

Midsize Enterprise Summit Fall Summit 2017

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To the Point: Midmarket Perspective for Technology Providers

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Start With the End in Mind — Success in the Boardroom



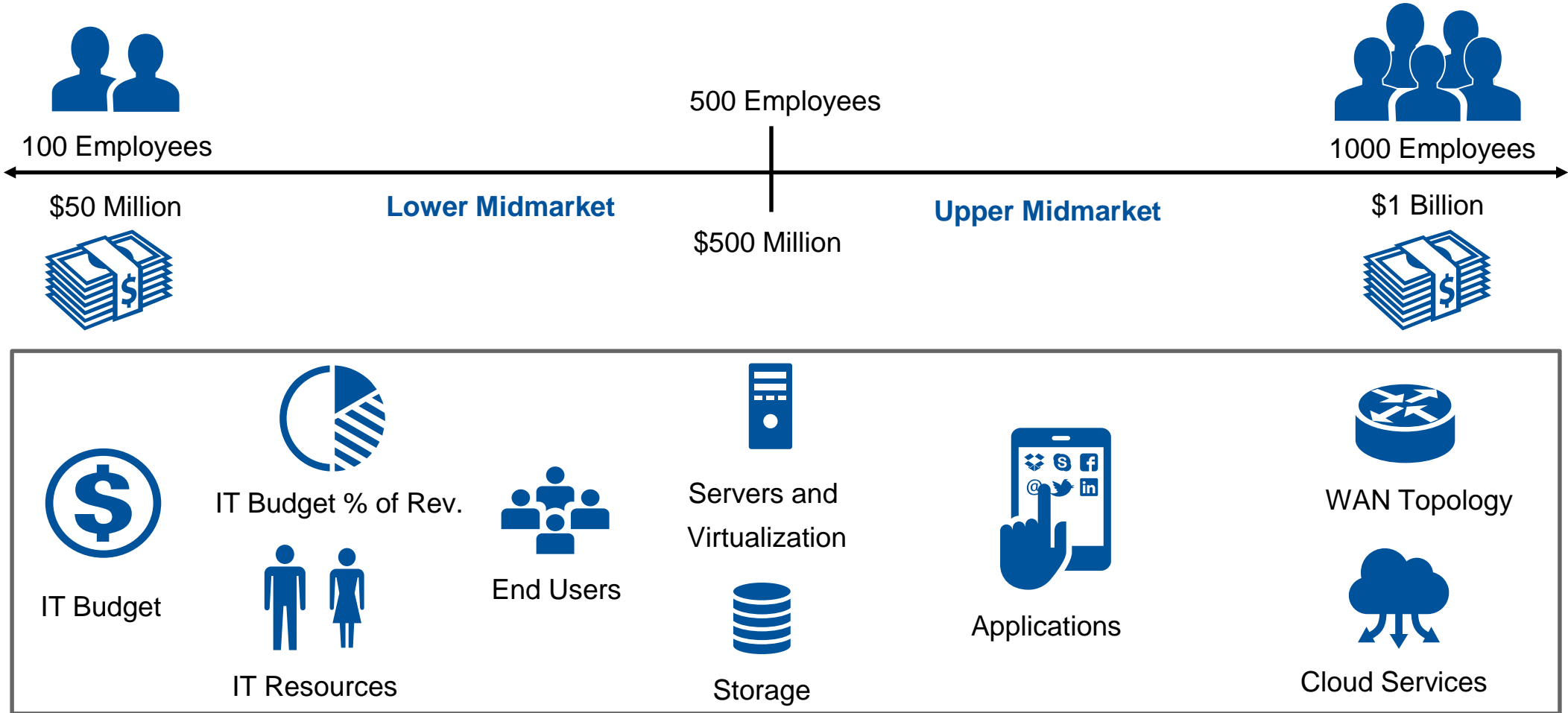
Midsize Enterprise Summit Boardrooms
With Midmarket IT Leaders

- Engage
- Keep slides to an absolute minimum
- Keep it pithy:
 - Who you are?
 - What you do?
 - How can you help? (Differentiation)
 - What does it cost?

