

## Server &amp; Enterprise Software

## Software Spending Survey Suggests Stable Plans; AI &amp; Security are Top Priorities

Industry Overview

## Improving expectations for 2024 and 2023 demand stable

We conducted survey with 500 IT professionals to get a real-time look into spending intentions for 2024 and 2023, priority investment categories, software vendors with perceived AI leadership, recession expectations, hiring budgets, and the impact of interest rates and wage inflation. The survey results suggest that IT professionals are more optimistic for 2024 with an expected +9.0% increase, which is up 110bps from the 2023 expectation of +7.9%. Moreover, the +7.9% expectation for 2023 is holding relatively steady with our prior Dec-22 survey (+7.6%). This is consistent with management commentary at our recent BofA Technology Conference (see note: [conference takeaways note published 6/12/23](#)), recent channel checks, and our view that the software spending environment is not improving, though not worsening in the midst of the current macro slowdown.

## Security becomes top priority

We asked respondents to name the top 5 spending priorities, and Security claimed the top slot for the first time since we started our biannual survey in May 2021. We are not surprised given heightened awareness of data security in the future AI world. Moreover, recent cyber-attacks on US federal agencies will likely increase demand for the best-of-breed security software vendors. We flag Microsoft, Splunk, ServiceNow, Datadog, Dynatrace, Elastic, JFrog GitLab, and Jamf within our coverage universe as potential beneficiaries of increased security demand.

## Analytics and networking are also moving up in priority

Analytics and networking also represented categories with increased priority, with 35% and 32% of respondents choosing these categories, in our June survey versus 31% and 30% in December. Categories that registered lower in the survey were enterprise automation, procurement/payables, and vertical apps with 7%, 5% and 3% in the recent survey, versus 9%, 9% and 5% in December.

## Front office apps registers highest for AI investment plans

As a follow up to our [AI Primer: Navigating the next frontier of enterprise software \(published May 30, 2023\)](#) we surveyed respondents on: 1) spending intentions on AI for 2023 and 2024, 2) priority software investment categories for AI for the major software categories (front office, back office, infrastructure software, desktops apps), and 3) which software vendors they plan to spend for AI enabled offerings. The average response for AI as a percentage of software spend was 21% for both 2023 and 2024. Salesforce was the top perceived front office category vendor with 51% of respondents indicating it as the vendor to invest in for AI capabilities. For desktop applications, Adobe was the highest ranked vendor at 60%. Within the infrastructure software category, Microsoft garnered most responses with 71%. Workday was the top back-office vendor with 35%. We also included large language models (LLMs) as a vendor in the categories, which registered in the top four in all categories.

20 June 2023

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# IT spending intentions survey June-23

We conducted an update to our IT spending intention survey from December 2022, with responses from over 500 IT professionals across verticals and company sizes. The survey responses come from IT professionals across SMBs (<1,000 employees), mid-sized firms (1,001-5,000 employees), and large organizations (5,000+ employees). We believe that the survey result are good directional indicators, as opposed to absolute levels.

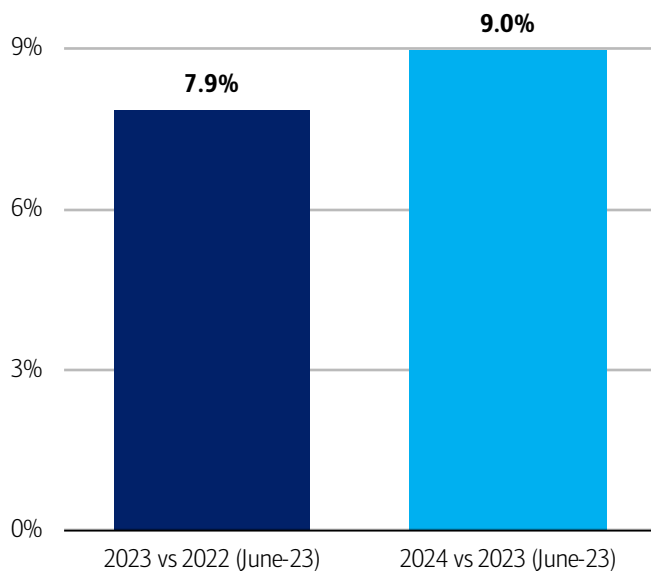
## Survey points to improving spend expectations in 2024

Our June-23 survey results suggest overall spending to grow +9.0% in 2024, a more positive outlook compared to 2023 at +7.9%.

We also asked respondents about IT spending expectations for 2024. Expectations for spending growth in 2024 was +9.0%, an increase of 110bps when compared to expectations for 2023. We are not economists, and we acknowledge that it is difficult to predict what the macro environment will be 6-12 months from now, given the potential for unpredictable disruptive events such as recent bank failures (SVB, First Republic, Signature) driving volatility and credit tightening in the financial services sector. However, we view the higher spending outlook for 2024 compared to 2023 in our survey as a positive for the most innovative and disruptive software companies.

### Exhibit 1: What is your expected software spending budget increase?

Expectations for 2024 spending are higher than 2023.

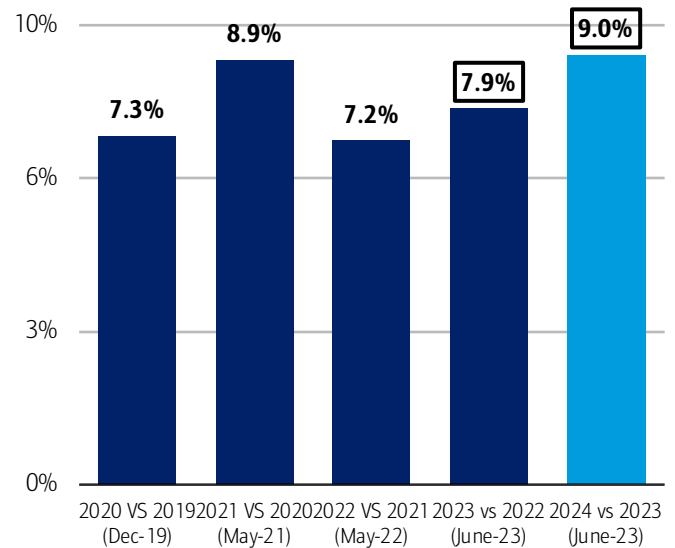


Source: BofA Global Research, June 2023

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### Exhibit 2: What is your expected software spending budget increase? (Based on most recent survey asked for each year)

We note that when using most recent survey data for each year, expectations were generally lower than in previous surveys



Source: BofA Global Research, June 2023

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## June survey suggests stable demand for remainder of '23

