InsightLab

IT SPENDS & PRIORITIES for 2025

Trends and Forecasts from Insight Lab's Survey of 252 CIOs and VPs of IT

Executive Summary

As 2025 approaches, IT leaders are making decisive, strategic investments, recognizing technology's pivotal role in driving growth and innovation. Prioritizing infrastructure management, digital transformation, and AI adoption, they are building resilient, future-proof IT environments to meet the digital economy's demands.

The growing use of hybrid models and outsourcing reflects a balanced approach to maintaining control over critical operations while leveraging external expertise. With a cautious yet optimistic embrace of AI, IT leaders are shaping a proactive roadmap for the future, ensuring their organizations remain agile, competitive, and well-prepared for evolving challenges.
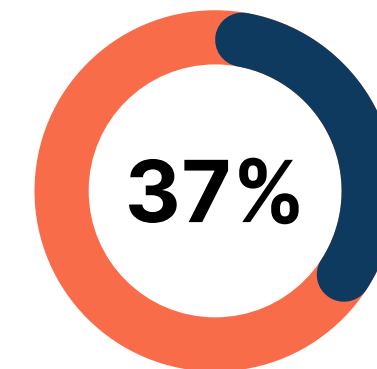
Highlights
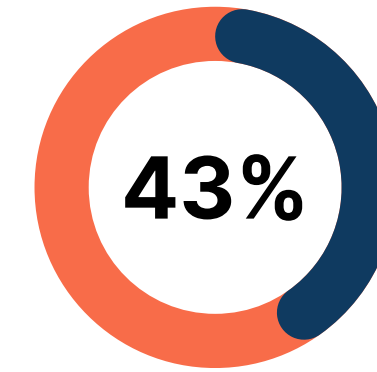
43% Boosting their budgets to drive innovation and support critical business initiatives.
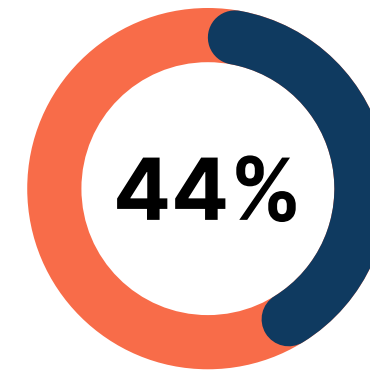
44% Organizations are leveraging external expertise to complement in-house capabilities.

37% Organizations are quickly marching towards AI with many have successfully implemented AI use cases
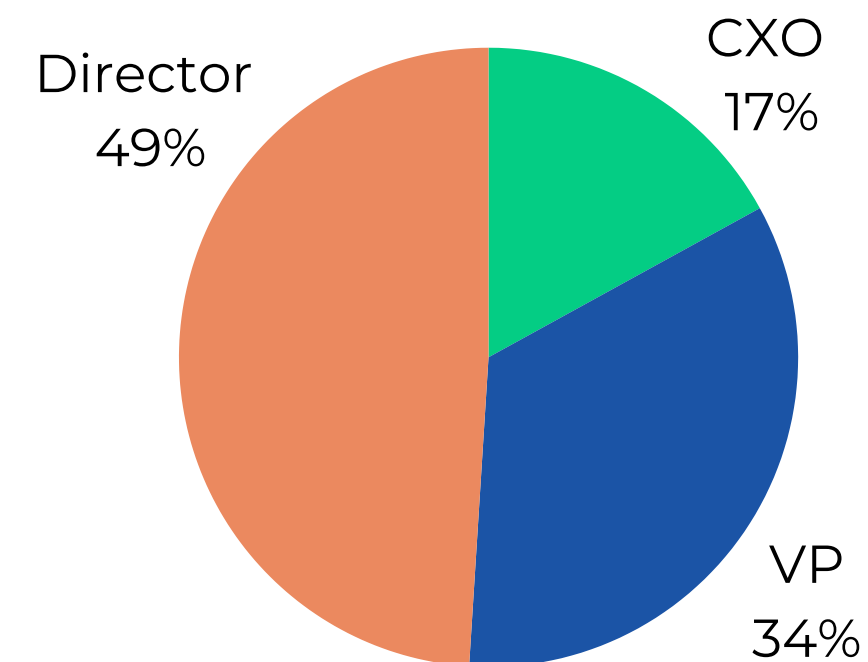
Research Methodology

Insight Lab reached out to over 1500 IT decision-makers across company sizes and industries. Valid responses were collated from 252 CIOs and IT decision-makers, using a combination of online surveys and phone responses. Our primary objective is to provide a comprehensive overview of the IT spending landscape, shaped by insights from industry leaders.

