

Gartner

Leadership Vision for 2024

4 Strategic Priorities for Tech General Managers



By 2025, the total market opportunity for AI software alone will be **\$134.8 billion.**

Source: Gartner

Introduction

2024 promises to be both a pivotal and challenging year for technology and service providers:

- The U.S. and several other major economies seem to have avoided recession and appear headed for a soft landing.
- But interest rates are likely to remain high, even with expected rate cuts.
- Marketing budgets are expected to be essentially flat year-over-year.
- · Venture funding is likely to be tight.
- Large purchases both net new and renewals will continue to be heavily scrutinized, leading to longer sales cycles.

2024 also brings many opportunities for tech companies, including:

- Broadening adoption and use cases for generative AI (GenAI), which has impacts on product strategy and internal leverage.
- A larger talent pool from which to draw from across key functions.

This environment demands that technology and service providers remain hyper-focused on driving value for existing customers and creating a compelling and differentiated value proposition for new ones.

Key leaders across the executive suite — from CEOs to general managers, leaders of tech product management, marketing and beyond — will have to work together to create innovative and streamlined offerings, seamless handoffs across functions and focused go-to-market efforts to drive success in 2024.



Rishi SoodGroup Vice President, Gartner Tech & Service Provider

In 2024 general managers leading in the middle

High tech leaders have playbooks to meet strong market demand or cut costs in the face of a recession. 2024 is expected to be something in between. General managers (GMs) do not have a reliable playbook for leading in the middle.

Strong Market Demand



- · Growth at any cost, expand to handle demand with limited focus on efficiency.
- Capture market share, as that is the measure of market success.
- · Focus sales on coverage and capturing customer demand.
- Expand the product portfolio to have offerings in multiple markets.
- Hire to expand workforce capacity more than building new capabilities.
- · Accelerate mergers and acquisitions and venture funding to gain market position.

Middle

Recession





- Across the board cost cutting to match expenses with revenue; more affordable and efficient.
- Cultivate current customers and products; retain wallet share.
- Focus sales on retention of current business: few logos.
- Curtail product investments and deprioritize marginal products.
- · Contract the workforce and budgets with broad reductions and curtailment of business lines.
- · Divest from unprofitable lines, limited funding, shore up position.

Leading in the middle is the primary challenge

An uneven and uncertain recovery challenges high tech leaders to lead in the middle, placing a premium on their products and ability to execute.





4 strategic priorities for 2024

Priority No. 1

Understand current context and challenges

Priority No. 2

Replace growth-at-all-cost strategies with efficient growth

Priority No. 3

Capture growth opportunities in GenAl

Priority No. 4

Raise the ability to execute across all areas

Become a Client



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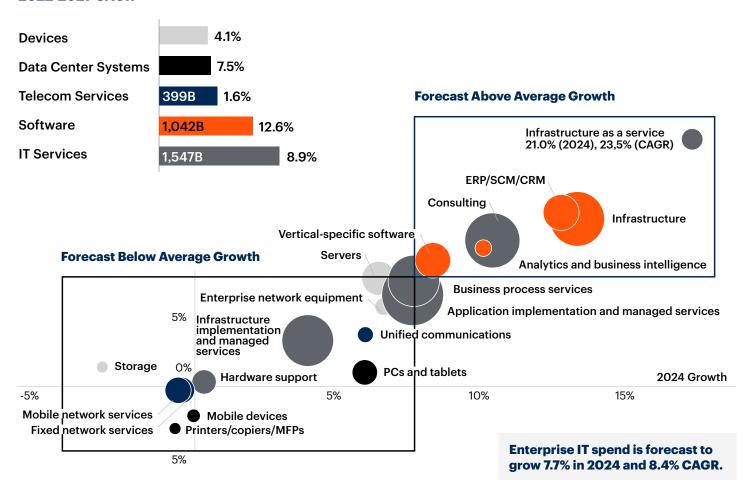
Raise the ability to execute across all areas



Enterprise IT spending in 2024 recovers growth

The forecasts growth trajectories clearly point to areas of above and below average growth. High tech leaders will need to find a balanced portfolio of products and services to take advantage of markets in the middle.

