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# Silicon Valley Research Group Inc.

*Executive Briefing Report*

*Corporate IT Outlook for 2007: IT Outlook Budget*

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October 2006

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## INTRODUCTION

The EQUUS Group recently completed a study investigating major IT trends for 2007, including the implications of these trends in the following areas:

- Security and Privacy
- IT Budget Outlook for 2007
- 64-Bit Computing Adoption – Hardware and Software
- Migration to Software as a Service

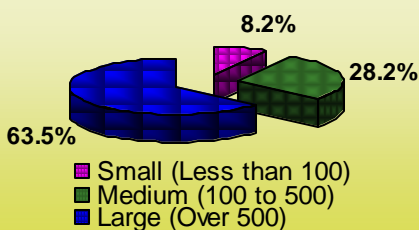
*The EQUUS Group has now released a series of executive briefings exploring each topic listed above. This briefing explores responses to questions relating to IT budgeting for 2007.*

## METHODOLOGY

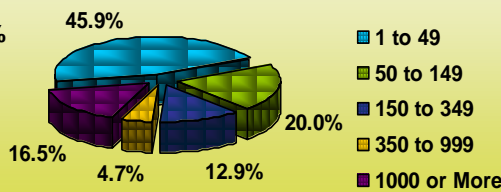
A large number of high-level IT decision-makers and architects participated in exhaustive online interviews on these topics.

In addition, EQUUS conducted in-depth interviews with several IT managers, directors, and CIOs from companies of 2,200 to 55,000 employees. These interviews added a qualitative “deep dive” into the quantitative information provided by many others. Eighty-nine interviews were held in total.

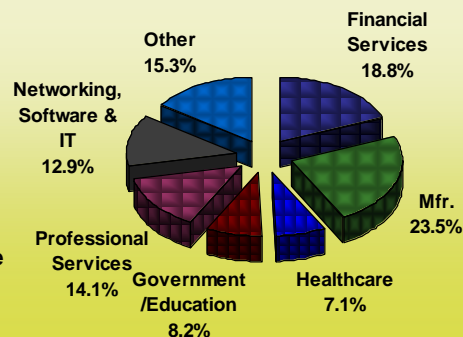
**Company Size**



**Servers**



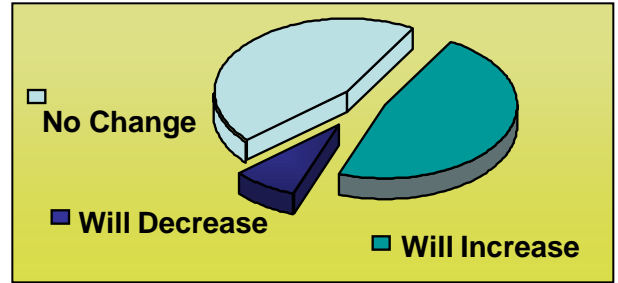
**Industry Verticals**



For additional graphs and information please visit [http://www.siliconvalleyrg.com/it\\_outlook/charts.htm](http://www.siliconvalleyrg.com/it_outlook/charts.htm)

## IT BUDGET OUTLOOK 2007

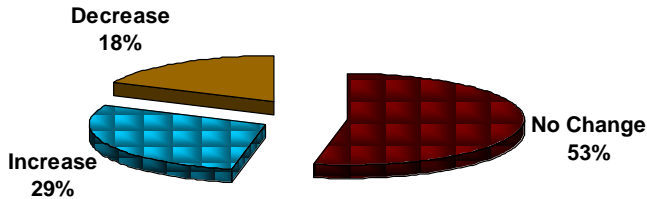
**Budget Strength** – IT budgets look strong again for 2007; 92% reported flat or increasing expenditures for 2007, and in most IT areas many more businesses are increasing spending than are tightening purse strings. However, most IT execs continue to stress a strong ongoing focus on cost reduction.



### The Losers

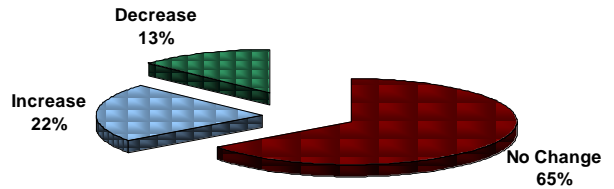
**Significant Decreases** – Were only found in two areas: Desktop Hardware, and Consulting. Several of our respondents indicated that they are actively replacing desktops with laptops in the coming year.

