STATE OF THE CIO
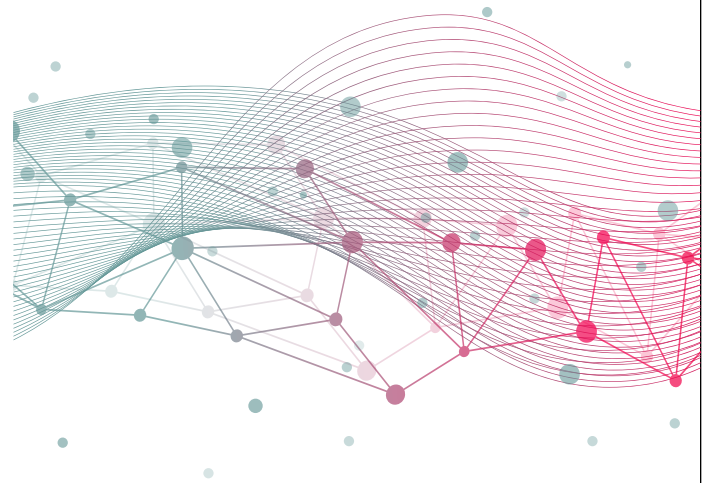
Outlining the State of the CIO APAC research findings

Focusing on the fundamentals with an eye towards digital advancement

APAC CIOs take action to modernize and improve IT operations all while maintaining a steady hand guiding digital innovation.
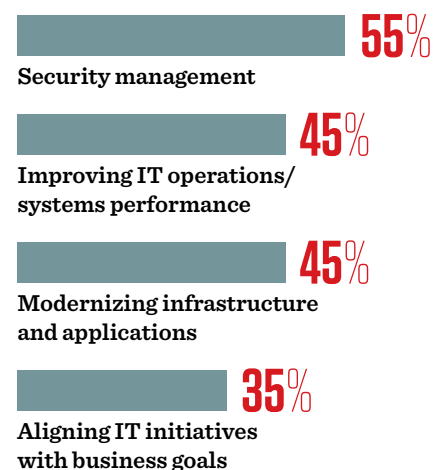
Fresh off the pandemic-fueled surge of digital innovation, IT leaders in the APAC region spent the last year getting the technology fundamentals right while still pushing forward on new digital business strategies to stay abreast of the competition.

According to this year's **2022 State of the CIO research**, which surveyed 985 global respondents, IT leaders in the APAC region balanced the bulk of their time between transformational activities (81%) and functional duties (83%), ranging from modernization of infrastructure applications to bolstering security and improving IT operations and system performance. APAC respondents also dove deeper into the business strategist role—cited by 65% of regional respondents compared to only 56% of U.S. IT leaders and 60% of overall respondents. It's no wonder that APAC IT leaders felt it more of a struggle this year to strike the right balance between business innovation and operational excellence, cited by 79% compared to 77% of U.S. and 73% of EMEA CIO respondents.

Given their two-track charter, APAC respondents were closely split between what CIO archetype they most closely aligned with—45% identified as transformational and 34% as strategic. In comparison, there was more of a delta among U.S. respondents, with 46% aligning with the transformational role compared to only 26% as business strategist. That gap held tighter among IT leaders in the EMEA space, with 43% of CIOs describing their role as transformational and 40% identifying as strategic.

Nearly half (46%) of APAC respondents characterized their current agenda as consumed by transformational work, the 2022 State of the CIO found. Specifically, their workdays were heavily dominated by efforts to shore up operational excellence, modernize existing infrastructure, and ensure operations are agile, secure, and resilient. Forty-five percent of APAC CIOs

ACTIVITIES APAC CIOS ARE CURRENTLY FOCUSED ON:

55%
Security management

45%
Improving IT operations/
systems performance

45%
Modernizing infrastructure
and applications

35%
Aligning IT initiatives
with business goals

prioritized the modernization of infrastructure and applications this year, slightly higher than IT leaders in the United States at 43%, and well above their counterparts in EMEA countries, at 36%. The IT/LOB partnership was also top of mind for APAC respondents: Thirty-five percent said they allocated time to align IT initiatives with business goals and 29% actively cultivated the IT/business partnership.

