



IT Budgeting Guide for 2022

How To Create a Post-Pandemic IT Budget
That Works



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Creating an IT budget for 2022 is different than in previous years. You're tasked with funding the changes your organization made to keep your business going during the pandemic while simultaneously funding IT operations, growth, and transformation. While the process of developing the budget is the same, your priorities may have shifted along with the business environment, rapid migration to the cloud, and cybersecurity landscape. You will likely need to temporarily super-charge some IT spending and take action to future-proof any initiatives to continue to get your footing.

Where should you focus your 2022 spending? How have the forecasts changed and how might they impact your decision-making? What's the best process to reach your final decisions?

This paper covers what's new in 2022 and the budgeting process we've seen work best.

Leapfrog Services, a managed IT services provider, has been helping clients develop successful IT budgets since 1998. Our clients differ in size, industry, and growth objectives, but after participating in hundreds of IT budgeting processes and seeing those budgets play out, there are clear best practices that any organization can follow – yours included.

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10 Key IT Budget Questions

Start off on track by considering these questions before you begin your 2022 budgeting process:

1. Have you updated your IT roadmap for 2022?

Aligning your IT plan with your 2022 business strategy to ensure your budget accurately reflects your business priorities (see page 5).

2. Are your Work From Anywhere (WFA) tools optimized and secure?

The rush to convert to remote working may have superseded the need to follow best practices during implementation (see page 12).

3. Where is your current technology in its lifecycle?

Understand which assets and platforms need updating, upgrading, or migrating and which you can retire. Understand your current level of technical debt and prioritize catching up (see pages 6 and 12).

4. Do you know the greatest threats to your IT environment?

Prioritize and triage your list of possible security disruptions, then budget to resolve at least the top five risks to business continuity. This will also help you qualify for cyber insurance (see page 14).

5. Is your organization ransomware-ready?

Reduce your vulnerability by adhering to ransomware best practices across your organization and make sure your Incident Response Plan (IRP) is up to date (see page 11).

6. Are you aware of new technology trends to leverage?

Outdated systems can slow you down or put you at risk (or both). Look at ways to digitally transform using the latest advancements. Allow ample time to get accurate cost estimates (see pages 8 and 21).

7. Do you know the true costs involved in migrating more computing successfully to the cloud?

Include the cost to migrate, integrate, and manage new technology, including the needed internet capacity and redundancy (see page 6).

8. What is your plan for dealing with the tech-talent shortage?

Confirm that your IT staff salaries are competitive, consider performance-based bonuses, and look at outsourcing for responsibilities that aren't unique to your business (see page 17).

9. Do you have an adviser to help you make WFA and cybersecurity decisions?

These decisions impact your ability to meet your 2022 business goals, and beyond. If you don't have experts on staff, turn to a trusted partner or find qualified consultants (see page 19).

10. What are your Run, Grow, and Transform priorities for 2022?

Determine the IT services, technologies, skills, resources, and tools your IT team will need to help you accomplish your 2022 goals in each IT area. Find the appropriate balance and keep the three budgets separate (see pages 6-8).

IT Roadmap

An IT roadmap is your organization's most important IT planning document.

Your IT roadmap shows the current state of your IT environment and represents your strategic-level IT planning for the next few years. It typically includes a general timeline for planned improvements and projects along with related justifications and costs. As an internal guide, most organizations make the IT roadmap available to participants involved in the IT budget process. Your IT department and IT partners will likely review and consult it often — it is literally a roadmap for how IT will support the business.

Chances are your pre-pandemic roadmap no longer represents your current planning, however. If you have not yet updated your roadmap this year (it should be an annual exercise, if not more often), complete the update before beginning the IT budgeting process so you can use it as a guide. Ask:

- What is still relevant on our most recent roadmap?
- What is needed to shore up our environment for WFA?
- What is needed to secure our network and data?
- What new initiatives do we want to execute and when?
- What operational changes are needed to support our initiatives?
- Does your team have the skills and buy-in needed for your initiatives?

