

IT Key Metrics Data 2024: Industry Measures — IT Budget Next Steps

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

Big enterprise changes require fact-based decisions regarding IT investments and costs. A critical evaluation of IT capabilities — past, present and future — is the cornerstone of delivering business value.

Key Findings

- CIOs and IT leaders are not leveraging benchmarking consistently and on an ongoing basis to ensure that costs are optimized, priorities are identified, and that IT investments are allocated accordingly.
- By using multiple IT investment metrics, organizations are better able to view IT spending within the context of business performance, IT supply and enterprise demand.
- The [Gartner IT Budget Tool](#) enables CIOs and IT leaders to generate enterprise-specific comparisons against their industry to support new, ongoing or recurring measurement programs. Baseline metric comparisons include IT spending as a percentage of revenue, operating expense, IT spending per employee, IT staffing levels and the distribution of IT spending by IT Technical and resource categories — to name but a few.

Recommendations

- Leverage the [Gartner IT Budget Tool](#) to generate a comparison report of your overall IT spending metrics vs. published industry standard on an ongoing basis (at least annually as part of the IT budgeting process).
- Use your IT Budget assessment as a source of comparative data to assist IT and enterprise leaders with fact-based decisions related to investments, planning, ongoing operational and planning assumptions in addition to the identification of quantitative best practices.
- Use of this information should be considered the beginning of an ongoing measurement program. Organizations should consider investing in customized, refined, prescriptive or in-depth benchmarking engagements on a recurring basis to support the budget cycle, or whenever making significant, fact-based IT or business decisions.

Overview

Big enterprise changes require fact-based decisions regarding IT investments and costs. A critical evaluation of IT capabilities — past, present and future — is the cornerstone of delivering business value. In general, clients find their journeys with benchmarking more successful by participating in surveys, and in effect, they get better at benchmarking by doing benchmarking.

The Gartner IT Budget is an online self-assessment tool that helps you to measure and manage your level of IT spending and staffing. It uses a proven, structured methodology and draws from our proprietary IT Key Metrics Data database. With data from approximately 3,000 organizations in 80 countries and 21 industries, this database is the most comprehensive — and authoritative — source of IT spending, staffing and performance data in the industry.

Along with the “traditional asset view” of the IT Budget, the tool also shows expenses’ link with business needs using “the services view” which empowers the business executives to gauge level of IT spending against their business needs.

The Traditional asset view of IT Budget from the tool can help answer questions like:

- How does IT spending and staffing at my enterprise compare to those of my peers?
- Where does my IT spending and staffing vary from peers?

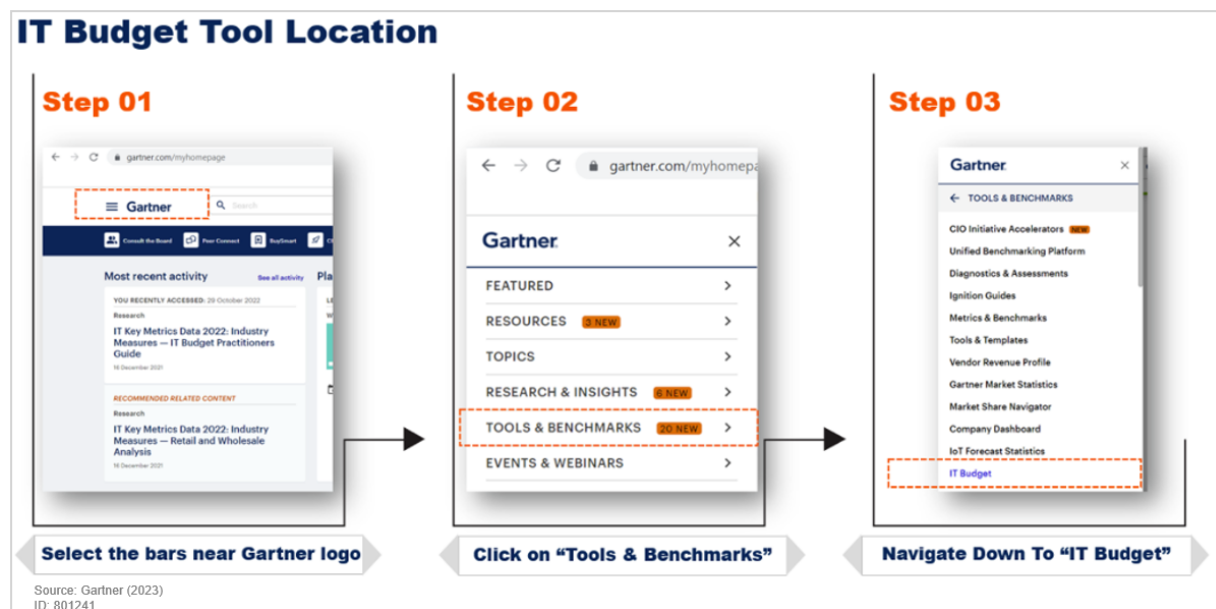
- Where do I have potential for cost savings?

