Gartner

CIO Agenda
2023

4 Actions to Ensure Your Tech
Investments Pay Digital Dividends

Four things to do today to reap greater digital dividends tomorrow

Gartner research shows that four out of five CEOs are increasing digital technology investments to counter current economic pressures, including inflation, scarce talent and supply constraints.

CIOs and other technology executives are tasked with executing digital IT strategy. Despite many in-progress digital initiatives, few are yet delivering the digital dividends that senior leadership expects.

The 2023 Gartner CIO and Technology Executive Agenda identifies four actions that CIOs can take to accelerate impact:

1. Identify the type of financial impact the CEO wants and prioritize digital initiatives that support it (and pause or stop others).
2. Create a visual metrics hierarchy to communicate the interdependencies across related initiatives.
3. Contribute key IT talent to the business to catalyze a fusion team to accelerate prioritized digital initiatives.
4. Engage talent from unconventional sources to progress internal, lower priority projects that have an indirect impact on financials.

More than half of digital initiatives lag CEO/leadership expectations

59% take too long to complete

52% take too long to realize value

Imperative

Prioritize digital initiatives

Any of the initiatives shown here can deliver digital dividends, but ask yourself:

- Will the enterprise's digital initiatives support the kind of financial impact the CEO wants? (That desired impact may have changed in response to recent changes in economic conditions.)

- Are those initiatives delivering dividends in the time frame expected by the CEO? A tighter economy means the enterprise needs to realize benefits even faster.
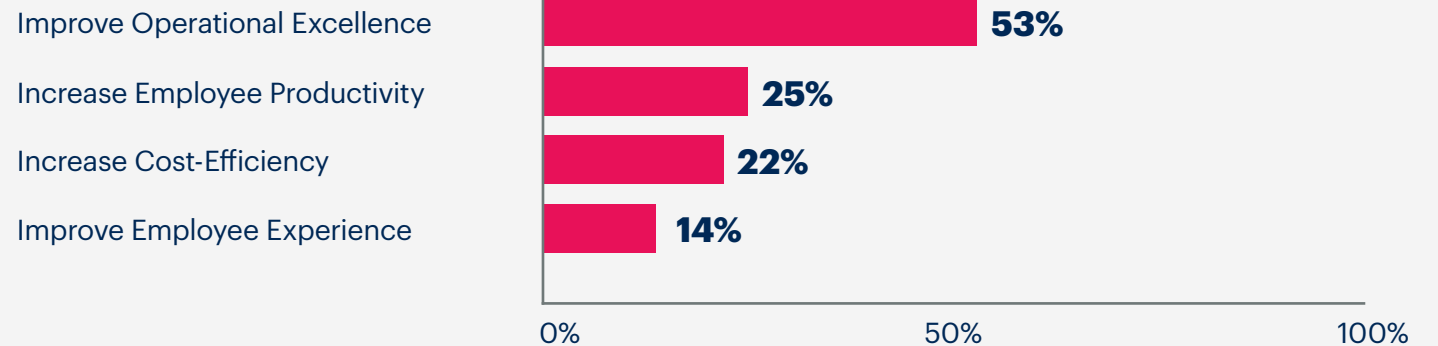
Objectives of Digital Investments Over Past Two Years
Percentage of respondents

Top-Line Impact

Improve Customer/Citizen Experience — **45%**

Grow Revenue — **27%**

Introduce New Products/Services — **22%**

Bottom-Line Impact

Improve Operational Excellence — **53%**

Increase Employee Productivity — **25%**

Increase Cost-Efficiency — **22%**

Improve Employee Experience — **14%**

0% 50% 100%

n = 2,200 CIOs and technology executives answering, excluding "not sure"
Q. How would you describe the primary objectives of your enterprise's (i.e., your business's or government's) digital technology investments in the last two years?
Source: 2023 Gartner CIO and Technology Executive Survey

