2022 & 2031

EXECUTIVE PERSPECTIVES ON **TOP RISKS**

CIOs and CTOs see next 12 months as more risky than other executives

People, culture, talent and transformation are top risk areas

The global marketplace is being dramatically impacted by a host of notable risk drivers related to the pandemic, government regulations, emerging technologies and more. These risk drivers are triggering significant levels of uncertainty that make it extremely difficult for an organization's leaders to anticipate what may lie just over the horizon. They certainly are top of mind for chief information officers (CIOs) and chief technology officers (CTOs) as they consider the greatest risks facing their organization. However, the top risks — and the level of risk severity — that they anticipate in the coming year and a decade beyond are a shift from the expected.

Overview of top risk issues for CIOs and CTOs in 2022

CIOs and CTOs generally see the next 12 months to be of a riskier nature overall compared with other executive groups. This is a consistent trend we have seen in past surveys, and it clearly shows that CIOs and CTOs have a mindset where they see more risks having greater impact on their organization compared with board members and other C-suite executives. This underscores the need to have an ongoing partnership, collaboration and dialogue with other members of the executive team to ensure everyone is on the same page regarding how these challenges should be addressed or managed.

In the global results for 2022 overall, no risk scored at the "Significant Impact" level across all executives and all board members. Conversely, while CIOs/CTOs reduced the number of risks they rated as Significant Impact from 25 to 17, theirs was still the highest count across all positions.

Looking at the specific risks from across the report, government policies related to the pandemic are a top-ranked risk issue by a significant margin, same as last year, with concerns about policies surrounding public health practices, social distancing, return-to-work, crowd limits and other pandemic-related regulations that could

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significantly impact business performance. The results globally and for the CIO/CTO group show that the pandemic is certainly a top-of-mind concern for the coming 12 months, which is no surprise. It is driving a lot of uncertainty and many questions and concerns in the market about what is going to happen over the next 12 months and even long term. CIOs and CTOs confront this issue daily as they build the technology capabilities, infrastructure, services, cloud-based models and program systems, and more to support the organization as it learns to operate in this new status quo and certainly, in the process, address any changing requirements resulting from myriad pandemic-related policies that might impact business performance.

CIOs and CTOs are especially concerned about the ongoing demands on or expectations of a significant portion of the workforce to "work remotely," as well as increased expectations for a transformed, collaborative hybrid work environment, ranking this concern as second highest. CIOs/CTOs are concerned about the impact this may have on the effectiveness and efficiency of how the business operates. Additionally, the delayed return of the workforce to physical office environments is leading to longer-lasting shifts in preferences about how individuals prefer to work. Organizations are considering more permanent remote or hybrid workforces as they evaluate employee preferences and recognize the benefits these types of work environments have on talent retention and productivity. Many organizations are finding the talent they need does not match the talent available in the labor marketplace. CIOs continue to perceive that significant operational challenges may arise if their organizations are unable to build and sustain a workforce with the requisite skills needed to implement growth strategies, thereby forcing them to consider alternate forms of labor such as contractors.
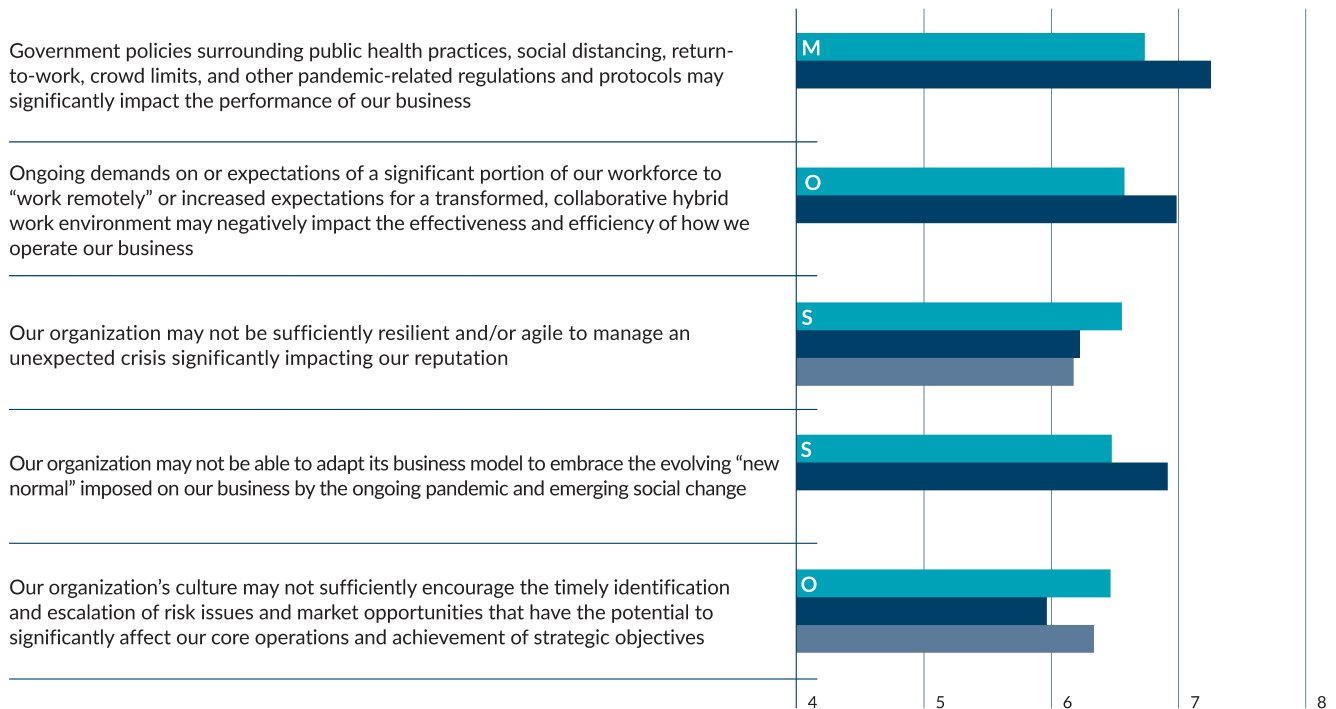
CIOs/CTOs also are concerned about resiliency and its impact on the organization. This concern is not surprising given the two years of massive change that organizations have faced. With increasing threats from cyberattacks, data privacy breaches and more, CIOs and CTOs have a lot on their plates when it comes to keeping organizations resilient. Prudent business leaders understand that being resilient requires them to have contingency plans in place to address threats, whether mild or severe, that could impact their business. Technology capabilities are a critical element of these plans.

