

3rd Edition

Telarus Tech Trends Report

The third annual release of exclusive insights from U.S. IT leaders to help you understand and navigate growth opportunities for your business.

August 2025

Spectrum

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About This Report

Today's technology decisions define tomorrow's competitiveness—but with the rapid pace of AI and emerging technologies, knowing what's right for your business can feel overwhelming. You need confidence that your investments will deliver measurable returns in revenue, productivity, and growth.

This report highlights what leading IT decision makers are prioritizing for 2025–26—insights that could have additional impact on your own organization's success.

The data reveals clear patterns: AI is moving from pilot programs to full-scale deployment, while foundational technologies like networking and UCaaS continue to deliver strong results. Mid-market organizations in particular are accelerating digital transformation, adopting automation and efficiency tools to drive measurable outcomes—and they're seeing real impact.

To deliver these insights, Telarus—a technology services distribution ally for our team—engaged Constellation Research, a top-tier technology consulting and analyst firm, and Redpoint, a specialty market research firm. They surveyed approximately 400 top U.S. mid-market and enterprise IT executives, and 400 technology advisors in the channel.

We look forward to discussing the findings from this important research with you!

For this report, mid-market is defined as US companies with 51-500 employees, and large enterprises with 501+ employees.

For more details on the survey data: [VIEW METHODOLOGY](#)



Section 1:

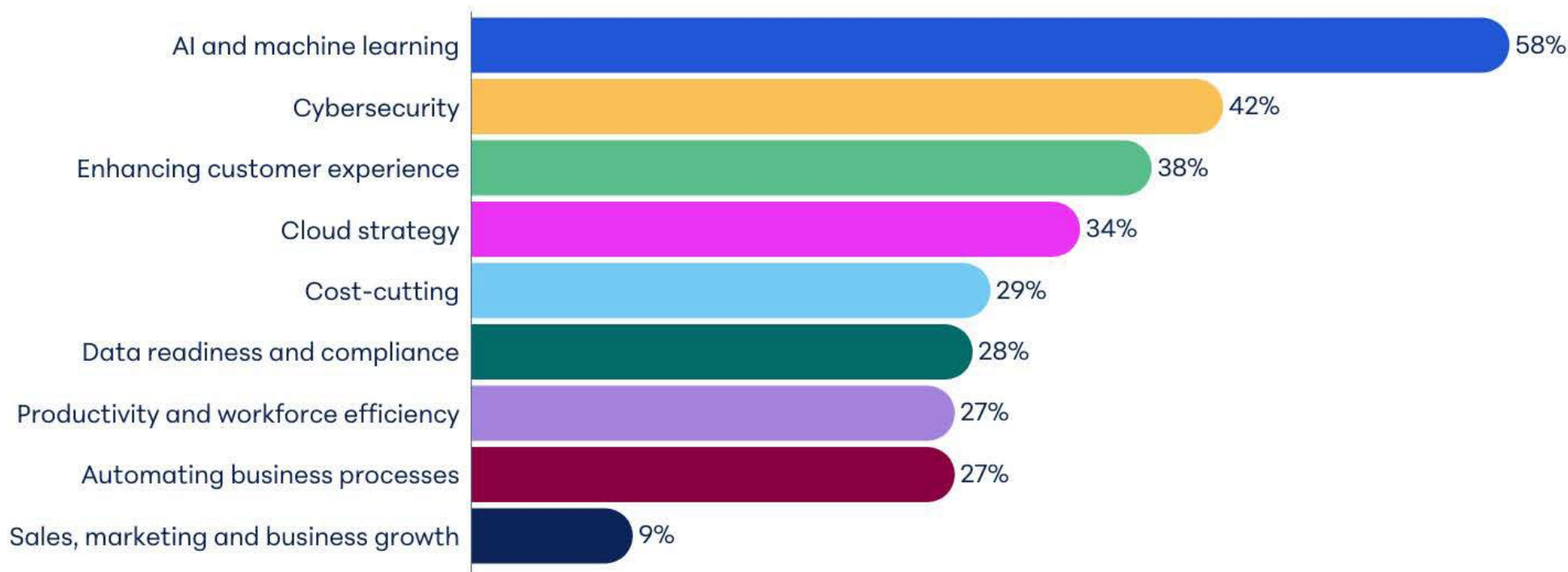
What's Driving Today's Technology Buying Decisions

Technology buyers are doubling down on solutions that deliver real outcomes—faster execution, smarter automation, and measurable ROI. AI once again tops the list of investment priorities, but the focus has evolved. Organizations are moving beyond experimentation, embedding AI into core operations, customer experiences, and cybersecurity strategies. Cybersecurity and cloud remain foundational, while demand for AI-powered CX continues to grow.

Trend #1:

AI Remains the Top Priority, But With Greater Influence

For the second year in a row, AI ranks as the leading driver of IT investment, but this time with increasing momentum. 58% of IT buyers identified AI as their top priority for 2025, compared to 53% in 2024 and only 13% in 2023.



What are the main factors influencing your current (2025) IT buying decisions? (Select up to 3)

Top reasons respondents said they were investing in AI and ML include: automating/reducing manual processes (84%), gaining data-driven insights (71%), and creating new revenue streams (65%).

Expert Insight: Top 2025 Tech Investment Drivers

When organizations invest in new technologies, it's not just about modernizing infrastructure—it's about achieving specific business outcomes. Across both mid-market and large enterprise buyers, the top reasons for investing include:

- Productivity and workforce efficiency
- Improved customer experience
- Automation of business processes
- Improved employee experience
- Innovation and modernization
- Scalability

While these priorities are broadly shared, the motivations behind them differ. Mid-market buyers are focused on innovation, speed, and competitive agility. Enterprise buyers are increasingly prioritizing cost-cutting to fund innovation.



Trend #2:

Cybersecurity, CX, and Cloud Continue as Core Investment Areas

For the second consecutive year, cybersecurity ranked as the second-highest investment priority, with organizations responding to escalating threat complexity and growing data vulnerability. CX ranked third, home to AI-powered features like virtual assistants. Cloud gains particularly strong momentum among mid-market organizations, where legacy modernization and scalability are top of mind.

