

Return of the CIO

The role of the CIO is suffering. Take back your place in the boardroom by transforming IT from an operational entity to a more strategic, revenue-generating role within the organization.



Kaseya

Once viewed as the trendy, new kid on the block with unlimited potential, the role of the CIO has become stagnant over the past few years. As the cost of IT continues to rise and the connection between IT maintenance and revenue streams grow more divergent, CIOs are finding that their voice in the boardroom is losing its impact, effectively marginalizing the position. As a result, running IT operations is hardly a stepping stone to the CEO's chair at the head of the table. According to CIO Magazine (2011), only 10 percent of CIOs at Fortune 500 companies rise to the next level, the CIO is the least appreciated of the CXO roles and that a whopping 23 percent are eventually fired.

However, there is a way forward. Some CIOs are transforming IT from a largely operational function to a more strategic role, engaging with users and senior management to change the perception of IT and better align with business goals.

This white paper will discuss:

- The current role of the IT department as it relates to the rest of the business
- The importance of users' perception of IT
- Tried and true methods to shift from an operational IT organization to a strategic IT organization

The day you became CIO was one of the most satisfying days of your career, serving as the culmination of years of hard work, long hours and thoughtful strategic vision. Finally, you joined the elite C-suite, giving you a seat at the table where you could share your ideas and help mold the direction of the company.

What happened?

The reality is that the chief information officer is like the kid who's always chosen last for dodgeball, not necessarily looked down upon by peers but definitely seen as merely a ledger on the fiscal year budget—the responsibilities of developing, managing and scaling the company's IT infrastructure simply a cost to the organization. Rather than enabling growth, the IT department is seen as a necessary evil to expansion, a costly and often disruptive requirement of arming distributed users with the tools and information they need to conduct daily operations.

The fact that CIOs often report to the chief financial officer rather than directly to the CEO is telling. They are essentially cost managers, administrating the IT budget as it relates to business goals. The CFO tells the CIO how much money is available (or how much budget is being cut) and he must make do, ensuring information is available and secure for users by any means necessary.

As you would expect, this perception greatly limits the role of the CIO. It might be a bit of a stretch, but the relationship between the board and the IT organization is similar to its relationship with the groundskeeping crew. Instead of planting flowerbeds, maintaining the front lawn and trimming hedges, the IT staff is tasked with building IT systems, maintaining infrastructure and trimming administrative costs.

And it's important to note that the head groundskeeper rarely gets promoted to CEO.

How Did We Get Here?

Let's face it, IT is expensive—especially as the organization grows. Investments in machines, software, network infrastructure, services, support and staffing costs money, and IT often has to compete with other departments for resources. When a company grows, it has to invest in raw materials, facilities, people and an extension of the supply chain. It's easy to see how buying raw materials that can be turned into product is a worthy investment. New wireless routers require a

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bit of a sell. Again, the perception of IT as a cost rather than a contributor to revenue makes it an easy decision to hold off on that software upgrade when budgets are a bit tight.

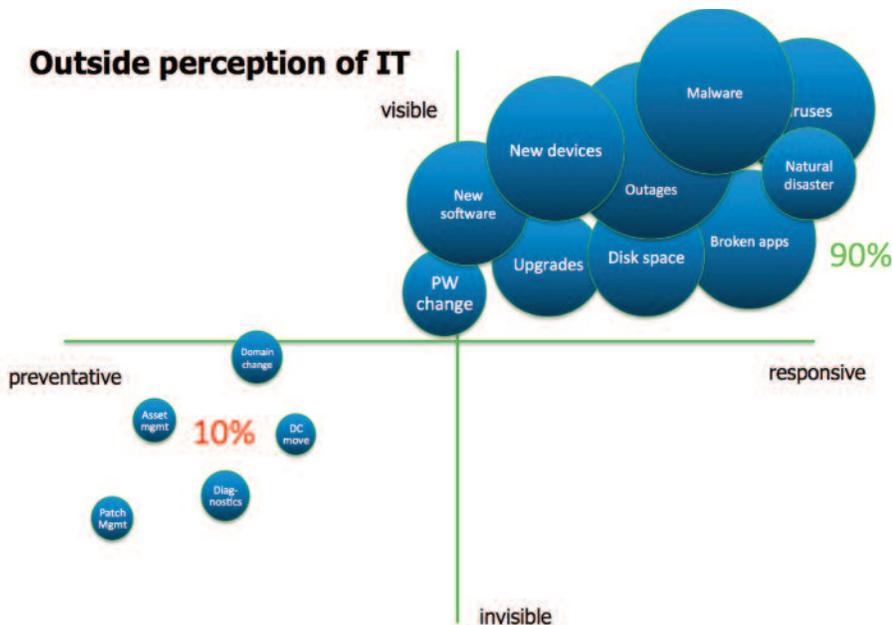
The economics of IT also contribute to this second-class status. Counter-intuitively, economies of scale that traditionally hold true in the business world do not necessarily work in the IT arena. A ten-person mom and pop only has to invest in a few desktop computers, maybe some tablets, a file server and email. As it grows to a 50-person SMB, the company may want to deploy a business process management solution to streamline operations as it expands. Once a company reaches 100 people, customer relationship management software may be required, and then at 1,000, investments in enterprise resource management solutions are a must. As the organization grows the cost of IT per person rises as well, casting more of a burden on the bottom line.

