

IT Management Study 2005

Research conducted by: **COMPUTERWORLD**
The Voice of IT Management

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IT Management Study 2005

Overview

Every year, *Computerworld* conducts a study to examine the issues facing IT executives including CIOs, VPs of IT, and IT directors, managers and supervisors. The goal of the study is to gain insight into what keeps IT management up at night – what their top priorities are and how they are using information sources such as the Web to help them manage these priorities. The results of the survey help Computerworld to shape its content and services to suit the changing needs of its enterprise IT audience. The results are also used by IT management to help them understand what their peers are thinking and by IT marketers to help them understand how to best reach out to their target customers.

Profile of Respondents

Although the survey focuses on IT executives, responses are also collected from people in other job functions, such as IT staff members and corporate executives. For the purpose of this top-line report, the analysis will focus on IT management responses only.

Total Respondents:	1,173
IT Management	699 (144 senior IT management, 555 middle IT management)
IT Staff	178
Corporate Management	121

About Computerworld Research

For over 35 years, Computerworld Research has kept its finger on the pulse of IT by conducting in-depth research programs for both clients and *Computerworld's* award-winning editorial team. The loyalty that *Computerworld's* IT management audience has for the brand is reflected in the unparalleled response rates Computerworld Research gets.

For more information on results of this study, contact:
Matt Duffy, Vice President of Marketing & Research at matt_duffy@computerworld.com

Executive Summary

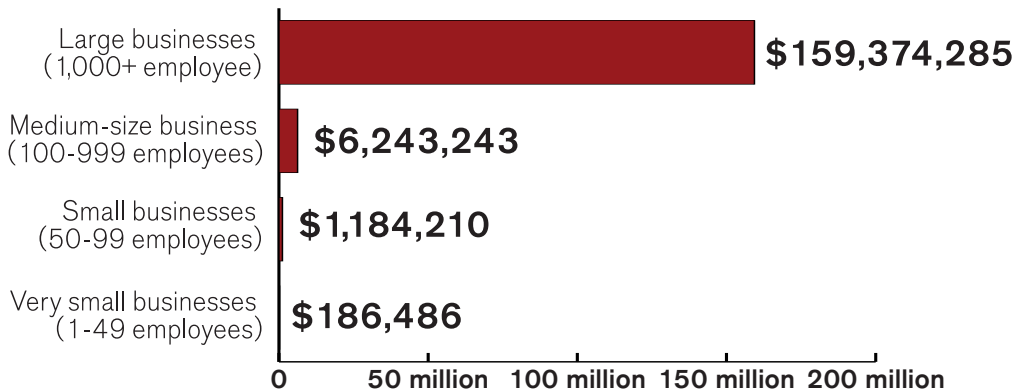
- Some of the most striking data to come out of our IT management study each year is the marked differences between IT executives in large businesses vs. those in small and very small businesses. A good illustration of this is the vast difference in the average IT budget of a very small business (\$186K) vs. that of a large business (\$159M)
- Security continues to be the top priority for IT management. Other initiatives may still be important, but none carry with them the same sense of urgency.
- IT executives continue to point to the major players in the industry as their top vendor partners – Microsoft, IBM, Dell etc. Over the past three years, there has been little change in which vendors IT executives perceive as *their* primary partners.
- IT Web sites and IT print publications continue to be the most valuable source of information for IT management throughout the purchase process. Vendor sites and search engines also add value at certain stages.
- There are numerous information sources that the typical IT executive uses in a given month. IT Web sites are the most commonly used source; they are accessed an average of 11.4 times per month by IT management.
- IT executives look to different information sources based on what their particular need is at the time. When looking for IT news, they pick up an IT print publication; when looking for information on a particular technology, they read a white paper.
- According to the IT executives themselves, the messages they'd be most likely to respond to from advertisers are related to the compatibility of the product offered with their systems.
- When accessing information that requires registration (entering contact data), IT executives are more likely to register for information provided jointly by a publisher and vendor rather than by the vendor on its own.

IT Budgets and Priorities

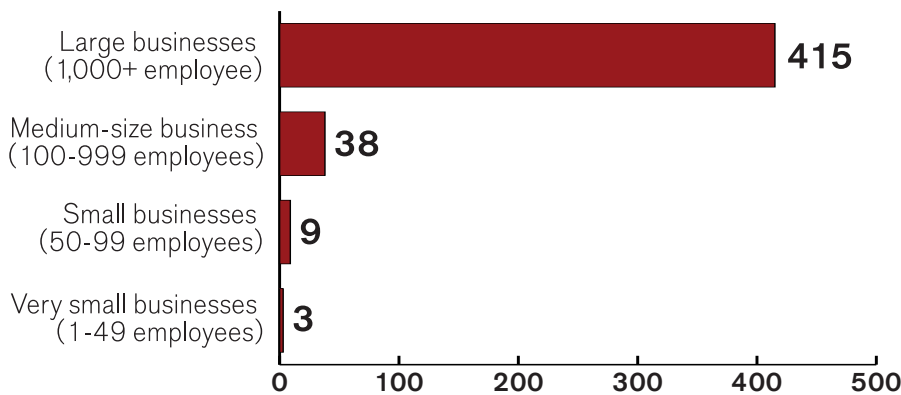
IT Budgets and Staff

The charts below present compelling visual evidence of just how much larger budgets and staff sizes are at large companies than they are at very small businesses (VSB). Based on the budgets, staff and scope of their jobs, CIOs and other IT management professionals in large businesses face completely different issues than their counterparts in small organizations. An IT director at a 10-person organization with only \$100,000 total to spend on IT, for example, can almost be seen as having a completely different type of job function than an IT director at a Fortune 1,000 company with hundreds of millions to spend on IT.

