theITmediagroup

CIO Master Series Roundtable

"Winning Tactics for Hard Times"

Calgary, March 29, 2012

Thanks again for attending our *CIO Master Series Roundtable*, *"Winning Tactics for Hard Times"*, on March 29 in Calgary.

This document summarizes some of the key points of discussion from that event. Respecting the privacy of the attendees, we have not identified the speakers.

In the interest of clarity and brevity, the comments below have been edited. On occasion, the editing process can introduce slight changes of meaning from what was intended. Please let us know of any inaccuracies that you would like corrected for the version that will soon be posted on our Web site (www.theITmediagroup.com).

If you are concerned about any of your comments appearing in the Web version (even though your name will not be associated with them), let us know and we will omit that comment from the summary.

It was a pleasure meeting you in Calgary and we look forward to seeing you again at a future IT Media Group roundtable.

KEY DISCUSSION POINTS/FINDINGS

The importance of business value

Our job is to create value, not manage cost. It's really easy to manage costs if you say 'no' but we have to find a way, because the business wants productivity, they want mobility, they want to be able to make better decisions at board meetings, and so on. That's value creation. We can save money by driving out complexity, driving commonality, saying 'no' a lot, but that can be a big mistake because you can destroy value in the business, and the business value is an order of magnitude more than we spend in IT. Diversity in a business is essential and if we in IT try to drive commonality we're actually hurting the business's agility. By following our own dogma, which is cost management, we inhibit the business's ability to grow and prosper.

The challenge we're facing isn't so much about spend; for us the issue is figuring out what the right business things are to spend the money on. The constant challenge we have is finding a balance between short-term, high-impact initiatives, which are more cost-savings oriented, and long-term strategic initiatives. We are coming out of a fairly tough two-year financial cycle; the business units are ready in many ways to start moving down a different strategic trajectory, however there needs to be costs taken out across the business. We can't just support the strategic side of things, given the limited resources we have, not only in terms of people but also of money and time. And the issue is that at the business table, there is no agreement. In the past, business cases were the thing that everybody hung their hat on, but we all recognize that you can make a business case sing and dance any way you want. So the question becomes: what truly is of business value?

I agree; business cases can be twisted. We do have them in our organization – we do insist on them – but the reality comes down to whether or not we have an executive champion for whatever initiative there is in which IT may play a role. And if there is, does that person have the appropriate conviction and strength to change the business processes that go along with that? Because without that willingness to change business process there won't be a whole lot of value achieved. It's a good place to be if there's a significant business transformation going on, or the organization is threatened by extinction – that sort of strong impetus. But in our case there aren't those business drivers for real optimization so we've been leveraging those occasions when an executive champion does come along that is really driven to transformative change.

<u>Involving vendors in the process</u>

In the last couple of years we've started to bring in the key vendors right up front in the process, and in some cases have actually had them lead the discussions and be actively involved in them. That really helps them understand what's going on. We're doing that right now with a major vendor and a large telco provider on the mobility side, and it's interesting to see the results that are coming out of that. They've signed up for this right from day one, so we're not in it alone, and that's giving us a lot better success in our environment than we used to have. Initially there was a lot of pushback from the business side around having these vendors involved, but we've done a couple of quick and easy pilots that have enabled the business to see the value, because the vendors are able to ask a lot of questions based on their experience in many other companies. So that's been a valuable experience.

I say to vendors, I don't have time to talk to you if you're going to ask me what's on my books to spend. I need to understand how your organization can bring all the experience it has to bear on our business. How will it change a day in the life of those in the business? And if you're not the right person to talk to me about this, then bring in a bunch of people who can, one or two at a time.

From a vendor perspective, much as I like to think my people are doing the right thing, sometimes things happen. That's true of the customer side as well. This is not a perfect industry; things don't work perfectly. And sometimes problems and challenges go without proper communication, and by the time they get to our level it's a five-alarm fire and now we all have to spend ten times the amount of resources to try to fix it. But if you are constantly having touch points to understand where problems are arising, it's a lot easier to avoid or mitigate those problems. Driving accountability on both sides requires an investment of time; there must be a forum for direct feedback. I've seen it in scorecard format, in weekly or monthly meetings, or in any one of a number of different things. But you need something that's written on both sides saying, hey, how are we doing? And on the flip side, what are we getting

in return? Are we getting candid feedback? When that communication is good, it works very well.

Keeping up with the technology demand

We have about 10 projects on the books that we can't start because of the lack of skills on the part of systems integrators, so our biggest problem is resources.

