The Need for Technology Advancements Progresses Despite Pandemic Disruptions

Role of the IT decision-maker continues to expand as **technology's responsibility in business increases** and organizations **upshift technology investments**

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A GLOBAL CRISIS THAT FORCES MILLIONS OF PEOPLE INTO

involuntary lockdowns is bound to change the way organizations buy and use technology and those changes were evident in IDG's 13th annual Role & Influence of the Technology Decision-Maker Study. By nearly all accounts, the COVID-19 pandemic has upshifted digital transformation efforts into high gear even as economic distress dragged on budgets. That dynamic was evident in the large number of IT decision-makers (ITDMs) who said their budgets are rising despite economic pressures, although spending decisions are drawing more scrutiny.

But although the IT landscape has changed as the result of the COVID-19 pandemic, much has also remained the same. The trend toward greater business inclusiveness in IT decisions that has been evident in the past several studies continues to grow. Yet CIOs remain firmly in control when it comes to making major decisions as they chart a path toward a more digital-centric future.

This year's survey of 671 ITDMs went into greater depth on vertical industry and regional trends, in some cases revealing striking contrasts. For example, healthcare organizations indicate a higher willingness to invest in new technology although, paradoxically, they are least likely to say it is because of recent events. Financial services firms are much more inclined to consider new vendors than their peers in healthcare, high-tech and retail.

Respondents in the Asia-Pacific (APAC) region reported that IT decision processes have been disrupted by the pandemic to a much greater degree than those in other regions. APAC-based businesses are also more inclined to respond by pushing approvals higher in the organization and centralizing control over technology decisions.

Crisis Drives Transformation

ONE THING IS CLEAR: The transition from physical to e-commerce and from in-person interactions to virtual ones is altering technology roadmaps. Nearly 60% of respondents said the pandemic is accelerating digital transformation efforts and 54% are adding new technology projects to their existing roadmaps to create competitive advantage.
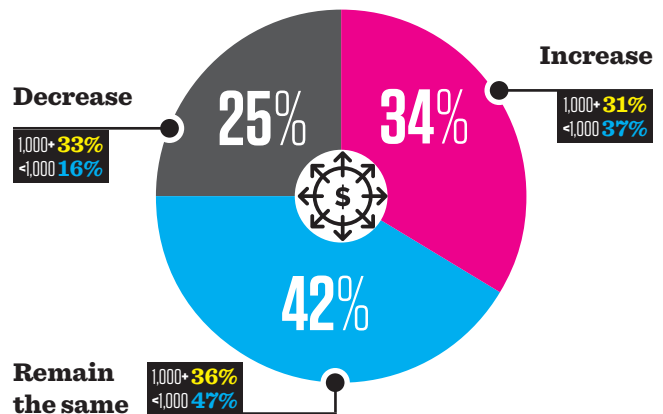
That is reflected in technology budgets. Despite the global economic slowdown, one-third of organizations say they are increasing technology budgets. Just one quarter

expect budgets to decrease and among companies with fewer than 1,000 people that figure is even lower at 16%.

Budget plans show some notable regional variations. Nearly twice as many respondents from the APAC region said they expect to reduce IT budgets (37%) while only 19% of respondents from Europe/Middle East/Africa (EMEA) say the same. However, APAC-based businesses also showed the highest propensity to increase spending and were least likely to leave budgets the same, indicating that the crisis is affecting companies in that region unevenly.

Vertical industry breakdowns also reflect that unevenness. Just 18% of educational institutions and 29% of manufacturing organizations expect their IT spending to increase over the next 12 months, the lowest among the eight vertical categories studied. More than one-third

PROMISING OUTLOOK FOR TECH BUDGETS

Decrease
1,000+ **33%**
<1,000 **16%**

25%

34%

Increase
1,000+ **31%**
<1,000 **37%**

42%

Remain the same
1,000+ **36%**
<1,000 **47%**

of education respondents are also forecasting a decline, making the sector a leader in that category as well.

These findings aren't surprising given that both of those industries have been hit hard by slower spending and mandatory shutdowns. Retail fares better with 34% expecting to increase spending, a figure that is likely driven by increased investment in e-commerce capabilities.

