

CIOs Must Choose a Path Now for Machine Customers

Don Scheibenreif

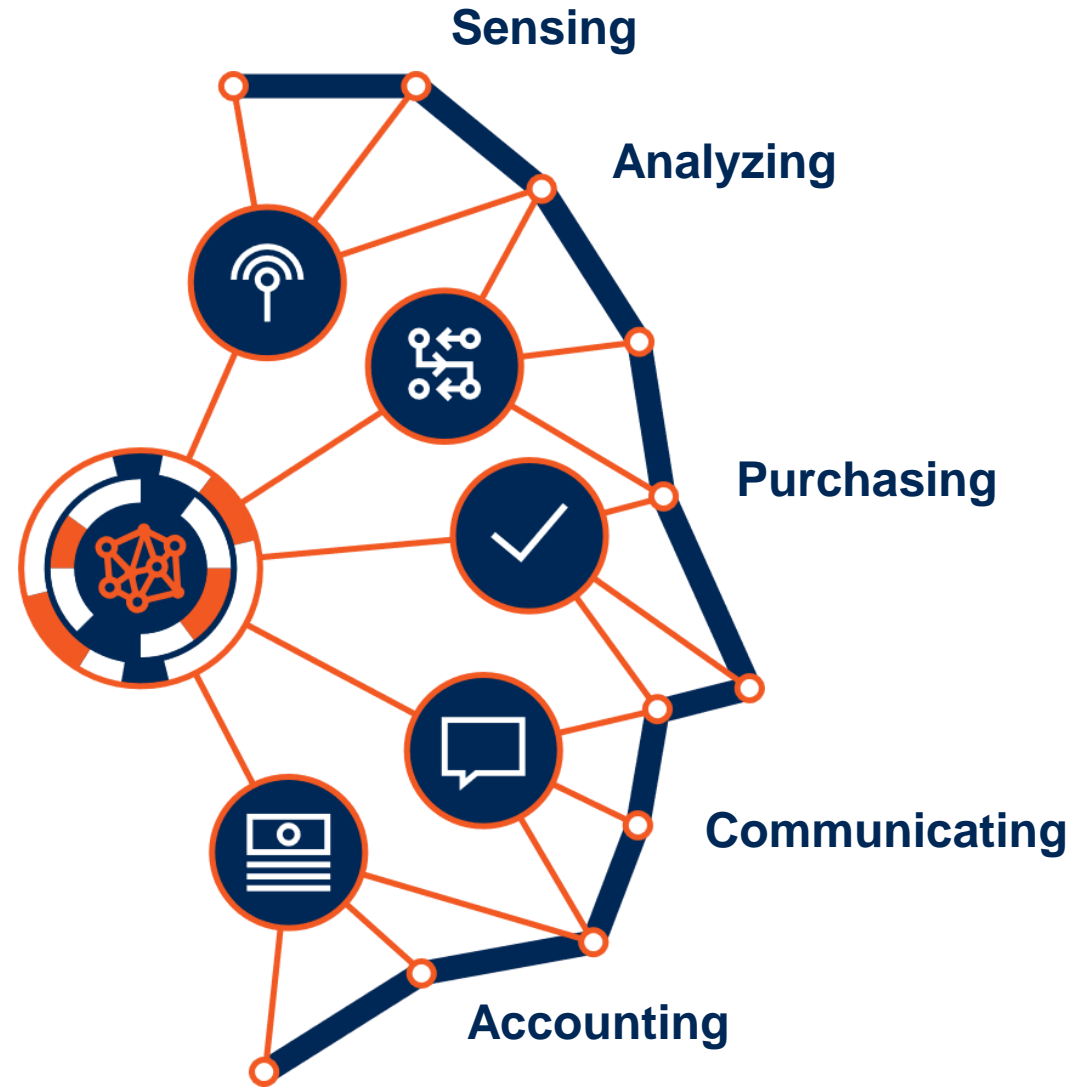
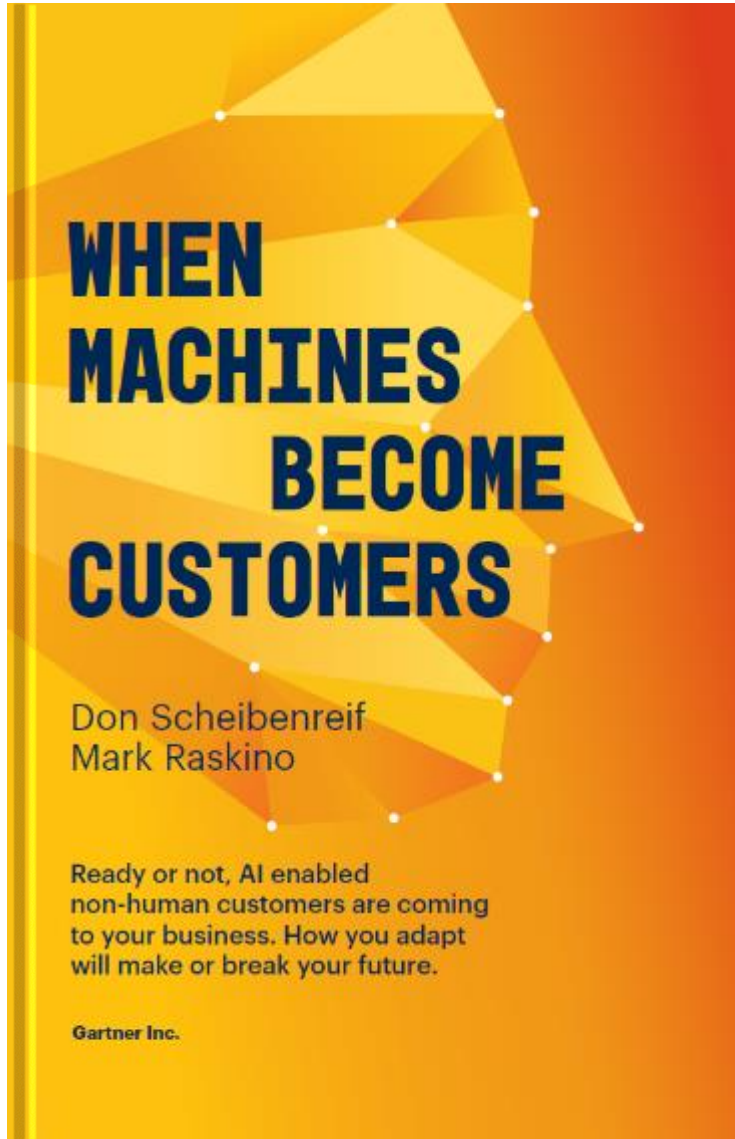
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Machine customers are already among us, and they will represent trillions in opportunity.

