Maximize the Value of Digital Workplace Investments in Midsize Enterprises

By Albert Gauthier, Mike Cisek
The rate of change and growth of remote and hybrid work requires midsize enterprise CIOs to reexamine technology investments. In a resource-constrained environment, the digital workplace must pay for itself by reducing technical debt.

Overview

Key Findings

- Technical debt is forcing CIOs to reassess technology budgets for 2022.
- Organizations are responding to the reactive acquisition of digital workplace tools during the pandemic, resulting in bloated technology portfolios.
- Less than half of all organizations have a formal digital workplace strategy.

Recommendations

Midsize enterprise CIOs leading digital workplace initiatives must:

- Rationalize the digital workplace portfolio by divesting from legacy and redundant technologies with low digital workplace value.
- Leverage digital workplace investments and native integration capabilities to reduce technical debt.
- Optimize the digital workplace with change strategies spanning all organizational domains.
Introduction

The “digital workplace” is a ubiquitous term used to describe changing work locations, practices and technologies. Most organizations have begun their journey into a digital workplace with collaboration and file sharing as the primary collaboration tools. The pandemic has created demand to expand and accelerate the digital workplace with enterprise applications including ERP, human resources management (HRM) and other multicloud offerings, while sustaining a strong risk and compliance posture.

The digital workplace is a business strategy that leverages an engaging and intuitive work environment to boost workforce digital dexterity – the ambition and ability to apply technology to improve business capabilities. The digital workplace, and those who lead it, will shape the future of work.

The pace of change surrounding digital workplace ecosystems has increased significantly. The evolution is due to dynamic hybrid work practices and the journey into digital workplace platforms that include productivity, collaboration and file sharing.

The pandemic triggered necessary investments in digital workplace tools, which now demand that these technologies and the tools required to maintain them in 2021 undergo a process of cost optimization (see Figure 1). These investments and optimizations have continued with the need to integrate the digital workplace with enterprise applications and other cloud offerings.
Reactive acquisition of digital workplace solutions in response to pandemic drivers left many enterprises with bloated technology portfolios, an overlap in solutions and budget inefficiencies. Midsize enterprise CIOs must now rationalize their portfolios and align/realign with organizational and line of business (LOB) goals by developing a formal digital workplace strategy. CIOs must extract maximum value from digital workplace investments by exploiting underutilized or unutilized capabilities in their digital workplace portfolio, and eliminating duplicates.

Exploiting the digital workplace to automate business processes using technologies such as robotic process automation (RPA), content services and low-code/no-code development will deliver maximum value.

**Analysis**
Rationalize the Digital Workplace Portfolio

Midsize enterprise CIOs must programmatically evaluate cost-effective alternatives to legacy investments as solution providers migrate to cloud-hosted applications and data storage in the digital workplace.

Cloud-hosted storage solutions include data loss prevention (DLP) features, security and compliance, advanced metadata management, notification, archiving, and role-based access controls (RBAC). As such, they provide midsize enterprises the opportunity to rationalize their digital workplace portfolios while reducing costs and improving resiliency, which are the top two key performance indicators (KPIs), according to a recent survey of infrastructure and operations (I&O) leaders in midsize organizations, used to measure success of digital technology investments (see Figure 2).

Figure 2: KPIs Used to Measure Success of Digital Technology Investments

<table>
<thead>
<tr>
<th>KPIs Used to Measure Success of Digital Technology Investments</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce Costs</td>
<td>42%</td>
</tr>
<tr>
<td>Improve Resiliency</td>
<td>36%</td>
</tr>
<tr>
<td>We Don’t Measure Success of Digital Investments</td>
<td>33%</td>
</tr>
<tr>
<td>Customer Effort Score</td>
<td>27%</td>
</tr>
<tr>
<td>Increase Revenue</td>
<td>24%</td>
</tr>
</tbody>
</table>

n = 33; midsize enterprise respondents

Q: What metrics or key performance indicators (KPIs) does your IT infrastructure and operations (IT I&O) organization use to measure success of its digital technology investments?

Source: Gartner 2021 Annual I&O Leaders Survey

Note: Gartner’s One Circle Research Circle Members 759871_C
Cloud-based alternatives are replacing on-premises storage. Features native to cloud-based storage solutions often require costly add-ons, maintenance and regular hardware refresh cycles on-premises, which contributes to technical debt. Cloud storage solutions provide broader access to data over a wide range of devices and applications while integrating security and compliance features within the platform.

Technology designed for collaboration in an on-premises environment is being displaced by hybrid office tools. As opportunities arise, midsize enterprise CIOs must look to displace costly conference room bridges, video monitors, projectors and video cameras as they become less relevant in future work environments.

In their place, subscription-based office productivity suites that support collaboration natively with seamless integration to cloud-based storage and enterprise content management are being adopted.

These cloud-enabled tools provide collaborative authoring, workflows, managed metadata and advanced features, and avoid accumulation of term technical debt. New capabilities such as version control and library metadata integration provide advanced document templating and reusability, which aid in reducing the total cost of ownership (TCO) associated with data management.

The current generation of digital workplace collaboration tools is becoming the primary communications vehicle in many organizations. VoIP communications integrated in current-generation collaboration solutions can also displace traditional telephony hardware found on most office desktops. Telephony features and public switched telephone network (PSTN) integration with collaboration suites remain largely cost-prohibitive; however, CIOs can expect much higher-level PSTN functionality in software-based solutions. Considerable cost savings may also be realized by elimination of Session Initiation Protocol (SIP) trunks or primary rate interface (PRI) circuits required to support customer premises connectivity.

