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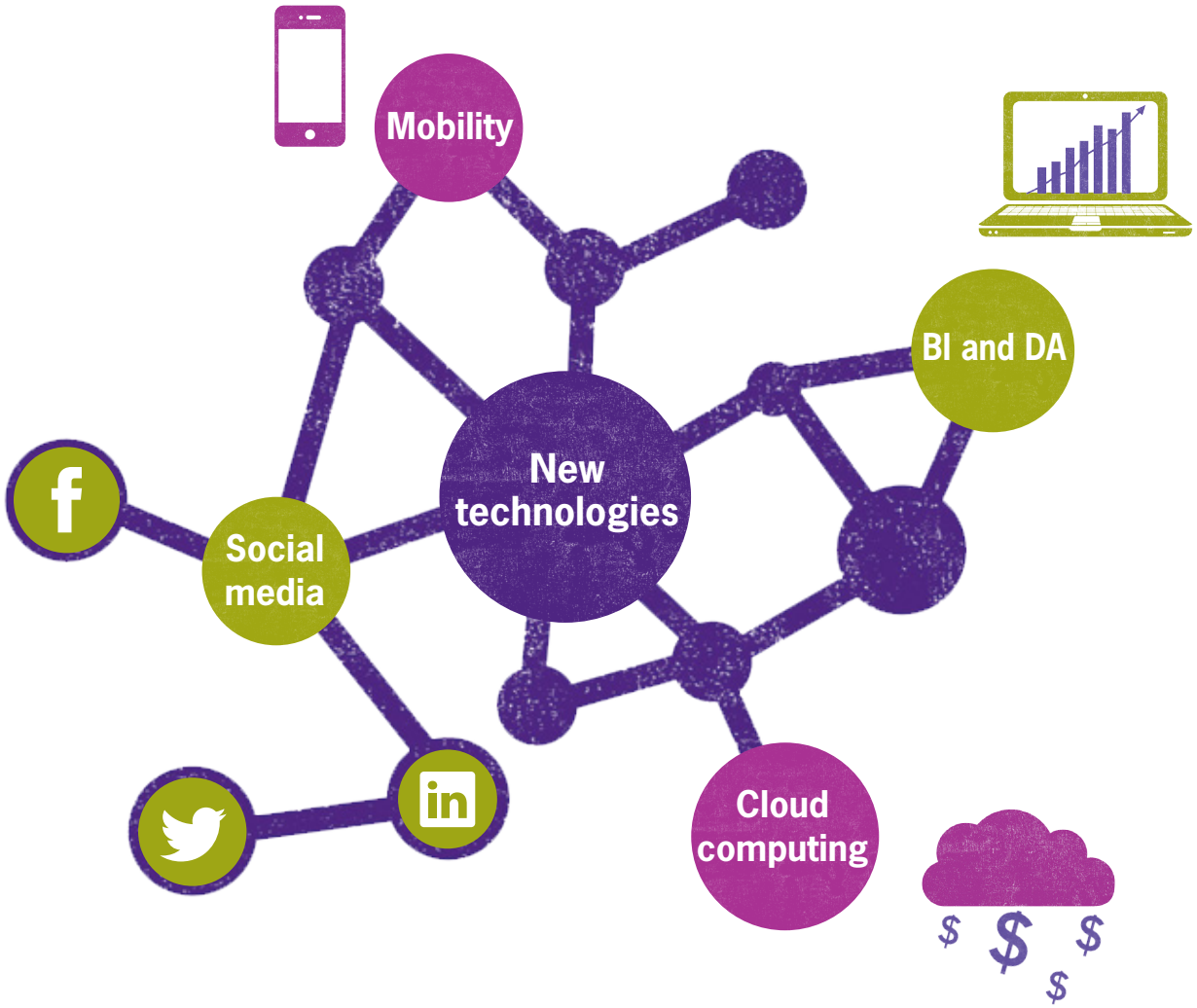
CIOs: Dealing with everything new is getting old



TechAmerica

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Executive summary

Use of technologies, such as business intelligence (BI) and data analytics (DA), cloud computing, mobility and social media, is accelerating in both midsize and larger organizations. Though not new to the scene, these technologies are still considered by many to be disruptive to business because of their cross-functional nature, potential financial impact and the support challenges they present.

For CIOs, disruptive technology is nothing new. Portable storage, smart phones, the Internet — CIOs dealt with these innovations first. Because of this firsthand knowledge of technology shifts and the immediate effects on their organizations, CIOs are a prime source of information on current and emerging technologies and their impact on businesses.

It was with this idea that Grant Thornton LLP and TechAmerica undertook this survey early in 2013. We wanted to learn more about how newer technologies were affecting companies, changing entire markets and perhaps even the business models our survey respondents operate under. As the ones closest to technology in their organization, CIOs were the natural target participants.

This executive summary includes an overview of findings and key demographics. Subsequent sections of the report will detail findings on each technology and will provide steps organizations can take to successfully implement and integrate these and other emerging technologies.

Highlights

These technologies are not new, but CIOs still wrestle with how to achieve benefits. It seems not a day can go by without a headline about new technology. Good and bad, these headlines imply that everyone is just getting familiar with the capabilities of newer technologies. Given the hype, we hypothesized that organizations, especially larger ones, would wait to integrate new technologies until their benefits were proven. This was not the case, however.

Most companies were in the process of implementing or had fully implemented the new technology. BI and DA were reported to be the furthest along, while social media had the highest rate of “we have explored” responses.