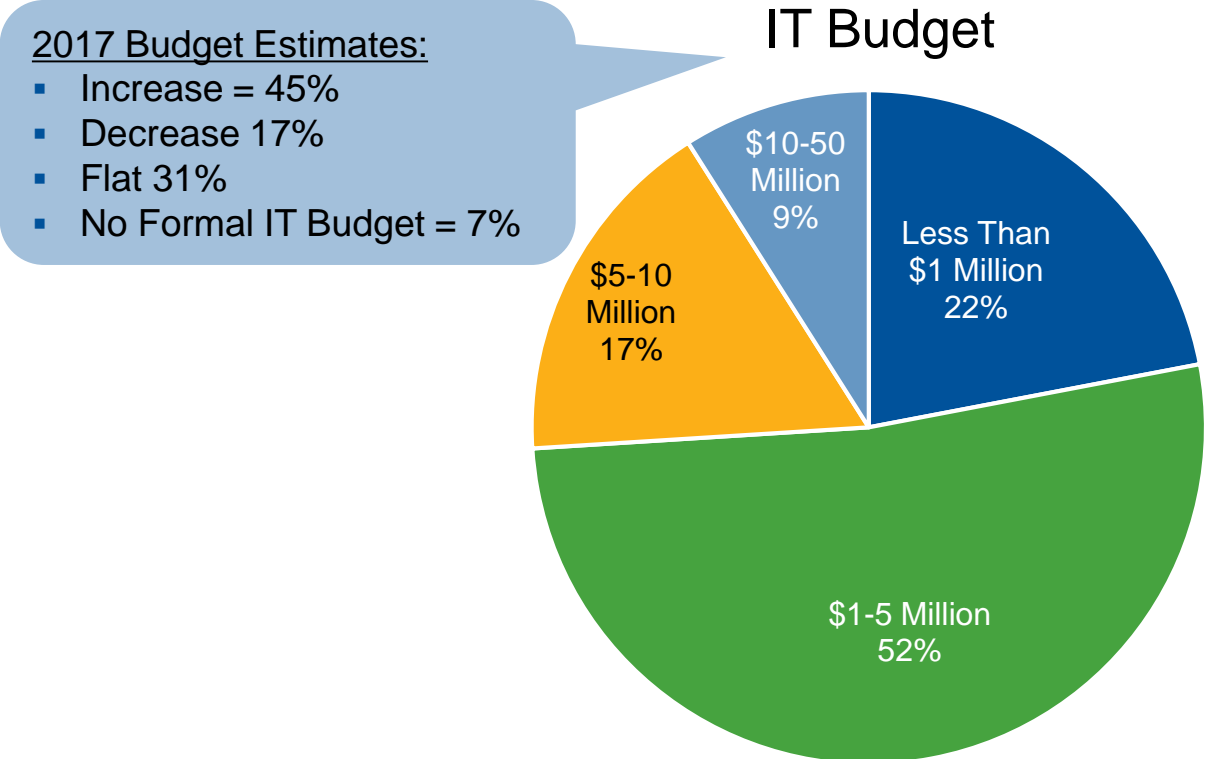
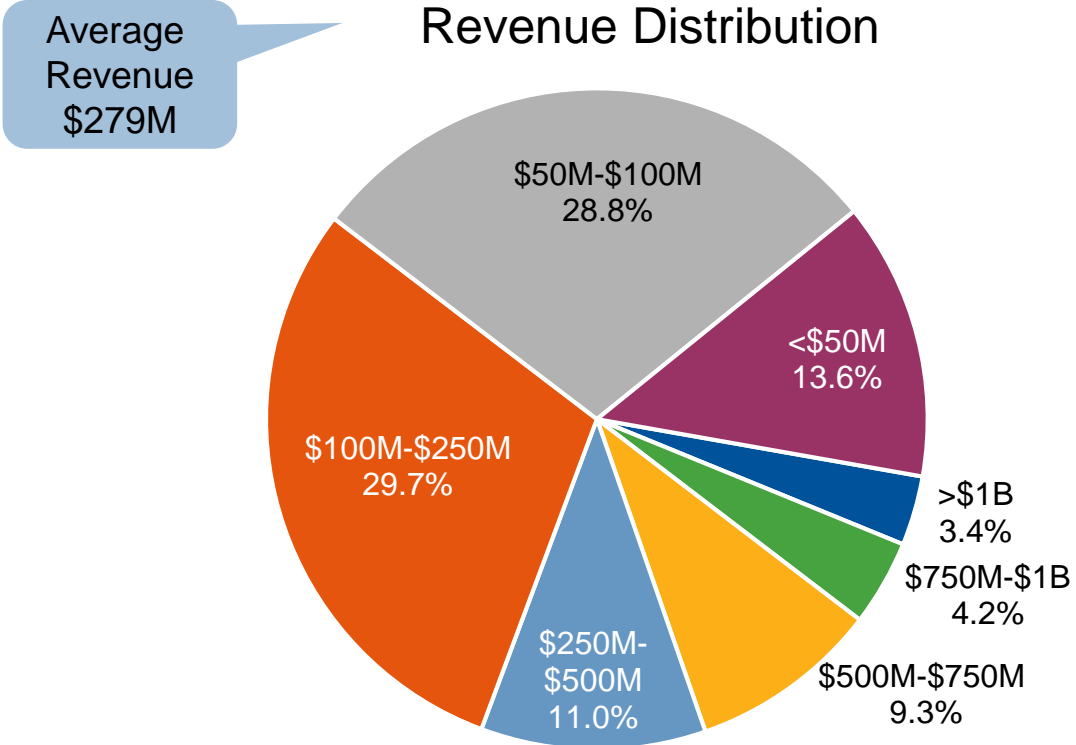
Key Issues

1. Defining and Segmenting the Midmarket
2. Midmarket Buying Behaviors
3. The Trends Driving Change in the Midmarket Enterprises

