



IT Spending Pulse #3: Expanding the Strategic Agenda

MARCH 2022

Key takeaways

IT budgets are poised to increase as prices rise

82% of respondents expect their companies' IT spending to grow in 2022, in part due to inflationary pressures, with respondents anticipating a 5.1% weighted average price increase

Half of respondents expect to expand their IT investments

At least 50% of buyers expect to increase their AI, machine learning (ML), analytics, and cloud services systems or suppliers, while roughly a third expect to consolidate their server infrastructure

Risk management is an ever-increasing focus

IT buyers increasingly choose risk management initiatives as a major IT priority, although strategic-advantage initiatives are still the leading focus

Only marginal changes are expected in cloud investing

Workloads remain heavily on the cloud, with less than 20% of buyers planning to shift any workloads off the cloud in the next two years; those shifting are mainly pulling back in enterprise resource planning because of data security concerns

Decision-making power is diffusing slightly

IT decisions are still predominantly made by IT; however, substantial power is shifting to operations teams, particularly in IT operations management and devices

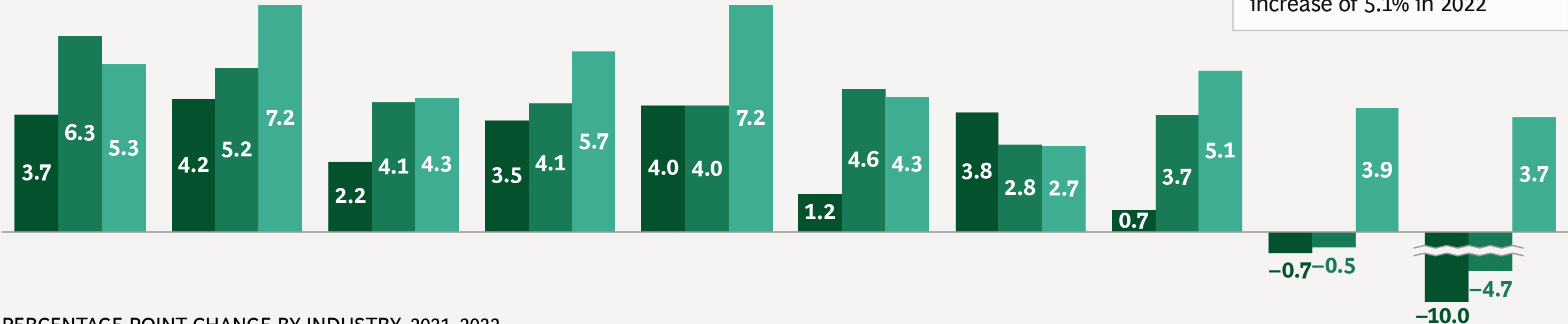
Remote-selling concerns are waning

Many buyers have become more comfortable signing large contracts without in-person engagement and are more willing to sign new vendors remotely

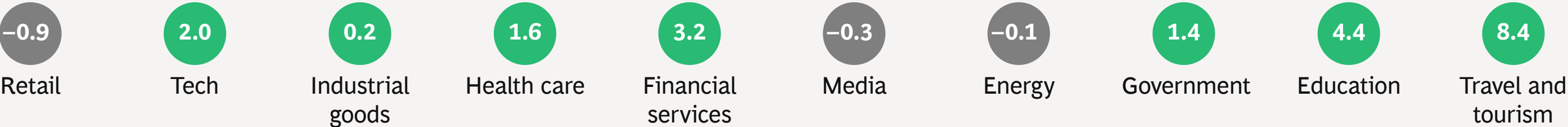
IT spending is expected to increase in 2022 across most major industries, especially financial services, education, and technology

Q: How do you expect your company's overall IT spending to change compared with the previous year? (%)

Inflationary pressures will play a role: respondents anticipate a weighted average price increase of 5.1% in 2022