Though these technologies are not new in regard to research or implementation, it is clear that organizations and their IT departments are still learning how to achieve the greatest benefits from them. In the next installment of this report, we’ll provide strategies that businesses can use to better utilize their technologies.

Technology risks have been minimized, but for CIOs, social media worries not so tweet

When asked if there was something about the technology that kept them up at a night, most CIOs said "no", though the number of "yes" responses moved closer to 50% when they were asked about mobility and social media. This is due to concerns surrounding security and control. There is no shortage of headlines about security breaches, leaks and successful hacking attempts, so it is not surprising that CIOs would be nervous about employees bringing their own devices to work and having the ability to share a company secret with the tap of a button.

IT departments want technology that can pay its way in business

In environments where resources are limited, IT must prioritize where to focus their energy, and the deciding factors are business need and return on investment (ROI). When asked to rank the technologies on their ability to positively impact revenue growth, BI and DA came out on top. Mobility came next while social media finished last. Similarly, when asked how important the technologies are for advancing business strategies, BI and DA came out on top, followed by mobility, then cloud computing and, last again, social media. Not surprisingly, BI has the most support from IT.

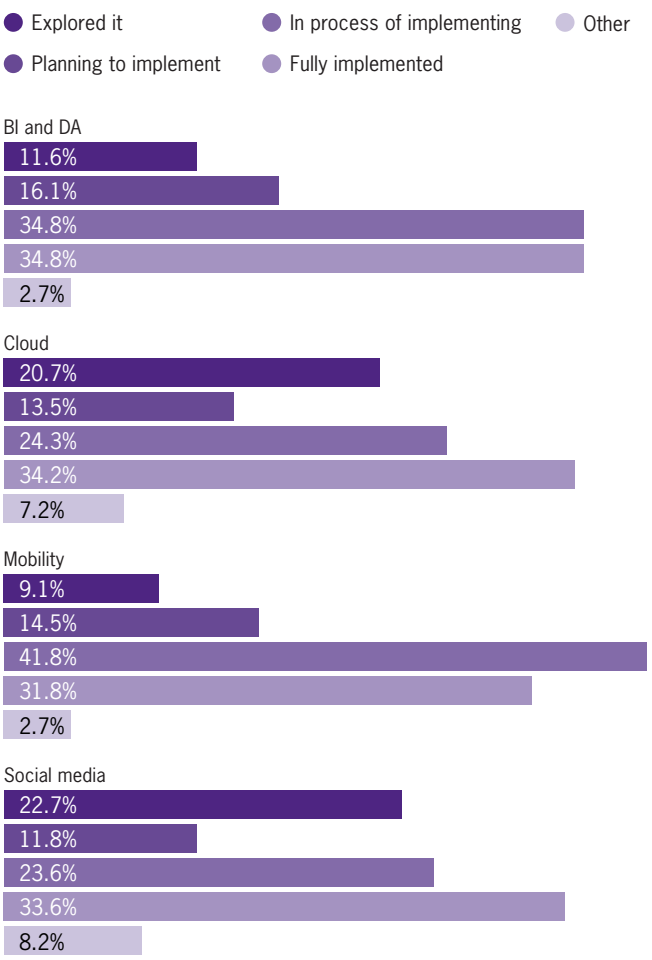
Finding people with new-technology skills continues to be a priority

New technologies are transforming IT departments and causing a level of disruption to the department itself. As soon as an idea hits the market, IT must become the experts in order to select the technologies and vendors that offer the most value. Vendor hype becomes a chief concern. The job doesn't stop there; IT must learn how to manage the technologies as they are implemented and evolve, as well as train their staffs. For technologies like mobility, this is proving to be a challenge.

In addition, the problem of implementing and supporting technologies is complicated by security and internal control, as well as compliance issues. Our survey indicates IT departments are struggling with putting people with the right knowledge in the right places to keep pace with how employees want to use technology.

"IT must become the experts in order to select the technologies and vendors that offer the most value."

For the following technologies, how would you describe your stage of implementation?



Key takeaways

Business intelligence and data analytics
For CIOs, this technology offers the best competitive advantage; however, for companies that have not implemented it yet, it can pose some problems. Because the complexities are not yet fully understood, executive teams have a tendency to change the scope often, affecting the time to implement, the costs and required resources.

Cloud computing
IT uses the cloud for infrastructure and support services to reduce overhead and the cost of supporting end-users. Though IT seems to be very comfortable with using the cloud for infrastructure support, CIOs are concerned with security, especially as cloud applications are migrated to support business processes. How can organizations mitigate risk while utilizing the cloud for more than internal functions?

Mobility
Enabling the mobile workforce is a common challenge. Organizations from financial institutions to universities are trying to manage the bring-your-own-device (BYOD) trend and keep a lock on usage and data security. To benefit from the productivity that mobility offers, organizations need to understand how to deploy a successful mobile strategy.

Social media
It is well understood and accepted that social media can enhance interaction with customers. But this is technology that is not typically under IT's control. It is the one technology that IT is rarely involved in selecting or managing because it is primarily viewed as a marketing device. However, there are areas, such as security and vendor selection, that IT could help marketing with.

Business intelligence and data analytics

How business intelligence and data analytics are changing IT

BI and DA have quickly climbed to the top of the agenda, but organizations are still in a "getting-to-know-you" phase. Many have touted the benefits and painted great pictures of the possibilities these technologies offer. Airlines can optimize flight prices by day. Banks can optimize the customer experience by analyzing how they conduct business. Retailers can adjust their inventory based on customer buying patterns. The options are endless. Despite the opportunity, leaders are still not certain of the precise steps to take.

