

The reinvention
of the

CIO

‘The reinvention of the CIO’

The headline above has been a common one. Not just of late, as has perhaps been the perception in some quarters, but as far back as 2007 in fact. Far from being old news, it represents the ongoing evolution taking place at the head and in the heart of the modern enterprise. Indeed, the sentiment behind these headlines is not only as relevant now as it ever was, but even more so. Because a coup d'état is now underway in businesses the world over as the result of which a key incumbent C-Suite executive is being usurped. The deposed might be termed CIO 1.0. The upstart? CIO 2.0.

Created in consultation with a number of key market observers and commentators, and in light of important and significant new research into shifting C-Suite attitudes, this Insight Executive Briefing outlines the fast-shifting landscape in which CIOs of both generations now find themselves. It explores how, why, and where the role and remit of the CIO is developing, offering key insights into how, under threat of what could amount to extinction, incumbents can not only survive the major evolutionary step changes now taking place within their roles, but quite possibly benefit from them.

I. INTRODUCTION

The death of the old CIO... And the birth of the new

Businesses everywhere are currently witnessing – and often actively taking part in – the decline of a once virtually all-powerful senior executive. CIO 1.0. CIO 1.0 is by no means every CIO; instead it represents the traditional or ‘operational’ CIO; the CIO that is unwilling or unable to evolve during what has become a period of intense change. This breed of CIO has spent the last several years watching helplessly as their once all-powerful realm – the increasingly anachronistic principality known simply as ‘IT’ – has slowly but surely lost control of its borders, and as his/her budgets and influence have been eroded accordingly. This CIO has been railroaded, sometimes willingly, into tactical, back office IT management and, in turn, into virtual boardroom obsolescence. Once one of the key linchpins in the creation of business strategy, this CIO has latterly become its victim.

Then comes the usurper. The new breed of CIO. CIO 2.0. Thought leader. Digital leader. Business leader. CIO 2.0 is technology’s advocate and champion in the boardroom. This character commands growing budget, growing respect, and growing influence. He or she is not just a major strategic stakeholder in the future of the enterprise, but one of its key architects. But why is this ‘new’ CIO becoming increasingly prominent? When did this shift occur? How? And what can current CIOs do to ensure that they themselves aren’t seen as being of the old school and end up falling victim to the ‘upgrade’?

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II. HOW THE ROLE OF THE CIO IS CHANGING

Perception as reality?

An independent study commissioned by Insight has unearthed an array of telling trends that reveal how quickly, markedly and permanently the role of the CIO has evolved in recent years. With respondents from a wide range of executives from across an equally broad cross-section of businesses, the study brought to light the difficulties the CIO of today faces with its peers in its organisation. With an evolution of their role underway – whether they like it or not – there is a need to educate their peers to ensure they remain relevant and remain in control of what matters, the budget. Yet, the research suggests that only 15% of Business Decision Makers (BDMs) currently feel that the ‘conventional’ CIO should be in control of the IT budget. In a similar vein, over half (55%) of the executives we spoke with believe that the traditional, operational orientated CIO is now subordinate to other members of the senior management team; that the ‘old school’ CIO has less sway and significance in the business than they did two years ago; and that such CIOs no longer always hold decision making responsibility.

Other key findings of the Insight CIO study include strong indications that:

CIO 1.0 is less valued in the boardroom than previously.

The findings reveal a growing and marked disconnect between the C-suite and CIO 1.0. Despite nearly 8 in 10 (77%) executives acknowledging that the CIO remains an integral part of the business, there was an almost unanimous belief among the same group that the operational CIO is now in some way ‘lower’ than the rest of the C-suite, when it comes to his role within the boardroom; a statement which over 55% of our respondents agreed with. Equally worrying was that this ‘old style’ CIO is now seen as holding little responsibility and sway when it comes to making decisions on the ongoing technology needs of the business.

Who really owns the IT budget?

There is a significant disparity in thinking as regards who should own the budget, who thinks that they own it, and who actually does according to our findings. While 6 in 10 CIOs believe that they still hold sway – and indeed they should – conversations with business decision makers told a different story. Only a quarter believed the traditional CIO currently owns the majority of main tech budget and only 15% think they should. This battle for funding reflects the overall issues surrounding the CIO role: lack of clarity, increased responsibilities and CDO/CTO usurpation.

