

For 20 years, companies have spent billions on ERP, CRM, and cloud. Most still fail to achieve meaningful ROI. The reason isn't technology — it's the wrong budgeting model.

The IT Illusion: Why Most Companies Never Realize ROI — and How CFOs Must Rewrite the Rules

IT budgeting is not a financial exercise. It is a strategic allocation of scarce capital. The quadrant you're in determines the IT you deserve — not the IT you want.

For twenty years, organizations have spent billions on ERP, CRM, cloud, and best practices — and most still cannot demonstrate meaningful ROI. The failure is not technological. It is structural: the wrong budgeting model, the wrong governance model, and the wrong accountability model, repeated at scale across every major IT cycle.

Most companies still budget IT bottom-up — a list of projects, a list of requests, a list of vendor proposals — and then wonder why the returns never materialize. IT ROI is impossible when capital is allocated without strategic context.

The only rational starting point is the strategic position of the business unit, not its wish list. The quadrant you're in determines the IT you deserve — not the IT you want.

WHY THIS MATTERS NOW

If companies had applied this discipline before the ZIRP era, they wouldn't be carrying today's burden of capital-intensive IT initiatives that never earned their keep. As real interest rates return, every dollar of IT spend that isn't earning a measurable return is now visibly expensive. The reckoning is here.

Start Here: The Quadrant That Determines Your IT Budget



Stars — Invest Time, Talent, and Capital. Stars are where the company's future is built. They deserve disproportionate attention — not just dollars, but executive focus, architecture discipline, and vendor oversight. Stars get growth-enabling systems, scalable architecture, automation that accelerates revenue, and dedicated IT and business leadership time. Stars are where IT becomes a force multiplier.

Cash Cows — Keep the Lights On (Nothing More). Cash cows get regulatory compliance, security, minimal maintenance, and zero "efficiency projects." Because every dollar spent here is opportunity cost — capital that should have gone to Stars. Cash cows are not where you optimize. They are where you harvest. "Spending more does not equate to getting more."

Dogs — Lipstick on a Pig. Dogs are for sale, for wind-down, or for strategic exit. Their IT budget should be measured by one metric: does this increase the marginal sale price? Dogs get cosmetic fixes, minimal upgrades, and only what's required to avoid operational failure. Nothing more.

Question Marks — Clarity Before Capital. Question marks are where companies waste the most IT money. They get cash-cow-level spend — no transformation, no modernization, no major commitments. Until strategy is clear, capital stays closed.

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This Quadrant Model Prevents Waste and Forces Strategic Discipline

"The budget process itself is not aligned with the needs of the business."

This model fixes that.

Why IT ROI Fails (And Why It's Not IT's Fault)

The budgeting model is wrong. Bottom-up budgeting rewards noise, not strategy. It funds whoever shouts loudest, not whoever creates value. The quadrant model forces strategic clarity, capital discipline, and enterprise prioritization.

The process model rewards activity, not outcomes. 82% of IT operations are best characterized as 'chaos', whereby success is achieved through the heroic efforts of a few. The right framework allocates 25% to planning and 25% to benefits realization. Definition of Done = business outcomes, not go-live.

Governance is designed for delivery, not ROI. Most companies still treat go-live as success. Business leaders must be accountable for realizing business benefits. IT owns technical readiness. Finance approves invoices based on performance, not effort.

The CFO’s New Model: IT as a Capital System

To fix IT ROI, CFOs must shift from:

Old Model	New Model
Bottom-up budgeting	Quadrant-based capital allocation
CIO-led governance	CFO-led vendor and value governance
Technical success metrics	Business outcome metrics
‘Go-live’ is the finish line	Benefits realization is the finish line
Vendor-defined scope	CFO-defined value and accountability

KEY TAKEAWAYS

- Start with the strategic position of the business unit — not the wish list. The quadrant you're in determines the IT you deserve.
- Stars get disproportionate resources: growth-enabling systems, scalable architecture, dedicated leadership time.
- Cash Cows get only what sustains the harvest. Zero efficiency projects. Every dollar here is opportunity cost.
- Dogs get only what increases the marginal sale price. Question Marks get cash-cow-level spend until strategy is clear.
- Governance must shift so business leaders own benefits, IT owns technical readiness, and invoices are approved based on performance — not effort.

PLATEAU STRATEGY

Capital Efficacy
Series

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Four continents. Multiple capital cycles. I've watched brilliant CFOs get blindsided — by vendors selling certainty, by organizations caught in politics, by leaders advancing careers ahead of the balance sheet.

We work alongside CFOs so they walk into every room ready for the conversation that defines whether they keep the seat.

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