

IT DECISION-MAKING PROCESSES IN THE AGE OF DIGITALISATION

Key results

of the Heise Decision Makers Study 2016/2017



A FEW OPENING WORDS

The vast number of possibilities with which concrete decisions can be made in companies today is truly enormous.

But how do IT decision makers really make decisions today?

We surveyed decision makers in over 500 companies and asked them how decision-making processes for ICT run in **SMEs and large companies**, which media platforms are used to obtain information, and what influence the respondents and actors in other positions and sectors have on decision making.

The focus of this study was concerned with ascertaining as many details about the decision-making process as possible, in order to be able to support you as a company in the age of digital transformation. Other potential focuses of investigation – such as specific products, magazines and websites, as well as the role of social media – could provide subject matter for further surveys.

Good decisions are based on good sources of information. Only accept the best.

We hope you benefit from these many fascinating insights.

Kind regards,

Your Heise Medien Sales Team

KEY ASPECTS OF THE STUDY

What do decision-making processes in IT currently look like?

Part 1: Who is involved and what does the process entail? (pages 3-14)

- **Actors:** Who is involved in decisions for IT investments/procurements and how?
- **Processes:** What processes, structures and influences are effective?

Part 2: Information behaviour and evaluation (pages 15-21)

- **Information channels:** How is knowledge, insight and an overview sourced?
- **Evaluation:** How are the various sources of information assessed?

METHOD

- Selection of respondents according to previous screening, which ascertained whether the individuals are involved in the decision-making process:
 - either within the company
 - or on behalf of companieseven in merely an advisory capacity
- n (total) = 509
- Online interviews
- Survey period: August/September 2016, conducted by techconsult GmbH/Kassel
- The respondents were drawn as representatives from a national panel of 120,000 people. A disproportional approach was deliberately chosen for the sizes of companies in order to also ensure a sufficient number of cases in the categories of larger companies.

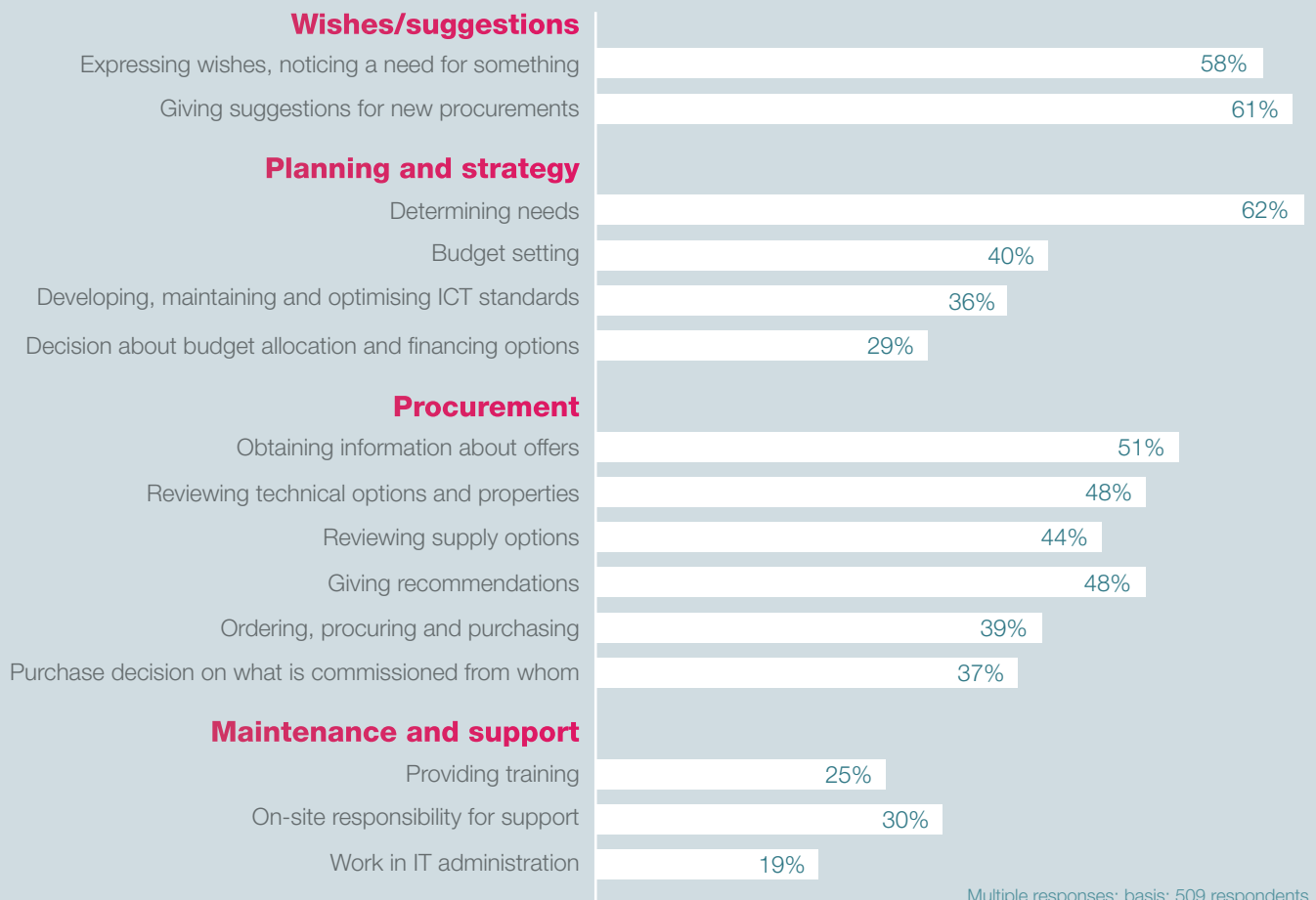
PART 1: WHO IS INVOLVED AND WHAT DOES THE PROCESS ENTAIL?



There is not a single person who is solely responsible for decisions!

Decision making is a multi-stage process in which various people in different positions are involved at different times.

PERSONAL INVOLVEMENT IN INVESTMENT DECISIONS



Multiple responses; basis: 509 respondents



At each level – from expressing the wish for new procurements, through to determining the need and setting the budget for IT, as well as the purchase decision and subsequent support – there are always other people involved in the decision-making process. On average, each respondent is involved in over six stages of the decision-making process.

ANALYSIS BY PROFESSIONAL POSITION

Fascinating insights can be seen when the decision-making process is broken down into the various professional positions: what importance does senior management have, to what extent is IT management consulted, and when are IT employees involved in the processes?

We have therefore divided the professional positions into four main groups.



Senior management



Owner
Managing director/
member of the board

IT management



CIO/IT
Director

Head of the IT
department

IT manager/project
manager

Top and division management



Division director/
branch manager

Departmental director

Manager

IT employees / IT experts



IT employees

IT experts

External
IT service providers

Clear functions can be seen in the process

Planning and strategy

Determining the need, setting the budget, budget allocation, purchasing and obtaining information

Senior management
IT management

Technology

Optimising IT standards, reviewing technical options
Giving recommendations

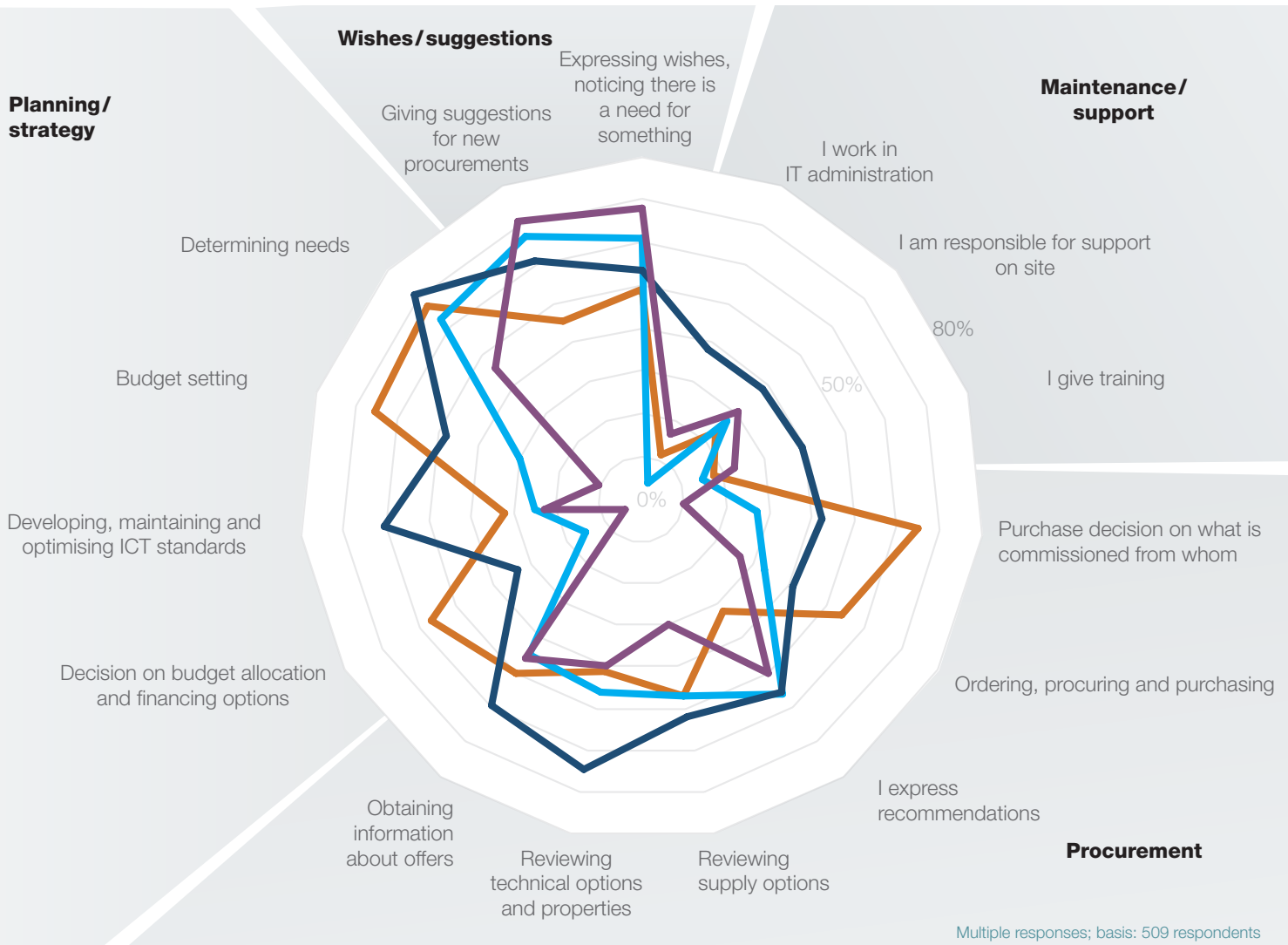
IT management
Top and division
management

