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THE CHANGING ROLE OF IT

HOW IT PROFESSIONALS CAN INCREASE THEIR INFLUENCE IN THE DIGITAL ERA.

We all know why the role of IT is changing: the seismic shifts to cloud services, mobile devices, analytics and other new technologies. The question is how to adapt, both as a part of an organisation and personally in your career.

Compounding these shifts are the increased pressures on IT departments from inside and outside the organisation. Consumer expectations will rise across the board over the next two years, according to the Optus Future of Business Report 2014. In particular, customers increasingly expect services that require minimum effort and deliver a quick result, and a personalised, flexible experience – all of which require technology solutions.

The expectations of marketing, operations and other departments are also rising, as businesses rely more on technology to deliver products and services to customers. This often leads to internal tensions. Half of the businesses surveyed for the Future of Business Report nominate competing agendas or lack of alignment between departments, or both, as key challenges.

What does all this mean for CIOs and other IT professionals? How do they break down barriers in their organisations so they can deliver what's expected of them? Or will the shift to cloud and other outsourced services reduce their role?

Three keynote speakers at Optus Vision 2014 explored the changing role of the IT profession. Attendees at Optus Business' annual conference heard from:

• Alan Hesketh, former General Manager for Group Information Services at Super Retail Group, about how collaboration between IT and marketing teams can improve the customer experience

• Kevin Bloch, Chief Technology Officer at Cisco Systems Australia, about the emerging opportunities for IT leaders

• Mal Thatcher, Executive Director and Chief Information Officer at Mater Health Services, about how CIOs can increase their influence.

ALIGNING IT AND MARKETING TO IMPROVE THE CUSTOMER EXPERIENCE

Alan Hesketh explained how teams at Super Retail Group collaborated to improve the customer experience. Critically, the collaboration started at the highest level, with a clear, customer-focused corporate vision, organisational structure and culture.

Super Retail Group owns a number of specialty retail chains, with more than 600 stores across Australia and New Zealand. "What is common between Supercheap Auto, BCF and Rebel? It's about people's leisure time," Hesketh said. "Our aim is to help people enjoy their leisure time."

The group is structured to benefit from economies of scale, with a single supply chain, IT and other functions that deliver the best possible value to customers. However, the company also has three operational divisions to ensure each chain's retail experience appeals to each very distinct customer base.

That creates a challenge for the IT team. "Going into a Rebel store is very different from the experience you get in a BCF store. So we need to make sure our online experience is differentiated in a similar way," he said.

The first step is to get the underlying processes right. "So, for example, our online delivery mechanisms are exactly the same as our in-store delivery mechanisms. But what the customer sees is where we strongly differentiate. The websites are increasingly focused on customer experience."

Delivering an outstanding experience requires a culture that puts the customer first when making decisions. This culture can only be achieved if business functions work together and understand that the customer – not any particular department – should define the customer experience. That starts with getting accurate insights – "ensuring that we have that single, coherent, consistent picture of our customer with the data that they want to share with us".

So how do the group's IT and marketing teams collaborate?

"I'm lucky to work with a general manager of marketing who's quite sensitive to some of the problems that IT faces," he said. "So that has given us a good platform to focus on the things that we need to do to succeed. And we have a collaborative, joint plan for how we go about developing those marketing initiatives."

THE EMERGING OPPORTUNITIES FOR IT LEADERS

Kevin Bloch said the profession faced some big challenges to remain relevant. With big technology changes such as the shift to the cloud, he understood why CEOs would be tempted to outsource IT. He contends that IT departments should actually become more important, "but we need an IT department looking forward in terms of what's possible outside of IT – that's the difference."

He identified six key areas of opportunities for IT departments and professionals. These included:

1. **Services brokerage.** IT has a vital role as a facilitator for the public and private clouds that enterprises will increasingly use, along with telecommunications, collaboration and other services. This means selecting the right service for each task, taking into account cost and other factors such as resources, applications, security and data sovereignty. Bloch said Cisco was working on a solution such as Intercloud, to help organisations switch between cloud services because this would be increasingly important for enterprises to extract the best value out of a dynamic market.

2. **Applications.** As infrastructure continues to move from on-premises to the cloud, applications will assume greater importance for the IT department. But this shift will result in greater complexity as applications become more powerful and, in many cases, more automated. To this end, Cisco is developing what it calls "application-centric infrastructure". This will decouple the workload from infrastructure so applications can leverage the most suitable cloud or on-premises hardware resources at any particular time and do so under defined script-based, corporate policies – that will be implemented by IT.

3. **The workspace.** "Our workplace has changed, but the buildings that we work in were built for the way we worked 30 years ago," Bloch said. The IT department has a key role in transforming the workspace for today's more mobile, distributed workforce, including providing the teleconferencing, collaboration and other appropriate productivity tools needed.

4. **Security.** This will become a critical role for IT as the threat landscape becomes "exponentially worse", in particular, as we connect more "things" and as organisations come to terms with all the third-party services in use that are outside the governance of the IT department.

