

Budget Planning Guide 2026: Technology Executives

In Times Of Volatility, Invest To Win

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Summary

In 2026, enterprises must navigate unpredictable economic factors, geopolitical tensions, and shifting consumer behavior. Proactive planning — i.e., being ready for a range of scenarios and real-time insights — will help leaders mitigate risks and seize opportunities in this turbulent environment. We encourage leaders to play offense first and seek investments that can take advantage of this moment to further your goals, while being ready for a sudden shift into cost-cutting defense. This data-driven report provides spending benchmarks and insights to help you build and implement a strategy that supports the relentless use of technology to continuously improve business results.

Win With Offense Amidst Uncertainty. Pivot To Defense When Volatility Comes.

In a climate of global volatility marked by economic uncertainty, geopolitical shifts, and an accelerating rate of technological disruption, the natural tendency of tech leaders is to be conservative and flatten, or even cut, spend. However, we recommend tech leaders approach annual budget planning focused on winning — using the volatile environment to their advantage and going on offense while others play defense. Of course, you'll need to be ready to adapt. [Navigating volatility](#) is nothing new for tech executives, but what is new is the heightened scope and scale of uncertainty brought on by the combination of unpredictable US trade policies, inflationary pressures, and geopolitical tensions. Create agility for your business by planning bust and boom scenarios now. For the bust scenario, rank your priorities so that you can quickly shed low-priority items if conditions worsen. For your boom scenario, understand what it will take to accelerate your most important strategic initiatives. To maximize agility across all scenarios, lay the initial groundwork for each scenario now. This way, you'll win regardless of the scenario by more quickly responding to market shifts.

Security, Cloud, Software, And AI Drive 2026 Benchmark Trends

Forrester's Budget Planning Survey, 2025, indicates that most technology decision-makers anticipate an increase in budgets for 2026 (see Figures 1 and 2). In fact, more than half plan to increase spend at rates in excess of the [IMF's projected inflation rate](#) of 3.6%. The most aggressive growth is expected in APAC, where 61% of tech decision-makers expect budget increases in excess of global inflation in 2026, followed by Europe (52%) and North America (45%). Here are the highlights of where budgets are going in 2026:

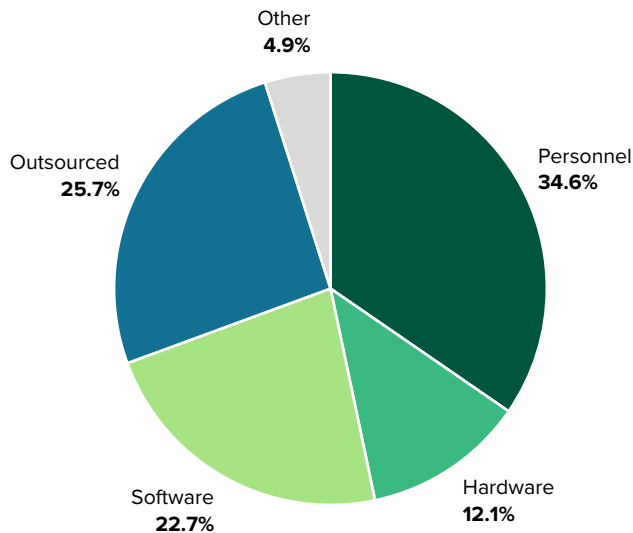
- **Higher stakes in cybersecurity are leading to higher spending on threat protection.** Growth in spending on IT security and risk leads all other areas (see Figure 3-1). In fact, 43% of technology decision-makers plan to increase IT S&R spending in excess of inflation, which is consistent across North America, Europe, and APAC. For IT security tech decision-makers, cloud and on-prem security were among the largest drivers of these increases, particularly in APAC. For cloud security, 49% of respondents in APAC reported an increase of 5% or more, compared to 42% in EMEA and 36% in NA, as India's Digital Personal Data Protection raises the stakes on cloud data security. For on-prem security, 47% of respondents in APAC reported an increase of 5% or more compared to 30% each for NA and EMEA, as execs in Australia, where cloud is less the norm due to distance from global data centers, invest in on-prem security in response to regional geopolitical tension. Regardless of geography, leaders in industries like financial services, government, and critical infrastructure will also have to invest in [post-quantum security](#) — last year's experiment is this year's must-include capability.
- **Investments in data are fueling AI development.** Over three quarters of tech decision-makers are budgeting growth in data in the next 12 months, with 41% anticipating growth to outpace inflation. Data spend is driven by investment in AI, which leaders are using to automate processes, improve decision-making, and deliver hyper-personalized CX. It's

