Mayfield

# Mayfield Annual CXO Innovation and Priorities Report 2021

What are the key technologies driving innovation in 2021?

The Mayfield CXO
Annual Survey

2020 has been a year of unprecedented change and evolution, with the global pandemic acting as an amazing catalyst for "must-have" innovation. CIOs and their orgs moved at warp speeds to support productivity in a remote-first workplace, and advanced use of technology has helped create a digital-first environment that has won the day like never before. As CIOs and their teams continue winning praise for this unexpected transformation, will we be able to maintain this rapid pace of technology-driven innovation in 2021?
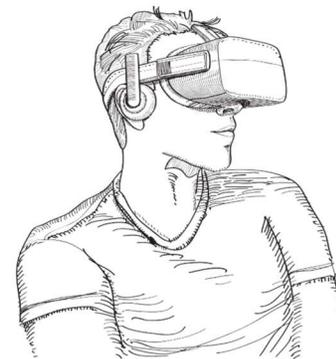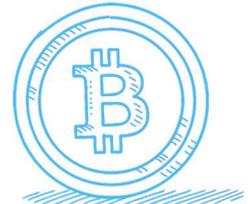
We asked our CXO Innovation Network members to chime in and share their experiences in 2020 and their outlook going into 2021 – in the process learning how over 100 organizations are leveraging innovation. **The Mayfield CXO Innovation Network** is made up of 1000+ IT executives (CIOs, CTOs…) from around the globe.

We at Mayfield are constantly trying to improve how we can deliver emerging ideas and corporate innovation best practices to you. As investors we see thousands of new startups each year, while our network needs innovative new ideas to accelerate impact. Our goal is to be an effective innovation bridge. We learn from your input and hope we've gathered feedback in a way that is useful to your team for this coming year.
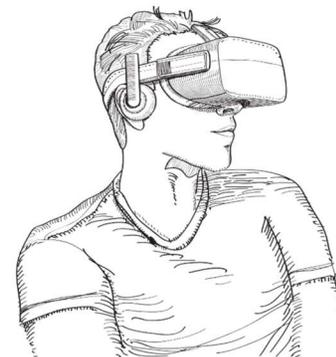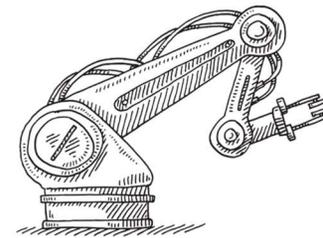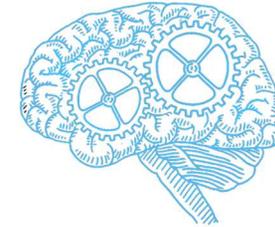
Top Six Game-Changers

- **Tech adoption is now a pull not a push** – Business leaders are demanding more technology to help their businesses survive, thus reversing a longstanding model of IT having to push hard on new technologies. Our participants reported a 200% YoY increase in willingness to work with startups – a surprising adoption of innovation, with literal years of advancement happening during 2020

- **Kill the Hackathon** – Innovation for innovation's sake may be dead – it must now be measurable/impactful with a shorter fuse for results

- **IT Budgets Bullish** - Despite an uncertain market, we're seeing a surprising lack of budget doldrums

- **Lean & Aware COVID Management Model** – True (and lasting) change in how IT manages and deploys teams with transparency, honesty, and failure acceptance requires authentic management. A high EQ is more important now than ever before to keep employees highly engaged and productive

- **The New Office** – Business travel, corporate infrastructure, and events may never be the same

- **Mixed Productivity** – Many industries have been struggling with issues around supply chain, productivity, and employee burnout. It will take some time to get things right and one size doesn't fit all. We are still learning a lot.

Contents

Leadership & Engagement
Reflections on the Crisis

What is the Timeline?
Will COVID end?

Before we can make any kind of future predictions, we must first have an understanding of when this crisis is going to end.

Around the time of the vaccine announcement, **McKinsey postulated that the US would achieve herd immunity somewhere around Q3-Q4 of 2021**[1]. They suggested that this could be accelerated if the vaccine rollout is faster than projected, or if natural immunity is more prevalent than expected. Aside from that, we still have another 9 months or so to wait before the country can begin to return to normalcy.

But many serious questions still remain: Will the duration of the immunity be long? Will the population accept more frequent vaccinations? Will the distribution be managed appropriately? Many factors could lead to a delayed rollout.

Data We're Watching

- McKinsey's COVID-19 Implications for Business[9]
- Bain's Coronavirus Insights[10]
- Gartner's COVID-19 Resource Center[11]
- State by State Guide on How to Receive the COVID Vaccine[12]

Changing the Way We Work
Silver Lining & Downsides of WFH

Numerous studies throughout 2020 have uncovered employee stress during the transition towards remote work. So, it hasn't just been a matter of digital transformation and hardware supply, it's also a matter of how to best manage a team during a period of great change, as well as resounding negativity. As managers, we have been forced to be a great deal more flexible, understanding, and lenient when it comes to requiring a more structured work environment – will that continue? Or will it go back to how it was? So, far it seems like no – **the laissez faire model prevails.**

In September 2020, Harvard Business School released a study[3] analyzing the emails and meetings of 3.1M people in 16 global cities and found that **the average workday increased 8.2% (or 48.5 minutes)**, with employees additionally participating in more meetings. The 9-5 business day was already under attack, but now with people working at all hours, constant videoconferencing, and many Americans continuing their work from home journey after the pandemic abates, it's time to consider how virtual interaction will shape the future.

