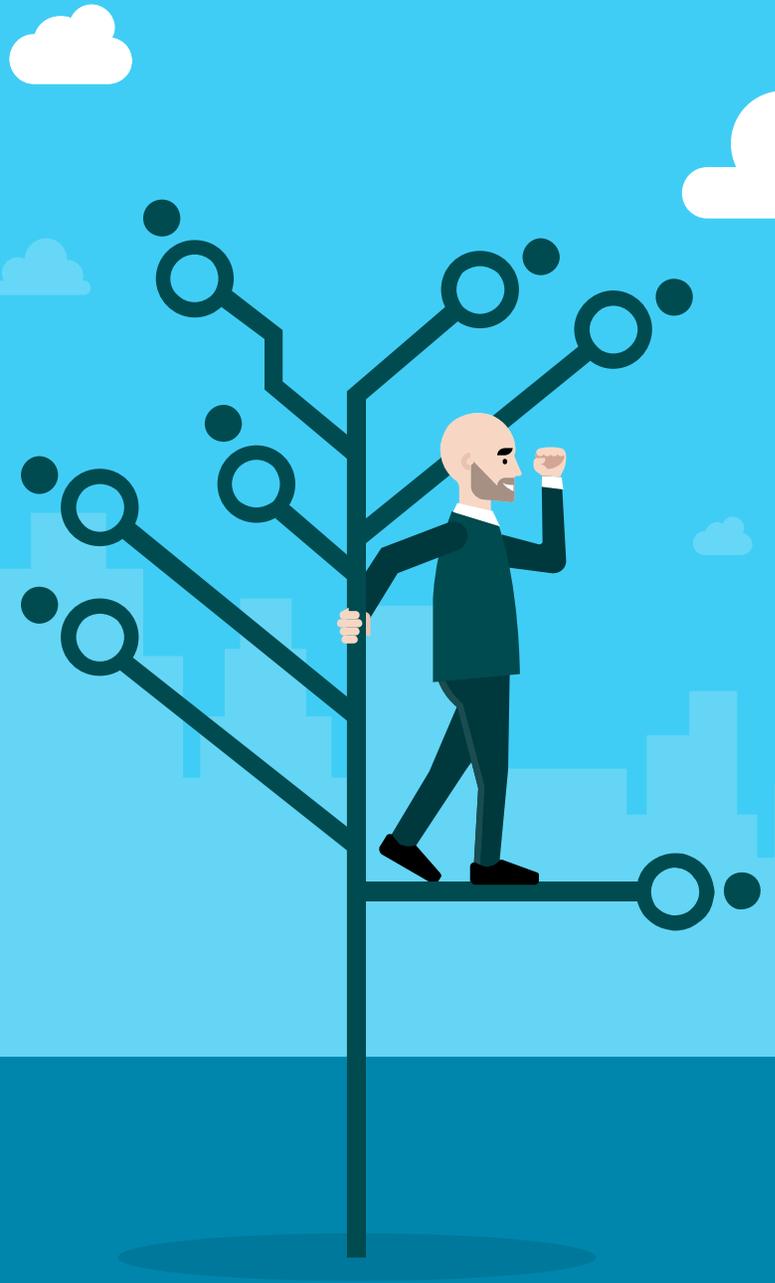


THE DIGITAL CIO

Now is your time to lead business transformation

1

UNPRECEDENTED OPPORTUNITY AWAITS THE CIO





As CIO, your own journey to digital mastery begins with shaping a powerful **digital vision for the business** — a vision that reimagines how the organization creates assets that deliver goods, services, and experiences that customers perceive as valuable.”

There’s little question that digital is the new language of business. In a recent survey, 80 percent of senior executives reflected that an investment in digital transformation within their organization is very important to future success. However, only a third plan to hire a chief digital officer within the next two years.¹ Instead, CEOs are looking for a strong digital leader to emerge within the business, with the skills and perspective to drive a holistic digital strategy and roadmap for future success.

