CIO Association of Canada

2024 CIO Peer Forum Canada

31 May 2024 / Calgary, Canada

Adapt Your Leadership to Disrupt and Collaborate to Drive Innovation

Tsuneo Fujiwara

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CIOs no longer "own" the entire organizational technology estate ...

... and this is creating blind spots for them!

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Let’s Look at

1. What’s Trending in Innovation?
2. What Are High Maturity Innovators Doing Differently?
3. How Do You Innovate Disruptively While Collaborating with Your C-Suite Peers?

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Innovation

The execution of **new ideas** that **create value.**

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On average

5.9%

of an enterprise's total operating budget is dedicated to innovation.

Source: 2022 Gartner Justifying and Funding Innovation Survey

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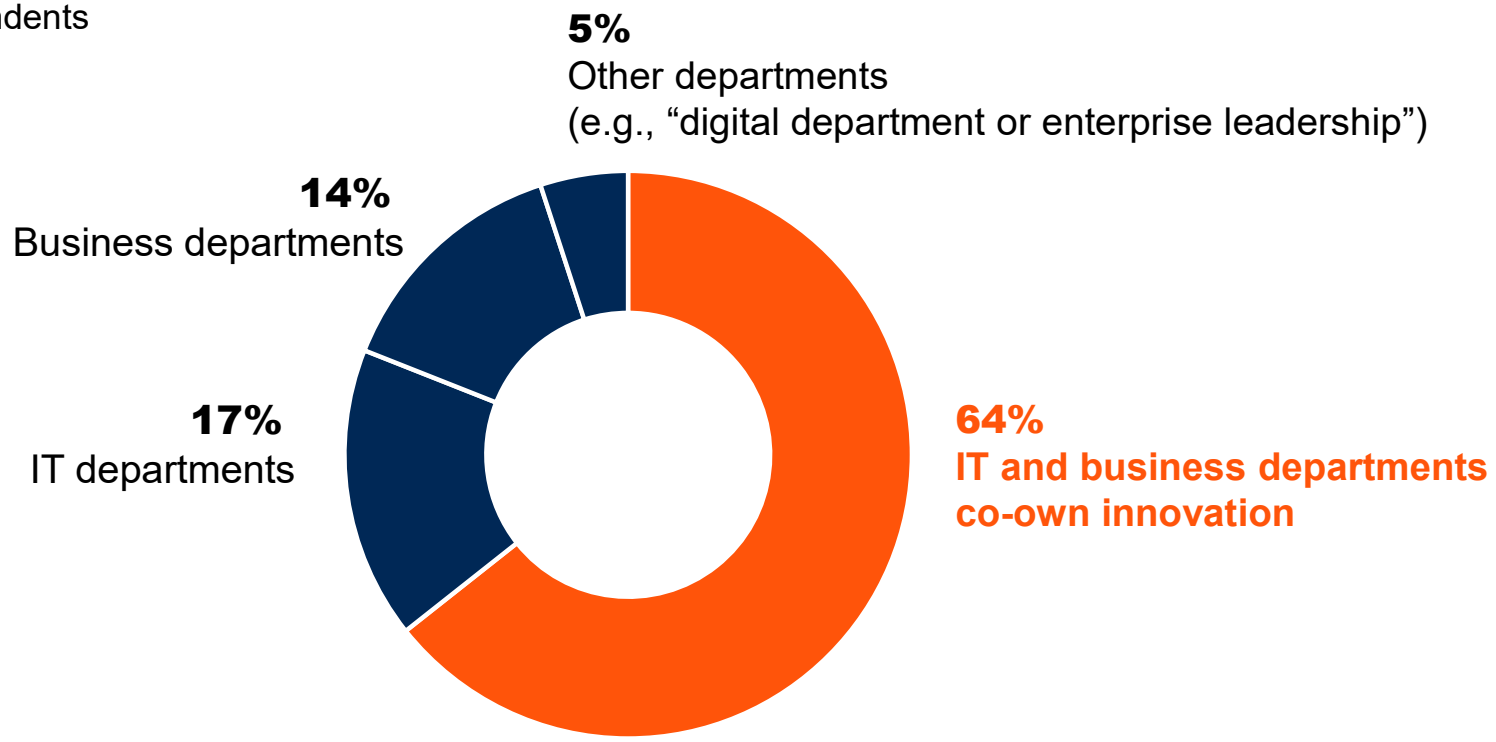
64% of Innovation Leaders Said IT and Business Share Ownership of Innovation

Department That Leads Innovation
Percentage of Respondents



n = 300 IT and Business Leaders With Innovation Responsibilities
Q6: Which of these departments leads innovation at your enterprise?
Source: 2023 Gartner Innovation Trends Survey

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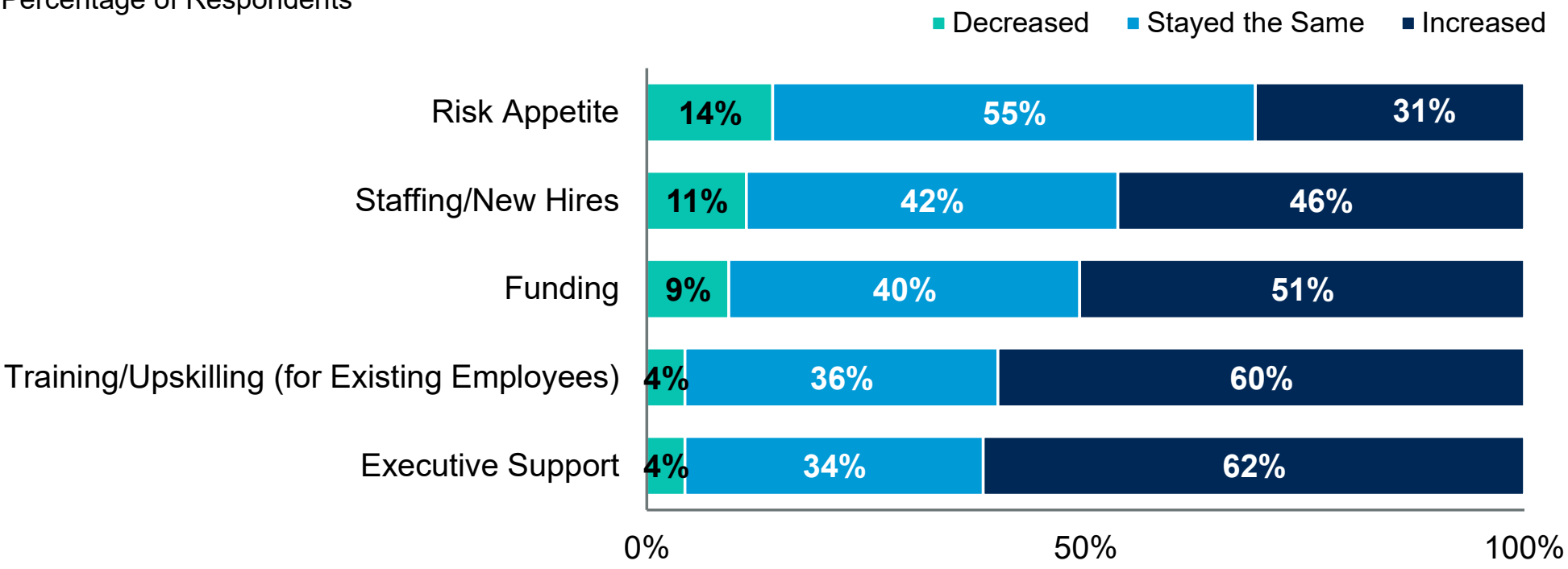
Enterprises Are Doubling Down on Innovation

Change in Innovation Practice in Last Two Years

Percentage of Respondents



n = 300 IT and Business Leaders With Innovation Responsibilities

Q3: How have these aspects of your enterprise's innovation activity changed in the past two years?