Inefficient Meetings

- Employees attended 13% more meetings[3]
- Each meeting was 12 minutes, or 20%, shorter[3]
- The number of people invited to each meeting rose by 14%[3]

Increasing Email

- Employees send 5.2% more emails per day[3]
- Emails had 2.9% more recipients[3]
- 8.3% more emails were sent after business hours[3]

Lack of Recognition

- 40% of employees feel that they lack recognition during the pandemic[4]
- 38% of employees report only receiving recognition from their manager in the last six months or more & orgs with more frequent recognition rate their culture 34% more highly, and see 41% increased employee retention.[4]

A Widening Productivity Gap

One of the resounding questions of 2020 has been: How productive have we actually been relative to pre-COVID levels? Unfortunately, the answer seems to depend a lot on the company and industry. This can be attributed both to advances in collaboration technology (or lack thereof), as well as how teams and orgs are being managed top-down. **Harvard Business Review has suggested that the top quartile of companies is 40% more productive than the rest[5]**, driving them even further ahead. Not everyone is succeeding in this new environment – it depends on a company's leadership to properly address key trigger areas and understand the unique needs of different cohorts (i.e., one size doesn't fit all). HBS suggests that the three factors which comprise employee productivity are time, talent, and energy – all of which have been heavily impacted on account of COVID – so how do you mitigate?

Time

- On account of lengthening workdays, employees that have capitalized on new technologies have seen productive time increase by 5% or more[5]

- Work environments which have over-indexed on meetings have eaten into employee productive time; poor collaboration and inefficient work practices have reduced productive time by 2-3% for most orgs[5]

Talent

- Leaders are utilizing new avenues to bring fresh sources of talent into their orgs[5]

- Remote work has allowed for an org's most skilled employees to engage in a broader range of initiatives and teams than ever before – multiplying their influence[5]

- However, reduced demand has kept some companies out of the labor market. Meanwhile, existing employees facing mounting pressure at home are often at a breaking point[5]

Energy

- Engaged employees are 45% more productive than those who are merely satisfied, and that increase to 100% for those with a profound personal connection[5]

- Of the three productivity factors, COVID has hit energy the hardest[5]

- Energy levels can fall on account of disengagement, or stress in employees' day to day lives – and mitigation is necessary to keep productivity and engagement high[5]

Leadership & Engagement Best Practices
Our Network's Take – 7 Key Areas

Considering the many changes to work and productivity taking place in 2020, we asked our network to chime in with their thoughts. What have the best practices been on keeping employees happy and engaged despite the times? From our responses, it became clear we could break things down into seven major buckets:

Access to Leadership

Staying Focused

Emphasis on Mental Health

Engagement & Communication

Team-Building

Burnout Avoidance

New Ways of Working

Access to Leadership

Employees want direct interaction from the top, rather than the usual layers of management abstraction. Our leaders chimed in on how they are trying to get there.

- **[#1 Most Mentioned] Transparent Communication** – Transparent communication is critical when it comes to how organizations will continue to handle the COVID crisis, layoffs, and any future plans for the office. Without emphatic clarity, employees will become cynical, worried, and ultimately, disengaged.

- **Honesty** – If employees are told one thing, it's very important that they are not later told another. Setting clear goals and motivating everyone to keep pushing forward is heavily influenced by trust.

- **Direct Outreach** – Direct outreach from leadership to employees 1-2 levels down in the organization can make a big difference in terms of employees feeling comfortable and recognized.

- **Higher Communication Frequency/Less Formal Communication** – Keeping frequent channels of communication open is important – but it doesn't always have to be formal. Sharing personal struggles, thoughts on the overall uncertainty, or just keeping things more casual leaves employees feeling like leadership is more human.

- **Virtual Office Hours/Drop-Ins** – Many offices are doing virtual drop-ins for employees to stop by and ask executives questions or get direct feedback on their concerns.

- **A Positive Angle** – Positive communication is more important now than ever – focusing on rewards/recognition and celebrating large accomplishments should be the order of the day.

Staying Focused

It's more important than ever before to maintain a focus on the company mission and purpose. With constant background distraction, reiterating what everyone should be focused on is critical.

- **[#1 Most Mentioned] Paring Things Back** – Quite a few of our respondents report actively paring back unnecessary processes, projects, and duties to help free up time for work that matters.

- **Management by Objectives** – Most companies have transitioned to a management by objectives model (vs. managing against time). This help give employees flexibility in terms of when and how they'd like to work. Compassion tempered by measured containment.

- **Clearly Prioritized Goals and Deadlines** – Clear objectives help employees drive their work when they are not in proximity to one another, and all teams should be working on and focused on the highest priorities. Weekly, monthly, and/or quarterly check-ups help keep the focus on whether or not key goals are being met.

- **Encourage Questions Around Strategic Objectives** – Allowing employees to be even a small part of the strategic process helps provide them with agency during a time when that may be running low.

- **Limiting Distractions** – It's tempting to hold lots of internal meetings when teams are not onsite, but limiting the number of these calls and meetings can help reduce Zoom burnout, and keep people focused on-task.

- **Work with Known Partners** – This helps reduce chaos and other issues during a period that already has enough uncertainty.

- **Re-Thinking Performance Measurement?** – This seems to be a mixed bag. Many respondents said they were suspending some performance expectations considering issues around COVID (kids at home, etc.), while others said they were not planning on it.

