Gartner

Leadership Vision for Midyear 2025

Midsize Enterprise CIO

Introduction

In 2025, midsize enterprise (MSE) CIOs must maximize the impact of small teams and budgets while playing a central role in business strategy, as technology becomes foundational to organizational success. With AI expectations rising, MSE CEOs are prioritizing cybersecurity and data quality, and many see current operating models as insufficient for an AI-driven world.

To meet these challenges, MSE CIOs should:

- Establish sound data security with data security governance

- Deliver reliable data with a data and analytics strategy and operating model (DASOM)

- Align with CEO operating model changes for AI success

Use these insights to position IT as a driver of innovation and value, ensuring your organization thrives in an AI-first future.

Key questions addressed

> What are the **major trends** impacting/affecting MSE CIOs?

> What are the **top challenges** each trend is creating?

> What **actions** should the MSE CIO take now to be successful?

MSE IT Leadership

MSE CIOs must balance diverse responsibilities — from security and risk management to digital strategy, infrastructure, data analytics and talent leadership.

With CEOs increasingly recognizing the need to evolve operating models to meet AI expectations, MSE CIOs are uniquely positioned to align IT capabilities with organizational goals, driving innovation and resilience across every area of the business.
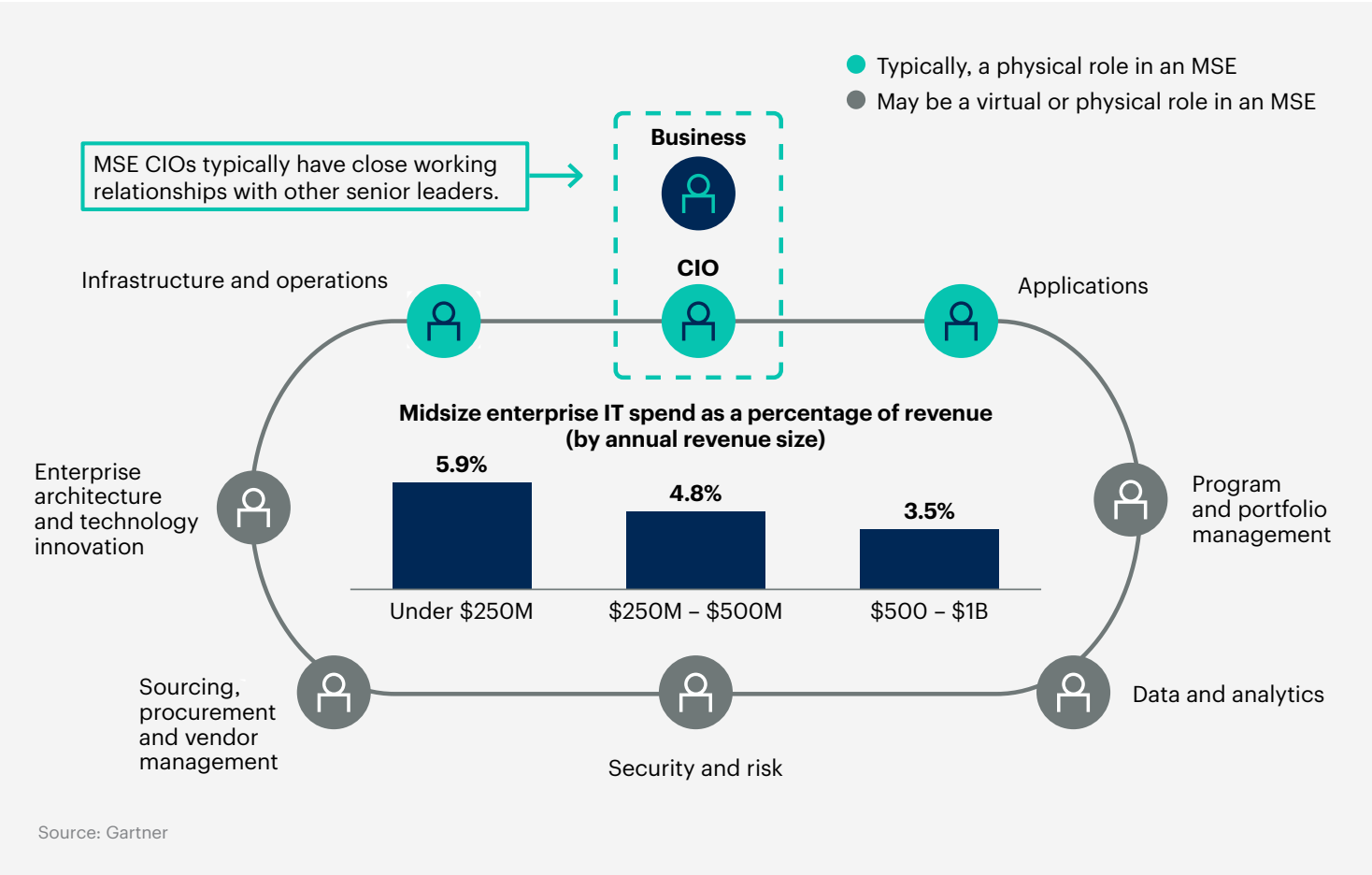
Empowering small IT teams to do big things

