



Digital Skills: The CIO Perspective

Executive Summary



About the research

To explore the impact digital skills are having on businesses today, and the role of the CIO in their development, VMware gathered insights from 5,700 office workers across UK, France, Germany, The Netherlands, Italy, Nordics, Russia & The Middle East. We also collated qualitative insights through collaborating with IT directors, industry leaders, talent gurus, government influencers and customers and partners.

Within the research, the term “digital skills” was defined as “the ability to use the technology of your choosing to find, access, analyse, use and share information and data, to change and improve ways of working”.



Foreword

The technology industry began the day mankind picked up a rock for the purposes of getting something done. At this very same moment, mankind took control of its destiny. The last few hundred thousand years has been a journey throughout which mankind has become increasingly augmented. In fact, you might say that today is the fastest day we have ever experienced in respect of technology growth, such being the nature of an exponential trend. But by the same token, it's the slowest day we will ever experience again. The volatility we are struggling to cope with today is merely a prelude for what is to come.

Another converging reality is that we are entering what might be called the digital age. Some see this as simply the industrial era, but on 'tech steroids'. It is in fact much more than this. As well as being an economic step change, in many ways it represents an anthropological step change. Our natural tendency to be mobile, social, make our own decisions, be creative and be judged on our productivity was suppressed during the industrial era. The factory model, coupled with people equalling labour or horsepower, ensured factory owners made great productivity gains, but the price was high in terms of our humanity.

Over the last decade or so, we have seen a push for mobility in the enterprise (through mobile technology) and a demand for sociality through the reluctant acceptance that workers expect access to social networks. The expectations of millennials in particular in respect of playing a more active role in decision making and innovation are similar natural forces taking us collectively back to our true nature.

'Digital' as a term has been around for a long time. In my experience of engaging with CxOs across the world, some define it as 'another name for IT', or 'not analogue'. One of the issues we face today is the confusion over what is meant by the term.

But regardless of your definition, digital is moving centre stage in both business and society. The problem as I see it, is that the CIO and the IT function are not similarly moving centre stage. This is creating fault lines in organisations, as some choose to introduce Chief Digital Officers, which in turn leads to the creation of both a business and a digital strategy. The reality today is that digital is woven into the strategy. Digital business equals business.

I have always felt that digital represents a great opportunity for the CIO to move centre stage, to become a co-creator of business strategy, rather than being its victim. Some CIOs do not see the opportunity, too mired in technology management. Some do not want to take the opportunity, perhaps for fear of getting sucked into the political machinations of organisational leadership. But some do. However, in the main, these forward-thinking CIOs have been unsuccessful.

There are a number of possible reasons for this. The most significant is poor personal branding. Whilst many CIOs know the business, in some respects, better than all the other CxOs, the perception that they are really just the technology manager for the organisation limits their influence over strategic matters.

Having set the context, it was with great pleasure that I was invited to study the research detailed in this report. Two very important findings emerged for me. Firstly, there is a real attitude for workers, young and old, to take charge of their own career destinies, and acquire the digital skills needed to help them maintain / increase their economic relevance going forward.

Secondly, the fact that a very significant percentage of workers see the CIO as the natural driver of this digital skills overhaul. In effect, the CIO is being given a mandate by the people to lead the digital charge. This is news. Business leadership would be wise to pay attention.

The industrial era has created a machine that strips down the creativity / free thinking elements of citizens in order to produce HR-friendly workers. This starts from the first day at school. That we are seeing workers cry out for skills that will enable them to apply their brainpower to creative endeavours that will benefit their employer is to witness green shoots pushing their way through the concrete of the corporate carpark. Nature is prevailing.

Smart CIOs, who perhaps in the past have blocked nature's intentions, would be wise to become the driver/leader of this empowered workforce. Many CIOs spend too much time thinking about technology. And not enough time thinking about the conversion of data into insight. But even insight is limited in its value unless it can be converted to knowledge and wisdom, and most importantly action. Technology investment turns into business value through the medium of a talented workforce. So collaboration technologies are a key element of this cultural transition.

