How Are Analyst Firms Evolving & How Will That Impact AR?

IT Industry Analyst 5-Year Scenario: 2028

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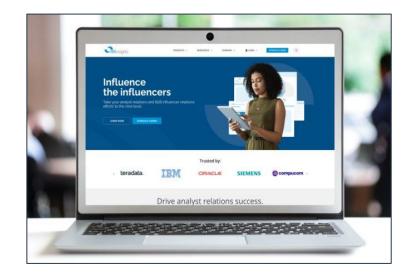
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Carter Lusher: Unique Breadth of Experiences and Insights

Carter Lusher

Visual Resume Overview

@CarterLusher

/in/CarterLusher

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

CUNA MUTUAL GROUP

Gartner

Analyst
Research Fellow

OVUM

sagecircle

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

KCG
The Knowledge Capital Group
www.knowledgecap.com

hp

Informatica

AR professional and vendor analyst client

ZUORA

Provocative

not

Prescriptive

Participation

not

Pontification

Taking the Conversations Online

- Take the conversation online

- LinkedIn and Twitter* hashtags: #ARchat #AnalystScenario

- LinkedIn group Analyst Relations Forum

- ARInsights Open Session on Sep 21, 2023 09:00 am PDT

* No Threads hashtags yet, soon?

Notes

- This presentation is only a portion of the content that Carter created... each key takeaway section could have easily been an hour

- Attendee participation was vigorous with 66 questions, observations, and comments (excluding the usual "Will the deck and replay link be sent?" and "Great discussion today! Thanks!")

- For those questions that were not answered during the webinar, Carter will be answering a select set over the next few weeks as LinkedIn posts linkedin.com/in/CarterLusher

- Appendix B (starting slide 61) has a sample of the excellent comments and questions

- *If you would like to schedule a session for your company to have a tailored presentation and discussion of implications, please contact Carter at lusher.carter@gmail.com*

IT Industry Analyst 5-Year Scenario: 2028 – Key Takeaways

1 Since 2017 the IT industry analyst landscape has seen more evolution rather than revolution or disruption

2 Generative A.I., etc, will impact analysts, AR & tech buyers less than the breathless hype suggests but differently than you might expect

3 While there will not be major trends that dramatically impact the analysts, AR needs to monitor a variety of smaller trends

4 Status quo is still not a viable AR strategy, AR must continuously plan for an evolving future

Sources: Carter Lusher

1 Since 2017 the IT Industry Analyst Landscape has seen more Evolution rather than Revolution or Disruption

05.25.17

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

Carter Lusher
Director, IT Industry Analyst Relations

Informatica

07.31.18

IT Industry Analyst 5-Year Scenario:
Implications for AR of Acquisitions
and AI

Carter Lusher
Director, IT Industry Analyst Relations

Informatica

PDFs of the 2017 and 2018 Scenarios
are available from ARInsights

2017 – Trends Did Not Have a Major Impact on Analysts

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

Review Sites	Auto Generation	Buying Behaviors	Tech Innovation	Black Swan

Score: **7** out of 10

2017 – Gartner did get "Richer" but other Firms not Impacted

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

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Informatica

Score: **8** out of 10

2018 – AI / ML in 2017-18 not ready for analyst use cases

3 Artificial Intelligence / Machine Learning, while massively hyped, are slow to be incorporated by firms

2017

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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2018

Gartner Investing in Technology… or not?

- Gartner Innovation Center Israel quietly closed in March 2018
- Gartner executives did not mention closure in either earnings calls or Investor Day
- Gartner executives did talk about adoption of artificial intelligence at Investor Day
  - February 15, 2018
  - CEO Gene Hall mentioned AI in context of sales force
  - CRO Peter Sondergaard mentioned AI in context of research
- Next earnings call August 1, 2018 – will leveraging advanced technology be addressed?

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Score: 10 out of 10

Sources: Carter Lusher

2017 – Still the cobbler's children with no shoes

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
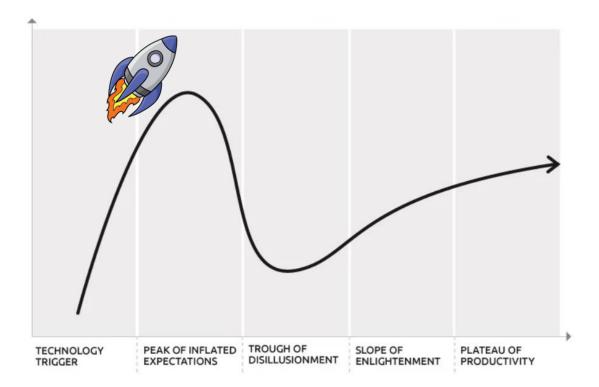
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Score: **1** out of 10

Sources: Carter Lusher

2 Generative A.I., etc, will impact analysts, AR & tech buyers less than the breathless hype suggests but differently than you might expect

Generative A.I. is Rocketing up the Hype Cycle

TECHNOLOGY TRIGGER | PEAK OF INFLATED EXPECTATIONS | TROUGH OF DISILLUSIONMENT | SLOPE OF ENLIGHTENMENT | PLATEAU OF PRODUCTIVITY

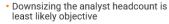# Generative A.I. & Related Tech Potentially Very Useful for Firms

Strategic Planning Assumption:

Internal evaluations of generative A.I. and related tech have already started at Gartner, HFS, IDC, and other firms with the objectives of increasing operational efficiencies and scaling the firms (probability p=0.8)

Generative A.I. & Related Tech Potentially Very Useful for Firms

Then: May 17, 2017
IT Industry Analysts in 2023:
Evolution, Revolution, or Disruption?