Maintenance

Support, training and maintaining ICT standards

IT management
IT employees
IT experts

PERSONAL INVOLVEMENT IN INVESTMENT DECISIONS by position



Senior management

Top and division management

IT management

IT employees / IT experts

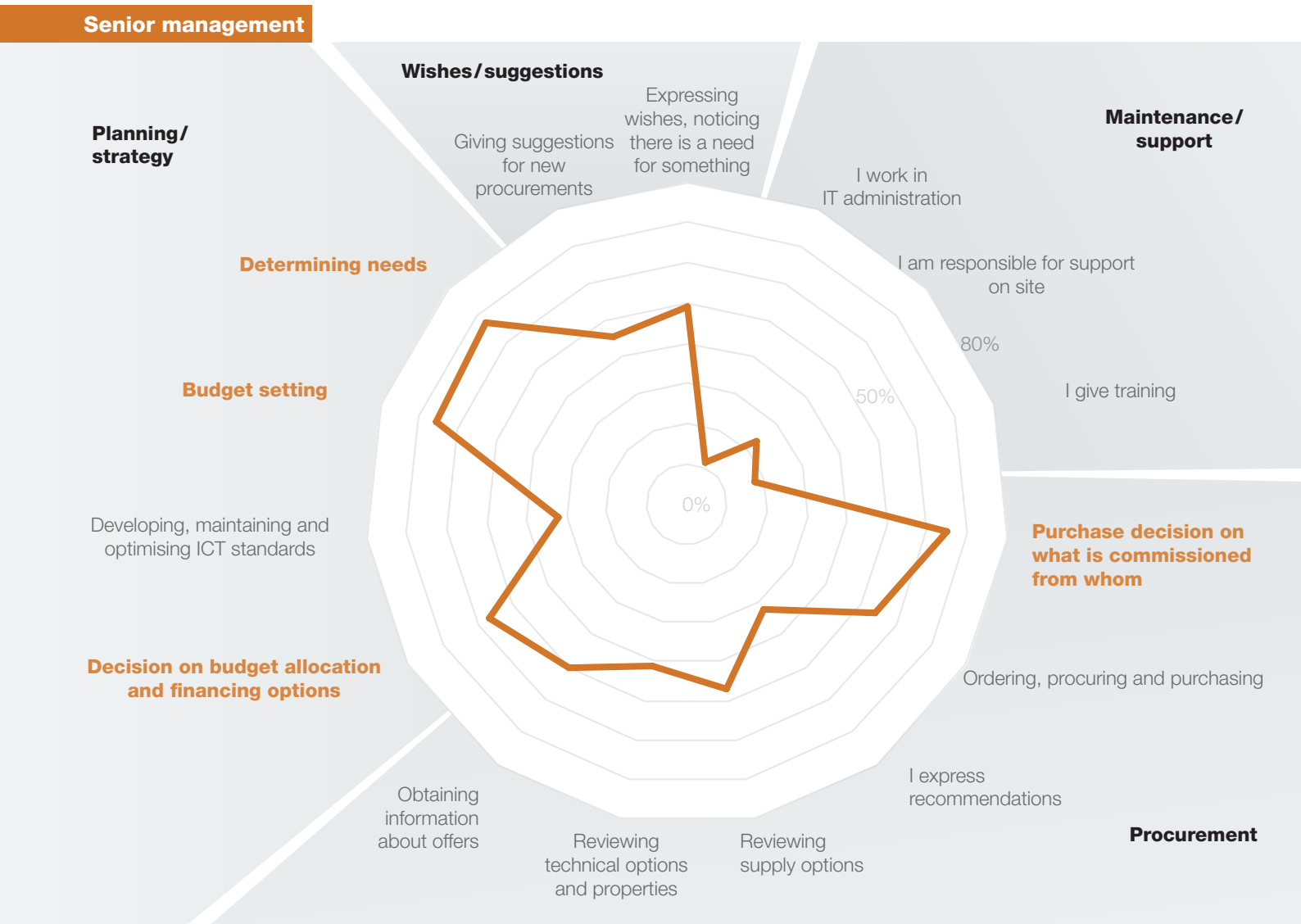


IT experts often provide the initial **impetus for a new procurement**. **Senior management** plays the key role in **purchase decisions** (procurement) as well as in **setting budgets** and deciding on **budget allocation and financing options** (planning and strategy).

IT management is generally highly represented and has an influence **on planning and strategy**, and particularly in **procurement**; its influence is stronger than that of the senior management level. It is also significantly involved in the downstream area of **maintenance and support**.

Top and division management provides wishes and suggestions, tends to give **recommendations** and **reviews technical options**. In relation to planning and strategy, it is typically below the senior management and IT management level.

PERSONAL INVOLVEMENT IN INVESTMENT DECISIONS in detail



Multiple responses; basis: 509 respondents



The decision makers at the senior management level are involved in planning and strategy, as well as in procurement. They determine the need and set the budget, decide on budget allocation/financing options and ultimately take the purchase decision. Their main functions therefore lie at the beginning and end of the decision-making process.

Top and division management

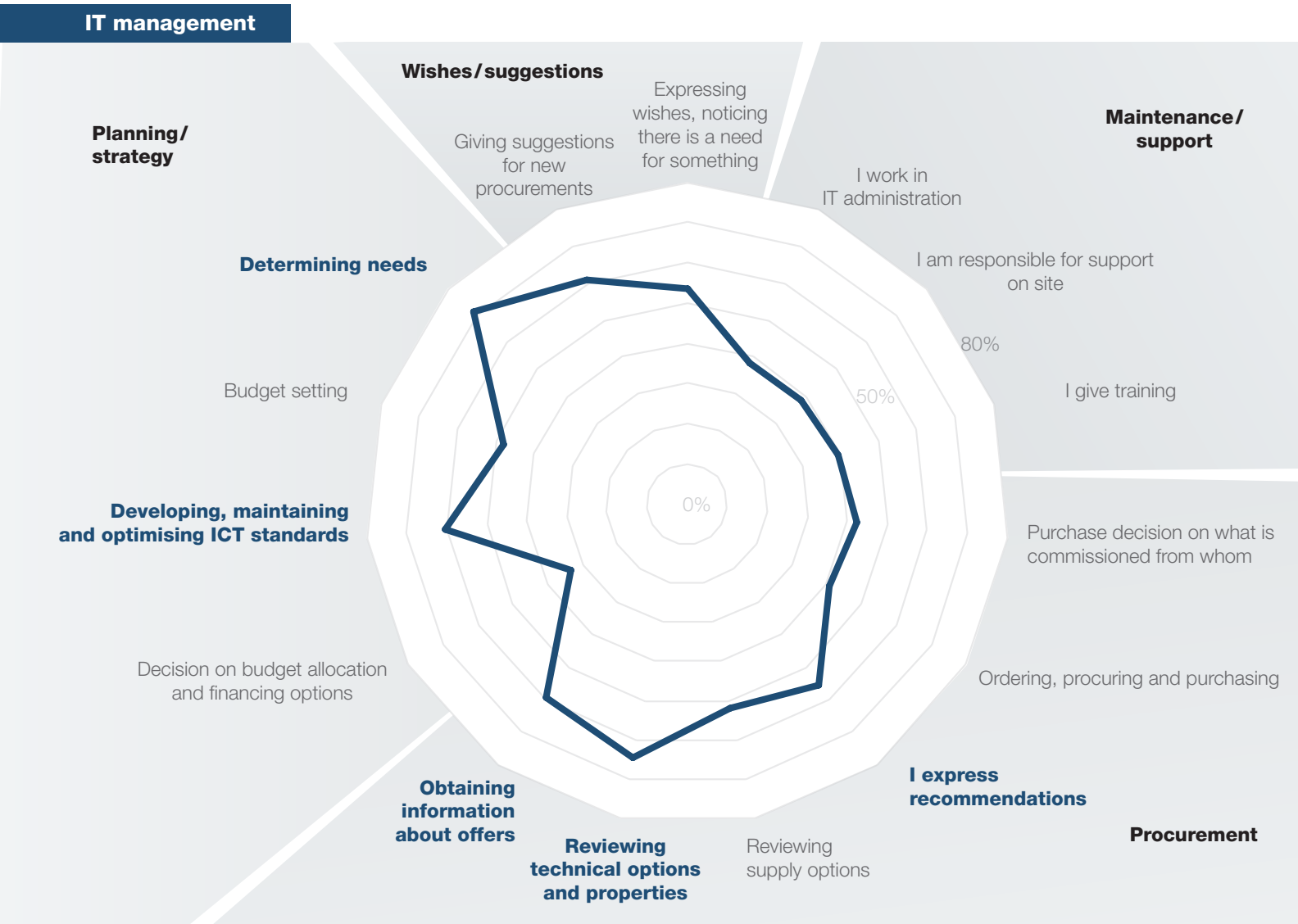


Multiple responses; basis: 509 respondents



The decision makers at the top management level – without a direct IT function – are the initiators of new investments. They notice if there is a need for something and express wishes accordingly. Their suggestions for new procurements and recommendations for products facilitate the process of determining needs.