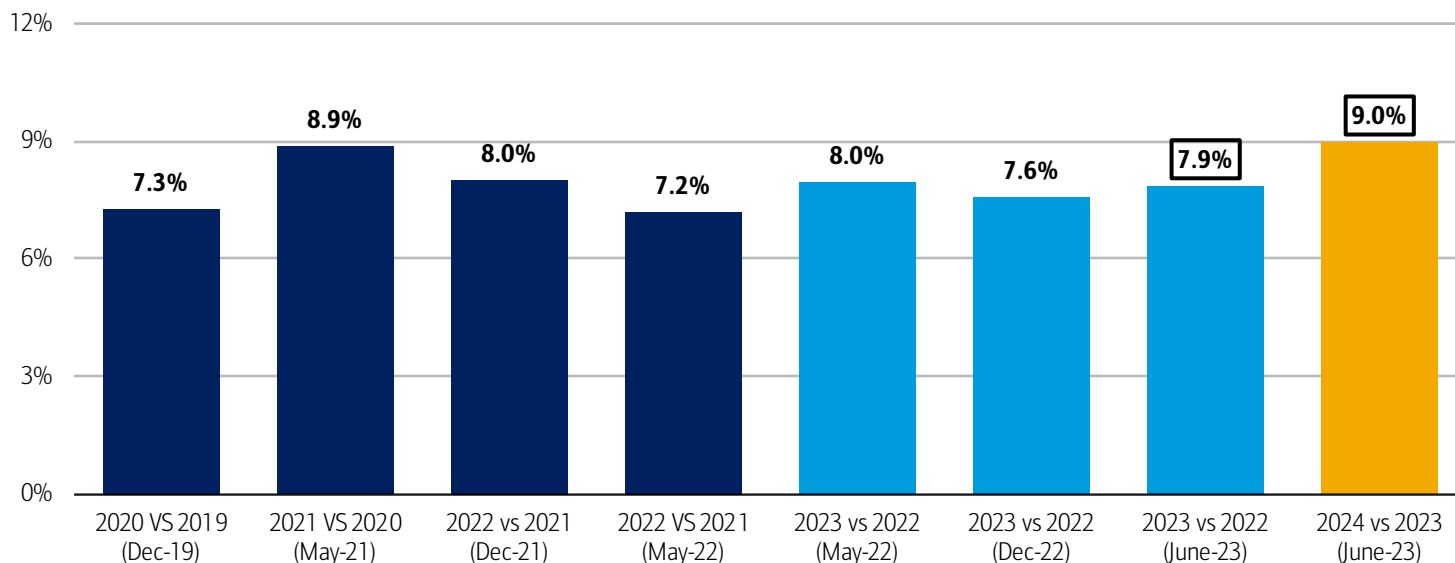
The June 2023 survey suggests that overall spending is expected to grow +7.9% in 2023, largely holding from our December 2022 survey results of +7.6%. We believe this is consistent with management commentary at our BofA Technology Conference (see note: [conference note takeaways published on June 12, 2023](#)) and recent earnings calls, where the tone from most management teams suggests that near term pressure from the weak macro environment is not easing, but is not worsening either. We note most



management teams have commented that demand and/or usage began to weaken in 2Q/3Q CY2022, which aligns with our historical survey results.

### Exhibit 3: What is your expected software spending budget increase?

Spending growth is holding relatively steady for 2023



Source: BofA Global Research

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### Stable 2023 spend; Macro not easing, and not worsening

We have asked about 2023 spending expectations in our two prior surveys in Dec-22 which was published on 1/4/23 in our [2023 Year Ahead: A Tale of Two Halves](#) report, and the May-22 survey which was published on 6/8/22 in our [Cloud Compass: Updating CIO survey and Key Software Themes](#) report. Survey results for 2023 spending intentions are displayed in light blue in the exhibit above. The +7.9% result for our June-23 survey is relatively comparable with the +7.6% in Dec-22 survey. The June-23 survey results suggest that software spending intentions have not deteriorated further. We view the expectation for some acceleration in 2024 (+9.0% in 2024, versus +7.9% in 2023) as a positive.

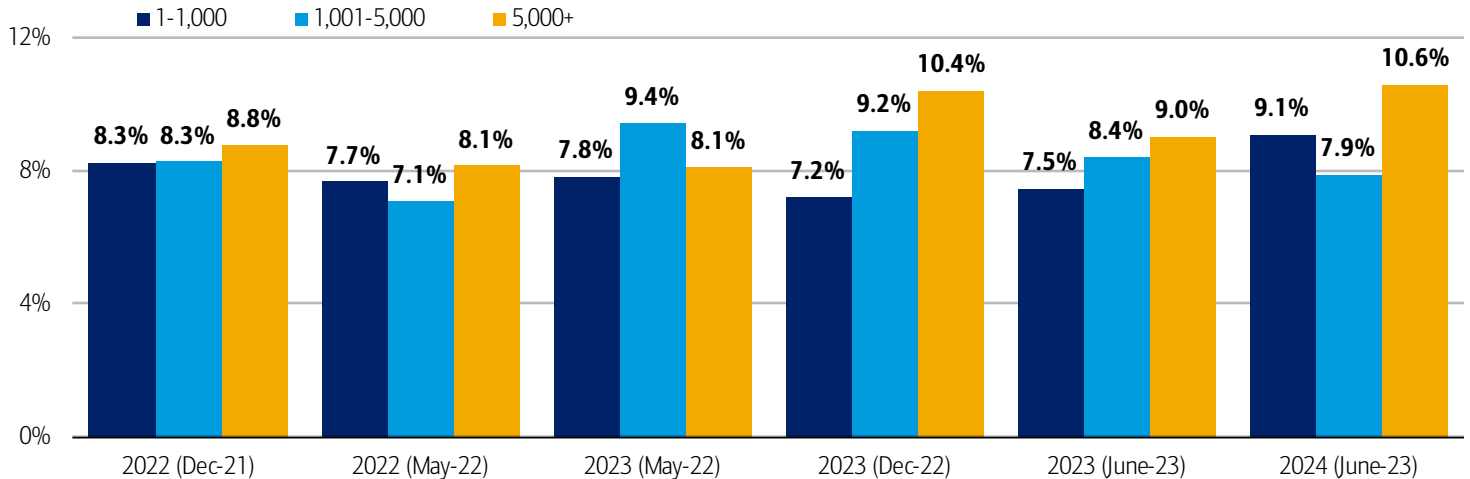
### Enterprises and SMBs are more positive for 2024 compared to mid-sized orgs

For 2024, Enterprises intend to increase spending by +10.6%, which is up 160bps y/y from the +9.0% outlook for 2023. Small businesses also intend to increase spending by 160bps, with +9.1% for 2024, compared to the +7.5% outlook for 2023. Mid-sized firms spending expectations are bit more muted, expecting +7.9%, down 60bps y/y from +8.4% in 2023.

In our June-23 survey update for 2023 spending expectations, SMBs (+7.5% y/y) continue to expect the least amount of growth, though it ticked up 30bps from our Dec-22 survey (+7.2%). Mid-sized firms expect to increase spending budget by +8.4%, decreasing 80bps from our Dec-22 survey (+9.2%). Large enterprises continue to expect the highest growth in software budgets (+9.0%), though it also had the largest decline of 140bps from the Dec-22 survey when spending intentions were +10.4%.

**Exhibit 4: What is your expected software spending budget increase? (By company size)**

Large enterprises continue to expect the largest increase in spending budgets in 2023 and 2024.



Source: BofA Global Research, June 2023

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## Security takes the top spending priority

We asked respondents to select their top five spending priorities. Security was the most frequently selected software spending priority, with 39% of respondents selecting it compared to 26% in our Dec-22 survey. Cloud Communications and Video Conferencing slipped to the second most selected priority at 38% versus 43% in our Dec-22 survey. Rounding out the top three, Data Analytics was the third most frequently selected at 36%, versus 31% in Dec-22 where it was the second most selected priority.