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

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Score: 10 out of 10

Now: May 2, 2023
Gartner CEO Gene Hall, 1Q23 Earnings Call responding to Wall Street Analyst

"We see generative AI as being really helpful for our business."

- Client delivery efficiencies – natural language interface for clients

- Content efficiencies – leveraging Gartner proprietary information

- Internal efficiencies – in every part of our business

- Research efficiencies – combing through publicly available info

- Salesforce efficiencies – synthesize public info on prospects

Summarized. For Hall's full response see Appendix A: Analyst firms on their use of A.I.

A.I. Potentially Very Useful for Firms... But Will Take Time

Strategic Planning Assumption:

Rolling out new A.I.-powered functions for employees and clients will prove to be more difficult than anticipated delaying deployments to 2026 or later (probability p=0.6)

Who Will Buy Tickets on the Generative A.I. Rocket?

Strategic Planning Assumptions:

Major and mid-sized analyst firms will be cautious with releasing *A.I.-created research reports* and rollouts of *client-facing advice chat bots* powered by generative A.I. and related tech through 2028 (probability p=0.7)

A small number of aggressive boutique analyst firms will seize the opportunity to punch above their weight by leveraging generative A.I. and related tech by 2025 (probability p=0.6)

Advisory Analysts Risk Reputational Damage Using Generative A.I.

- Advisory analyst firms, especially Gartner, have a business model based on trust by buyers of enterprise technology for objective and accurate information as well as actionable advice

- Being the subject of a negative article (e.g., CIO.com, Wall Street Journal, The Economist, The Nikkei) for mishandling client data for generative A.I. or major advice failure would be cataclysmic

The New York Times

Here's What Happens When Your Lawyer Uses ChatGPT

A lawyer representing a man who sued an airline relied on artificial intelligence to help prepare a court filing. It did not go well.

ars TECHNICA

BUREAUCRACY CALLING —

Chasing defamatory hallucinations, FTC opens investigation into OpenAI

FTC sends 20-page info request over fears of "false, misleading, or disparaging" generations.

BENJ EDWARDS - 7/13/2023, 11:53 AM

Source: Carter Lusher

Aggressive Boutiques Will Buy Tickets for Generative A.I. Rocket

Leveraging Humata ("ChatGPT for all your files")

Press Release – HFS Becomes First Analyst Firm to Offer Generative Ai Tech to Revolutionize Access to Business Insights

Individual Analysts Already Have Seats on Generative A.I. Rocket

Strategic Planning Assumption:

Regardless of what their employers are doing or mandating by policy, some analysts are already experimenting with generative A.I. and related tech. There will be a flood of analysts using generative A.I. by 2024 (probability p=0.8)

Challenges Abound for the Adoption of A.I. by Analyst Firms

- Significant resource requirements

- Sourcing *internal* information, data, intelligence, insights to train the LLMs

- Sourcing *external* information, data, intelligence, insights to train the LLMs

- Avoiding "garbage in, garbage out" to create high value outputs

- Avoiding issues with regulators, especially in the European Union

- Developing, hiring, or contracting the talent required to implement AI… *including lawyers*

- Training analysts, client service, others, on how to use the AI-powered tools

- Change management to ensure consistent adoption

- Many more

Example: Which Research Reports to Train an LLM?
Using Gartner Magic Quadrants on ERP as an example
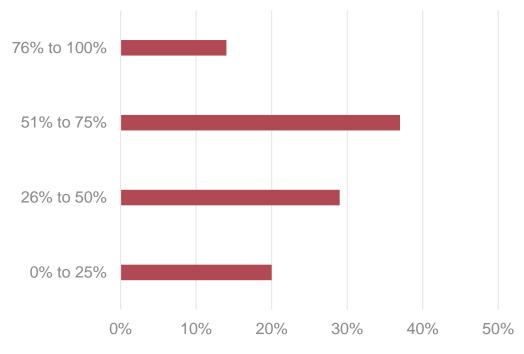
Today

- Cloud ERP for Product-Centric Enterprises
- Cloud ERP for Service-Centric Enterprises
- Midmarket Context: MQ for Cloud ERP for Product-Centric Enterprises

- Issues
  - Which versions of which reports?
  - How to indicate what parts of older versions of the same MQ are useful for context, but do not reflect current rankings?
  - How to incorporate – or not – retired MQs that reflected previous iterations of the ERP market often including the exact same lineup of vendors

Retired

- Single-Instance ERP for Product-Centric Midmarket
- EAM and Asset-Intensive Midmarket ERP II
- Midmarket ERP
- Midmarket Services ERP II
- Asset-Intensive Midmarket ERP II/EAM/CMMS
- ERP Midmarket Manufacturing
- ERP II Midmarket Discrete Manufacturing MQ
- Midmarket and Tier 2-Oriented ERP for Product-Centric

- Large-Enterprise, Discrete-Manufacturing ERP II
- Large-Enterprise, Asset-Intensive ERP II
- Large-Enterprise Services ERP II Market

Source: Carter Lusher

How much information in a typical briefing is already publicly available?

