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2025
IT Priorities Report

Today's critical IT initiatives
shaping tomorrow's IT landscape

Table of contents

Introduction

Today's critical IT initiatives are shaping tomorrow's IT landscape

Challenges facing today's IT leaders reflect a fast-paced, transformative landscape, with AI, cost optimization and security taking center stage. The *Flexera 2025 IT Priorities Report* sheds light on what's top of mind for IT decision makers from a variety of industries across the globe.

The report investigates the thinking of 800 IT leaders and the shifting priorities, challenges and opportunities facing organizations today. We explore the key trends driving IT strategy—from the growing prominence of AI and hybrid IT environments to the persistent focus on innovation and cost reduction. Our findings highlight not only the technological advancements reshaping enterprises but also the strategic decisions IT leaders must make to stay ahead of the curve.

Read on to discover the critical themes shaping IT leadership and the path forward for 2025 and beyond.

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Key findings

1

IT leaders have heavily invested in AI, but are they able to show returns?

It's no surprise that artificial intelligence (AI) has dominated the minds—and wallets—of IT leaders this year, and with greater expectations for next year. For the second year in a row, "integrating AI" is the frontrunner as a top priority. Forty-two percent of IT leaders say that solving the problem of integrating AI would make the biggest difference to their organization. In fact, over the next two to three years, 74% anticipate they will be using more AI than they are using this year. Although 85% of IT leaders report that they're completely prepared to leverage generative AI (GenAI), which is up from 82% last year, 90% say the skill sets of their employees need to evolve to best leverage the technology. IT leaders seem confident in their organization's AI future but seem to be realistic about the changes needed to make the most of it.

2

Technology spend is keeping IT leaders up at night

Despite a maniacal focus on cost cutting measures over the past several years (like Meta's declaration of the "year of efficiency" in 2023, for example), IT leaders are still concerned about every dollar. It's well understood that technology spend is one of largest cost centers for many organizations, and this year's findings show that average overspend is rising in areas such as SaaS applications (23%), infrastructure-as-a-service (IaaS)/platform-as-a-service (PaaS) and cloud services (22%). Drilling down further, 31% of IT leaders say the number one area of overspend is security tools. On the flip side, 15% of respondents also declared that they believe their spending is fine.

3

Although Microsoft remains a top vendor, Google and OpenAI are closing the gap

Although many of the Big Five tech companies have been investing in AI, Microsoft has been especially aggressive. Their partnerships, such as with OpenAI, and integrations across products like Copilot have helped to solidify their position at the forefront of the AI game. It's therefore no surprise that they've landed the number one spot as IT leaders' top technology vendor for four years in a row. What has shifted in this year's findings is the rise of Google to the number two spot (49%) and the new entry of OpenAI (37%), which is tied for number four with Oracle (37%). Could these shifts be a result of AI's far-reaching impacts in the enterprise, or just a larger reflection of the broad range of services and technologies these companies offer?

4

Only a small number of IT leaders prioritize FinOps, despite growing concerns of cloud spend

IT leaders are concerned about overspending on cloud—71% say that what they must spend on cloud costs weighs heavily on their budgets. But at the same time, 87% of IT decision makers haven't made managing cloud costs or applying FinOps practices a top priority in the past twelve months.

Twenty-eight percent of IT leaders believe they are overspending on cloud infrastructure (IaaS), and 26% indicate they are likely overspending on cloud services (PaaS) and on SaaS applications, respectively. As more AI projects demand cloud resources, IT leaders are likely to see further impacts on cloud costs, creating an opportunity for FinOps.

5

Innovation is still crucial to IT leaders and their organizations, but it's complicated

IT leaders (91%) claim innovation is a top strategic priority for their organizations, and even 93% say their organization has become more innovative over the past year. But more than half (54%) of respondents claim that innovation isn't always happening in the right areas. Furthermore, 42% of IT leaders believe that IT teams spend too much time reacting to problems to influence the innovation initiatives at their organization, and 34% say their organization is falling behind the innovation curve.

6

The top priorities for 2025 are similar from last year, but AI is grabbing leaders' attention even more than in prior years

The coming year will likely bring about many similarities from 2024, with one major exception. Integrating AI catapulted ahead as the top 2025 IT priority, according to 46% of IT leaders (an 11-point jump from 2024). The next two priorities for 2025—reducing IT costs (27%) and reducing security risks (25%)—have an almost 20-point differential from integrating AI, suggesting that this will drive IT leaders' agendas for the foreseeable future.
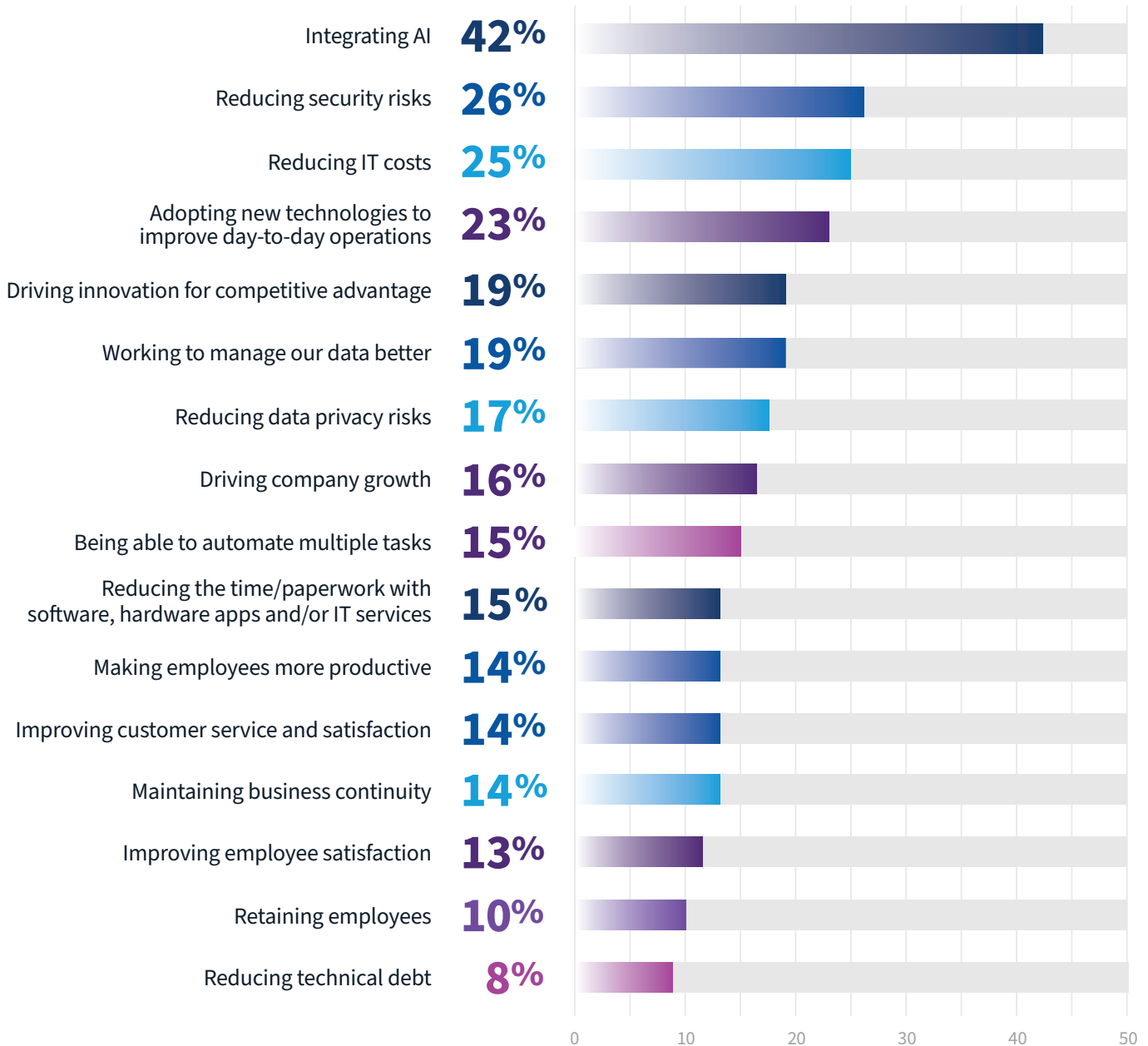
IT teams have heavily invested in AI, but are they able to show returns?

IT teams have heavily invested in AI, but are they able to show returns?

AI continues to hold the spotlight in IT leadership agendas, with an even greater focus heading into 2025. This shift is echoed in the data: 42% of IT leaders identify solving the challenge of AI integration as the single most impactful change they could make for their organization.

What are the top IT challenges that, if solved, would make the biggest difference to your organization?

Challenge	%
Integrating AI	42%
Reducing security risks	26%
Reducing IT costs	25%
Adopting new technologies to improve day-to-day operations	23%
Driving innovation for competitive advantage	19%
Working to manage our data better	19%
Reducing data privacy risks	17%
Driving company growth	16%
Being able to automate multiple tasks	15%
Reducing the time/paperwork with software, hardware apps and/or IT services	15%
Making employees more productive	14%
Improving customer service and satisfaction	14%
Maintaining business continuity	14%
Improving employee satisfaction	13%
Retaining employees	10%
Reducing technical debt	8%

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Source: Flexera 2025 IT Priorities Report

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Despite this intensity around AI, challenges remain. **While 85% of IT leaders report being fully prepared to leverage AI—a slight increase from last year's 82%—a notable 90% admit that their workforce's skill sets must evolve to fully harness these technologies.** It's clear that while organizations are ready to embrace AI, there's a pressing need for upskilling to unlock its full potential.

AI's dominance isn't just a trend

AI is cementing itself as a fundamental part of IT strategies, with IT leaders showing no sign of slowing down on their AI investments.

While IT leaders are confident in their readiness, they remain concerned about whether their teams are equally equipped. Organizations are shifting their focus to value creation and innovation through AI rather than cost-cutting measures.

Despite the evident excitement surrounding AI, there's an underlying tension between investment and return.

IT leaders are eager to prove that their AI initiatives are more than just experiments or tests. Moving forward, demonstrating concrete ROI from AI projects will be crucial. As organizations move beyond pilots and proofs of concept, the question becomes:

How do you measure success with AI when traditional metrics like cost reduction or revenue growth may not fully capture its impact?

Many leaders are turning to new benchmarks—such as brand visibility, customer satisfaction (NPS), pipeline generation and even analyst recognition—as indicators of AI's value.

90%

Believe the skill sets of most of their employees need to evolve to best leverage technologies such as generative AI

The challenge lies in ensuring that these innovations are delivering tangible benefits that justify continued investment. This continued momentum underscores the importance of not only deploying AI but doing so in a way that drives measurable outcomes.

