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CONTACTS:

Christy Pettey  
Gartner  
+ 1 408 468 8312  
[christy.pettey@gartner.com](mailto:christy.pettey@gartner.com)

Robert van der Meulen  
Gartner  
+ 44 (0) 1784 267 892  
[rob.vandermeulen@gartner.com](mailto:rob.vandermeulen@gartner.com)

## **Gartner Says Cloud and CRM Will Drive Enterprise Software Spending in 2013 and 2014**

***Public Cloud Is Growing in North America and Western European Markets, but Private Cloud Remains the Preference in Emerging Markets***

***Analysts to Discuss Future Trends in CRM at Gartner Customer Strategies & Technologies Summit 2013, 5-6 June in London, UK and the Gartner Customer 360 Summit 2013, 1-3 May in Orlando***

STAMFORD, Conn., 5 March, 2013 — Greater adoption of on-premises and software as a service (SaaS) will drive a modest increase in worldwide software spending through 2014, according to a recent survey by Gartner, Inc. Gartner conducted the large-scale enterprise IT spending study through the third quarter of 2012 for analysis of organisations' IT budget spending plans for 2013 and 2014.

"Results from the survey indicate that software spending will increase modestly worldwide through the 2014 budget year, with new software sales (on-premises) and SaaS driving this increased spending," said Hai Hong Swineheart, research analyst at Gartner. "However, significant regional differences in priorities and drivers will require vendors to pursue market-specific strategies."

Regions with higher IT maturity, such as North America and Western Europe, expect lower or no budget increases over the next two years, while developing countries with immature IT infrastructure, such as Eastern Europe, Latin America and Asia/Pacific, will experience the largest budget increases in software spending.

Survey results show new software licences (on-premises, including applications) continue as an important priority in emerging regions, with 69 per cent of respondents expecting new software licence budgets to increase in 2014, compared with 47 per cent from mature regions. The regional differences relate to the amount of mature systems with maintenance and technical support fees. Less mature regions, with little or no infrastructure, will typically spend more on new software licences (on-premises, including applications), while more mature regions with mature infrastructure tend to spend more on software maintenance and support (including licence updates and/or technical support).

As economic pressures increase and other factors come into play, such as resource limits and skill shortages, organisations have expressed overwhelming interest in cloud computing and other options that externalise IT. In North America, interest in SaaS/public cloud is significantly higher than in other regions, with more than 60 per cent of respondents increasing their budget in SaaS/public cloud within the next two years. Organisations in other regions show more interest in hosted applications (single tenant), with Asia/Pacific the highest, with 34 per cent of respondents increasing their budget on hosted applications.

"It's very clear that mature regions are focusing on public cloud computing, while emerging regions are focusing on private cloud computing," said Ms Swineheart. "This could be due in part to an immature telecommunications infrastructure in some emerging countries while data security is a persistent concern related to public cloud services among our clients in developing-region organisations."

The survey also revealed that customer relationship management (CRM) has edged past enterprise resource planning (ERP) as the top application software investment priority. This further validates a business focus on enhancing customer experience, with both mature and emerging regions emphasising investments in CRM. Survey respondents indicate that their top three application software investment initiatives for 2013 are CRM, ERP, and office and personal productivity tools.

Security software topped infrastructure software investment priorities, driven by the evolution of new threats, as well as by changes in working practices. While companies increasingly perceive the mobility of their workforce as a strategic advantage, there is growing awareness of the damage caused by security breaches. More and more organisations are accepting the need to have more-open connectivity with business third parties and assessing third-party security and defining how to securely communicate are becoming critical factors.

Virtualisation infrastructure software, ranked as the third-highest priority for increased spending, continues to grow, with most organisations moving toward 70 per cent virtualisation (especially in North America) within the next several years. However, virtualisation is not among the top three priorities in Europe or Asia/Pacific, mainly due to the already high virtualisation rates in those regions.

More detailed analysis is available in the report "User Survey Analysis: Cloud and CRM Nexus Will Drive Enterprise Software Spending in 2013 and 2014" The report is available on Gartner's web site at <http://www.gartner.com/resId=2326415>.

Gartner analysts will share additional information on CRM trends at the Gartner Customer Strategies & Technologies Summit 2013, on 5-6 June, in London. For more information on this Summit, please visit [www.gartner.com/eu/crm](http://www.gartner.com/eu/crm). Members of the press can register for the Summit by contacting Laurence Goasduff at [laurence.goasduff@gartner.com](mailto:laurence.goasduff@gartner.com).

CRM trends will also be discussed at the Gartner Customer 360 Summit 2013 in Orlando being held 1-3 May at the Manchester Grand Hyatt in San Diego, CA. Additional information is available at [www.gartner.com/us/crm](http://www.gartner.com/us/crm). Members of the media can register by contacting Christy Pettey at [christy.pettey@gartner.com](mailto:christy.pettey@gartner.com).

Information from the Summits will be shared on Twitter at [http://twitter.com/Gartner\\_inc](http://twitter.com/Gartner_inc) using #GartnerCRM.

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