



Business-savvy CIOs: Joining the senior leadership team. Leveraging their positions to enhance business value.

Executive summary of IBM's white paper on the CIO implications of the 2007 CIO Leadership Survey

CIOs are joining the senior leadership team in record numbers. How are they doing it? What are they bringing to the team? How are organizations benefiting as a result? These are just some of the questions answered in IBM's 2007 CIO Leadership Survey. Conducted online during July and August of 2007, the survey shows that 80 percent of CIOs are valued members of their senior management teams. What's more, 72 percent of respondents say they report directly to the CEO, CFO or COO.

Playing a more strategic role

CIOs who responded to the survey are confident in their ability to communicate the importance of IT's contributions to business initiatives. Sixty-nine percent say they are very involved in strategic decision making, and many report that they are identifying and leading efforts targeted at business innovation and transformation.

The increasingly strategic role that CIOs are playing is paying off big for organizations. According to analyses based on the subset of participating organizations for

which financial data was available, IT-enabled product/service innovations can increase net profit margins from an average of 9.4 percent to 13 percent. In addition, shared, centralized infrastructure and services can increase IT ROI from an average of 4.7 percent to 9.1 percent and return on assets (ROA) from 2.9 percent to 6 percent. This underscores the benefits of recentralizing IT, a key element of IBM's recently announced new enterprise data center vision.

Business savvy is key

The overarching message from the survey, which was conducted by IBM's Center for CIO Leadership—in collaboration with the

MIT Sloan School of Management Center for Information Systems Research (CISR) and Harvard Business School—is that business savvy is crucial to the upward mobility of CIOs. It is key to a CIO getting on the senior leadership team in the first place and to working effectively once there. By thinking and communicating in business terms—shortened business cycles, time to market and ROI, for example—instead of in technical measures such as response time, server utilization rates and consolidation ratios, CIOs can more compellingly communicate the business value and risks of IT projects.

Looking ahead, CIOs say they face three key challenges:

- Enhancing collaboration across lines of business (LOBs) within the organization
- Extending collaboration outside the organization
- Developing IT careers by increasing IT's financial fluency—the language of business



Leveraging the right tools and support

The good news is that the tools and support necessary for meeting all three of these challenges are readily available. For example, CIOs can leverage advanced communications technologies to facilitate collaboration both outside and inside the enterprise. They can use jam technology to bring together thousands of people online to share ideas in real time and then to analyze the discussion threads to identify specific, actionable ideas for innovation. In addition, they can take advantage

of IBM's active support of CIO advancement through the Center for CIO Leadership. Formed in October 2007, the center pursues research, education and community outreach activities designed to generate practical yet innovative insights for integrating business and technology.

For more information

For the full version of the white paper, *Business-savvy CIOs: Joining the senior leadership team. Leveraging their positions to enhance business value*, or more information about the Center for CIO Leadership, please visit:

<http://www.cioleadershipcenter.com/>

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