

Gartner®

Top Priorities for IT: Leadership Vision for 2021

Introduction

2020 has been a year full of terms like “unprecedented” and “unanticipated.” Every industry has been affected in some way by the COVID-19 pandemic, economic fallout and social unrest around the globe. Strategic and business model change has translated, and continues to translate, into new challenges and priorities for function leaders. For the CIO and the whole IT organization, 2021 brings with it the imperative to generate more business value using innovative technologies and approaches to information.

Each IT role faces specific challenges — from planning and supporting digital acceleration to integrating more strategically with the rest of the business. As business partners grow more comfortable with identifying and using technologies, IT leaders will need to become more sophisticated in their partnership and collaboration.

And, despite the challenges, a significant great opportunity exists to transform business operations and models from the ground up, enabling the organization to respond to future disruption quickly and strategically.

This e-book highlights the trends and challenges each IT leader will have to reconcile in the coming year and provides specific actions that each leader can take in response — and to better align their piece of the organization with the business.

IT leaders have learned many valuable lessons in the past year, from how to quickly move entire organizations to remote workforces, how to create a secure work environment and how to prioritize digital initiatives like never before.

But there is more work to be done.

Leading in 2021 will look different from leadership in 2020, but understanding and planning for unknowns and continued disruption across the IT organization is critical to moving forward.

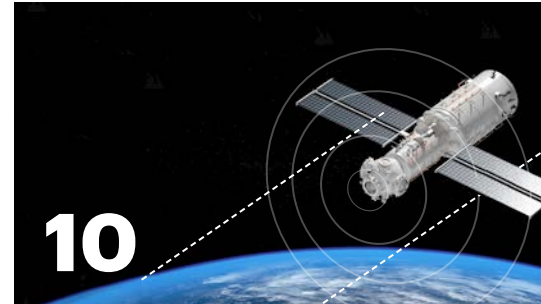


Chris Howard
Chief of Research, Gartner

Top priorities for every leader



**CIOs and
Heads of IT**



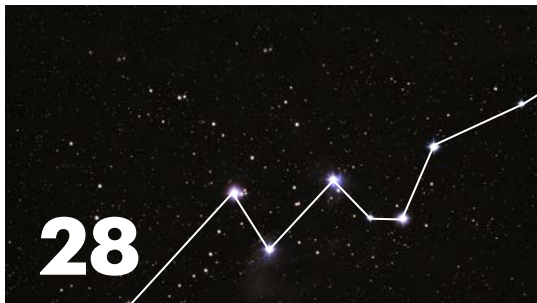
**Security and Risk
Management Leaders**



**Application
Leaders**



**Program and Portfolio
Management Leaders**



**Data and Analytics
Leaders**



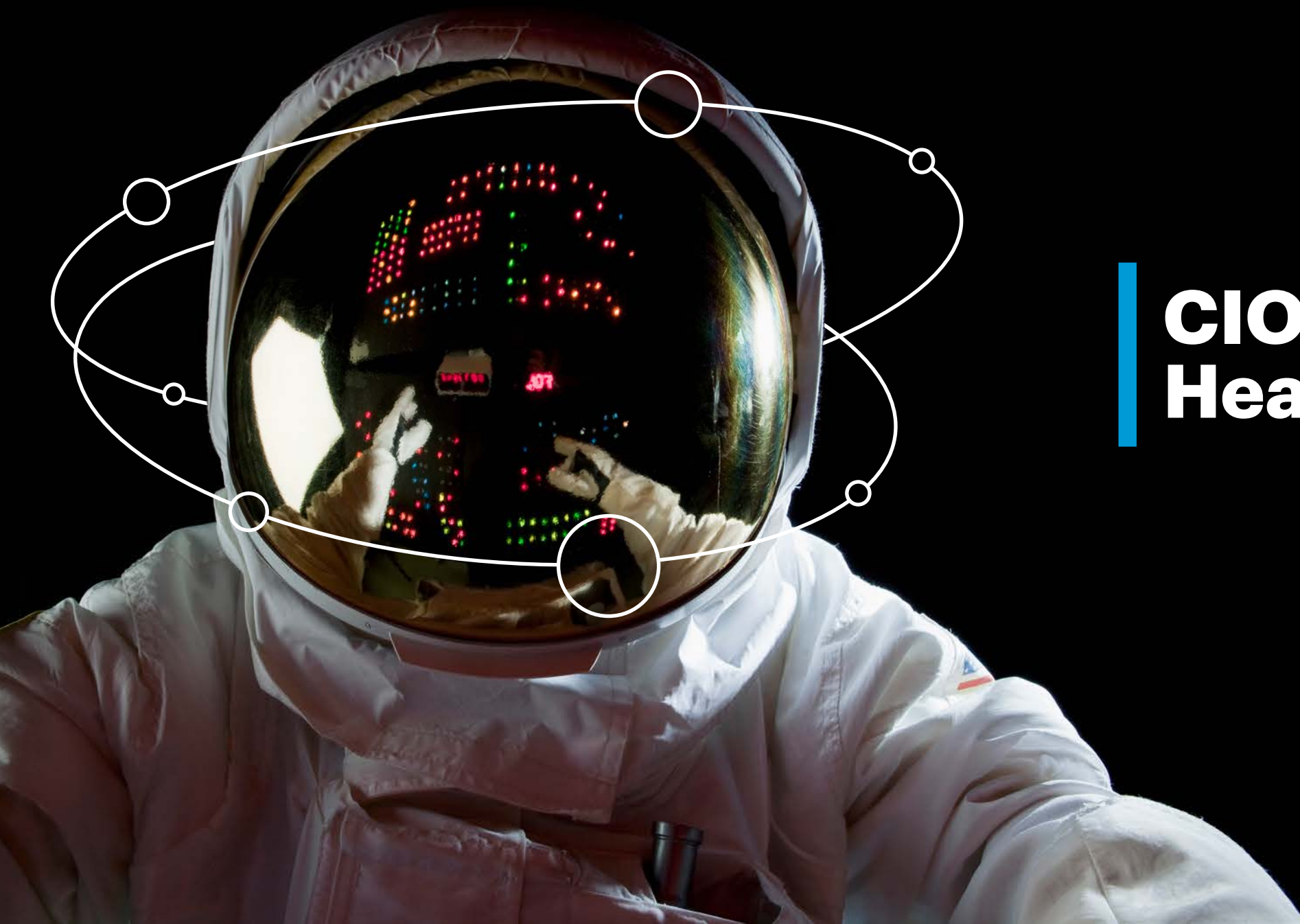
**Infrastructure and
Operations Leaders**



**Enterprise Architecture
Leaders**



**Sourcing, Procurement and
Vendor Management Leaders**



CIOs and Heads of IT

Introduction

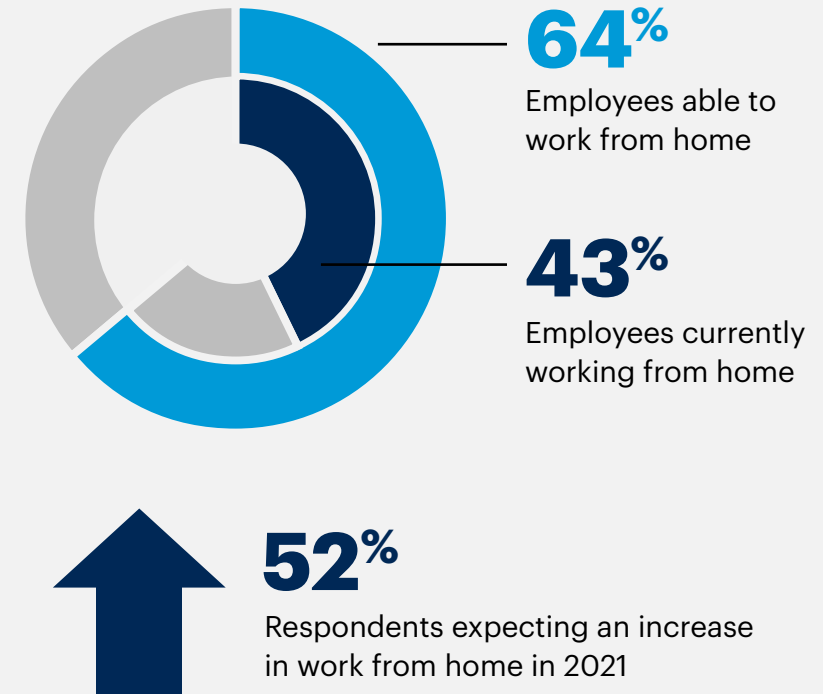
Nothing has changed for the CIO, and everything has changed. The biggest accomplishment for many CIOs in 2020 was a classic IT responsibility — provisioning laptops and VPN connections for remote workers. The list of technologies that interest CIOs looks roughly the same as in recent years. Digital business remains a top priority as it has been for a while. And yet ...

