

# **Fusion Teams: A New Model for Digital Delivery**

## Fusion Teams: A New Model for Digital Delivery

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**FOUNDATIONAL** This research is reviewed periodically for accuracy.

CIO Research Team

Initiatives: [CIO Leadership of Strategy, Governance and Operating Models](#); [CIO Role Evolution](#); [CIO Leadership, Culture and People](#)

Multidisciplinary digital business teams – or “fusion teams” – are critical to success in digital transformation. Progressive CIOs foster rather than fight the rise of the distributed digital delivery model and maximize value by focusing on the human aspects of managing digital business risk.

### Additional Perspectives

- [Summary Translation: Fusion Teams: A New Model for Digital Delivery](#)  
(28 September 2020)

### Overview

Companies that succeed in digital business are rethinking the way they operate. Our data shows that at least 84% of companies and 59% of government entities have set up “fusion teams” – multidisciplinary teams that blend technology and other types of domain expertise and are often designed to deliver products rather than projects. <sup>1</sup> We surveyed almost 1,000 fusion teams from various industries and sectors and found that 43% already report outside corporate IT to be closer to the point of value delivery.

The rise of fusion teams is evidence that the boundaries between IT and the rest of the business are blurring at an accelerated rate. Our interviews with hundreds of CIOs and other IT leaders show that progressive CIOs focus on the human side of managing digital business risk (the cultural, organizational and behavioral aspects of risk management) to help their organizations capture full value from this new digital delivery model.

## Key Findings

- CIOs agree that fusion teams need autonomy to build and launch digital solutions, but many are concerned about the risks of poor data and technology decisions.
- Seventy percent of fusion team leaders believe their organizations' existing data and technology standards apply only to IT, not to their teams' work.
- Stronger governance is only part of the solution, as digital business requires exploration and discovery that often goes beyond the reach of existing governance and controls.
- CIOs should focus on the human side of managing digital business risk and foster "digital judgment" in fusion team leaders. Digital judgment is the set of beliefs, mindsets and behaviors that lead to sound risk management among frontline technology decision makers throughout the enterprise.
- CIOs should help fusion teams avoid creating digital talent silos by centrally nurturing emerging, evolving and expanding areas of digital expertise and by transferring digital skills to the broader enterprise.
- CIOs should use communities of practice to scale the innovative ways of working pioneered in fusion teams and accelerate enterprise learning.
- CIOs should work with the rest of the leadership team to rethink the enterprise's division of technology responsibilities as fusion teams go mainstream. CIOs should also focus on modernizing the company's governance and digital foundations to support a distributed delivery model.





## Distributed Digital Delivery: Introducing Fusion Teams

Traditional, IT-centric "shared services" delivery models are being displaced by fusion teams that blend technology and other types of domain expertise. Incumbent organizations are working to emulate digitally native companies' customer centricity, so terms such as "agile teams," "agile enterprise" and "digital product teams" have become commonplace. But behind these terms exists a multitude of team-based delivery models (see Figure 1). For example:

- Digital product teams deliver and maintain customer-facing digital products and services.
- Digital channel teams focus on the customer experience and seek to digitize and/or integrate marketing, sales, service, mobile and online channels.
- Digital operations teams capture benefits by further digitizing operations to automate, cut operational waste or increase process visibility.
- Data and analytics teams – perhaps the most common type of fusion team – provide insights that are consumed by other fusion teams to fuel data-driven decision making.

**Figure 1: A Spotter's Guide to Distributed Fusion Teams**

### A Spotter's Guide to Distributed Fusion Teams

Digital Product Teams	Digital Channel Teams	Digital Operations Teams	Data and Analytics Teams
 <b>Sharks</b>	 <b>Manta Rays</b>	 <b>Pilotfish</b>	 <b>Anchovies</b>
Use speed and agility to innovate, iterate and disrupt the product portfolio.	Swim in and across channels to reach new customers and chart new customer journeys.	Work symbiotically with sharks to automate, cut operational waste and increase process visibility.	Feed insights to other teams to fuel data-driven decision making.
<b>Examples</b> <ul style="list-style-type: none"> <li>• Digital product development</li> <li>• Platform business models</li> </ul>	<b>Examples</b> <ul style="list-style-type: none"> <li>• Precision marketing</li> <li>• Customized experiences</li> </ul>	<b>Examples</b> <ul style="list-style-type: none"> <li>• Supply chain redesign</li> <li>• IoT-connected cities</li> </ul>	<b>Examples</b> <ul style="list-style-type: none"> <li>• Labor market forecasting</li> <li>• AI-driven decision making</li> </ul>

n = 664 senior business and IT leaders  
 Source: 2019 Gartner Digital Business Teams Survey

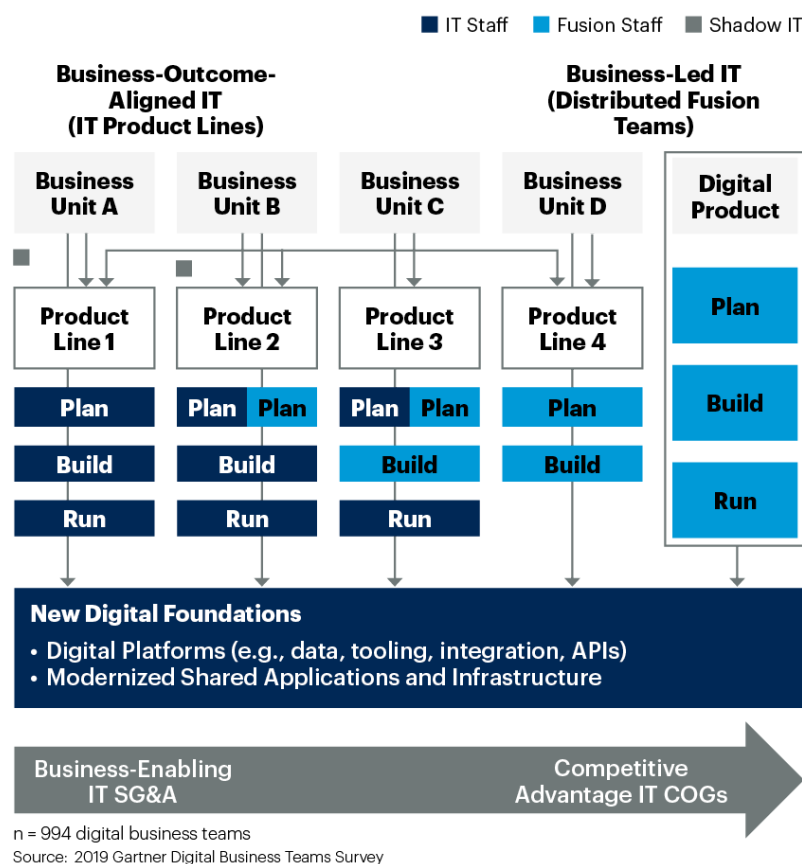
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Most organizations have multiple digital business or fusion teams, and we found that 96% of them are agile teams (see Figure 2). These teams herald a new form of organization and value delivery. Instead of organizing work by functions or responsibilities, fusion teams are typically organized by the cross-cutting business capabilities, business outcomes or customer outcomes they support. To do this, they pool digital talent from different business areas. Team members typically have a shared set of business objectives and identify primarily with their team and the business or customer outcomes they support, not the functional area that matches their expertise.

