

2019 Hype Cycles: 5 Priorities Shape the Further Evolution of Digital Innovation: A Gartner Trend Insight Report

Published: 9 August 2019 **ID:** G00414574

Analyst(s): Marcus Blosch

The focus on digital innovation continued through 2019, with organizations seeking to identify business ecosystem opportunities that enable the creation of new business and operating models. Five priorities now shape the evolution of digital innovation through 2019 and beyond.

Opportunities and Challenges

- While global risk and uncertainty has risen in 2019, CEOs report that they are still aiming to drive growth and create new technology-enabled business models. Rising uncertainty does not appear to be dampening digital ambitions.
- The business ecosystem is still a source of opportunity and innovation; big tech companies seek to bring the internet to everyone on the planet over the next decade, creating millions of new connections, customers and partners.
- Organizations should position themselves to take advantage of these opportunities by taking inspiration from the “digital dragons,” whose ecosystem-based business models provide a good paradigm for how to do it.

What You Need to Know

- Your organization needs to position itself to take advantage of the right business model opportunities that the future global business ecosystem will provide.
- A platform-based architecture that leverages cloud and mobile delivery is likely to be a key ingredient. Leading organizations are working to broaden and deepen their digital platforms, making them central to their technology landscapes.
- Information is an asset. In combination with intelligence — analytics, artificial intelligence (AI), machine learning, etc. — it will provide the fuel for new services and experiences for customers, along with the ability to create new and complex ecosystem opportunities.

- The creation of new, diverse and complex ecosystems will require organizations to design and deliver services that customers want. This requires iterative and experimental approaches, such as design thinking and continuous innovation using digital product management.

Insight From the Analyst

Five Priorities Are Shaping the Evolution of Digital Business



Marcus Blosch

The space race is underway again. This time it's not being led by NASA, rather by SpaceX, Amazon and others to create a network of low-earth-orbiting satellites¹ to bring the power of the internet to every citizen of planet earth. Amazon will launch more than 3,000 low-earth-orbiting satellites (LEOSs) and SpaceX more than 12,000, with other companies planning to follow suit.² Combining ubiquitous internet with the rise in low-cost smartphones brings information and services to many more individuals across the developing world, creating ever more potential connections, customers and partners.

While the headwinds of risk and uncertainty have grown stronger in 2019, the priority for CEOs and their organizations remains growth and innovation.³ Organizations are pressing ahead with the build out of their digital strategies, and there are some impressive examples of new business models and innovative uses of technology. Many organizations have been inspired by the “digital dragons”⁴ and in particular Chinese companies such as Alibaba, WeChat, Tencent and others that have created particularly successful business-ecosystem-based business models.

The opportunity is clear: Seek means and ways to reach new markets and customers, and to work with new partners and suppliers on a global scale. The challenge is also clear: Organizations will need to build their ability to embrace the global business ecosystem, and develop the underpinning business and operating models to make this possible.

Whether you choose to reach out into this connected world is up to you and your organization, but you can be sure that the connected world will be reaching out to you sometime soon.

There are organizations that have already set off along this path, and there are already many good examples. This journey combines the old and the new — for example “old,” tried-and-tested technologies such as cloud and mobile, along with new technologies such as satellite internet, blockchain and AI. To navigate this journey will require a great deal of imagination and innovation to see the possibilities on offer, and to craft the right business and operating models.

The 2019 Hype Cycle Special Report is organized around five priorities that are at the heart of the current wave of digital innovation. We hope this special report inspires you to delve deeper into the different Hype Cycles relevant to your organization, and into the Gartner research covering business ecosystems and digital transformation.

