

EXCLUSIVE RESEARCH FROM



# EXECUTIVE SUMMARY

## Guide to the CIO's Tech Priorities & Spending Plans

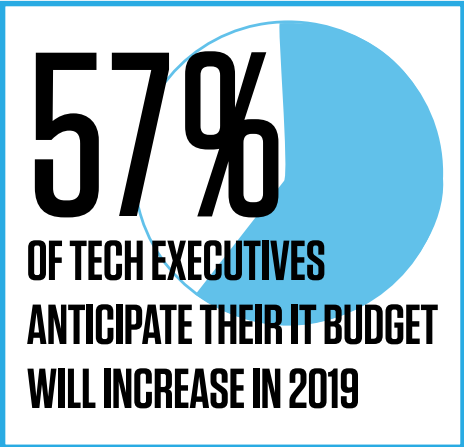


FROM IDG

## IT EXECUTIVES WILL BE PUTTING THEIR MONEY ON THESE TECHNOLOGY INVESTMENTS IN THE NEXT 12 MONTHS.

With the economy humming, unemployment at an all-time low and corporate profits rising, organizations are in the mood to spend on technology investments. Technology investments are expected to increase at more than half of organizations worldwide in the next 12 months. What will they be spending those investment dollars on? IDG surveyed 240 heads of IT organizations worldwide in the CIO Tech Poll: Economic Outlook 2018 study to learn their budget plans, and another 200 IT leaders in the CIO Tech Poll: Tech Priorities 2019 study to find out in what areas of technology they will be spending those dollars.

Not surprisingly, cybersecurity and cloud computing strategies are expected to see the largest increase in spending throughout the next year. Only 15% of tech budgets will be spent with new technology vendors, similar to last year. However, emerging technologies are on their radar, including artificial intelligence (AI), machine learning and blockchain, which a majority of IT leaders plan to adopt in the next three to five years. Read on to find out why and how tech investments are shifting, and what technologies IT leaders are spending their money on in 2019.



**57%**  
**OF TECH EXECUTIVES  
ANTICIPATE THEIR IT BUDGET  
WILL INCREASE IN 2019**

### Budgets are Increasing and Shifting

IT executives realize that if they want to continue to grow their business digitally, their IT budgets will have to increase, which is what is taking place. This year, more than half (57%) of IT executives expect their budgets to increase and 30% expect their budgets to remain the same. Just 9% expect their IT budgets to decrease. IT leaders were asked that same question in our 2018 survey, and more CIOs predicted their budgets would remain the same for that (38%).

When looking by company size, more enterprise organizations (1,000+ employees) expect an increase in their IT budget over the next 12 months SMBs (<1,000 employees) at 61% vs. 53%. Some 37% of SMBs expect their budget to remain the same, while only 30% of enterprise organizations expect no change. The overall average annual IT budget is \$121 million. For enterprises, the average rises to \$212 million and lowers to \$27 million for SMBs.

## Why the Shift in Budgets?

IT leaders say their budgets are shifting during the last budget cycle due to several factors, including IT initiatives that have started or stopped, system upgrades or maintenance, changes in the number of IT initiatives starting in a year and new mandates from executives or the board of directors. Last year, new IT initiatives took the top spot (46%) and mandates from executives tied for a close second with system upgrades among the top driving factors for reallocating IT dollars (45% each).

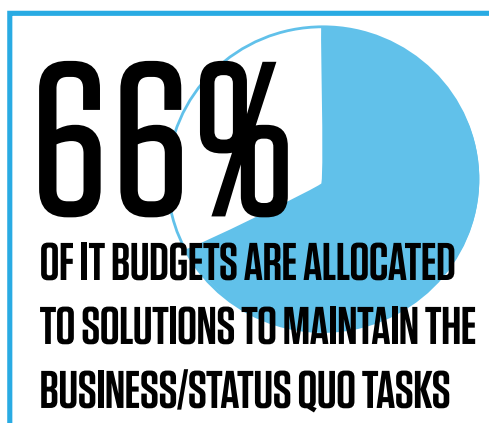
## FACTORS CAUSING IT BUDGETS TO SHIFT

IT project start and stops	47%
System upgrades/maintenance	43%
Changes in the number of IT initiatives starting in a year	40%
New mandates from executives/Board of Directors	34%