How Gartner Defines the Midmarket



Revenue and Budget

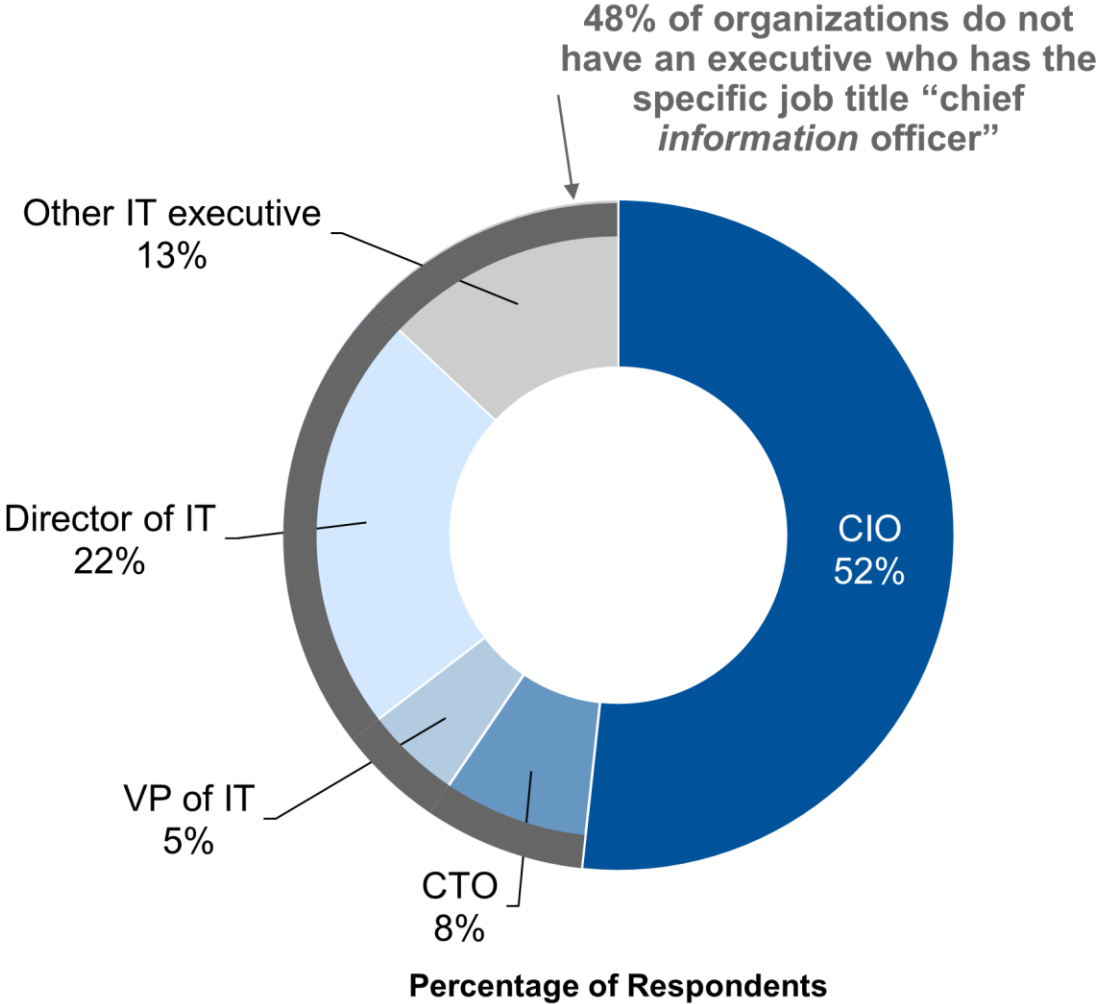


The actions taken in the past two years that have resulted in the greatest cost savings in IT?
 Consolidation and optimization across all IT/business disciplines

Source: Midsize Enterprise Summit Spring 2017; n = 126

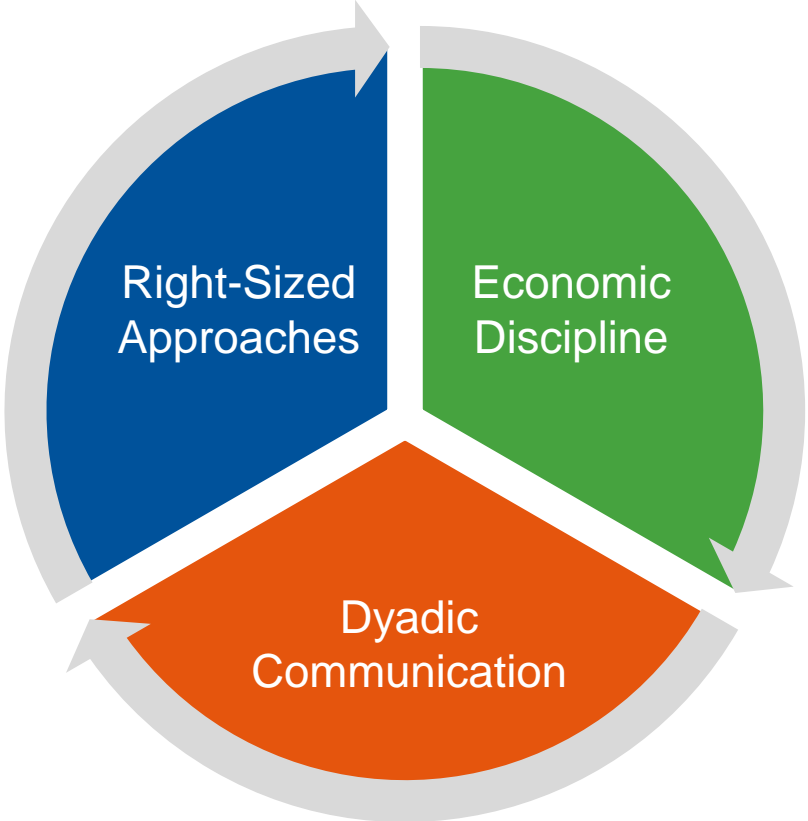


The MSE IT Leader



Respondents, n = 607

CORE Tenants



Staffing and Budgets

Staff is 56% versatelist — Someone who can be a specialist for a particular discipline, while at the same time being able to change to another role with the same ease. Unlike specialists, who possess depth in one area, and generalists who have breadth but no depth, versatilists exhibit both.