Emphasis on Mental Health

For most of 2020 there has been a huge trend on emphasizing the importance of mental health and having empathy for the struggles (or joys) of each team member. Mental health awareness has been showcased like never before.

- **[#1 Most Mentioned] Increased Flexibility** – Most orgs are offering employees increased flexibility in many different areas: working hours, time off, where they work, how they work, etc. (as long as employees continue to meet objectives).

- **Humanity in the Work Environment** – Most of our respondents also mentioned that they create time for employees to share ups and downs with one another, and make sure that they can also discuss "non-work" things. In that same vein, more respondents reported broaching personal topics in 1:1 meetings to make sure that everyone is mentally okay.

- **Patience & Acknowledgement** – Staying patient with employees whose lives have been impacted by the pandemic and acknowledgement of the imbalance this impact has on different workloads is important. People want to feel understood and there should be an emphasis on helping each other out.

- **Verbal Appreciation** – Verbal appreciation towards employees should be emphasized. This could be positive encouragement, acknowledgement of a job well done, finding new ways to celebrate success, or just kind feedback.

- **Humor as a Tool** – This can help reduce anxiety and keep the mood lighter for internal meetings.

- **Encouraging PTO** – Many employees feel stressed or unable to take PTO right now (job worries, unable to travel, etc.) so encouraging them to take time off or recognize when they are under stress, and take appropriate mitigations, is crucial.

Emphasis on Mental Health – Part 2

- **Mental Health Days** – Many respondents reported having company-wide mental health days during stressful announcements, or letting employees take a collective Friday off every quarter in order to minimize disruptions due to meetings and email.

- **Invest in Yourself Days** – A few respondents reported implementing "invest in yourself" days once a month or once a quarter where employees take time to focus on learning a new skill related to their role (or a role they are interested in).

- **Summer Hours** – Some companies have shifted their hours to give people more free time during daylight or have allowed people to work flexible hours when it suits them. Others have done things like implement long lunch breaks to get things done, or given parents they ability to work with their children on homeschooling or child-related tasks during the day.

- **Mental Health Surveys** – This was another big one mentioned again and again during the survey. Many companies are implementing mental health surveys for their employees (or combined engagement/mental health surveys) to make sure that people are staying sane at work, and that negativity and frustration are not creeping into the workforce.

- **Small Rewards** – Small rewards such as gift cards for team members who "go the extra mile" during this difficult time have an outsized impact on employee happiness.

Engagement & Communication

Now that teams can't see each other at the office, employee engagement and communication is extremely relevant, and it's not just a matter of what is communicated, but how.

- **[#1 Most Mentioned] Small is the New Big** – The consensus seems to be that large group meetings are out, and that 1:1 or smaller-scale engagements are in. This also extends to corporate events and likely to continue through most of 2021 and beyond

- **Frequent, but Shorter Updates** – Most respondents have at least weekly staff updates, but they should be kept short and to-the-point

- **Virtual Engagement Should be Intentional** – Most people agreed that keeping meetings to a minimum and focused on what's important is the way to go. Respondents recommended pre-reads, and designated quiet time to give people a break.

- **Omnichannel Communication** – Omnichannel communication is a must – this way people don't feel as glued to every communication channel, just the ones they like to use the most.

- **Employee Feedback** – Most places are getting direct feedback from employees on how they want to work moving forward.

- **Some Things Are Still a Mixed Bag – We're All Still Learning** – Participants seemed to disagree on the usefulness of daily standups, with some finding them helpful, and others feeling they waste time and aren't informative enough. They also seem to disagree on the usefulness of video calls – with some feeling they are mandatory for collaboration, and others feeling like they are becoming tedious and leading to burnout (33% useful – 66% tedious). What keeps teams happy, engaged, and productive is changing all the time. The key is trying out different tools and strategies and not being afraid to make a change if employees become unhappy with current solutions

Team-Building
Fun-Factor Matters

Now that everyone is remote, it's harder to keep a culture strong with lack of face-to-face interaction. Here's how our network is tackling it.

- **[#1 Most Mentioned] Virtual Get-Togethers** – As expected, these are still full-steam ahead. A few respondents did cut back some on account of burnout, but mostly people have continued to do meetups with varying degrees of frequency – including ideas ranging from live music, to Diwali gift exchanges, virtual global hackathons, happy hours, bring your pet to Zoom days, etc. A new twist on this has been teams or outside speakers presenting on specific educational topics e.g.,"Tech Tuesdays" or other kinds of lunch and learns.

- **Keep Things Optional** – Optional activities reduce the likelihood of burnout and make it possible to gauge how interesting different types of get-togethers are to the team at large (smaller vs. larger, educational vs. fun, structured vs. unstructured, etc.).

- **Themed Swag** – A lot of places are sending themed swag home for people to use either for work or pleasure. Several respondents reported focusing on activities you could do during COVID (e.g., hiking backpacks).

- **Lunch Delivery** – Some respondents are doing lunch delivery 1-2 days a week so that employees can "meet" virtually and have lunch together on a limited basis.

- **Unstructured Video Chats** – Rather than doing organized events, some respondents have been experimenting with unstructured video chats (either 1:1s or smaller groups) to allow people to catch up and talk about things other than work.

Burnout Avoidance

Burnout is the dreaded word on everyone's mind. No one wants to lose high-performers on account of stress at home, or otherwise. So, mitigating burnout has become a top priority.

- **[#1 Most Mentioned] Fewer Meetings** – This was echoed again and again amongst our respondents. While mostly aimed at internal meetings, most are even taking into consideration external meetings and truly trying to prioritize. Zoom fatigue seems real, and individual contributors need time to just focus on doing their work.

