

## Predicts 2011: IT Opens Up to New Demands and New Outcomes

Daryl C. Plummer, Brian Gammage

IT organizations face disruptive change due to increased transparency and the need to drive business value. They must evolve against a backdrop of uncertainty and shifting demands. Executives and IT leaders should read these reports before making any IT investment decisions for 2011 and beyond.

## ANALYSIS

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Our Predicts 2011 Special Report highlights how the use of technology is changing and how those who use that technology must also respond to change. As the global economy continues to recover from the residual impact of downturn and recession, IT providers and users are facing increased pressure from unexpected sources. Business leaders are demanding greater visibility of the linkage between IT investments and business results. Budgets and expenditure continue to be scrutinized closely, with zero tolerance for waste or perceived profligacy. As companies focus on the return to growth, they increasingly demand that their IT organizations now keep a promise made years ago: to enhance the business rather than just enhancing technology. Meanwhile, consumer demand is driving the introduction of new technologies and technology use scenarios that IT is not yet fully equipped to handle. To top it all off, IT organizations must respond to all of these demands while balancing security against access and continuing to meet the expectations of individuals who are more technology-savvy than ever before. This transformation will not desist and it demands that IT leaders reconsider and (potentially) rebuild IT's capabilities. Our top predictions (see "Gartner's Top Predictions for IT Organizations and Users, 2011 and Beyond: IT's Growing Transparency" and "Top Industry Predicts 2011: Industries Rebound and Surge Ahead") focus on how the shifting role of IT will affect economies, governments, businesses and individuals.

Whether their organizations are already on a growth trajectory, or still preparing for the return to growth, readers will find the predictions in this Special Report a good guide and support for the decisions they need to make about technology investments and broader aspects of business strategy during the years ahead. With more topics, markets and industries covered than ever before, our 2011 predictions affect three macrolevel trends of huge importance to all:

- Growing levels of transparency and accountability in all areas of IT
- The increasing focus on ensuring that IT drives business results (or outcomes)
- The need to effectively respond to individual demand for use of consumer technologies and social interaction

As the relationship between "technology means" and "technology outcomes" becomes ever clearer, stakeholders of all kinds are gaining a clearer understanding of how technology decisions will impact the business and are raising the bar in terms of expectations for success.

Because clients use Gartner's predictions to make better decisions, accuracy is critical. Our "hit rate" with predictions continues to be very high, but we also recognize that some will fail to pan out as we expect. In the same spirit of transparency and accountability that was applied to our earlier Predicts Special Reports, we continue to provide a look back at our previous predictions — highlighting both those that were accurate and those that were not. For each report with historical precedent, we review one "on target" and one "missed" prediction to expose why our assumptions were accurate or inaccurate.

Our 2011 predictions span 66 market, topic and industry areas, with 300 predictions in total. Eleven of this year's reports are new, providing clear evidence of the expanding range of Gartner's research activities and of the broadening impact of IT within business. Three of these reports highlight the breadth and depth of our new coverage in the business operations arena: "Predicts 2011: Global Logistics Leadership a Strategic Imperative" and "Predicts 2011: High-Tech and Industrial Value Chains Invest in Innovative Strategies" examine how changes in supply chain management are set to impact the effectiveness and business outlook across many industries, while "Predicts 2011: Complexity Ready to Rattle the Healthcare and Life Sciences Supply Chain" takes a deeper look within one market sector. In "Predicts 2011: Sustainability

Facing a Long Path to Fruition," we look at the ongoing journey of a topic with critical implications for both operations and planning as it moves up the list of CEO priorities.

The No. 1 focus for most companies during 2011 will be growth, and two of our new reports for 2011 focus on technologies and approaches that promise to support this objective: In "Predicts 2011: Pattern-Based Strategy Technologies and Business Practices Gain Momentum," we look at how this emerging discipline will shape new efficiencies and business opportunities for every organization, while "Predicts 2011: Platform as a Service: The Architectural Center of the Cloud" expands and deepens our examination of how cloud business will evolve in implementation. Cloud computing has quickly become established as a core foundational element of many IT strategies; and in another new report, "Predicts 2011: Data Centers Need a Solution-Based Approach to Gain Efficiencies," we consider the implications for enterprises and technology providers of this shift in approach.

