

Nowhere to hide - UK CIOs and the age of digital change



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Foreword

Enterprise IT and its leaders have always grappled with a tension that lies at the heart of deploying technology into organisations. How do you ensure an organisation is optimised and functioning from day to day, yet keep a watchful eye on the opportunities of emerging technologies – and then invest at the right moment, in just the right way, to maximise IT potential and to stay ahead of rivals?

It's not a tension that is going away. Most of those active in the space would argue, in fact, that the issue is becoming more acute. As the pace of technology-driven change at the heart of every successful business grows, so does the need for IT leadership to embrace the challenge and harness the opportunity posed by digital transformation.

A crucial aspect of this challenge is defined by the idea of digital transformation. It is a term that is familiar and well-used, yet it is still hard for organisations to apply and adopt in practice. The point is, transformation isn't business-as-usual, or just more, better and new IT: rather, it is a fundamental and disruptive change to traditional business models.

Not many years ago, IT's role was viewed quite differently by most organisations. It was primarily an enabler of efficiency through new systems and automation, and a supplier of IT solutions and infrastructure. IT departments were often viewed as an unavoidable cost centre, quietly responding to the bidding of boardrooms and leadership teams to deliver better processes, improved margins and meeting the whims of service managers.

In 2019, the ground has, in a very short time, well and truly shifted. Digital is now understood as the great enabler of change, competitiveness, modernisation and better customer and citizen services. It has a central function in many – even most – organisations, creating value and shifting the terms of business operation for many companies and their customers in profound ways.

This relatively sudden and dramatic shift has significant implications for the UK's CIOs. And that's what this report, and the research we've undertaken, explores.

Today, we are in a world where few, if any, CIOs can stay in the background and wait for a boardroom's bidding – or would even wish to. The digital agenda has extended the CIO's role and influence, bringing IT fully into business discussions, rather than remaining in the role of IT service provider.

For each individual CIO, there is a need to consider an organisation's readiness and maturity to embrace digital change. Does the forward-thinking mindset of most senior leadership teams today carry right through, in practice, into resourcing, leading by example, and understanding of digital-first risk-taking? Or does it fall short in some respects?

In the world of IT decision-making in 2019, this is a question that also finds expression in how senior IT roles are understood and resourced. Some IT heads might, for example, style themselves as CIOs but primarily be operationally focused, to justify their role (after all, 'operational IT' is business critical).

But more digitally-mature organisations and their CIOs will connect the responsibilities of the CIO and a chief digital officer, especially in areas such as information exploitation, cyber risk, digital transformation and commercial priorities.

Our report explores the huge diversity of issues that arise out of these complex dynamics. It considers what proportion of CIOs today are truly taking on the responsibility of a chief digital officer or equivalent, rather than formally appointing a CDO. It also captures the proportion of CIOs that have in fact taken steps to hire a chief digital officer – and why.

Nearly half of CIOs we surveyed expect the chief digital officer position to be redundant within five years – and one in ten strongly believe that it really isn't needed at all. Who is right and who is wrong about these big questions – and what kind of future is therefore in store?

We hope you'll agree once you've read what follows, through the prism of the many CIO sentiments we've collected, that this Citrix report offers a fascinating look at the current state of digital transformation among UK business. We also believe that it provides food for thought for any CIO committed to their own career development – and to driving digital change in the years ahead.



Business risk, digital maturity and the CIO

Business has always been about navigating risks and exploring new opportunity, but in our globalised, fast-changing world many companies are more exposed than ever before, and often not aware of the nature of that exposure.

What's more, very few companies are sheltered from digital disruption. If taxi drivers around the globe can see their world changed in a dramatically short time by an application downloaded onto a mobile phone, what's next? Which industry or sector will be the next to be Uber-ised?

For any company, this sort of disruption can either be viewed as a threat to traditional activity, and even survival, or seen as the chance to embark on new activities and ways of working that could be essential to future growth and competitiveness.

It comes down to the state of mind of those in the boardroom, the culture of the business - and the appetite for risk and for making change. But consider this: resisting or ignoring digital change-potential in any sector is likely to be increasingly damaging to a business. It's a simple idea, but it also captures the tremendous dormant potential of disruptive innovation. Companies need to understand these disruptive mechanisms as they unfold and to build the capacity to transform them into business advantage.

