

# Pole position

## Winning with a high octane strategy

**CIO** S working in the banking and financial services arena are continually dancing to a familiar tune: the relentless pursuit of efficiency as a key driver of sustainable business growth. That's a very simple, almost trite thing to say – but damned difficult to pull off.

Those at the sharp end of financial services, trying to deliver 'world class' performance levels for cost, service and efficiency, whilst still delivering enhanced customer propositions in the white heat of competition, have their work cut out to deliver unless they have a clear understanding of the business and know what drives business renewal.

Being a CIO is a bit like being a McLaren Formula One engineer, competing against not one Ferrari team, but several high octane teams, whether in retail and investment banking, or insurance, with each team as cut-throat as each other. To win, you have to be able to drive innovation: initiate it, manage it, and pilot it within the business to gain a competitive edge. You have to provide systems that go 'faster, faster, faster' yet 'cheaper, cheaper, cheaper', and you have to win both qualifying, and the race i.e. can you get your trading systems to go 5 microseconds faster to get your business first out of the pits and into the lead?

"The CIO must take a leadership role to help the overall organisation

develop and maintain a vibrant but balanced and structured approach to investments in innovation," says Dominic Trotta, Group CIO at Barclays Bank.

"The CIO will always be challenged by his business partners to continuously drive IT costs down and this is a pressure that will not ever go away, nor should it. However, equally important is that the CIO constantly engages the business line executives to make sure there is a common understanding of the value that IT is creating for their business and a shared vision of how to enhance and increase that value going forward. Without this shared vision between the CIO and the Business Execs, the organisation is in danger of making some very regrettable decisions concerning the cost-cutting vs. investment agenda in IT."

But the CIO's ability to drive innovation has to some extent been diminished because of the outsourcing of resources. Now, the CIO needs to understand the business implicitly and work transparently with it, meaning there isn't a lot of room for 'skunkworks' technology projects, and certainly no 'slush funds' for innovation.

Perhaps the most practical solution to address this research & development issue is to partner with software vendors or offshore services specialists. But having a large R&D spend with them gives

them hooks into your business, and there are confidentiality, intellectual property, and quality control issues.

If you've done work with a software vendor, there must be a limit on their using that R&D elsewhere with their other clients. The most you might gain in terms of innovation could be only six months. But it could be a vital six months.

And consider this. Although a CIO could once have claimed to be the fount of all wisdom on technology within the organisation, that is no longer the case. In today's world, senior executives outside IT understand the criticality of technology to both their respective functions and to the organisation as a whole: the

road' throughout the organisation, probing, listening, finding out potential departmental glitches before they become bigger, high profile problems. Translated into the mindset of the CIO, it means having a deep understanding of all facets of the business, understanding the way its banking, insurance or other financial services products work, how the business can be better enabled by taking advantage of technology and business-led innovation, and by what might be coming down the track. For example, what effect would moving to common client accounts across two divisions of a bank have? Will that help or hinder the business?

It also means being visible

**"The CIO must take a leadership role to help the overall organisation develop and maintain a vibrant but balanced approach to investments in innovation"**

CIO is no longer the single knowledge point or technology decision maker.

Now, the role of the modern day CIO is to provide renewal and transformation leadership; be a facilitator in the top team; shape, design and mould the future model, and deliver on agreed execution plans.

However, that's easier said than done. There are recent examples within high profile City institutions where the CIO has clearly stuck out on the executive team as not 'one of us'. The telltale signs are obvious to the initiated: no credibility within the business, uncomfortable with business issues, and no worthwhile business-led contribution in executive meetings.

How should the CIO become 'one of us'? By effectively becoming an IT-aware COO, with responsibility for technology, operations and efficiency, ensuring that mandate is in concert with other members of the CEO's executive team.

That can be achieved by taking a leaf out of the book of a top civil servant, being consistently out 'on the

throughout the organisation, gathering relevant intelligence through being cognisant of the business landscape, and being able to work with and understand the problems of Sales or Marketing (so much so that you don't need to have a 'catch-up' lunch to know what's going on!)

Ultimately the CIO should have the same critical view across the organisation as the CEO, because the CIO is in a unique position within the CEO's team.

So when the key Board strategy meeting takes place, the CIO is informed, business-focused, primed with practical solutions, and able to be a key influencer in the business's best interests. He or she is the architect and custodian of the strategic technology vision that underpins the organisation's strategy and plans, and which give rise to competitor-beating new paradigms for the business. ■

**Gopi Chelliah and Peter Rowland also contributed to this article**

**"To win, you have to be able to drive innovation: initiate it, manage it, and pilot it to gain a competitive edge"**

## Money money money

They say it makes the world go around. And if you're a top CIO, it's true.

According to filings with the Securities and Exchange Commission in the US, and a "State of the CIO" survey by CIO magazine, five of the top ten CIO earners were in financial services, including the only woman in the group, Jean Davis, recently retired senior executive vice-president for e-commerce and operations at US financial services company Wachovia.

