The State of the IT Leader: Driven by Efficient Growth

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THE **WORK INNOVATION** LAB

BY asana

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Introduction

IT leaders are navigating what might be the most chaotic decade in the history of the profession. Faced with crisis after crisis, CIOs, CTOs, and other IT leaders have risen to meet a multitude of challenges. Despite the hurdles overcome so far, things are far from settled in the field. It's a state that's not lost on Cal Henderson, CTO at Slack, who puts it this way:

> "
> It's like there's a 'check engine light' on. We can tell something's off, but we're not sure what it is.

At The Work Innovation Lab, a think tank by Asana, we surveyed more than 500 IT professionals and asked leaders from top-performing global companies, including Slack, Okta, Asana, Google, CDW, and Kleiner Perkins, to weigh in on the current state and future of their field, which is increasingly vital to the overall health of any business.

In partnership with Firstbase, the leading provider of flexible work equipment management for remote and hybrid workers, and Sierra Ventures, an early-stage venture capital firm investing in the future of enterprise technology, we've spent the last several months studying the evolution of the IT leader's role.

Today, IT leaders are no longer just operators. They're strategists and deal-makers. But they can't afford to target growth at any cost. Instead, the focus is on efficient business growth.

Our report shows that IT leaders are embracing change by preparing for the future. They're looking to collaborate more thoughtfully, reduce unnecessary workflows and processes, and strategically invest in tools now that will best benefit them later. Put simply, it's a time of change for IT leaders.

> "
> Right now, it's like spring cleaning. We're taking out what we don't need. We're learning to be more disciplined so we can be prepared when the market shifts.
>
> **SAKET SRIVASTAVA**
> CIO, ASANA

For many surveyed leaders, being more disciplined means doing more with less—reducing costs while improving the bottom line.

But there's a push-pull dynamic inherent in this period of change. Invest too much, and your firm may be short-lived. Don't invest enough, and you'll lose to the competition or become susceptible to security threats.

Employees working remotely rely on cloud-based technologies, and organizations face a greater risk of cyberattacks and data breaches. The rapid rise of artificial intelligence also poses unknown risks and security threats.

Our research found that leaders, in particular, are worried about security—27% feel daily stress about ensuring their data and systems are secure. This is almost double those in non-leadership roles, of whom only 14% feel daily stress about those security concerns.

Yet IT leaders can't exclusively focus on security or they risk losing out on the potential unlocked by AI, digital automation tools, and cloud-based collaboration.

The state of the IT leader is wide open with potential, and as our report shows, the decisions being made now and in the future will further define the field in the years to come.

30%

of the senior IT executives we surveyed said that keeping up with advances in technology (like AI) was among their top three biggest challenges, rated more prevalent than ensuring data compliance and data accuracy.

27%

feel daily stress about ensuring their data and systems are secure. This is almost double those in non-leadership roles, of whom only **14%** feel daily stress about those security concerns.
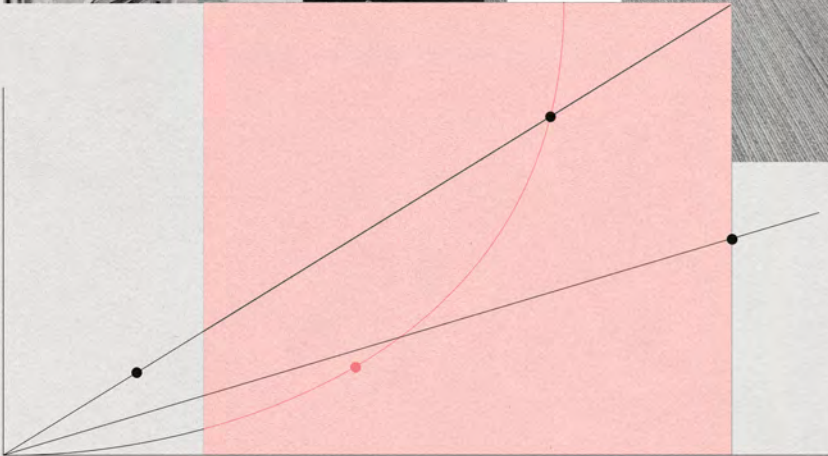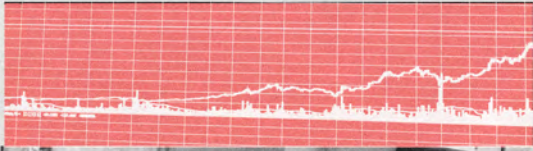
From the back office to the board room

Over the years, IT leaders were thought of as tactical, operative leaders —even as "order takers." Their reputation was built on uptime metrics and effective IT customer service. But that's changing. Our research showed that companies are asking a staggering 49% of IT leaders to advise on strategic planning and 35% on business objectives more often than six months ago (only 8 % are being asked less frequently).

SAKET SRIVASTAVA
CIO, ASANA

"Increasingly, CIOs are becoming less service-oriented and more product-oriented. A modern-day CIO is very different from the traditional CIO role. Now, it's more about being a business leader than a technology leader."

Compared to six months ago, how often are you currently being asked to advise on the following?

