

Navigating economic uncertainty in 2024: IT leader perspectives

What impact did economic uncertainty have on IT organizations in 2023, and how do CIOs and IT leaders plan to navigate economic challenges in 2024?



2023 global economic factors led many to increase scrutiny on IT spending, reduce budgets or freeze budgets



Leaders are concerned about negative impacts in 2024, with inflation being the most cited risk factor above recession and global instability



Most are confident they will have sufficient investments in IT infrastructure and technology, but less confident about talent

Data collection: Nov 20, 2023 - Feb 8, 2024

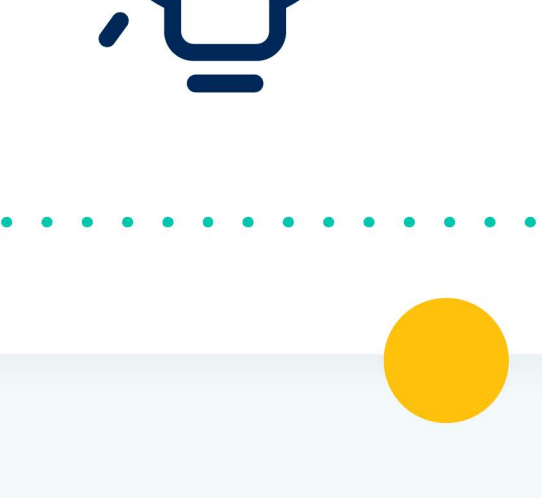
Respondents: 188 IT leaders [Director, VP, C-Suite]

About Gartner Peer Community One-Minute Insights:

Gartner Peer Community is for technology and business leaders to engage in discussions with peers and share knowledge in real time.

Surveys are designed by Gartner Peer Community editors and appear on the Gartner Peer Community platform. Once the respondent threshold is met, survey results are summarized in a One-Minute Insight.

The results of this summary are representative of the respondents that participated in the survey. It is not market representative.



Global economic factors in 2023 led to more scrutiny of IT spend

More than half of respondent IT organizations experienced increased scrutiny of IT spend (56%), budget reduction (54%) or budget freeze (53%) as a result of economic conditions in 2023.

Have any of the following impacted your IT organization in 2023 specifically as a result of the global economy? Select all that apply

Bonuses canceled 11% | None of these 4% | Other* 1% | Don't know 0%

n = 188
*Other includes: "Acquisition"

53%
Budget freeze

54%
Budget reduction

56%
Increased scrutiny of IT spend

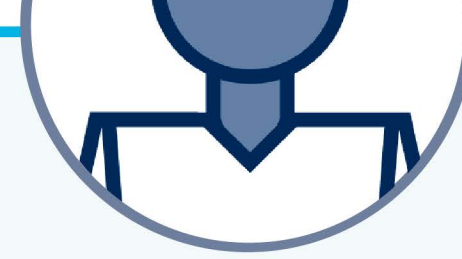
46%
Hiring freeze

37%
Projects canceled for financial reasons

23%
Redundancies/ layoffs

“We have gone through several downturns since 2008. We follow the same plan every time. Reduce discretionary spending, reduce new investments and reduce staffing (first contractors, then employees). If that doesn't reduce spending enough we do the exercise again ”