- **Trust in your Employees** – There is always going to be the sense that if you can't see a team working, they may not be, but this impulse needs to be counteracted. Constantly checking in with everyone outside of a regular cadence is only going to increase stress and pressure on teams that could have otherwise been working well against objectives.

- **Clearer Email Communication** – Not everything has to be verbal communication: Pre-reads, next-steps, outlines, and even group projects can be largely managed over email if people communicate clearly and concisely.

- **Focus on Decision-Making** – When getting together internally, it should be around making decisions – not public readings of decks, or information transfer. Anything that doesn't require hands-on collaboration can be done separately.

- **The "Video" Controversy** – We got very mixed opinions on the impact of video calls. About a third of respondents said they were clearly needed for optimal collaboration, while the remainder was against them. A few respondents had gone as far as banning them internally to give people time to take a break. Time will provide more insight here.

- **Scheduled Free Time** – Give people blocks to stay productive.

New Ways of Working

A big component of whether any given org will remain successful and productive comes down to their ability to adopt new methods and tools when it comes to remote work. Our network chimed in on what they have been up to.

- **[#1 Most Mentioned] Don't Skimp on Productivity Tools** – Employees that are working at home for long periods of time have mostly received hardware budgets in order to best equip their living area for work from home. Many employees lacked things like multiple monitors, a desk, lamps, or wireless routers. By stepping in to help people get up to speed, it increases productivity and employee satisfaction. This also applies to software, and other WFH solutions.

- **Virtual Selling** – There has been a huge spike in the use of collaboration tools for selling and customer support like Outreach, Miro, and Skilljar as well as instant feedback and interactive commenting on Zoom.

- **Larger Emphasis on Learning and Development** – Many budgets have made room for employees to learn a new skill that they wouldn't otherwise have had a chance to learn if it weren't for the pandemic, or they have implemented robust training programs ranging from hard-core tech to softer business topics. This also ties in a bit with team-building, with some orgs having teams share best practices with one another.

Bonus Insights
Performance During a Crisis

Even if an organization has implemented many of the best practices uncovered in our survey, they still need to keep in mind goals and performance. Just because times are uncertain, doesn't mean that performance can be allowed to plummet. But what are the best ways to keep discussions sensitive, but firm, rather than out of touch or ineffective?

- **Continuous Conversation** – Organic feedback and moments for coaching are hard to come by online, so it's important to keep that stream of encouragement going. In Gallup's survey on performance management back in 2019, they mentioned that the process was already starting to fail - "Goals are irrelevant if you're not continuously coaching towards goal progress. Weekly discussions of work priorities and how they connect to performance goals has been an effective focal point for many organizations overhauling performance management."[6]

- **Flexible and Adaptive Goal-Setting** – Were annual goals helpful for 2020? As everyone rapidly discovered in March, that didn't seem to be the case. Goal setting fails drastically if teams are not continuously adapting goals according to work and business needs. Gartner found that employees that have goals with high strategic alignment perform 22% better than those who don't.[6]

- **Formalize Team Conversations** – Performance doesn't just mean evaluating individual employees, it can also gauge how well a team is working together towards organizational metrics. In order to help keep team cohesion high, it's crucial that check-ins don't turn into blame games. Establish streamlined, egalitarian, anonymous processes keeping these facts in mind. Additionally, having team bonuses can force employees to work together more closely in order to meet company, and not just individual goals.

Today's Macro Trends
And How They Are Changing

The Macro-Trends

Aside from how we should be working, it's important to consider what we will be working on. COVID has accelerated tech trends like never seen before and staying at the forefront of their industry is top of mind right now for executives everywhere. We took the liberty of compiling a couple large-scale surveys by Bain and Gartner to see how they stack up compared to thoughts from our network.

Top 10 Tech Trends for 2021[7]

- Edge AI – Transplanting brains to factory tools and machinery
- 5G Factory – To revolutionize manufacturing
- Tailored Insurance – Smartphone data powers usage-based auto insurance
- AI for All – Automated and explainable AI for finance
- Cybersecurity – Authentication rights and network access
- Staffing Optimization – Greater agility and productivity
- Health Data – AI to improve treatment
- Next-Gen HR – Cognitive science and gamification
- Circular Economy – A shift from selling to renting
- Zero Waste – A global reduction in food waste

7 Macro Factors that Will Shape the 2020s[8]

- Societal aftereffects of the global pandemic – it's time to assess for permanent changes
- Market volatility – Companies must build in more prepared resilience
- Systemic mistrust – Brand loyalty, data breaches, and overall customer trust may need rebuilding
- Weak productivity – While some operations have had great productivity, others may not and weakness in some areas will linger
- Environmental concerns – Climate has become a more crucial topic
- Talent shortage – Transformation will impact areas already short on skills
- Technological advancement to an autonomous model

Fundamental Technology Shifts
Our Network's Top Two Macro Trends

1

Shift Towards a Remote Workforce

- Almost every industry reported significant movement towards work-from-home or at least hybrid working models

- Enablement of delocalization and access to global talent

- Even in conventionally on-site industries, customers have begun adapting to touchless environments

- Speculation that remote tradeshows and conferences may continue for the time being, or that mass gatherings may not regain popularity (some disagreed)

- Consensus that remote work makes it easier for some employees to focus (lack of interruptions, etc.)

- There are still some struggles with hardware – e.g., how should hardware be managed for contractors?

