Top 5 Ways IT Executives Risk Irrelevance

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The 5 Mistakes

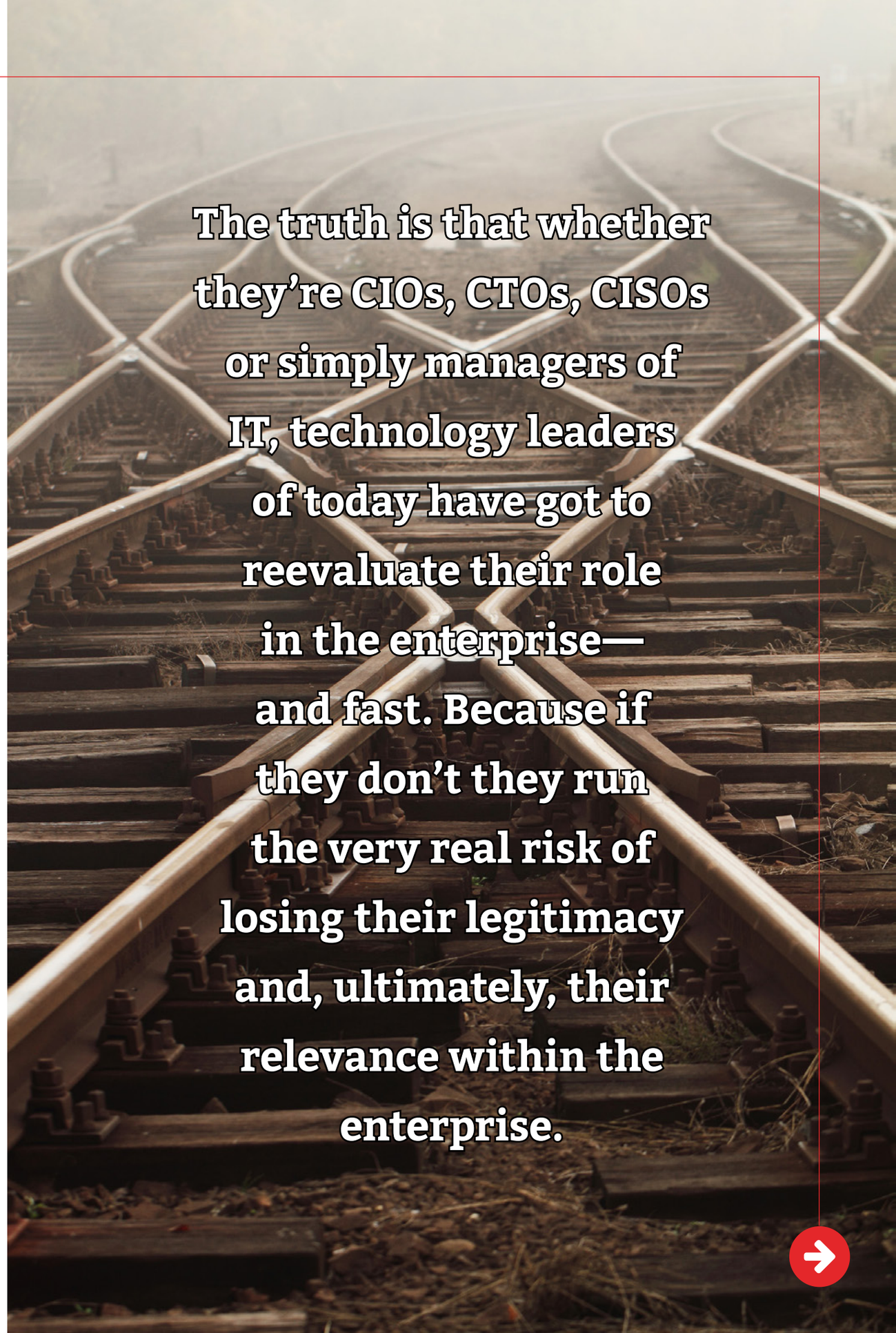
The traditional IT department as we know it faces a huge inflection point.

While the majority of CEOs today see technology as the driving factor for true business growth and transformation, IT executives have a lousy reputation for executing on the promise of innovation.

At best they're perceived as tacticians. At worst, very expensive road blocks.

