The Global Economic Prospects: Complexities in the Globalized Era

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A Big Switch

From a defensive agenda in 2010

- Understanding the strategies of your competitors
- Balancing short-term goals with long-term strategy
- Focusing on core competencies
- Improving the financial structure of the firm

The biggest fallers

- Becoming more open and collaborative with customers
- Building a responsive, flexible organization
- Moving into new product or service markets
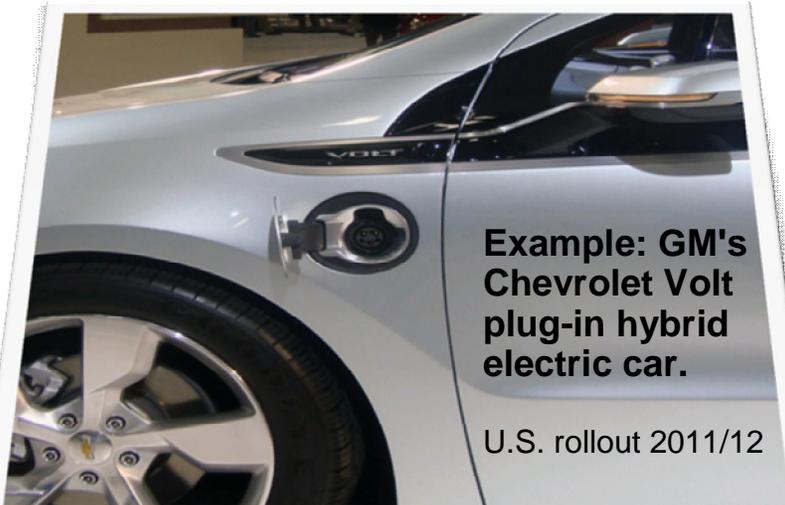- Fostering innovation

The biggest risers

To a growth agenda in 2011

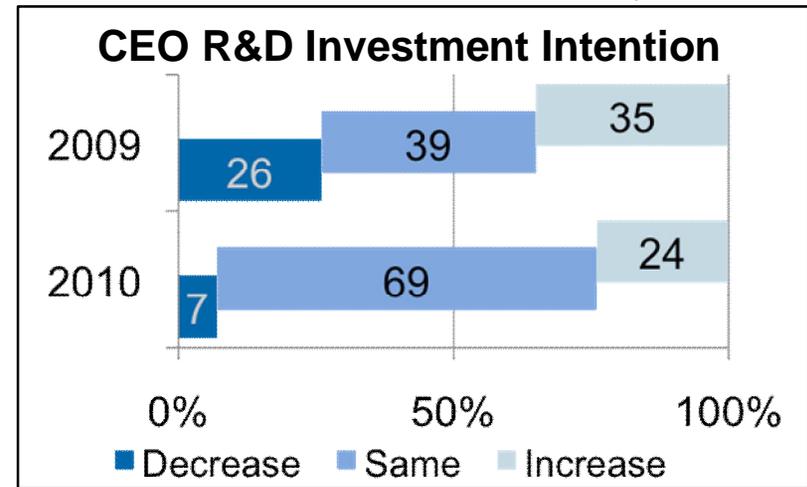Gartner

CEO Concern: Applying Innovation for Growth

"More than two-thirds of companies maintained or increased R&D spending"

Booz & Co Global 'Innovation 1000' (biggest R&D spenders) Report Winter 2009

Example: GM's Chevrolet Volt plug-in hybrid electric car.

U.S. rollout 2011/12

Credit: CC Mario Roberto Duran Ortiz

Gartner CEO & Senior Business Executive Surveys 2009 & 2010.

