

USER FRIENDLY

Digital transformation: How can CIOs prepare? (part 3)

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Hanish Patel:

As we've learned from our past two *User Friendly* episodes on digital transformation, executing a successful transformation can prove to be complex and time-consuming. So how can CIOs prepare for the continual shift to digital transformation, and what is their role in that? Joining me today to discuss the third and final part of our miniseries on digital transformation is China Widener, principal and leader of Deloitte's US Consulting technology sector, and Art Hu, CIO of Lenovo as well as the chief technology and delivery officer of their solutions and services business. Art, China, welcome to the show.

Art Hu:

Glad to be here.

China Widener:

Thanks, Hanish.

Hanish Patel:

So let's kick things off with you, Art. And before I go into any questions, you were recently named [to] *Forbes'* CIO Next list. And that's a huge achievement. So, on behalf of everyone on this call, I'd love to open up with congratulating you on that. So that's a huge achievement. Congratulations.

Art Hu:

Well, thank you so much. Hopefully, it's a reflection on the collective accomplishment as a team.

Hanish Patel:

Let's start with you, Art, in terms of discussing your role as the CIO. Can you share how you've seen and experienced firsthand the CIO role evolve in recent years? And China, of course, I'd love to get your thoughts as well on that.

Art Hu:

Yeah. I think over the last several years, CIOs have continued evolving from fulfilling

functional and technology operation roles into broader scope and being more strategic. And what I mean by that is they're becoming increasingly embedded and critical with the business.

Our recent CIO survey revealed that over 90% of CIOs are having additional roles and responsibilities beyond just the pure technology, and they extend to areas including diversity and equity [and] inclusion; HR and talent acquisition; sales and marketing. And so there's a heavy focus as the role expands to focus on both the business value delivery as well as the outcomes that the business is looking to achieve from using that technology. And so this shift from moving behind the stage and behind the curtains, in a sense, on to center stage continues at pace.

China Widener:

Yeah, and I completely agree. It's interesting. In the context of CIOs, we're technical experts. You, in the beginning, if you think back, 10 years, 15 years, you wanted technology to work, but the whole point was to not be seen or heard, right? And fundamentally, it has shifted over that time. And even in the last three years, since the pandemic, I would argue it shifted even again.

And so to Art's point, this notion of being a business strategist and an innovator is now part of the expectation. That's a different skill set. It's an additional skill set beyond what traditionally trained CIOs would have necessarily been exposed to. And that shift has required all CIOs sitting in the chair to think differently because those expectations have changed. Because it really has gone from a cost center conversation to an investment one to bring forward revenue drivers and growth supports. And it all has to be embedded, as Art said, in the notion of the strategy of the business. And that's what's, I think, significantly different, layered on top of the absolute change of pace in technology generally, which has required even an additional pivot particularly in these last three years.

Hanish Patel:

So let's talk a bit more about that evolution that both of you just mentioned here and that expansion or extension of the role,

particularly into, I'll say, wider remit than just the technology or behind the scenes, when it folds into other parts of the organization overall. So then, with that in mind, for example, Art, how do you contribute, or lean into, Lenovo's sales and marketing campaigns, for example? And does your perspective change given that you do have the dual hats of being the CIO but, as well as that, the chief technology and delivery officer?

