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Driving Business Innovation Through Technology Innovation

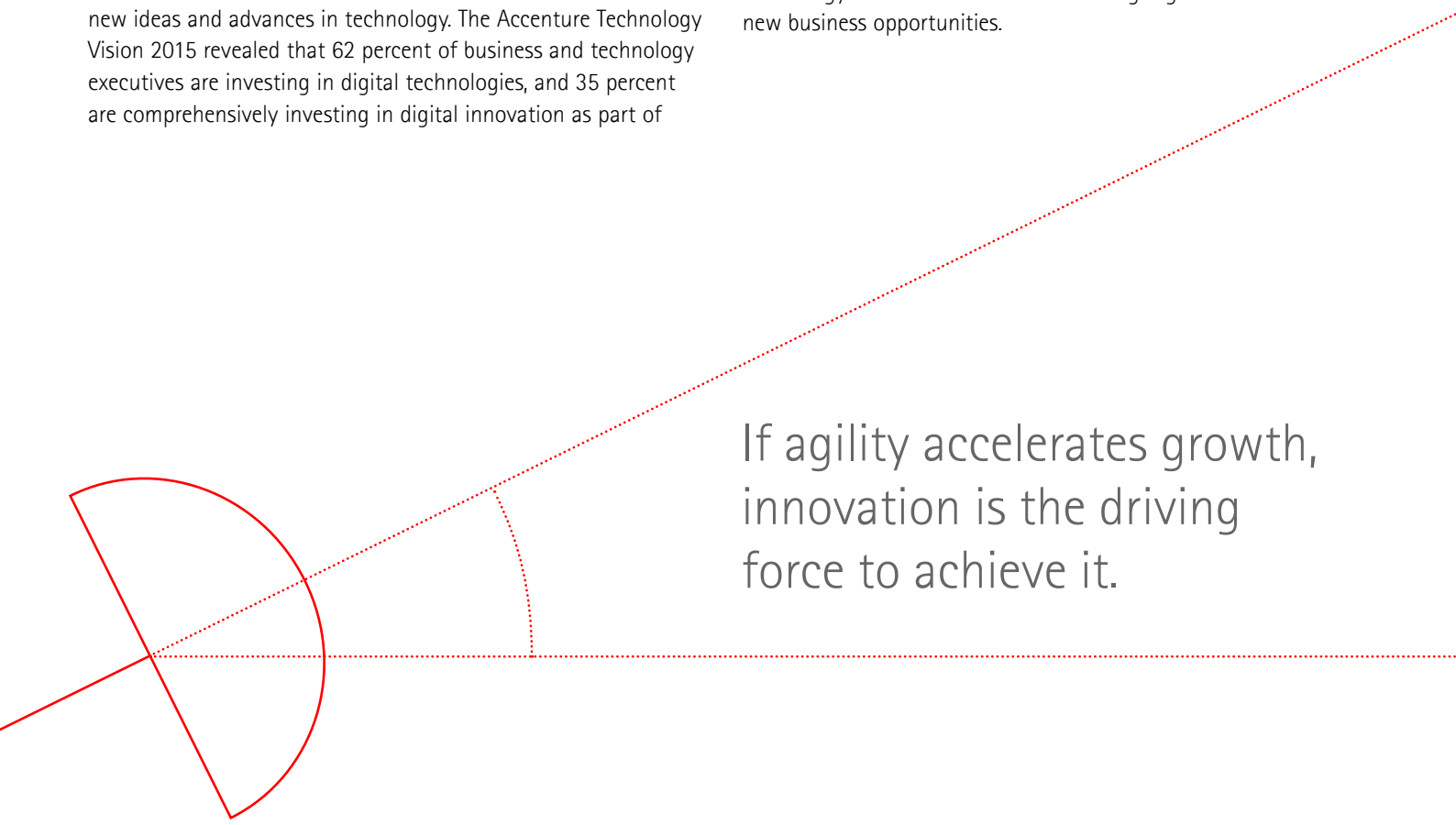CIOs' critical role as digital innovators

By David Quinney

Championing innovation

In recent Accenture Strategy research, only 39 percent of business leaders indicated that they want to be a digital leader in their industry—leaving 61 percent content to be a fast follower or prepared to wait until digital benefits are proven.[1]

But "wait and see" is a risky strategy. Speed matters in the digital economy. Customers expect products and services to be instantly available through whatever channel they choose. New competitors are springing up from unrelated industries or low-cost, technology-powered digital business models. These competitors apply a different mind-set and path to seize market share and turn the value chain of an established company, or even an industry, on its head.

