2022 CIO Agenda: Create an Action Plan to Master Business Composability
It’s time to master business composability

Business composability is not a new concept. In fact, most businesses already follow some of its principles in some way.

However, where your organization falls on the scale of low, moderate or high composability will determine how effective your operating model is.

It’s not enough to simply add new technology in an attempt to create modular business pieces. The changes must be strategic, and they must be scaled across the organization.

Outdated operating models focus on efficiency and assume an orderly, slow-changing and relatively predictable business environment. Even before the COVID-19 pandemic, the business world was rife with disruptions ranging from trade wars to Brexit.

The “new normal” is disruption. Organizations that lean into this reality and leverage their innovation capacity, technology and reach to deliver the scale and pace needed to achieve enterprise goals, will out-deliver their peers. They will not only survive, but grow as a result and stay ahead of the pack.
An antidote to risk

As boards of directors have increased risk appetite (or plan to), an economically and politically polarized society is the biggest risk.

Organizations with high composability came out of the pandemic ahead of their moderate and low-composability peers. They are faster and more effective at developing new partnerships, pursuing new opportunities, offering innovative products and being more responsive to customers, clients and citizens.

57% of boards of directors believe an economically and politically polarized society is the biggest source of risk.
Business composability drives business performance

What is business composability?
Business composability applies modularity to any business asset — people, processes, technologies and even physical assets — so that leaders can quickly, easily and safely recompose them and create new value in response to disruption.

Mastery of business composability stretches across a spectrum, from those just starting out, to those that have made business composability the default way of thinking and executing. The benefits flow accordingly. The greater the level of mastery of business composability, the higher the relative performance.

Comparison of Business Performance Against Average Business Composability Scores

n = 2,304 CIOs and technology executives
Source: 2022 Gartner CIO and Technology Executive Survey
What’s the difference between traditional and composable thinking?

<table>
<thead>
<tr>
<th></th>
<th>Traditional Orientation</th>
<th>Composable Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>Efficiency</td>
<td>Flexibility/agility</td>
</tr>
<tr>
<td><strong>Value</strong></td>
<td>Cost leadership at scale</td>
<td>Highly attuned to business environment</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>Technology automation drives efficiency and scale</td>
<td>Composable technologies enable multiple outcomes simultaneously</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Plan-driven, approval-based, safe</td>
<td>Distributed, emergent, empirical, continuous, calculated risk</td>
</tr>
<tr>
<td><strong>Sourcing</strong></td>
<td>Conventional enterprise services</td>
<td>Composable (low-code, no-code services)</td>
</tr>
<tr>
<td><strong>Talent</strong></td>
<td>Generalists and specialists</td>
<td>Flexible “versatilists”</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>Values low-risk, predictable execution</td>
<td>Values rapid responsiveness to environmental change</td>
</tr>
<tr>
<td><strong>Cycle Times</strong></td>
<td>Long (months)</td>
<td>Hybrid long and short*</td>
</tr>
</tbody>
</table>

Source: Gartner

* Modular components initially take longer to create but less time to redeploy.
Three action areas of business composability

Organizations that want to excel in business composability must develop skill sets in all three domains that extend throughout the enterprise.

1. **Composable thinking:**
   a mindset to guide the business through uncertainty and opportunity

   “Leaders at my organization encourage the creation and reuse of modular business capabilities and technologies.”

2. **Composable business architecture:**
   a blueprint to manage the pace of business change

   “We combine business elements (e.g., capabilities, products and services) in multiple ways to create new value.”

