

# IT Key Metrics Data 2024: Industry Measures — IT Budget Practitioners Guide

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Initiatives: [Technology Finance, Risk and Value Management](#)

This document outlines best practices and resources available to support data preparation and alignment to the Gartner consensus model for organizations using the Gartner tools to undergo benchmarking exercises.

## Overview

### Key Findings

- Organizations often want to assess their spending and staffing levels as a part of mature IT cost management practices.
- The IT Budget tool is an interactive online benchmark tool which allows you to self-assess your organization's IT spending vs. industry peers.
- Preparing accordingly for the exercise not only helps speed up the process but also maximize value for effort. This document provides an outline of how best to prepare when benchmarking using the [Gartner IT Budget tool](#).

### Recommendations

- Leverage the [Gartner IT Budget tool](#) to establish a top-down benchmark and communicate annual spending and staff efficiency updates to your stakeholders.
- Use this document and its attachments as a starting point to set up your data, identify the right resources, and get familiar with the process. The attachments are available to download.
- Refer to the [Framework Definitions](#) and [FAQ](#) for additional guidance to prepare data.
- Use the best available data and create an audit trail for structured change management and opportunities to improve data quality for future revisions and repeatability.

- Review your results with a Gartner Expert to discuss next steps.

Analysis

How Does the IT Budget Tool Help?

Benchmarking is a foundational component of cost management and mature IT financial management practices. As CIO’s and IT leaders evolve IT financial management practices, benchmarking continues to be a foundational capability to identify opportunities for smarter spending.

IT Budget Practitioners Guide

IT Budget provides a fact-based benchmark vs. industry as the first-step to address the following key questions:

Figure 1: Key Questions Addressed

Key Questions Addressed	
Funding Digital and Transformative Initiatives	Am I spending enough on digital? Am I making the right investments?
	Where are our opportunities to gain efficiencies in our current IT spend to fund initiatives around digital, innovation, growth and transformation?
Delivering on IT Cost Optimization or Productivity Objectives	How do we identify and prioritize opportunities to reduce costs and/or increase services to the business
Increasing Partnership with the Business through Financial Transparency	How do we demonstrate our efficiency in IT, show the business what drives IT spending and transition demand management to business stakeholders?
Understanding IT Spend as a New Leader	How do I get line-of-sight into my IT spending as a new leader?

Source: Gartner (2023)  
ID: 801239



To support Step 1 in a 4-step process, the Gartner IT Budget Tool analyzes costs vs. the industry to identify optimization opportunities.

Figure 2: 4-Step process to Identify Opportunities for Smarter Spending



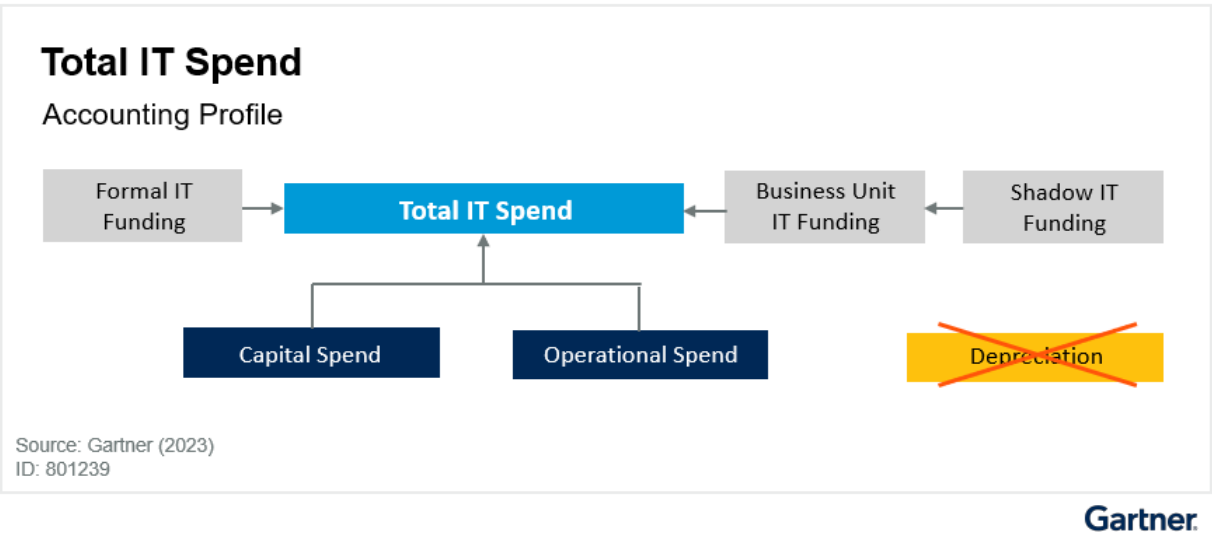
How Does It Work?