- AR pros are well aware that valuable information shared with analysts is not accessible to the public

- As a result, critical information will be lacking in LLMs that scrape the internet for training data

- Action item AR: it is essential to probe analysts about data sources to ensure that they are not overly dependent on internet-trained LLMs

- Action item vendor sales: ask prospects and customers about use of LLMs instead of analysts. Educate them that analysts have access to information not on the internet

IDC has Decades of Market Data to Exploit

Opportunity

- Similar to Bloomberg leveraging its decades of financial data to create a proprietary LLM

- Leverage multiple types of data

  - IT market data – numbers – more structured

  - Forecasts

  - User surveys

  - MarketScape RFPs

- Tool for research projects (analyst efficiency, scaling)

- Tool for analysts during inquiries (client satisfaction)

- Tool for Consulting (speed project delivery)

- Tool for client self-service (client satisfaction)

Tech At Bloomberg
@TechAtBloomberg

Meet #BloombergGPT 🤝

This 50-billion parameter #LargeLanguageModel was purpose-built from scratch for #finance using a unique mix of @Bloomberg's #data and public datasets to support financial #NLProc tasks.
bloom.bg/42R9ySC
#AI #ArtificialIntelligence #LLMs #ML #GPT

BloombergGPT: A Large Language Model for Finance

Bloomberg

bloomberg.com
Introducing BloombergGPT, Bloomberg's 50-billion parameter large language...
BloombergGPT is a 50-billion parameter large language model that was purpose-built from scratch for finance.

5:00 AM · Mar 31, 2023 · 350.7K Views

IDC has Decades of Market Data to Exploit... Maybe

Challenges (subset)

- Selecting the right tools... and reselecting if startup vendors implode

- Consolidating market data likely scattered through different systems in different formats in different definitions

- Implementing end-to-end data management

- Deciding what data to include / exclude

- Filing in the gaps

- Creating UX that works for analysts and clients

- Training and fine-tuning the A.I. models

- Benchmarking A.I. output using scarce analyst time

- Developing a business model for client access

Gartner Has Massive and Diversified Proprietary Data Available

Opportunity - Leverage many types of data, information, intelligence, insights. Examples:

- 440,000 client interactions in 2022 *

- Reviews in PeerInsights and four Digital Markets sites

- Market data (though not as rich as IDC's)

- End-user client reads/downloads of published research data

- Events data from 60,000 attendees, 350+ peer networking meetings, 350+ exclusive C-level meetings (Evanta) **

- Consulting project output

- Benchmarking engagement data

Gartner

Gartner peerinsights

Gartner Digital Markets
- Capterra
- GetApp
- Software Advice™
- UpCity™

* Number of client interactions from Gartner's Investor Presentation, 3/31/2023
** Number of event interactions from Gartner's 10K For the fiscal year ended December 31, 2022

Challenges

- All of IDC's challenges plus...

- Leveraging wildly different data/information formats

- Navigating wildly different and evolving regulatory regimes in US, UK, EU, Japan, et cetera

- Gaining client permissions retroactively

- Protecting client data and privacy

- More

Gartner's Cash Flow Can Quickly Fill A.I. Tech and Talent Gaps

- 2023 end of 1st quarter: $894 million cash and cash equivalents

- 2023 full-year guidance: $920 million free cash flow

- Example: Infinote
  - Closed ~February 2020
  - Tiny: $1.5m in seed round funding (Crunchbase), 11-50 employees (LinkedIn)
  - Cool Vendor in Life Sciences 2016: "Infinote leverages text analytics and automation to update and analyze vast amounts of complex and unstructured regulatory content."
  - Gartner thumbnail: "Infinote is an AI-driven document management platform for creating, editing and auditing enterprise contracts, allowing users to identify risks and opportunities in complicated legal documents in a fraction of the time."
  - Why? Likely acqui-hire
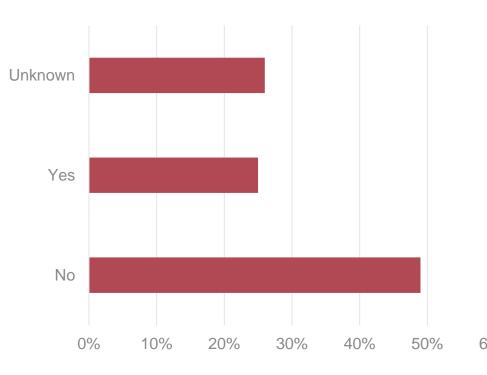   - Founder Yogen Kapadia is now Managing VP at Gartner (AI/ML, Data Science)

Gartner

+

i INFINOTE

3 While there will not be major trends that dramatically impact the analysts, AR needs to monitor a variety of smaller trends

Will corporate buyers of tech turn to ChatGPT-like apps instead of analysts for information and advice?