Director, healthcare industry, 1,000 - 5,000 employees

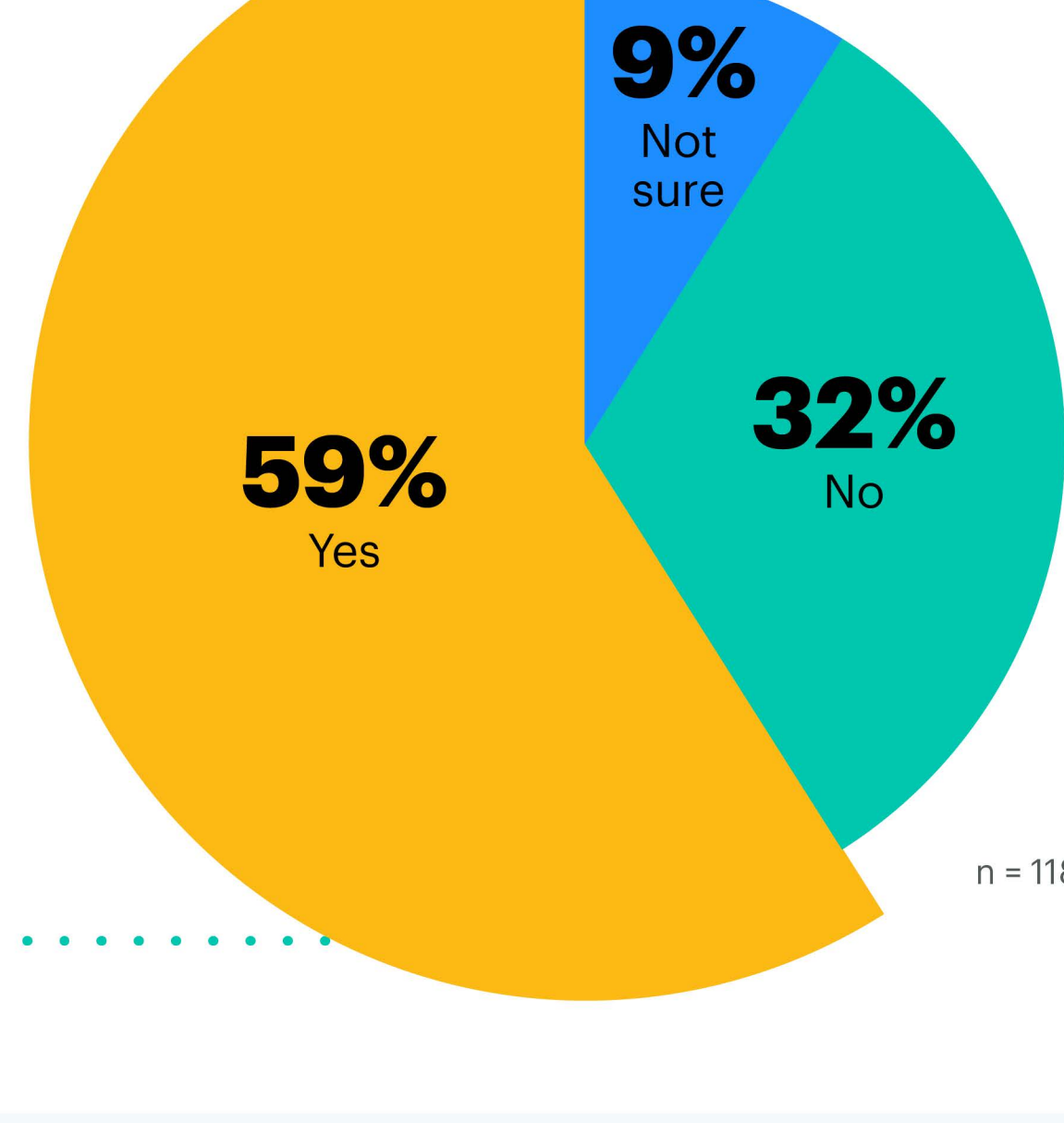


Question: Any final thoughts to share on how economic uncertainty has impacted your IT organization? Please share any specific examples or insights you have.

Most are concerned about macroeconomic impacts on IT in 2024

59% of respondents are concerned about potential adverse outcomes for their IT organization in 2024 as a result of the global economy.

Are you concerned about potential negative outcomes for your IT organization in 2024 due to the global economy?



71%
Inflation

71% of leaders who expressed concern about negative outcomes (n = 111) see inflation as one of the greatest risk factors in 2024. Recession (59%) and geopolitical instability (47%) are also significant concerns for many.



59%
Recession

In your opinion, what economic factors would pose the greatest risk of negative outcomes for your IT organization in 2024? Select up to 3



47%
Geopolitical instability

The need to invest in new technologies 38% | Supply chain issues 36% | Currency fluctuations 26% | Rising energy costs 18% | None of these 0% | Other 0%

n = 111

“It has been increasingly difficult to get quality talent and receive goods due to supply chain issues. In addition, because of inflation and other economic hardships, staff members are disgruntled and seeking more and we can't provide, so they get even more upset affecting productivity.”

C-suite, healthcare industry, 1,000 - 5,000 employees



Question: Any final thoughts to share on how economic uncertainty has impacted your IT organization? Please share any specific examples or insights you have.

