

IT Investment Reality Check



5 things every technology marketing person needs to know about IT budgeting and decision-making

A good view of how technology-buying decisions are made is essential for anyone working in an IT vendor marketing role, but keeping up with how things are changing can be hard.

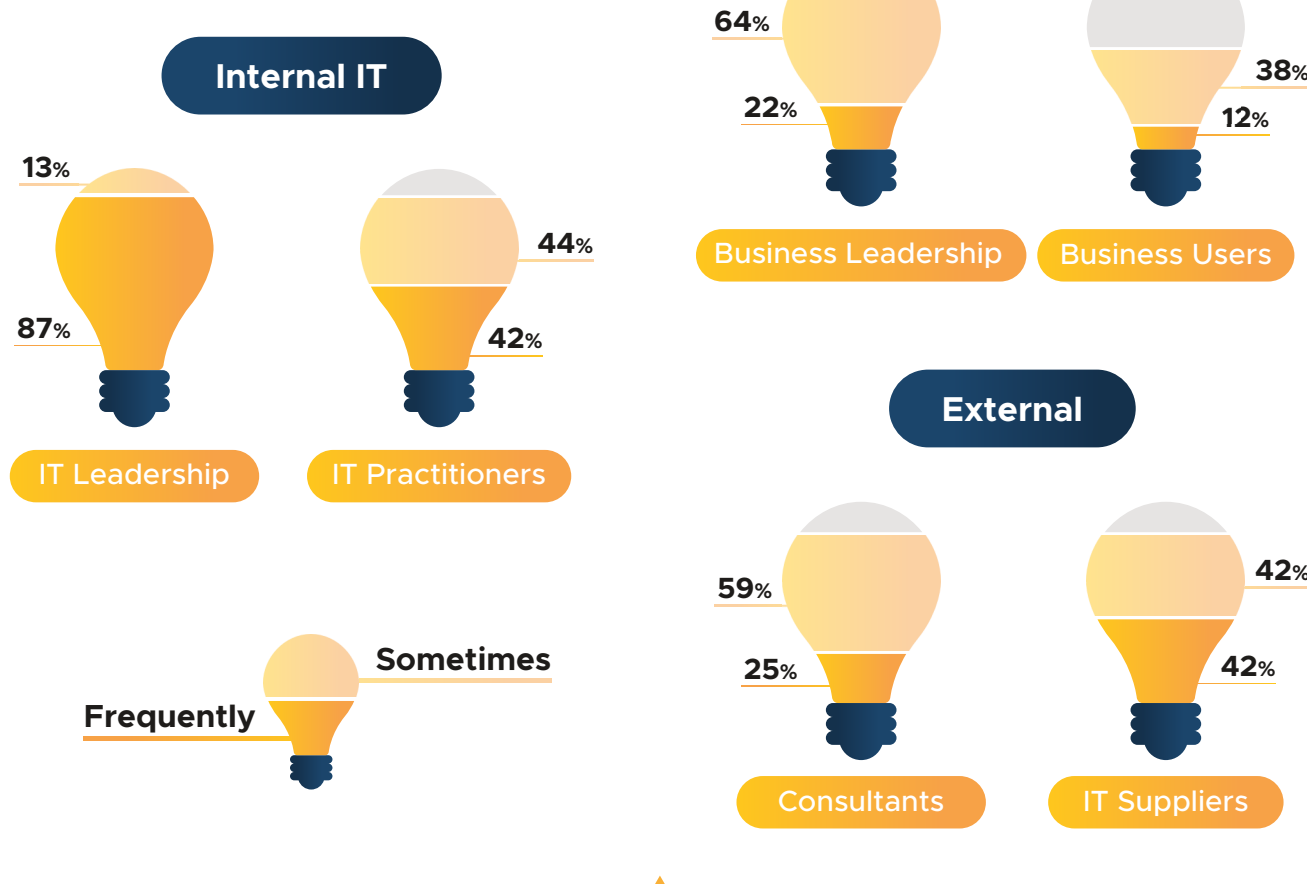
Freeform Dynamics therefore partnered with Radma Research to bring you an independent perspective on this critical topic based on 100 interviews with CIOs from mid-sized to large enterprises spread across The Americas, EMEA and Asia Pacific.

Here's what we found...

IT leaders are looking for ideas as well as solutions

As you would expect, ideas for technology-based innovation mostly come from CIOs and their teams, but input from suppliers can also have a big impact on the investment agenda.

