

# WHAT LIES BEYOND OPERATIONS

## HOW ONE CIO IS CHAMPIONING DIGITAL CHANGE.

IT has struggled to align with business goals for decades. But now the rubber is finally meeting the road: it's more important than ever that IT succeed at adding business value in the era of digital transformation.

Folks throughout organizations are creating ways to disrupt their markets because the advanced and automated technical capabilities are there to support it. Anyone can spin up a cloud service and use digital tools without having to formally consult IT. So it's time that IT fully harnesses the available capabilities, makes cultural and process changes, and plays its part in keeping the revenues flowing so that it stays relevant.

As CIO at Sligro Food Group, a €2.8 billion B2B food service company in the Netherlands, Maurice van Veghel took on this very challenge. His job these days is to add value to IT and to help the department do its back-office job transparently, so that it can contribute to disruption efforts in more strategic and meaningful ways.

### REINVENTING IT

To succeed, van Veghel took a gutsy risk when he revamped his own role at the company, a gamble that has so far paid off. A 10-year veteran at the 85-year-old Sligro Food Group, van Veghel was accustomed to overseeing operations and development that ran on an aging but reliable IBM AS/400 mid-range platform and home-grown RPG-based applications. He realized that if the company wanted to move forward in ways that included expanding its business into additional countries, it would have to change up the way it did things.

The CEO and CFO empowered him in leading a charge to transform the old platform and to ready the traditional wholesale food company for looking at IT in a new, digital light. "Without the full support of senior management, large-scale changes are a 'mission: impossible,'" van Veghel says.

"At a certain point, you realize slowly but clearly that IT is becoming the core of your business in a way," he says. "We cannot expand with our current platform. We can't take it to another country and reprogram it in another language."

Van Veghel knew that his own future at the company hinged on his being able to transform the company from traditional processes, and he was determined to use technology to make it happen. He also knew it was possible that his company's leaders might say no.

Fortunately, they didn't. Van Veghel took a deep breath and hired a successor to his operations role. Building and maintaining a smooth-running, stable operational castle, then giving it away to another owner was tough, he says. But in return, he got the chance at opening doors and windows of digital opportunity throughout his company.

### FEWER TASKS, MORE INNOVATION

He created a core team to help move IT from "delivering a facility to delivering a business" that consists of all young potentials of his current staff and sits between IT and senior management. The traditional IT team reports to van Veghel's replacement director of operations. The new core team has spent about nine months so far creating the

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environment – culturally and financially – that will allow the organization to think, plan, and function in higher-level terms and worry less about operations.

Not that operations isn't important, van Veghel says. "It's just not rocket science anymore. It's easier to deliver IT with all the technology that we have, and with the cloud, it's much easier to create processing power, storage, whatever you need. So time is freed up to go beyond operations, where we care more about basic technology choices and less about the details."

What does that mean organizationally?

"Not all the people [in the IT department] are equipped to go beyond operations," van Veghel acknowledges. He reckons that about 30 percent of his former IT team could be "made suitable to perform in the new digital era."

#### ALL ON BOARD

Van Veghel is the leader of the digital transformation effort and "the board is the most important other component" of the effort, he says (see story, "From the Cold Room to the Board Room," page 24). Getting the board "on board" involved, in part, reserving five afternoons where an external speaker came and talked about "topics that CEOs wouldn't have been interested in five years ago, like minimal viable product, service bus, agile development, and business IT alignment," he says.

The team is poised to embark on getting itself positioned for doing business – and IT – in a whole new way, now that the organization has been set up, resources and budget have been found, and the board has bought into the idea.

If all goes according to plan, Sligro will be well on its way to expanding into new countries and becoming more than a traditional B2B food service wholesaler. The company hopes to become even more focused on customer centricity while using all the digital capabilities available.

"Managing our business in more countries and firing up more new online propositions must be the result of all the effort," van Veghel says.

Within Sligro Food Group in the new era, IT will still be on top of operations and guarding the castle. But it also means having new bridges to new online propositions, new ecosystems, and new countries. The role of IT will transform to providing guidance in technology and talent to agile business teams while still remaining in control of IT governance and architecture.