




CanadianCIO
R O U N D T A B L E

What's driving your modernization program?

Twelve drivers from technology leaders
at our **CanadianCIO Roundtable**

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A recent round table on modernization featured a number of incredible tech executives with some great insights. We've summarized them for you. It's well worth reading.

One of the participants, who had many years of experience, put the idea of modernization into perspective, reminding the group that the aim was always the best possible experience for customers and increasing productivity. "The only thing I find different right now is the accelerated pace of change." Another agreed, "It's at warp speed."

And while strategy is important, tactical execution was the preeminent concern for one CIO. He used the analogy of a doctor and a surgeon, likening the large strategy firms to a doctor who can give you a general diagnosis. But their firm needed "a surgeon" to help them advance their technical implementation.

One participant mentioned a study that showed 85 per cent of digital transformations failed. He felt they failed not because of the technology but because they were "missing the change," particularly in the "adoption of emerging business practices."

He said, "To me, digital transformation relies on three things, the adoption of technology, the adoption of emerging business practices, and changing the culture."

He noted that his company has a steering committee, bringing everyone "under the tent" from the CEO, the CTO and more.



Others noted that there have been some successes:

"We've had some pretty good successes. In the last three years, we've implemented DevOps, moved our primary data centre, outsourced one of our core legacy systems. That worked out well." This company relied on their outsourcing partner to modernize that core legacy system as part of their offshoring.

This company is aiming to move to an "as a Service" system, with the goal of minimizing their on-premises footprint over the next couple of years.

With that in mind, the discussion identified 12 key rationales and reasons for modernization.

REASON 1

Competitiveness and survival

Two core reasons that drive the modernization goals of one participant in their own words are blunt and to the point. "One is survival, right?" The other reason is "to raise the bar." "If we don't do that, we are not going to be in the market long term."

Another participant noted that modernization wasn't a choice, saying, "Regardless of what business you are in, you're going to be forced to adapt" because "new businesses emerge, creating a different competitive landscape" that is driven mostly by technological advancements.

One participant, who works for a major bank, noted that survival was not the primary concern for his company. Instead, economic factors were driving their modernization efforts.



"I think it's super important for all companies to have something like an innovation group. That's forward-thinking. It isn't really focused on what you're currently doing, right? Your business is running. But that innovation group (is) taking a look at trends. You know, a couple of years ago, machine learning was super good, and then all of a sudden ChatGPT comes up this year, and it just throws everything for a loop."

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(You need) people who are working on that next thing, which is what those innovation groups are for. They're not there to run your business. They're there to make sure your business is able to run in five to 10 years.

So ChatGPT, AI, quantum — all those things should be worked on now so you're prepared for them. And partnering with companies who have a larger budget than we do to be able to throw a lot of talented people at it helps us out as well so that we can make sure that we're on the right track — or if we're not on the right track — to get on track."

REASON 2

COVID and remote/hybrid work can't support manual processes

COVID was a real driver, according to one participant, because it "accelerated what we've always wanted to do." It also surfaced the fact that there were still a surprising amount of manual processes. "Someone with a piece of paper will walk across the floor and match that with another piece of paper." Now, they can't walk and definitely cannot move a piece of paper.



"You can call that (manual) platform' end of life.'" The urgent question is, "How do you transform it?"

These manual processes worked and were largely invisible when everyone worked in the same office. But COVID demanded that these manual processes be changed, and it had to be done immediately. "What was normally taking two years, it was forcing us to do in two weeks."

REASON 3

Acquisitions and the need to consolidate

Another person, whose company had done a number of acquisitions, felt that this was a huge driver of modernization as a means of bringing different systems together. He said, "You end up not only with your own legacy, but with everyone else's legacy, and trying to put those together."

REASON 4

Customer experience and expectations

Modernization, according to another participant, was not just driven by efficiency but also by customer experience. Another person in the hotel industry echoed this, noting that "the experience is everything. The rate or even the room itself may be important, but not as important as the experience."

Another participant agreed but noted that change had to be done quickly – "they (customers) want these things faster."



REASON 5

The need for data and analytics

It's not just about the ability to gather data. We must also be able to learn from that data and make changes based on what we learn.

A person in the hospitality business said, "We are changing our business model to create personalization." We don't show "all we know" as that would make it a "creepy experience." We show "we know enough that we can personalize your experience. When you walk out, you feel satisfied." And, he noted, "We can only do that through data and understanding."

