Moving Beyond Technology Hype to Digital Innovation at a Midsize Enterprise

Roger Caleya

Gartner®

Key Issues

1. Why does technology innovation matter?

2. What does good innovation look like?

3. Overcoming innovation challenges at midsize enterprises.

Gartner.

Key Issues

1. **Why does technology innovation matter?**
2. What does good innovation look like?
3. Overcoming innovation challenges at midsize enterprises.

Gartner.

These Are Uncertain Times

Inflation

Recession Threats

Government Debt

Challenged Growth

Russian Invasion of Ukraine

Financial Market Challenges

Rising Interest Rates

Scarce and Expensive Talent

Political Instability

Gartner.

Most Companies Are Doubling Down on Digital in the Face of Threats and Constraints

Change in Company's Overall Growth Stance in Response to External Threats and Constraints
Multiple Response

Response	Percentage
We have doubled down on digital transformation and digital initiatives	51%
We have shifted from growth to protecting our existing business	42%
We have shifted our focus from revenue growth to margin growth	38%
No change to our growth strategies	14%
Other	1%
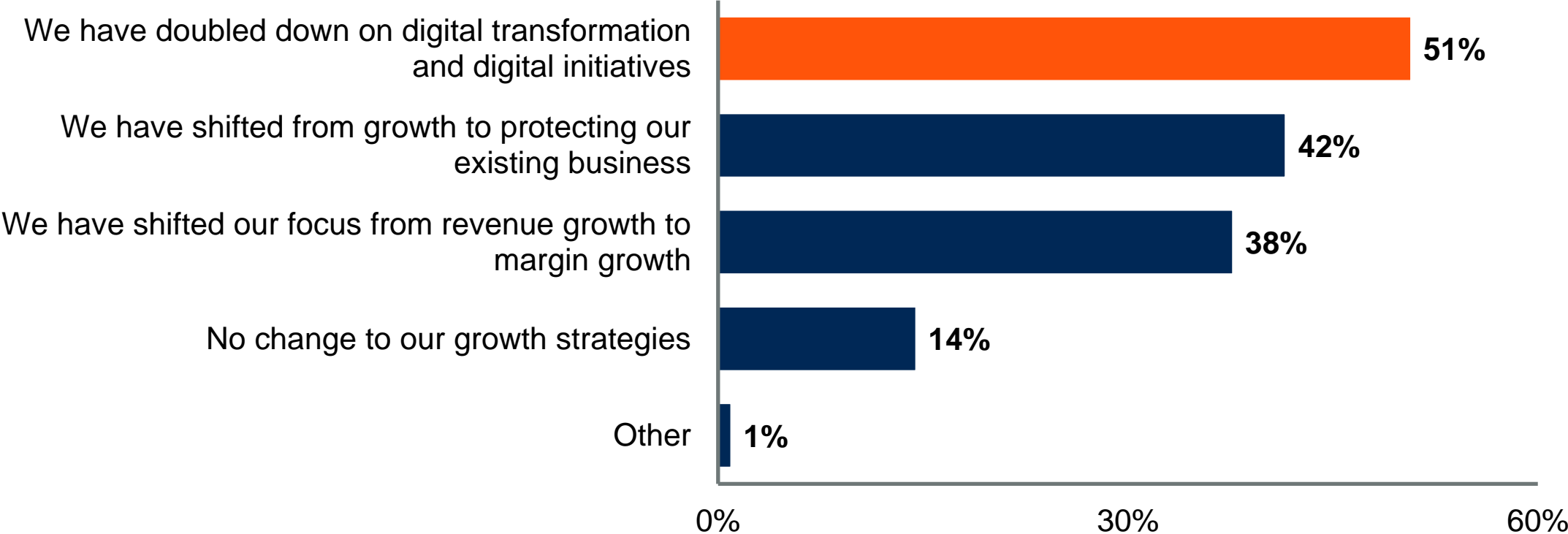
n = 207; Corporate business leaders who lead, participate in or influence their company's investment and strategy decisions and external threats and constraints are present (S2Q1)

Gartner

Innovation Is a Key Tactic to Sustain Growth

Tactics Used to Sustain Growth in the Uncertain Macroenvironment
Top Five Percentage of Respondents

