

The Connected Business

FINANCIAL TIMES SPECIAL REPORT | Wednesday October 19 2011

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It's about information, not technology

Chief executives and chief financial officers are becoming more involved in IT decision-making, says Paul Taylor

How much do company chief executives need to know about IT? Traditionally, many business leaders outside the technology sector have had only a limited understanding, preferring to rely on their IT departments and chief information officer (CIO).

According to a recent report by Booz & Co, the consultancy, the average age of chief executives is now about 51. That means that many grew up in the PC era and have witnessed the impact of technology on almost every part of business.

"Chief executives do need to know more about IT – but not the detail," says Mark Raskino, a research fellow at Gartner, the IT consultancy.

"They need better understanding of how technology could improve the firm, but they can delegate a lot of the specifics."

"For example, they need to understand how mobility, social networking or dynamic business process management could change the effectiveness of parts of their business models."

Unfortunately, the consultancy's latest survey of chief executives suggests that even this level of understanding is often lacking.

Mr Raskino points out that technology is one of the fastest moving and most disruptive forces in modern business.

"A chief executive with a good grasp of how the major technology trends affects their industry, will at least be able to ensure that the company can play 'fast follower' effectively."

"Chief executives who don't think about technology, make it appear unimportant to their management teams, who may then marginalise it. This can leave the organisation vulnerable to attack by new business models."

The dangers are particularly acute when it comes to the adoption of technology tools such as business intelligence (BI) applications and executive dashboards, which are designed to provide leaders with greater insight into their company's operations.

"Many organisations mistakenly leave the championing of BI to the IT department," says Alan Bowling, Chairman of the UK & Ireland SAP User Group, and a former chief information officer himself.

IT should only be in charge of supporting the processes he argues, adding that board sponsorship is crucial, as is having as many senior "stakeholders" involved as possible.

He believes the chief executive and finance director should certainly be involved, as well as stakeholders from each business unit, such as HR, procurement and IT.

"Not having a say in what is behind the high-level figures can be disastrous and lead to assumptions that may be totally inappropriate for the business strategy," he says.

"Business intelligence can extract information that was previously held in silos and provide it in the detail needed for informed decision-making."

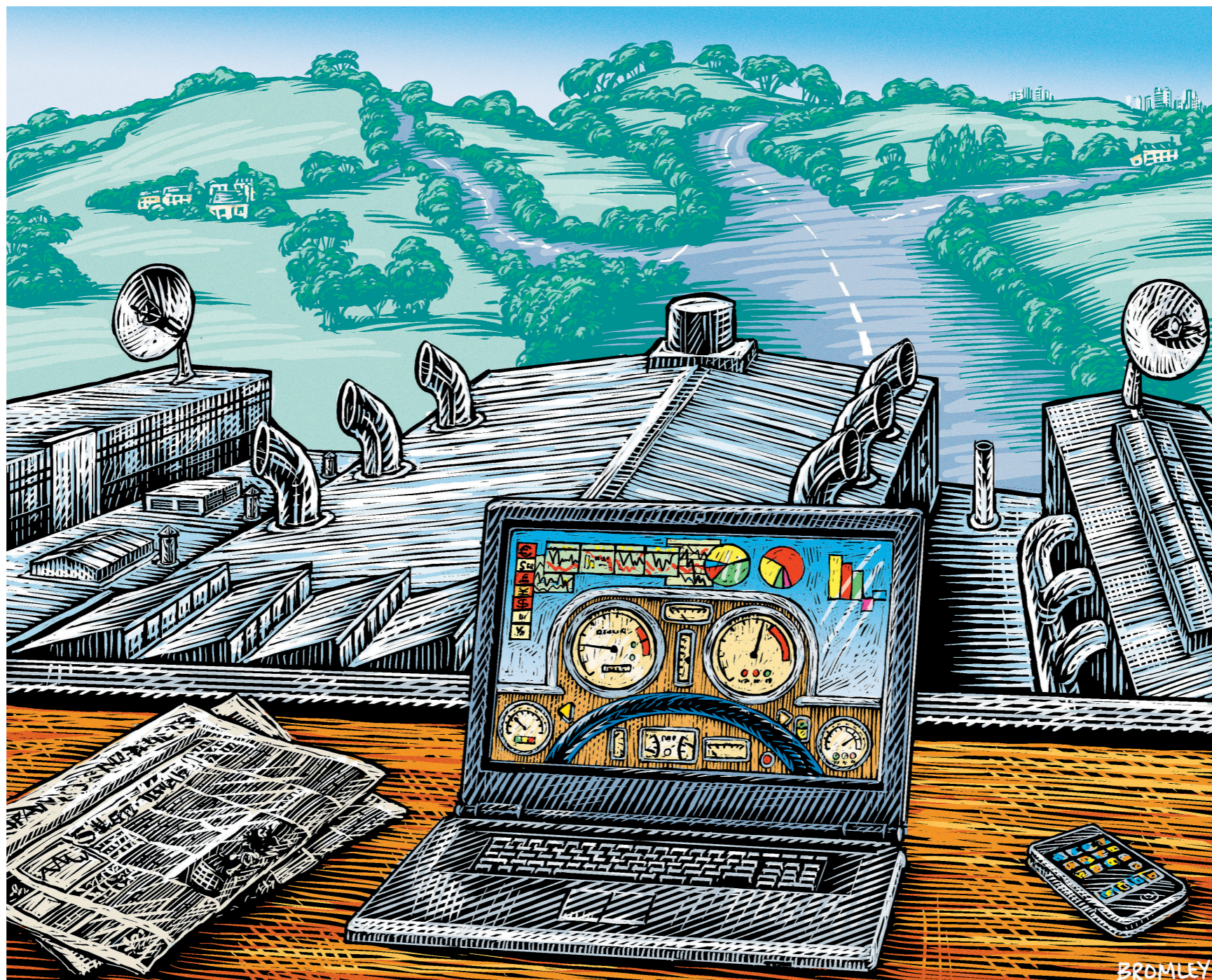
"At the highest level, this could be 'key performance indicators' to show how the business is faring, or summaries of upward or downward trends that might require swift, decisive action."

