

**Podcast: IBM CIO Mark Hennessy discusses our new report,
“CIO Implications of the IBM Global CEO Study”**

Hi everyone, I'm Mark Hennessy, CIO of the IBM company. I'm here to talk with you about the CIO's role and the future we CIOs are facing.

My vision for that future is shaped by an in-depth report that my colleagues at IBM Global Business Services recently released on our annual global CEO Study.

You may be asking, what does a CEO study have to do with CIOs? Well, there's no question in my mind that this new CEO Study provides CIOs with compelling reasons to act now. I believe CIOs can play an essential role in helping their CEOs build for the future. In fact, the evidence is so compelling that we wrote a second report, entitled “CIO Implications of the IBM Global CEO Study.” I hope you'll download a copy when you're done listening to this podcast.

So first, I want to go over some of the key findings we took away from the CEO study. Then I want to discuss what that means for CIOs — what we should be taking away from those findings, and what actions we should take.

In doing our research, we asked more than 1,000 CEOs how they and their organizations were addressing new and changing customers, global integration, and business model innovation. Not surprisingly, our analysis indicates there is a difference in the ways successful organizations are addressing the future compared to the approach being taken by underperformers.

What did we learn from all these interviews? First, we learned from the CEOs that their organizations are bombarded by change, and many are struggling to keep up.

Second, CEOs view increasingly demanding customers not as a threat, but as an opportunity to differentiate.

Third, nearly all CEOs are adapting their business models and implementing extensive innovations. Many are moving aggressively toward global business designs.

Fourth, we learned that CEOs are embracing social responsibility initiatives.

And finally, we learned that financial outperformers are making bolder plays than the organizations that are lagging.

These insights have led us to formulate the five key characteristics guiding CEOs' visions. It's what we call the Enterprise of the Future.

The Enterprise of the Future is one that is hungry for change, innovative beyond customer imagination, globally integrated, disruptive by nature, and, in terms of social responsibility, is not just generous, but genuine, too, in all of its actions and decisions.

So now the big question: What are the implications — for you, as a CIO — of the Enterprise of the Future? Well, let's take "hungry for change" first. CIOs are uniquely positioned to be the major business transformation driver for their enterprises. CIOs have a special visibility across the enterprise ... with an understanding of the core processes and information that make the organization tick. CIOs need to be a catalyst for change across the enterprise. And, change will require flexible, extendible IT infrastructures to respond to rapid — and constant — change. So, approaches like SOA, open standards, virtualization and consolidation, converged communications, multi-sourcing and shared services gain new appeal in this environment. Change also brings risk — and our jobs are all about managing and minimizing risks — so, enhanced risk mitigation, business resiliency, security, and service management initiatives will be a key to success.

The enterprise of the future is also one that is innovative beyond customer imagination. The rise of the Internet and connectivity has produced a more informed, demanding customer — capable also of influencing peers on buying decisions. It's therefore important to find ways to cultivate these key influencers through the development of collaborative relationships. So a key capability to develop and exploit is providing customers ready access to information and interaction. We need to deliver better, more convenient ways to transact business, and better, realtime collaboration. This requires the application of new technologies like Web 2.0, SOA, social networking, and 24x7 access to self-help portals.

The third key to the Enterprise of the Future is global integration, and that's something that technology is ideally suited to support. Technology can help shrink the world via global integration of applications and common data strategies, improved communications and access — from anywhere, via any device, at any time. With CEOs moving to global business models and embracing global partnerships and integration, information must flow seamlessly around the world. This requires an infrastructure that removes barriers to integration by adopting common standards and collaborative tools and techniques.

However, getting there requires an investment in expanded IT and bandwidth. And integrating people, processes and information is challenging. I know that first-hand, since we've been on our own journey toward becoming a globally integrated enterprise.

The Enterprise of the Future is also going to be disruptive by nature. What does that mean for CIOs? Well, we know that flexible, adaptable IT systems can remove obstacles to business-model changes and help meet the accelerating pace of change — including integrating acquisitions into the fabric of the

enterprise. So it is essential that the CIO be able to engage and lead the right level of discussion to ensure successful support of business model transformation. Key to this approach is leading the discussion on *business*, not technology terms. It's calculating ROI on systems and applications that support new models — not merely requesting the expense to plan and build them.

The last piece of the Enterprise of the Future is the social responsibility agenda. As with the other key characteristics, CIOs can play a leadership role here, too. For example, major energy and money savings are possible through consolidation and virtualization of data centers. IT plays a major role in enabling workforce mobility, too. Greater mobility enables alternate work locations, which can cut down on commuter mileage and energy use, while lowering business expense and increasing worker productivity and satisfaction. At IBM, 40% of our workforce across the world is now mobile. And we see that trend toward mobility accelerating, with mobile devices accessing data over networks doubling every 2.5 years. This requires a resilient IT infrastructure — and an even greater emphasis on data and communications security. We anticipate more change in this area with the introduction of innovative new enterprise mobile technologies and applications.

So there you have it. The IBM Global CEO Study presents a compelling vision of the Enterprise of the Future ... and along with it, a clear leadership role for the CIO. Success in a global economy requires building an enterprise that anticipates and welcomes change. IT needs to support this change agenda. Armed with a knowledge of the CEO's vision and agenda, CIOs need to act now.

Well thanks for listening. I hope I've given you some insight into the CIO's role. Please feel free to download a copy of our new report, "CIO Implications of the IBM Global CEO Study." I think you'll find it very helpful as you consider the future of *your* enterprise.