As in the United States, security management remained a central plank of the APAC CIOs' roadmap, cited by 55% of respondents followed by improving IT operations/systems performance (45%), and cost control and expense management (31%). APAC CIOs were more entrenched in driving business innovation than their global peers, cited by 31% of respondents compared to 28% overall.
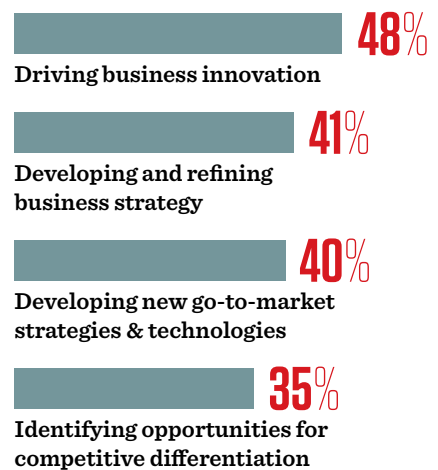
No let up on digital innovation

This year's top CEO priorities reflect the mandate for APAC CIOs to parallel track foundational work with leading digital transformation. Like their global counterparts, upgrading IT and data security to reduce corporate risk was a major CEO imperative, cited by 34% of APAC respondents and slightly lower than the United States (36%). Yet among APAC CIOs, the security mandate took a backseat to leading digital business transformation initiatives—the No. 1 CEO imperative cited by 35% of APAC CIOs. This contrasts with the global sample pool, which ranked the digital business transformation charter second among CEO objectives, cited by 28% of IT leaders.

APAC CIOs' emphasis on business strategy and transformation leadership is not expected to let up looking out over the next three years. Similar to global colleagues, APAC IT leaders anticipate a ramp up in business strategist activity (84%), in particular, driving business innovation (48%) and developing and refining business strategy (41%). At the same time, transformational activities will remain front and center, cited by 79% of APAC IT leaders compared to only 70% of those in EMEA and 74% in the United States.

In fact, this year's emphasis on governance and operational excellence is not detracting from APAC CIOs' charter to lead digital innovation. Eighty-nine percent of APAC CIOs say their role is more digital and innovation focused, slightly higher than their counterparts in EMEA (88%) and even more so in the United States (86%). APAC IT leaders are also more likely to be leading digital transformation initiatives compared to other business colleagues (88%),

APAC CIOs PLAN TO SPEND MORE TIME ON:

48%
Driving business innovation

41%
Developing and refining business strategy

40%
Developing new go-to-market strategies & technologies

35%
Identifying opportunities for competitive differentiation

a notably higher percentage compared to EMEA and the United States (both at 84%). Eighty-eight percent of APAC CIOs are viewed as a changemaker, taking the lead position to champion business and technology initiatives.

89%

of APAC CIOs say their role is becoming more digital and innovation focused

As is the case with most global CIOs, APAC IT leaders continue to have strong ties with other influencers in the company, including a strong educational partnership with the CEO and board of directors (75%). Eighty-eight percent of APAC CIOs point to the increasing reliance on trusted advisors to help navigate new technologies, processes, and methodologies as evidence that IT leadership is now inextricably tied to business strategy.

While the CIO role rose to prominence during the height of the pandemic to coordinate sweeping measures to support remote work and operations, APAC IT leaders are a bit more circumspect about their high-profile status. Only 70% of APAC respondents believe the heightened visibility of the CIO role will persist at the same levels post-pandemic compared to nearly three-quarters of U.S. respondents (74%). That moderated perspective doesn't detract from the fact that APAC CIO leadership remains prominent: Sixty-one percent of APAC CIOs report directly to the CEO compared to 49% of their EMEA peers and only 46% of their U.S. IT colleagues.

BUSINESS INITIATIVES DRIVING IT INVESTMENTS IN APAC:

#1   **Increasing operational efficiency**

#2   **Transforming existing business processes**

#3   **Improving customer experience**

Operational efficiency, security, customer experience drive investments

While security was top-of-mind for APAC respondents, it did not command the same level of investment compared to the totality of 2022 State of the CIO respondents. While almost half of respondents to this year's survey (49%) cited increasing cybersecurity protections as the top business initiative driving IT investments, even higher at U.S. respondents (54%), only 46% of APAC IT leaders flagged security as the leading initiative at their company. For APAC shops, this year's focus was all about increasing operational efficiency (59%), transforming existing business processes through automation and integration (58%), and improving customer experience (49%).