Concerns regarding the ability of companies to adapt their business models to emerging social change underscore the very clear message that CIOs and other business leaders have come to recognize: Companies that fail to address environmental, social and governance (ESG) issues or to embed ESG principles into their DNA could incur significant economic costs and brand erosion, as well as jeopardize their ability to earn long-term sustainable profits.

Finally, CIOs and CTOs have significant concerns regarding their organizations' culture. It is critical that organizations give adequate attention to red flags indicating warning signs of a dysfunctional culture that suppresses escalation of important risk information or encourages unacceptable risk taking.

CIOs and CTOs — Top Five Risks for 2022

CIOs/CTOs – 2022

Government policies surrounding public health practices, social distancing, return-to-work, crowd limits, and other pandemic-related regulations and protocols may significantly impact the performance of our business	**M**
Ongoing demands on or expectations of a significant portion of our workforce to "work remotely" or increased expectations for a transformed, collaborative hybrid work environment may negatively impact the effectiveness and efficiency of how we operate our business	**O**
Our organization may not be sufficiently resilient and/or agile to manage an unexpected crisis significantly impacting our reputation	**S**
Our organization may not be able to adapt its business model to embrace the evolving "new normal" imposed on our business by the ongoing pandemic and emerging social change	**S**
Our organization's culture may not sufficiently encourage the timely identification and escalation of risk issues and market opportunities that have the potential to significantly affect our core operations and achievement of strategic objectives	**O**

Legend

M Macroeconomic Risk Issue   S Strategic Risk Issue   O Operational Risk Issue   ■ 2022   ■ 2021   ■ 2020

Although not in the top five, another interesting result to note is the sixth-ranked issue: shifts in perspectives and expectations around social issues and priorities, which are essentially diversity, equity and inclusion (DEI) matters. These shifts are occurring faster than a pace at which an organization is motivated and able to manage effectively. This could significantly impact an organization's ability to attract or retain talent and compete in the marketplace. It is a top 10 risk for 2022 for CIOs and CTOs but did not make the top 10 in the 2021 survey, so it has moved up considerably. These issues are becoming increasingly top of mind for executives, board members and organizations worldwide, and they certainly are growing in importance. Given the especially competitive market for talent in technology and related roles, these issues are particularly important to address, not only for focusing on doing the right thing, but also to ensure the organization is communicating to its staff, team and potential candidates that it is operating responsibly when it comes to DEI matters.

Two additional highly ranked risk issues for 2022, though not in the top five, are the risk around resistance to change in culture and the risk around succession challenges and the ability to attract and retain top talent. These speak further to the underlying CIO/CTO concerns around people and culture.