The growing pressure for transparency, within IT and of the organization as a whole, is generating new streams of information to augment the sea of data in which many organizations are already awash. Generating, managing and protecting the right information at the right time is one of the critical elements of business success. Three of our new reports for 2011 accentuate our focus on the "I" in IT by examining the outlook for IT organizations, individuals and management of supplier relationships. In "Predicts 2011: IT Financial and Performance Management Gets Strategic," we cut to the heart of the issues in IT funding and business reporting. With "Predicts 2011: Enterprises Should Not Wait to Find Solutions for Business-Critical Privacy Issues," we highlight developments in an area that has already garnered the attention of citizens and governments and which brings a new onus of responsibility to every organization. "Predicts 2011: Assessing and Revising Vendor Management Programs Key to Driving Value" looks at how the bar will continue to be raised for suppliers as IT departments demand the same demonstrable performance improvements they must show to users.

With growing pressure for a direct line of sight between IT investments and business results, expectations have shifted toward innovation, the creation of new business models and better risk management. Leading IT organizations through this change will demand ingenuity from CIOs and their staff. In "Predicts 2011: Executive Focus on Revenue Growth Puts Added Pressure on CIO" and "Predicts 2011: Government CIOs Must Balance Cost Containment With IT Innovation," we look at how the landscape these leaders must navigate is set to change. With "Predicts 2011: In the 'New Normal,' Governance, Risk Management and Compliance Are Inseparable From Business Realities," we see how new regulations will impact governance and risk management, blurring the boundaries between IT and "the business."

Although organizational boundaries may blur, IT will be expected to make a demonstrable and direct contribution to business growth in most organizations, both through increased competitiveness and the creation of new market opportunities. "Predicts 2011: Aligning Enterprise Business Applications to Drive Business Outcomes," "Predicts 2011: CRM Sales Will Raise Performance Through Innovation," "Predicts 2011: Supply Chain Getting Competitive Again" [and](#) "Predicts 2011: PPM Goes From Managing Projects to Managing Value and Change" look at how IT organizations will be pressured to and will deliver new efficiencies in their processes and operations. In "Predicts 2011: Context-Aware Computing Brings Significant Shifts in Consumer Behavior and Privacy Regulations," "Predicts 2011: When Social and Business Processes Collide" and "Predicts 2011: Cloud Computing Is Still at the Peak of Inflated Expectations," we examine three of the initiatives most likely to enable market expansion and creation.

The pressure felt by those who buy, consume and access technology will be mirrored by new changes for the organizations that supply it. With our IT market predictions for 2011, we highlight how technology providers will need to respond. With individuals now driving demand in many sectors, we examine how consumer markets are changing and how service providers should

respond ("Predicts 2011: The Interconnected Consumer" and "Predicts 2011: CSPs Must Rethink Business Paradigms to Meet Market Challenges"). We also looks at two traditional device markets facing very different growth prospects: in "Predicts 2011: Opportunities for Growth Still Exist in PC Market," we look at how providers will need to compete in an environment of diminishing returns, whereas "Predicts 2011: Increasing Value of Imaging and Print Services Complements Multimedia Communications" considers the changing prospects of a market receiving renewed vigor from the promise of cloud-based services.

Our focus on specific industry sectors also continues to grow. With the ebbs and flows of global capital markets still directly affecting the situations and prospects for many individuals and organizations, we examine the outlook for IT in the financial industry, as it passes through a period of immense stress and pressure for change (see "Predicts 2011: Bank and Investment Firms' Core Applications and Application Infrastructure Are at Risk," "Predicts 2011: Banks and Investment Firms Must Change IT Approaches or Face Catastrophe" and "Predicts 2011: Insurers Must Focus on Customer Retention, Operational Excellence and Compliance"). The automotive sector was one of the first to see significant slowdown in mature economies, but the restructuring initiatives endured by the industry during 2008 and 2009 are now producing the promise of innovation and improved prospects (see "Predicts 2011: The Automotive Industry Accelerates Innovations"). In both healthcare and education, the challenges of funding are accentuated by pressure to support critical modernization initiatives (see "Predicts 2011: Healthcare Delivery Organizations Wrestle With the Challenges of Deploying Complex Clinical Applications" and "Predicts 2011: Technology and the Transformation of the Education Ecosystem").

The individual reports mentioned above represent fewer than half of those in the Predicts 2011 Special Report. The complete list of reports follows at the end of this overview.

