



IT Budget Strategies For 2018



Cloud
Application
and Service



Cybersecurity



Network



Staffing

Four strategies
CIOs can use to prioritize and allocate
IT resources





If you're responsible for your organization's IT budget, then your role includes understanding the needs of each of your departments along with your entire IT ecosystem. The IT budget functions as part of your overall business strategy, serving as the map that defines how IT will maintain, support, and fuel operations and growth for the coming year.

It is no small task to complete.

This report is intended to help guide CIOs and others in covering all the bases needed to develop an IT budget that meets your business goals in 2018.

As IT evolves, moving from a managed expense to a driver of innovation, growth and profits, Leapfrog believes it helps to look at the IT budget from two perspectives:

1. What it will cost for the incremental improvements that keep your existing networks and systems up to date and delivering at a high level of service
2. What it will cost to fund the IT tools and talent you need for innovation and growth

This paper focuses primarily on the first perspective, which Forrester refers to as IT MOOSE management, or Maintain and Operate the Organization, Systems and Equipment management. MOOSE management must be re-evaluated every year — technology moves that fast. Subsequent papers will take a look at IT budgeting from the perspective of innovation and the employee experience, which is equally important but comes up less often for budgeting. Both perspectives are integral to your business success.

Leapfrog recommends CIOs and others involved in IT budgeting discuss these four strategies when prioritizing and allocating your IT resources in 2018:

- #1 Cloud Application and Service Strategy:** What apps do you want to run and where do you want to run them?
- #2 Cybersecurity Strategy:** How should you approach your organization's key security areas to keep up with new threats?
- #3 Network Strategy:** What improvements do you need to make to your network — especially your wireless network?
- #4 Staffing Strategy:** Which IT staff positions should you be investing in next year?

The checklist at the end of this paper can serve as a jumping-off point for your IT budget planning sessions.

Strategy #1

Cloud Application and Service Strategy

What apps do you want to run and where do you want to run them?



Each year you need to take a fresh look at the efficacy of your apps and the servers they're running on. All need to be performing well so your employees are productive and satisfied and your business can meet its goals. As cloud services continue to improve and offer more options, now is also the time to take a serious look at switching from owning and maintaining servers to using cloud subscription services. This is especially true if your organization is having problems with any of your apps or have servers that are aging out.

Applications

Ask your division stakeholders if their current set of apps are meeting their business needs. How each app is running, how it might be coming up short, how important it is to your organization, and what's coming down the pipeline for each division in 2018 will tell you how much of your budget needs to be app-related. Sometimes a current app isn't the optimal choice anymore, for productivity or budgeting or both. Most organizations use about five lines of business apps. Budget for the apps that will best meet each division's business goals.

Servers

Review each of your servers and what they're doing. Look at the age of your servers — any that are due to be refreshed in 2018 need special consideration. Would subscribing to an "as a Service" app instead and avoiding the capital expense of investing in new servers make sense for your organization? Today there are options for organizations that want to run their traditional client server apps in the cloud on private servers. If you're running Microsoft Exchange on a server, for example, you can see if it will save money to switch to the cloud by using an [Office 365 ROI calculator](#).

Each year there are more subscription services available in the cloud, giving you more options to potentially save money.

Aging Hardware:

Take a hard look at any aging hardware systems you have in your IT environment. As with your servers, cloud options may save you money here, too. Especially look at options for your PBX (phone) systems and Windows desktops — they are among the top hardware systems becoming obsolete as cloud options continue to improve.

New operating system (OS)

If you haven't yet migrated to Windows 10 yet, put it in your 2018 budget! Your OS has a [lifecycle](#). If you don't migrate you have to downgrade any new computers to run Windows 7 (or Windows 8.1), which Leapfrog does not recommend.

Reports

Use reports from the past year to make decisions about allocating your 2018 dollars. Those reports are invaluable to your process. If your app and cloud service reports are lacking details, then consider looking into services that will provide a deeper level of reporting for 2018. The more you understand about the ways your apps and cloud services are driving your business, the better your budgeting decisions will be.

See also:

[Software Defined Everything](#)

[Asset Management As Software Takes Over](#)

[Cloud App Support Questions](#)

Strategy #2

Cybersecurity Strategy:

How should you approach your organization's key security areas to keep up with new threats?



