

# Leadership Vision for 2020: Midsize Enterprise CIO

1 May 2018

*Mike Cisek, Research Director*

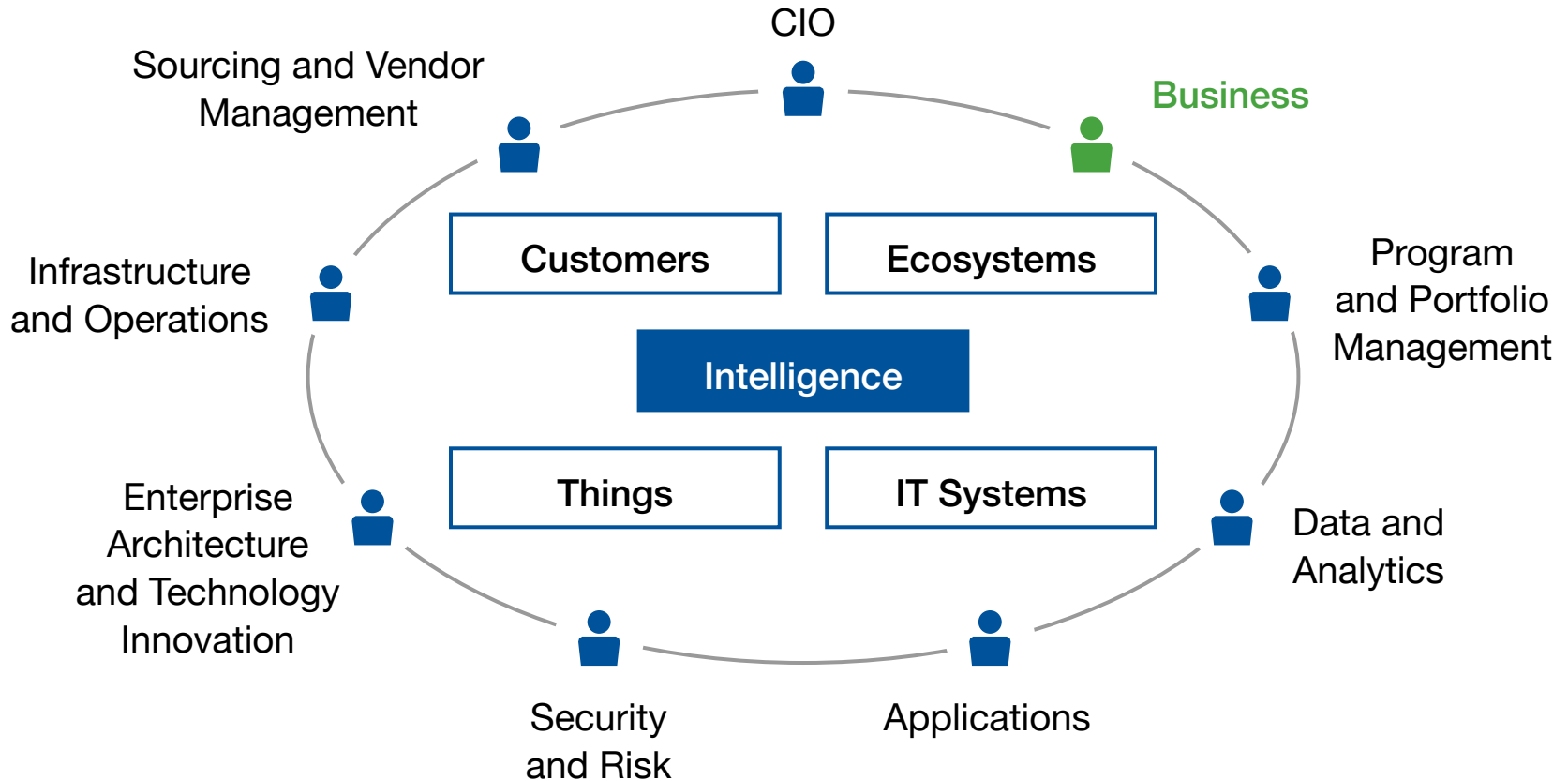
*Vivek Swaminathan, Research Director*

