



# DIGITAL TRANSFORMATION SUCCEEDS WITH THE CMO & CIO WORKING IN PARTNERSHIP

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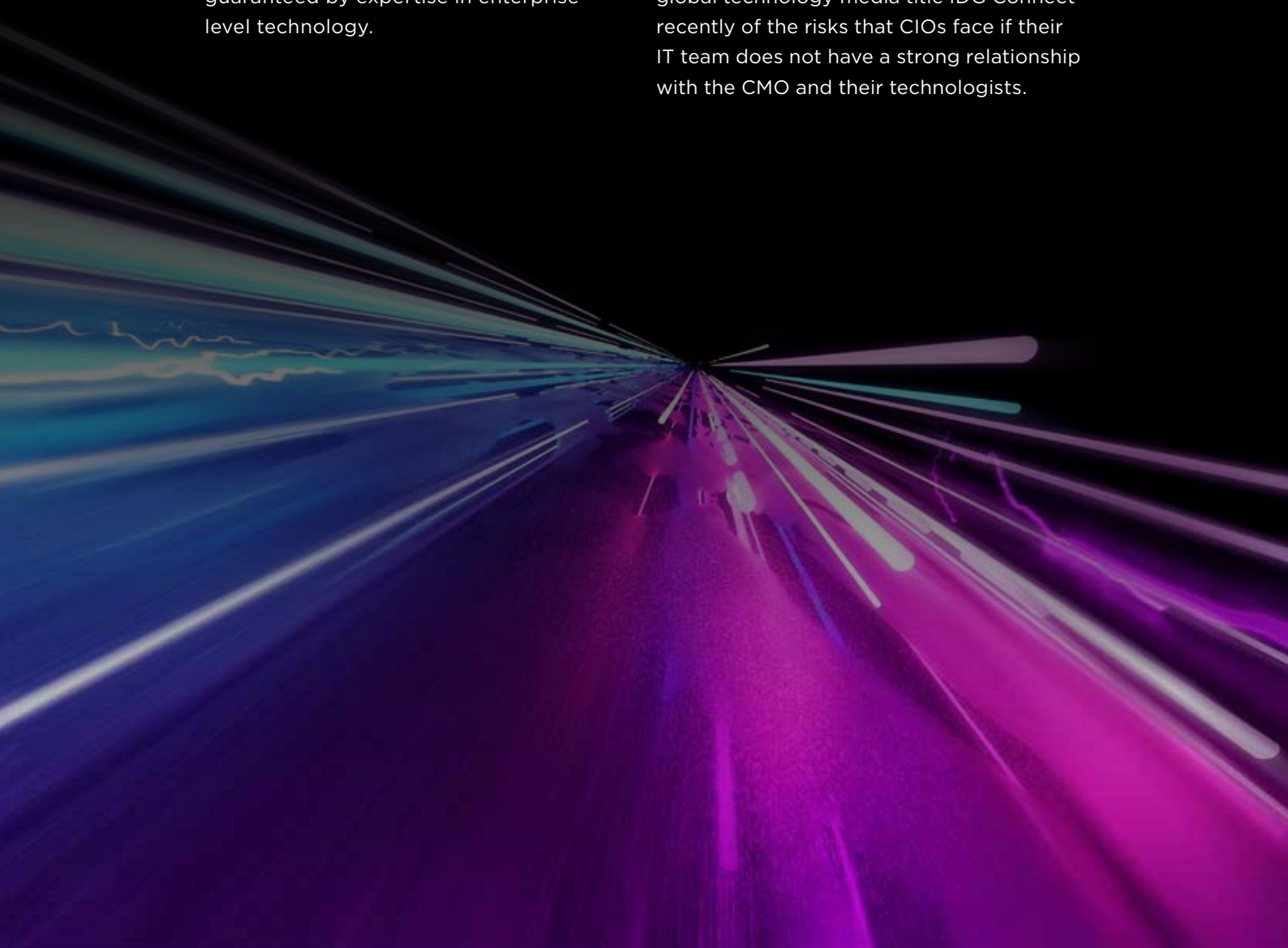


## Marketing leaders understand technology and tech leaders are marketing savvy, which benefits the business

For years now there's been a perception that Chief Marketing Officers (CMO) and Chief Information Officers (CIO) often work at cross purposes. But the reality is they must—and often do—work well together. The reason? Digital transformation of the enterprise and the customer base - no matter the vertical market - requires a technology-centric approach to marketing. The demand and complexity of the technology to reach, understand, and carry out effective marketing must be integrated and guaranteed by expertise in enterprise-level technology.

The supposed friction between the two roles stems partly from a claim mid-way through the last decade by technology analyst house Gartner, that by 2017 the CMO would outstrip the CIO in IT spending.

“The CIO has been completely cut out of the loop of marketing technology, but the IS department needs to be deeply involved. There's too much involved,” Scott McNealy chairman of Wayin, a Denver-based social marketing company, told global technology media title IDG Connect recently of the risks that CIOs face if their IT team does not have a strong relationship with the CMO and their technologists.





“The challenge is that, traditionally, these roles come from different perspectives,” says the Digital Marketing Institute of the very different career paths a CIO and CMO take. “While, in a general sense, CIOs are responsible for evaluating and implementing technological solutions, CMOs lead marketing initiatives that engage with customers and drive revenue.”

Foundation Capital, a Silicon Valley-based venture capital organization, says customer relationship management (CRM) databases, marketing automation, and analytics tools are driving increasing CMO tech investment.