How often are new and innovative ways to use technology within the business proposed by the following?



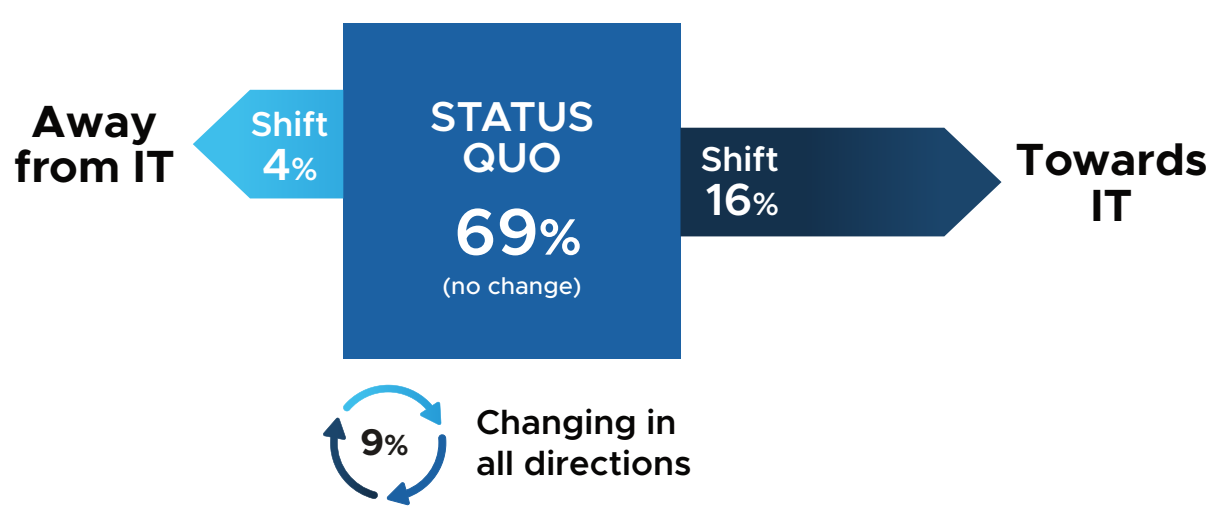
KEY TAKEAWAY

This picture highlights the opportunity for suppliers who market proactively around innovative use cases, bringing technology developments to life in a way that's meaningful and compelling. Engaging business leaders directly on this can sometimes make sense, but it's often more effective to educate and motivate IT teams, then enable them to drive the 'internal sell'. Either way, successful engagement often requires opening peoples' eyes to new perspectives and ways of thinking, and educating them on the 'art-of-the-possible'.

