

# IT Budget Alignment

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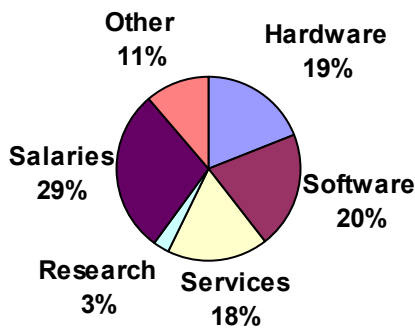
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**Short Description:** After the dot-com craze and the bottoming of the economy, how are organizations allocating funds within the IT department.

Lets look at how IT departments are spending their money. IT budgets can be broken down into six major categories: hardware, software, services, research, salaries, and other miscellaneous items. Even though budgets have been reduced from 5 to 40% over the past few years, the allocation of the budget still remains a key indicator on the technology focus and priorities. The "Average IT Budget" chart represents the average budget allocation for each area across all industries. Salaries still rank at the top of the list, close to 30%. Hardware, software, and services almost equally split a majority of the remaining budget with approximately 20% each.

We have found the budget averages can vary from 6 to 30% (see figure 2). The primary factors contributing to these variances include; primary industry, IT maturity level, and business objectives.

## Average IT Budget



Data: BTRC Research

Budget Area	Range Low to High	
Hardware	10%	26%
Software	10%	34%
Services	9%	39%
Research	0%	6%
Salaries	13%	39%
Other	5%	16%

(figure 2) Data: BTRC Research

Overall, company revenues are down and IT budgets are down, but industry leading companies are leveraging technology to the fullest to remain competitive and be in the front position when better times arrive.

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