The Transformational CIO
The Change Agent That Drives Business Strategy
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About Innotas

Innotas, the leading provider of Cloud Portfolio Management solutions, delivers a seamless way to manage projects, resources and applications across the enterprise. Innotas solves the challenge of visibility and tracking the portfolio of IT and Product Development projects. The solution aligns effort and budgets to meet company goals, while enabling prioritization and agility for planning resource capacity. The result is a standardization of work execution across silos of project management teams. Innotas’ solutions include Project Portfolio Management (PPM), Application Portfolio Management (APM), Resource Management, Predictive Portfolio Analysis (PPM), Agile Portfolio Management, and the Innotas Integration Platform. Innotas is rated a “Leader” in the Gartner Magic Quadrant for Cloud-Based Project and Portfolio Management Services and a “Leader” in The Forrester Wave™: Portfolio Management For The Tech Management Agenda. Founded in 2006, Innotas is headquartered in San Francisco and has hundreds of customers nationwide, across healthcare, government, education and other industries. For more information, visit www.innotas.com or call 866-692-7362.
Introduction

In a dramatic change from five or ten years ago when the role, value and even necessity of CIOs was being questioned, CIOs and their teams are now being viewed as dynamic, innovative forces within their companies. Technology has proven to be a competitive business differentiator and now CIOs are being invited into board rooms and strategic planning discussions.

This increase in value and stature within the organization has also increased pressure for CIOs to have a positive impact on both top-line and bottom-line results by driving speed to market while also efficiently monitoring costs. The change has been so dramatic in progressive industries and companies that some insiders have suggested the title of CIO should be changed to Chief Transformation Officer.

While it is clear that the role of the CIO is evolving, the gap between progressive CIOs and those still focusing on tactical activities is becoming even more pronounced. In those organizations where IT is still working to prove its value to the line of business, CEOs and CFOs continue to view IT the same way they see public utilities: As a commodity service tasked with simply “keeping the lights on,” it’s an important job, but its focus is not primarily adding business value and does nothing to improve a company’s competitive advantage. This role also turns an IT organization primarily into a cost center, making it a compelling target for cost takeout and downsizing initiatives.

This mode of operation is especially common when the economy takes a downturn or when the financial performance of an organization is uncertain. CIOs are pushed to “keep things running” and focus on daily operations, not strategy. The focus quickly becomes uptime statistics and productivity metrics on activities, not outcomes.

Yet this utilitarian view is rapidly changing. Truly visionary CIOs are now taking a leadership role, positioning their IT organizations as agents of change, and playing a critical role in driving business innovation. They can reposition IT as a true strategic partner, not as a cost center or a commodity service. They can also raise the stature of their IT departments in the board room and turn the CEO and CFO into allies rather than potential adversaries.

CIOs are in the driver’s seat for adding business value and must become the agent of change for their organizations.

This E-book will examine why and how CIOs can establish themselves as agents of strategic change within their enterprises. In particular, it will look at the role that Predictive Analytics, Portfolio Management, and IT Governance play in enabling CIOs to help drive the business strategy forward by focusing on five key areas:

- Shifting the focus to strategic IT projects that drive innovation;
- Adding value through IT operations;
- Moving IT from a reactive to predictive mentality;
- Enabling faster time to market and competitive advantage; and
- Establish IT as a leader of digital innovation and strategy partner.
Shifting the Focus to Strategic IT Projects

When a CEO or CFO weighs the true value of an IT organization, they will focus on two areas: can IT effectively plan and execute a portfolio of projects that moves the business forward and can IT strike a healthy balance between innovation and maintenance work.

IT Governance addresses structure and process to ensure focus on value creation and outcomes to advance the organization’s strategic objectives. Putting a process in place for prioritizing incoming project demand, scheduling work and resources, and minimizing risk allows IT to balance the execution between strategic and operational initiatives.

Combining IT Governance with Predictive Analytics and Project Portfolio Management (PPM) supports the execution and management of strategic IT projects in four important ways:

- Gain visibility to enable project portfolio and resource planning based on maximizing business value;
- Increase business agility for project planning, budgeting, and resource allocation when the business environment changes;
- Enable data-driven decisions and investment into projects that align with business goals; and
- Improve IT performance through standardization, communication, and process improvements.

CIOs that employ Predictive Analytics and PPM as part of an IT Governance strategy are in a much better position for top-down planning that assigns funding and resources to the highest priority strategic projects. They are also better able to manage a project portfolio against key performance indicators -- ultimately increasing project success rate. With a slight shift in focus, CIOs are able to deliver transformative IT projects and increase the business value of their organizations.

“Over 50% of organizations say their projects and resources are not well aligned with business goals.”

