What Our Annual Research into IT Spending Tells Us About Strategies and Risks in IT, AI, Cybersecurity, and Beyond

Your IT Budgets = Your Organization's Priorities

> ***Show me where you spend your money, and I'll tell you what your priorities are".***
>
> **— James W. Frick,**
> prolific fundraiser for the University of Notre Dame

When it comes to what we value, the most practical measurement is not what we say but what we spend. What our organizations do — reflected in actual allocations of corporate time, talent, and treasure — is a better indicator than what we merely talk about. On the playground, this same idea was expressed in the concise and colorful language of kids: "Put your money where your mouth is!"

The Spiceworks Ziff Davis State of IT 2026 report made its annual examination of current and planned IT spending, across eight high-level areas and dozens of more granular spending categories. Here are a few of the insights we've published so far.

Derek E. Brink, CISSP
Vice President and Research Fellow, Aberdeen Strategy & Research
(a division of Spiceworks Ziff Davis)
Adjunct Faculty, Harvard University and Brandeis University
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IT Budgets

Across all respondents, the median annual IT spending was approximately $300K per organization. (The average/mean was significantly higher — approximately $4.1M — because the full distribution of values is asymmetric, with a relatively smaller number of respondents with higher budgets skewing the curve towards the high side.)

To help you see how your organization compares against the State of IT 2026 benchmark, it's often helpful to normalize these findings. Aberdeen did this in two ways (see Table 1):

Annual IT Spending as a % of Annual Revenue

- **Median:** 2.0%
- **Middle 50% (the "Innerquintile Range"):** between 0.5% and 8.0%
- **Full range ("90% Confidence Interval"):** 0.04% to 43.7%
- **Average:** 13.6%

Annual IT Spending per Employee

- **Median:** about $1,000
- **Middle 50%:** between $200 and $3,800
- **Full range ("90% Confidence Interval"):** $10 to $16,600
- **Average:** $5,300

Table 1: Annual IT Spending — How Does Your Organization Compare?

	GLOBAL (US$)		Percentile	IT $ / Employee	IT $ as % of Revenue	
			95%	$16,579	43.7%	90% Confidence Interval
			90%	$10,000	20.2%	
			75%	$3,765	8.0%	Middle 50%
Aggregate IT Budget	$2,646,671,090		50%	$874	2.0%	Median (Innerquintile
			25%	$199	0.45%	Range)
Median / Company	**$292,500**		10%	$30	0.10%	
Average / Company	$4,122,541		5%	$9	0.04%	90% Confidence Interval
			average:	$5,298	13.6%	

Source: Spiceworks Ziff Davis, State of IT 2026, Aberdeen, January 2026

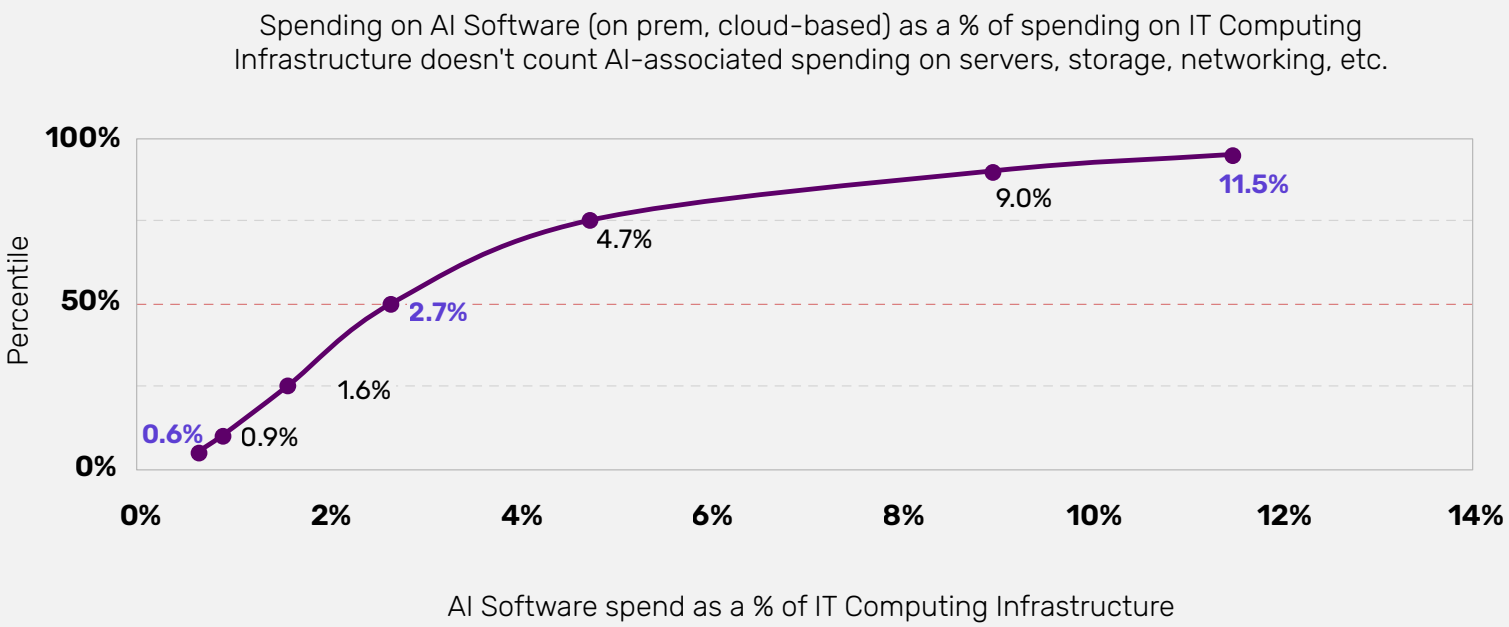
Clearly, IT Spending is not a "one size fits most" situation. If your business is IT-intensive — by nature, or by strategy — then you might expect to see your IT spending in the upper quartile (8.0% to 43.7% of annual revenue) of these results. On the other hand, if it's IT-intensive and your IT spending falls within the lower quartile (0.04% to 0.5%), you may want to confirm that your priorities and budgets are aligned.