Executive Overview

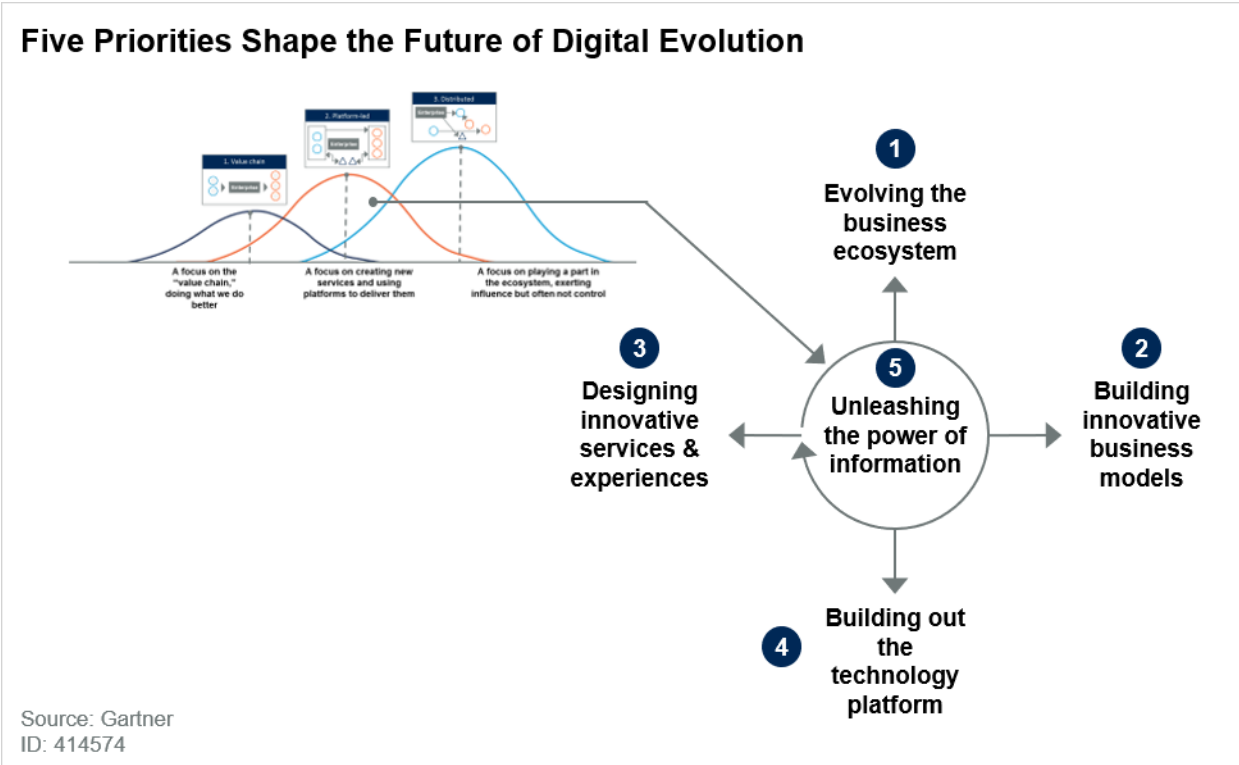
Definition

Looking to 2020, Five Priorities Emerge

In our 2018 Hype Cycle Special Report,⁵ we highlighted the waves of innovation flowing through digital.⁶ These waves were value chain, platform-led and distributed, with the platform-led wave currently sweeping through as we see signs of the distributed wave emerging.

In 2019, we are seeing the waves from 2018 materialize. Rather than a leap forward, we are seeing a more distributed version of digital — that is, a broadening and deepening of the platform-led version. This deepening is shaped by the five priorities shown in Figure 1. We expect these to be priorities well into the next year and beyond.

Figure 1. Five Priorities Shape the Future of Digital Evolution



Looking to 2020, we can expect to see each of the priorities shape organizations and continue to build on each other. New technologies and innovative ideas will no doubt appear and play their part. In our 2019 Hype Cycles, we provide a deeper understanding of the individual technologies and their stages of development. By leveraging this content, you can effectively plan your innovation strategy for the year ahead. (For those of you who are new to Gartner's Hype Cycles, or looking to refresh your understanding, take a look at our guide "Understanding Gartner's Hype Cycles," accompanying this report).