Each of those IT investments should be offset by some economy of scale, but large vendors usually don't give price breaks to customers with less than 1,000 users, making it hard to realize real return on investment (ROI) immediately out of the box. This delayed ROI makes the cost to rip out old infrastructure for newer, more efficient systems cost prohibitive until you reach that landmark 1,000 user threshold. In the meantime, the cost of IT management continues to rise. A single administrator can support 100 users, but two administrators can only support 150 users. The result is that an organization between 100 and 1,000 users—the middle class—is being squeezed by escalating IT costs.

The way to win over perception is to attach yourself to revenue-generating projects, relying on real and measurable data that shows obvious operational benefits to the organization. Look at web impressions for the new e-commerce site or improving time-to-market timelines to show how IT drives operational efficiencies. The problem is that many of these projects are still run through discrete business units such as a web group, product group or digital group under the marketing or operations departments—rather than under your purview in the IT department. Someone else—the chief marketing officer, for instance—is already taking credit for efficiencies created by technology.

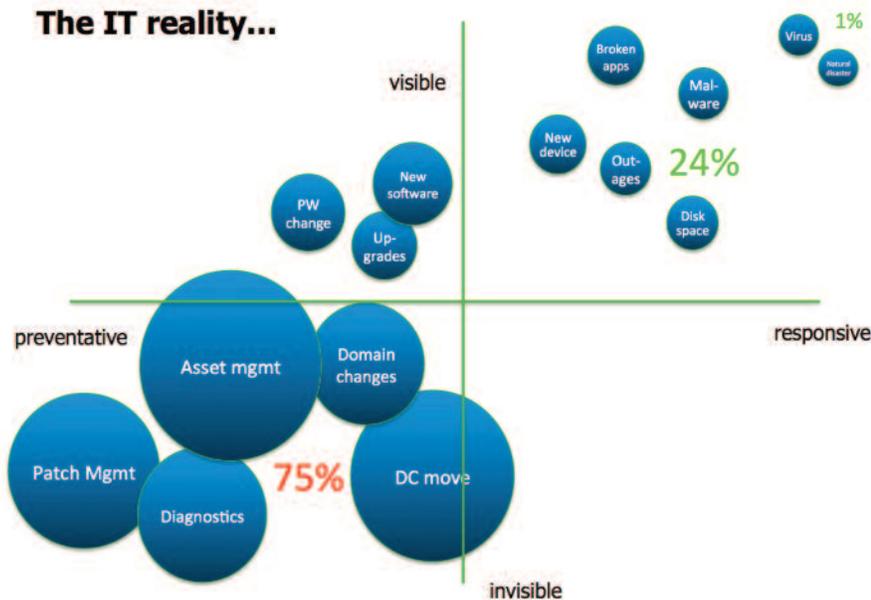
What Do Users Think?

This lack of ownership over revenue-generating initiatives forces many IT organizations to focus most of their time and resources on operations—the effort to maintain current availability and status. It's a trend both troubling and self-defeating. Below, we have plotted the most common IT tasks and responsibilities on Cartesian graphs with the x-axis measuring visibility and the y-axis representing proactivity.



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As you can see, most of the activities that are considered preventative are also largely invisible. These activities such as patch management, asset management, lifecycle management, anti-virus, datacenter architecture, network optimization, load balancing, redundancy, business continuity planning and administrative password resets are completed efficiently by your staff but are largely done in the background without the user aware. Your staff spends upwards of 60 percent of their time doing tasks that no one knows about. In terms of user perception, that is a major problem.

There's something to be said for doing a good job without worrying about the accolades, but it's like winning an Oscar and not recognizing the work by the rest of the cast and crew. For the sake of your staff and for the IT organization as a whole, it is imperative that you tell people about the great job your team is doing.

On the flip side, tasks that are responsive in nature are more visible, putting your team's "failures" directly in front users. You've heard the expression "The best IT administrator is the one you never see." Well, the opposite is true as well. To users, the worst IT administrator is the one always hanging around trying to reboot their desktops or reconfigure email. They're the ones who are perceived as a disruption to operations, inhibiting "real" work getting done.

Tasks like incident response, fixing application outages, handling virus outbreaks, natural disasters, connectivity outages, performance problems, software installations and setting up new devices just serve to remind users that IT really doesn't have a handle on infrastructure. And if that's the case, why do they deserve more budget, and why should the CIO have a say in the boardroom? They're incompetent!

