Top IT Trends & Predictions for 2023

Introduction

During each of the past three years, the trends that have taken over the IT world were connected by two key themes: adaptability and accelerated innovation. As we all know, our collective definition of the workplace changed by necessity in the wake of the pandemic – and IT organizations responded by speeding up transformation projects and deploying new technologies that could support the New Normal of digital work.

In 2023, IT leaders are facing a different but no less daunting series of challenges. For starters: the new technologies and strategies they've adopted have reshaped the goals and responsibilities of their IT teams, and businesses are struggling to fill the roles necessary to perform essential tasks that didn't exist five years ago.

Meanwhile, keeping digital environments secure has become an even more nuanced challenge as technology stacks expand in scope and complexity.

But the most pressing challenge in 2023 is the looming recession that global economists have been forecasting for months. Businesses are looking for any way possible to reduce costs – and considering the scale of technology investments over the past several years, their microscope has been turned upon their IT departments.

And so the trends that will define 2023 all meet at the intersection of IT's most urgent challenges: keeping costs low while architecting the innovation projects necessary to keep up with competition and continuously improve the digital workplace. Throughout this year, IT organizations around the world are trying to answer one question:

How can we do more with less?

In this eBook, we'll explore the top technology trends for this year and explain why and how these trends will lead to another period of evolution for modern IT departments.

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01.
IT Leverages Experience Data for Cost-Reduction

IT leaders enter 2023 with a weight on their shoulders: their organizations need to reduce costs by any means necessary, and their departments are responsible for budgets that have ballooned over recent years that have been heavy on technology investments.

Considering the requirements of supporting hybrid workforces, IT departments can't simply get rid of large swaths of essential technologies or stop investing in new tools altogether. Instead, they'll spend much of this year cutting costs in a more practical way – by using the right data to expose and get rid of the unnecessary costs that hide beneath the surface.

Take hardware refreshes, for example. IT departments typically replace old hardware on a standardized schedule, swapping out devices every two to five years. Each one of these replacements costs thousands of dollars, which means organizations of hundreds or thousands of employees are spending huge amounts of money on hardware refreshes every year.

IT leaders are beginning to see the flaws in this approach. They're looking into the usage and performance data of employee devices and realizing that not every device of the same age performs the same – and so some devices that had been classified as "old" don't actually need to be replaced. Using this data to take a more strategic approach to hardware refreshes will save costs in a major way in 2023, with no negative impact on employee experience.

A similar approach is being taken in regards to software licensing. Spending on SaaS applications has skyrocketed since the pandemic – but many businesses are wasting money on licenses that go unused.

Digging into adoption and usage data will help IT departments take a more proactive approach to software rationalization and remove licenses that aren't being used, while still keeping those applications for the users who rely on them.

"SaaS applications make up 70% of total company software use."

Source: 80+ SaaS Statistics and Trends (2022)

SaaS Spending Trends:

>5X

Annual SaaS contract values have increased by more than 5x in the past six years.

150+

Organizations with more than 1,000 employees use an average of 150+ SaaS applications.

>30%

More than 30% of organizations have spent more on SaaS due to the pandemic.

Source: 80+ SaaS Statistics and Trends (2022)

02.
Organizations Turn to Observability Technology to Optimize Business Operations

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Over the past three years, companies have adopted a large number of new workflows, processes, and digital workplace tools as they've battled to keep their businesses functioning and profitable during a period of unprecedented change.

Now, many of these companies are facing a problem – by introducing such complexity to their workplaces, they've struggled to identify the new sources of inefficiency they've created.

That's why **applied observability technology** is one of the key trends of 2023. Observability refers to the practice of using available data to see deeply into an organization's infrastructure and applications. All digital workplaces generate this layer of data – but many companies lack the technology to see, understand, and apply it to their operations strategy.

Observability solutions leverage AI to analyze the data generated across an organization's infrastructure. This analysis yields real-time, data-driven recommendations for companies to make smarter decisions and optimize their business operations continuously.

This sort of AI-driven decision-making is crucial as businesses look to streamline processes and mitigate costly mistakes during a year that promises prolonged economic uncertainty.

"By 2026, 70% of organizations successfully applying observability will achieve shorter latency for decision-making, enabling competitive advantage for target business or IT processes."

Source: Gartner Research

03.
IT Prioritizes Up-Skilling to Combat Talent Shortages

The growing talent gap was one of the biggest challenges organizations faced in 2022, particularly across IT departments. New technologies and strategies – from data analytics to DEX management to AI implementation – have created the need to find new IT workers who possess skills in these future-facing processes.

But the skills gap in the IT market has made hiring for these new positions next-to-impossible for many organizations. With more open jobs than there are active candidates who possess these skills, companies are failing to fill positions for months or even years.

As a result, a new trend is emerging in 2023: IT up-skilling. Instead of embarking on long and expensive hiring processes, businesses are investing more in internal development and upskilling programs, helping existing employees to develop the skills required to take on new responsibilities.

Internal mobility is important across an entire organization, but it's particularly vital among today's IT departments.

No department has been more transformed by the events of the past several years. Future IT professionals will need skills and experience interacting with and managing the new technologies that are steering the future of the workplace. And since many of these technologies are either new or have evolved dramatically, they appear very rarely on the resumes of current job candidates. Internal development doesn't just save companies major hiring costs, it also sets up their top-performing IT employees for future success.
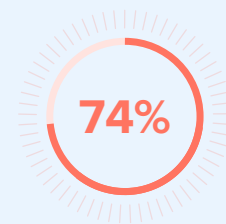
As a result, IT up-skilling will have the tangential benefit of boosting employee satisfaction and in turn, employee retention.

