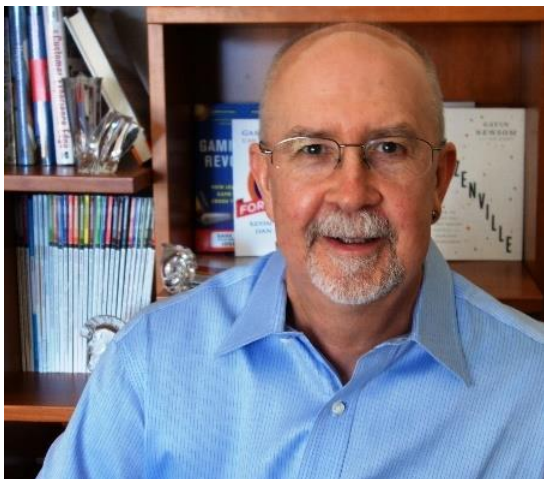05.25.17

IT Industry Analysts in 2023: Evolution, Revolution, or Disruption?

Carter Lusher

Director, IT Industry Analyst Relations

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Enterprise IT manager and analyst firm client
Member, Gartner's Client Advisory Board

CUNA MUTUAL GROUP

Gartner

sagecircle

Analyst
Research Fellow

Analyst of the analysts
AR best practices advisory
Category creation
Influencer landscape analysis

OVUM

KCG The Knowledge Capital Group www.knowledgecap.com

hp   **Informatica**

AR professional and vendor analyst client

@CarterLusher

/in/CarterLusher

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Housekeeping Announcements

- Take the conversation online at Twitter hashtag #YelpForIT, LinkedIn AR groups, IIAR

