

Executive Summary

European businesses – both the old-guard and new – are engulfed in the digital wave sweeping the rest of the world. Not only are businesses in Germany, Switzerland, UK, Netherlands, Sweden and beyond facing disruptive threats imposed by digitally adept competitors, but they also need to respond to tech-savvy customers and partners who increasingly expect organizations to offer the experiences made possible by digital technologies and mentalities. The mandate: Use digital to enable new business models, improve operational agility, develop innovative products and services, and deliver a more personalized and engaging customer experience.

Like their peers throughout the world, CEOs in Europe appear to be stepping up to guide their organizations from 20th century industrial structures to more extensible and fluid digital businesses. In many cases, these business leaders are looking to chief information officers (CIOs) to deliver on the digital mandate – or at least coordinate disparate digital efforts across the enterprise. This trend spells opportunity for European CIOs, who can use this critical juncture to move out of a “cost center” or “chief problem-fixer” role and into a strategic leadership position in the organization.

In early 2016, we surveyed 289 European CIOs and IT leaders in the banking, retail, manufacturing and insurance industries to understand how their roles are evolving in today’s digital environment (see Methodology, page 20). Our results show that many “givens” and assumptions about the CIO’s role are no longer true, such as running IT reactively as a service organization; developing an IT strategy only in alignment with the business strategy; making it the biggest priority to fix IT complexity and harmonize the IT landscape; addressing IT skill and capacity issues mainly based on defining core capabilities vs. what can be outsourced.

In their place, new truths have emerged. Study respondents believe, in fact, that in the next few years, CIO compensation and performance will increasingly be evaluated based on digital business outcomes. To move toward this digitally defined future, CIOs need to understand and even determine the meaning of digital transformation for their enterprise and then redefine themselves as digital leaders. Other key findings include:

- **European CIOs are up for the digital challenge**, with two-thirds saying that digital success requires a hands-on approach to translating the vast possibilities into tangible business results. Currently, fewer than one-third of respondents are leading their organization’s digital efforts, but we

believe that percentage will increase, as long as CIOs expand their current work styles and skill sets in a digital direction.

- **To be seen as a digital leader, CIOs need to nurture strong partnerships with the C-suite.** Nearly three-quarters of respondents named C-suite collaboration as a key to digital success. CIOs must also turn to a broad ecosystem of partners to keep up with innovation demands.
- **Winning CIOs must also act as digital strategists (73%) and transformational leaders (74%),** according to respondents. This requires developing the skills to identify digital opportunities, articulate the vision for digital change and mobilize the commitment to excel.
- **Digital leadership requires the ability to understand and execute on next-gen IT.** Already, more than two-thirds of respondents embrace next-gen IT capabilities, such as the “Uber-ization” of enterprise IT.
- **CIOs need to recruit, nurture and retain digital talent**, emphasizing not just technical but also creative, social and business skills. In addition to hiring people with “polymath” skills, CIOs should also adopt this mindset for themselves. Over two-thirds of respondents said a key element of success for digital transformation is the CIO’s ability to actively collaborate with talent acquisition teams to acquire needed skills.

While the list might seem daunting for many CIOs, especially those accustomed to highly regulated and traditional environments, the change will be worth it. As one respondent from the banking industry said, “Digitalization is no longer an option today. It’s a must-have in your system if you do not want to risk your company being left behind.”