"At the same time, with an appropriate, flexible [executive] dashboard in place for the various BI users, those high-level decisions can cascade down to the rest of the organisation so that the whole business can be united behind overarching goals," he says.

Mr Bowling – whose career includes stints as IT director and then CIO at Northern Foods, which was a provider of chilled meals to UK supermarkets – says executives should plan their strategy and define metrics to ensure they get maximum value from BI.

"Otherwise," he warns, "they'll have nothing to show for it and won't be able to demonstrate its value."

When done properly, Mr Bowling believes BI can arm executives with critical information to help their organisations become more flexible, allowing them to respond faster to



changing markets and giving them an edge over the competition.

Bob Weiler, executive vice president for global business units at Oracle, the software group, agrees. "BI, which has its roots in the simplest of reports, has evolved rapidly in the past decade," he says.

"Business leaders have come to rely on the personalised dashboards that BI provides for high-level perspective as well as 'deep dives' into the numbers and data of the business lines behind the dashboard."

Today's applications go far beyond early financial data-focused tools.

Nowadays, says Mr Weiler, they are, "built to meet the needs of executives in specific industries, whether the head of governance, risk, and compliance in a financial services firm, a senior manager in the clinical research group at a leading pharma-

ceutical company ... or a senior executive at a utility seeking [understanding of] the data from smart meter and smart grid deployments."

Cloud-based services are also having a profound effect on the dynamics of business.

Cloud computing enables executives to tap into IT resources from third-party suppliers on a pay-as-you-go basis, freeing CIOs to think more strategically about business objectives and growth opportunities.

A report published in July by Spencer Stuart, the executive recruitment company, says: "As it changes the landscape of business, cloud computing is also changing certain leadership roles in organisations, with no position more affected than that of the chief information officer."

That view is echoed by Nelson Fonseca, chief operating officer of Terremark Worldwide, a subsidiary of Verizon Communications, the US telecommunications group.

"The CIO has changed over the past several years from an IT position to a business leader position," he says.

"Cloud computing allows the CIO to focus more on the productivity of the applications the company will need to be successful, as opposed to worrying about the infrastructure to support those applications."

Meanwhile, chief executives and finance directors are becoming more involved in IT decision-making as they see opportunities to cut IT infrastructure costs and make technology into a competitive advantage.

"You're definitely seeing business heads weigh in a lot more on IT than ever before," says Steve McWhirter, senior vice-president of enterprise sales for Asia-Pacific for Salesforce.com, the cloud computing company.

"They are tired of software complexity, long implementations, maintenance and upgrade projects that add no value to the company's bottom line."

"The business is saying: 'We can remove these headaches, be more agile, and create greater shareholder value.' With cloud computing, CIOs have the freedom to meet the pace of innovation for their business without compromising on enterprise class requirements such as privacy, security and performance."

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The Connected Business

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Learning on the job works best

Educating managers

Charles Batchelor presents options for technology training

IT plays such a crucial role in business that it cannot be left to the chief information officer or his technology team.

Chief executives and other senior board members need to understand enough about IT to be able to apply it to strategic management. Fortunately for corporate chiefs, many will have

encountered modern communications technology in their daily lives.