Find digital allies in the business

Digital initiatives most often lag because of people and organizational issues, such as siloed behavior, talent gaps, change resistance and competing priorities.
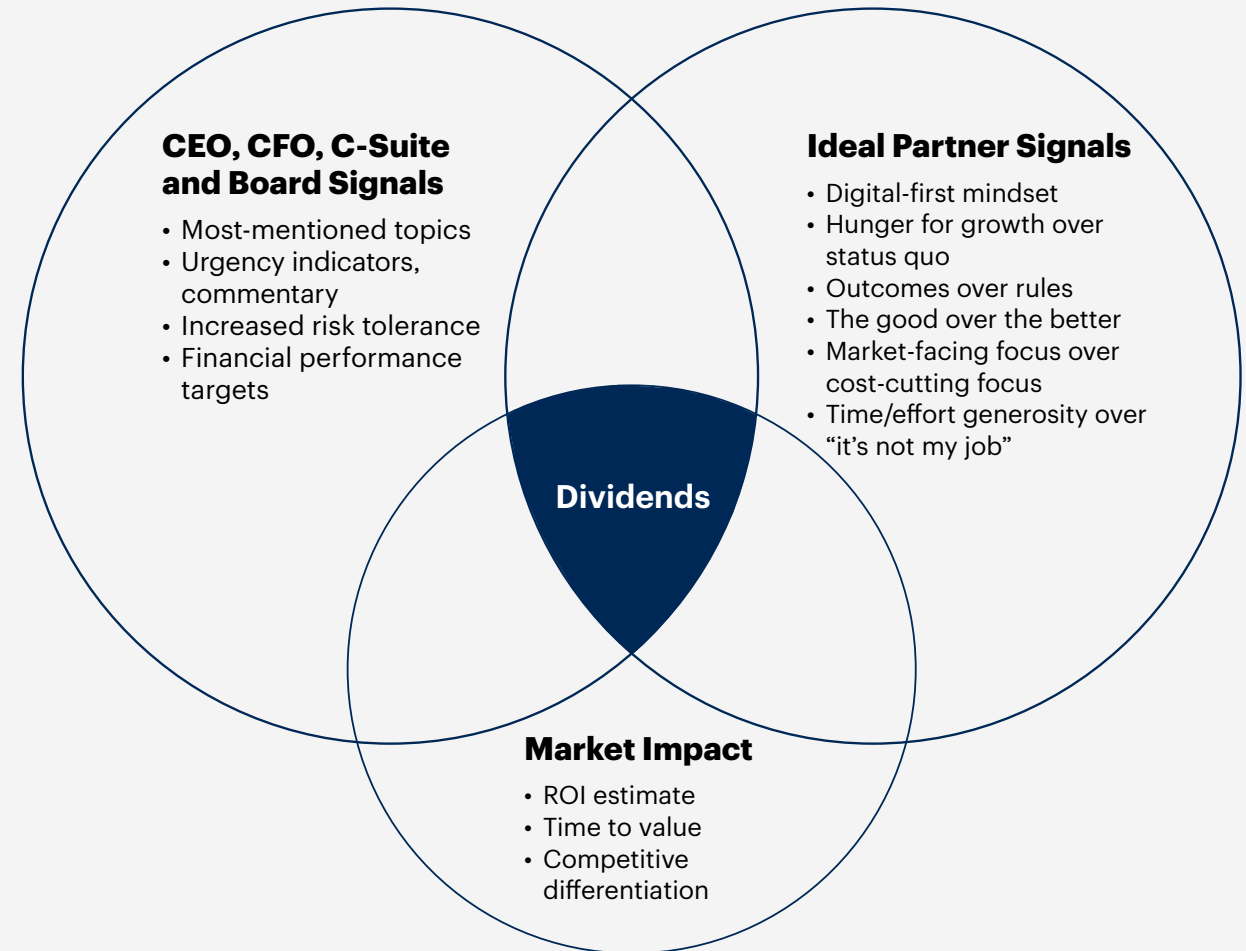
Prioritize your best initiative and ally

How?
Listen for signals about what top leaders' priorities and concerns are, and then seek a partner in the business who shares your commitment to an initiative that targets a top priority.

OR
Look for a business executive who has the right characteristics to be an effective partner, and then work with them to interpret signals and identify the right initiatives to pursue and challenges to overcome.

