Why Most Cybersecurity Budgets Go to Waste

By Ross Young

Who am I?

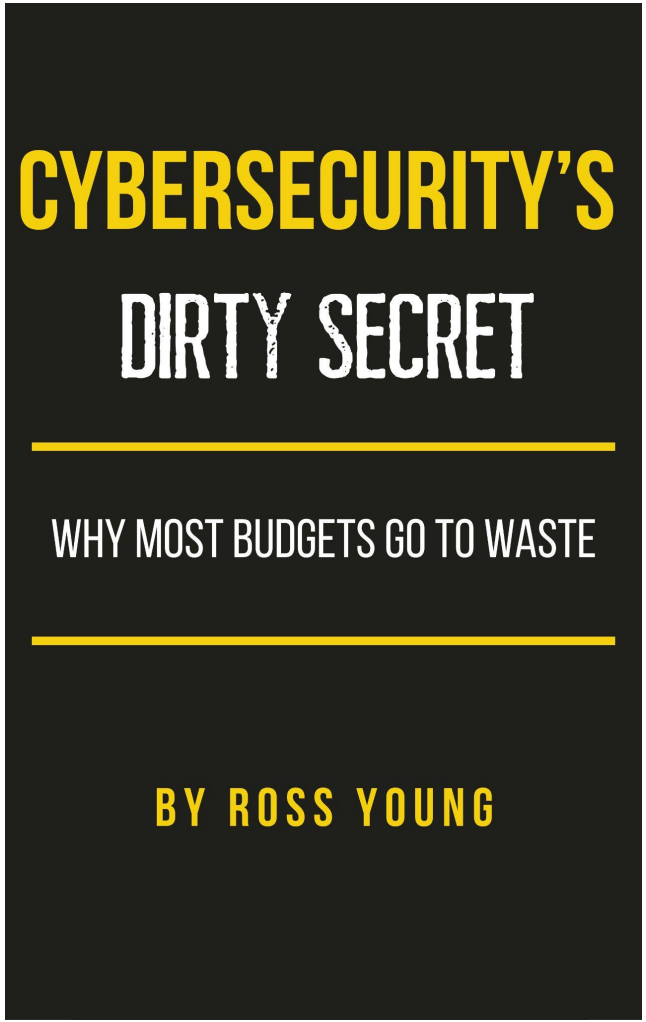


Ross Young

Education Sector

Commercial Industry

Government



Ever think about a problem so much that you decided to write the book on it?

How Much Do Companies Spend on Cybersecurity?

Security Budget as Percentage of IT Spend and Revenue, by Industry, Size and Ownership Type

	Security budget as percentage of IT spend				Security budget as percentage of annual revenue			
	2024	2025	2026	2025–2026 Trend	2024	2025	2026	2025–2026 Trend
Financial services & fintech	11.4%	13.7%	9.9%	↓	0.87%	0.98%	0.98%	↔
Tech	26.8%	14.8%	19.2%	↑	1.39%	1.23%	1.39%	↑
Healthcare & healthtech	11.0%	10.9%	10.3%	↓	0.58%	0.56%	0.90%	↑
Manufacturing & materials	8.1%	8.0%	8.8%	↑	0.25%	0.17%	0.35%	↑
Retail & hospitality	8.2%	7.8%	9.1%	↑	0.21%	0.16%	0.19%	↑
Insurance	13.9%	8.7%	9.4%	↑	0.28%	0.66%	0.51%	↓
Professional & business services	14.0%	13.6%	7.8%	↓	0.64%	0.78%	0.54%	↓
Education	8.6%	8.5%	7.1%	↓	0.30%	0.37%	0.44%	↑
$100M and below	33.6%	19.1%	21.6%	↑	2.57%	1.81%	1.75%	↓
$101M – $400M	24.3%	15.8%	11.1%	↓	1.44%	1.31%	1.19%	↓
$401M – $1B	11.9%	12.7%	10.8%	↑	0.68%	0.65%	0.73%	↑
$1.1B – $5B	8.8%	8.8%	8.2%	↓	0.38%	0.35%	0.40%	↑
$5.1B – $10B	8.4%	7.0%	8.7%	↑	0.38%	0.36%	0.36%	↔
$10.1B – $20B	7.7%	6.0%	7.3%	↑	0.19%	0.23%	0.25%	↔
>$20B	10.1%	6.8%	7.9%	↑	0.24%	0.20%	0.26%	↑
Publicly listed	10.3%	8.9%	9.5%	↑	0.62%	0.56%	0.66%	↑
Private: Founder-/family-owned	18.3%	12.6%	12.7%	↔	0.94%	0.85%	1.06%	↑
Private: VC-backed	9.5%	18.3%	22.4%	↑	0.50%	1.53%	1.65%	↑
Private: PE-backed	19.9%	14.4%	11.0%	↓	1.12%	0.93%	0.88%	↓
Nonprofit organization	10.5%	9.1%	6.8%	↓	0.72%	0.37%	0.51%	↑
Government/quasi-government organization	9.8%	8.5%	7.5%	↓	0.43%	0.23%	0.37%	↑
Overall average	**11.9%**	**10.6%**	**9.9%**	↓	**0.69%**	**0.69%**	**0.69%**	↔

