

CIO JOURNAL

# How CIOs Can Prepare for a Downturn

Gartner IT Symposium is abuzz with tips for weathering an economic slowdown



The Gartner IT Symposium/Xpo in Orlando, Fla., on Monday. PHOTO: STEVEN ROSENBUSH/THE WALL STREET JOURNAL

*By Tom Loftus*

Oct. 21, 2019 7:52 pm ET

ORLANDO, Fla.—Chief information officers are finding their costly digital-modernization plans challenged by the possibility of a global downturn, which many economists predict could happen within the next few years.

How information-technology leaders can prepare for economic slowdown was the subject of discussion on Monday in a keynote kicking off one of the industry's largest annual gatherings, the Gartner IT Symposium/Xpo. The event organized by research and advisory firm Gartner Inc. runs through Wednesday.

For the CIO, the possibility of a downturn can present an existential challenge. It can take years for digital transformation efforts to show returns. What happens if the economy hits a bump right in the middle of it? Such efforts involve not only investing in new technologies including artificial intelligence, but also adopting new processes and training models to take advantage of new capabilities.

## • Cyborgs Need Not Apply

**Cybersecurity teams can look forward to automation and technology advances that, if deployed effectively, can free them from repetitive tasks. Likewise, C-suites and boards can benefit if the cybersecurity function uses AI, robotic process automation, and other technologies to provide more insightful business and risk analysis.**

Please note: The Wall Street Journal News Department was not involved in the creation of the content above.

**More from Deloitte →**

Large corporations are spending less on technology, a Goldman Sachs Group Inc. survey of tech sellers found, with demand declining sharply between June and September, Barron's reported last week. A Morgan Stanley survey of 100 chief information officers detected similar caution around spending.

Signs of an economic slowdown are among three forces creating uncertainty for CIOs, according to the Gartner keynote, along with increased government activity in taxes, tariffs and tech regulations including data sovereignty, as well as encroachment by big digital companies.

"Globally, many economists and CFOs believe we are heading towards another set of economic downturns," Val Sribar, a Gartner senior vice president, said in the keynote. "If they're right...how would you respond?"

The answer, according to Gartner and IT executives interviewed here, is for CIOs to prepare their organizations for uncertainty, pushing ahead with digital initiatives while remaining fast and flexible enough to adjust to major changes in the direction of the economy or the marketplace, which Gartner calls "turns."

In such situations, CIOs often must perform two opposing actions at once, just as race-car drivers must learn to accelerate and brake around the same time, Mr. Sribar said. For example, when the economy slows, CIOs must cut costs and invest at the same time, he added: "You have to analyze and execute, cut and grow."

As crude-oil prices were crashing several years ago. Royal Dutch Shell PLC executed a pivot, slowing down Arctic exploration efforts. The company then bought a power utility and invested in electric charge points. "Shell cut and invested in growth and innovation. Through the turn, they braked and accelerated," Mr. Sribar said.

Conference attendees pointed to technologies that could help companies weather a downturn.

Artificial intelligence in call centers could help reduce labor costs while helping customers get answers to questions more quickly, Don Schuerman, chief technology officer at Cambridge, Mass.-based Pegasystems Inc., said in an interview. The company sells software that lets developers build and deploy applications with minimal coding.

Some CIOs are closer than others to the turns.



Julio Pivaral, corporate digital transformation manager at Corporación Multi Inversiones. PHOTO: STEVEN ROSENBUSH/THE WALL STREET JOURNAL

“We are not certain a recession is coming, but we have seen a slowdown,” said Julio Pivaral, corporate digital transformation manager at Corporación Multi Inversiones, a Guatemala-based, family-owned conglomerate focused on food and finance.

Established in 1920, the company employs more than 40,000 people, operating in regions including the U.S., Mexico, Central America, Spain and Bahrain. It owns a 40% stake in Madrid-based Telefónica SA’s business in Central America, as well as Pollo Campero, a fast-food chain.

Slowing business at CMI reflects economic conditions in the U.S., as well as economic, social and political problems in some of its key markets in Latin America, including Nicaragua and Honduras, Mr. Pivaral said in an interview.

CMI is responding to the slowdown by making cuts in some areas while investing in technology that will support longer-term growth. “First, we automated steps that were on the traditional side, rather than trying to explore and create new challenges for us. It is a challenge for a lot of companies in Latin America,” Mr. Pivaral said. Now, he said, “we look into technology, to be more efficient and to be more close with the customer.”

—Sara Castellanos and Steven Rosenbush contributed to this article.

