

Slide deck available at <http://bit.ly/1asjfDN>



34th Annual Society for Information Management's **SIM IT TRENDS STUDY: 2013**



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Research Team Presenters

Leon Kappelman, University of North Texas

Jerry Luftman, Global Institute for IT Management

Ephraim McLean, Georgia State University

CIO Discussion Panelists

Sue Bergamo, former CIO, Net Atlantic, Inc.

Rick Broughton, CIO, MKS Instruments, Inc.

Janis O'Bryan, CIO, Hudson Advisors LLC

SIMposium 2013, Boston, 11-November

THANK YOU!!



650 SIM members who completed the questionnaire!!

SIM IT Trends Survey Team

Leon Kappelman, University of North Texas

Ephraim McLean, Georgia State University

Jerry Luftman, Global Institute for IT Management

Vess Johnson, University of North Texas

Bill Peterson, LiquidHub

Barbara Stewart, Celanese

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Walter Rich, Georgia State University

2013 SIM IT Trends Study

A note about the respondents and responses used in this slide deck.

Respondents: Who are they? Two overlapping subsets of the total set of respondents to the 2013 SIM IT Trends Study are used. These are denoted as “Senior IT Leader” or “CIO”:

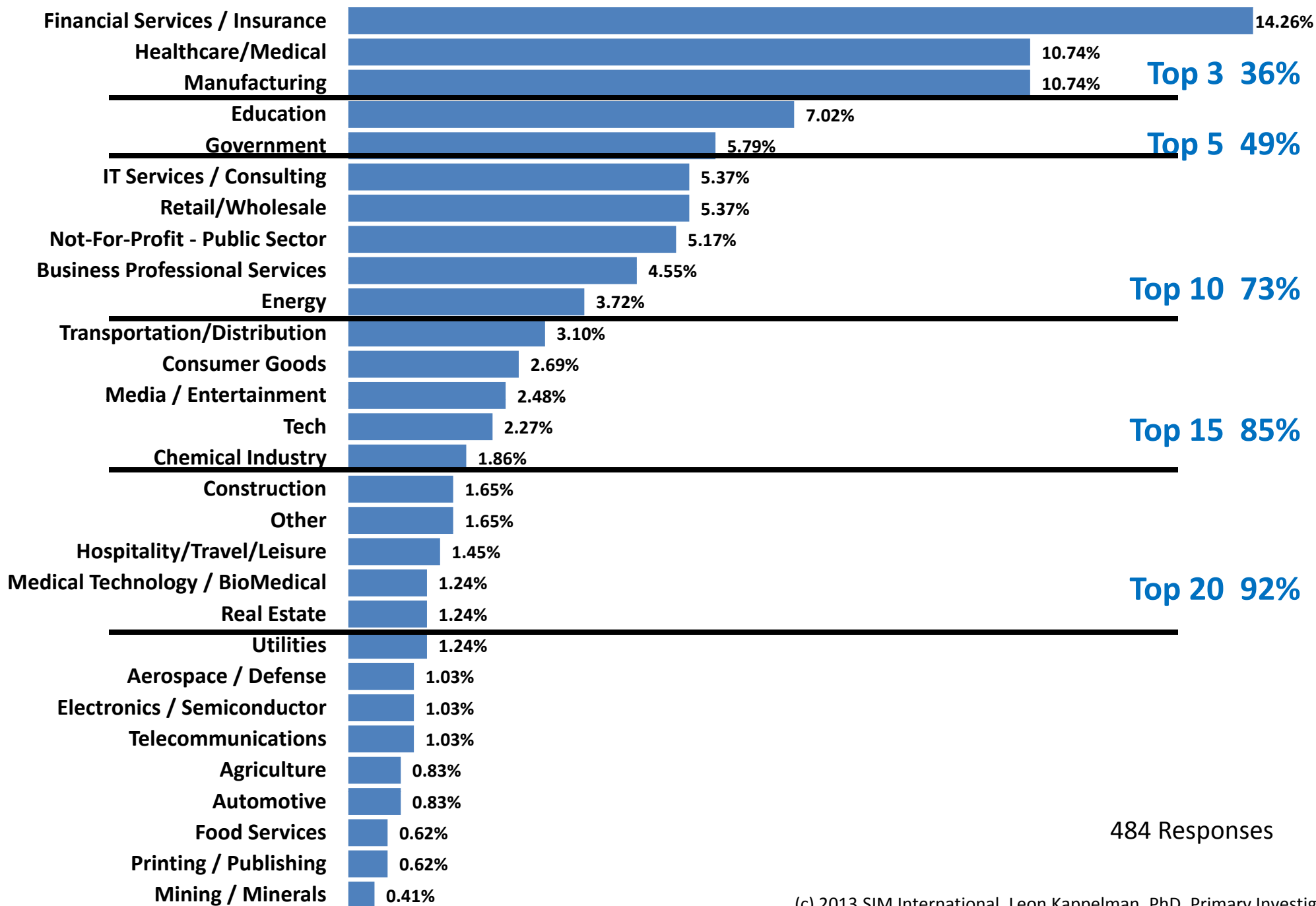
- “Senior IT Leaders” = The highest-ranking IT person who responded from each of 484 unique organizations.
- “CIO” or equivalent = top IT person in 285 organizations

Responses: How many are there? The number of responses (n) to each question is also noted on each slide.

**Briefly describe the 484
unique organizations that
participated in the study ...**

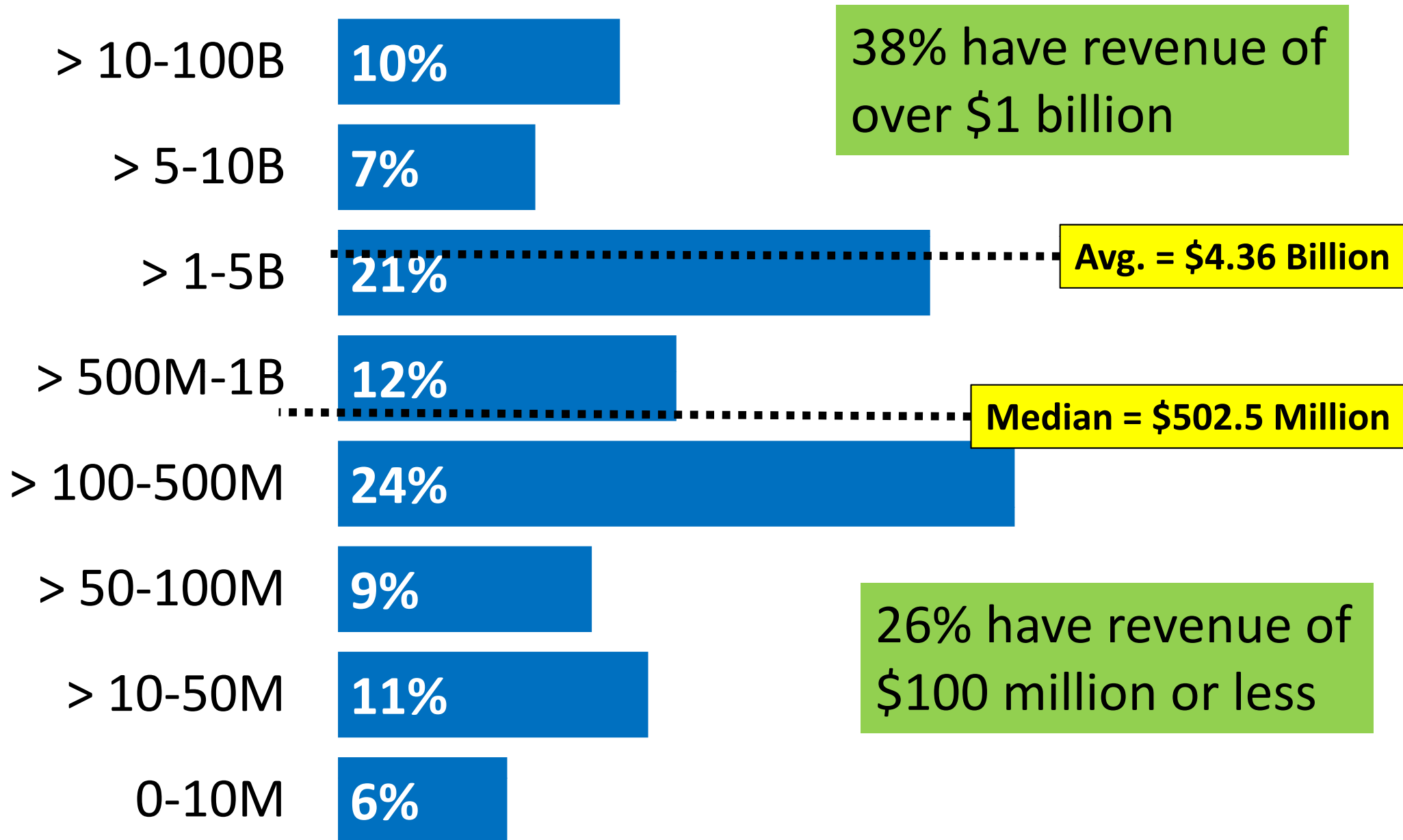
Senior IT Leader

Organization's industry or economic sector



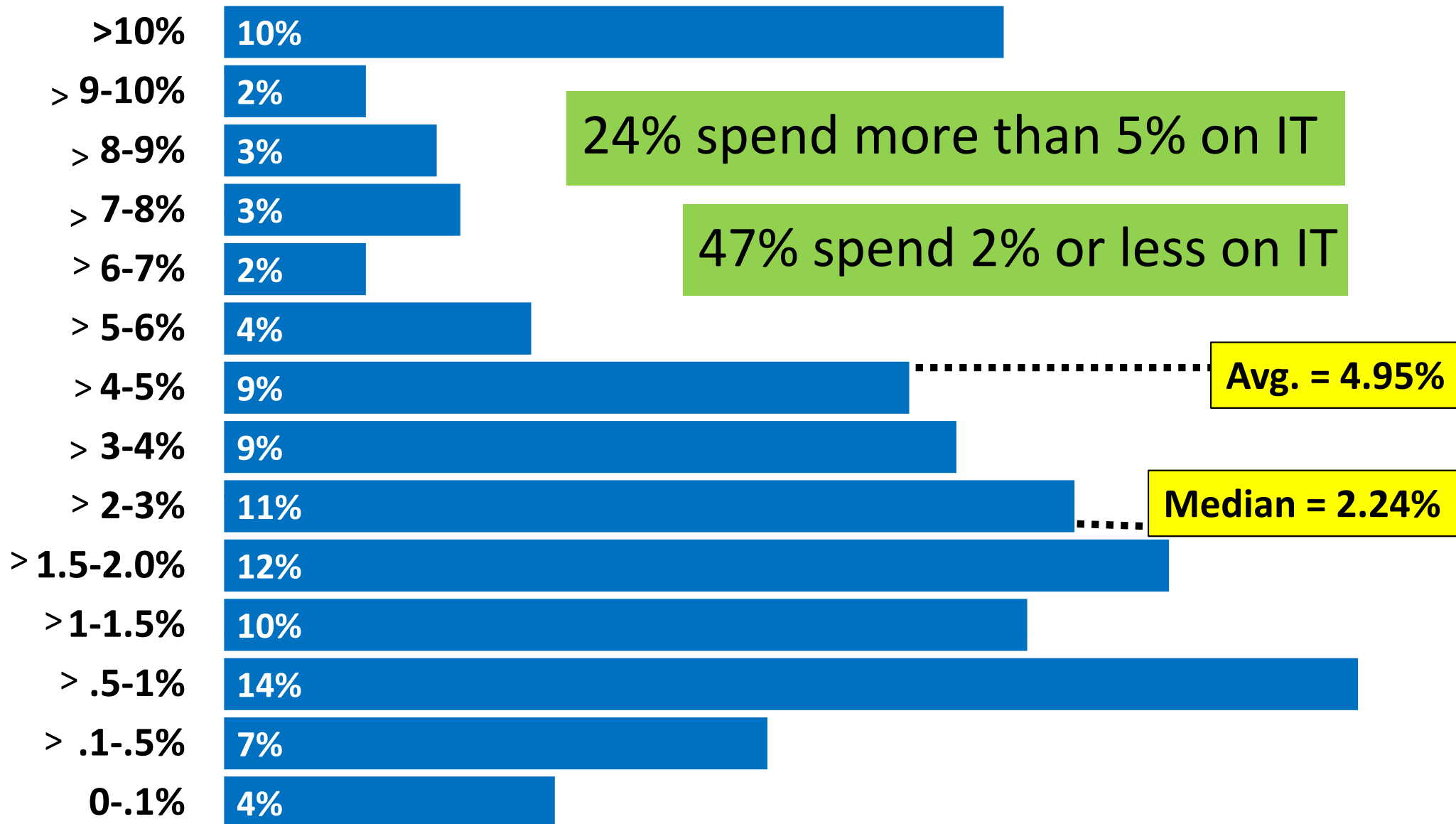
Senior IT Leader

What is the total revenue of your organization (in US \$)?



370 Responses

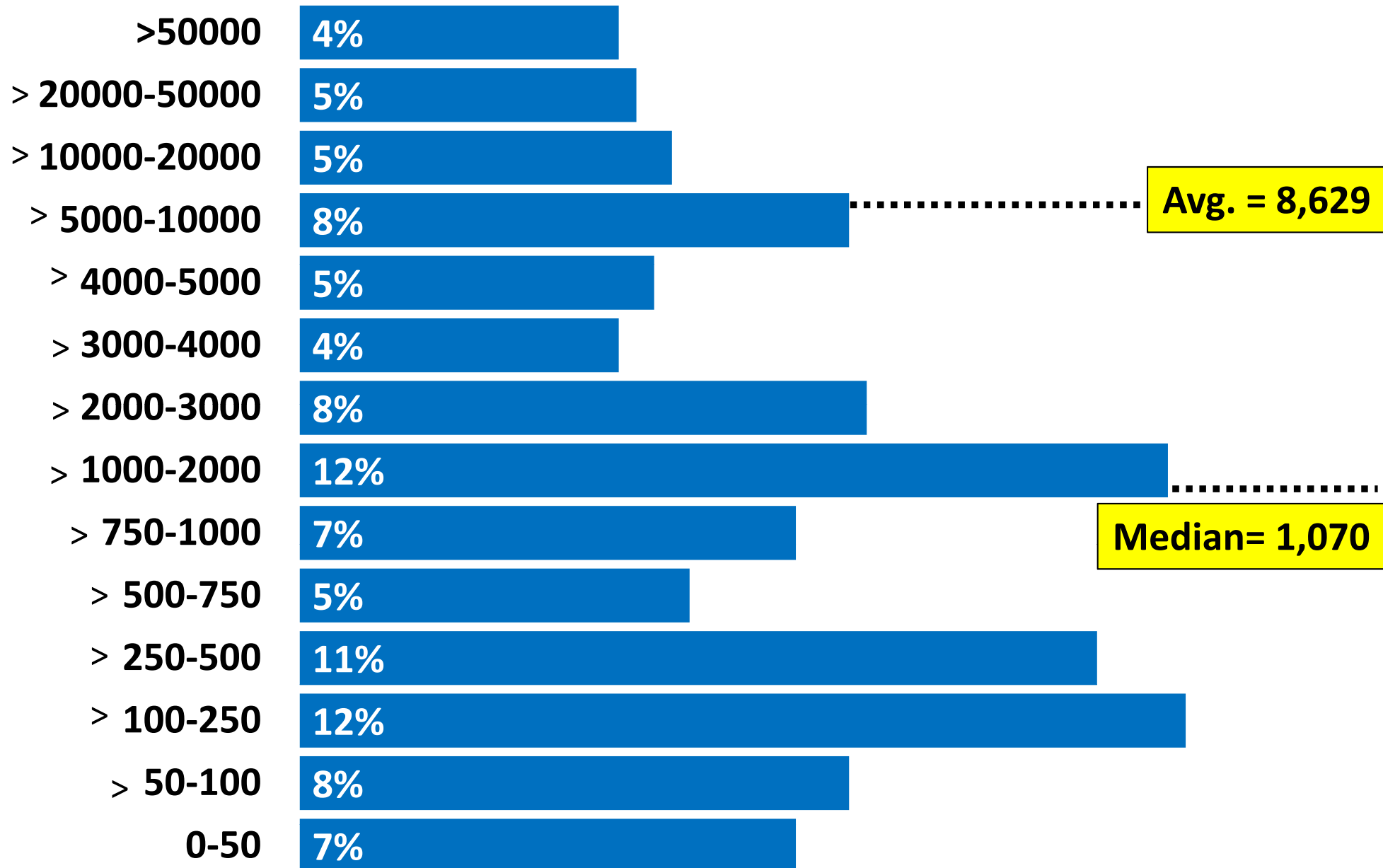
Senior IT Leader – Percent Responding IT Spending as a Percent of Total Revenue (in US \$)



332 Responses

Senior IT Leader

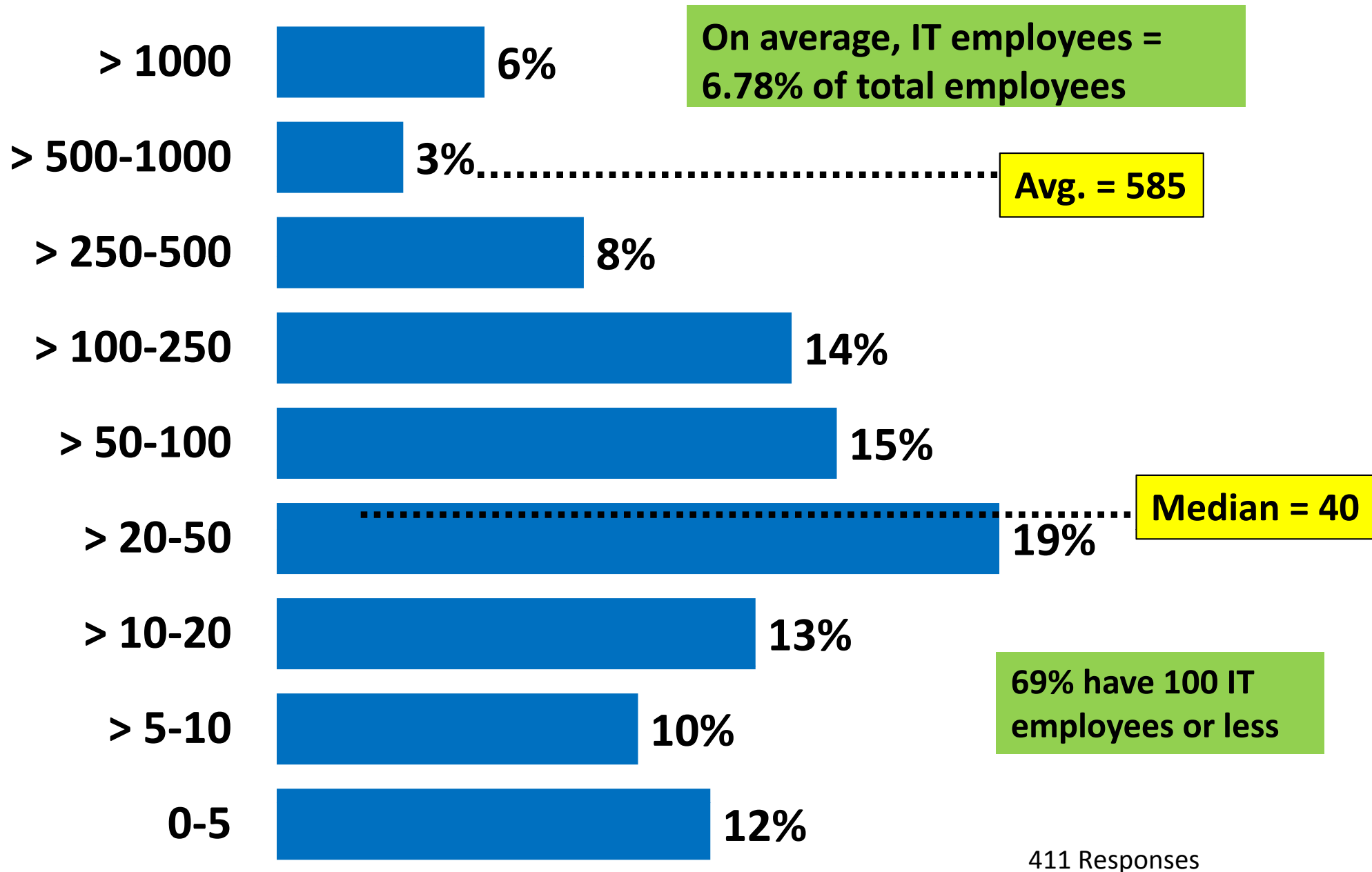
Total number of employees who work in your organization