Average Corporate IT Budget



Average Size of IT Staff



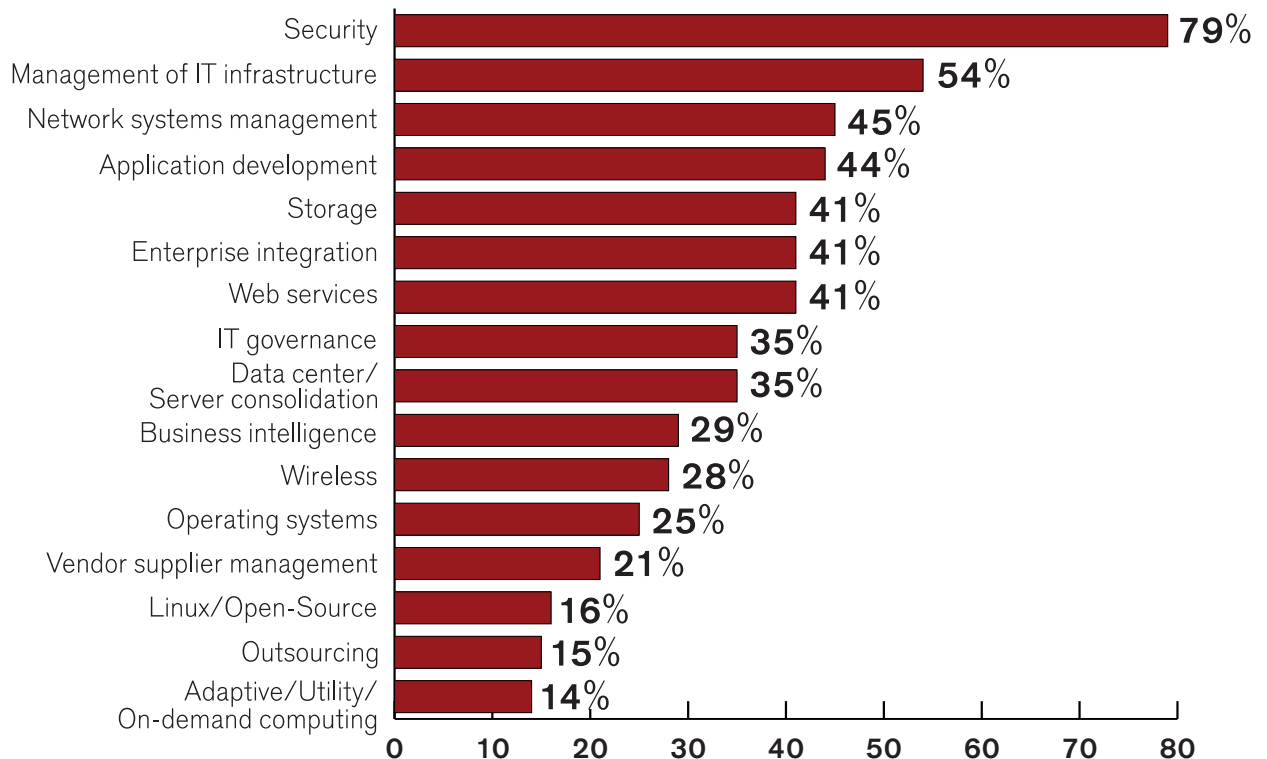
Base: 699 IT management professionals

The relationship between company size and IT budget and staff can be demonstrated even when you look at the difference between small businesses and VSBs. This is why most experts define SMBs as small and medium-size businesses and do not include VSBs in this definition.

IT Management Priorities

Just like many previous surveys, this study showed security to be the most critical priority IT executives are facing. The No. 2 priority, “management of IT infrastructure,” ranked a full 25 percentage points behind security, showing just how strongly respondents feel about the issue. However, this doesn’t mean that some of the other initiatives on the list, such as operating systems and outsourcing, are not important to IT management, they just don’t seem to carry the same sense of urgency that security initiatives have. That’s because failing to pursue an effective security strategy can spell doom for most companies; other initiatives may be equally important but don’t have words like “threat” and “virus” attached to them.

**IT Management Priorities for 2005:
Percentage of IT management indicating each is a critical/high priority**



Base: 699 IT management professionals

Amazingly, for the three years we’ve conducted this IT management survey, the ranking of the priorities has gone almost completely unchanged. Security is always No. 1, and adaptive/utility/on-demand computing is always at the bottom. The only notable shifts this year were in Web services, BI and wireless, each of which had a 5% or greater uptick over last year’s study.

Priorities by company size

Regardless of company size, security is the No. 1 priority for IT management and adaptive/utility/on-demand computing, Linux, and outsourcing are less of a priority than the others on the list. However, there are many priorities that are ranked differently depending on the company size. Web services for example is a concept that is No. 2 in the eyes of very small companies, but as company size grows it moves further and further down the list of priorities. Conversely, concepts like “management of IT infrastructure” and “enterprise integration” are much more of a priority at large companies and become less and less of a priority as the size of the company decreases. All of this supports the idea that IT executives are not all cut from the same mold and face very different issues depending on company size.

Very small companies (1-49 employees)

1. Security (78.1%)
2. Web services (48.6%)
3. Application development (42.5%)
4. Management of IT Infrastructure (41.1%)
4. Network systems management (41.1%)
6. Storage (37.5%)
7. Wireless (35.6%)
8. Operating systems (32.9%)
9. Business intelligence (29.2%)
10. Data center/Server consolidation (27.8%)
11. Enterprise integration (27.4%)
12. IT governance (19.2%)
13. Adaptive/Utility/On-demand computing (17.8%)
14. Linux/Open-Source (17.8%)
15. Vendor supplier management (11.1%)
16. Outsourcing (11%)

Medium-size companies (100-999 employees)

1. Security (74.9%)
2. Management of IT infrastructure (50%)
3. Network systems management (43.8%)
4. Storage (42.5%)
5. Enterprise integration (37.2%)
6. Application development (37%)
7. Web services (35.9%)
8. Data center/Server consolidation (29.5%)
9. Wireless (24.8%)
10. Operating systems (24.3%)
11. Business intelligence (22.1%)
12. IT governance (21.6%)
13. Vendor supplier management (17.1%)
14. Outsourcing (11.9%)
15. Linux/Open-Source (10.5%)
16. Adaptive/Utility/On-demand computing (9.3%)

Small companies (50-99 employees)

1. Security (86%)
2. Storage (48.2%)
3. Management of IT infrastructure (47.4%)
4. Application development (38.6%)
4. Web services (38.6%)
6. Network systems management (29.8%)
7. Enterprise integration (28.1%)
8. Operating systems (26.3%)
9. IT governance (24.6%)
10. Data center/Server consolidation (21.4%)
11. Wireless (21.1%)
12. Vendor supplier management (19.6%)
13. Business intelligence (19.3%)
14. Linux/Open-Source (15.8%)
15. Adaptive/Utility/On-demand computing (12.5%)
16. Outsourcing (3.6%)

Large companies (1,000 or more employees)

1. Security (80.4%)
2. Management of IT infrastructure (60.8%)
3. Enterprise integration (52.4%)
4. IT governance (49.8%)
5. Network systems management (49.5%)
6. Application development (47.7%)
7. Data center/Server consolidation (45%)
8. Web services (41.4%)
9. Storage (39.3%)
10. Business intelligence (36.6%)
11. Wireless (29.4%)
12. Vendor supplier management (27.1%)
13. Operating systems (23.7%)
14. Outsourcing (19.8%)
15. Linux/Open-Source (18.6%)
16. Adaptive/Utility/On-demand computing (16.6%)