As organizations gear up for an AI-driven future, it's clear that they're prepared for the technical aspects of integration. The bigger hurdle, however, is whether their employees have the skills necessary to capitalize on these advancements. In the coming years, this gap between technological capability and human expertise will likely define success for organizations embracing AI.
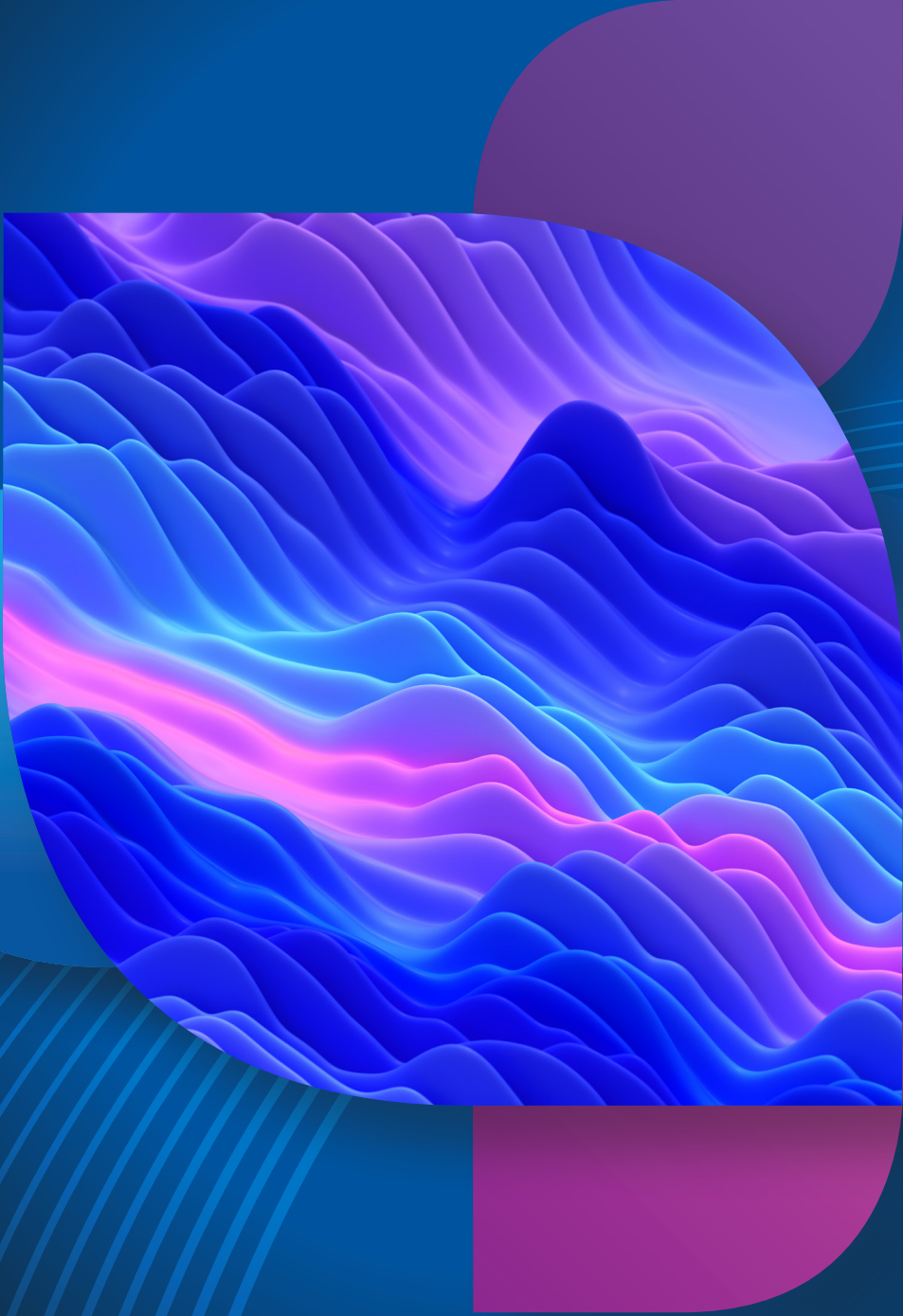
> **If 2024 was the year of experimentation, 2025 will be the year to double-down on what proved valuable in 2024.**

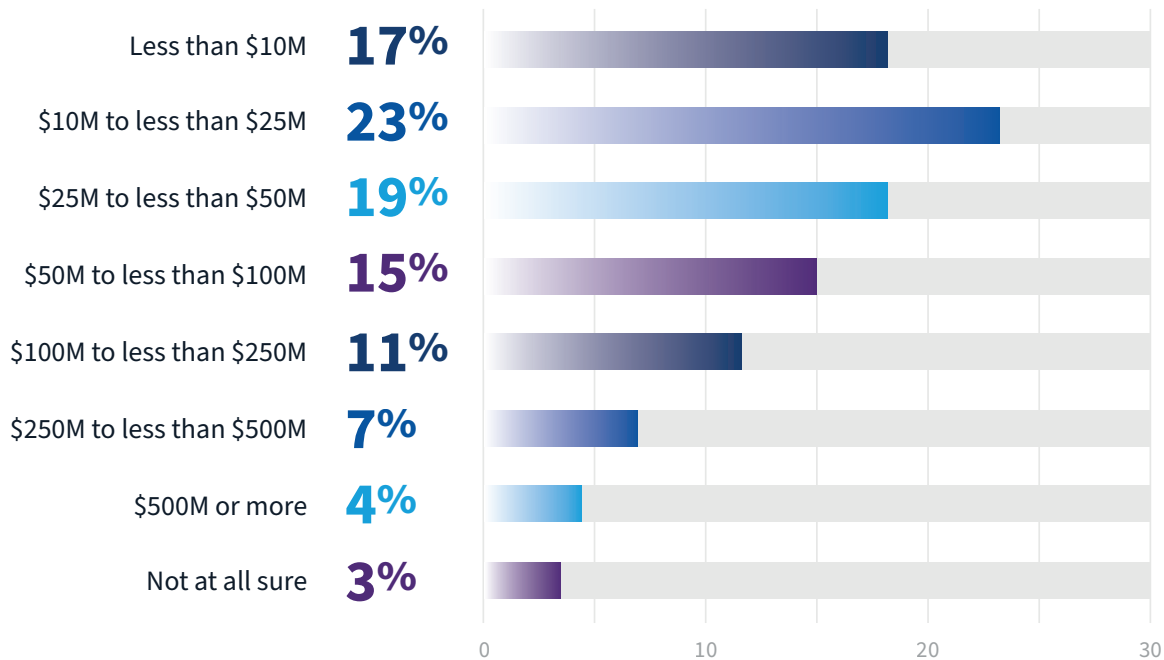# Overspend concerns creep up on IT leaders

Overspend concerns creep up on IT leaders

2023 was famously coined the "year of efficiency" by Meta's CEO Mark Zuckerberg. Meta quickly pivoted toward a ruthless review of its expenses and a focus on healthy financial performance and growth. A big change for an organization previously known for its motto to "move fast and break things."

It wasn't just Meta. Many have been through similar cost-cutting initiatives over the past few years, somewhat in reaction to challenging global economic market conditions.

When it comes to technology spending, market analysts predict it will hit $5.26 trillion in 2024, a 7.5% increase from 2023. It's one of the largest cost centers for many organizations, typically behind its investment in people. And according to the IT leaders we surveyed, almost a quarter (23%) are spending $10–$25 million on their IT budgets annually, with 19% spending $25–$50 million. Regarding the higher end of the scale, respondents indicate they're spending less: 19% reported a budget of $100–$250 million in last year's report, compared to only 11% this year.

Typically, how much does your organization spend on IT?

Category	Percent
Less than $10M	17%
$10M to less than $25M	23%
$25M to less than $50M	19%
$50M to less than $100M	15%
$100M to less than $250M	11%
$250M to less than $500M	7%
$500M or more	4%
Not at all sure	3%

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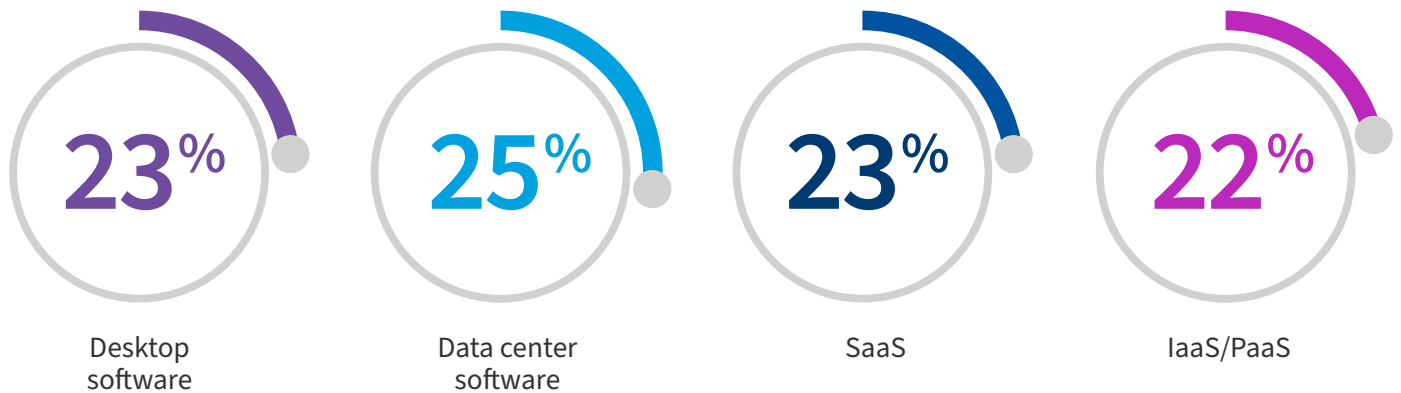Source: Flexera 2025 IT Priorities Report

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Further addressing areas of waste and overspend is a constant concern for IT leaders, **especially as many organizations are looking to reinvest savings into AI initiatives or enact larger cost-cutting efforts.**

One other item of note: 15% of IT leaders believe their spending is fine. This is a decrease from last year's findings, in which 20% of IT leaders said the same thing.

It appears that overspending continues to worry IT leaders—and it's likely that it will remain a concern for the foreseeable future until we hit a plateau in AI investment spending.

Looking at 2024, it appears that the estimated average overspend is between 22-25% and is increasing in areas like SaaS applications and cloud infrastructure/services.

Estimated average wasted technology spend

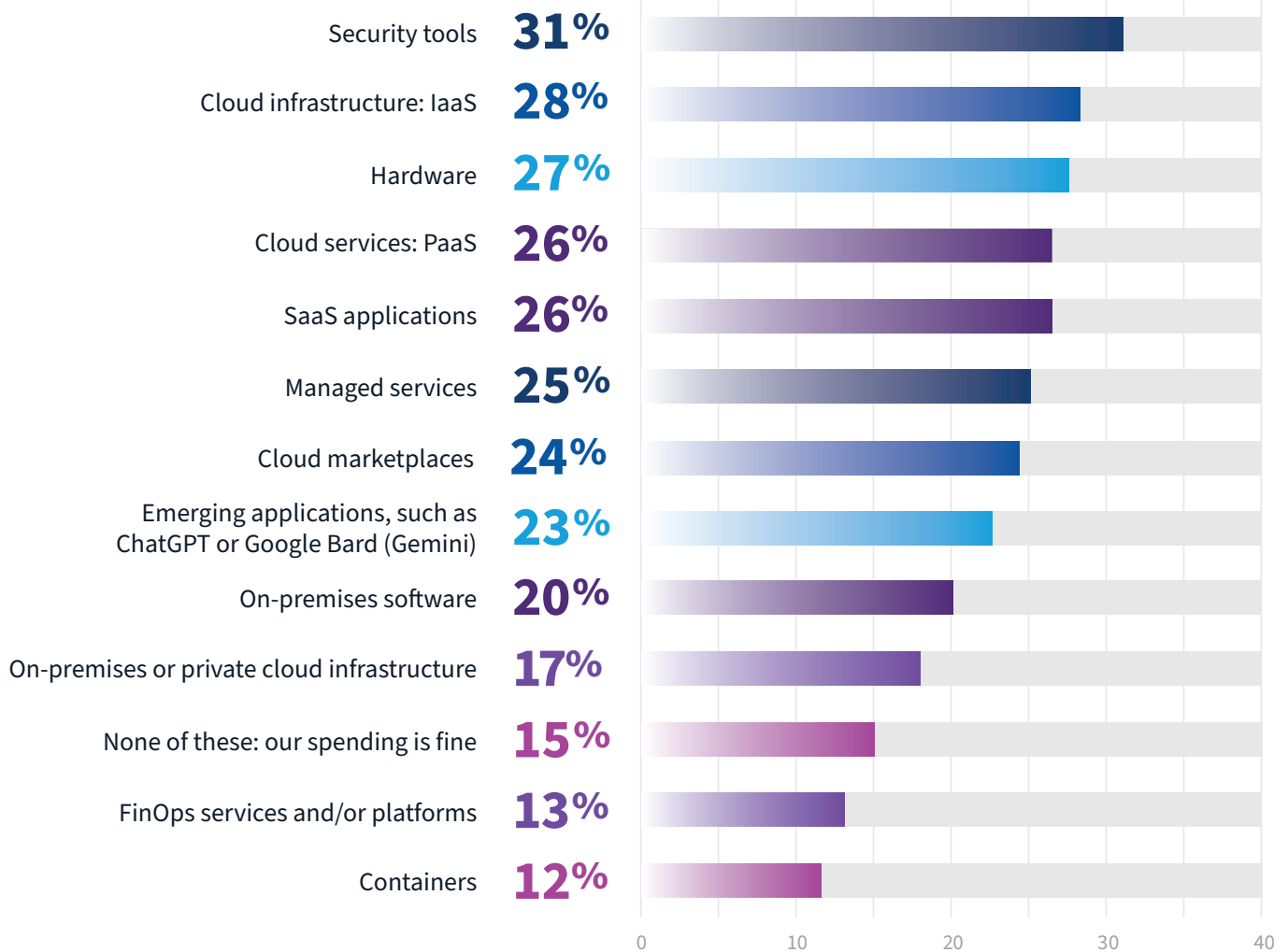|			
23%	**25%**	**23%**	**22%**
Desktop software	Data center software	SaaS	IaaS/PaaS

