Why IT Needs a Climate Change

As business leaders and frontline employees increasingly explore new ways to meet goals using technology, Corporate IT’s contribution has largely shifted from idea generation to idea exploitation. But few IT staff exhibit the risk-taking, collaboration, and adaptability behaviors necessary to make technology ideas from business partners real.

Do Your IT Employees Have the Right Mind-Set for Business-Led IT?

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To Harness Business-Led IT, Revisit the IT-Business Division of Labor
Roadmapping the Business Innovation Pipeline
Behind Great Business-Led Innovation, There’s a Great IT Foundation
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CEB collaborated with IT and marketing leaders at more than 100 organizations to identify five myths that keep IT from providing effective digital marketing support.

**Myth 1: CMOs Want to Own Large-Scale IT Spending**

**Reality**
CMOs want to experiment with new capabilities immediately but don’t want to run technologies at scale.

CMOs want to experiment early in the solution lifecycle... but look to IT for integration support and running technologies at scale.

![Solution Lifecycle Diagram](Image)

**Myth 2: CMOs Will Soon Outspend CIOs on IT**

**Reality**
The cost of integrating and scaling solutions means the CMO won’t overtake CIO IT spending any time soon.

![CMO vs. CIO Technology Spend](Image)

**Myth 3: The CMO–CIO Relationship Needs Fixing**

**Reality**
Most CIOs and CMOs have strong relationships, but problems arise among the more junior ranks.

![CMO and IT staff perceptions](Image)

**Myth 4: IT Should Front-Load Digital Involvement**

**Reality**
Too much early IT involvement can slow down marketer-led experiments and prompt CMOs to avoid IT.

![Solution Lifecycle Diagram](Image)

**Myth 5: Improved Risk Communication Is Enough to Drive Compliance**

**Reality**
Marketers will circumvent risk policies if they perceive them as time-consuming or burdensome.

![Risk Communication Diagram](Image)
CEB’s Budget Benchmarks show that for every dollar the CIO spends out of the IT budget, business partners spend up to 40 cents more on information technology out of their own budgets. IT must mature its strategy for supporting and enabling business-led IT or risk being circumvented—or worse—risk jeopardizing the value delivered by technology projects.

**TOP 5 Questions CIOs Are Asking Us**

**1** Our business partners have owned some successful IT projects and experienced some pretty visible failures. How do we differentiate between “good” and “bad” business-led IT?

**2** My business partners need quick access to data, but data integration projects are too slow for rapidly changing demands. How can I accelerate getting business partners the information they need to do their jobs?

**3** Business partners think IT’s risk management activities are bureaucratic processes that slow them down. How can I make sure we balance the risks of business-led IT with speed-to-market?

**4** Many of our business partners lack the skills and experience to buy technologies or technology services on their own. How can I help them procure technology solutions without using IT as an intermediary?

**5** Although my IT leadership team appreciates the benefits of business-led IT, their teams still resist it. In fact, business partners have started referring to IT as the place where good ideas go to die. How can I make IT staff more open to the risk, change, and collaboration that come with business-led IT?
WHAT’S IN

Uncover positive business-led IT opportunities by segmenting the landscape according to the value and risk of changing business capabilities.

WHAT’S OUT

Assuming that all business-led IT is bad and, therefore, IT should reassert the lead on business innovation is futile. Many innovation projects require more business domain expertise and flexibility to experiment than IT can offer.

TAKE ACTION

Segment capabilities by risk/reward to identify opportunities for business-led IT.

- Review our topic center on the Risk and Reward Framework for “Shallow IT.” (CEB CIO Leadership Council)
- Listen to our webinar on Getting to Healthier Shadow IT. (CEB CIO Leadership Council)

Build a reusable integration platform and offer targeted integration services for connecting applications and data that business partners can obtain for themselves.

Creating multiple, parallel integration projects is an unscalable approach that slows down speed-to-market of business-led technology projects.

Build a reusable integration platform.

- Review our topic center on Accelerated Integration for Marketing Apps. (CEB CIO Leadership Council)

Streamline risk reviews and upgrade risk management processes for easier self-service to reduce the burden of working with Information Security.

A rigorous, one-size-fits-all risk assessment process makes business partners and employees more likely to circumvent IT’s risk management policies.

Streamline engagement between business partners and Information Security.

