



CIO TECH POLL: TECH PRIORITIES 2023

Tech innovation prevails

IT budgets to increase despite recession fears, as CIOs look to AI, automation and analytics to steady the course.

CIO

In a climate fraught with uncertainty—business, economic, geopolitical and otherwise—IT organizations appear to be proceeding with a glass-half-full mentality. Most IT leaders believe the U.S. is headed for recession, if it isn't here already, but that will not deter their IT spending in 2023. In fact, IT budgets will increase for more than half of organizations surveyed for Foundry's 2023 CIO Tech Priorities report.

IT leaders will forge ahead with improving operational efficiencies, cybersecurity and enterprise digital transformations as their top priorities. The findings align with forecasts that U.S. tech spending will reach \$1.83 trillion in 2023

and \$5.14 trillion globally, according to IDC's Black Book Live Edition.

These IT decision-makers plan to spend those IT dollars on innovative technologies, including artificial intelligence and machine learning, data analytics frameworks and workflow automation. But they still grapple with perennial skills and staffing shortages, which threaten to curtail these new initiatives. In response, most organizations plan to upskill or reskill existing staff.

Foundry surveyed 276 senior IT decision-makers to gauge which technology areas IT leaders will focus on over the next 12 months. The results shed light on the direction of spending within those categories.

Budget expectations



Technology budgets continue to rise

More than half of tech leaders (51%) plan to increase IT budgets in the coming year, while more than a third (37%) will hold budgets steady. Only 12% plan to decrease IT budgets.

Spending continues despite certainty among a majority of respondents that the U.S will face a recession. Some 77% of IT leaders expect the economy to go into a recession in 2023, or that we are already in one.

These recession fears do raise some caution flags though, and IT organizations are taking necessary steps to buffer any

economic blows that might lay ahead. Some 77% of IT leaders say they are consolidating vendor contracts to reduce expenses, while others are accelerating work on technology project that are expected to alleviate the impact of

an economic slowdown (64%). More than half of companies are slowing down work on non-critical projects, and more than one-third are delaying planned projects

ITDMs plan to increase spending on:

- Cybersecurity **(65%)**
- BI/analytics tools **(49%)**
- Data analytics frameworks **(46%)**

77%

of IT leaders say they are consolidating vendor contracts to reduce expenses

(39%). Less than half of organizations are delaying hiring planned hiring (47%).

IT leaders will instead invest in technologies that provide greater efficiencies, better security and improved customer experience. In fact, cybersecurity ranks as the single-most important tech project for 2023, and 65% of ITDMs plan to increase investments in real-time security monitoring and forensics. They'll also increase spending on business intelligence and analytics tools (49%) data analytics frameworks (46%) and AI and machine learning (45%), to name a few. Most are actively researching or piloting projects in five areas.

Top 5 hot technologies

1. AI and machine learning

Look no further than the frenzy over new AI tool ChatGPT and similar rollouts planned at Google and Chinese internet giant Baidu to understand the interest in

AI and machine learning. Organizations have grown even more intrigued by AI and ML technologies as they automate everything from business processes and decision-making to software development to creating written content. In fact, more than one-third of respondents (39%) believe AI/ML will alter the way business operates more than any other technology in the next three to five years. Consequently, more than half of organizations surveyed (57%) are actively researching or piloting AI and ML technologies, and 15% have it in production in a business unit or division.

2. Data analytics frameworks

Eclipsing AI and ML for its potential to disrupt business is data analytics. Some 43% of ITDMS expect data analytics to alter the way that business operates in the near future, and they're looking into data analytics frameworks in 2023.

Data analytics frameworks are integral to all large-scale data management and optimization efforts. They combine efficient processes with cutting-edge data technologies to create insight-rich strategies for enterprise operations. Some 44% of IT leaders are researching or piloting data analytics framework tools today, and 19% have data analytics frameworks in production in a business unit or division. Understanding modern data analytics frameworks and implementing

them successfully will be critical for any business looking to get ahead.