- Questions – please use the questions panel
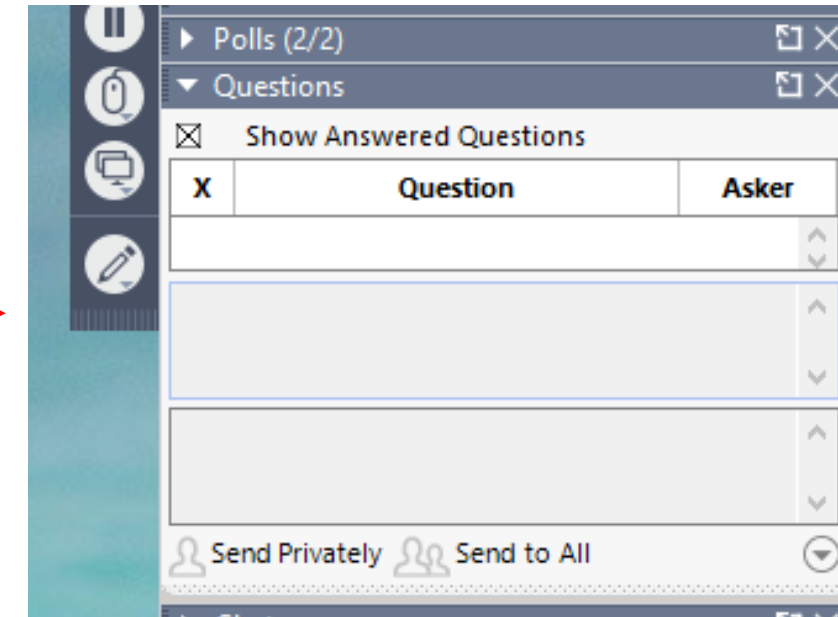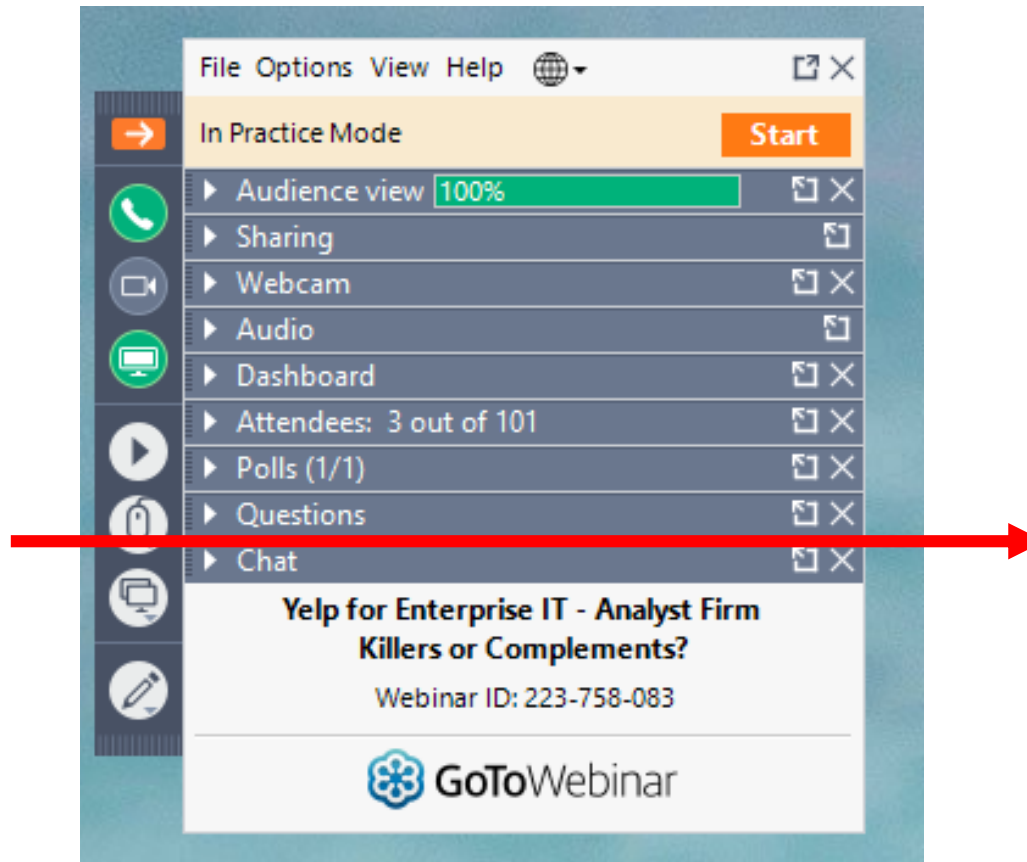
Housekeeping Announcements

- Take the conversation online

- **#Analysts2023**

- IIAR LinkedIn group https://www.linkedin.com/groups/44143

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IT Industry Analysts in 2023:
Evolution, Revolution, or Disruption?

Presented by

Developer of

Trigger: *If it ain't broke, fix it!*

Peggy O'Neill
VP, Industry AR

What will the analyst industry look like in ten years?

What do we need to prepare so *we're not caught off guard* as the world moves toward Gartner Peer Insights, automatically generated MQs, no more SAS days, more independents, and so on.

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Key Issues

- What are the trends that will shape the IT advisory analyst industry into the next decade?

- How murky is the future for analyst firms? Evolution? Revolution? Disruption?

- What are the strategic and tactical decisions that AR must confront now into the next decade?

- What are the scenarios on the horizon? Introducing the "AR Matrix for the Future."

Objective of this webinar

Provocative

not

Prescriptive

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Key Take Aways

1 Unlike social media, today's trends offer more varied and profound challenges to analyst firms

2 Gartner is as likely to be a disrupter as a disruptee, but vendors should not ignore other firms

3 Status quo is not a viable AR strategy, AR must plan for the future

4 The "AR Matrix for the Future" is a framework for creating AR planning scenarios, but must be adapted to each vendor's situation

