

Market Definitions and Methodology: IT Services

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Initiatives: [Technology Market Essentials](#)

This document details methodologies, segmentation, definitions and research metrics used for Gartner's regularly published IT services regional and country-level Market Share and Forecast statistics reports.

What You Need to Know

Gartner publishes annual Market Share and quarterly Forecasts for key IT services markets. This document provides details of the methodology used to develop the IT services data as well as the definitions of terms used for each service segment within the IT services markets.

Any modifications to our Market Share and Forecast segmentation and/or definitions are published as Update notes for the relevant Market Definitions and Methodology documents in the fourth quarter. Typically, these modifications are then applied in quarterly and annual Market Share publications, publishing in the second quarter, and subsequent forecast publications.

Introduction

Gartner methodology guides cover our overall approach to market sizing and forecasting. This research is intended to be used in conjunction with the following Gartner research:

- Market Share: IT Services (updated annually)
- Forecast: IT Services (updated quarterly)
- Forecast: Public Cloud Services (updated quarterly)
- Market Share Analysis: IT Services
- Forecast Analysis: IT Services

The IT services market taxonomy can be found in the High-Level Definitions and Segmentation section.

Gartner regularly revisits, evaluates and updates its IT services market definitions and segmentation to align with changing market trends and complement the way our clients understand and consume our data. This may result in definition and methodological changes, as well as how we track and segment the markets, resulting in changes to our market share for segment representation. It may also result in changes in market sizing methodology, thereby impacting the market size numbers.

Notable Changes

Effective with the 2Q23 IT services Forecast publication, Gartner will make the following label changes to its quarterly IT services Forecast segmentation:

- Merge the Segment 5 line items “BPaaS” and “Asset-Intensive Digital Business Process Services” to a single-line item, “Digital BPS.”
- At Segment 6, rename “Asset-Intensive Digital Business Process Services” to “Digital BPS: Asset-Intensive.”
- At Segment 6, rename “Cloud Payment Processing” to “Digital BPS: Cloud Payment Processing.”

At the same time, Gartner is limiting the number of symbols in Forecast and Market Share reports to remove the possibility of misinterpretation. Particular attention will be paid to minimizing and eventually removing the use of “|” (pipe), “+” (plus sign) and “,” (comma) symbols in nonvendor names.

Market Methodology

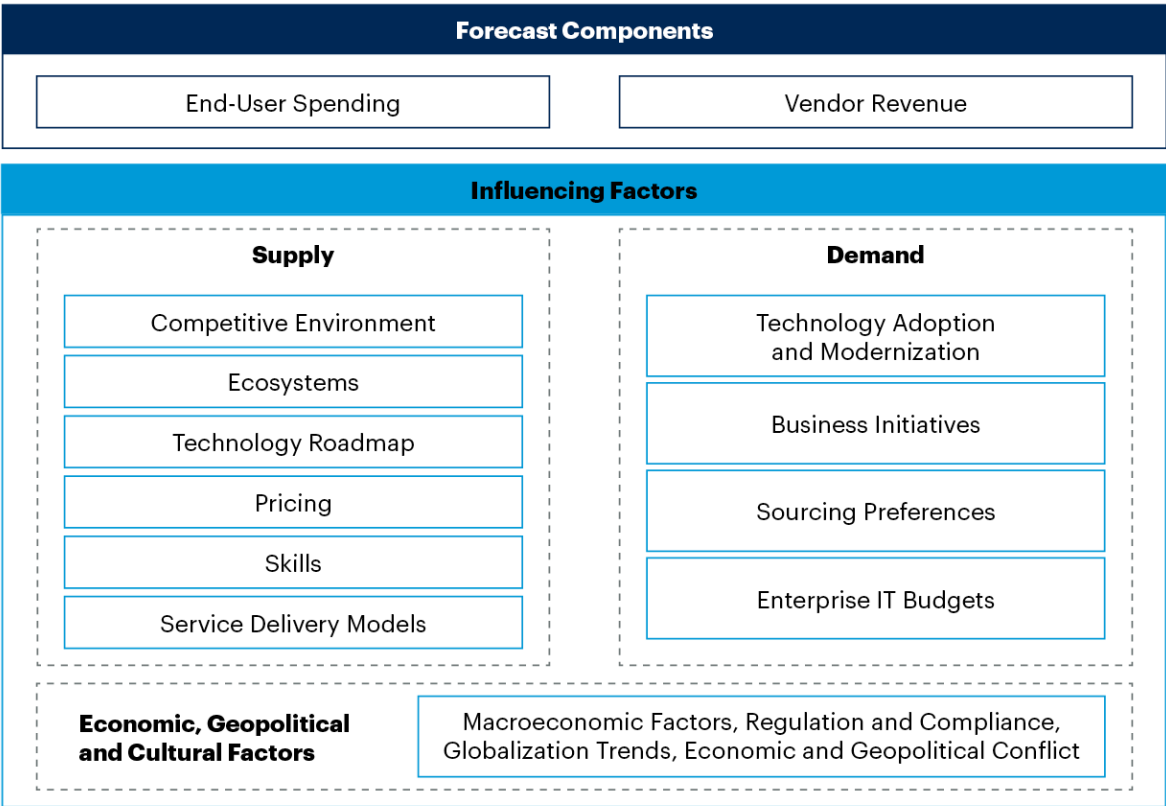
This document is intended to describe the methodology and segmentation that is specific to the IT services market. For Gartner’s high-level Forecast and Market Share methodology, see [How Gartner Forecasts a Market](#) and [How Gartner Estimates Market Share](#).

