A NEW REALITY:

Rebuilding the corporate IT strategy

With 2020 corporate IT plans in tatters, how should CIOs and IT decision-makers now figure out their list of priorities when it comes to helping their organizations to respond, recover and thrive in the post-pandemic era?

While most executive leadership teams began 2020 with a solid business plan for the year, the eruption of the Covid-19 pandemic in the first quarter has forced them into a radical rethink of their priorities for this year and beyond. Now it's time to reset strategy, build resilience and start making the kinds of decisions that will support business recovery and renewal – all at an uncertain time and often in the face of onerous capital-budget constraints.

The scale of the challenge ahead cannot be overstated, according to Chris Howard, Distinguished VP Analyst at IT market research firm Gartner. "There's been a reset of the workforce and of work itself, a reset of the employer/employee relationship and a reset of the business ecosystem," he says. "The pandemic has wiped away the strategy for some leaders, but they've also garnered invaluable experience. Now, it's time to bring together the executive team and use those lessons to reconfigure their business and operating models for a new reality."[1]

CIOs and IT decision-makers (ITDMs) can fully expect a seat at the table for those discussions.

They may at times have the opportunity to lead them, too. After all, in the early weeks of the Covid-19 pandemic, IT teams went to heroic lengths to enable employees to work remotely, and their efforts have deservedly earned them widespread recognition, appreciation and goodwill.

Now, expectations are higher than ever that the IT function will continue to make a major contribution to business continuity and resilience. At the same time, IT teams will be called upon to identify and deliver the innovations that ensure their organizations capture full value from new digital opportunities and don't emerge from the crisis on the back foot, lagging behind more fleet-footed competitors.

In other words, technology is widely expected to be a crucial driver for recovery from Covid-19. It's a tall order, but CIOs and ITDMs worldwide are already limbering up for the task.
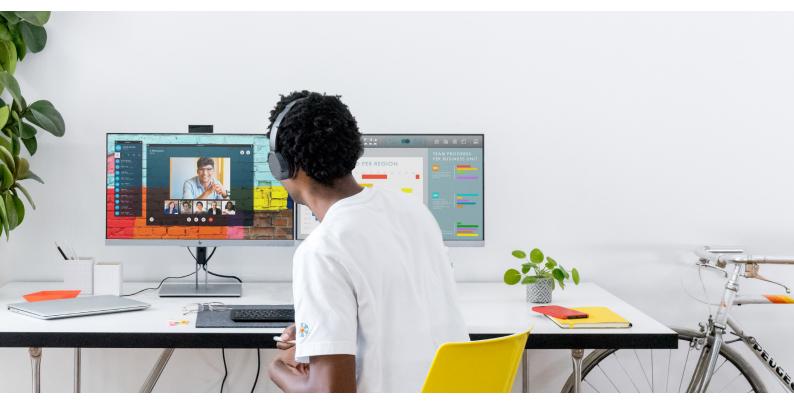
They're reviewing their IT strategic plans to figure out which projects and practices should now take priority and which must take a back seat, and marshalling their teams to enable and embrace new, more agile ways of working.

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5 strategic priorities for IT leaders

In light of all this, how might CIOs and ITDMs approach the task of IT strategic planning, to formulate creative responses to new challenges and opportunities, at a time when many of the old plans and certainties have been swept away? Here are some areas on which the most effective will be focusing:

1. Remote working

As already highlighted, IT teams did a sterling job of enabling the mass shift to home working in the early weeks of the pandemic. Now, the stage is set for a future of widespread hybrid working practices, where employees split their time between home, work and elsewhere.

Giving employees a first-class experience of remote working, regardless of the time of day or their location, will require investment in the devices and collaboration tools they use to get

work done. Networking requirements will need to be revisited, in order to avoid connectivity issues that impact their productivity. Tackling security concerns and plugging vulnerabilities will be paramount. And fresh attention needs to be paid to the availability and quality of support that remote workers can access from IT help desks.