If agility accelerates growth, innovation is the driving force to achieve it. Business innovation is digital innovation driven by new ideas and advances in technology. The Accenture Technology Vision 2015 revealed that 62 percent of business and technology executives are investing in digital technologies, and 35 percent are comprehensively investing in digital innovation as part of

their overall business strategy.[2] As technology leaders, CIOs have a tremendous opportunity to be relentlessly proactive in identifying how technology can create new value for the business. CIOs and the IT organizations they lead are well connected to the technology industry with the skills and talents to make sense of an increasingly complex and ever-changing landscape. They also have the visibility across the business, from research and development to marketing, operations, sales and distribution. As such, CIOs are ideally placed to be innovation champions, identifying and exploring emerging and existing technology with the business and working together to create new business opportunities.

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CIOs' critical role as digital innovators

Leading CIOs who successfully steer technology innovation
for the business have three distinct characteristics:

1. Be relentlessly innovative

Innovation is not a hobby to be picked up and put down
when time permits. In the same way that CIOs would build an
IT capability for a service management function, the technology
innovation agenda needs to be systematically established. The
CIO must create a "playground" for exploration, enabling IT to
explore new technologies and their disruptive implications,
and the business to have the technology tools to explore new
digital markets and product opportunities. These diverse groups
must come together through an ideation, test and learn, and
collaborative innovation process.

Leading CIOs recognize innovation takes many different
forms across the organization, and their response must vary
accordingly. The innovation challenge of creating new markets
and digital products, using emerging digital technologies, is very
different from incremental improvements to existing products
and operational processes using the next generation of today's
technology solutions.

A thriving technology innovation service has **a strong voice
on the latest business and technology trends**, collating ideas
and drawing disruption insights from multiple and often new
sources. Influential insights today come from crowdsourced
ventures and bloggers, venture capitalists and strategic research
and development laboratories stretching from Silicon Valley, to
Tech City London, and out to Tel Aviv, Bangalore and Beijing.
Leading CIOs ask difficult, disruptive questions and challenge the
viability and impact of technology-led innovation on the future of
the business. Techniques such as value chain disruption analysis
can prove invaluable to fuel such debates.

Leading CIOs **provide innovation platforms** for the business
and IT to explore market shifts and customer needs, iterate and
refine minimal viable products, and learn by doing. Digital provides
the toolkit to create exploration "sand pits." Cloud technologies
can spin up environments with unconstrained processing power.
Crowdsourcing offers rapid prototyping options. APIs open up and
provide access to information. Software virtualization simulates
live services. And continuous delivery techniques combined with
cross-function, geography, and external company collaboration
tools help bring products to market quicker than ever before.

Joint business and technology portfolio management becomes
a critical innovation discipline, channeling investments and people
to nurture innovation ideas as they mature, or discarding ideas
and refocusing. By **introducing flexible portfolio management
tools**, the CIO can support the business to create a balanced mix
of innovation bets, and gain visibility of all change activity, from
idea through to development and ultimately live services. The CIO
is placed at the center of innovation, as opposed to having to
reactively respond at the 11th hour as new services are "thrown
over the wall."

