

IT Spend as a P&L

The board-ready toolkit for IT leaders who own the budget.

Most IT budgets reach the board as a single number, and a single number is impossible to defend. This toolkit gives you the structure to break it open: where the money goes, how much is waste, and what you would change. 30 to 90 minutes, in language your board will act on.

Built by Mike Fraser, CTO and executive board member, 15 years on executive boards in listed and mid-market UK businesses. Henley Executive MBA. I have walked into more inherited IT budgets than I would like to admit. This is the first thing I run.

Why this exists

You have probably inherited your IT budget rather than built it. A stack of contracts signed by other people, an MSP invoice nobody has questioned in years, and card-statement subscriptions you only find by accident.

Meanwhile the board sees IT as a single line and wants to know what it buys. "Trust me" is not an answer that survives a budget round.

This toolkit gives you the structure to see your own spend the way the board sees every other line in the P&L: by what it costs, what it delivers, and what you would change. The output is one A4 page that goes straight into the board pack, in language the board will act on, without you having to write it from scratch.

A note on benchmarks and example figures

Throughout this Toolkit, figures fall into one of three categories.

[Sourced]: drawn from named third-party research: Avasant IT Spending benchmarks, Gartner IT Key Metrics data (as reported), EasySAM enterprise software spend survey (2024), ITBrief UK SaaS waste analysis (2025), and Confidence IT UK SME IT budget data (2025). These are the best publicly available mid-market proxies; they are not UK-statutory figures and should be used as conversation-starters, not audit evidence.

[Indicative: CTO experience]: informed by 15 years of technology leadership across UK mid-market and listed businesses. These ranges reflect patterns observed across real IT portfolios; they are not derived from a statistically representative sample and will vary by sector, maturity, and outsourcing model.

[Example only]: figures used in worked examples (e.g. the GBP 40m professional services firm in Section 12 of the Workbook) are entirely fictional and exist solely to demonstrate how the toolkit works. They must not be cited externally.

No figure here should be quoted to a board, regulator, or auditor as an external benchmark without independent validation.

How to use this toolkit

Allow 30 minutes if you have the supplier list to hand. Plan for 90 minutes the first time: most of the work is finding the contracts, MSP invoices, software usage and card-statement subscriptions. After that, a 10-minute monthly refresh keeps the picture current.

1. Open the workbook and fill the four blue cells in tab 01_Inputs_Business

Company name, financial year, turnover, headcount. That is it for the cover sheet.

2. Paste your IT suppliers into tab 02_Inputs_Spend_Line_Items

One row per supplier or recurring item: contracts, monthly subscriptions, domains, SSL renewals, card spend. Most businesses end up with 30 to 80 rows. Pull these from your GL, MSP invoice list, and card statements.

3. Sense-check the Run / Grow / Transform mapping in tab 03_Category_Map

The defaults are most common but not conclusive. Adjust column B if your business model means a category sits elsewhere. You can also rename a category here; the dropdown in tab 02 picks up the change.

4. Read tab 04_PnL_View

Six numbers, a board narrative paragraph, and the Run / Grow / Transform split, calculated automatically.

5. Run the six waste tests in tab 06_Waste_Finder

Each test is one SUMIF formula. The output is a GBP figure and a one-line FD-language explanation per test.

6. Take the output to the board

Print tab 08_Board_Pack_Output for a single A4 landscape page that goes straight into your board pack. Or use the 3-slide PowerPoint deck in 02_Board_Output_Templates for a more visual narrative.

Run / Grow / Transform: the P&L view

Every pound of IT spend does one of three things. Knowing the split is most useful thing your executive team and board can know about IT.

Run

The cost of keeping the lights on: licences, support contracts, connectivity, security basics. For context, if you stopped paying for it on Monday, something would break by Friday.

Grow

Investment in improving what you already have: analytics, automation, system upgrades, additional licences for an expanding team. Your operations still work without it; but not as effectively.

Transform

Genuine change: a new platform, a new capability, a new business model enabler. AI investment usually starts here. ERP migrations always do.

