Government IT & The Future of the CIO

2013 TAGITM Conference

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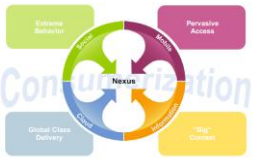
Questions to ponder…

- What is “The Nexus of Forces” and how does it impact me?



- What’s impacting and influencing me today and driving a new IT for tomorrow?
  - *The 2013 Gartner CIO Agenda*

- Why didn’t we get ahead of all this?
  - *What to do now*

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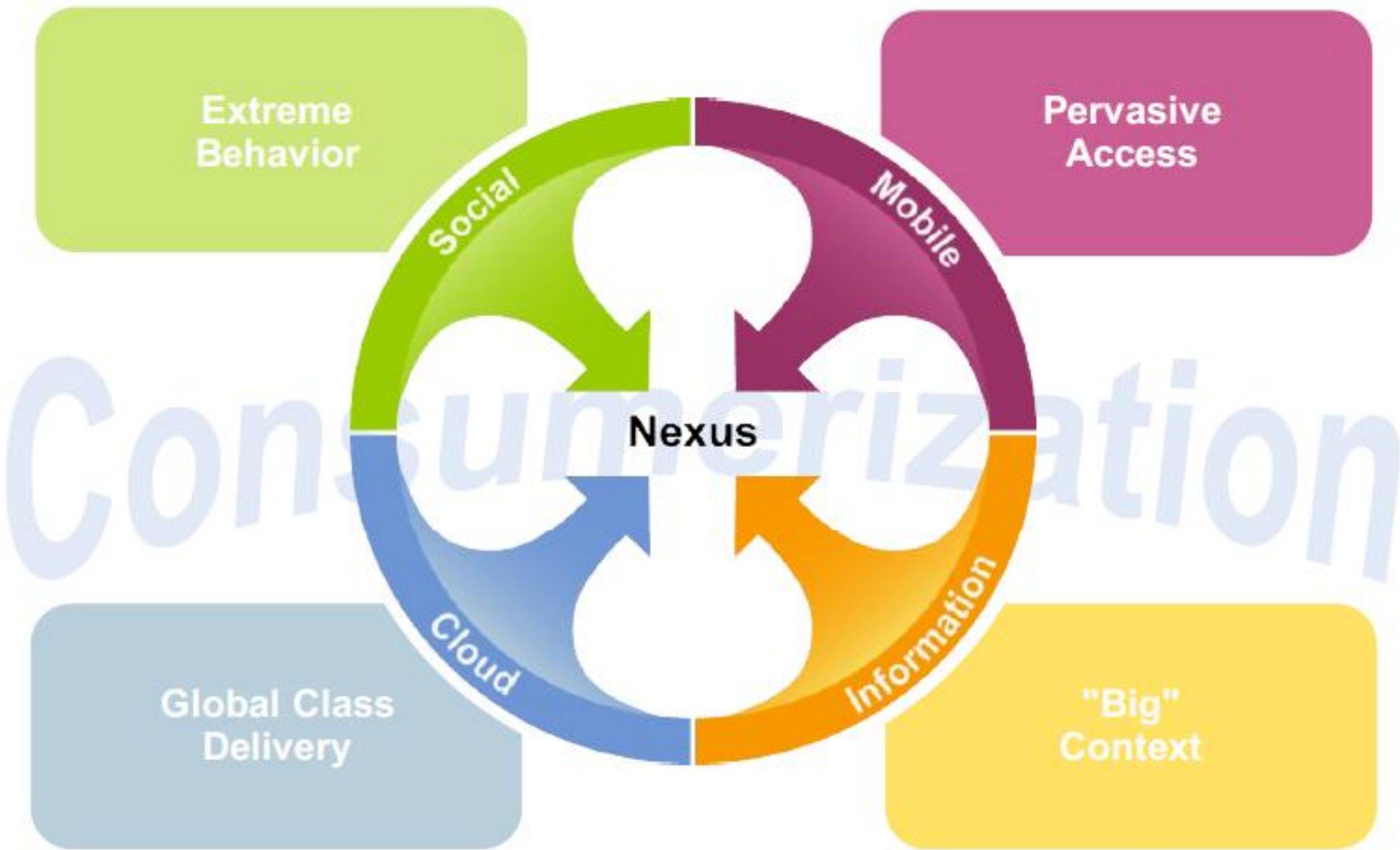
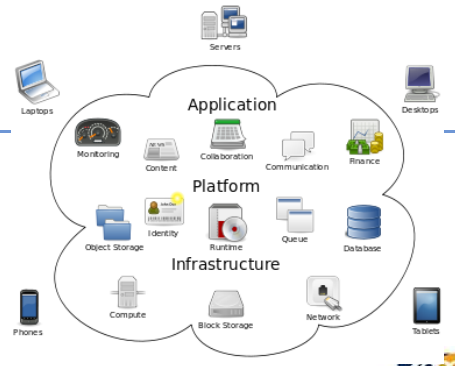
The Nexus of Forces



The nexus is the point at which two or more of four major IT forces converge to create new patterns of outcomes in technology use, business reality, market dynamics and changes to the lives of people.

IT and business are integrally related.

The Nexus of Forces



Cloud introduces a new class of IT solution delivery.

Social introduces new forms of collaboration and promotes more extreme collaborative scenarios.

Mobile is a means of access to service communities and data, and represents a new channel for the creation of data moving forward.

Finally, information in large quantities and across any types of structures reshapes the way we do analytics and data management.

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The Nexus of Forces (The New Era)

This is a phenomenon that has progressed in stages:

- **Stage 1 (Circa 1982) — The PC Era**: The introduction of PCs enabled users to focus on personal productivity tasks and automated many simple business activities. **The age of user empowerment was born, and consumerization began**. Users were able to make their own decisions about what software and processes they would follow with these new devices.

Eventually, PC forums, sharing circles and even use of personally owned software changed the way business users chose to work.

- **Stage 2 (Circa 1993) — The Web Era**: The Internet and World Wide Web **allowed users to begin to share information outside the walls of the enterprise, and to shape new strategies for reaching customers and partners**. E-commerce and e-business were born, and they have transformed what it means to be a modern business. IT must react to maintain proper security, performance and governance.

- **Stage 3 (Circa 2011) — The Nexus Era**: Now comes the Nexus of Forces. The combination of cloud, social, mobile and information pushes us into an era where entire business flows are **digitized**, where **relationships have a digital incarnation**, and where **new models of business and consumer interaction are emerging**.