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Innovate to accumulate

One area of agreement between the CIO and the C-suite at large revealed by the study was the need for continued and orchestrated technological innovation across the business. Nearly half of the business decision makers (42%) commented that this was a role in which the CIO has more responsibility today; a fact that 56% of the CIOs agreed with. A role that has traditionally sat firmly with the CIO according to the research, for the time being at least, it still does. Yet it also suggested that this status quo is unlikely to last forever, or even for a great deal longer, certainly not without strategic intervention from the CIO himself. In short, while there looks to be a clear window of opportunity for CIOs in the realm of innovation, it is likely to be a limited one.

Despite many CIOs being perceived as both expert and forward thinking according to the survey, responses also indicated that there is a perceived lack of focus on skills and business understanding among operational CIOs. For both audiences, future skills appeared to be of little importance; instead there was a focus on today, and not tomorrow. Unchecked, this could hamper their chances of clinging onto business innovation budget and responsibility.

Security is the CIO's security

In similar vein, both the CIOs and other C-suite executives participating in the Insight study cited the growing profile and importance of security to the long-term well being, reputation and strategic clout of the business. By far, the most important area for both audiences, security is a threat that needs focus – one that organisations believe the CIO can give. The top challenge for CIOs according to the business (70%); it was a pain felt similarly by the CIO themselves who also ranked it most important. The CIO is a natural candidate to shoulder the burden of responsibility for increased vigilance and diligence in this area (few other C-level executives can even claim to have the necessary security nous and experience). As such, security represents a major opportunity for the CIO needing to retrench and reinforce their power base; especially those finding their budgets and influence being eroded in other areas.

Evidently while there remains common ground in how operational CIOs see themselves and how they are perceived elsewhere in the organisation, there are also now clear differences. As highlighted in the executive summary, these are in essence not new ideas or developments. The real question is how, why and where it is happening. And what incumbent CIOs can do about it.

III. WHY THE ROLE OF THE CIO IS CHANGING

A range of factors is driving this upturn in the CIO's evolutionary curve

Where certain 'certainties' used to be standard issue and simply part and parcel of most CIO's standard MOs, many of the constants upon which CIOs used to rely are currently going through an enormous and fundamental transition. Others meanwhile – with more organisations fundamentally re-evaluating why and how they acquire, deploy and maintain their technology infrastructures – have already changed beyond all recognition. Moreover, while such change used to take place over decades, the developments in question are coming about in a matter not of years, but consistently; quarter on quarter, month on month.

The devolution of IT

The IT department's job has changed. And is seen to have changed. Over the last five years, security has become the number one challenge for the CIO, a point on which both the CIO and the wider business agree. Meanwhile, more traditional tasks, such as the day-to-day management of the IT estate, are at the bottom of the table; a critical challenge only according to over a quarter of business respondents (27%). Put simply, where it was once front and centre, it is now, in (too) many cases, becoming a back office backwater. Moving forward, the IT department's role is seen more and more as simply maintaining IT and operational systems; i.e. the 'plumbing'. The meat – i.e. the strategy – is swiftly being divested upward and outwards to others; notably the marketing function.

The new IT economy

The technological landscape has arguably seen a greater, more rapid evolution in the last five years than at any previous times in its history. Staggering in the context of an industry that was already the fastest moving on the planet. Recent research suggests that something in the order of two-thirds of CIOs currently outsource at least a proportion of their business's software application development, including mobile applications, for instance, while over half already outsource their datacentres. Just under half of CIOs continue to outsource the maintenance and ongoing support of the applications they develop meanwhile; while a third have handed over the management of their help desk to outsourcers.

Consider that this push towards outsourcing and offshoring is just one of many significant factors now impacting the world and the role of today's CIO, and it is easy to appreciate how large a rethink many CIOs now have to make. It is also perhaps an insight into why day-to-day management of the IT estate has fallen drastically down the list of challenges. The cloud. Mobility. The so-called Internet of Things.