And, finally:

For more information about IT roadmaps, you can see these resources and others:

- [IT strategy: 6 steps to creating your technology roadmap](#) (BDC)
- [10 Steps for Creating a Technology Roadmap](#) (Inventive)
- [Strategic Technology Roadmap Overview](#) (CISA)

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Run-Grow-Transform: Different IT Budgets for Different Goals

- Which items on our roadmap need to be in the 2022 IT budget?

Built into your IT Roadmap are the three areas of IT planning that each require a separate annual budget within your overall IT budget — the Run, Grow, and Transform budgets. The Run portion covers what it costs to operate your IT environment, the Grow portion covers scaling, and the Transform budget covers innovation. While separate, these three budgets impact each other and should be planned at the same time, using your IT Roadmap as your guide.

While the Run budget is relatively straightforward, there can be some confusion about the differences between the Grow and Transform budgets. While both aim to drive business results, they address different objectives. Allocating dollars for each is a balancing act that's especially challenging in 2022 because of the simultaneous need to shore up IT operations for WFA, cybersecurity, and technical debt (more on these priorities below) and the fact that it costs more to run IT now. Chances are you will need to invest more heavily in IT in the coming year.

The following are overviews with examples of what's typically covered in each IT budget:

Run Budget

What will it cost to operate your IT environment in 2022?

Your Run budget, or your IT operations budget, is the portion of IT expenses that keeps your IT environment productive and secure so your organization can run as planned. It's also known as MOOSE — Maintain and Operate the Organization, Systems, and Equipment. Cyber insurance, which protects against loss from cyber events, also falls within the Run budget.

Run costs can include:

- Operating physical and virtual components
- Clouds and cloud services
- Lifecycle management

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- End-point management
- Data integrity and backups
- Capacity tracking
- App integration, optimization, and management
- All of the activities (proactive and reactive) related to cybersecurity, compliance, data and network security, and Disaster Recovery (DR)
- IT support

Investing in a standards-based, secure IT environment is a business and competitive imperative. Most companies spend 55-60% of their total IT budget on Run. In 2022, it will cost more to operate and insure IT because of the pandemic and its aftermath — an important reality to

Why You Will Spend More on IT Operations in 2022 (Whether You Want To or Not)

The pandemic forced companies that didn't already have a fully distributed workforce to change the way they do business — WFA is an operations-based expense. At the same time, increased cybersecurity threats require improved security protocols, including properly securing cloud data, platforms, and operations. Add supply chain and tech talent shortages, higher cloud services prices, and inflation and you can expect a 20-25% increase in the cost of operating IT. If you have technical debt to pay off, factor in those costs as well.

Grow Budget

What will it cost to scale IT to add more business this year?

The Grow budget includes initiatives that track with your strategic plan and involve scaling the IT you already have to further grow your business. Successful Grow budgets fund the extra capacity needed for all of your infrastructure components.

A lot of organizations like using the cloud strategically because it makes the Grow budget flexible — you don't need to make large investments to grow. You can grow incrementally and also be prepared for exponential growth.

Grow costs can include:

- Network capacity
- Computing power
- Storage capacity
- Cloud capacity
- Licenses
- Additional staff (in-house or outsourced)

Investing in growing your business often means needing to increase your Run budget as the day-to-day operations are folded in during subsequent years. For example, if you want to double the number of transactions you can handle in a week, IT operations need to be able to handle the growth. Buying more capacity (Grow budget) is one aspect and operating it (Run budget) is another.

Transform Budget

What will it cost to fund your transformative business initiatives?

The Transform budget is about the IT investment it will take to go to market in a different way. It involves activities like adding mobile apps, moving retail online, and adding digital services like chat to compete for market share.

When developing initiatives for digital transformation, ask your solutions architect to future-proof the designs by opting for technologies and platforms that are most likely to maintain market adoption. Popular solutions stick around, making it less likely to have to migrate them later.