3. **Composable technologies:**
   systems and data that integrate quickly and easily

   “The work of producing technology capabilities is modularized and automated using APIs, microservices and other modular components.”
Assess your business composability

**Q. To what extent does your enterprise utilize these principles?**

<table>
<thead>
<tr>
<th></th>
<th>Not at all</th>
<th>Rarely</th>
<th>Somewhat</th>
<th>Limited (e.g., in specific business units)</th>
<th>Common in several (but not most) business units</th>
<th>Widely</th>
<th>Extensively throughout the enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Thinking</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Our culture encourages the continuous exploration and creation of game-changing business capabilities.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td><strong>Business Architecture</strong></td>
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<tr>
<td><strong>Technologies</strong></td>
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<td>7</td>
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**Interpreting your score:**

- You enjoy **High Business Composability** if you scored 6 or 7 on Thinking, Business Architecture AND Technologies
- You enjoy **Moderate Business Composability** if you scored 4 or 5 on Thinking, Business Architecture OR Technologies
- You enjoy **Low Business Composability** if you scored 1,2 or 3 on Thinking, Business Architecture AND Technologies
Create an Action Plan to Master Business Composability

It’s likely that assessing your current business composability level helped identify key areas to work on. Every organization has areas in which it is less mature. In fact, none of the organizations surveyed were proficient in all the key actions.

On page 9, we provide an example of actionable steps for the business architecture domain. Each of these actions made a significant contribution for high-composability organizations.

**Where to start**

**Low-composability** organizations should begin on Step 1.

**Moderate-composability** organizations should begin on Step 2.

**High-composability** organizations should begin on Step 3.

Use the planner on page 10 to track your progress.

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Only a Few Enterprises Are Really Good at Business Composability

13% Low Composability

81% Moderate Composability

6% High Composability
Example: How to apply composability to your business architecture

<table>
<thead>
<tr>
<th>Step</th>
<th>Shape multidisciplinary teams to align on value</th>
<th>Embrace distributed accountability for digital outcomes</th>
<th>Design business processes and technology together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td>Shift from uncoordinated siloes to teams working around customer journeys</td>
<td>Establish “fusion” teams with joint accountability for digital outcomes</td>
<td>Use priority business capabilities to define and develop the technology and business transformation efforts</td>
</tr>
<tr>
<td>Step 2</td>
<td>Establish “fusion” teams to accelerate technology-enabled business transformation</td>
<td>Adjust governance practices to balance autonomy and control with distributed accountability</td>
<td>Create dedicated roles to coach fusion teams and stakeholders in Agile, lean products, etc.</td>
</tr>
<tr>
<td>Step 3</td>
<td>Have “fusion” teams leverage cross-enterprise communities for insight into the business environment</td>
<td>Redistribute responsibilities for the enterprise's technology portfolio among IT and business technologists</td>
<td>Apply agile development methods to complete business activities, not just technology efforts</td>
</tr>
</tbody>
</table>
Create a business composability action planner

<table>
<thead>
<tr>
<th>Composable Thinking</th>
<th>Will Do More Of</th>
<th>Will Do Less Of/Stop Doing</th>
<th>How We Will Measure Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composable Business Architecture</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Composable Technologies</td>
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Organizations need to develop business composability now

These actions will help your organization get the biggest ROI from business composability. All enterprises, CIOs and technology executives can benefit from these actions and might already be doing them at some siloed level.

Business composability is just as much a mindset shift as a strategy shift. CIOs will be responsible for encouraging a new culture alongside a new approach to flexible operational models.

At successful organizations, the CIO will act as evangelist, engineer and orchestrator, as he or she views change as a tool, provides guidance on modular designs that enable change, then helps to execute it.

Three action areas of business composability

1. **Composable thinking**: a mindset to guide the business through uncertainty and opportunity
2. **Composable business architecture**: a blueprint to manage the pace of business change
3. **Composable technologies**: systems and data that integrate quickly and easily

Organizations need to develop business composability now.
The Gartner CIO Agenda

The Gartner CIO Agenda is based on the 2022 Gartner CIO and Technology Executive Survey. Qualified respondents are the most senior IT executives for the overall organization or their part of the organization.

Respondents:

2,387 CIOs/technology executives
85 countries
All major industries
Representing $185 billion in IT spending
Actionable, objective insight

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  - Download Now

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  - Download Now

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  - The Gartner 2022 CIO Agenda: Make Composability Your Superpower
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  - Watch Now

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