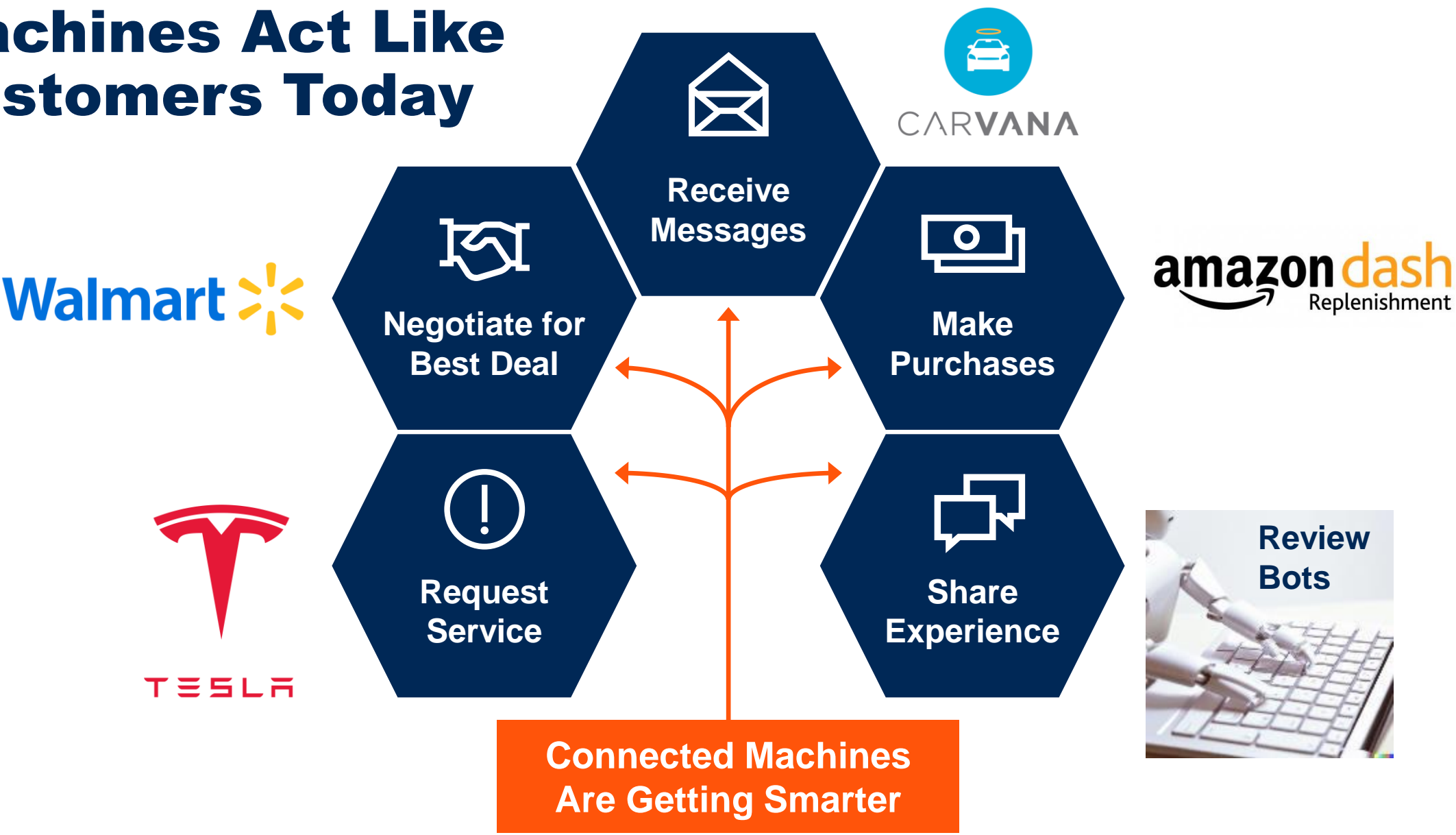
You have a decision to make.

