2024 Technology Key Issues Study Results

January 2024

The Hackett Group®

World Class Defined and Enabled

About this study

BACKGROUND AND METHODOLOGY

For the 2024 edition of The Hackett Group's Technology Key Issues Study, leaders in business services – finance, human resources (HR), information technology (IT), procurement, and global business services (GBS) – were asked about their strategic priorities and initiatives for 2024.

This report presents IT, enterprise and other business services findings on:

- Business trends and strategic priorities that are expected to shape the technology agenda.

- Enterprise objectives, perceived risks and planned mitigation strategies.

- Technology priorities and projected spend.

- Executive's perspectives on generative artificial intelligence (Gen AI) – planned investments and possible use cases in IT and throughout the enterprise.

53% of respondents have revenue greater than $5B

71% of respondents are headquartered in North America

22% of respondents are headquartered in Europe

Source: The Hackett Group 2024 Technology Key Issues Study

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Executive summary

The state of IT in 2024

The state of IT in 2024: The troubled confluence of business and IT

The business environment remains unpredictable, and risks are weighty	Business executives identify inflation, the risk of recession, elevated interest rates and labor scarcities as significant business hazards for 2024. Looking beyond 2024, they foresee major disruptions to business success due to competitive challenges, such as geopolitical volatility and the influence of generative AI. Many executives are concerned about a recession in 2024. Some western economies avoided a recession in 2023, but the baseline forecast for global growth is expected to slow in 2024. Most executives are concerned about the impact of high interest rates on their ability to invest in 2024. Many are also concerned about geopolitical risks for 2024; with concern increasing beyond 2024.
Enterprisewide priorities reflect the need to manage the uncertainty by controlling costs	For 2024, primary business objectives are shifting toward margin enhancement and safeguarding, slightly surpassing revenue growth. This shift is due to factors such as inflation, increased interest rates and supply deficits – which are capturing the attention of business leaders.
Security, AI, stakeholder experiences and digital transformation top the technology priorities	The top five priorities for 2024 in rank order are secure data and systems, improve enterprise cost-efficiency and productivity, improve stakeholder experiences, realize value from investments in technology, and enterprise transformation to digital operating model. Security has been a constant number one priority for years in IT. The others reflect the changing business landscape and business priorities for technology.
IT is not seen as a strategic partner to the business; but collaboration continues anyway	While most IT organizations are collaborating with the business to make decisions, IT is less often either the driver or decision maker for technology decisions. It's troubling that four of the top 10 priorities are tagged by technology leaders as being "difficult to meet." Also significant is that IT is not perceived as a strategic partner to the business.

The Hackett Group | **2024 Technology Key Issues Study Results** | **5**

The state of IT in 2024: Process-driven improvements via generative AI and cloud

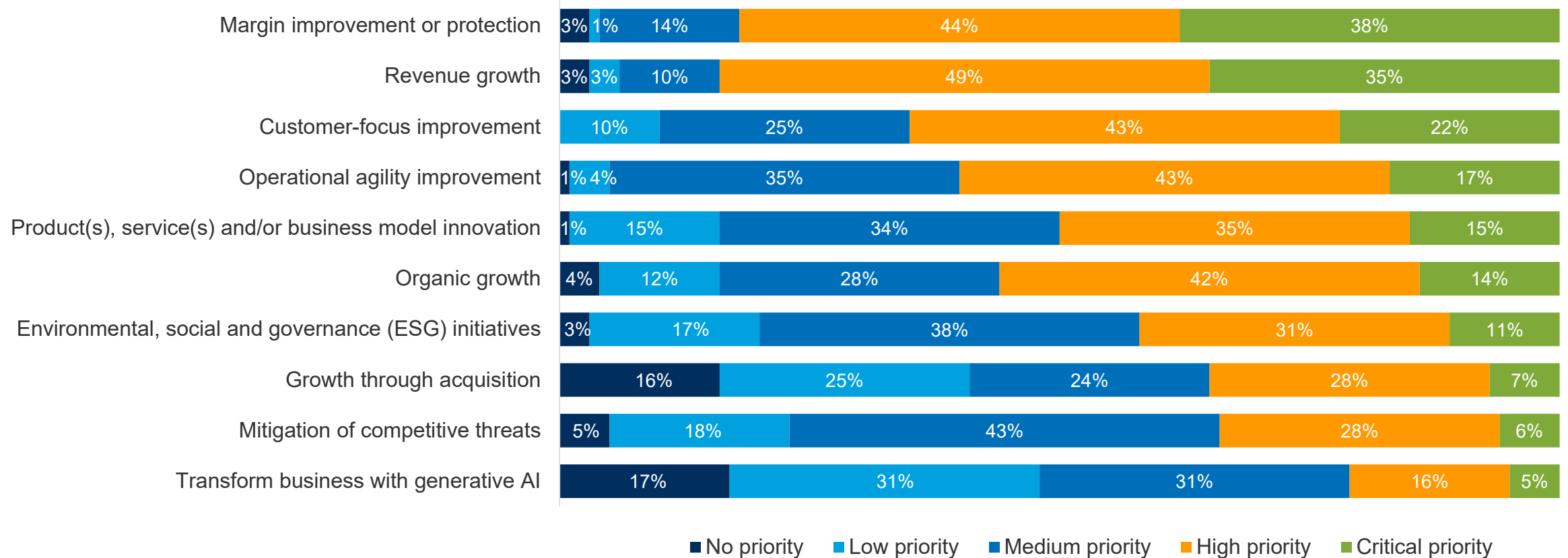|	
Generative AI will grow fast in 2024, within IT and across functions	Generative AI has the potential to answer some of the shortcomings of IT by improving service, speeding software development and helping address some of skill gaps. This study indicates that although adoption is limited, it is growing fast. Every IT department must position itself to use and advise on generative AI and related technologies. Almost one-half of enterprise respondents expect to use generative AI as a top risk mitigation strategy in 2024.
Process improvement in 2024 will drive continuing automation	Process improvement, automation, working capital optimization and consolidation to shared services are the main mitigation strategies for business services to combat increased operating cost and cost of capital. For IT, this means that automation of business processes and IT service management (ITSM) require acceleration among planned technology organization's practices. Modernizing the infrastructure and self-service tooling also rank high as mitigation strategies.
A growing gap between available people with needed skills and demand for services will increase delivery frustrations	Staffing IT remains contentious, both from the availability of skilled workers and the propensity of enterprises to inadequately recruit and compensate needed people. Most IT organizations expect to continue to need more people than they have in 2024, while businesses expects them to deliver more.
Movement to cloud platforms is accelerating in 2024 while compelling IT groups to reassess application migration strategies	The ongoing shift of workloads from on-premises infrastructure to private, public and hybrid cloud platforms will accelerate in 2024. This shift will impact how IT supports both applications and infrastructure, driving growing demand for cloud skills and a greater need to effectively manage cloud solution providers to achieve optimal service levels and cost efficiencies. While many applications still reside on-premises, continued migration to cloud-based alternatives is anticipated in 2024, especially as vendors wind down support for outdated on-premises platforms. This will compel difficult decisions for IT groups regarding application migration and support. Significant adoption of digital workforce tools, cloud-based ERP, global business services (GBS) service management software and human capital management (HCM) is already evident, with projected growth in 2024. But many have not fully realized expected benefits. Nevertheless, growth remains robust going into 2024 as the shift to cloud progresses.

Source: The Hackett Group 2024 Technology Key Issues Study

Enterprise and business context

2024 priority of enterprise business objectives

Inflation, increased interest rates, and supply shortages are focusing business leader's attention on margin improvement or protection, marginally above revenue growth as main business objectives for 2024.

2024 PRIORITY OF ENTERPRISE BUSINESS OBJECTIVES

Objective	No priority	Low priority	Medium priority	High priority	Critical priority
Margin improvement or protection	3%	1%	14%	44%	38%
Revenue growth	3%	3%	10%	49%	35%
Customer-focus improvement		10%	25%	43%	22%
Operational agility improvement	1%	4%	35%	43%	17%
Product(s), service(s) and/or business model innovation	1%	15%	34%	35%	15%
Organic growth	4%	12%	28%	42%	14%
Environmental, social and governance (ESG) initiatives	3%	17%	38%	31%	11%
Growth through acquisition	16%	25%	24%	28%	7%
Mitigation of competitive threats	5%	18%	43%	28%	6%
Transform business with generative AI	17%	31%	31%	16%	5%

Q. Please rate the following business objectives for your enterprise in 2024.

Source: The Hackett Group 2024 Enterprise Key Issues Study

What are key threats to business success in 2023, 2024 and beyond?

Business leaders view inflation, recession risk, high interest rates and labor shortages as key threats to business in 2024. Beyond 2024, competitive threats, including the impact of generative AI and geopolitical instability, are perceived to be major business disruptors that threaten business success.
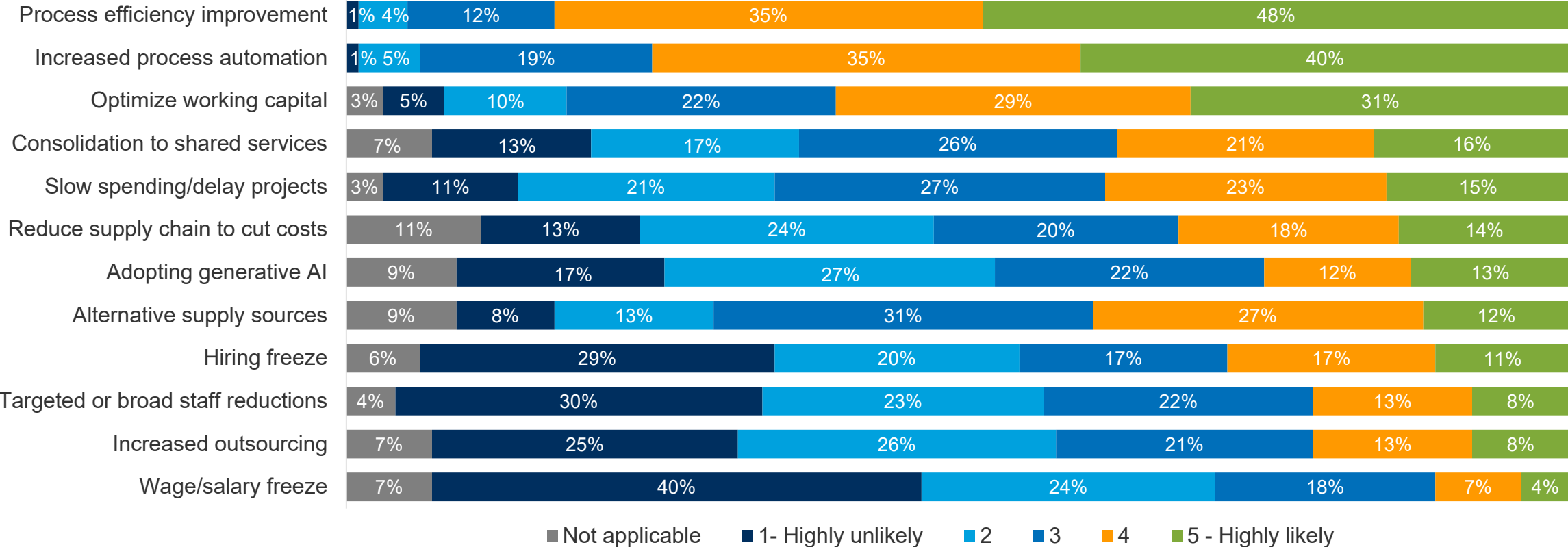
ENTERPRISE KEY THREATS TO BUSINESS SUCCESS

Q. Indicate how long the following threats will have a disruptive impact on your organization.

How will businesses mitigate the impact of potential disruption in 2024?

Process improvement, automation, working capital optimization and consolidation to shared services are the main mitigation strategies for business services to combat rising operating cost and cost of capital. Additionally, delaying projects is also being considered to better control and optimize costs.

ENTERPRISE TOP MITIGATION STRATEGIES

Strategy	Not applicable	1- Highly unlikely	2	3	4	5 - Highly likely
Process efficiency improvement	1%	4%	12%		35%	48%
Increased process automation	1%	5%	19%		35%	40%
Optimize working capital	3%	5%	10%	22%	29%	31%
Consolidation to shared services	7%	13%	17%	26%	21%	16%
Slow spending/delay projects	3%	11%	21%	27%	23%	15%
Reduce supply chain to cut costs	11%	13%	24%	20%	18%	14%
Adopting generative AI	9%	17%	27%	22%	12%	13%
Alternative supply sources	9%	8%	13%	31%	27%	12%
Hiring freeze	6%	29%	20%	17%	17%	11%
Targeted or broad staff reductions	4%	30%	23%	22%	13%	8%
Increased outsourcing	7%	25%	26%	21%	13%	8%
Wage/salary freeze	7%	40%	24%	18%	7%	4%

Q. Indicate the likelihood of your organization applying the following mitigation strategies in 2024.

2024 technology priorities, resources and governance

2024 technology function priorities of business objectives

Unsurprisingly, security is the top priority for technology organizations as breaches continue and losses mount. Next, and nearly as important, is that technology is expected to improve cost efficiencies. Stakeholders expect modern, engaging and effective experiences in their technology interactions, which correlate to realizing the value of investments. Enterprise transformation, skills, and data value also rank high on the list of 2024 priorities. Lower on the list, but still important, are improving both internal and external partnerships.