5

- \$75M in Revenue
- Budget — \$1.5-3M
- Opex (74%) \$1-2.2M

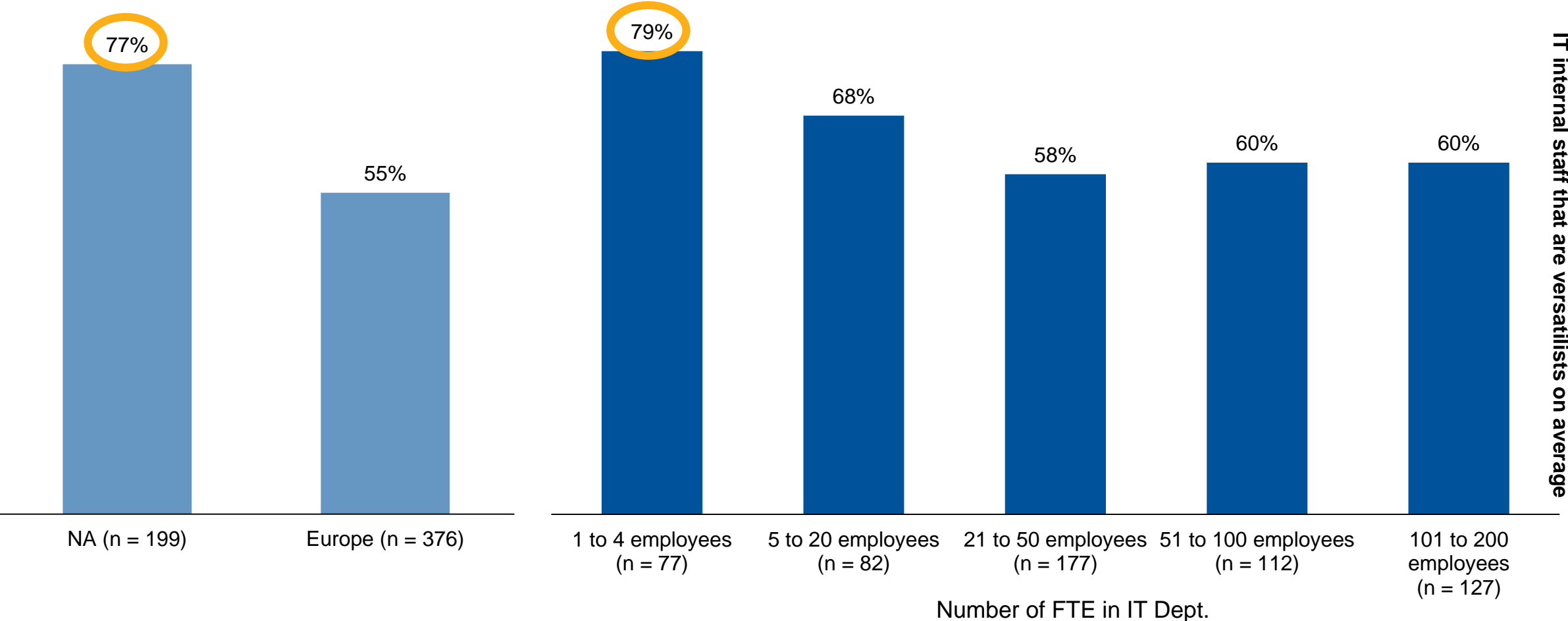
19


- \$279M in Revenue
- Budget \$5.5-\$11M
- Opex (74%) \$4-\$8M

32

- \$475M in Revenue
- Budget \$9.5-19M
- Opex (74%) \$7-14M

Percentage of IT FTE That Are Versatilists



 = Significantly greater than comparison groups

Infrastructure

Specifically, what has been the most overhyped technology over the past two years?
Cloud (49%), Hyperconvergence (10%), Big Data (8%), IoT (7%), Office 365 (5%)

136

- Average # of Physical + Virtual Servers
- 78% (36% Prod/42 Test) — Windows Server 2016
- 44% (19 Prod/25 Test) — HCIS

16%

- Average number of total desktops virtualized
- % of MSEs with ZERO virtual desktops = 46%

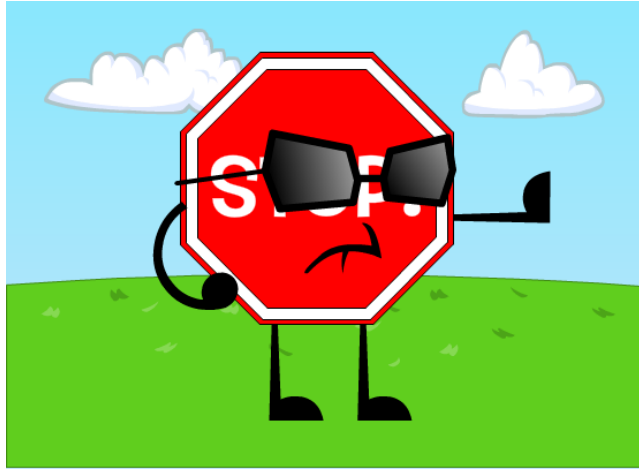
84%

- Average number of MSE IT leaders who will NEVER outsource 100% of their data center

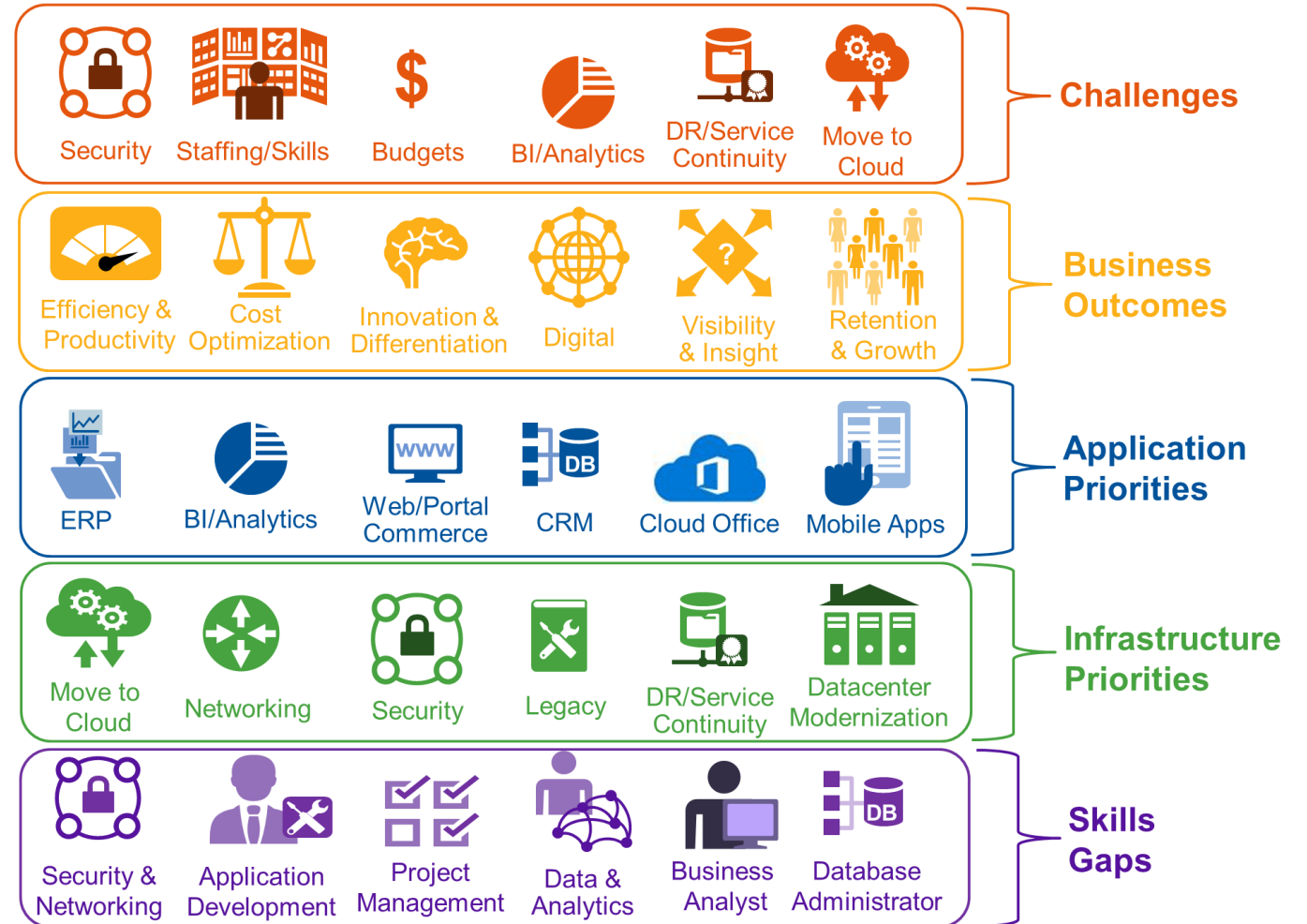
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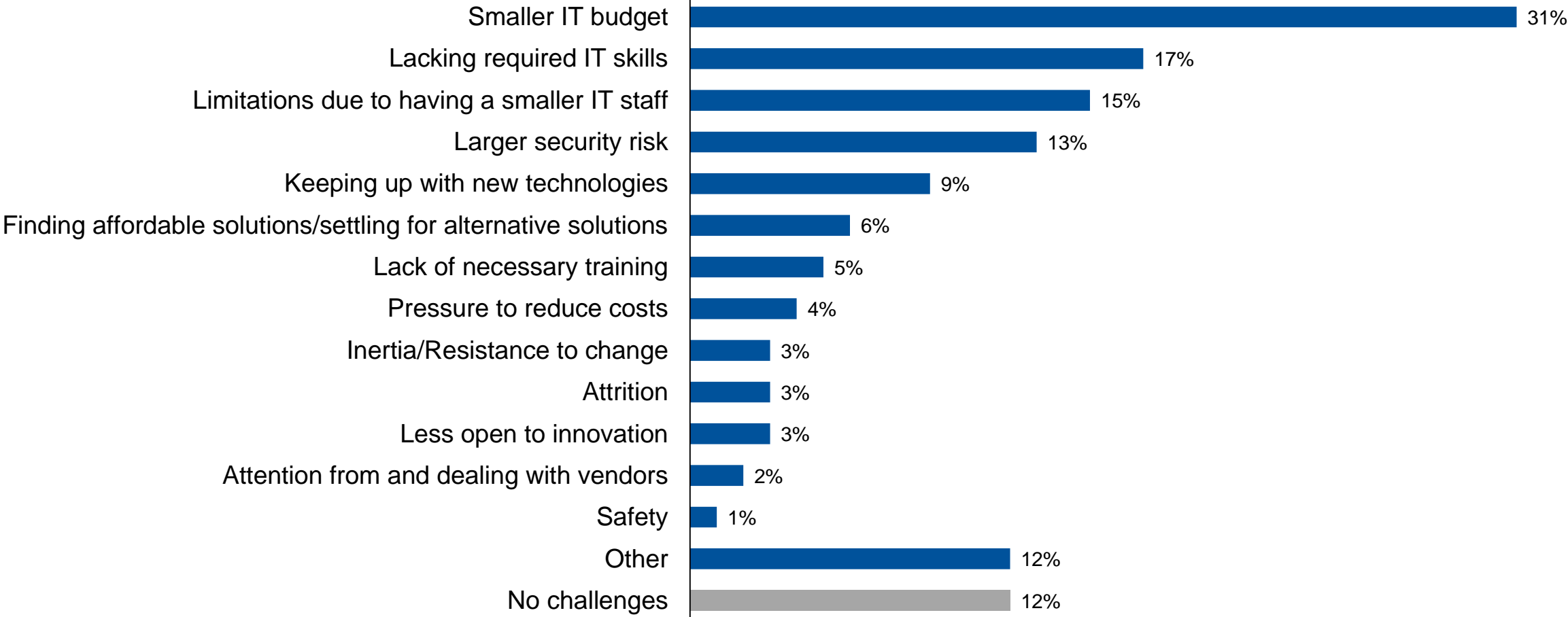
The Midsize Enterprise Operational Environment