IT Services Forecast Market Model

Gartner’s IT services forecast methodology is based on a market model, which incorporates all the factors important in describing the structure and dynamics of a market. A market model depicts how we represent a market for forecast purposes; it is presented as a diagram in the Forecast Analysis reports and is designed to convey the methodology employed in creating the forecast. The market model diagram shows the logical dependencies (influencing factors) that the forecast is based on and the associated forecast assumptions (see Figure 1).

Figure 1. IT Services Forecast Market Model

IT Services Forecast Market Model



Source: Gartner
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How Market Share and Market Size Are Determined

Each year, Gartner publishes market share statistics based on updated, comprehensive revenue models for the leading IT services providers by service segment, geographical area and vertical market. We concentrate on monitoring the largest providers that exert the most influence on the market.

Market share is calculated by dividing our estimate of each vendor's IT services revenue by the market size. Statistics on individual vendors are based on revenue. Total market size is an estimate of end-user spending.

IT services market sizing is developed by following these steps:

- Establishing provider revenue data for the vendors that are tracked. We track IT services providers based on our assessment of their global market impact, and for regional or country-specific providers, based on their impact in the region/country.
- Estimating revenue for remaining providers not tracked in published research.
- Deducting an estimate for subcontracting.

The net result of the final two calculations appears in summary form as "Other IT Services Vendors" in our market share data. The total when adding "Other IT Services Vendors" to the revenue for each "named vendor" tracked is our market size estimate for end-user spending. This total estimate published in the market share data files, for the two most recent years of end-user spending, is the market size from which we start each forecast.

The estimates for "Other IT Services Vendors" are developed separately for each country tracked. Estimates are created by leveraging data from our current forecast by company size, and by Gartner's established, extensive statistics on current and past IT services spending, end-user survey data, economic and demographic statistics, as well as local analyst expertise. Since the IT services market is highly fragmented and contains a large number of small companies, it will never be possible to exactly determine the size of "Other IT Services Vendors." Therefore, historical market sizing changes as our view on this factor evolves.

The two-year end-user spending estimates from Gartner's market share repository form the historical starting point for IT services forecasts. As a result, absolute values of first-year market history will alter slightly to preserve the known growth rates. We use this methodology because the absolute size of the IT services market is difficult to definitively assess — given the many small players and the changing scope of activities recognized as IT services. In contrast, growth rates represent some of the most verifiable data that we develop, because most large vendors publicly report several years of financial information. Growth rates are also a universally comparable metric across all sectors. For these reasons, the first-year growth rate — rather than absolute value — is the metric preserved in our data model.

High-Level Definitions and Segmentation

Definitions apply hierarchically and should be interpreted in relation to the IT services market taxonomy figure (see Figure 2). For example:

- The definition for IT services applies to all IT services segments.
- The definition for consulting applies to all Segment 5 business consulting segments.
- The definition for Segment 5 business consulting applies to all Level 6 segments under business consulting. So, for this example, the full definition for business strategy includes the definition for IT services, consulting, business consulting and business strategy.

“IT services” refers to the application of business and technical expertise to enable enterprises to create, access, manage and optimize information technology and IT-intensive business processes provided by an external IT services vendor. IT services do not include stand-alone hardware product development.

The IT services market is evaluated in three dimensions:

- Geographic area — Segmentation based on buyer’s location.
- Vertical — Segmentation based on buyer’s industry.
- Market segment — In segmenting the IT services market, we consider both the type of skills that are employed to deliver the service and the capabilities specified in the purchase agreement. This market segmentation can also be aligned with the type of engagement provided by external service providers (ESPs):
 - Design
 - Build
 - Run
 - Cloud access
 - Support

The market segments identified as service type “cloud access” are also components of the quarterly public cloud forecast.

Note: In addition to the IT services forecast segments, the public cloud forecast publication includes forecast data for other cloud market segments, including the public cloud services also reported as components of the software market, such as:

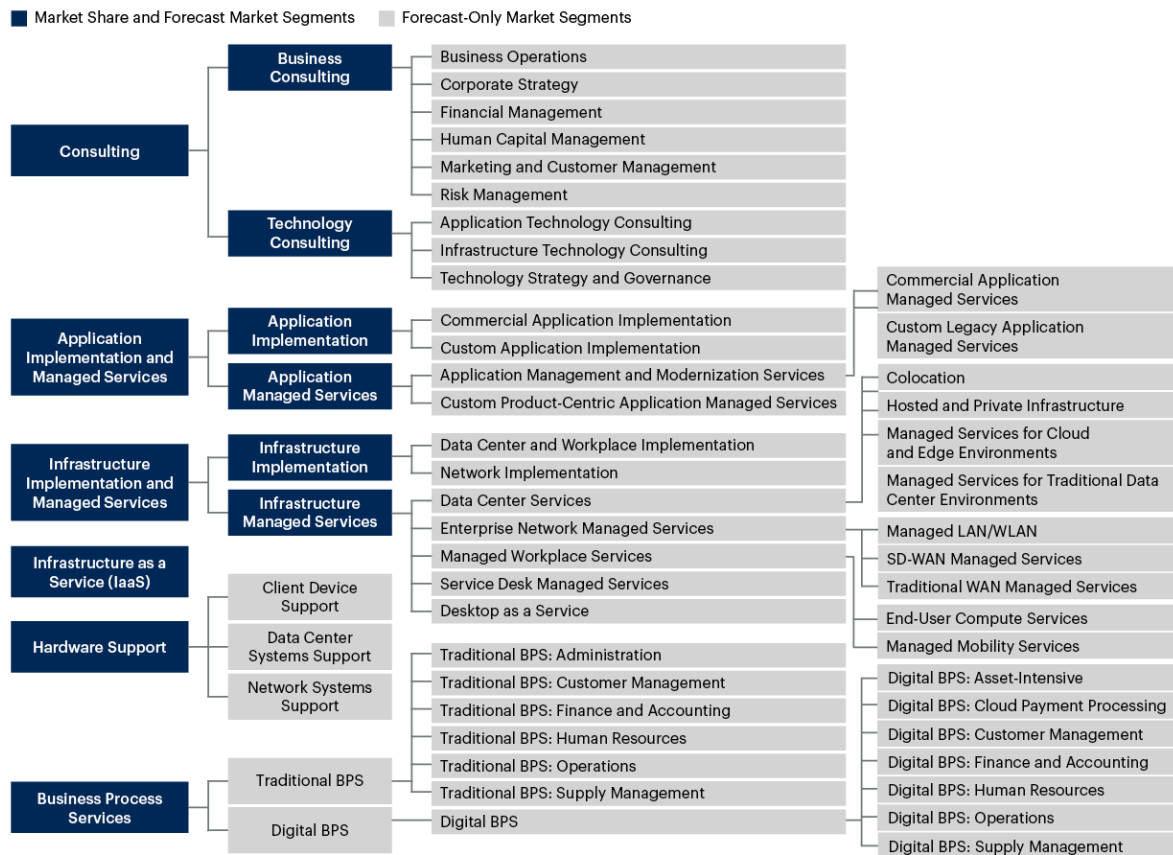
- Software as a service (SaaS)
- Platform as a service (PaaS)
- Cloud management
- Security services

IT Services

IT services include consulting, implementation, managed services, infrastructure as a service (IaaS), hardware support and business process services (BPS). Figure 2 demonstrates the IT services market taxonomy. These services are defined in the following sections.

Figure 2: IT Services Market Segmentation

IT Services Market Segmentation



Source: Gartner
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Gartner

Consulting

Consulting services are project-based advisory services that leverage the expertise of skilled business and technology specialists to help clients affect strategic change and achieve sustainable operational improvements. There are two main categories of consulting included in Gartner's definition of consulting services: business consulting and technology consulting. Both business consulting and technology consulting services are consumed by clients across all industries.

Business Consulting

Business consulting services included in Gartner's IT services forecast are limited to advisory services that preface, enable or influence the adoption of IT. These services may include business process transformation, business process redesign or reengineering, business performance improvement, corporate compliance, risk management, governance, and sourcing advisory. Gartner segments the business consulting market into corporate strategy, business operations, financial management, risk management, human capital management, and marketing and customer management. Digital business consulting services (DBCS) represent a growing subset of the business consulting market. DBCS is an overlay of the formal taxonomy that Gartner applies on top of the same data to call out an important trend – namely, the increasing portion of business consulting dedicated to helping clients achieve their digital business ambitions. DBCS defines opportunities for digital transformation and optimization, which include the use of emerging technologies to create operational change in an organization.

Business consulting services are discrete projects that may be individually contracted or sourced as part of a larger technology implementation initiative or as preludes to managed service or outsourcing engagements. Regardless of how the services are sold and delivered, the business consulting services considered in Gartner's IT services forecast directly affect IT. This distinguishes them from other types of consulting services that are not directly related to IT or digital business such as pure strategy. Business consulting segments are as follows.

Corporate Strategy

Corporate strategy services advise clients in the development of their strategy and roadmap by analyzing the risks and opportunities. They typically focus on cross-functional client issues, including innovation, digital, regulatory, sustainability, growth, transformation, post merger and acquisition (M&A) integration, and pricing strategies that precede configuration of ERP or other software. These are delivered as project-based services to IT and business leadership.

Business Operations

Business operations services provide advice that improve quality and efficiency for business operations in an organization, such as process reengineering and improvements derived from the business strategy. These are delivered as project-based services to business leadership.

Financial Management

Financial management services provide advice on strategic cost restructuring and optimization through financial assessments and visioning, operational finance analysis, sourcing advisory, financial transformation, and process improvement. They are delivered as project-based services to business or finance leadership.

Risk Management

Risk management services provide advice to maximize security and stability while minimizing risks. These services include risk strategy, risk reporting, risk monitoring, security, compliance, forensics, fraud, cybercrime, data breach response, risk analytics, risk operations, event response and business continuity planning. They are delivered as project-based services to business or finance leadership.

Human Capital Management

Human capital management services provide advice on improving employee-focused processes, metrics and collaboration, and building an optimal working environment. This category is composed of advisory services related to HR strategy, planning and transformation, organizational design, workforce planning and performance, training, operations, service delivery model evaluation, organizational change management, organizational culture, leadership, talent management, and employee communication programs. They are delivered as project-based services to business or HR leadership.

