

The nature of IT expenditure moving into 2013

By [Gavin Halse](#)

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IT managers are going to have to change their approach to motivating for budgetary increases dramatically if they are to survive and drive technological change in the organisation. Budgets are tight for technology improvements of any size, but CIOs and CEOs are willing to make investments to guarantee future savings, based on the sound advice of their IT division.

Many leaders of companies have lived through over-promised IT investments that take far too much time to implement or fail to meet the operational requirements of the business.

South Africa has seen a steadily improving technology sector over the past 12 months and Adapt IT believes this will continue into 2013. Our clients are optimistic about the future and about investing in virtualisation, cloud and other forward-looking technology that might assist the development of their business. I have noticed a couple of trends driving technological expenditure, including when last a business made a substantial investment in its infrastructure.

Past expenditure

In the past few years, a portion of our clients have been forced to upgrade hardware, platforms or business applications linked to their core IT infrastructure. For South African business, their last major expenditure might have been as long ago as Y2k and, as a result, it is necessary to upgrade.

Increase in outsourced model

Another trend is the increase in outsourcing in South Africa, as customers move undifferentiated "commodity" services to reliable infrastructure provided by technology service providers, whilst retaining a much smaller portfolio of strategic business systems that provide competitive advantage.

Emergence and adoption of cloud

The emergence of cloud is resulting in some new areas of growth and is leading a new business model. One of our key offerings at Adapt IT is the provision of managed services across server, database, disaster recovery and hosted environments, but with the increase in our cloud-based offering, we are still seeing hesitation from the CIOs we deal with.

To mitigate the possible risk, some CIOs are investigating on-premises private cloud solutions, which allow them to learn the technology in a "safe" environment and partially reduce the risk of vendor lock in. This approach is entirely rational, because choosing a cloud provider is highly strategic and there is still relatively little experience a CIO can rely on to

assess the longer term impact on the business.

I believe that there is no shortage of opportunity for technology companies in South Africa specifically based on the range of new technologies and IT applications available to them. The environment and evolving IT expenditure patterns will suit those vendors and service providers that show agility, flexibility and partnership.

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