

EXCLUSIVE RESEARCH FROM



EXECUTIVE SUMMARY

2017

Computerworld Forecast Study

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Computerworld 2017 Forecast Study

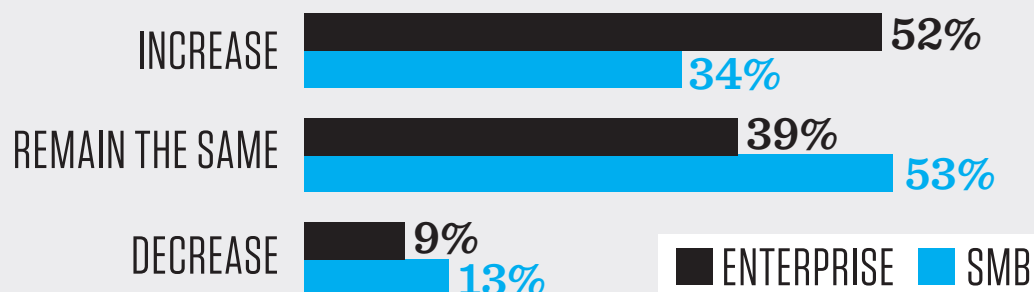
IT ORGANIZATIONS ARE SEEKING STABILITY even as they increasingly adopt new technologies, according to the 2017 Computerworld Forecast Study, conducted annually to determine IT priorities in areas such as spending, staffing and technology.

Budgetary Balance

Overall, respondents project that IT budgets will go up 5.1% in the next year. Although slightly more respondents expect their IT budgets to remain the same over the next 12 months (48%) than to increase (41%), this expectation diverges sharply based on company size. Among enterprise companies, more than half (52%) expect their IT budget to grow. By comparison, one-third of smaller companies say the same (chart 1).

Among companies that expect a budget increase, the average size of the increase, regardless of company size, is 19%. That's a slight jump over last year,

