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Lenovo

Lenovo Global CIO Report 2024

INSIDE THE TORNADO

How AI is Reshaping Corporate IT Today

AI is generating a whirlwind of change and energizing the
IT functions of organizations in every corner of the world.
The potential is clear, but how much value can be added –
and at what cost – is much more complicated.

In Lenovo's third annual study of global CIOs, we surveyed 750 IT leaders across 10 global markets. Through this latest report, we explore what is top of mind for CIOs navigating the complexities of today's digital landscape and unlocking the full potential of their IT investments.

AI has become their most urgent priority, alongside security. Less than half of the CIOs surveyed (39%) say their security infrastructure is 'AI-ready', and an even smaller number (24%) say the same of their corporate policy on operational/ethical use.

To weather the storm, CIOs need to focus. They are under pressure to scale AI and demonstrate ROI as IT becomes increasingly evaluated on business outcomes.

The majority (89%) agree that with the continued need to scale AI, the role of human capital will become even more important.

That said, they are optimistic, with 80% agreeing that breakthroughs and developments in AI will have a very/extremely significant impact on their business.

In this way, AI's success hinges on much more than technology. It's important for enterprises to consider how all organizational functions are equipped to navigate the AI landscape – that extends to their security infrastructure, internal and external processes, and their talent base.

As a global IT leader, Lenovo is helping companies make sense of AI. Our AI Services Practice is designed to help businesses diagnose their AI-readiness and address organizational gaps by deploying the right solutions based on their needs and objectives.

The journey is just beginning. Businesses are hungry for the benefits of AI and, while key questions relating to security, people, technology and process are top of mind, we're excited for what's in store as the era of AI takes shape.
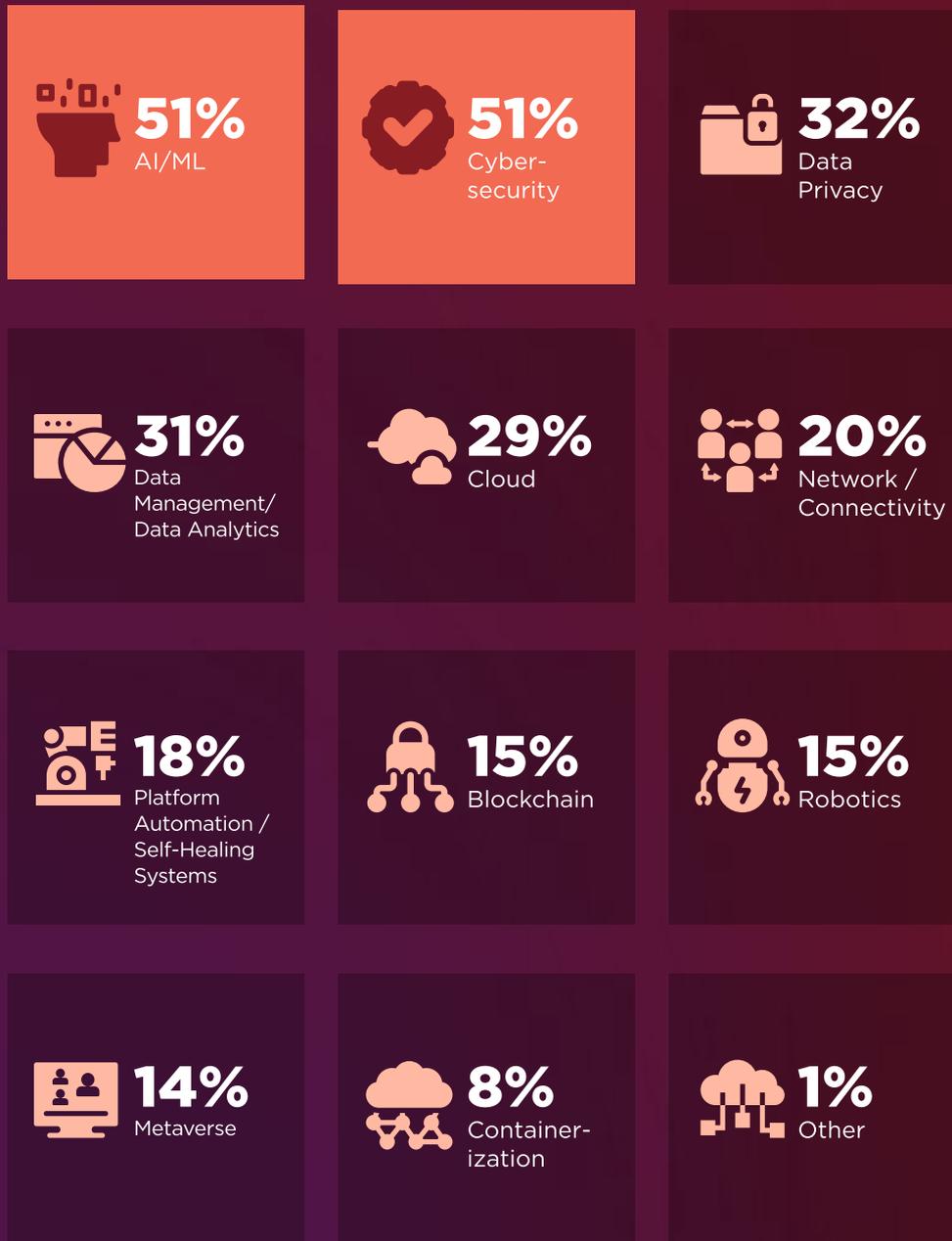
Ken Wong
President, Solutions and Services Group, Lenovo

