



The Essential CIO

Insights from the
Global Chief Information
Officer Study

Midmarket Perspective

“We will create value through the ability to manage beyond line responsibilities and building constituency across the company.”

Cezary Kosewski, CIO, Sklepy Komfort S.A.

Introduction

How are technology leaders helping their organizations adapt to the accelerating change and complexity that mark today’s competitive and economic landscape? To find out, we spoke in person with 622 Midmarket CIOs, spanning growth and mature markets. These in-person conversations, along with our statistical analyses of responses, underscore the evermore vital role of the CIO.

CIOs increasingly help their organizations cope with complexity by simplifying operations, business processes, products and services. To increase competitiveness, 83 percent of Midmarket CIOs have visionary plans that include *business intelligence and analytics*, followed by *mobility solutions* (72 percent) and *virtualization* (67 percent). When asked to rank the impact of external forces, the newest ranking by CIOs more closely matched the list that CEOs identified in our 2010 study.¹

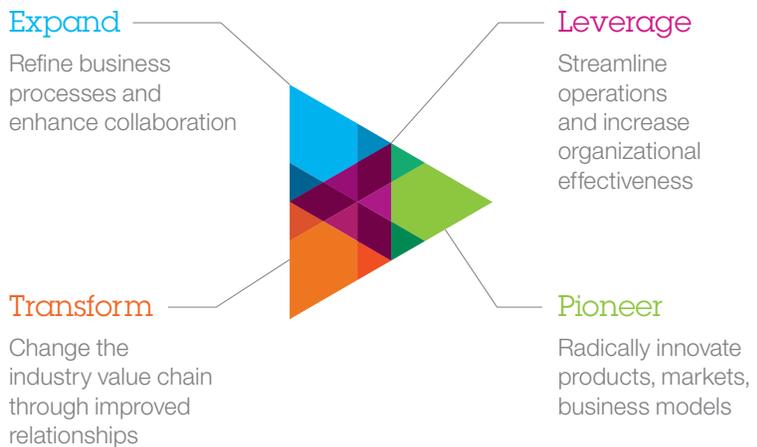
Where the paths diverge: The CIO Mandate

Perhaps the most useful insight to emerge from this study, however, is not what makes CIOs the same, but what makes them different. The primary differences among the CIOs we spoke with lie in their organizations’ business needs and goals, and how CIOs can achieve those goals by leveraging business and information technology.

CIOs everywhere spend at least part of their time on IT fundamentals. Beyond managing the prerequisites, our research identified four distinct “CIO Mandates.” These mandates were derived from iterative analysis, including state-of-the-art statistical and textual analysis of the CIO responses. It revealed typical response patterns associated with each mandate. Each pattern indicated a distinct approach to IT leadership derived from specific organizational needs.

Figure 1

The CIO Mandate Effective CIOs know and deliver on a mandate that is defined by the predominant goals of the organization.



Deliver on the Leverage mandate

Organizations that demand high-performance IT need CIOs to focus on managing essential IT activities and getting information to decision makers faster and more accurately. The business expects CIOs operating with the Leverage mandate to concentrate about half of their efforts on the fundamentals of delivering IT services.

Internal collaboration and *client interaction* are among the principal goals of Midmarket CIOs with a Leverage mandate. Nearly 70 percent expect changes to their internal collaboration processes to have high transformative potential for their organizations. And 62 percent view changes in client interaction processes as high-impact initiatives.

Change internal collaboration processes



Change client interaction processes



- ▶ In what ways will you enhance relationships and improve communication throughout the organization?
- ▶ What is your plan to get, keep and grow people with the IT and business skills that your team needs most?
- ▶ How many disparate architectures does your organization currently have, and why?
- ▶ Are you aggressive enough in rationalizing hardware and the application portfolio as part of controlling costs?
- ▶ How do your dashboards measure the value of IT in terms of business benefits?

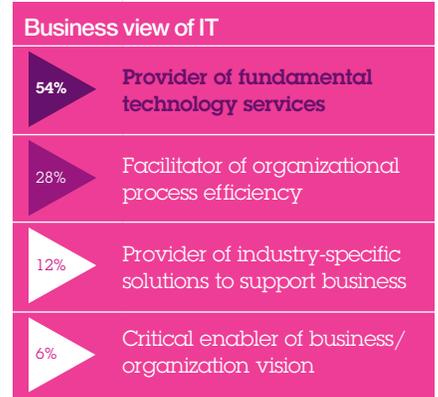
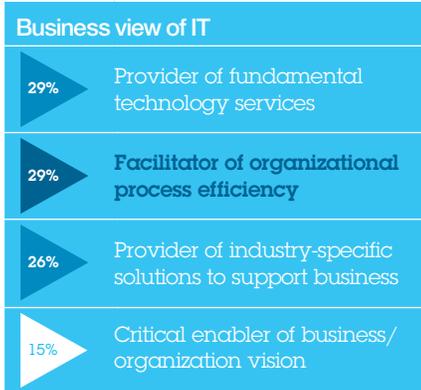


Figure 2

Collaboration and communication is key These IT leaders look to new technologies to improve how they work with clients.

