Moving to the Cloud: How to Lead a Cloud-First Technology Strategy

workday.

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Summary: CIOs should take the responsibility of leading organizational change management in choosing and deploying cloud technologies. Here's how they can do it.

Some of the most important parts of our lives don't exist in our pockets, our homes, or our neighborhoods. Our life savings, our dating profiles, the most cherished pictures of our loved ones–they all live in the cloud.

Thirty years ago this was unthinkable, but today we take it for granted. In fact, when digging through our desk drawers we come across old photographs that strike an emotional chord, and our first instinct is to digitize them with the super computers in our pockets and give these precious artifacts immortality in the cloud.

Now, many parts of our businesses are increasingly moving to the cloud as well– accessible from anywhere, with the actual physical location where the data is stored almost immaterial. Why have many companies chosen to trust the cloud? Outside of some notable exceptions (so notable that even a minor outage triggers news alerts), it's because the cloud "just works"–and the differences between those who have adopted cloud technologies and those who haven't are becoming starker by the day. Companies that have taken full advantage of the cloud and other technologies are thriving. Those who haven't are often struggling to stay ahead of their peers.

We're getting to the point where most business leaders don't particularly care how technology is delivered as long as it gives them better business results–faster, with more flexibility, and ideally at a lower cost than whatever they were using before. As the introduction to McKinsey's ITaaS Cloud survey puts it, "The cloud debate is over–businesses are now moving a material portion of IT workloads to cloud environments. The impact will be considerable, for consumers and vendors of technology alike."

Why? Because according to a recent Forrester report, 75 percent of business leaders cite improved business agility and 74 percent cite speed of implementation and deployment as the benefits that factored into their firm's decision to move to pure SaaS.

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So, What's the Problem?

If it's taken as a fact that cloud-delivered business services not only work but can also give a clear competitive advantage, why haven't all companies embraced a cloud-first technology approach? One word: *change.*

More specifically, three words: *fear of change.* As much as we crave change in the abstract, we're loathe to abandon long-held habits. Executives are finding that reorganizing their businesses to make use of new technology is their biggest obstacle.

This requires collaboration across silos, "but managers and employees tend to resist these changes, putting a damper on digital transformation," according to a *Harvard Business Review* survey cited in the *Wall Street Journal*'s <u>CIO blog</u>. According to an *InfoWorld* <u>article</u>, "Now that cloud computing is the new normal, it's the company culture–not technology–holding back the cloud."

Oddly enough, it's this very resistance to change at some companies that makes it an excellent time to be a CIO. Due to the collaborative skills they've honed during their careers, CIOs are uniquely placed to lead not just the technology adoption, but the organizational change management required to fully realize the advantages of the cloud.

In fact, these collaborative skills are so important, that a lack of them is the top firing offense for CIOs, a Korn Ferry survey <u>found</u>. The *Wall Street Journal* author who summarizes the survey notes that this is "because the role of CIOs is fast expanding beyond IT, spreading across the entire enterprise, and into strategic business decisions…"
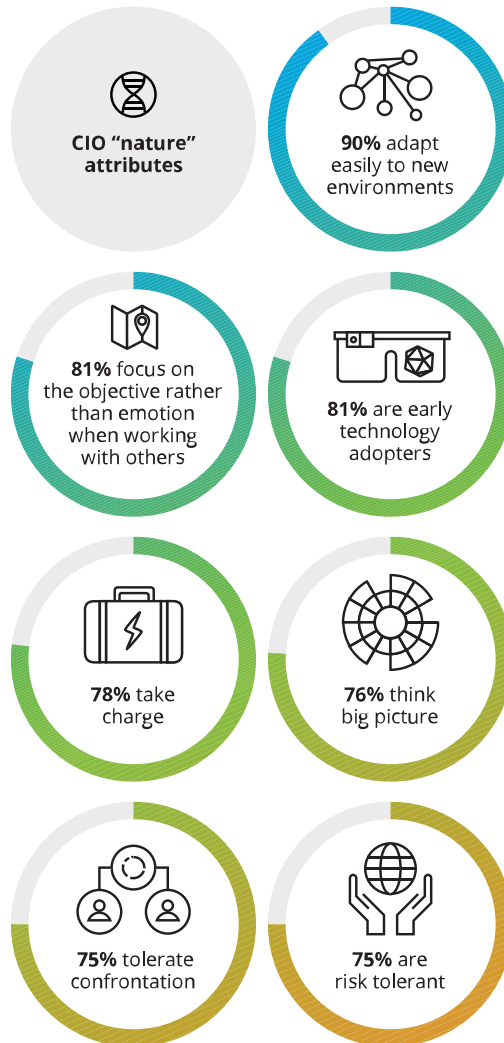
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And, according to Korn Ferry <u>executives</u>, "CIOs who can channel their inner CEO by reassessing their business, adjusting their strategy, and executing earn the coveted