The question is, where to start? And this really is an issue. Gartner reports, in [recent research](#), that "many organizations are stuck on where to start their transformation efforts". According to this same Gartner research, about 57% of organizations have not yet found a starting point for digital business transformation. CIOs can work with business leaders to choose the best of four possible points to begin and expand the journey of digital transformation: connected, autonomous, empowered, and programmable.¹

The CIOs in these stalled businesses are being hamstrung, says Gartner, by a whole range of inertia-inducing issues – from a change-resistant culture, to a lack of sharing and collaboration, plus more entrenched problems such as a clear lack of digital-readiness or a profound skills gap that creates significant technical barriers.

This topic lies at the heart of our own extensive findings about just what CIOs think about the organisations they work for, and their digital readiness or otherwise. CIOs by their nature tend to be keen on technology-enabled change. Many will get frustrated if the organisation that employs them is change-resistant, wary of technology opportunity or fails to grasp the role of IT as a strategic tool rather than just an operational function.

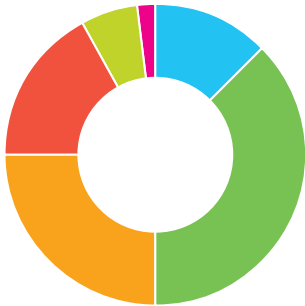
Among those we surveyed, we saw shortcomings, issues and dynamics – and each one impacting the organisations and the CIOs that serve them in multiple ways.

Nearly **two in five (38%) CIOs describe their organisation's digital maturity as only 'functionally competent'** – that is, having technology that works up to a point but definitely isn't 'smart' or well-used.

¹ Smarter With Gartner, "Choose Your Digital Transformation Starting Point", July 31, 2018 <https://www.gartner.com/smarterwithgartner/choose-your-digital-transformation-starting-point/>

Furthermore, only a **small proportion – just 6% – describe their digital technology as agile and inherent** to the business. Again, it's a strikingly low figure in a world where digital has quickly moved front and centre, implying issues around legacy technology and a traditional approach to new IT opportunity.

How would you describe your organisation's digital maturity (not IT maturity)? Please select best match



■ In its infancy - siloed data, systems and IT support not always performing well	12.75%
■ Functionally competent - the technology works but isn't 'smart' or used well	37.50%
■ Functionally excellent - the technology works well, seamlessly and is reliable	24.75%
■ Strategic - technology underpins business development and growth	17.00%
■ Agile - technology is inherent to our business and drives business change	6.25%
■ None of the above/don't know	1.75%

So, if enterprise IT appears to be still coming up short, or is at least in some respects lagging, what is the impact of this? To what extent are UK organisations being held back as a result?

Our CIO respondents said that underinvestment in IT, resulting in poor infrastructure and weak technology innovation, and flowing from outdated culture and attitudes to IT, equates to:

- Reduced employee productivity (49% cited this)
- Restricted business growth (44.50%)
- A lack of modernisation across the business (41.25%)

Those were the top three issues cited by those we surveyed.

At the same time, we found plenty of evidence that many UK businesses are making big progress, stretching the gap between the leaders and the laggards.

One step taken by many has been to tackle digital transformation by appointing someone dedicated to the role, rather than leaving it to IT:

- We found **60% of those surveyed have hired a Chief Digital Officer, to give 'digital' the attention and profile it needs to take root.**

Other reasons mentioned in relation to the appointment of a dedicated CDO included IT not being viewed internally as having enough credibility to drive business change (41% cited this), and just the simple need to create some separation between the IT and digital business functions to drive things forward (40%).

This can be a problem for a CIO willing and able to lead on digital change, but nonetheless the credibility of the agenda depends on IT not appearing to be led by technology priorities or hampered by existing legacy IT systems and practices. These will be serious considerations for CEOs wanting to see digital transformation quickly deliver results.

Jos Creese, independent digital IT analyst and former CIO and CDO of Hampshire County Council, says the picture painted about CIO attitudes today is telling in terms of the journey so far in relation to digital transformation.

“There are clearly still digital barriers in some businesses, many of which continue to view IT as a cost centre rather than a true enabler of transformation. This creates a dilemma for CIOs, as well as a challenge in aligning IT potential with the risks and costs of technology-enabled change. It makes things particularly tricky for the CIOs who are having to navigate the terrain and need business backing in order to drive transformation as quickly and safely as possible.”

Viewing IT as a cost centre rather than as a strategic investment underpinning change, customer relations and competitiveness is still widespread but, says CIO Sarah Flannigan, who has worked at the National Trust and EDF Energy among others, that doesn't make it a credible or sustainable position.