CIOs Should Prioritize Initiatives With Strong Executive Signals or With an Ideal Partner

CEO, CFO, C-Suite and Board Signals
- Most-mentioned topics
- Urgency indicators, commentary
- Increased risk tolerance
- Financial performance targets

Ideal Partner Signals
- Digital-first mindset
- Hunger for growth over status quo
- Outcomes over rules
- The good over the better
- Market-facing focus over cost-cutting focus
- Time/effort generosity over "it's not my job"

Dividends

Market Impact
- ROI estimate
- Time to value
- Competitive differentiation

Source: Gartner

2

Imperative

Create a visual metrics hierarchy

Metrics are critical to assess progress and measure benefits. Many individuals lead initiatives that contribute to the desired outcome and each has their own metrics for success. This complicates the financial recognition of business benefits from an enterprise perspective.

For example, the IT organization may define internal operational metrics and struggle to make the connection to how these efforts ultimately affect business performance.

The first step is to ask the CFO which financial metrics should be improved by digitalization, by how much and in what time frame.

CIOs need to demonstrate the interdependencies across digital initiatives that will collectively impact the enterprise's financial performance — asking, for instance, how indirect operational initiatives support direct initiatives that target market-facing business outcome metrics.

Ask your business leaders to characterize improvement.

Ask: What are the leading indicators of progress toward our shared goal?

For example, if the goal is to improve profit margins through superior customer/constituent experience, you might ask the CMO what improvement means. Is it …

Greater utilization of agency-provided services?

Increased sales?

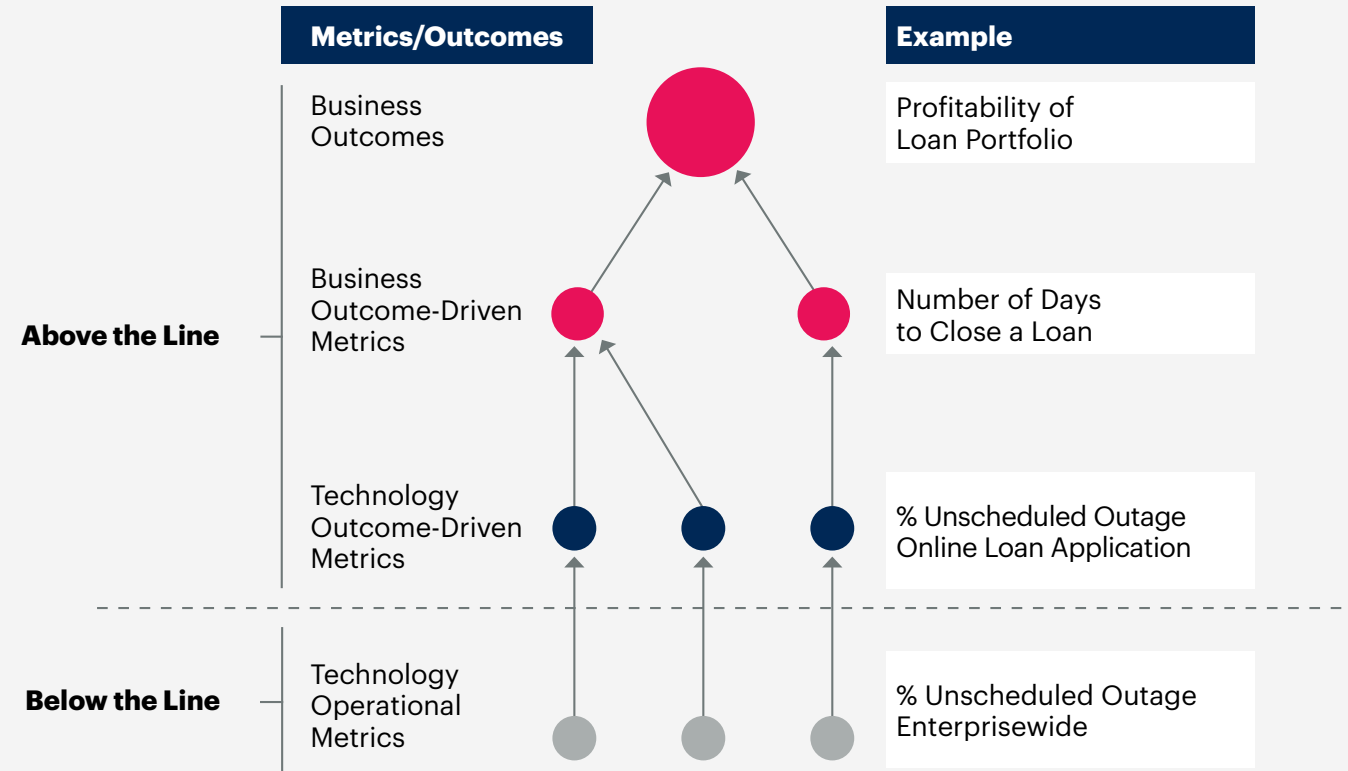**Migration of more in-person interactions to digital channels?**