The support for remote work? That might have been the biggest win for CIOs since Y2K. CIOs helped save many enterprises during the COVID-19 lockdown. They now have the attention of the CEO in a way that they haven't before. Digital business? CIOs have been trying for years to convince senior business leaders to modernize and take full advantage of technology. Now, many prior roadblocks have been removed. Boards of directors have launched a large majority of enterprises on digital business acceleration. CIOs must seize this moment because they may never get another opportunity like it.

By 2024, 25% of traditional large enterprise CIOs will be held accountable for digital business operational results, effectively becoming “COO by proxy.”

Source: Gartner

Work from home in 2020 and 2021



n = 1,848

Source: 2021 Gartner CIO Survey

Q. Approximately what percentage for your enterprise's total workforce is able to work from home?

Q. What percentage of those able to work from home are currently working from home for a majority (more than 50%) of the time?

3 trends that will impact CIOs and heads of IT in 2021

CIOs win differently

Many changes accelerated by COVID-19 will continue to accelerate because they make business sense. For example, customers and citizens shifted their activity online during the lockdown, but that shift will increase, not reverse, in 2021. Seventy-six percent of survey respondents to the 2021 Gartner CIO Survey say that demand for new digital products and services increased in 2020 and 83% say that it will increase in 2021.

Remodeling core technologies

Boards of directors have given CIOs a clear mandate: Use technology to speed the enterprise faster to its business goals. When asked to rank technologies they're using or plan to use in the next year: Digital workplace technologies to support work from home come out on top. Following behind are artificial intelligence/machine learning (AI/ML), robotic process automation (RPA), distributed cloud and multiexperience platforms. These emerging technologies automate processes and decisions, enabling a faster pace and scalable digital.

Building supply chain resilience

COVID-19 demonstrated the fragility of supply chains. Many enterprises suffered severe disruptions during the initial lockdown, which are still slowly being resolved. Top performers are more committed to spending the money and effort needed to make the supply chain more resilient, with 40% saying they are duplicating key suppliers to create redundancy, one-third are bringing more business processes in-house, and a quarter are bringing more sales and delivery in-house.

2 challenges facing CIOs and heads of IT in 2021

Although CIOs and heads of IT will face many challenges in 2021, here are two to begin strategizing for:



Rightsizing support for remote and hybrid work

CIOs already proved they can get thousands — if not tens of thousands — of workers set up remotely in just weeks. But the shift to remote work is expected to persist even after the pandemic. Fifty-two percent of CIOs expect work from home to increase in 2021. The challenge going forward will be funding and rightsizing the appropriate assets to support remote and hybrid workforce models — from individual technologies to real estate.



Digital business acceleration

Sixty-nine percent of boards have responded to COVID-19 with digital business acceleration, while 60% have chosen improving operational excellence through digital business — the board's top two priorities, according to the Gartner Board of Directors Survey. Steady progress isn't enough anymore, though. Boards have CIOs focused on acceleration.

2 actions for CIOs and heads of IT to take in 2021

Given the challenges that CIOs and heads of IT will encounter, consider these two actions to help move the organization in the right direction:



Hurdle, don't sprint

Top performers know that they're running a hurdles race. Disruptions occur frequently. The 2020 Gartner CIO Survey found that half of enterprises experienced a major disruption within the past four years. CIOs might be misled by focusing on the specific circumstances of COVID-19 in their postpandemic strategy. They can best help by doing the small things necessary to enable the enterprise to shift modes when it encounters any kind of disruption in the future.

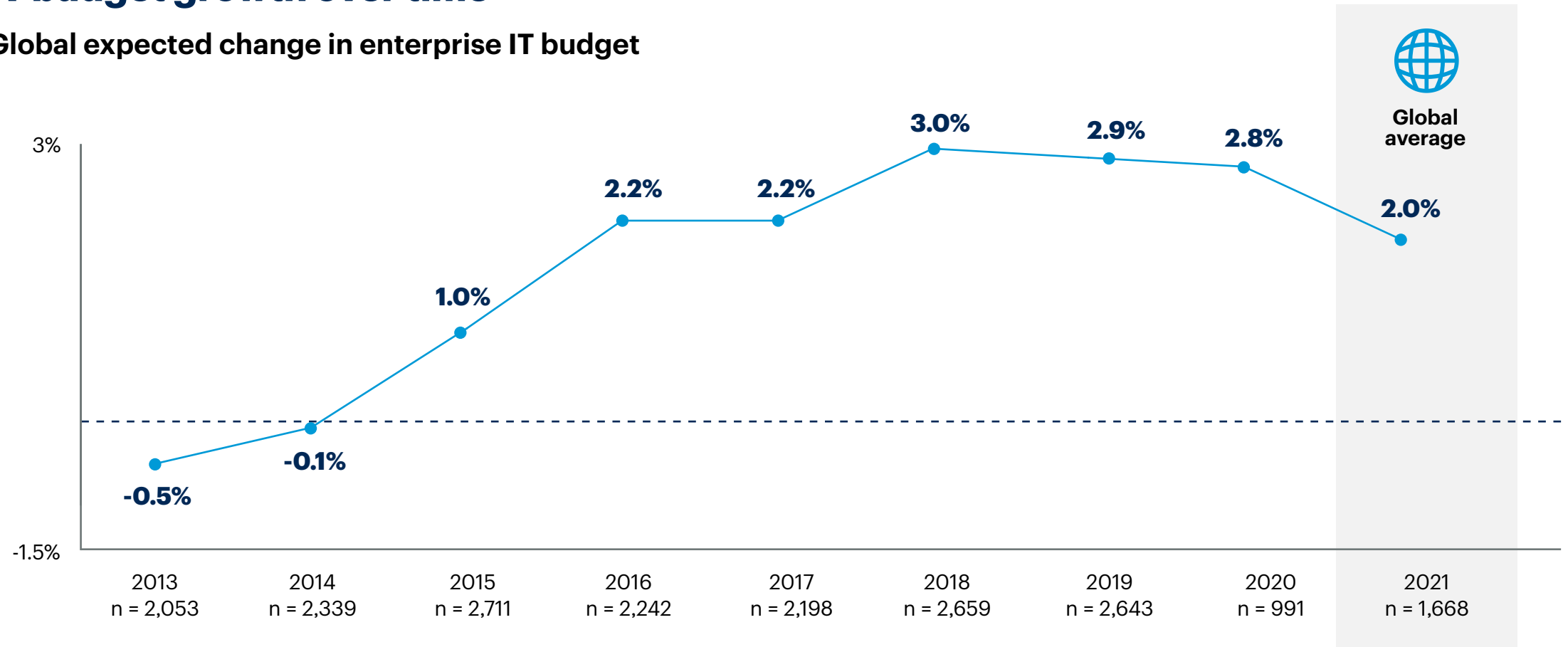


Fund digital acceleration

On average, CIOs expect their budgets to grow an average of just 2% in 2021 — but that's not the flattening or cuts seen during the global financial crisis. Boards and CEOs have signaled they will put real resources behind digital acceleration — and the enterprise's path to the future runs through IT. The need for action is urgent. Organizations that have increased their funding of digital innovation are 2.7x more likely to be a top performer than a trailing performer.