Much emphasis has been placed on social media, but this is only a subset of the big collaboration picture.

In any case, this should be comfortable ground for CIOs, and I would encourage them to divert less attention to technology management, through better technology management, and more attention towards helping keen people do great work.

Let's look at it another way. Organisations that do not harness the full power of their human capital will be at a competitive disadvantage. Talented workers create differentiated high value customer experiences. This will attract more customers, and the best talent. From an investment and analyst perspective, organisations that do not demonstrate digital leadership, through developing their people and creating great places for people to work, will fall from grace. This has cost of capital implications.

So are we looking at the CIO attempting a HR 'land grab'? No. CIOs, in general, want to provide great services, via their departmental partners, to the organisation's customers. As this report highlights, workers today are natural collaborators. CIOs, who are looking to improve their strategic relevance, will too learn to become great collaborators with the fellow leaders.

The insights found in this report provide a strong business case for any CIO looking to raise their game, add value to the organisation and leave a comet's tail of grateful and empowered workers.

Ade McCormack
Digital strategist and near futurist
www.ademccormack.com

Objectives

Our research explores the CIO's attitude towards the increasing importance of digital skills and their role in enabling these skills among employees. Alongside this, we uncover the appetite among employees to learn and use their digital skills at work, as well as identifying the barriers they face in the adoption of these skills. These areas are discussed to show how the CIO's influence on digital talent development could help companies to innovate faster, attract the best talent and grow customer numbers.

Overview

As digital businesses gather pace and increasingly threaten the status quo, the importance of discovering and nurturing digital talent is growing. Employees of all ages are finding themselves encouraged to develop new digitally-focused skillsets, which they are keen to put to use in providing new ideas, as well as disrupting and improving their own organisation's increasingly outdated processes. Most interestingly, this drive for innovation is coming from within the workforce as almost two thirds (64 per cent) of employees claim they are willing to use their own time to learn these skills.

Of course the path to innovation is never simple: many organisations find themselves facing complex barriers that prevent employees from making the most of their newfound skills. Without the right talents, and a culture that enables these talents to thrive, organisations will never be able to fully reach their potential.

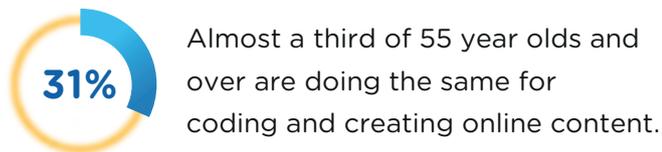
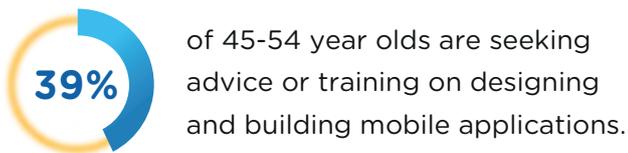
And with 40 per cent of employees citing IT as a key factor in restricting them from using digital skills, this raises serious concerns over the role CIOs are playing in their organisation's ability to innovate. However, many employees (34 per cent) also believe the Head of IT, more than the CEO or senior management, should be leading digital innovation within the organization.

This expectation can be empowering for CIOs, particularly when they have the support of senior management to drive digital innovation in the company. By creating a flexible yet secure infrastructure, influencing the organisation's cultural approach and nurturing internal talent, both within and outside the IT team, CIOs are ideally placed to help shape the future competitiveness of their organisations, while protecting data, customers and reputation.

Key Findings

Employees of all ages are keen to build digital skills

Far from being confined to the ‘millennial’ or ‘Generation Z’ demographics, digital skills are a priority for all employees. For instance:



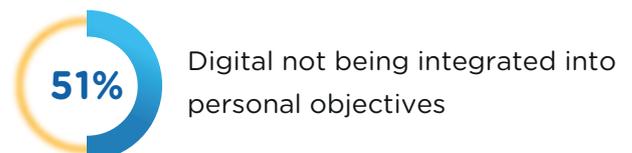
Many employees of all ages *enjoy* learning new digital skills and finding ways of working that will drive productivity in the business, so much that almost two thirds (64 per cent) are willing to use their own time to do this.

