Road to Growth Study:

U.S. Perspectives on IT Strategy, Investments and Business Recovery

Key Findings

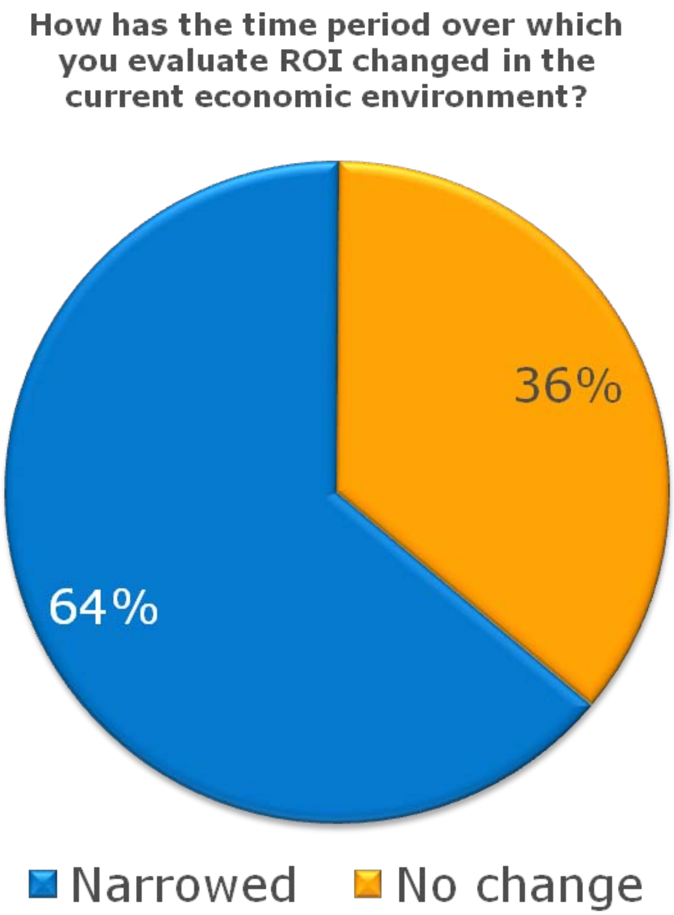
Time horizon to achieve ROI narrowed by 50%

- A majority (64%) of the U.S. executives stated that the **time period over which they evaluate ROI has narrowed**, in some cases 50% or more.

- The remaining one-third (36%) stated there has been **no change in the time period** with which they evaluate ROI.

- Most of the executives were not willing to discuss how the change in evaluating ROI has impacted their company's priorities. Among those willing to address the topic, two-thirds (64%) stated that the resulting change has affected their IT budgets. Most of the change in priorities due to the shortened horizon for evaluating ROI affects the type of projects the companies are willing to invest in.

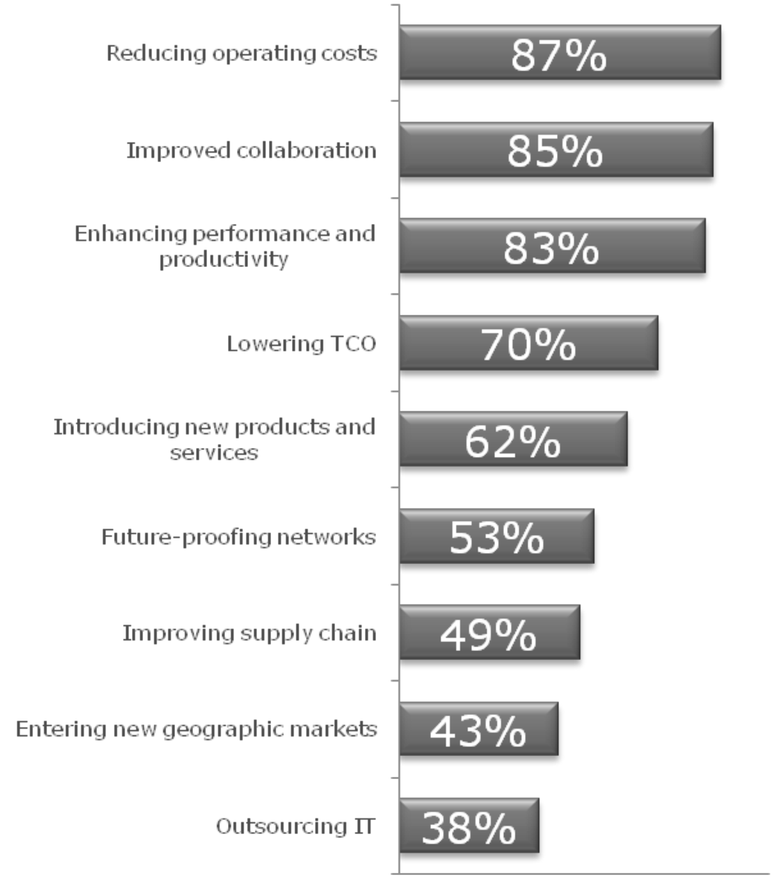
  Companies are less willing to invest in longer-term projects or projects where the return is not accelerated.