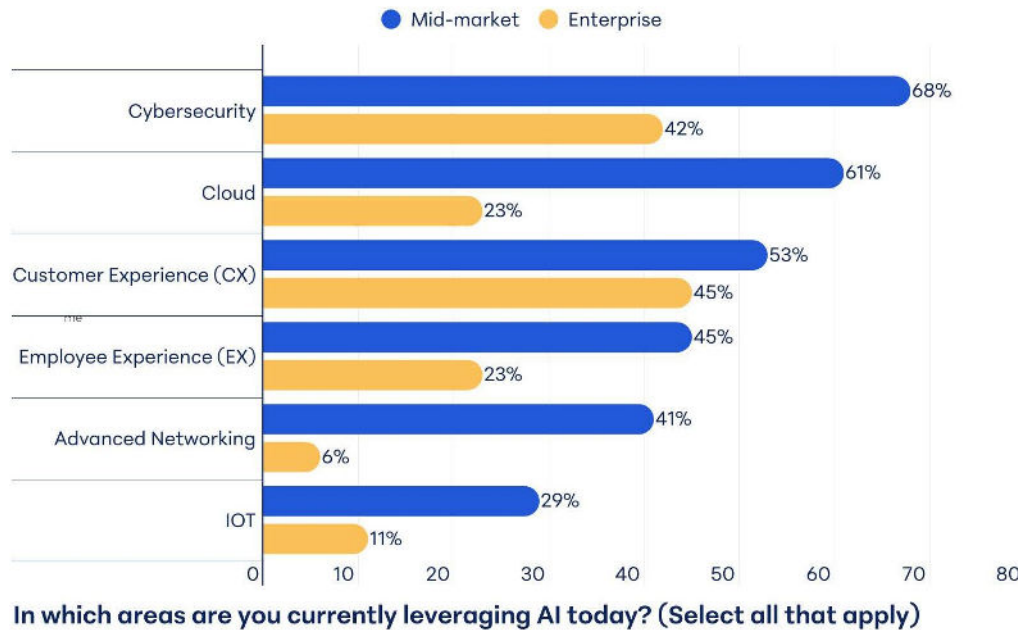
Let's dig a bit deeper into buying behaviors for these technology lanes...

Cybersecurity: A Dual-Front Opportunity

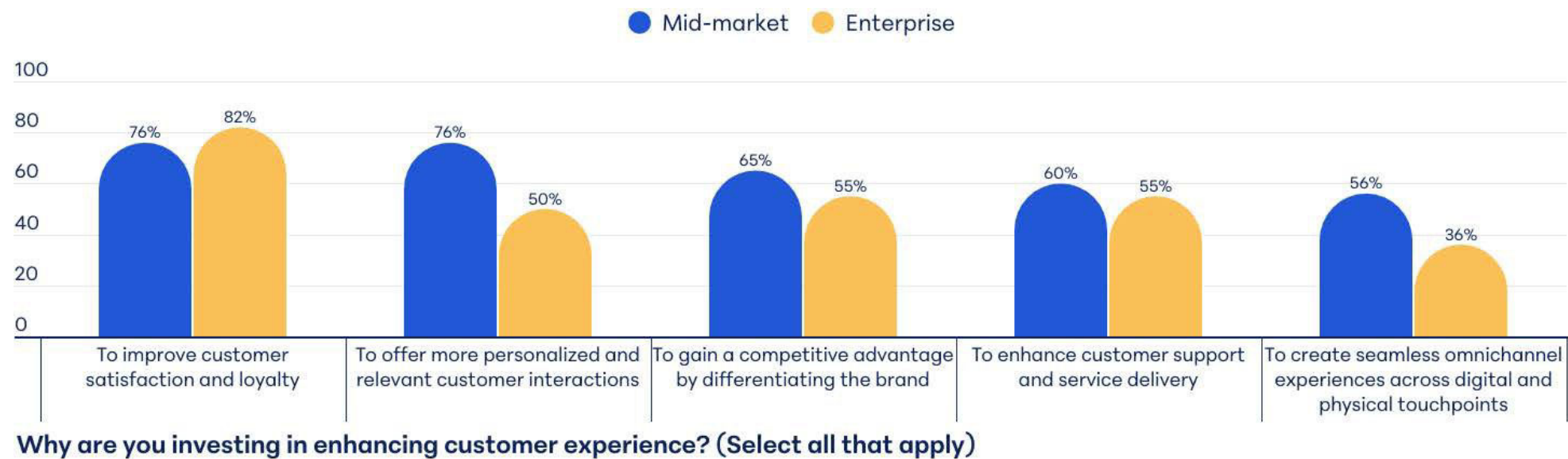
Cybersecurity remains both a foundational necessity and a fast-evolving frontier. Buyers continue to invest heavily in traditional defense and compliance capabilities but are also layering in AI to stay ahead of increasingly sophisticated threats.

- 60% of all buyers (mid + enterprise combined) are currently investing in AI for cybersecurity
- AI use cases include real-time threat detection, automated incident response, and enhanced data loss prevention

Yet even without AI, cybersecurity remains a top priority—driven by data privacy concerns, regulatory mandates, and vendor risk.



CX: A Customer Loyalty Driver



For mid-market and large enterprises alike, investing in CX is all about improving customer loyalty, offering more personalized and relevant interactions, and gaining a competitive edge.

What’s notable this year is how tightly these investments are intertwined with AI. Buyers aren’t just upgrading infrastructure; they’re preparing for smarter, more secure AI-powered operations. In cybersecurity, AI is being used to enhance threat detection, automate incident response, and improve data loss prevention. In cloud, investments are focused on building scalable, AI-ready environments through migration, modernization, and optimization. And in CX, AI continues to drive demand for virtual agents, real-time assistance, and hyper-personalized engagement. (We’ll cover this in more detail in Section 2.)

