



# IT Buyer Survey 5.0

Selling Material

December 2022

# Agenda

- Overview
- Buyer sentiment
- Strategic priorities
- Macro-economic response
- Purchasing channels
- Select industry deep-dives



# Overview

# Context for this document

The following pages contain select data analysis for BCG's 5<sup>th</sup> launch of its IT Buyer survey

Details for all survey launches are as follows

- **Survey 1:** April 24-May 5, 2020 (N=674)
  - Primarily targeted US
- **Survey 2:** Oct 23-Nov 9, 2020 (N = 694)
  - Broadened reach to US and Europe
- **Survey 3:** Oct 9-Nov 20, 2021 (N = 786)
  - Further broadened reach across NAMR, Europe, Hong Kong, Singapore, & Australia
- **Survey 4:** June 30-July 11, 2022 (N = 341)
  - Focused on US and Europe
- **Survey 5:** December 6-December 13, 2022 (N = 450)
  - Focused on US and Europe

As with previous launches, this document is also accompanied on Navigator by a Tableau model and corresponding raw data file for additional analysis



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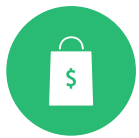
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# We targeted ~450 IT buyers to understand priorities and other trends in selected focus areas across the IT stack

## Key focus areas for the survey ...



### IT Buyer Sentiment

- Top of mind topics
- Sentiment for overall IT spend and products
- Measures taken to adjust spend plus rationales
- Supplier consolidation and expansion



### Strategic priorities

- Ranking of strategic priorities within five categories
  - 1) Strategic advantage / capabilities
  - 2) Risk management
  - 3) Revenue growth
  - 4) Cost management
  - 5) Business operations / productivity
- Rationale for strategic priorities



### Macro-economic response

- Spend adjustments resulting from macro-economic environment
- Expected priority changes, if macro-economic environment worsened, and rationale



### Purchasing channels

- Expected price changes
- Software consumption models
- Software marketplace spend and expected change
- Committed cloud spend and expected consumption

## ... across the IT stack

Enterprise apps

Middleware

Infrastructure (HW + SW)

AI/ML

IT & Prof Services

Devices

## Target respondent demographics

~55% respondents from NAMR, ~45% respondents from Europe, during December 2022

~67% are large (>\$1B) size companies and ~33% mid-sized companies

Respondents at Dir/Sr. Dir and above for all regions, with clear view of company IT priorities & budget

Broad vertical coverage with 40+ respondents each across IG, Tech, FI, HC, and Retail

# Initial insights

## Buyer sentiment

- Overall spending on IT expected to slightly slow down, as buyers try to balance driving digital transformations and rising focus to control IT spend
- Cloud services, Security, and Analytics most likely to see spend increases while Devices and Server infrastructure most likely to see cuts in spend
- In areas of spend increase, ~61% of respondents stated the primary rationale is continuing to support and/or strengthen the core business

## Strategic priorities

- Overall, IT priorities mostly expected to remain in line with the prior year
- Some cost/efficiency initiatives expected to accelerate while core customer experience initiatives remain important, but to a lesser degree
- General trend toward efficient growth; buyers seek to enable top line growth, with an increasing focus on controlling IT costs

## Macro-economic response

- ~70% of respondents have already begun adjusting both overall and IT spend in response to current macro-economic conditions
- If macro-economic conditions worsen, respondents most likely to accelerate Strategic advantage and Revenue growth initiatives, decelerate Risk mgmt.
- Where respondents chose to accelerate initiatives, the primary drivers are rapid ROI and criticality to core business

## Purchasing channels

- Prices are still trending upwards, but average price increases are slowing
- Only ~6% of respondents total software spend is driven through marketplaces on average, but marketplace spend is expected to grow over the next 1-3 years
- Of marketplaces used, cloud providers and individual vendors are most popular
- For committed cloud spend, ~2/3 allocated to cloud provider products and services and ~1/3 to third-party products and services

A group of five business professionals are walking through a modern office hallway. The hallway is lined with large glass windows on the right side, offering a view of a cityscape. The ceiling is dark with recessed lighting. The group consists of three men and two women, all dressed in professional attire. They are smiling and appear to be in a positive mood. The text "Buyer sentiment" is overlaid in white on the left side of the image.

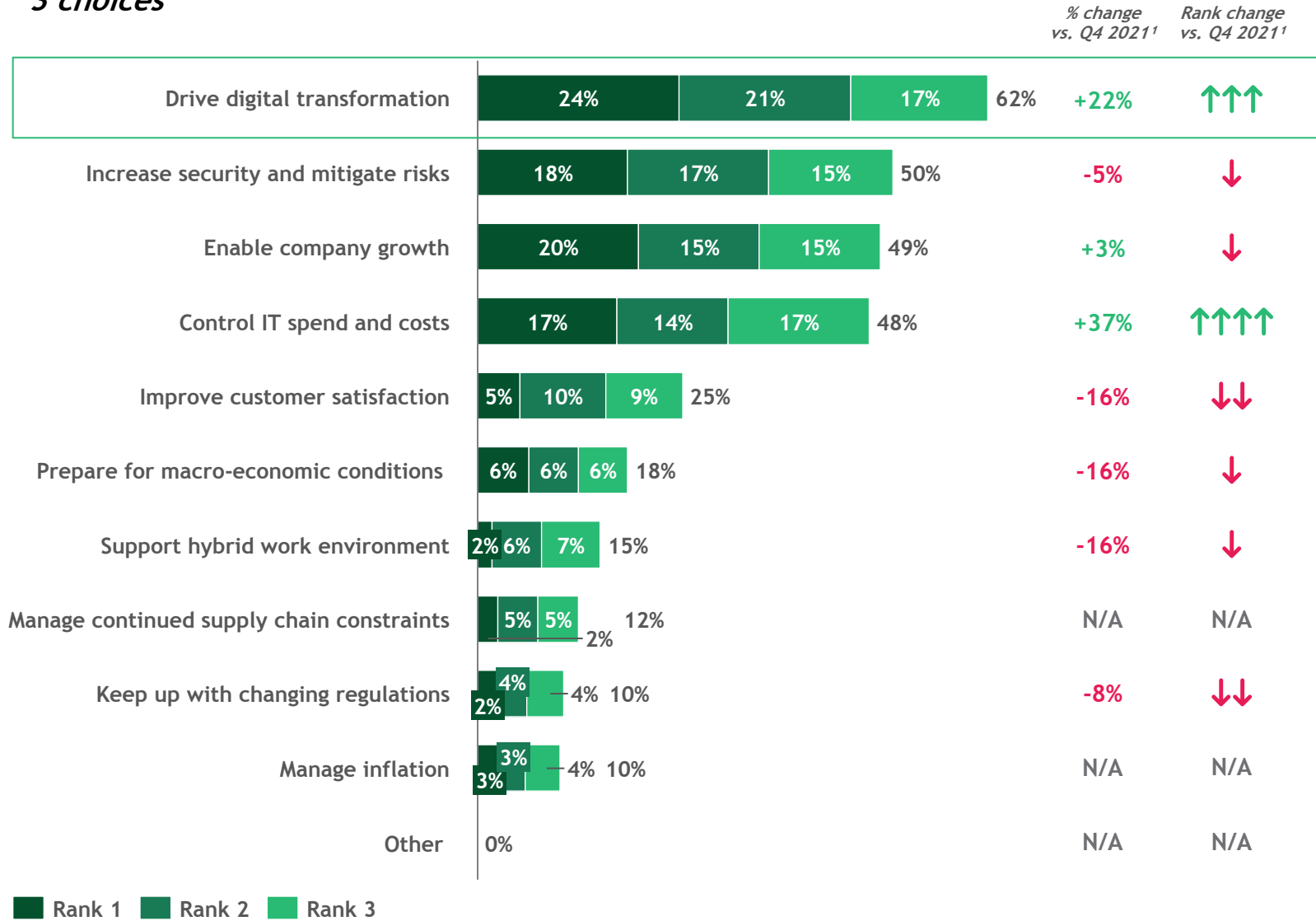
# Buyer sentiment

Digital transformation still top of mind for ~60% of IT leaders

Security, growth, and costs are also top of mind for ~50% of IT leaders

Cost control importance has soared but macro-economic fears remain low priority

**What is top of mind right now for you as an IT business leader? Please rank your top 3 choices**



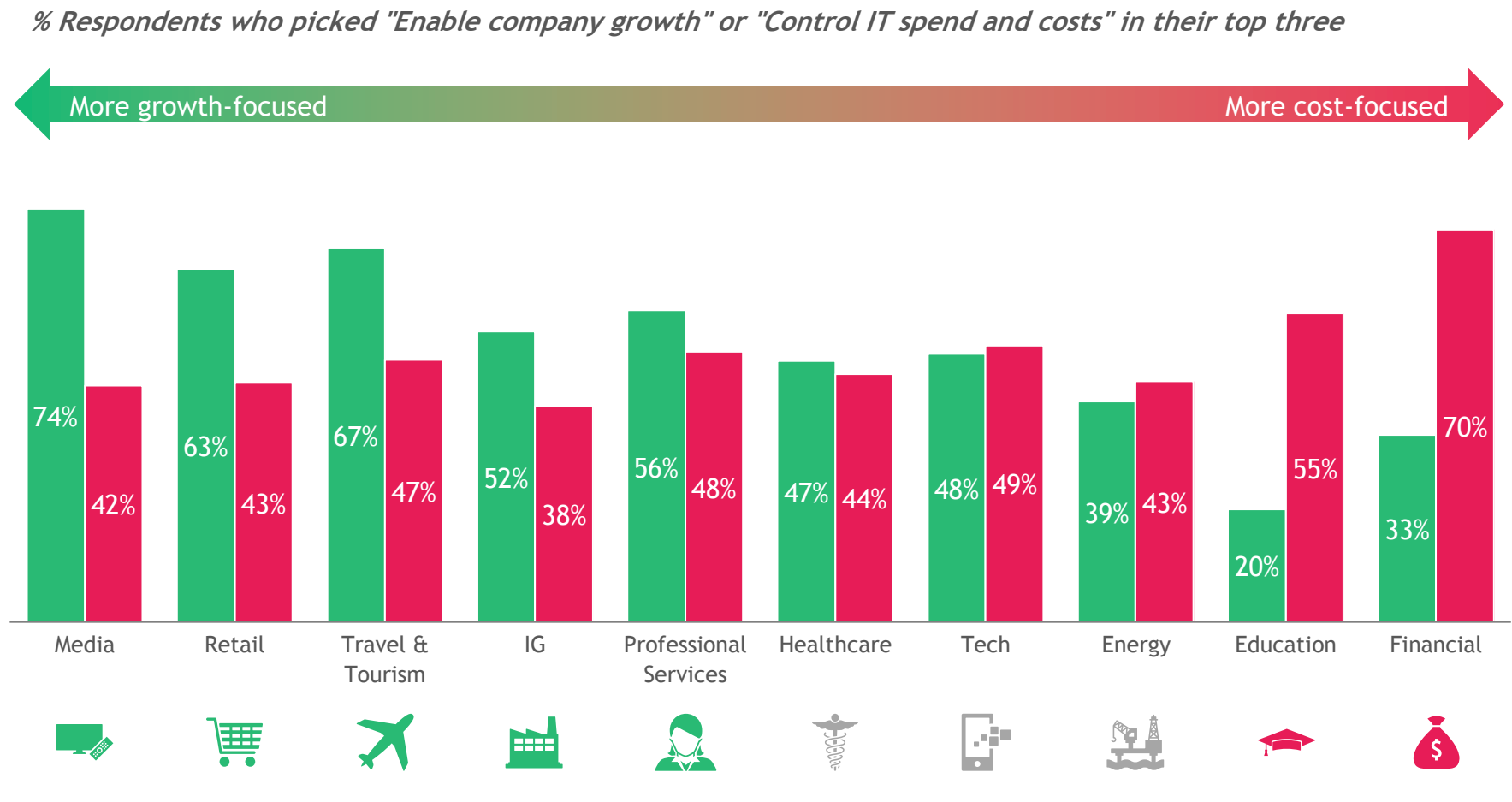
1. Comparison vs. Q4 2021 made to rationales for IT priorities. "Prepare for macro-economic conditions" compared with "Prepare for possible recession". "N/A" means that these options were not asked then, and do not impact Rank change for the rest. Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 3.0 (October 2021), N = 676 (APAC excluded)



# Deep-dive | Focus on company growth and IT spend vary by industry

**49%**  
of respondents rank growth in their three most top of mind topics

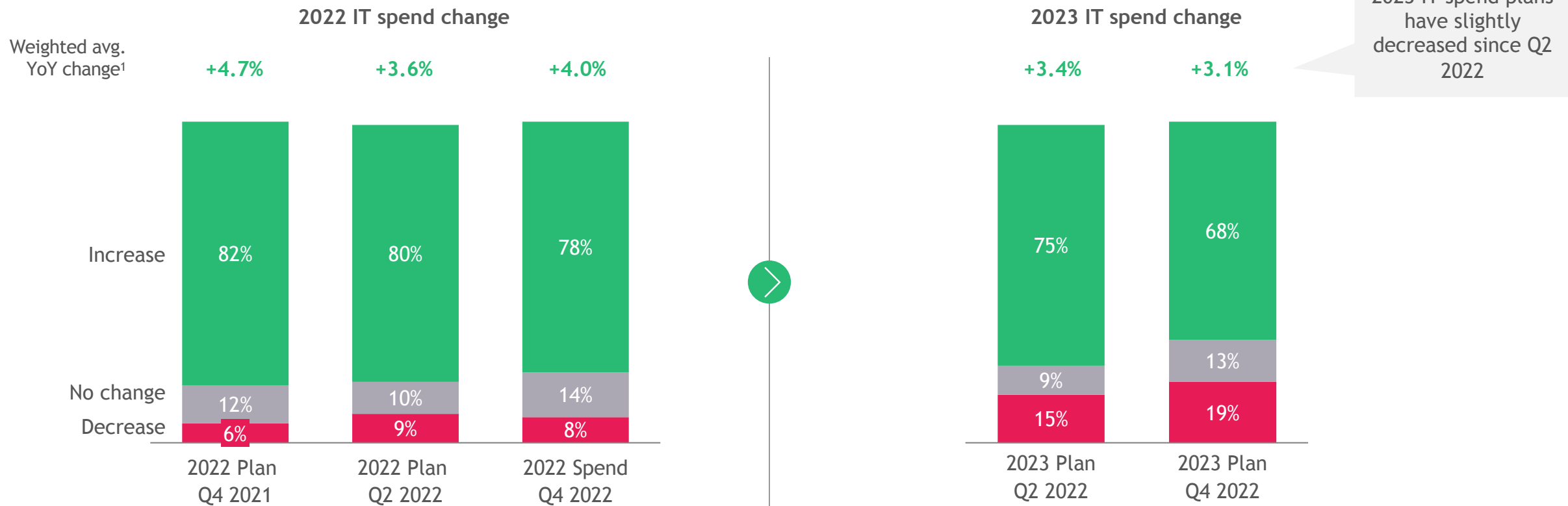
**48%**  
of respondents rank IT spend in their three most top of mind topics



Note: Government industry analysis excluded due to small sample size  
 Question: What is top of mind right now for you as an IT business leader? Please rank your top 3 choices  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# IT spend still expected to increase YoY, but expectations for 2023 spend growth have slightly pulled back since Q2 2022

*How do you expect your company's overall IT spend to change for 2022 vs 2021 and for 2023 vs 2022?*



1. Respondents indicated relative amount of spending inc/dec. via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., Inc/dec. by 2-5% assigned value of +/- 2%)

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341; IT Buyer Pulse Check 3.0 (October 2021), N = 676 (APAC excluded)

# Digital transformation driving most of the increase in spend ...

You stated that, in at least one year, you're looking to increase YoY overall IT spend. What is the main driver behind increasing overall IT spend?

