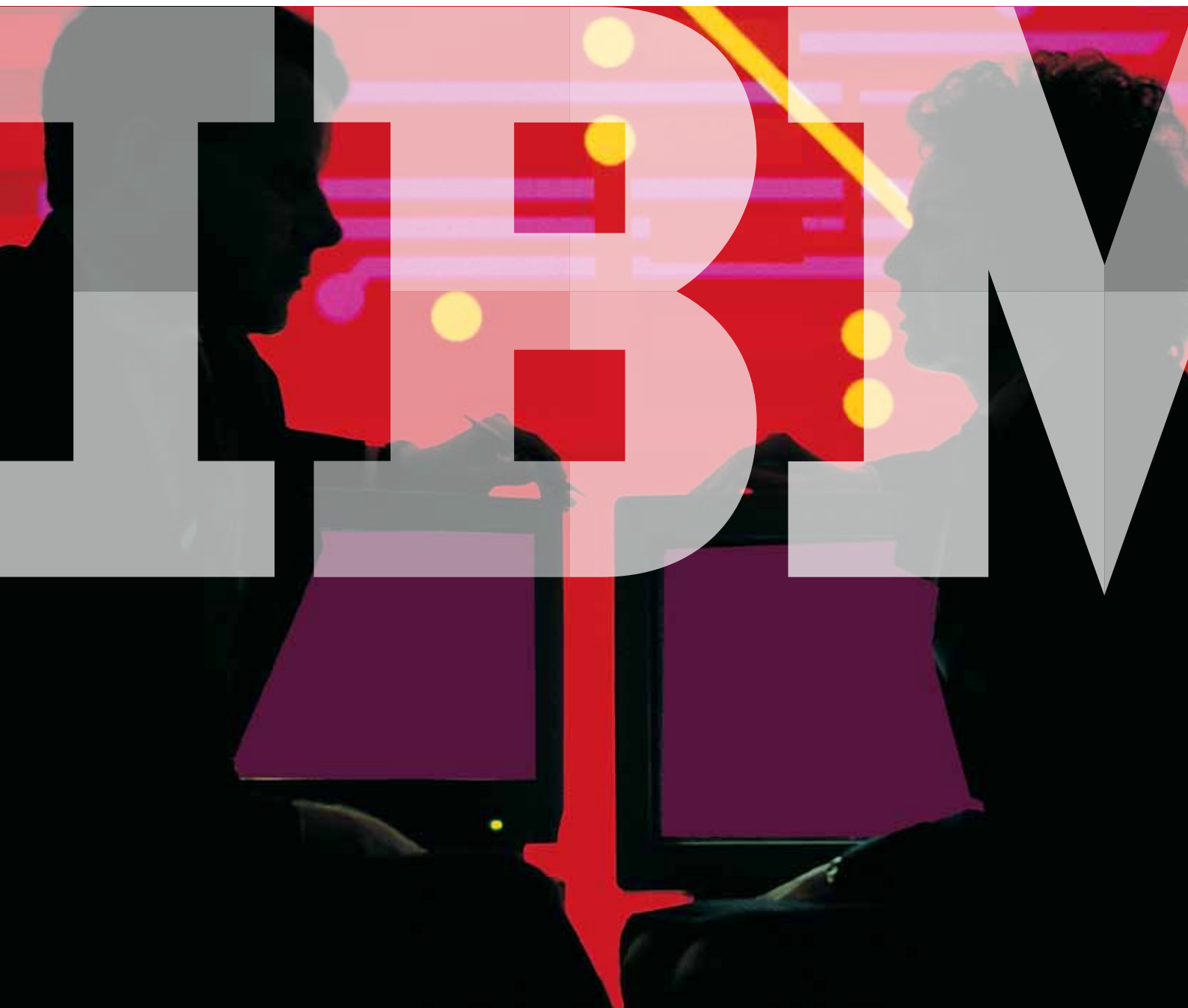


IBM Institute for Business Value

CMOs and CIOs

Acquaintances or allies?



IBM Institute for Business Value

IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive report is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realise business value. You may contact the authors or send an email to iibv@us.ibm.com for more information. Additional studies from the IBM Institute for Business Value can be found at ibm.com/iibv

By Carolyn Heller Baird and Linda Ban

Customers. Data. Social media. Skills.

These are a few of the common themes that surfaced during our interviews in 2011 with more than 4,900 Chief Marketing Officers (CMOs) and Chief Information Officers (CIOs). These face-to-face conversations formed the basis of our most recent CMO and CIO studies. As part of the ongoing IBM C-suite Studies series, we've explored the response data to better understand how CMOs and CIOs are working together to support their organisations' initiatives.

What we uncovered was a call to action for improved collaboration between CMOs and CIOs. It is a clear response to the radical shifts occurring in both the Marketing and Information Technology (IT) fields. The digital revolution has forever changed the balance of power between the customer and the organisation, putting customers in charge of the relationship. In much the same way that digital technologies have driven change in IT, a similar transformation is taking place in Marketing.

While Marketing has always been responsible for knowing the customer, now they are required to understand and respond to customers as individuals. Marketing can only do this if they can manage vast amounts of unstructured data, make sense of it with analytics and generate insights that are predictive, not just historical – all on a massive scale. To connect with individual customers at every touch point effectively, they need a system of engagement that maximises value with each interaction. And they need each touch to marry the culture of the organisation with the brand to create authentic experiences that consistently deliver the brand promise. The way to achieve this unprecedented transformation is through technology.