Respondent Profile

Decision Makers

- Director 49%
- CXO 17%
- VP 34%

Industry-wise

- Insurance 13%
- Manufacturing 30%
- Finance 31%
- Retail 6%
- Software 8%
- Business Services 12%

Revenue-wise

- $201-$500M 24%
- $50-$200M 36%
- $501M-$1B 14%
- <$50 3%
- $1B+ 23%
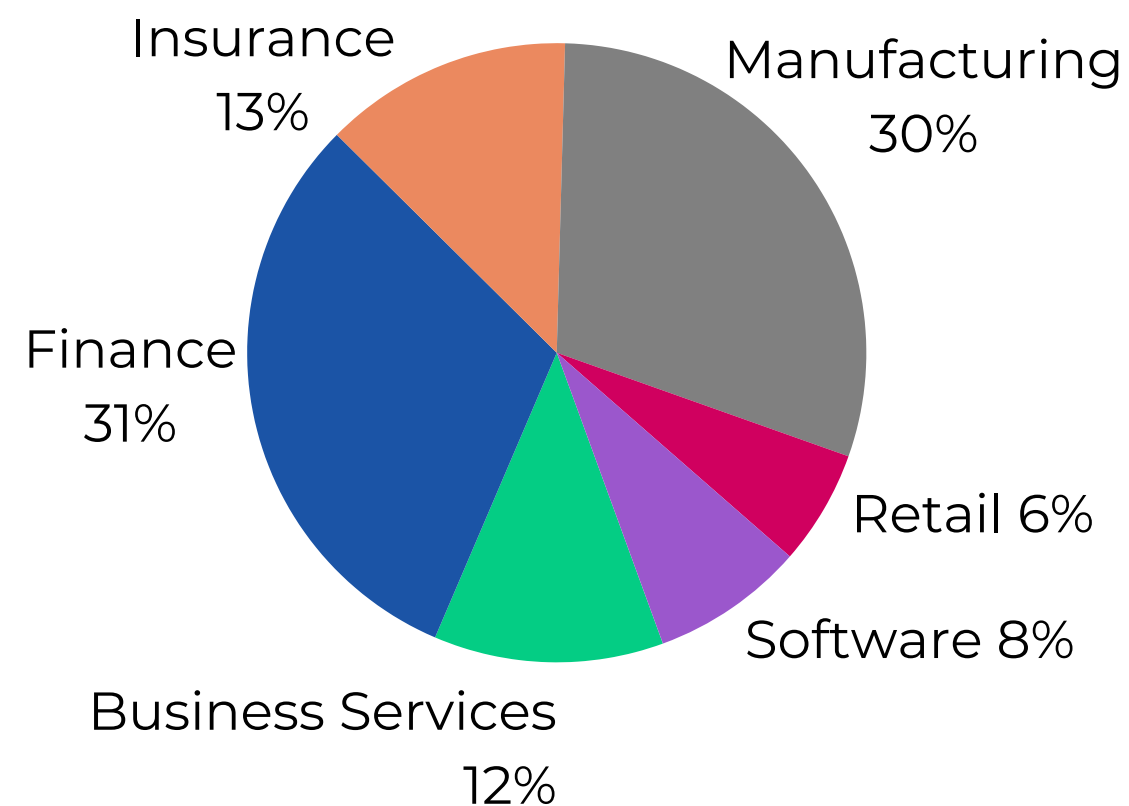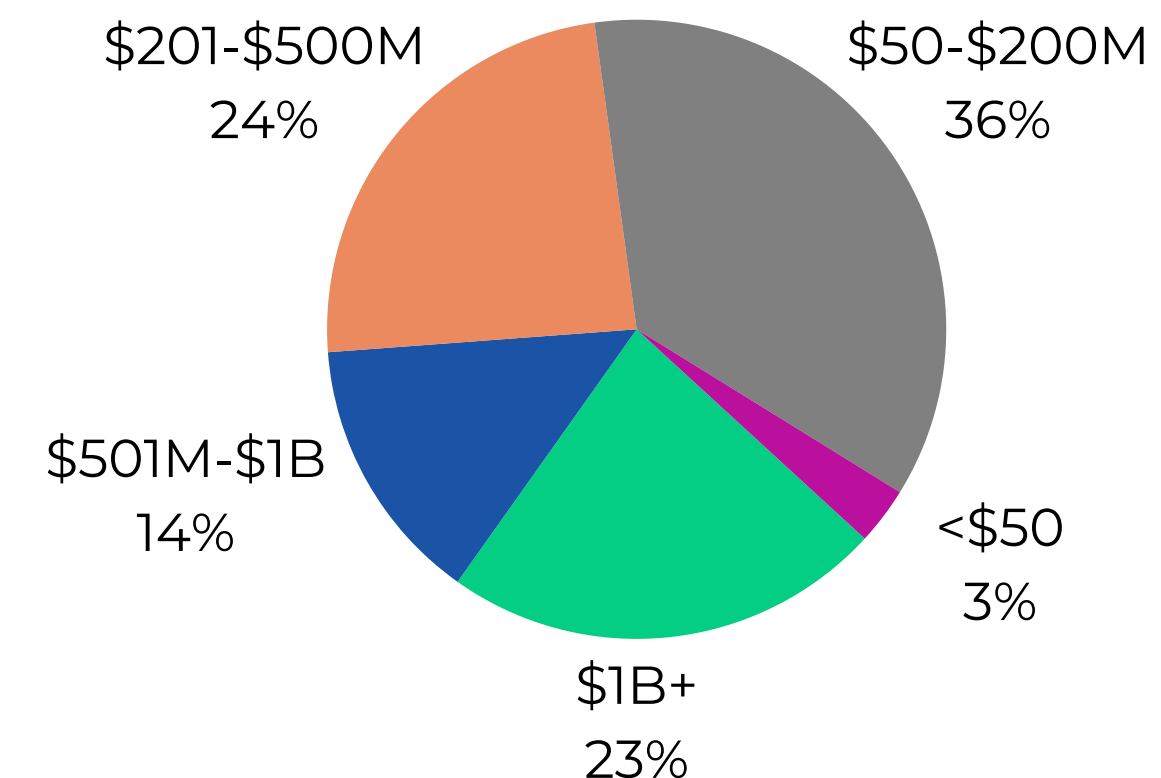
Contents of the Report