% Respondents



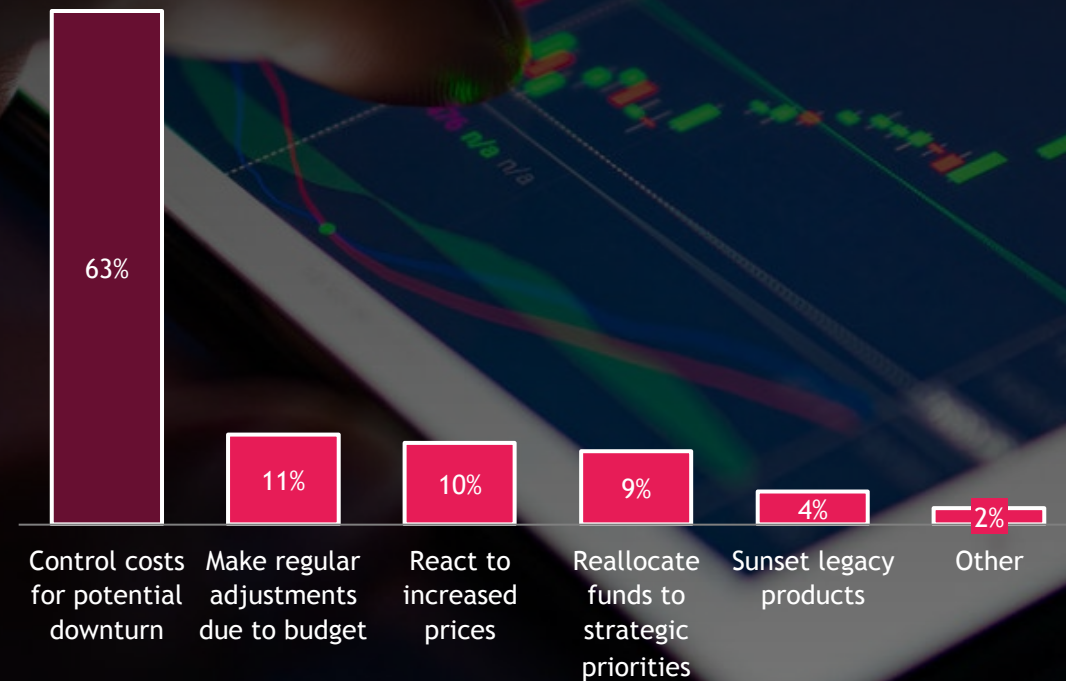
Note: "Other" refers to: on the left, inflation / rising costs, supporting organic growth / start of new projects, business changes related to mergers or separations; on the right, economic conditions

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# ... whereas cost control for potential downturn is behind spend decreases

You stated that, in at least one year, you're looking to decrease YoY overall IT spend. What is the main driver behind decreasing overall IT spend?

% Respondents



Note: "Other" refers to: on the left, inflation / rising costs, supporting organic growth / start of new projects, business changes related to mergers or separations; on the right, economic conditions

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

1 Cloud services will likely continue to experience increases in spend, while on-prem infra spend will likely decrease in push for digital transformation

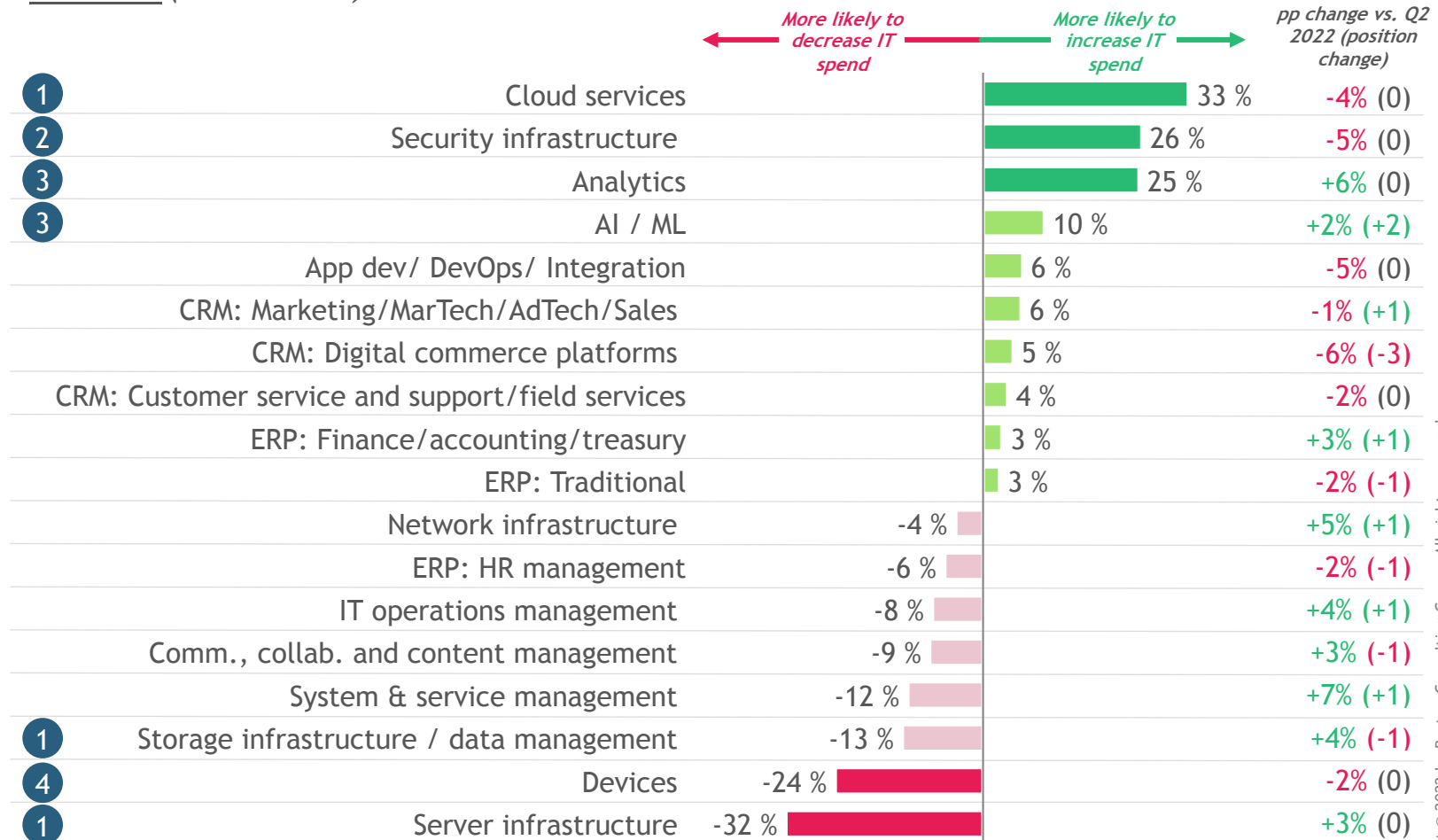
2 Spend on Security infrastructure expected to increase due to continued importance of risk and identity management

3 Investment in Analytics and AI / ML expected to continue at similar rates to Q2 2022

4 Expected decrease in spend for devices may indicate companies are continuing to expect longer hardware refresh cycles

## Largest likelihood of spend increases in cloud services, security infrastructure, and analytics

Please select the top 3 products where you expect your company to have the largest spend increases / decreases (in terms of %) over the next 12 months.



1. Percentages are the net respondent spend change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending)

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341

# Backup | In 2022, spend was concentrated in products that deliver business modernization through digital transformation

Industries in order of decreasing average net respondent spend change<sup>1</sup>

	Media	Edu.	IG	Travel	Tech.	Other prof.	Energy	HC	Retail	Financial
CRM: Marketing	-5%	0%	4%	20%	3%	11%	4%	-2%	-2%	-8%
CRM: Digital commerce	0%	5%	7%	13%	-1%	-4%	4%	5%	11%	6%
CRM: Customer service	5%	20%	0%	20%	7%	11%	18%	19%	0%	2%
Comm., collab., and content	-16%	-20%	-10%	-7%	-19%	-4%	-21%	-14%	-7%	2%
ERP: HCM	-16%	-5%	-1%	-20%	-29%	7%	7%	-2%	-7%	-10%
ERP: FMS	5%	20%	14%	0%	-4%	0%	25%	7%	0%	-16%
ERP: Traditional	-5%	5%	27%	7%	-10%	15%	4%	14%	24%	-8%
Analytics	53%	20%	16%	20%	14%	15%	14%	2%	28%	33%
App dev / DevOps	-5%	5%	-1%	7%	25%	19%	4%	16%	4%	29%
System & service mgmt.	-5%	-20%	-12%	-13%	4%	-7%	-21%	-7%	-13%	-21%
ITOM	0%	-20%	-5%	-7%	4%	-19%	-14%	2%	-7%	-6%
Network infrastructure	0%	15%	-11%	-13%	3%	-26%	-11%	-2%	7%	-13%
Security infrastructure	32%	45%	18%	13%	25%	15%	11%	21%	13%	21%
Storage infrastructure	-16%	0%	-13%	0%	-12%	-7%	-4%	-16%	-9%	-13%
Server infrastructure	-21%	-15%	-19%	-33%	-32%	-48%	-32%	-40%	-26%	-27%
Cloud services	53%	5%	16%	47%	52%	41%	32%	26%	28%	52%
AI / ML	16%	-20%	-2%	-7%	13%	4%	7%	-9%	-11%	6%
Devices	-26%	-15%	-12%	-33%	-30%	-11%	-14%	-12%	-26%	-25%

1. Percentages in table are the net respondents spend change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending)

Note: Government industry analysis excluded due to small sample size

Question: Please select the top 3 products where you expect your company to have the largest spend increases / decreases (in terms of %) in 2022.

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Backup | In 2023, buyers across industries expect to make further cuts to server infrastructure and devices

Industries in order of decreasing average net respondent spend change<sup>1</sup>

	Media	Travel	Other prof.	Edu.	IG	Financial	HC	Tech.	Retail	Energy
CRM: Marketing	16%	0%	11%	-10%	11%	-5%	5%	6%	11%	11%
CRM: Digital commerce	0%	13%	-4%	0%	2%	0%	7%	12%	15%	0%
CRM: Customer service	0%	33%	7%	15%	6%	-10%	12%	-10%	7%	18%
Comm., collab., and content	-11%	-20%	-4%	-10%	-9%	0%	-9%	-12%	-9%	-14%
ERP: HCM	0%	-20%	4%	20%	-7%	-10%	-7%	-13%	-9%	4%
ERP: FMS	-5%	-7%	0%	10%	6%	0%	9%	-3%	4%	11%
ERP: Traditional	-11%	0%	4%	15%	17%	-10%	2%	-13%	11%	-4%
Analytics	42%	7%	26%	-5%	21%	41%	19%	32%	19%	32%
App dev / DevOps	0%	7%	15%	0%	3%	25%	0%	6%	6%	-7%
System & service mgmt.	5%	-27%	-4%	-20%	-18%	-14%	-7%	-10%	-11%	-7%
ITOM	0%	-7%	4%	10%	-6%	-21%	-12%	-4%	-7%	-25%
Network infrastructure	-5%	13%	-15%	25%	-4%	-11%	-9%	1%	-4%	-21%
Security infrastructure	11%	27%	22%	40%	21%	27%	33%	35%	20%	25%
Storage infrastructure	11%	0%	-15%	-25%	-8%	-16%	-23%	-14%	-20%	-7%
Server infrastructure	-32%	-20%	-44%	-25%	-29%	-40%	-33%	-33%	-26%	-32%
Cloud services	42%	60%	22%	-5%	27%	59%	26%	36%	33%	25%
AI / ML	11%	7%	15%	-20%	5%	22%	7%	17%	2%	18%
Devices	-26%	-33%	-15%	5%	-25%	-30%	-9%	-26%	-35%	-21%

1. Percentages in table are the net respondents spend change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending)

Note: Government industry analysis excluded due to small sample size

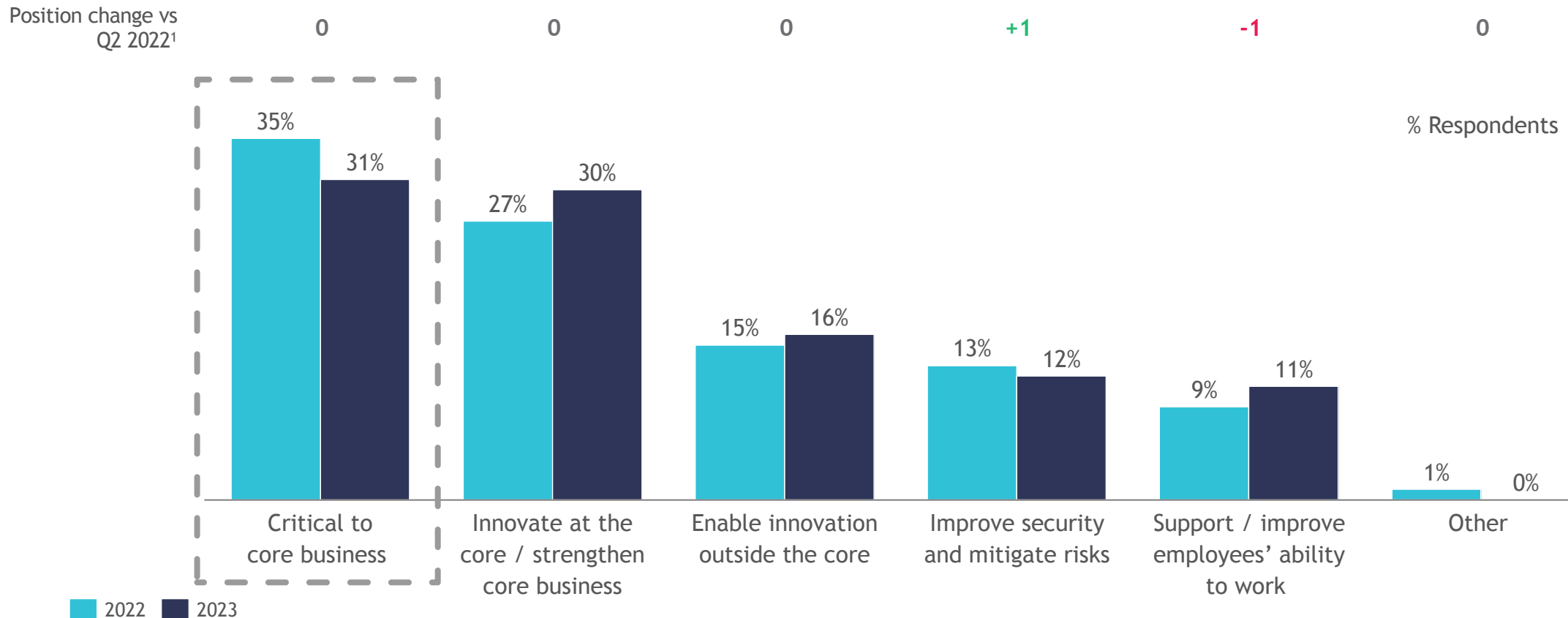
Question: Please select the top 3 products where you expect your company to have the largest spend increases / decreases (in terms of %) in 2023.