The rise of fusion teams in many enterprise operating models today testifies that organizational boundaries are blurring at an accelerated rate. It also shows business leaders' greater appetite for planning, running and managing their own digital initiatives. Today, 43% of fusion teams in large enterprises (42% in midsize enterprises) are already led by team leaders (not just agile product owners) who report outside corporate IT. These team leaders go beyond the usual responsibilities of agile product owners; they lead the strategy, roadmapping and resourcing for the team, and they tend to have end-to-end accountability for outcomes.

**Figure 2: The Distributed Digital Delivery Model**

### The Distributed Digital Delivery Model



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Our data shows strong variation in how these fusion teams are structured and composed. However, most are enduring teams that adopt the product management discipline first popularized within IT. This way of organizing teams around business capabilities or business outcomes combines scale with speed and responsiveness. It may also help attract and retain world-class talent, as it fosters autonomy and line of sight between work and business outcomes that, at many incumbent organizations, has historically eroded.

## A Case for Distributed Digital Initiatives

Our corporate strategy research shows that fusion teams' benefits are significant. Distributed, simultaneous initiatives with broad-based involvement yield better results than centralized, sequential digital business initiatives. Organizations have adopted a range of tactics that help blunt the biggest risks associated with the distributed delivery model. And those that do so effectively can be 2.5 times faster in their digital business transformations than organizations that run initiatives in one centrally managed team that is typically divorced from the legacy business.

## Challenges of Distributed Delivery

Many CIOs are rightfully concerned that with the rise of fusion teams, the risks of decentralized IT (or perhaps even "shadow IT") will surface again in a different guise. Indeed, companies that introduce new business models and digital initiatives through fusion teams face new but familiar challenges:

- **Uneven compliance and risk management** — In a more diverse, distributed and often business-led delivery environment, fusion teams may lack the context to effectively balance team and enterprise outcomes. Many CIOs are rightfully concerned that fusion team leaders will optimize for their team outcomes, not for other fusion teams or the broader enterprise's concerns.
- **Subscale digital talent management** — Distributed talent acquisition and development practices are often subscale. Similarly, fusion teams risk creating new silos of expertise as companies struggle to capture economies of intellect and share lessons across domains.
- **Unclear division of leadership responsibilities** — While the rise of fusion teams demonstrates business leaders' appetite for leading their own digital initiatives, this ambition is unevenly distributed between and within organizations. The new delivery model requires more business ownership than many business units are willing (or ready) to assume and a radically different division of technology leadership responsibilities.

## CIOs Must Foster Digital Judgment in Distributed Fusion Teams

Most CIOs we spoke with agree that fusion teams need greater levels of autonomy to respond quickly to digital threats and opportunities. Yet many were concerned about the risks poor data and technology decisions may introduce. Governance and oversight, while essential, are only part of the solution.

Digital business requires discovery that must often go beyond the reach of existing governance and controls, and introducing more bureaucratic oversight will inevitably slow fusion teams down. In addition, teams may work to circumvent governance or may not even be aware that certain standards and processes apply to their work. Our data shows that 70% of fusion team leaders believe their companies' data and technology standards apply only to IT, not to their fusion teams.

To understand the actions CIOs can take to manage risk and compliance in a distributed delivery model without multiplying layers of bureaucracy, we surveyed almost 1,000 fusion team leaders across geographies, industries, functions and seniority levels. We found that a specific set of beliefs and mindsets (not the depth and breadth of a company's governance practices) is the strongest predictor of fusion team leaders' ability to build and launch digital solutions without introducing additional enterprise risk. We call this set of beliefs, mindsets and behaviors "digital judgment."

### Key Findings From Our Digital Business Teams Survey

CIOs are known for taking risk management seriously — especially when it concerns data and technology risks for which, in many cases, they will be held personally accountable. Yet our research suggests real-world incidents and complaints will continue to emerge if companies ignore the beliefs and mindsets of leaders and other employees (within and beyond IT) who make technology decisions in today's distributed delivery environment.

We looked at fusion team leaders' ability to deliver their team business outcomes (such as developing new business models, increasing revenue and attracting new customers) without increasing the enterprise's exposure to risks (such as cybersecurity incidents, privacy concerns and negative customer experiences). In many cases, this is a trade-off in which fusion team leaders balance a decision or activity's benefits for their teams against the risk it presents to the enterprise.

Following are the key findings from our analysis.

## Governance Adherence Doesn't Drive Outcomes

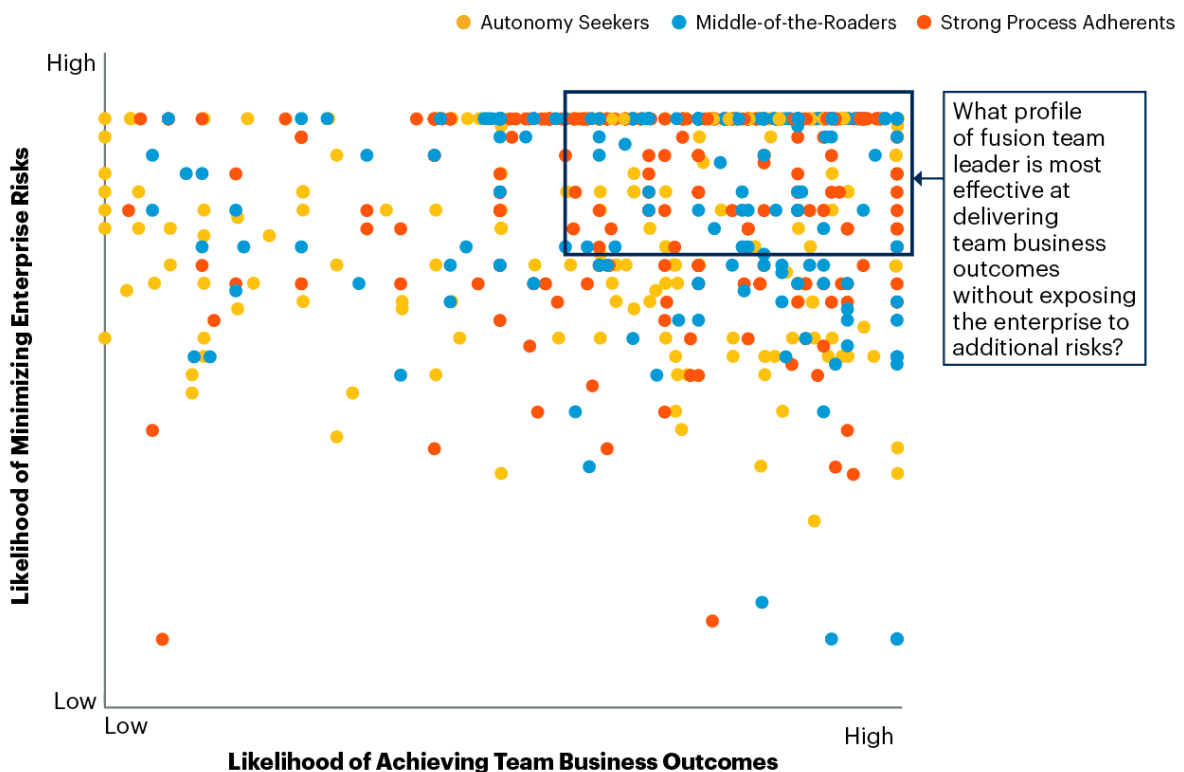
We first looked at the extent to which fusion team leaders follow their companies' standards and processes. (Many IT shops segment stakeholders by their willingness to adhere to the company's data and technology processes and standards.)

