Abstract:
2017 IT Spending Intentions Survey

By Bill Lundell, Director of Syndicated Research
March 2017
Introduction

Research Objectives

In order to assess IT spending priorities over the next 12-18 months, ESG recently surveyed 641 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’ 2016 IT spending as well as their 2017 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 2017?
- How do 2017 spending plans compare with previous years and how do they vary by geographic region, and industry?
- What is driving the changes between 2016 spending and 2017 planned spending?
- What business initiatives are currently having the greatest impact on IT spending?
- What do organizations rank as their single most important IT priority for 2017?
- Within specific technology segments—such as cloud computing, cybersecurity, big data analytics, and virtualization—which initiatives and technologies will sustain investment over the next 12 months?
- What measures—if any—are organizations taking in 2017 to control or reduce IT costs? How do these tactics vary according to purchase patterns for IT products and services, as well as 2016 financial success based on surpassed revenue targets?
- What factors will be most important in justifying IT investments to the business over the next 12 months?
- How widespread is the adoption of public cloud computing services? How has this changed over the last five years?
- What is the specific usage breakdown of the three public cloud computing service models, software-as-a-service (SaaS), infrastructure-as-a-service (IaaS), and platform-as-a-service (PaaS)?
- What types of applications are being delivered via the SaaS model?
- What are the most common cloud infrastructure service use cases for current IaaS users?

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 November 28, 2016 and January 3, 2017. To qualify for this survey, respondents were required to be IT managers personally responsible for or familiar with their organizations’ overall 2017 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 641 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 641 qualified respondents. Figure 1 through Figure 9 detail the demographics of the respondent base, including individual respondents’ current job responsibilities, as well as respondent organizations’ total number of employees, primary industry, annual revenue, and IT budget.

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=641)

- IT staff, 1%
- IT management, 27%
- Senior IT management (e.g., CIO, VP of IT, Director of IT, etc.), 72%

Source: Enterprise Strategy Group, 2017

Respondents by Number of Employees

The number of employees in respondents’ organizations is shown in Figure 2.

Figure 2. Survey Respondents, by Number of Employees

How many total employees does your organization have worldwide? (Percent of respondents, N=641)

- 1,000 to 2,499, 20%
- 2,500 to 4,999, 16%
- 5,000 to 9,999, 8%
- 10,000 to 19,999, 7%
- 20,000 or more, 14%
- 500 to 999, 17%
- 250 to 499, 9%
- 100 to 249, 8%

Source: Enterprise Strategy Group, 2017
Respondents by Industry

Respondents were asked to identify their organization’s primary industry. In total, ESG received completed, qualified responses from individuals in 19 distinct vertical industries, plus an “Other” category. Respondents were then grouped into the broader categories shown in Figure 9.

Figure 3. Survey Respondents, by Industry

![Pie chart showing the distribution of respondents by industry.](chart)

Source: Enterprise Strategy Group, 2017

Respondents by Annual Revenue

Respondent organizations’ annual revenue is shown in Figure 4.

Figure 4. Survey Respondents, by Annual Revenue

![Bar chart showing the distribution of respondents by annual revenue.](chart)

Source: Enterprise Strategy Group, 2017
Respondents by Performance Relative to 2016 Revenue Target

Respondent organizations’ performance against their 2016 revenue target is shown in Figure 5.

Figure 5. Survey Respondents by Performance Relative to 2016 Revenue Target

Thinking about your organization’s 2016 fiscal year, which of the following represents your organization’s performance (or expected performance) relative to its 2016 revenue target/goal? (Percent of respondents, N=571)

- 63% We met/expect to meet our revenue target/goal for 2016
- 30% We exceeded/expect to exceed our revenue target/goal for 2016 by more than 1%
- 4% We missed/expect to miss our revenue target/goal for 2016 by more than 1%
- 3% Don’t know/prefer not to say

Source: Enterprise Strategy Group, 2017

Respondents by Total 2017 IT Budget

Respondent organizations’ total expected 2017 IT budget is shown in Figure 6.

Figure 6. Total 2017 Budget for All IT Products, Staffing, and Services

To the best of your knowledge at this time, what is your organization’s total projected 2017 budget for all IT products, staffing, and services ($US)? (Percent of respondents, N=641)

- 39% Less than $10 million
- 34% $10 million to $74,999 million
- 27% $75 million or more

Source: Enterprise Strategy Group, 2017
Respondents by Length of Organizations’ Existence

The length of time respondents’ organizations have been in operation is shown in Figure 7.

**Figure 7.** Survey Respondents, by Length of Organizations’ Existence

For approximately how long has your current employer been in existence? (Percent of respondents, N=641)

- More than 50 years, 26%
- 1 to 5 years, 3%
- 6 to 10 years, 19%
- 11 to 20 years, 27%
- 21 to 50 years, 25%

Source: Enterprise Strategy Group, 2017

Respondents by Region

Figure 8 shows the regional breakdown of the respondent base.

**Figure 8.** Survey Respondents, by Region

Survey respondents by region. (Percent of respondents, N=641)

- North America, 68%
- Western Europe, 32%

Source: Enterprise Strategy Group, 2017
Respondents by IT Purchase Pattern

Respondents’ views on their organizations’ purchasing patterns for IT products and services is shown in Figure 9.

