

■ BENCHMARK INSIGHTS

Security Budget Benchmark Summary Report

2022

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Table of Contents

Executive Summary	3
The Size of Security Budgets in 2022	4
Security Budgets Continue Their Rapid Rise	5
Outside factors are among the key drivers of budget decisions	6
How Security Budgets Break Down	7
Methodology	8
About Us	9

Executive Summary

Security budgets continue to rise as boards and C-suite executives deem cyber investments necessary to mitigate against threats to business continuity. Internal and external factors are behind continued overall growth in cyber investments, ranging from company growth and overall strategic direction to macro-economic market fluctuations and industry disruptions.

For the upcoming budget cycle, most CISOs plan to ask for additional budget and third-party data supports their requests.

This 2022 Security Budget Benchmark Report arms CISOs with relevant data and insights:

- Budget benchmark data including security budgets as a share of the IT budget, as a share of annual revenue and as absolute budget values.
- Latest budget increase data to include requested budget increases, budget growth received and the main drivers behind budget increases.
- Budget breakdown: The distribution of security budgets into the eight security spending categories that CISOs most commonly use.
- Insights and real-life anecdotes from executives at Artico Search, in particular Matt Comyns, co-founder and president, and Steve Martano, partner in Artico Search's cyber practice.

Currently in its third year, our process of participant recruitment and data collection, vetting and analysis ensures the report's objectivity, legitimacy and value.

The Size of Security Budgets in 2022

In this year’s sample of 502 CISOs, security budgets account for 9.9% of IT spending on average. The median is 7%. These figures are comparable to last year.

In the sample, tech, healthcare and business services sectors lead with more than 13% of the IT budget going to security—roughly three points above the overall average.

Respondents from consumer goods and services, government, and financial services sectors have average security budgets that are aligned with the overall 9.9% average.

Utilities, transportation, manufacturing, retail and education have budget percentages that are two points or more below the overall average (see Figure 1). Security budget as percentage of IT spend, as share of revenue and in absolute values. The report provides breakdowns by industry and company size.

Steve Martano explains the variability across sectors:

Irrespective of industry, budgets increase substantially when companies embark on an initial security journey. We also see product companies increasing YOY budgets because security is at the forefront of customer trust. Additionally, talent in product security and application security costs more than in other security functions. Consequently, budgets for those teams and programs continue to rise.

FIGURE 1

Security Budgeting as a Percent of the IT Budget Splits into 3 Tiers

The company’s annual security budget as a percent of the IT budget

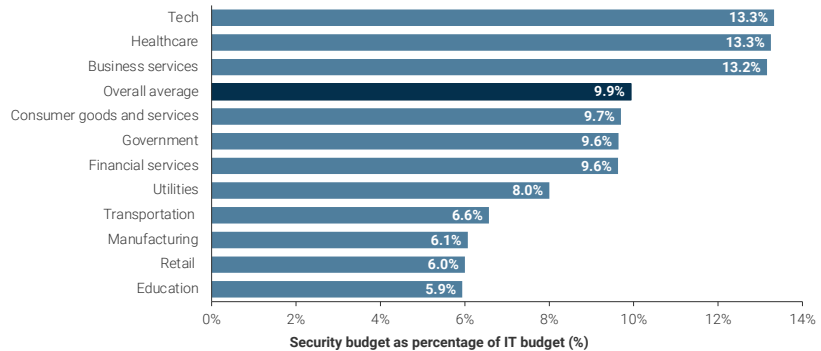
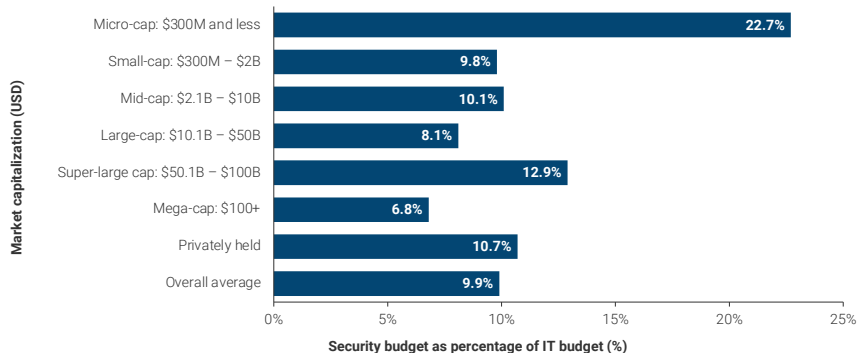


FIGURE 2

The Relative Security Spend by Micro-Cap Firms Stands Out

The company’s annual security budget as a percent of the IT budget



Smaller firms spend a greater share of the IT budget on security than large organizations. That is because organizations need to spend a baseline amount on information security, regardless of size. Once the baseline is met, the required budget is more proportional to company size. (see Figure 2)

Security Budgets Continue Their Rapid Rise

Company growth, security program expansion, increased awareness of business exposure and, in some cases, the launch of a new security program are among the drivers of continued growth in cyber investments.

Eight out of 10 CISOs in the sample said their budgets grew YOY. Increases ranged from a few percentage points to as much as 300%. The average budget increase for this group is 22%.

In 18% of cases, the security budget stayed flat, and just 3% of respondents reported declining budgets. Budget cuts range from -30% to -5%, with an average of -11% (see Figures 3 and 4).

Across all respondents, budgets increased by 17%, which is in line with last year's figures. firm's size and industry sector.