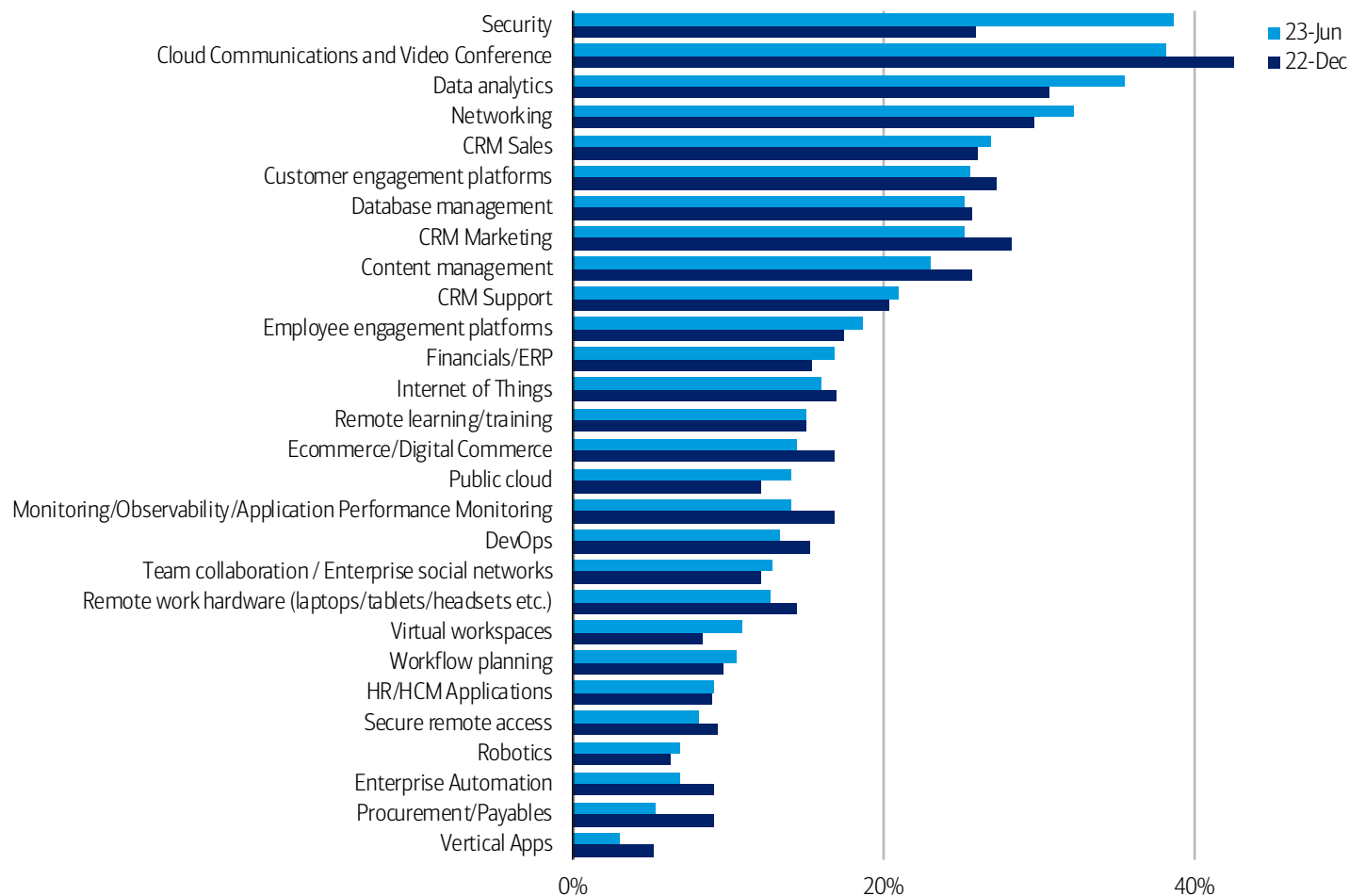
Security nabs top spot with 39% of respondents indicating it as a top priority, up 13pts from our Dec-22 survey.

Furthermore, Security had the largest magnitude increase in priority since our Dec-22 survey at 13pts. Data Analytics had the next largest magnitude increase at 5pts. Cloud Communications and Video Conferencing displayed the largest decline in priority share, down 4pts, but continued to be a high priority category.



**Exhibit 5: What are your company’s priorities for your budget? (Select top 5)**

Security has overtaken Cloud Communications and Video Conferencing for the top priority amongst most respondents.



Source: BofA Global Research, June 2023

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**Recent security breaches are likely to drive even higher security demand**

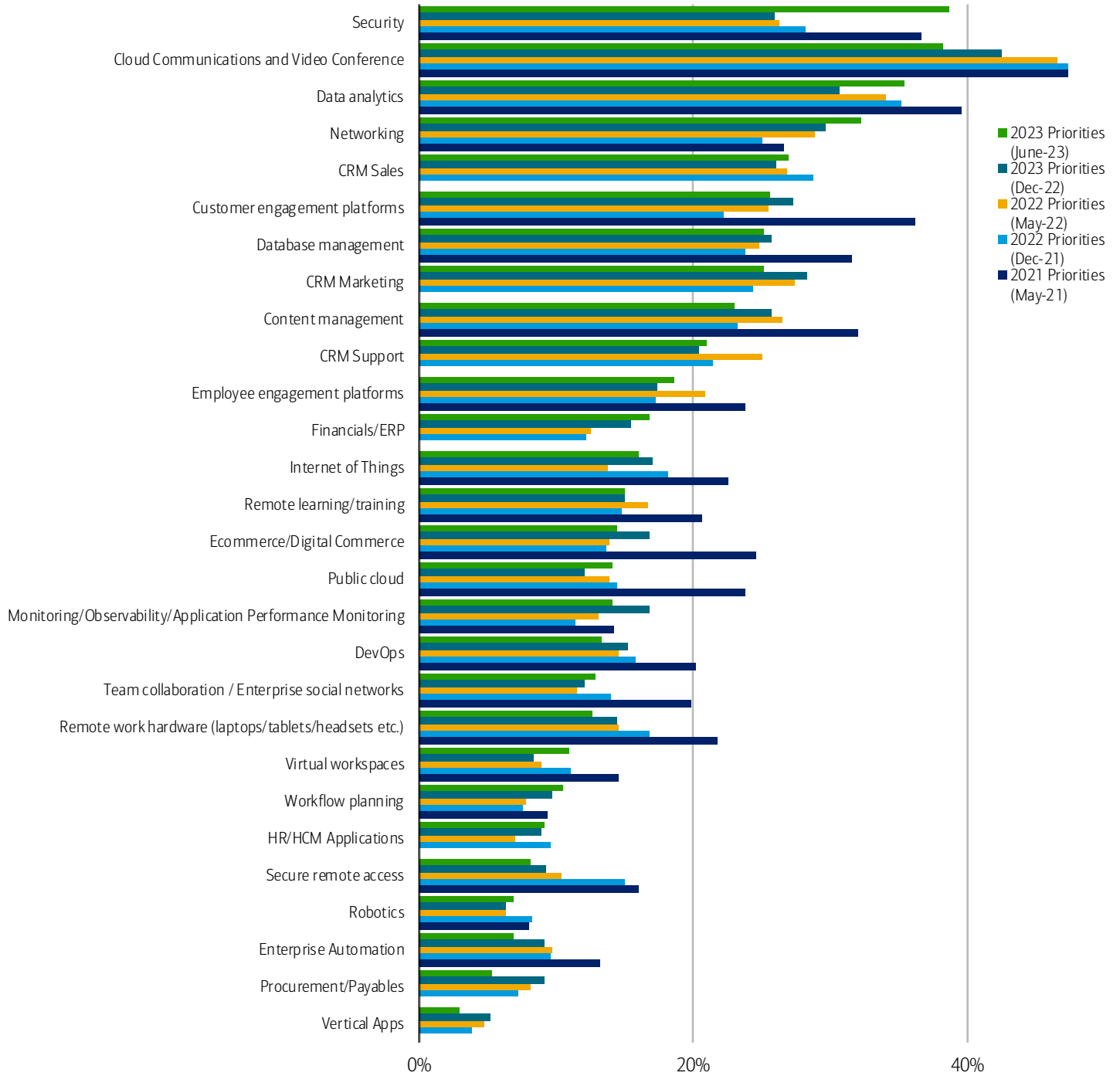
We note that many of the management teams of the public and private companies at the BofA Technology Conference ([conference note takeaways published on June 12, 2023](#)) cited that security is an area of focus and/or is one of the most promising opportunities. Security breaches, such as the recent cyberattack on US federal agencies by hackers that exploited MOVEit (file transfer software), will likely drive an increased awareness of the mission critical nature for security.

Moreover, with the increased prevalence of AI and generative AI usage within organizations, we believe the software vendors within our coverage universe with security offerings stand to benefit from positive demand trends for security software. We flag Microsoft, Splunk, ServiceNow, Datadog, Dynatrace, Elastic, JFrog GitLab, and Jamf within our coverage universe as potential beneficiaries of increased demand for security software.



**Exhibit 6: What are your company's priorities for your budget? (Across our five surveys beginning May-21)**

Cloud Communications and Video Conferencing was previously the top priority. Data analytics has frequently been in the top three.