Spending on AI Initiatives

Given the general enthusiasm these days for all things AI, what would you expect to see for spending on AI Software (both on-premises and cloud-based) as a percentage of spending on all IT Computing Infrastructure? Across more than 300 organizations worldwide, it ranges from **0.6% to 11.5%, with a median of 2.7%** — a relatively modest amount. See Figure 1.

However, this doesn't include their spending on associated servers, storage, networking, and other essential infrastructure that's crucial for the successful implementation of enterprise AI initiatives. We don't know for sure, but my colleagues and I estimate that the total amount for all AI-related spending could easily be 4 to 5 times higher than the range cited above. This is more in keeping with the hype.

Figure 1: Spending on AI Software, as a % of Spending on IT Computing Infrastructure



Source: Spiceworks Ziff Davis, State of IT 2026, Aberdeen, January 2026

Spending on Cybersecurity

Similarly, consider spending on cybersecurity as a % of total expenditure on IT computing infrastructure. If you have a total of $100 to spend on IT computing infrastructure, how much of that will you spend on cybersecurity? The possible range is 0% to 100%.

If your organization has zero tolerance for cybersecurity-related risks, you could spend 100% of your technology budget on cybersecurity — and you'll pretty likely go out of business. At the other extreme, you could spend 0% of your technology budget on cybersecurity. You might get away with it, but there's a pretty good chance you'll suffer a cybersecurity incident — and potentially go out of business this way as well. That's the point: There's no one right answer to this question.

- In the State of IT 2025 dataset, the range was **3.5% to about 26% (median: 11.2%)**
  - This was marginally higher than the State of IT 2024 findings **(median: 11.1%)**
- In the State of IT 2026 project, the range was **3.0% to 32% (median: 13.6%)** — a little broader, and a little higher. See Figure 2.

I can think of at least three significant reasons for such a wide range:

Acceptable risk:
Your organization may have a low risk tolerance, and therefore spend a higher percentage of its total budget on cybersecurity. Mine may be the opposite: a higher risk tolerance, and consequently a lower willingness to spend on cybersecurity. Maybe you're in an industry with stringent regulatory compliance requirements, which compels spending at a higher rate.

Affordability:
Your organization's leadership may prefer to invest more in cybersecurity and "buy down" its risk, but it may not be affordable at this time. So you accept a higher level of risk, for now, and revisit the decision in the next planning and budgeting cycle.