Start to really think about what this means for your business or watch as others blow past you.



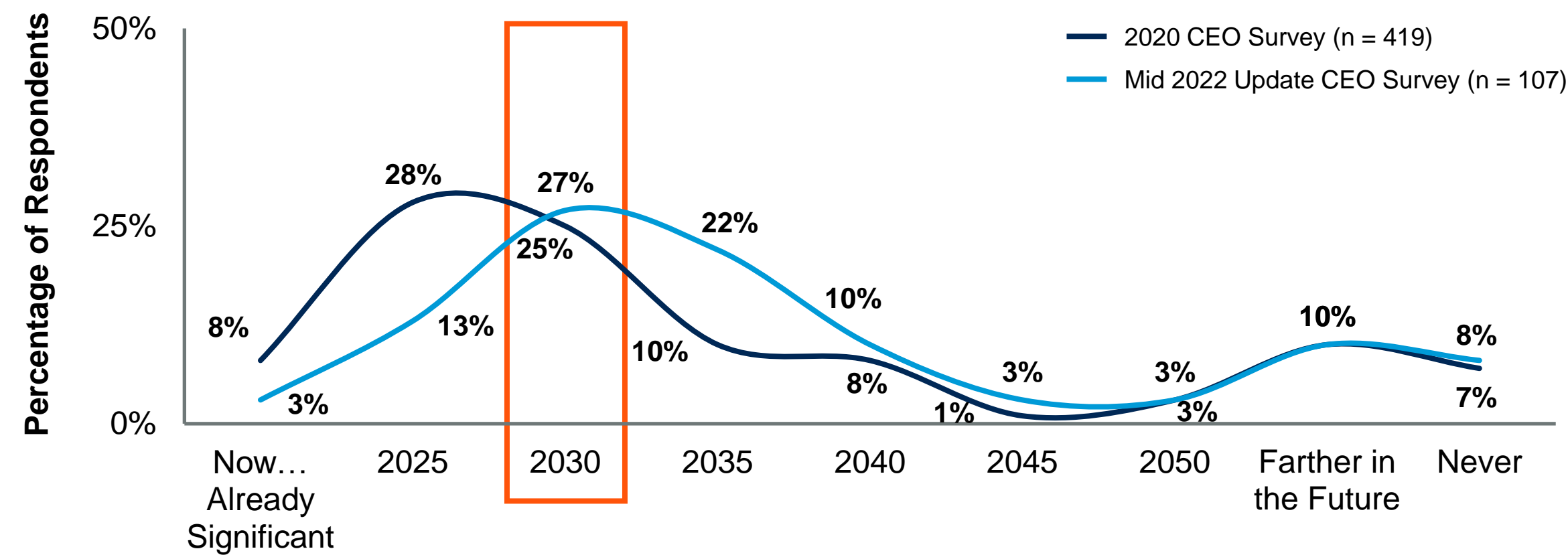
A **machine customer is a nonhuman economic actor that obtains goods or services in exchange for payment.**

Machines Act Like Customers Today



Machine Customers Will Represent Trillions in Purchases

When Will a Machine Customer’s Demand Trend Become Significant?