AI now matches cybersecurity as the most urgent priority for CIOs

Which of the following topics and trends related to IT infrastructure do you feel the most urgent pressure to address or are the most urgent priorities for you?

51% AI/ML

51% Cyber-security

32% Data Privacy

31% Data Management/ Data Analytics

29% Cloud

20% Network / Connectivity

18% Platform Automation / Self-Healing Systems

15% Blockchain

15% Robotics

14% Metaverse

8% Container-ization

1% Other

But it's clear that huge swathes of their organizations are not ready, which is directly affecting IT's ability to scale AI quickly

And which of the following areas / functions of your organization do you feel are 'AI ready'?

49% Technical skills within IT function

45% Digital transformation and business process automation

43% Data Analytics & Business Reporting

40% Operational understanding beyond the IT function

39% Security infrastructure

35% Security Awareness

34% Computing infrastructure

29% Product engineering / R&D

26% Supply Chain / Distribution

24% Corporate policy on operational/ ethical use

22% New product lines

0% Others

> "
> CIOs need help. There's a clear opportunity for us to help customers make sense of AI, accelerate its scale, and advise on how the impact of these investments can be effectively measured. It's essential that we guide customers toward solutions that can transform their businesses. Our customers are already leveraging AI to advance sustainability, security, and digital transformation efforts. We can help them deliver further outcomes by developing cohesive deployment strategies that address CIOs' challenges.

Ken Wong
President, Solutions and Services Group, Lenovo

The value of AI is primarily connected to productivity and competitiveness, not cost reduction

How do you expect AI to deliver value to your organization in the next one to two years?

Productivity Gains	83%*
Productivity gains from streamlining previously labor-intensive tasks.	49%
Productivity gains from enhancing employee experience.	38%
Productivity gains from better management information.	34%
Productivity gains due to AI PC/device hardware.	26%

Increased Competitiveness	77%*
Increased competitiveness from improved customer experience.	35%
Increased competitiveness from new product lines.	35%
Increased competitiveness from more effective marketing.	29%
Increased competitiveness from product/service line enhancement.	28%