- Security and risk management
- Digital business strategy and execution
- Leadership and talent
- Financial management and the business value of IT
- Data, analytics and AI
- Applications and integration
- Infrastructure, operations and cloud

Midsize enterprise CIOs

Source: Gartner

MSE IT Organization Fundamentals

IT teams in MSEs are typically small and lack dedicated specialists. CIOs and IT staff often serve as "versatilists," handling a wide range of responsibilities beyond their titles.
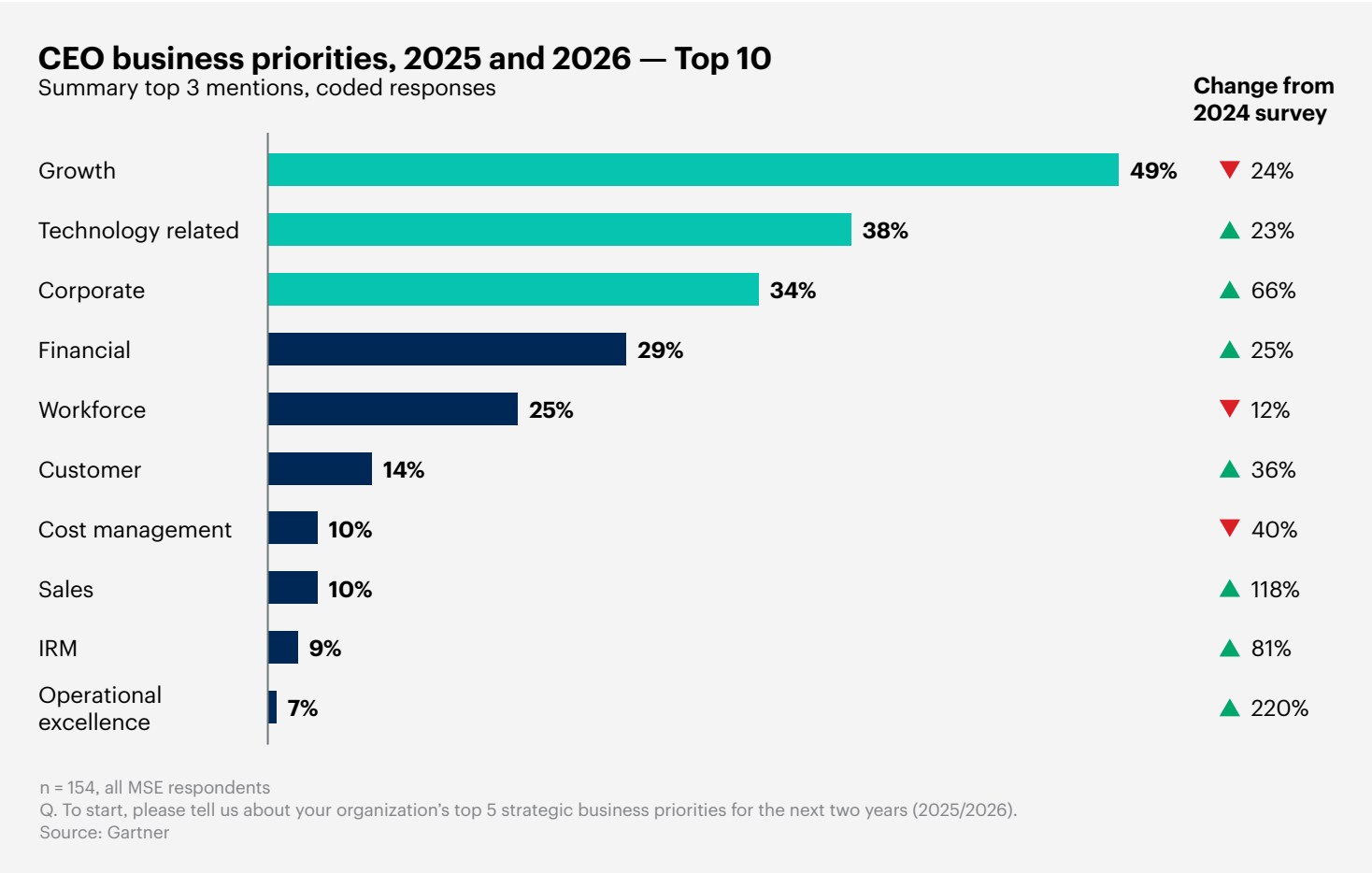
MSEs often spend a higher percentage of revenue on IT, partly because they can't leverage scale.

● Typically, a physical role in an MSE
● May be a virtual or physical role in an MSE

MSE CIOs typically have close working relationships with other senior leaders.