- ▲ Low transformative potential
- ▲ Average transformative potential
- ▲ High transformative potential



Deliver on the Expand mandate

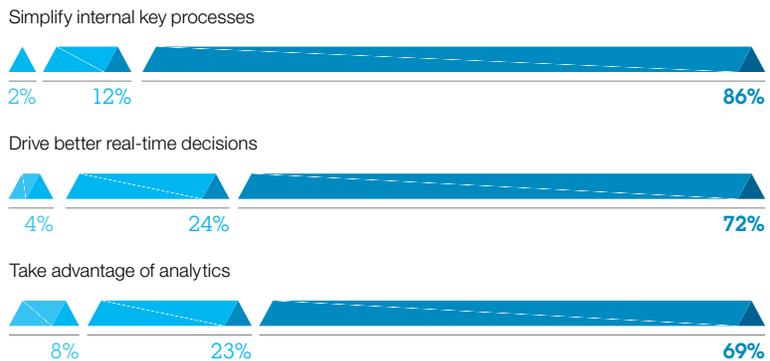
CIOs focused on cross-enterprise growth continuously tune business processes and internal collaboration to gain tighter integration. Like all CIOs, those working with an Expand mandate are responsible for the fundamentals—a well-run digital infrastructure that offers data security, integrity and system availability. Yet, they must also continually refine operations to optimize efficiency and seek substantial competitive advantage with the help of IT.

Possibly the most critical requirement of organizations that demonstrate the Expand mandate is to enable better decision making. That's why process and product simplification, and analytics to drive better real-time decision making are top priorities for Expand mandate CIOs. An overwhelming 98 percent of Midmarket CIOs said they would lead or support efforts to *simplify internal key processes*. A full 92 percent said they would lead or support efforts to *drive better real-time decisions* and *take advantage of analytics*.

Figure 3

Simplify and conquer CIOs with an Expand mandate streamline business processes and enable better decisions by leading in the use of analytics.

- ▲ No involvement
- ▲ Support
- ▲ Lead



- ▶ **What leading-edge collaboration tools have you implemented across the enterprise to help integrate technology with business?**
- ▶ **How deeply are your internal customers involved in your key planning and decision making processes?**
- ▶ **What is your plan to engage partners to outsource information technology functions?**
- ▶ **Which persistently inefficient processes can you eliminate or improve to increase customer satisfaction?**
- ▶ **How do you work with internal customers to ensure that dashboards measure enterprise-wide key performance indicators?**

Deliver on the Transform mandate

CIOs look beyond the boundaries of the organization to simplify business processes and generate real-time insights up and down the value chain. Organizations that operate with a Transform mandate expect IT, more than anything else, to be a provider of industry-wide solutions to support business. On average, Transform mandate CIOs are expected to spend more than one-third of their time or budget fulfilling that role. Somewhat less of their energy is devoted to either visionary responsibilities or business process improvements.

According to the 2010 IBM CEO Study, better performers manage complexity on behalf of their organizations, customers and partners.² Of Midmarket CIOs, an overwhelming 98 percent with a Transform mandate identified initiatives to *simplify internal key processes* among those they would lead or support, while 95 percent said they would lead or support efforts to *simplify for clients*. More than half also plan to lead initiatives to *simplify for external partners*, while a substantial portion will support such efforts.

Simplify internal key processes



Simplify for clients



Simplify for external partners



- ▶ **What are your plans to simplify the customer experience, products and services to increase functionality, use and satisfaction?**
- ▶ **Does your dashboard design include real-time metrics, such as internal and external customer satisfaction levels, end-user time savings and talent retention?**
- ▶ **Are you introducing social media and collaboration capabilities to customers and partners, as well as internal clients?**
- ▶ **How do you take advantage of Big Data and new IT capabilities to achieve real-time insights?**
- ▶ **In what new ways are you exploiting leading-edge analytical skills and technology?**

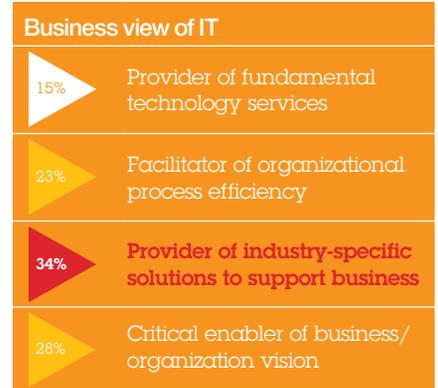
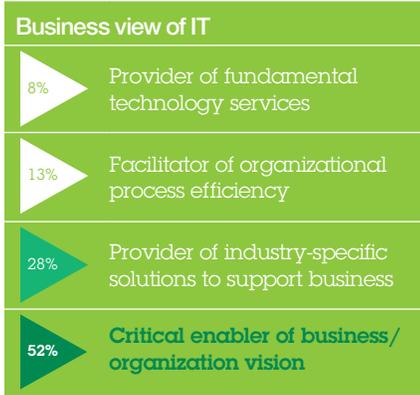


Figure 4

Simplify, simplify, simplify Most Transform mandate CIOs are leading efforts to simplify both internal and external processes for clients and partners alike.