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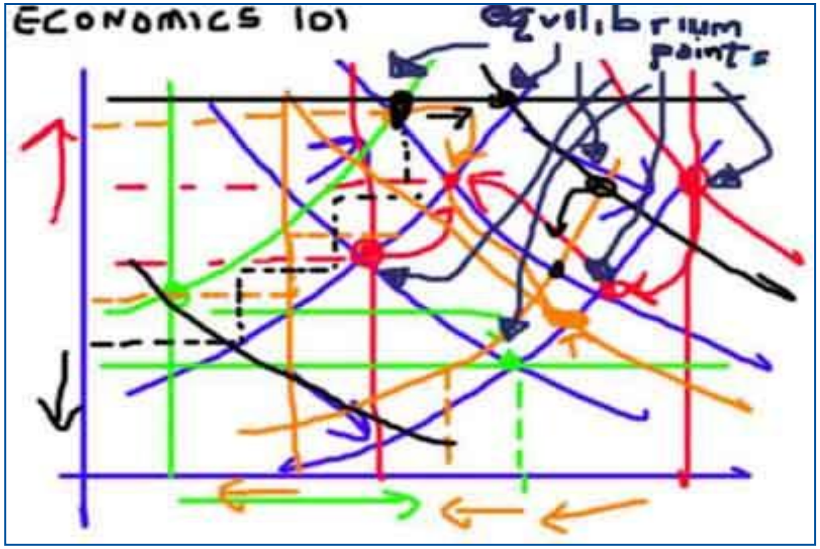
The Nexus of Forces

- The combined impact of the Nexus of Forces — cloud, social, mobile and information — can be a challenge to deliberately integrate into a business strategy.
- IT departments are having difficulty keeping up with the changes presented by the consumerization of IT and the Nexus of Forces.
- The Nexus of Forces represents an opportunity to transform business processes and industries based on a renewed consumer focus.
- The amount of change that the nexus implies can be difficult to take advantage of. Often, unintentional results can create great disruption.



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How The Nexus of Forces Will Impact Government

- The nexus of cloud, social, information and mobile will allow government organizations to more effectively address cost containment and financial sustainability challenges.
- The nexus will allow government organizations to develop new services and solutions to problems that would not be possible otherwise.
- **The nexus will exacerbate the tension between consolidation and devolution of IT management and spending in government organizations.**
- Government shared-service organizations will find their services increasingly competing against the rapidly growing range of public cloud offerings. Cloud-based services already challenge shared services in areas where IT services are, or are likely to become, commoditized.
- The penetration of smartphones and tablets is growing dramatically, more rapidly than the earlier waves of PC and Web adoption, and is doing so on a global basis; this creates strategically important opportunities for governments as well as other institutions.
- To encourage personal uses that contribute to public value, governments will adopt "bring your own device" (BYOD) policies and/or support personal uses of enterprise-owned devices, within acceptable policy boundaries.

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How The Nexus of Forces Will Impact Government

Strategic Planning Assumptions:

- More than 50% of government shared-service organizations that provide cloud services by 2015 will discontinue or downscale them by 2017.

- By 2015, more than 50% of citizen interactions with government will take place via a smartphone or tablet.

- By 2016, more than 50% of legacy government case management applications will be replaced with enterprise commercial off-the-shelf solutions.

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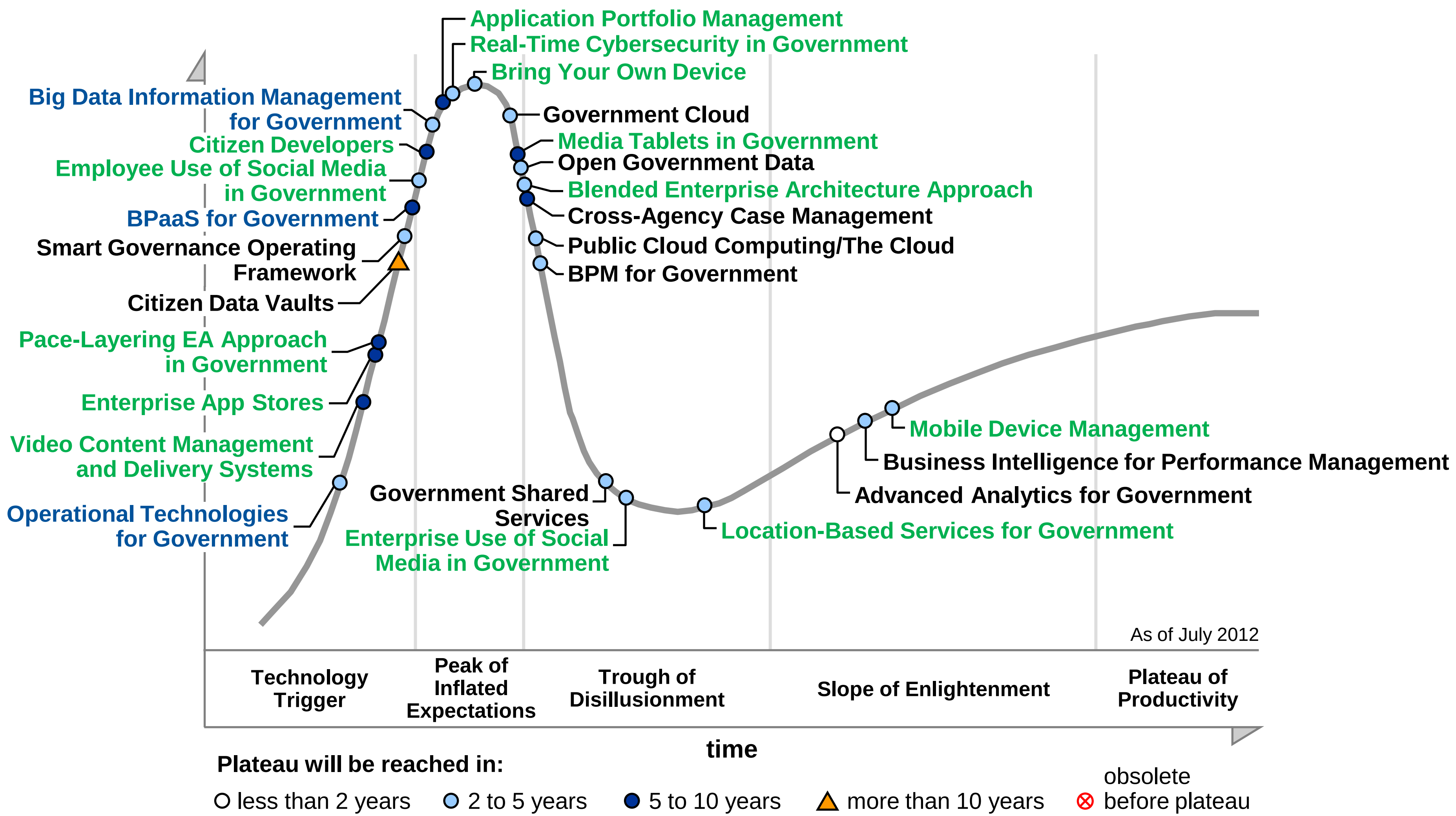
Hype Cycle for Smart Government, July 31, 2012:



Off the Hype Cycle: Open-Source Public-Sector Vertical Applications, Private Cloud Computing, E-Discovery for Government, Government Domain-Specific COTS Applications, Whole-of-Government Enterprise Architecture, Enterprise Content Management for Government, Geographic Information Systems, Federated Identity Management, SOA: Government

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About the 2013 CIO Survey and Agenda Report *"Hunting & Harvesting in a Digital World"*

- Longest running survey of CIOs, since 1999
  - Data collected between September & December 2012.
- More than 2,000 responses from 36 industries and more than 41 countries.
- Used by Executive Programs to establish the CIO agenda for research, tools, workshops and action plans.