We found that conventional ways of dividing business leaders into "autonomy seekers" versus "process adherents" does not predict their ability to effectively balance team outcomes with enterprise outcomes (see Figure 3). Even fusion team leaders who strike the right balance (those willing to experiment within the risk-free confines of well-trodden paths) are no more likely to protect the enterprise from undue risks while working to deliver their team outcomes.

In other words, no clear pattern emerged when we applied the lens of governance adherence to the data we collected on almost 1,000 fusion team leaders.

**Figure 3: Risk Avoidance Versus Team Outcomes Achievement, by Willingness to Comply With Governance**

### Risk Avoidance Versus Team Outcomes Achievement, by Willingness to Comply With Governance



n = 994  
Source: 2019 Gartner Digital Business Teams Survey

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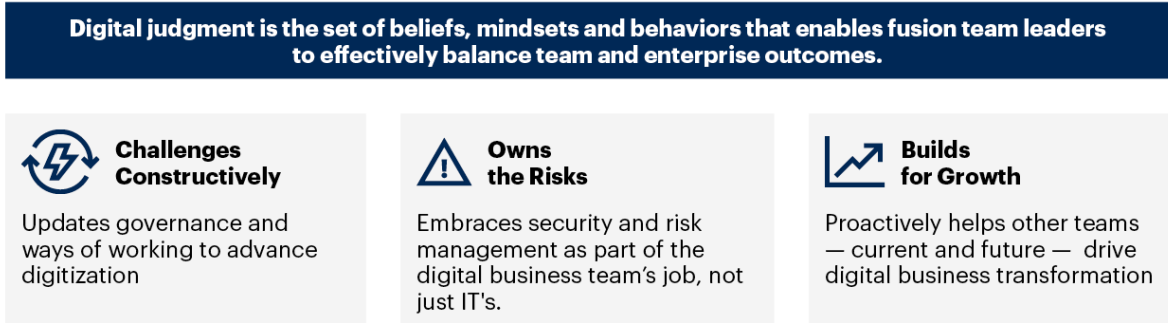


## The Best Fusion Team Leaders Apply Digital Judgment

When we analyzed fusion team leaders who are strong at delivering team outcomes while avoiding risks, irrespective of their willingness to comply with governance, a clear pattern emerged. These leaders all combine an entrepreneurial way of working with informed and sound risk taking because of a distinct set of beliefs and mindsets that distinguishes them from other fusion team leaders – what we call “digital judgment” (see Figure 4).

Figure 4: Digital Judgment Attributes

### Digital Judgment Attributes



n = 994  
 Source: 2019 Gartner Digital Business Teams Survey  
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Applying digital judgment to their teams’ work means these fusion team leaders:

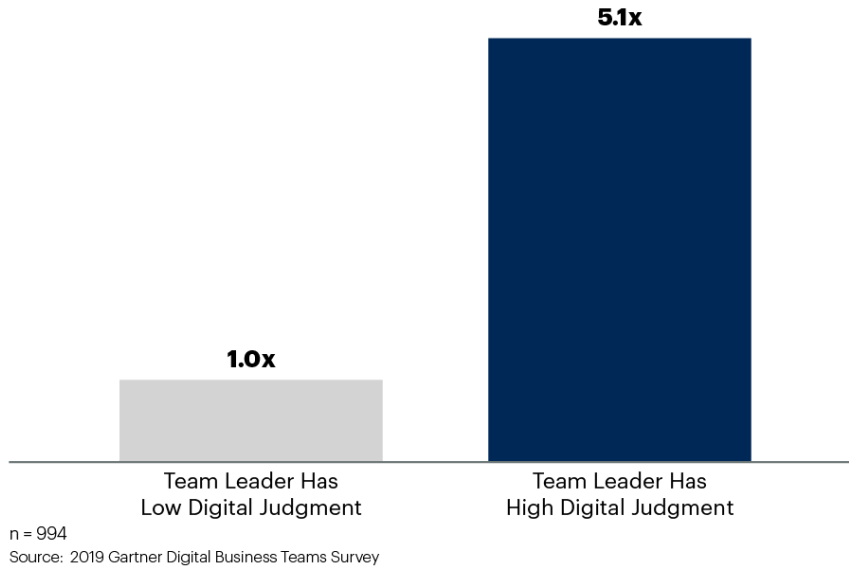
- **Challenge constructively.** They not only speak truth to power but are also willing to work with governance functions to update standards and ways of working to advance enterprise learning.
- **Own up to the risks of digital business.** They embrace security and risk management as part of their job, not just IT’s job.
- **Build for growth.** They proactively help other teams – present and future – by managing the interdependencies between their own and others’ work.

### Digital Judgment Matters but Is in Short Supply

Compared to fusion team leaders with low levels of digital judgment, team leaders with high digital judgment are 5.1 times more likely to deliver their team outcomes without exposing the enterprise to additional risks (see Figure 5). Unfortunately, only 22% of fusion team leaders have high levels of digital judgment. <sup>2</sup>

Figure 5: Likelihood of Delivering Team Business Outcomes Without Exposing the Enterprise to Additional Risks

**Likelihood of Delivering Team Business Outcomes Without Exposing the Enterprise to Additional Risks**



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### Digital Dexterity and Digital Judgment Co-present

We have written extensively on digital dexterity in the past. This concept differs from digital judgment in two fundamental ways:

- Our quantitative model defines digital dexterity as the ambition and the ability to build digital businesses and work digitally. In consequence, business leaders with high levels of digital dexterity have greater need of digital judgment. Fortunately, digital dexterity and digital judgment tend to co-present in the same individual.
- Digital dexterity manifests itself throughout the workforce, whereas digital judgment is a distinguishing feature of fusion team leaders who can hit their digital outcomes without introducing undue risk.

## Actions CIOs Can Take to Foster Digital Judgment

Our quantitative analysis also assessed almost 250 factors across a range of categories (including team composition and reporting lines, workplace features, company culture, understanding and perception of enterprise standards, ease of complying with standards and perceptions of accountability) to prioritize the actions CIOs and other business leaders can take to foster digital judgment in fusion team leaders.