Total IT Spending Cost Model

“Total IT spending” analysis is based on the definition below:

The best estimate of total spending at the end of the 12-month budget period for IT to support the enterprise. IT spending/budget can come from anywhere in the enterprise that incurs IT costs, and it is not limited to the IT organization. It includes estimates by enterprises on decentralized IT spending and or “shadow IT.” It is calculated on an annualized ‘cash flow view’ basis, and, therefore, contains capital spending and operational expenses, but not depreciation or amortization.

Figure 3: Total IT Spend



Total IT Spend is further defined in [“IT Key Metrics Data 2024: Industry Measures – Framework Definitions”](#)

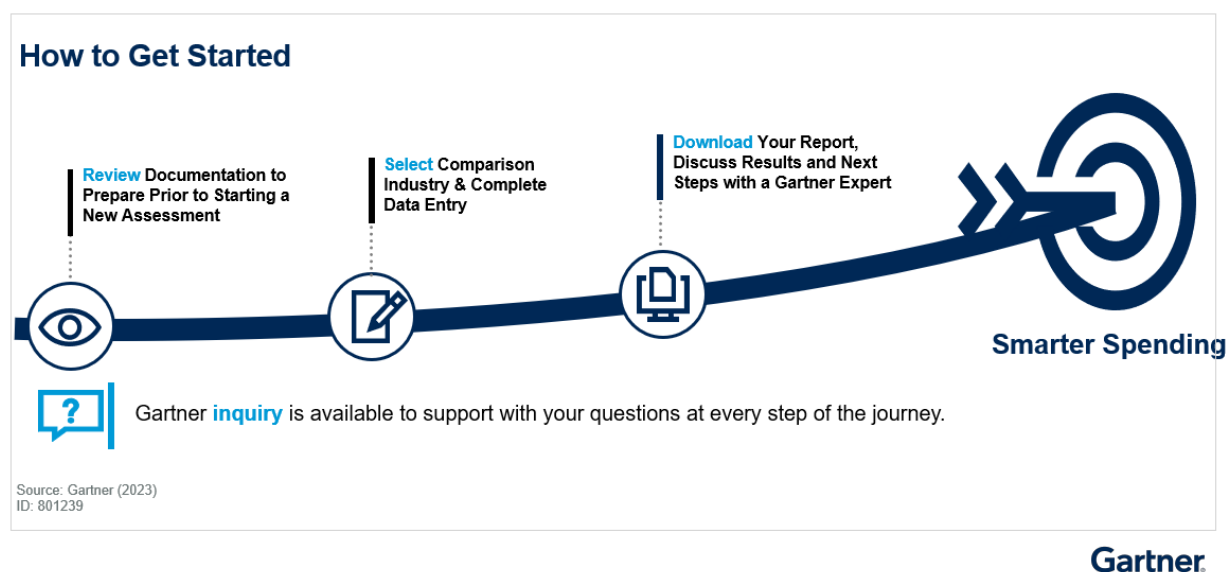
Additionally, the framework defines strategic, asset, and functional cost management views so you can understand what types of investments you are making. This in turn can pinpoint areas of overinvestment and underinvestment.