Eight of the top ten are also accountable for operations, customer service, or other

senior level responsibilities, which may explain why the total pay for the top ten reached \$65m.

Meanwhile, the survey shows that CIO influence is increasing as their pay is rising, with 41% now reporting to the CEO.

**CIO Compensation: Top IT Execs make millions of dollars, Network World, 24th Oct 2007**

[www.networkworld.com](http://www.networkworld.com)

**'State of the CIO 2008', CIO Magazine, 22nd Oct 2007**

[www.cio.com](http://www.cio.com)

## CIO: top of the Board's list

As banking continues to transform into more of a global, 24-hour financial services environment, the role of the bank CIO will also continue to evolve to meet new demands. According to experts, one thing is for sure: now that bank CIOs have earned a place at the executive table, they need to prove that they belong. As such, these days picking the right CIO must be a top priority for banks, according to Scott Hansen, EVP with Harland's (Orlando) integrated solutions group. "Twenty years ago, hiring a CIO used to be almost like an afterthought. Now, it is on Board's top-five lists. The role of technology has become central to the competitive future of financial institutions today. If you're operating with the premise that IT is the bedrock of the bank's future, then the CIO shouldn't be passive."

**A New Kind of Executive Needed for Future Bank CIOs, CMP Finance Tech, 23rd August 2007**

[www.financetech.com](http://www.financetech.com)

## The Tipping Point

Until recently, I believed that as long as IT continues to be increasingly indispensable in all types of industries - then the role of the CIO would endure as the steward of business technology strategy, purchasing, and deployment.

Sure, the priorities for CIOs would change over time, the centralised or decentralised pendulum would swing back and forth.... and many CIOs would chant the sacred mantra of "we need to align the technology with the business." But all that aside, I was just dead certain that the use of technology in businesses absolutely mandated the coexistence of a CIO to strategically oversee all that

stuff and use it to drive business value.

Boy, was I wrong. Because we have hit a tipping point in the evolution of the CIO. The new evolutionary track branches off into many directions as traditional line-of-business managers become far more sophisticated about technology, as more IT processes and services are outsourced, as companies integrate IT into global logistics and operations, and as some companies begin to doubt the ability of a centralised IT czar to drive the level of business and customer-driven change required to compete in this 21st-century economy.

**Are CIOs disappearing? Information Week, CIOs Uncensored, 15th Sept 2007**

[www.informationweek.com](http://www.informationweek.com)

## Going Green

Business IT use accounts for 2% of global carbon emissions, equivalent to the aviation industry, according to analyst firm Gartner.

By the end of 2007, most large enterprises will have some public statement addressing their carbon contribution, said Mark Raskino in a keynote session

at the Gartner CIO Summit 2007 in Barcelona.

Environmental sustainability has become a strategic issue that CIOs must grapple. Currently, the IT industry is seen as "part of the problem, not part of the solution", and "must get its own house in order" to reduce carbon emissions, Raskino added. "In areas such as

banking that rely heavily on technology, the IT operations represent the biggest environmental impact. So it will fall under the remit of the CIO to handle this issue," he said. **Gartner: Environment low on list of CIO priorities, Computerworld UK, 12th Sept 2007** [www.computerworlduk.com](http://www.computerworlduk.com)

## Security spend 'in check'

Gartner predicts that security spending will rise 9.3 per cent in 2007, but will drop out of the first ten spending priorities for CIOs for the first time since the prolific internet worms of 2003.

The emergence of "run silent, run deep" malware means that security is a less high-profile function than before, as improving

business processes and reducing costs become the pre-eminent priorities for IT directors, according to John Pescatore, VP and distinguished analyst at Gartner.

"New threats don't poke their heads up, so playing 'whack a mole' is no longer viable. Security is now more like playing a game of chess where the bad guys go first, so the black hats are playing with the white

pieces. As in chess, there are strategies to deal with this, such as reducing the attack aperture and funnelling attackers towards a strong point," said Pescatore.

**Security to drop out of CIO spending top ten, The Register, 18th Sept 2007** [www.theregister.co.uk](http://www.theregister.co.uk)

## Talent Spotting

Executive search firm Heidrick & Struggles has created the "first ever" global talent index (GTI) with the Economist Intelligence Unit.

The study pulls together insight into a number of industries, including technology, industrial, life sciences. It also looks at the global pool of talent and asks:

- How should that talent be managed and developed?
- Which countries have the strongest pipeline?
- What impact should that have on how companies plan strategically for the medium term?
- Where will talent thrive over the next five years?

**The Talent Pool, Corporate Dealmaker, 26th September 2007** [www.corporatedealmaker.com](http://www.corporatedealmaker.com)

## CIO Coaching with JCA

We are delighted to announce an agreement with **JCA Group** to provide executive coaching for CIOs and those either aspiring to be on a Board or imminently doing so. If you would like more information please contact **Neil Pullen** on 0207 969 2745.