When it came to technology investments, however, security and risk management were still top priority. Forty-five percent of APAC respondents confirmed security technologies were a major investment, right in line with the overall 2022 State of the CIO respondent pool (45%), yet lower than their U.S. counterparts, at 53%. Beyond security, APAC companies were funneling budgets to data

and business analytics, cited by 44% of respondents, followed up by application/legacy systems modernization, at 41%.

Corresponding with the business initiative push for customer experience, 38% of APAC respondents indicated investment in customer experience technologies, including chatbots and mobile apps. As part of the customer experience push, APAC respondents are wielding technology to deliver products and services in new ways (56%), adapt products and services to meet changing demands (53%), and to analyze customer needs and behaviors (50%). Slightly more than half (55%) of APAC respondents said current socioeconomic conditions raised the profile of customer experience, although that number was less than the total number of respondents to the 2022 State of the CIO (57%) and significantly less than those in the United States (60%).

APAC companies were most focused on cybersecurity improvements (44%) and ensuring the right collaboration platform was in place (40%) in support of hybrid work, in line with global respondents. Training tools and implementation of remote-first practices were less of priority compared to other regions. And given the more distributed nature of the workforce, 79% of APAC IT leaders say there is a strong push for self-service IT, managed by the IT organization. At the same time, however, APAC respondents were far less likely to report additional stress on IT staff and services due to efforts to enable and support remote work—61% compared to nearly three-quarters (74%) overall and 76% in the United States.

TECH INITIATIVES DRIVING IT INVESTMENTS IN APAC:

#1   **Security risk management**

#2   **Data/business analytics**

#3   **Application/legacy systems modernization**

#4   **Customer experience technologies**

#5   **Cloud migration (migration of apps and data to public cloud)**

44%

of APAC CIOs are prioritizing cybersecurity improvements due to the shift to hybrid work

In order to support these additions and updates due to the change in how we work, the majority of APAC respondents (56%) reported overall IT budget increases this year, although slightly lower than the total respondent pool at 59% and U.S. respondents at 61%. While the median budget hike for all 2022 State of the CIO respondents was 15%, APAC companies' target was significantly lower, at 10%. Those APAC players planning a budget increase in 2022 were driven by the need to invest in new skills and talent (62%), upgrade outdated IT infrastructure (60%), and make security improvements (56%). In comparison, investment in security improvements was the No. 1 reason for budget

56%

of APAC tech leaders expect their IT budget to increase over the next 12 months

Top three reasons for a budget increase include:

#1   Investment in new skills/talent

#2   Need to upgrade outdated IT infrastructure
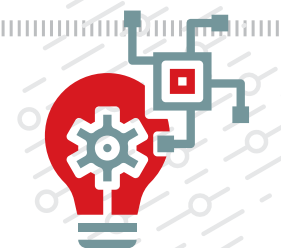
#3   Need for security improvements

increases among global respondents and those in the United States. While security investments represent on average 15% of the overall respondent pool's IT budget, APAC companies earmarked significantly fewer dollars to security, at 9.5%.

Those APAC companies grappling with decreased IT spend attributed the shortfalls directly to a company's financial performance (75%) or economic instability/uncertainty (50%). IT still retains direct control over a good portion of the IT budget at most APAC companies—on average, around 63% of total dollars, which is much higher than the overall average, at 48%. For APAC companies, that number is expected to increase over the next three years to 66% of total dollars. Like its worldwide counterparts, APAC respondents confirmed groups or functions outside of IT have budgets specifically earmarked for technology investments or services—89% compared to 86% overall.

Compared to other global regions, APAC companies tend to operate with more decentralized decision power when it comes to technology purchases. At over half (53%) of APAC respondents, the individual department creates the short list of possible investments and confirms with IT prior to purchasing. In contrast, on a global scale, IT is more likely to create the short list with the department wading in to make the final selection.