CEO R&D Investment Intention

	Decrease	Same	Increase
2009	26	39	35
2010	7	69	24

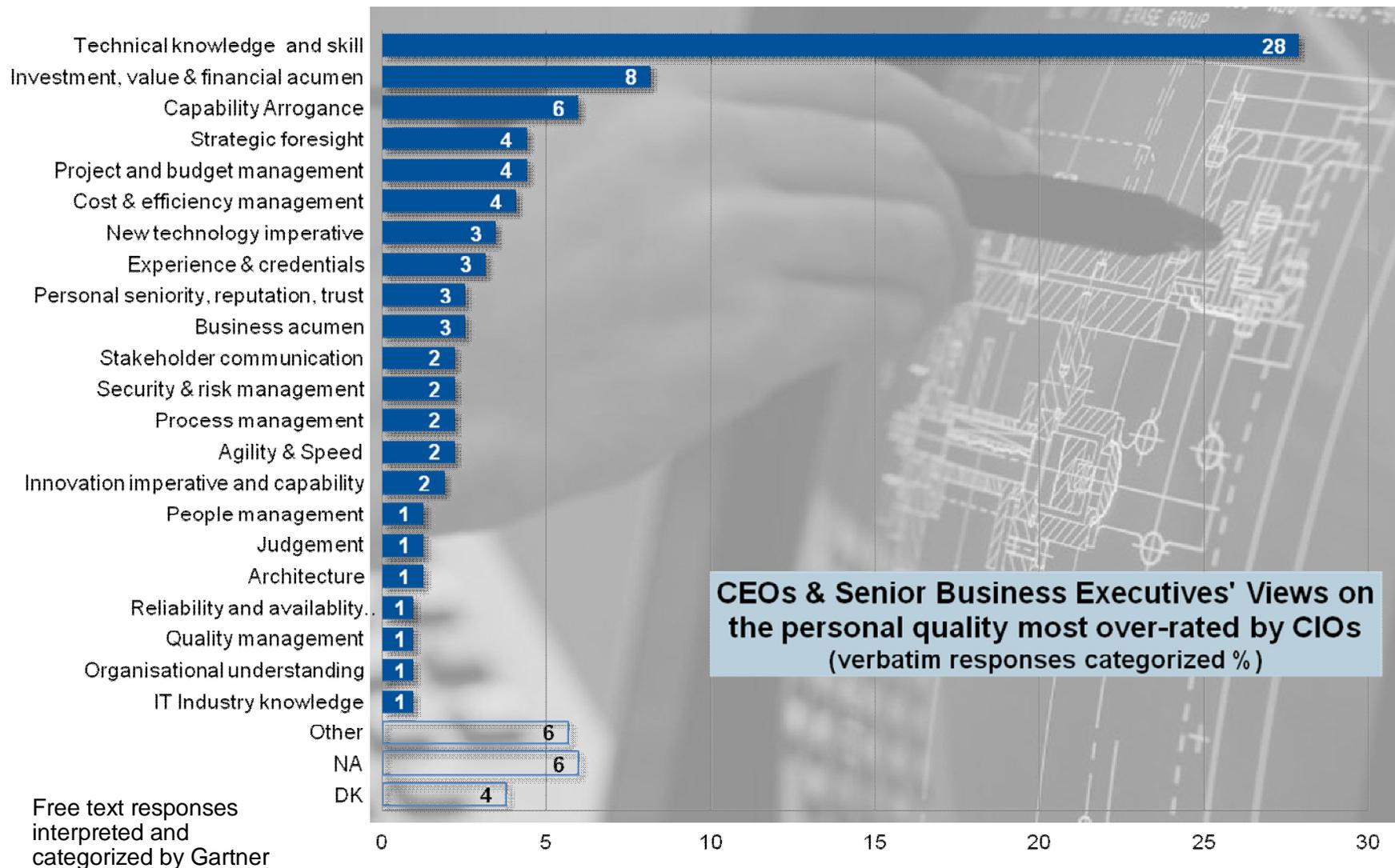0%   50%   100%

■ Decrease ■ Same ■ Increase

N > 200

- CEOs funded R&D in the downturn
- Now, they must monetize the results
- But today's marketplace is digital
- So, no IT enablement … no recovery!

IT Implication — CEOs need IT help bringing new product and service innovations to technology-enabled markets

