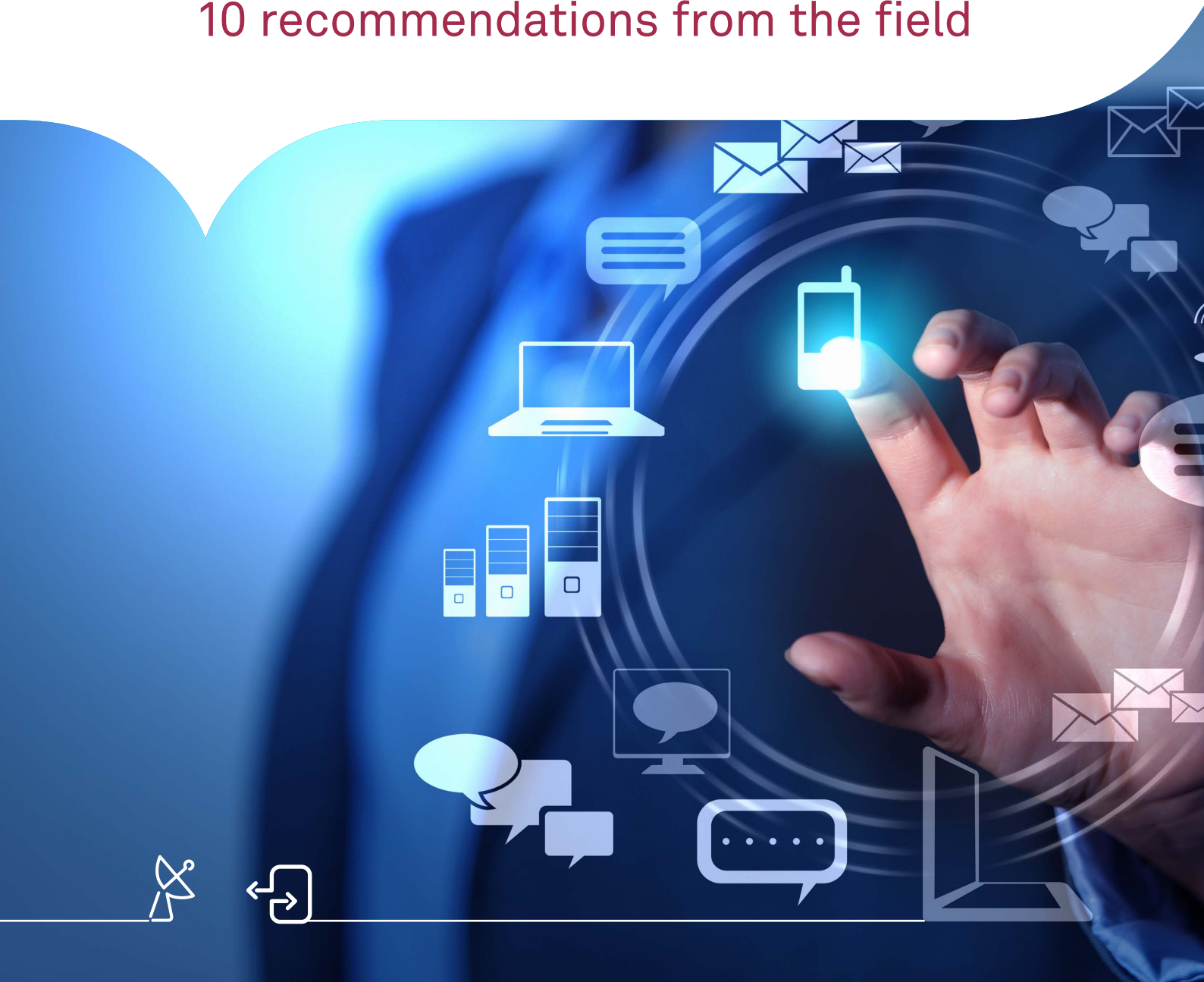


Need for Speed : How Leading CIOs Accelerate their Company's Digital Transformation

10 recommendations from the field





Dear CIOs,

You are regularly inundated with Point Of Views on the major techno trends, by Capgemini itself (see our publication entitled TechnoVision) or by other consulting or research firms. The SMAC quartet – Social Mobile Analytics and Cloud – holds no secret for you anymore, in theory.