The Services view of IT Budget from the tool can help answer questions like:

- Where does our IT spending go?
- How can we lower our spending?
- How does the level of spending affect business performance?

To start a new assessment and generate an IT metrics comparison report versus your industry, login to gartner.com, then scroll down and look at the left hand-side panel. Then click on the “IT Budget” link. Finally select “Start a New Assessment.”

Figure 1: IT Budget Tool Location



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NOTE: Many CIOs and IT leaders leverage the “Delegation” feature to email data collection and financial alignment activities to a colleague to complete on their behalf; as well as to drive a common measurement reporting structure across independent divisions, agencies, or business units to support coordinated budgeting, planning and communication exercises. Note: Delegates do not need to be Gartner Research seatholders.

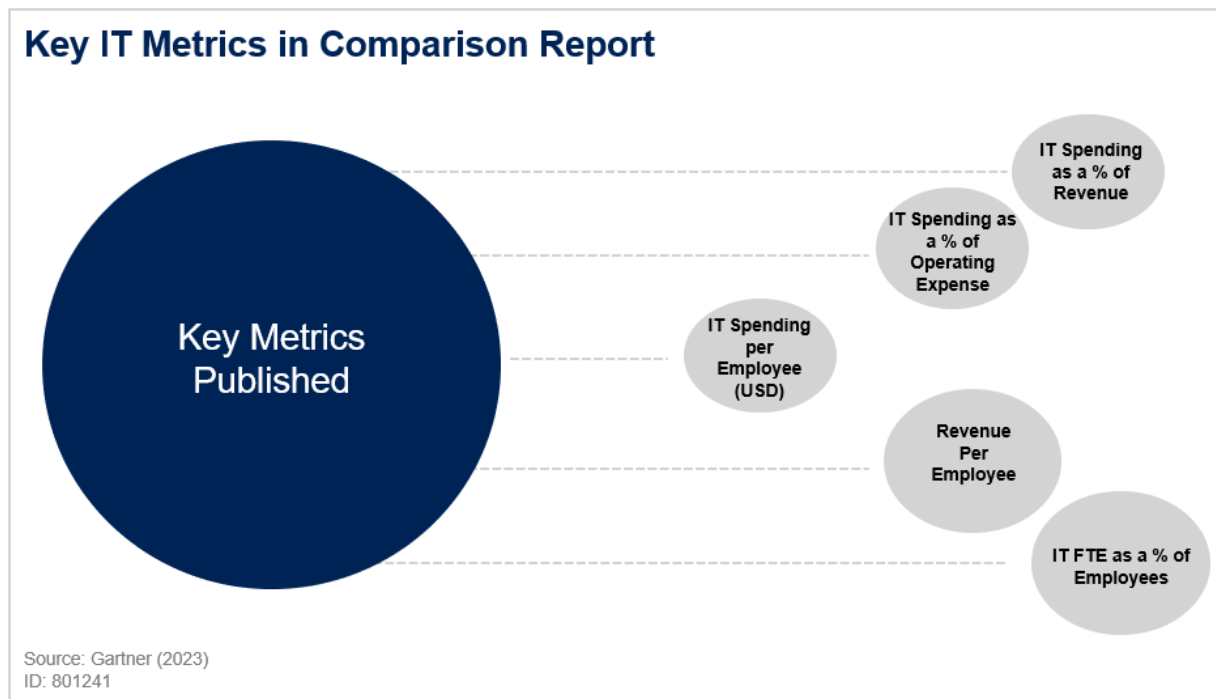
Once you have completed an assessment, you will receive a report in the form of PDF comparing your organization's IT metrics to the industry you choose. You can compare your organization's IT metrics to any one of 21 vertical industries or a cross-industry view as your primary industry comparison group. In addition to a primary industry comparison group, the IT Budget tool allows clients to select a secondary comparison group as an additional point of reference in their IT Budget assessment reports. Secondary comparison group options include:

- Primary industry selection, by revenue/operating budget scale
- Secondary industry, from the previously noted vertical industry list
- Region specific, cross-industry averages & medians.

You can create up to 50 assessments to track and update figures over time with more accurate representations, to run "what if" scenarios or to create assessments for different areas (business units, divisions, agencies) of your organization.

Metrics include upper and lower quartiles, in addition to averages for high-level measures such as IT spending — as a % of revenue, — as a % of operating expense, — per employee, as well as IT full-time equivalents as a % of employees (Figure 2).

Figure 2: Key IT Metrics in Comparison Report



Additionally, various detailed comparisons such as – levels of operational expenditures (OpEx) versus capital (CapEx) expenditures, % of the IT budget devoted to run, grow and transform the business, IT spending by technology domain, IT spending by cost category, allocation of human capital expenses (e.g., internal versus external) and by technology domain are also included in the comparison report (Figure 3 and Figure 4).

Figure 3: Detailed IT Spending Distributions in Comparison Report

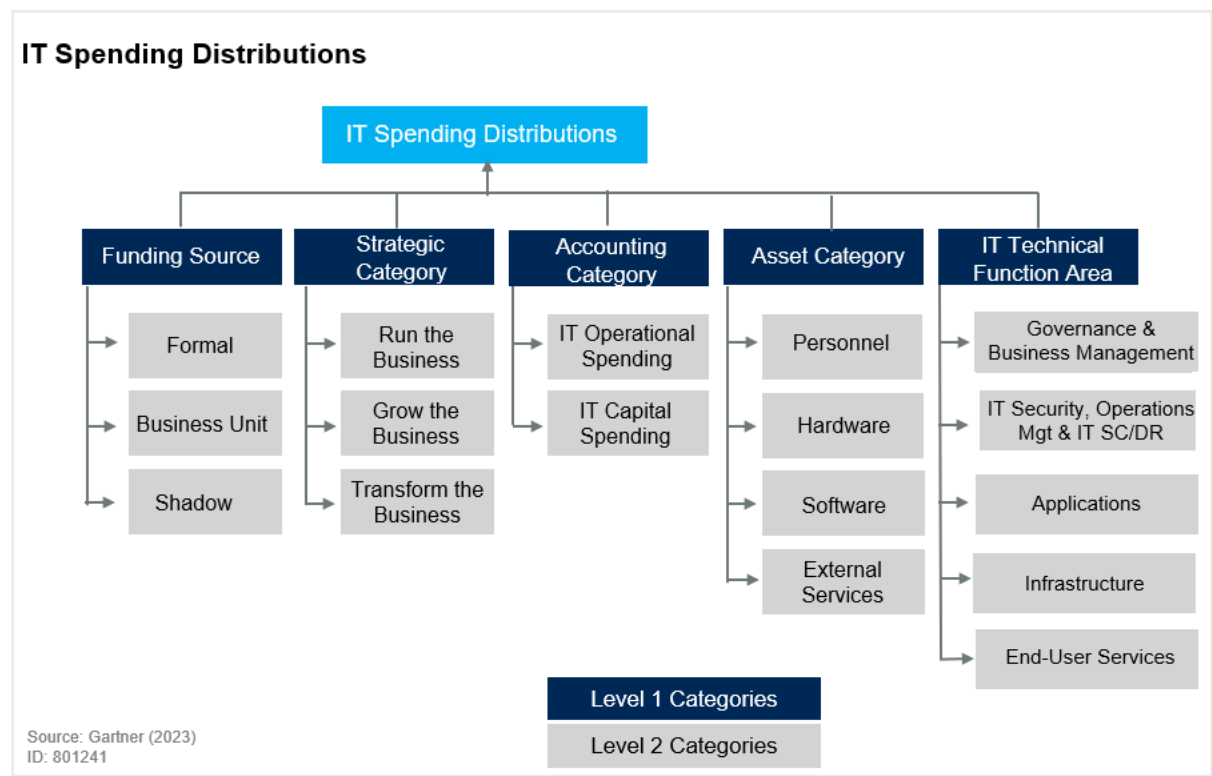
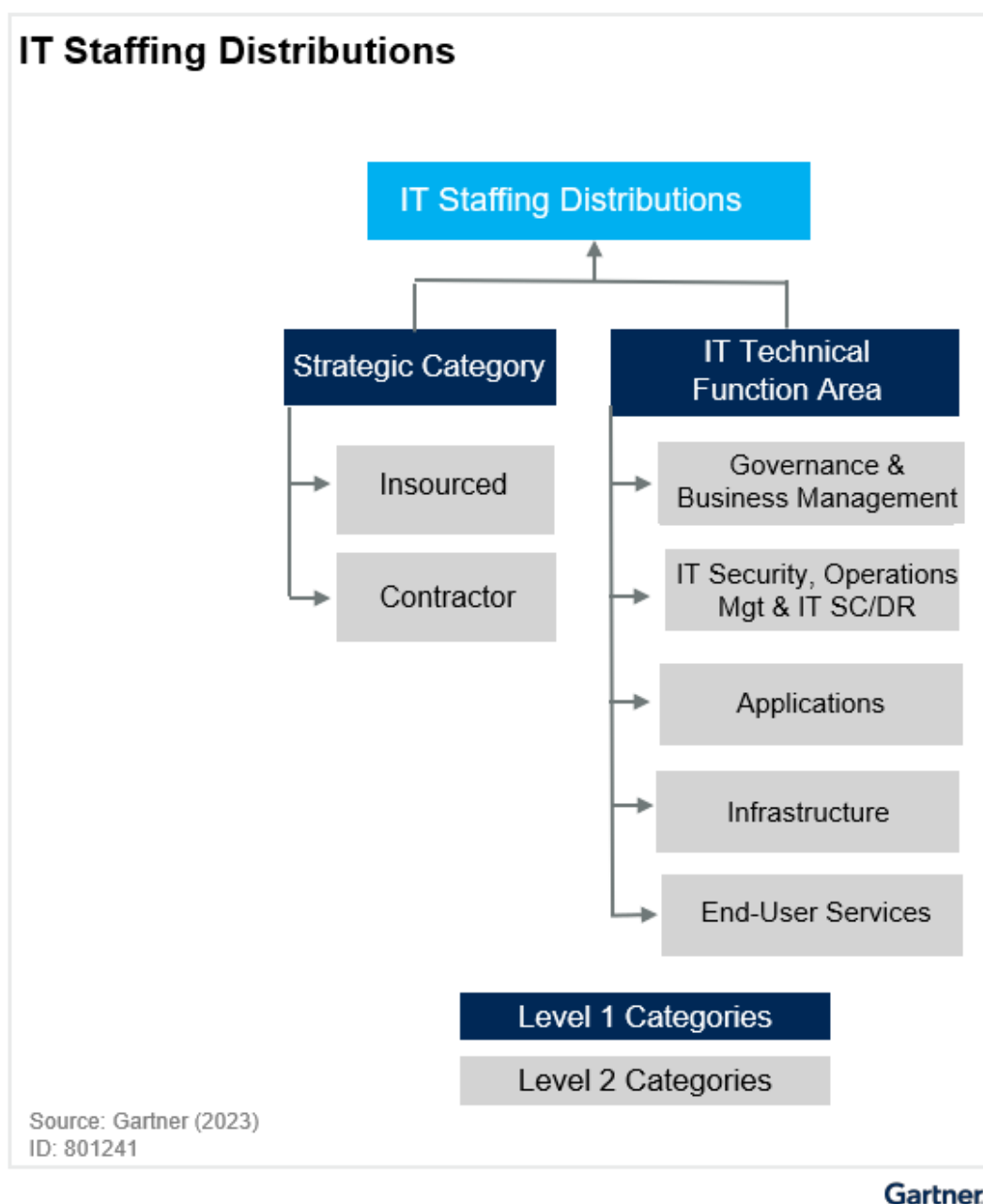