Also worth noting, three risk areas ranked lower for the CIO/CTO group than one might anticipate. The ability to use data analytics and big data ranked 15th at a Significant Impact level for CIOs/CTOs but is in the top 10 globally. Similarly, data privacy and compliance with growing identity protection requirements ranked 25th for the CIO/CTO group but ranked higher globally. And, surprisingly, cyber threats are near the bottom of the list for CIOs and CTOs but rank in the top 10 globally. It is possible that CIOs and CTOs have greater awareness of protection and measures the organization has in place to help manage and mitigate these risk issues relative to other executive groups. And while they do not view it as a small threat, they may feel their organization is more ready to address cyber risks relative to other risk areas around people, culture, skills, talent and transformation.

A call to action for CIOs and CTOs

CIOs and CTOs should consider taking the following actions to address these risk issues in 2022 and beyond:

- Ensure frequent collaboration and communication with C-suite colleagues. CIOs and CTOs see a riskier landscape compared to their C-suite colleagues such as CEOS, CFOs and others. This underscores the importance of working closely on an ongoing basis with executive teams to ensure that views of the organization's strategy and how to manage risks related to that strategy are on the same page.

- Ensure sufficient resources are dedicated to supporting the organization's remote or hybrid work environment. Organizations undoubtedly will continue to define and refine how their workforce will function through and in the post-pandemic world. CIOs and CTOs will play a critical role in supporting both remote and hybrid work environments through effective technologies, cloud systems, collaboration tools and more. They will be leaned on to provide the infrastructure for how the organization's workforce is going to function today and in the future, and will have a lead role in helping their organizations address this risk issue.

- Emphasize resiliency and adaptability. Organizations are undergoing major changes, not only in the hybrid and remote work models, but also in how they deliver exceptional customer experience, how they manage their supply chains, and how they are going to deliver their products and services to their customers. CIOs and CTOs are going to play a critical role in supporting these areas of resilience and adapting the business model, and will need to emphasize and prioritize these areas, partnering with C-suite leaders and other parts of the organization to ensure these areas are being addressed in the right way.

- Focus on people and culture. There is an ongoing war for talent. This is especially challenging in the technology field, where top talent is being lured away and it is difficult to bring in the right people. It is also a challenge to embrace the future of work and understand how the company's IT workforce will need to be upskilled and reskilled. CIOs and CTOs must have a laser focus on these areas and their culture and understand what the future of work looks like for their IT organization.

Ongoing events related to the pandemic continue to present major challenges across organizations, with the level of uncertainty in today's marketplace rapidly evolving and presenting new risks that many previously thought were unimaginable. While executives and board members globally ranked no risk at the Significant Impact level, CIOs and CTOs rated 17 out of 25 risk areas as having Significant Impact — the highest count across all positions. This underscores the view among CIOs and CTOs that the business landscape in the current year and for the next decade is of a riskier nature overall than their C-suite counterparts perceive.

Top Five Risks for 2022 — CIO/CTO vs. Global Response

CIO/CTO Rank	CIO/CTO Risk Classification	Risk Issue	Global Response Risk Classification	Global Response Rank
1	🔴	Government policies surrounding public health practices, social distancing, return-to-work, crowd limits, and other pandemic-related regulations and protocols may significantly impact the performance of our business	🟡	1
2	🔴	Ongoing demands on or expectations of a significant portion of our workforce to "work remotely" or increased expectations for a transformed, collaborative hybrid work environment may negatively impact the effectiveness and efficiency of how we operate our business	🟡	17
3	🔴	Our organization may not be sufficiently resilient and/or agile to manage an unexpected crisis significantly impacting our reputation	🟡	18
4	🔴	Our organization may not be able to adapt its business model to embrace the evolving "new normal" imposed on our business by the ongoing pandemic and emerging social change	🟡	20
5	🔴	Our organization's culture may not sufficiently encourage the timely identification and escalation of risk issues and market opportunities that have the potential to significantly affect our core operations and achievement of strategic objectives	🟡	11

To help identify differences in risk concerns across respondent type, we grouped all of the risks based on their average scores into one of three classifications. The following color-coding scheme is used above to highlight risks visually based on these three categories:

Classification	Risks with an Average Score of	
Significant Impact	6.0 or higher	🔴
Potential Impact	4.5 through 5.99	🟡
Less Significant Impact	4.49 or lower	🟢

With challenges related to talent, culture, resilience and transformation top of mind for these executives, communication and collaboration across the organization will remain key to ensuring viability and success.

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