In a recent survey of more than 150 CIOs across ten European countries, conducted by management consultancy PwC Strategy&, almost three-quarters (72%) said it took them less than three days, when Covid-related lockdowns began, to get their organizations working from home satisfactorily.[2] But in many cases, the short-term solutions and fixes deployed in the face of an immediate crisis are unlikely to be sustainable or cost-effective in a world where far more employees work remotely on a more regular, ongoing basis. There is a big opportunity here, then, for CIOs and ITDMs to identify the best model for remote working going forwards.

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McKinsey

2. Digital channels

Some of the companies that have weathered the Covid-19 storm best have been those that already had robust digital channels in place, allowing customers to keep interacting with them throughout lockdown. Take, for example, US retail giant Target: for its 2020 second quarter, announced in mid-August, the company posted overall sales growth of 24% year-on-year and a stunning 194% rise in digital sales.[3]

Others have scrambled to reinforce their digital channels, hoping to fill at least some of the gap left by the lack of face-to-face contact with customers. Looking forward, more work on these is a priority, because Covid-19 looks set to leave an indelible and drastic mark on consumer behavior and purchasing habits for the long term. Hand in hand with that, digital marketing initiatives will likely require reassessment, too, to keep online visitors flocking to those channels. According to Gartner's 2020 CMO Spend Survey: "Many marketers believe the mass shift to digital and social media will extend into 2021, with nearly two-thirds of brands predicted to increase their digital channel budgets in the next year."[4]

It's important to note that this isn't just an issue for B2C (business-to-consumer) retailers, either. Financial services firms, for example, have seen a vast uptick in activity on their digital channels, from both retail and business customers. And in business-to-business (B2B) activities, digital channels have played a huge role in helping companies to keep making sales, provide post-sales customer service and support, and collaborate with supply-chain partners to smooth out bumps in disrupted delivery schedules.

3. Automation and remote monitoring

Social distancing rules may be with us for some time to come. Many industrial workplaces, from factory floors to power stations, may need to accommodate fewer workers, leaving more space for those who have to be there to perform vital tasks.

In 2020, that's lending a further boost to the already hot topics of 'Industry 4.0' and the Internet of Things (IoT). When these workspaces are equipped with smart sensors that report on the status of machinery and other equipment and can receive instructions remotely, staff can monitor and manage assets from a safe distance. Fewer employees may be needed, too, since software can be used to automate manufacturing and inspection processes according to pre-programmed rules and policies, and big data analytics approaches, such as artificial intelligence (AI), can diagnose and, in many cases, fix performance issues in machinery.

"The role of Industry 4.0 becomes even more critical in the backdrop of a crisis such as Covid-19," say the authors of a recent report from global strategy firm McKinsey on post-Covid manufacturing operations.[5] "Players utilizing digital solutions are better positioned to weather the storm, having moved faster and further than their peers during the crisis. As companies think about restoring operations and building the muscle to deal with future crises, using digital technologies will be top of mind for many."

At industrial companies worldwide, CIOs and ITDMs have long been collaborating closely with engineering teams on Industry 4.0-focused transformation projects. In the post-Covid era, it's likely they'll be presented with further opportunities to increase their strategic contribution.

