



By Frances Davies
Fear factors:
What's keeping

As information technology constantly evolves so does the role of the CIO, who is faced with new challenges and dilemmas to maintain a position at the cutting edge. It has been 15 years since the phrase CIO was first coined and times, as well as priorities, have changed hugely since then. The CIO is faced with many dilemmas, these vary from industry to industry, but underlining every sector are many of the same concerns.

BETTER SAFE THAN SORRY

Unsurprisingly, security is high on the agenda. Protecting an organization from infiltration is constantly on the minds of the CIO and his or her staff. Bill Schlough, CIO of the San Francisco Giants baseball team, says that security threats and the continuing growth and proliferation of that threat is his biggest concern. "A few years ago the security threat we were worrying about was viruses. We had all kinds of different viruses

penetrating our defense system. We had to deal with the impact of those viruses both on our productivity and the security of our data. For the most part anti-virus software took care of the majority of those threats. Then you have spam, which causes huge productivity threats. Spyware is now a major issue so we've implemented various anti-spyware tools. We are always trying to keep up with the evildoers who are attempting to undermine our productivity and the security of our data at the corporate level. Despite having viruses, spam and spyware relatively under control we just don't know what is going to be the next threat – it might be internet or wireless threats. It is just an ongoing threat."

Schlough emphasizes that one of the best ways to deal with the threat is to standardize IT equipment on desks throughout the organization and to give a monopoly to the IT department on how software and hardware is deployed. The organization will be more secure if there is a consistent office environment.

A second big fear that is concerning CIOs at the moment is achieving a balance between lowering costs while increasing agility and innovation. According to Mike Gilbert, Director of Product Strategy at Microfocus, “this is the core at the heart of the CIO dilemma”.

He said: “Everyone is trying to wrestle with costs because we have been in such a cost-conscious era of the economy since 2001. I saw a statistic recently that suggested around 11 percent of CIOs reported to a CFO in 2002 and in 2003 that number doubled. More and more CIOs are reporting to the CFO as a way of ensuring that their operation is run with a very tightly controlled budget. At the same time the business is asking the CIO to deliver functionality and to do business more rapidly and effectively.”

Cost and agility are two out of what Gilbert considers to be three universal business imperatives. The third is risk, which is always a factor. “Wherever the CIO chooses to balance himself on the scale between cost and agility then there is an element of risk. If a CIO is going after a very high-cost option – for example, replacing a legacy system with a new system – then there is a risk involved because of the drastic change that is being brought into the organization. On the other hand, if the CIO doesn’t do anything to modernize his IT system then there is a risk that his IT system will become so inflexible that meeting the needs of the business is impossible.”

These are decisions that ultimately all CIOs have to face – whether to keep existing systems and modernize them or bring in a

CIOs awake at night

new system. Gilbert warns that the belief that new is always better is misguided. It very much depends on the company. He cites the example of the FBI which had a bill of around US\$620 million to replace one of its systems. This replacement was going to be rewritten using new JAVA technology. The system turned out to be very inadequate – not only was it delayed, but it was also over budget. Only a very foolish CFO will budget for a new system without being as certain as possible that it will be effective. Consequently, ‘rip and replace’ projects are quite rare these days as the risk is too great. A CIO is much more concerned with leveraging and extending an existing system. Microfocus specializes in helping its customers re-use their existing system and to help them realize that it can be an asset and new potential can be extracted as long as it is modernized in an appropriate way. It is essential that a CIO ensures that these can be run at low costs and can participate in new business initiatives.

A third issue concerning CIOs is retaining top staff. Finding an effective and reliable staff is a difficult job, therefore it is essential to value and reward them. A high staff turnover is costly to the business.

“Developing, challenging and rewarding my staff is something that I am always thinking about because turnover can be so debilitating. If you have good people, you want to keep them around and that is difficult, especially in low confidence environments. A lot of things can contribute to morale. Our baseball team has the worst record it has had in probably 10 years. We’ve been underperforming on the field recently, which is probably comparable to a company that is not hitting its targets in terms of sales. When morale goes down like that it is even harder for me to retain my people,” explains Schlough. He recognizes how essential it is to appreciate talented staff and to make sure that they are given the opportunity to flourish. Schlough believes it important to encourage his staff to work on projects outside their normal day-to-day tasks to keep the work interesting. These activities range from community service to being involved with hosting another sporting event.

Given these concerns, do CEOs also worry about these issues or do they have different priorities weighing on their minds?

In general it seems that the concerns of the CIO and CEO are similar. Security is one area that no CEO can afford to be complacent about. Warren Leggett, CIO of NIKU, explains how security

is a major issue for the CEO: “One of the nightmares of the CEO is that data gets out or a particular system is compromised.”

