

THE RISE OF THE CXO

In recent years, a new set of roles has emerged in the upper ranks of IT management.

The CXO three-letter job acronym is taking hold. At multinational companies everywhere, titles such as chief executive officer (CEO), chief financial officer (CFO), chief technology officer (CTO), and chief operating officer (COO) have become commonplace. And as the role of technology has become more pivotal within organisations, the head of IT has in many cases joined the CXO crowd as chief information officer (CIO), superseding traditional titles such as IT director, MIS director or information systems manager.

However, over the past year, a further flow of new technology-related titles has begun to emerge within the corporate vernacular, including chief knowledge officer (CKO), chief privacy officer (CPO), and chief security officer (CSO). What do these job titles mean for the traditional hierarchy? To what measure are they a reflection of the increasing importance of IT to large companies, the devolution of IT decision-making power outside of the IT department, and, consequently, the dilution of the CIO's role? Or are they, as some suggest, merely 'title management' inspired by US corporate culture? But ultimately, if power is shared by more people across the IT department, who now calls the shots?

John Handby, chief executive of CIO Connect, a forum for CIOs, thinks that the CIO acronym itself has still not gained full acceptance within the UK. "It depends on the background of the company and where it comes from," explains Handby. "In the US, you tend to have vice presidents and CIOs, but the majority of our members still have a title of 'IT director'. The term director is important in the UK – it may even suggest membership of the company board. The reason we adopted the CIO label was that in the early days of the CIO, there was a hint of a change of direction in the industry. There is still a slight implication that CIO is more business-oriented than other positions."

Master of the roles

A GUIDE to some of the new technology roles that have come into existence during 2000 and 2001:

Chief Knowledge Officer

Oversees knowledge management across a whole company. The chief knowledge officer (CKO) need not be from the IT department since much knowledge is "tacit knowledge" – information that specific employees hold but is not recorded in any transferable form. Among the CKO's responsibilities is deciding how to encourage employees to share this tacit knowledge as well as ensuring everyone has easy access to such information.

Chief Privacy Officer

Although rare at the moment, chief privacy officers (CPOs) are liable to become more popular at senior levels over the next few years. The CPO is responsible for creating an IT architecture which is secure, but which also complies with policy and legal requirements. "Increasing legislation around data

protection, combined with consumer fears about cyber-crime, is persuading global companies to appoint executives with responsibility for maintaining consistent, secure data," according to James Grady, research analyst at Giga. "The profiles of those organisations with CPOs indicate that many other organisations will follow their lead, and that we will continue to see the CPO trend grow stronger."

Chief Security Officer

The chief security officer differs from the CPO in that the CPO sets the data protection and privacy policies for the company, while the CSO provides the systems and processes necessary to enforce these and other security policies. The CSOs do not necessarily have an IT background and are usually responsible for aspects of company security other than those relating to the systems and network. In the absence of a CPO, the CSO may cover both roles and report directly to the CEO.

If power is shared by more people across the IT department, who calls the shots?

But while a company may not have formally embraced the CIO title, the position of the CIO may still exist, even if it is as head of IT, explains Handby. He makes a distinction, though, between CIO and other IT executive roles. CIO is an extremely senior level appointment – a member of the board or someone who reports directly to a member of the board – with responsibility for technology in the company, says Handby. The chief technology officer, on the other hand, which used to be "someone responsible for technical architecture", according to

Handby, would normally report to the CIO.

The proliferation of CIO-related positions in an organisation may depend on how much trade they do with the US and elsewhere. Aveva Consulting, which provides services to companies in the process and power industries, is one example of a UK-based company that has appointed a CIO. "It's a reflection of the amount of business we do with American companies," explains Tony Christian, Aveva's president. "People relate to those titles because of the spread of American influence in the commercial world. People

understand what they mean, whereas 'director' carries a lot more weight in the UK than it would in other countries."

BELLWETHER EVENT

Christian agrees that the CIO title implies the bearer has wider, more business-focused responsibilities than simply dealing with technology infrastructure development and support. "It implies applying information management at a strategic level. IT directors have been regarded as people who can sort out technology, but that's as far as it goes. The perception is that there's nothing they can contribute that's useful when positioning IT as a strategic issue," he says.