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Deep-dive | Increases in IT spend continues to be primarily driven by products that support or strengthen the core business

*Why are these products driving most of the increase in your IT spend?*

*Only asked for the top 3 products where respondents expect their company to have the largest spend increases (in terms of %), for 2022 / 2023*

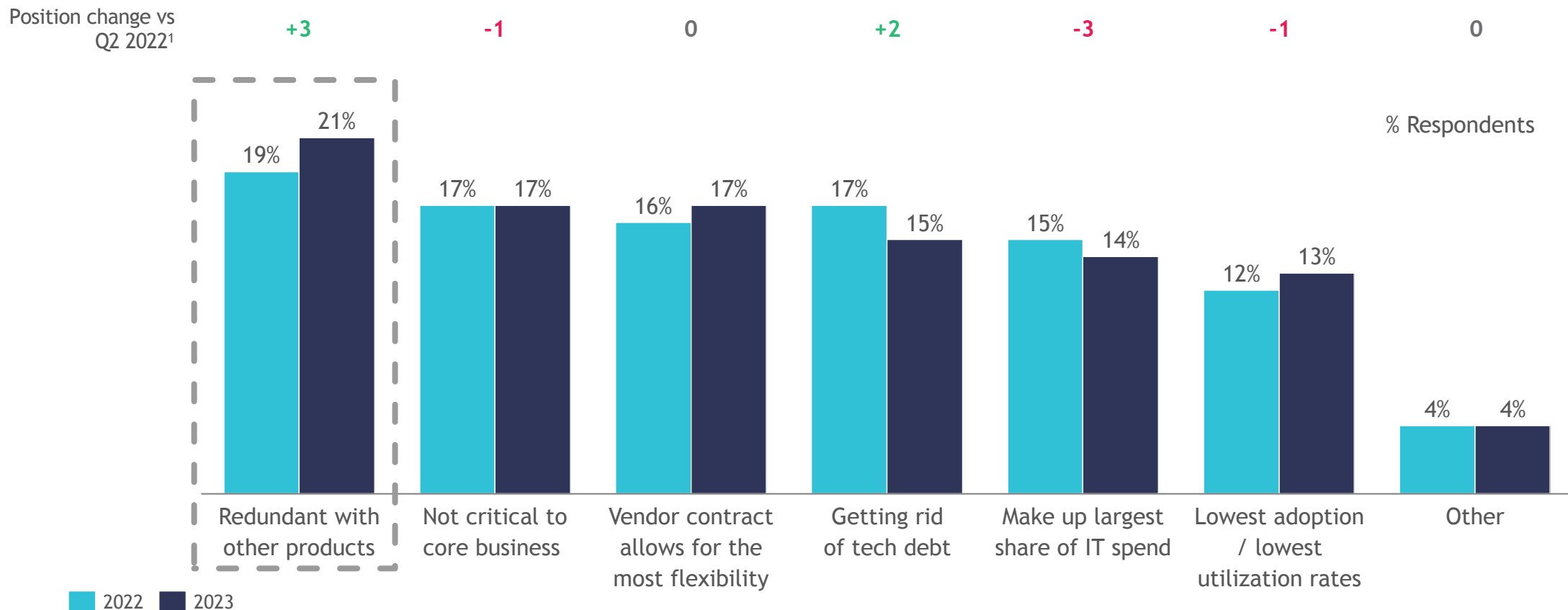


1. Comparison vs. Q2 2022 rationales for increases in recessionary scenario. Note: Respondents were asked to specify if they selected "Other"; responses include artificial inflation from vendors, product improved profitability, good ROI, products decreased long-run costs, and the product / brand's reputation  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341

# Deep-dive | Product redundancy and tech debt rise key reasons for decreases in IT spend, as companies prioritize digital transformations and cost control

*Why are these products driving most of the decrease in your IT spend?*

*Only asked for the top 3 products where respondents expect their company to have the largest spend decreases (in terms of %), for 2022 / 2023*



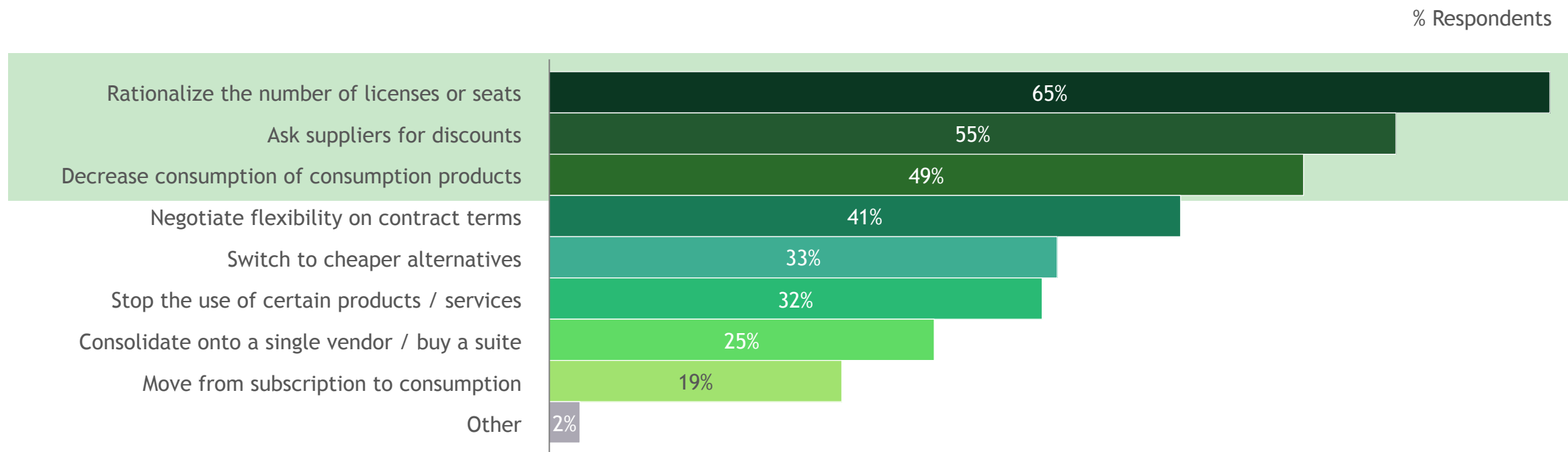
1. Comparison vs. Q2 2022 rationales for decreases in recessionary scenario. Note: Respondents were asked to specify if they selected "Other"; responses include prior / completed investments, increased efficiency, reduced budgets, increased offshoring / fewer FTE, longer refresh cycles, reduce priority / priority from previous years, negotiated better prices  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341



# To reduce software spend in 2023, buyers are likely to utilize license rationalization as their go-to action

*What measures do you expect your company to take to reduce software / applications spend?  
Select all that apply.*

*Only asked for the top 3 software products where respondents expect their company to have the largest spend decreases (in terms of %), in 2023*

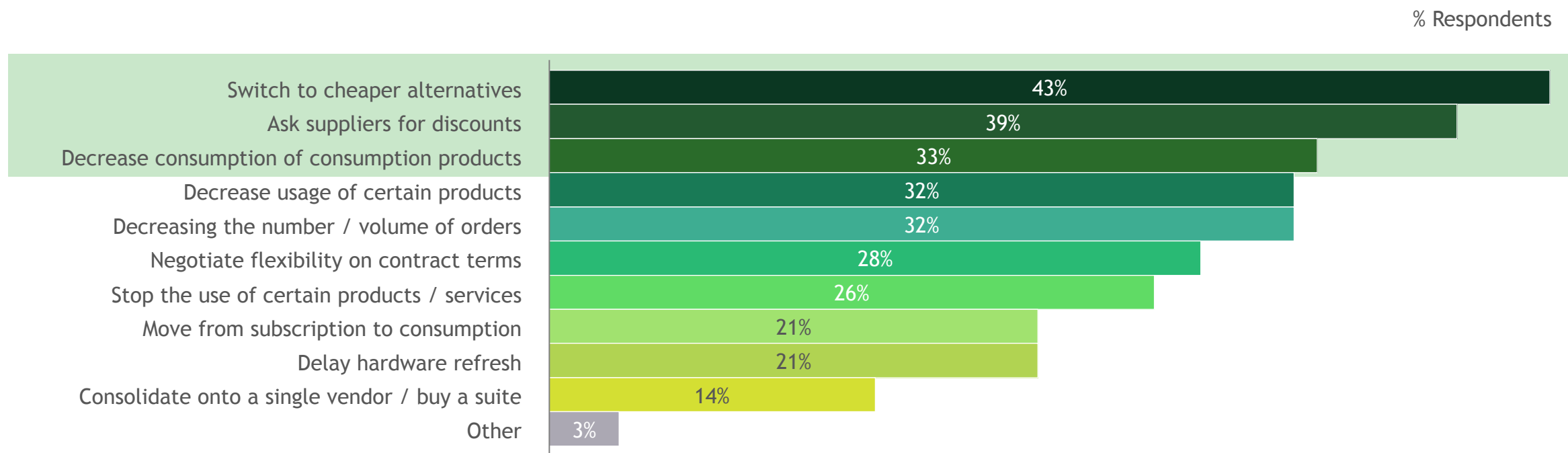


Note: Respondents were asked to specify if they selected "Other"; responses include relying on previous investments / completed investments, reducing internal resource needs by outsourcing, building solutions in-house  
Respondents are double-counted for each answer option as multi-select was allowed  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# To reduce infrastructure spend in 2023, buyers are looking to switch to cheaper alternatives and seek discounts with suppliers

*What measures do you expect your company to take to reduce infrastructure spend?  
Select all that apply.*

*Only asked for the top 3 infrastructure products where respondents expect their company to have the largest spend decreases (in terms of %), in 2023*



Note: Respondents were asked to specify if they selected "Other"; responses include reaching an infrastructure steady state, reducing spend due to significant prior investments, shifting to the cloud  
 Respondents are double-counted for each answer option as multi-select was allowed  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Suppliers | Consolidation accelerates in supplier landscape; nearly every category experiencing net consolidation heading into 2023

## Accelerating net consolidation

	% net supplier change <sup>1</sup>	
	2021	2022
App dev/DevOps/Integration	16	-8
Cloud services	32	-8
Network infrastructure	-12	-15
ERP	-11	-16
System & service mgmt.	-9	-17
CRM	5	-17
Storage infrastructure	-9	-19
ITOM	0	-20
Comm., collab, & content	-7	-22
Devices	-6	-22
Server infrastructure	-21	-24

## Trend reversal to consolidation

	% net supplier change <sup>1</sup>	
	2021	2022
Security infrastructure	27	-2
Analytics	33	-4

- Trend reversal is a continuation of major increases in consolidation that occurred throughout 2022
- If trend continues, Security infrastructure and Analytics likely to see greater consolidation in 2023

## Slowing net expansion

	% net supplier change <sup>1</sup>	
	2021	2022
AI / ML	44	3

- Even though AI /ML shows net expansion for 2023, it has developed a significant downward trend with more respondents increasing consolidation YoY
- If trend continues, AI/ML may show trend reversal to consolidation in 2023
- Some signs that AI / ML investment cycle is maturing past early stages

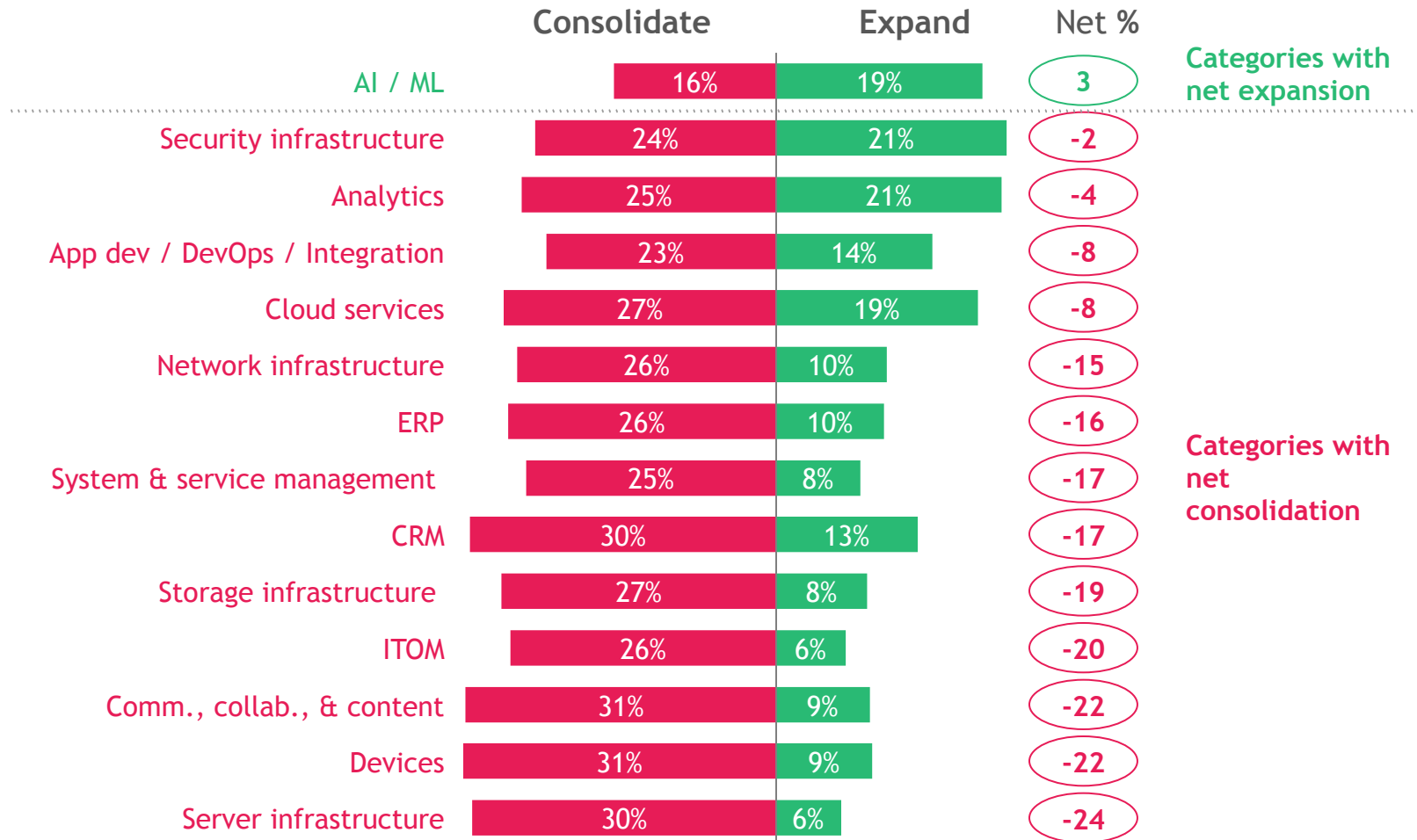
1. Net supplier change (percentage point) refers to the % of respondents that expect to expand their suppliers for the category minus the % that expect to consolidate them.

Note: Responses to answer choices, "Don't know/not applicable" and "No change" not shown

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 3.0 (October 2021), N = 676 (APAC excluded)

# Deep-dive 2023 | Buyers expect to consolidate in every product category except AI / ML

In which of the following categories is your company looking to consolidate or expand IT systems or suppliers?



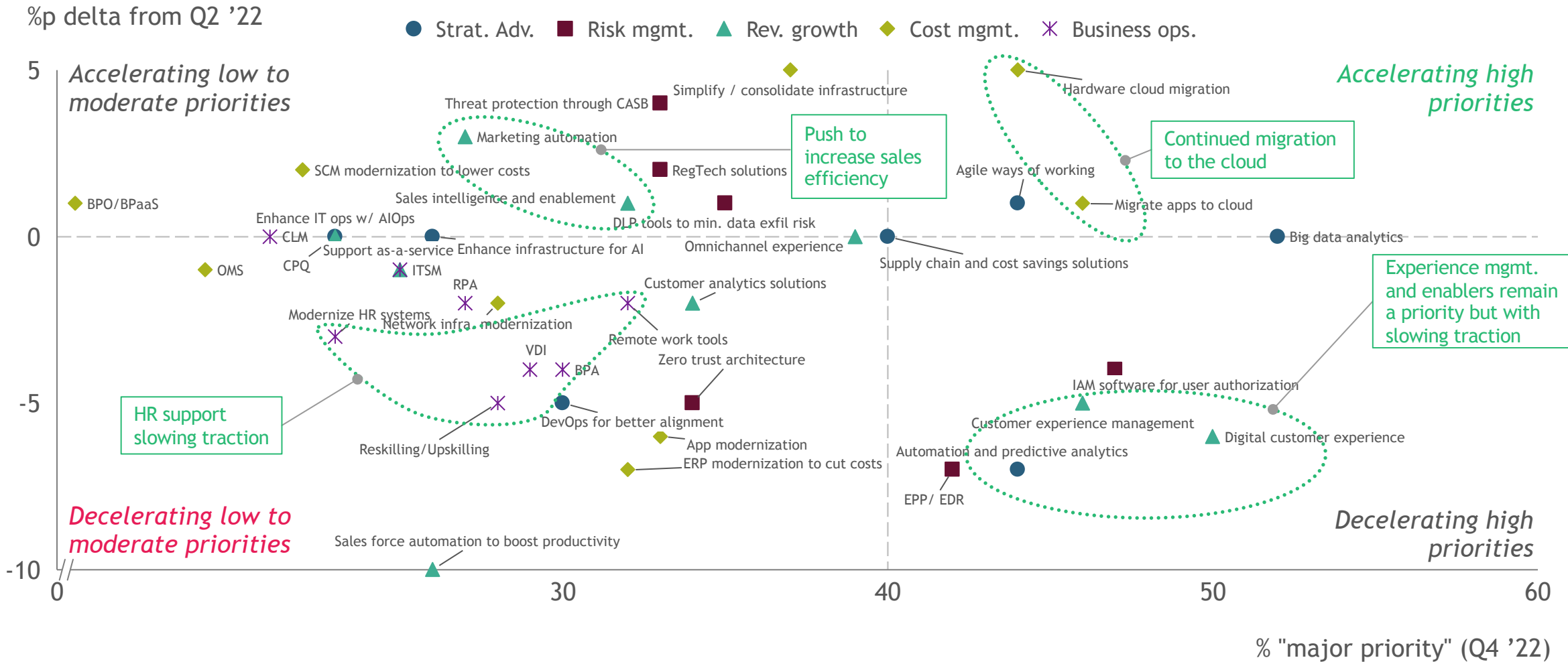
Leading vendors should push for spend consolidation within their customer base, to capitalize on the trend of continuing consolidation

Note: Responses to answer choices, "Don't know/not applicable" and "No change" not shown  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

A row of dark wooden chess pieces is arranged on a checkered board. The pieces, from left to right, include a rook, a knight, a bishop, a king, a queen, a pawn, a knight, and a rook. The text "Strategic priorities" is overlaid in white, sans-serif font across the middle of the image.