As things stand, line of business leaders usually try to find a way around IT and today's vendors are more than happy to accommodate.

"I think we're at a crossroads where applications, other vendor packages, other solutions that are available to the business people are very compelling," says William Murphy, CTO and head of Blackstone Innovations and Infrastructure, the technology organization at The Blackstone Group. "And therefore we need to evolve as technology professionals in order to get to the place where we can be the trusted aides of the business folks in order to craft the right solutions."

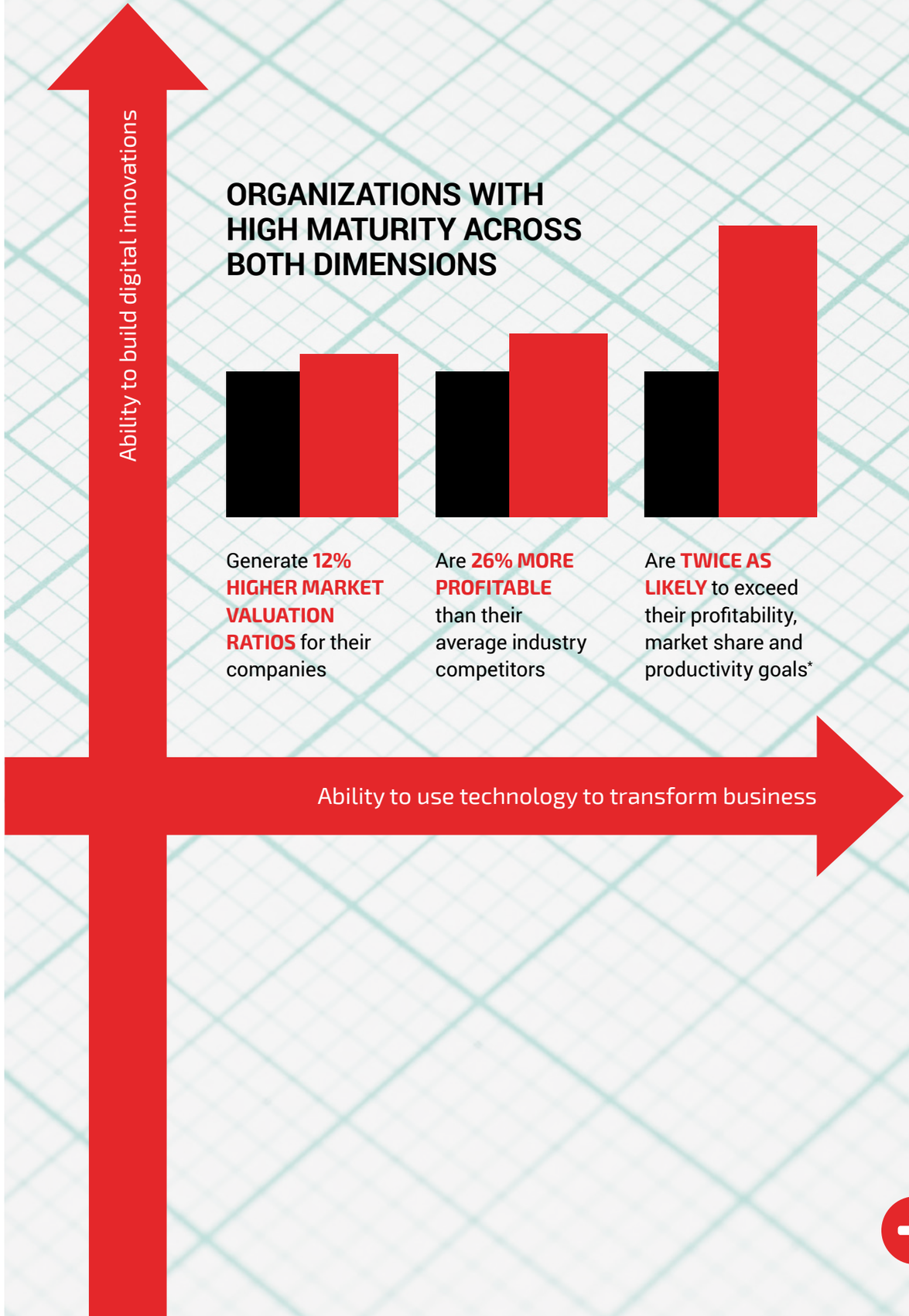


Striving For High-Performance IT

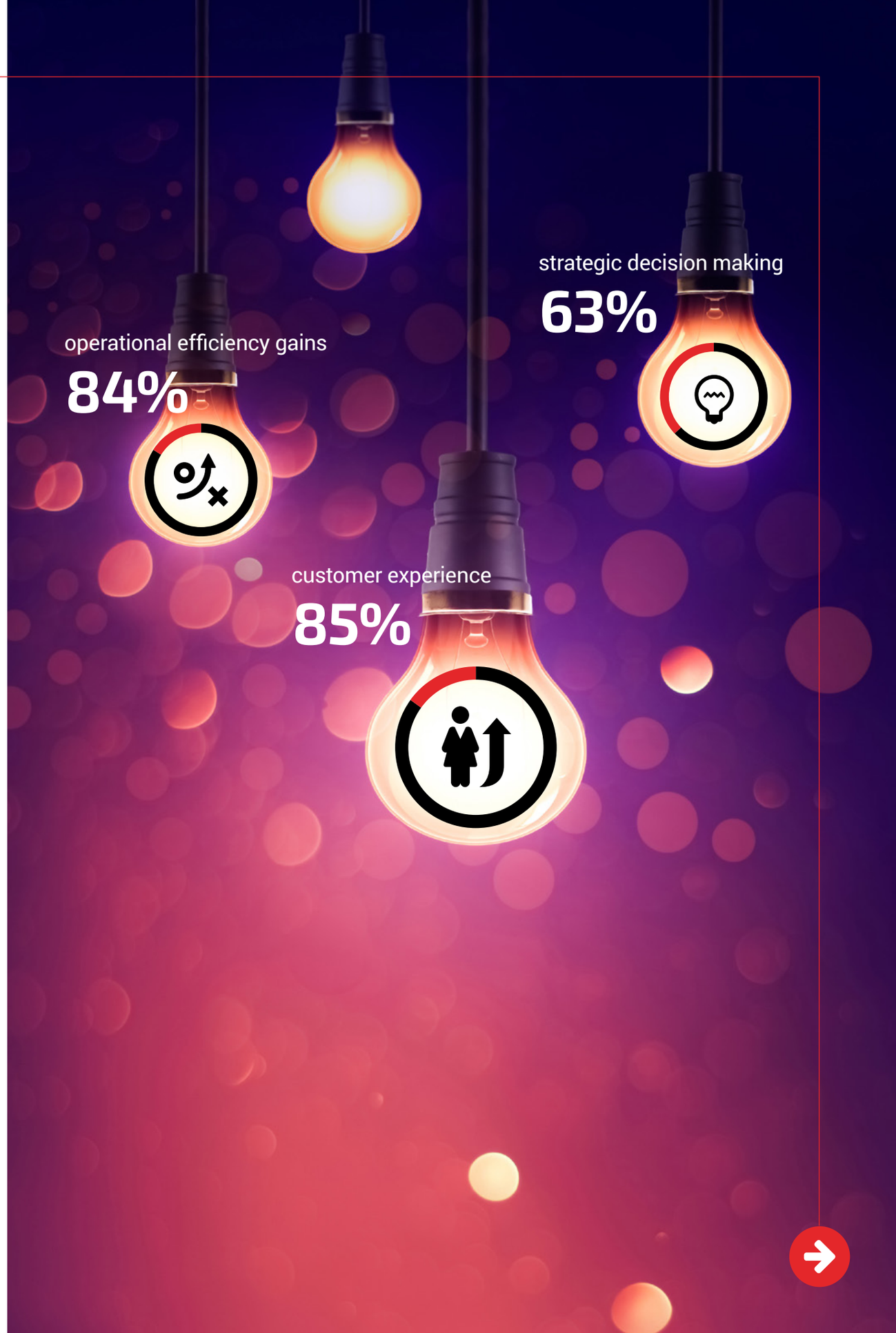
Over the last few years, numerous studies have shown that no matter what business they're in, enterprises with high-performing IT departments see that performance carried over to the bottom line.