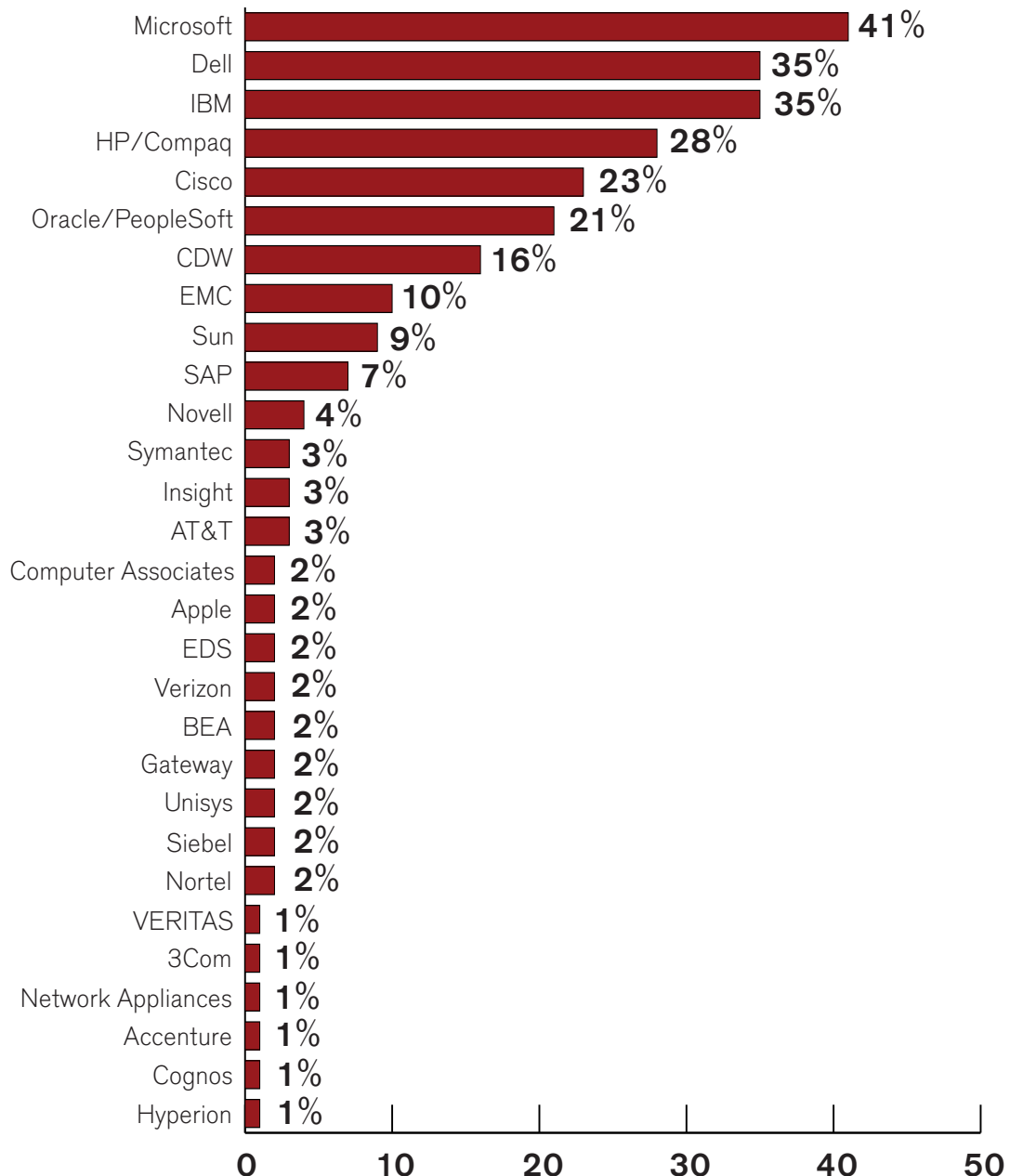
Base: 699 IT management professionals

Top Vendor Partners

Top Vendor Partners

Not surprisingly, when asked to name *their* top five strategic vendor partners or suppliers, IT executives cited Microsoft more than any other vendor. What you don't see in this chart is that Microsoft was not the first mentioned as often as IBM or Dell. IBM was the first vendor mentioned by 19% of respondents, followed by Dell with 13% and Microsoft with 11%. This shows that although Microsoft's overall share is higher among respondents, IBM and Dell are more top of mind for those IT executives who work with their products. Another very interesting result here is that CDW, a supplier of products from other vendors, is so high up on the list. This may be partly a factor of the phrasing of the question, since it asked about strategic vendor partners or suppliers. It is an interesting result nonetheless and may tell us something about the importance of the actual channel that IT management purchases their equipment through.

Who are your company's top five strategic vendor partners or suppliers (Unaided)?

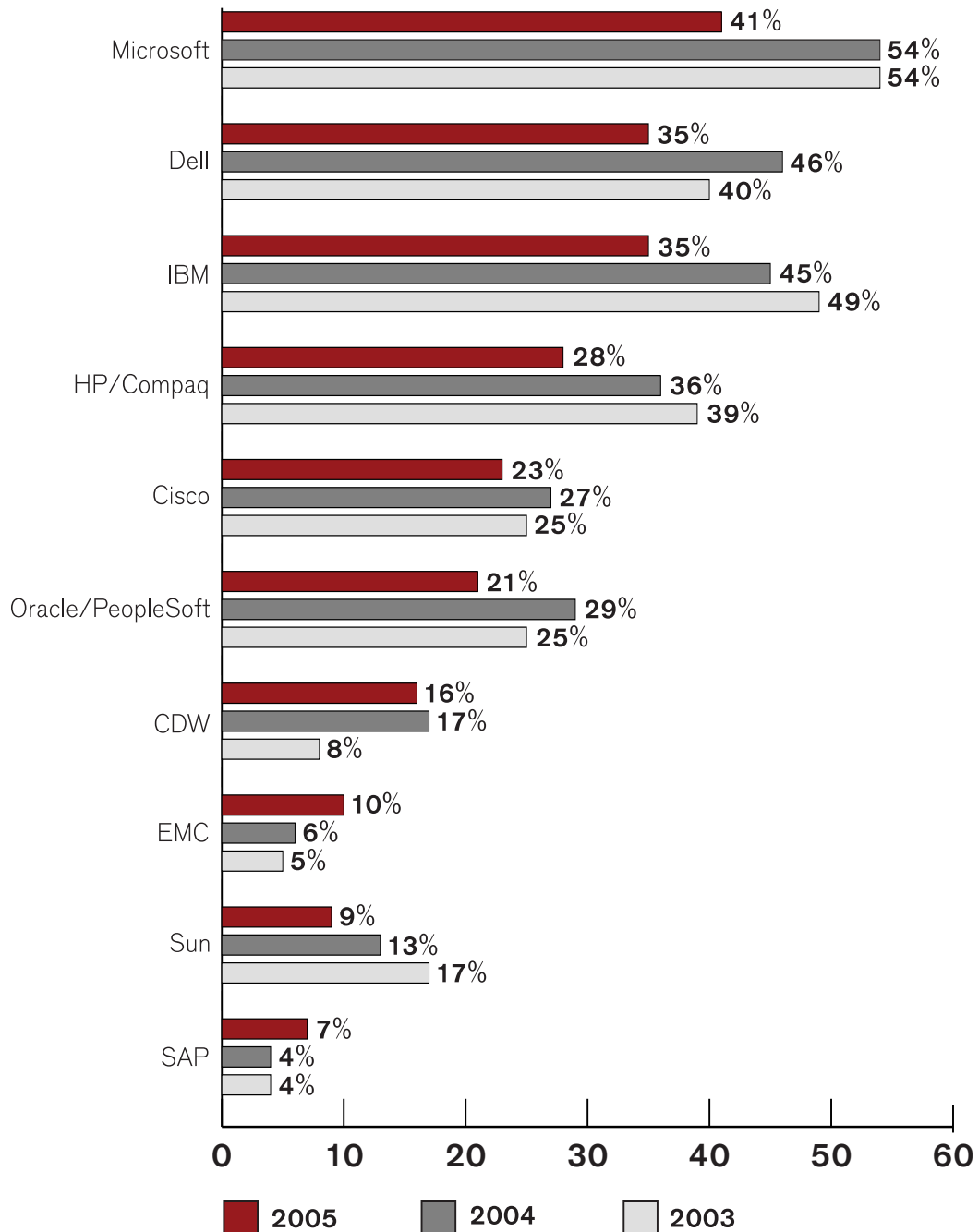


Base: 699 IT management professionals

Top Vendor Partners – Over the past three years

For the purpose of this survey, we've asked this same question in the same way for three years straight, and the vendors named haven't changed dramatically. One pattern we do see is that most of the top 10 vendors listed in the chart below saw a lower percentage of IT management citing them as a top vendor than in years past. There are a few exceptions, however, like EMC and to some extent CDW and SAP, which saw slight increases in the percentage of those who cite them as a top partner.