The reality is that innovation
is multi-dimensional.
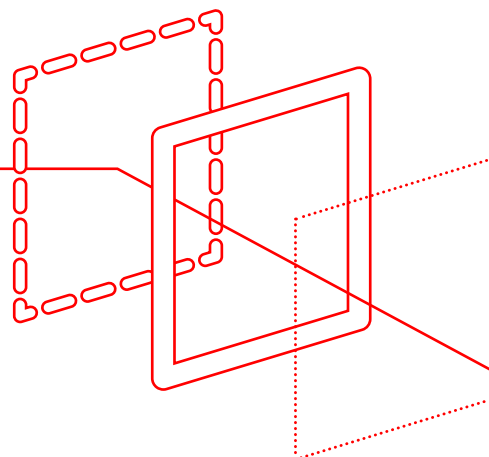
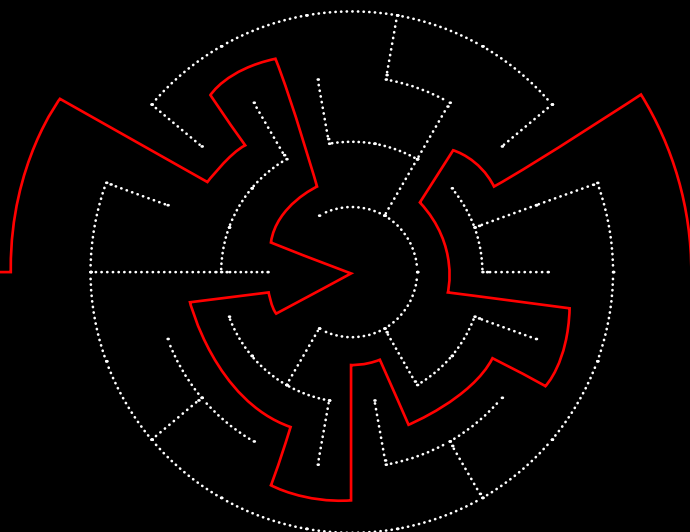## 2. Earn the right to innovate at an enterprise level

Building a distinctive technology innovation service will be off to a standing start unless the business systems are sufficiently agile to flex to the necessary changes. In a global Accenture Strategy survey among more than 1,200 business and technology leaders,[3] 90 percent said that IT-led innovation is critical to their company's growth and survival. Yet, only 57 percent consider their organizations to be early adopters when it comes to new technology-driven innovation. This disconnect shows a clear need for IT to do more, and more quickly, when it comes to innovation. However, in reality, most enterprises are burdened by layers of complexity across their technology footprint from historic—though well-intentioned—decisions that make it difficult for CIOs to step beyond operational issues to prove their innovation credentials. As a result, most business people do not see their technology function as being innovative—their perception being that IT functions move too slowly to be innovative. In fact, 61 percent of executives surveyed fail to identify their technology architecture as nimble. Innovation is difficult without the agility to put new ideas into practice.[4]

The growing focus on security and resilience, due to planned and unplanned disruptions such has cyber threats, is further hampering business and technology from focusing on technology-powered innovation. When asked about balancing spend-to-protect and spend-to-enable, only 38 percent of executives strongly agreed that their platforms are mature and continuously managed.[5]

In such a dynamic climate, by the time traditional IT organizations have approved resources to work on innovation ideas, the goalposts have moved, time and effort is wasted, and the business has lost valuable time. Such a cycle provides a hotbed for "pseudo innovation"—often manifested as the creation of stand-alone customer facing or siloed product systems, complete with website and app, adding long term IT cost and complexity.

The answer lies in gaining agility through systematic year-on-year investment in simplification of the IT architecture, operating model and working processes. Successful simplification has the added benefit of starting with business strategy and vision, not technology, and therefore presents the opportunity for the CIO to open up the debate about how technology innovation can support and empower the business. Simplification also brings cost savings that can form the basis of investments to trial new innovative ways of working in the safety of their own organization before wider dissemination.

Most enterprises are burdened by layers of complexity across their technology footprint.

3. Lead by example with innovation to become a digital transformation leader

By formalizing the technology innovation agenda and delivering simplification and agility across the technology footprint, the CIO demonstrates the credentials to be a digital leader. Routinely bring new technology innovation ideas as part of strategy and investment planning. Bring the discipline to join up innovation and business change across the organization to deliver end-to-end digital transformational change. Rotate business and technology talent to evolve the practices and culture of the organization to advance new digital ways of working. Put tangible incentives in place to drive different behaviors. Sixty-one percent of executives surveyed indicated they reward innovation directly while 35 percent do so indirectly.[6]

Leading CIOs market their successes both within and outside of the organization. As a champion of innovation, the CIO becomes a role model for leadership to their existing IT teams, and also attracts new top talent to help them deliver further innovation led change.