In its *2016 CIO Leadership Playbook*, Gartner shares that CEOs are most likely to look to the CIO to fill the gap in digital leadership.² In many ways, the CIO is in the best position to drive an organization-wide strategy that brings people, data, and processes together to create new business models and deliver competitive advantage. This ability to connect the dots to see the big picture is more important than any other success measure for digital leadership, according to Forrester.³ Tellingly, Forbes Magazine says organizations in which CIOs were part of overall development strategy outpace their competition 2:1.⁴

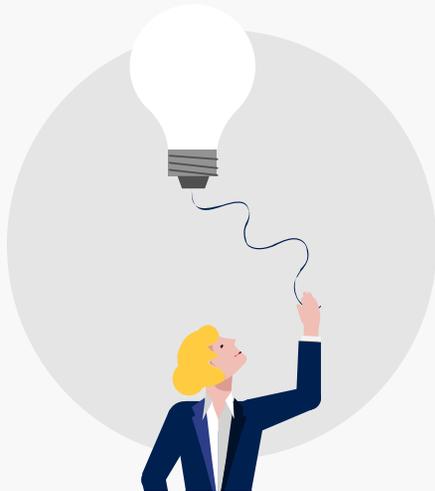
Nigel Fenwick et al. *Craft Your Digital Vision*.
Forrester. February 9, 2016.

2



PROFILE OF THE SUCCESSFUL DIGITAL CIO

At Microsoft, we see that the most effective digital CIOs share these leadership traits:



**INNOVATION
MINDSET**



**INFLUENCE VERSUS
CONTROL LEADERSHIP
STYLE**



**STRONG PARTNERSHIP
BETWEEN IT AND
THE BUSINESS**

“ To get the money you need for tomorrow, you have to **make changes in how IT operates today**”



INNOVATION MINDSET

In a recent survey of senior executives, the Economist Intelligence Unit (EIU) found that only 7 percent say the CIO plays a leadership role in identifying opportunities to innovate. When asked to identify the primary role of IT, 14 percent said leading technology innovation, versus 86 percent who cited more traditional IT functions such as maintaining and integrating legacy systems and operating as a service provider to the business.⁵ To lead the digital shift, the CIO will need to look beyond these traditional practices and transform IT from within.

When asked to identify the CIO's biggest challenge in transforming the organization to a digital business, Gartner Research Vice President Donna Fitzgerald wrote, "the digital transition for IT requires giving up a service mentality and instead adopting an investment mindset. Supporting the legacy systems of the past can't be allowed to consume all of the money necessary to thrive in the future."⁶ For example, CIOs are investing in modernizing IT end-to-end. Historically, IT has taken an incremental approach to modernizing systems as new technology and processes arise. However, according to McKinsey, organizations that instead take a holistic, end-to-end approach to IT modernization will be more effective at creating and supporting viable digital businesses. An end-to-end approach can help reduce the amount of time required to translate business ideas into new products and services, helping the business reduce time to market by up to 60 percent.⁷

Gartner, Smarter with Gartner, "Analyst Answers: The CIO's Biggest Digital Transformation Challenges." September 23, 2016.

INFLUENCE VS. CONTROL LEADERSHIP STYLE

Many IT departments have been reluctant to embrace new ways of working, even stifling innovation and collaboration in favor of maintaining cross-company standards and cost efficiency. This approach may have once been the norm, but fostering innovation and disruption is now essential for CIO success, according to Deloitte's *2016-2017 Global CIO Survey*. Interestingly, when assessing their own leadership competencies, only 47 percent of CIOs surveyed consider "influencing internal stakeholders"—an essential skill for leading change—as a strength; however, 64 percent consider it an ideal characteristic.⁸

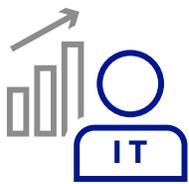
For the CIO, the key to being an influential leader is to empower users and instill trust and freedom in the workplace. It's about creating an environment where the business feels like it can come to IT with creative ideas. For example, progressive CIOs are realizing they must influence digital business and "shadow IT," not control it—while helping drive innovation around IT best practices.⁹ Gartner analysts Kurt Potter and Stewart Buchanan write, "While traditional, governance and control strategies would be prudent for centralized IT and major segments of decentralized IT, with digital business and shadow IT, influencing it will more likely product the most positive outcomes with business units."¹⁰

“ IT functions that recognize the value of **bringing shadow IT under the IT umbrella** are viewed by the business as being **less intimidating** and **much more business intimate.**”



Stephanie Overby. *"How to Embrace the Benefits of Shadow IT."* CIO.com. June 6, 2016.