Over the next year, APAC CIOs expect to increase their involvement in cybersecurity (80%), data analysis (74%), and customer experience (71%) initiatives while stepping back a bit in physical security (19%), cloud migration (15%), and employee experience (15%).

APAC CIOS EXPECT TO INCREASE INVOLVEMENT IN:

#1 | Cybersecurity

#2 | Data analysis

#3 | Customer experience

Strategic advisor and partner

The majority of APAC CIOs (69%) are spending more time collaborating with their business counterparts in operations and product development this year, higher than the global average, at 53%. In addition, finance (45%) and business development (34%) also ranked high among APAC IT leaders' frequent business function collaborators.

69%

of APAC CIOs say they are spending more time collaborating with operations/product development on technology projects

Revenue responsibility is becoming a standard part of the global CIO job description. This year, 60% of responding APAC IT leaders said they count some form of revenue-generation initiative as part of their primary charter, a little less than the 65% of overall 2022 State of the CIO respondents. Thirty-three percent of APAC CIOs responding to this year's research are part of a team tasked with creating new revenue-generating initiatives while 28% are actively managing teams tasked with doing the same. A higher number of APAC IT leaders (40%) play no part in revenue-generation responsibilities compared to 35% overall.

IT organizations are doing a number of things to drive revenue or support the creation of new products and services. More than half of APAC respondents (56%) said they are automating business and IT processes, 50% are interacting directly with customers, and 35% are creating teams focused on innovation. While those activities have increased in importance over the last six to 12 months, APAC IT leaders are less likely to host weekly or monthly meetings with executive leadership (13%) or partner or engage with startups (7%).

Current socioeconomic factors have also played a role in APAC CIOs' business-oriented responsibilities. Those initiatives commanding more of APAC CIOs' time include improving profitability (46%), introducing new revenue streams (40%), increasing topline revenue for the business (31%), and monetizing company data (26%).

51%

of APAC IT leaders say that improving talent acquisition/retention increased in priority over the past 12 months due to current socioeconomic factors

Good talent still hard to find

Pandemic-triggered employment shifts, including the exodus of workers leaving or changing jobs, coupled with an on-going talent crunch, continue to make IT recruitment and staffing a challenge. More than half (51%) of APAC IT leaders confirmed current socioeconomic have raised emphasis on improving talent acquisition and retention strategies compared to 38% globally and higher than among U.S. and EMEA counterparts.

SKILLS NEEDED TO SUPPORT DIGITAL BUSINESS INITIATIVES

44%
Technology integration/
implementation

39%
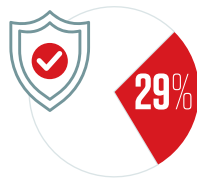IT architecture

35%
Change management
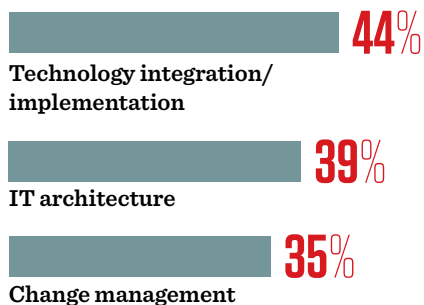
Of those planning budget increases this year, 62% of APAC CIOs are earmarking investment towards new talent and skills, compared to 48% overall. Improving talent acquisition and retention was a more important 2022 business imperative for APAC respondents, cited by only 20% of IT leaders in the region compared to only 15% overall.

To support on-going digital initiatives, APAC CIOs were most interested in drumming up talent versed in technology integration and implementation of IT architectures, cited by 44% of respondents and compared

OVER THE NEXT 6-12 MONTHS, APAC CIOS EXPECT TO HIRE IN THESE ROLES:
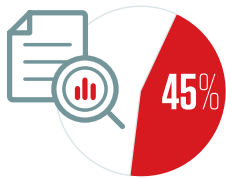
45% Data science/analytics

29% Cybersecurity

25% AI/machine learning

to 38% overall. Also high on APAC IT leaders' talent wish lists were IT architecture skills (39%) and change management competencies (35%). While 39% of overall respondents were most intent on finding risk/security management (39%), only 30% of APAC respondents cited that area as a priority.