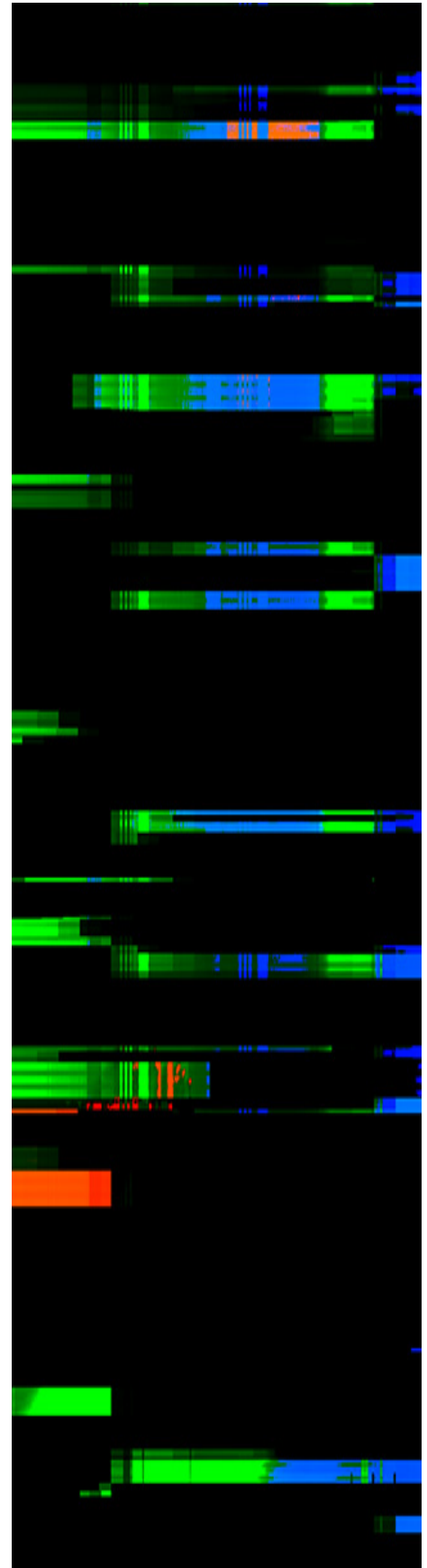
Art Hu:

Yes. And Hanish, as China was just pointing out, I think I have a very different answer now than I would've had two years ago, as part of how quickly the change is happening. And so if I think about it—and just using Lenovo as the example here—we're a technology company. And now, in my role for the solution and services group, a lot of what I want to do is work with and support other CIOs and decision-makers.

So the first thing that I find myself doing with our sales and marketing campaigns is actually helping *shape* them from the very start. Because when they have an idea, they actually say, "How can we test this? Oh. Well, Art's the CIO. He's exactly in the target audience of whom we want to reach." And so providing feedback and thought leadership into the sales and marketing teams to help shape their campaigns is one of the first things that I help do these days.

The second part is then around the execution, which is empowering the execution with great tools. Because in order to go execute the campaigns then there's a lot of digital instrumentation. How do you get closed-loop feedback? How do you check to see if your execution is on track? And so building leading-edge tools and assembling them so that we can execute on point would be the second part.

And then the final part that's really interesting is actually contributing into what's underneath that. In my CTO role, for the business group, I'm actually also building the offerings themselves and delivering them for our customers. And so, my team is the one that is also really enriching the portfolio upon which we are running those sales and marketing campaigns. It's quite



interesting to see how this expansion of roles and how having these dual roles allows me to contribute, kind of, at each step of the value chain, from shaping it to supporting it to really building the offering that we're really putting out into the marketplace to begin with.

Hanish Patel:

So on the same token, China, I think given your history as someone whose teams have worked closely with the CMOs, the sales and the marketing function often in your former role at Dell, can you touch upon the interaction between them—the IT side of the house and, say, the sales and marketing side of the house?

China Widener:

Yeah, absolutely. And I think what's interesting here, and I want to sort of point this out at the start because while we're talking about it in the context of sales and marketing, I think the principle that's embedded here is the fact that the CIO of today and of the future is a *partner* now in a very different way than they were before. And so, taking marketing as an example, the partnership that exists is both different in the internal and external execution. Some of which, Art just talked about. But when you think about that partnership, if you think about the role of the CMO, it's ultimately around managing and driving that customer journey and that customer experience. It's to draw customers in and to make sure the experience they have creates the kind of stickiness that contributes to growth. But *how* they do that, what they need to do that, are really in the wheelhouse of the CIO.

So to Art's point, some of that's about how do you make sure that the tools that they have are integrated in the systems of the particular entity, so that the data that's created, generated, acquired, and collected is available for use in a way that the marketing organization can make the right set of decisions. That's all internal necessarily to the organization but external to the *customer*. That the CIO now has an actual impact and capacity to influence is because it's about how you take friction out of that exchange for the customer who's interacting with the organization.

If you happen to be a product company, the customers that you have want a level of self-service and capability to be able to pressure

test or task or understand the components that they might be looking to acquire through your organization. Well, how do they do that in a way that is as frictionless as possible, that provides the right level or type of information to further engage them as a customer on the front end?

And so this partnership that exists is very important because, at the same time, what we know is there are lots of tools out there. And so fundamentally, the question of keeping in line with, what is the technological construct of the organization? What stack decisions have been made? What software solutions are being made? What hardware and infrastructure solutions are being made? You want the CMOs to be able to take advantage of those purpose-built solutions that exist, but they have to fit within the framework that's been established by the CIO for the organization in its totality.