We also have that challenge and we've gone to a strategic partnership with a vendor. We've committed to a three- to five-year preferred vendor approach with them where we are looking at training their people over in our environment. We've got a set number of staff that we want and we're going to grow the business experience. But rather than having consultants come in and out, we said: we're going to need, over the next three to five years, for you to build that capability. And when we've got five projects, you've got people there; if we have one, we just rely on our own people.

We've outsourced pretty much everything, all of it offshore, but we've had mixed results. We are finding that some of our offshore providers are having trouble resourcing and getting the skills that are required to support our account so we've had a number of challenges and we are working to see how we fix those types of things.

We've gone to a dual-vendor support model. For all our software we have two vendors that are able to supply what we need, because we've been through cases where a vendor is tasked with a new business opportunity and they put all their best resources there. So we've got backups and we've established partnerships between the vendors, and they understand that they are mutually beneficial between them, so every major area of our business has a dual support model.

Budgeting and ROI

We made a significant change to our budgeting process this year. In the past it would always be the CIO dealing with the CFO and the CEO. We'd look at the numbers, and the conversation was around what IT did last year, and can you cut by five percent or three percent or whatever? This year we did the budgeting with the four operating VPs, and we had to justify the whole project. And an important aspect of the discussion on projects was: it can't just be the squeaky wheel that gets the money.

One of the things I've learned is where you can demonstrate fairly clear ROI there is no problem. The real issue is trust. I learned early on in my career that when you propose something, you outline what success looks like, then you measure it, and you make sure you

achieve it. If you keep doing that your executive will trust you. It's a very simple approach, and it can be a big help when there is a 'benefit of the doubt' call to be made.

Expectations around IT & the CIO

I recently joined the organization and in my discussion with the president, I asked: what's your expectation of the IT team? What do they bring? And I put it in the context of a five-level paradigm: are you looking at IT just as a service provider; are you looking at them as a technology consultant; are you looking at them as a business consultant; do you want them to be a trusted advisor at the table; or are they a strategic partner? You have to know where you are in that paradigm – and it will depend on the industry; is it high or low IT intensity? The challenge comes when there's a misalignment between the CEO's and the CIO's value expectation. Everybody wants to be at the top level – that strategic partnership – yet the company may see you at a level less than that.

Hosted solutions & SLAs

On the delivery side, when we chose our first application I was a bit hesitant to do it in the cloud, or hosted, but because we were so lean we went with a hosted provider for a health and safety system. The implementation started in November and was live in January. It was a pretty powerful model, just to be able to say, "you guys look after the infrastructure, you bring in the trainer, you bring in the PM." It was a good partnership. We basically delivered a health and safety system to all of North America in three months. So based on that implementation, I changed my thinking completely around hosted solutions.

One challenge with hosted solutions is that cloud vendors don't understand the concept of SLA. That's a real problem.

The only time I've had success with SLAs is when I've made it painful for the vendor when they are not producing. For instance, when telcos are down I want them to feel my pain. In order to do this, we built in escalation clauses to our contract. To give you an example, one of our telcos was down for four days, and they owed us 565 free days of service. They were never ever down again. An SLA that's geared to get peanuts is never going to protect you; but if the vendor is losing a lot of money, they respond.

Adopting consumer technologies

We are fully device agnostic. I don't care what cell phones they use, what tablets they use. For desktops we offer laptops, Macs, iPad 2s – I don't care. My advice is, you might as well deal with that now, because life gets really good after you've put in that six or nine months figuring out what security to use, what products to use, and your policies. We spoke earlier about users

wanting things on the app store. Funny as that sounds, it actually does work. You expose your data layer and you secure it up and users get these apps that can run on their iPads, and they can do capital improvement, they can look at the budget reports, and so on. So just adopt it. Once you do, it gets real easy. You're not fighting that religious war anymore. Everybody over-thinks it.

<u>Security</u>

We just hired a firm to try to break into us because we launched a new website. We have some of the best minds in Calgary and some of the best vendors involved in this, helping us plug all the leaks. We thought we were pretty good. Oh my God! It took them about 22 minutes to get into our network. If you want to make a good investment have somebody show you how they can get in. Stuff I never would've dreamt of in a million years. To this day it keeps me awake.

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The IT Media Group serves the Canadian IT management community by creating great resources for CIOs and producing events that enable true IT executive peers to share knowledge, opinions and best practices. Based in Toronto, our leadership team includes three of Canada's top IT communications professionals. John Pickett and Dave Carey are two of the country's best known publishing personalities focused on IT management. They have been high-profile supporters and champions of the Canadian CIO community for over two decades. Nasheen Liu brings a wealth of first-tier IT marketing savvy to our vendor relations portfolio. Visit us at www.theITmediagroup.com and follow us on LinkedIn for updates on our CIO activities and events.