“ In organizations where IT is considered **a partner in the business**, it is viewed as **3x** more effective at implementing bottom-up innovation and creating a healthy IT culture.”



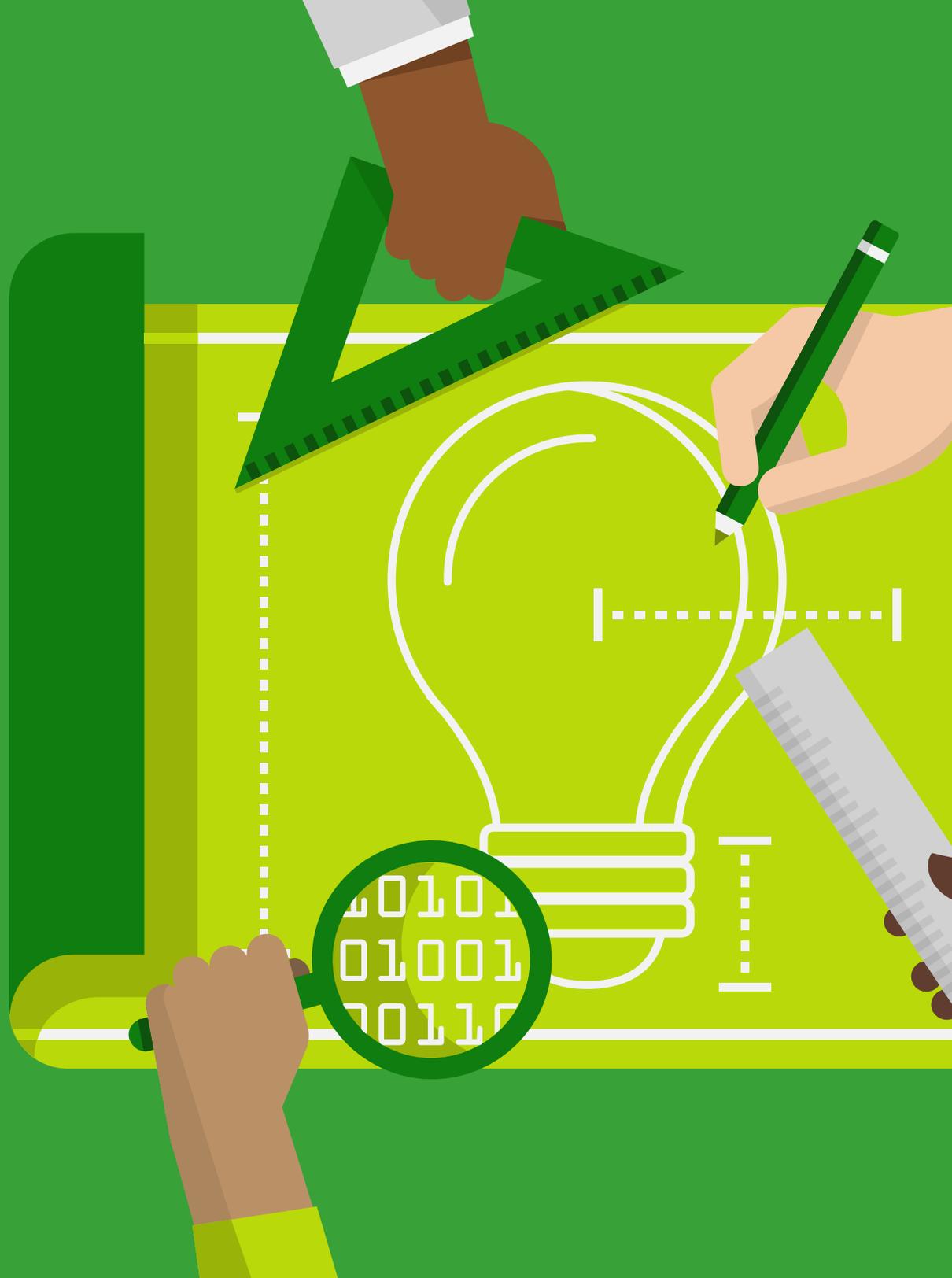
STRONG PARTNERSHIP BETWEEN IT AND THE BUSINESS

