

The Role of the CIO and the CDO in an Organization's Digital Transformation

Bibliographic data

The completed research paper was written by Ingmar Haffke, Bradley Kalgovas, and Alexander Benlian, entitled: "The Role of the CIO and the CDO in an Organization's Digital Transformation". It was published in December 2016 at the International Conference on Information Systems (ICIS 2016) in Dublin, Ireland.

Theme of the paper

This paper moves toward the significance of Chief Information Officers (CIOs) and Chief Digital Officers (CDOs) in driving organizations toward digital transformation. The authors examine the reasons behind the creation of the CDO role, distinguish the various forms of CDO roles, and assess the impact on the role of the CIO.

Synthesis of the paper

The rapid growth of technology has had a profound impact on various industries and businesses. The advent of digital technologies has enabled new companies to emerge with digital business models, challenging established businesses with traditional models. The role of IT in organizations has become more important, with the Chief Information Officer (CIO) taking a strategic role in many established companies. The concept of digitization has emerged as a way for companies to transform their operations and business models. As a result, many companies have created the position of Chief Digital Officer (CDO) to drive digital transformation. The CDO's role is focused on the outward-facing aspects of digital technology, such as customer and partner interactions, and involves leading change management efforts to prepare the business for the digital era.

The research explores the digitization developments, leadership responsibilities and governance setups in 19 large European companies in various industries. The study uses a qualitative interview method and a data-led, inductive approach. Both CIOs and business executives were interviewed, and complementary quantitative data was collected using a questionnaire.

The authors aggregate the results in three major findings: "Finding 1: How the CDO Role is defined", "Finding 2: The Need for a Chief Digital Officer" and "Finding 3: Implications for the CIO Role".

According to the authors' research, the role of a CDO is not homogeneous and is understood differently across different organizations. However, there is a consensus that the CDO is a business role with the mandate to understand the industry-specific aspects of digitization, determine the implications for the company, develop and communicate a holistic digital strategy, and lead the required change efforts, the role often includes other aspects such as the communication of digital opportunities and threats, fostering cultural change, introducing digital collaboration tools, establishing and leading innovation labs, and having business responsibilities for digital marketing or sales channels. Based on the interview data analyzed, the authors identified four distinct CDO role types: Digital Innovator, Digital Evangelist, Digital Transformer, and Digital Integrator. The type of CDO role most suitable for a company is determined by two factors: the company's perception of the implications of digitization and the orientation of the CIO role. The Digital Innovator type CDO is typically complementary to a CIO

with a strong supply-side focus. They lead digital laboratories and foster innovation within the organization. The Digital Evangelist type CDO acts as a catalyst for digital change, communicating the importance of digitization to top management and the organization as a whole. The Digital Transformer type CDO is focused on transforming the company's digital capabilities and is typically appointed in companies that have realized the importance of digital transformation. Finally, the Digital Integrator type CDO is focused on integrating digital initiatives across the organization and ensuring alignment with the overall digital strategy.

The second finding concerns the need for a Chief Digital Officer (CDO) depends on various factors and is not necessarily a requirement for all companies. Companies that feel intense pressure for digitization due to changes in customer behavior, competition, new market entrants, and technological progress may need to express their digital ambitions in a dedicated role, and therefore have a higher need for a CDO. Additionally, the need for a CDO may also depend on the need for orchestrating changes within the company, as well as factors such as company size, prior experiences with digitization initiatives, company culture, and cross-functional collaboration. In some cases, medium to large-size organizations with effective cross-functional collaboration and a culture that is innovation-friendly may establish a 'Digital Committee' consisting of executives across business units and functional areas to effectively share the CDO role among each other. The third factor is the CIO role profile and is reputation, the more he focuses on the customer-oriented elements and is embedded in the strategic management of the company, the more the CDO role loses importance in the firm, his reputation is also a key aspect, if the CIO is known for not fulfilling the expectations on digital change or doesn't pass credibility, the new role may be put in the line. The fourth factor identified in the data analysis is the focus areas of the company that are affected by digitization, companies for which digitization has comparatively strong implications for internally focused areas, as opposed to externally focused areas, tend to experience a reduced need for a CDO.

The third finding lies in the implications for the CIO role. The new role of CDO sometimes is seen by the CIOs as an "internal competitor", however, both roles must be seen as complementary roles. The authors highlighted three implications for the CIO: "CDO becomes Ambassador for the IT Function", "Split of the CIO Role" and "Tight CIO-CDO Alignment needed". Further work could include the expansion of the interviews to a third person from the human resource department to obtain a neutral perspective on the executive roles. Also, the potential correlations between IT outsourcing and the CDO role phenomenon can be explored.

Questions and reflection

Q1: Is the CDO role really necessary for companies, or is this new role not just an evolution of the CIO role under the pressure of the digitalization of companies?

Q2: In the long run, will we only have CDOs and the CIO role will go down in the history of digitalization, with the current moment being a new revolution, a milestone in the humanization and structuring of companies?

In my opinion, the increasing importance of digitalization in companies has led to the need for a dedicated leader who can focus specifically on digital initiatives, including digital transformation, innovation, and the use of digital technologies to drive business growth, on the other hand, I think the CIO can effectively handle these responsibilities as part of their broader role in managing technology and information within the company. In this view, the CDO role is seen as redundant or unnecessary, as the CIO already has the skills and experience to drive digital initiatives and lead digital transformation. As technology continues to advance,

companies will likely place a greater emphasis on digital initiatives and the use of technology to drive business growth. In this context, the CDO role may become more prominent, as companies seek leaders who can focus specifically on digital initiatives and drive digital transformation.

Going forward, I will be more mindful of the importance of the CIO and CDO roles in the management of technology and information within a company. I will take into consideration the evolving needs of companies and the impact that technological advancements have on these roles. This will help me stay current and informed in my future research or professional activity, and better understand the significance of these roles in driving digital initiatives and digital transformation.

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