Over the next 12 months, IT leaders point to another factor that may cause budgets to shift — pressure from lines of business to make changes to IT operations or strategy — which was identified by 43% of respondents as having a potential impact on future budgets, up from 37% last year.

## Tech Priorities for 2019

How do these factors translate into budget allocation and tech priorities in 2019? On average, 66% of IT budgets are allocated to solutions that maintain the business or status quo. These include tools that keep the lights on and perform business tasks, such as administration, operations activities and inventory replacement.



IT leaders say that 15% of tech spending will go toward new technologies in 2019, which is the same amount as 2018. Looking at how IT leaders expect their spending on newer technology to change during the next year, enterprises are likely to spend more on newer technologies compared to SMBs at 51% v. 33%. Overall, the amount of organizations that expect an increase in spending on new technologies has increased from 2018 — 41% this year compared to 33% last year.

## INCREASED SPENDING EXPECTED FOR...



Cybersecurity

**72%**



Cloud computing

**67%**



Business process  
management

**63%**

CIO's Tech Priorities Report shows spending increased on both operational and innovation spending. Almost three quarters of respondents (72%) say budgets will increase for cybersecurity, followed by cloud computing (67%). Spending on business process management/workflow automation is seeing a big jump in budget priority with 63% of respondents saying they will increase budgets in this area. In last year's results, only 35% of organizations expected their spending on this platform to increase. In fact, the single most important project that 31% of respondents are working on involves business process management/workflow automation. This is especially true for smaller businesses. Some 37% of SMBs say this is their most important tech project, whereas only 23% of enterprises see it as their top priority.

When technologies have been established in an organization for a while, there's a greater chance that the budget will remain the same rather than increasing. That is likely why 57% of respondents will spend the same amount on Windows 10, and 50% will spend the same amount on social/collaboration tools as they did last year. However, spending in 2019 on technologies like DevOps and enterprise mobility management will also remain the same, according to almost half of respondents (46%).

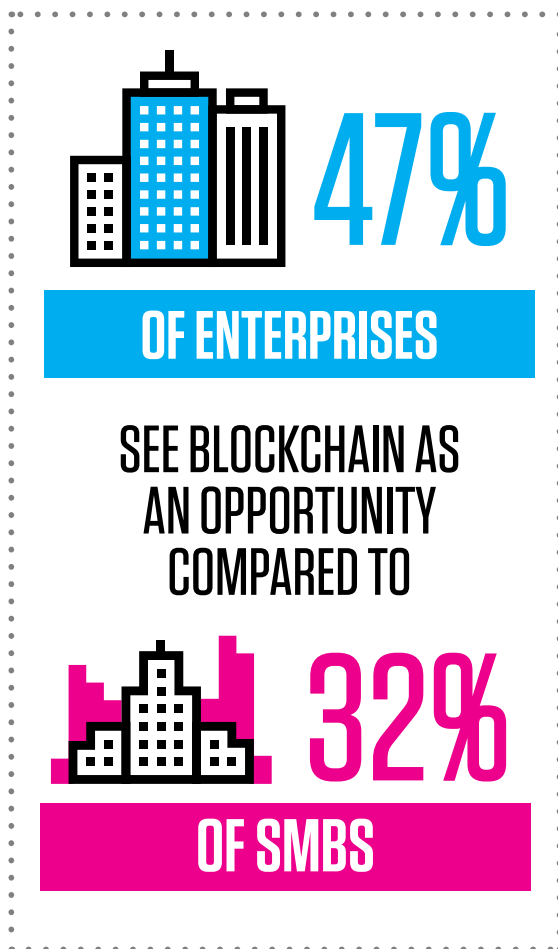
### Artificial Intelligence, Machine Learning & Other Disruptive Technologies