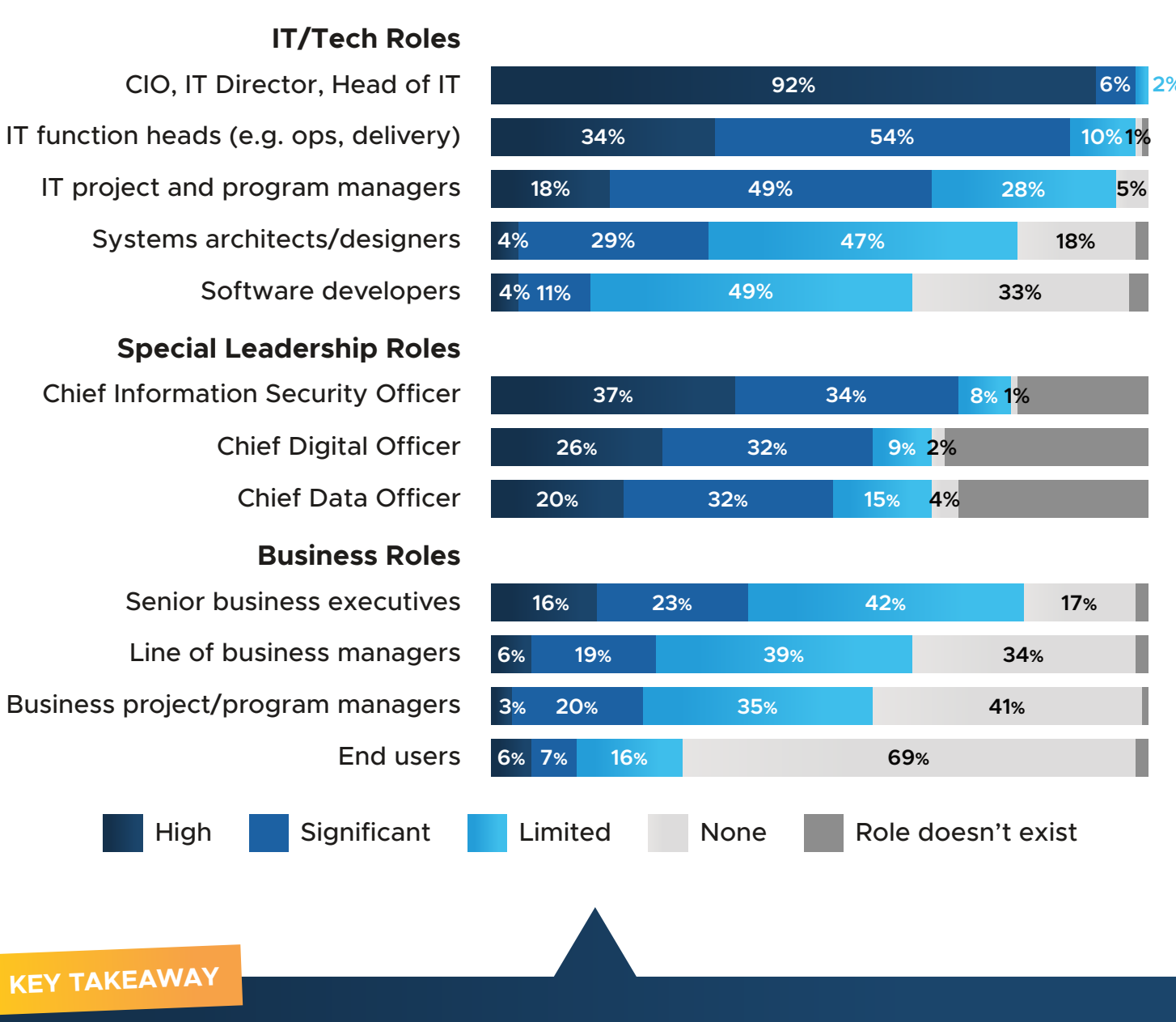
Spending power hasn't shifted as much as you might think

Tales of spending power moving away from IT are largely exaggerated. While we're seeing some movement, the bulk of IT-related spend is still controlled by CIOs and their management teams, along with heads of security, digital and data if they exist.

In what way is the balance of IT spending power shifting, if at all?



How would you sum up the IT spending power of the following roles in your organisation, e.g. based on the level of IT related budget they control?



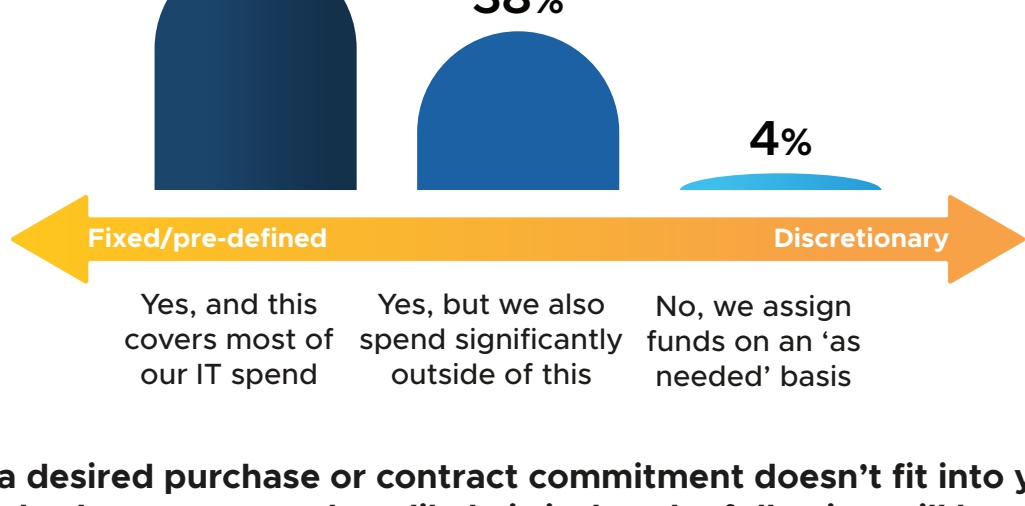
KEY TAKEAWAY

The lesson here is to be careful about relying too much on roles that might have a degree of input and influence, but no actual power to make decisions. With this in mind, even for business, user or developer led initiatives, make sure you engage IT decision-makers sooner rather than later. Expect factors such as security, data protection, integration, etc to be considered as part of the decision-making process, along with fit with the overall IT strategy for more significant investments. Have messages and materials available on such topics early in the marketing cycle to ensure IT decision-makers are on board from the outset.