Marketing and Customer Management

Marketing and customer management services provide advice on customer strategy, customer journey insight and experience, sales process improvement, and marketing transformation, including digital marketing and customer-related analytics management. They are delivered as project-based services to business leadership.

Technology Consulting

Technology consulting services are advisory services that help clients assess and develop technology strategies for optimal alignment with their corporate strategies or business processes. These services support customers' business and technology initiatives by providing strategic, architectural, operational and implementation planning.

Strategic planning includes advisory services that help clients:

- Align their technology strategies to business needs (which includes advice on sourcing, M&A integration strategy, planning and roadmaps)

- Assess their technology needs (including designing best-in-class IT organizations, processes and capabilities)
- Formulate system implementation plans

Architectural planning includes advisory services that combine strategic plans and knowledge of emerging technologies to create the logical design of the system and the supporting infrastructure to meet customer requirements. Operational assessment and benchmarking include services that evaluate the process efficiency and capacity of a client's technology environment. Implementation planning includes services aimed at advising customers on the development, rollout and testing of new solution deployments. Technology consulting segments are as follows.

Application Technology Consulting

Application consulting services provide advice and support to develop application strategies, design, and operational and implementation planning for custom-developed or packaged application software, including SaaS and hybrid SaaS/on-premises solutions. This may include anything from evaluation and selection through implementation and deployment. These are delivered as project-based services to IT or business application owners.

Infrastructure Technology Consulting

Infrastructure technology consulting services provide advice and support to develop strategies, design, and operational and implementation planning for IT hardware/software, OSs, facility and personnel, as well as network and communications equipment. This may include anything from evaluation and selection through implementation and deployment as well as readiness or security assessments, disaster recovery planning, workload optimization, architectural design and roadmaps cloud-based solutions or managed service providers (MSPs). These are delivered as project-based services to IT technology owners and architects.

Technology Strategy and Governance

Technology strategy and governance services provide advice and support for the planning, development and management of technology for the organization. These services include IT organization design, process optimization, architecting scalability, performance, control, service management and cost management, along with sourcing and captive center strategies. They also include evaluating enterprise technology as well as exploring the use of emerging technologies. They are delivered as project-based services to IT leadership.

Application Implementation and Managed Services

Application Implementation

Application implementation services provide project-based services for the configuration, development, deployment and/or integration of custom-developed package applications and/or commercially available applications, including SaaS, aiming to increase the performance of business processes. These services frequently serve to integrate or link internal and/or external business processes, and may include converting applications to run on different architectures. Services may also include helping clients with hardware and/or software configuration, tuning, staging, training, installation, migration, integration and testing. They may also include detailed design and implementation services that link application functionality (custom software, packaged software or cloud services) and/or data with each other or with the established or planned IT infrastructure. Specific activities might include project planning, project management, detailed design and implementation of software functionalities, application programming interfaces, Internet of Things devices, web services or middleware systems.

Commercial Application Implementation

Commercial application implementation services assist enterprises with installation, configuration, tuning and deployment of software developed by independent software vendors or SaaS providers. These services can range from simple installation to complex customization, including report and interface development, integration, and data loading. Typical applications include enterprise software (CRM, ERP, SCM), business intelligence (BI), analytics/cognitive/AI-related applications, security and applications supporting industry-specific business processes. These services are primarily project-based supporting IT or business users.

Custom Application Implementation

Custom application implementation services assist enterprises with design, development and deployment of software specifically built to satisfy unique business needs. This includes new software or software built with existing PaaS, web services or other reusable code. These services also include software engineering services, where a service provider is contracted to develop or build software that will become part of its clients' products or services, as well as custom-developed analytics or AI-based solutions and their associated reports. These services are primarily project-based supporting IT or business users.

Application Managed Services

Application managed services (AMS) are multiyear contracts to develop, maintain, enhance, optimize and manage one or more of a customer's business applications. The supported applications may be hosted on-premises, at an outsourced data center or in the cloud, and may be developed on PaaS and/or supplied as SaaS.

In AMS contracts, a service provider takes responsibility for one or more of the following:

1. **Application operations:** Operational care and management of middleware software layers (above the OS but below the business application code). Includes monitoring middleware performance; changing configuration parameters; maintaining hard-coded data or tables embedded within the applications; monitoring, updating and maintaining system interfaces; and deploying application updates, such as upgrades, patches and new releases. (Excludes reading or changing application code.)
2. **Incident resolution (Level 2/Level 3):** Resolve incidents concerning an application at Level 2 (L2) and/or Level 3 (L3). Includes problem identification, root cause analysis and defect correction. Excludes Level 1 (L1) service desk support but includes assisting users and answering user questions about the applications when L1 service desk support requests additional assistance.
3. **Value-added enhancements:** Execute minor functional enhancements to application code – typically restricted by contractual agreement to changes that can be made utilizing a limited amount of effort. Approximately 40 to 80 hours are common upper limits.
4. **Modernization and consolidation/rationalization:** Includes application portfolio analysis and subsequent consolidation of instances or systems, and rationalization of applications that are duplicative or not in use. Also includes reengineering of applications to be cloud-native and for hosting on the cloud, as well as migrating the applications to the hosted cloud infrastructure.

AMS does not include implementation or software development services sold as discrete projects or staff augmentation services. While development services may be a part of an overall AMS engagement, typically these are done as maintenance, minor or major enhancements. AMS contracts may include the transfer of client employees, IT assets and facilities to the service provider.

