

Gartner EXP Worldwide Survey of Nearly 1,600 CIOs Shows IT Budgets in 2010 to be at 2005 Levels

CIOs Plan on Same Budgets as 2005, but Technology Priorities Show Significant Change in 2010 as the Transition from Recession to Recovery Gets Underway

STAMFORD, Conn., January 19, 2010 —

IT budgets will essentially be flat in 2010, increasing by a weighted global average of 1.3 percent in nominal terms, compared with 2009 levels where IT budgets declined 8.1 percent, according to results from the 2010 CIO survey by Gartner Executive Programs (EXP). 2009 was the most challenging year for IT since the survey began in 1999, and CIOs had faced multiple budget cuts wiping away four years of budget increases, giving CIOs basically the same level of resources as they had in 2005. While there are some signs of recovery in the 2010 projections, these will not overcome last year's cuts.

The worldwide CIO survey was conducted by Gartner EXP from September to December 2009 and represents CIO budget plans reported at that time. The Gartner EXP CIO report "Leading in Times of Transition: The 2010 CIO Agenda" represents the most comprehensive examination of business priorities and CIO strategies. The survey includes responses from 1,586 CIOs representing more than \$126 billion in corporate and public-sector IT spending across 41 countries and 27 industries.

"2009 was the most challenging year for CIOs in the corporate and public sectors as they faced multiple budget cuts, delayed spending and increased demand for services with reduced resources," said Mark McDonald, group vice president and head of research for Gartner EXP. "This is set to change in 2010, as the economy transitions from recession to recovery and enterprises transition their strategies from cost-cutting efficiency to value-creating productivity."

Mr. McDonald said that while technologies are transitioning from "heavy" owner-operated solutions to "lighter-weight" services, CIOs are, in turn, transitioning IT beyond merely managing resources to taking responsibility for managing results.

"Transition gives the enterprise and IT the opportunity to reposition themselves and exploit the tough corrective actions taken during the recession," he said. "CIOs see 2010 as an opportunity to accelerate IT's transition from a support function to strategic contributor focused on innovation and competitive advantage. They have aspired to this shift for years, but economic, strategic and technological changes have only recently made it feasible."

Gartner EXP's CIO survey findings show that, in the near term, business expectations and CIO strategies appear stable, with a continued focus on business process improvement, cost reduction and analytics (see Table 1).

Table 1
Top 10 Business and Technology Priorities in 2010

Top 10 Business Priorities	Ranking	Top 10 Technology Priorities	Ranking
Business process improvement	1	Virtualization	1
Reducing enterprise costs	2	Cloud computing	2
Increasing the use of information/analytics	3	Web 2.0	3
Improving enterprise workforce effectiveness	4	Networking, voice and data communications	4
Attracting and retaining new customers	5	Business Intelligence	5
Managing change initiatives	6	Mobile technologies	6
Creating new products or services (innovation)	7	Data/document management and storage	7
Targeting customers and markets more effectively	8	Service-oriented applications and architecture	8
Consolidating business operations	9	Security technologies	9
Expanding current customer relationships	10	IT management	10

Source: Gartner EXP (January 2010)

Strategic Technologies Support More Collaborative and Innovative Capabilities

Business expectations are shifting from a focus on greater cost-based efficiencies, to achieving better results based on enterprise and IT productivity. These productivity gains will come from collaborative and innovative solutions that take advantage of the new “lighter-weight” services-based and social media technologies, including virtualization, cloud computing and Web 2.0 social computing. This transition can be seen in the top 10 technology priorities for CIOs in 2010 where business intelligence, the No. 1 technology the past five years, dropped to the No. 5 priority.

These strategic, “lighter-weight” technologies are of increasing importance to the CIO. Exploiting them provides the cost, capacity and capability gains needed to define, source, create and deploy information- and process-intensive solutions that will reshape IT and its future role.

Moreover, the technologies that CIOs are prioritizing in 2010 are technologies that can be implemented quickly and without significant upfront expense, instead of investing millions of dollars to get millions in benefits, with these technologies, up front investments are measured in thousands of dollars to get those same benefits.

“These technologies, implemented properly, create the opportunity for IT to change its role and the operational performance of the enterprise,” said Mr. McDonald.

“Asymmetric technologies like virtualization, cloud and Web 2.0 enable companies to get out from under a front-loaded heavy investment model that limits IT’s agility and flexibility.”

“While enterprises will transition at different rates and times, every CIO faces the need

to raise productivity, create new capabilities and use the recovery to drive fundamentals of the current agenda and the repositioning of IT,” Mr. McDonald said. “Such transitions will not happen overnight but they will start with the decisions and directions established in 2010.”

This year's survey collected data in the middle of the economic changes in the fourth quarter of 2009. As such, it provides a snapshot of CIO plans, priorities and budgets for 2010 as they stood at the end of the fourth quarter of 2009. They represent Gartner's best current indication of CIO plans at this time.

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