Totals may not add up to 100% due to rounding.

Taken from IANS 2026 Security Budget Benchmark Report Link

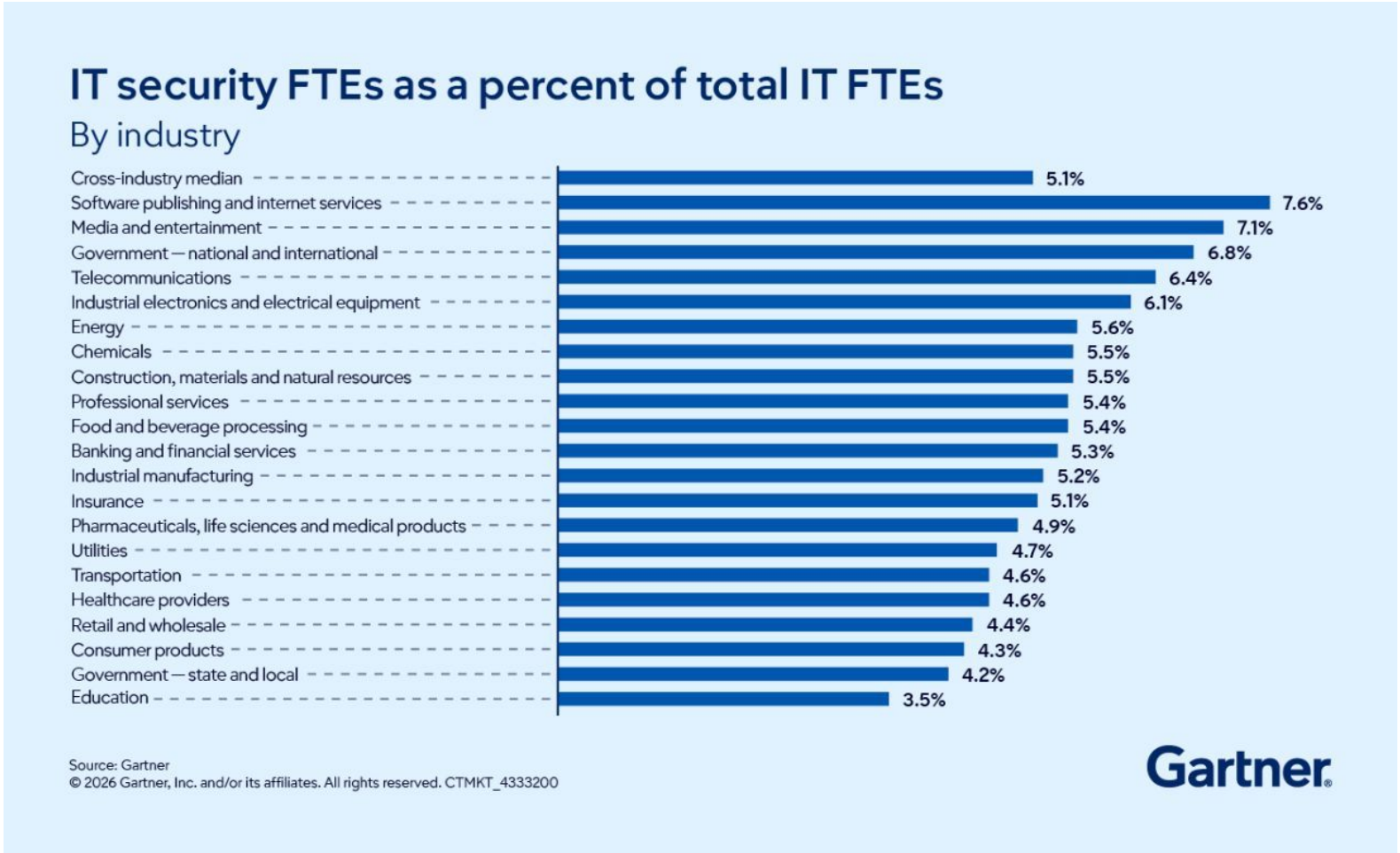
How Much Do Companies Spend on Cybersecurity?

