



IT Budgeting Guide for 2025



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Technology never stands still.

In 2025, keeping up with technology requires more than upgrading. Companies need to modernize their IT to stay competitive and secure in a rapidly evolving digital landscape. Artificial intelligence (AI) is having a more significant impact on the marketplace than almost any other technological advancement before it, and it's happening right on the heels of a pandemic, supply chain shortages, inflation, and high interest rates.

Meanwhile, every day, companies have to deal with new and increasing cyber threats that are costing them more than ever. How can IT budgets keep up?

Create a strategic 2025 IT budget that meets the moment.

This guide examines how companies like yours can leverage their IT budgets to flourish in 2025. The key is to focus on modernization because it drives productivity, innovation, resilience, and financial sustainability:

- **Modernize to embrace AI for competitive advantage**
- **Modernize for cyber resilience**
- **Modernize your IT operations for efficiency and ROI**

We'll also share some of what Leapfrog Services, an IT and cybersecurity firm that's been managing IT for mid-size businesses for more than 25 years, is seeing within our client base.

We like to think about the IT budget as a tool that drives change and growth. It's meant to be prescriptive, forward-looking, and flexible — not static. Getting your IT budget right can be the difference between having a great year and a not-so-great year.

Let's look at what it takes to get a strategic, well-balanced budget for 2025.

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7 key questions for 2025 IT budgeting

In today's world, planning for a healthy and vibrant 2025 depends on your ability to align your IT roadmap with your business goals. To start off on the right track, answer these seven questions:

1. Have you synced up with your CEO about 2025 growth projections?

How bullish is your CEO on the next 12 months? Will you aggressively market new products and services and hire more people, or are you taking more of a wait-and-see approach?

2. Are your IT inventories up to date?

Accurate inventories and end-of-life dates enable accurate planning. Inventory everything in your entire IT ecosystem, including shadow IT and endpoints deployed for remote workers.

3. Will your core infrastructure costs hold steady or increase in 2025?

Talk with your vendors to get an idea of what to expect — don't use last year's numbers. Inflationary price increases are continuing, as is the need to add technologies, such as cloud services and cybersecurity enhancements. See *"Modernize your IT operations for efficiency and ROI"* on page 15.

4. What is your level of technical debt?

Conduct a detailed analysis to identify your technical debt level and the assets driving it. If you're like most companies, technical debt impacts IT performance, scalability, or resilience and a small number of assets account for most technical debt.

5. Do you know the latest cybersecurity threats to your IT environment?

Identify your top five risks so you can prioritize resolving them in 2025 (and insuring the rest). Even the security measures in place a couple of years ago are no longer sufficient due to the dynamic and evolving nature of cyber threats. See *"Modernize for cyber resilience"* on page 12.

6. What will it take to modernize your IT for GenAI?

Look at your non-cloud technology and determine the priority order for cloud migration. Modern IT environments are in the cloud and enable AI, along with many other competitive advantages. See *"Modernize to embrace AI for competitive advantage"* on page 8

7. Have you updated your IT roadmap for 2025?

If you haven't already, align your planned IT improvements and projects with your business strategy. Your IT roadmap is your holy grail for business growth planning in the digital era.

Ideally, your budgeting committee will be thinking about the answers before your IT budget strategic alignment session.

Your IT roadmap

Your IT roadmap shows the current state of your IT environment and represents your strategic-level IT planning for the next few years — it's your organization's most important IT planning document.

Your IT roadmap typically includes a general timeline for planned improvements and projects, along with related justifications and costs. Your IT department and IT partners review and consult it often, and most organizations make it available to participants involved in the IT budget process.

Your IT roadmap for 2025

If you still need to update your roadmap this year (it should be an annual exercise at a minimum, and we recommend quarterly), ask your CIO or IT leadership to complete the update before you begin the IT budgeting process. Ask:


- **What is still relevant on our most recent roadmap?**
- **What is needed to secure our network and data?**
- **What new IT initiatives do we want to execute and when?**
- **What operational changes are needed to support our initiatives?**
- **Do we have the required skills and buy-in needed for our initiatives?**

Today's CIO must keep production at the required level while simultaneously driving business growth through technology solutions that advance the company — no small feat. In 2025, AI, cybersecurity, efficiency, and ROI will be center stage.

Do you want some guidance in developing your IT roadmap? These resources can help:

- [**Why and How to Create and Use Technology Roadmaps**](#) For an overview of the high-level steps (Gartner)
- [**Building an integrated technology road map to drive successful innovation**](#) for dos, don'ts, and how to set priorities. (McKinsey & Company)
- [**Developing a Technology Roadmap Aligned With Business Objectives**](#) for short, medium, and long-term roadmap development guidance (UDig)
- [**Strategic Technology Roadmap Overview**](#) for an example of a comprehensive, detailed roadmap (CISA)

If you still need to update your roadmap this year, it should be an annual exercise at a minimum, and we recommend quarterly, ask your CIO or IT leadership to complete the update before you begin the IT budgeting process.