In fact, when we compared these customer-driven changes and challenges facing both Marketing and IT, the data revealed that CMOs' and CIOs' focus and aspirations are surprisingly similar in scope. With the explosive change each function is experiencing, and the urgent call for transformation across many enterprises, it would seem the advantages of working together would be obvious. But as Marketing becomes more reliant on technical solutions for customer engagement, and IT's mandate becomes broader to include front-office enablement, both functions are deep in their own transitions and looking for solutions. Despite common ambitions, their initiatives are often not as integrated as one might expect.

Our desire to look further into this relationship dynamic was born out of two questions we most frequently received after the publication of these two CxO studies: How are CMOs and CIOs working together for their mutual benefit and success of the enterprise? And if they aren't doing this today, what can they do differently? That these questions were even raised underscores the potential for tension between these executive roles. We heard about this potential ourselves during the interviews for each study.

The stories came from both CMOs and CIOs. Some were fraught with frustration that they weren't getting the support they needed. But others eagerly provided compelling examples of successful partnerships and collaboration.

Indeed, we believe the foundational transformation that Marketing and IT are each experiencing offers fertile new ground for CMOs and CIOs to forge tight alliances that will enable them to better support their organisations' corporate initiatives. The pervasive use of digital technologies, the shift to social business, the mission-critical requirement to make sense of mountains of unstructured data and look at customers as individuals all point to new opportunities that should compel CMOs and CIOs to move beyond simply being professional acquaintances to becoming true allies.

Change, change and more change

It is no surprise to anyone that the Marketing and IT functions have undergone tremendous change in the last five years. Technology is a driving force that has completely transformed how organisations and indeed, society think, work and innovate. At the same time, Marketing's province is no longer limited to promoting products and services, but is expanding to encompass management of the customer relationship and stewardship not only of the brand, but the very character of the enterprise.

Radical shifts are occurring in both the Marketing and IT fields and our C-suite studies have uncovered a call to action for improved collaboration between CMOs and CIOs.

With the evolution of these functions, CMOs and CIOs, as corporate leaders, have moved from support roles to strategic seats at the executive table. Both roles are equally stretched and also essential for the organisation to operate successfully, manage its brand and continue to thrive in a marketplace defined by change and uncertainty. Our analysis revealed that the overarching directives of CMOs and CIOs are similar in nature, even if they are articulated somewhat differently (see Figure 1). Each is being asked to do more, be accountable and adapt to change.

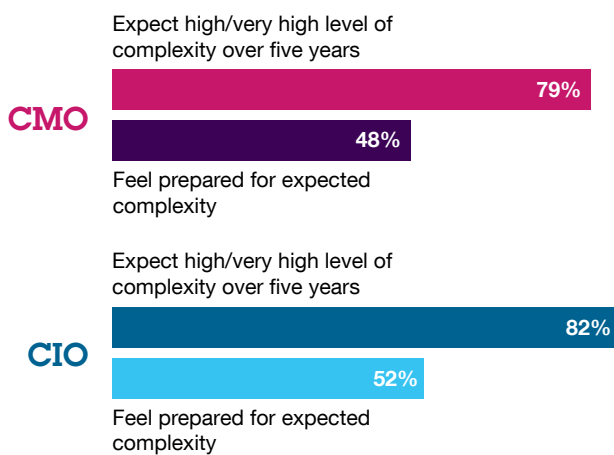
1,700+ CMOs	3,200+ CIOs
<ul style="list-style-type: none"> • Do more than ever, inside and outside the organisation • Be more accountable for return on investment (ROI) • Use tools and technologies that their children understand better than they do. 	<ul style="list-style-type: none"> • Extend IT inside and outside the organisation while minimising risks • Ensure the IT infrastructure works flawlessly while implementing new tools and technologies • Understand the business deeply in order to match the right tools and technologies to the needs of the business.

Source: 2011 IBM CMO Study; 2011 IBM CIO Study.

Figure 1: CMO and CIO similarities: Do more, be accountable, adapt to change.

Moreover, CMOs and CIOs are tightly aligned in their individual assessments of the degree to which complexity will increase over the next five years and how prepared they feel to manage it (see Figure 2). The vast majority believe they will experience unprecedented levels of change and complexity in the near term and only about half are confident they can successfully confront the accompanying challenges.

Expected level of complexity and preparedness to handle
(percent of CMOs and CIOs)



Source: 2011 IBM CMO Study; 2011 IBM CIO Study.

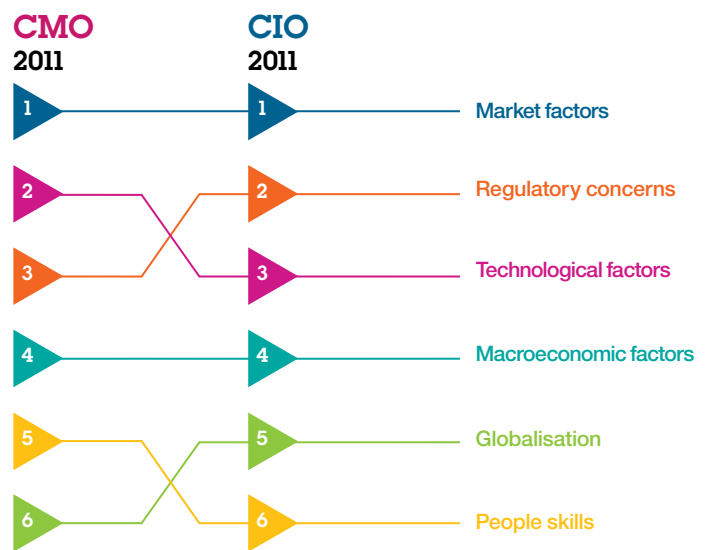
Figure 2: Degree of complexity expected / how prepared are CMOs and CIOs?

