



Recession Tech Expectations: C-Suite Budget Plans for 2023



The last several years have been filled with upheaval and unpredictability. While navigating an accelerated era of digital transformation, business leaders have had to deal with storms of disruption like the pandemic, skills shortages, supply chain restraints, inflationary pressure, the Russia-Ukraine war, cyber-attacks, energy shortages and now, a potential recession.

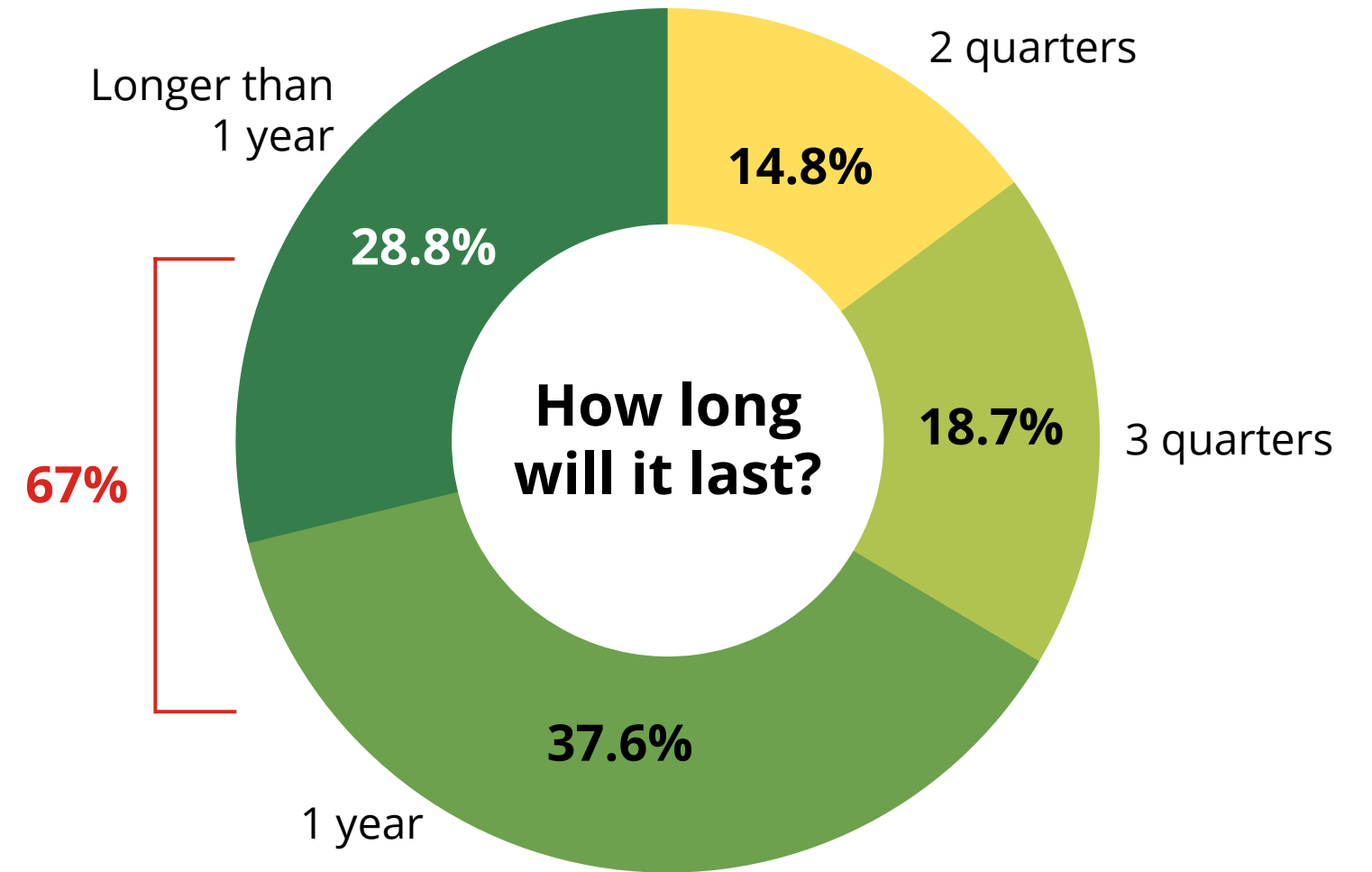
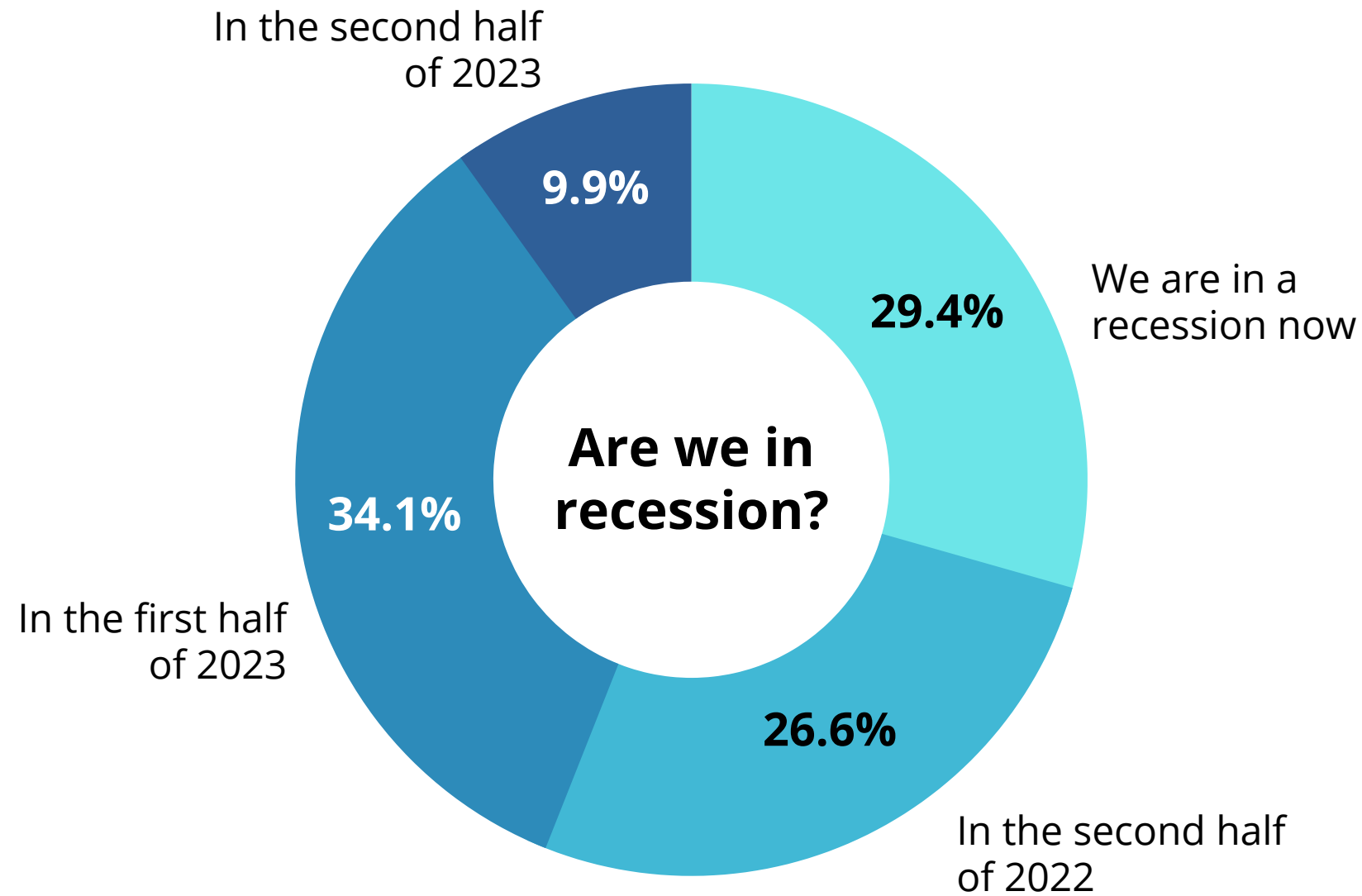
59% of C-suite respondents think there will be a recession in the coming year. In North America that number is 56%, Asia Pacific it is 53% and in EMEA, 75% are bracing for a recession.