PERCENTAGE POINT CHANGE BY INDUSTRY, 2021-2022

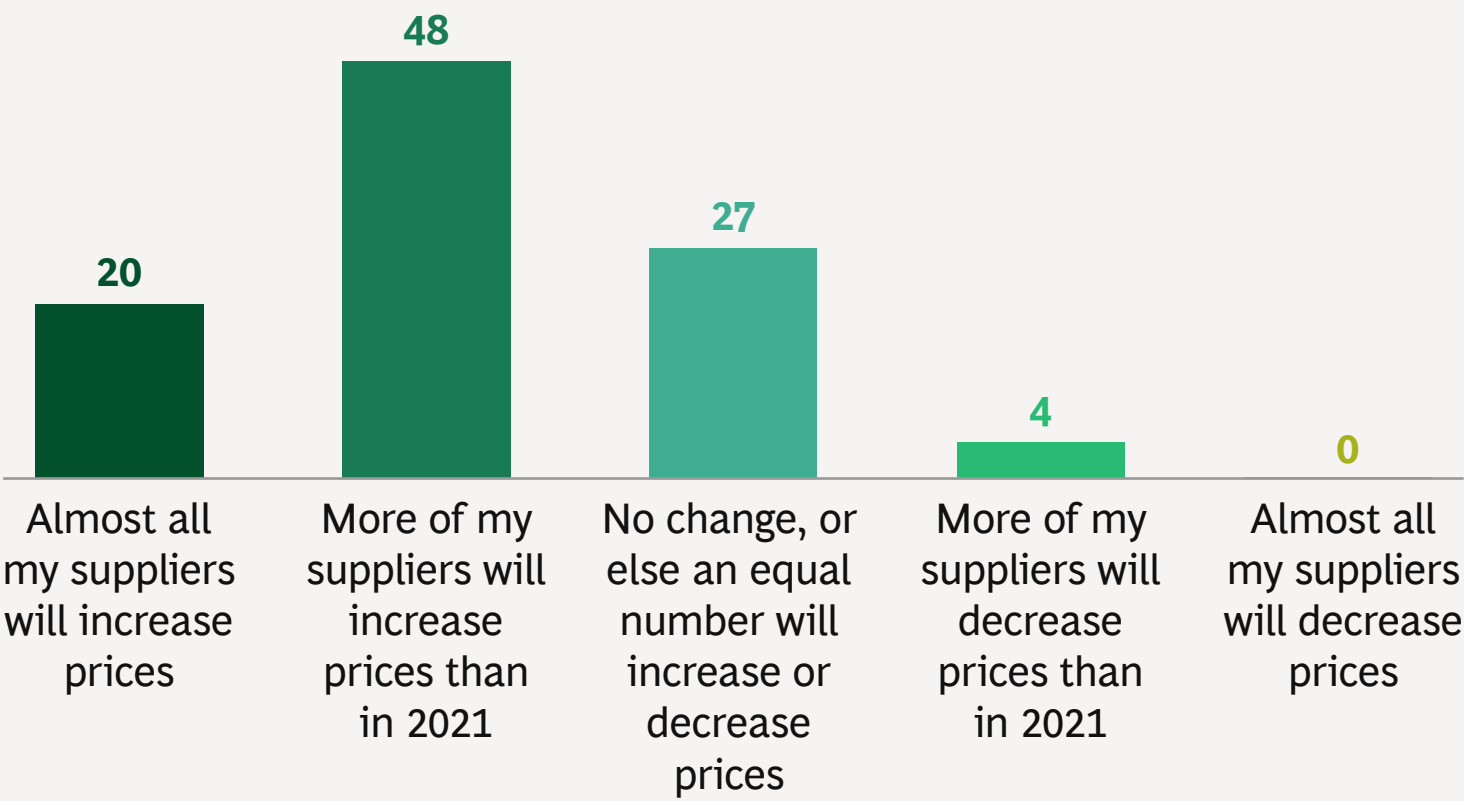


● Average estimated spending change 2019-2020 ● Average estimated spending change 2020-2021 ● Average estimated spending change 2021-2022

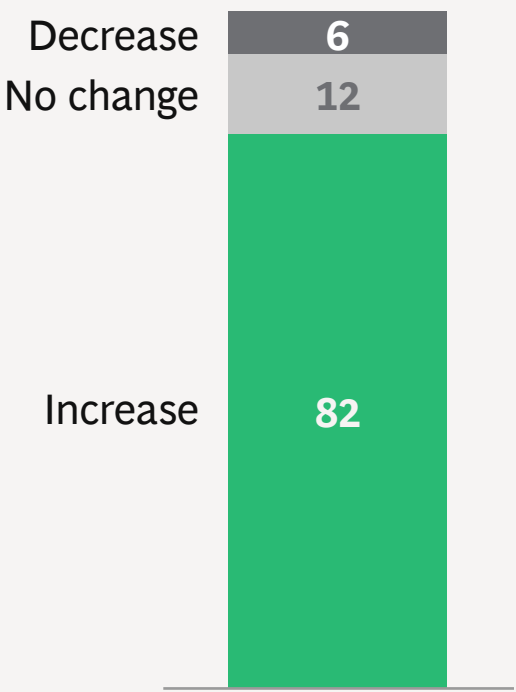
Sources: BCG IT Buyer Survey #1, May 2020; BCG IT Buyer Survey #2, November 2020; BCG IT Buyer Survey #3, November 2021.
Note: Average percentage-change figures from Survey #2 shown here are slightly different from previous output, given the difference in number of respondents and weighted-average-value assumptions. Numbers may not sum due to rounding.
Weighted averages were calculated based on the lowest absolute value for the range, such that an increase or decrease in the range of 2% to 5% was assigned a value within 2%.

