

How Digital Business Redefines the Value of Technology

Bianca F. Granetto

Research Vice President

Udine, Palazzo Torriani, 28
novembre 2017

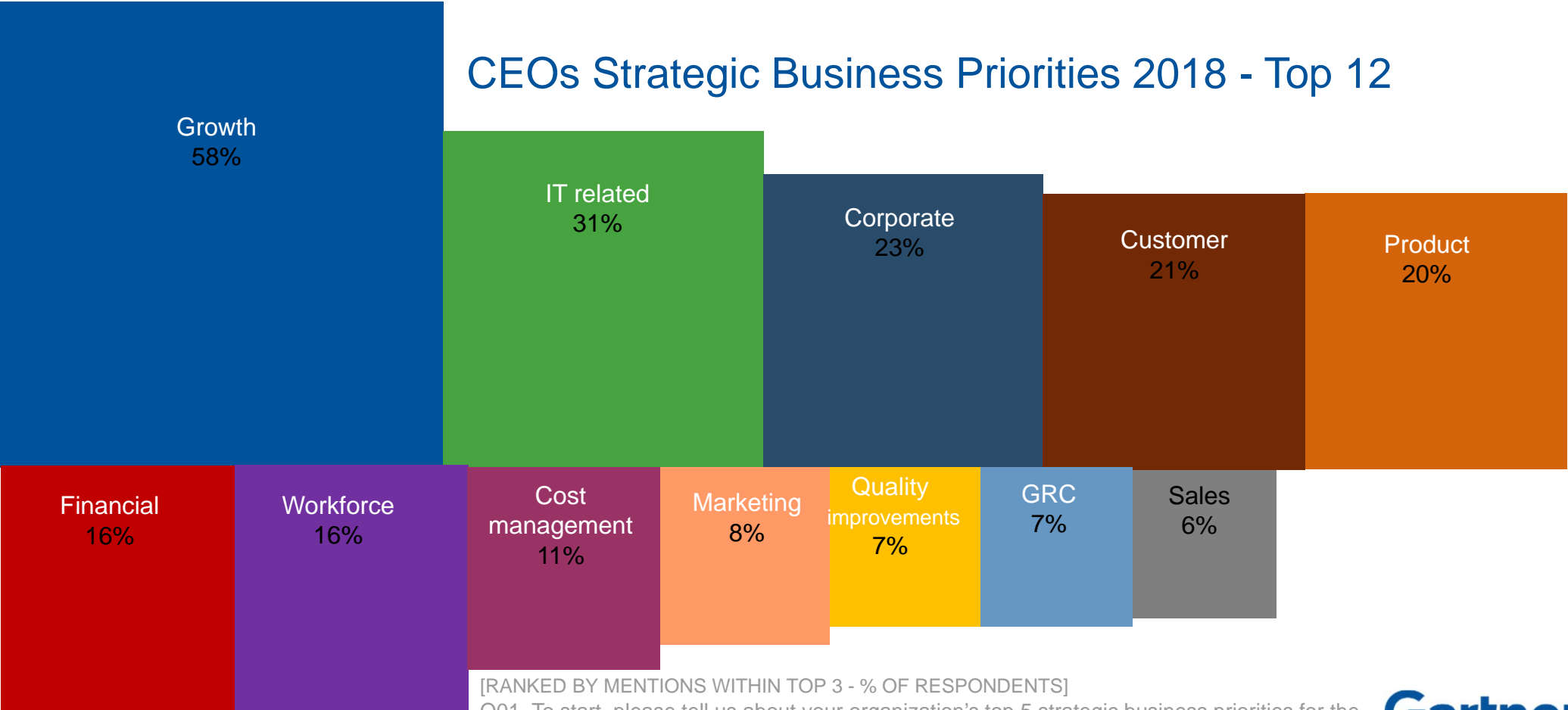


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The New Value of Technology: From Operating Cost to Growth Enabler

CEOs Strategic Business Priorities 2018 - Top 12



[RANKED BY MENTIONS WITHIN TOP 3 - % OF RESPONDENTS]