2022-2027 CAGR



Source: Gartner

High tech markets are in flux

Assumptions of a strong economy and therefore strong IT spending are giving way toward a more mixed outlook and action as leaders navigate in the middle between recovery and recession.

Drivers	Description	Impact on High Tech Markets
Economic	Gartner expects economic volatility to continue as a combination of weaker demand, higher interest rates, inflation, etc. keeps the economy somewhere between recovery and recession.	High tech leaders cannot rely on strong year-over-year growth to support operations and cost structures. Firms face the need to move toward more efficient growth strategies.
Customer	Increased business buyer involvement increases buyer focus on business value and outcomes. Uncertain customer demand and enterprise revenues delay decisions on all but the most critical technology purchases and investments.	High tech leaders recognize the potential for sales cycles to continue to lengthen, product/service pricing pressures to increase and sales conversion rates to fall. All require rethinking sales and go-to-market (GTM) strategies and techniques.
Technology	Rapid interest in new technologies, primarily related to AI and GenAI are dominating market attention. Completion of initial pilots in early 2024 is expected to unlock additional demand. Enterprise concerns regarding data quality, security, control, etc. will complicate large-scale deployment of these technologies.	Expectations for AI solutions to drive the next wave of technology investment will be muted as enterprises recognize the data and deeper complications of AI at scale. Anticipate further pilots, focused internal deployments and measured investments to dominate 2024.
Competitive	Cost cutting and workforce reductions made in 2023 will further increase growth and margin pressures on firms. GenAI solutions will present differentiating opportunities, but those opportunities built around common use cases will be muted.	The race toward operational efficiency will continue in tech as firms face competing pressures to raise margins and invest in new AI-related skills and solutions. Competition will increase in 2024, but clear leaders in AI are expected to emerge by the end of the year.
Capital	Large amounts of private equity and venture money are underutilized while IPO opportunities are limited.	Increased focus on corporate actions related to mergers, acquisitions and divestitures as monetization strategies given limited public markets.

Leadership aspects for 2024

Leading in the middle between boom and bust requires building adaptability and intelligence across the organization. The goal is to simplify the organization while driving greater revenue and margins from current customers and products.

GMs must navigate a range of issues:

- Know their markets and customers as buyer values become more deliberative.
- Constantly mobilize the organization into action to take advantage of change, including GenAI.
- Simplify the product portfolio while evolving products toward a business outcome focus.
- Evolve and extend alliances and ecosystems to bring new capabilities and market access.
- Raise the ability to execute via an adaptive organization with the skilled resources to deliver new products and services.



Leadership Aspects

An end state vision for each leadership aspect

High tech companies are complex and move at the speed of the market. Success requires bringing together each leadership aspect in ways that are both market differentiating and operationally sound.

Aspect	Leadership Vision		
Economic	Gaining and focusing on unique insight to find above-average growth opportunities in an uncertain market		
Customer	Strengthening relationships with current customers while building solutions that attract them to working with you to go to the next level		
Technology	Employing emerging technologies that accelerate customers evolving toward a balance between insight, operations, processes and financials		
Strategy	Rotating from growth-at-all-cost strategies toward efficient growth approaches that meet customer and stakeholder expectations, regardless of the economic environment		
Product	Incorporating GenAI capabilities, without overinvesting, as market interest is unlikely to match revenue potential; focusing product engineering resources and delivering the whole product, not just GenAI		
Sales	Delivering a blend of sales channels, motions and messages that not only drive internal efficiencies, but also create compelling sales experiences		
Ability	Raising organizational adaptability and effectiveness, while addressing targeted skill shortages, by improving alignment and the distribution of authority across the company		

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Leading in the middle between boom and bust

Economic uncertainty and slower postpandemic growth led leaders to respond with workforce reductions in 2023. In 2024, leaders will need to evolve their models toward efficient growth strategies for the following reasons.