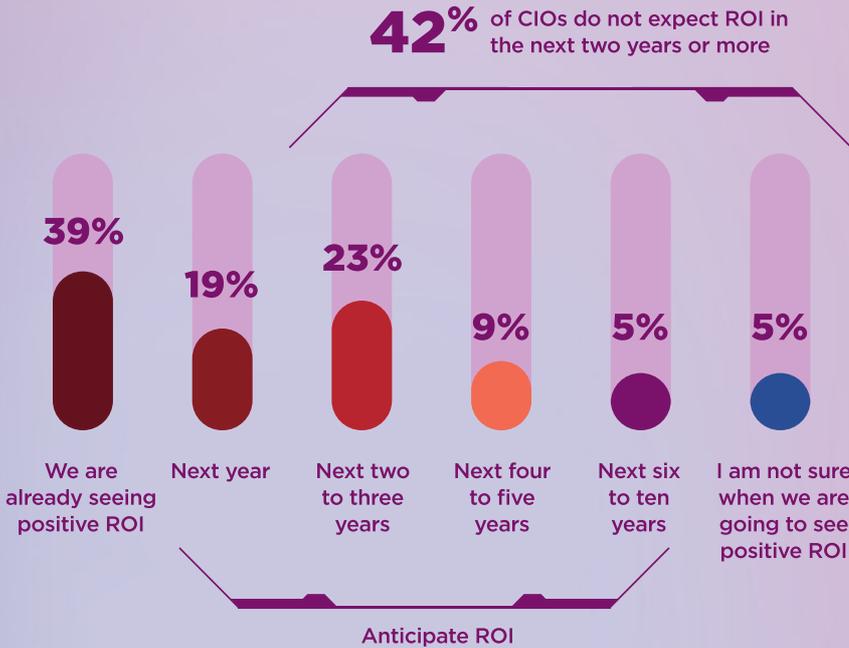| Enhanced Business Practices	57%*
Enhanced customer service – delivering more tailored and better customer experiences	31%
Ambient computing – unlocking new types of business transactions.	27%
Enhanced resilience via more sophisticated security defenses.	18%

Cost Reductions	51%*
Cost reductions in the supply chain.	24%
Cost reductions in external supplier costs.	23%
Cost reductions in headcount.	21%

*Percentage of CIOs that selected at least one of the answer choices in the specified group

Many CIOs do not expect to see positive ROI in their AI investment for at least the next two to three years

Thinking about the **return on investment (ROI)** on your organization's investments in AI, which of the following comes closest to your view?

42% of CIOs do not expect ROI in the next two years or more

39%	19%	23%	9%	5%	5%
We are already seeing positive ROI	Next year	Next two to three years	Next four to five years	Next six to ten years	I am not sure when we are going to see positive ROI

Anticipate ROI

61%
Find it very/extremely challenging to demonstrate ROI with tech investments

Nearly half of CIOs say AI adoption is leading to de-prioritization of cloud and digital transformation

What areas, if any, of your organization are being de-prioritized as a result of the resources being pulled toward AI adoption?
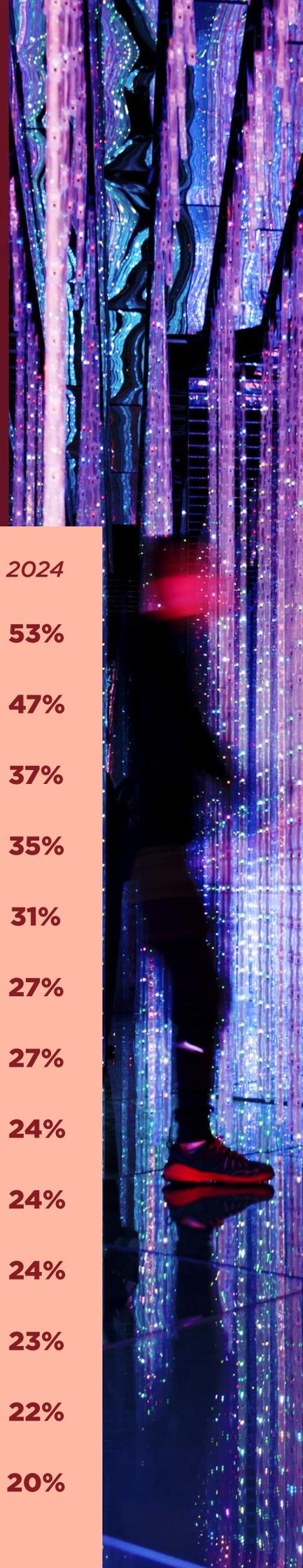
48%	38%	38%	35%	30%	17%
Cloud/digital transformation	Sustainability	Employee compensation	Talent recruitment	Web3	None of the above

Now is the time for CIOs to focus

While CIOs' roles have broadened over the past two years, we're now seeing signs that CIOs are doubling down on their core IT responsibilities

...Which, if any, of the following responsibilities which go **beyond the 'traditional' role of the CIO** have you had to manage or be involved with?