Cost cutting and improving productivity are top priorities

- **Cost cutting** and **increasing revenue** remain the two primary business goals cited by U.S. companies. To achieve the goals, survive the recession and move towards growth, IT strategies are focused on:
  - **Reducing operating costs**: 87 percent cited "reducing operating costs" as "extremely or very important"
  - **Improve collaboration with customer and partners**: 85 percent cited "improved collaboration with customers and partners" as "extremely or very important"
  - **Enhancing workforce performance and productivity**: 83 percent cited "enhancing workforce performance" as "extremely or very important"

How important are the following as part of your business strategies to position your company for the economic recovery?



(% "extremely"/"very important")

Short- and long-term strategies are similar

- Companies employ multiple strategies to address business goals, making little distinction between short-term and long-term strategies.

- IT has multiple roles in supporting **short-term** business strategies.
  1. Align IT strategies and approaches to fit current business objectives and goals
  2. Reduce, eliminate and manage the company's costs
  3. Improve efficiency
  4. Make information and data available to users
  5. Manage information and data

- And long-term business strategies.
  1. Align IT strategies and approaches to fit current business objectives and goals
  2. Acquire and update IT hardware, software and systems
  3. Improve efficiency
  4. Reduce, eliminate and manage the company's costs

  5. Assists with analysis (tie)

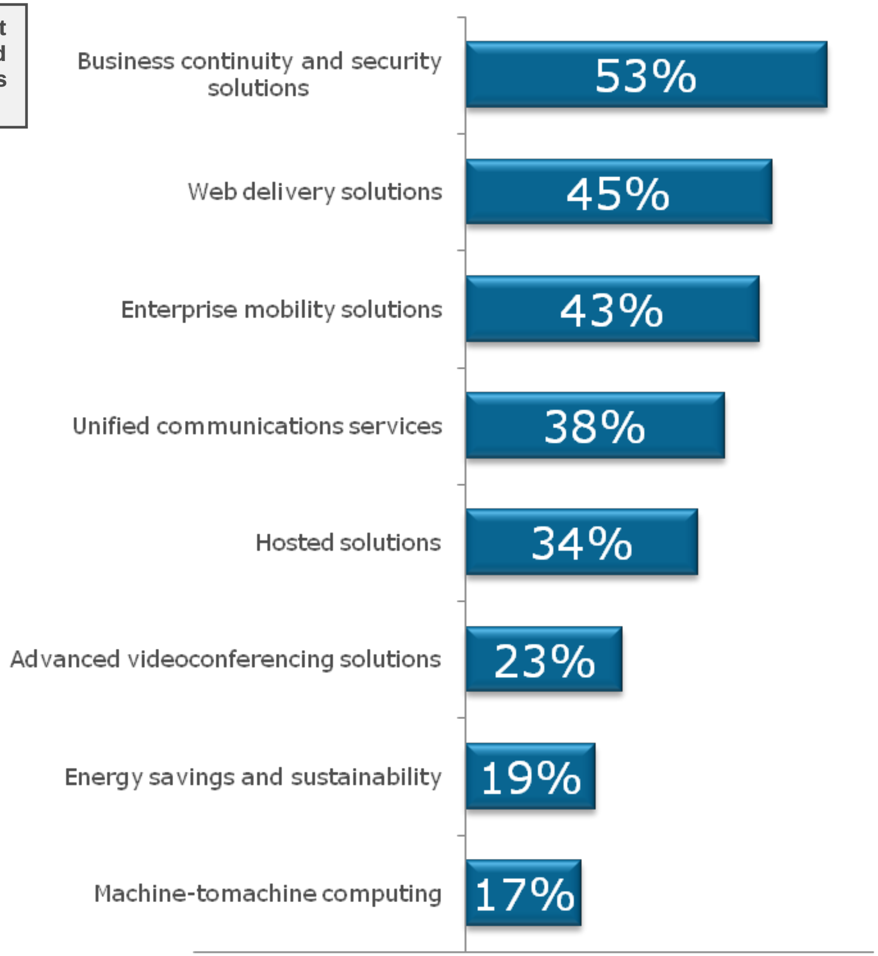
  5. Operate IT economically (tie)

Investment in most areas of IT are expected to have a positive impact on business

Will the following areas of IT investment help your business grow as it prepares for an economic turnaround? Tell me whether each would have a high impact, moderate impact or low impact on your company's business.