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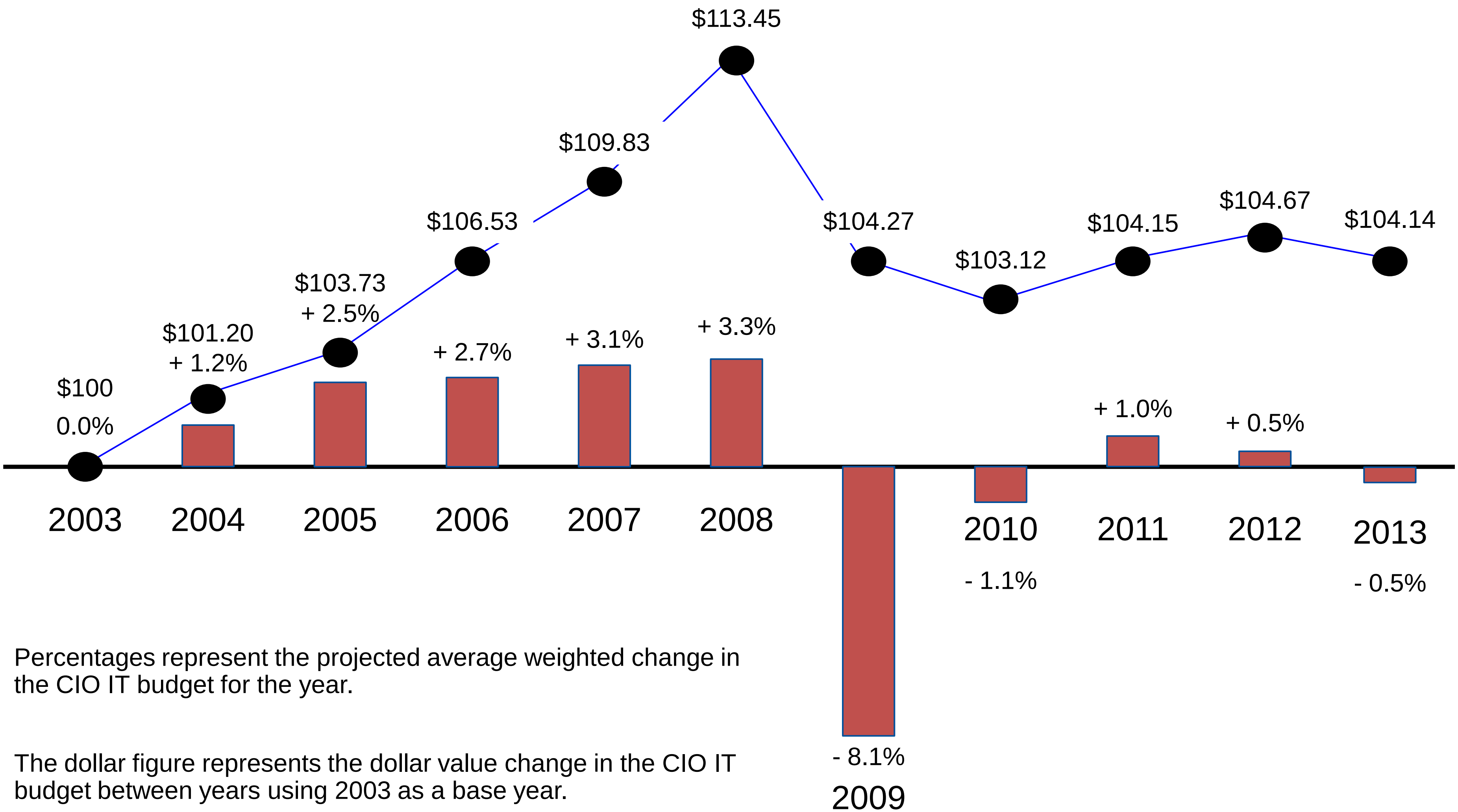
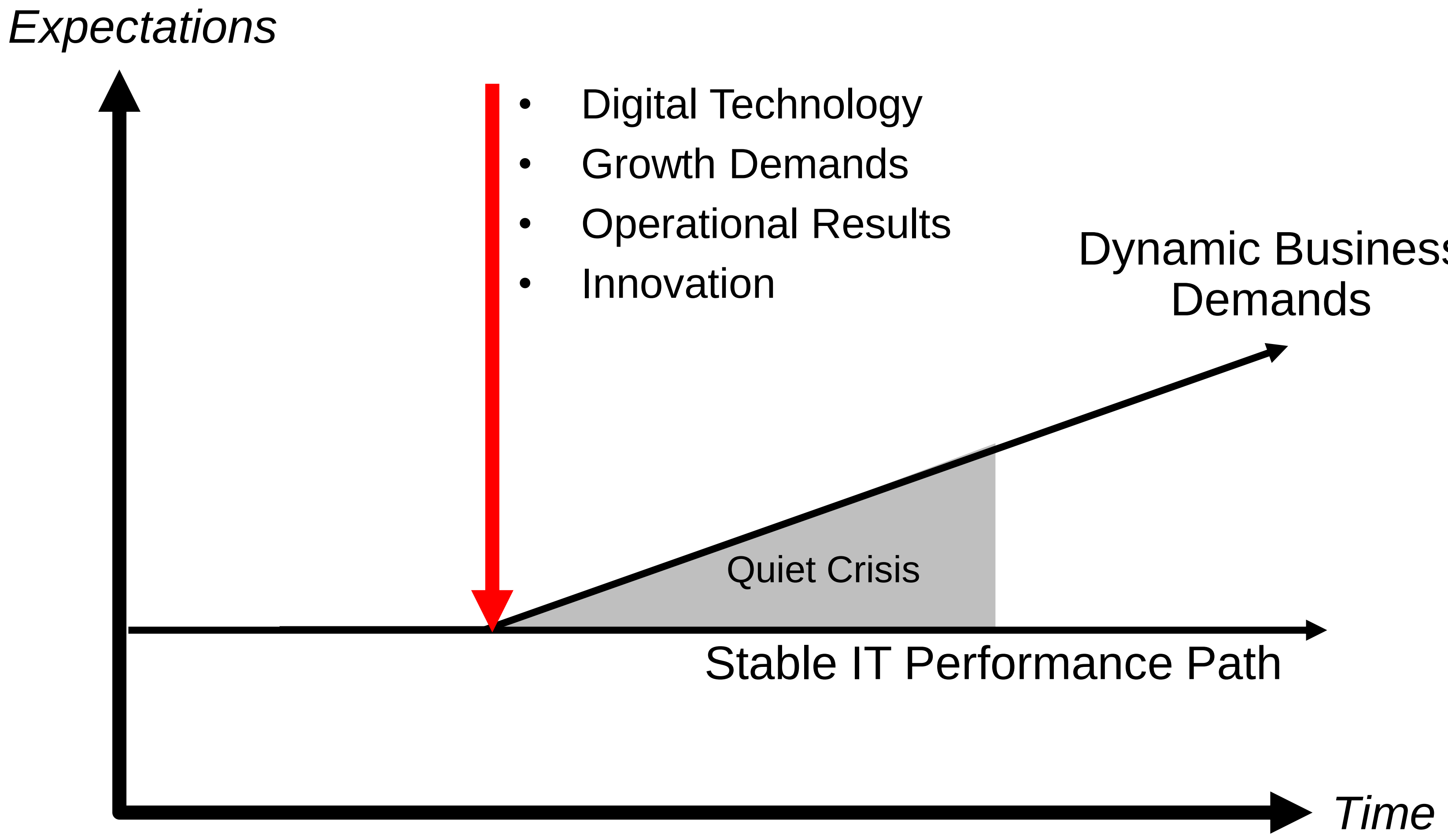
Funding:
2013 Global Weighted Average of CIO IT Budgets



Percentages represent the projected average weighted change in the CIO IT budget for the year.