Source: 2023 Gartner Innovation Trends Survey

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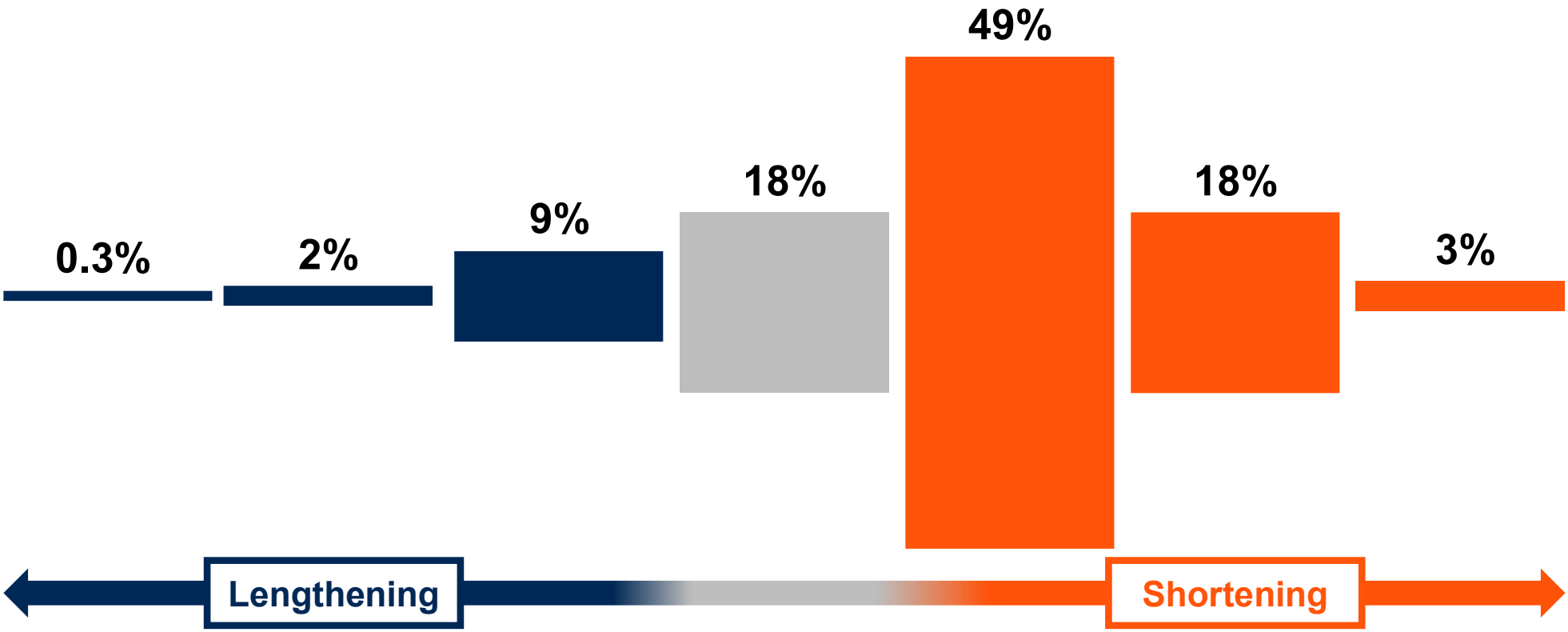
Innovation Is Moving Faster

Innovation Time Frames Shortening in the Next Two Years



n = 287 leaders with knowledge of business strategy and digital business initiatives, excluding “don’t know”

Q: In general, to what extent are time frames for innovation increasing or shortening in your company?

Source: 2023 Gartner Industrialization of Digital Business Survey

Note: The sum does not add up to 100% due to rounding.

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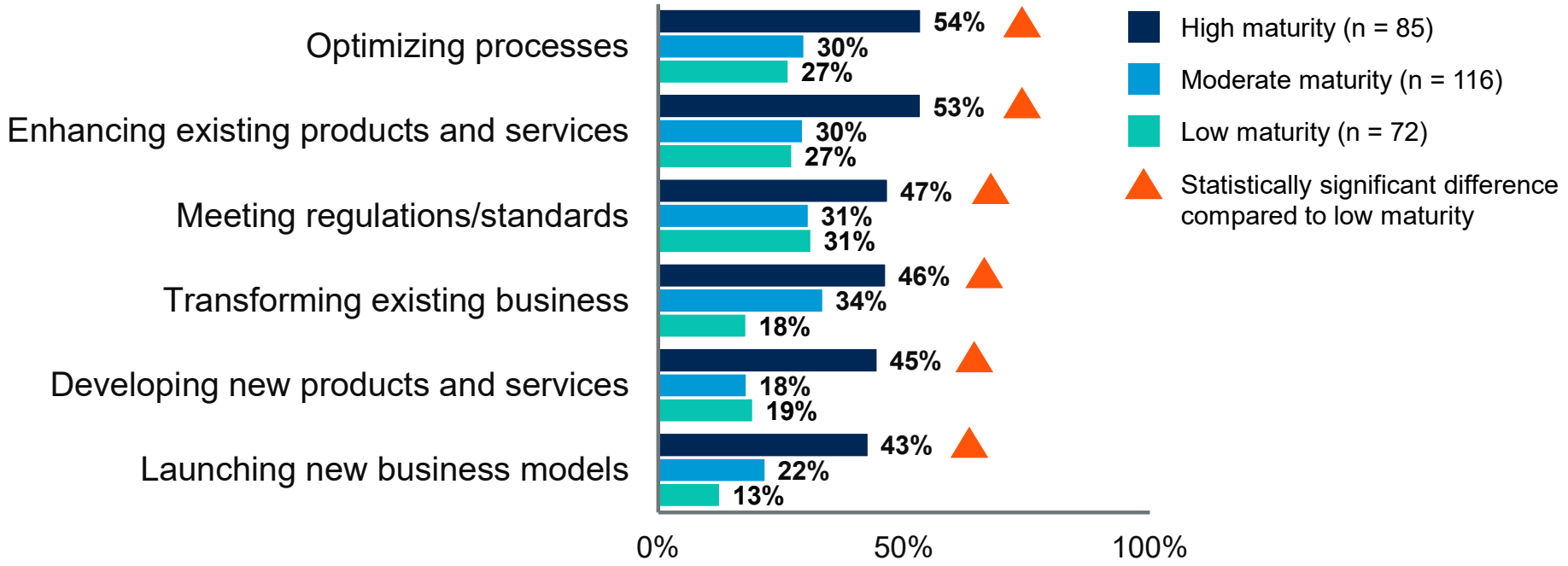
No Matter What Your Goals Are, High-Maturity Innovators Perform Ahead of Value Expectations

Percentage of Respondents Ahead or Far Ahead in Achieving Value Expected



n = varies; IT and business leaders with innovation responsibilities who assigned a portion of enterprise innovation spend to pursuing these outcomes

Q13: How would the top leader of your enterprise assess the results of the innovation investments against the value expected to date from these objectives?

