

Winning in the Turns: An Action Guide for Technology Service Providers

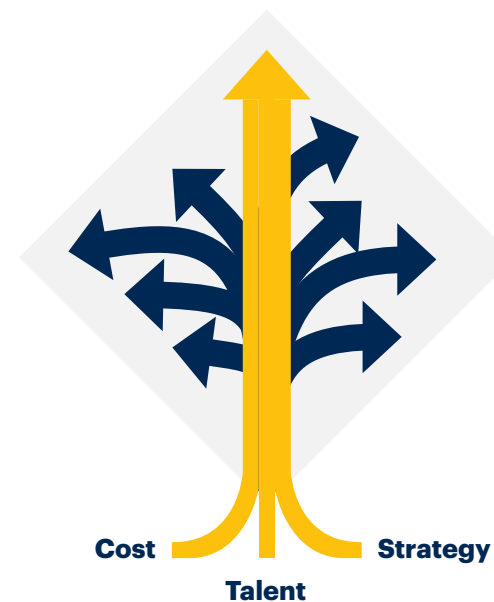
Winners accelerate in the turns

Today, technology service providers (TSPs) face many converging turns like economic uncertainty, shifting buying behaviors, unprecedented technology disruption, talent shortages and unanticipated competition. Leading through these changes involves making decisions in a dynamic environment — which Gartner calls a “turn.”

A turn changes the status quo and shakes up the positions of market players. Turns can come in different forms: economic, geopolitical, technological, social, competitive, etc. **Winning in the turns demands giving attention and action to three key pillars: cost, strategy and talent.**

This report concentrates on the challenges these turns present to TSPs and an action plan for success.

Enterprises can prepare for success during turns by strengthening three pillars: strategy, cost and talent.



Pillar 1

Strategy: Prepare to act confidently amid uncertainty.

Pillar 2

Cost: Implement a cost management discipline to allocate and execute resources while spurring innovation.

Pillar 3

Talent: Identify and install your workforce of the future.

Types of turns facing technology and service providers

Turns come in many forms. Here are some of challenges facing technology and service providers.



Technological

- Broad adoption of cloud and cloud-related technologies in corporate IT
- Introduction of artificial intelligence (AI) and machine learning (ML) in process transformation and automation
- Arrival of new business models (e.g., as-a-service model versus licensing)
- Rollout of 5G networks



Economic

- Macroeconomic: downturn; recession
- Public sector: revised or lack of budget agreements
- Movement to reform capitalism



Geopolitical

- Trade wars; retaliatory tariffs
- Immigration and migration; labor constraints
- Decisions taken against economic interests (e.g., Brexit)



Competition

- Sideswipe: unexpected entrants from outside one's industry
- Merger and acquisition (M&A) moves; large-scale partnerships
- Arrival of new venture-capital-(VC)-funded, preprofit (or prerevenue) startups



Regulatory

- Increased or decreased government oversight and restrictions
- Anticompetitive or antitrust activities
- Changes to tax policies; new interpretations of existing policies



Cybersecurity/risk

- Individual privacy awareness
- Breaches or misuse of data
- Nation-state actors



Social

- Fake news; counterfeit reality; deep fakes
- Viral political pressure; social uprising
- Lifestyle movements (downshifting; financial independence, retire early [FIRE])

Key outcomes

TSPs that successfully accomplish this action plan can expect to experience these key outcomes, which are critical to winning in the turns:

- The organization's ability to identify turns ahead of its competitors improves.
- Data starts to truly inform new decisions, instead of just legitimizing the ones that have already been made.
- The organization gains more strategic flexibility to operate under changing circumstances.
- The organization actively manages its cash to fund investments needed to navigate the turn.
- Customer perceptions on the product's brand and value will not be negatively affected by pricing structure changes.
- The organization has the right people and is attracting the necessary new skills and experiences.
- The organization develops a focus on service and customer experience to meet rising expectations and value.



Action guide for tech CEOs

Success comes from discipline, focus and the timely use of resources. The modern winners of economic turns do not simply cut costs to weather the storm. Tech CEOs must orient their team to think from a cash perspective, jettison inefficient business early and prepare to invest in the turn.

Actions to take now:

PILLAR 1

Strategy: Prepare and position to act confidently amid uncertainty

- 1** Implement an adaptive process to develop current strategy, assess the need for strategic change and be ready to deploy change as identified.
- 2** With your cross-functional executive team, capture the scenarios you face, the cash position requirement and the actions required to capitalize on opportunities.
- 3** Define and begin monitoring the strategic assumptions, issues and triggers that will be the leading indicators of a turn for your enterprise.