AI Adoption in Early Stages with Growing Exploration

37% of organizations are moving forward, having successfully implemented a variety of AI use cases. These organizations are leading the way in integrating AI into their IT operations, setting the stage for broader adoption and deeper transformation.

Running AI pilot projects
29%

Exploring AI for IT
63%

Expanding AI projects
6%

AI integration underway
2%
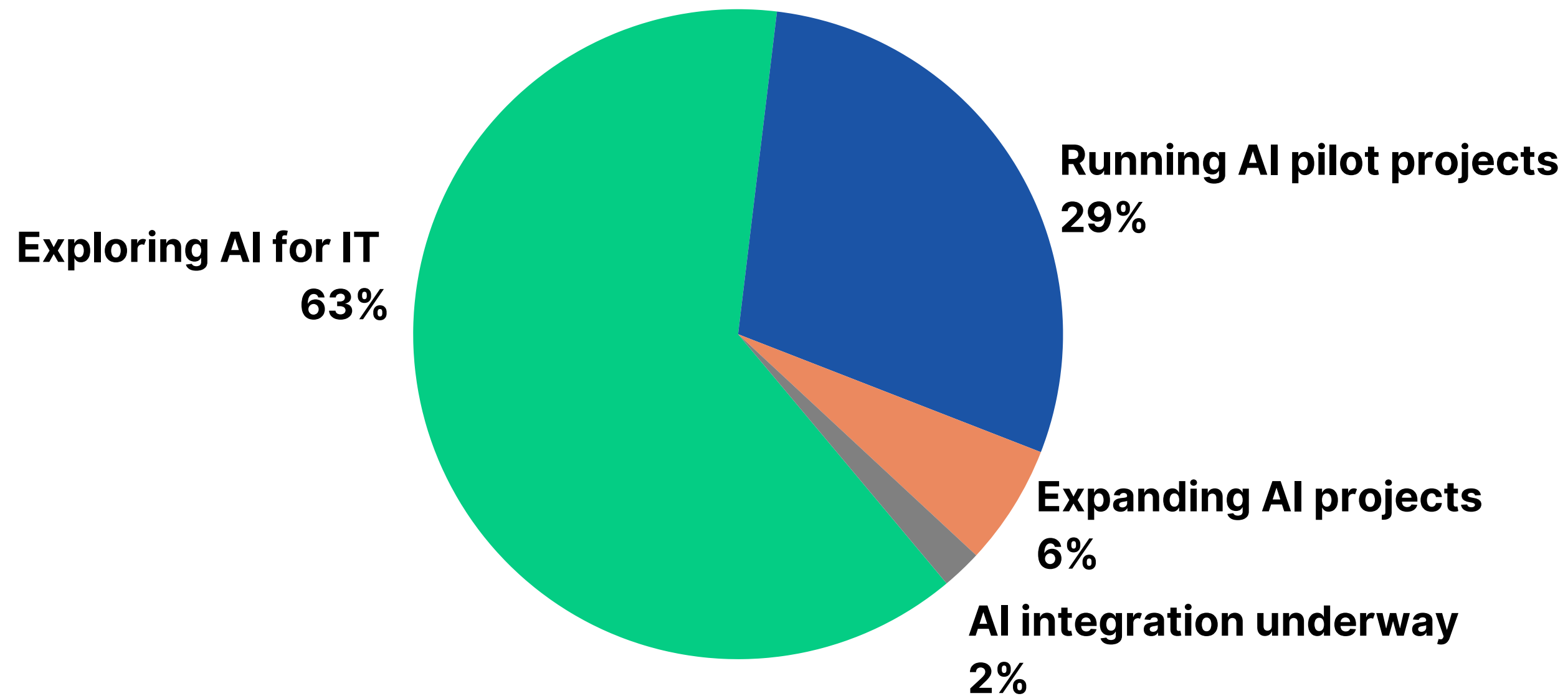
Confident IT Spending Outlook for 2025

