

2019 Business IT Trends Annual Report

Skills, support and budgets
are the key to success



Contents

Introduction	3	2019 Analysis	13
Headlines	4	01 How does 2019 expenditure compare to 2018 budgets?	13
Trends	5	02 Budget – by industry and by company size	15
Big business is building	5	03 Where are IT buyers spending money?	16
SMBs are stabilizing	6	04 In which hardware categories are IT buyers investing?	18
Retrospective	7	05 In which software categories are IT buyers investing?	20
What are businesses doing with their IT?	7	06 In which cloud categories are IT buyers investing?	22
What was the biggest contributor to successful projects?	9	07 Investment category by industry	23
What was the biggest challenge faced by successful projects?	11	08 What is driving IT investment?	25
		09 Future technology	27
		About this survey	29
		References	30

Introduction

2019 Business IT Trends Annual Report

In December 2018, OneAffiniti surveyed businesses across all major industry verticals about their technology budgets and spending priorities for 2019. Their responses show they're confident, with the bulk of organizations increasing or maintaining their IT budgets.

The *2019 Business IT Trends Annual Report* is built on responses from 625 US and Canadian individuals in decision-making or decision-influencing positions. The report identifies the key trends in the data and provides commentary to place our findings in a broader industry context. It includes a new "Retrospective" section, in which we focus on questions about the respondents' previous IT projects, and the success factors and challenges they faced.

Critically, we explore the differences between successful businesses (those that met or exceeded their financial targets) and unsuccessful businesses (those that fell short).

Read further to discover how businesses are planning to allocate their IT funding by industry, investment category and more.

OneAffiniti is a platform-enabled marketing solutions company trusted by the world's top technology firms and their channel partners to provide high-quality digital marketing, innovative content and market insights.

Headlines



Successful organizations are investing in IT

IT budgets in 2019 are looking healthy compared to 2018: **83% of businesses expect IT spending to grow or remain steady in 2019**, with only 17% expecting a decrease. As in 2018, upgrade cycles are a key budget driver. Notably, successful businesses (survey respondents who said they had met or exceeded their financial goals for the year) were at least maintaining and more often increasing their IT budgets.



Finance, manufacturing and professional services lead the way

As was the case in 2018, the finance industry is looking at the biggest IT budget increases, followed by manufacturing and professional services.



Large companies are transforming their IT

Unlike last year, which saw smaller organizations (21–250 employees) lead the way in budget growth, for 2019 larger companies will dominate as their digital transformation projects continue.



Skills pay the bills

Successful organizations were able to identify the challenges facing their IT and resource accordingly. The key success factors are all skills-related: internal expertise, partner support and vendor support.

Trend: Big business is building

CIOs are focusing on completing digital transformation projects and improving operational efficiency. It's a view supported by, for example, the [Harvey Nash/KPMG CIO Survey 2018](#), which lists the top three operational priorities as:

1. Improving business processes
2. Delivering stable IT
3. Increasing operational efficiencies

And the top three priorities for “digital leaders” as:

1. Developing innovative new products
2. Delivering stable IT
3. Enhancing customer experience

In this context, IT budgets must remain (at least) stable or (ideally) increase, as evidenced in our survey by the finding that only one in six organizations (16%) plan to reduce IT spending.

Trend: SMBs are stabilizing

Looking at small and medium businesses (SMBs), we see more consolidation (a higher proportion of flat budgets and fewer increased budgets) and a slightly different set of trends being reported.

For example, SMB Group's [Top 10 SMB Technology Trends for 2019](#) include:

- The Cloud is (Still!) the Platform for SMB Digital Transformation
- Younger SMBs Use Technology to Leapfrog Older Ones
- SMB Expectations for AI, ML and NLP in Business Applications Rises
- SMBs Are Trapped Between Digital Innovation and Cyber Security Risks
- SMB Interest in IoT Grows

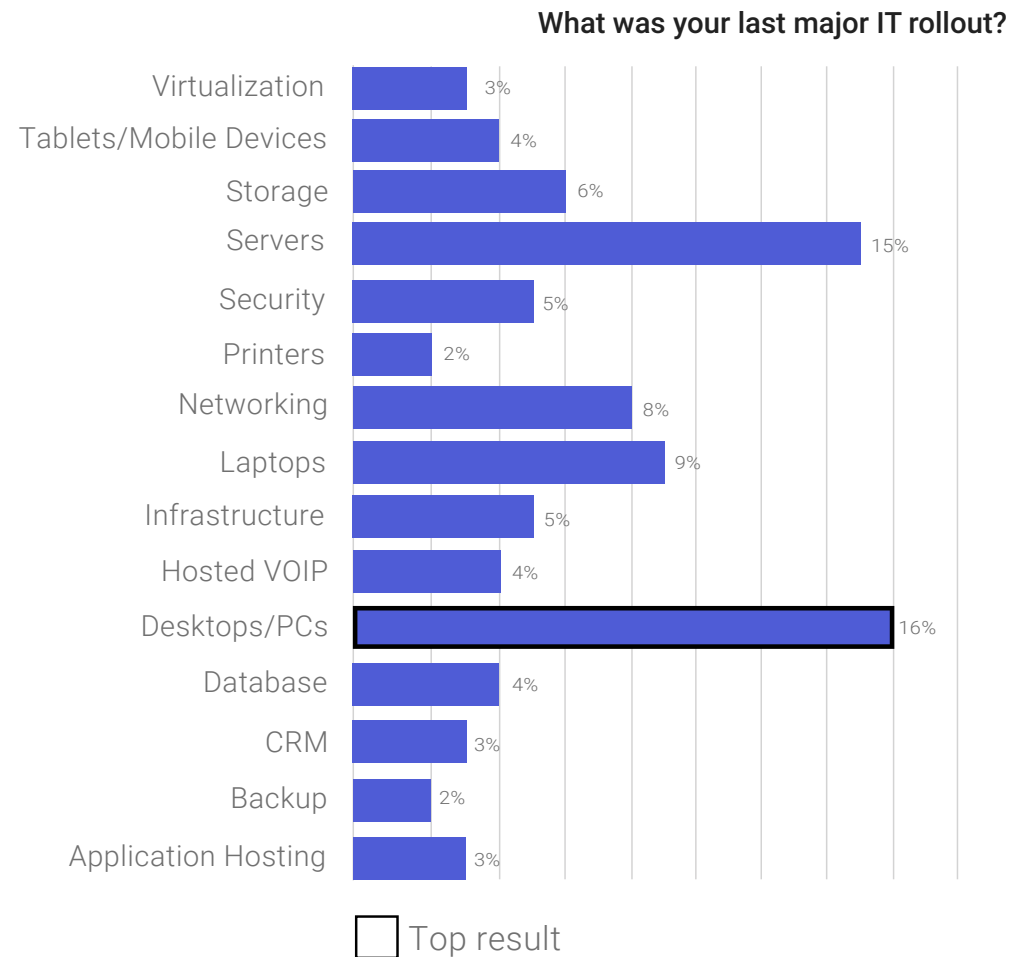
This broadly accords with our findings: cloud spending is strong, new security and mobility technologies are being investigated, and the workplace is being transformed.