"Business leaders have become much more tech-savvy," says Will Gosling, a partner in the technology, media and telecoms practice at Deloitte, a consultancy.

"This has been helped by the consumerisation of IT, [its use in a wide range of devices in daily use], which has narrowed the divide between the technology you use in the corporation and in the home, both in terms of devices used and the experience of users."

"Leaders don't have to be

able to write code, but they need to understand how it can improve their business performance," he says.

Cass Business School, part of City University, Lon-



Clive Holtham: IT should make it easier for business to communicate

don, has been connecting strategic leadership and IT instruction since the late 1980s, says Clive Holtham, professor of information management.

The school's MBA in IT and management is aimed at IT specialists who want to become chief executives and general managers who want to increase their effectiveness.

Last year, the school launched a Masters in Information Leadership.

Owners of small and medium-sized businesses – employing up to 250 people – have proved particularly responsive.

They are closer to their businesses than chief executives in large corporations, Prof Holtham says, and are

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The Connected Business

Spread of ebooks may heighten piracy problem



Alan Cane
PERSPECTIVES

Once it was Spanish doubloons and pieces of eight; now binary digits are pirate treasure.

Digital piracy has had devastating effects on the music and film businesses. This, in part, was because managers in those businesses failed to understand the extent of the threat and ways to deal with it.

Governments have made various, mainly ineffectual, attempts to take action.

Now, Charlie Abrahams thinks, the book publishing industry is destined to suffer the same fate.

Mr Abrahams is general manager for the Europe, Middle

East and Africa region for MarkMonitor, a San Francisco-based brand protection group.

The company tracks cyberspace pirates, alerting its clients to unlawful downloading and shutting down illegal sites.

Mr Abrahams has evidence to back up his prophecy.

Over the course of a single month this summer, MarkMonitor's computerised sleuths showed that, worldwide, each of the top 10 best-selling books was downloaded illegally an average of 80,000 times.

China was the worst offender, followed by the US and then the UK. "Our perspective is that the same thing is about to happen to books as has happened to the film and music industries."

His is not a new perception.

Pundits have been warning of the threat to publishers from legal and illegal downloads for much of the past decade.

However, the big difference today is the availability of high quality, comparatively

inexpensive ebook readers such as the Amazon Kindle, as well as high-quality tablets, such as the iPad.

Just as the ready availability of MP3 players – epitomised by the Apple iPod – catalysed a digital music revolution, the reasoning goes, so the Kindle and its equivalents will drive demand for the digital versions of print on paper.

It is difficult for publishers to present credible arguments against this theory.

There will always be those who take pleasure in the look, feel and ownership of a physical tome, but as familiarity with ebooks grows, so will their acceptance and popularity.

So too, the temptation to acquire them without paying, sometimes among the most unlikely social groups.

This year, Wiggins, a media

law firm, sponsored a survey that found that one in eight women over the age of 35 who owned an ebook reader, had downloaded an unlicensed book, compared with only one in 20 in the same age group who confessed to downloading music illegally.

Middle-aged women may



Pundits have been warning of the threat to publishers from illegal book downloads for some time

seem unlikely receivers of stolen goods. For some groups, cost and convenience may be a big factor.

The MarkMonitor analysis showed that classic literature was a leader in downloads, something Mr Abrahams attributes to the school curriculum.

It has to be admitted that

book theft, at one level, is as common as the taking of cuttings from plants in a neighbour's garden. Who does not have, nesting in their home, books "borrowed" on a long-term basis from friends and relatives?

Book piracy on a grand scale is another matter and could decimate the global publishing industry.

What can be done about it? There are probably three measures. First, publishers should make it easier and cheaper to download books legally. Companies such as Amazon and Kobo have gone a long way in simplifying the process, although their collections are limited.

If there is a choice between a simple, inexpensive and lawful downloading procedure and an illegal process that could lead to difficulties in moving the file to an e-reader, customers are likely to opt for legality. Mr Abrahams says: "Publishers

should get their catalogues out on to good sites."

Second, is education: customers should be made aware illegal downloads carry the risk of viruses that could wreak havoc with their systems.

Third, Mr Abrahams would not be doing his job if he did not suggest that publishers should take advantage of companies such as his to seek out pirate sites and remove illegal content.

Also, without adequate financial reward, authors have little incentive to write. As Dr Johnson said: "No man but a blockhead ever wrote except for money."

The growth of ebooks is inevitable. It is up to the publishing industry to decide if it wants to float on the rising tide, or follow the example of the film and music industries and remain anchored to a business model that submerged.

Learning on the job is the best approach

Continued from Page 1

acutely aware of the impact a poorly thought-out IT strategy can have on growth.