- Enroll your team in the CEB Risk Management Bootcamp.
- Read our study on Improved Risk Management Through Reduced “Customer Effort.” (CEB Information Risk Leadership Council)

Assume the role of a “Buyer’s Agent” to help business leaders unearth likely technology selection and evaluate risk/value trade-offs.

Forcing business leaders to use IT as an intermediary makes IT a crutch for technology procurement decisions.

Equip business leaders to be informed technology consumers.

- Review our case study on The Buyer’s Agent. (CEB Applications Leadership Council)

Reshape Corporate IT’s climate to promote openness and collaborative behaviors. This change offers CIOs a way to drive longer-term change in organizational culture.

Dedicated teams, hiring, and training are valuable but do not drive behavior change.

Create the right climate within IT.

- Review the Key Findings from the Climate of Openness Survey—coming soon. (CEB CIO Leadership Council)

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1 Access to these resources is available only to members of each program. Please contact your CEB account manager or e-mail IT.Support@executiveboard.com if you would like to learn more about this content.
One of CIOs’ top concerns right now is coping with the increase in initiatives driven by business areas or corporate functions with little or no initial involvement by Corporate IT (Figure 1). This phenomenon of “business-led IT” has become pervasive. Our budget benchmarks found that for every dollar from the CIO’s budget spent on IT, companies are spending up to 40 cents on IT out of the budgets of other corporate functions. Yet this isn’t “shadow IT.” Most of it is visible, and supports critical activities such as digital marketing, specialized analytics, data visualization, and productivity.

Time to Redefine Corporate IT’s Role?

Obviously, the prevalence of business-led IT poses potential risks and raises very significant questions about the purpose and mission of Corporate IT and their relationship to the rest of the business. But well-done business-led IT is critical to business competitiveness. Therefore, IT leaders must remain open to business-led IT and seek ways to encourage and support it, rather than hope to take it over or shut it down. In response, this year’s CEB CIO Executive Retreats focus specifically on helping CIOs figure out an effective, principled strategy for responding to business-led IT.

The first thing to understand about business-led IT is that it is less about a change in technology and more about a change in what it means to be a business leader. We surveyed executives from across the corporate suite—including CFOs, CHROs, and heads of Sales,
Marketing, Strategy, Customer Service, and Compliance—about their interests and found that almost three-quarters of their 2014 priorities involve IT, and the vast majority of today’s business executives have experience with IT projects in some fashion. Therefore, executives expect to experiment with information technology to develop new products and services, make decisions, conduct analysis, perform knowledge work, and engage customers, suppliers, and partners.

These kinds of IT experiments require specialized business domain expertise that corporate IT staff cannot provide. But this does not mean that business-led IT should happen without any corporate IT involvement. Corporate IT has an important role in helping business-led IT flourish by enabling business leaders to make effective risk-management decisions and by providing scale and integration where appropriate. But business-led IT cannot be managed with the traditional corporate IT toolkit of governance, demand management, standards, and consolidation. The approach that worked well for ERP, transaction processing platforms, and enterprise infrastructure does not work for business-led IT.
The first step in developing an effective strategy for harnessing business-led IT is to segment the landscape to define where business-led experimentation is merited and what Corporate IT needs to do to support it. The segmentation must be based on business capabilities rather than technologies. Technology changes constantly, so a technology-driven segmentation scheme would be short lived. The smart companies rely instead on business capabilities—the activities an enterprise performs to achieve its desired business objectives.

One Fortune 500 consumer goods company we profiled considers the value and risk of changing a business capability. With this in mind, it makes business-led IT off limits to “capabilities of record,” which manage sensitive data that must be secured, and “capabilities of productivity,” which require high levels of reliability and availability. But it actively encourages business-led IT for “capabilities of engagement,” which support marketing and sales activities, and certain “capabilities of insight,” which entail analytics in areas that are not mission critical to operations. The company calls this the realm of “shallow IT” and refers to traditional IT as “deep IT.”

Business partners are expected to lead the experimentation with “shallow IT,” much of which will involve short-lived solutions. But whenever that experimentation needs to be mainstreamed, they will trigger Corporate IT’s involvement to sort out integration needs, understand

FAQs on Business-Led IT

Even though most enterprises have IT functions that run core infrastructure and enterprise systems, business units and corporate functions are spending more of their own resources on IT.