IT budget growth over time

Global expected change in enterprise IT budget

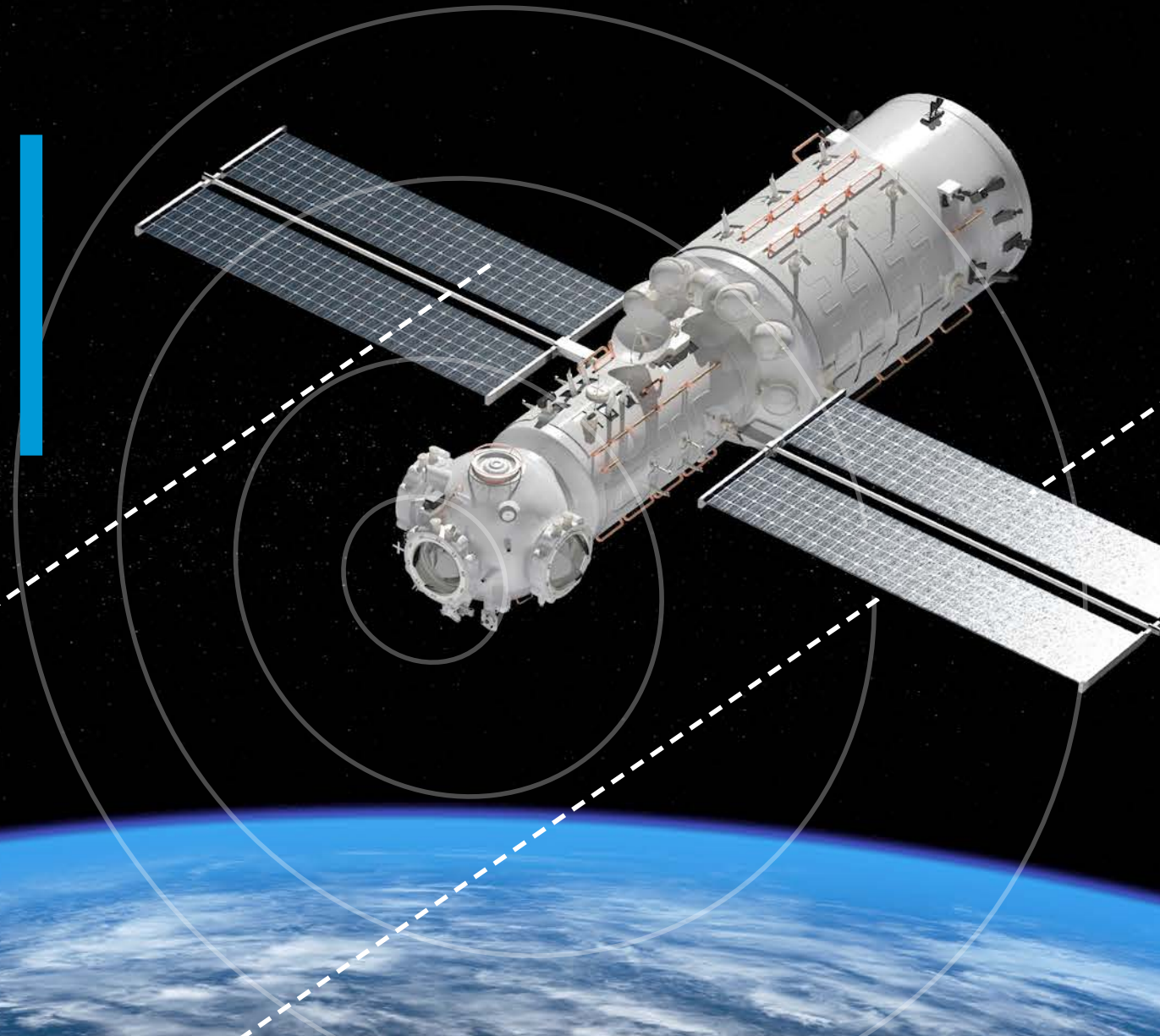


Base: Excludes don't know/no answer

Source: 2021 Gartner CIO Survey

Q. By what percentage do you expect your organization's IT budget to increase or decrease from <current year> to <next year>?

Security and Risk Management Leaders



Introduction

There is no question that dramatic change will continue to occur. The old patterns for protection are just not fully applicable to public cloud computing, digital democratization and radical outsourcing.

Gartner has identified a number of new success patterns, but it will take several years to fully establish best practices for digital environments that are still evolving. Top-performing security and risk management leaders have the courage to experiment with new ideas.

By 2023, 30% of chief information security officers' effectiveness will be directly measured on the role's ability to create value for the business.

Source: Gartner

Only 12% of CISOs are able to exceed the expectations of executive leadership in all four areas.



Lead the function



Organize security service delivery



Embed governance in workflows



Influence strategic decision makers

Source: Gartner

3 trends that will impact security and risk management leaders in 2021

Citizen computing accelerates

Citizen computing is when a user creates new business applications using development and run time environments approved by IT. However, it's generally outside of IT visibility and traditional enforcement, which creates complexities for security and risk leaders tasked with protecting the organization.

New digital initiatives create challenges

The security team is often not consulted until digital plans for the organization are well underway. In addition to reorienting the security program to address new technologies, effective security leaders are working with the board and business leaders to manage cyber-risk control expectations.

Cybersecurity mesh emerges as the preferred delivery model for security services

This cloud-based and highly modular architecture makes it much more practical to control the uncontrollable. Cybersecurity mesh is the most efficient and effective way to extend security policy to digital assets that are outside of the traditional enterprise.

2 challenges facing security and risk management leaders in 2021

Although security and risk leaders will face many challenges in 2021, here are two to begin strategizing for:



Acceleration in digital business is outstripping cybersecurity investment

It is often simply assumed that the security and risk team will be able to adequately protect the organization regardless of what the business decides, but the heritage security infrastructure is just not designed to expand in scope across new and unfamiliar systems.



Cybersecurity knowledge gap

Demand for cybersecurity skills already outstrips availability. New digital initiatives mean organizations need more cybersecurity effort with new and different skill sets. Digital initiatives almost always use new forms of digital computing that require new skill sets. Virtually all Gartner clients struggle to find the skills needed to apply public cloud computing.

2 actions for security and risk management leaders to take in 2021

Given the challenges that security and risk leaders will encounter, consider these two actions to help move the organization in the right direction:



Practice influence, not coercion

Don't be "Doctor No." With decentralized security, CISOs have less control as roles evolve away from building and operating, toward facilitating, enabling and ensuring. Successful CISOs are limiting the number of battles that they choose to fight and seeking ways to apply their limited resources where they will be most beneficial in risk reduction.



Develop talent, don't try to hire it

The competition for needed talent in cybersecurity is fierce. It is virtually impossible to hire people with security skills for public cloud computing and other newer digital domains. Make a plan that addresses the need for critical security skills and manages their development. Avoid getting trapped in old preconceptions about the types of people, or sources of people, who might be suitable for cybersecurity roles. Be more open to experimentation.

Focus on competencies, not cybersecurity skill sets or tactical knowledge



Adaptability

Demonstrates flexibility, agility and the ability to respond effectively to changing environments



Outcome-driven

Focuses on desired results and business outcomes, sets and achieves challenging goals



Business acumen

Demonstrates awareness of internal and external dynamics with an acute perception of business issues



Collaboration/synergy

Collaborates with other members of formal/informal teams in pursuit of common mission, vision, value and goals



Digital dexterity

Is able to leverage information and technology in unique and innovative ways

A night sky with the Milky Way galaxy visible as a bright, hazy band of light. In the foreground, the dark, skeletal structure of a large radio telescope is silhouetted against the starry background. The telescope's structure consists of a complex lattice of beams and supports, with a large parabolic dish at the top. The sky is filled with numerous stars, and several dotted lines of light form a star map or constellation pattern across the upper portion of the image.

Application Leaders

Introduction

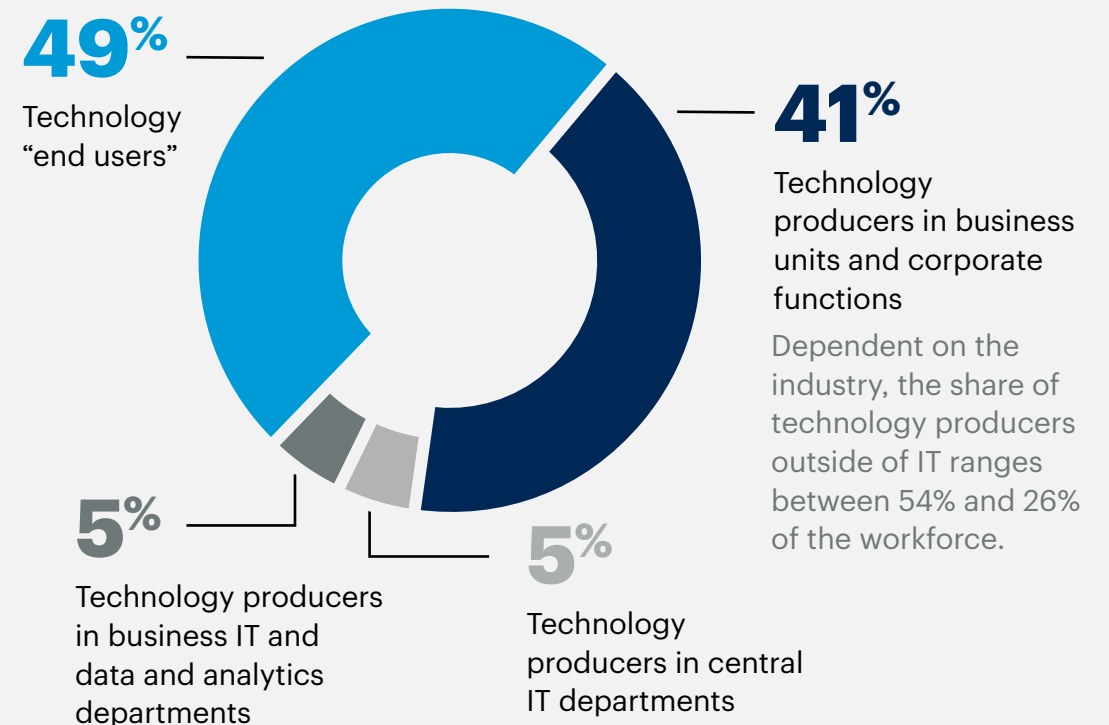
In the past, application leaders faced the challenge of getting their organization's buy-in for new applications or for making changes to existing applications. However, this is no longer the case. The market is transforming increasingly quickly. Organizations are faced with more and more changes at an accelerating pace.