How much, if any, of the spend you make on each of these is underutilized and/or wasted? If you are not sure, please provide your best estimate.

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Source: Flexera 2025 IT Priorities Report

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Where do you think you are currently overspending on technology?

Category	%
Security tools	**31%**
Cloud infrastructure: IaaS	**28%**
Hardware	**27%**
Cloud services: PaaS	**26%**
SaaS applications	**26%**
Managed services	**25%**
Cloud marketplaces	**24%**
Emerging applications, such as ChatGPT or Google Bard (Gemini)	**23%**
On-premises software	**20%**
On-premises or private cloud infrastructure	**17%**
None of these: our spending is fine	**15%**
FinOps services and/or platforms	**13%**
Containers	**12%**

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Source: Flexera 2025 IT Priorities Report

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Security tools are at the front of the pack; IT leaders believe this is the number one area where they are overspending, with 31% ranking it at the top—a six-point increase from last year (25%).

The finding seems to suggest that the conversations around the inflation of security tools and difficulties in integrating separate tooling together are ongoing. According to a 2023 IDC survey, more than a quarter

(26%) of organizations have anywhere from 41 to 60 security tools in their environment, with 25% reporting 21 to 40 tools. It's likely IT leaders are further analyzing their investments against the protections (and business outcomes) that they're attempting to create—especially as new threats and risks loom.

What are your top spend optimization challenges?

Controlling growth in IT spend	**45%**
Ensuring spend efficiency and avoiding waste	**40%**
Increased prices from vendors	**39%**
Too many manual processes	**25%**
Difficulty in getting the data needed to optimize spend	**23%**
None of these, we have no spend optimization challenges	**7%**
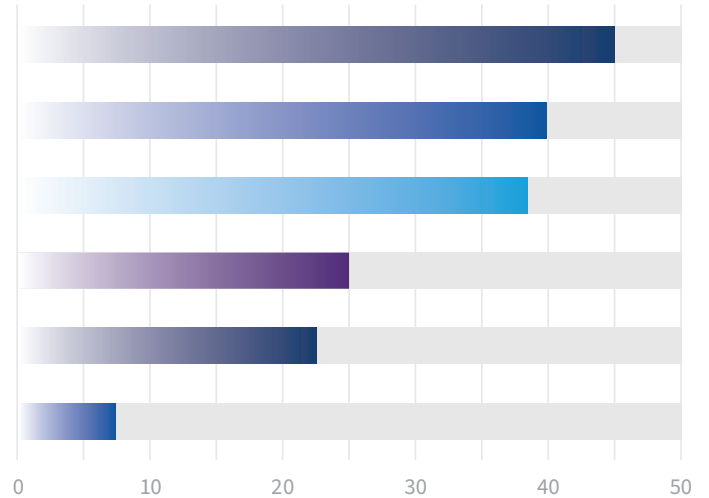
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Source: Flexera 2025 IT Priorities Report

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When it comes down to it, IT leaders don't feel confident in their understanding of how much is being purchased in critical technology arenas. Sixty-eight percent of IT leaders say business units are spending far more on cloud and SaaS than they're aware of. And when pressed on which areas were the top spend optimization challenges, 45% indicate that it was controlling growth in IT spend, 40% claim it's ensuring spend efficiency and avoiding waste, and 39% say it's vendor price hikes.

These findings suggest that IT leaders desire more thorough visibility across their entire technology investment, yet are continually juggling unknowns as they seek to determine the best course of action to correct overspending and better balance their piece of the budget.

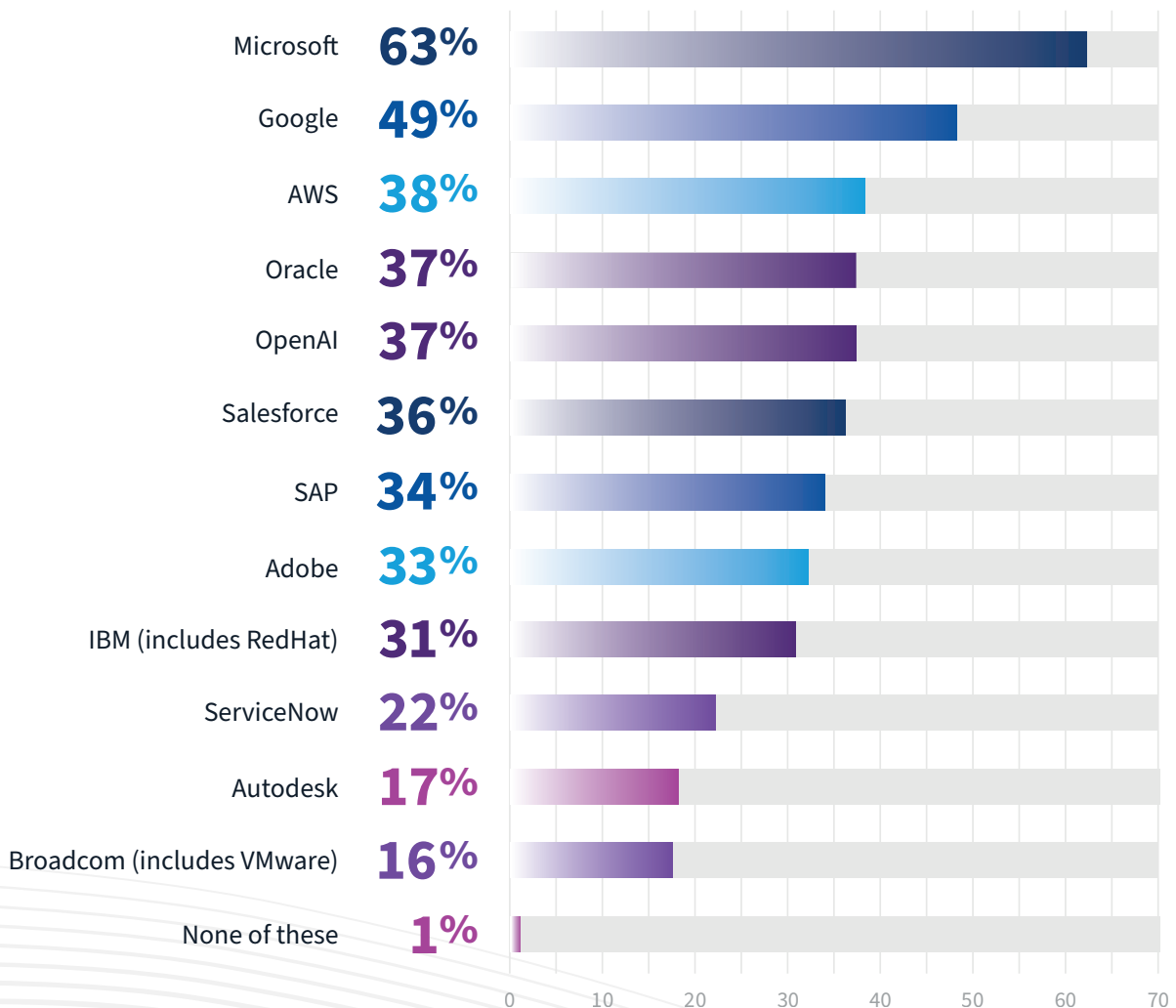# Tremors in top vendor landscape: Welcome to the show, OpenAI

Tremors in top vendor landscape:
Welcome to the show, OpenAI

Microsoft continues its reign as the top technology vendor for IT leaders, thanks to its aggressive investments in AI and strategic partnerships, such as the one with OpenAI. Leveraging AI across its product suite via tools like Copilot, Microsoft has solidified its leadership position within the organization.

More than three in five IT decision makers rank Microsoft as their most important vendor. However, this year brings a notable shift in the vendor landscape, with Google climbing to the number two spot (49%) and OpenAI making a rapid debut tied for number four.

Who are your top technology vendors that you currently or plan to spend the most with in 2025?

Vendor	%
Microsoft	63%
Google	49%
AWS	38%
Oracle	37%
OpenAI	37%
Salesforce	36%
SAP	34%
Adobe	33%
IBM (includes RedHat)	31%
ServiceNow	22%
Autodesk	17%
Broadcom (includes VMware)	16%
None of these	1%

N=800
Source: Flexera 2025 IT Priorities Report

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Although major tech players like Alphabet, Amazon, Apple and Meta have been investing heavily in AI, Microsoft's ability to rapidly integrate AI solutions into its products has set it apart. Its close collaboration with OpenAI not only enhances Microsoft's enterprise AI capabilities but also reflects a broader trend:

AI's influence is reshaping IT vendor priorities.

OpenAI's quick rise to prominence highlights how AI-centric organizations are disrupting the traditional vendor ecosystem. Known for its fast-paced, startup-like behavior, OpenAI's ability to work directly with enterprises, often embedding its employees to build tailored AI solutions, has catapulted it to a top four spot. This flexibility and focus on custom solutions give OpenAI a competitive edge in the AI consulting space. As OpenAI continues to gain market share, competitors are beginning to wonder: Will established vendors be forced to adjust their service models to compete with this boots-on-the-ground approach?

Interestingly, IT decision makers in the UK and the U.S. are more likely to cite Google and Oracle as top vendors than their counterparts in Australia and Germany. Additionally, those with more than 10 years of experience in IT tend to favor traditional vendors like Microsoft (67%) and Google (42%), while those with fewer than 10 years are more inclined to name newer players such as OpenAI (40%), Adobe (37%) and Autodesk (21%).
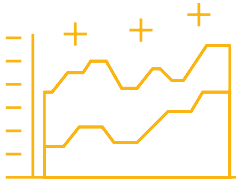
Geographic insights: Who are your top technology vendors that you currently or plan to spend the most with in 2025?