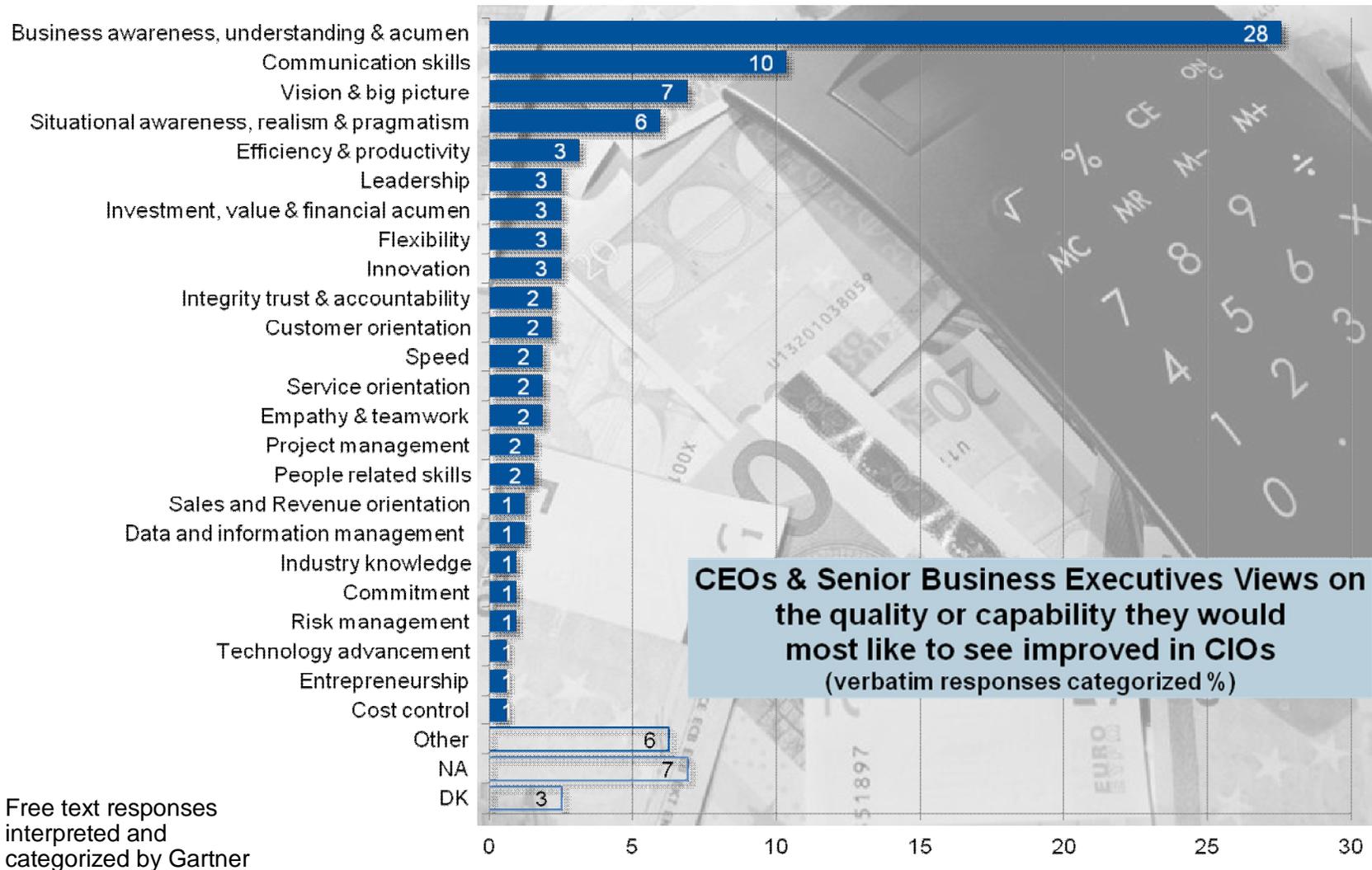**Gartner.**

Factors Business Leaders See CIOs Overrating

CEOs & Senior Business Executives' Views on the personal quality most over-rated by CIOs (verbatim responses categorized %)

Factor	Value
Technical knowledge and skill	28
Investment, value & financial acumen	8
Capability Arrogance	6
Strategic foresight	4
Project and budget management	4
Cost & efficiency management	4
New technology imperative	3
Experience & credentials	3
Personal seniority, reputation, trust	3
Business acumen	3
Stakeholder communication	2
Security & risk management	2
Process management	2
Agility & Speed	2
Innovation imperative and capability	2
People management	1
Judgement	1
Architecture	1
Reliability and availablity..	1
Quality management	1
Organisational understanding	1
IT Industry knowledge	1
Other	6
NA	6
DK	4

Free text responses interpreted and categorized by Gartner

All respondents

Gartner.

