



CIO Roundtable
“Winning tactics for hard times”
A Summary Report

BACKGROUND

In the midst of today’s global economic turmoil and continuing uncertainty, most businesses are managing costs and scrutinizing budgets more aggressively than ever. Meanwhile, customers are becoming even more demanding, while competitors both at home and abroad are getting leaner and meaner.

For the IT executive, this challenging environment poses many tough questions: how do I steer a course through these difficult times? What strategies are called for? How can I meet the expectations of my CEO and corporate stakeholders and continue to deliver value in the face of shrinking resources? How can I meet the vital long-term IT needs of the business while delivering short-term ROI?

In these turbulent times, it is also imperative for CIOs to form the best and most sustainable vendor relationships possible. This raises further questions for the CIO: how do I improve my vendor relationships? How do I negotiate better deals? How do I create more synergy with vendors and, in effect, partner with them so that they can more effectively support my efforts?

Roundtables produced by The IT Media Group (ITMG) provide the ideal format for frank and open discussion among IT executive peers, allowing them to explore issues in depth, with a judicious amount of expert facilitation. These sessions are designed specifically for small groups of IT leaders, enabling them to take away practicable new approaches, validate their own thoughts, brainstorm ideas, and share their successes and their pain.

In ITMG’s Nov. 17, 2011 roundtable, the discussion focussed on strategies for cost management and for sustainable investment in infrastructure and critical business initiatives during these difficult economic times. It also focussed on vendor relationships, and on a variety of techniques being used to retain valued employees, accommodate social media, and reaffirm IT’s value to senior management.

KEY DISCUSSION POINTS/FINDINGS

Cost-cutting

We're at a point where we really can't cut effectively any more without it being an issue and I think the business has realized that. Now it's a question of how do you get more efficient – do more with less? And that's exactly where we're getting to right now, which is a better place to be than just cutting.

I live in an environment of having to do more with less far more aggressively than ever before – a lot less to do a lot more. What I'm finding is that the dependence on technology to drive the business's strategies is now increasing. So I now sit at the business table, whereas I was one level away from it before. So even though we're in an environment that is tough, the ability to take not only a step up but for us to lead through innovation is probably better than I've ever seen it.

It's very important to be able to say, right up front, if you do this, this is how it aligns with your strategy and we'll measure it afterwards – and then to make sure you deliver.

Return on Investment

Return on investment almost has to be instantaneous in this market – putting together a business case that says the ROI is 12 months isn't good enough. That's one of the biggest challenges I have – getting a business case that makes sense and has the back-office automation and has the cost-cutting; I think it's going to save millions but it's a very difficult sell when it's going to take 18 months to know that the money spent had a good return on investment.

We need to keep the momentum building on any programs that are more agile or more iterative in their development – so anything that's delivering value quickly and getting stuff into users' hands, even if they're part of a bigger program.

We've gone to 60-day delivery. The notion is, every 60 days we're able to say we've just done this – whatever 'this' may be. And it's not just new initiatives – it's everything. I didn't put a fence around it. That keeps giving you the value-added, and it isn't 18-month ROI, it's 60-day ROI. It's a challenge to the team because we weren't used to it, and when they asked me what I meant I told them "It's yours to figure out." And they've come up with different ways and methods of delivery. And that's another way of showing value.

What are you defending the most?

It's really the high caliber talent that I'm defending. It's not things like risk management or BI or analytics; it's just the good guys. I have a list of 30 people who I'm supporting and fighting for and mentoring and going the extra mile for – so now things are more aggressive than they used to be. I used to actively mentor 4, 5, 6 people. Now it's 30.

Dealing with complexity

We struggle with it because we're in an environment where we want to see our costs go down across IT, and often reducing complexity is a longer ROI period. If I want to rationalize the application portfolio, that doesn't take 60 days, it takes years often, and no one wants to wait for the ROI. So if anything, we are living with the complexity rather than trying to reduce it, because we are looking at short-term ROI rather than longer.

