



Tech Poll/IT Economic Outlook **SURVEY**

Exclusive Research
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Executive Summary

Number of CIOs Planning to Increase New Project Spending Climbs Sharply

As innovative technologies continue to transform the way companies are doing business a recent survey conducted by *CIO* Magazine finds 50 percent of IT leaders planning increases to their overall IT budget, edging up from 47 percent reported in May of last year but down slightly from roughly two years ago (52 percent). IT budgets are expected to increase by an average of 6.4 percent, up from 4.9 percent for both of the previous two years. Just 12 percent plan to cut IT spending, consistent with May, 2014 results and down from the 17 percent reported in June of 2013.

Survey results show a sharp climb in the number of IT leaders planning increases to their new or discretionary IT budget allocation; sixty one percent will boost investments in this area, up from the 48 and 47 percent reported in 2013 and 2014, and the highest reported percentage since the question was first asked in January, 2009 (chart below).

Budget Allocation for New or Discretionary Projects	January 2009	June 2013	May 2014	April 2015
Increase	25%	48%	47%	61%
Decrease	49%	16%	13%	13%
Remain the same	26%	36%	39%	26%

CIOs in large companies (defined as 1,000 or more employees) are more likely to anticipate increases to their new or discretionary project budget allocation than their peers in small and medium sized organizations (66 percent, versus 58 percent). Forty-six percent of the CIOs we surveyed plan to increase spending with newer technology companies such as Box, Dropbox, ThoughtSpot and Outsystems, up from 41 percent the first time we posed the question roughly a year ago.

Focus on External Customer Continues to Increase

CIOs are increasingly focusing their efforts on their organizations external customers. Nearly three quarters (73 percent) believe IT is interacting with external customers more than two years ago while 37 percent will focus their new IT spending on external customer interaction, relationship or experience-related investments, up from 33 and 36 percent in 2013 and 2014, respectfully. Looking at the budget allocation, CIOs expect to allocate 68 percent of their budget for core technologies like infrastructure, network, storage, compute and 32 percent to newer “edge” technologies like mobile, crm, m-commerce, cloud, social and marketing automation. These figures are consistent with last year but have shifted from two years ago when an average of 73 percent of the budget went towards core and 27 percent to edge technologies.



More Frequent Communication with Business Executives Increases Perception of IT

Survey results suggest that favorable relationships exist between IT and their business colleagues and more frequent communication with the board and other executives increases the perception of the IT organization. Overall, nearly nine out of ten CIOs think their business colleagues understand the value of IT (87 percent) and 72 percent are communicating with their organization's board members and executives more than they did two years ago. However, conveying the value of IT to business stakeholders is considered challenging for 63 percent of respondents and 36 percent believe that business side stakeholders think they understand technology better than the IT team. Those CIOs who are communicating more with top brass at their company are significantly more likely than those who aren't to have business colleagues that understand the value of IT (91 percent, versus 77 percent) and have more externally customer-focused IT teams than previously (81 percent, compared to 48 percent).

Recruitment & Retention Challenging for Many Enterprise Organizations

Recruiting and retaining IT Talent is considered a top challenge for 67 and 61 percent, respectively, of the IT leaders we surveyed. This figure is significantly higher in enterprise organizations where 81 percent point to recruitment as one of their firms top challenges compared to 57 percent of small and medium sized companies. Nearly three quarters (74 percent) of large company CIOs indicate retention is a top challenge at their company, compared to 53 percent of SMB respondents. When asked to briefly describe their greatest challenge around hiring IT talent a number of comments pointed to finding appropriate skill sets in general as well as finding the right mix of IT skills and business focus. Location of the company, compensation and experience are also among the most frequently cited hiring challenge. For CIOs in companies where IT is meeting more with external customers, recruiting talent is more frequently cited as a challenge by a wide margin (71 percent, compared to 55 percent).

IT Remains Involved in Technology Purchases Funded by Lines of Business

Seventy six percent of the IT leaders we surveyed have a policy or process in place to keep IT involved when technology purchases are funded by other departments or functions outside of IT while 58 percent say IT involvement varies for technology purchases funded elsewhere. When asked to briefly describe how IT involvement varies for non-IT funded projects, many of the comments indicate IT involvement depends on the individual department's experience & expertise as well as on the scope of the project.

When asked to describe how IT was involved in the most recent purchase funded outside of IT, 50 percent point to line of business (LOB) identifying the business need and coming to IT for recommendations on technology solutions and providers. For 21 percent of the CIOs we surveyed IT identifies the business need and makes recommendations regarding technology solutions or providers while 16 percent say LOB identifies the need and solution/provider then brings to IT for vetting by IT. Just 3 percent say IT is not typically involved unless a problem arises and only 1 percent believe IT is not involved even if there's a problem.



Methodology

The CIO Tech Poll: Economic Outlook survey is conducted regularly to gauge how current economic IT spending plans among IT leaders. Members of the CIO LinkedIn Forum and the CIO customer database were invited to take the survey between April 9, 2015 and April 23, 2015. Results are based on 230 respondents who indicated they are the top IT executive at their company or business unit. Sixty percent of respondents work in companies with fewer than 1,000 employees while 40 percent work in companies with 1,000 or more employees. A wide range of industries are represented including manufacturing (20 percent), high tech (10 percent), financial services (10 percent), federal/state/local government (9 percent), healthcare (8 percent), education (6 percent), and retail/wholesale/distribution (6 percent). Sixty-seven percent of respondents are from North America.

The margin of error on a sample size of 230 is +/- 6.5 percent. Percents on questions where respondents could select only one answer may not sum to 100 due to rounding. Not all respondents answered every question. For the purposes of this report enterprise (large) organization references refer to companies with 1,000 or more employees while small and medium-size organizations (SMB) are defined as having less than 1,000 employees. Field dates and response counts are listed below for previous CIO Tech Poll: Economic Outlook surveys referenced in this report.

CIO Tech Poll: IT Economic Outlook	Field Dates	Top IT Executives Responding
April 2015	4/9/14 – 4/23/15	230
May 2014	4/9/14 – 5/4/14	178
June 2013	5/9/13 – 6/6/13	209
January 2009	1/12/09 – 1/26/09	208