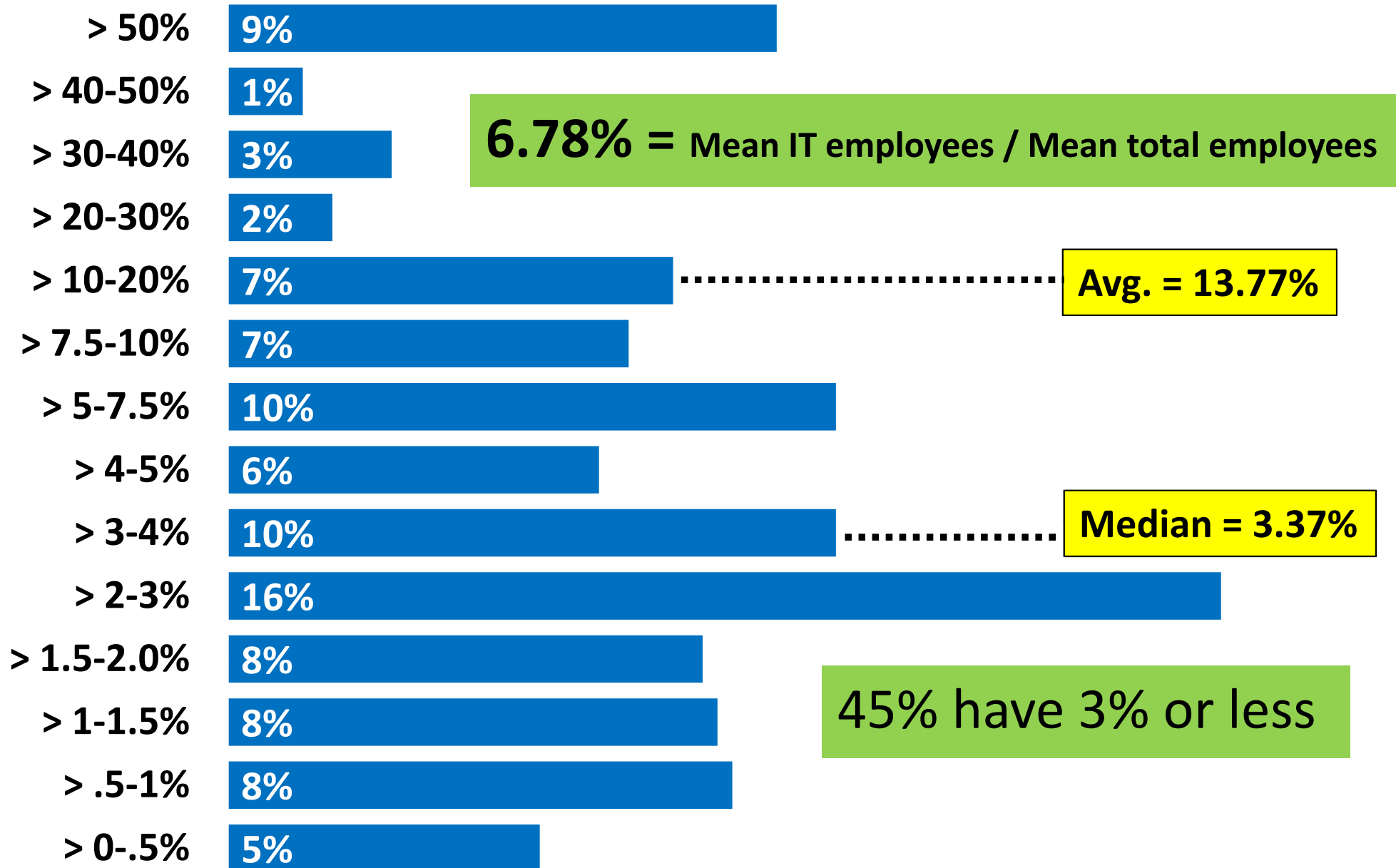
411 Responses

Senior IT Leader

Total number of employees who work in IT



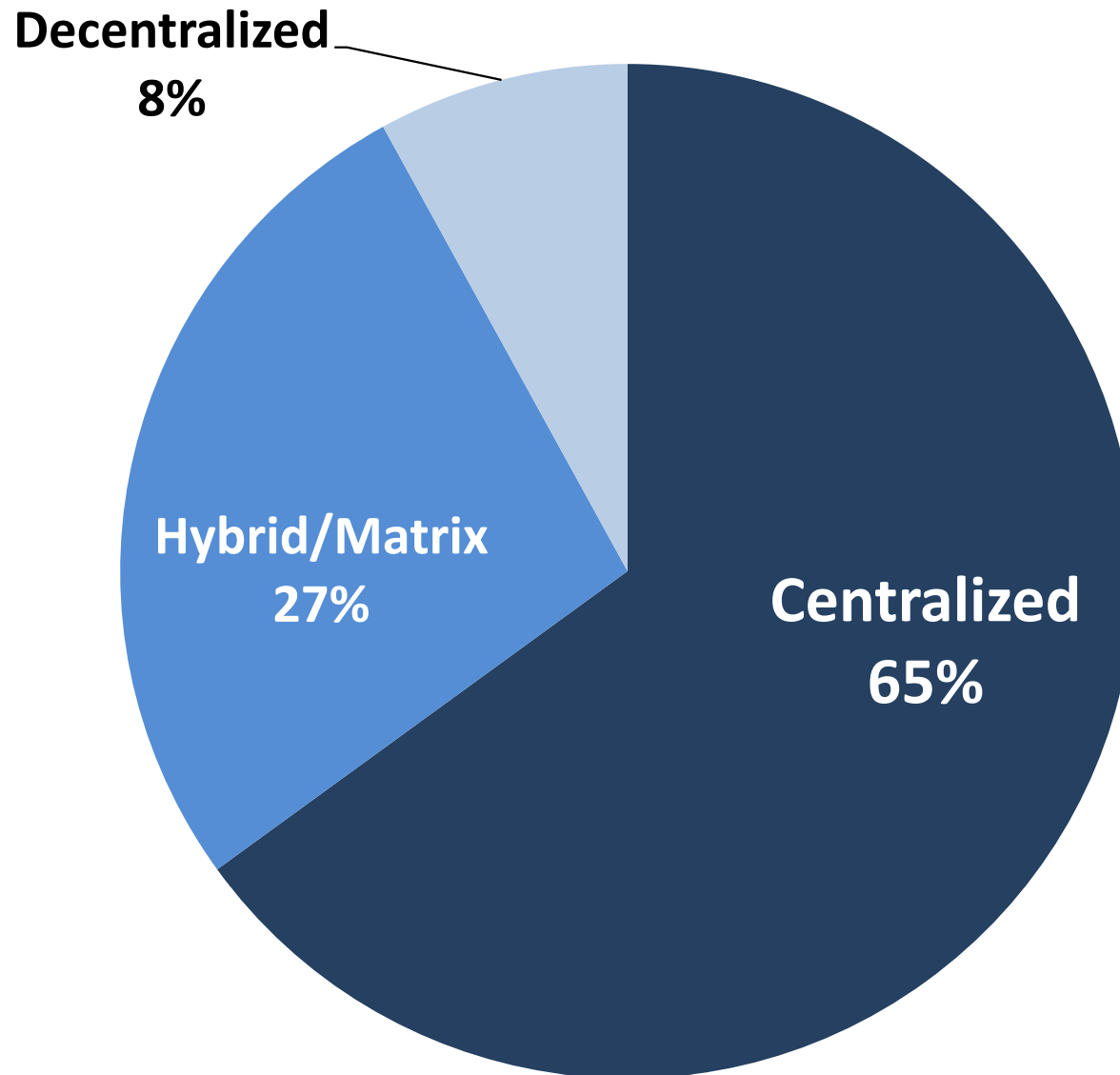
Senior IT Leader IT Employees as a Percent of Total Employees



411 Responses

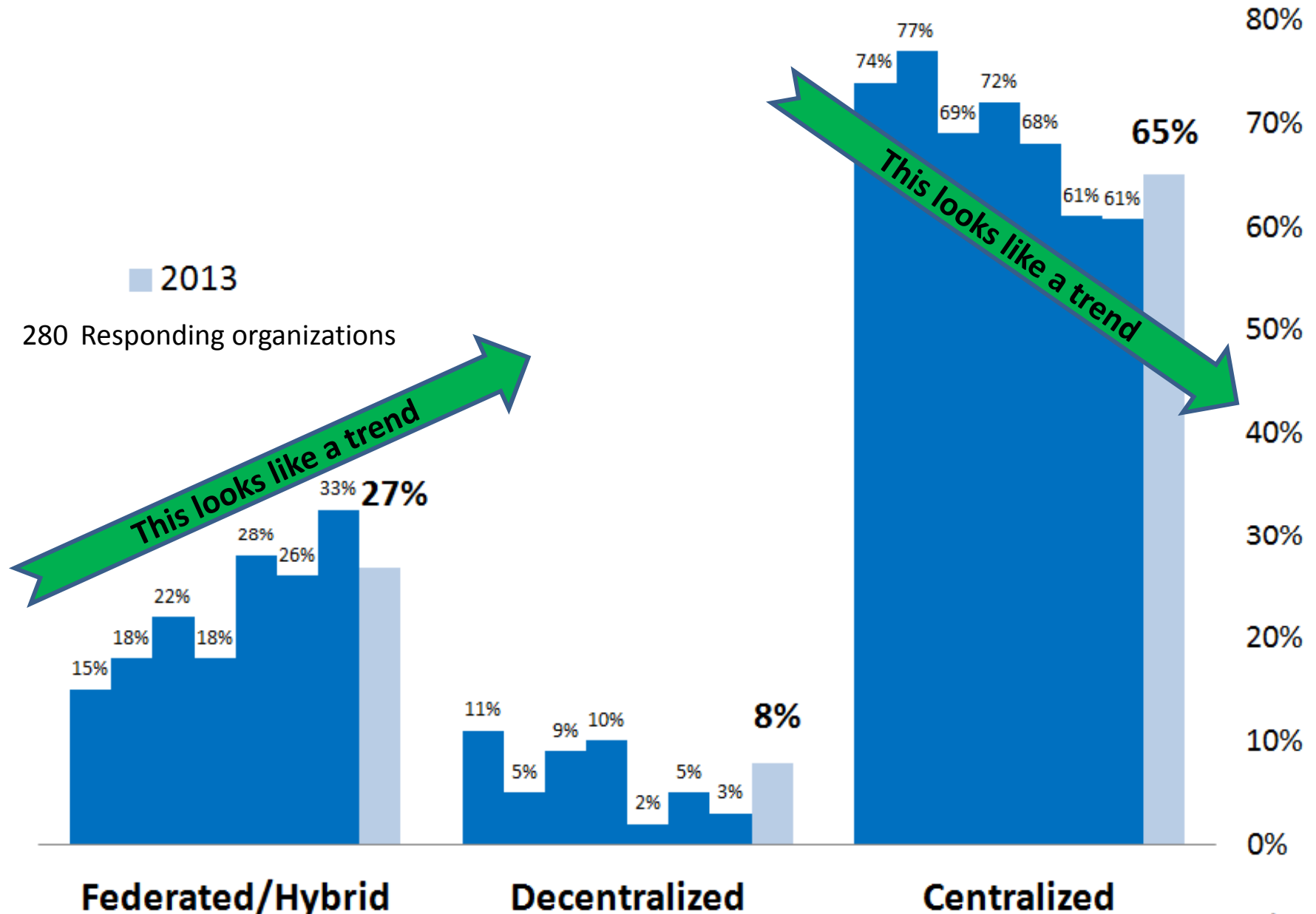
Senior IT Leader

How is IT Organized in your Organization?



280 Responses

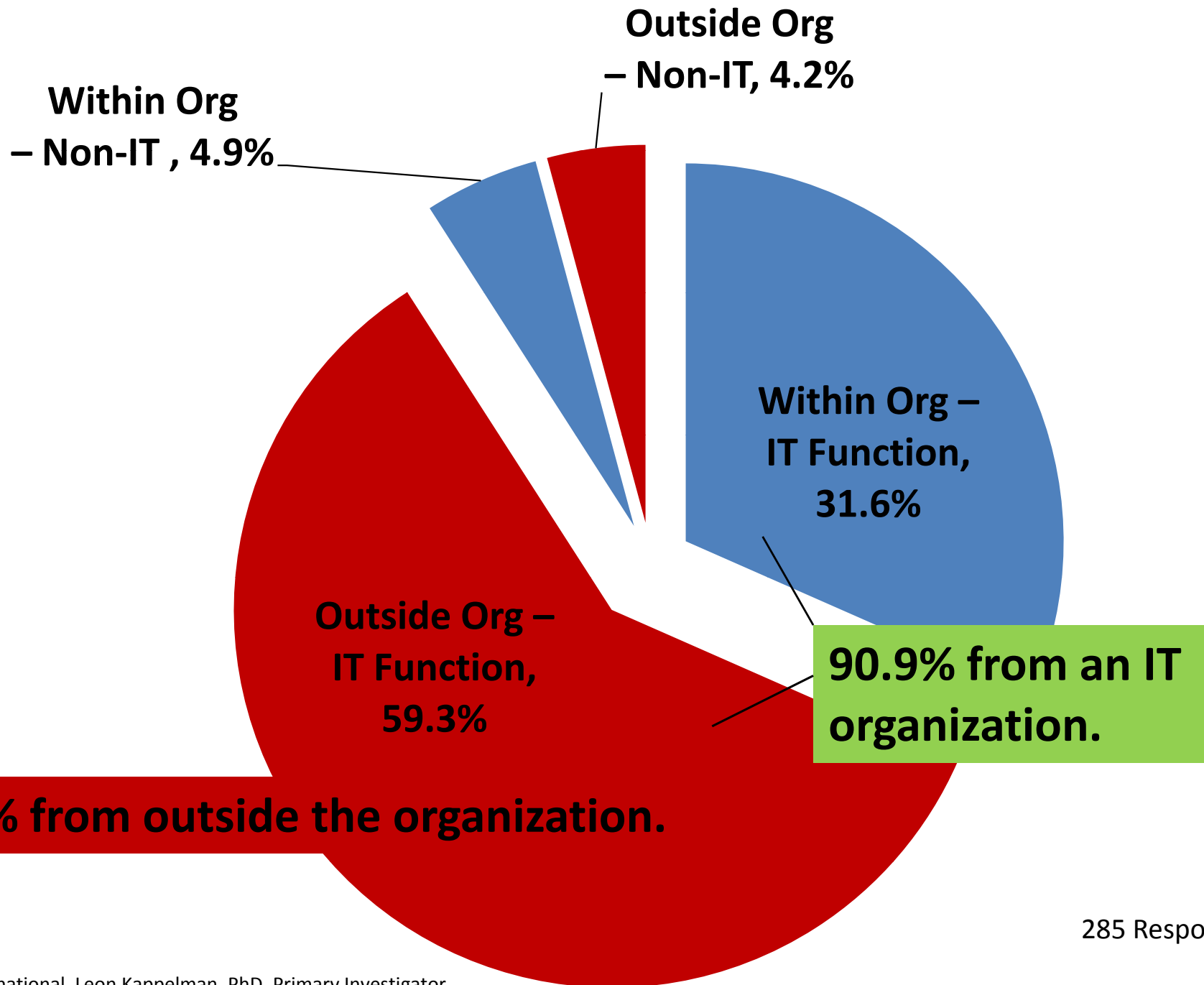
Senior IT Leader IT Organization Structure 2006-2013



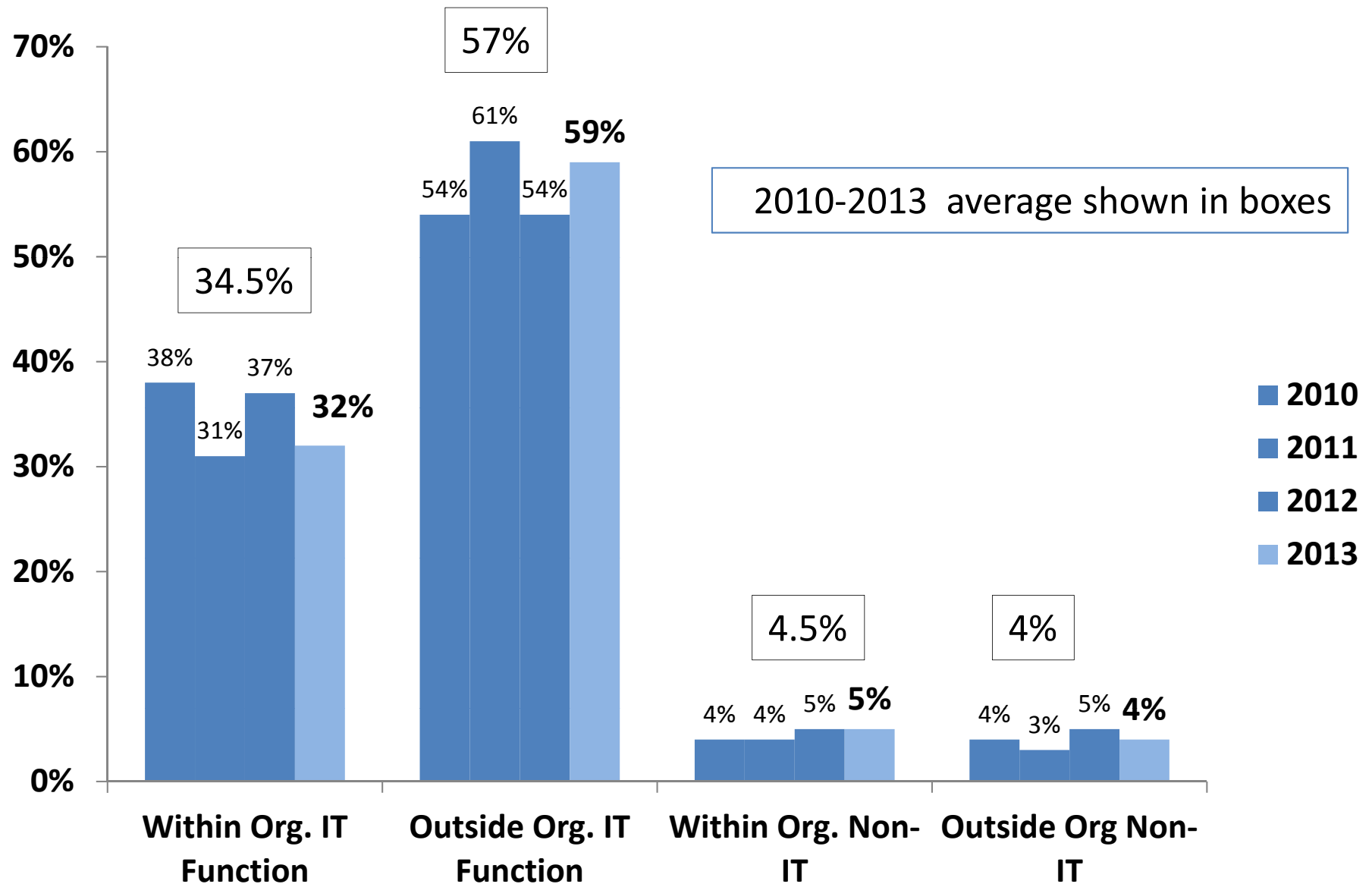
What do we know about CIOs?

