

IT WORLD CANADA

CIO CENSUS 2014

BENCHMARKING THE IT FUNCTION AND CIO ROLE IN CANADA

GAME PLAN FOR ENTERPRISE COLLABORATION



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10TH ANNIVERSARY

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Game Plan for Strategic, Enterprise-wide Collaboration A SUMMARY OF KEY FINDINGS

PLAYING IS A TEAM SPORT

Collaborating with others is increasingly important.

That's the key message coming out of the 2nd annual CIO Census conducted by IT World Canada and *CanadianCIO*, in collaboration with the Canadian CIO Association, and sponsored by Rogers Data Centres.

IT leaders continue to create connections — to play well with others — within their organizations and external to it. Their objective — become more strategic, find efficiencies, boost productivity, reduce costs, and safeguard the intellectual property of their organizations, as well as the bottom-line. Increasingly, they are also being called upon to help create true differentiation and a competitive advantage for their companies.

Playing well is multi-faceted

Senior IT leaders play on a variety of teams:

- Organization-to-Organization
 - External resources are increasingly accessed for hosting applications and support services
- Function-to-Function
 - Empowering LOBs is imperative, though 'control' may be lost
- Top-to-Top
 - Having a seat at the executive table matters when IT budgets are set

PLAYING STRONG OFFENSE AND DEFENSE IS A MUST

Offensive and defensive strategies are equally important.

IT leaders highlighted the importance of being a strong two-way player — capable of increasing upside and reducing downside of risks. Offensive and defensive strategies are equally important in the quest to deliver value, innovation, and a ROI.



“ A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be. ”

— Wayne Gretzky

Top offensive moves

- Growing overall IT budgets
- Securing a significant portion for new initiatives
- Hosting and outsourcing more applications and services
- Making modest moves on mobile and analytics
- Prioritizing organization and departmental re-design

Top defensive moves

- Prioritizing risk, compliance and security
- Reducing privacy and up-time reliability as a concern
- Limiting vulnerabilities on new applications
- Taking care of last year's issues, especially staffing
- Identifying cost containment opportunities

PLAYING FOR YOUR INDUSTRY

Sectors strategically apply strategies and tactics.

Differences in performance and priorities at organizations across public and private sectors were reviewed, with the private sector divided up into goods and services businesses. In each category, the strategy and tactics aligned with key industry challenges, indicating a strong understanding of sector specific needs and a strategic underpinning.

PUBLIC SECTOR	GOODS SECTOR	SERVICES SECTOR
<p>Strategy:</p> <p>The best offense is a strong defense</p>	<p>Strategy:</p> <p>Stay lean, stay focused on the prize, stay relevant</p>	<p>Strategy:</p> <p>We (IT leaders) have to out-score, not out-defend our competitors</p>
<p>Tactics:</p> <p>Reducing vulnerabilities and identifying cost-containment opportunities is key</p>	<p>Tactics:</p> <p>Keep IT headcount low, manage fewer non-IT staff, focus on analytics vs. mobility/social</p>	<p>Tactics:</p> <p>Secure a C-level title and executive access, support mobile knowledge workers</p>

Playing by the Rules BACKGROUND AND METHODOLOGY

Developed by IT World Canada in collaboration with CIOCAN – the CIO Association of Canada – and sponsored by Rogers Data Centres, the CIO Census aims to take the pulse of Canada’s senior IT leadership and benchmark how the CIO’s role and the role of the IT department is evolving.

Now in our second year, we have the opportunity to size marketplace movements and identify emerging issues.

From January to March of 2014, 118 senior IT decision-makers, from a variety of 100+ employee organizations across Canada completed our 10-minute online survey.

A sincere thank you to those who participated. You clearly embody the spirit of community, and know the meaning of playing well with others, a key theme in this year’s findings.