IT leaders anticipate sufficient technical investments, but less so for talent

Despite macroeconomic concerns, most leaders are feeling confident about having sufficient investments in their IT infrastructure (57%) and technology (56%) in 2024. However, 28% are not very or not at all confident their talent investments will be sufficient.

How confident are you that your IT organization's investment in the following areas will be sufficient in 2024?

Very confident Fairly confident Neutral Not very confident Not at all confident Too early to tell

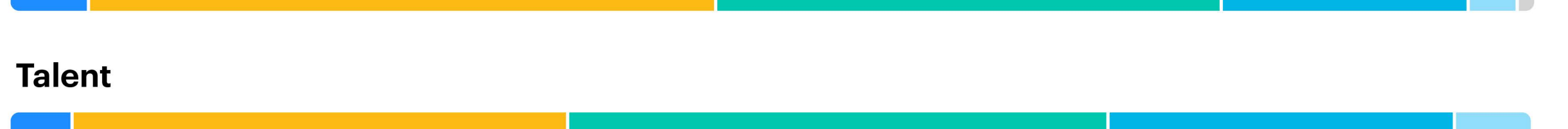
Infrastructure



Technology



Services (e.g., outsourcing, managed services etc.)



Talent

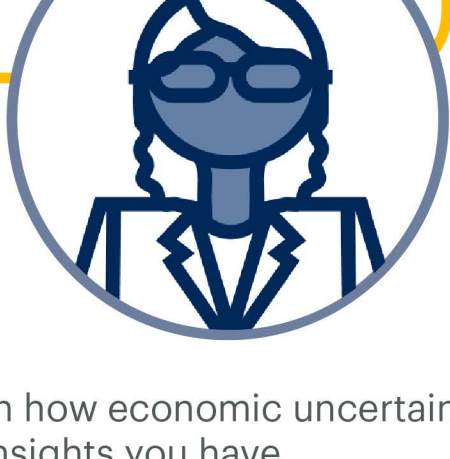


Note: May not add up to 100% due to rounding

n = 188

“We are proactively making hard decisions around where we need to invest to get ahead of the future [headwinds] that we see coming.”

C-suite, finance industry, 10,000+ employees



“Mostly we've had to reevaluate staffing strategy and upskilling priorities.”

Director, consumer goods industry, 10,000+ employees



Question: Any final thoughts to share on how economic uncertainty has impacted your IT organization? Please share any specific examples or insights you have.

In their own words...

“Nothing is certain anymore. We build a plan and then contingencies.”

- VP, telecommunications industry, 1,000 - 5,000 employees

“Projects are being delayed and hiring of new staff has significantly slowed down. However, needs are still high resulting [in] fewer people doing more.”

- Director, educational services industry, 1,000 - 5,000 employees

“The axiom that ‘change is the only constant’ is more true now than ever. The long term plans need constant review, the people skill aspect is a risk and, more and more, managed services is seen as a way to go.”

