9 of 10 respondents cite increased prices from vendors as a top challenge
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Pulse highlights

Here's a sample of key findings from this year's report based on a survey of 506 IT executives from around the world. Scroll to find out more about current trends in technology spend.

» TREND
IT waste estimates improve

Estimated wasted technology spend

- Wasted desktop software spend: 27%
- Wasted data center software spend: 23%
- Wasted SaaS spend: 21%
- Wasted IaaS/PaaS spend: 19%

N=431 Desktop, N=435 Data center, N=449 SaaS, N=425 IaaS/PaaS
Source: Flexera 2023 Tech Spend Pulse (Figure 12)
**TREND**
Investments in artificial intelligence surge

**Planned changes to use of external IT resources**

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase significantly/Increase somewhat</th>
<th>Reduce somewhat</th>
<th>Reduce significantly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artificial intelligence/Machine learning</td>
<td>68%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>66%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Big data/analytics</td>
<td>60%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Automation</td>
<td>59%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Cloud operations</td>
<td>53%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Cloud migration</td>
<td>54%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Maintaining legacy systems</td>
<td>20%</td>
<td>27%</td>
<td>10%</td>
</tr>
<tr>
<td>Cloud cost management</td>
<td>47%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Industry specific expertise</td>
<td>44%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Regulatory/Compliance</td>
<td>45%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>DevOps</td>
<td>43%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>34%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>19%</td>
<td>7%</td>
<td>3%</td>
</tr>
</tbody>
</table>

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 27)

See what else is changing in technology investments
TREND
Poor data quality hinders decisions

Challenges in IT decision making

Too many decisions/complexity of decisions: 29% Significant challenge, 52% Somewhat of a challenge
Decisions take too long to make: 29% Significant challenge, 52% Somewhat of a challenge
Implementing decisions is slow: 28% Significant challenge, 53% Somewhat of a challenge
Not enough good quality data: 24% Significant challenge, 56% Somewhat of a challenge
Difficult to get consensus: 21% Significant challenge, 56% Somewhat of a challenge
Getting business unit buy-in: 21% Significant challenge, 55% Somewhat of a challenge
Getting executive buy-in: 18% Significant challenge, 53% Somewhat of a challenge

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 22)
flexera
Trend
IT vendor pricing increases

Top spend optimization challenges

- Increased prices from vendors: 57% (Somewhat of a challenge), 34% (Very much of a challenge)
- Ensuring spend efficiency (avoiding waste): 58% (Somewhat of a challenge), 29% (Very much of a challenge)
- Too many manual processes: 50% (Somewhat of a challenge), 37% (Very much of a challenge)
- Difficulty in getting the data we need to optimize spend: 58% (Somewhat of a challenge), 23% (Very much of a challenge)
- Controlling growth in IT spend: 60% (Somewhat of a challenge), 21% (Very much of a challenge)

N=586
Source: Flexera 2023 Tech Spend Pulse (Figure 23)
How has your pace of digital transformation been impacted by economic uncertainty?

- Higher IT budgets at my organization: 73% (2023), 58% (2022)
- Increased willingness to move to cloud: 68% (2023), 71% (2022)
- Increased demand in my industry: 68% (2023), 62% (2022)
- Higher revenue/profits at my organization: 69% (2023), 57% (2022)
- Concerns about business continuity: 44% (2023), 59% (2022)
- Work from home: 39% (2023), 74% (2022)
- Lower revenue/profits at my organization: 26% (2023), 38% (2022)
- General economic downturn: 21% (2023), 31% (2022)
- Lower IT budgets at my organization: 18% (2023), 22% (2022)
- Decreased demand in my industry: 15% (2023), 20% (2022)
- Decreased willingness to move to cloud: 11% (2023), 16% (2022)

Source: Flexera 2023 Tech Spend Pulse (Figure 8)
This *Pulse* provides a high-level perspective on technology and spend issues that concern senior procurement and IT leaders as they develop strategies and make decisions that influence the trajectory of their businesses.