- Vendor Risk: Prospects rely on LLMs using inaccurate, old, et cetera, information / data or – worse – competitor disinformation

- Example: Asking ChatGPT for strengths / weaknesses of a vendor
  "…As of my last update in September 2021, <vendor> is a company that provides…"

- Action item AR: Lead a cross-function team evaluating info in LLMs and create strategy to correct & explain to key audiences (e.g., analysts, influencers, internal stakeholders)

- Action item marketing: Expand analyst reprints (beyond MQ / Wave) & commissioned whitepaper programs to counter poor quality info on internet

- Action item sales: Enablement on how to educate prospects on analysts vs. ChatGPT

Use of Generative A.I. by Tech Buyers will be Uneven

Strategic Planning Assumption:

While corporate decision makers and technology buyers will experiment with using ChatGPT-like tools as a replacement for analyst advisory contracts, most will continue to use analysts for critical decisions through 2026 (probability p=0.7)

Why Analysts Will Still Be Relevant to Enterprise Technology Buyers
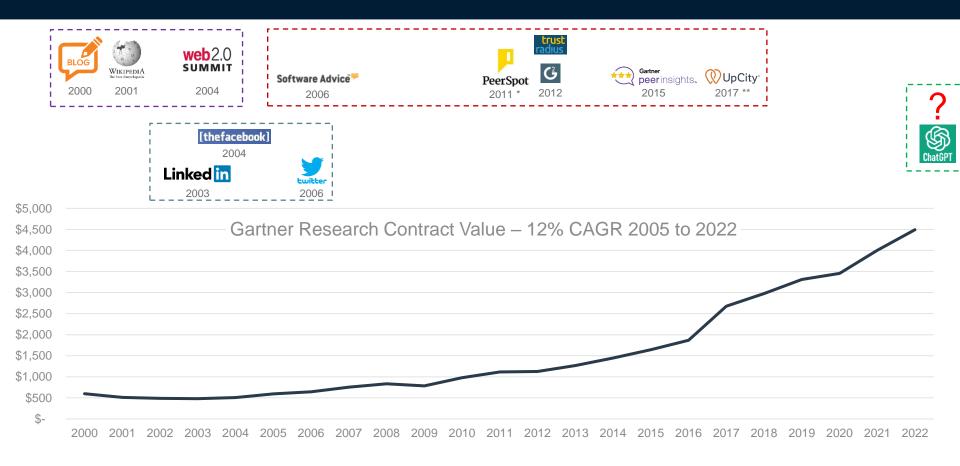
- Pros for "ChatGPT" Like Tools
  - Free instead of expensive analyst contracts
  - Easy to use tools
  - Credible looking results
- Pros for Analysts
  - Political cover if something goes wrong
  - Analysts have "hidden" (aka non-public) data
  - Analysts have vetted information and insights
  - Buyers avoid internet "garbage" information
  - Buyers avoid A.I. "hallucinations"
  - Contact Carter for a full rundown of analyst relevance points in age of A.I. and how to use

Gartner Will Grow Its Influence

Strategic Planning Assumptions:

Gartner has the brand, management team, financial capital, human capital, intellectual property, product/services portfolio, global footprint, and – especially – salesforce to thrive in uncertain economic conditions and evolving technology trends through 2028 (probability p=0.9)

Gartner will add corporate clients through the current economic climate even as vendors pull back spending. This will increase Gartner's influence on tech decisions through 2026 (probability p=0.8)

Gartner Continues to Grow Regardless of Trends

BLOG — 2000 | WIKIPEDIA The Free Encyclopedia — 2001 | web 2.0 SUMMIT — 2004

Software Advice — 2006 | PeerSpot 2011 * | trust radius / G2 2012 | Gartner peerinsights 2015 | UpCity 2017 **

? ChatGPT

[thefacebook] 2004 | Linked in 2003 | twitter 2006

Gartner Research Contract Value – 12% CAGR 2005 to 2022

$5,000	
$4,500	
$4,000	
$3,500	
$3,000	
$2,500	
$2,000	
$1,500	
$1,000	
$500	
$-	

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

* PeerSpot was formerly IT Central Station. Rebranded 12/22/2021   IT Central Station Unbiased reviews from the tech community   ** UpCity 2015 originally as SEO marketing agency. Pivoted to B2B Marketplace 2017

Enterprise IT Review Sites Continue in Steady State

Strategic Planning Assumption:

Market fragmentation, lack of differentiating message, and other factors means no individual review site will achieve dominate mindshare by 2025 (probability p=0.7)

"Yelp for Enterprise IT" – *Still* Too Early to Call Winners and Losers

"The race is not always to the swift,
nor the battle to the strong,
but that's the way to bet."
— Damon Runyon

On the other hand…

"God is not on the side of the big battalions,
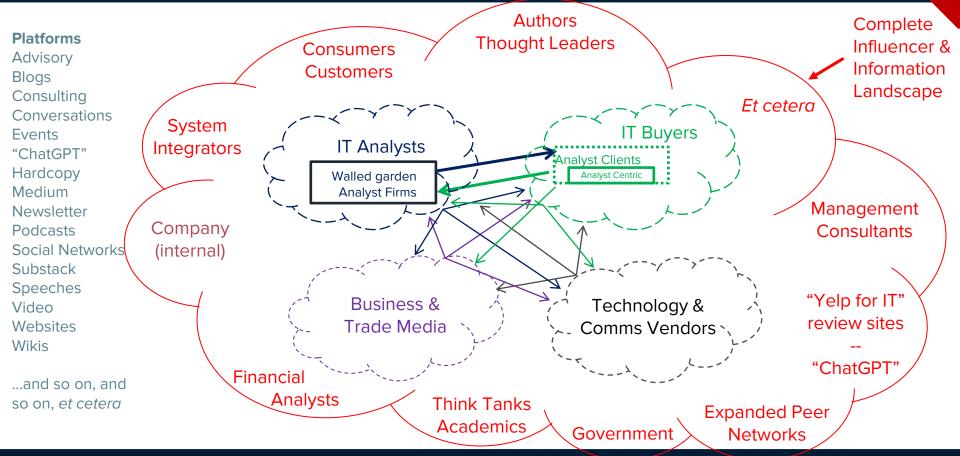but on the side of those who shoot best."
— Voltaire

and / or others…

Note 1: PeerSpot is formerly IT Central Station. Name changed 1/6/22.