The question is now to see how, you as CIOs, can take action and hold a key role in the implementation and the leadership of your company's digital transformation.

For this purpose, we have met CIOs from around the world, that have successfully tackled the topic. They all have set up best practices that appeared to us efficient, relevant, even innovative. This paper will detail these winning operational ideas, already implemented by your fellow CIO colleagues.

Today, companies and therefore CIOs need to achieve speed in their digital transformation. The practices below, we are confident, will help you shift gears in improving your company's maturity on digital.

The Digital revolution has already taken place
Be proactive - Speed is key to move from ideas to reality

10 recommendations from leading CIOs in Digital

In a nutshell

Strategy & Innovation

1. Take the floor for Digital Strategy discussions
2. Expose your fellow CxOs to start-ups
3. Secure a budget for Digital innovations: no ROI proof

Organization & Capabilities

4. Separate Digital services from your traditional IT
5. Implement an Innovation Lab to develop prototypes, test & learn
6. Dare to recruit new Digital talents

Technology & Solution

7. Apps it up
8. Proactively promote SaaS solutions
9. Think Digital, Work Digital
10. Think Big (Data), move quickly!

Take the floor for Digital Strategy discussions

There is no better and more exciting time to be a CIO in our world. Despite the challenges of day-to-day IT, the CIO role is pivotal and transformational when one has “embraced the positive” of the digital opportunities.

Leading CIOs in Digital share the view that it is now less about “technology projects” and more about configuration and business outcome. “The deal is not so much about IT but Business transformation that requires IT improvement” says the CIO of a major Swedish furniture retailer. “IT yes, but written with a big I and a small T; we are not a technology company” adds the CIO of a leading European utilities company.

CIOs now have a duty to leverage new Digital trends to pro-actively support other CxOs with their transformation opportunities, “My definition of Digital Transformation is the use of IT to radically improve Business”. It is becoming more and more important to limit guerilla IT and the spread of shadow IT within the business.

This set-up is therefore perfect for CIOs to put on the table the Digital agenda of the company. But “Don't tell. Show!” warns the CIO of a leading UK Insurance Consulting company. All leading CIOs agree that the first quality required is being a great “conversationalist” with the Business.

Of course, it's not all about mobile, social, cloud, big data and the Internet of things. In the long run, you will also need an industrialized IT function to be credible on major Digital initiatives. “To get a sexy Digital front-end, you will definitely need a robust and fixed back-office”, says the CIO of the leading Norwegian chemical company.

All in all, CIOs help simplify and improve systems to save on the traditional IT in order to reinvest in Digital enablers. As the CIO of a Swiss Insurance company notes “we have freed resources which can be reinvested to achieve another key pillar of our business strategy — improved customer focus through Digital transformation.”

“

I feel so popular in my company right now. My conversations are all about driving business outcome.

”

- CIO of a worldwide Mass Media leading company



Expose your fellow CxOs to start-ups

“

Every month, I invite a startup guest to my board of Directors to share innovative perspectives.

”

- CIO in the entertainment industry

“No one ever got fired for inviting startups for a discussion”. Partnering with smaller creative companies at the forefront of technology innovation is one way of raising awareness. Inspired by the entrepreneurial mindset and focus on innovation, leading CIOs have opened up their IT departments and boards to embrace the best external trends and know-how. The ways the CIOs get inspiration vary, and there is no single and common approach. However, they all extend their ecosystems to understand how technology can translate into innovative practical applications.

One CIO focuses on including external experts and gurus in the various committees and boards to ensure that the executive team is aware of new Digital technologies. *“We are creating a technology advisory committee, which will have outside members, to keep abreast of the latest Digital developments to discuss “the art of the possible” “* says the CIO of a Swiss Insurance company.

Another CIO we met insists on exposing the company to neuralgic centers of innovation like Silicon Valley. Several CIOs have set up portals for their companies to collect innovative ideas through crowd-sourcing.

In an era of generalized “growth hacking” initiatives, it’s time for CIOs to become Chiefs Innovation and Imagination Officers and to engage other CxOs on Digital awareness. No need to sign partnership with a startup to have its founders come and have a chat on premise about their innovations.