**Gartner**<sup>®</sup>

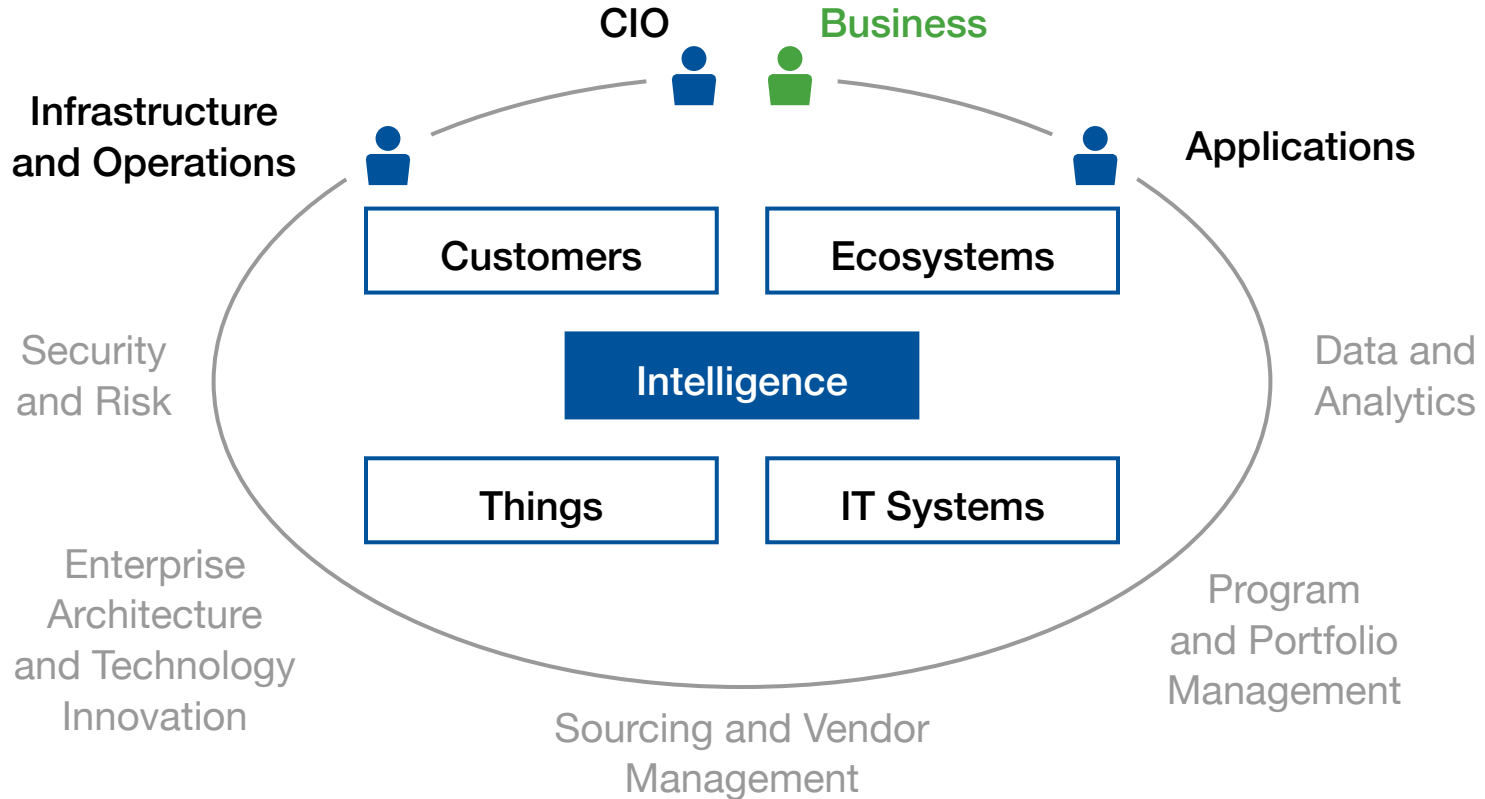
There is nothing so useless  
as doing efficiently that which  
should not be done at all.

