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NEWS RELEASE

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For Immediate Release

Saugatuck C-Team Research: User Revenue Goals Drive IT Spending and Innovation

A recent worldwide web survey of more than 400 C-level executives by Saugatuck Technology in partnership with BusinessWeek Research Services indicates improved IT budgeting in 2007, driven by worldwide economic improvement, a focus on revenue growth over cost control as a leading business strategy, and the recognized need for innovation to help drive competitive differentiation.

Westport, Connecticut (March 9, 2007) – Driving top-line revenue growth outpaced controlling costs and asset allocation as the top business strategy for C-Team executives in 2007, by a 5-to-1 margin, according to new research published last week by Saugatuck Technology, Inc. This implies a more than subtle shift in business priorities by large company CEOs, COOs, CFOs, CMOs and CIOs, and what appears to be an emerging scenario of accelerated business spending to support their evolving strategies – especially investments that drive innovation and competitive differentiation. In fact, the top five business goals of C-Team executives in 2007 are all revenue, customer and market share related, with managing budgets and ROI measurement metrics falling precipitously in the C-Team business goal rankings.

What is not yet clear is whether the desire for growth will translate into dramatically accelerating IT spending. While IT budgets are forecast to grow, Saugatuck's analysis indicates that planned IT spending lags relative to the business priorities that C-Team executives are embracing – with IT spending priorities continuing to focus primarily on point solutions, and investments that improve the integration and availability of data and/or applications. This suggests that user executives will need to find creative ways of enabling business growth while spending struggles to close the gap – and that IT vendors will need to deliver more business innovation as part of their software and service solutions.

These two key insights regarding user enterprise IT and business plans come from the first of two research reports being published by Saugatuck Technology. These reports present Saugatuck's analysis, insight and guidance based on worldwide survey research performed by Saugatuck in partnership with BusinessWeek Research Services (BWRS) in late 2006 and early 2007. The research includes responses from 443 C-level business (CEO, COO, CFO, CMO) and IT (CIO, CTO) executives – referred to in the report as the "C-team" – from large, \$1 Billion-plus enterprises worldwide, including private and public sector organizations.

The first report, *C-Team Research: Growth and Innovation Driving the Global Business Agenda*, examines the key business strategies and goals of C-Team executives, perceptions concerning the pace and strength of the economy (by region), the role and importance of innovation in driving business growth and ensuring long-term survival, and high-level IT budget and spending intentions. Key report insights include:

- Why user C-level executives expect economic growth to continue worldwide, despite recent market struggles.
- How revenue growth is by far the top business focus among C-level executives – with cost reduction shifting down to a distant second goal, and spending controls loosening.
- The expected impact of worldwide economic shifts on such top business goals as increases in market share, customer bases, customer retention and satisfaction, and customer wallet share.

MORE

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- How and why innovation has become a leading investment driver among C-Team executives.
- Why M&A and capital spending will top user enterprise investment plans and strategies through 2007, and why spending is seen to lag plans and budgeting through 2007 – implying greater IT spending growth in 2008 and beyond.

“This report provides a terrific window into the evolving strategies and goals of C-Team executives worldwide,” shared lead author, and Saugatuck CEO, Bill McNee. “Our focus has always been on the business factors driving user IT strategies and plans; this report adds to that, and to our ability to help our clients understand what they need to do to address the new competitive landscape.”

Published on February 28, 2007, *C-Team Research: Growth and Innovation Driving the Global Business Agenda* is available online at Saugatuck’s web site at www.saugatech.com/325order.htm.

The second study, tentatively titled *Business and IT Insights: Key Trends for 2007 and Beyond*, digs deeply into the research survey data, offering analysis and insight regarding specific IT and business trends, priorities, spending and investment drivers. This study includes responses from the C-Team data, as well as 130 additional senior IT executives (VPs and directors), who were asked about their specific adoption plans relative to a variety of emerging technologies (e.g., SOA, SaaS, Open Source, Utility Computing, BPO). Key report insights include:

- How enterprise business and IT spending controls have helped drive adoption of software-as-a-service to increase more than 200 percent annually.
- How the drive for business growth affects IT budget and spending metrics and management, including a shift from ROI to revenue metrics.
- The impact of user business and IT strategy changes on IT vendor and service provider strategies and offerings, including the need for more innovative solutions.

“This report delivers the foundational data and analysis to help user executives understand what they need to do with IT planning and spending to gain competitive advantage after years of cost-cutting and purse-string-focused management,” explains report author and Saugatuck Managing Director, Bruce Guptill. “It also shows IT vendor and services providers where they need to focus their efforts, and what types of offerings will deliver the greatest advantage to their customers – and therefore, where their own best opportunities may lie.”

Business and IT Insights: Key Trends for 2007 and Beyond will be published later in March 2007, and will be available at www.saugatech.com/331order.htm.

About Saugatuck Technology

Saugatuck Technology Inc. provides research-based market strategy consulting services and subscription research to senior executives, information technology vendors, and investors, combining strategy development, business planning, and market intelligence with first-hand research of executive technology buyer trends. Founded in 1999, Saugatuck is headquartered in Westport, Connecticut (USA). For more information, go to www.saugatech.com, or call 1.203.454.3900.

To request a briefing with Saugatuck analysts, or for broader Press Inquiries, please contact Chris MacGregor, Analyst and Media Liaison, at chris.macgregor@saugatech.com, or call (203)-454-3900. For additional C-Team research, go to <http://www.saugatech.com/c-teamresearch.htm>.

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A division of the business development department of BusinessWeek, a McGraw-Hill company, BusinessWeek Research Services provides customized primary research solutions and category studies utilizing its Market Advisory Board of over 15,000 affluent business and IT decision makers worldwide.

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