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IT Innovation Budgets in Turbulent Times*Matthias Kiessling¹, Steffen Wenzel¹, Lutz Kolbe²*

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In past economic downturns, companies did first of all cut IT budgets and budgets for innovation. In the current economic situation companies are not only confronted a cyclical downturn, they are faced a fundamental question about the way they do business. However, the IT organization has the potential to reduce the negative effects of the economic downturn for the company. Furthermore, the perception of the IT organization has changed towards a major enabler of business innovation. The paper investigates the development of IT innovation budgets and the influence of an IT innovation strategy on the budget. Results show that IT innovation budgets are very resistant and do not change as much as IT budgets. Moreover, developing and implementing an IT innovation strategy has a positive impact on the available budget for IT innovations.