The trend toward companies distributing IT budget for innovation across the lines of business is continuing. According to Deloitte's *2016-2017 Global CIO Survey*, CIOs surveyed reported a decrease of 11 percent IT budget allocation to support business innovation between last year and this year, highlighting the need for CIOs to closely partner with the business to help drive innovation.¹¹

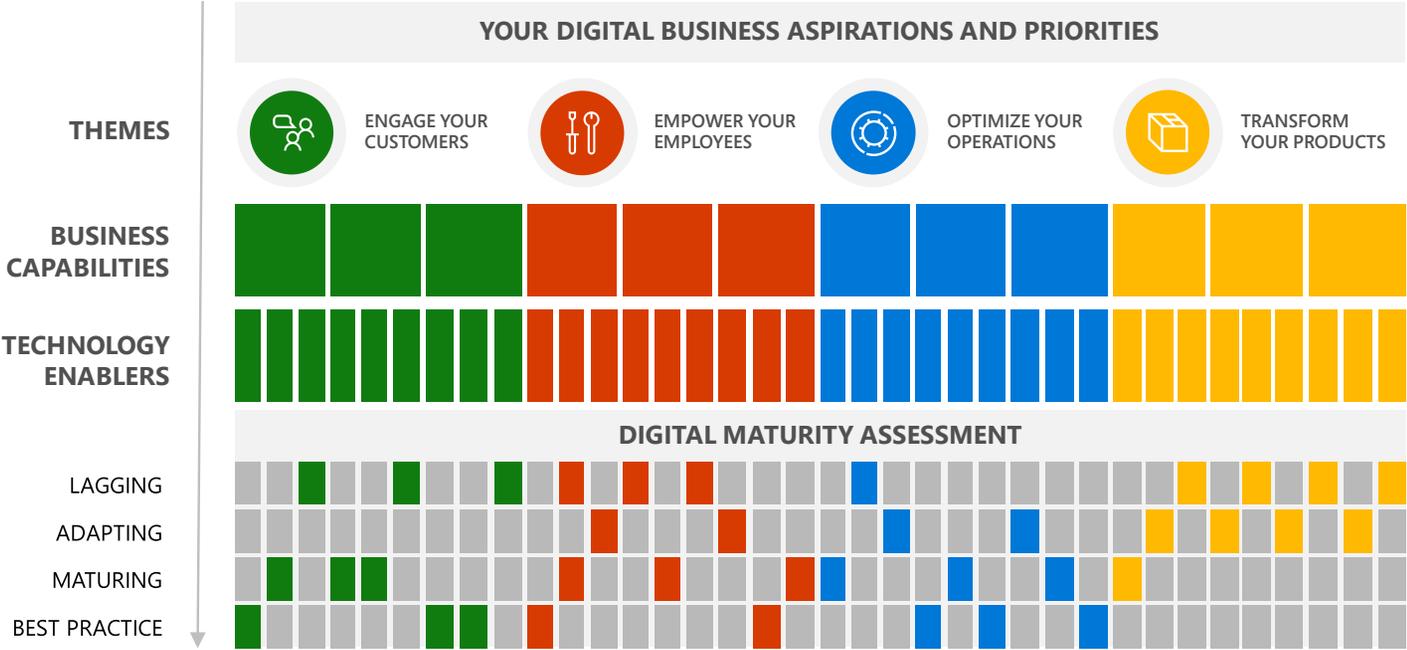
As funds continue to move towards the business, CIOs need to focus developing capabilities to deliver business value. Data and analytics is just one example where IT is taking the lead to help the business improve decision-making and deliver new services.¹² Harnessing the Internet of Things is also helping IT lead the shift from products to outcome-based services. For example, by connecting a production line to the cloud for advanced analytics, a leading manufacturer was able to meet customer demands for faster delivery of products while decreasing time wasted in the manufacturing process.

