Executive Summary

For several years, chief information officers (CIOs) have championed business efficiency. Their focus has been largely on operational goals, such as keeping IT and operations running smoothly and reducing related costs, while enabling business processes to support their company’s strategy for growth and profitability. But the convergence of globalization, technologies that enable virtual work, collaborative methods and techniques, and a new tech-savvy generation (Millennials) of employees is changing how business is conducted and structured across the organization (within teams, departments, etc.) and how the corporation interacts with customers and partners.

A global survey of 402 executives in Europe and North America, conducted by the Economist Intelligence Unit in cooperation with Cognizant Business Consulting, examines the role of CIOs in restructuring how work is conducted throughout the organization. It finds that companies leading the movement toward virtual and collaborative teams - often spurred by the CIO - are garnering results, particularly with respect to innovation, talent recruitment and retention, and productivity. Key findings include:

Leaders say their organizations outperform their peers

<table>
<thead>
<tr>
<th>Performance</th>
<th>% respondents who say their organizations &quot;significantly outperform&quot; their peers</th>
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</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>35</td>
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<tr>
<td>Recruitment of high-quality talent</td>
<td>23</td>
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<tr>
<td>Retention of high-quality talent</td>
<td>19</td>
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<tr>
<td>Productivity</td>
<td>22</td>
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Source: Economist Intelligence Unit survey, May 2010. Leaders are those that are already reporting ROI from collaborative virtual teams.
Some companies are changing their operations to support new structures based on virtual teams that do not rely on traditional hierarchies and communication channels.

These teams can be powerful operational resources, particularly when it comes to knowledge-based work. Unlike more traditional structures, these specialty teams reach across geographic, cultural and organizational barriers to find the needed resources. While not appropriate for all types of operations, collaborative virtual teams, when used effectively, combine diverse skills to quickly carry out complex tasks and address new market challenges. They also have the potential to foster more productive relationships with internal and external partners.

Organizations that have embraced virtual teams garner benefits such as an increase in innovation and competitiveness, but lack appropriate valuation methods to measure the quantitative impact of these structures on the bottom line.

Still, it is possible to quantify such things as delays resulting from redundant decision reviews prevalent in more conventional work structures. It is also possible to measure time lost when clients or suppliers spot problems that would have been avoidable had these stakeholders been involved earlier in a project through virtual collaborative teams. To gain support for their companies’ transition to the new approach, executives need to develop ways to measure return on investment.

CIOs are in a unique position to influence the effectiveness of virtual teams.

Only CEOs ranked higher (47%) than CIOs (45%) as the person who should lead the strategic effort for virtual teams. And why not? CIOs are familiar with the people, tools, technologies and techniques needed to create a corporate culture of virtual teams. Particularly within knowledge-based enterprises, they know the processes and policies employed at all levels of the company and the tools that can support them. And as members of the C-suite, CIOs are familiar with long-term strategic goals, which is essential in crafting an enduring new structure. This perspective positions them as change agents.

To learn more about this study go to: www.cognizant.com/nextgencio

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