Research Report

Abstract:
2014 IT Spending Intentions Survey

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Introduction

Research Objectives

In order to assess IT spending priorities over the next 12-18 months, ESG recently surveyed 562 IT professionals representing midmarket (100 to 999 employees) and enterprise-class (1,000 employees or more) organizations in North America and Western Europe. All respondents were personally responsible for or familiar with their organizations’ 2013 IT spending as well as their 2014 IT budget and spending plans at either an entire organization level or at a business unit/division/branch level.

The survey was designed to answer the following questions:

- What are organizations’ general spending plans for IT products and services in 2014 and beyond?
- How do spending plans vary by organization size, geographic region, industry, and other variables?
- What is the relationship between an organization’s current and future IT spending tendencies and its overall purchasing pattern for IT products and services? How do these inclinations differ based on the length of time an organization has been in operation?
- What percentage of 2014 IT budgets will be allocated to maintaining existing infrastructure as opposed to making new technology purchases and/or taking on new technology projects?
- What is driving the changes between 2013 spending and 2014 planned spending?
- What do organizations identify as their most important IT priorities over the next 12 months?
- Within specific technology segments—such as cloud computing, virtualization, storage, networking, and security—which initiatives and technologies will sustain investment over the next 12 months?
- How widespread is the adoption of cloud computing services? How do these usage levels vary by the three major deployment models (i.e., SaaS, IaaS, and PaaS)?
- What measures—if any—are organizations taking in 2014 to control or reduce IT costs?
- What factors will be most important in justifying IT investments to the business over the next 12 months?
- What business initiatives are currently having the greatest impact on IT spending?
- To what extent are business professionals and groups (i.e., non-IT) becoming involved in technology evaluation and purchase decisions?

Survey participants represented a wide range of industries including manufacturing, financial services, health care, communications and media, retail, government, and business services. For more details, please see the Research Methodology and Respondent Demographics sections of this report.
Research Methodology

To gather data for this report, ESG conducted a comprehensive online survey of IT professionals from private- and public-sector organizations in North America (United States and Canada) and Western Europe (United Kingdom, France, and Germany) between December 6, 2013 and December 29, 2013. To qualify for this survey, respondents were required to be IT managers personally responsible for or familiar with their organizations’ overall 2014 IT budget and spending plans, either at an entire organization level or at a business unit/division/branch level. Respondents who were only responsible for IT spending at a departmental or workgroup level were disqualified. All respondents were provided an incentive to complete the survey in the form of cash awards and/or cash equivalents.

After filtering out unqualified respondents, removing duplicate responses, and screening the remaining completed responses (on a number of criteria) for data integrity, we were left with a final total sample of 562 IT managers.

Please see the Respondent Demographics section of this report for more information on these respondents.

Note: Totals in figures and tables throughout this report may not add up to 100% due to rounding.
Respondent Demographics

The data presented in this report is based on a survey of 562 qualified respondents. Figures 26-39 detail the demographics of the respondent base, including individual respondents’ current job and budget responsibilities, as well as respondent organizations’ total number of employees, primary industry, annual revenue, 2014 IT budget, number of IT staff, number of data centers, number of production servers, length of existence, geographic region, and overall purchasing pattern for IT products and services and perspective on data.

Respondents by Job Responsibility

Respondents’ current job responsibility is shown in Figure 1.

Figure 1. Survey Respondents, by Job Responsibility

Which of the following best describes your current responsibility within your organization? (Percent of respondents, N=562)

- IT management, 31%
- Senior IT management (e.g., CIO, VP of IT, Director of IT, etc.), 65%
- IT staff, 3%


Respondents by Budget Responsibility

Respondents’ responsibility/familiarity with their organization’s IT budgets and spending is shown in Figure 2.

Figure 2. Survey Respondents’ Budget Responsibility/Familiarity

Which of the following best describes your personal responsibility with respect to your organization’s 2014 IT budget and spending plans? (Percent of respondents, N=562)

- I am responsible for/familiar with IT budgets and spending plans for my entire company/organization, 71%
- I am responsible for/familiar with IT budgets and spending plans for a specific business unit, division, branch office, etc., 29%

Respondents by Number of Employees

The number of employees in respondents’ organizations is shown in Figure 3.