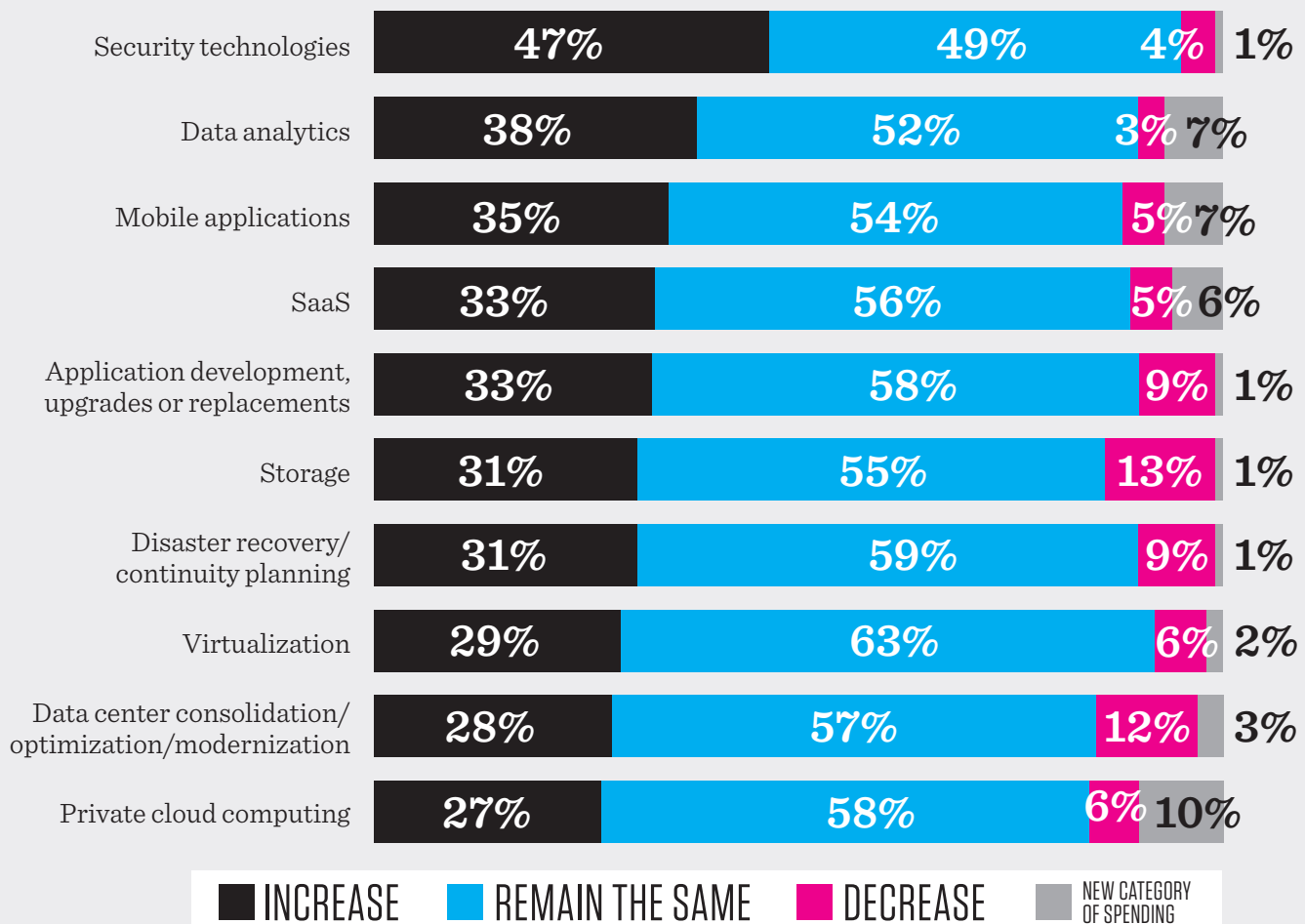
1. BUDGET CHANGES IN THE NEXT YEAR



when respondents who expected an increase reported an average increase of 15%. In another sign of fiscal stability, only 14% of respondents expect their single biggest leadership challenge in the next 12 months will be budget constraints and economic pressures, a drop of nearly half from last year's 27%.

Yet while respondents expecting IT budget increases are looking forward to a small windfall, those expecting the opposite are waiting for a big axe to fall. Although only 11% of respondents expect their IT budget to drop, they predict an average reduction of 23% — a cut 5% deeper than they expected last year.

2. UPCOMING TECH SPENDING PLANS



Where the Money Goes

Regardless of the specific technology, at least half of respondents say they expect their spending on that technology to remain the same. However, in every tech category, those who are changing their spending are far more likely to be planning to spend more than to spend less (chart 2).

A small but significant percentage of SMBs are planning to invest for the first time in several areas that are new to them, but familiar to enterprises, including data analytics, data management, and IoT/M2M/telematics. However, given their proportionally larger budgets, it's no surprise that enterprises are significantly more likely than SMBs to plan to boost their spending in almost every category of technology, from mobile applications to unified communications.

Enterprises plan to cut spending on on-premise software and, correspondingly, to increase spending on SaaS, Infrastructure as a Service, Platform as a Service, private cloud, and public cloud. In keeping with this, enterprises are also more likely to anticipate needing to add network bandwidth, presumably to support their cloud deployments.

Floating in the Cloud

Nonetheless, the continuing move to the cloud isn't limited to any particular company size. The majority (62%) of respondents have an active strategy for cloud migration. More than a quarter (26%) have already moved some enterprise applications to the cloud, with more to come; 13% are moving email, calendar, documents, and storage to the cloud; 12% are moving some or all of their data center and/or networking infrastructure; and 11% are moving mission-critical enterprise applications. An additional 18% have gone as far into the cloud as they intend to go: 13% have moved some enterprise applications to the cloud but have no plans to migrate anything else, while 5% have always been cloud-based. These numbers are substantially similar to last year's.

