Half of companies in Europe, North America plan to increase IT budgets next year

Article

The data: Businesses of all sizes plan big spending on their IT departments in 2023, even with a recession in sight.

- A 2023 State of IT report from **Spiceworks Ziff Davis** (SWZD) found that **60%** of enterprises in North America and Europe are preparing for an economic downtown, per PCMag.

- In Europe, **65%** of companies are prepping for a recession, compared with **41%** in North America.

- **Yet, despite a potential downturn, 51% said they will increase their IT budgets YoY.** Only 6% plan to reduce IT spending, and the remainder will continue at current levels.

- **Cybersecurity software is expected to account for 11% of IT spending in 2023**, up **10%** YoY, while other software categories will remain flat.

- Deploying email server upgrades, anti-ransomware tools, hardware-based authentication, cloud-based security solutions, passwordless authentication, and bot detection services are all top areas of focus for companies over the next year.

A growth recession driver: Given the economy's bleak outlook and the tech industry's budget cuts, a bump in IT spending may seem surprising. But it highlights a fundamental change in the global business landscape.

- Analysts at **Ned Davis Research** said this week that a global recession is **98%** likely, per Bloomberg.

- Although this likely means more budget cuts to consumer-oriented project development, workplace entertainment, and business travel, IT spending is no longer optional.

- The digital transformation and rise of remote work over the past couple years means **companies depend on robust IT departments for core aspects of their business**.

- Also, some outfits migrating away from the public cloud to on-site infrastructure to deploy machine learning (ML) and other applications have made further investments in IT necessary.

- The SWZD report lends some credibility to the notion that we're entering a "growth recession" in which companies are still spending and hiring in certain areas.
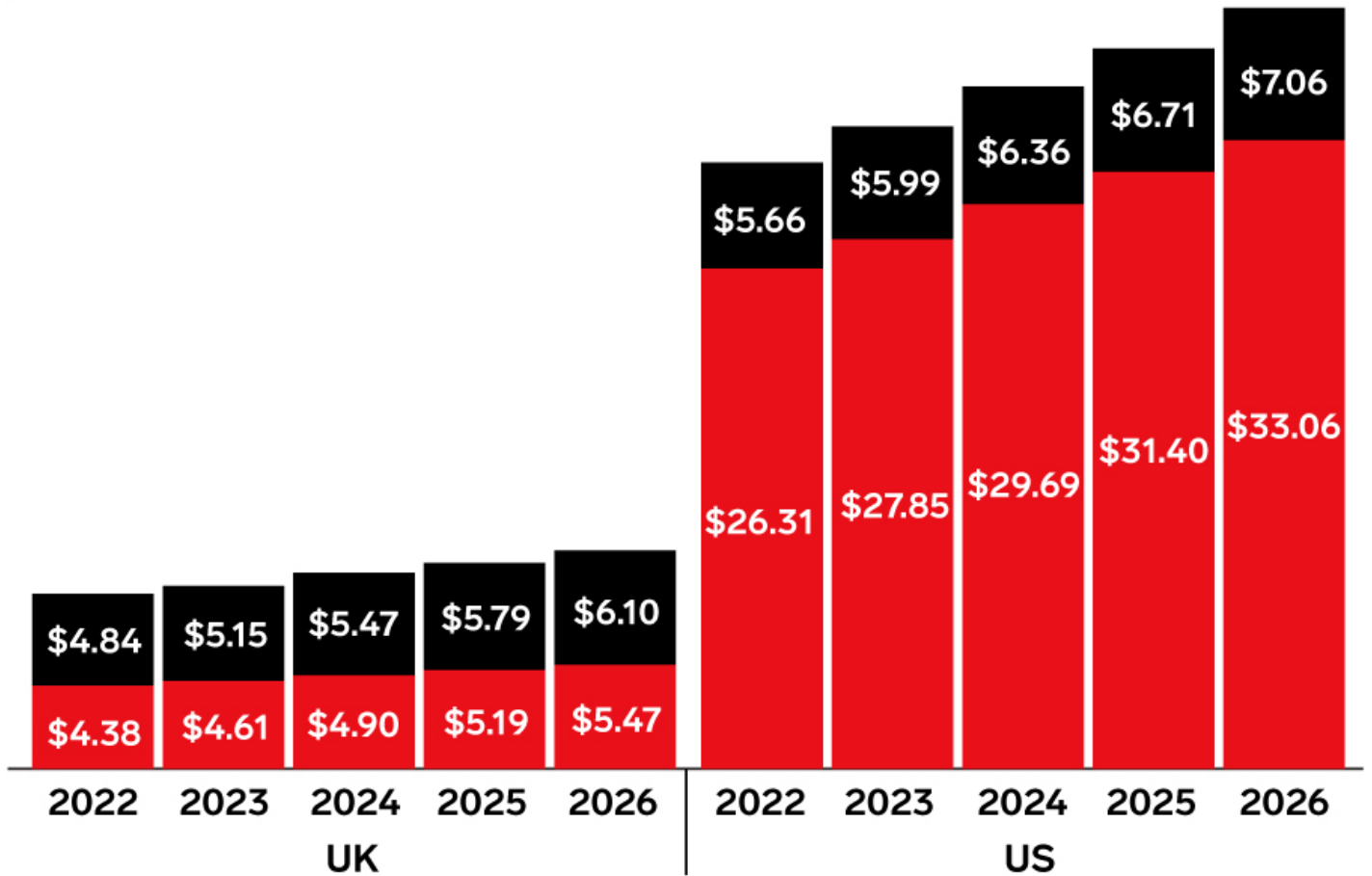
Labor challenges ahead: Companies' plans to focus on IT, particularly cybersecurity, are bound to run up against persistent labor issues.

- According to SWZD's data, **34%** of IT professionals said they'll look for new jobs in 2023, up from **25%** in 2022.

- This coincides with a period of heightened security threats and cybersecurity workers experiencing stress and burnout.

- Although companies could resort to crowdsourcing bug hunters as a security solution, cybersecurity professionals may be wary of that option in the wake of [criminal charges](#) levied at **Uber**'s security chief over a 2016 breach, triggering anxiety across the sector.

- **We can expect more hiring difficulties to continue due to a skills deficit** until confidence grows in automation to fill in the gaps or upskilling is implemented across the board.

Total UK and US Insurance IT/Technology Expenses, 2022-2026

billions

	UK					US				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Life insurance IT/technology expenses	$4.84	$5.15	$5.47	$5.79	$6.10	$5.66	$5.99	$6.36	$6.71	$7.06
Property and casualty insurance IT/technology expenses	$4.38	$4.61	$4.90	$5.19	$5.47	$26.31	$27.85	$29.69	$31.40	$33.06

■ Property and casualty insurance IT/technology expenses
■ Life insurance IT/technology expenses

Note: includes expenses by insurance providers for creation and maintenance of technology for their insurance products; expenses include core systems maintenance, modernization, innovation, transformative technology, data processing, equipment, software, digital initiatives, compliance, and cybersecurity, but does not include salary
Source: Insider Intelligence, Sep 2022

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