The increasing ubiquity and prevalence of smartphone and tablet based computing, leading in turn to the dawn of consumerisation and thence to game-changing phenomena such as BYOD. The list goes on. And this without macro factors like the global financial crisis and ramping socio-economic upheaval. It is easy, in such a context, to appreciate how large a rethink many CIOs now have to make. But where?



CIO: A Ruse by any other name?

As well as working with existing execs, the strategic CIO will need to deal with newcomers threatening to eat into their territory and authority. And one emerging job acronym in particular is already having a major impact: CDO. I.e. Chief Digital Officer or Chief Data Officer.

CDO

Commonly tasked with focusing on the organisation's 'digital potential', CDOs often have backgrounds in marketing or sales and their appointments often relegate incumbent CIOs to less strategic roles almost immediately; the CIO becoming concerned with tactical matters such as cost control and process management and the CDO with key issues like risk and compliance.

According to Gartner there is room for both roles and opportunities for 'synergy' but also an element of risk. Pushing back and treating the CDO as a threat is, ironically, a risk for the CIO. It is an area, say Gartner, where many CIOs have some 'maturing' to do to "figure out how these roles fit together."

DSA, DMLs and DBULs

Other job titles are likely to emerge too, with Gartner noting that the remit of the CDO may actually evolve into three or more distinct roles: Digital Strategy Adviser (DSA), Digital Market Leaders (DML) and Digital Business Unit Leaders (DBUL).

So too the... CMO

While CIOs have, historically, tended to have healthy ties with the CFO and operations, relationships with marketing have been habitually less robust; sometimes even positively frosty. With more and more CMOs being promoted to play leading roles in their companies' digital strategies – and vital disciplines like mobility becoming common bones of contention and battlegrounds between the two – this represents a serious challenge for the CIO; especially the determinedly old school CIO.

With the CMO generally perceived as being the aggressor and as having early control of the high ground, CIOs should resist the temptation to directly bash heads with them however. Bide your time and box clever are the twin mantras for the CIO that's truly savvy.

III. WHY THE ROLE OF THE CIO IS CHANGING continued

Stagnation: Enforced and Self-imposed

Many CIOs are certainly aware of the need to change: the fact that they now need to innovate and work more effectively with the business often ranks among their top concerns. But the shift from being a purely technological leader to that of a more rounded business leader is a daunting one. It is also one for which not all CIOs appear to be ready – less than half of the CIOs we surveyed said they were responsible for representing the technology needs of the business in the boardroom - and which even fewer currently seem fully willing to make, so entrenched in their traditional roles have they become over the last two decades or so.

The old CIO career path – typically characterised by a steady rise through the ranks of the IT department – will no longer be the de facto route (in point of fact it is more than worthy of note that nearly 50 per cent of US CIOs no longer have strong technology backgrounds according to Forrester Research. As such, the role of the CIO role as we have known and understood it up until now will cease to exist and where it does exist it will fast devolve into a much more commoditised one wherein the CIO becomes technology orchestrator rather than out and out provider.

All of the above being the case, if they are to be sufficiently armed for the resulting fall-out now in train, CIOs need to make the right preparations, gather the right knowledge and make the right insights. And they need to be doing so sooner rather than later.



IV. WHAT IS CHANGING. AND WHERE

Expectations

Whereas the role of CIO 1.0 was to manage technology efficiently, many businesses' expectations as regards what technology can deliver have changed significantly in the last five years. Today, security (70%), cost-effective spending (57%) and innovation (52%) lead the charge according to the business. As a result, the CIO now needs to demonstrate how IT contributes to the bottom line. Those that don't will again likely fall victim to personal and organisational commoditisation. Here we are likely to witness many business disciplines and divisions trying to leverage technologies independently of the IT function as many don't currently feel that they are getting the value and the support that they expect from the IT department and, by extension, the CIO.

Metrics

Many CIOs suddenly find themselves facing an alternate reality in which the success metrics by which they are judged have reversed polarity. They are now, for instance, being measured not by how many people and projects they oversee, but how few. A challenge which both sides saw as of critical importance in today's climate. Where factors such as availability and uptime – which of course remain vital for underlying business operations – used to be the vital KPIs, these are increasingly being replaced by metrics tied to core business outcomes: growth, market share, customer experience, profitability; even share price.