This environment has exposed organizational difficulties with making rapid changes to their applications or the application portfolio, to the point where adapting applications can take longer than getting the business to buy in to the change. Here we see data that shows that IT leaders are facing a responsiveness challenge and not a shortage of business buy-in. Over the next 12 to 18 months, application leaders will need to make changes to support a much more dynamic application environment

By 2022, organizations with diverse IT-business collaborations will deliver business outcomes 25% faster than their competitors.

Source: Gartner

Breakdown of analytics and technology-driven work across the organization



n = 4,977 employees across the entire workforce
 Source: 2020 Gartner Digital Friction Survey

3 trends that will impact application leaders in 2021

Democratization increases

Democratization is when end users become technology producers. Depending on the industry, the share of technology producers outside of IT ranges between 54% and 26% of the workforce. These technology producers can reduce the pressure and ask the IT team to enable employees to have better knowledge of technology.

Apps drives business outcomes

Application leaders must be like doctors who translate complicated medical terms and procedures into a language that the patient understands. To work better with someone, you need to improve your communication with that person, and to do that, you need to use a common language. Application leaders need to speak the language of the business — communicating how applications can help the business achieve the business outcomes it seeks.

New frameworks, methods, tools and technologies emerge

IT organizations have supported the integration of applications for several years. However, many are now working with a hybrid portfolio, where some of their applications are in the cloud and some are on-premises. At the same time, the demand for business change continues to accelerate. The combination of these two things has organizations seeking ways to simplify application integration and reduce the time and effort required to integrate applications.

2 challenges facing application leaders in 2021

Although application leaders will face many challenges in 2021, here are two to begin strategizing for:



Hitting the cloud inflection point

The shift to the cloud finally reaching its decisive inflection point is a notable challenge for many organizations. However, it is also important to understand how your organization plans to change IT to be better prepared for future disruptions on the scale of the COVID-19 pandemic. This might include: How prepared or not the organization is for a work-at-home world; or how to be more agile as an organization.



Enabling new and flexible ways to work

In the midst of a profound desire to drive digital business and change the employee culture, the tools that employees use every day — for working together, creating content, analyzing data and consuming information — are undergoing a significant transformation. This dramatic change in tooling provides organizations with a unique opportunity to substantially improve business outcomes by making the workforce more digitally dexterous. Digital dexterity is the ambition and ability to use technology for better business outcomes. Organizations that fail to exploit the new work nucleus and foster workforce digital dexterity are at a substantial risk of falling behind.

2 actions for application leaders to take in 2021

Given the challenges that application leaders will encounter, consider these two actions to help move the organization in the right direction:



Change the operating model with product delivery

Organizations need to align talent more closely with business value streams to succeed in a digital world. Project management offices (PMOs) are facing significant pressure to transform. The project, program and portfolio management processes they create and oversee have been designed for predictability and consistency, not the speed and flexibility required to meet digital demand.

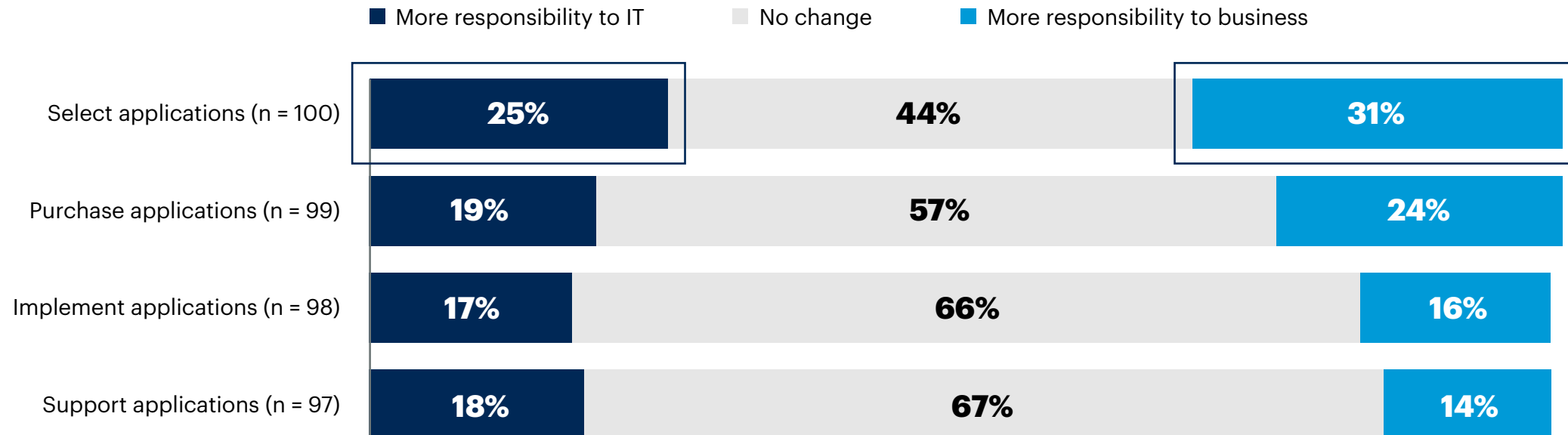


Prioritize customer experience

COVID-19 caused a shift in technology priorities with more investment plans mentioning AI, the Internet of Things, digital commerce, and data and analytics (D&A), among others. Customer analytics is the biggest area of likely future investment. Application leaders should adjust technology investment plans by matching them to the new customer experience (CX) priorities caused by COVID-19. As CX project priorities have shifted, so have the required supporting technologies.

Drive business outcomes: Most expect application responsibility to stay static, but half anticipate select applications to shift

Application responsibility shift



n = Base varies; excluding "not sure"

Q. Within the next 12 months, will the responsibility shift more toward the business or toward IT?

Source: Gartner 2020 Future of Applications

Gartner Research Circle members (One Circle)

Note: Due to rounding, percentages may not total 100%.



Program and Portfolio Management Leaders

Introduction

Program and portfolio management (PPM) leaders must enable rapid transformation during turbulent times.

Until recently, project management offices (PMOs), enterprise PMOs (EPMOs) and strategy realization offices (SROs) were directive, top-down, command-and-control organizations designed to reduce risk by slowing the pace of change. The increased reliance on digital business, accelerated by the COVID-19 pandemic, has forced virtually every PMO, EPMO and SRO to pivot and become more adaptive, enabling change using techniques like agile and technologies like platform as a service (PaaS).