REASON 6

Supporting your business ecosystem

One participant, in financial services, noted that their company delivers a lot of their services through various channels and intermediaries and outlined a unique challenge in their modernization efforts.

“We are changing our business model to create personalization.”

Being able to integrate those channels is important – although it does come with some challenges. The intermediaries also have to upgrade their systems and processes, a change they might not always welcome.” These intermediaries offer great opportunities but also present additional challenges. But they may not have the systems that you need. In fact, they might be “pitiful in terms of their systems, but also in terms of their security” – creating what are now called “supply chain vulnerabilities.”

These partners are highly valuable to their business. But they “don’t command them.”



REASON 7

Saving money

The need to save costs can drive the transition from a legacy system to a more modern alternative.

One participant demands that his team must justify every replacement of old technology with new and show the savings they are getting. For us, it's "mostly about doing it faster, cheaper, better. I think those are the driving forces for most people."

REASON 8

New business opportunities


One participant noted that they found a company that specialized in analytics, not necessarily AI, but this company was able to identify a pattern for the optimal time to call people, which yielded results that were 30 per cent higher than normal. It was a huge improvement. "So now we're implementing it."

REASON 9

Cybersecurity

Moving to the cloud and leveraging Software as a Service (SaaS) has the added benefit of moving to a highly secure infrastructure. In fact, one of the ways companies evaluate cloud or SaaS providers is their ability to provide an enhanced level of security.

One company stated: "We ask them to give us a SOC report to make sure they have proper controls in place." The participants were aware that they couldn't transfer the responsibility for security, but they could transfer "the workload."



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For example, when a company wanted field-level encryption, instead of developing this internally, they went to the application vendor and said, “You’re not going to get the contract without it.” The vendor did it in two months. Happy with those results, this participant was looking to do even more.

“Right now, I’m working on that for data archiving. There’s a way to force the vendor to do that, if they want the contract. I’ve never seen a vendor walk away saying, ‘I can’t do it.’”

REASON 10

Resiliency

More and more companies are being challenged to demonstrate their ability to do more than just recover in the event of a disaster or a major cyber incident. This is particularly true in Financial Services, where the regulators are becoming more insistent that companies are, what they term as, “resilient.”

What is resilience? One attendee defined it as the “ability to recover at least a ‘minimum viable company’ and sustain that for a prolonged period if necessary.

Resilience is more than just recovering your data and even your applications. As one participant put it, “Okay, so you recover your backup site. Do you know that your applications provide you a minimum viable company to transact business to provide the customer experience? Does that come online? And do you know that it does with your RPO and RTO objectives?”



REASON 11

Talent shortage

Companies are having difficulty attracting top talent, and even when they can find people with the right skills, just having the right skills may not be enough. Companies are losing people who have the knowledge of their legacy systems. With this loss of knowledge, companies have more incentive to move forward with new system implementation. "We see that we are refactoring legacy apps because it's somebody said earlier -- the people who built those are gone."

REASON 12

Innovation and agility in IT

One participant talked about their journey to DevOps, noting that the shift towards platform engineering is changing the delivery landscape on the development side.

What does that mean? Surprisingly, it wasn't about processes or structures or even stand-up meetings. To one person, it meant taking the approach to avoid focusing the conversation on the technology and talk more about the business capability. He said it meant putting on the business architecture hat and going "back to your roots, working with your business units."

Implementing DevOps will not only better your development teams but can be beneficial for the betterment of the business side of your company.



Getting Started

Those are some of the observations of a group of technology leaders who had learned lessons from real-world work on the modernization of their systems and processes.

It wasn't that the attendees weren't "strategic thinkers," but it was clear that they were highly focused on action and execution as the key to success.

That focus on action led to a much stronger business and IT partnership.

As one participant put it - it means going to the business and asking, "what is it that is the most important to you on your roadmap? Our architecture team then looks across all the business units and looks for the common denominators of where we can build services. Systems to deliver common functionality. That might be a SaaS application, it might be built, it might be bought off the shelf or putting a wrapper around somebody else's solution."

Looking for partnerships and willingness to use SaaS applications is also noted as a key to getting results.

"I don't believe that firms need to recreate everything on their own." Focus on your core competency. "It's not our job to create (another platform)." "Our first approach is to find a good partner/vendor." That's the path to follow.

While the conversation was on modernizing technology, a participant issued a final thought and reminder that all of the group agreed with when they said, "it's important to (pay attention to) the people component."



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