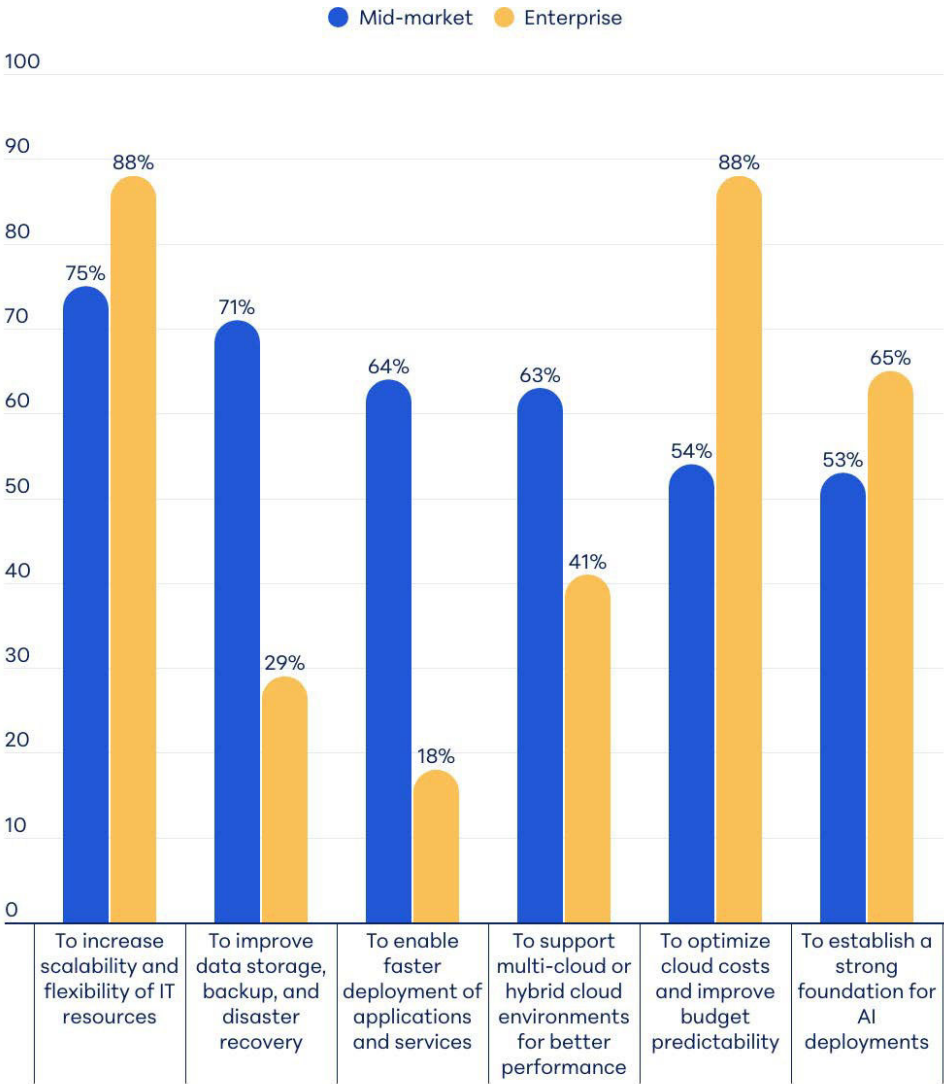
Cloud: A Mid-Market Modernization Engine

Cloud adoption continues to surge, especially in the mid-market. Mid-sized firms are modernizing legacy systems and creating scalable, AI-ready environments through migration, platform upgrades, and infrastructure optimization. Cloud is no longer just an enabler—it’s the foundation for operational transformation.

- Cloud ranks as the #2 investment area for mid-market buyers
- 63% of mid-market firms report needing external support for cloud modernization

“
We are looking to move all of our information systems into the cloud and use AI to help keep it secure and ready and functioning.”

IT Director at Mid-Market Manufacturing Company



Why are you investing in cloud solutions? (Select all that apply)

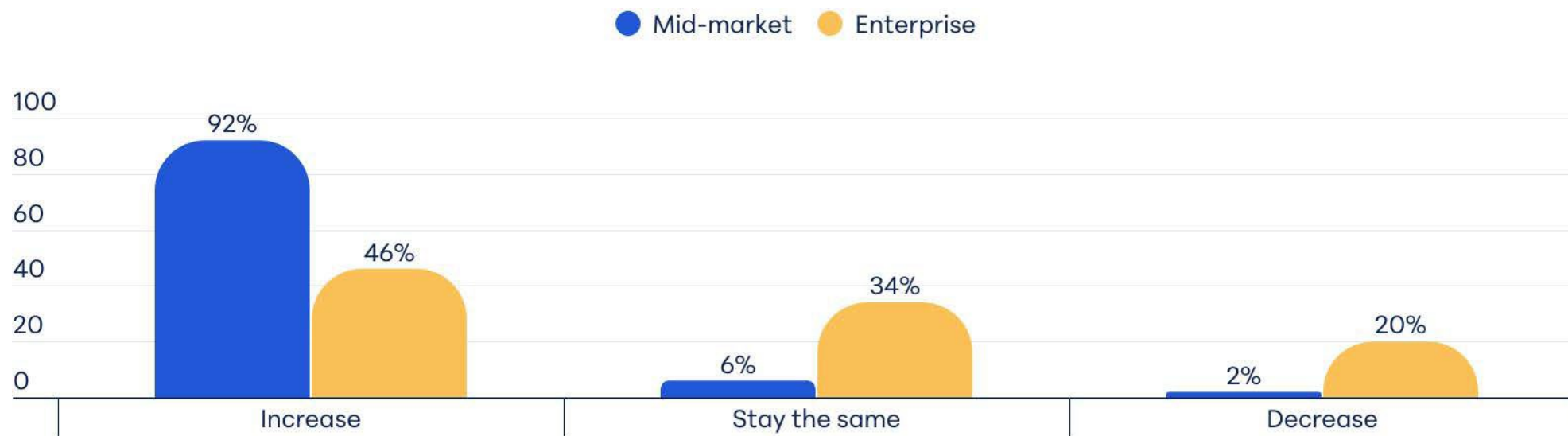
Trend #3:

Mid-Market and Large Enterprise Strategies Reflect Different Growth Goals

While both mid-market and large enterprise organizations are investing in technology, their strategies—and the speed at which they're executing—look very different.