CEO, n = 419, Total Respondents Answering, Excluding “Don’t Know;” CIO, n = 41
Q. When do you think a machine customer’s demand trend will become significant in your industry?
Source: 2020 Gartner CEO and Senior Business Executive Survey; 2020 Gartner CIO Research Circle Machines as Customers

Generative AI Makes This Even More Interesting

5 Minutes

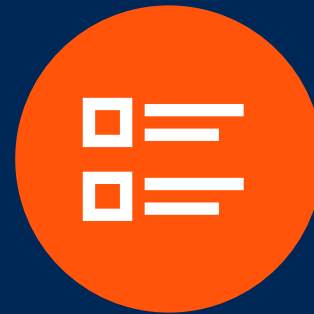
OpenAI's ChatGPT
creates dinner
party menu.



Human has ChatGPT
sends menu to OpenAI's
DALL-E to create a
picture for the invitation.



Human has ChatGPT
create a shopping list
for the dinner party.



Human has ChatGPT
send the shopping list to
Instacart for fulfillment
with a plug-in.



**Are Machine Customers Relevant to Us Right Now?
Will They Be Relevant in the Next Five Years?**



3 Paths for Machine Customers

Path 1

Seller



Client



You Don't Make Machine Customers, but You Want to Sell to or Serve Them

Path 2



You Can Make Machine Customers That Buy Goods or Services From You

Path 3



You Can Make Machine Customers That Can Buy From Others

Path 1

**You Don't Make Machine
Customers, but You Want
to Sell to or Serve Them**

Path 1: You Don't Make Machine Customers, but You Want to Sell to or Serve Them



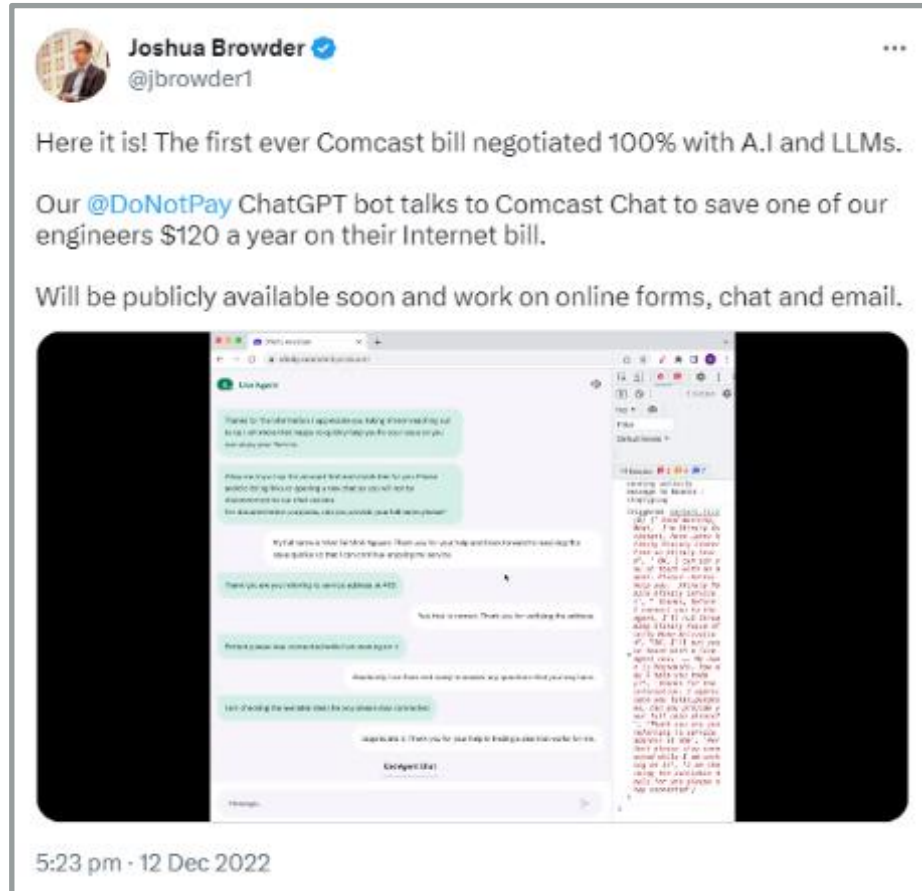
- While your customer buys or uses what you sell, is any software (e.g., GenAI chatbot) or digital device (e.g., IoT power tool) involved?
- Is that kind of software or device starting to act as a customer for what you provide?
- Today's generative AI can appear human-like. Are you certain all your customers are humans?