So what’s stopping organisations from embracing digital?

Despite this enthusiasm for the digital world, the research found that less than half (48 per cent) of employees believe they can fully use their digital skills within their organisations.

When asked what was stopping their organisations from embracing digital, they pointed to a range of factors, with IT being a key barrier for 40 per cent.

What prevents a company’s digital progress?



In today’s mobile cloud era, employees need constant access to data, from any device at any time to be effective, as well as a secure, agile environment. But almost half of employees (43 per cent) see IT infrastructure as a major factor stifling their company’s ability to innovate. The reality is that too many employees still find themselves working within rigid structures, where they cannot collaborate instantly, get access to any application on any device or move at the pace needed to compete with more nimble players.

CIOs: The driving force behind digital?

This research suggests that it is time for CIOs to step up to the challenge of helping their businesses to unlock employees’ digital skills. A CIO may not be in charge of areas such as training and talent attraction, but their attitude and input into digital initiatives in these areas could have a significant impact. Employees appear to agree, and named the IT department as equally responsible for driving this change (34 per cent), with senior management personnel (MDs, CEOs and the Board at 35 per cent). Whereas, 13 per cent believed the responsibility lies with heads of other individual departments.

Who do employees think should lead new ways of working?



IT



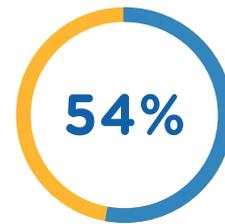
The MD/CEO



The Board

But even with IT at the forefront of digital change, the business will not experience the full range of potential benefits without support from the top. Unfortunately, only half (50 per cent) of employees say senior management currently encourages the use of new ways of working in the organisation. Linked to this lack of support, there are a range of initiatives that most employees believe will help drive digital, including better training and incentives for use of these skills.

Areas employees believe will help to drive digital:



More investment in formal training for digital



Better reward and recognition for using digital skills



The development of a culture that embraces digital skills

How can CIOs drive digital skills in their organisations?

As this research shows, many employees expect the CIO to take the lead in introducing new ways of working to the organisation. Here are some suggestions on how they can nudge employees of all levels, from across the whole organisation, to boost their digital skillset:



Think carefully about the value digital skills could offer your organisation

By taking a strategic approach, CIOs can prepare their case for securing buy-in from the top of the organisation to ensure digital becomes a priority. To do this, they must be specific about the ways in which digital skills and new ways of working are specifically relevant for the organisation. Start with ‘why’ you are looking at this, then ‘what’ it is going to do that you can’t do today and, only after you’ve answered these, ‘how’ you are going to make it work in your business.



Don’t box digital skills up as an ‘IT project’

Although your leadership from an IT perspective will be highly valuable, this is an initiative for the entire organisation. It would be a mistake to limit it to your IT department – after all, technology is pervasive across areas of every aspect of the modern organisation, so why shouldn’t everyone be involved in building out a digital skills strategy? Don’t think of this as IT’s problem, it’s everyone’s opportunity.



Identify your allies

Building digital skills cannot be about instructing employees from the top down as that won’t lead to true engagement with the issue. Within any organisation, there will always be those who are ahead of the curve when it comes to using digital technology. Their role may not be related to technology and they may not be senior but these employees can become a key asset to your digital talent drive. Begin by identifying these advocates and speak to them about what is restricting them currently. Encourage them to help others to follow their example.



Offer rewards and competitions

Linked to the above point, if you have been taken aback by an employee’s initiative in using their digital know-how to achieve something within the organisation, make sure their work is recognised. Introducing competitions for personal blogs, video creation, social media networking or other digital areas can also boost enthusiasm and overall use of digital. Remember that almost two thirds of employees, of all ages, are willing to use their own time to learn new digital skills so they may welcome this kind of challenge.



Encourage cross-department knowledge sharing

This is an opportunity for a ‘learning mashup’ – whether that’s mixing old and young, finance and creative teams, families and friends – the great thing about digital is you can learn from everyone. Extend beyond your IT department and capitalise on its breadth of appeal with regular knowledge sharing sessions or an internal blog where an individual or team presents the fruits of their digital skills to the wider company.