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Key Take Aways

1 Unlike social media, today's trends offer more varied and profound challenges to analyst firms

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Social Media Was Not a Major Disruption to Analysts
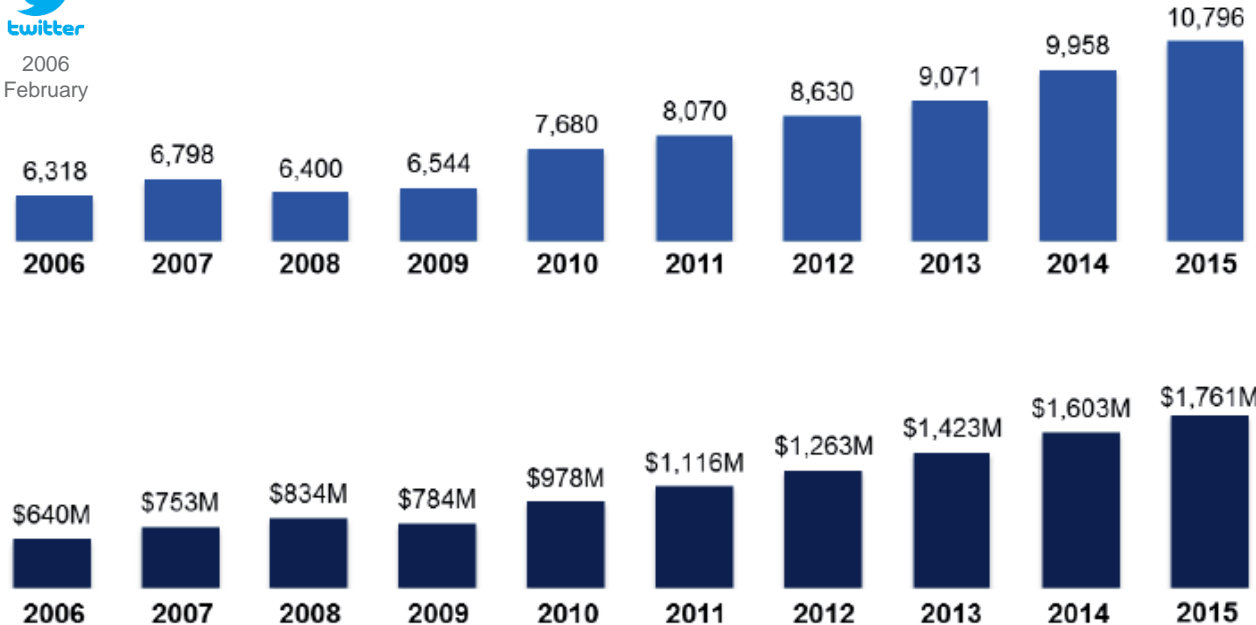
BLOG
2000
December

Linked in
2003
May

[thefacebook]
2004
February

twitter
2006
February

 # Of Client Enterprises

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6,318	6,798	6,400	6,544	7,680	8,070	8,630	9,071	9,958	10,796

Research Contract Value

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
$640M	$753M	$834M	$784M	$978M	$1,116M	$1,263M	$1,423M	$1,603M	$1,761M

Source: Gartner Investor Day Presentation, 2016

Gartner.

Many familiar firms still around

FORRESTER   IDC Analyze the Future   Ovum   451 Research

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"The future is already here – it is just unevenly distributed."

William Gibson
Science fiction novelist

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Today's Trends Are Potentially Much More Disruptive
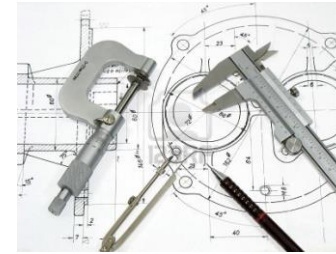

Review Sites

Auto Generation

Buying Behaviors

Tech Innovation

Black Swan
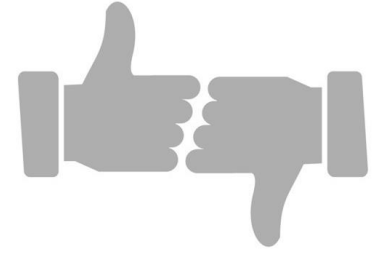
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Crowd-sourced Enterprise IT Review Sites