Since technology is a key driver for many businesses, CIOs are often a leading information source on technology advancements and innovations. Understanding and acting upon this evolution makes the CIO a critical component of current and future organizational strategy adjustments. In the 2013 Grant Thornton LLP and TechAmerica CIO Survey, CIOs were given the opportunity to speak out on key areas of technology innovation, including BI and DA.

> [Business intelligence enables us to] "deploy more technology that would allow our members to approve transactions electronically without actually going into a branch ..."
> – CIO survey respondent

Business intelligence and data analytics

BI includes a broad set of technologies, methodologies, processes, architectures and theories that work to take raw data and synthesize it into something operationally useful. The goal is to collect and identify meaningful data to give businesses a marketplace advantage.

Common functions of BI technologies include:

- reporting,
- online analytical processing,
- analytics,
- data mining,
- process mining,
- complex event processing,
- business performance management,
- benchmarking,
- text mining,
- predictive analytics, and
- prescriptive analytics.

Traditionally, BI has been used to view historical trends and current business performance. DA uses the data to predict outcomes. In many cases, businesses are using BI more than DA because it is current and conclusive. But when used correctly, DA can suggest outcomes that businesses can use to base critical decisions on.

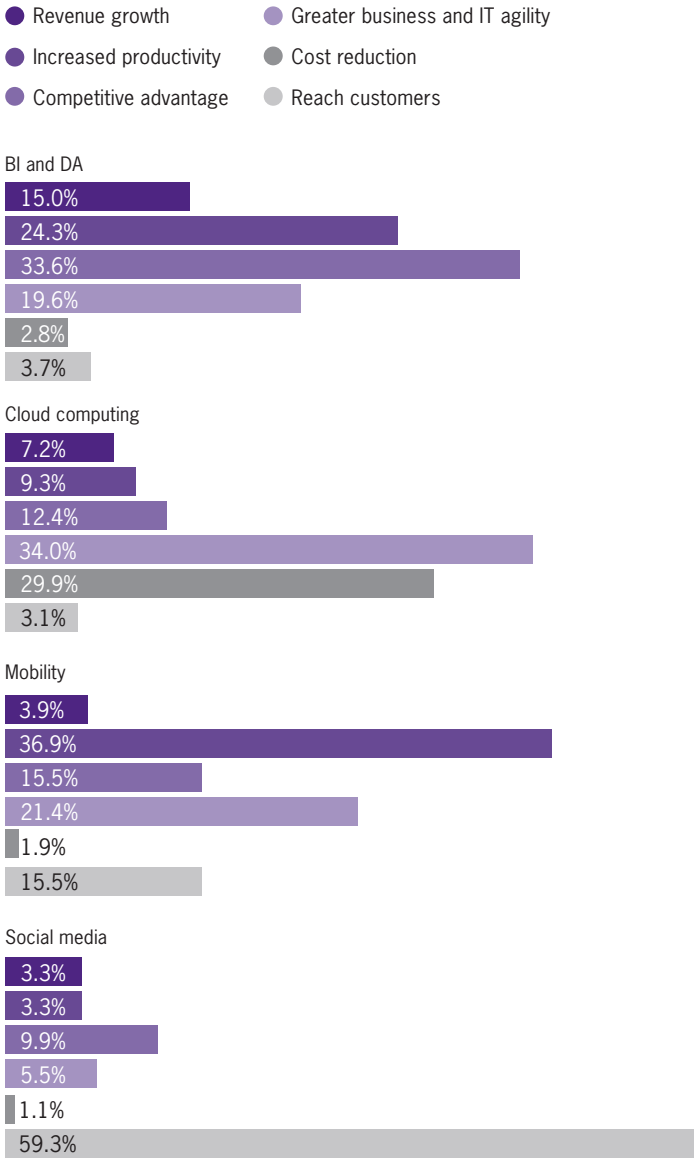
Both BI and DA rely on mounds of data. The term "big data" is often used to describe data sets so large and complex that processing ability and speed are deeply impacted. Depending on an organization's IT capabilities, working with big data can be unwieldy. But learning how to design data collection is imperative because the goal of these technologies is to support businesses in decision-making, and decisions are always about the future. DA provides the predictive and prescriptive analytics. "Predictive analytics provide insights into the buying behavior of consumers or pricing behaviors of important materials — in other words, external variables that impact the business," explains Philip Higginbotham, national director of Analytic Solutions within the Business Advisory Services (BAS) practice."Prescriptive analytics provide insights into the profit behavior of the business. The question is: How do you align all these complex relationships within the business to maximize an objective (make more money)?"

DA takes the data and runs scenarios so CIOs and other business leaders can understand the potential consequences of decisions and gain insight into patterns that inform better decision-making.

BI and DA have the biggest impact on businesses of those technologies measured

When asked which technologies positively impact revenue growth, BI and DA came out on top, indicating that business leaders understand what they can do for their organizations. Similarly, when asked how important the technologies are for advancing business strategies, BI/DA again was the top response. Company leaders are recognizing this and allocating the budget dollars to support continued BI/DA. These results are important because they reflect the knowledge that leaders have about the potential of BI and DA.

For those emerging technologies you are planning to implement or have implemented, what is your primary reason for doing so?