The dollar figure represents the dollar value change in the CIO IT budget between years using 2003 as a base year.

The Quiet IT Crisis



Customer, consumer, and constituent expectations are changing; and at a rate which will sweep us along, ready or not, willing or not.

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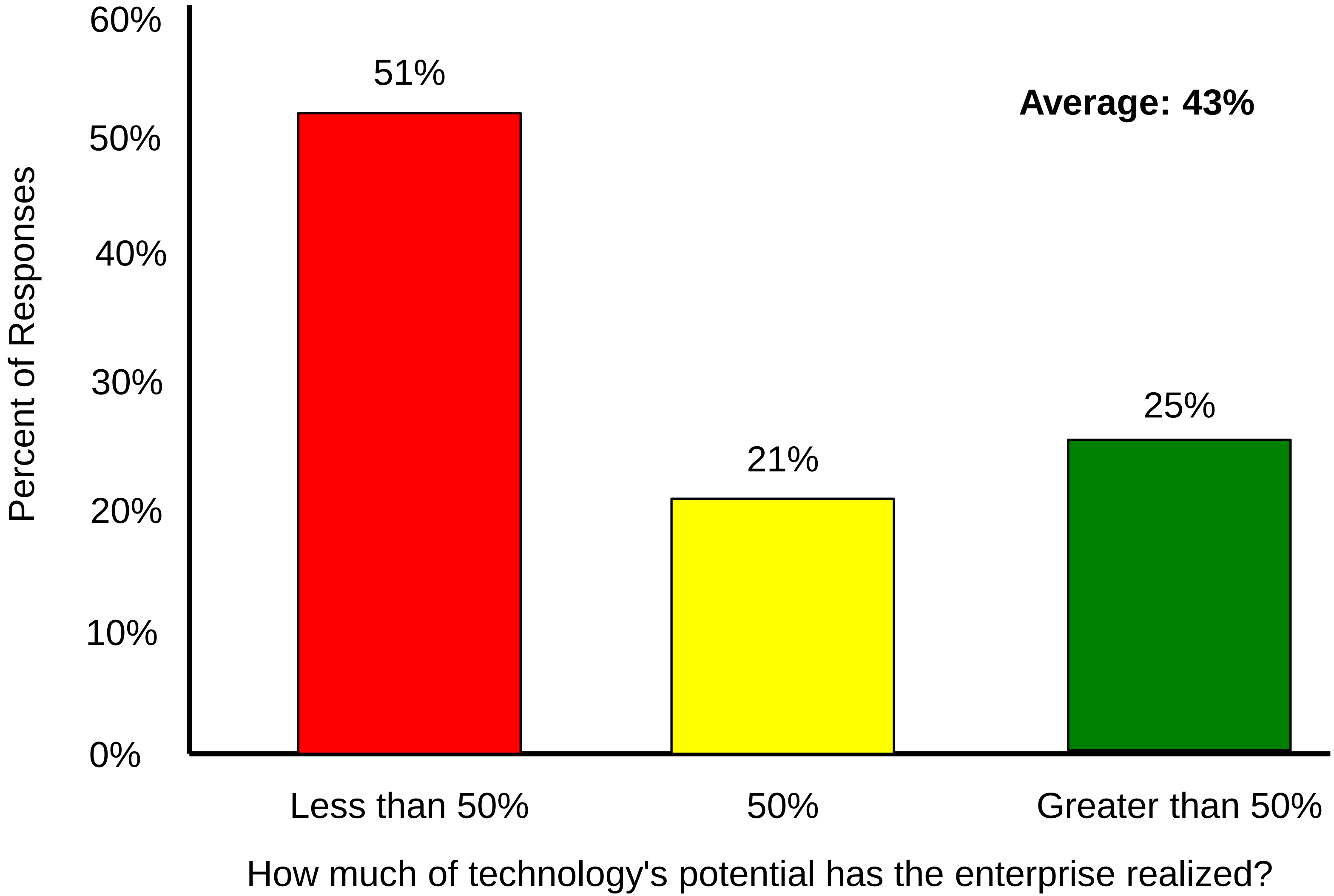
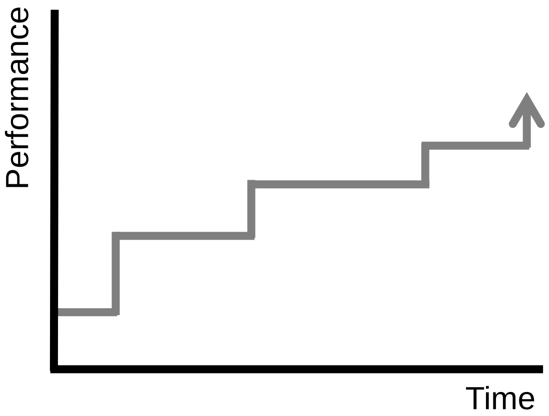
Based on Your Judgment, How Much of Technology's Potential Has Your Enterprise Realized?



Extending IT's Performance Profile Beyond Tending to Hunting and Harvesting for Digital Value

Tending



Working within existing constraints supporting step change

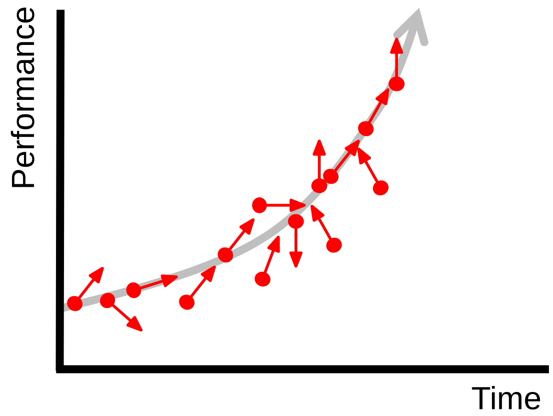
Improving current operations and resources

Generating value through optimization

Making upgrades to existing capabilities and systems

Concentrating on achieving the IT plan, at cost and with quality

Hunting



Searching for new innovations (the arrows) that expand business opportunities and strategy

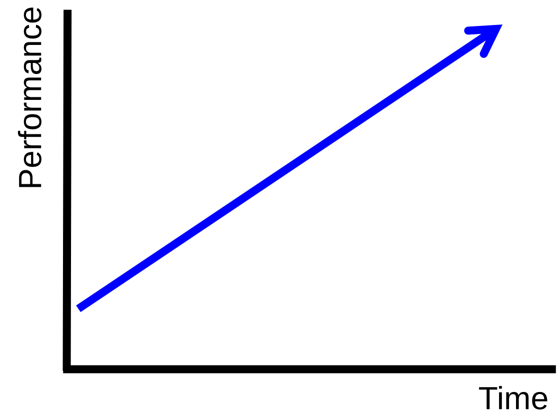
Disrupting markets with new digital innovations and offerings