A significant 43% of organizations are committed to increasing their IT spending, driven by the need to prepare for AI and GenAI initiatives. As businesses embark on these transformative journeys, investments in digital transformation and infrastructure modernization are being prioritized to support the integration of these advanced technologies.

Committed to increase IT spending	43%
Considering an increase in IT spend	40%
Not looking at any change	11%
Considering a reduction in IT spend	4%
Reduced IT spending	2%
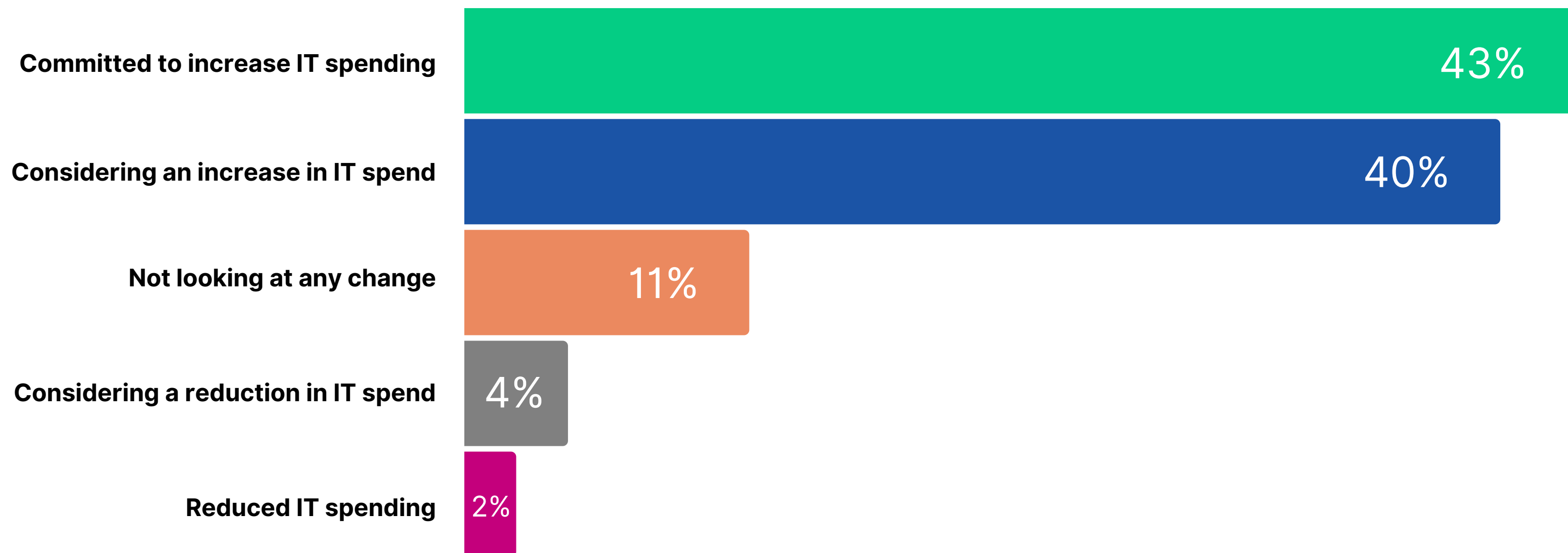
Infrastructure & Application Development Lead IT Priorities