'transformational CIO' moniker, and typically earn 25 percent to 35 percent more money than more purely tech-focused CIOs."

CIO Personality Traits and Working Styles

CIO "nature" attributes

90% adapt easily to new environments

81% focus on the objective rather than emotion when working with others

81% are early technology adopters

78% take charge

76% think big picture

75% tolerate confrontation

75% are risk tolerant

Source: Deloitte 2016–2017 CIO Survey.

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The bottom line: CIOs should take the responsibility of leading organizational change management in choosing and deploying cloud technologies. Job security and financial rewards aside, CIOs tend to have the experience and personality that make them suited to spearhead change (see illustration above). Here's how they can do it.

Create Consensus

A perfect deployment–from a technical perspective–is useless if users reject it or purposefully don't take advantage of the new system. This is where a collaborative, consensus-building CIO can lay the groundwork for success well before a deployment is set to go live.

Mur Muchane, CIO at Wake Forest University, emphasizes the need for outreach. "The cloud can seem threatening in an environment that seeks to evolve from a primarily on-premise model of managing technology to a cloud-first strategy," he says in an interview. "To allay concerns, we built a structured process that enabled individuals at every level, from staff to executives, to contribute ideas and influence decisions. This inclusion and transparency demonstrated the impact a unified cloud financial and HCM platform could bring to the university."

The best-structured process for any particular entity–and the many formalized change management models that already exist–is a huge topic. But one thing that all change experts agree on is creating a center of excellence: involving experts from each functional area and centralizing them to speak with one voice on best practices for a cloud migration.

Stephen Orban, the head of Enterprise Strategy at AWS, observes in his article on creating a cloud center of excellence, "I knew from seeing change-management programs succeed and fail throughout my career that having a dedicated team with single-threaded ownership over an organization's most important initiatives is one of the most effective ways to get results fast and influence change."

So, how else can the CIO overcome resistance and grab the reins as a transformational leader? Let's take the different constituencies one at a time.

Executives: Getting buy-in from others in the C-suite is a matter of correcting misperceptions and selling the long-term vision.

When it comes to misperceptions, a remaining major misperception is that your data is safer if it's on your own premises. "In the past, IT professionals clung–sometimes for good reason–to the notion that proximity equals security, and that you need to physically see and manage servers to deploy security measures," writes Workday Chief Trust Officer Josh DeFigueiredo in a **blog post**. "But now, cloud applications dominate the enterprise landscape, as they provide a more reliable and economically sustainable option, and proximity is no longer a factor in security or data availability."

As Mark Clark of Teradata says in a *CIO* **article**, "When you look at Amazon and look at their security certifications, they have a 600-person security department. I don't think the biggest company in the world has that many security people for cyber security." In fact, there's a growing **movement** to think of security in the cloud, especially in the public cloud, as table stakes.

In finance, there are worries about compliance **especially**, but in fact, easier and more transparent compliance–and the peace of mind that the vendor is responsible for keeping the service up-to-date as regulations change–is what's driving many companies to the cloud. The need to comply with the EU's upcoming General Data Protection

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Regulation (GDPR) is encouraging some companies to <u>move</u> to the cloud sooner rather than later.

Once you address common cloud misperceptions, it's time to get buy-in on the vision. Only then can you decide what technology is best—this is an opportunity to fundamentally rethink the way business is done. Mike Hite, CIO at WeWork, offers advice based on his experience with numerous cloud deployments. "Don't replicate your current business model in a new financial management system," Hite says in a <u>blog post</u>. "Leverage the tool to change and enact change."

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After all, digital success isn't mostly about technology, it's about strategy, *MIT Sloan Management Review* authors find. "You have to think beyond the technology itself and sell the vision of what it will do for the business," says Mark Judd, HRIT director at Rolls Royce, in a blog post. "Get it across to your business that you are buying an idea…you are buying something that is changing all the time."