#### Desktop Hardware



Average Increase: 14%  
Average Decrease: 15%

#### Consulting



Average Increase: 20%  
Average Decrease: 18%

**Even so - net funding for both of these areas continued to grow.**

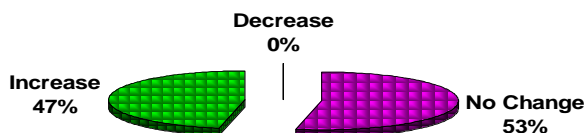
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## IT BUDGET OUTLOOK 2007

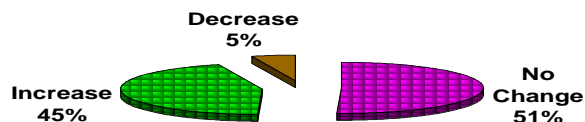
### The Winners

**Significant Increases** – Were noted in Security, Enterprise Software, Server Software (45%), and Server Hardware (44%).

#### Security Expense

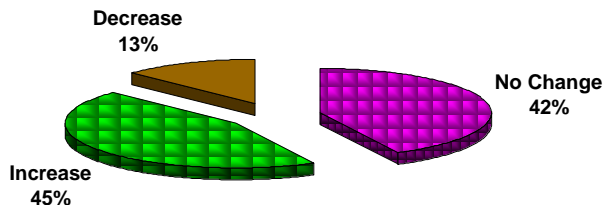


#### Enterprise Software Systems

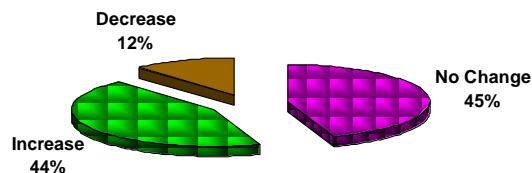


*Security was remarkable in that very few respondents indicated a decrease in funding.*

#### Server Software



#### Server Hardware



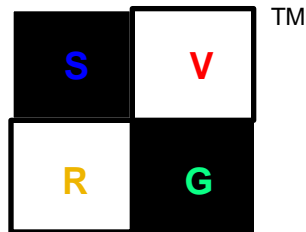
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*“SVRG conducted a thorough and complete analysis of our distribution channel lead management process and identified many areas of improvement. The folks at SVRG were very committed to this process and learned a lot about our complex business in order to be able to add significant value to our project. Their report-out and recommendations were spot on. We will definitely use them again in the future.”*

**-Channel Marketing  
Manager  
Microsoft Corporation**

*“SVRGs' detailed analysis and ability to make meaningful insights really helped us to define the scope and capabilities of our [premium video content] product. We feel we are miles ahead of our competitors in terms of first hand market knowledge and without that strategic intelligence, the best marketing plan in the world relies solely on luck.”*

**-Marc Pitcher  
President & CEO  
Pay For View  
New York, NY**



**About SVRG Inc. :**

*SVRG Inc. is the premiere marketing research and strategy development firm for technology products and services. Our specialization areas include nationwide and international (Europe, Asia/Pacific and China) research for clients in Enterprise Computing, Computer Hardware and Software, Communications, Wireless, Semiconductor, and Consumer Electronics and Software. Our Science of Technology Marketing® based programs combine powerful and innovative online and offline qualitative and quantitative methodologies for: New Product Testing and Development, Market Segmentation and Analysis, Vertical Segmentation and Market Development, Competitor Intelligence, Application Profiling, Usage Scenario Development, Customer Acquisition and Retention Strategies, Brand Equity Testing , Channel Development, Sales Objection Mapping, Win/Loss Analysis, Business Model Validation, Value Proposition Testing and Technology Roadmap Development.*

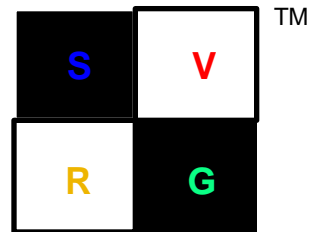
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**Our Core Values**

*We believe, above all, in total commitment to our clients, their projects and the delivery of superior, timely output on every project we undertake.*

*We hold the highest regard for all individuals who contribute to our vision and recognize that our most valuable asset is the intellect, imagination, hard work and dedication of our people.*

*We are committed to constantly improving and innovating our processes and methodologies. Every client project is an opportunity to surpass ourselves.*

*We are thankful for the opportunity to demonstrate our talents and abilities and make such a vital contribution to the businesses we engage with and the communities we live in.*



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