Factors Business Leaders Want CIOs to Improve

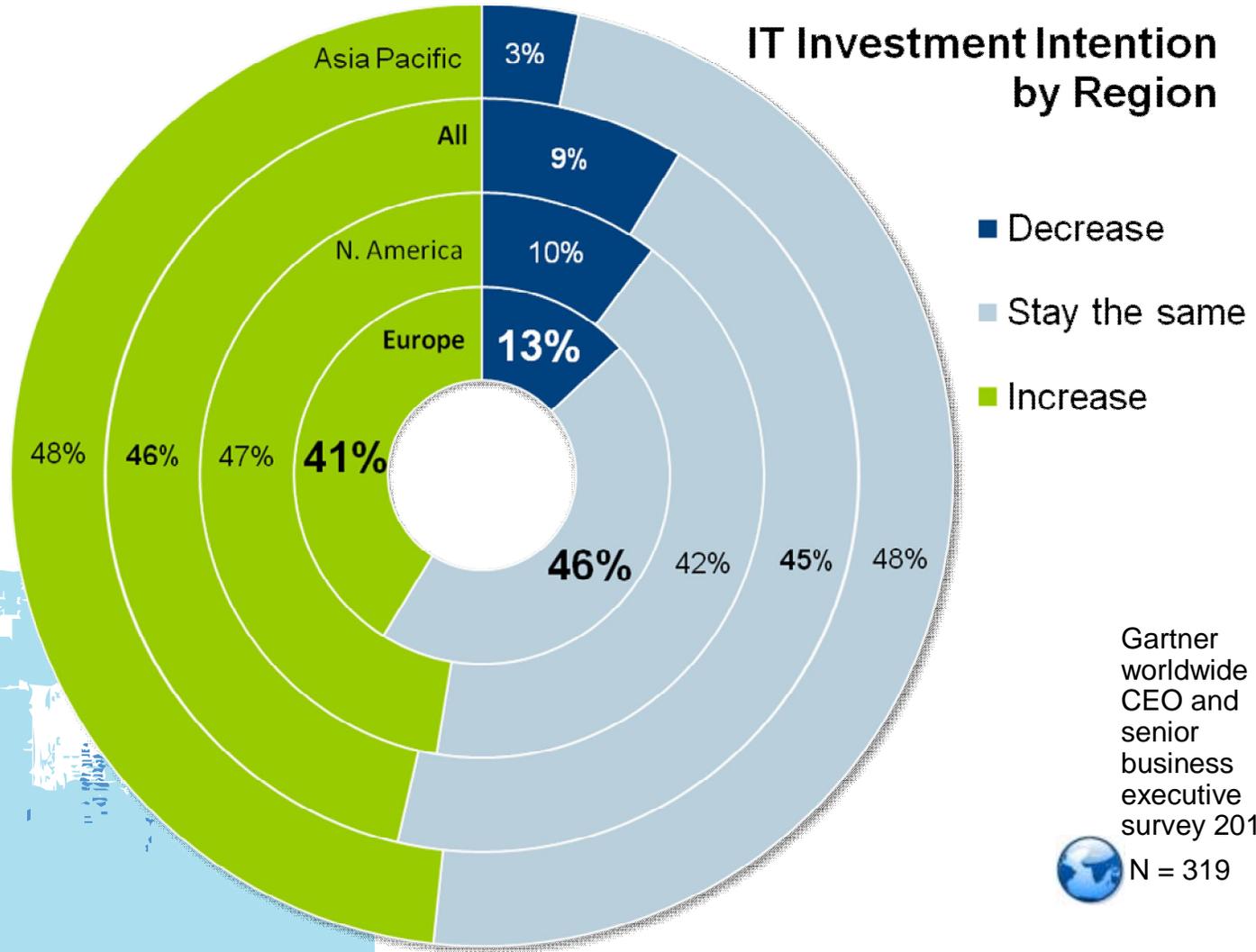Business awareness, understanding & acumen — 28
Communication skills — 10
Vision & big picture — 7
Situational awareness, realism & pragmatism — 6
Efficiency & productivity — 3
Leadership — 3
Investment, value & financial acumen — 3
Flexibility — 3
Innovation — 3
Integrity trust & accountability — 2
Customer orientation — 2
Speed — 2
Service orientation — 2
Empathy & teamwork — 2
Project management — 2
People related skills — 2
Sales and Revenue orientation — 1
Data and information management — 1
Industry knowledge — 1
Commitment — 1
Risk management — 1
Technology advancement — 1
Entrepreneurship — 1
Cost control —
Other — 6
NA — 7
DK — 3

CEOs & Senior Business Executives Views on the quality or capability they would most like to see improved in CIOs (verbatim responses categorized %)

Free text responses interpreted and categorized by Gartner

All respondents

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Business Leaders Will Invest More in IT in 2011