MSE vendor definitions and market data are highly inconsistent and fragmented and should have limited influence on messaging.



Top 3 Challenges Leading a Midsize Enterprise

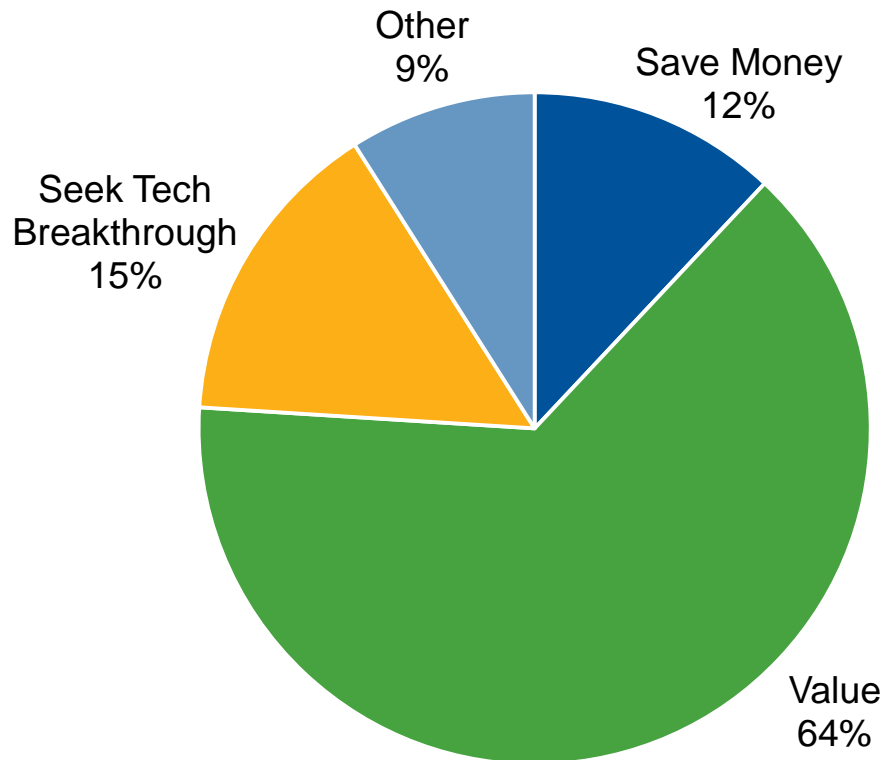


Source: Gartner; n = 490



IT Buying Behaviors Are Project-Dependent

What classification best describes your IT buying behavior ?