Darrin Morrissey. *"How CIOs Shape a Digital Transformation Strategy."* *Cioinsight.com*. August 22, 2016.

HOW WE CAN HELP



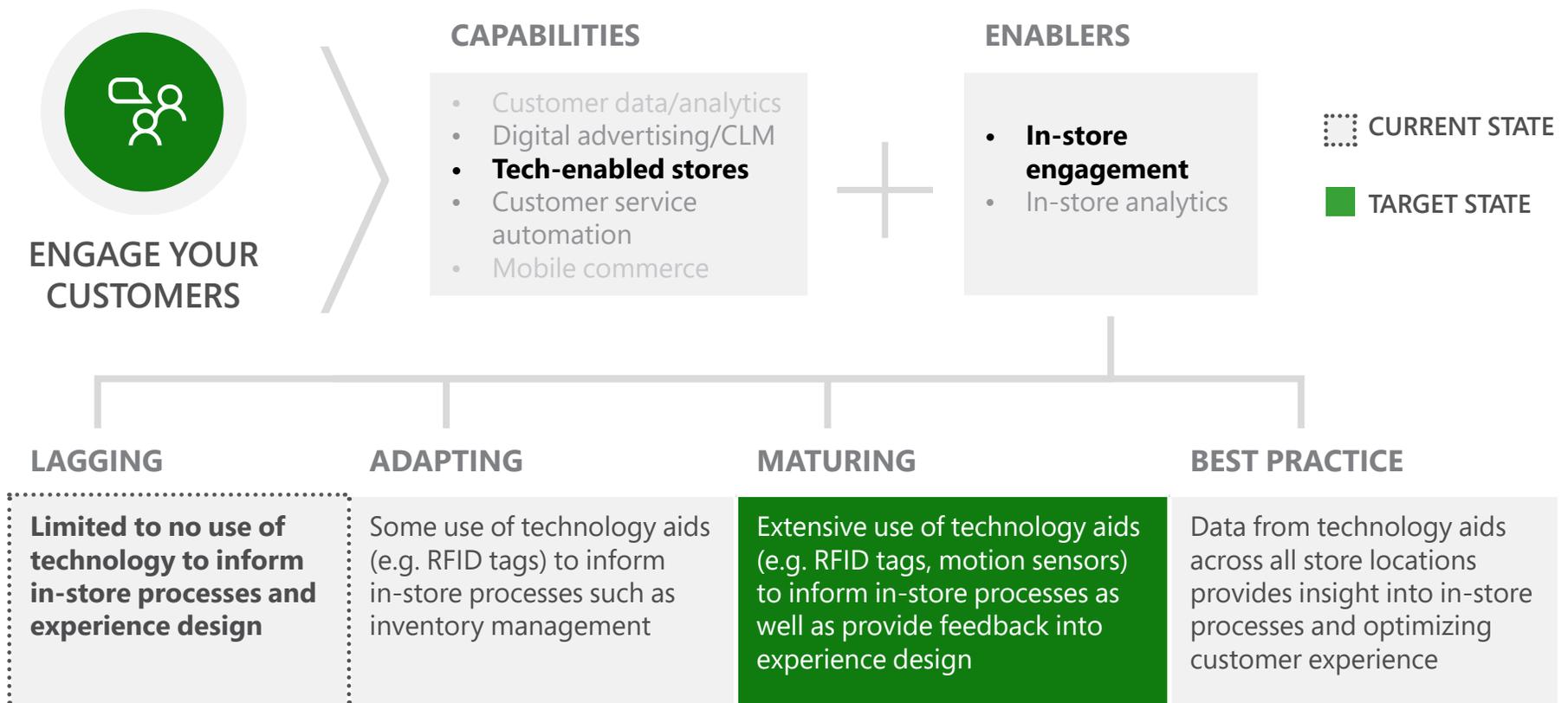
At Microsoft, we have developed a rich digital maturity model that will help digital CIOs successfully lead the business to create a strategy and roadmap for digital transformation. The model helps you engage in digital-era conversations with the CEO and other business leaders, with the goal of creating new digital value and clarity on the steps needed to bring digital aspirations to life.