2
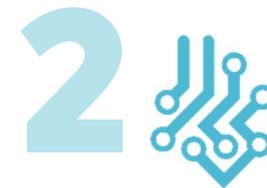
Tech Adoption Has Become a Pull, Not a Push

- Slow trials are out, business needs are too immediate (and not optional)

- Half-baked digital transformations are finally coming to fruition – delivering real results rather than just building beautiful tech edifices that don't translate to business impact

- The 5G buildout has accelerated, and the race to the cloud is practically over with some respondents questioning whether local data-center infrastructure is needed at all anymore

- There is a huge interest in automation and productivity enhancements with the goal of reducing OPEX and enhancing security protocols to mitigate work from home threats

Fundamental Technology Shifts
Our Next Six Trends

Shift Towards Servicing Healthcare

- Some industries moved towards servicing healthcare during the downturn – e.g., plastic molders switched to a medical focus in order to remain essential; new opportunities in the 3PL space to expedite the shipping of PPE/related medical supplies, etc.

Deal–Closing is Difficult

- Tech deals are still pushing into future quarters as customers want to conserve budgets until they know how long COVID will last. This may ease up once vaccine distribution ramps up

Diversification of Global Supply Chains

- There is a need to deal with a climate of increased country-specific tariffs
- Companies have had to search for additional avenues of acquisition and delivery of goods as selected markets are challenged with COVID restrictions

Less Economic Damage Than Expected

- Most industries underwent less economic damage than expected, and some even came out ahead

Management Practices Are Changing

- Real-time management is becoming a huge priority – keeping a pulse on the team without physical interaction

Board Says Technology Now

- Real executive interest in tech, cloud, and collaboration tools has finally arrived
- Less clamor for travel – virtual exec meetings with customers are happening instead

Updates to Retail
Brands, CPG, eCommerce

- **COVID has accelerated existing trends in retail,** bifurcating eCommerce/omni-channel and traditional retailers. Smaller scale and specialized retailers are disintermediating larger, omnichannel sellers.

- **Optional payment models are critical** – Flexibility and installments are crucial

- **Everybody must be omnichannel**, excellence at both online and offline is required. You cannot survive without a tier 1 ecommerce experience – and that may never return to pre-COVID. Stores have been de-emphasized, but they are not going away.

- **People are more willing to complete transactions online than expected**, even customers that are new to a specific product type (including previously excluded demographics such as the elderly).

- **A focus on customer experience & D2C** has been critical right now - touchless service, on-line service, more drop/ship etc.

- **eCommerce has stayed strong** - eCommerce growth has not been a surprise, but seeing eCommerce stay incredibly strong as physical retail starts to come back has been surprising.

- **Consumer electronics has stayed resilient**. People are buying devices as they work from home and live from home – the core market is growing.

- **Transparency re: Personal Data Usage** – Emphasis on new analytics technologies, particularly in partnership with customers

Updates to Financial Services
Banking, Capital Markets, Insurance

- **Data is finally being leveraged** to truly transform the digital banking experience. It is being ingested and accessed in brand new ways. This is the new competitive weapon for survivability.

- **Legacy banks are finally being shaken up**, executives are seeing the error of their branch-based, IVR/voice-based, paper-based, batch processes. However, process and product changes remain slow, on account of low risk-appetite.

- **Broker and underwriter productivity has remained high** in some cases, even higher than pre-COVID levels.

- **Remote advising is growing in popularity** which has helped spur a rise in digital tools.

- **Investors are becoming more hands-on** – the stay-at-home/unemployed parents are becoming DIY investors, so simple tools are needed to help these not-so-sophisticated investors.

- **There has been unexpectedly strong consumer credit performance.**

- **Crypto is exploding as the alternative to fiat**, institutional clients are investing in Bitcoin and other currencies as a percentage of their balance sheet.

- **New ways of communicating with old customers**, video tellers, online support, etc. Always-on online banking.

Updates to Healthcare
Payer, Provider, Pharma

- **Rapid adoption of telemedicine** – expected to be roughly 20% of future visits even once COVID ends (or more). This is occurring across all markets from veterinary to physical therapy to drug trials – it's not just your internist.

- **Huge increase in digital adoption**, especially unexpected among the senior population.

- **Lots of movement towards remote or hybrid workforces** in roles where that is feasible.

- **Changes to regulations and testing.**

- **Online is driving adherence and outcomes up -** surprisingly, adherence and outcomes are up due to digitization of communication and new ways of engaging with patients while they are home.

Updates to the Tech Industry
Hardware, Software, Distributors

- **An increase in cyberattacks** has made endpoint security more crucial than ever.

- **Employee turnover is down** – there was initially a slowdown, but most companies were not harmed (many were even helped), and at many places hiring has now accelerated. However, as companies begin to establish their permanent workforce plans going forward – it's likely that we will see greater churn.

- **Exodus from major cities** – many employees have left and are continuing to leave major cities such as the Bay Area, in search of more space and higher quality of life in response to COVID – this is industry and BU dependent. But it's also possible that companies will wind up competing in cities they are less proficient in as a result.

- **Skills training has been put into focus** with online education on the rise. The demand is definitely there, but the supply-side needs help – universities need to add more in-demand content types

- **Robust short–term growth has been happening for high quality computing products** due to remote work/education/entertainment

Updates to Government Offices
Federal, State & Local

- **Online, Finally** – All government services are being demanded by their constituents as online services

- **Increased demand for quality data** as state and local governments need real-time information and analytics in response to COVID.