Source: Carter Lusher

The Fog of Influence Will Get Foggier

Strategic Planning Assumption:

Low cost of entry – laptop and internet connection – plus the use of free generative A.I. tools to create content means that the number of influencers IT vendors have to monitor will increase dramatically by 2025 (probability p=0.6)

There Are No Barriers to Entry for Influencers

Source: Carter Lusher (SageCircle)

Generative A.I. Will Increase Annoying Research Mill Spam

Strategic Planning Assumption:

Generative A.I. and related tech will make it easier for existing and new research mills to create even more zero value "market research" reports increasing the amount of PR and email spam to sell one-off reports by 2024 (probability p=0.9)

REPORTS / PUBLIC

Beware Scam Market 'Research'

JH **John Honovich** • Published Mar 30, 2018 10:02 AM

ⓘ PUBLIC - This article does not require an IPVM subscription. Feel free to share.

The 'data' and 'research' that headlines many articles is a scam, perpetrated by a variety of Indian firms that have exploited the carelessness and ignorance of many companies and the press.

IPVM
THE AUTHORITY ON
PHYSICAL SECURITY TECHNOLOGY

Example Research Mills + Dozens More

MARKETSANDMARKETS

Infoholic Research
Opportunity·Insight·Strategy

Orbis RESEARCH
Rendering Conscientious Research

Strategic Planning Assumption:

While the age of zero interest rates is over, there are more than enough financial resources and favorable (i.e., cheap) valuations to drive ongoing acquisitions by firms large and small to fill gaps or enter new coverage areas through 2026 (probability p=0.7)

Nothing like breaking news to validate a SPA.

Informa Tech press release

informa tech

Press Centre • July 27, 2023
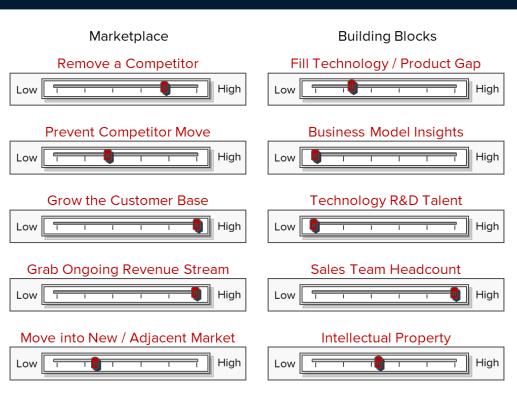
Informa Tech signs deal to acquire Channel and Mobility research and events firm Canalys

Acquisition will see Informa Tech form the world's largest Channel research and consulting group while providing an unrivalled global view of the Mobility (consumer and business devices) market

Announced hours before the "IT Industry Analyst 5-Year Scenario: 2028" webinar

Informa Tech acquires Canalys: Acquisition Motivation Analysis

Marketplace

Remove a Competitor

Low [————————————●—] High

Prevent Competitor Move

Low [———●————————————] High

Grow the Customer Base

Low [——————————————●—] High

Grab Ongoing Revenue Stream

Low [————————————●——] High

Move into New / Adjacent Market

Low [——●————————————] High

Building Blocks

Fill Technology / Product Gap

Low [————●————————] High

Business Model Insights

Low [●————————————————] High

Technology R&D Talent

Low [●————————————————] High

Sales Team Headcount

Low [——————————————●—] High

Intellectual Property

Low [————————●————] High

Published Thursday, 7/27/2023 on LinkedIn with additional commentary

Q: Why was the acquisition made?
A: This appears to be a classic "roll up" acquisition where the acquiring company is expanding it footprint in markets. Both Informa (Channel Futures and Channel Partners Conference & Expo) and Canalys (events for channel partners, distributors, vendors) serve the same B2B channel audience. In addition, Informa Tech (Omdia) and Canalys provide market research and analysis to vendors with some overlap in coverage (e.g., cybersecurity). However, this gives Omdia added coverage (e.g., mobility) and analyst headcount, which is positive.

Q: Does this acquisition make sense?
A: Absolutely.

Q: How does this fit in with Informa's strategy?
A: Informa is a serial acquirer of events companies (e.g., 2023 HIMSS, Tarsus) and analyst firms (e.g., IHS Markit, Tractica) so this move is consistent with its strategy and expertise.

Q: Implications IT vendor analyst relations (AR) professionals
A: Business as usual.