What is business-led IT?

It is direct investment done by corporate functions and business areas in information technology products and services, outside of the corporate IT budget. For every dollar spent on IT out of the corporate IT budget, up to 40 cents are being spent on business-led IT.

How is business-led IT different from “shadow IT”?

For starters, it isn’t in the shadows. Much of it goes to high-profile experiments with analytics, mobile, social, or IT that is embedded into the product or service. The uses of shadow IT over 10 years ago often duplicated Corporate IT’s offerings. Nowadays, that is rarely the intent. Instead, we see information use expanded into new domains, in ways that business partners (and CEOs) consider critical to business performance.

What’s driving the growth in business-led IT?

Business partners recognize that information technology is critical to business innovation and competitiveness, and hence they feel accountable for experimenting with IT.

Will Corporate IT eventually take over business-led IT?

That is unlikely. Using IT to drive business innovation requires deeper business domain expertise than IT staff can hope to provide. Rather than trying to prevent or take over business-led IT, progressive Corporate IT is supporting and enabling business-led IT.

Will business-led IT make Corporate IT irrelevant?

No. The foundational platforms and enterprise systems that Corporate IT oversees provide the backbone for many business-led IT experiments. Many of these experiments will require corporate IT involvement to integrate to existing information sets and be secured. And some experiments will need to be scaled up and maintained, at which point business partners will pass them on to Corporate IT.
and effectively manage risks, broker specific sources of expertise, identify and facilitate infrastructure needs, and move to deep IT to provide scale as needed.

CIOs who have developed successful approaches for managing business-led IT have anchored them on new divisions of labor, where business partners take a more active role in ideation and experimentation, and Corporate IT staff take on more advisory responsibilities. This approach requires significant leadership involvement and change management, as IT staff normally view business-led IT with a mixture of fear, distrust, and resistance (for more detail, see the article on “Why IT Needs a Climate Change” on page 8). Our ongoing research will continue to provide guidance on how to effectively manage the risks of business-led IT.

TAKE ACTION

- Build a plan for IT to enable business-led IT. | CIO Meeting Series: Harnessing Business-Led IT (CEB CIO Leadership Council)
- Segment capabilities by risk and reward to help identify opportunities for business-led IT. | Risk and Reward Framework for “Shallow IT” (CEB CIO Leadership Council)
- Educate business partners to shape their technology innovation portfolio. | Getting to Healthier Shadow IT (CEB CIO Leadership Council)

1 Access to these resources is available only to members of each program. Please contact your CEB account manager or e-mail IT.Support@executiveboard.com if you would like to learn more about this content.
For every dollar Corporate IT spends, business partners spend up to 40 cents on technology out of their own budgets.

Learn how to create greater business value by changing how and when IT engages with business partners by reconfiguring IT’s approach to innovation, organizational climate, and leadership competencies.

**CEB CIO Leadership Council**  
**2014 Meeting Series**

**Event Details**

**Who**
Reserved for CIOs

**What**
- Small, interactive peer groups
- High-value discussion and idea exchange
- Actionable content with immediate application
- Transformative thinking

**Where and When**

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Learn more.  
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As business leaders and frontline employees increasingly explore new ways to meet goals using technology, Corporate IT’s contribution has largely shifted from idea generation to idea exploitation. As a result, it is more important for CIOs to ask, “Is my team ready to make technology ideas from business partners real?” than to ask, “Is my team ready to contribute to the ideas themselves?”

Compared to idea generation, idea exploitation requires sustained support from many more people in IT:
- Applications developers might co-manage a pilot project with a vendor chosen by HR.
- Enterprise architects might be asked to approve a standards exception for a startup that the CMO wants to use to build a new consumer app.
- Operations employees might need to set up a cloud-hosting environment for the R&D team to experiment with on short notice.
- Risk managers might be asked by the head of Sales to accelerate the risk review for an innovative remote collaboration tool.
- Project managers might need to coach business project sponsors who want to take the lead in exploiting their own technology ideas.
Many IT Employees Have the Wrong Mind-Set for Business-Led Innovation

Effective idea exploitation requires risk taking, collaboration, and adaptability, but IT teams lack these behaviors:

- **Siloed** 40% have an insular mind-set and struggle to collaborate with business partners.
- **Risk Averse** 68% of IT employees are risk averse and uncomfortable with uncertainty.
- **Process Centric** 87% of IT employees focus on process at the expense of adaptability.

