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20/20 vision for the 2020 CIO

IBM Institute for Business Value

Functional relevancy in the digital era

Welcome to the golden age of technological innovation, where personal and organizational relationships are radically reimagined through digitization. This is an age where enterprises embrace collaboration and commerce by exponentially empowering new connections among expansive ecosystems of employees, customers and partners; where digitization demands that businesses reinvent themselves within, and on the cloud; and where a new Chief Information Officer (CIO) is emerging, possessing visionary thought fueled by business acuity and flexibility.

Rewiring CIO behavior: From IT operational efficiency to business-transforming IT

Business leaders understand that technology is key to gaining customers, market share and profitability (see Figure 1). However, to sustain customer-centric monetization models, the C-suite – especially CIOs –need to pursue opportunities that yield differentiated business value through technology.

It's a new world, one in which the "I" in CIO is no longer just about "information," but also about innovation, ideation, investment and social interactions. CIOs require renewed strategic wherewithal to:
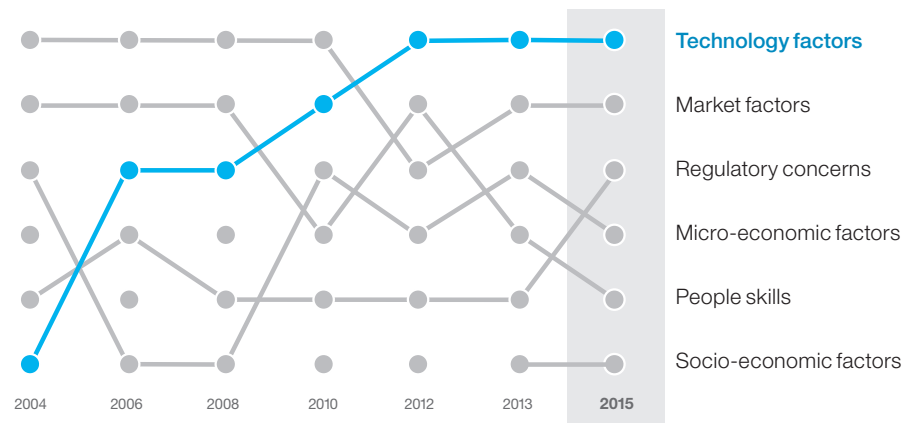
- Apply artificial intelligence to drive workload transformation within the IT organization and the business.

- Drive relevancy by building collaboration within and beyond traditional dimensions.

- Construct secure infrastructures that protect resources and assets.

- Broker new ideas, anticipating future events and acting with agility.

In a world where disruptive innovation is upending and unsettling the status quo, CIOs need to elevate their innovation IQ. To become smarter about driving value, CIOs should:

- **Reinvent their IT organizational model** to foster and meet business demands into 2020 and beyond, especially in new digital and cognitive domains.

- **Adopt "consumable" technology,** moving away from proprietary thinking to tap into commercial APIs that offer greater ease of use, lower cost and greater expediency.

- **Simplify IT through open standards and external talent engagement,** augmenting organizational workforce proficiencies by embracing open standards, cloud technologies and expanded skills.

Figure 1.
Top factor: CEOs say technology is the chief external influence on their enterprises

Technology factors

Market factors

Regulatory concerns

Micro-economic factors

People skills

Socio-economic factors

2004   2006   2008   2010   2012   2013   **2015**

Source: "Redefining Competition: The CEO Point of View" IBM Institute for Business Value.
http://www-935.ibm.com/services/c-suite/study/studies/ceo-study/

Reinventing the CIO: Think strategically, act digitally

Noted management expert Peter Drucker once said, "Management is doing things right; leadership is doing the right things." That may be the essential balancing act of a 2020 CIO – how to create ongoing value by thinking strategically and acting digitally.

The starting point for a 2020 CIO is moving beyond traditional operational and management approaches. To move beyond traditional data center mentalities and embrace a digital and cognitive world on the cloud, CIOs should:

- Foster innovation through singular, more personalized relationships with core constituencies.

- Advance digital transformation while managing enterprise-wide governance and compliance.

- Accelerate revenue-generating opportunities through customer and ecosystem engagement.

Senior executives, employees, partners and customers need to see the CIO invested in strategic objectives. Technology should move beyond merely functioning as a utility; rather, it should support transformation and disruption, with the CIOs acting as the cornerstone of a shared vision.

CIOs should serve as stewards of the organization's technology by becoming business enablers. This new role can start to emerge when CIOs close the gap between their perceptions of themselves and the view the business has of them. The result will be a reinvented CIO with the behavioral mindset necessary to successfully rise to the challenges of an anytime, anywhere digital world.