Legend: ■ Not Sure ■ Not Used ■ Minor Tactic ■ Major Tactic

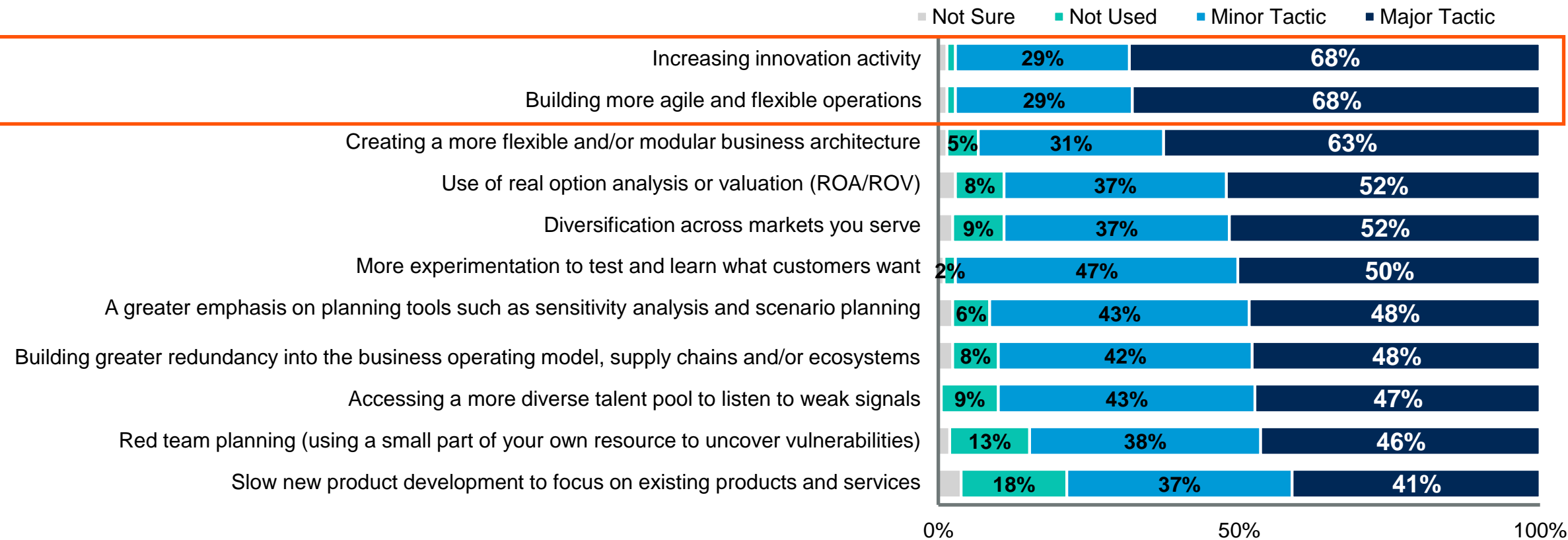| Tactic	Minor Tactic	Major Tactic
Increasing innovation activity	29%	68%
Building more agile and flexible operations	29%	68%
Creating a more flexible and/or modular business architecture	31% (5%)	63%
Use of real option analysis or valuation (ROA/ROV)	37% (8%)	52%
Diversification across markets you serve	37% (9%)	52%
More experimentation to test and learn what customers want	47% (2%)	50%
A greater emphasis on planning tools such as sensitivity analysis and scenario planning	43% (6%)	48%
Building greater redundancy into the business operating model, supply chains and/or ecosystems	42% (8%)	48%
Accessing a more diverse talent pool to listen to weak signals	43% (9%)	47%
Red team planning (using a small part of your own resource to uncover vulnerabilities)	38% (13%)	46%
Slow new product development to focus on existing products and services	37% (18%)	41%

Axis: 0% — 50% — 100%

n = 211; Corporate business leaders who lead, participate in or influence their company's investment and strategy decisions

Gartner

Digital technology and innovation are key to company growth.

Gartner®

Key Issues

1. Why does technology innovation matter?

2. What does good innovation look like?

3. Overcoming innovation challenges at midsize enterprises.

Gartner.

Defining Maturity in Innovation

High	Innovation is in the DNA of the organization, with high-performing teams and world-class leadership in new innovation practices.
	Best-in-class innovation processes, with innovation championed at the enterprise level.
Medium	Funded, sustainable innovation resources and teams, championed at the department level.
	Occasional, ad hoc innovation, not planned or funded ahead.
Low	Some funded innovation initiatives and sharing of best practices.