New this year, the 2017 survey asked respondents to assign a letter grade to their cloud efforts in terms of returning business value. Among the respondents who are already moving to the cloud, are planning to do so, or have always been in the cloud, 89% give themselves either an A for excellence (15%),

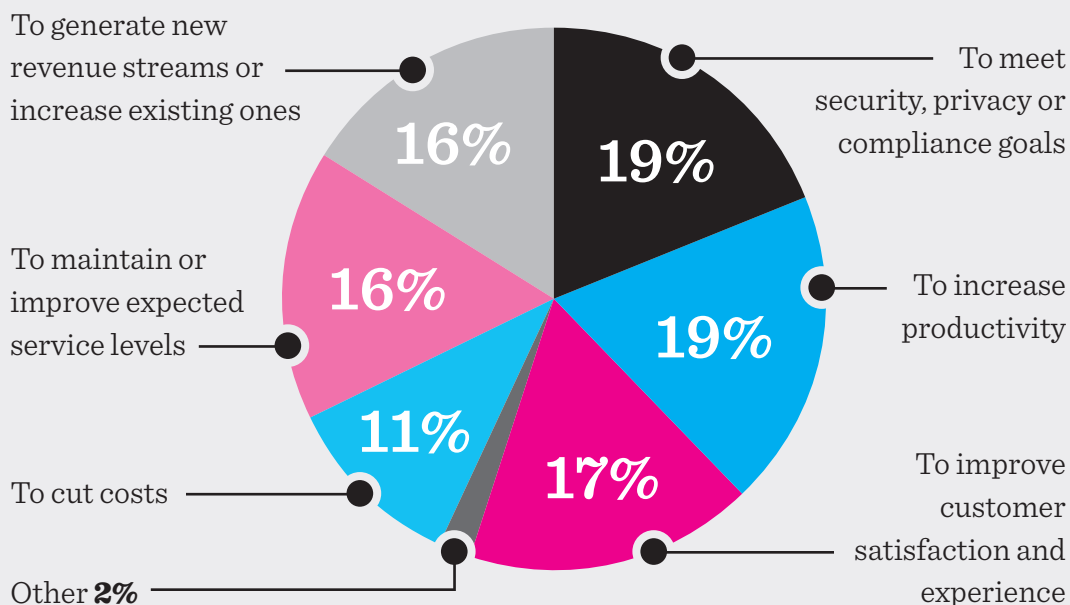
a B for good value (43%), or a C for some business value despite roadblocks (31%). Only 11% of this group said their cloud efforts deliver little (6%) or no (5%) business value.

Projects and Priorities

Respondents indicated that security is the focus of their single most important current technology project, followed by legacy systems modernization/replacement and on-premise software. Meeting security, privacy, or compliance goals was also their top goal for that single most important project, tied with increasing productivity and slightly ahead of improving customer satisfaction/experience (chart 3). Improving employee productivity/efficiency is also IT's top business priority for the next 12 months, followed closely by improving customer satisfaction/experience, with containing costs and optimizing and automating business processes tied for third place (chart 4).

At first glance, it's unclear why containing costs is such a high business priority while cutting costs is the lowest-ranked goal for important technology projects. However, considered in the light of anticipated budget increases,