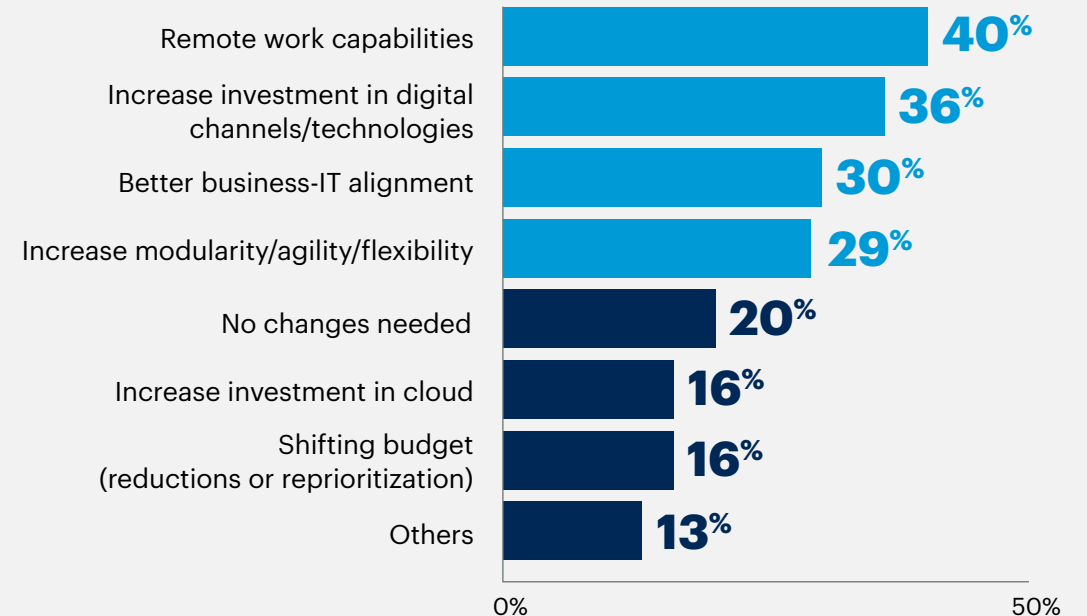
By 2024, 50% of all PPM leaders will integrate complementary technologies to enable portfolio decision making and modern work management for digital business evolution.

Source: Gartner

Pandemic impact on work: How IT needs to change to be better prepared for disruptions like COVID-19

Future disruption countermeasures

Multiple responses



n = 85; all respondents

Q. How does your organization plan to change IT to be better prepared in the future for disruptions like COVID-19?

Source: Gartner 2020 Future of Applications
Gartner Research Circle members (One Circle)

3 trends that will impact PPM leaders in 2021

PPM evolves alongside the organization's digital maturity

Organizations continue to mature their digital business capabilities. As they do, new technologies and techniques spread throughout their organizations. In turn, PPM leaders must evolve to enable digital business. This often means shifting from a command-and-control mentality to a change enablement mindset. The shift can be significant as organizations scale their efforts. PPM leaders must assume new roles within digital business.

PPM adapts to enable new ecosystems

The “directive” PPM has given way to the “adaptive” PPM as digital business demands more agility and flexibility. A need for an adaptive way of working has given way to a rise of citizen PMs.

Digital business and technology innovation drive PPM to focus on oversight and governance

Traditional rigid oversight and governance, and a lack of modern adaptive portfolio management practices, are enduring obstacles to agility. Streamline oversight, governance and portfolio management by identifying and addressing activities that provide little value and adopting newer approaches that do deliver value.

2 challenges facing PPM leaders in 2021

Although PPM leaders will face many challenges in 2021, here are two to begin strategizing for:



Organizational responses to COVID-19 are forcing business change, but the response varies

COVID-19 impacted virtually all organizations and virtually all PMOs. PPM leaders can expect to adjust what they do — if they haven't already — to support several potential paths for the organization. For example, organizations looking to rescale would likely translate this into a goal of supporting new business market expansion.



COVID-19 presents an opportunity for PPM to introduce necessary cultural change and adaptive practices

COVID-19 highlighted an opportunity and a challenge for businesses to transform themselves to be more prepared for inevitable future disruptions. For most Gartner clients, this means focusing on preparing for a work-at-home world, becoming more agile, moving toward modularity and toward data centricity.

2 actions for PPM leaders to take in 2021

Given the challenges that PPM leaders will encounter, consider these two actions to help move the organization in the right direction:



Partner with HR professionals to address the demand for digital talent

Individual managers or leaders outside of IT are building their own fusion teams with a heavy digital focus. Unfortunately, this means that the teams and the efforts to hire and develop talent for them are distributed. PPM can capture economies of scale by nurturing emerging, evolving and expanding areas of digital expertise in central groups that transfer skills to digital product teams.