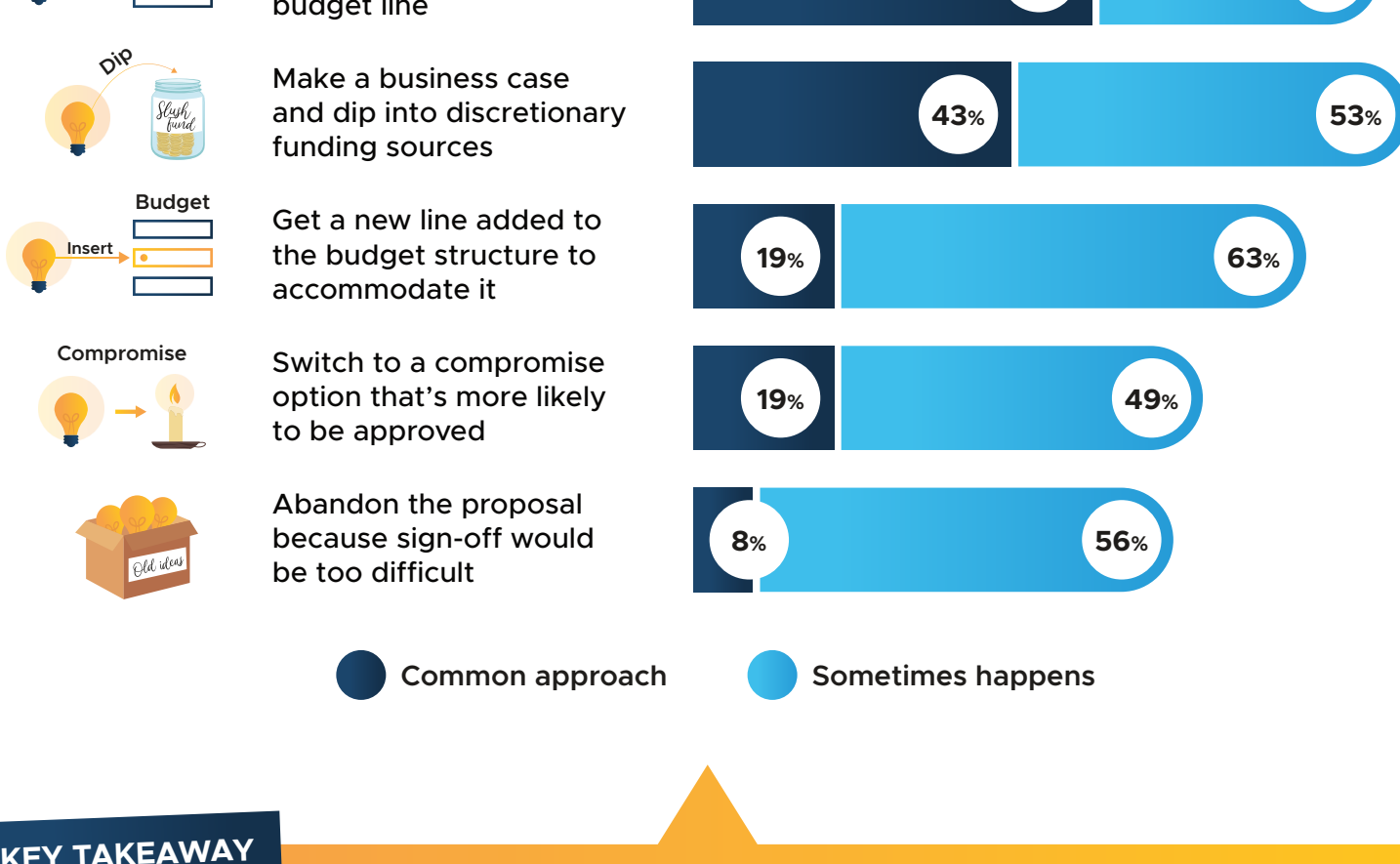
Budget structures can be your friend or your enemy

The vast majority of mid-sized and large enterprises have fixed IT budgets that are set on a periodic basis, and it can be very hard to get budget changes approved mid-cycle. Various workarounds are therefore used to deal with proposals not covered by the current plan.