On June 3, 2025, Gartner released a report titled:

How to Secure Cybersecurity Budget During Economic Uncertainties.



How Much Do Companies Spend on Cybersecurity?



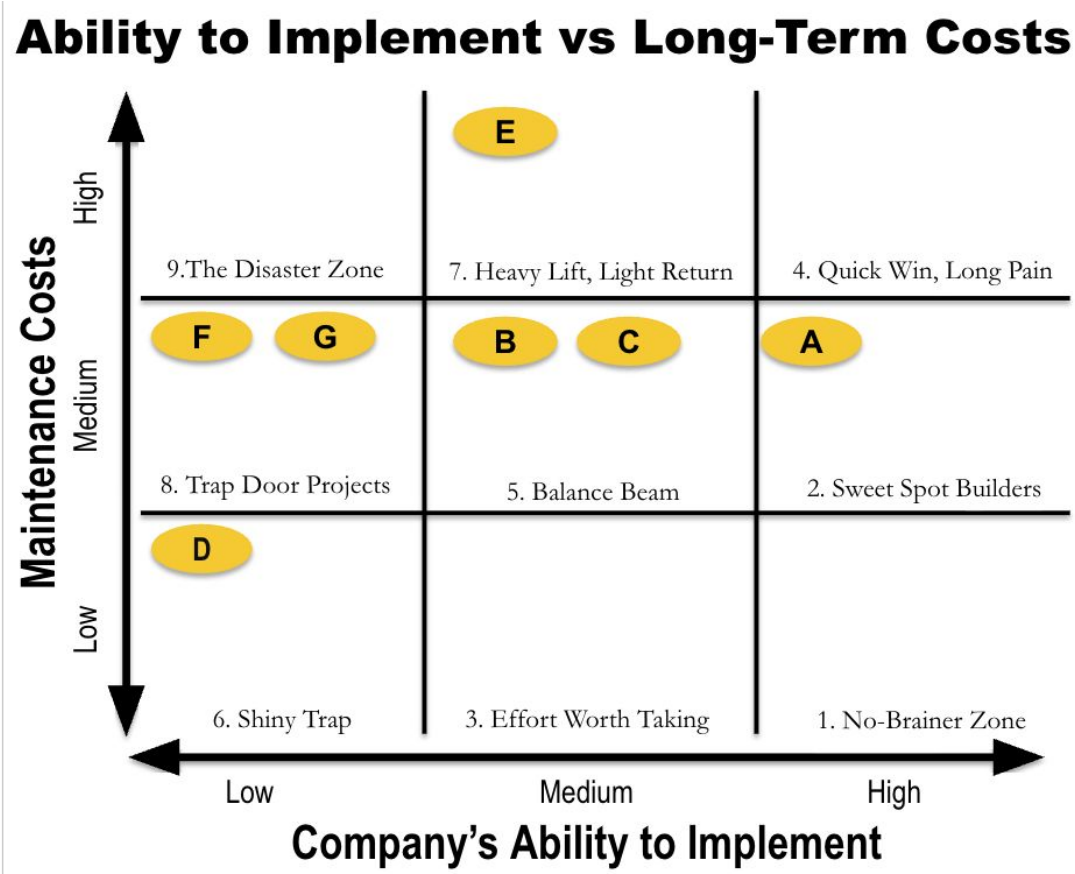
My Core Cybersecurity Beliefs

1. Cybersecurity is the Business of Revenue Protection

2. Cybersecurity comes in Two Flavors



