

Gartner Research

Digital Execution Scorecard for Midsize Enterprise

CIO Research Team

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Initiatives: Midsize Enterprise Digital Business Initiatives; Digital Performance

The Digital Execution Scorecard for Midsize Enterprise provides a complete assessment and tailored recommendations to support their unique digital ambition and challenges. Midsize enterprise CIOs can use this report to prioritize digital investments and to focus on their most important objectives.

Overview

Midsize enterprise CIOs must balance an ever-growing set of competing demands and challenges as they lead their organizations to a more digital future, just like their larger enterprise counterparts. In addition, midsize enterprise CIOs must achieve this with the inherent constraints of limited budgets and small IT teams. They must make progress on strategic digital priorities that support and enable overall organization objectives, evolve the IT operating model to become more nimble and accelerate time to value, and build a robust digital platform that is able to change and grow with business needs.

The Digital Execution Scorecard (DES) for Midsize Enterprise provides objective feedback on progress by using digital key performance indicators (KPIs), together with practical advice that is rightsized for midsize enterprises. It also includes an additional peer ambition benchmark, specially designed for midsize enterprises. This added benchmark details how your organization's ambitions compare to other midsize and large enterprises.

The DES is not a maturity model. KPI values are compared to the metrics of industry peers to generate objective benchmark reports that show relative strengths and weaknesses in different areas of digital execution. This feedback enables midsize enterprise CIOs and digital business leaders to benchmark their strategic goals, and to set priorities on where to focus their time and limited resources.

For the purpose of this assessment, midsize enterprises are considered as organizations with between 100 and 1,000 employees, and/or between \$50 million and \$1 billion in annual revenue. If your organization is larger than a midsize enterprise, please see the general Digital Execution Scorecard.

Watch this short video that introduces DES:

What It Is

The Digital Execution Scorecard is an interactive, online assessment based on data provided directly to Gartner from midsize and larger organizations that have taken the DES assessment.

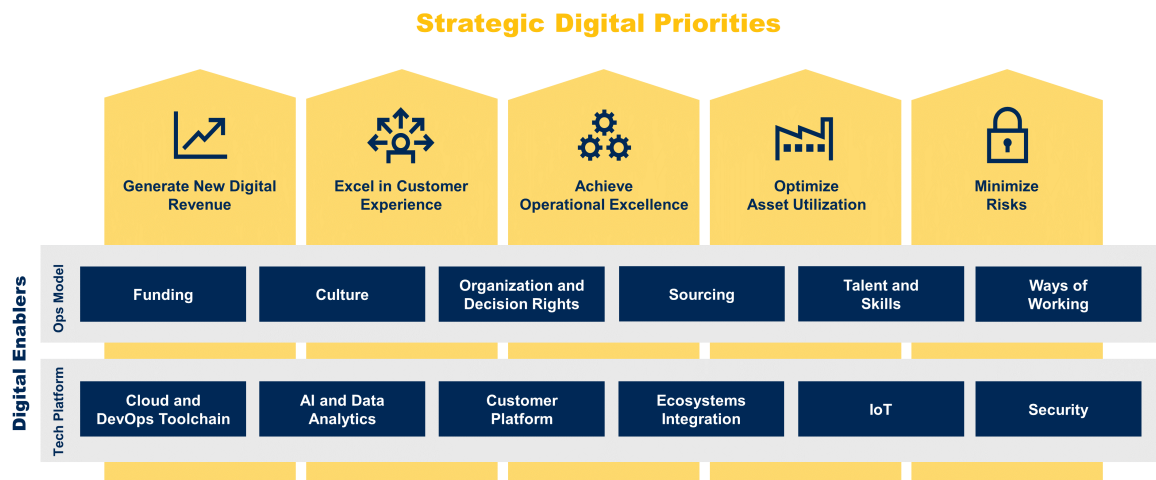
The DES benchmarks your organization's performance across three key categories:

- **Strategic digital priorities:** Key digital business outcomes, typically CxO-level goals
- **Operating model:** The ability to deliver digital capabilities — at scale — predictably and repeatedly by embracing new ways of working, fostering a digital-ready culture, aligning the organization's structure and implementing appropriate financial management practices
- **Technology platform:** A technology platform that is fit for digital business — including artificial intelligence (AI)/data analytics, customer platforms, ecosystem integration and the Internet of Things (IoT) — enabled by a secure, elastic and flexible infrastructure

Together, the operating model and the technology platform are considered digital enablers.