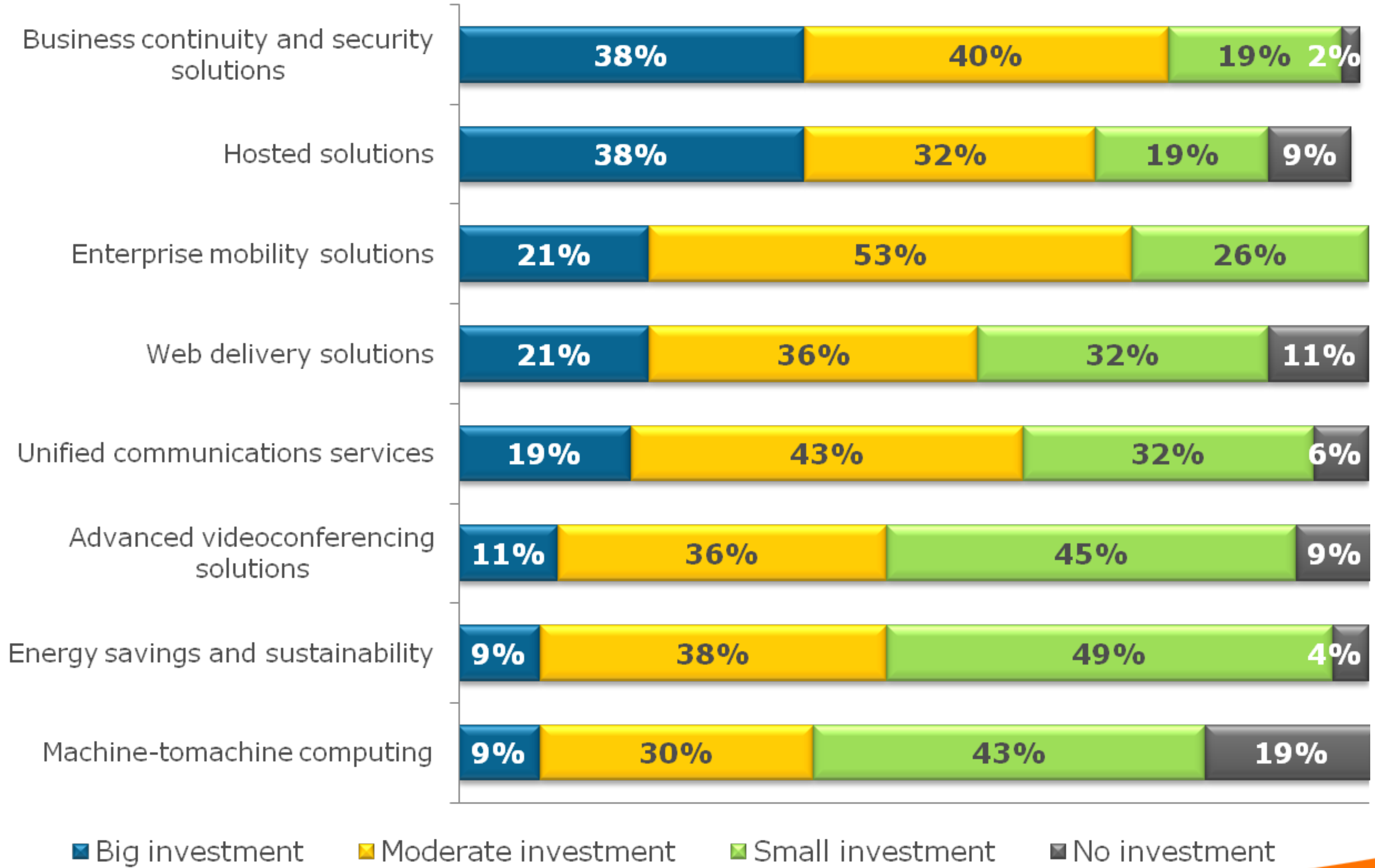
- IT investments and priorities will go towards:
  1. **Lowering cost**
  2. **Reducing risks**
  3. **Improving productivity and efficiency**

- Executives indicated that investing in **business continuity and security solutions** could have the biggest positive impact on their business growth as it prepares for an economic turnaround.



