Expert Insight Video: CIOs Should Prepare Now for Financial Discussions With CFOs and the C-Suite

Published 10 November 2020 - ID G00736178 - 3 min read

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Initiatives: IT Cost Optimization, Finance, Risk and Value

In the postpandemic cost and investment turmoil, CIOs must be prepared to effectively communicate their financial position to the CFO and C-suite. CIOs should devise short-, medium- and long-term analyses of IT’s costs and investments to explain how digitalization impacts enterprisewide financials.

Overview

COVID-19 has created a financial crisis in most organizations, raising the need to redirect funding in response to the pandemic. However, it also has created an opportunity for CIOs to revalidate their executive position or get a seat at the table and further demonstrate the value of IT. A recent Gartner Finance Poll shows organizations plan to reduce spending in IT by 5% in 2020, so CIOs will be expected to find savings, even as they are expected to enable and support remote work and business continuity. However, as organizations look ahead, CFOs anticipate a 0.8% increase in IT spend. This is a reflection of the understanding that IT is an enabler to the organization’s ability to survive and continue its growth.

Given the circumstances, this is not the time for CIOs to wait for their CFOs to bring the financial discussion to them. CIOs should proactively look beyond their own functional cost base to the wider impact that IT can have on the enterprise — and that involves technology and digitalization in response to COVID-19. CIOs should explain to the CFO and C-suite executives what technology can do for the enterprise, and how IT can align itself to the organization’s changing priorities and strategy while tracking the impact of IT investments on business outcomes. CIOs need to stay aligned with the pressures, targets, changing priorities and long-term objectives of the enterprise so that IT can support the C-suite in making the best cost and investment decisions at every phase of the pandemic response.

CIOs should anticipate that IT discussions with the CFO and C-suite executives will need to have two lenses:

- **Current challenges and financial impacts** for driving efficiencies in the current cost base, rightsizing IT to the “new” context of the organization and using these efficiencies to shift current IT spend to refocus on new business priorities.

- **Medium- and longer-term funding requirements (per the 0.8% average boost)** to drive IT’s continued alignment to business outcomes and enablement of enterprise growth and renewal.
In the postpandemic world, executives have to quickly align to changing business priorities and outcomes. To be prepared to respond to this constantly moving picture, CIOs must have a cost base that is agile, flexible and responsive to the changes driven by both external disruption and the decisions made by executives to manage it.

This requires a financial plan, founded on IT financial transparency, clearly linking IT costs to their drivers. Use the financial plan to highlight short-, medium- and long-term activities covering the respond, recover and renew phases following a crisis.

**Recommended by the Authors**

**6 Methods to Earn New Digital Revenue**

Executive leaders responsible for leading their organization’s digital transformation must be well-informed about the six ways in which digital business can lead to net new revenue.

**Disrupting Traditional Approaches to Create a Resilient Innovation Funding Model**

The pace of disruption has forced companies to become agile in every process to succeed. CIOs leading innovation can use this guide to develop foundational and flexible approaches for funding innovation to increase agility and growth, while balancing financial expectations in every market situation.

**React to the Coronavirus (COVID-19) Outbreak via Raising Business Model Resilience**

The global outbreak of COVID-19 is a crisis that may impact business models and disrupt continuity of operations of companies around the globe. This research explains how CIOs can contribute to the process of raising current business model resilience against external events such as the COVID-19 outbreak.

**From Partner to Trusted Ally — How to Stay Relevant as a CIO**

Half of CIOs state that they are considered partner CIOs by their business counterparts. In the digital business era, CIOs will need to become trusted allies, responsible for enterprisewide strategic decisions. We explore how to make this necessary change.

**Digital Business KPIs: Defining and Measuring Success**

CIOs should develop metrics and set goals that lay out their digital business journey and sharpen expected business outcomes. This report describes the key performance indicators necessary to do so.

**Three-Year Roadmap for Cost Optimization**
CIOs are under continuing pressure to cut costs and/or deliver more with fewer resources. CIOs should communicate a cost optimization roadmap to socialize and gain buy-in from enterprise partners for evolving the enterprise's IT cost management and investments to drive improved business value.

Case Study: CIO-CFO Partnership on IT Cost Optimization (Net4Gas)

Most CIOs will partner with their CFOs on one or more cost reduction initiatives during their tenure. This case study of a successful CIO-CFO partnership at Net4Gas offers exportable lessons about leading cost optimization initiatives.

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