Action

Organize metrics around desired outcomes

The top-to-bottom alignment of technical and business outcome metrics reveals the performance contribution of all participants and initiatives to shared business goals. Metrics farther down are less direct but still roll up to the top-level metric.

The hierarchy of initiatives collectively delivers the desired digital dividend (in this case for banking).

Metrics Hierarchy Template Using a Banking Example

Metrics/Outcomes		Example
Business Outcomes		Profitability of Loan Portfolio
Above the Line — Business Outcome-Driven Metrics		Number of Days to Close a Loan
Technology Outcome-Driven Metrics		% Unscheduled Outage Online Loan Application
Below the Line — Technology Operational Metrics		% Unscheduled Outage Enterprisewide

Source: Gartner

Imperative

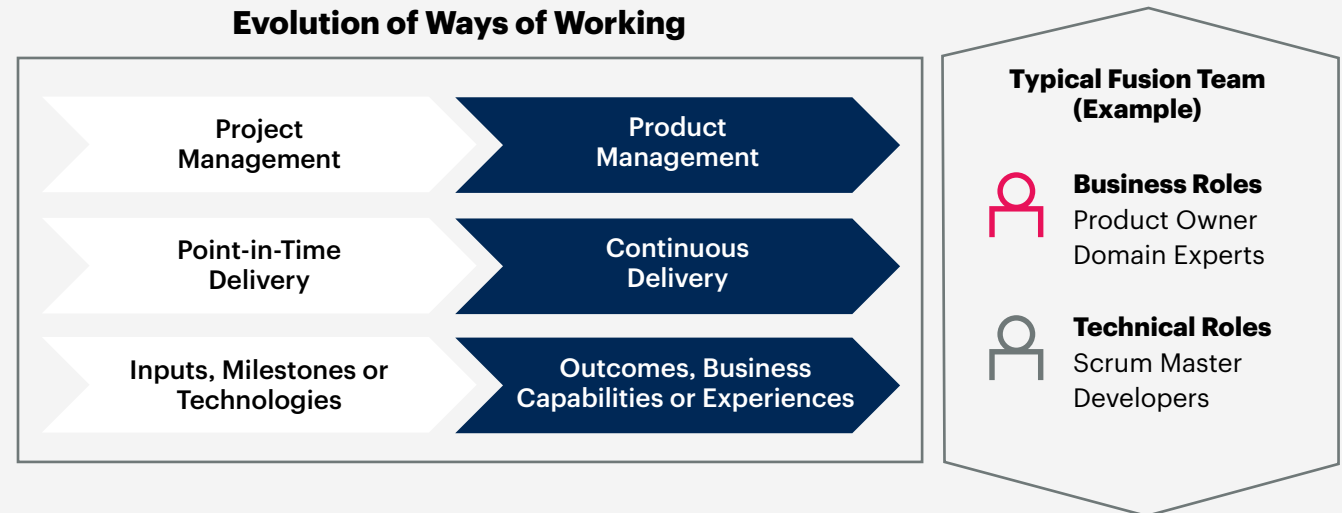# 3 Contribute IT talent to fusion teams

Once a high-impact digital initiative is identified, CIOs should contribute talent to the business leader who is focused on that initiative.

An effective business-led fusion team aligns subject matter experts, business technologists and IT experts around desired business outcomes, accelerating time to value.