So there are these unique partnerships that are going to exist. And I would say to you, as the role continues to evolve in ways that are going to create more industry-specific or sector-specific solutions and opportunities, those marriages between the CIO and other parts of the business, the CMO, and others, are going to become more important over time.

Hanish Patel:

Based on what both of you have just been talking about in terms of marriages, the handshakes, and understanding the different departments, it really sings true to that data point, Art, that you mentioned earlier around 90% of those CIOs reporting their roles and responsibilities have expanded greatly from that report—the study that Lenovo did. I wonder if you wouldn't mind sharing some more nuggets. If there's any other key takeaways from that study that are particularly top of mind for CIOs this year.

Art Hu:

Yeah, absolutely, Hanish. So 84% of CIOs in our global CIO study said resilience is at the top of the agenda. And I think it's not a sudden emergence. Over COVID, we saw what happens when there's a lot of uncertainty. And it's really hard to know what the world's going to look like in a quarter from now, let alone a year from now. And so, with 84% of CIOs saying resilience,

that's really stayed at the top of the agenda, because resilience is how you can help equip the company to deal with that uncertainty.

Number two is that CIOs are still believing that technology innovation and transformation are the keys to long-term success even in the face of uncertainty, even in the face of economic downturns. And so CIOs are twice as likely to prioritize innovation and new technologies over optimizing their current technology stack. And they have to keep it secure because, while we want to invest in the new, security and the ability to make sure that we've secured the company against the threat surface areas and the threat vectors is very high on the agenda. And so this comes together because almost the same percentage, 83% of CIOs, are concerned that budget gaps might impact that ability to invest in the innovation and the transformation for the long term.

And so what comes out for this as important for CIOs is the persistence because many of these things are road maps. They're not things that you want to start one quarter, stop or deprioritize the next, and restart. Transformation takes long-term commitment. So the belief and persistence, and then how do we draw on some of the skills that China also mentioned—this is not just about managing the data center or your private cloud in the back office. How do you turn that belief and persistence and weave the story so that you can get the company on board with the multiyear road map and the commitments that are necessary to success?

So not just AI—so artificial intelligence and machine learning—but also generative AI has really burst onto the scene. So, more than 80% of CIOs are saying that these new technologies are really having a significant impact on how they're thinking about their tool chain and the technology stack, which really speaks to the urgent priority on how to stay up to date with the increasing pace of technological change.

Hanish Patel:

China, moving to you ... I know we do a fair bit of research as well from our side at Deloitte. Wonder if there's any nuggets that you would like to also share from some of the findings that we've done that will no doubt echo what Art has just talked about as well.

China Widener:

Yeah. There are a couple that round out the picture. We did a global tech leader study. So not just CIOs, but consider sort of the universe of tech leaders, including the chief data officer, the chief digital officer, the CISO, etc. There are two things that I think were fascinating coming out of that body of work that really are on target with what we're talking about. One is the fact that, you know, as Art talked about with the CIO expectation and understanding, the business executives' expectation for the CIO? Eighty percent of them see the CIO as key to the innovation in their respective areas. So, if you think about that, that means not only is that internal to a well-heeled CIO to say, "I see the landscape ahead of me and how I need to be able to help," but there's an expectation from the business side that you'll absolutely drive that innovation.

The other set of data points that I think are super interesting here is the notion of thinking about organizational-wide initiatives. So when you talk about what the tech leadership is expected to drive—and when I say this, I'm talking about the data that I'm going to talk about in five particular areas reflects the percentage of which, today, these areas are actually already owned by technology. They are already owned by the office of the CIO. They are already owned by the office of the chief digital officer, depending on, you know, a company's construct. 'Cause these are fascinating, part of which Art's talked about. Digital transformation: 52% of those in the study say that's owned by tech today. Tech fluency: 43% of companies have said it's owned by tech today. That's a learning component. And it's tech fluency of the *organization*, not *just* the vertical of the IT business. It's literally around the organization. So that's a whole *learning* responsibility or *teaching* responsibility that before recent times was not necessarily on the agenda. But today, 43% of it sits in the technology organization.

We've talked about innovation. Data analysis: 30% of organizations in this study say today that sits in their technology vertical. So again, it's to point out the fact that in this evolution, to Art's point, the expansion of responsibility. But here's the one that I found most interesting.