This sense of uncertainty about the future is understandable given today’s volatile business climate and the seismic shifts in technologies affecting organisations’ relationships with customers. Both the CMO and CIO are under considerable pressure to accurately predict the future, develop strategic responses and execute and deliver value. CMOs and CIOs need to rely on one another to meet these common goals, rather than pursuing their own charters independently within legacy silos generated by corporate culture or organisational barriers.

Alignment: Actuality or illusion?

When we compared CMO and CIO responses on a number of longitudinal questions (a subset of questions we ask all CxOs regardless of study), their answers related to technology, business and innovation were remarkably similar.

First, an indicator question we have asked for the last nine years measures how CxO executives rank the impact that external forces will have on their organisations. In 2011, the rankings of CMOs and CIOs were aligned to an unusual degree far more than is typical when we have compared findings from prior CxO studies (see Figure 3).



Source: 2011 IBM CMO Study; 2011 IBM CIO Study.

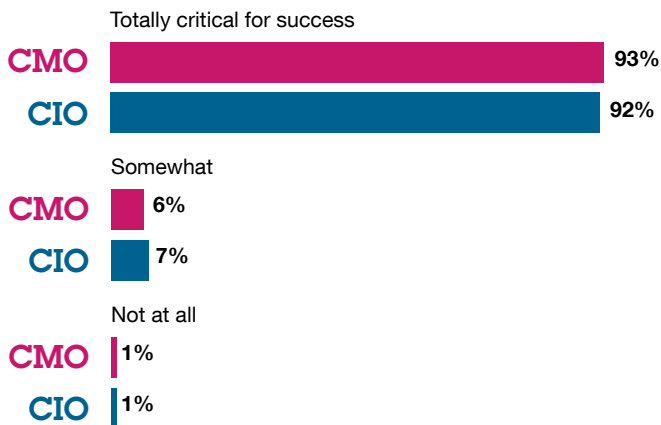
Figure 3: CMO and CIO rankings of external forces based on the impact these will have on their organisations over the next three to five years.

Both CMOs and CIOs are keenly aware of and focused on external market factors, believing these will have the most significant impact on their organisations. CMOs ranked technological factors second and CIOs ranked it third behind regulatory concerns, but both agreed on the relative impact of macroeconomic factors. CMOs were somewhat more concerned about people skills; for CIOs, globalisation was more of an issue. Despite the slight differences in order, these surprising similarities suggest that CMOs' and CIOs' perspectives on their business environments are quite complementary.

Additional data points reinforce how aligned the CMO and CIO are on the importance of technology to the future success of the organisation. While one would expect CIOs to embrace this notion, it is interesting how strongly CMOs agree: 93 percent of CMOs believe that technology is 'totally critical' for the future success of the organisation (see Figure 4).

Importance of technology to the future success of the organisation

(percent of CMOs and CIOs selecting each factor)



Source: 2011 IBM CMO Study; 2011 IBM CIO Study.

Figure 4: How important is technology to the future success of the organisation? CMOs and CIOs agree.

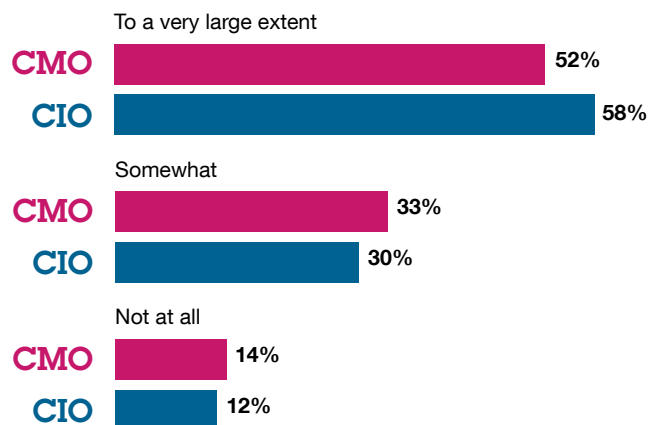
This is just one measure among many illustrating the degree to which CMOs now recognise technology's central role in Marketing and across the business.

When asked to what extent their organisations collaborate for innovation, the answers of CMOs and CIOs were again very similar (see Figure 5). Just slightly more than half believe their organisations collaborate and partner extensively, about a third say they do somewhat and 14 percent of both groups report they don't do it at all.

Analysis of these responses indicates CMOs and CIOs are aligned in terms of what they need to accomplish. They agree on the impact of market factors, the importance of technology, the need to collaborate and the looming complexity they face. Taken collectively, these findings make the case that strategically, CMOs and CIOs share the same fundamental view of their business. However, the differences arise in their prioritisation of what they need to do and who can best assist them.

Integrate business and technology for innovation

(percent of CMOs and CIOs selecting each factor)



Source: 2011 IBM CMO Study; 2011 IBM CIO Study.

Figure 5: How does your organisation collaborate and partner for innovation?

We used the lens of the three CMO imperatives identified in the 2011 IBM CMO Study – delivering value to empowered customers, fostering lasting connections and capturing value to measure results to get a clearer picture of how effectively CMOs and CIOs are working together to achieve their goals and what best practices can be learned from successful CMO/CIO pairs.

Delivering value to empowered customers

The first CMO imperative delivering value to empowered customers stems from the digital revolution that has forever changed the balance of power between the individual and the organisation. Today's customer has the ability, through social media and other digital resources, to fully investigate companies and their products and services prior to doing business with them. Customers are highly influenced by friends, family and even people they've never met, but whose word they trust. These opinions are just a click away and this is true for consumers as well as business-to-business customers.