Among IT employees, 94% exhibit at least one of these mind-sets.

CIOs have tried a number of solutions. Some create dedicated innovation teams with the handful of IT employees who have the right behaviors. But dedicated teams cannot cover all aspects of idea exploitation, so their impact is partial at best. Others focus on hiring and development, but they cannot hire enough new employees to change the behaviors of the whole IT team. And retraining existing employees gets at the wrong problem: behavioral change is a matter of will, not skill. Instead, the most progressive CIOs are reshaping IT’s organizational climate.

**IT Needs a Climate Change**

Climate refers to employee perceptions—created by organizational policies, practices, and leadership messaging—that influence employee behavior. Climate is different from but related to the better known concept of organizational culture (Figure 1). Climate is quicker and easier to change than culture; and over the long term, changes in climate translate into changes in culture.

To provide CIOs with concrete guidance on how to change IT’s climate, CEB
created a Climate of Openness Model for IT (Figure 2). In this model, IT employees are open to business collaboration, risk and uncertainty, and new ways of working. We tested this model in a survey of almost 1,000 IT employees at 20 companies globally and found that IT teams with a strong climate of openness are more than three times as likely to deliver business value than organizations with an average climate (Figure 3).

**Four Strategies to Create a Climate of Openness in IT**

The survey also allowed us to test the real-world effectiveness of over 400 potential tactics for changing IT’s climate. Our findings point to four ways CIOs can strengthen their organizations’ climate of openness and, in turn, improve their teams’ ability to exploit innovation and deliver business value.

1. **Change the Messaging About IT’s Scorecard and Performance Objectives:** The way CIOs measure and report IT performance and celebrate successful performance sends a powerful message about priorities and expectations. These messages shape IT employee perceptions, so CIOs who want to change IT’s climate should rethink their scorecards and performance objectives. We found that emphasizing metrics related to speed, innovation, talent development, and successful business value creation...
encourages a climate of openness, while metrics that measure on-time, on-budget project delivery; operational performance; and user satisfaction have a chilling effect. Cost and risk metrics have no impact either way.

Climate Change: An Example
A CIO decides to supplement delivery metrics with stories about experimental projects on IT’s monthly performance scorecard, and when she presents the scorecard at IT team meetings, she deliberately spends more time talking about the stories than the metrics. The stories change IT’s climate by creating a perception among IT employees that experimentation and flexibility are as important as standards adherence. The change in perceptions leads to behavior change as the company’s application developers become more open to varying their approach. Over time, the climate change leads to cultural change as flexibility becomes a core value in IT.

Measuring operational and project performance is important for many reasons, but when it comes to deciding how much weight to give these metrics on the scorecard, or which metrics to highlight in team communications and meetings, CIOs should be aware of the messages their metrics choice sends.

2. Balance Success Stories with Failure Stories to Increase Employee Openness to Risk: If the first step is carefully selecting which successes to celebrate, the second is to create the right perceptions of failure. IT employees have a deep-seated fear of failure that makes them shy away from innovative and experimental initiatives and means they are not able to use failure as a learning opportunity. More than half worry that working on a potentially risky project will hurt their promotion chances and bonuses or would undermine their credibility with their manager and peers. Underlying these fears are IT employees’ perceptions that failure is rare, has no value, and is frowned on by the organization.

Many failures stem from well-intentioned decisions and innovative initiatives. The best way for CIOs to change perceptions about risk-taking is to share stories illustrating how these “praiseworthy” failures happen to everyone and offer valuable learning opportunities (Figure 4).

The idea of praiseworthy failure was the starting point for the CIO at a leading media company who spearheaded a campaign to change IT employees’ perceptions about failure and their openness to taking calculated risks. He realized that while his team frequently celebrated successes, they were silent about praiseworthy efforts that fail. So he kicked off the campaign by releasing a video in which he gave examples of when he had failed and described what he learned as a result; the rest of the IT leadership team made similar videos. To boost viewership,
the company developed a game in which IT employees received points and prizes for watching the videos, answering quizzes, and sharing stories about their own failures in the form of videos or case studies. By the end of the campaign, every employee in IT had participated, and almost 300 had submitted their own examples.