Business and IT buyers apply greater scrutiny on technology investments and their own corporate performance.



Existing cost structures in marketing, sales and client development opportunities become less affordable as sales processes slow down and conversion rates decrease.



Limited IPO opportunities and relatively higher interest rates have reduced investment in new technology companies.



The importance of high-quality talent remains, particularly in new technologies, while workforce requirements change as efficiency replaces hiring ahead of the curve.



Uneven product profitability tests engineering capacity and the company's willingness to invest in marginal products.

Multiple factors drive efficient growth strategies

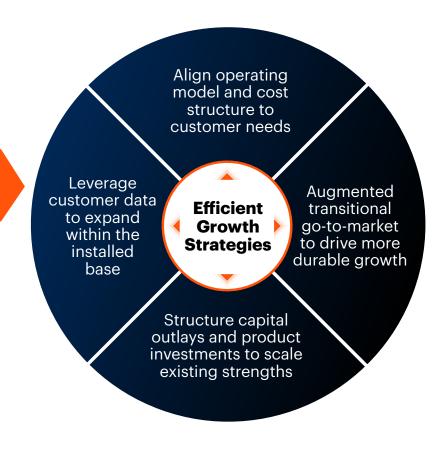
Efficient growth strategies recognize the value in growing in ways that strengthen current margins and future revenue opportunities. This is a recipe for leadership success in the middle ground between boom and bust.

Aspect	Growth at All Costs	Disruptive Factors	Efficient Growth
Economic	A strong economy and low unemployment fueled investments in essential digital and technology transformation driven by postpandemic demand, low interest rates and low inflation.	Increases in inflation and interest rates moderate enterprise spending, with higher internal rates of return required for investment.	Transform the organization to work better, not just cheaper, to grow both the top line and margins, largely by engaging current customers in more effective and relevant ways.
Customer	Business customers invested in digital transformation and modernization as they moved to next-generation cloud and digital technologies.	Customers have evolved their approach to technology investments toward achieving business outcomes rather than acquiring technology.	Reorient toward ideal customer profiles to earn quality revenue with increased relevance to buyer needs and values.
Market	More than a decade of corporate digital products and services investment created expectations for continued high growth.	The pandemic pulled digital investments forward, creating a gap in demand as companies achieved digital transformation faster than anticipated.	Focus product and service strategies on current customers and their business outcomes to expand wallet share and coverage of their needs.
Technology	New digital and cloud-based solutions and "as a service" models made it easier for companies to purchase technology.	As companies completed their digital transformation, they sought to realize business results and wait for new Al technologies to enter the market.	Apply GenAl technologies to enhance current products and services, growing and retaining revenue to capture greater value and leverage technology scale.
Strategy	Enterprise strategies required strong market demand to support their business model and revenue guidance.	Stakeholders value tech firms that adapt to economic conditions to produce stable revenue and margin growth.	Competitive success demand growing revenue at increasing rates of efficiency across the entire operation.
Product	Product and service proliferation to capture revenue from industry-specific solutions, even if those industries' growth opportunities were incremental.	Capital allocation models and required rates of return could no longer support product portfolio proliferation and the related expenses.	Focus the portfolio to drive scale efficiency and margin improvements. This includes divesting and simplifying the product portfolio.
Sales	Capture business with growing market share as measured by top-line revenue growth and acquisition of new logos.	Enterprise buying has slowed lengthening sales cycles while conversion rates fell. Sales teams chased lower quality business and revenue to make plan.	Reduce sales complexity and product processes to make it easier to do business. Develop upward sales motions to gain support from nontechnical leadership at C-level.
Ability	Strong market demand masked inefficiencies and supported growing cost structures to realize revenue.	Resources to drive growth became scarce and expensive, so hiring out of operational challenges isn't viable.	Leadership proactively aligns resources, processes and operations to act and adapt to changing markets.



The drivers of efficient growth strategies

Efficient growth strategies provide a path for leaders to respond to the implications of slow demand in ways that build capabilities for future growth.



