Dear CIO: Are You on the Path to Becoming a CTO?
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It’s a simple question, but a pertinent one in a constantly shifting business landscape: What is the role of the chief information officer (CIO)?

In the past, the CIO was primarily the head of corporate IT and manager of back-office technologies. That role is steadily evolving as we prepare to enter the post-pandemic world. Today, we are at an inflection point where technology is not only shaping business strategy but is also accelerating our recovery from the COVID-19 pandemic. Given CIOs’ proximity to the technology stack, they are in a unique position to lead their organization—and society—through disruptions and toward new, innovative avenues of sustainable growth.

Granted, there are plenty of leaders who have the technological prowess to step up to the plate and apply the value lens of technology to business strategy. Given the C-suite’s growing tech savviness, as well as the fact that IT is putting the ownership of tools into the hands of the business, the nature of IT and the CIO’s role are changing. In fact, IDC predicts that by 2024, “the IT strategy for 80% of digitally advanced organizations will evolve to a broad, flexible, self-service mashup of digital tools to replace the ‘walled-garden’ IT-as-an-enabler model.”1
Introduction

What sets the CIO apart is the ability to combine technology prowess with a keen understanding of business strategy. CIOs were the first to respond in the early days of COVID-19, driving their businesses forward through the rapid adoption of technologies like cloud, analytics, artificial intelligence (AI) and security. By partnering with other business leaders to maintain operations—all while simultaneously transitioning their workforces to remote environments—they gained experience and insight that no one else in the C-suite has. Now, they’re recognized as agents for change in their organizations—drivers of growth.

At times, their role may look more like that of a CTO or chief digital officer (CDO). In the future, these positions are likely to converge as technology becomes so ubiquitous in society that the responsibilities of these three roles fall under the same purview.

CIOs need to help drive innovation. And if they want to demonstrate their value, they’ll have to meet the prerequisites: namely, an IT shop that’s in good financial order and an optimized operating model.

“In some industries, CIOs have a key role to play. In others, we may no longer need the CIO.”

Phillip Morelock
SVP, Chief Digital Officer, eHealth, Inc
Turn Credibility Into Inspiration
If CIOs are actively searching for a seat at the table, they’ve already lost. Their first priority should be looking inward to make sure they’ve optimized their own IT departments.

Take technology spend, for instance. CIOs need to leverage their proficiency in technology and business to shift the balance of ‘run’ versus ‘transform’ costs. By bringing their run cost down, CIOs can free up more funds to invest in new, exciting capabilities that can help transform IT and, ultimately, the business.

By getting their own houses in order, CIOs will have the time and energy to look outward across the rest of the business and provide guidance around technology and business strategy. This will not only earn them a reputation as an innovator but can put them at the front and center of decision-making and strategy.

CIOs with a solid grasp on emerging technologies may also be able to articulate their value proposition to the business. From blockchain in the back office to AI-enabled supply chains, CIOs will need to advocate for these technologies and the business value they offer.
However, CIOs should be mindful to take incremental steps so they can demonstrate early proof points. Innovation must be scalable. That’s why they should look to one or two areas of the business as a starting place to co-develop, co-innovate, co-create—and learn. They can select leaders to partner with from, say, finance or marketing, who are collaborative, forward-thinking and eager to act as allies.

These first steps will be crucial to creating a larger, innovative culture where the CIO and technology are key drivers of agility across the enterprise. Accenture research shows that leading organizations that innovate at scale show 2.2x higher revenue and 1.8x better operating margins than organizations lagging behind.\(^2\)
Evolve the Operating Model
If they haven’t already, CIOs need to shift the traditional IT operating model—which was largely focused on function—to one that is oriented around products, services or experiences.

Older operating models come from a time when competitive strategies focused on either scale or local responsiveness. The conventional wisdom was that companies couldn’t do both.

Today, that is no longer the case. A product, service or experience-oriented operating model has become the answer to liquid customer expectations. Think of a kitchen renovation: With a function-oriented operating model, you’d have to call around town for an architect, a tiler and an electrician just to install the oven. With a product, service or experience-oriented operating model, all of those different tradespeople work as one team, communicating and integrating among themselves. This allows them to make quicker decisions with greater agility.
Extending the analogy to the rest of the enterprise, CIOs can lead the transformation of their organizations by aligning the operating and business models for flexibility and efficiency. While this endeavor is now table stakes, it isn’t easy to execute. Organizations often fail to acquire the ability to pivot fast toward changing customer needs, markets and technologies. Just 39% of CIOs acknowledge that their IT organization has capacity for delivering IT and digital business innovations on target and the ability to pivot to rapidly accommodate real-time market changes during the pandemic.³

Most leaders acknowledge that the business, IT and operations must work together in very different ways to support this new operating model. To support this shift, CIOs must redesign the model examining every component and adjusting as needed. Traditional IT operating models must shift to one that is optimized for speed, agility, innovation and iterative methods. In a Gartner survey, 85% of tech leaders said their organization has already adopted or plans to adopt a product-centric approach for an average of 80% of their work by 2022.⁴
Forward-looking CIOs are already demonstrating their value as agents for change by building their operating models into one that transcends organizational boundaries, metrics and rewards. In doing so, they’re not only earning the ability, but also the credibility, to guide the organization toward growth. According to a recent Accenture survey, 31% of CIOs are already working toward harnessing disruptive technologies for developing new revenue channels.\(^5\)

To overcome the impacts of the pandemic and counter the investment headwind, there needs to be a major push to improve business environments, increase labor and product market flexibility, and strengthen transparency and governance.\(^6\)

David Malpass  
President, World Bank Group
Prepare for the Post-Pandemic World
Prepare for the Post-Pandemic World

It’s a new day for CIOs. The world events of 2020 have only accelerated the steady march toward the future of work. These events have also made it clear that the role businesses play in their communities is more important than ever.