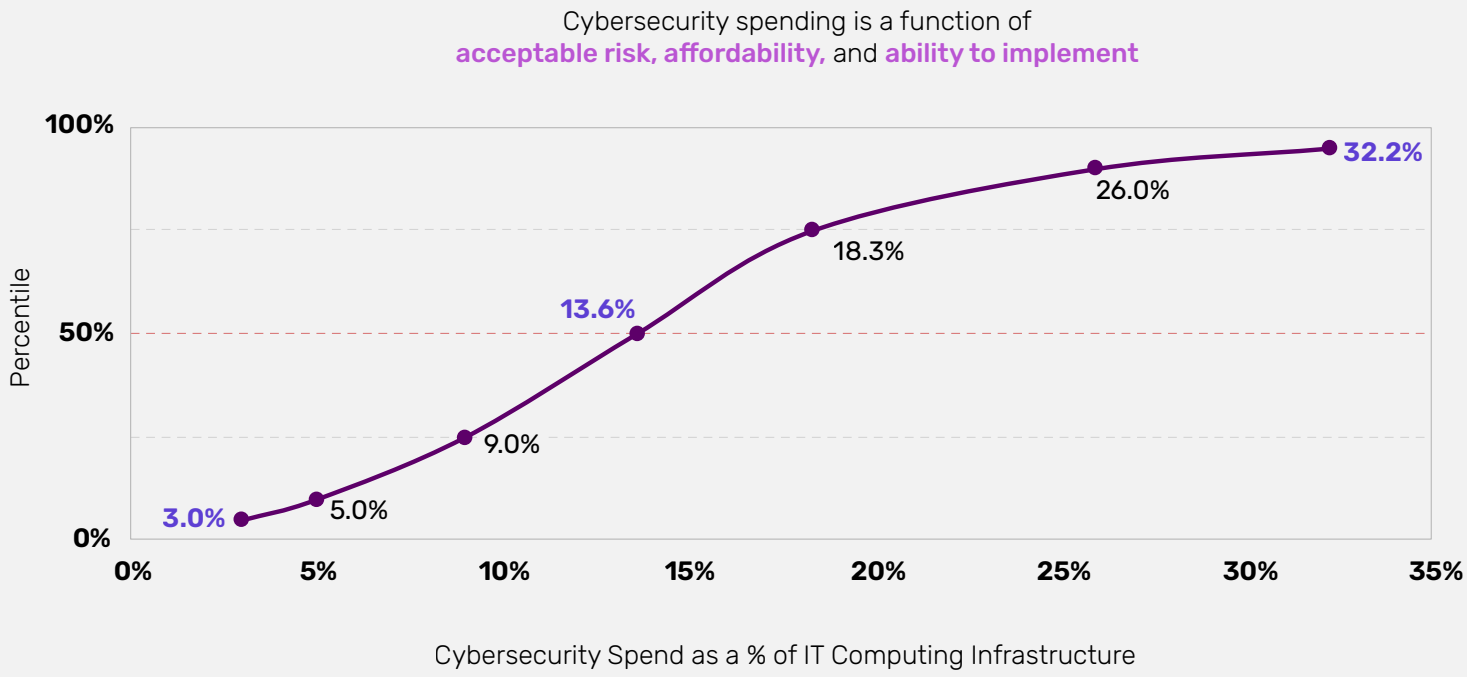
Ability to implement (e.g., technical staffing):
You may have a budget that matches your threshold for acceptable risk, but not the necessary alignment of staffing, skills, and scheduling required to implement it until a future date.

There could be other reasons as well. It falls to cybersecurity and risk professionals to help senior leaders make better-informed business decisions about cybersecurity-related risks and how to address them. We advise and recommend — they decide.

As part of our advising and recommending, we must remember that proposed investments in technologies are justified based on the **business outcomes** they deliver. These fall into three high-level categories:

1. **Managing downside risks to an acceptable level** (cost avoidance)
2. **Improving operational efficiencies** (cost savings)
3. **Enabling upside opportunities** (revenue, profit, growth, market share, and so on)

Figure 2: Spending on Cybersecurity, as a % of Spending on IT Computing Infrastructure



Source: Spiceworks Ziff Davis, State of IT 2026, Aberdeen, January 2026

Upcoming Insights

In the near term, we plan to publish several additional insights from the State of IT 2026 dataset. Here are two examples:

Spending on Computing Infrastructure and IT Staffing: In-House vs. Outsourced

Is the shift from on-premises to cloud-based as sharp and sustained as they say? Aberdeen takes a closer look at spending on computing infrastructure and IT staffing, based on the relative percentages allocated to Computing Infrastructure (Hardware, Software, Facilities) and IT Labor — collectively referred to as **"In-House;"** and Hosted / Cloud-based Services and Managed Services — collectively referred to as **"Outsourced."**

Total IT Spending from 35,000 Feet: A "Treemap" Across Eight High-Level Spending Areas

A treemap is an efficient way to show hierarchical data — like spending across eight high-level areas and dozens of more granular technology categories) — within a small space using nested, colored rectangles, where the size of each rectangle is proportional to a quantitative value. Think of it as a snapshot of how total IT budgets from the State of IT 2026 dataset are broken down, all on one page.