IT Investment Intention by Region

Asia Pacific — 3%
All — 9%
N. America — 10%
Europe — 13%

48% 46% 47% 41%

46% 42% 45% 48%

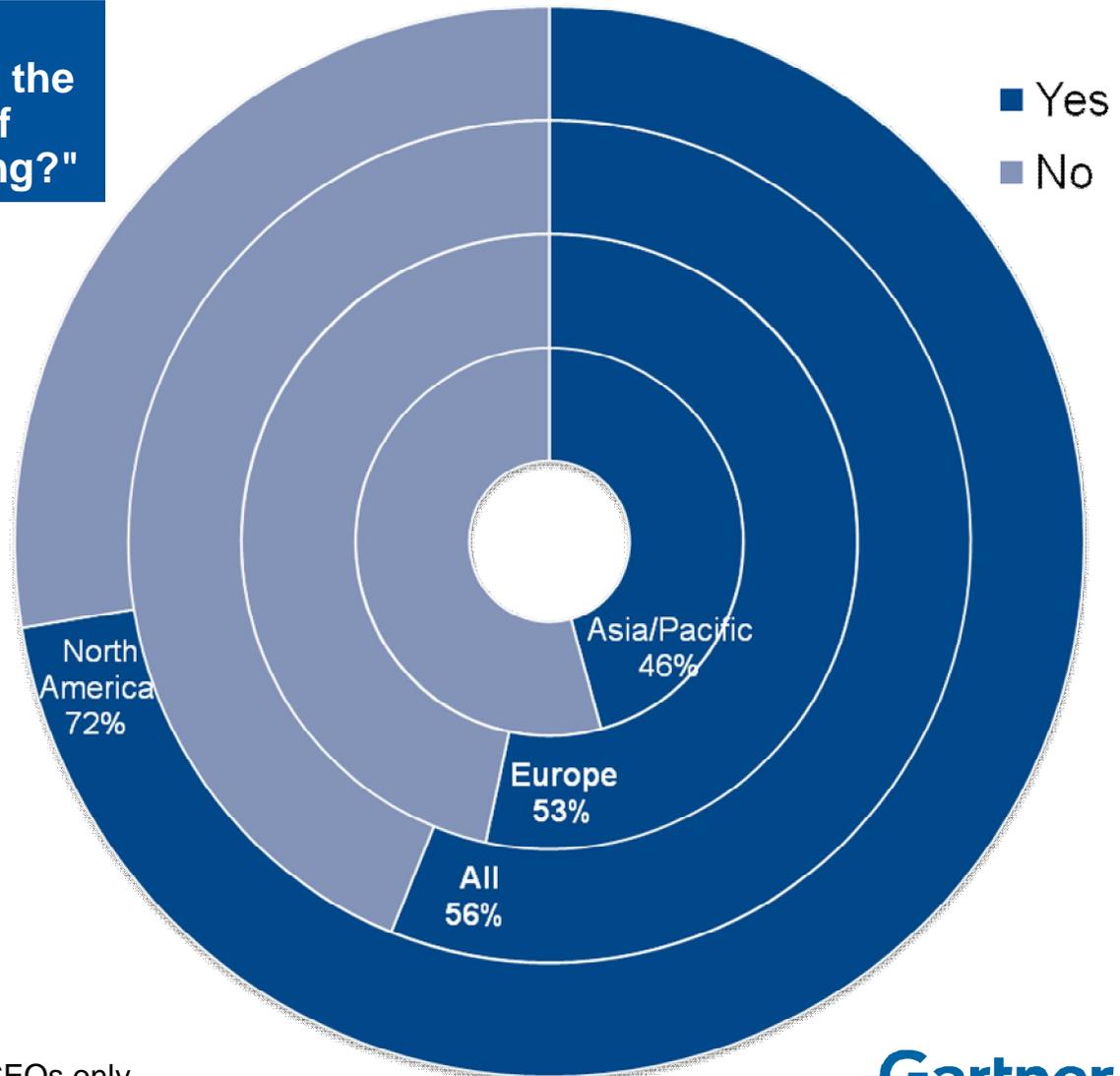- Decrease
- Stay the same
- Increase

Gartner worldwide CEO and senior business executive survey 2011
N = 319

Gartner

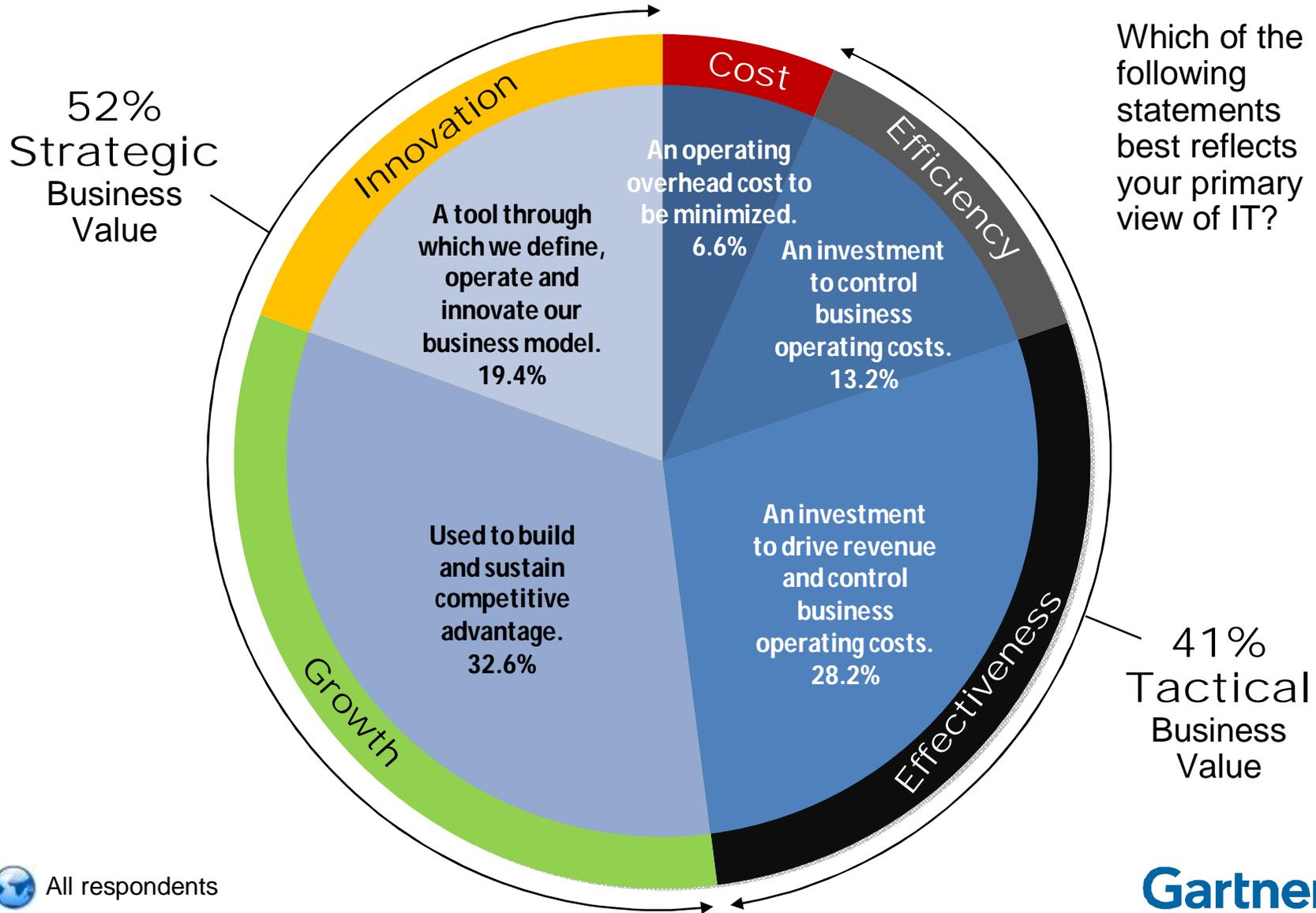# If IT Really Matters to the Business, Shouldn't External Stakeholders Care More?