Retrospective: What are businesses doing with their IT?

We asked our respondents a series of questions about their most recent major IT rollout. Here we see the most common projects were desktop PCs and servers (16% and 15%, respectively). Laptops and networking were the next two most common (9% and 8%, respectively), with printers and backup projects coming in last (all scoring 2% or less).

This tells us that personal productivity and mobility are key concerns for business. Workers need modern devices (desktops and laptops) to do their work, and they need access to data and services regardless of their location (servers and networking).

Continued ...



Retrospective: What are businesses doing with their IT?

The ranking of desktop systems ahead of laptops may initially seem counterintuitive, as in recent years we have seen a strong preference for mobile devices emerge. But the reality is somewhat more nuanced, as a study by [Stone Temple Insights](#) demonstrates: while website visits might be dominated by mobile devices (63:37 ratio), average time on site is longer for desktop, the bounce rate is lower and pages per visit is higher.

This tells us that desktops are likely being used for work and productivity purposes, while mobile device usage includes significantly more casual web browsing and page flipping. The modern workplace – with its [5G mobile technology, AI, interactive displays and collaboration tools](#) – isn't just on its way, it's already here.

In such a context, increased business spending on desktop systems makes sense, as they remain important productivity tools (with a much better price–performance ratio than their mobile cousins).

Similarly, projects around servers and networking make sense as businesses establish hybrid clouds, build out their networks to accommodate more online services and collaboration, improve security and enable more widespread use of conferencing and other IP-based communication services.

The most common rollouts are PCs, servers and laptops

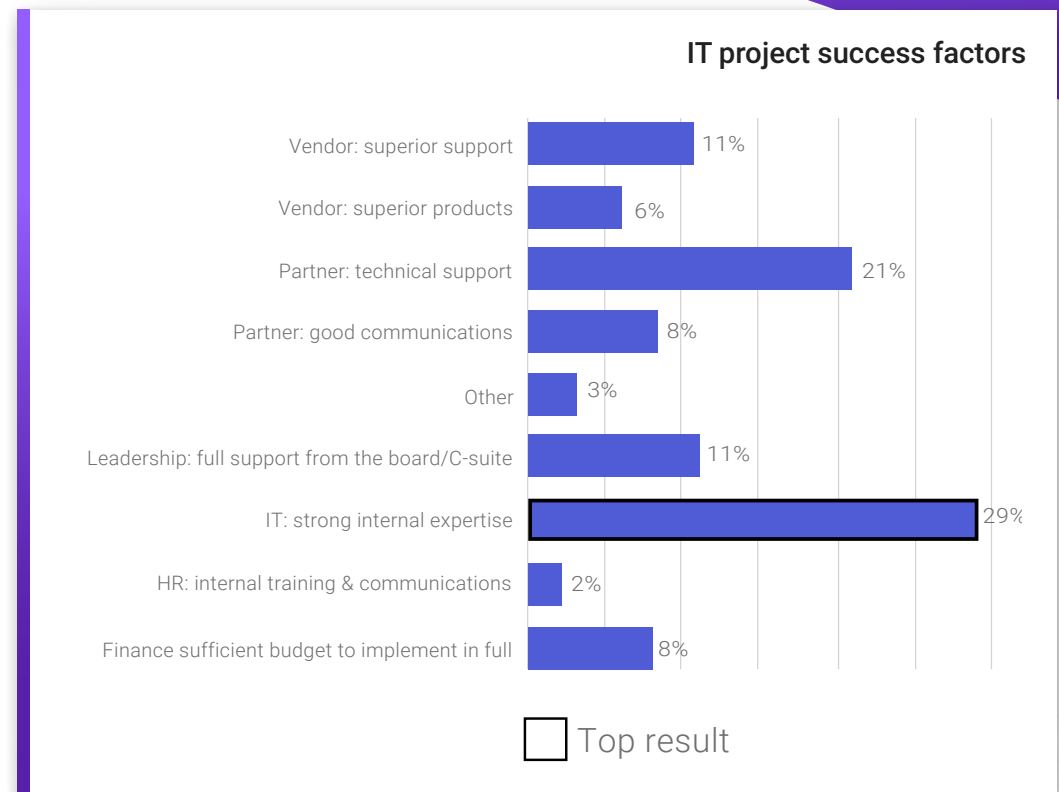
Retrospective: What was the biggest contributor to successful projects?

The message here is clear: **successful projects depend strongly on the skills of both internal (29%) and external (21%) teams.**

These two factors significantly overshadow all others, though it's worth noting that superior vendor support, and internal leadership support, are the next most significant success factors (11% each).

While these factors are in accord with those needed more broadly for project success (for example, project-management.com's [Five Factors That Lead to Successful Projects](#) kicks off with "Smart People," "Smart Planning," and "Open Communication"), the dominance of technical skills is significant, and CIOs, COOs and boards alike should take note when making hiring decisions and strategic plans for significant IT deployments.

Continued ...



Retrospective: What was the biggest contributor to successful projects?

Critically, when we split out the “successful” businesses (those that met or exceeded their financial targets) the picture becomes clearer: they’re introspective. That is, they identify what makes a project successful and ensure the deck is stacked in their favor.