BI and DA are being actively implemented

The survey asked several questions to determine how far along companies are in implementing BI/DA. Respondents reported strong use of BI/DA and reported plans to continue implementing it further:

- 69.6% of survey respondents have fully implemented or are in the process of implementing a BI/DA program.
- The reasons that companies implemented BI/DA programs were led by competitive advantage at 33.6%, increased productivity at 24.3%, and greater business and IT agility at 19.6%.
- Of those companies that were slow to implement BI/DA, 57.9% reported it was due to a lack of resources (either budget dollars or skilled labor).

BI and DA support corporate strategy and objectives

The C-suite is actively involved in using BI/DA for strategy and objectives. Since IT leaders are already BI/DA believers, the survey indicates that they are comfortable letting the C-suite lead strategy development. Respondents felt BI/DA has earned a prominent place in corporate strategy.

- 54.5% ranked BI/DA as the most important tool, of those the survey measured, for advancing corporate business strategies (more than the other three combined).
- 69.1% felt BI/DA has proven or is likely to be enhancing their bottom line.
- 66.4% agreed or strongly agreed that executive business stakeholders believe that BI/DA can deliver a measurable return (e.g., cost savings, increased revenue) for the business.
- For BI/DA, both IT (32.2%) and the CEO/CFO (42.3%) were tasked with developing strategy and objectives, but IT respondents led the selection process 65.7% of the time.

Again, these results show that leaders understand the potential for BI/DA to show off new opportunities, such as potential customer profitability. Still, there is some hesitancy.

Concerns with BI/DA performance

Respondents have some concerns, and these provide a good reason to analyze and control the BI/DA spend and outcomes. CEOs have become believers in BI/DA over time, but a lack of deep understanding in the C-suite has led to project scope changes in some cases. This has caused uncertainty and project control issues for CIOs. In some cases, the scope has become so broad that IT is having problems with implementation.

- 24.5% of respondents have general concerns.
- Of those with concerns, 52.8% cited resources (funding and skilled labor), which is congruent with implementation concerns discussed above.
- Conflicting priorities was a major issue affecting IT's ability to implement/support BI/DA for 52.5% of CIOs.
- Implementation came in second at 24.8%.
- Scope change for BI/DA was a much bigger concern than for any other technology measured.

"Regardless of the subject matter, an implementation, deployment or process change always comes down to change management and preparing the organization to accept the change," explains Higginbotham. "This comes down to the fundamentals or communicating rationale, gaining adoption and monitoring against a fundamental, easy-to-communicate set of key performance indicators. The 'blocking and tackling' of project management is the same."

Navigating the future

BI and DA have been "hot" for a while now, and will most likely continue to get buzz since IT leaders feel they have proven their worth. Although IT professionals are believers, some are struggling to find trained workers and adequate funding to fully support BI/DA. The temptation is to throw major resources at BI/DA, but a carefully considered approach is key to overall success and avoiding issues like inflated scope.

Suggestions for implementing a successful BI/DA program

- Design programs with clear objectives and plans.
- Lock down knowledgeable executive sponsorship.
- Create clear and accountable scope guidelines.
- Design manageable data sets for collection.
- Vet a carefully chosen set of integrated vendors.
- Ensure IT and organizational training and support.

Cloud computing

CIOs see new benefits of the cloud but remain cautious over security

Cloud technology has grown immensely since its birth and has become a transforming factor for business. Offering an accessible, strategic IT model, the cloud can be a gamechanger for small and large businesses alike. TheInfoPro, a service of 451 Research, estimates that the global cloud computing market will grow at a 36% compound annual growth rate through 2016, reaching $19.5 billion. While CIOs realize the potential this technology offers, concerns over security are holding them back from fully committing. This hesitancy is evidenced by the small share of the overall enterprise market that cloud users represent; Gartner estimates that only 8 percent of overall office system users are actually on the cloud[1].

In the 2013 Grant Thornton and TechAmerica CIO Survey, we surveyed CIOs on key technology innovations, including the cloud. As the ones dealing with technology firsthand, CIOs are a prime source of knowledge on new technologies, how businesses are implementing them and what impact they are having.

Business strategy and objectives

The cloud offers small and large businesses a cost-effective method of doing IT heavy lifting, i.e., running resource-intensive applications. The acceptance of this was reflected in this survey. CIOs reported that the cloud can improve business and IT agility (34.0%) and help to reduce costs (29.9%). Executives seem to agree: 44.1% of respondents agree or strongly agree that the executive sponsor believes cloud computing can deliver a measurable return. These factors may be leading to greater CIO acceptance and willingness to look to the cloud as a possible enterprise solution.

Executive buy-in is bolstered by the impact the cloud can have on business strategy. In this survey almost half of the respondents (45.0%) reported that cloud computing is important or very important for advancing their business strategies, and more than half (54.6%) felt the cloud has (or will have) a positive impact on profitability.

When it comes to ownership, IT is in control of the cloud, and executives approve.

- 75.5% of respondents feel that IT has helped the most to develop the strategy and objectives for how the cloud will be used in their organizations.
- 76.1% also feel that IT has helped the most in developing cloud strategy and objectives.

Having IT so fully on board reduces priority conflicts for CIOs, but a cloud-based application strategy is still a work in process.

The status of implementing the cloud

IT departments are exploring how all cloud models can scale their capabilities, especially in terms of service management application offerings. In this survey, 58.5% of respondents reported their companies have implemented cloud computing or are in the process of implementing it. Another 13.5% plan to implement it in the next 12-24 months.

Included in the cloud implementation is infrastructure-as-a-service (IaaS). With IaaS, IT services can be delivered as a subscription service, eliminating up-front costs and driving down ongoing support costs. Other benefits of IaaS include instant, on-demand provisioning; quick scaling capability; and self-service abilities.