While SMBs are more focused on business process management projects, enterprises are more likely to view Artificial Intelligence (AI) and machine learning as top priorities (16% enterprise v. 7% SMB). More than half of IT leaders (60%) say that it is considered to be the most disruptive technology and 40% expect AI and machine learning to have a positive impact on their

**60%**

**OF IT LEADERS CONSIDER  
ARTIFICIAL INTELLIGENCE  
TO BE THE MOST DISRUPTIVE  
TECHNOLOGY FOR THEIR  
BUSINESS, FOLLOWED BY  
BIG DATA/ANALYTICS**

business in three to five years. Other top disruptive technologies include big data/analytics (40%), Internet of Things (34%) and blockchain (33%). With the exception of big data/analytics, these other disruptive technologies are technologies that are not fully implemented in a lot of businesses, which could explain the findings. SMBs and enterprises have significantly different views on the potential impact of drones, robots and cryptocurrency on their business. About a quarter of SMBs (24%) think that drones and robots are disruptive technologies compared to only 13% of enterprises. With cryptocurrency, 19% of SMBs think it will be disruptive, compared to only 5% of enterprises.



### **Blockchain Seen as a Growing Opportunity**

The hype around blockchain continues, largely due to its tracking and security potential.

Some 47% of enterprises and 32% of SMBs see blockchain as an opportunity, but another 36% of overall respondents say it's too soon to tell.

Though blockchain is still in the very early stages of use, (only 7% of IT executives report that their organizations are currently using blockchain) it will reportedly provide a true and verifiable record of each and every transaction ever made in the system, and it can only be updated by consensus between participants in the system.

When new data is entered, it can never be erased. In the next 12 months, 64% of IT executives have plans for blockchain technology. The majority are still in the researching phase (40%), followed by piloting (17%). When only enterprises are considered, that piloting number jumps to 24%.

### **IT/Lines of Business Tech Budget Collaboration Remains Consistent**

Respondents to this year's survey reported they control an average of 55% of technology spending. With a slight 1% year-over-year budget increase, IT leaders are on track to achieve their 57% desired budget share in the next three years. IT budgets within departments outside of IT will also see increases over the next 12 months. Half of respondents say that operations

will see an increase in dedicated tech budgets, along with marketing (47%). It makes sense for operations to have an increased tech-specific budget due to new tools such as the Internet of Things (IoT), machine learning and AI, which can help with a lot of the back-end tasks within operations. The operations department also has responsibility to drive data/analytics, AI, cloud and IoT investments. The increase in marketing tech budgets can be attributed to the marketing automation tools that are consistently being revamped and developed.

## FUELING INVESTMENT GROWTH

### Security Breaches and GDPR Fuel Concern

Unexpected events always threaten to throw a wrench into any tech investment plan. This year, similar to last year, some 83% of respondents say that security breaches could impact their organization's investment plans for technology products and services over the next 12 months. Only 17% of IT executives say security breaches will have no impact on their investment plans. Within cybersecurity, organizations plan to increasing the percent of the IT budget dedicated to security solutions (71%), security risk analysis (45%), and hiring new employees with security skill sets (29%).

The European Union's General Data Protection Regulation (GDPR), which went into effect in May 2018 requiring companies to protect the personal information of all EU consumers, was cited by 62% of respondents as influencing investment growth. More than a third (38%) of IT executives say that GDPR compliance/regulations will have no impact on their organization.

Mergers and acquisitions are also expected to have a positive impact on organization's tech investment plans. Some 44% of IT executives say merger and acquisition activity in their own industry will have a positive impact, and 30% say merger and acquisition activity among tech vendors will have a positive impact.