That even now, today, around customer experience, 15% of those organizations put that weight on the technology organization. And if you think about that, you think about the business units that exist, we all naturally go, "Well, of course customer experience and customer success resides there." But it also now is being expected to reside with the technology organization. And I think that's important because, again, the skill sets—the experience sets necessary in this evolving landscape—are going to require even the most senior and the most experienced CIOs to continue their own personal evolution as they enter into some of these spaces of responsibility.

Hanish Patel:

So I want to anchor in on something that both of you mentioned around innovation and coupled with digital transformation being so much a part of its success, but also what other parts of the business are looking at CIOs for. If we think about those two aspects around that innovation, digital transformation, what can CIOs do to truly prepare for digital transformation? And how can they use technology specifically to help them? And, China, let's start with you to get your thoughts on that.

China Widener:

First of all, I would say you have to consider the organization that you're in. How traditional is the business model? What's been the investment and legacy technology? Because that's going to help you understand this scale of the transformation that's ahead of you. All transformations, to Art's earlier point, we're talking multiyear. We're talking complexity. Scale's typically large, right? And so the question becomes understanding the environment in which you are going to drive that digital transformation is significant.

The technology and how you use it is important, but the things that ultimately are most impactful in many ways are actually not about the technology. They're about the value proposition and the business case around that transformation and making sure that everybody's in line and with those goals and understanding those outcomes. The idea of being clear about scope and scale, because

the impact of true transformation is really an impact to the people—the work that they're doing, how they're doing that work, what is that work, and how does it change. Because ultimately, if you are truly transforming, it may very well result in a fundamental shift in the organization itself: its product, its service, its execution. So clarity around vision, but then also making sure that the leadership support that exists, the customer expectations, and the ways in which you're going to be changing those are all really key.

Art Hu:

So, I think it was over 50%, you said, where the organizations believe that the tech teams have responsibility for transformation. And that set off alarm bells for me because in my experience, that starts potentially to veer into "Ah, the tech team's got it. IT has got it." Right? "I hope they can make the magic happen!" Right? I like to joke. For me, whenever I sense that happening, my first order of business is to get them—and "them" being the business teams—engaged. Because it's almost never worked well for me when I've ended up pushing just a technology change. And the business teams lose focus or, even worse, don't pay attention.

So, I'm curious on what you see and how you can kind of prevent companies who are hoping the tech teams take leadership and own it, how do you prevent that from they just kind of delegate overly or, in some sense, outsource their responsibility for the success of the program beyond what's healthy?

China Widener:

You're absolutely right. And the alarm bells, they are ringing for a reason (laughs)! Because the reality's exactly that. It is absolutely critical.

When I talk to clients who are on the verge, one of the things that I always say to them, "You absolutely must have equal and equitable engagement from business and technology. If you don't, your chances of failure increase exponentially." Because the technology is a tool, and the work and the business ultimately is going to be the user of that tool. And so you have to have both at the table so that the functionality that you're bringing forward actually solves for and eliminates the friction that prevents productivity, that doesn't allow the right level of reach, that doesn't provide

that right level of customer service. And what is important is the governance that drives that transformation.

Companies and the people who make them up eventually become challenged and sometimes exhausted by the level of change involved. And transformation, by its very definition, is a high degree of change. So governance and partnering have to be key and core from the very start. Because of its longevity and [that] it's multiyear nature and it's multimodal, and so you have to have those things in place, I would argue in some ways, maybe more importantly than almost all else because that's where the decisions get made that are going to be important and have long-term impact.

Art Hu:

Yeah. I think there's a lot of education and engagement of how to take ownership. Because I've also seen business teams that say, "We want to own this. We'd love to be involved." But then to translate that, how does that actually go from high-level senior executive and sponsor intent into the nuts and bolts of change management plans and understanding what's going to change and winning the hearts and minds of people on the ground? I think sometimes there is a skill gap, or at least some hand-holding and education, to show them what that means.

China Widener:

Yes. We've gotten to the place where I've started to say, "Listen. Let's set aside some time at the very start to take the core of this transformation team and do exactly that," because it level sets everybody's understanding and expectations. And I've found where we've done that, there's less storming in the "forming and norming" when we do that.

Art Hu:

Yeah, exactly. And then the only other point is to remind myself when I go through this is that there's a really broad partner ecosystem that you can tap to accelerate. So you're never on your own.