Source: 2023 Gartner Innovation Trends Survey

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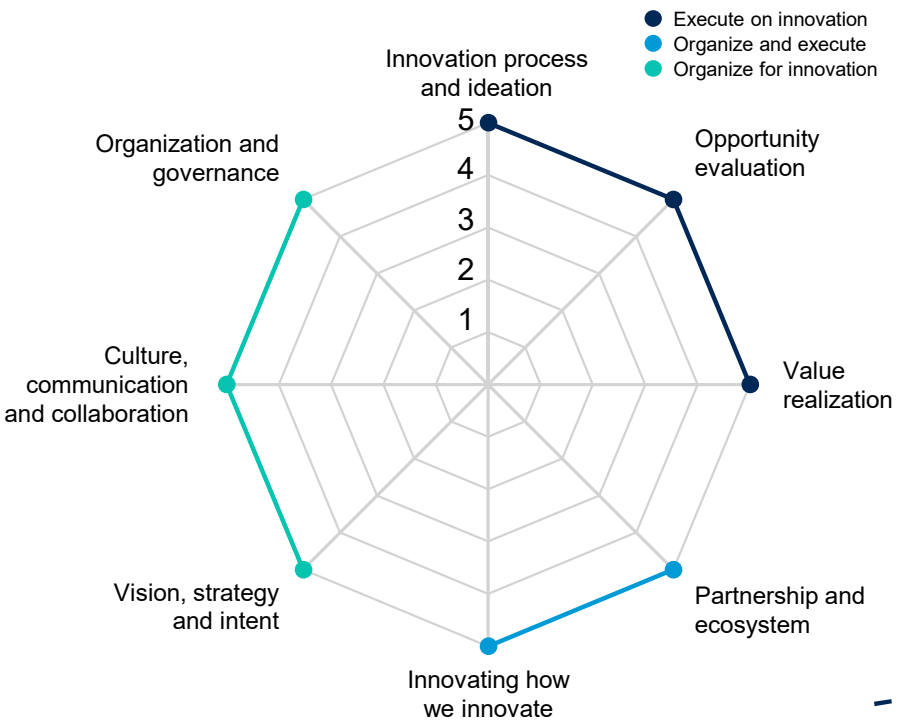
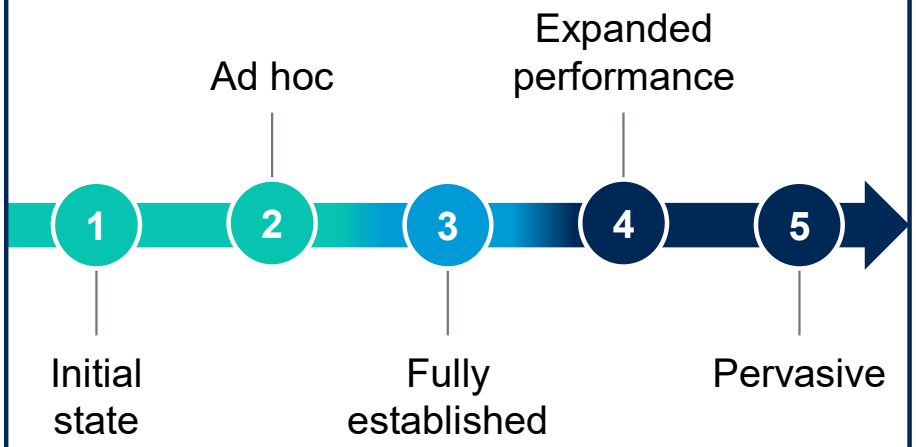
8 Innovation Maturity Dimensions Were Surveyed

Innovation maturity dimensions



How would you characterize your enterprise's innovation practice along each of these eight dimensions?



n = 300 IT and business leaders with innovation responsibilities

Q2: How would you characterize your enterprise's innovation practice along each of these eight dimensions?
Source: 2023 Gartner Innovation Trends Survey

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Only 30% Have High Innovation Maturity

28%	42%	30%
Low maturity (n = 84)	**Moderate maturity** (n = 125)	**High maturity** (n = 91)
Average of 2.5 and below across all eight dimensions	Average between 2.5 and 3.5 across all eight dimensions	Average of 3.5 and above across all eight dimensions

n = 300 IT and business leaders with innovation responsibilities

Q2: How would you characterize your enterprise's innovation practice along each of these eight dimensions?

Source: 2023 Gartner Innovation Trends Survey

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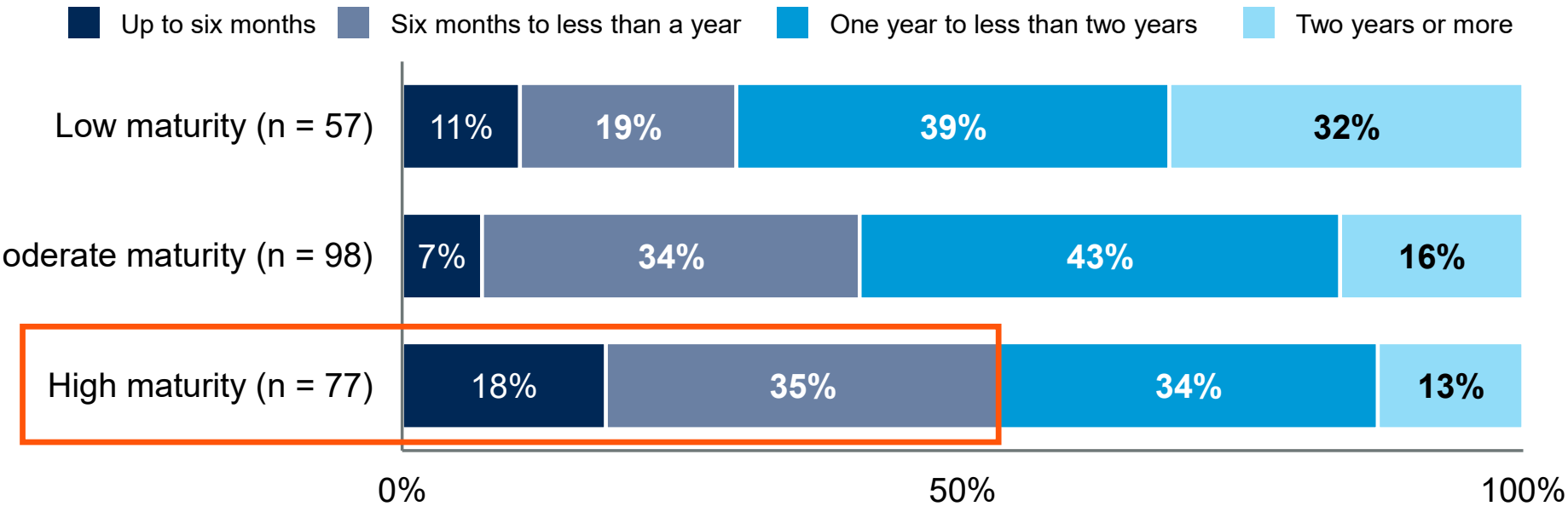
High-Maturity Innovators Are Able to More Quickly Develop a New Business Model

Time to Develop a New Business Model by Maturity

Percentage of Respondents



n = varies by activity, IT and business leaders with innovation responsibilities whose enterprise has done the specific activity within the past 12 months or planned to do it within the next 12 months

Q: How much time will your enterprise typically need to execute (from idea generation to initial deployment) each of these innovation activities?

Source: 2023 Gartner Innovation Trends Survey

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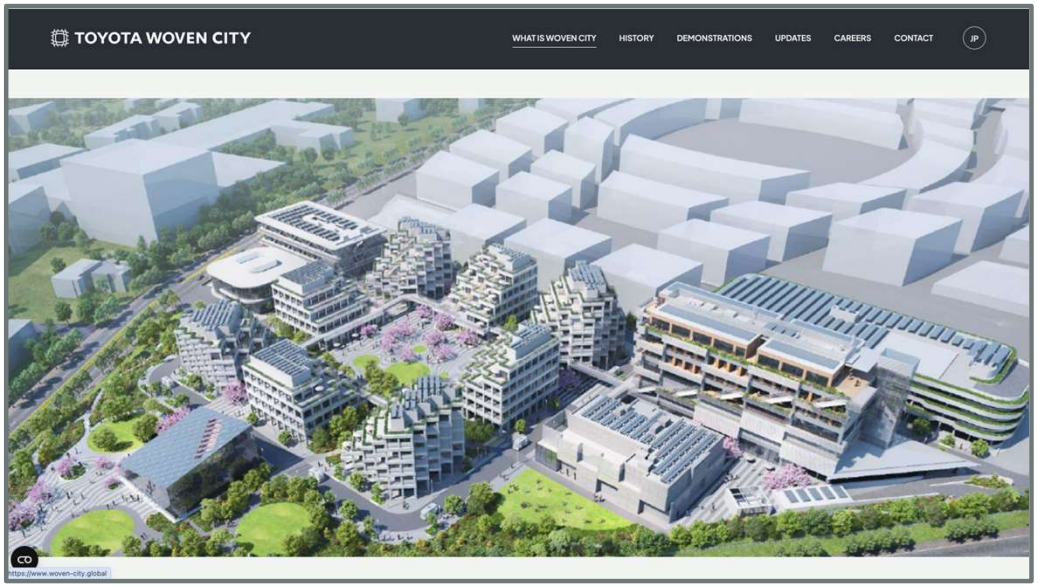
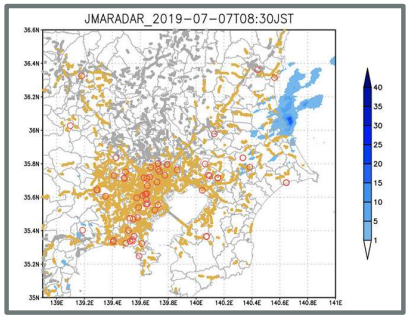
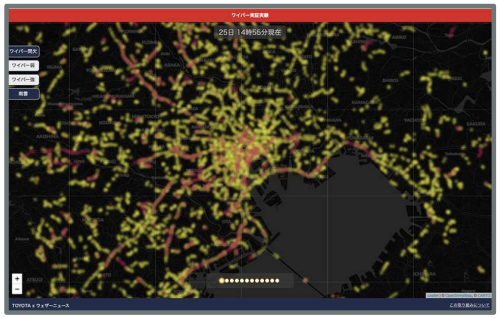
Example: Business Model Innovation (Woven City)

Break the boundaries by not just offering mobility
as a service, but a completely sustainable smart city.