More than twice the number of surveyed CIOs at top-performing organizations said they have integrated business and technology for innovation than did CIOs at underperforming organizations.[1]

Adopting consumer technology and best practices

CIOs need to look beyond former experiences and preconceived notions of what defines their role in the digital age. Doing so is essential and career-defining for any CIO. And it involves consumerization of IT as a critical driver of the CIO's strategic mission.

If they want to achieve a more substantive role within the corporate leadership hierarchy, CIOs need to accelerate organizational and technological innovation with the same speed employees and customers expect from their mobile and cloud-based applications.

By embracing the consumerization of IT, the CIO and the entire IT organization can provide the differentiation vital to anticipating and acting upon market or workplace need. For a 2020 CIO, this means adopting the flexibility and self-confidence needed to wear multiple hats at the same time. CIOs should:

- Position themselves as change agents by taking an outward-in approach, tapping into the emerging technologies coming on stream.

- Establish themselves as crucial collaboration partners on enterprise initiatives while continuing to facilitate application develop-ment and migration to the cloud.

- Prepare themselves to embrace the API economy while continuing to safeguard and secure IT systems.

- Define themselves through performance and operational excellence while helping architect digital strategies to elevate stakeholder satis-faction and customer acquisition.

Forty percent of surveyed CIOs say they spend a majority of their time with the business while only 20 percent of business executives agree.[2]

Simplifying IT: Open standards and opening doors

With traditional IT organizational roles and priorities shifting, the CIO needs to engage in a continuous dialog with key stakeholders within and outside of the organization. A 2020 CIO is more effective launching products and services more quickly into the marketplace through better management of talent within firewalls, and exploiting and engaging talent across digital ecosystems.

According to a 2015 IBM Institute of Business Value Global C-suite Study, CxOs, including CIOs, are focusing on open platform business models.[3] As technology asset ownership moves to the cloud, spanning infrastructure, data and applications, an inherent simplification of business operating models is taking hold. Custom work is being reserved for the IT production periphery while business enable-ment via standard solutions accelerates.

The new digital transformation, and its reliance on cloud and API-based platforms, helps CIOs truncate time to market or time to deployment, resulting in more value and greater profitability for their organizations. These developments, along with a greater reliance on the external ecosystem to effect calculable change within the firewall, will help CIOs construct agile, business-first environments (see sidebar, "Taking a business-first approach"). For any CIO, that is a recipe for measurable success.

Taking a business-first approach

One CIO of a leading industrial sector company answered the challenges facing his company by jettisoning old, linear point A/ point B strategies and moving to a radical, business-first approach. This meant eliminating many internal IT resources and tapping into a broad network of agile digital skills critical to accelerated outcomes. The result is greater efficiency and enhanced profitability and performance.

Here's where 2020 vision begins

Experts on this topic

A progressive CIO creates an IT environment where calculated disruption is encouraged and managed for optimal results. Here are three key starting points:

- **Look for talent, inside and out.** Evaluate skills requirements, whether part of your IT organization or available for hire. Supplement your in-house staff by embracing non-employee skills available through the "gig economy" to create value while reducing costs.[4]

- **See technology spending strategically.** Undertake a deep dive into how budgets and spending align with the actions that need to be taken. Both capital and operational expenditures should reflect the business imperatives essential to driving business outcomes.

- **Focus on results.** Control the full throttle of the IT engine to effect speed and trajectory. Accomplish this by measuring on near-term and sustainable value realization.

Daniel Gasparro
Associate Partner, CIO Advisory Services
IBM Global Business Services
linkedin.com/in/danielgasparro/
dgasparr@us.ibm.com

Michael Fitzgerald
Partner & CIO Advisory Global Leader, CIO Advisory Services
IBM Global Business Services
linkedin.com/in/smarterftz/
mikefitz@us.ibm.com

Robert Murray
Partner & NA Practice Leader, CIO Advisory Services
IBM Global Business Services
linkedin.com/in/robertpmurray/
robmur@us.ibm.com

Richard Warrick
Associate Partner & Digital Reinvention Lead, CIO Advisory Center of Competence
IBM Global Business Services
linkedin.com/in/richard-warrick-a23b064/
rwarric@us.ibm.com

IBV Contact
Anthony Marshall
Research Director and Strategy Leader
IBM Institute for Business Value
linkedin.com/ln/anthonyejmarshall
anthony2@us.ibm.com

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Notes and sources

1   "The Essential CIO: Insights from the Global Chief Information Officer Study." IBM Institute for Business Value. May 2011. https://www-01.ibm.com/common/ssi/cgi-bin/ssialias?htmlfid=CIE03073USEN&appname=wwwsearch

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