Directional benchmark. Typically, mid-market businesses spend roughly 70 percent on Run, 20 percent on Grow, and 10 percent on Transform. If your split is 90 / 8 / 2, you are maintaining rather than building. If your Run figure is below 60 percent, you may be misclassifying, since most managed-service and core-cloud spend really is Run. *[Sourced: directional, Run-Grow-Transform framework from Gartner]*

The 8 categories of IT spend

The category dropdown in tab 02 of the workbook uses the eight categories below. Deliberately broad: fewer categories means clearer conversations.

Category	Plain-English definition	Examples	Default
Connectivity	How the business gets online and onto a phone.	Leased lines, broadband, mobile, SD-WAN	Run
End-user compute	What sits on a desk or in someone's hand.	Laptops, M365, print, desktop software	Run
Core apps	The systems the business runs on.	Finance, CRM, HR, ERP, e-signature	Run
Data & Cloud	Where data lives and what processes it.	Cloud hosting, BI, integration, AI tools	Grow
Cyber	How the business defends itself.	Endpoint protection, email security, training	Run
People & Partners	External humans on the IT bill.	MSP, contractors, advisory contracts	Grow
Change/Projects	Time-boxed, defined deliverables.	ERP migrations, AI pilots, integrations	Transform
Shadow IT	IT spend that did not go through IT.	Card spend, individual subscriptions	Run

IT terms in plain English

Twenty-one terms that turn up in IT vendor proposals and board papers, in one sentence each.

SaaS: Software a vendor hosts and you rent: no server in your office.

IaaS: Cloud servers and storage you rent by the hour from a hyperscaler (Azure, AWS, Google).

PaaS: Cloud building blocks (databases, queues, runtimes) so developers do not have to manage servers.

MSP: Managed Service Provider: the outsourced IT team that runs your helpdesk and infrastructure.

MSSP: Managed Security Service Provider: like an MSP, but specifically for cyber monitoring.

Capex vs Opex: Capex: upfront purchase, depreciated over time. Opex: monthly or annual spend, expensed in year. Cloud is almost always Opex.

Shadow IT: IT spend or systems brought in by individuals or teams without IT knowing.

Shelfware: Software you have paid for that nobody is using.

TCO: Total Cost of Ownership: sticker price plus implementation, integration, training, and ongoing support.

TCV: Total Contract Value: the sum of all payments over the life of a contract.

ACV: Annual Contract Value: what one year of the same contract costs.

Utilisation rate: The proportion of seats, licences, or capacity actually being used.

Run rate: What current monthly spend would total if it carried on unchanged for 12 months.

Vendor lock-in: How hard and expensive it would be to leave a vendor: measured in months, not days.

SLA: Service Level Agreement: what the vendor promises and what they pay you if they miss.

BCP: Business Continuity Plan: how the business keeps operating during a disruption: people, premises, suppliers, and IT. DR is the IT-specific subset of BCP.

DR: Disaster Recovery: the IT plan and infrastructure for getting back up after a major incident. Should be a section of your BCP, not a separate document.

RTO: Recovery Time Objective: how long you can tolerate a system being down before the business hurts.

RPO: Recovery Point Objective: how much data you can afford to lose (e.g. 'the last 4 hours').

BYOD: Bring Your Own Device: staff using personal phones or laptops for work.

Cyber Essentials: UK government-backed cyber baseline scheme: increasingly required by insurers and tenders.

10 questions the board will ask about IT spend

Run these on yourself before the board runs them on you. If you cannot answer one in a sitting, that gap is your first to-do.

1. What is our total IT spend, broken down by Run / Grow / Transform?

What a good answer sounds like: A clear three-number split. Not 'about a million'. If you cannot give it today, the toolkit will by the end of week one.

2. What is our utilisation rate on the top five vendors by spend?

What a good answer sounds like: Hard numbers per vendor, with how they were measured. 'Everyone uses it' is not an answer.

3. Which contracts come up for renewal in the next 90 days, and what is the GBP value?

What a good answer sounds like: A dated list. If nobody owns the renewals calendar, you have a silent auto-renew problem.

4. How concentrated are we on our top three vendors?

What a good answer sounds like: A percentage. If it is over 60 percent, ask what your exit plan looks like.