Application Management and Modernization Services

Application management and modernization services (AMMS) entail turning over management and/or development responsibility for a live production application to a service provider for performance-based outcomes. They are often measured through SLAs and enforced through financial incentives.

AMMS may include consolidation, rationalization and modernization (including migration of the applications to a private or public cloud) if these activities are part of the multiyear contract.

Commercial Application Managed Services

Commercial application managed services provide ongoing operations and maintenance for software available from commercial off-the-shelf (COTS) software vendors. Typical applications include enterprise software (CRM, ERP, SCM), BI and industry-specific applications. They are delivered as multiyear, SLA-based contracts for IT or business departments.

Custom Legacy Application Managed Services

Custom legacy application managed services provide ongoing operations and maintenance for software uniquely developed for an organization to satisfy its individual business needs. Custom legacy AMS may often involve a long-term application modernization strategy but can also be focused purely on maintaining a legacy system. They are delivered as multiyear, SLA-based contracts for IT or business departments.

Custom Product-Centric Application Managed Services

Custom product-centric application managed services provide a multidisciplinary team including business analysts, architects, developers, designers, testers and project managers who leverage agile and DevOps approaches. A continuous product-centric delivery team is responsible for the full application life cycle — from gathering requirements, developing software, testing and deploying it, to resolving L2/L3 support requests for incident resolution, defect correction or software enhancements. These teams could work on any software component, whether it forms part of the customer's products and services, or is an application within the customer's IT systems and are delivered as multiyear, SLA-based contracts.

Infrastructure Implementation and Managed Services

Infrastructure Implementation

Infrastructure implementation services provide project-based services for the development, deployment or integration of computing hardware (e.g., servers and storage devices) and network equipment (e.g., WAN, LAN or corporate customer premises equipment [CPE]) to build, run and manage the performance of enterprise IT resources. Increasingly, infrastructure services are procured by clients to assist them in migrating to the public and private cloud. Services may include helping clients with hardware or software procurement, configuration, tuning, staging, training, installation, and operability testing, as well as detailed design and implementation services that link with the established or planned IT infrastructure. Specific activities might include technology assessments, project planning, project management, hardware integration, detailed design and implementation of programming interfaces and/or middleware systems, and platform modernization, such as rehosting, migration to a converged infrastructure system or migration to cloud-based environments.

Data Center and Workplace Implementation

Data center and workplace implementation services provide skilled resources to design, deploy, upgrade or migrate IT infrastructure and software, including on-premises servers and storage, or implementing public/private cloud services. Services may include helping clients with hardware or software procurement, configuration, tuning, staging, training, installation and operability testing, as well as detailed design and implementation services. These services are delivered as time and materials (T&M) or fixed-price projects.

Network Implementation

Network implementation services provide skilled resources to design, deploy, upgrade or migrate IT infrastructure and software, including WAN, LAN or corporate CPE. Services may include helping clients with hardware or software procurement, configuration, tuning, staging, training, installation and operability testing, as well as detailed design and implementation services. These services are delivered as T&M or fixed-price projects.

Infrastructure Managed Services

Infrastructure managed services (IMS) are a multiyear or annuity contract/relationship, providing services, processes and methodologies for maintaining, enhancing, modernizing and managing compute, storage, desktop, service desk and network. These services can include any combination of hardware, software, facilities and personnel to build, run and manage the performance of enterprise IT technology. IMS includes traditional deployment methods and models, as well as managed services for cloud infrastructure and platform services.

Data Center Services

Data center services provide a combination of hardware, software, personnel and facilities managed for central repositories (either physical or virtual), which maintain back-end IT systems and data stores organized around a particular body of knowledge or pertaining to a particular business. Data center services provide customized managed services, typically in conjunction with transition and transformation services. Services may be provided at the client site or off-site, and can include facilities, personnel, hardware and software. IT assets may be owned by either the client or the MSP. Services may be facilitated by information management software and system management tools, which may be provided and used by the MSP or the client. The infrastructure managed may include physical hardware, virtualized infrastructure or resources in cloud services or from a third party. Contracts are service-level-based, and may include the transfer of client employees, IT assets and facilities to the MSP.

Managed Services for Cloud and Edge Environments

Managed services for cloud and edge environments provide IT services to manage a variety of IT infrastructures for both on-premises traditional data centers and in the cloud (hosted and private infrastructure, public cloud, and edge). The provider maintains the relationship with cloud and third-party providers with services delivered with end-to-end visibility and management of the entire environment. They are delivered as service-based contracts to support IT operations.

Managed Services for Traditional Data Center Environments

Managed services for traditional data center environments provide IT services that are entirely limited to noncloud, legacy technologies such as mainframe, legacy UNIX servers and nonmigratable applications/workloads. They are delivered as service-based contracts to support IT operations.

Hosted and Private Infrastructure

Hosted and private infrastructure services provide compute instances with preprovisioned OSs along with supporting storage and network resources within a provider-controlled data center facility. The infrastructure resources may be dedicated or shared, and may be physical or virtual. Delivery is a discrete resource-based agreement defined by SLAs, technical options and interfaces, and capacity and can be purchased by IT departments or business developers/application owners.

