IBM Report

THE RELENTLESS NEED FOR SPEED & THE SUBTLE BUT MASSIVE SHIFT OF THE CXO
Contents

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Market drivers create a subtle but massive shift in responsibilities. 5
Uncertainty requires CFOs to deliver analytical culture rather than isolated capability. 6
Pace and scale of seamless technology integration places new demands on CFOs. 7
Our CxO research reveals the pressure of unrelenting speed & the urgent need for better support. 9
Key CxO Pain-points. 10
Crossing organizational roles. The critical nature of Partnership, focus and speed. 11
Perceptions of transitioning to Cloud. 12
Research reveals CxO’s consider Cloud transition urgent but need smarter strategic support. 13

Methodology

Research & Response 16
About Guy Shone 17
Contact 18
ABOUT EXPLAIN THE MARKET

Explain The Market is proud to be one of the most trusted and reliable economic research agencies.

Our analytical expertise is based on over 20 years leading market analysis for some of the world's biggest companies. Research expertise is based leading some of the largest and most complex projects ever done in both qualitative and quantitative research.

Our CEO is a Market Research Society Awards Finalist. The Explain the Market team is headquartered in London and also operates from our global hub in New York.
The Relentless Need For Speed & The Subtle But Massive Shift Of The CxO
MARKET DRIVERS CREATE A SUBTLE BUT MASSIVE SHIFT IN RESPONSIBILITIES

As markets rely on more massively increased levels of data the role of CFO is shifting towards doing more with analytics. Hunting harder for margin and growth opportunities; dealing with an ever more multifarious risk environment – CFOs are increasingly challenged to deliver better insight capability rather than just better insight.

A more connected world means opportunity costs once opaque are now front and center. Customers demanding more authentic experiences, real time interaction; faster distribution, value chain complexity - in the new world, the financial consequences of sub-optimal performance at every stage are obvious.

The impact on today’s CFO has been a vast broadening of scope. 2017 now brings fresh expectations of the world’s top finance executives. Rather than simply delivering great analytics – CFOs must now succeed at the much harder job of making whole organizations better at analytics. It is a subtle but massive shift of emphasis that points to the urgent need for a broader toolkit and smarter support.

Global economic uncertainty has placed the desire for surety front and center of boardroom priorities. CFO pressures are tough, overlapping and often seemingly dichotomous. Data on its own, whether it is ‘Big’ or not doesn’t adequately solve the problem of how to decipher sensible strategies out of an environment where so many seemingly safe predictions are proved wrong.

The answer lies in solutions that offer comfort in delivery at ultra-high speed and support that offers capability with context and culture not just isolated technical excellence.
Predictive modeling can help brands better understand market share, attrition, and the impacts on and costs of working capital. Probabilistic forecasts can deliver informative distributions of possible sales performance. However in 2017, CxO challenges are increasingly around much more than discrete data-driven analysis.

Back in 2009 Google’s Chief Economist predicted the rise in demand for much broader analytical capability and recent LinkedIn research has confirmed that CFOs can no longer rely on separate data scientists operating in silo. Data based story-telling has become both the most sort after skill across the Finance team as well as the hardest hiring criterion to get right.

This requires a large scale cultural change to the way Finance teams are organized and trained as well as a shift in the way the CFO and her team partners with other departments.

It means less linear division of labor in the analysis to insight process. When all colleagues can deal with data, perform analysis and tell meaningful stories with data – the power to deal with uncertainty is magnified.

This year, this change is becoming an urgent challenge that represents a key to success. Part of getting this right is ensuring the environment and infrastructure are secure and flexible enough for not just more data enquiries but a multifarious range of demands from a variety of analytical applications.

"The stresses are greater now but so are the opportunities. Everyone is now a data scientist and the demands on infrastructure is unrelenting.

— Global IT Leader
ETM IT Leaders Survey 2017"
PACE AND SCALE OF SEAMLESS TECHNOLOGY INTEGRATION PLACES NEW DEMANDS ON CFOS

A recent Robert Half Management Resources survey found that 41% of chief financial officers believe staying current with changing technology is the greatest pressure their accounting and finance teams face.

Technology changes were considered more important than regulatory compliance by a quarter of CFOs.

It is in the convergence of technology and cultural change where some of the biggest challenges ahead for the CFO are revealed.

Most analysts expect the UK smartphone market to grow by between 4% and 6% to reach between 25 and 30 million units by 2018. With penetration at 80% of the population in 2017 will see a shift towards delivering a greater range of mobile first services to all customers. The SIM-free market will continue to be one of the fastest growing in the UK next year underlining a growing desire from customers to control how and when they use their technology.

70% of companies are still not collecting data from social media channels. This gap between ‘social’ and ‘anti-social’ brands is expected close in 2017 given that 47% of marketers say that social channels offer the greatest opportunities in the next two months. According to the DMA SFB, social media will grow to 24% of marketing budgets within five years, up from 10% today.

Video is likely to dominate how corporate content is created in 2017. Almost four times as many consumers claim to prefer video content over text when it comes to social media messages. Marketers are picking up on the trend as well, with 69% of marketers saying their budget on video content is “increasing” or “significantly increasing.”

Trust will once again become a dominant theme in 2017 particularly in financial services where trust in our biggest brands has been seriously eroded. If 2015 and 2016 were all about winning back the perception of trustworthiness and halting the decline in corporate reputations – 2017 will be about the much harder job of trying to build real trust and close the gap between rhetoric and reality.

The need for technology platforms and smart partnerships to offer flexibility and security has never been greater. Perhaps even more significant is a fundamental shift in a way of working and solving problems together. The old divisions of marketing, application development, analytics and infrastructure are vanishing.