“Perhaps the most important area of investment for CIOs and CMOs is the customer experience,” Foundation Capital says. “CMOs need to engage consumers in new and innovative ways, on digital platforms that are constantly evolving. This necessitates a tight-knit collaboration between the marketing and IT departments to pilot or implement virtual assistants, experiment with augmented reality and microsensors, in addition to testing digital marketing hubs and real-time social listening centers.”

Just a year ago, Gartner’s research demonstrated that technology investment was consuming a third of the budget for CMOs. Comparing the results of the survey between 2018 and 2019, Gartner found that technology budget allocation by marketing leaders had increased from 22% to 29% in a year. At the same time, CMOs were spending less on employees, paid media, and marketing agencies. The latter is of interest as technology, according to Gartner, is allowing CMOs to bring more marketing outcomes in-house.

The same report finds that 40% of the marketing technology (Martech) budget is allocated to marketing and analytics tools. These tools are delivered as cloud solutions, either as Software-as-a-Service (SaaS), or via hybrid and on-premises cloud. This finding by Gartner indicates that enterprise cloud computing will be a key foundational technology for the relationship between the CIO and the CMO.

Not only are CMOs spending more on technology, and placing greater demands on the cloud infrastructure CIOs have put in place, but CIOs are spending their time worrying about the customer. “We have really worked very, very hard to improve the customer promise,” says Chris Howell, CIO of Hachette, publishers of the John Grisham and Ian Rankin novels. Richard Corbridge, chief innovation officer with pharmaceutical retailer Boots agrees. He describes his role and that of the technologies that he marshals, as driving: “the move from shopkeeper to customer keeper - and it will come through in how we can help people.” Corbridge and Howell are both in sectors that have been digitally transformed, and therefore the technology leader plays a key role in the new customer service, which necessitates a close relationship with the marketing arm of the organization.

“Customer experience is becoming a hot button, not just for the CMO, but across the C-suite,” says Sheryl Pattek, Analyst at Forrester Research. “Customers expect a consistent experience, and they expect a company to know who they are from, device to device and from touchpoint to touchpoint. You can only do that with technology,” she adds. Personalization and growth can only be achieved through high-end data management, which in turn relies on major compute power, speed, agility, and massive data lakes.



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## Digital transformation - digital join

“What we are starting to see is business transformation that is influenced by a digital economy. It’s becoming an enterprise-wide initiative where CIOs and IT professionals are partnering with key businesses across the organization to use digital to facilitate business goals,” says Brian Solis, principal analyst at Altimeter, a technology research organization. In the digital economy that Solis describes, there cannot be division between any department, but least of all marketing and technology.

Altimeter carries out a State of Digital Transformation study every year, and in 2019 found that CIOs, having proved their worth in being customer-centric, are leading enterprise digital transformation initiatives in 28% of the organizations they studied, second to the CEO. The number of CMOs leading digital transformation was down by five percent.

“Up until this year, it was a tug of war between CIOs and CMOs in terms of who owned digital transformation,” Solis says. “And this is the second year the CMO has not owned digital transformation, but it doesn’t signal a loss of influence. CMOs are taking on a different type of role within organizations, one of hyperfocus on customer experience and engagement. Today it is the CMO’s job to understand the digital customer and explore ways to modernize the complete customer journey.”



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## A new partnership

As the CMO increasingly focuses on understanding and discovering new ways to improve the customer journey, they are reliant on the CIO as an ally who brings additional technological and data insight, as well as to rapidly deploy solutions to deliver a new customer service.

“You can stack these change programs in all sorts of different ways. The trick is to recognize that it’s not the IT, but the business transformation that really matters,” says Paul Coby, CIO with global scientific and manufacturing business Johnson Matthey. “When you plug in new tools, especially using the cloud, it can immediately change the way people work across the business,” he says, recounting how, at retail chain John Lewis, he built a business process change unit to ensure smooth and effective technology adoption in marketing, as well as the physical stores that are the mainstay of the John Lewis business.

Coby’s experience leading technology at some of the world’s major companies has taught him that IT success is built on explaining to all stakeholders “why IT matters and how it will help the business.” Coby explains that “an investment of millions on infrastructure and cybersecurity needs to be built on a reasoned analysis, expressed in clear business language, about why the investment is necessary not only to protect the business from threats, but also to improve the way the business works.”

“The CIO’s and CMO’s worlds have steadily converged in recent years,” writes former CMO of Capital One and General Mills Peter Horst. “Marketing, with traditional strengths in consumer insights, creative development, brand strategy, and storytelling, is undergoing a transformation, as the means to engage a networked

consumer become increasingly dependent on data and technology.

“Similarly, IT, with strengths in operational reliability and project management, technology architecture and specifications, is undergoing a transformation with cloud computing, the consumerization of IT, and the escalating brand risks posed by cyber threats.” The result, Horst observes, is a convergence of the roles of the CIO and CMO and their teams. This convergence is a result of the digital transformation of society. Consumers expect a digital service from organizations in all vertical markets. For example, car manufacturers now see a buyer carry out seven online “visits” to their online properties to understand an offering, and a significantly reduced amount of time spent in a physical retail setting. This behavior change requires the organization to be providing engaging and useful digital services, and to be collecting insightful data on the customer and their buying intent. Underpinning all of this is a technology and information architecture that benefits the customer, improves marketing outcomes, and meets the compliance requirements of the CIO. As a result, organizations where the CMO and CIO have a good partnership are prospering, as we see at Hachette, Boots, and John Lewis, but there are organizations where this chemistry has yet to form.

As the digital transformation of society continues, it is likely the CIO and CMO will continue to be a close-knit partnership, which in turn will change the nature of the organization.

Horst adds: “With the increasing intertwining of marketing and technology, the classic org chart paradigm becomes more hindrance than help.”



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