"Is external interest from investors and regulators in the IT systems & capabilities of your organization increasing?"

Yes
No

North America 72%

Asia/Pacific 46%

Europe 53%

All 56%

CEOs only

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What Does IT Do for the Firm?

52% Strategic Business Value

Which of the following statements best reflects your primary view of IT?

Innovation

Cost

Efficiency

Effectiveness

Growth

A tool through which we define, operate and innovate our business model. 19.4%

An operating overhead cost to be minimized. 6.6%

An investment to control business operating costs. 13.2%

Used to build and sustain competitive advantage. 32.6%

An investment to drive revenue and control business operating costs. 28.2%

41% Tactical Business Value

All respondents

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CIOs Must Enable Growth, and Can Also Contribute More Directly

Contribution Role

- Differentiate the enterprise's processes and products with information and technology

- Embed the voice of the customer in governance

- Conduct strategic experiments

Enable Role

- Deliver high-quality IT services and underlying processes

- Architect for agility

- Provide tools for collaboration and innovation

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There Are Seven Growth Levers for the Enterprise

PRODUCTS → CHANNELS → CUSTOMERS

IMPROVE OPERATIONS
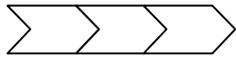
Increase sales of current products to current customer segments in current markets through better sales, marketing or supply chain operations.

INNOVATE PRODUCTS

Create new products and services, or new marketing bundles to serve customer needs better. This includes adding more services around physical products.

EXPLOIT CHANNELS

Use new channels to market and exploit existing channels more effectively. Many new channels are electronic, such as mobile phones, the Web and virtual worlds (such as Second Life).

TARGET CUSTOMERS

Enter new markets and target new customer segments in existing markets. This includes new geographies, new demographics for B2C businesses, and new B2B client types.