PILLAR 2

Cost: Optimize cash, focus investment and protect revenue

- 1** Analyze your costs and changes in working capital, and look for ways to improve your scale efficiently. Balance working capital needs versus growth scenarios.
- 2** Perform a strategic review, and determine how to rationalize staffing, what business to buy and which to either divest or simply stop investing in.
- 3** Implement KPIs to improve visibility into cash usage.
- 4** Focus your target segmentation and positioning to improve investment focus, priority setting and cross-organizational alignment.
- 5** Develop pricing models that align with your value proposition to deflect discounting. The demand for discounting will increase during an economic turn.

PILLAR 3

Talent: Identify and install your workforce of the future

- 1** Align top talent to critical growth priorities to identify gaps.
- 2** Invest in your workforce to upskill for uncertainty, increase upskill agility and increase engagement by adopting connected learner approaches.
- 3** Prioritize customer centricity and experience, and embed into your culture through approaches such as design thinking.

Meet the author



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Action guide for general managers

Technology general managers face uncertainty in their customer base, market competitors, product set and projected future growth. These uncertainties represent turns, or a shift from the straightaway of momentum that disrupts the status quo and forces leadership reaction.

General managers must prepare to lead in the turns and build agility into systems, processes and decision making.

Actions to take now:

PILLAR 1

Strategy: Prepare to act confidently amid uncertainty

- 1 Increase the volume on challenging data, rather than pulling back into information that confirms current strategies and plans.
- 2 Pay particular attention to the voice of the customer, channels and partners. Increase the use of external data on your perceptions and decisions.
- 3 Recognize the limits of the voice of the contract, defined as your own internal data based on purchases and service requests.

PILLAR 2

Cost: Guard growth and elevate innovation funding

- 1 Apply new assumptions when optimizing portfolio investment models and actions to identify focus products and services.
- 2 Grade products against your strategy and core growth markets to better align with the rest of the organization.
- 3 Recalibrate the portfolio, while keeping R&D and other investments in the products you will need to win when the market recovers.

PILLAR 3

Talent: Identify and install your workforce of the future

- 1** Position people to sustain progress on transformation.
- 2** Concentrate on the employee experience and building intrinsic motivations on the team to retain and attract top talent.
- 3** Build and manage teams. Reduce reliance on individual contributors who are not aligned with the culture or strategy.

Meet the author



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Action guide for product managers

Product managers regularly face profound changes and turns relating to their customers' business needs, their market's competitive landscape, and the technologies that underpin their products. They should use this action plan as a way to evaluate their own readiness to help their organization to win in the turn.

Actions to take now:

PILLAR 1

Strategy: Prepare to act confidently amid uncertainty

- 1** Transform product management from a tactical corporate function into a strategic one.
- 2** Encourage frontline product managers to sense early and weak signals of changing customer behavior.
- 3** Base strategy on data, focusing on real-time metrics such as sales close rates, number of interactions, serve and support inquiries, and cohort analysis.

PILLAR 2

Cost: Guard growth and elevate innovation funding

- 1** Prioritize short-term cash generation without sacrificing future growth opportunities.
- 2** Reduce excess structural costs in product development and go-to-market activities, and put stakeholder management skills to the test for activities owned by other functions.
- 3** Maintain the pricing strategy and avoid discounting, instead introducing price flexibility through a tiered pricing model.

PILLAR 3

Talent: Identify and install your workforce of the future

- 1** Apply the right skills in the right place, investing in multiskilled, cross-disciplinary teams.
- 2** Ramp up employee engagement and cross-organization collaboration.
- 3** Build a product culture that puts the customer at the core of all activities and decisions.

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Action guide for product marketers

Product marketers are in a unique position to support strategic shifts that can have a profound impact on their organization's revenue resiliency and growth in market turns. To accelerate in these turns, product marketers need to be more agile, apply new assumptions and analyze beyond traditional internal historical results.

Actions to take now:

PILLAR 1

Strategy: Identify and track strategic issues and triggers

- 1 Implement a regular cadence for environmental analysis.
- 2 Expand your data sources to get a broader sense of changing markets and technologies. Engage customers, partners and front lines to directly avoid distorted reality.
- 3 Focus on the most competitive offerings and market positioning.

PILLAR 2

Cost: Establish discipline in allocating resources

- 1 Develop a cost optimization roadmap. Focus first on assessing the largest areas of spend, which are usually marketing technology utilization and support.
- 2 Adopt agile marketing to actively manage investments of funds, effort and time — a flexible type of project management that suits complex and unpredictable environments.
- 3 Assign a resource to lead and report on business impact and cost optimization milestones and targets needed to achieve the desired results.

PILLAR 3

Talent: Upskill people to progress transformation

- 1** Conduct an internal talent strength and weakness analysis to determine the product marketing team's ability to respond to the turns and achieve goals.
- 2** Shift more work from external agencies and partners to internal marketing service groups for greater control.
- 3** Revamp skills development approaches to develop multiskilled, flexible and adaptive teams.

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