Research Highlights

Five Priorities Are Shaping the Further Evolution of Digital

Following is an overview of each of the five priorities and their related Hype Cycles.

As these five priorities shape digital business, we see the focus areas in our Hype Cycles change. Of course these are longer-term trends that are broadening and deepening, so we expect to see some similarities between each Hype Cycle iteration. A look at our top 10 Hype Cycles over the past three years (2016 to 2018) shows this happening⁷ (see Figure 2).

Figure 2. Top 10 Hype Cycles Over the Past Three Years

Top 10 Hype Cycles		
2016 Hype Cycles	2017 Hype Cycles	2018 Hype Cycles
Emerging Technologies	Emerging Technologies	Emerging Technologies
Cloud Computing	Artificial Intelligence	Artificial Intelligence
Internet of Things	Blockchain Business	Data Science and Machine Learning
Business Intelligence and Analytics	Data Science and Machine Learning	Cloud Computing
Data Science	Cloud Computing	Internet of Things
Blockchain Technologies and the Programmable Economy	Analytics and Business Intelligence	Analytics and Business Intelligence
Smart Machines	Internet of Things	Blockchain Business
Supply Chain Planning	Blockchain Technologies	Digital Workplace
Data Security	Identity and Access	Cloud Security
Digital Workplace	Management Technologies	Threat-Facing Technologies
	Digital Workplace	

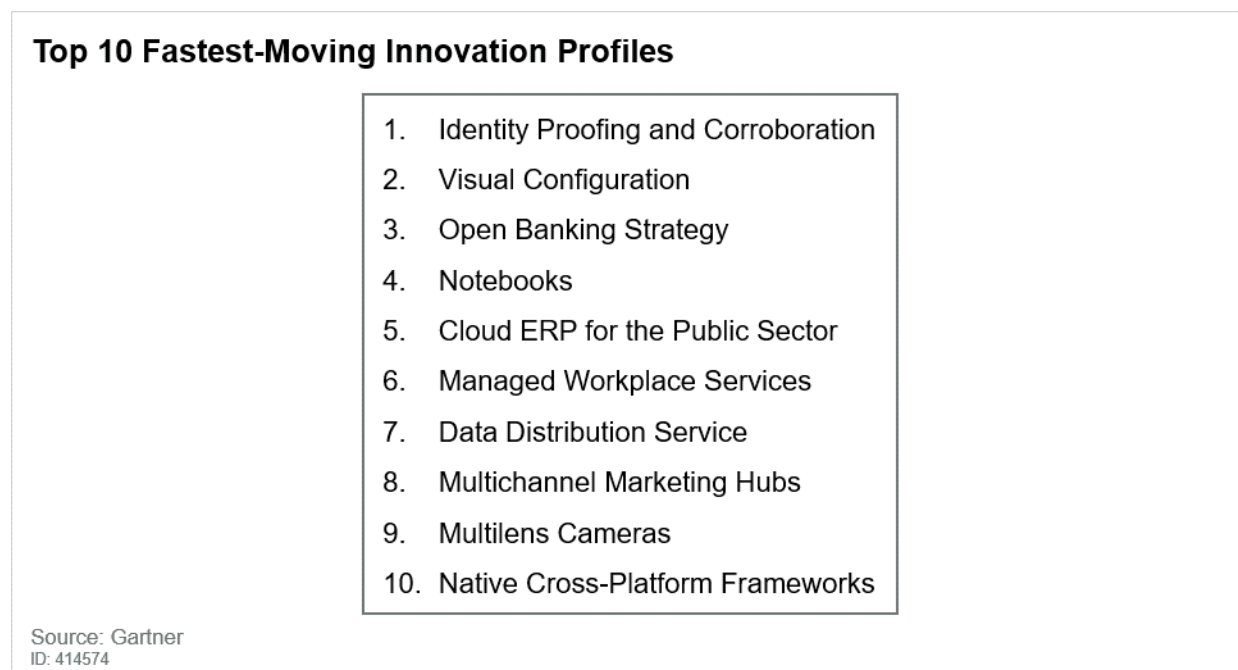
Source: Gartner
ID: 414574

The Hype Cycle for emerging technologies is a clear reader favorite once again, reflecting an interest in how innovative new technologies are evolving. Artificial intelligence, data science and machine learning, and analytics and business intelligence reflect a focus on unleashing the power of information to support the building of new business models and experiences. It is interesting to see blockchain technologies drop out of the top 10; it was replaced by blockchain business, which reflects the desire to create new business models. The importance of security is also highlighted

with cloud security and threat-facing technologies; as organizations turn outward into the business ecosystem, security becomes increasingly challenging.