- **Remote work is dramatically on the rise**, with much more government work able to be done remotely

- **Productivity tools and digital interactions tend to be more effective** as people have been given transparency on where a document is, or who has a lot backed up on their virtual desk. This is helping the government identify weak links and bring in help, while simultaneously working to streamline processes

- **Some employees are struggling with new technology**, so, in line with other industries, more training has been necessary to bridge the gap
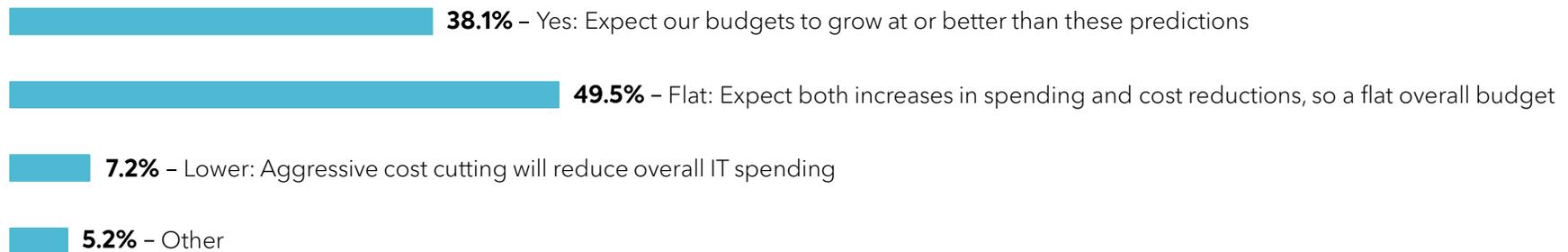
Budget and Approvals
New Speed and Agility

Let's Talk About Budget

As in prior years, we asked our participants to chip in a bit about their budget predictions for the coming fiscal year of 2021. Gartner predicted that global IT spend will total $3.9T in 2021, an increase of 4% from 2020 – and we asked our network if they agree with these bullish predictions. **The results were surprisingly optimistic – tech budgets seem to be winning the day**. Here's where we came out:

38.1% – Yes: Expect our budgets to grow at or better than these predictions

49.5% – Flat: Expect both increases in spending and cost reductions, so a flat overall budget

7.2% – Lower: Aggressive cost cutting will reduce overall IT spending

5.2% – Other

Results were mixed but bullish – with the vast majority of participants believe they won't feel the pinch, and nearly 40% expecting a solid budget increase. **Both flat and lower predictions are down by 5% from last year, with growth up 5%** - clearly CIOs are feeling bullish as to the impact of their tech spend on the business. However, finance may still be cautious with many uncertainties prevailing in the market. Some additional thoughts include:

- Some IT costs will be lumped in with other business units, especially due to changes brought on by COVID
- Budgets may shrink on average simply because many markets could net contract, with some companies experiencing bankruptcies or bad downturns
- Companies in thriving industries will almost certainly have increased budgets to improve their market share
- CIO churn may come in Q2-Q3 of 2021, but spending will be higher in companies with a trusted CIO

Budget Allocation – Legacy vs. Startups
Massive Shift Towards Next-Gen Tech

How much of our network's budget is being allocating across legacy vs. next-gen software. We ended up with dramatically different results from last year's survey, with far more of our participants leaning in on next-gen technology than in 2019. At this point about 80% of our respondents report a mix of at-minimum 50% legacy and 50% startup technology.

Out with the Old (39.1% of respondents)
60% Startup IT & 40% Legacy
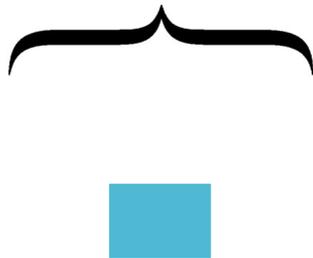
Balanced (40.1% of respondents):
50% Startup IT & 50% Legacy
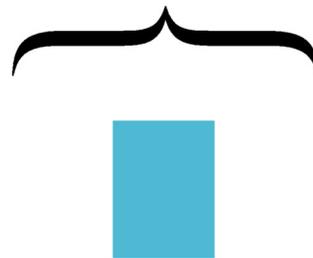
Cautious (21.8% of respondents):
20% Startup IT & 80% Legacy
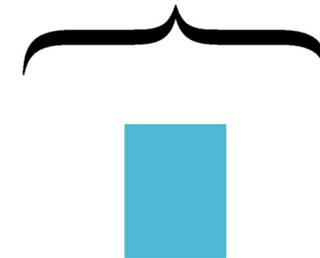
Year over year we had an increase of 200%+ in participants who have been working with at least 60% next-gen/startup technology. Those leading the day have increased from 15% to 39% of participants, and they may be leading indicators of what the future holds. **Startups really matter in this time of crisis.** Almost no one reported anything lower than 20% invested in next-gen technologies. COVID has been a massive driver of digital transformation.

Accelerated Approval

One of the trends we keep hearing again and again is that decision-making bureaucracy has been reduced to allow for shorter timelines to move projects forward. This did not play out strongly in our survey results however, with only legal approval experiencing a significant reduction. It may be that approval is easier to obtain, but that decision-makers have not relinquished their control as part of the process.

Who beyond your IT leadership team must be on-board and supportive of your innovation efforts?