Business

CIO

Infrastructure and operations

Applications

Enterprise architecture and technology innovation

Program and portfolio management

Midsize enterprise IT spend as a percentage of revenue (by annual revenue size)

5.9%	4.8%	3.5%
Under $250M	$250M – $500M	$500 – $1B

Sourcing, procurement and vendor management

Security and risk

Data and analytics

Source: Gartner

Top 10 CEO Business Priorities

Although mentions of growth as a CEO priority have declined from last year, it remains the top focus, with technology as the second priority due to its role in driving growth initiatives.

MSE CEOs remain highly cost-conscious, but interest in top-line growth — especially sales revenue, capacity and geographic expansion — has increased.

CEO business priorities, 2025 and 2026 — Top 10
Summary top 3 mentions, coded responses

Change from 2024 survey

Priority	%	Change from 2024 survey
Growth	49%	▼ 24%
Technology related	38%	▲ 23%
Corporate	34%	▲ 66%
Financial	29%	▲ 25%
Workforce	25%	▼ 12%
Customer	14%	▲ 36%
Cost management	10%	▼ 40%
Sales	10%	▲ 118%
IRM	9%	▲ 81%
Operational excellence	7%	▲ 220%

n = 154, all MSE respondents
Q. To start, please tell us about your organization's top 5 strategic business priorities for the next two years (2025/2026).
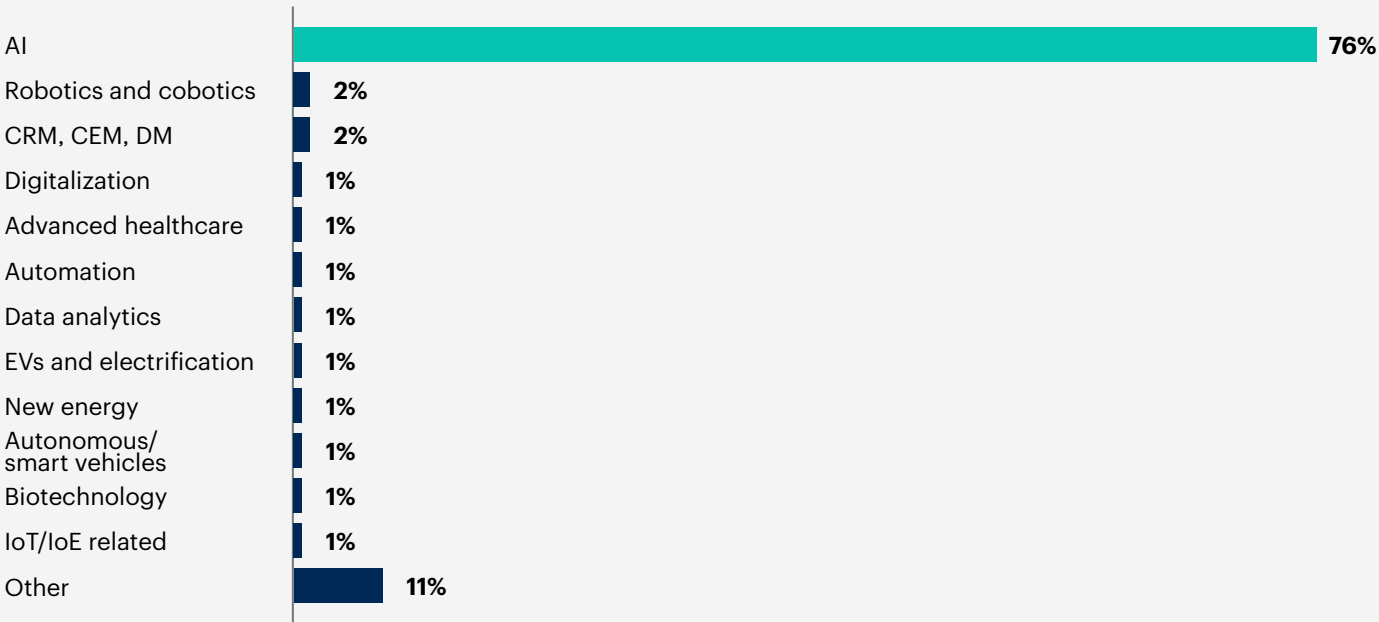Source: Gartner

AI Still Has the CEO's Attention

AI remains a top CEO priority; however, leaders now recognize the significant costs, risks and effort involved in AI deployment.

For MSE CIOs, this means a heightened focus on cybersecurity and risk management — 73% cite it as a top priority, reflecting board concerns about rising cyberthreats. Data readiness is also critical, with poor data quality seen as the main barrier to AI success.