A quick look at our fastest moving innovation profiles shows there's a lot happening this year (see Figure 3).

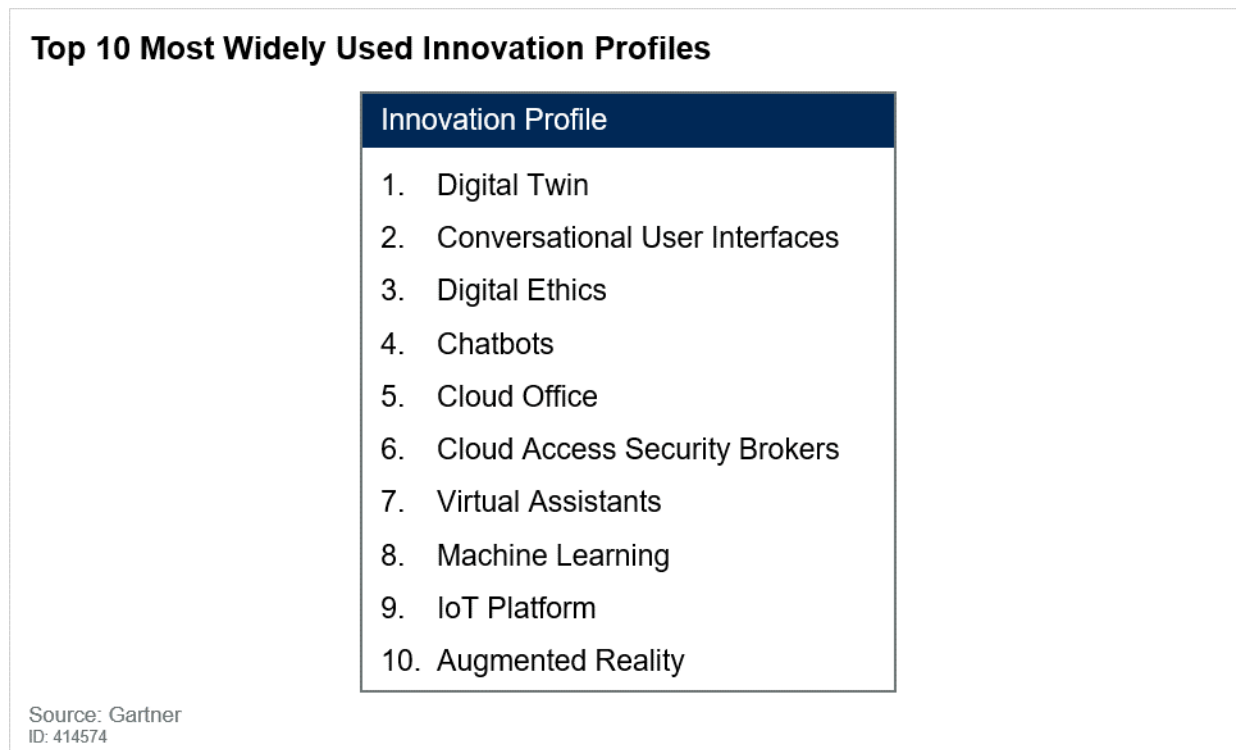
Figure 3. The Fastest-Moving Innovation Profiles in the 2019 Hype Cycles



Often, the fastest-moving innovation profiles represent areas that are early in their life cycle and changing quickly. Typically, as an innovation profile progresses through the Hype Cycle it slows down, reflecting that it is maturing. It's interesting to note that none of last year's fastest-moving innovation profiles are on this year's list.