4. Upgrades

When the pandemic first hit, a good number of IT projects and spending plans were put on hold, freeing up teams to focus on more pressing concerns. But routine upgrades and non-urgent improvements to core infrastructure won't wait forever. In fact, they may well be prerequisites for the successful delivery of other initiatives in the areas of remote working, digital channels, and automation/remote monitoring.
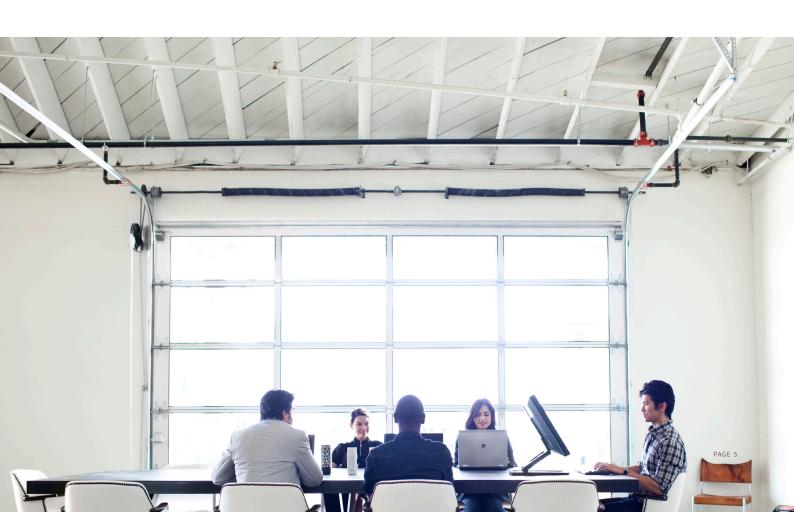
But if IT leaders look at that core infrastructure with a fresh eye and an updated idea of what it will need to support in future, it's likely they will uncover significant opportunities for consolidation, optimization and right-sizing, suggests Steve Bates, global leader of the CIO Center of Excellence at management consultancy KPMG International. "Many companies are actively managing cash flow and expenses just to survive. Instead of investing in upgrading older infrastructure and data centers, look to conserve capital and make the move to the cloud to satisfy near-term demand for digital services," he advises.[6]

In the hunt for the infrastructure hurdles that slow an organization down and cost it money, there should be no shortage of areas to target. Says Bates: "We recommend some immediate levers to pull, such as: review and upgrade virtual machines, shut down and/ or right-size unused or under-utilized compute instances, move to containers, move to PaaS [platform-as-a-service], and move to optimal [cloud] pricing models for workloads, for example."

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5. Emerging tech

While more 'blue sky' investigations of emerging technologies may likewise have taken a back seat during the Covid-19 crisis, smart CIOs and ITDMs know they can't afford to take their eye off the horizon entirely. After all, who knows when or where the next big chance for market-disrupting differentiation might emerge? A sensible approach is to identify emerging technologies that not only have immediate value to offer, but which could also support new business models in future.

"Technologies such as augmented reality and/or computer vision help improve user experience and enable effective problem-solving. IoT devices help customers get service from non-computing devices such as wireless speakers and can transmit field data in real time to support better decisions. Wireless tags and sensors can be used for asset tracking and field monitoring," write the authors of a recent Gartner report, Coronavirus Outbreak: Short- and Long-Term Actions for CIOs.[7]

Similarly, now could be a good time to explore the power of advanced analytic approaches such as machine learning and AI, by applying them to existing data and seeing what new insights they uncover. From there, IT leaders will be better placed to make decisions around how their use might be extended in future. For example, the results could hold valuable clues as to how market conditions, customer habits and fluctuations in order volumes are likely to develop over the next few years.

The road ahead

For most organizations, the journey out of the pandemic will be far from smooth. There may be roadblocks and detours along the way, but CIOs and ITDMs have much to offer when it comes to navigating a safe and successful course. They have already proved their worth as masters and mistresses of prioritization, as well as experts in juggling competing demands for their time and attention.

Those skills will continue to be tested on the road ahead – and a sharp eye on the 'to do' list will be required. As Steve Bates of KPMG advises: "Focusing on what is truly urgent, versus what is important, will help sort out which requests are mission-critical to core organizational functionality," he says.[8] "It's important to keep timing in mind, and to rank all of the work into what is most impactful and most urgent, both internally and externally. For example, in a time of reprioritization, consider wins on digital business transformation initiatives and the positive impacts they've had on core capabilities."

Then there's the tricky question of funding. Delivering better customer experiences and new, technology-enabled business models may be top priorities, but will the budget be there to support them? PwC Strategy&'s CIO survey suggests that, despite a high level of concern among CIOs around the impact of Covid-19 and its far-reaching effects, only 41% of organizations are planning to reduce IT costs as a result.[9]

This still leaves decision-makers in the position of having to choose very carefully where to invest and where to make cuts, of course – but it's still a powerful profession of faith in the power of both technology, and the people who lead it, to help their organizations respond, recover and thrive in the wake of the pandemic.

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