Q01. To start, please tell us about your organization's top 5 strategic business priorities for the next 2 years (2017/2018)

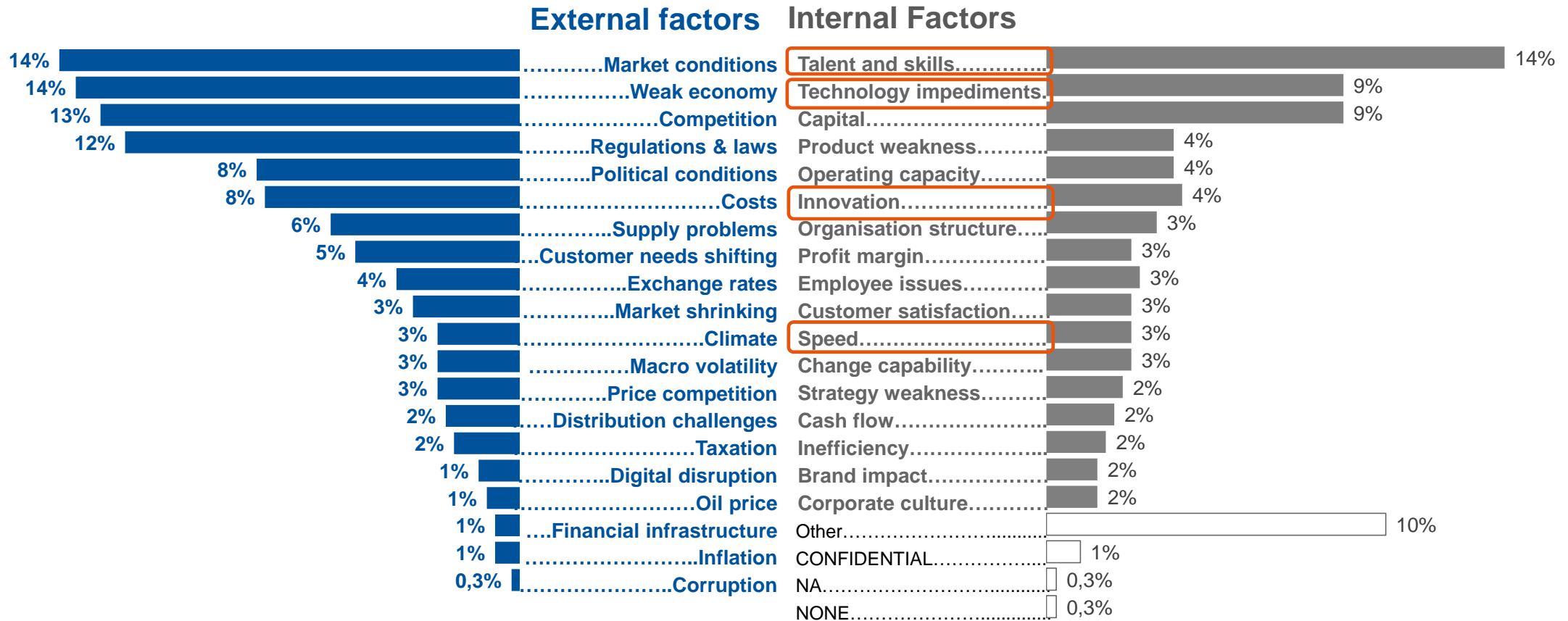
n=388 CEOs and Sr. Business Executives



CEO & CIO Perspective on Digital

CEOs: Constraints to growth

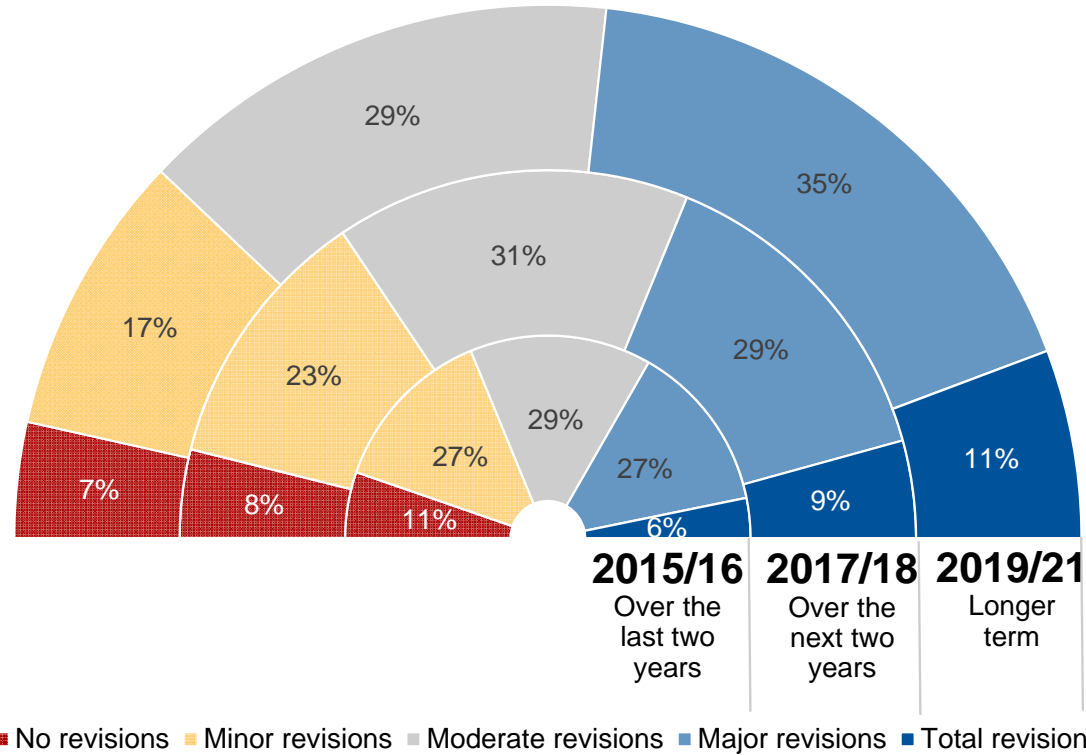
