"The role of the CIO is not only to manage a business and to create and lead change. Our role is to build the new face of our enterprises and to find the capabilities required to grow."  
CLE Participant

More than 300 of the world’s most influential CIOs joined the 2011 IBM CIO Leadership Exchange (CLE) on April 5 and 6 in the city of San Francisco. This year’s session took place during a time of deliberate economic recovery – a period of change and transformation, but most importantly a time of opportunity for business and technology leaders. “While we certainly need to focus on cost, the next three to five years will be about finding sustainable value for our customers and, in turn, sustainable growth for our businesses.” CLE Participant

Executive Summary

The fifth annual CLE convened forward thinking, global CIOs to discuss the role that CIOs must play in leading technology-driven change and creating new capabilities to help their companies compete in the global economy. While there was agreement that we are entering a phase of renewed growth and opportunity, CIOs also concurred with one presenter who stated that “Today’s growth is different from what it used to be. We have come through a very difficult time. This is a different economy and we need to be judicious in our investments.”

Participants supported FORTUNE Magazine Editor Geoff Colvin’s assessment that “new opportunity is available - there is growth opportunity in every market with a rising OECD and a global GDP of $60 trillion (of which a half trillion is new GDP).” And CIOs emerged from the CLE agreeing that technology is the single asset that businesses and organizations will use to enable that growth.

Notable throughout the CLE was a continuous discussion of the shifts that CIOs made in the last five years and an alignment between CIOs and CEOs on issues that are critical to business growth:

1. **Business Analytics:** CEOs and CIOs see increased complexity driven by higher volumes of data and information. Using business analytics to manage and capitalize on that complexity is perceived as an important step in moving to profitable growth.

2. **Innovation and Transformation:** CEOs and CIOs are aligned that innovation and business transformation are critical to create new revenue opportunity.

3. **Customer Centricity:** Central to the success of any organization is a deep understanding and commitment to its customers – understanding their preferences and predicting their patterns of consumption.

4. **Growth Skills and Talent:** CEOs and CIOs agree that this new economic environment requires fundamentally new skills and talent that will help to shape opportunity.
Business Analytics, Optimization and Growth

“CIOs used to be thought of as infrastructure managers. Today we are seen as information leaders and as the importance of information and analytics has shifted to the front office so has the value of our role in the enterprise.” One venture capitalist presented the importance of analytics when he said “this is not a bubble or a buzzword, this is about immersing into the data and information that companies have gathered for years and using that to drive more informed decision making, enable predictions of new business models and lines of business that will help your enterprises succeed.”

CIOs agreed that fact-based decision making was mandatory as their companies evolve out of the recent economic downturn and seek high-value sectors for investment. In the words of one CIO “we work with the business to ensure that we are making the best investment decisions – we use historical data and analysis to help predict what that investment will return to our company as a whole.”

IBM research shows that higher performing companies are five times more likely to use analytics in their business than the low performers. CIOs commented that they were turning to analytics to help them understand customer problems, determine future markets, and evolve their solutions to meet future needs. One retail CIO pointed out that analytics helped his business to determine that it’s “most profitable customers were not the biggest spenders, though intuition might tell you otherwise.”

Leading an Innovation and Transformation Agenda

CLE participants noted a dramatic shift in discussions this year away from cost cutting toward innovation, transformation and growth. “Consider what is possible…” recommended one presenter. “Move to the future and assess business models that will support innovation”, challenged another.

CEO Sam Palmisano reminded CIOs of the role that he and his peers expect CIOs to play. He stated, “To win in this global economy we need our CIO leaders to drive a technology agenda, to elevate information, and invest in technologies that will deliver tangible and meaningful business outcomes.” CIOs agreed that periods of economic growth mandated innovation of infrastructures and capitalizing on the efficient foundations that many businesses created in the last three years.

Discussions pointed to four ways in which CIOs are driving innovation agendas in their businesses:

1. Efficiency reinvestment: Businesses have wrung the cost out of their operations and are leading very lean businesses in most markets today. Yet, many CLE participants cautioned that a shift to blind innovation investment is also not sustainable. One participant suggested that she was working with the business to “fund innovation from the cost take out and efficiency strategies we are running in other parts of our business. This allows us to access innovation without requiring net-new pools of investment.”

2. Simplicity and agility: Another presenter suggested that creating a simplified infrastructure – using cloud and other approaches – enabled business model agility and supported rapid innovation and development.

3. Partnering for growth: High performing organizations are shaped from environments and cultures that encourage curiosity and creativity that support the innovation agendas required to get to growth.

4. Informed risk taking: Recent economic trends – particularly in the mature markets – has proven that risk needs to be managed, but presenters and participants at the CLE encouraged calculated risk taking. As one CIO stated, “Execution is the name of the game to get to growth. We need to endure and it is critical that we take risks in order to enable innovation and recognize large returns.”

And while innovation and transformation initiatives can be challenging to establish, participants at the CLE asserted that CIOs have a history of successfully moving these agendas forward. As one CIO presented “It is important that we don’t make innovation something that is overwhelming – it can be simple. Take a simple concept and apply it at scale to enable huge customer benefits. And we receive the added benefit of knowing our customer even better after the fact.”
Customer-led Growth and Transformation

A recent IBM CEO study confirmed the importance of the customer in driving growth, with 88 percent of all CEOs citing customer centricity as the most important dimension in realizing their strategy. One CIO presenter agreed and challenged his peers to consider the external customer more seriously. “CIOs are customer-centric, but we have historically defined our customer internally. We need to shift this focus and find ways to deepen our external relationships – how they think and what they buy – this is where analytics comes in.”

Unlike other C-suite executives, the CIO is in a unique position to enable a customer-centric transformation by working directly with customer groups and understanding how they engage with the enterprise today. One CIO presenter suggested that the customer view was more important than having a seat at the boardroom table. “Having a seat at the table is certainly important but nothing happens at that table – everything that matters to the business happens in the field. As CIOs we need to connect with the business at the customer level. That is where revenue and growth happens.”

Investment strategies were also highlighted as requiring a customer lens to be successful. One venture capitalist offered that “we won’t make an investment in a company if the team hasn’t worked with its potential customer base.” Similarly a CIO commented “we won’t invest unless we can see some direct value to our customer.” But enabling a customer-centered approach is not simple and often requires the CIO to develop strong line of business partnerships to effectively implement such strategies. One CIO boldly extended this idea by saying “If we don’t find a way to meet the needs of our customers then somebody else will.”

Growth Skills and Talent

In a survey prior to the CLE, CIOs indicated that finding the right skills and talent is a challenge. To drive organizational transformation it is clear that CIOs need a workforce that is curious and embraces creativity and change. And there is also a need for CIOs to determine how much change the organization can manage. “Increasingly innovation is coming out of IT, and as a result we need a workforce with new ideas, new thinking and a desire to build. On top of that we need leaders with international capability that can manage a team in 10 or 15 countries and can create a future vision and influence the business to adopt that vision.”

As CIOs left the CLE they were challenged to consider the future of their workforce and how to establish the next-generation IT organization. One that can create and sustain growth, build new thinking and lead the enterprise into the future. One participant summed it up best when he said “The CIO is critical to the future of business – this is a challenging, but exciting time to be a CIO.”