**Figure 3. Survey Respondents, by Number of Employees**

How many total employees does your organization have worldwide? (Percent of respondents, N=562)

- 20,000 or more, 15%
- 10,000 to 19,999, 9%
- 5,000 to 9,999, 11%
- 2,500 to 4,999, 10%
- 1,000 to 2,499, 17%
- 500 to 999, 17%
- 250 to 499, 11%
- 100 to 249, 10%

*Source: Enterprise Strategy Group, 2014.*

Respondents by Industry

Respondents were asked to identify their organization’s primary industry. In total, ESG received completed, qualified respondents from individuals in 19 distinct vertical industries, plus an “Other” category. Respondents were then grouped into the broader categories shown in Figure 4.

**Figure 4. Survey Respondents, by Industry**

What is your organization’s primary industry? (Percent of respondents, N=562)

- Manufacturing, 22%
- Financial (banking, securities, insurance), 19%
- Government (Federal/National, State/Province/Local), 8%
- Health Care, 11%
- Communications & Media, 6%
- Business Services (accounting, consulting, legal, etc.), 6%
- Retail/Wholesale, 8%
- Other, 21%

*Source: Enterprise Strategy Group, 2014.*
Respondents by Annual Revenue

Respondent organizations’ annual revenue is shown in Figure 5.

**Figure 5. Survey Respondents, by Annual Revenue**

What is your organization’s total annual revenue ($US)? (Percent of respondents)

- Midmarket (100 to 999 employees, N=213)
- Enterprise (1,000 or more employees, N=349)

**Source: Enterprise Strategy Group, 2014.**

Respondents by Total 2014 Overall IT Budget

The total expected 2014 spending on IT products, staffing, and services is shown in Figure 6.

**Figure 6. Total 2014 Budget for All IT Products, Staffing, and Services**

To the best of your knowledge at this time, what is your organization’s total 2014 budget for all IT products, staffing, and services ($US)? (Percent of respondents)

- Midmarket (100 to 999 employees, N=212)
- Enterprise (1,000 or more employees, N=343)

**Source: Enterprise Strategy Group, 2014.**
2014 IT Budget Allocations

2014 IT budget allocations by category are shown in Figure 32.

Figure 7. 2014 IT Budget Allocations

To the best of your knowledge at this time, approximately what percentage of your organization’s total 2014 IT budget is allocated to each of the following categories? (Mean, N=562)

- Staff, 30%
- Hardware, 19%
- Software, 16%
- Telecom/Network Services, 11%
- IT Outsourcing/Professional Services/Consulting, 9%
- Cloud computing services, 8%
- Other operational costs, 7%
- Less than 25% of 2014 IT budget allocated to each category


Respondents by Number of IT Staff

The number of IT staffers in respondents’ organizations is shown in Figure 8.

Figure 8. Survey Respondents, by Number of IT Staff

To the best of your knowledge, approximately how many IT staff does your organization employ worldwide? (Percent of respondents)


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Respondents by Number of Data Centers

The number of data centers operated worldwide by respondent organizations is shown in Figure 9.

**Figure 9. Survey Respondents, by Number of Data Centers**

How many data centers does your organization operate worldwide? (Percent of respondents)

- Midmarket (100 to 999 employees, N=213)
- Enterprise (1,000 or more employees, N=349)


Respondents by Number of Production Servers

The number of production servers operated worldwide by respondents’ IT organizations is shown in Figure 10.

**Figure 10. Survey Respondents, by Number of Production Servers**

Approximately how many production servers (whether physical or virtual) are supported worldwide by your IT organization? (Percent of respondents)

- Midmarket (100 to 999 employees, N=213)
- Enterprise (1,000 or more employees, N=349)

Respondents by Length of Organizations’ Existence

The length of time respondents’ employers have been in existence is shown in Figure 11.