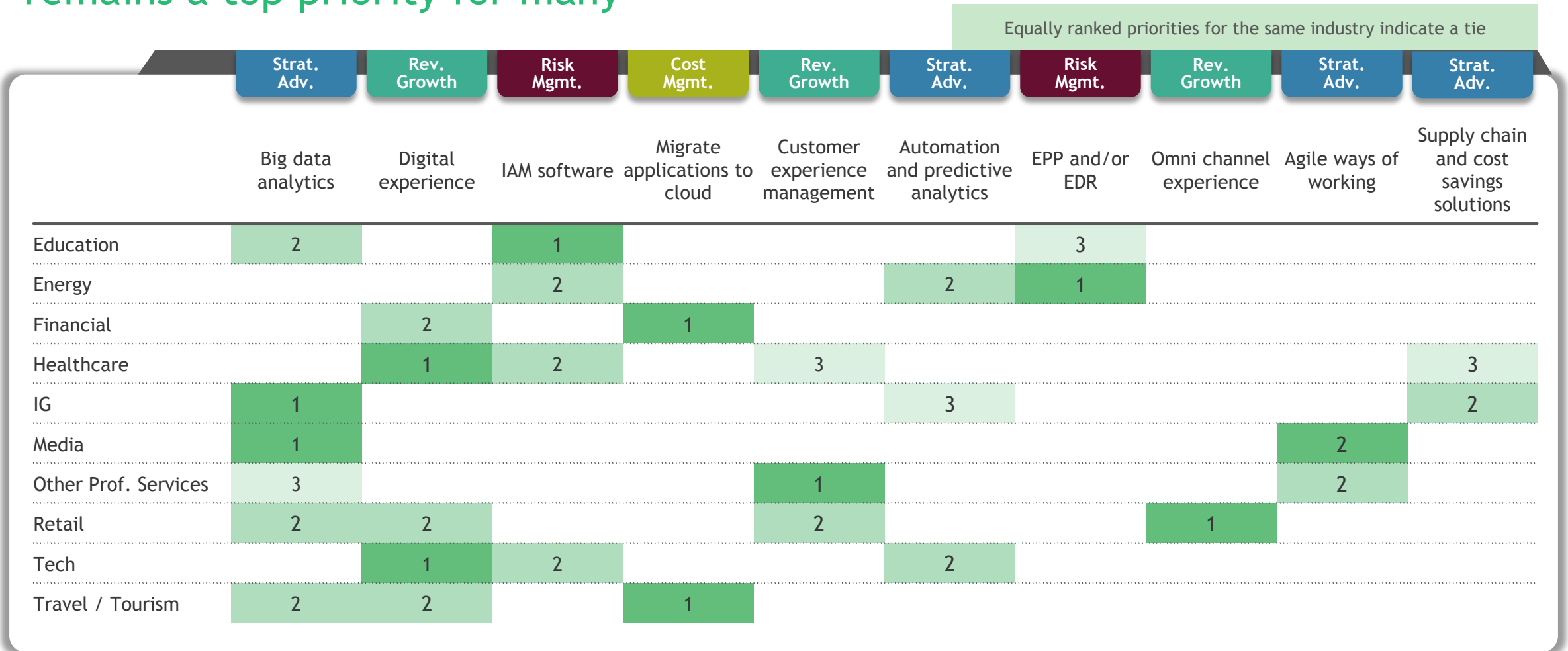
Strategic priorities

# Trends | Some cost/efficiency initiatives accelerate while core customer experience initiatives remain important but to a lesser degree



Question: "How do each of the following initiatives align with your IT priorities for the next 12 months? (major priority, minor priority, not a priority)  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341

# Top priorities | Priorities vary by industry, but analytics and digital experience remains a top priority for many



Question: "How do each of the following initiatives align with your IT priorities for the next 12 months? (major priority, minor priority, not a priority); rankings based on % who stated initiative was a "major priority"; only top 1-3 rankings shown for each industry, not all top 3 industry rankings present within top initiatives

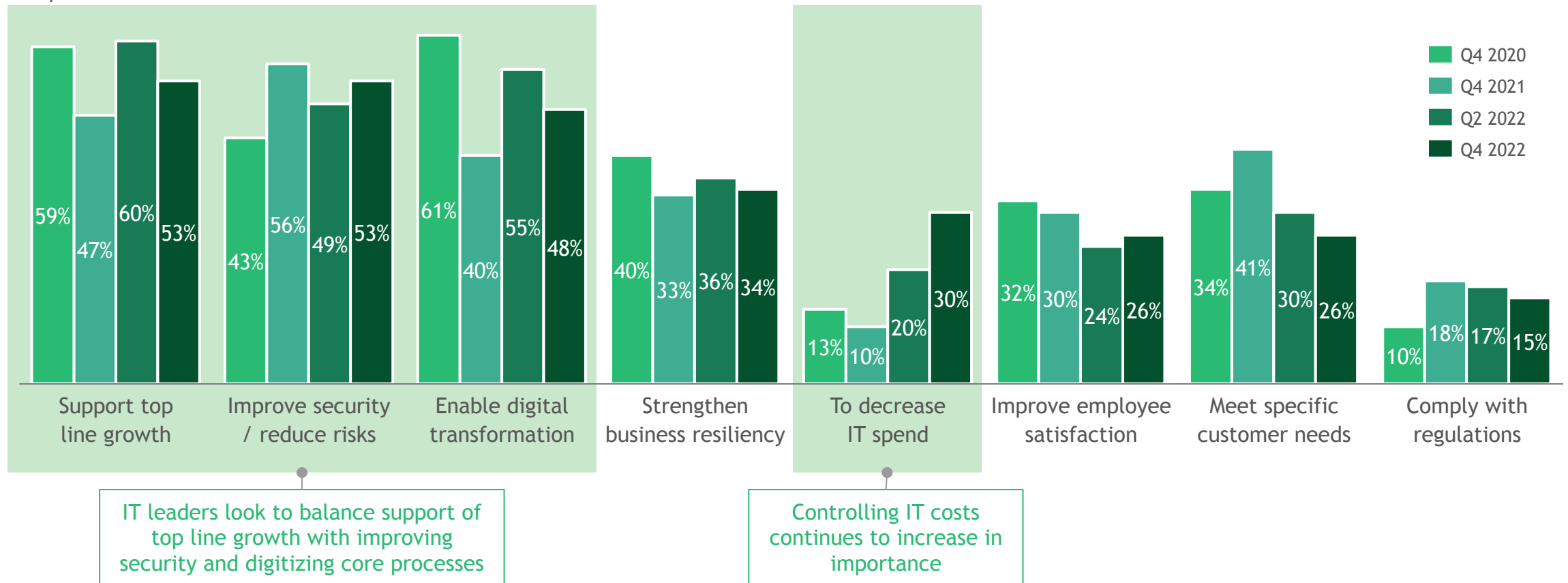
Note: Government industry analysis excluded due to small sample size

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Rationales | Study shows trend toward efficient growth; buyers seek to enable top line growth with a rising focus to control IT spend

*What are the top 3 rationales for your company's strategic priorities overall over the next 12 months?*

% Respondents



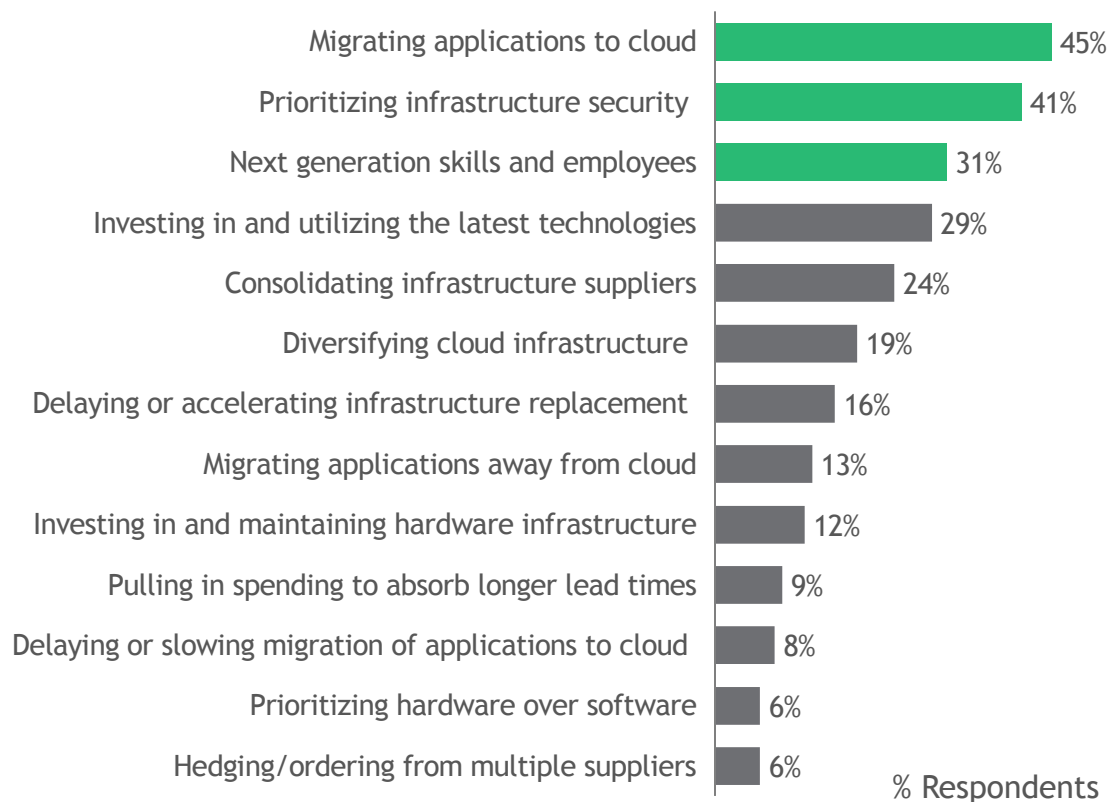
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341; IT Buyer Pulse Check 3.0 (October 2021), N = 676 (APAC excluded); BCG IT Buyer Pulse Check 2.0 (November 2020), N = 694



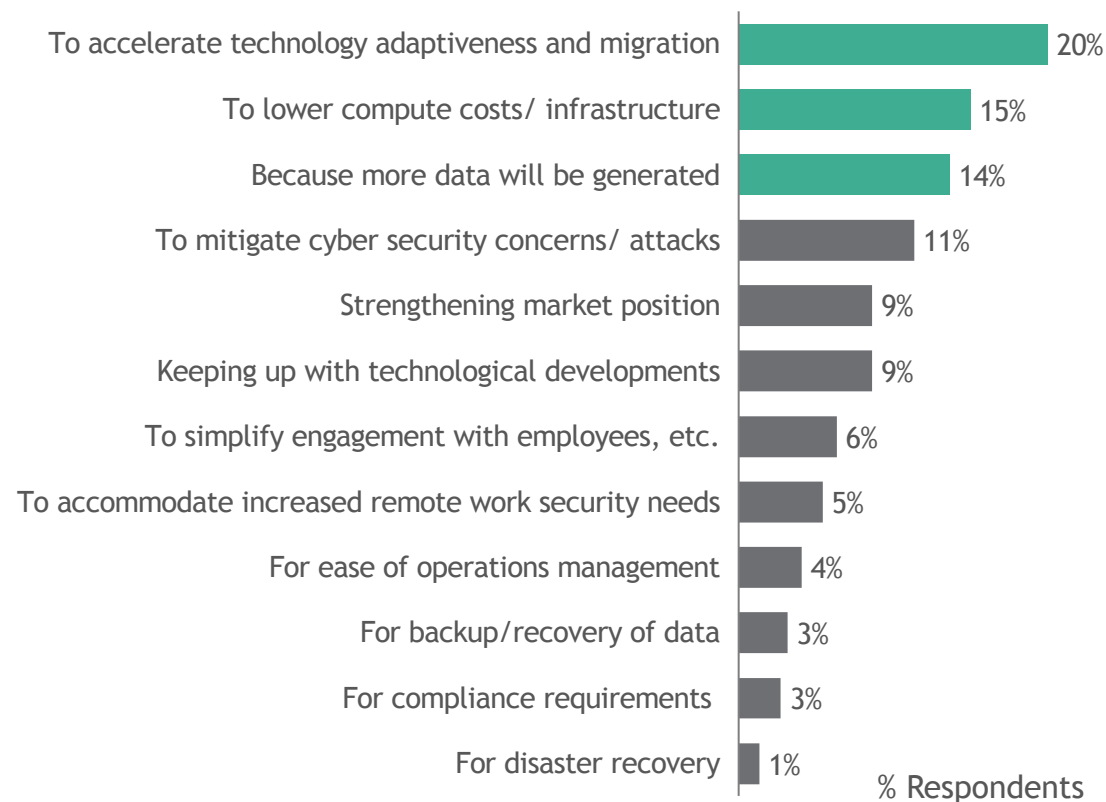
# Infrastructure | Strategies focused on migrating to the cloud and prioritizing security; adaptiveness and reducing cost are the main strategic drivers



What are the top strategies your company is deploying for your direct infrastructure needs?



Primary reason for deploying the top 3 strategies  
(Migrating apps to cloud, Prioritizing infra security, Next gen skills and employees)



Note: Responses to answer choices, "Don't know/not applicable" and "Other" not shown; Question: What is the primary reason your company is deploying these strategies?  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Backup | Rationales consistent across strategies, with strong focus on accelerating technology adaptiveness and migration

Infra. strategy <sup>1</sup>	Rationale <sup>2</sup>	To accelerate tech. adaptiveness and migration	To lower compute costs	Because more data will be generated	To strengthen market position	To keep up with tech. developments	To mitigate cyber security concerns
Migrating applications to cloud		✓					
Prioritizing infrastructure security							✓
Next generation skills and employees		✓		✓	✓		
Investing in and utilizing the latest technologies		✓		✓			
Consolidating infrastructure suppliers			✓				✓
Diversifying cloud infrastructure		✓					
Delaying or accelerating infrastructure replacement		✓	✓				
Migrating applications away from cloud					✓		
Investing in and maintaining hardware infrastructure		✓		✓			✓
Pulling in spending to absorb longer lead times		✓	✓		✓		
Delaying or slowing migration of applications to cloud		✓	✓				
Prioritizing hardware over software					✓		
Hedging/ordering from multiple suppliers					✓	✓	✓

Accelerating tech adaptiveness and migration is one of the top rationales across most infrastructure strategies, in line with the push for digital transformation

Other rationale options that were chosen less often include:

- For ease of operations mgmt.
- To simplify engagement
- For increased remote work security needs
- For backup/recovery of data
- For compliance requirements
- For disaster recovery

✓ Top rationale for strategy<sup>3</sup>  
(at least 1 std dev above the average for that strategy)