More specifically, they scored higher on sufficient budget, internal expertise, partner communication, partner technical support and vendor support than unsuccessful businesses.

This suggests that **successful businesses identify their needs, allocate budget to meet them, and invest in the relationships they need to meet any challenges**. Tellingly, as [CompTIA](#) highlights, the SMBs most satisfied with their IT have close relationships with their technology partners, while larger companies are turning to their partners to help fill skills gaps.

*Partnerships
are vital to
success*

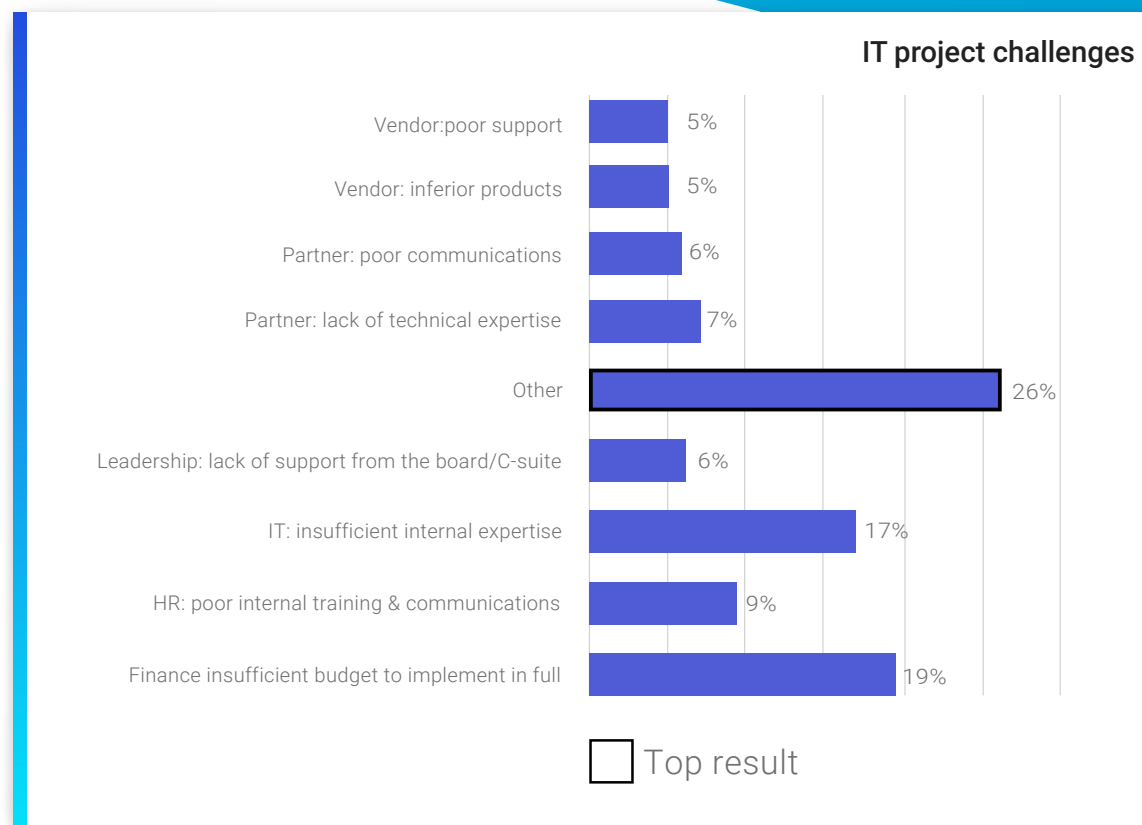
This puts our findings in context: strong internal expertise was the highest-scoring single factor, while the vendor and support-related factors together reinforce this notion that **partnerships are similarly vital to success**.

Retrospective: What was the biggest challenge faced by successful projects?

Finally, we asked respondents about their biggest challenges. Reflecting Tolstoy's dictum that "All happy families are alike; each unhappy family is unhappy in its own way," we found "Other" to be the largest category.

When respondents were more specific, however, we found that insufficient budget (19%) was closely followed by insufficient internal expertise (17%) as the leading challenge. All the other challenges nominated relate to skills, communication or both.

Continued ...



Retrospective: What was the biggest challenge faced by successful projects?

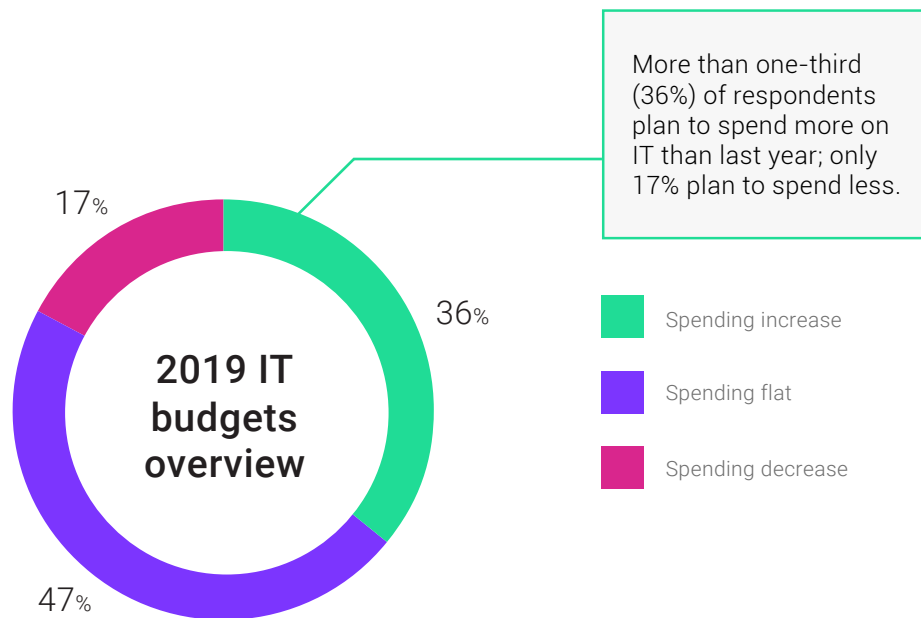
This mirrors our previous findings: skills and communication are critical for success, and their absence creates a critical challenge.

