rd Platform architecture.
- Make security a senior executive concern.
- Streamline processes to provide ITaaS at the pace of business demands.
- Collaborate and educate.

IDC's top 10 decision imperatives provide the strategic context for how CIOs can adopt the four pillars of the 3rd Platform to transform their role and enterprises through the creative and innovative application of technology to business challenges.

5 DECISION IMPERATIVES TO HIGHLIGHT IN THIS EXCERPT

CIO Priorities — By 2017, 80% of the CIO's Time Will be Focused on Analytics, Cybersecurity, and Creating New Revenue Streams Through Digital Services

In their new role as a business peer, CIOs will need to deliver new revenue streams, mitigate business risks, and unleash the value of data. One risk that is increasing dramatically and that must be addressed is that of cybersecurity, which will take an increasing percentage of CIOs' (and

other executives') attention. Finally, the use of analytics will drive competitive differentiation, and organizations without both good information management and good analytics will quickly fall behind. The CIO will be required to provide appropriate information management and will then be positioned to provide enterprisewide insights and competitive business value.

IT Impact

- 3rd Platform technologies compel IT to redefine and justify its role.
- Cybersecurity concerns require IT leadership and ongoing CXO accountability.
- Competitive markets demand innovation, agility, and speed.

Guidance

- Deliver innovation in three key areas: Big Data/analytics, cybersecurity, and becoming a 3rd Platform service broker.
- Create a plug-and-play architecture, enabling LOBs to quickly integrate new solutions and ready-to-use services.
- Raise security governance, risks, and needs to the CXO level.
- Champion innovative, high-visibility business initiatives and a functional experimentation environment.

Competitive Strategies — By 2016, 65% of Global Competitive Strategies Will Require Real-Time 3rd Platform IT as a Service

Already today, and increasing over the next few years, competitive business strategies will require 3rd Platform capabilities to understand and engage with customers and partners. But for IT organizations to be competitive with external forces and the cloud, they must provide an equivalent service paradigm. This will require restructuring IT to deliver IT as a service and, in particular, to deliver ITaaS 3rd Platform capabilities focused on realizing the enterprise's competitive strategies.

IT Impact

- Market availability of vast XaaS offerings will transform traditional IT delivery to a service paradigm.
- Defining service interactions and allocating resources require close collaboration with LOBs.
- Service "delivery of everything" supersedes virtualization and software enabling.

Guidance

- Look to the 3rd Platform as the preferred solution for new projects.
- Rationalize the asset, application, and project portfolios to deliver variable-cost 3rd Platform capabilities with real-time ITaaS.
- Educate LOBs about the competitive opportunities and integration requirements of 3rd Platform technologies.

Strategic Architecture — By 2016, 80% of CIOs Will Deliver a New Architectural Framework That Enables Innovation and Improved Business Decision Making

Architecture is one of the primary tools of an organization for managing complexity, accommodating change, providing consistency, and improving agility. But, like everything with the 3rd Platform, architecture must also change — not the fundamental principles and techniques but the areas of focus that architecture responds to. IT infrastructure is being outsourced and is less of an architectural concern for most organizations. The demand for information and analytics will continue to skyrocket and will quickly outrun the organization's ability to provide, manage, move,

understand, or validate the data, unless a solid information architecture is in place. To meet these challenges, CIOs will direct their architecture efforts toward providing a new framework, including security, data and information, integration, and ITaaS, that enables business agility and innovation and supports improved decision making.

IT Impact

- Flexibility and agility require quick provisioning of all 3rd Platform services.
- LOB technology acquisition depends on a proactive enterprisewide integration framework.
- Security and data must be expressed in business-oriented architecture perspectives.

Guidance

- Create a 3rd Platform reference architecture to enable strategic business transformation.
- Implement architectural frameworks to standardize security, integration, and ITaaS delivery.
- Focus on transforming data into relevant and valuable information with business impact.

