

IT Industry Trends 2018

Spending

A small but significant percentage of small and midsize businesses(SMB) are planning to invest for the first time in several areas that are new to them, but familiar to enterprises, including data analytics, data management, and Internet of Things/Machine-to-Machine/telematics.

Enterprises plan to cut spending on on-premise software and, correspondingly, to increase spending on Service as a Software(SaaS), Infrastructure as a Service, Platform as a Service, private cloud, and public cloud. In keeping with this, enterprises are also more likely to anticipate needing to add network bandwidth, presumably to support their cloud deployments.

Upcoming Tech Spending Plans:

	Increase	Same	Decrease	New Category of Spending
Security technologies	47%	49%	4%	1%
Data analytics	38%	52%	3%	7%
Mobile applications	35%	54%	5%	7%
SaaS	33%	56%	5%	6%
Application development, upgrades or replacements	33%	58%	9%	1%
Storage	31%	55%	13%	1%
Disaster recovery/continuity planning	31%	59%	9%	1%
Virtualization	29%	63%	6%	2%
Data center consolidation/optimization/modernization	28%	57%	12%	3%
Private cloud computing	27%	58%	6%	10%

Companies are continuing to move into the cloud and are experiencing value from doing so:

62% of companies have an active strategy for cloud migration

26% have already moved some enterprise applications to the cloud, with more to come

13% are moving email, calendar, documents, and storage to the cloud;

12% are moving some or all of their data center and/or networking infrastructure;

11% are moving mission-critical enterprise applications.

Projects & Priorities

Companies indicated that security is the focus of their single most important current technology project, followed by legacy systems modernization/replacement and on-premise software. Meeting security, privacy, or compliance goals was also their top goal for that single most important project, tied with increasing productivity and slightly ahead of improving customer satisfaction/experience.

Primary Goals for Important Tech Projects:

- 19% To meet security, privacy or compliance goals
- 19% To increase productivity
- 17% To improve customer satisfaction and experience
- 16% To generate new revenue streams or increase existing ones
- 16% To maintain or improve expected service levels
- 11% To cut costs
- 2% Other

In the next three to five years, IT decision-makers expect big data/analytics, cloud/SaaS, and self-service IT to be the disruptive technologies most likely to impact their organizations in the future.

Top Business Priorities for IT Projects

- 47% Improving employee productivity/efficiency
- 46% Improving customer satisfaction/experience
- 44% Containing costs
- 44% Optimizing and automating business processes
- 36% Accelerating business process and agility
- 33% Optimizing existing investments
- 28% Improving collaboration with business
- 27% Growing profitability
- 23% Growing revenue
- 23% Enhancing competitiveness
- 16% Growing market share
- 13% Attracting new talent
- 2% Other

Staffing & Skills

Small businesses routinely turn to outside expertise to address bandwidth constraints or skills gaps. 75% of IT decision-makers report using a technology partner, such as a solution provider, value-added reseller, or managed service provider, at least occasionally during a typical year. Among this segment, 20% are frequent users of technology partners, while 23% are regular users.

Among the segment of SMBs most satisfied with their IT, there is a much higher utilization rate of technology partners. It is reasonable to assume that businesses that recognize when they need help, and are willing to pay for it, tend to be in a better place with their IT than those that underinvest.

SMBs are more likely than enterprises to be hiring for help desk/tech support staff and networking skills. Enterprises are more likely to hire for cloud/SaaS skills, in keeping with their likelihood of spending more in those areas.

Companies expect security, programming and application development, and BI/analytics to be the hardest to hire for, so they're actively planning work-arounds: 49% plan to outsource and hire contractors. However, 55% expect the percentage of their budget allocated for contract labor to stay the same over the next 12 months.

Among companies expecting to cut headcount, 48% expect help desk and tech support to be reduced or eliminated, while 41% cite server administration and 38% cite the data center. It may be that organizations are hoping to rely on their cloud vendors for these needs.

Single Biggest Leadership Challenges:

- 15% Security
- 14% Budget constraints/economic pressures
- 13% Managing expectations/business alignment
- 8% Improving customer experience
- 8% Managing projects
- 7% Managing personnel
- 6% Generating revenue
- 5% New application development
- 5% Dealing with planned mergers or acquisitions
- 5% Regulatory compliance
- 4% Addressing the hiring/skills gap
- 2% Outsourcing
- 2% Managing vendors
- 1% Developing an EMM strategy
- 1% Defining a social media strategy/policy
- 1% Increasing diversity in the workplace