Sometimes, technology teams get in the mindset of "I have to build everything. I have to drive everything." And that's just not true. Especially with new change and all these things

happening, if you're able to find the right partners and ecosystem. And actually, I think it's true for both Deloitte and Lenovo as well.

When we design our portfolios, we try to provide the solutions that are accelerators and good complements for businesses that are looking for outcomes in their transformation, right? If we can help take the load off and deliver outcomes in another area that allows the business to either move more quickly or focus on additional priorities, that's of real value that we can talk about.

Hanish Patel:

Art, if we think about your role as the chief technology and delivery officer for the solutions and services business, as you look at service delivery, what are some of those areas of focus? And how do you build your service delivery strategy in a thoughtful way, given the backdrop of what we just talked about and heard from the both of you around the role of the CIO, how that's evolved, the handshakes, the partnerships with other parts of the business and beyond? Where does that all fit together for you as well?

Art Hu:

So this one really revolves on working from the customer back, right? So what is it that they're looking for? And when we talk about outcomes, buying outcomes, investing in experiences versus, perhaps, just the technology, I think it really talks to the need for designing something that we integrate well. Because again, Lenovo has a pretty complete technology portfolio—we call it pocket to cloud. We have clients from devices, edge, cloud, network, and intelligence solutions to speak about, but those are just building blocks. And customers and clients don't want to hear about the tech for technology's sake.

When I'm thinking about the delivery architecture and solution, it's how do we really become this connective tissue to take these building blocks and actually make them offerings that deliver, for example, great experience in digital workplace and service desk. And how can we actually raise the collaboration and productivity of our customers? Because it's much more exciting as a CIO, right? I'd love to hear about outcomes

I can take to the business, outcomes I can make a highlight in the next executive board presentation because they're going to be excited about how employee engagement is increasing or how we're able to make people onboard faster than ever, right? Those are great things. They're not necessarily interested in the underlying technology. And so specifically, the focus is on how do we tap into our assets from across the enterprise and kind of be the glue that integrates them together.

And then from the business strategy perspective, ultimately the delivery platform is about how do we bring the customer voice back into all of our processes. The delivery teams are so connected, especially in managed services, with what customers are doing. It's really critical that we're able to keep our ear to the ground of how is our offering landing with customers. What's the feedback to that? And we're able to use that to then further tune, enhance, and upgrade our offerings in the future so that we can continue to meet customers where they are.

And so that's really the focus. It's a big pivot in terms of thinking, "Hey, we're going to provide something that's much more technology oriented," into something that's much more customer-oriented of "What are they trying to achieve?" And then building the robust platform that we can deliver to customers on the terms that they're expecting.

Hanish Patel:

So sticking with the offerings side, and as you think about organizations and CIOs overall adopting everything-as-a-service type model as an offering going out to consumers, going out to partners, how is Lenovo doubling down on this as a focus area for growth?

Art Hu:

In the last full fiscal year that we ended and announced our results in May, our TruScale—and TruScale is our everything-as-a-service umbrella. So that includes things like device and PC as a service. That includes things like storage as a service and compute as a service.

And so what we've done to make that happen and how we're doubling down is we've got a foundation in place. Now, keep in mind from

Lenovo, this new business, our solution and services business, is only a few years old. And so we've had to build an entirely new business model. We're committed, and we've put that foundation in place. And now, we are continuing to enrich the offerings that we're making available to our customers.

The aspiration is to take that wonderful portfolio of hardware—so client, edge, cloud network—and make all of that available to customers as a service, right? So on one hand, we're making it easier than ever to do business with us so that it's fast and frictionless. And on the other hand, we're expanding the offerings so that we're able to give the customers the portfolio of solutions they need ever more broadly.

Hanish Patel:

So China, let's also get your view on some of the trends and observations that you're also seeing as with the as-a-service model in the high-tech space.

China Widener:

Yeah. The as-a-service model, we're all familiar with. We've all had a number of years, if not decades at this juncture, under our belts, when we think about software, infrastructure, and platform. But the next frontier that is really gaining quite a bit of steam is really around hardware, interestingly enough. And in that context, hardware has lots of meanings.

