

Connecting the business - unlocking digital transformation success

How the CIO can adjust to the
new realities of digital transformation
and accelerate business change

Executive summary

Digital transformation is a frequently used term, but what does it really mean? First and foremost, it is about business change and organisations reinventing themselves to take advantage of the digital era. More than that, they must reinvent themselves or risk being sideswiped by the digital start-ups. This has turned IT from a cost function to a revenue generating function, and placed it at the heart of business strategy.

The bottom line is that the industry is talking about transformation in the wrong terms: this is about strategic business transformation and redefining how business engages with its employees, partners and customers. Technology is – of course – pivotal to this transformation and as CIO you and your IT team are integral to digital transformation success – though the technology itself is not the strategy; it's the facilitator.

The relationships between the IT department and the business are being redrawn; and to be successful in their transformation efforts, the IT department must go further into the business than it ever has done and get to grips with business strategy. The enterprise organisations that are achieving the most success with digital transformation are the ones that have successfully aligned the needs and expectations of the IT department with those in the business at large.

However, experience tells us that this change doesn't come easily and that competing agendas in IT and the business often obstruct progress, and give rise to conflict and tension.

The Cloud Industry Forum (CIF), in partnership with Ensono, commissioned this special research project to understand these issues in more detail. Surveying 200 business and IT decision-makers from UK-based organisations, the research aims to unravel some of the key questions and challenge the established perceptions that CIOs and business leaders have on digital transformation: its purpose, who is responsible, how it is changing internal relationships and the skills required to deliver business change.

In this Executive Summary, we have highlighted some of the key issues and challenges that CIOs and the broader C-suite need to consider as they embark on their digital transformation initiatives; and drawn out our key findings.

So, with that in mind, how well are IT and business leaders within UK enterprises adjusting to the new realities brought by digital transformation, what are they doing it for, and what does the CIO need to be successful?

The Ensono logo, consisting of the word "ensono" in a lowercase, rounded, sans-serif font.The Cloud Industry Forum logo, featuring a stylized white cloud icon to the left of the text "CLOUD INDUSTRY FORUM" in a bold, sans-serif font.

KEY FINDING 1

70% say cost savings are the key driver for digital transformation, followed by increasing profitability (58%) and increasing productivity (59%).

'Digital transformation' aimed solely at reducing costs is not enough. Transformation must be about business reinvention and business efficiency, and delivering a better customer experience, yet these factors rank much lower down on the list of priorities for our respondents. This focus on cost savings will in the long term ill prepare organisations to counter the threats of disruption from transformative competitors. So effort should be re-focused toward innovation to deliver customer solutions more effectively into existing and new markets.

KEY FINDING 2

99% are measuring their digital transformation projects, but the KPIs do not match objectives.

Do businesses really know their 'digital transformation' goals and are they clearly communicated throughout the business? Is everyone on the same page and clear on the strategy? For digital transformation strategies to take hold and be successful, the IT department, the business and the board need to have a clear and shared vision of what they want to achieve, and of why and how they're going to achieve it, but it is clear that this shared vision is lacking in many cases. Where there is a lack of a shared vision, this can lead to ineffective transformation and internal conflict between the business and IT.

KEY FINDING 3

The CEO is believed to have the most influence on digital transformation, though 64% believe that the success of digital transformation is primarily dependent on the IT department.

It is encouraging that the CEO is, in the majority of cases, setting the strategy and vision for digital transformation, though it is clear that responsibility for executing it firmly rests with the IT department, with little involvement from the wider business. Those that believe it is solely down to IT to drive digital transformation are missing the point as this is fundamentally about business transformation and therefore needs the whole of the business engaged in the process.

If IT and the CIO are the ones driving transformation, they will need to hone their communication skills and act as the bridge between the IT department, the wider business and the board.

KEY FINDING 4

61% of respondents report that digital transformation has been delayed by the IT department.