"We are not yet getting tremendous benefit from cloud storage because we still retain a significant data storage component on-site ... We are about another year away from a private or cloud-based offering."

– CIO survey respondent (University CIO)

[1] http://www.gartner.com/newsroom/id/2514915

In this survey, the shift to IaaS seemed dictated by organization size. Smaller companies (i.e., less than $100 million in revenues) appear to take advantage of their agility in making the shift. While larger companies, which tend to use multiple interfaces, are finding it much more burdensome to move. Even though larger organizations must manage infrastructure issues and third-party concerns, they view the cost savings and potential for increased revenue as compelling enough to make the move.

"We do not believe IaaS approaches are an all-or-nothing proposition for our clients," says Steven Sparks, practice leader of enterprise transformation at Grant Thornton LLP. "The need to improve deployment speed of the underlying infrastructure and offsite support is critical to those organizations that are acquiring new companies or divesting operations." For organizations like these, a hybrid solution may be the best fit.

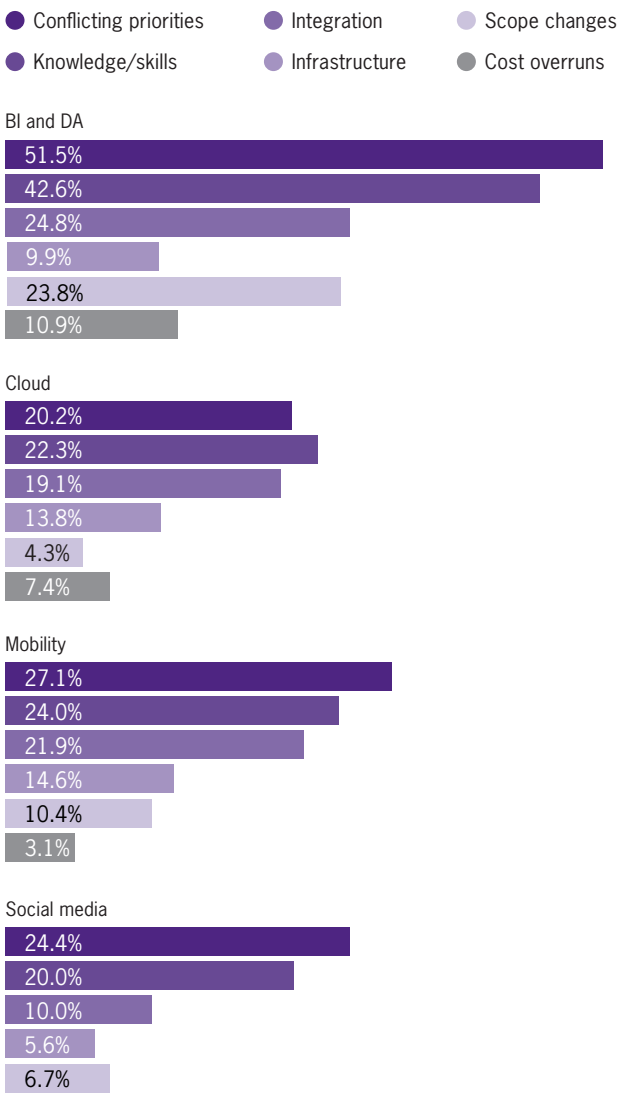
The businesses that report not shifting most often cite resources as the reason.

- 42.5% of respondents believe that employee knowledge and skills and conflicting resource priorities were affecting IT's ability to implement or support this technology.
- 13.8% of CIO respondents felt their infrastructure capabilities were not adequate for implementation.

Concerns over security

Of the respondents who have not implemented cloud computing, 34.3% say it is because of concerns over security or controls. Specifically, security and privacy still worried 41.8% of respondents and reflected enterprise-wide concerns about the safety of data in the cloud.

Which of the following issues are affecting IT's ability to implement/support these technologies, if any?



"Everyone has questions about cloud security in today's business environment: 'Can the government see my data?' 'Can my competitors hack in?' With strong security controls on the vendor and user sides, we can minimize these concerns."

– Matthew Thompson, Managing Director, Governance Risk and Compliance

Along with all the talk about benefits, there have been many discussions about maintaining security and privacy. CIOs have to wade through all the hype and confront security concerns. For vendors, this is a real opportunity since CIOs consistently express that the cloud will be key to more business processes in the future.

One concept that is trending globally is that of the private cloud. Setting up cloud data centers behind your company's firewall is one way to reduce security concerns. However, it can be expensive to set up and maintain. Not only this, critics argue that the point of the cloud is to share so making it private eliminates the benefits.

For the concerned, the security of public clouds may not be as bad as they think. In recent years, public cloud services have developed a number of security standards that some claim makes them more secure than private clouds.

Other considerations

IT professionals have concerns other than security. It is not uncommon to see strong reactions from IT professionals when technologies are first introduced because they could mean new job requirements or even a loss of jobs. And as more businesses look to use the cloud for order-to-cash distribution, CIOs move cautiously on a technology that is both remote and less under control of the company.

A hybrid model is a strategy that allows businesses to get the best of both worlds by keeping their existing on-premise enterprise resource planning (ERP) applications and establishing a cloud-based solution. This is especially attractive after acquisitions when the parent company must deal with legacy systems that may not integrate. Under the two-tier model, a child or satellite company running a cloud business management solution can work on its own or can share services with the parent company, which is running its own system.