My company's go-to-market strategy
- More often: 32%
- Less often: 5%

My company's business objectives
- More often: 35%
- Less often: 8%

My company's product development
- More often: 35%
- Less often: 10%

My company's operations
- More often: 41%
- Less often: 6%

My company's strategic planning
- More often: 49%
- Less often: 8%

Legend:
- More often
- Less often
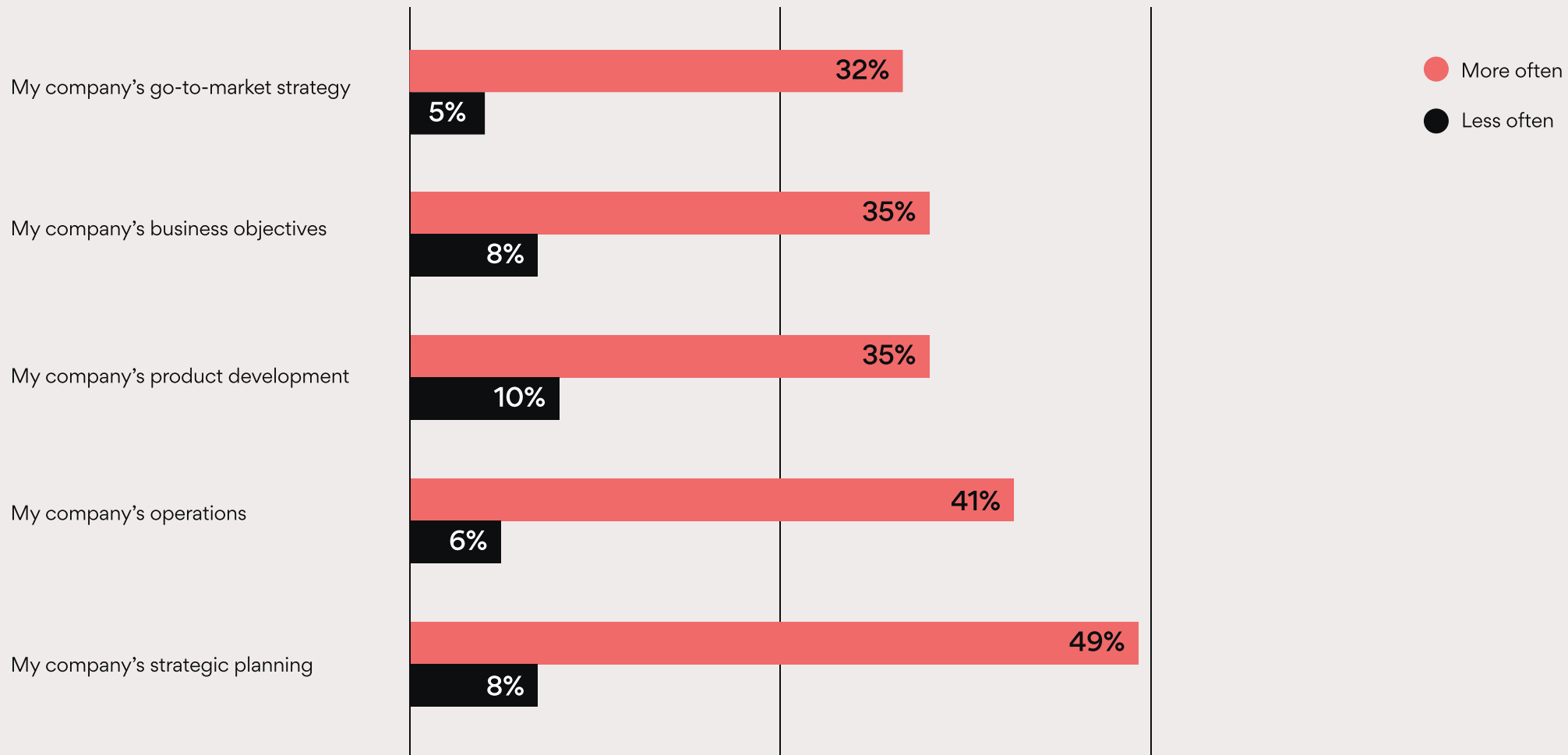
% of IT executives (Director and higher roles);
% who selected 'About the same' omitted for clarity

The main changes to the IT leader role according to our research

Then...		*Now...*
Focused mostly on cost-cutting	→	Focus on directly influencing revenue growth, including by partnering with sales teams to close deals
May have overinvested in collaboration tools	→	Investing in proper tooling, tech consolidation, and leveraging AI and automation
Operated primarily with a technology-first approach	→	Operate primarily with a human-centric approach
Often worked in back office silos	→	Work as strategic, cross-functional partners within their organizations
Not often responsible or held accountable for employee experience	→	Increasingly responsible and held accountable for enhancing the digital employee experience