TECHNOLOGY PRIORITIES OF BUSINESS OBJECTIVES FOR 2024
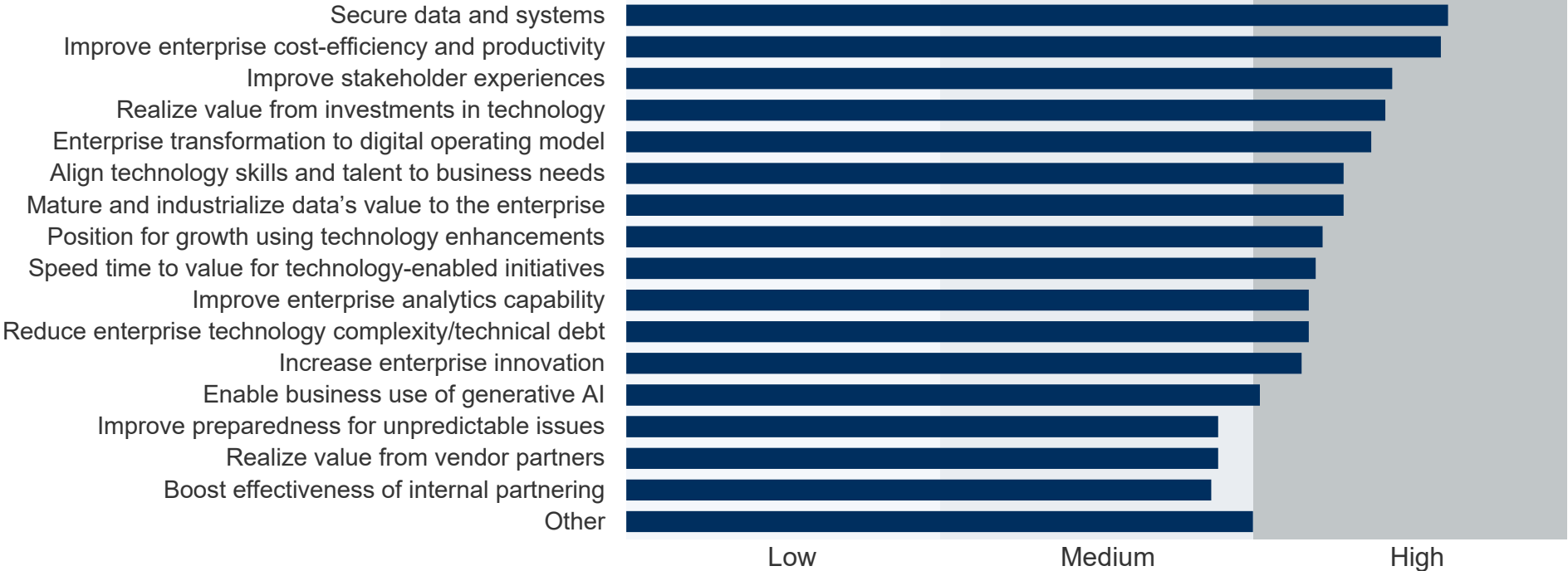
Q. Indicate the level of priority for the following objectives in 2024, and your confidence in your technology function's ability to meet business expectations for each.

2024 top 10 priorities of business objectives for information technology

1 Secure data and systems

2 Improve enterprise cost-efficiency and productivity

3 Improve stakeholder experiences

4 Realize value from investments in technology

5 Enterprise transformation to a digital operating model

6 Align technology skills and talent to business needs

7 Mature and industrialize data's value to the enterprise

8 Position the organization for growth through economic headwinds with technology enhancements

9 Speed time to value for technology-enabled initiatives

10 Improve enterprise analytics capability

Q. Indicate the level of priority for the following objectives in 2024, and your confidence in your technology function's ability to meet business expectations for each.

Confidence lacks in enterprises' abilities to meet four top business objectives

CONFIDENCE TO PRIORITY MATRIX

Ability to meet business expectations (vertical axis, Low to Moderate/high)

Priority (horizontal axis, Low/moderate to Critical)

- Boost effectiveness of internal partnering
- Realize value from vendor partners
- Improve enterprise analytics capability
- Secure data and systems
- Position the organization for growth through economic headwinds with technology enhancements
- Enterprise transformation to digital operating model
- Increase enterprise innovation
- Improve enterprise cost-efficiency and productivity
- Improve preparedness for unpredictable issues
- Reduce enterprise technology complexity/technical debt
- Speed time to value for technology-enabled initiatives
- Enable business use of generative AI

Critical Development

Areas needing most improvement:
- **Improve stakeholder experiences (employees, customers, partners)**
- **Realize value from investments in technology**
- **Mature and industrialize data's value to the enterprise**
- **Align technology skills and talent to business needs**

Q. Indicate the level of priority for the following objectives in 2024, and your confidence in your technology function's ability to meet business expectations for each.

Source: The Hackett Group 2024 Technology Key Issues Study
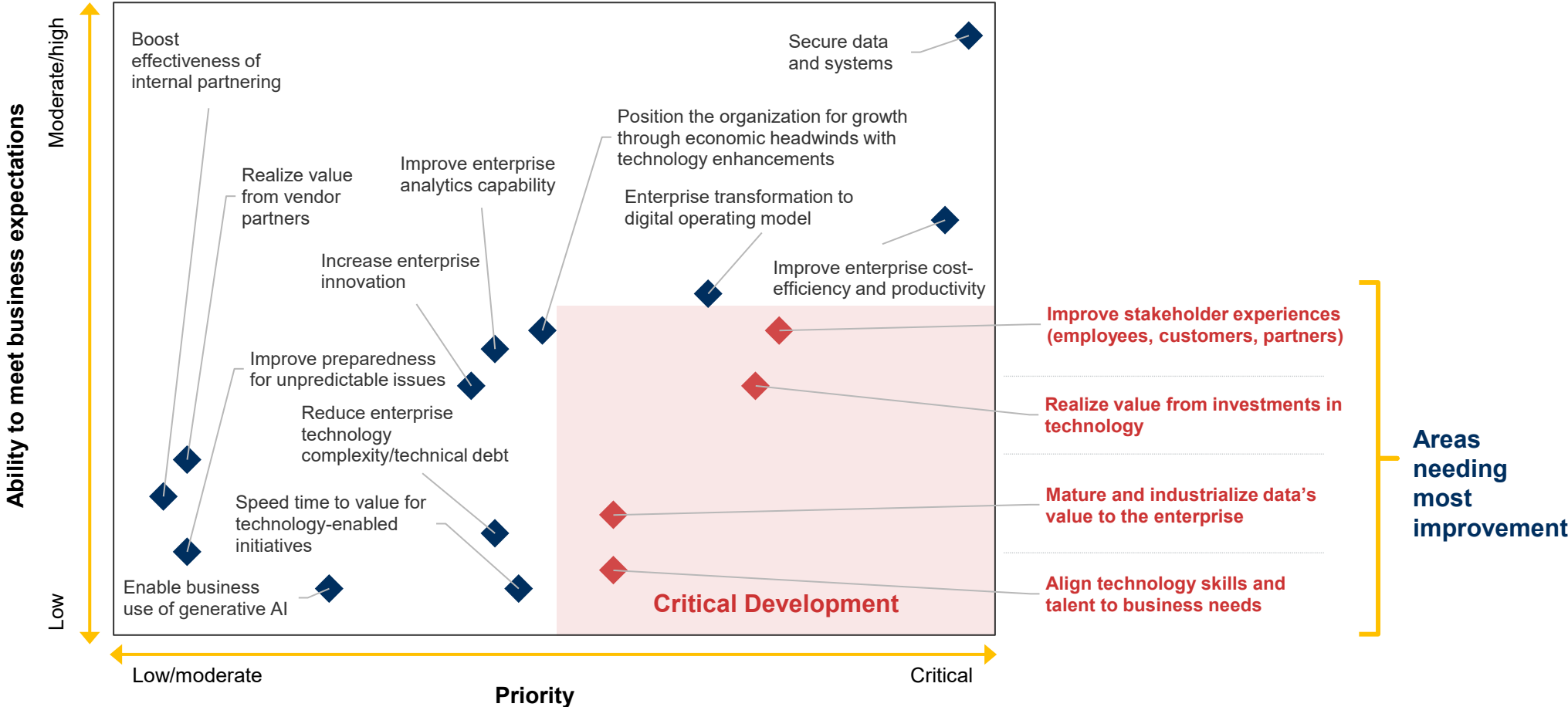
2024 top 10 priorities for information technology

Areas needing most improvement are marked red — each is high priority, but respondents believe that the IT function is challenged to deliver them. It is of concern that IT lacks the confidence in their ability to meet expectations for four of the 10 priority areas. Resolution requires immediate proper assessment with priority setting of expenditures and resources.

1
Secure data and systems
Security remains the highest priority for technology organizations because of continuing attacks with increasing sophistication. The costs of attacks are astronomical, including reputational affects, government fines and security upgrades.

2
Improve enterprise cost-efficiency and productivity
Economic pressures and global uncertainty continue to drive market mentality. With technology services considered a cost center, it is the focus of regular scrutiny.

3
Improve stakeholder experiences
Legacy systems and arcane policies can combine to leave stakeholders with poor engagement experiences. To improve those experiences, recognition of the issues is required along with plans to address the underlying causes including, but not limited to, technologies.

4
Realize value from investments in technology
Closely associated with improving cost-efficiency and productivity, technology investments must show value reflected in addressing business goals and improving stakeholder experiences. Otherwise, businesses will backpedal on new investments based on historical disappointments.

5
Enterprise transformation to a digital operating model
Enables efficient, seamless customer and employee experiences through process automation and data insights, driving growth; transformation also breaks down silos, facilitating organizationwide collaboration and agility.

6
Align technology skills and talent to business needs
Keeping up with the right skills mix in IT increases the value of the department, and those ready for change are highly valued as business partners rather than simply service providers. Proper skills management improves retention, accelerates reputation and enhances project outcomes.

7
Mature and industrialize data's value to the enterprise
To maximize data's value, enterprises must invest in reliable data pipelines, governance, quality and access. Combined with analytics talent development, data democratization and maturity drive improved decision making and optimization.

8
Position the organization for growth through economic headwinds with technology enhancements
Organizations should maintain focus on long-term digital and workforce development. Pursing cost and risk efforts while preserving agility for future opportunities requires judicious prioritization.

9
Speed time to value for technology-enabled initiatives
Rapid realization of returns from technology investments requires agile delivery models paired with business collaboration to prioritize high-impact initiatives. Streamlining cycles from ideation to deployment allows capturing value faster, fueling transformation.

10
Improve enterprise analytics capability
Robust analytics capabilities empower data-driven decision making, predictive insights and efficiency. Advanced analytics platforms, tools, and talent development speed growth, innovation, and competitive edge.

Q. Indicate the level of priority for the following objectives in 2024, and your confidence in your technology function's ability to meet business expectations for each.
Red text indicates those considered to be high priorities but are lacking the confidence that technology organizations will meet expectations.

Source: The Hackett Group 2024 Technology Key Issues Study

Except for security, technology's highest priorities change over time

Priorities change over the years, but security has remained on top since 2022. As expected, enterprise transformation to a digital operating model is another constant in the top 5. The others new to the top 5 in 2024 reflect the changing business landscape, as well as how enterprises use technologies and perceive their value.

	2022	2023	2024
1	Secure data and systems	Secure data and systems	Secure data and systems
2	Effective strategic partnering	Faster time to value for technology-enabled initiatives	Improve enterprise cost-efficiency and productivity
3	Maximized value from data	Enterprise transformation to a digital operating model	Improve stakeholder experiences
4	Technology skills and talent aligned to business need	Technology skills and talent aligned to business need	Realize value from investments in technology
5	Enterprise transformation to a digital operating model	Maximized value from data	Enterprise transformation to a digital operating model

Q. Indicate the level of priority for the following objectives in 2024, and your confidence in your technology function's ability to meet business expectations for each.

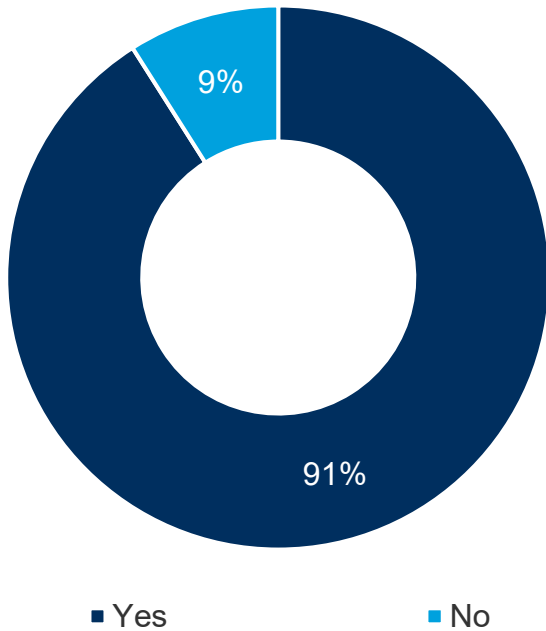Source: The Hackett Group 2024 Technology Key Issues Study

2024 technology strategy, adoption and value

Core, data-related and emerging technologies with highlights on generative AI and cloud

Organizations with a defined enterprise technology strategy align with the overall study industry demographics

Of the respondents, 91% have a defined enterprise technology strategy. Given the importance of technology enablement initiatives, Hackett expects that those without a strategy will decrease in number in 2024. Of those few that do not have an official strategy, they tend to fall within healthcare, higher education and IT companies.