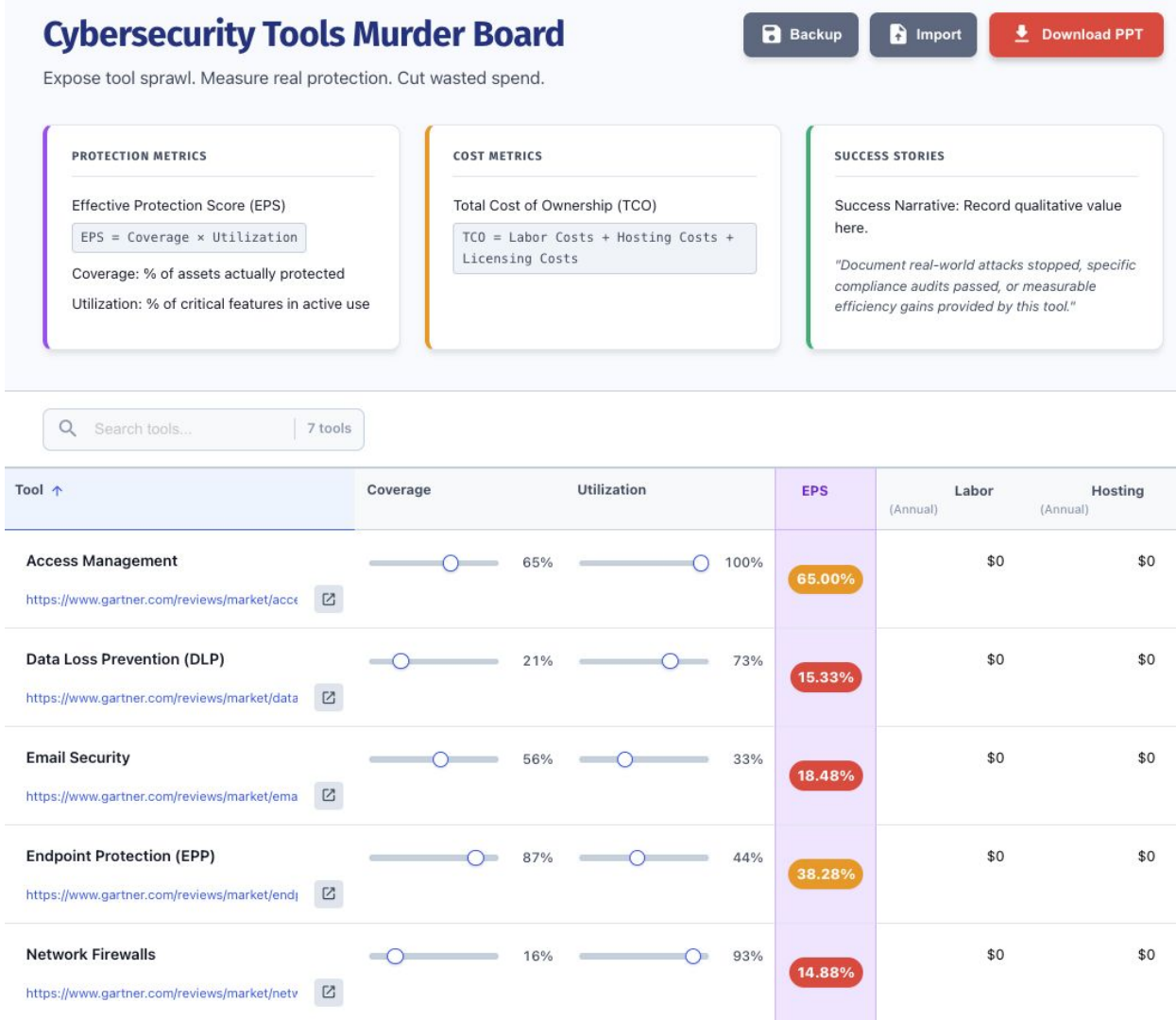
Why does your company's budget go to waste?



Scale & Sustain Grid

#	Initiative
A	MCP Security Solution
B	Zero Trust Strategy
C	Agentic AI Risk Assessments
D	Unified Data Fabric
E	AI Governance
F	Deepfake Detection
G	Automated SOC

Should we switch tools and what should we murder?