“Many factors outside of your control can impact your budget, including the pricing of supplies, resources, labor, financing, product/service shortages, currency exchanges, and so on. Today's price for many essential products or services is much higher than at the start of most projects prior to COVID-19. Make sure vendors can deliver on their promises and prepare a back-up plan.” ~ Moira Alexander, Founder of PMWorld.com, [6 tips for managing your project budget](#)



Transform costs can include:

- Researching
- Planning integration with your existing systems, such as with CRM, storage, identity management, and cloud platforms
- Building the test environment to pilot the solution to confirm proof of concept
- Building the initiative system-integration component, such as an API
- Integrating the initiative
- Training and/or hiring staff to use and run the new technology
- Rolling out the initiative

When your transformation initiatives are successful, you'll want to continue to operate them and, possibly, scale them. Make sure your IT department or partner is at the table when budgeting for Transform initiatives so you can factor in the cost of operating and growing them once they succeed.

Transformation Begins with Investing in R&D

If your internal IT team doesn't have the time or expertise to work on your initiatives, your initiatives will stall. Google, for example, famously budgets 20% of employee time for R&D. Leapfrog has seen this approach play out among our clients as well. When organizations budget for R&D by giving their teams the time they need, hiring new full-time staff, and bringing in outside experts like engineers and project development teams, business transformation takes place.

The IT Maturity Scale

Your organization's IT maturity and its ability to deliver on planned initiatives are inseparable.

IT maturity relates to how IT functions in your organization and is typically measured on a five-level scale. The lowest level represents IT that's rudimentary and the highest level represents IT that's integrated with business strategy.

Before spending money on Grow or Transform initiatives, be sure your IT operations are prepared to deliver. Companies with an IT Maturity level below Level 2 will not be able to reliably support the technology required for most of today's business initiatives. To move up the IT Maturity Scale, either allocate funds in your Run budget or postpone the initiative for now.

[Moving up the IT Maturity Scale](#) is an initiative in itself and should be included in your IT Roadmap as part of your Run budget.