Of the executives we surveyed:
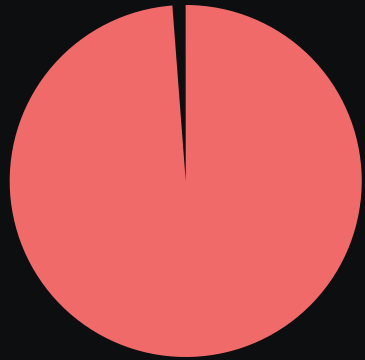
94% reported being asked to advise on their company's operations at least monthly
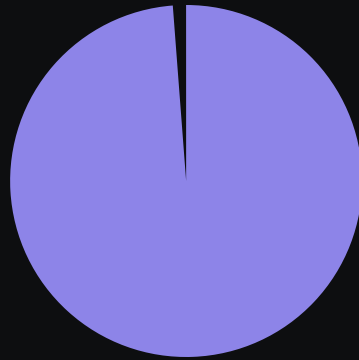
94% reported being asked to advise on their company's strategic planning at least monthly
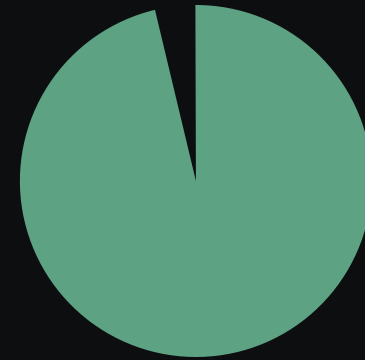
86% reported being asked to advise on their company's business objectives at least monthly
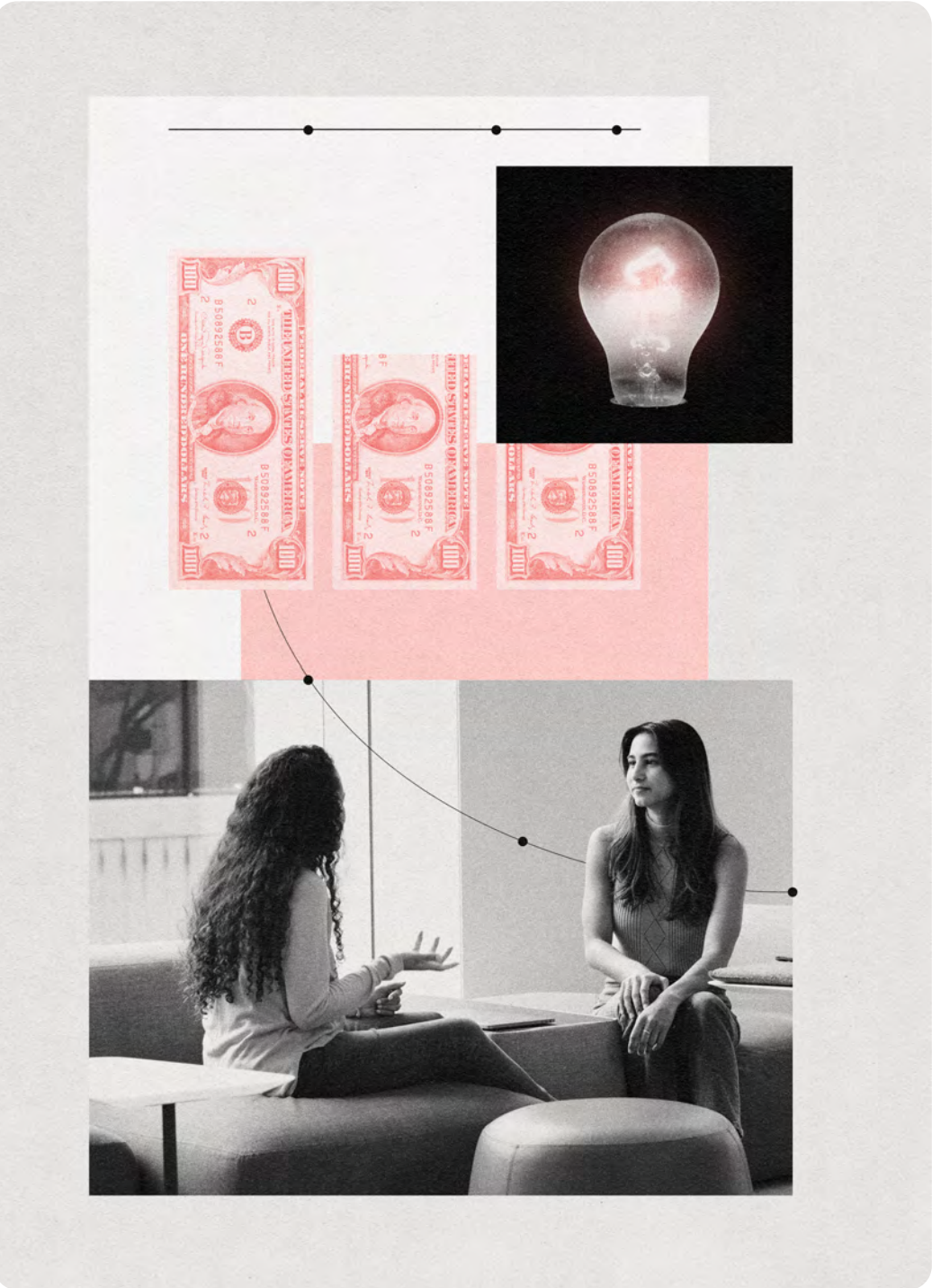
The top challenges confronting IT leaders today