However, Schlough explains that the CEO is likely to be

more concerned with the overall security of the organization rather than the specific technology used by the IT department. In the same way, the CEO is likely to be concerned with retaining staff and the overall morale in the organization. If the morale is low then this is obviously going to also affect performance and ultimately the success of the enterprise. Gilbert also agrees that the concerns of the IT department and the CIO are also intertwined with that of the CEO although only to a degree. “I would say that the CEO is more concerned with issues that effect his industry sector. Therefore, as an example, for a CEO of a bank or insurance company mergers and acquisitions would be very high on the worry list. These are seen as a way of reducing overheads, increasing customer volumes and reducing inefficiency. Of course, that can only be done in a cost effective way. In other words, IT systems might then need to be consolidated.”

SHARE AND SHARE ALIKE?

Despite security precautions the work of the CIO is rarely shrouded in secrecy. On the contrary, sharing information is considered beneficial. Leggett, explains how having “an open dialog, that encourages communication and collaboration between IT and their non-IT customers is ideal.

“Not only should IT share information with their business customers, they should involve them in the decision processes. The key is to make sure you are sharing the appropriate view of information given your audience – for example, you would deliver the strategic information necessary to discuss prioritizing the IT portfolio to the IT governance executive meeting, but to your customer in marketing you would discuss detailed requirements for a campaign management solution,” he says.

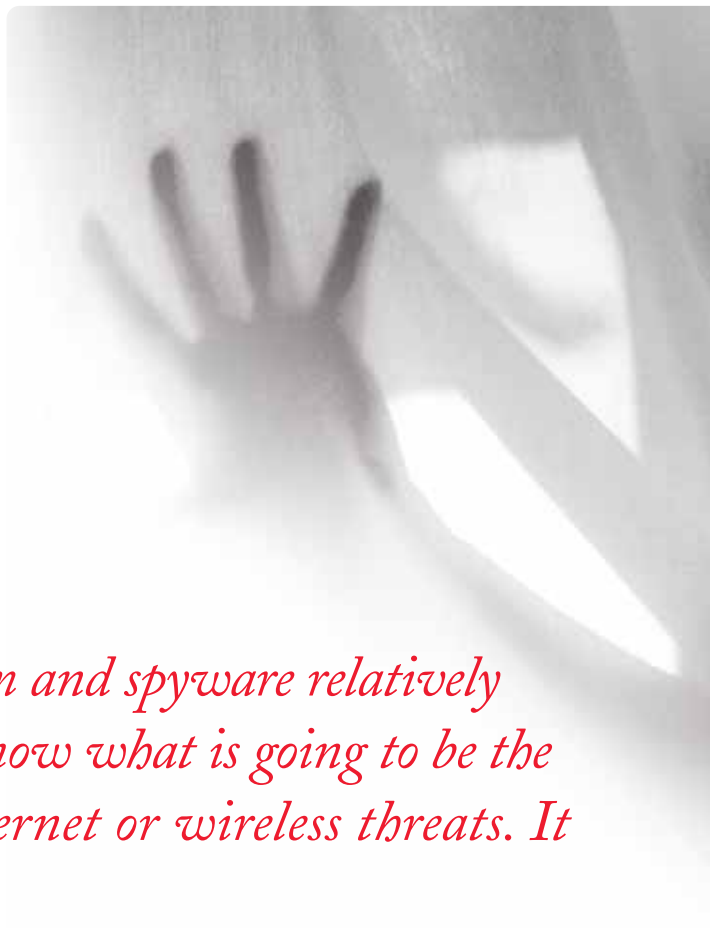
This opinion is reiterated by Schlough: “For the most part, from a strategic perspective, across the organization it is important for every department to share its strategic plans. We then have visibility to all of the business units’ strategic plans and they all have visibility to ours. It is important that we all understand each other’s goals so we can work together successfully.”

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However, Schlough also warns of the necessity to keep some information private and confidential, as disclosure might be counterproductive.

NEW TECHNOLOGIES

CIOs are always on the lookout for new technology that is likely to improve performance and productivity for the organization. The advent of wireless is proving a big hit at the facilities of the San Francisco Giants. The home of the Giants, the SBC Park, became the first 100 percent wireless facility in the sports world. The facility is now a WIFI hotspot with fans being able to access the internet from any seat in the ballpark for free. “This is an area where we have been at the leading edge. We are really interested in seeing where the technology goes and what revenue opportunities might be presented down the road,” explains Schlough. Other new tech-



nologies that are likely to make an impact include RFID and the emergence of contactless cards, which make the purchase of tickets and using facilities at the ballpark far easier. The introduction of the technology is a step towards the existence one day of a ‘cashless, ticketless’ park.

The introduction of high definition TV is also set to become a reality in the ballpark in the near future. Already the Giants games are being broadcast in high definition by cable and satellite providers. Plans for the future include upgrading the whole infrastructure of the park so that high definition broadcasts can be provided to the suite and to TVs all around the park. “It’s an incredible transformation of the viewing experience. It’s almost like you are right on top of the action when you see it in high definition. We are interested to see how that impacts viewership of our sport and the Giants,” enthuses Schlough. ■