Turning to funding, does your organisation have fixed IT budgets, e.g. set and reviewed on an annual or quarterly basis?



When a desired purchase or contract commitment doesn't fit into your existing budget structure, how likely is it that the following will happen?

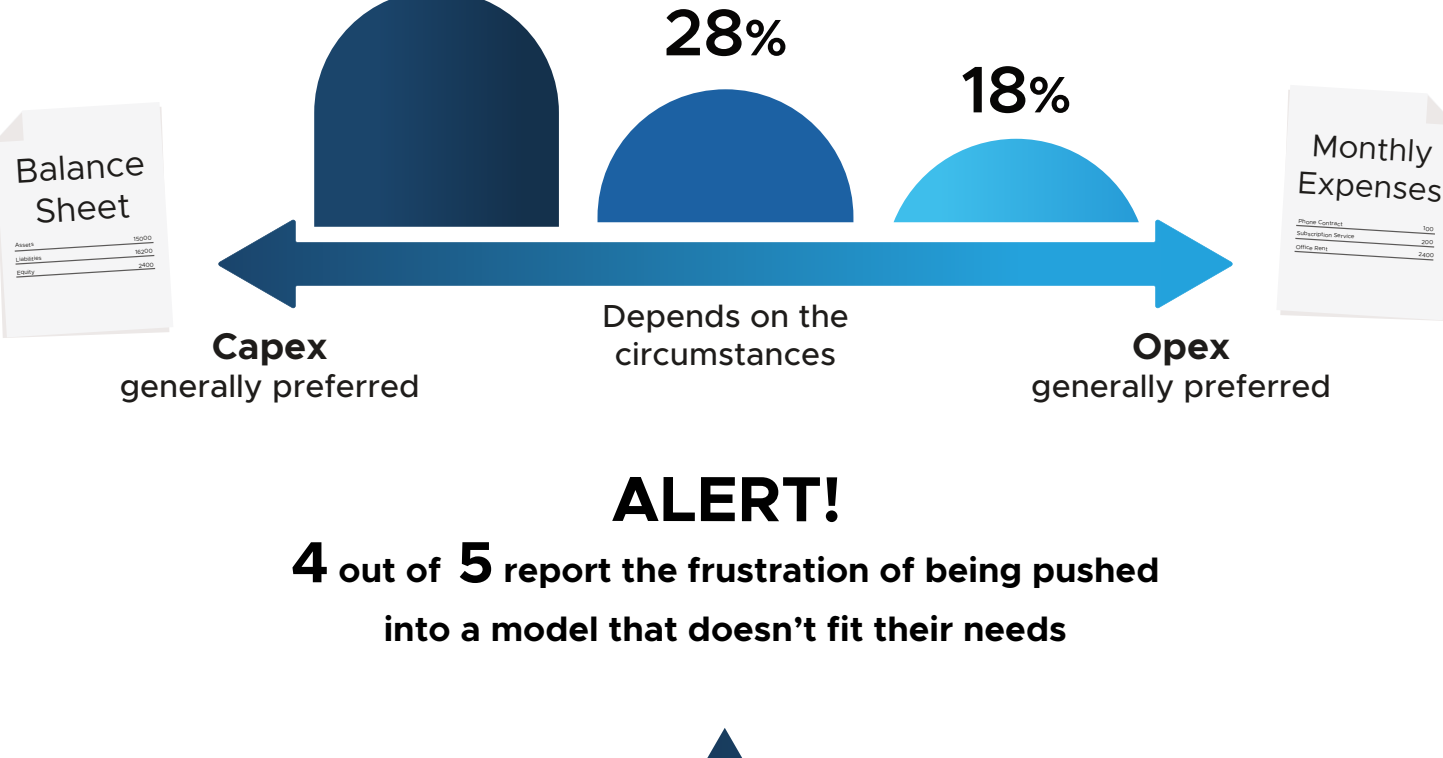


KEY TAKEAWAY

It's critical to understand how this process works, and whether your product or service is likely to be covered by existing IT budgets, especially when marketing newer solutions that may not fit into recognised budget categories. An obvious tip against this background is to plant seeds via thought leadership materials designed to influence future budgets. Meanwhile, decision support assets and/or link-crafted market research can help make the case to tap into discretionary funds, or win your proposition to recognised initiatives so investments can piggyback on existing budget lines.

