



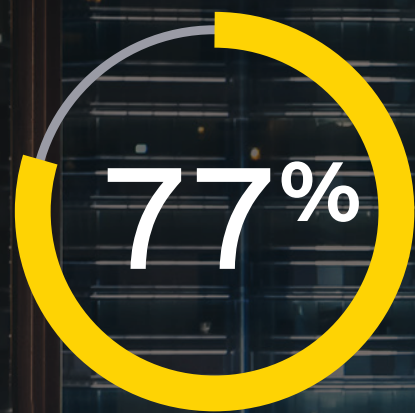
Does your technology  
lead or follow  
your strategy?

Part 2 of 6. [Explore the series](#)



The better the question.  
The better the answer.  
The better the world works.





of CIOs rate digital transformation as priority one for 2021.

Source: *CIO Outlook for 2021: Delivering Business ROI at Scale*, Constellation Research, October 2021

## The dancefloor, balcony or both?

Three ways in which the Transformative CIO shifts from technology manager to becoming a valuable partner to the business

As a CIO, it's often difficult to pivot from tactical firefighting to strategic thinking. However, the pandemic has challenged CIOs to think more strategically, figuring out overnight not only what the business needed but also the technology required to enable it to continue remotely.

To successfully achieve this, a CIO must drive the strategic agenda but still needs to continue running day-to-day operations efficiently. It's equivalent to both being on the dancefloor as well as overseeing from the balcony. To focus too much on transformative projects (the balcony) but lose control of costs, introduce poor data and create long implementations (the dancefloor), a CIO will be perceived as not managing the shop properly and could lose the trust of the board. Achieving this balance is key.

What is the difference between a "CIO" and a "Transformative CIO?" The Transformative CIO is one who can successfully combine three different mindsets:

- ▶ **Business focused** - generating cost savings that can flow into the profits and loss (P&L) or be reinvested for innovative projects
- ▶ **Technology advocate** - looking beyond functional silos to utilize the complete technology stack in enabling the company's innovation and growth agenda
- ▶ **Digital transformation leader** - having a pulse on where the business is going next and articulating next-generation capabilities required to support key stakeholders



63%

of CIOs say business and leadership skills are more important than technology skills.

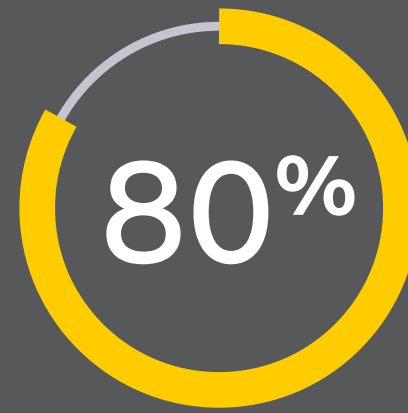
Source: *The Role of a Modern CIO*, ServiceNow, 2019

## Business focused

IT technology budgets have been relatively flat since the early 2000s. Where then does the Transformative CIO find the budget to begin the necessary digital transformation journey?

A first step to finding cost savings that could be redirected toward digital initiatives is the alignment of technology spend to business value. For example, a business unit leader wants to implement a tactical project. An initial glance shows the return on investment (ROI) for this three-month project is likely to be positive.

The Transformative CIO, however, asks themselves: where do these new technologies fit in the broader picture? Will they scale? How can we use this investment to drive down costs and incur an even faster payback? Perhaps that three-month project continues regardless of answers to these questions because of ROI considerations. However, successfully identifying projects that will likely never make it out of "pilot purgatory" and those that have the potential for scale – and thus significant business value – are hallmarks of a Transformative CIO.



of CIOs are educating CEOs and other senior stakeholders on the value of IT.

Source: 2021 CIO Agenda: Seize This Opportunity for Digital Business Acceleration, Gartner, October 2020

## The technology advocate

The CIO role will move from being an IT manager to becoming a technology advocate within the organization – the person who the business function leaders want to work with to understand how new technologies will differentiate them from the competition. CIOs still manage and maintain the technology-enabled processes that allow the company to operate. However, as their role shifts, CIOs are now becoming trusted advisors to other business function leaders with counsel for what digital capabilities the business can implement to become more customer-centric.

The Transformative CIO will understand how to synthesize emerging technologies and capabilities to drive the overall business strategy forward. They don't necessarily have to be a futurist or a tech-visionary, but they need to be able to translate new technologies into practical, deliverable capabilities that can be used to create competitive advantage.



of companies say there's a shortage of the type of skills that would help accelerate their digital transformation efforts.

*Source: EY Tech Horizon 2020 - Six Habits of digital transformation leaders, EY, March 2020*

## Digital transformation leader

A CIO needs to be able to say to their business "this is how the technology is going to evolve, this is where it's going to be in five years, and here's what we need to do next." The CIO must act as the facilitator and coach, working alongside the chief technology officer (CTO), typically a more outward and customer-/product-facing role) in taking the company along a digital transformation journey – assuming a key leadership role as a business leader.

In the future, for some companies, the Transformative CIO role will subsume the CTO role. They will continue to manage technologies typical of their purview, such as enterprise resource planning (ERP), material requirements planning (MRP) and compute/storage systems while expanding toward customer-facing services that include track-and-trace solutions, point-of-sale automatic replenishment and even crowd-sourced applications as a few examples. With a pulse on their own business and an external view of what is happening around them, the Transformative CIO will be in a better position to advise the business as to what happens next.



[Enjoyed Part 2 of this series? Click here to go directly to Part 3.](#)

[Contact EY for more insights and information on becoming a Transformative CIO or to start your technology transformation journey.](#)

## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

The views of third parties set out in this publication are not necessarily the views of the global EY organization or its member firms. Moreover, they should be seen in the context of the time they were made.

© 2021 EYGM Limited.  
All Rights Reserved.

EYG no. 004462-21Gb1  
CSG no. 2105-3776180  
ED None

[ey.com](https://ey.com)