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Connecting the business – unlocking digital transformation success

How the CIO can adjust to the new realities of digital transformation and accelerate business change

Executive summary

Digital transformation is a frequently used term, but what does it really mean? First and foremost, it is about business change and organisations reinventing themselves to take advantage of the digital era. More than that, they must reinvent themselves or risk being sideswiped by the digital start-ups. This has turned IT from a cost function to a revenue generating function, and placed it at the heart of business strategy.

The bottom line is that the industry is talking about transformation in the wrong terms: this is about strategic business transformation and redefining how business engages with its employees, partners and customers. Technology is – of course – pivotal to this transformation and as a CIO you and your IT team are integral to digital transformation success – though the technology itself is not the strategy; it's the facilitator.

The relationships between the IT department and the business are being redrawn; and to be successful in their transformation efforts, the IT department must go further into the business than it ever has done and get to grips with business strategy. The enterprise organisations that are achieving the most success with digital transformation are the ones that have successfully aligned the needs and expectations of the IT department with those in the business at large.

However, experience tells us that this change doesn't come easily and that competing agendas in IT and the business often obstruct progress, and give rise to conflict and tension.

The Cloud Industry Forum (CIF), in partnership with Ensono, commissioned this special research project to understand these issues in more detail. Surveying 200 business (BDMs)and IT decision-makers (ITDMs) from UK-based organisations, the research aims to unravel some of the key questions and challenge the established perceptions that CIOs and business leaders have on digital transformation: its purpose, who is responsible, how it is changing internal relationships and the skills required to deliver business change.

So, with that in mind, how well are IT and business leaders within UK enterprises adjusting to the new realities brought by digital transformation, what are they doing it for, and what does the CIO need to be successful?

KEY FINDING 1

70% say cost savings are the key driver for digital transformation, followed by increasing profitability (58%) and increasing productivity (59%).

'Digital transformation' aimed solely at reducing cost is not enough. Transformation must be about business reinvention and, business efficiency and delivering a better customer experience, yet these factors rank much lower down on the list of priorities for our respondents. This focus on cost saving will, in the long term, ill prepare organisations to counter the threat of disruption from transformative competitors so effort should be re-focussed towards innovation to deliver customer solutions more effectively into existing and new markets.

KEY FINDING 2

99% are measuring their digital transformation projects, but the KPIs do not match objectives.

Do businesses really know their 'digital transformation' goals and are they clearly communicated throughout the business? Is everyone on the same page and clear on the strategy? For digital transformation strategies to take hold and be successful, the IT department, the business and the board need to have a clear and shared vision of what they want to achieve, and of why and how they will achieve it, but it is clear that this shared vision is lacking in many cases. Where there is a lack of a shared vision, this can lead to ineffective transformation and internal conflict between the business and IT.

KEY FINDING 3

The CEO is believed to have the most influence on digital transformation, though 64% believe that the success of digital transformation is primarily dependent on the IT department.

It is encouraging that the CEO is, in the majority of cases, setting the strategy and vision for digital transformation, though it is clear that responsibility for executing it firmly rests with the IT department, with little involvement from the wider business. Those that believe it is solely down to IT to drive digital transformation are missing the point as this is fundamentally about business transformation and therefore needs the whole of the business engaged in the process.

If IT and the CIO are driving transformation, they will need to hone their communication skills and act as the bridge between the IT department, the wider business and the board.

KEY FINDING 4

61% of respondents report that digital transformation has been delayed by the IT department.

Delays to digital transformation are commonplace and the cause is, more often than not, cited as the IT department. However, ITDMs tend to shift the blame back to the business, citing lack of available budget and lack of clarity of business objectives. This 'blamestorming' indicates a lack of communication and ownership. Strong leadership and communication are essential to avoid delays, but these factors are lacking in many cases.

KEY FINDING 5

Over half (56%) state that their role has changed significantly as a direct result of digital transformation.

Respondents believe that digital transformation is changing their roles and responsibilities, and the skills that they need to be successful in their positions. However, these changes are not evenly applied, and while BDMs report enjoying more freedom to innovate, the pressure to perform is ramping up for ITDMs which is another possible source of contention between the business and IT.

KEY FINDING 6

Nine in ten (89%) believe that legacy technology is a barrier to digital transformation, with 46% believing that changes to legacy systems would cause major business disruption, and 40% believing it would be cost-prohibitive to replace.

The integration of legacy systems is a key consideration for businesses on a digital transformation journey, though it would be a mistake to view legacy as an absolute barrier to it. A significant amount of business value resides in established and stable legacy tools and systems and by connecting these systems with new transformational approaches, enterprise organisations can effectively leverage their heritage to resist the challenge of new disruptors.

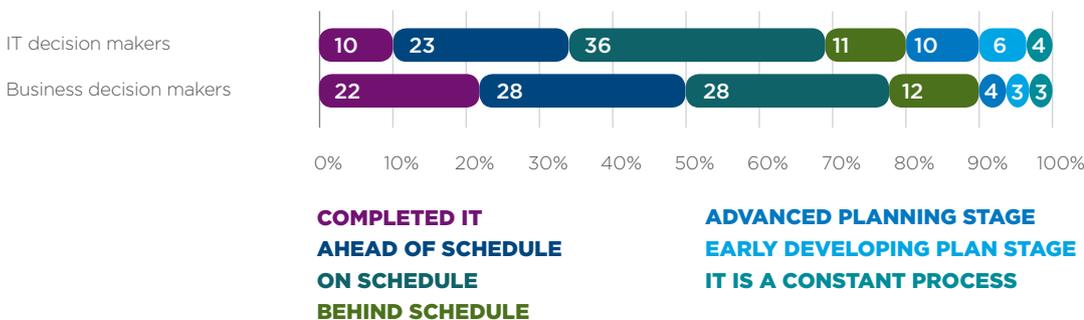# 1. The what, why and who of digital transformation

- **Cost savings emerged as the most commonly-cited driver of digital transformation (70%).**
- **Almost all (99%) are intending to measure the success in some way.**
- **It is the CEO who is thought to hold the most influence on digital transformation, though the COO and CFO also emerged as key figures.**
- **In around half (48%) of cases, digital transformation is delivering more value than had been anticipated.**

Overall, it is the CEO who is thought to hold the most influence on it, which indicates a clear recognition that digital transformation must extend beyond the IT department to succeed

When the Cloud Industry Forum first started researching the topic two years ago, digital transformation was a relatively minor concern, and only just over half (51%) had begun that process. However, since that time, interest in, and progress with, digital transformation has increased considerably.
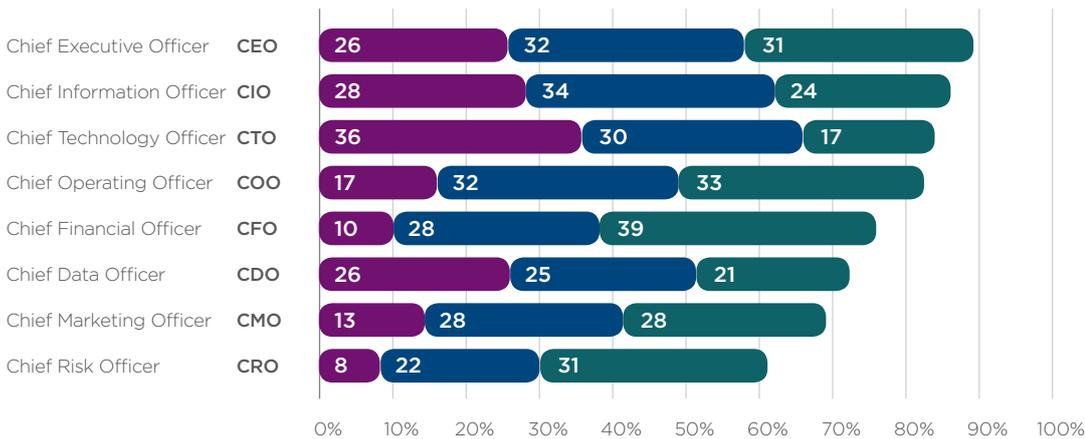
100% of the organisations we spoke to for this research project reported that they were pursuing digital transformation and some 16% stated that they had already completed it. While some are further along in their journey than others (the reasons for which we will explore later in this report), it is clear that the language of, and the rationale behind, digital transformation have firmly taken hold within the enterprise.