3. Business process management and workflow automation

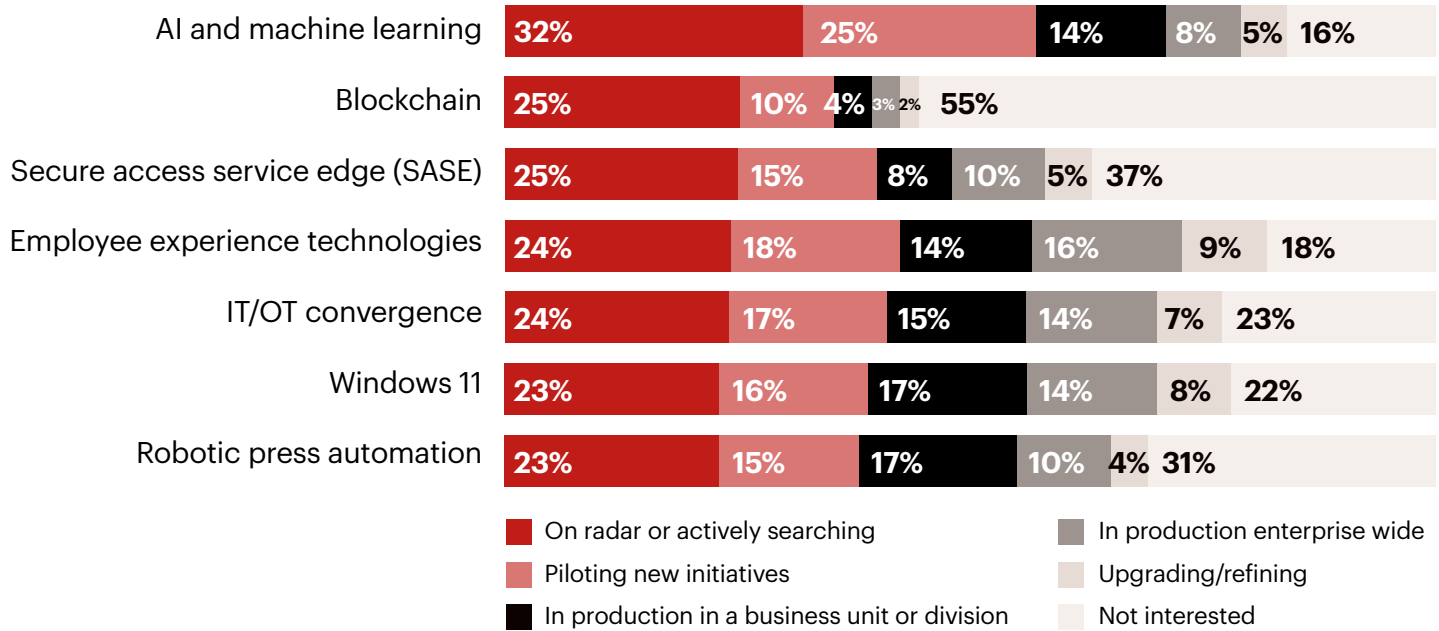
Despite some sizeable layoffs at several of the biggest tech companies, most organizations are still having a hard time finding and keeping skilled IT workers. The ongoing skills shortage has IT leaders looking for ways to automate workflow and improve efficiencies in business processes. So it's no surprise that 43% of respondents are actively researching or piloting business process management and workflow automation technologies in their organizations. Nearly one in five ITDMS have these tools in production in a business unit or division, and another 20% have BPM deployed companywide.

4. Employee experience technologies

With good talent still hard to find, it's more important than ever to hang onto the employees that you've got. So companies are investing more of their budgets on tools that create and maintain a positive employee experience.

Employee experience tools and software help to assign, track and monitor work, as well as employee wellness and overall satisfaction—regardless of the employee's location. Some 42% of ITDMS are researching or piloting employee

Top technologies being actively researched



experience technologies, and another 30% have rolled it out to a division or throughout the organization.