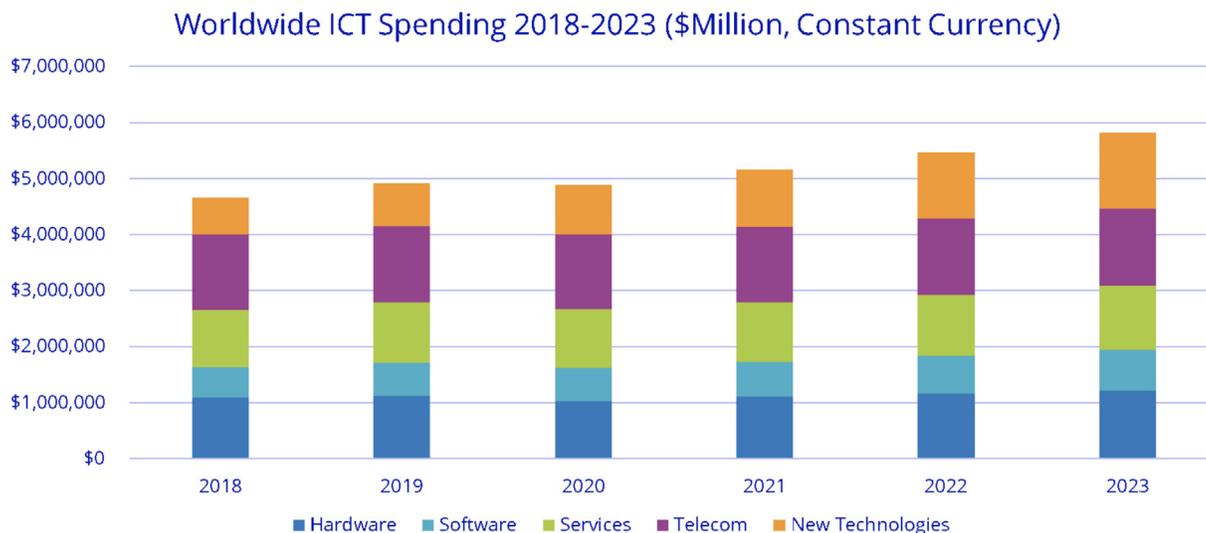
2022 IT Spending Forecast

[Gartner reports](#) technology spending in 2021 is up overall by 8.6% from 2020 after the expected pandemic slowdown. Cloud-related spending is driving most of the growth. While spending on device replenishment is expected to jump 14% this year then level off as companies catch up from last year, replenishment costs will likely stay at comparatively higher levels than in previous years.

IDC reports a 17.4% spending jump from 2020 on [Future of Work \(FoW\) technologies](#). Hardware has been the driver thus far, but software is projected to see an average growth rate of 21.3% above the 2020-2024 forecast period, which means the forecast has changed.

Meanwhile, global spending on [big data and business analytics](#) is up and is expected to stay at around 12.8% annual growth through 2025. On the security side, [ransomware has spurred improvements](#), with companies that have transformed digitally experiencing fewer ransomware attacks than average.

You can see the projected worldwide trajectory of Information Communication Technology (ICT) spending for the next two years on the chart below. From an overview perspective, your organization should expect to spend more on technology overall each year and the largest budget increases will likely be allocated for new technologies.



Source: [IDC - Global ICT Spending](#)

Three Major Budget Considerations for 2022

The three things that most impact your IT budget in the coming year are interconnected and focus on the same high-level goal — recovering from your response to the pandemic.

While in crisis mode, companies made trade-offs, cut corners, and used whatever tools were handy and available. The decisions made good business sense. Now what makes good business sense is moving from crisis mode to clean-up mode. This involves budgeting for WFA or hybrid-work expenses, cybersecurity improvements (including cloud security), and technology issues that need to be fixed. All of these expenses fall within your Run budget.

Given the continuing uncertainty of the pandemic, shoring up the foundation of what keeps your company operational makes clean-up all the more important.

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1. Work From Anywhere (WFA)

Running more of your business in the cloud translates into additional expenses in your Run budget. The cost of ongoing collaboration tool subscriptions and what's needed to operate, secure, and manage them adds up. This is especially true if you use a lot of platforms or have a lot of users.

Running hybrid workplaces adds expense, too. They require a setup for each employee at each location — home and office — that includes a computing device, monitors, headset, and video camera. Many employees also need a tablet for mobility.

IT infrastructure that's spread out is also more complex. While adding automation wherever possible creates value and efficiency, managing WFA-related sprawl requires technical expertise in addition to more funding. If your staff needs to [stay in compliance](#), that adds another set of issues and expenses. Your IT operations team needs to configure all WFA devices properly, review access logs frequently, and monitor VPNs. Using [Multi-Factor Authentication](#) (MFA) is imperative.

Costs related to high-performing WFA that drives business value can include:

- Collaboration tools and licenses
- Secure access
- Communications platforms like Voice over Internet Protocol (VoIP)
- Endpoint management
- Processes and integration
- Network management
- Power management

If you're looking to move additional operations to the cloud in 2022, be sure to include the cost of integrating and managing new services to keep productivity flowing — and plan appropriately so you don't incur technical debt while migrating. Cloud assets and computing, whether related to WFA or not, also need to be secure because everything's connected.

2. Cybersecurity

Nothing will hijack your IT budget faster than a major breach or attack. While cybersecurity has always been important, the quick shift to the cloud during the pandemic has left a lot of companies with significant vulnerabilities. Cybercriminals feed on this and are now compromising cloud assets more often than on-premises assets (cloud-based email servers are the top target of choice).

There are plenty of newsworthy examples of how cybercriminals are getting more strategic, sophisticated, and greedy. Tactics include inserting malicious code in software used by thousands of companies or using ransomware to not only go after a specific company but that company's customers as well.