Colocation

Colocation services provide standardized, secured shared-facility space, power and HVAC for hosting IT infrastructure to augment or replace enterprise corporate-owned data centers. They typically include network connectivity, including high-speed internet access and public cloud access. Services in this segment are sold as distinct colocation agreements with usage-based billing, typically on a per-rack, per-square-foot or per-kilowatt basis.

Enterprise Network Managed Services

Enterprise network managed service contracts cover runtime management of WAN, LAN or other corporate network CPE in a wired or wireless network, and/or core network infrastructure, and/or other enterprise telecommunications assets. The services are governed typically by SLAs and charged on a monthly recurring basis. Enterprise network assets can be physical appliances or software instances that are either enterprise-owned or rented/leased as part of the service.

Managed LAN/WLAN

Managed LAN/WLAN services provide provisioning, configuration and operations for LANs and wireless network equipment including switches, routers, access points and controllers. Managed assets can be physical appliances or virtual (software instances) and can be owned by the client or provider.

Traditional WAN Managed Services

Traditional WAN managed services provide provisioning, configuration and operations for WANs used to connect business locations that span geographical locations (metro, regional, national or international). These services are inclusive of Multiprotocol Label Switching (MPLS) services, internet services and Ethernet WAN services, but do not include WAN transport or equipment.

- MPLS services — Private, Layer 3 Internet Protocol (IP) networking service, based on label-switched paths, delivered over last-mile access types, including time division multiplexing (TDM), fiber and copper-based Ethernet access, broadband/DSL and wireless cellular access.
- Internet services — Either dedicated internet accesses or contended internet services used for VPN connections to the WAN and/or local internet breakouts from enterprise locations.
- Virtual private LAN service (VPLS), Ethernet line (E-Line), Ethernet LAN (ELAN) and Ethernet virtual private line (EVPL) managed by the service providers. Often these services are delivered over the MPLS network.

SD-WAN Managed Services

SD-WAN managed services provide provisioning, configuration and operations for enterprise WANs using software-defined WAN (SD-WAN) solutions. These services include management of the technology and WAN transport; however, they do not need to supply the SD-WAN products or the WAN transport as part of the service. The WAN transport and equipment are not included.

Managed Workplace Services

Managed workplace services provide day-to-day management responsibility for operating and managing client devices that generally include desktop and mobility. These IT services include any combination (or all) of the product procurement, technical support and professional services as they specifically relate to the ongoing operation and management, including personnel resources, tools, assets and other associated requirements.

End-User Compute Services

End-user compute services deliver management, technical and field support services related to end-user devices, including hardware (desktops, laptops, supporting servers, end-user devices) and supporting software, network infrastructure, and processes. They may include desktop virtualization solutions and bring-your-own-device programs.

Managed Mobility Services

Managed mobility services (MMSs) provide IT support and business process services required to plan, procure, provision, activate, manage and support mobile devices, mobile network services, related mobile management systems and mobile applications. They include sourcing and logistics management, managed unified endpoint management (mobile only), security management, financial management (expense management), and program management (including professional services).

Service Desk Managed Services

Service desk managed services provide centralized information and support management services to handle a company's internal or external queries and operational problems about IT-related processes, policies, systems and use. These managed services include multilevel support, problem categorization and logging, problem tracking and escalation, and problem resolution, as well as problem management.

Service desk managed services are typically a multiyear contract in which a service provider takes accountability for one or all contacts in the client's service desk operations. Service desk outsourcing services provide help desk personnel, hardware, software and delivery facilities and, increasingly, the operations and automation tools required to perform the function. Clients pay for services on a volume basis related to either call volume or number of end users or devices being supported.

Typically, as the face of IT to the end user in an organization, service desk services are cross-functional in nature and span multiple IT operations towers, including infrastructure (data centers, networks and end-user devices) and applications. Individual service desk queues can be assigned to a tower-level outsourcing decision. However, we categorize service desk outsourcing within infrastructure managed services because it is most often considered part of the infrastructure budget, is contracted as an infrastructure decision, and will frequently be contractually bundled with managed workplace services.

Desktop as a Service

Desktop as a service (DaaS) is a service offering that provides users with an on-demand, virtualized desktop experience delivered from a remotely hosted location. It includes provisioning, patching and maintenance of the management plane and resources to host workloads.

Business Process Services

Organizations outsource business processes by delegating one or more IT-enabled business processes to an external service provider that, in turn, administers and manages the processes and agreed-upon outcomes based on predefined performance metrics. Business process service (BPS) providers offer buyers improved business process efficiency and effectiveness through the use of technology, data and knowledge expertise. Outsourced processes include knowledge-based processes as well as transactional ones, along with the support and administration of front-office, middle-office and back-office activities. Almost any business process or discrete part thereof can be outsourced to a BPS provider, with the boundaries regularly being widened to include more sophisticated processes. Entire processes or discrete subprocesses can be outsourced to form end-to-end, comprehensive service arrangements.

BPS contracts range from contracting for labor only, to labor plus process enhancement technologies and services, to BPS plus IT outsourcing (ITO) on a single contract, to digital BPS, such as asset-intensive digital BPS.

Digital BPS are ongoing managed services that run, monitor and optimize core business processes, whether functional or industry-specific, via highly automated and digitalized solutions that are contracted through subscription models and are based on business transactions or outcomes. The digitalization creates a transaction processing platform that includes services, assets, analytics and intellectual property that is specific to business processes and use cases. Business process as a service is a subset of these services that will evolve with additional digitalization and use-case specialization.