The Impact of Up-Skilling:

83%
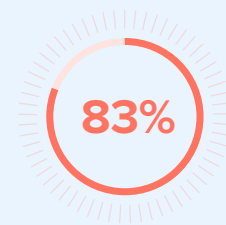
of workers say that improving their skills is their number-one priority in 2023.

74%

of employees are willing to leave their current job due to a lack of skill-building and career-mobility opportunities.

Source: ZDNet

04.

Automation Initiatives Seek to Boost Efficiency and Fill Staffing Gaps

As automation capabilities evolved in recent years, a sense of anxiety grew among employees across all industries as they wondered: Is automation going to replace human workers?

In 2023, we'll see many of those concerns alleviated as businesses realize the true value of automation. We're already seeing the shift in perception: automation isn't about replacing humans with technology, but using technology platforms to enable better performance for humans.

In particular, this year will see businesses leverage two primary benefits of automation:

- Improve efficiency
- Enable scalability by filling talent gaps.

As the digital workplace has grown more complex, an abundance of business applications and solutions have helped employees adapt – but have also contributed to day-to-day inefficiency. Workers are spending much of their workdays on repetitive tasks, from data entry to application troubleshooting, which keep them from performing the roles they were actually hired to do.

Automation has become essential to mitigating this problem, allowing these repetitive tasks to be performed in the background while employees focus more on the tasks that require their human effort.

Likewise, automation is being used to help organizations scale up more effectively. As we mentioned earlier, the talent gap has caused a shortage of human resources and subsequently hindered companies' ability to grow. With smart automation, companies can overcome these talent shortages and enable scalability without requiring extensive hiring.

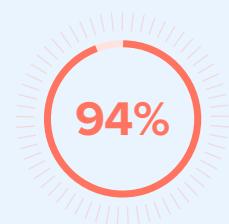"Due to inefficient workflows, employees spend one-third of their day on the work they were hired to do."

Source: Futurum Research

Automation Trends:
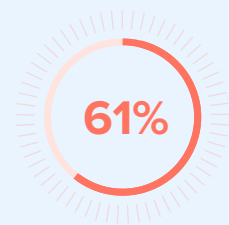
61%

of organizations are leveraging automation to deal with staffing issues.

94%

of organizations are saying that shifting employees to higher-value work is their top priority.

Source: Futurum Research

05.
Industry-Specific Solutions Take Over the Cloud Computing Market

At this point, citing the growth of cloud technology as a trend is a bit redundant – as it's been a key trend in each of the past several years. It's true that the cloud computing industry will continue its ascent in 2023: Gartner predicts that worldwide cloud spending will grow 20.7% in 2023 to total $591.8 billion.

But the most intriguing trend is not the growth of the cloud computing market but the emergence of a specific type of cloud solution that is gaining traction in a big way: industry-specific cloud solutions.

Gartner defines industry cloud solutions as platforms that are "designed to meet the specific needs of vertical industry segments inadequately served by general solutions."

As we all know, companies have made huge investments in cloud technology over recent years. But general cloud solutions, despite evolving to offer a wider breadth of capabilities and capacity, are too broad to meet the needs of specific organized based on the industry they operate in.

Industry cloud platforms aim to remedy this problem and enable companies to become more efficient with their cloud spending, receiving what they need and avoiding spending on what they don't need. These platforms apply the concept of segmentation to cloud technology, helping specific industries and organizations to become more agile and manage change according to their unique business characteristics and data sets.

"By 2025, enterprises will spend more on public cloud services than traditional IT solutions."

Source: Gartner

>50%

By 2027, more than 50% of enterprises will use industry cloud platforms to accelerate their business initiatives.

Source: Gartner

06.
Sustainability Becomes a More Urgent Corporate Objective

As the impact corporations have on the environment has become clearer and more quantifiable, corporate sustainability has become an essential priority across the globe.

This trend will continue in 2023, particularly as new global regulations have threatened companies who don't comply to sustainability standards with major fines and other ramifications.

In fact, Gartner's 2022 CEO and Senior Business Executive Survey found that environmental sustainability is the third-largest consideration among 80% of CEOs planning to invest in new products, behind only performance and quality.

It's important to note that companies are not solely investing in sustainable technology to meet compliance standards and avoid regulatory consequences. Sustainability actually goes hand-in-hand with cost-savings — look no further than Trend #1 in this very eBook for an example. Prolonging hardware lifecycles is a sustainable business practice that reduces a corporation's carbon footprint; simultaneously, it reduces an organization's annual costs on refreshing hardware.

"Every technology investment will need to be set off against its impact on the environment, keeping future generations in mind. 'Sustainable by default' as an objective requires sustainable technology.

David Groombridge,
Distinguised VP Analyst, Gartner

Conclusion

2023 brings a number of pressing challenges for businesses and IT departments in particular – but it also promises many opportunities for growth and innovation.

As they strive to streamline their business operations, reduce costs, and do more with less, IT organizations will accomplish more than simply navigating a year of economic uncertainty. They will discover the path forward for more efficient workplace technology, more skilled IT workers, and more productive and satisfied employees.

From data-driven decision-making to experience-enabling automation solutions, these six trends paint a promising picture for how companies will navigate the challenges they'll face in 2023 – and how they'll continue to evolve into more agile and successful digital workplaces well beyond this new year.

ABOUT NEXTHINK

Nexthink is the global leader in Digital Employee Experience management. The company's products allow enterprises to create highly productive digital workplaces for their employees by delivering optimal end-user experiences. Through a unique combination of real-time analytics, automation and employee feedback across all endpoints, Nexthink helps IT teams meet the needs of the modern digital workplace.

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