Source: BofA Global Research, June 2023



## Spending priority trends over the past 5 BofA surveys

We have conducted five surveys every six months beginning in May-21. In the exhibits below, we present some trends analysis between in the surveys. In Exhibit 7, we display what percentage of respondents selected each category as a top priority for each year in a heat map, where the highest percentage is colored green, and the lowest percentage is colored red. In Exhibit 8, we display the change in overall percentage in pts, with the highest magnitude change displayed as green (i.e., +13pts) and the lowest magnitude displayed as red (i.e., down 5pts). We exclude May-21 survey results from this trends analysis because the May-21 survey did not have the same categories.

### Other trends analysis we gleaned over the past five surveys are below:

- Cloud Communications and Video Conferencing has been a top 2 priority since our first survey held May-21, consistently being ranked number 1 for the first four surveys and falling to number 2 in the June-23 survey.
- Despite being a consistent a top 2 spending priority, Cloud Communications and Video Conferencing has seen declining demand over the past four surveys.
- Networking has been a top five priority since being added as a new category in our Dec-21 survey. Networking is currently the 4th most selected priority.
- Content Management has consistently decreased as a spending priority, from being ranked 5 in our inaugural May-21 survey to its current spot of 9 in our June-23 survey.
- Secure Remote Access has consistently decreased as a priority beginning in Dec-21, dropping 9 spots over the past four surveys to its current ranking of 24.



**Exhibit 7: Percentage of respondents that selected each category as a priority**

Prior surveys had more concentrated votes for the top priority (Cloud Communications and Video Conferencing), ranging in the mid to upper 40s.

	2023 Priorities (June-23)	2023 Priorities (Dec-22)	2022 Priorities (May-22)	2022 Priorities (Dec-21)	2021 Priorities (May-21)
Security	38.6%	25.9%	26.2%	28.2%	36.6%
Cloud Communications and Video Conference	38.2%	42.5%	46.5%	47.4%	47.4%
Data analytics	35.5%	30.6%	34.0%	35.2%	39.6%
Networking	32.3%	29.6%	28.8%	25.0%	26.6%
CRM Sales	26.9%	26.1%	26.8%	28.8%	N/A
Customer engagement platforms	25.5%	27.3%	25.5%	22.2%	36.2%
CRM Marketing	25.2%	28.3%	27.4%	24.4%	N/A
Database management	25.2%	25.7%	24.9%	23.8%	31.6%
Content management	23.0%	25.7%	26.4%	23.2%	32.0%
CRM Support	21.0%	20.4%	25.1%	21.4%	N/A
Employee engagement platforms	18.6%	17.4%	20.9%	17.2%	23.8%
Financials/ERP	16.8%	15.4%	12.5%	12.2%	N/A
Internet of Things	16.0%	17.0%	13.7%	18.2%	22.6%
Remote learning/training	15.1%	15.0%	16.7%	14.8%	20.6%
Ecommerce/Digital Commerce	14.5%	16.8%	13.9%	13.6%	24.6%
Monitoring/Observability/Application Performance					
Monitoring	14.1%	16.8%	13.1%	11.4%	14.2%
Public cloud	14.1%	12.1%	13.9%	14.4%	23.8%
DevOps	13.3%	15.2%	14.5%	15.8%	20.2%
Team collaboration / Enterprise social networks	12.9%	12.1%	11.5%	14.0%	19.8%
Remote work hardware (laptops/tablets/headsets etc.)	12.7%	14.4%	14.5%	16.8%	21.8%
Virtual workspaces	10.9%	8.3%	9.0%	11.0%	14.6%
Workflow planning	10.5%	9.7%	7.8%	7.6%	9.4%
HR/HCM Applications	9.1%	8.9%	7.0%	9.6%	N/A
Secure remote access	8.1%	9.3%	10.3%	15.0%	16.0%
Enterprise Automation	6.9%	9.1%	9.7%	9.6%	13.2%
Robotics	6.9%	6.3%	6.4%	8.2%	8.0%
Procurement/Payables	5.4%	9.1%	8.2%	7.2%	N/A
Vertical Apps	3.0%	5.1%	4.8%	3.8%	N/A

Source: BofA Global Research, June 2023

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**Exhibit 8: Magnitude change in percent of respondents selecting category as a priority, sorted by 2023 priorities**

Change in percent of respondents that selected a category as a priority across surveys between surveys

	June-23 vs Dec-22 Change in % Respondents	Dec-22 vs May-22 Change in % Respondents	May-22 vs Dec-21 Change in % Respondents
Security	13pts	0pts	-2pts
Cloud Communications and Video Conference	-4pts	-4pts	-1pts
Data analytics	5pts	-3pts	-1pts
Networking	3pts	1pts	4pts
CRM Sales	1pts	-1pts	-2pts
Customer engagement platforms	-2pts	2pts	3pts
CRM Marketing	-3pts	1pts	3pts
Database management	-1pts	1pts	1pts
Content management	-3pts	-1pts	3pts
CRM Support	1pts	-5pts	4pts
Employee engagement platforms	1pts	-3pts	4pts
Financials/ERP	1pts	3pts	0pts
Internet of Things	-1pts	3pts	-4pts
Remote learning/training	0pts	-2pts	2pts
Ecommerce/Digital Commerce	-2pts	3pts	0pts
Monitoring/Observability/Application Performance			
Monitoring	-3pts	4pts	2pts
Public cloud	2pts	-2pts	0pts
DevOps	-2pts	1pts	-1pts
Team collaboration / Enterprise social networks	1pts	1pts	-2pts
Remote work hardware (laptops/tablets/headsets etc.)	-2pts	0pts	-2pts
Virtual workspaces	3pts	-1pts	-2pts
Workflow planning	1pts	2pts	0pts
HR/HCM Applications	0pts	2pts	-3pts
Secure remote access	-1pts	-1pts	-5pts
Enterprise Automation	-2pts	-1pts	0pts
Robotics	1pts	0pts	-2pts
Procurement/Payables	-4pts	1pts	1pts
Vertical Apps	-2pts	0pts	1pts

Source: BofA Global Research, June 2023

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## AI represents a growing spending priority

As a follow up to our [AI Primer: Navigating the next frontier of enterprise software \(May 30, 2023\)](#), we asked respondents about spending intentions on AI for 2023 and 2024, for AI in the four major software categories; front office applications, back office applications, infrastructure software and desktops applications. We also asked which software vendors that they will look to for solutions in each category.

The average response was 21% of software budgets to be allocated to AI in 2023 and 2024.

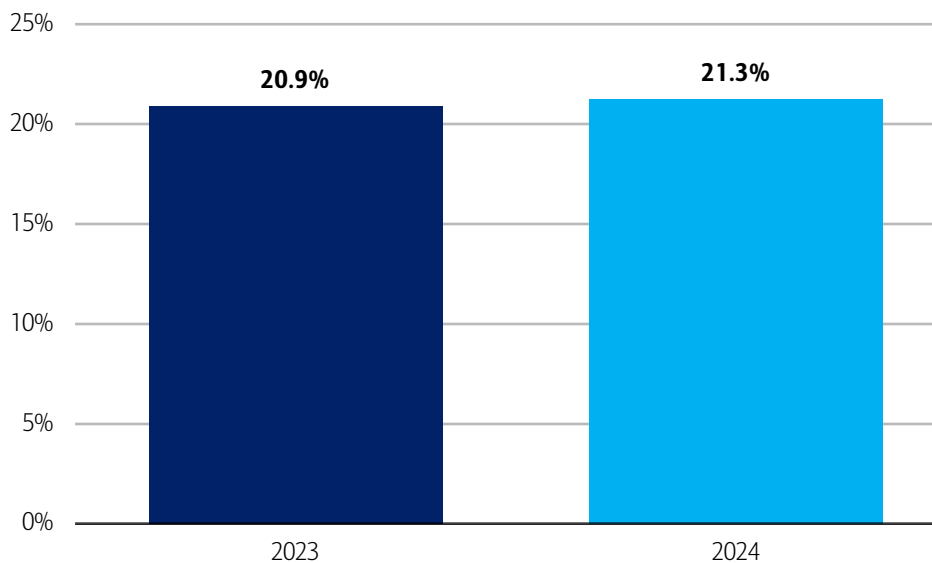
In Exhibit 9 below, we display the survey responses for the percentage of software budgets that will be allocated for AI for 2023 and 2024. The average response was 21% for both 2023 and 2024.