Source: Carter Lusher

Gartner: Deep Pockets Fuel Targeted Acquisitions

- 2023 end of 1st quarter: $894 million cash and cash equivalents
- 2023 full-year guidance: $920 million free cash flow

INFINOTE — 2020 | AI-powered document management | acqui-hire for A.I., machine learning, data science | job opening on Gartner team: "creating a world-class Data Platform Strategy"

PULSE — 2021 | community discussion management | tech tuck-in for Gartner Peer Community

TOPO — 2019 | research & advisory for sales & marketing | tuck-in for Gartner "for Sales Leaders" & "for Marketing Leaders" | attacks Forrester Decisions (SirusDecisions)

UpCity — 2022 | review site for B2B service providers | expands Gartner Digital Markets portfolio | prevents Gartner's competitors from expanding

Blackstone: Wildcard in Analyst Landscape Acquisitions

- June 3, 2021 – Blackstone acquires IDG (parent of IDC) from China Oceanwide Holdings Group for $1.3b (versus Gartner's market cap of $28bn, Forrester $0.62bn)

- IDG CEO Mohamad Ali on Blackstone: "Now we have a big checkbook to go out and acquire new parts for the platform."
  - June 30, 2023 – Blackstone had $8.3b cash, cash equivalents, corporate treasury

- Challenge for IDC: all its eggs in the vendor basket
  - Vendors, IDC's primary clients, are notoriously for cutting spending in recessions
  - Corporate tech buyers, which IDC has minimal, consistent spend especially in recessions

- Acquisition Options for IDC
  - Technology vendors, A.I. included, to build out research infrastructure
  - Market focused boutique firms to fill existing coverage gaps
  - Market focused boutique firms to extend into new technology markets
  - Aggressively rollup of end-user centric research and advisory firms to compete with Gartner

Major Merger Will Create Gartner Competitor for End Users

Strategic Planning Assumptions:

Blackstone acquires Forrester Research as vehicle to spin off IDC by 2024 (probability p=0.3)

The combined IDC/Forrester – rebranded IDC – will have completed the integration of the two firms' cultures, methodologies, and product portfolios to create a behemoth able to compete with Gartner for end-user influence by 2026 (probability p=0.3)

Why is the Strategic Planning Assumption (p=0.3) for the acquisition of Forrester by Blackstone so low? Founder George Colony has to want to sell Forrester. Will he?

"**Concentration of Ownership.** Our largest stockholder is our Chairman and CEO, George F. Colony, who owns approximately 39% of our outstanding stock. This concentration of ownership enables Mr. Colony to strongly influence or effectively control matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, adoption or amendment of equity plans, and approval of significant transactions such as mergers, acquisitions, consolidations, and sales or purchases of assets. This concentration of ownership may also limit the liquidity of our stock. As a result, efforts by stockholders to change the direction, management, or ownership of Forrester may be unsuccessful, and stockholders may not be able to freely purchase and sell shares of our stock." Page 8, Forrester Research 10K for year end 12/31/2022

4 Status quo is still not a viable AR strategy, AR must continuously plan for an evolving future

Take Near Term and Long Term POVs for AR Strategy

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

William Gibson,
science fiction novelist

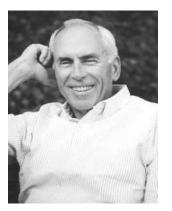"Skate to where the puck is
going, not where it has been."

Wayne "The Great" Gretzky,
philosopher

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

NDA

Example: Carter Lusher's A.I. Experiments

Objectives

- Understand the technology and applications
- Understand the potential uses and business value
  - Productivity? Efficiency? Influence impact? Timeliness? Speed?
- Understand how analysts' usage can be sub-optimal
- Determine what the heck I don't know but need to

🔑 Rolling up the Sleeves

Developing new techniques and tools for AR requires hands-on experimentation.

- Tool 1 - Research assistant
  - Bing Chat, Claude 2, Humata

- Tool 2 - Writing and editing assistant
  - ~~Copy.AI~~, Humata, ~~Jasper~~, Notion AI

- Tool 3 – Transcription assistant
  - Otter.ai (initial), Speechmatics, Microsoft Azure Speech to Text

NDA
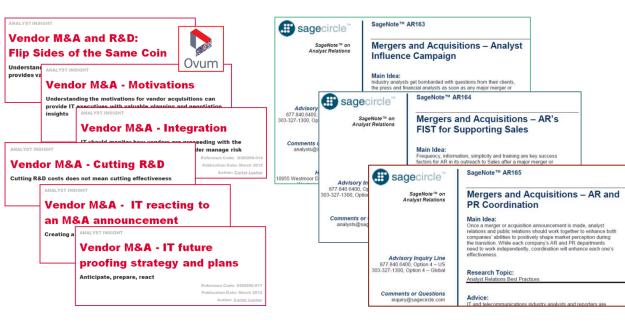
- Internal facing
  - Summarizing analyst conversations (either inquiries or briefings) for analysis, institutional memory, and stakeholder updates (from recording transcripts)
  - Summarizing regular analyst reports for stakeholders, either one-off emails to individuals or for a research roundup e-newsletter
  - Summarizing multiple analyst reports
    - Reports on vendor, e.g., after a major announcement, for analysis, institutional memory, stakeholder updates
    - Reports on a market topic that stakeholders need to quickly absorb for decision making
- External facing
  - Repurposing internal content (e.g., draft PR, FAQs, other) to generate a compelling announcement / news alert email and supporting deck
  - Summarizing internal content (e.g., product brochures) into bite-sized text to include in a quarterly analyst update e-newsletter
  - Summarizing all the announcements from the vendor's major event (e.g., "Customer World") into an easy-to-read narrative

Remember technology can take great manual processes to scale or scale bad ones that drive customers away. Gene Alvarez, Gartner

- To get a feel for using existing research to train a proprietary LLM, Carter is conducting an experiment using various A.I. tools
- Research reports are ones Carter wrote on M&A, but from two POVs: analyst and AR
- Same author, but very different methodology, format, content
- Will train an LLM app using all nine research notes then benchmark answers given on various prompts using different personas

AR as Watchdog on Analysts' Usage of A.I.