Each category is broken down into subcategories (called dimensions) based on your industry (see Figure 1). The DES identifies KPIs that track the adoption of best practices for digital enablement across each of the dimensions.

Figure 1: Example DES Categories and Dimensions for Manufacturing



Source: Gartner
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The DES for Midsize Enterprise provides detailed reporting that benchmarks your organization's performance against industry peers. An executive summary provides quick feedback on overall performance. Detailed reporting provides comparison data, as well as practical recommendations for how to improve each KPI. The recommendations take into account the midsize enterprise particularities.

Additionally, the DES for Midsize Enterprise includes the peer ambition benchmark (see figure 6). These added benchmarks detail how your organization's ambitions compare to other midsize enterprises and large enterprises in the three DES categories. This comparison enables MSEs to confirm and validate their aspirations and prioritize where to focus their limited resources.

DES for Midsize Enterprise Sample Report, Financial Services

DES for Midsize Enterprise Sample Report, Manufacturing

Directions for Use

Digital Execution Scorecard Organization

Participation in the DES is straightforward. The exercise is designed to ensure that it balances robust benchmarking with reasonable survey length.

1. Prepare for Participation

The DES is modular and interactive. You can enter some KPIs, do quick comparisons against peers and generate your comparison report when you are satisfied with the amount of information you have entered. Preparing for the exercise both speeds up the process and maximizes the value for the effort.

Using the Digital Execution Scorecard Metrics Participation Guide

The downloadable Digital Execution Scorecard Metrics Participation Guide (below) provides the KPIs for the scorecard, including definitions and formulas for calculating them. Because of the broad enterprise scope of the scorecard, it may be necessary to gather data from other parts of the organization. Note that some of the KPIs are industry-specific. The guide enables you to filter KPIs by industry.

Digital Execution Scorecard Metrics Participation Guide

Selecting the Appropriate Industry for Benchmark Comparison

For comparable benchmark comparison, DES uses a three-level industry taxonomy (Industry, Subindustry and Segment [if applicable]) to identify the relevant digital KPIs for your industry and to allow you to select the industry peer group that your data will be benchmarked against (see Digital Execution Scorecard: Definition of Industries). These levels correspond with columns A, B and C in the Metrics Participation Guide spreadsheet linked above. You can also filter these columns to view the relevant KPIs for your industry.

2. Complete the Digital Execution Scorecard

To start the interactive assessment, click the Launch button at the top of the document and select the Midsize Enterprise version of the DES. You will be asked to set up your assessment by answering a few demographic questions and naming your assessment (for example, "2024 ABC Company Benchmarking"). Once in the benchmark, you are required to complete the Getting Started section before moving to subsequent survey sections.

Getting Started

In this section, you will need to identify your industry, geography, currency used, employee count, revenue (if applicable), total IT spending and number of IT employees. There is also an option to include earnings before interest, taxes, depreciation and amortization (EBITDA).

Setting Ambitions

The DES enables you to set your level of ambition for each dimension of the assessment. Ambition calibrates the peer benchmark comparison. Few organizations have the time and resources to be industry leaders in every digital dimension, nor does success depend on being ahead of all your peers. The DES enables you to set smart, but realistic ambitions. Where do you need to lead the market to achieve your business goals, where is it sufficient to be at parity with your peers and where are the lower priority areas?