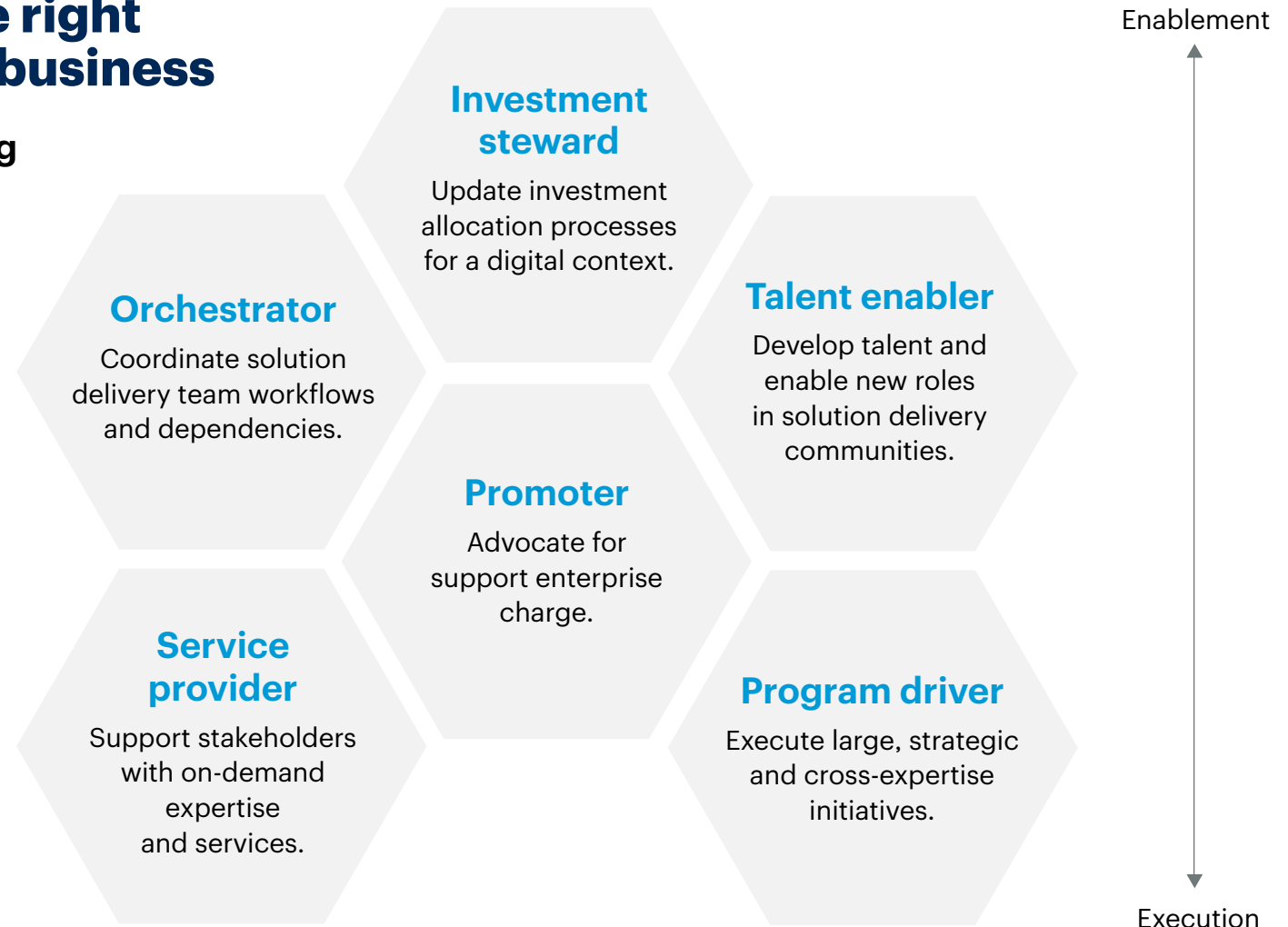


Experiment and explore with AI and analytics to enable dynamic PPM

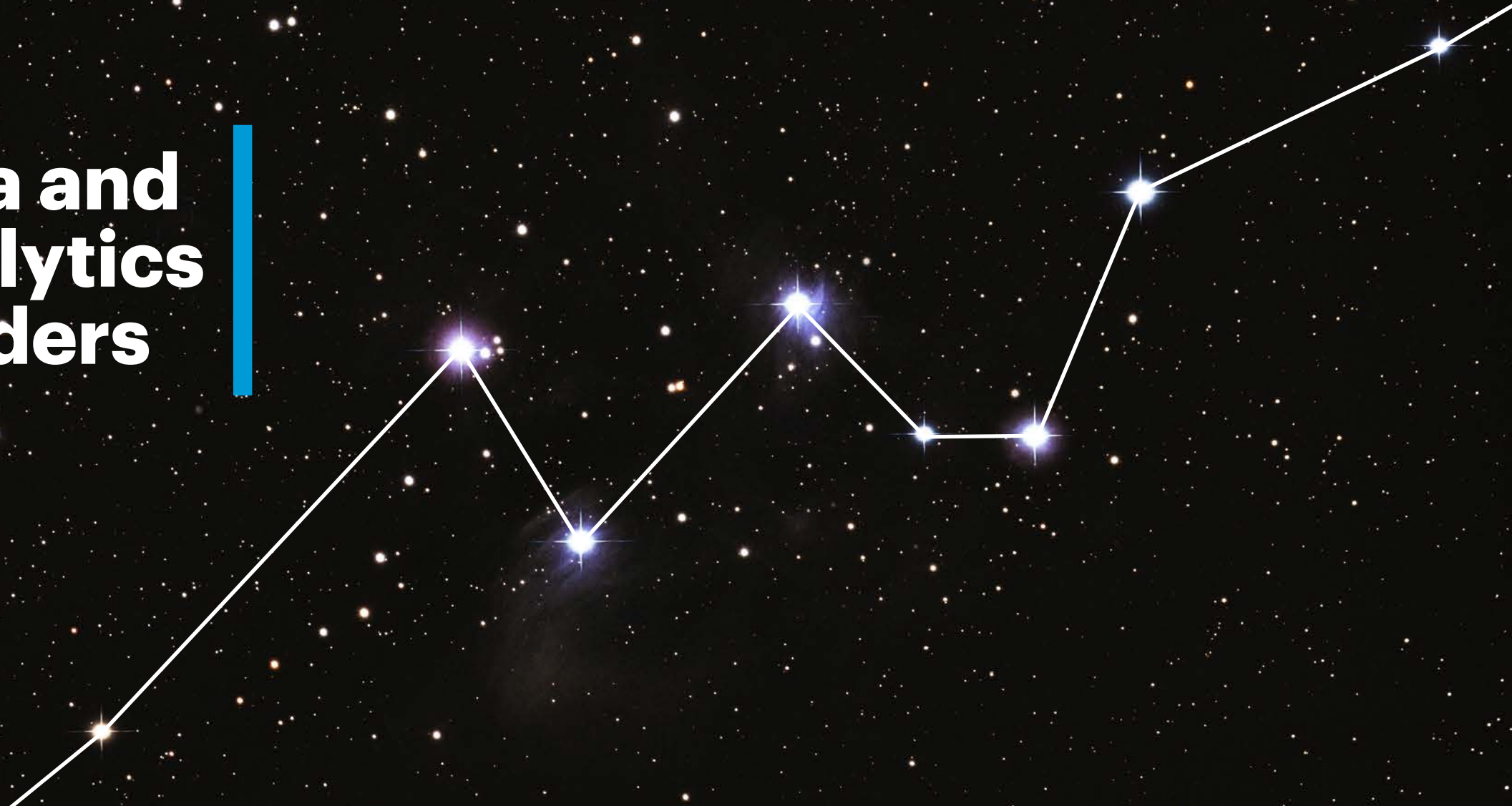
Determine how AI can be a part of a PPM technology investment strategy by investigating approaches for conversational AI and ML, in addition to exploring RPA. Plan on taking small steps toward using AI-enabled PPM technology by keeping it simple, experimenting with and adopting conversational AI, and using chatbots in ways that improve the lives of PMO managers and project team members.

PPM leaders must ensure the right roles exist to support digital business

Evolving PPM leadership roles supporting the digital business



Data and Analytics Leaders



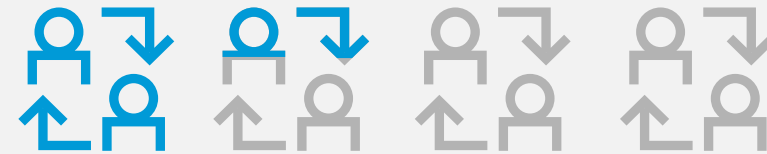
Introduction

Increasingly, CEOs and boards of directors — after investing much time and money into data and analytics (D&A) — are beginning to wonder where repeatable, sustainable value will come from. For digital business in particular (and D&A in general), the pressure is acute as time is running out.

Given that every digital business moment leads to a decision that is powered, or held hostage, by data and analytics, it is no wonder that chronic issues have become more acute. Siloed data, lack of trust, misalignment to outcomes, a focus on data for its own sake and an assumption that a technology acquisition will be sufficient can be colossal challenges to overcome because there is no quick fix.

By 2023, data literacy will become an explicit and necessary driver of business value, demonstrated by its formal inclusion in over 80% of data and analytics strategies and change management programs.

Source: Gartner



By 2022, 30% of CDOs will partner with their CFO to formally value the organization's information assets for improved information management and benefits.

Source: Gartner

3 trends that will impact data and analytics leaders in 2021

CDO embeds D&A in business strategy

The role of chief data officer (CDO) is one of orchestration and prioritization. CIOs “own” technology assets, and CDOs “own” information assets. The CDO is responsible for guiding decision makers at an organization using data insights.

Data literacy increases

Data literacy is not about turning everyone into a data scientist. It is about developing a common understanding of what goals and outcomes are important across the organization, so that all stakeholders contribute to the whole (rather than deflect and misdirect with competing or alternative outcomes). Once a strategic alignment of understanding is achieved, there is augmented decision making, with new insight and new abilities, to be more thoughtful in actions and decisions, without adding time or cost.

D&A implements change management

CDOs are getting on with the work of driving meaningful change in their organizations.

Base your D&A organization on collaboration, cooperation and problem solving. Create awareness among your employees. Stand on your soapbox, give presentations and organize hackathons; but most of all, spread the word about how D&A can help drive business outcomes.

2 challenges facing data and analytics leaders in 2021

Although D&A leaders will face many challenges in 2021, here are two to begin strategizing for:



Embed D&A in business results

Moving from technology-centric to data-driven and from siloed separate data strategies to a business strategy infused with D&A is the future. D&A is no longer simply about dashboards and reports, it's about augmenting decision making across the business.



Perception of D&A within the organization

Changing the perception of D&A is vital. In some places, D&A is still seen as a service found within the IT department that runs reports on request. At other organizations, the D&A leader is in a leadership position, with data work split between the business and IT. In the ideal perception, the D&A leader is outside of IT entirely and reports to the COO or CEO. Here, CDOs are central to the business strategy.

2 actions for data and analytics leaders to take in 2021

Given the challenges that D&A leaders will encounter, consider these two actions to help move the organization in the right direction:



Focus on the top 3 priorities

The top 3 priorities for CDOs are creating a data-driven culture, developing a data and analytics strategy, and standing up a data/information governance program. Use this information to understand how other CDOs are operating. These challenges require new ways of thinking and updated strategies. However, they all require putting data literacy and change management at the top of the to-do list.



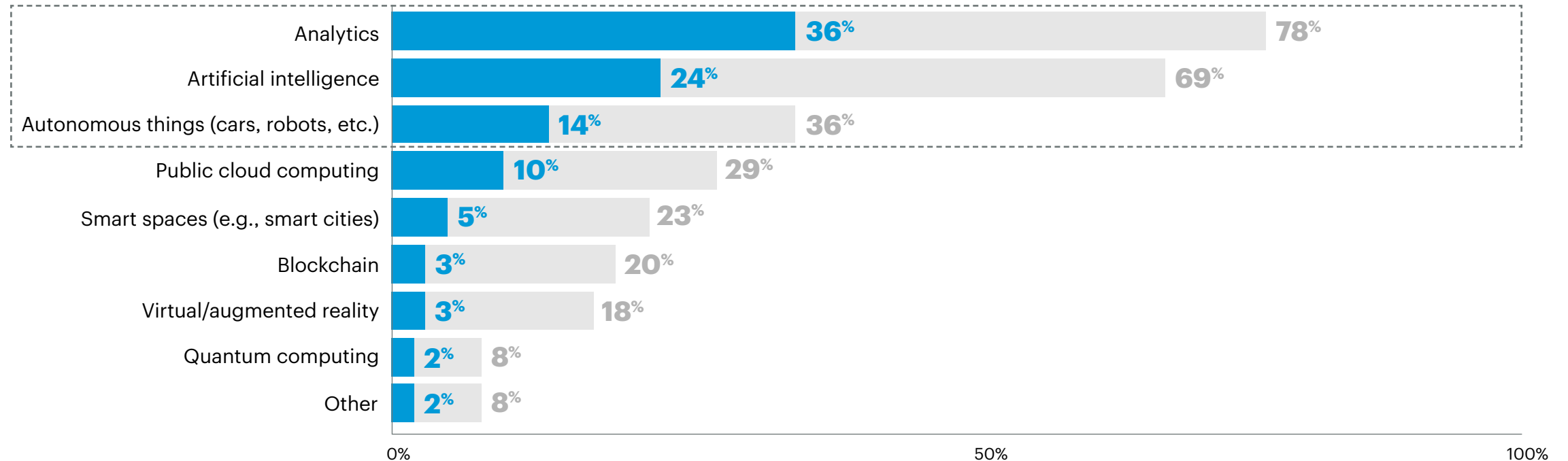
Implement adaptive D&A governance

Data and analytics leaders are failing to deliver sustainable business value through D&A, because of poor governance practices. Adaptive D&A differs from traditional approaches that tended to be IT-driven, focused on data and standards. Adaptive governance uses business outcomes to prioritize the work and helps you govern the least amount of data with the greatest business impact.

