Midsize Enterprise IT Leadership Primer for 2020

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Initiatives: Midsize Enterprise IT Leadership

Gartner’s 2020 research agenda for leading IT in an MSE focuses on strategies that will empower small IT teams to deliver value via a well-executed technology strategy. It will provide provocative and practical insight for CIOs to make informed decisions and drive the success of the organization.

Scope

In 2020, successful midsize enterprise (MSE) IT leadership will require execution and management of rightsized strategies to ensure cost-effective service delivery and support broader business goals.

Critical research topics and key issues in 2020 include:

- **Digital and business transformation**: Informing CIOs on trends and technologies for advancing their enterprises digitally

- **Leadership and management**: Helping MSE CIOs lead their teams and advance their organizations with best practices in talent and resource management

- **Financial management**: Providing MSE CIOs with the tools, research and best practices for smarter spending and budget management

- **Infrastructure, operations and cloud strategy**: Informing and advising MSE CIOs on infrastructure and operations strategies that deliver secure, reliable and cost-effective infrastructure services

- **Application and integration strategy**: Assisting the MSE CIO with research for managing the application portfolio to deliver maximum business value as efficiently as possible

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Analysis

Figure 1. Midsize Enterprise IT Leadership Overview
CIOs at MSEs have a complex and demanding job. They have the same responsibilities as CIOs in large enterprises; however, they lack the economies of scale in terms of resources to meet those responsibilities in an efficient manner.

To be successful given a diverse set of competing responsibilities, the CIO of an MSE must prioritize activities based on value and risk. Although CIOs can exploit inherent advantages of a smaller organization, such as more agility and access to leadership, they must also navigate constraints like limited funding and smaller teams.

The CIO has two primary duties as a technology leader serving the enterprise:

1. Deliver the core IT services required to run the business, preferably using the fewest financial and internal staff resources possible. The value of this first mission is expressed in terms of price for performance — in other words, efficiency.

2. Provide the business with technical direction and thought leadership to help advance their organization’s strategic agenda by delivering technology-enabled solutions that drive improvement in business performance and growth. The value of this second mission is expressed in terms of ROI and in the achievement of enterprise goals that advance the organization’s mission and vision.
Gartner research spans both strategic and operational areas of support for 2020, geared specifically toward context for MSEs.

MSEs must overcome the constraints of small IT teams in order to execute rightsized business strategies and support broader business goals. This research delivers the insights and practical advice that CIOs can use to:

- Build enterprise information and technology architectures that are agile and capable of supporting digital optimization and transformation.
- Develop leadership and talent strategies and tactics to maximize the effectiveness and output of relatively small IT teams.
- Operate within limited budgets and manage a sustainable cost optimization discipline.
- Select infrastructure technologies, tools and processes that will reduce operational complexity and cost, while maintaining performance, reliability and security standards.
- Assess the current application portfolio, identify long-term business needs and provide tools to help decide whether applications should be managed internally or by third-parties.

Our research in this area addresses the following topics:

**Application and Integration Strategy**

Cloud and mobile will continue to influence application strategies in 2020. Pressure to move to the cloud will intensify for MSEs because some large software vendors are aggressively shifting their focus from on-premises to cloud offerings. New disruptive trends — such as, microservices, containers, low-code platforms and APIs — are causing MSE leaders to rethink their approach and design an agile and manageable application portfolio that can deliver granular business services and greater productivity to users and customers.

**Questions Your Peers Are Asking**

- What application delivery models and practical approaches help midsize enterprises execute at scale?
- What actions should midsize enterprise CIOs take to optimize their application portfolio?

**Recommended Content**

- Some recommended content may not be available as part of your current Gartner subscription.
- “How Midsize Enterprises Optimize by Simplifying Their Application Landscape”
- “Midsize Enterprise CIOs: Take These 4 Key Actions When Deploying SaaS”
Planned Research

- Research, including contextualized Magic Quadrants, highlighting vendors and solutions that deliver the fit, functionality, price and scale that MSEs need
- Tools and templates, including decision support, that compare software as a service strategies and long-term impact to the organization
- Case studies and quantitative analysis that show how MSE CIOs can maximize employee productivity gains from new applications
- Planning Guides to help MSEs balance a mixed legacy, on-premises and cloud applications portfolio

Digital and Business Transformation

Gartner defines digital optimization as improving existing processes using digital technologies. Digital transformation, however, leverages technology to create new ways of working, new revenue streams or business models. Gartner estimates over 90% of MSEs will struggle to accomplish transformation due to varying degrees of leadership resistance and resource constraints. MSE CIOs can increase their contribution to their organizations’ strategic direction with leadership and innovation in the digital arena. Continuous and proactive engagement with business leaders creates opportunities to influence strategic plans rather than just react to them.

