



CIO as Chief Innovation Officer

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Post-digital era forces are radically changing the business landscape. CIOs are now well positioned to help their companies reap the benefits of technological changes.

Today's world of business is not just changing—it's transforming

Many emerging technologies promise a beneficial transformational and disruptive effect on the business, and businesses are increasingly measuring the potential of technology as a primary and critical driver for differentiation and competitive advantage. Because the Chief Information Officer (CIO) monitors technology evolution - and revolution - and understands its impact, the CIO is well positioned to steer the business towards corporate innovation and to help the company reap the benefits of technological change.

However, traditionally, the CIO is the safekeeper of corporate information and is often viewed as the manager responsible for the efficient and error-free performance of operational systems. In that respect, the CIO has tended to look inward to IT rather than outward to business strategy design and to customer needs.

The CIO has been logically focusing on optimising IT operations and organisation, on reducing cost, on improving the IT workforce, on maintaining systems, and on using any levers to do more with less—or more realistically do the same with less.

The CIO's role should not, however, be devalued to just seeker of efficiency gains. Information technology can indeed help to reduce the cost-income ratio by not just cutting expenditures but also by increasing revenues by creating value outside IT itself using technology. For the last decade, the CIO has been under pressure to reduce or at least flatten the IT budget over time. At the same time, broader expenditure on new technology in the enterprise has increased substantially outside IT, shifting to lines of business and functions such as marketing. In other words, even as technology grows, the scope of IT control and impact had a tendency to decrease to the benefit of other support functions or business lines that are not intended or fully competent and equipped to master new technology for the whole firm.

Initial findings of Deloitte's 2013 Global CIO Survey even show that IT is not seen as a 'hub' of innovation by business leaders.

On the contrary, most CIO respondents felt that IT could deliver significant value to the business through innovation, both in terms of growth and efficiency. This highlights two key elements. First, it demonstrates the gap perceived between what businesses think of IT as an innovator and what CIOs consider their role to be. Second, it highlights the fact that CIOs still have a tendency to restrict innovation to being a factor for improving efficiency and supporting growth and less as a catalyst for differentiation and competitive advantage.

The Gartner 2013 CIO Agenda report corroborates this, showing that CIOs responding to this survey indicated that on average their organisations realise only 43% of their technology's potential, pointing out an important shortfall in value creation for organisations.

Hence, CIOs are facing the dual challenge of industrialising core delivery and operations, while elevating the position of IT to drive the innovation agenda. How can the CIO be called to contribute to business strategy through innovation when they are seen as yet another part of the machinery or even the administration?

Getting more out of technology and moving beyond IT requires expanding how IT views itself and others view IT. Without this mind shift, organisations will fail in using technology to create value as:

- IT will still be regarded as operational and not transformational
- IT will not attract additional resources and funding beyond that required to function
- IT will not attract the innovators required to imagine applications of new technology
- Business lines are not intended and even not entirely competent to understand comprehensively the impact—or even sometimes the potential—of new technology introduction



Now is the time for CIOs to turn this view around as the emergence of post-digital forces has created an unprecedented opportunity to shift the trajectory of their role firmly in the direction of greater strategic impact. CIOs can use the post-digital tools at their disposal to create that value, lead a strategic revolution, dramatically and definitely change how they are perceived by the organisation.

They can educate and incite passion for transformation among the C-suite, and oversee change that dives deeper than simply painting a thin veneer across existing businesses processes, because who better than the CIO at the forefront of technology can understand the power of it?

For the CIO to realise this change of mindset, CIOs will have to:

Ensure and maintain streamlined, robust, and quality operational states and high-performance, customer-oriented IT services. This is a strong pre-requisite for CIOs to be credible drivers of change.

Build new relationships with other CxO from the ground up in order to be deeply in touch with the business. IT organisations should implement business/IT partnering functions to ensure sustainable communication and relations with their business counterparts.

Deloitte's 2013 Global CIO Survey main results show that having a dedicated business partnering function appears to be the way to maximise chances of excelling as a true partner to the business.

Promote innovation to directors and deputies by demonstrating concrete applications of new technologies using 'Proof-Of-Concept' or presenting what competitors are doing. CIOs should not hesitate to scout for innovation and applications of new technologies beyond their enterprise and specific sector's boundaries. They should also assess how those possible concrete applications can bring value to the business not only in terms of growth, profitability, and productivity but also in terms of customer satisfaction, or differentiation through offering new products or services.

Seed innovation: start small and then scale fast. Innovation can indeed be disruptive and disappointing. Businesses cannot afford to invest too much in useless applications of technology. Starting in isolation from the information system and on a small scale gives the insight needed to understand the complexity of implementing the change, and the appeal of the innovation to the target community. If the results are positive, only the CIO can instruct the move to the next level by expanding the scope of the application or integrating it more tightly with the core information system. But what if the results are not satisfactory? Then throw the application away and abandon the idea or try it differently.

Accelerate the development process. Being an innovator is leveraging new technologies before anyone else. Businesses can have the greatest ideas but, if they carry out their implementation later than others, they just lag behind. CIOs should therefore use any lever available in order to speed up the development process and beat the competition on the race for innovation. Levers such as bringing on board external software agencies specialised

in a particular technology, adopting the software rather than adapting it, building an enterprise incubator, using new models to allow the enterprise architecture to integrate new technology easily, etc.

In a nutshell, the post-digital environment creates both the opportunity for innovation and the existential threat of disruption - especially now, as many businesses are inherently digital. The traditional IT function is becoming obsolete and the role of the CIO as it used to be defined is more and more irrelevant. Tomorrow's leading CIOs will forge new identities as post-digital catalyst agents who provoke and accelerate the transition to the post-digital era. They will have to use game-changing technologies to transform every business process, support the creation and delivery of brand new products and services.

To become that catalyst, they need to radically transform how they are perceived: scout for innovation, promote it, understand client needs or, even better, stimulate demand, foster new ways of interacting with the business, and seed and streamline technology introduction. In this context, the CIO's role must definitely move away from protecting their existing situation to embracing new innovative capabilities.

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