The heat is on: Boards of directors place analytics and AI as the No. 1 and No. 2 priorities

Top game-changer technologies to emerge stronger from COVID-19 crisis

■ First choice
■ Sum of top 3



n = 255, all respondent, excluding "can't say"

Q. Which will be the top 3 game-changer technologies for your industry to emerge from the COVID-19 crisis?

Source: View From the Board of Directors 2021, CIO Research, July 2020

A blue-tinted image of Earth from space, showing the planet's curvature and cloud patterns. Several white orbital paths, both solid and dotted, are overlaid on the planet, suggesting satellite orbits or data paths. The background is a dark, starry space.

Infrastructure and Operations Leaders

Introduction

Disruption has happened — now infrastructure and operations (I&O) leaders must build an innovation platform, apply cost intelligence, lower technical debt, forward-fill skills and enable anywhere operations to be relevant in the post-COVID-19 world.

Infrastructure-led innovation is an I&O strategy that helps stakeholders overcome business challenges and enable business growth using infrastructure technology and operational practices that enhance customer experiences and solutions.

By 2025, 70% of infrastructure and operations leaders forgoing infrastructure-led innovation will be marginalized to legacy system support only.

Source: Gartner



52% of I&O organizations selected “lower costs” as one of the top three important goals for the next 12 months.

Source: Gartner

3 trends that will impact infrastructure and operations leaders in 2021

Customer value matters more than infrastructure reality

Customer centricity is at the heart of the infrastructure-led innovation (ILI) model, and certainly CIO expectations will be better met by focusing on meeting and exceeding customer value, rather than exceeding infrastructure reliability.

However, I&O leaders must not neglect reliability. Site reliability engineering is about building reliability into applications and infrastructure. It is a strategy to be embraced, but I&O leaders must not lose focus on customer value.

CIOs look for customer value in I&O leaders

A Gartner analysis found that 43% of I&O leaders hired between 2018 and 2020 have a professional background outside of I&O with the remaining 57% having spent most of their career in I&O. The historical practice of hiring I&O leaders from within the function is clearly evolving. Most of these I&O newcomers have a background in application development, information security or lines of business highlighting a focus on customer centricity and corporate vision.

Addressing the skills gap

Recruiting for I&O talent is certainly changing. Significantly more job postings are now emphasizing skills such as automation and DevOps more than traditional frameworks such as ITIL and IT service management.

I&O leaders must invest in skills that support iterative, customer-focused frameworks and ways of working, such as DevOps, product management and agile.

2 challenges facing I&O leaders in 2021

Although I&O leaders will face many challenges in 2021, here are two to begin strategizing for:



Insufficient skills resources

Developing versatilists is key for I&O as is investing in DevOps, site reliability engineering (SRE) and other skills that drive agility. Create a sense of urgency with skills and resources because the long runway often needed for development, upskilling, hiring, sourcing and other activities is common. Conduct a comprehensive skills and behavioral gap analysis to assess the current gaps — but more important, to assess the future (12- to 18-month) gap.



Managing technical debt

Technical debt greatly impacts resources, workflows, capabilities and mindsets and smothers the culture of agility and creating disruption. Technical debt and managing change are directly related. I&O must lead the discussion to lower technical debt. Reducing technical debt is necessary for innovation.

2 actions for I&O leaders to take in 2021

Given the challenges I&O leaders will encounter, consider these two actions to help move the organization in the right direction:



Inspire and engage to drive change

Traditional leadership approaches and organizational change management are insufficient in a digital era of uncertainty and constant change. ILI demands change leaders who can build sustainable digital environments to enable growth and capitalize on open-source change practices. Change-leading I&O, leaders do not dictate changes. Instead, they must set an inspiring course and capitalize on open-source change management to co-create a path forward. They must engage the entire organization on the change journey.



Apply cost intelligence

Seek a balance between cost management and net new investment to maximize customer value.

Cost management includes short-term cost cutting, medium-term cost optimization and strategic value creation, and effective cost management requires balancing these three activities to achieve business outcomes in a sustainable fashion.

Action plan for infrastructure-led innovation



Drive change



Build a platform for innovation



Lower technical debt



Apply cost intelligence



Forward-fill skills



Enable anywhere operations

A long-exposure photograph of a city at night, with lights reflecting on a body of water. The sky is filled with star trails, and several white circular lines are overlaid on the image. The text 'Enterprise Architecture Leaders' is positioned on the left side, flanked by two vertical blue bars.

Enterprise Architecture Leaders

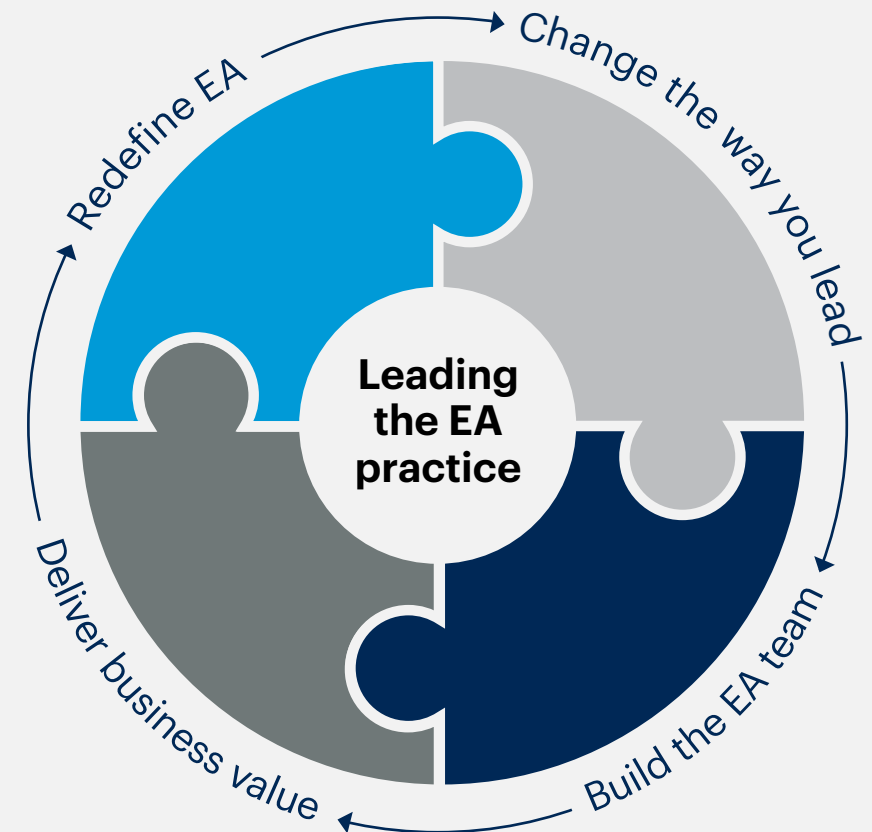
Introduction

Enterprise architecture (EA) leaders are key enablers for digital business — accountable for helping the enterprise balance risks and benefits.

In a rapidly changing business environment, enterprise architecture leaders must develop a three-year plan to deliver high-impact business-outcome-driven advice.

By 2023, 60% of organizations will depend on EA's role to lead the business approach to digital innovation.