*Peter Drucker*

# Implementing Digital Platforms – A Team Effort



# Implementing Digital Platforms – A MSE Team Perspective

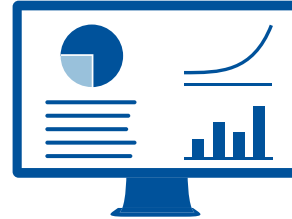


# MSE CIOs Must Drive Business and Technology Innovation



## Business

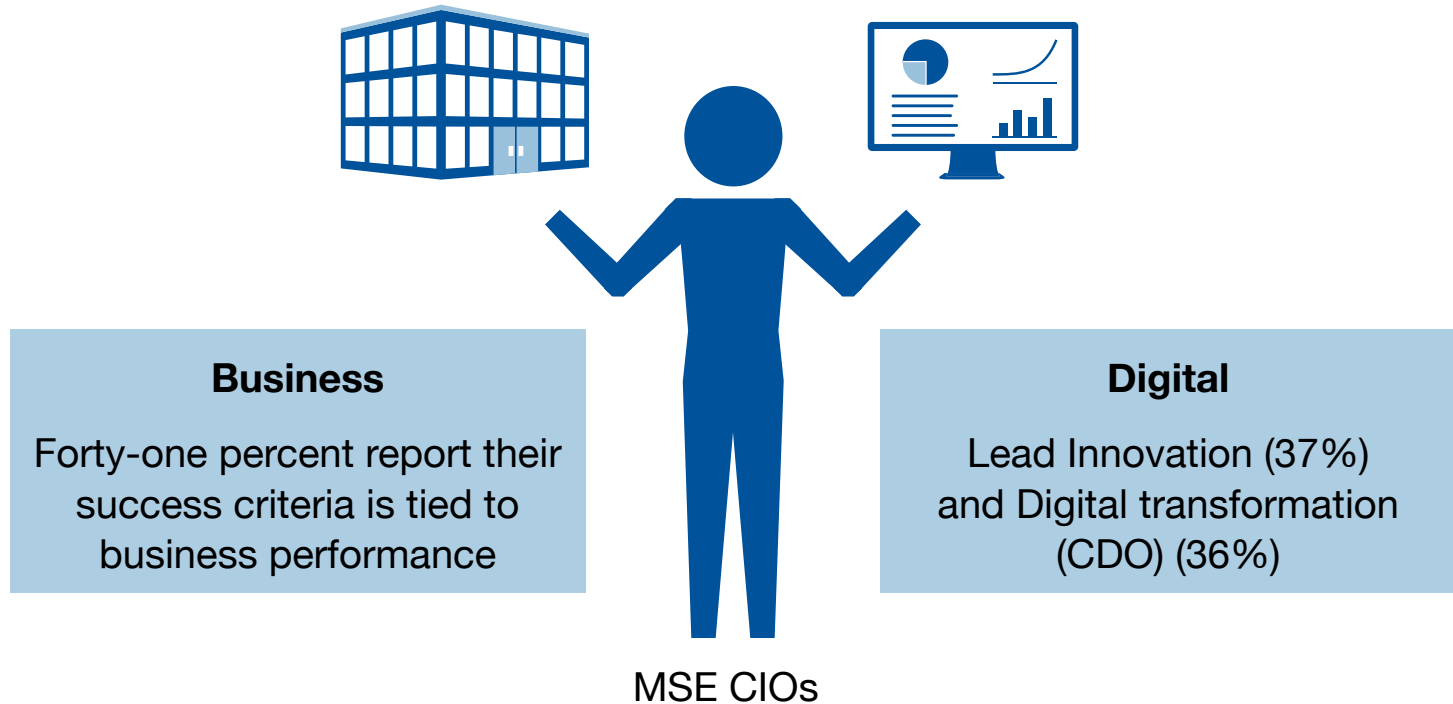
- Top business objectives:
  - Growth (28%)
  - Digital transformation (14%)
  - Innovation (10%)
- Sixty percent of MSE CIOs tasked with building business strategy and planning, 69% with optimizing enterprise operations



## Digital

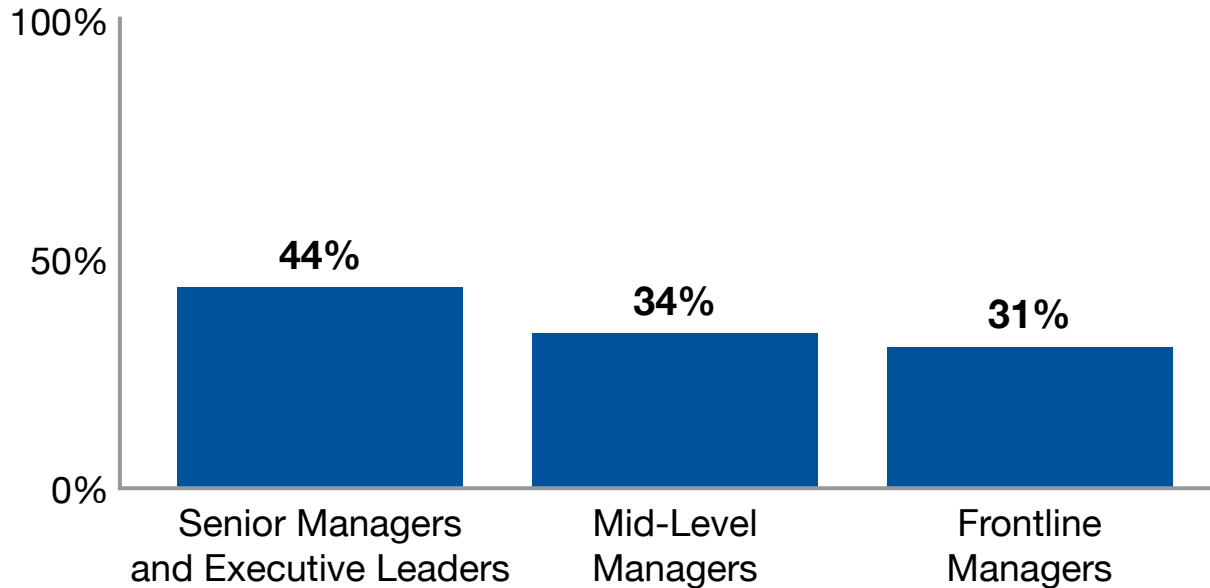
- Culture (48%) is the biggest barrier to digital transformation at scale.
- Seventy-one percent believe digital business has created a greater capacity for change and a more open mindset in IT.