5. **The Internet of Everything.** Bloch said that the number of devices connected to the internet would rise from 10 billion to 50 billion by 2020.[1] "Humans are not going to be able to manage 50 billion things. Machines are going to have to do that." And who will manage the machines? The IT department.

6. **Predictive analytics.** IT's role is to educate the rest of the organisation about what's possible with data. In particular, non-IT executives want to know: "Can you help me make smarter, faster decisions, or can you automate my processes?"

HOW THE CIO'S ROLE IS TRANSFORMING

Mal Thatcher spoke about how CIOs need to change and how they can increase their influence at an executive and board level. It starts with recognising the need to change.

"It's really time to throw away the old CIO rulebooks," he said. "We are moving from managing IT operations to being an enabler of business value."

Thatcher said CIOs needed to change and provide business value in a number of ways:

- Instead of being risk averse, CIOs have to become risk leaders. "BYOD is a classic example, where it's easy to say, 'No, you can't bring your own device', but really what we should be saying is, 'Yes, now how do we manage that risk?'"

- CIOs need to avoid being pigeon-holed as geeks by adding real value to the business, even outside IT. To do this, he said, "you have to immerse yourself in the business to truly understand it because you can't add value to something you don't understand." CIOs also need to be good communicators and delegate IT operations so they can assume a broader role as a value enabler, strategist and expert in business transformation.

- IT departments should remain cost centres, but it's more important to be a business partner than a service provider. "If you're just a service provider, then they're going to say, 'Well, I can purchase that anywhere'." To this end, Thatcher recommends updating the KPIs of the IT team to include collaboration, innovation and business value.

- Every CIO should have a strategic plan that covers how IT enables service and product development, improves the customer experience and workforce efficiency, minimises risk, and covers compliance.

"I believe CIOs need to drive disruptive innovation to break what I see as apathy in business – businesses that are struggling to change," Thatcher said.

He provided some key steps for CIOs who want increase their influence among the executive team or board:

- Get IT and innovation on the agenda. "If you're not talking about it, you can't influence it," he said.

- Bedazzle them with facts and practise your futurist skills. "Talk about the incredible rate of change and the amount of research that's happening. It opens up a conversation where they start to ask you questions like, 'What does that mean for the organisation?'"

- Get runs on the board. "All too often as IT professionals, we don't sell what we do. Being able to communicate the volume of work that you do, the value you deliver, the innovation you bring – you've got to communicate your success."

- Get the board's feedback and input, and be responsive to it. "You've got to be genuine, rather than disingenuous, in terms of wanting to engage with the board and responding to their questions."

CONCLUSION: WORKING TOGETHER FOR A COMMON CAUSE

For more details of how to create a business that your customers love, see our Future of Business 2014 report.

All three speakers agreed that it was vital for IT departments and professionals to change – and to become more integrated into the rest of the organisation. That's likely to be easier in businesses that have a strong corporate vision and customer focus.

For example, the Future of Business Report found that only 5 per cent of businesses that deliver an outstanding customer experience have department alignment problems.
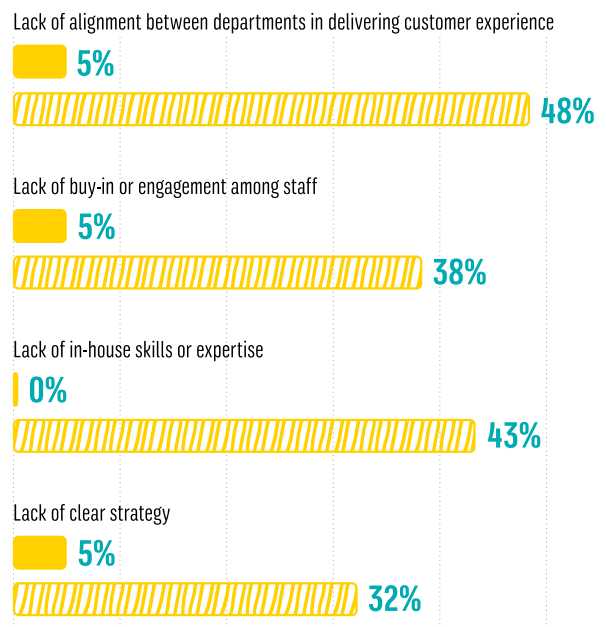
As Alan Hesketh said: "What we try to do is really focus our teams – whether they're IT, marketing or finance – on our customers. We're really trying to keep that focus on who's important to our organisation, to make sure that we're working together."

For more details of how to create a business that your customers love, see our Future of Business 2014 report.

[1] Cisco Internet Business Solutions Group, The Internet of Things infographic http://share.cisco.com/internet-of-things.htm

PERCENTAGE OF BUSINESSES FACING KEY CUSTOMER EXPERIENCE CHALLENGES

■ OUTSTANDING   ▨ AVERAGE

Lack of alignment between departments in delivering customer experience
5%
48%

Lack of buy-in or engagement among staff
5%
38%

Lack of in-house skills or expertise
0%
43%

Lack of clear strategy
5%
32%

Based on businesses own customer experience rating.

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