IT Services CXO Insights: Key Issues for 2024

March 2024: Complimentary Abstract / Table of Contents

Market Report

Cross IT

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- ▶ Process Intelligence
- ▶ Process Orchestration
- ▶ Procurement and Supply Chain
- ▶ Recruitment
- ▶ Retail and CPG Information Technology
- ▶ Retirement Technologies
- ▶ Revenue Cycle Management
- ▶ Rewards and Recognition
- ▶ SAP Services
- ▶ Service Optimization Technologies
- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
- ▶ Sustainability Technology and Services
- ▶ Talent Genius™
- ▶ Technology Skills and Talent
- ▶ Trust and Safety
- ▶ Value and Quality Assurance (VQA)

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For more information on this and other research published by Everest Group, please contact us:

Alisha Mittal, Vice President
Renoven R, Senior Analyst

Background, methodology, and scope of the research

As we enter 2024, global macroeconomic stability remains uncertain. But enterprise leaders provide a positive outlook for 2024 with their vision and priorities aligned to shift from a technology-enabled to technology-first entity. However, realizing the vision includes navigating barriers of cost, innovation, and trust. These obstacles create an imbalance forcing service providers to compete at a much granular level, pushing differentiation and innovation.

IT stakeholders anticipate a shift in the current sourcing model and expect clients to take up a more organized approach toward vendor management. Moreover, they are optimistic about the influence of evolving consumer behavior and the impact of technology, especially generative AI to drive substantial investments in IT services to leap productivity levels and transform current state of operations.

This report provides perspectives on how leading global enterprises have been impacted in 2023 and what they plan for 2024.

Methodology

Our global services market key issues research is based on annual surveys that capture the pulse of the market on key aspects of the global sourcing industry. This report presents the results of a study we conducted in October and November of 2023 with senior stakeholders from IT services, to understand their thoughts as they undertook planning for 2024.

Report focus

- Top business challenges and critical business model changes in 2024
- Outlook and priorities for 2024
- Key themes prioritized in the IT services industry
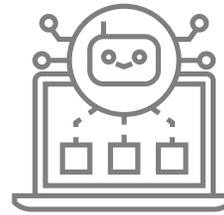- Actions for service providers

Scope of this report

Geography: Global

Industry: Cross-industry

Services: Information Technology Services (ITS)

Summary of key messages

Enterprises expect the overall IT services demand to increase but expect the sourcing model to have a more fragmented view in 2024

Despite the uncertain times, substantial investments been directed toward generative AI across the IT infrastructure, application, and data domain, increasing efficiency and transforming workflows

Focus on optimizing cost and doing more with less will be the driver for IT services demand

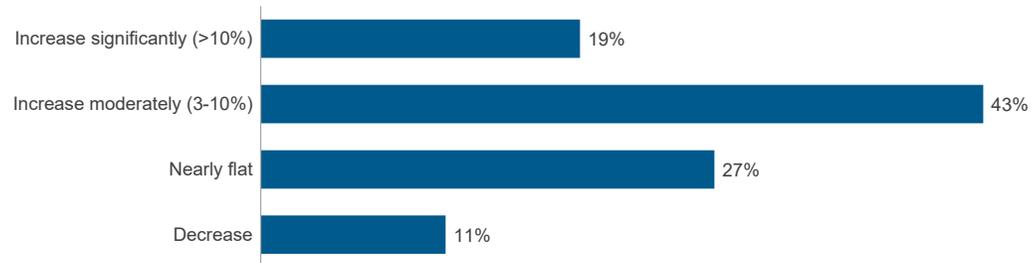Continuously evolving enterprise expectations will keep providers on their toes

Service provider bill rates to remain flat or increase marginally in 2024

This report offers insights into how leading enterprises have been impacted in 2023 and are planning to accelerate value as 2024 unfolds

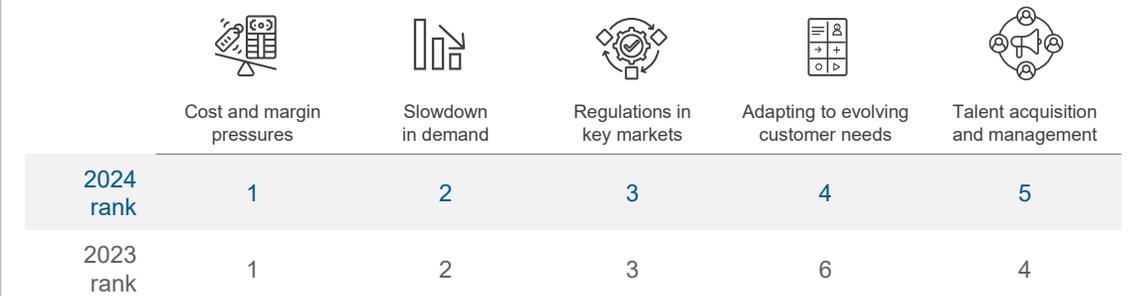## Average technology spend for IT services expected to increase

Expected change in technology spend for 2024
Percentage of enterprise respondents

Category	Value
Increase significantly (>10%)	19%
Increase moderately (3-10%)	43%
Nearly flat	27%
Decrease	11%