– The Project and Portfolio Management Landscape Survey, 2015
Adding Value through IT Operations

It is common for CEOs and CFOs to believe IT is spending too much for the value that it contributes back to the organization. The natural response is to pressure IT leadership to reduce spending to the levels of perceived value. That is not surprising, considering that a recent Deloitte CIO survey revealed a majority (55%) of IT budgets are allocated for “business as usual” operations while the rest is split between business change (23%) and business growth (22%). Most organizations spend too much of their budget on operational or maintenance initiatives, which are frequently perceived as “low value.” Managing and reducing the expenditure on these sustaining operations is critical if IT leaders want to position themselves as a “value center” that is driving strategic growth for the enterprise.

In most organizations, the bulk of the operational budget is spent on maintaining applications — but how can you reduce expenses on something that you cannot accurately measure or quantify? A robust Application Portfolio Management (APM) solution will provide real-time visibility into all sustaining activities of your applications. Having visibility will enable rationalization, cost reduction, and better decision making around your operational spending.

More specifically, the visibility will help balance the operation spend by:

- Giving the complete picture/TCO of managing applications, enabling CIOs to make strategic decisions on which applications are costing the organization the most to maintain and which are adding the most value;
- Showing which applications should be upgraded, retired, or optimized;
- Having the ability to measure IT work efforts against time, budget, performance and functionality targets; and
- Capturing the dollar value of IT services used by different business units or groups within the organization.

This level of transparency into IT initiatives allows CIOs to demonstrate a greater degree of control over how, where, and why resources are allocated. By applying sound IT Governance and APM, an IT organization can demonstrate the same level of accountability and business alignment as other departments, such as marketing, finance, and sales. At the same time, these IT Governance capabilities allow a CIO to shift resources from less productive applications and activities towards strategic initiatives — a key to redefining IT as an agent of change within the enterprise.
Turning IT Into a Predictive Force

It is a mistake to define IT Operations simply in terms of what it allows a CIO to prove in terms of performance metrics, bottom-line cost, or other quantitative factors. It is equally important to look at these capabilities in terms of how they enable a fundamental shift in the relationship between IT and the rest of the enterprise.

CIOs are recognizing a shift in roles to a digital focused leadership approach and the need for the business to accept this change. A digital revolution is spreading among enterprises and IT departments have an opportunity to transform their business to focus on innovative projects that extend the value of the enterprise. According to Gartner, over the next three years, 75% of CIOs plan to shift their leadership style to adapting a digital-first mentality, 65% report intentions to reduce command and control and 47% state amplifying their vision as leadership goals. With this digital revolution has sparked a value proposition to invest in predictive analytics to maximize return on investments for IT projects. By adopting a strategy of predictive portfolio planning rather than reactive recovery, IT leaders have the opportunity to set the tone for the entire enterprise.

With the increase of competing priorities, CIOs need to sharpen their ability to stay aligned with business goals. Predictive portfolio planning enhances business alignment by changing how you develop plans and roadmaps, execute projects, manage applications, and allocate resources. This approach predicts which group of projects will generate the most value for the organization while simultaneously automating project and resource scheduling to ensure maximum optimization. Predictive technologies will recommend and provide foresight to ensure you are working on the right things at the right time — ultimately resulting in increased alignment and value contribution.

By combining predictive technology with portfolio management, CIOs can achieve the right balance between sustaining operations and strategic initiatives. IT can provide the context within which every project can be weighed and assessed based on business alignment and accurately predict the best path to success.
Time to Market, Competitive Advantage, and Scalable Growth

What does it really mean for a CIO to serve as an agent of change within an enterprise? First and foremost, it means spending less time dealing with basic cost and quality issues and more time looking at long-term strategic business issues. By placing an emphasis on business agility and innovation, CIOs can be focused on leveraging technology to create value for their organizations. Continuous planning and iterative implementation is critical in achieving competitive advantages.

By maximizing resource usage on strategic IT projects and understanding how particular projects map to defined business objectives, a CIO is able to build an IT organization centered around four main characteristics:

• Focus on IT initiatives that speed time to market and build a clear competitive advantage for the business;
• Demonstrate that technology deserves a place at the very heart of a company’s value proposition;
• Make technology investment decisions that are driven by business strategy rather than simply as a share of revenue;
• Sustain operational IT activities in an efficient and effective manner.

“Companies with better than average IT governance earn at least 20% higher return on assets than organizations with weaker governance.”

