The benefits to maintaining a productive CIO-CFO relationship are significant. There’s more pressure than ever for CFOs to cut fixed costs and justify investments. And yet, businesses are showing an insatiable appetite for IT – perhaps thinking they need to invest in IT to remain competitive, or perhaps because IT is just too easy to consume? When the CIO and the CFO are speaking the same language, they can change both the personal dynamic and essential dialogue to spark a more collaborative relationship. Both IT and finance executives should see technology as central to:

- Responding to business challenges
- Harnessing innovation to make the business more competitive
- Positioning businesses for growth

Now more than ever the CIO and the CFO must work together around the common goal of using technology to help grow the business in new ways. The first step in building a productive CIO-CFO partnership is to identify and communicate how the business uses IT and the advantages of doing so. When the CIO is unable to articulate what it costs to deliver a particular service to the business for example, how does the CFO approve increased IT spending if they don’t know that increased spend is actually saving the business 3x that amount elsewhere? Without such transparency into IT services and costs the dynamic between the two can become highly fraught with distrust. This is precisely why we’re seeing more CIOs become more analytics-driven and business-focused. They must embrace a new set of metrics to communicate with not only the CFO, but with other business partners, as well. That means CIOs need to better understand -- and then prove -- the
cost and quality of IT services, service-line and per-customer ‘profit and loss’ statements, the demand for IT services along with utilization rates, and vendor performance to rationalize the selection of IT suppliers and enable fact-based negotiations with those providers.

VMware IT Business Management (ITBM) Suite offers a solution to help CIOs gain transparency and control over IT costs, services and quality and forge a stronger relationship with finance and the business. By automating previously manual processes and providing a business context to what IT does, IT can move from a technology orientation to a services orientation as a broker of IT services. As a broker of IT services IT provides a portfolio of IT services consumed by the business with prices, so the business can make informed decisions on the use of IT. And, with available benchmarks IT can get objective evidence of where it is today, where it could be and illuminate a clear path to where it wants to be. ITBM provides the fact-based approach IT needs to minimize the cost of IT while maximizing competitive advantage. So CIO’s and Finance executives can run IT like a business.

Now more than ever the CIO and the CFO must work together around the common goal of using technology to improve and grow the business. IT and Finance Executives are using VMware IT Business Management to:

- Deliver 360° IT cost transparency
- Act as an IT services broker
- Move from cost center to service provider

Source: VMware

The 2012 Gartner Financial Executives International Technology Study provides the CFO’s perspective on technology deployment in the enterprise, including current issues and opportunities. We discuss the study demographics and research behind the collection.

Analysis

The 2012 Financial Executives International (FEI) CFO Technology Study is in its fourteenth year, and 2012 is the fourth year that Gartner has executed the study and produced an analysis of the results. The scope of the study encompasses the IT perspective of the senior financial executive (such as the CFO, controller, director of financial systems or business planning director/vice president, whom we will refer to as the CFO throughout) within the enterprise, as well as the finance organization. In this study, we gained their insight on the following:

- How the CFO views IT investment in the current economic environment
- How the CFO is involved with and influences technology decisions, and current priorities and constraints
- What processes need technology improvement and how they prioritize technology investments
- How the CFO views business applications
- How the CFO views business intelligence (BI), analytics and performance management
- How the CFO views the future of shared services and outsourcing
- The regulatory concerns in the finance organization

The Top 10 Findings

As with every year of the study, we determine the top 10 findings across all surveyed areas. Here is the list from 2012:

1. Despite slow economic growth, CFOs expect conservative, steady IT spending.
2. The CFO’s role in IT investment has increased again in 2012.

From the Gartner Files:

CFOs’ Demand for IT: 2012 Gartner FEI Study
3 The 45% of IT leaders that report to the CFO are more than report to any other executive, and represent an increase of 3%.

4 Business analytics needs technology improvement.

5 CFOs are focused on business analytics and business applications more than on technology.

6 Information, social, cloud and mobile technology trends are on CFOs’ radar.

7 Focusing on corporate performance management (CPM) projects, 63% of CFOs plan to upgrade BI, analytics and performance management in 2012.

8 Despite advancements in strategy management technologies, CFOs still focus solely on lagging key performance indicators (KPIs).

9 A pace-layered strategy for applications is needed (92% of CFOs believe IT doesn’t provide transformation/differentiation).

10 New applications in financial governance rank high on improving compliance and efficiency.

   Based on the results of this study, Gartner recommends that CIOs communicate technology priorities to senior financial executives and seek to better understand CFOs’ priorities, potentially beginning with reviewing the results of this study with their CFOs. With more IT departments reporting to the CFO, IT teams must be able to explain costs, encourage adoption and share information with non-IT employees who use the technology daily. Teams must be able to explain the costs of IT in relation to business contribution. It is important that CFOs and IT departments work as business partners, enabling the business to move to best-practice business processes with better business insights.

   The CFO as Technology Influencer

   The CFO plays a key role in many IT purchasing decisions. This study shows that a significant percentage of CFOs (45%) have direct responsibility for IT; therefore, the CFO will already be a key sponsoring executive and/or key stakeholder in many organizations. However, even in organizations in which they are not responsible for IT, CFOs are increasingly key decision makers for technology investments because they generally control an organization’s financial budget and are involved in scrutinizing the largest-value budget items.

   CFOs need to be proactive in making technology decisions for all finance applications, ensuring that they have a financial system that supports the strategic objectives of their organizations. CFOs and IT professionals need to understand how the CFO should be involved to ensure that the right investments are selected in IT that deliver the right benefits based on the organization’s goals and strategy.