Lastly, let's look at those innovation profiles that are most widely used — they appear on the greatest number of Hype Cycles (see Figure 4). Naturally, some innovations have wider applicability than others — so, for example, digital twin, conversational user interfaces, digital ethics and chatbots are in the top positions. This is a reasonable outcome as organizations try to include natural language to mediate user interfaces and service delivery.

Figure 4. The Most Widely Used Innovation Profiles of 2019



1 — Evolving the Business Ecosystem

The importance of the business ecosystem emerged several years ago in Gartner research. Of course, organizations have always had business ecosystems, but “digital” innovations have supercharged them. The number of connections between organizations (and individuals) increased exponentially. The speed and bandwidth of those connections, and the ability to use analytics to understand and act in the ecosystem made this possible. These trends are still playing out, and it’s conceivable that very soon it will be possible to connect to everyone, and everything, on the planet. So the way we think about organizations is shifting from a linear input, process, output system — that is, the world as a machine — to an ecosystem of exponential dynamic connections — that is, the world as an organism (or if you prefer a complex, adaptive system).

Related Hype Cycles

“Hype Cycle for Business Ecosystems, 2019”

“Hype Cycle for Smart City Technologies and Solutions, 2019”

“Hype Cycle for Business Process Services, 2019”

“Hype Cycle for Smart City and Sustainability in China, 2019”

2 — Building Innovative Business Models

The business ecosystem presents organizations with the opportunity to reach out to new customers and to partner with other organizations to create and provide new services. Success depends on being able to craft a business model that delivers value and revenue (or, in government services, to stakeholders) with a clear value proposition that meets customer wants and needs. Technology innovation allows organizations to innovate in different parts of the business and operating model. The belief is that distributed ecosystems, based on technologies such as blockchain, will create new business and operating models. This is a priority for CEOs, and many CIOs report that they are already building these new business models.⁸

Related Hype Cycles

“Hype Cycle for Blockchain Business, 2019”

“Hype Cycle for Blockchain Technologies, 2019”

“Hype Cycle for Digital Commerce, 2019”

“Hype Cycle for Supply Chain Execution Technologies, 2019”

“Hype Cycle for Supply Chain Strategy, 2019”

3 — Designing Innovative Services and Experiences

Successful business models depend on a clear understanding of the customers and their needs, and on crafting a value proposition and an offering that meet customer needs.⁹ For many organizations, the ability to design these new services and experiences is a competency they need to build. It requires a deeper understanding of customers and their behavior, along with the ability to use new approaches such as design thinking, AI and analytics. This competency is iterative, experimental and continuous, and we see an increased focus on human-centric design and a shift to product management rather than project management as being paramount.¹⁰

Related Hype Cycles

“Hype Cycle for Emerging Technologies, 2019”

“Hype Cycle for Customer Experience Analytics, 2019”

“Hype Cycle for Digital Commerce, 2019”

4 — Building Out the Technology Platform

Through 2019, we’ve observed the evolution of platform-based architectures, ranging from a small scope to support a limited element of the organization’s digital strategy, to becoming a very central part of the architecture and essential to digital strategy. Many organizations have been inspired by

the “digital dragons,”¹¹ who’s rapid rise and growth are based on business models underpinned by digital platforms. These platforms allow the organization to connect with its customers and partners in the business ecosystem, often on a massive scale.

Related Hype Cycles

“Hype Cycle for Cloud Computing, 2019”

“Hype Cycle for IoT Standards and Protocols, 2019”

“Hype Cycle for Platform as a Service, 2019”

“Hype Cycle for the Internet of Things, 2019”

5 — Unleashing the Power of Information

Investors and executives have realized that information is now the organization’s most valuable asset.¹² Information is the fuel that powers big data, analytics, machine learning, and AI as well as all the forms that artificial intelligence takes. This combination of information and intelligence sets the stage for the next generation of business models and the new services and experiences that customers want and need. It also allows organizations to participate in and orchestrate complex ecosystems and to drive efficiencies in operational processes.