# 83%

of tech executives say that security breaches could have an impact on their organization in the next 12 months



## Summary

Technology investments are expected to increase in the next 12 months, with more than half of IT executives surveyed reporting an increase and only 9% preparing for decreased investment. The vast majority of IT executives say that security breaches will have an impact on their investment plans. GDPR is also expected to have an impact on organizations.

Spending priorities will focus on cybersecurity and cloud computing strategies, which are expected to see the largest increase in spending throughout the next year. Commitment to spending on new technology vendors will remain consistent with last year, and organizations will allocate 15% of tech budget to new tech innovation. These emerging vendors must know where their viability stands; and in order to increase viability they should provide case studies and product roadmaps.

Down the road, AI and machine learning will gain popularity. Some 60% of IT leaders say that this is considered to be the most disruptive technology and 40% expect AI/machine learning to have a positive impact on their business in three to five years. Although still in its infancy, blockchain shows opportunity for organizations and the majority have plans to adopt.

## ABOUT THE SURVEYS

This executive summary was a culmination of two CIO reports. The CIO Tech Poll: Economic Outlook 2018 report surveyed 240 heads of IT at organizations worldwide, with \$14.5 billion in average revenue and average IT budget of \$121 million annually. Companies in the survey employed an average 9,821 workers. The survey's goal was to gauge how current economic conditions are affecting IT spending plans among IT leaders.

The CIO Tech Poll: Tech Priorities for 2019 report surveyed 200 heads of IT in a variety of industries to gauge their areas of technology focus for the upcoming year and to measure the direction of spending within those categories in their organizations. Companies in the survey employed an average of 7,653 employees and had an average annual revenue of \$3.2 million.



# EXAMINING THE MARKETPLACE

We think research is invaluable in helping to connect marketers with customers and prospects. Our research portfolio explores our audiences' perspectives and challenges around specific technologies, examines the changing roles within the IT purchase process, and arms IT marketers with the information they need to identify opportunities. To review the presentation of full results from any of these studies, contact your IDG sales executive or visit [www.IDG.com/contact-us](http://www.IDG.com/contact-us).

## Buying Process

Each year we take a deep dive into the enterprise IT purchase process to learn more about who is involved and who influences decision-making, what sources purchasers rely on to keep up-to-date with technology—and throughout the purchase process—and how they feel about the vendors they're working with.

- **Role & Influence of the Technology Decision-Maker**

The annual IDG Role & Influence of the Technology Decision-Maker survey is conducted to gain insight into the evolving role and influence of IT decision-makers in today's corporations. The research examines the involvement of IT decision-makers during each stage of the IT purchase process and the primary influences and information sources they rely on throughout the purchase process.

- **Customer Engagement**

The IDG Customer Engagement survey looks at the role content consumption plays in the purchase process for major technology products and services, and provides insights to IT marketers to map their engagement touch-points to customers information needs. The survey looks at how a wide variety of content types are used throughout the individual stages of the IT purchase process and how that content is consumed, discussed and shared.

## Customer Journey Poster

Want to know which content drives IT decision-makers and fuels their engagement during the IT purchase process? IDG's Customer Journey poster serves as your content marketing guide to strategically reach your target customers. Request a copy of the poster at [www.idg.com/customerjourney](http://www.idg.com/customerjourney)

## Technology Insights

Each year we explore the technologies that are top of mind among our audiences to understand the business challenges, drivers, and adoption within the enterprise. Each research study is designed to help IT marketers understand what their customers are focused on and where the market is moving.

- **Role & Priority Studies**

CIO Tech Poll: Economic Outlook  
CIO Tech Poll: Tech Priorities  
Cyber Security Watch Survey  
Global Information Security Survey  
State of the CIO  
Architect Persona  
Developer Persona  
State of the Network

- **Technology Specific Studies:**

Big Data & Analytics: Insights into Initiatives & Cloud Computing: Key Trends and Future Effects  
Digital Business  
Unified Communications & Collaboration  
Security Priorities

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