Delays to digital transformation are commonplace and the cause is, more often than not, cited as the IT department. However, ITDMs tend to shift the blame back to the business, citing lack of available budget, and lack of clarity of business objectives. This 'blamestorming' indicates a lack of communication and ownership. Strong leadership and communication are essential to avoid delays, but these factors are lacking in many cases.

KEY FINDING 5

Over half (56%) state that their role has changed significantly as a direct result of digital transformation.

Respondents believe that digital transformation is changing their roles and responsibilities, and the skills that they need to be successful in their positions. However, these changes are not evenly applied, and while BDMs report enjoying more freedom to innovate, the pressure to perform is ramping up for ITDMs; which is another possible source of contention between the business and IT.

KEY FINDING 6

Nine in ten (89%) believe that legacy technology is a barrier to digital transformation, with 46% believing that changes to legacy systems would cause major business disruption, and 40% believing it would be cost-prohibitive to replace.

The integration of legacy systems is a key consideration for businesses on a digital transformation journey, though it would be a mistake to view legacy as an absolute barrier to it. A significant amount of business value resides in established and stable legacy systems and tools, and by connecting these systems with new transformational approaches, enterprise organisations can effectively leverage their heritage to resist the challenge of new disruptors.

A MORE EXTENSIVE INTELLIGENCE REPORT, DETAILING THE FULL FINDINGS OF THIS RESEARCH PROJECT, IS AVAILABLE.

What the CIO needs to be successful

There is little doubt that digital transformation is placing a strain on enterprise IT departments, many of which will have already had their hands full simply keeping the lights on. The main challenges we have seen are around legacy technology, a lack of available resources and budget, and a lack of necessary leadership and support from the business, which is slowing down the rate of progress.

Only 16% of organisations had completed their digital transformation, but in reality, transformation must be an ongoing process. The IT department is seen as the primary driving force behind digital transformation, though there are clear differences between ITDMs and BDMs as to who holds ultimate responsibility for digital transformation, which is a source of contention.

Large-scale business and technology projects bring with them a wide range of challenges, rarely go to plan and often go over budget. These factors are putting the CIO and the IT department at odds with the wider business, with the former 'firefighting' and struggling to make progress and the latter often blind to these challenges.

To be successful in their roles, CIOs must act as ambassadors between the IT department and the business to smooth over these differing perspectives and ensure that all parties are fully aligned in their expectations and visions.

At a time when IT is still often a reporting line to finance and few CIOs have a seat on the Board, it is critical that they can influence the business in general, with a clear and coherent vision for digital transformation. Without this executive sponsorship, they will struggle to ensure the availability of budget, support and collaboration they need for successful transformation.

Time is also a critical factor in all of this, and CIOs and the IT department generally, need more of it if they are to successfully steer the transformation of their organisations. To achieve that, the IT department needs to move away from the day-to-day maintenance of IT and focus on driving the businesses forward.

Third parties will be essential in helping to achieve that, and can offer the guidance and consultancy needed to navigate the challenges ahead and, ultimately help CIOs bridge the gap between the IT department and the business.

CIOs must act as ambassadors between the IT department and the business to smooth over these differing perspectives and ensure that all parties are fully aligned in their expectations and visions

KEY TAKEAWAYS:

- For digital transformation to be effective and aligned with the business, executive sponsorship is key and IT must be represented at Board level.
- The role of IT has changed significantly over the years - from a cost to a revenue driver and differentiator.
- Every business is different and definitions of digital transformation and the means of measuring its success vary. However, there needs to be one clearly communicated vision for the approach to digital transformation. Only then will enterprise be able to reinvent themselves in the way needed to survive and thrive in the digital age.
- As part of this, CIOs need to become the champions of digital transformation, securing their seat in the boardroom. To do this, their skills need to evolve and they need to find a way to better understand and communicate with the business.
- Additionally, CEOs need to communicate their overriding vision better to help digital transformation support the business better. They also need to appreciate technologies role as a facilitator for their vision.
- Digital transformation is not only changing organisations, it is changing roles, including the CIO. Individual skills need to be revisited in the digital era.