“CIOs need to think carefully about how they construct business cases that join technology opportunity to digital potential that's related directly to the strategic ambitions of their business,” she says.

“In my work at the National Trust, for example, the organisation embraced digital transformation from end to end, and it made all the difference. Because it was a people-led change, that shaped and defined everything. Yes, we brought in new, transformative technologies but we engaged with the people – including 67,000 volunteers – first. Technology projects have to be approached that way around.”

Flannigan says she frequently sees business cases that seem to justify IT investment just because more IT resources are consumed, or a contract is ending, or an upgrade to a system is 'due'.

“This is not good enough anymore. Digital investment must be justified on business outcomes achieved, rather than technology inputs.”

A related point raised by our findings – the splitting of the IT and digital-change agendas into separate functions – also gets to the heart of the matter, says Creese.

“IT does need to change in some quarters. That much is clear. There's a legacy mindset in some organisations that's focused on the status quo, often because of a fear of cyber risks, the costs of digital transformation or even the weakness of today's executive leaders in understanding and personally adapting to a digital operating model. If splitting out the digital-change agenda into a separate function is what's needed to address these issues, then it may be unavoidable. But many CIOs won't like it.

“Some CIOs – 10% of those surveyed – are sceptical of the need for a CDO, but maybe not always for the right reasons. Maybe they are taking it too personally, or perhaps they have been found wanting. For digital to be successful, the appointed leader needs strong business credentials, and maybe that does call for a fresh start if the CIO is seen to be just too disconnected from business matters. Perception is a powerful thing and sometimes you just have to recognise the symbolic value of a move.

“Most Chief Digital Officers are heads of transformation, and that's a very particular agenda that's not just about IT. Change management is a discipline in its own right, even where there is big overlap in today's digital world, and even if many CIOs think digital leadership is a discipline that won't be in permanent demand.

“At this stage, and for many companies, who knows what the future holds? Technology continues to change as fast as ever, so will digital transformation lead to some new stability in the future, or will constant change continue? It will vary depending on context, undoubtedly, but not much is certain.”

IT skills and the politics of change

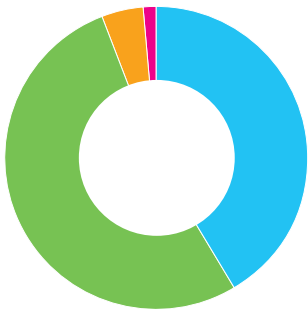
With digital change now high on the agenda, the CIO role has become more political than ever – and most (but not all) IT leaders feel ready for that inescapable reality.

When asked about having the right skills around leadership, negotiation, internal politics and managing senior stakeholders, eight out of ten of our CIO respondents (80%) agreed that they have what it takes to navigate the challenge – but that still leaves a fifth feeling less confident about their capabilities in a changing and politicised business world.

It's not surprising that there's some lack of confidence. Being a CIO today is a broad-based and varied challenge, with communications and internal politics prominent in the mix. There is much uncertainty that is hard to control – and not every context will be a constructive one, even before you take account of any personal misgivings individuals might have about falling short in some respects in their skills.

Decision-making on digital and IT priorities can be subjective and not always binary ('yes/no' or 'right/wrong'). This can be frustrating for CIOs who, by their nature, can tend to be logical, analytical, and fast decision-makers.

To what extent do you feel you fulfilled your vision as a CIO in your previous organisation?



■ Completely - I achieved all of my goals	41.50%
■ To some extent - I achieved some of my goals	52.75%
■ To little extent - I barely achieved any of my goals	4.50%
■ To no extent - I didn't achieve any of my	1.25%

When asked to reflect on their most recent CIO role, only about two in five (42%) respondents said they felt they fulfilled their vision from end to end, with a further half (53%) believing they achieved just 'some' of their goals. But put the two together and that's still an impressive 95% feeling substantially on top of their brief.

There are anxieties and some defensiveness evident in the mix, too. **Nearly three quarters (73%) argue the IT infrastructure they inherited from their predecessor has made the job of transforming the organisation into a digitally-led business significantly more difficult**, and there is also concern expressed about the lack of boardroom understanding experienced at times.

As Creese says: "This may be partly an excuse: like the hairdresser who asks who could possibly have cut your hair so badly last time. It's about making clear just how hard a job you have inherited – and therefore a justification for resources and support you might ask for, as well as providing an excuse if you fall short."