	Total	Australia	Germany	UK	U.S.
Microsoft	**63%**	60%	58%	63%	70%
Google	**49%**	41%	46%	58%	51%
AWS	**38%**	37%	29%	40%	46%
Oracle	**37%**	29%	31%	43%	44%
OpenAI	**37%**	35%	31%	47%	35%
Salesforce	**36%**	36%	22%	39%	46%
SAP	**34%**	31%	41%	33%	33%
Adobe	**33%**	32%	31%	41%	29%
IBM (includes Red Hat)	**31%**	24%	30%	36%	36%
ServiceNow	**22%**	22%	17%	24%	27%
Autodesk	**17%**	14%	15%	26%	13%
Broadcom (includes VMware)	**16%**	13%	14%	22%	16%
None of these	**1%**	0%	1%	1%	1%

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Source: Flexera 2025 IT Priorities Report

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Demographic differences

By company size:

Those in midsize companies are more likely than those in smaller and enterprise companies to say Oracle (44% vs. 34% and 33%, respectively) and Broadcom (22% vs. 14% and 12%, respectively) are top vendors.

Those in small and midsize companies are more likely than those in enterprise companies to say Autodesk is a top vendor (18% and 21% vs. 11%, respectively).

By time in role:

Those in IT for over 10 years are more likely than those in IT for 10 years and less to say Microsoft (67% vs. 59%, respectively) and Google (42% vs. 34%, respectively) are top vendors.

Those in IT for 10 years or less are more likely than those in IT for over 10 years to say OpenAI (40% vs. 32%, respectively), Adobe (37% vs. 28%, respectively) and Autodesk (21% vs. 12%, respectively) are top vendors.

By country:

IT decision makers in the UK are more likely than those in Australia, Germany and the U.S. to say OpenAI (47% vs. 35%, 31% and 35%, respectively) and Autodesk (26% vs. 14%, 15% and 13%, respectively) are top vendors.

IT decision makers in Australia, the UK and the U.S. are more likely than those in Germany to say Salesforce is a top vendor (36%, 39% and 46% vs. 22%, respectively).

Will vendors adapt?

As AI continues to redefine business strategies, the vendor landscape is shifting alongside it. While Microsoft maintains its lead, the rise of Google and the entrance of OpenAI signal a new era of competition. Over the next few years, the question will be whether other vendors can adapt to the rapid pace set by AI pioneers like OpenAI or risk being left behind.

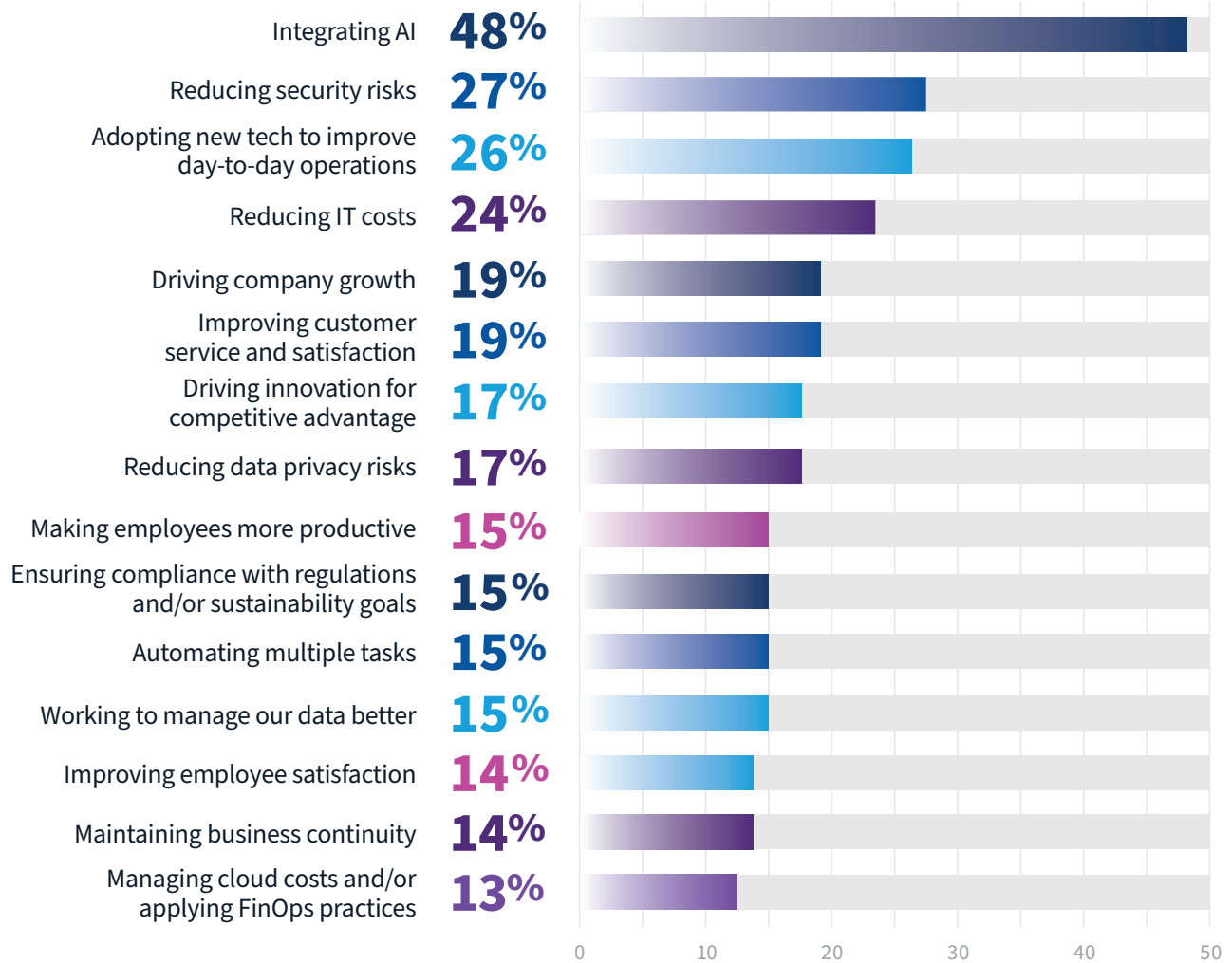# FinOps implementation is lagging despite cloud and AI overspend concerns
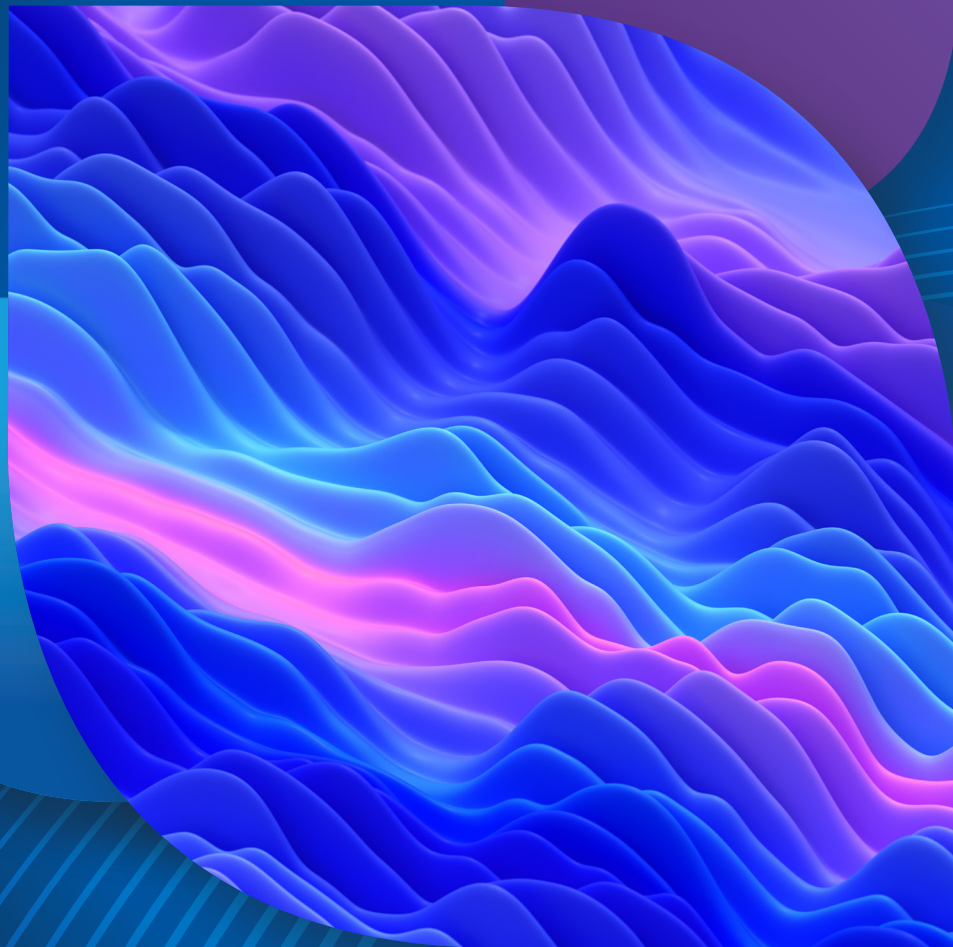
FinOps implementation is lagging despite cloud and AI overspend concerns

IT leaders have growing concerns about cloud spending, but few have made cloud cost management a priority. While larger organizations can support the staffing requirements and resources that surround implementing a robust FinOps practice, it's interesting to note that from this survey, 87% of IT leaders have not flagged cloud cost optimization or applying FinOps practices as a top priority in the past twelve months. Despite a lack of prioritizing FinOps in the past year, 71% of IT leaders report that cloud costs are a heavy burden on their IT budgets.

71%
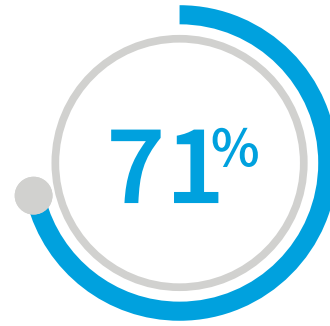
Believe that what they have to spend on cloud costs is weighing heavily on their IT budgets

Which of the following were your organization's top IT priorities over the past 12 months?

Priority	%
Integrating AI	48%
Reducing security risks	27%
Adopting new tech to improve day-to-day operations	26%
Reducing IT costs	24%
Driving company growth	19%
Improving customer service and satisfaction	19%
Driving innovation for competitive advantage	17%
Reducing data privacy risks	17%
Making employees more productive	15%
Ensuring compliance with regulations and/or sustainability goals	15%
Automating multiple tasks	15%
Working to manage our data better	15%
Improving employee satisfaction	14%
Maintaining business continuity	14%
Managing cloud costs and/or applying FinOps practices	13%

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Source: Flexera 2025 IT Priorities Report

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Over two-thirds of IT decision makers (68%) say business units are procuring far more cloud and SaaS than IT teams know about. And to throw another wrench into the works, the rapid expansion of AI projects—which demand significant cloud resources—is expected to compound these costs in the coming year.

How strongly do you agree or disagree with the following statements?

|	Agree (Net)	Disagree (Net)
IT must invest in tools and technology to extract value from their data and turn it into actionable intelligence	91%	9%
The data I receive is actionable and can clearly be applied to decisions	87%	13%
Business units are procuring far more cloud and SaaS than IT knows about	68%	32%
Emerging technologies no longer fit neatly into on-premises or cloud—we need new processes and teams to manage them	65%	35%
I am overwhelmed by data	47%	53%
I am disappointed in the quality of data I receive	36%	65%

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Source: Flexera 2025 IT Priorities Report

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In looking at how they spent money over the past year, three-quarters of IT professionals say their investment in emerging applications (74%) and security tools (74%) has increased, while seven in ten (69%) say their investment in cloud infrastructure (IaaS) has increased. Although cloud costs clearly weigh heavily on budgets, optimization wasn't prioritized nearly as much as other initiatives over the past year.