The aim of such courses, is not to teach the technology, but to focus on how organisations manage information and how they can become more effective at doing so.

"There is a growing gap between what the technology offers and the ability or will of management to implement it," says Prof Holtham. "People need to be aware of the direction in which technical knowledge is going."

Prof Holtham sees an important aim of IT as improving communications in business organisations. "I don't think we have touched the surface of how we could collaborate."

Video conferencing involves the use of communications technology to connect dispersed managers. But one-to-one encounters where participants go on-screen to brainstorm and filter ideas can reach conclusions more quickly and efficiently than the traditional discussion format, he says.

IT training for senior managers is best conducted in the context of the businesses they run, says Mr Gosling. "There are lots of niche organisations with shelves of bespoke training packages for different levels of leadership, but sending more senior levels on a course or for tutoring does not sit right."

"You don't get the return, because it is out of the context of the everyday job."

He advocates a form of reverse mentoring, "finding technically literate people in the organisation who can partner senior leadership through a project".

Alternatively, a group of "change agents," again drawn from the IT department or from among the most technically proficient staff, can be formed to help educate senior management working through a project.

"The Generation Y people at the junior end of the spectrum will know how to get the most out of the technology," Mr Gosling suggests.

"A side-benefit of this approach is you establish connections between young talent and leadership. And the project is very relevant to the work of the business."

Deloitte used this approach when it installed storage technology to archive business data and preserve audit trails.

"Younger members of staff took on the role of change agents and represented their areas of the business."

"They sat down with the partners to talk about how to use the technology and gave guidance and tips. It worked very well. This approach allows the adoption of technology and brings people together."

But it is not only senior management that needs help with IT.

One result of the spread of technology is that middle managers now have access to systems and data that were not available to them before.

HR departments can, for example, track individual performance indicators and calculate bonus payments.

"Companies must invest in training middle management so they can make sense of the technology," says Mr Gosling.

"If they do not, managers will not make full use of it or they will use it incorrectly. Middle management is a key audience."

Rigid rules on use of devices may backfire

Consumerisation

Employee requests are coming thick and fast. **Jessica Twentyman** considers how bosses could respond

What the boss wants, the boss gets. That seems to be the rule IT departments apply when the chief executive or managing director comes with a request to use their iPad, for example, to access email or other corporate information on the move.

As a rule, the average IT team will bend over backwards to accommodate the boss's device of choice.

Extending that privilege across the workforce poses a greater challenge, but within most IT departments, requests are coming thick and fast, says Chris Knowles, head of solutions at Dimension Data, an IT systems integration company.

"Suddenly, chief information officers and their teams are faced with the prospect of having to support a number of corporate applications across a wide range of devices and operating systems, on behalf of employees working in a wide range of roles."

"That means coming up with comprehensive policies governing security, connectivity and support, as well as putting in place the technology to uphold these policies," he says.

With that in mind, IT departments should view requests from senior executives as an opportunity to kick-start a debate about device choice across the organisation, says Ted Bissell, a mobile specialist at PA Consulting, the management consultancy company. "This is the IT department's chance to shine," he says.

"They've been handed the gift

of a senior leader with a new vocabulary and awareness of what today's technology is capable of delivering.

"The IT department needs to make the most of that opportunity, because it is a great chance to sell its overall mobile-device vision to the chief executive in a more palatable, meaningful way."

In turn, bosses need to listen to what the IT department tells them about that vision, says Binna Kandola, visiting professor at Leeds University Business School and co-founder of Pearn Kandola, a business psychology consultancy.

The notion of "fairness," he says, has been proved to be a powerful motivating force in organisations. Where a boss is seen using a device that employees own themselves, but are forbidden to use for work, a divisive situation could arise.

The growing gap between the technology people use at home and what they must use at work is a source of frustration, says Mr Kandola, and younger, more junior employees may feel these restrictions more keenly.

"When computer-savvy young people are confronted with older, more difficult-to-use technologies at work, they get frustrated. There's a good chance that they'll find their own 'work-arounds' that allow them to use their own devices, regardless of company policy," he warns.

If the conversations between board room executives and the IT team go well, however, the IT department may be granted

investment for technology that will allow the entire workforce more freedom and choice when it comes to mobile devices.

Rob Chapman, UK managing director of Unisys, an IT group, says that business leaders are waking up to the fact that their employees have productivity-related reasons for wanting to use their own devices at work – just as they do.



Uneasy handover: extending the use of personal devices across the workforce is a challenge for the IT department

Tech-lover and Luddite Two company heads are equally keen on different ways of working

Gary Stewart, chief executive of Xceed, an IT consultancy, is an avid fan of new technology. By contrast, Rob Walker, head of the Cornhill Partnership, an executive recruitment company, cheerfully describes himself as "a complete Luddite".