Cyber criminals will keep coming up with new ways to hack and attack in 2018 so your organization needs to keep up. Even if you're feeling lucky, you have fiduciary and ethical responsibilities to prevent access to the sensitive information on your IT systems that belong to other people, like your employees and the companies you do business with. When budgeting, it helps to plan by looking at both sides of the cybersecurity coin — protection and response. You want to protect your organization from as many intrusions as possible and, when problems do happen (and they will, because no system is perfect), you want to be able to detect and deal with them as quickly as possible.

It helps to look at your budget from the two sides of the cybersecurity coin — protection and response. Both are important.

Training

Understand that staff training is your first line of defense against cybercriminals. If your team knows what to look for and how to respond, it's far more likely the bad guys will go looking elsewhere. Online adaptive training that's broken up into short chunks and adjusts the lessons to each individual's progress is most effective. Power points and stapled handouts are least effective. Keep in mind that every size company needs ongoing security awareness training so make sure you budget for it.

Remote Access

Review the security of any app or system that has access to your network remotely. This includes web access, Outlook, virtual desktop infrastructure (VDI), virtual private networks (VPNs), and any other way your team connects online or to each other. Budget for improved multi-factor authentication, if needed — you need to be able to shut down password vulnerabilities by requiring a token (a physical device or an app) or biometric authentication everywhere your team logs in.

Security Tools

Look at additional tools built for today's realities — older tools won't protect you adequately in 2018. From deterring attacks and baselining activity to using heuristic engines, next-generation tools have a lot to offer and can literally save the day. Part of your budgeting decision involves determining if it's best to buy the updated tools and train your staff to use them or subscribe to the tools from a service provider.

Backups

Reassess how often you back up because ransomware is not going away anytime soon. And operator errors will never go away — mistakenly deleted files and other data-related problems are part of life. Make sure your budget covers what it takes to back up everything according to your Recovery Point Objective (RPO) and Recovery Time Objective (RTO) and to encrypt your offsite backup replication. Also remember that just because your data is in the cloud doesn't mean it's protected. Budget for backing up your cloud apps proactively (don't count on your cloud application provider) and set up recovery according to the same RPO/RTO as for the rest of your data.

Disaster Recovery (DR) and Business Continuity:

Confirm you can quickly bring back your entire IT ecosystem if you experience a disaster. Your backups cover file restoration but they won't get your organization up and running again. Review your DR and business continuity plans to see if they meet today's standards, and make sure to budget for at least one full-blown test of your business interruption strategy in 2018 (and for every year) so you know your plan works. Fortunately, new tools and solutions make managing and testing your DR strategy much easier and less expensive — you no longer need to maintain a secondary site, for example.

Risk Assessment:

Incorporate the results from your most recent risk assessment. Your IT budgeting process is not complete until you've completed, at the very least, an informal risk assessment process. Risk assessments look at vulnerabilities in your business operations and are invaluable to budgeting — they help you evaluate the likelihood that an issue will occur and identify the associated impacts and costs. From there you can determine what you'll pay to mitigate and what you'll insure. Keep in mind that, although you want to avoid as much risk as possible, few organizations can afford to fix everything. Third-party risk assessments are best because they come with expert recommendations, and if your company needs to meet regulatory compliance requirements, the assessment is called an audit!

See also:

[Security Awareness Training](#)

[Why DRaaS Is A Game-Changer](#)

[Lessons To Learn From Ukraine Grid Hack](#)

[Better Tools Provide Better Insights](#)

Strategy #3

Network Strategy

What improvements do you need to make to your network — especially your wireless network?



Your network currently handles a certain amount of subscribers and traffic, and, hopefully, it's doing a good job. But how will it do in 2018? Will it need to handle more subscribers or traffic or both? Will you need to improve your wireless network to keep your team connected and productive? And if you'll be moving or adding new locations, what network changes do you need to budget for?

Your network is the backbone of your business so it's usually best to budget for more network capabilities than you think you might need. You don't want to miss out on new business opportunities because you didn't budget for a network that can handle growth.

Management

Look at how well your network is performing and how often it experiences interruptions and other issues. Then assess if your current firewalls, anti-malware and antivirus software can keep up with your needs in 2018. Major projects like launching a new app or adding video conferencing will also impact your network — even initiatives that don't seem to have a direct impact on IT probably will. If you do need to grow your network, consider a wireless-first strategy.