10 steps to successful IT budgeting

Leapfrog has participated in countless IT budgeting processes with hundreds of clients since we've been in business. This is the general process we've seen most effective in developing an IT budget that hits the mark.

1. Schedule your strategic alignment session and invite participants.

Invite each person with budget authority, your risk assessment steering committee, and your IT department to your hands-on strategic alignment session. Typically, we have recommended starting six months before the IT budget is due.

2. Review your IT roadmap.

Ask each person with budget authority to review your current IT roadmap before the strategic alignment meeting and determine their technology needs for 2025 (while also considering 2026). They should consult with IT in advance to get their insights, and then clearly define all proposed projects, initiatives, and security solutions in a report.

3. Hold your hands-on strategic alignment session.

Roll up your sleeves to review, discuss, and prune the reports to align with your business goals and resource and time realities.

4. Plan your IT budgeting strategy.

Having reviewed your team's reports, it's time to create separate, initial Run, Grow, and Transform budgets (see below for details). The technology strategies behind each need to be judged and funded on their own merit.

5. Get ballpark pricing for items that made the first cut.

Ask your IT department to translate the technology needs for each item under consideration into specific technical requirements with price ranges.

6. Review initial pricing.

Look at initial pricing through the lens of achieving your business goals by balancing the requirement to meet your productivity, security, and business standards needs. Be cautious about overspending in any one particular area.

7. Task IT with getting accurate pricing for approved items.

Also ask IT for timelines to implement the changes. Allow enough time for this process because pricing is rarely available online and salespeople may not prioritize information requests unless you're actively buying. A third-party technology consultant can speed up the pricing research.

8. Prepare the presentation for leadership.

IT leadership prepares the budget for review. It should include: 1) a summary of the overall budget strategy; 2) summaries of the Run, Grow, and Transform budget strategies; and 3) detailed descriptions of each project and initiative within each budget that includes the cost, required resources, associated risk, and level of difficulty.

9. Be prepared to make changes to the first draft.

In Leapfrog's experience, about 50% of budgets are sent back for adjustments. Decision makers may want to hold additional meetings or find ways to make initiatives more affordable.

10. Streamline for next year.

Track all IT costs and activities sorted by department, including unplanned expenses, unexpected price changes, contract dates, vendor lead times, and new hire IT-related expenses.

Run, Grow, and Transform IT budget

The “Run, Grow, and Transform” approach helps CIOs decide how to allocate IT resources.

Run budget: What it costs to operate IT

Grow budget: What it costs to scale

Transform budget: What it costs to innovate

Combined, these three distinct budgets make up your total IT budget and should be planned simultaneously.

If you’re using the model for the first time, start by mapping your current resources into the three budget areas as you consult your IT roadmap. This provides a high-level view of the balance between them, where IT spending may not align with business goals, and where to make changes to resolve shortfalls, gaps, or overspending.

Allocating dollars for each of the three budgets is a balancing act – let’s look at how to plan.

1. Run Budget

What will it cost to operate your IT environment in 2025?

Your Run budget, or IT operations budget, is the portion of IT expenses that keeps your IT environment productive and secure. It’s also known as MOOSE — Maintain and Operate the Organization, Systems, and Equipment.

Investing in a standards-based, secure IT environment is a business imperative, regardless of market conditions. Well-run and funded IT operations help prevent business disruption, financial loss, and damage to your reputation resulting from cybercrime or critical failure of IT systems.

Run costs include:

- IT staff
- IT ecosystem management
- Clouds and cloud service subscriptions
- App integration and management
- Operational tools and software
- End-point management
- Lifecycle management
- Capacity tracking
- Data integrity and backups
- Dataroom or data center costs
- Data and network security
- Cybersecurity
- Physical security
- Compliance and audits
- Disaster Recovery (DR)
- IT support
- Training and travel

Investing in a standards-based, secure IT environment is a business imperative, regardless of market conditions.

2. Grow Budget

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

Your Grow budget includes initiatives that track with your strategic plan and involve scaling the IT you already have to grow your business.

The cloud enables growth easily. You can subscribe to more resources with the click of a button without buying and configuring equipment, but be careful not to buy more capacity than you need. Using the cloud strategically keeps your Grow budget flexible, enabling incremental growth while preparing for exponential growth.

Grow costs include:

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

3. Transform Budget

What will it cost to fund your transformative business initiatives?

Your Transform budget covers the IT investment needed to go to market or run your business differently. It includes digital transformation activities like moving to the cloud, using AI-driven technologies, and preparing your IT environment for custom GenAI.

It also includes initiatives like building mobile apps to compete for market share.