Efficient growth opportunities

- Improved profitability
- Durable growth across cycles
- Enhanced customer engagement
- Satisfied stakeholders

Source: Gartner

Growth-

at-all-cost

Fconomic

Increasing

Stakeholder

scrutiny

customer

Competitive intensity

demand

Uneven

uncertainty

cost of capital

implications



Focus on efficient growth strategies

Evolve and lead the organization with strategies based on growing high-quality revenue from your ideal customers. Satisfy stakeholder expectations for improved profitability and sustainable growth, as both will be expected in an upturn.

- Strengthen the growth platform by tuning cost structures and investments in support of scaled solutions.
- Align capital outlays, acquisitions and product development to realize product-portfolio-capable growth at scale and resource efficiency.
- Take advantage of acquisition opportunities, particularly acquiring private-equityfunded firms that are looking for an exit.
- Leverage the ideal customer by using existing customer relationships and data to identify and focus on them, and drive expansion within the customer base.
- Create efficient sales channels and experiences by augmenting GTM and sales capabilities with greater information, simplification and customer experience.



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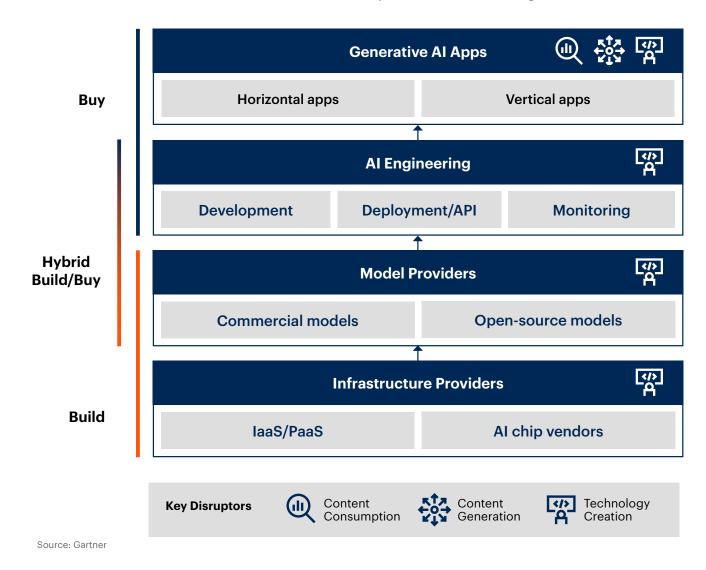
Priority No. 4

Raise the ability to execute across all areas



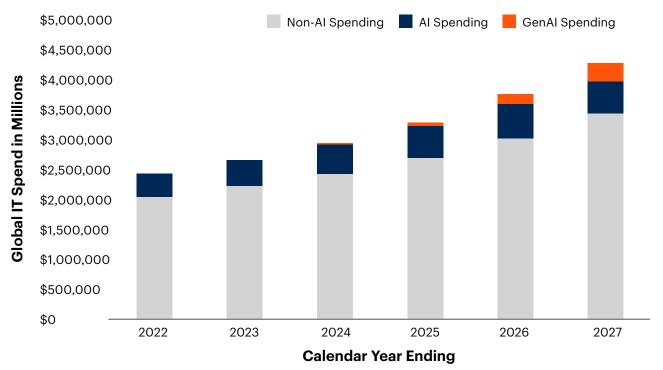
Determine your position in the technology stack

Finding the right position and participation across the GenAl technology stack will determine your required investments, revenue and profit potential.



GenAl's impact on the B2B high tech market

GenAl represents a new spending category. Establishing the company in this open market category is one of the top leadership priorities.



Source: Gartner 3Q2024 Verticals Forecast: Gartner Al Forecast

GenAl represents an unclaimed market with high growth, making it a high priority for technology and service providers.

- Overall GenAI spending shows high growth rates, representing 7% of total enterprise spend by 2027.
- By 2027, GenAl spend is expected to represent 56% of all enterprise spending on Al.