Where would you say your organisation is at when it comes to digital transformation?

IT decision makers	10	23	36	11	10	6	4
Business decision makers	22	28	28	12	4	3	3

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

COMPLETED IT
AHEAD OF SCHEDULE
ON SCHEDULE
BEHIND SCHEDULE

ADVANCED PLANNING STAGE
EARLY DEVELOPING PLAN STAGE
IT IS A CONSTANT PROCESS

The scope of these digital transformation initiatives has clearly expanded over the last few years, and it is evident that an increasingly broad range of stakeholders are involved in the process. **Overall, it is the CEO who is thought to hold the most influence on digital transformation,** which indicates a clear recognition that digital transformation must extend beyond the IT department and gain buy-in from the board and the whole of the senior leadership team if it is to be successful.

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Who do you see pushing the need for digital transformation in your organisation?

Chief Executive Officer	**CEO**	26 / 32 / 31
Chief Information Officer	**CIO**	28 / 34 / 24
Chief Technology Officer	**CTO**	36 / 30 / 17
Chief Operating Officer	**COO**	17 / 32 / 33
Chief Financial Officer	**CFO**	10 / 28 / 39
Chief Data Officer	**CDO**	26 / 25 / 21
Chief Marketing Officer	**CMO**	13 / 28 / 28
Chief Risk Officer	**CRO**	8 / 22 / 31

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

THEY ARE RESPONSIBLE FOR OUR DIGITAL TRANSFORMATION
KEY DRIVER FOR DIGITAL TRANSFORMATION
INVOLVED IN INFLUENCING OUR DIGITAL TRANSFORMATION

However, when we look at the breakdown between ITDMs and BDMs the picture is much more complicated and there is clear disagreement on who are the leading figures for digital transformation. **Almost a third of BDMs (32%) report that the CEO is responsible for digital transformation, compared to just 20% of their counterparts in the IT department.** This seems to point to a lack of clear ownership, accountability and strategy for digital transformation projects, potentially jeopardising their success.

Conflicting opinions
about who actually
leads digital
transformation
indicates a lack of
clear ownership and
strategy

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Drivers for digital transformation

Respondents reported a wide range of drivers for their digital transformation programmes – which is to be expected given the scale of the task at hand and the range of stakeholders involved in the process. Increasing productivity (59%) and increasing profitability (58%) ranked highly here, **though it is cost savings that emerged as the most commonly-cited driver of digital transformation (70%).**

What were/are the key drivers for your organisation to undertake a digital transformation?

	ITDMs	BDMs
Saving costs	72%	68%
Increasing productivity	58%	60%
Increasing profitability	56%	60%
Increase process efficiency	55%	56%
Increasing customer satisfaction	41%	39%
Keeping up with our established competitors	42%	37%
To avoid losing customers	39%	36%
Security	38%	34%
To prevent us becoming obsolete	38%	33%
Differentiating ourselves from the competition	35%	34%
Driving more innovation in the business	39%	29%
Speeding up time to market	32%	34%
Competing with new & disruptive businesses in our space	32%	30%
Creating efficiency in our existing routes to market	28%	32%
Increasing employee engagement	30%	29%
Creating new routes to market	28%	30%
Improving employee skills	25%	31%
To recruit or retain employees	22%	23%

Digital transformation should not be about cost containment, but about how the smart deployment of new technologies can help to beat the competition

While understandable given the current climate, this focus on cost savings fails to get to the heart of digital transformation.

Fundamentally, digital transformation should not be about cost containment, but about how the smart deployment of new technologies can help to beat the competition, create new routes to existing markets, open up new markets, and win and retain customers – and it is here that the focus should lie.
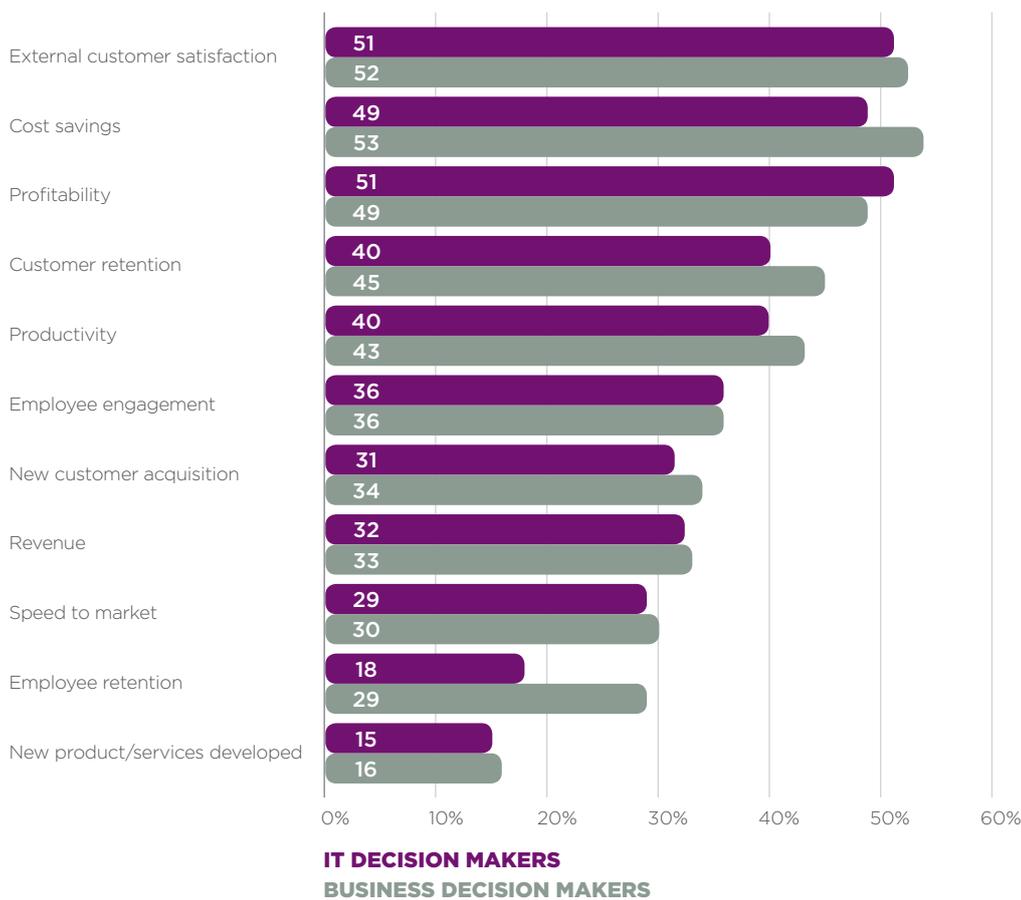
In prioritising saving costs over other objectives, such as preventing the organisation from becoming obsolete, speeding up time to market, and driving innovation, many organisations may be limiting the scope of their transformations and their potential.

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Measuring digital transformation success

These same drivers appear to be somewhat at odds with the metrics by which respondents are planning to measure the success of their digital transformation initiatives. While it is encouraging that almost all are intending to measure the success in some way – indicating a maturity in their thinking and a clear direction – their intended measurements are not entirely aligned with their stated drivers.