While UK organisations evolve to embrace the CIO role, some of the world's largest companies are winning plaudits from analysts for creating a host of new technology-related job titles. Technology industry veteran IBM, for example, recently announced an array of new roles including chief knowledge officer and chief privacy officer. William Malik, an analyst at technology research group Gartner, predicts that other companies will follow suit.

"[The creation of a CPO at IBM] was a bellwether event for ecommerce, at the heart of which lies the strategic use of customer information," he believes. "Privacy discussions are often bogged down by mundane topics. However, enterprises holding personal information about their customers must also recognise the human issue – the fragile trust customers bestow on them." Malik advises that organisations take a long look at how vulnerable they are likely to be to privacy concerns, and develop privacy protection procedures that balance their need for marketing with respect for customers' privacy.

As a direct result of this trend, says fellow analyst company Giga Group, there will be 150 CPOs in Global 2000 companies by the end of 2001. One of the key roles for any CPO is to ensure the company meets its privacy obligations and commitments within all the countries in which it operates. "The profiles of those organisa-

tions indicate that many others will follow their lead, and that we will continue to see the CPO trend grow stronger," Giga's James Grady believes. There is very little overlap between the jobs of CPO and CIO, although fundamentally, the CPO needs to report to the CEO directly, believes Grady, and should be able to enforce decisions. CIOs need to implement decisions made by CPOs to ensure the company's information systems do not conflict with any privacy legislation implemented in countries in which the company has offices.

Even companies that have not appointed CPOs should consider a position for an "IT literate legal expert", advises Grady, because of the importance of the issues involved – and the liability of a lawsuit or an embarrassing admission. Paul Clark, CPO of IT services giant EDS, for example,



Paul Clark, EDS: Responsible for data protection and privacy policy.

not only has to ensure his own company complies with country-specific data protection policies and privacy laws, but has to extend that to any data EDS handles on behalf of clients.

KNOWLEDGE MANAGEMENT

Another IT-related role that is gaining a great deal of traction is that of chief knowledge officer. "We see a lot of interest in knowledge management," says Christian of Aveva Consulting. "It's not usually the size of the company that's important, but the complexity of the information management problem."

The CKO is expected to work with the CIO to oversee "enterprise-wide knowledge management" and it is here that conflict can arise between the two positions. The implementation of knowledge management software systems, from companies such as Autonomy and Smartlogik, is one of the many ways CKOs try to bring the knowledge that is stored online to the rest of the enterprise. Building a corporate intranet is another example. Giga Group analyst Daniel Rasmus suggests that, to avoid conflict, the CKO should report directly to the CEO. "If the position is integral on paper and in practice, the chief

knowledge officer should report to the CEO. For companies that focus on knowledge, the chief knowledge officer's role is extremely important because it is not just operational. It is a role of transformation and also a core business process."

But others disagree. According to Handby of CIO Connect, the trend for creating these additional roles "is more to do with having nice titles", in his view. "The only real split I've seen in companies has been between IT strategy and IT operation responsibility, but the trend in recent years has been to get greater consistency by putting everything in the hands one person," he says. So, while there tends to be only one CIO in a company – someone responsible for information management and IT – the "matrix of responsibility" below him or her is expanding, so that roles such as CKO, CPO or chief security

A whole array of new IT-related positions are emerging that dilute the overall IT powerbase.

officer are held by people who report to the CIO.

That said, there is a whole array of new IT-related positions emerging that are diluting the overall IT powerbase. As IT has become the linchpin of many other departments' operations, executives have emerged with titles such as director of e-enablement, head of e-procurement, director of customer insight, and e-marketing manager.

Despite their reservations, both Handby and Christian believe that the increase of titles, where it occurs, shows an increasing acknowledgement by those companies that technology has become critical to their competitiveness. "Organisations are embracing the idea that information management is an important aspect of the business," says Christian. "There is an inevitable requirement to get things like privacy and security right, because information can be damaging to a business as well as being a resource." ⓘ

CONTACT

Article by Rob Buckley
Email:rbuckley@infoconomy.com