THE CIO IN 2020

A Window Of Opportunity
Uncertainty Brings Opportunity

One thing is certain: 2020 will be a year of fast-paced change and tumultuous transformation for many companies and industries, a phenomenon reflected in nearly all of Forrester’s 2020 predictions. A combination of political, economic, and business trends around the globe has many executives unsure whether they should ramp up or scale back.

Global trade is stagnating and is dragging down economic activity in almost all major economies. Policy uncertainty is undermining investment and future jobs and incomes. Risks of even weaker growth remain high, including from an escalation of trade conflicts, geopolitical tensions, the possibility of a sharper-than-expected slowdown in China, and climate change.
Three dynamics are colliding in 2020 that are impacting leaders’ ability to forecast, plan, and execute:

01 Global politics
The global political climate will see significant change in 2020. Brexit will impact European markets significantly; the presidential election will keep US businesses and markets on edge; and the unknown of the ongoing trade wars makes business planning difficult, to say the least.

02 Macroeconomics
Globally, the ongoing concern about a recession hangs in the air. Operating a successful business in the shadow of a possible recession requires a significant amount of risk management and variable forecast planning.

03 Tech spending and budgets
Tech spending will be variable, but Forrester predicts that spending growth in the US specifically will slow in 2020. Back-office business tech spending growth will slow to under 3% in 2020. IT leaders will be under pressure to make some choices in how and where to focus their tech budgets.

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<th>Tech Spending Growth Remains Slow</th>
<th>2018</th>
<th>2019</th>
<th>2020*</th>
<th>2021*</th>
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<tbody>
<tr>
<td>Global tech spending</td>
<td>5.0%</td>
<td>3.9%</td>
<td>2.8%</td>
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*Forrester forecast

With so many unknowns looming over businesses, many firms will decide the best strategy for 2020 is to go into a holding pattern — cut costs, reduce investments, and postpone new innovations. But for those bold enough, there is an opportunity. And that opportunity requires a clear vision of how to leverage innovation for differentiation and a steadfast commitment from technology leadership.
The companies and leaders that will thrive in this level of uncertainty predicted in 2020 will differentiate themselves by investing in customer and employee experiences that are data-driven, personalized, real-time, and secure. They will stand out in the era of digital sameness. It’s where technology-driven innovation takes center stage. And that’s where the opportunity for the CIO, and all IT leaders, emerges.

Technology-driven innovation is “an advanced discipline of rapid technology experimentation to unleash disruptive change.” It’s the kind of change needed in today’s volatile market, but it calls for a new breed of customer-obsessed leader with business acumen and technical expertise.

This is not the CIO of the past, who was viewed primarily as the decision maker for all internally facing IT and not much else. This new CIO pushes their firm’s innovation agenda at the right time to help achieve differentiation and growth.
This new tech leader is:

- **Visionary and independent.** This is a CIO who can leverage digital without developing an overreliance on technology and harness the explosive power of ecosystems for innovation, disruption, and growth.

- **Holistic and business-aware.** In a more traditional CIO role, the goal was to control IT costs while supporting internal users. This new CIO fully understands the company’s goals, customers, and strategic agenda and makes recommendations on how to achieve those goals.

- **Bold and confident.** These CIOs are secure enough in their role to push the innovation agenda to places it hasn’t gone before. During a time of uncertainty, innovation can easily get delayed or downplayed. It’s the IT leader’s job to keep that work front and center at a time when competitors are delaying innovation.

- **Collaborative.** IT is not a silo anymore; it’s a function embedded within nearly every business process and team. The new CIO fully understands the value of partnerships with peers in lines of business, marketing, HR, sales, and more.

Firms that align CIOs under the CFO or COO will naturally measure them by financial and operational goals, neglecting growth-oriented metrics such as NPS and Forrester’s Customer Experience Index (CX Index™).

The shift in mindset to more customer-facing priorities starts at the top but should be cultivated across the IT organization.

One “big bang” transformational change on the enterprise org chart that can help drive the change in thinking is shifting to whom IT reports. Typically, IT orgs that report to the CEO instead of the CFO tend to be more focused on customer-facing growth initiatives and feel less pressure to reduce costs at all turns.
Setting New Priorities

As we examine what’s to come in 2020, three priorities rise to the top for leading CIOs.

Investing In Data Strategy

To effectively deliver on a customer-focused transformation, IT leaders will need to be more targeted and more accountable with their investments. If your goal is to become more customer-centric with your tech spend, start tying customer-based metrics to your IT investments.