It is interesting, therefore, to consider what CIOs see as holding them back from performing to the best of their abilities:

- Internal politics and 'sacred cows' - or ideas or ways of working seemingly immune to criticism (24% cited this)
- Senior directors wanting to see an immediate return on investment (22%)
- Budget restraints in general (22%)

The problem often appears to stem from an underlying expectation by some boards that IT must deliver savings against current capabilities, when what most CIOs want is a renewed focus on what's possible – investment in transformation and new capability, in other words.

To justify the right IT investment to the board, over half (52%) of CIOs called for leaders to refocus return on investment in terms of what more can be done, not how much can be saved, with a similar number (45%) also calling for the board to foster a bigger appetite for risk.

And, significantly, **no less than three quarters (76%) of CIOs still feel their organisation views IT as a cost centre** – arguably a startling number, given the way the world is meant to be embracing digital capabilities. Set against such a sentiment, though, are some seemingly contradictory notions such as:

- The organisation views IT as an enabler of business transformation (80% agree)
- The organisation views IT as a driver of new business opportunities (76%)

If logic says that some of these views shouldn't happily coexist, let's just acknowledge that it's a complex world and organisations seeking to become more 'digital' are struggling with the implications. CIOs, like all business leaders, know all too well they have to work with the confusions and contradictions thrown up by an often messy reality.

Here's Jos Creese again.

“For every CIO, there is a lot to unpick about the nature of all they do from day to day. For example, what are the new priorities in a digital operating model where much IT can be sourced in the cloud? To what extent are they the custodians of cyber resilience in its broader sense? And how should CIOs balance the risk of new IT, methods and technologies against the limitations and costs of legacy IT that is deeply embedded? In many organisations, there is also a gap between some of the rhetoric of digital transformation and the reality.

“How do you square the idea that in many organisations IT is being viewed simultaneously as a cost centre, as the engine room to support every part of the business, and the driver of productivity, transformation and new business opportunity? On one level, you might reasonably say you can't, but the fact is that IT is all of these things and more. It's a challenging picture, and not for a faint-hearted CIO.”

The successful CIO, in other words, has to navigate all the complexities and the politics with fluency to get things done, while balancing competing agendas and priorities, and to position the business to grasp future technology possibilities.

Flannigan adds: “Many CIOs have confidence in their own abilities but express frustration at the capabilities and digital maturity of the organisations they are supporting. To bridge that gap, CIOs cannot allow themselves to sit on the sidelines complaining, but must find ways to make an impact and a difference.”

One challenge here, as Flannigan acknowledges, is how many large organisations have a lot of legacy technology that is a challenge to replace.

“That’s the problem in having heavily invested assets: generally you cannot just write them off. But, at the same time, it’s incumbent on CIOs to make the case for investment and progress. At the National Trust, that was made possible by getting buy-in for a long-term strategic roadmap for technology, and then, in practice, by retiring and replacing platforms with cloud-based alternatives in a considered, incremental way over three years.”

As Flannigan’s experience illustrates, one essential issue for many CIOs today is that the landscape of IT investment in organisations has changed with the rise of cloud and the kind of hybrid infrastructure that now supports most organisations. It is no longer a simple question of insourcing versus outsourcing, and many IT supply models have proved to be costly legacy burdens.

“On one level, cloud has made things simpler – moving IT towards more of an operational expenditure rather than a capital expense,” she says. “But the fact is that many boards have got comfortable with capex spend on IT projects and may need re-educating about the shift towards potentially higher operational IT expenditure and the extra short-term investments in updating systems that will inevitably come with any digital transformation moving away from legacy IT. A friendly CFO who can argue IT’s corner is often a great help in this area, so long as they understand what’s at stake and just how any proposed investments will deliver for the long term.”

CIO careers and professional development

Career development matters to every senior IT leader: few get to the top of their profession by chance. But how are today’s demands for IT to lead or play a part in the digital transformation agenda shaping what it means to be a CIO – and to keep developing personally, too?

For one thing, making an impact in the role is in part related to the length of time in the job – understanding the business, its drivers, cultures, and politics. Here, our research found evidence that many CIOs understand that staying in post for at least five years gives a real opportunity to make a difference, and some of the best-known UK CIOs have spent much longer in the role than that. But there also seems to be some real pressure for a CIO to move on, gaining experience by seeking new opportunities and not staying put for too long.

Half of our surveyed CIOs (51%) spent less than five years in their last role, and just under half (48%) expect to spend less than five years in their current post, with about one in six (16%) reckoning they will last less than three years. Equally, the figures also reveal that about 40% of our surveyed IT heads have been in post for between six and 15 years.