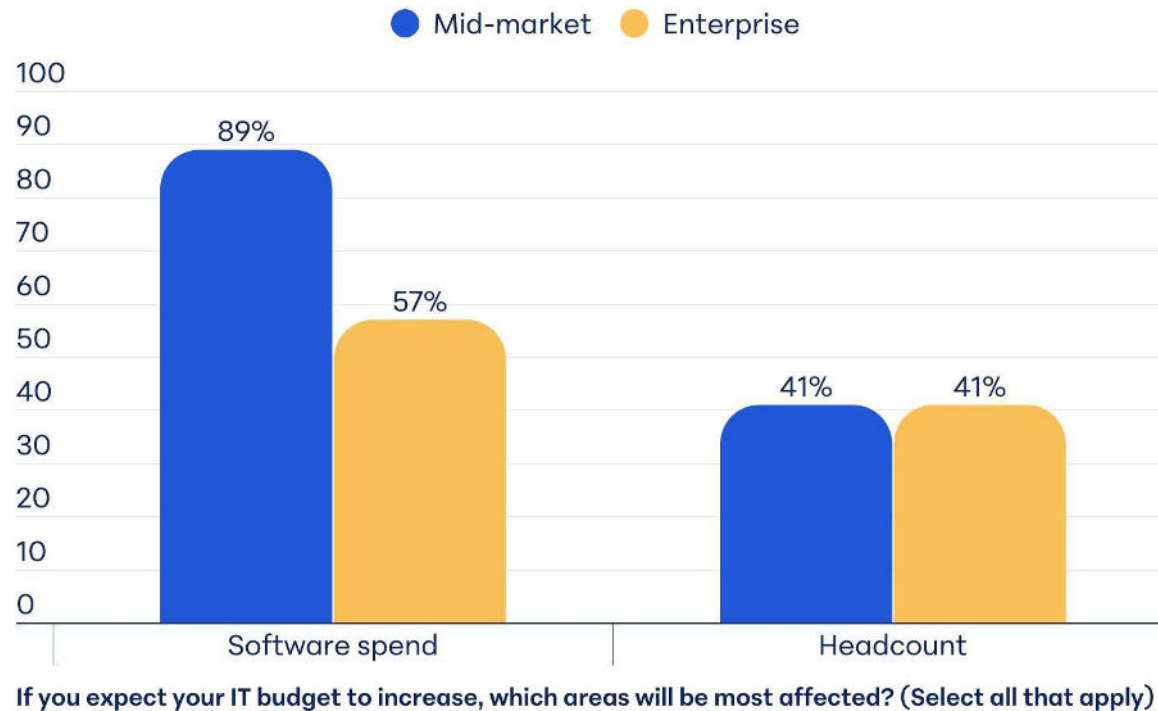
Mid-sized organizations are more agile, with fewer internal barriers and a stronger appetite to experiment, particularly in areas like AI, cybersecurity, and cloud, where they often lack in-house depth.

92% Mid-Market Expect IT Budget Increases, Compared to 46% of Large Enterprise



Looking ahead to 2026, how do you expect your overall IT budget to change?

89% Mid-Market Expect to Increase Budget on Software Spend



This difference is also reflected in budget allocation strategies. Mid-market buyers are far more likely to invest in technology over talent. 89% expect to grow software spend, compared to just 41% planning to increase headcount. This signals a strong reliance on tools to fill capability gaps. Enterprise buyers, meanwhile, are scaling back on both fronts, reflecting a more cautious and cost-centered mindset.

Expert Insight: Tech Spend Rising, But Headcount Isn't

According to Forrester, 91% of global tech leaders expect to increase IT budgets this year, with spending focused on software, AI, and automation—not headcount growth.* While our research shows a slightly lower net increase overall (77%), this is driven by enterprise caution. Among mid-market buyers, the trend is the same—92% report growing budgets.

Overall, the takeaway is consistent: Buyers are investing in tools that extend team capacity and accelerate business outcomes—especially in the mid-market.

* Source: <https://www.forrester.com/press-newsroom/forrester-budget-planning-guides-2025/>

Section 2:

AI Adoption and Buyer Expectations

AI is no longer an isolated initiative or a future-facing concept; it's becoming embedded across core business functions and daily workflows. As organizations grow more confident in AI's potential, expectations around performance, scale, and strategy are rising, especially in the mid-market, where adoption is accelerating fastest.



Trend #1:

AI Use Is Expanding Across Business Functions

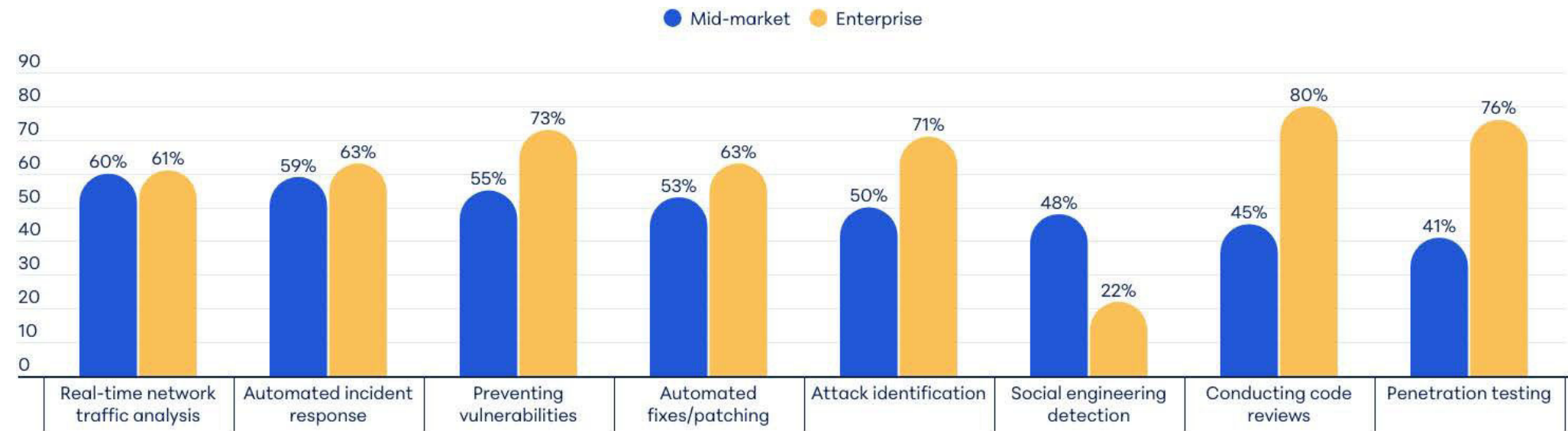
AI is no longer confined to pilots or innovation labs. It's being actively deployed across departments to solve real problems and improve performance. The most common use cases today are found in customer experience, cybersecurity, and cloud—where AI's impact on service quality, speed, and scalability are both visible and measurable.