## How to Use These Reports

Our predictions are both broad and deep across the most significant areas of IT and the IT industry. As 2011 unfolds, track these predictions and use them to frame the planning assumptions that will drive your business into the next decade. However, the way in which you use these predictions depends on your role:

- IT managers, a critical demographic for these predictions, must use them to prepare for an oncoming onslaught of risks and user demands. The response to these risks and demands are listed as recommendations throughout the reports.
- C-level executives should exploit these predictions to test new strategies and directions of their businesses as they contemplate the future use of technology to drive revenue growth.
- Strategists will take a broad view of all of these predictions as a means of defining a strategic platform for growth of the business. Whether they focus on internal issues such as security, or external issues such as social media, the landscape is shifting for individuals, businesses and IT organizations — all at the same time. Strategists will earn their salaries in the next few years by thinking strategically and acting with purpose.
- End users will find these predictions useful in examining the implications of certain predicted trends on their business activities. While the end user is not often the target of our predictions, all the predictions herald changes that will affect end users and their roles in a company or organization.
- Vendors should use these predictions to guide their strategic investments in research and development, marketing and demand generation.

Gartner clients have come to rely on our annual predictions as input to their strategic plans and a signal of potentially disruptive change. For most organizations, investment and business decisions through the next few years will likely be made against a backdrop of continued economic uncertainty and major technological disruptions. Getting ahead of change will be even more important than it has been in the past.

## Top Predictions

"Gartner's Top Predictions for IT Organizations and Users, 2011 and Beyond: IT's Growing Transparency"

"Top Industry Predicts 2011: Industries Rebound and Surge Ahead"

## Topic Predictions

"Predicts 2011: Addressing Key Advancements in Application Architecture"

"Predicts 2011: Adoption of Unified Communications Creates New Sourcing and Deployment Challenges"

"Predicts 2011: Aligning Enterprise Business Applications to Drive Business Outcomes"

"Predicts 2011: Anticipate Application Development Challenges Arising From Cost Optimization, Agile Methodologies and Multichannel Customer Engagement"

"Predicts 2011: Application Integration: A Nimble Veteran of IT"

"Predicts 2011: Assessing and Revising Vendor Management Programs Key to Driving Value"

"Predicts 2011: Business Process Management Competencies Will Expose the 'Haves' and 'Have-Nots'"

"Predicts 2011: Client-Computing Shifts Continue in Operating Systems, Hardware and Software"

"Predicts 2011: Cloud Computing Is Still at the Peak of Inflated Expectations"

"Predicts 2011: Context-Aware Computing Brings Significant Shifts in Consumer Behavior and Privacy Regulations"

"Predicts 2011: CRM Enters a Three-Year Shake-Up"

"Predicts 2011: CRM Sales Will Raise Performance Through Innovation"

"Predicts 2011: Customer Service Innovations in a Collaborative World"

"Predicts 2011: Data Management Disciplines Elevating Business Criticality"

"Predicts 2011: E-Commerce Will Reach for New Geographies, Channels and Payment Opportunities"

"Predicts 2011: Enterprise Architecture Shifting Focus to Business Value Outcomes"

"Predicts 2011: Enterprise Information Management Programs Connect IT and Business"

"Predicts 2011: Enterprises Should Not Wait to Find Solutions for Business-Critical Privacy Issues"

"Predicts 2011: Executive Focus on Revenue Growth Puts Added Pressure on CIO"

"Predicts 2011: Global Logistics Leadership a Strategic Imperative"

"Predicts 2011: Government CIOs Must Balance Cost Containment With IT Innovation"

"Predicts 2011: High-Tech and Industrial Value Chains Invest in Innovative Strategies"

"Predicts 2011: Identity and Access Management Continues Its Evolution Toward a Strategic Discipline"

"Predicts 2011: Improved Recoverability May Be on the Horizon, but Significant Challenges Remain"

"Predicts 2011: In the 'New Normal,' Governance, Risk Management and Compliance Are Inseparable From Business Realities"

"Predicts 2011: Infrastructure Protection Is Becoming More Complex, More Difficult and More Business-Critical Than Ever"

"Predicts 2011: Investments in CRM Marketing Technology Are Rising"

"Predicts 2011: IT Financial and Performance Management Gets Strategic"

"Predicts 2011: Master Data Management Is Important in a Tough Economy, and More Important in Growth"

"Predicts 2011: Network Capacity and Consumers Impact Mobile and Wireless Technologies"

