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CIO as business leader:
technology managers a
dying breed

WHITEPAPER



CIO as business leader: technology managers a dying breed

By Haydn Pinnell



A CIO has many hats: chief innovator, chief risk officer and chief balancer of how to be strategic and operational at the same time. They know only too well how they are pulled in many different directions at once.

As a CIO, your job is to make sure the company is successful. You're there to support and enable the strategy and make sure the business functions.

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CIOs are currently feeling the effects of a tug-of-war – they're called on to deliver services, but need to figure out a way of doing so while keeping everyone in the business, from the top down, involved and in line with overall strategy. More and more South African companies are transforming their IT departments into self-sustaining business units, aligning with business strategy, being seen as a commodity and an enabler.

As a CIO, your job is to make sure the company is successful. You're there to support and enable the strategy and make sure the business functions. That means understanding your business. You have to take the technology and long words out of it and couch it in business terms for your CEO: how do you work quicker? How can you work smarter? How can you make it easier for your customers to do business with you?

CHALLENGES

CIOs have never had as great an opportunity to deliver significant, enduring, and transformational business impact as they do today. But opportunities bring with them challenges, and the role of the CIO is undergoing a profound transformation that is pushing business-technology leaders inexorably closer to customers; to business elements like revenue generation, enhancement, and optimisation; and to new business models and operating models.

The legacy model of IT budgeting and expectations has been shattered. As innovative and growth-oriented projects are increasingly demanded by business, the 80-20 budget trap will result in failure. Customers can - and will - compare your prices and services to others and ask why you can't deliver a service or why you're not cheaper. And they can switch very easily.

CIOs therefore need to be world class in whatever they do, and using the lack of budget excuse will only allow competitors to get the jump on you. In today's global consumer-driven economy, the only survivors will be those companies that are able to put the customer at the centre of all their thinking and processes.

In any successful business, it is reasonable to assume that executives are in their current role because they are forward thinking, and do understand how the adoption of new and better technologies can positively impact the business. However, as business becomes more involved in technology, one of the biggest challenges faced by the CIO is shopping by PC mag: the board or the Exco will see something they like and ask that it be implemented. But the CIO is also expected to plan and deliver something cost effective that is reliable.

Most organisations have lots of desires when it comes to technology, yet very few business leaders really understand the implications of how technology is used. Taking full advantage of the opportunities offered by what Gartner terms a nexus of converging forces – social, mobile, cloud and information – requires some degree of maturity. Technology is only as good as the way it is used, in many cases.

In order to obtain the full benefit these types of solutions offer, CIOs need to be very clear about what they want to achieve, and what it actually means to implement the technology. The fundamental question all CIOs therefore need to ask is more than what solution is required; it is what is the solution going to be used for?



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THE CLOUD AS AN ENABLER

Of all the solutions that form Gartner's nexus, cloud is at the front of every CIO's mind. Will it make you faster, more efficient and more customer centric? More innovative? Is it really cheaper or will you have to just adopt it because of what your competitors are doing? Does it have to be all or nothing? What about the "shadow IT" problem? How do you evaluate cloud vendors? And how do you sell yourself and your cloud ideas to those with the purse strings?

While cloud computing accounts for less than 2% of IT spending today, IDC estimates that by 2015 nearly 20% of all information will be "touched" by cloud computing service providers, meaning that somewhere in a byte's journey from originator to disposal it will be stored or processed in a cloud. Over the long term, cloud and Big Data will be the key tools for dealing with the complexity of today's business. As a result, cloud provisioning has become one of the CIO's highest priorities.

Cloud is a business model. It's not a product or a technology. IaaS, PaaS and SaaS are all components of cloud. It's an approach to IT that says resources and services are there to be consumed on demand and paid for as you go.

Many CIOs are struggling with shadow IT: either employees are buying services online with their credit cards or they are sticking servers under their desks. They are using shadow IT to deliver, but this is leading to a governance challenge.

A recent Frost & Sullivan survey of large businesses revealed that 85% of line of business departments subscribe to non-approved cloud applications—deliberately circumventing the IT department. Among the top reasons: "IT approval processes are too slow or cumbersome" and "IT restrictions make it difficult to do my job." And by procuring technology services on their own from outside providers, line of business employees have learned that the processes don't have to be painful.