Let's take a closer look...

Top Investment Areas in AI for Cybersecurity, Cloud, and CX in 2025 + 2026

AI + Cybersecurity Investments

Cybersecurity remains a top priority for AI deployment, with buyers applying AI to real-time threat detection, automated incident response, and preventing vulnerabilities. Enterprise buyers are especially focused on conducting code reviews and penetration testing, while mid-market firms are investing in threat identification and prevention automation—often to compensate for lean internal teams.

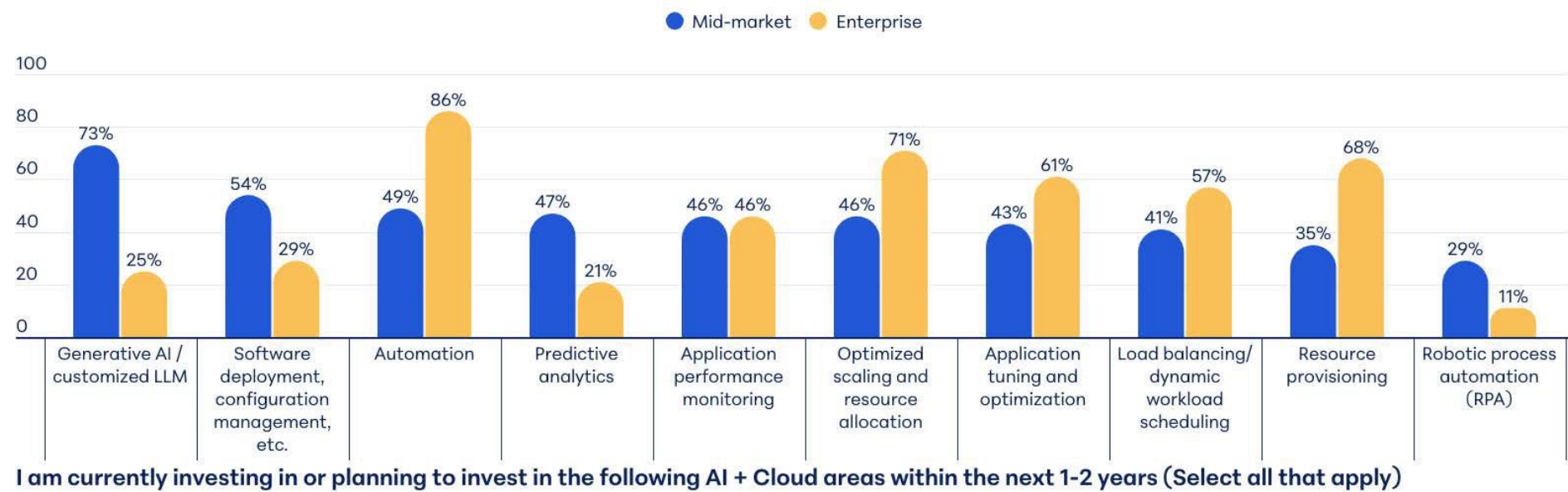


I am currently investing in or planning to invest in the following AI + Cybersecurity areas within the next 1-2 years. (Select all that apply)

AI + Cloud Investments

AI is reshaping cloud management strategies, but the path looks very different for enterprises versus mid-market organizations. Large enterprises typically have internal teams dedicated to cloud ops, DevOps, AI engineering, and FinOps—giving them the runway to focus on automation at scale, resource provisioning, and cloud cost optimization.

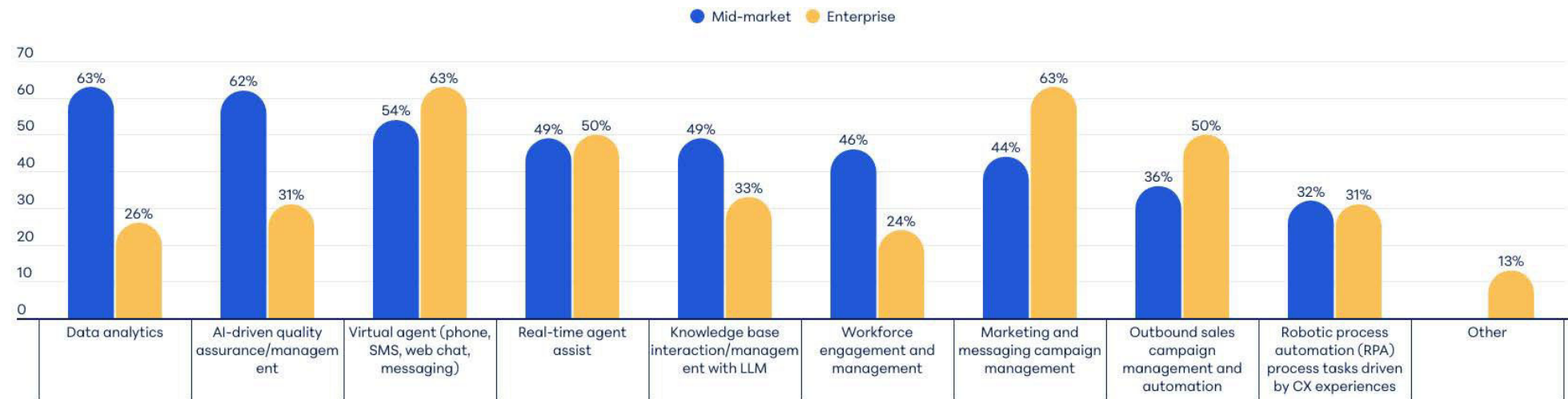
Mid-market organizations, by contrast, often lack the resources and bandwidth to implement AI solutions independently. They're interested in LLMs, gen AI pilots, and better deployment practices—but face talent and risk constraints.



AI + CX Investments

Customer experience is where many organizations first test AI, and where ROI shows up fast. Mid-market and large enterprise buyers alike are investing in agentic solutions including virtual agents and real-time agent assist, as well as leveraging marketing and messaging campaign management to improve service while reducing manual workloads.