There is a lot of buzz around technology being a tool to combat a recession and the C-Suite is taking notice. With the right influence and insight, these technologies can be a way to improve business outcomes by focusing on customer experience, security, and cost optimization.

According to IDC's [Worldwide C-Suite Survey 2022 Recession Sentiments](#), Sept 2022, C-Suite respondents were likely to indicate in the event of a recession, they will **increase** their IT budgets.



Recession Sentiments

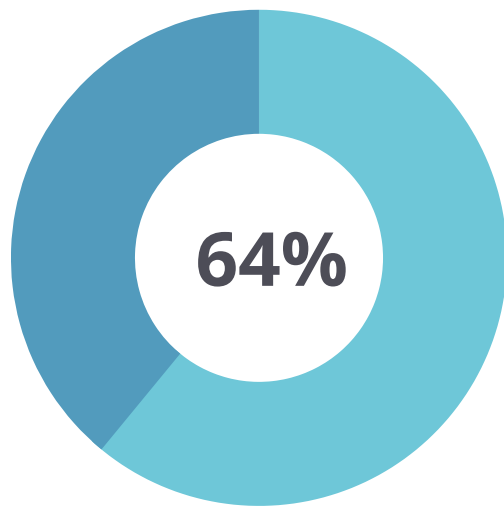


Source: IDC Worldwide C-Suite Survey September 2022 Recession Sentiments, Doc# US48566222

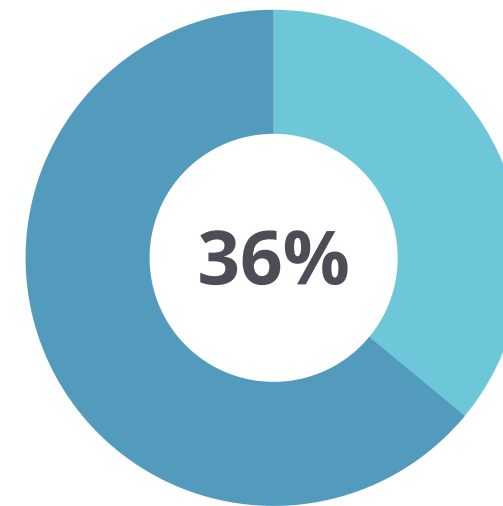
Worldwide sentiment is clear, if we aren't already in a recession, the majority of CEOs think one is coming. Of the 59% of global C-Suite business leaders who think a recession is coming, almost 30% think we are in it now and 67% of those think it will last up to a year or more.

Optimizing a Growing Budget in a Shrinking Economy

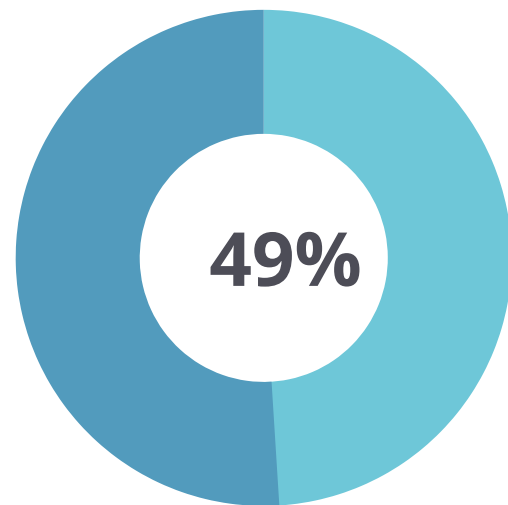
Many budgets may see decreases in funding, but with technology being viewed as a way to combat economic downturns, most IT departments will see their budgets *increase* and CIOs are taking steps to optimize 2023.