*Figure 11. Survey Respondents, by Length of Organizations’ Existence*

For approximately how long has your current employer been in existence? (Percent of respondents, N=562)

- More than 50 years, 34%
- 21 to 50 years, 27%
- 11 to 20 years, 23%
- 6 to 10 years, 12%
- 1 to 5 years, 3%

*Source: Enterprise Strategy Group, 2014.*

Respondents by Region

Figure 12 shows the regional breakdown of the respondent base.

*Figure 12. Survey Respondents, by Region*

Survey respondents by region. (Percent of respondents, N=562)

- North America, 73%
- Western Europe, 27%

*Source: Enterprise Strategy Group, 2014.*
Respondents by Psychographics

ESG created a company “psychographic” profile by capturing respondents’ views on both their organizations’ purchasing patterns for IT products and services (see Figure 13) and the importance of data (see Figure 14).

**Figure 13. Survey Respondents, by Purchasing Pattern for IT Products and Services**

Generally speaking, how would you describe your organization’s purchasing patterns for IT products and services? (Percent of respondents, N=562)

- Laggard consumers – we don’t really stay on top of technology trends and tend to make investments only after those technologies have been widely accepted in the market, 11%
- Average consumers – we stay on top of technology trends but generally wait to purchase related products until they have proven acceptance in the market, 61%
- Leading-edge consumers – we stay on top of the most current technology trends and purchase related products as soon as they are available, 27%
- Don’t know/no opinion, 2%


**Figure 14. Survey Respondents, by Perspective on Data**

Which of the following statements best describes your organization’s perspective on data? (Percent of respondents, N=562)

- Data is our business (our core products and services are information-based), 28%
- Data helps to support our business (we offer physical products and services), 72%

## Contents

List of Figures .................................................................................................................. 3  
List of Tables .................................................................................................................... 4  
Executive Summary ......................................................................................................... 5  
Report Conclusions ......................................................................................................... 5  
Introduction .................................................................................................................... 7  
Research Objectives ........................................................................................................ 7  
Research Findings ........................................................................................................... 8  
  IT Organizations Cautiously Optimistic in 2014 ............................................................. 8  
  Usage of Public Cloud Services Is the Top 2014 IT Priority .......................................... 17  
  ROI Is King When It Comes to Cost Containment and Investment Justification .......... 21  
  Business Groups Continuing to Gain and Exert Influence in the IT Purchasing Process ......................................................................................................................... 28  
Conclusion ....................................................................................................................... 30  
  Research Implications for Technology Vendors ............................................................. 30  
  Research Implications for IT Professionals .................................................................. 30  
Research Methodology ..................................................................................................... 31  
Respondent Demographics .............................................................................................. 32  
  Respondents by Job Responsibility ............................................................................... 32  
  Respondents by Budget Responsibility ......................................................................... 32  
  Respondents by Number of Employees ....................................................................... 33  
  Respondents by Industry ............................................................................................... 33  
  Respondents by Annual Revenue .................................................................................. 34  
  Respondents by Total 2014 Overall IT Budget ............................................................... 34  
  2014 IT Budget Allocations ........................................................................................... 34  
  Respondents by Number of IT Staff ............................................................................. 35  
  Respondents by Number of Data Centers .................................................................... 35  
  Respondents by Number of Production Servers ............................................................ 36  
  Respondents by Length of Organizations’ Existence ..................................................... 37  
  Respondents by Region .................................................................................................. 37  
  Respondents by Psychographics .................................................................................... 38
List of Figures