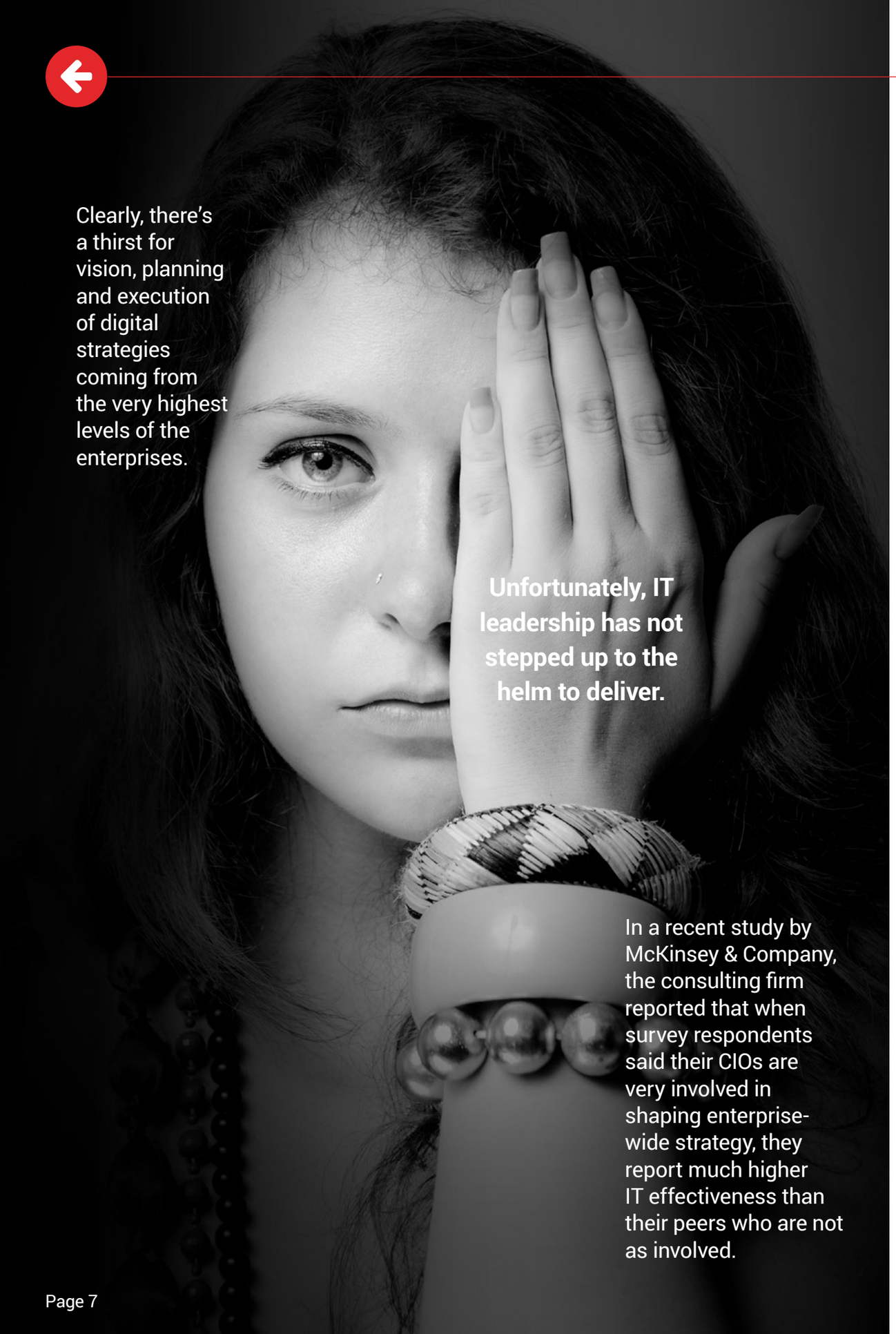
For example, take a recent study by consultants with Capgemini Consulting and researchers with MIT Sloan Management's Center for Information Systems Research, which examined the digital maturity of over 400 different enterprises.

Researchers defined digital maturity across two dimensions: the ability to not only **build digital innovations** but also to **use technology to fundamentally transform their business.** The latter could be in how they manage the supply chain, engage with customers, or manufacture physical goods.



