CIOs are increasingly working to improve their company’s business in a number of ways. They are studying market trends to spot commercial opportunities, helping to identify ways to differentiate their company from the competition, developing new go-to-market strategies using technology, and driving business innovation.

A higher proportion of CIOs than ever think their jobs are as much about business, if not more, as about technology. According to CIO magazine’s 2013 State of the CIO Survey, 81 percent of CIOs’ time is spent on transformational/business strategist activities.

Developing an in-depth understanding of the business is the most important thing he does today, says Tim Byrne, CIO of Robert W. Baird & Co., a wealth management and private equity company. “We need to understand the critical issues of the business,” he says. “If we can build a partnership based on that, then we will be successful.”

Adds Scott Seese, CIO of Ebay Inc., “In order to be strategic, our IT group and the business need to have a continuous partnership. Our team must connect the dots with how our projects can support the business strategy through innovation.”

Several emerging IT trends have the potential to greatly improve the business. A recent IDG Research Services survey of IT managers shows that mobility, cloud, big data, and new business models are viewed as bringing important benefits to the organization, with 51 to 66 percent of respondents expecting significant benefits. Among the benefits expected are improving employee productivity and lowering operating costs. And, as indicated by the amount of time CIOs say they are spending on transformational activities, they recognize that traditional IT strategy, governance, and operations need to be transformed to effectively leverage these trends.

However, the IDG survey also reveals a gap between what CIOs want and what a broad slice of IT and business managers think is realistically possible. The IT leaders indicate that many of these same trends brought numerous challenges. For example, while 66 percent say mobility brought significant benefits, 59 percent say it also brought significant challenges. For several trends, the challenges and potential benefits are neck and neck. Fifty-four percent think big data is a benefit, while an equal percentage report it is a significant challenge. For IT consumerization and BYOD programs, the challenges outweigh the benefits. Among the challenges cited are data security and compliance, which is first at 52 percent, followed by staffing constraints (41 percent), business process redesign (41 percent), and integration (41 percent).

And while improving employee productivity and lowering operating costs rank as top potential benefits, IT managers rank top-line business-related benefits far lower. This indicates that IT managers are thinking more tactically than strategically about using technology to support the business.

In other words, while CIOs are working to better align IT with the business, it’s often still business as usual in the trenches. CIOs have the best of intentions, and they themselves are on the right track, but their organizations are floundering. IT and business managers in general don’t necessarily understand the strategic business value inherent in emerging IT and business trends, and therefore their role in bringing forth this value. They may underrate the value of new technologies as well as the need for a new,
transformational direction for IT. They may be locked into traditional thinking: an IT-as-a-service organization tasked with lowering costs, rather than driving business innovation and top-line growth.

“As an IT organization, you can fall into the trap of just being a good utility,” says Mike Byam, senior vice president and CIO of commercial markets at The Hartford. “Just keep everything running and get the basic stuff done,” he adds. But in this kind of situation IT won’t understand the business or how to use technology to reach business goals. Instead, IT leaders need to be proactive and involved in business strategy discussions.

“To do a good job and ensure alignment, you need to walk in the customer’s shoes,” says Seese.

Byrne of Robert W. Baird is moving his team in the right direction. “IT used to be a corporate service function,” he says. “Now it is becoming an integral part of the business, led by a business leader as opposed to a technologist.” Byrne himself comes from the business side and has no direct technology experience (although he covered IT services as an equity analyst for Baird). In planning IT’s direction over the next three to five years, he is trying to reorient the organization’s dynamics so that IT responds to business demands rather than pushing technology onto the business, he says.

That requires a cultural change that has to filter throughout the ranks of both the business and the IT sides. “We’ve made huge headway in the last 18 months at the senior levels,” says Byrne. “It’s getting down to that next layer or two within the business that we’re still struggling with. And frankly, it’s getting people within IT more comfortable with it. It can be easier to just take orders than to be an active steward.”

WHERE THE RUBBER MEETS THE ROAD
But even when IT managers recognize the importance of alignment, they feel that they don’t get enough support to move in that direction. Many survey respondents rate adequate budget (78 percent), aligning IT with business needs (77 percent), and executive support (77 percent) as critical elements needed to address top trends impacting the organization. Yet they also rank their organizations as weak in receiving those things.