Key areas of increased investment by IT professionals

Category	%
Emerging applications, such as ChatGPT or Google Bard (Gemini)	74%
Security tools	74%
Cloud infrastructure: IaaS	69%
Cloud services: PaaS	66%
SaaS applications	64%
Cloud marketplaces	63%
Managed services	60%
Hardware	58%
On-premises or private cloud infrastructure	57%
On-premises software	52%
FinOps services and/or platforms	48%
Containers	47%

% saying "significantly /somewhat increased"
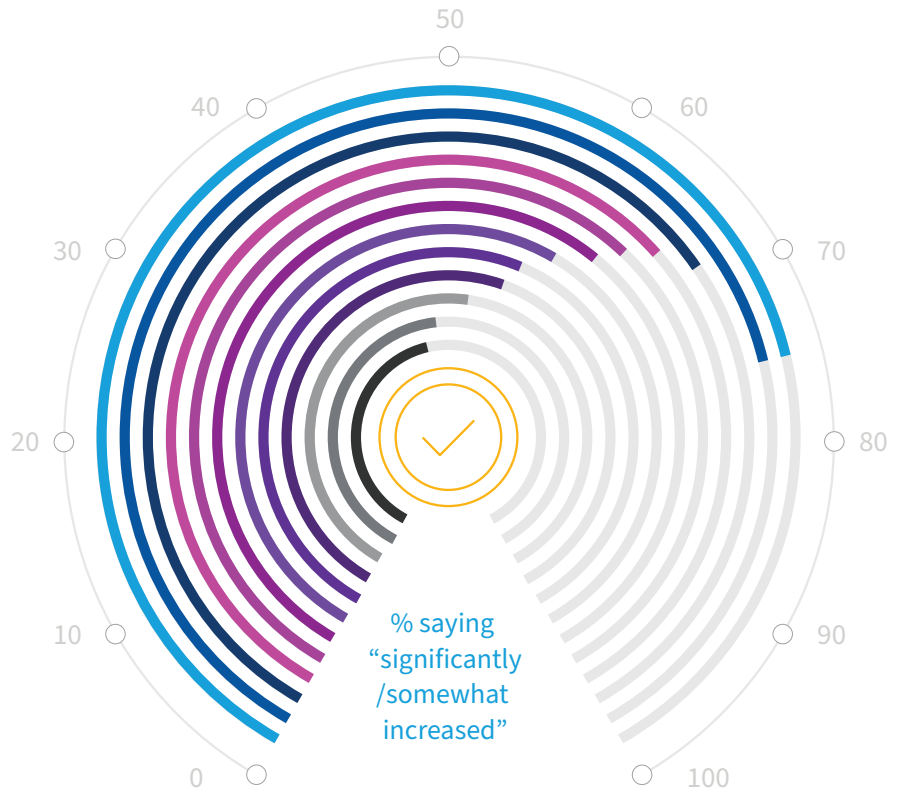
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Source: Flexera 2025 IT Priorities Report

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A vice-versa strategy: FinOps for AI and AI for FinOps

Emerging technologies no longer fit neatly into on-premises or the cloud and IT leaders need new processes and teams to manage them. AI is a brick on the gas pedal accelerating cloud spend, but many organizations are still in the experimental phase—pushing experimentation without fully understanding their return on investment.

As a result, some organizations are beginning to explore AI-driven FinOps practices to uncover patterns in massive datasets, predict anomalies and improve forecasting accuracy.

The parallels between the rise of AI and the early days of cloud are unmistakable. Cloud adoption happened quickly, with organizations shifting workloads to third-party data centers before realizing the need for better governance and cost control.

FinOps emerged as a vital discipline to manage these complexities and ensure organizations were getting value from their cloud spend—not just reducing the bill.

However, unlike cloud adoption, AI spending will likely be reined in much faster, with IT leaders applying lessons learned from their cloud experiences. With FinOps for AI, organizations can integrate governance earlier, leveraging frameworks that took a decade to develop for cloud.

IT leaders are now faced with a twofold challenge. On one hand, they must balance cloud spend as AI accelerates the demand for resources, but on the other hand they must understand how to optimize these investments through AI-enhanced FinOps practices.

In 2025, IT leaders will face the daunting challenge of not only reining in cloud costs but also maximizing the value of their AI investments, making it a critical year for FinOps to take center stage.

> **AI is the brick on the gas pedal accelerating cloud spend.**

Great innovation expectations: Presenting both an opportunity and burden

Great innovation expectations: Presenting both an opportunity and burden

We all know that technology powers today's modern business; almost every organization is a tech company, regardless of the industry they're in.

It's therefore not surprising that IT leaders are a critical enabler for an organization's strategic goals and agendas. Whether innovation originates from their teams, or they develop and implement the technology backbones to make it happen in other areas, they can make or break a company's agenda—and they have strong opinions on the subject.

A majority (93%) of IT leaders believe their organization has become more innovative over the past year. In fact, 91% of IT leaders state that innovation is a top strategic priority for their organization. While this finding remained the same as last year, it's a slight dip from 2021 and 2022 where the findings were 94%.

	Total 2021	Total 2022	Total 2023	Total 2024
Innovation is a top strategic priority for my organization	94%	94%	91%	91%
IT spends too much time reacting to problems so we cannot be innovative	71%	61%	48%	42%

Respondents who said they strongly or somewhat agree with the statement

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Source: Flexera 2025 IT Priorities Report

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As previously shown, 54% of respondents say they believe that innovation isn't always occurring in the right areas, and 34% are concerned their organization is falling behind the innovation curve.

It's not all doom and gloom though. Although 42% indicate that they believe IT teams spend too much time reacting to problems to influence innovation initiatives, this percentage has significantly decreased over the past four years—down from 71% in 2021. The intense focus on emerging technologies can leave some critical areas wanting: 90% of IT leaders would like to see more focus on helping streamline IT operations, and another 90% believe they need innovation to support new revenue tracks.

But considering respondents also reported an increased investment in emerging applications such as ChatGPT or Google Bard (now Gemini), it's reasonable to assume that innovation to streamline IT and develop new revenue tracks may come from the integration and application of AI, extending its impact and reach far into many organizations.
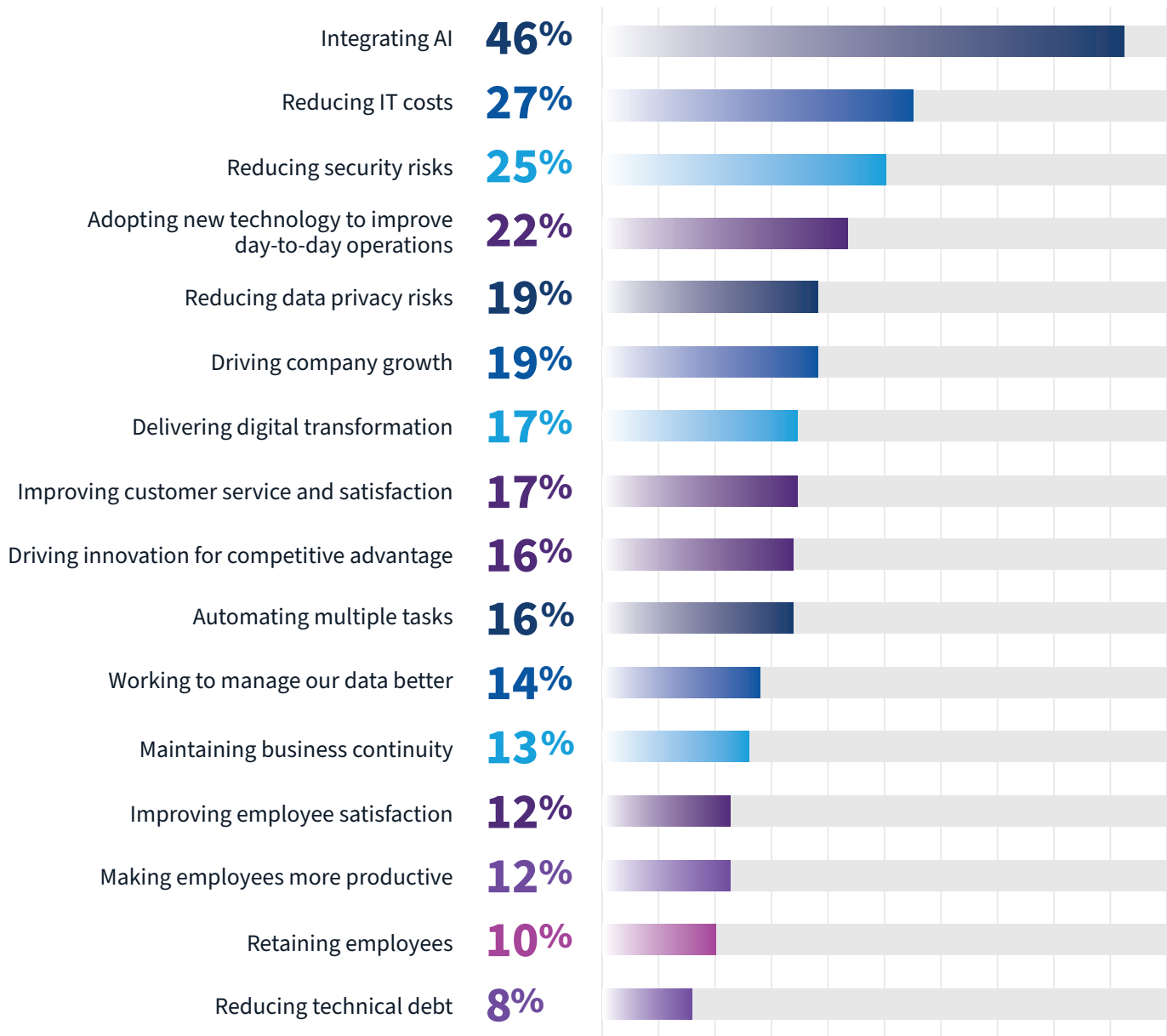
2025 IT priorities
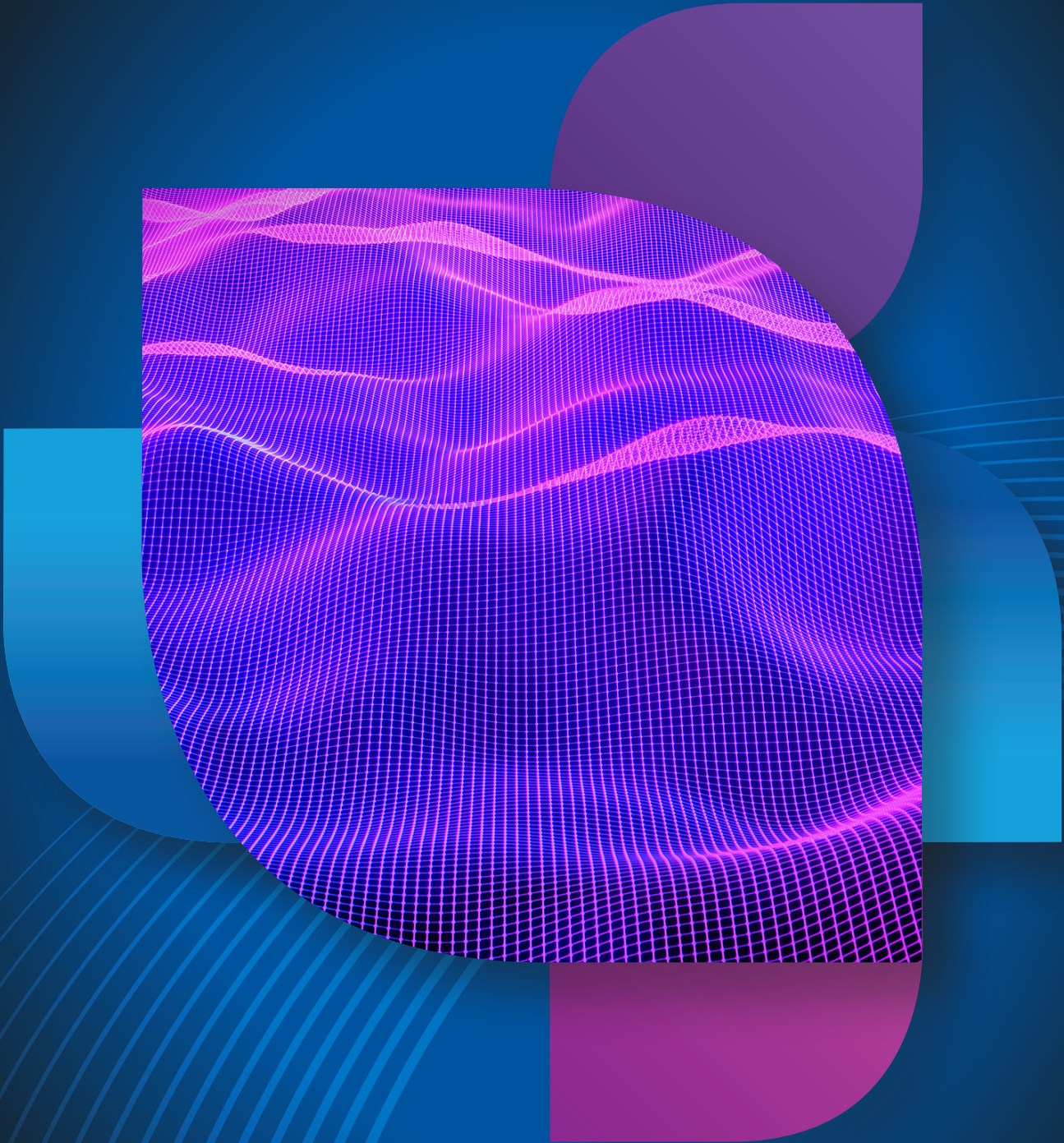
2025 IT priorities