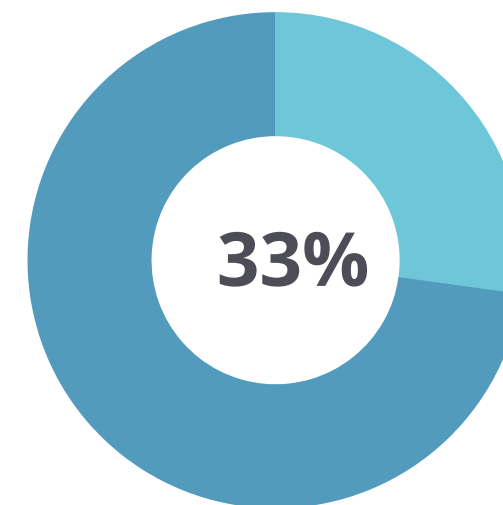
Have created specific scenarios relating to the macroeconomic environment driving the potential adjustment of budgets at some point in 2023



Are consolidating more LoB tech spend under the central IT budget



Are expected to reduce the 'run' part of the IT budget to fund new 'build' initiatives/projects in 2023



Have changed their planning cycles to revisit IT budgets to make adjustments throughout 2023 at least every month

The Great Technology 'Reprioritization' Begins

- 1 Re-Prioritize Technology Initiatives**

Review the project portfolio and reprioritize those with aggressive short-term paybacks; i.e., typically less than 12-month paybacks while delaying or canceling projects with longer-term paybacks
- 2 Reduce Operational Expenditures**

For example, reduce travel and expense spend or find ways to reduce as-a-Service (aaS) investments
- 3 Delayed Capital Expenditures**

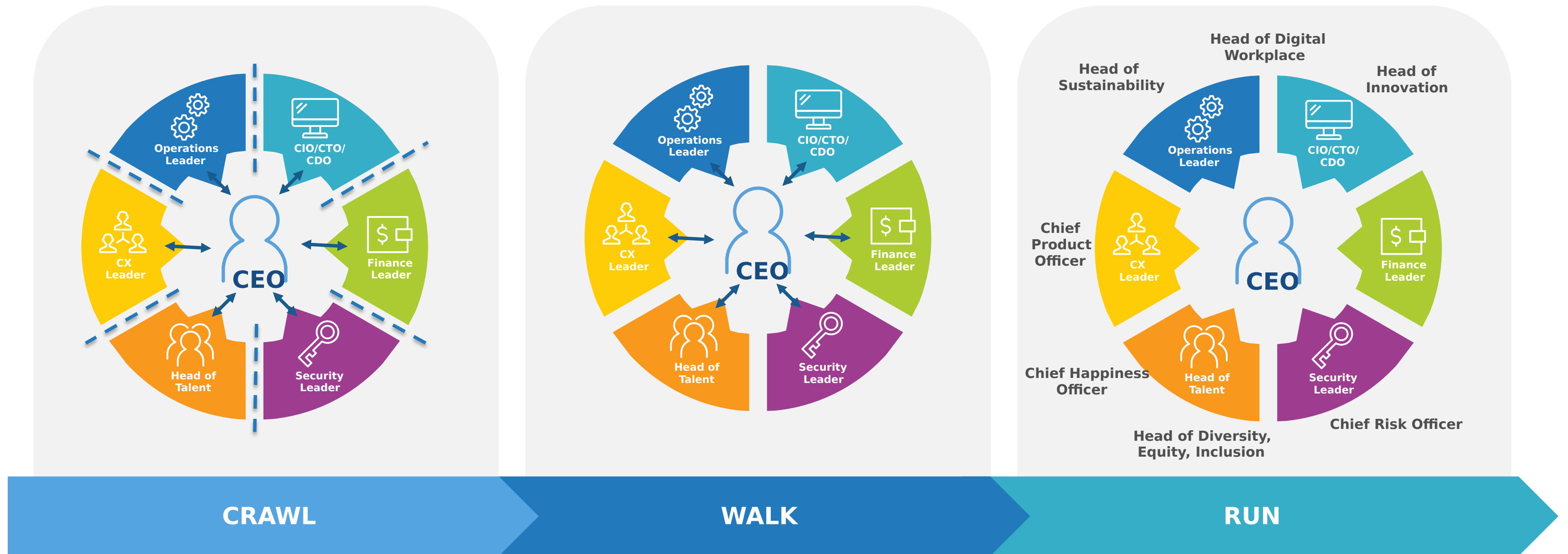
For example, extend the lifecycle for both devices such as PCs and phones; and infrastructure assets such as datacenter servers, storage, and networking equipment
- 4 Cut Labor Costs**

For example, trim staff or not fill open positions, reduce contract staff, and selectively outsource additional IT or business processes

By 2026, 40% of total revenue will be generated by digital products, services, and experiences for G2000 organizations. We are now entering the **Digital Business Era** with a focus on digital spend, becoming digital-first and running a viable and sustainable digital business.