One of the things we are cautiously optimistic about is the introduction of business architecture. We never had that before – it was always the traditional go in and grab your requirements and start building, and that was done in multiple silos and created a lot of complexity. Now we're taking it up a level and trying to force that discipline at a business level. And we're starting to see that that's driving some much better integrated approaches – and certainly less fragmented approaches from a technology perspective.

I used a diagramming tool to create a page that shows how everything in IT fits together – and it was just a mess of spaghetti. But I found that this was one of the most powerful things that I could show the business. It was the first time they actually understood the complexity. They understood that when you change this system, here is the ecosystem that it lives in and that's why I spend ten minutes fixing a bug and four months testing.

We've created what we call core business services at the top of the house, reporting to the CEO. And within that there's IT, HR, Finance, etc. And the idea is standardization and simplification. These were very difficult to do previously because all the different parts of the organization had their own siloed approach to all those services. It is going to take a lot of time for them to standardize the processes and platforms. It's slow as molasses but that's what they're doing to try to reduce complexity globally, and we've put together a core business services group to do that. The adoption and the change management is what I think will take the most work and be the most challenging. And it's essential that our CEO is leading that initiative.

I agree. The CEO or the president has to be involved. It's a partnership between the CIO or highest ranking IT person and the highest ranking business person. Together they have to break down the complexity in the organization and decide how to manage this disruption. And it's probably going to be in phases – is it 60 days or 90 days or whatever?

Introducing disruptive technologies

I think a lot of IT organizations are genetically encoded to ignore disruptive technologies because of the support model – people don't know how to order it; it doesn't happen from the bottom up. Leading it from the top down is really the way organizations need to embrace or compel themselves to deal with disruptive technologies and figure it out. If you wait for that to come from groundswell up – from the IT organization – you'll find that disruptive technology is in use around your business and around your IT organization, not through it.

You can't do it from the bottom up. You've got to go to the top. That may be the CEO or it may be the person who leads all the relevant technology capabilities, such as Infrastructure, architecture, applications. You need whoever who brings all that together – that person needs to sponsor it.

Technology has always been disruptive. Email, for example, was disruptive. What is more challenging today is the speed of disruptive technologies. How do you keep up with it? This is happening so much faster than it has in the past. So how do you sort out the technologies you really want to disrupt your business?

Vendor relations

Vendors are aligning their internal cultures more with us now – they get it. They understand our problems better. And they're becoming more flexible in supporting our needs. They help us with our internal processes and our business cases. So it's become much more of a partnership.

I see a big difference depending on where you are in the vendor's cycle. There are vendors that are driven internally by their incentive program. They're there to sell you stuff at the end of the day. And once they've sold you stuff, they're gone until the next opportunity shows up, even though you're paying them hundreds of thousands of dollars a year. Other vendors are there just to continue the

engagement with you and because you're a customer of theirs. They spend the time even though they know they are not going to get a net new license this year, but they want to make sure that there's some value in what you're paying for right now.

Vendor negotiation

If you do a good job of negotiating you understand your vendor's incentive programs and you use it against them. You're not going to get my P.O. until the last day of the quarter. I'm going to run you right up against the wall because that's the way you've built your incentive program.

We know every vendor's year end and quarter end, and we match all our purchases to that. We've literally moved our projects based on that. We play it to our advantage. It goes back to cost cutting, containment, making the most of what you have, and we've all learned to work with the system.

Offshore vendor management

Managing offshore vendors well is a whole other ball game. There's a lot of turnover in these companies and that can disrupt your business. You need to partner with them and help them understand more of your culture, and work with their management so that the incentives they have are aligned more with what's going to be a win-win for everyone. And make sure you treat their people more like part of the team. We've found that this approach has been a big incentive for those managers to stay over a longer term, and for them to develop people internally that would stay on the job.

We've done a lot of work with offshore providers and what worked well was spending a lot of time there and having their people spend time here. We do both frequently. We also make sure that we have multi-level connections on a day-in, day-out basis with the services they're providing. We have meetings at my level on a monthly level, meetings at my directors' level that happen more frequently, and at the project-manager level that happen all the time. That really helped to get things to a point where we're pretty satisfied with the way things are working.

Dealing with social media

The biggest barrier to social media we find is if you put yourself out on Facebook and LinkedIn you open yourself to people putting negative information out there about you. How do you control that?