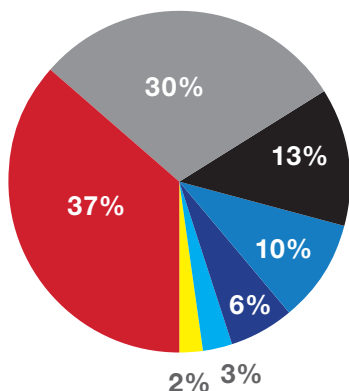


“ We are thrilled to be working with IT World Canada again, thankful for the participation of Canadian IT leaders, and look forward to discussing and responding to market needs this year, and in the years to come. ”

— AJ Byers,
President
Rogers Data Centres

JOB TITLES

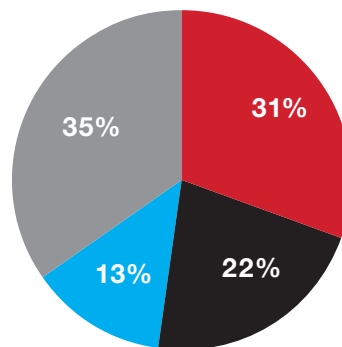
- Director IS/IT
- CIO/CTO
- VP IT or Sr. VP
- Head IT/IS
- CEO / other C-level executive
- President
- Owner



Percentage of Respondents, by title

COMPANY SIZES

- 100 – 249 employees
- 250 – 499 employees
- 500 – 999 employees
- 1,000+ employees



Percentage of Respondents, by company size

Playing is a Team Sport CIOS ARE STRATEGICALLY COLLABORATING

The news is abuzz with how the role of the CIO is changing. In fact, some predict that the CIO will likely become redundant with line of business leaders increasingly responsible for making IT decisions for their function, and with this, the budget accountability as well. Others, don't agree. When asked to identify what the most important thing a senior IT leader can do to increase the effectiveness of IT, survey participants responded as follows:

The most important thing to increase the effectiveness of IT is . . .

“Develop a new governance model to position IT at the heart of strategic decision making of our institution.”

— Director
Public Sector, BC

“A relentless focus on ensuring our spend has a direct correlation to delivery of a business objective.”

— CIO
Services Sector,
Alberta

“Communicate better and more frequently with lines of business and functional departments. More direct and face-to-face meetings with line managers and others with IT analysts.”

— Director
Goods Sector, Quebec

These foregoing quotes highlight the way forward for IT and underscore the increasing importance of understanding, shaping, and delivering against the needs of functional lines of business (LOBs).

Increasingly, LOB needs are being met by those outside of the organization, in the form of increased volumes of outsourcing and hosting. In this way, IT is becoming a more distributed vs. centralized resource. IT itself is also increasingly shifting many of its routine and administrative tasks to managed environments, freeing it up to provide additional support for LOBs.

Critical to the future of the CIO and the IT department is retention of a central position in organizational strategy. Those who only sit in on executive meetings when it's an IT-related issue have seen their budgets shrink on a year-over-year basis. Perhaps this is not relevant if LOBs are accountable for technology spend through their own budgets, but very relevant if decisions for technology are no longer in the domain of the IT department. CIOs bring vast knowledge and experience in the selection,

implementation, and the maintenance and security of technology and data. As such, their role may evolve to a much more strategic function, one which sees CIOs and the technology department shed itself of mundane tasks and focus on ensuring flexibility, agility, and systems that support a business growth agenda and foster productivity and efficiencies.

PLAYING WELL WITH OTHERS IS MULTI-FACETED

The following section reveals the strategic imperatives and tactical initiatives taken by IT leaders to play well with others inside and outside of the organization. It is organized into three categories: Organization-to-Organization, Function-to-Function, and Top-to-Top.

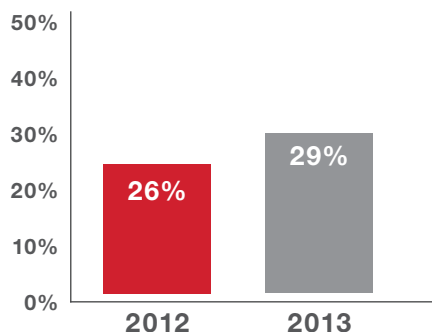


PLAYING WELL WITH OTHERS: ORGANIZATION TO ORGANIZATION

IT leaders continue to take advantage of outsourcing and hosting opportunities to gain efficiencies.

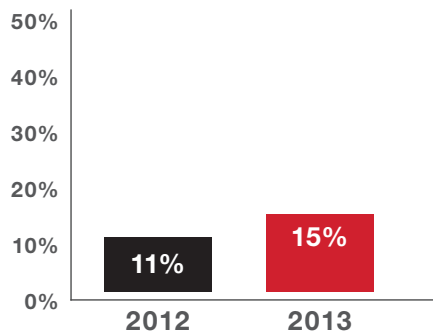
With the level of hosted applications on the rise (an increase of 3 per cent), senior IT leaders are also demonstrating that while they know how to play well, they also must have clarity about the 'rules of the game'. Currently, about three-quarters (72 per cent) of organizations have service level agreements with external vendors.