**For 2023**, 28.2% indicated the intention to spend between 0-10%; 29.0% indicated the intention to spend between 11-20%; 20.3% indicated the intention to spend between 21-30%; 10.5% indicated the intention to spend between 31-40%; 5.9% indicated the intention to spend between 41-50%; 3.8% indicated the intention to spend between 51-60%; 1.0% indicated the intention to spend between 61-70%; and 1.4% indicated the intention to spend 70%+.

**For 2024**, 26.9% of respondents indicated the intention to spend between 0-10% of IT budgets on AI; 27.3% indicated the intention to spend between 11-20%; 23.5% indicated the intention to spend between 21-30%; 10.0% indicated the intention to spend between 31-40%; 7.0% indicated the intention to spend between 41-50%; 3.0% indicated the intention to spend between 50-60%; 1.2% indicated the intention to spend between 61-70%; and 1.2% indicated the intention to spend 70%+.

### Exhibit 9: Weighted average percentage of software budgets that will be allocated to AI

Expectations are flat for 2023 and 2024.

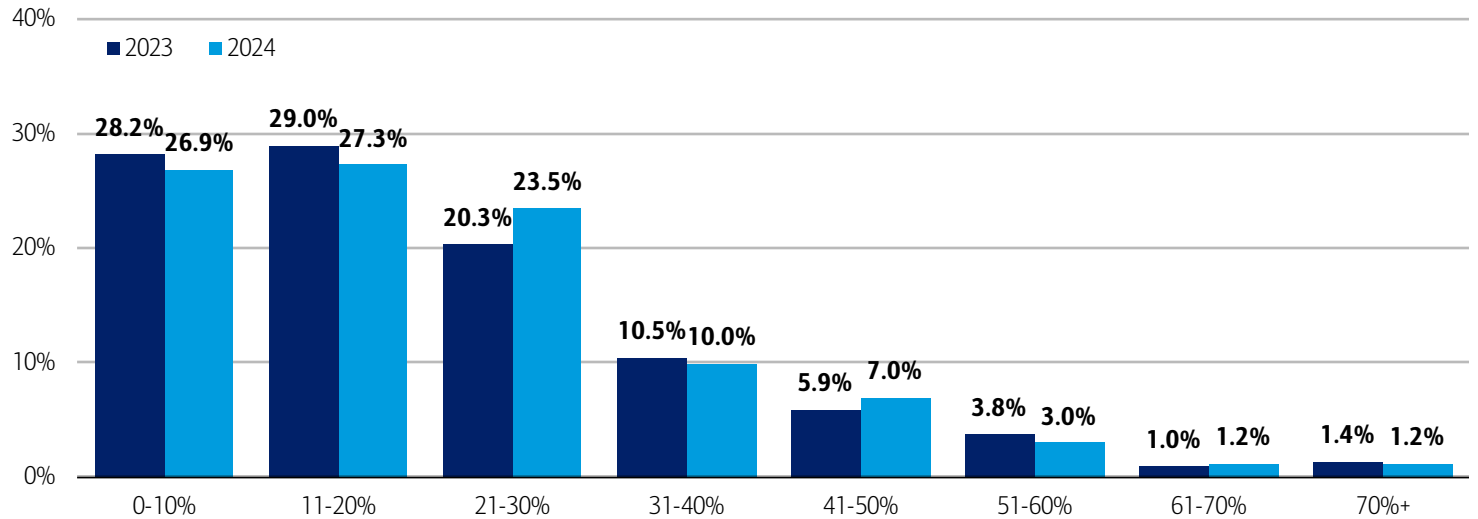


Source: BofA Global Research, June 2023

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**Exhibit 10: What portion of your 2023 and 2024 software budgets will be allocated to AI?**

Respondents most frequently expect to spend between 11-20% of software budgets on AI.



Source: BofA Global Research, June 2023

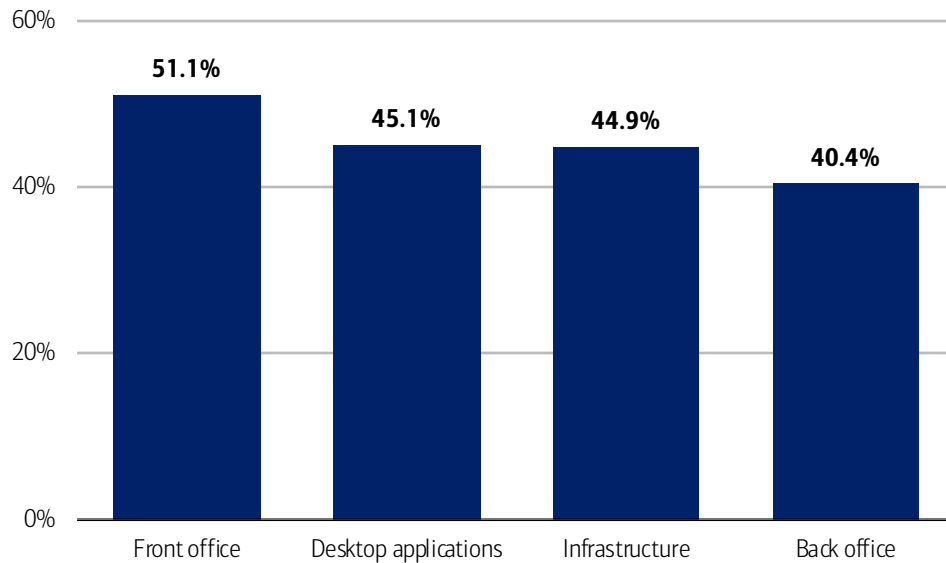
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**Front office registers highest on AI investment priority**

We asked respondents “Which software categories are you considering investing in AI capabilities?” with the four categories of front office, back office, infrastructure, and desktop applications. 51% of respondents indicated front office as a spending category for AI; 45% indicated desktop applications; 45% indicated infrastructure; and 40% indicated back-office.

**Exhibit 11: Which software categories are you considering investing in AI Capabilities?**

Respondents are most likely to invest in AI capabilities for front office software.



Source: BofA Global Research, June 2023

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In the survey, we asked respondents to choose which vendor they look to for AI capabilities within each software category. For each category we took the vendors in our coverage universe that ranked in the top two tiers for each category, which we discuss in detail in our [AI Primer: Navigating the next frontier of enterprise software \(May 30, 2023\)](#). For each category, we include large language model vendors (LLM) as a category



to get a sense of the disruptive potential for each category. We also include “none of the above or other” and give respondents the ability to write in answers to get a sense of other potential category disruptors.

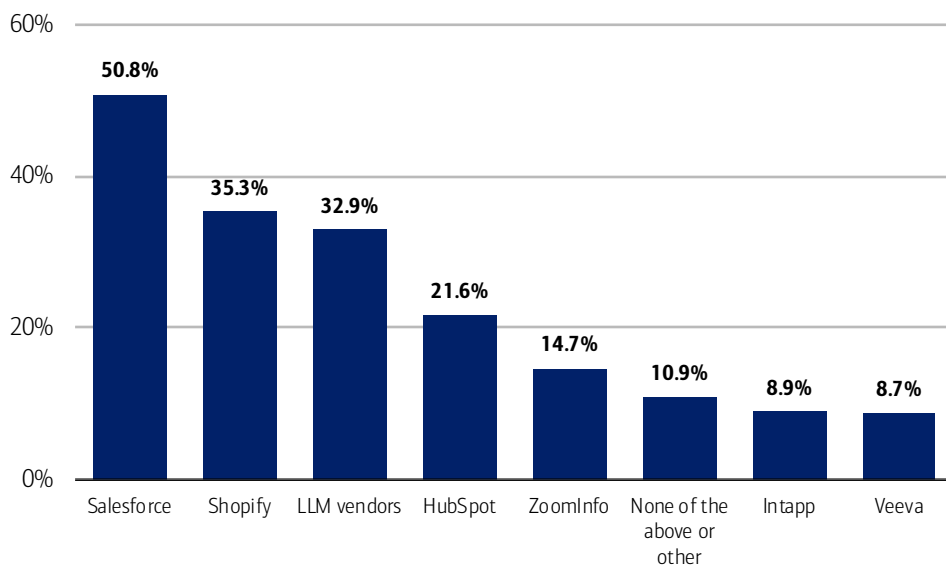
## Salesforce AI

Salesforce registered highest with regard to front office firms in which respondents plan to invest in AI offerings from Salesforce. The next closest vendor was Shopify with 35%. Large language models (LLM) were third with 33%. HubSpot was fourth with 22%, and ZoomInfo was fifth at 15%. In the “none of the above or other” category, respondents indicated GoHighLevel, Five9, and Odoo as front office vendors with AI leadership qualities. Of the four software categories (front office, back office, infrastructure, desktop applications), LLMs displayed the highest ranking in the front office category.