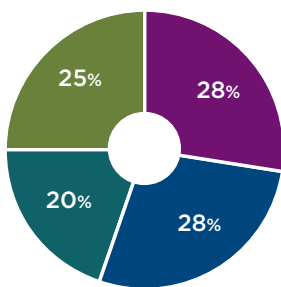


Research methodology

In Q4 2017, Vanson Bourne interviewed 200 IT and business decision-makers (ITDMs and BDMs) in the UK to find out what is driving their digital transformation initiatives, how far they have progressed with them, and the challenges that they are facing along the way.

Respondents were split evenly between ITDMs and BDMs, and came from organisations from a broad range of sizes, ages and industry sectors.

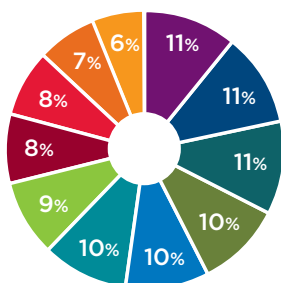
How many employees does your organisation have globally?



- 501 - 1,000 EMPLOYEES**
- 1,001 - 3,000 EMPLOYEES**
- 3,001 - 5,000 EMPLOYEES**
- MORE THAN 5,000 EMPLOYEES**

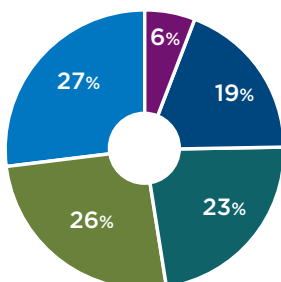
Vanson Bourne surveyed 200 IT and business decision-makers (ITDMs and BDMs) in the UK to find out what is driving their digital transformation initiatives

In which sector does your organisation primarily operate?



- FINANCIAL SERVICES**
- IT AND TECHNOLOGY**
- ENTERTAINMENT, MEDIA AND LEISURE**
- RETAIL, DISTRIBUTION AND TRANSPORT**
- BUSINESS/PROFESSIONAL SERVICES**
- MANUFACTURING**
- UTILITIES AND TELECOMMUNICATIONS**
- PRIVATE HEALTHCARE AND SERVICES**
- CONSTRUCTION AND PROPERTY**
- PRIVATE EDUCATION**
- HOSPITALITY/CATERING**

What is the age of your organisation?



- 1 - 5 YEARS**
- 5 - 10 YEARS**
- 10 - 15 YEARS**
- 15 - 25 YEARS**
- MORE THAN 25 YEARS**

About Ensono

For business leaders managing lots of complexity or disrupting the status quo, Ensono delivers complete Hybrid IT services and governance, from cloud to mainframe, tailored to each client's journey.

Ensono has extensive experience in working with CIOs on their transformation journey, to determine the right cloud investments to drive agility, innovation, and revenue enhancement. Our focus on business outcomes ensures that the right workload is in the right place at the right cost.

Whether you're leveraging the power of the cloud or modernising legacy technologies, you'll be on track to operate for today and optimise for tomorrow. Ensono has over 1,000 associates across North America and Europe.



Ensono

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About the Cloud Industry Forum (CIF)

CIF was established in direct response to the evolving supply models for the delivery of software and IT services. Our aim is to provide much needed clarity for end users when assessing and selecting Cloud Service Providers based upon the clear, consistent and relevant provision of key information about the organisation/s, their capabilities and operational commitments.

We achieve this through a process of self-certification of vendors to a Cloud Service Provider Code of Practice requiring executive commitment and operational actions to ensure the provision of critical information through the contracting process. This Code of Practice, and the use of the related Certification Mark on participant's websites, is intended to provide comfort and promote trust to businesses and individuals wishing to leverage the commercial, financial and agile operations capabilities that the Cloud-based and hosted solutions can cover.



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