**The Flexera 2023 Tech Spend Pulse reveals:**

- Demographics
- Key initiatives for 2023
- IT spend benchmarks
- Digital transformation/shift to the cloud
- Challenges in spend optimization
- Consumption of IT vendors
- IT organizations’ adaptation to changing workforces
- European spotlight
- Looking forward

**Methodology**

506 technical professionals and executive leaders worldwide participated in the *Flexera 2023 Tech Spend Pulse* survey in the summer of 2023. Survey participants included professionals across industries and context areas. All numbers and percentages are rounded to nearest whole number.

**Reuse**

We encourage the reuse of data, charts and text published in this *Pulse* under the terms of this [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/). You are free to share and make commercial use of this work as long as you attribute the *Flexera 2023 Tech Spend Pulse* as stipulated in the terms of the license.
This year’s survey targets organizations with more than 2,000 employees, with nearly half (46%) exceeding 10,000 employees.

What size is your organization?

- **28%**
- **25%**
- **46%**

2,001-5,000

5,001-10,000

10,000+

Number of employees

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 1)

flexera
Similar to previous years, more than two-thirds of respondents were from the Americas, with the vast majority of those from the U.S.

European respondents comprised 29% of the total respondent pool, with the UK contributing 12%.

Where are you located?

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 2)

flexera
This year’s *Tech Spend Pulse* encompasses a diverse range of industry sectors, led by *financial services* (20%) and *healthcare* (11%). *Retail and eCommerce, tech: software* and *industrial products* each made up 9% of respondents. Industries with less than 4% representation in the survey are included in the “other” category.

**What’s your industry?**

- **Financial services**: 20%
- **Other**: 16%
- **Healthcare**: 11%
- **Retail and eCommerce**: 9%
- **Tech: software**: 9%
- **Industrial products**: 9%
- **Tech hosting/Cloud**: 7%
- **Consumer products and services**: 6%
- **Education**: 5%
- **Transportation and logistics**: 5%
- **Telecom**: 4%

*N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 3)

*flexera*
Most respondents (74%) work in the IT organization, but only 5% identify as IT finance. Departments with a representation of less than 4% are aggregated into the “other” category.

The vast majority of respondents work in IT
Almost two-thirds of respondents are C-level executives or vice presidents. An additional 22% are directors within their organization.
Cybersecurity (76%) and cloud/cloud migration (75%) are top of mind for respondents. Digital transformation (74%) followed closely behind.

Top 5 priorities for IT initiatives

- Cybersecurity: 76%
- Cloud/Cloud migration: 75%
- Digital transformation: 74%
- Customer experience: 58%
- Drive business value/Growth: 54%

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 6)

FLEXERA POV
While digital transformation is still a critical initiative, the use of open source software (OSS) and the explosion of artificial intelligence underscore the importance of security prioritization.
The largest year-over-year (YoY) changes were the increase of cloud/cloud migration (from 65% to 75%), business value/growth (from 47% to 54%), cost savings/optimization (from 39% to 53%) and modernize/reduce technical debt (from 27% to 40%).

Interestingly, there was no decline in any initiatives from 2022 to 2023, suggesting that IT is layering new initiatives onto already existing ones.

Top technology initiatives year over year

Cost savings as a top initiative increased by 14 percentage points YoY.

FLEXERA POV
While cloud initiatives have experienced a notable shift in priority, cybersecurity continues to dominate the agenda, underscoring the critical need for immediate action in safeguarding digital assets. This enduring focus on cybersecurity signals an industry-wide acknowledgment of its vital role in today’s digital landscape.
Amid the backdrop of economic uncertainty, which recently has seen tech layoffs in various sectors, the influence of remote work on digital transformation efforts dropped from 74% to 39% YoY as employees returned to offices. Meanwhile, IT budgets surged from 58% to 73% YoY, influenced by greater cloud adoption, which often requires significant initial investments.

Work from home plummeted from **74% to 39% YoY**
When asked about the level of IT spend, the percentage of respondents spending over $500 million USD annually increased from 14% to 19% YoY.