The model is organized around four common themes that reflect top areas of investment today. These areas align to nearly 100 line-of-business capabilities and related technology enablers. The technology enablers are further defined through the lens of four maturity stages, ranging from lagging to industry best practice. Using this rich model, a Microsoft advisor will help you lead the business on a digital maturity assessment, uncovering business capability and technology enabler gaps, and developing a strategy and roadmap to accelerate the digital journey. On the next page, you can see examples of how digital CIOs are using the model to help the business transform.

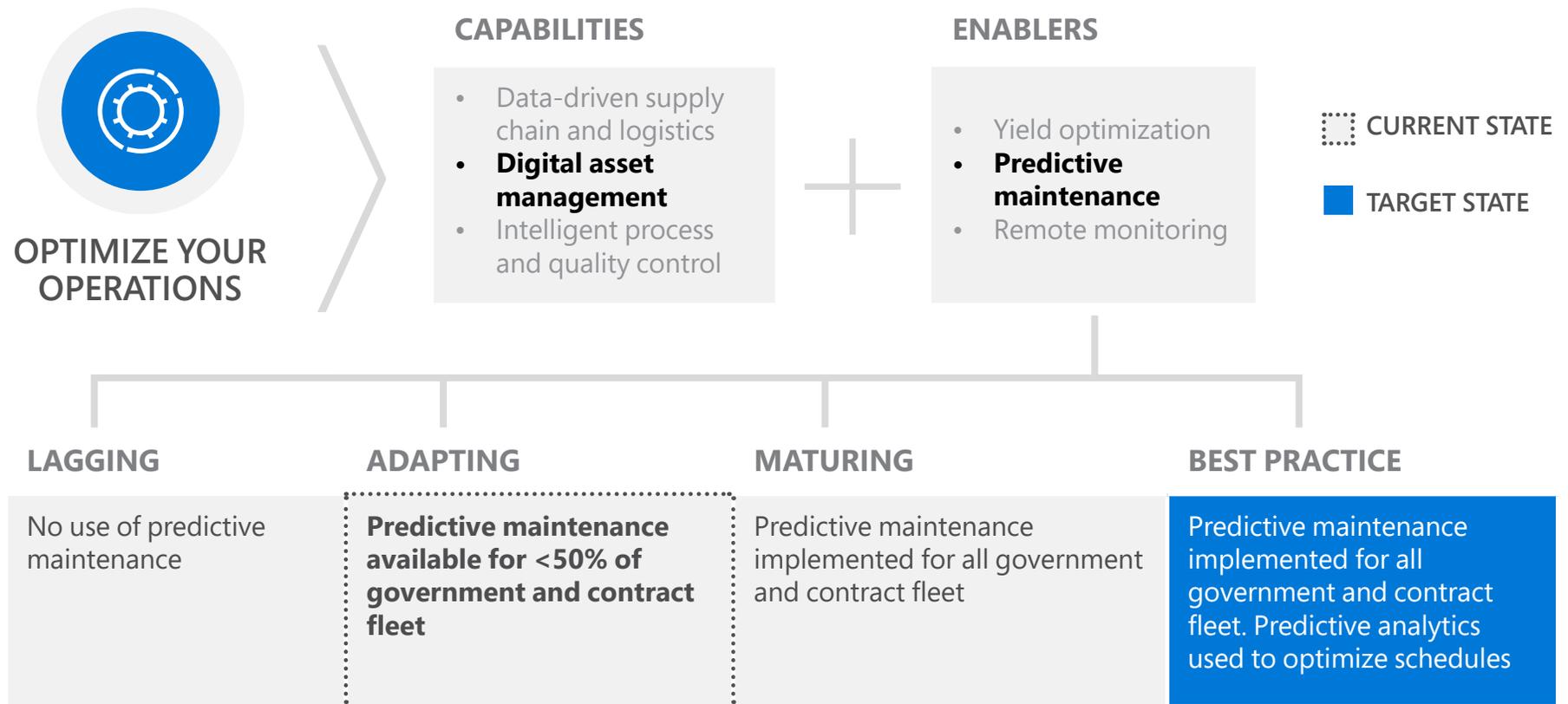
EXAMPLE | ENGAGE YOUR CUSTOMERS

The CIO of a major retailer meets with the chief marketing officer, who wants to deliver a cutting-edge in-store shopping experience complemented by a compelling and consistent omni-channel experience. Upon completing the digital maturity assessment, “in-store engagement” is identified as a digital lever that will deliver the most value. By bridging the gap in this area with RFID tags, the organization increased revenue and gained a competitive advantage.