# MSE CIOs Must Drive Business and Technology Innovation



# Not Every MSE Has the Necessary Digital Acumen

Business Leaders Who Understand How Digitization Applies to Their Company

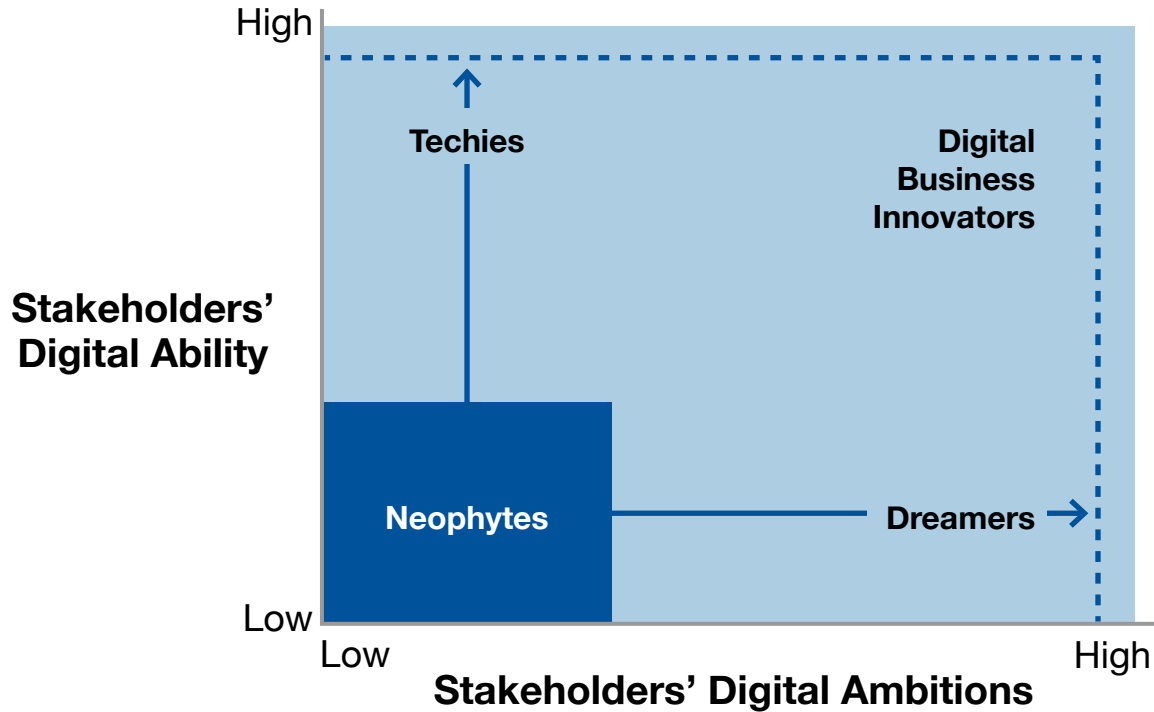


*n* = 286 - 592.

Source: CEB Digital Enterprise 2020 Survey.

# Not Every MSE Has the Necessary Digital Acumen

## Ambition Versus Ability



Source: CEB analysis.



# Key Issues

**What Major  
Trends Are  
Affecting  
MSE CIOs?**

What  
Competencies  
Are Needed in  
the Digital Age?

Developing a  
Digital Leadership  
Vision With a  
Midsize Enterprise

# Business Trends MSE CIOs Must Respond To

Thinking About Your Organization as a Whole, What Would You Say Are the Its Top Business Priorities for the Next Two Years ?



**28%**

Growth/  
Market Share



**14%**

Digital Business/  
Digital Transformation



**10%**

Innovation, R&D, New  
Products and Services



**8%**

Technology  
Improvements



**8%**

Workforce  
Focus



**8%**

Customer  
Focus



**8%**

Corporate M&A, New  
Business Consolidation



**8%**

Security, Safety  
and Risk

# Business Trends MSE CIOs Must Respond To

Thinking About Your Organization as a Whole, What Would You Say Are the Its Top Business Priorities for the Next Two Years ?



**28%**

Growth/  
Market Share



**14%**

Digital Business/  
Digital Transformation



**10%**

Innovation, R&D, New  
Products and Services



**8%**

Technology  
Improvements



**8%**

Workforce  
Focus



**8%**

Customer  
Focus



**8%**

Corporate M&A, New  
Business Consolidation



**8%**

Security, Safety  
and Risk

# The Technologies Midsize Enterprises Must Leverage



Cloud-Inspired Hybrid Infrastructure



Selective Utilization of “Anything as a Service (XaaS)”