Beyond innovation, by opening up to other startups, leading CIOs have enabled a mindset shift where they earn the right to test, learn and fail, still unheard very often in large IT structures.



Secure a budget for Digital innovations: no ROI proof

In a period of both economic constraints and quest for growth, how can CIOs convince their CEO, CFO and Board to invest in Digital Transformation, thus bet on the future? Digital spirit requires a re-invention of the internal IT Business model so as to unlock.

First of all, “do not let ROI lead discussions and prevent you from generating great Digital ideas” says the CIO of a leading Norwegian chemical company. “The first objective is to quickly prove the concept through running pilots, before any larger deployment. You need to move away from the traditional cost center logic and embrace the idea of IT department being a revenue generator by using disruptive KPIs”. For instance, the CIO of a French cosmetic manufacturer uses the number of projects being industrialized as a key KPI. “Rely on experimentation results to value your Digital initiatives. Use these experiments to learn what drives real business value.”

Frequently, the leading CIOs we met have managed to secure a dedicated budget for Digital experimentations. Digital doesn't always mean very costly initiatives. “Set aside some resources to experiment and learn what really drives Business value” says the CIO of a Swiss Insurance company. For some small or medium Digital initiatives, B-case is not a mandatory exercise. Of course major Digital initiatives will still need a Business case to validate value creation or additional revenue generation.

Eventually, when a Business case is required, it is crucial to emphasize the “business result” rather than the “processes” as the CIO of a European top-leading bank reminds us. “In any case, don't let the IT do alone the B-case: it will need to be fed by the Business.” “Today, we need to help Business to understand that IT has a value and associated cost”, says the

CIO of a major Swedish furniture retailer, even though the Digital contribution is not always proven beforehand in terms of quantification and added value

“Save to reinvest” is the motto of a leading CIO in the Life Science industry. Economic pressure on IT budget is a reality forcing leading CIOs to secure their Digital investment by continuing to streamline their operations and consolidate their investments. As the CIO of a major French Airline company explained to us: “pressure your budget to leave room for Digital experiments”, combining both aspects of rationalization and exploring new technology trends such as Big Data, Cloud Computing, Connected Healthcare Services.

“

I succeeded having a dedicated IT budget to test Digital ideas without ROI pressure to learn and then industrialize afterwards.

”

- CIO of a leading Norwegian chemical company



Separate Digital services from your traditional IT

As we all know, IT departments will evolve for sure. Leading CIOs have already started to re-invent the Business and IT relationship. Their advice: move away from the old-fashioned client-supplier relationship and create a real partnership with your Business departments with a special focus on Digital: “Here, we have Marketing & Digital teams working as one team” says the CIO of a major Swedish furniture retailer. “If IT departments do not start thinking about the “what” instead of only the “how”, we will never be able to reposition ourselves” says the CIO of a leading European Airline company.

In traditional IT department, integration, legacy industrialization and maintenance is the role of the CTO, ensuring that IT operations are robust and working properly. However being able to deliver Digital initiatives requires IT departments to build their own paradigm shift and separate Digital capabilities from the traditional IT function. Structure your Digital organization to “Think” and “Pilot” the Digital Transformation and move away from the traditional execution focus. The trick is to mix populations from Business, Marketing and IT department to create high performing teams. Creating multi-disciplinary teams is the fastest way to benefit from your Digital initiatives.

Digital teams need to understand Business stakes to give a constructive and quick answer. If IT department are not able to shape a relationship, Business departments or Marketing will simply move ahead without the IT organization.

Beyond the organization itself, it's the governance that you also need to adapt. “We have put in place a Digital Advisory Board for the Top Management of the company” says the CIO of a leading Swiss Insurance company. Leaders of the companies need to understand Digital trends and their opportunities; if not, they may block creating-value-initiatives using their “traditional” mindset. “This is a real challenge as Digital is not always intuitive” told us the CIO of a European top-leading bank.

“We contract with startups to develop our Apps in an agile mode, always state-of-the-art” says the CIO of a leading European utilities company. How can IT become the driver of a New Ecosystem? The IT department will need to connect and leverage the massive knowledge and capabilities hosted outside the organization. If it fails to do so, Business departments will simply do it by itself. There is an opportunity for the IT departments (in general) to be the nexus of the new Digital organization. But it needs to overcome the paradigm of always considering external parties as a threat. Do partner with startups and external providers to outsource some activities; the pace is simply too fast to think that you can keep up by yourself.