Questions Your Peers Are Asking

- What digital business transformation strategies are effective in midsize enterprises?
- What emerging technology trends will lead to business innovation in midsize enterprises?

Recommended Content

- “Three Ways Midsize Enterprises Can Maximize Value From DevOps”
- “2020 Strategic Roadmap for the Future of Applications”
- “Customer-Journey-Aligned Integration Strategy (Western Sydney University)”

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- “4 Steps for Midsize Enterprises Building Their Digital Business”
- “Infographic: Supporting a Midsize Digital Enterprise at Scale”
- “Drive Digital Transformation Applying Product Management in a Midsize Enterprise”
- “The State of Digital Business Teams in Midsize Enterprises”
As a percentage of revenue, MSEs spend 80% more on technology (5.3%) than large enterprises (2.9%), according to Gartner research. Some of this is explained by their inability to leverage economies of scale when making technology purchases. In other cases, this is due to technology choices that are misaligned with actual needs and scale. MSEs must be creative and disciplined with finances in order to manage daily operations, fund the technology enhancements the organization demands and drive the most business value from IT investments.

**Questions Your Peers Are Asking**

- How can CIOs make the most effective use of their organization's technology spend?
- How should CIOs be measuring ROI/total cost of ownership on their technology investments?

**Recommended Content**

- "IT Key Metrics Data 2020: Industry Measures — Insights for Midsize Enterprises"
- "Smarter Spending: Invest in Business Outcomes"
- "Toolkit: IT Cost Optimization Status Check"
- "BAYADA's Business Metrics Dictionary for Midsize Enterprises"
- "Cost Optimization Means Spending on the Right Things"
The goal of every midmarket CIO should be to deliver core IT services with the appropriate level of protection required by the business, while consuming the fewest technical and financial resources possible. In the 2020 Gartner CIO Survey, only 21% of CIOs from MSEs stated that they strongly agree that their enterprise is “good at removing technical debt.” However, significant opportunities exist to accomplish this. Emerging technology solutions and approaches can help reduce the operational complexity of IT environments while maintaining the performance, reliability and security of the core infrastructure.

**Questions Your Peers Are Asking**

- What current and emerging technologies are best aligned to midsize enterprises?
- How can midsize enterprises optimize and secure service delivery and core processes?

**Recommended Content**

- “Midmarket Context: Overcome Barriers to Agility by Reducing Technical Debt in I&O”
- “2020 Planning Guide for Infrastructure and Operations”
- “Hype Cycle for Midsize Enterprises 2019”
- “2019 to 2021 Emerging Technology Roadmap for Midsize Enterprises”
- “Infographic: 2019 Midsize Enterprise (MSE) IT Performance Dashboard”

**Planned Research**

- Research, including contextualized Magic Quadrants, highlighting vendors and solutions that deliver the fit, functionality, price and scale that midsize enterprises need
Leadership and Management

MSE IT organizations are often confronted with skills and talent gaps. In addition, a recent Gartner survey showed that only 18% of IT leaders exhibit high levels of business acumen. Navigating the digital era will require MSE CIOs to build teams with both technical versatility and business acumen. They must use their unique vantage point in the organization to work in tandem with the business in order to leverage all available skills and better achieve digital business initiatives.

Questions Your Peers Are Asking

- How should CIOs in MSEs lead in the areas of culture, climate and talent management?
- How can the CIO in a midsize organization be a more strategic leader in the enterprise?
- How are operating models evolving to deliver greater speed, agility and innovation?