Healthcare organizations are at the other end of the spectrum, with 47% expecting to increase spending on IT, a figure that is more than 10 points higher than any other industry measured. This is probably attributable to the explosion in the use of telehealth following the onset of the infection in the US in March. The U.S. Health & Human Services Department reported that more than 43% of Medicare primary care visits were provided through telehealth in March, up from .1% in February. Healthcare providers also needed to bring in new technology for government reporting as well to enable collaboration between facilities to reduce overcrowding.

State of Flux

REGARDLESS OF HOW much money is being spent, the way it is being spent is clearly in a state of flux. Half of respondents said IT purchases are either extremely or very likely to be controlled more centrally as a result of the crisis and nearly the same number said the decision-making process is getting longer. Nearly half also said IT projects are likely to be delayed or canceled. When

MAJORITY OF TECH PURCHASES WILL BE ADDITIONS

Replacement of existing technology — 21%

Addition that we were planning to make regardless of recent events — 34%

Addition that we are making due to recent events — 18%

Upgrade of existing technology — 27%

PANDEMIC CAUSES IT PURCHASE DISRUPTIONS

50% agree that IT purchase decisions will be controlled more centrally within their organization
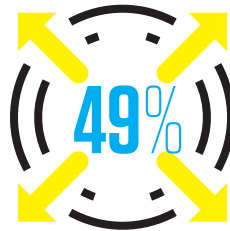
**49%** expect the decision-making process for IT purchases to be extended
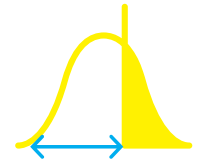
contrasted with the overall positive outlook for tech budgets, this would indicate that there is pent-up spending pressure that will likely be released once business returns to something resembling normalcy.

Healthcare is again an outlier industry on this question. For example, just 16% of healthcare ITDMs say approvals are being pushed higher in their organization compared to 50% or more in nearly every other sector. A significantly fewer number of healthcare respondents report departmentwide freezes or that IT projects have been delayed or canceled. This indicates that the healthcare vertical is a promising market for IT solution providers, at least for the near term.

On a regional basis, APAC is the outlier. It showed the highest percentage of companies exerting more central control over decision-making and approvals being pushed higher within the IT organization.

The mechanics of delivering IT may have changed but the underlying strategy has stayed relatively stable. Thirty-two percent of decision-makers said their strategy for the previous 12 months was primarily driven by internal events such as process changes and reorganizations. That is down from 40% in 2019. The number of respondents who said strategy is focused on maintaining the status quo rose sharply from 28% last year to 35% this year, but in line with the 33% reported in 2017. Given recent events, it is unsurprising that many organizations
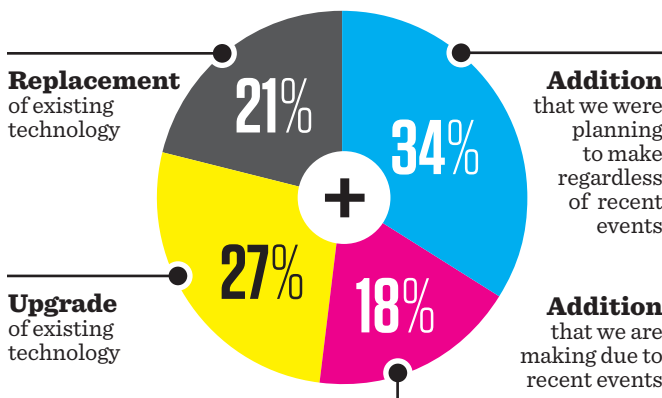
are focused on maintaining equilibrium.

Most of the technology ITDMs are buying are either additions to their IT portfolios (52%) or upgrades of existing technology (27%). Just 21% expect their spending decisions to be influenced most by technology replacement. Although businesses have had to invest to support the rapid shift to work-from-home operations, only 18% of additional technology purchase decisions are expected to be in response to recent events .