Effective fusion teams often:

- Move to continuous digital delivery (away from project management)
- Focus on goals and performance metrics that share risks and rewards
- Use a matrix management approach to key digital talent (CIO as career manager, business leader as performance manager)

Fusion Teams Combine IT and Business Expertise and Share Goals and Accountability

Evolution of Ways of Working

Project Management	Product Management
Point-in-Time Delivery	Continuous Delivery
Inputs, Milestones or Technologies	Outcomes, Business Capabilities or Experiences

Typical Fusion Team (Example)

Business Roles
Product Owner
Domain Experts

Technical Roles
Scrum Master
Developers

Source: Gartner

# Catalyze the fusion team to accelerate digital

IT members of a business-led fusion team act as the CIO's eyes and ears to better understand capabilities, data and technologies that the business initiative needs.

The CIO's platform product manager can incorporate these requirements into the digital platforms they provide to equip other fusion teams, creating a self-sustaining feedback loop that catalyzes action.

Contributing IT talent to the business-led fusion team also opens the way for reciprocity, such as integrating subject matter experts from the business into an IT-led fusion team. This:

- Adds business perspective to internally focused initiatives
- Builds business acumen in IT teams
- Teaches the business about architectural and security guardrails set by the IT organization to protect the enterprise

Model of Collaboration Among Fusion and Digital Platform Teams
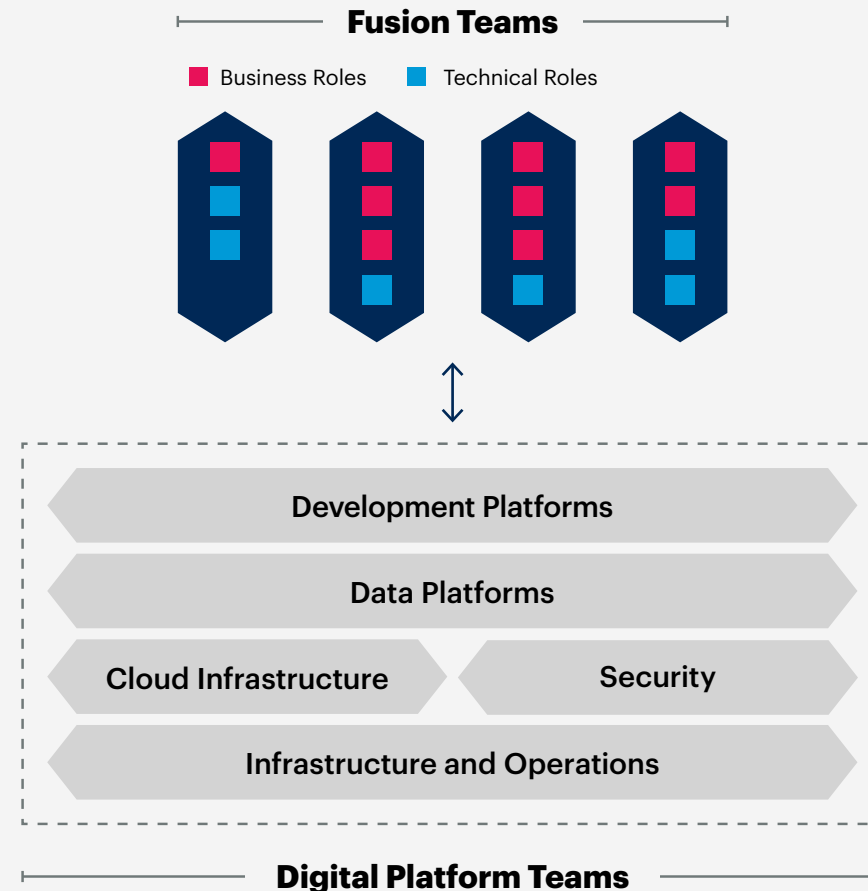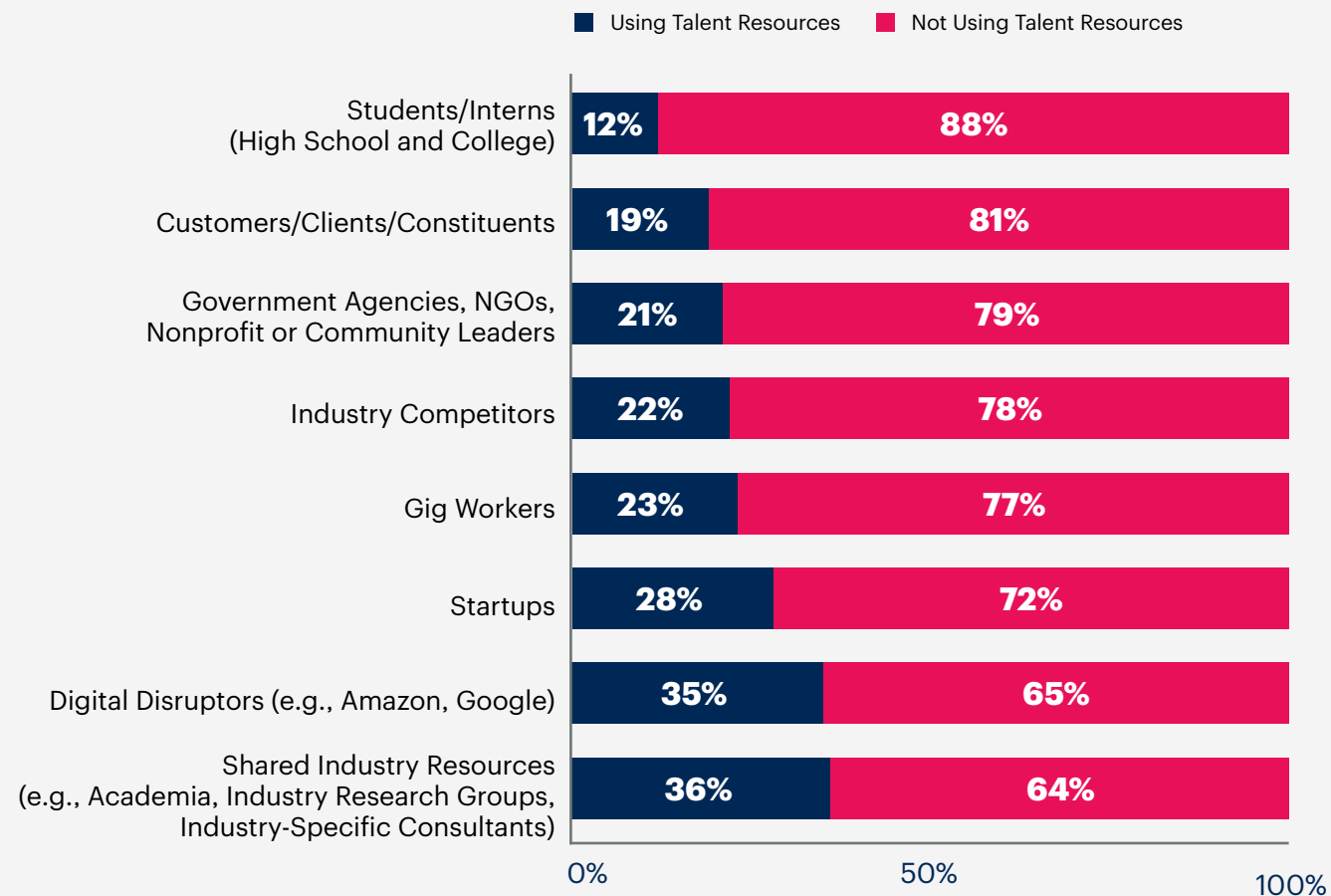