PERSONAL INVOLVEMENT IN INVESTMENT DECISIONS in detail



Multiple responses; basis: 509 respondents



IT management is also highly involved in the areas of planning, strategy and procurement. Decision makers at this level analyse offers and solutions on the market and provide recommendations. Responsibility for maintaining and optimising ICT standards, as well as budget setting, likewise constitute core areas in their extensive scope of duties. They therefore perform the central role in the decision-making process.

IT employees / IT experts

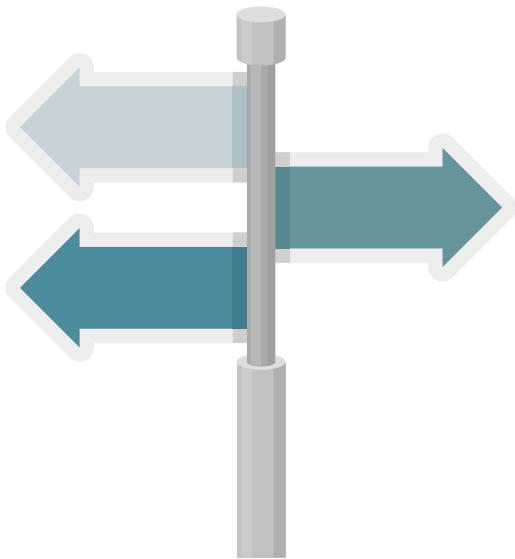


Multiple responses; basis: 509 respondents



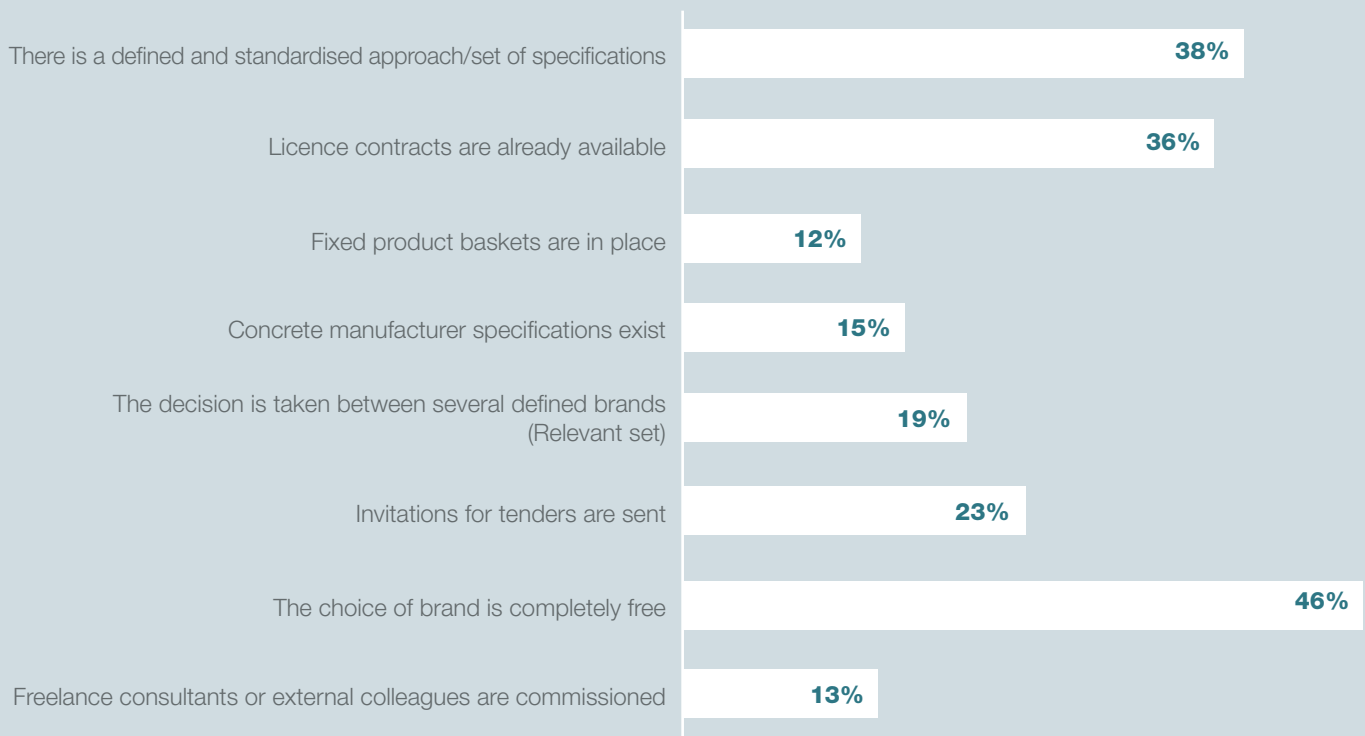
Like division management, IT employees and experts are the initiators of new investments. They are involved at the beginning of the decision-making process and identify unfulfilled requirements, express wishes and provide suggestions for new procurements. In relation to procurement, they offer recommendations and seek information on offers.

INFLUENCING FACTORS IN THE COURSE OF THE DECISION-MAKING PROCESS



The three key influencing factors in the decision-making process that apply for all company sizes and sectors are:

- standardised specifications**
- existing licence contracts**
- freedom in the choice of brands**



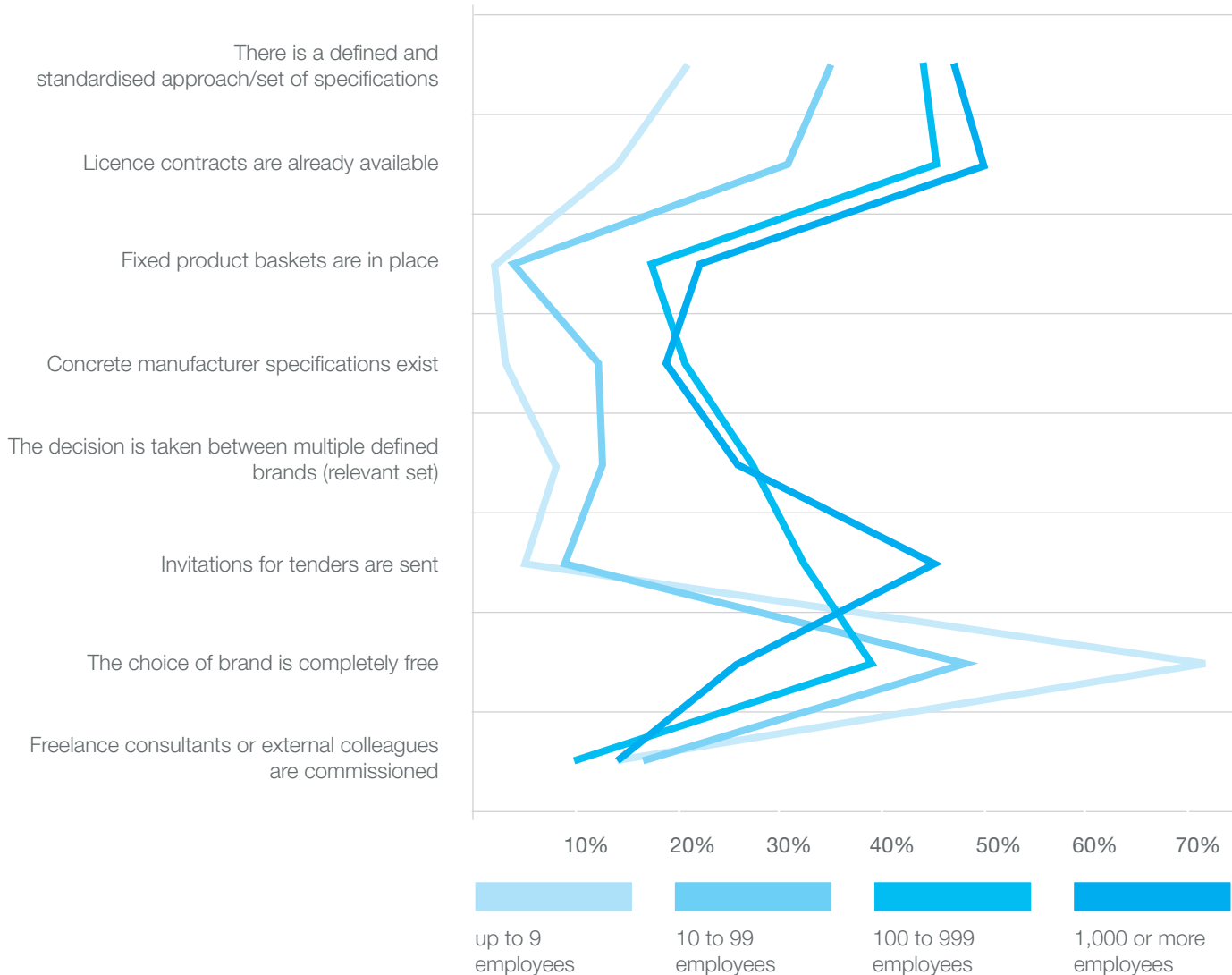
Multiple responses; basis: 509 respondents



No completely free and independent decisions exist.

However, the proportion of companies overall that have a free choice of brands is relatively high at 46%.