Global enterprise IT spending is expected to reach \$4 trillion by 2027 — CAGR of 10.8% (2023-2027).

- GenAl spending is expected to reach \$295 billion by 2027 —
 CAGR of 136% and represent 8% of total IT spending.
- Non-GenAl spending is expected to reach \$526 billion by 2027 — CAGR of 6.6%.
- Non-AI-related spending is expected to reach \$3.4 trillion by 2027 — CAGR of 11.5%.

GenAl's impact on technology firms

Sixty-three percent of GMs see GenAl as one of the top priorities for 2024. This priority will reshape the leadership vision and agenda.



63%

of GMs see GenAl as one of the top priorities for 2024

Balancing GenAI priorities against existing product priorities



49%

of GMs plan to partner to build GenAl capabilities

Increasing collaboration and being open to third-party solutions



63%

of GMs are building GenAl into current products and services

Focusing on ideal customers and building demand within the current base



70%

of GMs expect GenAl to have limited or no impact on margins

Doubling down on efficient growth and operational simplification

Source: Gartner



GenAl

Leading in the middle with GenAI requires balancing net new market opportunities with engineering capabilities while continuing investment in every aspect of the product and go to market.

- → Build the focus required to create GenAl enhancements and new products.
- Speed to market is important. Leverage a broader ecosystem, rather than building everything on your own.
- GenAl is not going to be your growth savior in 2024. Accurately estimate the net new revenue opportunities and business models.
- Ensure that the organization remains focused on the whole product, not just GenAI, particularly if you are bundling GenAI solutions into existing products without raising prices.



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Leading the ability to execute

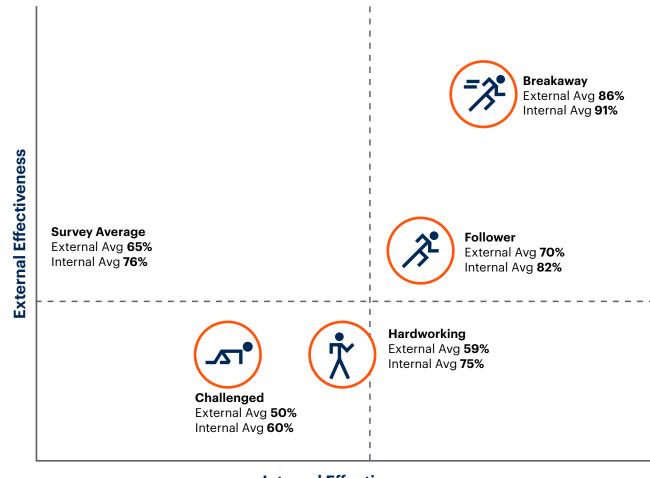
The ability to execute is a Gartner Assessment Framework based on your company's ability to meet its revenue and customer commitments while realizing its internal goals and objectives.

Breakaways are the top performers. They represent 16% of this year's survey responses. These firms perform at the top of the group, greater than one standard deviation above the average.

Followers represent the next tier, representing 33% of the population. These firms perform above average but within one standard deviation of the group.

Hardworking firms, 34% of the group, perform below the average but within one standard deviation of the group.

Challenged firms, those with the lowest level of performance, below one standard deviation, make up the remaining group, or 17%.



Internal Effectiveness

Source: Gartner

Building ability with markets in the middle

The 2024 General Manager Leadership Vision sets strategies that seek to navigate toward the growth and margins associated with Breakaway performance.



Source: Gartner



Raising ability to execute

High-ability firms have a solid foundation of aligned teams with clear authority. These are prerequisites for investing in products, services or operations.



Build ability to execute

High-ability companies beat the competition across a range of competitive factors. These extend beyond the product or customer experience making them difficult to duplicate or sustain.

- Now where you stand by comparing your ability to execute against your plans using the Gartner Ability to Execute Assessment.
- Create a clear and unifying future vision by engaging leadership in defining their ambition, core capabilities and organizational commitments.
- Raise your ability by focusing on how the company works by simplifying its alignment and lines of authority.
- Drive growth by concentrating on differentiating your sales experience and marketing capabilities.



