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Gartner Says Midsize Enterprises Should Take a More Strategic Approach With IT Spending to Better Align With Their Businesses Needs

Analysts to Show How Companies Can Achieve IT and Business Alignment During the Midsize Enterprise Summit, April 17-20 in New Orleans

STAMFORD, CONN April 6, 2005 — Only one-third of IT spending in midsize enterprises directly improves business performance, according to Gartner, Inc. Nearly two-thirds of the IT business in midsize organizations is spent on IT infrastructure (such as networks and servers) and utility applications (such as e-mail and payroll).

Since many midsize companies spend most of their budget on infrastructure, which is the foundation of all operations, business unit managers often do not recognize or appreciate the value of these investments and therefore their view of IT departments is compromised.

“Many midsize business executives have become disenchanted with technology solutions that they do not perceive to deliver business value,” said James Browning, research vice president at Gartner. “This has led to low credibility in many cases, which carries a high price for IT departments — pressure on budgets and lack of resource commitments in an IT environment of scarcity.

A lot of midsize businesses struggle to prioritize IT investments and properly allocate assets. The challenge for IT managers in midsize organizations is that they are not always included in strategy meetings with business managers on the goals for the company.

“The task of the IT organization is to achieve high effectiveness at acceptable levels of efficiency and customer satisfaction,” Mr. Browning said. “This is best accomplished when planning is interactive between IT and the business units.”

“This communication will help set the role of IT and its primary direction, guide the selection of investments to be made, and clarify the type of IT architecture that will deliver the framework required to support the business,” said Mika Krammer, research director at Gartner.

The ongoing challenge of IT and business alignment will be a major focus at Midsize Enterprise Summit, a Gartner Vision Event which brings senior IT executives from midsize businesses together with Gartner analysts, and leading and emerging technology providers.

In one aspect of aligning business and IT, Gartner will advise midmarket CIOs on how best to communicate to business unit executives the importance of planning for infrastructure as part of delivering improved business processes.

The Summit's kick-off session, "Aligning Business and Technology," will be presented from two perspectives. Niel Nickolaisen, director of process development and improvement at Headwaters, Inc. will offer a simple business activity-based model for improving the role of IT in the business. Barbara Gomolski, research vice president at Gartner, will present Gartner's view on how to create a joint planning process to merge the two forces of business needs and technology advances — against very real obstacles.

Another session on IT strategy and project prioritization will offer methods for balancing business and IT roles in project funding and prioritization through portfolio management.

In 2005, Midsize Enterprise Summit will take place in the following locations:

East Coast — April 17-20, Hyatt Regency New Orleans, New Orleans

West Coast — September 18 – 21, The Grand America Hotel, Salt Lake City

Europe — June 7-9, The CityWest Conference and Golf Resort, Dublin, Ireland

For more information, visit www.midsizeenterprise.com or call toll-free 877-619-7956.

About Gartner Vision Events

Gartner Vision Events, a Gartner company, is a leading producer of highly focused, business-intensive events that emphasize one-on-one meetings and guaranteed private boardroom appointments between vendors and their key customers and prospects. Each event, domestic and international, is designed to enable leading and emerging technology vendors to establish new alliances and build new business with high-level decision-makers who participate by invitation only.

About Gartner

Gartner, Inc. is the leading provider of research and analysis on the global information technology industry. Gartner serves more than 10,000 clients, including chief information officers and other senior IT executives in corporations and government agencies, as well as technology companies and the investment community. The Company focuses on delivering objective, in-depth analysis and actionable advice to enable clients to make more informed business and technology decisions. The Company's businesses consist of Research and Events for IT professionals; Gartner Executive Programs, membership programs and peer networking services; and Gartner Consulting, customized engagements with a specific emphasis on outsourcing and IT management. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, and has over 3,900 associates, including more than 1,100 research analysts and consultants, in more than 75 locations worldwide. For more information, visit www.gartner.com.

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