68% of buyers expect prices to rise in 2022, supported by budget expansion

Q: How do you expect your suppliers' prices to change in the next 12 months? (% of respondents)



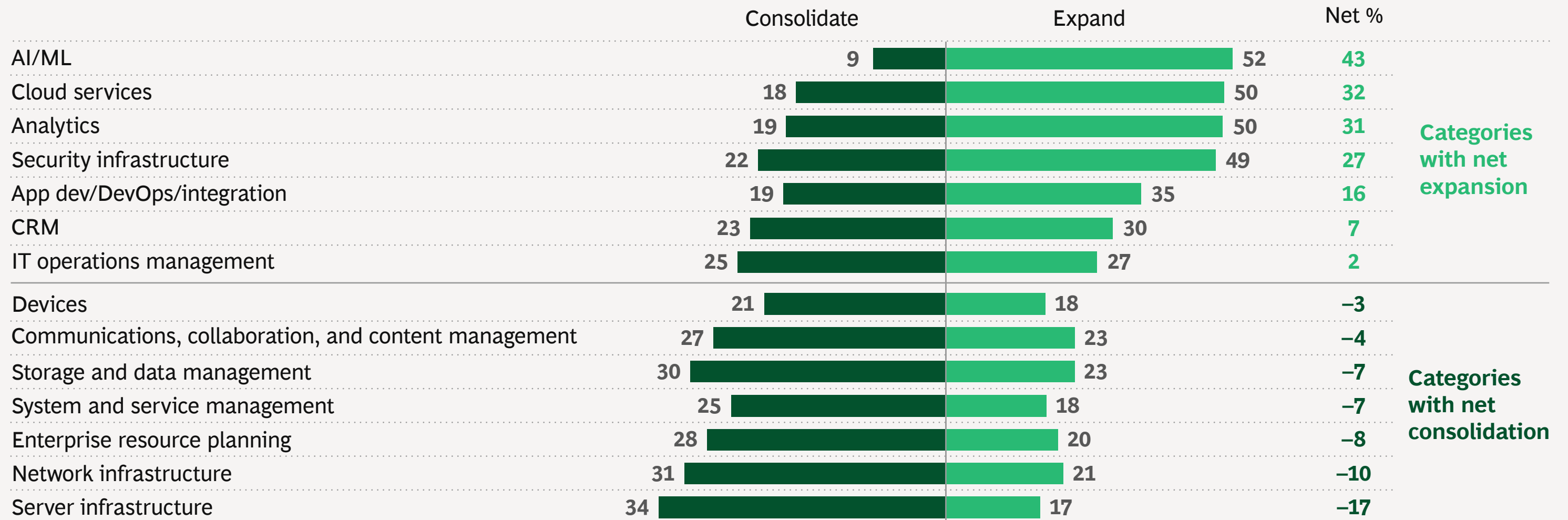
Q: How do you expect your company's overall IT spending in 2022 to change from 2021? (% of respondents)



Source: BCG IT Buyer Survey #3, November 2021.
Note: "Don't know" responses excluded; numbers may not sum to 100%.

Respondents expect to expand some areas of IT investment and consolidate others

Q: In which of the following categories is your company looking to either consolidate or expand its IT systems or suppliers? (% of respondents)

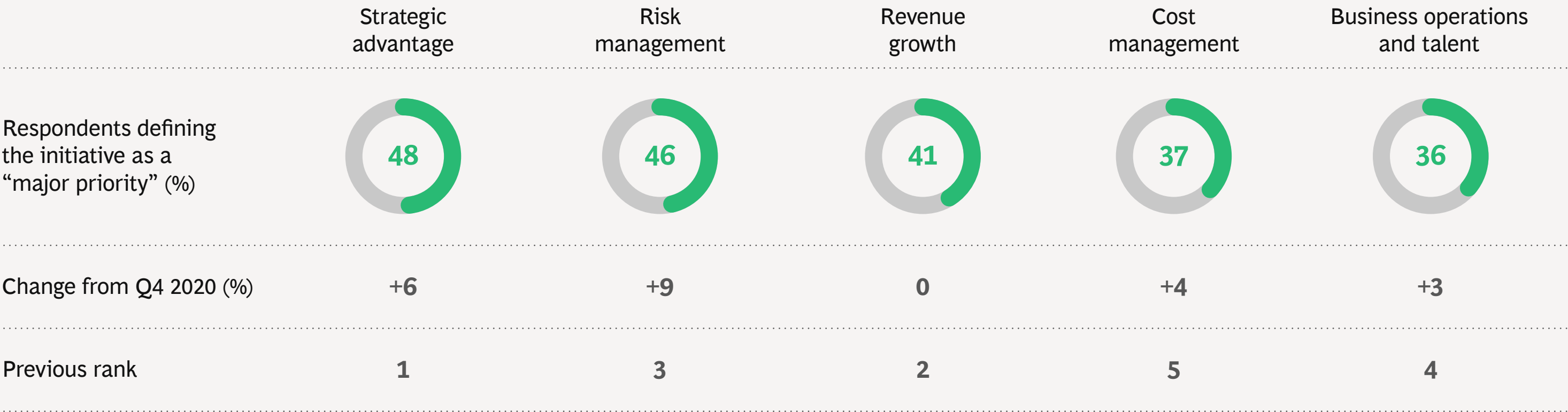


Source: BCG IT Buyer Survey #3, November 2021.

