



REVISE YOUR TECHNOLOGY ROADMAP

- Recognize the new realities of your business – is WFH one of them?
- What are your core strategic business (not IT) objectives?
- Identify key business drivers – what makes your company “go?”
- Are there new technologies that could better support those key drivers?



REVIEW CURRENT YEAR PROJECTED SPENDING

- Categorize all expenses, avoid “catch-all” buckets
- Identify duplicate, redundant or unnecessary spending - credit cards, expense reports are a good place to look
- List all outside vendors used during the year
- Quantify the value to the business of current year spending – time savings, productivity gains, risk avoidance, revenue generation



BUILD YOUR BASE BUDGET

- Start with current year projections to begin building your 2021 budget
- Use conservative sales forecasts if spend is based on a percentage of revenue
- Adjust for known changes in headcounts, contractual price increases and needed replacements or upgrades
- Identify vendor contracts coming due in 2021 including notification deadlines for terminations or negotiation for new savings or value-added services
- Explore outsourcing vs in-housing for potential savings
- Quantify identified savings in the current year as a separate number to justify new investments
- Explain each line item of spend clearly using non-technical language
- Avoid “shiny” new tech unless it supports strategic business goals



INVOLVE OTHERS

- Do not plan in a silo
- Talk to your peers in other functions like HR, Marketing, Sales, Finance or Operations
- Form a cross-functional ad hoc committee for more formal input
- Look for opportunities to combine departmental budgets to support larger efforts
- Conduct a survey among staff on current IT support satisfaction
- Build support early for the plan by collaborating



MAKE THE BUSINESS CASE FOR PROJECTS

- Work with vendors to estimate required levels of investment
- Include sales taxes, delivery and installation costs
- Tie line items back to strategic business objectives
- Estimate dollar returns in cost avoidance, productivity gains or increased revenue
- Calculate a payback period and an internal rate of return (IRR) to rank investment priorities
- Create project implementation timelines to account for required staffing, available cash flow or business seasonality
- Consider your budgets from an investor's perspective – is it better than alternative investments of company funds?



MEASURE WHAT MATTERS

- Track monthly spend against your budget and understand variances
- Determine what you need to measure to demonstrate project value
- Obtain access to the data you need to measure to be accountable
- Standard data collection and processes – use templates
- Maintain and share a dashboard of what you are measuring to reinforce support



PLAN FOR THE UNEXPECTED

- Identify contingent situations requiring unplanned spend or cutbacks
- Quantify potential outcomes using “what if” analysis approach
- Set aside 5-25% of your budget based on these possibilities
- Identify next-in-line projects you can execute if contingency funds are not needed
- Continually reassess, stay flexible



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- Take advantage of tax breaks like Section 179 before year-end
- Plan early for hardware deliveries, especially in a year with supply disruptions
- Use any excess budget to start next year’s projects early
- Negotiate early commitments with vendors for potential savings
- Investigate borrowing to fund additional high-return IRR projects with current low financing rates



POST-COVID 2021 IT BUDGET CONSIDERATIONS

- Digital transformation – migrate your technology infrastructure to the cloud
- Cybersecurity – implement a layered approach, including multi-factor authentication and endpoint detection; quantify risk of non-compliance
- Employee devices – invest in hardware that is mobile, easy-to-deploy and supportable within a WFH environment
- Staff tech training – invest in self-guided learning platforms to realize the investment in new technologies
- IT skills – consider augmenting your in-house team with outside partners for specialty skills, daily maintenance tasks or continuity in case of key personnel loss
- Business continuity/Disaster recovery – update your plans to reflect what you learned over the past year, including real time and redundant backups