Exploring the successful/unsuccessful business split reinforces this further: **successful businesses were most often challenged by insufficient budget, insufficient internal expertise, lack of partner technical support, poor partner communications and poor vendor support.**

And, tellingly, successful businesses gave fewer “Other” responses than unsuccessful businesses, suggesting they better understood the challenges they faced.

Successful businesses understood their challenges better than unsuccessful businesses.

01 How does 2019 expenditure compare to 2018 budgets?



36%

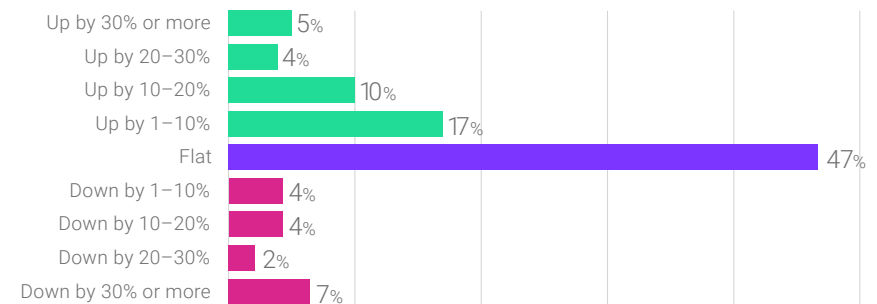
of 2019 respondents reported increased budgets, versus 37% in 2018.

47%

of 2019 respondents reported flat budgets, versus 42% in 2018.

17%

of 2019 respondents reported reduced budgets, versus 21% in 2018.



Continued ...

01 How does 2019 expenditure compare to 2018 budgets?

Budgets are stabilizing. In 2018 we saw nearly more than one-third (37%) of all organizations reporting budget growth and only one-fifth (21%) reporting decreases. This year we see a similar picture, with slightly fewer flat budgets and slightly more decreases.

This is likely a natural result of 2018's expenditures: while many companies are continuing their big investments, others are now moving to maintenance and 'normal' operations.

We also asked businesses whether they've exceeded, met or fallen short of their financial targets for the year to date. This revealed a strong correlation between IT budgets and business success: **successful companies (those meeting or exceeding their targets) were more likely to be increasing IT budgets than unsuccessful companies (those falling short of their targets).**

Such an outcome aligns well with IDC's [CIO Agenda 2018](#) (reported in last year's edition of this study) that companies were committing resources to infrastructure and application re-platforming, requiring steady spending throughout the year, tapering off in 2019 as projects are completed.

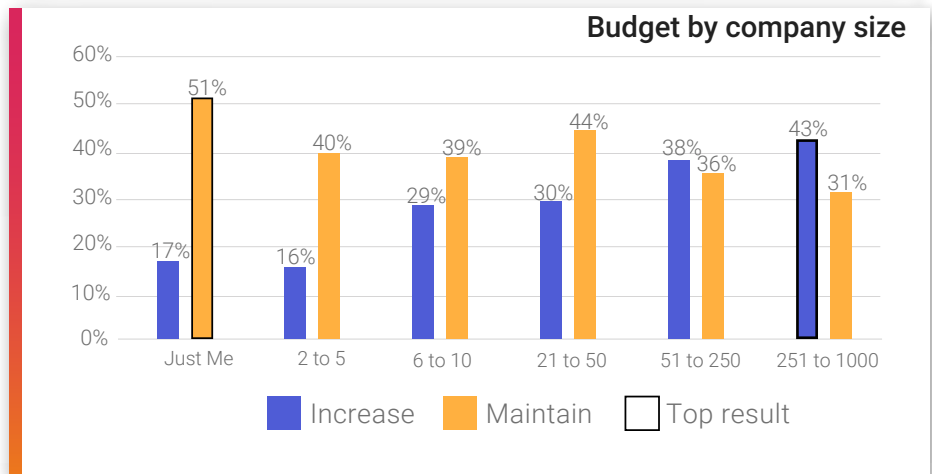
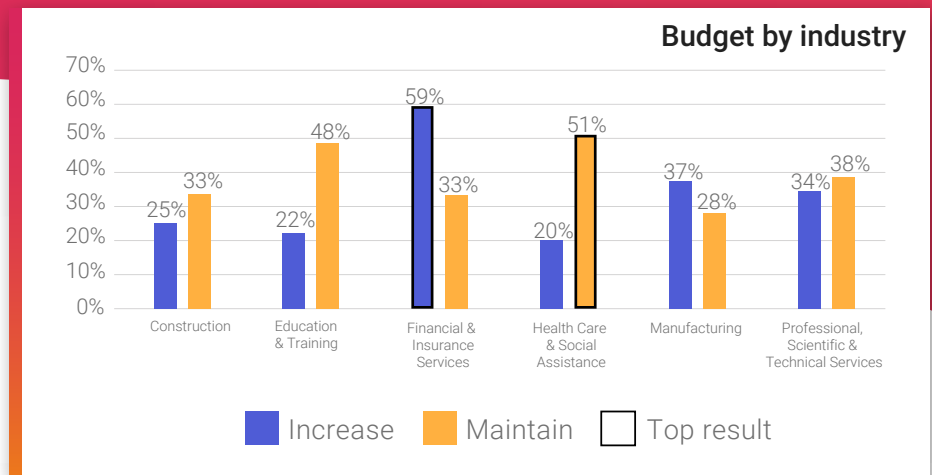
Current predictions validate these trends; Computer Economics' [IT Benchmarks study](#) predicts IT spending growth will be steady but broad in 2019 (sitting at a five-year average of 2.8%). It also reports that many CIOs are "making do" with the budgets and resources they have (with 49% saying their budgets were adequate or more than adequate), helping explain the trend towards the median of flat budgets.

02 Budget – by industry and by company size

Commitments to increase spending vary greatly from industry to industry. Financial & insurance services leads the way (59%), with health care & social assistance bringing the rear (20%).

When comparing budgets by company size, we see that only larger companies (51–250 employees and 251–1000 employees) are more likely to be increasing their budgets, while for all other company sizes flat budgets are more common.

This suggests that small and mid-sized companies have completed [2018's re-platforming projects](#), while in larger organizations these projects are still underway and requiring resources.