"We are starting to see cloud solutions used in conjunction with on-premise software, creating a hybrid solution that is quickly deployable," explains Sparks.

One option that businesses are utilizing is the ability to add new functionality quarterly. On-site models take time and budget to upgrade. Cloud, on the other hand, is generally updated on a regular basis by the vendor. Businesses can save money and IT can focus their resources on helping the organization use the new functionality, both of which are prime benefits over the standard model.

Navigating the future

IT is at a tipping point. Businesses are looking for more efficient models to collect and deliver information and meet consumer demands; CIOs and IT departments are struggling to meet these needs and deliver products and information to internal and external customers in an accessible and cost-efficient way.

Still cloud computing is gaining steam, and it is easy to imagine a time when it will dominate the landscape. Companies of all sizes have a window of opportunity to get ready for the inevitable.

Suggestions for implementing a successful cloud computing program

- Develop a business case that is supported by the key stakeholders.
- Establish clear business requirements and scope.
- Carefully select vendors.
- Consider upgrade timing and functionality, and build the policies and procedures into your integration.
- Understand hidden costs (e.g., recovery, compliance) and develop policies to address them.
- Train IT staff on how to operate in a cloud-based IT environment.
- Integrate cloud computing across the organization and drive adoption.

The cloud offers organizations the flexibility to cost-effectively evolve with rapidly changing business requirements needed to add new business functionality. CIOs already understand the benefits and are in the process of moving their organizations to the cloud-based model.

Mobility

Implementing mobility solutions is a top priority for CIOs

In Grant Thornton and TechAmerica's 2013 CIO survey, CIOs were asked to assess technology innovations like mobility. Employees are pushing for mobility, and while CIOs have some concerns about privacy and security, IT has embraced the technology.

What is mobility?

Over the past decade, there has been a shift in how workers do their jobs. Advances in technology, like mobile devices and remote access, have made it possible for people to work from just about any location. In this sense, mobility has exponentially increased workers' access to data, and they feel that mobile access to enterprise data is no longer optional for businesses.

Mobility is more than the means to work remotely and conveniently. It also refers to the mobility of data across multiple platforms. An employee can create a report on a device in one location, upload it to a storage location or service (e.g., the cloud) and then access it at work or a client location to make a presentation.

"A perfect mobility strategy is still unclear. Striking the right balance between the accessibility and agility afforded by mobility against the risk of lost sensitive information will be unique for every organization," explains Tony Hernandez, a principal with Grant Thornton's BAS practice. "Regardless of where your organization balances accessibility against risk, without any mobility strategy business growth will be hampered."

"We're in the early stages of mobility. Right now we only have phones, but will continue the migration from computer to tablet."

– Survey respondent (CIO, multibillion-dollar pharmaceutical company)

Mobility is an amazing advance in how we work, but it comes with security issues and requires strong corporate policies, security measures and employee training. Moreover, devices are one issue, but how data is stored and communicated through a device is a much bigger issue. Because of security concerns, CIOs remain wary of major technological advances like mobility, and some have been reluctant to invest in them. Is their hesitancy causing them to fall behind, or are they being smart by not chasing after technologies that won't support their business goals? Managing the delicate dance along the emerging/disruptive technology spectrum should be a priority for CIOs so they know when to invest and when it may be too late.

How mobility is being implemented by businesses

Since mobility has reached critical mass among employees, it is not surprising that 76.6% of CIO respondents have implemented or are implementing mobility programs at their companies. Of those that haven't, 44% felt there wasn't a strong enough business model to support mobility, and 20% had security concerns. Of those CIOs who have mobility programs, 58.3% reported they jumped in because of the advantages of increased productivity and business agility.

"Vendors for mobility seem slow, and their solutions try to cast a wider net; we need a more specific solution focused on our specific issues."
– CIO survey respondent

The proliferation of the smartphone has helped convince management to embrace mobility as a policy. In fact, mobility is the furthest along of all the technologies considered in the CIO survey, and it has been championed by those needing mobility as an essential job function. IT and operations are driving mobility, as are marketing and sales, since customer connections and external engagements are key to their success.

IT departments are being pushed to find security solutions to prevent the mixing of personal and business data on mobile devices. Although there is no established or proven business model to maximize mobility value, most CIOs think it is important and are looking for ways to measure security effectiveness. CIOs are also being pushed to find a practical and secure solution for those who want a BYOD solution.

Mobility and business strategy and objectives

Almost 60% of respondents reported that mobility was important or very important in advancing their business strategies, and 41.3% of respondents felt mobility was having a positive effect on revenues. An additional 33% were actively evaluating the effect on revenues when the survey was taken. More than half of CIO respondents agreed or strongly agreed that their executive business stakeholders believed that mobility can deliver a measurable return in cost savings and/or increased revenue for the business.

IT leads or is involved in the process of selecting mobility as a strategy for 92.8% of CIO respondents. IT has also helped the most in developing mobility strategies and objectives for 44% of respondents. The bottom line: 50% of CIO respondents say mobility has helped their company's business strategy.

Concerns about mobility

CIOs are generally cautious about emerging technology, but 53.6% reported no concerns about mobility. Of those with concerns, the majority (56.1%) felt data security and privacy were still issues. CIOs generally have not established guidelines regarding security ROI, and benchmarking is difficult. But at this stage of adoption, the ROI benchmarks will emerge.

Another concern is that vendors may not be keeping up. CIOs perceive vendors as providing products with flexibility and new features, but they find vendors are adding less value in security/privacy controls, enhanced analytics and training. CIOs are being pressured for BYOD models, but 40.2% reported that vendors are not keeping pace with the latest technologies. They don't feel vendors are helping to provide efficiency or ease BYOD adoption.