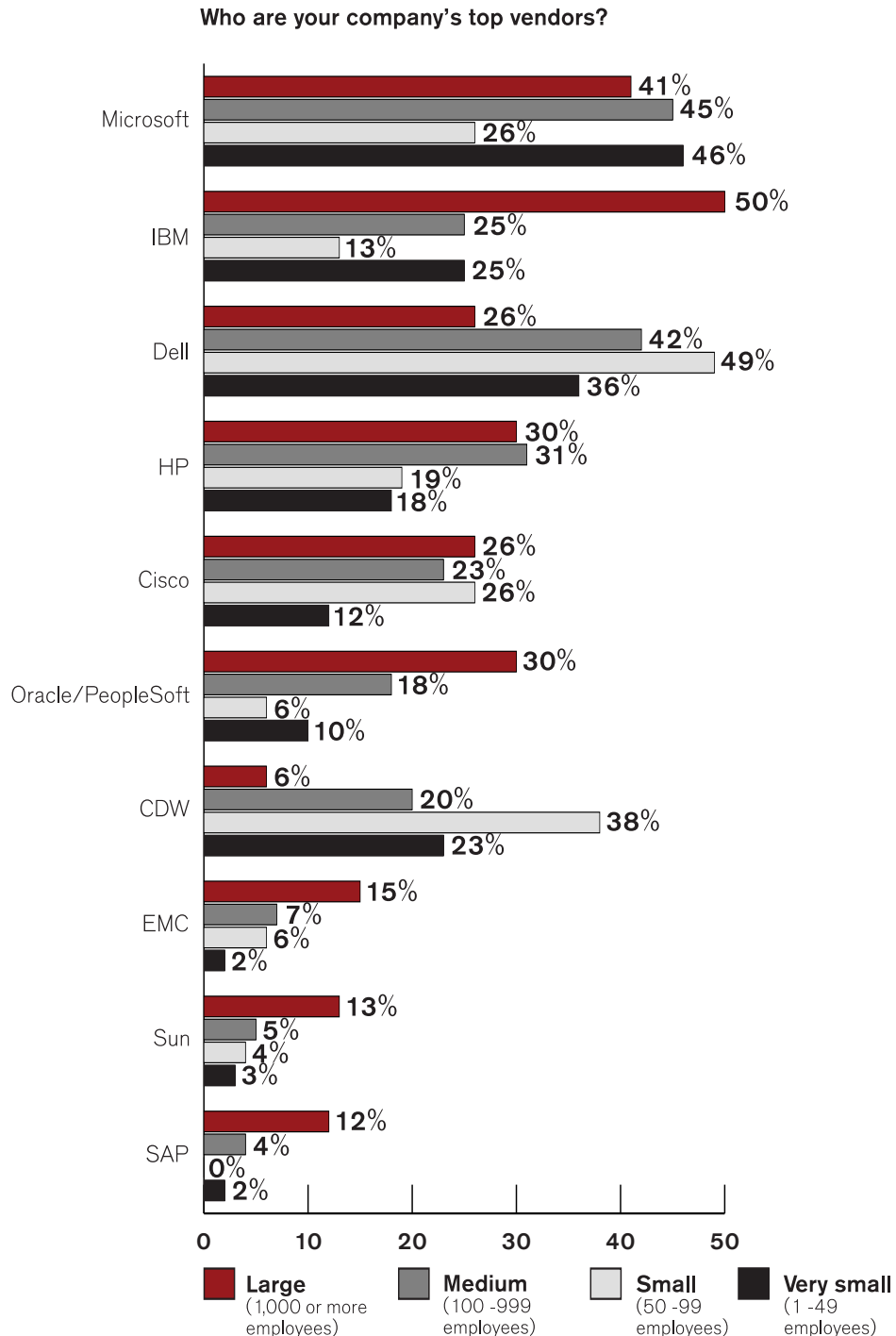
Who are your company's top five strategic vendor partners or suppliers (Unaided)?



Base: 699 IT management professionals, 2004: 593 IT management professionals, 2003: 870 IT management professionals

Vendors by company size

Each of the top 10 vendors named in this survey see their share fluctuate among companies of different sizes. For example, IBM not surprisingly has a much higher share among large companies – in fact it is the No.1 vendor named by these large enterprises. Companies like Oracle, EMC, Sun, and SAP also do well among large companies. Conversely, neither Dell nor CDW do well among large companies but still have a strong share of the business at smaller companies. This could be due to fact that smaller companies appreciate the sales channel available through Dell and the ease of purchasing from CDW.



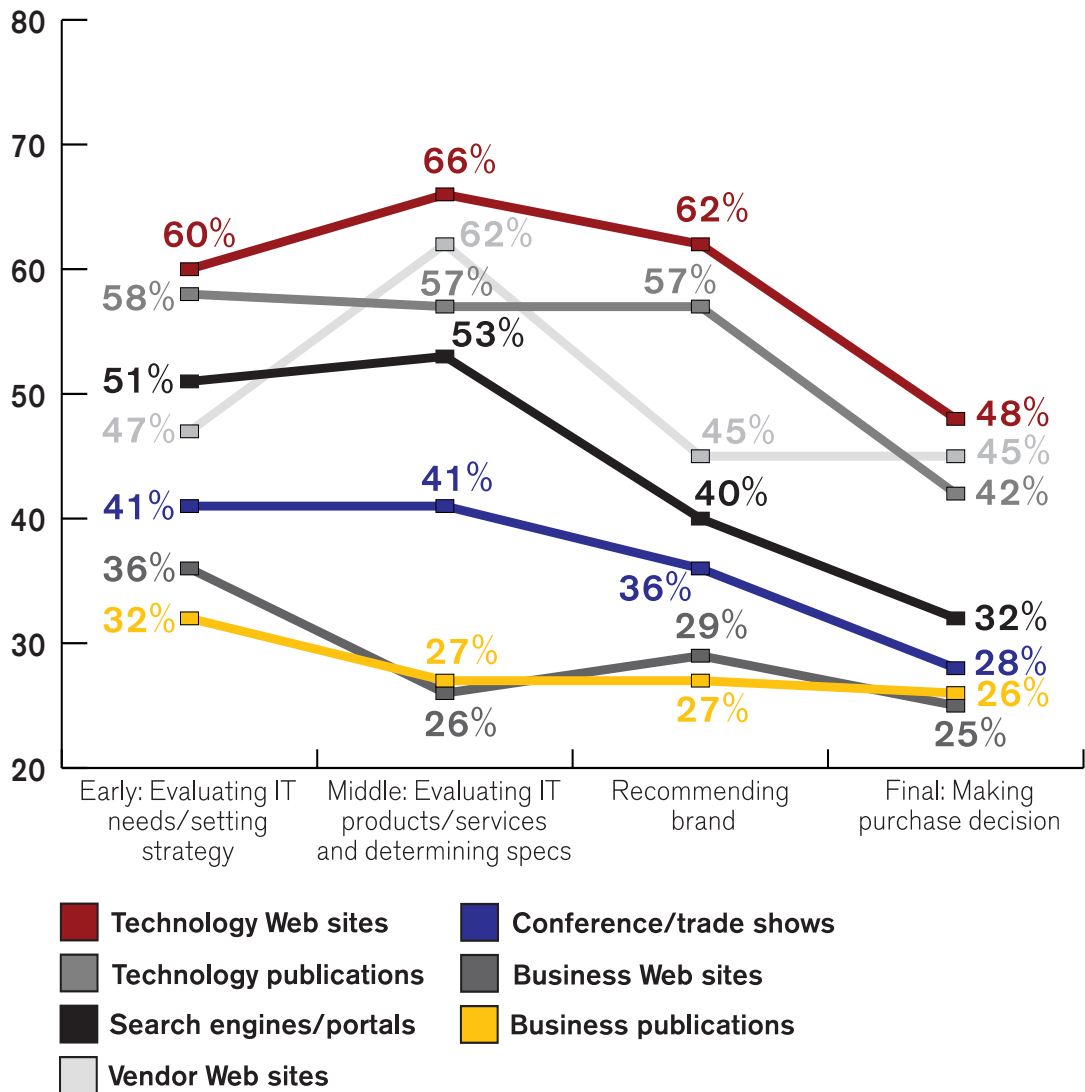
Base: 699 IT management professionals

Media Usage

Media usage

IT management continues to rely on a number of information sources during the IT purchase process. Throughout the process, IT Web sites are the most valuable source of information. Technology publications also continue to be very important. Vendor sites are very important in the middle phase of the process when IT executives are evaluating IT products and services – most likely because this is where *they* find specs. Search engines/portals are important in the first phase when IT management is looking for information to help evaluate IT needs.