The new technology that CEOs believe will most significantly impact their industries over the next three years

Coded responses

Technology	%
AI	76%
Robotics and cobotics	2%
CRM, CEM, DM	2%
Digitalization	1%
Advanced healthcare	1%
Automation	1%
Data analytics	1%
EVs and electrification	1%
New energy	1%
Autonomous/smart vehicles	1%
Biotechnology	1%
IoT/IoE related	1%
Other	11%

n = 148, all MSE respondents excluding DK/NA/None
Q. The new technology that will most significantly impact our industry over the next three years is …
Numbers may not total 100% due to rounding.
Source: Gartner

Key Issues

01   **What are the major trends impacting/affecting MSE CIOs?**

02   **What are the top challenges each trend is creating?**

03   **What actions should the MSE CIO take now to be successful?**

MSE CEOs See a Link Between Cybersecurity and Business Growth

Given a rapidly changing technological world where promise and risk go hand in hand, MSE CIOs have a mandate and an opportunity to bolster their security positions as they prepare for the continued influence of AI.

CEOs' and senior business executives' view on cybersecurity and business growth

11%
We do not regard cybersecurity as a critical component to achieving business growth.
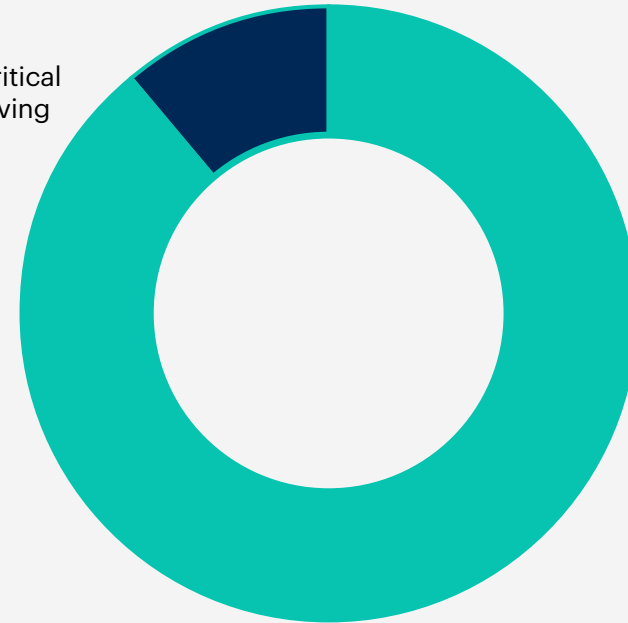
89%
We regard cybersecurity as a critical component to achieving business growth.

n = 35, MSE respondents, wave 1 only, excluding don't know/no opinion
Q. Please tell us which of two opposing viewpoints most closely represents your view.
Source: Gartner

Data and Analytics Capabilities Are Critical for Growth

MSE CEOs now recognize that data management and integrity are essential for decision making and AI success, naming data analytics as the top technology for growth.