It’s no surprise, then, why technology advances are on the top of most CEO priority lists these days. According to the 2015 PwC US CEO Survey, chief executives say digital technologies deliver high value in:





Clearly, there's a thirst for vision, planning and execution of digital strategies coming from the very highest levels of the enterprises.

Unfortunately, IT leadership has not stepped up to the helm to deliver.

In a recent study by McKinsey & Company, the consulting firm reported that when survey respondents said their CIOs are very involved in shaping enterprise-wide strategy, they report much higher IT effectiveness than their peers who are not as involved.

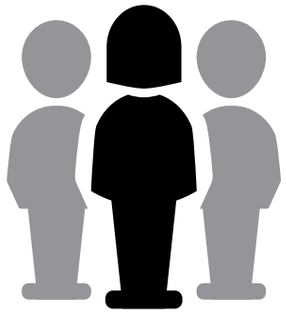
"We know from experience that CIOs with a seat at the strategy table have a better understanding of their businesses' near- and longer-term technology needs. They are also more effective at driving partnerships and shared accountability with the business side," McKinsey's consultants reported.

"Unfortunately, **CIOs don't play this role of influential business executive** at many organizations."

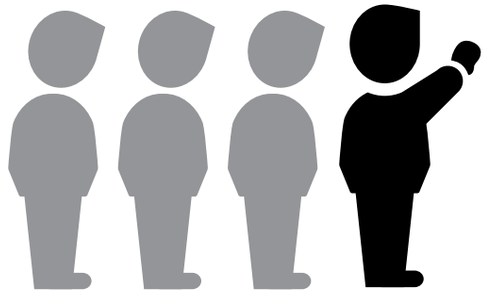
The IT Cognitive Dissonance

On one side you've got the CEO's **acknowledgement of digital transformation as critical** to the future of the enterprise …

… and on the other **IT's inability to even effectively refine existing systems**, let alone innovate and transform.



McKinsey reported that only about **one-third of CIOs** are very involved in shaping overall business strategy or agenda.



What's more, it found that line of business executives gave IT poor marks where it really counts. Just **25 percent** said IT organizations are able to implement innovative ideas developed by frontline staff or middle management.

Fewer than half reported that their IT staff were even able to work with business leaders to improve existing systems or functions when asked.

This is creating a mounting cognitive dissonance that is forcing many enterprises to create a new role just for digital transformation: **the chief digital officer (CDO).** In many ways the rise of the chief digital officer is an indictment of the state of current IT leadership.

Gartner says by 2017, **25% of enterprises** will have a CDO

Just as middle managers seek an end-around IT policies and procedures with shadow IT purchases of SaaS and other cloud technology, CEOs and boards are cutting the legs out from under CIOs and CTOs by establishing CDO roles.