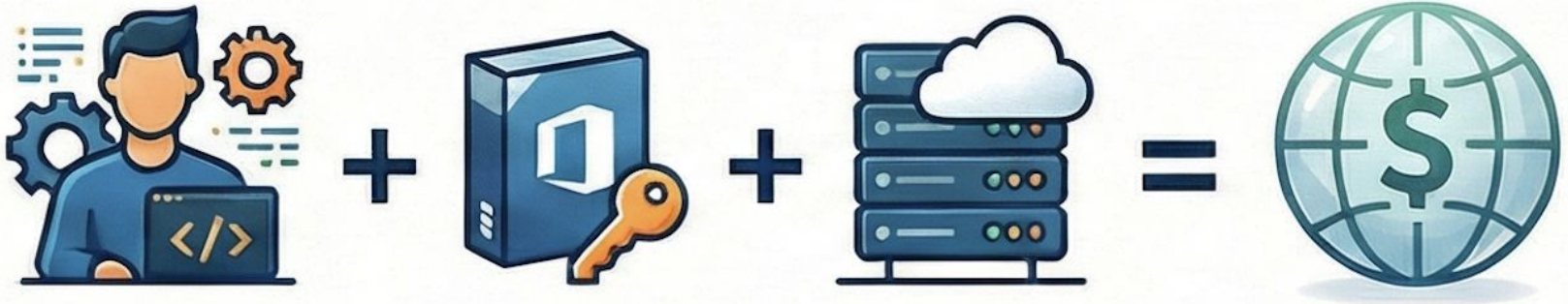


You'll Never Win Cybersecurity Budget If No One Understands What You Do



Total Cost of Ownership (TCO) Equation

THE TCO SOLUTION: A SIMPLE, POWERFUL FORMULA



LABOR COSTS + LICENSING COSTS + HOSTING COSTS = TOTAL COST OF OWNERSHIP (TCO)

This formula approximates the true annual cost of an application for better decision-making.

Labor Costs Opportunities for Savings



Cybersecurity Budget - Zero Based Review

Cybersecurity Service Catalog	Labor Costs	Licensing Costs	Hosting Costs	Total Cost of Ownership	Regulatory Requirement	Tools Utilized
Access Control Management	$250,000	$125,000	$50,000	$425,000		Okta, Azure AD
Account Management	$150,000	$75,000	$30,000	$255,000		Microsoft Entra ID, Sailpoint
Application Software Security	$200,000	$125,000	$50,000	$375,000		GitHub Advanced Security, Snyk
Audit Log Management	$125,000	$75,000	$25,000	$225,000		Splunk
Continuous Vulnerability Management	$250,000	$150,000	$50,000	$450,000		Qualys, Wiz
Data Protection	$300,000	$150,000	$50,000	$500,000		Microsoft Purview
Data Recovery	$100,000	$75,000	$25,000	$200,000		Rubrik
Email and Web Browser Protections	$125,000	$125,000	$25,000	$275,000		Island, Proofpoint
Incident Response Management	$200,000	$75,000	$25,000	$300,000		ServiceNow IR
Inventory and Control of Enterprise Assets	$100,000	$50,000	$25,000	$175,000		Tanium
Inventory and Control of Software Assets	$100,000	$50,000	$25,000	$175,000		ThreaLocker
Malware Defenses	$125,000	$125,000	$25,000	$275,000		Crowdstrike
Network Infrastructure Management	$200,000	$100,000	$50,000	$350,000		Palo Alto Panorama
Network Monitoring and Defense	$300,000	$150,000	$50,000	$500,000		NetWitness
Penetration Testing	$150,000	$50,000	$0	$200,000		Bishop Fox
Secure Configuration of Enterprise Assets and Software	$100,000	$50,000	$0	$150,000		CIS Benchmarks
Security Awareness and Skills Training	$75,000	$50,000	$0	$125,000		KnowBe4
Service Provider Management	$75,000	$50,000	$0	$125,000		Security Scorecard
Totals	$2,925,000	$1,650,000	$505,000	$4,955,000		

DORA
GDPR
HIPAA
NYDFS
PCI

How should we budget in cybersecurity?