03 Where are IT buyers spending money?

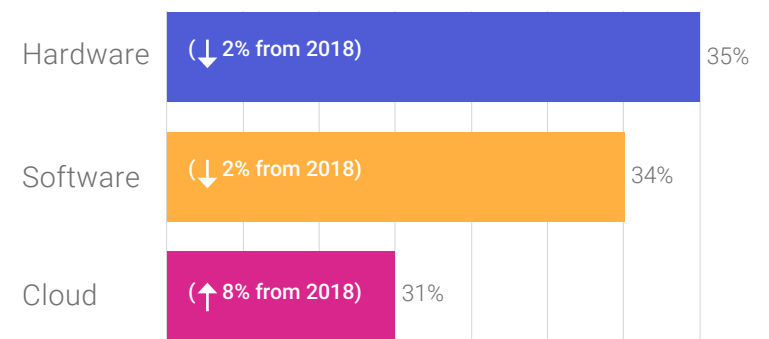
Spending priorities across the three key categories of hardware, software and cloud are remarkably even, occupying only a four-point spread. This is a change from last year's report, which saw hardware/software/cloud split 37%/33%/23% (7% didn't specify).

Thus, hardware has dropped 2%, software has increased 1% and cloud has increased 8%.

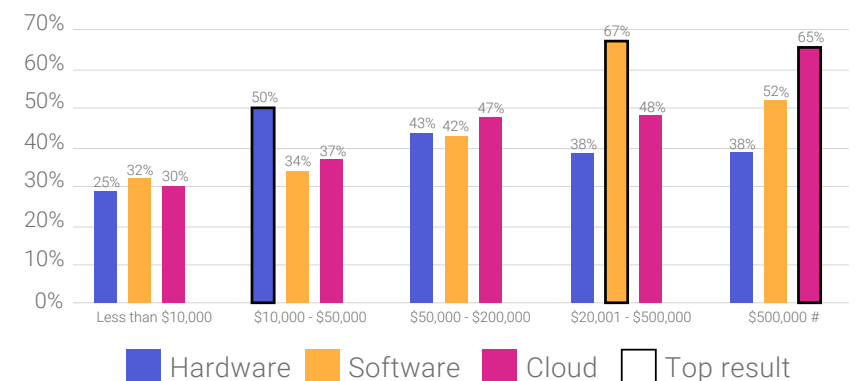
This continues last year's trend of increased cloud expenditure, as digital transformation projects commence and continue. And despite the increasing use of virtual and cloud technologies, end users still require hardware to make use of services. Furthermore, even though the specific hardware they use may be shifting from desktop workstations to various mobile devices, the fundamental requirement remains.

Continued ...

Areas in which IT budget is being spent



Spend on hardware, software and cloud (for organizations with increased budgets)



03 Where are IT buyers spending money?

Notably, in its [Worldwide IT Industry 2019 Predictions](#), IDC forecasts include an explosion in digital innovation and an “AppDev revolution,” both of which make extensive use of software and cloud resources.

Our findings bear this out: as companies move operations to the cloud, they incur ongoing costs for software and services while their hardware requirements remain undiminished, as noted above.

In a similar vein, our findings broadly concur with [Computer Economics' predictions](#) that IT capital spending growth will slow, with capital budgets staying flat as a percentage of IT spending.

*Spending
is relatively even
across hardware,
software and
cloud*

04 In which hardware categories are IT buyers investing?

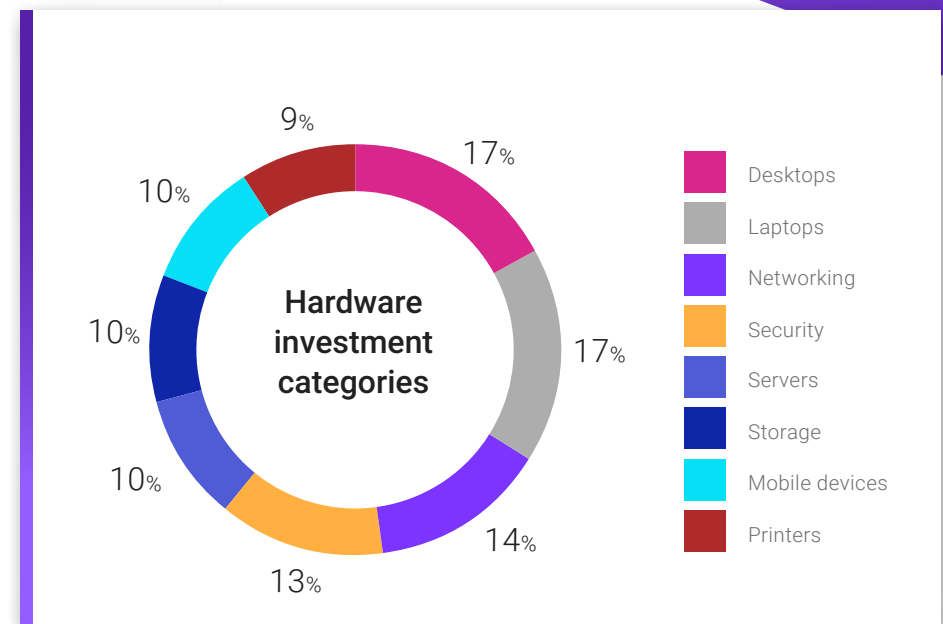
Across all companies, desktops, laptops, networking and security were the top four spending categories, with servers, storage and mobile devices tied for fifth place (with 10% each) and printers just a single point behind (scoring 9%).

The order is entirely unchanged from the 2018 survey, suggesting that businesses are refreshing their physical infrastructure.

This accords with our findings that hardware spending is remaining steady and that digital transformation projects do not eliminate the need to spend on hardware.

As [Gartner has noted](#), “PCs, laptops and tablets have reached a new equilibrium state. These markets currently have stable demand from consumers and enterprises.”

Continued ...



04 In which hardware categories are IT buyers investing?

This is confirmed by the year-on-year combined totals for end-user devices (desktops, laptops and mobile devices); in 2019 they together account for 44% of hardware spending; in 2018 they accounted for 43%.

