



Economic Impact **SURVEY**

Exclusive Research
from *CIO magazine*

Balanced Growth		25%
Growth	25%	
Growth and Income	25%	
Income	25%	
Cash Equivalents	25%	

Competitive Growth		25%
Growth	25%	
Growth and Income	25%	
Income	25%	
Cash Equivalents	25%	

ECONOMIC IMPACT SURVEY

EXECUTIVE SUMMARY

Encouraging Signs for IT Budgets; CIOs Paint Positive Picture for Year Ahead

An exclusive CIO survey finds more CIOs are planning to increase IT spending than at any time since mid-2008. Nearly four out of ten CIOs (37 percent) now plan IT spending increases in the coming year, the most since last July when 49 percent saw their technology budgets rising. By May 2009, only 14 percent anticipated higher spending. Forty one percent of the IT executives we surveyed plan to increase IT capital spending in the coming year while 35 percent plan to increase spending on discretionary IT projects. The survey, conducted across 257 top IT leaders in early September, also shows a positive average overall increase for the first time since 2008.

Direction IT Spend	March '08	July '08	October '08	January '09	May '09	September '09
Increase	63%	49%	26%	20%	14%	37%
Decrease	17%	26%	40%	53%	50%	28%
Remain the same	20%	26%	34%	28%	36%	35%
Average overall change (mean)	+7%	+3%	-3%	-7%	-13%	+5%

The percentage of small company respondents planning to increase IT spending in the coming year increased the most sharply (43 percent versus 14 percent 4 months ago). Slightly over one third of mid-size company respondents (35 percent) and 29 percent of large company respondents plan to increase IT spending in the coming year, up from 16 and 14 percent, respectively, earlier this year.

Spending Increasing Across all Product Categories; New Projects on the Rise

IT leaders plan to spend more across all product categories in the coming year. Applications (43 percent), web/mobile (37 percent) and network infrastructure (35 percent) are among the most frequently cited categories where CIOs will increase spending.

Spending Increases by Category	January '09	September '09
Applications	23%	43%
Web/mobile	22%	37%
Network Infrastructure	26%	35%
Hardware	20%	33%
IT Compensation Costs	26%	31%
Outsourced IT services	20%	28%

More CIOs plan increases to spending on new projects. Forty percent of the IT leaders we surveyed say the percentage of their total IT budget allocated to new projects will increase in the coming year, up from 25 percent in January. On average, CIOs plan to devote 35 percent of their budget to new development compared to 65 percent for operations and maintenance-related projects.

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In terms of staffing, the number of CIOs planning cuts declined from January with fewer planning decreases to domestic and offshore outsourcers, other contractors and temporary staff, and full time, in-house staff. And roughly one-third plan to increase IT salaries and headcount in the coming year (33 percent, and 32 percent, respectively).

METHODOLOGY

The CIO IT Economic Impact survey was conducted to gauge how current economic conditions are impacting IT spending plans. CIO.com visitors were invited to take the survey between August 26, 2009 and September 4, 2009. Results are based on 257 site visitors who indicated they are involved in technology purchases at their organizations. A broad range of industries are represented including manufacturing (18 percent), financial services (15 percent), high tech/telecom and utilities (14 percent), government and nonprofits (13 percent), legal/consulting/real estate services (12 percent) and healthcare (10 percent). Company size distribution by annual revenue is as follows: <\$100 million: 40 percent; \$100 million–\$999.9 million: 26 percent; \$1 billion or more: 23 percent; nonprofit: 7 percent (4 percent of respondents weren't sure or declined to answer). The margin of error on a sample size of 257 is +/- 6.1 percent. Percents on questions where respondents could select only one answer may not sum to 100 due to rounding. Not every respondent answered every question.

Field dates and response counts are listed below for reference when making comparisons to previous CIO surveys.