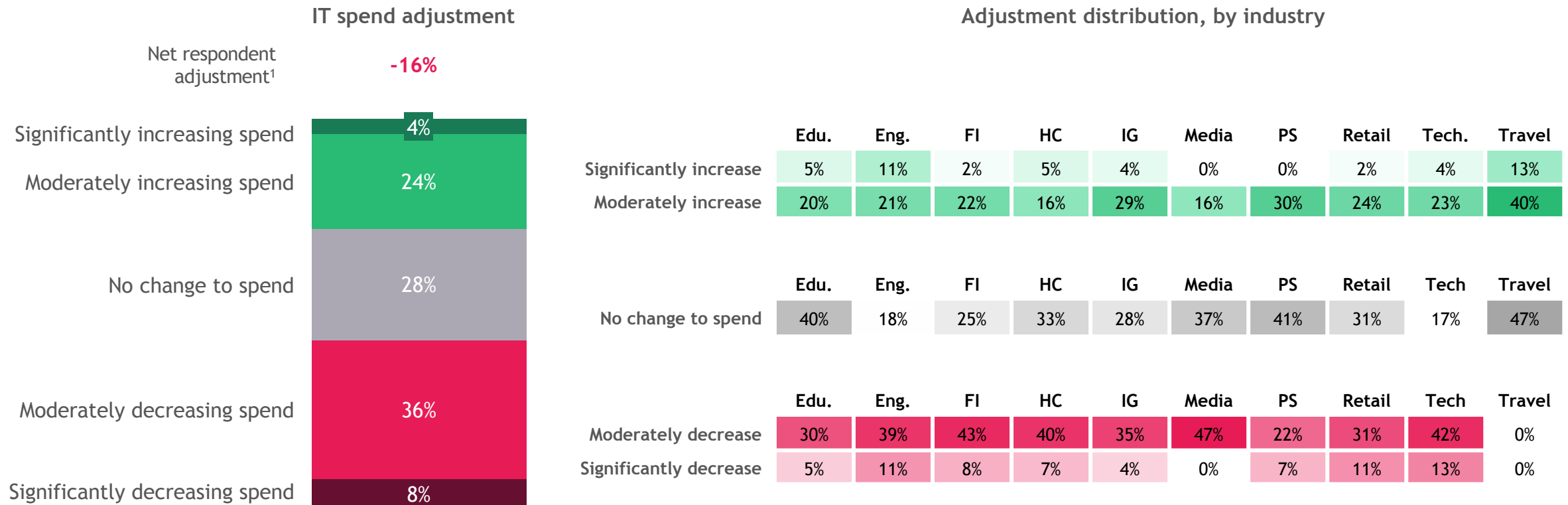
1. What are the top strategies your company is deploying for your direct infrastructure needs? 2. What is the primary reason your company is deploying these strategies? 3. Top rationales identified for each strategy are those that are at least 1 standard deviation above the population average for that strategy  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450



Macro-economic response

# When asked specifically about adjusting IT spend to account for macro-economic conditions, ~70% of companies are already underway

*Has your company already begun adjusting IT spend in response to current macro-economic conditions?*



1. Net respondent adjustment refers to the % of respondents increases spend minus the % that decreased spend.  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

If macro-economic conditions worsen, respondents are most likely to **accelerate** Strategic advantage and Revenue growth initiatives to stay ahead

Risk management initiatives most likely to **decelerate**

## How would worsening macro-economic conditions in 2023 impact your company's current major IT spend priorities?

Net respondent adjustment<sup>1</sup>

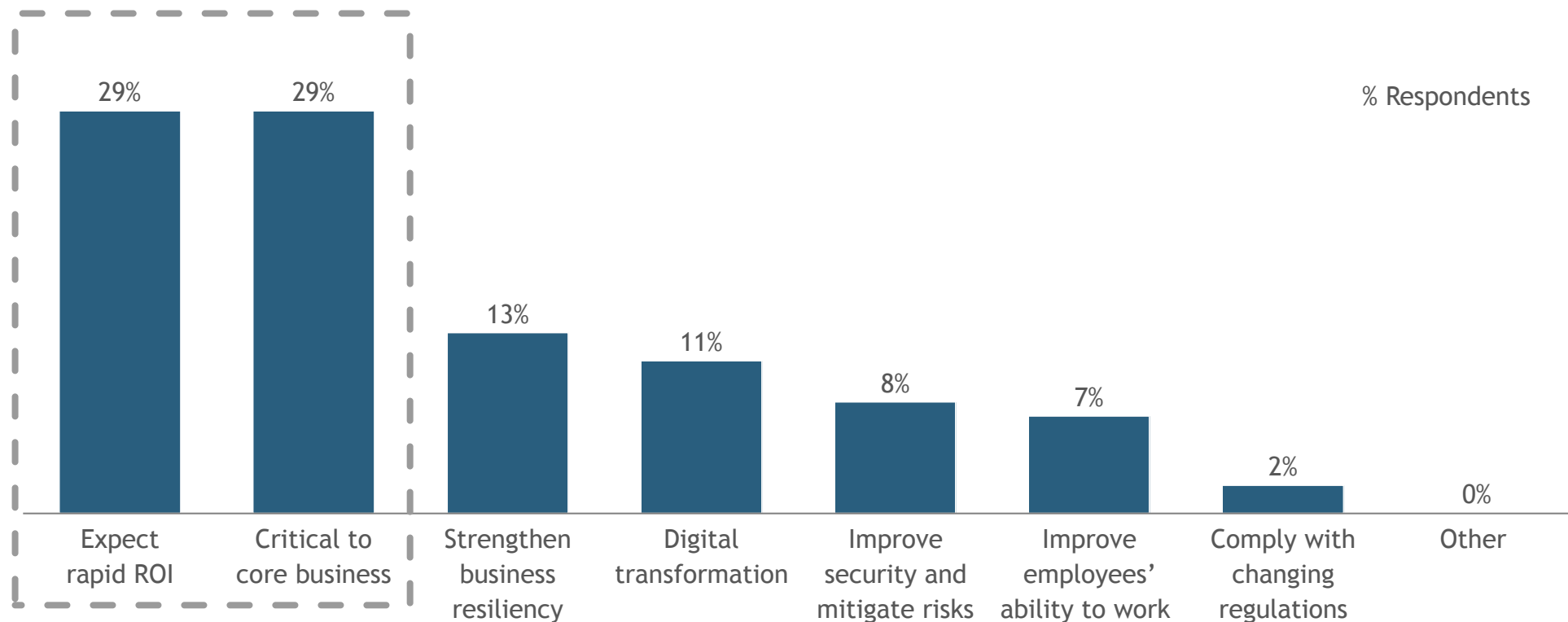
	Strat. Adv.	Risk mgmt.	Rev. growth	Cost mgmt.	Business Ops.
Overall	↑	↓	→	→	→
Education	↓	↓	↓	↓	↓
Energy	→	↓	↑	→	↓
Financial	↓	↓	↓	↓	→
Healthcare	↑	↓	↑	→	↑
IG	↑	↓	→	↓	→
Media	↑	↓	↑	↓	→
Other Prof. Services	↑	↓	→	→	↑
Retail	→	↓	→	↑	↓
Tech	↑	→	↑	→	→
Travel & Tourism	↑	↓	↑	↑	↑

↑ Accelerate initiatives   ↓ Pause or delay initiatives   → No change to initiatives

1. Net adjustment to priorities is % of respondents who accelerate minus % of respondents who decelerate  
 Note: Government industry analysis excluded due to small sample size  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Deep-dive | Worsening macro-economic conditions in 2023 likely to accelerate initiatives that have rapid ROI or strengthen the core

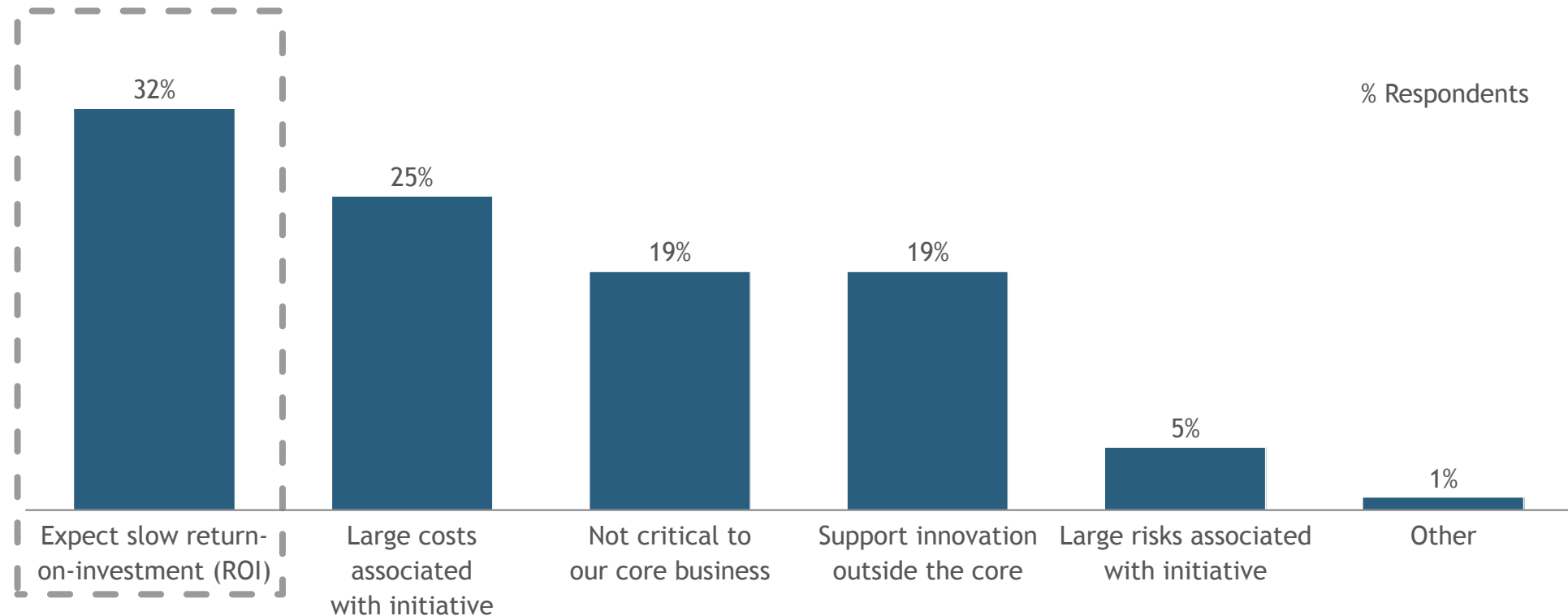
*What is the primary reason your company would accelerate these initiatives?  
Only asked for the initiatives that respondents expect their company to accelerate in response to worsening macro-economic conditions in 2023*



Note: Respondents were asked to specify if they selected "Other"; responses include initiative reduces overall spend  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Deep-dive | Buyers are likely to pause or delay initiatives with slow ROIs if macro-economic conditions worsened in 2023

*What is the primary reason your company would pause or delay these initiatives?  
Only asked for the initiatives that respondents expect their company to pause or delay in response to worsening macro-economic conditions in 2023*



Note: Respondents were asked to specify if they selected "Other"; responses include shifting staff to other projects and smaller overall budgets  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

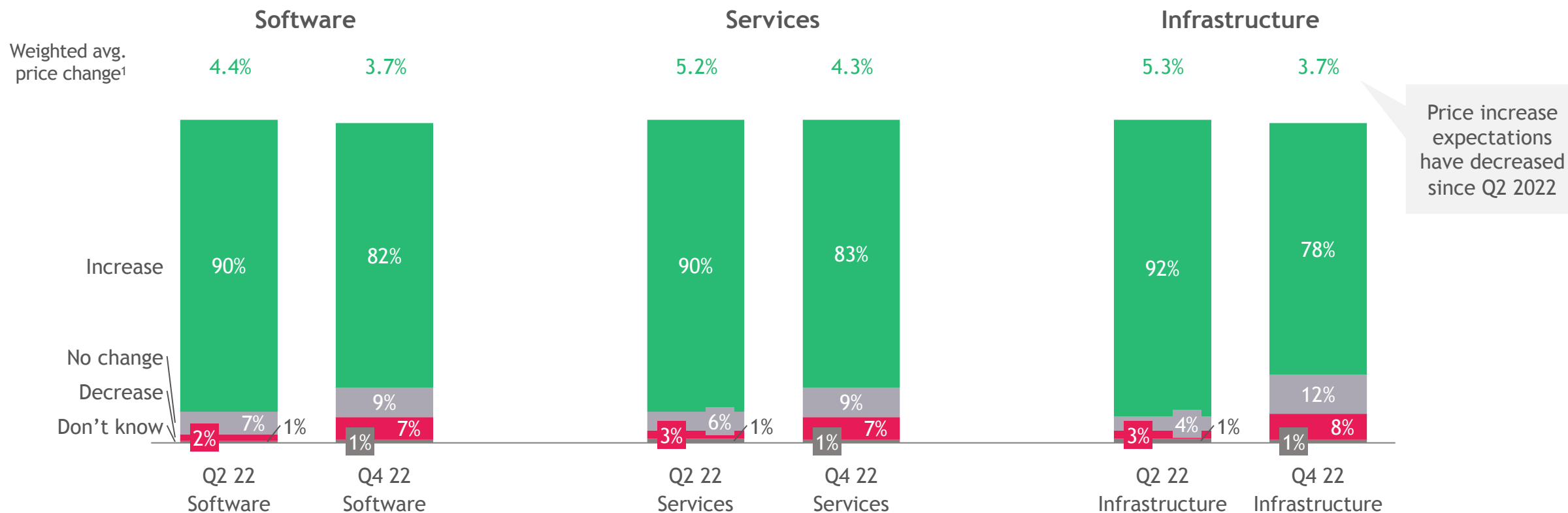
An aerial photograph of a large container ship's deck. The ship is oriented horizontally, with the deck surface visible. Several tall, blue gantry cranes are positioned along the deck, their vertical masts extending upwards. The cranes are spaced out, and their horizontal beams are visible. On the deck, there are numerous stacks of colorful shipping containers in shades of red, green, blue, and white. The containers are stacked in neat rows. The ship's hull is visible on the left and right sides, showing a white and blue color scheme. The water of the sea is visible at the bottom of the frame, appearing dark blue. The overall scene is a busy port environment.

Purchasing channels



# Average price increases are slowing, with increases of ~4% expected for Software, Services, and Infrastructure in the next 12 months

How do you expect prices to change in the next 12 months across each of the following categories?

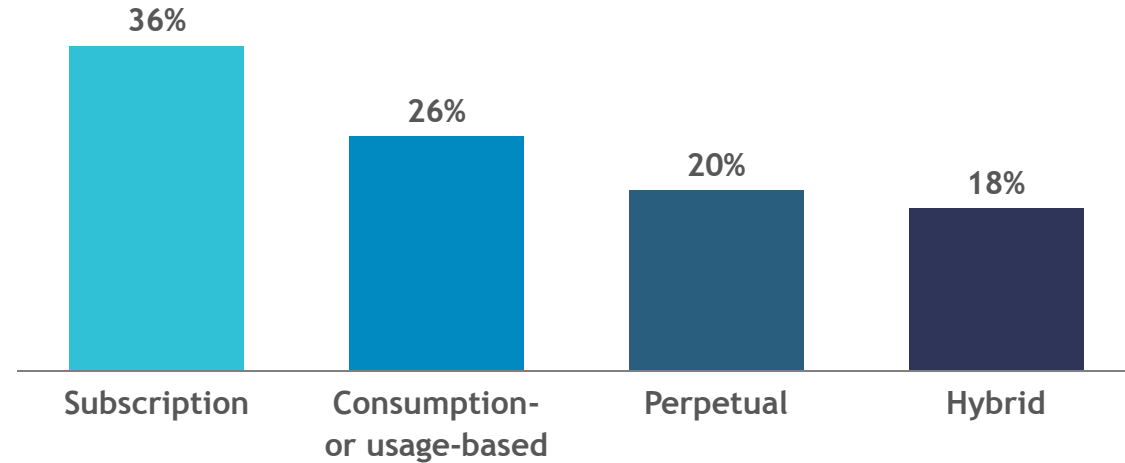


1. Respondents indicated relative amount of spending inc/dec. via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., Inc/dec. by 2-5% assigned value of +/- 2%)

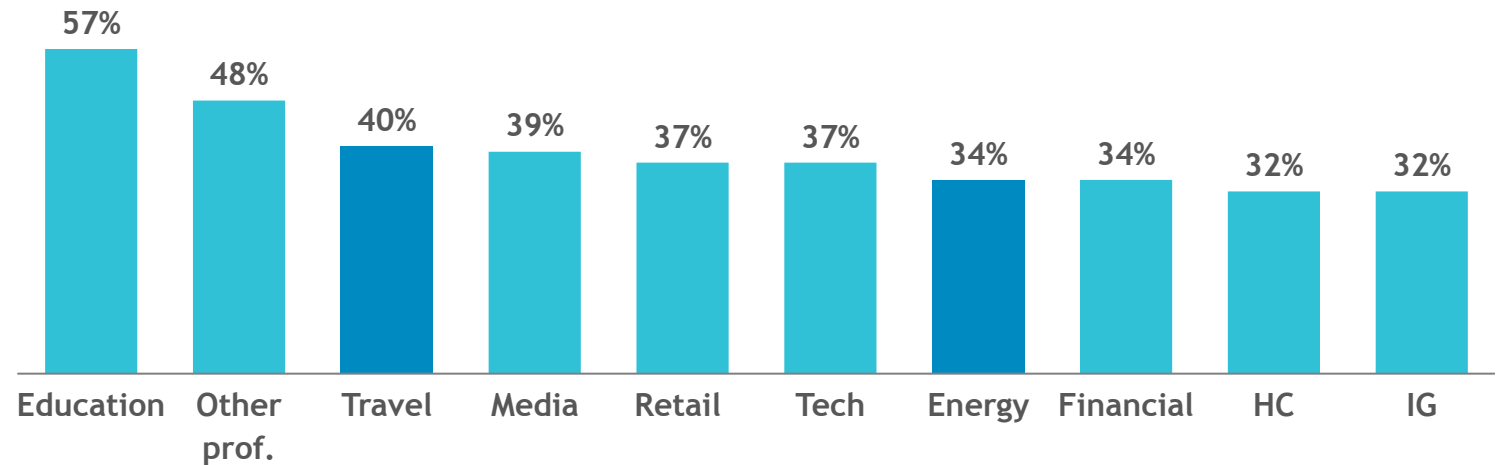
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341

Subscription is the most common software consumption model, with 36% of annual total software spend

What percentage of your annual total software spend is through each of the following consumption models?



