

Change, domains and automobiles:

Volvo redefines the CIO

Think IT is strictly a support function? **Think again.** A new breed of pioneering CIO is bringing IT out of the back office and into the boardroom – and overturning traditional corporate strategies and roles along the way. We meet **Volvo Cars' CIO Klas Bendrik**, the man in the fast lane of this dramatic transformation.

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► **ONE OF THE MORE UNEXPECTED SIGHTS** in the sprawling industrial landscape that surrounds the Volvo Cars headquarters in Gothenburg, Sweden is a museum. Tucked away amongst the hulking smokestacks and gleaming offices, this modest building is home to vintage cars, trucks and busses – all relics from a bygone age. The question *Ericsson Business Review* has come here to answer is whether the traditional Chief Information Officer (CIO) role is set to join them.

“The days when an IT organization could passively sit and wait for instructions are definitely over. Whatever the industry, today’s CIO has a responsibility to assume leadership; to drive innovation, capabilities and efficiency across the company; and ultimately to help create a sustainable competitive advantage.”

It’s the kind of thinking usually associated with iconoclastic start-ups or some of today’s more notable digital players. But coming from the CIO of an 88-year old corporation with over 22,000 employees spread across three continents, this statement represents something little short of revolutionary.

Revolutionary, however, is what Klas Bendrik does best. In his half-decade at the helm of Volvo Cars’ IT organization, this 45-old Gothenburg native has overseen a remarkable transition in the function, capabilities and ambitions of his domain. The integration of IT into Volvo’s

wider corporate strategy has been so rapid that Bendrik is now closely involved in group decision-making, while outside the boardroom, the company’s cars offer an ever-increasing range of innovative digital features. For Bendrik, however, the shift from IT reactivity to proactivity represents a natural – and necessary – development.

“We are moving into a hyper-connected era, and one immediate consequence is that the business strategy of every company will be at least partly enabled and driven by their IT strategy. In fact, it may no longer make sense to distinguish between the two.

“Digitalization is radically altering the rules of the game, both in terms of the way we work and the expectations of our customers, and Volvo’s journey over the past five years has been all about embracing and leading this change, rather than suffering from it,” he explains.

STACK IS BACK

Bendrik’s philosophy of the new IT organization encompasses four distinct layers. He describes the first as the traditional back office operational functions that enable Volvo to produce, sell and maintain its products. The second covers the continuous development of capabilities to support the future needs of the business, and the third relates to digitalization activities. Finally,



the IT organization works with thought-leadership in the form of strategy, business models and innovation. But despite this rapidly broadening scope, Bendrik emphasizes that the back office has in no way taken a back seat.

“I see IT as a stack that spans our entire business, and we have to succeed at each level. It’s vital to understand that our new responsibilities cannot come at the expense of the operational core – we are taking on additional functions, not abandoning the old ones,” he says.

“No matter how good we are in thought-leadership, if the day-to-day activities don’t work, then everything else fails. This is why, even today, the majority of the IT organization remains occupied in securing a world-class foundation for our strategic activities.”

CULTIVATING TRANSFORMATION

When Bendrik took on the CIO role in 2010, the conditions for successfully pulling off a dramatic IT transformation were less than optimal. Volvo was under new ownership after months of protracted negotiations, and Bendrik was faced with the daunting task of separating the company’s IT systems from previous parent Ford and implementing independent capabilities on a global scale – all in just 18 months. Looking back, he sees it as unquestionably the biggest challenge of his career so far, as well as a major learning experience.

“Having to build from the ground up taught me something incredibly valuable,” he reflects. “At a time when we were facing a turning point as a company and a function, I learned that creating a successful IT organization involves much more than just a structure – it’s about finding the right people and above all, about nurturing the right culture. This gave us momentum to take on the transformation that we are undergoing today.”

THE ETHOS OF THE EXTROVERT

But what exactly does a successful IT culture look like? For Bendrik, facing an automotive industry in a process of deep change, it can be summarized as the ethos of the extrovert.

“It’s no longer enough to be updated on developments in our own backyard. We have to understand global trends and interpret and apply new technologies, ideas and models in the context of our core business. An extrovert outlook has become one of our important strategic capabilities, since it is essential for maintaining any kind of competitive advantage,” he explains.

Openness to the world beyond Gothenburg has come to form the driving force behind some of Volvo Cars’ most eye-catching recent offerings. The Roam Delivery service, for example, which allows drivers to have purchased goods delivered straight to their car at any time, was conceived by analyzing changing consumer behaviors and exploring digital key possibilities. Even seemingly

outlandish ideas, says Bendrik, can be applied to the automotive sector if the thinking is creative enough.

