What comes first for a digital transformation, the right skillset or mindset?

The better the question.
The better the answer.
The better the world works.

EY

Building a better working world

Quartet of qualities

The four capabilities
of the Transformative CIO

Today's CIO has an increasingly strategic role. They must simultaneously keep the enterprise running during one of the toughest markets in recent history, while also looking to deploy technology to enable new models and ecosystems required to drive successful business transformation.

As the business is disrupted and must adapt, so must the CIO. We call this evolution of what's next "the Transformative CIO." This person enables the entire organization in their strategic mission and offers four capabilities for their organization to succeed in a post-COVID-19 world:

Visibility
Flexibility
## Reliability
Securability

Visibility

The first capability is making sure that timely information required to run the business and meet customer and employee needs are visible to stakeholders across the organization when and where it is needed. This includes internal teams and external groups, such as suppliers, alliances, financial support institutions and more. Visibility might include information/reports/dashboards for:

- A company's financial situation
- Supply chain activity, as products move from raw materials to finished goods and then to market
- HR and employee needs
- Customer demand in real time
- What's happening outside of the business in terms of insights from trade associations, government databases, pending legislation and more

The Transformative CIO needs to make the critical data needed for insightful decisions available across the organization, as well as offering visibility to the work tasks that employees need to accomplish their day-to-day objectives at all levels of the organization. Employees today are demanding the same digital experiences they enjoy outside of the office as consumers. The businesses they work for should also offer similar levels of technology and personalization.

Similarly, they need to give external parties visibility into the business, so those parties can better partner and lower the cost of supply, e.g., through just-in-time delivery on raw materials to reduce a company's working capital requirements. These partnerships include both suppliers and customers and their ever-increasing expectations of product safety and quality.
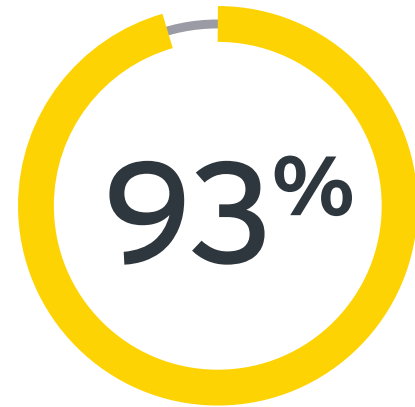
93%

of CIOs say digital transformation is hindered by teams working in separate silos.

Source: *2021 Global CIO Report, Dynatrace*, 2021

Enabling visibility starts with uniting various data stores across the organization and beyond with advanced data architectures, data fabrics and associated dashboards for better business decision-making. This is made possible using technologies like digital twins, internet of things and control towers, that can help create improved enterprise visibility across customer, employee, and operations functions.

Soft skills, such as communication, consensus-building, and leadership, are just as critical to the Transformative CIO in making enterprise visibility a reality, especially when trying to convince business units to collaborate and share data.

When enterprises have improved visibility, it often leads to faster time-to-market, higher customer loyalty, expanded sales, improved collaboration and compliance, and cost savings.
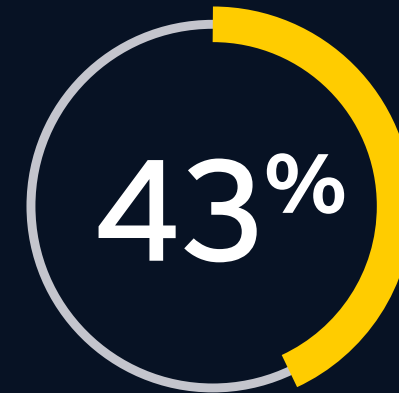
43%

of enterprise IT leaders say platform and service flexibility is the most valuable benefit from using multiple public cloud platforms.

Source: *2020 Cloud Computing Survey, IDG*, 2020

To react to constantly changing markets, CIOs need flexibility in how they license, provision, and deploy their applications and manage work-loads. Flexibility should also extend to workforce models including contracting, managed services, and remote work.