Generating value by extending the frontier of performance

Implementing new digital solutions

Concentrating on linking across the enterprise, and creating new sources of value, results and revenue

Harvesting



Exploiting business capabilities to achieve consistent growth and performance along the line

Transforming business products, services, processes and operations

Generating value by actively managing business results

Creating new operations and sustaining performance levels

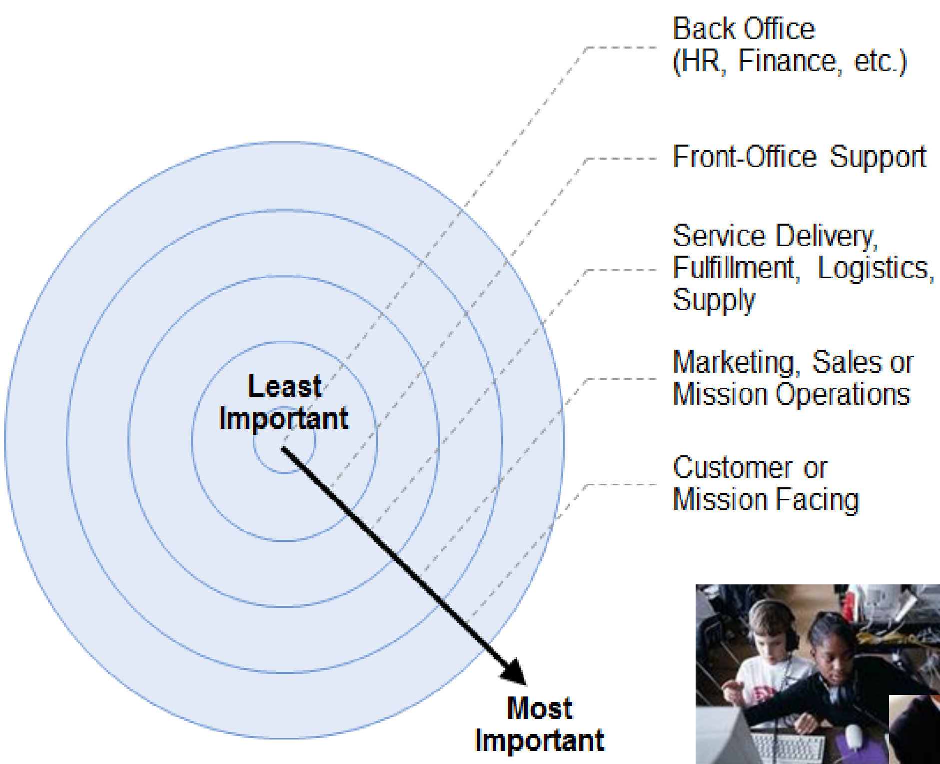
Concentrating on achieving the business plan via changing business performance


Priorities

The Digital Enterprise Does Infer a Layered Set of Priorities….Even in SLG

Questions to ask yourself:

1. Are my back end systems and support "good enough"?
2. Can I cost effectively extend their life?
3. Where would I spend my next discretionary dollar?
4. Where would my POLITICAL LEADERSHIP expect me to spend my next discretionary dollar?
5. Will leadership give me a nickel to save a dollar?



Strategy:
2013 Global Business Top 10 Strategies

Business Strategies	Ranking of business strategies CIOs selected as one of their top three in 2013.				
Ranking	***2013***	***2012***	**2011**	**2010**	**2009**
Increasing enterprise growth	1	1	1	*	*
Delivering operational results	2	5	9	*	*
Reducing enterprise costs	3	3	3	2	2
Attracting and retaining new customers	4	2	2	5	4
Improving IT applications and infrastructure	5	*	*	*	*
Creating new products or services	6	4	4	6	8
Improving efficiency	7	6	8	*	*
Attracting and retaining the workforce	8	8	12	4	3
Implementing analytics and big data	9	*	*	*	*
Improving business processes	10	13	5	1	1
Expanding into new markets and geographies	21	10	11	13	10

* Not an option that year

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2013 Top 10 Business Priorities

3 Industries, Country= United States

Top 10 Business Priorities 2013

Please indicate the top three business priorities for your enterprise/business unit in 2013

Delivering operational results	1
Attracting and retaining customers	2
Improving IT applications, infrastructure, legacy	3
Increasing enterprise growth	4
Reducing enterprise costs	5
Implementing mobility solutions ★	6
Implementing enterprise strategy	7
Increasing management controls Risk	8
Meeting financial objectives and controls	9
Implementing analytics and big data	10

Note: In the survey respondents identified their top three issues (not in any order). These priorities are ordered based on the percentage of respondents that included the issue in their top three.

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Strategy:
2013 Global CIO Top 10 CIO Strategies

CIO IT Strategies

Ranking of IT strategies CIOs selected as one of their top three in 2013.

Ranking	*2013*	*2012*	2011	2010	2009
Delivering business solutions	1	1	2	1	3
Improving IT management and governance	2	5	4	6	4
Improving IT organization and workforce	3	10	6	10	8
Reducing the cost of IT	4	2	3	3	2
Consolidating IT operations and resources	5	8	5	9	9
Expanding the use of information and analytics	6	4	7	7	10
Implementing mobility solutions	7	7	18	*	*
Implementing business process improvements	8	9	8	4	5
Improving business alignment and relationship	9	6	10	2	1
Developing or managing a flexible infrastructure	10	3	1	8	11

* New response category

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2013 Top 10 CIO Strategic Priorities

3 Industries, Country= United States

Top 10 CIO Strategies 2013

Please indicate the top three priorities that you expect to focus on in 2013

Improving IT management and governance	Risk, Cost	1
Delivering Business Solutions		2
Improving IT organization and workforce		3
Enhancing customer service and experience		4
Implementing mobility solutions		5
Improving IT network and communications		6
Improving data management		7
Developing or managing a flexible infrastructure		8
Consolidating IT operations and resources		9
Implementing cloud based solutions		10

Note: In the survey respondents identified their top three issues (not in any order). These priorities are ordered based on the percentage of respondents that included the issue in their top three.