So everything from the traditional—think about a data center aspect—but also to things like fixed video and surveillance—this idea of concepts of what I (laughs) would affectionately refer to really as sort of “theft prevention as a service.” The idea of urban mobility. The idea of fixed assets or manufacturing everything from, you know, compressed air. So what's happening in high tech is this notion—which really is happening, I would say to you, across many, many sectors—is this idea of how do you monetize through a subscription lens, what does that look like, regardless of what your particular product happens to be.

We're going to find ourselves in a place with more industry-specific clouds, I suspect, as a result. It's creating different kinds of partnerships and alliances as a result, but it

also is creating an opportunity for a different level of co-creation. And that, again, is another one of those changes particularly in the high-tech space that CIOs will have to be prepared to engage in very differently. Because that co-creation aspect is no longer “just my product,” if I'm going to co-create with others in order to evolve into a subscription model.

Hanish Patel:

If we think about what the both of you have talked about in terms of the evolution of the role, the expansion of the role, and just things that are happening today, I'm going to point us a little bit more forward as we close out this episode with a final question going out to the both of you. And that's really, how do you envision the CIO of the future?

Art Hu:

I think the CIO of the future is someone who is really going to have to draw upon all those new skills—not just the technical, but also the business—to manage a lot of tension points or dimensions. And what I mean by that is we started by saying CIOs are going to be more and more important because technology is more and more embedded as part of the business. But I would argue that, in some sense, they also need to be much less visible because you don't want IT-driven only. You want to bring the business in and make them the heroes in the narrative.

So how do CIOs get more plugged in but also less visible? Because you want to be enabling and partnering to drive that success. How do CIOs then actually face all of these challenges and such a fast pace of change, yet still find a way to focus on the critical few things for which disproportionate value will be derived from their portfolio of initiatives? With all this speed and change, there's going to be more opportunities than ever. And there's also more threats to secure the companies from.

And so this duality and all these dimensions, I think, are going to both push and pull CIOs. And I think the ones who are most successful will be the ones who can navigate the space between these healthy tensions and resolve them in creative and innovative ways—really creating value and drawing on those tensions and those skills to figure out how you can solve

the “and” question: “We want growth *and* we want cost improvements. We want change *and* security.” And so the CIOs that will be most successful, I would argue, are going to be the ones in the future who are able to successfully navigate kind of the dual nature of a lot of the demands being placed on their role.

China Widener:

So Art, I agree with you, but I think there's something else that we should consider about the future, which is this blending, if you will, of roles. And I don't think there's a clear outcome around what the blending produces. And as I was thinking about this notion of what's really next for the CIO, one of the things that became pretty apparent to me was thinking about the overlap that exists.

The CIO role was created, call it 25, 30 years ago, ultimately. And it was sort of a new role in a world where we were trying to deal with uptime and compute. And now we're here, 30 years later, but in the due course there's been this creation of other roles, like chief transformation officers. And what's fascinating is the level of overlap that can exist.

And so, I think the other thing that is an additional “and” in our conversation is this notion of how do the future CIOs navigate and manage these intersections and overlaps. It's a standard Venn diagram visually, but how, then, do you make sure that for the good of the order and the growth of the entity, that as these additional roles come into play and these sort of—I'll call it “concomitant jurisdiction” of responsibility—how that gets navigated and managed for the benefit of ultimately the business, I think is going to be critical.

And what's important about that is the skills that we tend to refer to as soft are going to become, I think, more preeminent as a result of this overlap. Collaboration, communication, coordination are incredibly important when you ultimately have that kind of concurrent jurisdiction of responsibility. And I think that the CIO of the future will have to see him or herself in that light—that they are not singularly responsible, but that they are dually responsible and accountable for a number of really important aspects of a company's evolution.

Hanish Patel:

One thing is for sure. The role has significantly evolved, as you both talked about. Kind of need to be more resilient, need to be prepared to adapt with the pace of change, the extension of their role to other parts of the business. Be more plugged in, but maybe less visible, and focus in on those kind of critical things. And, as you were talking about just there, China, around the collaboration, the cooperation, and the communication, definitely strikes me that they are absolutely core, and the strategic change agents to really foster that business growth. And it will continue to be that way as the role evolves and overlaps with other areas to make them multidisciplinary, multiskilled, if not already, leaders within an organization.

So with that, I want to thank you ever so much, Art and China, for joining me today and participating in just a fantastic discussion on an incredibly interesting topic around just the whole innovation and digital transformation, particularly when it comes to a core role as the CIO. And I'm sure that's top of mind for many of our executives who are listening. So until

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