

# 2016 CIO Issues Report:

Hybrid IT Services Needed to Keep Up with  
Today's Challenges

**EXECUTIVE SUMMARY**

**While no two companies have exactly the same technology needs and issues, a group of chief information officers who spoke to Ensono recently came up with strikingly similar wish lists for IT services providers.** Representing companies in a variety of industries with sales ranging from \$50 million to Fortune 100, the senior executives are looking for partners that can help them capitalize on technology to drive business goals while running IT operations efficiently and securely.

These higher expectations for IT services companies reflect the growing demands on CIOs. They're increasingly required to provide both operational excellence and strategic digital solutions to propel their companies forward, even as [IT spending](#) is expected to barely budge in 2016, according to Gartner Inc., and 78% of CIOs told Robert Half Inc. that they will [maintain or reduce headcount](#).

**More than ever, CIOs need IT services providers that can support them in their mission.** This cadre of CIOs is looking for providers with insight and experience in optimizing Big Data and technology to help companies innovate, transform and outperform the competition. They're also seeking proven skills in security and disaster recovery/business continuity, positive company reputation and financial strength, and industry knowledge. Beyond outstanding technical knowhow and business acumen, these CIOs prioritize cultural fit and team chemistry, putting a high value on access to and stability of IT services staff and leadership.

This integrated suite of capabilities from IT services providers will only grow more critical. Along with social, mobile, analytics and cloud (SMAC) technologies, new advances such as the Internet of Things, virtual reality and wearable technology are fast becoming the building blocks of new IT platforms. These developments are driving new digital business and thus disrupting existing business models and processes, according to a recent [ComputerWorld article](#). This fast-emerging future state only serves to underscore that, just as important as running IT operations reliably and efficiently, clients expect their IT services providers to offer much more in a world of emerging digital business ecosystems.

CIOs are increasingly required to provide both operational excellence and strategic digital solutions to drive their companies forward.

“CIOs are under extreme pressure to produce results, both strategically and tactically,” says Mark Griesbaum, a longtime CIO turned consultant who led the research with the 13 CIOs. “So they expect IT services providers to provide strategic and tactical answers to them. It isn’t OK for a partner to lack in either area.”

## IN 2016, CIOs FACE THREE CHIEF CHALLENGES:

### CHALLENGE ONE



#### Protecting data and technology -

In 2015, the cost of security breaches was up 19% from the prior year, and they are expected to escalate.

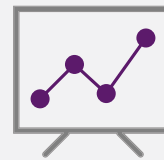
### CHALLENGE TWO



#### Optimizing data and technology

**performance** - Streaming analytics, artificial intelligence and other developments will place new requirements on infrastructure.

### CHALLENGE THREE



#### Innovating and transforming

**business** - Senior technology executives expect their businesses’ digital revenue to grow from 16 percent to 37 percent in the next five years.

## STUDY REVEALS CIOs INCREASINGLY CHALLENGED TO DELIVER

### A group of CIOs of small, mid-sized and large companies in a range of markets

**find they have a lot in common:** They spend their days juggling an array of sometimes competing priorities, from holding down IT costs while expanding and adding IT capabilities, to developing better solutions to help their internal clients—the business lines—drive sales and customer satisfaction. They are not alone: 88 percent of 571 CIOs say their job is becoming increasingly challenging, while 71 percent report difficulty in striking the right balance between innovation and operational efficiency and security, according to CIO.com’s [2016 State of the CIO Survey](#).

While the 13 CIOs surveyed for this report are very focused on transforming their businesses and adding measurable value, they also know “their infrastructure has to be 100% rock solid,” says Greisbaum. A new digital business that fills a huge marketplace need still could fail if customers can’t access it because of viruses or malware.

“CIOs are under extreme pressure to produce results, both strategically and tactically.”

