How CIOs Are Leveraging Silicon Valley to Bring Innovation to Their Companies

By Phil Schneidermeyer & Ryan Bulkoski
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CIOs can no longer simply make an annual trek to Silicon Valley and expect to remain ahead of the technology innovation curve. Today, companies from across industries are opening offices in the tech valley and moving key roles there in the hopes of harnessing innovation, establishing brand recognition and attracting premiere technology talent.

In the past, CIOs would visit Silicon Valley technology vendors, start-ups, research labs and investors to learn about the next releases and prototypes. Sometimes CIOs would partner with technology companies, share resources and enter into joint development agreements in order to gain an early advantage. CIOs have also been invited to join tech start-up Boards and Advisory Boards. For example Apptio, the leading provider of Technology Business Management (TBM) SaaS applications, has CIOs and other IT leaders from Bank of America, Cisco, First America Title Insurance and Goldman Sachs on their Advisory Board. Apptio gains a better understanding of customer requirements and the CIOs can influence product during development to ensure the user experience is a priority.

Other companies would try to bring the Silicon culture home by making offers to local engineers and scientists. But relocating executives in the prime of their careers has become increasingly difficult everywhere, and nearly impossible in Silicon Valley. So for many CIOs, their new motto is “if you can’t beat ’em, join ’em”. That means opening their own technology centers in the heart of Silicon Valley and adding local leadership and talent.

With their leadership in the Industrial Internet and after hiring Bill Ruh, GE announced the establishment of a Global Research Center to be based in San Ramon, California. Building from the ground up, GE added technology talent from the likes of Symantec, Google, Oracle, Stanford and Cisco. Numbering well into the hundreds, the facility is devoted to applied research in data sciences, user experience, advance analytics and algorithms, image analytics, human computer interaction and mobile communications.

In March 2014, Verizon announced the establishment of a Data Analytics Team led by a well-known scientist from NASA. The team works in conjunction with Verizon’s business units on new products and services with application across diverse areas beyond telecom to include healthcare, technology and education.

The benefit from such centers quickly emerges; the centers become appealing collaboration environments for experts. Companies more easily attract the talent that lives in the region. They become magnets for both senior executives and capable Millennials starting their careers.

For example, AstraZeneca’s CIO Dave Smoley, based at headquarters in the U.K., moved the company’s Chief Technology Officer role to San Francisco and then recruited a local technology leader known for her innovative work at Salesforce and other local companies. The Chief Technology Officer had a Rolodex that included a list of architects from Silicon Valley technology companies.
TE Connectivity, headquartered in Berwyn, Pennsylvania, is a $15 billion leader in electronic components for consumer electronics and other industries. TE’s Global Chief Information Officer, Joe Eckroth, strategically placed his office in Menlo Park, California even though the heaviest concentration of the company’s information technology employees is in Pennsylvania. While this means heavy travel, along with video and phone conferencing, Eckroth maintains “being a CIO in Silicon Valley opens more business doors and creates more networking opportunities. Having now been on both sides, I can honestly say it is a real advantage. The ability to stay tapped into what is going on in the nerve system of technology innovation through networking and just being in the valley far outweighs any negatives. We have a lot of customers and key partners in Silicon Valley, so I think it is imperative that we tap into this unique eco-system and build a presence here, starting with me.”

Eckroth says that the company can not only build better relationships, but can also learn and collaborate with customers on emerging ideas, trends and technologies. He explains, “Innovation and speed are vital to TE Connectivity’s success, and when it comes to both, there is no place like Silicon Valley.”

In addition to getting a head start on talent, CIOs see advantages in creating different, more innovative cultures away from their legacy headquarters. The new centers set a tone for a faster pace and more agile thinking, stimulating the rest of the organization’s IT population to rethink technology development practices. The bottom line is that to be truly innovative, companies can no longer succeed by simply reading up on what is happening in Silicon Valley and visiting once or twice

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-Joe Eckroth, CIO, TE Connectivity, Menlo Park, CA

CIO as venture capitalist

CIOs who want to help drive business growth and innovation will likely need to develop a new mindset and new capabilities. Like venture capitalists, CIOs should actively manage their IT portfolio in a way that drives enterprise value and evaluate portfolio performance in terms that business leaders understand - value, risk, and time horizon to reward. CIOs who can combine this with agility and align the desired talent can reshape how they run the business of IT.

Deloitte Consulting on Tech Trends 2014
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