We've incorporated social media into our code of conduct – so it's just another means of communication, and how do you conduct yourself on behalf of the business? It's just another disruptive technology that we have to deal with.

The complaint box is now completely public. Complaint boxes can be our friends because they can point out areas that aren't working well. It's the fact that everybody sees it now that makes it a threat. But if you get over that and look at it as a way to have a broader reach into what people are thinking about your organization, it gives you an opportunity to respond to that, rather than just not hearing it. So I don't see it as a threat – the threat is not hearing it.

We have a team that responds to anything that comes on Facebook about us. By interacting with your customers you can also get them defending you. When we launched our e-reader one person complained about how he didn't get it on the first day, but 20 people said, "Well, I got mine on the first day". This created the notion that the problem was just a one-off; it's not that this business doesn't know what it's doing.

When we were brainstorming I asked, "What is your five-year-old, your ten-year-old, your 15 year-old doing at home with technology?" Because that's where the wave is. And what we found was that YouTube is really big, so now we have YouTube internally. We do training on video internally; we have a video libraries; and we've pushed it out to clients. So the notion is, take what's going on in the consumer world – take what the next generation is doing, because they're the ones that are coming in.

FEEDBACK FROM PARTICIPANTS

"Cost containment and cost control is a topic we're still dealing with and have for a long time. Some good ideas came out: how to do more with less, how to become more efficient, how to use vendors to our advantage. I think that was a topic that was resonating around the table."

"I thought it was an excellent discussion. Coming from the pharmaceutical industry it was great to hear that we all have basically the same challenges. It was a reaffirmation of that, first of all. I got some good ideas on how we can still retain our value proposition with our business even though we're in cost-cutting mode."

"It was a very good session and I would recommend it. The dialogue was good and we had the opportunity to talk on a give-and-take basis – issues were raised, people would explore. It would be good to go a little bit deeper on some of the topics but there was a nice mix of questions that were pertinent to the CIOs."

“There were clearly things that were consistent across all of the executives who were at the table. One that was of particular interest to me was this drive towards balancing what appear to be competing priorities – this drive to be innovative and continue to come up with new ideas that deliver value to the business, but at the same time doing that with less, whether that “less” be resources or capital. It was great to get the different perspectives on how they’re managing through that.”

“Thought the discussion was great and would like to participate in the quarterly meetings – especially if we can focus on specific topics.”

"Great session today. I look forward to more events. They are very beneficial to all of us."

“Good hearing from peers on the various issues and understanding their challenges. Nice group where everyone was participating and no one dominating.”

KEY BUSINESS ISSUES / WHAT CAN YOU LEVERAGE FROM THE SESSION?

How to drive better value as an IT organization / Business architecture understanding as the starting point for alignment of IT architecture

How to enable the business to better understand value of IS / Use IT system diagram of business architecture to describe complexity

Demonstrating ROI of IT investments / Deliver something every 60 days

How to raise profile of IT to the CEO level / Keep delivering and promote success; get IT guys to talk in the language of business

Managing complexity / Complexity is a lot of simple things put together – break down the components

Better use of Social Media / Use of YouTube for training; use code of conduct policies to manage the messages employees are sharing via social media

Introduction of disruptive technologies / Leverage vendor incentive programs; use vendor pilots to “prove” the concept

Dealing with disruptive technology / Study it, figure out how to manage, embrace it informally

Cost cutting and containment / Demonstrate IS value; do more with less through efficiency

Vendor relationships / Leverage relationships to bring more value to the “partnership”; use incentive programs to your advantage

Better ways to work with offshore organizations / Multi-level connections with offshore vendors

ABOUT THE IT MEDIA GROUP

The IT Media Group is a high-touch multi-media company that serves the IT industry by creating great resources and connections for CIOs while providing neutral forums through which they can speak with vendor executives and subject-matter experts in a non-sales environment. Our leadership team includes media personalities John Pickett and Dave Carey, who have been high-profile supporters and champions of the Canadian CIO community for nearly two decades, and Nasheen Liu, a marketing expert with a wealth of experience in first-tier IT firms.