One such investment that CIOs will push hard for in 2020 is “getting data right.” As more organizations try to leverage data-fueled AI applications in customer experiences, they realize progress is slowed when data scientists spend too much time preparing data from various sources instead of building models with clean data. Forrester predicts that customer-centric CIOs will issue a strong mandate in 2020 to fix their source data so data scientists can build models efficiently without having to first prep, clean, and rationalize the data.
The traditional IT organization structure present in most organizations today isn’t designed to generate innovation and focus on customer needs. To transform into a customer-centric IT organization, everything must be reviewed — from team size and structure to each individual contributor’s role. As a start in 2020, Forrester predicts that CIOs will automate 10% of routine IT tasks, which will free up staff to be retrained to focus on higher-value tasks. In some cases, that could mean “insourcing” certain IT functions — including software development — that had been outsourced to reduce costs can help point more resources toward customer-centric goals.

Forrester also predicts that a more embedded, connected, and adaptive IT approach will gain momentum in 2020 — particularly as firms address the opportunity and challenges of emerging technologies. Some firms are already using low-code software development to bridge the business-IT divide and let developers within the business units take on projects that would not be high-priority for the IT organization.

Another change to the traditional IT organization will be the formation of “strike teams” to deploy automation technology around the enterprise. These are specialized teams with automation experience that can apply best practices and past learnings to new automation workflows and deployments. These teams will be comprised of unique roles that support their work — from robot architects to project specialists who accelerate user journey mapping.

**CIOs should not attempt to allocate capabilities to existing IT structures. They should ask what the most efficient way to execute the capabilities is.** Structure is the last consideration of IT org design.4
Focusing On EX Technology

While many of the changes CIOs must undertake in 2020 focus on meeting external customer needs, there is one specific internal area that CIOs will focus on in 2020: employee experiences. CIOs who are serious about differentiating their businesses will have to develop and deploy better digital employee experiences. Improved employee experiences lead to higher worker productivity, more engaged and loyal employees, and overall better customer outcomes. Simply put, better employee experience (EX) delivers better customer experience.

Most immediately, human capital management (HCM) systems must be improved, as they have not lived up to their promise at most companies. Forrester data shows only 41% of global software decision makers are satisfied with their existing HCM product and plan to keep it. Fifty-six percent of global software decision makers are evaluating other products, either from existing or different vendors.

The leading IT organizations will become trusted HR advisors and improve areas such as workforce composition, skills-based learning, workforce analytics, employee development, and talent acquisition. This work often starts at the top, with the CIO building a strong partnership with the CHRO and other HR leaders.

Three ways the IT org can bring value to EX:

- Introduce workforce analytics capabilities
- Apply cognitive science to EX to streamline processes
- Become trusted HCM tech advisors and rationalize HR tech
What It Means

2020 will be another year of significant change for many organizations and industries. Customer expectations continue to rise as innovative and personalized experiences become table stakes in many industries. What does it all mean for IT leaders and CIOs?

• For the CIO longing to have a bigger impact on the business, now is the time.
• Technology is driving innovation and success — and CIOs drive the technology agenda.
• Align your IT organization to a customer-centric vision, beyond the traditional “internal support” perception.
• Stepping into a role of innovation leader requires a broader set of skills; the time is now to develop those skills.

ENDNOTES
1 OECD Economic Outlook, November 2019
2 Forrester’s Predictions 2020: CIO report
3 Forrester’s Predictions 2020: CIO report
4 Forrester’s Build Your Adaptive IT Operating Model Iteratively report

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The need for overall transformation can be overwhelming for even the most experienced IT leader. Forrester has a number of resources available that can help CIOs plan for the future and execute the changes described in this guide.

**Forrester’s Predictions 2020 Hub**
Dive deep into the dynamics that will define 2020 and beyond. Use these blogs, videos, guides, and more to prepare yourself and your firm to thrive as we reach the precipice of far-reaching change.

**CIOs Embrace Uncertainty And Prioritize People In 2020**
In this podcast episode, VP and Principal Analyst Brian Hopkins reviews his 2020 CIO predictions and discusses what IT leaders can do to make the most of the year ahead.

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**The CIO Group**
Forrester’s CIO Group is an exclusive network of peers, analysts, and advisors connecting you with the leading practices to accelerate business growth. A dedicated advisor will help CIOs apply insights from forward-looking research and best practices of an exclusive network of peers and analysts to navigate risk and accelerate their key initiatives.

**Forrester’s Automation Framework**
Automation can help free up your IT staff to focus more on tasks that help differentiate your firm. Forrester’s automation framework serves as design and selection criteria for different automation use cases and, more importantly, can help leaders govern and balance.

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