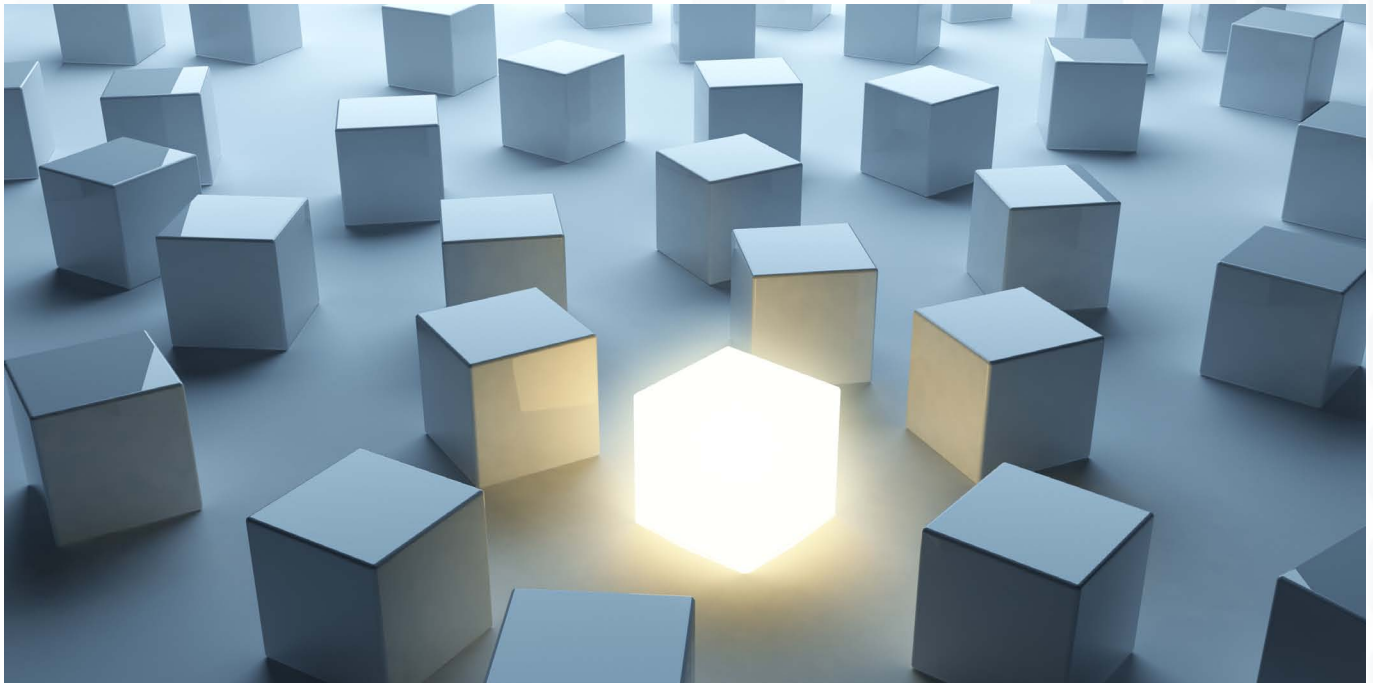
“

You need to build a new part of IT

”

- CIO of a leading European utilities company

Implement an Innovation Lab to develop prototypes, test & learn



IT can innovate too. Innovation was traditionally seen as an area restricted to R&D and Marketing territory; however leading CIOs have demonstrated that entrepreneurial mindset and focus on innovation could also be a feature of a Digital IT department.

The creation of an “Innovation Lab” is a tangible and highly visible decision, for relatively limited cost: rapid design visualization software, SaaS, mobile, social networks, 3D printing, sensors... As highlighted by the CIO of a leading New Zealand bank : “In your Innovation Lab, please remove all your paper brochures!”.

Make it real for your business. All of the CIOs focus on speed and visible showcases for the business. “Testing and prototyping is key, and it does not have to be perfect: it is not the end solution”. One of the companies we met realizes 10 – 12 prototypes a year, thus they have to be quick and visually show the key elements of the idea. To make it even more real for your business

customers, open your “Innovation Lab” to self-service and don’t forget to market it.