Q02a) What are the two most significant factors acting as constraints on your company's growth? n=388 CEOs and Sr. Business Executives



[RANKED BY MENTIONS WITHIN TOP 2 - % OF RESPONDENTS]

CEOs: Driving Digital Transformation - Success Criteria

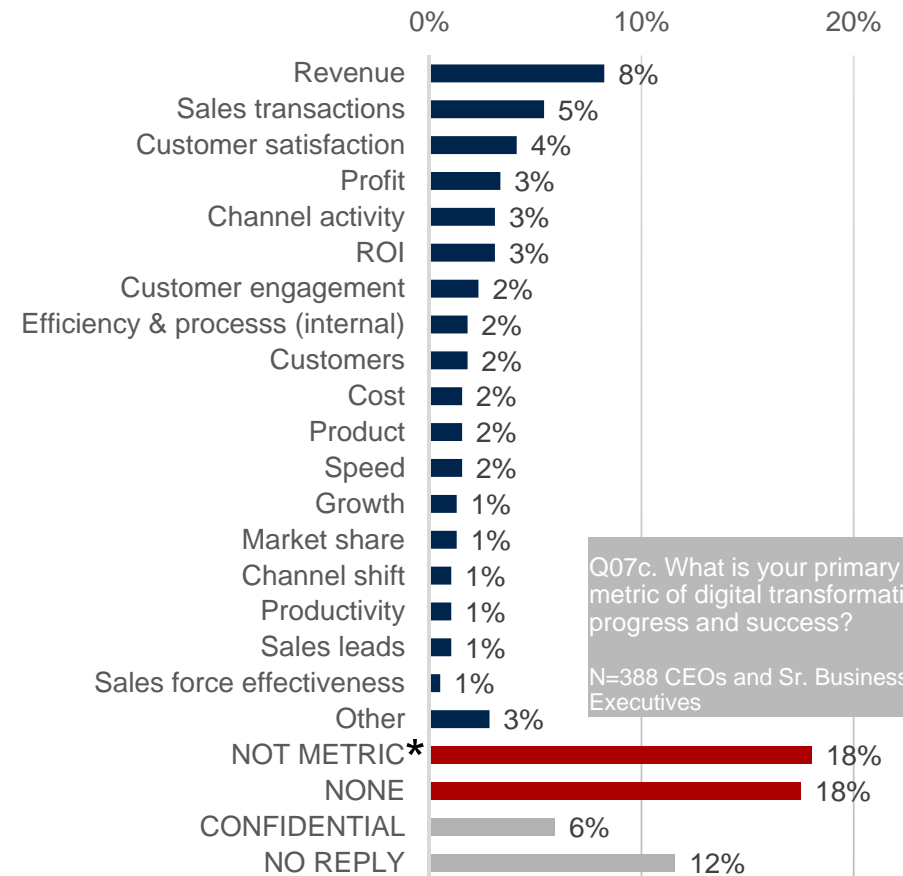
Revise the high level business objectives and/or key performance measures of exec team to drive digital change



