



Gartner®

Leadership Vision for 2022

Top 3 Strategic
Priorities for Midsize
Enterprise CIOs

From Chris Howard, Chief of Research, Gartner

In 2022, we continue to feel the human toll of the global pandemic, and we know that 2021 has been a watershed period in which attitudes and norms have permanently shifted — in our everyday lives and at work.

Living through COVID-19 has increased social awareness — as have growing demands for equity for those who are underrepresented.

Businesses have also changed. For many organizations, the pandemic has catalyzed digital business initiatives as we adapt to the demands of employees, customers and other stakeholders, who were forced into new digital options that they have now come to favor.

B2B purchasers are happy to buy digitally, without a sales representative; B2C consumers are buying off social media platforms; employees are physically distributed and communicating asynchronously — and IT infrastructures must secure the organization despite this “anytime, anyway, anywhere” way in which we’re operating.

You and your team may be burning out, and it’s never been more important to prioritize your time and energy.

In your role as a leader, you’ve now spent months adapting to change and delivering new solutions at speed. You and your team may be burning out, and it’s never been more important to prioritize your time and energy. To help with that, Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to focus — based on our data-driven research.

We’re providing detailed insights to our clients across dozens of roles, and we’re now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2022.

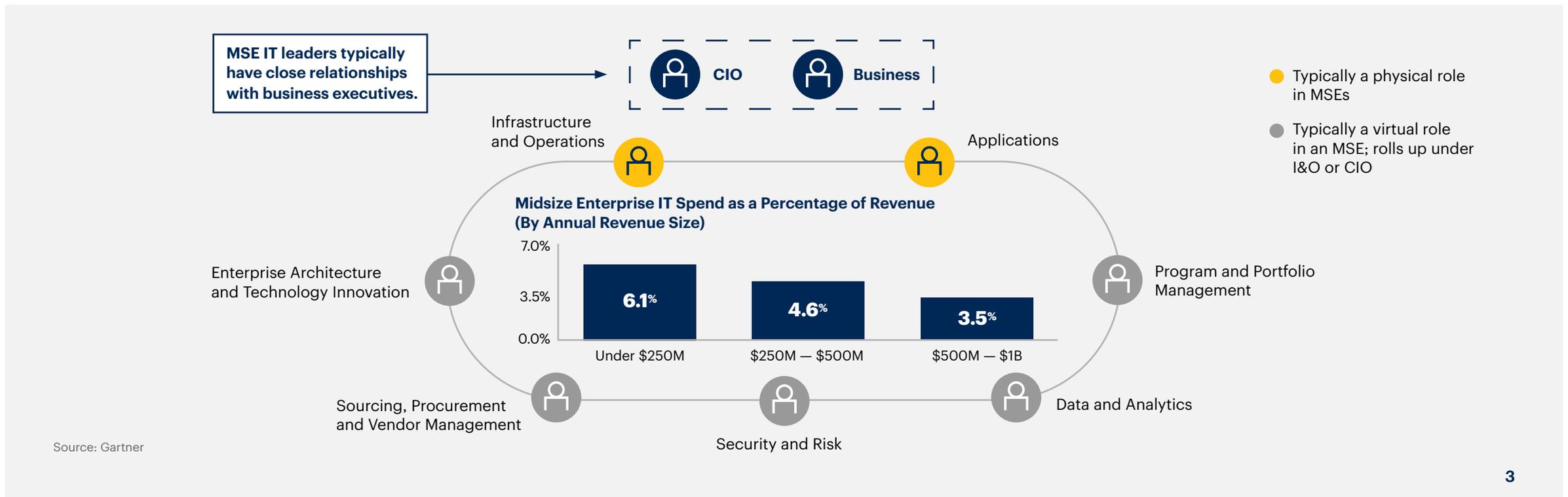


Chris Howard
Chief of Research, Gartner

The Typical MSE IT Organization

IT teams working within midsize enterprises (MSEs) are small — typically between 10 and 30 full-time equivalents. That extends to the management ranks as well. Those on the lower end of the revenue spectrum often lack a CIO (in title at least) and are led by those at the director or manager level.

Leaders are intimately involved in what happens at a business level. Virtual roles are common, and many roles are multidimensional. Effective execution in an environment where ecosystems are smaller (and budgets tighter) requires a much different approach from a people, process and technology standpoint.