Top 5 technologies critical to organization's growth — excluding AI

Summary top 3 mentions, coded responses

Technology	Percentage
Data analytics	32%
CRM, CEM and DM	25%
Automation	20%
Cloud computing	15%
ERP	13%
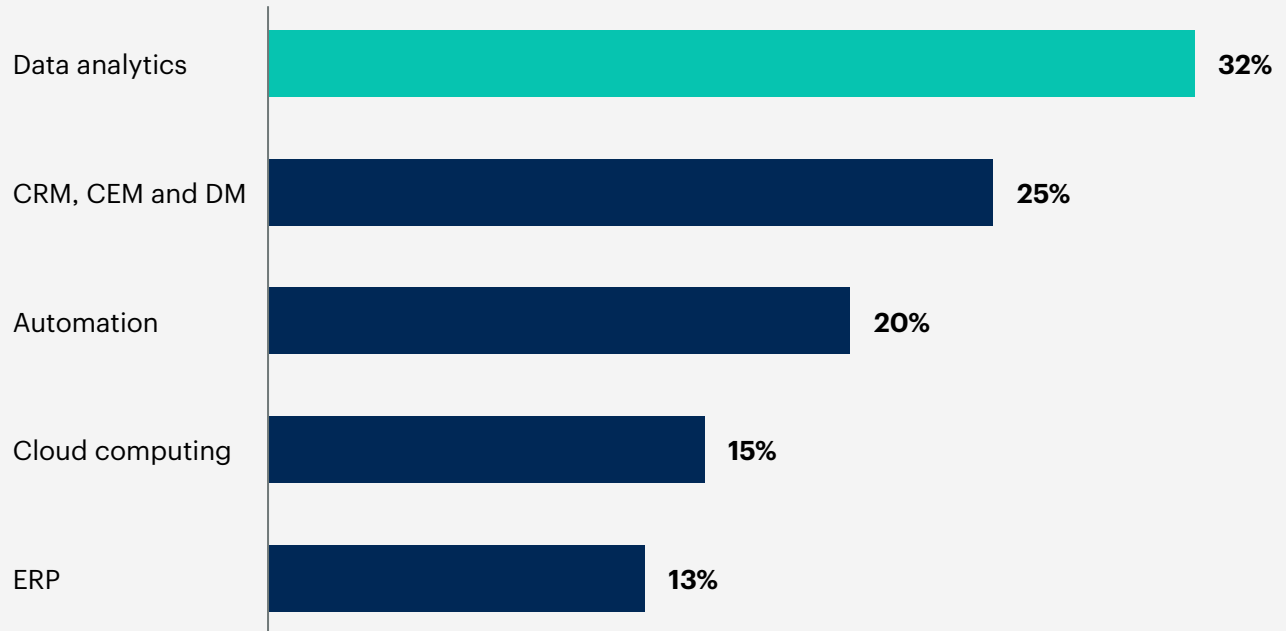
n = 119, all MSE respondents (excluding don't know/no answer/none); wave 2 only
Q. Excluding AI, what are the other top 3 technologies critical to your organization to enable its growth?
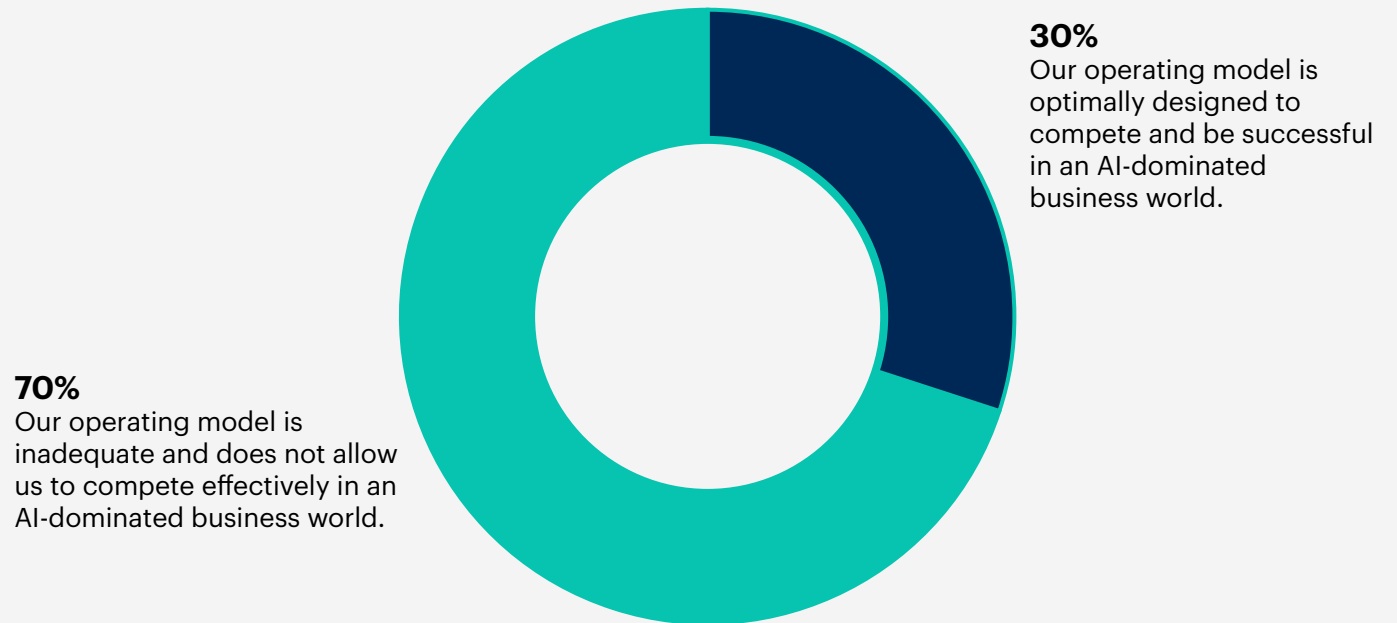Source: Gartner

MSE CEOs See the Need for Operating Model Change

MSE CIOs must rethink how IT delivers value, moving beyond reactive support to a proactive, strategic role.

Operating model competency

30%
Our operating model is optimally designed to compete and be successful in an AI-dominated business world.

70%
Our operating model is inadequate and does not allow us to compete effectively in an AI-dominated business world.

n = 136, all MSE respondents, excluding don't know/no opinion
Q. Is your operating model designed to compete in an AI-driven world?
Source: Gartner

Key Issues

01 What are the major trends impacting/affecting MSE CIOs?

02 What are the top **challenges** each trend is creating?

**03** What actions should the MSE CIO take now to be successful?

Cybersecurity Risk Threatens Shareholder Value

MSE CIOs are under pressure to protect the enterprise with limited staff and budgets. The challenge is now heightened by the growing use of AI.
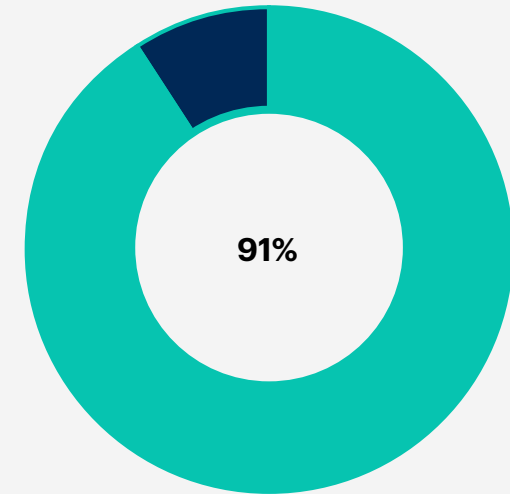
CIOs must stay current on security solutions, including managed services, to effectively safeguard their organizations.