HAVE A DEFINED ENTERPRISE TECHNOLOGY STRATEGY

- Yes
- No

INDUSTRIES BY RESPONSE

Yes: 10% | 8% | 2% | 2% | 3% | 2% | 25% | 2% | 19% | 8% | 4% | 3% | 12%

No: 40% | 20% | 40%

- Financials
- Consumer discretionary
- Energy
- Healthcare
- Industrials
- Materials
- Utilities
- Commercial and professional services
- Consumer staples
- Government/nonprofit
- Higher education
- Information technology
- Retail
- Other
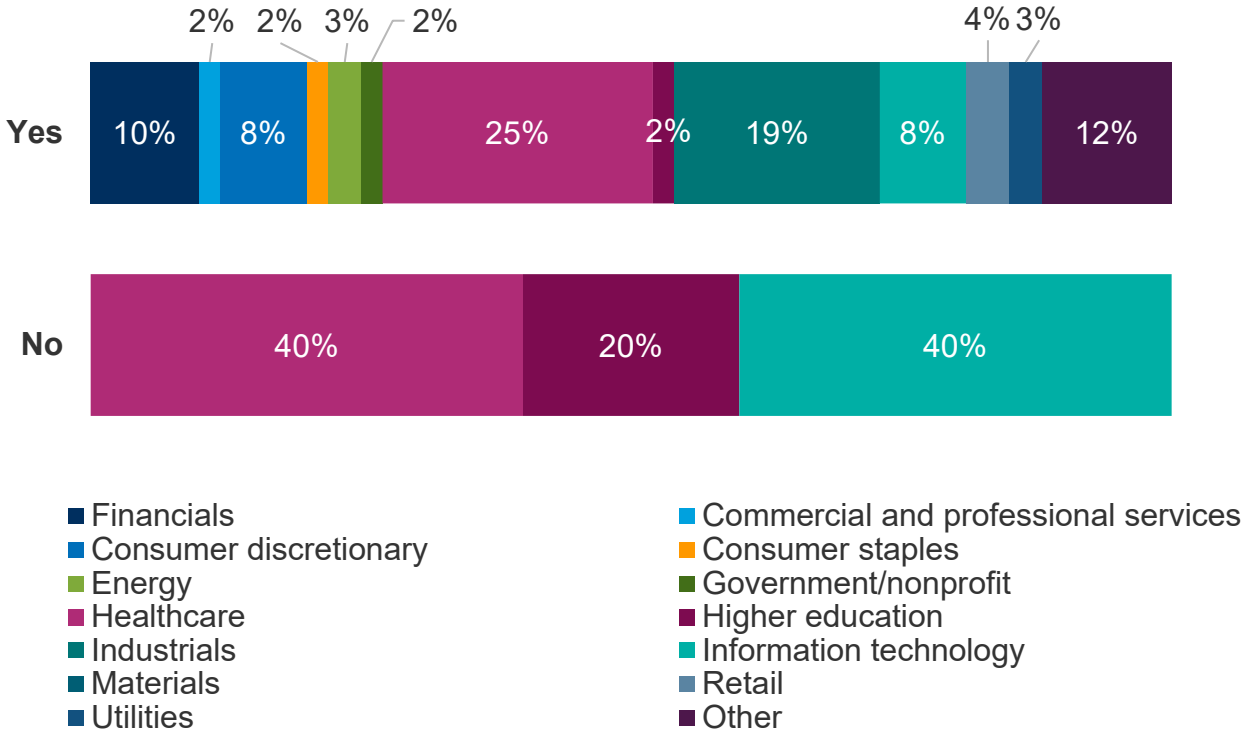
Q. Has your organization defined an enterprise technology strategy that will prioritize, guide and govern current and future technology enhancement initiatives?
Q. What industry classification(s) best represents your company?

Technology organizations aim to accelerate automation and modernization in 2024

Automation of business processes and ITSM lead for acceleration among planned technology organization practices. Modernizing the infrastructure and self-service tooling also rank high. Less change is expected for improving collaboration tools, disaster recovery (DR)/business continuity (BC) plans or upskilling which are continuing as is or just starting for many. The top four are driven by the priority for cost-efficiency.

TECHNOLOGY ORGANIZATION PLANNED INITIATIVES IN 2024

	Continue as is	Initiate	Accelerate	Delay
Automate business processes				
Rationalize/modernize enterprise technology infrastructure				
Automate IT service management				
Deploy/improve self-service tools				
Hire workers in new or expanded locations				
Improve the function's business partnering capability with stakeholders				
Expand DevOps initiatives				
Reskill/upskill staff to fill critical gaps				
Update disaster/crisis response, and recovery				
Deploy/improve remote worker productivity, or collaboration tools				

Q. Indicate the 2024 planned technology organization practices for the following:

Large productivity and efficiency gaps will challenge IT departments in 2024

Clearly, enterprises are asking IT to do more with less. This study shows significant gaps between technology workloads, staff and budget to address those volumes. These gaps are of concern because they limit the ability of the technology function to deliver the expected value to the business. These gaps also illustrate the ongoing frustration many IT departments experience as they navigate aligning with business requirements and spending restrictions.

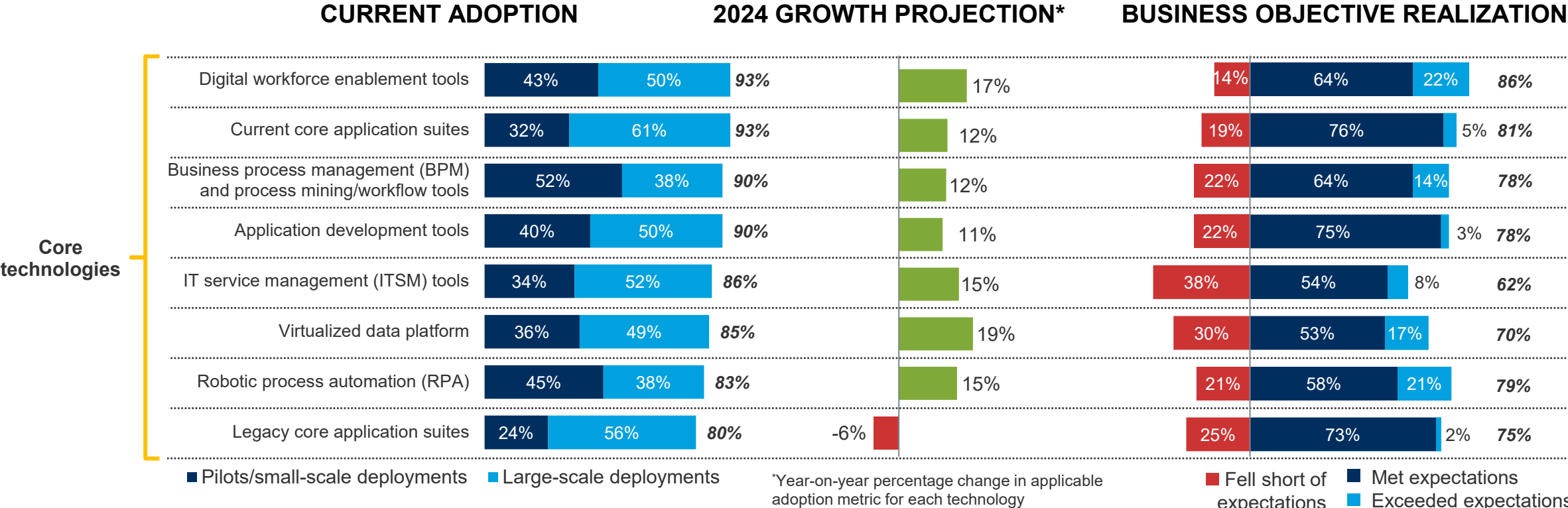## PROJECTED PERCENT CHANGE FROM 2023 TO 2024 FOR TECHNOLOGY WORKLOAD, STAFFING, BUDGET AND SPEND
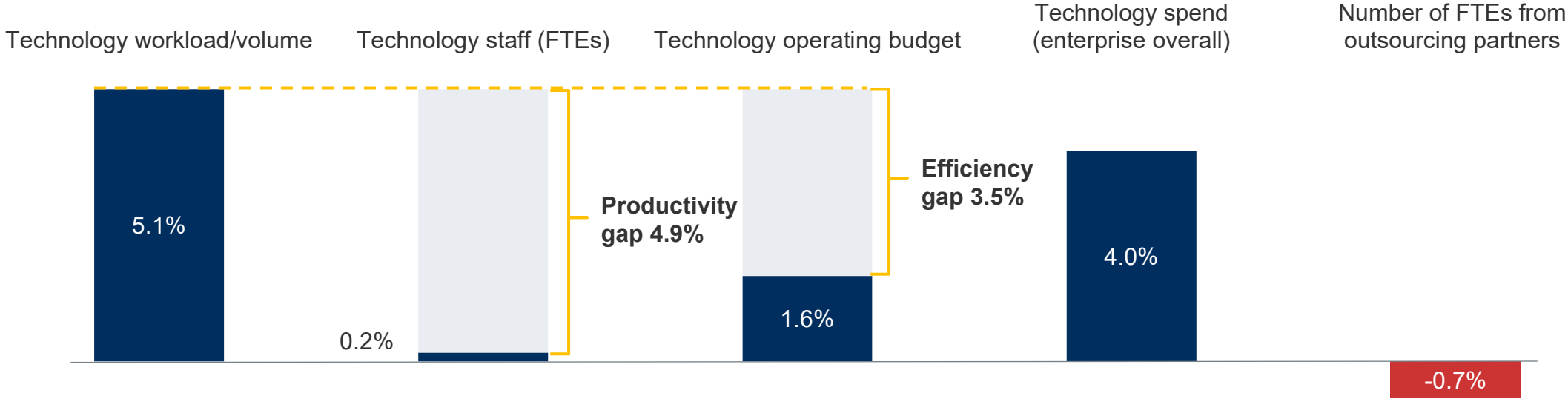
Q. What is the expected percentage change in the following resources of your technology organization in 2024 compared to 2023?

Technology: Core technology adoption, growth and performance

The current adoption group of core technologies shows the widest deployment for application suites. However, legacy core application suite adoption is projected to decline in 2024. On the other hand, newer technologies such as RPA and BPM tools remain in smaller deployments. ITSM and digital workforce enablement tools have a mixed adoption profile. Yet, the story changes for business objective realization, with ITSM, virtualized data platform and legacy core application suites falling short most often. Workforce enablement and RPA are expected to grow and exceed expectations more than others.

CURRENT ADOPTION | **2024 GROWTH PROJECTION*** | **BUSINESS OBJECTIVE REALIZATION**

Core technologies

Technology	Pilots/small-scale	Large-scale	Total	Growth	Fell short	Met	Exceeded	Total
Digital workforce enablement tools	43%	50%	93%	17%	14%	64%	22%	86%
Current core application suites	32%	61%	93%	12%	19%	76%	5%	81%
Business process management (BPM) and process mining/workflow tools	52%	38%	90%	12%	22%	64%	14%	78%
Application development tools	40%	50%	90%	11%	22%	75%	3%	78%
IT service management (ITSM) tools	34%	52%	86%	15%	38%	54%	8%	62%
Virtualized data platform	36%	49%	85%	19%	30%	53%	17%	70%
Robotic process automation (RPA)	45%	38%	83%	15%	21%	58%	21%	79%
Legacy core application suites	24%	56%	80%	-6%	25%	73%	2%	75%

Legend:
- ■ Pilots/small-scale deployments
- ■ Large-scale deployments
- *Year-on-year percentage change in applicable adoption metric for each technology
- ■ Fell short of expectations
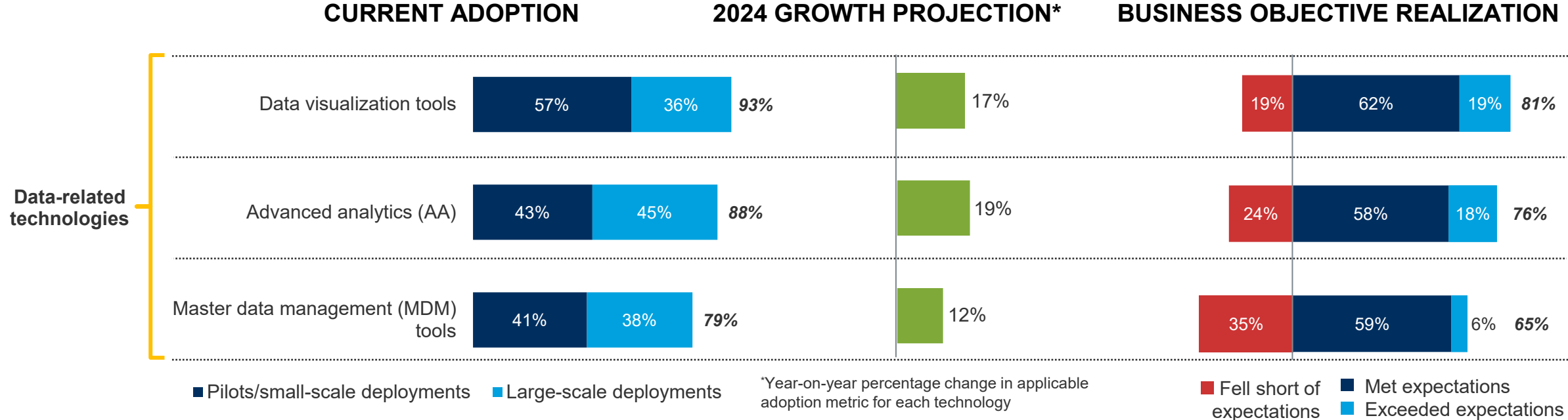- ■ Met expectations
- ■ Exceeded expectations

Q. What is the current level of adoption and projected change in adoption in 2024 for each of the following technologies in your technology function?
Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

Technology: Data-related technology adoption, growth and performance

Advanced analytics (AA) technologies are growing in importance, are widely deployed, and they tend to meet or exceed expectations. Data visualization and MDM tools lag AA in projected growth, but respondents expect double-digit growth for them as well. MDM tools fall short of expectation significantly more than the others. IT should be cautious as they rapidly expand data technologies, working with the business to help ensure objective realization.