Your team probably prefers to use devices that connect to the internet wirelessly, so your Wireless Local Area Network (WLAN) needs to be available, stable and secure.

Wireless network

Review your Wireless Local Area Network (WLAN) to confirm it's as available, stable, and secure as you need it to be. Wireless is no longer an amenity. It's the way business is done. And the more your organization takes advantage of Bring Your Own Device (BYOD), the more robust your wireless network needs to be. Even if your employees are using their laptops at their desks, they'll prefer to get online wirelessly — few people want to deal with wires. If you need to upgrade, look at adding access points for stronger connections in every area of your location. Wireless networks save on cabling costs, too.

Bandwidth

Determine how much bandwidth you'll need by the end of 2018. In addition to a solid WLAN, you need enough bandwidth so your network can handle those times when your entire team needs to be online at the same time — few things frustrate people more than slow internet. Budgeting for more bandwidth allows for more cloud-based apps and collaboration projects to occur as the year goes on. When adding bandwidth, get more than you think you'll need and do it by adding another carrier, if possible. This way, you get the added benefit of being able to switch from one carrier to another if one of the carriers is having a bad day.

Carrier Contracts

Review your carrier contracts to ensure you're still getting the best deal on your internet service. Rates, plans and incentives change all the time and connectivity keeps getting cheaper. Even if you signed a multi-year contract to get a better deal at signing, you may have lower price options to choose from. Also review any auto-renew clauses — they can lock you into something you no longer want. Negotiate any new contracts based on your projected bandwidth needs for 2018.

Communications

Review the ways your company interfaces with people online to see if you need to make improvements for next year. All tools and platforms should be secure and performing at the level you need them to. Based on your 2018 priorities — and especially your growth goals — determine how you need to adjust the budgets for your website, customer portal and e-commerce platforms. If you currently create or use podcasts, videos, training tools or similar communications platforms, or plan to start in 2018, make sure to budget for them.

N+1 Redundancy

Consider N+1 Redundancy if you don't already have it. Having as close to a redundant system as you can in case something happens to your primary system is IT best practices because it ensures network availability. This aspect of your network strategy is driven as much by risk management as it is by having a network that's always available. Some organizations decide, based on their risk assessments, that some parts of their businesses do not warrant the cost of N+1. This rationale is something they need to keep in mind when a network problem arises! Base your N+1 budget decisions for 2018 on your organization's well-defined acceptable risks.

See also:

[Well-Designed Wireless Networks](#)

[Always-On Internet](#)

[Integrating Networks For Mergers and Acquisitions](#)

Strategy #4

Staffing Strategy

Which IT staff positions should you be investing in next year?



As technology changes, so do your staffing needs. Positions related to endpoint management have experienced scope creep — if you're primarily using BYOD, for example, you need less staff to maintain company-owned computers — and if you're using more cloud services you need fewer employees to manage apps and hardware. Budget decisions about IT staffing are especially challenging when long-term or high-level employees no longer have the required skills or their jobs are being phased out by IT advancements.

The employment market is hot right now for IT staff that's highly skilled at the specific functions that fuel business growth.

On the other hand, highly skilled IT professionals who are continually updating their expertise and applying it at work are more valuable than ever — they are definitely in high demand. Your 2018 budget should include investing in IT staff that will help build your business.

Competition

Conduct a compensation study to make sure you're adequately compensating your IT staff. Are you paying each one what their worth to your organization? Compare their salaries to your competitors and if you come up short, consider making significant cost-of-living adjustments in 2018. For employees worth their weight in silicon, some companies even double their salary so as not to lose them to higher paying opportunities. The employment market is hot right now for IT staff that fuels business growth.

Skills

Determine if any employees need to be retrained to become specialists running new technology.

New platforms bring new skill requirements so you have the option of retraining existing staff, hiring new people who already have the skills, or buying the services of a skilled outsourcing company. If a new platform you're using is cloud services, you may not need to budget for staff related to that function at all. In that case, budget for reassigning or retraining your existing staff or invest that part of your budget elsewhere. If you decide on the latter and those employees had high salaries, it may make a significant difference in your budget, possibly enough to cover the cost of new sophisticated technology you'll use for many years.

Service Levels

Determine if your IT staff is delivering the level of service you require, including uptime.

Expecting higher levels of service goes hand-in-hand with using more advanced, sophisticated IT. To compete, your organization needs to set performance requirements that match or surpass the market's. If your staff isn't able to meet the service level you need for 2018, budget for either adding more staff or look at how you can fill the gaps in other ways, such as outsourcing or using different IT solutions.