PERCENTAGE OF APPLICATIONS THAT ARE HOSTED



Interestingly, just as the percentage of hosted applications continues to increase, so does the percentage of respondents using outsourced support services.

PERCENTAGE OF SUPPORT THAT IS OUTSOURCED



“It’s our customers that push us to make better use of technology and to use more of it. Our staff is increasingly more IT savvy and require those IT tools to do their jobs.”

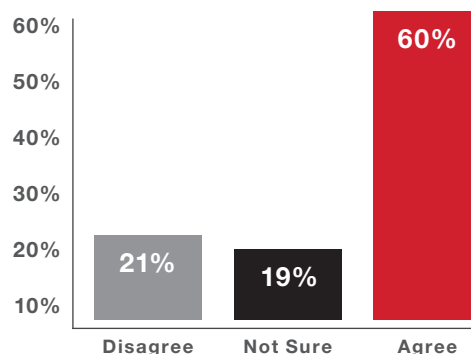
— Director
Services, Manitoba

PLAYING WELL WITH OTHERS: FUNCTION-TO-FUNCTION

A key component of organizational design improvements is working more closely with LOBs. The rise of organizational design — the guided process of integrating people, information and technology — as a key priority reflects how far CIOs have come in better understanding business needs and seeking to contribute more directly to the achievement of key outcomes.

When asked to respond to Gartner’s prediction, three times as many participants agree as disagree that control will move outside their departments. This is a surprisingly strong endorsement of a more distributed vs. centralized IT control, that reflects a maturity, and a strong commitment to overall organizational success vs. internal IT empire-building.

PERCENTAGE OF RESPONDENTS WHO AGREE/DISAGREE WITH THE GARTNER PREDICTION



“IT often acts as a central purchasing (procurement) function that helps to coordinate and prioritize spend as well as investments. By decentralizing it’s a company that is no longer taking a holistic approach to its investments.”

— Director
Public Sector, Ontario

Gartner is predicting by 2017 that 40 per cent of all IT spending will be controlled by line of business.

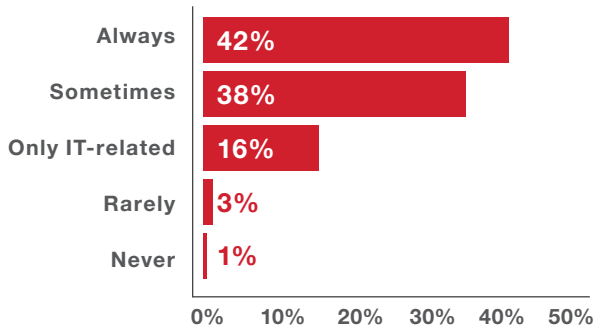
Even those respondents who disagree do so for all the right reasons, believing that LOBs might be more susceptible to buying the wrong thing and paying too much for it.

Those who agree are more inclined to believe LOB involvement will increase the chances of getting a project funded, optimize implementation, and on-going value creation.

PLAYING WELL WITH OTHERS: TOP-TO-TOP

Although IT is actively redesigning departments and accepting of more LOB control, it remains critical to maintain close relations with those persons at the top of their organization. If IT leaders are only called in to meet executives on IT-related issues, they are three times more likely to see a decrease than increase in their IT budget.

FREQUENCY OF INVOLVEMENT IN EXECUTIVE DECISION-MAKING MEETINGS



HAVING A SEAT IN THE EXECUTIVE TABLE MATTERS WHEN IT BUDGETS ARE SET

Respondents who reported budgetary increase:

11%

(vs. 55% overall)

Respondents who reported budgetary decrease:

30%

(vs. 14% overall)

The most important thing to increase the effectiveness of IT is . . .

“ . . . Partnerships with other C-suite execs is my main focus.”

— CTO
Services, Ontario

“ . . . Increasing opportunities for IT staff to participate in strategic meetings chaired by other departments.”

— CIO
Services Sector, Alberta

Playing Strong Offense and Defense is a Must **OFFENSIVE AND DEFENSIVE STRATEGIES ARE EQUALLY IMPORTANT**

This year's survey also looked at the initiatives which IT leaders are actively involved in. The results indicate that they are simultaneously increasing upside opportunities, while mitigating downside risks. Priorities as identified by respondents reflect a fine balance between offensive and defensive strategies.