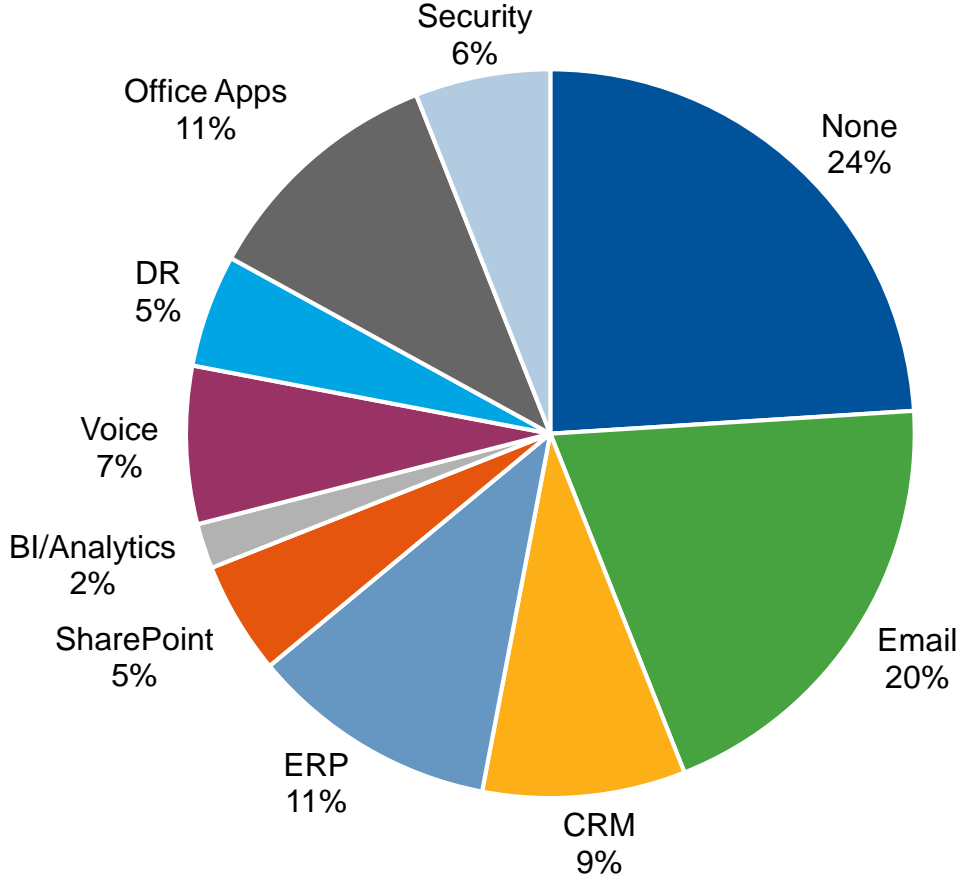
Other:

- We are a blend of all three categories. For commodity items that we can purchase from a variety of vendors, we focus on ease of procurement and cost. When working with emerging or mission-critical systems, innovation and performance is key.
- All 3 apply at different times. Thus, **our approach is highly project-dependent.**
- We are looking for reliability, value and usability. Most of the time in that order. Cost is a driving factor in all organizations, but if the item is unreliable, you will have to buy it again. The best way to put it — **We are not rich enough to buy cheap stuff.**

Plans for Public Cloud

What are the next applications/workloads you plan to move to the public cloud in the next two years?

What % of app investments in the last two years have been cloud-based? = 30%
14% responded "ZERO"

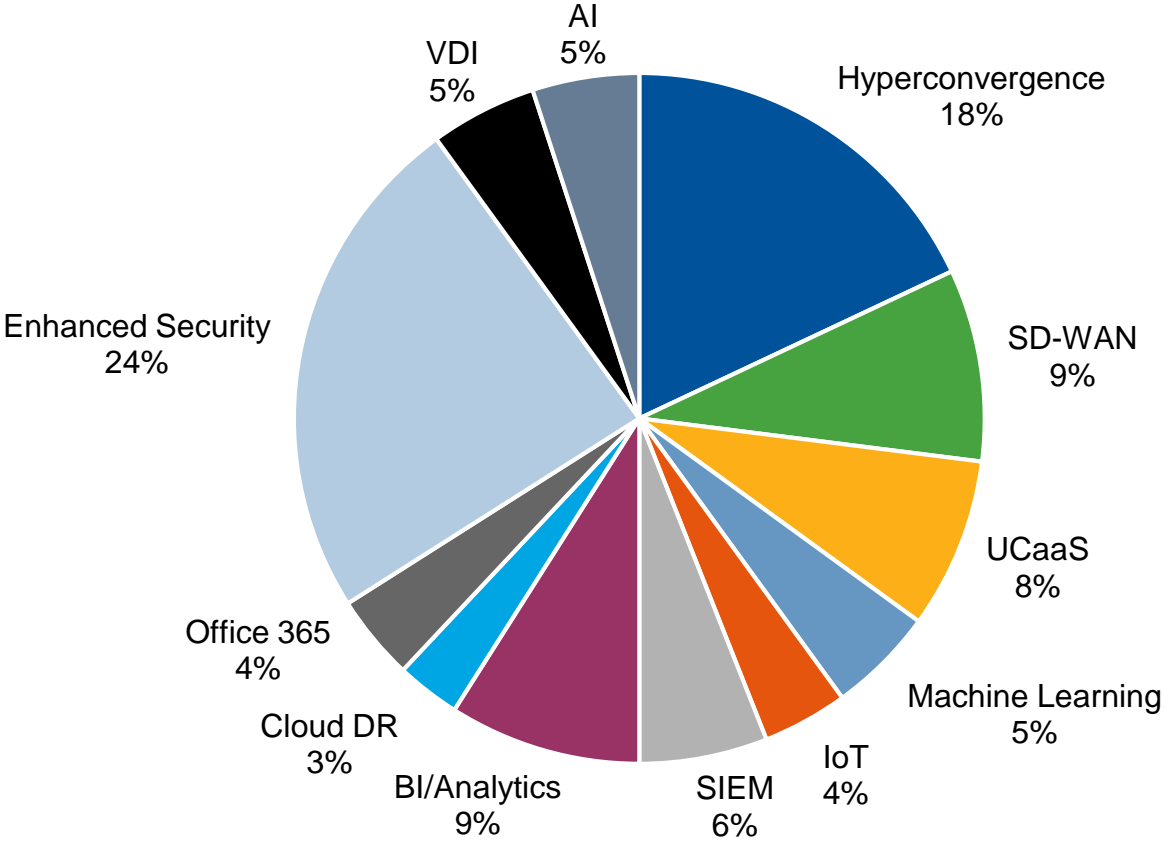


Source: Midsize Enterprise Summit Spring 2017; n = 126



Emerging Technologies

Cite the emerging or leading edge technologies that you are most interested in deploying over the next 12 months:

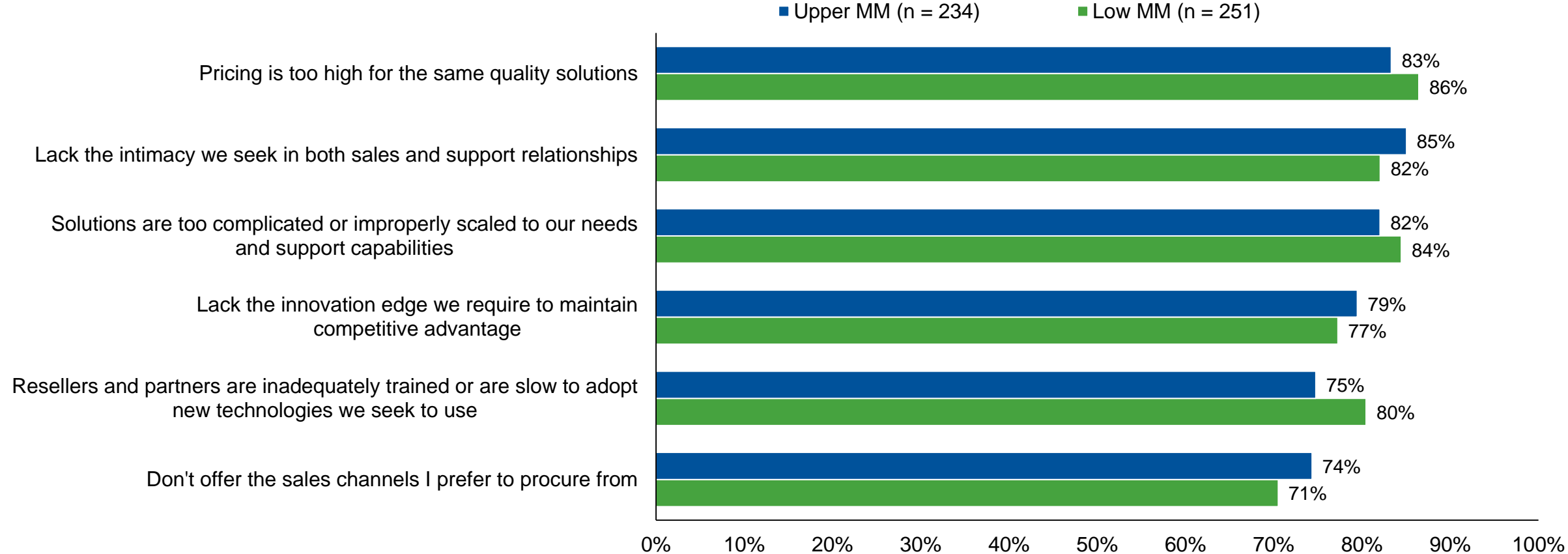


Source: Midsize Enterprise Summit Spring 2017; n = 126



Emerging Providers Are on Equal Footing

Why would you be willing to invest in technology products or services from small or emerging providers?

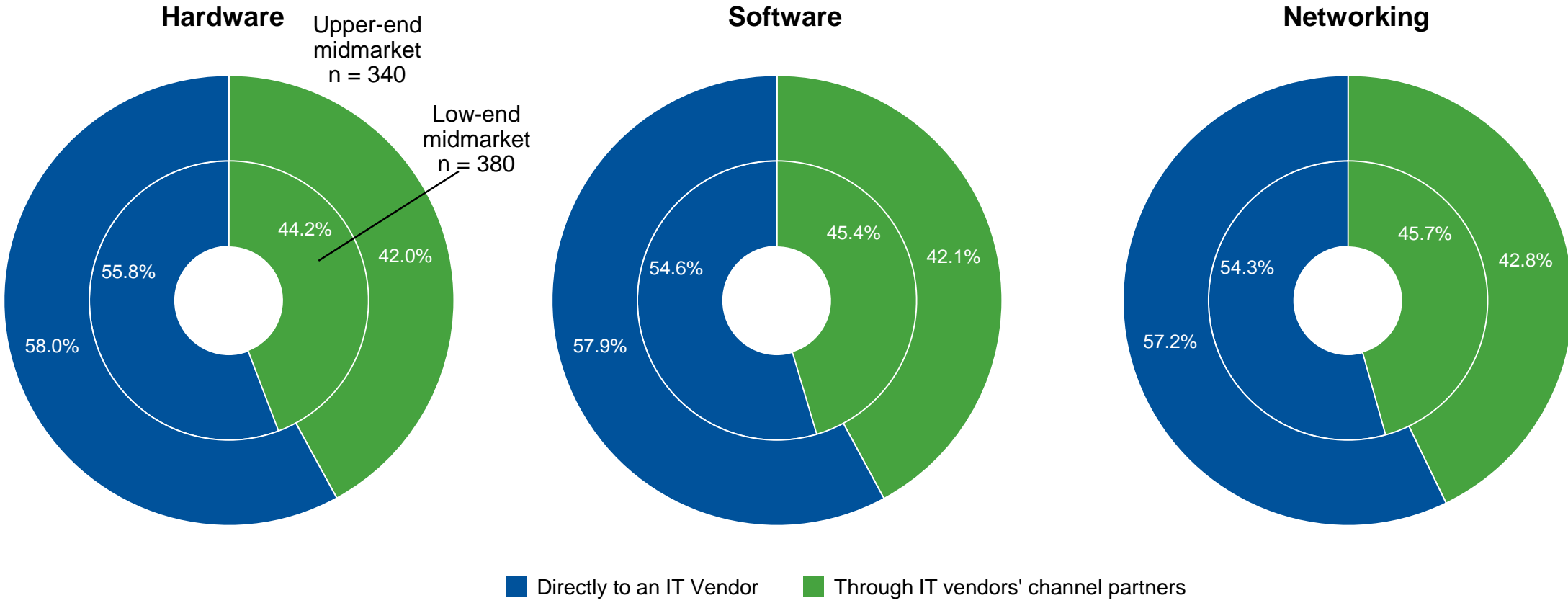


Source: Gartner SMB Buying preferences Survey



Distribution of IT Spending (Direct vs. Channel)