Source: Gartner

Find more digital talent for everyday initiatives

The competition for digital talent remains fierce, despite economic slowdowns. As fusion teams ramp up their efforts and begin to realize value, CIOs still need digital talent to deliver on lower priority, internal initiatives.

Our research suggests there are many untapped sources of talent suitable for this type of work. For example, only a few organizations regularly tap into students or cooperate with industry competitors to backfill necessary but nondifferentiating business capabilities. Most don't use gig workers either.

Usage of Unconventional Talent Sources to Provide Technology Capabilities
Percentage of respondents

Legend: ■ Using Talent Resources   ■ Not Using Talent Resources

Talent Source	Using Talent Resources	Not Using Talent Resources
Students/Interns (High School and College)	12%	88%
Customers/Clients/Constituents	19%	81%
Government Agencies, NGOs, Nonprofit or Community Leaders	21%	79%
Industry Competitors	22%	78%
Gig Workers	23%	77%
Startups	28%	72%
Digital Disruptors (e.g., Amazon, Google)	35%	65%
Shared Industry Resources (e.g., Academia, Industry Research Groups, Industry-Specific Consultants)	36%	64%

0%   50%   100%

n = 2,203 CIOs and technology executives answering
Q. Which of the following external individuals or organizations provide technology capabilities?
Source: 2023 Gartner CIO and Technology Executive Survey

Action

Take a chance on unconventional sources

As fusion teams start to deliver on critical digital initiatives, IT leaders can experiment with unconventional talent sourcing to progress everyday digital commitments.