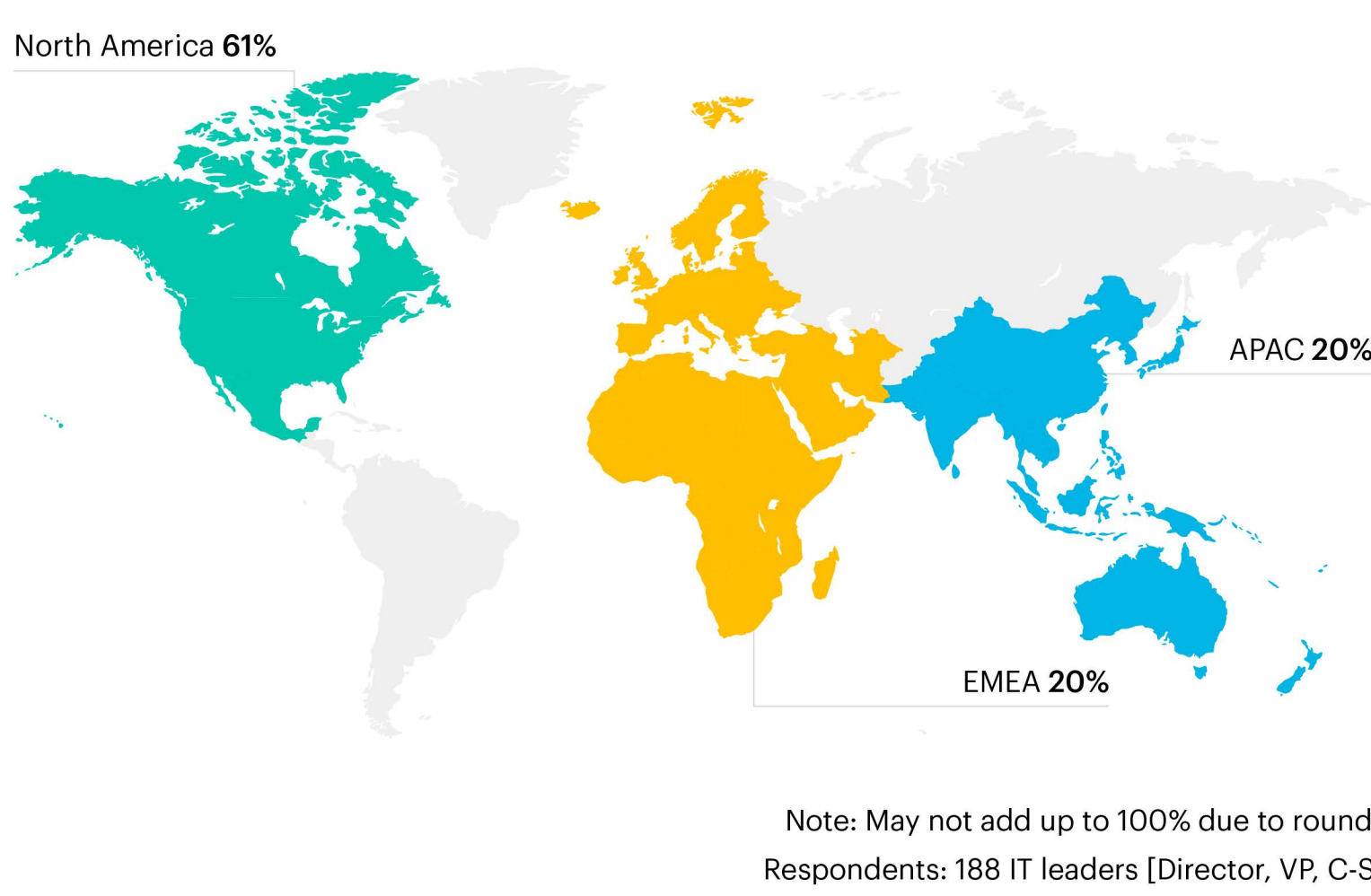
- C-suite, software industry, 1,000 - 5,000 employees

Question: Any final thoughts to share on how economic uncertainty has impacted your IT organization? Please share any specific examples or insights you have.