COURSE OF THE DECISION-MAKING PROCESS by size category



Multiple responses; basis: 509 respondents



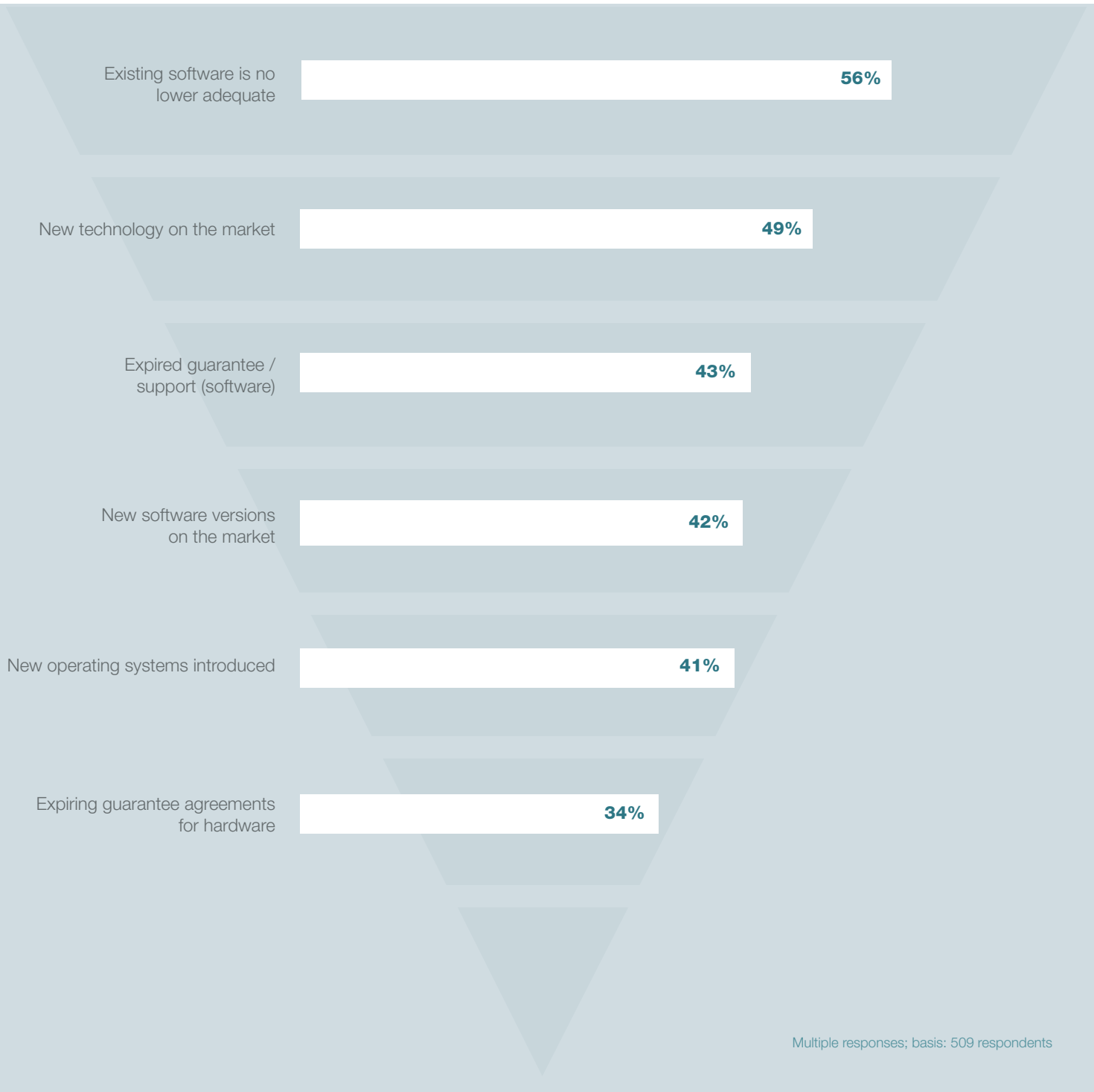
The picture changes when looking at company sizes.

It is companies with up to 99 employees that tend to have a free choice of the brands they purchase. But even among large companies, a quarter of decisions are still completely free. The willingness to change supplier is particularly great among small companies with up to 9 employees, which account for 72% of companies in Germany's economy. There are no defined brands or fixed product baskets here.

Licence contracts and defined specifications exist for companies with 100 employees or more. Selection also takes place on the basis of an existing relevant set.

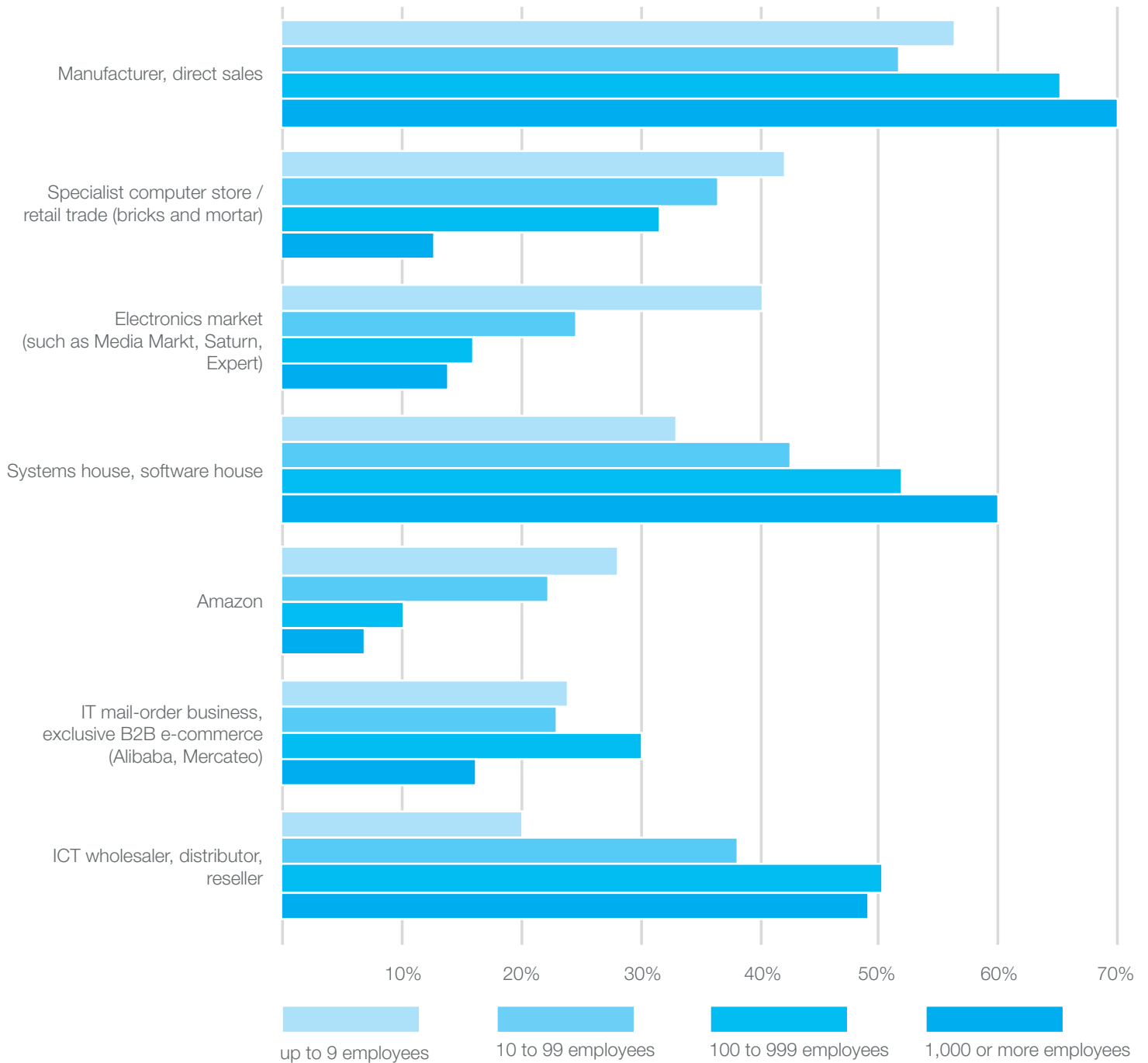
TRIGGERS FOR A CHANGE OF BRAND OR PROVIDER

Besides outdated and inadequate software, new technologies on the market constitute the top criteria that trigger a change in provider. Overall, however, the reasons for such a switch are highly varied.



SUPPLY SOURCES

by size category



Multiple responses; basis: 509 respondents

In particular, larger companies with over 100 employees have an especially close supplier relationship with manufacturers or direct sellers, as well as systems houses, ICT wholesalers and distributors.

Small companies (10-99 employees) integrate all sources almost equally. Direct sellers and systems houses enjoy slight preference, followed by distributors and specialist retailers; mail-order businesses and online suppliers such as Amazon have weaker ties.

Interestingly, direct sellers, specialist retailers and electronics markets like Saturn & Co. account for more than 50% of suppliers for micro-businesses.

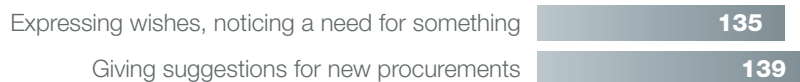
WHERE ARE THE LARGEST BUDGETS MANAGED IN THE PROCESS?

ANNUAL EXPENDITURE by position for all size categories

- **Senior management:** € 111,000
- **Top and division management:** € 148,000
- **IT management:** € 242,000
- **IT employees / IT experts:** € 80,000

ANNUAL EXPENDITURE in the respective decision area

Wishes / suggestions



Planning and strategy



Procurement



Multiple responses; basis: 509 respondents; average value in EUR thousands



Respondents at the process level 'Expressing wishes and suggestions' manage a budget of € 135,000 - € 139,000 on average.