In a world where marketing departments require access themselves to intuitively simple analytics tools with limitless configurability in real-time; and CFOs increasingly look to IT for how to hit key corporate metrics – the planet’s best IT services firms need to be both flexible and secure, expert and empathetic. The so called ‘layers’ of the past are disintegrating. Customers are now at the heart of everything and departments must understand each other in more depth than ever before. As this trend accelerates in 2017, some
traditional IT service providers will find the nature of the change in demand very uncomfortable. Increasingly, providers not able to offer a hybrid approach may find things impossible.

Demonstrating how technologies like Cloud and Blockchain can deliver results directly to the corporate targets of departments outside of IT has become a hygiene level capability.

Helping the CIO means helping the CIO’s customers. This means helping them practically today and not just conceptually in the future.

The CFO is also gradually expanding the scope beyond managing the flow of capital to collaborating with CIOs in new ways to accelerate technology investments.

As a result, the CFO is actively looking for new ways to support their financial requirements and make the optimal IT solution affordable: alternative funding sources with competitive rates, fixed rate capital with flexible terms, and the ability to offer multiple-period funding for the solution.

They require a vendor that offers a wide range of payment options for hardware, software and services that are tightly tailored to the IT solution and can help improve financial metrics like ROI (return on investment).
OUR CxO RESEARCH REVEALS THE PRESSURE OF UNRELenting SPEED & THE URGENT NEED FOR BETTER SUPPORT

Our qualitative interviews with CIOs and direct reports in the UK reveals the pressure and opportunities of the unrelenting need for speed. This is set against a backdrop of an increasingly broad range of challenges competing for priority.

The need for speed is relentless. At the same time I need to provide slicker and richer analytics-based risk management environments. We need partners to help us move fast & work smarter.

— UK based CIO interviews 2016
KEY CxO PAIN-POINTS

Our research across CxO communities suggests four key areas of potential pain for the CFO.

1. Deliver flexible, secure high speed infrastructure
2. Control cost and risk with richer scenario modelling
3. Create & communicate coherent cost benefit strategy for Blockchain
4. Analytics & Business Intelligence skills across the CFO organisation

Solving these challenges requires close collaboration across the wider organization but the topology of the problem is complicated by the inevitable phasing of priorities.
CROSSING ORGANIZATIONAL ROLES

The critical nature of partnership, focus and speed.

Global business partnerships are characteristically complex. Increasingly successful relationships between IT and the wider business community are predicated on the ability to solve three layers of challenges at the same time. Our survey findings reveal the top challenges IT leaders are dealing with in order to support business operations. On top of this CIOs are resolving Cloud transitioning strategies while also preparing to turn Blockchain plans from conceptual explorations into meaningful plans.

Continuous Challenges
Development | Resourcing

Cloud Transition Urgency
Hybrid strategies | Paradigm shift in Analytics demand

Blockchain Concerns
Transaction security | Engagement point unclear

ETM Global IT Leaders survey 2017
PERCEPTIONS OF TRANSITIONING TO CLOUD

The reality of business today centres on the ability to navigate an increasingly complex set of partnerships. It remains a simple economic necessity.

The lines between large and small businesses – different corporate departments and even consultants and corporation are all blurred beyond recognition compared with the networks of 10 years ago. As this trend increases - designing and enhancing services that work requires a clear sense of how value is perceived by each key actor in the value chain.

When it comes to the top benefits of transitioning to cloud technologies - IT leaders increasingly advocate the power of cost flexibility and enhanced analytics.
RESEARCH REVEALS
CxOS CONSIDER CLOUD TRANSITION URGENT BUT NEED SMARTER STRATEGIC SUPPORT

Our research reveals an increasing pressure to deliver a clear plan for cloud transition.

Despite the widespread desire across boardrooms for fast and effective transition - a significant challenge exists when it comes to perception and the effective translation of benefits.

While C suite colleagues from outside explicit IT disciplines do view Cloud transition as urgent – many still consider the benefits as less important than the CIO. Part of this challenge is explained in the view expressed from our final CIO workshop. IT leaders are looking for support but need partners with very broad shoulders and the ability to adapt to a constantly changing environment.

Time for Cloud Transition is Now

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ETM Global IT Leaders survey 2017
Benefits of Transition

Increasingly the measurement of our leadership performance is integrated. If Cloud transition under-delivers then in theory we share accountability. But we’re not there fully yet. Part of the challenge is finding partners we can rely on. Partners who can help me to translate the opportunities for the whole enterprise more clearly with real insight rather than just data.

—

Global IT Leader
ETM IT Leaders Survey 2017
Methodology
Research

Explain The Market IT Leaders research was conducted between November 2016 and January 2017 via online and face to face interviews. All research has been conducted in accordance with ICC / ESOMAR Code of Conduct.

Response

510 IT leaders responded, of whom 250 have a UK focus and 260 have an international focus. An additional 10 depth interviews were undertaken with the global IT Leaders.

Interviews

Total: 510
- UK: 250
- International: 250
- In Depth: +10

Total Interviews
A total of 510 IT leaders responded via online and face to face interviews.

UK Interviews
250 or the respondents have a UK focus.

International Interviews
250 or the respondents have an international focus.

In Depth Interviews
An additional 10 depth interviews were conducted with global IT leaders.
About
Guy Shone


Guy is the former Economics & Business columnist for the Metro newspaper (the UK’s most read national newspaper) and now runs the research and media group Explain The Market.

Guy’s previous jobs were the Global Head of Research for investment group Old Mutual plc and Research Director for the UK government-backed Money Advice Service. He works directly with some of the world’s top corporate leaders. His team is based both in London and New York.
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