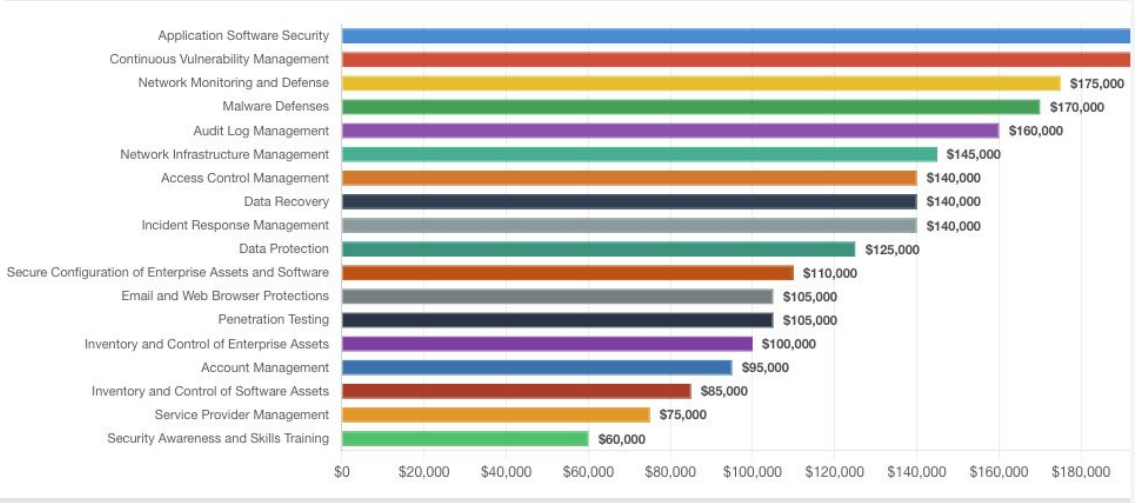
YEAR 1 TOTAL TCO	YEAR 2 TOTAL TCO	YEAR 3 TOTAL TCO	3-YEAR PLAN TOTAL	3-YEAR CAGR
$2,320,000	$2,415,000	$2,510,000	$7,245,000	4.0%