Transform costs can include:

- Researching (internal and/or outside teams)
- Planning integration with existing systems
- Building the test environment to pilot the solution
- 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
- Securing and monitoring any new software and integrations

Once your transformation initiatives are successful, you'll want to continue operating and, possibly, scaling them. At that point, they become part of your Run and Grow budgets. 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 later.

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Budget for AI: Modernize to embrace competitive advantage

To compete, you need to budget for IT modernization and Generative AI (GenAI) implementation in 2025.

AI thrives in environments with easily accessible data and robust computing power. If your organization is operating older technology or legacy systems, you risk falling behind. Digital spending is outpacing traditional IT investments and AI-driven initiatives continue to gain momentum, unequivocal signs that we're now living in a cloud-based world.

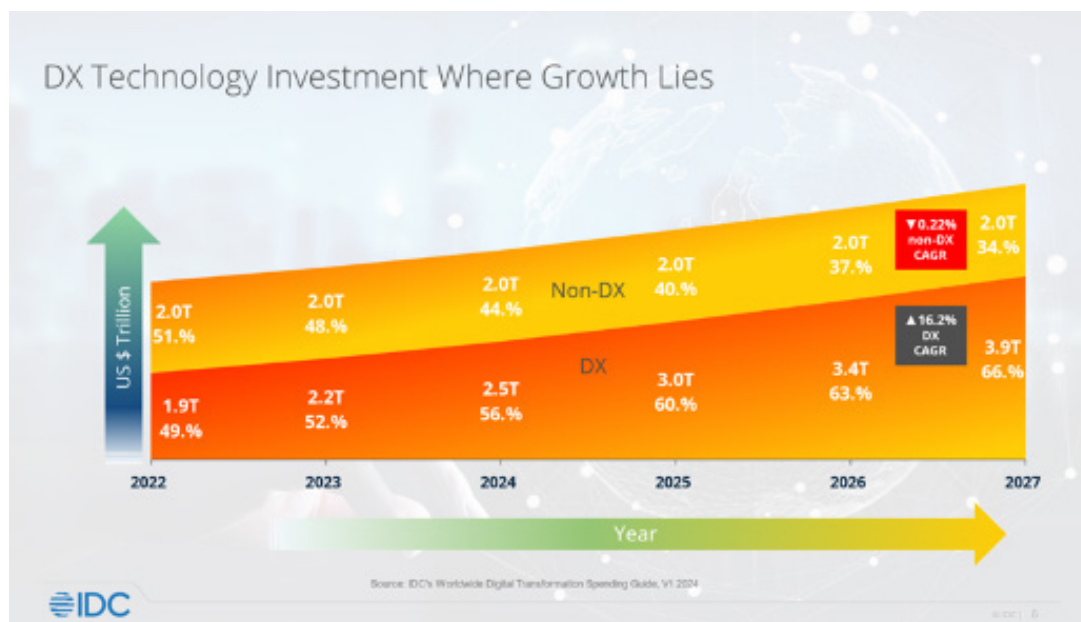
Moving to the cloud isn't just about using AI. Most of the innovative tools and processes driving business today require a modern IT environment.

AI requires modern infrastructure

While you can try to connect AI technology to legacy sources, it's costly, cumbersome, and hard to manage — AI can access data in the cloud much more easily. As can other new technologies — moving to the cloud isn't just about using AI. Most of the innovative tools and processes driving business today require a modern IT environment.

[Digital spending now represents a larger share](#) of total information and communications technology spending than non-digital spending, and Gartner research shows that [IT spending is up 8% overall this year](#). AI and GenAI digital transformation projects are driving much of this trend as companies are transitioning from talking about AI to investing in it.

The world was already transforming digitally before the pandemic, so if you're still operating a hybrid or on-premises environment in 2024, you have some catching up to do in 2025.



Source: IDC 2024

Strategic incrementalism — budget for parallel paths

What's the best strategy to budget for AI in 2025? Start by dividing AI conceptually into two categories, as Gartner suggests:

1. **Everyday AI** helps humans work faster and more efficiently
2. **Game-changing AI** enables new products, services, and core capabilities

Both AI categories require the same IT modernizations to deliver easily accessible data and enough computing power to process complex requests and for machine learning.

Get everyday AI wins from within your operations budget

Chances are you're already racking up some everyday AI wins with GenAI, such as ChatGPT or Microsoft Copilot. Take a look at some everyday AI quick wins that companies can realize within the five main GenAI areas.