Note: "Don't know," "Not applicable," and "No change" responses not shown; CRM = customer relationship management.

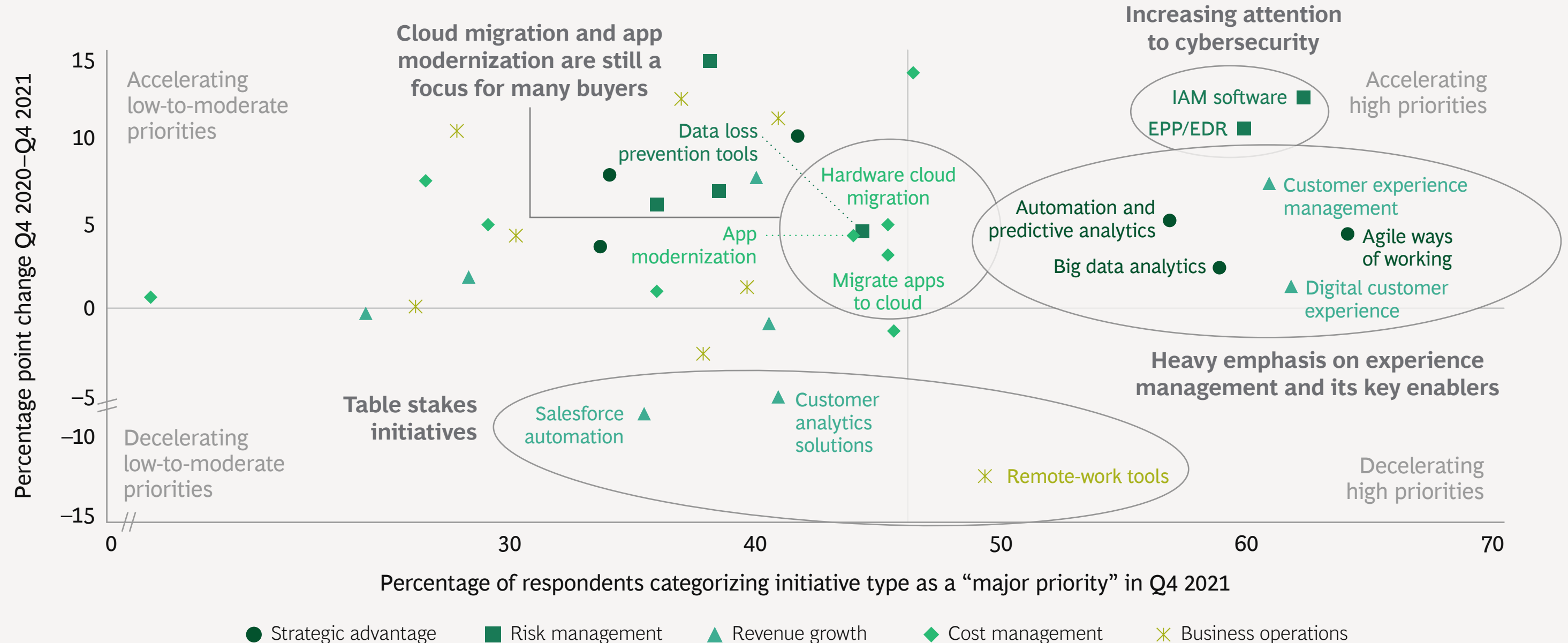
Risk management is an increasing priority for IT buyers, although strategic advantage remains the leading focus

Q: How do each of the following initiatives align with your IT priorities for the next 12 months? (major priority, minor priority, not a priority)



Risk management initiatives saw the greatest year-on-year acceleration

Q: How do each of the following initiatives align with your IT priorities for the next 12 months?

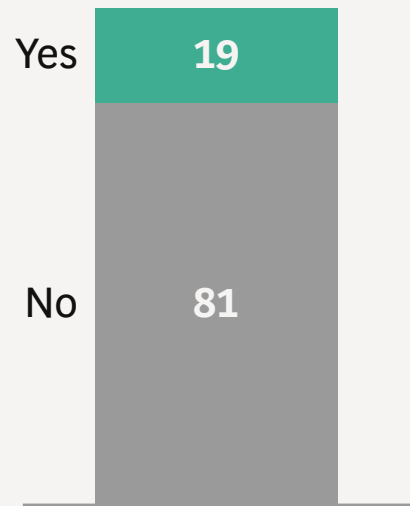


Sources: BCG IT Buyer Survey #2, November 2020; BCG IT Buyer Survey #3, November 2021.