- 1. Where do CIOs come from?**
- 2. How long have CIOs held their current positions?**
- 3. To whom do CIOs report?**
- 4. How do CIOs spend their time?**

Last position before CIO or Equivalent

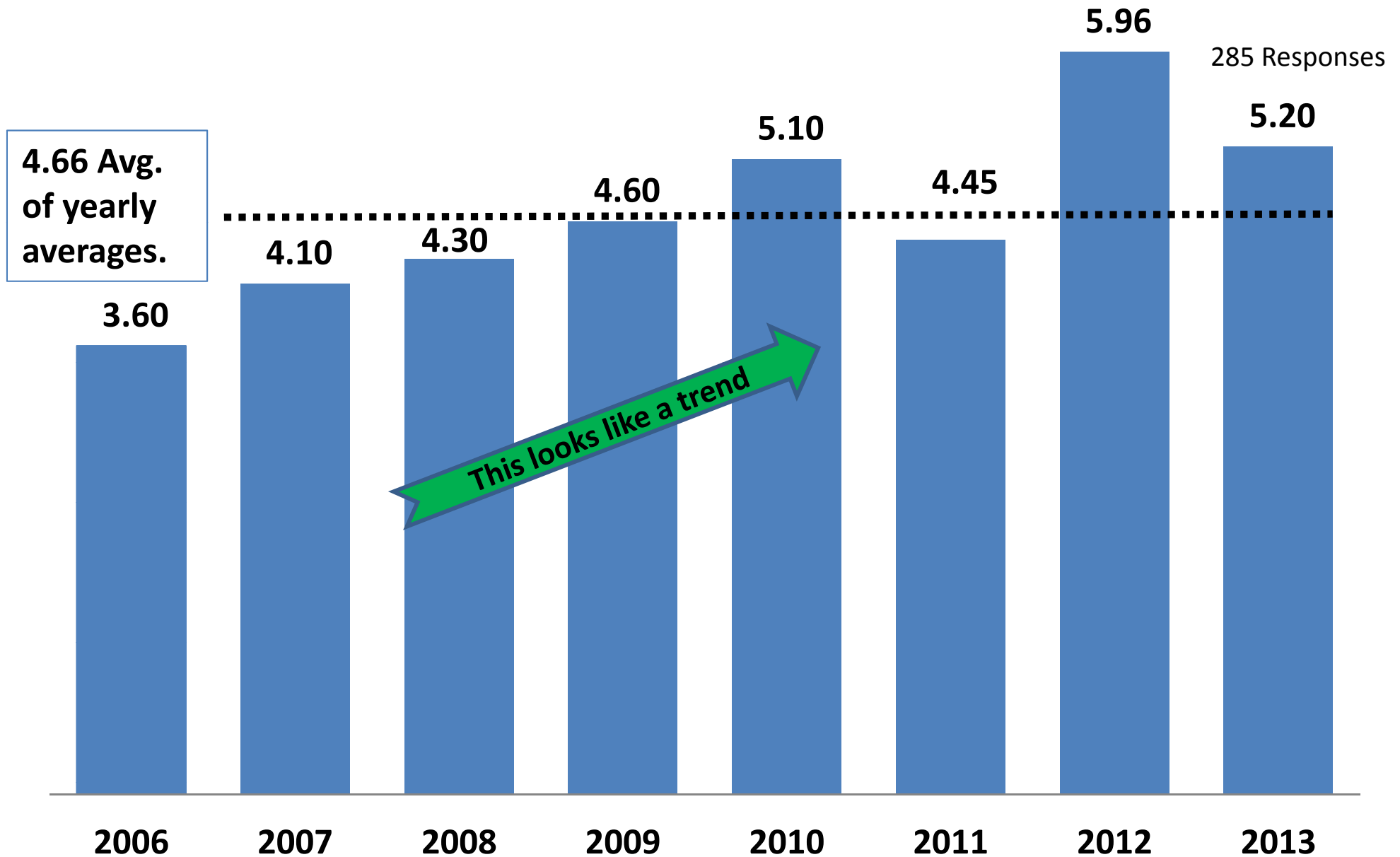


Last position before CIO or Equivalent

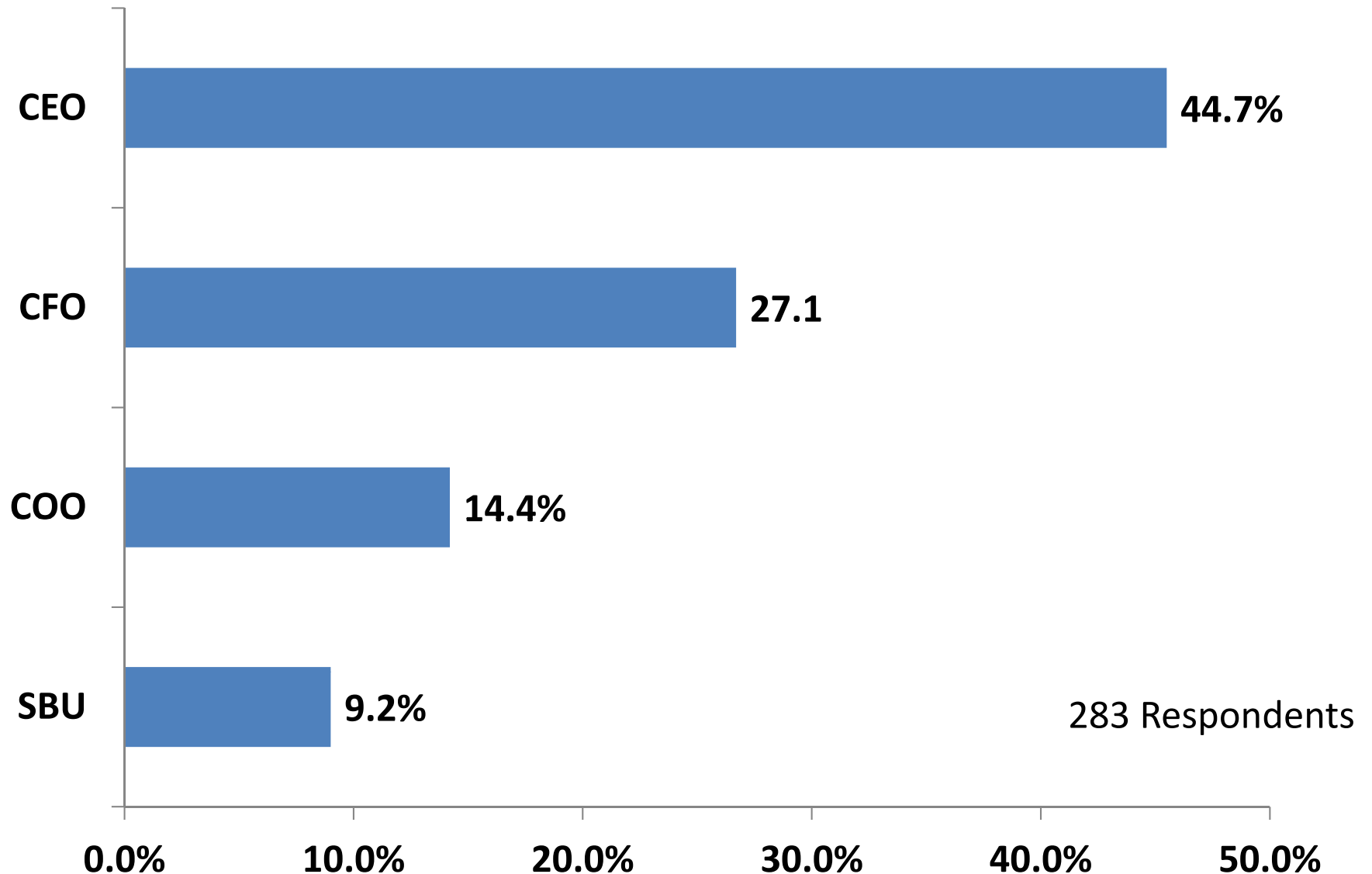


2013 = 285 Responses

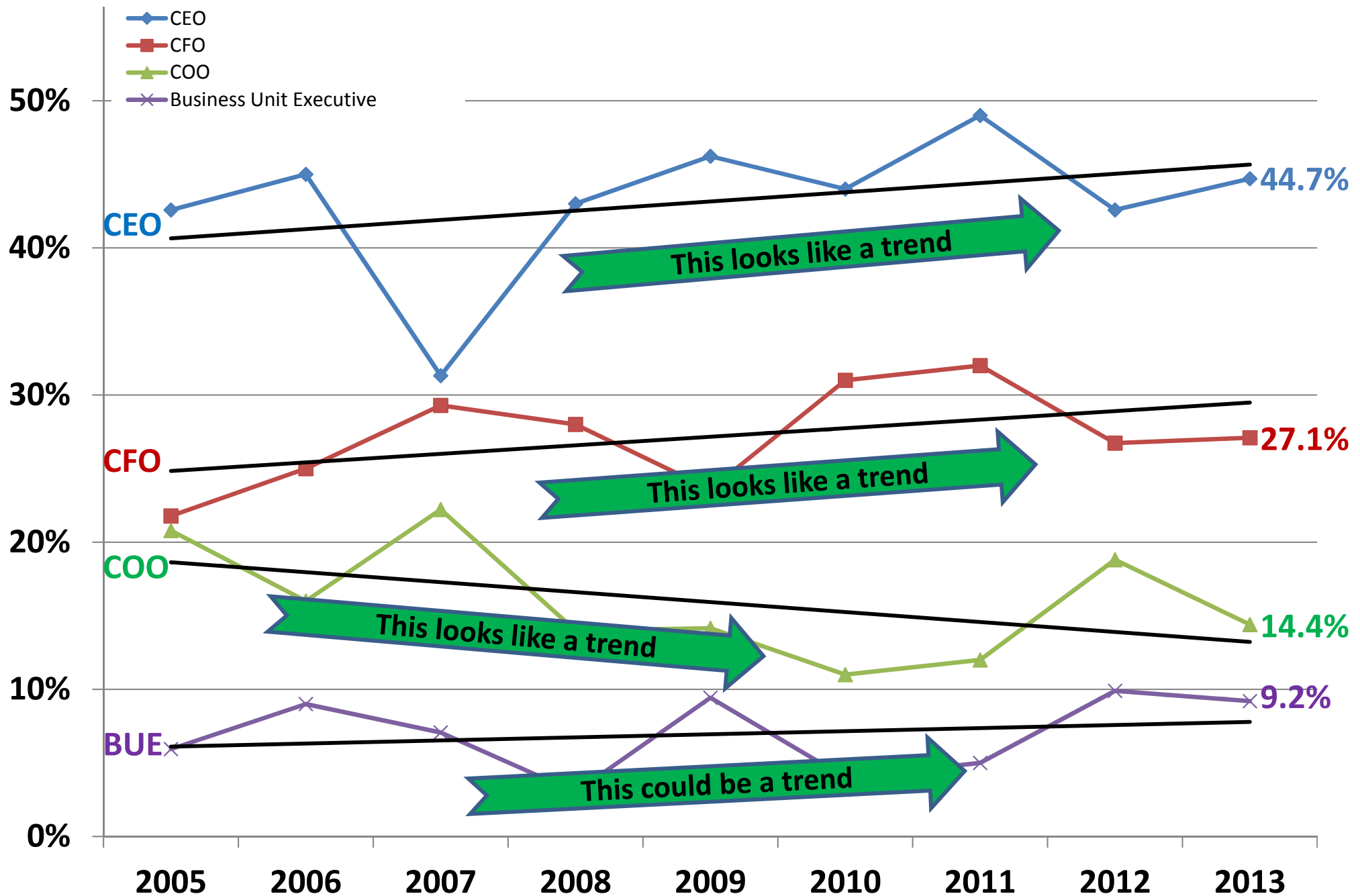
CIO or Equivalent Time in Current Position (in years)



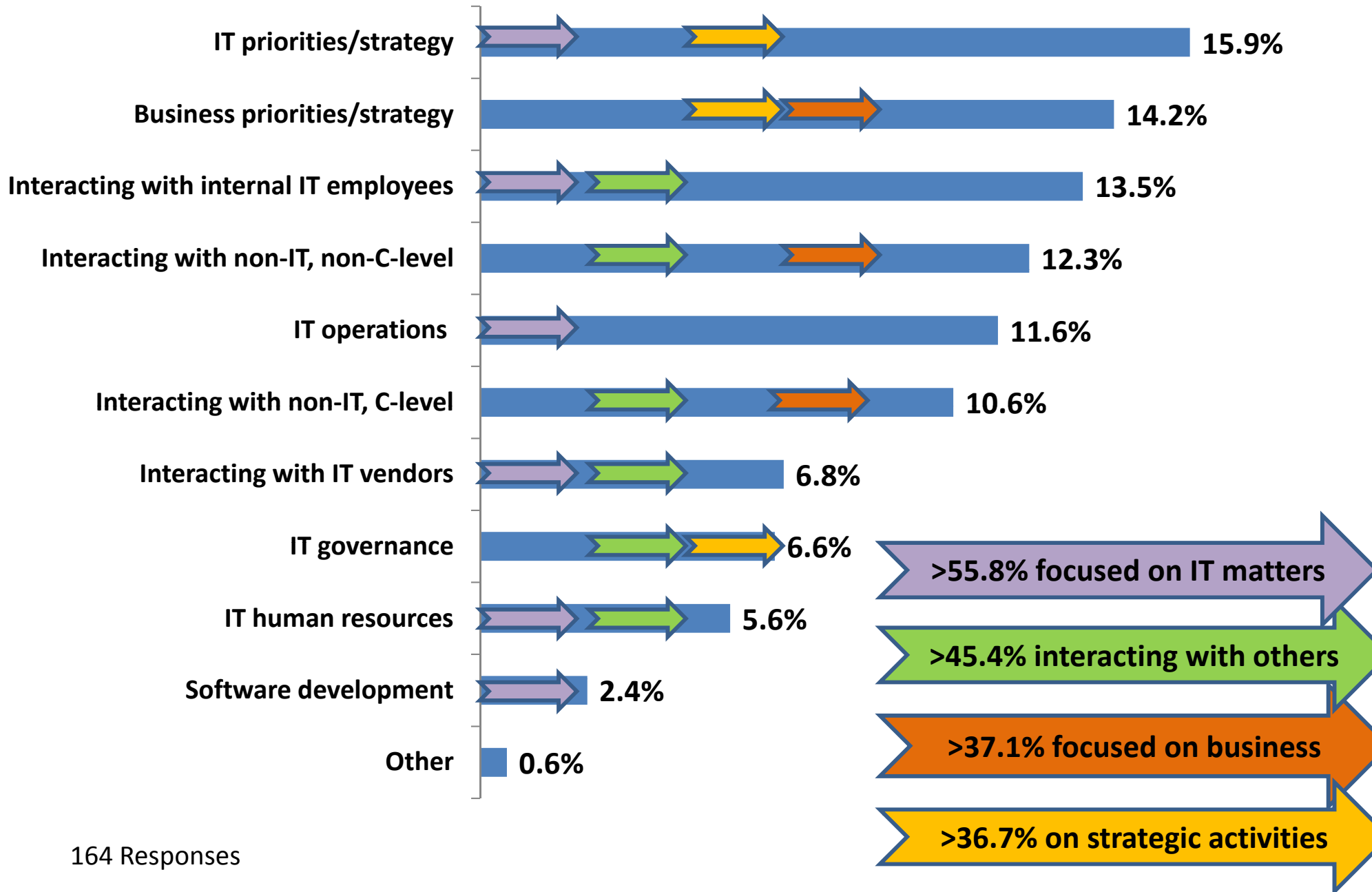
To Whom CIO or Equivalent Reports: 2013



To Whom CIO or Equivalent Reports: 2005-2013



How CIOs Spend Their Time (%)



How CIOs spend their time

2013 Categories	CIO or Equivalent	Previous years: How CIOs spend their time						2007-2012 Categories
	2013	2012	2011	2010	2009	2008	2007	
IT priorities/strategy	15.9%	12%	15%	13%	15%	17%	16%	Strategy
Business priorities/strategy	14.2%							
Interacting w/ internal IT employees	13.5%	13%	12%	11%	12%	15%	13%	Relationship mgmnt w/ IT staff
Interacting w/ non-IT non C-Level	12.3%							
IT Operations	11.6%	11%	12%	13%	15%	8%	8%	Operations
Interacting w/ non-IT C-level	10.6%	24%	20%	18%	19%	26%	23%	Relationship mgmnt w/ business
Interacting with IT, non employees	6.8%	8%	7%	6%	0%	0%	0%	Relationship mgmnt w/ vendors
IT governance	6.6%	10%	9%	9%	10%	11%	11%	IT governance
IT Human resources	5.6%	8%	7%	7%	8%	7%	8%	Human resources
Software development	2.4%	6%	5%	6%	6%	4%	6%	Software development
Other	0.6%	1%	7%	11%	10%	6%	7%	Non-IT
		7%	6%	7%	7%	6%	8%	Architecture

164 Responses

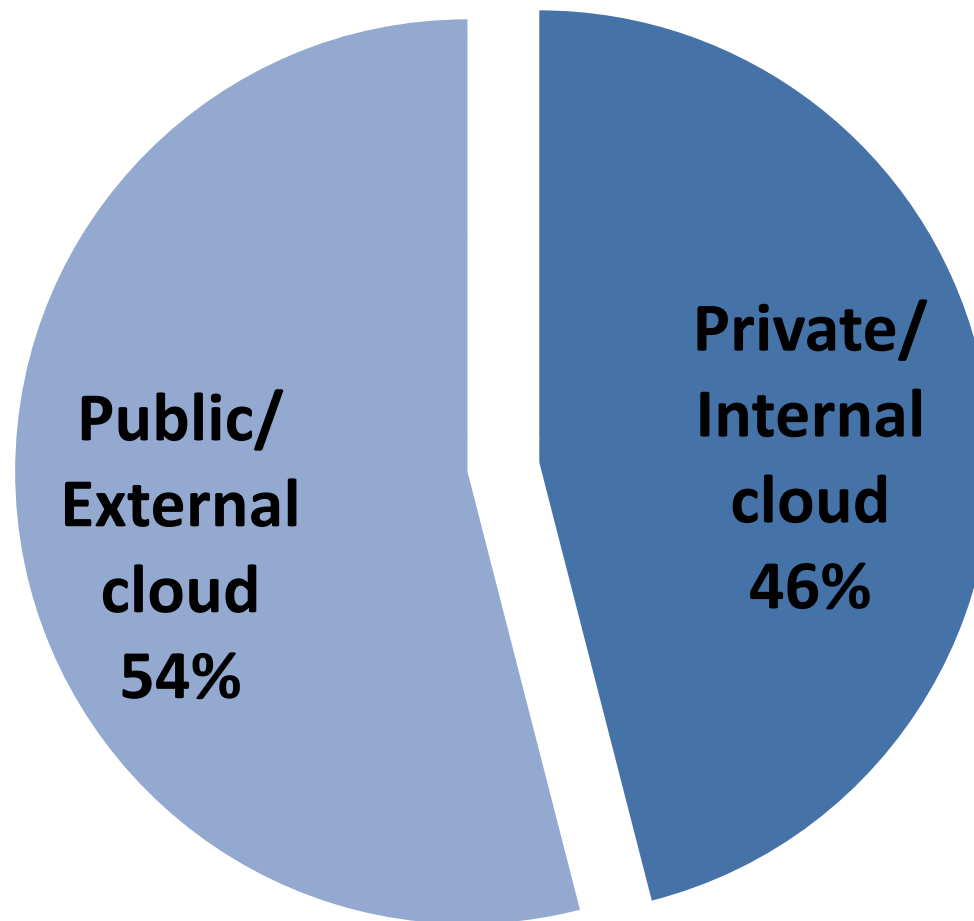
**How do the 484 unique
organizations utilize their IT
resources?**

**To what extent are IT
organizations using the
“cloud” and “shared services”?**

Senior IT Leader

81% of organizations use "the cloud"
On average, 26.5% of all IT services are cloud-based

Percent of cloud-based IT services provided by ...