According to the Deloitte 2016–2017 <u>Global CIO Survey</u>, "CIOs can transform a conversation about individual technologies and their ROI to a more robust discussion about building a set of capabilities to support and drive the organization's digital agenda. Enhancing the conversation in this way can allow CIOs to calibrate their technology investments, capabilities, and the talent needed to deliver value, today and in the future."

Business users: With business users in finance, HR, product, marketing, and other areas—whether IT is leading the cloud effort or just assisting—CIOs should gather

feedback, try to understand concerns, and invite people to participate in the process as much as possible.

"One of the most helpful things I have done to help employees prepare for and engage with change is to brand it," says Mike Knitter, associate vice president at the University of Chicago, in an interview. "We built campaigns of change around themes that reflect the values and cultural norms of the university."

In fact, storytelling is a skill that CIOs are finding increasingly valuable. "Communicating business value is a hard thing for many IT people," says Workday CIO Diana McKenzie in a blog post. "It's natural for many of us to be activity-based versus outcome-based, and prefer to say, 'I delivered X system at the request of our business partners to assist them as they set up new regions.' I advise flipping the equation: start with outcomes, and then explain technology's role."

Dave Smoley, CIO of pharmaceutical and biopharmaceutical firm AstraZeneca, used the power of narrative to drive a multiyear IT transformation at the company. Smoley cut IT costs in half while making IT a force that helps create competitive advantage. When it comes to convincing the business, Smoley says in a *CIO* article, "You have to connect the dots and translate it into a compelling story that various people who meet with the CEO can share and get people excited about [the tools]."

IT staff: Although you should use the same educational, inclusive, and collaborative approach as with everyone above, there are extra sensitivities with IT personnel. According to a report on an AWS conference and panel discussion, "A cloud move can often cause IT staff to worry about job security. However, panelists and other speakers argued the loss to staff was minimal and cloud could actually lead the way to hire more impressive, necessary talent–something vital to a creative industry."

Regardless, IT has a right to wonder how a cloud move will affect its day-to-day duties, so it's important to help IT become active participants in the cloud move–not helpless observers. "Work with central IT early on," advises Mur Muchane from Wake Forest

University. "In our case, IT was part of the process from the very beginning, which helped ensure strong collaboration and a successful project."

Not including IT early on is a land mine to avoid. As one CIO relates in this *Computerworld* [article](#), "One of the mistakes we made early on is not fully appreciating how scary this can be to people who have been in IT for a long time."

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Training is important—not just on how to understand the incoming cloud system, but on how to best modernize existing applications to avoid a lift-and-shift, where the same old applications are running in an inefficient way on a new platform. The good news is that, in the [words of](#) Stephen Orban, "You already have the people you need to succeed in the cloud." But you do need training and education to prepare everyone, mentally and in terms of job skills, to succeed.

As one longtime CIO explains in an *InfoWorld* [article](#) on changing IT careers, "The more complex and interconnected these cloud environments become, the higher amount of a general understanding and knowledge of how it all works together will be required from IT teams…The days of simple technology verticals are over. If you want to build it, maintain it, or fix it, you have to be able to see and understand how it all connects together."

At a recent roundtable with Workday customers, a business leader shared that he doesn't think of the benefit of upgrading to the cloud in terms of removing the burden from IT, but more about how it empowers people at all levels of the company—including IT—to accomplish more than they ever thought possible.

And, it's important to emphasize with IT staff that because business users are going through the same transformation, there are likely new opportunities to collaborate, and new places where IT skills can be used to drive the business forward that don't exist in the traditional "stand up and power up servers" world of the past.

Facing the Future

Because we live in a time of rapid technological change, the best practices for leading organizational transformation will be in demand for quite a while. Companies that have already successfully adopted the cloud are using their agile infrastructures to power an ever-faster evolution of the business. The ability of CIOs to build consensus and tell a story that conveys a bold—yet achievable—vision of the future will set apart the winners from the also-rans. In other words, in a world where the technology that is already on the horizon will have ramifications we can barely imagine, the CIOs who can implement the best tools for the business while overcoming organizational resistance are on track to not only help their organizations succeed, but to also have long, meaningful, and fruitful careers.

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