Data is paramount for AI to deliver positive and meaningful outcomes, and we believe customer data platforms (CDPs) will likely be an important piece of many organizations’ front office AI strategies in the future. We flag our primer on CDPs “[Setting the stage for CDP battles to come](#)” published 4/3/23, for a deep dive on the CDP opportunity, vendors in the category, and growth drivers, among many other topics.

### Exhibit 12: Which front office vendors will you look to for AI capabilities?

About half of respondents identified Salesforce as a potential solution for front office AI capabilities.



Source: BofA Global Research, June 2023

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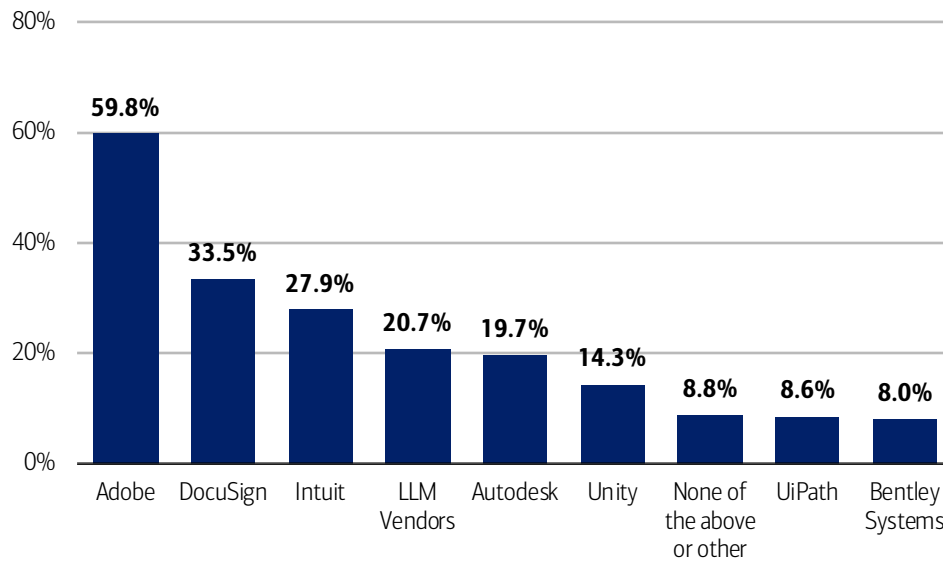
## Adobe takes top spot in desktop for AI investment plans

Within the desktop applications category, Adobe was the most selected as the vendor to invest in for AI capabilities, with 60% of respondents indicating so. DocuSign was second at 34%, Intuit third at 28%, large language models (LLMs) fourth at 21%, Autodesk fifth at 20%, and Unity sixth at 14%. In the “none of the above or other” category, Salesforce, Five9, and Google were indicated by respondents as desktop application vendors with AI leadership qualities.

The survey results are consistent with our recent primer on the [Digital content design industry deep dive and implications for leader Adobe](#), published 5/16/23, which discusses the digital content design opportunity, AI offerings in the category (e.g., Adobe, Figma, Canva), and creative professionals’ views of the vendors in the category.

**Exhibit 13: Which desktop application vendors will you look to for AI capabilities?**

More than half of respondents identified Adobe as a potential solution for desktop application AI capabilities.



Source: BofA Global Research, June 2023

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**Microsoft most selected as infrastructure AI vendor**

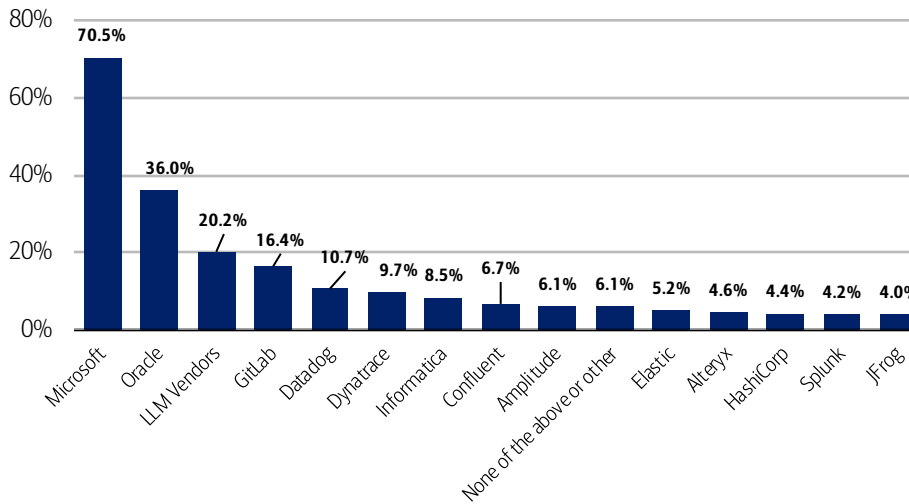
According to respondents, Microsoft is looked to the most for AI investments in the infrastructure category with 71% indicating the vendor as the one to invest in for AI functionality. Given the rapid awareness of OpenAI and Microsoft's investment into the firm, and Microsoft's large breadth of AI-powered products already generally available, we believe the result is not a surprise. Oracle ranked second at 36%, large language model vendors third at 20%, GitLab fourth at 16%, Datadog fifth at 11%, Dynatrace sixth at 10%, Informatica seventh at 9%, Confluent eighth at 7%, Amplitude ninth at 6%. Within the "none of the above or other" category, respondents indicated Cisco and Google GCP. We note that we did not include Amazon AWS or Google GCP in the survey for the infrastructure category as we only included software vendors that are in our coverage universe and ranked in the top two tiers of our AI Primer report.

Given the potential efficiency gains that AI could drive in the infrastructure software category, we want to flag our recent DevOps primer titled "[CI/CD may be one of the keys to winning in DevOps](#)" published 5/26/23, which discusses the CI/CD workflow within the DevOps process, the competitive landscape and a proprietary ranking system of the DevOps vendors within our coverage space. We note that Microsoft and GitLab screened the best in the proprietary ranking system.



**Exhibit 14: Which infrastructure vendors will you look to for AI capabilities?**

More than a third of respondents identified Microsoft as a potential solution for infrastructure AI capabilities.