FIGURE 3

A Solid Majority Upped Their Security Budgets

Year-over-year change in the security budget

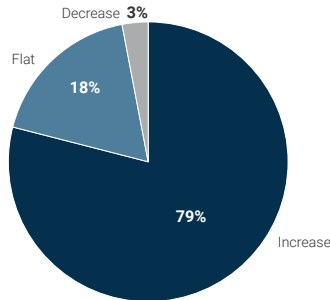
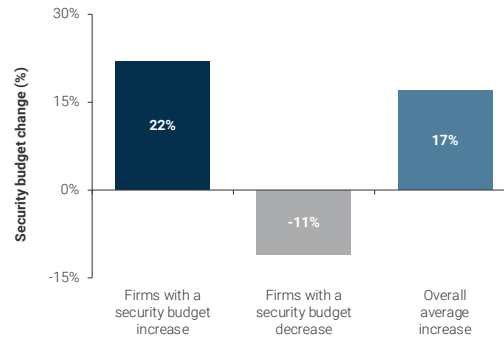


FIGURE 4

Security Budgets Increased by 17% on Average

Year-over-year change in the security budget



Outside factors are among the key drivers of budget decisions

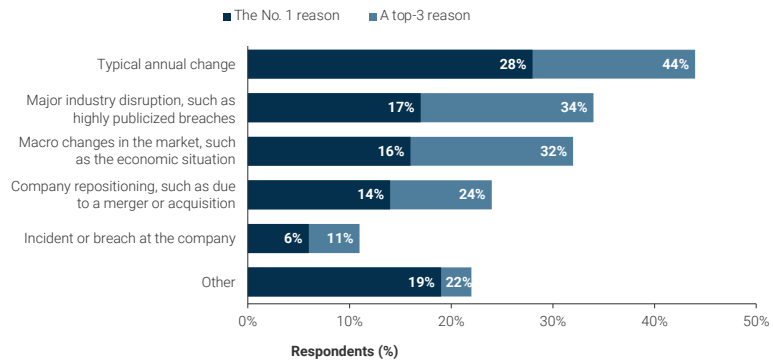
Respondents provided the top three reasons for their recent budget increase. In just 28% of cases, typical annual budgetary increase was the No. 1 driver behind increased security budgets.

Thirty-four percent of respondents cited a major industry disruption such as widely publicized breaches in their sector among the top three reasons. The category macro changes in the market was a close second, mentioned by 32% of respondents (see Figure 5).

FIGURE 5

Disruptions and Economic Conditions Had Significant Impact on Budget Decisions

Key reasons for security budget increase (multiple answers accepted)



How Security Budgets Break Down

This section provides data about how the security budget is broken down into the most common spending categories provided by CISOs.

Our survey data shows staff and compensation is by far the largest category, claiming 39% of the security budget. Software (on-premises and off-premises software combined) represents 28% of the security budget. Outsourcing averages 10% of the security budget (see Figure 6).

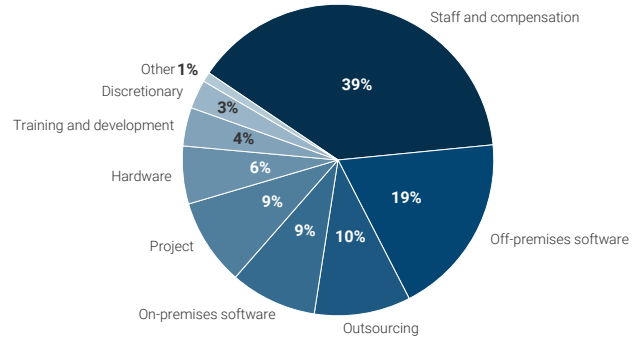
For Steve Martano, CISOs' staffing challenges are a frequent topic of discussion:

Despite staff compensation being the plurality of the CISO's budget, most security leaders are struggling to get adequate resources required to fill critical roles and hire backfills from staff attrition. Misaligned salary bands, outdated market data and the competitiveness of the market across all levels of security make hiring and retaining a full team a constant struggle, despite staff compensation being the largest CISO budget line item.

FIGURE 6

Staff and Compensation Claims the Largest Budget Share

Breakdown of the annual security budget



Methodology

IANS Research and Artico Search fielded its third annual CISO Compensation and Budget survey in April 2022. From April until September, we received survey respondents from more than 600 security executives from companies that varied by size, location and industry. We filtered out three groups—respondents in a business information officer role; respondents who indicated they are neither the CISO nor the (acting) head of security at their company; and respondents who are paid in currencies other than U.S. dollars, Canadian dollars, British pounds or euros.

That leaves us with a sample of 507 CISOs, of which 31 are paid in Canadian dollars, four in British pounds and three in euros. We converted their comp against the average currency exchange rate for the April – July 2020 period and included their data in the sample.

Respondents provided their compensation metrics, including base compensation, target bonus percentage and equity percentage. These three metrics allowed us to compute the annual cash compensation (base salary plus bonus) and total annual compensation (cash compensation plus equity) for each respondent. We then calculated the averages and means across all respondents. These are provided throughout the report.

About Us

This publication is created in partnership between IANS Research and Artico Search.

Artico Search

articosearch.com

Founded in 2021, Artico Search's team of executive recruiters focuses on a "grow and protect" model, recruiting senior go-to-market and security executives in growth venture, private equity and public companies.

Artico's dedicated security practice delivers CISOs and other senior-level information security professionals for a diverse set of clients.

IANS Research

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For the security practitioner caught between rapidly evolving threats and demanding executives, IANS Research is a trusted resource to help CISOs and their teams make decisions and articulate risk. IANS provides experience-based insights from a network of seasoned practitioners through Ask-an-Expert inquiries, a peer community, deployment-focused reports, tools and templates, and executive development and consulting.