APAC organizations anticipated the greatest trouble finding cybersecurity skills (34% and similar to their global colleagues) followed by data science/analytics (34%). APAC CIOs were anticipating greater difficulty finding data science/analytics talent, 28%, compared to their global colleagues (19%).

Looking out over the next six to 12 months, the need for cybersecurity skills will remain a constant, cited by 29% of APAC respondents and 38% overall. As in other areas across the globe, there seems to be a shift back to more innovation-oriented skill sets among APAC respondents, including the need for data science/analytics (45%), application development (24%), and AI/ML (25%). Enterprise software skills (19%) and multi-cloud management skills (11%) fell lower on the list of in-demand competencies.

In addition to searching and developing key skill sets, IT organizations established some new roles. Twenty-three percent of responding APAC organizations now have a Chief Digital Officer role while fewer (16%) have established a Chief Data Officer role compared to global respondents (23%). Chief Innovation Officer was even less common among APAC companies, cited by only 8% of respondents compared to 16% overall.

There's still D&I work to do

Amidst the on-going focus on diversity & inclusion (D&I) issues, there is still work to be done in IT circles. Only 6% of APAC IT leaders surveyed for the 2022 State of the CIO were female, and 69% of respondents in the region said their current IT teams had a diverse mix of genders, slightly lower than the global average, at 71%. Compared to their global counterparts, however, APAC respondents enjoyed greater success fielding teams with ethnic and racial diversity, cited by three-quarters of IT leaders there compared to 69% overall.

45% of APAC CIOs say that their organization has a formal diversity & inclusion training required throughout the year

Only 45% of APAC companies responding to the 2022 State of the CIO reported instituting formal D&I training, significantly lower than global respondents (62%). A bright spot in the findings: Sixty-one percent of APAC respondents said creating more diverse and inclusive technology teams has become a bigger priority over the last six to 12 months, and 29% said creating a more diverse and inclusive company culture has become a higher priority given current socioeconomic factors.

In summary

APAC CIOs devoted significant time this year to operationalizing new technology investments to deliver on promised business outcomes while also working hard to drive innovation. The swing back to foundational and IT governance work is not a setback or reversal of status, but rather part of the natural cycle of technology-driven business, with CIOs continuing their outsized role in championing business transformation.

ABOUT THE 2022 STATE OF THE CIO

CIO's 21st annual State of the CIO survey was conducted with the objective of understanding how the role of the CIO continues to evolve in today's business climate and to help define the CIO agenda for 2022. This definitive benchmarking survey outlines the tech and business initiatives IT leaders expect to focus on in the coming year, as well as insight into the CIO role when it comes to the pandemic and diversity and inclusion in the workplace. The survey was fielded via email invitations to Foundry's (formerly IDG Communications, Inc.) B2B brand visitors (CIO, Computerworld, CSO, InfoWorld and Network World). The survey has 985 heads of IT respondents—48% of which are from enterprise organizations (1,000+ employees). The top represented industries are manufacturing (14%), high tech (13%), government/non-profits/ education (13%), financial services (12%), healthcare (11%), services (legal, consulting, real estate) (10%), retail/wholesale/distribution (8%). Key job titles we see are— CIO (33%), director/managing director (20%), CIO and EVP/SVP/VP (13%). We also survey 250 line of business respondents to make sure we obtain the opinions of CIOs business counterparts whose main functions are finance/accounting (31%), admin/corporate mgmt. (22%), marketing (17%), operations (10%), and sales (8%).

EXAMINING THE MARKETPLACE

Delivering the right message, at the right time, and to the right people is no easy task. However, it's an important one as 72% of tech decision-makers say that if a vendor does not supply them with educational content during the research stage, it negatively impacts their impression. To help tech marketers craft content specific to their customers' needs, we can explore our buyer's journey research by technology products. **If you are interested in seeing these results by different tech buyers, for example cloud, data & analytics, or security, contact us to receive an in-depth, personalized briefing.** FoundryCo.com/contact-us
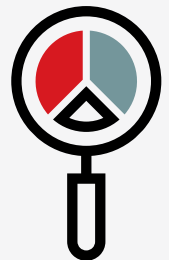
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