   CFOs Prioritize Business Applications

   As in the 2011 study, business applications were cited as the top technology priority of CFOs in 2012. Understanding the CFO’s perspective on enterprise business applications is critical to IT’s role in successfully supporting these applications. Many CFOs mean “administrative ERP” when discussing ERP, often confusing this with a single holistic solution. Distinguishing the terms is important when IT reports into finance (to understand your boss’ perspective), as well as supporting this key business user as an internal client. CIOs need to ensure consistency between finance applications and the rest of the portfolio and, in many cases, explain the implications of selecting applications outside of previously selected platforms. They also need to consider and then consolidate the application needs for the whole enterprise into a single perspective, as well as ensure that selections outside this platform are consistent with IT direction. ERP upgrades put continued pressure on organizations. Understanding that CFOs don’t expect every upgrade is critical, as they would rather focus on upgrading technology where there is an opportunity for business improvement. While IT may be enticed to bring new technologies into the organization, the CFO’s prime concern is the business applications that these technologies support. Every technology initiative must focus on the company’s ability to provide focused business value and be integrated effectively into the business process. The CFO expects the IT organization to deliver and support a platform that helps the business provide process support and business insight.
CFOs See the Importance of Business Analytics Improvement

The 2012 study shows that business analytics is CFOs’ top technology investment priority. We discuss how business analytics and corporate performance management applications are prioritized by CFOs, whose technology investment role is growing. This survey reveals the importance of understanding how technologies are prioritized in your organization versus the benchmark. Organizations need to develop a plan to improve business analytics capabilities, because its competitors are most likely doing the same. Organizations should leverage the fact that the CFO is mainly concerned with improving business insight and efficiency, and work with the CFO to ensure that IT and finance technology investment priorities align.

CFOs Must Continue to Focus on XBRL and IFRS

Although these were not top 10 priorities, CFOs need to pay attention to eXtensible Business Reporting Language (XBRL) and International Financial Reporting Standards (IFRS) because of the implications of not being in compliance. Seventy-five percent of publicly held firms risk IFRS failure by not scoping its impact on accounting and system processes; 35% of respondents to the 2012 Gartner FEI Technology Study are postponing conversion activities until nearer the due date, which has yet to be determined by the U.S. Securities and Exchange Commission (SEC). In the U.S., XBRL is required for SEC submissions. While XBRL is a promising framework for most corporate financial reporting processes, most survey respondents plan to use it for external reporting only. There are various approaches to addressing XBRL: while 38% of CFOs in our study continue to use costly outsourcing, 38% plan to adopt a disclosure management solution. Although most accounting processes rely on IT systems for support, 68% (up from 55% in 2011) see a role for IT in IFRS planning. This lack of attention to XBRL and IFRS by finance departments opens an opportunity for IT organizations to get involved in these important initiatives.

Demographics of the 2012 Gartner REI Technology Study

This year’s study had 255 respondents who were highly qualified in providing a perspective on technology deployment within the enterprise (see Figure 1). Eighty-seven percent of those surveyed responded on behalf of the entire enterprise (see Figure 2), and a broad spectrum of industries were represented (see Figure 3). Most of the FEI’s members are in North America; thus, responses were primarily from North America. However, 52% of the firms in the study have global operations (see Figure 4). Also representing the membership of FEI, 56% were from privately held firms (see Figure 5), and Figure 6 shows the size of the organizations represented in the study.

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**Figure 1 | Perspective of Respondent on Technology Decisions**

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate or the entire company</td>
<td>84%</td>
</tr>
<tr>
<td>Group or sector</td>
<td>6%</td>
</tr>
<tr>
<td>Division, wholly owned subsidiary, or operating unit</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Gartner (October 2012)
**Figure 2 | Role Within Organization**

- Enterprise CFO: 69%
- Business Unit CFO: 16%
- Senior Finance Leader: 7%
- IT CFO Functional Role: 2%
- CFO IT Functional Role: 2%
- Other: 4%

Source: Gartner (October 2012)

**Figure 3 | Industry**

- Education/Government: 7%
- Financial Services: 9%
- Healthcare: 7%
- Professional Services: 19%
- Technology Providers: 9%
- Manufacturing — Discrete: 13%
- Manufacturing — Process: 13%
- Retail: 7%
- Wholesale Distribution/Transportation: 9%
- Other: 7%

Source: Gartner (October 2012)
Figure 4 | Geography

- Global operating in a large number of organizations worldwide: 22%
- Multinational operating in more than one country, but not global: 30%
- National operating throughout a single country: 20%
- Regional operating in a certain area of a single country: 28%

Source: Gartner (October 2012)

Figure 5 | Type of Organization

- For-profit enterprise, publicly traded: 29%
- For-profit enterprise, privately held: 56%
- Not-for-profit enterprise: 11%
- Government entity: 4%

Source: Gartner (October 2012)
Figure 6 | Organization Size

Source: Gartner (October 2012)
About VMware

Gain transparency and control over IT costs, services and quality with VMware IT Business Management (ITBM) suite. By automating previously manual processes and providing a business context to what IT does, you will move from a technology orientation to a service broker orientation with an IT portfolio of services aligned with business needs. With benchmarks providing objective evidence of where IT is today, where IT could be and illuminating the path to where IT wants to be - ITBM provides the fact-based approach you need to minimize the cost of IT while maximizing competitive advantage so CIO’s and IT executives can run IT like a business. With VMware, CIOs can become true partners with business stakeholders as they manage the business of IT.