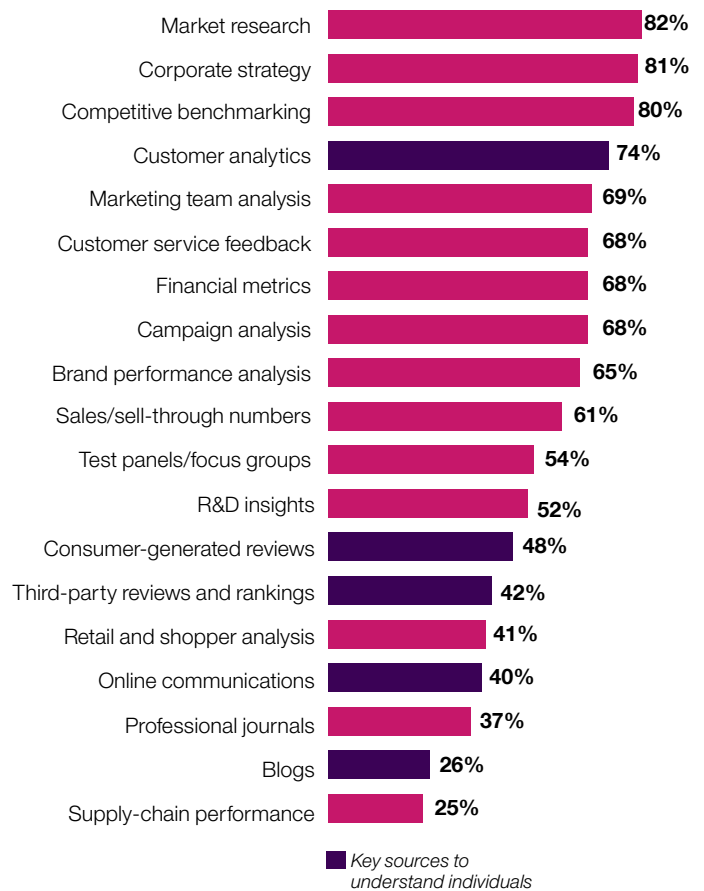
The Marketing of old that relied primarily on servicing broad customer segments now needs to understand today's empowered customers and devise ways to provide them with the value they seek. CMOs and their teams have to develop new models that recognise and respond to customers as individuals. To do this, CMOs need to invest in new technologies and advanced analytics to get a better grasp of how individual customers think, feel and behave.

The good news for CMOs is that most CIOs are actively engaged in implementing and managing a broad spectrum of technologies that can conquer the ever-increasing loads of data across the entire enterprise. However, to put the right solutions in place for Marketing, both the CMO and CIO need to understand each other's requirements and how they can best work together.

Dealing with data

The 2011 IBM CMO Study found that the most effective CMOs focus on getting to know individuals, not just markets. They mine new digital information sources and they use customer analytics to turn data into insights on which their organisations can act. However, analysis of our CMO Study findings revealed that relatively few CMOs are exploiting the full power of the digital grapevine (see Figure 6).

Sources used to influence strategy decisions (percent of CMOs selecting all sources that apply)



Source: 2011 IBM CMO Study.

Figure 6: Data sources used to influence marketing strategy decisions.

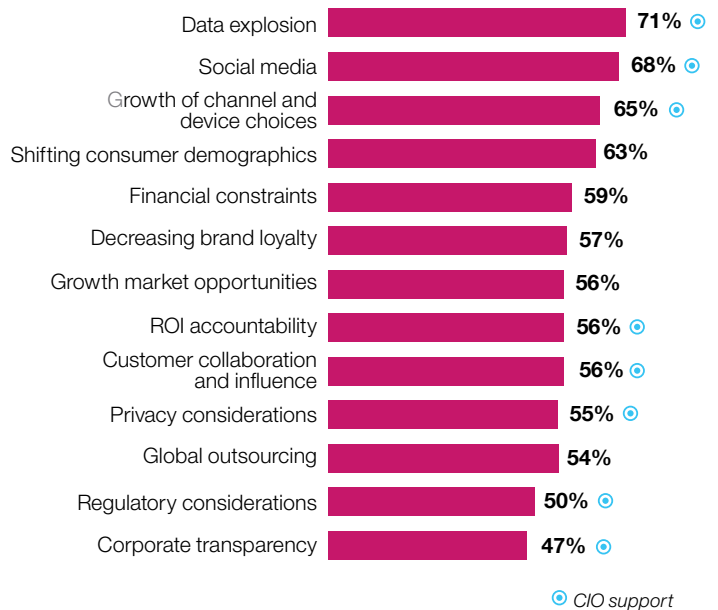
Although nearly three-quarters of CMOs use customer analytics to mine data, less than 50 percent are tracking sources that most closely correlate to understanding the individual (such as blog tracking, third party reviews and consumer reviews). This is partly because the tools, processes and metrics often used by Marketing are not designed to capture and evaluate the unstructured data produced by social platforms. Yet, these unstructured data sources reveal valuable insights about what customers want and provide a rich repository of information about customer sentiment. Taken within context, this data can help organisations more accurately predict demand patterns, identify potential negative brand exposures, and collect new ideas that can improve existing products and services or even create new ones.

Given the flood of data already available and the ever-increasing volumes coming online, it is no surprise that the data explosion is the number one factor keeping CMOs up at night (see Figure 7). Seventy-one percent don't feel prepared to manage it, with social media not far behind at 68 percent, and growth of channel and device choices at 65 percent. Interestingly, each of these top three challenges is technology-based.

Many of these same factors are top of mind for CIOs. They are already focusing on initiatives to manage the data explosion and capture value. Not only is IT positioned to help, it can play a pivotal role in identifying and implementing the technical solutions that Marketing needs.

Underpreparedness

(percent of CMOs reporting underpreparedness)



Source: 2011 IBM CMO Study.

Figure 7: Factors CMOs feel underprepared to manage and where CIOs can offer support.