How much does your organization spend on IT?

Nearly one in five respondents spend half a billion dollars on IT.

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But regardless of an organization’s headcount, IT spending varies considerably. Over a third (34%) of enterprises with more than 10,000 employees spend upwards of $500 million annually.

IT spend by organization size

Number of employees

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 10)

tflexera
Overall, respondents’ organizations spend 12% of their revenue on IT, with enterprises in the Americas spending more than their European counterparts.

What percentage of your revenue is spent on IT?

- Europe: 10%
- Americas: 13%
- Overall: 12%

N=596
Source: Flexera 2023 Tech Spend Pulse (Figure 11)
Previous Flexera industry reports have shown estimated wasted spend around 30%. Respondents in this year’s *Tech Spend Pulse* indicated an improvement in wasted spend across desktop software, data center software, SaaS and IaaS/PaaS, which likely stems from organizations implementing cost optimization measures.

However, these figures are respondent estimates, not precise values, possibly influenced by optimistic views as enterprises continue to refine cost-saving processes.
Enterprises with more than 10,000 employees nearly doubled the percentage of revenue spent on IT, from 6% to 11% YoY. Organizations with 5,001 to 10,000 employees also increased IT spend from 8% to 13% YoY.

The largest organizations nearly doubled their percentage of revenue spent on IT.
It’s no surprise that technology companies, seeking continued innovation, spend more of their revenue on IT. Product-related industries are more focused on the production of physical goods and therefore spend less.

### Percentage of revenue spent on IT by industry

- **Tech: software**: 19%
- **Tech: hosting/Cloud provider/Managed services**: 16%
- **Financial services**: 15%
- **Telecom**: 14%
- **Healthcare**: 13%
- **Transportation and logistics**: 11%
- **Retail and eCommerce**: 10%
- **Education**: 9%
- **Other**: 9%
- **Industrial products**: 8%
- **Consumer products and services**: 5%

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 14)

flexera
Respondents report spending 60% of their IT budget on software, which includes 37% spent on SaaS.

Of the 60% of software spend in overall IT budgets, **for the first time nearly two-thirds** is spent specifically on SaaS.
Across the board, more than half of respondents expect IT budgets to slightly increase. Expectations of significantly increasing IT budget dropped by more than half from last year (from 13% to 5% overall).

**Percentage of respondents expecting a change in their IT budgets**

<table>
<thead>
<tr>
<th>Region</th>
<th>Significantly decrease</th>
<th>Slightly decrease</th>
<th>Slightly increase</th>
<th>Significantly increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1%</td>
<td>17%</td>
<td>53%</td>
<td>6%</td>
</tr>
<tr>
<td>Americas</td>
<td>2%</td>
<td>15%</td>
<td>55%</td>
<td>5%</td>
</tr>
<tr>
<td>Overall</td>
<td>2%</td>
<td>16%</td>
<td>55%</td>
<td>5%</td>
</tr>
</tbody>
</table>

N=506: 359 Americas, 147 Europe
Source: Flexera 2023 Tech Spend Pulse (Figure 16)
flexera

**FLEXERA POV**
Leverage ITAM, SaaS cost management and FinOps tools to build a blueprint of your IT estate, ensuring you have complete visibility to keep costs down.
Industry analysts often estimate the cost of running the business to be as high as 70%, which aligns with respondents’ estimates of 67%.

Percentage of budget allocated to running the business vs. growth

Running the business: 67%
Growth/Innovation: 33%

N=595
Source: Flexera 2023 Tech Spend Pulse (Figure 17)
Decentralization of IT spend has remained flat over the past two *Tech Spend Pulses*, with 26% of spend controlled by business units (up from 25% YoY) and 74% by central IT (down from 75% YoY).

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 18)

flexera
As enterprises shift to the cloud, many are attempting to reduce the number of data centers they own and operate. Eight percent plan to eliminate data centers entirely, and 61% plan to reduce their data center footprint to some degree.