- Mark Griesbaum,  
Industry Consultant

## IN 2016, CHIEF CHALLENGES FOR THESE CIOs INCLUDE:

### 1. Protecting data and technology

**With rampant cyber crime including ransomware, denial-of-service attacks and data breaches, the CIOs report that security and data recovery/business continuity are top-of-mind concerns.** Their worries are shared by many other IT departments. As threats proliferate, 46 percent of CIOs are prioritizing security in 2016, compared to 31 percent last year, according to CIO.com.

Cyber crime in all industries is escalating in frequency and severity, with each security breach averaging \$15 million for U.S. companies in 2015, up 19% from the year before, according to leading security researcher [Ponemon Institute](#). In addition to cyber attacks, CIOs must contend with possible hardware and software failures and natural disasters, understandably making business continuity/disaster recovery a central focus. In fact, hardware failures account for 55% of all disasters and are the number-one cause of outages for small to mid-sized businesses, according to a [ContinuityCentral.com story](#) based on Quorum research.

Downtime for any reason is expensive, in terms of lost business and lost reputation: The average cost of an infrastructure failure is \$100,000 per hour and the average cost of a critical application failure is \$500,000 to \$1 million per hour, according to IDC. While 35 percent of companies surveyed by IDC reported time-to-repair of one to 12 hours, 17 percent with infrastructure failures and 13 percent with application failures measured their time-to-repair in days rather than hours.

With mobile apps, cloud services and other technologies companies are adopting to attract customers, offer better service, provide greater flexibility and achieve additional business objectives, security and BCDR become increasingly complicated. Many small and medium-sized companies cannot afford a chief information security officer, and even the largest companies struggle to keep up with the mutating threats. Just 26% of companies say they have the right internal resources to manage security, according to Ponemon. IT services providers can help by bringing best practices in prevention, detection and mitigation to companies.

Enacting security best practices certainly is a major step in the right direction, but it isn't enough. Companies need a vulnerability management plan. To learn how to create one: [Building a secured server environment is just the start](#). Even companies that have moved a good portion of their data and applications to the cloud cannot drop their guard when it comes to security and DR. Here's why: [Disaster recovery in an "as a service" world](#).



**\$15 million**

average cost of a security  
breach for US companies  
in 2015

## BLOG: CALCULATING THE RISK OF A SECURITY BREACH

Ironically, a tough challenge can be clients who prevent IT services providers from putting in place the most stringent security measures. To learn more: [We Can't Outsource Accountability, but We Can Calculate the Risk.](#)

### 2. Optimizing data and technology performance

**For the 13 CIOs, turning the tsunami of data they're collecting into actionable insights and then products and services is the Holy Grail.** But even as they're working to realize a big payoff from Big Data, the underlying technologies that mine and exploit it are morphing at warp speed.

Streaming analytics, self-service options and embedding Big Data insights into the applications that drive the business are key 2016 Big Data priorities for organizations, according to Forrester Research findings reported in a recent [InformationWeek story](#). These and other developments such as machine learning and artificial intelligence will place serious new requirements on a company's technology infrastructure and integration.

Ensuring the right infrastructure, capabilities and cost structure to support Big Data applications and drive cost-effective IT performance is a strategic imperative for CIOs. Griesbaum notes that CIOs need help identifying and implementing the right new technology to keep the company moving forward: "Technology solutions have to be practical in solving business goals versus just being cool."

Just as Big Data is offering new views into customer behavior, collecting and applying data about IT infrastructure usage and performance in real time can drive improved availability and reliability. Here are some recommendations for getting started: [How to Improve IT Operations Using Performance Enhancing Data.](#)

To drive improved performance, growing numbers of companies are moving to the cloud, only to find it's not producing the expected returns. A recent story in Data Center Knowledge offers more insight: [Cloud IaaS – One Size Does Not Fit All.](#)

## CASE STUDY: INTEGRATED INFRASTRUCTURE DELIVERS AGILITY

Industrial supplier Lawson Products took a different direction to enhance its IT operations, creating a flexible, integrated infrastructure to provide the agility and responsiveness its customers demanded. To learn more: [Ensono and Lawson: a partnership built on trust.](#)

### 3. Innovating and transforming business

**The 13 CIOs see their roles expanding rapidly from managing technology to leveraging it to deliver innovation, information intelligence, improved customer experience and digital business.** The pressure to produce is intensifying: According to the [Gartner 2016 CIO Agenda survey](#) of 2,994 CIOs in 84 countries, senior technology executives expect their businesses' digital revenue to grow from 16 percent to 37 percent in the next five years.