- Autonomous vehicles offer safe mobility.
- Buildings are constructed of carbon-neutral wood, with rooftop solar panels.
- Indoor robots offer assistance and AI utilizes sensor data to check health status.

Source: Toyota Woven City

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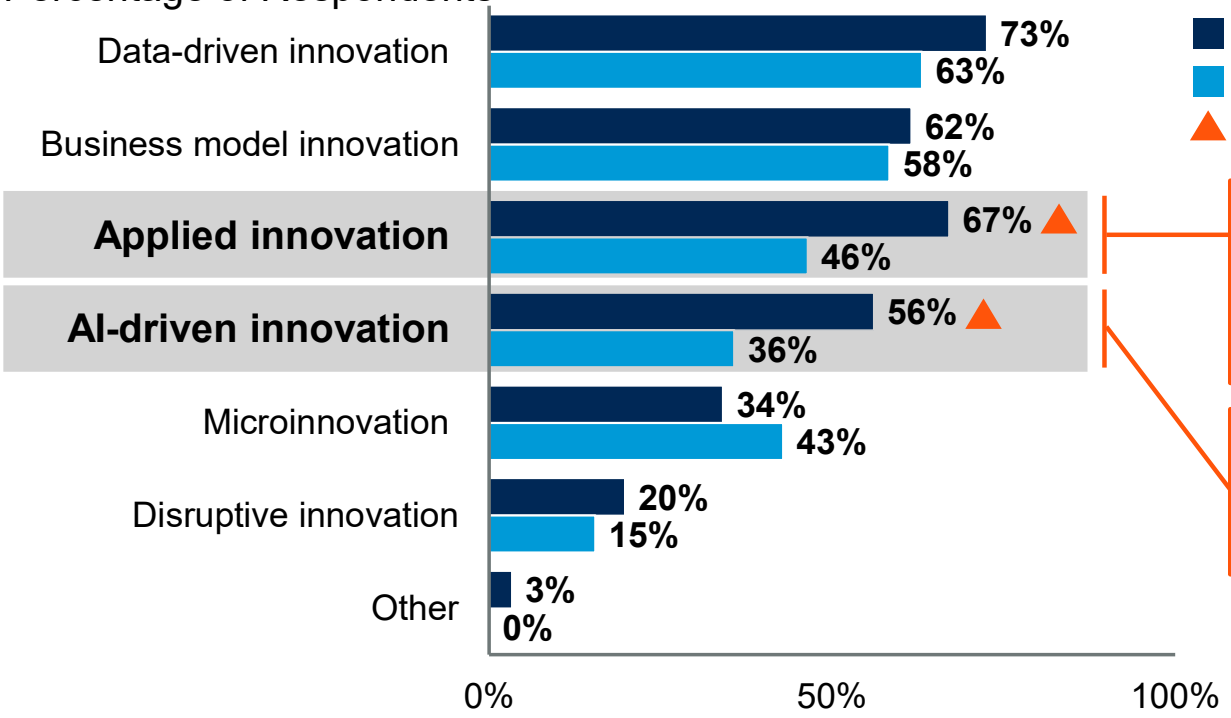
High-Maturity Innovators Also Favor Applied and AI-Driven Innovation Approaches

Approaches to Innovation by Maturity

Percentage of Respondents



Applied innovation (solves business problems by using or leveraging a breadth of innovative techniques, technologies and/or tools to bring value)

AI-driven innovation (use of artificial intelligence technologies in the process of innovation)

n = varies, IT and business leaders with innovation responsibilities, excluding "not sure"

Q: Which of these approaches does your enterprise currently use for innovation? (Multiple responses allowed.)

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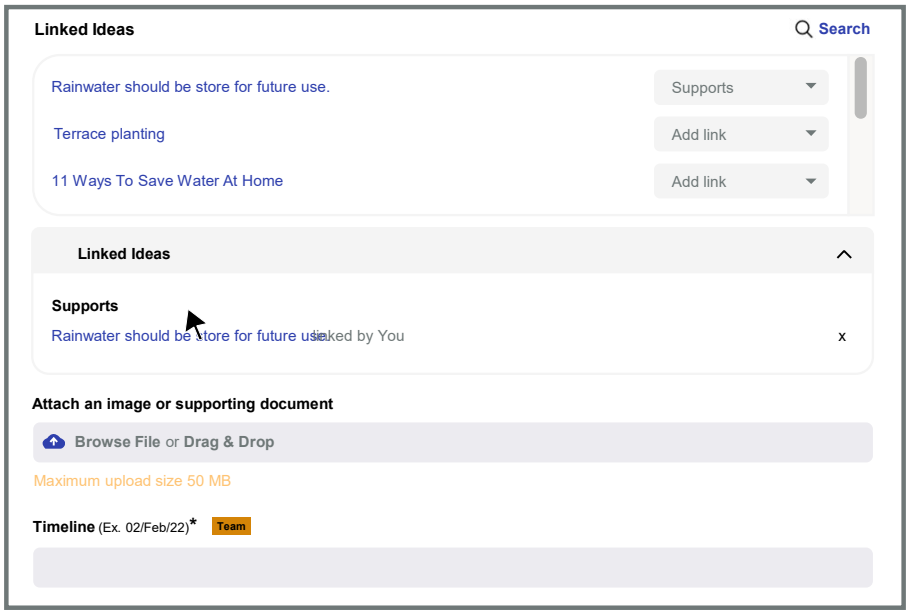
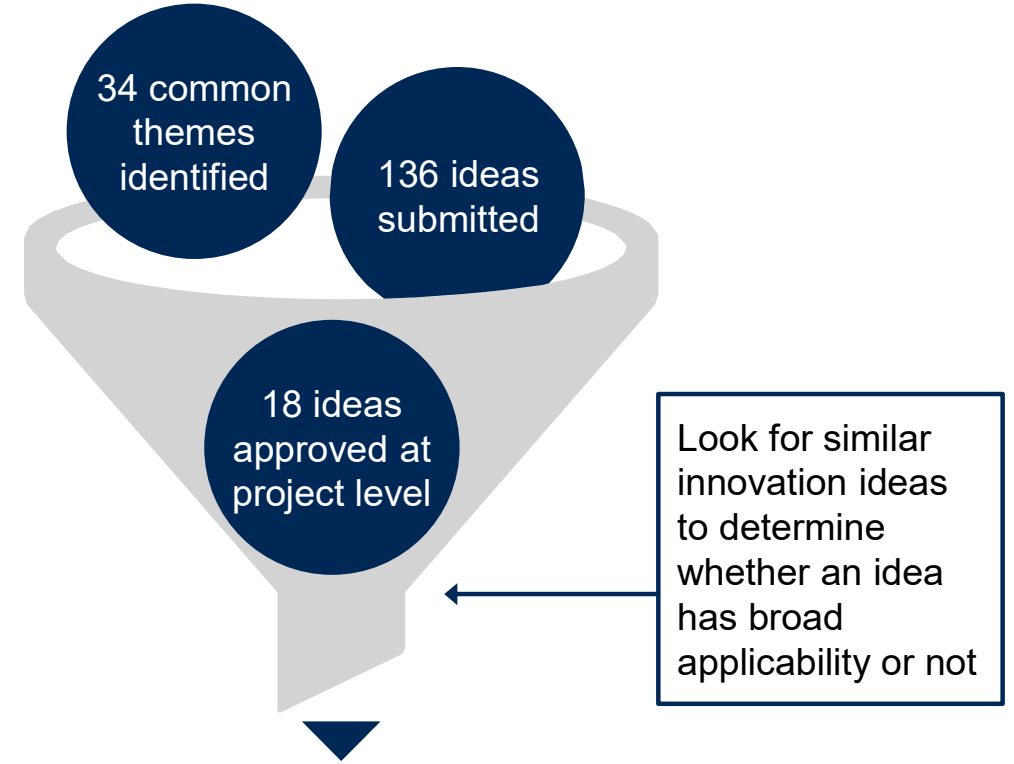
Example: Use AI to Discover and Fund Broad Applicability Innovation Ideas