Issues

- Analysts susceptible to hype like everybody
- Low quality information and data used to train LLMs
  - External / publicly available on the internet
  - Internal / firms' proprietary data and information
- Toolset inappropriate for analyst research and advisory usage
- Using only free publicly available tools (e.g.,ChatGPT) with no access to private vendor information
- Analysts declining briefings because they will use A.I. instead
- Analysts / firms cutting corners on research to save money

Bing Image Creator: prompt "Watchdog wearing sunglasses in black and white line drawing"

AR as Watchdog on Analysts' Usage of A.I.

- Rationale
  - Context: AR understands critical information shared with analysts is not accessible on the internet thus not available to LLMs
  - Implication: it's essential to inquire about analysts' data sources to ensure that they are not overly dependent on LLMs
  - Justification: AR can ascertain the risk of excessive reliance on LLMs in analysts' research and analysis
- Action item: Consistently ask analysts about use of AI/LLMs
  - Every interaction, e.g., inquiries, briefings, over drinks at conferences
  - Friendly and conversational, not in an interrogation tone
  - Especially focus on what information analyst has gleaned on your employer using generative A.I. tools in order to correct errors

Bing Image Creator: prompt "Watchdog wearing sunglasses in black and white line drawing"

AR: Prepare to Defend the Relevance of Analysts in Age of A.I.

- Vendor skeptics will insist that analysts are no longer relevant

- Argument "Why would a company buy expensive analyst research when everything is available via ChatGPT?"

- AR must have a portfolio of proof points that the analysts are still relevant

- AR's most powerful proof points are demonstrated impact on the vendor's sales funnel and deals by analyst commentary

- *Contact Carter for best practices and supporting content that can be used to educate stakeholders on the analysts continuing relevance*

IT Industry Analyst 5-Year Scenario: 2028 – Key Takeaways

1 Since 2017 the IT industry analyst landscape has seen more evolution rather than revolution or disruption
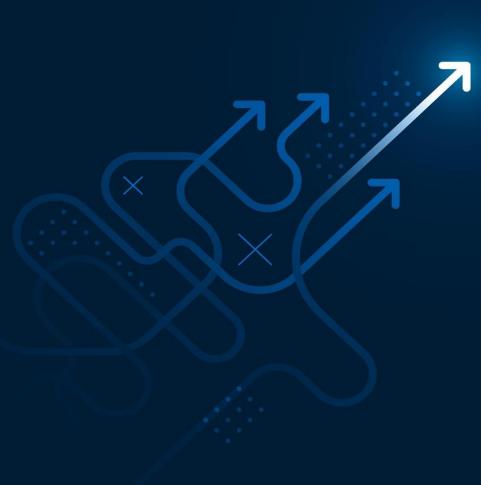
2 Generative A.I., etc, will impact analysts, AR & tech buyers less than the breathless hype suggests but differently than you might expect
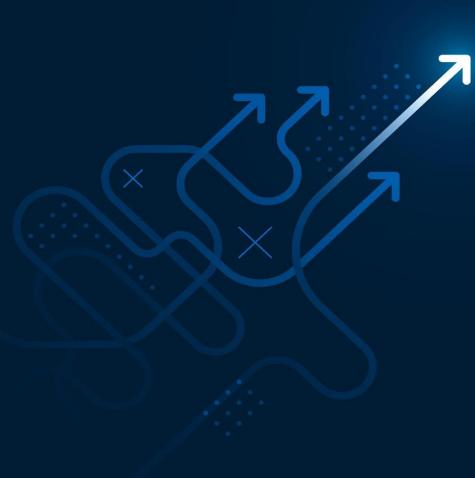
3 While there will not be major trends that dramatically impact the analysts, AR needs to monitor a variety of smaller trends

4 Status quo is still not a viable AR strategy, AR must continuously plan for an evolving future

Sources: Carter Lusher

Discussion

Appendix A:
Analyst firms on their use of A.I.

CEO Gene Hall on Use of Generative A.I. by Gartner
Source: Gartner 1st Quarter 2023 Earnings call, 2 May 2023

Jeffrey P. Meuler | Robert W. Baird & Co., Research Division

Got it. Good to hear. And then I just love the -- your perspective, Gene on, I guess, the opportunities and risks from generative AI, including anything on how far along you are with implementing it. And to me, I could see potential benefits on a number of fronts, sales productivity, research productivity, I guess improving the client experience on your platform given the high-quality content library, as well as you mentioned among the hot topic areas that could drive demand and client engagement. Also, curious just on how you think about any potential risks that publicly available content becomes a lot easier to curate via generative AI.