Here are some data points you can consider during your budget meetings:

- In 2020, ransomware demands averaged \$4.8 million and payments went up 171% ([Palo Alto Network/Crypsis](#))
- The average downtime a company experiences after a ransomware attack is 21 days ([Coveware](#)) and downtime can cost nearly 50x the ransom demanded ([Datto](#))
- Only 8% of companies that paid ransoms got all of their data back and 29% got half or less ([Sophos](#))

- It takes an average of 280 days to identify a breach ([Ponemon Institute/IBM](#))
- Cybercrime losses will continue to grow by 15% per year ([Cybersecurity Ventures](#))

For a comprehensive look at data breaches specifically, the annual report from Verizon is the gold standard. The [2021 Data Breach Investigations Report](#) analyzes 5,250 confirmed breaches.

How much more do you need to budget for cybersecurity in 2022? Hiscox [reports](#) businesses are spending 63% more than they were in 2019. Securing WFA devices and platforms account for part of the increased spending but accelerated digital transformation, staying in compliance, implementing zero-trust security models, and qualifying for cyber insurance (which is now harder to get and more expensive) all need to be funded to ensure business continuity.

“As the number of companies switching business-critical functions to the cloud increases, the potential threat to their operations may become more pronounced, as malicious actors look to exploit human vulnerabilities and leverage an increased dependency on digital infrastructures” ~ Tami Erwin, CEO, Verizon Business, [Verizon 2021 Data Breach Report](#)

Prioritize Likely and Disruptive Risks

The best way to fund your top security priorities is to triage your list, which is probably pretty long. Decide what to treat in the next 12 months, looking at what’s most likely to happen using current attack and breach data from reports and studies and which events will have the most disruptive impact on your business. For example, shoring up employee home networks may not be as good an investment as integrated network and cloud security.

3. Technical Debt

Technical debt has become such a common and problematic issue that there are international conferences on how to manage it. And 2020 only exacerbated the problem.

Technical debt is the work it will take to correct technologies that are operating in your environment production that were either rushed into production or have been back-burnered. The cost of technical debt can make running operations much more expensive. Yet, every organization has some technical debt because it accumulates monthly.

During the pandemic, there was a rush to get employees productive with WFA so a lot of things were put on the back burner. Additionally, the frequency of needed updates (like patches and updates) has doubled, tripled, or more.

Activities that pay technical debt can include:

- Software updates and bug fixes
- Standardization
- Asset replacement
- Process documentation
- Infrastructure hardening
- End-of-life migrations

Having too much technical debt crushes productivity, can put your business at risk, and gets worse (and more expensive) the more you incur. Companies with significant technical debt are now even further behind. Budgeting in 2022 to correct past shortcuts is instrumental to having a resilient, agile environment that supports your Run, Growth, and Transform goals.

Your IT team determines how much debt you have, which debt should be paid in 2022, and what it will cost to make the corrections so you can include it in your Run budget. If your team is unsure about the amount of technical debt you owe now and will owe in 2022, get a third-party assessment.

“A majority (69%) of IT leaders say technical debt poses a fundamental limit on their ability to innovate, along with 61% saying it drags on their company’s performance and 64% agreeing it will continue to have a major impact in the future.” ~ OutSystems, [The Growing Threat of Technical Debt](#)



Steps for a Successful IT Budgeting Process: Who, What, When, How

There are many ways to approach developing an IT budget — each organization has its own. Leapfrog has seen the IT budgeting process work best when it's completed in a way that enables IT to design upcoming solutions so they integrate with existing technology and the other planned initiatives and projects.

This is the approach we recommend:

WHEN should you start?

Schedule planning activities to begin three to six months before the budget is due. Don't start too early because things may change; but don't wait too long either or you may end up with a budget that doesn't meet your needs because you didn't have time to prepare. Each participant should loop in the IT department as early as possible to discuss potential technology needs but should not expect specific pricing until later in the process.

WHO should participate?