Figure 9. Survey Respondents, by IT Purchase Pattern

Generally speaking, how would you describe your organization’s purchasing patterns for IT products and services? (Percent of respondents, N=641)

- Conservative 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, 12%
- Average consumers – we stay on top of technology trends but generally wait to purchase related products until they have proven acceptance in the market, 55%
- Leading-edge consumers – we stay on top of the most current technology trends and purchase related products as soon as they are available, 32%
- Don’t know/no opinion, 2%

Source: Enterprise Strategy Group, 2017
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of Figures</td>
<td>3</td>
</tr>
<tr>
<td>List of Tables</td>
<td>3</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>4</td>
</tr>
<tr>
<td>Report Conclusions</td>
<td>4</td>
</tr>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>Research Objectives</td>
<td>5</td>
</tr>
<tr>
<td>Research Findings</td>
<td>6</td>
</tr>
<tr>
<td>IT Organizations Are Optimistic about 2017 Spending Plans</td>
<td>6</td>
</tr>
<tr>
<td>2016 Financial Performance Is a Good Industry Vertical Indicator of 2017 IT Spending Outlook</td>
<td>10</td>
</tr>
<tr>
<td>Cybersecurity Direction Continues to Come from the Top</td>
<td>12</td>
</tr>
<tr>
<td>Cybersecurity Is the Most Important Priority for IT Organizations in 2017</td>
<td>14</td>
</tr>
<tr>
<td>Strategic, Long-term Approaches to IT Cost Mitigation Are Still Preferred</td>
<td>16</td>
</tr>
<tr>
<td>Public Cloud Service Adoption Rates Continue to Increase</td>
<td>18</td>
</tr>
<tr>
<td>Conclusion</td>
<td>21</td>
</tr>
<tr>
<td>Research Methodology</td>
<td>22</td>
</tr>
<tr>
<td>Respondent Demographics</td>
<td></td>
</tr>
<tr>
<td>Respondents by Job Responsibility</td>
<td>23</td>
</tr>
<tr>
<td>Respondents by Number of Employees</td>
<td>23</td>
</tr>
<tr>
<td>Respondents by Industry</td>
<td>24</td>
</tr>
<tr>
<td>Respondents by Annual Revenue</td>
<td>24</td>
</tr>
<tr>
<td>Respondents by Performance Relative to 2016 Revenue Target</td>
<td>25</td>
</tr>
<tr>
<td>Respondents by Total 2017 IT Budget</td>
<td>25</td>
</tr>
<tr>
<td>Respondents by Length of Organizations’ Existence</td>
<td>26</td>
</tr>
<tr>
<td>Respondents by Region</td>
<td>26</td>
</tr>
<tr>
<td>Respondents by IT Purchase Pattern</td>
<td>27</td>
</tr>
</tbody>
</table>
List of Figures

Figure 1. Total 2017 IT Spending Change Relative to 2016
Figure 2. Total 2017 IT Spending Change Relative to 2016, by Company Size
Figure 3. Total 2017 IT Spending Change Relative to 2016, by Region
Figure 4. Total 2017 IT Spending Change Relative to 2016, by IT Purchase Pattern
Figure 5. Total 2017 IT Budget for Enterprise Organizations, by IT Purchase Pattern
Figure 6. Total 2017 IT Spending Change Relative to 2016, by Status of 2016 Revenue Target
Figure 7. Percentage of Organizations that Exceeded 2016 Revenue Targets, by Industry
Figure 8. 2017 IT Spending Plans and 2016 Revenue Performance Track to 2016 Equity Performance
Figure 9. Total 2017 IT Spending Change Relative to 2016, by Industry
Figure 10. Business Initiatives with the Greatest Impact on IT Spending Decisions in 2017
Figure 11. Most Important Considerations for Justifying 2017 IT Investments
Figure 12. Most Important IT Initiative for 2017
Figure 13. Most Important IT Initiative for 2017, by Age of Organization
Figure 14. 2016 to 2017 Spending Change in Specific Technology Areas
Figure 15. IT Cost Reduction/Containment Strategies
Figure 16. Public Cloud Usage Trends
Figure 17. Public Cloud Usage Trends, 2013-2017
Figure 18. Public Cloud Usage Trends: Service Model Breakdown
Figure 19. Applications Organizations Have Deployed via the SaaS Model
Figure 20. Cloud Infrastructure Use Cases
Figure 21. Survey Respondents, by Job Responsibility
Figure 22. Survey Respondents, by Number of Employees
Figure 23. Survey Respondents, by Industry
Figure 24. Survey Respondents, by Annual Revenue
Figure 25. Survey Respondents by Performance Relative to 2016 Revenue Target
Figure 26. Total 2017 Budget for All IT Products, Staffing, and Services
Figure 27. Survey Respondents, by Length of Organizations’ Existence
Figure 28. Survey Respondents, by Region
Figure 29. Survey Respondents, by IT Purchase Pattern

List of Tables

Table 1. Financial Organizations More Focused on Regulatory Compliance Ahead of Pending OCC Data Recovery Mandates
Table 2. IT Cost Reduction/Containment Strategies, by IT Purchase Pattern
Table 3. IT Cost Reduction/Containment Strategies, by Status of 2016 Revenue Target