Gartner Research

Business of High Tech Primer for 2024

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31 January 2024

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Business of High Tech Primer for 2024

> The high-tech industry is hypercompetitive and driven by technology and business model innovation. High-tech product leaders can use this Gartner initiative to determine what it will take to compete and win, both now and in the future.

Scope

This initiative covers high-tech industry commercial dynamics, such as strategies for revenue growth, tech and business model innovation, disruption response and sustaining competitive advantage.

Topics in this initiative include:

- **Impact of Buyer, Industry and Technology Trends**: Keep up with changing buyer, industry and technology trends to create and extend your competitiveness.

- **Innovation, Disruption and Competitive Advantage**: Stay with or ahead of trends in the competitive high-tech industry.

- **Strategies for Growing Revenue and Market Share:** Keep up with the emerging revenue and market share opportunities created by business and technology change.

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Analysis

Figure 1: Business of High Tech Overview

Business of High Tech
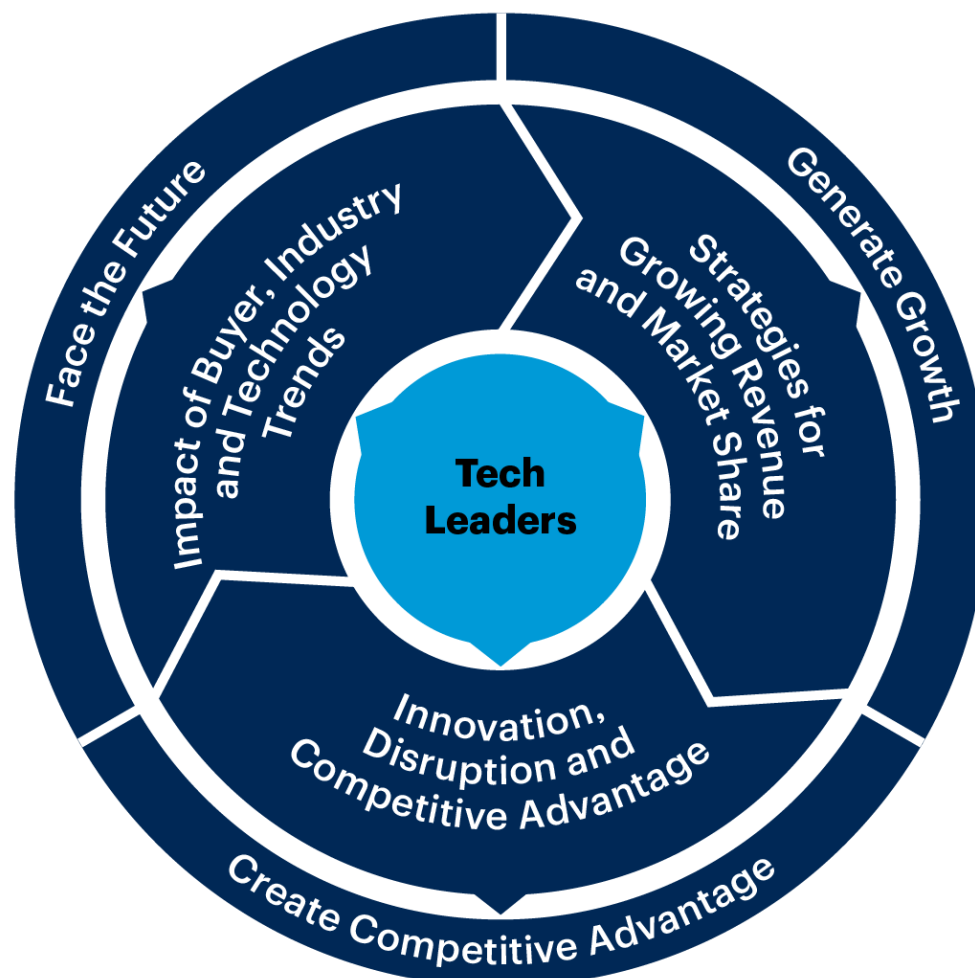
Source: Gartner
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Gartner's business of high tech initiative focuses on the interconnections and interactions between customers, technology and business.

- Customers drive markets and set the context for current and future value by determining their willingness to pay for high-tech products or services and establishing how they engage with providers to create value for themselves and their customers.

- Technology is the basis for provider products and services; how well an individual company takes advantage of technology influences their competitiveness.

- The business domain addresses how a high-tech company mobilizes itself and executes to earn the returns on its products, services and other investments.

High-tech product leaders must navigate an economy, customers and markets that are rotating between strong growth and market contraction. Three results of these combinations high-tech product leaders must address in 2024 are:

- Generative AI (GenAI) — Leaders will need to convert high interest in GenAI technologies into solutions and revenue. Gartner's initial forecast calls for increased spending on GenAI solutions funded largely by replacing or reducing spending in other areas. Leaders must manage in the middle between high interest and lower overall revenue.

- Efficient Growth — High-tech firms continue to move away from strategies based on 'growth at all costs' to focus on efficient growth. Efficient growth calls for a balanced approach to deliver enhanced margins and solid growth opportunities. Efficient growth represents the middle ground between the boom and bust cycles often associated with high-tech markets.

- Rising Buyer Pessimism and Regret — The evolution of buyer indecision, purchase regret, pessimism and channel friction is driving an unexpected negative impact in technology provider pipeline and conversion rates. Leaders must reimagine their positioning, messaging and go-to-market strategies and investments to deliver high-quality deals and lower buyer regret.

The business of high tech initiative brings research and insight to bear on these issues and how they change high-tech markets and how companies must respond.

Topics

Success in high tech requires bringing customers, technology and business together in ways that create value, innovation and scale for all parties. Leading in one or two of these areas can create short-term success that fades. Long-term success requires bringing all three into harmony in order to build and sustain revenue growth, accretive margins and engaged customers.