But despite these differing personal attitudes, both want to give their employees more freedom and flexibility in the tools they use to do their day-to-day work.

This is because they have both seen their own productivity grow thanks to their own mobile devices.

For Mr Stewart, his experience of using Skype on his iPhone to stay in touch with his wife and family when he was travelling abroad got him thinking.

Recently, he has invested in a Voice-over-IP (VoIP) telephony system from 3CX, a specialist provider, that gives him remote access to his own direct-dial office number, via his iPhone. He is already rolling it out to his highly mobile team of consultants.

He points to a recent survey by Unisys and IDC, an IT research company, in which 71 per cent of senior executives said they believed allowing consumer devices would improve morale. A more tentative one in six thought it would improve productivity, too.

That said, the IT department is unlikely to convince senior management of the benefits of

He is also weighing up investment in virtualised desktop technology from VMware. This would allow staff, who are often based at client sites, to access their office desktops.

They can already get to their email from any device with a web browser, through Microsoft Outlook. This keeps email behind the company's firewall, in accordance with its commitments to its FSA-registered clients in the financial services industry, he explains.

"If it makes my employees' lives easier and our service delivery to clients even better, I'm delighted to encourage the use of any technology, providing we can meet the minimal security standards we need to adhere to," he says.

At Cornhill, Mr Walker oversees four senior leadership and interim search businesses, where staff all use the same specialist recruitment database system, FileFinder.

Recently, he has enabled staff to download an app on to their company-issued

BlackBerrys or iPhones that allows them to search FileFinder and access data.

Those devices are allocated to employees under Cornhill's contract with its mobile services provider for reasons of cost – but Mr Walker is not opposed to other devices being used by staff.

A company investment in iPads for all 40 fee-earning employees is not realistic at present, he says, but staff working from home on their own computers can already use Citrix networking technology to access files on company servers.

He uses that technology himself via his iPad to review documents and to work on business development.

"To me, what's important is not how a technology works, but how it can be applied to do business better and more easily. And if that's important to me, then it's important to my employees, too," he says.

Jessica Twentyman

Too many 'dashboards' will bog you down

Business intelligence

Charles Batchelor warns against analysing the past instead of thinking about the future

Dane Group, a UK supplier of building facades and architectural metalwork, used frequently to incur unanticipated costs that cut into its profits.

It managed its contracts – which can take up to 18 months to complete – via a welter of spreadsheets that were not always kept updated.

"We would get to the end of a contract thinking we had made so much money on it and then discover £100,000 (\$157,000) of costs we had not spotted before," says Richard Bertram, finance director of the company, which has £25m of annual sales and 150 employees.

"We would order things on the phone and forget to place a purchase order. When the invoice came in, there was nothing to match it up with."

To improve control of the manufacturing and billing process, Dane installed a business management system, supplied by a Swedish company – Industrial and Financial Systems.

This allows management to keep track of designs and materials and monitor costs and margins as a contract progresses.

"We used to make decisions based on perceptions rather than an analysis of the facts," says Mr Bertram.

"Now we get better quality information in a more timely manner, which helps us with our decision-making."

Awareness of true costs and margins gives the purchasing department more time to get better quotes from suppliers and simplifies calculating the amount of profit against sales.

Training on the new system

started at the top of the company and went down.

Some staff readily adapted to the system, but additional training was provided for those who were warier.

Enterprise resource planning (ERP) systems of the sort installed at Dane have become vital to the management of businesses of all sizes over the past 30 years.

The increased uncertainty and volatility created by the credit crisis of 2007-2008 has made businesses even more dependent on up-to-date information on suppliers, customers and the internal workings of their own businesses.

Chief executives can no longer leave the management of their IT systems to their technology teams or their chief information officer. They must integrate it into their long-term strategy.

The use of smart phones and tablets at home and in the office has helped bridge the technology gap, but companies of all

sizes often struggle to achieve full integration of IT into their strategic planning.

"We try to get chief executives to understand that if they can prioritise their key decisions and decide what information they need, they can get their technology organisation to create it," says Stacy Blanchard, lead partner for organisation effectiveness for analytics at Accenture, a consultancy.

"If chief information officers do not see their role as being involved in the decision-making, then they are missing an opportunity. Lots of companies don't have a creative partnership between the chief executive and the IT team."

Even when senior management and the IT team are working effectively together, they can be swamped by the sheer amount of information that modern systems generate.

"Companies can be overwhelmed by data," says Ms Blanchard. "They have to take a

step back and sort out what information they need to achieve their strategy and to make decisions."