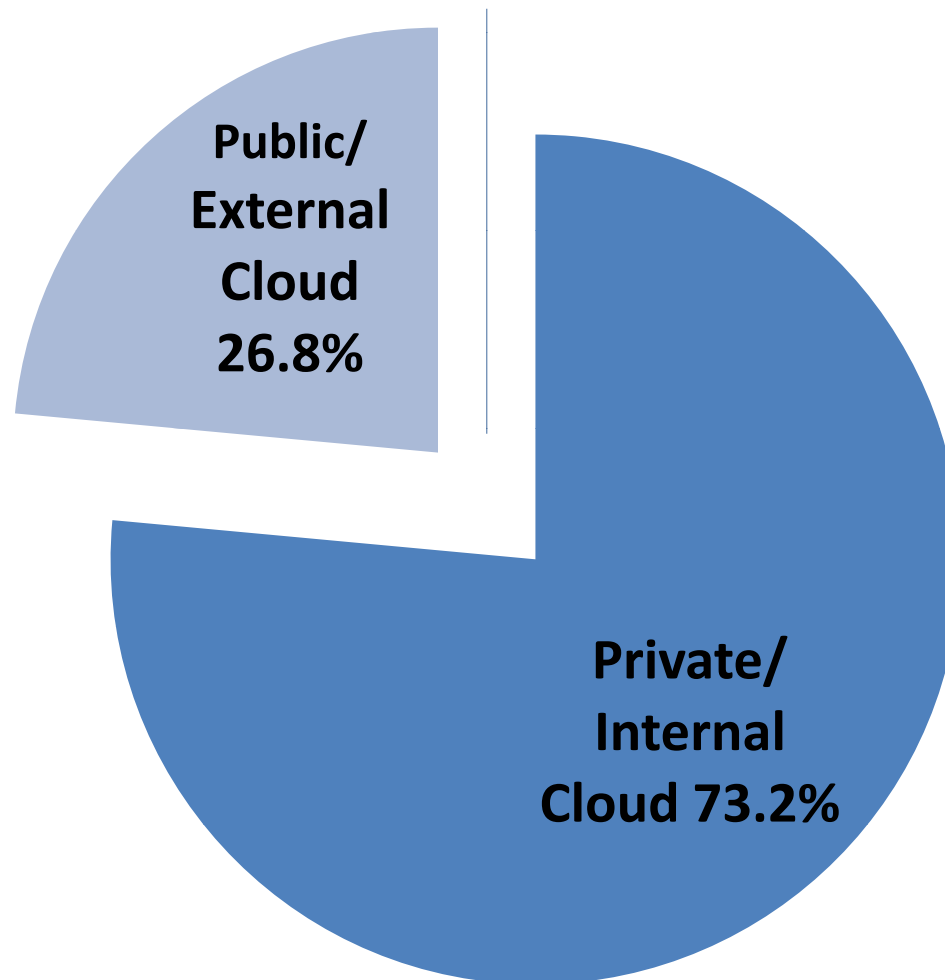


260 Responses

Senior IT Leader

70% of organizations deliver IT as shared service
On average, 56.4% of all IT services are shared services

Percent of IT shared services provided by ...



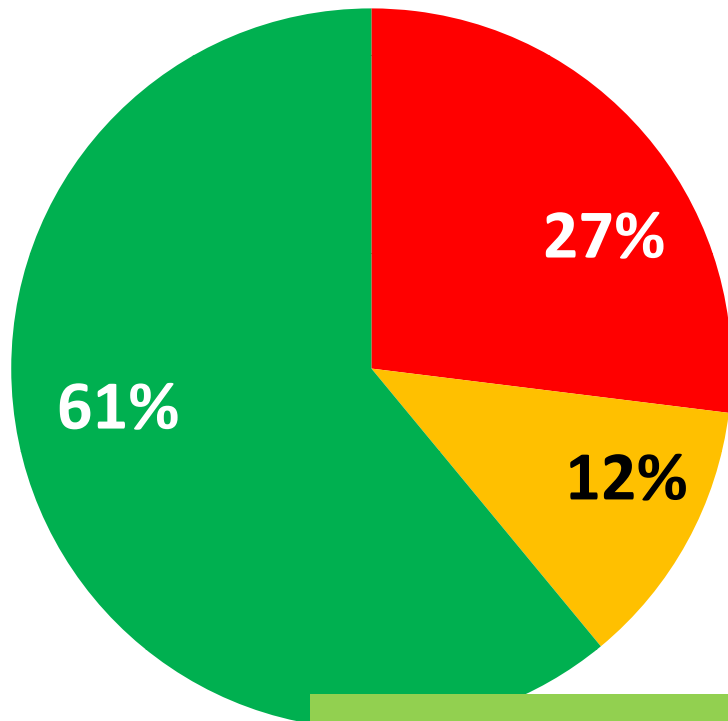
244 Responses

What are the trends in IT budgets?

Senior IT Leader - Percent of Organizations Reporting IT Budget Change

Actual 2012 to 2013

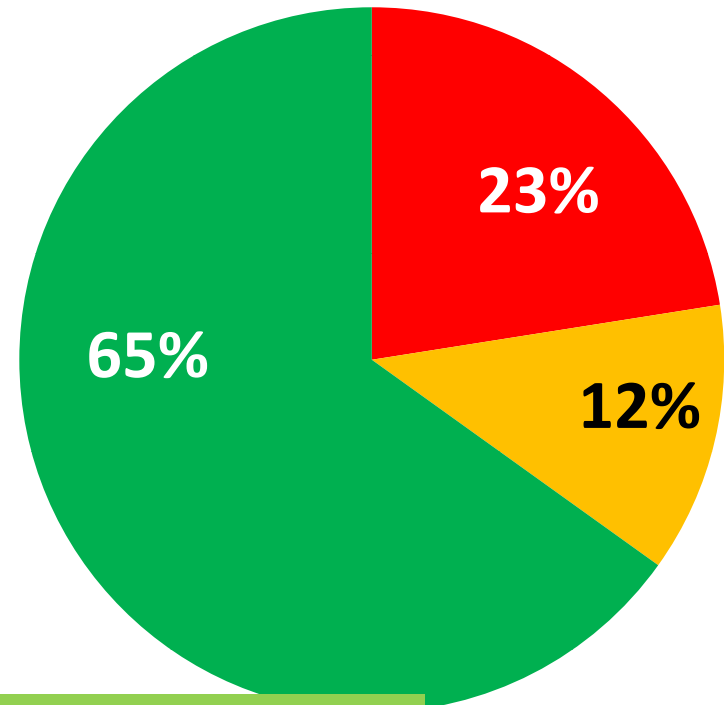
■ Decrease ■ No Change ■ Increase



382 Responses

Projected 2013 to 2014

■ Decrease ■ No Change ■ Increase

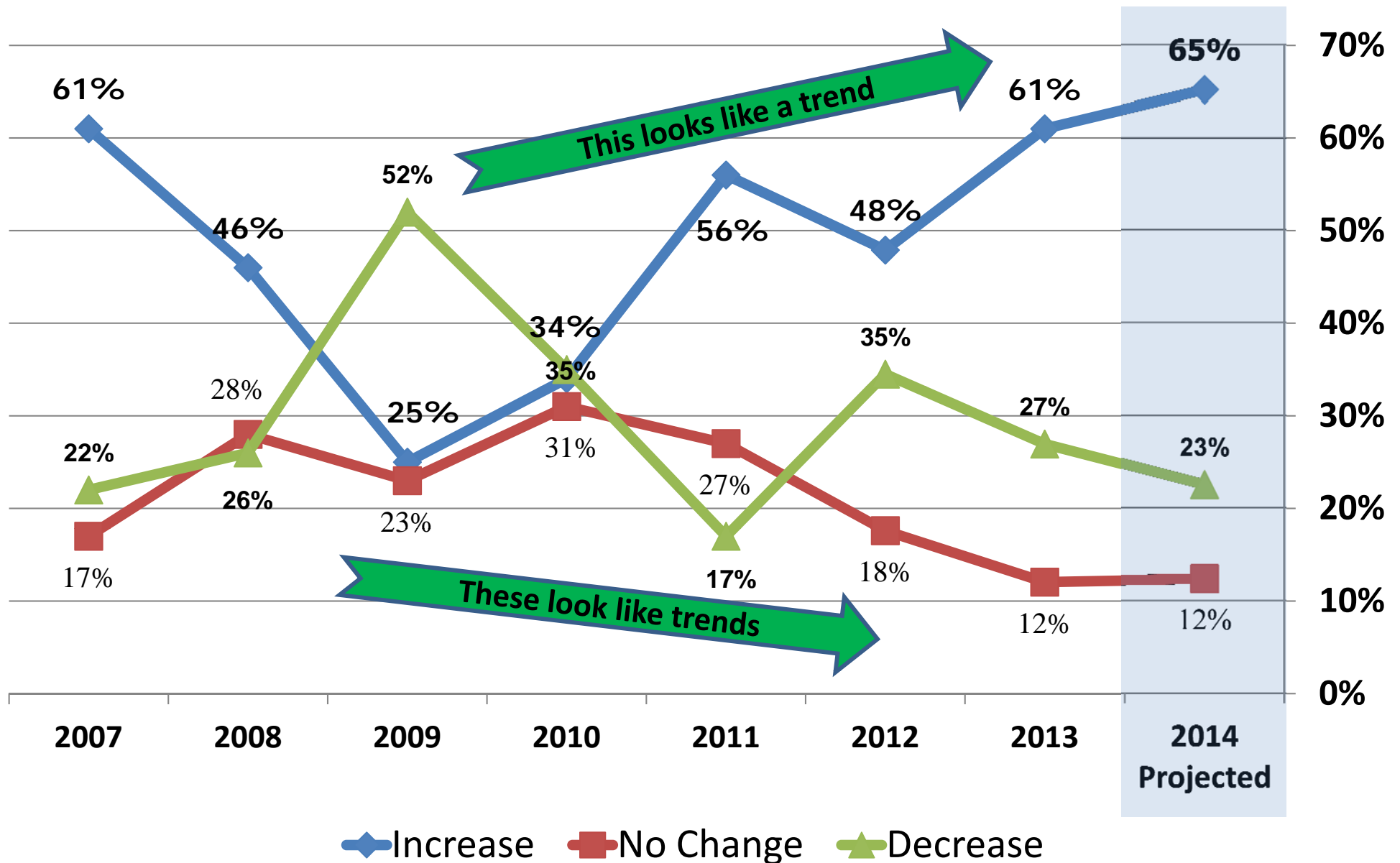


364 Responses

	<u>Average increase</u>	<u>Median</u>
2013:	1.33%	2.0%
2014:	1.48%	2.0%

Senior IT Leader - Percent of Respondents

IT Budget Trends: 2007-13 Actual, 2014 Projected



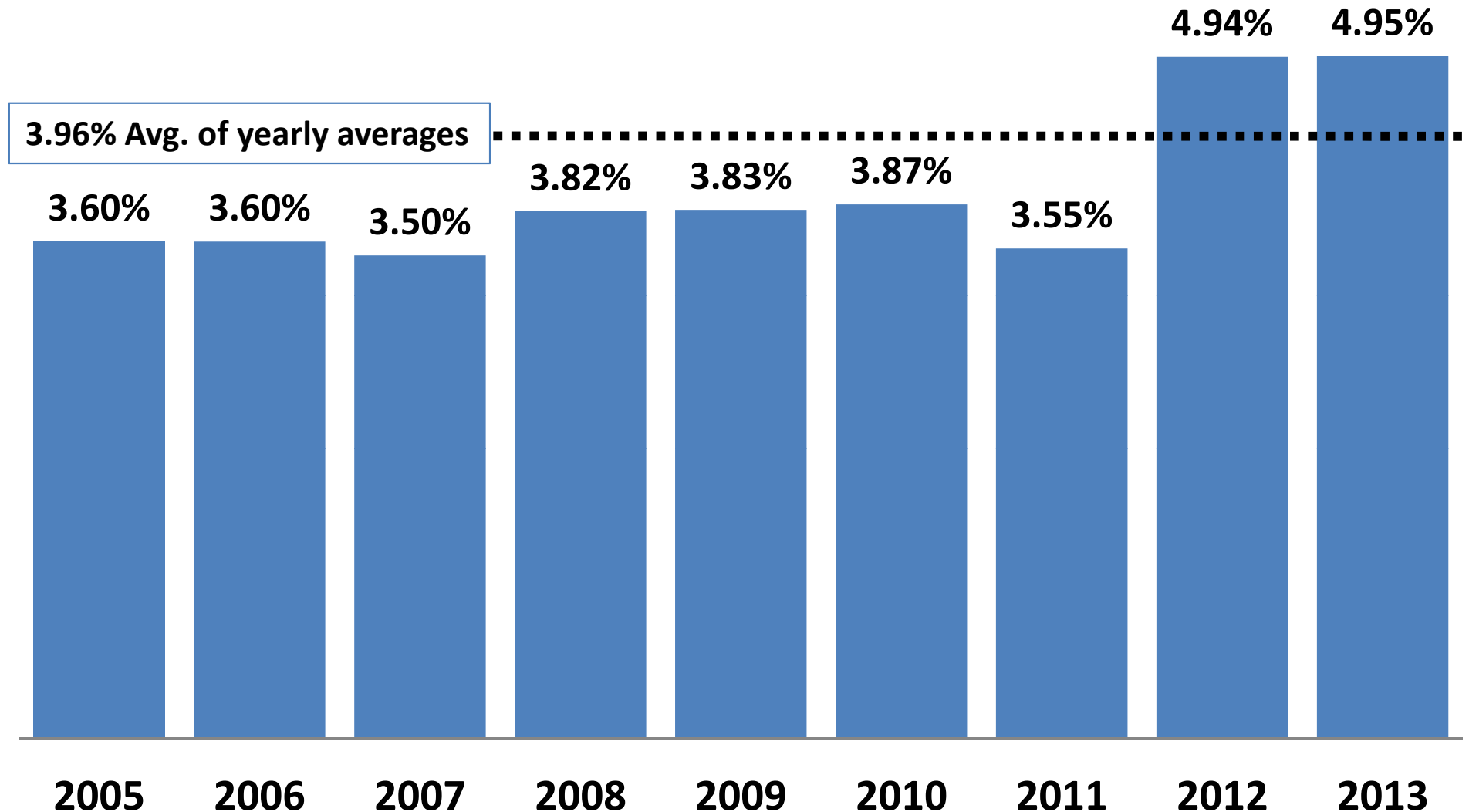
Responses: 2013 = 382 & 2014 = 364

Senior IT Leader

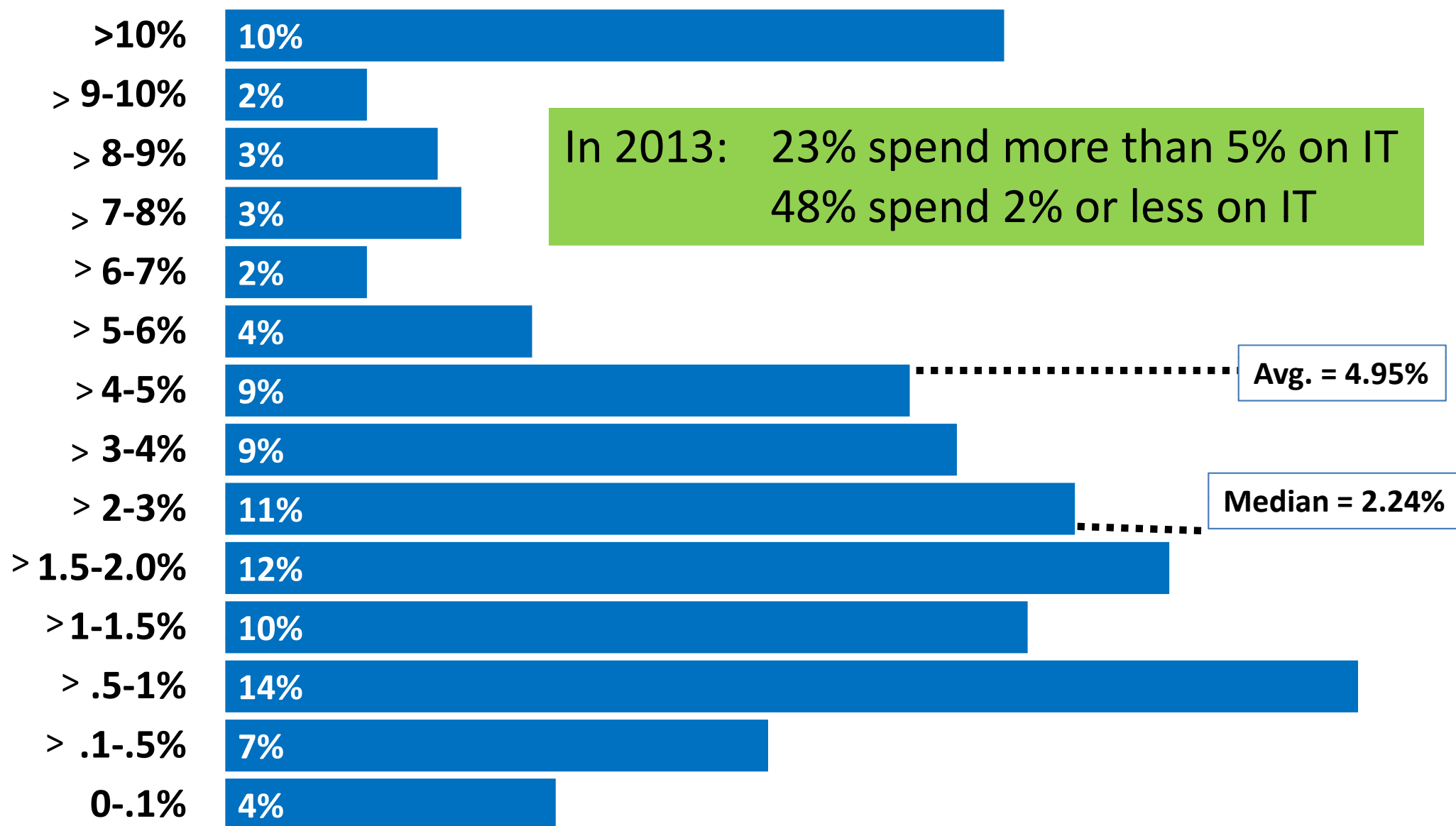
Percentage of Revenue Allocated to IT Budget