**Recommendations:**

- Reduce investment in dedicated, hardware-based conferencing solutions.
- Conduct load studies through telecom providers on circuit utilization and reduce investment.
- Build a proactive cloud-centric storage strategy with hybrid storage enabled.
- Budget and plan for subscription-based licensing to replace perpetual licenses.
Leverage Digital Workplace Investments to Reduce Technical Debt

Managing and avoiding technical debt were cited by midsize enterprise I&O leaders as two of the top three challenges/threats facing their I&O organizations over the next 12 months (see Figure 3). The digital workplace provides ample opportunities for midsize enterprises to both manage and avoid technical debt. Access to myriad APIs, ease of integration, increased automation opportunities and access to low-code/no-code application development platforms enable midsize enterprises to maximize the value of their digital workplace investments.

- Avoid procuring multiple digital workplace platforms or solutions within functional groups of collaboration, communications or document processing.
- Diminish investment in traditional PSTN switches or hardware-based VoIP in favor of cloud-hosted solutions.
- Realize cost savings from scaled SIP trunks or Primary Rate Interface (PRI) circuits and rightsize these circuits.
Integration of on-premises applications, combined with app service gateways, permits secure and frictionless API integration, leading to improved data access and sharing. Low-code/no-code tools enable IT teams in midsize enterprises to easily tailor data and data outputs to the needs of specific business units and/or individuals and their day-to-day jobs (see How to Optimize Your Integration Strategy to the Needs of Different Personas).

Low-code application development tools provide a lower-TCO alternative to in-house app development as well as a safe and effective way to enable citizen developers (see How to Define and Guide Citizen Development Practices). Low-code/no-code tools allow midsize enterprises to replace technical-debt-heavy custom APIs developed to support the extraction, transformation and loading (ETL) functions of enterprise data across on-premises and cloud-hosted applications. This lowers dependence on developers and consultants while providing business users the autonomy they desire, without introducing operation risk to production data environments.

Q: What are the biggest challenges or threats to your IT infrastructure and operations (IT &O) organization for the next 12 months?
Source: Gartner 2021 Annual IT &O Leaders Survey
Note: Gartner’s One Circle Research Circle members

n = 33; midsize enterprise respondents
Workflow tools in digital workplace offerings increase the ease and opportunity for business process automation with off-the-shelf integration to many enterprise applications. In situations where integrations don't exist, application service gateways and low-code/no-code tools provide the APIs and webhooks needed to build virtually any integration with low technical investment and high sustainability, using RPA, integrated enterprise content management (ECM) and low-code/no-code development with advanced information security.

Recommendations:

- Leverage low-code/no-code solutions to extend the features/functions of existing applications.
- Exploit native integration capabilities in the digital workplace using application service gateways and SaaS application APIs.
- Augment or replace legacy file shares with the cloud storage and content management features included in the digital workplace.

Optimize the Digital Workplace With Change Strategies Spanning All Organizational Domains

Optimizing digital workplace value will require adaptations to organizational technology, leadership, workplace and culture. A focus on technology alone will not develop a digital workplace that is accepted or functional across LOBs. Exposing business units to these solutions and technologies in the absence of clear alignment to business goals is equal to creating a solution without a specific problem it will solve.

Strategic business plans must explicitly quantify the impact of the digital workplace across the respective organizational domains. CIOs must develop a digital workplace framework and demonstrate that alignment of these organizational domains to the framework is a factor in the continued success of the business. Support from peers across the business will ensure that CIOs have the tools and the will to accept the necessary changes.

To avoid change fatigue, midsize CIOs must develop and initiate change management that delivers both business value and user satisfaction. Aversion to change, or pushback, can be avoided by the alignment of business objectives, the methodical pacing of the change and the development of change management teams across the LOBs.
Recommendations:

- Expose the necessary LOB adaptations needed to support a digital workplace by creating a change management roadmap that deliberately identifies those nuances.
- Develop business plans demonstrating the impact and value of the digital workplace by collaborating with LOB cohorts.
- Concurrently, accelerate and decelerate adoption of a digital workplace framework by explicitly addressing cultural and organizational dynamics.

Evidence

2020 Midsize I&O Leader Survey: Gartner’s Annual I&O Leaders Survey was conducted to track burning issues for I&O leaders and where they are prioritizing their investments over the next year, and also explored their investments in cost optimization and innovation strategies.

The worldwide survey was conducted online from 18 May 2020 through 8 June 2020 with 133 participants, Eighty were from Gartner's Research Circle* — a Gartner-managed panel — and 53 were from external samples.

To participate, respondents were required to have visibility into their company’s I&O organization, including its business goals and/or priorities. The survey was developed collaboratively by a team of Gartner analysts, and was reviewed, tested and administered by Gartner’s Research Data and Analytics team.

2021 Midsize I&O Leader Survey: Gartner’s Annual I&O Leaders Survey was conducted online from 14 June 2021 through 25 June 2021 to track burning issues for I&O leaders and where they are prioritizing their investments over the next year. It also explored investments in cost optimization and innovation strategies. In total, 96 Gartner Research Circle* members participated, of which 71 were IT leader members, 22 were CIO members and one was a CFO member.

Members from North America (45%), EMEA (35%), the Asia/Pacific region (11%) and Latin America (9%) responded. The survey was developed collaboratively by a team of Gartner analysts, and was reviewed, tested and administered by Gartner’s Research Data and Analytics team.
Note: The results of these studies are representative of the respondent base and not necessarily the market as a whole.

* Gartner's Research Circle members include leaders from application management, data and analytics, business process improvement, enterprise architecture and technology innovation, IT I&O, program and portfolio management, security and risk management, sourcing and vendor relationships, strategic planning, product development and management, and software engineering, among others, representing a mix of industries and organization sizes, with the majority in North America and Western Europe.

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