However an Innovation Lab does not go without a couple of rules. The most shared of all: “Keep the Lab grounded in the real needs of the Business and clients”, as the CIO of a leading Business Outsourcing company sums it up. Beyond these key principles, we gathered some others: “Your team must be independent enough to develop and prototype by itself”, “Limit your budget and teams”, to “avoid becoming a second IT department, industrialize as soon as the product/ service starts to be really used among the Business / Clients”.

Beyond making tangible proof-of-concepts, a major side-benefit of an Innovation Lab is to drive a shift in mindset that will drive innovation. The Lab will expose new technological environments and ecosystem partners allowing for your business to identify the art of the possible of the Digital world.

Secondly, the Lab will enable your business to go outside of their comfort-zone and accept to experiment without having to fear to fail.

This is a cultural shift from tradition IT. “We must learn how to drop a project when it is ineffective” says the CIO of a European top-leading Bank. By accepting it, the co-creation environment between Business and IT fosters more creativity and innovative ideas. Accepting to fail includes the ability and willingness to have sound reviews of the portfolio of projects.

“

Testing and prototyping is key and it does not have to be perfect.

”

- CIO of a European Leading Bank

Dare to recruit new Digital talents

Let's take an example: Who has not heard walking through the corridors of Marketing "IT needs to have an eye for design"? Now that it's all about data, you need to make them visual. "Because we all engage differently with data when we can see it, touch it, move it". Leading CIOs have it clear: new types of reports for management requires Digital artists for BI.

As Digital talents have usually not been fostered internally, scouting for and recruiting Digital experts is seen as a key success factor to succeed a Digital transformation. To support technology-enabled change, our Leading CIOs are looking for creative leaders and employees with business acumen. Digital requires passionate people, with a good sense of pragmatism and high energy in order to deliver services within weeks rather than months. How many of them do you know in your existing team?

Let's go one step further: Digital teams are built around Digital leaders. The Leading CIOs are multi-talented executives: understand the Business and be on top of technology trends that may impact the company's profitability or growth. "The leader of tomorrow is an hybrid professional, understanding both technology and business operations" says the CIO of a Swiss Insurance company.

Recruiting only will not do the job. "You need to recruit 10 Digital talents and you need to convince the 200 others" says the CIO of a European leading Airline company .

“

I will recruit a Digital artist.

”

- CIO of a world-leading food & beverage manufacturer



Apps it up

Obviously, an App does not constitute in itself a mobile strategy, nor a stronger revenue generator. However, it turns out to be a good and fast opportunity for IT departments to prove they can also be innovative. "If Apps do not always generate additional revenue", says the CIO of a leading Norwegian chemical company, "it brings you quickly into Digital world and improves your image to customers". This is true in B2C as well as B2B, externally as well as internally. The CIO carries on: "You can start with easy Apps not fully connected to your back-end systems. For instance we developed 6 Apps for farmers (available on the AppStore) ; today these Apps are free but they boost our sales".

Now that virtually every developer can be a mobile developer thanks to vendors practical platforms, the challenge identified by leading CIOs is to avoid becoming "Digital fashionistas". The CIO of a major Swedish furniture retailer tells us his story: "Lots of Apps were mushrooming everywhere in an uncontrolled way. So we decided to centralize the realization of mobile Apps to keep control. We built standard pieces of functionality, middleware, and so on... The vision is now blooming!"

“

You can start with easy Apps not fully connected to your back-end systems

”

- CIO of a leading Norwegian chemical company



Proactively promote SaaS solutions

Cloud and more particularly SaaS could be seen as the perfect technology example of “creative-destruction for CIOs”, generating “shadow-IT” like never before. The leading CIOs we have met however master and use SaaS to their advantage and ultimately for the benefit of their businesses.

First of all, SaaS is a pragmatic way to start the Digital path. As the CIO of a major Swedish furniture retailer advises us: “Focus first on applications that are easier to isolate and transform”.

Examples of SaaS applications are numerous and not always where you would expect. The most often quoted in our interviews are: HR, innovation and collaboration, e-learning platform, Sales Force Automation. The user experience is the key driver of the SaaS solutions conception, securing its accelerated business adoption. It makes SaaS one of the best opportunity for a company to start its Digital journey.