The three IBM CMO Study imperatives – deliver value to empowered customers, foster lasting connections and capture value to measure results – provide a lens into how CMOs and CIOs are working together to achieve their goals.

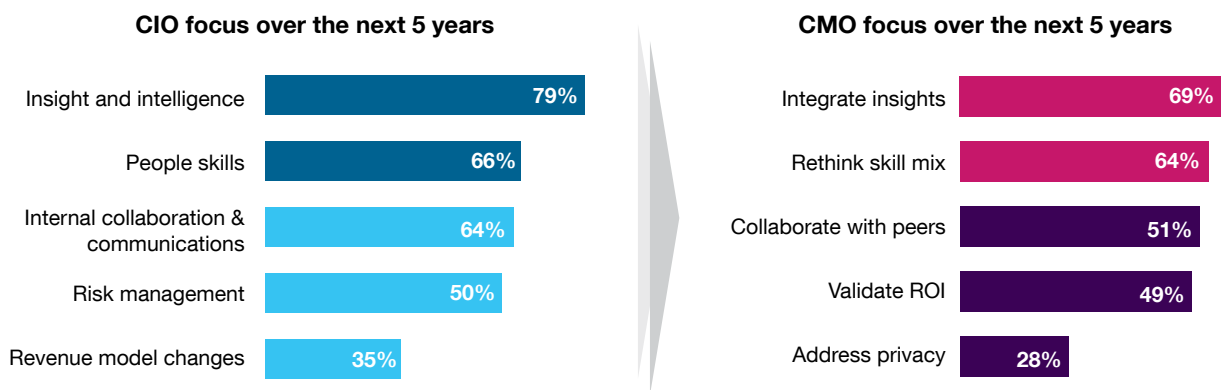
For example, 79 percent of CIOs say their top priority over the next five years is to strategically use data to derive insight and intelligence for the organisation (see Figure 8). This objective echoes CMOs' focus on integrating insights, which 69 percent claim is their number one data-related goal.

Furthermore, the CIO agenda includes improving client intimacy, enhancing staff skills, enabling internal collaboration, managing risk and exploring revenue model changes, all of which directly address CMOs' top data concerns. Clearly, both CMOs and CIOs have received a mandate from the business to improve their organisations' performance and competitiveness, which creates a strong incentive for working together on these initiatives.

The social media gap

When we examined areas where the CMO and CIO are focusing on technology, CIO projects aimed at driving organisational competitiveness strongly correlate to CMOs' plans to increase Marketing's use of technology. But a startling disconnect emerged: social media (see Figure 9).

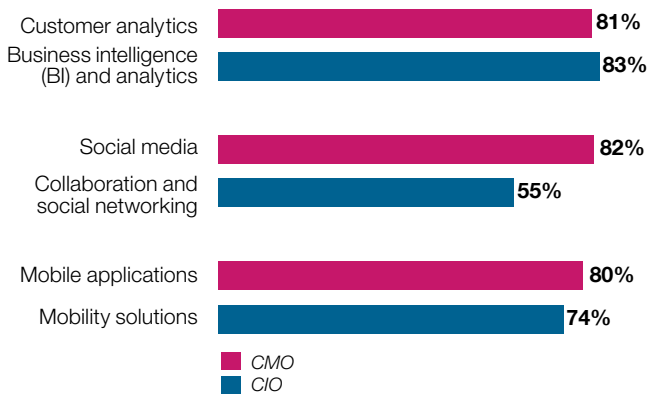
An overwhelming majority of CMOs (82 percent) told us their plans to increase the use of technology would be devoted to social media, with customer analytics and mobile applications just a point or two behind. However, far fewer CIOs just 55 percent – cited social media as a priority, and overall, they ranked it behind analytics, mobility, cloud computing and risk management and compliance.



Source: 2011 IBM CIO Study; 2011 IBM CMO Study.

Figure 8: CIO and CMO big data focus areas.

Plans to increase competitiveness through technology



Source: 2011 IBM CMO Study; 2011 IBM CIO Study.

Figure 9. Improving organisational competitiveness through the use of technology CMO and CIO plans.

This is not to say that CIOs don't recognise the enormous impact social media is having on their businesses. Rather, because social media is being used by most businesses today as an external, customer engagement channel, responsibility for these initiatives typically resides within Marketing's domain and not IT's.

Moreover, with the proliferation of social software vendors, digital agencies and cloud technologies, some Marketing leaders are launching social solutions without depending on IT to drive the program. Meanwhile, many CIOs appear to be waiting for clarity and direction on exactly what the organisation wants to do with 'social.' This is an area where CIOs should consider a more proactive approach get involved up front to help shape what is possible rather than wait and inherit a solution that may not be sustainable across the enterprise.

Marketing sees social media as a game changer for brand extension and interaction with the empowered customers they need to reach. But, as social media evolves into social business with external and internal collaboration goals, these applications become more technically sophisticated. As data and privacy issues become more complex, CIOs also have a stake in social strategies and should be partnering with CMOs from the beginning.

Marketing needs to provide the perspective for how social and digital opportunities will be used to bring value to customers and the organisation. CIOs, in turn, need to endow their teams' technical expertise and push for innovative, creative solutions without risking their executive mandate to keep IT running smoothly across the enterprise.

The impact of privacy and regulatory issues

Another interesting disconnect revealed in our analysis is the degree to which CMOs have underestimated the need to be involved in privacy and regulatory considerations. Only 28 percent of CMOs plan to revisit their organisations' privacy policies despite the ever-changing, numerous ways customers' privacy can be compromised. And only 38 percent rank regulatory concerns as a priority affecting Marketing over the next three to five years. However, a 2011 IBM study on social media revealed that fear of both privacy breaches and receiving spam are the top reasons customers are reluctant to engage with businesses via social media.² Clearly, CMOs need to be paying more attention to the impact of their corporate policies and the ways they are communicated to the marketplace.