Percentage of IT management professionals rating each information source as “very valuable” or “valuable” at each stage of the purchase process

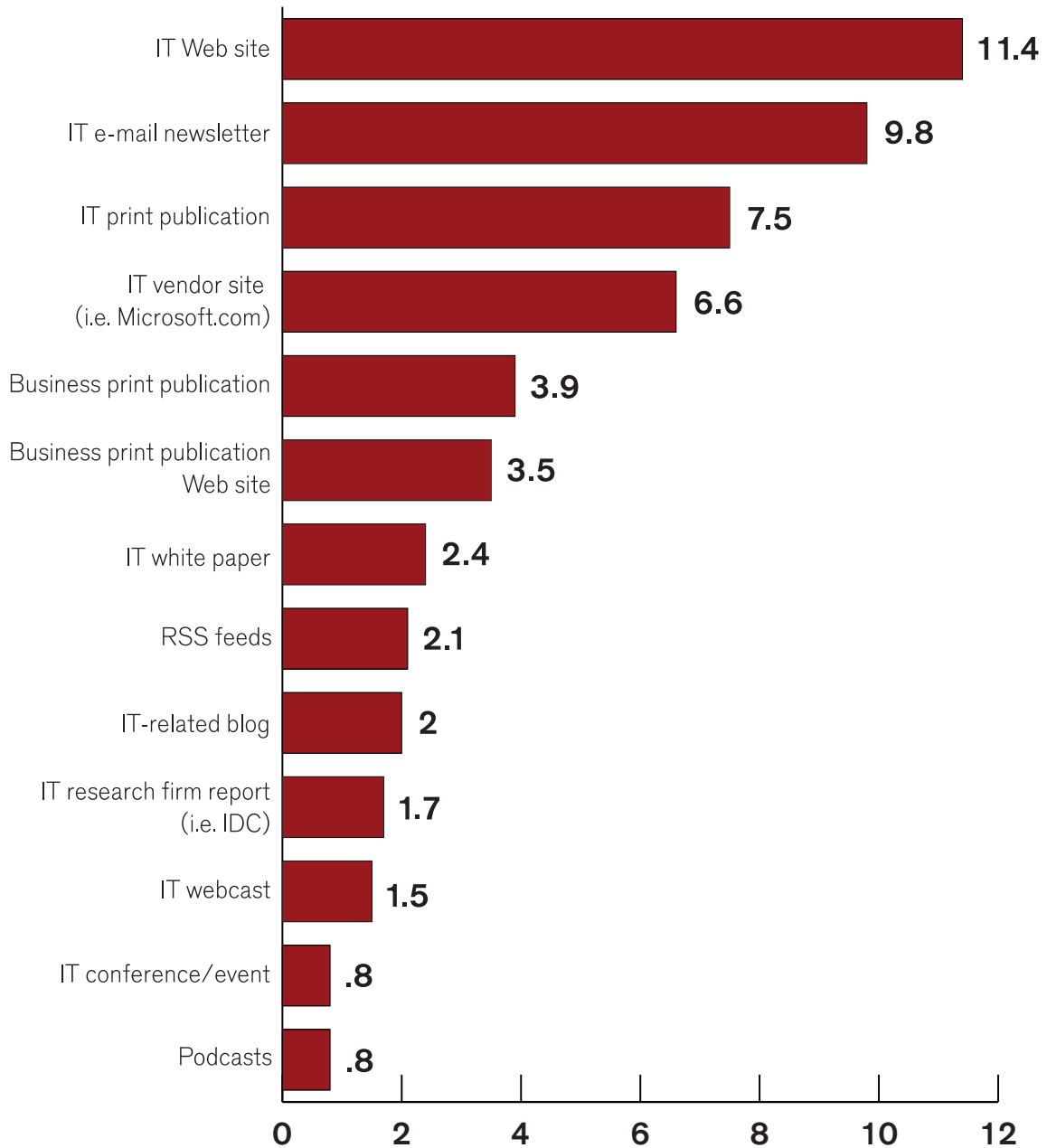


Base: 699 IT management professionals

Information sources – frequency of use

In a given month, IT management uses IT Web sites more than any other information source – 11.4 times/month on average. This is followed by IT e-mail newsletters, IT print publications and IT vendor sites.

For each of the following sources of information, please indicate how often you use them:

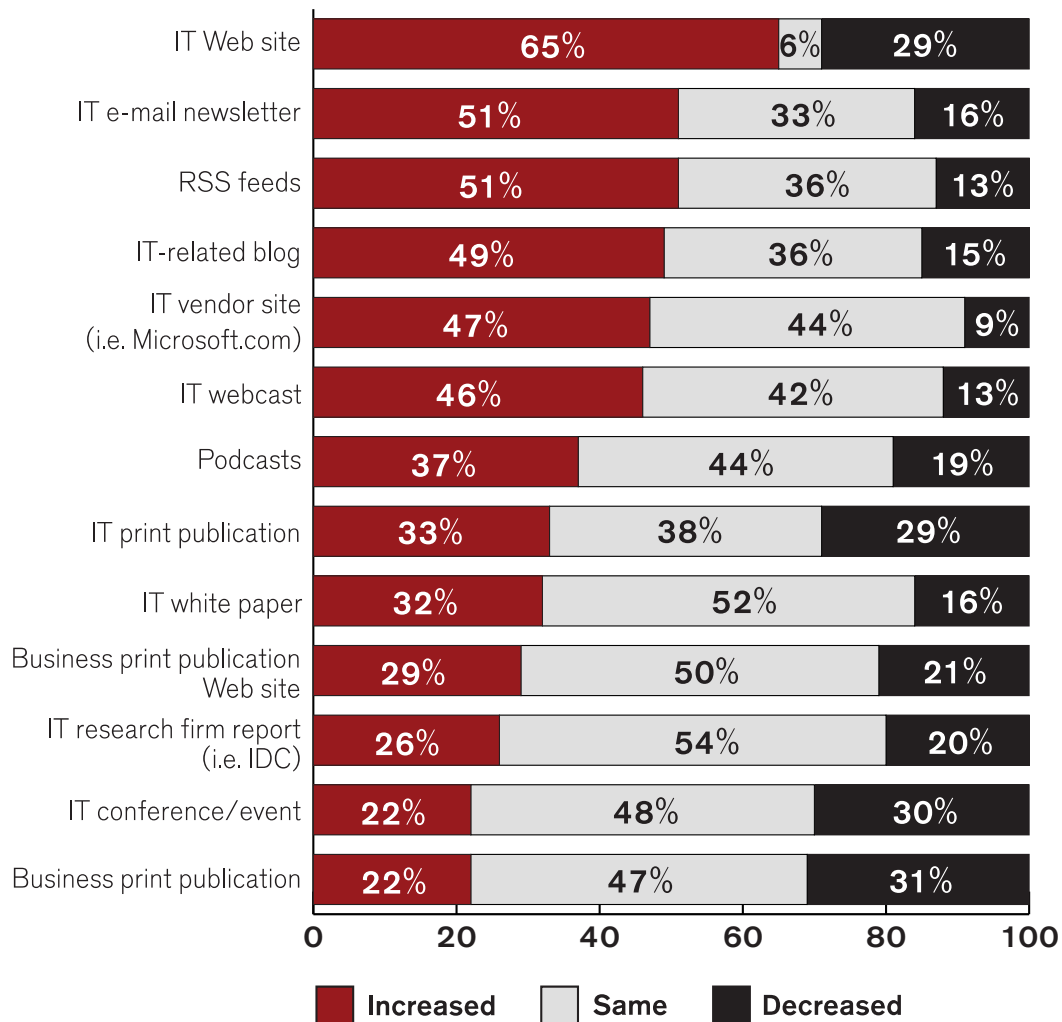


Base: 699 IT management professionals

Increase/decrease of information sources used

Not surprisingly, most IT executives have increased their use of IT Web sites over the past three years. Similarly they've increased their use of e-mail newsletters and even less common sources like RSS feeds, blogs and podcasts. With IT print publications, we see a slightly higher percentage who have increased use than have decreased – but it is basically flat. IT conferences/events and business print publications are the only sources for which more people have decreased use than have increased use. This is consistent with what we know about conferences and events: Attendees are being very selective and aren't going to large trade shows as often as they did in the past, but they are choosing more intimate educational conferences.

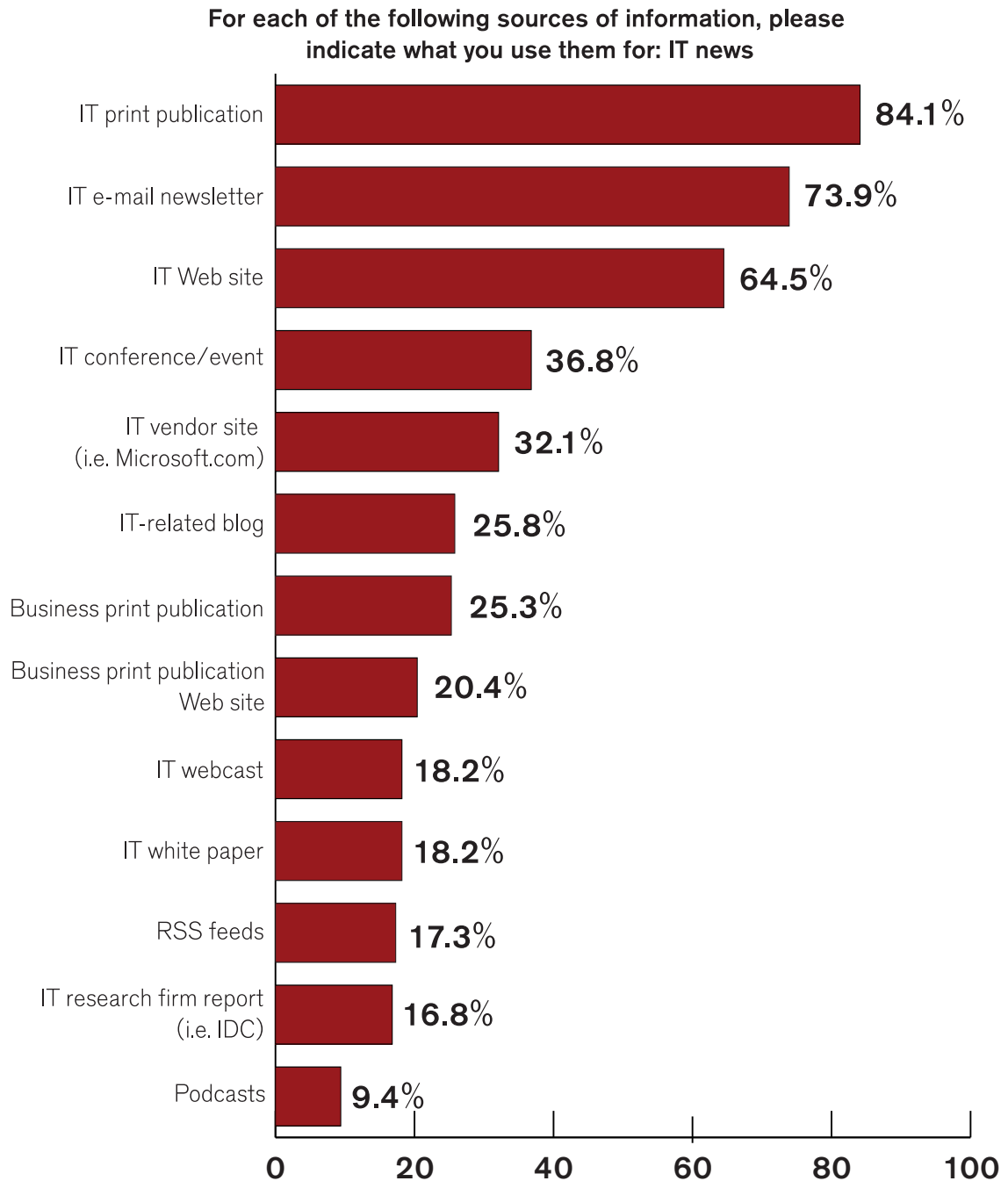
For each of the following sources, has your use of them increased, decreased or stayed the same in the past 3 years?



Base: 699 IT management professionals

Sources of IT news

When looking for IT news, IT print publications are still the No. 1 source for IT management. This may surprise those who thought the Web had completely replaced print as the main source of news. Just behind IT print as sources of news are IT e-mail newsletters and IT Web sites, showing that many IT executives likely subscribe to e-mail newsletters and are then linked to Web sites to get their news. New sources like podcasts and RSS feeds and business sources such as business publications and Web sites are not used for IT news as often.