CURRENT ADOPTION

Data-related technologies		
Data visualization tools	57% / 36%	**93%**
Advanced analytics (AA)	43% / 45%	**88%**
Master data management (MDM) tools	41% / 38%	**79%**

■ Pilots/small-scale deployments ■ Large-scale deployments

2024 GROWTH PROJECTION*

- Data visualization tools: 17%
- Advanced analytics (AA): 19%
- Master data management (MDM) tools: 12%

*Year-on-year percentage change in applicable adoption metric for each technology

BUSINESS OBJECTIVE REALIZATION

Data visualization tools	19%	62%	19% / **81%**
Advanced analytics (AA)	24%	58%	18% / **76%**
Master data management (MDM) tools	35%	59%	6% / **65%**

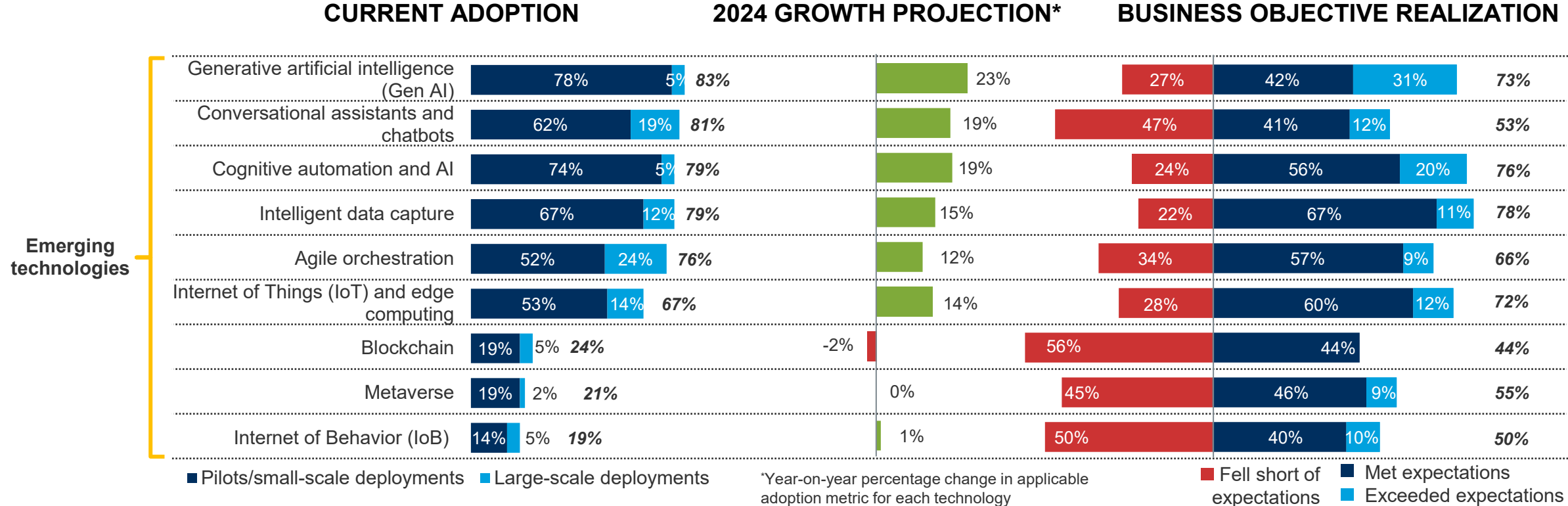■ Fell short of expectations ■ Met expectations ■ Exceeded expectations

Q. What is the current level of adoption and projected change in adoption in 2024 for each of the following technologies in your technology function?
Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

Source: The Hackett Group 2024 Technology Key Issues Study

Technology: Emerging technology adoption, growth and performance

Generative AI is not only a hot topic in the media, but IT organizations are trying those emerging technologies, and expect to grow their level of adoption in 2024, along with the related technologies of chatbots and cognitive automation. Last year's hype around the metaverse has yet to materialize with actual deployments involving IT, because business value is not high yet. Blockchain endured a terrible year of news in the cryptocurrency realm, rubbing off on non-currency applications.

CURRENT ADOPTION | **2024 GROWTH PROJECTION*** | **BUSINESS OBJECTIVE REALIZATION**

Emerging technologies

Technology	Pilots/small-scale	Large-scale	Total	2024 Growth	Fell short	Met	Exceeded	Total
Generative artificial intelligence (Gen AI)	78%	5%	83%	23%	27%	42%	31%	73%
Conversational assistants and chatbots	62%	19%	81%	19%	47%	41%	12%	53%
Cognitive automation and AI	74%	5%	79%	19%	24%	56%	20%	76%
Intelligent data capture	67%	12%	79%	15%	22%	67%	11%	78%
Agile orchestration	52%	24%	76%	12%	34%	57%	9%	66%
Internet of Things (IoT) and edge computing	53%	14%	67%	14%	28%	60%	12%	72%
Blockchain	19%	5%	24%	-2%	56%	44%		44%
Metaverse	19%	2%	21%	0%	45%	46%	9%	55%
Internet of Behavior (IoB)	14%	5%	19%	1%	50%	40%	10%	50%

■ Pilots/small-scale deployments   ■ Large-scale deployments

*Year-on-year percentage change in applicable adoption metric for each technology

■ Fell short of expectations   ■ Met expectations   ■ Exceeded expectations

Q. What is the current level of adoption and projected change in adoption in 2024 for each of the following technologies in your technology function?
Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?
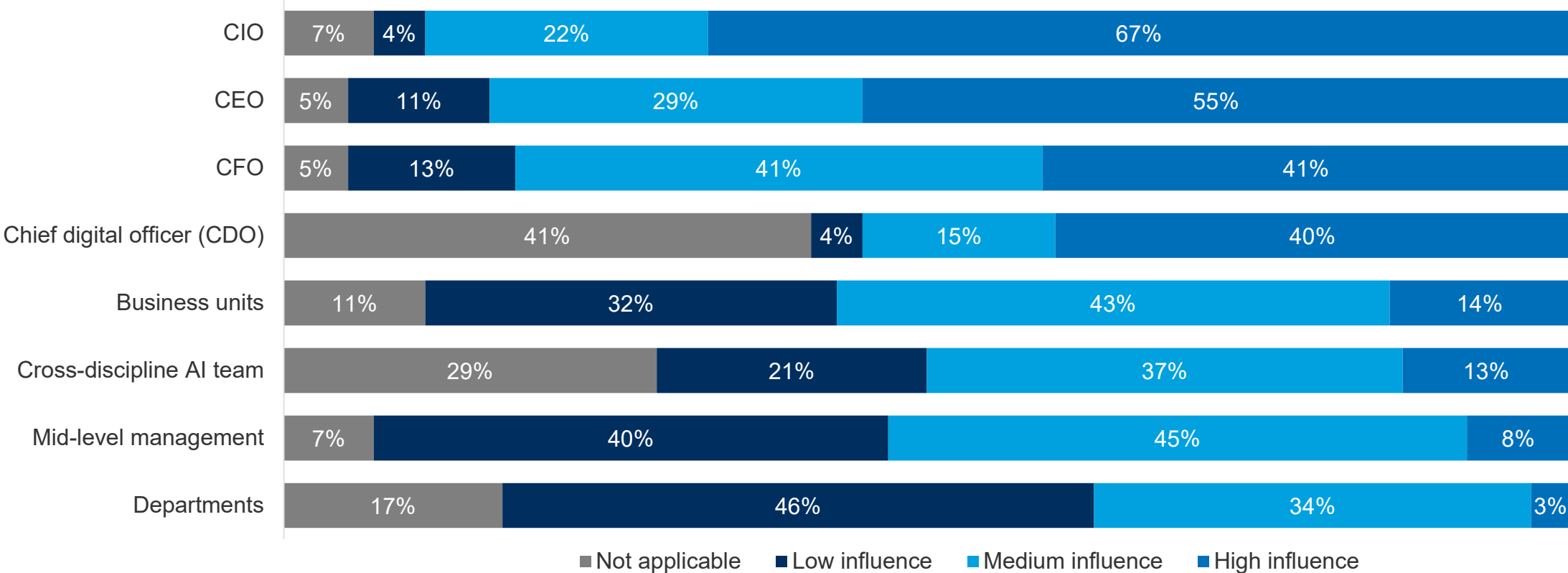
Generative AI investments and use cases

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Generative AI in the enterprise: For investment decisions – CIO, CEOs and CFOs are most influential

CIOs and CEOs are the most influential stakeholders in developing and implementing a generative AI strategy. Non-executive leaders have much less influence according to survey respondents. Yet, a significant percentage see cross-discipline teams and business units with influence.

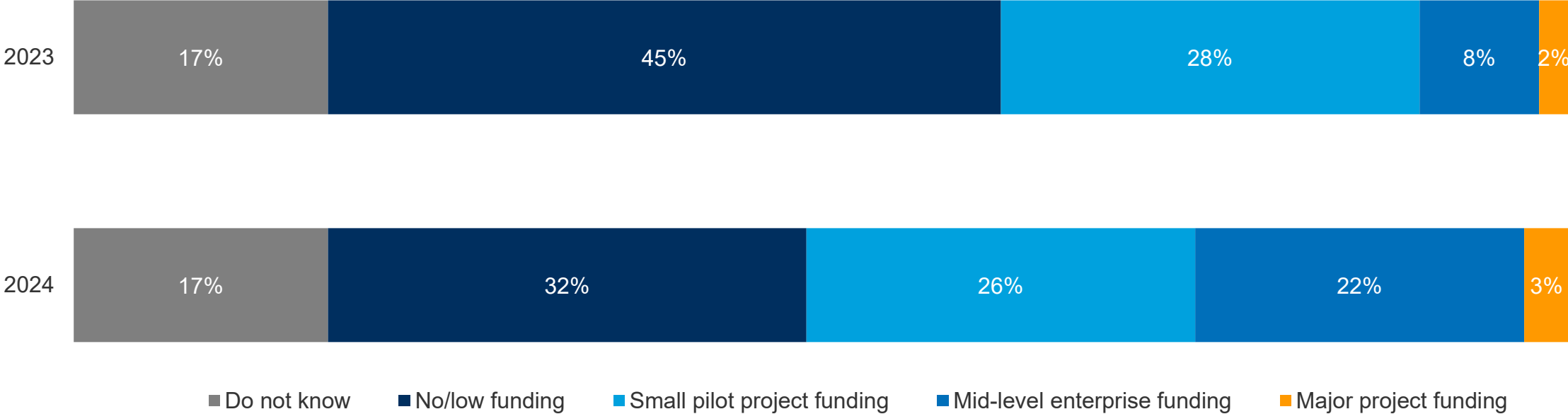## ENTERPRISE LEVEL OF INFLUENCE FOR GENERATIVE AI PROJECTS/INVESTMENTS

Role	Not applicable	Low influence	Medium influence	High influence
CIO	7%	4%	22%	67%
CEO	5%	11%	29%	55%
CFO	5%	13%	41%	41%
Chief digital officer (CDO)	41%	4%	15%	40%
Business units	11%	32%	43%	14%
Cross-discipline AI team	29%	21%	37%	13%
Mid-level management	7%	40%	45%	8%
Departments	17%	46%	34%	3%

Legend: ■ Not applicable ■ Low influence ■ Medium influence ■ High influence

Q. Please select the level of influence the following roles or areas have over future generative AI projects/investment in your organization.

Generative AI in the enterprise: Limited investment today, growing in 2024

Despite anticipated investment cuts, business leaders expect to gradually increase generative AI funding. Today, most investment appears tactical in nature with these investments being characterized as small pilot and mid-level enterprise funded.