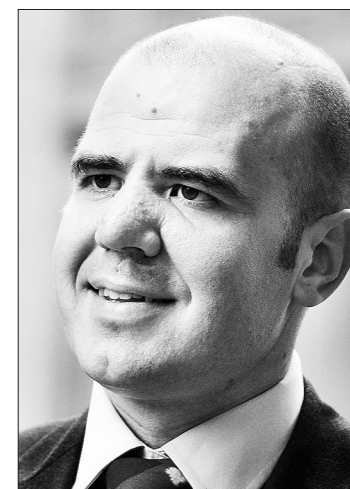
Faced with this complexity, many companies have turned to "dashboards" to present the most vital data in an easily digestible format.

The onscreen dashboard will show top-level information in graphic form – like the dashboard of a car – and allows users to look at the underlying data as well.

In theory, dashboards are meant to overcome the conflicting versions of events that used to occur when companies depended heavily on spreadsheets, which were difficult to control and not always kept up to date.

But many companies now find they have too many dashboards and key performance indicators, so once again clarity is lost.

This profusion of information can mean senior management gets bogged down in analysing



Matt Peers: people spend too much time poring over last week

the past instead of using the data to think about the future.

Matt Peers, chief information officer at Deloitte, says: "People spend too much time poring over last week's sales, rather than getting a model for next week's."

Technology can deliver the information, but leaders who have a clear idea of the data they require and the strategy they intend to pursue are vital for success.

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Testing the market is a vital 'sanity check'

Customer research

Resist being carried away by the enthusiasm of the development team, says **Jane Bird**

The drawback of asking your customers what they want is that often you will not get a useful answer.

As Henry Ford remarked, had he conducted market research in advance of launching the Model T car, he would have discovered a demand for faster horses.

Then again, without testing the target audience, it is easy to get carried away by the enthusiasm of development teams.

The ultimate "sanity check" is to consult focus groups and demonstrate prototypes, says Chad Duhon, director of product marketing for the IdeaPad brand of Lenovo, the Chinese PC-maker.

"You've got to show your product to people who have nothing to lose by giving you an honest opinion and will tell you if your baby is ugly," he says.

Lenovo found strong regional variations when it showed focus groups in China its notebooks.

In big cities, customers prefer a wider variety of designs, colours and textures, and tend to choose a slightly higher price and performance.

"They want to feel the device looks cool. But in provincial areas, people go for a more conservative look and feel, and are more concerned about price," says Mr Duhon.

Consumer testing helps balance variables such as battery life, screen size, thinness and weight, he says. It also reveals what customers want, even if these requests are completely unachievable.

Recent requests include a 1 terabyte solid state drive. "This is not yet feasible at a realistic price, but it is good to know what customers are expecting," says Mr Duhon.

London-based TouchType, which developed SwiftKey, the predictive language software for Google Android touch-screen



Metropolitan profile: when Lenovo, the PC-maker, tested the market in China, it found city customers wanted performance. In the provinces, price was more important

Alarmy

phones, invites customers to submit ideas to its website and vote on them. This demonstrated to the company that many people wanted to be able to switch languages quickly when typing emails and text messages.

Once the idea had been suggested, 1,000 people voted for it and 83 submitted comments.

"Our problem is understand-

ing what customers actually think of SwiftKey and how we can make it more simple, productive and powerful for them," says Joe Braidwood, TouchType's chief marketing officer.

Enabling users to submit ideas and comment on them establishes whether there is a consensus.

The company has incorporated the ability to switch

between any three of the 28 languages available in its latest release.

Another way of aligning software development with customer preferences is to release test versions to selected users.

To do this, SwiftKey set up a 26,000-strong "VIP community" – identified through technology blogs.

This group receives free

releases of the latest software in exchange for feedback. About half typically download a beta test version to evaluate. Depending on their responses, adjustments may be made before the final version is released.

Once a feature is incorporated, people who voted for it and registered an interest receive a message letting them know it is available.

"It's a way of keeping people informed and letting them know we are responding to their feedback," says Mr Braidwood.

Social media such as Facebook, Twitter and YouTube are important sources of information for product developers, but are not good for tapping new audiences, says Rob Mettler, an IT expert at PA Consulting.

"They are fine for people who

know you already, but companies need to be wary of the instant gratification of crowd sourcing, because there is lots of brand sycophancy, with people saying how much they love things."

This needs to be balanced with other inputs, such as using search and analysis tools to find opinions people are expressing in blogs and online discussion rooms, Mr Mettler says.

Market research can be as much about exposing customer fears as preferences, as Lenovo found this year, when it demonstrated a clamshell device scheduled for launch in 2012.