- What

  - [Yelp for Enterprise Technology – Analyst Firm Killers or Complements?](#) (click for webinar replay)

- Implications for Gartner: *The Rich Get Richer* – Review sites for competitive advantage

  - Gartner has four review sites: large enterprise (Peer Insights) and SMB (Capterra, GetApp, Software Advice)

  - Potentially generating huge amounts of end-user data and behavior to use in research

  - Potentially significant lead generation opportunity

  - Potentially basis for new client deliverables

- Implications for all other analyst firms

  - Sites are competitors for vendor and end-user attention and budget

  - Not having review site makes firms appear behind the times, missing significant source of data

  - Gives Gartner yet another sales tool against them

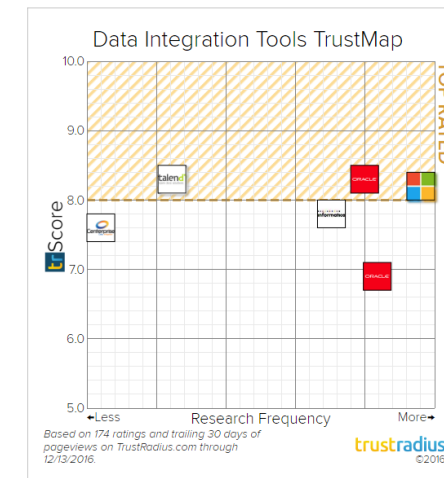Informatica

Evolving Research Generation

- ## What
  - ### Auto-generation of research deliverables
  - ### In-depth user behavior analysis using review-based big data

- ## Implications for analyst firms
  - ### Business model pressure to reduce costs while improving deliverables
  - ### Research methodology pressure to generate more user data
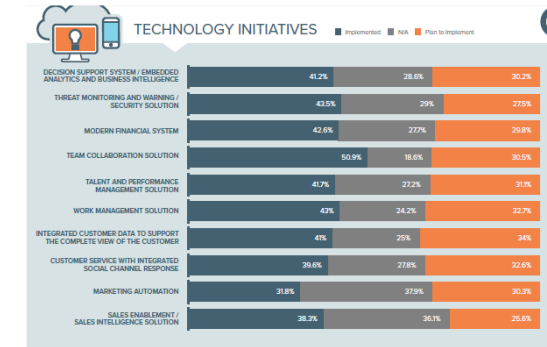
G2 Crowd
"Crowd Views on…."

TrustRadius
"TrustMap"

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Changing Buying Behaviors

- What
  - SaaS is changing how software is purchased and consumed
  - More pricing transparency, more free trials, more flexible consumption models
  - Instead of expensive proof-of-concepts trials, users can quickly try and discard applications
- Implications for analyst firms
  - Key source of differentiation from free information disappears
  - Many buyers may skip purchasing expensive market research in support of a procurement decision
  - Business model pressure to generate new revenue streams
  - Research model pressure to develop unique deliverables that complement SaaS free trials
  - Sales / marketing model pressure to develop credible new value propositions and messaging

Advanced Technology Adoption by Analysts
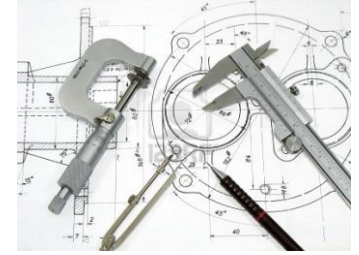
- What
  - Technology that radically enhances research, client deliverables, sales enablement
  - Cobbler's children with no shoes – today firms have only basic and inadequate technology
- Implications for analyst firms
  - Business model pressure to generate capital for significant investment in tech R&D
  - Research model pressure to adopt new methodologies based on technology
  - Culture model pressure to get senior analysts comfortable with new ways of research