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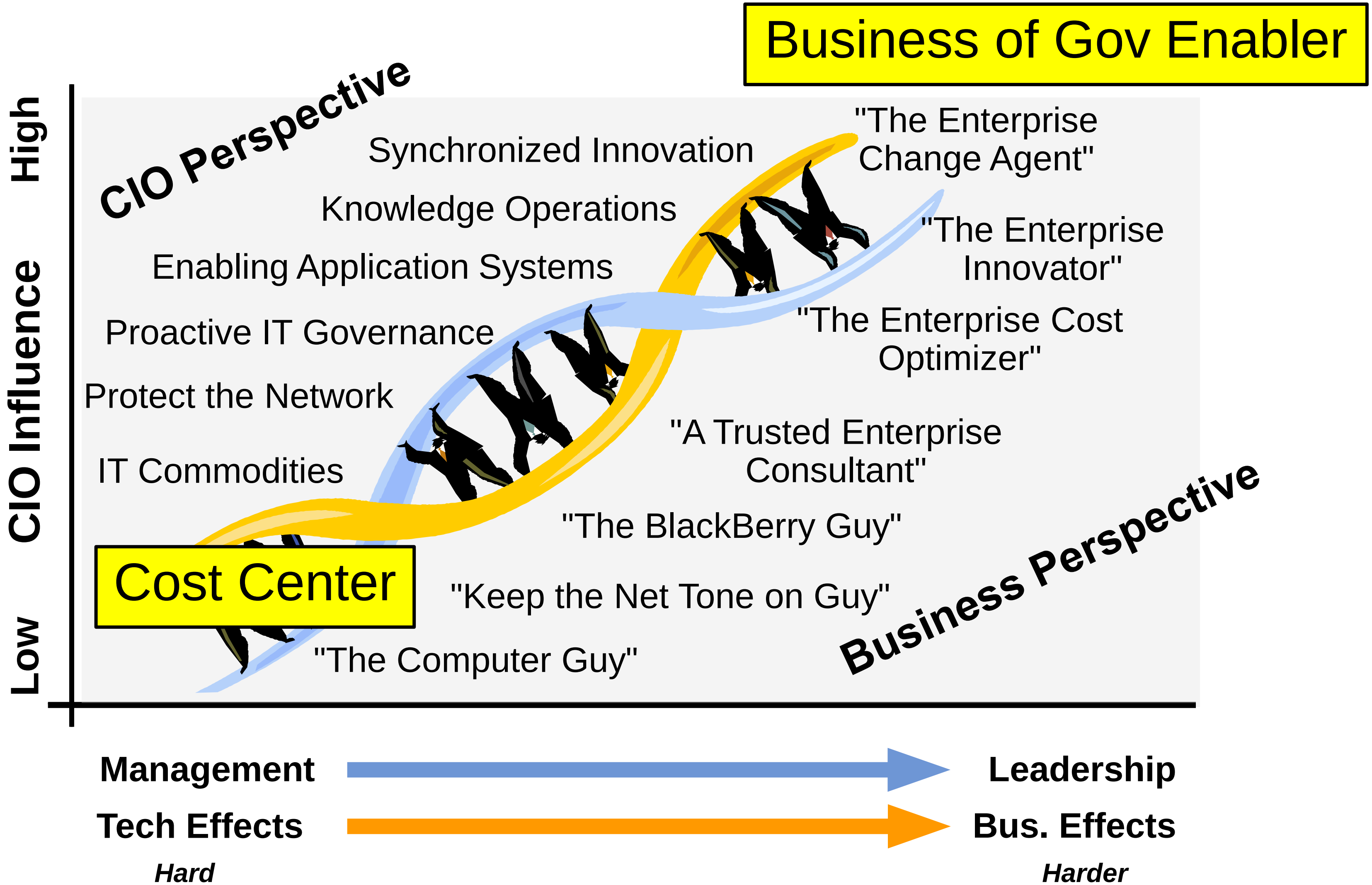
Morphing to the Digital Enterprise in SLG



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Strategy:
2013 Global CIO Top 10 Technologies

Nexus

CIO Technologies

Ranking of technologies CIOs selected as one of their top five priorities in 2013.

Ranking	2013	2012	2011	2010	2009
Analytics and business intelligence	1	1	5	5	1
Mobile technologies	2	2	3	6	12
Cloud computing (SaaS, IaaS, PaaS)	3	3	1	2	16
Collaboration technologies (workflow)	4	4	8	11	5
Legacy modernization	5	6	7	15	4
IT management	6	7	4	10	*
CRM	7	8	18	*	*
Virtualization	8	5	2	1	3
Security	9	10	12	9	8
ERP applications	10	9	13	14	2

* Not an option in that year

2013-2016 Top 10 CIO Technology Priorities

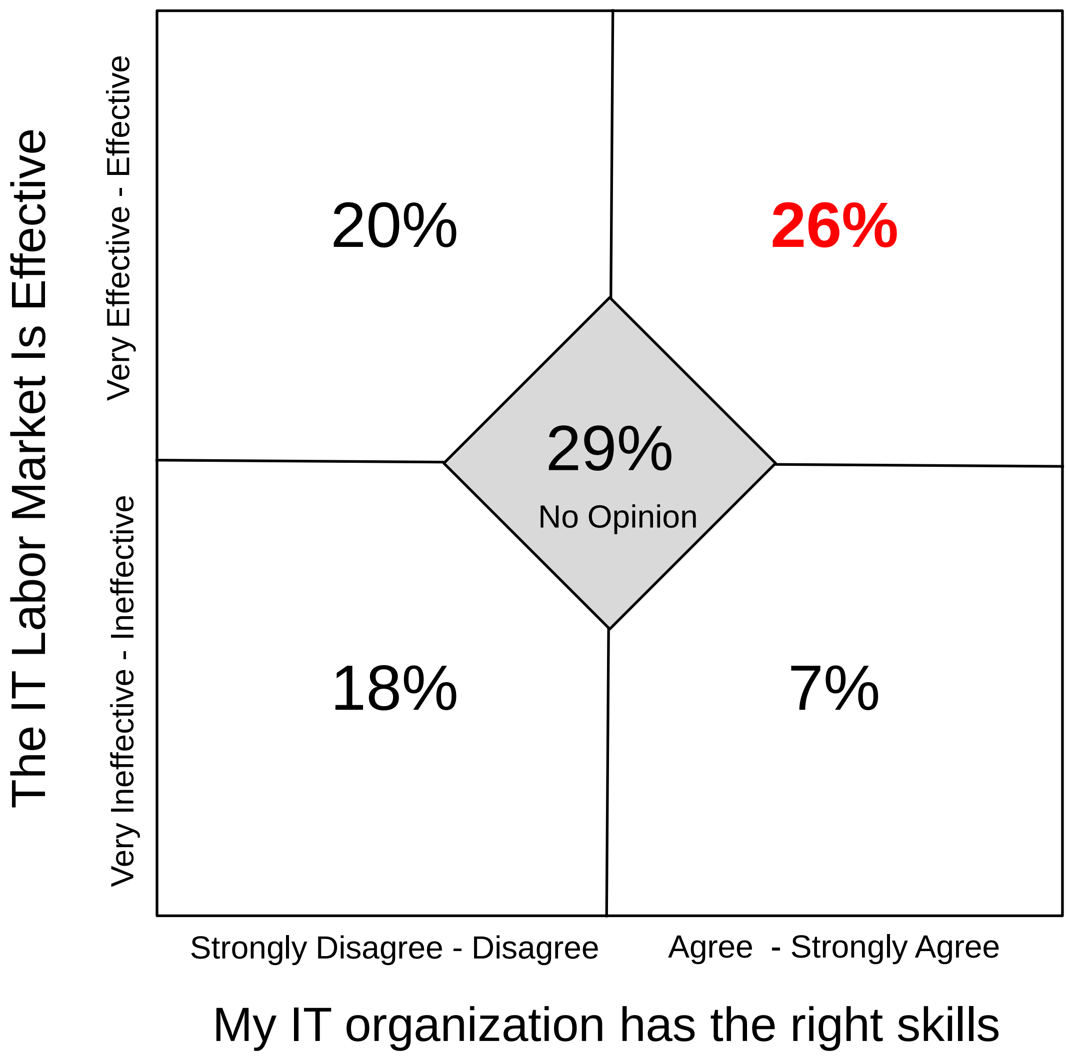
3 Industries, Country= United States

Top Ten CIO Technology Priorities

Please indicate your top three priorities for 2013-2016	
Business Intelligence (BI) applications (inc. analytics, data mining)	1
IT management technologies (Program, Project management, governance, change management)	2
Mobile devices (hardware, Smartphones, etc.)	3
Collaboration technologies (e.g. Workflow management, team collaboration)	4
Legacy application modernization, upgrade or replacement	5
Networking, Voice and Data Communications (including VoIP)	6
Security technologies (access control, authentication, etc.)	7
Enterprise Resource applications (Finance, HR, etc.)	8
Mobile customer applications (externally facing apps)	9
Customer relationship management applications (CRM)	10