Note: IAM = identity and access management; EPP/EDR = endpoint protection platform/endpoint detection and response.

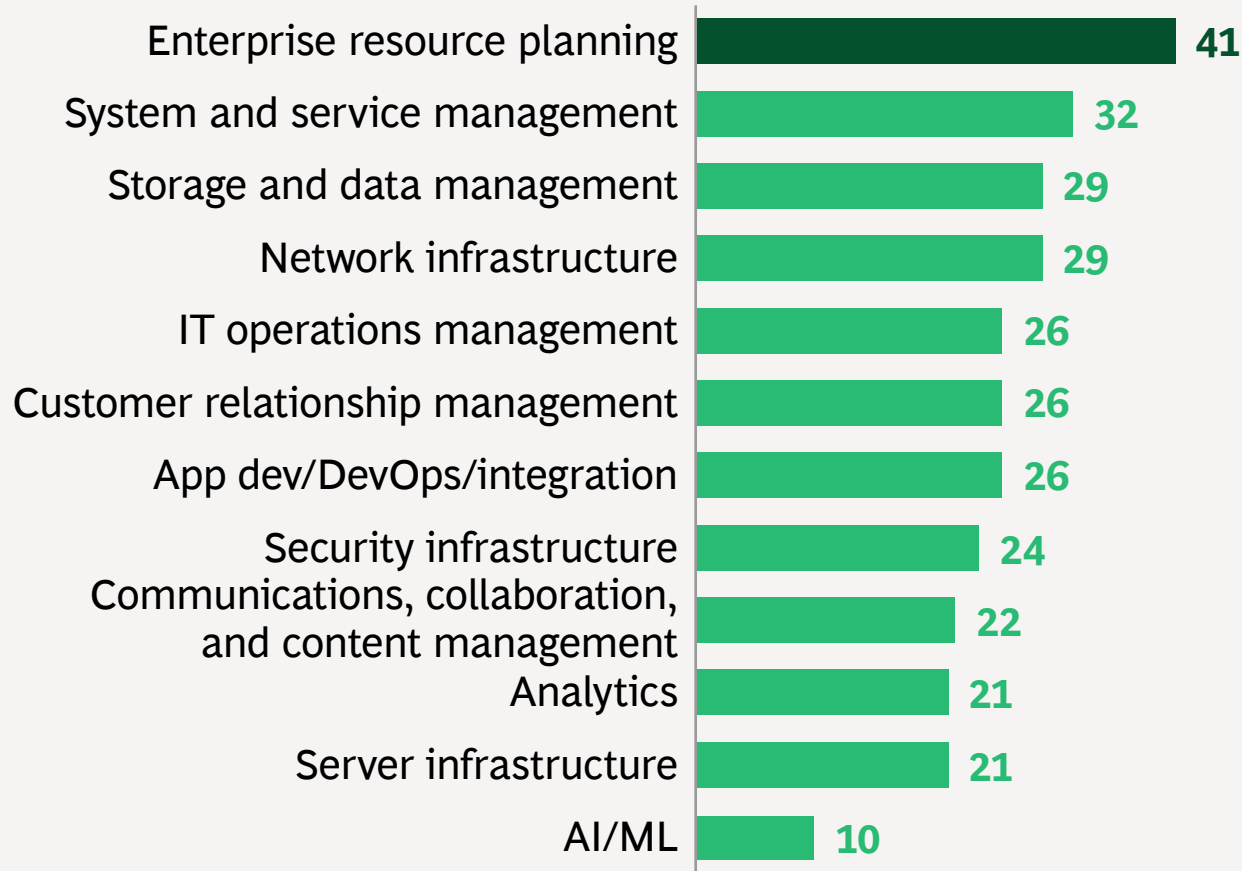
Less than 20% of buyers are shifting workloads off the cloud; those shifting are mainly pulling back in enterprise resource planning

Q: Is your company planning on shifting any of its workload back from the cloud to an on-premise or other non-cloud solution in the next two years? (%)