Q07a/b. To what extent have you revised/ will you revise the high level business objectives and/or key performance measures of your executive team to drive digital change over the last two years /over next two years and longer term?

n=359 CEOs and Sr. Business Executives; Base: Have digital initiative (Q06);

Primary metric of digital transformation progress and success



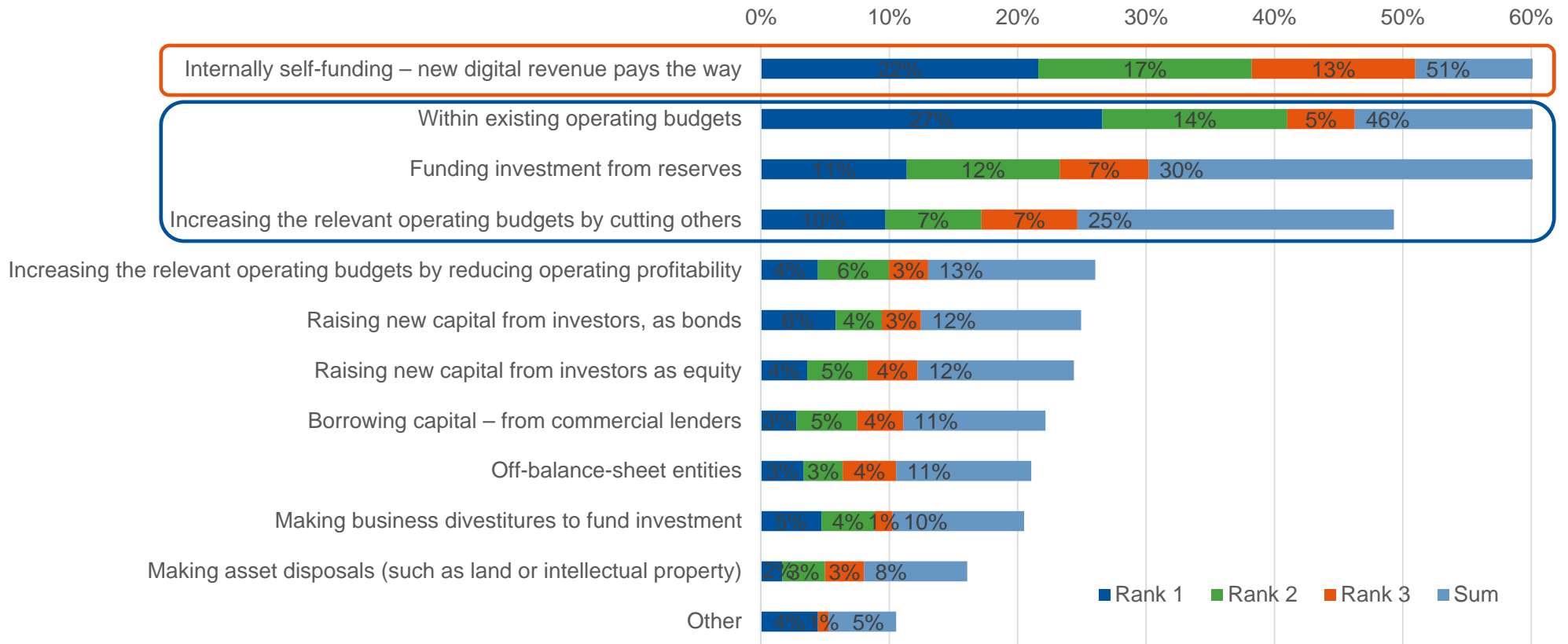
*answer given was not a metric

CEOs: Funding Digital Transformation

Q09. How are you funding your digital strategy or transformation?