Figure 4: Detailed IT Staffing Distributions in Comparison Report



The following notes highlight next steps to support IT business value discussions through IT financial transparency and cost optimization initiatives.

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

[“CIOs Need an IT Financial Plan, Not Just an IT Budget”](#)

[“How to Create an IT Organizational Structure That Drives Efficiency”](#)

[“Tool: Gartner’s Top IT Cost Optimization Ideas”](#)

[“9 Rules of IT Strategic Cost Management”](#)

Review and Discuss Total IT Spending Metrics

Key IT Investment Metrics

- IT Spending as a % of Revenue
- IT Spending as a % of Operating Expense
- IT Spending per Employee

Key Questions:

- Is your organization above, below or on-par with average?
- Where is your IT organization within the strategic investment lifecycle to support the enterprise’s future state objective? How will your organization progress (change) within the investment lifecycle next year from the current state?
- What is the amount of technology support your organization’s workforce receives?
- What will drive metric numerator and denominator changes?

Action Items:

Establish a baseline comparison to define the current spending outlay. A baseline budget is required to illustrate the impact of any significant changes in IT spending before discretionary increases or decreases.

Define the IT investment profile required for each IT investment metric to support the enterprise 5-year plan. For example:

- Above Upper Quartile — High Growth/High IT Automation
- Upper Quartile — Differentiation/Transformation
- Median— Delivers Median Performance
- Lower Quartile — Optimization/Scale

- Below Lower Quartile — Emerging Geography/Small and Midsize Enterprise

Traditionally, and in general, when IT spending as a percentage of revenue is organized by company size by industry, there is a tendency for larger enterprises within a specific industry to have lower percentages. Whether this is by industry segment or for all industries combined, there tends to be a direct and indirect relationship to have a lower percentage the larger an enterprise becomes. Conversely, the smaller an enterprise, the more likely its IT spending as a percentage of revenue will be higher than a larger enterprise. On average, for whatever revenue thresholds are used (for example, \$0 to \$250 million and \$250 million to \$500 million), the tendency is for enterprises in the smaller thresholds to spend more as a percentage of revenue and for the larger enterprises to spend less as a percentage of revenue.

In recent discussions with market leaders, whether they are small or large, IT spending expectations based on size are secondary considerations to funding their strategic plans. This means that rejecting the premise that economies of scale are the only benefit to IT spending and following the industry averages will, in fact, produce average results and threaten future success. Recent research shows that many of the brightest stars in any industry tend to spend significantly more as a percentage of revenue compared with peers.