So far, the top three digital impacts are: more revenue from better operations (66% of CIOs), more business through digital channels (48%), and engaging and empowering employees (40%), Gartner found. But the next step is rebuilding structures from the industrial and information eras into flexible systems and structures that can swap resources in and out and change partners based on shifting priorities, according to Gartner's David Aron in [Forbes](#).

That's a tall order, especially given the realities of IT budgets and resources. "Every CIO has 70-80 percent of their cost structure and IT budget tied into 'run IT,' or business as usual, with only 20-30 percent focused on innovation," SaaS vendor Apptio CEO Sunny Gupta told [ZDnet](#). "Every CIO we talked to, going into 2016, wants to shift at least 5-10 percent of their cost structure from business as usual to driving more digital innovation for the business."

Moreover, 65 percent of CIOs believe there's a talent crisis, with the biggest gaps in information/analytics and business knowledge/acumen, according to Gartner. Even with a team of IT experts on staff, CIOs find that keeping up with technology developments in fields as diverse as analytics, security and cloud is daunting, if not impossible.

### CIOs ON EMPLOYMENT



78%

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There's a clear time constraint, too. More CIOs report that they're spending time managing IT crises: 27 percent this year compared to 19 percent last year, a level not seen since 2008, according to [CIO.com](#). Yet 51 percent of IT leaders want to spend more time driving business innovation, 41 percent want to work on identifying opportunities for competitive differentiation, and 37 percent want to focus on developing and refining business strategy, says CIO.com.

So CIOs are looking to lean on IT services providers, especially for help in understanding how to leverage technology options for their business- and IT-specific needs and circumstances. Industry knowledge is often key in these cases. Take healthcare, where it's critical to understand two major trends impacting technology: mergers, joint ventures, business alliances and other types of consolidation accompanied by shifts to provide more online services, telemedicine and distributed clinical locations, which require very different IT infrastructures and integration.

Clients expect their IT services providers to employ agile practices for speed-to-market, use the most current tools and know how to leverage evolving enterprise technology to their best advantage, but it's important that IT providers keep up to date in their operations. A recent [ITbriefcase.net](#) discusses this issue: [IT Service Providers: Practice What You Preach](#).

#### CASE STUDY: MAINFRAME RESPONSIBILITIES EXPAND TO OTHER PLATFORMS

A printing and digital communications leader found the right IT services partner to help manage its growth through acquisitions and new products, transforming its IT operations to accommodate its changing needs. For more about this partnership: [Expanding relationship delivers cost savings and flexibility for printing giant](#).

## BUILDING PARTNERSHIPS

**CIOs don't just look at technology and business expertise, though. Cultural fit is a leading consideration for the 13 CIOs.** They're seeking to create partnerships with IT services providers that listen first, understand their business goals and then work with their clients to determine the best solutions. What they don't want are preconceived ideas or prepackaged answers.

Just as chemistry is important in marriages, these CIOs believe it's a key to forging joint client-provider teams that can successfully tackle the tough technology and business challenges while keeping IT operations running smoothly. They need trustworthy advisors and doers.

"Access to senior leadership is critical in a partnership with an IT services provider," according to a CIO in the survey who leads technology operations for an international executive search firm.