30%
KEEPING UP WITH
TECHNOLOGY ADVANCES

24%
PRIORITIZING AND
STREAMLINING TECH STACK

19%
SUPPLY CHAIN
DISRUPTIONS

35%
RECRUITING TALENT

33%
ENSURING DATA AND
SYSTEMS SECURITY

22%
REDUCING IT SPEND

19%
INNOVATION
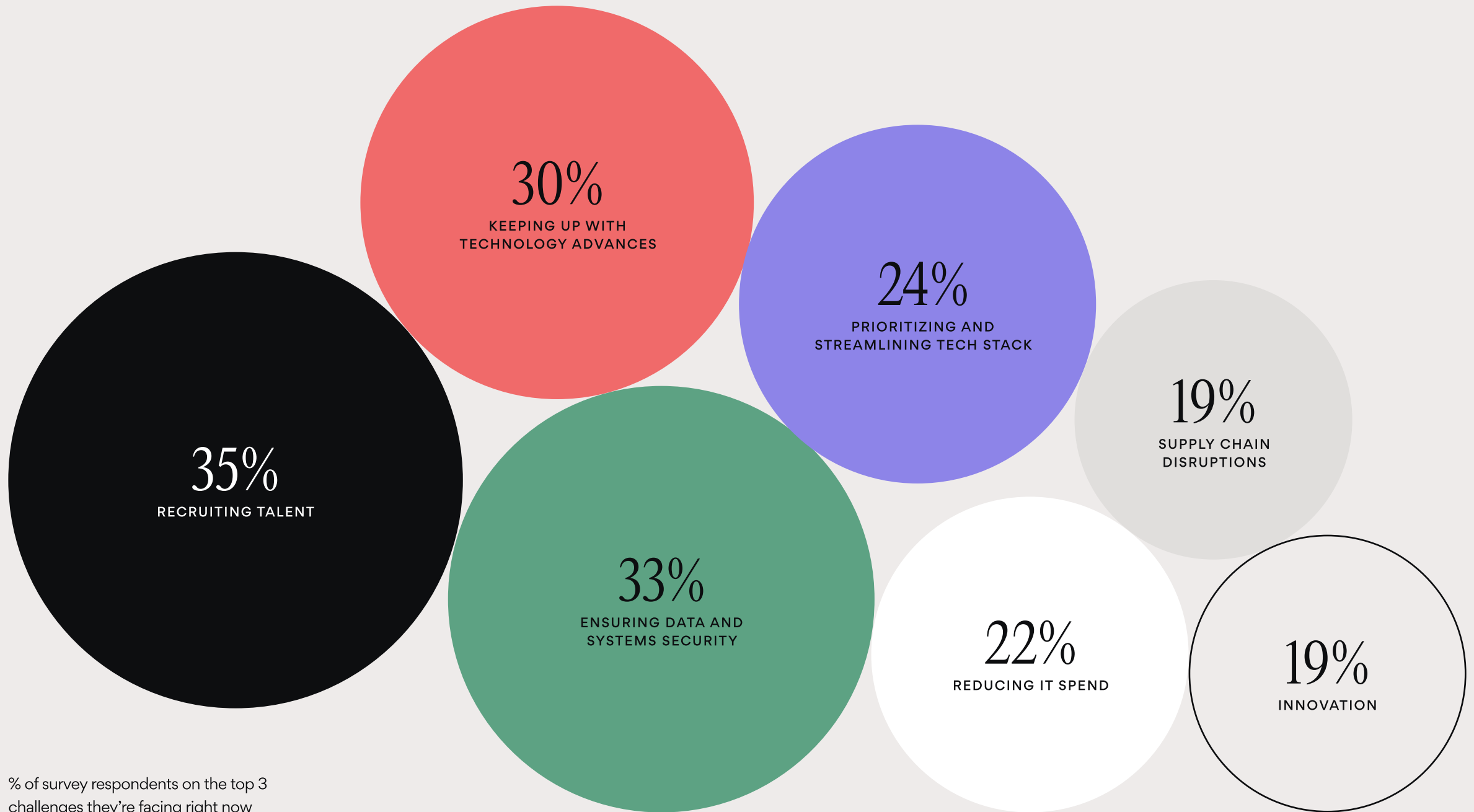
% of survey respondents on the top 3
challenges they're facing right now

Security and data concerns are still a leading challenge for IT leaders today, but perhaps less obvious is how high recruiting talent ranks on the list of challenges.

Hiring top talent means navigating a minefield of specific demands and needs, with 83% of IT candidates dropping out of the hiring process.

Budget pressures are a top-of-mind challenge as well—IT leaders are being called on to invest in fewer, more connected and streamlined technologies. Almost half (49%) of executives reported experiencing pressure to re-negotiate agreements with the company's IT vendors.

48%

IT professionals reported feeling stress at least weekly in the last six months to prioritize technology investments and streamline their tech stack.

40%

IT professionals felt stressed at least weekly about reducing IT spend.

Connected, automated, and human–first: Here's how top IT leaders are rethinking efficiency

The steps CIOs, CTOs, and other IT leaders are taking to future-proof their organizations in the face of near-constant change.