Looking ahead at what will be top of mind for IT decision makers in 2025, many seem bullish about AI. Considering that it seems like every tech vendor is releasing an AI agent—and many organizations are investing heavily in it—it's safe to assume that AI is a key issue for almost every IT leader. In fact, findings in this year's report illustrate that the focus on AI has significantly deprioritized other initiatives that have been higher in the mix in previous years.

Now, looking ahead, which of the following will be your organization's top IT priorities over the next year?

Priority	%
Integrating AI	46%
Reducing IT costs	27%
Reducing security risks	25%
Adopting new technology to improve day-to-day operations	22%
Reducing data privacy risks	19%
Driving company growth	19%
Delivering digital transformation	17%
Improving customer service and satisfaction	17%
Driving innovation for competitive advantage	16%
Automating multiple tasks	16%
Working to manage our data better	14%
Maintaining business continuity	13%
Improving employee satisfaction	12%
Making employees more productive	12%
Retaining employees	10%
Reducing technical debt	8%

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Source: Flexera 2025 IT Priorities Report

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1   Integrating AI

In last year's report, we provided IT decision makers with two AI-related priority options: integrating AI and managing AI. At the time, the purpose was to see where IT leaders fell within their adoption cycle. What we didn't expect was that both prompts would make the top five list.

This year, we've merged these responses together, which may account for some of the jump in percentage. However, it doesn't change the fact that IT leaders ranked their top priority to be AI-related by a considerably large margin in comparison to the others offered. This seems to follow the market acceleration of AI, as well as the sense of urgency to unlock new returns that go well beyond productivity gains.

2   Reducing IT costs

Concerns over IT costs remain relatively constant over the past four years, ranking second in the list of top IT priorities. The last several years have thrown many curveballs at IT leaders and their organizations, largely stemming from volatile or uncertain market conditions. In our latest survey, 27% of respondents reported reducing IT costs as a priority for the next year, a one-point decrease from the past year.

The bigger question is: What will it take to help alleviate IT leaders' worries over costs?

3   Reducing security risks

Given the current threat landscape and what we've seen from previous reports, it's also no surprise that reducing security risks is a primary concern. The average cost of a data breach rose 10% this year to $4.88 million according to IBM, and many organizations are bolstering their security posture around cloud, an area that was forecast to see a 24% increase in spending in 2024. Although overall security spending is expected to continue to rise, questions remain surrounding the right balance of spending versus saving—especially considering the two-point difference between this priority and the desire to reduce IT costs.

Year breakdown: Looking ahead, which of the following will be your organization's top IT priorities over the next year?

	2022	2023	2024	2025
Adopting new technologies to improve day-to-day operations	30%	26%	20%	22%
Reducing IT costs	28%	33%	28%	27%
Improving customer service and satisfaction	28%	23%	16%	17%
Delivering digital transformation	27%	26%	20%	17%
Driving innovation for competitive advantage	24%	22%	14%	16%
Reducing security risks	23%	28%	28%	25%
Driving company growth	23%	25%	18%	19%
Making employees more productive	23%	20%	15%	12%
Improving employee satisfaction	22%	20%	11%	12%
Retaining employees	15%	17%	14%	10%
Reducing data privacy risks	20%	n/a	18%	19%
Maintaining business continuity	18%	n/a	11%	13%
Integrating AI	n/a	n/a	35%	46%
Working to manage our data better	n/a	n/a	16%	14%
Automating multiple tasks	n/a	n/a	n/a	16%
Reducing technical debt	n/a	n/a	n/a	8%

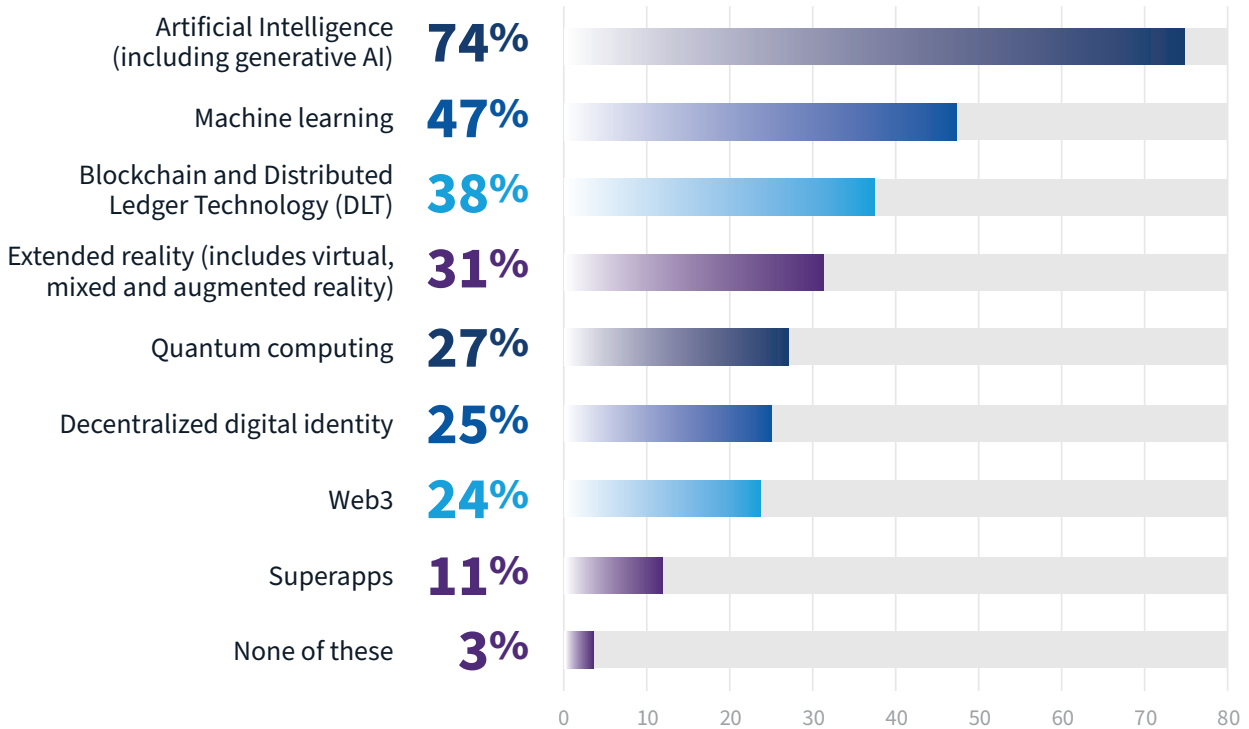*While each may be a priority, respondents were asked to rank their top three*

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A new entry to this year's list of options is reducing technical debt. With the focus on AI and reducing IT costs, it seemed like this subject might have fared better. Yet only 8% of IT leaders thought it was a top priority, placing it dead last on the list for 2025. Ultimately, reducing technical debt isn't always a board-level initiative or critical enough to warrant a higher placement among the list, but we'll continue to monitor this further as AI transforms the modern technology landscape.

Seventy-four percent of IT leaders believe their organization will be using even more AI in the next two to three years, and 47% indicate that they'd use more machine learning. Despite many of these technologies being deemed "emerging," the confidence around future spending in AI is high in comparison to other technologies that have yet to be fully proven ready for prime time.

Over the next two to three years, which of the following technologies and services do you believe your organization will be using more of compared to this year?

Technology	Percentage
Artificial Intelligence (including generative AI)	74%
Machine learning	47%
Blockchain and Distributed Ledger Technology (DLT)	38%
Extended reality (includes virtual, mixed and augmented reality)	31%
Quantum computing	27%
Decentralized digital identity	25%
Web3	24%
Superapps	11%
None of these	3%

N=800
Source: Flexera 2025 IT Priorities Report

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Conclusion

2025: IT leadership and the impact of innovation

The evolving role of IT leadership has never been more dynamic, challenging or impactful. The demands placed on IT leaders continue to grow as they must balance accelerating innovation, tightening budgets, enhancing security and managing the complexities of an increasingly hybrid IT landscape.

This year's findings make it clear: **AI is redefining IT priorities**. Whether integrating AI into existing infrastructures or unlocking new revenue streams, this technology has placed itself as the driving force behind the future of IT. Yet, alongside this AI-fueled transformation, cost management remains essential. Even as organizations embrace cutting-edge technology, the need for cost efficiency has not diminished. IT leaders are tasked with finding creative ways to innovate while still keeping costs under control. **If 2024 was the year of AI experimentation, 2025 will be the year to show a return on those AI investments**.

Emerging technologies simply no longer fit neatly into traditional on-premises or cloud categories, requiring new strategies, processes and even teams to manage this increasingly complex ecosystem. IT leaders' decisions around technology adoption, resource management and innovation priorities will determine not only the success of their organizations but also their ability to remain competitive in an ever-changing market.

This balancing act between innovation and cost reduction will continue to define the success of many IT strategies going forward. Those who can leverage emerging technologies while maintaining operational stability will be the ones to unlock new value and drive the next wave of business innovation.