It's worth noting that that mid-market's higher planned investments in data analytics and quality assurance practices versus their enterprise peers are likely due to mid-market challenges with fewer resources. Mid-market tends to prioritize AI investments that deliver immediate operational improvements and measurable revenue impact. Data analytics and AI-driven QA offer clear efficiency gains that free up human resources for higher-value activities. Rather than viewing QA and analytics as overhead functions, mid-market companies recognize them as revenue enablers that can directly contribute to their bottom line.

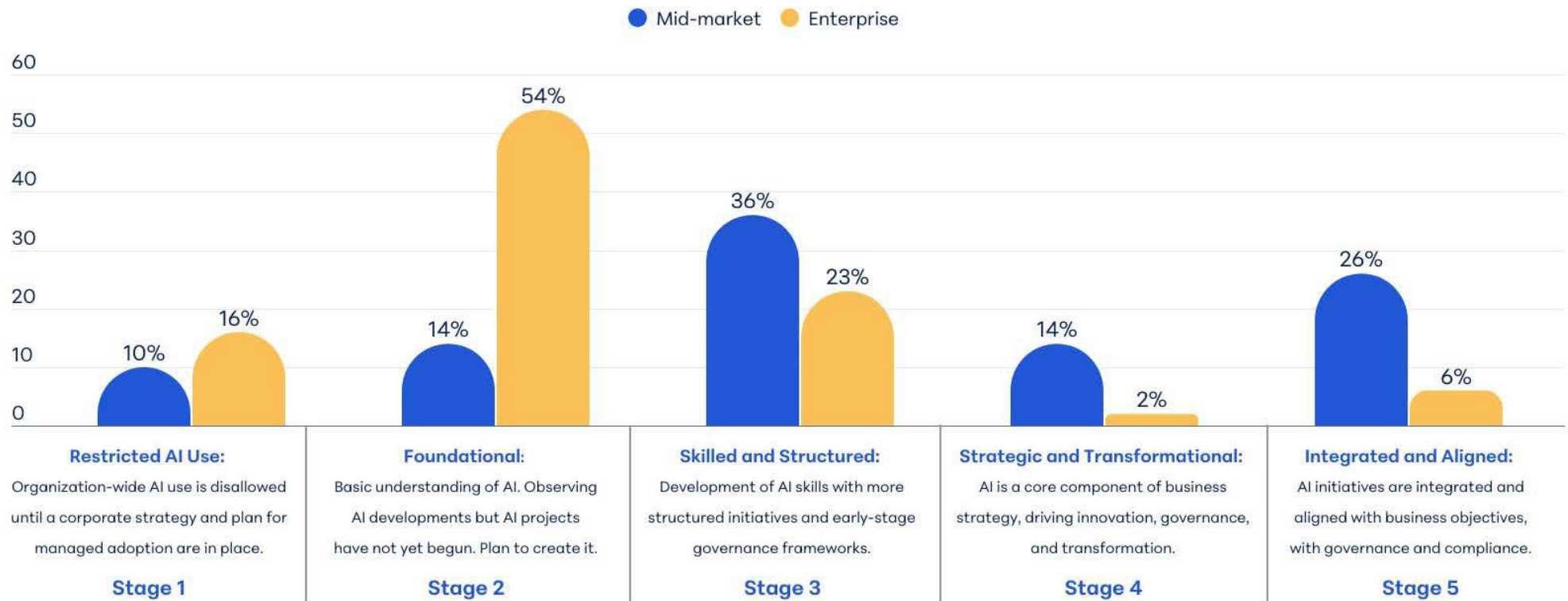


I am currently investing in or planning to invest in the following AI + Customer Experience areas within the next 1-2 years. (Select all that apply)

Trend #2:

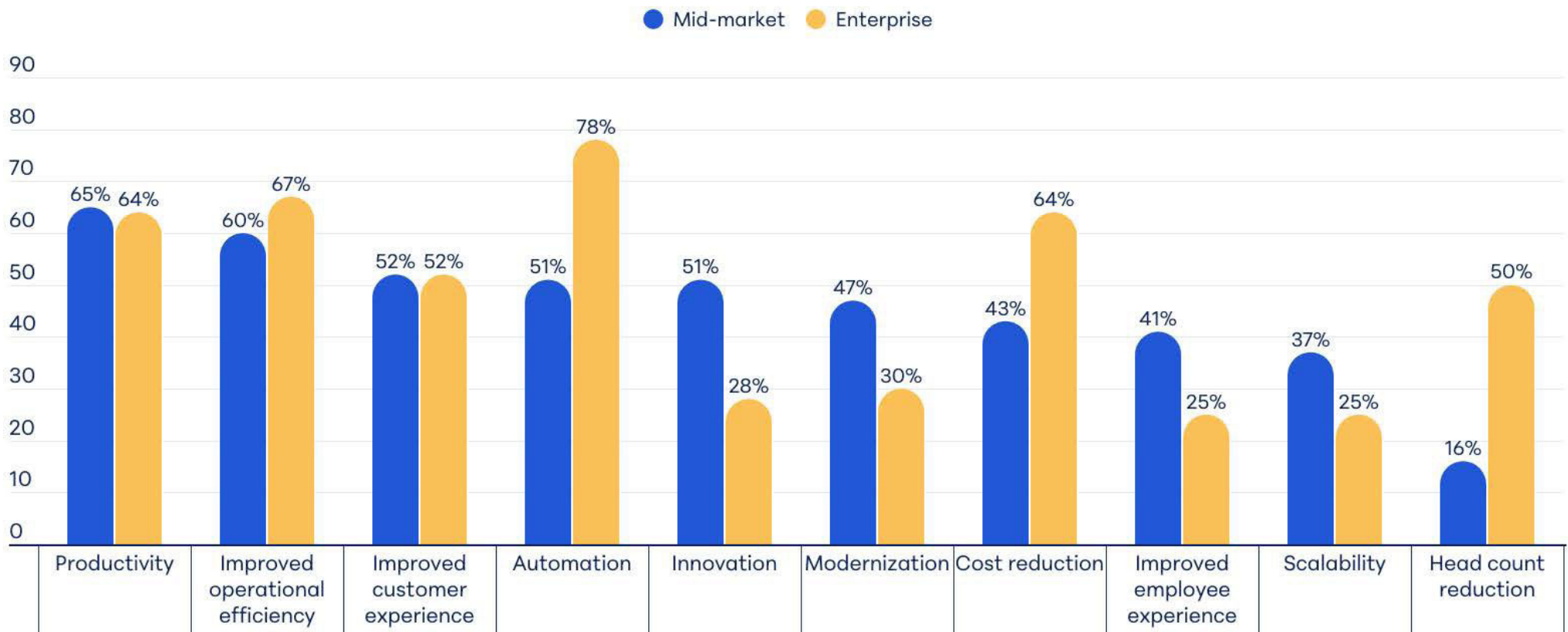
Mid-Market Leads in AI Adoption

The mid-market is outpacing large enterprise peers when it comes to AI adoption. Their agility, openness to experimentation, and flatter structures enable them to deploy AI across departments faster. This agility gap means mid-market firms are gaining operational efficiency, data-driven insight, and competitive advantage—while large enterprises continue investing but move at a slower, more deliberate pace.