Invest in AI:

> "
> The world around us is changing very fast, and the way we approach problem-solving is going to change even more with generative AI. We need to empower our people and find ways to uplevel or cross-train our workforce so they can be effective in leading this charge.
>
> **SAKET SRIVASTAVA**
> CIO, ASANA

Today and tomorrow's biggest bet

The popularity of mainstream artificial intelligence tools has skyrocketed. While their uses and abilities are contentious and controversial, whether you're excited or nervous about them, it's hard to ignore AI's potential value.

We found a strong relationship between a sense of urgency to invest in AI technology and companies' revenue growth.

Our survey participants who reported their company's revenue had increased over the past year were significantly more likely to say they felt pressure to implement new AI technology. This suggests that high-performing organizations are more likely to feel a sense of urgency to prioritize new tech like AI as a means of gaining a competitive advantage and better serving their customers and employees.

As AI tools spring into company tech stacks, IT leaders are actively contemplating how to best leverage them. For Kleiner Perkins CIO Moustafa ElBialy, that means using AI platforms to enhance data accessibility and automate data processing and analysis. While the specific use cases differ, AI remains a top priority:

35%

of IT professionals listed AI/automation as their biggest bet (the investment they expected to most positively impact their company) in 2023.

> "
> At Google Cloud, we are exploring practical applications of Artificial Intelligence and machine learning to enhance our customers' business communications and collaboration. Specifically, we are working to understand concrete use cases of generative AI and large language models. One way that we're doing this is with Duet AI for Google Workspace which embeds the power of generative AI across all the Workspace apps to help people write, organize, visualize, accelerate workflows, have richer meetings and much more.

MATTHEW O'CONNOR
A TECHNICAL DIRECTOR IN THE OFFICE OF THE CTO, GOOGLE CLOUD

It's challenging to navigate the new world of AI, but it's worth the effort—64% of IT leaders we surveyed regretted not investing in the right technologies. Of those who regretted not investing in the right technology, about one-quarter (20%) worked at companies that didn't hit their IT-related objectives.

Regardless of how leaders approach AI, the reality is that it's here to stay and proving to be more valuable with each passing week. As one respondent put it, "The adoption of artificial intelligence will do great things, such as streamline and automate a large amount of processes.The result: our productivity will increase while our costs decrease."

Do more with less

For years, many IT leaders eagerly invested in the latest tool or app without fully considering the business impact or ROI. This tech spending spree has come at a cost—and not just to budgets. According to <u>one study</u>, employees at Fortune 500 companies switched between apps approximately 1,200 times a day. Beyond being distracting, app switching also causes an increase in the brain's cortisol production, leading to a productivity and focus nosedive.

Now, many IT leaders are feeling a sense of regret. In our survey, 38% of senior IT executives said they regret investing in too many technologies, 68% regret not choosing the right technology, and more than half (56%) regret investing in duplicate technologies.

"

We're looking to help our employees be more efficient and do their best work by arming them with the right productivity tools.

CAL HENDERSON
CO-FOUNDER & CTO, SLACK

IT leaders' top regrets

As companies look to cut costs while boosting productivity, the focus needs to be less on equipping employees with the latest collaboration tool, and more on using the right tools.

Category	Percentage
Not experimenting enough	68%
Not investing in the right technologies	63%
Not investing enough in new technologies	60%
Investing in duplicate technologies	56%
Hiring too quickly	54%
Spending too much on new IT investments	44%
Investing in too many new technologies	38%
Making too many hardware investments	35%
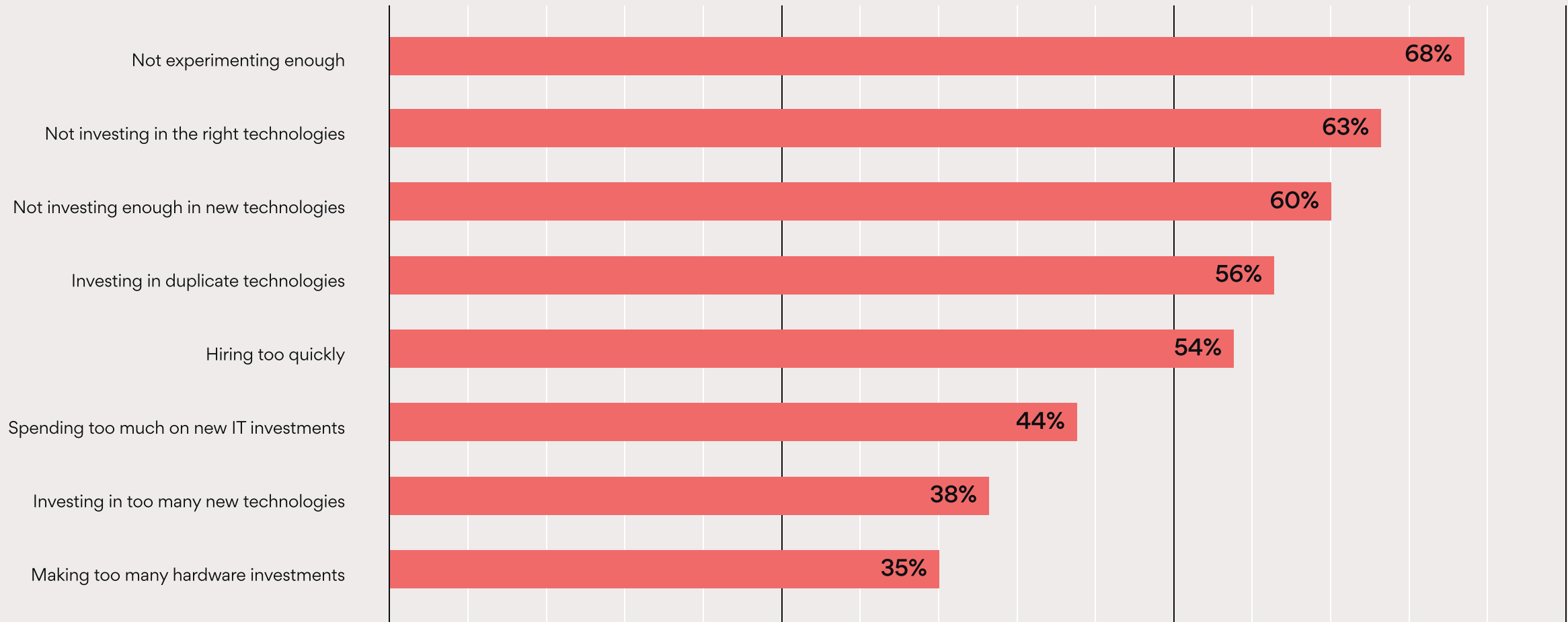
"During the pandemic, we experienced outsized growth and tool sprawl, which fractures employees' experience. This is a unique opportunity to double down, not just on cost containment, but to be more disciplined and make sure we're investing in the right tools."