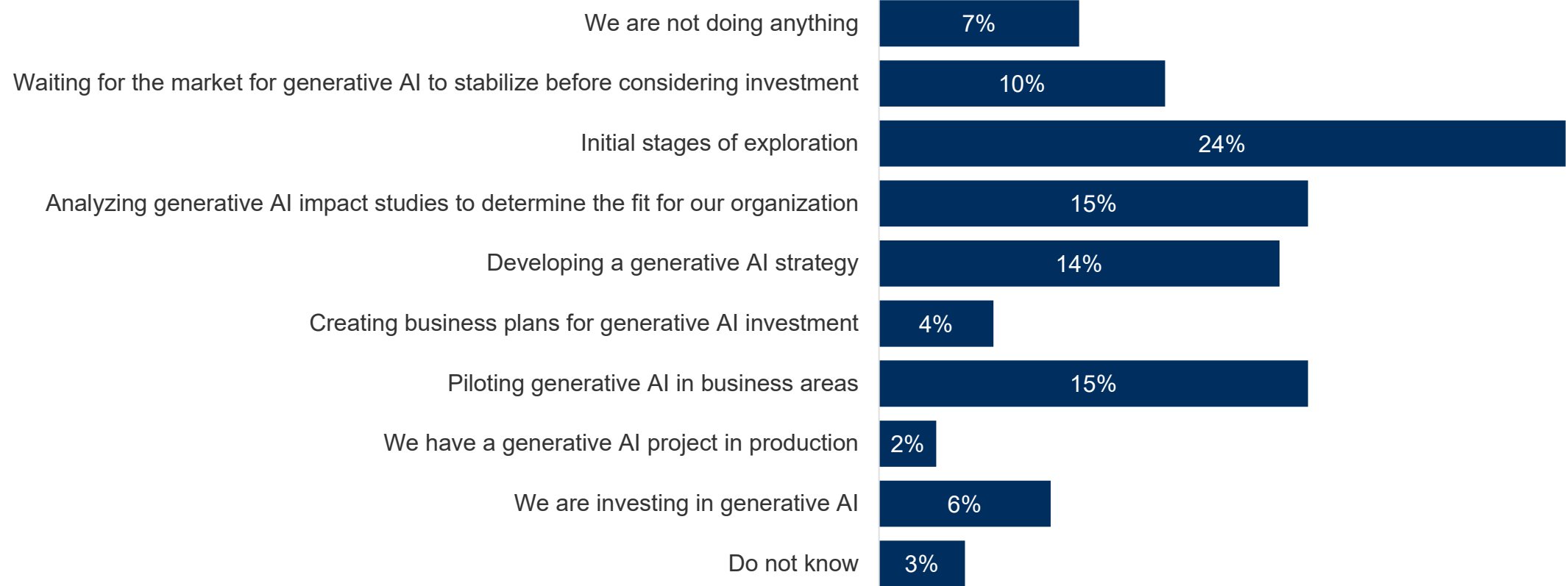## ENTERPRISE FUNDING FOR GENERATIVE AI

Year	Do not know	No/low funding	Small pilot project funding	Mid-level enterprise funding	Major project funding
2023	17%	45%	28%	8%	2%
2024	17%	32%	26%	22%	3%

■ Do not know ■ No/low funding ■ Small pilot project funding ■ Mid-level enterprise funding ■ Major project funding

Q. Have you allocated spending to generative AI (e.g., ChatGPT) for 2023 and/or 2024?

Generative AI in the enterprise: Most are in the initial stages of exploration

Most business leaders are exploring, analyzing or developing a generative AI strategy. While some are piloting projects, few have pursued deployment, indicating experimentation rather than structured enterprise-level adoption plans. Approximately 17% of organizations are either not proactively doing anything at this time or are waiting for the generative AI market to stabilize before considering investment.

ENTERPRISE STATUS OF GENERATIVE AI ADOPTION

Category	Percentage
We are not doing anything	7%
Waiting for the market for generative AI to stabilize before considering investment	10%
Initial stages of exploration	24%
Analyzing generative AI impact studies to determine the fit for our organization	15%
Developing a generative AI strategy	14%
Creating business plans for generative AI investment	4%
Piloting generative AI in business areas	15%
We have a generative AI project in production	2%
We are investing in generative AI	6%
Do not know	3%

Q. Please describe the generative AI status for your enterprise.

Generative AI in IT: Help desk and software development stand out
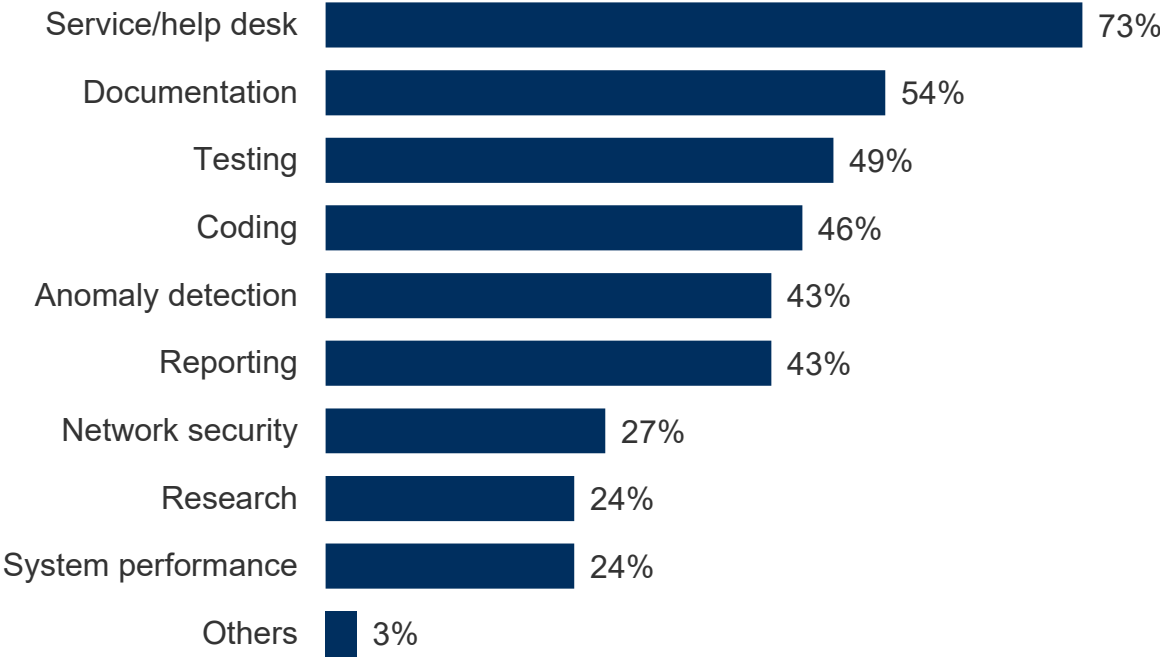
Most IT organizations, 88%, are evaluating generative AI with a strong focus on service or help desk where the technology can be integrated with chatbots and exiting knowledge bases for improved customer service. Software development is an areas where there are several use cases, which are illustrated in the results showing evaluation of generative AI for documentation, testing, coding, anomaly detection and reporting.

EVALUATING GENERATIVE AI FOR IT

- 12% No
- 88% Yes

■ Yes ■ No
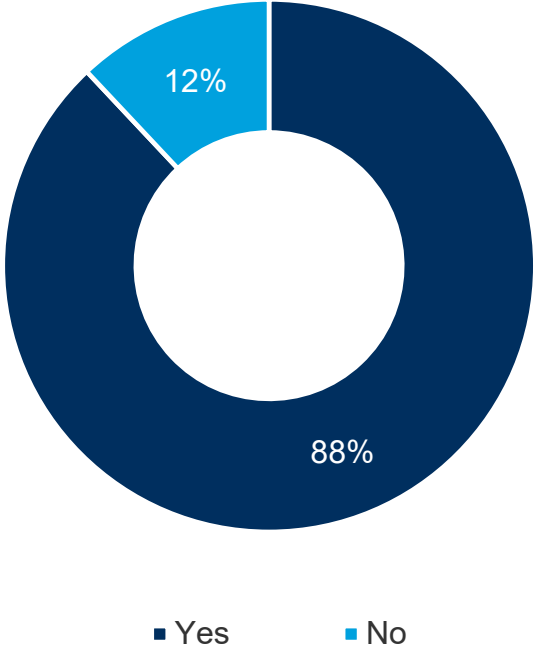
Q. Are you evaluating generative AI for information technology?

PARTS OF IT WITH GENERATIVE AI BEING EVALUATED

Part of IT	%
Service/help desk	73%
Documentation	54%
Testing	49%
Coding	46%
Anomaly detection	43%
Reporting	43%
Network security	27%
Research	24%
System performance	24%
Others	3%

Q. If yes, in which parts of IT is generative AI being evaluated?

Source: The Hackett Group 2024 Technology Key Issues Study

Generative AI in IT: Several tools being evaluated, mostly from large vendors

OpenAI, with significant investment from Microsoft, has the most traction today with its ChatGPT solution. Other large vendors are investing significant money and people to develop large language models (LLMs) and their attached chat tools. Also, enterprises already have embedded generative AI capabilities in existing applications, such as Bing Search and Salesforce Einstein. These integrated capabilities are most likely to be embraced first by IT and the business. Wider use of the tools for images and video, reflected in the write-in responses, will further tax IT support.

GENERATIVE AI TOOLS USED IN IT

Tool	Percentage
OpenAI ChatGPT	48%
Undecided/evaluating many	19%
Google Bard PaLM 2	12%
Micorosft Azure OpenAI Service	12%
IBM Watson	7%
Microsoft Copilot	7%
Integrated in existing applications	5%
Meta Llama 2	5%
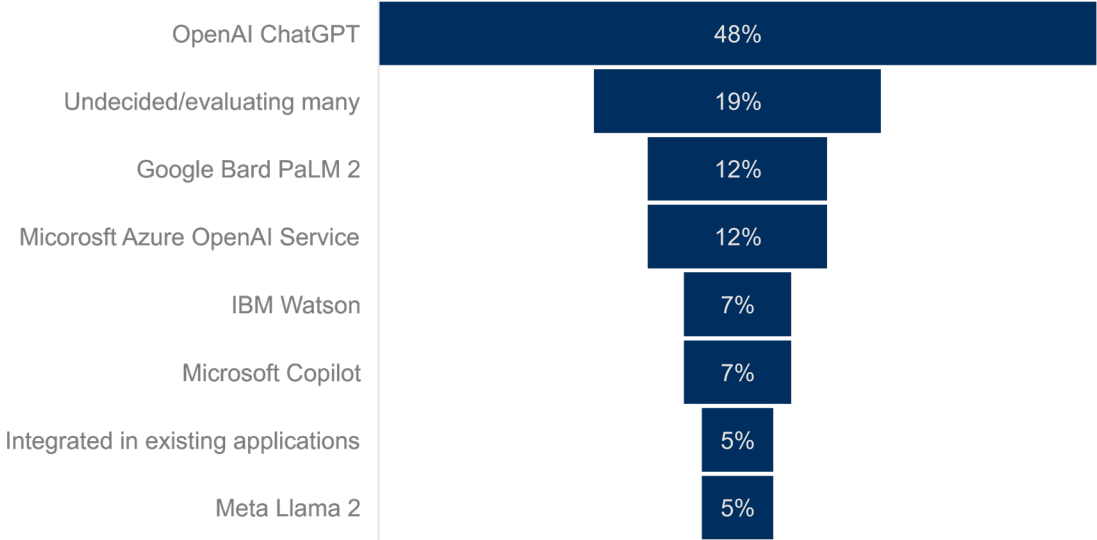
Others mentioned: Amazon Bedrock, C3 Generative AI, custom/internally developed, GitHub Copilot, OneReach.ai, Paradox Olivia, Salesforce Einstein, Stability AI Stable Diffusion, ServiceNow Now Assist, Synthesia
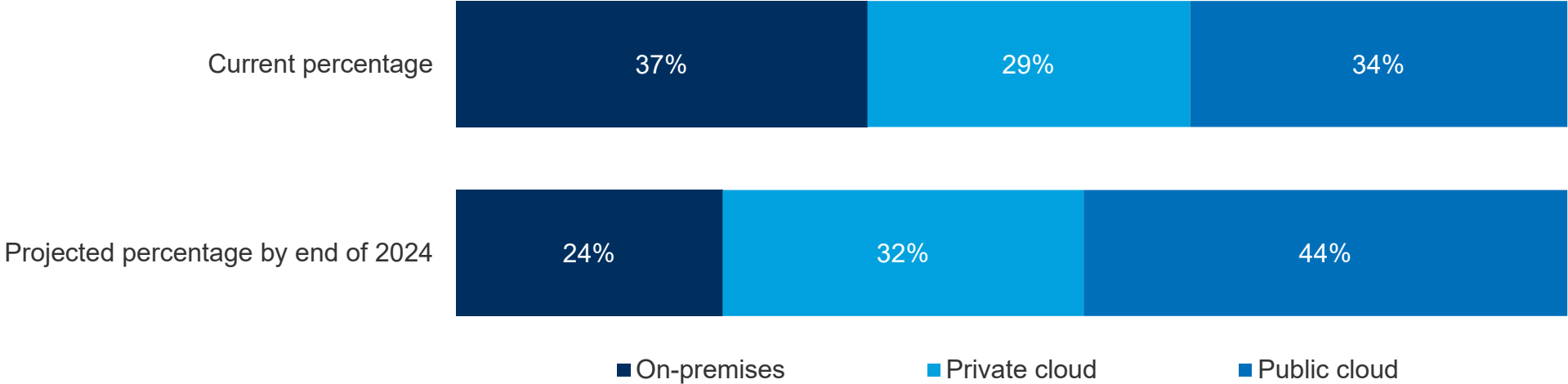
Q. What generative AI tools (e.g., ChatGPT) is your organization planning to use? (Open text responses normalized and consolidated.)