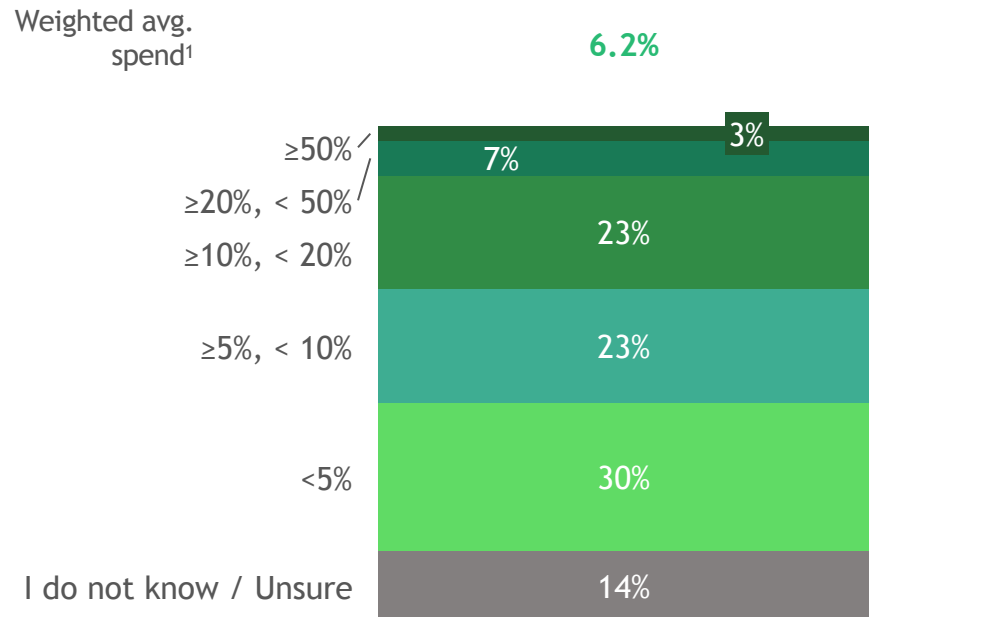
Top consumption model for each industry (average % software spend)



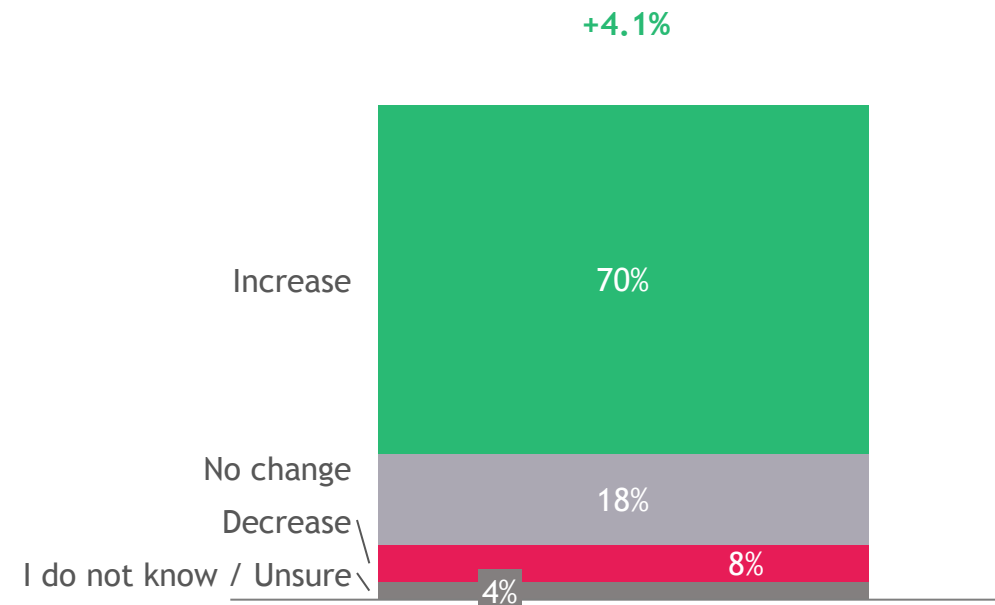
Note: Government industry analysis excluded due to small sample size  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Only ~6% of total software spend is channeled through marketplaces, with an absolute increase of ~4% software spend over the next 1-3 years

*What percentage of your annual total software spend is channeled through software marketplaces?*



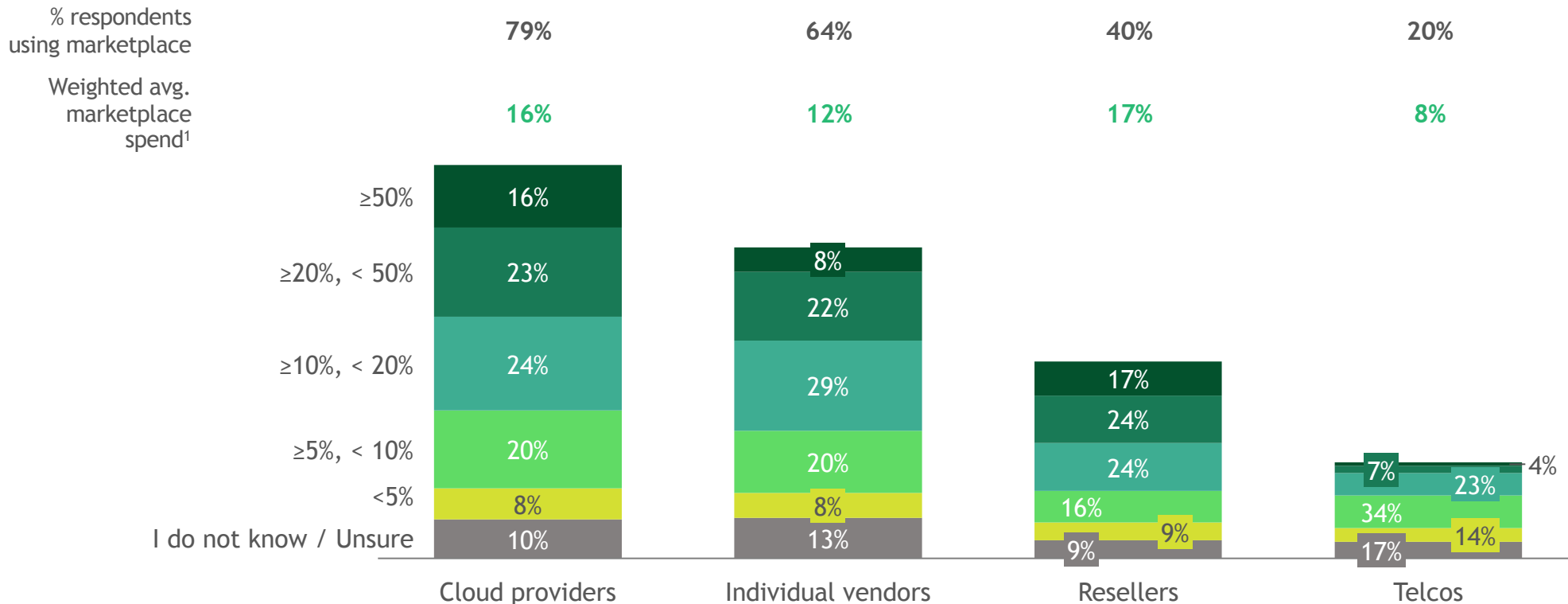
*How much do you anticipate your total spend on software marketplaces to change over the next 1-3 years? Percentages refer to absolute basis.*



1. Respondents indicated relative amount of spend or spend increase/decrease via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., 5-10% assigned value of 5%)  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Majority of respondents use cloud provider and individual vendor marketplaces, with resellers and telcos less commonly used

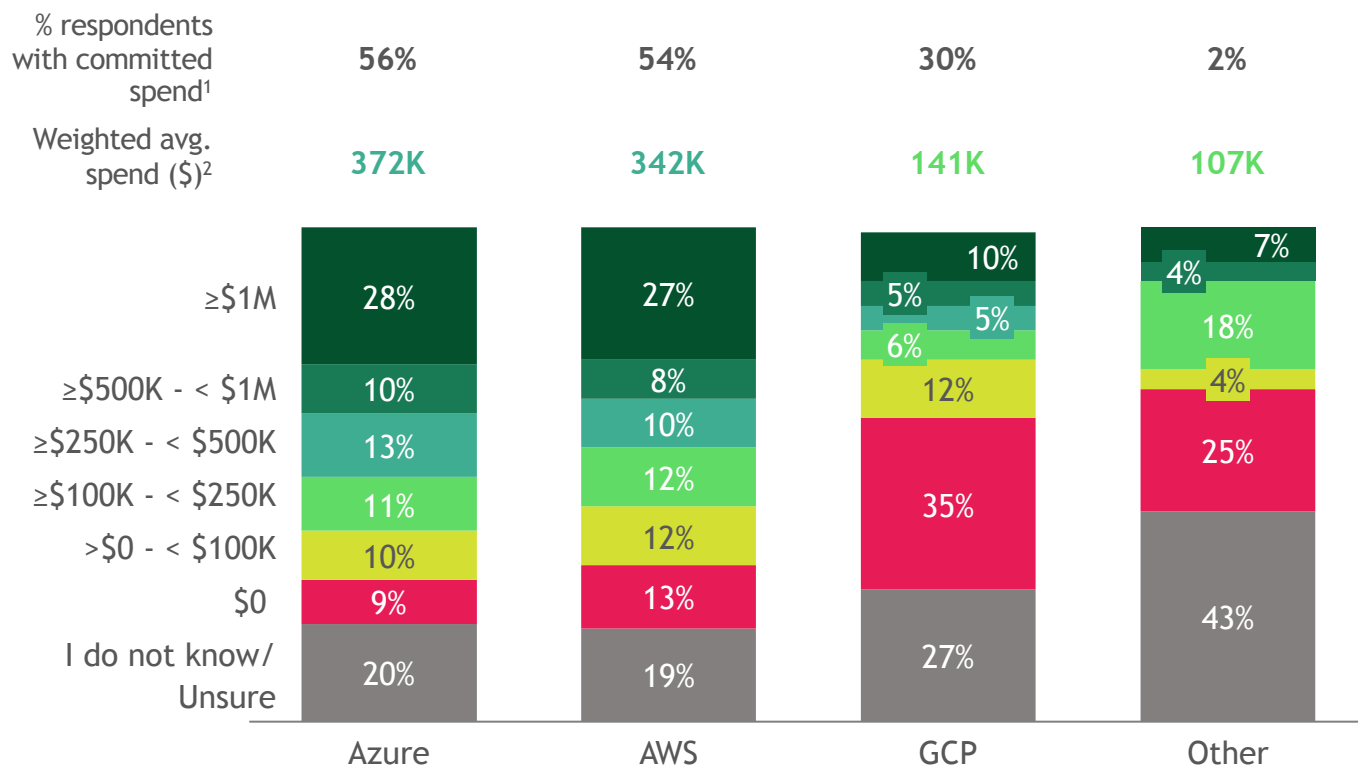
*Which of these software marketplaces do you currently use?  
How is your spend distributed (in %) across the software marketplaces that you currently use?*



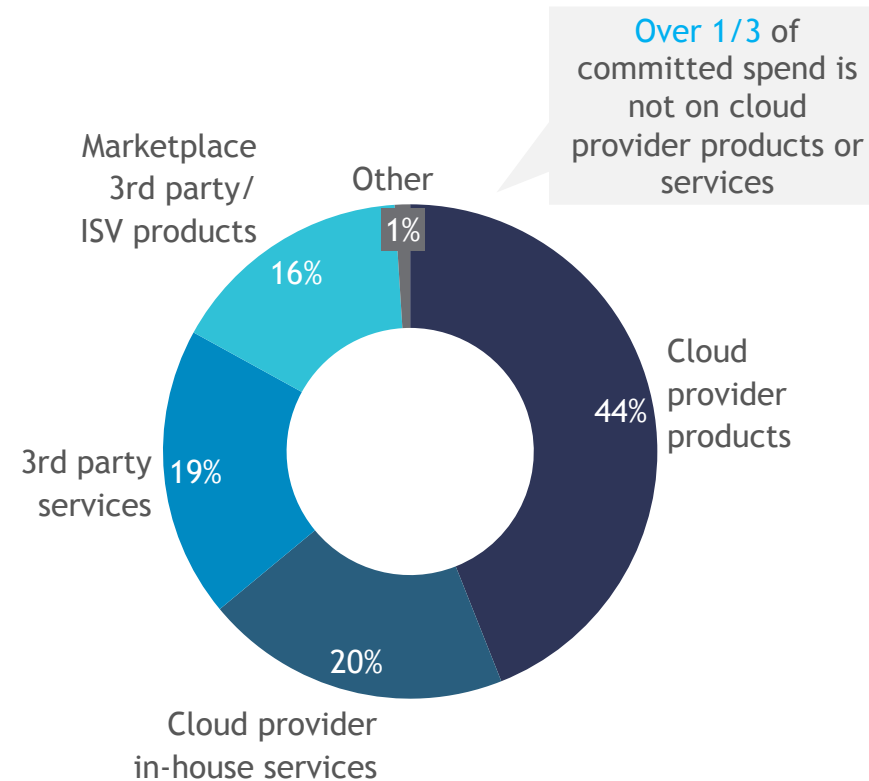
1. Respondents indicated relative amount of spend or spend increase/decrease via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., 5-10% assigned value of 5%)  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Over half of respondents have committed spend to Azure and AWS; most common allocations for committed spend is cloud provider products

*For 2023, how much spend (in \$) have you already committed to each of the following Cloud providers?*



*How are you planning to allocate (in %) your committed spend?*



1. Refers to respondents with >\$0 spend (excluding respondents who "don't know / unsure") divided by total sample 2. Weighted avg. calculated based on the lowest absolute value for the range (e.g., 100K-250K assigned value of 100K) Note: Respondents were asked to specify if they selected "Other"; responses include Oracle (OCI), Edge, Kustomer, Talkdesk, Salesforce; Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450



Select industry deep-dives

# Retail | Industry deep-dive (I/II)

Growth and digital transformation consistently top of mind; security and spend have steadily increased in importance

## Top of mind topics ranked<sup>1</sup>

	Q4 2020	Q4 2021	Q4 2022
1 Enable company growth	1	1	2
Improve customer satisfaction	4	2	5
Manage inflation	N/A	N/A	8
Prepare for economic uncertainty	3	5	7
Manage continued supply chain	N/A	N/A	6
2 Control IT spend and costs	7	8	3
3 Increase security & mitigate risks	6	3	4
1 Drive digital transformation	2	4	1
Keep up with changing regulations	8	7	9
Support hybrid work environment	5	6	10

1. Enabling company growth and driving digital transformation have been the top focus for the past 3 years
2. Controlling IT spend has jumped up in importance this year compared to the previous two years
3. Security has also increased in importance, but to a lesser degree than IT spend concerns

1. Responses for "Other" not included, "N/A" means that these options were not asked  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 54; IT Buyer Pulse Check 3.0 (October 2021), N = 78 (APAC excluded); IT Buyer Pulse Check 2.0 (October 2020), N = 103

Retail focused on customer experience priorities and enablers

## Top 5 major priorities

	Q4 2020	Q4 2021	Q4 2022
1 Omnichannel experience	1	1	1
2 Digital experience	2	3	2
3 Customer experience management	3	2	3
4 Big data analytics	4	4	4
5 Agile ways of working	5	5	5
1 Omnichannel experience			
2 Customer experience management			▲
3 Digital experience			▼
4 Big data analytics			
5 Agile ways of working			
1 Omnichannel experience			
2 Big data analytics			▲
3 Customer experience management			▼
4 Digital experience			▼
5 Supply chain and cost saving			▲