With the right blend of innovation, cost control and security measures, IT leaders can turn these challenges into competitive advantages—setting the stage for a transformative era.
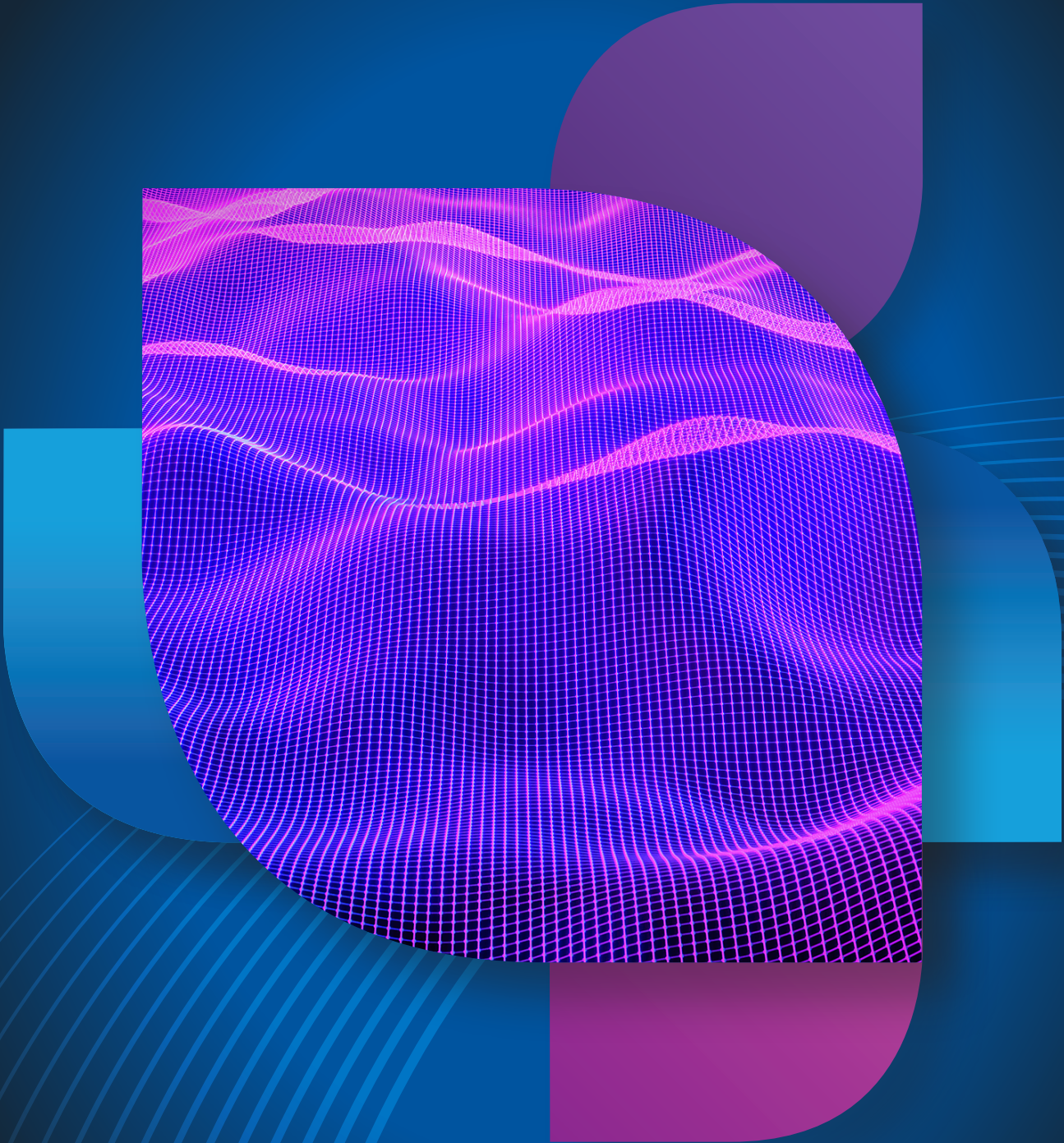
> **This balancing act between innovation and cost reduction will continue to define the success of many IT strategies going forward.**

Appendix

Methodology

Methodology

Flexera commissioned Regina Corso Consulting to conduct a survey of IT decision makers in the U.S., UK, Germany and Australia to understand how they feel about their current challenges and upcoming priorities. This survey was conducted among 800 IT leaders from companies with at least 100 employees between September 11 and September 23, 2024.

Notes for reading charts and tables: Percentages may not add up to 100% due to rounding or because the question allowed multiple responses. Also, an "*" indicates the response was less than 0.5%. Unless otherwise indicated, the base for all charts is the total of the 800 IT decision makers surveyed. For the company size breaks, smaller companies are those with 100-499 employees, midsize companies are those with 500-999 employees and enterprise companies are those with 1,000 or more employees.

Where possible, trends from the previous surveys are noted. In 2020, 2022, 2023 and 2024 we surveyed leaders from four countries (U.S., UK, Australia and Germany), but in 2021 we surveyed individuals from five countries, with the inclusion of India.
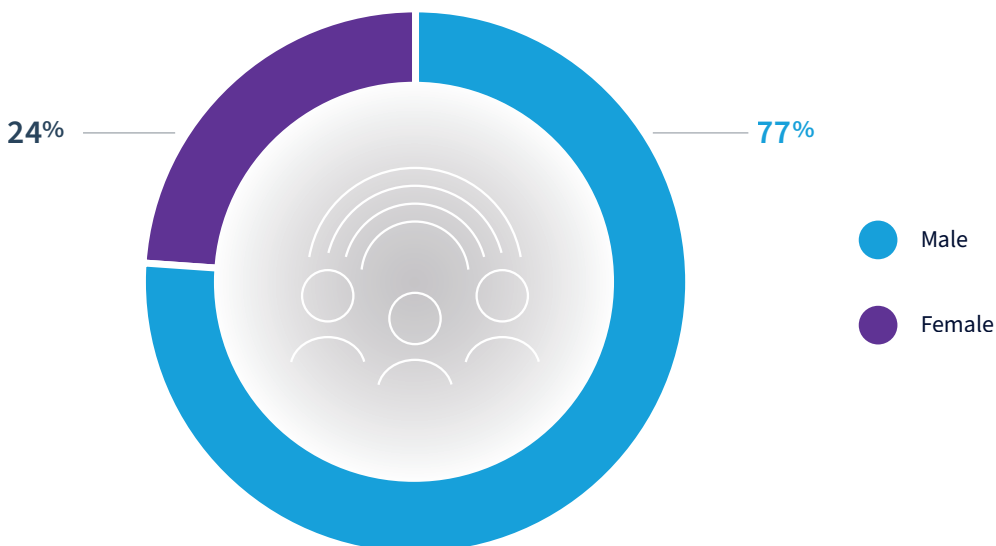
Age

16%
55%
29%

- Age 18-39
- Age 40-49
- Age 50+
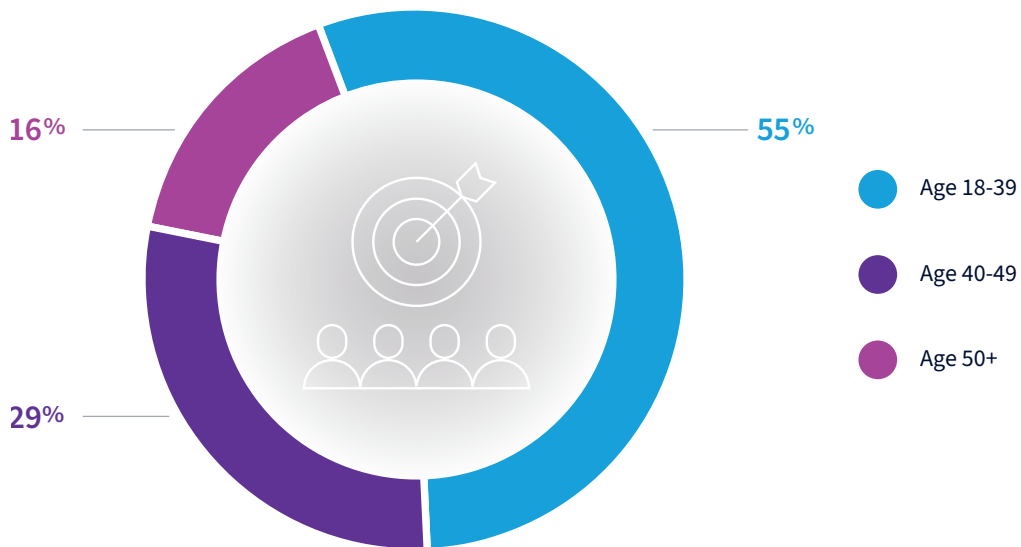
N=800
Source: Flexera 2025 IT Priorities Report

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Gender

24%
77%

- Male
- Female

N=800
Source: Flexera 2025 IT Priorities Report

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Company size

8%
33%
8%
19%
33%

- 100-499
- 500-999
- 1,000-4,999
- 5,000-9,999
- 10,000 or more
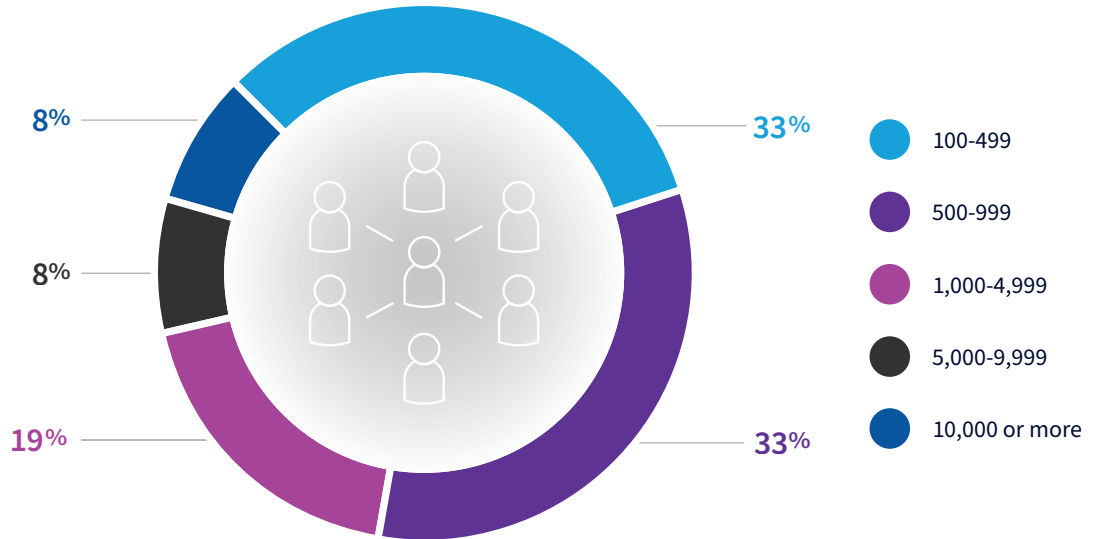
N=800
Source: Flexera 2025 IT Priorities Report