– Peter Weill
MIT Professor

These characteristics allow CIOs to build IT organizations that are far more efficient and scalable than their traditional counterparts. That’s because IT Governance is, itself, a highly scalable process; it allows IT leaders to maintain control over project priorities and resource allocation at almost any level of growth. Inevitably, ad hoc project management tools and processes will come back to haunt IT organizations that are constantly being asked to do more with less. If an IT organization cannot prove its ability to manage its own growth, it is unlikely to get a voice in defining enterprise-wide growth strategies — or to drive the changes required to execute those strategies.
Establish IT as a Leader of Digital Innovation and Strategy Partner

It is clear that CIOs have gained a rightful place at the board room table and the next challenge is to become the strategic partner and leader of digital innovation. The era of digitalization is upon us and elements such as cloud, mobile, social, and applications are at the forefront of business innovation. While this brings a great deal of risk, it also is a chance to establish the IT organization as a leader in strategic partnerships. IT is now everywhere, and as the mobile market proliferates, it is essential for IT organizations to be a leader for the rest of the organization in implementing strategic ways to leverage this change and utilize the advantages of mobile adoption to drive business and mitigate risks with planning and processes.

CIOs will need to find ways to maintain their efficiency in essential projects as well as undertake digital projects that might not have clear processes. It has become increasingly important for IT organizations to adopt a strategy of predictive implementation rather than reactive responses to issues. Cloud-based portfolio management is only the first step in establishing IT as a leader in digital innovation and strategic partner.

By adopting a portfolio solution, IT will become an intricate unit with the ability to plan projects and get the maximum amount of productivity and value out of projects. IT will need to become more efficient at “keeping the lights on” activities and put more focus on strategic projects that drive business. While IT leaders are accepting the challenge of leveraging mobile and cloud solutions, they will need to adopt the right tools to optimize their efforts and prove they are investing in the right projects. With a portfolio solution, IT can:

- Clearly see where resources are being utilized and identify where shortfalls might occur
- Prioritize projects and get a realistic understanding of project timelines
- Make data-driven decisions that impact the organization as a whole
- Prove the value of IT efforts

By doing all of these things, IT will become an essential part of organizational strategic decisions and a leader of change.

Once a portfolio solution is in place, it becomes easy to plan projects and maximize the return on strategic initiatives. Day to day activities start becoming less of a burden and the value of those projects is clear in the reports. IT no longer has to strain all of its resources putting out fires, but can then get ahead of planning and reduce the number and frequency of reactionary activities. After complete adoption of portfolio management, IT managers will be able to adjust their project scope and plan based on realistic factors encompassing agility that is necessary for successful project outcomes.
7 SOLUTIONS to Make IT a Strategy Partner & Leader of Digital Innovation

**Digital: Investment in Digital Technology**

The top 3 out of 5 investment priorities are on what Gartner calls “Nexus Forces” – BI/analytics, Cloud & Mobile.

**Mobile: Proliferation of Mobile Devices in the Workplace**

Mobile spend is up from 24% in 2014 to 36% in 2015 and 5th highest investment priority

24% 36%

**Experience: Balancing Maintenance vs. Strategic Projects**

74% agree it’s challenging to find the right balance between business innovation and operational excellence (the other 24% disagree, 2% not sure)

24% Disagree 2% Not sure 74% Agree

**Leadership: Shifting from Control to Vision**

75% of CIOs plan to change their leadership style over the next three years, most commonly by amplifying their vision (47%) while reducing their command and control (65%)

Plan to change leadership style

- Change by amplifying vision: 74%
- Change by reducing command and control: 65%

**Strategy: IT Alignment with Business Strategy**

CIOs report the top 3 strategic priorities:

- Driving business innovation (55%)
- Identifying opportunities for business innovation (42%)
- Developing/refining strategy (39%) ^2

**Vision: Accounting for Agility**

45% of 2015 CIOs have built agile software into their functions between internal ops and external customers

45% of 2015 CIOs

**Security: Tightening Up Security**

In 2014 security is #8, but it rises to #4 in 2015.

2013 2014 2015

20% 24% 31%


2 2015 State of the CIO Survey - http://core0.staticworld.net/assets/2015/01/07/2015_state_of_the_cio_execsummary.pdf
Conclusion

The process of becoming a transformational CIO and an agent of change will be challenging. Too many IT organizations have spent too much time focused on keeping the lights on, fighting fires and fighting over shrinking budgets to see strategic thinking as an option, never mind as a necessity. With an effective IT portfolio management solution, however, CIOs gain critical visibility into IT spending and resource allocation. They also get the ability to balance their sustaining and strategic IT activities, to assign resources based upon business priorities, and to manage the performance of all IT initiatives within a single IT portfolio.

By planning with realistic goals, utilizing the visibility into all projects across a portfolio, CIOs can build a sustainable, long-term IT strategy that drives innovation and adds value to the business. Ultimately, CIOs can use this position to turn themselves from defenders of the status quo into true agents of change.