Below we provide detail on notable 'moves' for 2013.

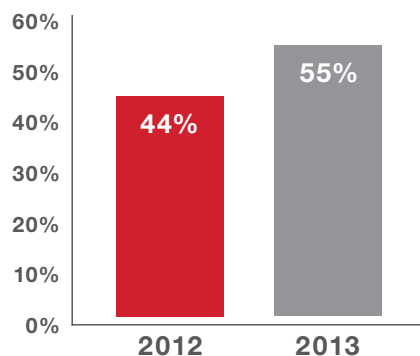
PLAYING STRONG OFFENSE IS KEY

Offense, in this sense, refers to those initiatives that are linked to innovation, achieving a competitive differentiation, demonstrating value-add, and strategic thinking.

Growing overall IT budgets

In 2012, 44 per cent of respondents reported budget increases. In 2013, that grew to more than half (55 per cent) of participants. The overall average budget increase netted out to be 4.4 per cent, which again this year outpaces overall economic growth in Canada.

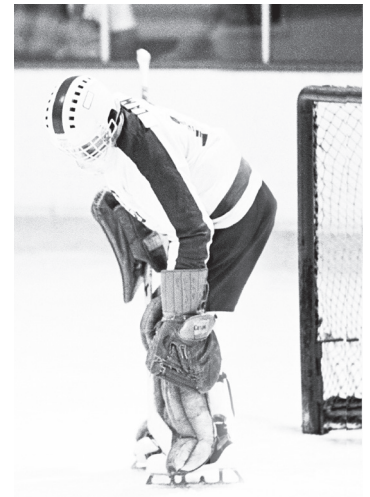
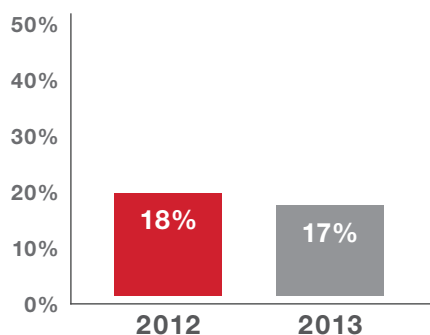
PERCENTAGE OF RESPONDENTS SECURING A BUDGETARY INCREASE



Securing a significant portion for new initiatives

As we highlighted in last year's report, almost 20 per cent of budgets was allocated to innovation, on average. This year we see approximately the same allocation. This is a key barometer of IT's evolving role as organizational innovator, and supports the view of IT and CIOs as a source of strategic competitive differentiation.

PERCENTAGE OF BUDGET ON NEW INITIATIVES/INNOVATION



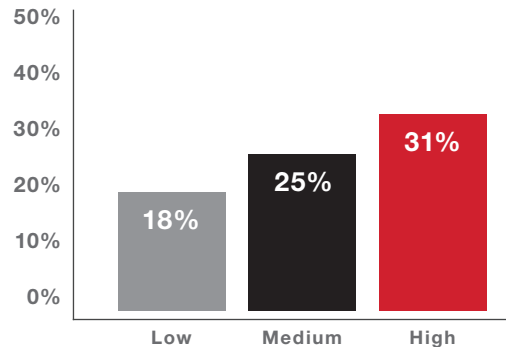
“ How would you like a job where, every time you make a mistake, a big red light goes on and 18,000 people boo? ”

— Jacques Plante, pioneering professional goaltender, not referencing IT, but referring to a phenomena with which many IT leaders are familiar.

Keeping an eye out for game-changers, such as IoT

Overall about one-quarter of the IT leaders that participated in the survey report that they are getting ready for the Internet of Things (IoT). When we cross-reference this overall result by level of spend on innovation, we note that those planning on spending more on innovation are more likely to be preparing for IoT.