To analyze your IT costs against the IT Key Metrics Data (ITKMD) 2023 cohort, go to:

- [gartner.com/itbudget](https://gartner.com/itbudget)

## IT Budget Excel Toolkit

**Figure 4: How to get started**



The below resources are available to support your cost management journey to improve IT financial management and optimize business value:

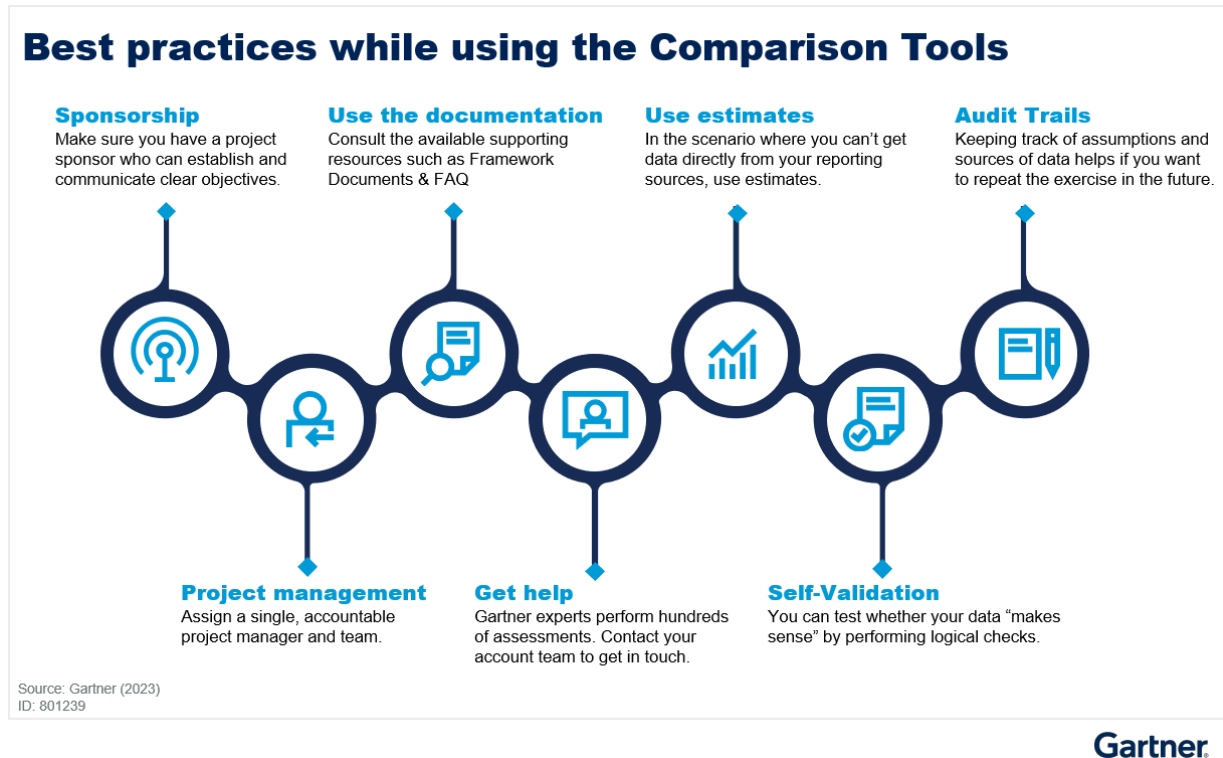
- [Working with IT Budget and Comparison Tools](#)
- [Framework Definitions](#)
- [Frequently Asked Questions](#)

Access is dependent on your level of Gartner subscription.

## How Difficult Will It Be?

The level of difficulty depends on your ability to gather data and the size of your organization, but there are some best practices.