Ninety-one percent of executives surveyed believe that innovation is most successful when IT is integrated throughout the innovation process in today's digital world.[7] With their end-to-end view of the organization, delivery track record and technology innovation insights, CIOs can be at the center of innovation and take the final step from being known as a technology leader, to recognition as a digital innovation leader.
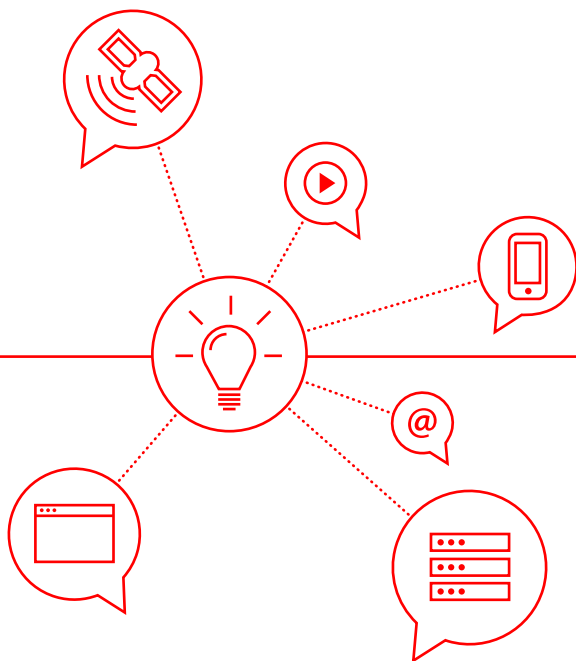
New technology innovations must be routinely discussed as part of strategy and investment planning.

San Francisco Giants[8]

The Giants are among the most innovative and tech-savvy teams in baseball. Bill Schlough, the club's CIO, says innovation is a fundamental driver of their success on and off the field—helping the Giants win three World Series championships in the last 10 years.

Technology enables much of this innovation: video analytics, dynamic ticket pricing, free Wi-Fi, and contactless payments are just a few examples. Technology is positioned at the heart of the club's agenda, enabling the CIO to take control of enterprise innovation, recognize and reward it.

San Francisco Giants
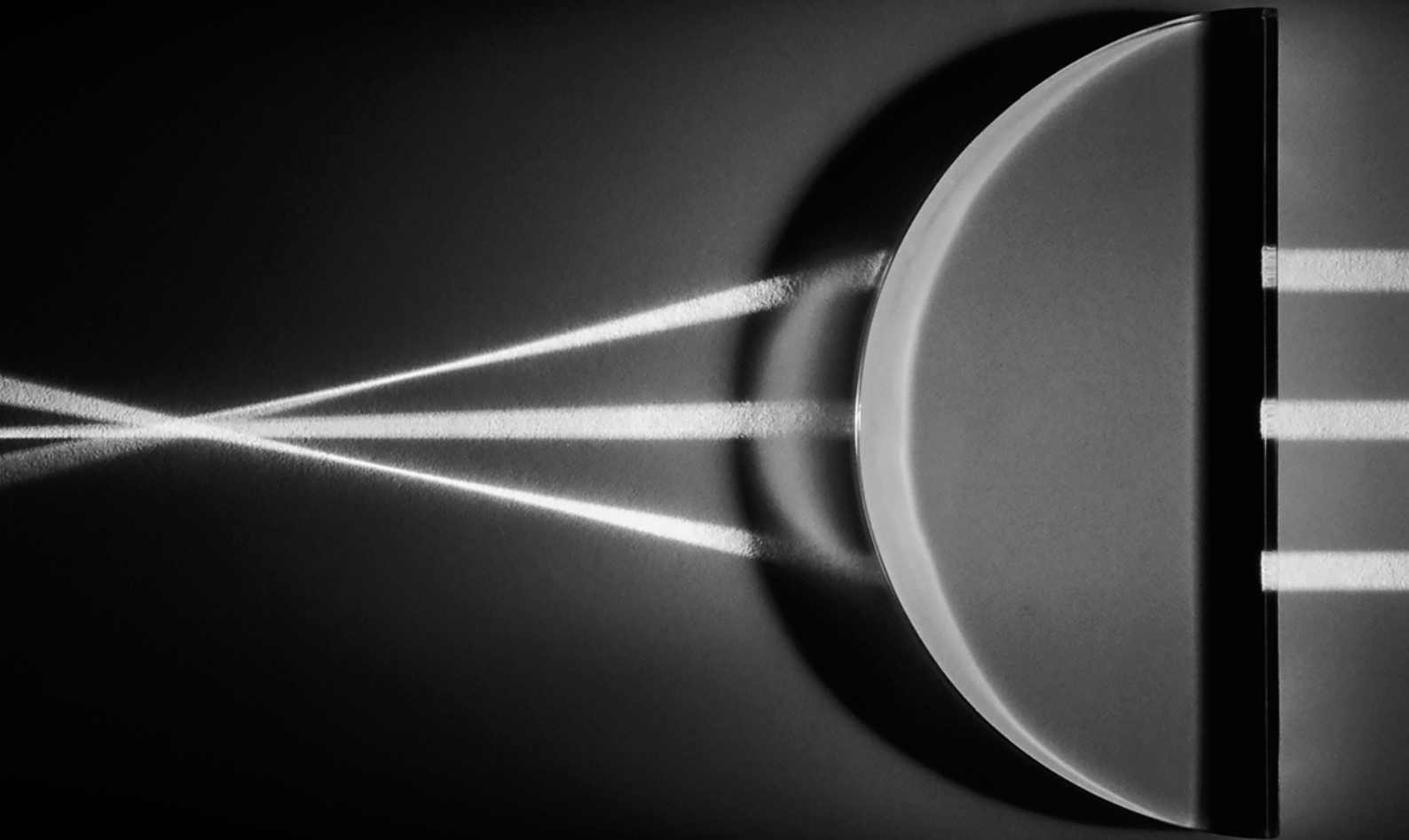
From implementer to innovator