Infrastructure Management and Application Development are the top priorities for IT spending, reflecting the critical need for a solid foundation and innovation in software development. Digital Transformation remains a key focus as organizations continue to modernize their operations.

	Very Important	Somewhat Important	Not Important
Infrastructure Management	81%	17%	2%
Application Development	61%	26%	13%
Digital transformation	58%	30%	12%
Cloud Migration	50%	41%	9%
Database Administration	40%	45%	15%

● Very Important   ● Somewhat Important   ● Not Important
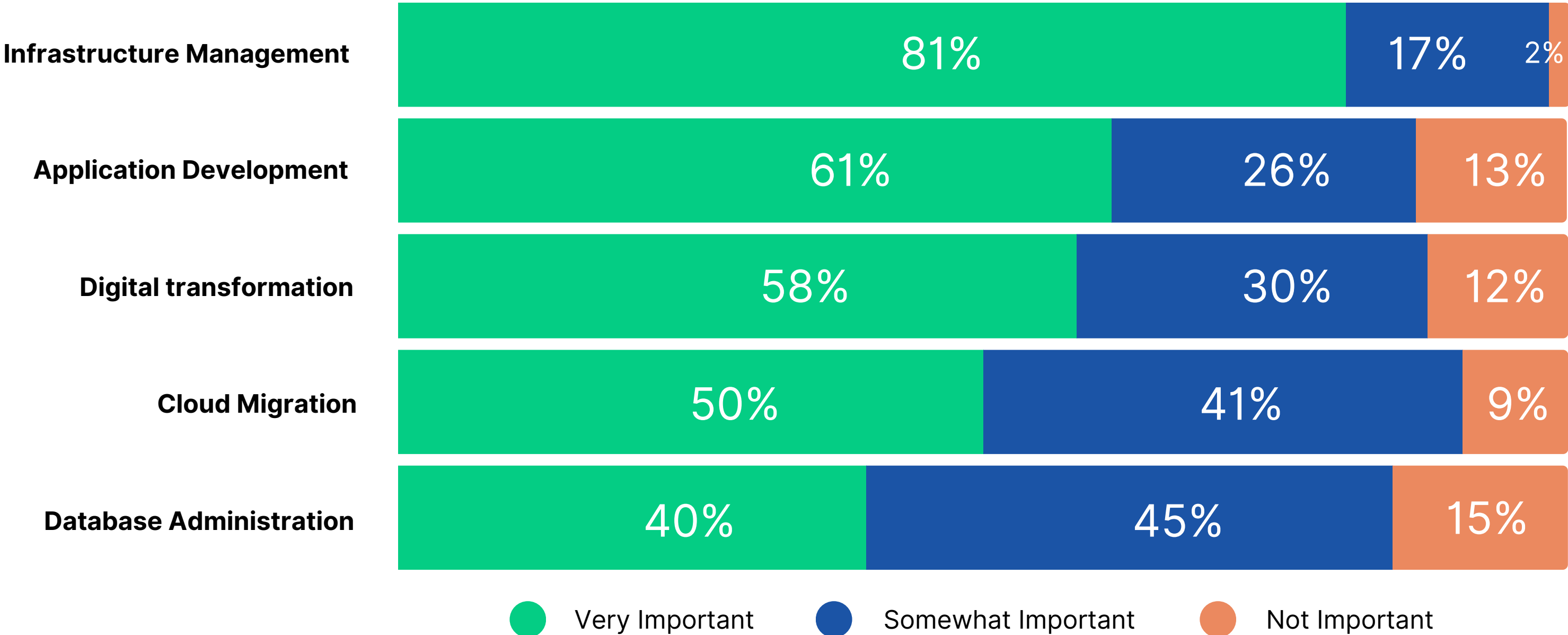
Balanced Approach to IT Management with Hybrid Models