Compliance

Evaluate staff bandwidth if your organization needs to comply with government regulations. It

takes a lot of time to prepare audit documentation and, if your company is like most, you use the same staff to work on the audits as you do for other functions. This can sometimes leave you with a thinner IT team than you really need and, if a business opportunity (or problem) occurs during one of those times, you could face some real challenges. If you must be compliant with HIPAA, PCI and/or Sarbanes-Oxley (SOX), which are especially time-consuming, consider budgeting for additional staff so your IT operations aren't impacted.

Innovation

Consider how you well your company innovates when it comes to IT. If you believe your IT staff isn't as innovative as it should be when it comes to meeting your evolving business needs, take a look at how you do your hiring. You could be inadvertently hiring followers instead of leaders. If your team is made up primarily of people you hired to fix things or solve problems rather than use IT to grow your business — and you feel this is holding you back — look at investing in new staff whose main function is to innovate. Having innovative members on your IT team can not only improve the team's capabilities but the overall experience for all of your employees.

See also:

[Choosing the Right IT Staff](#)

[Staffing for Innovation](#)

[BYOD Benefits and Risks](#)

[BYOD Backlash](#)

How Leapfrog can help with budgeting



Leapfrog is a managed IT service provider that is uniquely positioned to help CIOs find ways to fill gaps in their IT delivery model and create additional value — without blowing the budget.

Since 1998, Leapfrog has been involved in developing countless IT strategies and helping our clients allocate their annual IT spending based on their priorities. Leapfrog believes organizations should allocate enough of their budget to keep their IT ecosystems running smoothly and securely and enough to let their internal IT staff conduct business-building research, innovation, and planning.

While we're not consultants, Leapfrog's [managed services](#) include partnering with our clients' to develop IT roadmaps and assess potential risks. We also perform IT budget-related business services such as conducting due diligence for mergers and acquisitions, evaluating staffing cost and redeployment strategies, and advising on ways to leverage IT to better meet business goals.

Each of our clients understands the advice we provide is always aligned with their IT roadmap and business goals — helping clients use IT to grow successfully is why we're in business to begin with. If you're interested in finding out more, please call Leapfrog at 678.394.2036 or email ken.brantley@leapfrogservices.com.

To learn more about Leapfrog, visit leapfrogservices.com or take a look at some [quick facts](#) and what [we believe](#).

IT Budget Discussion Checklist



You can use the checklist to jumpstart your IT budget planning sessions.

#1 Cloud Application and Service Strategy: What apps do you want to run and where do you want to run them?

- Ask your division stakeholders if their current set of apps are meeting their business needs
- Review each of your servers and what they're doing
- Take a hard look at any aging hardware systems you have in your IT environment
- If you haven't yet migrated to Windows 10 yet, put it in your 2018 budget
- Use reports from the past year to make decisions about allocating your 2018 dollars

#2 Cybersecurity Strategy: How should you approach your organization's key security areas to keep up with new threats?

- Understand that staff training is your first line of defense against cybercriminals
- Review the security of any app or system that has access to your network remotely
- Look at additional tools built for today's realities — older tools won't protect you adequately in 2018
- Reassess how often you back up because ransomware is not going away anytime soon
- Confirm you can quickly bring back your entire IT ecosystem if you experience a disaster
- Incorporate the results from your most recent risk assessment

#3 Network Strategy: What improvements do you need to make to your network — especially your wireless network?

- Look at how well your network is performing and how often it experiences interruptions and other issues
- Review your Wireless Local Area Network (WLAN) to confirm it's as available, stable, and secure as you need it to be
- Determine how much bandwidth you'll need by the end of 2018
- Review your carrier contracts to ensure you're still getting the best deal on your internet service
- Review the ways your company interfaces with people online to see if you need to make improvements for next year
- Consider N+1 Redundancy if you don't already have it.

#4 Staffing Strategy: Which IT staff positions should you be investing next year?

- Conduct a compensation study to make sure you're adequately compensating your IT staff
- Determine if any employees need to be retrained to become specialists running new technology
- Determine if your IT staff is delivering the level of service you require, including uptime
- Evaluate staff bandwidth if your organization needs to comply with government regulations
- Consider how well your company innovates when it comes to IT



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