Which phase of AI readiness best describes your organization today?

While both mid-market and large enterprise buyers are adopting AI to boost productivity, efficiency, and customer experience, their priorities diverge beyond that. Mid-market organizations are far more likely to emphasize innovation and modernization, while large enterprise buyers remain focused on cost reduction and headcount control.



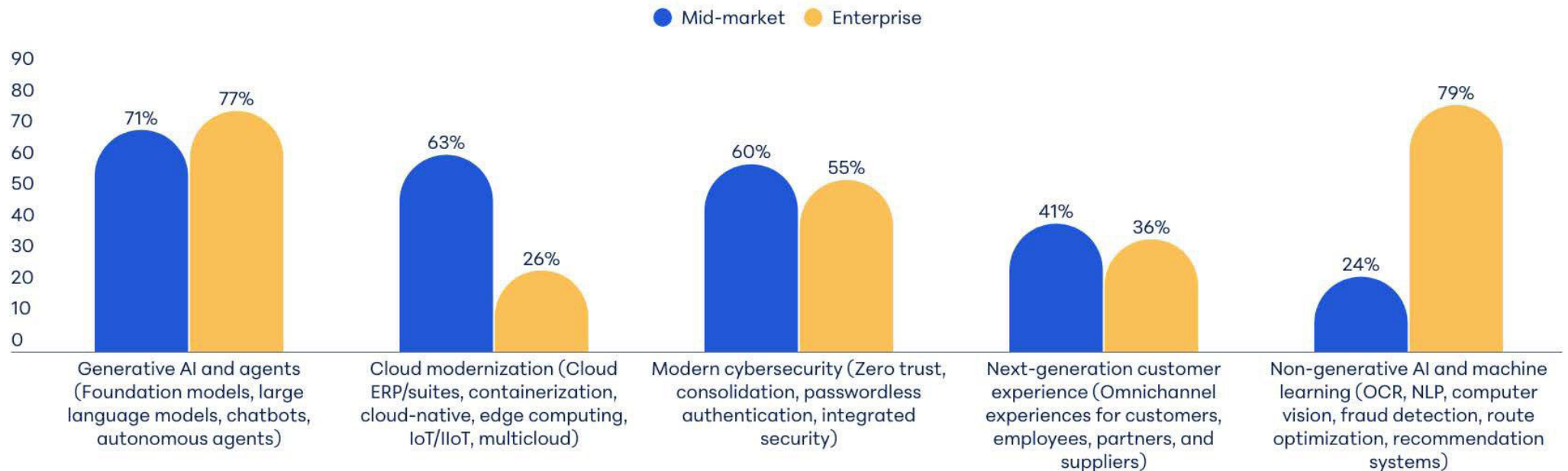
If you are planning to adopt AI, what are the desired outcomes you are seeking? (Select all that apply)

Trend #3:

Support Is Needed for AI Readiness and Strategy

When it comes to external support, large enterprises and mid-market buyers are asking for help in different areas. Large enterprises are more likely to need assistance with non-generative AI (79%), reflecting the complexity of integrating predictive analytics, forecasting, and ML models. Mid-market buyers, on the other hand, rank cloud modernization as their second-highest support need (63%) as they continue migrations and infrastructure upgrades.

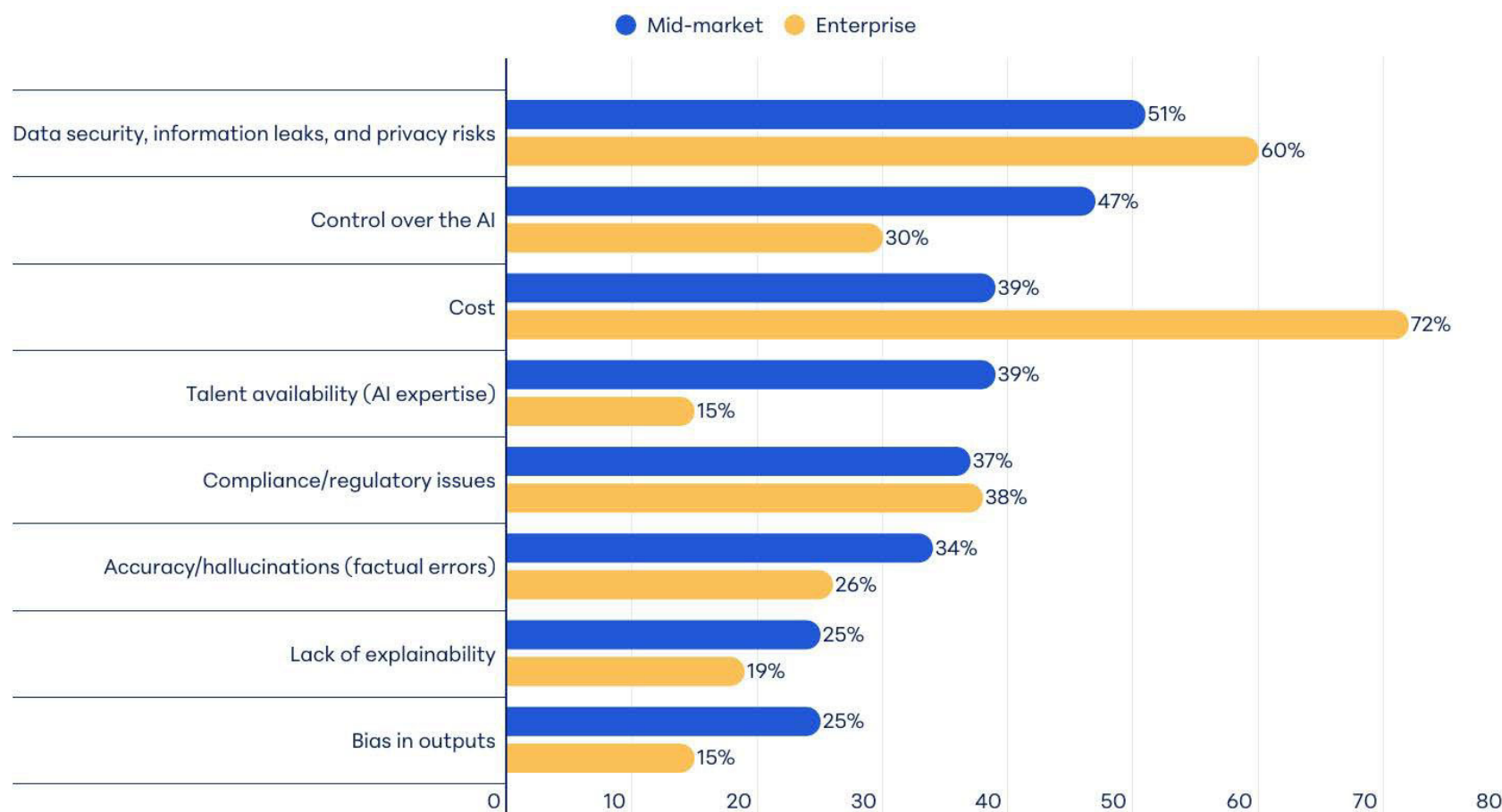
IT Buyers Need the Most External Support for AI and Cybersecurity. Cloud Modernization is a Must for Mid-Market.