Openness to Change

RECENT STUDIES HAVE documented a growing openness by buyers to do business with new vendors. This year's study documented a continuation of that trend; 42% of respondents said they are extremely or very likely to consider a new vendor when making quick purchase decisions and only 30% indicated they are unlikely to do so. Although the question was asked somewhat differently in the 2019 survey, the response indicates growth from the 38% who said they purchased from a new vendor that year. Looking at this by technology being purchased, executives purchasing security solutions are significantly more open to working with new vendors (51%) compared to those purchasing desktops/laptops (26%).

Asked why they seek new vendors, decision-makers' responses showed some dramatic differences from last year's survey. For example, 42% cited poor customer service from current vendors, up from just 10% in 2019. Whereas 38% of respondents to the 2019 survey said they made a change because they had never purchased a particular type
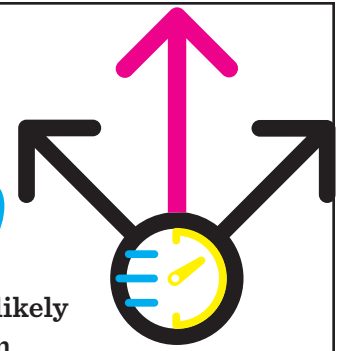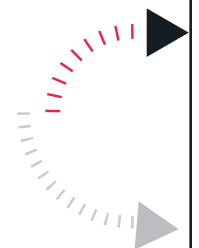
42%
of ITDMs are extremely/very likely to consider a new vendor when making quick purchase decisions

of product or service before, just 24% said that this year. Just over one-quarter said the failure of a product or service to meet their security requirements was a prime driver in 2019, but that number rose to 38% this year, perhaps reflecting concerns over a wave of attacks that began in March. The percentage who said their current vendor no longer seems financially stable tripled from 9% last year to 27% in this study, again indicating the impact of economic uncertainty.

There were a few notable variations by company size on the question of vendor satisfaction. A greater number of smaller companies than large ones said poor customer service, incompatibility with current needs and lack of previous experience with a product category were factors in choosing new vendors. Large companies were more likely to be influenced by new initiatives from line-of-business (LOB) executives and vendors' failure to meet service level agreements. These results aren't surprising given that small companies are less likely to have broad experience and perhaps do not receive the same level of attention from vendors as their larger counterparts.

WHY SEEK A NEW VENDOR?

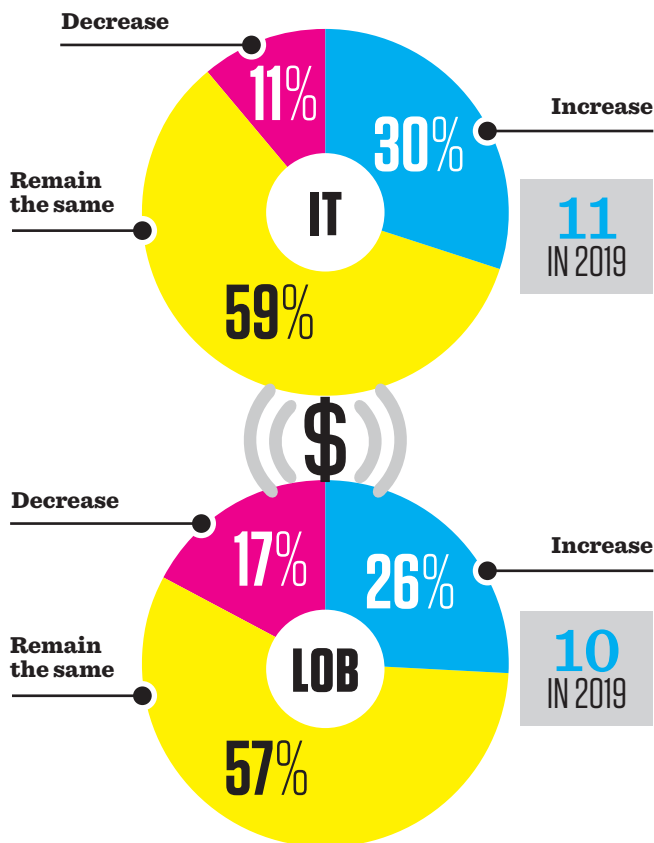|	
Current product/service no longer met our business needs	**44**%
Poor customer service	**42**%
Increased cost/level of investment required by current vendor	**41**%
Current product/service did not meet our security requirements	**38**%
New initiative or request from Line of Business executives	**35**%
Current product/service did not align with our digital transformation efforts	**34**%
Current vendor no longer seems financially stable	**27**%
Metrics in service level agreement were not being met	**27**%

There was also some important divergence by region. North American respondents cited more factors overall that caused them to seek new vendors, led by products no longer meeting their needs and poor customer service. North American customers were also significantly more inclined to complain about service levels not being met and vendors appearing to be financially unstable.