“The whole concept of the connected car began in a rather unexpected place,” he smiles. “Safety was the initial impetus, where cars could automatically call emergency services in the event of an incident. However, the real stimulus came through a general discussion around wireless technologies when somebody suggested being able to start your car heater remotely, which is a strong selling point in countries with winters like Sweden. From that simple idea – which relies on technology developed outside our industry – we have developed a whole range of connected services that create new customer value in terms of both safety and convenience.”

OUTSIDE-IN

Bendrik believes that building a culture in which discussion can flourish requires simultaneous input from two directions – managers should encourage openness, while the grass-roots organization has a responsibility to challenge the status quo as much as possible. He also emphasizes that external perspectives can make the crucial difference between paying lip service to transformation and actually embracing it.

“I’m completely convinced that we benefit enormously as a company from bringing in people with non-automotive backgrounds. It’s perhaps the only way we can truly learn from other industries and examine our own assumptions at the most fundamental level. I share this history myself – I’ve worked in medical devices, energy and consulting, and my very first job was selling vacuum cleaners. These external reference points have been a great asset for me in driving our transformation.

“As a CIO, I want my organization to question everything. When cars and consumers are connected, does it make sense for us to keep doing things in a certain way? What should our business goals be? Why do we still wear suits and ties in the office when our customers mainly wear jeans and sneakers? As far as I’m concerned, everything is up for discussion.”

THREE COMPETENCIES

So what’s next? Bendrik slams the brakes on any suggestion that the transformation of the automotive industry has run its course – anybody expecting digitalization to do anything other than accelerate is in for a shock, he says. While this rapid pace of change makes predictions difficult, Bendrik identifies three core competencies that his organization will need to master over the coming years – adapting value chains, intensifying industry awareness and building new kinds of partnerships.

Setting out the first competency, Bendrik says that although traditional automotive value chains will largely remain in place, successfully integrating new IT capabilities can improve transparency,

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optimize information flow and reduce lead times, as well as creating new revenue opportunities. For the second competency, he explains that it will become even more essential to monitor technology and business model developments across a growing range of industries, from mobility trends and consumer demands to the possibilities created by cloud, sensors and the burgeoning Internet of Things. In many ways, Bendrik sees this process as an intensification of his existing demand for an extrovert outlook.

However, the partnerships he has in mind for Volvo represent a bigger step into the unknown for the company. As Bendrik puts it, the goal is to pick the winners of a race that is only just underway.

“We have a clear demand on all Volvo’s partners – you need to share our human-centric approach and always put the customer first. With the connected car and connected customer constantly rising in importance we are also reaching out, often for the first time, to digital partners to enable new services,” he says.

“Getting our partnerships right and ensuring participation in the best ecosystems are some of my biggest priorities for the years ahead. When I look at the automotive industry as a whole, many of today’s IT relationships are with companies that were successful five, 10 or even 15 years ago. There is no guarantee they will continue to lead. This, I think, is perhaps my biggest responsibility as a leader – properly preparing our organization to secure partnerships with tomorrow’s leaders, who could equally well be a digital multinational or a two-person start up.”

In other words, cars might soon be driving themselves without any external input (Volvo has

already started “Drive Me”, a pilot project to integrate self-driving cars into real traffic in the city of Gothenburg by 2017), but for Bendrik, the future direction of his organization is unquestionably defined by collaboration.

CHANGE, DOMAINS AND AUTOMOBILES

Of course, the ultimate question for Volvo is the long-term outlook for the car itself, as philosophies of shared transport infrastructure gather momentum amongst both city planners and consumers. Bendrik responds that the outcome will be intimately connected with how successfully manufacturers such as Volvo can deliver new value by using digital technologies to reach drivers through multiple channels, solve everyday problems and convey better experiences. The company’s IT journey, it seems, is just getting started.

“We are at the very beginning of our transformation, not the end,” he says. “Personally, I am very grateful, since I think it’s the best time in history to be a CIO. Technologies, business models, consumers – everything is in flux, and opportunities are all around us. My ambition is to make a difference in Volvo’s journey by positioning IT as a true strategic asset for our company and by pushing the boundaries of my role as far as possible. In the end, I believe it is the combination of being innovative and courageous that will lead to success.”

In a small museum outside Gothenburg, amongst the other mementos of a vanished automotive past, it’s time to clear some space for the traditional CIO. ●

INTERVIEW BY NICHOLAS SMITH

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Background Check

Name: Klas Bendrik

Position: Chief Information Officer, Volvo Car Group

Previous positions: CIO, Assa Abloy, Sweden; Senior Manager, Accenture, Sweden; IT Director & CIO, Mölnlycke Health Care, Sweden; Principal Consultant, PricewaterhouseCoopers Consulting, Norway; Various, ABB, Sweden & New Zealand

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