Gartner

High-Maturity Organizations Are More Successful In:

Designing and Managing Innovation

3x to 5x

More Likely to Be Highly Effective Than Low-Maturity Organizations

- Define the goals for innovation
- Obtain executive buy-in for innovation
- Communicate potential benefits of innovation to stakeholders
- Promote a culture for creativity and innovation
- Establish funding for innovation
- Prioritize and select ideas to pursue
- Hand off innovation to business units
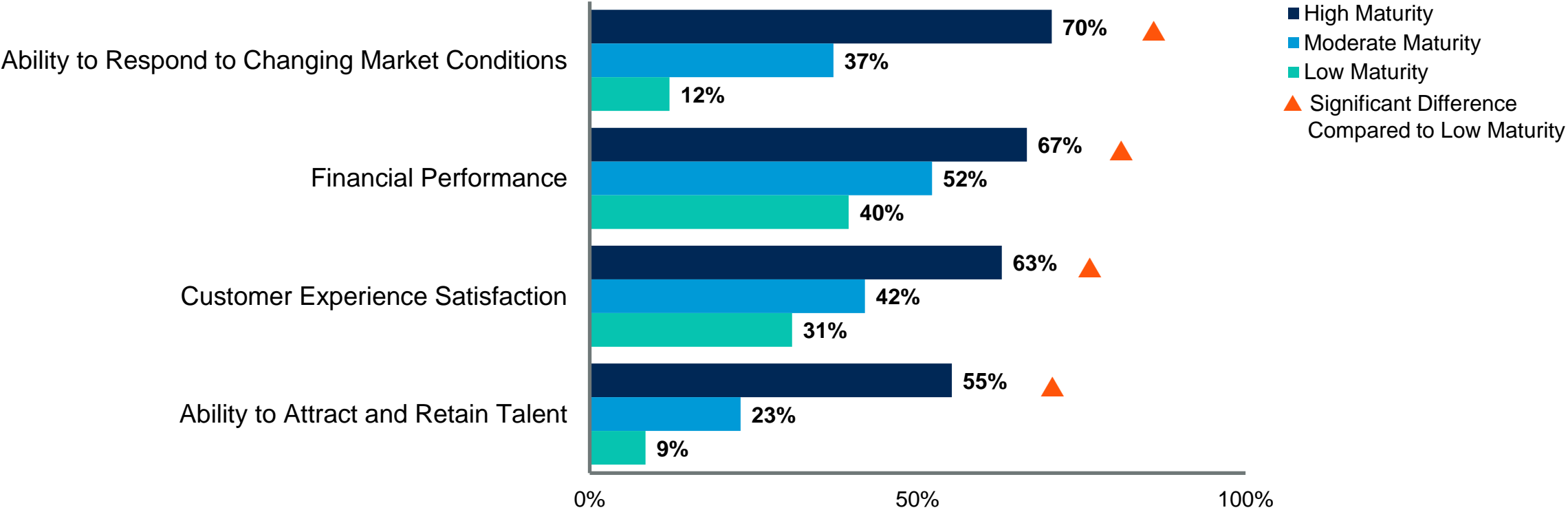- Decide when to stop or continue ideas

n varies; IT and business leaders with innovation responsibilities, excluding unsure/not applicable
Q17: Now, thinking specifically about the innovation initiatives in 2022, on a scale of 1 to 7, how effective is your organization at each of the following?
Source: 2022 Gartner Justifying and Funding Innovation Survey

Gartner.

High-Maturity Organizations Are More Successful In:

- Generate innovative ideas

- Launch new products or services

- Realize the business value of innovation

- Enhance existing products and services

- Design and execute experiments and prototypes

- Scale innovation beyond prototypes

- Drive radical innovation in new business models

Executing Innovation

2x to 5x

More Likely to Be Highly Effective Than Low-Maturity Organizations

Gartner.

Highly Mature Organizations in Innovation Report Stronger Business Performance Relative to Peers

Overall Performance Relative to Its Competitors and Peers
Percentage of Respondents Selecting Ahead/Far Ahead (6, 7 Ratings)

Legend:
- ■ High Maturity
- ■ Moderate Maturity
- ■ Low Maturity
- ▲ Significant Difference Compared to Low Maturity

Ability to Respond to Changing Market Conditions
- High Maturity: 70%
- Moderate Maturity: 37%
- Low Maturity: 12%

Financial Performance
- High Maturity: 67%
- Moderate Maturity: 52%
- Low Maturity: 40%

Customer Experience Satisfaction
- High Maturity: 63%
- Moderate Maturity: 42%
- Low Maturity: 31%

Ability to Attract and Retain Talent
- High Maturity: 55%
- Moderate Maturity: 23%
- Low Maturity: 9%

n varies, IT and business leaders with innovation responsibilities, excluding unsure/not applicable

Gartner®

Successful innovation is about structured practices and people.

