



OUTSOURCING
ROADSHOW 2011

The new role of the CIO?

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1. What forces are driving IT changes?
2. The impact on the CIO role
3. The CIO of today and tomorrow
4. How do I get there?

Forces driving IT change



Business is going to be flat

And IT budget is not going to increase

Business will be more demanding

The requests from business will be increasing

New business processes need to be supported with IT

Core processes are covered with IT, new ones are in the front end and information exchange

New and breakthrough technologies

Virtualization. Clouds. Mobile devices.

New service delivery models

Software as a service, cloud computing

Social networks

Impacting sales and marketing, HR, image and brand, communication

Sales and Marketing

- Mobile applications, Social networks

Operations

- New customer support processes, mobile applications
- Collaboration

Management

- Business intelligence in the areas of customers, competition, business process performance, employee performance

HR

- People skills
- People development and training

F&A

- Risk management
- Liquidity management

IT

- IT Management, IT project selection and management
- Costs, personnel

IT operations

- Need to run – a must
- *Can partially be purchased*



Business (and IT) change

- Needs to happen faster
- *Can only be done internally*

Different skills need for the CIO of tommorrow



1

Business knowledge

2

Acceptance by the top and middle management

3

Luck. Choose the right projects.

4

Be able to do more with same money

5

Change management skills

6

Communication skills

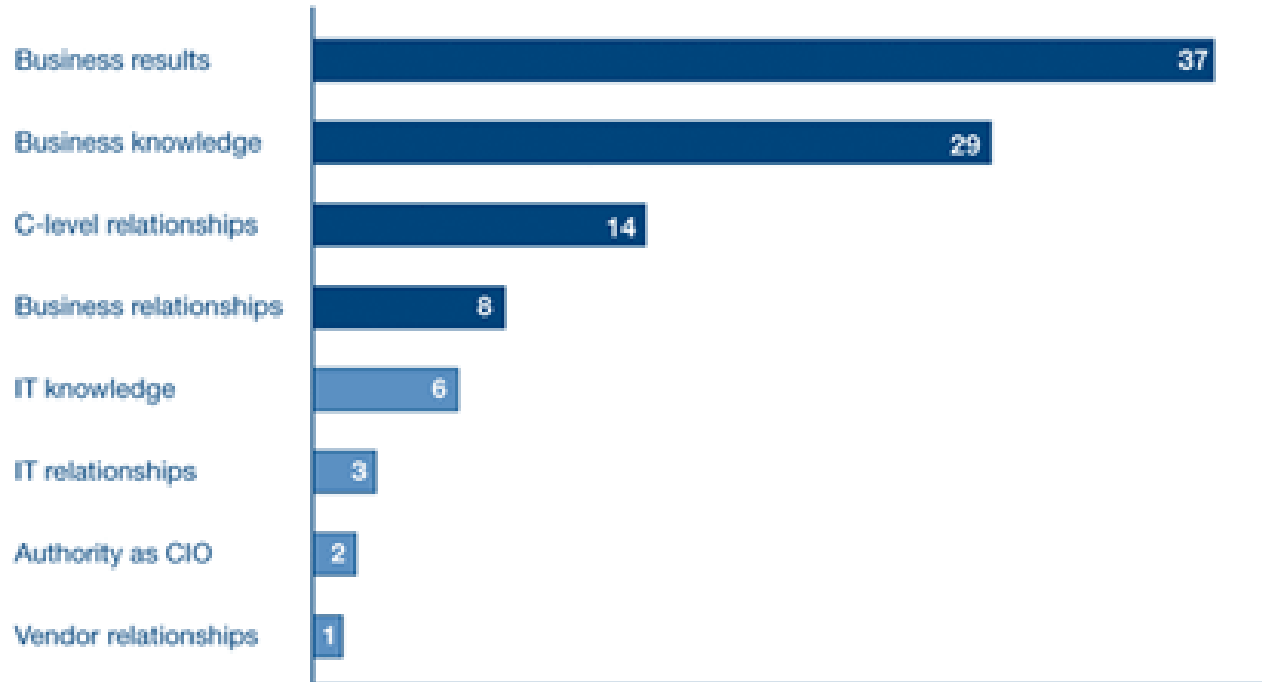
Sources of CIO success

Gartner, CIO Agenda, 2011



CIOs see business results and knowledge as their primary sources of success and influence

Sources of CIO success



Global average weighted importance on a ratio scale

What others are doing

Gartner, CIO Agenda, 2011



CIO IT strategies	2011	2010	2009
Developing and managing a flexible infrastructure	1		
Delivering application and growth projects	2	1	3
Reducing IT cost	3	3	2
Improving IT management and governance			
Reorganizing IT (retaining personell)			
Expanding use of information/intelligence			
Implementing business process improvement			
Implementing cloud solutions			
Improving business – IT relationship		2	1

What others are doing

Gartner, CIO Agenda, 2011



Top 10 Business Priorities	Ranking
Increasing enterprise growth	1
Attracting and retaining new customers	2
Reducing enterprise costs	3
Creating new products and services (innovation)	4
Improving business processes	5
Implementing and updating business applications	6
Improving technical infrastructure	7
Improving enterprise efficiency	8
Improve operations	9
Improving business continuity, risk and security	10

Top 10 Technology Priorities	Ranking
Cloud computing	1
Virtualization	2
Mobile technologies	3
IT management	4
Business intelligence	5
Networking, voice and data communications	6
Enterprise applications	7
Collaboration technologies	8
Infrastructure	9
Web 2.0	10

How do I get there?

1

Optimize existing costs

- IT Service Management
- Cloud services and virtualization
- Look into SaaS, selective outsourcing

2

Create the right IT strategy

- Alignment with operational management
- Selection of right projects
- Communication

3

Be an expert in Change Management

- Business process change precedes IT changes
- Thorough execution of projects

Release resources for changes from the current IT operations

**Fine-tune
IT processes**

*IT service
Management*

**Adopt
light-weight
IT solutions**

Cloud services,
virtualization

**Find optimal
service delivery
models**

SaaS, Paas, Selective
outsourcing

Optimize existing costs



Examples

Fine-tune IT processes

Internal IT department responsible for the development of a new application was able to launch a new application 30% before planned go live date.

A shorter development time was possible because the service desk could take over a large part of their work in supporting the existing applications.

Light-weight IT solutions

Oracle licencing costs can be decreased or at least be kept at the same level if virtualization is used when migrating to a new hardware with a higher number of cores.

Savings can be up to 50%.

Optimal service delivery models

Exchange as a Service offered by S&T is priced to 4,7 €/user/month.

TCO saving for a smaller customer (up to 100 users) are in the range of 50%.

TCO savings for large customers go up to 25% when also licencing agreements are optimized and roles are adopted.

*Align with
business line
managers*

Access to business
knowledge

Exchange of ideas on
business improvement
areas

Crucial for successful
implementation

Select the right projects

- Clear and measurable business impact on top or bottom line
- Investment needed
- Balance quick wins and long term improvements

**Business
impact**

**Ability to
execute**

- Resources needed
- Resistance to change
- Risks

Strategy

To position IT

Success

To gain credibility

Communicate

Projects

To drive the change

Business change precedes IT change

The new business processes need to be defined before software development starts.

The project is only finished when changes are in business use

Training and support of users are typically shrunk to „deliver projects on time“.

Measure and communicate results

Positive business impacts need to be measured and communicated to get credibility and recognition.

- 1 | Forces driving IT change
- 2 | How the CIO should respond
- 3 | Focuses of the CIO