Each person with budget authority should be involved in the IT budget planning team. Different departments will have different levels of IT needs. Your human resources, finance, and sales departments, for example, may have fewer new IT needs for 2022 than your marketing and IT departments.

Your risk assessment steering committee should also participate.

HOW should each participant prepare?

People with budget authority should:

- Review the IT roadmap
- Assess whether their existing set of tools and resources are adequate for 2022
- Consult with the IT department for feedback on planned projects and initiatives that need to be supported by technology
- Determine initiative start and end dates
- **Prepare a report for the team on projects and initiatives**

People on your risk assessment steering committee should:

- Discuss the risk assessment findings
- Confirm they agree with the findings
- Create or solicit solutions to address the risks
- Prepare a report on proposed solutions to address top risks in 2022

HOW should budget deliberations take place?

Have a hands-on IT/business strategic alignment session. Your planning team, key department heads, a c-level executive, and your managed IT service provider should convene to review each participant's assessments and needs. This is the time for feedback, refinement, and creating a clear plan for 2022. The IT department should be ready to translate the needs into specific technical requirements and offer insight into ballpark pricing during the alignment session, then move forward with getting firm budget numbers after the session.

For 2022, also discuss potential variables in the budget based on how long the pandemic may play out. Returning to the office, travel, and face-to-face meetings may be delayed, for example.

HOW should the IT department gather accurate pricing?

Costing out your 2022 IT budget requires research and expertise – and patience. Accurate pricing is rarely available online and unless you're actively buying, salespeople with whom you don't have an established relationship may not prioritize your information requests.

It also can be tempting to let salespeople or Value-Added Resellers (VARs) educate you on what certain items cost and then use those costs as your line items. It's more effective to ask a peer from another business or a Managed Service Provider (MSP) about true costs. They will tell you what it costs to implement and operate an IT initiative in addition to purchasing it. Hiring an experienced consultant to do the research is another good option.

Whichever approach you take, allow extra time to get accurate pricing this year and include all related costs in the budget.

The IT department should be ready to translate the needs into specific technical requirements and offer insight into ballpark pricing during the alignment session, then move forward with getting firm budget numbers after the session.



Track IT Costs and Activities All Year

To streamline the budgeting process and produce more accurate line items:

- Keep all IT expenses in a central location (i.e., SharePoint)
- Note details about any unplanned expenses
- Include contract dates and required vendor lead times
- Itemize new-hire IT-related costs sorted by department
- Document unexpected price changes and the reasons why

WHAT should the final IT budget presentation look like?

Once the IT team has finalized pricing, IT leadership presents the IT budget to your organization's decision-makers. The budget is a proposal that begins with a written summary of the overall budget strategy, the Run, Grow, and Transform budget strategies, and each initiative within each budget. Include the cost, required resources, and associated risk and level of difficulty of each.

IT leadership can further help decision-makers evaluate the budget by noting which recommendations are critical and which are discretionary. Using a chart to visualize where dollars will be spent will help them see the big picture of the proposal, what's most important, and that their priorities are covered.

Don't be surprised if decision-makers want additional meetings to discuss the changes from last year and find ways to make initiatives more affordable. In Leapfrog's experience, about 50% of budgets are sent back for adjustments. We're seeing higher rates for 2022 budgets.

In the end, this process results in an IT budget that's aligned with your IT roadmap and meets your organization's top priorities for 2022. To recap:

- Start with the right participants at the right time
- Include a lot of communication about initiatives between participants and the IT team
- Have a robust IT/business strategic alignment session
- Allow ample time for IT to collect complete and accurate pricing
- Present a budget that explains IT priorities and how they're linked to business priorities

IT Talent: Roles and Responsibilities

The team responsible for delivering your IT is central to your business success. Skilled, capable talent provides a springboard for achieving your goals and limits problems ranging from minor setbacks and delays to the inability to move forward as planned.