2013: 332 Responses

2013 Median 2.24%



Senior IT Leader – Percent Responding IT Spending as a Percent of Total Revenue (in US \$)

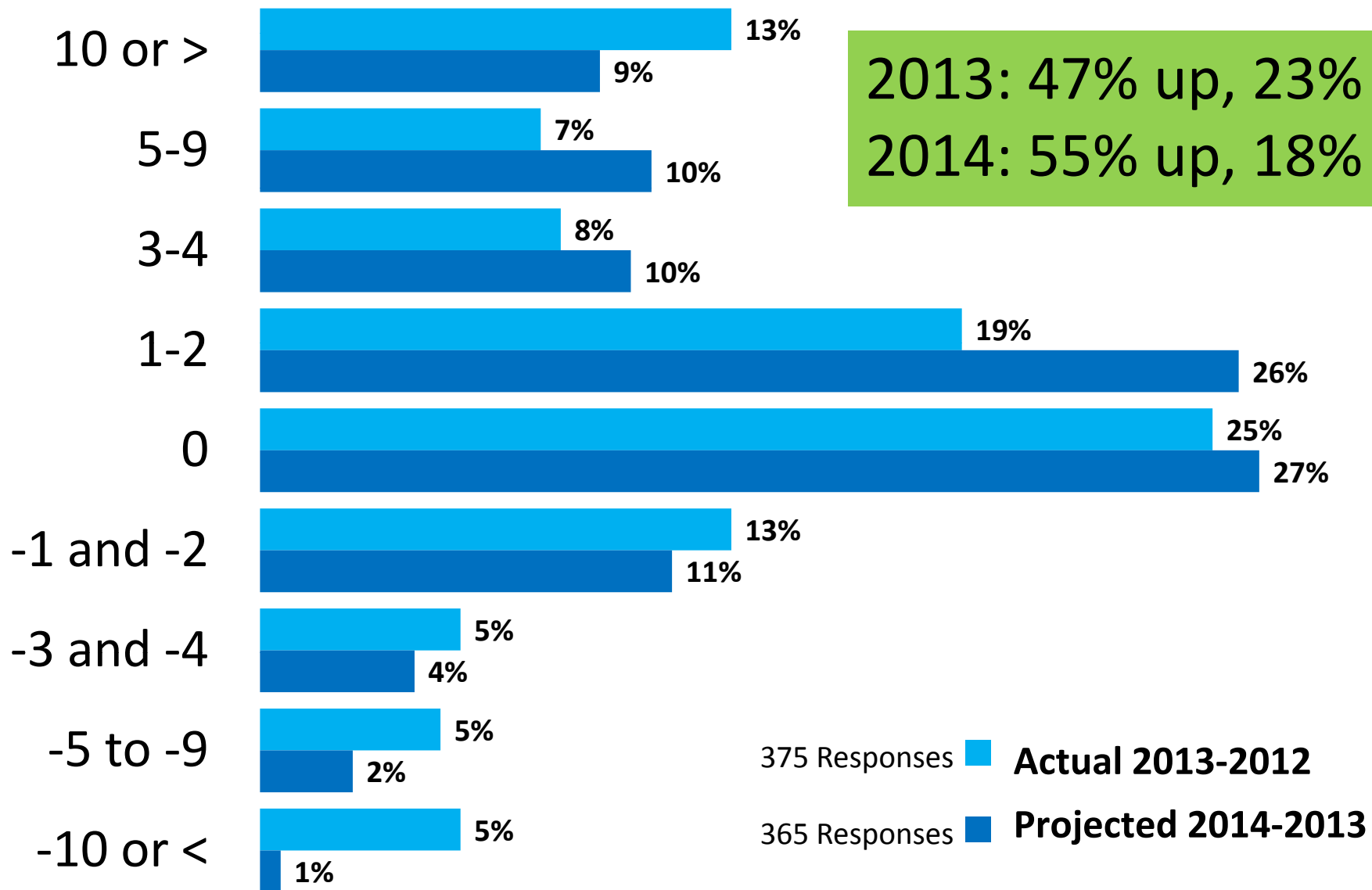


332 Responses

**What going on with IT
hiring and salaries?**

Senior IT Leader

% Change in Number of Internal IT Employees (FTEs)

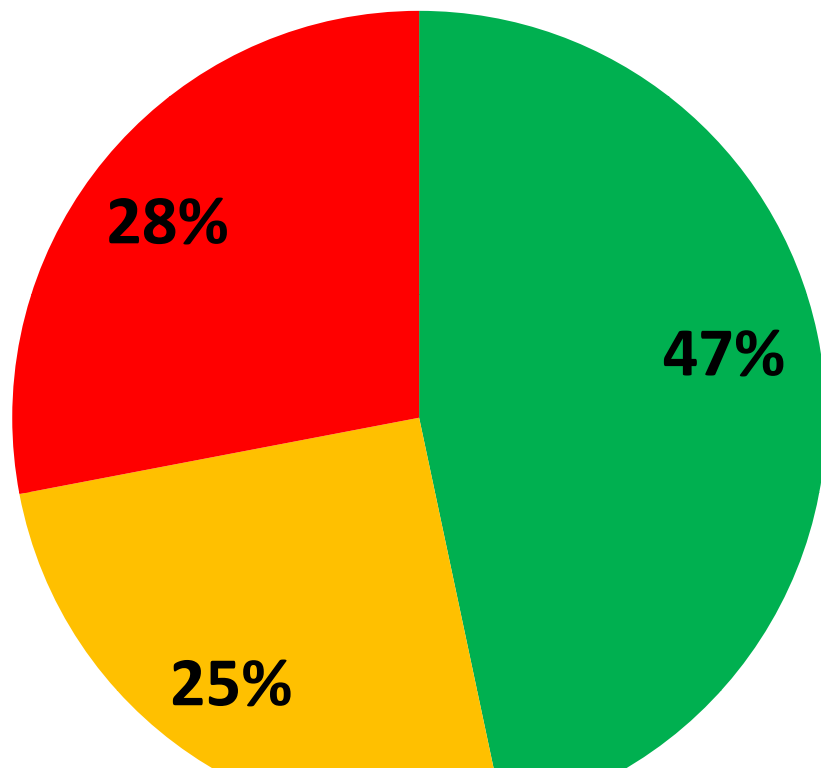


Senior IT Leader

% Changing Number of Internal IT FTEs

Actual Change 2012-13

375 Responses



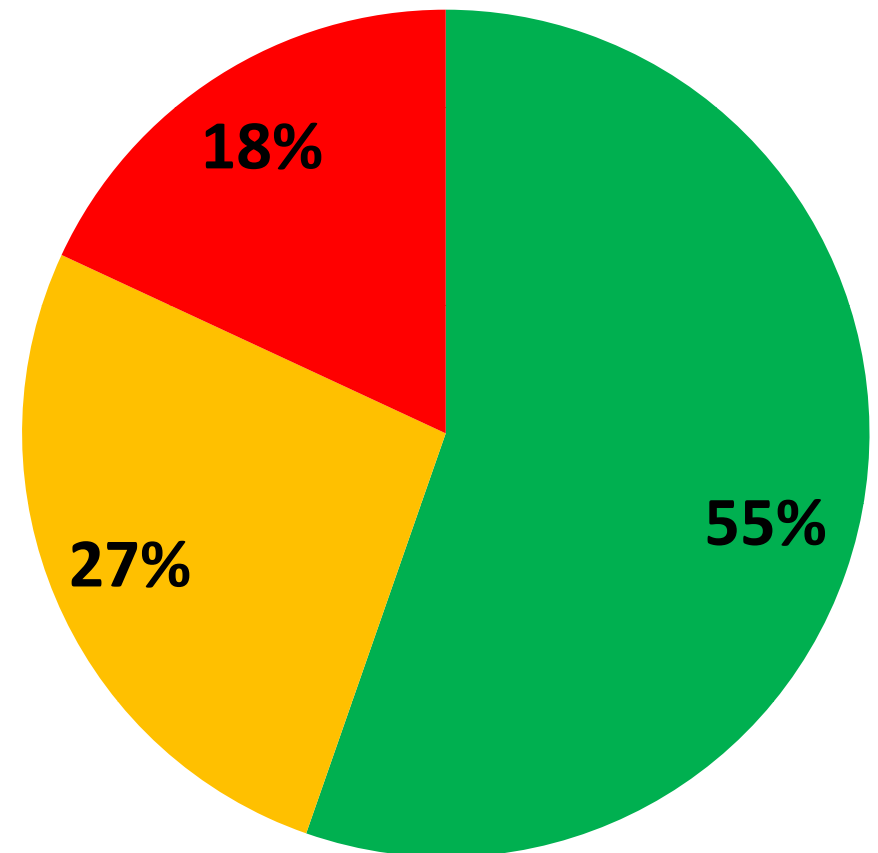
Average increase

2013: 1.10%

2014: 1.75%

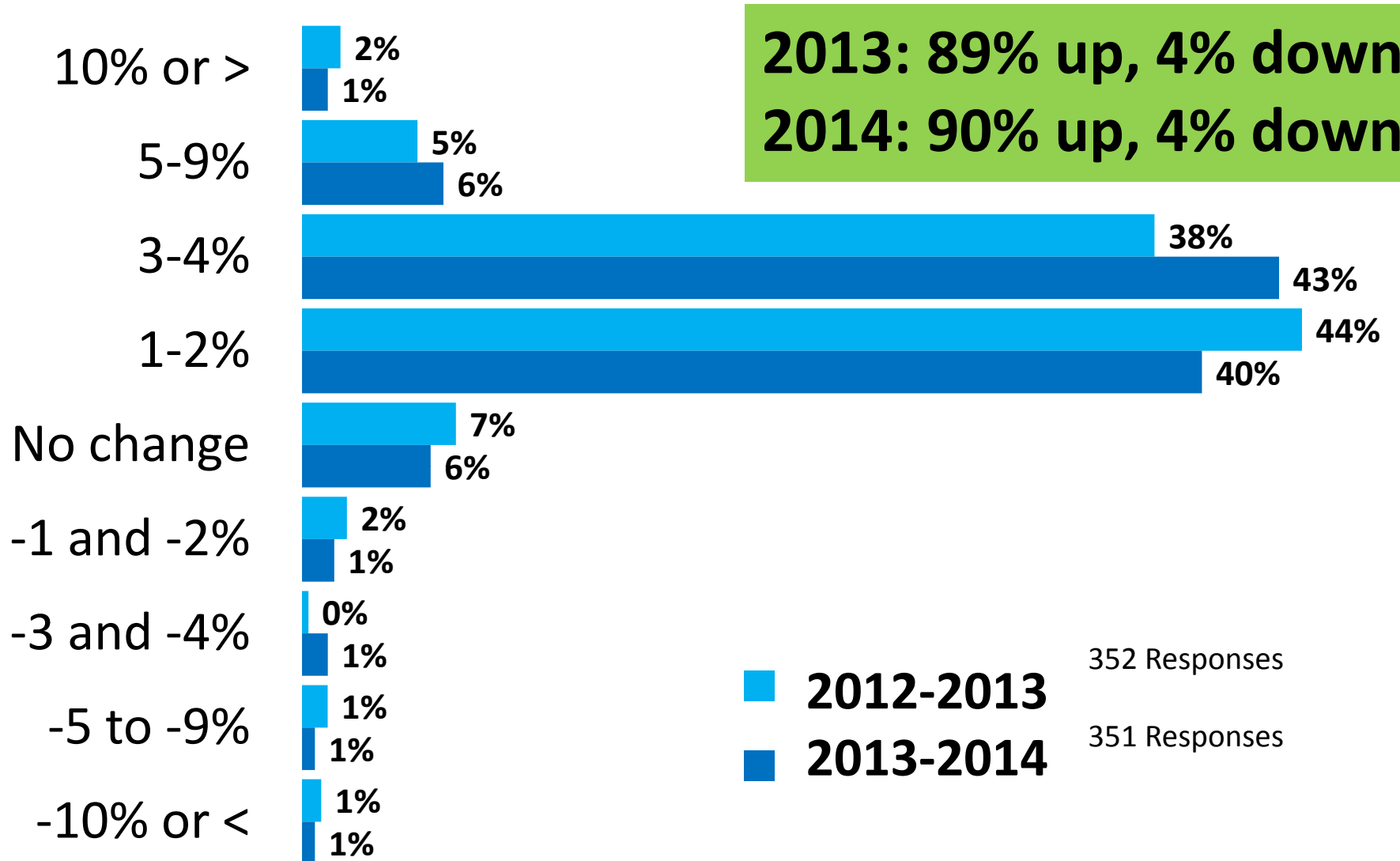
Projected Change 2013-14

365 Responses



■ Increasing ■ No Change ■ Decreasing

Senior IT Leader – Percentage Responding '13 Actual & '14 Projected % Change in Average IT Salary