While many IT functions like Database Administration and Infrastructure Management are handled in-house, organizations are increasingly co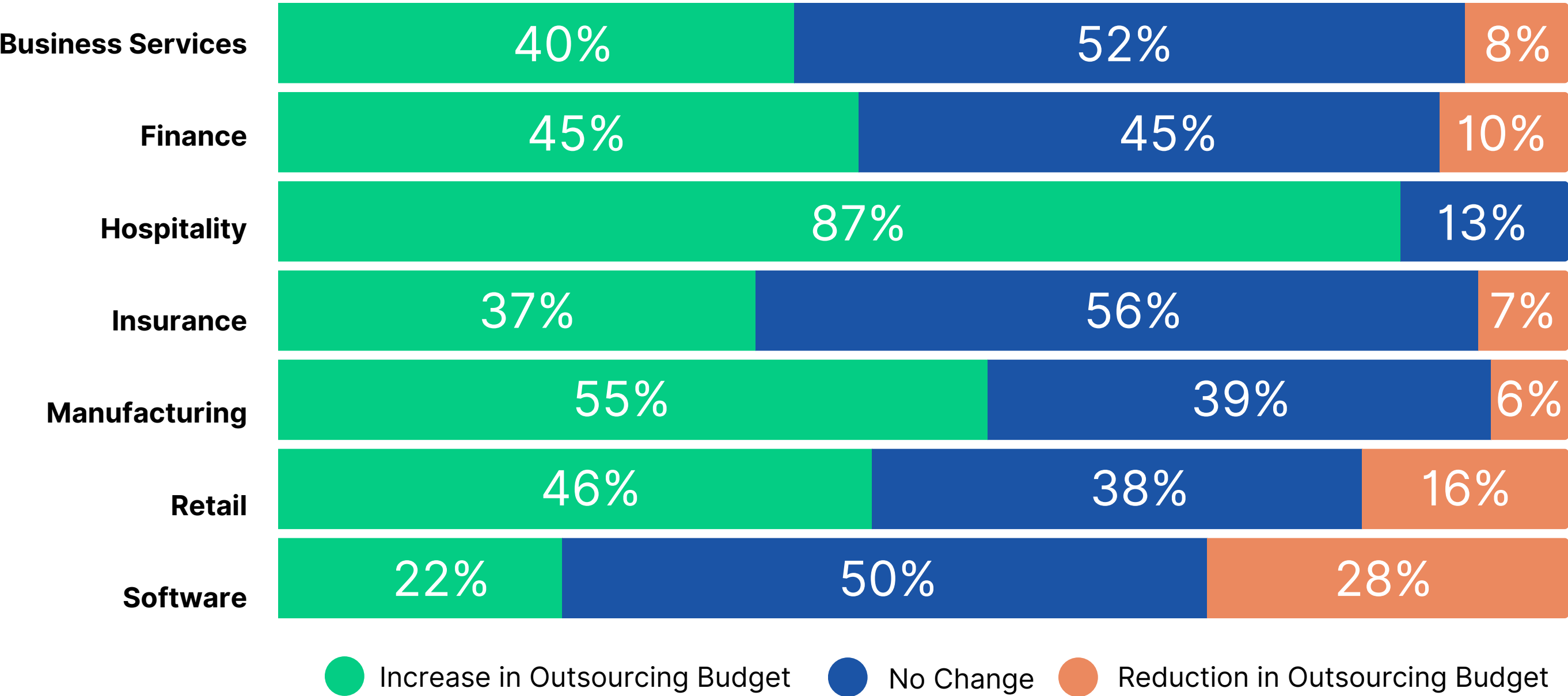mbining outsourced expertise with in-house capabilities. This hybrid approach, particularly in Cloud Security and Migration, is essential for achieving strategic goals and building a robust infrastructure.