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Black Swan Event

- What
  - Black Swan Event that radically changes – or destroys – the analyst landscape
  - The disproportionate role of high-profile, hard-to-predict, and rare events that are beyond the realm of normal expectations in history, science, finance, and technology. (source: Wikipedia)

Action Items

- Keep your eyes open

- Examine each new technology and business development through a lens of how it might impact how end users get insights and advice on technology strategy and purchasing

- Reading list
  - [The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail](#) by Clayton Christensen
  - [Big Bang Disruption: Strategy in the Age of Devastating Innovation](#) by Larry Downes, Paul Nunes
  - [Stratechery](#) and Exponent podcast by Ben Thompson
  - [Benedict Evans](#) blog and newsletter
  - [Andreessen Horowitz](#) (VC) blog and podcast

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Key Take Aways

2 Gartner is as likely to be a disrupter as a disruptee, but vendors should not ignore other firms

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"Gartner? Do I want to give Gartner credit for anything other than being annoying?"

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Gartner: Deep Pocketed, Global, Powerful & Innovative

- Human capital – 1,250+ analysts, 2,500+ sales reps, wicked smart executives

- Financial capital – Free cash flow of $350m in 2017

- Brand capital – Magic Quadrant… need I say more?

- Now add in CEB…

- Bottom line: Gartner in 2023 will still be thriving and thus cannot be ignored

Investing in Technology

- Growing technology patent portfolio

- Gartner Innovation Center Israel

  - Built on 2014 senexx acquisition

  - Rapidly hiring, new hipster offices in Tel Aviv

- Expanded R&D mission

  - Big Data

  - Crawlers

  - Data Science

  - Machine Learning

  - Natural Language Processing

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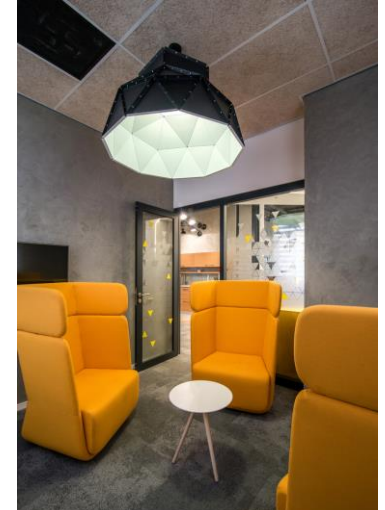
Investing in Technology - Implications

- Downsizing the analyst headcount is least likely objective
- Problems to solve
  - Scaling client delivery
  - Scaling analyst community
  - Developing new client deliverables

- Opportunities are many
- Exploiting Gartner's ocean of data
  - Recordings of hundreds of thousands inquiries, briefings
  - Reviews from Peer Insights, Software Advice, etc
  - Best practices from CEB
- Crawling the Web harvesting vast quantities of data currently not practical to gather
- Automating client delivery so analysts do not address routine inquiries in order to focus on more value-add client service
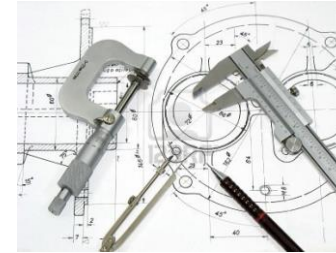
Gartner – Disruptee or Disrupter?

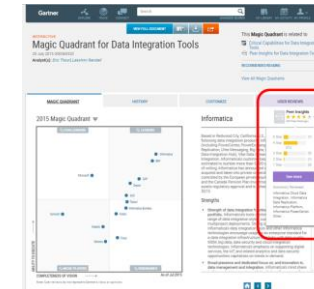| Review Sites	Auto Generation	Buying Behaviors	Tech Innovation	Black Swan

FrontRunners

Value Proposition
- Save you money
- Save you time
- Reduce your risk
- Reduce your stress

Topic Diversity
- Vendor Strategy
- Vendor Risk
- Price intelligence
- More…

?