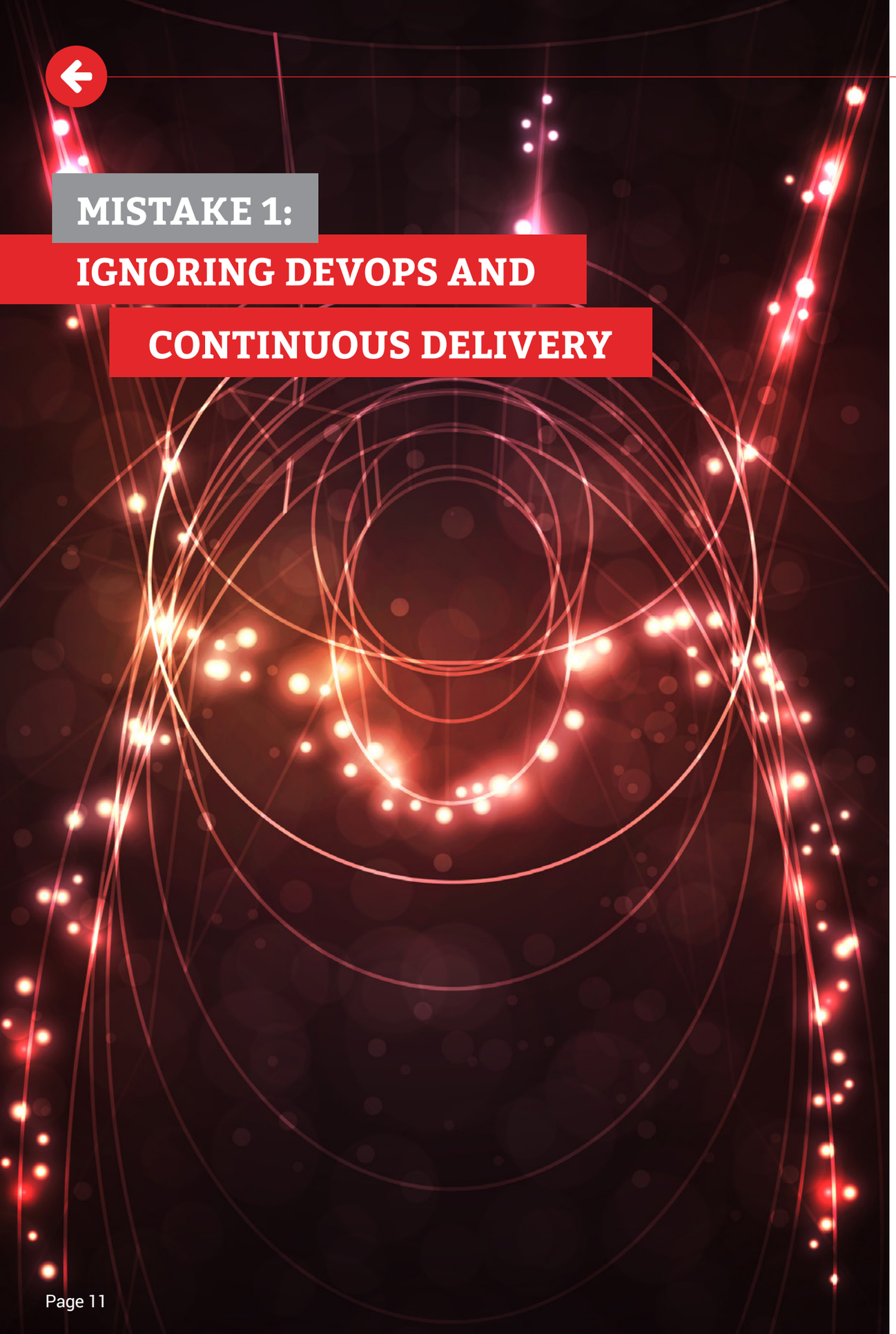
"The creation of these boardroom CDO positions is actually the direct result of a failure by IT leaders," writes Dan Kimble, CEO of Resonance Executive Coaching. **"The fact the CDO's are encroaching into IT territory and getting much of the glory is the result of CIO's missing the boat on this kind of operational insight that is so clearly right in the wheelhouse of IT."**

Fortunately, all is not lost for the IT executive team.

IT leaders willing to take a long look in the mirror and change their ways stand to gain the confidence of their line-of-business peers and lead the charge in digital transformation.

But it'll require breaking bad habits and building new competencies. And that starts by finding ways to avoid the following pitfalls that inevitably lead IT leadership down the path of irrelevance.

JUMP TO THE 5 MISTAKES



MISTAKE 1:
IGNORING DEVOPS AND CONTINUOUS DELIVERY

The true innovators in business today are quickly recognizing that no matter what an enterprise sells, it's ultimately in the software business. As venture capital heavyweight and technology visionary Marc Andreessen mused several years ago, software is eating the world.

"Your customers increasingly interact with your products and services directly through the software they touch: mobile apps, connected products, websites, and digital experiences," writes John McCarthy, analyst for Forrester Research. "Even physical products, from automobiles to thermostats, are increasingly enhanced by software. But software doesn't stop with the application's customer's touch. It pervades your entire product and service experience, from call center reps to analytically derived custom offers from marketing."

As this trend plays out, customer and internal user expectations are higher than ever for this fabric of enterprise software. In many ways we can thank Apple for that expectation that the technology we interact with each day to be intuitive, reliable and up-to-date.

Unfortunately, many traditional enterprises see their brands suffer when their IT department is unable to keep its internal software up to par with customer or internal user expectations. A huge contributor to that shortfall is the cumbersome nature of waterfall development and traditional software delivery processes.