While cost saving KPIs rate highly here, other metrics, such as customer satisfaction, customer retention, and profitability, are just as prominent – despite the fact that these factors did not register that highly in the question about what was actually driving digital transformation initiatives. This raises the question of whether or not the strategies pursued are entirely well-suited to deliver their intended outcomes.
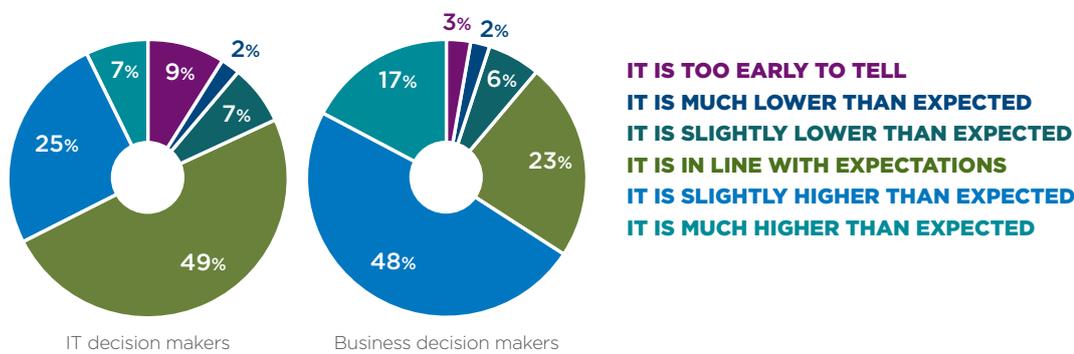
By which metrics does your organisation intend to measure the success of its digital transformation?

	IT Decision Makers	Business Decision Makers
External customer satisfaction	51	52
Cost savings	49	53
Profitability	51	49
Customer retention	40	45
Productivity	40	43
Employee engagement	36	36
New customer acquisition	31	34
Revenue	32	33
Speed to market	29	30
Employee retention	18	29
New product/services developed	15	16

IT DECISION MAKERS
BUSINESS DECISION MAKERS

Respondents'
measures of success
don't naturally align
with their stated
drivers

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However, despite this potential point of confusion, digital transformation initiatives appear to be largely delivering against respondents' expectations. Although some said that it was too early to gauge success, the majority said that **the current value achieved from their organisation's digital transformation was either in line with expectations or, in almost half of cases (48%), higher than expected.**

How does the current value achieved from your organisation's digital transformation compare to your original expectations?

IT decision makers pie chart values: 7%, 9%, 2%, 7%, 25%, 49%

Business decision makers pie chart values: 3%, 2%, 6%, 17%, 23%, 48%

IT IS TOO EARLY TO TELL
IT IS MUCH LOWER THAN EXPECTED
IT IS SLIGHTLY LOWER THAN EXPECTED
IT IS IN LINE WITH EXPECTATIONS
IT IS SLIGHTLY HIGHER THAN EXPECTED
IT IS MUCH HIGHER THAN EXPECTED

IT decision makers

Business decision makers

The IT department has to contend with a broader range of technical and operational challenges on the road to digital transformation than the wider business is aware of and this under-the-hood view is having a clear impact on how ITDMs view digital transformation and how successful it is. 65% of BDMs, for example, believe that digital transformation is delivering better results than they had anticipated, though just 32% of ITDMs think the same.

That disagreement aside, given that the majority of respondents haven't yet completed their digital transformation journeys, the level of success being reported currently is highly encouraging and may be a positive sign of what is still to come.

65% of BDMs believe that digital transformation is delivering better results than they had anticipated, though just 32% of ITDMs think the same

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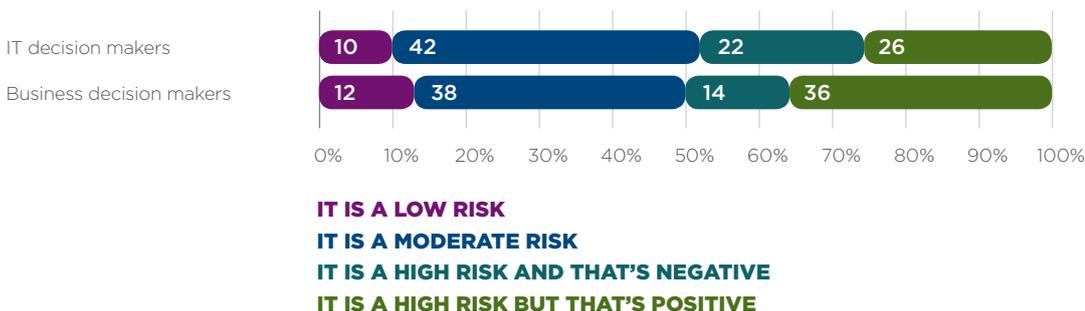# 2. Barriers to transformation and impact on the business

- **89% state that digital transformation brings a level of risk to the business, but this is more likely to be seen as a positive thing than a negative one.**
- **The vast majority of digital transformation projects have encountered delays of some sort.**
- **Over half (55%) said that there were not enough resources dedicated to digital transformation, and 41% said that there was a lack of budget to fund it.**
- **52% blamed IT infrastructure for delays to their digital transformation.**
- **89% of respondents stated that legacy technology is a challenge that must be overcome to successfully undertake digital transformation.**
- **Respondents believe that any changes to legacy would result in major business disruption (46%) and cost too much to replace (40%).**

Digital transformation is a risky pursuit and this is something that respondents in this research project clearly understand, though **it is interesting to note that this risk is more likely to be seen as a positive thing than a negative one.** When weighing up the risks of digital transformation against the risks of falling behind competitors that come from not transforming, many are opting to embrace these risks as the necessary price for the competitive gains of digital transformation.

There are clear differences in the perceptions between BDMs and ITDMs on this point, with the former more likely to see the risks as positive than the latter. This may owe to the fact that ITDMs have a closer understanding of the work that digital transformation involves and are therefore closer to the risks. BDMs, on the other hand, seem to have their eyes on the end game – a more streamlined, efficient and competitive business – relatively unphased by stages needed to get there. This point of fundamental difference may give rise to a whole host of problems down the line.

ITDMs have a closer understanding of the work that digital transformation involves and are therefore closer to the risks

How would you describe your perception of the level of risk when it comes to digital transformation?

IT decision makers: 10 | 42 | 22 | 26
Business decision makers: 12 | 38 | 14 | 36

IT IS A LOW RISK
IT IS A MODERATE RISK
IT IS A HIGH RISK AND THAT'S NEGATIVE
**IT IS A HIGH RISK BUT THAT'S POSITIVE**

Delays to digital transformation

Delays to digital transformation are commonplace. **Almost three in ten (28%) organisations have had to change their original digital transformation schedule,** and all of the respondents we spoke to report having faced a delay of some sort.

Broadly speaking, these delays can be grouped into three core themes: the business itself; the IT department and communication. While each of these delays will manifest themselves differently, the root cause in the majority of cases is arguably a lack of clear leadership and ownership. Unless digital transformation is driven and communicated clearly from the board, these initiatives will struggle to take hold.

