

Gartner EXP Worldwide Survey of More than 1,500 CIOs Shows IT Spending to Be Flat in 2009

CIOs Plan on Same Budgets as Last Year, but IT Leaders Will Spend Differently in 2009

Worldwide CIO Survey Represents More Than \$138 Billion in Corporate and Public-Sector IT Spending

STAMFORD, Conn., January 14, 2009 — As organisations face a challenging economic environment, IT spending budgets will be essentially flat with a planned increase of 0.16 per cent in 2009, according to results from the 2009 CIO survey by Gartner Executive Programs (EXP).

The worldwide survey of 1,527 CIOs was conducted by Gartner EXP from 15 September to 15 December 2008 and represents CIO budget plans reported at that time. Flat IT budgets were found across organisations in North America and Europe, with slight increases in Latin America and a slight decrease in Asia/Pacific.

The Gartner EXP CIO report "Meeting the Challenge: The 2009 CIO Agenda" represents the most comprehensive examination of business priorities and CIO strategies. The CIOs surveyed represent more than \$138 billion in corporate and public-sector IT spending, encompassing 1,527 organisations across 48 countries and 30 industries.

"In 2009, executives face challenging global economic conditions that have not existed for more than 50 years," said Mark McDonald, group vice president and head of research for Gartner EXP. "This environment is reflected in IT budgets, priorities and strategies as one third of CIOs reported no change in their budget from 2008, while 46 per cent reported a slight increase, and 21 per cent reported a cut in IT budgets."

"All CIOs will face the need to restructure their budgets, cutting in some areas and investing in others, including those reporting no change in their overall spending level," Mr McDonald said. "Organisations expect IT to contribute results in an uncertain economy. CIOs need to be decisive and resourceful in building an effective organisation that can meet current and future challenges. Leading organisations recognise the seriousness of economic conditions, but they are not paralysed by them. Their leaders have confidence in their ability to use IT to achieve results."

Senior business executives recognise that IT's contribution to economic performance extends beyond managing expenditures. They expect IT to play a role in reducing enterprise costs, not merely with cost cutting but by changing business processes, workforce practices and information use. The business priorities in Table 1 reflect these expectations.

Table 1
Top 10 Business and Technology Priorities in 2009

Top 10 Business Priorities	Ranking	Top 10 Technology Priorities	Ranking
Business process improvement	1	Business intelligence	1
Reducing enterprise costs	2	Enterprise applications (ERP, CRM and others)	2
Improving enterprise workforce effectiveness	3	Servers and storage technologies (virtualisation)	3
Attracting and retaining new customers	4	Legacy application modernisation	4
Increasing the use of information/analytics	5	Collaboration technologies	5
Creating new products or services (innovation)	6	Networking, voice and data communications	6
Targeting customers and markets more effectively	7	Technical infrastructure	7
Managing change initiatives	8	Security technologies	8
Expanding current customer relationships	9	Service-oriented applications and architecture	9
Expanding into new markets and geographies	10	Document management	10

Source: Gartner EXP (January 2009)

The business priority "improving business processes" has been the No. 1 business expectation of IT since its introduction to the CIO Agenda survey in 2005. In 2009, more than 57 per cent of CIOs reported this as one of their top five business expectations. "It's time for CIOs to develop business process improvement capabilities as part of the core of IT," Mr McDonald said. "This will enable them to respond to executive expectations that see business processes as important to business performance, as closely associated with application systems and as a responsibility of the CIO and IT."

CIO Technology Priorities Concentrate on Realising Value from Existing Assets

CIOs continue to invest in technologies beyond the infrastructure core. However, the focus of these investments has shifted from planting emerging technologies to harvesting business investments. This explains the apparent stability in CIO technology priorities shown in Table 1. CIOs expect to:

- Invest in business intelligence applications and information consolidation in order to raise organisation visibility and transparency, particularly around sales and operational performance. These investments are expected to pay extra dividends by responding to new regulatory and financial reporting requirements.
- Invest in ERP technologies, a focus that reflects ERP's core position in enterprise operations. CIOs also plan simplification measures in 2009 that reduce the number of ERP instances, vendors and software licences. These investments coincide with the priority that CIOs are giving to legacy application modernisation.
- Invest in server and storage technologies to meet company wide demand for these services.

"Some critics might say that CIO technology priorities could be more ambitious, but considering that CIOs have modest resources requiring close management, it's clear why they are looking to derive more value from what they have before making significant purchases," Mr McDonald said.

CIOs Must Be Decisive and Resourceful in 2009

Meeting the challenges of 2009 requires CIOs to lead their organisations and enterprises through decisions that have no simple answers. CIOs need to lead and have the foresight to look at IT in new ways. They will demonstrate this leadership through four imperatives:

- Be decisive in setting priorities on actions that raise organisation effectiveness, with a focus on improving business process, using business intelligence to raise visibility, and enhancing

workforce effectiveness.

- Do the "first things faster," as changing economic conditions render a large project irrelevant. CIOs need to apply a prioritisation process to their schedule and recognise that other important priorities can wait. They need to place greater emphasis on the schedule (when) rather than the priorities (why).
- Be resourceful in restructuring IT to raise its productivity and agility, because the business will not reduce its demand for IT just because CIOs have fewer resources.
- Modernise the technical infrastructure, as new technologies offer lower cost, use less energy, deliver better performance and provide greater capacity; the business will need all of these in the immediate future.

"These imperatives form the basis for the CIO agenda and its focus on making the organisation more effective," Mr McDonald said. "Every CIO will start at a different place, facing unique challenges and setting his or her own agenda to marshal the resources needed to make the right decisions and deliver results across the organisation."

This year's survey collected data in the midst of the economic changes in the fourth quarter of 2008. As such, it provides a snapshot of CIO plans, priorities and budgets for 2009 as they stood at the end of the fourth quarter of 2009. They represent Gartner's best current indication of CIO plans at this time. Given the volatility of current markets, Gartner EXP plans to conduct a follow-up survey in late first quarter or early second quarter of 2009 as enterprises establish new guidance on their 2009 budgets.

Additional comments from Mr McDonald regarding the 2009 CIO Agenda survey are available on the Gartner YouTube channel at <http://uk.youtube.com/watch?v=5E69WhGwOA0>, as well as on Mr. McDonald's blog on the Gartner Blog Network at http://blogs.gartner.com/mark_mcdonald/.

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Gartner Executive Programs (EXP) is a membership-based organization of more than 3,600 CIOs worldwide. Members benefit from the convenience of a single source of knowledge, one-to-one counsel, personalized service, the shared knowledge of the world's largest community of CIOs, and the assurance of Gartner objectivity and insight. Additional information about Gartner EXP can be found on the Gartner Web site at www.gartner.com/exp.

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