SAKET SRIVASTAVA
CIO, ASANA

Data-backed analyses, like Collaborative Intelligence, illuminate how teams interact with one another through technology. This information can help you understand where collaboration is working well in your organization and where it's broken, enabling you to develop a more effective digital transformation that fuels cross-functional teamwork without overloading employees.

Streamlined processes

Work for the sake of work is dying—at least for companies hitting their business and IT-related objectives. In our study, companies that prioritized making their business processes more efficient were also more likely to hit their IT-related objectives (such as implementing a new IT integration or cutting IT costs). Of the IT professionals surveyed who agreed that their company hit IT-related objectives in 2022, 44% reported increasing business process efficiency as a top priority versus only 29% for IT professionals whose companies didn't hit their IT-related objectives.

To better streamline processes, leaders are:

- Focusing on tool prioritization
- Investing in fewer tools that can solve more than one problem
- Having fewer meetings, but also the right meetings
- Setting targets and using data to measure success

"

We're focused on getting work done, not just talking (meetings). And to do that, we're focusing on fewer, higher-impact initiatives.

CAL HENDERSON
CO-FOUNDER & CTO, SLACK

Infuse strategy with humanity

When efficiency is top-of-mind, it's easy to get lost in the logistical aspects of streamlining work. But focusing too much on efficiency neglects the most crucial way to boost it—the people who work for you. The IT leaders we spoke with dismissed the idea that efficiency needed to come at the cost of their people—quite the opposite. They described adopting a more human-centered approach, focusing on their employees as a top priority in the coming year.

According to recent research from Gartner, CIOs have the third-largest impact on positive employee experience overall (49%), above the CFO (38%) and CHRO (37%).

GARTNER

"

We're co-creating with the workforce, not dictating to the workforce. We're taking them along on this journey so we can fully understand the experiences people are having, day in and day out.

SAKET SRIVASTAVA
CIO, ASANA

A human first approach

"

Enabling our workforce is a critical success factor for agility and productivity and is an important proof point for Okta's customer base.

ALVINA ANTAR
CIO, OKTA

"

It's critically important to invest in and develop individual skills and expertise that support growth and innovation. This can involve providing training and development opportunities, creating career advancement pathways, and fostering a culture of continuous learning and development.

MOUSTAFA ELBIALY
CIO, KLEINER PERKINS

"

We want to make sure employees understand the priorities and why they are important. This means more visibility into top initiatives and how their team's work ladders up. We're enabling teams, asking them what's the one thing that would help them become 50% faster. Is it better CICD, test environments, or developer resources? Once we implement these changes, we track employee engagement and retention —if an employee is highly engaged, then we know we're on the right track.

CAL HENDERSON
CO-FOUNDER & CTO, SLACK

Enhance the digital employee experience

A key part of empowering the workforce is enhancing the digital employee experience—the culmination of every interaction employees have with technology at work.

By 2025, Gartner* projects that 50% of IT organizations will have a digital employee experience strategy—up 10x (5%) from 2021. Why? Because when companies improve the employee experience, they also improve the customer experience. And improving the customer experience, even minorly, can result in <u>tens of millions of dollars in additional revenue</u>.

In our survey, the vast majority of IT leaders (92%) found it important on some level to invest in the digital employee experience. We also found a significant relationship between companies that have committed to improving the digital employee experience and those that hit their IT related objectives. IT professionals at companies that hit or exceeded their IT-related objectives in 2022 were more likely to say that improving the digital employee experience was important to them as compared to respondents who said improving the digital experience wasn't important to them.