Technology budgets in the digital business era are influenced and supported by the voices across the C-Suite, as they evolve into a **digital dream team**.

Building Your Digital Dream Team



A crawling digital dream team may be on the right track, but departments are still siloed, CEOs are disconnected from digital initiatives and the CIO owns digital decisions. As leaders evolve to a walking digital dream team, siloes come down and CIOs focus on supporting business units with technology with more integration between IT and LOB.

A running dream team is a collaborative partnership focused on driving revenue with the CEO leading digital initiatives and the CIO focusing on orchestrating the technologies across business units.

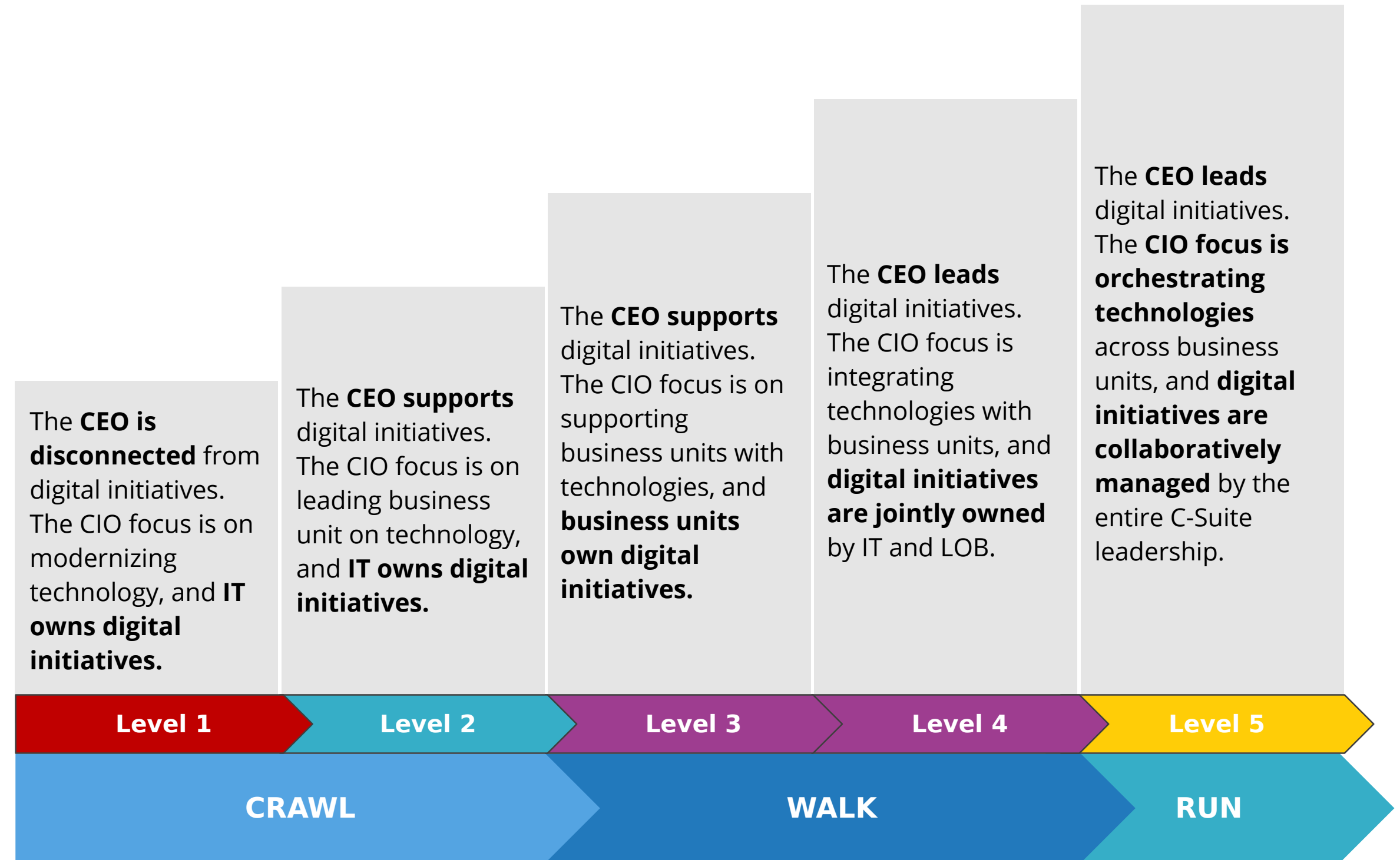
IDC Prediction

With the majority of technology budgets residing with LOB by 2027, 30% of the expertise in the C-Suite will shift from encouraging innovation to scaling innovation and operating digital businesses.

Assess Your Digital Readiness

As of now, less than 1/3 of technology executives say they own or influence 50% or more of the overall technology budget. The focus of technology investments is expanding beyond the purview of the CIO to include executives from across the C-Suite.

As the C-Suite evolves to run a digital business, the C-suite leaders that are now outside of the technology function indicated that they see more involvement with IT decisions – specifically regarding technology for their functional area.



Refocus Your Business Priorities

Improving customer experience is a constant focus across all revenue categories, spanning both business and technology priorities. According to IDC's [Worldwide C-Suite Survey 2022: Business and Technology Priorities, Nov 2022](#), customer-focused digital experiences is the number one priority for the C-suite, with 31% saying their focus over the next 12 months is to improve on those experiences.

Reducing costs is emphasized throughout the top business priorities when speaking with C-suite level business leaders. In the current recessionary environment, technology budgets must work to maximize the return on their investments and cut down any unnecessary spending.

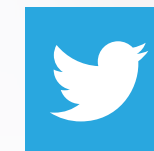