Navigating the future

This is technology that businesses want and they are willing to learn as they go, which reflects a normal transition for technology acceptance. Mobility metrics are still hard to define and measure, but the benefits are clear to everyone—from users to top management.

Mobility is so well accepted that the only questions are how fast and how well companies can safely initiate or expand major programs — just 5.2% of respondents feel their organization cannot support mobility. That said, IT still needs more information and training, and vendors need to step up and keep pace with demands for privacy and safety.

From an IT perspective, there is more to do. For example, IT hasn't figured out how to get information like time and expense reporting smoothly to the device. Businesses are trying to keep up rather than innovate, but this will change in time as mobility rushes toward maturity.

Suggestions for implementing a successful mobility program

- Establish a steering committee.
- Assess the existing environment.
- Define the scope.
- Establish supporting resources.
- Procure supporting technology.
- Define, create and/or revise policies.
- Deploy mobility strategy.

Social media

Embracing social media as a business strategy

Knowing that more than 72% of adults use social networking sites, businesses are taking advantage of the additional avenues to connect. Though it is one of the most widely used technologies, CIOs are not completely convinced that it is worth the required resources. In the 2013 Grant Thornton and TechAmerica CIO Survey, we wanted to learn more about the CIO's perspective on how and why businesses were using social media. Our findings suggest that a lack of a holistic strategy, especially between IT and marketing and sales, is adding to the challenge of balancing security against the improved branding and business results benefits offered by social media.

> "Where you've historically interacted in the Web, [younger people entering the workforce] interact more readily with Facebook, Twitter, Instagram, etc."
>
> – Survey respondent (University CIO)

Social media as a business strategy

Social media is a broad category referring to groups of people interacting on the Internet and exchanging content. Common social media sites include LinkedIn, Facebook, Twitter and many more, with new sites jumping online frequently.

Much of the social media landscape was originally developed for individuals to interact, but businesses saw the potential to advance their business strategies. Marketing and sales saw ways to create an extended brand identity and engagement with the marketplace, while HR saw ways to find and attract talented workers. Internally, social media offered ways to engage an evolving workforce, and new opportunities are still arising. Mobile applications, for example, allow companies to offer special deals, conduct market research and enhance loyalty programs using their predetermined parameters.

While social media offers a lot to businesses, CIOs and IT departments are being forced to step in as the technology experts and provide solutions that will help guard privacy and security, yet they are not the ones in control of the content.

How social media is being implemented by business

In this survey, 57.2% of respondents reported they have implemented social media technology or are in the process of implementing it. Another 11.8% of CIOs plan to implement it in the next 12–24 months. Of those that have implemented or are in the process of implementing social media, 59.3% are doing it to reach and interact with customers.

For those organizations that have chosen NOT to implement social media, 35.7% of CIOs said it was because there wasn't a proven business model, 19.0% reported there wasn't enough executive sponsorship and 16.7% felt it wasn't needed in their business. These responses could be related to the tendency to leave social media implementation to marketing and sales because CIOs have concerns with the control over social media.

In this survey, among the technologies considered BI and DA, cloud, mobility and social media), social media had the highest number of "we have explored" responses. This could be related to the role of the participant in this survey. Because social media is often considered a branch of marketing, it is possible that IT is not as aware of its stage of implementation as they are of other technologies. Social media vendors are often not the traditional vendors IT works with and manages. It also could reflect a lack of executive buy-in. From the CIOs' perspective, social media was not implemented because it lacked business acceptance, but that could be because organizations have yet to determine the best way to measure its effectiveness as a business strategy.

Social media and business strategy and objectives

Only 26.1% of respondents felt social media was very important or important for advancing their business strategies, and social media ranked last among the four technologies in its ability to positively impact revenue growth. CIOs also ranked social media lowest against the group in profitability — only 6.4% of respondents felt social media enhanced the bottom line. In terms of developing strategy and objectives, the majority of CIO respondents felt marketing and sales were the most involved in developing a social media strategy and objectives.

Only 29.3% of CIO respondents felt their executive business stakeholder believed social media could deliver a measurable return (measured by cost savings and increased revenue) for the business, which was the lowest among the four strategies by a significant margin. These findings help to explain the rate of implementation.

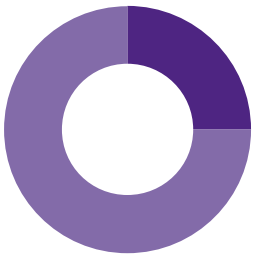
Concerns about social media

Major concerns for CIO respondents were lack of control and security/privacy. Since CIOs view social media as more of a marketing and sales strategy, they did not correlate social media usage with increased productivity, revenue and profitability. They also had a significant problem measuring social media success in a meaningful way.

Do any of the following technologies concern you (i.e., is there something about them that keeps you up at night)?

