INTRODUCTION

Is the CIO a bridge builder, the engineer who designs the bridge, or the forecaster of the bridge’s toll revenues? The answer is that the CIO’s role is a combination of all of these functions. Recent evidence shows that CIOs have a need and a desire to transform from fulfilling functional, technology-operations roles into being strategic change agents who foster business growth. To understand what is driving the evolution of the CIO, IDG and Workday teamed up and studied data culled from IDG’s “2016 State of the CIO” research.

Why a need and a desire to transform the CIO role? Because business objectives are being met by the opportunities found in today’s disruptive cloud and data technologies. These technologies, when strategically placed in the hands of business customers and metrics-driven employees, are driving new products, services, and processes. CIOs who are a part of business transformation and seek to make their IT organizations more agile have higher rates of job satisfaction and larger IT budgets.

Organizations led by transformational and strategic CIOs who focus on building adaptable, collaborative, insights-rich ecosystems gain a competitive advantage by driving improvements in strategic initiatives. How can CIOs transform to accomplish these objectives? The research isolated three key areas for strategic organizational focus:

- Design technology solutions with the end user in mind
- Harness data for business benefit
- Leverage technology to drive new revenue streams

Is CIO transformation difficult? Yes, but it is not without its rewards, due to an increase in the importance of the CIO role. Although nearly 9 out of 10 (88%) of the CIOs in the research study reported that their role is becoming increasingly more challenging, almost 85% stated that their role is becoming more important to the business. Transformation—although more demanding—is paying off.

Nearly 60% of the CIOs are now in regular communication with boards of directors. Think about this data point: CIOs have a seat at a table that was almost exclusively reserved for CEOs and CFOs. CIOs have moved from the background to the foreground with a bit more equal footing, because of technology’s role in growing the business.

The good news: Almost 65% of the CIOs reported that they find the role quite rewarding.

Is the CIO the champion of all business transformation? Not entirely, but the trend line toward the CIO position's becoming transformative is taking hold. Take a look at where investments are in 2016: Strategic and transformative CIOs reported initiatives to improve agility (32%), introduce digital revenue streams (30%), and improve the customer experience (49%).

These initiatives are not without their challenges and rewards.
Top CIO Challenges: Designing for the End User Customer

Improving the customer experience and promoting IT agility will enable new digital revenue to be realized. Strategic CIOs are business partners for the growth engine of the organization, enabling innovation and improving customer sentiment with technology that eases employee and customer experiences. Better customer experiences lead to higher levels of loyalty and repeat business.

For example, financial services organizations are taking advantage of mobile banking apps that increase customer convenience and offer secure digital payment options. These apps take advantage of biometrics such as thumbprints and two-factor authentication to ease secure-access concerns while driving down bank statement costs and mailings. They also increase customer trust, by reinforcing the brand as a fraud protector for customers handling finances online. It’s a win-win for everyone. It requires strong operations, but it is led by a new technology model.

The customer may be more than an external purchaser of a company’s goods or services (although the customers are the biggest driver of revenue). It may also be internal employees who need to be retained, who want to use efficient systems that allow for easy information sharing, and who want to be productive in any location: at home, in the office, and in business travel. In addition, customers now transact with data just as they do with goods and services, so the CIO ultimately has to have a roadmap for productizing data into useful information.

Agility in IT requires you to have innovative thinkers on your team who can partner with business leaders and understand how the company makes money now and what the competition is doing. They also help facilitate and experiment with new ideas to enhance products or services (which may require teaming with product managers and marketing and sales teams). Agility also requires the ability to anticipate the technology obstacles and create environments to find reasonable solutions that hit customer needs and wants. Traditionally, legacy ERP vendors made shifts in business more difficult, but new cloud and software as a service (SaaS) technologies enable CIOs to be prepared for constant change via rapid implementation.

CIO Challenge: Harnessing Data for Business Benefit

Financial health in any business initiative implies having data and allowing for the ability to make sense of it. Data quality is often difficult to deal with when departments have to reconcile resource needs against cost and revenue drivers, such as those found in human resources versus finance. Another factor transformational and strategic CIOs have to consider is the importance of data accessibility for use in collaboration with the C-suite.

IT leaders strongly recognize the need to harness data as a business asset. The majority of CIOs agree that having the ability to share workforce and financial information

On the one hand, (CIOs) are expected to be the driver of enterprise digital transformations. However, on the other hand, you face a wide range of tactical challenges – from defending against increasingly sophisticated... damaging cybersecurity threats to managing mass cloud migrations to leading agile development projects... While many of you face a complex balancing act between business operations and IT strategy, it’s in your best interest to position yourself as a strategic leader. CIOs who are strategic and transformational are significantly more likely than functional CIOs... to find their jobs rewarding.