Consider how technologies have helped expedite the development and deployment of a coronavirus vaccine. As businesses become more engrained in our daily lives, CIOs will provide even greater value to their companies by coming up with creative new ways to generate business and provide value beyond merely procuring and implementing technology.

Again, this is where having a background or understanding of the business landscape will be key—CIOs need to not only understand and advocate for new technologies, but also come up with the best use cases for the business. In doing so, they can continue to transcend the boundaries and play a business-relevant, strategic role as the CIO.

As we continue through 2021, the post-pandemic outlook should support CIOs in their growth objectives. More vaccines will be distributed globally, which means economies will likely experience a surge as lockdown and distancing restrictions are loosened. According to the Organization for Economic Co-operation and Development, vaccination campaigns, concerted health policies and government financial support are expected to lift global GDP by 4.2% in 2021 and a further 3.7% in 2022.\(^7\)
Prepare for the Post-Pandemic World

Companies will want to ensure that they’re providing hyper-relevant experiences and exceptional customer experiences as consumers return to not only former buying habits but also new ones developed during the pandemic. Technology will be a great enabler here, so it’s imperative that CIOs step up and prepare their organizations to take advantage of the economic upturn.

If we’ve learned anything from the past year, it’s that the future is in flux. However, as we adjust to this new normal, one thing has become a certainty: CIOs will play a pivotal role in their companies, their ecosystems and society in general, in the years to come.

“With vaccines in sight, there is hope for a better future. What policy makers have to do is really bridge the gap between now and the end of 2021, when the vaccines will be widely deployed, and there is hope that life can return to something that is more normal.”

Laurence Boone
Chief Economist, Organization of Economic Cooperation and Development
Five Steps to Take Today
Five Steps to Take Today

The evolution of the CIO is underway and shows no sign of slowing down. Looking forward, businesses will continue to lean on the CIO as an enabler of strategy. There are steps CIOs can take today to prepare for their evolving role.

Accenture’s global lead for Technology Strategy and Advisory, Greg Douglass, discussed the five “Rs” in his article “CIOs: The New Corporate Rock Stars.” Through Resilience, Restructuring, Reinvention, Reskilling and Reduction, CIOs can ensure they’re positioning their company for growth.
In conjunction, here are some immediate steps CIOs can take to lead their business toward sustainable growth:

**1. Reassess your financial situation.**

With all the changes in technology spending patterns, it is a good time for CIOs to conduct a financial health check on their technology budget. This includes running a benchmarking spend analysis on all categories relative to industry peers, as well as leading technology companies. Then, identify opportunities to reduce run costs and free up funds to invest in transformation and new technology capabilities. Finally, CIOs should assess how their migration to the cloud will impact their CapEx versus OpEx spend profile. CIOs should collaborate with their CFO to clearly measure and articulate the business value that technology is driving and showcase it for the entire C-suite.

**2. Transform your IT operating model to be product/service/experience-oriented.**

This can allow CIOs to design and align the new operating model with the company’s business model. By implementing agile delivery methods across functions, CIOs can promote enterprise agility. That said, agility isn’t enough—CIOs should reassess processes, procedures and corporate policies that might be blocking or hindering collaboration and speed.
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<th>Five Steps to Take Today</th>
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<td><strong>3.</strong> Choose one or two business or functional areas where you can double down on innovation ideas.</td>
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<td>Start by identifying which functions or business leads will be best to collaborate with, such as the CFO and finance function or another area. CIOs should pilot these initiatives and start to collect success stories and allies early on so that they can clearly demonstrate the value proposition that they and their teams bring to the organization.</td>
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<td><strong>4.</strong> Promote technology across your enterprise to help transform your company culture.</td>
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<td>CIOs should use their understanding of the business and technology landscape to target areas of the business that are ripe for transformation. Offer to pilot digital capabilities in areas experiencing rapid growth or that are perhaps under pressure to perform and/or react to changing market conditions.</td>
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<td><strong>5.</strong> Be the champion of digital fluency across your company.</td>
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<td>CIOs have an opportunity to work with training and HR teams to drive a digital fluency agenda across the enterprise. Upskill and reskill employees in both IT and business functions on how to use automation, AI, digital tools and operating principles like DevOps and Agile. In doing so, they can be the champion of culture change.</td>
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References


5. Accenture, CxO Pulse Survey, June/July 2020.


Connect With Us

Let’s discuss the changing nature of the CIO role in your organization.

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