



How CIOs are Becoming the New Agents of Change

CIOs are cultivating change in their IT organization to reflect the culture the rest of the organization must adopt.



Introduction

What does the future hold for the CIO? Our Customer Insights research findings tell a distinct story about how the CIO role is changing and where it is going.

CIOs have risen in power and influence over the past few years, becoming indispensable change agents for CEOs.

Market disruption is accentuating the essential role CIOs can play in helping their organization manage new market demands, priorities, and business models. But the modern CIO's journey to leaving a legacy and earning more opportunity to lead is not an easy one. With so much in flux – customer expectations, technology advancements, shifting go-to-market strategies – knowing where to focus their energies to evolve with market changes can be difficult.

In times of change, peer collaboration often illuminates the path forward. These collective insights from 15 deep-dive interviews with progressive CIOs are intended to inform and inspire any CIO tasked with driving digital transformation. Read on to see what contributing CIOs have to say about how the role itself is changing, trending topics related to digital transformation, and the new operating imperatives.

The Competing Priorities of a CIO

Responding to disruptive forces and new business models

Ensuring that their department continues to innovate, meets its users' day-to-day requirements, and balances competing legacy and SaaS requirements

Balancing innovation, bimodal operations, and emerging business models on a budget

Intensifying use of analytics, transforming KPIs to align with new business models and expectations

Getting more ROI from technology, data, and their teams

The New CIO Profile



Long the keepers of information and technology, today's CIOs have several other significant roles integral to their position.

Business Strategist

The route to the CIO job runs less and less frequently through the IT organization. Of the CIOs interviewed for this research, more than half moved into the role from departments other than IT, including business operations, business process outsourcing, and product engineering – some with profit-and-loss responsibilities. As one CIO puts it, “The CIO needs to know the business better than the business.”

Team Leader

CIOs operate from a common assumption that “technology can always be made to work, and work fast.” But the speed at which a company can achieve digital transformation depends on more than just technology. The number one driver or inhibitor of digital transformation is the speed with which people can deliver and master the enabling technologies. Many of the CIOs interviewed say, “We can only go as fast as our people.” CIOs work hard, therefore, on building the leadership skills they need to develop their people, as well as the collaborative skills required to move in concert toward a common purpose.

Master Marketer

Perhaps the most colorful finding to emerge from the research is the trend toward the CIO as a “marketer of IT.” Providing visibility into IT priorities and contributions has become a big game changer for internal perception. CIOs talked about a variety of moves they're making to improve transparency and celebrate success, such as dedicated communications managers, weekly TV shows, and companywide budget transparency.

Legacy Maker

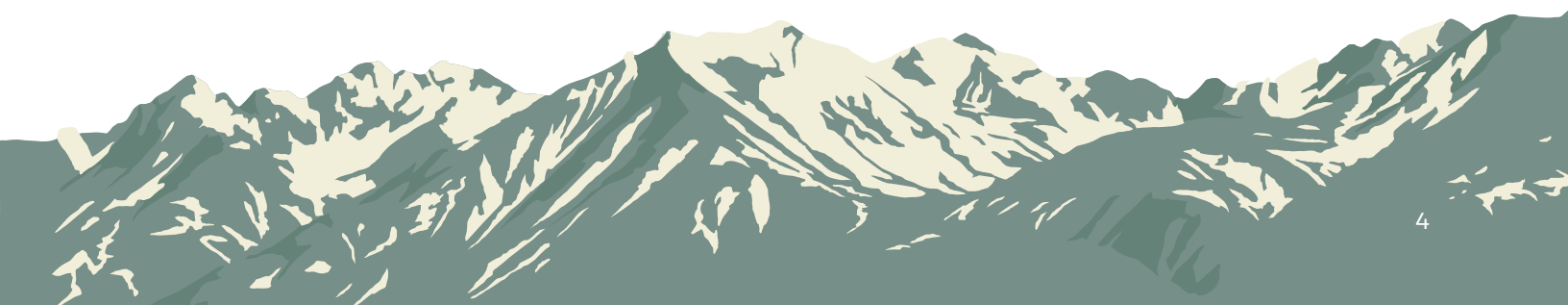
CIOs want to leave a mark on their company, their industry, and the world in general. There is an idealism fueling the sense of mission among several of our CIOs. These CIOs want to set the industry standard for how IT departments in particular and companies as a whole should operate. They want to take actions today that will positively impact their organization and industry now, as well as over the long term.