Opex based-models still need to be justified

The shift of IT related spend from Capex to Opex has been more down to an industry push rather than a customer pull, with fewer than one in five practically saying they prefer Opex based models. Whatever the general preference or the practicalities of the specific circumstances, however, CIOs frequently get frustrated when forced in a particular direction against their will (or the will of their CFO).



ALERT!

4 out of 5 report the frustration of being pushed into a model that doesn't fit their needs

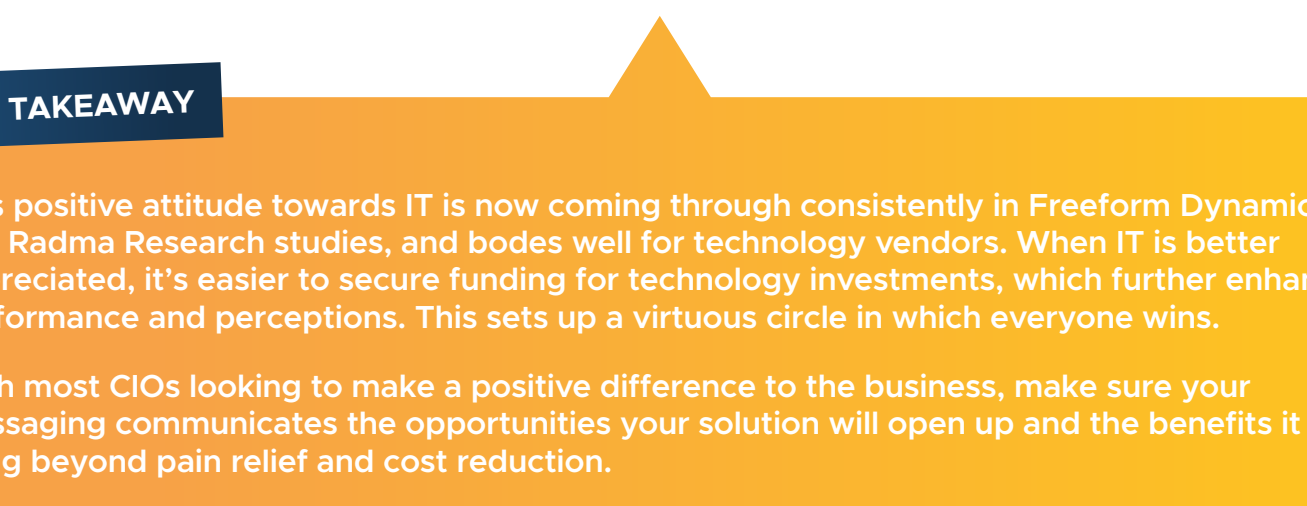
KEY TAKEAWAY

The overwhelming message when you consider the preferences and frustration alert together is that CIOs mostly just want the model to fit the requirement. Factors influencing this will include the way budgeting and accounting works in their organisation, as well as practical and political considerations. If you can offer a choice, especially if the customer can switch models if their circumstances change, this can be marketed as a tangible business benefit. If you only do business based on one of the two approaches, create goodwill with material that explains the nature and benefits of your model in a straightforward way.

You're now selling into a much more positive mindset

The importance of technology, not just as an operational necessity, but as an enabler of business advantage, has become increasingly acknowledged. The positive perception of many IT teams to recent global disruptions has just accelerated the positive perception.

How is IT generally perceived among your business executives?



KEY TAKEAWAY

This positive attitude towards IT is now coming through consistently in Freeform Dynamics and Radma Research studies, and bodes well for technology vendors. When it is better appreciated, it's easier to secure funding for technology investments, which further enhances performance and perceptions. This sets up a virtuous circle in which everyone wins.

With most CIOs looking to make a positive difference to the business, make sure your messaging communicates the opportunities your solution will open up and the benefits it will bring beyond pain relief and cost reduction.

About us

This infographic is provided with compliments by Freeform Dynamics and Radma Research, two companies that have worked in partnership for many years to deliver innovative research with high-impact output to help IT vendors with planning and marketing needs.

For more information and other examples of our work, please visit: www.freeformdynamics.com or www.radmaresearch.com