Regarding the strategy, we heard that one way to do it was quite pragmatic: “Every time we have to replace a part of the legacy, we consider both options: using Cloud based solution or not.”

Eventually, leading CIOs take charge of the SaaS strategy because they know that some promises of the usual SaaS sales pitch must be taken with caution. First of them being the cost. As the CIO of a European leading Airline company warns us “You definitely need to master the business case of Cloud”.

“

Every time we have to replace a part of the legacy, we consider both options: using Cloud based solution or not.

”

- CIO of a leading Swedish furniture retailer



Think Digital, Work Digital

A leading Digital company does not only focus on its external customers. CIOs at the forefront of the Digital crusade have given at least as much importance to the employees and work enablement through new technologies. The most advanced ones now aim for the “fraction-less employee experience”.

Digital improvement or innovations in the tools used by employees can lead to tremendous productivity gains. What if the entire sales force of your company did not have to come back to the office to fulfill administrative paperwork on contracts for instance?

The CIO of a European leading Airline company shares his experience: “We have been the first ones to equip all our pilots with iPads. It enables them to consult more rapidly regulatory documentation, always up-to-date”.

Most of the time, part of the workforce leads propositions about the Digital workplace. Do partner with these co-workers to help you promote the Digital workplace that you’re building. “For the roll-out of innovative or disruptive tools, we identify and we rely on early-adopters who will evangelize their colleagues”.

“

Think about the pride of the co-workers when everything can be done without paper.

”

- CIO in a major French Insurance company



Think Big (Data), move quickly!

Data is a corporate asset, neither an IT nor a Marketing one. With existing data generation and the advent of the Internet of Things (50 billion connected things by 2020 according to Gartner), all departments will be affected including Operations, Risks or Supply Chain: *“The social supply chain of tomorrow is the convergence of structured data from execution and planning systems and unstructured data for real time decision making”*

“We already have Big Data. We process 275 million checkouts every year, we have millions of pieces of information about kitchens everywhere in the world. We have the feeling that we are only scratching the surface of what we could do with such data” says the CIO of a major Swedish furniture retailer.

Companies cannot bypass the topic and the Big Data agenda is a formidable opportunity for CIOs to lead. As the CIO of a Swiss insurer says *“Going forward, we see Big Data, mobility and social media playing key roles in our drive to achieve customer centricity and delivering the innovation needed to stay relevant in a crowded and ever-changing market place.”*

One question for all: how do we make sense of it? For CIOs, it's a deluge of questions to anticipate: how to access the data, how to secure them and what are the encryption and permissions levels, what about standardization of protocols? Which associated governance?

Leading companies now start to acquire Big Data and analytics companies (Monsanto and Climate Corporation, Walmart Labs and Inkuru). How will you be on top of this transformation and integrate them?

Leading CIOs all step back on this topic. *“Start small, start with use cases”* says the CIO of a major US Financial Institution.

One thing for sure, *“we are moving from selling products to selling solutions”* says the CIO of a Norwegian chemical leader.

As a CIO from a French premium jeweler says: *“Analytics is still a big challenge in our projects. We need to find additional solutions”*. The industry is buoyant. Are you prepared for this next wave of innovation?

“
*Science-fiction of the past
is science-fact of today.*
”

- CIO of a world-leading
car manufacturer



Contacts



Cyril Francois
Vice President
cyril.francois@capgemini.com



Vincent Balandras
Director
vincent.balandras@capgemini.com



Hanae Chino
Manager
hanae.chino@capgemini.com

The authors would like to acknowledge the contribution of Didier Cambon, Gunnar Deinboll, Magnus Egeberg, Erwin Eichhorn, Antoine Esteve, Marius Furulund, Guido Kamann, Rune Kleiberg, Eric Kruidhof, Ulf Larson, Stephen Pumphrey, Simon Tait, Elodie Segrestan, Camille Sellem.



Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

Find out more at:
<http://www.capgemini-consulting.com/>

Rightshore® is a trademark belonging to Capgemini



About Capgemini

With more than 130,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.31 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organisation, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at www.capgemini.com