Flexibility

The second capability is flexibility. The Transformative CIO has an "on-demand" mindset that enables flexibility while controlling IT costs. When technology is architected and consumed with this approach, it allows business users to flex into additional business capabilities that can be configured into a pay-by-use model. In this way, IT costs can be controlled as IT resources are only activated and utilized when needed.

A flexible CIO will also evaluate their fixed costs and determine what and when those can be turned into variable costs. For example, rather than renew an unlimited software license, they might consider switching to a per-user rate that might be slightly higher, but also allows costs to be controlled as the software is charged to the company only when assigned to a user.

Flexibility and cost savings are also realized when CIOs are able to automate tactical tasks and focus more on the strategic. Low-code environments make this possible and allow for organizations to quickly shift to new customer trends, new business models and new employee requirements while paying for only what they use. The Transformative CIO needs to make sure that they can enable the business transformation in a low-code environment – as much as possible.

At the heart of flexibility is an ecosystem approach which includes partners and alliances. In this way, the organization is not only capitalizing on its own talent but gaining the knowledge and experience of multiple companies through the utilization of best-in-class software. The benefits to this approach include taking advantage of best practices from other companies, industry leaders and communities to innovate, adapt and improve overall resiliency.
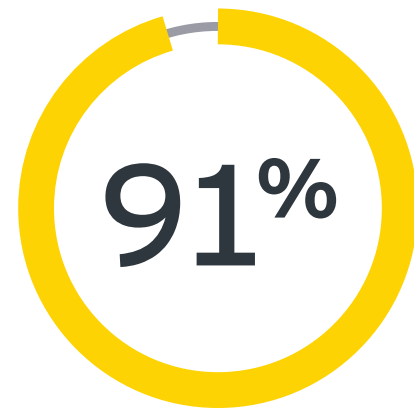
Reliability

While looking to create visibility and flexibility for their enterprises, today's CIO is still beholden to keeping their technology running and working efficiently. Without reliability, they end up side-tracked by day-to-day operations and lack the bandwidth to help enable the business transformation. In today's environment, they must serve both customers and employees around the clock.

The Transformative CIO takes the concept of IT reliability to the next level. While the cloud can offer proven and reliable technology services, the Transformative CIO does not solely rely on service-level agreements from cloud providers. Instead, they are always looking at ways to "stress test" their technology environments – in effect looking to pinpoint potential failures via "what-if" scenario planning. One method to assist with this exercise is the development of a digital twin of the organization's technology environments and platforms.

The Transformative CIO is much more than someone who keeps the lights on for their respective enterprises. They must provide the reliability the organization requires to support both the day-to-day operations to survive today and the digital transformation needed to compete and thrive tomorrow.

91%

of IT leaders deployed digital workplace technologies to support working from home.

Source: 2021 CIO Agenda: Seize This Opportunity for Digital Business Acceleration, Gartner, October 2020

Uptime, availability and reliability of systems and applications are a top concern for CIOs. AI technologies and cloud providers help take reliability to the next level.

Securability

Every CIO needs to provide securability for the enterprise. This of course involves securing new technologies as well as the organization's existing technology stack. It also means providing secure cloud enablement and providing an environment that won't suffer from business interruption, or lose valuable customer and employee data, whether through software failure or more malicious circumstances.

The Transformative CIO understands that enterprise IT security demands a deeper knowledge of line-of-business operations. Armed with business acumen across front-office and back-office functions, they can predict which parts of their enterprise may provide opportunities for intrusion or disruption. Working with their chief information security officer (CISO), they devise methods to counter any efforts to capitalize on those weaknesses. In effect, the Transformative CIO – working with the CISO – attempts to stay one step ahead of hackers and state-sponsored efforts to steal valuable corporate intellectual property. It is certainly an arduous effort that requires constant attention.

78%

of senior IT leaders lack confidence in their company's cybersecurity posture.

Source: Cybersecurity at a Crossroads: The Insight 2021 Report, IDG, 2021

No digital transformation is complete without an evolving security posture to deal with a continuous stream of threats from internal and external actors.

Contact EY for more insights and information on becoming a Transformative CIO or to start your technology transformation journey.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

ey.com