2020

- **26.8%** Legal & Contracts
- **51.5%** CFO & Procurement
- **67%** CEO & BoD
- **71.1%** Business Units

2019

- **36.6%** Legal & Contracts
- **55.4%** CFO & Procurement
- **65.3%** CEO & BoD
- **75.2%** Business Units
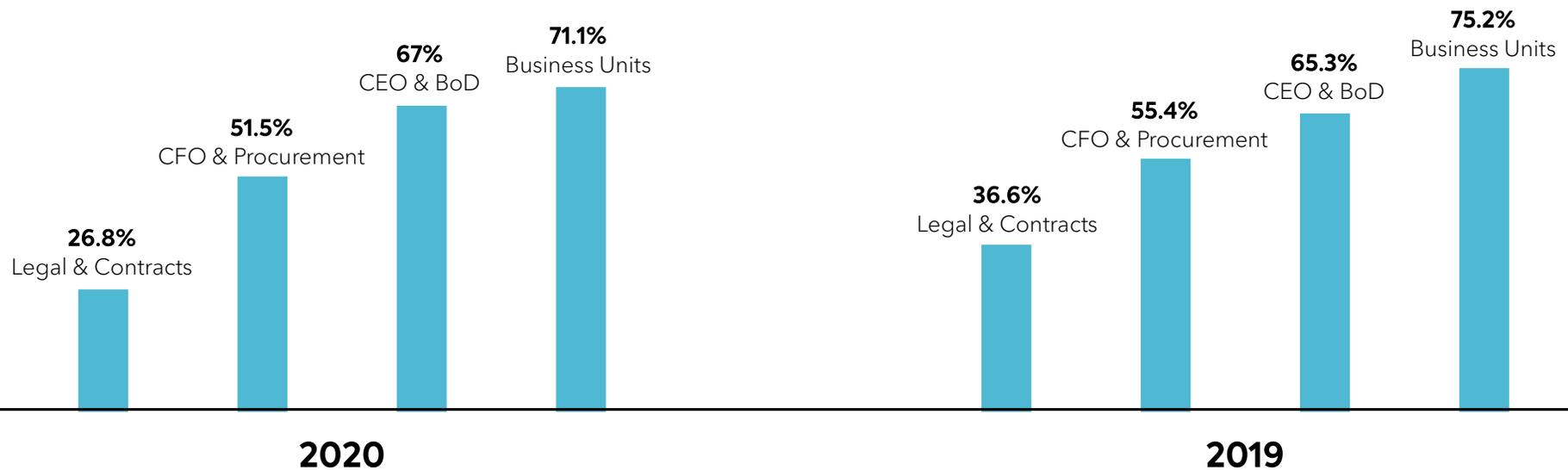
2021 Priorities & Gaps

Where are we going next?
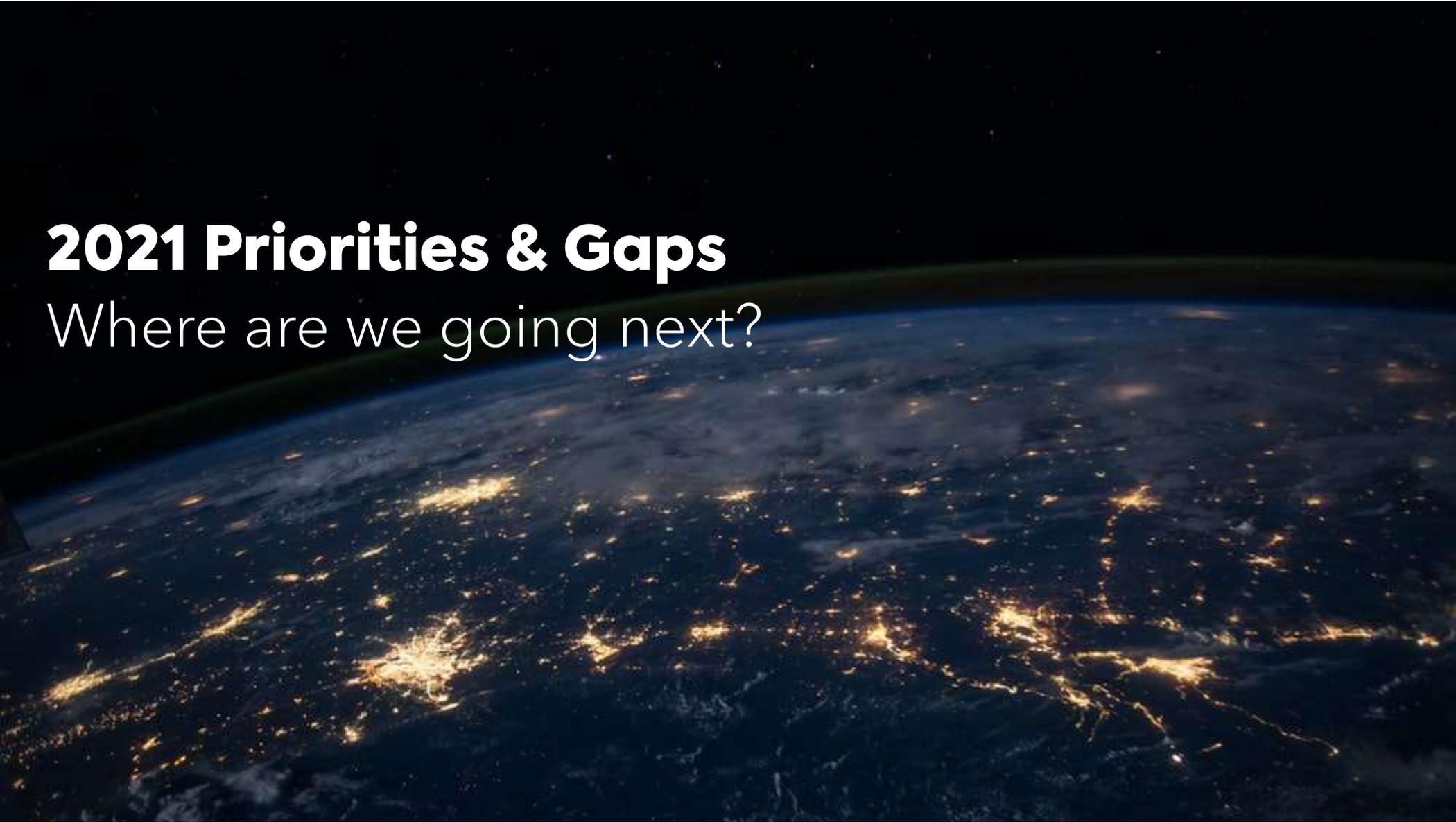
2021 Priorities
Our Network's Top 3