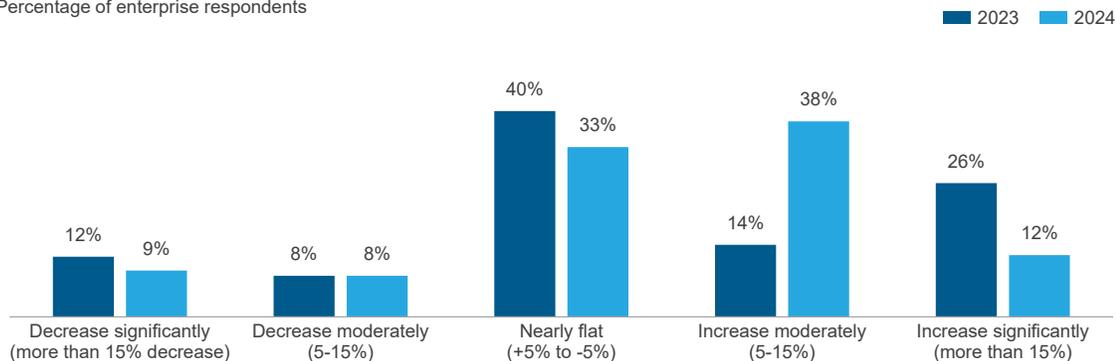**61%** of the respondents agree technology spend will increase

Key business challenges expected in 2024

Key business challenges expected in 2024
Ranking based on percentage of respondents selecting as highly challenging

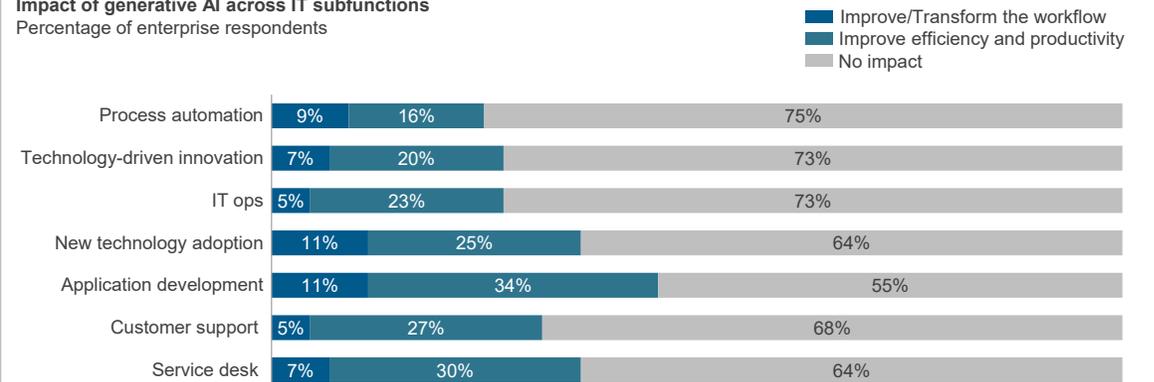|	Cost and margin pressures	Slowdown in demand	Regulations in key markets	Adapting to evolving customer needs	Talent acquisition and management
2024 rank	1	2	3	4	5
2023 rank	1	2	3	6	4

Expected change to global services budget

Expected change to global services (outsourcing and shared services / captive / GIC / GBS) budget in 2024
Percentage of enterprise respondents

Legend: ■ 2023 ■ 2024

Category	2023	2024
Decrease significantly (more than 15% decrease)	12%	9%
Decrease moderately (5-15%)	8%	8%
Nearly flat (+5% to -5%)	40%	33%
Increase moderately (5-15%)	14%	38%
Increase significantly (more than 15%)	26%	12%

Impact of generative AI across IT sub-functions

Impact of generative AI across IT subfunctions
Percentage of enterprise respondents

Legend: ■ Improve/Transform the workflow ■ Improve efficiency and productivity ■ No impact

Sub-function	Improve/Transform the workflow	Improve efficiency and productivity	No impact
Process automation	9%	16%	75%
Technology-driven innovation	7%	20%	73%
IT ops	5%	23%	73%
New technology adoption	11%	25%	64%
Application development	11%	34%	55%
Customer support	5%	27%	68%
Service desk	7%	30%	64%

Research calendar
Cross IT

Published   Current release   Planned

Reports title	Release date
Digital Interactive Experience (IX) Services in North America – Provider Compendium 2023	November 2023
Operational Technology (OT) Security Products PEAK Matrix® Assessment 2023	November 2023
Shifting Gears: Embracing Experience Level Agreements (XLAs) for Experience Excellence	December 2023
FinOps for Enabling Value in Cloud: Unveiling the Top 10 Multi-cloud FinOps Visibility Tool Providers	December 2023
Generative AI for the Future of Application Services – Propelling Productivity and Reshaping Cost Paradigms	January 2024
Accelerating Clients' Cloud Journeys: IT Services and Cloud Provider Partnerships to Drive Ecosystem Value	January 2024
Driving Sustainability in Retail and CPG industry: A Business Model Transformation Approach	January 2024
Enterprise Pulse – Top Five Emerging Application Service Providers	February 2024
Customer Data Platform (CDP) State of the Market 2024	February 2024
IT Services CXO Insights: Key Issues for 2024	March 2024
Digital Workplace State of the Market 2024	Q1 2024
Mainframe Services PEAK Matrix® Assessment 2024	Q2 2024
AI-led Network Transformation for Businesses	Q3 2024
State of the market – Identity and Access Management (IAM)	Q3 2024
System Integration (SI) Capabilities on Microsoft Azure PEAK Matrix® Assessment 2024	Q3 2024

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Dallas (Headquarters)	Bangalore	Delhi	London	Toronto
info@everestgrp.com	india@everestgrp.com	india@everestgrp.com	unitedkingdom@everestgrp.com	canada@everestgrp.com
+1-214-451-3000	+91-80-61463500	+91-124-496-1000	+44-207-129-1318	+1-214-451-3000

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