Board's attitude toward cybersecurity and risk

Believe cyberthreats will **grow in the next two years 2025-2026**

97%
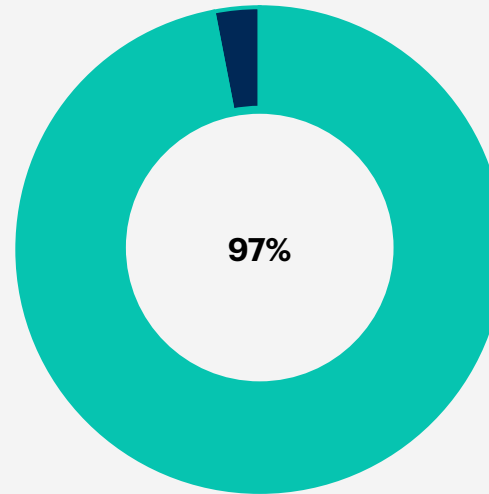
Agree cyber risk is a **threat to shareholder value**

91%

n = 100; MSE nonexecutive board of directors, excluding don't know
Q. Please tell us which of two opposing viewpoints most closely represents your view.
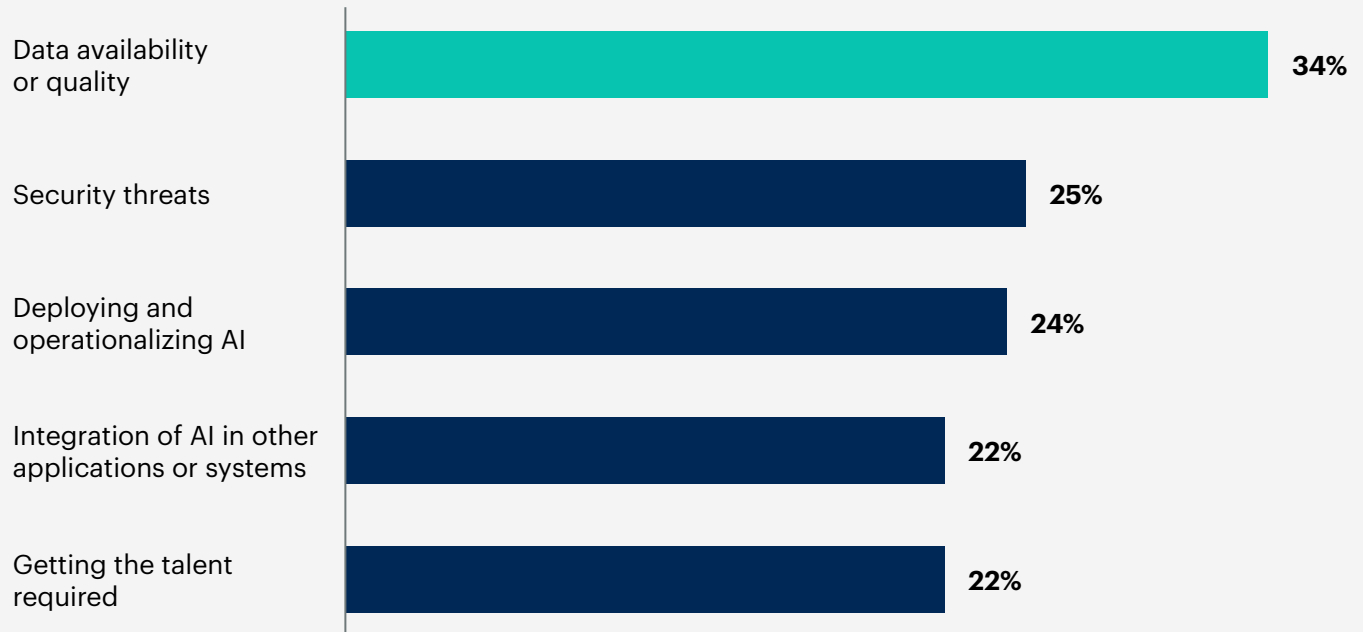Source: Gartner

Lack of Sound Data Inhibits AI Value

Poor data availability and quality are the main barriers to AI initiatives for MSEs.

MSE CIOs must prioritize data curation and governance, involving the entire organization in data management.