5. How much shadow IT do we have, and how do we know?

What a good answer sounds like: Card-statement spend on tools, plus a method for spotting new ones. 'None that we know of' means the answer is high.

6. How much are we spending on AI tools and pilots, and what are we measuring?

What a good answer sounds like: A single line on the AI bill, plus what business outcome each pilot is testing.

7. On our largest contracts, what does the exit clause say?

What a good answer sounds like: Notice period, data extraction terms, transition support. If you cannot say without checking, that check is this week's job.

8. When did we last benchmark our IT spend against peers?

What a good answer sounds like: A date and a source. If never, your top three vendors are setting your prices.

9. Who is the named owner for every contract above GBP 5,000?

What a good answer sounds like: A person, not a team. 'IT' is not a person. 'The team' is not a person.

10. What is our current Run / Grow / Transform split, and what should it be in 12 months?

What a good answer sounds like: Two percentages and a one-sentence reason. If the future state matches the current state, your growth will stall.

The board narrative template

The board one-pager (tab 08 of the workbook) auto-generates this paragraph from your inputs. The template below is what fills the blanks.

"Our [FY] IT spend is GBP [Total], which is [%] of revenue and GBP [GBP/FTE] per employee. [Run%] goes on Run (keeping the lights on), [Grow%] on Grow (improving what we have), and [Transform%] on Transform (new capability). We have identified GBP [Waste] of waste, of which GBP [90-day] is actionable within 90 days."

The three-slide outline

The PowerPoint deck in folder 02_Board_Output_Templates is a board-ready version of the same data.

Slide 1: Where our IT money actually goes. Total spend, % of revenue, GBP per employee, and the Run / Grow / Transform split.

Slide 2: Where the waste is. Six waste tests with GBP exposure on each, and the headline 'actionable in 90 days' figure.

Slide 3: Three decisions we are asking the board to confirm today. Each decision has a GBP impact, an owner, and a confirmation date.

The waste finder

Six tests, run against the line items in tab 02. Each test is one SUMIF formula. The point is not the formula; it is having the question.

1. Duplicate tools

Two suppliers doing the same job. The classic case is two video-conferencing tools, two project-management tools, or two file-sharing tools. Name and GBP each.

2. Sub-50 percent utilisation

Seats bought, seats unused. Fix the seat count at renewal, not by guessing now.

3. Silent auto-renew (90 days)

Contracts ending in the next 90 days that auto-renew. Every one is a missed opportunity.

4. Shelfware

Software with 0 percent utilisation. Cancel at renewal.

5. Stale contracts

Anything not re-tendered in three years. Market prices have probably moved.

6. Shadow IT

Card-statement spend outside the IT contract list. Often the same tools, ten times over, on ten different cards.

UK SaaS waste: the published numbers

Approximately 18 to 20 percent of UK SaaS spend is waste or risk (ITBrief UK, 2025). *[Sourced]*

Around half of enterprises waste 10 percent or more of their software, SaaS, and cloud budget (EasySAM, 2024). *[Sourced]*

Sector benchmark bands

How to use these bands

These ranges are mid-market proxies, not regulatory thresholds. They are useful for the question 'are we materially out of line with our peers?' and unhelpful for any question that ends in 'should we be at exactly X percent?'. Validate your figure against your own management accounts before quoting any of these to a board.

Metric	Range	Source / flag
IT spend as % of revenue: all-industry median	3-5%	Avasant [Sourced]
IT spend as % of revenue: Banking / Financial Services	7-11%	Avasant [Sourced]
IT spend as % of revenue: Manufacturing / Distribution	1.5-3%	Avasant [Sourced]
IT spend as % of revenue: Professional Services	4-7%	Avasant [Sourced]
IT spend as % of revenue: Retail	3-5%	Avasant [Sourced]
Global IT spend growth 2025	+9.3% YoY	Gartner Oct 2024 [Sourced]
CFOs expecting larger IT budgets in 2026	~75%	Gartner via CFO Dive Feb 2026 [Sourced]
UK SaaS spend wasted (unused / duplicate / risky)	~18-20%	ITBrief UK Nov 2025 [Sourced]
Enterprises wasting 10%+ of software / SaaS / cloud	~50%	EasySAM Aug 2024 [Sourced]
Run / Grow / Transform typical split	~70 / 20 / 10	RGT framework [Sourced: directional]
IT cost per employee: UK mid-market knowledge worker	GBP 2,500-6,500	[Indicative: CTO experience]
Top-3 vendor concentration	35-60%	[Indicative: CTO experience]
Shadow IT as % of total IT spend	15-30%	[Indicative: CTO experience]

Worked example: what your board pack looks like

All figures below are [Example only]: fictional, for illustration. This is what tab 08 of the workbook prints, populated from your inputs.