One interesting finding is that spending on printers has risen slightly, from 8% in 2018 to 9% in 2019. This may reflect the industry's increased focus on end-user security, in terms of the need to update printer fleets to models with security features such as biometric user ID (so print jobs are only delivered when the user is physically at the printer) and various network security features.

The [Harvey Nash/KPMG CIO Survey 2018](#) noted that cybersecurity, shadow IT and GDPR compliance would be high priorities in 2019, and these results bear this out and make further sense of the high priority given to printers, as small, per-user printers are often purchased by individual users and connected to corporate networks.



*Hardware
spending
priorities are
desktops, laptops
and networking*

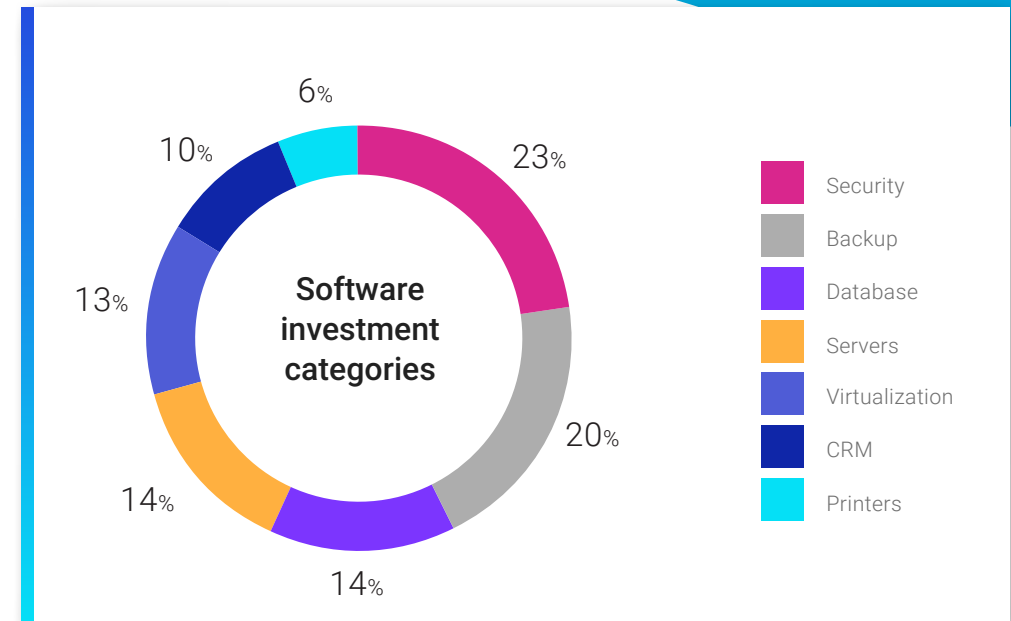
05 In which software categories are IT buyers investing?

Across all companies, security, backup, database and servers (tied on 14% each), and virtualization were the top spending categories.

The 2018 survey saw security, backup, servers, database and virtualization occupying the top five positions.

As with hardware, this reflects the ongoing nature of large projects and the investments organizations are making to refresh their software infrastructure.

Continued ...



05 In which software categories are IT buyers investing?

As digital transformation projects continue from 2018 and new platforms come online, through 2019 we might expect to see virtualization becoming a higher priority. This would be due to the technology's key role in enabling the organization's new workflows (many of which will be built around the CRM systems that have been put in place).

IDC's [Worldwide CIO Agenda 2019 Predictions](#) identify agile connectivity, transformed IT driving digital transformation initiatives and empowered IT teams driving innovation and disruption – our findings reflect these priorities in terms of the software categories needed to bring about such changes.

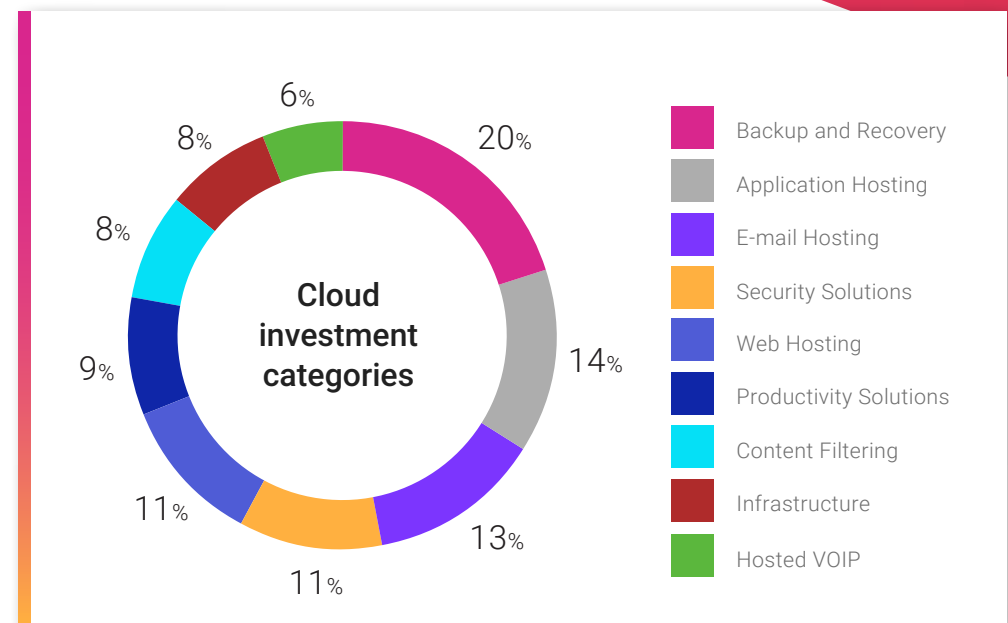
*Software
spending priorities
are security, backup
and database*

06 In which cloud categories are IT buyers investing?

Backup and recovery, application hosting, email hosting, security solutions and web hosting were the top spending categories projected in 2019. The 2018 survey saw the same priorities.

Thus, for cloud as for hardware and software, the spending planning is very much "steady as she goes," with no changes in the top five's composition and order.

This sits well with predictions such as Gartner's claim regarding digital transformation and business's [steady adoption of cloud technologies](#): basic business functions (such as email, app and web hosting) are moving to the cloud, requiring continued investment to establish and maintain a full suite of business services.