IT in Control

IN RECENT YEARS, the influence of the IT organization on companies' technology decisions has arguably been eroded by such factors as the rise of software-as-a-service, the increasing technical proficiency of users and "shadow IT," or the use of technology resources by business professionals without the consent of the IT department. While all those factors are at work, IDG's Role & Influence research has consistently documented that top technology executives remain in firm control of major spending decisions.

SHIFT IN THE **NUMBER OF TECH PURCHASE INFLUENCERS**

Decrease
11%

Remain
the same
59%

IT

Increase
30%

11
IN 2019

$

Decrease
17%

Remain
the same
57%

LOB

Increase
26%

10
IN 2019

89%

of ITDMs report that IT either creates the vendor short list or approves a list from LOB

UP FROM
81%
IN 2019

That evidence carried forward into this year's study, with 89% of respondents saying IT either creates the short list of possible suppliers or approves a list brought to them by LOB heads. That's up from the 81% who said that last year. Seven in 10 respondents said IT is the primary budget holder, practically unchanged from 2019 and down just 2% from 2017. Perceptions differ markedly by the person's role in the organization; nearly twice as many business managers said they control the purse strings as IT executives.

Most important decisions are made by committee, of course, and the size of that group has grown over time. In 2019, the average number of influencers in a decision was 21, split nearly evenly between IT and LOB. This year, the research looked at how that number will shift over the next 12 months. From an IT perspective, 30% believe that the number of IT influencers will increase during this timeframe, 59% expect this number to remain the same and only 11% expect a decline. For the number of LOB influencers, there is not much difference. About one-quarter (26%) expect the number of LOB influencers to increase, 57% anticipate them to remain the same, and 17% expect a decline.

The growth trend appears to be more pronounced in large companies than small ones — for example, 33% of enterprises expect an increase in the number of IT individuals involved compared to 28% of SMBs.

Influence Varies

DIFFERENT GROUPS INFLUENCE purchases at different times. While about 60% of top IT executives are involved in nearly every stage of the buying process, executives from other groups come and go as necessary. For example, CEOs are far more involved in determining the business need and authorizing purchases than other stages of the process. IT managers and staff determine technical requirements, evaluate products and manage post-sales engagement but are considerably less involved in autho-

rizing purchases. Chief financial officers are the dominant influence in authorizing purchase but have little involved in other stages. LOB managers are most often involved in determining need but less so in later stages of the process. Essentially, business leaders define the need and then hand off the process to the IT organization.

Purchase involvement patterns are consistent across large and small companies, although percentages vary somewhat. The most notable difference is that CEOs are more involved in determining business need and authorizing purchase at companies with less than 1,000 employees than at larger firms. In fact, 66% of CEOs authorize purchases at smaller companies compared to 56% of senior IT executives. At large enterprises, those percentages are almost exactly reversed. Enterprises also report higher involvement of engineers, architects, chief digital officers and mid-level IT professionals at nearly every stage of the process.