Example Professional Services Ltd · FY2026 · IT spend, board view		
Total IT GBP	% of revenue	GBP per employee
GBP 1,514,220	3.8%	GBP 6,883
Run %	Grow %	Waste pool GBP
48.4%	35.4%	GBP 176,180

"Our FY2026 IT spend is GBP 1,514,220, which is 3.8% of revenue and GBP 6,883 per employee. 48.4% goes on Run (keeping the lights on), 35.4% on Grow (improving what we have), and 16.2% on Transform (new capability). We have identified GBP 176,180 of waste, of which GBP 95,680 is actionable within 90 days."

Three decisions asked of the board today

#	Decision	Owner	Confirm by
1	Approve exit from duplicate video conferencing contract by 30 June 2026.	[Owner]	[Date]
2	Mandate IT owner sign-off on all renewals above £5,000.	[Owner]	[Date]
3	Commission a vendor rationalisation review for Q3 2026.	[Owner]	[Date]

Common traps

Treating IT as a single line on the P&L

If your management accounts show 'IT' as one number, the board has no way to challenge it. The toolkit forces the breakdown.

Letting auto-renewals run unchallenged

Most contracts auto-renew unless you give 30 to 90 days' notice. Most businesses do not have a renewals calendar. Most vendors quietly bank the price increases.

No named owner for contracts

If the only person who can answer a vendor question is 'IT', you have no leverage. Owners go in tab 02, column J.

Confusing activity with value

Your MSP can be very busy delivering things you do not need. Activity reports are not value reports.

Benchmarking against the wrong sector

An FS firm spending 4 percent on IT is starving its function. A manufacturer spending 4 percent is overspending. Sector matters.

Letting the MSP set the agenda

Your MSP's job is to deliver what they sold you. Their job is not to tell you whether you should still be buying it.

Buying AI tools before the data is clean

Most failed AI pilots fail at the data layer, not the model layer. Spend on data quality before you spend on AI tooling.

Acting on what you find: a 90-day plan

The toolkit takes 30 to 90 minutes; acting on what it surfaces takes weeks. If you have read this far, here is the order to do it in.

Week 1: Gather

Pull 12 months of IT spend from your GL, MSP invoice list, and card statements. One row per supplier or recurring item in tab 02. Aim for 80 percent complete; perfect is the enemy of done.

Week 2: Categorise and map

Assign every row a category (column C). Sense-check the Run / Grow / Transform mapping (tab 03). Add named owners (column J).

Week 3: Run the waste finder and benchmark

Tab 06 surfaces the waste pool. Tab 07 puts your % of revenue against the sector band.

Week 4: Draft the board narrative

Tab 04 generates the paragraph. Tab 08 lays out the one-pager. The PowerPoint deck (folder 02) is the same story in three slides.

Month 2: Vendor conversations

Take the 'silent auto-renew' and 'sub-50 percent utilisation' lists into your top vendors. Most will renegotiate before they lose the contract.

Month 3: Board presentation and decisions

Three decisions, signed off in the minutes. GBP impact, owner, confirmation date for each.

About Mike Fraser

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Personal data inside the workbook (vendor names, owner names, contract values) stays inside the workbook. Nothing in this toolkit phones home, uploads data, or contains external links beyond the published mikefraser.me URLs.

Version history

Version	Date	Notes
v1.0	April 2026	Initial release.
v1.1	May 2026	Why this exists, the 10 questions, and common traps updated.
v1.2	September 2026	Now free, from mikefraser.me . Free licence. Author note updated. Google Sheets reference removed. Punctuation clean-up.