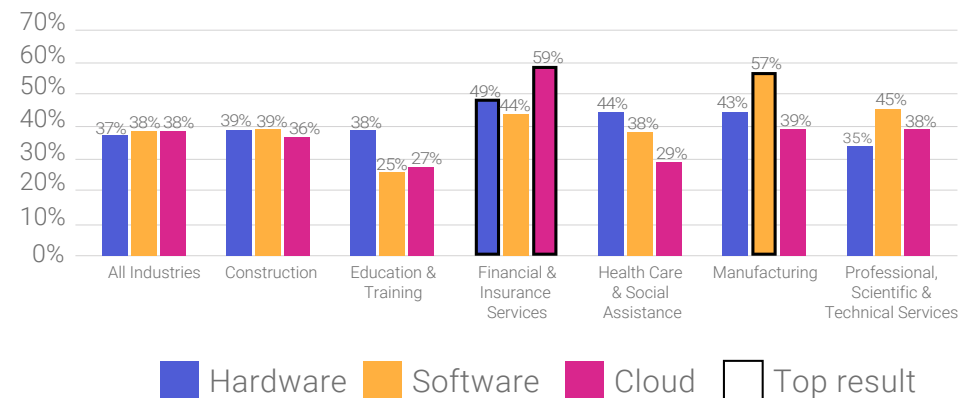
07 Investment category by industry

When we compare each industry's breakdown to the all-industries average, clear differences in investment priorities emerge.

- **Construction** – spending evenly split across all three categories
- **Education and training** – investing significantly in hardware
- **Financial and insurance services** – concentrating investment in cloud
- **Healthcare and social assistance** – prioritizing hardware, then software, then cloud
- **Manufacturing** – focusing strongly on software
- **Professional, scientific and technical services** – spending split relatively evenly, with a skew towards software

Continued ...

Spend by industry on hardware, software and cloud



Finance and insurance are the big spenders in 2019

07 Investment category by industry

These priorities are consistent with our other findings, for example the relatively even spread of spending between the three categories, and with those of other analysts and industry watchers.

Technology in the construction industry, for its part, [is becoming pervasive](#), from automated systems to construction robots and new applications for artificial intelligence and machine learning.

Education maintains its high rate of hardware spending, reflecting the typically high turnover and replacement rates for equipment that sees considerable field usage (often by students who can be careless of their devices).

The finance industry continues to invest in the cloud – a trend we [noted last year](#) – while software investment falls as organizations move from bespoke applications to hosted services.

Deloitte notes that [quality, outcomes and value](#) are the key buzzwords for the health care industry, supporting continued investment in “smart health” technologies (such as wearable, connected sensors) across all categories.

Forbes has noted that [86 of the 100 biggest companies](#) spending the most on R&D are from the manufacturing sector. Critical technologies include advanced analytics, cloud computing, modeling and simulation, Internet of Things, and optimization and predictive analytics. These requirements are significantly tilted towards the cloud, as our findings show.

Technology spending in professional services concentrates on software and cloud, as many organizations and individuals are moving their practices entirely online, taking advantage of cloud-enabled apps to manage their business, and dedicated, industry-specific apps to facilitate their work.

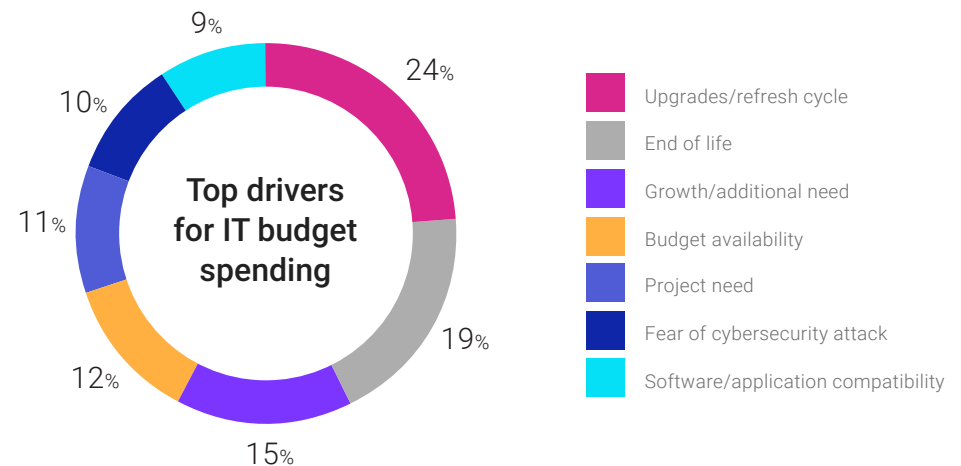
08 What is driving IT investment?

As with last year's report, it's clear that upgrades, growth and the need to replace existing technologies are driving the majority of IT expenditures (together accounting for 58% of responses).

This is likely due, at least in part, to the shift from Windows 7 to Windows 10. Windows 7 reaches end-of-life in January 2020, so the refresh cycle is picking up pace.

Security again rates relatively low as a discrete spending priority, despite its higher rankings in per-category priorities (as noted by [Computer Economics](#)).

Continued ...



08 What is driving IT investment?

We suspect this continues to reflect the fact that while most organizations are highly security conscious and highly motivated to deploy effective security measures, increasingly such capabilities are included as features in other products.

This would decrease the need to account for such spending as a stand-alone category while still retaining a high priority for organizations overall.

Finally, it's notable that compatibility is a low spending priority, likely because new systems are being deployed, reducing the complexity of ensuring multiple legacy technologies can synchronize and interact.

