

An aerial photograph of a calm, blue lake surrounded by a dense forest of tall evergreen trees. The water reflects the sky and the surrounding greenery. In the lower center of the lake, four kayakers are visible, paddling away from the viewer. A yellow dotted line starts from the top right corner and extends towards the kayakers, forming a wide 'V' shape.

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# Leadership Vision for 2023-2024

Top 4 Strategic Priorities for CIOs of  
Midsize Enterprises

**From Joseph Provenza, VP Analyst**

Today's midsize enterprises (MSEs) continue to face uncertainty brought about by persistent inflation, talent challenges and the threat of recession. Although affecting industries differently, these conditions will directly impact technology strategies and spending priorities for 2023-2024.

Despite the economic environment, MSE CIOs indicate their current plans call for continued IT investment, particularly for digital technology.

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**The technology decisions that you make will have a significant impact on your organization. To meet the current demands of the C-suite to support digital business initiatives, CIOs are being called upon to both increase efficiencies and support innovation, all while carefully managing technology spend in uncertain economic times.**

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Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to direct their attention based on our data-driven research. We're providing detailed insights to our clients across dozens of roles, and we're now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2023 and beyond.



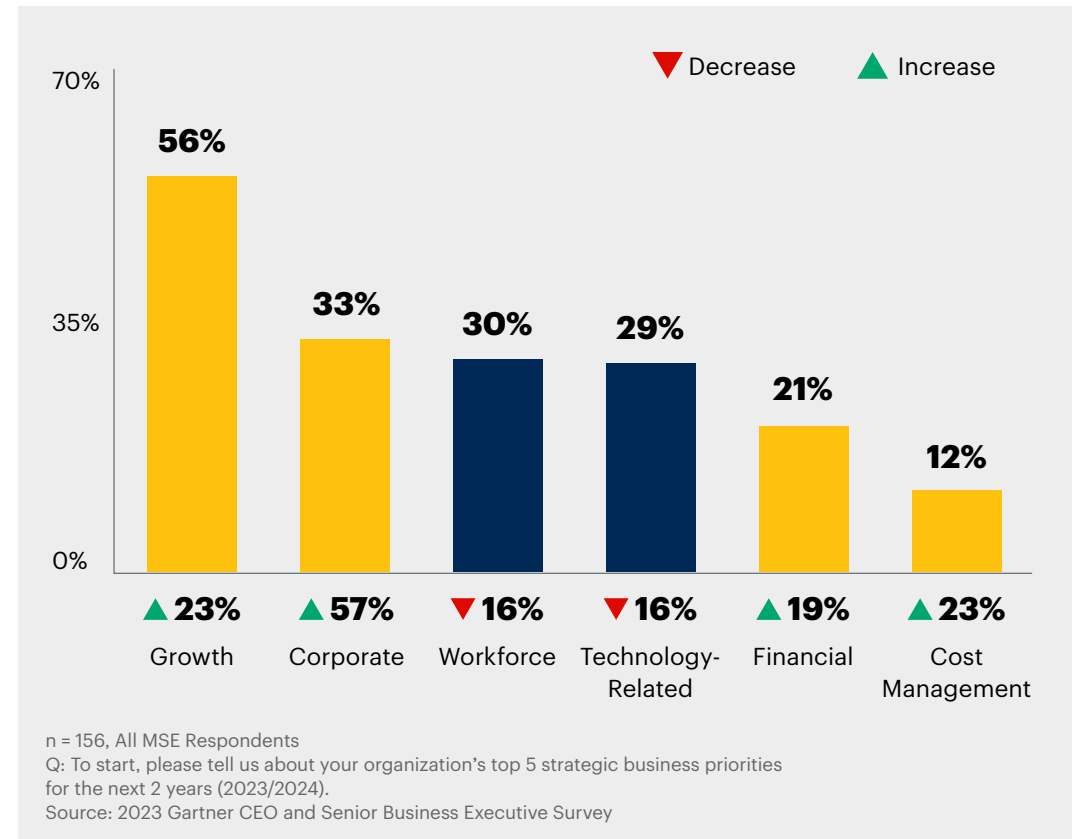
**Joseph Provenza**  
VP Analyst

# Growth and corporate initiatives are top priorities for MSE CEOs

For MSE CEOs, 2023-2024 strategic priorities are clear:

- 1. Growth:** There's a continued interest in growing the organization via increased revenue (or income), market share, profit margins and new markets.
- 2. Corporate:** After a year of diverted attention, CEOs are back to focusing on business diversification, merger and acquisition considerations, and building culture.
- 3. Financial:** An increased focus on profitability improvement, capital and funding, and investor-related topics is in line with the desire to grow the organization.
- 4. Cost Management:** Sound fundamentals in good times can minimize the effects of economic downturns at any level (organization, industry, regional, etc.). With the current inflationary environment, cost management is critical to success.