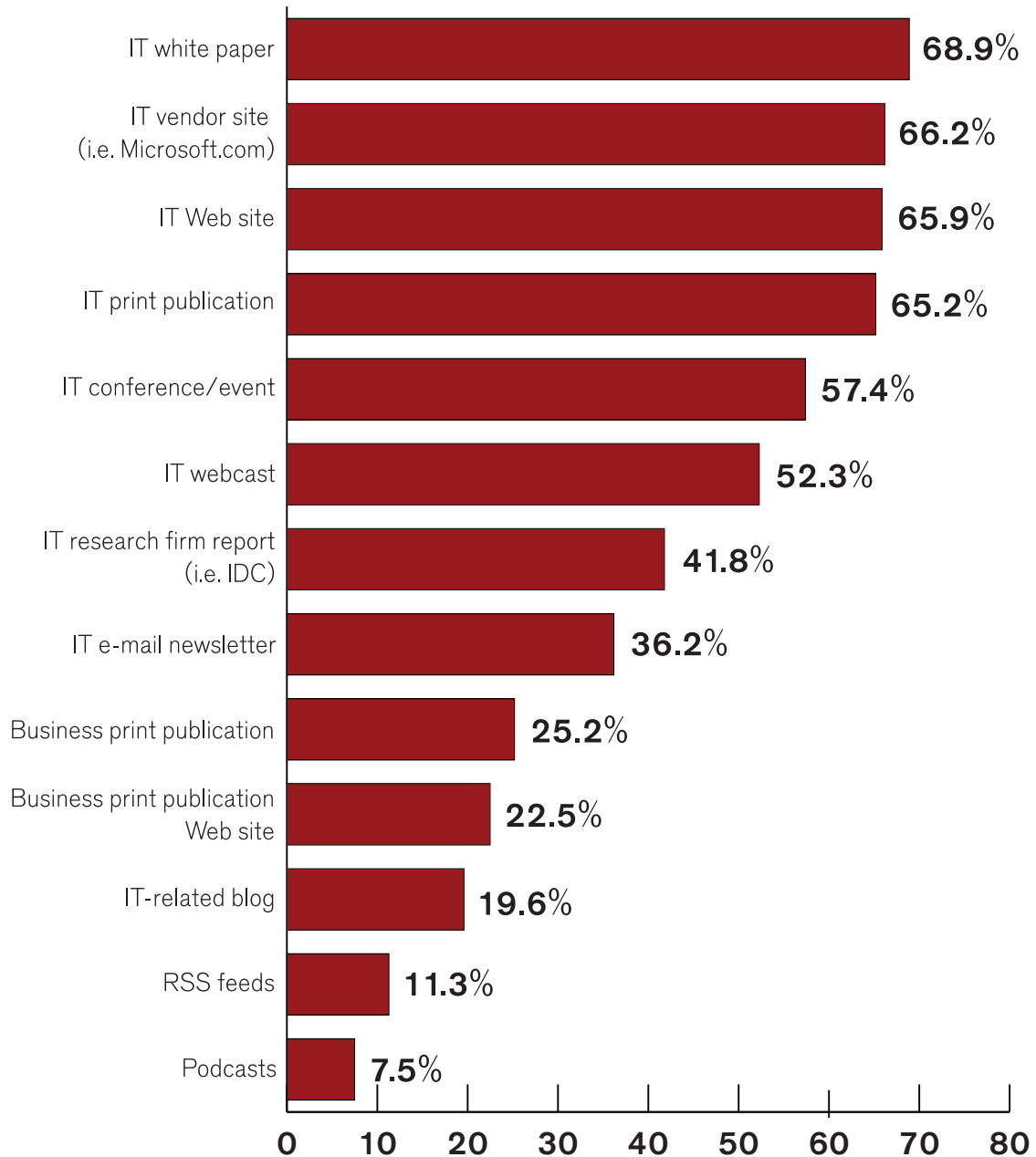


Base: 699 IT management professionals

Sources used to get smart on a particular issue

This study showed that vendor-supplied information is most important to IT management professionals when *they* want to get smart on a particular issue. IT white papers from vendors and vendor sites are at the top of the list, followed closely by IT Web sites, publications and events.

For each of the following sources of information, please indicate what you use them for: To get smart on a particular issue (BI, storage, etc.)

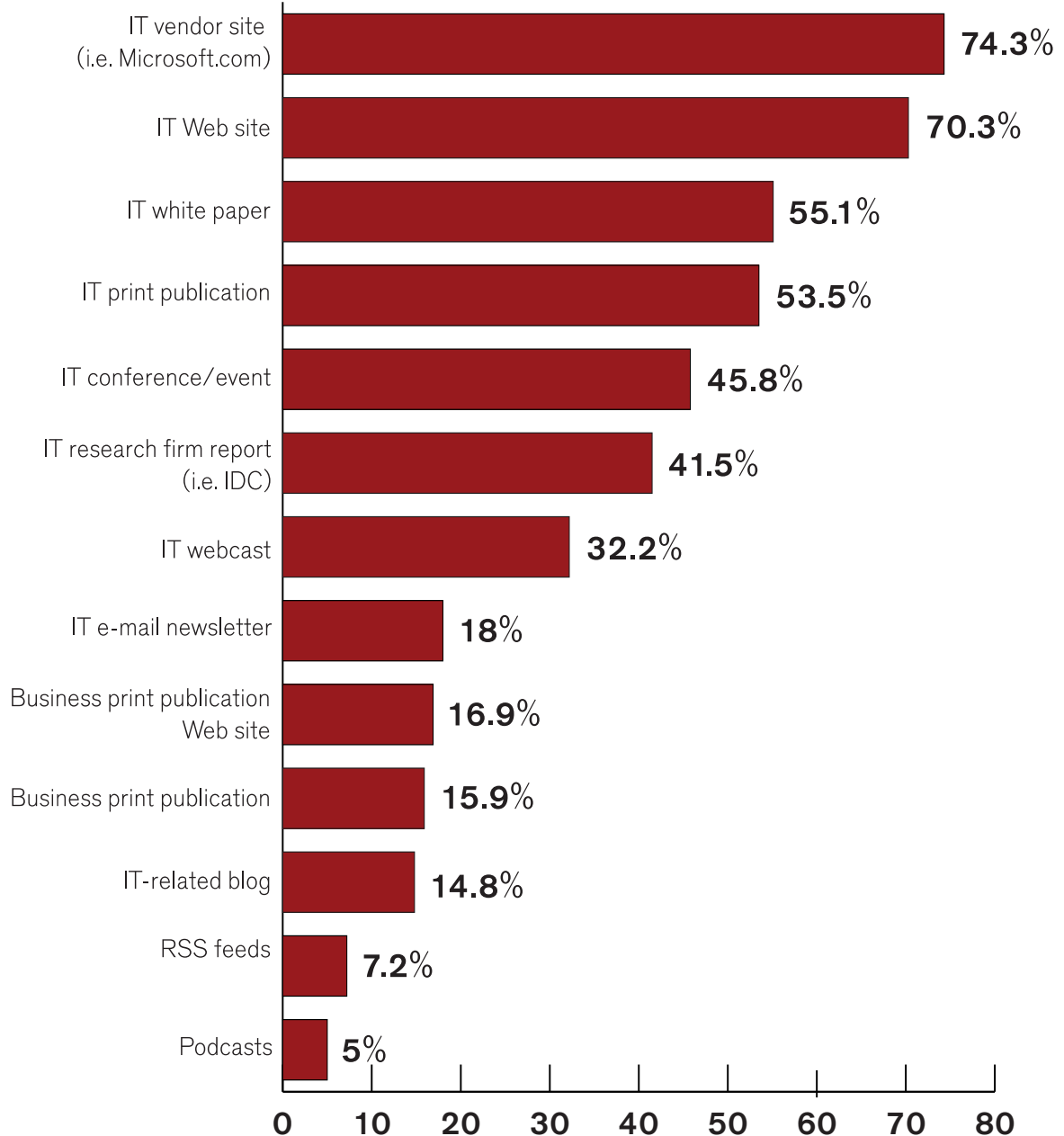


Base: 699 IT management professionals

Sources used for research for IT product purchases

When it's time to actually purchase a product, IT management likely goes to the vendor sites for spec information and to IT Web sites for deeper information on the vendor.