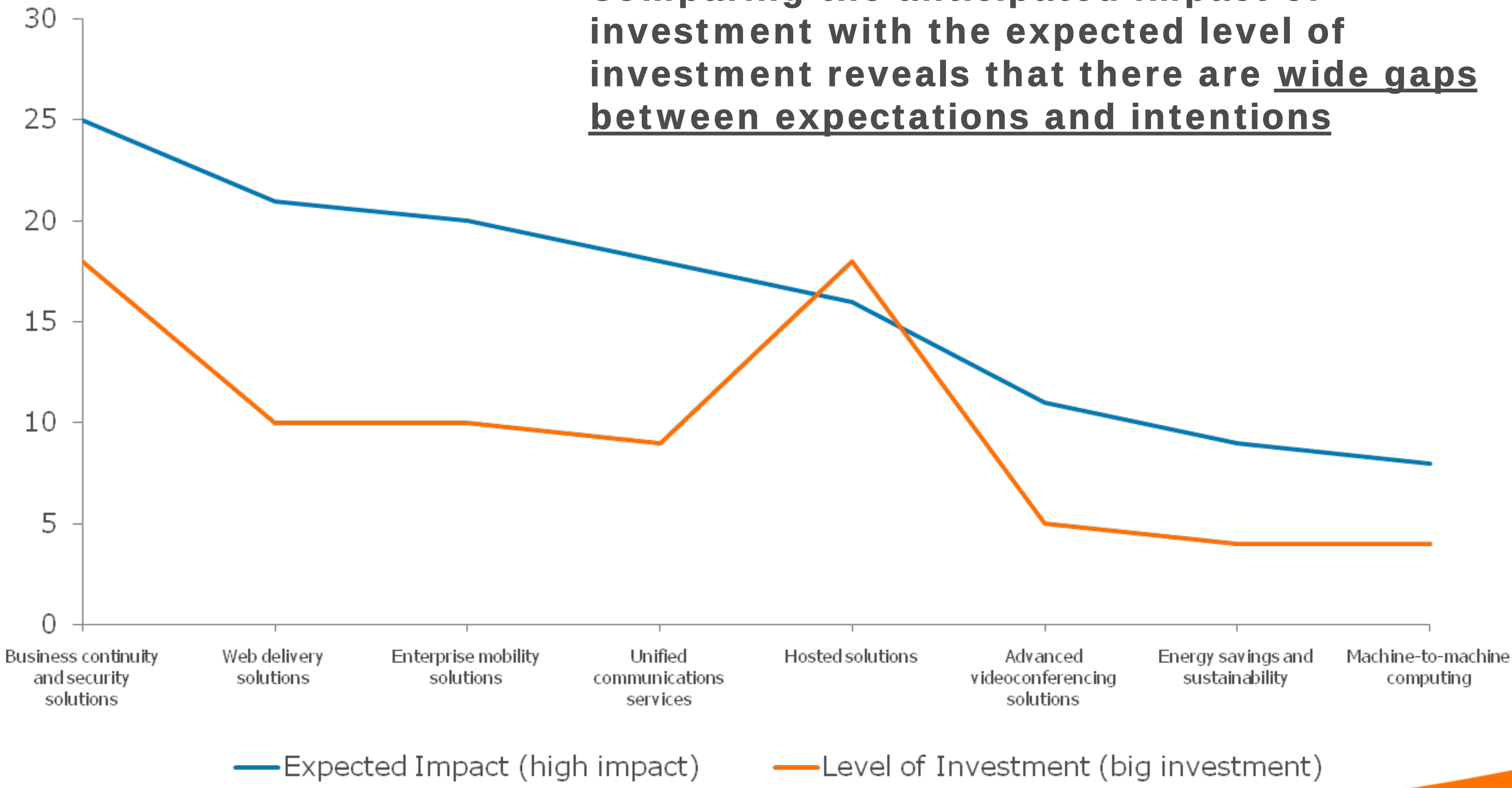
(% "high impact")

Companies are expected to make moderate investment in most areas of IT



Anticipated impact of investment versus the expected level of investment

- **Comparing the anticipated impact of investment with the expected level of investment reveals that there are <u>wide gaps between expectations and intentions</u>**



Study Methodology

The 2009 AT&T Road to Growth Study is based on interviews with a total of 77 IT executives employed with multinational companies with an approximate annual revenue of at least $1 billion, including 47 U.S.-based IT executives and 30 European-based IT executives. All participants have responsibility for making decisions about IT strategy and budget allocations (CIO, CTO, or person who reports directly to the CIO/CTO).

All U.S.-based IT executives work for a U.S. company or a U.S. subsidiary of a foreign company based in the U.S. Overall, the U.S. IT executives interviewed worked for multinational companies represented by 25 industries with median 2008 revenues of $4.75 billion dollars and operations in an average of 28 countries (range, 2 to 122 countries). The Europe-based IT executives worked for multinational companies represented by 21 industries with average 2008 revenues of $1.7 billion dollars and operations in an average of 20 countries (range, 3 to 60 countries).

All interviews were conducted between April 16 and June 19, 2009.