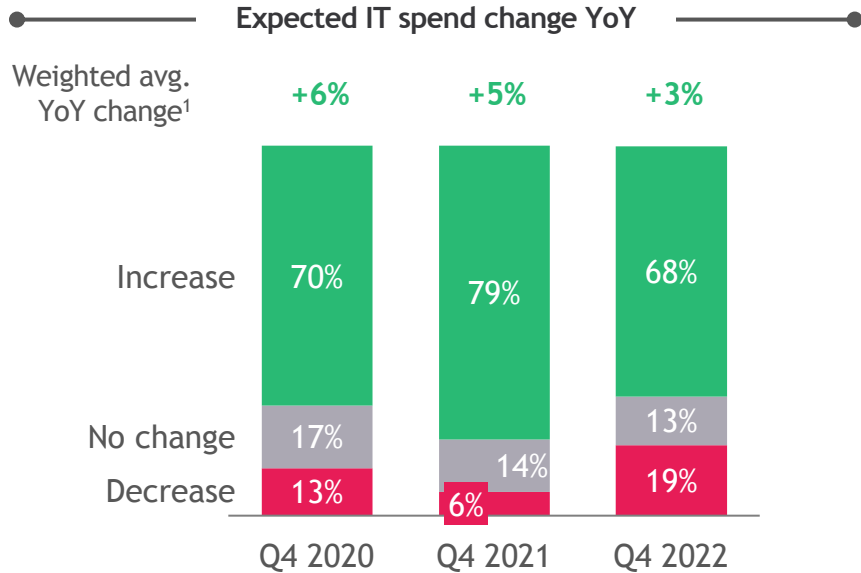
Supply chain and cost saving entered top 5 in Q4 2022

## Key observations

- Retail is focused on **growth** and **digital transformation**, but beginning to **pivot towards lean growth**
- Expecting to **slow overall IT spend**; large focus on **cloud services and infrastructure**

# Retail | Industry deep-dive (II/II)

## Retail IT spend growth expectations have slowed



- Weighted average for expected IT spend has steadily decreased since 2020; growth is still expected, but at a much slower pace
- Even though 2020 and 2022 have similar % respondents selecting increase and decrease, more respondents in 2020 chose higher value increase options (i.e., increase by 10-20% vs 2-5%)

## From 2020 to 2022, Retail has consistently invested in cloud, analytics, and digital commerce, with increasing investments in security

Product Category	Expected net spend change, by product <sup>2</sup>		All industry average	
	Q4 2020	Q4 2022	Q4 2020	Q4 2022
CRM: Marketing	3%	11%	0%	5%
CRM: Digital commerce	10%	15%	6%	10%
CRM: Customer service	6%	7%	2%	3%
Comm., collab., & content	-1%	-9%	-1%	-1%
ERP: HCM	-3%	-9%	0%	-3%
ERP: FMS	4%	4%	2%	1%
ERP: Traditional	4%	11%	2%	8%
Analytics	9%	19%	0%	-7%
App dev / DevOps	2%	6%	2%	-1%
System & service mgmt.	-3%	-11%	1%	1%
ITOM	-7%	-7%	-1%	1%
Network infrastructure	-3%	-4%	0%	1%
Security infrastructure	3%	20%	-5%	-5%
Storage infrastructure	-9%	-20%	-2%	-7%
Server infrastructure	-13%	-26%	-1%	6%
Cloud services	7%	33%	-2%	0%
AI / ML	0%	2%	-1%	-8%
Devices	-11%	-35%	-2%	-11%

pp > avg.  
pp < avg.

1. Respondents indicated relative amount of spending inc/dec. via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., Inc/dec. by 2-5% assigned value of +/- 2%) 2. Percentages in table are the net respondents spend change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending)

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 54; IT Buyer Pulse Check 3.0 (October 2021), N = 78 (APAC excluded); IT Buyer Pulse Check 2.0 (October 2020), N = 103



# Financial | Industry deep-dive (I/II)

Growth, digital transformation, and security consistently top of mind; cost #1 focus in 2022

## Top of mind topics ranked<sup>1</sup>

	Q4 2020	Q4 2021	Q4 2022
1 3 Enable company growth	2	1	4
Improve customer satisfaction	5	5	8
Manage inflation	#N/A	#N/A	9
Prepare for economic uncertainty	4	4	7
Manage continued supply chain	#N/A	#N/A	10
2 3 Control IT spend and costs	8	8	1
1 Increase security & mitigate risks	3	2	2
1 Drive digital transformation	1	3	3
Keep up with changing regulations	7	6	5
Support hybrid work environment	5	7	6

1. Company growth, digital transformation, and security have been key areas of focus for the past 3 years
2. Controlling IT spend has jumped up in importance this year to #1, compared to its #8 rank in 2021 and 2020
3. Increased importance of cost displaced growth from top 3 priorities for the first time since 2020

1. Responses for "Other" not included, "N/A" means that these options were not asked  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 63; IT Buyer Pulse Check 3.0 (October 2021), N = 67 (APAC excluded); IT Buyer Pulse Check 2.0 (October 2020), N = 67

Financial priorities focus on analytics, agile, and digital experience

## Top 5 major priorities

	Q4 2020	Q4 2021	Q4 2022
1 Remote work tools			
2 Agile ways of working			
3 Digital experience			
4 EPP / EDR			
5 Big data analytics			
1 Digital experience			▲
2 IAM software for user authorization			▲
3 EPP / EDR			▲
4 Agile ways of working			▼
5 Big data analytics			
1 Migrate applications to cloud			▲
2 Digital experience			▼
3 Hardware cloud migration			▲
4 Big data analytics			▲
5 Agile ways of working			▼

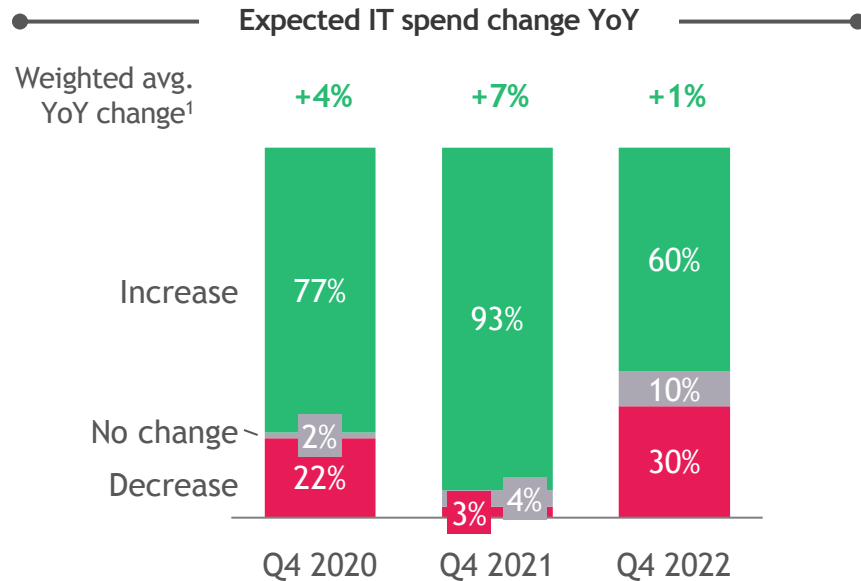
Migration to cloud (cost mgmt.) entered top 5 at #1 spot in 2022

## Key observations

- Consistently focused on **growth, digital transformation and security**, but seeing a sharp increase in cost concerns in 2022
- Minimal growth expected for 2023 spend; spend focused on **cloud, analytics, and security**

# Financial | Industry deep-dive (II/II)

## Financial IT spend growth expectations have fluctuated



- 2022 weighted average expected IT spend is ~1%; minimal growth expected for 2023
- Spike in spend change in 2021 likely driven by focus on company growth and security through investments in digital experience, IAM user authorization, and EPP / EDR

## From 2020 to 2022, Financial has consistently invested in cloud, analytics, and security, with increasing investments in AI / ML and App dev

Expected net spend change, by product<sup>2</sup> | All industry average

	Q4 2020	Q4 2022	Q4 2020	Q4 2022
CRM: Marketing	2%	-5%	-1%	-11%
CRM: Digital commerce	1%	0%	-3%	-5%
CRM: Customer service	1%	-10%	-3%	-14%
Comm., collab., & content	4%	0%	3%	9%
ERP: HCM	-3%	-10%	0%	-3%
ERP: FMS	-2%	0%	-4%	-3%
ERP: Traditional	-3%	-10%	-5%	-12%
Analytics	10%	41%	1%	16%
App dev / DevOps	2%	25%	3%	19%
System & service mgmt.	-5%	-14%	-1%	-2%
ITOM	-8%	-21%	-2%	-12%
Network infrastructure	0%	-11%	2%	-7%
Security infrastructure	14%	27%	5%	1%
Storage infrastructure	-7%	-16%	0%	-3%
Server infrastructure	-9%	-40%	3%	-8%
Cloud services	13%	59%	4%	25%
AI / ML	2%	22%	1%	12%
Devices	-12%	-30%	-3%	-6%

pp > avg.  
pp < avg.

1. Respondents indicated relative amount of spending inc/dec. via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., Inc/dec. by 2-5% assigned value of +/- 2%) 2. Percentages in table are the net respondents spend change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending)

Source IT Buyer Pulse Check 5.0 (December 2022), N = 63; N = 56; IT Buyer Pulse Check 3.0 (October 2021), N = 67 (APAC excluded); IT Buyer Pulse Check 2.0 (October 2020), N = 67

# Healthcare | Industry deep-dive (I/II)

Digital transformation and security consistently top of mind; IT spend / cost increased in importance in 2022

## Top of mind topics ranked<sup>1</sup>

	Q4 2020	Q4 2021	Q4 2022
2 Enable company growth	2	7	3
Improve customer satisfaction	5	3	5
Manage inflation	N/A	N/A	10
Prepare for economic uncertainty	4	6	9
Manage continued supply chain	N/A	N/A	7
3 Control IT spend and costs	8	8	4
1 Increase security & mitigate risks	3	1	2
1 Drive digital transformation	1	2	1
Keep up with changing regulations	7	5	8
Support hybrid work environment	6	3	5

1. Driving digital transformation and increasing security / mitigating risks have been the top focus for the past 3 years
2. Enabling company growth in top 3 for 2020 and 2022
3. Controlling IT spend has jumped up in importance this year, compared to the previous two years

1. Responses for "Other" not included, "N/A" means that these options were not asked  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 43; IT Buyer Pulse Check 3.0 (October 2021), N = 53 (APAC excluded); IT Buyer Pulse Check 2.0 (October 2020), N = 89

Healthcare focused on digital / customer experience and security

## Top 5 major priorities

	Q4 2020	Q4 2021	Q4 2022
1 Digital experience	1	4	1
2 Big data analytics	2	3	3
3 Remote work tools	3	5	5
4 Customer experience management	4	2	4
5 Agile ways of working	5	1	2
1 EPP / EDR	1	5	5
2 IAM software for user authorization	2	4	2
3 Big data analytics	3	3	3
4 Digital experience	4	2	4
5 Zero trust architecture	5	1	1
1 Digital experience	1	4	1
2 IAM software for user authorization	2	3	2
3 Supply chain and cost saving	3	5	3
4 Customer experience management	4	2	4
5 EPP / EDR	5	1	1

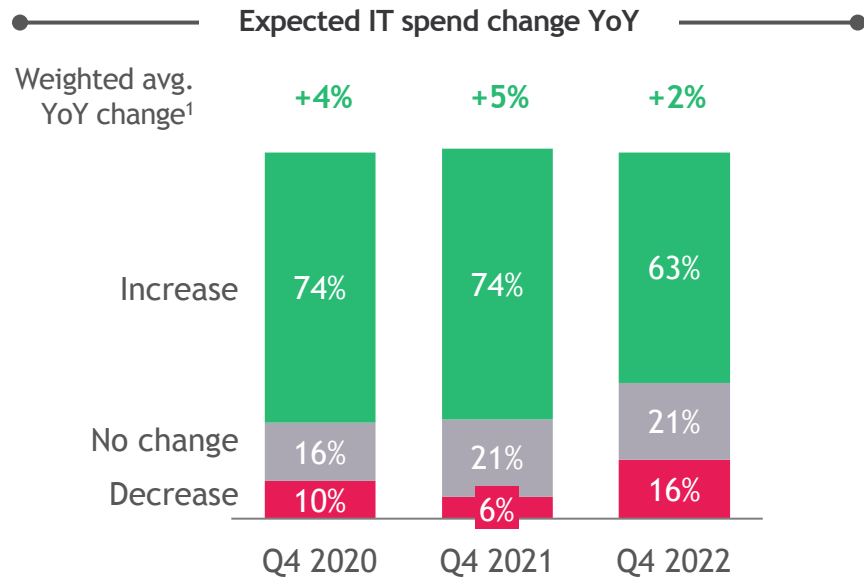
Supply chain and cost saving entered top 5 in Q4 2022

## Key observations

- Healthcare is primarily focused on digital transformation and security; IT cost control newly top-of-mind
- Expecting to slow overall IT spend; large focus on security, analytics, and cloud products

# Healthcare | Industry deep-dive (II/II)

## Healthcare IT spend growth expectations have slowed



- Weighted average for expected IT spend has decreased for 2023; growth is still expected, but at a slower pace
- Signs of a pivot to lean growth, through balancing topline, security, and transformation goals with cost concerns

## From 2020 to 2022, Healthcare has consistently invested in security, analytics, and cloud; Healthcare also has above average spend in devices

Expected net spend change, by product<sup>2</sup> | All industry average

	Q4 2020	Q4 2022	Q4 2020	Q4 2022
CRM: Marketing	4%	5%	1%	-2%
CRM: Digital commerce	2%	7%	-1%	2%
CRM: Customer service	6%	12%	2%	8%
Comm., collab., & content	-4%	-9%	-4%	-1%
ERP: HCM	-4%	-7%	-2%	-1%
ERP: FMS	2%	9%	0%	6%
ERP: Traditional	0%	2%	-2%	0%
Analytics	12%	19%	4%	-7%
App dev / DevOps	-3%	0%	-2%	-6%
System & service mgmt.	-2%	-7%	2%	5%
ITOM	-3%	-12%	2%	-3%
Network infrastructure	1%	-9%	4%	-5%
Security infrastructure	6%	33%	-3%	7%
Storage infrastructure	-8%	-23%	-1%	-10%
Server infrastructure	-13%	-33%	0%	-1%
Cloud services	8%	26%	-1%	-8%
AI / ML	3%	7%	2%	-3%
Devices	-8%	-9%	2%	14%

pp > avg.  
pp < avg.