Ambition is set for each dimension to calibrate the comparisons of your current state (as measured today) versus the desired state (ambition). There are three levels of ambition to choose from:

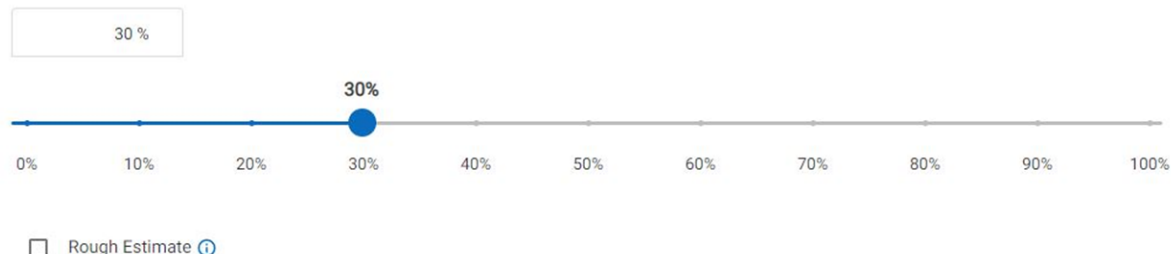
- **Industry leader** (target is better performance than 75% of peers — i.e., top quartile)
- **Mainstream** (better performance than 50% of your peers — i.e., second quartile)
- **Foundational** (better performance than the lowest 25% of your peers — i.e., third quartile)

Answering DES Questions

Figure 2 shows a typical question. You can move back and forth between the questions and the results. DES is designed to allow you to enter some data, view interim results, then go back to add and/or modify data. If you are unsure of an exact answer, but you have an idea of your performance, you can mark an answer as a “rough estimate.” You’ll be able to see the benchmark results and then refine your answer once your team can provide more accurate data.

Figure 2: Answering a Question in the DES**Generate New Digital Revenue****Revenue From Digital Product and Services (%)**

What percentage of your total revenue in the last annual reporting period comes from digital business products and services? ⓘ



Source: Gartner

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Gartner.**Delegating DES Questions**

Because of the broad enterprise scope of the scorecard, it may be necessary to gather data from other parts of the organization. Sections of the survey may be delegated to others. These delegates do not need to be Gartner clients. Select “delegate this section to a colleague.”

Interpreting the Results of a DES Benchmark Report

The executive summary starts by detailing your ambitions, which are shown in gray against each dimension (see Figure 3).

