Highlights of the 2017 CEO Survey: CIOs Must Scale Up Digital Business

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The 2017 Gartner CEO and Senior Business Executive Survey investigated CEOs' concerns and priorities, with an emphasis on technology. The results, analyzed in this collection of reports, suggest that this year CIOs must commit to help CEOs drive the scaling-up of digital business.

Analysis

The 2017 Gartner CEO and Senior Business Executive Survey is part of Gartner's research into CEO and C-level business executive concerns, priorities and attitudes to technology-related issues. For this annual survey, 388 responses were collected from C-level leaders, 50% of whom came from companies with more than $1 billion in revenue. The survey was conducted by phone, online and on paper during 4Q16, asking questions about 2017 and 2018.

CEOs' No. 1 priority in 2017 is growth — and that has increased since last year. They are now slightly more in pursuit of profit growth than just topline revenue growth. Technology-related business change has become a very important priority for them, taking second place. Product improvement and innovation has risen markedly in priority this year. We see a new "golden triangle" arising between these three factors as CEOs realize that digital business is about innovating the products they make or serve (not just how they market and sell them), which will lead to growth and profits.

Our full global report lays out the major findings, advice points and conclusions from the 2017 CEO survey. The report includes comprehensive charts and graphs of the data for clients to use directly. Specific-context-focus reports that include some more localized data are provided for the financial services industry, the Asia/Pacific region and the Latin America region.

Research Highlights

This year we found that CEOs' growth commitment is up compared to last year, unperturbed by political events around the world, and profit-focused. Product improvement and technology are the biggest rising priority areas, after growth (see Figure 1). We found that technology is itself a significant external factor shaping business strategy. However, market, political and financial factors remain more important to CEOs.
We were pleased to find that, on the whole, CEOs' understanding of "digital business" is improving — shown by their ability to describe it, though many are still lagging behind. Significant proportions selected "digital first" or "digital to the core" as their companies' digital business posture (see Figure 2).
However, half of CEOs still have no digital success metric (see Figure 3). CEOs in asset-intensive industries are possibly the slowest group to move forward in this way, as our focus report on them examines. CEOs in Latin America, given the difficult conditions for most countries, more often decide to pursue immediate and familiar "business as usual" objectives.
We found that one-third of CEOs have significantly revised management key performance indicators (KPIs) to drive digital transformation. In that endeavor, forming a tech or digital partnership is the most-used strategy idea, but creating a venture capital fund is regarded as the best-performing one. Our focus report on how management consulting services play into that transformation explores what they should do to better position themselves. They may be "competing" with stronger internal enterprise capabilities: 57% of CEOs are focused on reinternalizing IT and digital, while 29% focus on outsourcing (see Figure 4).
When it comes to paying for digital transformation, self-funding from digital revenue is the top source of digital business transformation finance. Our focus report on the CFO subset of respondents explores the ways corporate finance leaders are developing digital financing and revenue. However, the survey suggests that CEOs are not doing enough to develop the talent they will need to drive digital transformation. Our focus report on talent issues offers advice on what needs to be done.

Our survey found that CEOs recognize four big new technologies, but lack new productivity insights to apply them. CEOs need leaders to step up to explore and shape the digital business future. To do that, they report that new thinking patterns will be needed in CIOs and other executives. Open-mindedness and entrepreneurship are the most-needed digital leadership mindsets, as our focus report on required leadership traits explores. Given that technology creates the vortex of today’s disruption, progressive CIOs have a great opportunity to step up and exemplify the new leadership traits that CEOs seek (see Figure 5).
Figure 5. How CIOs Can Help CEOs Structure for Digital Business

CIOs Should Help CEOs Set the Success Criteria for Digital Business

Remember:

- You cannot scale what you do not quantify
- You cannot quantify what you do not define

Ask:

- What is "digital" for us?
- What kind of growth?
- What's the No. 1 metric?
- What KPIs change?

It's time to scale up your digital business ambition.

Source: Gartner (April 2017)

Table 1 lists the documents published in this research spotlight.
Table 1. 2017 CEO and Senior Business Executive Survey Reports

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<td>&quot;2017 CEO Survey: CIOs Must Master These Leadership Traits That CEOs Want&quot;</td>
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<td>&quot;2017 CEO Survey: Digital Can Be a Hard Sell for CIOs in Asset-Intensive Industries&quot;</td>
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<td>&quot;2017 CEO Survey: As CEOs Downgrade Workforce, CIOs Must Commit to Raise Their People Game&quot;</td>
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Source: Gartner (April 2017)

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Ten CEO Information and Technology Resolutions for 2017"

"2017 CIO Agenda: Global Perspectives on Seizing the Digital Ecosystem Opportunity"

"Highlights of the 2016 CEO Survey: Business Leaders Are Committed to Digital Industry Transformation"

Evidence

Gartner conducted this research September through December 2016, in order to examine CEO and senior business executive views on current business issues, as well as some areas of technology agenda impact. In total, 388 business leaders were qualified and surveyed, The bulk of the research was conducted via telephone interview (293); an additional 90 surveys were achieved online; and five were self-administered paper surveys. All respondents were screened for active employment in organizations greater than $250 million in annual revenue.
The sample mix is as follows:

- CEOs = 241 responses
- CFOs = 85 responses
- COOs = 18 responses
- Chairperson, president, board of directors or other C-level = 44 responses

By region:

North America = 142 responses
Europe = 93 responses
Asia/Pacific = 97 responses
Latin America = 43 responses
South Africa = 7 responses
Middle East = 6 responses

The 2017 Gartner CEO and Senior Business Executive Survey was developed collaboratively by a team of Gartner analysts who examine IT’s role in business, and was reviewed, tested and administered by the Gartner Research Data and Analytics (RDA) team led by Senior Researcher Angela Kreiter. The results of this study are representative of the respondent base and not necessarily business as a whole.
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