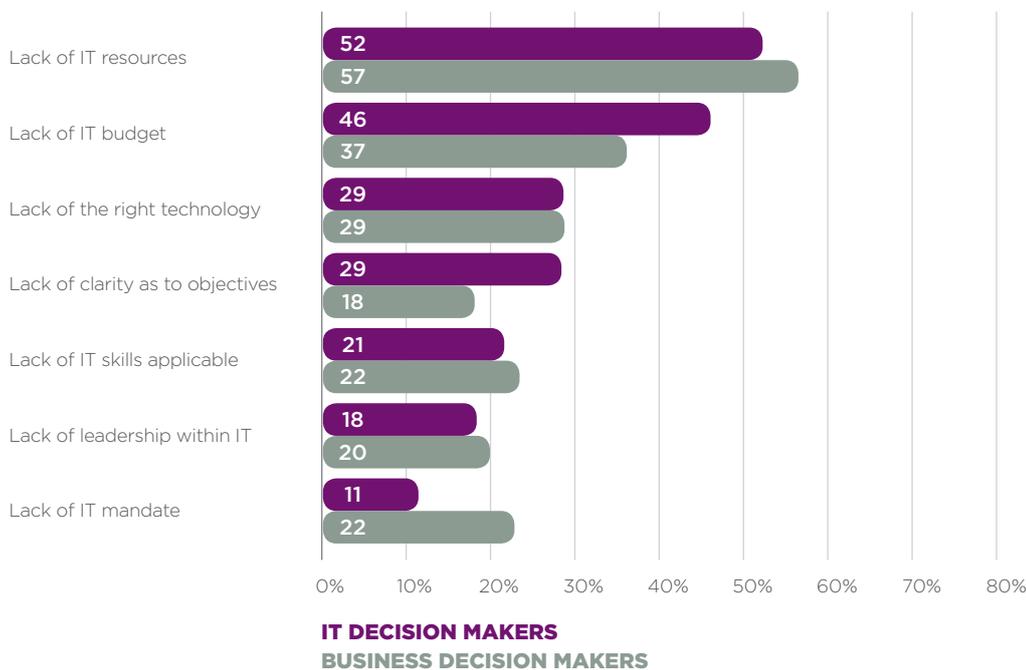## What has caused delays to your organisation's digital transformation?
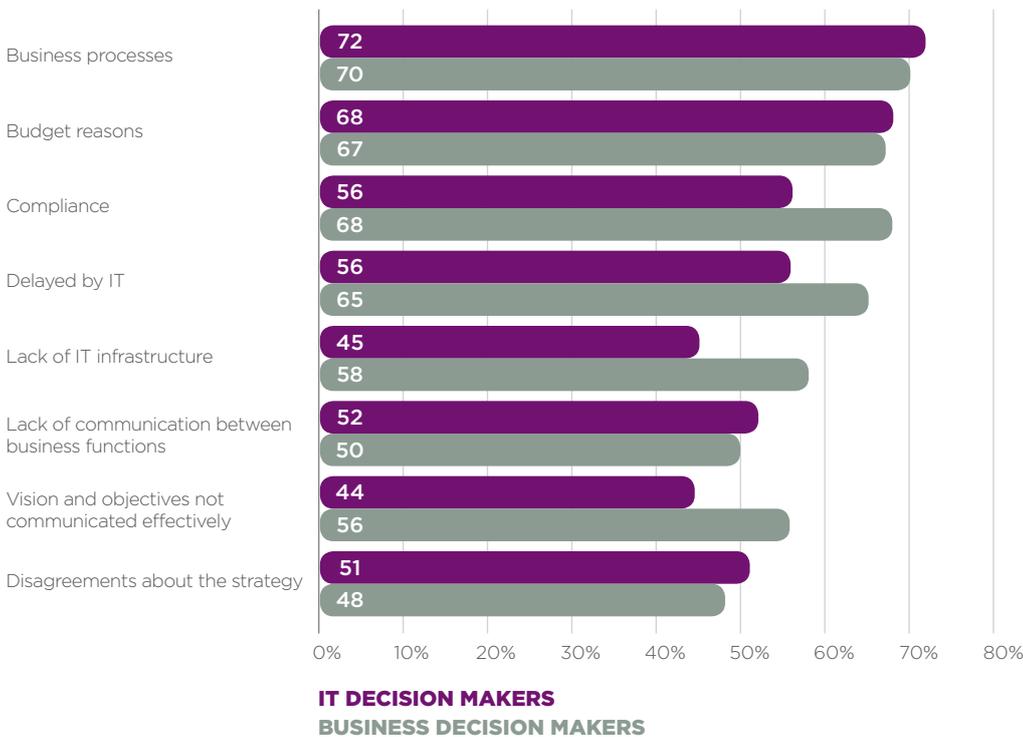
Unless digital transformation is driven and communicated clearly from the board, these initiatives will struggle to take hold

Category	IT	BDM
Business processes	72	70
Budget reasons	68	67
Compliance	56	68
Delayed by IT	56	65
Lack of IT infrastructure	45	58
Lack of communication between business functions	52	50
Vision and objectives not communicated effectively	44	56
Disagreements about the strategy	51	48

IT DECISION MAKERS
BUSINESS DECISION MAKERS

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While there is an element of 'blamestorming' here, with the business more likely to point the finger at the IT department, and vice versa, over half of **ITDMs recognised the IT department's own culpability when it comes to delays to digital transformation.**

Looking at the IT-related delays in more detail however, the blame is once again placed on the business. Is the IT department getting the money and focus it needs to make a success of digital transformation?

What were the reasons given by IT for the project delay?

Reason	IT Decision Makers	Business Decision Makers
Lack of IT resources	52	57
Lack of IT budget	46	37
Lack of the right technology	29	29
Lack of clarity as to objectives	29	18
Lack of IT skills applicable	21	22
Lack of leadership within IT	18	20
Lack of IT mandate	11	22

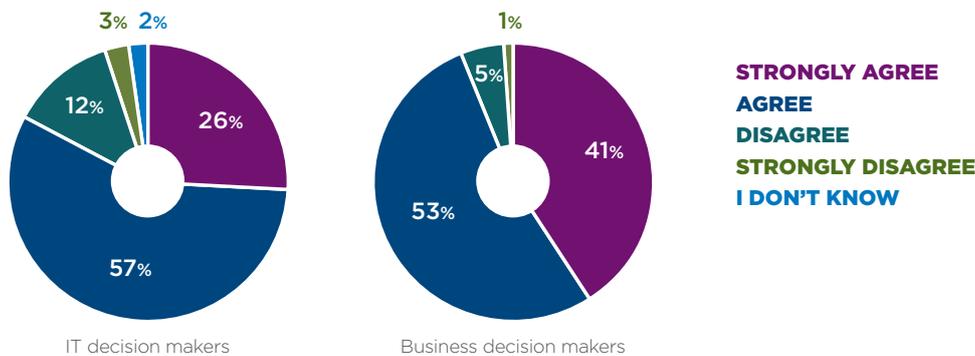**IT DECISION MAKERS**
BUSINESS DECISION MAKERS

In many cases IT departments are being asked to achieve the unachievable, with the business failing to offer the support or resources needed for digital transformation to be successful. **It is critical that both parties can establish realistic goals, timescales and budgets, and a clear role for partners in the supply chain and transformational process.**

> IT departments are being asked to achieve the unachievable, with the business failing to offer the support or resources needed for digital transformation to be successful

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The challenge with legacy infrastructure

It is worth exploring the earlier data point that **over half (52%) of organisations blamed IT infrastructure for delays to their digital transformation,** and legacy technology sits at the heart of this problem. Not only can legacy infrastructure be a drain on the IT department's time, money and resources, it often lacks the flexibility and agility needed by most modern enterprises.

Indeed, 89% of respondents stated that legacy technology is a challenge that must be overcome for an organisation to successfully undertake digital transformation, with many citing the potential for business disruption and the costs of changing legacy as key reasons why.

Do you agree that legacy infrastructure is a challenge that must be overcome for an organisation to successfully undertake a digital transformation?

IT decision makers

Business decision makers

STRONGLY AGREE
AGREE
DISAGREE
STRONGLY DISAGREE
I DON'T KNOW

However, it would be wrong to suggest that all legacy technology is intrinsically bad. While it does present certain challenges that must be carefully navigated, **businesses must weigh up the value of existing investments against the opportunity costs of moving to more streamlined, cloud-based systems.** A significant amount of business value can reside in legacy technology, and it is possible to pursue digital transformation with a hybrid perspective that may not require replacing existing systems.

This nuance is something that many of our respondents, particularly those in the business side, do not appear to have fully grasped. While the business appears impatient for change, looking to rip and replace older systems in favour of new, more streamlined systems, the those in the IT department recognise that things aren't that straightforward and that practical barriers to such an approach exist.