**Gartner.**

Have you introduced a technology innovation?

Have you successfully handed off the innovation to business units?

Have you been doing it repeatedly, in a consistent way?
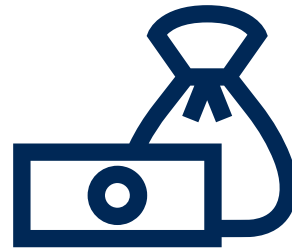
Gartner.

Key Issues

1. Why does technology innovation matter?

2. What does good innovation look like?

3. Overcoming innovation challenges at midsize enterprises.

Gartner.

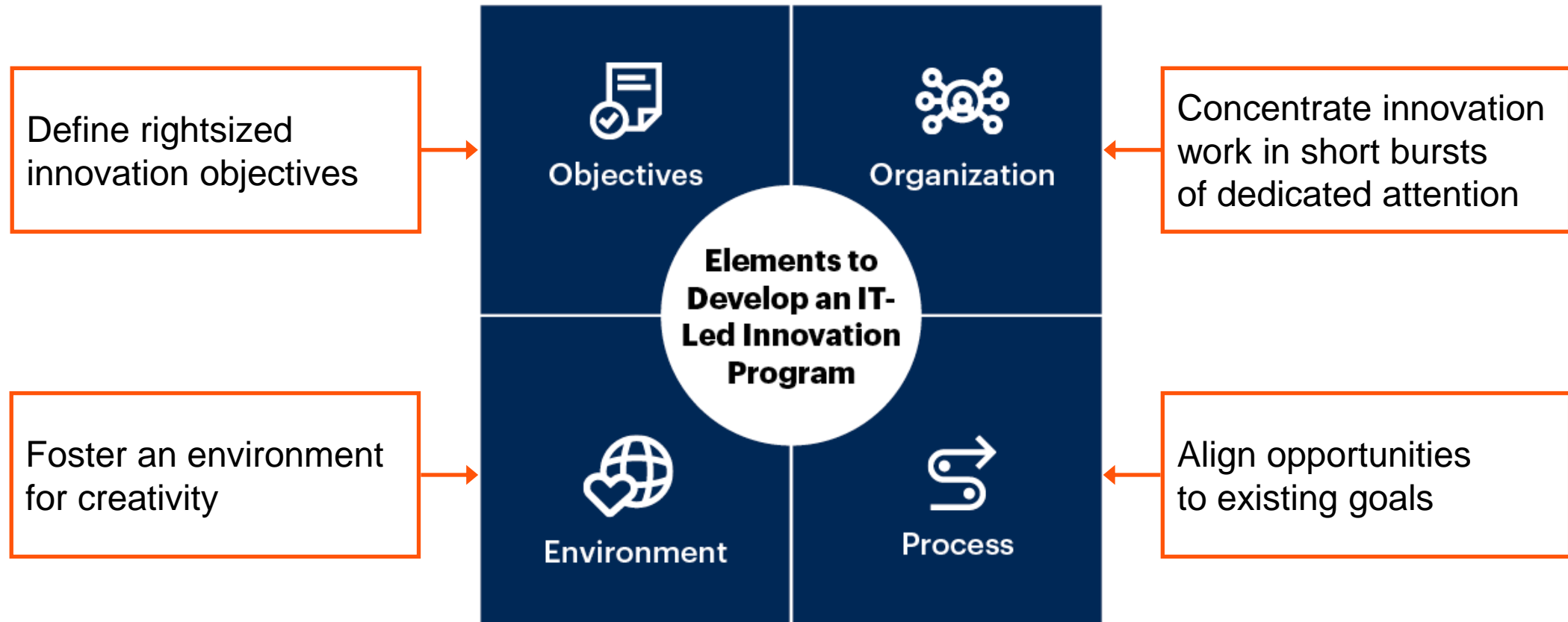# Midsize Enterprises Challenges
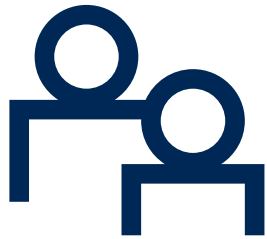
Smaller Teams

Budget Constraints

Risk-Averse

Gartner.

Overcoming Innovation Challenges at MSEs

Define rightsized innovation objectives

Concentrate innovation work in short bursts of dedicated attention

Foster an environment for creativity

Align opportunities to existing goals

Objectives

Organization

Elements to Develop an IT-Led Innovation Program

Environment

Process

Gartner.

Define Rightsized Innovation Objectives

Be Realistic With the
Commitment to
the Organization

Start With
Small-Scale Successes

Gartner.