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Cloud adoption

Cloud: Adoption continues to grow, shifting from on-premises

The expected shrinking use of on-premises infrastructure in 2024 reflects the clear industry trend to shift workloads to private, public and hybrid cloud infrastructures. The shifts will affect how IT supports applications and infrastructure, with a growing need for people with cloud skills and importance of better managing cloud solution providers to achieve the right service levels and expected cost efficiencies.

CLOUD ADOPTION

	On-premises	Private cloud	Public cloud
Current percentage	37%	29%	34%
Projected percentage by end of 2024	24%	32%	44%

■ On-premises ■ Private cloud ■ Public cloud

Q. Please approximate the percentage of cloud adoption by virtual machines (include both production and non-production environments enterprisewide).

Cloud: Business applications continue to move to cloud

Despite the ongoing infrastructure shift to cloud, by sheer numbers, applications remain on-premises. But the expectation is continued offloading to cloud alternatives in 2024. As vendors sunset enhancement and support of on-premises legacy business applications, IT organizations face difficult migration and support decisions.

BUSINESS APPLICATIONS BY HOSTING TECHNOLOGY

	In on-premises data center	Hosted in private cloud	SaaS apps	Hosted using PaaS	Hosted in IaaS
Current number	583	87	108	24	83
Projected number by end of 2024	534	151	143	25	86

■ Current number   ■ Projected number by end of 2024
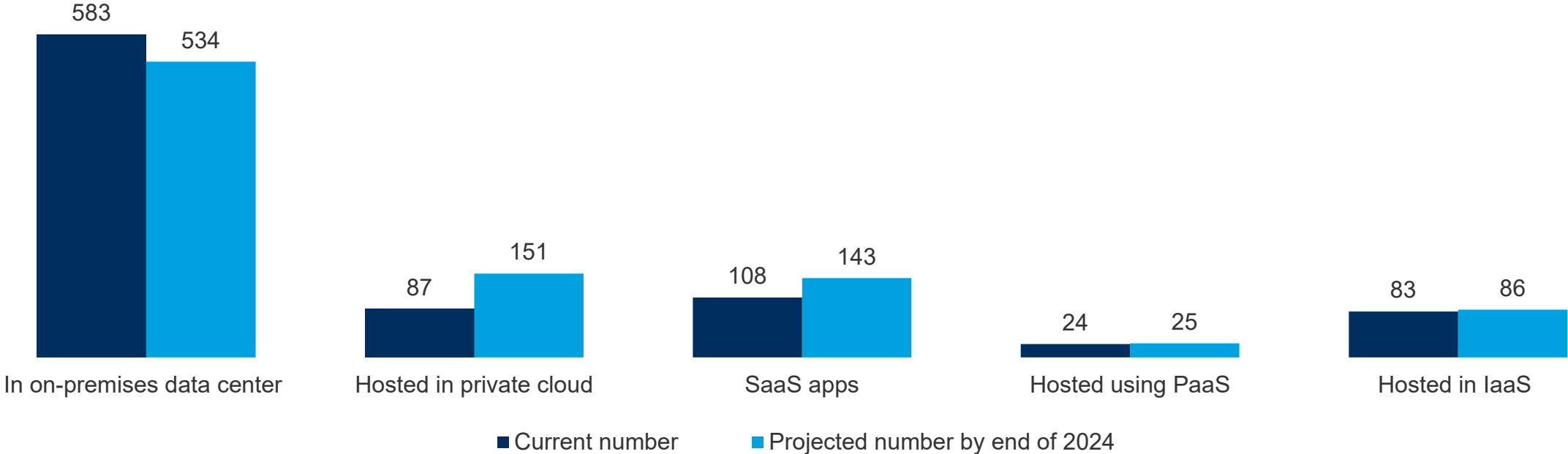
Q. Please share the approximate number of business applications by hosting technology.

2024 business functions' IT alignment and technology adoption

Includes selected results from 2024 Key Issues Studies from technology, global business services (GBS), human resources, finance, procurement and supply chain

Some visual representations vary by function

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Business and IT alignment

- **Business' perception of IT's role in supporting business success does not match the desired state.** IT organizations overwhelmingly strive to be perceived as a partner to business, influencing spend allocation through IT expertise and alignment to achieve strategic business initiatives.

- **Many IT organizations struggle to be perceived as strategic business partners**, despite their best efforts, as they have for the better part of a decade. For many organizations, the leap of perception of administrative and technical expertise and services to strategic partners requires a significant transformation of culture and approach, along with notable successes of technology implementations.

- **Doing more with less will continue to be the reality of IT in 2024.** Increased technology workloads will continue to outpace increased spending across enterprise business functions, driving IT organizations to continue to strive toward more cost-efficient and value-oriented efforts.
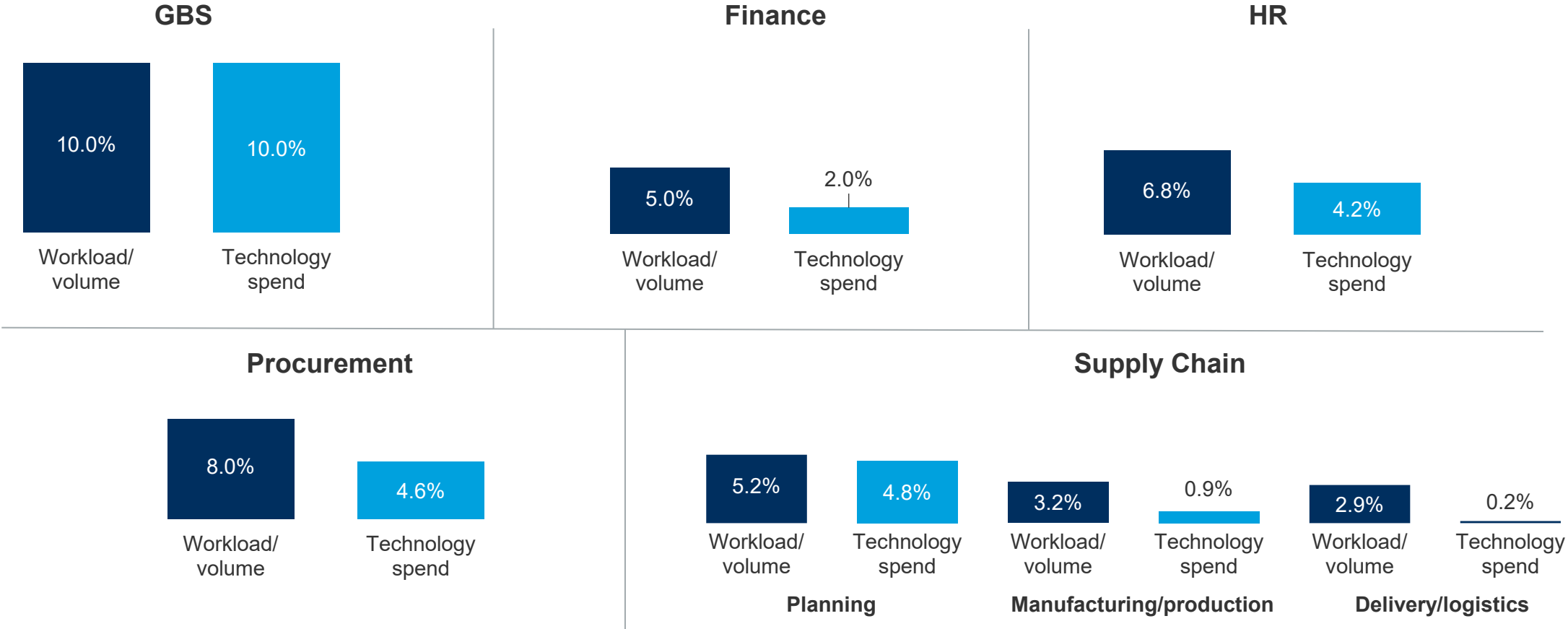

Source: The Hackett Group Advisor Analysis

Business functions are asked to do more work with less technology spending

2024 workload growth exceeds change in technology spend in most functions. While some cost efficiencies are available to most enterprises, the workload-to-technology spend gaps also signal unrealistic expectations of technology initiatives from business leaders. To avoid failures, IT leaders involved in business function technology projects must counsel their business partners based on their expertise, market knowledge and external advice.

2024 PROJECTED WORKLOAD AND TECHNOLOGY SPEND GROWTH

GBS

- Workload/volume: 10.0%
- Technology spend: 10.0%

Finance

- Workload/volume: 5.0%
- Technology spend: 2.0%

HR

- Workload/volume: 6.8%
- Technology spend: 4.2%

Procurement

- Workload/volume: 8.0%
- Technology spend: 4.6%

Supply Chain

Planning
- Workload/volume: 5.2%
- Technology spend: 4.8%

Manufacturing/production
- Workload/volume: 3.2%
- Technology spend: 0.9%

Delivery/logistics
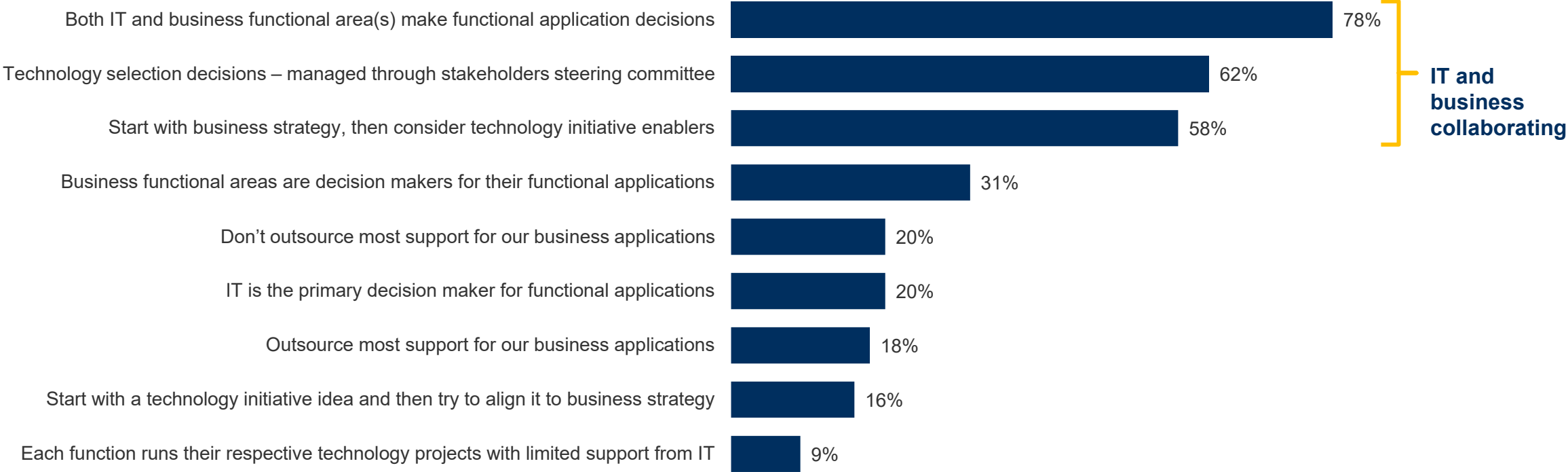- Workload/volume: 2.9%
- Technology spend: 0.2%

Source: The Hackett Group 2024 Key Issues Study results for GBS, Finance, HR, Procurement and Supply Chain.

Technology selection and governance have many different approaches, but three of them are clear leaders

Organizations vary widely in how they manage technology selection and governance. However, these results show most IT organizations are collaborating with the business to make decisions. Many use steering committees to help make application decisions. IT is less often either the sole driver or decision maker for technology decisions.
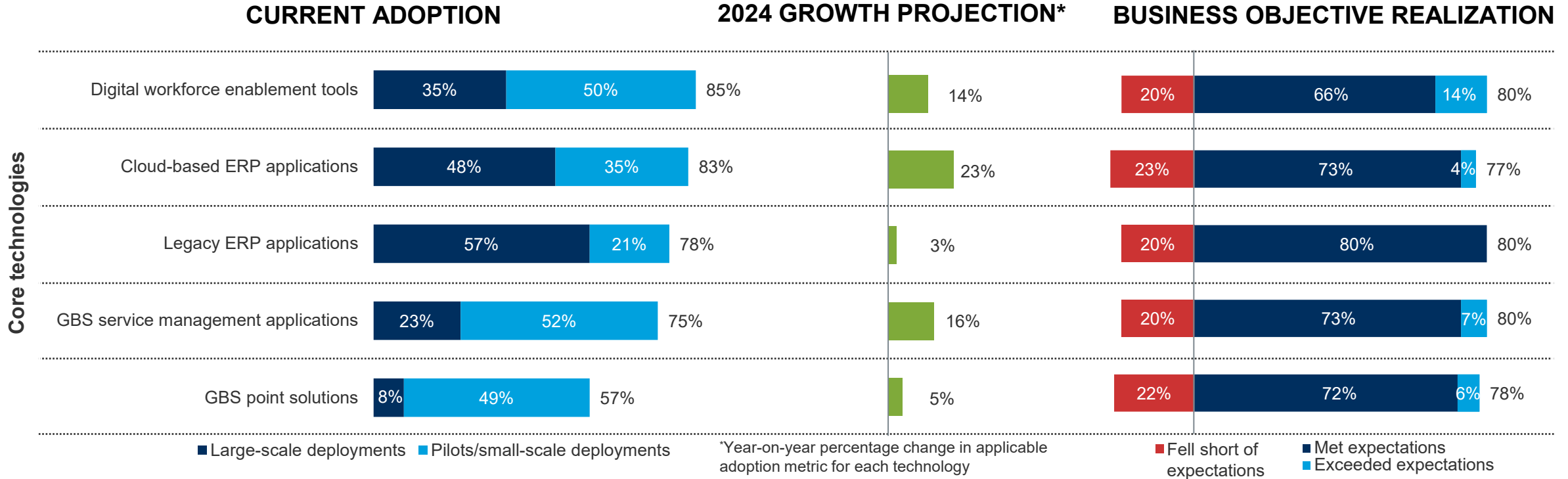
TECHNOLOGY SELECTION AND GOVERNANCE

Category	Percentage
Both IT and business functional area(s) make functional application decisions	78%
Technology selection decisions – managed through stakeholders steering committee	62%
Start with business strategy, then consider technology initiative enablers	58%
Business functional areas are decision makers for their functional applications	31%
Don't outsource most support for our business applications	20%
IT is the primary decision maker for functional applications	20%
Outsource most support for our business applications	18%
Start with a technology initiative idea and then try to align it to business strategy	16%
Each function runs their respective technology projects with limited support from IT	9%

IT and business collaborating (78%, 62%, 58%)

Q. How does your organization manage technology selection and governance? (Multiple selections allowed.)

GBS: 2024 core technology adoption, growth and objective realization

There is a high level of adoption of digital workforce enablement tools, cloud-based ERP and GBS service management applications with expected growth for 2024 ranging from 14% to 23%. Cloud-based ERP applications (23%) are expected to surpass legacy ERP applications' (3%) projected growth for 2024, demonstrating the importance of cloud-based ERP applications over legacy technology. GBS point solutions have the lowest adoption of all core GBS technologies. The majority of respondents have stated that all core GBS technologies have, for the most part, met business expectations.