Skills both in the C-Suite and across the organization continue to be a hurdle for digital initiatives. The entire organization must be able to communicate effectively on technology to breakdown silos and drive initiatives at scale.



The C-Suite has a ways to go with their digital readiness, with only 10% of respondents achieving a level 5, or a "running digital dream team". However, it is evident that the C-Suite understands the business value of investing in digital initiatives to compete in today's economy. Some major hurdles to digital initiatives can be lack of knowledge in the C-suite or the inability to scale due to organizational silos. Regardless of these hurdles, the C-suite still feels that digital business initiatives will have the biggest role in meeting objectives such as increasing profits and revenue.

As we enter a time of economic uncertainty the C-suite must focus on becoming a digital dream team lead by a CEO in partnership with a CIO who focuses on orchestrating technologies across business units. Digital initiatives must be collaboratively managed by the entire C-Suite leadership.

The IDC webinar, [IDC Worldwide C-Suite Survey: Priorities, Economic Challenges, and the Evolution of the C-Suite](#), highlights results and analysis of our latest C-Suite Survey data including over 800 business executives from around the world.



Elevate Your Position in the Marketplace

Establish yourself as a thought leader who inspires and influences

industry conversation. Today's buyer is hyper-educated. As a tech provider, you need to rise to the challenge if you want to be recognized in your space and elevate brand awareness.

Thought leadership is one part of a robust content marketing strategy that builds trust in your brand and establishes credibility.

How IDC Can Help:



IDC analysts share data-driven insights on converging market trends and innovation accelerators specific to your market, then work with your team to build messaging.



Our team will support your campaign implementation by creating the right marketing content for you, whether it's a whitepaper, InfoBrief or lead generation tool.

Elevate your brand as a thought leader with compelling content unique to your brand.

- Drive leads and revenue**
- Elevate brand position**
- Build a foundation of trust and credibility**
- Increase media opportunities**

LEARN MORE

→ <http://bit.ly/3V5Pk3a>