A significant amount of business value can reside in legacy technology, and it is possible to pursue digital transformation with a hybrid perspective that may not require replacing existing systems
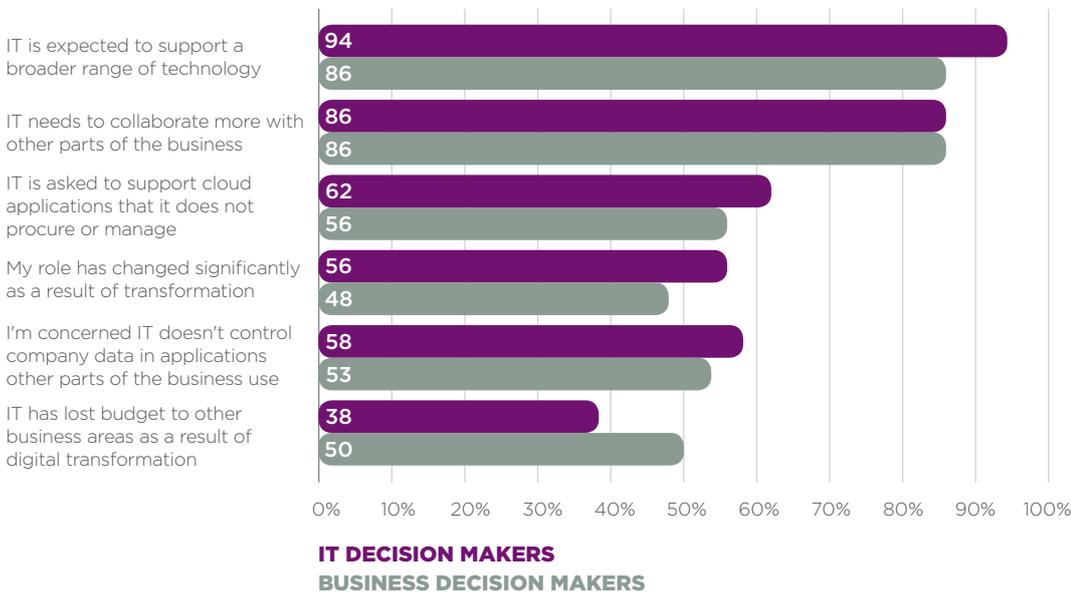
3. People and transformation

- Over half (56%) of the overall sample base state that their role has changed significantly as a direct result of digital transformation.
- 86% state that IT needs to collaborate more with other parts of the business.
- Three quarters (74%) agree that the IT department is dynamic and open to change, indicating that the IT department grasps the fundamental tenets of digital transformation.
- 71% of ITDMs recognise that they could be more effective at leading digital transformation, and just over a third (34%) believe that the IT team slows transformation progress.

The IT department is thought to be primarily responsible for procuring and maintaining the tools needed for digital transformation

While a wide range of stakeholders within the business are invested in digital transformation, the IT department is seen as central to seeing it through and is thought to be primarily responsible for procuring and maintaining the tools that are used for transformation, and for hiring and managing the staff to oversee the process.

Perhaps unsurprisingly, these additional responsibilities are pulling the IT department into areas it hasn't had much of a role in previously, increasing its requirement to collaborate with other parts of the business, and eroding both the IT department's control and, in many cases, its budget.

To what extent do you agree with the below statements about your organisation in relation to digital transformation?

Statement	ITDM	BDM
IT is expected to support a broader range of technology	94	86
IT needs to collaborate more with other parts of the business	86	86
IT is asked to support cloud applications that it does not procure or manage	62	56
My role has changed significantly as a result of transformation	56	48
I'm concerned IT doesn't control company data in applications other parts of the business use	58	53
IT has lost budget to other business areas as a result of digital transformation	38	50

IT DECISION MAKERS
BUSINESS DECISION MAKERS
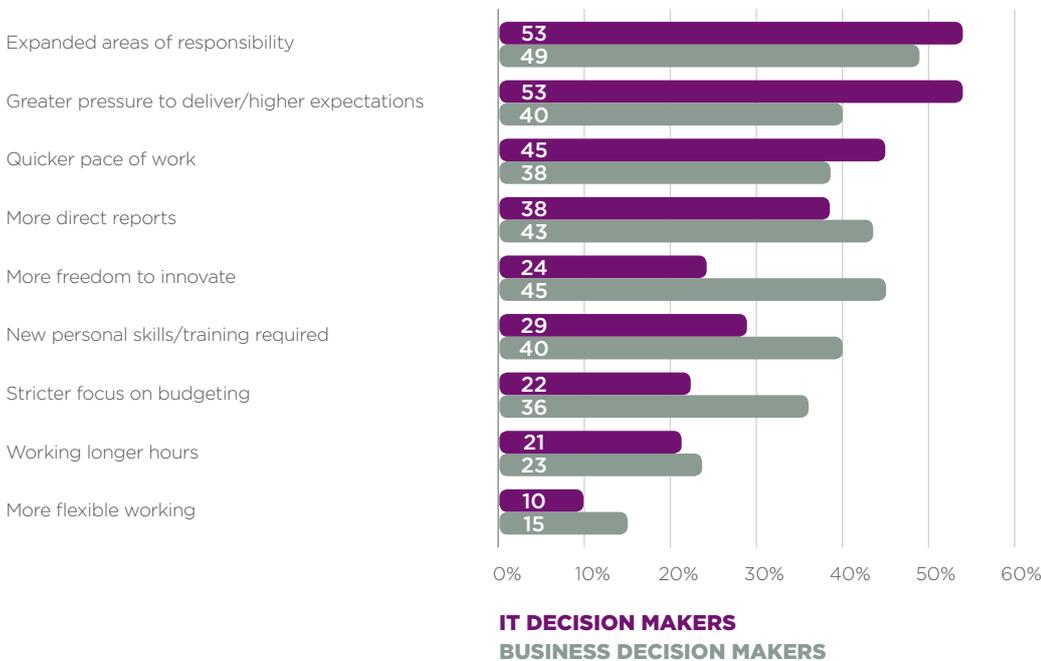
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Changing responsibilities

Role changes as a result of digital transformation are commonplace but while both IT decision-makers and business decision-makers report expanded areas of responsibility and experiencing greater amounts of pressure, the burden brought by digital transformation does not appear to be evenly applied.

While **BDMs are likely to report having more freedom to innovate, ITDMs are more likely to report coming under increasing pressure, with a quicker pace of work, and an increasing workload**; another source of potential conflict.

How has your role changed as a result of digital transformation?

Category	IT Decision Makers	Business Decision Makers
Expanded areas of responsibility	53	49
Greater pressure to deliver/higher expectations	53	40
Quicker pace of work	45	38
More direct reports	38	43
More freedom to innovate	24	45
New personal skills/training required	29	40
Stricter focus on budgeting	22	36
Working longer hours	21	23
More flexible working	10	15

0%   10%   20%   30%   40%   50%   60%

IT DECISION MAKERS
BUSINESS DECISION MAKERS

The burden brought by digital transformation does not appear to be evenly applied
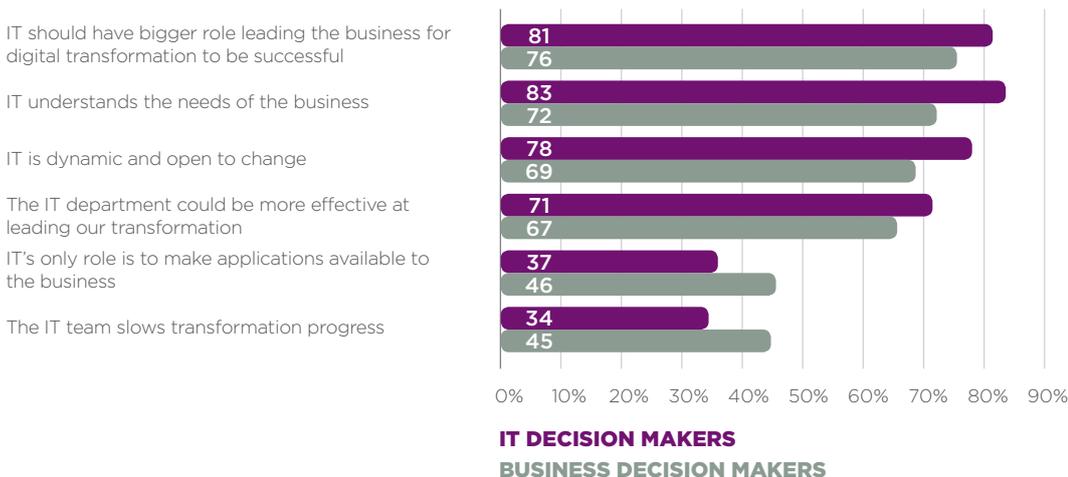
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Is IT delivering against expectations?