The company credits the campaign with changing IT employee behavior. Fear of failure from taking risks and being innovative has diminished, and employees now treat failure as an opportunity to learn and teach others. IT’s performance has improved as employees now quickly learn from failure rather than hiding it.

3. **Equip IT Employees to Adapt to Change by Themselves:** Being open to new ways of working means IT employees must be adaptable and comfortable with change. Today’s approaches to organizational change management handle change from the top down. But these approaches struggle to keep up with the pace and variety of change confronting IT employees. Instead, CIOs can strengthen the climate of openness by equipping employees with the connections, networks, and information they need to adapt to change by themselves. In other words, employees move from being objects of change to being drivers of change, and instead of cascading information about change, leaders help employees inform themselves.

CIOs can do this in several ways, all of which positively impact IT’s climate of openness. For example, CIOs should help employees see a personal connection to the changes by communicating how daily work connects to company success and by creating opportunities for employees to provide input on business strategy. Because employees are more open to change if they learn about
the change’s rationale and impact from peers, CIOs should encourage forums for this peer networking. Ensuring that employees understand the market context for change is also important, so CIOs should explain strategic objectives and detail core activities such as product development.

4. Build Networks Within IT and Between IT and Frontline Employees: The fourth step in creating a climate of openness in IT is to break down silos within and beyond the IT team. We found that the most powerful way to do this is to facilitate in-person interactions between IT employees and business leaders, ideally at least quarterly. But this may be hard to pull off, especially in large and distributed organizations. Fortunately, encouraging IT employees to shadow others within IT and creating opportunities for IT employees to get to know frontline business employees are also valuable approaches and somewhat easier to execute. CIOs can build links between IT employees and frontline business employees in many ways, including rotating staff through the help desk, colocating development teams with business partners, or arranging for IT employees to shadow a business team or shadow a sales rep or field service agent.

Collectively, the four strategies promote a strong climate of openness in IT and well position IT for idea exploitation. None of the actions are costly, but all require significant and sustained attention from the CIO and the IT leadership team. For organizations that prioritize innovation and with business leaders who look to IT to help exploit their ideas, this will be time well spent.

TAKE ACTION

■ Build a plan for IT to enable business-led IT. | CIO Meeting Series: Harnessing Business-Led IT (CEB CIO Leadership Council)

■ Redesign the IT performance scorecard. | The Unbalanced Scorecard (CEB CIO Leadership Council)

■ Equip IT employees to adapt to change. | Building the Change-Ready Organization (CEB CIO Leadership Council)

■ Assess IT employee competencies. | CEB IT Talent Assessment

1 Access to these resources is available only to members of each program. Please contact your CEB account manager or e-mail IT.Support@executiveboard.com if you would like to learn more about this content.
Are you investing in the IT capabilities that matter most to business outcomes?

Participate in CEB’s IT Budget Benchmark to compare your spending to peers’.

Allocation of IT Project Budget, by Enablement Types, 2014(E)

- **New Work Environment** (33%)
  - Collaboration
  - Business Intelligence
  - Mobile Applications
  - Customer Interface

- **Process Automation, Core Infrastructure, and Other Expenses** (67%)

n = 131 IT organizations. Source: CEB IT Budget Benchmark.

Select Metrics:
- IT Expenditure as a Percentage of Revenue
- Expected Change in Total IT Expenditure
- IT Expenditure Allocated to Cloud and Mobile Development
- IT Project Budget
- Degree of IT Outsourcing
- IT Staffing Ratios

When to Participate:
17 June–1 August

Use the IT Budget Benchmark to:
- Validate budget and staffing plans against peers’
- Build the business case for new capabilities
- Calibrate what and how much to outsource
- Save time when creating your 2015 budget

Learn more. Contact your account manager or e-mail IT.Support@executiveboard.com.
Roadmapping the Business Innovation Pipeline
BY JEREMY HAYES

Innovation can come in many forms—from multimillion dollar projects headed up by Corporate IT to dozens of smaller experimental investments led by business leaders. But at the same time, lots of smaller projects across the enterprise can result in duplicated functionality, sub-scale adoption, unnecessary complexity, and higher ongoing support costs.

Trying to manage innovation by intervening on every minor decision simply isn’t practical. Instead, leaders are most effective when they cascade strategic priorities through the organization, monitor compliance, and step in only where necessary to rebalance efforts.