Unconventional talent takes extra time, supervision and training and a collaborative and "co-opetition" mindset. Many of these unconventional approaches can be accessed with low to no cost (such as interns).

Instead, CIOs can offer experience, exposure, training or pay based on the value of the deliverable. CIOs in organizations with unionized labor will need to actively engage with union leaders.

IT leaders can also create new role profiles and work with their HR partners to identify outdated policies that may keep the enterprise from quickly and easily engaging gig and other workers to create a neurodiverse work environment.

What unconventional talent brings

| Distinctive thinking | Diversity, equity and inclusion | Pipeline of future hires |

Unconventional talent needn't be costly

- Gig workers may be paid by the gig's ROI.

- Startups may be willing to develop things for the enterprise if they can retain the intellectual property.

- Industry peers and public sector entities may be willing to share digitalized capabilities that are not differentiating and that are configurable to the enterprise's needs.

Gartner CIO Agenda

Gartner CIO Agenda is based on the 2023 Gartner CIO and Technology Executive Survey. Qualified respondents are the most senior IT executives for the overall organization or their part of the organization.

Respondents:

2,387
CIOs/technology executives

81
countries

All major industries

Representing
$322
billion in IT spending

Actionable, objective insight

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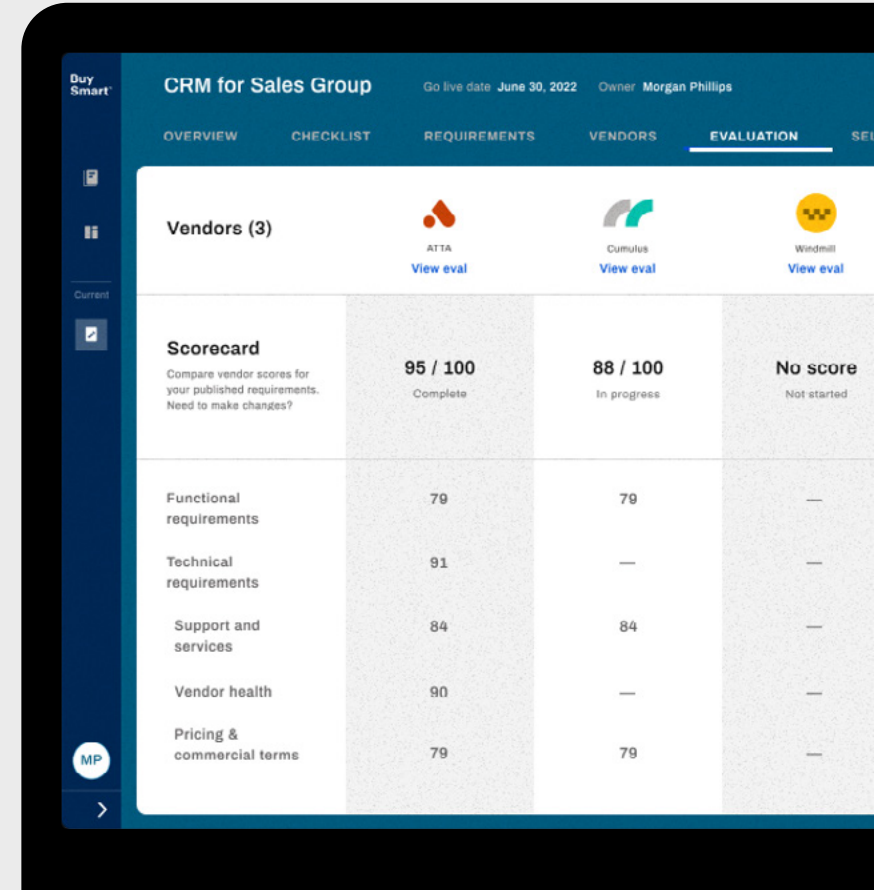
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