

2014/15

CIO VIEWPOINT

KEY FINDINGS

THE CIO ROLE AND FOCUS

Almost half of all CIOs surveyed for the 2014/15 CIO Viewpoint report directly into the Chief Executive Officer (CEO) of their company (42%). The survey findings with regards to reporting lines reveal a more even split than the previous CIO Viewpoint, where more than half of respondents reported directly to the CEO. This year, those reporting into the CEO are closely followed by those who report into the Chief Financial Officer (37%) with the remaining 21% reporting into the Chief Operating Officer of their organisation. Almost a third (31%) of CIOs are supported by a Chief Technology Officer, or plan to introduce one in 2014.

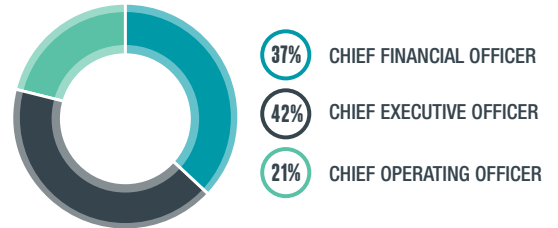
For the majority of CIOs, operational duties remain the primary focus and takes up the bulk of their time. Some 27% of survey respondents spend 40-59% of their time on operational work while a further 14% spend 60-79% of their time on these duties. Strategy also takes up a considerable portion of the average CIO's workday, with 55% of survey respondents noting that they spend 20-39% of their time on this type of work.

Innovation continues as a key focus in 2014, with 31% of surveyed CIOs spending 20-39% of their time on driving new business functions and making advances in software, hardware and team efficiencies. As companies look to strengthen their technology teams, CIOs are spending more time on talent planning, with 22% reporting that talent planning currently comprises 20-39% of their role.

METHODOLOGY

The 2014/15 CIO Viewpoint report, produced by Michael Page Technology, is based on the survey findings of 62 Chief Information Officers (CIOs) working across a range of industry sectors in Australia. The report provides a snapshot of CIO perspectives on some of the key considerations facing CIOs over the coming 12 months including the introduction of technology innovations and strategies within their organisations, IT budget allocation and IT resourcing trends.

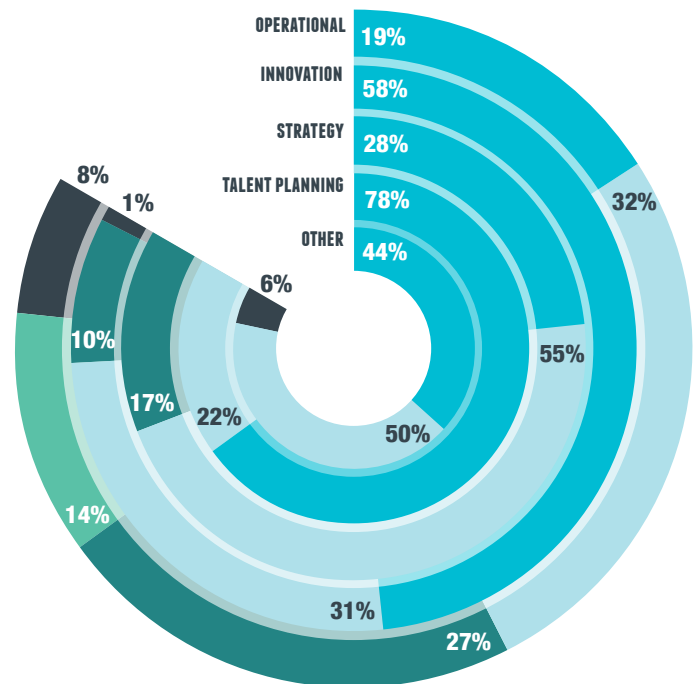
WHO DO YOU REPORT INTO?



DO YOU CURRENTLY HAVE A CHIEF TECHNOLOGY OFFICER OR DO YOU PLAN TO INTRODUCE ONE IN 2014?



WHAT AMOUNT OF TIME DO YOU SPEND ON THE FOLLOWING ACTIVITIES IN YOUR CURRENT CIO ROLE?