In which technology areas do you need the most external support based on current staffing and expertise? (Select all that apply)

Concerns with Managing AI Today

Governance and security remain a major hurdle for both buyer segments. Mid-market firms are especially concerned with in-house talent availability and expertise. Not surprisingly, large enterprises cite cost as a much larger barrier than their mid-market counterparts.



What potential concerns do you have in managing AI adoption? (Select all that apply)

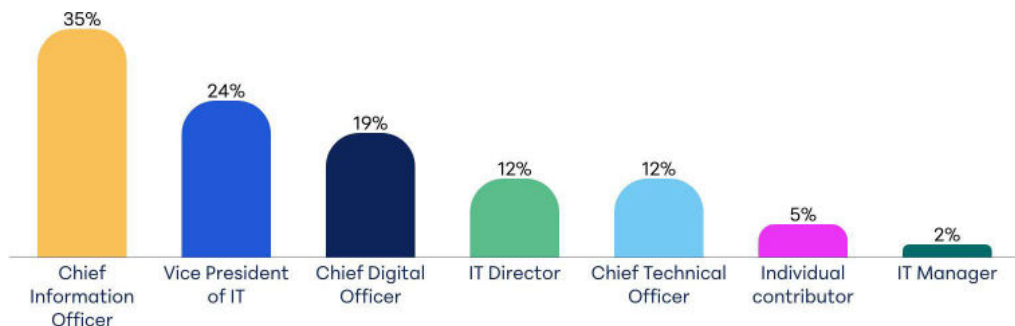
Methodology

This report was commissioned by Telarus and conducted by two independent research firms. Constellation Research's large enterprise survey consisted of their elite Business Transformation of top global digital IT executives (CXOs).

Redpoint Research surveyed a panel of mid-market enterprise IT decision-makers. Both were administered in May 2025.

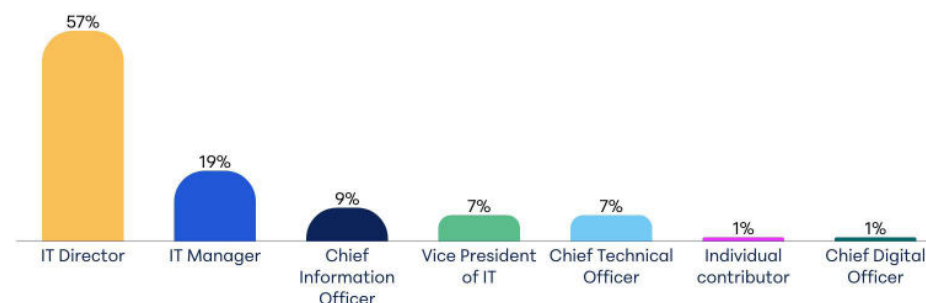
Enterprise IT Buyer Survey: Conducted by Constellation Research

- **121 respondents**, primarily Fortune 1000 and Global 2000 IT executives
- **Roles:** 35% CIO, 24% VP of IT, 19% CDO, 12% CTO, 12% IT Director,
- 5% other senior IT titles
- **Company size:** 501 to 100,000+ employees
- **Sectors:** Manufacturing (21%), Technology (14%), Financial Services (13%), Healthcare (10%), Professional Services (8%), Retail/E-commerce (8%)
- **Confidence level:** 95%, margin of error: $\pm 8\%$



Midmarket IT Buyer Survey: Conducted by Redpoint Research

- **257 respondents** from U.S.-based mid-sized organizations
- **Roles:** 57% IT Director, 19% IT Manager, 9% CIO, 7% VP of IT,
- 7% CTO, 1% CDO
- **Company size:** 51–500 employees
- **Industries:** Technology (63%), Manufacturing (12%), Professional Services (8%), Retail/E-commerce (7%), AEC (4%), Healthcare (4%)
- **Confidence level:** 95%, margin of error: $\pm 4\%$





Thank you for reviewing this year's Telarus Tech Trends Report. We'd love to discuss what these findings mean for your organisation.

Let's schedule time to plan next steps together.

Contact Us

www.spectrum-coms.co.uk

Tel: 01283 749 990



About Telarus

Telarus, the largest technology services distributor, has devoted over two decades to fueling technology advisor growth through deep market insights, channel expertise, and an unmatched suite of services, solutions, and tools. With a focus on collaboration with advisors and suppliers, Telarus enables the modern advisor to source, purchase, and implement the right technology for the greatest impact.

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