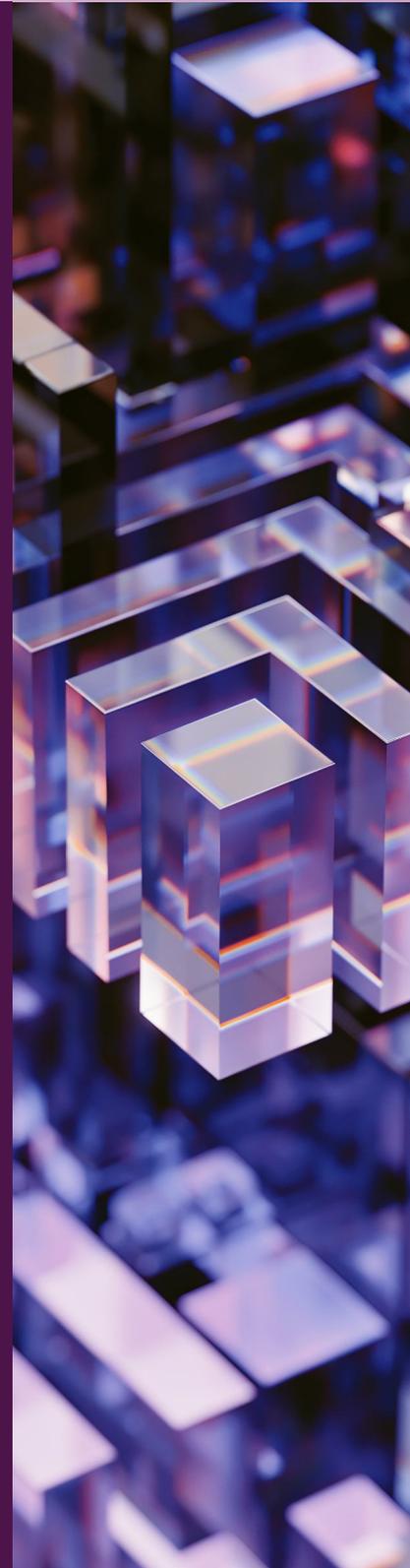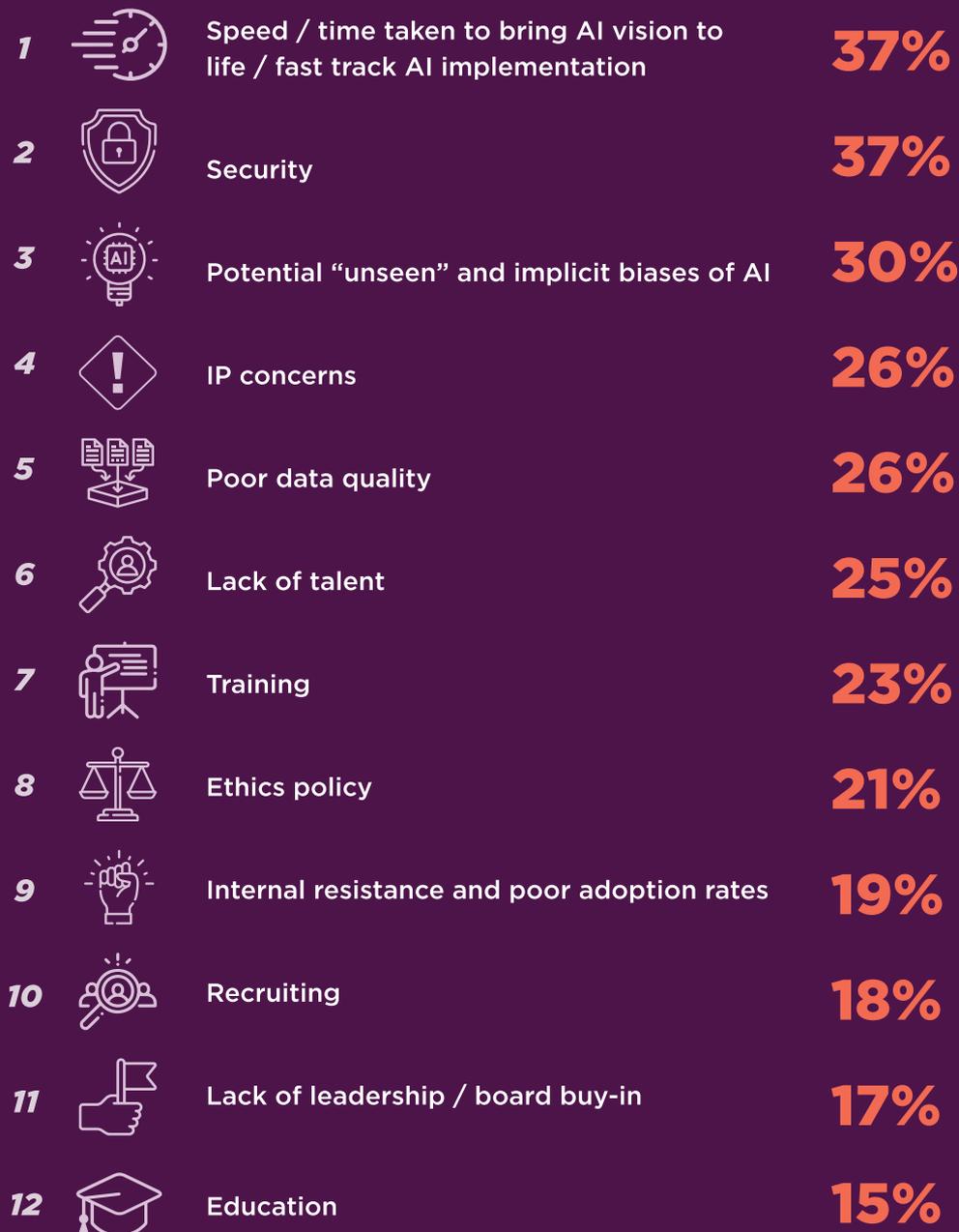|		2022	2023	2024
1	Digital transformation	61%	61%	53%
2	Data analytics & business reporting	56%	53%	47%
3	Sustainability / ESG	45%	44%	37%
4	DE&I	42%	31%	35%
5	Business model transformation	42%	45%	31%
6	Regulatory / Compliance issues	39%	32%	27%
7	Product engineering / R&D	28%	29%	27%
8	HR / Talent acquisition	39%	29%	24%
9	Organizational restructuring	29%	25%	24%
10	Supply chain distribution	35%	27%	24%
11	Sales / Marketing / CRM	32%	26%	23%
12	Finance / Procurement	28%	23%	22%
13	New product lines	27%	26%	20%