Power shift

According to research from IDC – they predict that in future IT spending by non-IT departments will outpace that of the IT department itself – 61% of enterprise technology projects are already being funded by the business rather than the IT department. That this should be the case is both a useful illustration and a bitter irony. Where many businesses spent years paying lip service when their CIOs urged 'smarter' use of technology, they're now in agreement. The problem is that they no longer think the CIO is the person to make it happen. Technology, it seems, is too valuable to be left in the sole care of the self same traditional, operational CIO that recommended it in the first place. i.e. CIO 1.0 as opposed to CIO 2.0.

Demonstrated by Insight's findings, this is giving rise to some increasingly pitched battles and turf wars between old school CIOs and other members of the C-suite. Many of the latter are styling themselves better arbiters of their firms' digital strategies than their old school CIO counterparts and want to wrest control of same, while even less strident executives are looking to devolve technology leadership across the boardroom. Perhaps this is most overt when discussing the role of the CMO; 58 per cent of our business respondents said it was this role that had taken a lot of the responsibility associated with the CIO; moreover according to over half (53%) the CIO has become less important as a CDO or CTO has been employed by their organisation.

..... *It's all about the delivery of business goals
and end games, not IT solutions.....*

V. BRIDGING THE GAP

The CIO's role, and role of the technological function for which they are responsible, is set to evolve significantly then. But how to bridge the gap? They are several headline areas CIOs need to address according to Insight's extensive consulting process.

Mindset

The traditional view of CIO 1.0 has tended to be along the lines of "This is my organisation, I have to protect it, grow it, manage it". What has to take place now is a shift in thinking. There are examples of Fortune 50 companies with multiple CIOs working across multiple divisions and business entities actively warring over issues such as what enterprise email solutions the wider business ought to be using. This is both completely self-defeating and not as uncommon as many might believe. What they should instead be considering is the business goals their divisions ought to be addressing. What is the business end game? You wouldn't find a group of CFOs worrying about or arguing over their accounting software (if that was the case then chances are that there's a CIO somewhere not doing the job properly!), so why should CIOs waste time similarly?

Talent growth and management

CIOs need to spend much more time and effort developing talent, especially as the business advantage of using IT grows while the technology lifecycle shortens drastically. This may be by further educating themselves, by surrounding themselves with complementary expertise, and very possibly both. CIOs are encouraged to identify strengths and weaknesses. In themselves. In their staff. In their supplier offerings. In their current deliverables and again, in their skills. Find your strengths and weaknesses. Exploit the first, shore up the second.

Influence

The CIO can still be valued in the boardroom but it is no longer simply about the title; the CIO badge no longer carries enough kudos in and of itself to guarantee the CIO any power, sway, or even say so in the boardroom. It is very much down to the individual to make that happen. It is widely forecast that the role of the CIO will likely be at least as influential in five years time as it is today. It is equally widely accepted that CIOs will need to do more than ever to earn that influence however. There has been endless debate about whether the CIO should be more business person or technician. Having skills in both areas will undoubtedly be key, but engaging as a business executive will be especially vital. Shadow IT in other departments is a good indicator that innovation is now occurring outside IT, the balance having shifted markedly here.

..... *IT has to start helping its sister functions and the business at large make smarter technology decisions, instead of simply being a glorified technology turnkey and running scared of 'shadow IT'.....*

The cloud, outsourcing and related devolutionary trends are not and should not be seen as excuses for lack of boardroom influence but should be part of an overall strategy – a strategy driven by the CIO. CIOs should ask themselves candidly whether they are currently more roadblock than enabler. If the answer is yes, then it is probably time for a change. And if this change isn't affected voluntarily by the CIO themselves it will, in time, be made for them. In essence, the CIO needs to change the IT function from being an organisation that says 'no' to one that is in the 'know': moving it from turnkey to orchestrator in the process. Whom the CIO needs to influence is also changing as their fellow executives become more tech savvy. With the democratisation of technology, business applications will be more easily understood by functional heads like the CMO, and the CFO; both of whom have increasing sway over IT budget. Hence they will have a better handle over technology decisions.