maximus





Four ideas co-funded by Innovation Enablement CoE

Source: Adapted from Maximus

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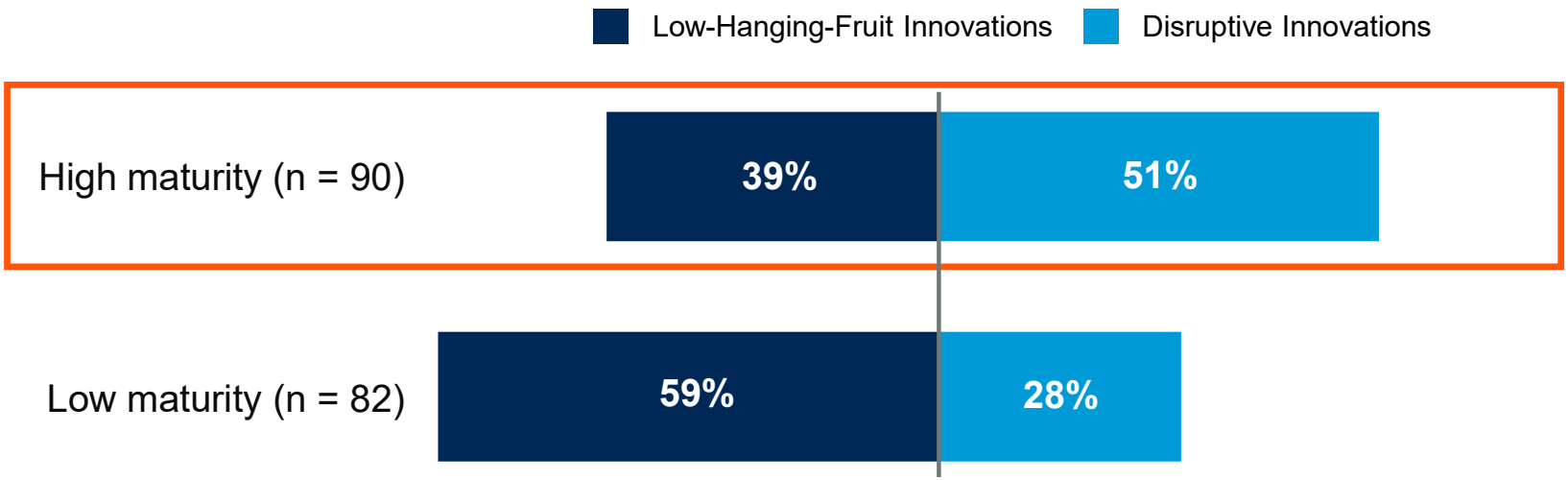
High-Maturity Innovators Favor Disruptive Innovations

Percentage of Respondents by Maturity



n = varies, IT and business leaders with innovation responsibilities, excluding “not sure”

Q: For each set of traits, please move the slider toward the one that most represents your enterprise’s approach to innovation.

Source: 2023 Gartner Innovation Trends Survey

Note: The chart omits the percentage of respondents who did not indicate a preference for either statement.

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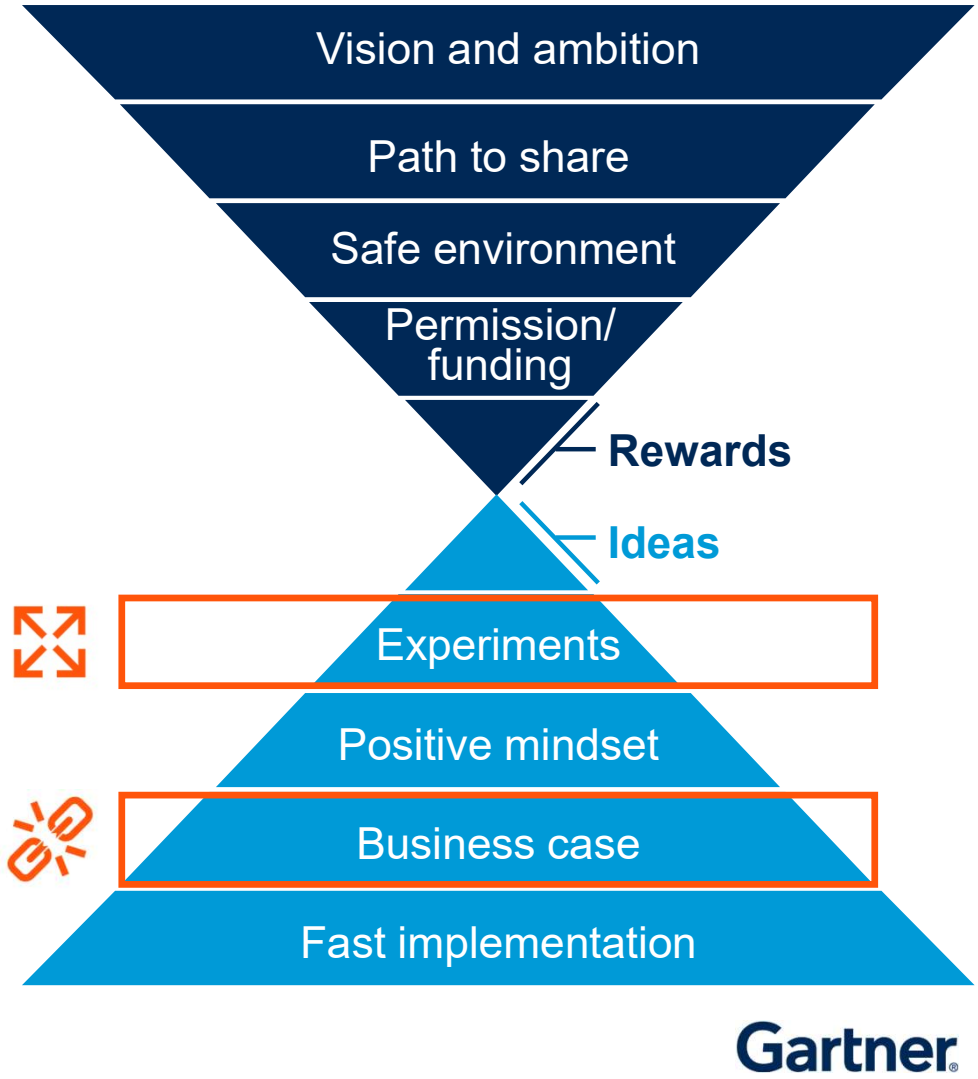
Lead innovation to push or break the boundaries