“We are selling to an algorithm. That is entirely the case. There's a buying algorithm that has rules. There's an exchange of information. There's sometimes an arbitration process if there's a dispute over whether goods arrived or not, which will be facilitated through an algorithm.

So, we're very much engaged in AI right now. It's very real.”

— Aaron Rajan
Global VP of Consumer Digital Experience
Unilever

ChatGPT Has Already Renegotiated a Utility Bill



Voice Synthesis Is Now Almost Perfect

How Do You Know It's Not a Machine Customer Calling?

Machine Customers

By 2028, machine customers will render 20% of digital storefronts obsolete.

— Gartner Strategic Planning Assumption

Path 1: You Don't Make Machine Customers, but You Want to Sell to or Serve Them: CIO Actions

This Year

- Watch out for any suspiciously “inhuman” customer interactions.
- Start architecting the data sources and API platform needed to serve machine customers that won't use your human-readable digital storefront.
- Upgrade your commerce platform and operations to handle the larger volume of orders and requests from machine customers.

Next Year

- Reach out to the producer of the software or device you want to sell to or serve. Agree on a partnership strategy that will provide win-win growth benefit for both.
- Expose your catalog, pricing and inventory through APIs and data interfaces, so they are searchable and understandable by machine customers.

Path **2**

**You Can Make Machine
Customers That Buy Goods
or Services From You**

Path 2: You Can Make Machine Customers That Buy Goods or Services From You



- Is your product connected to the internet?
- Could a future version be connected to the internet?
- Are there services or consumables that a machine could buy from you?

Thank you for signing up
Now, you'll never
run out of ink.



hp instant ink





**What Other Needs
Could It See and Buy
for in the Future?**

Path 2: You Can Make Machine Customers That Buy Goods or Services From You: CIO Actions

This Year

- Develop an internet-connected version of your product.
- Identify the consumables, services and software your product could order from you.

Next Year

- Upgrade the product and test market it, offering automatic ordering, replenishment or maintenance.