Source: Gartner



3 trends that will impact enterprise architecture leaders in 2021

EA leaders play key role through the recovery

As organizations go through the three phases of COVID-19 (Respond, Recover, Renew), EA leaders will play a vital role. In the Respond phase, EA leaders identify essential parts of the core of the business. In the Recover phase, they find innovative ways to reduce cost, increase productivity and drive better performance. Finally, in the Renew stage, EA leaders work with business and IT executives to identify opportunities to create new business models, services and experiences.

EA shifts toward internal management consultancy

Over the past five years, there has been a shift toward business-outcome-driven EA, which has extended the reach of the EA practice into the strategy end of the cycle — identifying business outcomes, supporting business capabilities, and changing requirements and roadmaps. This activity provides real value and helps organizations execute their strategies.

Information becomes the fuel for business innovation

EA leaders should look for opportunities for their teams to help business executives identify where in the business and operating models AI could be used. They can then assess the scale of the benefits and help create implementation roadmaps for those initiatives selected.

2 challenges facing EA leaders in 2021

Although EA leaders will face many challenges in 2021, here are two to begin strategizing for:



Reposition the EA practice, its outcomes and value-add

EA leaders must create a clear message on what EA is, and how it adds value to the organization. They will then have to sell this vision and value to their key stakeholders and help educate them on the full scope of EA. They will also need to reframe EA and the services it provides — crafting services that add value to both sets of stakeholders.



New ways of working and new deliverables

As the focus of the EA practice shifts from the IT organization to the business, the types of deliverables will need to change. The EA team will now require models and analyses, practices and competencies that can support business stakeholders. They will need to develop a definition of their strategy and the desired business outcomes. EA leaders must acquire an understanding of their business stakeholders and develop models that add value for them.

2 actions for EA leaders to take in 2021

Given the challenges that EA leaders will encounter, consider these two actions to help move the organization in the right direction:



Shift your leadership style to coaching and mentoring

Your leadership style can be adjusted to fit the situation and context. The leader that can nurture a high-performing team will need to take advantage of each of these styles given the appropriate situation.

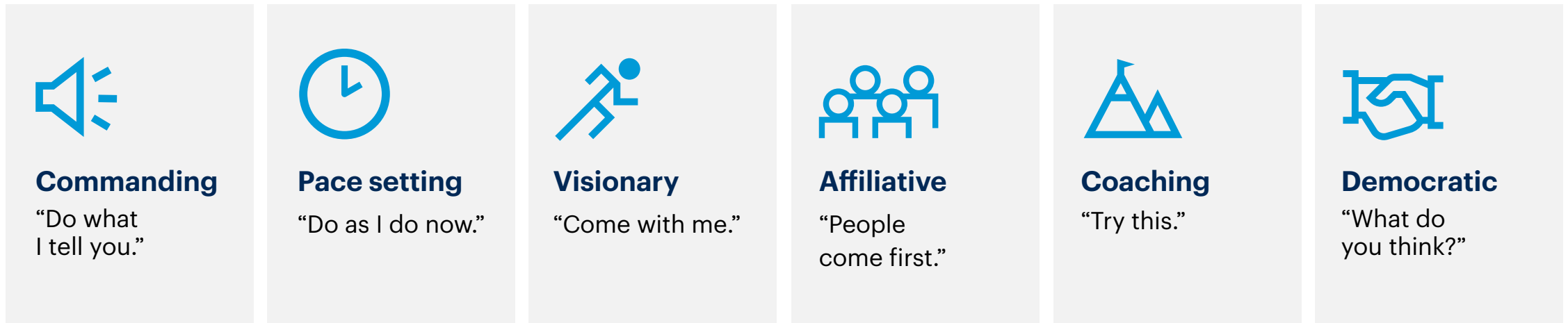


Build a flexible adaptive EA team

Cultivate an organizational network and reach out to individuals and teams from key areas (for example, business analysts, business strategists, business relationship managers and the project management office). The EA team can use more “adaptive governance” approaches, such as a “center of excellence,” which brings people together. Ideally, this network is driven by the senior executive team that is leading the transformation.

Shift your leadership style to coaching and mentoring

Continuum of leadership styles



Low

Degree of involvement of team members

High

Be comfortable with this style of leadership.

Sourcing, Procurement and Vendor Management Leaders



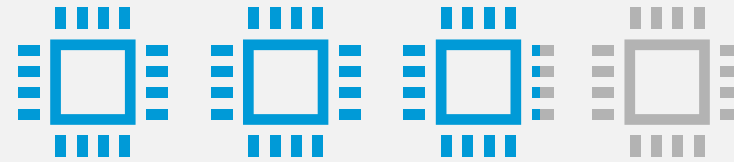
Introduction

Sourcing, procurement and vendor management (SPVM) leaders must communicate their value proposition across four SPVM operating models — execute, consult, advise and enable self-service.

Business stakeholders across all industries and geographies in 2020 felt the impact of the COVID-19 pandemic. While 2020 was a year for many SPVM leaders to hunker down and find ways to cut vendor spending, the view into 2021 looks to be somewhat uncertain. What is known is that cost optimization will be at the forefront of many SPVM leaders' objectives, alongside enabling the shift to digital business and driving much-needed growth.

By 2024, 40% of large enterprises will leverage AI capabilities in their sourcing process.

Source: Gartner



72% of CIOs plan to maintain or increase the proportion of IT sourced to third parties.

Source: Gartner

3 trends that will impact SPVM leaders in 2021

Cost optimization replaces pure cost cutting

It is more critical than ever to renegotiate contracts, streamline application redundancies and eliminate shelfware in the name of reducing costs. However, the current environment demonstrates that cost cutting cannot be approached as a stand-alone objective or a one-time exercise. Rather, it must be seen as an ongoing discipline that provides fuel for innovation and growth.

COVID-19 accelerates the digital shift

Digital initiatives are heavily reliant on solutions and services developed, provided and managed by IT and business vendors. To support a dramatic shift in priorities and budgets, enterprises will become more reliant on sourcing to provide guidance on the market, intelligence and strategies that align to the achievement of digital goals.

Increases in IT sourcing executed directly by the business

Cloud has enabled users to use self-service, and now the business demands this in every area. Gartner research shows that the business feels it knows its needs best and the SPVM function is often considered a blocker to be moved out of the way. SPVM must reinvent itself to add new kinds of value in this environment.

2 challenges facing SPVM leaders in 2021

Although SPVM leaders will face many challenges in 2021, here are two to begin strategizing for:



Respond to evolving conditions

The environment will continue to be highly uncertain, and SPVM leaders must be prepared to shift priorities quickly as economic conditions change — while still continuing to invest in the business.



Enabling greater business self-service

The business needs to progress to digital rapidly, and increasingly business leaders are sourcing solutions themselves, challenging SPVM to deliver self-service. At the same time, the COVID-19 crisis has driven the organization's need for better cost control. Executives are seeking strong cost optimization from SPVM, which can only be delivered through visibility into purchases. This contradiction can only be resolved by SPVM developing controlled self-service.

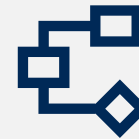
2 actions for SPVM leaders to take in 2021

Given the challenges that SPVM leaders will encounter, consider these two actions to help move the organization in the right direction:



Make cost optimization a continuous discipline

What's needed from — and can be supported by — SPVM is not a reactive focus on cost cutting or even cost optimization, but rather a continuous and relentless focus on cost management. In 2021, Gartner expects many enterprises will still be addressing the economic impacts of the COVID-19 pandemic. However, Gartner believes success will come to those enterprises that establish a more enduring roadmap to cost management.



Adopt agile IT procurement to support digital acceleration

Procurement teams are rebuilding their procurement approaches from a ground-up perspective, as speed is becoming of paramount importance. However, speed is only one factor. SPVM leaders are also responsible for risk and cost. An agile procurement framework is required to address all three — at speed, and taking into account how the business wants to procure technology products, services and solutions.

Our ability to respond to demand depends on collaboration with business partners and stakeholders who are willing to be flexible and embrace a “fail fast” mindset

Great	Good	Bad
Stakeholders feel incentivized to initiate collaboration with SPVM	SPVM proactively reaches out to stakeholders regularly	Stakeholders lack trust in SPVM
Risks are identified and assessed prior to initiating a sourcing event	Risks are identified and assessed during the sourcing event	Risks aren't identified and assessed until the end of the sourcing event
Vendor performance is linked to business impact	Vendor performance is linked primarily to operational service levels	Performance is linked only to direct costs
SPVM tools that enable self-service are readily available and used by the business	SPVM uses agile techniques to engage the business and vendors	SPVM responds to business requests as efficiently and effectively as their processes allow

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