



# HOW TO SUCCEED WITH CIO-LED DIGITAL TRANSFORMATION

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The background of the lower half of the page is a dynamic, abstract digital composition. It features a dense field of glowing blue and purple lines that appear to be data streams or fiber optic paths, converging towards a central vanishing point. Small white dots are scattered throughout the lines, resembling data points or nodes in a network. The overall effect is one of high-tech connectivity and digital flow.

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## An IDC study of CIOs worldwide reveals an appetite for digital transformation, even as IT teams struggle against age-old challenges.

Business lines, CIOs, and IT teams are not working collaboratively and, as a result, are putting digital transformation success at risk, according to a new study by technology analyst firm IDC.

Despite an improved position for CIOs and CTOs within organizations, the high rate of demand for digital transformation is spawning multiple projects, leaving organizations with shadow digital transformation, rather than a seamlessly integrated digital business. The recent IDC study found that the root cause is the pace and demand for digital services in the enterprise. “Four in five survey respondents say business demand for digital initiatives and capabilities is on the rise,” states IDC. Worryingly, only 40% of the survey group have a company-wide digital strategy in place that coordinates and focuses these projects.

“If the CIO is not heavily involved in the business transformation element component of digital transformation,

then [the lines of business] look to their own people, as they have nowhere else to turn,” says Dr. Zafar Chaudry, CIO at the Seattle Children’s Hospital.

With nearly half of respondents citing digital transformation as an opportunity to drive revenue, and 39% seeing improvements in customer experience, it is clear that the global business community now recognizes the potential of digital methods. A further 39% of business technology leaders said operational efficiency was a key component of digital transformation plans.

“The pace of digital transformation required to catapult the business units into the digital world is so fierce that it makes it hard for CIOs to compete,” says Balshanker Das, CIO for the Domino’s Pizza Group in the Middle East and Asia. “CIOs don’t have the time, and the lines of business are not going to wait for the CIO, so they take things into their own hands to develop Apps, AI, Chat, Voice.”



Technologists in verticals such as manufacturing recognize that digital strategies have become essential in the battle to compete against new market entrants. Miguel Teixeira, Head of Information Systems & Technologies & Digital Manufacturing at Renault, agrees that “Digital is a pillar for business outcomes. It increases performance and reduces operational costs by improving business processes.”

IDC finds that two-thirds of global businesses are investigating new business operational ideas and the vast majority are based on digital concepts. “Brainstorming and giving staff room to experiment appear to be commonplace. So too are the processes needed for incubating and scaling those ideas. The number of digital pilots is growing rapidly.” IDC reports that businesses are now allowing ideas to flourish from each and every part of the organization. This represents a decline in the top-down approach to leadership of the past and is more reflective of the way digital start up businesses operate. However, the democratization of ideas across the business poses a challenge for CIOs. As ideas take seed throughout the business, there are risks that the CIO, and the technology investments they have made, may be sidelined. This leads to technology and information silos and difficulty meeting

cyber-security and data privacy compliance requirements.

Domino’s Das concurs: “Without a central control, you are looking at a serious governance issue.”

IDC reports that “Business teams can get what they want with a few clicks, complicating cross-functional integration. No surprises then that more than half of the survey respondents say too many parts of their organizations are investing in their own IT.”

“I am not the only digital leader in the business,” says Gunther Ghijssels, CDO and CIO of recruitment firm Randstad in Belgium. “My colleagues are all bringing digital capabilities to the business.”

Consequently, many CIOs are concerned that their peers across the business do not fully appreciate the potential for negative impacts that accompanies greater ease of access to technology. Mojgen Lefebvre, CIO for US financial services provider, Liberty Mutual, stresses that it is more important than ever to have a technology literate organization: “You have to understand the business and understand why you are leveraging technology, but there is an onus on non-technology people to understand technology.”



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## Return to support

As business lines seek to digitize their processes and offerings individually, they are causing the CIO and IT to return to a supporting role, which the IDC study quantified as the case for 70% of its respondents. “Being seen as a support function often creates a ‘gravity well’ that can suck time and resources, and hamper faster, enterprise-wide digitization,” IDC says. “These issues stem from traditional challenges related to skills, legacy systems, and who holds the budget.”