ACQUIRE COMPETITORS
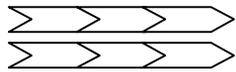
Horizontal M&A/collaboration/ joint ventures to gain access to more customers, and compete based on economies of scale.
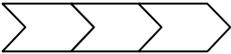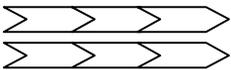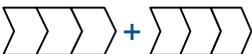
CONNECT ECOSYSTEM
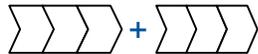
Vertical M&A/collaboration/ joint ventures to create greater value for the end customer, by working more closely with other parts of the business ecosystem.
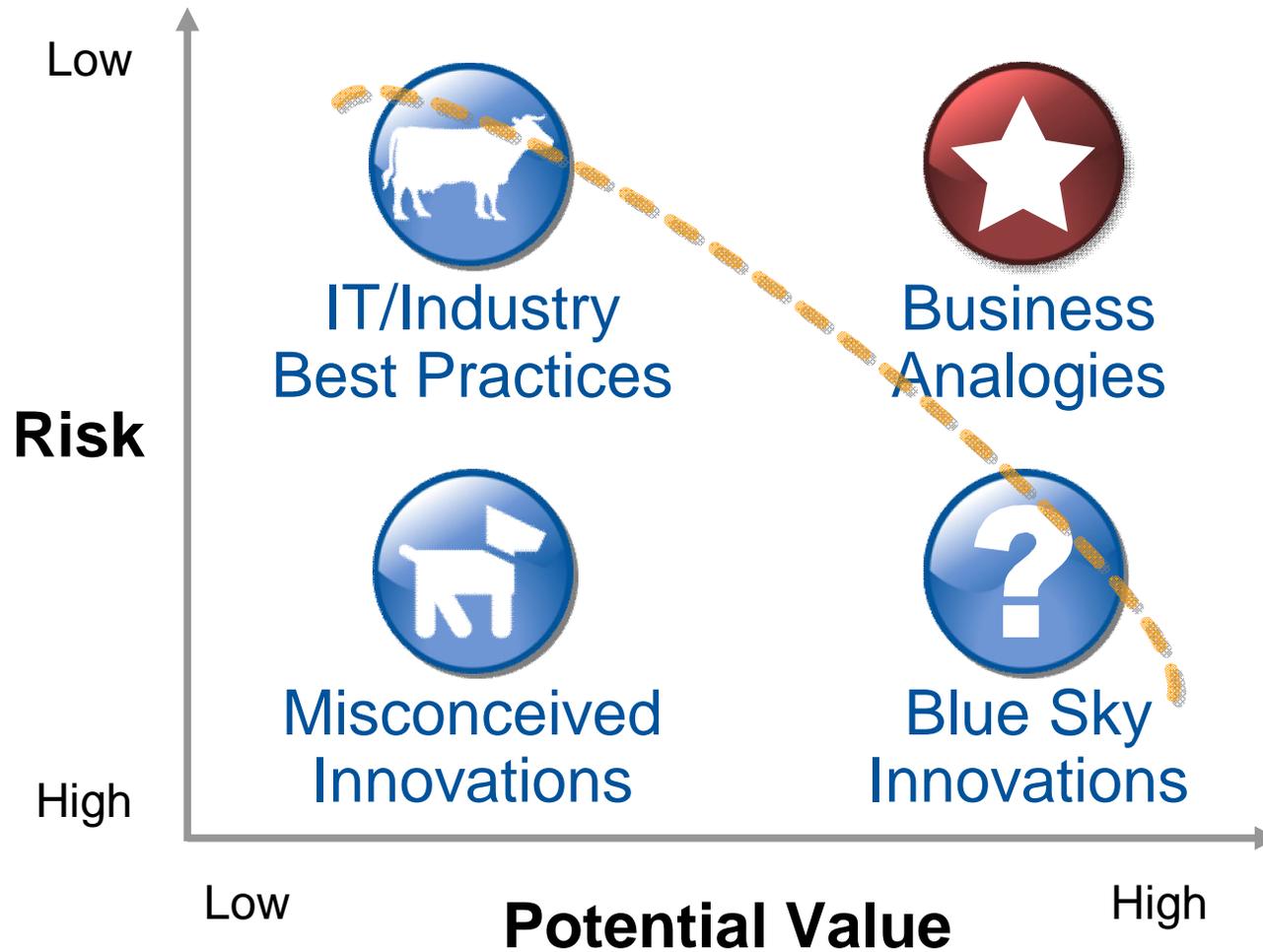
CREATE BLUE OCEANS

Leverage capabilities into a completely different business, including "blue oceans" — genuinely new businesses with no direct competition.

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The CIO and IT Organization Can Enable and Directly Contribute to Each Growth Lever
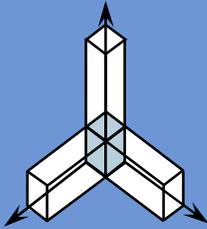
Lever	CIO/IT Enablement	CIO/IT Direct Contribution
IMPROVE OPERATIONS	Sales automation, BI-driven marketing, supply chain. Technologies.	IT team directly engaging customers and the sales organization.
INNOVATE PRODUCTS	Applications that can support new products. Product life cycle tools.	Use of info/IT to improve and differentiate the products.
EXPLOIT CHANNELS	Architect to exploit multiple channels.	Influencing enterprise to exploit electronic channels optimally.
TARGET CUSTOMERS	Scalable infrastructure and flexible customer-facing apps.	Integration of external information to understand new markets.
ACQUIRE COMPETITORS	Agility to absorb target business into existing architecture.	Superior end-to-end M&A capability.
CONNECT ECOSYSTEM	Support for "plug-and-play" with partners' systems and services.	Lead/educate your ecosystem.
CREATE BLUE OCEANS	Advanced innovation and collaboration tools.	Strategic experiments and business innovations from IT.

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Lower Risk Than Blue Sky, Higher Value Than Best Practices

Risk (Low to High) vs. Potential Value (Low to High)

- IT/Industry Best Practices
- Business Analogies
- Misconceived Innovations
- Blue Sky Innovations

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Consider Three Types of Analogy

Strategic Analogies

APM TERMINALS

Structural Analogies

TOKIO MARINE NICHIDO

Customer and Product Analogies

Whitbread
Welcome with a smile

Gartner

These Master Innovators Will Change the Way You Think About Innovation

Goss: Pete Goss innovates through authentic leadership.

Yamanashi Hitachi Construction: Amemiya is driven by a higher purpose.

elBulli: Ferran Adrià creates the space to innovate.

Gartner.