CIOs need help

81% of CIOs say they are leveraging third-party AI tools or deploying a mix of third-party and proprietary AI
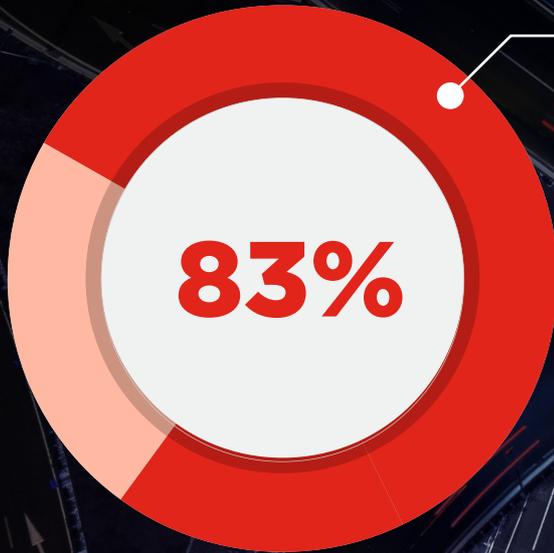
Third-party AI enablers must help CIOs overcome the top two barriers to scale AI: speed (the time needed to bring the promise of AI to life) and address information security concerns – and demonstrate ROI for specific business cases.