Although, traditionally a “higher” level of IT spending as a percentage of revenue is seen as a warning of problems, the context of this metric must be viewed alongside other key metrics to make a fact-based assessment. For some, a higher-than-average IT spending per employee figure for a labor-based enterprise or industry is often a symptom of failed projects, immature IT portfolio management or flawed project management practices. It can also indicate overspending on IT, overindulgent service levels and unfocused IT investments. The center of this problem is often low-maturity business case templates for new investments that do not put pressure on process sponsors to change business processes or to re-engineer how the work is done after major projects or programs.

CIOs should use IT spending per employee as a key performance indicator (KPI) to show trending and success goals for the entire project portfolio, along with other metrics. CIOs should show the correlation between IT spending per employee and revenue per employee because they are often directly related. Enterprises transitioning from a labor-based enterprise to an information-smart enterprise should plan for and expect higher IT spending per employee.

Recommended Reading

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

[“4 Steps to Effectively Communicate the Business Value of IT”](#)

[“Technology Finance, Risk and Value Management Primer for 2023”](#)

[“20 Strategic Cost Optimization and Sustainability Opportunities”](#)

Level Set Your IT Budget With Traditional Accounting Based Views

Key IT Investment Metrics

- IT Spending Distribution by Accounting Category (IT Operating Expense vs. IT Capital Investment)
- IT Spending Distribution by Asset Category (Personnel, Hardware, Software, vs. External Services)

Key Questions:

- Which categories are the most significant portion of your organization's spending?
- How is your total IT investment level defined from an accounting-based distribution? Does that accounting distribution make sense?
- Is the IT organization's cost profile more asset driven or more labor driven?
- Is there a well thought out sourcing strategy in place that takes business demand, the supply base for technology products, solutions, services and associated delivery models into account?
- Does the current level of outsourcing match the organization's sourcing strategy?

Action Items:

Understanding the largest cost drivers for your IT organization will tend to offer the most opportunity for cost optimization. In some organizations it will be personnel, while in others it may be hardware and software assets.

Review and discuss accounting-based and asset-based distributions and drivers (capital versus operational spending). While comparisons are useful, it is important to remember that due to legal and regulatory requirements, organizations have latitude in how they handle depreciation of IT assets. This may be an opportunity to discuss whether accounting policies match the reality of how the enterprise actually uses its IT assets.

If outsourcing is a large part of your IT budget,

- Let this help drive the discussion of the IT organizations sourcing strategy. Review what is being outsourced and what is being handled internally and determine if those decisions still make sense.
- See what contracts are up for renewal and where opportunities for more favorable pricing can be negotiated.
- Determine if the organization has the right set of competencies in IT sourcing, procurement and vendor management.
- Find out if best practices such as service-level agreements, and benchmarking clauses are in place.

Recommended Reading

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

[“How to Decide Between a Single-Cloud or Multicloud Strategy”](#)

[“Market Guide for Retail Unified Price, Promotion and Markdown Optimization Applications — Long Life Cycle”](#)

[“Defining and Measuring Success for Digital KPIs”](#)

Business Aligned Key Initiative Discussion

Key IT Investment Metrics

- IT Spending Distribution by Strategic Category (IT Spending to Run-the-business, Grow-the-business and Transform-the-business)

Key Questions:

- Review and discuss strategy-based distributions (Run, Grow, Transform) in the context of biggest drivers and change agents.
- What top 3 initiatives are driving grow or transform the business IT spending?
- How does this align or support *enterprise* operating expense growth and transformation?

Action Items:

In addition to run, grow and transform the business IT spending categorization, many enterprises may also align IT spending to enterprise strategic planning pillars or business capabilities to show gaps in IT spending versus strategy. This is also used as a stress test to verify whether the enterprise is willing to fund true transformation or become a market leader. CIOs and IT leaders should also make estimates for the five year planning exercise that model annual goals or estimates for run, grow and transform the business IT spending changes, IT spending and a percentage of revenue (or operating expense) changes, and determine if the “run” IT spending requires adjustment to fund “grow” and “transform” investment categories.