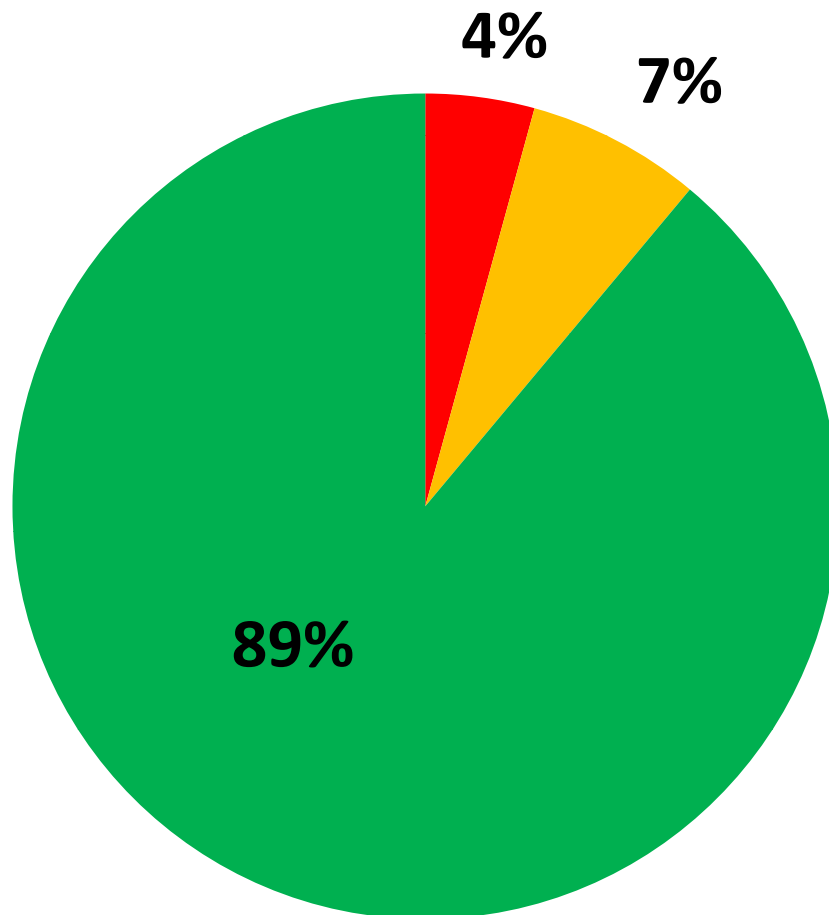


Senior IT Leader

% Changing Average IT Salary

Actual 2012 to 2013

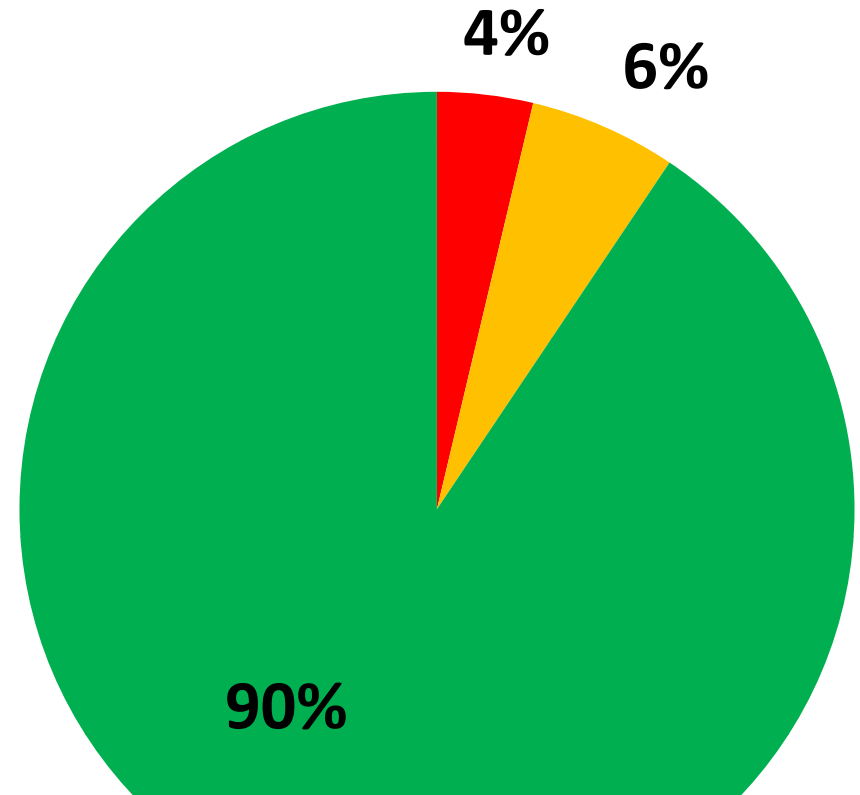
352 Responses



■ Decrease ■ No Change ■ Increase

Projected 2013 to 2014

351 Responses



Average increase

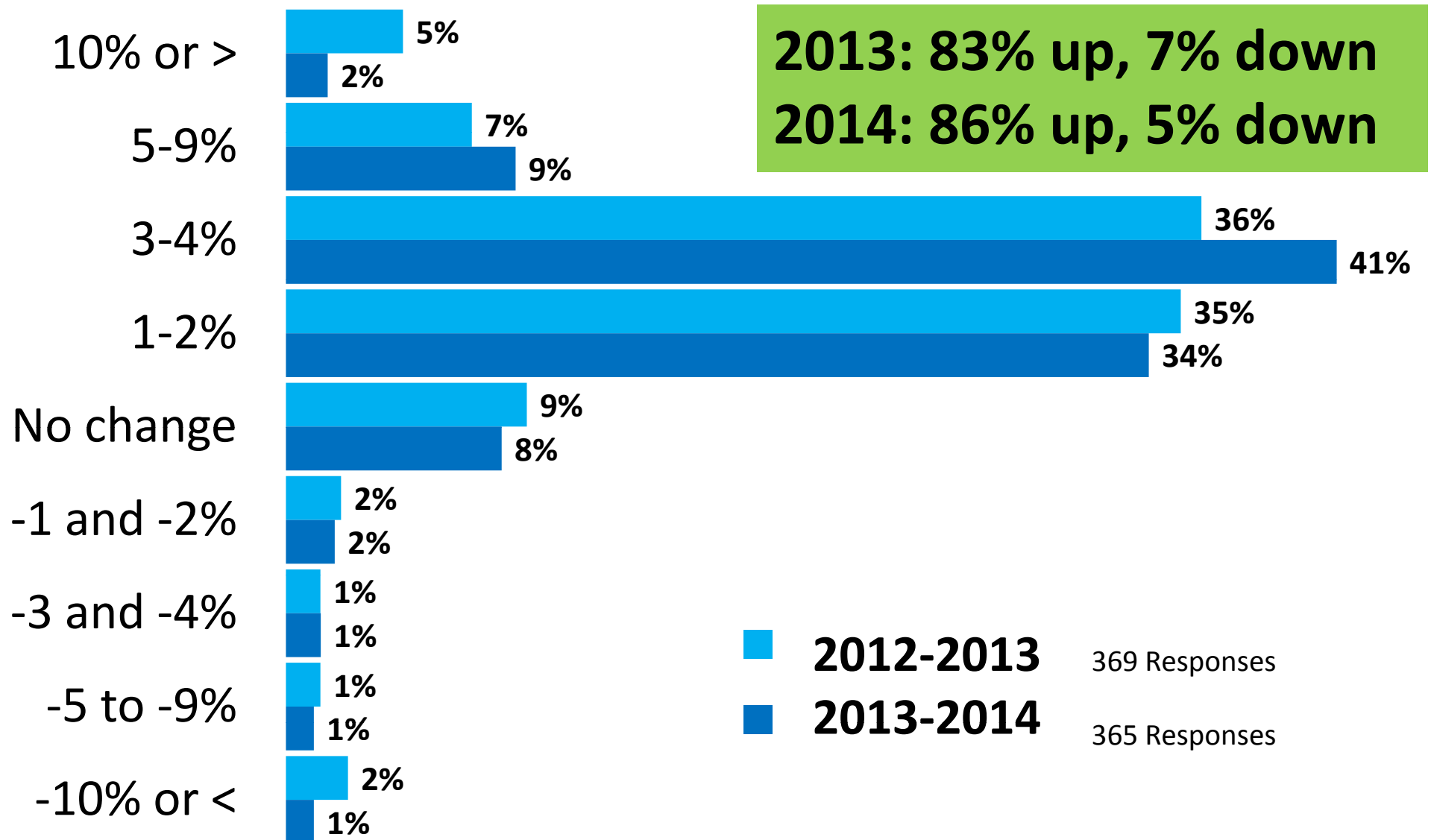
2013: 2.24%

2014: 2.45%

Senior IT Leader – Percentage Responding

2013 Actual & 2014 Projected

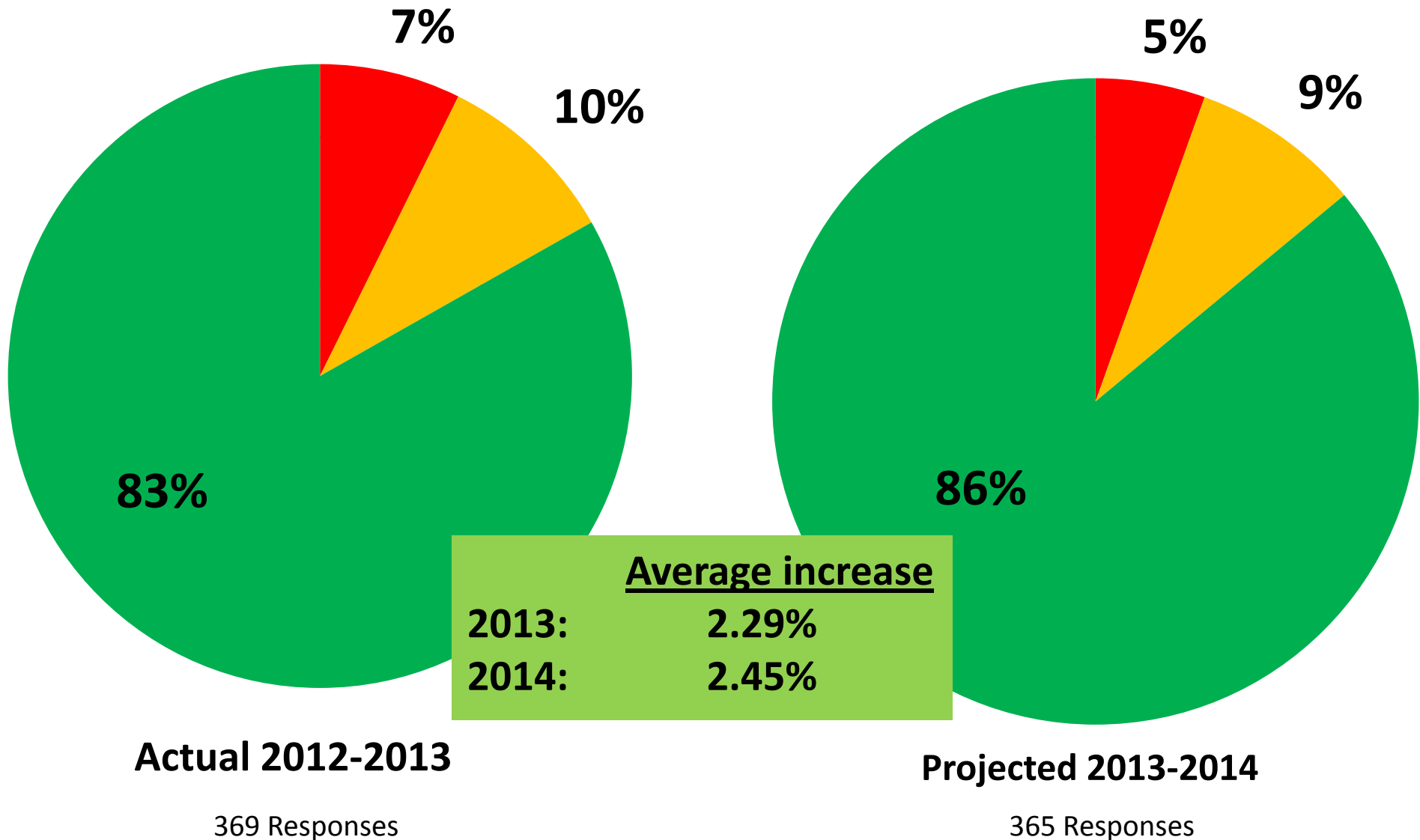
% Change Total IT Salary



Senior IT Leader - 2013 Actual & 2014 Projected

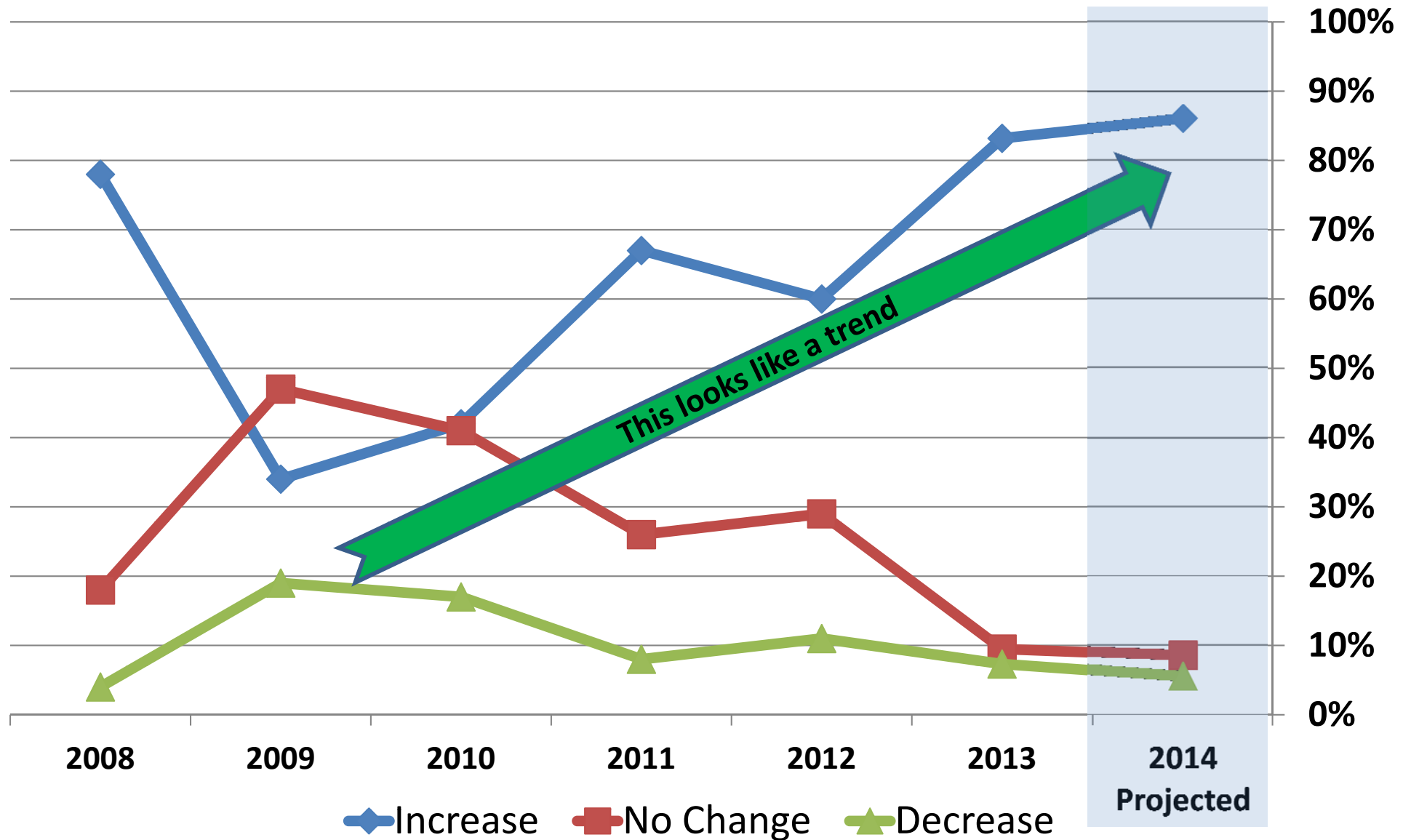
% Changing Total IT Salary

■ Decrease ■ No Change ■ Increase



Senior IT Leader – Percentage Responding

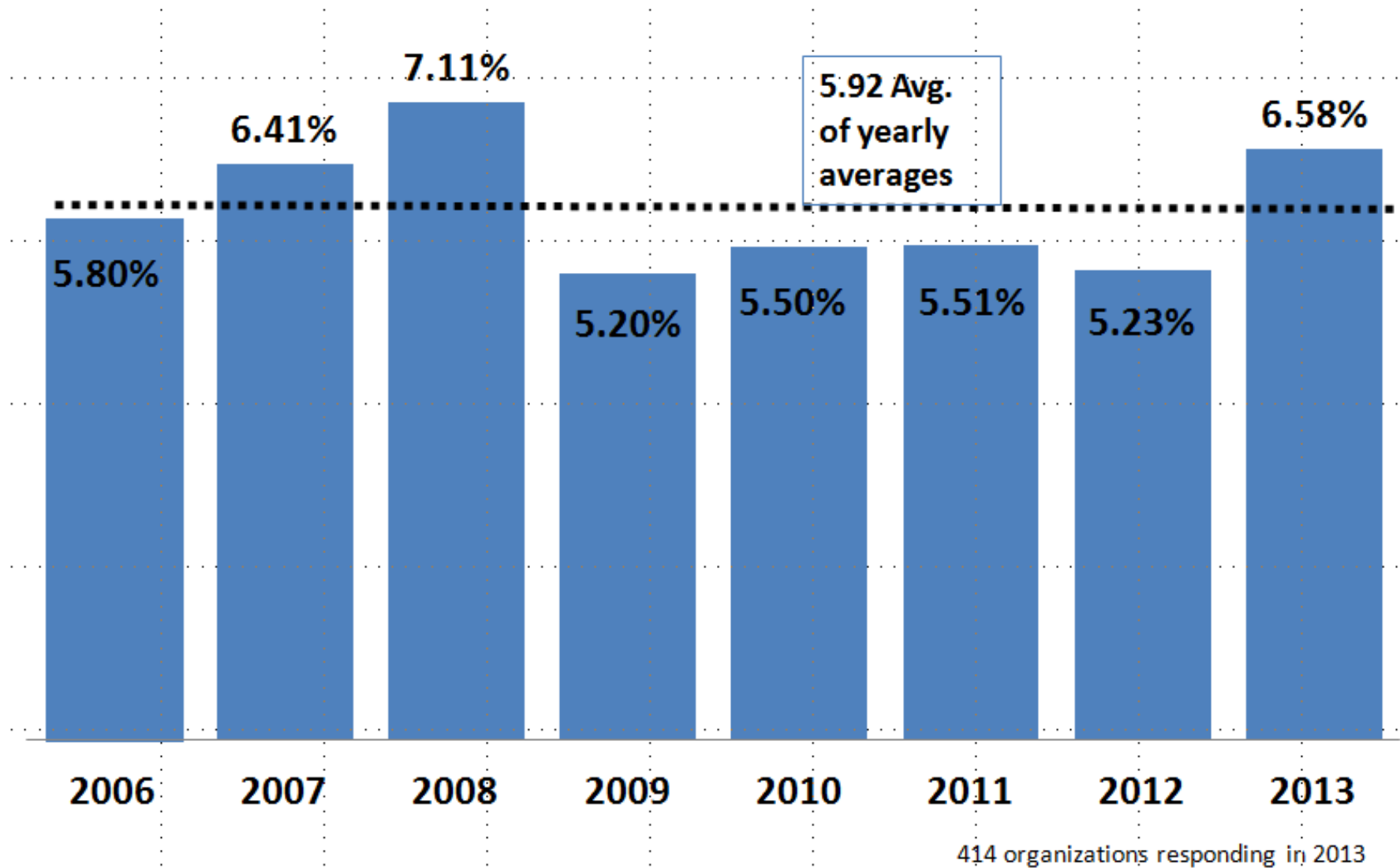
% Changing Total IT Salary 2008-13 Actual, 2014 Projected



369 Responses for Actual 2013 and 365 for Projected 2014

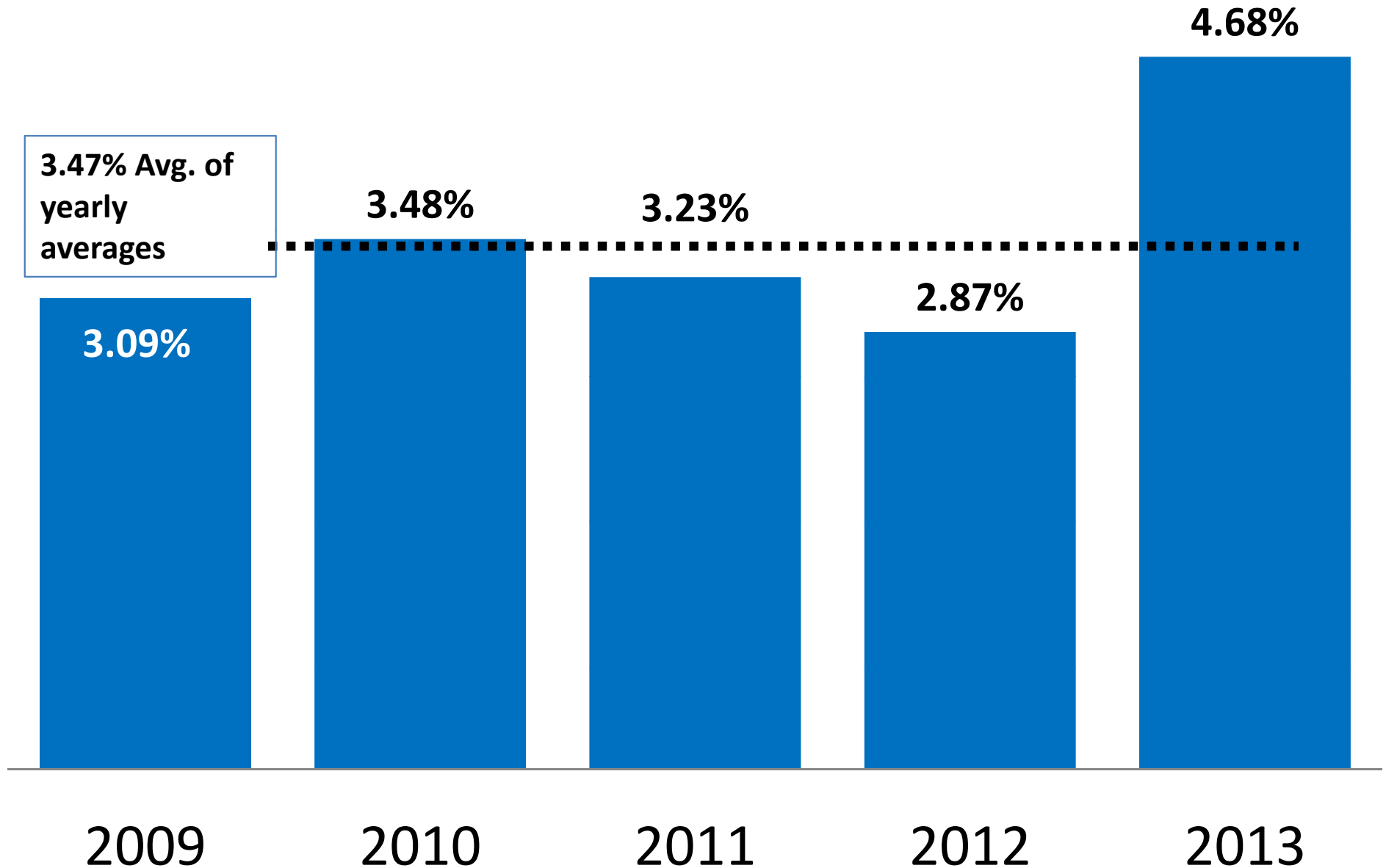
Senior IT Leader

IT Staff Turnover Rate 2006 to 2013



Senior IT Leader

% IT Budget Allocation for Education/Training



408 Responses

**How are organizations
spending their IT budgets?**

Senior IT Leader – Allocation of IT Budget

■ 2014-Budget estimated

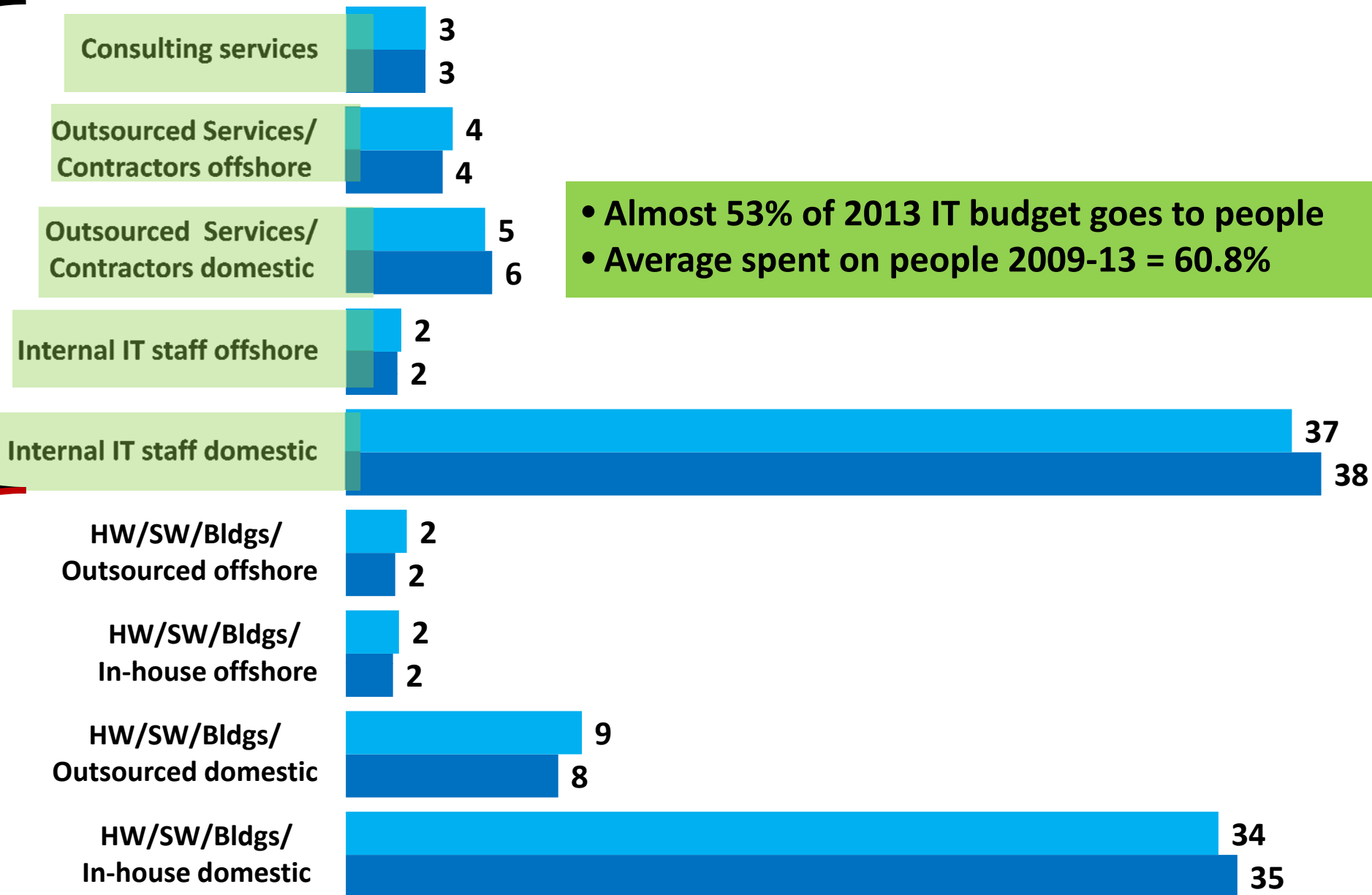
■ 2013-Budget actual

281 Responses

314 Responses

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- Almost 53% of 2013 IT budget goes to people
- Average spent on people 2009-13 = 60.8%