CEOs and CFOs have very high expectations for returns on digital investments. Given the significance of IT spend in MSE (typically 4.9% of revenue<sup>2</sup>), CIOs must consider how to properly demonstrate value to continue to procure funding to drive business success.



## 3 key trends impacting MSE CIOs



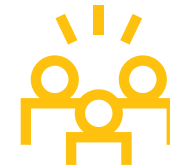
### Increase in digital spend

Seventy-nine percent of MSE CEOs say they plan to increase their investment in digital initiatives. Among their motivations: creating efficiencies to offset inflation and revenue loss and continuing their digital transformation efforts.



### Growth in maturity

Digital maturity is on the rise in most MSEs, with many entering a “neo-digital” phase, executing new projects from an established digital foundation. What was once a luxury is rapidly becoming a minimum standard as expectations for digital capabilities continue to increase.



### Challenges in talent management

Even in good economic times, attracting, retaining and properly preparing staff is difficult for smaller organizations. For the MSE CIO, properly maintaining an IT staff to deliver on digital expectations remains a challenge.

# Challenges and actions for the MSE CIO

## 1 Economic uncertainty

While the severity of an economic downturn is still not clear, uncertainty in the economy, coupled with the effects of inflation, are causing many MSEs to focus on cost cutting in different areas of the organization.



Focus on more long-term goals of cost optimization and improved efficiency to manage costs and create value, rather than a short-term solution of reactionary cost cutting.

## 2 Attracting and retaining talent

Fighting for technology talent has always been difficult for MSEs as their size and scale don't stop them from competing well with larger enterprises in areas such as compensation and career mobility. But it's been exacerbated by the increase in demand for tech talent and employee desire for more flexibility on when and where they work.



Reconsider strategies for attracting and retaining talent based on labor market data and your organization's strengths and weaknesses. Consider or reconsider the managed services market as a means of getting work done in a difficult talent market.

## 3 Creating an organizationwide digital vision

In 2023, 35% of MSE CIOs expressed that they were struggling to integrate a digital vision with existing enterprise-level strategies, which indicates there is still work for the CIO to do in ensuring their tech efforts yield measurable business value.<sup>1</sup>



Develop structure, communication and governance around IT strategy, working closely with business units to inform the investment in and deployment of technology leading to business value.

## 4 Meeting expectations for digital initiative ROI

Sixty-seven percent of CFOs<sup>2</sup> indicated that digital initiatives are underperforming on expectations. MSE CIOs said that most were either behind or just achieving expected value with very few perceived as exceeding value expectations.<sup>3</sup> Deploying technology without involvement from key players and/or a business strategy results in misaligned and, consequently, missed expectations.



Tell the right business value story in a language easily understood across stakeholders and executive teams.