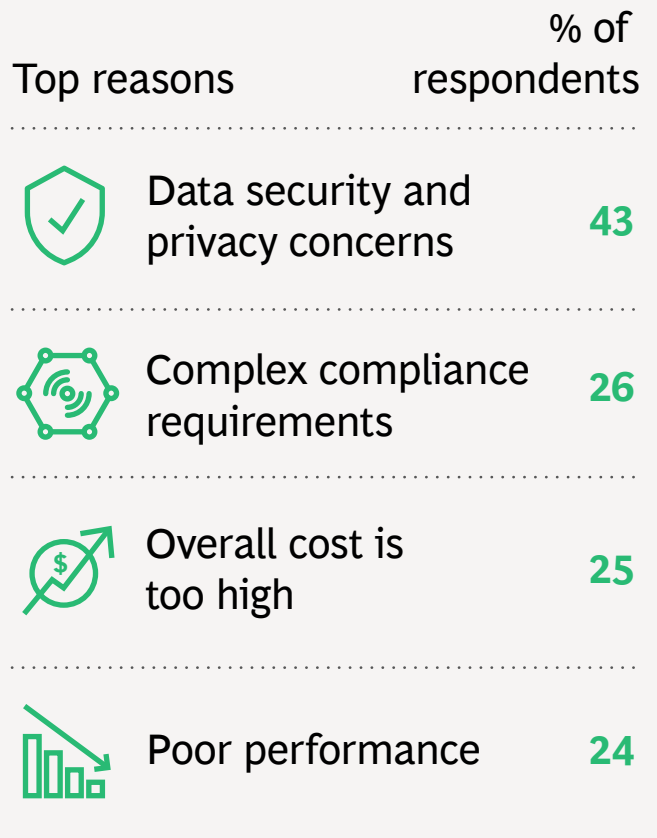


Asia-Pacific buyers are more than twice as likely (42%) to pull workloads off the cloud, compared with buyers in North America (11%) and Europe (19%)

Q: In which categories do you anticipate shifting your workload back from the cloud to another infrastructure solution? (%)



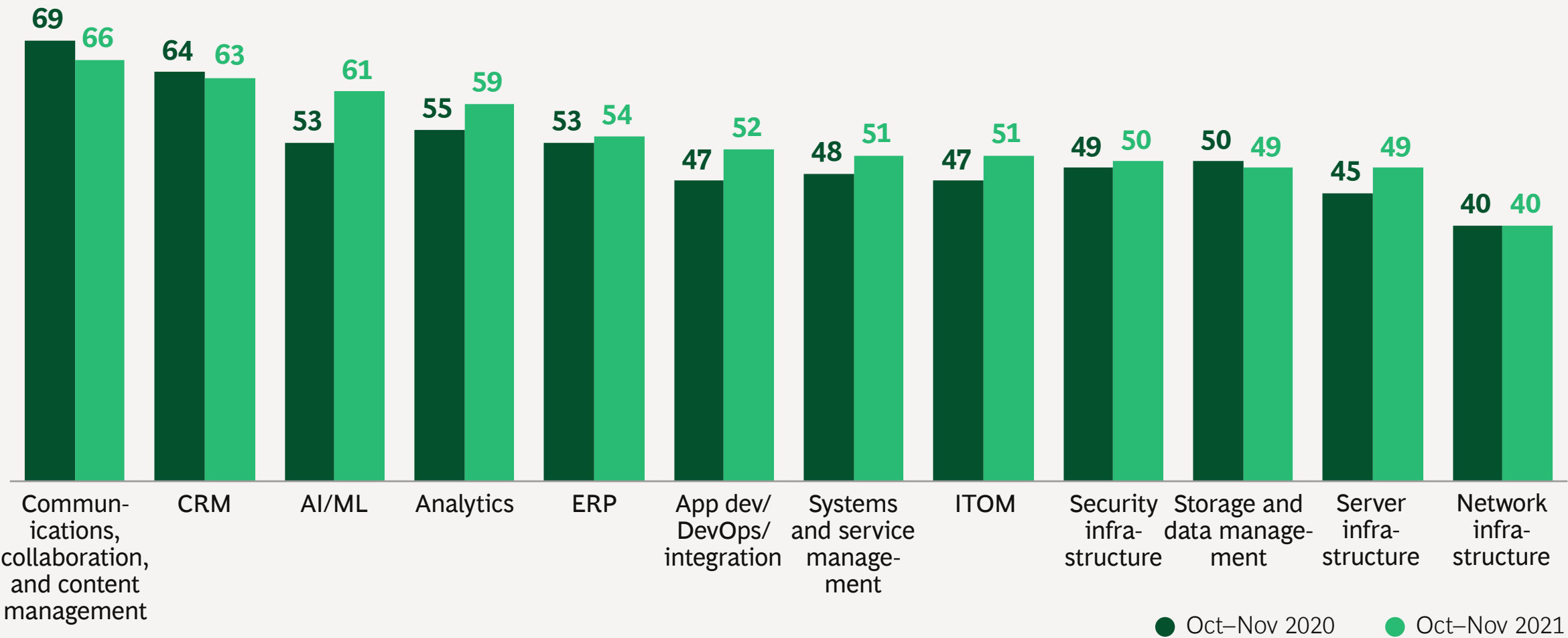
Q: What are the top reasons you anticipate shifting your workload back from the cloud to another infrastructure solution?



Workloads remain heavily on the cloud, at 40% to 70% per category, with marginal changes since Q4 2020

Q: What percentage of your company's workload do you plan to host on the cloud in the next 12 months?