Top-down planning and bottom-up engagement



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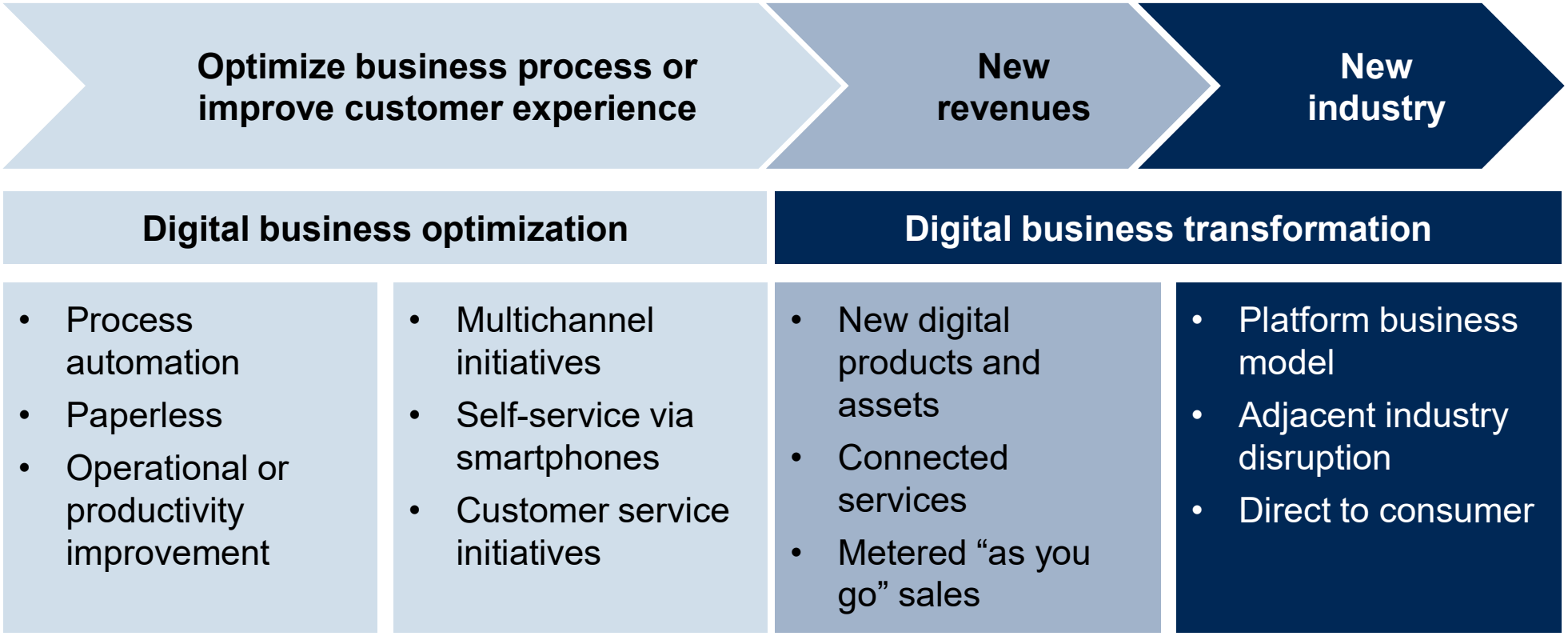
Adjust Your Innovation Goals — Shift Right!



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Example: SpaceX, NASA Redefine the Entire Game

Critical capabilities path to industry transformation

Space Wealth management Mining

Base camp

- Reusable rocket boosters
- Investment tools
- Autonomous vehicles

Staging camp

- Low earth orbit satellite networks
- Robo-advisors
- Automated mine

Mountain top

- Mars settlement
- Decentralized finance
- Fully autonomous mine

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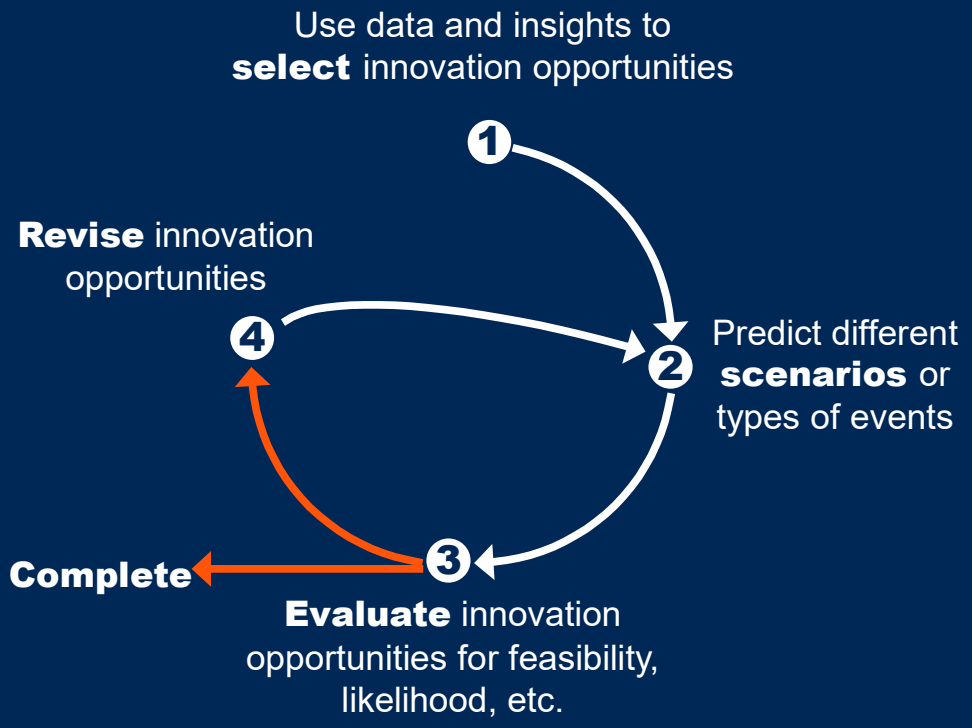
Be Data-Driven

Link decisions to business value

- Use data to select opportunities.
- Evaluate opportunities for value.
- Quickly adjust opportunities/ scenarios when no decision is reached. Evaluate again.

Innovation opportunity evaluation process



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Define Goals With Innovation OKRs

Elements of OKR:

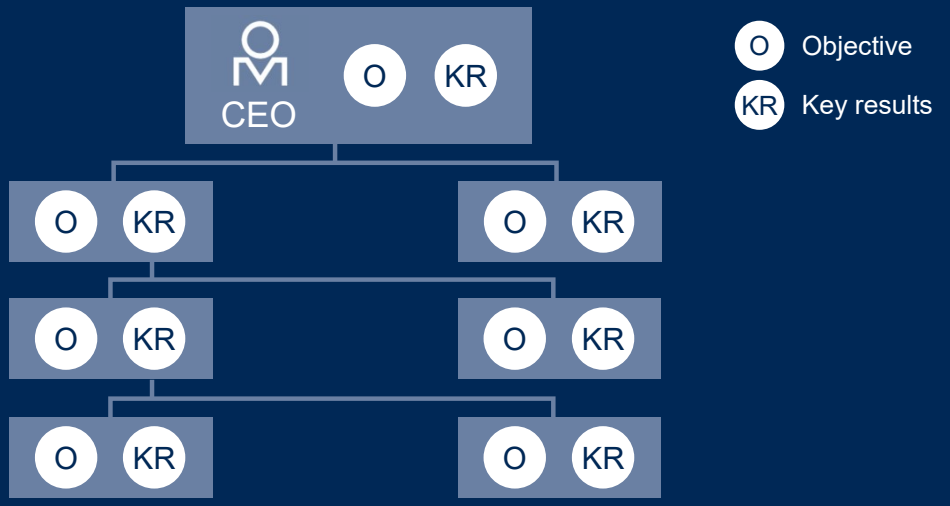
The objective:

- Is cohesive, transparent and authentic
- Updated to reflect best use of time and energy

The key results:

- Is quantifiable (business outcome)
- Makes the objective achievable and attainable

OKR cascading company, team, individual:



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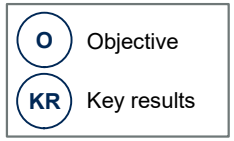
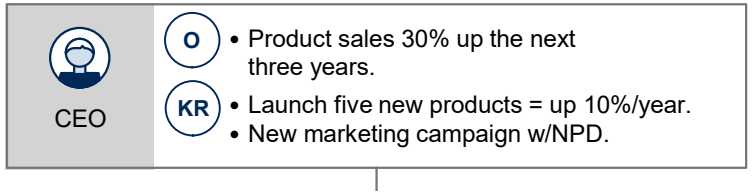
OKR Cascading Example