For each of the following sources of information, please indicate what you use them for: Research for IT product purchase



Base: 699 IT management professionals

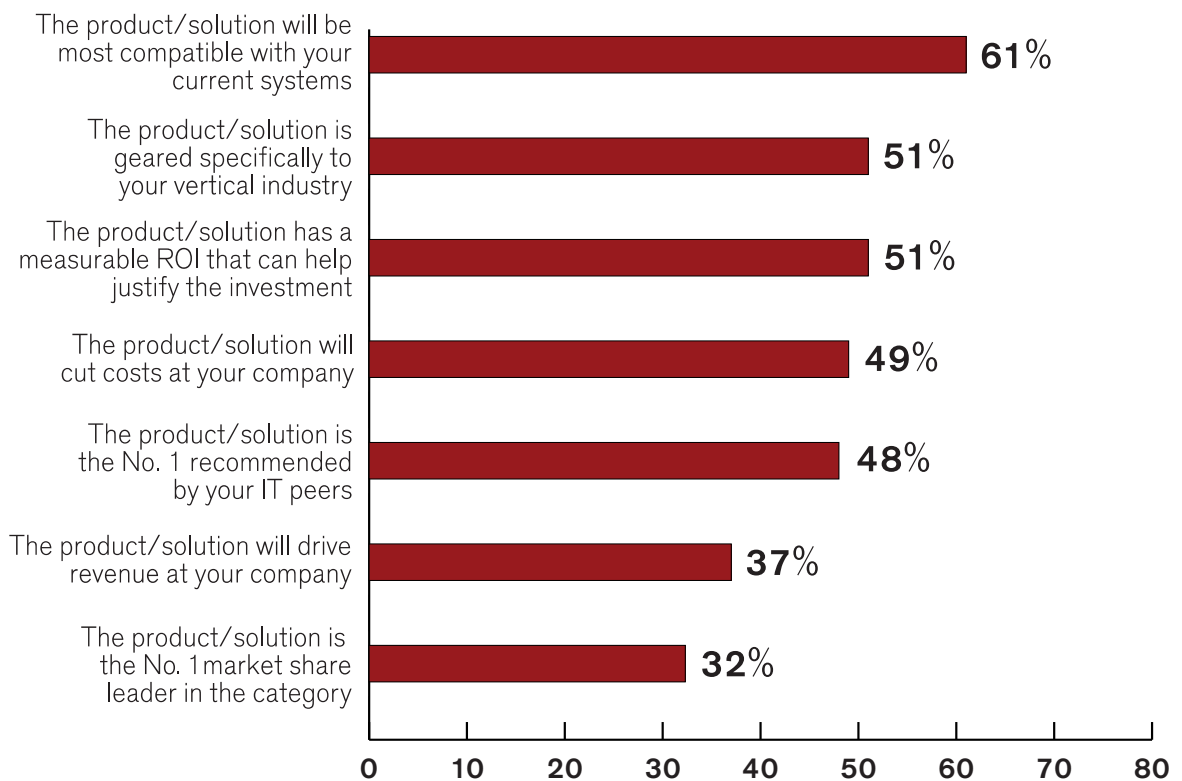
Reaching IT Management

Advertising Messages

Survey participants were given seven different advertising messages and asked which they'd be most likely to respond to. Surprisingly, the No. 1 message was that the product/solution advertised is compatible with their current systems. This shows that there must be a great amount of pain for IT management right now in trying to get disparate systems to work together. The least appealing message was that the product/solution is the No. 1 market share leader. This is notable, since many vendors use advertising messages that promote their share among Fortune 1,000 companies, etc. For all of these results, it is important to understand that what an IT executive says he or she will respond to doesn't necessarily correlate directly with what they actually do respond to. Like in all communication, it all depends on how the message is communicated.

On a scale of 1 to 5, how likely would you be to respond to ads that expressed each of the following benefits of an IT product/solution:

Percentage who indicated very likely (4) or extremely likely (5)

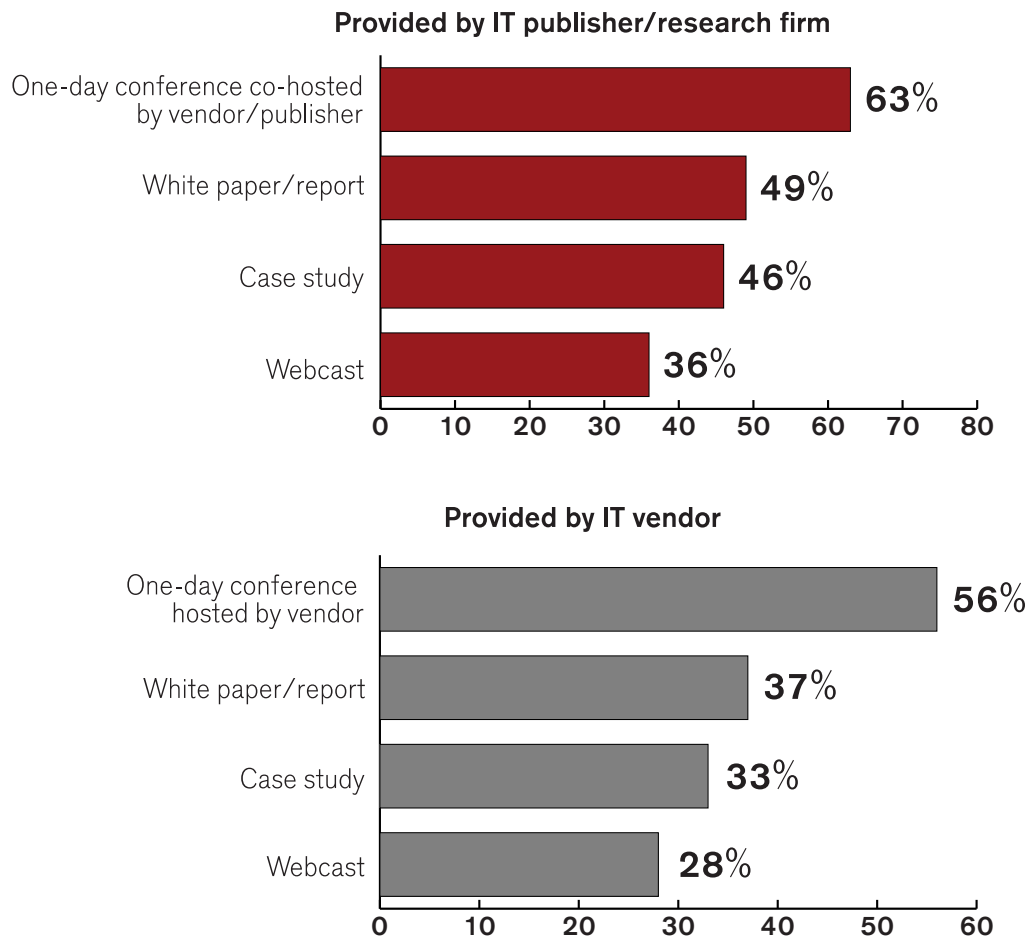


Base: 699 IT management professionals

Reaching IT Management

Most IT vendors/suppliers are trying to reach IT management by getting them to register to receive information by supplying their contact information for content pieces. For this study we asked which types of information IT management would be likely to register for, and whether that likelihood would change depending on whether the information came from a vendor or a publisher/research firm. Although online content is still the predominant way that IT vendors try to get "registrations," we see that face-to-face conferences are the source of information IT management is most likely to register for. What we also see across all information sources is that IT management is more likely to register for them if they're provided by a publisher/research firm rather than a vendor directly. For example, 63% of IT management are likely/very likely to register for a one-day conference co-hosted by a publisher/research firm while 56% would register if it was hosted by the vendor alone.

Percentage of senior IT management who would be likely/very likely to register for the following if it were on a topic they were interested in:



Base: 699 IT management professionals

Conclusion

This study offers IT executives a lot of interesting insights into what other IT executives are thinking. They can match up their own IT priorities to responses in this report and compare their media consumption habits with those of their peers. For marketers trying to reach this important group, there are three main takeaways:

- It's important to understand there is a huge difference between IT management at VSBs and IT management at large organizations.
- Because security is such a top priority, any IT marketer, regardless of the product or service they are marketing, should underscore the security aspects (if any) of their offering.
- When looking to reach IT management, there are many important vehicles, and the most important continue to be IT print, IT Web sites and information from the vendors themselves (such as vendor white papers and vendor Web sites).

Regardless of whether you're an IT executive, IT marketer, or involved in some other way in the IT industry, this study provides a revealing look into the minds of IT management. For more information on the survey or a deeper look at the results, contact:

Matt Duffy, Vice President of Marketing and Research at matt_duffy@computerworld.com