Category	Inhouse team	Hybrid Model	Outsourced Vendor
Infrastructure Management Services	64%	33%	3%
Application Support	49%	44%	7%
Cloud & Infrastructure Security	43%	50%	7%
Cloud Migration & Management	53%	40%	7%
Database Administration & Support	59%	31%	10%

● Inhouse team   ● Hybrid Model   ● Outsourced Vendor
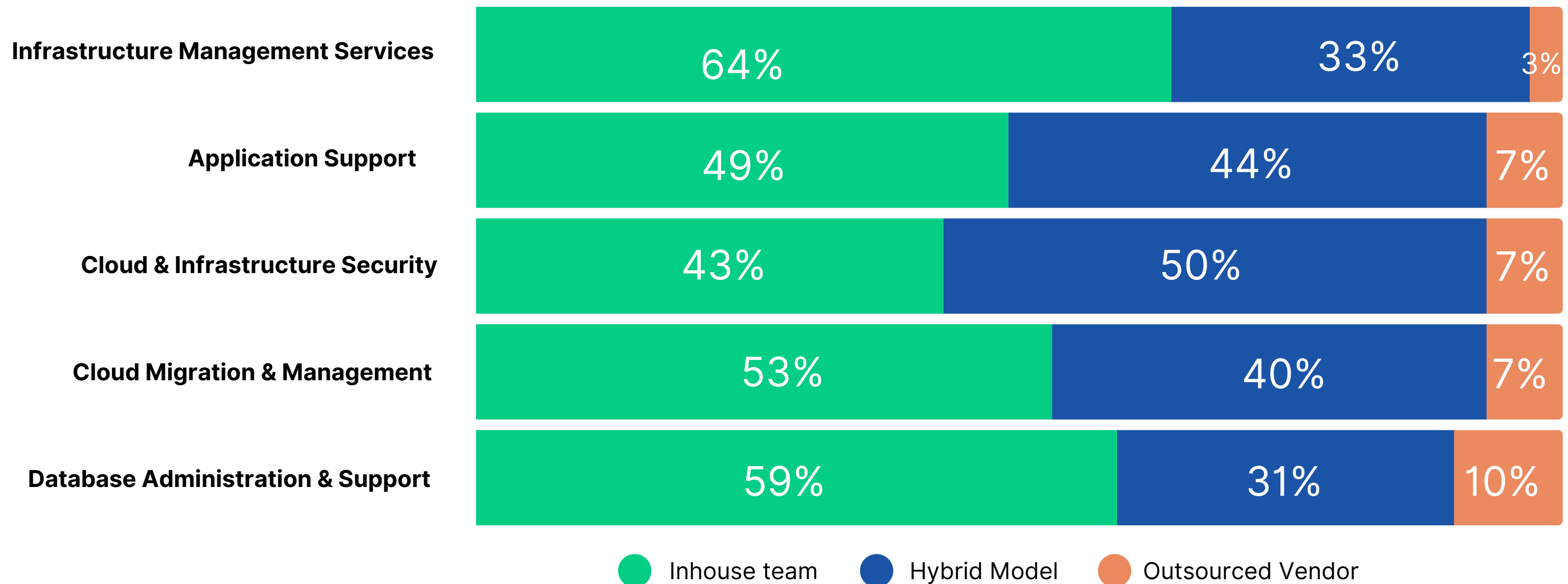
Stable IT Outsourcing Budgets with Selective Increases

Outsourcing budgets are on the rise in key industries, with Hospitality leading the charge at 87%, followed by Manufacturing at 55% and Retail at 46%. This indicates a strong trend towards leveraging external expertise to enhance operational efficiency and drive innovation. In contrast, industries like Software and Finance show a more conservative approach.

Industry	Increase in Outsourcing Budget	No Change	Reduction in Outsourcing Budget
Business Services	40%	52%	8%
Finance	45%	45%	10%
Hospitality	87%	13%	
Insurance	37%	56%	7%
Manufacturing	55%	39%	6%
Retail	46%	38%	16%
Software	22%	50%	28%

Legend:
- ● Increase in Outsourcing Budget
- ● No Change
- ● Reduction in Outsourcing Budget

InsightLab

Insight Lab, an independent research firm based in Cary, NC, is committed to providing cutting-edge insights to business leaders across diverse industries. Through our extensive Survey Program, we engage with key industry executives to uncover and analyze the latest market trends. Our research spans multiple sectors, enabling solution providers to better understand and address their most pressing challenges. Leveraging our deep industry expertise, we offer data-driven strategies that keep businesses competitive. At Insight Lab, we uphold the highest standards of data integrity and confidentiality, ensuring our research is both accurate and secure.

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