# GRAY WOLF
## FINANCIAL

**IT Market Insights**: As we move into 2025, Gray Wolf is expecting to see the cost of technology continue to increase. To compound the issue for many organizations, there is a lot of overspending in many areas within IT. This newsletter explores what to expect and where to dig deeper into your portfolio to ensure you maximize your return on investments.

January 2025

# Expected Cost Increases for 2025

In 2025, IT costs are expected to see a significant increase. According to Gartner, worldwide IT spending is projected to reach $5.74 trillion, which is a 9.3% increase from 2024. This growth is driven by several factors, including the rise of Generative AI (GenAI), increased investments in data center systems, software, and IT services.

Here's a breakdown of the key areas contributing to this growth:
- Data Center Systems: Expected to grow by 15.5% to $367 billion.
- Devices: Projected to increase by 9.5% to $805 billion.
- Software: Anticipated to rise by 14% to $1.24 trillion.
- IT Services: Expected to grow by 9.4% to $1.74 trillion.
- Communication Services: Projected to increase by 4.4% to $1.60 trillion.

This surge in IT spending reflects the growing importance of technology in driving business innovation and efficiency.

## Market Insights

Among the IT vendors that have announced plans to increase their pricing in 2025:

1. **Microsoft**: Prices for Microsoft 365, Office 365, Enterprise Mobility + Security, Windows 365, Dynamics 365, and Power Platform will increase by **5%** from April 1, 2025. Power BI will see a significant price jump of up to **40%**.
2. **IBM**: IBM's annual global price harmonization will take effect on January 1, 2025, with prices increasing by up to **7%**.
3. **SAP**: Support agreements will auto-renew on January 1, 2025, with renewal increases capped at **5%**.
4. **Salesforce**: Salesforce announced a **9% average price increase** for its cloud products, including Sales Cloud, Service Cloud, Marketing Cloud, Industries, and Tableau.

Companies often overspend in the following key areas of IT:

1. **Cloud Services (AWS, Azure, Google Cloud Platform, IBM Cloud)**: Overspending 30-40% on cloud services is due to overprovisioning (including vendor pass-through costs), lack of visibility into usage, and variable costs.
2. **Software Licenses**: Purchasing more software licenses and/or failing to optimize existing licenses
3. **IT Services**: Due to vendor padding "fixed bids" and not being transparent on specific resource roles and rates
4. **Devices and Hardware**: Overspending on devices and hardware, especially during PC refresh cycles, is a common issue that Gray Wolf encounters.
5. **Cybersecurity**: Companies can be reactionary and overspend on cybersecurity measures without a clear strategy

## Fiscal Year Ends

| Supplier | Fiscal Year End |
| --- | --- |
| Autodesk | January 31, 2025 |
| Carbon Black (Acq. by VMware) | January 31, 2025 |
| Cloudera | January 31, 2025 |
| Coupa Software | January 31, 2025 |
| CrowdStrike | January 31, 2025 |
| Dell EMC | January 31, 2025 |
| Delphix | January 31, 2025 |
| DocuSign | January 31, 2025 |
| MongoDB | January 31, 2025 |
| Okta | January 31, 2025 |
| Pure Storage | January 31, 2025 |
| Quadient | January 31, 2025 |
| Salesforce (including Mulesoft, Slack, Tableau) | January 31, 2025 |
| Snowflake Computing | January 31, 2025 |
| Splunk | January 31, 2025 |
| Tanium | January 31, 2025 |
| Turbonomic | January 31, 2025 |
| VMware (Acq. by Broadcom) | January 31, 2025 |
| Verint Systems | January 31, 2025 |
| Workday | January 31, 2025 |
| Zoom | January 31, 2025 |
| Cylance (Acq. by Arctic Wolf) | February 28, 2025 |
| BMC Software (including Compuware) | March 31, 2025 |
| Commvault | March 31, 2025 |
| DXC Technology | March 31, 2025 |
| Dynatrace | March 31, 2025 |
| HCL Technologies | March 31, 2025 |
| Hitachi March | March 31, 2025 |
| Lenovo Group | March 31, 2025 |
| McKesson | March 31, 2025 |
| New Relic | March 31, 2025 |

At **Gray Wolf Financial**, we understand the intricate dynamics of vendor pressures and client processes, we serve as the bridge that fosters stronger, more collaborative relationships. By enhancing vendor-client interactions, we pave the way for better partnerships, which then helps to assure more optimal outcomes for all parties involved.