Enhanced Security Detection and Response Capabilities



Platforms That Optimize Operations and Customer Experience



Exploiting Data and Analytics to Drive Business Transformation

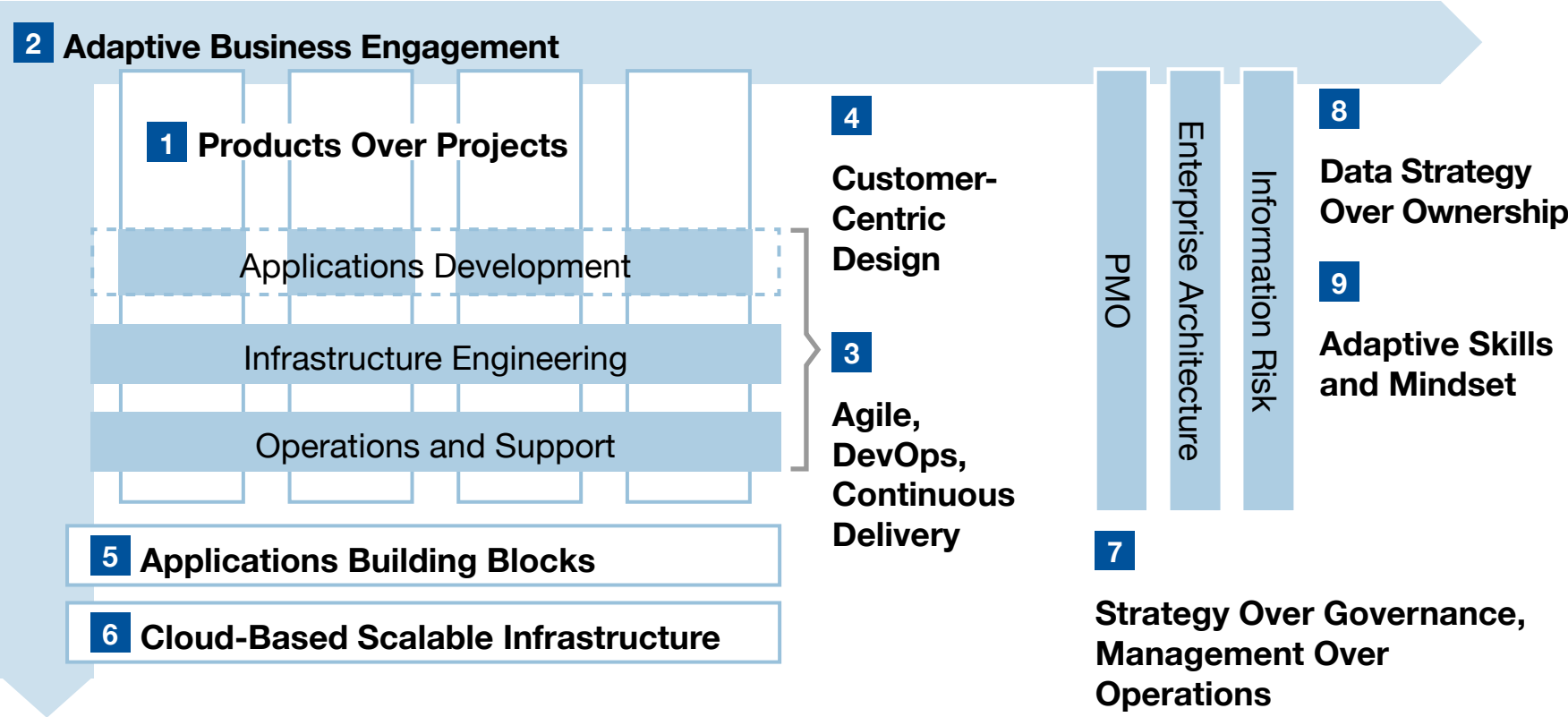
# Key Issues

What Major  
Trends Are  
Affecting  
MSE CIOs?

**What  
Competencies  
Are Needed in  
the Digital Age?**

Developing a  
Digital Leadership  
Vision With a  
Midsize Enterprise

# Mastery of the Digital Operating Model

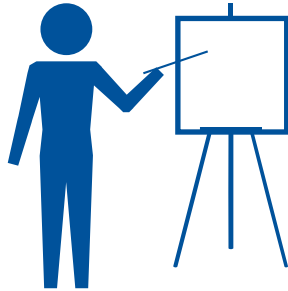


Source: CEB analysis.

# Execute Against the Core Competencies That Affect Change

MSEs have an entirely different **economic, cultural** and **managerial environment**

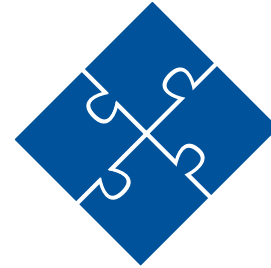
It is a mistake to contrast the decision making behavior of MSE with that of large companies



Dyadic  
Communication



Economic  
Discipline



Right-Sized  
Approaches

# Key Issues

What Major  
Trends Are  
Affecting  
MSE CIOs?

What  
Competencies  
Are Needed in  
the Digital Age?