CURRENT ADOPTION

Core technologies	Large-scale deployments	Pilots/small-scale deployments	Total
Digital workforce enablement tools	35%	50%	85%
Cloud-based ERP applications	48%	35%	83%
Legacy ERP applications	57%	21%	78%
GBS service management applications	23%	52%	75%
GBS point solutions	8%	49%	57%

2024 GROWTH PROJECTION*

Core technologies	Growth
Digital workforce enablement tools	14%
Cloud-based ERP applications	23%
Legacy ERP applications	3%
GBS service management applications	16%
GBS point solutions	5%

*Year-on-year percentage change in applicable adoption metric for each technology

BUSINESS OBJECTIVE REALIZATION

Core technologies	Fell short of expectations	Met expectations	Exceeded expectations	Total met+exceeded
Digital workforce enablement tools	20%	66%	14%	80%
Cloud-based ERP applications	23%	73%	4%	77%
Legacy ERP applications	20%	80%		80%
GBS service management applications	20%	73%	7%	80%
GBS point solutions	22%	72%	6%	78%

- ■ Large-scale deployments
- ■ Pilots/small-scale deployments
- ■ Fell short of expectations
- ■ Met expectations
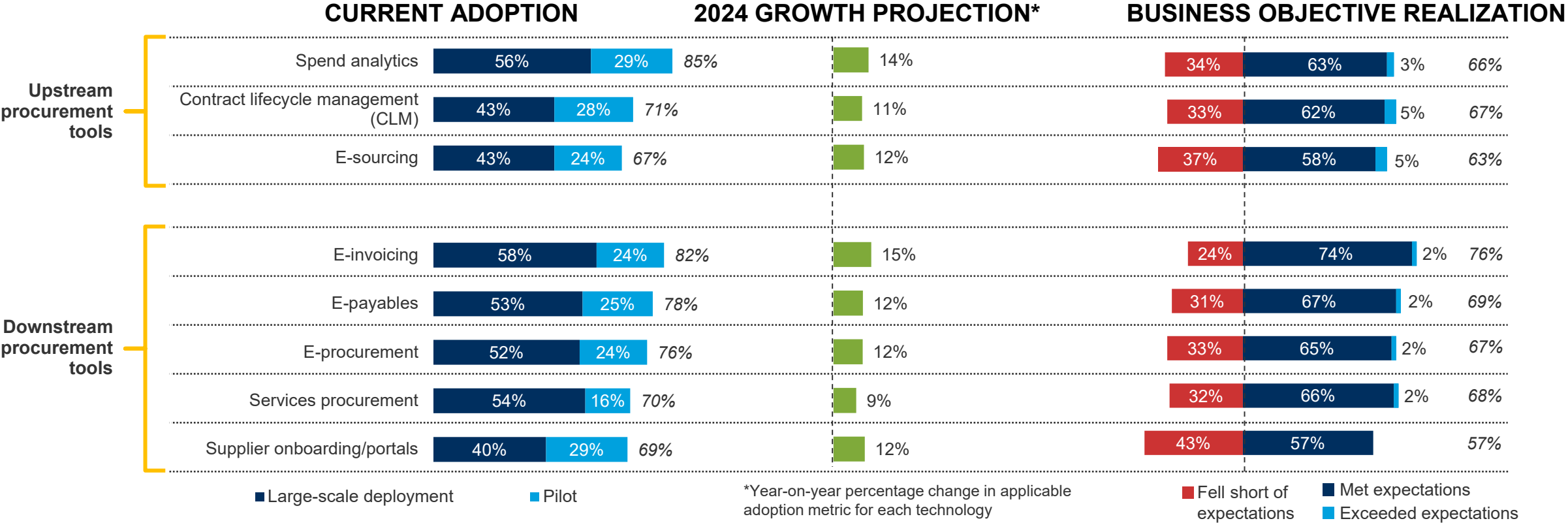- ■ Exceeded expectations

Q. What is the current level of adoption and projected change in adoption for 2024 for each of the following technologies in your GBS organization?
Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the GBS function within the last two years.

HR: Cloud-based, core HCM application adoption remains strong, but more than one-third are not fully realizing the business objectives for using them

Cloud-based, core HCM applications are the most widely implemented of core technologies, but some HR groups may be over-relying on them as evidenced by 37% of respondents that stated that they fell short of achieving their expected benefits. Despite this mixed experience, growth rates are expected to be robust in 2024. Adoption levels for HR point solutions are also strong while technologies such as agile orchestration and RPA are being deployed largely on a small scale.

	CURRENT ADOPTION	2024 GROWTH PROJECTION*	BUSINESS OBJECTIVE REALIZATION

Core technologies

Cloud-based, core human capital management (HCM) applications	75% / 19% = 94%	19%	37% / 50% / 13% = 63%
HR point solutions	44% / 37% = 81%	13%	20% / 72% / 8% = 80%
Agile orchestration	12% / 32% = 44%	5%	29% / 71% = 71%
Robotic process automation (RPA)	9% / 44% = 53%	7%	31% / 69% = 69%

■ Large-scale deployments   ■ Pilots/small-scale deployments

*Year-on-year percentage change in applicable adoption metric for each technology

■ Fell short of expectations   ■ Met expectations   ■ Exceeded expectations

Q. What is the current level of adoption and projected change in adoption for 2024 for each of the following technologies in your HR function?

Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the HR function within the last two years.

Source: The Hackett Group 2024 HR Key Issues Study

Procurement: Technology adoption and objective realization – end-to-end core procurement technologies

There is a high level of adoption of end-to-end core procurement technologies with continued growth projected for 2024, demonstrating the importance of technology enablement. Supplier portals and e-sourcing solutions fell short of expectations for more respondents. E-invoicing tools had the highest level of objective realization.
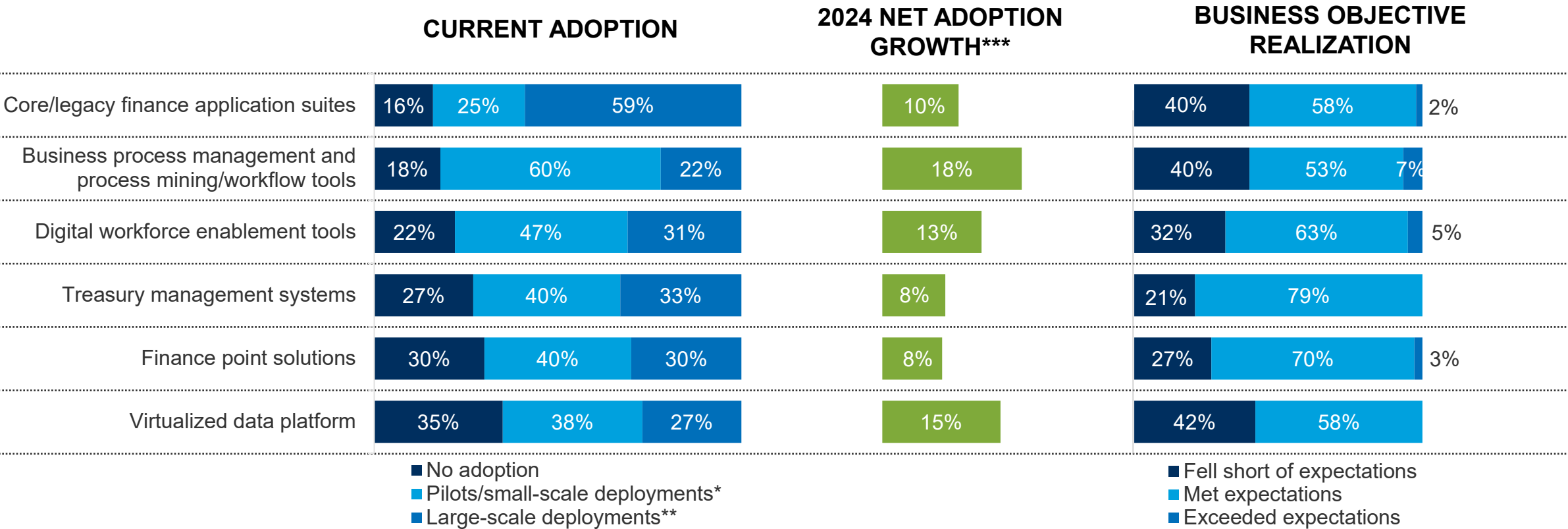
TECHNOLOGY ADOPTION AND BUSINESS OBJECTIVE REALIZATION

	CURRENT ADOPTION	2024 GROWTH PROJECTION*	BUSINESS OBJECTIVE REALIZATION

Upstream procurement tools

	Large-scale	Pilot	Total	Growth	Fell short	Met	Exceeded	Total
Spend analytics	56%	29%	85%	14%	34%	63%	3%	66%
Contract lifecycle management (CLM)	43%	28%	71%	11%	33%	62%	5%	67%
E-sourcing	43%	24%	67%	12%	37%	58%	5%	63%

Downstream procurement tools

	Large-scale	Pilot	Total	Growth	Fell short	Met	Exceeded	Total
E-invoicing	58%	24%	82%	15%	24%	74%	2%	76%
E-payables	53%	25%	78%	12%	31%	67%	2%	69%
E-procurement	52%	24%	76%	12%	33%	65%	2%	67%
Services procurement	54%	16%	70%	9%	32%	66%	2%	68%
Supplier onboarding/portals	40%	29%	69%	12%	43%	57%		57%

■ Large-scale deployment   ■ Pilot

*Year-on-year percentage change in applicable adoption metric for each technology

■ Fell short of expectations   ■ Met expectations   ■ Exceeded expectations

Q. What is the current level of adoption and projected change in adoption of system functionality for 2024 to support your procurement function?
Q. Select the type of solution deployed and the extent to which realization of business objectives met expectations for the following technology projects executed in the procurement function over the last two years.

Source: The Hackett Group 2024 Procurement Key Issues Study

Finance: 2024 core technologies adoption, growth and performance

As in prior years, most finance organizations are operating in multiple technology environments simultaneously. Getting core technologies to scale directly supports process standardization, enterprisewide capabilities and the ability to better leverage technology, while reducing reliance on labor.

	CURRENT ADOPTION			2024 NET ADOPTION GROWTH***	BUSINESS OBJECTIVE REALIZATION		
Core/legacy finance application suites	16%	25%	59%	10%	40%	58%	2%
Business process management and process mining/workflow tools	18%	60%	22%	18%	40%	53%	7%
Digital workforce enablement tools	22%	47%	31%	13%	32%	63%	5%
Treasury management systems	27%	40%	33%	8%	21%	79%	
Finance point solutions	30%	40%	30%	8%	27%	70%	3%
Virtualized data platform	35%	38%	27%	15%	42%	58%	

Legend (left):
- No adoption
- Pilots/small-scale deployments*
- Large-scale deployments**

Legend (right):
- Fell short of expectations
- Met expectations
- Exceeded expectations

*Pilots/small-scale deployments: The technology is used on a limited scale in isolated finance use cases.
**Large-scale deployments: The technology is used across the majority of the business in applicable finance use cases.
***Growth: Year-over-year percentage change in applicable adoption metric for each technology, e.g., number of bots for RPA or chatbots, number of end users for applications (legacy, next-generation or best-of-breed), and advanced analytics.
Q. What is the current level of adoption for 2024 for each of the following technologies in your finance function?
Q. What is the projected change in adoption for 2024 for each of the following technologies in your finance function?
Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives.