What are the biggest **barriers** to the adoption of AI in your organization?

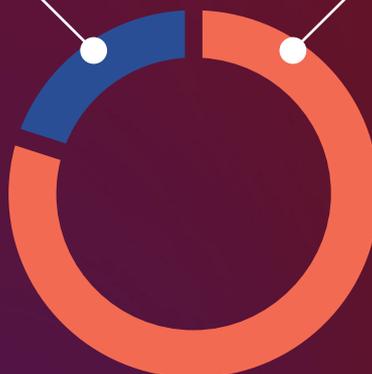| #		Barrier	%
1		Speed / time taken to bring AI vision to life / fast track AI implementation	**37%**
2		Security	**37%**
3		Potential "unseen" and implicit biases of AI	**30%**
4		IP concerns	**26%**
5		Poor data quality	**26%**
6		Lack of talent	**25%**
7		Training	**23%**
8		Ethics policy	**21%**
9		Internal resistance and poor adoption rates	**19%**
10		Recruiting	**18%**
11		Lack of leadership / board buy-in	**17%**
12		Education	**15%**

Sustainability remains a major component of the CIO's role

83%

say sustainability metrics are included in the evaluation of their IT department's performance.

22%

CIOs think the environmental impact of AI scaling will make it harder to meet their organization's IT sustainability goals.

78%

CIOs say that leveraging AI will make it easier to meet their organization's IT sustainability goals, compared with 22% who think the environmental impact of AI scaling will make it harder.

Three key areas of uncertainty that organizations will need to address to fully realize the potential of AI

People

While 90% of CIOs say they currently have the talent they need to scale AI in their organizations, almost the same proportion (89%) warn that with the continued scaling of AI technologies, the role of human capital will become even more important. With likely constraints on IT budget, something's got to give.

Money

While 96% of CIOs expect to increase AI investments over the coming year, only one in five expect overall IT budgets to grow more than 10%. And 41% say AI exploration and adoption is pulling resources and attention away from other key IT areas like cloud adoption/digital transformation (48%), sustainability and employee compensation (both 38%).

Responsibility

92% of CIOs say that as technology becomes more powerful, organizations have a greater responsibility to inform and explain how they are using it. CIOs have a vital role to play in ensuring greater transparency and outlining what ethical use looks like.

About Lenovo

Lenovo is a US$62 billion revenue global technology powerhouse, ranked #217 in the Fortune Global 500, employing 77,000 people around the world, and serving millions of customers every day in 180 markets. Focused on a bold vision to deliver Smarter Technology for All, Lenovo has built on its success as the world's largest PC company by further expanding into growth areas that fuel the advancement of 'New IT' technologies (client, edge, cloud, network, and intelligence) including server, storage, mobile, software, solutions, and services. This transformation together with Lenovo's world-changing innovation is building a more inclusive, trustworthy, and smarter future for everyone, everywhere. Lenovo is listed on the Hong Kong stock exchange under Lenovo Group Limited (HKSE: 992)(ADR: LNVGY).

About the Solutions and Services Group

Lenovo's Solutions and Services Group brings together all of Lenovo's IT solutions and services across PC, infrastructure, and smart verticals, including attached services, managed services, and as a Service offerings, into one dedicated organization. We provide smart solutions that help companies harness AI to enhance business operations and improve digital experiences, including solutions for cyber-resiliency, sustainability and productivity.

Through our Professional Services for AI, we help businesses diagnose their AI-readiness and advise on how to deploy the right solutions based on their needs and objectives, and ultimately make smarter, more measurable AI investments that unlock new efficiency and competitive advantage.

To find out more visit https://www.lenovo.com