n=361 CEOs and Sr. Business Executives;
Base: Have digital initiative (Q06)

[RANK ORDERED BY TOP 3]

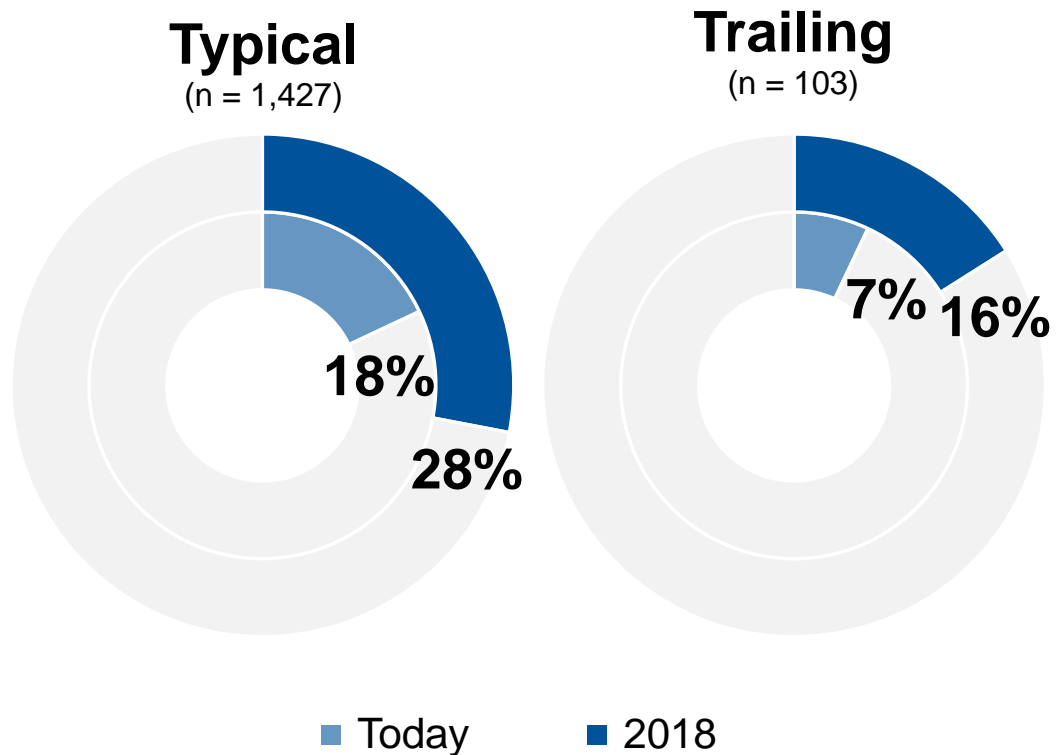


CIOs: Digitalization Spend is Increasing

Q. Approximately what percentage of your IT budget is spent on digitalization (capital plus operations but excluding depreciation)?

Q. By 2018, approximately what percentage of your IT budget will be spent on digitalization (capital plus operations but excluding depreciation)?