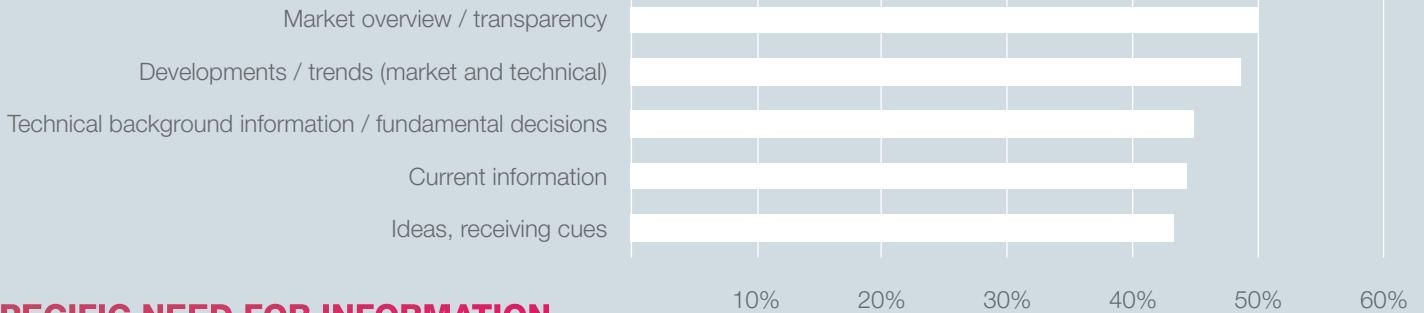
Planning and strategy are pivotal for large budgets: decision makers who set budgets, optimise ICT standards and decide on budget allocation have between € 150,000 - € 204,000 at their disposal. Both senior management and the IT management level follow behind.

The second-largest budgets in the decision-making process are found in procurement: the decision makers who review technical options, give recommendations and assign orders have € 156,000 - € 174,000 at their disposal.

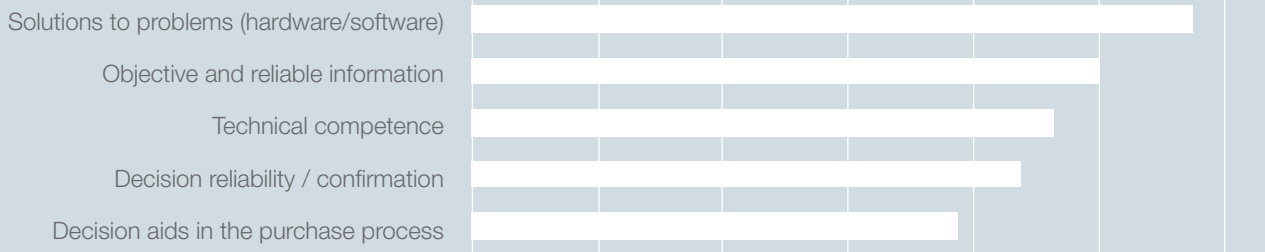
PART 2: INFORMATION BEHAVIOUR AND EVALUATION

No decisions can be taken without information! But what information is sought and analysed in the decision-making process for ICT investments?

MONITORING



SPECIFIC NEED FOR INFORMATION



Multiple responses; basis: 509 respondents

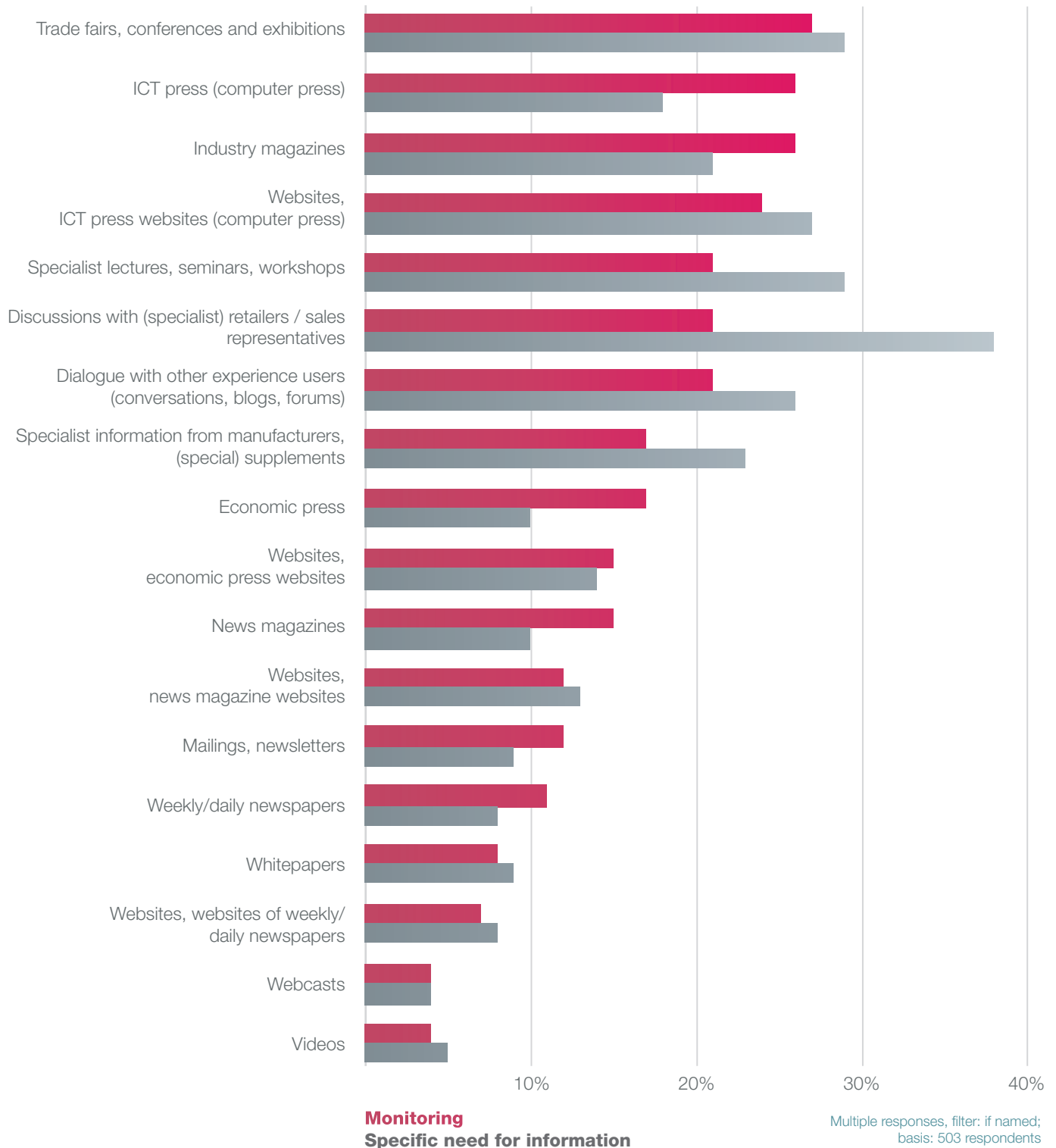
INFORMATION IS SOUGHT IN TWO WAYS



The need for information can vary. For gaining an overview (monitoring), other information and information sources are used than for cases where there is a specific need for information in relation to an urgent investment or in cases where a problem has to be solved immediately.

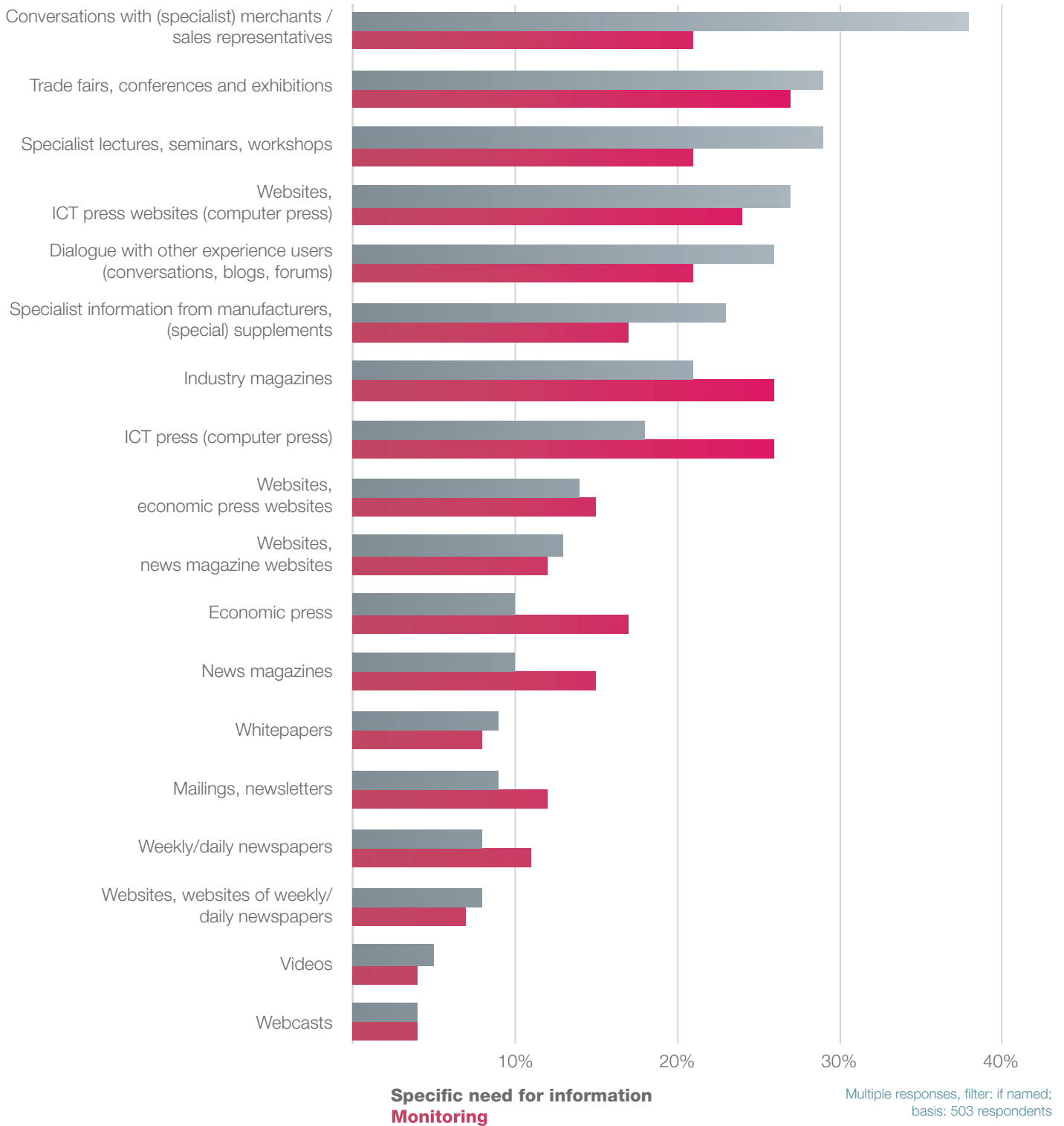
DIFFERENT SOURCES WITH DIFFERENT NEEDS FOR INFORMATION

Role of media in monitoring



Here, the reliability and currentness of sources already has a huge influence on the decision-making process. In addition to receiving information through the ICT press and their websites as well as industry magazines, communication represents a key element: conversations with merchants, trade fairs and conferences, specialist lectures, workshops and forums are the first ports of call and are heavily used.