In contrast, privacy and regulation are front and centre for CIOs. IT's domain reaches far beyond data analytics to include overall data management, data warehousing and governance, as well as privacy, risk management and compliance. CMOs' understanding of the importance of these areas is critical if they are managing customers' expectations for how personal data will be used. CMOs cannot afford to relinquish

responsibility for privacy and regulatory issues by categorising these solely as IT considerations. And CIOs cannot assume their decisions about data management, privacy and regulatory compliance can be made without understanding the customer and brand implications. Instead, CIOs and CMOs need to be in lock step so that privacy and regulatory strategies, policies and activities are appropriate for the brand and customer relationship and comply with IT's goal to successfully manage data integrity and security.

The Georgia Aquarium's CMO and CIO have demonstrated the value of joining forces to meet customers' needs and deliver a uniquely branded experience (see case study, "Georgia Aquarium: Working together to connect with empowered customers"). Together, they have established a culture of collaboration that focuses everyone on one goal: Delighting the customer.

Case study

Georgia Aquarium: Working together to connect with empowered customers

As the world's largest aquarium, the Georgia Aquarium located in Atlanta has attracted more than 16 million visitors since it opened its doors in 2005. Visitors can explore more than 60 exhibits that house a unique collection of animals living in more than 10 million gallons of water. The experience is designed to inspire, entertain and educate. This same mission is true for the aquarium's digital media team, who enhanced the digital space to be an integrated brand extension of the total aquarium experience.

The digital team reports to Carey Rountree, SVP Sales and Marketing, and meets weekly with him and Beach Clark, Vice President of Information Technology and his key IT staff. Originally, this collaboration was established to address web-related issues, but over time the scope expanded to include all things related to digital marketing and the customer experience, from social media, data management and market research to ticketing. Beyond these regular interaction sessions, Marketing and IT use social collaboration tools to share information and track their joint projects' progress.

Carey and Beach didn't set out with this model in mind, but they adopted it as the most effective way to manage the evolution of social media. Within five years, they have grown from fewer than one million web visitors to more than five million a year. They have over 100,000 Facebook fans and thousands of Twitter followers. A combination of internal and external resources manages data, but the responsibility for setting strict data policies belongs to Carey. Beach is responsible for development of customer databases and ensuring they are integrated properly.

Currently, Carey and Beach are developing strategies to use social media and analytics to better understand their customers as individuals. They admit they're still evolving their methods. But the key to their success is that they are in this together, listening and learning from the combined wisdom of an integrated team with diverse skills. They are exploring the possibilities for enhancing their customer experience in an immersive, collaborative environment that they created, and that their teams function within as a normal part of their corporate culture.

Recommendations on how to deliver value to empowered customers:

- Ensure that Marketing and IT work together to identify and implement strategies using new social/digital channels
- Evaluate and expand the infrastructure, tools, processes and skill sets necessary to capture unstructured data from social media and other digital channels
- Continually evaluate and revise customer privacy and data security processes and policies and remember that privacy and security is everyone's job.

Conversation starters for CMOs and CIOs:

- How do we enhance the use of social media to connect with customers and minimise the risk of potential negative brand exposure?
 - How are we capturing and using unstructured data to not only understand our customers, but to predict what they want?
 - How are we cross-training our teams so that digital and social skills become embedded within the culture of our organisation?
 - How are we establishing, communicating and regularly reassessing privacy and security policies so that our customers are confident they can share personal information with us?
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Fostering lasting connections

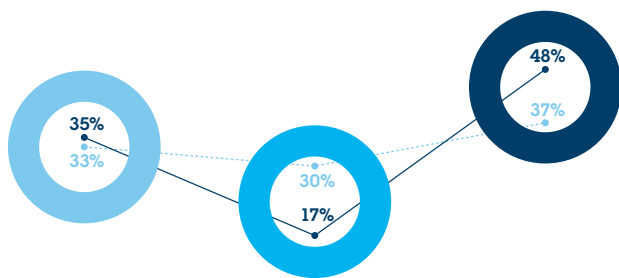
The second imperative from the 2011 IBM CMO Study fostering lasting connections – is based on the finding that proactive CMOs are forging customer relationships that are meaningful and relevant beyond the point of sale (POS).

To enhance customer loyalty, CMOs need to understand what is happening across the entire customer experience. They need IT's help to develop insights across the full customer lifecycle, not just the transaction phase. This is yet another parallel area where CIOs are hard at work 69 percent of CIOs report they are driving initiatives aimed at simplifying interactions for customers and 50 percent state they are focused on identifying and understanding what clients truly value. By partnering closely with IT, Marketing can have the data intelligence and insight necessary to engage in valuable customer interactions that will help generate the customer loyalty they seek.

Additionally, the 2012 IBM chief executive officer (CEO) Study shows that the ability to create and sustain connections both inside and outside of the enterprise is similarly important to CEOs.³ CEOs told us the trend away from operational control toward organisational openness will have a profound effect on their organisations (see Figure 10).

While controls will continue to be necessary, CEOs anticipate that the demand for transparency will require them to open their organisations to facilitate far more innovation, collaboration and creativity internally and externally. In fact, CEOs from outperforming organisations were even more likely to embrace openness as a competitive advantage.

Organisational impact from competing influences



Operational control

Tight operational and financial control to ensure compliance, avoid waste and enforce standards, norms and behaviors

Balance between openness and control

Organizational openness

Opening of organizations and empowerment of individuals to facilitate innovation, collaboration and creativity

Source: 2012 IBM CEO Study.

Figure 10: CEO perspective on operational control and organisational openness.