Under threat from the commoditization of core technology, and increased maturity of as-a-service offerings and the sourcing market, the CIO role is at risk of shrinking—threatening to become little more than a manager of third-party services. CIOs can lead the digital charge if they:
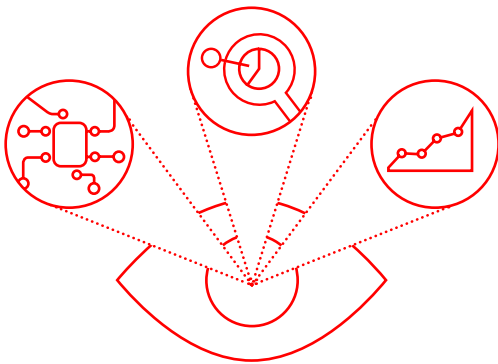
Develop a business and technology vision

Bring the latest technology trends, insights and implications and kick start a joint business and technology innovation agenda. The process will expose weaknesses in the strategy and open up the next round of business and technology collaboration opportunities.
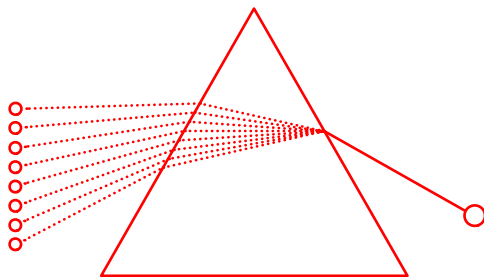
Simplify and drive agility

Trial innovative initiatives, technologies, services and working practices that can begin to address technology complexity. Address processes and prepare to operate as a multi-speed business.
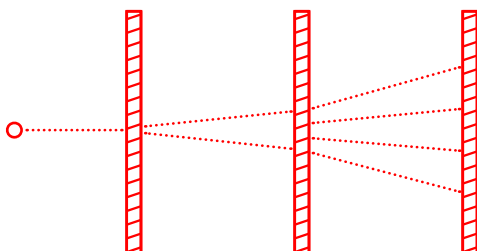
Formalize innovation

Establish the business and technology innovation appetite, secure seed funding and establish a technology innovation service.

Formalizing technology innovation and leading by example will quickly re-position and secure the long term future of the CIO at the center of the digital innovation debate.

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