These changes are combining to result in a situation whereby the IT department cannot completely satisfy the demands placed upon it by digital transformation and the business.

There are some positive notes here that are worth highlighting. Eight in ten (78%) believe that the IT department understand the needs of the business and **74% agree that the IT department is dynamic and open to change, indicating that the IT department grasps the fundamental tenets of what digital transformation programmes are about.**

However, **four in five believe that IT should assume a greater role in driving the business towards digital transformation.** ITDMs have a more favourable view of the IT department's performance than their counterparts in the wider business, but they, too, recognise that there are areas in which they are not entirely living up to expectations.

Which of the following statements do you agree with in relation to your organisation's digital transformation?

IT should have bigger role leading the business for digital transformation to be successful: 81 / 76

IT understands the needs of the business: 83 / 72

IT is dynamic and open to change: 78 / 69

The IT department could be more effective at leading our transformation: 71 / 67

IT's only role is to make applications available to the business: 37 / 46

The IT team slows transformation progress: 34 / 45

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

IT DECISION MAKERS
BUSINESS DECISION MAKERS

These findings indicate that the IT department is struggling to adjust to the new demands being placed on it by digital transformation. The lack of support from the wider business gives some indication as to why that might be, though stronger leadership from the CIO will be required if the IT department is to break away from reactive, auxiliary mode it has traditionally occupied and drive the business change.
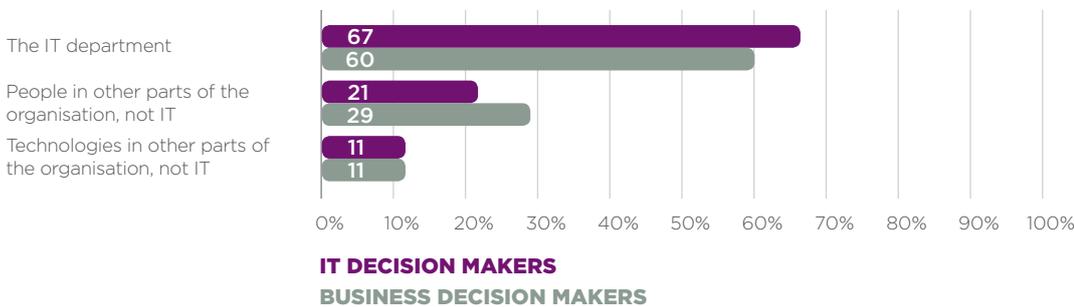
78% believe that the IT department understand the needs of the business and 74% agree that the IT department is dynamic and open to change

4. The CIO's path towards business transformation

- Almost two thirds **(64%)** believe that the success of digital transformation projects depends primarily on the IT department.
- Digital transformation is leading to the emergence of a different IT department; one that it is focused on problem solving and creativity.
- To be successful in their roles CIOs must act as ambassadors between the IT department and the business.

This section will take a deeper look at the skills that different elements of the business require as they make their journeys towards digital transformation, how CIOs and their IT teams need to change to become successful transformers, and the role of third parties in supporting the transition. As previously mentioned, while the business has an important role to play in digital transformation projects, their success rest heavily on the shoulders of the CIO and the IT department.

What does the success of digital transformation projects primarily depend upon?

	IT DECISION MAKERS	BUSINESS DECISION MAKERS
The IT department	67	60
People in other parts of the organisation, not IT	21	29
Technologies in other parts of the organisation, not IT	11	11

IT DECISION MAKERS

BUSINESS DECISION MAKERS

How should the CIO and the IT department respond to the weight of this expectation and what should they do to be successful?

CIOs and their IT teams need to change their skillsets to become successful transformers

# Developing the skills for digital transformation

One of the biggest areas to consider is skills. We asked respondents what skills they thought were required in their organisation, the IT team, and for the CIO for successful digital transformation, and some clear differences emerge between the perspectives of ITDMs and BDMs. This may betray a misunderstanding about the roles that each of these actors have in digital transformation.

The business

While the business as a whole is generally thought to need communications and team working skills to make a success of digital transformation, it is interesting to note that over half of BDMs believe that the business also needs technical skills (compared to just 39% of ITDMs who think the same thing).

This may indicate that digital and technical skills in the wider business are increasingly important for digital transformation to take hold and that the boundaries between the two spheres are blurring – whether the IT department recognises it or not!

What do you think are the most important skills for digital transformation projects for the organisation?
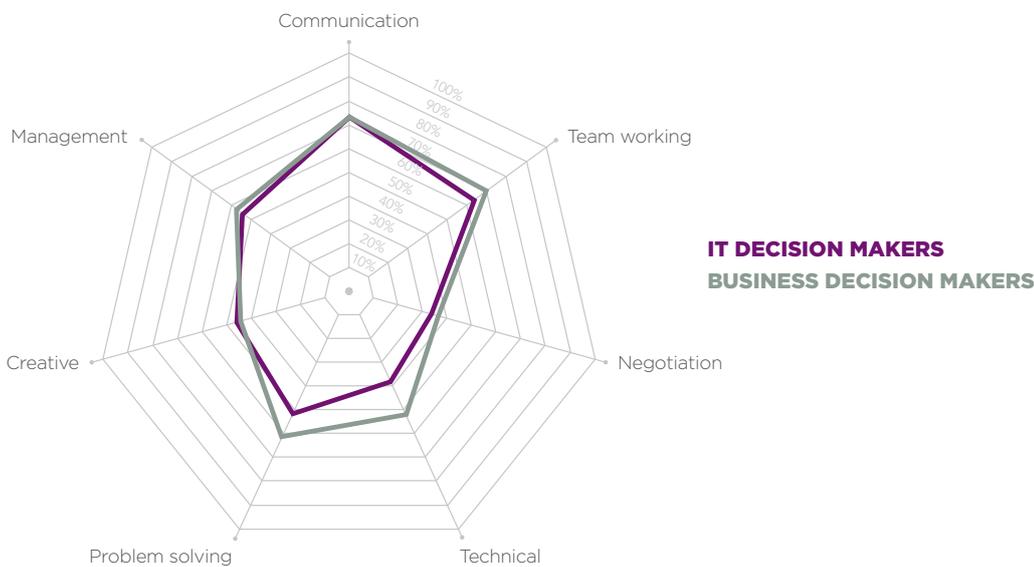

IT DECISION MAKERS
BUSINESS DECISION MAKERS

Digital and technical skills in the wider business are increasingly important for digital transformation to take hold

The IT department

IT decision makers were convinced that the IT team itself requires technical skills above all others for successful digital transformation – which, when we consider the expanding range of services that it must support, is to be expected – though the business was less emphatic on this point. This difference may point to a lack of understanding on behalf of the business as to the technical complexities that the IT department must contend with on the road to digital transformation.

Digital transformation is leading to the emergence of a different IT department; one that it is focused on problem solving and creativity. However, until it can extract itself from day-to-day server management other technical support activities, the amount of time it will have to focus on these areas will be limited.