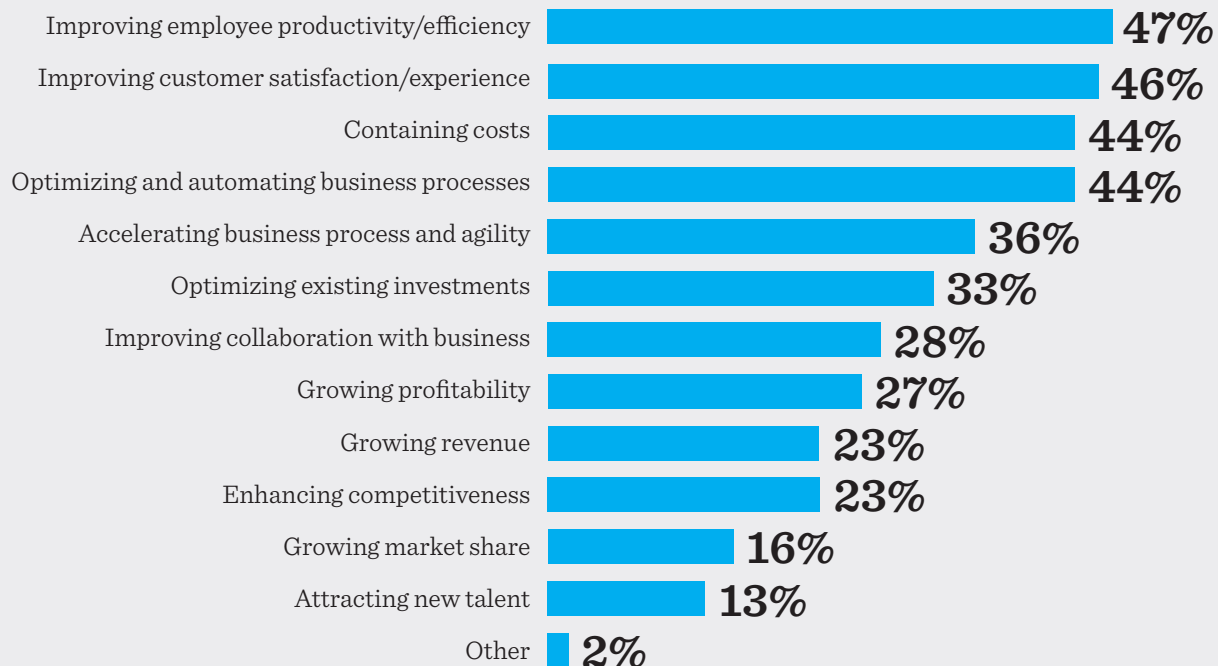
3. PRIMARY GOALS FOR IMPORTANT TECH PROJECTS



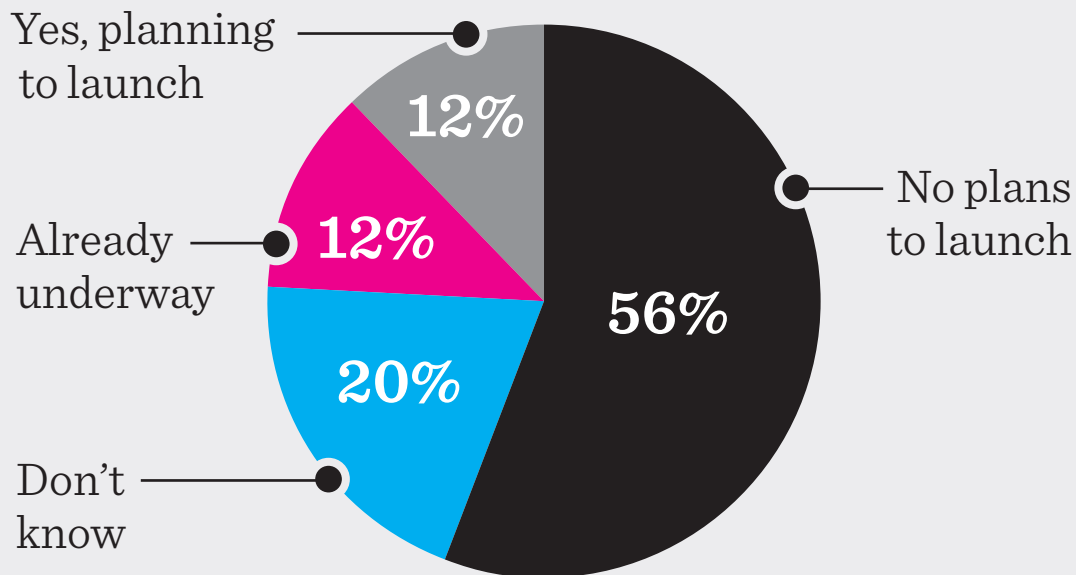
it's possible that by controlling costs elsewhere, IT is trying to free up funds for that top technology project. It's also possible that in a broader sense, IT is finally in a position after years of austerity to focus on being a business driver rather than trying to justify its existence and minimize its perceived burden on the company.