	Objective	Use AI for Quick Wins
Infrastructure	Enhance your network	Automate administrative and security functions within your tech stack. Choose computers with AI-enhancing processors when you refresh to Windows 11 after Windows 10 reaches its end of life in October 2024.
Software	Enhance your Operating Systems and Applications	Subscribe to Microsoft Copilot for GenAI general business use because it integrates with Office 365 and Windows OS on laptops and desktops. Migrate your line of business (LOB) applications to cloud versions and look for AI plugins to help save time or improve existing processes. Adobe, Dynamics 365, and other LOB applications are adding plugins and features.
Security	Ensure Data Privacy	Adopt cloud provider tools for data encryption and access control to enhance data security quickly. Implement data classification and Data Loss Prevention (DLP) solutions like Microsoft Purview to gain control and visibility into what company data is being exposed to AI.
Operations	Integrate and automate	Build automation scripts or chatbots for routine (or tedious) everyday operational tasks and interactions. Leverage your platform to help complete timesheets and expense reports.
Data	Categorize data and upgrade storage	Migrate company file-level data and databases to the cloud (Azure, AWS, Google) and organize and classify that data so that your staff can use it safely with AI. Use Microsoft's migrate tool to import data straight from other shadow IT locations like Dropbox, Box, or ShareFile, and allow the AI in Office365 to suggest data classification types for this information based on built-in templates. Leverage AI to recommend data classification types (data labeling) for documents and data sets as the user generates them.

Once you see how GenAI can benefit your company on a micro level, you'll be ready to plan for game-changing AI plays that can significantly impact your ROI.


Let's talk AI budgeting dollars — what can you expect to spend in 2025?

Leapfrog's client base is made up of midmarket companies across many industries, especially business services, manufacturing, real estate, healthcare, and nonprofits. We've seen that a 50-75-person company can expect to make a \$100k investment in 2025 to get in the GenAI game. The investment includes:

- 1. Infrastructure:** The cost of cloud subscriptions, monitoring, and management is about the same as owning and managing your physical infrastructure, so don't expect to save money by moving to the cloud — it's one of the hard truths about cloud migration. Moving forward, choose AI-ready replacement assets.
- 2. Software:** Everyday AI apps will cost about the same as your back-office IT infrastructure. For example, subscribing to Copilot will cost an additional \$30-\$100 per head.
- 3. Security:** AI-related security costs vary greatly by industry and individual business infrastructure — see [Safely Leap into AI Technology – Protect Your Company's Data and Networks](#). At a minimum, budget for data protection and privacy, compliance, securing your AI models (and maintaining logs), employee training, and other risk areas.
- 4. Operations:** Budget to standardize as much infrastructure as possible within a single ecosystem to create the simplicity that enables you to control costs. Your costs will be primarily tactical and should pay you back within the calendar year or over a couple of years if coding is required.
- 5. Data:** The most effective way to budget for GenAI integration in 2025 is to budget for moving data to the cloud strategically. If you're already in the cloud, your data costs won't change much. If you're moving to the cloud, you can expect to pay double or triple for your subscription over three years compared to what you're paying now, which includes the investment in the hardware for the same capacity.

The benefits of migrating to the cloud outweigh the lower costs of continuing to use data centers. With carefully considered and fully implemented best practices, you should experience a significant return on investment from GenAI and AI.

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Budget for Cybersecurity: Modernize for cyber resilience

The second IT budgeting area companies need to focus on in 2025 is cybersecurity.

In 2024, the cybersecurity landscape has been nothing short of a battlefield, with companies grappling to defend against increasingly sophisticated and damaging cyberattacks. As threats continue to increase and AI becomes more integrated, the attack surface continues to expand, exposing your networks and data to unprecedented risks.

How can your IT budget for 2025 address these risks and others?

We asked Leapfrog Chief Security Officer, Bryant Tow. Bryant has more than 25 years of experience leading teams focused on technology, cyber risk management, and physical risk management.

Q: What has the cybersecurity landscape been like in the past year?

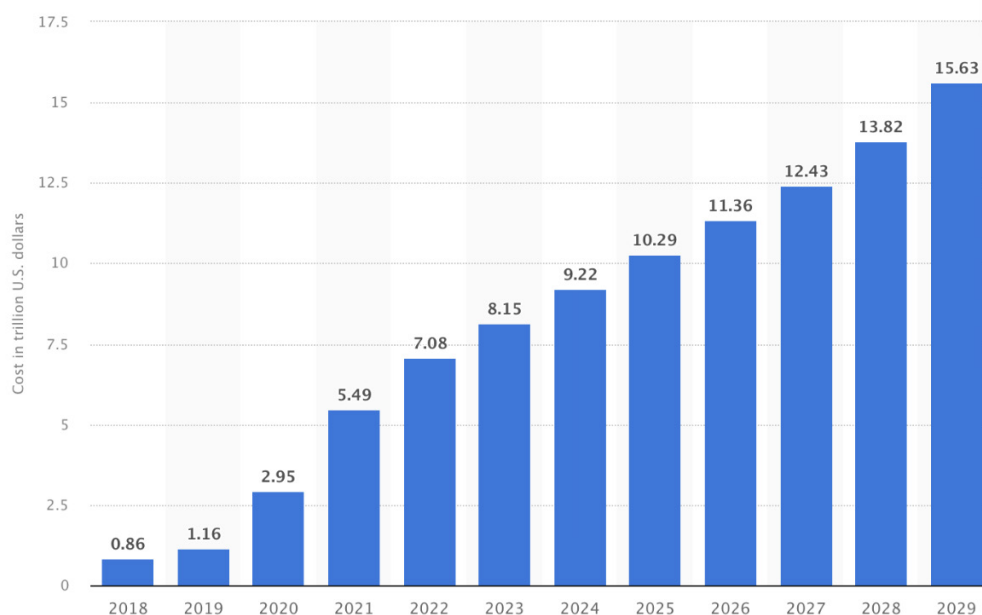
A: This past year, we have witnessed some of the most devastating cyberattacks in history, affecting millions of users, customers, and organizations. Many of the attacks are driven by the surge in remote work and the rapid adoption of cutting-edge technologies like AI. These trends have also heightened the vulnerability of networks and data.