This, in addition to our conversations with hundreds of CIOs and IT leaders, revealed that the most progressive CIOs take a three-pronged approach to helping their companies capture full value from a distributed and often business-led delivery model:

- They actively foster digital judgment in fusion team leaders to overcome compliance and risk concerns.
- They blunt the risks of siloed talent management and expertise development in fusion teams.
- Together with their peers, they rethink the nature of technology leadership in the enterprise.

Through these three prongs, progressive CIOs actively focus on the human side of managing digital business risk.

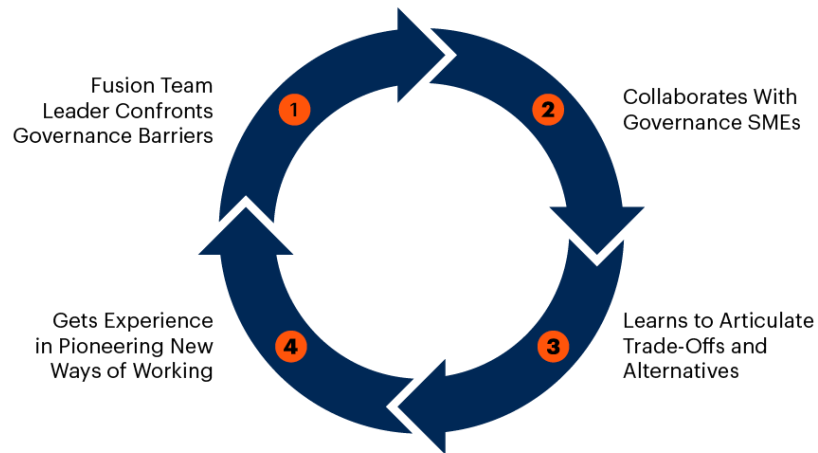
### 1. Co-create Digital Business Governance

Digital judgment is not inherent. We used regression analysis to help CIOs prioritize the actions they can take to foster digital judgment in fusion team leaders, and we found that engaging fusion team leaders in the creation of digital business governance has the biggest impact. Fusion team leaders are 5.4 times more likely to have high digital judgment when they are involved in creating the policies, standards and guidelines that direct digital business decisions. <sup>3</sup>

Our hypothesis is that co-creating digital business governance fosters digital judgment by engaging fusion team leaders in a virtuous cycle of learning. Collaboration with governance subject matter experts (SMEs) can help them understand and better articulate trade-offs and explain the benefits of alternative ways of working. Each time leaders participate in these activities, they gain experience in pioneering new ways of working, becoming better at making trade-offs and, ultimately, at exercising digital judgment (see Figure 6).

Figure 6: How Engaging in Digital Business Governance Impacts Leaders' Digital Judgment

**How Engaging in Digital Business Governance Impacts Leaders' Digital Judgment**



n = 994  
Source: 2019 Gartner Digital Business Teams Survey

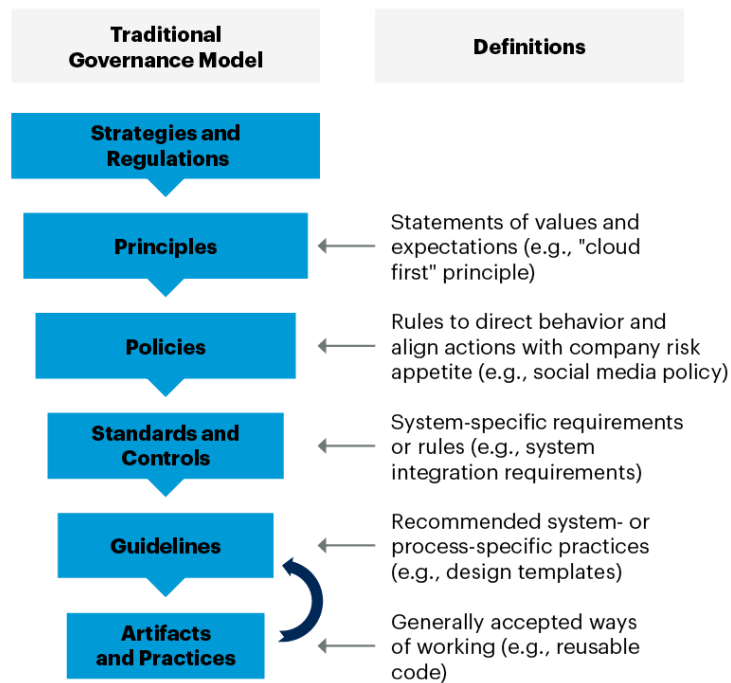
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Unfortunately, governance at most organizations still uses top-down approaches that don't leave much room for co-creation.

Generally accepted ways of working typically cascade down from governance functions as guidelines for fusion teams. In most organizations, this starts with company strategy and regulations, which are incorporated into principles or statements of the organization's values and then into policies, standards and controls, and guidelines. Finally, they are incorporated into the artifacts and practices of individual decision makers (see Figure 7). Smaller organizations may skip one or more of these levels, but the one-directional cascade remains. Very little information makes its way up.

Figure 7: Typical Cascade of Standards From the Top Down

**Typical Cascade of Standards From the Top Down**



Source: Gartner

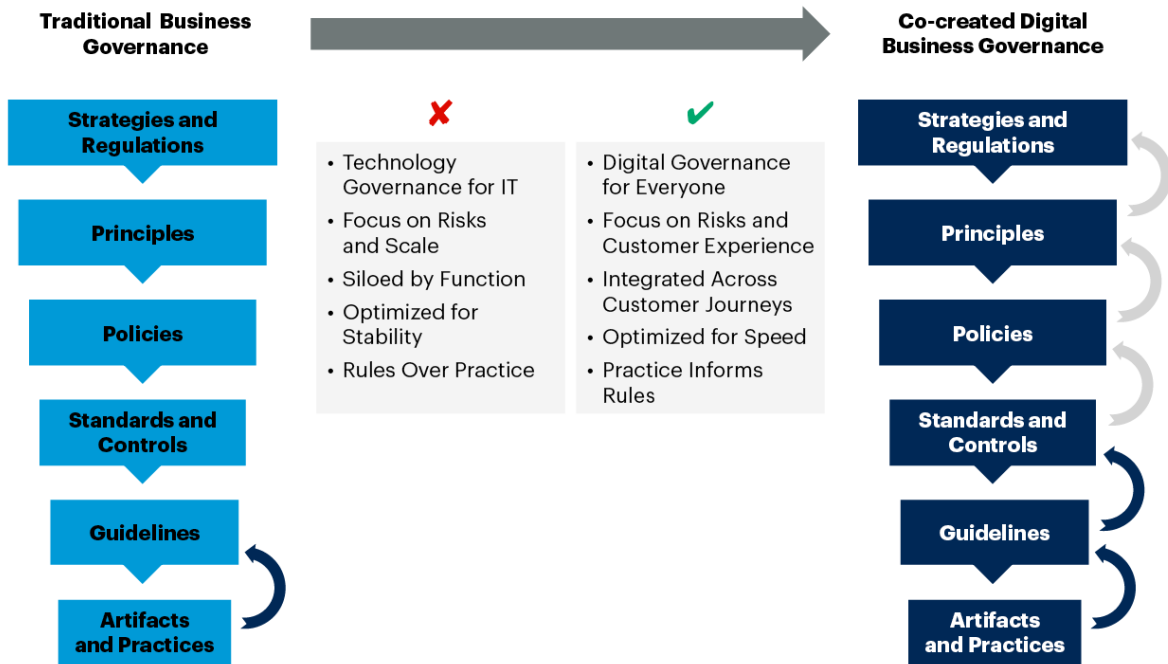
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While fusion teams are occasionally asked for feedback on policies, standards or processes, the mechanisms for soliciting and collating their feedback are often inconsistent and infrequent, and in many cases, the feedback is rarely acted on. In addition, periodic governance updates can't match the speed of digital business. As a result, over half the fusion team leaders we surveyed felt that governance functions at their organizations weren't open to co-creation. And 70% thought existing policies and standards didn't apply to digital initiatives.

