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## CIO survey: IT spending projections slipped in Q3

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**October 02, 2006** (Computerworld) Two new surveys on IT spending offer divergent views on how much more companies plan to spend on technology in 2007.

According to the quarterly *CIO Magazine* Tech Poll released today ([download PDF](#)), IT spending projections decreased in the third quarter of this year. While companies still envision spending more on IT next year, they expect the overall increase to be smaller than they were predicting earlier in the year, said the report.

CIOs are now forecasting that IT spending will increase only 6.5% over the next 12 months, down from the projected increase of 6.9% they offered in the second quarter, said Gary Beach, group publisher at CXO Media Inc. in Framingham, Mass.

"What we've seen here is a continued erosion of planned spending increases from the beginning of the year to now," Beach said. "There was not much of an erosion from June to September. Nonetheless, there was a small one. If you look at the 6.5% through the lens of the September poll of last year, then there's a bigger delta. Last year, CIOs were saying they were going to get a 9.3% spending increase [over the next 12 months]. Now they're saying they're going to get a 6.5% increase."

Beach also stressed that CIOs looking to get more money for their IT projects will need to get better at articulating the business value of IT investment with corporate executives.

According to the *CIO* poll, storage was the top spending priority, with 48.1% of CIOs planning to increase spending in this segment -- up from 46.1% who cited that priority in the April-June survey. Computer hardware and security software tied for the No. 2 spot, with 46.9% of respondents planning to increase spending in those areas. In the previous quarter, 48.1% expected to spend more on computer hardware, while 55.2% expected more spending on security software.

In contrast to the *CIO* findings, a recent study by The Equus Group in San Jose indicates that IT budgets look especially strong for 2007.

That study, completed in August, shows that only 16% of IT executives say their 2007 budgets will remain within 5% of their 2006 spending. More than half, or 55%, plan budget increases of 5% to 15% over this year's spending. And 21% said they expect to increase their IT budgets anywhere from 25% to 50%.

"While IT execs continue to focus on cost reduction, industry growth and the need for competitive advantage will keep IT spending robust in 2007," Al Nazareli, CEO of the Equus Group, said in a statement. "In fact, the only IT area with a significant decrease from current funding levels was desktop hardware, where 18% of respondents said they expect to decrease funding. ... But the big winners in term of budget expenditures were security, server software and server hardware."

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