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Role in purchasing decisions
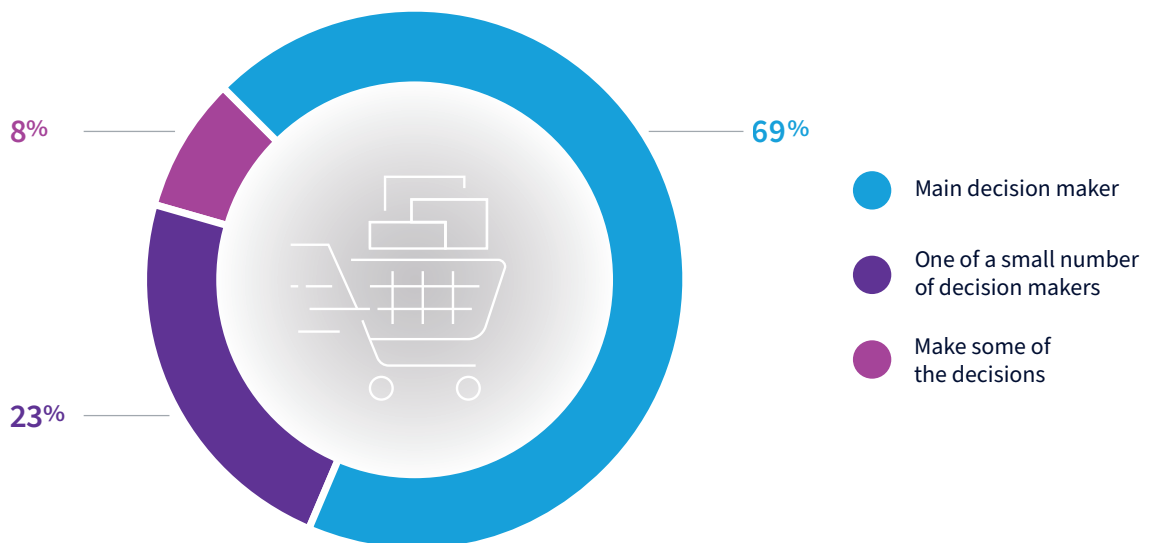
8%
69%
23%

- Main decision maker
- One of a small number of decision makers
- Make some of the decisions

N=800
Source: Flexera 2025 IT Priorities Report

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Time in IT

- 5 years or less — 17%
- 6–10 years — 38%
- 11–20 years — 30%
- Over 20 years — 15%
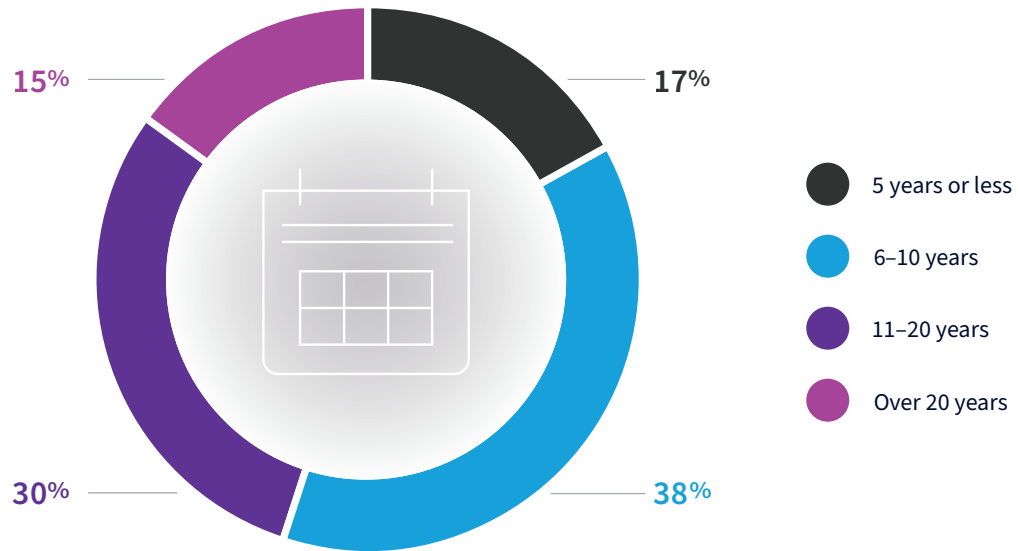
N=800
Source: Flexera 2025 IT Priorities Report

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Industry

Industry	%
Computer hardware/Software	40%
Manufacturing	13%
Professional services/Agencies	8%
Telecommunications/Communications	8%
Financial services	8%
Retail	6%
Healthcare	4%
Nonprofit	1%
Travel and/or Hospitality	1%
Media and/or Entertainment	1%
Consumer packaged goods (CPG)	1%
Other industry	9%
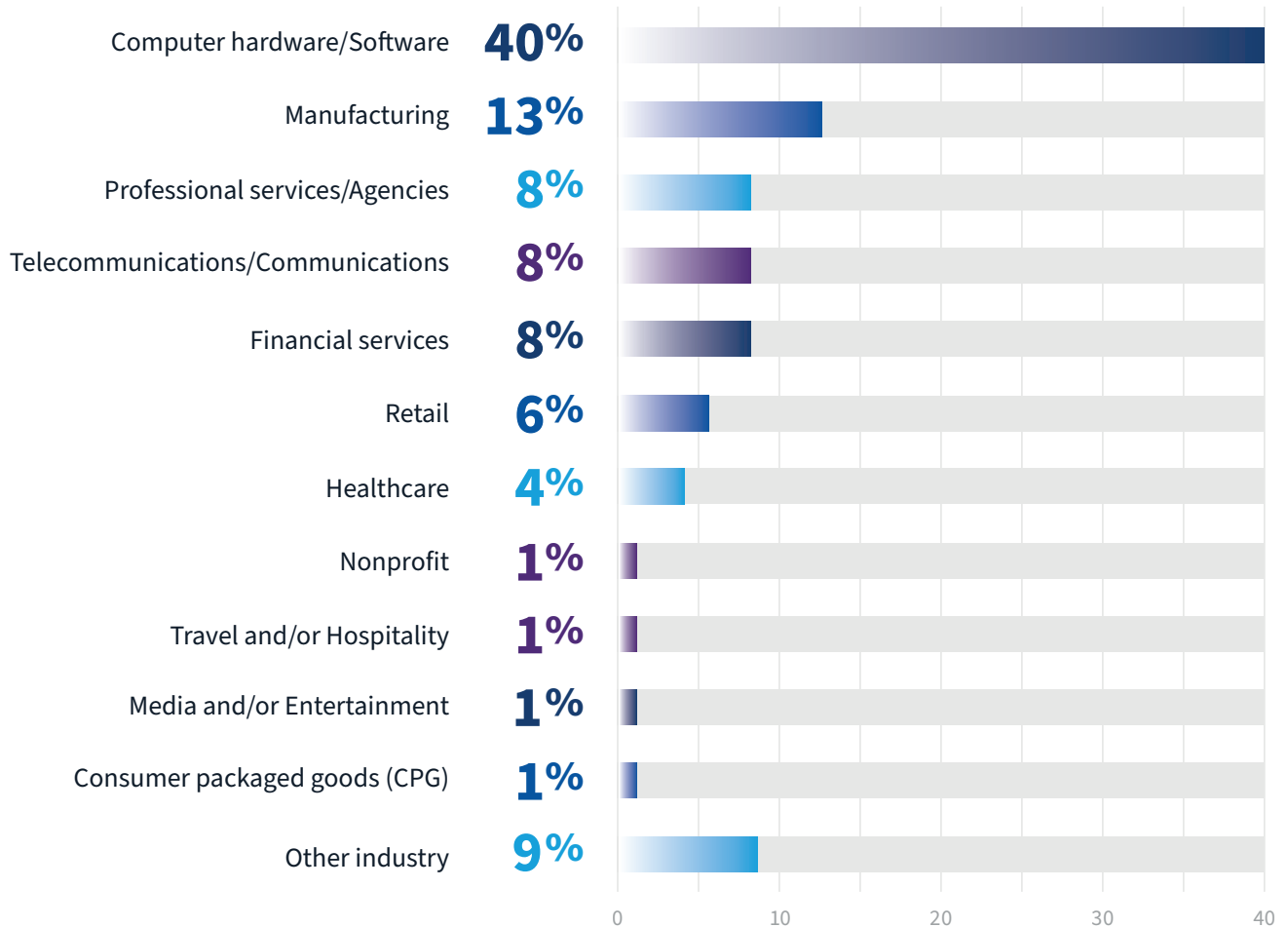
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Source: Flexera 2025 IT Priorities Report
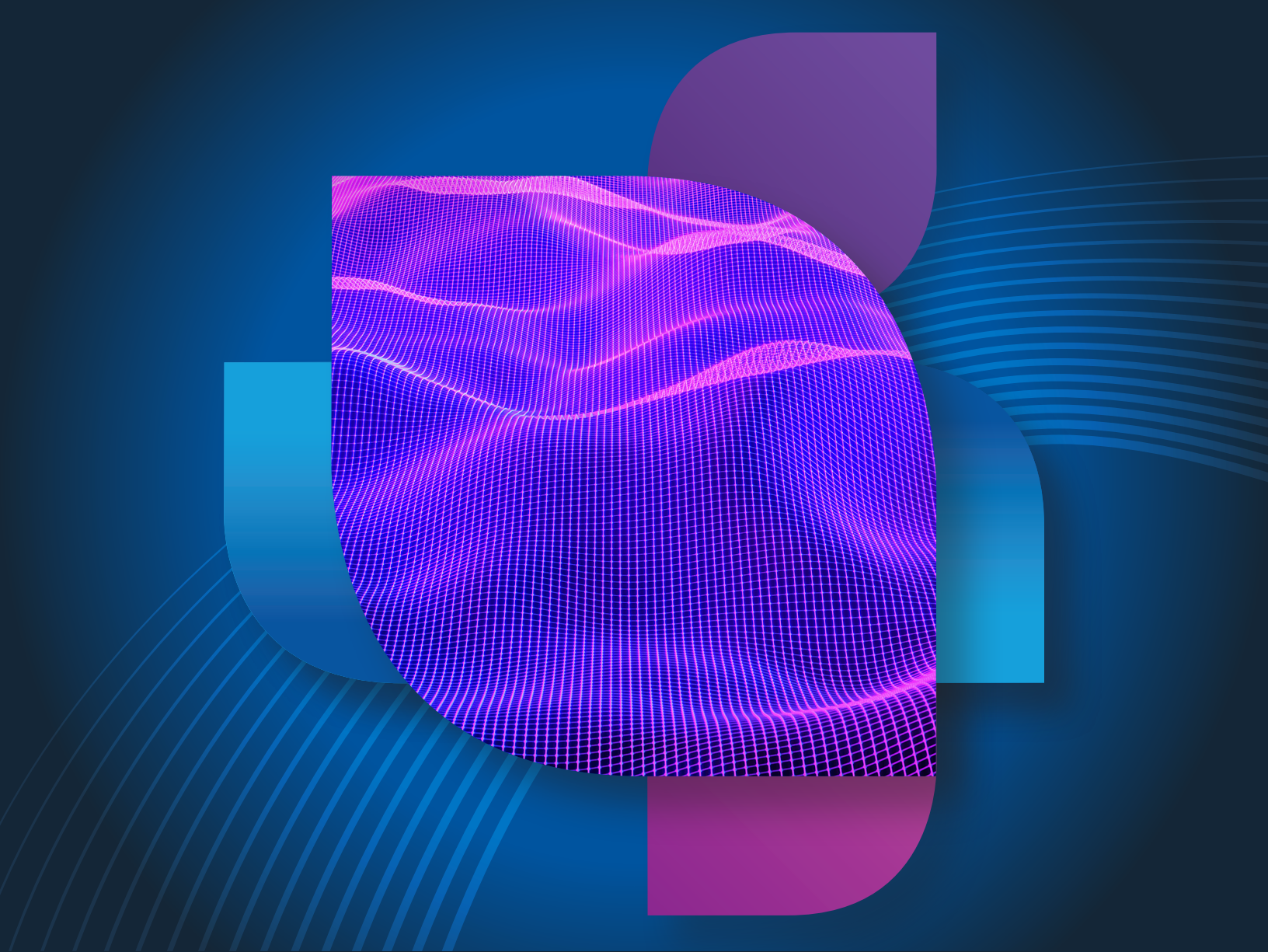
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