Figure 3: Example Ambitions by Category for a Manufacturing Organization

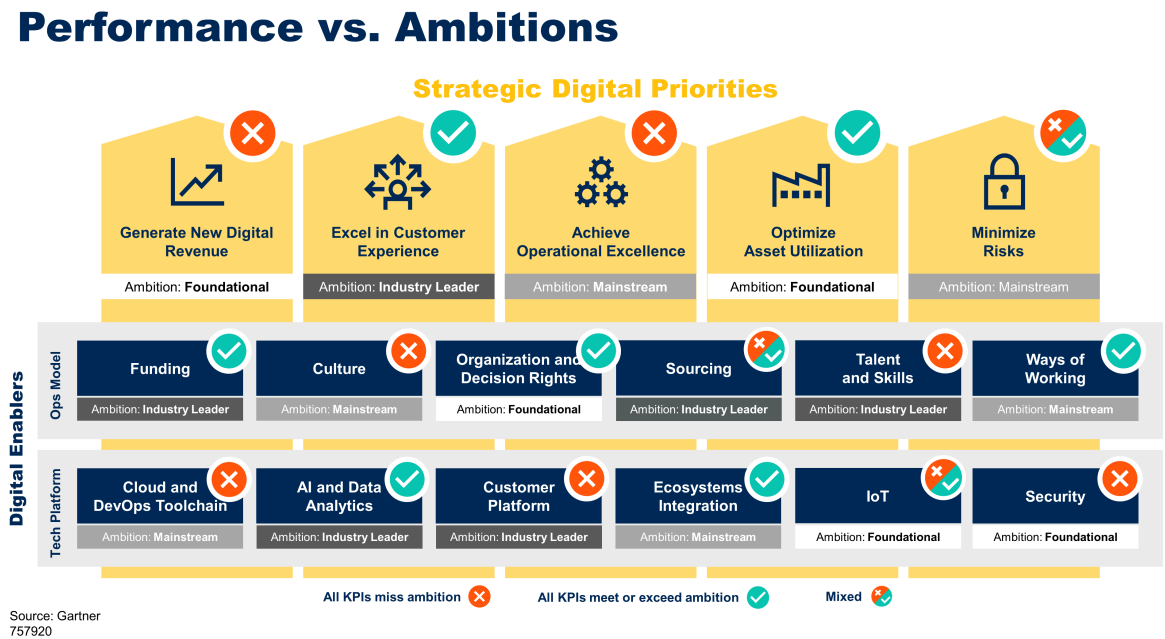
Example Ambitions



Source: Gartner
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The DES then overlays your performance against those ambitions (see Figure 4). A check mark indicates every KPI in the dimension is meeting or exceeding your ambition for the dimension. An X mark (or cross) indicates every KPI in the dimension is falling short of your ambition. The mixed icon indicates you are meeting or exceeding on some KPIs for the dimension and missing on others.

Figure 4: Performance vs. Ambitions

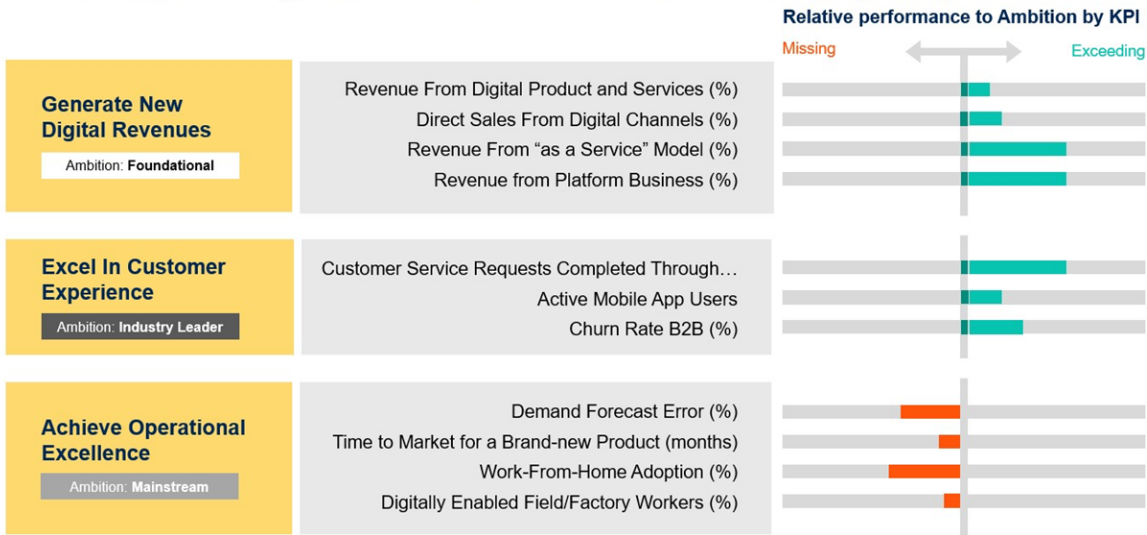


The executive summary then provides details on each of the KPIs and whether they exceed (green bar) or miss (red bar) the performance ambition. The size of the bar indicates the amount by which it exceeds or misses the ambition (see Figure 5).