Cloud allocation (weighted average)



Communications, collaboration, and content management—as well as CRM—remain most heavily on the cloud

AL/ML workloads saw the largest increase in cloud penetration since Q4 2020 (8 pp), while communications saw a slight dip (3 pp)

Sources: BCG IT Buyer Survey #2, November 2020; BCG IT Buyer Survey #3, November 2021.
Note: Bar chart percentages are based on the weighted-average response for estimated cloud allocation for that category, excluding those who responded, “Don't know.” CRM = customer relationship management; ERP = enterprise resource planning; ITOM = IT operations management.

While still predominantly driven by IT, substantial decision-making power is shifting to operations

Q: Which department is the key decision maker for IT investments, i.e., what is the buying center for the following product categories?

	IT		Sales and marketing		Finance and accounting		HR		Operations	
	Response % in Nov 2021	PP change from Nov 2020	Response % in Nov 2021	PP change from Nov 2020	Response % in Nov 2021	PP change from Nov 2020	Response % in Nov 2021	PP change from Nov 2020	Response % in Nov 2021	PP change from Nov 2020
Cloud services	94	1	1	—	1	-1	0	—	3	1
Security infrastructure	87	-6	1	—	1	-1	1	—	8	6
Network infrastructure	86	-7	1	—	2	1	1	—	10	7
Storage and data management	85	-9	1	—	2	—	1	1	9	6
Server infrastructure	83	-11	2	1	3	1	0	—	8	7
App dev/DevOps/integration	84	-1	2	—	3	-1	1	1	8	1
System and service management	82	-8	3	2	4	2	1	—	9	6
ITOM	81	-12	2	1	1	—	1	—	15	13
AI/ML	83	2	1	-1	2	-2	1	-1	8	3
Devices	78	-14	1	—	3	1	2	1	14	11
Communications, collaboration, and content management	65	-4	10	-6	3	—	6	-1	14	11
Analytics	57	6	8	-3	12	-12	2	2	18	9
CRM: Digital commerce platforms	30	5	54	-11	3	1	4	3	7	2
CRM: Customer service, field services	25	4	52	-7	2	—	4	3	12	-1
CRM: Marketing/adtech/sales	21	4	65	-10	2	—	4	3	6	1
ERP: Traditional	30	-3	5	3	17	-3	4	1	43	3
ERP: Finance/accounting/treasury	22	-1	1	—	68	1	2	—	6	—
ERP: HR management	21	-2	3	2	12	1	58	—	6	—

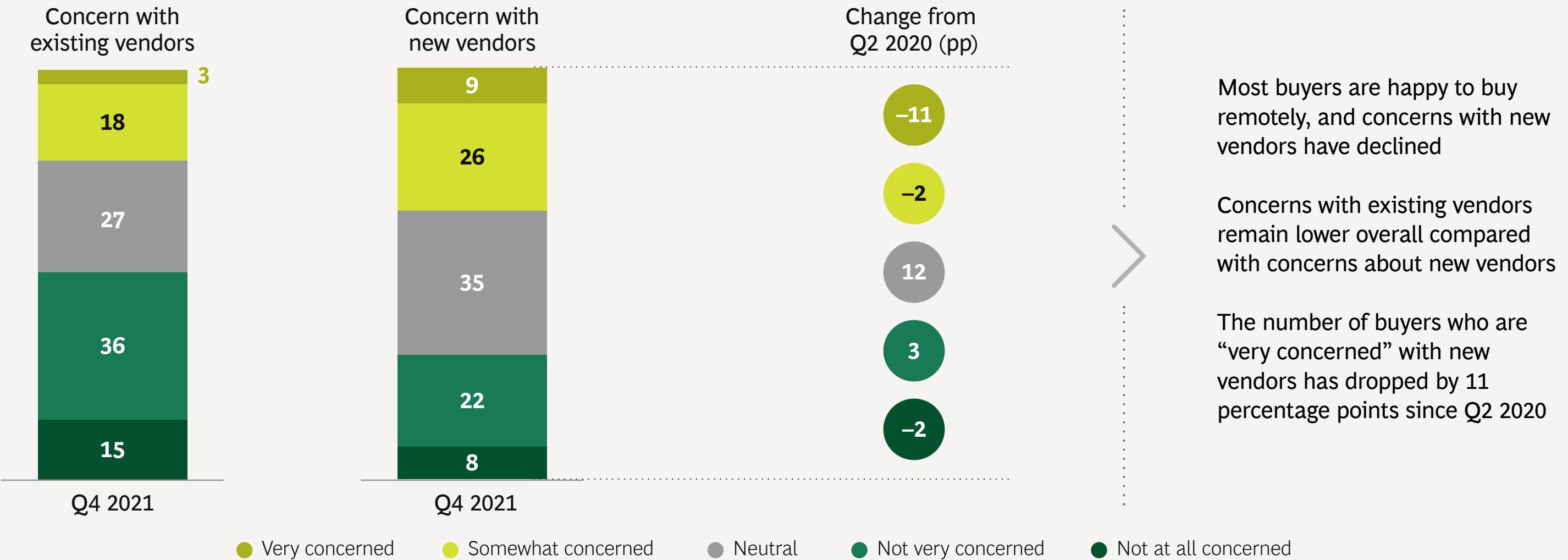
Sources: BCG IT Buyer Survey #2, November 2020; BCG IT Buyer Survey #3, November 2021.

