



An Ecosystem Approach Expands Business Potential

At a Glance

Busy CIOs may have an opportunity to tap into an unexplored gem to boost transformational growth. CIOs can leverage an ecosystem business model (EBM) approach to support technology transformation if they:

- Determine modernization goals and objectives
- Evaluate current capabilities
- Fill gaps by exploring the ecosystem of solution providers

For companies undergoing a technology modernization and transformation effort, considering an ecosystem business model (EBM) is key to success. Busy CIOs consumed with never-ending technology demands may be missing massive growth potential and opportunities unless they are nurturing an ecosystem business model. Ecosystems can drive dramatic change within an organization and enable rapid innovation as companies within the ecosystem co-evolve their capabilities and work together to develop superior solutions that can disrupt markets.

CIOs should continuously evaluate the innovation potential of technologies across their EBM to transform and modernize their organization. Doing so creates awareness of the organization's specific business needs and enables the organization to achieve critical objectives.

Determine modernization goals and objectives

From a bird's eye view, enterprise transformation requires several critical components to effectively evaluate the enterprise's architecture, establish a modernization strategy and address data security and privacy issues.

However, the key to building a strong EBM is in gaining a deep understanding of the organization's modernization goals and objectives, which may include educating clients, reaching new customers, building new products or services, or operating more efficiently and cost-effectively. Corporate goals inform which capabilities need to be explored further for transformation.

Evaluate current capabilities

CIOs must inventory their organization's current capabilities, both in technology and in people with the skills to adopt and implement the technology successfully. In many cases, the business lacks the skill sets to implement or optimize, so having a service

partner to assist is important. Evaluating the current state of the company's ecosystem and mapping it to current capabilities is critical for an EBM to enable transformation. A current state assessment should include an inventory of technologies used throughout the organization, capabilities of tools and platforms, current licensing and a holistic view of vendor roadmaps that can address any gaps. Not doing so may delay or stall transformation initiatives, impacting the agile delivery of potential value to the business.

Case in point: a multinational technology corporation assessed vendor capabilities in their current environment to develop technologies for the modern workplace. They wanted to roll out technology in a more digital-savvy way versus using the heavy coding and longer cycles needed for developing an application. An ecosystem vendor within their global EBM already had such a capability. Evaluating the company's current capabilities, along with the vendor's roadmap and how it linked to the goals and objectives, enabled transformation goals in an accelerated manner.

Fill gaps by exploring the ecosystem of solution and service providers

Companies must work strategically with ecosystem partners and understand the full capabilities of each partner's technology or service and what it can bring to the organization. Tools such as a market analysis can help determine vendor capabilities, which then enable an organization to map the vendor's capabilities to various areas in the organization with current needs. CIOs then leverage the capabilities of ecosystem vendors to fill gaps in the company's own abilities. A strong partnership enables a 360-degree feedback loop between the organization and vendor or service provider. Organizations can provide input about areas where gaps can be filled, driving change or development on the vendor or service partner's roadmap. The vendor partner then can deliver the capability in the next product development

round. The partnership influences the partner's roadmap to introduce particular services, features or enhancements, and the organization's gaps are closed. Having regular product roadmap sessions with a vendor enables continuous collaboration to enhance innovation in applications.

As an example, a major farm equipment manufacturer leveraged its EBM to modernize the way customers used its equipment, ultimately disrupting a highly commoditized industry. The company embedded its ecosystem partner's devices into farm equipment, capturing critical data, and then opened that data to application developers. A new digital application was created that allowed customers to transform their entire business, operating equipment remotely and monitoring their crops, including soil and water levels, using their mobile phones or tablets. This enabled the organization's customers to increase efficiency and improve outcomes and enabled the equipment manufacturer to differentiate itself in the market.

Collaboration leads to continuous enhancement

EBMs lean on collaboration to open the doors of unlimited possibilities and enhance areas of the organization. Generating different ideas and perspectives elevates and expands product offerings and services. It enables viewpoints for solving problems through a diverse lens and widens the business' vision to include solutions it may not have considered otherwise.

Permeate EBM value throughout the C-suite

Business ecosystems can have pervasive impact. To access EBM value that permeates the organization, relevant roadmap information and EBM strategies should be shared with C-suite members and other leaders so they can access partner technologies. Steering committees can help communicate regularly with the organization's decision-makers to give everyone a voice, share information and proactively

share ecosystem strategies. CIOs should understand that functional areas across the organization can benefit from an EBM, but working with or bringing a new ecosystem partner onboard can impact the work of other C-suite leaders.

- **Chief innovation officer** — The chief innovation officer has unlimited opportunity to collaborate across emerging technologies and tools. They create value by bringing new IP to market through joint collaboration for solutions that are only achievable by combining experts from both companies.
- **Chief financial officer (CFO) and chief audit executive (CAE)** — The CFO and CAE have a unique opportunity to leverage advanced analytics strategies for financial reporting. Doing so enables a more efficient EBM.
- **Chief sales officer (CSO)** — An organization's EBM can be propelled by CSOs who open doors to diverse revenue streams and go-to-market opportunities through reselling, referrals, joint IP creation and solutioning. Likewise, they enhance margins and expand market share by broadening sales reach through alliance referrals.
- **Chief risk officer (CRO) and chief compliance officer (CCO)** — To assess third-party risk, the CRO and CCO must optimize risk and compliance across the organization's ecosystem by leveraging frameworks, tools and technologies.
- **Chief diversity officer (CDO)** — CDOs are well-positioned to encourage and facilitate external collaboration with companies, leaders, activists and subject matter experts for a resource-rich, diverse ecosystem with an abundance of ideas, innovation and growth.

- **Chief marketing officer (CMO)** — To bolster EBMs, progressive CMOs increase marketing opportunities through external exposure with alliance companies, including logo promotion, conferences, webinars and social media. They elevate the organization's brand through association with companies of similar values and culture. CMOs can enhance organizational efficiencies, drive revenue and cut costs by leveraging advanced analytics and AI machine learning across big data lakes.

What should companies do now?

Ultimately, companies should develop a capabilities map across key relationships. Capabilities mapping should be aligned with the organization's goals and objectives and transformation strategy — with the fallout being the gaps that must be addressed. Once gaps are identified, organizations should conduct the proper market research and market scanning to see how other vendors can fill such gaps. Cooperation and collaboration are key to successful transformation efforts that leverage the EBM holistically because they leverage the diverse thinking that drives innovation.

As organizations enrich their EBMs, they should plan to deliver value incrementally — and they should begin early in the transformation process. Transformation programs have long-term timelines. When stakeholders do not see consistent, incremental value being delivered, their enthusiasm drops. EBM results should be consistently communicated to shareholders, stakeholders, customers and suppliers as well, as it substantiates their investment in the EBM. Keeping an ecosystem approach top of mind supports the value that is manifested across the ecosystem.

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