EXAMPLE | OPTIMIZE YOUR OPERATIONS

The CIO of a city government meets with the transportation secretary, who wants to reduce traffic accidents during snow storms. After completing the assessment, they identify “predictive maintenance” as a critical digital lever for optimizing the snow removal fleet. By bridging the gap in this area with a GPS and a cloud based monitoring system for the entire fleet, the city is able to redirect resources to where they are needed most, increasing citizen safety and reducing traffic accidents.



PARTNERING FOR SUCCESS

Microsoft and our extensive ecosystem of partners are here to help you lead your digital transformation journey. We have worked with IT leaders at some of the world's largest organizations and would welcome the opportunity to share our digital maturity model with you and your leadership team.



Lowe's partners with Microsoft to redefine home renovation

Lowe's wanted to help customers imagine how kitchen projects would look in real life before embarking on a remodel. Lowe's partnered with Microsoft to create an augmented reality experience, enabling customers to experience a holographic representation of the kitchen, adjust options instantly, and share designs online. The solution brings customers a new way to experience full-scale design and appliance options while maximizing store floor space.



The Sao Paulo State Court of Justice and Microsoft construct a modern, sustainable court

The State Court of Justice in Sao Paulo (TJSP) needed help designing a long-term plan helping the court operate more efficiently, better serve the State of Sao Paulo's citizens, and comply with federal law. By partnering with Microsoft to develop the long term digital government strategy and plan, judge productivity increased by 50 percent and the quality of citizen services were improved with 70 percent faster response times.



ExpressJet and Microsoft improve safety and boost pilot morale

ExpressJet wanted to provide pilots with real-time weather data and make daily tasks more efficient. Together with Microsoft, ExpressJet equipped pilots with an electronic flight bag loaded with weather, mapping, and flight information, helping pilots make more informed decisions while eliminating the burden of a flight bag. Pilots can also stay current on news and keep in touch with coworkers and family while on the road.

GET STARTED TODAY

Visit enterprise.microsoft.com/cio

Attributions

¹ *The Rise of Digital Leadership*. IIC Partners. September 7, 2016.

² *2016 CIO Leadership Playbook*. Gartner.

³ *Organizing Your Digital Future*. Forrester, December 2, 2015

⁴ Ben Kerschberg. *"How CIOs Can Use Crowdsourcing to Drive Digital Business."* Forbes. September 19, 2016.

⁵ *"Why CIOs must look beyond departmental walls to inspire innovation."* The Economist. 2016

⁶ Gartner, Smarter with Gartner, *"Analyst Answers: The CIO's Biggest Digital Transformation Challenges."* September 23, 2016.

⁷ Driek Desmet, Markus Löffler, and Allen Weinberg. *"Modernizing IT for a digital era."* McKinsey. September 1, 2016

⁸ Khalid Kark, Mark White, Bill Briggs, Anjali Shaikh. *Navigating Legacy: Charting the Course to Business Value (2016-2017 Global CIO Survey)*. Deloitte University Press. November 10, 2016.

⁹ Sarah K. White. *"Empower your employees by embracing shadow IT."* CIO.com. September 13, 2016.

¹⁰ Gartner, *Coming to Terms with Business Unit IT to Prepare for Digital Business*. Kurt Potter, Stewart Buchanan. April 21, 2016.

¹¹ *2016 State of the CIO Survey*. CIO.com. December 21, 2015.

¹² Hugo Moreno. *"5 Keys To CIOs' Digital Transformation Success."* Forbes. September 15, 2016.