Concentrate Innovation Work

Dedicate specific blocks of time, with a concrete goal.

Examples:

o Use the first two-week sprint of every quarter.
o Plan a full-day hackathon.
o Set aside an extended lunchtime to deliver two paper prototypes in two hours.

Gartner

Align Opportunities to Existing Strategic Goals

Prioritize the Use of Existing Technologies

Tie Ideas to Approved Initiatives and Confirm Business Ownership

Build a Task Force to Transfer Ownership Gradually
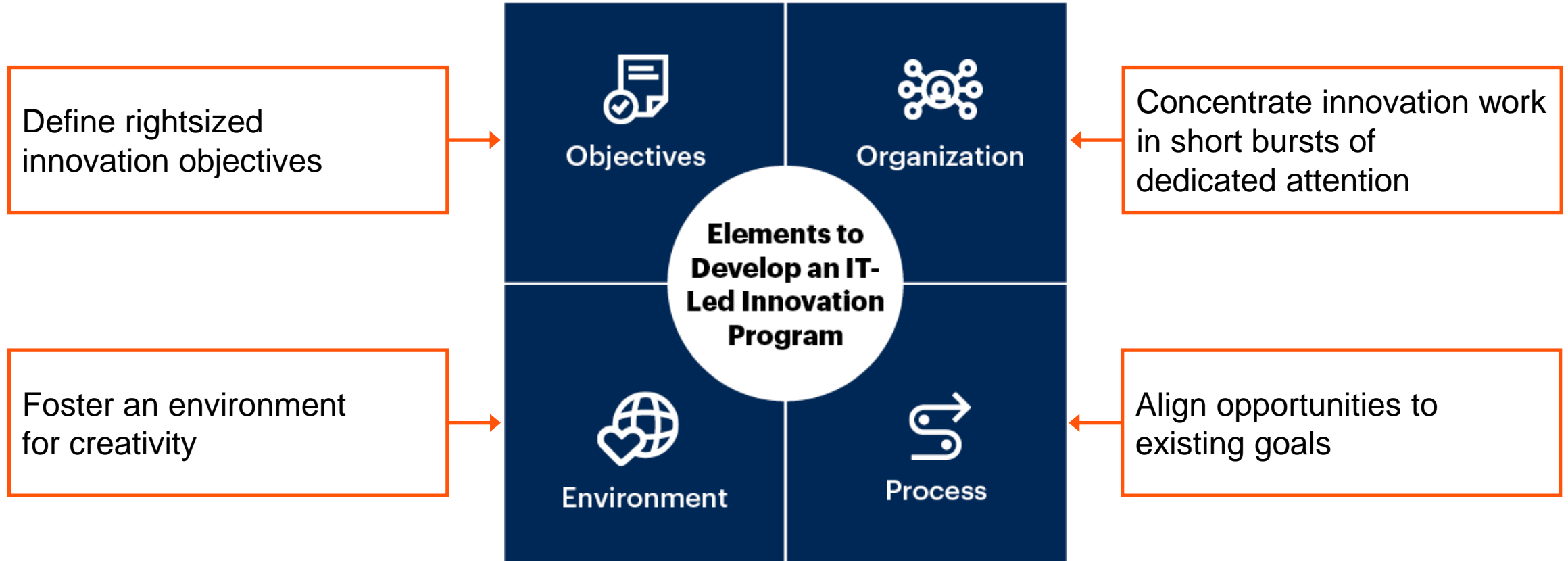
Gartner.

Foster an Environment for Creativity

Increase the Business Acumen of the IT Team

Reject a "I'll Tell What You Do" Posture

Redefine "Failure"

Gartner.

Overcoming Innovation Challenges at MSEs

Define rightsized innovation objectives

Concentrate innovation work in short bursts of dedicated attention

Objectives

Organization

Elements to Develop an IT-Led Innovation Program

Environment

Process

Foster an environment for creativity

Align opportunities to existing goals

Gartner.

Recommended Gartner Research

🔍 **How to Develop an IT-Led Innovation Program in a Midsize Enterprise**
Roger Caleya

🔍 **IT Instigators: Design Your Roadmap for Proactive IT Innovation**
Peter Skyttegaard and Irving Tyler

🔍 **Generate Innovation Ideas Through Activities, Education and Attitude**
Darren Topham, Apoorva Chhabra and Tsuneo Fujiwara

🔍 **Innovation Idea Selection — Choosing for Success**
Darren Topham and Peter Skyttegaard

Gartner