Trends and Actions for the MSE CIO



Digital priorities

MSE CEOs leave no doubt about the importance of digital initiatives as evidenced by their proposed spending plans. **97%** of CEOs plan to maintain or increase their spending levels. **71%** of MSE CIOs anticipate budget increases for IT.



Actions for the MSE CIO

Deliver enterprisewide value by leading digital initiatives that properly consider customer wants, business needs and operational readiness.



Critical staffing needs

With digitalization comes a greater need for certain skills. MSEs often compete for talent at a disadvantage in terms of salary and benefits. Given staffing constraints, MSEs find themselves hiring for a breadth of skills as much as for a depth of skill to accomplish the work.



Ensure proper technology staffing resource by considering all possibilities for attracting, retaining and developing talent.



Cost management

MSE size and scale make financial efficiency difficult. Organizations with between \$1 billion and \$10 billion in revenue report IT spending as a percentage of revenue at **2.3%** annually. That number doubles to **4.6%** for a midsize organization with between \$250 million and \$500 million in revenue.



Enhance cost optimization efforts by organizing around a framework for orderly cost control that goes all the way to value creation.

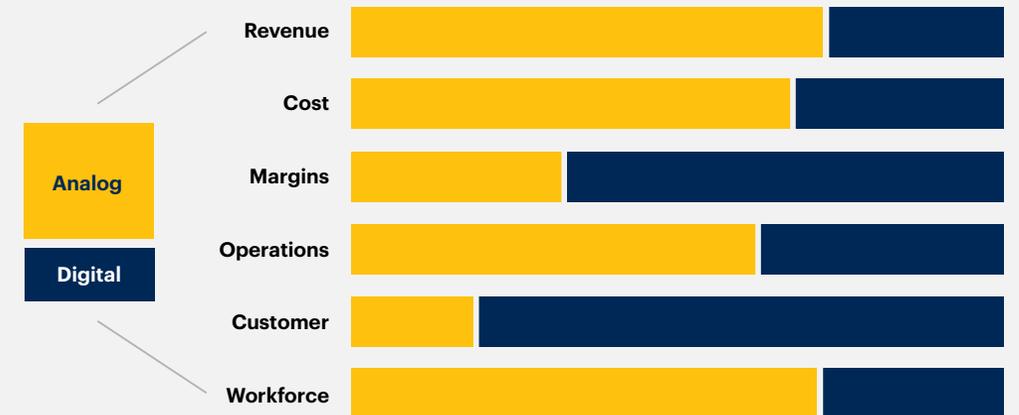
Assess Digital Deployment in Light of Business Needs and Customer Wants

Not every digital initiative is a value-producing one. Conduct an assessment of each initiative at the ideation phase to ensure you're apportioning digital deployment to create value.

It is possible to “overdigitalize” to the detriment of operations and your customers. For example, digital initiatives can be a powerful force in attracting, servicing and retaining customers, but it is possible to overdigitalize the customer experience.

Many MSEs differentiate themselves, and hence compete, on the personal touch they offer. Consider customer interaction with your organization to assess when they want all the convenience of the digital experience, and when they want the comfort of dealing with you directly and in low-tech fashion.

Breakdown of Analog Versus Digital Processes Illustrative



Evaluate Options for Tough-to-Fill Needs

Digital initiatives, hybrid work, cloud initiatives and the desire for work flexibility (for both hours worked and location) are becoming more important to the labor pool. Over half of MSE workers say that they would consider a new position only if it allowed them to work from the location of their choice (59%) and/or to work flexible hours (63%). While MSE CIOs can work to develop more-flexible employee value propositions, the smaller size of their organizations may make that especially challenging.