For 2022, expect it to be challenging to find and retain full-time IT staff. Top talent is in demand (as always), many experts now prefer to freelance, and seasoned professionals have moved on or retired. [Cybersecurity, AI, and data analytics roles](#) are the most difficult to fill.

Budget to solidify your internal staff and, when you need to hire, compare the cost of adding new staff to outsourcing options.

Budget to support internal IT staff and recruit new talent

- Pay IT staff competitive salaries or higher
- Include performance-based bonuses to retain your most talented staff
- Provide continual training and offer continuing education opportunities
- Include the cost to cross-train to cover planned and unplanned staff absences
- Include turnover and growth costs — advertising, proficiency testing, travel, signing bonuses, and training

Budget to outsource talent to fill gaps, streamline, and free up internal staff

- Look to outside experts for the areas your internal staff has difficulty managing
- Bring in contractors for projects that require temporary capacity or expertise
- Offload responsibilities that don't require company-specific expertise (backups, DR, storage, data integrity, etc.)
- Consider remote end-user support options

Your IT outsourcing options range from freelancers, project managers, and consultants to companies that provide tech services, including Value-Added Resellers (VARs), VARs with Service, MSPs, MSP Partners, and Managed Security Service Providers (MSSPs). Some providers fit somewhere in between.

The [chart](#) in this article can help you understand the differences between tech service providers and which might be the best fit for your company in 2022 based on your current state of IT operations.

The matrix below was designed to help clarify which IT personnel should be responsible for which IT activities. The recommended roles – Owner, Influencer, Operator, or Adviser – are presented in the matrix fields. Vendors do not appear on the matrix because they complete assignments from Operators. In general, it’s best to assign responsibilities in a way that simplifies IT activities and budgeting and keeps everyone working within their areas of expertise.

TOP-LEVEL IT RESPONSIBILITIES					
	Strategy	Design and Standards	Budget	Service Delivery	Risk Management
Executive Leadership	INFLUENCER and OPERATOR	INFLUENCER and/or ADVISER	OWNER	INFLUENCER and ADVISER	OWNER
CIO	OWNER	INFLUENCER and/or ADVISER	INFLUENCER and OPERATOR	INFLUENCER and ADVISER	OWNER
Internal IT	ADVISER and/or OPERATOR	OWNER	INFLUENCER and/or ADVISER	OWNER and/or OPERATOR	INFLUENCER, ADVISER and/or OPERATOR
IT Partner	ADVISER and/or OPERATOR	OWNER	INFLUENCER and/or ADVISER	OWNER and/or OPERATOR	INFLUENCER, ADVISER and/or OPERATOR

Common IT Budgeting Mistakes To Avoid

Over the past 23 years, Leapfrog has seen a lot of ways that clients can make mistakes when budgeting for IT. Below are the five most common mistakes and how to avoid them:

1. Using old quotes and expecting a fast turnaround for new quotes.

Previously quoted fees for equipment and services will have changed, and it's not likely any estimates you find on the internet will be accurate. Getting an accurate quote takes longer in 2022 times — it can take weeks to get actionable quotes so allow plenty of time.

2. Not budgeting to address security risks.

Disregarding the surge in cybersecurity attacks — especially those related to WFA and recent digital transformation initiatives — is an oversight that can set you back years if you experience a major event.

3. Not investigating the hidden costs of IT solutions.

Include all related fees, charges, related work, and ongoing management required for any technology change or upgrade.

4. Ignoring the tech-talent shortage.

Many qualified, experienced IT experts have retired and others have switched to freelancing to work remotely — they can be choosy about their clients and assignments. Expect your top IT talent to be headhunted so pay them what they're worth (maybe more) and budget for performance-based bonuses and turnover.

5. Not factoring in the cost of technical debt.

As described above, technical debt is the cost you incur to undo solutions workarounds when it's time to upgrade your technology. Track your technical debt and budget for it so it doesn't pile up and hamstring productivity.