Path **3**

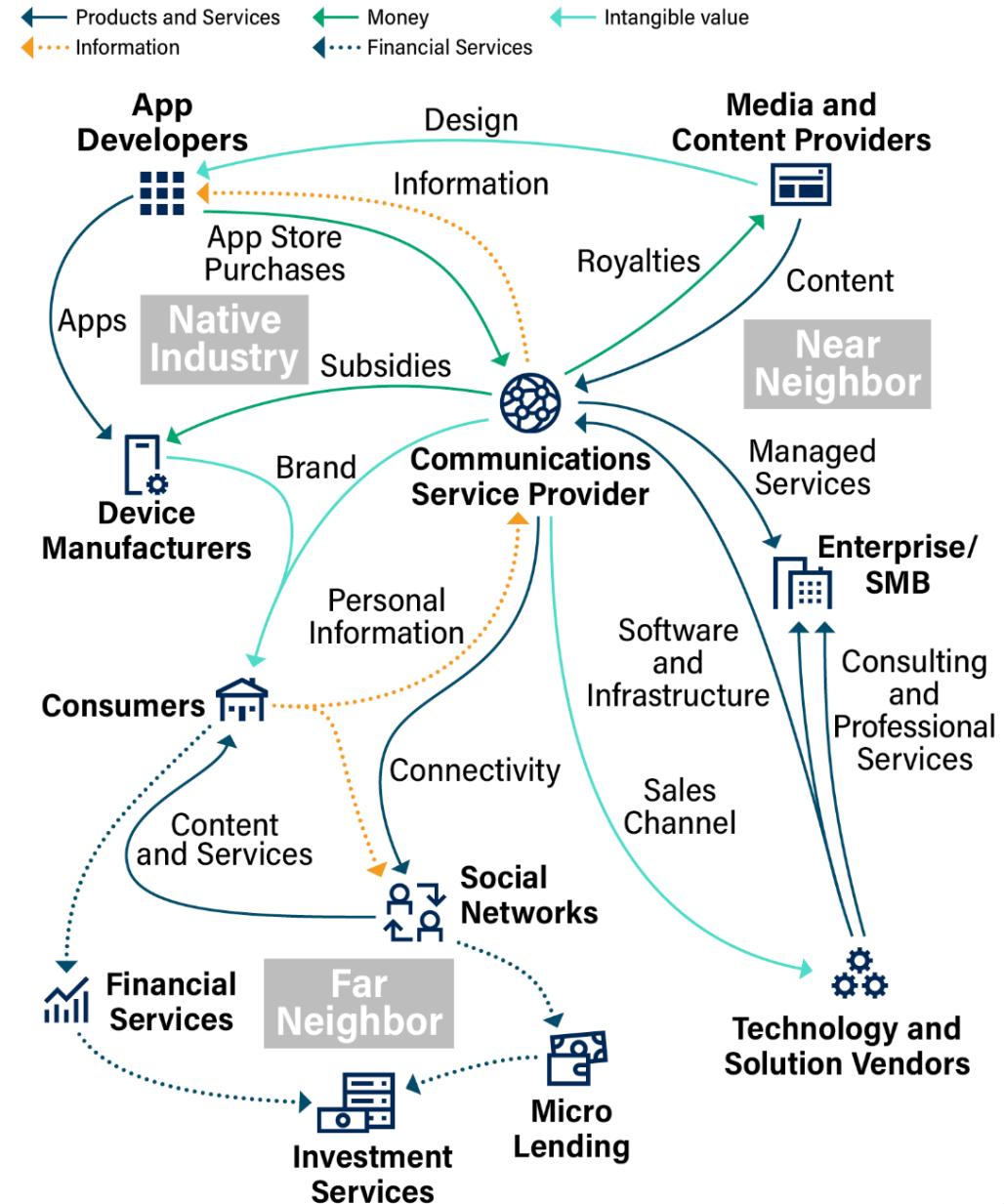
**You Can Make Machine
Customers That Can
Buy From Others**

Path 3: You Can Make Machine Customers That Can Buy From Others



- Are there services or consumables that a machine could buy from others?
- Is your business ecosystem ready to accommodate purchases from your organization?

Your Organization Is Part of a Broader Ecosystem



Source: D. Scheibenreif and M. Raskino, "When Machines Become Customers," 2023.

iProd Machine Customer Platform



The first platform that can accommodate the requests of machine customers located in a manufacturing environment.

The platform allows the machine to automatically purchase what it needs from its manufacturer or the iProd IoT marketplace.



Path 3: You Can Make Machine Customers That Can Buy From Others: CIO Actions

This Year

- Develop your internet-connected product's capability to buy directly from suppliers.
- Map your business ecosystem to identify what platforms are available for purchase transactions.

Next Year

- Pilot your product's capabilities to buy from others.
- Build your organization's capabilities for digital commerce and AI, especially generative AI, for the next few years.

What About Public Sector?



Vehicles



Roads



Office Equipment



Buying Algorithm



Safety



Facilities



Sanitation

There Is a Path

4

Do Nothing.

**Don't Look Back Seven
Years From Now and
Ask “Why Did I Think I
Had to Wait?”**

Recommendations

- ④ Don't wait for the perfect use case — others will move ahead.
- ④ Be the leader that brings everyone together on this opportunity.
- ④ Lead the organization's technology architecture to support machine customers by working collaboratively with sales, product, service, marketing and IT.
- ④ Use the machine customers decision path to develop your available options.

What Path Will You Take?

Recommended Gartner Research

- 🔍 [Webinar: Your Next Growth Opportunity: Machine Customers](#)
Don Scheibenreif and Mark Raskino
- 🔍 [Lay the Groundwork for a Huge New Market: Machines That Are Customers](#)
CIO Research Team
- 🔍 [Quick Answer: The Skills Your Team Needs to Compete in the Machine Customer Market](#)
Tom Coshow and Eric Cheung
- 🔍 **When Machines Become Customers**
Don Scheibenreif and Mark Raskino (2023)

