

CEB's IT Budget Benchmark

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CEB, the leading member-based advisory company

Data from nearly 200 firms around the world shows IT budgets are growing, and fast!

Results from CEB's IT Budget Benchmark make happy reading for CIOs and their IT teams. The pot of gold they are expecting in their 2015 budgets represents the highest rate of growth for five years.

An anticipated median growth of 3.3% in total IT spending for 2015 builds on a strong base from 2014 when both total IT spending and IT staff levels outpaced expectations.

The IT budget data, collected from nearly 200 organizations globally and representing \$75 billion in IT spending, show that CIOs plan to invest their funds in improving the experience of their internal customers, building new collaboration capabilities, and improving their organization's data analysis capabilities. This shows a shift toward wanting to build new capabilities and away from just wanting to keep the lights on.

Seven IT Trends for 2015

CEB's IT budget benchmark survey shows seven important trends for IT spending and staffing next year.

1. IT will spend even more on improving the end-customer experience: The big advances in consumer technology has caused IT's internal customers to apply ever rising pressure on IT teams to provide better performing and more user friendly corporate hardware and software.

In response, CIOs have allocated more budget and staff to this area in 2014 than in years past. In fact, 17% of the IT project budget has been dedicated to customer interface investments (up from 15% last year) and the role of user-experience designer will become mainstream by the end of 2015.

2. A growing shift toward innova-

tion and business opportunity: While nearly all IT organizations intend to spend more on building new capabilities for their firms, they traditionally find it awkward to spend less on maintenance and mandatory investments.

CIOs were more successful at shifting the IT budget to "innovation and business opportunities" in 2014 than in recent years and have slowly reduced the share of spending allocated to maintenance from 63% of the IT budget in 2011 to 57% this year. Expect this trend to increase next year.

3. Cloud investment nearly universal: 91% of IT organizations allocate at least some portion of their budget to the cloud as they continue to focus on service responsiveness and cost flexibility.

Depth of deployment has also increased, with more than 33% of companies allocating at least 6% of spending to cloud solutions (up from just 23% last year). Again, expect this trend to only strengthen next year.

4. The CIO role will continue to extend beyond IT: The changing IT landscape has blurred functional boundaries, with CIOs taking on more non-IT responsibilities (e.g., procurement).

Nearly 60% of CIOs now own at least one non-IT functional area, with the share of CIOs owning business analytics doubling from 15% to 30% in just one year.

5. Flat projections for IT staff growth likely too conservative: While internal FTE staff growth is projected to be near flat for 2015, CIOs forecasted

similar numbers last year and actually saw 4.3% median growth.

This suggests that additional staff growth may occur as the 2015 project queue is finalized and staff needs are clearer.

6. Broad deployment among end-to-end IT service adopters: While only 36% of organizations have deployed end-to-end IT services (see second half of this page) to date, half of these adopters report that end-to-end IT services account for at least 60% of their operating budgets. The trend for more end-to-end IT will grow in 2015.

7. IT spending outside of corporate IT will continue: Consistent with last year, Finance, HR, Marketing, and Operations are the functions that allocate the largest percentage of their budget to technology, as estimated by CIOs, as business leaders increasingly experiment and own technology projects to meet their objectives.

Employees increasing comfort with technology, their desire to use it, and their ability to source it independently of IT, all mean that tech spending outside of IT will continue to rise in 2015.