5. IT/OT convergence

Operational technologies, once siloed in the physical, industrial world, are now being integrated with IT systems, creating a demand for IT/OT convergence technologies.

Some 41% of ITMDs are researching or piloting IT/OT convergence tools, and another 29% have already deployed them in a division or companywide.

IT/OT convergence technologies can proactively assess how environmental factors, workflow changes or labor

fluctuations will impact product quality or production. OT’s sensor-laden devices are a treasure trove of data to be collected and analyzed to improve efficiencies and business processes. Convergence tools can also improve and coordinate cybersecurity across both IT and OT worlds as internet-connected OT surfaces become more vulnerable to cyberattacks.

These five tools are expected to build capabilities on top of the existing technologies most widely used by most ITDMs today—collaboration tools (68%), business intelligence and analytics (65%), enterprise apps (ERP, CRM) (65%), cybersecurity monitoring and forensics (62%), and infrastructure consolidation and virtualization tools (62%).

Thank you, next!

Not all shiny new tools are winners. Many much-hyped technologies haven't sparked the interest of IT decision-makers quite yet, perhaps due to the organization's market sector or company size. Those technologies include blockchain (55% are not interested), augmented or virtual reality (55% not interested), 5G-enabled devices (41%), edge computing (38%) and secure access service edge, or SASE (37%).

Tactics for evaluating emerging tech vendors

When evaluating emerging tech vendors, ITDMs stick mostly with traditional methods. The vast majority (71%) use pilot testing and product demonstrations, and 66% attend external events or conferences

Top 5 ways ITDMs evaluate emerging tech vendors:

1. Use pilot testing and product demos
2. Attend external events or conferences
3. Talk to a small group of peers
4. Rely on reviews written by experts
5. Create specialized teams

Skills and staffing are the top challenges to new tech deployment in 2023.

to gather information—both virtually and in person. Half of respondents talk to a small group of peers to gather knowledge about the vendor, and 41% rely on reviews written by experts. Some even create specialized teams to evaluate products and vendors. (38%)

New technology adoption is often derailed, however, by skills and staffing issues. Approximately half of ITDMs say new technology deployment runs into trouble because they don't have the appropriate skillsets (51%) or due to general staff shortages (50%). To combat the problem, most organizations are upskilling existing talent to manage new technologies (76%) or reskilling existing talent to broaden the team's skill sets. Some are hiring full-time employees if they can find them (41%), while others are using managed service providers (32%) or hiring gig workers (24%).

Other challenges that undermine these projects include lack of budget (40%) a disconnect between IT and business leadership (32%) and an IT culture that is not progressive (28%).

Conclusion

Despite the impending economic recession and the impact it's expected to have on IT organizations, IT leaders forecast steady technology budget growth over the next 12 months, with only 12% expecting a decrease in budget.

ITDMs are actively researching and piloting AI and machine learning, data analytics frameworks, business process management and workflow automation, employee experience technologies and IT/OT convergence tools.

The top three biggest increases in tech spending will go toward cybersecurity, BI/analytics tools and data analytics frameworks. The biggest challenges around new tech implementations are no surprise—lack of appropriate skills and a shortage of staff.

These investments, balanced with belt-tightening measures such as consolidating vendor contracts to reduce expenses and slowing down non-critical projects, will help steady the course in an uncertain economic environment.

About the survey

The 2023 CIO Tech Priorities study analyzed data from a Foundry online questionnaire given to 276 IT decision-makers in January 2023. All survey respondents are involved in the purchase process for major IT or security products and services. Respondents represent companies primarily in the North America (68%), with some in Europe (25%) and the Asia-Pacific region (6%). These companies come from a variety of industries, including technology, financial services, manufacturing, healthcare and the services industry. Respondents' companies have an average of 11,384 employees and average revenue of \$5.98 billion.

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