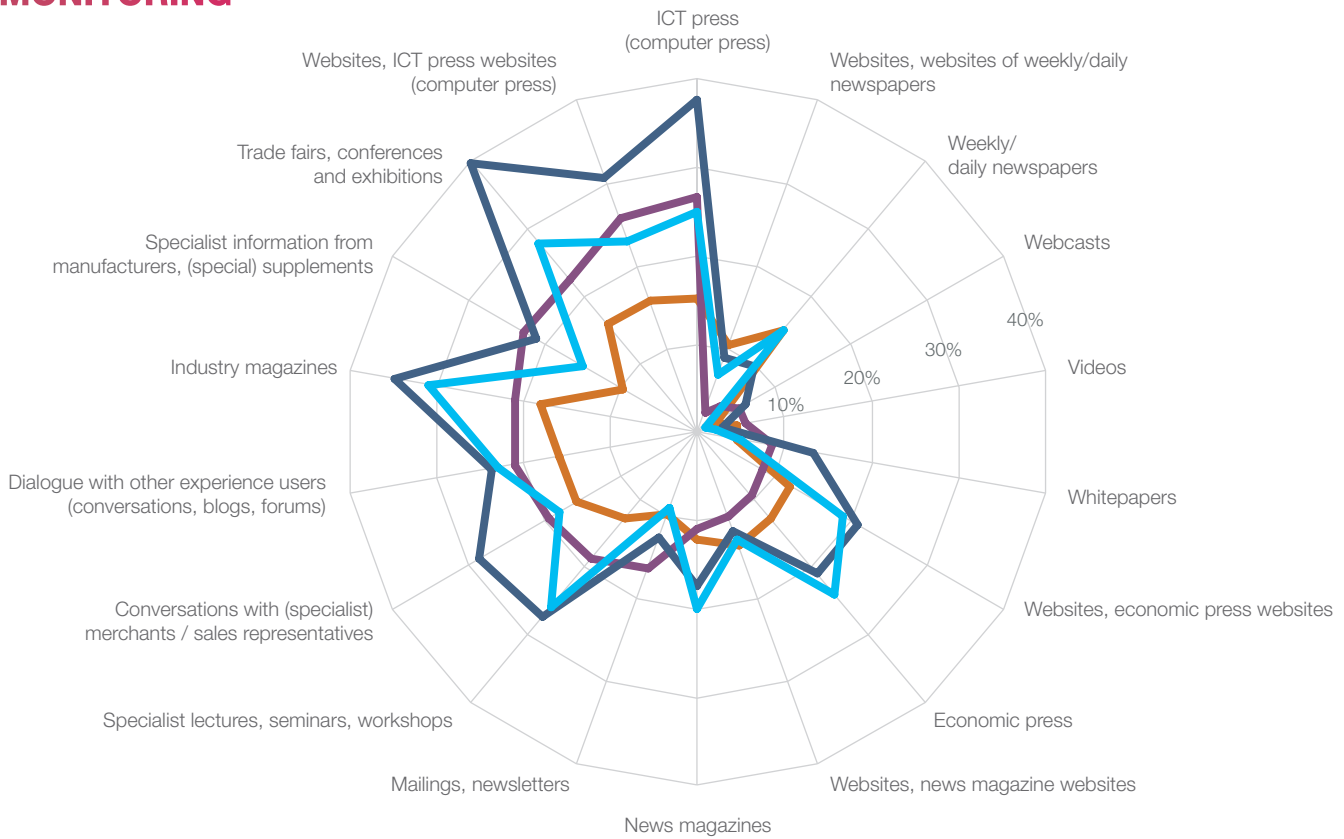
Role of media with a specific need for information



Communication is a current trend. Personal dialogue is valued at trade fairs, for example, and conversations with merchants, seminars and workshops are incredibly important. Here it is clear how differently the role of media is assessed – the following generally applies for all positions and company sizes: depending on the need for information (monitoring versus a specific need for information), information sources and channels are used differently.

USE OF INFORMATION SOURCES by position

MONITORING



Senior management

Top and division management

IT management

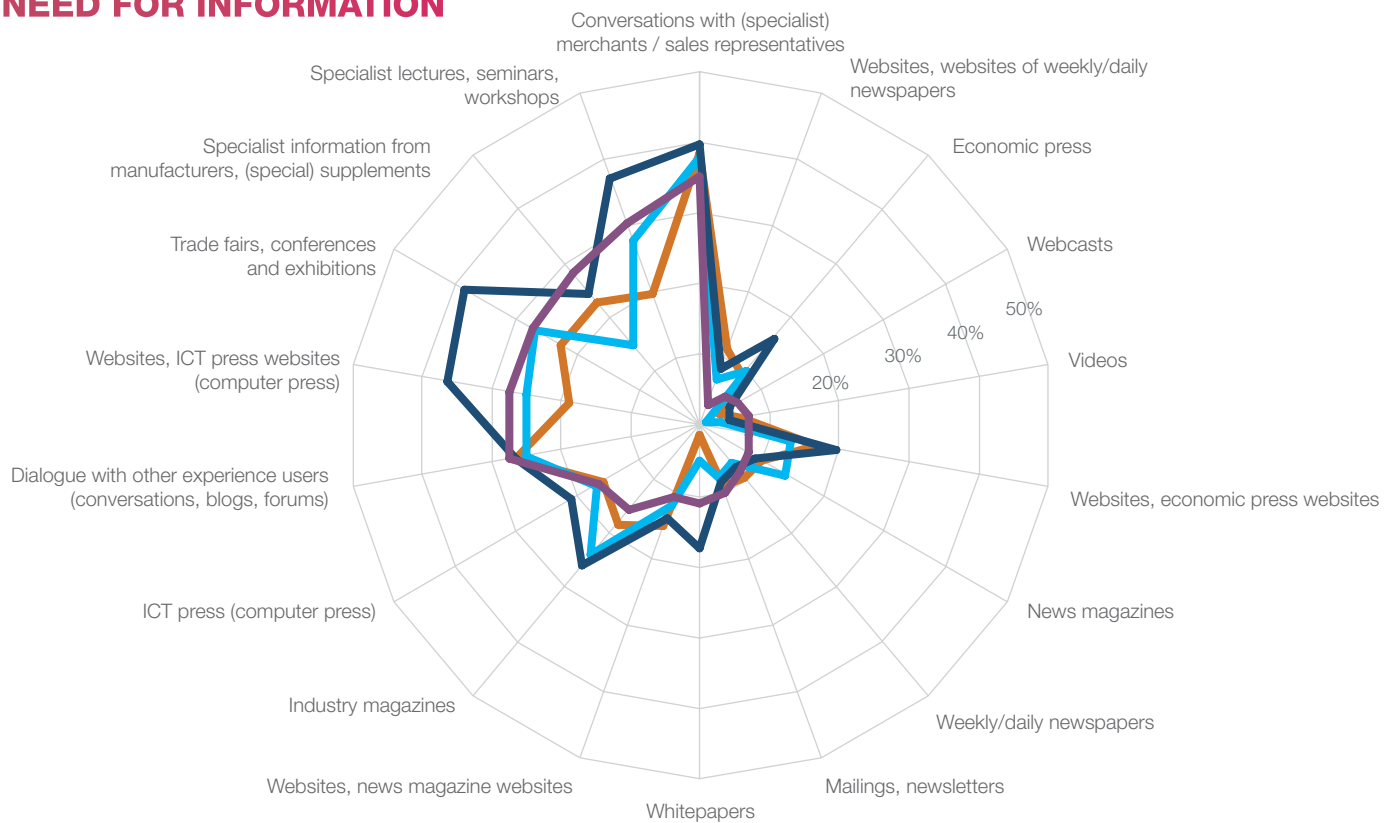
IT employees / IT experts

Multiple responses; basis: 503 respondents



IT management exhibits the most distinct information behaviour – due to the comprehensive scope of duties and the necessity to stay up to date, follow new technologies and be strategically involved – while the level of senior management is less present in this area.