Looking farther down the road, respondents expect big data/analytics, cloud/SaaS, and self-service IT to be the disruptive technologies most likely to impact their organizations in the next three to five years. Indeed, 51% of respondents say that at least half of their organization has undergone digital transformation (defined as applying digital technologies to organizational, operational and business model innovation to create new ways of operating and growing businesses), and 11% say their organization is 100% digital. What's more, 84% say their efforts toward digital transformation are either ahead of the curve (6%), well into the process (39%), or keeping pace despite some roadblocks (39%).

4. TOP BUSINESS PRIORITIES FOR IT PROJECTS



5. UPCOMING IoT PLANS



It's possible that respondents think other disruptive technologies, such as the Internet of Things (IoT), virtual reality/augmented reality, location-based services, and speech recognition technology are still emerging and unlikely to affect them in the near future. However, the advances in all of these technologies are coming so quickly that companies may be in denial about how soon they'll have an impact. That said, 12% of respondents anticipate launching an IoT project in the next 12 months, and another 12% already have one underway (chart 5).

Staffing and Skills

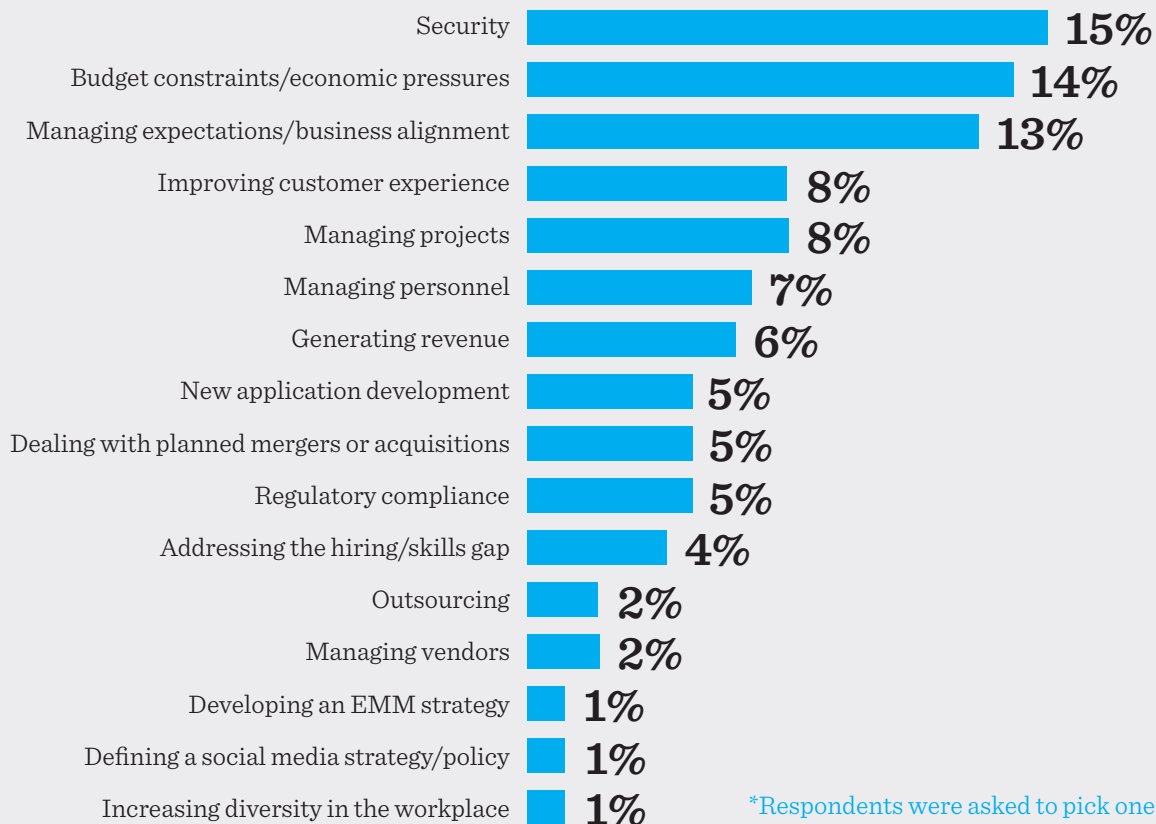
Only 4% of respondents say their biggest leadership challenge in the next year will be addressing the hiring and skills gap, but another 7% cite managing personnel and 2% mention outsourcing (chart 6). This points to companies' ongoing preoccupation with ensuring they have not just enough people, but the right people.

