

PARADIGM SHIFT

Top-Performing Companies Spend More on IT

Companies of the past focused on minimizing their IT spending: revenue ratio. But today, success—and even survival—depends on a more strategic approach. We divide businesses into four categories and examine how much businesses in each category invest in IT—and how far those investments take them.

Four categories of digital transformation

FUTURE-READY

Future-ready organizations are the most digitally sophisticated. They are the most profitable and have the highest IT spending: revenue ratio.

INTEGRATED-EXPERIENCE

Integrated experience organizations focus their relatively high IT investments on enhancing customer experience.

INDUSTRIALIZED

Industrialized organizations focus their relatively high IT investments on operating platforms.

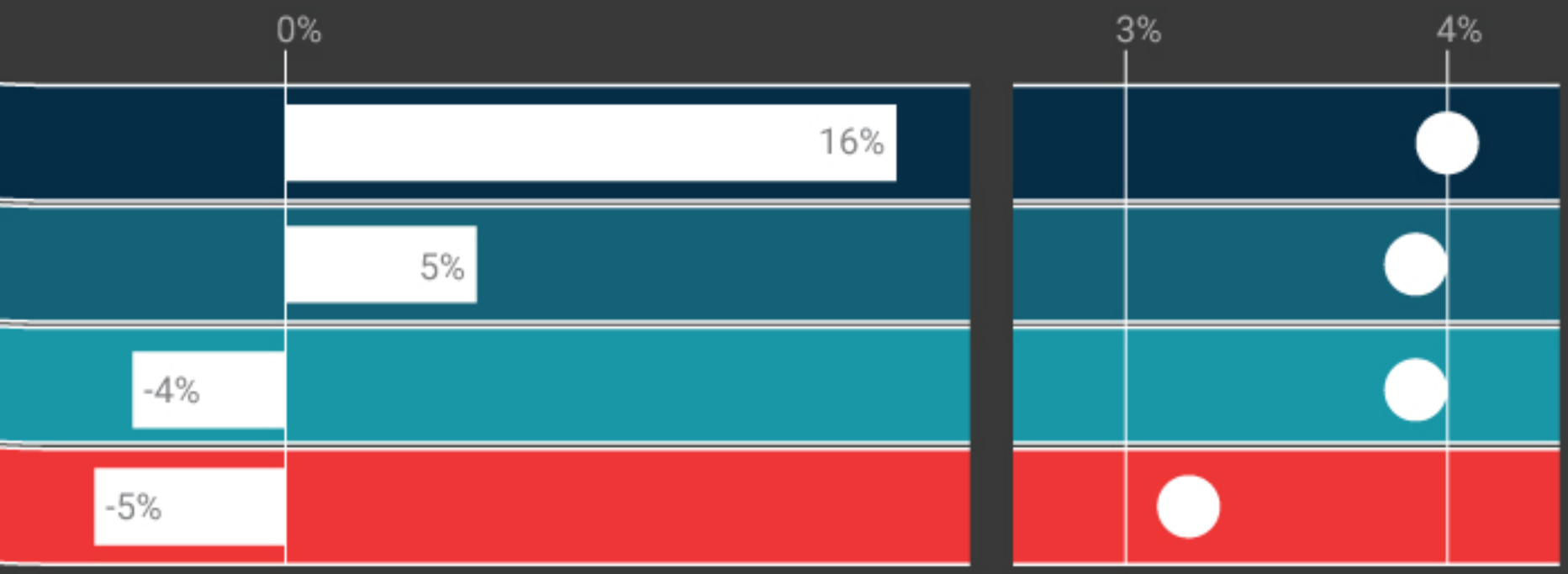
SILOS-AND-SPAGHETTI

Silos-and-spaghetti organizations spend less on IT, and allocate a significant amount of that spend to maintaining legacy systems. They have limited resources for new technology and infrastructure and continue to fall behind.

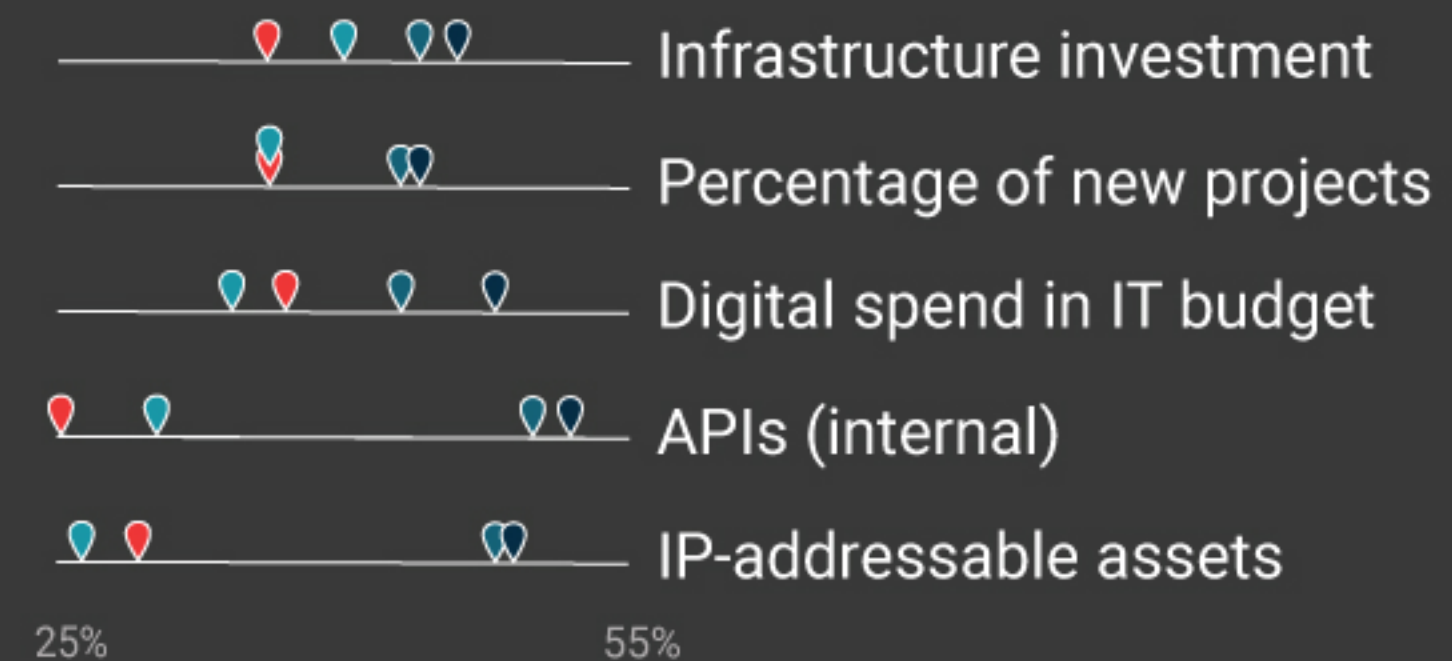
The most digitally transformed companies are the most profitable and spend the most on IT

PROFIT VS INDUSTRY AVERAGE

DIGITAL SPENDING AS % OF REVENUE



Investment patterns vary by where you are in your digital transformation



The further along a company is in its digital transformation, the more it invests in innovative and strategic assets like internal APIs, and Internet of Things capabilities, as well as strategic investments in infrastructure and other new projects.

Managing IT strategically is more crucial than ever. IT departments are increasingly leading the transformation of business models, and even driving revenue growth. This is why future-ready organizations are investing strategically while those stuck in the past are still simply making tactical moves to just keep things running. For more insights into creating a future-ready organization, visit <https://alix.click/DigitalPS/>.