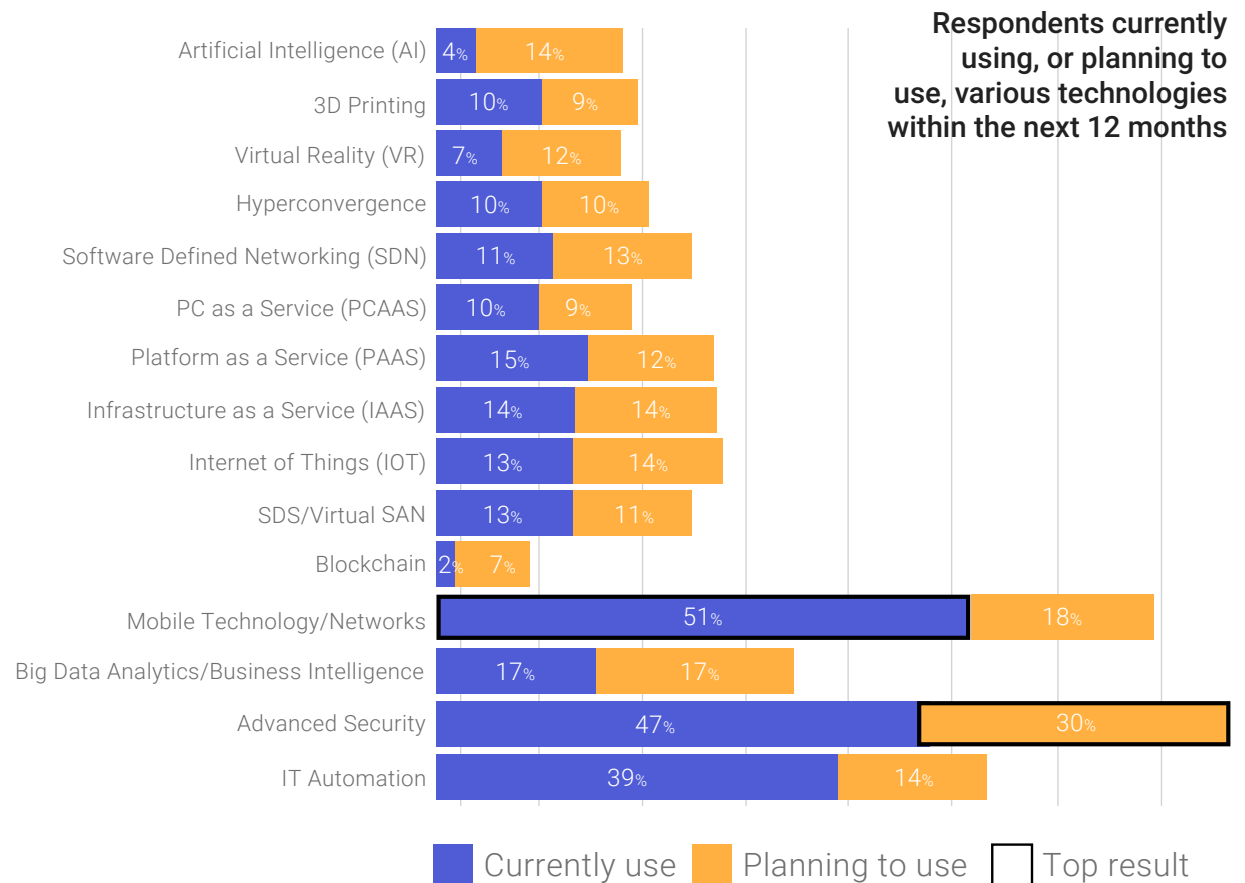
*Spending drivers
are upgrades, growth
and replacing
existing tech*

09 Future technology

Advanced security, mobile technology and IT automation are the clear standouts when asking respondents which technologies they were currently using or planning to use in the next 12 months, with blockchain coming last by a significant margin.

The three top priorities are no surprise. Security is a constant struggle between malicious actors and their targets, meaning the need to invest in newer, more advanced and (it is to be hoped) more effective systems is effectively endless.

Continued ...



09 Future technology

In fact, as [CompTIA reports](#), the nature of IT security is changing, from a technology-only play to a more holistic approach, incorporating business processes and staff/user education to buttress defenses against new attack vectors and potential breaches.

Similarly, mobile technology and networks are in a state of constant evolution. New network technologies such as 5G wireless are being deployed, while IPv6 is still to be widely adopted and in some cases [may even be going backward](#). And new mobile devices are constantly being developed to ensure organizations and employees alike will be able to take advantage of “anywhere, anytime” connectivity.

These trends and technologies are, per [SMB Group's #8 tech trend for 2019](#), helping bring about the modern workplace, built around flexibility, mobility and automated processes that allow workers to concentrate on their core competencies and maximize their value-add.

Key future technologies are advanced security, mobile technology and IT automation

The presence of [IT automation](#) in the top three is also unsurprising. Analytics and artificial intelligence (AAI) technologies, and the spread of internet-connected sensors to more and more devices, makes automation of both virtual and physical processes easier, more accurate and increasingly cost-effective.

Blockchain technologies, on the other hand, are faced with considerable uncertainty and – thanks in part to numerous cryptocurrency scandals – [increasing skepticism](#). As a new and not widely understood technology, it's likely that widespread adoption won't occur for some years.

About this survey

These survey results are based on an annual global survey conducted by [OneAffiniti](#) from December 2018 through January 2019. 625 US and Canadian individuals responded.

References

[Harvey Nash/KPMG CIO Survey 2018](#)

[SMB Group's 2019 Top 10 Technology Trends](#)

[IDC Reveals Worldwide CIO Agenda 2018 Predictions](#)

[Computer Economics IT Spending and Staffing Benchmarks Study](#)

[IDC FutureScape: Worldwide IT Industry 2019 Predictions](#)

[Gartner Says Global IT Spending to Grow 3.2 Percent in 2019](#)

[IDC Reveals Worldwide CIO Agenda 2019 Predictions](#)

[2019 US and Global Health Care Industry Outlook](#)

[Gartner Says Finance Is Moving to the Cloud Much Faster Than Expected](#)

[The Future of Manufacturing Technologies, 2018](#)

[7 trends that will shape commercial construction in 2019](#)

[IT Industry Outlook 2018](#)

[Seattle Internet Exchange Traffic Graphs \(accessed 30 January 2018\)](#)

[What's next in IT automation: 6 trends to watch](#)

[The 5 Big Problems With Blockchain Everyone Should Be Aware Of](#)

[Mobile vs Desktop Usage in 2018: Mobile takes the lead](#)

[6 Workplace Technology Trends that SMBs Should Consider in 2019](#)

[Five Factors That Lead to Successful Projects](#)

2019

Business IT Trends

Annual Report

Skills, support and budgets
are the key to success