Trying to market by yourself without partnering to achieve the "right mix" of channel limits you to a little more than half the existing market opportunity



Source: Gartner SMB Buying preferences Survey
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Midmarket Vendor Selection Criteria

IT Requirements:

- Minimal IT Dependency
- Easy Integration; Complement Investments They've Made
- Proven Technology Foundation
- Solution Versus Product Focus to Eliminate Silos, Multiple Vendors

Provisioning:

- Straightforward Pricing, Flexible Deployment Options
- Affordable and Flexible to Pay and Implement Only What Is Needed Now
- Local Partner If "Backed" by Strong Vendor
- References of Similar Size and Requirements

Functional Requirements:

- Modular, With Relevant, Scalable Functionality
- Minimal Customization or Configuration in Order to Differentiate and Support Unique Processes
- Willing to Accept "Good Enough" in Commodity Processes

Implementation and Support:

- Easy to Install, Configure, Manage, Train, Use and Maintain
- Reliable, Service and Support by Responsive Providers
- Supports Ability to Grow Organically as Well as by Mergers and Acquisitions
- Shows Empathy, Provides Intimacy

Key Issues

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Five Trends Impacting Midsize Enterprises



Adoption of Agile, Cloud-Inspired Hybrid Infrastructure



Optimal and Advantageous Use of "Anything as a Service" (XaaS)



Use of Enhanced Security Detection and Response Capabilities

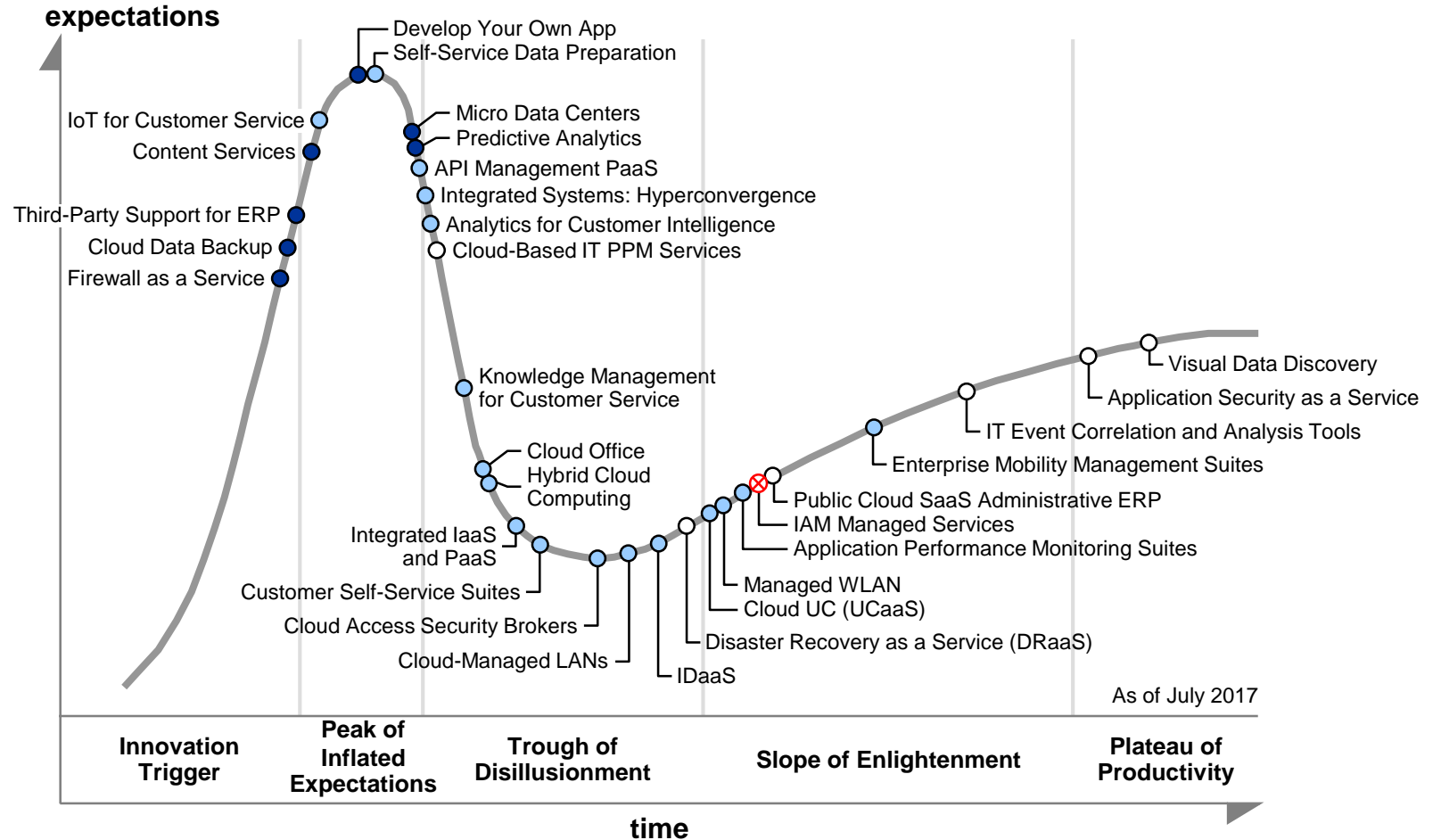


Embracing of Platforms that Optimize Operations and Customer Experience



Exploitation of Data and Analytics to Improve Insight and Decision Making and Deliver Competitive Differentiation, Market Intelligence and User Context

Hype Cycle for Midsize Enterprises, 2017



Sell the Problem You Are Solving, Not the Technology



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Recommended Gartner Research

- ▶ [Inside the Five Trends Cited in the Hype Cycle for Small and Midsize Businesses, 2016](#)
Mike Cisek, James A. Browning and Others (G00313345)
- ▶ [Hype Cycle for Midsize Enterprises, 2017](#)
Mike Cisek, James A. Browning and Others (G00313408)
- ▶ [Four Trends That Impact How Midsize Enterprises Deal With IT Vendors](#)
James A. Browning and Mike Cisek (G00320947)