**Plans for number of data centers in the next 24 months**

- 8% Eliminate completely
- 27% Reduce significantly
- 26% Reduce somewhat
- 23% No change
- 14% Increase somewhat
- 3% Increase significantly

*N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 19)

**Nearly two-thirds of respondents are reducing their data center footprint**
Respondents expect a massive increase in *artificial intelligence (AI)/machine learning* over the next twelve months, with 32% expecting a significant increase and 44% expecting a slight increase. *Public cloud (IaaS/PaaS)* spend is expected to increase (69%) along with *SaaS* (77%).

*Data centers, servers* and *storage* systems are projected to see the most significant declines.

### Expected change in technology investments in the next 12 months

<table>
<thead>
<tr>
<th>Category</th>
<th>Significantly decrease</th>
<th>Slightly decrease</th>
<th>No change</th>
<th>Significantly increase</th>
<th>Slightly increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public cloud (IaaS/PaaS)</td>
<td>2%</td>
<td>7%</td>
<td>22%</td>
<td>52%</td>
<td>17%</td>
</tr>
<tr>
<td>Private cloud</td>
<td>3%</td>
<td>14%</td>
<td>30%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Software (traditional)</td>
<td>5%</td>
<td>30%</td>
<td>32%</td>
<td>26%</td>
<td>6%</td>
</tr>
<tr>
<td>SaaS</td>
<td>6%</td>
<td>16%</td>
<td>58%</td>
<td>26%</td>
<td>11%</td>
</tr>
<tr>
<td>Desktop/Laptops</td>
<td>1%</td>
<td>17%</td>
<td>31%</td>
<td>22%</td>
<td>4%</td>
</tr>
<tr>
<td>Devices</td>
<td>3%</td>
<td>10%</td>
<td>23%</td>
<td>27%</td>
<td>1%</td>
</tr>
<tr>
<td>Servers</td>
<td>3%</td>
<td>10%</td>
<td>24%</td>
<td>23%</td>
<td>4%</td>
</tr>
<tr>
<td>Storage</td>
<td>8%</td>
<td>19%</td>
<td>31%</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>Network</td>
<td>8%</td>
<td>19%</td>
<td>31%</td>
<td>23%</td>
<td>4%</td>
</tr>
<tr>
<td>Data centers</td>
<td>2%</td>
<td>13%</td>
<td>39%</td>
<td>36%</td>
<td>9%</td>
</tr>
<tr>
<td>Artificial intelligence/Machine learning (including generative AI)</td>
<td>1%</td>
<td>17%</td>
<td>44%</td>
<td>32%</td>
<td>4%</td>
</tr>
<tr>
<td>Containers</td>
<td>3%</td>
<td>22%</td>
<td>39%</td>
<td>38%</td>
<td>15%</td>
</tr>
<tr>
<td>Serverless</td>
<td>0%</td>
<td>5%</td>
<td>43%</td>
<td>35%</td>
<td>13%</td>
</tr>
<tr>
<td>IoT/Edge computing</td>
<td>1%</td>
<td>4%</td>
<td>36%</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>Automation</td>
<td>1%</td>
<td>4%</td>
<td>47%</td>
<td>20%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 20)*

In an uncertain economic climate, nearly one-third of respondents expect *significant increases in AI budgets*.
As IT spend shifts more toward SaaS, cloud and other non-on-premises resources, visibility into that spend becomes more challenging. New tools and processes are required to keep track of all IT assets in the organization—and how much the business is spending on those assets.

More than two-thirds struggle with cost visibility across SaaS, cloud and on-premises assets.
When questioned about their biggest IT decision-making challenges, respondents indicated *too many decisions/complexity of decisions* and *decisions taking too long to make* were the top challenges (81%). *Not enough good quality data* also continued to be a top challenge.