Figure 5: Overall KPI Performance

Overall KPI Performance

Strategic Digital Priorities Summary (1/2)



Source: Gartner
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The executive summary finishes by presenting the top two actions that your organization should take in each of the three categories — strategic digital priorities, operating model and technology platform. These are the two KPIs in strategic digital priorities, operating model and technology platform that trail your ambition by the widest margin.

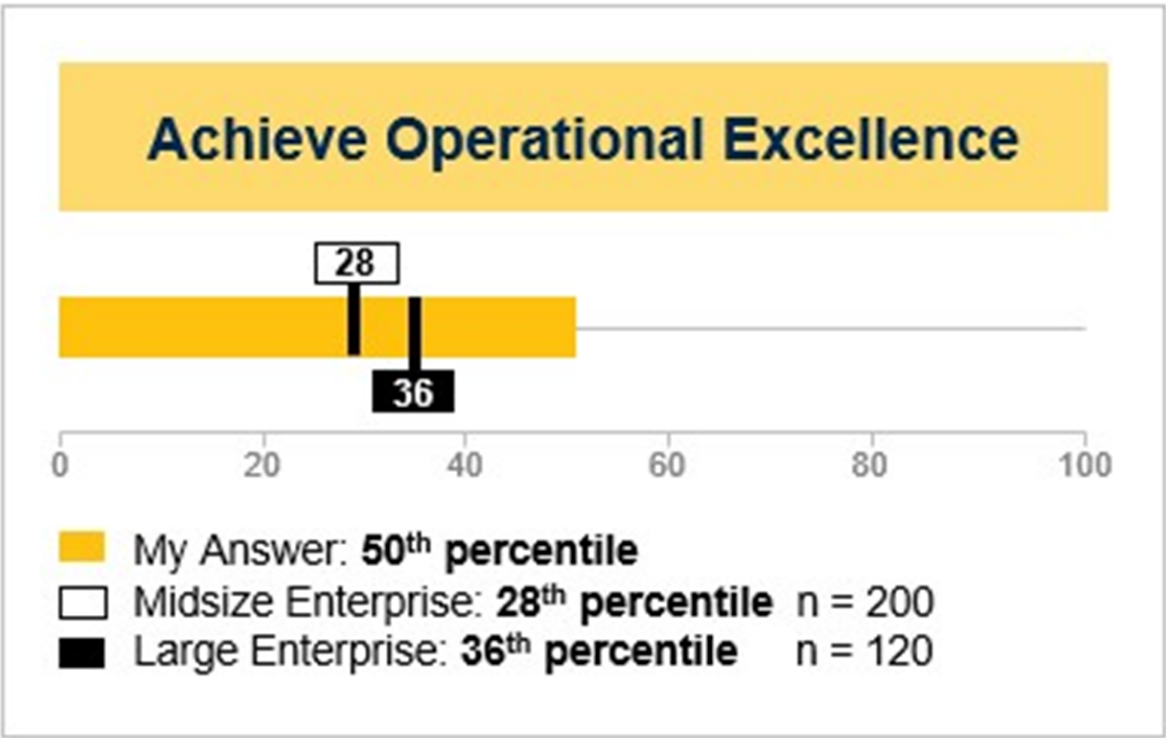
DES Peer Ambition Benchmark

After the executive summary, the DES for Midsize Enterprise then provides the peer ambition benchmark for all the dimensions. These added benchmarks detail how your organization’s ambitions compare to other midsize enterprises and large enterprises in the three DES categories: strategic digital priorities, operating model and technology platform. This comparison enables midsize enterprises to confirm and validate their aspirations and prioritize where to focus their limited resources. Are midsize enterprises aiming higher? Are we missing a significant dimension? Is there an opportunity to outperform our peers in a certain area?

Each panel shows the ambition for an individual dimension, for example “Achieve Operational Excellence” (see Figure 6). In this example, the organization has declared a mainstream ambition (50th percentile), which is higher than both the average ambition for all midsize enterprises and for large enterprises who have taken the assessment.