80-99% 60-79% 40-59% 20-39% 1-19%

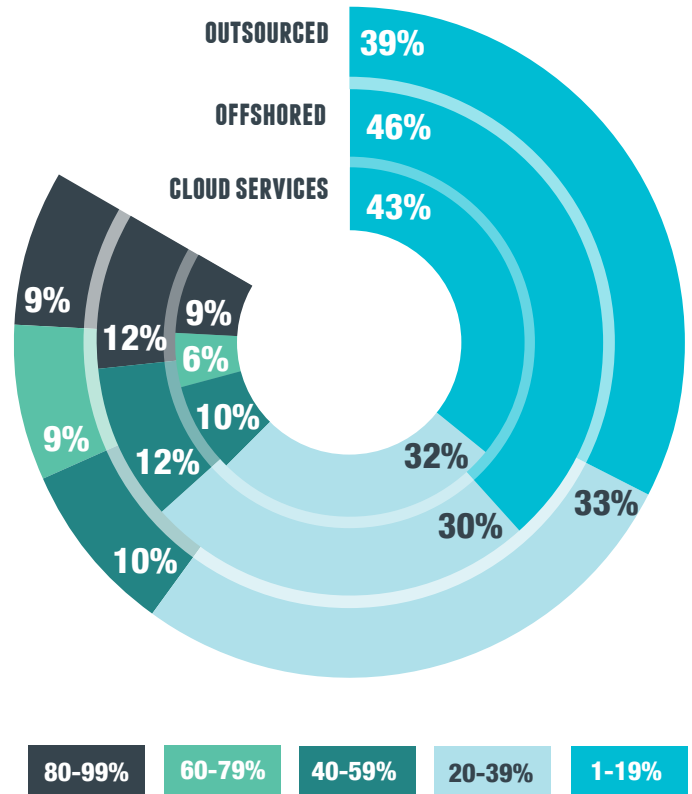
KEY FINDINGS

THE CIO ROLE AND FOCUS

According to the survey results, all CIOs are utilising outsourcing, off-shoring and cloud services to some extent in order to increase output while keeping costs down. Asked to name their key business improvement project for 2014, several CIOs cite headcount optimisation and employee productivity as their priority. Improving in-house broadband speed, upgrading equipment, implementing BYOD policies and improving mobility are some examples of this.

As is the case in the IT sector, outsourcing of work to external providers continues to be a widespread business strategy. Some 28% of CIOs responding to the survey currently outsource 40% or more of their work, however the majority (39%) are only outsourcing between 1-19%, therefore are mostly completing their workload in-house. Likewise, 24% utilise offshore facilities to complete 40% or more of their workload, however again the majority (46%) use offshore services for less than 20% of tasks.

HOW MUCH OF YOUR IT ENVIRONMENT IS OUTSOURCED TO PROVIDERS?



IT INNOVATION AND STRATEGIES

As an increasing amount of information is consumed on mobile and wireless devices, CIOs have turned their attention to improving processes and experiences in this area. In 2014, mobility is the most important priority for the majority of respondents (35%), followed by Cloud Services (25%) and Digital (21%).

In addition to improved mobile platforms, there is considerable focus on improving customer experience via enhanced digital channels and Customer Relationship Management. A number of CIOs list customer facing applications and online portals as their main business improvement project.

CIOs who cite Cloud Services as their main business improvement project in 2014 are primarily focused on migration to cloud service providers, however some companies are looking to develop private cloud software in-house.

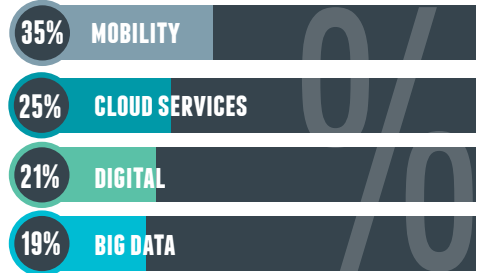
In 2013, 65% of survey respondents identified Big Data as a priority and reported plans to further develop analytics, storage, sharing and capture capabilities of large data collections in order to drive progress in their organisation. In 2014, CIOs continue to deliver on Big Data projects, with some respondents revealing this is the main business improvement project for them this year, however only 19% list this as the most important priority.

BUDGET PLANNING

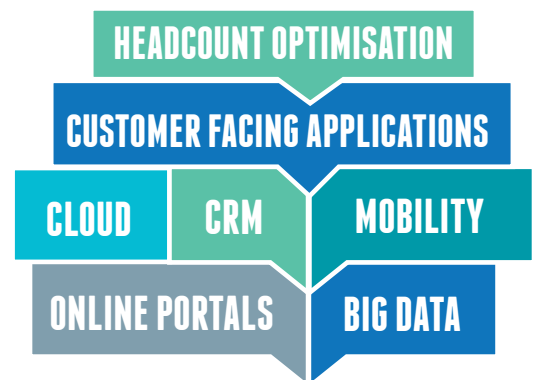
As technology continues to amplify revenue earning capacity for most companies, organisations are increasing investment into their IT function, with the majority of survey respondents increasing their technology budget for the coming 12 months. Almost two-thirds of survey respondents (60%) report that their IT budget has grown this year, while 20% of CIOs report that their budget has remained the same. The remaining 20% have been allocated a smaller budget than in 2013. This shows a significant shift as compared to last year's survey results, when only a third (33%) of CIOs were granted a larger budget to carry out their work.

For most CIOs (37%), the allocated budget translates to 1-2% of total company revenue, followed by 2-3% for 24% of respondents and 5% or more for a further 24% of respondents.

