IT Economic Outlook
SURVEY

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Executive Summary

IT budgets to increase an average of 3 percent; nearly half of CIOs planning to boost spending
According to *CIO* magazine's latest Economic Outlook survey, conducted in April, 2012, budget increases are in store for nearly half of CIOs, up from 32 percent roughly 9 months ago (August 2011 poll) when negative economic events such as the downgrading of the US bond rating and European economic instability caused many IT leaders to pull back spending. However, fewer CIOs are planning budget increases than a year ago (April 2011 poll) and more organizations appear to be holding back their IT spending amid potential concerns about the economy. Among the 200 top IT executives we surveyed, IT budgets will increase an average of 3 percent during the next 12 months, down from 6 percent reported last year. Just one in five CIOs anticipate IT budget cuts, relatively consistent with last year's figure.

Direction IT Spend	March '08 *(Poll inception)*	May '09	April '10	April '11	April '12
Increase	63%	14%	48 %	53%	47%
Decrease	17%	50%	22 %	19%	20%
Remain the same	20%	36%	30 %	28%	33%
Average change	+7%	-13%	+6%	+6%	+3%

More CIOs increasing spending on outsourced IT services including cloud & IT compensation
Mobile/wireless and applications are among the most frequently cited categories identified for spending increases. The percentage of CIOs increasing spending for outsourced IT services and compensation costs continues to rise over the past couple of years while fewer IT leaders plan hardware spending increases.   Enterprise IT leaders in organizations with 1,000 or more employees are significantly more likely than their small and mid-size (SMB) counterparts to have plans for mobile/wireless (61 percent, versus 40 percent) and applications spending increases (57 percent, versus 42 percent). Spending on new projects is relatively consistent from a year ago with 55 percent planning to increase the percentage of their total IT budget allocated to new projects, compared to 54 percent reported in April, 2011.

Percentage Planning Increase by Category	April '10	April '11	April '12
Mobile/wireless	40%	51%	50%
Applications	50%	52%	49%
IT Compensation Costs	41%	45%	48%
Network Infrastructure	36%	36%	41%
Outsourced IT services including cloud	33%	34%	38%
Hardware	39%	39%	30%

Edge technologies (e.g., mobile, social, cloud) will grab IT budget share & impact headcount, staff roles
CIOs predict a shift in budget dollars away from core technologies such as infrastructure, network, storage, compute and ERP toward edge technologies including mobile, CRM, m-commerce, cloud, social, and marketing

automation (see chart below). Nearly one third of respondents (32 percent) anticipate emerging IT models and technologies will result in decreases to IT headcount within 1 – 3 years while 22 percent expect to increase staff.

Percent of Budget	Now	Within 1 – 3 Years
Core Technologies	75 %	63 %
Edge Technologies	25 %	37 %

More than half of the IT leaders we surveyed (52 percent) are changing their IT organization's staff role to address tasks related to the consumerization of IT including mobile device tech support and bring your own device (BYOD) programs; this figure climbs to 62 percent among enterprise organizations, significantly higher than the 43 percent reported for SMB CIOs. Fifty-seven percent of respondents currently have a BYOD policy in place, albeit reluctantly for many. Among that group 37 percent tell us that while their organization allows the use of personal devices at work they'd prefer employees not to do so while 16 percent encourage but do not force employees to bring their own device. Just 4 percent require employees to use their own devices for work. Expenditures associated with bring your own device programs vary; roughly half (49 percent) have not realized any impact on costs as a result of their organizations BYOD policy while one quarter have seen costs increase and 22 percent have saved money as a result of employees bringing their own devices to work.

Methodology

The CIO IT Economic Outlook survey is conducted regularly to gauge how current economic conditions are impacting IT spending plans. Members of the CIO LinkedIn Forum and the CIO customer database were invited to take the survey between April 9, 2012 and April 23, 2012. Results are based on 200 respondents who indicated they are the top IT executive at their company or business unit. Company size distribution by annual revenue is as follows: <$100 million: 29 percent; $100 million–$999.9 million: 36 percent; $1 billion or more: 23 percent; government/nonprofit: 7 percent (6 percent of respondents did not provide an answer). Fifty three percent of respondents work in companies with less than 1,000 employees while 48 percent work in companies with 1,000 or more employees. The margin of error on a sample size of 200 is +/- 6.9 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. Enterprise (large) organization references refer to companies with 1,000 or more employees while small and mid-sized organizations (SMBs) are defined as less than 1,000 employees for the purposes of this report.

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

CIO IT Economic Outlook Survey	Field Dates	Top IT Executives Responding
April 2012	4/9/12 – 4/23/12	200
August 2011	8/23/11 - 8/31/11	181
April 2011	4/6/11 – 4/13/11	291
April 2010	4/1/10 – 4/14/10	410
May 2009	4/21/09 – 5/19/09	171
March 2008	2/20/08 – 3/6/08	229