



CIO Practice News



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Talent - the big challenge for CIOs in 2009

IT enters the current downturn in a very different state from the last recession in 2001/2002. Prior to then IT had seen double digit growth year-on-year for a prolonged period and there was little doubt that there was plenty of 'low-hanging fruit' when the necessary cost purge hit home. Seven years of largely flat IT growth has meant that Corporate IT enters 2009 in an altogether leaner state. And it should not be forgotten that this period of flat budgets has coincided with massive corporate revenue growth and an explosion in consumer technology that means IT is ever more embedded in the fabric of major companies. Nevertheless, IT is, like any corporate cost, under extreme scrutiny as CIOs look for immediate ways to respond to the unprecedented economic climate.

Immediate cost reduction or avoidance aside, by Q3 this year (at the latest) the majority of IT functions will already be looking at an altogether different kind of response - namely supporting the wider business's stated need for process improvement, better workforce effectiveness and action on enterprise operational costs. We also expect a rush of unexpected and sudden acquisitions and divestments, as well as demands for IT to support the drive to acquire and retain new customers. For four decades IT has been the engine-room behind such changes - and 2009 will be no different. And the evidence is out there. For example, Gartner reports that in a recent survey of business leaders, aside from investment in enhancing the company's products, IT was the highest priority investment area - ahead of R&D, sales and people development. And there is anecdotal evidence as well - a leading CIO told us that at a recent Board meeting where all Directors were asked to present their plans for reducing costs, he was stopped after 10 minutes by his business colleagues and asked to scrap the ideas and commit to maintaining his investment, so the business could continue with its vital optimisation programmes.

So just what are the key issues and how will they affect your IT talent? We highlight the following.

- IT Budgets will come under immediate pressure and CIOs must respond sensibly. Notwithstanding that, many companies are engaged in multi-year strategic investments and we see no evidence that these key initiatives are being reined-in or cancelled - indeed, quite the opposite. Furthermore, immediate cost pressure will quickly give way to the need to support enterprise-wide enablement programmes. Maintaining and building capability ready for this shift in Q2/Q3 2009 is key - how well prepared is your IT management team for the change of emphasis? To quote Barack Obama, is your team "shovel ready"?

- Cost pressures and the variability of business revenues are driving IT to adopt and consider approaches that shift fixed costs to variable costs - for example: Utility computing models, SaaS, and early adoptions of Cloud Computing. This means IT shops need to sharpen-up on Vendor Management - both in terms of service delivery and commercial oversight. These will become hot skills - does your team have what's needed?
- Recessions drive the quicker adoption of new technologies - industry commentators such as Richard Holway are already driving this point home. No doubt, there will be pressure to explore Cloud Computing, still at a very early stage in the hype cycle. In the wider business, those companies who push mobile enabled commerce could see major revenue benefits. So what is your firm doing? Does your firm need an iPhone app? Do you have a mobile commerce platform? And do you have the skills to master agile, responsive applications development?
- Green IT also means lower cost IT - and every company wants to know that its suppliers are in tune with the environmental agenda. CIOs need to keep up the pressure in this area. Have you "green" audited your IT to see what else you could do?
- CIO/Business alignment is crucial - the CIO's "brand" with the Board is key if they are to secure the funding and support needed. How much have you, as a CIO, invested in yourself recently and do you have a business relationship function that is fit for purpose?
- Invest in the senior IT team - aside from the areas already highlighted, IT Risk and Security is at the top of everyone's agenda currently and there is a massive shortage of skilled professionals. Architects and Programme Directors are also in high demand and this will continue as new optimisation programmes kick-in. How well equipped are you for mobilising new programmes later this year?

In summary, the economic downturn has heightened the importance of technology and, once immediate emergency cost measures are out of the way, most companies will be sustaining their IT spend to achieve their objectives, not reducing it. So, if IT is to play such a key role in helping enterprises respond not just to the downturn but also to the plateauing and eventual upturn, it follows that the quality of your IT management team is crucial. Now is the time to get in shape and to look at your IT management capability, if you are to steal a march on your competitors.

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