There are a number of ways for IT leaders to improve the digital experience, including:

- Investing in tools that centralize information
- Prioritizing technology that has "do not disturb" capabilities, allowing for more focus-time
- Choosing the right async tools

> "
> We're transforming the login and user experience for both our coworkers and customers. This transformation is intended to remove friction and reduce technical support requests—all while increasing security and keeping pace with CDW's full stack digital solutions and services growth. If we're successful, help desk tickets should decrease alongside increased coworker productivity.
>
> **MARCOS CHRISTODONTE II**
> CISO, CDW

* Gartner, Digital Workplace Summit Presentation, Opening Keynote:
  Change Today to Change Tomorrow, Tori Paulman, Lane Severson, May 14-16, 2023.

Fully support the business by working cross-functionally

IT departments used to be considered a "back office" team. But the stereotype of technology workers huddled in a room in front of their computers is changing. Now, instead of solely operating within their IT function, these leaders are supporting work across teams and departments, company-wide.

54%

of senior executive IT leaders we surveyed felt stress at least weekly from working cross-functionally.

Perhaps this stress stems from a lack of understanding. Our research showed that IT professionals are struggling to understand the business priorities of legal, finance, and HR teams. This is concerning—given the shifting priorities and challenges that IT leaders face, it's critical that they work closely with these departments. For example, IT teams rely on collaboration with legal teams to respond to cybersecurity threats, with finance to chop budgets and double down on profitability, and with HR for the digital employee experience.

Limited understanding of cross-functional business priorities

Which of the following functions' business priorities do you feel you don't understand enough to be effective in your own role?
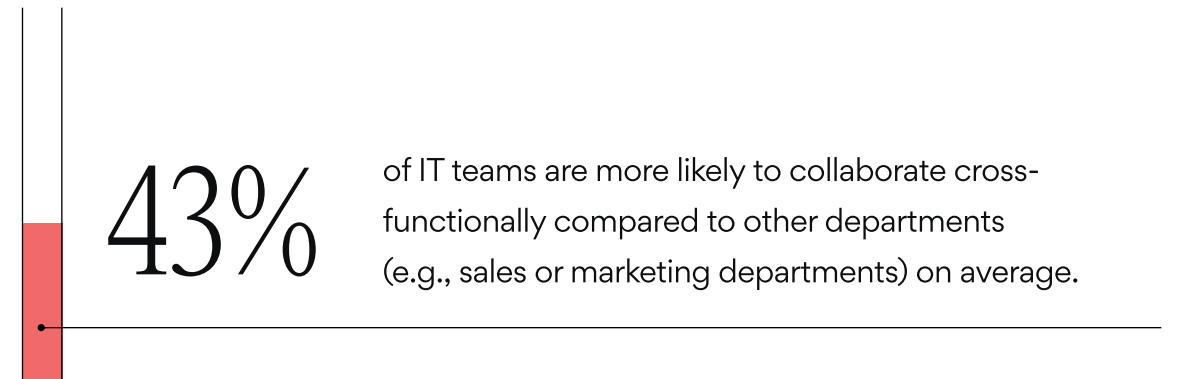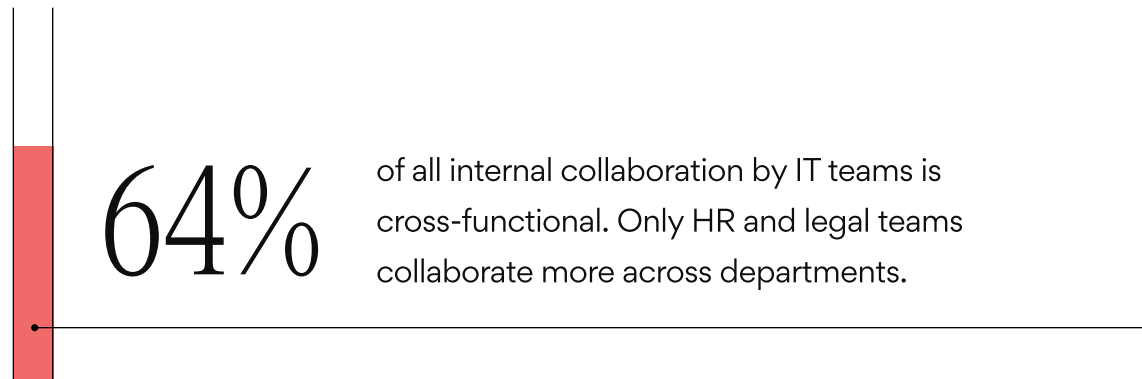
Function	Percentage
Legal	32%
None	25%
Finance	21%
HR	19%
Marketing	17%
Sales	16%
Engineering	11%
Product	11%
Operations	8%
Customer success	6%
Design	6%

Despite potential blockers, companies —especially top-performing ones— recognize the critical importance of working across departments. In our own research, using Asana behavioral data to understand changes in collaboration patterns, we found that IT departments are increasingly recognizing the value of cross-functional collaboration for mission-critical business outcomes.

About 25% of all collaboration by IT teams is with operations teams. This is in large part because IT and operations teams need to collaborate in order to improve their company's business processes, such as automating operation workflows or infusing AI processes throughout a company's value chain.