---

### Challenges in IT decision making

- **Too many decisions/complexity of decisions**: 29% significant, 52% somewhat of a challenge
- **Decisions take too long to make**: 29% significant, 52% somewhat of a challenge
- **Implementing decisions is slow**: 28% significant, 53% somewhat of a challenge
- **Not enough good quality data**: 24% significant, 56% somewhat of a challenge
- **Difficult to get consensus**: 21% significant, 56% somewhat of a challenge
- **Getting business unit buy-in**: 21% significant, 55% somewhat of a challenge
- **Getting executive buy-in**: 18% significant, 53% somewhat of a challenge

N=506  
Source: Flexera 2023 Tech Spend Pulse (Figure 22)  
flexera

---

80% view not having good quality data on IT spending as a top challenge

>>**FLEXERA POV**

Making sound business decisions requires comprehensive IT visibility and data you can trust. A lack of insight into your hybrid IT estate can complicate the decision-making process and delay strategic initiatives.
For the first time, more than 90% of respondents chose the same top challenge: *increased prices from vendors*. The number-two challenge—*ensuring spend efficiency*—increased from 81% to 87% YoY.

**Top spend optimization challenges**

- **Increased prices from vendors**: 57% (Somewhat of a challenge) and 34% (Very much of a challenge)
- **Ensuring spend efficiency (avoiding waste)**: 58% (Somewhat of a challenge) and 29% (Very much of a challenge)
- **Too many manual processes**: 50% (Somewhat of a challenge) and 37% (Very much of a challenge)
- **Difficulty in getting the data we need to optimize spend**: 58% (Somewhat of a challenge) and 23% (Very much of a challenge)
- **Controlling growth in IT spend**: 60% (Somewhat of a challenge) and 21% (Very much of a challenge)

N=506

Source: Flexera 2023 Tech Spend Pulse (Figure 23)

For the first time, *9 of 10 respondents* cite increased prices from vendors as a top challenge
This year’s survey questioned respondents about their current and future use of leading technology vendors across traditional on-premises software, SaaS and public cloud.

With products that touch virtually every part of the IT stack, Microsoft takes the top spot on this list year after year, and over half of respondents (54%) said the vendor is their largest by spend. AWS increased from 21% to 27% YoY, and SAP increased from 13% to 21% YoY.

More than half of respondents named Microsoft as their top vendor

Consumption of IT vendors

Major vendors sell a mix of on-premises, SaaS and cloud software. To reduce your costs, you need comprehensive visibility across your entire hybrid IT estate. You can’t make strategic, data-driven decisions about what you can’t see, and without insight into technology assets you’ll miss out on optimization opportunities.
The pendulum has swung back to *full-time in office* (30%) as the most common IT staffing structure, up from 26% last year. The largest YoY gain was *full-time with partial remote*, which increased from 16% to 27%. *Full-time remote* dropped significantly from 45% to 23% YoY.

**Breakdown of IT staff**

![Bar chart showing IT staffing distribution]

- **30%** Full-time in office
- **23%** Full-time remote
- **27%** Full-time with partial remote (1-4 days per week WFH)
- **4%** Part-time
- **7%** Independent contractor/Gig
- **6%** Outsourced

N=506
Source: Flexera 2023 Tech Spend Pulse (Figure 25)
flexera
When asked about changes to investments in IT staffing, respondents indicated that *upskilling* (76%) and *reskilling* (61%) of existing employees are top initiatives that will increase. The dependence and focus on *remote workers* dropped significantly from 72% to 39% YoY.

### Planned changes to investments in IT staffing

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Increase significantly</th>
<th>Increase somewhat</th>
<th>Reduce somewhat</th>
<th>Reduce significantly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upskilling (of existing employees)</td>
<td>2%</td>
<td>61%</td>
<td>15%</td>
<td>3%</td>
</tr>
<tr>
<td>Reskilling (of existing employees)</td>
<td>6%</td>
<td>51%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Remote workers</td>
<td>10%</td>
<td>29%</td>
<td>15%</td>
<td>3%</td>
</tr>
<tr>
<td>Independent contractors/Gig workers</td>
<td>5%</td>
<td>25%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Outsourcers</td>
<td>7%</td>
<td>25%</td>
<td>16%</td>
<td>6%</td>
</tr>
<tr>
<td>Increasing diversity</td>
<td>9%</td>
<td>39%</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>Offshoring</td>
<td>6%</td>
<td>32%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Aptitude/technical test for potential candidates</td>
<td>6%</td>
<td>32%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Partnering with educational institutions</td>
<td>3%</td>
<td>28%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Workers based in rural areas</td>
<td>2%</td>
<td>16%</td>
<td>8%</td>
<td>3%</td>
</tr>
</tbody>
</table>