Increasingly, high performing IT departments are turning to DevOps and continuous delivery methods for a more sustainable, faster software development lifecycle. The idea is to deliver smaller incremental code deploys on a more frequent basis by tapping better collaboration between developers, operations, QA and even security staff to decrease the friction and failures that arise from them operating within their own silos.

When done right, DevOps has shown to help organizations pump out 30 times more deployments with 50 percent fewer failures. Executives who choose to ignore the magnitude of these kinds of upsides do so at the risk of their future careers.

MISTAKE 2: UNDERESTIMATING THE VALUE OF AUTOMATION

A huge part of the continuous delivery value chain is the optimization of automation at all levels of IT. Be it for infrastructure orchestration, test environments, build and deploy, performance monitoring or security, automation makes it possible to break out of the ruts that hold IT back from strategic innovation.

As things stand, nearly 60 percent of IT organizations today don't have a holistic approach to IT automation, with ad hoc automation done in silos that create points of incompatibility. And nearly half of organizations report that their IT business processes are not mature enough to automate.

IT must overcome these automation shortfalls if it is going to elevate itself in the ways line-of-business leaders demand. Because the truth is that while CEOs are begging for better vision and leadership in digital transformation, IT budgets aren't increasing all that much.

Something's got to give. It just won't be possible to keep the lights running and ramp up innovation at a disruptive rate with those kind of resources unless leaders are able to get smarter about automating IT processes.

MISTAKE 3:
FAILING TO EXPERIMENT

Cloud models triggered a fundamental shift in compute economics and scale that's making it possible for smaller, disruptive players to put enterprises on notice. This shift has lifted barriers to entry that shielded enterprises from many competitive risks in years past. Now, a large organization that settles into complacency risks having its lunch eaten by a start-up that didn't even exist a year ago.

Today's environment is characterized by what Accenture consultants call Big Bang Disruption.

"Big Bang Disruption begins with a series of seemingly random experiments, as innovators work with different combinations of component technologies and business models. Most experiments fail, giving incumbents the false sense that disruption is still far off. Yet, when the right combination of technologies is combined with the right business model, take-off is immediate. Customers adopt the disruptor as quickly as its producers can supply it."

Experimentation is a key factor in helping an organization shift from being one of the disrupted to one of the disruptors.

The problem is that 78 percent of IT executives today report that they're overloaded with keeping the lights on, leaving them precious little time for value-added activities like pilot projects. In fact, according to Gartner, the average CIO spends more time on the mundane tasks of running IT now than they did in 2011—up to an extra day a month in some cases.

IT leaders must find ways to help the business experiment through pilot projects, skunkworks divisions, hackathons and new internal collaborations. Achieving this aspiration starts at the top with two key changes from IT executives.

The first is a shift to delegate creatively so there's time to dedicate toward driving experimentation. The second is engaging in a transformation of leadership style that will be receptive to the new ideas that these experiments dredge up.

"CIOs have evolved into control-style pragmatic leaders. Given the characteristics of the new digital era, this bias is dangerous," says Graham Waller, vice president and executive partner for Gartner Executive Programs. "CIOs must invert their style to be more vision-led and inspirational."

MISTAKE 4: LEAVING DATA ON THE TABLE

The convergence of digital technologies across the enterprise is creating a varied repository of data that is ripe with insight but difficult to collate for a number of reasons. Machine learning, virtual clustering and advances in data science have significantly advanced the technological capability to process and analyze the data. But without effective planning on architectural, process design and human resource front, investment in this technology will largely be wasted.

Technology leaders should be looking for ways to lead the charge toward a data driven culture on a number of fronts. Data-driven IT can help improve efficiency by tailoring system administration based on performance metrics, while data-driven security can help IT security and risk managers dynamically respond to threats in real-time. Most importantly, though, data-driven business decisions can fundamentally shape the way the enterprise manufactures products, develops services and markets them according to market trends.

“The challenge is not in collecting the data,” says Manjit Singh, CIO of The Clorox Company. “We’re challenged in how to get insight out of the data — what questions to ask and how to use the data to predict results in the business.”

This is going to take significant investment and collaboration between CIOs and the highest reaches of line of business, which will take a significant effort in relationship-building.