There is some evidence that **the complexity that attaches to the work of a CIO today is taken seriously by most, and serial job-hoppers are increasingly scarce. With digital transformation a work in progress, nearly a quarter (24%) are also taking on the responsibilities that might be deemed the work of a Chief Digital Officer**, which is a significant expansion on the traditional IT leader’s role.

Our survey also showed that, despite the day-to-day pressures, CIOs take seriously their own professional development:

- Nearly **a third (32%)** are **joining other boards as a non-executive** to stay fresh
- **A fifth undertake pro bono work** to expand personal experience
- **Nearly half (47%)** are **reading widely** around the latest research
- **Two-fifths (41%)** **regularly attend industry training sessions** or briefings.

Nearly all CIOs (84%) also argue that the idea of digital transformation is still relevant today, and view its meaning as a term which should describe genuine organisational change and new business models arising from new technology, rather than just 'new, more or better IT'.

And which technologies are front of mind? Machine learning, artificial intelligence and robotics process automation are in frame for 37%, while a similar proportion (34%) are tuned into the potential to be derived from the Internet of Things. Social media analytics (cited by 34%) is also a popular focus. But interestingly, there are many emerging and existing technologies that CIOs see today as being critical in the armoury of their organisations as they make the shift to becoming digital businesses.

Which of the following emerging technologies are you currently working on/ were highlighted by the c-suite as strategically important?

Machine learning/AI/robotic process automation (RPA)	37.00%
Blockchain	32.50%
IoT	33.75%
Voice recognition	24.00%
Biometrics	25.25%
Data science	33.50%
Social media analytics	34.00%
Industry 4.0	17.25%
Subscription economy	16.00%
Automating processes	25.25%
Advanced data analytics	33.25%
Digital transformation	31.50%
Information security	30.75%
None of the above	1.00%
Don't know	0%

“These are interesting findings about CIO careers,” says Creese. “My own sense is that CIOs are changing their jobs less frequently than in the past, and that’s logical given all the complexities that attach to digital transformation. Their role is much more complex in managing digital change than simply delivering successful IT projects and programmes, as was the case in the past.”

While looking for a new role after five years seems reasonable to Creese, the idea of chopping and changing every two or three years now looks like bad practice, where once – even ten years ago – that wasn’t so much the case.

“Organisations need continuity of leadership to see through large-scale transformation projects, with all the cultural and behaviour shifts that are needed alongside the technical piece. Two years’ tenure is often just not long enough in this context. CIOs risk being viewed with caution by would-be employers if they can’t explain rapid and constant job changes – after all, interim CIOs do that role.”

It’s heartening to Creese and Flannigan, at the same time, that professional development is taken so seriously by so many.

“You’d expect it, but nevertheless the range of ways that so many CIOs are looking to further themselves speaks well of the UK’s IT leadership,” says Flannigan. “It’s worth emphasising that there are some great CIOs out there doing exceptional work in sometimes challenging circumstances, in every sector, and there is every reason for optimism. The politics of the role is perhaps where some are still struggling and need to brush up in the years ahead. Delivering digital transformation will rarely be easy, but it is definitely an exciting life!”

Three steps to drive digital change

What are the essential actions for CIOs that derive from our research? Here are three steps worth taking:

1. Identify your potential board advocates

Every CIO has a feel for the agenda of a company and its board in relation to technology investment and digital transformation. Whether or not you think a fresh approach to digital is needed now, take the time to identify and work with those on the board who embrace and understand what's at stake. One day they could become advocates and support important projects.

2. Find a mentor

Transformation is never easy, and most CIOs will benefit from having others to turn to for advice, insight and moral support. If a mentor or two is missing from your life now, take the time and trouble to seek them out. Pick the right person and you'll feel an immediate benefit from the relationship.

3. Communicate your vision

Digital transformation needs a vision that others can believe in. The CIO is uniquely qualified to drive change, but it needs to be communicated well for others to understand and embrace it. So make excellent communication your priority.

Methodology

Citrix commissioned [OnePoll](#) to carry out an online survey of 400 UK-based chief information officers in organisations employing over 250 people. This survey took place between 31st October and 16th November 2018.



Enterprise Sales

North America | 800-424-8749

Worldwide | +1 408-790-8000

Locations

Corporate Headquarters | 851 Cypress Creek Road Fort Lauderdale, FL 33309, United States

Silicon Valley | 4988 Great America Parkway Santa Clara, CA 95054, United States

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