Most respondents expect their IT employee headcount to stay the same over

the next 12 months, but 29% expect head count to increase, while 15% anticipate a decrease. Enterprises are more likely to cut their in-house headcount, while SMBs are more likely to hold their ground.

Among organizations that expect to make IT hires in the coming year, 61% attribute that to new systems and projects and 54% to corporate growth and systems expansions. However, only 12% say they're restoring staff due to the improving economy. It's likely companies are filling entirely new positions rather than re-staffing those left empty by previous staff cuts, especially since the top skills being hired for are programming and application development, help desk and tech support, security/compliance/governance, cloud/SaaS, and BI/analytics. These are all areas where demands shift and advance quickly, even on the help desk, where employees are likely to field questions about new technologies.

6. SINGLE BIGGEST LEADERSHIP CHALLENGES*



*Respondents were asked to pick one choice only.

SMBs are more likely than enterprises to be hiring for help desk/tech support staff and networking skills. Enterprises are more likely to hire for cloud/SaaS skills, in keeping with their likelihood of spending more in those areas.

Companies expect security, programming and application development, and BI/analytics to be the hardest to hire for, so they're actively planning work-arounds : 49% plan to outsource and hire contractors. However, 55% expect the percentage of their budget allocated for contract labor to stay the same over the next 12 months. This may overlap with the 42% of respondents who are increasing employee training and the 28% re-evaluating their recruiting process, because these moves are presumably intended to create a stronger internal talent pipeline.

Among respondents expecting to cut headcount, 48% expect help desk and tech support to be reduced or eliminated, while 41% cite server administration and 38% cite the data center. It may be that organizations are hoping to rely on their cloud vendors for these needs.

The one staffing role no one is planning to cut? You guessed it: security.

METHODOLOGY

Computerworld's Forecast Survey was conducted between June 30, 2016 and September 2, 2016 with the goal of determining top IT and spending priorities for 2017. The survey was conducted online among select domestic IDG Enterprise brand (Computerworld, CSO and CIO) subscribers. Additional respondents in other lines of business were also solicited via social media, newsletters and site teasers. Respondents were incentivized to complete the survey with the opportunity to enter a drawing to win \$150 cash. Results are based on 196 completed surveys.

Respondents are employed in organizations with an average of 12,369 employees. Ninety-six percent of respondents hold IT-related titles; of those 69% hold executive IT titles, 18% hold mid-level IT titles and 9% hold IT professional titles. Approximately 2% of respondents hold business management titles.

Percentages on single-select questions may not sum to 100% due to rounding. Unless noted otherwise in the text, enterprise or large organizations are defined as organizations with 1,000 or more employees; small- to mid-sized organizations are defined as having less than 1,000 employees.