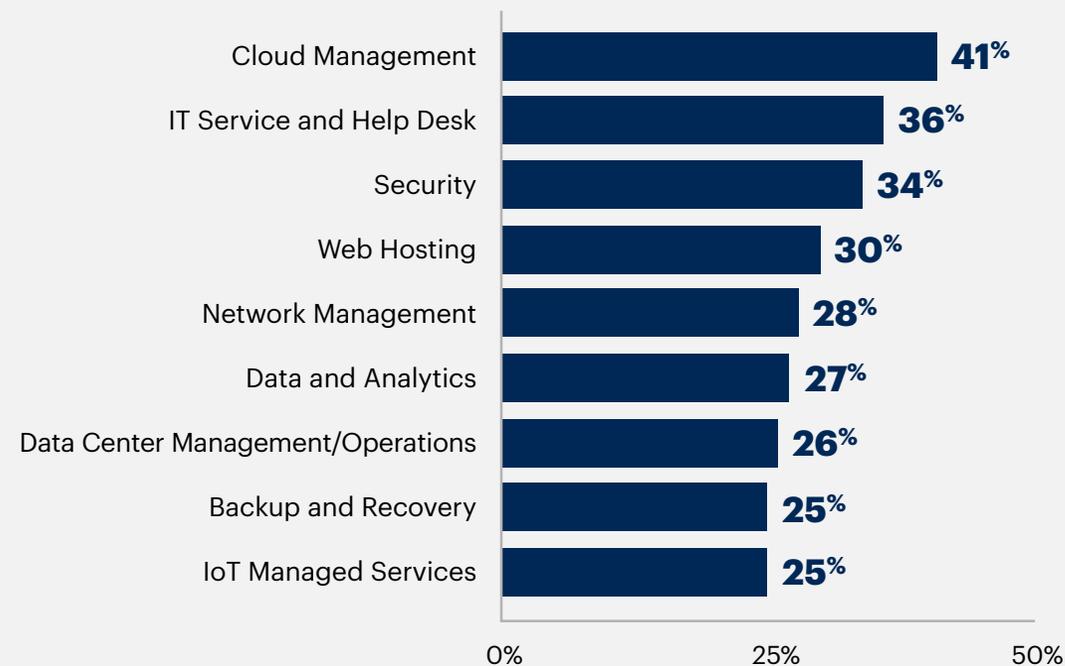
Also, given uncertainties around talent, MSEs must consider contract resources to augment their current staff. Gartner IT Key Metrics Data indicates that 18% of MSE IT workforce is made up of contract labor. A range of third-party-managed services also represent fertile ground for resource-constrained MSEs to fill critical roles. Third-party solutions are still very popular for augmenting thin resources or covering out-of-hours operations. MSEs can be very creative with these services. In security, for example, third-party resources range from hiring a virtual chief information security officer (to provide or augment the management, compliance and culture side) to hiring a managed security service (to provide or augment the day-to-day tactical side).

n = 649

Q. What ongoing third-party-managed IT services (excluding software as a service) are being used as a permanent solution because a decision has been made not to deliver these functions, capabilities and/or services using internal personnel?

Source: Gartner Midsize Enterprise Baseline

Third-Party-Managed IT Services Being Used as a Permanent Solution



Develop a Plan for Continual Cost Optimization

Cost optimization is critical in resource-constrained MSEs because every expenditure must count. However, in the busy world of the MSE CIO, it is easy for things to creep into the business and/or technology portfolio(s) whose

consumption of financial and human resources eclipse the value that they provide. In creating a roadmap for cost optimization, tailor it to the capabilities and culture of your organization.

Roadmap for Cost Optimization

Assess Current Cost Structures

- Conduct assessments to identify cost optimization opportunities:
 - Analyze the business portfolio.
 - Assess existing business capabilities.
 - Examine organizational design and structure.
- Conduct assessments to identify cost optimization opportunities.

Prioritize Compelling Cost Optimization Opportunities

- Prioritize cost optimization opportunities with the C-suite and business leaders.
- Drive consensus among the C-suite and business leaders.

Communicate Cost Optimization Strategy Throughout the Enterprise

- Create the change strategy.
- Communicate the cost optimization approach throughout the enterprise.
- Drive cross-silo coordination.

Actionable, objective insight

Explore these additional complimentary resources and tools for IT leaders:

 <p>eBook Emerging Technology Roadmap for Midsize Enterprises</p> <p>Benchmark your plans and make confident investment decisions.</p> <p>Download Now</p>	 <p>Webinar Gartner Midsize Enterprise CIO Agenda 2022: Use Composability Through Disruption</p> <p>Learn how IT leaders use composable business to their competitive advantage.</p> <p>Watch Now</p>	 <p>eBook Gartner Top Strategic Technology Trends for 2022</p> <p>12 trends shape the future of digital business.</p> <p>Download Now</p>	 <p>Roadmap The IT Roadmap for Digital Business Transformation</p> <p>Avoid pitfalls and lead smart, effective digital transformations.</p> <p>Get Roadmap</p>
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