so important that [Salesforce acquired Informatica](#) in May 2025 for \$8 billion in the hopes of boosting the capabilities of its AI agent, Agentforce. From a geographic standpoint, 45% of tech decision-makers in APAC anticipate investment in data above inflation in 2026, compared to 41% for Europe and 37% for North America. According to Forrester's Priorities Survey, 2025, technology decision-makers in APAC were significantly more likely than those in North America to cite both increasing AI-enabled software development and adopting a real-time AI-driven ops support capability as most important for their IT organization over the next 12 months, with EMEA sitting somewhere in between.

- **CRM and digital asset management (DAM) investment are driving growth in software.** Exactly three quarters of tech decision-makers expect increases to their software budget in 2026. [A big driver is CRM](#) — the impact of AI agents on customer service and expansion of CRM into adjacent categories like unified communication allow companies (especially retailers) to enhance customer experience and get better insights into consumer behavior. [DAM](#) is also driving software growth in response to the centralization of content management across marketing channels and the escalating use of videos and media ads to drive growth. This could impact industries like media, entertainment, and leisure and hospitality.
- **Staffing growth will slow as leaders bank AI productivity gains.** According to Information Service's Group's 2024 Global Benchmarking, staffing accounts for 35% of all IT spend. Less than one third of technology decision-makers in Forrester's Budget Planning Survey, 2025, indicate they will invest in staffing in excess of inflation (see Figure 3-2). In fact, about one in 10 indicated their organization would be reducing their staffing budget in 2026. This is driven by AI productivity gains driving leaders to cut staff/avoid new hires and global volatility resulting in leaders taking a cautious approach to new hiring. Furthermore, service providers like Microsoft and AWS are [freeing up capital for investments](#) in AI infrastructure by cutting staff in deprioritized areas. For example, [Microsoft announced the elimination of 6,000](#) roles in May 2025 to free up capital for data center expansion and greater AI-related capacity.

Figure 1
Tech Organizations Continue To Focus Spend On Personnel And Outsourced Services

Categories of IT spend

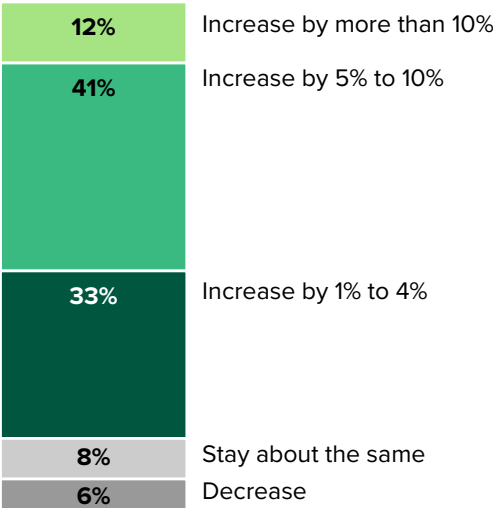


Base: 7,961 ISG 2024 global benchmarking data respondents
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Figure 2
Most Tech Leaders Expect Major Increases In Tech Investment Over The Next 12 Months

“Which of the following describes any planned/anticipated change in your organization’s technology investment, overall, in the next 12 months?”
(Responses on a scale of 1 [decrease by more than 10%] to 7 [increase by more than 10%])



Base: 952 technology decision-makers
Source: Forrester’s Budget Planning Survey, 2025