N=506  
Source: Flexera 2023 Tech Spend Pulse (Figure 26)

Companies prioritize training their existing staff.
Similar to last year, enterprises are increasingly utilizing technologies that offer supplemental functionality but require specialized skillsets and training. *Artificial intelligence/machine learning* leads the pack, increasing from 59% to 68% YoY.

Notably, organizations are less dependent on external resources for some tasks as they gain experience and are able to bring these in-house, such as with *cloud operations* (down from 60% to 53% YoY) and *DevOps* (down from 48% to 43% YoY).

More than two-thirds plan to increase external artificial intelligence/machine learning resources.
This section highlights responses gathered from European respondents, which represent approximately 29% of the total respondent pool.

The distribution of the European respondents by organization size closely mirrors that of the global respondents. More than half (59%) of European respondents are from organizations with over 10,000 employees.

What size is your organization?

- 22% 2,001-5,000
- 19% 5,001-10,000
- 59% 10,000+

N=147
Source: Flexera 2023 Tech Spend Pulse (Figure 28)
Financial services, industrial products and retail and eCommerce are the three most represented industries for European respondents.

N=147
Source: Flexera 2023 Tech Spend Pulse (Figure 29)
Similar to global results, cybersecurity, cloud/cloud migration and digital transformation are the top European IT priorities.
European respondents spend 10% of revenue on IT, compared to 12% globally.

Percentage of revenue spent on IT for European respondents

- Europe: 10%
- Americas: 13%
- Overall: 12%

N=506: 359 Americas, 147 Europe
Source: Flexera 2023 Tech Spend Pulse (Figure 31)
European respondents are expecting very similar changes in IT budgets as their counterparts in the Americas. Overall, the percentage of European respondents reporting an increase in IT budgets dropped from 70% last year to 59% this year.

Percentage of European respondents expecting a change in their IT budgets

<table>
<thead>
<tr>
<th>Year</th>
<th>Increased</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>70%</td>
<td>13%</td>
</tr>
<tr>
<td>2023</td>
<td>59%</td>
<td>18%</td>
</tr>
</tbody>
</table>

N=506: 359 Americas, 147 Europe
Source: Flexera 2023 Tech Spend Pulse (Figure 32)
Organizations continue to decrease investment in legacy on-premises technologies while increasing spend in cloud and SaaS. In Europe, technology investments are expected to increase the most around SaaS (81%) followed by artificial intelligence/machine learning (77%). Additionally, emerging services continue to see the most significant gains among European respondents, as seen with artificial intelligence/machine learning and automation.

35% of European respondents expect to significantly increase investment in artificial intelligence/machine learning.
Similar to global results, there is a significant decrease in work from home among European respondents (80% to 37% YoY). Concerns about business continuity dropped significantly (63% to 40% YoY).

How economic uncertainty has impacted digital transformation for European respondents

- Higher IT budgets at my organization: 71%
- Increased willingness to move to cloud: 70%
- Increased demand in my industry: 64%
- Higher revenue/profits at my organization: 62%
- Concerns about business continuity: 40%
- Work from home: 37%
- Lower revenue/profits at my organization: 29%
- General economic downturn: 28%
- Lower IT budgets at my organization: 17%
- Decreased demand in my industry: 15%
- Decreased willingness to move to cloud: 7%

N=147
Source: Flexera 2023 Tech Spend Pulse (Figure 34)

Europeans are heading back to the office

➤ FLEXERA POV
European organizations are getting more comfortable with the cloud as they gain experience with the disaster recovery/business continuity options it provides.
European challenge rankings align closely with global results, with the largest discrepancy being visibility of all technology for on-premises, SaaS, cloud (50% Europe vs. 61% global). Reporting on spend by vendor and application saw an uptick in Europe, suggesting challenges in spend allocation as workloads share cloud environments and resources.