PERCENTAGE OF RESPONDENTS PREPARING FOR IOT CROSS-REFERENCED TO THEIR INNOVATION BUDGETS



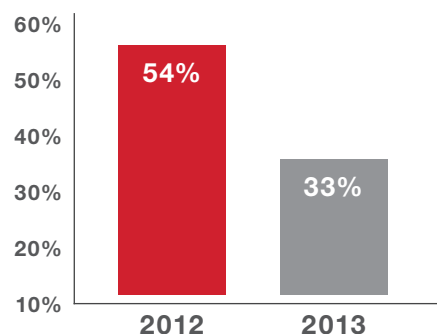
Analytics

Nearly half of Canadian CIOs are more focused on analytics, which suggests that the potential value in managing unstructured data could provide actionable insight. As more and more technology has been deployed, the amount of data being captured and stored has grown exponentially. Organizations have recognized the importance of analyzing the 'right' data to better understand customers, drive efficiencies, and more. Analytics has become another source of strategic competitive advantage. With all this data, huge amounts of storage will be required and it will be incumbent on IT leaders to determine which data is relevant and which data is not important in order to both support and drive strategy while ensuring costs are minimized and efficiencies exist.

Making more modest moves on mobile

It seems that there have been significant enough advances made in Mobile Management at most organizations such that it has significantly decreased in importance as a key priority from last year. From bring-your-own device to corporately-owned personal devices,

MOBILE DEVICE MANAGEMENT, AS A PRIORITY

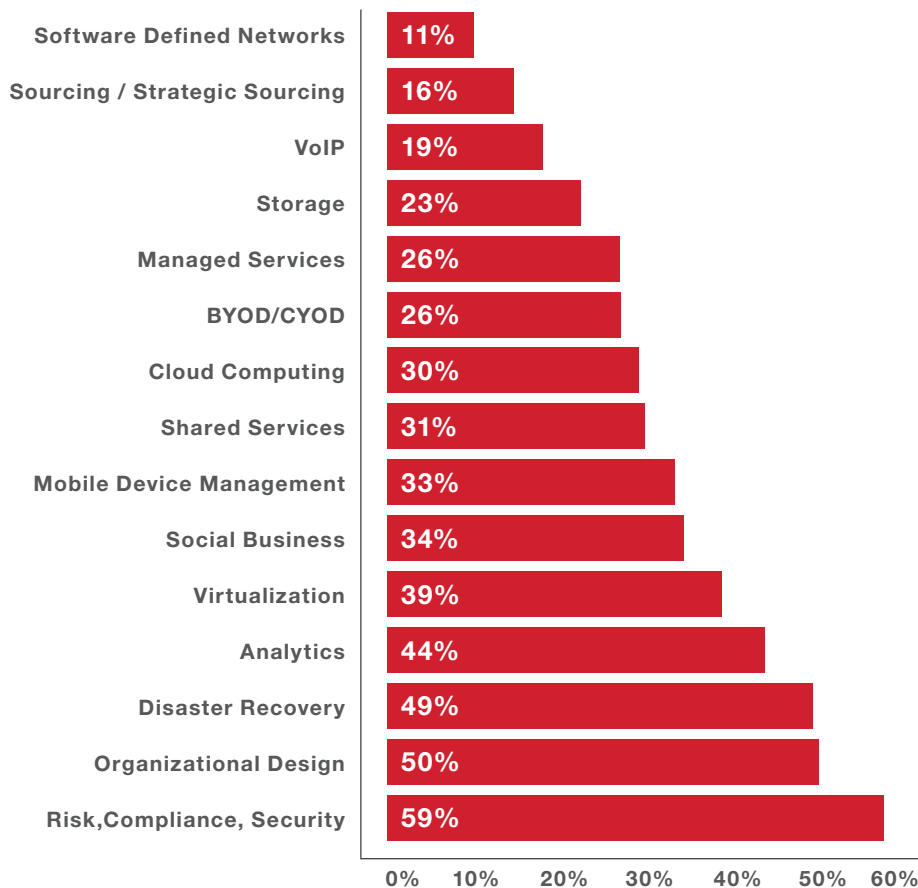


most entities seem to have implemented the appropriate policies around this. However, security, which tops the list of priorities is a key concern related to mobile devices, including the physical security of devices themselves and the ultimate reason for it – the protection of sensitive information and company data. This underscores one of the reasons why risk, compliance, and security is at the top of the priority list.

Virtualization

Virtualization is a priority for more than one-third of participants, ahead of both Social Business and Mobile Device Management. This speaks to the ability of IT leaders to think and act strategically. The impact on efficiencies gained through virtualization is a strong bottom line benefit.