As the buying cycle proceeds, it also slows down. This year's survey asked about the relative length of six different stages. The results indicate that the process of determining the business need and defining technical requirements moves along fairly swiftly but the final decision stages — selling internally and authorizing purchase — take much longer, with 67% saying that approval alone takes the most time. This indicates that convincing stakeholders to loosen the purse strings is a difficult process no doubt made more challenging by the current economic situation. It is worth noting that the stages of evaluating and recommending vendors are relatively short, indicating that loyalty to certain vendors significantly influences decisions.
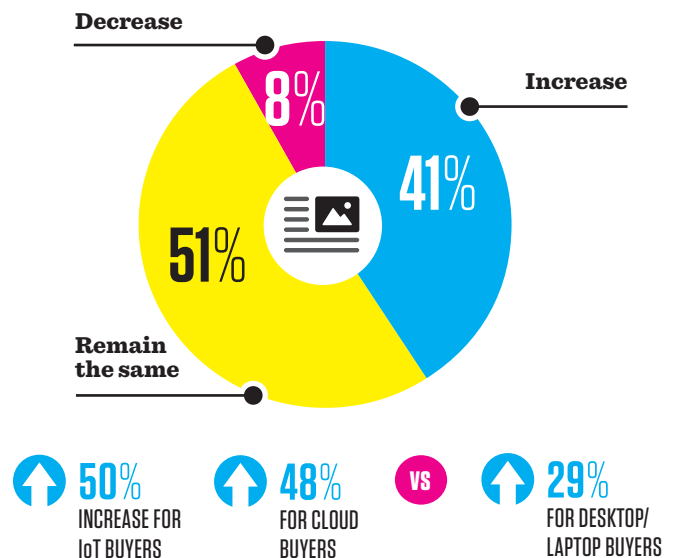
Going forward, decision-makers expect to spend more time nearly across the board on the decision process, led by 36% who expect to spend more time determining business need and 35% who will dwell on purchase authorization. The stages of technical requirements definition and vendor selection will change the least.

36%
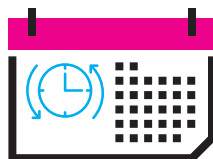
of tech buyers expect to spend more time determining the business need over the next 6-12 months

SHIFT IN CONTENT CONSUMPTION HABITS

Decrease
8%

Increase
41%

51%
Remain the same

↑ **50%** INCREASE FOR IoT BUYERS

↑ **48%** FOR CLOUD BUYERS

VS

↑ **29%** FOR DESKTOP/ LAPTOP BUYERS

45%

of ITDMs rely on webcasts/webinars to stay up-to-date on new technologies, compared to 38% in 2019

Demand for Content

EACH YEAR THE Role & Influence study asks detailed questions about the information sources that drive decisions. Those patterns have changed remarkably little over time. Technology news sites keep buyers informed of trends and new technology developments. Analysts and peers become more influential in the product evaluation stage and dominate decisions about selling internally and authorizing purchase. The specific types of content buyers rely upon does show some variability, however.

The average number of assets like white papers, research reports and project briefs that decision-makers download during the purchase process has remained steady at between five and six for some time. This year respondents

told us they expect to consume more information during the cycle, with 41% expecting to increase the amount of content they download and just 8% expecting the volume to decline. Not surprisingly, the number of content items consumed varies with the maturity of the technology, with 50% of IoT buyers and 48% of cloud buyers expecting their downloading habits to increase, compared to only 29% for those purchasing desktops/laptops.

The most relied-upon sources changed very little from the 2019 to the 2020 study. Technology content sites top the list, followed by white papers, webcasts and external peers. One of the greatest changes we see is within webcasts/webinars, which jumped from 38% utilization last year to 45% this year — the third ranked information source today compared to seventh in 2019. This result could be pandemic-related, since buyers have been isolated at home and forced to rely on virtual events rather than physical ones for industry education.