Note: Survey #3 data excludes answer choices “Unsure/don't know” and “Not applicable” for comparability with Survey #2. Numbers may not sum to zero across the table given that some departments are not shown. ITOM = IT operations management; CRM = customer relationship management; ERP = enterprise resource planning.

● Leading decision-making department
● Positive change ● Negative change

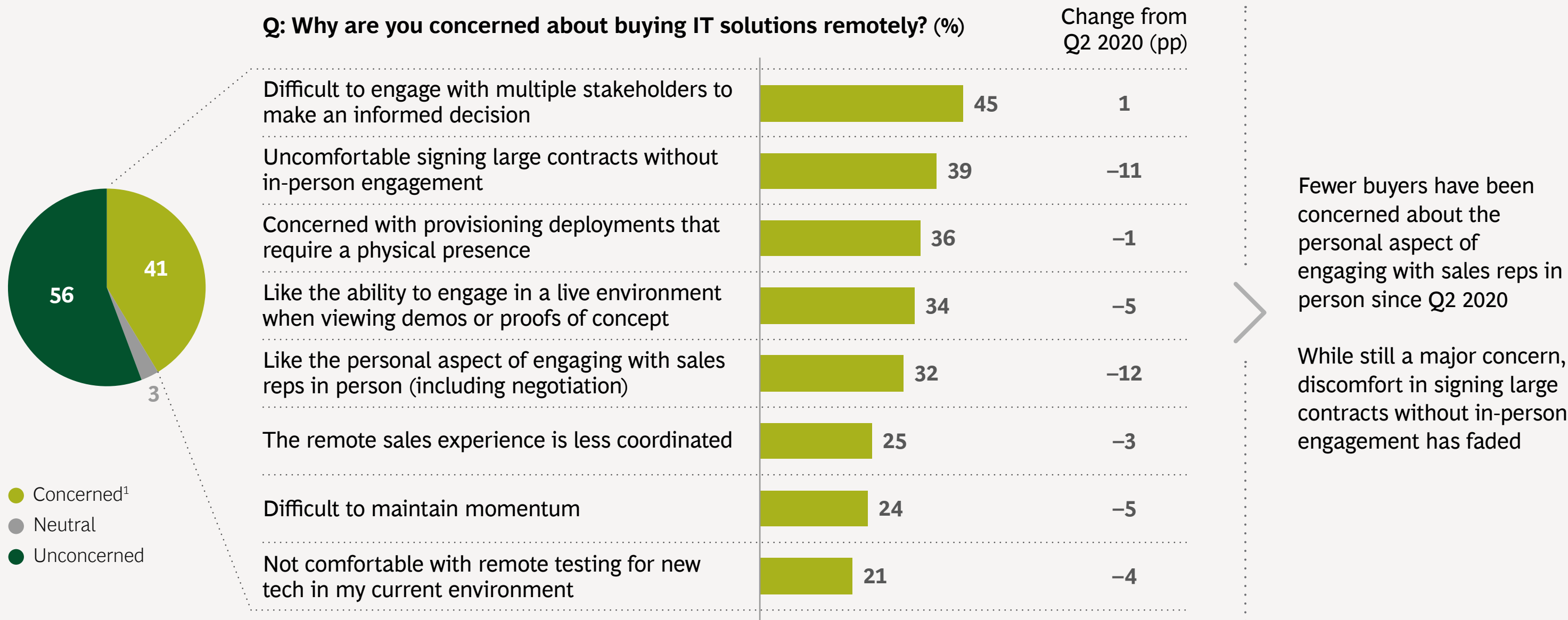
Concerns with remote transactions are waning slightly, although buyers are still more comfortable dealing with the vendors they know

Q: Regardless of your vendors' readiness, how concerned are you—given the current constraints of digital and remote selling—about making IT purchases? (% of respondents)



Sources: BCG IT Buyer Survey #2, November 2020; BCG IT Buyer Survey #3, November 2021.

Leading concerns with remote buying now revolve around stakeholder engagement



Sources: BCG IT Buyer Survey #2, November 2020; BCG IT Buyer Survey #3, November 2021.

Note: Question only asked of those who answered, "Very concerned" or "Somewhat concerned," to the question, "Regardless of your vendors' readiness, how concerned are you given the current constraints when it comes to making IT purchases?"

¹Concerned with new or existing vendors.