Q: Which threats should companies be most concerned about in 2025?

A: Companies should be most worried about sophisticated ransomware, increased phishing schemes, supply chain attacks, and business email compromises. Ineffective cloud security is another big concern for 2025.

Estimated cost of cybercrime worldwide 2018-2029

(in trillion U.S. dollars)



Source: Statista

I highly recommend companies perform regular security assessments to identify the vulnerabilities, risks, and gaps in their IT infrastructure and data protection policies.

I saw a statistic [from Statista](#) that predicts the global annual cost of cybercrime will reach 9.2 trillion dollars by the end of this year and 10.2 trillion dollars by the end of 2025. That's a trillion-dollar increase in one year or more than 10%. And it will continue to increase at that level for the next four years, just like it has for the previous three years.

Fortunately, companies are waking up to the need. They now have a better understanding of why they need to become resilient across every one of their attack surfaces to protect against cyberattacks and data breaches.

Q: What do you think are the top cybersecurity must-haves companies should include in their 2025 IT budgets?

A: I highly recommend companies perform regular security assessments to identify the vulnerabilities, risks, and gaps in their IT infrastructure and data protection policies.

Budgeting for processes that ensure what we call good cyber hygiene comes first, such as deleting old data, unused programs, and outdated systems and tossing out old equipment.

Next, they should invest in employee training to help their teams identify phishing and other security threats. They should mandate security awareness and training programs for all employees, contractors, and third-party vendors.

Then, at a minimum, I recommend all businesses budget for:

- **A secure cloud-based data management system to ensure business data is encrypted, compliant, and accessible**
- **A proactive threat detection and response service — EDR, XDR, SIEM, and other services that identify threats and enable your team to respond**
- **An engagement with a security professional to develop an incident response plan and run through it with your team in a tabletop exercise**
- **A reliable, ransomware-resistant backup and recovery platform**
- **A strategy to [modernize their systems and retire legacy platforms](#)**

By far the best thing companies can do in 2025 is to budget for a cyber risk governance program. When you get executive commitment to control identified risks, all of the other things we talked about are covered and will be executed in priority order based on your policies, standards, and guidelines. If a company hasn't done this yet, now is the time. I strongly recommend outsourcing this service to a reputable provider to ensure the most effective measures are being taken.

Make sure to engage stakeholders within your organization early — if you don't, the need to manage cybersecurity as an afterthought may derail the entire strategic plan.



Q: Is there a typical percentage of an IT budget companies should dedicate to cybersecurity?

A: There is no definitive answer to this question. It depends on various factors such as size, industry, and the risk profile of the organization. Applicable regulatory and compliance requirements also need to be factored in. The percentage should rely more on the specific needs and goals of the organization.

For example, within our client base, a client recently migrated to an all-cloud infrastructure with minimum security controls has just under 19% of its IT budget dedicated to cybersecurity. Another client that is doing all of the security controls is spending 29% of the IT operations budget on cybersecurity.

Q: What is the best way CIOs can get buy-in from decision-makers to meet their top cybersecurity priorities?

A: Make sure to engage stakeholders within your organization early — if you don't, the need to manage cybersecurity as an afterthought may derail the entire strategic plan. Their input early on ensures alignment with company priorities, risk management, and financial standing.

Cybersecurity isn't just in one part of the budget. An effective cybersecurity strategy depends on a well-allocated budget that spans infrastructure, personnel, training, tools, and often third-party services.

Q: Do you have any insider tips on how to make sure that cybersecurity modernization and resilience get an appropriate slice of the IT budget pie?

A: Yes, educate your audience of stakeholders! Not only do cybersecurity incidents cost companies money and lost revenues if the business is forced to shut down temporarily, but there are other risks, such as reputational risks on the brand. There is no way to determine the monetary value of your company's reputation. For many companies, it's priceless.