Figure 1. Total 2014 IT Spending Change Relative to 2013 ................................................................. 8
Figure 2. Total Year-over-year IT Spending Change, Six-year Trend .................................................. 9
Figure 3. Total 2014 IT Spending Change Relative to 2013, by Company Size ........................................ 9
Figure 4. Total 2014 IT Spending Change Relative to 2013, by Region ..................................................... 10
Figure 5. Total 2014 IT Spending Change Relative to 2013, by Industry (Categorical) ............................. 11
Figure 6. Total 2014 IT Spending Change Relative to 2013, by Industry (Estimated Average) ................ 11
Figure 7. Total 2014 IT Spending Change Relative to 2013, by IT Purchasing Pattern (Categorical) ........ 12
Figure 8. Total 2014 IT Spending Change Relative to 2013, by IT Purchasing Pattern (Estimated Average) 13
Figure 9. Total 2014 IT Spending Change Relative to 2013, by Age of Organization (Categorical) .......... 14
Figure 10. Total 2014 IT Spending Change Relative to 2013, by Age of Organization (Estimated Average) 14
Figure 11. 2014 IT Budget Allocations .................................................................................................. 15
Figure 12. New Technology Projects / Purchases versus Maintaining Existing Infrastructure .................. 16
Figure 13. Most Important IT Priorities for 2014 ................................................................................. 17
Figure 14. 2013 to 2014 Spending Change in Specific Technology Areas ............................................. 19
Figure 15. Usage Trends for Public Cloud Computing Services, 2013 versus 2014 ............................... 20
Figure 16. IT Cost Reduction/Containment Strategies ........................................................................... 21
Figure 17. The Increasing Use of Cloud Computing to Reduce/Contain Costs ....................................... 22
Figure 18. IT Cost Reduction/Containment Strategies, by IT Purchasing Patterns ................................. 23
Figure 19. Most Important Considerations for Justifying IT Investments, 2009 versus 2014 ............... 24
Figure 20. 2014 Business Initiatives with the Greatest Impact on IT Spending Decisions .................... 25
Figure 21. IT and Marketing Lack Alignment in Key Areas ..................................................................... 26
Figure 22. Business Initiatives that Will Have the Greatest Impact on IT Spending Decisions over the Next 12 Months, by IT Purchasing Pattern ................................................................. 27
Figure 23. IT’s Perspective on Business Professional Influence on the IT Evaluation and Purchase Process ..... 28
Figure 24. LOB’s Perspective on Its Influence on the IT Evaluation and Purchase Process .................... 29
Figure 25. Level of Business Professional Involvement in IT Decisions over the Last 24 Months .......... 29
Figure 26. Survey Respondents, by Job Responsibility ......................................................................... 32
Figure 27. Survey Respondents’ Budget Responsibility/Familiarity ...................................................... 32
Figure 28. Survey Respondents, by Number of Employees .................................................................... 33
Figure 29. Survey Respondents, by Industry .......................................................................................... 33
Figure 30. Survey Respondents, by Annual Revenue ............................................................................ 34
Figure 31. Total 2014 Budget for All IT Products, Staffing, and Services .............................................. 34
Figure 32. 2014 IT Budget Allocations .................................................................................................. 35
Figure 33. Survey Respondents, by Number of IT Staff ........................................................................ 35
Figure 34. Survey Respondents, by Number of Data Centers .............................................................. 36
Figure 35. Survey Respondents, by Number of Production Servers .................................................... 36
Figure 36. Survey Respondents, by Length of Organizations’ Existence .............................................. 37
Figure 37. Survey Respondents, by Region ............................................................................................ 37
Figure 38. Survey Respondents, by Purchasing Pattern for IT Products and Services ......................... 38
Figure 39. Survey Respondents, by Perspective on Data ...................................................................... 38
List of Tables

Table 1. Percentage of Overall 2014 IT Budget Allocated to Cloud Computing Services, by Age of Organization and IT Purchase Pattern ................................................................. 15
Table 2. New Technology Projects / Purchases versus Maintaining Existing Infrastructure, by IT Purchase Pattern and Age of Organization ................................................................. 16
Table 3. Most Important IT Priorities for 2014, by IT Purchasing Pattern ................................................................. 18
Table 4. Most Important IT Priorities for 2014, by Age of Organization ................................................................. 19
Table 5. Usage Trends for SaaS, IaaS, and/or PaaS, by Year and Age of Organization ................................................................. 20
Table 6. IT Cost Reduction/Containment Strategies, by Company Size ................................................................. 22
Table 7. More Emphasis on Cost Reduction Initiatives among Enterprise Organizations ................................................................. 25