SPECIFIC NEED FOR INFORMATION



Senior management

Top and division management

IT management

IT employees / IT experts

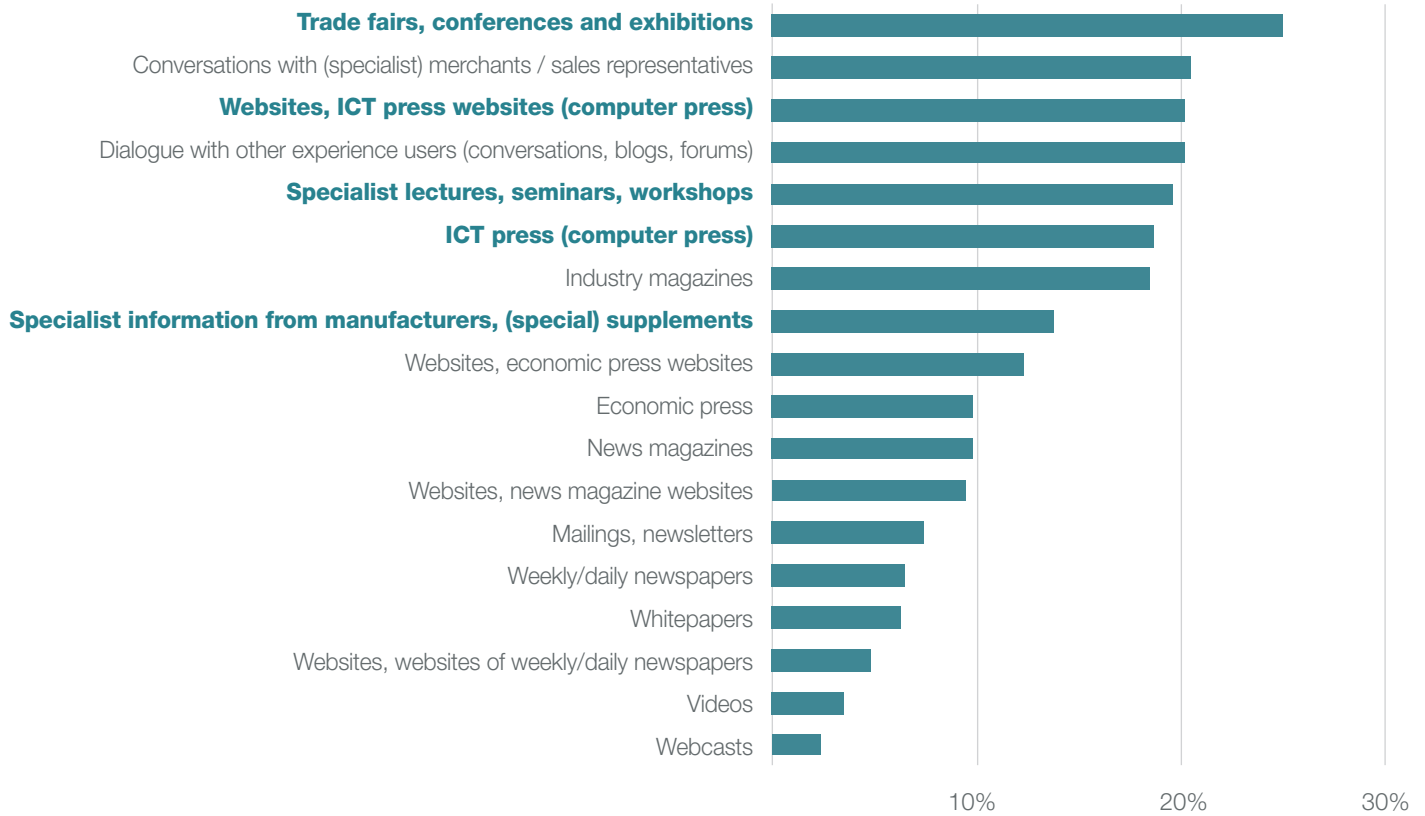
Multiple responses; basis: 503 respondents



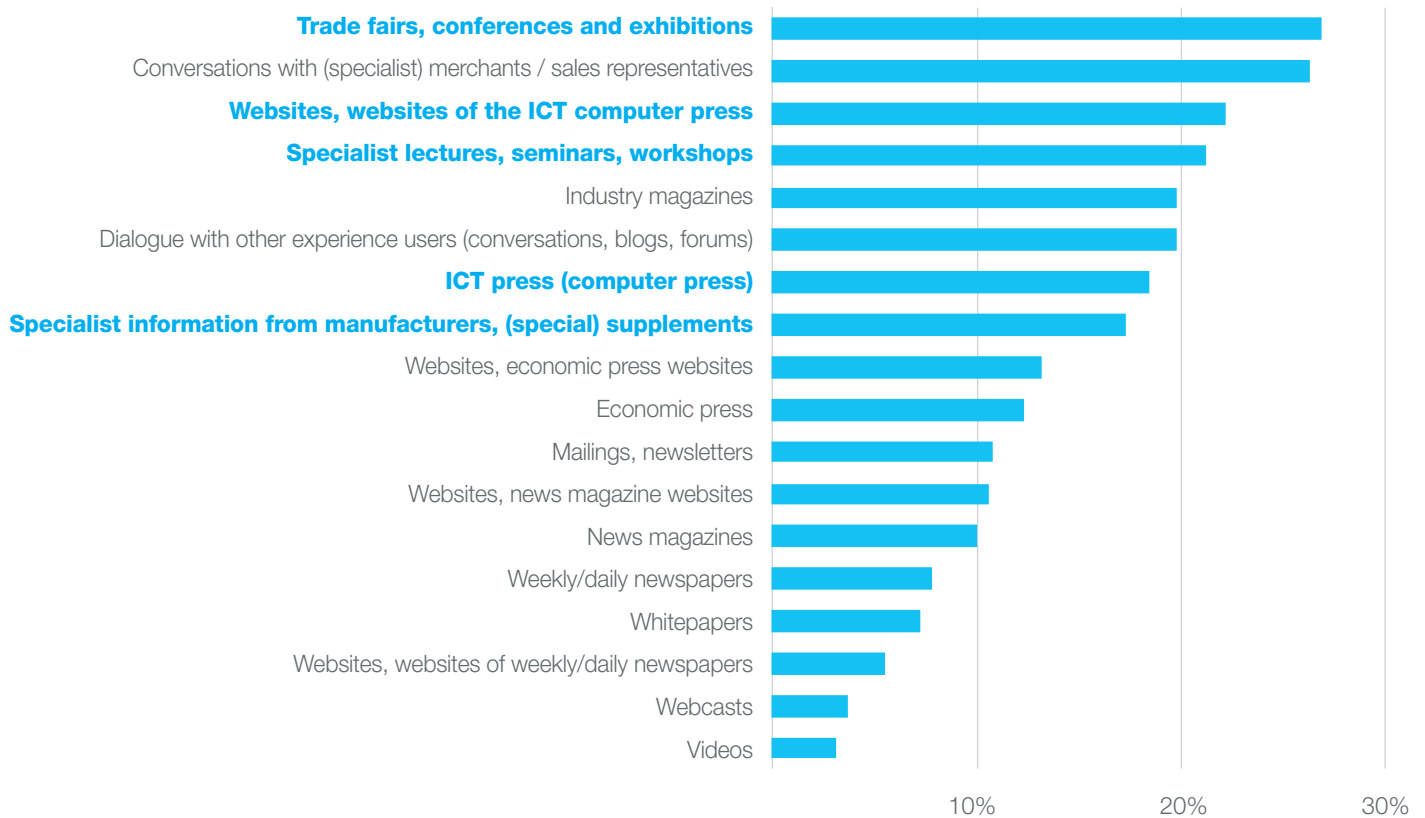
Although IT management also exhibits the most distinct information behaviour in cases of a specific need for information and heavily utilises websites of the ICT press as well as trade fairs and exhibitions, the senior management level now becomes much more active – placing particular importance on personal contact with people. Overall, specialist merchants, sales representatives and dialogue with other users are very important for all levels of the process.