Top barriers for AI initiatives implementation
Sum of top 3

Barrier	Percentage
Data availability or quality	34%
Security threats	25%
Deploying and operationalizing AI	24%
Integration of AI in other applications or systems	22%
Getting the talent required	22%

n = 143; all MSE respondents
Q. What are or will be the top 3 barriers to the implementation of AI initiatives within your organization?
Source: Gartner

Operating Model Issues Affect Business Outcomes

MSEs often struggle to achieve results from tech investments due to poorly designed IT operating models and misalignment with business needs. Ineffective IT talent management and technology support further hinder outcomes.

MSE CIOs must work closely with senior leadership to align IT with business goals and carefully design operating models to maximize technology's value and impact.

Top challenges affecting business outcomes of technology investments

Performance

Lack of alignment between IT and business (50%)

Decision rights

Organizational structure

Financials

Sourcing and ecosystems

Delivery model

Cost overruns (45%)

Talent

Tools and platforms

Employees lack training (30%)

Workplace

Supporting technologies not in place or not mature (45%)

n = 76; MSE senior IT and business leaders
Q. When it comes to technology investments, please rank the top 5 challenges that have the most impact on the intended business outcomes.
Source: Gartner

Key Issues

01 What are the major trends impacting/affecting MSE CIOs?

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Establish Sound Data Security With Data Security Governance

Effective data security governance starts with identifying business risks and aligning on a balanced security posture — not just managing tools and controls.

Success depends on organizationwide support for security policies, an area where MSEs' close-knit structures give CIOs a unique edge.

**Implement data security governance through 5 stages**
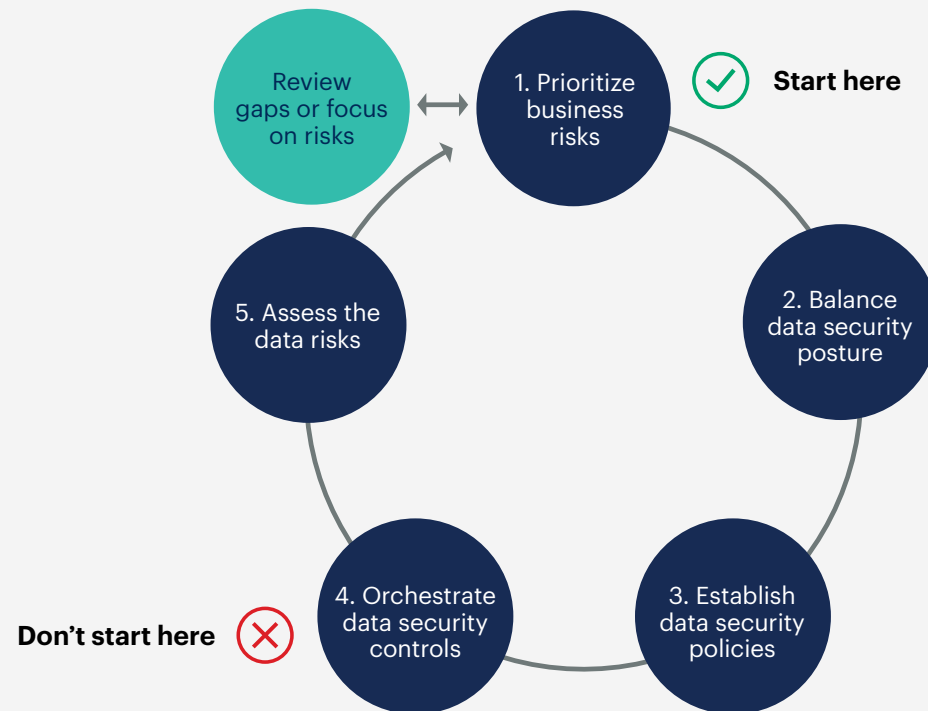
Source: Gartner

Deliver Reliable Data With a Data and Analytics Strategy and Operating Model (DASOM)

Unlocking value from data requires a clear strategy and operating model focused on data. This starts with a vision for how data will drive stakeholder outcomes and considers both internal and external factors, such as talent, technology and regulations.