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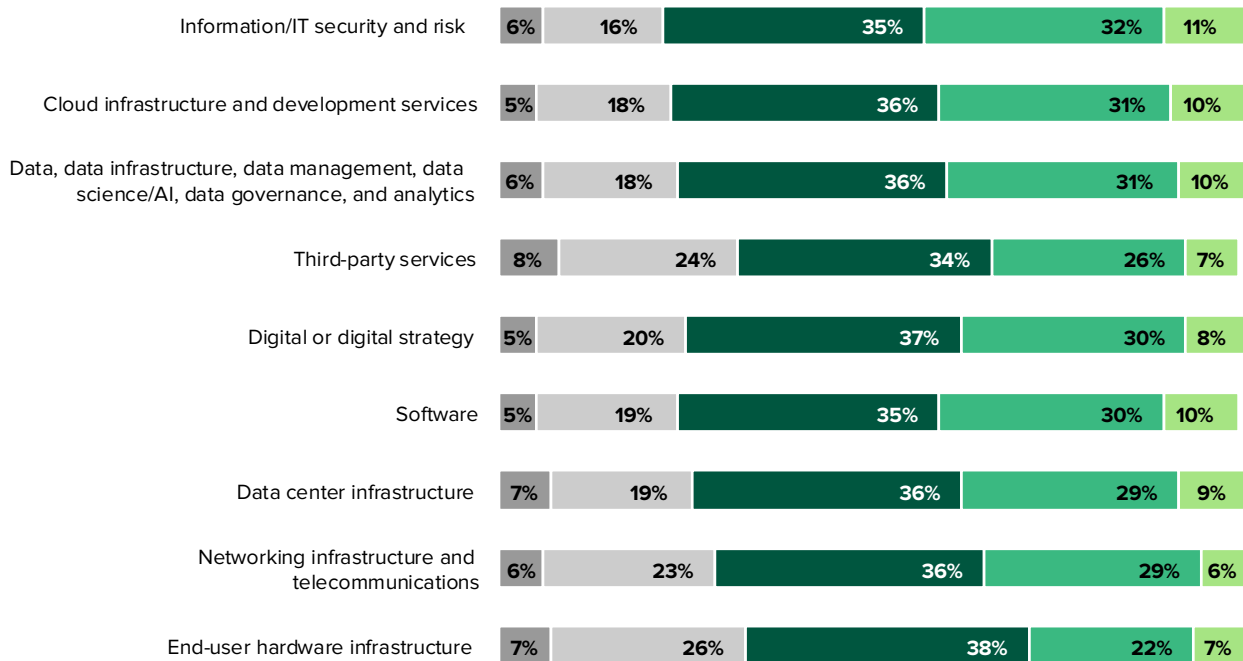
Figure 3

S&R And Services Will Lead Budget And Investment Growth Across All Tech Domains

3-1 “Which of the following describes any planned/anticipated change in your organization’s technology budget for the following domains in the next 12 months?”

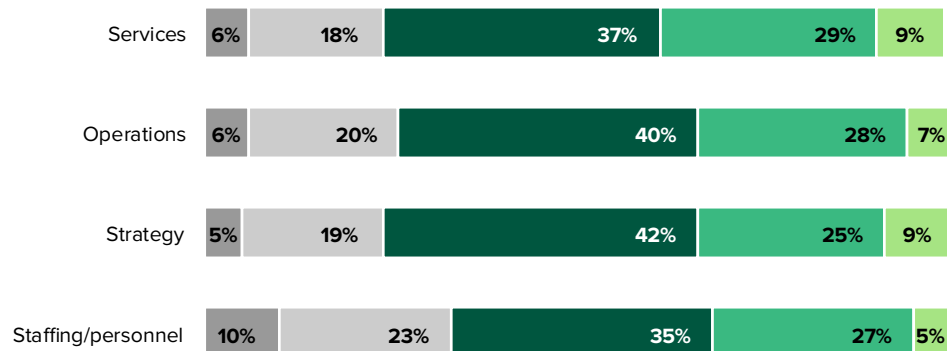
(Responses on a scale of 1 [decrease by more than 10%] to 7 [increase by more than 10%])

■ Decrease ■ Stay about the same ■ Increase by 1% to 4% ■ Increase by 5% to 10% ■ Increase by more than 10%

**3-2 “Which of the following describes any planned/anticipated change in your organization’s technology investment for the following areas in the next 12 months?”**

(Responses on a scale of 1 [decrease by more than 10%] to 7 [increase by more than 10%])

■ Decrease ■ Stay about the same ■ Increase by 1% to 4% ■ Increase by 5% to 10% ■ Increase by more than 10%



Note: Percentages may not total 100 because of rounding.

Base: 952 technology decision-makers

Source: Forrester’s Budget Planning Survey, 2025

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Invest Or Defend Your Investments In Cloud, AI Data, And Risk Management

In times of uncertainty, organizations must anchor themselves to capabilities that create agility and drive consistent progress and resilience. Technologies such as cloud, AI data analytics, and AI risk management are not just tools — they are foundational capabilities for long-term success. While the promise of these technologies is immense, the path to effective implementation is often complex. Challenges such as cultural misalignment, legacy systems, and deeply embedded business processes can hinder transformation efforts. These barriers are not just technical — they are human and organizational. Use this moment of disruption as a catalyst for meaningful change. We recommend that you:

- **Invest in public and private cloud for AI ambitions, modernization, and sovereignty.** Despite a year of budget cuts, staff reductions, and economic turmoil, cloud investments continue to rise. Over three quarters of tech decision-makers plan to increase public and private cloud budgets over the next 12 months. The reason? Increasing regulations in sovereign cloud, industry verticals, and resilience are forcing private cloud or industry/sovereign-specific public cloud offerings adoption. Cloud-native modernization is continuing due to an “evolve or crumble” mindset. Generative AI is [driving increased spending](#) on public and private cloud services to enhance performance and access advanced tools. CIOs need to prioritize cloud investments based on their specific goals by opting for a mix of public and private solutions that will best set them up for their AI future.
- **Get better AI outcomes with AI governance software.** Nearly [80% of AI use cases fail](#). According to Forrester’s State Of AI Survey, 2024, 21% of AI decision-makers cite AI governance and risk as one of the greatest barriers to their organizations adoption of AI, behind data privacy and security concerns. The same survey indicates that over 80% of AI decision-makers believe AI governance helps their organization adapt to changing regulatory dynamics and market conditions. This means execs know AI governance is critical to success, but they’re having trouble implementing and scaling it. Enter AI governance software. Solutions like IBM, Coralogix, and Dataiku are critical in supporting capabilities like governing AI data, defining automated workflows, managing AI asset portfolios, and classifying/labeling risks. There are a plethora of other vendor options as well — choose one in 2026 to maximize your chances of AI success.
- **Manage your BYOAI risks.** [Employees are increasingly using external AI tools](#) from OpenAI, Google, Perplexity, Anthropic, etc., to streamline workplace processes. However, they may be processing proprietary data without the organization’s knowledge — for example, when developers enter proprietary code into GitHub’s Copilot to debug. To contain the threat, deploy AI-usage-monitoring platforms like Securiti AI Governance to enforce guardrails on employee interactions with external AI tools; integrate enterprise endpoint security solutions such as SentinelOne to detect unauthorized API connections; and establish data leakage prevention solutions like Microsoft Purview to prevent employees from sharing sensitive data. Communication is also critical. Build AI usage policies and educate employees about

the risks of uncontrolled AI adoption. Companies like Samsung implemented strict policies and monitoring tools after sensitive data leaks via ChatGPT, underscoring the risks of not proactively securing BYOAI environments.

Divest From Tech Sprawl And Redundancies

Uncertainty in the market is pushing IT strategies to eliminate inefficiency. After the initial rounds of budget tightening and cost optimization, technology leaders are taking a closer look at the next layer: redundant operations, public cloud, and technical debt. Invest in AI capabilities to augment complex processes, use the same capabilities to eliminate manual tasks. Evaluate the necessity of public cloud and make hard choices to reduce technical debt.

- **Reallocate at least 10% of your workforce with AI.** Creating automations and generating content is cool. But if you're not reducing or avoiding spend, then AI is just adding costs to your enterprise. Identify the low-priority work that you're automating and map it to full-time roles that you can reallocate. Moreover, understand that managerial roles are also in play once you have a handful of independent contributor reallocations. Lastly, because reallocations are frequently spread piecemeal across multiple teams, you need a plan a reorganization of your teams to operate efficiently under the new normal. This is where employees can be incentivized and upskilled to contribute to a new, cutting-edge operating model. But beware — just as we're seeing the first wave of enterprises replace workers with AI at scale, we're also seeing the first wave of AI-related PR mishaps, such as [Duolingo walking back public statements](#) about replacing workers with AI. Negative employee response to AI-driven layoffs has also contributed to [job-loss radicalization](#).
- **Revisit your cloud-first strategy.** New sovereignty and resilience regulations, increasing geopolitical tension, executive pressure to reduce costs, and the growing number of production-ready genAI use cases have switched the public cloud conversation from cloud-first to cloud-as-necessary. Consider repatriation or staying on-prem for workloads with consistent usage profiles and localized genAI to reduce spend for data that falls under sovereign or industry-specific regulations or for high-compute scenarios such as genAI to minimize latency. [Use public cloud](#) to accelerate innovation, improve resilience for dynamic, compute-hungry workloads, or access to infrastructure such as supply-constrained GPUs. Of course, these aren't fixed rules. It may be necessary to stay in public cloud because repatriation is too painful or because modernization plays a necessary role in business transformation. Evaluate your business priorities and place workloads where they best optimize your differentiation.
- **Declare bankruptcy on legacy tech debt before you collapse into it.** Let's face it. Continuing to run on your [tech debt treadmill](#) is getting you nowhere. You have struggled with paying down tech debt, while more gets added to the pile all the time — increasing your costs and risks while slowing down delivery of new capabilities. It's time for a new approach. Declare tech debt bankruptcy — outsourcing its support entirely to a provider while you drive forward with modern architecture and delivery practices. Outsourcing the legacy tech stack to proven providers such