Digital business requires a radically different approach to governance. Digital business governance should be co-created and apply to the work of all technology decision makers in the enterprise, not just the ones within IT. Governance functions traditionally optimize for their own outcomes, whereas a co-created model enables policies and standards to transcend individual functions and business areas. In consequence, digital policies and standards can focus on customer journeys, not on the individual functions or business areas that define them. And instead of rules shaping fusion teams' practices, co-creating digital business governance allows new and innovative practices to inform the rules (see Figure 8).

Figure 8: Digital Business Governance Versus Traditional Business Governance

**Digital Business Governance Versus Traditional Business Governance**



Source: Gartner  
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Co-creating digital business governance isn't just beneficial for fusion team leaders' digital judgment. Organizations that co-create governance can also increase the speed to launch and completion speed of their digital initiatives by as much as 70%, and they are 60% more likely to successfully derive value from their digital business initiatives. <sup>4</sup>

CIOs play a key role in helping their organizations pivot from traditional, top-down governance to co-created digital business governance. They must work with other senior leaders, particularly with the heads of governance functions, on four components that collectively enable fusion team leaders to co-create governance:

1. **Clarify the company's digital business ambitions.** Sharing a common understanding of what digital means for the company helps leaders align dispersed digital initiatives with corporate or business strategies. It should also help fusion team leaders assess the level of risk the company is willing to accept to achieve its digital business goals. Only 6% of fusion team leaders agree their organizations provide clarity about their digital ambitions. Yet those who do are 4.8 times more likely to have digital judgment than those who don't.

2. **Encourage openness in governance functions to co-create** and scale the innovative ways of working pioneered by fusion teams as new enterprise standards. The CIO at HEINEKEN, for instance, uses design-thinking techniques, such as empathy maps or customer journey maps, to converse with leaders in the functions that support fusion teams (such as procurement, finance and HR) about how ways of working need to change (see our case study, [“Building the Digitally Dexterous Enterprise: HEINEKEN”](#)). We found that only 17% of organizations have governance functions that are open to co-creation. Fusion team leaders at those organizations are 4.5 times more likely to have high digital judgment.
3. **Facilitate access to governance SMEs** to help fusion teams constructively challenge restrictive guidelines and standards. Many IT organizations making headway with a product-centric delivery model have already started to embed IT governance staff (such as security engineers) in IT product lines. The most progressive organizations take this one step further and similarly provide easy access to governance SMEs from outside IT. Only 33% of organizations are set up to do this right, but in those organizations, fusion team leaders are almost five times more likely to have high digital judgment.
4. **Connect fusion teams with other teams.** Insight into other fusion teams’ ways of working also acts as a powerful driver of digital judgment. For instance, the CIO at ETS, the world’s largest private nonprofit educational testing and assessment organization, created mechanisms for fusion teams to open their sprint reviews to other fusion team leaders and corporate functions. We found that brokering such connections among fusion teams can increase the probability those team leaders have high digital judgment by almost five times.

## Case in Point: Co-created Governance for Digital Business (Great-West Life)



The CIO at Great-West Life, a financial services organization, realized that digital business work requires a more inclusive form of governance, co-created by fusion teams and governance SMEs. This new approach accelerates organizational learning for digital business and drives risk ownership by enabling fusion teams to challenge standards and policies, co-creating new governance approaches in both existing and uncharted terrains.

Great-West Life takes a two-pronged approach to co-creating governance for digital business:

1. It carefully selects employees from central functions to embed in fusion teams, specifically to enable governance co-creation. For instance, the IT employees embedded in fusion teams are expected to document and share new and innovative ways of working that were pioneered in broader enterprise fusion teams.
2. SMEs from business risk functions (such as legal, compliance and audit) are embedded in the teams to help fusion team leaders constructively challenge policies and standards. A knowledge broker role connects fusion teams with SMEs (e.g., financial advisors, analysts) and helps them make the case for governance changes.

In addition, the CIO and other senior leaders actively encourage fusion teams to constructively challenge standards and shift from being “standard takers” to “standard shapers.” These expectations have also made their way into the company’s job descriptions as a specific set of challenger attributes and behaviors all fusion team members should display.

To learn more, read our full case study, [“Co-created Governance for Digital Business \(Great-West Life\).”](#)

## 2. Take a Cross-Silo, Long-Term Approach to Managing Fusion Team Talent

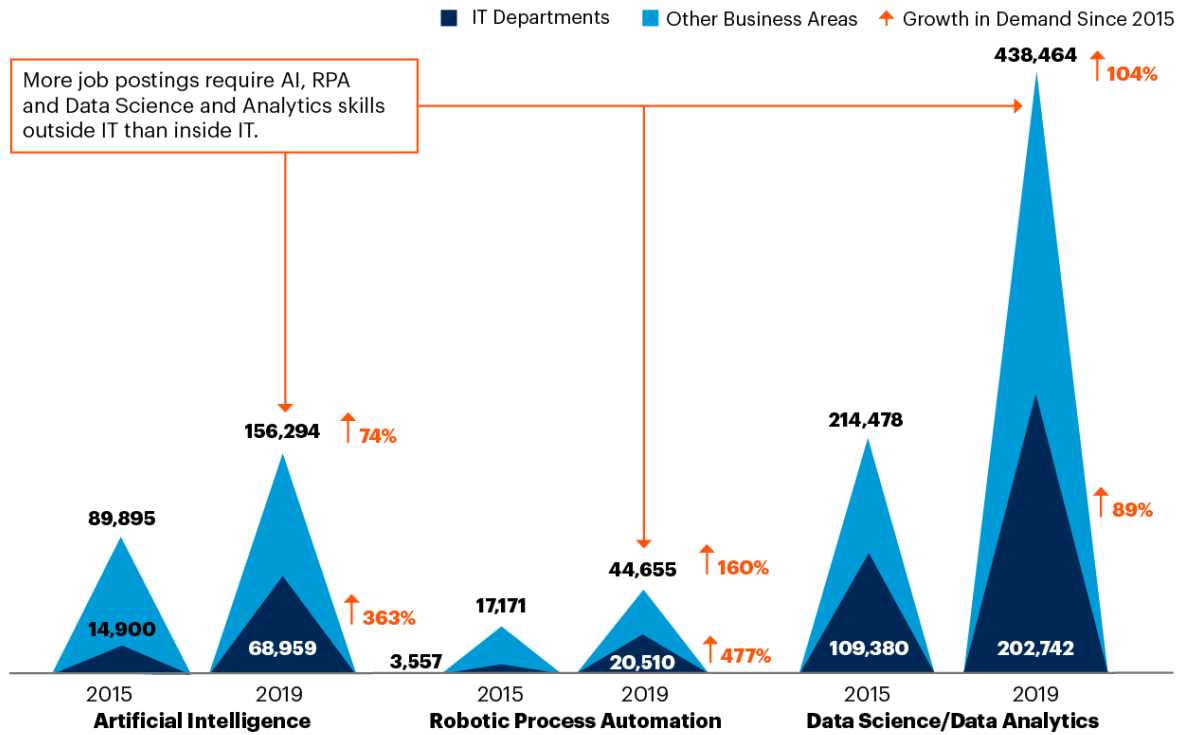
As fusion teams grow in prevalence, so does the demand for technology skills in parts of the business outside IT. For instance, using our TalentNeuron database, we found that demand for skills related to artificial intelligence, robotic process automation and data analytics is now higher outside the IT function than it is within (see Figure 9). Even programming languages such as Python show significant demand outside IT, with non-IT functions’ requirements growing at twice the rate of IT’s (see Figure 10).