Leadership requirements for general managers in 2024

Business of high tech

Executing strategies for growing revenue and market share in the face of market volatility

GMs leadership and execution

Knowing the market, particularly how GenAI is changing buyer values, and competitively prioritize

Emerging technologies and trends

Building product strategies and portfolios that leverage technology for business effect and margin

Tech-buying behavior

Understanding the emerging business buyer values while minimizing buyer fatigue and regret

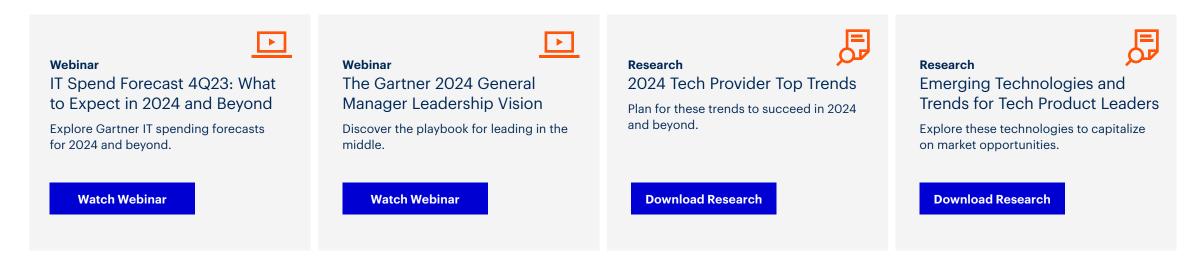


The things to get right in 2024

Aspect	Things to Get Right	2024-2025 Challenge	2024-2025 Actions
Economic	Articulate the business value of solutions and services to overcome buyer uncertainty and slower sales cycles.	Corporate demand moderates with continued uncertainty without a clear view on the next growth strategies based on technology.	Employ efficient growth strategies to raise margins while pivoting the company into position for the next economy based on business outcomes and new relationships.
Customer	Apply different sales motions to specific situations and expanded stakeholders. Grow existing customer relationships and wallet share.	Business buyers seek outcomes, not features and functions. 81% of buyers experience moderate to high regret for their technology purchases.	Reimagine your sales experience. Increase focus on business outcomes. Expand to meet broader customer needs.
Market	Focus sales and support resources on the best opportunities; deepen existing relationships.	Avoiding buyer regret to generate revenue in a slower, more deliberate buyer model.	Provide customers with clear and actionable paths for investing and employing new and existing technologies.
Technology	Incorporate GenAI for growth and margin, while aligning with the right partners.	GenAl requires immediate attention and development, but it represents incremental revenue and margin.	Balance your product engineering plans and GTM focus for growth beyond GenAI.
Strategy	Strengthen your position with current customers and extend products with new technology to win current deals and position for a return to growth.	Incorporating GenAI and new technologies while maintaining focus on enhancements that drive wallet share.	Develop a customer-based approach to GenAl.
Product	Balance GenAl requirements against other product priorities.	GenAl and other Al capabilities expected to become table stakes for products by 2025.	Rationalize and simplify the product portfolio and product- related processes. Make things easier for customers to notice and value your products.
Sales	Create a compelling sales experience that does not lead to future buyer regret.	Greater buyer deliberation lengthens sales cycles, increases costs and reduces conversion rates.	Evaluate the potential of next-generation sales and marketing practices (ideal customer profile, product-led growth, RevOps).
Ability	Align the workforce, organization and capabilities to execute and adapt to changing conditions while focusing on your long-term ambition.	Reducing resources and costs increases operational fragility and risk. Overcentralizing decisions reduces market engagement and adaptability.	Update your ambition for a world driven by business results rather than technology. Augment capabilities through ecosystem relationships beyond GTM.

Actionable, objective insight

Explore these additional complimentary resources and tools for tech general managers:



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