Source: The Hackett Group 2024 Finance Agenda and Key Issues Study

Supply Chain: Adoption and business value of supply chain technology – general purpose

Adoption of supply chain analytics and data visualization tools skew to pilot or small-scale deployments, and is not expected to grow in 2024, but the tools are rated by supply chain leaders as providing strong value. Despite the recent emergence of generative artificial intelligence (Gen AI), it has already been adopted by 33% of supply chain teams and is expected to grow to 48% adoption in 2024 via pilot deployments – ratings of low business value are likely because it's too early to tell.

ADOPTION

BUSINESS VALUE***

General purpose supply chain technology

Supply chain intelligence/analytics			
Current Adoption	42%	29%	71%
2024 Adoption	42%	29%	71%

Data visualization tools			
Current Adoption	43%	24%	67%
2024 Adoption	38%	29%	67%

Generative artificial intelligence (AI), e.g., ChatGPT****		
Current Adoption	33%	33%
2024 Adoption	48%	48%

Cognitive automation*****			
Current Adoption	25%		25%
2024 Adoption	20%	5%	25%

■ Piloting/small-scale deployments*   ■ Large-scale deployments**

None/low   Medium   High

*Piloting/small-scale deployment: The technology is used on a limited scale in isolated supply chain use cases.
**Large-scale deployment: The technology is used at scale in applicable supply chain use cases.
***Value/business benefit, e.g., cycle time improvement, service-level improvement, customer experience improvement, cost optimization.
****Generative artificial intelligence (AI): Mimics human thinking by providing context-based knowledge that can create content and enable autonomous operations.
*****Cognitive automation/(AI): Augments human intelligence by processing unstructured, complex information and provides insights, and predictions driven by algorithms.
Q. What are the current levels of adoption and projected changes in adoption for 2024 for each of the following technologies in your supply chain function?
Q. For each of the currently deployed supply chain management technology categories, please estimate the level of value/business benefit that it has driven.

Recommendations

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Recommendations for technology 2024: Four areas of focus

Select companies are thriving during times of external uncertainties — succeeding because they are mastering complexity at scale while effectively managing and mitigating the impacts of economic recession, inflation, talent hiring, retention challenges, and ongoing geopolitical risks. Leading organizations are achieving this by maturing their digital technology deployments along with employing best practices, resulting in accelerated digital transformation and step-change performance improvement. Despite being challenged with increasing workloads that are constrained by FTE reductions and operating budget, by leveraging technology investments and scaling deployments to create functional capacity force multipliers to mitigate challenges, Digital World Class® companies are redefining and upscaling what constitutes high-performing organizations now, and into the foreseeable future.

#	Focus area	Description
1	**Secure, rearchitect and enable data**	Data is front and center for enterprise success. IT organizations are expected to meet demands for greater agility in servicing the business as a crucial part of securing data that is complete, timely and accurate, and delivers meaningful and actionable insights to the business. Accelerating advanced analytics, modeling and AI continues to underpin digitization and business process automation; all while improving cybersecurity in a world where state-sponsored cyberattacks are on the rise.
2	**Improve enterprise cost-efficiency and productivity**	IT organizations' business value must continue to outpace investments, while maintaining focus on priorities, through the expected reprioritization of capital allocation. Measuring technology environment spending and other attributes, and then comparing to others, is an important step toward improvement. For IT initiatives to deliver the expected value, it's crucial that they are strategically aligned with the organization's budget.
3	**Digitally transform at scale with suitable operating models**	Organizations must meet their transformation challenges head-on as they modernize, scale and accelerate their transformation efforts. As digital operations mature, transactional work is automated and knowledge work is supported by analytics. Business services functions must reimagine, redesign and radically evolve their operating model over time. Operating model success in the future involves decisions about scope, modality and placement of work that leverage organizations' centers of excellence (COEs), customer-facing business units (BUs), the role of global business services (GBS), and strategic partnerships.
4	**Align technology skills and talent to business needs**	With ongoing labor shortages and rising compensation, talent management remains a top priority in 2024. Attracting, retaining and upskilling talent with proper technology and business skills to drive digital transformation initiatives are key to unlocking the expected value.

Demographics and glossary

Participant profile: Industry

TECHNOLOGY RESPONDENTS – INDUSTRY

OVERALL RESPONDENTS – INDUSTRY
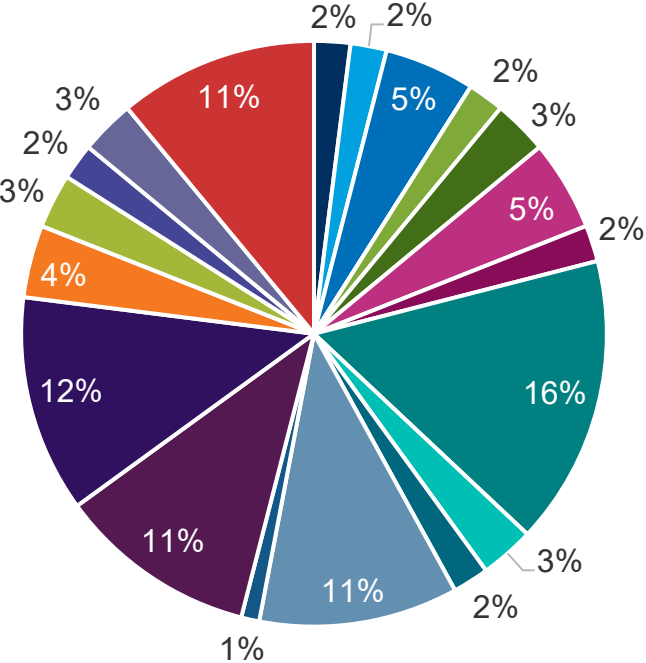
- ■ Banking
- ■ Commercial and professional services
- ■ Communications and media
- ■ Consumer discretionary
- ■ Consumer staples
- ■ Energy
- ■ Financial services
- ■ Government/nonprofit
- ■ Healthcare
- ■ Higher education
- ■ Industrial
- ■ Information technology
- ■ Insurance
- ■ Life sciences
- ■ Manufacturing – discrete
- ■ Manufacturing – process
- ■ Materials
- ■ Retail
- ■ Travel, transportation and hospitality
- ■ Utilities
- ■ Other

Q. What industry classification(s) best represents your company?

Participant profile: Company revenue and headquarters

TECHNOLOGY RESPONDENTS – COMPANY REVENUE

- 16%
- 44%
- 9%
- 31%
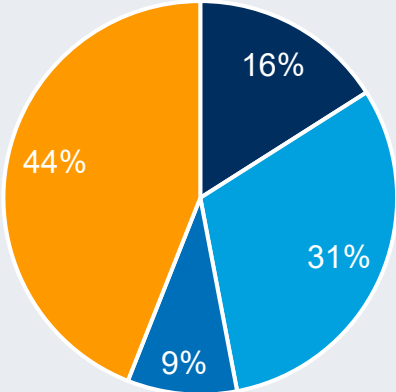
Legend:
- ■ < $1 billion
- ■ $1 billion-$4.999 billion
- ■ $5 billion-$19.999 billion
- ■ > $20 billion

OVERALL RESPONDENTS – COMPANY REVENUE

- 14%
- 33%
- 25%
- 28%

TECHNOLOGY RESPONDENTS – COMPANY HEADQUARTERS

- 4%
- 3%
- 22%
- 71%
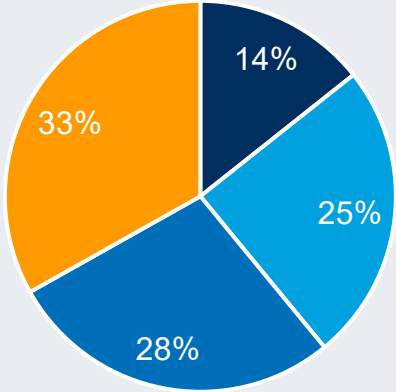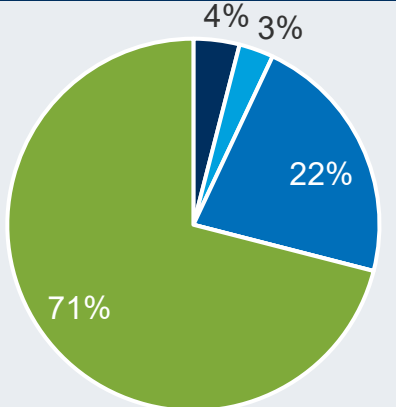
Legend:
- ■ Asia-Pacific
- ■ Central or South America
- ■ Europe
- ■ Middle East or Africa
- ■ North America

OVERALL RESPONDENTS – COMPANY HEADQUARTERS

- 1%
- 6%
- 27%
- 64%
- 2%
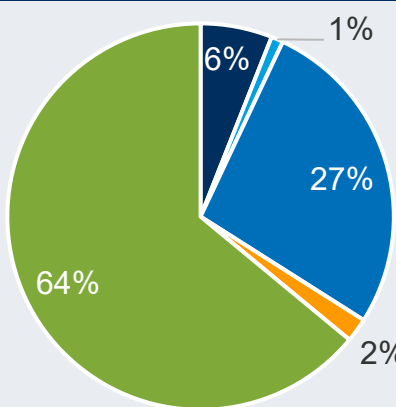
Q. In which region is your company headquartered?
Q. What is the total annual revenue range for your company?

Source: The Hackett Group 2024 Technology Key Issues Study

2024 Technology Key Issues glossary

Advanced analytics (AA): Sophisticated tools that can deliver more granular analysis of unstructured, diverse data sets to uncover predictive and prescriptive insights using predictive modeling, big-data analytics, complex modeling, simulation, and unstructured data analytics. May incorporate statistical algorithms, artificial intelligence (AI), and/or machine learning (ML).
Agile orchestration: Mimics human work management which is executed by established systems, manual and digital labor, including process mining, business process management and workflow.
Blockchain: A blockchain is a type of digital ledger technology (DLT) that consists of a growing list of records, called blocks, that are securely linked together using cryptography.
Business objectives: For example, ROI, payback, cycle-time improvement, service-quality improvement, customer experience improvement.
Business process management and process mining/workflow tools: Software applications for process mining, workflow management, case management, process modeling, orchestration and compliance.
Cognitive automation/AI: Augments human intelligence by processing unstructured, complex information and provides insights, and predictions driven by algorithms.
Conversational assistants/chatbots: Mimics human interaction by focusing on linguistic interaction and optimizes conversations using natural language processing (NLP)/natural language generation (NLG).
Current core application suites: The most current, typically cloud-based version of the core transactional application provided by the vendor.
Data visualization tools: Software that supports the interactive presentation of data in a pictorial or graphical format.
Digital workforce enablement tools: Digital software and platforms enabling working and collaboration, including meeting services, personal productivity tools, whiteboarding, and knowledge management platforms.
Edge computing: Decentralized computing power located close to the source of data to enable faster insights and reduce transmission costs by processing data locally, versus sending to centralized data centers.
Enterprise innovation: Innovations such as new products, services or channels.
Generative AI: Mimics human thinking by providing context-based knowledge that can create content and enable autonomous operations.
Growth: Year-over-year percentage change in applicable adoption metric for each technology, e.g., number of bots for RPA or chatbots, number of end users for applications.
Infrastructure as a Service (IaaS): Renting computing infrastructure, such as servers, storage and networking remotely over the internet from a cloud provider.
Intelligent data capture: Mimics human interpretation by capturing or extracting information from analog and digital inputs.
Internet of Behavior (IoB): The use of AI algorithms, data mining, and predictive analytics to analyze, and influence human behaviors at massive scales by applying insights derived from human interactions with internet-connected devices and services.
Internet of Things (IoT): Physical objects connected to sensors that send data through networks for processing and then use in applications.

2024 Technology Key Issues glossary (cont.)

Large-scale deployments: The technology is used at scale in multiple locations and/or functions over a long period of time with integrations, customizations and full support in applicable use cases.
Legacy core application suites: Non-current, version(s) of the core applications supporting enterprise functions. May include outdated programming languages or application architectures. These tend to be on-premises rather than on the cloud, but outdated cloud applications could be considered legacy.
Master data management (MDM) tools: Software that helps consolidate and manage master reference data from disparate sources to provide a unified, accurate, and standardized "single version of the truth" view of critical business entities, such as customers, products, and suppliers.
Metaverse: The metaverse is fully immersive and interconnects virtual worlds that combine aspects of social media, online gaming, augmented reality (AR), and cryptocurrencies to create persistent virtual universes linked to the physical world. Current tangible metaverse examples involve conceptual spaces, such as gaming worlds, digital currencies and limited AR interactions.
On-premises: Infrastructure that is hosted within an organization's own data center facilities on its private network.
Pilots/small-scale deployments: The technology is used on a limited scope over a short timeframe with limited integrations and minimal support in isolated use cases.
Platform as a Service (PaaS): Cloud platform services for deploying customer-created applications using programming languages, tools and services provided by the vendor.
Private cloud: A cloud computing model provided over a private network controlled by a single organization, not shared publicly.
Public cloud: Computing services offered by third-party providers over the public internet, shared among many customers.
Robotic process automation (RPA): Mimics human actions by automating rules-based tasks on structured data.
Software as a Service (SaaS): Software applications that are hosted, managed and delivered remotely via the cloud by a vendor as a subscription service.
Transformation to digital operating model: Fundamental transformation of how your organization operates, innovates, goes to market, engages with stakeholders, and/or executes work using digital technologies.
Unpredictable issues: Weather disruptions, economic downturn/recession, pandemic, financial shocks, cyberattacks.
Virtualized data platform: Data lakes, data discovery, data integration.

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