Our research in this area addresses the following topics:

Impact of Buyer, Industry and Technology Trends

This core topic looks at the major forces shaping the high-tech industry as a whole and how they affect growth choices and competitive advantage. In 2024, we anticipate that managing in the middle between recession and recovery will continue to be a pressing concern for high-tech product leaders. Generative AI technologies will also dominate the discussion. On the buyer side, growing buyer pessimism and change fatigue is creating new problems for high-tech product leaders who are already challenged to sell in an uncertain economy.

Questions Your Peers Are Asking

- How are buyer needs changing high-tech markets?

- What is the impact of AI on growth and competitiveness?

- How do we navigate continued economic uncertainty and soft demand?

- How will new technologies shape high-tech markets, competition and growth opportunities?

Recommended Content

⛏ Some recommended content may not be available as part of your current Gartner subscription.

- Lead in the Middle — What High-Tech Product Leaders Know in 4Q23 and Must Plan for in 2024

- Address New 2024 Revenue Risks From Salespeople Quietly Quitting

- Ability to Execute Is the Hidden Challenge for Technology and Service Providers in 2023

Planned Research

- Continuing research on leading in the middle between recovery and recession, including quarterly updates on commercial conditions

- Generative AI and its net impact on providers

- The impact of business buyers on high-tech growth strategies and competitiveness

Innovation, Disruption and Competitive Advantage

All companies compete, but not every company is equally competitive. The high-tech industry is constantly changing, driven by advances in technology and business evolution. This core topic looks at the fundamentals around what it takes to compete and win in high tech today and the disruptive forces influencing competitiveness for the longer term. The greater the degree of alignment between internal and external capabilities, the greater the company's ability to compete and sustain performance. [1]

Questions Your Peers Are Asking

- How does AI disrupt existing market positions and competitive advantages?

- Is ecosystem participation essential to competing and winning in tech markets? How do I identify the right partners, use cases and deal structures?

- How are high-tech profit pools changing?

- What are the new sources of competitive advantage?

- What are the emerging terms of competition?

Recommended Content

⚷ Some recommended content may not be available as part of your current Gartner subscription.

- High-Tech Ability Assessment

- Ability to Execute Assessment for New-to-Role Leaders

- Building Generative Relationships (McGraw Hill and Tricon)

- Case Study: Launching a Digital Business Within a Legacy Company: Marriott International and Publicis Sapient

Planned Research

- Update of Gartner's high-tech market position benchmark

- Drivers of high-tech competitiveness and how they are changing in the face of technology and business changes

- Dynamics surrounding high-tech product leaders' decisions to participate in or leverage platforms and ecosystems

Strategies for Growing Revenue and Market Share

This topic focuses on growth opportunities and how to capture them. 2024 is expected to be much like 2023, with continued economic uncertainty and uneven demand. High-tech product leaders will need focused strategies to meet reluctant, change-fatigued buyers where they are. Efficient growth will be a major theme in 2024.

Questions Your Peers Are Asking

- What are the next corporate and customer needs that will drive revenue?

- What are the strategies and practices that lead to the greatest revenue growth opportunities?

- What are the client service and engagement models that lead to strongest growth?

Recommended Content

⚷ Some recommended content may not be available as part of your current Gartner subscription.

- Outcomes: The Foundation of a New Business Model for TSPs

- An Overview of How to Become a Generative Provider

- Using Product-Led Growth Strategies to Cross the 'New Chasm'

Planned Research

- Outcome-based business and pricing models

- Efficient growth leading to long-term sustainable growth and margin opportunities

- New revenue and monetization models for new technologies and business applications

- The evolution of high-tech market structures and competition — which markets are positioned the best for above-average revenue growth

Suggested First Steps

- 2024 Tech Provider Top Trends

- Quick Answer: What Is a Business Outcome and an Outcome-Based Business Model?

Essential Reading

- High-Tech Ability Assessment

- Track Competitive Market Leaders and Disruptors With Gartner's Peer-Indexed Performance Analysis

Evidence

[1] **Gartner's General Manager Survey, 2023:** This survey seeks to understand how economic turbulence poses challenges to general managers, how confident they are in their ability to achieve their plans, and the measures planned to tackle the uncertainty. The survey also seeks general managers' outlook toward customer profiles and the competitive environment. The research was conducted online from July 2022 through November 2022 among 195 respondents in North America (61% — U.S. and Canada) and Western Europe (39% — U.K., Germany and France). Industries covered are software (53%) and IT services (47%). Revenue bands covered organizations with revenue of more than $5 billion (33%), those with revenue from $1 billion to less than $5 billion (34%) and $250 million to less than $1 billion (33%) Respondents are responsible for overall portfolio management or distribution of revenue targets for the portfolio or representation of portfolio in business reviews with executive leadership. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

Document Revision History

Business of High Tech Primer for 2023 - 2 February 2023

Related Priorities

Initiative Name	Description
Tech Buying Behavior	This initiative covers technology buyer behavior — how organizations and the people in them make buying decisions, what these buyers want and how high-tech providers must adapt to that behavior.

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Actionable, objective insight

Explore these additional complimentary resources and tools for high tech leaders:

Research

Top Trends for Tech Providers for 2024

Learn the top trends impacting tech providers.

Download Now

Research

Address New 2024 Revenue Risks From Salespeople Quietly Quitting

Discover three actions to drive success for tech product leaders.

Download Now

Research

How GenAI Will Reshape Tech Marketing

Prepare and capitalize on the opportunities from GenAI.

Download Now

Webinar

Overcome Hidden Challenges to Grow Tech & Service Provider Revenue

Strengthen your capability, long-term value and position for future growth.

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