

Key digital transformation challenges for CIOs

How CFOs can support CIOs to transform business operations

When an organization embarks on a large-scale digital transformation, CIOs face numerous obstacles with the potential to threaten successful implementation.

Financial investment, a growing talent gap, the complexity of legacy systems, and obtaining buy in from decision-makers - they can all be barriers to success. Yet, CIOs must navigate beyond these troubles to realize the benefits of transformation.

So, what are the opportunities that can be realized through transformation? And how should CIOs and CFOs collaborate to ensure success?

We addressed these questions in a recent roundtable [event](#), where tech experts discussed the working relationship needed for finance and technology leaders to deliver large-scale infrastructure changes that have a positive impact on the future ambitions of an organization.



Here are the key insights from the session:

Encourage early collaboration between CFOs and CIOs for maximum success

Having an established relationship between CFOs and CIOs is critical for ensuring that transformative projects are deployed smoothly. By fostering a partnership between departments, CIOs can positively influence investment strategies that are more essential than ever in a post-pandemic reality. Indeed, as explained in the [introduction to this roundtable discussion](#), integrating CFOs earlier in the deliberations of technological investments is a great way of securing project success, better business outcomes, and faster ROI.

This crucial collaboration often begins with CIOs having to demonstrate ROI of transformation to CFOs who will rightly scrutinize any large-scale digital projects. There is typically an education piece to ensure CFOs are thoroughly convinced of the benefits of these projects, but ultimately the success of a project can often be measured in the quality of your internal collaborations.

Be more agile, resilient, and responsive

Many CIOs have been forced to accelerate digital transformation much sooner than expected as a result of the pandemic. Whether it's a crisis or evolving consumer demands, the pace of change means savvy CIOs need to be responsive to disruption and external trends. Over the past 12 months, CIOs have had to make trade-offs to succeed in accelerating innovation with constrained budgets, since real transformation relies on investment. CIOs are tasked with encouraging CFOs to look at a project's success in terms of value, not just costs. As Christophe Leuray, DSI, Les Mousquetaires, noted during the session, pilot programmes dictated by cost need to be replaced with pilots based on value to critically evaluate success.

The alignment of the financial and technical vision in this scenario is essential; the CFO brings an ability to assess the financial impacts of the various hypotheses considered, whilst the CIO must emphasize the benefit of these innovation projects where the value generated is not always easy to predict. By having a strong collaborative relationship during the pilot phase, CIOs and CFOs can accelerate transformation by controlling costs, develop business cases that will facilitate investment decisions, and adapt the IS to business priorities while ensuring perfect visibility to finance.

Deploying hybrid solutions to transition away from legacy systems

A key challenge for CIOs is avoiding clunky migrations when implementing new processes. This transition period is difficult for the entire workforce and IT teams often attempt to launch transformation projects whilst still maintaining legacy systems. As Christophe Leuray CIO of Stime, explained in the session, 'legacy' in France is often synonymous with old technology to be replaced as quickly as possible. However, this notion of legacy systems will not disappear anytime soon, because they are often at the heart of business operations.

What we are seeing now is an evolution towards a hybrid, plural world where the cloud sits centre stage. Choosing the cloud means not only opting for a flexible and agile system that is easy to 'vary' according to fluctuations in activity, but also to benefit from constant innovations through frequent system updates and legacy system integrations, if necessary.

Sources of value that demonstrate the importance of digital transformation

From the start of the pandemic, all sectors had to reinvent themselves, reevaluate their business model, or bring entire activities to a halt. We heard of the rapid evolution of business models during the session, all featuring businesses that have experienced significant value from transformation projects.

At Elior, pilot projects in the field of Click & Collect were accelerated and the company went further with “Click & Serve” and connected refrigerators, to better meet customer expectations while respecting new constraints. At the [Française des Jeux](#), confinement indicated a marked slowdown in point-of-sale activities, but strong growth in online sales, for which the group was fortunately well prepared. In the [Musketeers Group](#), e-commerce has also exploded, with a growth of 80% in 2020. Whilst this is good news, it required a very rapid adaptation of the supply chain and the organization of stores.

How the CIO mitigates risk in their digital transformation journey

As with any transformation project, there's often a certain amount of risk involved but the key is how to manage and mitigate that risk. Exciting new digital initiatives can create new opportunities but also lead to risks such as security breaches and regulatory compliance failures. So how can CIOs effectively manage this balancing act between the [need to innovate and the need to mitigate risk](#)? From multi-cloud deployments to complex supply chains, there are plenty of areas where digital transformation efforts can leave a business exposed. CIOs can address this with regular reviews of cloud platform performance, agile risk migration strategies, and in-built security models to keep data protected.

How to support the CIO on their digital transformation journey

CIOs on the front foot are often evangelizing to management about the benefits of transformation projects in order to pre-empt any concerns that may act as a barrier to implementation. That means working collaboratively across departments to forge alliances with tech-savvy executives who can help propel the company's digital transformation forward. It's critical to secure buy-in from the whole workforce – as they will need to adopt new processes – and from the CFO, who will be responsible for investing in transformation projects.

CIOs need support from management, financial investment, and a vote of confidence from the workforce that any digital initiatives will be worth the disruption. This means demonstrating a healthy ROI to skeptical financial teams whilst providing plenty of training and guidance to the workforce to encourage company-wide adoption. When considering a shift to the cloud, for example, executives tend to understand it first as a cost-saving opportunity. But in helping executives understand the full range of cloud benefits – improved speed to market, better developer productivity, and improved resiliency and disaster recovery – CIOs can help them see how the cloud unlocks new revenue models and services tied to business priorities.

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