Traditional BPS and digital BPS are further segmented into:

- Administration
- Customer management
- Finance and accounting
- Human resources
- Operations
- Supply management

Administration

Digital BPS: Cloud Payment Processing (Digital BPS Only)

Cloud payment services are business process services provided online at a retail level. They are standardized and do not require special equipment or contracts with merchant acquirers. While cloud payment services traditionally have been the domain only of internet-based payment processing providers, major financial institutions are beginning to offer such payment services.

Payment Processing (Traditional BPS Only)

These services encompass the processing of paper checks, electronic data interchange (EDI), business and corporate credit cards, letters or lines of credit, automated clearinghouse (ACH) transactions, electronic invoices and payments, and insurance payments (such as excess value, credit, flexible parcel or collect-on-delivery service). The services include the administration of the transfer of payments between all parties involved and the reporting related to that administration.

Document Management (Traditional BPS Only)

These services include the provision of internal and external printed and electronic communications, including content creation, incoming document processing (for example, imaging and storage), multimedia presentation and archiving.

Customer Management

These services focus on customer selection, customer acquisition, customer extension and customer retention.

Customer Selection

Customer selection BPS refers to the process of identifying and selecting the most suitable customers for targeted engagement and acquisition. Providers deploy a comprehensive approach that encompasses market segmentation, data analysis, campaign design, communication planning (including media campaign creation, customer profiling, customer journey mapping, integrating, tracking and measuring), and other such techniques that enhance the efficiency and effectiveness of customer acquisition initiatives. The methodological approach to customer selection ensures that clients engage with the most valuable and compatible customer base, resulting in improved conversion rates, increased customer loyalty and sustained business growth.

Customer Acquisition

Customer acquisition BPS refers to the process of identifying, attracting and acquiring potential customers to help clients expand their customer base, drive revenue growth, and enhance business success through various marketing and sales activities. Providers deploy various techniques that involve lead generation, prospecting, solution design, negotiation and sales conversion. This includes offerings such as telesales, telemarketing, web sales, web marketing, mobile sales, mobile marketing, social marketing including crowdsourcing platforms, direct mail campaign management, channel management, field sales automation and digital agency work.

Customer Extension

Customer extension BPS refers to the comprehensive process of expanding and deepening existing customer relationships. It involves identifying opportunities to upsell or cross-sell additional products or services to current customers across all channels. This approach recognizes the potential for revenue growth by tapping into the customer base that has already demonstrated trust and engagement with the client's offerings. Through advanced customer data analytics, automation, reassessing customer needs, targeted marketing strategies and intelligent personalized experiences, providers effectively deliver tailored offerings to customers aiming to deepen customer loyalty, foster repeat business, and enhance overall profitability for clients.

Customer Retention

Customer retention BPS involves the extensive efforts and initiatives undertaken by BPS providers to retain and nurture existing customers. This involves skillful inquiry handling, adept problem resolution, efficient utilization of field service automation and the integration of customer self-service functions, among other techniques. Leveraging data-driven insights, comprehensive analysis of customer feedback and targeted retention strategies, providers contribute to the sustained growth and profitability of client businesses by maximizing the lifetime value of their customer base.

Finance and Accounting

Accounts Payable

Accounts payable refers to the financial function of managing and processing an organization's invoices and payments to suppliers. It encompasses the tracking, documentation and recording of all payable transactions, ensuring timely and accurate disbursement, and maintaining records. This service allows organizations to streamline their accounts payable processes, gain operational efficiency and reduce costs with benefits from improved accuracy, faster payment cycles, optimized cash flow management, enhanced supplier relationships and a greater focus on other activities.

Accounts Receivable

Accounts receivable refers to the financial function of managing and processing an organization's customer invoices and receivables. It involves the tracking, documentation and recording of all receivable transactions, ensuring timely collection, and maintaining comprehensive and precise records. This service enables organizations to streamline their accounts receivable processes, enhance operational efficiency and reduce costs with benefits from improved cash flow management, faster collection cycles, optimized credit control and enhanced customer relationships.

Other Finance and Accounting

Other finance and accounting services that contribute to the overall financial management and decision-making process within an organization are:

- Tax management, which includes ensuring compliance with tax laws and regulations, minimizing tax liabilities through tax planning strategies, preparing and filing tax returns, and addressing tax-related inquiries or audits
- Treasury and cash management, which focuses on optimizing the organization's cash flow, liquidity and financial risk

- Yield analysis, which refers to assessing the profitability and risk associated with various investments or projects, conducting financial modeling and analysis to determine potential returns, and making informed decisions based on the yield analysis outcomes
- Preparation of asset schedules, which is the process of creating detailed schedules or listings of an organization's assets, such as property, plant and equipment (PP&E), intangible assets, or investment portfolios
- Risk analysis, which helps in identifying, assessing and managing potential risks that may impact the financial performance or stability of an organization

Human Resources

Payroll and Benefits

Payroll and benefits BPS includes payroll processing (including time and attendance tracking and tax compliance services). These services also include health and welfare benefits enrollment and ongoing administration, defined benefits and defined contribution program administration, Consolidated Omnibus Budget Reconciliation Act (COBRA) 1985 administration (in the U.S.), and other services related to payroll and benefits administration.