These responsive activities take up a fraction of your staff's time and resources but are the most forward-facing representation of how the IT organization is doing with its users. A business application can be available 364 days, yet when it goes down for one day, you are deemed a failure. No matter all the invisible, proactive work your staff did to maintain availability the rest of the year. All that matters is the one day it goes down because that is what is visible to the user.

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How Do We Shift the Balance?

Fortunately, there is a way to reverse the perception of IT as an operational entity, and institute a strategic IT systems management strategy that shows management you are working in line with the organization's mission and goals. The first is to make the proactive more visible to users and the reactive less visible. You can also give users more of a stake in IT's success by empowering them to take more of a role in the maintenance of their systems. Finally, CIOs can work on more strategic projects by creating their own opportunities to enable efficiencies and drive revenue.

Make the Proactive Visible

CIOs can protect the IT brand by increasing visibility of operational metrics and success. Were you able to maintain five-nines availability of your organization's CRM application last quarter? Measure that and tell people. Were you able to improve network performance by making a few architecture changes? Shout the news from the mountaintop. People will only know the great work your team is doing if you tell them. So do it. Don't be shy.

It is imperative that you employ a robust reporting mechanism that gives you the raw data necessary to measure the success of your team. A holistic IT systems management solution should give you the visibility into the status of your systems to capture this information. It should also allow you to generate intuitive, easy-to-read reports that even the CFO can understand.

Use the mountains of management data available to you to establish baselines on operational costs and publically publish how you are bringing them down. But don't stop there. Create initiatives that create measurable, visible wins in everyday business and tie productivity measurements and resolution metrics to improved productivity. Make soft assumptions on how that translates into business dollars. No one will fault you for helping them connect the dots.

Make the Reactive Invisible

Automation is the hallmark of a reliable, cost-efficient IT systems management strategy. The ability to eliminate repetitive, manual tasks makes your administrators and technicians more efficient and enables them to focus on more strategic projects. If something breaks, your IT systems management solution should have a mechanism in place that automatically resolves the issue or elevates it to a technician. Use alerts and take advantage of scripting. Thresholds can be set to trigger automatic responses to events, ensuring systems rarely go down and workload is shared across multiple systems.

To users, this should be invisible, conducted in the background without anyone knowing. Strive to make the proactive visible and the reactive invisible.

Give Users a Stake in Making IT Work

The promise of technology is that it makes users' lives easier. Sometimes it's hard for users to remember that—especially if IT creates additional steps or bureaucracy in their daily lives. Task your staff with making IT work for users by creating initiatives that streamline processes. Does the warehouse staff have to manually input shipping orders in the CRM application? Work with them to automate the process. Does it typically take four people and a full day to sign off on a work order? Build an automated system that speeds up the workflow.

You can also empower users to conduct maintenance on their own systems through an employee self-service portal. Build agent procedures that conduct operating system upgrades, download a pre-approved application or reset a password. Instead of creating and tracking a ticket as it flows through the IT organization, allow users to help themselves in a fraction of the time. Not only will it give them more of a stake in the management of their systems, it'll free up your help desk resources for more important tasks.

Transparency and communication also empowers users, telling them that IT cares about fixing their problems in a timely and non-disruptive manner. Inform people when the network is scheduled for maintenance or if email goes down. Communicate the issue to them in a coherent

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manner—never IT speak—and give them a timeline of when it will be fixed. Instead of complaining, they'll likely thank you for the heads up.

Productive users are happy users. It's time you got them on your side.

Create Your Own Opportunities

The efficiencies you've created through the IT organization are going to save the company a lot of money. But don't give it back. Keep it and reallocate it to new projects that you can wholly own. Create a fund that you can dig into that allows you to reinvest in particular strategic projects that are otherwise not being funded. Don't wait for the CFO to give you a hand out or take away your budget. Use the money you save on visible projects that create additional operational efficiencies and drive revenue. Work directly with the sales team to build a new mobile CRM application so they can access customer information from the road. Talk to the engineering team to see if you can help them build a new collaboration platform.

Be proactive and build relationships with other business units, so you can continue to grow the IT brand and show senior leadership that you and your team are valuable to the business.

In Conclusion

The role of the CIO has been largely marginalized over the past several years, shifting to more of an operational rather than strategic role. Perception of IT has suffered as users and senior leadership alike see IT as a cost rather than a contributor to the bottom line. Some CIOs, however, have decided to shift IT back to a strategic role by reducing the visibility of reactive tasks while making proactive management more visible. Users are more engaged and have more of a stake in the health of systems, thereby making them more productive and happier. The efficiencies created can go right back into the IT budget to be spent on strategic projects that create efficiencies and help drive revenue.

The days of IT being a second-class citizen in the boardroom are over. Being proactive, making users happy and creating your own opportunities to show value can make all the difference. The CIO's place in the boardroom is secure. Now see what you can truly accomplish.

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