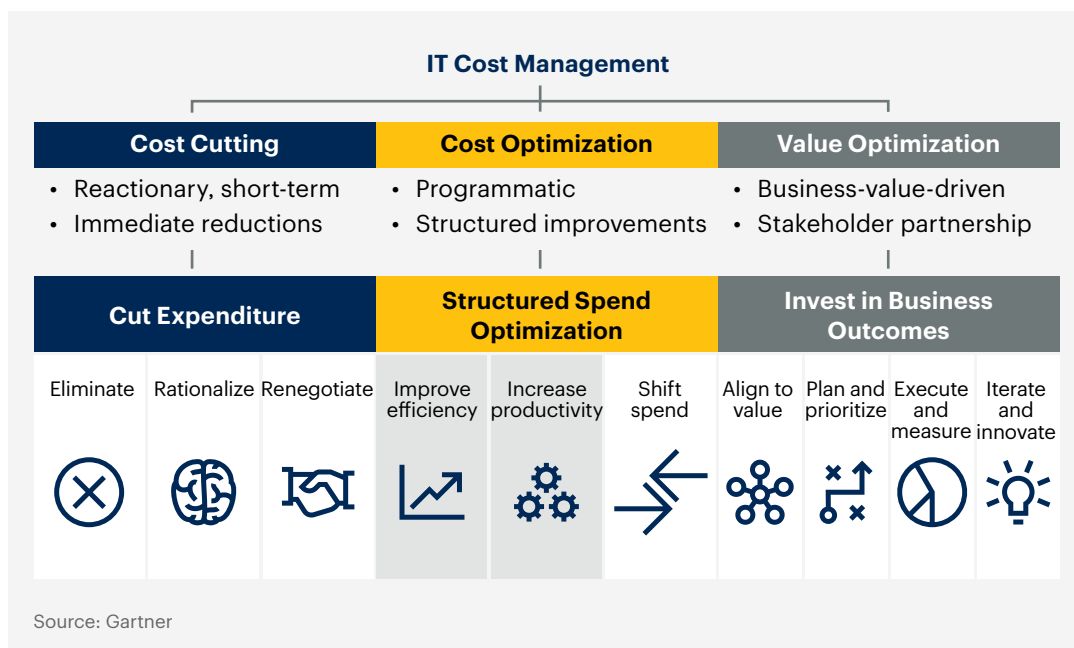
### Actions for the MSE CIO

<sup>1,3</sup> 2023 Gartner CIO and Technology Executive Survey

<sup>2</sup> 2022 Gartner Driving Business Outcomes From Enterprise Digital Spending Survey

# Manage cost with an eye toward efficiency

Simply cutting costs as a planned response to inflation and economic uncertainty is a short-term solution that is not ultimately sustainable. Two longer-term strategies in which CIOs can play a prominent role are efficiency and productivity enhancement leveraging technology.



## Recommended Next Steps

- 1 Look for ways to centralize, consolidate, modernize, integrate and standardize technologies.
- 2 Minimize technical debt, by focusing on building platforms that are maintainable and scalable.
- 3 Identify opportunities to automate processes across the organization.

# Manage talent strategies with data insights

Many organizations waste time and resources competing for talent that is ultimately unattainable. Knowing which of these levers you can pull allows you to operate to your best advantage.



## Recommended Next Steps

- 1 Base your talent strategy on Global Labor Market Survey data to identify key attraction and attrition drivers.
- 2 Work with your HR partners to determine the drivers on which you can compete and the drivers you need to improve.

Note: Gartner clients have access to Global Labor Market Survey data to better inform attraction and attrition drivers.

# Meet organizational objectives with digital initiatives

CIOs must align with CEOs and other key players when determining objectives for digital investments. The key is for the CIO to be part of the right conversations and employ the proper mechanisms to know their organization's needs from digital initiatives.

## Objectives of Digital Investments Over Last Two Years

Percentage of Midsize Respondents



n = 357 Midsize CIOs and Technology Executives Answering, Excluding "Not Sure"

Q. How would you describe the primary objectives of your enterprise's (i.e., your business's or government's) digital technology investments in the last two years?

Source: 2023 Gartner CIO and Technology Executive Survey

## Recommended Next Steps

- 1 Establish formal, or at least consistent, collaboration with key players in the organization to identify efficiency, productivity and revenue opportunities that can be positively affected by the proper deployment of technology.
- 2 Educate yourself and your team on critical business operations to better understand how to support them effectively.



# Tell the right value story

MSE CIOs sometimes struggle to properly communicate the value story on how technology impacts business goals. They must first understand senior management's perspective on how IT contributes to running the business and how stakeholders expect technology to optimize and transform it.







## Recommended Next Steps

- 1 Tell your value story in the language of the technology initiative's end user, and align it to the measurable impact on stakeholder objectives.
- 2 Deliver a value story to key stakeholders, as well as those who make decisions on funding.

Source: Gartner

# Actionable, objective insight

Explore these additional complimentary resources and tools for midsize enterprise leaders:

 <p><b>Roadmap</b> 2022-2024 Technology Adoption Roadmap for Midsize Enterprises</p> <p>Benchmark your technology adoption plans against your peers.</p> <p><a href="#">Download Now</a></p>	 <p><b>Infographic</b> 2023 CIO Agenda: A Midsize Enterprise Perspective</p> <p>Ensure your tech investments pay digital dividends.</p> <p><a href="#">Download Now</a></p>	 <p><b>Research</b> IT Score for Midsize Enterprise CIOs</p> <p>Measure the effectiveness of your IT operating model.</p> <p><a href="#">Download Now</a></p>	 <p><b>Research</b> 2023 Talent Outlook for Midsize Enterprises</p> <p>Execute on your talent strategy and meet critical skill demands.</p> <p><a href="#">Download Now</a></p>
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