Despite having slightly better visibility over technology assets compared to the Americas, European respondents still struggle with comprehensive visibility of hybrid IT estates.

»FLEXERA POV
The percentage of European respondents experiencing challenges related to spend increased as organizations move more workloads to the cloud.
Similar to global results, *Microsoft* dominates as the top vendor in Europe (61% compared to 54% globally). *SAP, AWS, Google* and *Oracle* round out the top vendors in Europe, compared to AWS, Oracle, SAP and Salesforce globally.

**Top 3 technology vendors for European respondents**

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Largest vendor</th>
<th>Second largest</th>
<th>Third largest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft</td>
<td>61%</td>
<td>27%</td>
<td>9%</td>
</tr>
<tr>
<td>SAP</td>
<td>23%</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>AWS</td>
<td>24%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Google</td>
<td>17%</td>
<td>24%</td>
<td>4%</td>
</tr>
<tr>
<td>Oracle</td>
<td>10%</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>IBM (including RedHat)</td>
<td>8%</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Salesforce</td>
<td>0%</td>
<td>24%</td>
<td>17%</td>
</tr>
<tr>
<td>Broadcom (includes VMware)</td>
<td>3%</td>
<td>9%</td>
<td>23%</td>
</tr>
<tr>
<td>ServiceNow</td>
<td>4%</td>
<td>9%</td>
<td>18%</td>
</tr>
<tr>
<td>Adobe</td>
<td>0%</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

N=147
Source: Flexera 2023 Tech Spend Pulse (Figure 36)

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European respondents report fewer employees returning full-time to the office (25% vs. 30% globally) and fewer working entirely remotely (17% vs. 23% globally). However, they have a higher percentage working in a hybrid environment (36% vs. 27% globally), suggesting a more flexible workforce that balances both office and remote settings compared to their global counterparts.

Breakdown of European IT staff

- 25% Full-time in office
- 17% Full-time remote
- 36% Full-time, with partial remote (1-4 days per week WFH)
- 5% Part-time
- 9% Independent contractor/Gig
- 9% Outsourced

N=147
Source: Flexera 2023 Tech Spend Pulse (Figure 37)
What’s next for technology spend?

Digital transformation continues to evolve at an ever-increasing pace. Enterprises are adapting to continued inflationary pressures, shifting workplace dynamics, increased spend and the demand for innovation. Economic uncertainty is shifting priorities in digital transformation, with many IT professionals transitioning back to the office. At the same time, vendor prices continue to rise, leaving organizations struggling to optimize spend and cloud commitments, which often require significant initial investments.

While juggling these priorities, enterprises face numerous obstacles: wasteful IT expenditure is on the decline, but decision making is hampered by a lack of clear and trusted IT visibility. A comprehensive grasp of IT assets—including their connections, interdependencies, licensing nuances and optimization opportunities—is indispensable. Leading organizations utilize data to inform crucial decisions, with a focus on spend optimization while fully investing in the potential of artificial intelligence.

About Flexera

Flexera saves customers billions of dollars in wasted technology spend. A pioneer in Hybrid ITAM and FinOps, Flexera provides award-winning, data-oriented SaaS solutions for technology value optimization (TVO), enabling IT, finance, procurement and cloud teams to gain deep insights into cost optimization, compliance and risks for each business service. Flexera One solutions are built on a set of definitive customer, supplier and industry data, powered by Technopedia, that enables organizations to visualize their Enterprise Technology Blueprint™ in hybrid environments—from on-premises to SaaS to containers to cloud.

More than 50,000 customers subscribe to our technology value optimization solutions, delivered by 1,300+ passionate team members worldwide. To learn more, visit flexera.com

Next Steps

Find out how we can help you get a complete blueprint of your IT estate so you can make more impactful decisions.

Contact Us