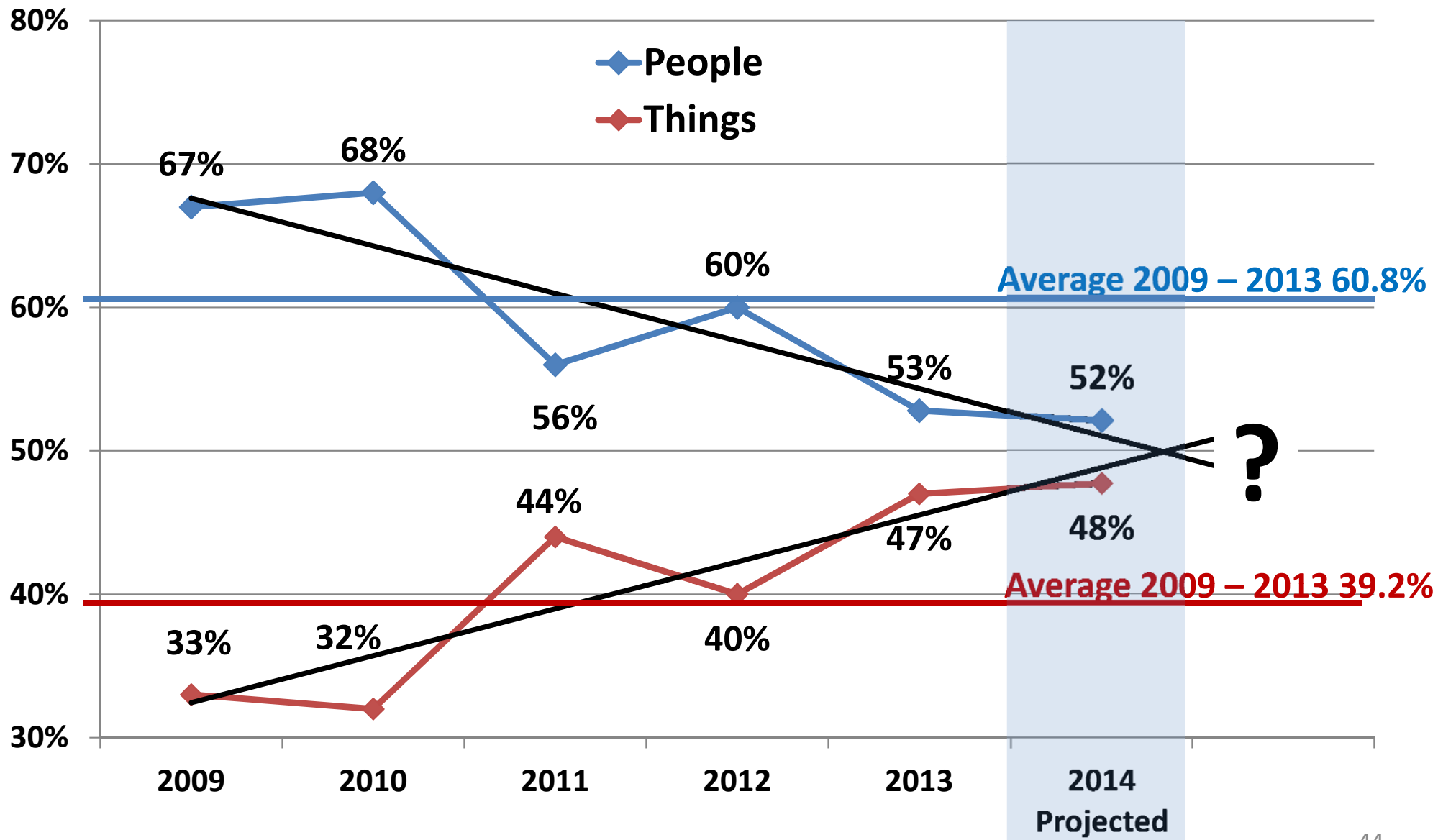
Allocation of IT Budget:

Is increasing % to things vrs. people a trend?

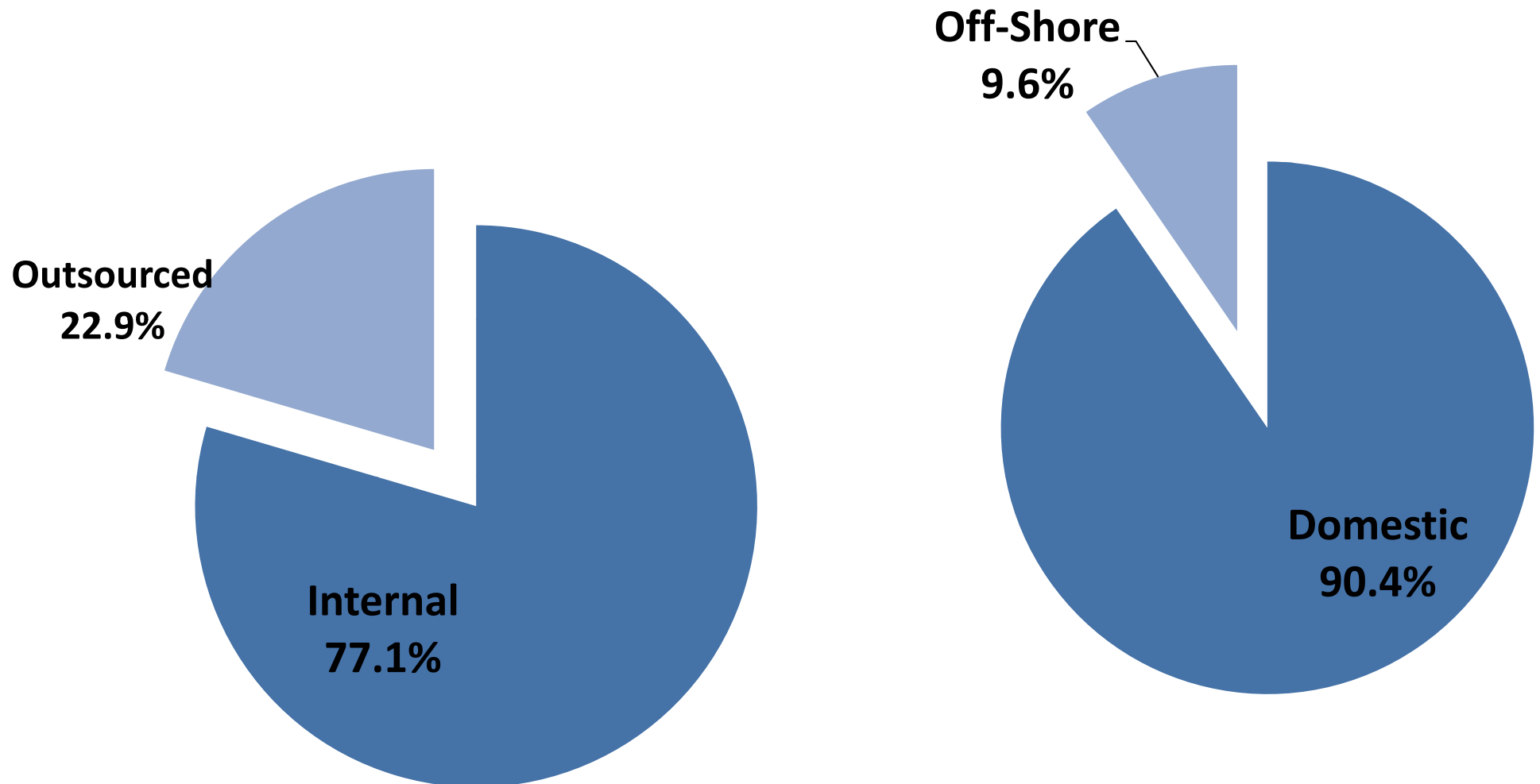
IT Budget Area	2014 Projected	2013	2012	2011	2010	2009	2009-13 average: people vs. things
People							
Employees / Internal Staff: Domestic	37.1%	38.3%	34.0%	38.0%	43.0%	39.0%	
Offshore	2.2%	2.0%	6.0%	2.0%	3.0%	4.0%	
Outsourced Services/Contractors: Domestic	5.5%	5.7%	8.0%	3.0%	7.0%	8.0%	
Offshore	4.2%	3.8%	3.0%	2.0%	5.0%	4.0%	
Consulting Services	3.1%	3.1%	9.0%	11.0%	10.0%	12.0%	
 Does this look like a trend?	52.1%	52.9%	60.0%	56.0%	68.0%	67.0%	60.8%
Things: Hardware, Software, Facilities							
In-house - domestic	34.2%	35.0%	24.0%	32.0%	32.0%	33.0%	
In-house – offshore	2.1%	1.9%	2.0%	*	*	*	
Outsourced - domestic	9.3%	8.3%	14.0%	12.0%	*	*	
Outsourced - offshore	2.4%	1.9%	*	*	*	*	
 Does this look like a trend?	47.9%	47.1%	40.0%	44.0%	32.0%	33.0%	39.2%
* indicates category not used in that year. Responses: 2013 actual 314, 2014 projected 281							

Allocation of IT Budget:

Is increasing % to things vs. people a trend, sample differences, or “catch up” investments?



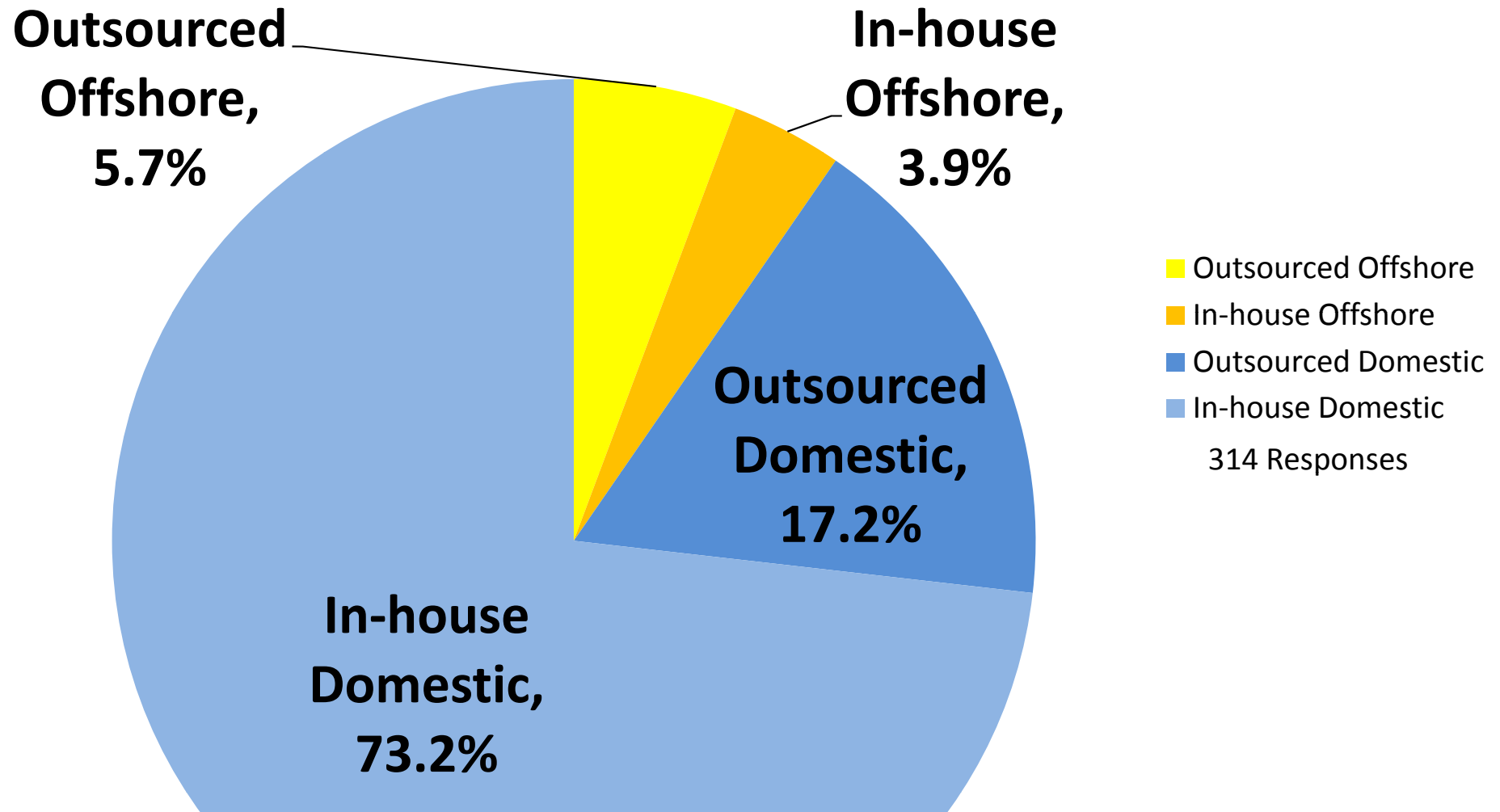
Senior IT Leader – Allocation of 2013 IT Budget



**>77% of IT budget is spent in-house.
>90 of IT budget is spent domestically.**

314 Responses

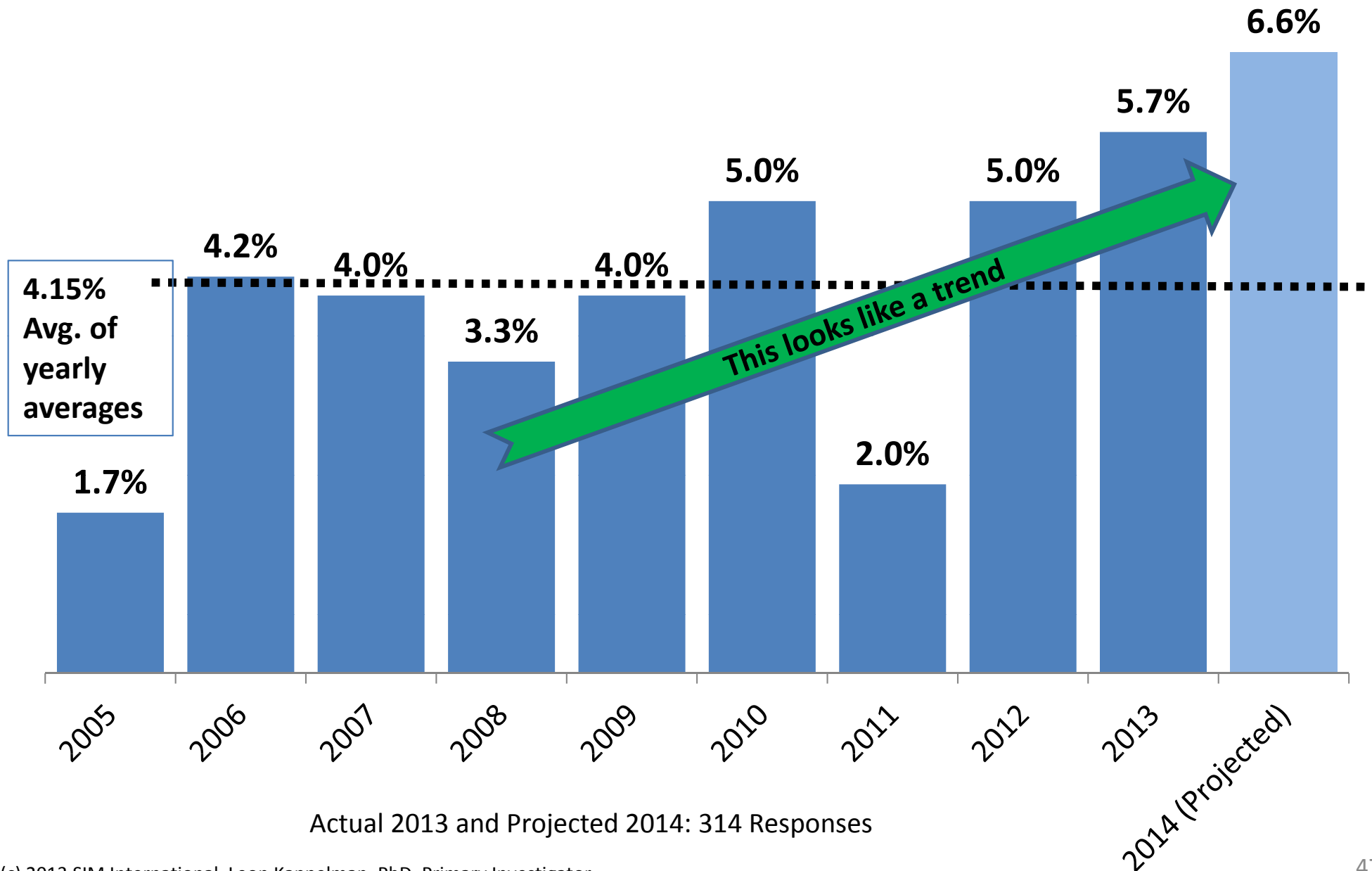
Senior IT Leader – Allocation of 2013 IT Budget



- 90.4% of IT budget is spent domestically, 9.6% offshore.
- 77.1% of IT budget is spent in-house.
- 22.9% is outsourced, but only 5.7% is outsourced offshore.

