

# CIOs struggle to stay ahead

The life cycle of business and technological development is getting shorter. It requires more every day to be a front-runner among IT departments.



"Until quite recently, [our] IT department was literally taking orders from the business and interpreting how to comply. We've needed to achieve a huge paradigm shift at all levels of the organisation to rebrand IT as a partner to the business."<sup>[1]</sup>

This is how Scott Laverty, executive vice president and CIO of JCPenney, one of the largest apparel and home-furnishing retailers in the U.S. puts it. And he is not alone. According to Deloitte's latest CIO survey<sup>[2]</sup>, four out of five CIOs have identified the ability to support new business needs as a top priority for their organisation.

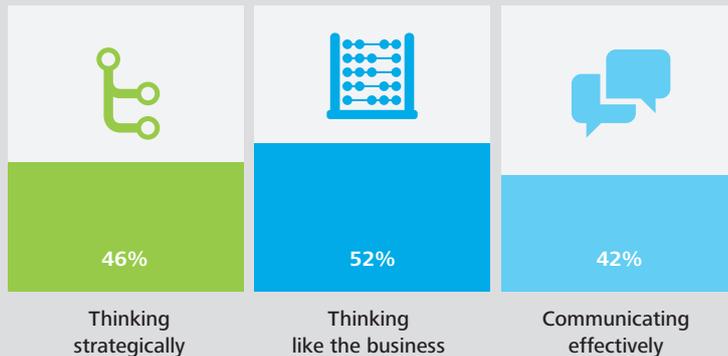
At the same time, over half of the CIOs feel that their organisation has a skills gap in business-facing skills, while just under half struggle to find professionals who can think strategically and communicate eloquently.<sup>[2]</sup>

So, does that mean that the future IT organisation needs to be completely reborn? The short answer is "No".

<sup>[1]</sup> Interview published as part of the Deloitte Insights at the Wall Street Journal <http://deloitte.wsj.com/cio/2014/05/12/cios-take-steps-to-increase-business-value-of-it/>

<sup>[2]</sup> The Deloitte CIO Survey 2013

## Talent Business skills gaps



### Legacy is here to stay

In parallel with emerging demands, routine IT services need to be delivered efficiently and without business interruption. IT is not considered a credible partner for strategic development if daily operations don't run like clockwork.

The majority of these IT services rely heavily on outdated but proven technologies. For instance, just 10 percent of the IT service market consists of cloud services currently<sup>[3]</sup> and even though this number is rising, the importance of infrastructure and legacy systems is not diminishing.

Luckily, as stated in the Deloitte survey<sup>[2]</sup>, IT leaders are confident in their organisation's ability to deliver routine IT services. Up to 89 percent of the respondents think they are matching or exceeding expectations in this area. However, this has to be viewed in the context that 61 percent of the respondents rated their existing business partnering capabilities as either fair or poor.

### Check your skills

As IT organisations of today and tomorrow cannot waive the responsibility of the "dull" backend work, also the

### Join us in Copenhagen in June to learn more

Deloitte is organising a conference, CIO Agenda 2014, on 26 June 2014 in Copenhagen. The conference is a unique opportunity for CIOs and IT professionals to gain insight from industry experts and share experience with peers on critical business and technology issues.

The agenda is packed with interesting speakers. Meet Gregory S. Smith, CTO at ASCD and author of *Straight to the Top: CIO Leadership in a Mobile, Social, and Cloud-based World*, Clyde Pereira, MD at CPG Digital Consulting Ltd. and former CIO at Coca-Cola Hellenic, and Thomas Andersen, senior partner in Deloitte's IT Strategy & Effectiveness department.

We will showcase some of the latest trends within the multi-sourcing marketplace and provide further perspective on what you should be doing next within the field of IT effectiveness to make sure that your IT organisation achieves the perfect balance between providing efficient and stable operations and being a cutting-edge innovation partner for the business.

related skills need nourishing. For most, this means maintaining and gradually improving current skills and keeping up the good business perception.

But in addition to the traditional playground, IT is expected to grow skills that will enable business and drive innovation. This extended reach is not simple to master. To do this, IT leaders should divert their focus more towards recruiting talent with the right behaviour and competencies rather than merely the right technical skills. More non-technical staff should be incorporated into the IT organisation and existing staff should have their technical training supplemented with training in areas such as stakeholder management and effective communication.

<sup>[2]</sup> The Deloitte CIO Survey 2013

<sup>[3]</sup> Gartner Survey: Forecast IT Services 2011-2017

### Reach out to your network

However, even relentless development of the internal organisation may not be enough.

Another key to success is to leverage the network of partners and service providers more effectively. Partners

are no longer merely involved for the sole purpose of cost cuts. We at Deloitte see our clients seeking more and more flexibility, access to talent and ability to deliver cutting-edge technology through partnering with external service providers.

At the same time, it is crucial to understand that these quantitative benefits do not come automatically. Not in an internally focused delivery model, nor in an externally focused one. According to Deloitte's Outsourcing and Insourcing study 2014, problems related to the perception of quality top the list of issues that clients are facing with the service providers.[4]

Making a modern partnering relationship with a service provider work, demands the right portfolio of partners and a well-educated and skillful vendor management function within the organisation. In many ways, this is exactly where part of the challenge lies. Over a third of Danish IT organisations feel that they should be better at managing and controlling their business partners[2]. It is a two-way street.

### Contact

To further discuss the current trends and their effect on your organisation, please do not hesitate to contact us.

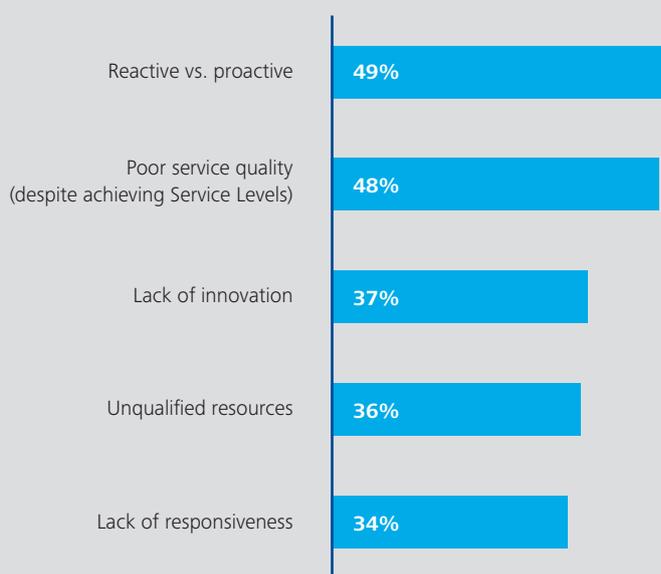
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#### Top 5 issues with the service providers[4]



### Download and read

To further drill down on the mentioned studies, please visit Deloitte's website and download your copy of:

- The Deloitte CIO Survey 2013
- Deloitte's 2014 Global Outsourcing and Insourcing survey
- Deloitte Tech Trends 2014

[2] The Deloitte CIO Survey 2013

[4] Deloitte's 2014 Global Outsourcing and Insourcing Survey