IT Economic Impact Survey	Field Dates	IT Leaders Responding
September 2009	8/26/09 – 9/4/09	257
May 2009	4/21/09 – 5/19/09	171
January 2009	1/12/09 – 1/26/09	208
October 2008	10/17/08 – 10/22/08	243
July 2008	6/19/08 – 7/9/08	193
March 2008	2/20/08 – 3/6/08	229

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RESULTS BY QUESTION

Top IT Executive	Percent
Yes	100%
No	0%

Direction of IT Budget Overall	Percent
Increase	37%
Decrease	28%
Remain the same	35%
Average (mean) change	+5.3%

Direction of IT Budget by Category	Increase	Decrease	Remain the Same
Hardware	33%	27%	40%
Applications	43%	24%	33%
Network Infrastructure	35%	21%	44%
Web/mobile	37%	21%	42%
Outsourced IT Services	28%	38%	34%
IT compensation costs (include salaries, bonuses and benefits but not stock incentives)	31%	26%	44%

Response to Economic Conditions	Started in past 6 months	Plan start next 6 months	No plans to start
Postpone discretionary IT projects	45%	19%	35%
Renegotiate IT vendor contracts	57%	18%	25%
Freeze or cancel IT capital spending	42%	11%	47%
Freeze or reduce IT salaries	39%	11%	50%
Reduce IT headcount	36%	8%	56%
Reduce spending on external IT contractors and consultants	48%	14%	38%
Reduce spending on training for IT staff	36%	10%	54%
Restrict IT travel	53%	8%	39%

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Planned Actions	Planning in next 6 months	Planning in next 6-12 months	No plans at this time
Increase discretionary IT project spending	22%	13%	65%
Increase IT capital spending	25%	16%	59%
Increase IT salaries	16%	17%	67%
Increase IT headcount	19%	13%	68%
Increase spending on IT contractors and consultants	19%	11%	70%
Increase spending on training for IT staff	19%	16%	65%
Ease IT travel restrictions	14%	11%	75%

Direction of Staffing Budget	Increase	Decrease	Remain the Same
Domestic outsourcers (U.S.-based, fixed, year-plus contracts)	14%	24%	62%
Domestic outsourcers (U.S.-based, short-term or project basis only)	19%	27%	54%
Offshore outsourcers (non-U.S.-based, fixed, year-plus contracts)	17%	20%	64%
Offshore outsourcers (non-U.S.-based, short-term or project basis only)	17%	21%	63%
Other contractors/temporary workers	20%	30%	50%
Full-time, in-house staff	23%	21%	56%

Direction of Budget – New Projects	Percent
Increase	40%
Decrease	26%
Remain the same	34%

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Budget Allocation	Operations & Maintenance-Related Projects	New Development
Less than 10%	1%	6%
10% - 19.9%	1%	15%
20% - 29.9%	4%	20%
30% - 39.9%	8%	16%
40% - 49.9%	9%	13%
50% - 59.9%	7%	9%
60% - 69.9%	15%	9%
70% - 79.9%	19%	6%
80% - 89.9%	21%	3%
90% or more	15%	2%
Average (mean)	65%	35%

Title	Percent
CIO	28%
CIO and EVP	5%
CIO and SVP	5%
CIO and VP	9%
CTO	6%
EVP	2%
SVP	1%
VP	7%
General Manager	4%
Managing Director	8%
Director	18%
Other	6%

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Annual Revenue	Percent
\$5 billion or more	12%
\$1 billion to \$4.9 billion	11%
\$100 million to \$999.9 million	26%
Less than \$100 million	40%
Not applicable (e.g., non-profit, government, union)	7%
Not sure	4%

Industry	Percent
Manufacturing (including automotive, aerospace & defense, construction, engineering, chemical, metals & mining)	18%
Financial Services (banking, insurance, brokerage)	15%
High Tech, Telecom & Utilities	14%
Government and Nonprofits (including education)	13%
Services (legal, consulting, real estate)	12%
Healthcare (providers and pharmaceuticals)	10%
Advertising/Marketing/PR/Media (publishing, broadcast, online)	6%
Retail, Wholesale and Distribution	6%
Transportation (airlines, trucking, railroads, shipping, logistics)	4%
Travel and Leisure (cruiselines, hotels, theme parks, casinos)	2%

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