Transparency and corporate character

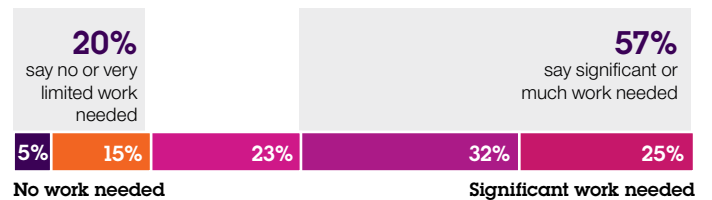
Transparency is driven in no small part by the increase in digital/social communications. Today’s empowered customer can access nearly any type of information about a business. And when a brand promise is not experienced, a customer can share that with an entire social network. Therefore, how authentically an organisation’s culture ‘lives’ its brand becomes the measure of its success.

This increased transparency means CMOs, who have traditionally been the brand stewards, now find their roles expanding to include the stewardship of the organisation’s corporate character. How an organisation behaves and what it says has become as important as what it sells. Marketing’s role is to build a system so that with every customer interaction, brand and corporate culture become one.

With this shift, many CMOs are assuming responsibility for managing the brand reputation not just externally, but now internally, as well. This is hardly an easy undertaking; 57 percent of CMOs say more work is needed to get employees to embody the organisation’s corporate character (see Figure 11).

CMOs can leverage the projects CIOs are undertaking to provide employees with communication and collaboration opportunities to help them understand and represent the corporate character. This is another area where CMOs and CIOs can take advantage of each other’s strengths.

Amount of work needed to get employees on board with the corporate character



Source: 2011 IBM CMO Study.

Figure 11: CMOs report much work is needed to get employees on board with corporate character.

Enabling internal collaboration

These executives’ desires for more openness and transparency across their enterprises cannot be realised without a mechanism for internal collaboration. Sixty-four percent of CIOs interviewed for the 2011 IBM CIO Study reported that internal communication and collaboration was a priority for them, with significant improvements planned for the near term.

However, collaboration goes beyond the implementation of tools and processes. While collaboration continues to be a strong focus area for CIOs, they have expressed frustration with its internal adoption rate. A strong commitment from the C-suite is required to instill a culture of transparency and engagement.

One of the outstanding collaboration practices that we uncovered is the way that Air Canada's CMO and CIO work together (see case study, "Air Canada: Collaboration starts at the top"). They not only encourage collaboration throughout their respective functions - the CIO has remodelled her organisational structure to enable cross-pollination of knowledge and skills throughout the enterprise.

Case study

Air Canada: Collaboration starts at the top

As Canada's largest full-service airline and provider of scheduled passenger services in the Canadian market, Air Canada serves more than 33 million customers annually and employs more than 26,000 people. Keeping up with the changes demanded by customers while balancing the requirements of running and maintaining the systems necessary for an international airline in a tough economic environment is a difficult task. Lise Fournel, Senior VP of e-commerce and CIO and Craig Landry, CMO, connect regularly to ensure their respective organisations are working together closely. Collaboration starts with the two of them.

To stay in sync with one another, they meet frequently on a wide range of topics that affect their organisations. Their strong commitment to collaboration has extended to the rest of the enterprise. In her role as CIO, Lise decided to embed deep IT expertise directly into the business. She reorganised her team and transferred senior IT executives into three

major business areas of Air Canada. Now these executives report into their respective lines of business, with a 'dotted-line relationship' back to the CIO. With this model, they are serving as important liaisons between the business and IT, enabling each group to be more responsive to the other, and streamlining communications and understanding among themselves.

With this structure, a strong relationship has been established between Marketing and IT as both functions work as part of the same team to attain common goals. IT now understands precisely what Marketing needs to accomplish from a business perspective. Marketing now is able to identify their technical requirements more clearly. By working together, they have increased the likelihood that the technology solutions IT implements will satisfy Marketing, and Marketing is more comfortable with the support IT provides.

Recommendations on how to foster lasting connections internally and externally:

- Expand capabilities to capture and manage data across all touch points throughout the end-to-end (E2E) customer lifecycle
- Identify and implement the most appropriate social business and mobile technologies in order to support customers more efficiently and effectively
- Improve cross-enterprise collaboration, knowledge, content management and training to help employees embody the corporate character.

Conversation starters for CMOs and CIOs:

- How can we understand the ways in which customers want to engage with us throughout the entire customer lifecycle?
 - What data are our customers willing to share and what value do they expect in return?
 - What is our plan to enhance the skills needed to integrate, interpret and use unstructured data across multiple client touch points?
 - How are we helping employees embody the company's corporate character and develop deep collaboration skills?
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Capturing value and measuring results

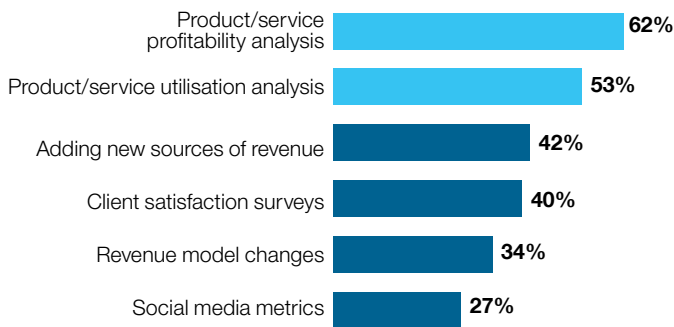
The third CMO Study imperative capturing value and measuring results reflects that for some time now, CIOs have been under the microscope to contain costs, reduce expenses and eliminate unnecessary IT spending. CIOs have worked hard to achieve this mandate and at the same time, stay responsive to the needs of the business. CMOs, on the other hand, were not always expected to provide hard financial evidence of their ROI. But those days are long gone.