People thought the opening mechanism might not be robust enough. "We had tested it 20,000 times and knew this wasn't so," says Mr Duhon. "But the fact that consumers had this fear shows we will need to emphasise its durability if we go ahead with the launch next year."

Surveys also help guide product development, and can yield surprising results.

TouchType canvassed the views of 30,000 smartphone users worldwide this year, across the Apple, Android, Windows and RIM platforms.

Among key findings were that sending emails and texts, and surfing the internet for news, sports or weather, were more important to smartphone users than making voice calls.

Although the respondents were all technology enthusiasts, 91 per cent male and 65 per cent under 35, the sheer number of people questioned gives the data credibility, Mr Braidwood says.

Another unexpected finding was that their top priority when buying a smartphone was availability of apps, followed by being able to type easily on the phone. This was seen as more crucial than battery life, screen size, appearance, brand and even price.

One of the main challenges to companies with young, technologically savvy developer teams is identifying enhancements that would be welcomed by older customers, says Mr Braidwood.

"Most of us are in our 20s and still quite young, so the risk is that we don't know what people in their 50s to 70s who use mobile phones want."

Takeaway meal site aims to deliver simplicity

Profile Just-Eat

Stephen Pritchard talks to the head of a company that facilitates online food ordering

Just-Eat launched 10 years ago with a simple idea: allowing people to order takeaway meals online.

The company started in Denmark, but has since grown to an international business with almost 600 staff in four continents.

According to Klaus Nyengaard, the Just-Eat chief executive, the worldwide market for takeaway meals delivered to the home is worth \$75bn – restaurant collection is larger still.

And, he says, the takeaway business has gone on growing, despite the recession.

Just-Eat works by allowing customers to order meals on the internet from local restaurants.

Just-Eat takes the restaurant's menus, puts them online, and provides a terminal for the restaurant kitchen that displays orders.

Restaurants, mostly small businesses, need little in the way of technical know-how, and often describe the system as a "magic box".

"We have a technology that at the back end is very complicated, but what the restaurant sees is a very simple system," Mr Nyengaard explains.

Making technology simple and good marketing, are the keys to Just-Eat's growth, Mr

Nyengaard says.

"You need to have a technology advantage, but that often brings complexity," he says.

"You need to hide that complexity from the users, otherwise that technical advantage becomes a 'complexity disadvantage' in the marketplace."

That requires a strong IT team, and making sure that technology fits in with the other parts of the business. "I trust my colleagues," he says.

"There is the danger in a company of this size that the chief executive gets bogged down in detail, whether that it is technology or marketing."

But Mr Nyengaard does believe that a company head needs to have a solid understanding of IT and how it affects both the business, and consumers.

"In a tech company, at a



Klaus Nyengaard: You must hide complexity from users

personal level the chief executive needs to be interested in what's going on, and you need to use the technologies," explains Mr Nyengaard, who has taken courses in computer coding in the past.

"You have to have your own view, when you engage with the technology guys," he says.

"They can challenge you; you can challenge them. If I have to take [technology] decisions, it means I have the substance to make the call."

'I see myself as a strategy person'

Profile Mercer Outsourcing

Stephen Pritchard meets the chief information officer

Mercer, a human resources consulting company, employs 18,000 people in 40 countries.

It advises businesses on HR strategy and provides outsourced services, such as pensions, benefits and healthcare administration.

These services rely heavily on IT, and Mercer spends 14 per cent of its turnover on technology.

Mike Mordas, the chief information officer, started his career at Accenture, the consultancy.

But after moving from there to the CIO post at a financial services company and then setting up and



'CIOs don't just talk about machines, wires or software'

selling his own systems integration business at the turn of the millennium, Mr Mordas moved away from technology into training and change management.

It was from there that Mercer hired him as CIO.

A large part of his job is to use technology to develop the business. But, he says, 10 years away from IT almost means

starting from scratch. "I would not say I'm a technologist at all," he maintains.

"The board interviewing me asked me why I wanted to do this job, as I'm not a techie guy."

"But the lines are becoming blurred. In a company such as Mercer, we need to be at the forefront of understanding how technology is affecting our clients, changing the competitive landscape, and disrupting some traditional markets."

"I see myself as a strategy or business person looking for opportunities to leverage what we do, to enter markets, or to offer levels of service that we have not offered before."

This, he believes, is a significant change from his previous stint as a CIO.

"CIOs are now equal members of the executive suite," he says.