TOP PRIORITIES FOR THE NEXT YEAR, PER PERCENTAGE OF RESPONDENTS

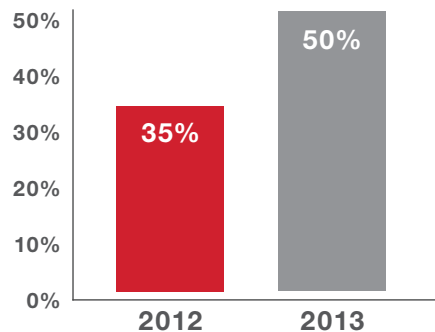


Organizational design becomes increasingly important

With the year-over-year percentage figures showing increased outsourcing and hosting of both managed services and support, a movement to optimize the delivery of services is indicated. This quest is perhaps best reflected in the increased importance

given to organizational design improvements which will ultimately lead to efficiencies and productivity gains, but moreover, change the playing field and serve as a source of strategic, competitive differentiation.

PERCENTAGE REPORTING ORGANIZATIONAL DESIGN AS A TOP PRIORITY



PLAYING STRONG DEFENSE IS ALSO KEY

Defensive actions refer to initiatives focused on ensuring consistent, quality operations, generating efficiencies, maintenance and protection of systems and data, and providing additional value to lines of business. Many of the top priorities as identified by respondents align with this 'defensive' category.

Prioritizing risk, compliance and security

For more than half of the participants, this defensive initiative is identified as a top priority for the coming year. It's no surprise given the increasing level of threats and the events of the past year, particularly with Edward Snowden and the NSA revelations. Most CIOs recognize that there is no such thing as a 100 per cent risk-free environment, but that this is an area that requires constant vigilance.

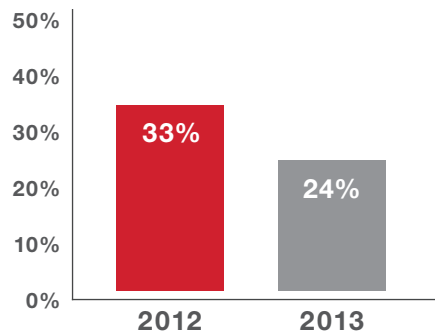
Disaster recovery

Disaster Recovery, another defensive initiative related to reducing risks places third on the overall ranking of priorities by respondents. It is a good sign that this is as high on the list as it is, given that test-runs of procedures to be followed after a disaster takes place are not yet as common as the fire-safety security drills we are all so familiar with. Backups and the ability to get to a 'business as usual' state as quickly as possible are key to economic sustainability for most organizations.

Privacy

Another area, worthy of exploring further, is privacy. Though it was identified as a day-to-day concern for about one-third of last year's respondents, it sustains a significant drop this year. It is likely that most companies in Canada are comfortable with their privacy policies and tend to view the privacy laws as an aspect of compliance and security. In Canada, Canadian Anti-Spam Legislation (CASL) will soon become effective, giving technology professionals more compliance and risk to mitigate, but also altering the 'privacy' landscape.

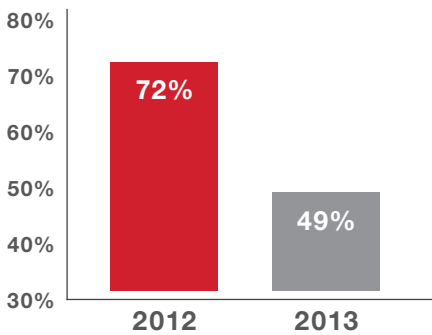
PRIVACY, A KEY DAY-TO-DAY CONCERN



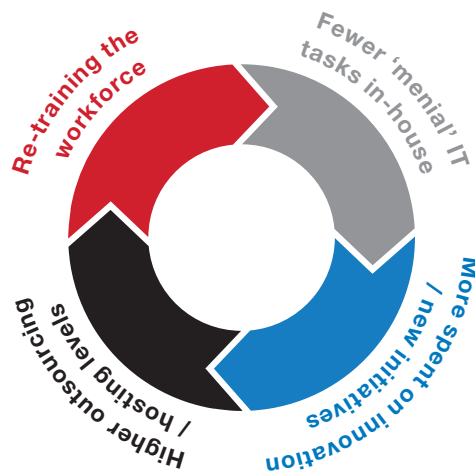
Talent

Staffing, as a day-to-day concern seems to have significantly abated. This is one of the most significant year-over-year movements seen in this year's study. Such a drop could lead to inferences with respect to increased level of expertise among staff, availability of more staff