Talent Management

Talent management BPS includes services related to recruitment, learning and development, preemployment services (for example, background checking), workforce administration (including relocation and expatriation administration), workforce planning, compensation management, performance appraisal and competency assessment, as well as career development and planning.

Operations

Cloud E-Commerce Enablement (Cloud Only)

E-commerce BPS enables online retailing. Delivered as a cloud business process service, it is a fully managed service in which providers deliver and manage a standardized platform for delivery of the services, and the resulting business outcomes.

Service Industries

Service industry BPS is targeted to the operational processes that are specific to service industries. In Gartner's vertical taxonomy, these industries are transportation, utilities, healthcare, communications, financial, government, education, retail, wholesale, services (for example, professional services), agriculture, mining and construction industries.

Product Industries

Product industry BPS is targeted to the operational processes that are specific to discrete and process manufacturing industries.

Supply Management

Logistics

Logistics BPS includes information-centric supply chain planning, product distribution, and domestic and international transportation. This does not include the physical movement of goods throughout the cycle.

Procurement

Procurement BPS includes the information-centric buying processes related to direct and indirect procurement.

Warehousing

Warehousing BPS includes the information-centric storing processes that cover warehouse and inventory management.

Digital BPS: Asset-Intensive (Asset-Intensive Digital Business Process Services)

These are ongoing managed services that run, monitor and optimize core business processes, whether functional or industry-specific, via highly automated and digitalized solutions that are contracted through subscription models and are based on business transactions or outcomes. They are delivered via platform-based solutions that are composed of services, assets, analytics and intellectual property that are specific to business processes and use cases.

Infrastructure as a Service

IaaS is a standardized, highly automated offering in which computing resources owned by a service provider, complemented by storage and networking capabilities, are offered to customers on demand. Resources are scalable and elastic in near real time and metered by use. Self-service interfaces, including an API and a graphical user interface (GUI), are exposed directly to customers. Resources at the discretion of the service provider may be single tenant or multitenant and are hosted by the service provider.

Hardware Support

Hardware support contracts may cover the following at different response times, depending on the level of contract:

- Hardware replacement

- On-site field engineering
- Technical support
- Proactive monitoring

Hardware support services are predominantly sold as annuity support contracts, most commonly as one-year or three-year contracts. There is also noncontract support spending, typically billed as T&M.

Hardware support contracts are typically sold in the following ways:

- Resale (OEM support) — The most commonly purchased support is OEM-branded, OEM-delivered support. These SKU-based hardware support packages are purchased from different sources, including the OEM itself or from partners, including communications service providers (CSPs), systems integrators (SIs), MSPs or value-added resellers (VARs).
- Collaborative (co-delivery support) — Some OEMs have programs to authorize channel partners (including CSPs, SIs and VARs) to provide their own brand of support, which is backed by the OEM. This is commonly called “co-delivery” or “collaborative” support. In these programs, the channel partner typically is taking Level 1 and Level 2 calls and managing the relationship with the customer, but is able to escalate to the OEM for Level 3/backline support when needed. Typically, collaborative support partners are financially motivated to do more on their own, meaning they receive a higher discount on the price they pay the OEM for support if the number of escalations to the OEM is minimized.
- Multivendor support (MVS) (hybrid of resale/collaborative/third-party maintenance [TPM]) — This is when a service provider combines elements of other support types. Globally, MVS contracts are typically offered by global OEMs, CSPs and SIs.
- Third-party maintenance — Third-party maintenance is support services provided independently from the OEMs, often referred to as “TPM,” “OEM-independent maintenance,” “unauthorized maintenance” or “alternative maintenance.”

Gartner segments hardware support as follows.

Client Device Support

Client device support provides maintenance, field engineering, monitoring and technical support for client PCs, laptops, printers or other client devices. This is delivered as annual or multiyear SLA contracts.

Data Center Systems Support

Data center systems support provides maintenance, field engineering, monitoring and technical support for enterprise servers and storage. This is delivered as annual or multiyear SLA contracts.

Network Systems Support

Network systems support provides maintenance, field engineering, monitoring and technical support for enterprise networking and communications equipment. This is delivered as annual or multiyear SLA contracts.

Document Revision History

[Market Definitions and Methodology: IT Services - 9 September 2022](#)

[Market Definitions and Methodology: IT Services - 18 June 2021](#)

[Market Definitions and Methodology: IT Services - 6 July 2020](#)

[Market Definitions and Methodology: IT Services - 16 September 2019](#)

[Market Definitions and Methodology: IT Services - 1 November 2018](#)

[Market Definitions and Methodology: IT Services - 26 September 2017](#)

[Market Definitions and Methodology: IT Services - 20 September 2016](#)

[Market Definitions and Methodology: IT Services - 29 October 2014](#)

[Market Definitions and Methodology: IT Services - 25 June 2013](#)

[Market Definitions and Methodology: IT Services - 31 October 2012](#)

[Market Definitions and Methodology: IT Services - 2 December 2011](#)

[Market Definitions and Methodology: IT Services, 2010 - 23 September 2010](#)

[Dataquest Guide: IT Services Market Research Methodology and Definitions - 30 November 2009](#)

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Market Share: IT Services, Worldwide, 2022](#)

[Forecast: IT Services, Worldwide, 2021-2027, 2Q23 Update](#)

[Forecast: Public Cloud Services, Worldwide, 2021-2027, 2Q23 Update](#)

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