Note: In the survey respondents identified their top three issues (not in any order). These priorities are ordered based on the percentage of respondents that included the issue in their top three.

Skills:
The IT Labor Market Works 26% of the Time



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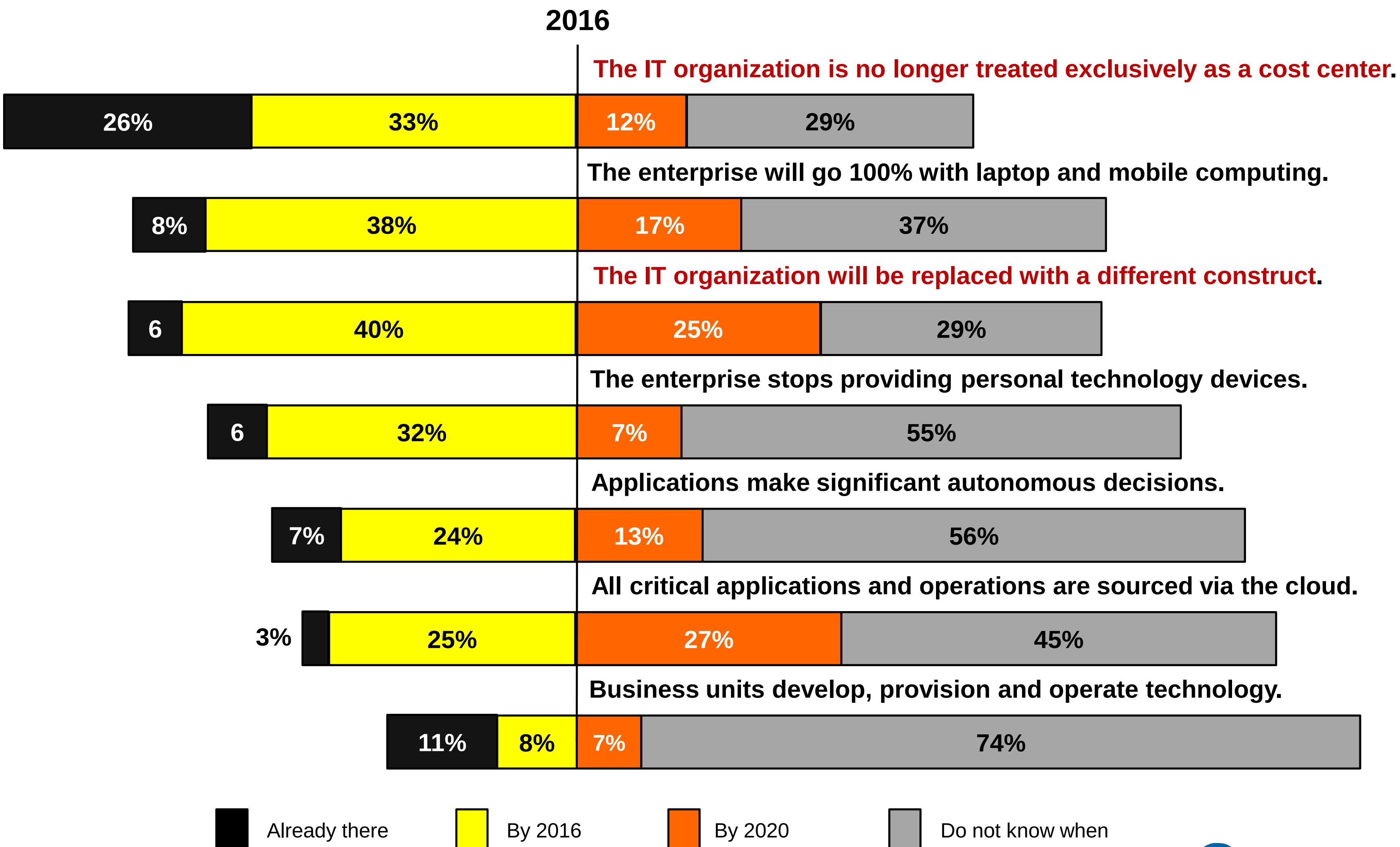
CIOs Anticipate Significant Change Over the Next Three Years



Without New Approaches, IT's Role Remains Static and Less Strategically Relevant

	Participation Increasing	No Change in Participation	Participation Decreasing	Does Not Apply	Leadership Role Past 3 Years	Leadership Role Next 3 Years
Business Strategy Formulation	41%	54%	3%	2%	14%	26%
Business Strategy Execution	38%	56%	5%	1%	19%	34%
Digital Business and Digital Channels	29%	50%	8%	13%	18%	32%
Business Innovation	41%	52%	5%	2%	22%	41%
Product or Service Design and Development	35%	52%	6%	7%	14%	25%
Business Process Analysis and Management	36%	56%	7%	1%	28%	44%
Enterprise Change Execution	29%	62%	8%	1%	26%	38%
Enterprise Program Project Management	27%	66%	6%	1%	41%	51%
Mergers and Acquisitions	18%	47%	6%	29%	8%	12%
Postmerger Integration	15%	46%	9%	30%	18%	24%

A Framework for the 2013 CIO Agenda

Action	Goals and Context	Leadership Requirements	Leadership Actions
Do New	Innovation rests in what you "do new." Leaders exploit new digital technologies, creating the capabilities needed to meet growth and efficiency demands — a digital edge.	Adopt new business and technology practices driven by digital performance.	Doing new things results in the innovation required to become a digital enterprise across the business model, products, services, customers and operations.
Undo	Efficiency comes from what you "undo." Digital value will come from new connections in processes, structures and roles.	Undo historical and legacy commitments to create new business models in IT and the business.	Undoing the past is not a failure. Rather, it recognizes change. Liberate resources trapped in legacy operations and assets, and reapply them toward growth and results.
Redo	Effectiveness rests in what you "redo." Every business practice, solution and strategy requires revision and extension. Without both, ability becomes fragility and failure.	Redo and upgrade practices and tools for the digital world to extend current strengths into the future.	Redoing strategies, practices and metrics refreshes IT and reinvigorates its value potential. Recognize that new realities demand new leadership to drive excellence.
Don't Do	Secure success by what you "don't do." Success rarely lasts when you follow the pack, blindly apply best practices, attend to false signals or surf dead-end trends.	Stop the use of practices that are no longer effective to liberate resources, time and attention to new challenges. Do not assume that everything you have now you will need tomorrow.	Choose where to invest and how to implement. "Don't dos" must reflect the business strategy, which is decided collaboratively, communicated broadly and integrated into governance.