Budget to Reduce Costs: Modernize your IT operations for efficiency and ROI

It's time for companies to tighten their IT spending — this is the third area of focus for IT budgeting in 2025. While inflation may be easing, the cumulative effect of previous price increases on SaaS, cloud, and other IT services remains significant.

Last year, for example, the [SaaS inflation rate](#) was approximately 8.7% in 2023, and [public cloud costs](#) increased 3.2%. So any future increases are on top of those increases. There's also a compounding effect each year, so the more you can tighten up your IT spending in 2025, the less the cumulative effect of price increases will impact your budget in coming years.

By implementing specific strategies, you can mitigate the financial impact of inflation and put your company in a better position for future growth. Here are five proven approaches to cut costs and streamline IT operations in 2025:

1. Optimize your cloud usage

Overspending on unused resources or paying unnecessary fines for non-compliance issues and other cloud-related costs results in an expensive mismatch between needs and expenditures.

To bring cloud expenses into alignment:

- **Conduct a complete audit of your [cloud spending](#) as part of your 2025 IT budgeting process.**
- **Cut the excess — you can always scale up again when needed.**
- **Consider tailoring your cloud optimization using industry-specific services, such as financial services clouds and healthcare compliance clouds.**

What might you save based on reported averages? 20-40% off your cloud usage expenses.

2. Consolidate IT vendors

IT vendor sprawl is expensive. And common.

Many companies add new vendors or solutions to meet immediate needs, take advantage of attractive deals, or a myriad of other reasons. Over time, this approach leads to a complicated mix of vendors with overlapping services (including cloud services) that are inefficient, introduce risk, and are hard to manage — in addition to being wasteful.

To streamline and cut costs, start by:

- **Assessing each vendor's offerings and performance**
- **Looking for service overlaps**
- **Asking your IT team about the time they spend coordinating vendors**

There's also a compounding effect each year, so the more you can tighten up your IT spending in 2025, the less the cumulative effect of price increases will impact your budget in coming years.

Then, focus on developing strong, long-term partnerships with a few key vendors. You'll get better pricing and improved support, reduce administrative overhead, and have an IT strategy that aligns with your cost-cutting objective.

What might you save based on reported averages? Volume discount pricing from partners that's 20-40% lower than standard pricing and a return on investment (ROI) within 12 months.

3. Level up your IT asset management (ITAM)

Do you know when each of your assets will age out? Are you maintaining assets — like phone systems, printers, and other IT assets — that you no longer use or aren't delivering their intended value? The pendulum is swinging back after COVID. Now, companies are cutting back on the assets they provide to employees who work outside the office.

To run efficient, cost-effective IT operations:

- **Conduct a solid inventory of the assets in your IT ecosystem**
- **Assess all of the assets**
- **Identify and remove redundant or underutilized assets**
- **Proactively maintain the assets you keep to reduce downtime and extend lifespans**
- **Use procurement strategies that save money, such as buying in bulk.**

What might you save based on reported averages? Up to 15-25% on asset-related expenses despite higher prices due to inflation, depending on your current level of assets.


4. Invest in automation

You can cut costs by investing in process automation that makes your company more efficient, reduces errors, and frees up your human resources for tasks that require human intelligence. [Chatbots](#), for example, famously reduce expenses, improve customer engagement and satisfaction, and provide valuable insights into client behavior and preferences. Even industry-specific tasks like loan processing, patient record management, property management processes, and some compliance tasks can be automated to save money.

Where do you start?

- **Look at your existing resources — you're probably paying for automation capabilities you're not using**
- **Start small when investing in new automation tools and pay particular attention to industry-specific options**
- **Choose scalable solutions that integrate easily into your existing systems**

Focus on developing strong, long-term partnerships with a few key vendors. You'll get better pricing and improved support, reduce administrative overhead, and have an IT strategy that aligns with your cost-cutting objective.



What might you save based on reported averages and Leapfrog client experience? Upfront investment in automation can lead to long-term savings, improved accuracy, and overall efficiency, potentially saving up to 50% or more on manual process costs.

5. Prioritize ROI-driven IT projects (even if they're inconvenient)

Focusing on IT projects that deliver both immediate financial returns and long-term strategic value is a foundational business practice. However, the most ROI-driven IT projects often involve the most change, and change is hard. But don't let that slow you down in 2025.

Thinking about your IT budget like an investment portfolio by:

- **Adopting a strategic, data-driven approach that considers cost savings, risk reduction, and competitive advantage in addition to direct revenue generation.**
- **Using short-term initiatives to provide the financial fuel to support longer-term foundational projects**
- **Focusing on projects that help future-proof your business.**

Staying flexible is also important. Use agile methodologies that allow for iterative improvements and enable you to pivot on the project when your business or the technology landscape changes.