What do you think are the most important skills for digital transformation projects for the IT team?
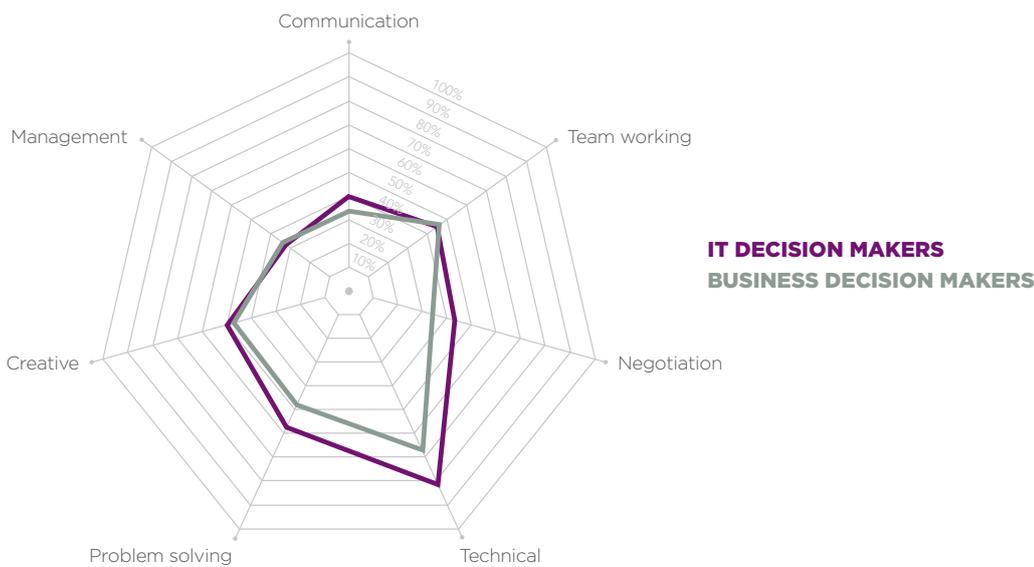

IT DECISION MAKERS
BUSINESS DECISION MAKERS

Management, communication, and negotiation skills were thought to be the most important for the modern CIO

The CIO

Softer skills – like management, communication, and negotiation skills – were thought to be the most important for the modern CIO, although the ITDMs were generally more aware of the importance of these qualities than their counterparts in the wider business.

What do you think are the most important skills for digital transformation projects for the CIO role individually?
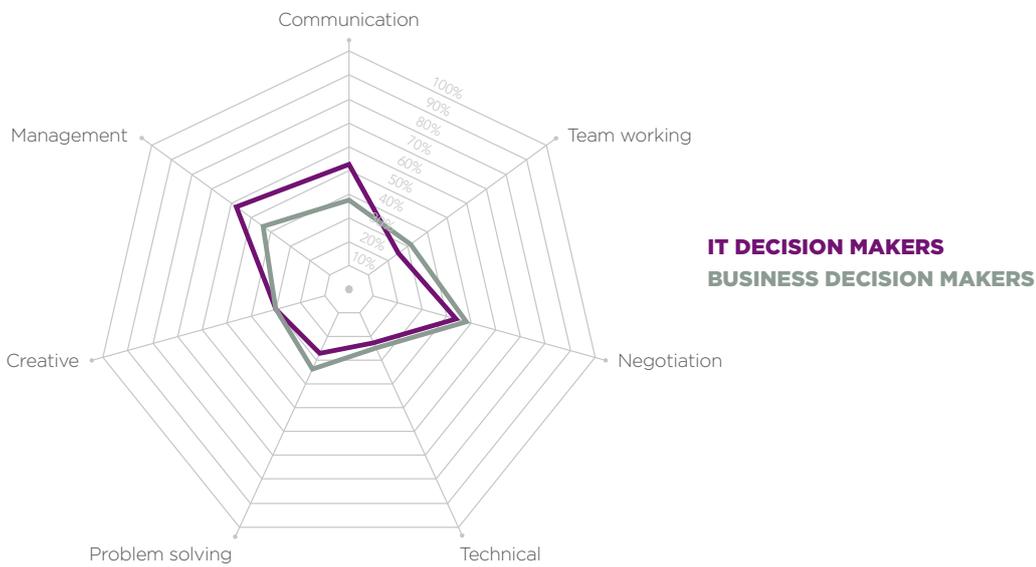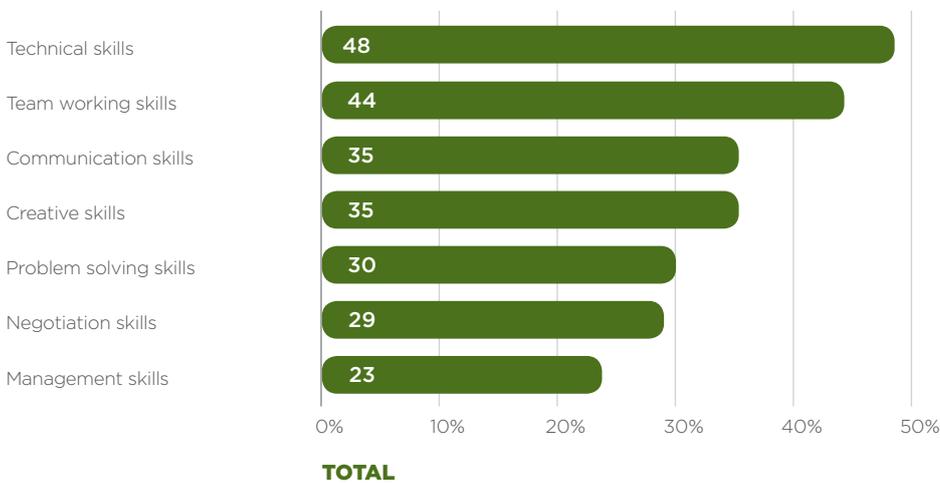

IT DECISION MAKERS
BUSINESS DECISION MAKERS

Enterprises need to focus their efforts, working with third party consultants and IT services provider to equip themselves with the right tools, skills and knowledge to steer their digital transformation programmes

Bridging the skills gap

However, respondents identified a wide range of skills areas which would require development to meet the demands of digital transformation. IT decision makers and business decision makers were well aligned in their thinking here, both identifying technical skills, team working skills, and communication skills as the areas most in need of attention.

In which of these skills does your organisation need development in order to meet the demands of a digital transformation?

Skill	Value
Technical skills	48
Team working skills	44
Communication skills	35
Creative skills	35
Problem solving skills	30
Negotiation skills	29
Management skills	23

TOTAL

This apparent shortfall in skills is troubling. The technical components of digital transformation are critical, but as we have discussed, the technology is just part of the challenge.
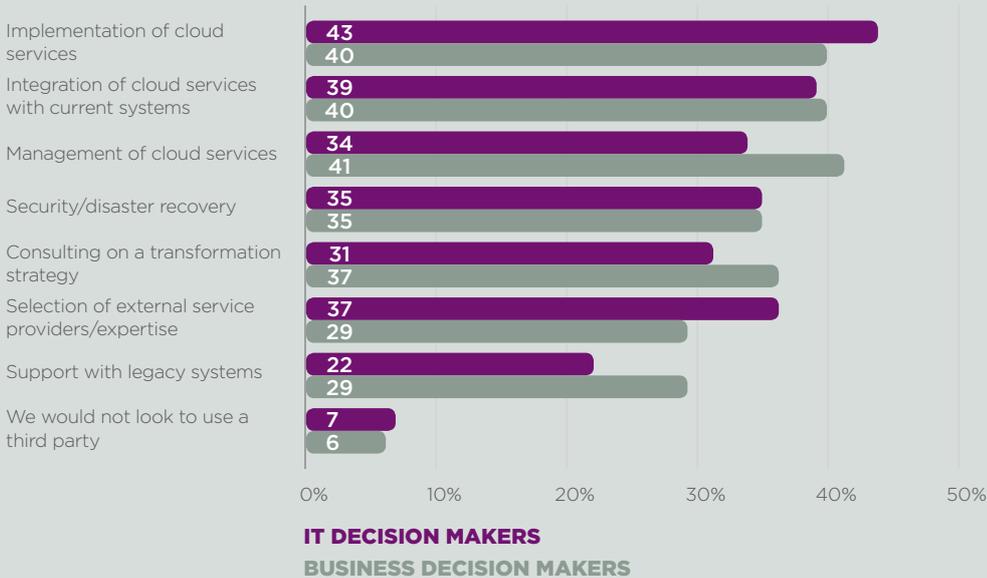
Without the correct leadership, team working, and creative skills in place, the CIO, IT department and the business will struggle to realise their change ambitions. It is here that enterprises need to focus their efforts, working with third party consultants and IT services provider to equip themselves with the right tools, skills and knowledge to steer their digital transformation programmes.