— “State of the CIO 2016: It’s Complicated” "CIO Magazine"
across lines of business is crucial to their organization’s strategic business goals. More specifically:

**64%** feel sharing workforce/financial information across lines of business is critical or very important to **improving the customer experience.**

**63%** feel sharing workforce/financial information across lines of business is critical or very important to **increasing organizational agility.**

**50%** feel sharing workforce/financial information across lines of business is critical or very important to successfully **introducing new digital revenue streams.**

Sharing data and financial information across lines of business, however, is a major pain point for CIOs. Only one in five of the surveyed IT leaders feel that their organization does an excellent job of sharing workforce and financial information across lines of business. Similarly, only 20% said they excel at delivering workforce and financial insights to drive business decisions. The latest IDG/Workday research reveals that many information-sharing challenges stand in the way of achieving their workforce and financial information-sharing goals. The challenges include the following:

- **Lack of consistency across departments in the way they manage data**
- **Poor data quality**
- **Review processes take too long**

For a detailed breakdown of all the challenges to sharing workforce and financial data, see Figure 1.

Addressing information-sharing practices is a good place for IT leaders to start to effect positive change and drive key business outcomes. What is the impact of not doing this well? Inefficient communication, customer and employee dissatisfaction, and loss of employee productivity are among the most frequent outcomes of not optimizing practices.

The Climate for CIO Transformation: Drive New Revenue Opportunities

The cost and efficiency benefits of the right technology mix, such as cloud use, coupled with the information discovered within big data and analytics technologies now provide key new directions and opportunities for
organizations. Thus, the CIO’s role is amplified beyond the duties of stable, keep-the-systems-working IT operations management. The role is now quite complex, with multidimensional duties that address business needs while partnering with departments that CIOs may have never worked with before.

A closer look at where CIOs are investing their technology budgets reinforces transformative qualities. In 2016 more than a third (32%) of CIOs are on the hook to meet specific corporate revenue growth goals—and more than one-fifth (22%) are expected to lead a product innovation effort this year.

CIOs may now work on new ideas that help reimagine products and services, so their new responsibilities are expanding their skill sets toward rapid technology enablement and risk/reward projects. SaaS has the winds of adoption behind it. Late adopters are clamoring to drive migration to the cloud and remove as many capital expense costs from their budgets as possible while balancing security risks and protecting customer data. (This is no small task, but the benefits outweigh the risks).

Many key business decisions are being facilitated by today’s data-rich, analytics technology, which unifies metrics in new ways that were not possible in the past. Manual processes be damned! The goal is to free employees to do the strategic work needed to accelerate business growth. Legacy systems may still have their uses, but they are not the CIO’s priority anymore.

Bridging the Execution and Effectiveness Gap

How do IT leaders bridge the gap and translate a high level of perceived IT effectiveness into success with strategic initiatives? To start, CIOs need to build an organization that is adaptable, collaborative, and insights-rich. Combined, these organizational characteristics play a significant role in a company’s ability to effectively manage IT resources to support the key business goals. These characteristics have a special impact as CIOs evolve along the leadership spectrum from functional to transformational/strategic.

Real Collaboration Requires Information Sharing from Usable Data

No real collaboration and agility are possible without a solid foundation of data and information to support these initiatives and fuel these organizational characteristics. In many cases, this can be achieved via a platform approach or within a predefined ecosystem that offers a single vision and user experience with a unified architecture, built-in security model, and community of users.

“`The State of the CIO” cited three notable conclusions about transformative CIOs:

1. IT/business alignment is now table stakes, but collaboration between IT and the business may be even more important in 2016 as both groups increasingly work together to satisfy the appetite for new technology.

2. Although IT execs understand the need to balance operational demands and risk with strategy and transformation, they’re looking forward to a future with more innovation and business results.

3. Strategic, transformative CIOs who are perceived as business leaders and partners are paid the best, get more respect, and are more likely to have the resources they need in order to address today’s biggest IT challenges.
Conclusion

There are three things CIOs can do to drive the success of key strategic initiatives such as improving the customer experience, increasing organizational agility, and introducing new digital revenue streams:

1. Ensure that they have a solid foundation for sharing workforce and financial information across lines of business
2. Implement processes and technology solutions for improving data quality, shortening review processes, and enabling a consistent approach to data management
3. Focus on harnessing data for business benefit, designing tech solutions with the end user in mind, and leveraging technology to drive new revenue streams

These strategies, coupled with a focus on transforming your IT leadership, will ensure that your company is well positioned for success.

Workday

Workday was founded on a disruptive idea: to put people at the center of enterprise software. Now, more than a decade later, the company still delivers on that idea every day. With more than 1,100 customers, Workday achieved an industry-leading 98% customer satisfaction rating this year and 97% for the previous three years. To learn more, visit https://www.workday.com/