In line with what others have been saying , our top three priorities for 2021 were still reported as cloud, cyber, and automation. Cyber and cloud have been long-standing but now **automation has moved to the top tier as a game-changer in productivity spend**. However, with changes over the past year, these are increasingly being perceived as table stakes with lots of support behind more ambitious goals for 2021.

1

Cloud Transformation
70% of respondents believe this to be a key area for 2021 spending
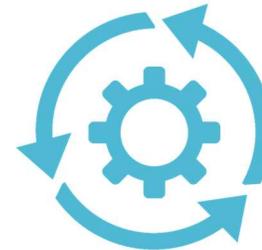
2

Cyber
70% of respondents believe this to be a key area for 2021 spending

3

Automation
35% of respondents believe this to be a key area for 2021 spending

2021 Priorities: The Next 7

4 Data & Analytics
- Piloting ➲ operationalizing AI
- Stories, not dashboards
- Data fabric and metadata
- Practical blockchain

5 AI & ML
- Enhanced computer vision
- Automated data labeling
- Building trust and transparency in models

6 Enabling the Digital Workplace
- Exclusively cloud-based software
- Smart workplace
- Virtual collaboration
- Desktop as a service

7 Modernizing Applications
- Microservices
- Containers
- Event stream processing
- Function as a service

8 Migration to 5G
- Consumers drive adoption
- Automation at the network and process levels
- Mobile edge computing

9 Customer Experience/Engagement
- Omnichannel communication
- Renewed focus on data security
- Hyper-personalization via customer participation

10 Edge Computing
- The rise of Kubernetes
- Will replace cloud as the new driver of transformation
- Emergence of 5G will accelerate growth

2021 Priorities: A Broader Scope

New entrants since our 2020 survey: Low-Code/No-Code, Direct to Consumer, Software Development Productivity, Zero-trust, Paperless, compliance, and inventory management

Supply Chain & Logistics	Low-code/No-code	Direct to Consumer	Software Development Productivity	Zero-trust	Blockchain	Paperless
Compliance	IoT/Connected Devices	Interoperability of Apps	WAN Solutions	Quantum Computing	Real-Time Fraud Detection	Usability
Global Certification Preparation	External Collaboration	Inventory Management	Advanced Visualization	Data Privacy/ Data Management		

Where Does Technology Still Fall Short?

We asked our CIO network to identify their top gaps going into 2021. Where are we still lacking? And where will the next big startups come from? Where is there room for innovation in the eyes of the CIO. Unsurprisingly, there was a lot of overlap from our 2021 priorities question – as these are clearly the top-of-mind issues.

1
AI, ML, and Predictive Analytics
Particularly AI & data that can be leveraged by non-scientists

2
Automation Technologies
Is there an RPA 2.0? Needs spanning across many industries

3
5G
Not just in urban areas

4
Cybersecurity
In particular: handling large amounts of data & zero-trust

5
Next-Gen Collaboration
WFH accelerates need for higher productivity

6
Data Management
Needs more business-focused, enterprise tools

7
Smart Manufacturing
+ digital supply chain and industry 4.0

8
Edge Computing
New infrastructure and management are still needed

9
Talent Management
Real-time data is needed as the race goes remote

10
Faster Infra Deployment
Infrastructure deployed at software speed

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About Mayfield

Mayfield is a global venture capital firm with a people-first philosophy and over $2.5B under management. Mayfield invests primarily in early-stage enterprise, consumer, and health IT companies. Since its founding in 1969, the firm has invested in more than 500 companies, resulting in 118 IPOs and more than 200 mergers or acquisitions. Some notable investments include Grove, HashiCorp, Lyft, Marketo, Moat, Outreach, Poshmark, and ServiceMax.

2020 Survey: Mayfield CXO Innovation & Priorities Report
2020 Survey: Post-COVID-19 Impacts to IT

How to Engage

Gamiel Gran & Shelby Golan run the business development team at Mayfield. You can reach out to them at ggran@mayfield.com & sgolan@mayfield.com

- **Quarterly CIO Insight Calls** – Themed webinars on pressing topics of the day. Topics have included the CIO of the Future, Best Practices on Innovation, The Journey to Cloud Native, An Interview with the Kubernetes Founder, and most recently, CCPA and Privacy Ops

- **Emerging Market Trends Briefings** – 1:1 reviews with you and your team members on key areas of focus, with the goal of sharing possible new ideas Mayfield has seen that align to your specific use cases

- **Regional CIO Roundtables** – Regional roundtables with CIOs and other IT executives that are repeated on a semi-annual basis