Source: BofA Global Research, June 2023

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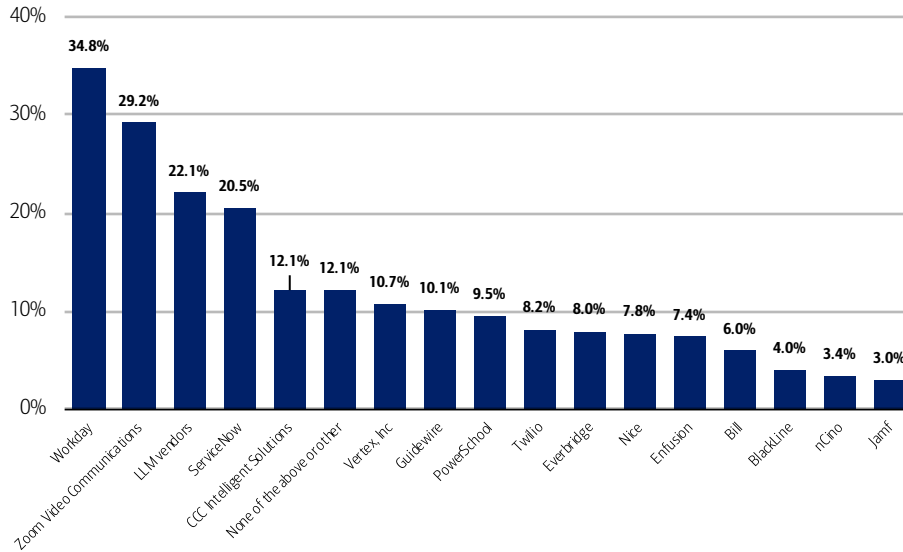
**Workday, Zoom & ServiceNow are top three back office**

Workday was the most selected vendor for respondents to invest in for AI capabilities in the back office with 35%. Workday has been embedding AI capabilities into FINS planning and Accounting Center, amongst other offering across the human capital management and FINS suites. Zoom Video Communications was second with 29%, large language model vendors ranked third with 22%, ServiceNow as fourth with 21%, and CCC Intelligent Services was fifth at 12%. Within the “none of the above or other” category, respondents indicated Five9 and Oracle as back-office vendors with AI leadership qualities.



**Exhibit 15: Which back-office vendors will you look to for AI capabilities?**

More than a third of respondents identified Workday as a potential solution for back-office AI capabilities.



Source: BofA Global Research, June 2023

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## Recession expectations: A bit further out

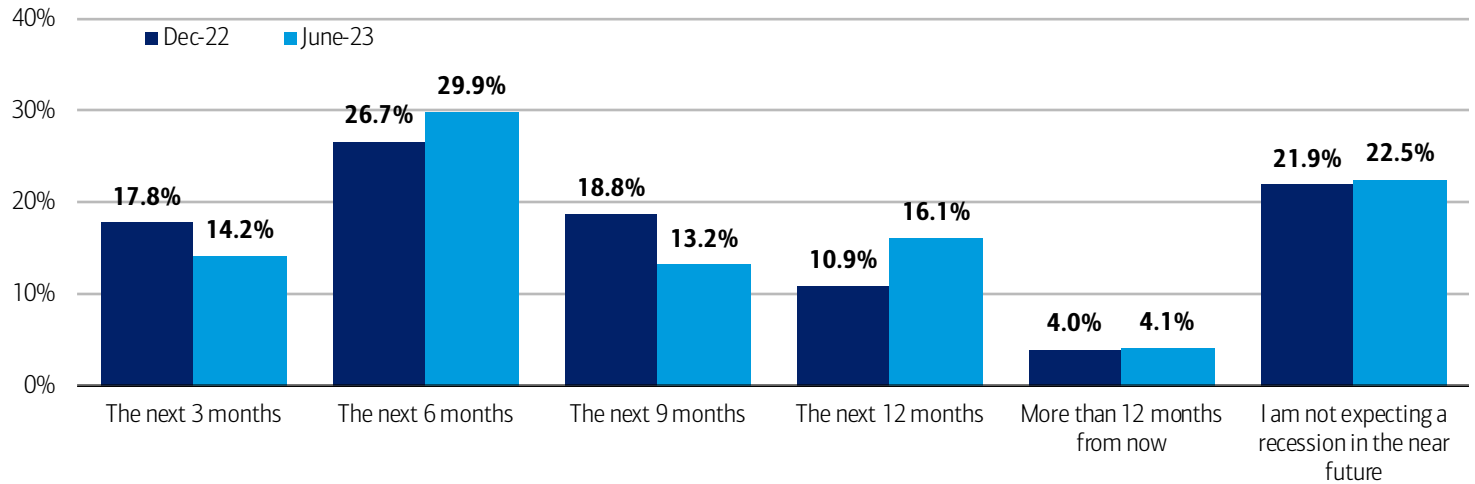
14% of respondents expect a recession in the next 3 months, down from 18% in our last survey.

We asked respondents about when they expect there to be a recession. 14% of respondents believe that there will be a recession within the next three months, down from 18% in Dec-22. Expectations for a recession in the next six months is the most common answer, with 30% of respondents selecting it, up from 27% of respondents in our Dec-22 survey. Expectations for a recession in the next nine months dropped six points from Dec-22, with 13% expecting a recession. Expectations for a recession in the next twelve months increased 5 points to 16%. 23% of respondents are not expecting a recession in the near future, which is roughly comparable to the 22% of respondents back in Dec-22. Survey results are consistent with the BofA house view that forecasts the US economy to enter recession sometime in 1H24.



**Exhibit 16: When are you expecting a recession?**

Nearly a quarter of respondents do not expect a recession in the near future.



Source: BofA Global Research, June 2023

BofA GLOBAL RESEARCH

## Hiring budgets mostly flat for 2024

Our June 2023 survey results suggest hiring budgets to grow +9.4% in 2024, roughly flat with the +9.5% expectation for 2023

We asked respondents about hiring budget expectations for 2023 and 2024. Expectations for 2023 were essentially up slightly to +9.5% when compared to our Dec-22 survey. Across company sizes, SMBs increased to +9.7% from +9.1%. Mid-sized firms held steady at +8.4% versus +8.5% in Dec-22. Large enterprises declined to +10.3%, from +11.6% prior, though the category represents the highest spending intentions when compared to SMB and mid-sized firms.

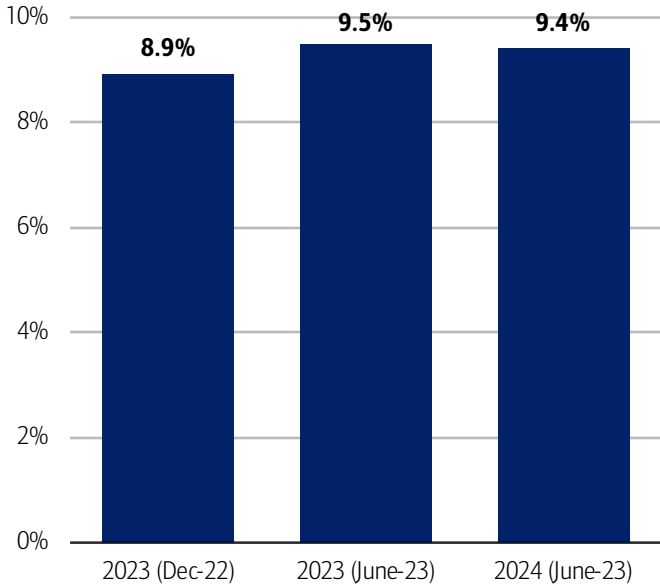
For 2024 hiring budgets held flat in the mid 9% range (+9.4%). Across company sizes, SMBs expect to decrease hiring budgets with a +9.0% expectation for 2024 versus +9.7% for 2023. Mid-sized firms are increasing budgets by 2pts to +10.4%. Large enterprise firms are holding relatively steady at +9.7% versus +10.3% for 2023.





**Exhibit 17: What is your expected hiring budget increase?**

Hiring budget expectations are holding steady in the mid-9% range for both 2023 and 2024

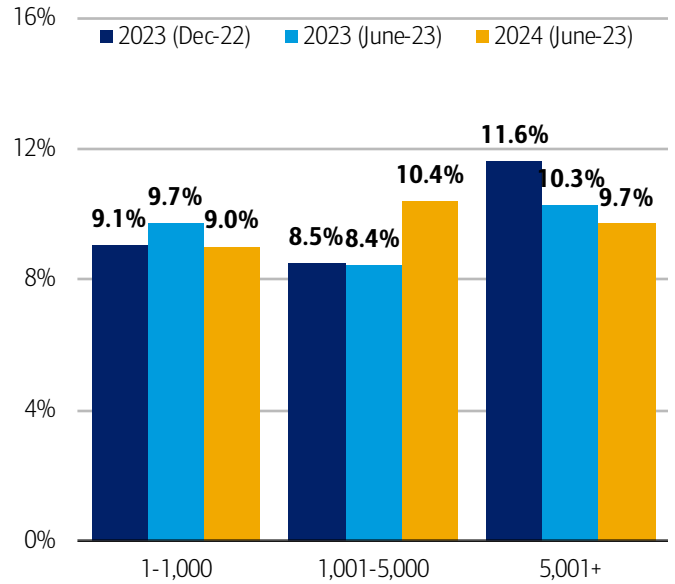


Source: BofA Global Research, June 2023

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**Exhibit 18: What is your expected hiring budget increase? (Across Company Size)**

Mid-sized firms expect to increase their hiring budget in 2024 compared to 2023.