*NPD-New Product Development

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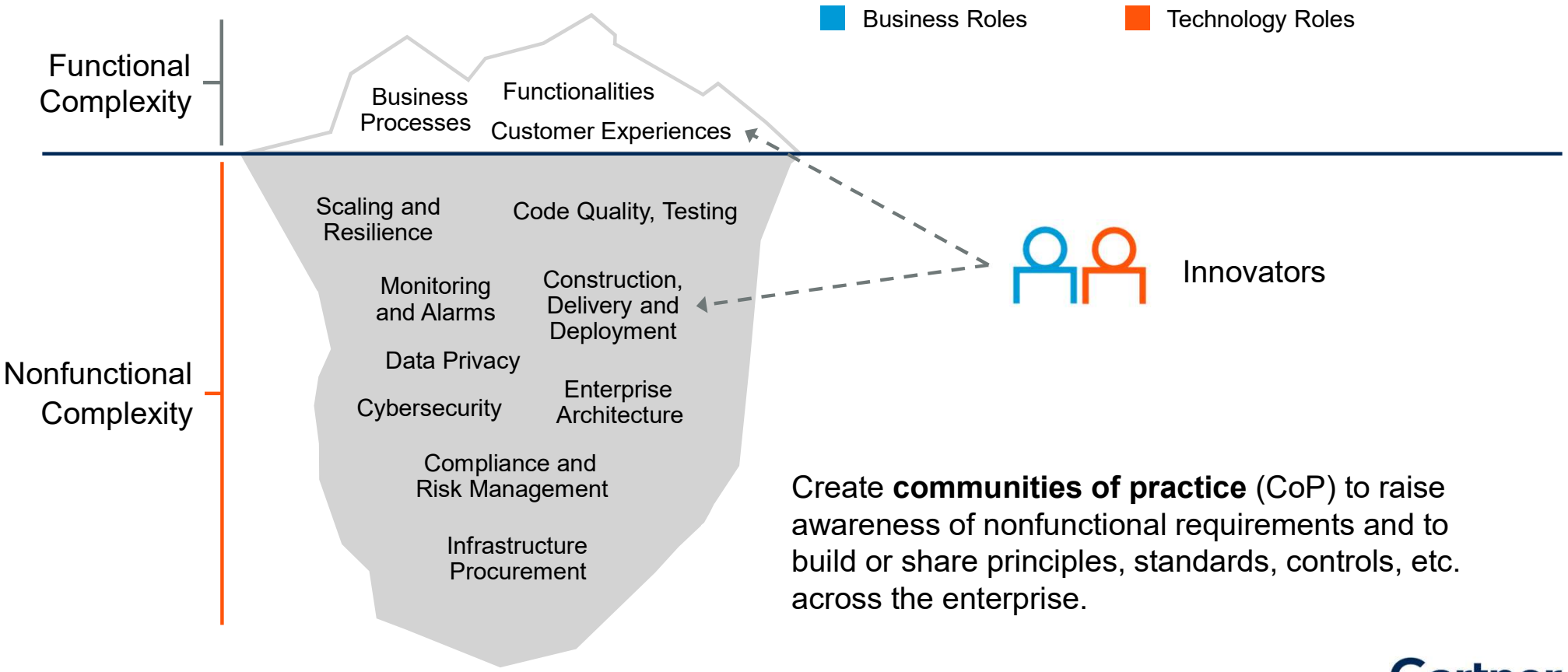
Formalize Innovation Training Program and Consider an Accreditation Program



Create **communities of practice** (CoP) to raise awareness of nonfunctional requirements and to build or share principles, standards, controls, etc. across the enterprise.

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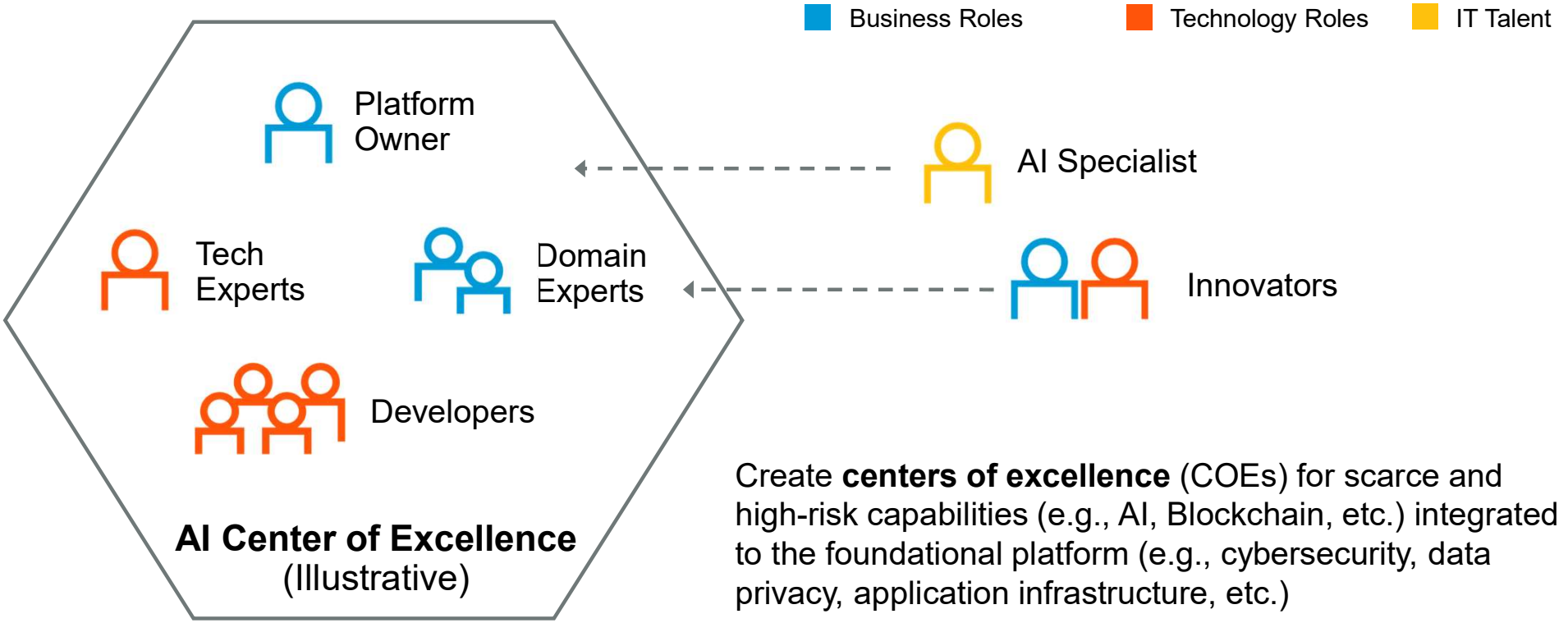
Implement a Long-Term Approach to Innovator Talent Management



Create **centers of excellence** (COEs) for scarce and high-risk capabilities (e.g., AI, Blockchain, etc.) integrated to the foundational platform (e.g., cybersecurity, data privacy, application infrastructure, etc.)

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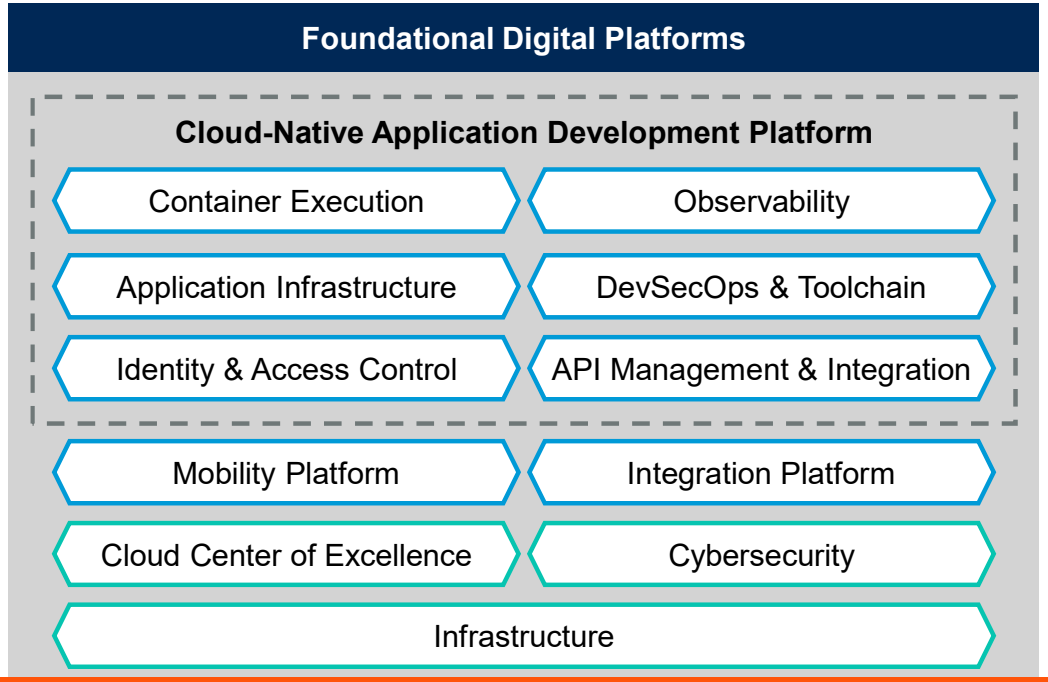
Case Study: Help Reduce the Load of Innovators via Reusable Components

CEPSA

Cepsa's Foundational Digital Platforms and Self-Service Capabilities for Innovation Teams (Illustrative)



The foundational platforms provide reusable application building blocks, tools, infrastructural and security services to innovation teams.