“A data-driven culture is meaningless without the support of the CEO and executive team — and their own willingness to challenge assumptions that they hold dear,” explains David Selinger, founder of RichRelevance, who previously worked at Amazon with the company’s CEO Jeff Bezos on numerous data-driven projects.

For example, when he suggested Amazon sell advertizing on the homepage, Bezos said that was one of the “stupidest ideas” he’d ever heard. But he still gave Selinger the opportunity to present data to prove the opportunity. Using data from a live test, Selinger was able to convince Bezos to decide to run after a line of business that now brings Amazon in approximately $1 billion annually.

“Big data is not something that CIOs can choose to ignore,” writes Uwe Michael Muller, EMEIA advisory performance improvement leader for EY. “For those CIOs who take an active lead, big data represents a unique opportunity to transform their businesses, and to make their roles more strategic and more influential than ever before.”

MISTAKE 5:
VIEWING CLOUD AS JUST A COST REDUCTION TOOL

Virtualization and cloud infrastructure has delivered IT enormous benefits in economic efficiency. Yes, these benefits alone are enough to justify enterprise shifts to the cloud. But IT executives who fixate only on cost reduction are missing half the picture when it comes to cloud's possibilities.

"This next wave of cloud computing that's revenue and new business driven is good news for long- suffering IT execs," explained David Card, VP Gigaom Research. If they can offload tedious but necessary cost-center functions, and refocus resources on cloud-driven new business, they might be able to re-take their seat at the C-table."

As a recent Harvard Business Review study shows, cloud holds the potential for not only IT transformation but total business transformation. The study showed that 71 percent of organizations report cloud computing has reduced complexity in their business and 74 percent say cloud has provided them competitive advantage.

"When asked how cloud has provided competitive advantage, enthusiasts led with business agility, saying that cloud has enabled them to be more responsive to changes in the market, helps them get to market faster with new products and services, and shortens the time for new business launches," explained the HBR analysis.

The truth is that cloud computing is at the nexus of virtually all of the transformative digital movements of today. The telemetry and tracking of the millions of devices that make up the Internet of Things could only be possible through the scale of cloud infrastructure designed to ingest all of that information. The magnitude of Big Data storage and analysis would once only be available to the most financially flush organizations with the wherewithal to invest in big iron—now cloud makes it feasible for even small organizations to take advantage. And the ability for organizations to experiment freely with new applications, establish better collaboration and connectivity of applications through APIs and continuously deliver software wouldn't be possible without the elasticity and flexibility of cloud infrastructure.

"Software-as-a-service and cloud has given us back the ability to test and learn without making a massive investment in software licensing and infrastructure spend," says Singh of Chlorox.

CONCLUSION

As the digital revolution knocks on the door, it is clear that IT leaders have serious work to do if they want to remain relevant to the business. According to Gartner, 75 percent of CIOs anticipate they will need to change their leadership style over the next three years.

Simply keeping the lights on is now table stakes for IT. IT leaders must now be in tune with how technology can improve the business, deliver new products to customers and generate improved top-line revenue growth. In short, IT leaders must find ways to deliver value to the business.

“A key part of generating buy in for your users is speaking their language. So the days you could ignore the financial spreadsheets and the return on investment of a product are gone,” says Singh of Clorox. “If you can’t speak that language, you will quickly become a dinosaur. Forget about being a technology leader. You have to be at true business leader “

This will take hard work and a reworking of job responsibilities. It’s going to involved greater cooperation with the business and across IT functions. And it will also require a reexamination of risk. As IT experiments more freely, leverages more cloud assets and develops more quickly, security leaders must be able to keep up with these dynamic elements to help embed risk management at the architecture level and embed tools and processes that don’t impede innovation.

About Bitdefender

Bitdefender is a global security technology company that delivers solutions in more than 100 countries through a network of value-added alliances, distributors and reseller partners. Since 2001, Bitdefender has consistently produced award-winning business and consumer security technology, and is a leading security provider in virtualization and cloud technologies. Through R&D, alliances and partnership teams, Bitdefender has elevated the highest standards of security excellence in both its number-one-ranked technology and its strategic alliances with the world’s leading virtualization and cloud technology providers.

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