What might you save? Given increased cybercrime and needed modernization, this is not the year to avoid investing in projects that secure your business or allow you to compete.

Be deliberate, efficient, and ready to prosper in 2025

All of these suggestions have something in common — optimization. You'll run a tighter IT ship when you have visibility across your entire IT ecosystem, consolidate and automate wherever you can, and allocate funds for projects with the most potential business value.

Doing more with less is not only possible, it's profitable.

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Why the IT Maturity Scale matters

Your organization's ability to deliver on planned initiatives depends on your IT maturity.

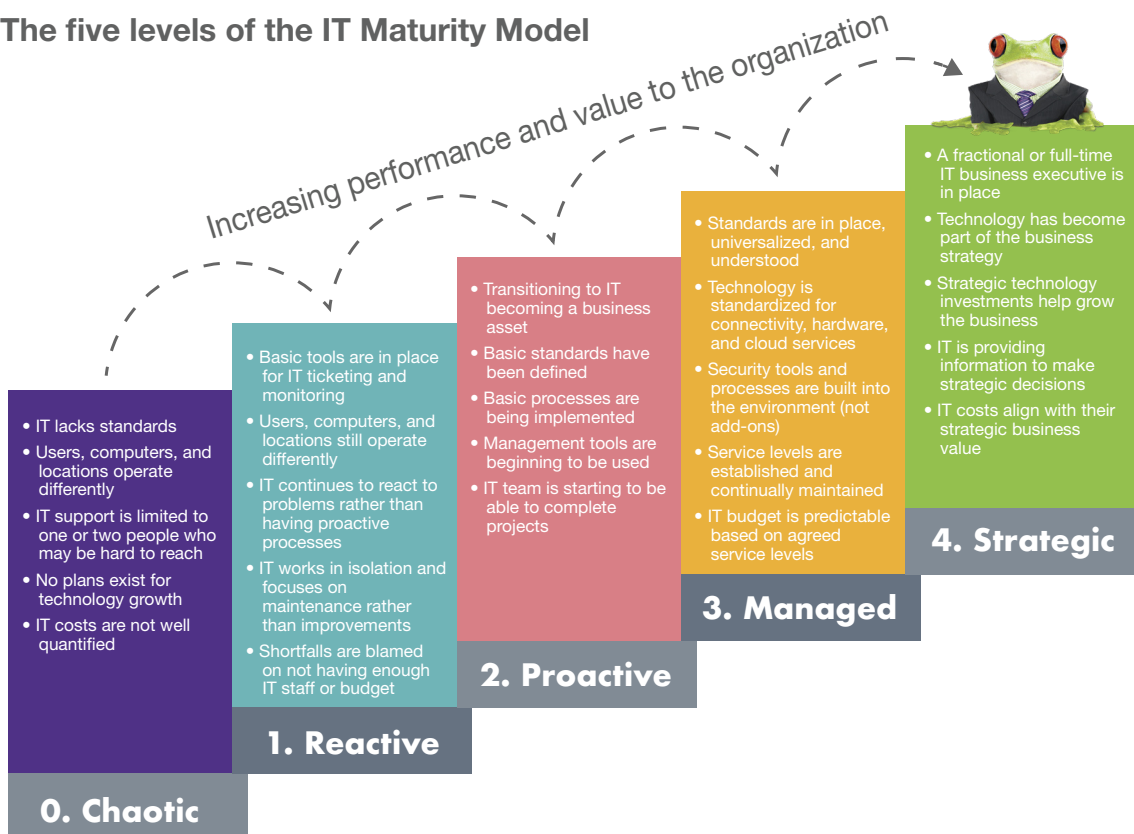
IT maturity relates to how IT functions in your organization, typically measured on a five-level scale. The lowest level represents rudimentary IT, and the highest level represents IT that's integrated with your business strategy.

Before investing in Grow or Transform initiatives, be sure you've allocated sufficient funds to your Run budget so your IT operations are prepared to deliver.

Companies with an IT Maturity level below Level 2 cannot reliably support the technology required for most of today's business initiatives, including GenAI. To move up the IT Maturity Scale, companies typically have two choices. They can hire new IT leadership with experience running IT at a higher level or partner with a company that already has the capabilities they need to achieve near-instant maturity increase. It's rare for an existing IT team to be able to mature on its own.

[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.

The five levels of the IT Maturity Model



Budget to pay off technical debt

Technical debt includes shortcuts or workarounds you've taken while deploying and managing your technology, as well as aging hardware and apps. To execute initiatives, including modernizing for GenAI and cybersecurity threats, you must first fix what is not standard in your environment, otherwise known as paying off your technical debt.

Technical debt holds you back

Technical debt is not just a monthly burden. It's a financial drain.