A Road Map to Digital Relevance

Action	Expand the CIO and IT's Strategic Digital Role	Invest in Digital IT	Build a Digital IT Organization
Do Now	• Concentrate digital technology on growth and customer experience transformation. (Hunt) • Build a positive relationship with marketing and sales organizations. (Harvest) • Explore how digital technology drives business model innovation. (Hunt)	• Connect digital technology with changes in business performance, such as revenue and customer engagement. (Harvest) • Hunt for digital opportunities and innovations, rather than waiting for the business to initiate new ideas. (Hunt) • Concentrate on digital deployment and benefits realization to establish IT's digital business credibility. (Harvest)	• Actively build digital skills internally by accepting a learning curve on internal resources. (Harvest) • Recruit domain-specific resources, such as marketing and customer service. (Hunt) • Demonstrate IT's digital relevance by highlighting IT's digital skills, capabilities projects and success. (Harvest)
Undo	• The CIO and IT's passive role in strategic planning. (Tend) • Overly conservative approaches to risk management and the use of risk as a reason to stifle innovation and experimentation. (Tend)	• Plan future funding requirements based on past performance that starves innovation opportunities. (Tend) • Treat all IT projects and funding with equal importance. (Tend)	• Undo technical silos within the IT organization that limit flexibility in favor of more fluid project assignments. (Harvest)
Redo	• Use information and analytics to re-establish IT's relevance with "front office" organizations. (Harvest) • Reduce administrative barriers to accessing enterprise information across digital solutions. (Tending) • Increase IT's direct exposure to customers to build contextual awareness and stories. (Harvest)	• Ensure that technology business and investment cases account for top-line and customer impact. (Harvest) • Base IT investment priorities and schedules on time to market, rather than resource availability. (Hunt)	• Establish technology and innovation as board-level issues outside the IT audit committee. (Hunt) • Re-engineer IT processes and practices to minimize time to market. (Harvest) • Re-define the relationship with HR to better account for unique IT jobs and skills. (Tend)
Don't Do	• Assume IT cannot change the status quo. (Tend) • Accept that the implementation, operations and manager are IT's only role in digital strategy execution. (Tend)	• Equate the tending, hunting and harvesting role with run/grow/transform budgeting. (Tend)	• Lose sight of current operations, costs and quality, because they are the foundation for relevance. (Tend) • Assume that meeting digital technology requirements is as simple as reprioritizing IT projects and priorities. (Tend)

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Tending, Hunting and Harvesting Complete IT's Business Value Spectrum

	Tending	Hunting	Harvesting
Run	Operations, activities, resources and funding involved in current steady-state operations. These resources deliver quality of service at a managed cost.	The resources required to operate an innovation and experimentation capability. These could be emerging technology labs, research, partnerships or innovation spaces and teams.	The resources and funding supporting core transformational capabilities, such as enterprise PMO, Six Sigma or lean teams, and deployment or benefits realization.
Grow	Investments required in support of demands for increased operational capacity (e.g., servers, storage and devices). These activities maintain and enhance systems in support of future quality of service, capacity and compliance needs.	The requirements and challenges that shape the innovation agenda for the enterprise. This includes the experiments, pilots and prototypes that explore new solutions, products and offerings. These activities drive the pipeline of growth and the performance transformation solutions.	Extending current applications, solutions and information to meet changing business strategies and needs. These activities comprise the majority of IT projects and investments that strengthen the business efficiency and effectiveness.
Transform	The resources and funding involved in changing the operational performance profile of IT. Virtualization, application consolidation and standardization reflect transformation activities that raise technical performance.	Scaling new ideas into the enterprise, customers and markets. These activities encompass the internal transformations required to incorporate innovation into core enterprise operations to meet growth, value and customer experience goals.	Conducting the transformation program, the transformation effort resources, funding and the business case. These are the resources and activities that change business processes, applications and raise business performance.

Don't Do: Repeat Past Practices and Expect a Different Result

Do not:

- Discount the business strategy in setting IT priorities, resources and commitments.
- Lose sight of the quality, capacity and cost of current operations.
- Segregate IT from the rest of the enterprise via limiting interactions between IT and the rest of the organization.
- Use restrictive governance and other management practices that limit IT’s involvement and create barriers for the business to engage IT.
- Think of enablement as the endgame for IT; the endgame is business performance improvement.
- Fail to communicate the rationale and options for the things you will not be doing this year.

Hunting and Harvesting in a Digital World: The 2013 CIO Agenda

Gartner Executive Programs reports that support tending, hunting and harvesting

How to tend	How to hunt	How to harvest
• Managing Strategic Partnerships (June 2011) • CIO Power Politics (Special Report 2011) • Sustainable Enterprise Change (February 2012) • Determining the Right Level of IT Operational Spending (October 2012) • New Skills for the New IT (November 2011) • The Customer Experience Is the Next Competitive Frontier (Late November 2012) • Optimizing IT Assets: Is Cloud Computing the Answer? (February 2011)	• Digitalizing the Business (April 2012) • Business Model Innovation: Unleashing Digital Value Every-where (July 2012) • Masters of Innovation: What CIOs Can Learn From the World's Best Innovators (May 2011) • The Game Changes in the Front Office (March 2012) • Unlocking the Power of a Great Marketing-IT Relationship (August 2012) • Selling Innovation to Senior Executives (November 2012) • CIO Ambitions: Breaking Through the Silicon Ceiling (September 2012)	• Capturing Business Value From Mass-Market Mobile Technologies (July/August 2011) • Benefits Realization: The Gift That Keeps On Giving (September 2011) • Restructuring Your Application Portfolio (May/June 2012) • Business Capability Modeling Brings Clarity and Insight to Strategy and Execution (December 2012) • Building the IT Brand: Impacting the Front Office and Beyond (October 2011)

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Related Gartner Research

- **The Digital Edge-**Mark McDonald, ebook**:** http://www.gartner.com/technology/books/digital-edge/
- **Digitalizing the Business** Mark McDonald, Andy Roswell-Jones (G00233511)
- **U.S. Digital Government Strategy Is Too Short-Term and Technology-Focused** Andrea Di Maio (G00235805)
- **Maverick* Research: The Digital Designer Is the Linchpin in the Nexus of Forces** Brian Prentice (G00238478)
- **Governments Must Plan for the Workplace of the Future** Andrea Di Maio (G00236096)
- **Government Open Services Are the Next Step for Government Open Data** Andrea Di Maio **(**G00233971)
- **The Emerging Use of App Stores in the Government: Procuring Cloud Services and Beyond** Andrea Di Maio (G00232639)
- **Smart Government Makes IT a 'Must Have'** Andrea DiMaio, Jerry Mechling (G00232726)
- **Smart Governance Operating Framework: At the Heart of Smart Government** Andrea DiMaio (G00225623)

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One year from now, how would you like to answer this one…

What can you do today that you could not do one year ago?

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