Average (Mean) Percentage of IT Budget Spend on Digitalization



1/2 of WW
Average IT Spending
2017 3.6%
BUT +2.7%
in 2018

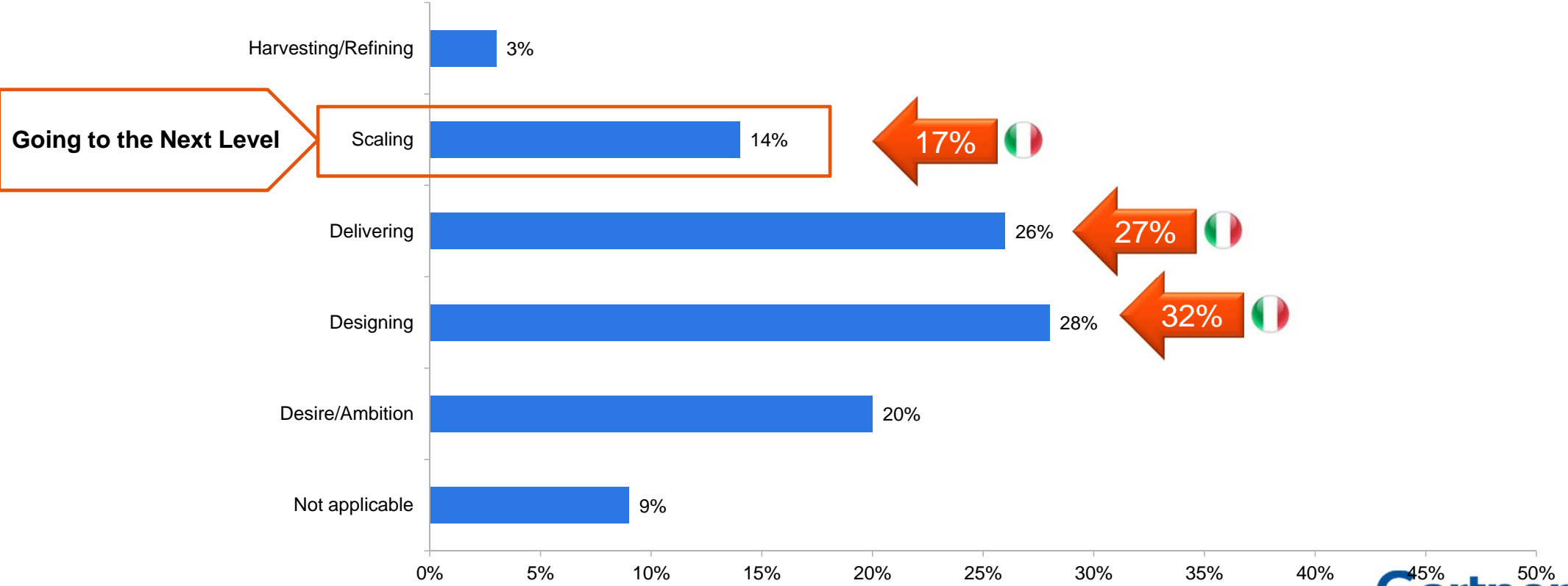


2018 EMEA
+ 3.2% more
spending...

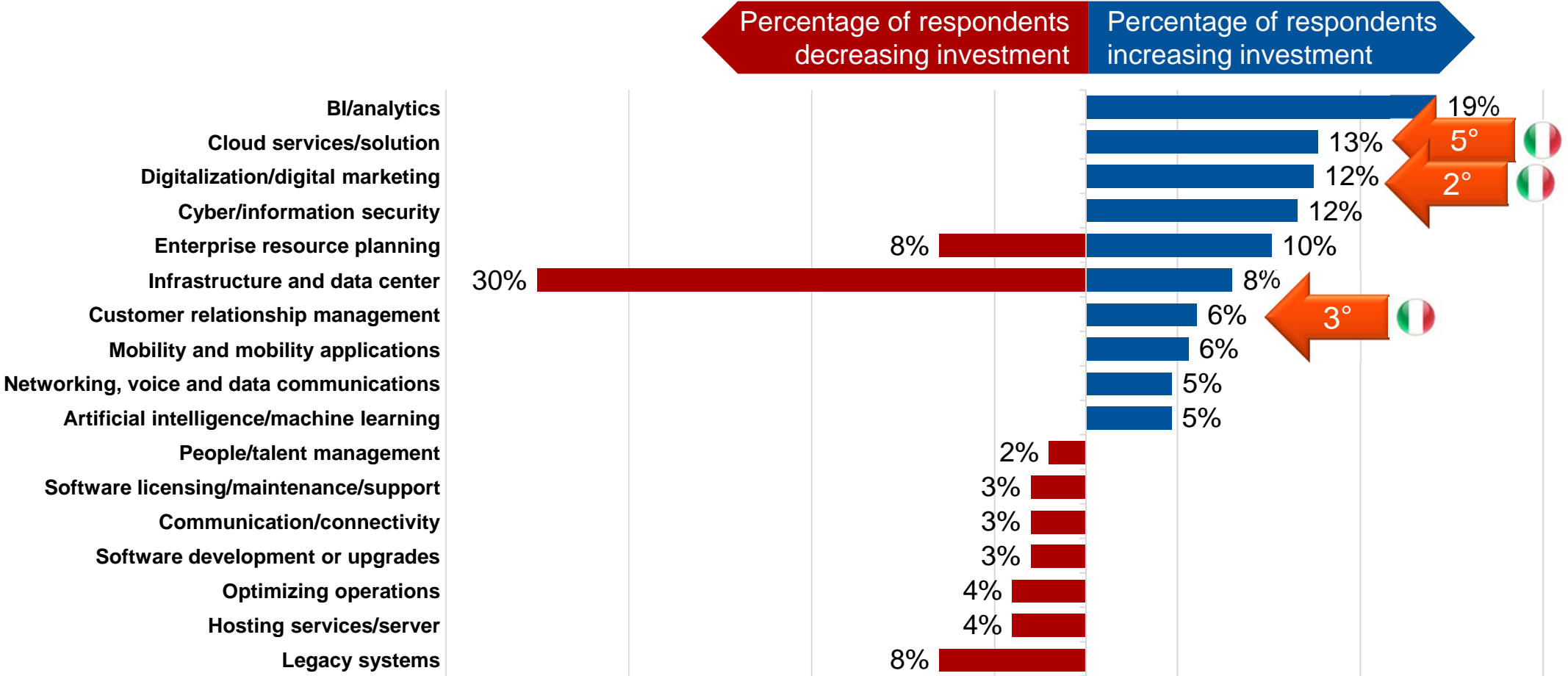
Number of respondents = 2,527 CIOs.
Source: 2017 Gartner CIO Survey

CIOs: What Stage 2018?

Which of these best describes the stage of your organization's digital initiative - i.e., your organization's digitalization efforts?



CIOs: will be spending new or additional funding in 2018?