Some technical debt is normal, but too much introduces risk, reduces system resilience, complicates system management, and necessitates increasingly creative workarounds when integrating new solutions.

Ultimately, it's more expensive to ignore technical debt than fix it.

In this era of machine learning and GenAI, the risk of not paying down the debt is increasing exponentially because hackers are better at using these tools to find and exploit vulnerabilities.

According to a recent survey by IDC, four in 10 CIOs said they expect to overspend on digital infrastructure, and nearly half blame technical debt. Yet, CIOs kick the can down the road [because dealing with technical debt is boring](#) and a hard sell to leadership.

But no longer.

Now that CIOs can link the need to pay off technical debt to embracing AI and cybersecurity initiatives, eliminating technical debt has become attractive for 2025 IT budgets.

Should you go all-cloud?

Technical debt exploded during the pandemic, so many companies are dealing with an enormous backlog. If the amount of debt you've incurred is truly overwhelming, the timing may be right to consider starting fresh and going all-cloud from scratch.

Regardless of the budget priorities you set for 2025, Leapfrog strongly advises that companies budget to pay down technical debt each year to avoid the cumulative expense of technical debt and be ready for future initiatives.

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Hitting the mark for 2025

Why is it so important to get your IT budget right? Your IT budget sets you up for continued growth, resiliency, and new business opportunities — it's at the heart of what drives change in your organization.

Here's a quick recap of our advice for your 2025 IT budget:

1. Prepare for a successful budgeting process

Ask the hard questions upfront, use your updated IT roadmap as a guide, and follow a proven budgeting process that starts early and includes anyone with budgeting authority. Dividing your total IT budget into three separate budgets — Run, Grow, and Transform — enables you to properly fund each type of IT spending and strike the right overall balance.

2. Focus your 2025 budget on modernization

You will need to allocate more funds than usual to update your IT environment and reduce technical debt in 2025 as an investment in the future. Migrating to the cloud to leverage AI and managing new cyber risks are the most critical focus areas this year. To help offset them, dive deep into IT operational efficiency and cut waste related to vendor sprawl, unused cloud resources, and unnecessary assets. Investing in automation across your organization can start to pay off immediately.

3. Execute and deliver by following best practices

There's no need to reinvent the wheel. Follow the lead of companies that have more mature IT operations and budget processes. Dealing with technical debt head-on is always your best bet, and don't be hesitant to take super-bold steps when needed. An IT partner who has helped hundreds of companies develop and execute IT budgets will help you understand the best path between options.

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Leapfrog's partnership approach to IT budgeting

Unlike IT consultants or typical MSPs, Leapfrog partners with our clients to plan and execute IT that's laser-focused on their business goals and security. We then deploy, manage, and continually enhance their secure IT environments.

This approach enables us to address upgrades and initiatives from a holistic perspective that also manages costs.

Teamwork activities that drive effective IT budgets

Building IT budgets is a team sport. Leapfrog's contributions and involvement vary depending on our client. Here's an overview of how we help:

- **Provide you with a budget forecast** for the coming year, including previously discussed needs and modernization recommendations
- **Offer a fractional CIO partner** if you don't have a CIO to lead your IT budgeting process
- **Recommend trusted partners** when you need to budget for specialized, third-party services such as industry-specific strategic technology planning and custom software development
- **Inform you about the IT trends that we're seeing in your industry** (including AI, tools, solutions, cybersecurity issues, and more) and in industries that may have more mature IT than yours
- **Recommend the tools and solutions** that will work best for your environment regardless of who sells them
- **Offer alternative designs and recommendations** if optimal choices aren't currently available
- **Get the most accurate pricing and timeline expectations** available from all the top tech companies and distributors with whom we have long-standing relationships
- **Work with you on your IT roadmap** and budget calendar to keep them continually updated and on track

Helping clients get the most out of their IT budgets each year is a core value at Leapfrog. Since 1998, we've helped hundreds of clients develop IT budgets that support their business objectives, reduce unnecessary expenses, and provide the modern, secure IT environments they need to leapfrog the competition.

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Leapfrog offers outsourced managed IT and cybersecurity services that fit easily into your business model. With over 25 years of MSP, MSSP, and CyberRisk Management experience, we help a broad array of companies simplify their IT operations while improving their security and resiliency. Our services are scalable, aligned, and built on a proven methodology, and our culture (we call it “Frogma”) is built on Integrity, Service, and People so you get personalized, best-in-class support.

96%

say they will continue to partner with Leapfrog for the next 12 months

97%

say Leapfrog is more effective than their in-house IT staff

96%

are happy with our after-hours support

97%

have confidence in Leapfrog security

If you're ready to take your IT and cybersecurity services to the next level, Leapfrog is ready to help. Please call 866-260-9478 or contact us at sales@leapfrogservices.com.



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