BI and DA

- Yes **24.5%**
- No **75.5%**

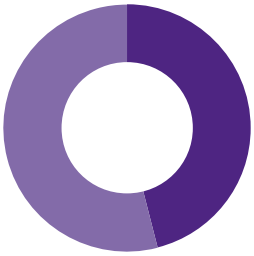


Cloud computing

- Yes **43.1%**
- No **56.9%**

Mobility

- Yes **46.4%**
- No **53.6%**



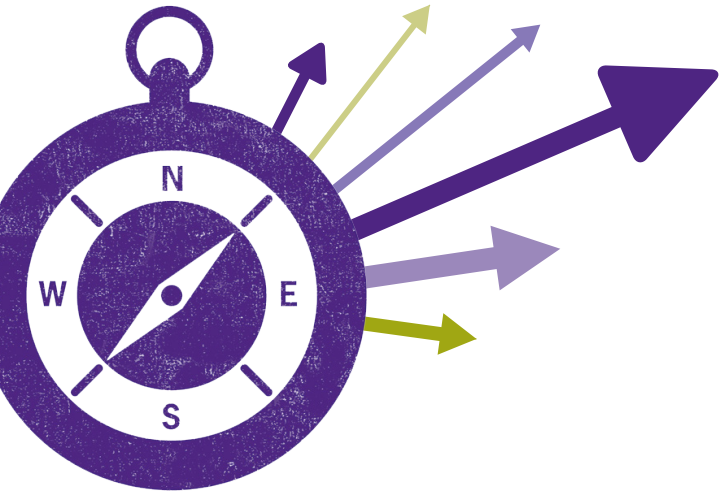
Social media

- Yes **47.7%**
- No **52.3%**

Navigating the future

There is a real opportunity for IT and marketing and sales to work together in a more holistic way. The disconnect between potential value (i.e., the ability to reach customers) and realized benefits is a hurdle that can be overcome in time, but CIOs will need to be won over. Working together, IT and marketing and sales can build a case for executive sponsorship buy-in, possibly by using BI to provide metrics and a clear strategy to mitigate social media risks.

> "Savvy businesses understand that it's better to embrace than to ignore social media. It offers unique opportunities for brand-building and connecting with customers. At the same time, most organizations are still struggling with how to respond to the perils it presents."
>
> — Jan Hertzberg, Managing Director, Grant Thornton LLP Business Advisory Services



One strategy that must be developed is content governance. Unfortunately, many organizations have yet to fully develop a coherent strategy for social media compliance and risk management, according to a joint study by Grant Thornton and the Financial Executives Research Foundation (FERF).

Defining an effective strategy and governance policy takes some thought and collaboration of the various teams that are involved (e.g., marketing, IT, legal, HR, etc.). Together you should do the following:

- **Assess who owns social media-related initiatives.** For example, are only marketing and public relations using it to build your brand or is executive management using it to involve staff in corporate conversations?
- **Determine your objectives.** Decide what outcomes you would like social media to achieve. Is it to gain customer feedback; is it to recruit job candidates?
- **Understand risks that your specific industry may be facing.** Health care organizations must take the Health Insurance Portability and Accountability Act into account and financial industry must consider SEC regulations.
- **Define consistent policies for every social media platform.** These should cover branding, training, monitoring and a crisis management plan.
- **Develop an awareness and training program.** With social media, every person can be in public relations and unfortunately it only takes one mistake to affect your brand.

When your strategy meshes with data analysts and end-user protection, you can leverage social media to lower risk, enhance your brand and drive your business objectives.

Suggestions on implementing a successful social media program

- Partner with marketing and sales and other affected departments.
- Build a case for executive sponsorship with defined ROI
- Develop relationships with social media vendors (as opposed to IT vendors).
- Address privacy and security concerns.
- Create a social media policy and train your employees.

Appendix

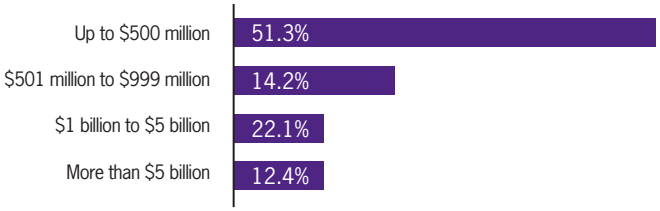
Respondent demographics

Conducted between March and May, this survey could be taken online or in person and covered the use of BI and DA, cloud computing, mobility, and social media by organizations. Nearly 170 IT professionals, representing more than 150 companies, took part in this survey of CIOs' interests and concerns regarding emerging technologies. It was the first survey of its kind conducted by Grant Thornton and TechAmerica.

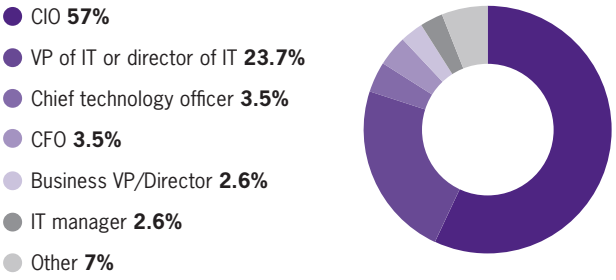
Almost all participants were involved with IT, with most being CIOs. More than half of the participants had been in their role longer than five years. Almost 30% of them had been in their position longer than 10 years.

Participants represented companies of all sizes, industries and annual revenues.

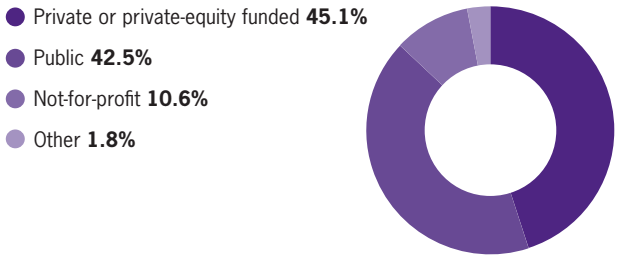
Annual revenues



Title of participants



Type of organization



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