Make Roadmaps, Not Roadblocks

Most IT leaders have invested in dashboards that track backward-looking metrics—how IT has performed over the past hour, day, week, or month. These have been effective tools, but they find problems after they have occurred. Few IT leaders have invested in forward-looking dashboards because it’s difficult to show how different IT teams, non-IT functions, and services across the organization are innovating to improve tomorrow’s performance.

Fortunately, roadmaps are an ideal tool for creating a forward-looking link between current and future states. With
a few straightforward process changes, organizations can create a consolidated view of planned changes. Leaders can monitor strategic alignment and ensure IT is focused on delivering the right goals, without stifling innovation under a bureaucratic top-down approval process.

Every IT organization should apply these guideline principles to their roadmaps to improve the value realized from innovation efforts across the enterprise:

1. Business Capabilities Link Innovation to Strategy: Strategic goals are too high level to shape and direct specific innovation. Similarly, teams struggle to link lower-level technical investments directly to business strategy. Business capabilities provide the right planning altitude by clearly articulating the most important activities an enterprise performs.

Cascade top-down strategy by using strategic goals to prioritize improvements

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Figure 1: Competitive Advantage Capability Targets 2013–2014

Illustrative
Figure 2: Technical Changes Linked to Business Capabilities

in business capabilities. Identify which business capabilities are critical to strategy, establish current maturity levels, and then set targets for future maturity levels. Figure 1 shows an example roadmap with targets for competitive advantage capabilities.

Create the bottom-up view by ensuring teams link planned technology changes to the business capabilities they support or enhance. Figure 2 shows example technical changes by business capability.

Strategic goals and low-level technical changes are now connected by the common capability layer. Use this 360-degree view to monitor the roadmap activity. Prevent misaligned spending before it happens by questioning planned investments that don’t match up with priority capabilities and strategic goals.

2. Use Roadmaps to Identify Where Innovation Isn’t Happening and Why:
An effective roadmap doesn’t just analyze what you are doing, it also shows what you’re not doing. Look at investments by business capability over the past 12 months and the next 12 months. If one or more high-priority capabilities look devoid of innovation projects, ask yourself why:
Is a weak network of IT and business partners causing the enterprise to underserve these capabilities?
Do we need to redefine how we create business cases because innovation projects rarely get approved?
Are IT budgets too tight to support investments across all business capabilities?

These questions are useful for triggering more investment in innovation and sparking an examination of how innovation projects are funded.

3. Sustain Innovations Once Initial Project Teams Have Dispersed:
Managing innovation doesn’t end with implementation. Today’s innovators won’t be available for support tomorrow, especially as frequent organizational change is now the norm.

Effective roadmaps capture knowledge on technology dependencies and remain living documents, providing new staff with an invaluable reference resource on the portfolio. This long-term stability is another reason why the best roadmaps are organized by business capabilities. Business strategy will evolve year to year and projects should end, but business capabilities are the most stable building block for organization. Roadmaps should include a business strategy–based view to show current alignment and a business capability–based view for long-term planning continuity.

Getting started is easy. The systems and interdependencies supporting each capability enhancement are most likely already part of the project plan. Catching this knowledge in a shared roadmap doesn’t add any overhead, but leaving it hidden in an archived project plan will likely add cost at some point. After all, giving your future self a comprehensive map of the systems and dependencies supporting each business capability may just be the best innovation.

TAKE ACTION

■ Identify roadmap priorities. | Six IT Roadmaps for Better Business Outcomes (CEB CIO Leadership Council)
■ Improve roadmap quality. | Building Better Roadmaps (CEB CIO Leadership Council)
■ Create and maintain compelling roadmaps. | CEB IT Roadmap Builder™

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Business leaders have taken greater ownership of technology projects. This change demands a different approach to the solutions delivery lifecycle.

Degree of Difficulty in Gaining Stakeholder Buy-in for Alternative Approaches or Solutions

- 91% Difficult
- 9% Relatively Easy

Learn how to reorganize SDLC activities to enable productive business-led IT without wrecking scale.