YEAR 1 BREAKDOWN

Labor Costs	64%
Licensing Costs	33%
Hosting Costs	3%

LABOR BREAKDOWN

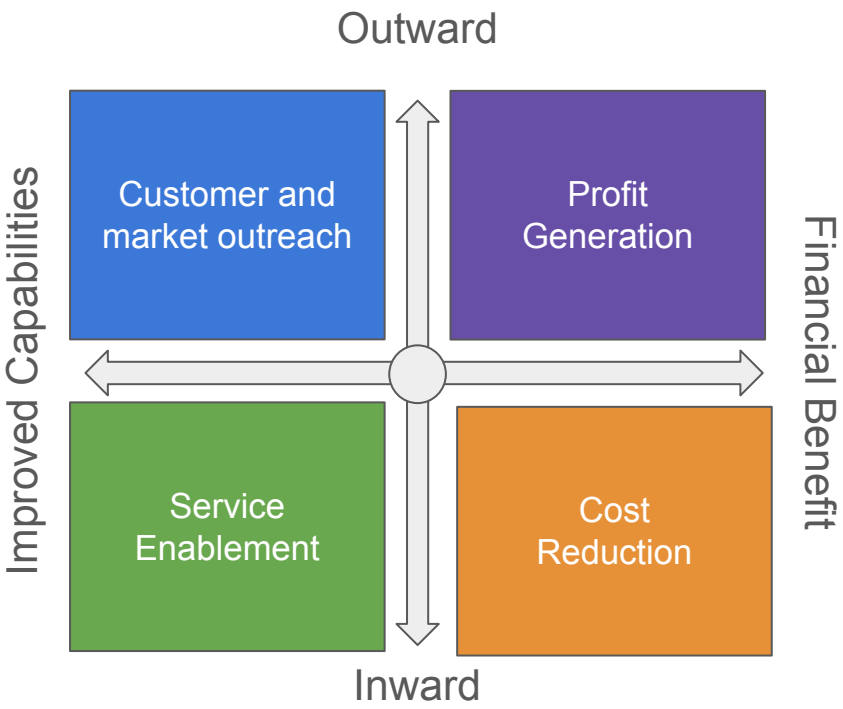
New Features	37%
Ops & Maintenance	63%

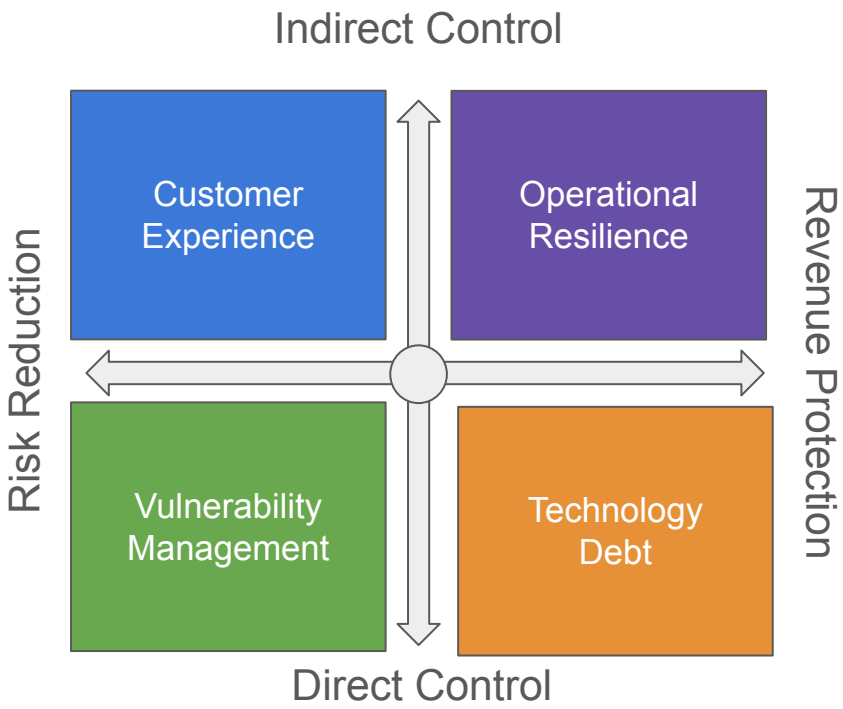


		Year 1 Detailed Costs				3-Year Forecast (TCO)				
	Service Category	Labor (New Features)	Labor (Ops & Maintenance)	Licensing	Hosting	Year 1 TCO	Year 2 TCO	Year 3 TCO	3-Year Plan	Regulatory
⊕	Access Control Management	50000	40000	50000	0	$140,000	145000	150000	$435,000	PCI-DSS SOX
⊕	Account Management	20000	60000	15000	0	$95,000	100000	105000	$300,000	HIPAA
⊕	Application Software Security	90000	40000	60000	5000	$195,000	200000	210000	$605,000	PCI-DSS

The Secret Weapon for Winning Security Budget

Business Objectives and Cyber Expectations





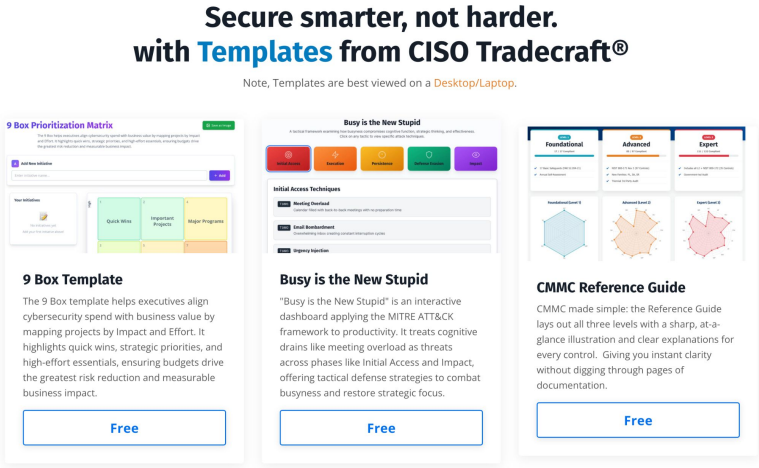
Cybersecurity Budget Options

Options	**Low-Cost**	**Mid-Range**	**Premium**
Cost	5 million	5.5 million	6.25 million
Head Count	18	20	23
Essential Protections	X	X	X
Bug Bounty		X	X
External Maturity Assessments		X	X
AI Security Evaluations			X
Automated Ransomware Response			X

The Business Case for a SOC 2 Type 2

Customers Requiring	Annual Security Costs	Cost per Customer
300	$30 K	$100
Annual Revenue at Risk	Annual Security Costs	Cost per Revenue
$30 M	$30 K	$.001

Questions



https://www.cisotradecraft.com/