**Developing a  
Digital Leadership  
Vision With a  
Midsize Enterprise**



# Becoming a Digital Evangelist at Service King

## **Solution Highlights:**

1. Build a Product Line Operating Model
2. Embed Product Design Principles in Delivery Lifecycle
3. Instill a Climate of Proactive Innovation

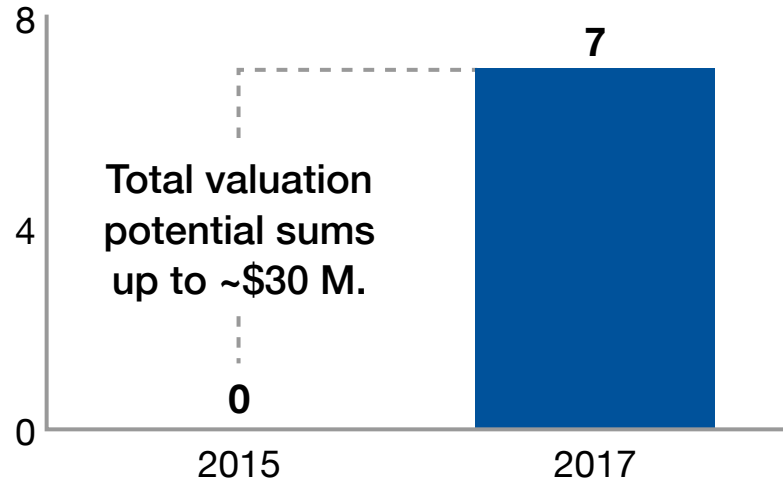


**Derek Kramer**  
Chief Information  
Officer, Service King



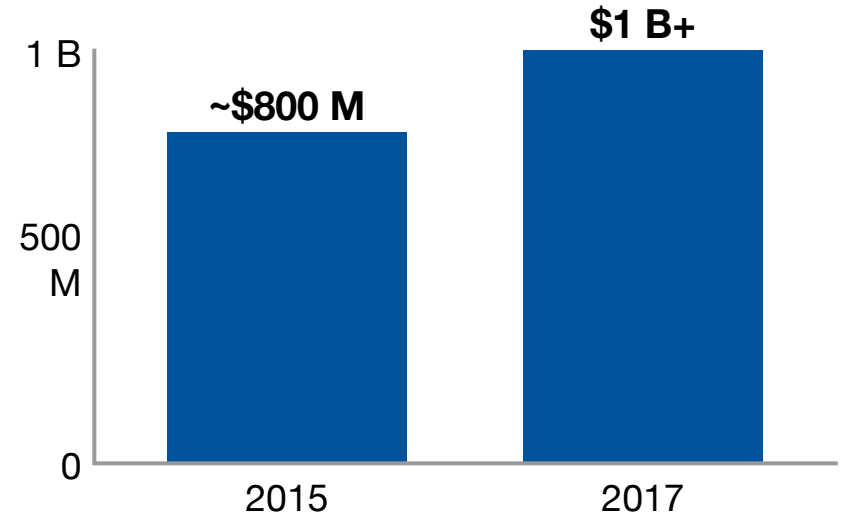
# The Payoff

## Number of New Product Patents



Source: Service King; CEB analysis.

## High Revenue Growth Rate



Source: Service King; CEB analysis.



# The Payoff

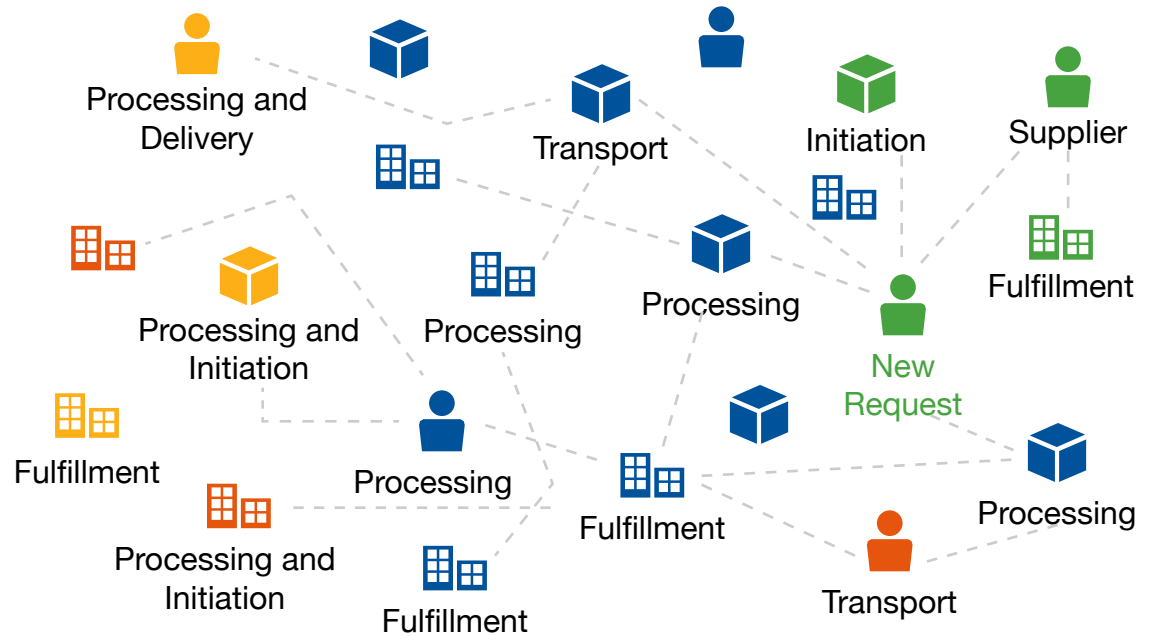
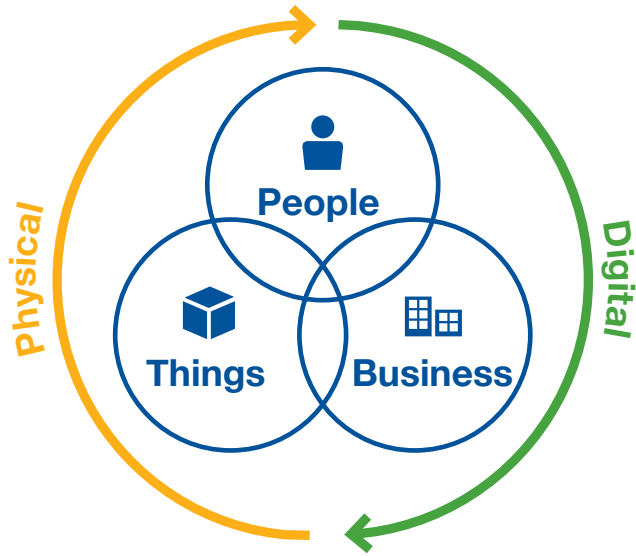