CEB Applications Leadership Council
2014 Meeting Series

Event Details

Who
Reserved for Heads of Applications

What
- Small, interactive peer groups
- High-value discussion and idea exchange
- Actionable content with immediate application
- Transformative thinking

Where and When
Washington, DC 13–14 May
Chicago 22–23 July
New York 18–19 September
Chicago 22–23 October
San Francisco 5–6 November

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Corporate IT has long focused its innovation efforts on trying to generate new ideas and experimenting with new technologies. Many IT organizations sponsor innovation labs or, at a minimum, scan the market for new technologies they think will be useful to their organizations. But too frequently, IT identifies new technologies that are just a solution looking for a problem to solve. Progressive IT organizations have shifted their focus from ideation of business-facing solutions to readying their foundational IT to support business-led innovation opportunities. For IT organizations, this means bringing the best ideas to fruition quickly, scalably, and securely so they can be incorporated into the broader technology portfolio.

One problem that organizations often face with an ideation-centric approach is that each new idea triggers a series of questions about how to secure data, ensure its consistency, and minimize technical risk wherever possible. Rather than treating each innovation as a chance to reexamine these legitimate and evergreen concerns, IT should address them preemptively. This important background work ensures that the foundational enterprise technologies on which so many innovations depend are primed and ready for exploitation.

To be successful, IT needs to clarify what forms the foundation. One leading Fortune 500 consumer products company distinguishes what it calls “shallow IT,” which is led by business partners,
1. Transition to Flexible IT Architectures to Support Data Access and Integration

Organizations that have flexible, modular architectures, such as those based on service-oriented architecture, are able to quickly experiment with a range of presentations, such as mobile apps, because their architecture regards mobility as just another interface through which to deliver data. For the vast majority of IT organizations without these flexible architecture models (Figure 2), new platforms can be disruptive because the back-end architecture hasn’t been prepared. Readying the foundation is a
key focus of enterprise architecture for many enterprises. Re-architecting major systems is a long-term endeavor, and it can’t wait or be paid for by experimental business-led initiatives.

Even if re-architecting legacy systems is infeasible today, organizations can make meaningful incremental steps. The CIO at a leading financial services company determined that the future state architecture will include a robust services layer, but IT is also taking steps today to make business-led innovation easier and to decrease its reliance on legacy systems. To ensure that new initiatives are consistent with the long-term vision, solution architects are held to a series of principles that include legacy containment.

They have also built an operational data store to provide data across myriad client interfaces, with mobile apps as the primary beneficiary. This approach creates far greater flexibility and a pragmatic approach to portfolio modernization.

2. Help Business Partners Experiment Successfully by Giving Them Access to More Real Data

The time and expense required to integrate systems that use and potentially contribute transactional data is a common obstacle to innovation (Figure 3). When considered on a project-by-project basis, integration requirements can quickly tip the cost-benefit-risk analysis away from experimental projects. Debunk this false trade-off between experimentation and integration by providing third-parties with access to enterprise data through a global data hub that pulls relevant operational data from multiple sources. The hub ensures secure access to high-quality enterprise data, while preserving local control for precisely how those data are used and presented. This approach preserves data integrity while responding to the legitimate need for local control. The data hub is underpinned by a common global data architecture that provides flexibility at the interface for local control. IT and the rest of the business are then able to share responsibility for the delivery of technology solutions and decide what constitutes shallow and deep IT.
3. Support Big Data and Analytics Innovation with “Data Sandboxes”

Analytic experimentation is one of the most common drivers of business-led IT. One Fortune 500 insurance company recognized the need to enable ad hoc analytics for a community of data experts. Although not suitable for large audiences due to the specialized skills and computing capacity required, creating a flexible analytic environment—a “data sandbox”—for advanced users promotes analytic experimentation. In these environments, discovery can happen quickly and cover a broader universe of data than can in traditional business intelligence environments. Unused or poor-quality data sources can also be easily purged. The results of these analyses are more reliable than with IT’s help.

4. Don’t Hide Behind Security Fears

In earlier days of cloud and mobility adoption, security concerns were the main organizational barrier to implementation of cloud and of mobile solutions. Now, Information Security’s reactive
A risk management approach in which the true owners of risk make decisions, which is the only way to accurately weigh the business benefits of innovative technologies against the real risks

A process that gets risk managers from Information Security, Legal, HR, etc., together to accelerate the adoption of technologies that introduce tricky new risks

Evolving the IT foundation is essential to supporting business-led innovation.
By anticipating and solving for common obstacles to innovation and by understanding the differences between shallow and deep IT, IT organizations can partner more effectively with business partners and augment the efforts that are taking place in the rest of the organizations.