- ▲ No involvement
- ▲ Support
- ▲ Lead



Deliver on the Pioneer mandate

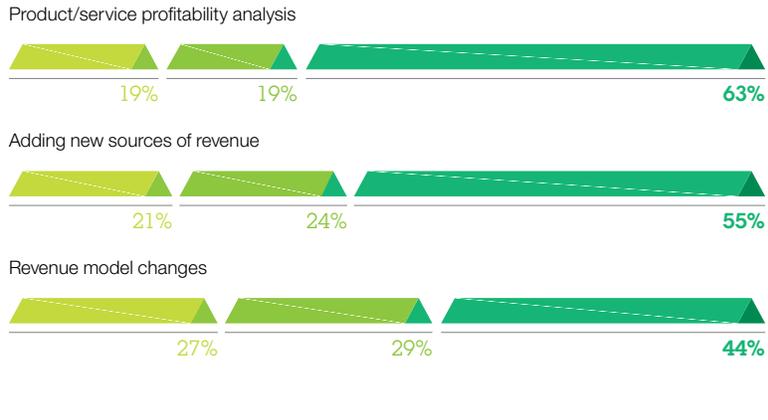
These CIOs exhibit an entrepreneurial spirit and enable the radical redesign of products, markets and business models. With a Pioneer mandate, CIOs are seen as critical enablers of the organization’s vision and typically spend less than one-quarter of their time or budget on delivering fundamental IT services or business process efficiency.

This group of Midmarket CIOs ranked *product/service profitability analysis* as their top priority for turning data into usable intelligence. And they cited *adding new sources of revenue* as the highest impact of IT on their organizations over the next three to five years. Nearly half also cited *revenue model changes* as a key area of focus for IT over the same period. They help generate and have access to customer preference data, supply chain patterns, emerging trends—both within their organizations and from competitors—Internet behavior and response patterns, and so much more.

Figure 5

Transformation through revenue and profit
 Pioneer mandate CIOs prioritize initiatives that drive new revenue and boost profitability.

- ▲ Low transformative potential
- ▲ Average transformative potential
- ▲ High transformative potential



- ▶ Which channels can you leverage to share ideas and co-create new products and services that delight your customers?
- ▶ How will you leverage social media and business intelligence to spot trends that present new customer opportunities?
- ▶ What are you doing to converge disparate technologies for the benefit of your organization, customers, value chain and beyond?
- ▶ How can you develop the talent to apply predictive intelligence to radically change your business model, products or industry?
- ▶ How will you design dynamic dashboards that leverage real-time data and predictive analytics?

Excelling in your mandate

Delivering on the CIO Mandate is the key to success, all while keeping an eye on the horizon and fostering innovation. CIO Mandates represent a single point in time. A mandate can change when an organization's needs and objectives change, perhaps in response to economic, competitive or technological forces. Regardless of mandate, our study shows that certain "essential actions" can prove valuable to CIOs.

Expand mandate

Refine business processes and enhance collaboration

- Outsource to focus on differentiators
- Communicate and collaborate internally
- Focus on business process management
- Review and update legacy environment

Transform mandate

Change the industry value chain through improved relationships

- Use "Big Data" and real-time info
- Simplify for clients/partners
- Enhance and expand the value chain
- Use risk management frameworks



Leverage mandate

Streamline operations and increase organizational effectiveness

- Standardize infrastructure and processes
- Control legacy costs
- Implement collaboration tools
- Conservative introduction of technology

Pioneer mandate

Radically innovate products, markets, business models

- Pilot technology for social value
- Explore new sources of revenue
- Enhance customer experience
- Pursue non-stop growth

"Make it possible to provide the information to departments that promotes business improvement, and measure by the department's business improvement target, such as inventory reduction."

Masahiko Takenaka, General Manager, Information Systems, Furukawa-Sky Aluminum Corporation

Yet whether an organization requires an emphasis on delivery of essential IT services or challenges the CIO to pioneer new opportunities, CIOs need to innovate. With ongoing technological shifts, the seemingly endless onslaught of data and the increasingly frenetic pace of change, making incremental improvements to operations may no longer be sufficient.

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For further information

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Notes and Sources

- 1 IBM Institute for Business Value. "Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study," May 2010. www.ibm.com/capitalizingoncomplexity
- 2 Ibid.