STAFFING, AS A DAY-TO-DAY CONCERN



LESS OF A DAY-TO-DAY STAFFING ISSUE

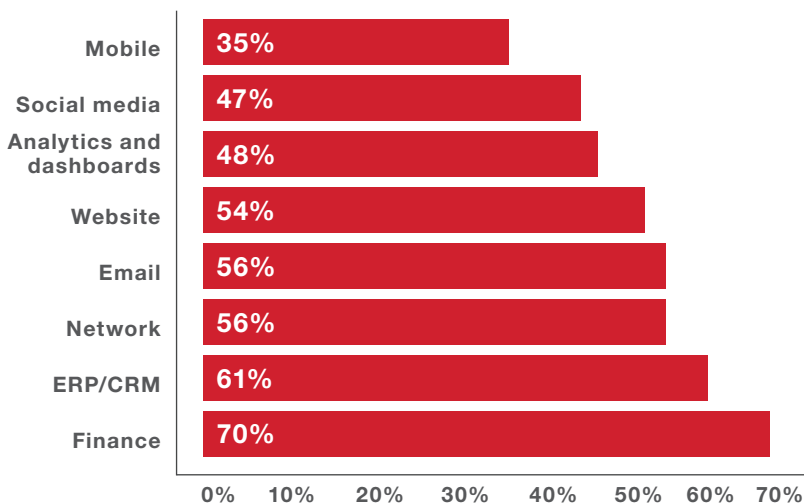


(and budget). However, there is support for a virtuous circle associated with outsourcing/hosting, innovation, and staffing. Like last year, we see a strong relationship between moving ‘menial’ IT work outside the organization (higher outsourcing/hosting levels), securing more funds for new initiatives (higher per cent of budget allocated), and re-training a re-inspired workforce, which reduces staffing as an issue (less likely to be a day-to-day concern).

Limiting vulnerabilities on newer applications

Perhaps related to the lower priority placed on Mobile Device Management initiatives is concern about the vulnerability of mobile. Similarly, newer applications / functions designed to increase access and availability of information – such as Business analytics and Social Media – are seen to be more vulnerable than more established systems, like Finance and ERP/CRM. This may underscore the confidence on the part of some CIOs in their established systems and processes, particularly where they have robust security in place. The lack of familiarity with newer applications, particularly in areas like taking business social, would then lend itself to a ‘feeling’ of vulnerability in those areas.

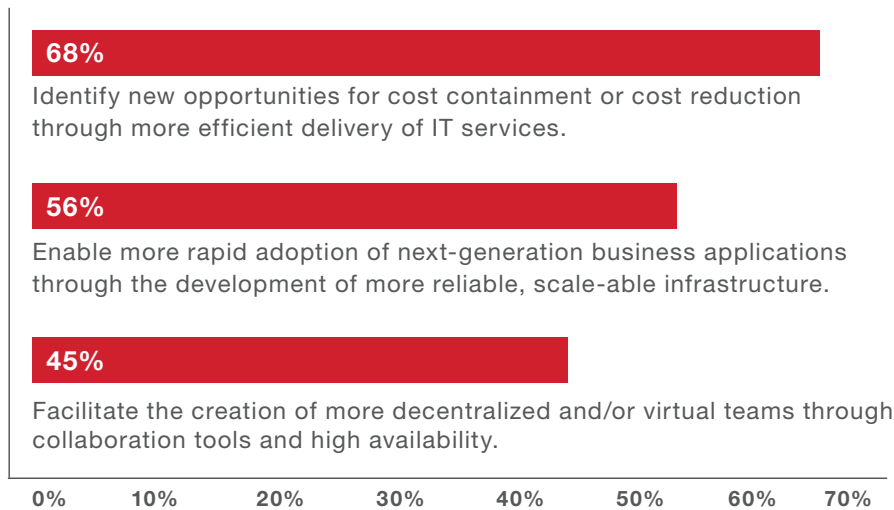
AREAS THAT ARE NOT VULNERABLE



Identifying cost containment opportunities

Looking ahead, about two-thirds of participants believe that delivering effectively on cost-containment is the best way to elevate the perception of IT as an innovator. Perhaps this is not surprising, given the overall economic climate, and how broadly cost-cutting resonates.