One of the biggest misconceptions about the cloud is that it will save money. It can, but it does not inherently do so. According to Gartner, the primary driving benefit of adopting a cloud model should not be cost savings, instead the cloud offers around increased agility and dynamic scalability, which can improve speed to market.

Strategically, cloud lets businesses focus on their core operations, leaving services to providers who are paid to manage and run them. This also reduces staff and training costs. And for most industries it's very flexible.

Cloud has brought the novelty of getting things quickly to the organisation but as a CIO you're naturally cautious - because it's your neck on the block. And don't underestimate your staff and your customers' knowledge of what the cloud is.

In many industries there is a pull from them for you to get into cloud more than there is a push internally. With a cloud solution, you won't own the hardware and the people any more. The solution is more dependable and more predictable, but the CIO is still the person that has to be the translation layer between technology and business.

SELLING SOLUTIONS

While the cloud might seem to be an easy sell – if you're in different time zones and you have multiple teams all over the world, for example, then the benefits of cloud are evident to all stakeholders – CIOs still need to convince their peers why it's a good thing. Conversely, just replacing a CRM system with a cloud-based solution because the board thinks it's a good idea may not work.

This applies to all of the tools at your disposal: In order to gain the necessary buy-in, CIOs should focus on the value that solutions offer the business; or at least focus on an aspect of it that creates some sort of value.

CIOs must be open about the fact that it will cost money, and rather than trying to sell the cost-cutting or cost-saving card, understand what systems and initiatives they need. Keeping it simple and concentrating on how to be more efficient is key.

When cost becomes the driving factor behind any solution, organisations run the risk of jumping in too quickly, or conversely, of fighting tomorrow's war with yesterday's technologies. The consumerisation of IT has changed to the experiences your colleagues have with workplace technology, and while IT typically supported a technically un-savvy workforce, that's changing. Younger employees are entering the workforce. Older employees are becoming more comfortable with technology.

Today's CIOs are responsible for provisioning game-changing technology, delivering competitive advantage for their business, and introducing new products and services to grow the business.

You can make a case for any of the technology trends that the successful organisations of today should be following. We're currently going through a fundamental shift in technology. We're seeing a number of disruptive technologies converging on businesses at the same time.

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CIOs can therefore be game-changers for their organisations. However, to take full advantage of this opportunity, CIOs will need to move from a tactical role to a strategic technology visionary, adopting new responsibilities and skills that may well redefine future CIOs as Chief Innovation Officers.

ON THE EDGE OF INNOVATION

As we enter a brave new world that increasingly relies upon technology and the cloud, CIOs should be adopting an approach that means they can concentrate more on delivering strategic value to the business rather than fiddling around with the technology.

There are a variety of experiences with technologies such as cloud in the marketplace – both good and bad. Cloud computing, especially, is now evolving and growing exponentially, and businesses of all sizes, and across all industries are adapting to and adopting cloud technologies. Industry experts concur – cloud is here to stay, and will only continue to grow and develop more in the years to come.

Success is dependent on a number of factors, not least of which is ROI. Allowing appropriate allocation of resources through technologies like cloud will allow you to redefine, reorganise and revise roles and responsibilities, leading to better control and more innovation.

In order to ensure success, CIOs need to ask their service providers to understand their business: what it's doing and where it's going. The provider won't necessarily need to provide a technical solution but it will have to provide a solution that will allow your business to achieve its aims.

CIOs have the opportunity to see how the entire company's end-to-end processes work. This leads to a chance for CIOs to work closely with the CEO and CFO to create the business of the future, in which information and insight is easily available; where accountability and responsibility are clearly held; and where it's plain for everyone to see whether the notion of being a customer-centric company is actually happening or whether it's mostly just a slogan.

It's been a decade since Nicholas Carr published *Does IT Matter*, and this is a question every CIO should ask him or herself each year. While seemingly a bit flippant, the availability of managed services and the viability of lights-out IT make a purely utility-oriented CIO increasingly irrelevant. The days of striving for high uptime numbers are now an expectation rather than a cause for recognition, and increasingly complex technologies like big data build a case for hiring outside expertise and bypassing internal IT directly.

Whatever your particular industry, your unique company, your specialised business model—are you and your team working to meet the future and become part of it, or are you hoping perhaps it will for some unknown reason pass you by? Are you the technical plumber called in to connect the dots after the key strategic decisions have been made, or are you a trusted source of guidance and insight that helps to shape your company's future?

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