Four Distinguishing Characteristics Of A Master Innovator

	Mainstream Innovation	Master Innovation
Focus	Focus shared between personal purpose, leadership, resources	Focused on single driver, figure out rest as they go
Ambiguity	Tolerate ambiguity in purpose; reject ambiguity in process	Encourage ambiguity in process; reject it in purpose
Time	More time spent on designing the solution, relatively less on understanding the problem	More time spent understanding the problem, less upfront on designing solution
Starting Point	Starts with "Here's what we've got," and innovates from there	Starts with "What do we want to achieve?"; and is unconstrained by current assumptions and limits

"Innovators as usual" refers to how most enterprises generally approach innovation in a corporate setting. Though there are well-known exceptions, these conclusions are based on Gartner's observations from hundreds of cases, as well as Gartner research on the topic.

"Master innovators" refers to individuals who create breakthrough results through serial innovation.

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Adopt and Instill the IT Venture Capitalist Mind-Set

	CLASSIC IT LEADER	IT VENTURE CAPITALIST
Mind-set	Delivering to business expectations as efficiently/ effectively as possible using IT resources	Deploying scarce IT and IT resources to generate maximum business growth
Contribution to growth	Providing robust, scalable IT platform (occasional, serendipitous, more-direct contributions)	Planned enablement of and contribution to the most important growth levers
Development of skills	Building excellent "mechanical" skills (technical, architectural, process and project)	Embedding deep business and strategy skills, behavioral capabilities and the mind-set of "challenge the value"
Delivery of initiatives	Ensure projects run to agreed timelines, budget and scope	Contribute to realization of expected value of investments, all the way through benefits life cycle

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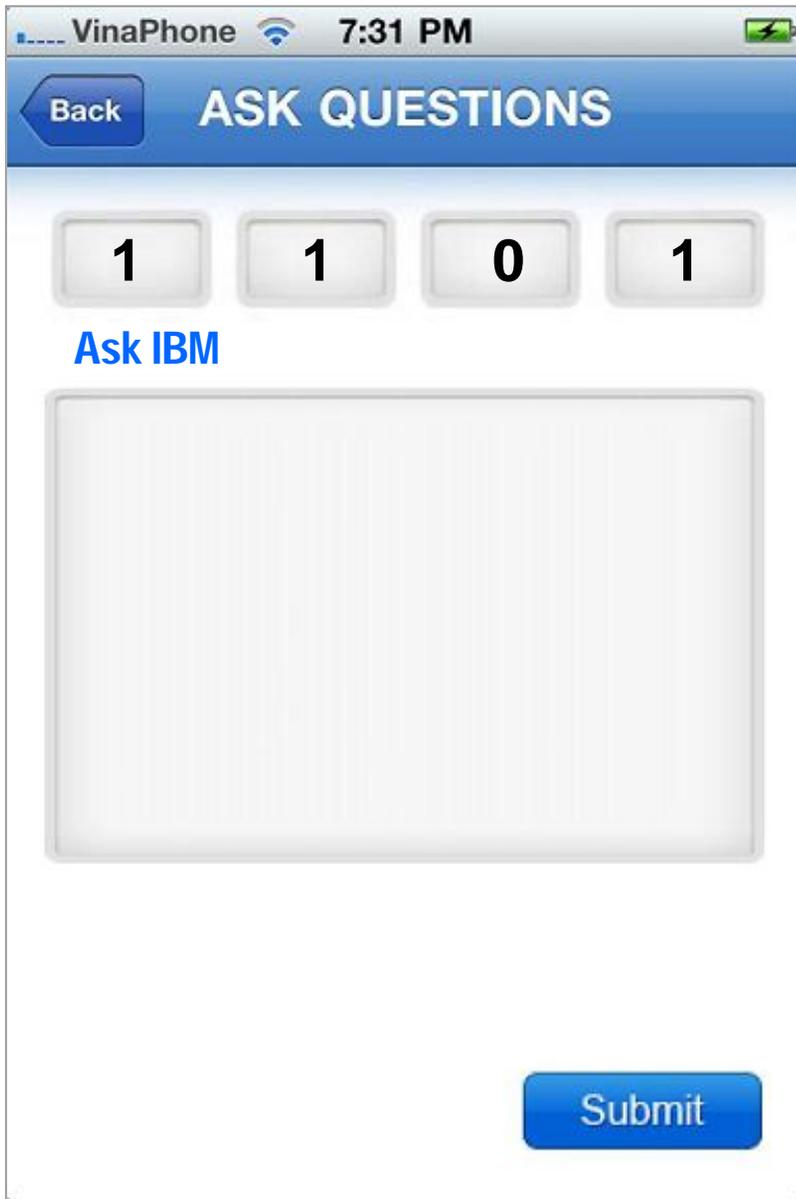
Question

IT is seen as a key component of our organization's innovation strategy

A) Strongly Agree

B) Somewhat Agree

C) Somewhat Disagree

D) Strongly Disagree

To Ask Brian a Question:

PIN CODE:
1100