Figure 9: Technology Skills for Which Demand Outside IT Exceeds Demand Inside IT

## Technology Skills for Which Demand Outside IT Exceeds Demand Inside IT

Total Jobs Posted in the Top 12 Countries by GDP<sup>a</sup>, July 2015 and March 2019



Source: Gartner TalentNeuron

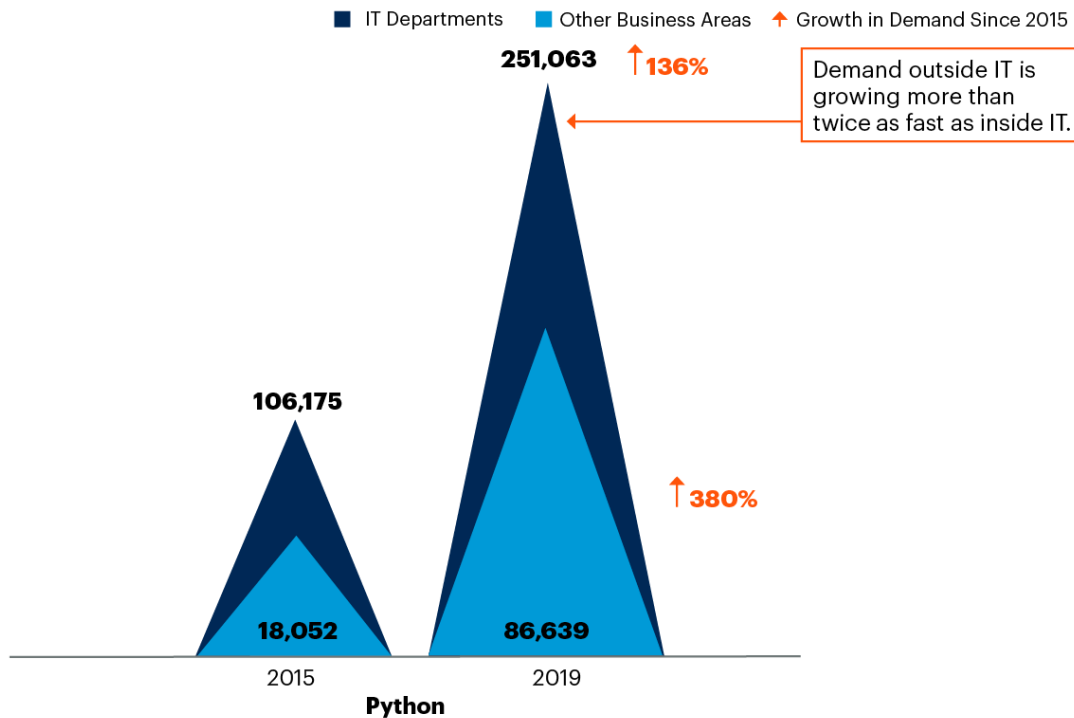
<sup>a</sup> The top 12 countries are derived from the IMF 2019 ranking of countries by total GDP, excluding Italy, Spain and South Korea due to limited time series data. We also excluded job postings from technology companies in our analysis.

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Figure 10: Demand for Python Skills Outside IT Versus Inside IT

**Demand for Python Skills Outside IT Versus Inside IT**

Total Jobs Posted in the Top 12 Countries by GDP<sup>a</sup>, July 2015 and March 2019



Source: Gartner TalentNeuron

<sup>a</sup> The top 12 countries are derived from the IMF 2019 ranking of countries by total GDP, excluding Italy, Spain and South Korea due to limited time series data. We also excluded job postings from technology companies in our analysis.

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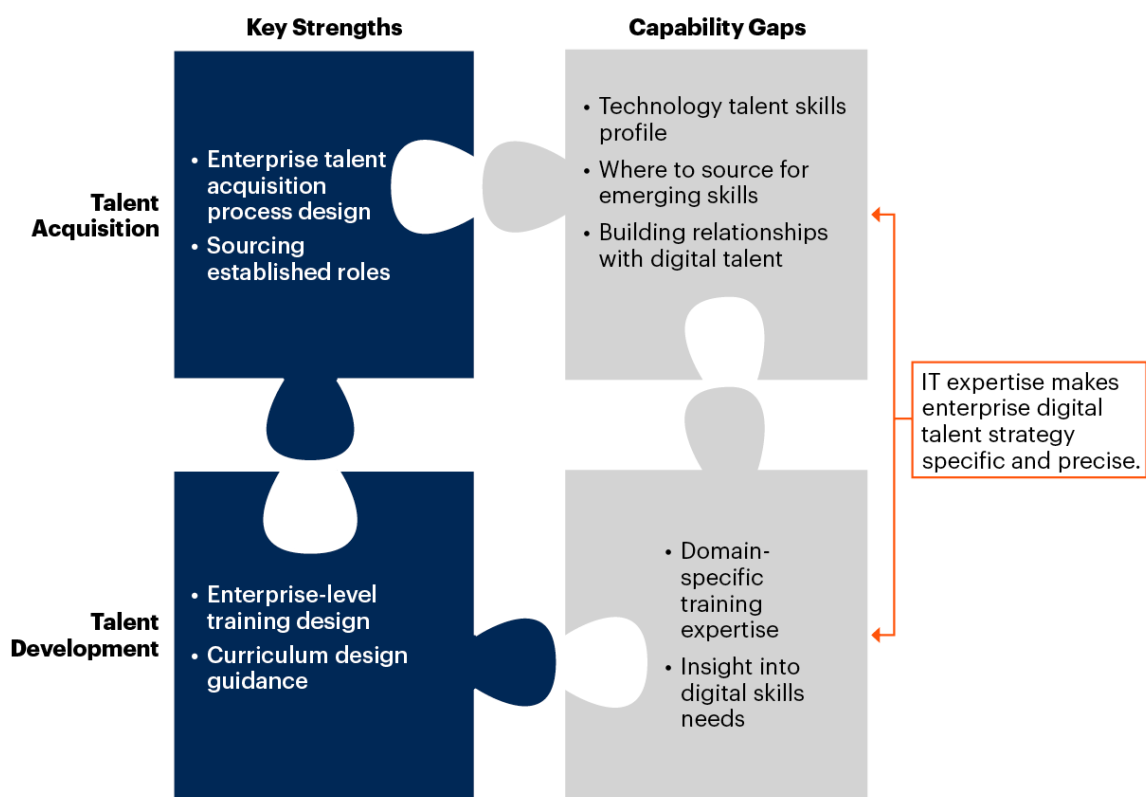
Much of this increased demand for digital talent is driven by individual managers or leaders outside IT who are building their own fusion teams. Unfortunately, this means the teams and the efforts to hire and develop talent for them are distributed. This distributed approach to digital talent acquisition and development creates three key challenges:

- **Missed economies of scale** – Lack of insight into common talent needs leads to subscale hiring and development approaches.
- **Inconsistent skills definitions** – Teams optimize for their own talent needs, leading to inconsistent definitions for the same skills across the enterprise.
- **Missed economies of intellect** – Teams develop their own tools, approaches and expertise, missing best practices developed in other fusion teams.

Mitigating subscale digital talent management approaches will require the organization to take a more holistic approach to planning for digital talent. Yet companies cannot expect HR leaders to do this on their own. Recruiting should continue to define enterprise-level talent processes, such as managing the candidate experience and the overall employment value proposition, but it lacks the domain-specific knowledge required to attract world-class digital talent. Similarly, learning and development is best placed to offer guidance on training and curriculum design, yet it does not have IT's insight into future digital skills needs (see Figure 11).

**Figure 11: HR's Strengths and Capability Gaps in Digital Talent Activities**

### HR's Strengths and Capability Gaps in Digital Talent Activities



Source: Gartner

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CIOs should work with HR and other functional leaders to bring precision to the enterprise digital talent strategy and orchestrate digital talent in distributed fusion teams. IT's comparative advantage in this context is to define specific digital skills profiles and domain criteria. Similarly, CIOs should provide greater levels of precision for digital talent development practices. Whereas HR excels at designing generic training modules for the company, IT provides insight into digital skills needs throughout the enterprise and greater specificity to domain-specific training.

Leading CIOs blunt the risks of siloed talent management and expertise development in fusion teams by playing an active role in developing and executing an enterprisewide digital workforce strategy. They help their companies capture economies of scale by nurturing digital talent in central groups to then transfer their skills to distributed fusion teams. They also capture economies of intellect by setting up cross-cutting communities of practice to curate and share the innovative ways of working and expertise developed in distributed fusion teams.

## Case in Point: Orchestrating Skills Transformation for Digital (AmerisourceBergen)



Inspired by the Spotify model, AmerisourceBergen went through a major operating model transformation. The company set up product lines within and outside IT. Each product line comprises a tribe, which sets the vision and strategy for the product line, and several squads within each tribe to execute the work. AmerisourceBergen's CIO realizes that distributed tribes (or fusion teams) need access to the same quality of data and technology talent, regardless of where that talent ultimately reports in the organization. The CIO therefore tasked the VP of transformation to work with various stakeholders (including IT domain leads, product portfolio owners, the CIO, the CHRO and leaders in learning and development) to build a strategic digital workforce plan for the entire enterprise.

AmerisourceBergen's tight profit margins and its locations outside traditional talent hubs means it cannot hire its way to success. Instead, it builds and supplies digital skills internally, using central digital talent incubators that cut across tribes. The talent incubators nurture and develop skills and transfer them to the tribes, ensuring consistent definition and application of those digital skills as and when required. They are central groups designed to build a specific data or technology skill set for the whole company.

Incubator members rotate into the tribes for targeted deployments and work on specific initiatives. During this deployment, they are mandated and motivated to coach and transfer their skills to the tribes. This allows AmerisourceBergen to train employees in distributed fusion teams without taking them away from their day-to-day work. This approach also uses AmerisourceBergen's incubator resources productively by having them work on real-world initiatives with the teams they support.

To avoid skills diverging or becoming siloed in distributed fusion teams, AmerisourceBergen recognizes the need to continually realign, refresh and refine digital ways of working. It establishes role-aligned communities of practice to capture economies of intellect, enabling practitioners to share information and best practices across tribe and squad boundaries, continuously improving their digital skills in the process.

To learn more, read our full case study, ["Orchestrating Skills Transformation for Digital Product Teams \(AmerisourceBergen\)."](#)

### 3. Orchestrate Distributed Technology Leadership for the Digital Enterprise

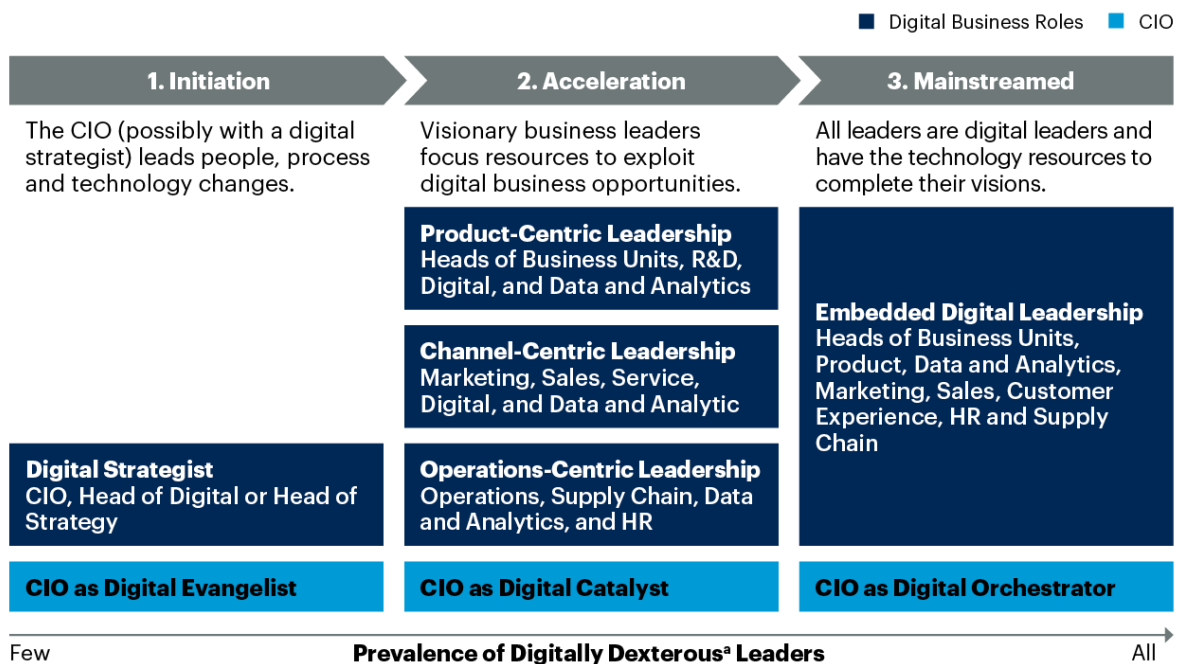
AmerisourceBergen's approach of fostering consistent ways of working in distributed fusion teams (by supporting cross-cutting communities of practice) suggests a significant pivot in corporate IT's responsibilities. We spoke with almost 100 CIOs and dozens of other senior executives, including CFOs and heads of marketing, sales, HR, audit and strategy, to understand how companies are rethinking the nature of technology leadership in the enterprise. We found that, depending on the digital dexterity of the senior leadership bench, technology leadership roles will likely be structured on three different models (see Figure 12):