“We’ve created a range of brand new products you wouldn’t associate with a chain of collision repair centers. IT evolved from being a cost center supporting business operations to a P&L that generates revenue for Service King. And simultaneously, we’re changing what customers and stakeholders typically expect from the automotive service industry.”

*Derek Kramer  
CIO, Service King*

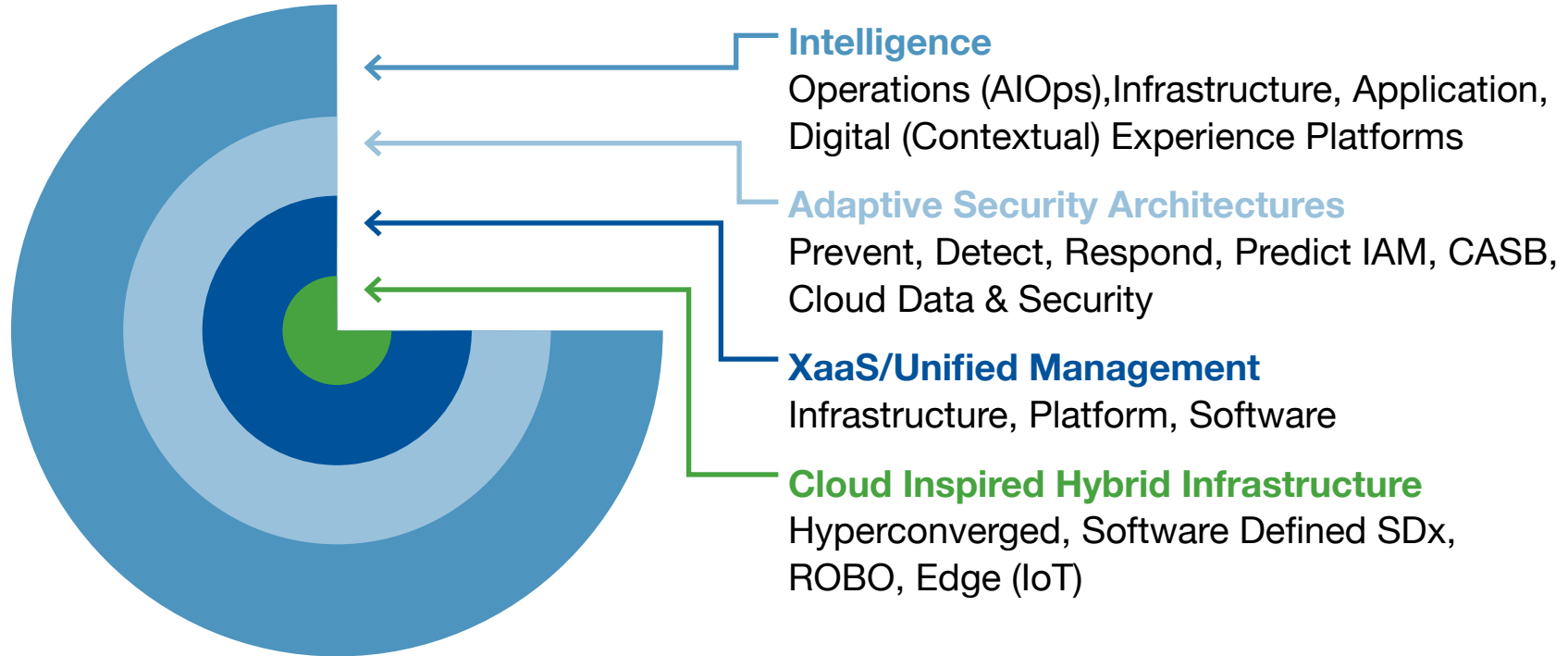


# Reinvent Applications for the Digital World



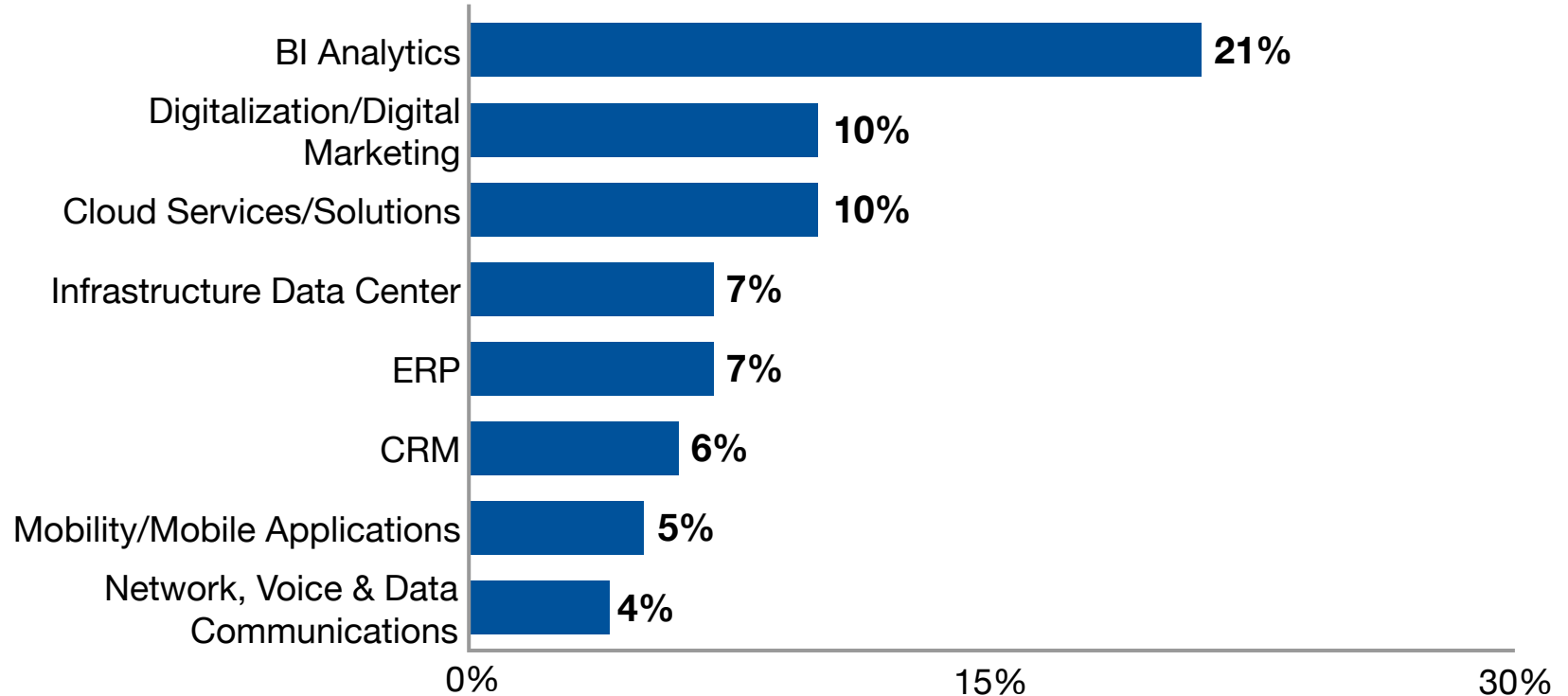
Deliver Dynamic, “Improvised” Experiences

# Reimagine the Data Center



# Link Investment Decisions to Business Value

Which Technology Area Do You Think Is Most Important to Help Your Business Differentiate and Win/Is Most Crucial to Achieving Your Organization Mission?



# Exploit Data and Analytics to Drive Transformation



## Economic

- IT Financial transparency
- Profitability — Margins
- Cost Optimization

## Operations (Business)

- Optimizing Operations
- Workforce Focus
- Customer Focus

## IT Operations

- Managing Resource Utilization
- Operational Excellence
- Intelligent Notification

## Innovation (Vertical)

- Maximize Emerging Technology Investment
- IoT — Manufacturing, Supply Chain etc.
- AI/ML — Customer Satisfaction, Fraud Detection

# Recommendations

## 1 Enable Digital Business

Relationships are the catalyst for the success or failure of digital business transformation.

## 2 Develop Economic Discipline

IT budget sustainability, Self-Funding initiatives, Transparency tied to organizational growth and profitability.

## 3 Build Transformational Capabilities

Invest in infrastructure, XaaS, SDx Solutions with native integration, automation and intelligence capabilities.

## 4 Strive to Achieve Singularity

Singularity of process, tools, environments and vendors will maximize efficiency in within MSEs.

## 5 Continuous Improvement (Kaizen)

Investments that yield TCO and IT operational efficiency and/or deliver differentiation and a tangible ROI fund digital transformation by freeing up resources and reducing technical dept.