Given today's economic volatility and pressure to be profitable, CMOs are increasingly being held accountable for Marketing spend. It used to be enough to point to advertising recall, brand perception or website traffic, but CMOs are now being asked for quantifiable evidence of how their Marketing expenditures are helping the organisation achieve its goals.

Sixty-three percent of CMOs interviewed report Marketing ROI will be the primary way they are measured over the next five years and only 44 percent feel prepared to manage it. This is due primarily to the lack of tools and methods CMOs have for measuring the effectiveness of digital media's impact on the bottom line. To discover a workable solution, the CMO should explore options with the CIO. More than 50 percent of CIOs report they are focused on a broad set of metrics and analytics, ranging from product and service profitability analysis to exploring revenue model changes (see Figure 12).

Activities related to increasing revenue

(percent of CIOs identifying revenue related activities)



Source: 2011 IBM CIO Study.

Figure 12: CIO activities related to increasing revenue.

With this work already underway, CIOs' IT teams can apply their experience in data analysis to assist CMOs in reporting meaningful metrics back to the business. Reporting is just one aspect, however. By tracking the efficacy of their campaigns across all channels, Marketing can find out which initiatives are working, and which aren't. They then can make informed decisions about where to invest and where to pull back.

The LEGO Group's Marketing and IT functions use a comprehensive set of processes, tools and systems thinking to determine the effectiveness of campaigns and promotions used throughout their business (see case study, "LEGO: Working together to plan and analyse"). The CMO and CIO participate in determining the corporate direction that is then executed with local autonomy in markets where their products are sold. This distributed approach helps ensure that strategic priorities are managed at the top of the organisation while allowing the freedom to localise programs appropriately. Metrics play a crucial role in determining how best to structure future initiatives, especially with so many locales to consider.

Case study

LEGO: Working together to plan and analyse

One company that has worked to integrate all portions of the organisation is LEGO. Headquartered in Billund, Denmark, LEGO is the world's third largest manufacturer of toy materials. Based on the iconic LEGO block. The LEGO Group's toys, experiences and teaching materials are sold in 130 countries. LEGO Corporate Management is comprised of senior executive leaders who set the agenda and run the organisation. Both Henrik Amsinck, (Senior Vice President and CIO) and Per Hjuler, (Senior Vice President and CMO), are members of the Management Board and work with their teams to ensure Marketing and IT are tightly integrated across the firm's entire set of processes.

Every year, the two functions work closely together to complete an in-depth analysis of all marketing-related IT projects and identify priorities and plans, which are then

merged with other needs of the entire business into a total portfolio view. Many projects (once approved) will be assigned co-managers – one each from IT and Marketing – who work side by side to monitor project progress and support change management. Recently, this approach is being used in the development and implementation of a global customer planning system, which includes customer planning, trade promotions monitoring, campaign tracking and overall metrics. Having this type of system and data allows Marketing and IT to monitor current activities associated with each campaign, compare plan to actuals, and determine the success rate of each. This data is then used as input in developing future campaigns and plans. Both Per and Henrik agree that collaboration and understanding the full picture, with insights from both marketing and IT's perspective, is key to success at LEGO.

Recommendations on how to capture value and measure results:

- Partner purposefully to develop an analytical, quantifiable approach to determine the Marketing ROI
- Determine the skills and systems needed to collect/aggregate/manage and interpret the ROI-related data needed by Marketing
- Enact changes to put the right staff in place to support IT and Marketing:
 - Offer internal training and cross-team assignments
 - Introduce a hybrid role: the Marketing technologist
 - Partner with an outside firm.

Conversation starters for CMOs and CIOs:

- How do we attain C-suite input and buy-in on selecting the appropriate Marketing ROI measures? What are the implications for current systems and data across the enterprise?
 - How will we implement a ‘systems engagement’ approach for Marketing and IT to work together in support of each other and the organisation?
 - Are we doing enough to cross-skill/re-skill our teams so they are prepared for the dramatic changes driven by the digital revolution?
-

Turning professional acquaintances into true allies

The combined insights of more than 4,900 CMOs and CIOs participating in these studies point to a number of opportunities where those performing these two roles can work together to lead key initiatives. As our analysis demonstrates, their goals and aspirations are more closely aligned than each may realise. CMOs and CIOs who want to collaborate more effectively can start a candid conversation with this question: How closely are we working together to effectively transform our enterprise?

Based on the findings of the 2011 IBM CMO and CIO Studies and ongoing conversations with CMOs and CIOs from top organisations around the globe, IBM has further developed a point of view for the future of Marketing. To excel in this new world, Marketing needs to:

- Harness data to understand and respond to customers as individuals
- Create a system of engagement that can predict and deliver maximum value to customers at every touch point
- Design the culture and brand so they are authentically one.

It is difficult to imagine how any of this can be achieved unless CMOs and CIOs join forces as true allies. The overriding characteristic of successful CMO/CIO relationships is their unwavering commitment to collaborate for the common good, as well as their own benefit. It is important to note that the pairs we interviewed do not view collaboration simply as an information exchange. Each pair is invested in rolling up their sleeves and working together with shared responsibility for the outcome. Each pair feels they cannot do their jobs effectively without this support. As leaders, they establish and take ownership of the cultural necessity to team, and their respective organisations follow suit.

Today's CMOs recognise that their ability to take advantage of new technologies and data insights could well determine their legacy as CMOs. Likewise, CIOs understand that the organisation's dependence on exquisite technical design and execution has never been more critical. CMOs and CIOs are at a historic inflection point, and there's never been a time when they've needed each other more.

To learn more about this IBM Institute for Business Value study, please contact us at iibv@us.ibm.com. For a full catalogue of our research, visit:

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