With all its advantages, Gartner is *not* a Tier 1 analyst firm

Other Analyst Firms can Rank Higher than Gartner

Rank on *Relevance*

Tier on *Resources*

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The Have Potentials

- Forrester - strong operational cash flow and $133m cash in bank, adequate brand, but many operational challenges

- Ovum – potential to be a strong #2 to Gartner if its management can successfully leverage parent Informa's resources and reach

- Boutiques and specialists – some have ability to think outside-of-box and with access to capital "relatively" easy the ability to implement a trend quickly

- Yelp for Enterprise IT sites – if effectively leverage user data can suck the oxygen out of the room for traditional analyst firms

- Wildcard – IDC. New ownership could push for a radical rethink of business model (go after end users not just vendors) with capital to invest in trends

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Action Items: Engage!

- Engage your stakeholders: Ensure understanding of analyst landscape and trends

- Engage your customers and prospects: Understand who they use for advice

- Engage your AR peers: Exchange insights and intelligence

- Engage your inner analyst: Constantly collect data points and connect the dots

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Key Take Aways

3 Status quo is not a viable AR strategy, AR must plan for the future

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Each Trends Can Impact How AR Works
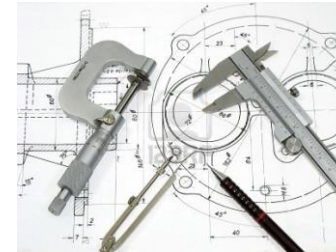

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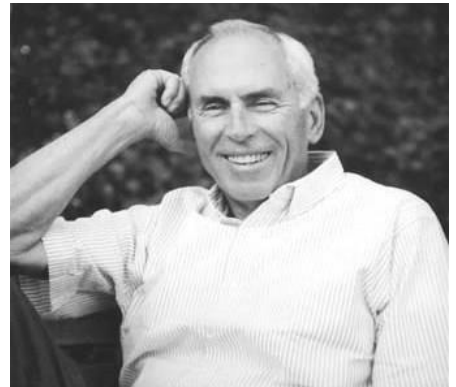

Black Swan

Action Item: Take a Short and Long View

Amara's Law

"We tend to overestimate the effect
of a technology in the short run and
underestimate the effect in the long run."

Roy Amara
Futurist

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Key Take Aways

4 The "AR Matrix for the Future" is a framework for creating AR planning scenarios, but must be adapted to each vendor's situation

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AR Matrix for the Future

Type of AR change	Description	AR Implications	Pros	Cons
Continuation (2010-2016)				
Evolution Innovation (2017-2018)				
Revolution (2018-2021)				
Disruption (2022-2025)				
Generation (2026 & beyond)				

AR Matrix for the Future - Example

Type of AR change	Description	AR Implications	Pros	Cons
Continuation (2010-2016)	"If it ain't broke, don't fix it!" Priorities: Same as they have been for years. For many vendors it's been a focus on Magic Quadrants, Waves, annual analyst summit, and regular briefings.	Status quo No or minor changes to current AR strategy, resources, or execution.	(vendor) is performing remarkably its existing AR strategy and execution. The Leader dots on relevant MQs and Waves are proof that "it ain't broke."	The IT industry, (vendor)'s focus, and influencer landscape are changing. Staying with the status quo runs the risk that AR will not be ready for the future.

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Action Items: Become Your Own Futurist

- Adapt the AR Matrix for the Future to your company's situation

- Generate scenarios that take into account
  - Your company's evolving strategy and tactics
  - Analyst landscape, business model, research methodology changes
  - Trends both obvious and tangential

- Reading list
  - [The Signals Are Talking: Why Today's Fringe Is Tomorrow's Mainstream](#) by Amy Webb
  - Visit [Future Today Institute](#) website to leverage free content especially annual Tech Trends Report

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Key Take Aways

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