Changing Information Needs

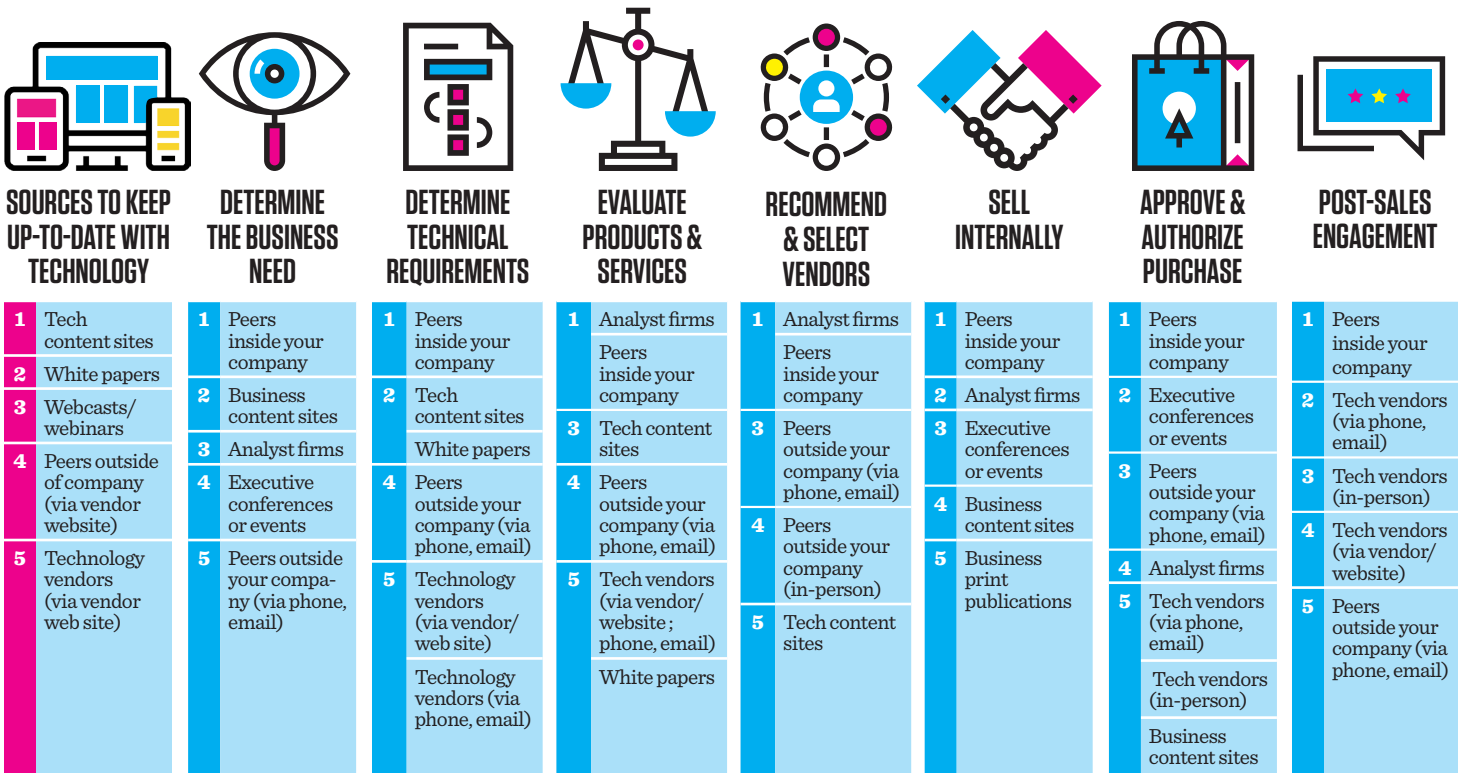**THE INFLUENCE OF** information sources changes as the buying process proceeds. Over the years, surveys have consistently shown that tech content sites, white papers, webcasts and outside peers are deemed most useful for keeping up with technology trends. Once the buying process begins, peers inside the company, content sites, websites and vendors assume more importance. At the product evaluation stage, analysts this year ranked highest after not appearing in the top five positions last year, a finding that could be COVID-19 related because buyers have direct access to fewer information sources. Peers both inside and outside the company moved up in perceived value while vendors fell slightly.