Figure 5: Best practices while using the IT Budget Tool

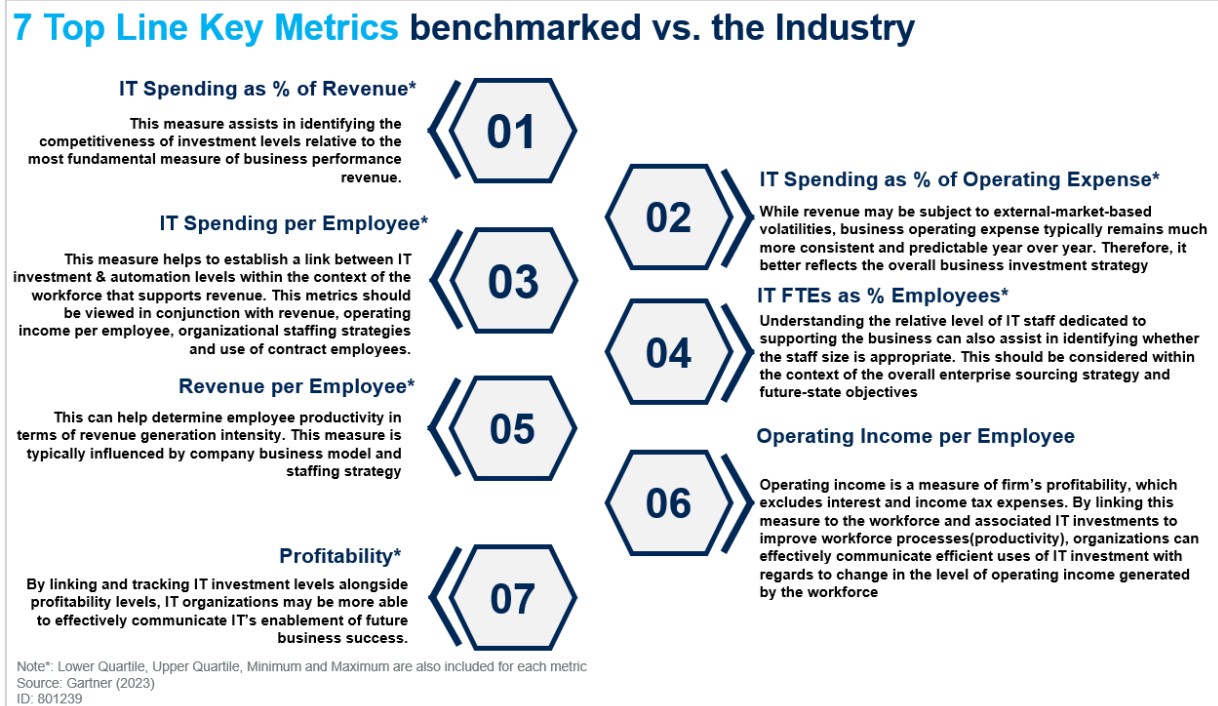


Check the FAQ: Check our [Frequently Asked Questions](#) document.

### Summary of Results

You can view the IT Budget sample output report at the link below. The output of the report contains top level metrics.

Figure 6: Sample Output Metrics



Gartner.

Once you have established a baseline comparison to define the current spending outlay, define the IT investment profile required for each IT investment metric to support the enterprise 5-year plan.

Figure 7: Recommended Approach

## Recommended Approach

Iterate	1. <b>Work with IT finance partners</b> to complete a rapid assessment. Make updates as data quality improves. Use “COPY” to update your analysis after submission
Improve	2. <b>Document ITFM processes</b> and data sources. Identify opportunities to improve data quality and framework alignment to shift to value drives cost management
Evaluate	3. <b>Review gaps by cost category</b> within the context of business and IT strategy

### Advice from Us

**Use the following starter questions to reflect on your current enterprise technology spending:**

- Which are our commodity capabilities- such as policy administration- that offer no competitive advantage? To what extent can we reduce operating costs without significantly affecting service levels?
- Which capabilities provide us competitive advantage(e.g.- self- service claims fulfilment for an insurance company)? How can we maximize business value while optimizing costs for these capabilities?
- Based on our business and IT strategy, where should we allocate disproportional spend?
- What are the possible reasons for significant variation of our costs from industry benchmarks?
- Does our spending allocation to Run/Grow/Transform activities align with out overall business strategy and roadmap?

Source: Gartner (2023)  
ID: 801239

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## Connect with Us

To learn more about Gartner IT Key Metrics Data ITBudget contact your account executive or write to us at [inquiry@gartner.com](mailto:inquiry@gartner.com).

## Recommended by the Authors

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

[“3-Year Roadmap for Strategic Cost Optimization”](#)

[“The Quintessential Guide to Strategic Planning”](#)

[“Strategic Cost Optimization Score for IT”](#)

## Document Revision History

IT Key Metrics Data 2023: Industry Measures — IT Budget Practitioners Guide - 8  
December 2022

IT Key Metrics Data 2022: Industry Measures — IT Budget Practitioners Guide - 16  
December 2021

## Recommended by the Authors

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

[Effectively Communicating Cost Optimization Across the Enterprise: A Strategy Perspective](#)

[Research Roundup for Digital-Outcome-Driven Metrics for Industries](#)

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