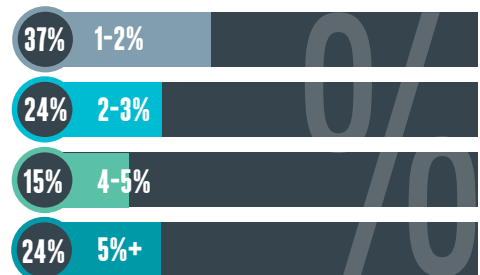
WHAT ARE THE MOST IMPORTANT PRIORITIES OVER THE NEXT 12 MONTHS?



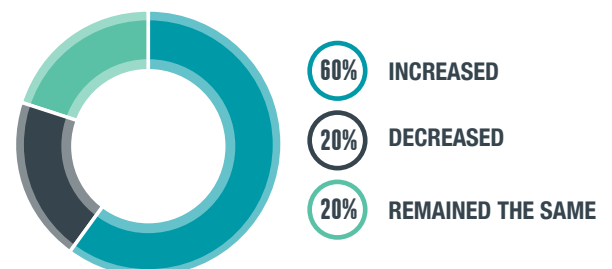
WHAT IS THE MAIN BUSINESS IMPROVEMENT PROJECT FOR 2014?



HOW MUCH OF YOUR ORGANISATION'S REVENUE IS REINVESTED INTO THE IT BUDGET?



COMPARED TO THE PREVIOUS YEAR, HAS YOUR IT BUDGET:



TALENT AND SKILLS IN DEMAND

CIOs are spending significant time on talent planning this year, with 22% reporting that talent planning currently comprises 20-39% of their role. Aligned with this, CIOs are currently expressing a more positive view of the IT employment market, with 37% reporting that they expect to see an improvement this year from the previous year. This is a significant increase as compared to 2013, where 26% of CIOs expressed positive sentiment about the job market.

More than a third (36%) of CIOs surveyed report that the number of technology professionals employed by their organisation will increase in 2014. The majority of CIOs (62%)

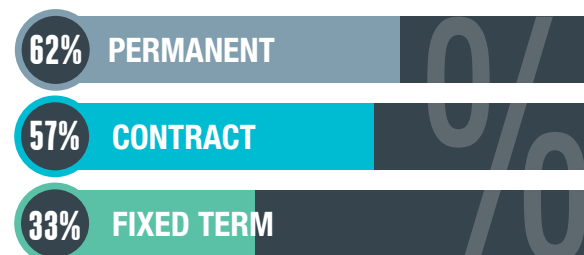
show preference for hiring permanent employees for their teams. However, in the current economic market that is, unsurprisingly, closely followed by those who are focused on hiring contract workers (57%), which allows businesses flexibility in team structure and lower financial overheads (note that survey respondents could select more than one answer).

On the whole, surveyed CIOs report business analysis, service management and experience with agile software development as priority skills required for their business.

HOW DO YOU THINK THE TECHNOLOGY JOB MARKET DURING 2014 WILL COMPARE TO 2013?



IN 2014, WILL HIRING GROWTH IN YOUR TEAM BE:



COMPARED TO 2013, WILL THE NUMBER OF TECHNOLOGY STAFF IN YOUR ORGANISATION THIS YEAR:



WHAT ARE THE TOP THREE SKILLS PRIORITIES REQUIRED IN YOUR TEAM FOR 2014?



TALENT AND SKILLS IN DEMAND

Cloud services, digital marketing and e-commerce have been identified as the main skills shortages in the current market. Furthermore, some CIOs report difficulty finding professionals with the right balance of soft business skills such as leadership and business acumen alongside technical knowledge. In light of these skills shortages, the majority of CIOs (58%) reveal they would consider recruiting international talent if they were unable to source the required skills locally.

In the Information Technology sector, learning & development is a key retention strategy, with 81% of CIOs reporting that they offer training and mentoring opportunities to their team. According to the survey results, strong company culture and workplace rewards and recognition are also key strategies for retaining technology talent.

WOULD YOU CONSIDER RECRUITING INTERNATIONAL TALENT IF YOU ARE UNABLE TO FIND SKILLS LOCALLY?



WHERE DO YOU THINK THE SKILLS SHORTAGE/GAPS EXIST IN THE MARKET AMONG TECHNOLOGY PROFESSIONALS IN AUSTRALIA?



WHAT STRATEGIES WILL YOU IMPLEMENT TO RETAIN TECHNOLOGY TALENT THIS YEAR?



CONCLUSION

The next 12 months looks to be another fast-moving period for the IT industry, with many significant development projects underway for the period.

Many CIOs are expressing a positive outlook about the current state of the technology market, with more than a third of CIOs expecting to increase headcount in technology teams this year.

More than half of survey respondents are looking to hire permanent staff to join their teams. Business Analysts are in demand, alongside IT professionals with service management skills and experience with agile software development. These team members will be critical for driving projects in Mobility, Cloud Services, Digitalisation and Big Data – all major priorities for technology functions over the coming year.

Encouragingly, the majority of CIOs are working with a larger budget in 2014 than last year with which to progress major projects in key areas. There is a clear focus on Customer Relationship Management and improving customer experiences with company-owned digital and mobile assets in order to further drive growth into the coming year.

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