Network Modernization Study

Network Budgets Continue to Increase
Spending focuses on capacity and security.
- Next-generation apps and a heavy reliance on cloud are driving a shift towards spending on internet connectivity.
- This shift has not reduced investment into private connectivity capacity.
- This spending suggests enterprises are working to address their changing needs in security and connectivity.

Priorities Are a Balancing Act
The need to futureproof is running into cost.
Even with big budgets, CIOs struggle to manage the costs of competing needs. The most common expense is updating legacy infrastructure. But high-performing tech is also costly: 61% of enterprises rated their network security above their peers—but it was also rated the biggest management challenge and investment priority.

SD-WAN Roll Out Continues at Pace
Over 80% of enterprises run SD-WAN
SD-WAN now accounts for 24% of private connectivity spending overall, and 46% of enterprises expect that to increase in the next year as network modernization programs expand to additional sites. Uses of Wireless and Fabric WAN are also growing.

Cost Savings Are Being Realized, Not Value
Value for money fell short in nearly all cases
Enterprises rated network costs and efficiency as the lowest out of twelve KPI categories. In terms of where enterprises were outperforming their peers:
- Only 35% rated value for money from network investments.
- Only 31% rated value for money from provider investments.

Connectivity budgets 2023 and expected change for 2024/5

Top network infrastructure investment priorities (% mentioned in top 5)
- Network Security: 75%
- Cost Optimization: 66%
- Network Modernization: 53%

Top network management challenges (% mentioned in top 5)
- Network Security: 58%
- Infrastructure Complexity: 51%
- Legacy Equipment/Applications: 45%

Planned initial adoption in the next 24 months:

<table>
<thead>
<tr>
<th>Service</th>
<th>Planned Adoption</th>
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</thead>
<tbody>
<tr>
<td>Fabric WAN</td>
<td>31%</td>
</tr>
<tr>
<td>Wireless Access</td>
<td>27%</td>
</tr>
<tr>
<td>Virtual Networks (NFV)</td>
<td>24%</td>
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<tr>
<td>SASE</td>
<td>19%</td>
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</tbody>
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Note: Multiple responses allowed; will not add up to 100.

Cost Savings Are Being Realized, Not Value
Average cost savings achieved over 3 years from network modernization efforts
8.5%

Contact us for a readout of this study. If your organization needs help navigating the technologies, processes and culture needed to refocus your initiative, ISG can help.

199 executives in G2000 firms interviewed from the U.S. and Europe, from network infrastructure companies.

20% board-level roles (including CIO, CTO, COO), 30% Network roles, 20% Infrastructure/Security, 30% other senior IT roles