Source: BofA Global Research, June 2023

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## Impact of rates consistent with Dec-22

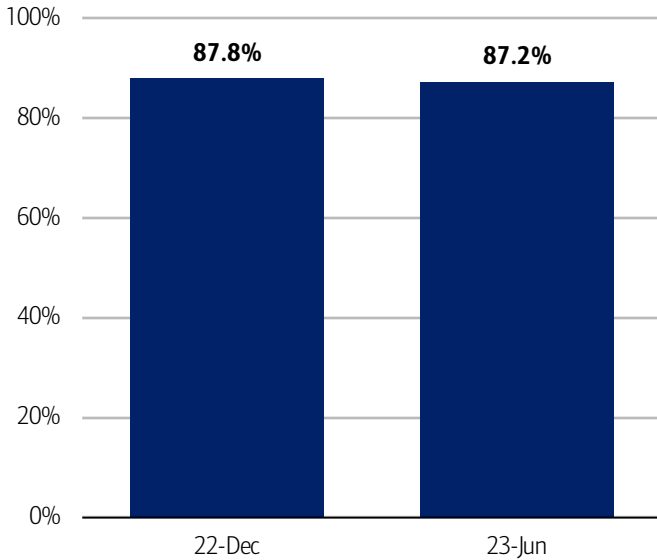
Our June 2023 survey results suggest the impact of rising rates has held mostly steady, with 87% of respondents noticing the impact, versus 88% in Dec-22.

We asked respondents if they noticed the impact of rising rates, with the majority at 87% noticing the impact. Respondents from large enterprises (77%) notice the impact of rates less so than those at SMBs and mid-sized firms (86% and 95%). Mid-sized firms had a 4pt increase in the percentage who saw the impact of rising rates, while SMBs saw a 3pt decline. Large enterprises saw a 2pt decline in the percentage who saw the impact.



**Exhibit 19: Is your firm noticing the impact of rising interest rates?**

Firms noticing the impact of rising rates has held steady from our Dec-22 survey.

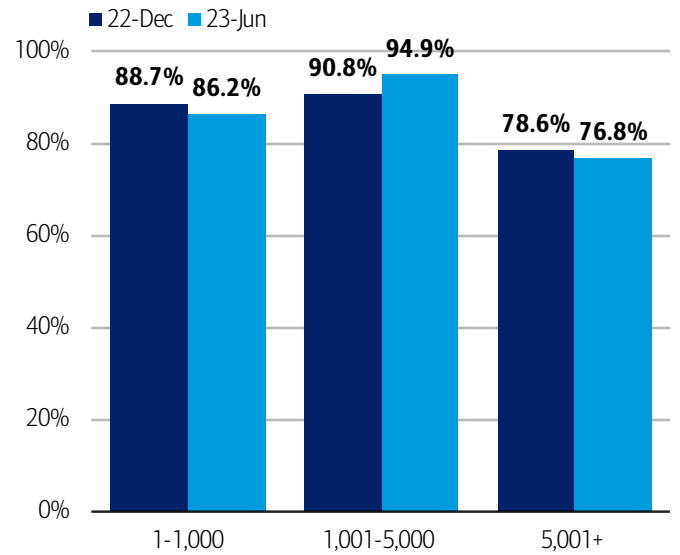


Source: BofA Global Research, June 2023

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**Exhibit 20: Is your firm noticing the impact of rising interest rates? (Across company size)**

Mid-sized firms saw the large increase in the percent who saw the impact.



Source: BofA Global Research, June 2023

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## Impact of wage inflation

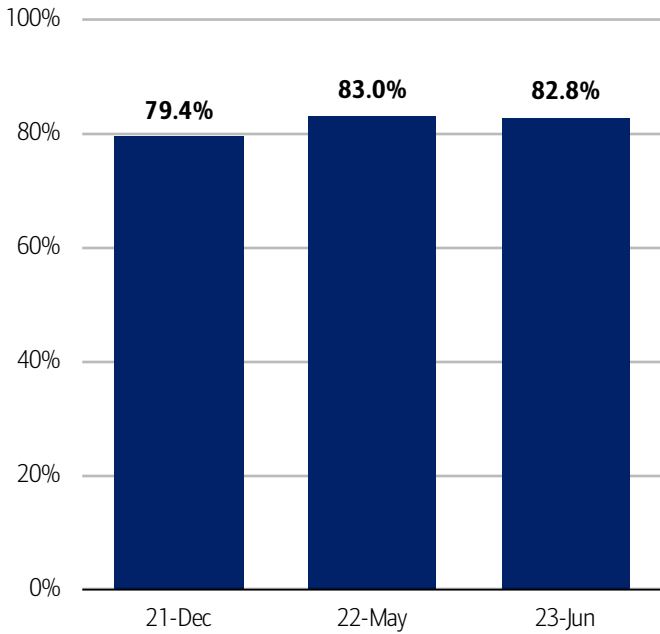
Our June 2023 survey results suggest the impact of wage inflation has held steady from a year prior in May-22, with 83% of respondents noticing the impact.

83% of respondents have noticed the impact of wage inflation on the organization, which held steady from our May-22 results when we last asked the question. The impact of inflation was most seen in large enterprises at 93%, who saw a 17pt jump from May-22 where 76% saw the impact of wage inflation. Mid-sized firms held relatively steady at 91% (vs 90% in May-22), as did SMBs at 78% (vs 80% in May-22).

We note that we did not ask the wage inflation question during our Dec-22 survey.

**Exhibit 21: Is your firm noticing the impact of wage inflation?**

Respondents that noticed the impact of wage inflation held steady between our June-23 survey and our May-22 survey.

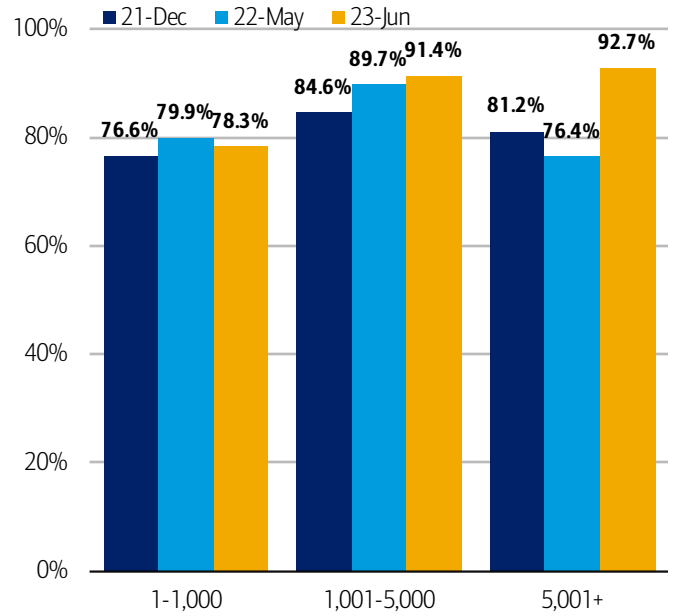


Source: BofA Global Research, June 2023

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**Exhibit 22: Is your firm noticing the impact of wage inflation? (Across company size)**

Large enterprises have noticed the impact more in every iteration of our survey.



Source: BofA Global Research, June 2023

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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