"Predicts 2011: New Delivery Models and Proven Value Solutions Will Change IT Services Sourcing"

"Predicts 2011: New Delivery Models and Requirements Drive the Evolution of Finance, HCM and Procurement Applications"

"Predicts 2011: New Relationships Will Change BI and Analytics"

"Predicts 2011: Open-Source Software, the Power Behind the Throne"

"Predicts 2011: Pattern-Based Strategy Technologies and Business Practices Gain Momentum"

"Predicts 2011: Platform as a Service: The Architectural Center of the Cloud"

"Predicts 2011: PPM Goes From Managing Projects to Managing Value and Change"

"Predicts 2011: Program Management Mistakes Will Sink Your BCM Boat"

"Predicts 2011: Storage, a Thicket of Digital Life in Evolving Internet and Entwining Storage Landscapes"

"Predicts 2011: Supply Chain for the Consumer Value Chain"

"Predicts 2011: Supply Chain Getting Competitive Again"

"Predicts 2011: Technology, IT Industrialization and Cloud Computing Clash With Obsolete Traditions for IT Service Buyers and Vendors"

"Predicts 2011: Watch for New Kinds of Content and Applications to Manage"

"Predicts 2011: Web Technologies Continue to Evolve Along Multiple Dimensions"

"Predicts 2011: When Social and Business Processes Collide"

## Market Predictions

"Predicts 2011: CSPs Must Rethink Business Paradigms to Meet Market Challenges"

"Predicts 2011: Data Centers Need a Solution-Based Approach to Gain Efficiencies"

"Predicts 2011: Increasing Value of Imaging and Print Services Complements Multimedia Communications"

"Predicts 2011: Opportunities for Growth Still Exist in PC Market"

"Predicts 2011: Photovoltaic Solar Energy Market Evolves Rapidly"

"Predicts 2011: Semiconductor Industry Structure and Products Continue to Adapt"

"Predicts 2011: The Interconnected Consumer"

## Industry Predictions

"Predicts 2011: Bank and Investment Firms' Core Applications and Application Infrastructure Are at Risk"

"Predicts 2011: Banks and Investment Firms Must Change IT Approaches or Face Catastrophe"

"Predicts 2011: Complexity Ready to Rattle the Healthcare and Life Sciences Supply Chain"

"Predicts 2011: Consumer Goods Companies Must Sharpen Commercial Capabilities to Capture Demand"

"Predicts 2011: Consumers Push Emerging Retail Channels Into the Mainstream"

"Predicts 2011: Healthcare Delivery Organizations Wrestle With the Challenges of Deploying Complex Clinical Applications"

"Predicts 2011: Insurers Must Focus on Customer Retention, Operational Excellence and Compliance"

"Predicts 2011: Life Science Companies Will Need to Defend Their Base and Adapt to New Business Realities"

"Predicts 2011: Manufacturers Revamp and Enhance Product Life Cycle Management Strategies"

"Predicts 2011: Media Incumbents and Insurgents Fight for Online Dominance"

"Predicts 2011: Sustainability Facing a Long Path to Fruition"

"Predicts 2011: Technology and the Transformation of the Education Ecosystem"

"Predicts 2011: The Automotive Industry Accelerates Innovations"

"Predicts 2011: The Energy and Utility Sector Is Shaped by a Confluence of Policies and Market Forces"

## REGIONAL HEADQUARTERS

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### **Corporate Headquarters**

56 Top Gallant Road  
Stamford, CT 06902-7700  
U.S.A.  
+1 203 964 0096

### **European Headquarters**

Tamesis  
The Glanty  
Egham  
Surrey, TW20 9AW  
UNITED KINGDOM  
+44 1784 431611

### **Asia/Pacific Headquarters**

Gartner Australasia Pty. Ltd.  
Level 9, 141 Walker Street  
North Sydney  
New South Wales 2060  
AUSTRALIA  
+61 2 9459 4600

### **Japan Headquarters**

Gartner Japan Ltd.  
Aobadai Hills, 6F  
7-7, Aobadai, 4-chome  
Meguro-ku, Tokyo 153-0042  
JAPAN  
+81 3 3481 3670

### **Latin America Headquarters**

Gartner do Brazil  
Av. das Nações Unidas, 12551  
9º andar—World Trade Center  
04578-903—São Paulo SP  
BRAZIL  
+55 11 3443 1509