

# IBM CIO leadership exchange summary



Seven chief information officers (CIOs) from energy and utility companies met by phone to share leading practices and discuss topics of mutual interest based on an agenda created through advance interviews. The discussion centered around change management, digital transformation and the structure of IT talent.

## Quotes of the day

“We all talk to each other and say we’re doing digital, but very few people realize what it means, and they shy away from things like value and business outcome and hybrid teams and product thinking rather than project thinking.”

“There’s a real balance between centralization of end-to-end business processes that’s a little bit counter to agile and cloud and nimble and business facing technology, that sort of digital mantra. So, we’re trying to find the balance of that true centralized core function but also enable this agile, nimble, front-facing capability as close to the business as possible.”

“I think long before you get to, you know, managing industrial control systems, there’s just iPad inventory management in the field. There’s all kinds of gray area, like when an enterprising engineer just kind of went out to the shops and bought something, and it really should just be an IT asset.”

## Change management

### Key takeaways

- Previously, business transformation work at one organization was siloed and primarily focused on making small, incremental changes within functions. The CIO was quick to utilize the company’s existing Six Sigma processes and design thinking talent to build out a broader, end-to-end transformation. After a successful primary project, the group is now exploring functions which cross organizational boundaries as the second prioritized group for digital transformation. Another primary focus for the CIO is to expand the perspective of each function to envision how they can support a global workforce.
- Another leader, undergoing a similar transformation, suggested that its partnerships with outsourced talent in Manila and India have been a successful component of the initiative. The major elements of the transformation wrapped up last week and the organization is now able to view the entirety of business transactions across its systems, managing all that data in a CRM tool. The next step in the transformation is to align worker unions with the new operating model.
- Business transformation has been 10 years in the making at one organization, with a focus on breaking down functional silos and ensuring that everyone works within a single instance of SAP. The company is struggling with ensuring that those silos aren’t enforced through outsourced work. It’s combatting this issue by creating virtual pods across delivery models to ensure that everyone is focused on specific business metrics tied to outcomes.
- A group at another organization has worked for 18 months to institute a digital-first operating model. With COVID, the organization has short-listed seven projects to tackle in the immediate term. Understanding what digital transformation is has been a stumbling block for the company, particularly for the functions most highly regulated within the business.
- A CIO shared the organization’s approach to IT governance, having broken down the business into three separate ecosystems: asset base, customer base, and back office. Viewing the environment from this perspective has allowed the company to understand the regulatory environment of each vertical and to make changes while ensuring that each vertical is connected to the others. A successful strategy for ensuring cross-functional collaboration for one executive was to have the CEO and board of directors mandate a breakdown of silos and institute a compensation structure with equal accountability for each function’s strategy.

- When it became clear that major investments in technologies were on the horizon as businesses grew, the focus for one organization became how to get all the businesses on the same set of technologies. The company is currently evaluating SAP and Oracle for ERP systems to be implemented next year, centralizing the toolset across all businesses.
- Striking a balance between providing a core system architecture that allows for standardized and central processes while also allowing the businesses some autonomy regarding agile technology deployments is a difficult tightrope. A CIO solved this problem by installing business technology analysts across each business to bridge the gap between the tools the business wants and the centralized technology architecture. The next step will be to establish technology pods, responsible for dictating and building a technology infrastructure close to the customer.
- One CIO highlighted the importance of technology architecture. The company's architecture has a distinct hierarchy that dictates how technologies are managed at the bottom level, with attention paid to data and insights, systems of customer engagement and customer management.

## IT talent and skillset

### Key takeaways

- When it comes to talent and training, one CIO is keen to ensure the firm's IT talent has an expansive understanding of what the business does and how it operates. A following executive noted that the struggle has been to find talent that can pair advanced technology with in-depth business acumen. This talent acquisition is a primary focus as the vast majority of IT talent is outsourced. Another CIO shared how the organization's largely outsourced IT talent pool was brought in-house and slowly returned to outsourced for purposes of fostering greater internal business knowledge and tying these more strategic roles to built-out career maps.
- One executive has been repatriating outsourced IT support and application maintenance talent while simultaneously focusing on reducing the variety of tools across the IT toolset. It has ensured greater cybersecurity compliance, alignment on strategic roles and maintenance of a workable cost structure for the business.

## IT versus OT

### Key takeaways

- A leader with responsibility for both information technology (IT) and operational technology (OT) was interested in learning how others had managed the two, whether separated or in an integrated fashion. The approach of one CIO has been to represent IT, OT, and cybersecurity and physical security on the enterprise governance team, as well as the compliance team. There, each function can share common ground.
- At one organization, the IT team is responsible for providing support across energy operations. The CIO and cybersecurity officer have seen a significant improvement in resilience of operations' networks as a result. Adoption of IT support at the plant level has been mixed, and sometimes hostile, but proving that underlying issues are the same between corporate networks and distributed control networks helped make plants more comfortable with IT oversight. A final executive raised that operations often creates a gray area where IT should own the asset, for example, tech inventory in the field. This inventory management is low-hanging fruit to begin engaging the IT team.



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