1. In the first leadership model (initiation), the company's CIO – or a combination of the CIO and a digital strategist (such as a CDO or chief strategy officer) – leads the people, process and technology changes required for digital business. Because of the transformation inertia within the company leadership team, this model requires a **digital evangelist CIO** to promote a vision for digital business. As more leaders develop higher levels of digital dexterity, this initiation model gradually makes way for the acceleration model.
2. In the acceleration model, digitally dexterous leaders in either product, channel or operations groups set up fusion teams to exploit digital opportunities. This model requires a **digital catalyst CIO** to help accelerate business leaders' ideas by moving IT personnel into fusion teams and modernizing the IT foundations.

- Finally, in a mainstreamed digital leadership model, all leaders become digital leaders with the technology resources to accomplish their visions. This is when fusion teams become the mainstream way of structuring digital business work and CIOs become **digital orchestrators**. In this context, the CIO's primary responsibilities are to coordinate and influence distributed fusion teams while accelerating enterprisewide digital delivery.

**Figure 12: Three Models of Enterprise Digital Leadership**

### Three Models of Enterprise Digital Leadership



Source: Gartner

<sup>a</sup> Digital dexterity includes leaders' ambition and ability to build digital businesses and work digitally.

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Accompanying this shift in the CIO role from digital evangelist to digital orchestrator is the increasingly strategic importance of the company's digital foundations. The new digital foundations include the company's digital platforms (such as development environments, agile tooling and API repositories) as well as modernized shared applications and infrastructure. Our conversations with CIOs show that as more business leaders develop digital dexterity and the ability to handle technology responsibilities, CIOs will relinquish ownership of many, if not most, responsibilities related to general technology management (such as integrating digital and business strategies and managing company technology spending). With the rise of fusion teams, other business leaders will also take more ownership of ideation and delivery responsibilities. In return, the CIO's focus will pivot toward building digital foundations.

As we saw throughout this research, these new digital foundations have a distinctly human component — one that CIOs ignore at their peril. Many IT shops are modernizing their companies' digital foundations to provide delivery teams with cross-cutting tools, development platforms and integration and data capabilities. Yet the foundational capabilities of digital business include distributed teams' preparedness to apply digital judgment and make sound technology decisions in building and launching digital solutions themselves. Where relevant, digital foundations also have to work as bridges that capture economies of intellect from distributed fusion teams and accelerate enterprise learning.

CIOs who reinvent themselves as digital catalysts focus on managing the technology and the people components of these foundations. Our research suggests that when fusion teams go mainstream, this responsibility will be at the heart of the CIO role.

## Conclusion

The new digital delivery model is a consequence of greater digital ambitions in the enterprise, which is observable in all geographies, industries and company sizes. The sheer variety of fusion teams set up to enable these ambitions suggests companies are willing to shift from outdated command-and-control structures to alternative ways of structuring digital business work. Yet, regardless of how fusion teams are structured, who leads them, who is on them or what their specific objectives are, CIOs play a critical role in influencing and accelerating this enterprisewide delivery model.

## Recommendations

To help their companies capture full value from a distributed delivery model, CIOs should focus on managing the cultural and behavioral sides digital business risks:

- Educate the C-suite on fostering digital judgment in fusion team leaders to help fusion team leaders build and launch digital solutions without introducing undue risks.
- Co-create digital business governance to foster digital judgment. Fusion team leaders are significantly more likely to have high digital judgment when they are involved in creating the policies, standards and guidelines that direct their technology decisions.
- Prevent fusion teams from creating new siloes of digital talent and expertise by centrally nurturing emerging, evolving and expanding areas of digital expertise and transferring digital skills to the broader enterprise.
- Use communities of practice to capture economies of intellect, and scale the best practices pioneered in fusion teams to accelerate enterprise learning.
- Work with the rest of the leadership team to rethink the division of technology responsibilities in the enterprise and refocus the CIO role on building and rebuilding the company's digital foundations.

## About This Research

We surveyed almost 1,000 digital business team leaders globally – from all industries, functions and seniority levels – to identify the beliefs and mindsets of fusion team leaders who effectively deliver team business outcomes without exposing their organizations to undue risks. We call this combination of beliefs and mindsets “digital judgment.” We then tested for almost 250 factors to understand the actions CIOs and other business leaders can take to drive digital judgment. We also spoke with over 100 CIOs and other IT leaders to find practical examples of how CIOs foster digital judgment in fusion teams leaders. A parallel research initiative surveyed another set of almost 100 CIOs and other senior business leaders, including CFOs and heads of HR, sales and marketing, to anticipate the future of technology leadership as digital fusion teams go mainstream.



## Recommended by the Authors

“Democratize and Distribute Technology Work Across the Entire Enterprise to Accelerate Digital Business”

“Case Study: IT Transformation to Enable the New Digital Workforce (İşbank)”

“Case Study: Building Blocks for Product Funding (TD Bank)”

“Case Study: Mechanisms to Co-create New Ways of Working for Digital Transformation (Nationwide Building Society)”

“Co-Created Governance for Digital Business (Great-West Life)”

“Succeed With Digital Business Through Adaptive Governance”

“Business-Led IT Spend Reaches a Tipping Point – CIOs Must Lead”

## Presentation Deck

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## Endnotes

<sup>1</sup> Fusion teams are not confined to large enterprises. At least 66% of midsize enterprises also have fusion teams.

<sup>2</sup> The payoff from digital judgment at midsize enterprises is slightly lower, yet still significant. Midsize enterprise fusion team leaders with high digital judgment are 3.9 times more likely than those with low digital judgment to deliver team outcomes without exposing the enterprise to additional risks. Only 20% of midsize enterprise fusion team leaders have high levels of digital judgment.

<sup>3</sup> Co-creating digital business governance is also the strongest driver of digital judgment in midsize enterprises. Midsize enterprise fusion team leaders are 3.1 times more likely to have high digital judgment when they are involved in creating the policies, standards and guidelines that direct digital business decisions.

<sup>4</sup> 2019 Gartner Digital Business Teams Survey.

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