And many seem to have no clear idea of how to transform the IT organization:
- Only 45 percent are overhauling IT organizational models, operations, policies, and procedures.
- Only 44 percent are overhauling/updating IT strategy.
- Only 42 percent are increasingly integrating the technology used by employees, clients, and vendors. And it’s not solely IT’s fault. There seems to be a lack of enthusiasm on the business side, too. When asked what is

### The Top Five Potential Benefits Created for Your Organization as a Whole by Current IT and Business Trends

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Improving employee productivity</td>
<td>52%</td>
</tr>
<tr>
<td>Lowering organizational operating costs/improving profitability</td>
<td>51%</td>
</tr>
<tr>
<td>Getting a greater/more business impactful return on IT investments</td>
<td>47%</td>
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<tr>
<td>Getting closer to the customer/consumer business partner</td>
<td>41%</td>
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<tr>
<td>Enabling better management decisions</td>
<td>39%</td>
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<tr>
<td>Accelerating time to market for new products and services</td>
<td>39%</td>
</tr>
<tr>
<td>Increasing access to new ideas/enabling innovation</td>
<td>34%</td>
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<tr>
<td>Better support of global operations/global expansion</td>
<td>31%</td>
</tr>
<tr>
<td>Improving competitive intelligence positioning</td>
<td>30%</td>
</tr>
<tr>
<td>Bringing new skills into the organization</td>
<td>24%</td>
</tr>
<tr>
<td>Driving top line growth</td>
<td>22%</td>
</tr>
<tr>
<td>Improving relationships and collaboration with IT suppliers</td>
<td>17%</td>
</tr>
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Organizations will be looking to top trends such as mobility, cloud computing, Big Data and new business models to deliver these benefits.

SOURCE: IDG RESEARCH SERVICES, JULY 2013
the biggest gap between what the business side wants from IT and what IT can deliver, Byrne says that business units still tend to treat IT as an order taker. “The business side needs to understand that you can’t just turn to IT and say, ‘design this for me,’” he says.

Rather, an IT analyst needs to work side by side with a business analyst, something business folks aren’t always ready to do. “You have to bring people in from the business side, people who are ready to devote some time to make this work,” he says. “That is our biggest struggle.”

**A NEW DIRECTION FOR IT**

Nevertheless, these CIOs and others like them are making progress in setting a new direction for IT and rebuilding their IT organizations to create maximum value. IT is no longer monolithic. What’s required is a blending between IT and business, including finance and other departments. To accomplish that, the business must fully understand the value of IT and the role it can play to achieve business goals. Only then can the two sides be full partners in setting IT strategy and governance.

In most cases, the lead must come from the IT side. Specifically, the CIO must become the chief integration officer. That’s integrating technology from various sources, both internal and external, but more importantly, it’s integrating the people, says Byam.

“We can buy the technology. Today I can hire tech people, buy the tools, or even hire service providers to do a lot of the development. I can be a general contractor and direct all that,” The Hartford’s Byam says. “But what we can’t buy are people on the business side who really understand the business process and how we can leverage technology to improve it for the future.” And not everyone on the business side understands the processes deeply enough to be able to do that. “I may have a good machine, but I have to feed it the raw materials of the business requirements,” he says. Sometimes there are just not enough good business people to go around.

It can be a challenge and requires a cultural change in the organization, but Byam has demonstrated that when he has a business partner, that alignment happens naturally and yields great results. In one project, Byam and the head of the unit serving small commercial business created a team of IT and business staff that developed an application that allows agents serving small businesses to more quickly and easily apply for and get a quote on insurance policies. They co-located the IT and business staff in the same area, which helped them forge a mutual understanding of how the technology could accomplish business goals.
“When my tech person is sitting next to the person with the business knowledge, it just rubs off—they start understanding more that they are building something for the business, not just building technology,” says Byam.

It got so good that the technical and business staff became interchangeable. “When the tech guy wasn’t there, the business person was the one talking about the technology. When the business person wasn’t there, the tech guy could talk about the business,” says Byam. When partnered with the right business people, “IT can keep learning about this, the business people can learn about some of the challenges that we have, and we meet in the middle. At the end of the day our success will depend on how well we integrate ourselves together.”

Through projects like that, “we’ve demonstrated that by having that alignment you get positive results,” says Byam. “That leads to good executive support. I have senior business leaders as my advocates.”

THE PATH FORWARD
CIOs need to take the reins to increase the alignment with business and move their organizations forward.

First, they must reach across to business units as well as to IT staffs, getting them to relax their grip on the traditional IT model. While organizational structures may differ from one company to the next—in some the CIO may report to the CFO, for example, while in others the CIO may be part of operations—“the key is making sure that you’ve got alignment with the business,” says Byrne. The CIO’s priority should not be technology, but rather human relationships.

“My job is to make sure IT has great relationships with the business,” he adds.

The better those relationships, the better the alignment, says Byam. And from that flows money and other resources required for technology to enable business outcomes.

“If you have the business unit president talking as eloquently as [me] about what we need to do with technology for the business, then it’s no longer IT just asking for money,” says Byam. “Then we no longer have technology projects,” he says. “We have business projects with business outcomes.”

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