Cultural Evangelist

In many instances CIOs are cultivating change in their IT organization to reflect the culture the rest of the organization must adopt. One CIO spoke about developing the habit of curiosity within the IT organization. The company itself operates in a highly Socratic manner, and IT teams now interact with their internal customers principally through “rigorous questioning.” The IT organization itself was renamed to reflect the importance the culture now places on innovation.

Tribal Loyalist

CIOs are tribal. They continually develop their networks: They use that network to get the “real story” on products and vendors. Although they get the most analysis learning from their fellow CIOs, they also subscribe to analysis firms such as Gartner and Forrester, and make sure they’re reading what their CEOs are reading – and writing. Vendor-sponsored events remain popular ways for CIOs to connect with peers who might be tackling similar problems in different ways. Additionally, strategic vendor relationships appear to be growing in value; several CIOs say they devote as much as 30% of their time to these relationships.



Nine Trending Topics for Digital Transformation



1. The Customer Experience (CX) Mandate

CIOs see their digital transformation mission as that of creating a sustainable competitive advantage for their company. The mandate of one CIO extends into all digital aspects of the customer experience with the goal of creating and sustaining a competitive advantage.



2. Top-Down Change Journey

Revamping the leadership team is typically the first step in the IT department's longer change journey. Technology can always be made to work, but reactive IT teams are being replaced with strategic thinkers from the top down.



3. Front-Line Decision-Making and Innovation

In order to gain speed, CIOs are adopting an empowerment-driven approach to decision-making. CIOs are focused on creating systems to guide decision-making frameworks that empower IT team members to solve internal customer problems and innovate from the front lines.



4. Speed of Change

Speed is now essential to survival, leading CIOs to adopt a “test and fail fast” approach to innovation. Several CIOs say part of their job is to provide “air cover” for their teams’ innovation efforts. Even as CIOs push for speed, legacy issues continue to constrain their ability to respond as fast as the lines of business or peer functions demand.



5. Shadow IT

The CFO now wants the CIO to have visibility into the total IT spend, so CIOs are “sweeping in” shadow IT. But they’re not fighting turf battles with established shadow IT organizations in such areas as marketing and sales – as long as those operations remain effective on their own.



6. IT as Service

CIOs are transforming the IT function into a services model, with dedicated IT resources organized to support specific priorities and teams. Those resources ensure continuity from project to project. The CIOs' peers appreciate the value of that continuity.



7. Budget Shift from Maintenance to Innovation

CIOs are making significant progress in the effort to invest in innovation. Today CIOs allocate 50%+ of their budget to maintenance and 43% to innovation and improvement.



8. Proliferation of SaaS

SaaS has become core to future-ready enterprise architecture. CIOs dedicate substantial time to SaaS orchestration and to managing strategic vendor relationships, with keen attention to:

Connectivity: proliferation of mobile and IoT has made connectivity central to strategic planning and innovation.

Security: the prohibitive cost of securing data on legacy systems makes SaaS an attractive alternative.

Usability: focus on ease-of-use driven by positive impact on adoption, speed, and productivity.

Architecture: emphasis on enterprise architecture to avoid complexity and not repeat the proliferation of disconnected systems inherited with legacy on-premises systems.

Vendors: keen focus on the pace of product and service innovation vendors can demonstrate.



9. Data and Analytics

Making data agile, connected, and more valuable is an elevated priority, underscoring the challenges and opportunities associated with making data and analytics core to enterprise architecture.

Data Management: Few CIOs can describe their data as a "single source of truth"; instead, they maintain structured and unstructured data and plan to figure out what to do with it later.

Data Quality: Advanced analytics are vital to better, faster, more accurate decision-making, making completeness and accuracy of the underlying data a challenge.

Big Job of Big Data: Many CIOs have elevated data and analytics leaders to direct reports, allocating a substantial portion of the IT budget to unlocking the insights hidden in reams of data, and making it accessible to end users.

The New Operating Imperatives



Cultivate a cascade of change: Many of today's CIOs have been brought in as change agents, and there is consistency in the way they have gone about effecting that change. They begin with their direct reports. They want leaders who have experience in driving digital change in their own areas of competence. For most CIOs, this has meant going outside for the required combination of talent and experience. It is not uncommon to see turnover rates as high as 100% in management teams, and the cascading effect may continue several layers deep. Most CIOs can't take the time to train in-house talent in the new skills they need; similarly, the business can't afford to wait for current staff to acquire the experience necessary to thrive in today's fast-changing tech environment.



Build new business models: Part of CIOs' change management plan is to remake their organization's business model to better align with their company's overarching business requirements. One way they're doing so is by making customer experience a core tenet of the IT mission.