Recommended Content

- “Midsize Enterprise CIOs Must Emulate Chief Digital Officers to Stay Relevant”
- “The Talent Landscape in IT Midsize Enterprises”
- “IT Performance Dashboard Builder”
- “Why Midsize Enterprise CIOs Need to Look Outside IT for Capacity — The Case in Numbers”
- “Business-Acumen-Focused IT Employee Development (Ellucian)”

Planned Research

- Research to help MSEs to lead and develop staff to support the evolving talent needs of IT
- Tools and benchmarks, including Ignition Guides, job descriptions and compensation data for emerging and evolving roles in IT
- Case studies that show how CIOs in MSEs can organize IT around a product management model to be more responsive to business needs
Planning Guides to help MSEs measure and communicate the business value of IT

Suggested First Steps

■ “The IT Score for CIOs”: Assess your organization’s IT maturity.

■ “Gartner IT Budget Tool”: Determine how your current level of technology investment lines up with others in your peer group.

■ “IT Key Metrics Data 2020: Industry Measures — Insights for Midsize Enterprises”: Benchmark your current IT spending and staffing against organizations of similar size.

Essential Reading

■ “The CIO’s Guide to Strategic Engagement”: Engage with business leaders to create opportunities to influence strategic plans rather than just react to them.

■ “4 Steps for Midsize Enterprises Building Their Digital Business”: Assist senior executives in understanding digital concepts and the importance of the digital journey.


■ “Hype Cycle for Midsize Enterprises, 2019”: Practically apply emerging technologies to advance business outcomes, reaching scale without massive resource investment.

■ “The Cloud Strategy Cookbook, 2019”: Build a cloud strategy in a short, living document that connects business strategy to implementation and migration plans.

■ “Build a Data-Driven Enterprise”: Lead development of the necessary competencies to build a data-driven enterprise.

■ “Midsize Enterprise CEO Priorities Dictate CIO Strategies”: Deliver the technology initiatives that yield a competitive advantage by establishing a clear link to the CEO’s business priorities.

■ “2019 to 2021 Emerging Technology Roadmap for Midsize Enterprises”: Benchmark your adoption of emerging technologies against that of your peers in MSE.

■ “Infographic: 2019 Midsize Enterprise (MSE) IT Performance Dashboard”: Discover the most critical IT metrics that help report the performance of IT to an executive audience.

■ “Why Midsize Enterprise CIOs Need to Look Outside IT for Capacity — The Case in Numbers”: Take advantage of capacity outside of IT to increase the overall enterprise’s ability to tackle digital projects.
Tools and Toolkits

- “Toolkit: IT Strategy Template 2.0 — Embedding Information and Technology in Business Strategy”: Create an information and technology strategy that can be either embedded as a core part of the business strategy or stand on its own.
- “Toolkit: 1-Page I&T Strategic Plan Template Visualizes the Links to Business Objectives”: Visualize the three tiered planning artifacts of I&T strategy, I&T strategic planning and operational plans.
- “Toolkit: Best of ... Data and Analytics Strategies”: Learn from other organizations’ data and analytics strategies.
- “Toolkit: A Model to Segment Technology Vendors to Determine Relationship Impact and Business Value”: Segment vendors to allocate resources and align governance across the vendor portfolio.
- “Toolkit: A CIO Guide for Strategy Conversations”: Conduct engaging strategy conversations with other senior executives to create the information and technology strategy and influence business strategy.
- “IT Performance Dashboard Builder”: Articulate the value IT brings to the organization by benchmarking and visualizing the most critical performance metrics for IT leaders in MSEs.

Evidence

The 2020 Gartner CIO Survey was conducted online from 4 June 2019 through 5 August 2019 among Gartner Executive Programs members and other CIOs. Qualified respondents are each the most senior IT leader (CIO) for their overall organization or a part of their organization (for example, a business unit or region). The sample includes 1,070 CIO respondents in 64 countries and across major industries (public and private), representing approximately $3.5 trillion in revenue/public-sector budgets and $67.5 billion in IT spending. There were 258 respondents from commercial organizations with annual revenue between $50 million and $1 billion, which is representative of midsize enterprises. Fifty-four percent of the midsize enterprise respondents report directly to the CEO and 73% cited that they were a formal member of the executive team.

1 Gartner defines midsize enterprises as organizations with between $50 million and $1 billion in revenue and 100 to 1,000 employees. Midsize enterprises are however, not a single, homogeneous group of organizations. The diversity is broad, from annual revenue and number of employees to the size of IT departments and the type of business and ownership structure. Midsize enterprises are bound by a similar set of challenges — most notably, limitations in IT staffing and funding for IT investments.