Related Hype Cycles

“Hype Cycle for Artificial Intelligence, 2019”

“Hype Cycle for Enterprise Information Management, 2019”

“Hype Cycle for Analytics and Business Intelligence, 2019”

“Hype Cycle for Data Science and Machine Learning, 2019”

“Hype Cycle for Data Security, 2019”

The next step is to create and tailor your own specific Hype Cycles for your organization. To help with doing that, we created the “Toolkit: Create Your Own Hype Cycle With Gartner’s Innovation Database,” which allows you to create as many custom Hype Cycles as you need. (Note the 2019 version of this Toolkit is scheduled to publish in early September).

Related Priorities

Table 1. Related Priorities

Priority	Focus
CIO Excellence in I&T Operating Model Design and Strategy Execution	Enterprise focus on digital transformation increased markedly this past year. CIOs must lay the digital foundation and transform the I&T operating model to enable strategic execution at digital speed.
CIO Innovation and Strategic Business Change Leadership	In the digital era, the CIO serves as both business leader and IT leader. This initiative focuses on the first job, showing how the CIO can contribute to an enterprisewide business strategy.
Cross-Industry Innovation and Disruption	Create business and customer value by understanding and leveraging innovations, processes and technologies from multiple industries.

Source: Gartner

Related Resources

Webinars

[“2019 Gartner Hype Cycles: 5 Priorities Shaping the Evolution of Digital Innovation”](#)

[“Panel Discussion: Gartner Hype Cycle for Digital Marketing and Advertising”](#)

[“The Future of AI and the Gartner AI Hype Cycle”](#)

[“The Gartner Internet of Things Hype Cycle”](#)

Articles

[“Chatbots Will Appeal to Modern Workers”](#)

[“The Need for AI Governance in Healthcare”](#)

[“Top 3 Benefits of AI Projects”](#)

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

[“Four Definitions Make a Digital Business Strategy Process More Effective”](#)

[“2019 CEO Survey: The Year of Challenged Growth”](#)

“Enterprise Architects Combine Design Thinking, Lean Startup and Agile to Drive Digital Innovation”

“Winning in a World of Digital Dragons”

“Toolkit: Create Your Own Hype Cycle With Gartner’s Innovation Database”

Evidence

¹ [“The Coming of Low-Earth Orbit Satellites,”](#) The Economist.

² [“Elon Musk Just Revealed New Details About Starlink, a Plan to Surround Earth With 12,000 High-Speed Internet Satellites. Here’s How It Might Work,”](#) Business Insider.

³ “The 2019 CEO Survey: A Year of Challenged Growth”

⁴ “How Digital Product Management Unlocks Opportunities for New Value Creation”

⁵ “2018 Hype Cycles: Riding the Innovation Wave, A Gartner Trend Insight Report”

⁶ For a better understanding of what “digital” means, see “Four Definitions Make a Digital Business Strategy Process More Effective.”

⁷ We have used a simple metric looking at the number of client views each Hype Cycle had over its published year.

⁸ “2019 CIO Survey: CIOs Have Awoken to the Importance of AI”

⁹ “Enterprise Architects Combine Design Thinking, Lean Startup and Agile to Drive Digital Innovation”

¹⁰ “How Digital Product Management Unlocks Opportunities for New Value Creation”

¹¹ “Winning in a World of Digital Dragons”

¹² [“The World’s Most Valuable Resource Is No Longer Oil, but Data,”](#) The Economist.

GARTNER HEADQUARTERS**Corporate Headquarters**

56 Top Gallant Road
Stamford, CT 06902-7700
USA
+1 203 964 0096

Regional Headquarters

AUSTRALIA
BRAZIL
JAPAN
UNITED KINGDOM

For a complete list of worldwide locations,
visit <http://www.gartner.com/technology/about.jsp>

© 2019 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "[Guiding Principles on Independence and Objectivity](#)."