What are the technology areas where your organization will be spending the highest amount of new or additional funding in 2018? n = 2,847; Base: Excludes don't know
 What are the technology areas where your organization will be reducing funding by the highest amount in 2018 compared with 2017? n = 2,362; Base: Excludes don't know

CIOs: Master Digital Ecosystems

- **49% Participates in a digital ecosystem**

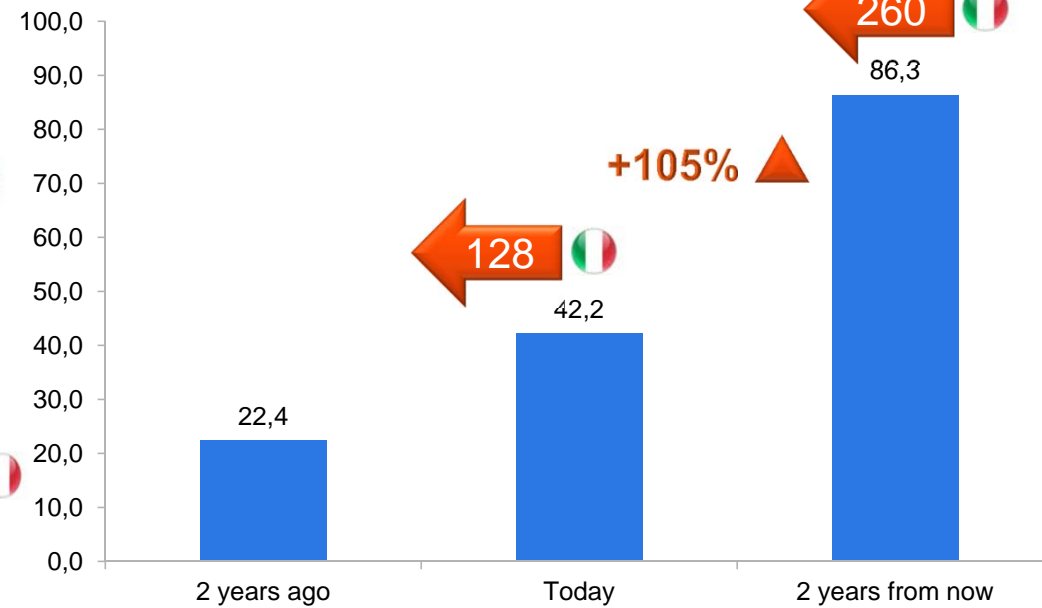
- Interact with its principal ecosystem:

- Running (co-creating or providing) it: 60%
- Selling (delivering) through it: 34% **42%** 
- Buying (consuming) through it: 40%

- **Are your ecosystem partners mostly ...**

- Enterprise all over the globe: 53% **61%** 
- Enterprise in your local area: 47%

How many important digital partners did your organization have two years ago? How many important digital partners does it have today? How many important digital partners do you expect it to have two years from now? REPORT MEAN SUMMARY



Source: 2017 Gartner CIO Survey. (2420 CIO respondents)

Top Recommendations

Don't Just Think Outside the Box: *Destroy* the Box

- What is the business driver for change? Risk of no change?
- Challenge the dominant practices: Are there alternatives?
- What new skills, competencies and experience do you need?
- Are you committing to a long-term plan?



Do you need an IT Transformation Plan?

- Cloud Migration Plan?
- Alignment to digital transformation revision cycles?
- Alignment to desired business outcomes?
- What's changed in architecting software?
- How are you developing and delivering software today?

...Ready for Digital Scale, Rich and Reach?

Hit the reset button!



The Means: Emerging + Strategic Technologies = New Business Models

- ▶ **THE INTELLIGENT THEME** explores how AI is seeping into virtually every existing technology and creating entirely new technology categories. The exploitation of AI will be a major battleground for technology providers through 2022. Using AI for well-scoped and targeted purposes delivers more flexible, insightful and increasingly autonomous systems
- ▶ **THE DIGITAL THEME** focuses on blending the digital and physical worlds to create a natural and immersive, digitally enhanced experience. As the amount of data that things produce increases exponentially, compute power shifts to the edge to process stream data and send summary data to central systems. Digital trends, along with opportunities enabled by AI, are driving the next generation of digital business and the creation of digital business ecosystems
- ▶ **THE MESH THEME** refers to exploiting connections between an expanding set of people and businesses — as well as devices, content and services — to deliver digital business outcomes. The mesh demands new capabilities that reduce friction, provide in-depth security and respond to events across these connections

5 Emerging Digital Business Models: Cloud Enabled

- Cloud-enabled business models use the cloud as their primary mechanism to conduct business. This infrastructure supports the delivery of products and services that are wholly digital or partly digital, partly physical
- They generate revenue through ad-sponsored, freemium and subscription approaches. The cloud enables these providers to offer goods and services that would not be possible otherwise or could not be delivered as conveniently

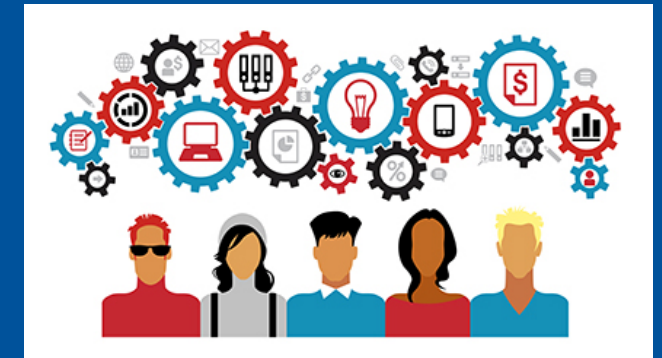
Cloud-enabled

Digital consignment

Tiered-value
partnership

Spinoff/diversification

Confederated



Gartner

Cloud-enabled Business Model Canvas?

Thank You!