Source: Adapted From Cepsa

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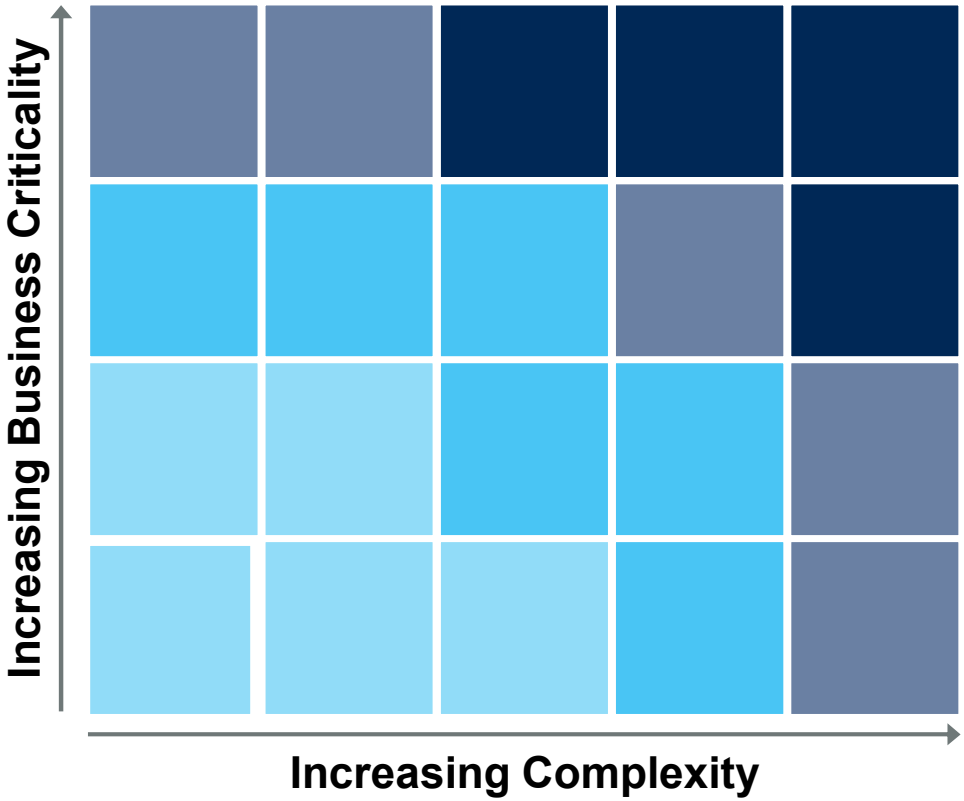
Share, and Do Not Divide, Governance Ownership



- **High-risk —** Strong governance and regular executive oversight required.
- **Partnered —** IT and business leadership oversight and governance required.
- **Guided —** Guidance from IT and business, but self-governed by the innovators.
- **Safe zone —** Self-governing sweet spot for most innovations.

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Become AI-Driven by Adopting Trustworthy AI

Transparency

Make sure the output is always recognizable as machine-generated.

Notifications in text, watermarks in images or identification through voice

Bias and Accuracy

Make use of reinforcement learning through human feedback.

Allow human intervention, be aware of trolling, and build "AI therapy" skills

Privacy and Security

Be careful with intellectual property and private data.

Synthetic data, third-party learning and copyrights

Governance

Promote tolerance.

Keep in beta, educate and embrace regulation

For more information, see How to Responsibly Use ChatGPT (and Other LLM Applications) in Your Business Interactions

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Boost Innovation Productivity Leveraging AI

Human only
Early pruning for an achievable solution
Based on individual experience and training
Aiming for a minimum viable product (MVP)
Few iterations and samples
Redesign for industrialization of innovation is needed

Note: For more information, see Use Generative AI in Applied Innovation to Drive Business Value.

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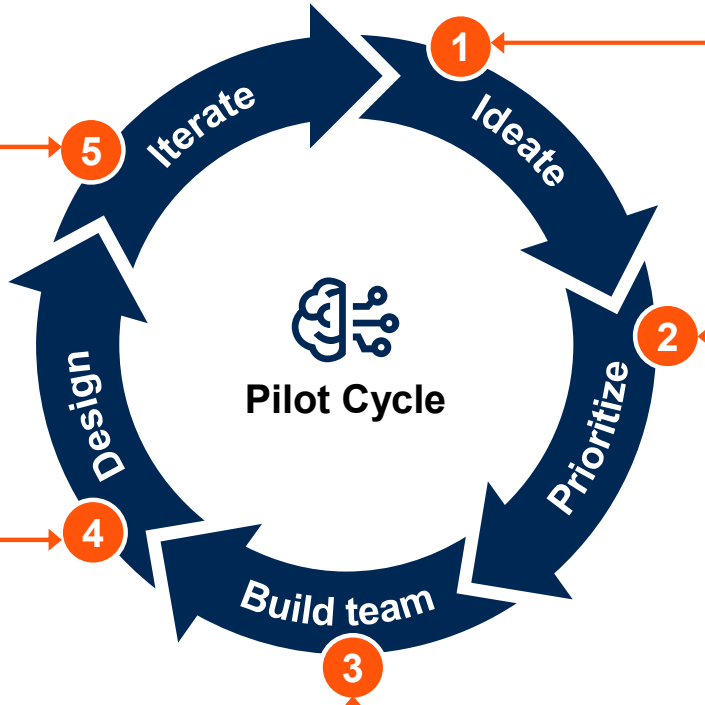
Have a Process to Speed Up Piloting

Generative AI (GenAI) Pilot Cycle



Generate many **use case ideas,** aligning to business priorities and exploiting the transformative potential of GenAI.

Prioritize no more than a few GenAI use cases, building a small portfolio that **balances value and feasibility.**

Build a dedicated team for the pilot, including **business partners,** software developers and **AI experts.**

Design a **minimum marketable product (MMP)** for each use case. Define the deployment approach and risk mitigation plan.

Deliver the minimum functionality to test use cases in a few months. Decide to **stop, refine or scale.**

Source: How to Pilot Generative AI

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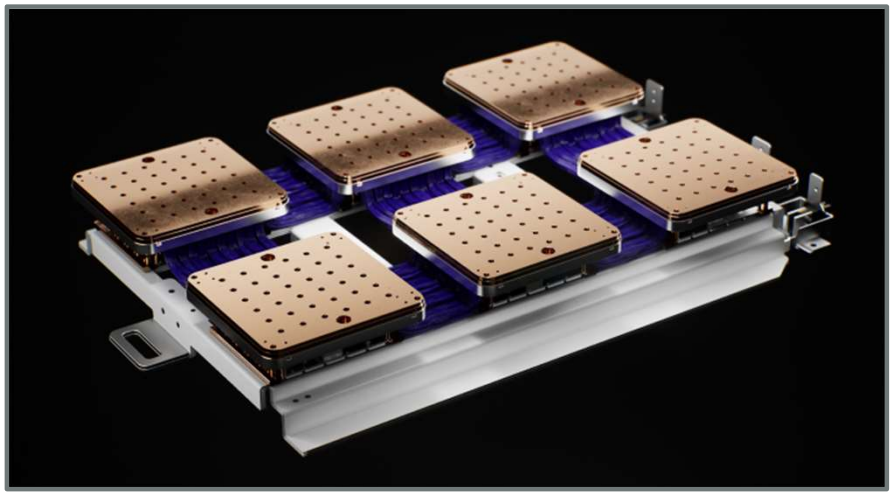
Example:
Tesla Dojo System Training Platform

In-house built system optimized for training self-driving vehicles

Additional system and capacity built becomes an asset to be monetized



Source: AI & Robotics, Tesla

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Action Plan for Pursuing Disruptive Innovation

Monday morning:

- *Reassess* innovation goals and ambition.

Next 90 days:

- *Educate* innovation team on applied innovation techniques and AI.
- *Engage* business leaders and their teams to identify innovation opportunities.

Next 12 months:

- *Pilot* at least one disruptive innovation opportunity.
- *Accelerate* innovation by pursuing a minimum marketable product (MMP).

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