Peers assume top importance for selling decision internally, followed by analyst firms and executive events, the latter of which was not in the top five in 2019. Peers inside the company are most influential in the approval and post-sales engagement stages.
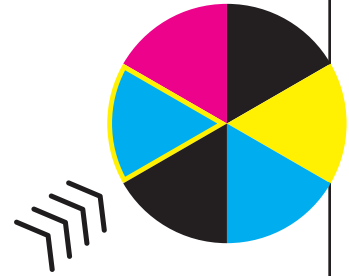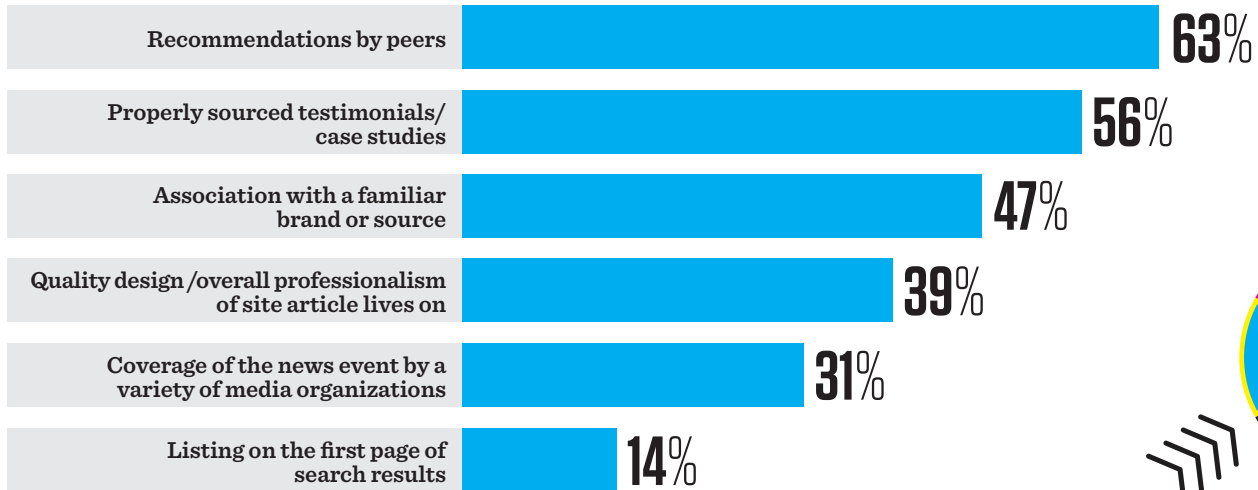
Looking at the results of the previous two studies, the most notable change is the ascendance of analysts as primary influencers even in the late stages of the cycle. In fact, 48% of respondents told us they have made a purchase

INFORMATION SOURCES RELIED UPON

SOURCES TO KEEP UP-TO-DATE WITH TECHNOLOGY	DETERMINE THE BUSINESS NEED	DETERMINE TECHNICAL REQUIREMENTS	EVALUATE PRODUCTS & SERVICES	RECOMMEND & SELECT VENDORS	SELL INTERNALLY	APPROVE & AUTHORIZE PURCHASE	POST-SALES ENGAGEMENT
1 Tech content sites	1 Peers inside your company	1 Peers inside your company	1 Analyst firms	1 Analyst firms	1 Peers inside your company	1 Peers inside your company	1 Peers inside your company
2 White papers	2 Business content sites	2 Tech content sites	Peers inside your company	Peers inside your company	2 Analyst firms	2 Executive conferences or events	2 Tech vendors (via phone, email)
3 Webcasts/ webinars	3 Analyst firms	White papers	3 Tech content sites	3 Peers outside your company (via phone, email)	3 Executive conferences or events	3 Peers outside your company (via phone, email)	3 Tech vendors (in-person)
4 Peers outside of company (via vendor website)	4 Executive conferences or events	4 Peers outside your company (via phone, email)	4 Peers outside your company (via phone, email)	4 Peers outside your company (in-person)	4 Business content sites	4 Analyst firms	4 Tech vendors (via vendor/ website)
5 Technology vendors (via vendor web site)	5 Peers outside your company (via phone, email)	5 Technology vendors (via vendor/ web site)	5 Tech vendors (via vendor/ website; phone, email)	5 Tech content sites	5 Business print publications	5 Tech vendors (via phone, email)	5 Peers outside your company (via phone, email)
		Technology vendors (via phone, email)	White papers			Tech vendors (in-person)	
						Business content sites	

HOW TO INCREASE TRUST IN ONLINE INFORMATION

Recommendations by peers	**63%**
Properly sourced testimonials/ case studies	**56%**
Association with a familiar brand or source	**47%**
Quality design /overall professionalism of site article lives on	**39%**
Coverage of the news event by a variety of media organizations	**31%**
Listing on the first page of search results	**14%**

based principally upon analysts' opinions followed by 39% who did so based on the advice of early adopters. Just 15% said leading IT vendors drove a decision. It is worth noting that the perceived value of independent analysts is highest at the most senior levels of IT and business executives.