**TAKE ACTION**

- Create an ownership framework for technology experimentation. | [Risk and Reward Framework for “Shallow IT”](CEB CIO Leadership Council)

- Take incremental steps to IT modernization. | [Information-Centered Portfolio Modernization](CEB Applications Leadership Council)

- Enable experimentation in locally controlled apps. | [Accelerated Integration for Marketing Apps](CEB CIO Leadership Council)

- Create an analytic sandbox. | [On-Demand Analytics](CEB Enterprise Architecture Leadership Council)

- Create an access control framework for data security. | [Graded Trust Model for Information Access](CEB Information Risk Leadership Council)

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1 Access to these resources is available only to members of each program. Please contact your CEB account manager or e-mail IT.Support@executiveboard.com if you would like to learn more about this content.
The inability to identify and influence the right stakeholders undermines EA’s ability to make recommendations that stick.

Learn how to meet stakeholders’ short-term goals, while adhering to architectural principles, by improving EA’s ability to influence increasingly diverse stakeholders.

CEB Enterprise Architecture Leadership Council
2014 Meeting Series

Event Details

Who
Reserved for Heads of EA

What
- Small, interactive peer groups
- High-value discussion and idea exchange
- Actionable content with immediate application
- Transformative thinking

Where and When
Washington, DC 18-19 June
San Francisco 10-11 July
Sydney 27 August
New York 16-17 September
London 9 October
Chicago 22-23 October

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What You Need to Know

Uncovering Unarticulated Employee Productivity Needs

The Questions Your Business Partners Will Be Asking You

**CEO**
Last year our leaders failed to act quickly and take advantage of some potentially substantial market changes. How can IT help our people act on similar opportunities in the future?

**CHRO**
Coming into 2014, our staffing budgets are flat, but our business demands require us to produce more. How can technology help our employees get more work done?

**Business Unit Leader**
We rolled out many new IT projects last year, but end-user adoption levels fell short of what we were hoping for. How can we make sure new solutions really meet end-user needs so we don’t continue wasting our investments?

**Chief Sales Officer**
Several of my reps have complained that they don’t have access to the information they need when making sales visits. How can we make it easier for them to get to the resources they need, both in and out of the office?

Source: CEB analysis.
Business partners often fail to convey what they’re truly trying to accomplish in their list of requirements for IT solutions. This results in misallocated IT resources and solutions that fail to deliver their expected value. IT leaders who focus employee productivity investments on uncovering and addressing unarticulated technology needs can increase the benefits realized by up to 40% over traditional approaches.

The Questions You Should Be Asking Your Direct Reports

**Service Managers**

How do we diagnose where technology investments can most improve employees’ abilities to quickly act on and make better business decisions?

**TAKE ACTION**

Focus service enhancements on the customer interactions that disproportionately drive value. | *The New Model for IT Service Delivery* (CEB CIO Leadership Council)

**Head of Employee Computing**

How are you identifying the productivity opportunities most important to employees?

**TAKE ACTION**

Apply market listening techniques to tap into employees’ collective knowledge. | *Employee Computing Services Handbook* (CEB Infrastructure Leadership Council)

**Head of Applications**

How do we make sure we go beyond simply giving employees what they ask for to truly understanding what they need to be fully productive?

**TAKE ACTION**

Identify barriers in employees’ workflows to uncover unarticulated needs. | *Business Engagement 2.0* (CEB Applications Leadership Council)

**Head of Information Security**

How do we reduce employee roadblocks to information access without exposing the company to unnecessary risks?

**TAKE ACTION**

Right-size security controls to balance the value and risk of information access. | *Graded Trust Model for Information Access* (CEB CIO Leadership Council)

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CISOs are already short staffed and find the talent pool empty. This problem will only grow as security staffing needs shift to more business-facing roles.

Learn how to manage hiring, development, and performance management to meet Security’s objectives—today and five years from now.

CEB Information Risk Leadership Council
2014 Meeting Series

Event Details

Who
Reserved for Heads of Information Security

What
- Small, interactive peer groups
- High-value discussion and idea exchange
- Actionable content with immediate application
- Transformative thinking

Where and When
Washington, DC  7–8 May
Sydney  26 August
Chicago  9–10 September
San Francisco  18–19 September
London  9 October
New York  2–3 December

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