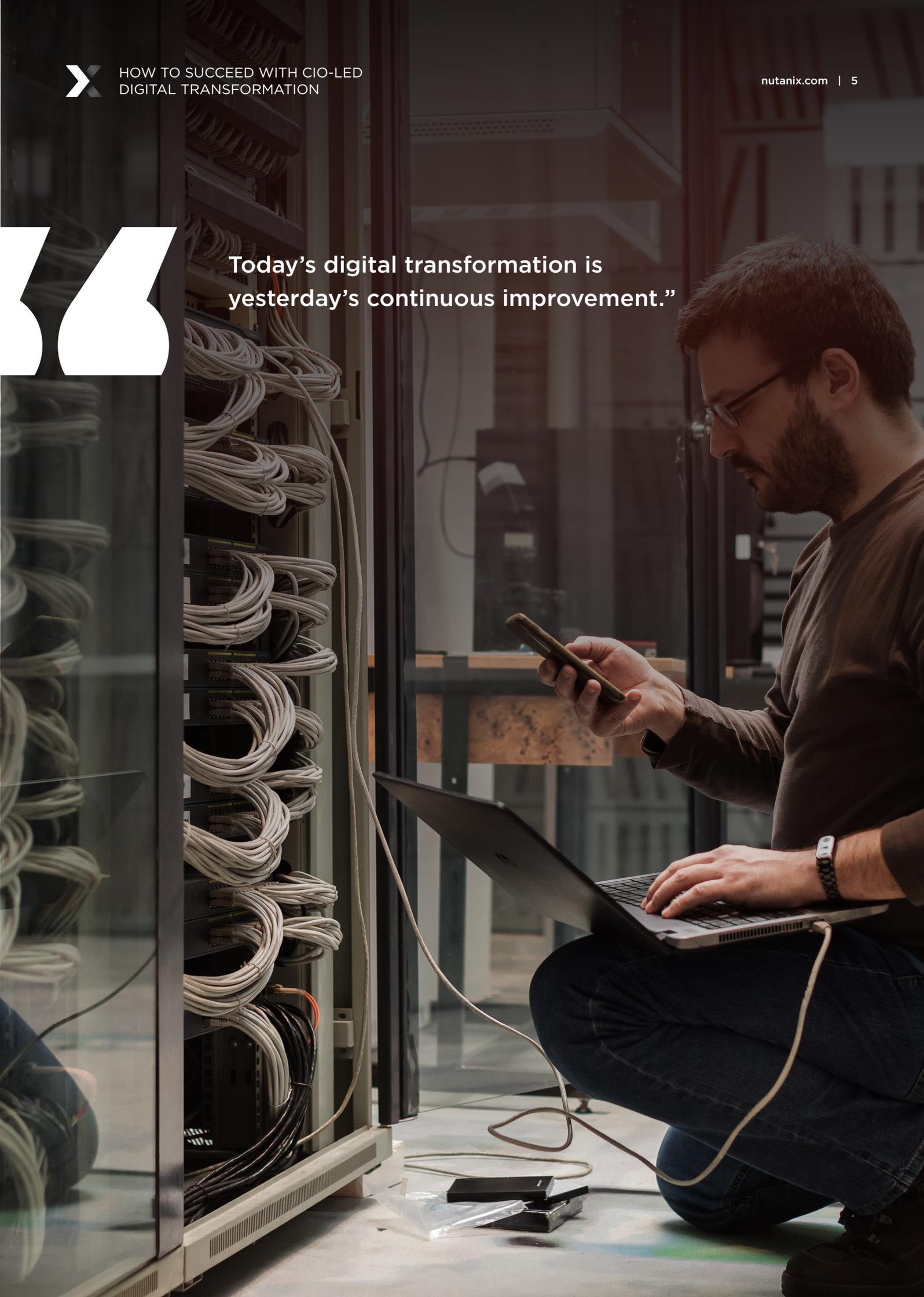
“In the Middle East, IT is still seen as a support service, apart from in the public sector,” Das says. In Asia, it varies according to geography. Das cites Singapore for great attention to governance, while noting that Malaysia is racing to transform itself and is less focused on compliance demands.

IDC found that 23% of digital transformation budgetary spend resided with lines of business, and a further 13% was in joint IT- and line of business-led digital transformation projects. Although this equals the share for central digital transformation budgets, a central digital transformation budget may not be led by the CIO and IT in each and every case.

The Seattle Children’s Hospital’s Chaudry says there needs to be a culture that embraces CIO-led digital transformation. “Today’s digital transformation is yesterday’s continuous improvement.” The healthcare CIO insists that CIOs should be on the board and in a role that acts as a broker between lines of business and technology.



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“Line of business leaders want you to understand the business function, and to build the political relationship, and then translate that into services,” he says.

According to IDC, 60% of enterprises are unable to deliver “technology enabled agility.” Moreover, 30% of the organizations surveyed would not have an IT department that IDC considers capable of being a business partner to the organization. CIOs in these organizations cannot effectively share data across the business, and therefore cannot create the types of technology-driven experiences that customers and, more recently, employees are expecting. IDC finds that 55% of these CIOs are “stifled by legacy technology,” which is fragile, and operating on a fragmented application environment. These conditions in turn lead to shadow IT and fragmented data.

Technology challenges are holding back the CIO and their IT team. IDC found that 70% of senior management view IT primarily as a support organization within the business.

Nevertheless, the role of the CIO in the modern enterprise has changed as a result of the global downturn of 2008 and the following years of digital disruption. Notwithstanding the challenges of siloed, legacy technology, CIOs are now far more embedded, connected, and influential in organizations and therefore better positioned to enact digital transformation, or at the very least play a leading role.

“We are equals, we are all part of the business,” says Lefebvre of Liberty Mutual. IDC adds: “The current and emerging complexity means it is nearly impossible for you to go it alone,” which can be seen as a message to both CIOs and those line of business leaders at the helm of digital transformation. “As CIO your background means you should either be leading or heavily influencing where and how technology is deployed,” the analysts assert.

“My role is to make them aware of what is possible,” says Randstad’s Ghijssels.

Renault’s Teixeira takes it further, stating that CIOs engaged in modernizing and digitizing their resources must ensure that their staff are reskilled, no matter their age. “One of the main goals of our executive is to bring a digital mentality and skills to everyone, and we will need real ambassadors,” he says.

Cultural change is a key part of how CIOs can influence the digital transformation of their organizations. IDC reminds us that the CIO is well placed to get “IT resources, services, processes and systems into a state where everything can be done proactively.” The CIO enables lines of business to be central to digital transformation, while using their resources and influence to ensure the organization is compliant and not breeding silos that will cause problems further down the track.



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