Senior IT Leader

% IT Budget for Offshore Outsourcing (People/Things)



What are the

- most user IT performance measures,**
- most important IT management issues,**
- largest IT investments, and the**
- things keeping IT leadership up at night?**

**How is performance
measured for in-house and
outsourced IT?**

Senior IT Leader: Top 3 in Your Organization

Most Used Metrics for Internal IT

2013		2012
1	Projects delivered on time	1
2	Projects delivered on budget	2
3	Increased customer/client satisfaction	5
4	SLA targets	3
5	Productivity improvement	6
6	Project ROI	4
7	Increases in new products/services	8
8	Innovative ideas	10
9	Lower error rates	13
10	Improved decision making	9

276 Responses

195 Responses

Senior IT Leader: Top 3 in Your Organization Used Most Metrics for Outsourced IT

	Outsourced 2013	Internal 2013
Projects delivered on time	1	1
projects delivered on budget	2	2
Increased customer/client satisfaction	6	3
SLA targets	3	4
Productivity improvement	4	5
Project ROI	5	6
Increases in new products/services	8	7
Innovative ideas	9	8
Lower error rates	7	9
Improved decision making	12	10
Revenue growth	10	11
Industry specific measurements	11	12
ROE	13	13
Earnings per share	14	14

226 Responses

276 Responses

“Three IT Metrics Used Most for Internal & Outsourced IT”

Figure 15: Performance Measures Used for Internal and Outsourced IT, 2012-2013

Metrics Used	Internal IT			** Outsourced IT **	
	2013	% 2013	2012	2013	% 2013
Projects delivered on time	1	65.9%	1	1	73.9%
Projects delivered on budget	2	49.6%	2	2	66.4%
Increased customer/client satisfaction	3	33.3%	5	6	14.6%
SLA targets	4	30.1%	3	3	51.3%
Productivity improvement	5	28.6%	6	4	19.5%
Project ROI	6	24.3%	4	5	16.8%
Increases in new products/services	7	13.0%	8	8	7.5%
Innovative ideas	8	11.6%	10	9	5.8%
Lower error rates	9	8.3%	13	7	12.4%
Improved decision making	10	7.6%	9	12	1.8%
Revenue growth	11	7.3%	7	10	3.1%
Industry specific measurements	12	2.9%	11	11	2.2%
ROE	13	1.5%	12	13	0.4%
Earnings per share	14	0.4%	14	14	0.0%
Organizations responding	276		195	226	

Senior IT Leader

IT OPERATIONAL

ORGANIZATIONAL

STRATEGIC

- On-time Project: internal #1 (66%), external #1 (74%)
- In-budget Project: internal #2 (50%), external #2 (66%)
- SLA Targets: internal #4 (30%), external #3 (51%)
- Customer Satisfaction: internal #3 (33%), external #6 (14%)
- Improved Decision Making: internal #6 (8%), external #12 (2%)
- Innovation: internal #8 (12%), external #9 (6%)
- Revenue Growth: internal #11 (7%), external #10 (3%)

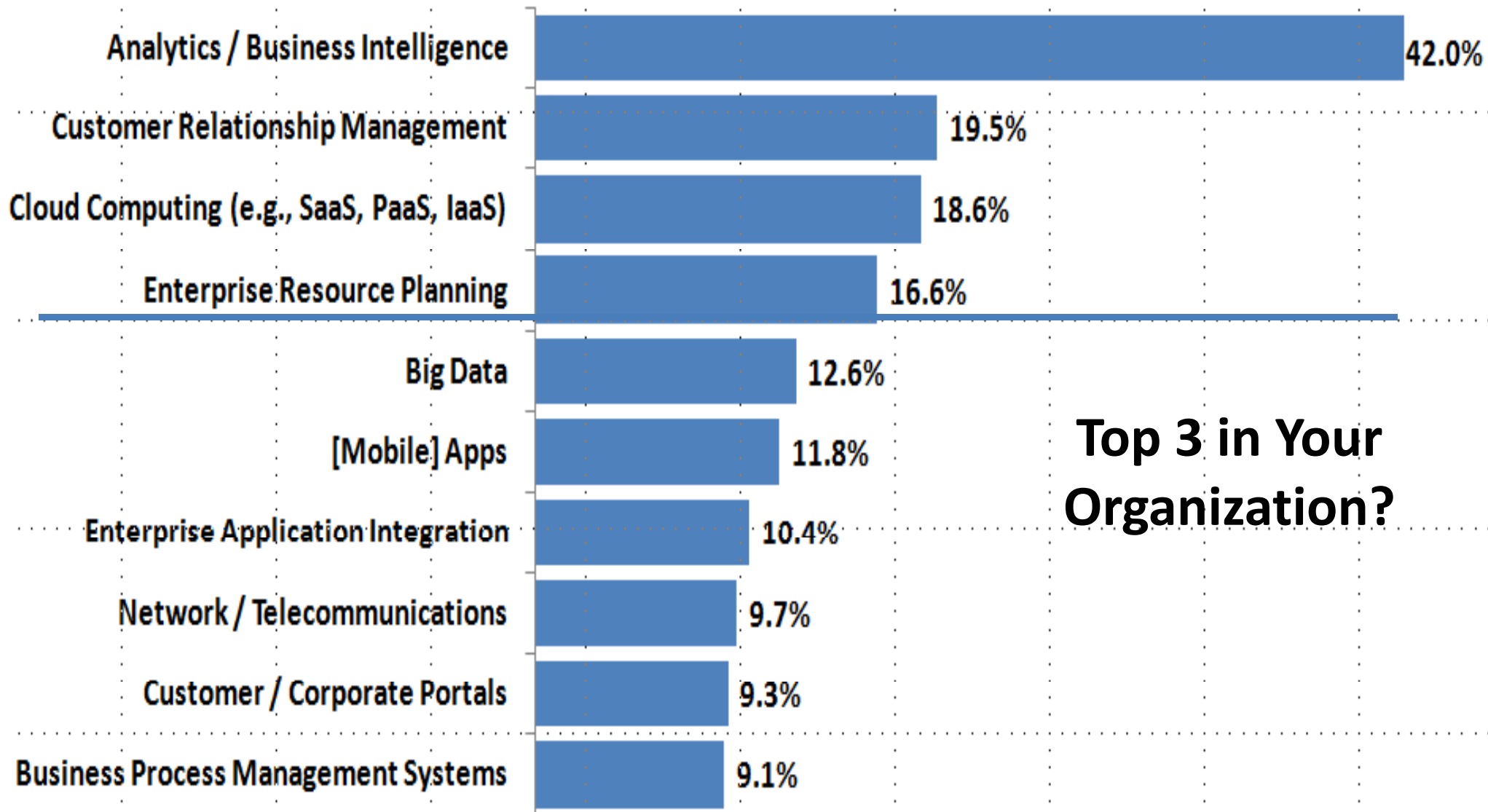
Senior IT Leader:
Top 3 in Your Organization

**What are your organization's
largest / most significant IT
investments?**

**Which of these IT investments
keep IT leaders up at night?**

Senior IT Leader – 2013 – Percent Responding

Top 10: Organization's Largest/Most Significant IT Investment



483 Responses

Senior IT Leader - Top 10

Organization's Largest/Most Significant IT Investment

2013

2012

1	Analytics / Business Intelligence	1
2	Customer Relationship Management	5
3	Cloud Computing (e.g., SaaS, PaaS, IaaS)	2
4	Enterprise Resource Planning	3
5	Big Data	10
6	[Mobile] Apps	6
7	Enterprise Application Integration	8
8	Network / Telecommunications	12
9	Customer / Corporate Portals	16
10	Business Process Management Systems	9

483 Responses

195 Responses

Senior IT Leader – 2013

Your Organization's Largest /Most Significant IT Investments, 2003-2013 (1)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Analytics / Business Intelligence	1	1	1	1	1	2	2	2	3	2	1
Customer Relationship Management	2	5	5	9	13						
Cloud Computing (e.g., SaaS, PaaS, IaaS)	3	2	2	5	17						
Enterprise Resource Planning	4	3	3	3	3	14	6		5		
Big Data	5	10									
[Mobile] Apps	6	6	4	9	24						
Enterprise Application Integration	7	8	9	18	5	12	32				3
Network / Telecommunications	8	12									
Customer / Corporate Portals	9	16									
Business Process Management Systems	10	9	16	12							
Disaster / Recovery	11	13	14	4	6	3	4				
Collaboration Tools	12	4	8	7	7						
Virtualization	13	15	7	2							
Security	14		11	8							
Enterprise Architecture	15										

(1) Blank cells indicate that the issue was not asked about in that year of the survey.

2013: 483 Responses

Fell off Top 10 (2012 to 2013):

- Collaboration Tools (4th to 12th)
- BYOD (7th to 21st) but #5 most personally worrisome investment of same 483

IT Investments – 3 Greatest Concerns/Worries to YOU

**Greatest Concern
to You**

Senior IT Leaders

**Org's Largest
IT Investment**

2013

This question was asked for the first time in 2013.

2013

2012

1

Analytics / Business Intelligence

1

1

2

Security

14

--

3

Disaster / Recovery

11

13

4

Cloud Computing (e.g., SaaS, PaaS, IaaS)

3

2

5

BYOD (Bring Your Own Device)

21

7

6

Enterprise Architecture

15

--

7

Enterprise Application Integration

20

8

8

Legacy Applications

17

20

9

Enterprise Resource Planning

4

3

10

Customer Relationship Management

2

5

483 Responses

483

195

ResponsesResponses

Comparison of Organizational and Personal Viewpoints on IT Investments

Most Important/Worrisome to Senior IT Leader	Largest IT Investments for the Organization	Technology / Application
1	1	Analytics / Business Intelligence
2	14	Security
3	11	Disaster Recovery
4	3	Cloud Computing (e.g., SaaS, PaaS, IaaS)
5	21	BYOD (Bring Your Own Device)
6	15	Enterprise Architecture
7	20	Enterprise Application Integration
8	17	Legacy Applications
9	4	Enterprise Resource Planning
10	2	Customer Relationship Management

Big investment, big project, but been there, done that.

Relatively small investment, relatively big risk

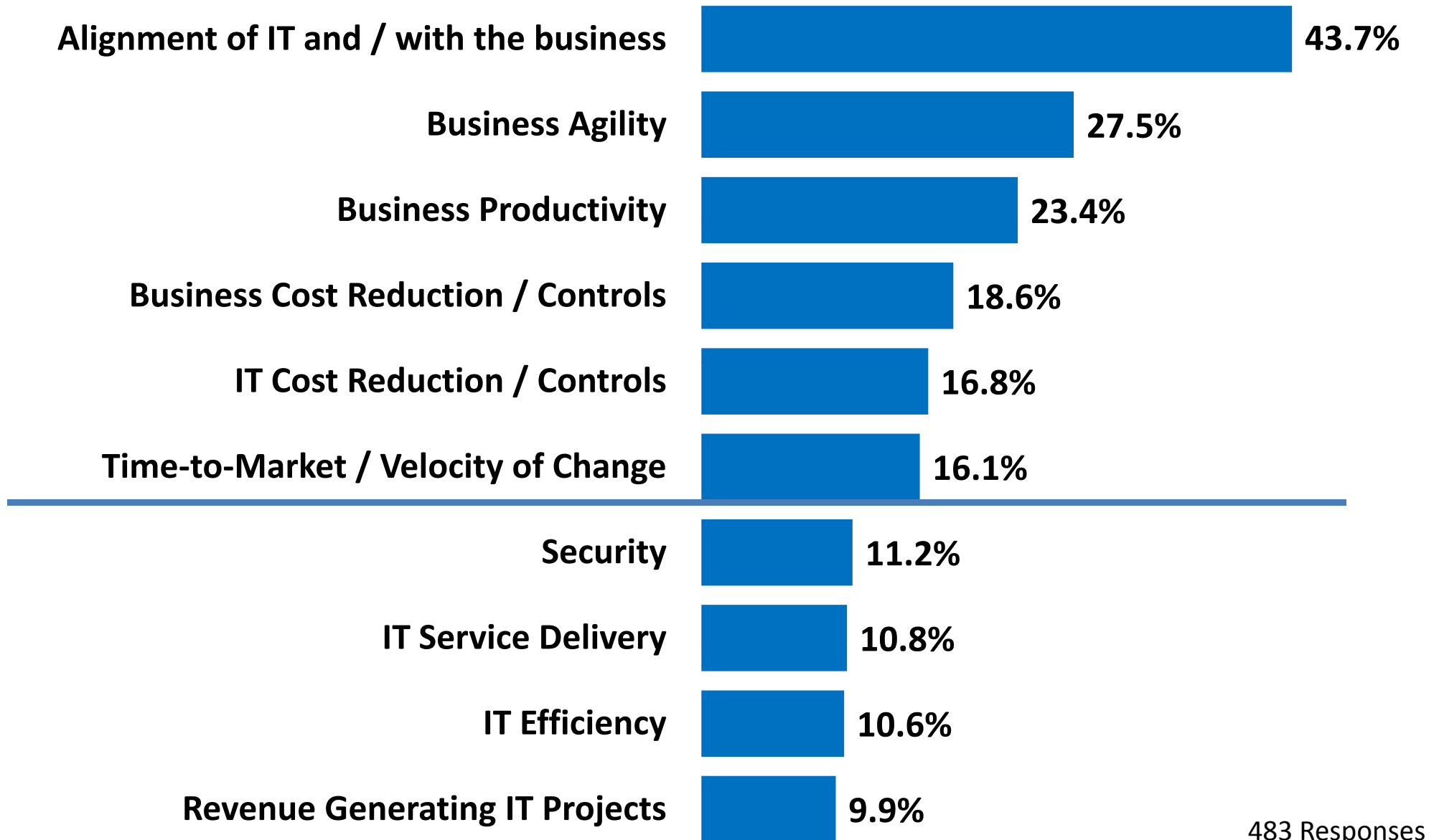
Relatively small investment, relatively big benefit

**What are the most important
IT management issues to
organizations?**

**And which of these issues are
most important or worrisome
to their IT leadership?**

Senior IT Leader - % Responding

Your Organization's Top 10 Most Important IT Management Concerns/Issues



Senior IT Leader – Top 10

Most Important IT Management Concerns/Issues to Your Organization

2013

2012

1	Alignment of IT and/with the business	2
2	Business Agility (1)	3
3	Business Productivity (2)	1
4	Business Cost Reduction / Controls (2)	1
5	IT Cost Reduction / Controls	5
6	Time-to-Market / Velocity of Change (1)	3
7	Security (previously combined with Privacy)	9
8	IT Service Delivery*	--
9	IT Efficiency (previously combined with IT Reliability)	10
10	Revenue Generating IT Projects	4

483

Responses

*New question for 2013; (1) and (2) were combined in prior years

195

Responses

Your Organization's Most Important IT Management Concerns/Issues

Organization's Top IT Management Concerns/Issues	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Aligning IT with Business	1	2	1	3	2	1	2	1	1	1
Business Agility	2	3	2	2	3	13	17	7		5
Business Productivity	3	1	4	1	1	7	4			
Business Cost Reduction & Controls	4	Combined with "Business Productivity" in prior years.								
IT Cost Reduction & Controls	5	5	10	8	5	7	4			
Time To Market / Velocity Of Change	6	Combined with "Business Agility" in prior years.								
Security	7	9	8	9	9	8	6	3	2	3
IT Service Delivery	8	New								
IT Efficiency	9	10	6	3	6	Previously combined with "IT Reliability"				
Revenue Generating IT Innovations	10	4	9	6	8	17				

Fell off Top 10 (2012 to 2013):

- Business Process Re-engineering (3rd to 12th)
- IT Strategic Planning (6th to 15th)
- Enterprise Architecture (8th to 21st) but #6 most worrisome investment of same 483
- Sign of shift to more tactical, operational, and measurable objectives?

Senior IT Leader – Top IT Management Concerns/Issues

Your Most Impt.
or Worrisome

3 Most Important/Worrisome to YOU

Org's Most
Important

2013

This question was asked for the first time in 2013.

2013

1	Alignment of IT and / with the business	1
2	Security	7
3	Talent / Skill Shortage	16
4	Business Continuity / Disaster Recovery	14
5	Prioritization Process for IT Projects	11
6	Business Agility	2
7	IT Service Delivery	8
8	Change Management	19
9	Time-to-Market / Velocity of Change	6
10	CIO Leadership Role	23

483 Responses

483 Responses

Senior IT Leader - Divergence

Most Important Management Concerns/Issues


	To your Organization		Most Important / Worrisome To YOU		Ratio = (IT Leader/Org)
Concern/Issue	Rank	% Respondents	Rank	% Respondents	
Alignment of IT and/with business	1	43.69%	1	32.30%	73.93%
Business Agility	2	27.54%	6	15.32%	55.64%
Business Productivity	3	23.40%	16	7.25%	30.97%
Business Cost Reduction / Controls	4	18.63%	22	5.38%	28.89%
IT Cost Reduction / Controls	5	16.77%	13	8.28%	49.38%

483 Responses

Bottom Line: 2013 SIM IT Trends Survey

- **Positive things happening in IT:** More organizations raising IT budgets, salaries, & headcounts; IT budgets high as % revenue; >90% of IT spending domestic.
- **Positive for IT professionals too:** CIO tenure, IT hiring, salaries, turnover, & IT budgets for training all up; >20% IT leaders say “shortage of skills” keeps them up at night.
- **Uncertainty and economic weakness still taking a toll:** 27% cutting IT budgets, 23% cutting IT employment, 7% reducing total IT salaries, 4% cutting IT average salaries.
- **Both organizations and senior IT leaders are focused on more tactical and operational issues and investments.**
- **IT appears fairly resilient and generally seen as “part of the solution”** during these still challenging times.

Next Steps?

- **Deeper analysis to explore and better understand ...**
 - Differences by industry, size, organizational and individual characteristics
 - Divergence between personal and organizational priorities and concerns
 - Do performance measures or to whom CIOs report make a difference?
 - Does the frequency and quality of CIO's C-level interactions make a difference?
 - Does how IT leaders spend their time or how IT is organized make a difference?
 - Differences between current CIOs and next generation of CIOs
- **Get ready for 2014 and the 35th Annual SIM IT Trends Survey**
 - New questions and perhaps some periodic rotation of questions.
 - “Alignment” - 34 years as a top key issue - Right concept? Or do we need a “paradigm shift” in our thinking about IT and its customer, the business?
 - Deeper dive into IT skills shortage.
 - Turnover, voluntary or involuntary?
 - Insourcing?
 - CIO role in strategic planning?
 - Better data management for better analytical and longitudinal research.
 - Arrange for sponsors and more prizes to hopefully get more responses.
- So until next time, **“may the wind always be at your back, may the sun shine warm upon your face,”** and may your uptime be **100% 24/7/365!** 

Slide deck available at <http://bit.ly/1asjfDN>



34th Annual Society for Information Management's
SIM IT TRENDS STUDY: 2013