Suggestions for Leadership

CEOs and CFOs: 3 Suggestions for Direction

1. Focus on your goals, not what others are spending on IT

While surveys reveal norms, you know what's worth spending money on. Your IT spend should enable your business strategy. If you don't spend enough, you may be starving your productivity, security, and the ability to operate an IT environment that performs to the business standards you require. On the other hand, if you spend too much in a particular area, you could be wasting resources. The key to successful IT budgeting is knowing what's typical, then making adjustments based on your company's unique priorities in 2022.

2. Create separate budgets for Run, Grow, and Transform

As discussed above, the technology strategies behind running, growing, and transforming your business are three different parts of your overall IT budget. Each needs to be judged and funded on its own merit.

3. Secure your business first

The cyberattack threat level is off the charts and needs to be addressed by all companies. It's likely your ability to meet your strategic goals will be derailed if you suffer a major attack. Carefully consider the cost of managing your risk versus not managing it and look at 2022 as an investment year to get cybersecurity under control so you can properly manage it over the long term.

“In calibrating technology spending, some organizations solely rely on industry benchmarks to assess if they are over- or under-spending and to allocate technology budgets. As lines between industries blur, these benchmarks should be used as guideposts, not gospel. Companies in the same industry can have vastly diverse business strategies and models, leading to very different investment profiles.” ~ Khalid Kark, Jagjeet Gill, and Tim Smith for Deloitte Insights, [Maximizing the impact of technology investments in the new normal](#)



CIOs: 3 Suggestions for Getting Buy-in

1. Show you know your stuff

To get the best response to your budget, CIOs need to think like CFOs. Have supporting information handy, including details about how your recommendations will impact business viability and profitability this year and for future years. Sometimes good ideas are not actualized because they may not have been presented from a financial perspective or include data that defend your choices.

2. Limit surprises

This year, it's important to drop hints to leadership that the 2022 IT budget is different from previous years in which you proposed incremental budget increases — no one responds well to sticker shock. Let them know you're working on the budget and, while you don't have the final draft ready, the goal is to position the company for next year and the coming years. When you deliver the final draft, include forecasts that show why this budget is likely a one-off.

3. Use business language instead of technical jargon

Your budget is a proposal. If it's difficult for a non-IT professional to understand, it also may be difficult to approve. Use graphics to represent big-picture budget concepts and charts that translate technical information into business results. Leapfrog has seen it's helpful to have an executive sponsor who supports your position to weigh in on why he or she supports your recommendations.

“You need to build credible business cases tied directly to cost-out or cost-avoid scenarios if you want to be credible with your CFO.”

~ Steve Bates, Principal, KPMG's CIO advisory practice, [CIO magazine](#).



Hitting the Mark for 2022

This is undoubtedly a peculiar year for IT budgeting — it will be one-off for most companies. The pandemic has changed the way we do business and our budgets need to reflect the changes by funding what's needed to stay productive, secure, and on a track that enables growth and transformation.

Allocating more of your overall budget to IT in 2022, then likely returning to pre-pandemic incremental budget increases in 2023, will help set you up for the brightest future.

Focus on:

- Following a process that starts early, includes IT and anyone with budgeting authority, and uses your updated IT Roadmap as a guide
- Balancing your Run, Grow, and Transform budget allocations based on 2022 business priorities
- Accepting it now costs more to operate your IT environment
- Addressing WFA, cybersecurity, and technical debt to stabilize your IT foundation
- Avoid waste by learning from others' mistakes

Hitting the mark with your IT budgeting sets you up for continued resiliency, growth, and new opportunities. The right investments pay off.

Leapfrog Services is a Managed Service Provider (MSP) and Managed Security Service Provider (MSSP) that's been helping organizations meet their business goals since 1998. As our clients' IT partner, we design and operate outsourced solutions that adhere to the highest standards and deliver consistent, secure levels of service. We believe that organizations do best when they leverage the IT expertise and capacity they need from a partner who's committed to integrity, service, and people.

You can reach us at 404-870-2122 or leapfrogservices.com.