Skills

The overwhelming consensus is that the skill-sets that the original CIOs utilised in order to 'invent' IT are quite different from – and often the polar opposite of – those they are going to need to reinvent it. In this context it is vital to consider the breed of CIO that continues to thrive despite the aforementioned changes taking place, and how they are managing to do so. Such executives tend to be both smart in the extreme and possessed of incredible technical knowledge, but they invariably also have enormous business acumen and expertise in functions outside and beyond IT. In other words their skills correlate not (only) to IT, but with the skill-sets of their natural peers, the CFO and the CEO. i.e. they help define and facilitate their company's goals not just the line of business goals associated purely with IT. Conversely, those CIOs that are proving less and less effective as time goes on are those that remain focused on internal processes; specifically IT processes. It's all about the delivery of business goals and end games, not IT solutions.

Play to your strengths – and to the crowd

It is important that CIOs continue to play to their strengths, but equally vital is the need to know and understand their weaknesses and to do whatever might be necessary to fill in the gaps. Also, while it will come as a frightening and uncomfortable prospect for CIO 1.0 – a great many of whom have been isolated, whether deliberately or otherwise, from the rest of the business for some time – one of the best ways of doing this is for CIOs to start asking their peer groups. The CIO looking to regain the ear and the respect of other board members should be asking their peers on the board what they feel his strengths and weaknesses are; how he can help; where he can add value.

.....*Tomorrow's CIO must start being accountable for – and taking ownership of – what the business does; not just how it does it*.....

V. BRIDGING THE GAP continued

What does the business need to deliver? What, as CIO, can I do to facilitate that? Do I have the necessary resources in place to deliver that? If not then what do I need to do to put that right?

The Say:Do Ratio

As one commentator, himself a CIO, recently put it, "The CIO has had it too easy for too long. The CIO was always responsible for the 'how' rather than the 'what': with the business – i.e. the rest of board – dictating what should happen and the CIO would be charged with 'how.'" Tomorrow's CIO must start, being accountable for – and taking ownership of – what the business does; not just how it does it.

Reach out. Be accountable. IT people cannot afford to be simply IT experts any more. Moving forward it will be all about not the technology itself, but how it is used. And the executive that dictates such matters will play a large part in dictating the direction of travel for the business itself. CIOs therefore need to think more carefully about their "say:do ratios". Think about what you can and can't deliver. If that isn't good enough, improve it. If you say you're going to deliver something then make certain that you do. Similarly, if you can't really deliver it don't say that you can.

Win friends and influence people

There is often also a need for CIOs to sharpen up their stakeholder management and interpersonal skills, especially as business hierarchies continue flattening out and business partners and (in an increasingly customer-centric world) clients become at least as important as internal stakeholders. So people skills, such as listening, communication and leadership qualities will be far more important than they have been for many CIOs so far.

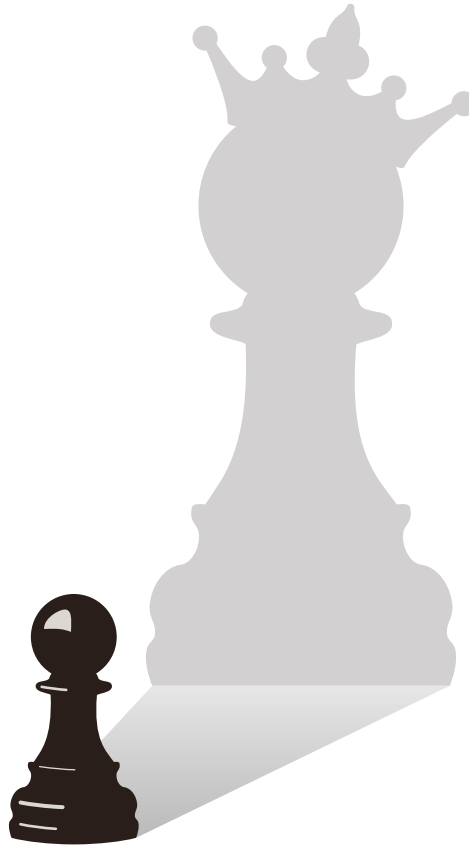
In other words, as the enterprise enters a more collaborative age, CIOs must start both reinforcing existing relationships and trying to forge strong and strategic new ones; to be the trusted adviser and the friend to those charged with making the decisions; to build a reputation and profile by helping others make better decisions.