EVALUATION OF INFORMATION SOURCES

Information variety

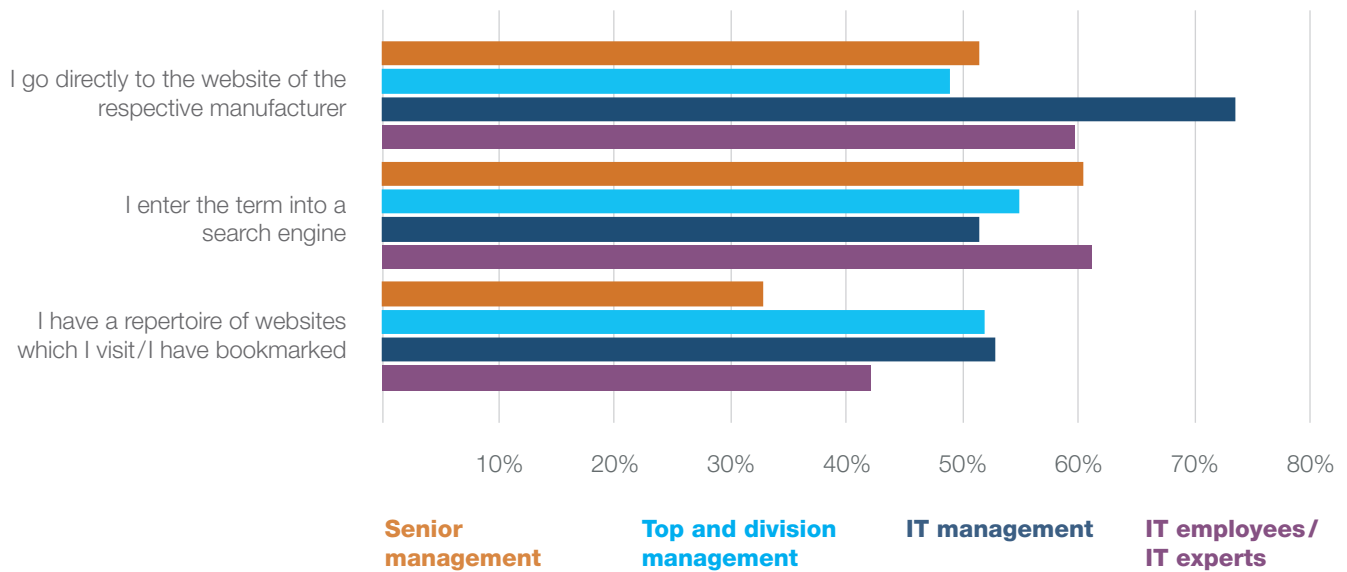


Currentness



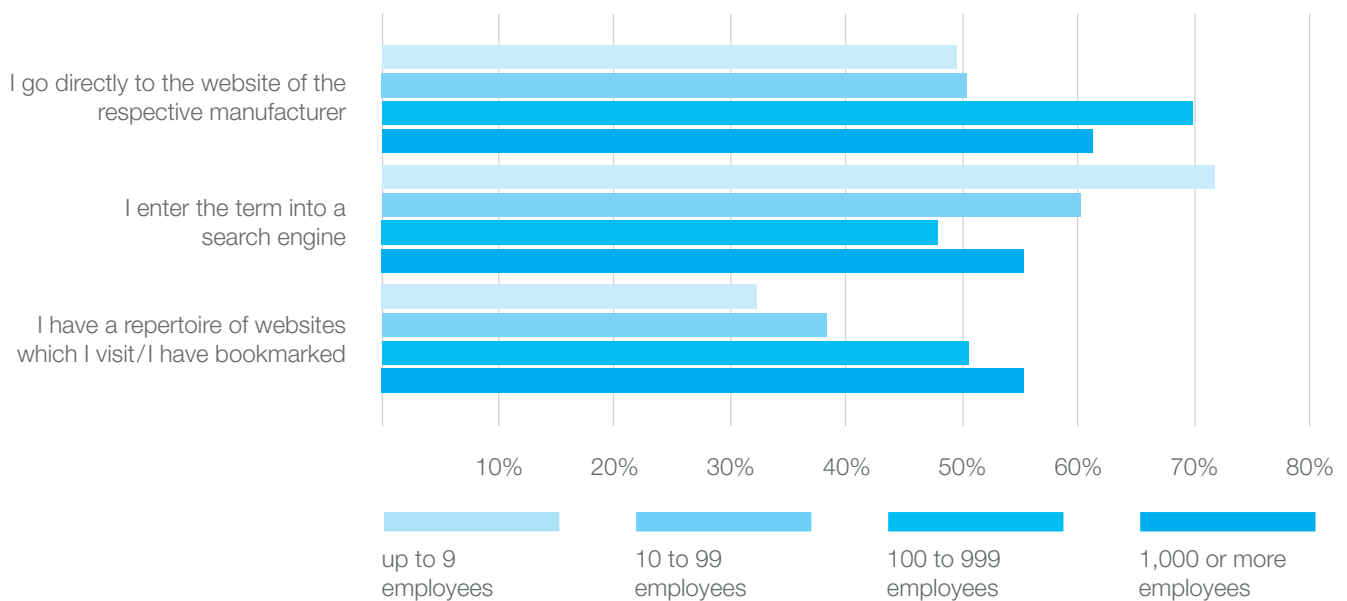
Multiple responses, top boxes, answers with 'very good' or 'good', filter: if named; basis: 509 respondents

SEARCH FOR INFORMATION ONLINE by position



The direct route: IT management prefers information from primary sources; 74% of them utilise sources in the form of manufacturers' websites, and they likewise have a repertoire of websites at their disposal. Bookmarked websites grant direct access to this target group. On average across all positions, one in two respondents uses a set repertoire of websites. For media providers, it is therefore important to be included in the 'relevant set'.

SEARCH FOR INFORMATION ONLINE by size category

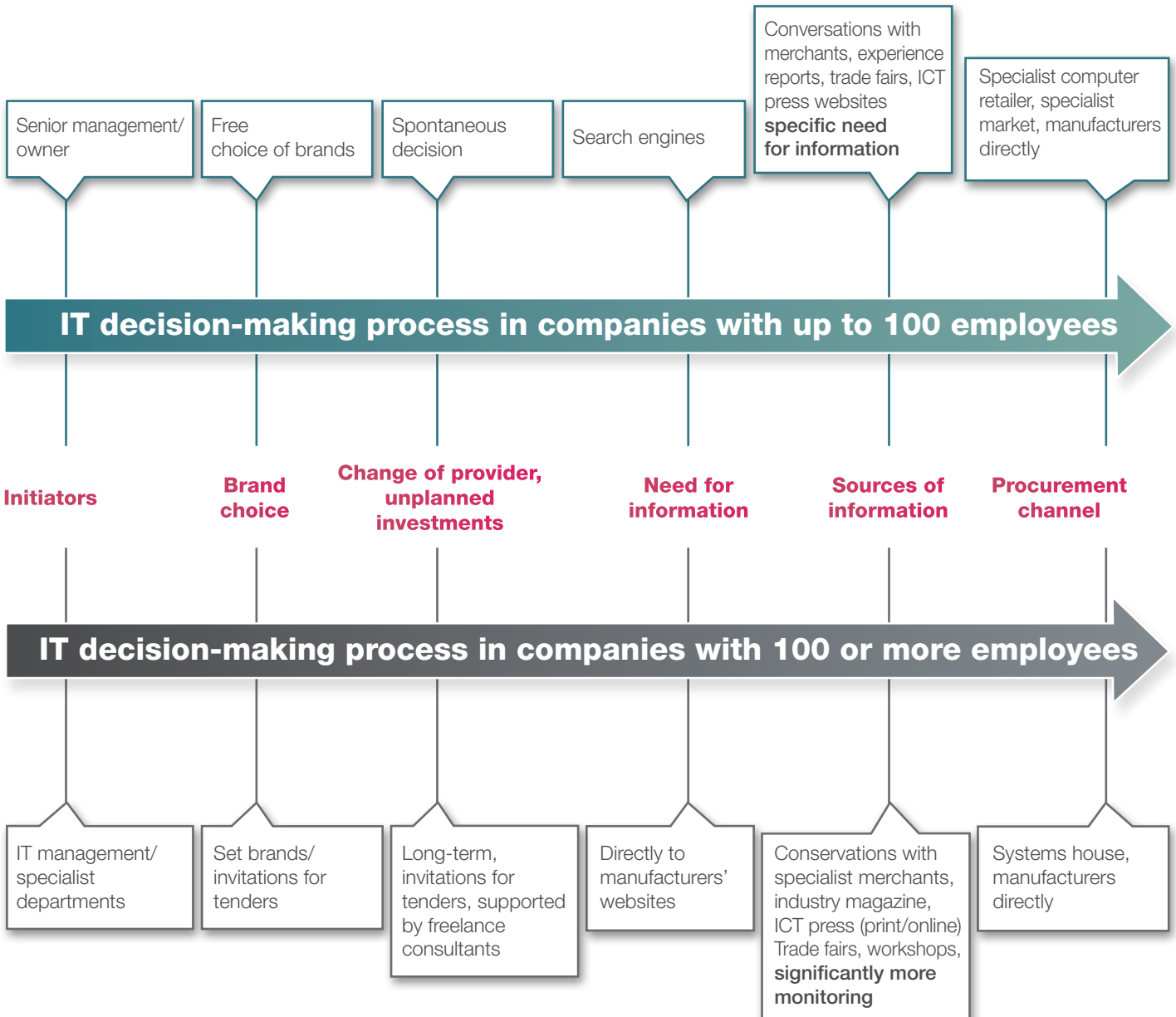


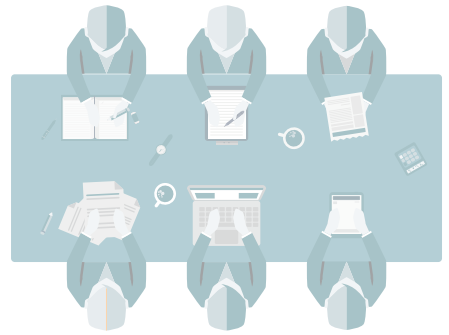
Information search patterns varying with size: The larger the company is, the greater the tendency to search for sources directly: manufacturers' websites take top priority. Small companies prefer to use search engines.

Multiple responses; basis: 509 respondents

SUMMARY: KEY POINTS OF THE STUDY

At a glance: Decision-making processes in IT today





Part 1: Who is involved and what does the process entail:

Actors

Who is involved in decisions about IT investments/procurements and how?

There is not a single person who is solely responsible for decisions! All positions – from senior management and IT managers to IT employees – are involved in the decision-making process depending on the ‘process stage’!

In micro-businesses with up to 9 employees and small companies, senior management or the owners are significantly involved in the decision-making process – from making suggestions and acquiring information to setting the budget. In medium-sized companies, IT management primarily plays an influential role in the decision-making process. In large companies in which IT is often divided into different departments and areas of responsibility, ideas for new purchases also come from the departments.

Processes

Which processes, structures and influences are effective?

Triggering criteria for a change of brand or provider are pivotal for the process. The framework conditions, such as specific manufacturer requirements or a free choice of brand, restrict the scope for making decisions. Medium-sized companies and large companies tend to be more strictly bound to certain standards than smaller companies. Companies with over 1,000 employees in particular typically have to issue invitations for tenders. Most small companies are completely free in their choice of brand and manufacturer. The larger the company is, the more likely they are bound to certain brands.

A change of brand often occurs when software no longer satisfies requirements and/or new technologies become available on the market.

Realisation is also determined by the size of the budget. The largest budget by far is granted to IT management.

Part 2: Information behaviour and evaluation:

Information channels

How can information and an overview be obtained?

Information is sourced using two channels, triggered either by monitoring or a specific need for information. Both are important for the decision-making process.

Monitoring is a continuous process of staying up to date and following the latest trends and developments. Trade fairs, exhibitions, the ICT press, industry magazines and websites of ICT magazines are the most important sources of information for staying informed.

In the case of a specific need for information, solutions, decision aids and supply sources are searched directly. There is an emphasis of personal contact here – such as conversations with (specialist) merchants, sales representatives, specialist lectures, seminars and workshops, as well as trade fairs and discussion with other experienced users. The websites of the ICT press are also used for solving specific problems.

Evaluation

How are the different sources of information assessed?

The level of personal conversation is considered particularly diverse and up to date. Trade fairs, conferences and exhibitions take priority. These are followed by conversations with specialist merchants, seminars, workshops, forums and blogs, as well as the ICT press (print and online) and industry magazines.

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