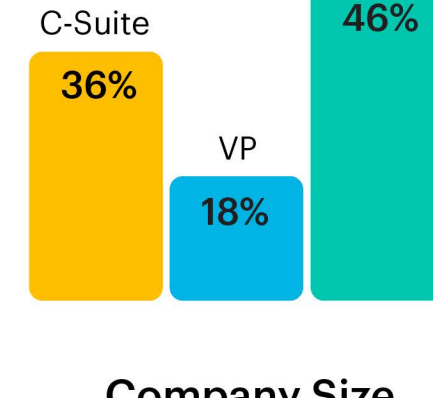
Respondent Breakdown

Region

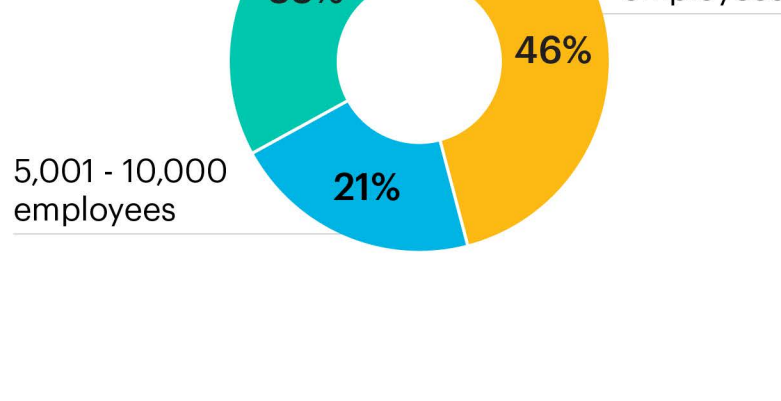


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Job Level



Company Size



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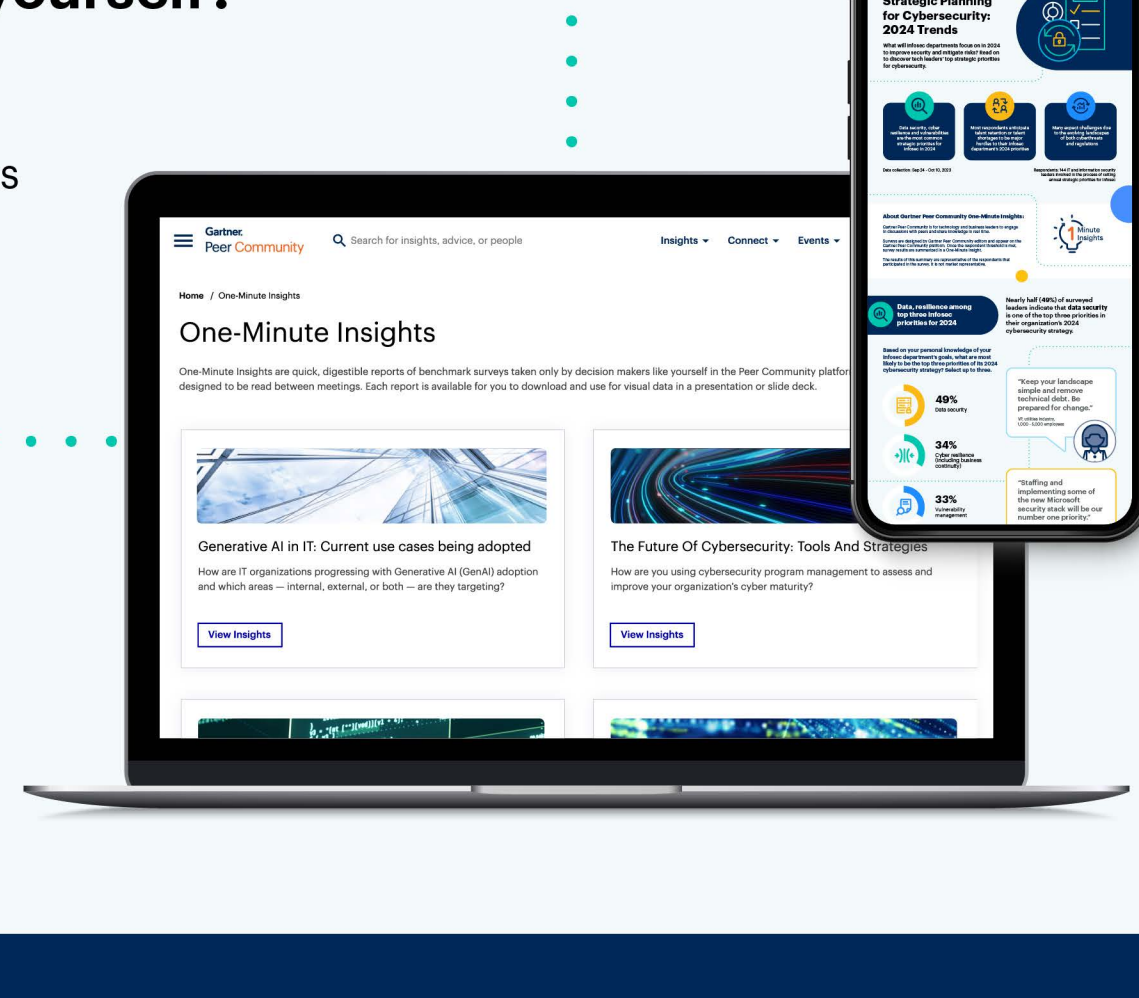
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Source: Gartner Peer Community, Navigating economic uncertainty in IT: CIOs and IT leader expectations for 2024 survey

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* Question shown only to respondents who answered "Yes" to "Are you concerned about potential negative outcomes for your IT organization in 2024 due to the global economy?"