INITIATIVES TO ELEVATE PERCEPTIONS OF IT AS SOURCE OF BUSINESS INNOVATION



Playing for your Industry SECTORS STRATEGICALLY APPLY STRATEGIES AND TACTICS

Differences in performance and priorities at organizations across public and private sectors were reviewed, with the private sector divided up into goods and services businesses. In each category, the strategy and tactics aligned with key industry challenges, indicating a strong understanding of sector specific needs and a strategic underpinning.

PUBLIC	GOODS	SERVICES
<ul style="list-style-type: none"> • More likely to have a background in something other than IT 	<ul style="list-style-type: none"> • In their roles longer 	<ul style="list-style-type: none"> • Smaller company sizes overall
<ul style="list-style-type: none"> • Budget remained flat for about half 	<ul style="list-style-type: none"> • More likely to manage fewer than 10 IT staff 	<ul style="list-style-type: none"> • More likely to have a CIO/CTO title
<ul style="list-style-type: none"> • Risk, compliance and security a bigger concern 	<ul style="list-style-type: none"> • Less likely to manage non-IT staff 	<ul style="list-style-type: none"> • More likely to report to the CEO
<ul style="list-style-type: none"> • MDM more of a priority 	<ul style="list-style-type: none"> • Virtualization is a greater priority 	<ul style="list-style-type: none"> • More likely to 'Always' be at exec meetings
<ul style="list-style-type: none"> • More likely to be getting ready for IoT 	<ul style="list-style-type: none"> • Social business less of a priority 	<ul style="list-style-type: none"> • Managed services is more likely to be priority
<ul style="list-style-type: none"> • More focused on identifying opportunities for cost cutting 	<ul style="list-style-type: none"> • Less is being hosted 	<ul style="list-style-type: none"> • Disaster Recovery is less of a priority
<ul style="list-style-type: none"> • Feel more vulnerable with respect to analytics and social media 	<ul style="list-style-type: none"> • Fewer that can do jobs on smartphones 	<ul style="list-style-type: none"> • More likely to have a BYOD/CYOD policy

“ It is interesting to look into similarities and differences by sector, it remains clear that each sector has very specific priorities that need to be addressed when developing IT strategies and leveraging technology to their best advantage. ”

— AJ Byers,
President
Rogers Data Centres

A noteworthy observation is that sector determines the dominance of particular strategies and tactics. In the table below, a summary of these is presented.

PUBLIC SECTOR	GOODS SECTOR	SERVICES SECTOR
Strategy: The best offense is a strong defense	Strategy: Stay lean, stay focused on the prize, stay relevant	Strategy: We (IT leaders) have to out-score, not out-defend our competitors
Tactics: Reducing vulnerabilities and identifying cost-containment opportunities is key	Tactics: Keep IT headcount low, manage fewer non-IT staff, focus on analytics vs. mobility/social	Tactics: Secure a C-level title and executive access, support mobile knowledge workers

ABOUT CANADIANCIO / IT WORLD CANADA

CanadianCIO is Canada's premier digital publication exploring relevant and emerging technologies and the related business and operational issues facing senior executives. It is the IT professional's source for understanding the technology landscape and the strategies and solutions needed to deliver on business outcomes.

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www.itworldcanada.com

ABOUT CIO ASSOCIATION OF CANADA (CIOCAN)

CIOCAN is a self-managed, not-for-profit community of IT leaders whose mission is to facilitate networking, sharing of best practices and executive development, and to drive advocacy on issues facing IT Executives/CIOs. The CIO Association of Canada grows IT leaders, speaks with one voice on issues facing CIOs, and builds a vendor-neutral community for safe exchange of ideas and best practices.

www.ciocan.ca/home

ABOUT ROGERS DATA CENTRES

Rogers Data Centres Inc., a division of Rogers Communications Inc., (TSX: RCI.A and RCI.B) (NYSE: RCI), provides guaranteed uptime and unmatched expertise in colocation, cloud and managed services solutions. Backed by the Rogers national fibre network, Rogers Data Centres owns and operates 15 state-of-the-art, highly reliable and certified data centres across Canada, all within 80% of Canadian businesses, including the country's first Tier III Design and Construction certified multi-tenant facility. Rogers Data Centres provides critical applications and fast, reliable access to data for Small-Medium Business, Enterprise and Government Organizations.

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