Given the proliferation of fake news, it's not surprising that buyers regard online information with some skepticism. The factor that most increases their trust in information they read online is peer recommendations, a source mentioned by 63% of respondents. That was closely followed by well-sourced testimonials/case studies with brand familiarity and the professionalism of the online source following somewhat further behind. This indicates that case studies should be an essential part of any technology vendor's website and that satisfied customers should be encouraged to share their experiences in the many channels that are available to them.

Search engine optimization should also be a core competence for B2B marketers. Two in 10 decision-makers said organic search is their primary resource for finding content during the purchase process. That was followed by 15% who rely principally on referrals with 65% saying they use both equally.

Social networks occupy a special place on the information spectrum, being both sources of news and enablers of peer connections. Asked about which sites matter most from a business perspective, respondents were emphatic: It's LinkedIn. More than 60% consume information on the business social network, 41% share information and

SOCIAL SITES USED FOR BUSINESS PURPOSES

	CONSUME	SHARE	POST
LinkedIn	61%	41%	37%

OVERALL USE: **77%**

	CONSUME	SHARE	POST
YouTube	52%	15%	11%

OVERALL USE: **63%**

|	CONSUME	SHARE	POST
Twitter	32%	18%	17%

OVERALL USE: **43%**

37% post content. YouTube comes in second for information consumption, but much lower for sharing and posting information. Twitter and Facebook are clustered in the middle. Google+ makes a surprisingly strong showing in fifth place despite having been shut down in April 2019.

Conclusions

CRISIS OFTEN BEARS the seeds of opportunity. COVID-19 will be no different. The accommodations it has forced people and institutions to make have also revealed the power technology has to rewrite the rules of the work-

place and buyer-seller relationships. It is no accident that some leading technology companies have reported record financial results as the U.S. economy was contracting.

This year's Role & Influence study carries a clear message: The pandemic is not going to slow technology investments. Quite the opposite. Organizations will emerge from the crisis with a new appreciation for IT's potential to redefine the way they do business. IT vendors that have the vision to describe the new landscape and the determination to communicate it stand to reap the greatest benefit from the business world's transition to a more digital-centric future.
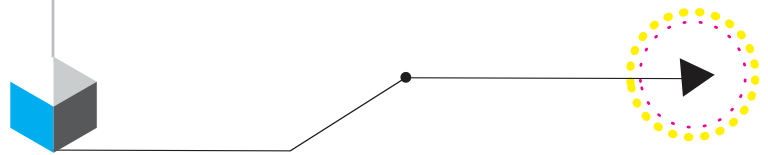
Examining the Marketplace

Delivering the right message, at the right time, and to the right people is no easy task. However, it's an important one as 73% of tech decision-makers say that if a vendor does not supply them with educational content during the research stage, it negatively impacts their impression. To help tech marketers craft content specific to their customers' needs, we can explore our buyer's journey research by technology products. **If you are interested in seeing these results by different tech buyers, for example cloud, data & analytics, or security, contact us to receive an in-depth, personalized briefing.** idg.com/contact-us

Research is a valuable tool in understanding and connecting with customers and prospects. Our research portfolio explores our audiences' perspectives and challenges around specific technologies — from analytics and cloud, to IoT and security — examines the changing roles within the IT purchase process, and arms tech marketers with the information they need to identify opportunities. **To see what research is available, visit** idg.com/tools-for-marketers**. For a presentation of full results from any of these studies and to understand how we can help you engage this audience, contact your IDG sales executive or go to** idg.com/contact-us.

Want to know more about what content drives IT decision-makers and fuels their engagement during the IT purchase process? IDG's Customer Journey poster infographic provides insight into the entire technology purchase process — who's involved in each stage, how to increase trust, etc. — while highlighting the sources these decision-makers rely on. **Visit** www.idg.com/customerjourney **for more information.**