In evaluating IT services providers, companies are advised to "know thyself," including cultural requirements and needed strengths to complement their organizational weaknesses. For more insight: [Selecting the right service provider for your company.](#)

## MOVING FORWARD

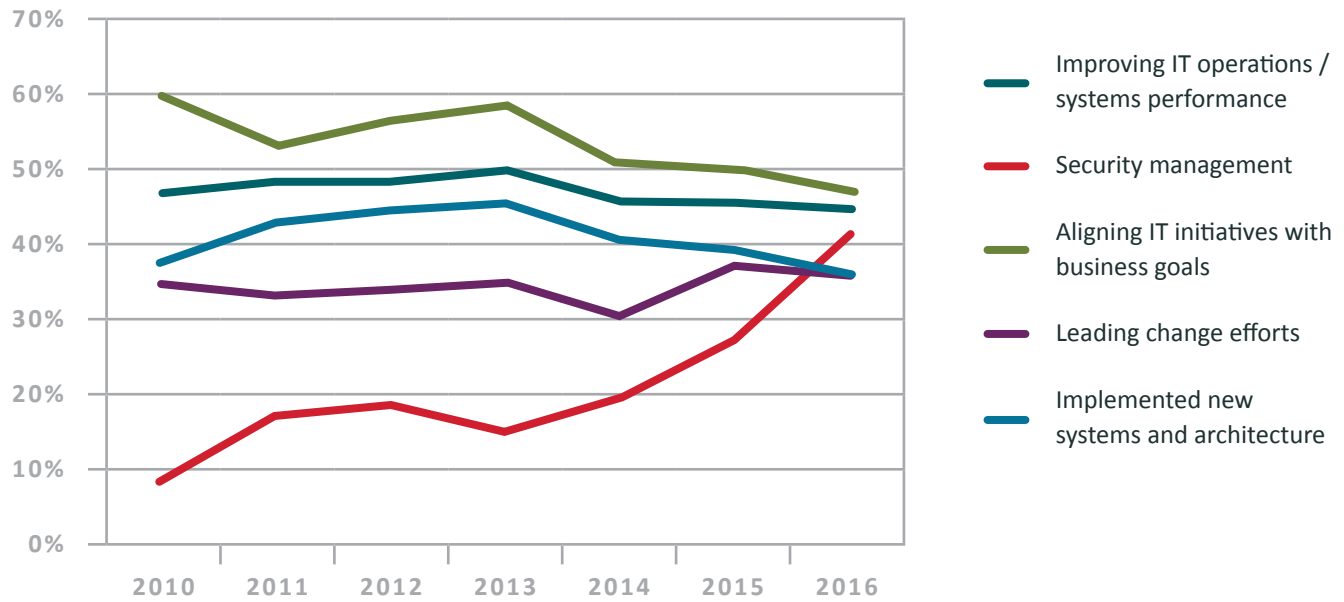
**With much to accomplish quickly, many of the surveyed CIOs are relying on IT services providers to help them reach their goals.** These providers can give them flexibility, access to new technology skills, and a deep bench of talent for running and optimizing existing operations. Moreover, they can help them drive business change and growth by leveraging technology.

The CIOs are equally clear about what they don't want from IT services companies: one-size-fits-all solutions and perspectives. The right partner, they say, brings a willingness to listen and to craft individual answers to support their specific IT and business objectives. With their pivotal role in realizing their companies' strategies through innovation and digital business, CIOs know they cannot afford to settle for anything less in an IT services provider.

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## CIO'S TOP AREAS OF FOCUS



Source: CIO Magazine's 2016 State of the CIO executive summary

## ABOUT ENSONO

Ensono provides hybrid infrastructure management services that help clients optimize IT operations while engineering technology and business solutions for the ever-changing marketplace. Our services increase security and performance while reducing TCO by an average of 15 percent.

Our experience in managing business complexity distinguishes us from competitors. We have managed hundreds of complex migrations and have designed solutions that address a wide range of challenges that companies are facing today. We adapt to and work seamlessly within our clients' culture, and value the expertise of their employees. Our collaborative approach to meeting our clients' challenges keeps them with us for an average of 10 years. It's also why we're ranked #1 in customer satisfaction for IT outsourcing by Data Monitor's Black Book of Outsourcing.