Premature Obsolescence — By 2016, 80% of CIOs Will Accelerate 3rd Platform Migration to Counter Premature Obsolescence of Current IT Assets

In addition to omni-channel "anywhere, anytime, any device" changes, a major characteristic of the 3rd Platform is the rich user experience, tied in with social networks, and the collection of Big Data. A second major issue is the increasing magnitude and complexity of security threats. From one perspective, any IT system that is no longer supported by regular EOM maintenance and updates is a security risk. Together, these factors combine to usher in a rash of premature obsolescence of current IT assets. The shift away from existing IT assets can be delayed, at a cost, but cannot be avoided. The CIO can lament the rapid loss of value or grab the opportunity to migrate to new, flexible, variable-cost, service-based solutions to legacy business applications.

IT Impact

- Previous strategic investments are becoming liabilities and constitute a drag on IT's ability to move at the speed of business change.
- Existing IT assets are not designed to support increasingly complex cyberthreats or 3rd Platform user expectations.
- The CIO's credibility is challenged when making the case for ignoring sunk costs and transitioning to 3rd Platform solutions.

Guidance

- Immediately assess current IT assets, and remediate all systems that are past EOM life cycle and security support.
- Create migration strategies for assets where upgrades to current requirements are unaffordable or more expensive than replacements.
- Partner with LOBs and the CFO to adopt a cost structure favoring flexible-cost investment over fixed-cost investment to mitigate continual, rapid change.

Enterprise Data — By 2018, 30% of CIOs of Global Organizations Will Have Rolled Out a Pan-Enterprise Data and Analytics Strategy

Massive amounts of data are being produced and stored, but less than 20% of the data is analyzed, and IT organizations cannot keep pace with the speed of data growth. Data monetization and business insights – core to effectiveness and efficiency – directly depend on the transformation of data into information and insight. To meet these new requirements, IDC suggests

that data should be managed with a similar diligence that the business applies to financial or physical assets. Two important aspects to this management are a pan-enterprise strategy for collecting and analyzing information and a framework that supports the consistent acquisition, storage, movement, transformation, reporting, and analysis of existing, traditional, and new forms of data.

IT Impact

- Data must be managed as a critical asset to drive competitive advantage
- Data management requires the same rigor applied to financial or physical assets in order to contribute to the broader business transformation
- As data floods the enterprise, IT must create value by selectively transforming data into information and insight.

Guidance

- Create new responsibilities and frameworks in concert with business owners and with security in order to drive business agility
- Feed analytics with a data architecture that integrates existing, new, and Big Data within a consistent framework.
- Identify new opportunities to create new revenue streams linked to data monetization strategies.

CONCLUSION

In just a few decades, IT has moved from the back office (IDC's 1st and 2nd Platforms) very firmly into the front office to the point where it is embedded in nearly every aspect of people's business and personal lives, fueled by 3rd Platform technologies (mobile, social business, cloud, Big Data and analytics) and increasingly the "Innovation Accelerators" building on the 3rd Platform (such as IoT). These technologies are entering a new phase of maturity, and as a result, we're entering an era in which the technologies and processes that businesses deploy are so tightly linked to their customers and markets that the boundary between the internal operations of the enterprise and its external ecosystem (e.g., customers, markets, competitors, partners, regulators) is rapidly disappearing – this is the digital or "sharing economy". Business leaders are challenged to move their enterprises to the next level, that of digital business transformation, employing digital technologies coupled with organizational, operational, and business model innovation to create new ways of operating and growing businesses. Within this context, LOB executives are taking charge of their destiny, and this is a time of great challenges and opportunities for CIOs, who find themselves at a crossroads. Once again, the future of the company is at stake, and the role of the CIO and future of the IT organization are also in question.

To help CIOs navigate this increasingly complex journey, in this document we have presented IDC's CIO agenda top 10 decision imperatives for 2015 in terms of their likely impact across the enterprise and the time it will take for the decision imperatives to reach mainstream. Specifically in this excerpt, we have picked five of these decision imperatives, provided the potential IT impact, as well some specific guidance for CIOs on each one of them. We believe that these are critical reference points for any IT leader looking to cement their status and relevance to all stakeholders within their respective organizations by mapping out a future IT architecture designed for the 3rd Platform, digitally connected world.

About IDC

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