"We don't just talk about machines, wires or

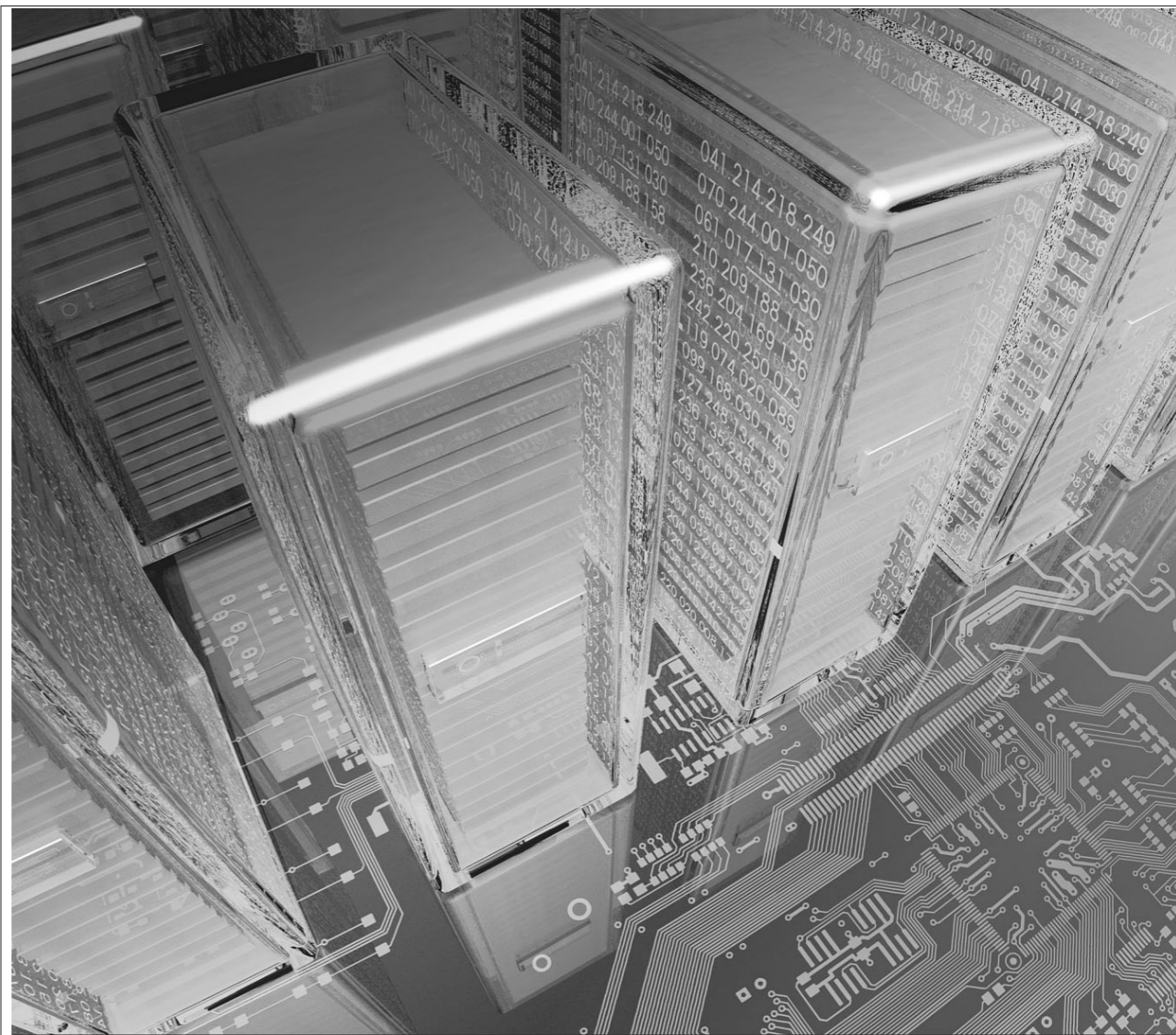
software. We are talking about the way the business is developing."

But this does not mean there are no technical challenges.

Mercer, for example, has to exchange ever greater quantities of data with its clients, and has just completed a project with Cordys, a software vendor, to improve performance.

In that respect, he says, the CIO's role is to turn vendor-customer relationships into partnerships, as well as to understand how technology developments might affect Mercer's clients' business.

What has not changed is the importance of solid IT operations. A fine grasp of strategy is of little use, if the CIO cannot execute, Mr Mordas warns.



Business & Technology Debates Leadership and IT

Who is responsible at board level for IT strategy, how does this fit in with business strategy, and who is accountable if it all goes wrong? FT Technology Correspondent Maija Palmer discusses these issues with Robin Young, Commercial Director of Mitchells & Butlers, Mike McNamara, Chief Information Officer, Tesco, and Bryan Glick, Editor-in-Chief of Computer Weekly. Watch it at www.ft.com/business-technology-debates

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