Organizations must regularly assess their data ecosystem and capabilities, addressing gaps and building on strengths.
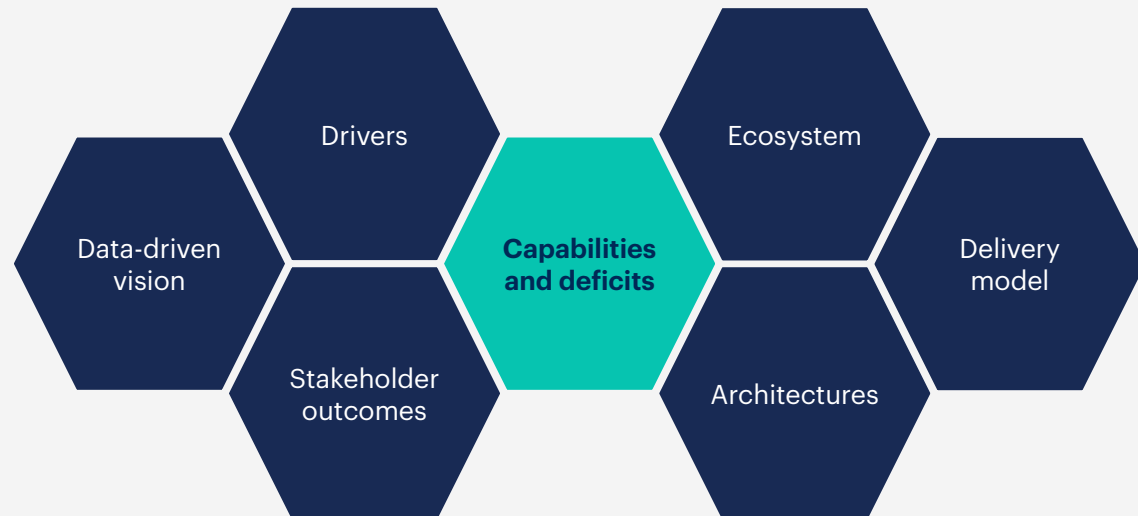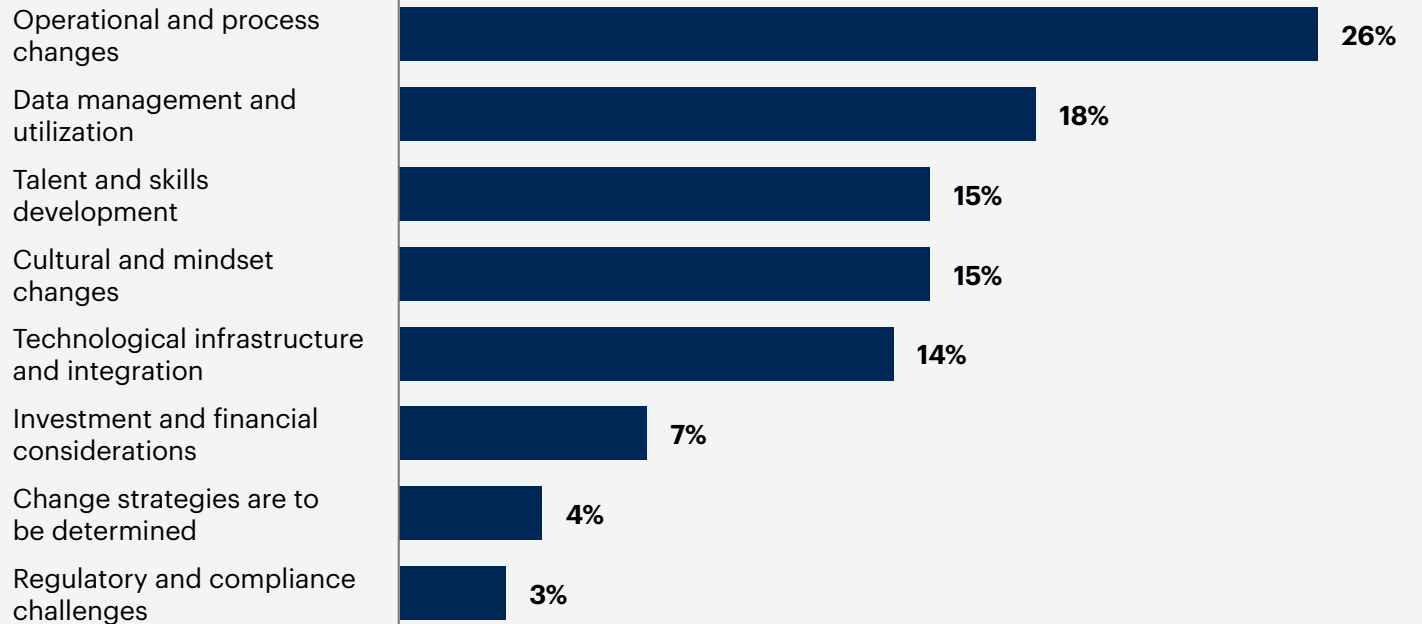

Source: Gartner

Align With CEO Operating Model Changes for AI Success

MSE CEOs understand their organizations must adapt operating models, workforce skills and foundational structures to compete in an AI-driven world.

MSE CIOs should prioritize formal data governance and ensure technology platforms are ready to support AI demands, enabling growth and effective AI adoption.

Change to the operating model

Coded responses

Operational and process changes	**26%**
Data management and utilization	**18%**
Talent and skills development	**15%**
Cultural and mindset changes	**15%**
Technological infrastructure and integration	**14%**
Investment and financial considerations	**7%**
Change strategies are to be determined	**4%**
Regulatory and compliance challenges	**3%**

n = 74, MSE respondents whose operating model is inadequate, wave 2 only
Q. Please briefly describe what kinds of change are required to your operating model to compete effectively in an AI-dominated business world.
Source: Gartner

Actionable, objective insight

Position your organization for success. Explore these additional complementary resources and tools for MSE leaders:

eBook
CIO Agenda

Dive into the leadership, organizational and technology priorities CIOs must address.

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