Step out of the shadows

In many cases IT has actively and almost willingly entrenched itself over the years; deliberately keeping itself separate and isolated from the rest of the business; cordoning itself off 'behind the glass'. This has to stop. If IT is, or becomes as the result of a lack of action on the part of the CIO, a back office function, then so too do CIOs themselves. IT has to start helping its sister functions and the business at large make smarter technology decisions, instead of simply being a glorified technology turnkey and running scared of 'shadow IT'.

Consider marketing; a department that is now thriving often by dictating its own usage and leveraging of technology independent of IT. As such, IT and the CIO have to almost literally step out of the shadows. Reach out. Take risks. Not with data or IP obviously, but personally, organisationally, technologically; in terms of how technologies are deployed and used. Understand how the technology can be used to help the business achieve its end game quicker, better and learn to articulate that in language the rest of the business can understand and relate to. In business nothing happens without technology. CIOs therefore need to make sure that technology isn't happening without them.

VI. CONCLUSION



The CIO remains a vital member of the C-suite, but it can no longer take a position at the top table for granted.

Equally, and paradoxically, the growing importance of technology is seen as a threat to CIOs, especially as other members of the C-suite stake their claim for a say in how technologies are deployed across their business. The CIO's control over the IT budget, their strategic responsibilities and their remit within their organisation are, it seems, very much up for grabs. The onus is very much on the CIO themselves to grab these things and they are favourites to do so, but these spoils will by no means be handed to them on a plate. Quite the opposite in fact. They are likely to have to fight an increasingly pitched battle for territory, budget, control and influence.

The message then, is clear: the CIO needs to fight harder for their role in the boardroom; to spend more time educating their peers on the value they bring to their businesses; to emphasise the long-term, strategic benefits they can offer, to highlight the importance and value-add only their expertise can deliver. CIOs must also accept that IT can no longer 'own' everything, and this will not come easily or naturally to many. They must instead reinvent their executive personas; create IT organisations based on flexibility, and that are seen to be so.

Change is constant. CIOs shouldn't just accept that, but welcome it, pilot it, and channel it to their advantage. This, fundamentally, forms the distinction between CIO 1.0 and CIO 2.0. In what is a rapidly, markedly changing boardroom, the CIO that recognises and embraces the need to re-examine, redefine, and realign their executive remit to match the changing demands of the business – to almost entirely reinvent themselves in other words – is the CIO that will prosper moving forward. The CIO that doesn't, won't.

Research methodology

The online survey of 100 UK CIOs and 100 UK Line of Business directors was undertaken in July 2015 by independent research company, Coleman Parkes. Participants worked for organisations across multiple sectors with employee numbers ranging from 100 to over 1,000 people.

CIO DSA DBUL DML

CIO: Anachronistic Acronym?

According to analysts Gartner, the very term CIO is inaccurate or at least no longer an adequate one for “the digital age”.

The Digital Strategic Adviser (DSA) is there to advise the board, CEO and executives on the question, “How will we survive and thrive in an increasingly digital world?” Gartner said this exec “may also lead teams executing on this digital vision particularly when combined with another role, such as CIO or digital business unit leader”.

The Digital Marketing Leader (DML), ensures that the end-to-end marketing strategy and its execution is as good as it can be with top-notch design and creation of digital products and a focus on new markets and channels. The DML will have a special responsibility for market retention - holding on to clients, and so may have a marketing background.

The Digital Business Unit Leader (DBUL) is “the CEO of online/digital business units”, Gartner said. The DBUL is defined as focusing solely on online or digital channels and digital products and services. The business model and products sold by this business unit “may or may not be the same as those sold by other business units” states Gartner. This could be a role filled by the CIO — at a stretch.

Surprisingly perhaps, Gartner does not see this new role as particularly long-lasting but one that may need to be in place for “five to 10 years”. The exact length, “will depend on how fast your business absorbs digital into its DNA”. The important thing, Gartner advises, “is not to obsess about specific aspects of digital (for example, exploiting social media as a customer communications channel) at the expense of other aspects” and “don’t follow fashions or fads, but prioritise and customise digital leadership roles that work for your business”.