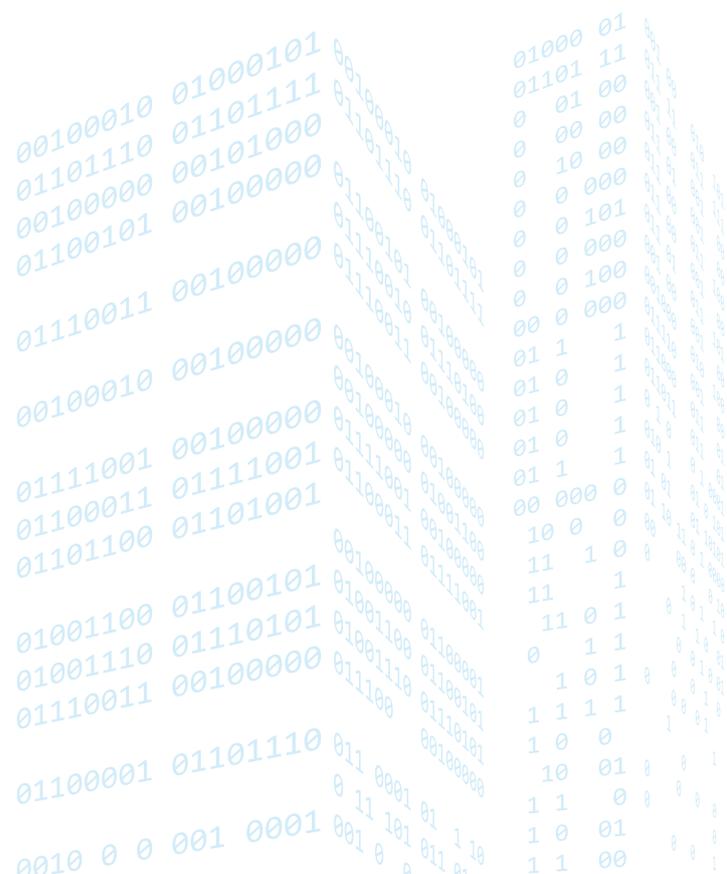
Invest properly

You’ll need the right infrastructure in place to make sure employees are not restricted in how and where they access applications and so it is important that this is not side-lined as some soon-to-be-forgotten project.



Don’t be scared to fail

Exploring digital technology is not about passing a test or getting an accreditation. The point is to engage people in the new digital age and allow them to spring up with new ideas, making mistakes along the way. Remember: there is no such thing as failure, just experience. This ‘fail fast, learn fast’ mentality will see the business reach solutions and ideas faster than competitors.



Summary

- Far from being confined to the ‘millennial’ or ‘Generation Z’ demographics, digital skills are a priority for all employees, who see them as a key competitive driver.
- A lack of adequate support from IT is identified as one of the main barriers to realising employees’ full digital skills.
- As a result, CIOs face an empowering opportunity to make digital skills a business initiative, led by the IT department, which can deliver impact and value for their business.
- They can help organisations develop their digital skills by selecting the right tools, working closely with senior management, influencing the organisation’s cultural approach and nurturing internal talent, both within and outside the IT team.
- Through these steps, CIOs will help to shape the future competitiveness of an organisation, while protecting its data, customers and reputation.

About VMware

VMware is the leader in virtualization and cloud infrastructure solutions that enable businesses to thrive in the Cloud Era. Customers rely on VMware to help them transform the way they build, deliver and consume Information Technology resources in a manner that is evolutionary and based on their specific needs. With 2013 revenues of \$5.21 billion, VMware has more than 500,000 customers and 75,000 partners. The company is headquartered in Silicon Valley with offices throughout the world and can be found online at www.vmware.com.

About Vanson Bourne

Vanson Bourne is an independent specialist in market research for the technology sector. Their reputation for robust and credible research-based analysis, is founded upon rigorous research principles and the ability to seek the opinions of senior decision makers across technical and business functions, in all business sectors and all major markets. For more information, visit www.vansonbourne.com