Gene Hall, CEO, Gartner

Yes. So, we see generative AI as being really helpful for our business. As you said, there are a lot of internal efficiencies where we've had, 5 years ago, we had teams of humans combing through publicly available information. Now we actually, today, use generative AI to improve our efficiency on those kinds of things, and we'll continue to.

The second area is that we are testing, and I'm sure we'll get to at some point, is having more of a natural language interface for our clients. And we're testing now just to make sure it all works correctly and it doesn't have any surprises as you've seen in some of the public situations.

And so I'd say, first of all, it's great for internal efficiencies in every part of our business. Even like, you mentioned, if a salesperson wants to get synthesized publicly available information, it's a great tool to help with that. It's going to be -- so it will help our internal efficiencies. It will provide a better interface over time with our clients. And then, frankly, it's an area where clients seek help on as well. And so that's an area that helps with our basic client demand as well.

You asked about kind of our situation competitively there. I'd say we're highly differentiated from kind of the public information you get because we have a lot of proprietary information, proprietary insights. We have a research process, which is quite important in generating these proprietary insights. And of course, we're independent and objective. So we say generative AI has really been a lot of help both with internal efficiencies with probably a better interface with our clients, helping clients with it, et cetera.

George Colony, CEO / Founder, Forrester Research

And unsurprisingly, we are investigating how we could use generative AI to make it easier for clients to access our research and data. We see this technology as a game changer for our business, unlocking higher value for our clients without requiring human intervention.

Aggressive Boutiques Will Buy Tickets for Generative A.I. Rocket

Leveraging Humata ("ChatGPT for all your files")

Press Release – HFS Becomes First Analyst Firm to Offer Generative Ai Tech to Revolutionize Access to Business Insights

Appendix B:
Questions, comments, observations from webinar participants

Discussion, questions, observations by webinar participants

- Attendee participation was vigorous with 66 questions, observations, and comments (excluding the usual "Will a deck be sent?" and "Great discussion today! Thanks!")

- For those questions that were not answered during the webinar Carter will be answering a select set over the next few weeks as LinkedIn posts linkedin.com/in/CarterLusher

- The next set of slides have a sample of the excellent comments and questions

- *If you would like to schedule a session for your company to have a tailored presentation and discussion of implications, please contact Carter at lusher.carter@gmail.com*

Bing Image Creator: prompt "Zoom meeting attendees asking questions in the style of a line drawing in black and white"

Discussion, questions, observations by webinar participants

- Any thoughts on if/when vendors may start using generative AI technologies to automate their responses to analyst RFIs (e.g., MQs, Waves, etc). Would analyst firms support and/or consider policies around this?

- Could Carter address the concept of using AI to "sit in" at every engagement (client/vendor) in the context of briefings, inquiries, advisories (thinking of something like Gong) and any other analyst interaction? Anyone going beyond using generative AI for "efficiency" vs. actual knowledge/analysis value?

- What advice would you have for AR functions (or any functions really) thinking of experimenting with the shiny new toys?

- Do you think AR functions that get an early bead on [generative AI] will have a measurable impact not just on their own KPIs, but org performance overall?

Bing Image Creator: prompt "professionals in conference room discussion using style of line drawing in black and white"

Discussion, questions, observations by webinar participants

- I wonder what Carter thinks most analysts think about Generative AI and whether they think it's an existential threat to them.

- My reps at G and F say that more than 75% of their inquiries are about generative AI. And seasoned analysts have told me that they are seeing more *CEOs* on inquiry calls than ever before.

- (re: generative AI and impact on firms' business) *"I tell my analysts to go home every night and pray for confusion. The more of it there is, the better off we are."* Manny Fernandez, Gartner's CEO in 1999, USA Today.

- All of these sources are inputs - there won't be wholesale replacement - in fact Generative AI creates more noise and you need analysts EVEN MORE
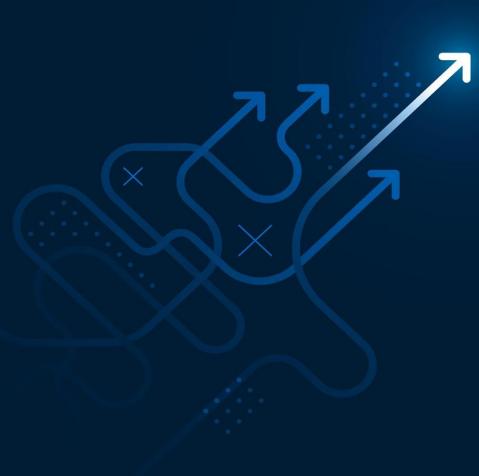

Bing Image Creator: prompt "professionals in conversation using style of line drawing in black and white"

Discussion, questions, observations by webinar participants

- Corporate buyers -- if they are using Gartner for *brand-derriere protection*, ChatGPT will not provide that.

- Major analyst firms continue to be out of reach (financially and in coverage scope) for smaller enterprise, mid-market, and SMB, so they will continue to look for other channels to learn about markets

- How does one define "influencer"??? Much more noise, much less value.

- How do you expect AI to enable a boutique firm to compete with Gartner's dominance of the end user advisory spend?

Bing Image Creator: prompt "professionals brainstorming using style of line drawing in black and white"

Thank you for your participation