as Cognizant, Tata Consultancy, Accenture, etc., will ensure operational reliability at a negotiated cost while freeing internal teams to build a modern, adaptive, and AI-powered ecosystem that drives innovation and positions you for future growth. This is a long-term play that will require upfront investment and discipline to manage through inevitable bumps in knowledge transfer on the way to getting you off the “dread mill.”

Win Tomorrow By Continuing To Experiment Through Volatility Today

Don't let volatility get in the way of vision. Tech leaders need to continue to test pipeline technologies that may not be ready to deliver value in 2026 but could be the next technologies that deliver value in 2027 and beyond. Being an early adopter doesn't just mean that you're quickest to value; you're also helping shape how the technology is delivered to your enterprise. Below are three you should be testing in 2026. For more ideas, check out [Forrester's Top 10 Emerging Technologies In 2025](#) report.

- **Kick-start strategic experimentation in AI agent orchestration — don't wait for maturity.** Vendors like Microsoft, SAP, ServiceNow, and Salesforce are rapidly advancing orchestration platforms to enable cross-functional, cross-platform automation. This is because the real value doesn't come from standalone agents, it comes from the coordination layer: how agents exchange context, align decisions, and operate across fragmented systems. Yet, the true constraint to AI agents and agent orchestration is the readiness of the enterprise data infrastructure. To prepare, CIOs must invest in real-time, structured, and accessible data layers that enable agent cognition. The smart next step is to launch a dual-track orchestration experiment. Use vendor-native tools for fast automation gains, while piloting open-standard protocols like A2A and MCP to test ecosystem-wide interoperability. Early movers won't just deploy AI, they'll shape how [intelligence flows](#) across the enterprise.
- **Advance vertical-specific edge intelligence.** Enterprises want to collect relevant input from mobile, IoT, and other edge devices to provide customers with timely, use-case-driven insights and value — and to provide a foundation for physical robotics. [Edge intelligence](#) solutions like Litmus, Augury, and HiveMQ allow vertical markets to expand their core competencies — for example, smart grid optimization and predictive maintenance in utilities and telco, expanded machine health monitoring in manufacturing, and smart buildings in retail. Expect the wide deployment of edge intelligence solutions over the next two to four years as developments occur in chipset functions, form factors, 5G networks, and powerful on-device and on-chip machine-learning models.
- **Accelerate efficiency with humanoid robots.** Advances in generative AI, electromechanical systems, and mechatronics are pushing humanoid robots closer to real-world deployment. Industries like automotive and manufacturing are already seeing results — BMW reported a 400% efficiency boost after deploying a Figure 02 robot at its Spartanburg plant. Healthcare and hospitality are exploring use cases in surgery, caregiving, and food prep. However, adoption remains limited due to

high costs, scalability issues, safety concerns, and lower reliability as compared to specialized automation. To circumvent some of these challenges, [use digital twins](#) for virtual component testing and for simulations which can provide real-world physics training. Look to robotics-as-a-service solutions to lower the cost barrier. Next, consider your application. Humanoid robots are best suited for tasks that are respective, hazardous, or labor-intensive.

- **Adopt autonomous mobility to improve operational processes.** If you're in an industry that provides or relies on commercial transportation or mobility, you need to be building [autonomous mobility capabilities](#). Autonomous mobility is revolutionizing logistics and public transport through technologies like AI/ML, robotics, IoT, and edge intelligence. Use cases include self-driving trucks and buses, drones for inventory, and autonomous robots or forklifts, delivering benefits like reduced emissions and operational gains. However, adoption is challenged by security risk with an increased attack surface, regulatory hurdles, and infrastructure readiness. Start by identifying the use case where autonomy can add value. Then, focus on controlled physical environments such as warehouses or factory floors while targeting repetitive, low-complexity tasks. Engage with technology vendors to enable these use cases such as AWS IoT Greengrass for edge intelligence, Aurora, and May Mobility for autonomous vehicles, and major GSIs such as Accenture or Wipro for implementation and management.

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