The dividends are enormous—process improvements can help automate traditional operations, saving upwards of 60% in expenses.

Our research also found that IT professionals are collaborating strongly with marketing teams (their second most frequent collaborator after operations teams), representing 17% of cross-functional collaboration. This is, in part, due to the sheer number of tools marketing departments use ("martech"), making them rely more heavily on IT functions.

64%
of all internal collaboration by IT teams is cross-functional. Only HR and legal teams collaborate more across departments.

43%
of IT teams are more likely to collaborate cross-functionally compared to other departments (e.g., sales or marketing departments) on average.

Don't stand still: Use experimentation to embrace change

There's a certain fearlessness permeating the most renowned IT leaders today. They see the challenges ahead, but they're not shying away from them. As Matthew O'Connor, Technical Director, Office of the CTO, Google Cloud put it:

> " At Google Cloud, we're curious. We experiment often and thoroughly so we can learn quickly and take those learnings to our customers as we build products and deliver AI technology responsibly.
>
> **MATTHEW O'CONNOR**
> A TECHNICAL DIRECTOR IN THE OFFICE OF THE CTO, GOOGLE CLOUD

Likewise, Cal Henderson from Slack noted:

> " We don't look to see if we're successful or not, but rather measure the number of experiments we've tried.
>
> **CAL HENDERSON**
> CO-FOUNDER & CTO, SLACK

Many companies are using their own tool internally to inform how they develop their product(s). This practice of "dogfooding", using your own product as part of your user research strategy, typically requires fewer resources than externally gathering user data.

Almost every IT leader who we interviewed emphasized that experimentation first with your own employees has a critical purpose: it leads to smoother launches and a better customer experience. At Slack, they use in-product huddles for quick check-ins instead of more time-intensive meetings. Okta developed Okta on Okta, where they've learned a tremendous amount from programs like their passwordless initiative, which enables a passwordless login experience for Okta users, and have been able to use the results to advise their customers.

Of course, experimentation can be risky. But those who cling to the status quo run the potentially more alarming risk of being unable to adapt their organization to compete.

68%

of senior IT executives we surveyed regret not experimenting more. That's because experimentation helps companies navigate ambiguity—something that's become a reality for IT leaders. It empowers IT teams to try new processes and workflows and take calculated risks, driving innovation and keeping the organization ahead of the competition.

ALVINA ANTAR
CIO, OKTA

"There are a lot of CIO-led programs about adopting your own technology. I'm especially proud of ours, Okta on Okta, which delivers an exceptional experience to our employees and has become a source of guidance to current and prospective customers. Enabling our workforce is a critical success factor for agility and productivity and is an important proof point for Okta's customer base."

Drive revenue through strong collaboration with sales teams

32%

of IT executives are being asked to advise on their company's go-to-market strategy more often than last year

VS

5%

being asked to advise left often

In addition to working more cross-functionally in general, CIOs, CTOs, and other IT leaders are working more closely with their sales teams—sometimes as an integrated member of those teams.

There are two main benefits and objectives of IT leaders playing a more integrated part in their companies' sales team. First, it helps leaders identify opportunities to help their sales teams work more effectively.

Second, strong cross-functional collaboration with their companies' sales teams enables IT leaders to act as powerful "deal closers"—helping to move deals across the finish line. This work expands beyond the traditional scope of IT strategy (enhancing technology to drive revenue) to actually getting involved in the deal cycle. As Alvina from Okta noted, "When we partnered with our field and sales teams for prospective customer conversations, it resulted in significant new business for Okta."

This shift is, in part, a reflection of more companies trying to move "upmarket" and attract more enterprise buyers. With CIOs and CTOs more likely to be in strategic roles at enterprise organizations, they're also more likely to be decision-makers for software purchases. In this case, it's an effective strategic play to match a CIO or CTO who understands today's enterprise buyer with their counterpart on the customer side throughout the deal cycle. Their domain expertise not only adds credibility but can also encourage and guide product adoption.

SAKET SRIVASTAVA
CIO, ASANA

"One of my big priorities is figuring out how to make our sales org more productive. We've measured their journey so we know what they need to sell and identified opportunities to leverage operations and technology. For example, we're using industry benchmarks to determine the right amount of meeting time and app switching. Today, we spend so much time in meetings. But with the Asana Work Graph, we have an outline to strategically improve and ramp-up sales."

Move slow to move fast

When you're faced with relentless cost-cutting, security threats, and AI tech that evolves daily, it's easy to get caught up in the hustle of pushing for more and better at all costs. But our research showed that while technology leaders are focused on efficiency and performance, they're doing so in service of growth. This means being more selective with tech, experimenting, and tapping into the employees who work for them. Right now is a time for development, re-connection, and putting new processes in place so that when the tides inevitably shift, IT leaders will be poised to seize new opportunities.

Learn more at: workinnovationlab.com

The Work Innovation Lab is a think tank by <u>Asana</u> that develops human-centric, cutting-edge research to help businesses evolve today to meet the growing changes and challenges of the future of work. To learn more about The Work Innovation Lab and get our other research-backed insights, visit <u>workinnovationlab.com</u>.

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