Figure 6: Ambition Benchmark for Achieve Operational Excellence

Ambition Benchmark for Achieve Operational Excellence



Source: Gartner
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Detailed DES Benchmarks

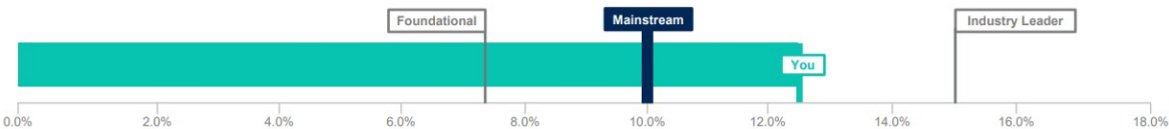
After the executive summary, in the body of the report, each KPI has its own graphic to represent the current state, desired state (ambition) and the benchmarks as a function of the benchmark quartiles. In Figure 7, the 25th percentile (foundational) has a median score of 7.6% of non-IT employees regularly using analytics capabilities, the 50th percentile (mainstream) has a median score of 10.0% and the 75th percentile (industry leaders) has a median score of 15.1%. The organization set an ambition of mainstream, and responded that it is averaging 12.5%, so it has already exceeded its ambition by 2.5%, but is not yet up to the standard of industry leaders.

Figure 7: Benchmark for Analytics-Enabled Workforce

Benchmark for Analytics-Enabled Workforce

Analytics-Enabled Workforce (%)

What percentage of your non-IT employees regularly use analytics capabilities?



Results

You: [Organization full name] ...	12.5%
Ambition: Mainstream	10.0%
Exceeding By	2.5%
Industry reference	
Foundational	25 th percentile 7.6%
Mainstream	50 th percentile 10.0%
Industry Leader	75 th percentile 15.1%

Suggested actions

- Different employees learn how to become more analytical at different rates, and they have different data literacy needs. Develop data literacy personas to inform training and development programs and to come up with ideas for more targeted tools and supporting data.
- Conduct individual data literacy assessments with Gartner's toolkit. Use the findings as input to raising data literacy awareness and content planning for data literacy development.

Recommended Research:

- [Toolkit: Data Literacy Individual Assessment](#)

Comparison Group = Industry: Manufacturing, n = 100.
Source: Gartner Digital Execution Scorecard. As of 23 August 2021.

Source: Gartner
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The DES report is a fact-based assessment, using real peer benchmarks that creates situational awareness into the outcomes of current investments to support priorities and investments in future outcomes. More is not always better. Keep in mind that the particular digital business goals and aspirations of your organization may lead you to set different target values than your benchmark.

Some of the metrics should be maximized for improvement, some minimized and others should be guided by a target state set by the organization:

- **Maximizing for improvement.** For these metrics, if you are below your peers, you should make investments to increase the measured outcome to align with, or exceed, your peers. For example, endpoint security compliance is something every organization will want to maximize.
- **Minimizing for improvement.** For these metrics, if you are above your peers, you should make investments to decrease the measured outcome to align with, or move below, your peers. For example, unsupported infrastructure, measured as a percentage of on-premises infrastructure assets currently out of maintenance (technology debt), is something that every organization will want to minimize.
- **Achieving a target state.** For many metrics, there is no consistent measure that equates to “better” for all organizations. These are typically a function of strategy and desired business outcomes. Organizations should interpret their variance from their desired target state to determine future investments. Observing your peers’ current state for metrics in this category can inform your decision, but these outcomes are more heavily influenced by aligned and desired business outcomes. For example, the percentage of revenue from digital channels is really a choice that will be influenced by your particular business goals.

How can I get started with a DES for Midsize Enterprise assessment? Click the Launch button at the top of this page!

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Recommended by the Author

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Infographic: 10 Digital KPIs Top Performers Excel At

Tool: IT Dashboard for Non-IT Executives

Research Roundup for Digital-Outcome-Driven Metrics for Industries

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Actionable, objective insight

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