The role of third parties in digital transformation

The complexity and pressure presented by digital transformation mean that few organisations are in a position to manage the process and the risks that it brings on their own steam, making partnerships with trusted third parties essential for success. These third parties, be they IT services providers, consultants, or developers, bring much needed support, skills, expertise, and perspective to the table and, critically, free up the IT department to focus on driving innovation and competitive differentiation.

This is something that respondents in this research recognise, **with 89% stating that they are resting on the support offered by third parties to assist with their digital transformations in some way.** Around four in ten are using third parties to help implement, integrate and manage cloud services, 34% have sought out the help of external consultants to guide their transformation efforts, and a quarter (26%) have enlisted outside help to unpick their legacy IT estates.

In relation to digital transformation, which of the below areas would your organisation potentially look to use third party assistance, support and expertise?

Category	IT Decision Makers	Business Decision Makers
Implementation of cloud services	43	40
Integration of cloud services with current systems	39	40
Management of cloud services	34	41
Security/disaster recovery	35	35
Consulting on a transformation strategy	31	37
Selection of external service providers/expertise	37	29
Support with legacy systems	22	29
We would not look to use a third party	7	6

IT DECISION MAKERS
BUSINESS DECISION MAKERS

There may be a case that the IT department needs to become more comfortable with working with third parties as business success starts to rely still more heavily on technology, and complexity in the IT estate continues to ratchet up, going it alone will not be an option.

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Conclusion: what the CIO needs to be successful

There is little doubt that digital transformation is placing a strain on enterprise IT departments, many of which will have already had their hands full simply keeping the lights on. The main challenges we have seen are around legacy technology, a lack of available resources and budget, and a lack of necessary leadership and support from the business, which is slowing down the rate of progress.

Only 16% of organisations had completed their digital transformation, but in reality, transformation must be an ongoing process. The IT department is seen as the primary driving force behind digital transformation, though are clear differences between ITDMs and BDMs as to who holds ultimate responsibility for digital transformation, which is a source of contention.

Large-scale business and technology projects bring with them a wide range of challenges, rarely go to plan and often go over budget. These factors are putting the CIO and the IT department at odds with the wider business, with the former 'firefighting' and struggling to make progress and the later often blind to these challenges.

To be successful in their roles, CIOs must act as ambassadors between the IT department and the business to smooth over these differing perspectives and ensure that all parties are fully aligned in their expectations and visions.

At a time when IT is still often a reporting line to finance and few CIOs have a seat on the Board, it is critical that they can influence the business in general, with a clear and coherent vision for digital transformation. Without this executive sponsorship, they will struggle to ensure the availability of budget, support and collaboration they need for successful transformation.

Time is also a critical factor in all of this, and CIOs and the IT department generally, need more of it if they are to successfully steer the transformation of their organisations. To achieve that, the IT department needs to move away from the day-to-day maintenance of IT and focus on driving the businesses forward.

Third parties will be essential in helping to achieve that, and can offer the guidance and consultancy needed to navigate the challenges ahead and, ultimately help CIOs bridge the gap between the IT department and the business.

> Third parties can offer the guidance and consultancy needed to navigate the challenges ahead and, ultimately help CIOs bridge the gap between the IT department and the business

In conclusion:

- **For digital transformation to be effective and aligned with the business, executive sponsorship is key and IT must be represented at Board level.**

- **The role of IT has changed significantly over the years – from a cost to a revenue driver and differentiator.**

- **Every business is different and definitions of digital transformation and the means of measuring its success vary. However, there needs to be one clearly communicated vision for the approach to digital transformation. Only then will enterprise be able to reinvent themselves in the way needed to survive and thrive in the digital age.**

- **As part of this, CIOs need to become the champions of digital transformation, securing their seat in the boardroom. To do this, their skills need to evolve and they need to find a way to better understand and communicate with the business.**

- **Additionally, CEOs need to communicate their overriding vision better to help digital transformation support the business better. They also need to appreciate technologies role as a facilitator for their vision.**

- **Digital transformation is not only changing organisations, it is changing roles, including the CIO. Individual skills need to be revisited in the digital era.**

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Research methodology

In Q4 2017, Vanson Bourne interviewed 200 IT and business decision-makers (ITDMs and BDMs) in the UK to find out what is driving their digital transformation initiatives, how far they have progressed with them, and the challenges that they are facing along the way.

Respondents were split evenly between ITDMs and BDMs, and came from organisations from a broad range of sizes, ages and industry sectors.

Vanson Bourne surveyed 200 IT and business decision-makers (ITDMs and BDMs) in the UK find out what is driving their digital transformation initiatives

How many employees does your organisation have globally?

- 28%
- 28%
- 20%
- 25%
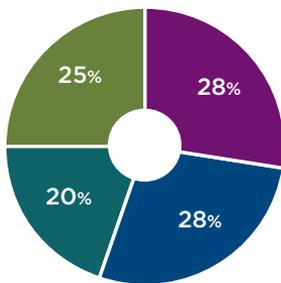
501 - 1,000 EMPLOYEES
1,001 - 3,000 EMPLOYEES
3,001 - 5,000 EMPLOYEES
MORE THAN 5,000 EMPLOYEES

In which sector does your organisation primarily operate?

- 11%
- 11%
- 11%
- 10%
- 10%
- 10%
- 9%
- 8%
- 8%
- 7%
- 6%

FINANCIAL SERVICES
IT AND TECHNOLOGY
ENTERTAINMENT, MEDIA AND LEISURE
RETAIL, DISTRIBUTION AND TRANSPORT
BUSINESS/PROFESSIONAL SERVICES
MANUFACTURING
UTILITIES AND TELECOMMUNICATIONS
PRIVATE HEALTHCARE AND SERVICES
CONSTRUCTION AND PROPERTY
PRIVATE EDUCATION
HOSPITALITY/CATERING

What is the age of your organisation?

- 6%
- 19%
- 23%
- 26%
- 27%
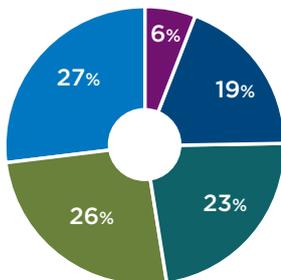
1 - 5 YEARS
5 - 10 YEARS
10 - 15 YEARS
15 - 25 YEARS
MORE THAN 25 YEARS

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About Ensono

For business leaders managing lots of complexity or disrupting the status quo, Ensono delivers complete Hybrid IT services and governance, from cloud to mainframe, tailored to each client's journey.

Ensono has extensive experience in working with CIOs on their transformation journey, to determine the right cloud investments to drive agility, innovation, and revenue enhancement. Our focus on business outcomes ensures that the right workload is in the right place at the right cost.

Whether you're leveraging the power of the cloud or modernising legacy technologies, you'll be on track to operate for today and optimise for tomorrow. Ensono has over 1,000 associates across North America and Europe.

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About the Cloud Industry Forum (CIF)

CIF was established in direct response to the evolving supply models for the delivery of software and IT services. Our aim is to provide much needed clarity for end users when assessing and selecting Cloud Service Providers based upon the clear, consistent and relevant provision of key information about the organisation/s, their capabilities and operational commitments.

We achieve this through a process of self-certification of vendors to a Cloud Service Provider Code of Practice requiring executive commitment and operational actions to ensure the provision of critical information through the contracting process. This Code of Practice, and the use of the related Certification Mark on participant's websites, is intended to provide comfort and promote trust to businesses and individuals wishing to leverage the commercial, financial and agile operations capabilities that the Cloud-based and hosted solutions can cover.

CLOUD INDUSTRY FORUM®

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