Many are remaking their IT organizations by adopting a services model. This involves restructuring the IT department, often using a matrix model, to dedicate resources to business units in a way that ensures continuity of personnel. Dedicated teams also allow IT to meet the need for the continuous software releases common in today's increasingly SaaS-heavy environment. The business wants access to new features as they become available, not when it is convenient for the IT department to issue them.



CIOs are rethinking the KPIs they need to use as they adopt this customer-centric approach to IT. One strategy is to measure their teams on the business outcomes of the specific teams they support. “The IT team dedicated to finance, for example, could be measured on billing errors,” one CIO explains. “We want to understand our internal customers’ problems, so we can work with them if there is a technology component to the cause or to the solution.”



Equip front-line staff for manager-level decision-making: Like their counterparts in marketing, sales, and service, CIOs are pushing decision-making as close as possible to the point of engagement between IT and the customers it serves. They are reducing or eliminating decision gates in pursuit of speed and employee engagement. This change includes training front-line employees with the skills necessary to think like a manager.



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Some CIOs push empowerment to an even deeper level by disrupting the traditional notion of application development. They essentially emancipate development by opening it up to front-line employees. One CIO created a development toolkit that employees use to develop apps that allow them to solve problems specific to their job. This approach was primarily in response to the consumerization of the enterprise and the need to adopt a more consumer- and role-based approach to technology deployment.





Constrain shadow IT: The need for transparency and visibility into an enterprise’s total technology spend has made the CFO a strong ally in the CIO’s campaign against shadow projects – projects that CIOs have no control over. Given that the CIO must find savings to fund innovation and improvements, the CFO cannot condone shadow IT projects. Only a CIO who has total control over the company’s technology spend can be reasonably expected to hit cost-reduction targets. Shadow IT is still alive, but its days of proliferation are over. Many of the CIOs interviewed cite shadow IT as being “swept back into the [IT] organization.”



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The new breed of CIO is tolerant of splinter projects, so long as they meet certain criteria and happen within a defined context. Once a project develops to the point where it may have enterprisewide implications, for example, the CIO takes control and the project falls under IT governance. That said, CIOs do not fight battles that have already been decided. If there are established sales or marketing ops teams independent of IT that are working effectively, for example, the CIO will leave as is.



Develop adaptability: Today's CIO has co-opted the motto: "adapt, improvise, overcome." This is especially true for CIOs of companies that focus in large part on growth through acquisition. The CIO must develop strategies that absorb the disruption of an acquisition without derailing the IT department's primary missions of serving its customers and driving transformation. CIOs in the largest enterprises typically create dedicated M&A teams. Even in companies that see fewer acquisitions, the CIO will work hard to minimize the M&A impact on daily operations and innovation priorities. In the era of digital transformation, CIOs have to balance, versus prioritize, these initiatives.



Adapt



Improvise



Overcome



Manage SaaS proliferation: CIOs working within established enterprises often look at their operations and see a proliferation of legacy systems and applications that were deployed with little strategic consideration. In order to ensure that next-generation systems are connected, several have developed what one CIO calls a strategic "rubric" that can be used to guide decision-making at every level. Here is an example:

- Think web-first
- Use proven frameworks
- Build with the future in mind
- Embed security up front
- Extend with connectivity in mind
- Standardize but be flexible





Update metrics: Traditional IT and security metrics are now supplemented with metrics relevant to the new imperatives of speed, service, and innovation. Cost savings and cost ratios have come into sharper focus for CIOs, primarily because those savings must fund innovation.



No CIO claims to have cracked the code for measuring change effectiveness, but many are working on it.”



Net Promoter Score has become universally adopted as the primary CX metric. CIOs are using “projected contribution to ROI” for projects that lack a direct, readily measured ROI. Additionally, vendor scorecards are becoming popular, especially two-way scorecards where “both parties have skin in the game,” several CIOs point out. No CIO claims to have cracked the code for measuring change effectiveness, but many are working on it.



Conclusion

The days of simply taking orders for hardware, software, and connectivity are long gone. The new CIO is now the proud purveyor of business solutions. Building customer experiences and improving business processes is what it's about. The CIO's role will continue to evolve past being the steward of information and technology, reaching far into the realms of business strategy, leadership, marketing, culture, and beyond. The CIO of tomorrow will spend more time reshaping industry standards and cultivating strategic vendor relationships than extinguishing fires in the server room.

Fact is, IT systems — including CRMs — are no longer competitive differentiators. The differentiation is all about how business solutions are provided using existing investments. Delivering business value is the main goal. And today's CIOs deliver value with Salesforce.

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