1. Respondents indicated relative amount of spending inc/dec. via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., Inc/dec. by 2-5% assigned value of +/- 2%) 2. Percentages in table are the net respondents spend change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending)

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 43; IT Buyer Pulse Check 3.0 (October 2021), N = 53 (APAC excluded); IT Buyer Pulse Check 2.0 (October 2020), N = 89

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# Appendix

# 450 NAMR and European respondents from mid-size and large companies across a broad range of verticals

Industry <sup>1</sup>	Company revenue <sup>2</sup>	Functional role <sup>3</sup>	Title <sup>3</sup>	Primary base operations <sup>3</sup>
				
IG 112	>\$50B 32	IT/Digital/Data 330	President/Owner/C-Suite 117	North America 248
Tech 69	>\$10B to \$50B 87	Owner/president 35	EVP/SVP 86	Europe 202
Financial 63	>\$5.0B to \$10B 59	Sales/marketing 31	VP/GM 114	
Retail 54	>\$1.0B to \$5.0B 124	Supply chain/operations 30	Director/Sr. Director 133	
Healthcare 43	>\$500M to \$1.0B 68	Finance/accounting 22		
Energy 28	>\$100M to \$500M 80	HR/talent/people 2		
Other prof. services 27				
Education 20				
Media 19				
Travel/tourism 15				
Government 0				

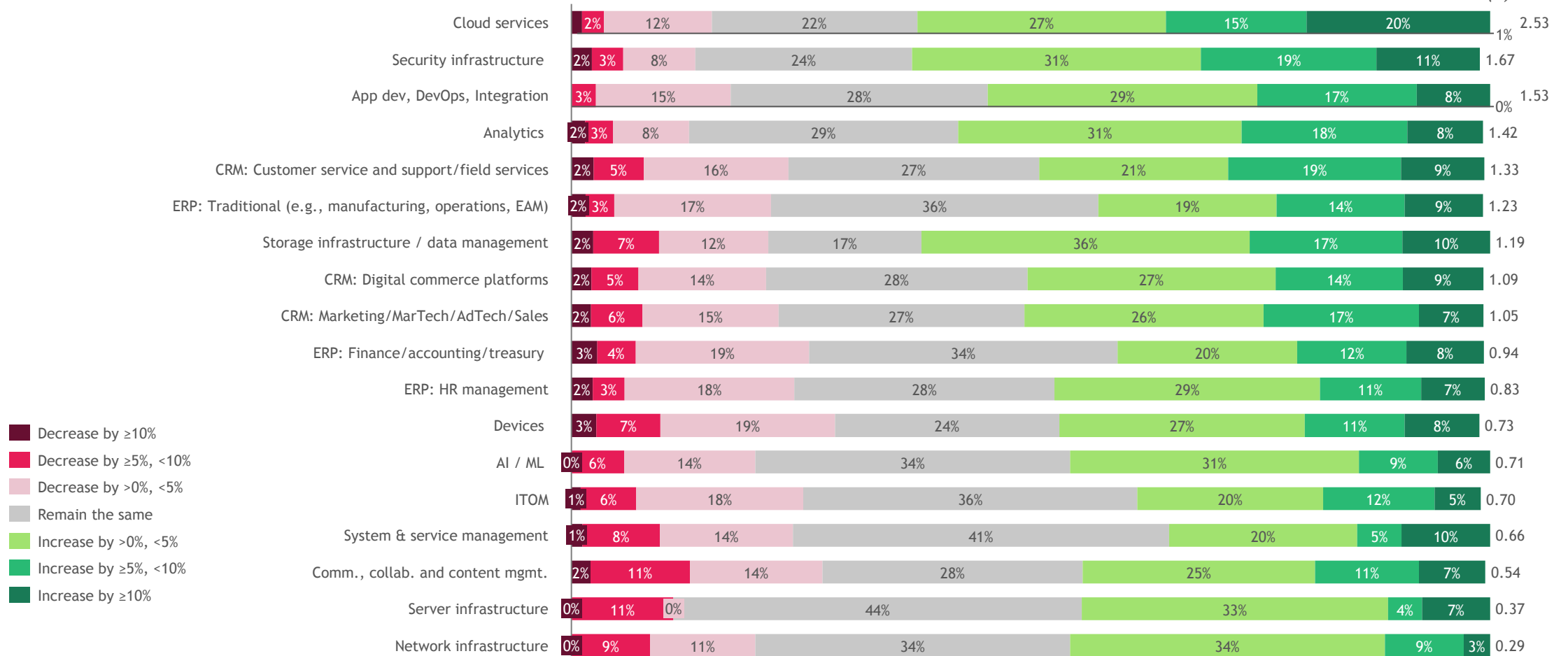
1. In which industry does your current company primarily operate? 2. To the best of your ability, please estimate your company's full fiscal year 2021 revenue in USD 3. Which function best describes your department or functional role at your company? 4. What of the following best describes your current level at your company? 5. In what country does your current company base its primary operations?

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Deep-dive | Despite growing cost awareness, user counts for user driven products are not yet seeing major adjustments

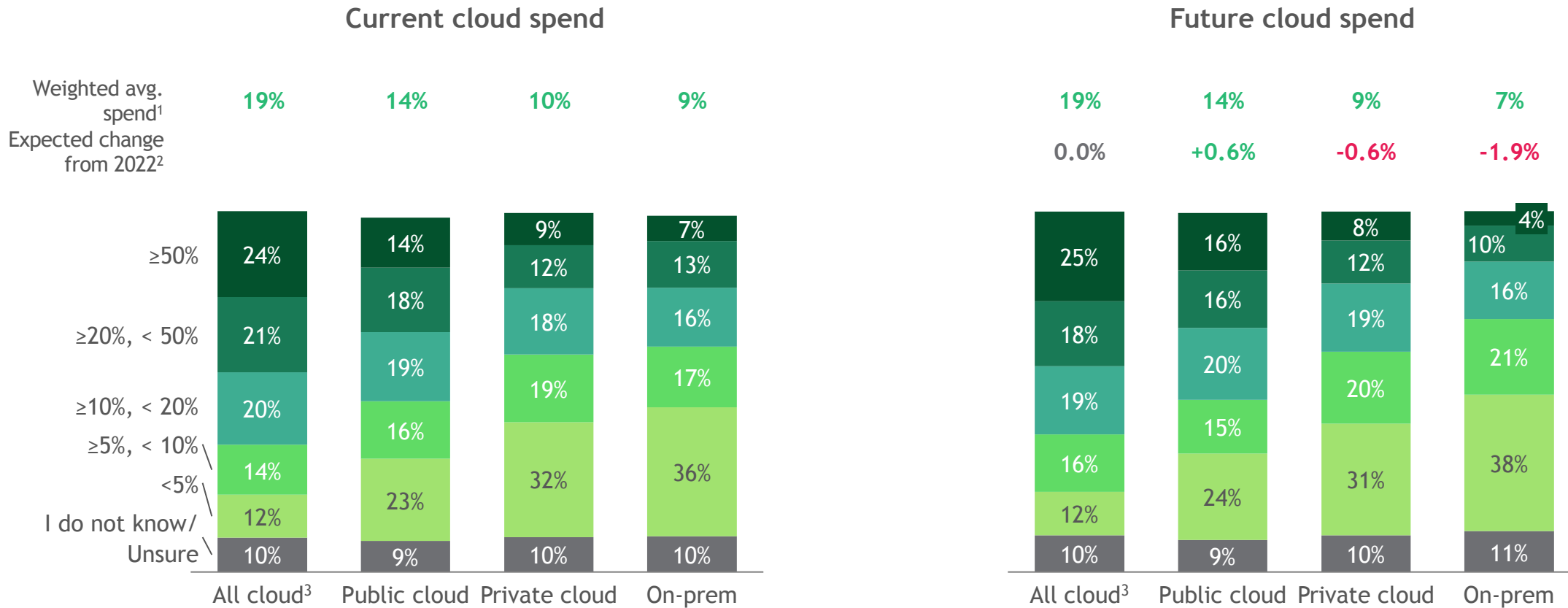
For the spend categories driven by headcount, how do you expect the headcount to change in the next 12 months?

Weighted Average Net Headcount Increase (%)<sup>1</sup>



1. Respondents indicated forecasted headcount inc/dec. via multiple choice options, weighted avg. calculated based on the lowest absolute value for the range (e.g., Inc/dec. by 2-5% assigned value of +/- 2%) Note: "Don't know" answers not included in chart  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Cloud is currently consuming ~20% of IT spend, with public cloud leading overall cloud spend and expected growth



1. Weighted avg. calculated based on the lowest absolute value for the range (e.g., 5-10% assigned value of 5%) 2. Expected change refers to weighted average spend in 2023 minus the current weighted average spend 3. All cloud defined as the sum of public, private, on-prem, and any other cloud. Note: Respondents were asked to specify if they selected "Other"; responses include government cloud, European networks. Questions: How much of your IT spend (in %) is on public cloud, private cloud, and on-prem cloud? For 2023, what would be your targeted spend (in %) on public cloud, private cloud, and on-prem cloud? Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450



# Modernization and experience management initiatives are being adopted at different rates across industries; overall dispersion has decreased since Q2

## High industry dispersion/ lower consensus

Industry  
std. dev.<sup>1</sup>

Strategic priority	Q4 '21	Q2 '22	Q4 '22
ERP modernization to cut costs	13%	19%	13%
Migrate apps to cloud	5%	22%	13%
Digital customer experience	8%	10%	12%
Omnichannel experience	16%	19%	12%
Supply chain and cost saving	#N/A	14%	12%
Customer analytics solutions	10%	13%	11%
DLP tools to min. data exfil risk	10%	12%	11%
Support as-a-service	7%	10%	11%
IAM software for user authorization	8%	14%	11%
Modernize HR systems	7%	9%	10%
Sales force automation solutions	7%	5%	10%
Network infra. modernization	9%	14%	10%
Enhance infrastructure for AI	5%	18%	10%

## Moderate industry dispersion/ moderate consensus

Industry  
std. dev.<sup>1</sup>

Strategic priority	Q4 '21	Q2 '22	Q4 '22
Zero trust architecture	11%	14%	10%
Simplify / consolidate infra	9%	13%	10%
App modernization	6%	10%	10%
CLM	8%	11%	10%
RPA	8%	11%	10%
Sales intelligence and enablement	#N/A	11%	10%
CPQ	8%	11%	9%
Hardware cloud migration	5%	18%	9%
Remote work tools	8%	13%	8%
DevOps for better alignment	13%	17%	8%
Customer experience management	10%	12%	8%
OMS	8%	13%	8%
Big data analytics	7%	22%	8%

## Low industry dispersion/ higher consensus

Industry  
std. dev.<sup>1</sup>

Strategic priority	Q4 '21	Q2 '22	Q4 '22
EPP/ EDR	7%	8%	8%
Enhance IT ops w/ AIOps	7%	13%	8%
ITSM	7%	8%	7%
Threat protection through CASB	12%	13%	7%
Automation and predictive analytics	7%	13%	7%
BPA	7%	14%	7%
SCM modernization	10%	11%	7%
Agile ways of working	12%	12%	7%
Reskilling/Upskilling	12%	7%	6%
BPO/BPaaS	7%	7%	6%
Marketing automation	8%	9%	6%
RegTech solutions	11%	10%	5%
VDI	9%	9%	4%

Strat. Adv. Risk mgmt. Rev. growth Cost mgmt. Business ops

Dispersion High Low

1. Standard deviation across industries in those stating initiative was a "major priority"

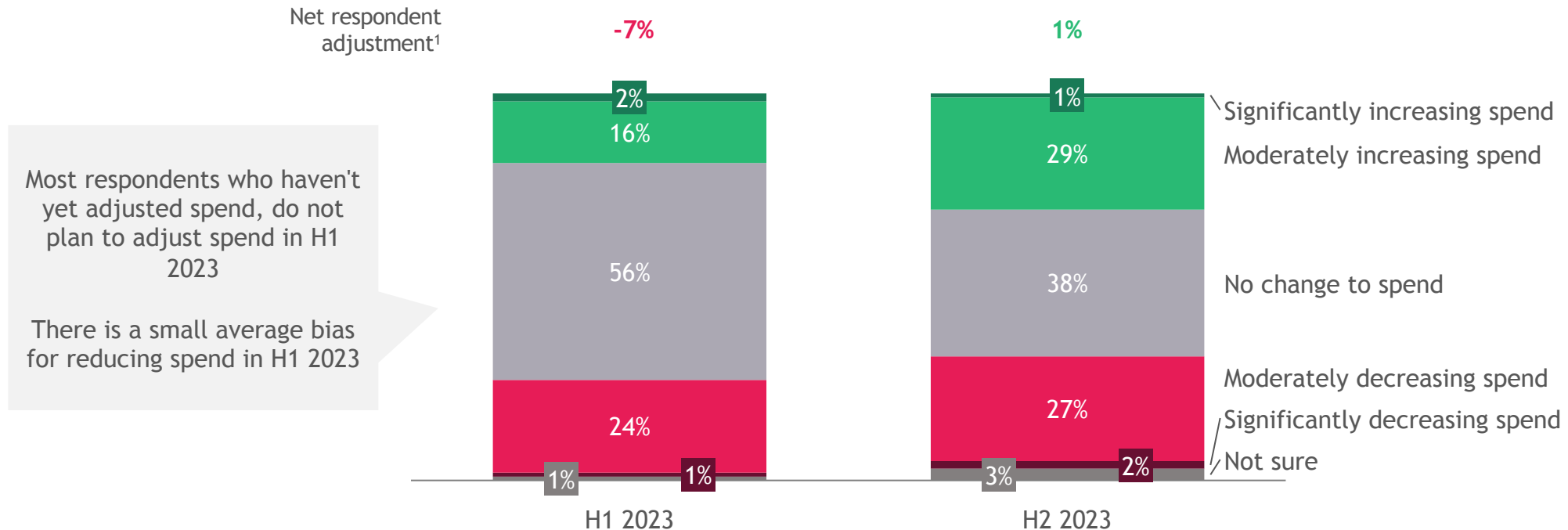
Question: "How do each of the following initiatives align with your IT priorities for the next 12 months? (major priority, minor priority, not a priority). Average dispersion increase comes from difference in sample.

Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450; IT Buyer Pulse Check 4.0 (July 2022), N = 341; IT Buyer Pulse Check 3.0 (October 2021), N = 676 (APAC excluded)

# On average, respondents who haven't yet adjusted spend expect their IT spend to decrease in H1 2023, but quickly rebound heading into 2024

*You stated that your company has not yet begun adjusting IT spend in response to current macro-economic conditions, when and how do you expect your company to adjust spend?*

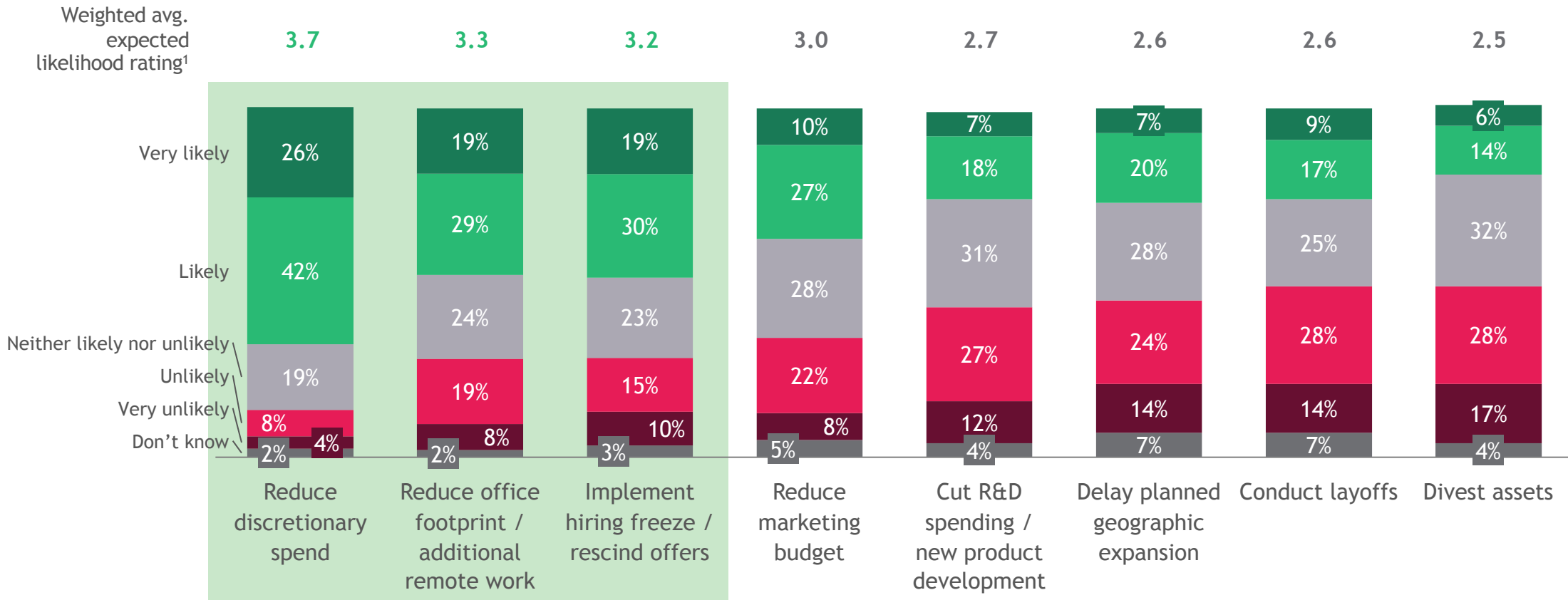
*Only asked to respondents who have not yet adjusted IT spend in response macro-economic conditions*



1. Net respondent adjustment refers to the % of respondents increases spend minus the % that decreased spend.  
Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

# Deep-dive | In 2023, companies most likely to first cut discretionary spend, reduce office footprints / increase remote work, and implement hiring freezes

*How likely is your company to implement any of the following measures in 2023?*



1. Weighted avg. calculated based on the numerical value associated with each likelihood (e.g., 5 - Very likely and 1 - Very unlikely)  
 Source: IT Buyer Pulse Check 5.0 (December 2022), N = 450

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