Recommended Reading

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

[“How to Assess the Fitness of Your Application Portfolio”](#)

IT Cost Optimization Discussion

Key IT Annual Cost Metrics

- IT Annual Cost Distribution by IT Technical Area (Infrastructure vs. end-user services vs. applications vs. IT Security, Operations Management and SClife cycleDR vs. Governance & Business Management)

Key Questions:

- Which IT Technical areas represent the greatest share of the IT budget?
- Which IT Technical areas have the greatest variance vs. industry average?

- Is business demand for IT services driving the cost volume differences or are IT supply side inefficiencies driving the variance?

Action Items:

Review IT Technical area-based distributions to determine the largest cost drivers for your organization and take action appropriately. Some organizations may feel that they can reduce costs at IT service desk, however their greatest target of opportunity may be the data center or application support.

Review IT Technical based distributions to determine those with the greatest variance vs. industry average percentages. Conduct a deeper analysis by combining IT spending and staffing metrics with published and detailed metrics related to IT infrastructure cost efficiency and staff productivity (cost per unit, FTE per unit, etc.). This will enable a better understanding of IT services within an IT Technical area and determine if higher or lower than off-the-shelf published averages and or ranges are appropriate. Remember that under or overspending against an average is, by itself, not necessarily good or bad.

Additional analysis is often required to understand the root cause of any variances and whether these variances drive additional value or not.

Recommended Reading

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

[“How to Identify Solutions for Managing Costs in Public Cloud IaaS”](#)

IT Staffing Discussion

Key IT Staffing Metrics

- IT Spending per Employee
- Revenue per Employee
- Distribution of IT Spend: Personnel, Hardware, Software, and External Services
- IT FTEs as a Percent of Employees
- Distribution of IT FTEs: In-house vs. Contractor

- Distribution of IT staff by IT Technical Area (Infrastructure vs. end-user services vs. applications vs. IT Security, Operations Management and SC/ DR vs. Governance & Business Management)

Key Questions:

- How many IT staff are required to support my environment, and what is the impact of outsourcing on my staffing requirements?
- If my organization expects to grow (or consolidate), how many IT staff should I budget for next year?
- Are my staff as productive as others in the industry?
- Am I leveraging contract labor effectively?
- Is my enterprise labor intensive or information (or asset) intensive?
- Where are most of my resources allocated and is the right mix for the entire enterprise?

Action Items:

Staffing metrics should be reviewed within the context of previous conversations and sourcing strategy.

Define and understand the business workforce vs. employee count differences. While Gartner uses “employees” as the denominator for “IT Spend per Employee” and “IT FTEs per Company Employee,” the workload of many IT organizations can be driven by other personnel. Non IT contractors, customers, and other non-employee personnel should be considered. These non-employees will often consume a different amount of IT resources than internal employees. The same will hold true among different types of internal employees, e.g., knowledge versus production workers. IT staffing ratios and metrics should also be evaluated within the context of the percentage of IT spend that is outsourced. More outsourcing will or should result in fewer IT staff.

IT staffing and the associated spending are often the largest asset category for the IT budget. As part of any IT financial transparency, budgeting and planning initiative, CIO's and IT leaders need to understand or estimate how many IT personnel are required to efficiently and effectively deliver business services. Organizations should identify a consistent set of metrics to track and compare against for both C-level communications with the business as well as internal IT performance measurement, planning and budgeting activities.

Review the ratio of internal "In-house IT FTEs versus IT contractor FTEs." IT contract labor or contractor usage can be an effective approach to maintaining flexibility and agility when business conditions are changing. However, keeping contractors for extended periods can be costly and limit process standardization.

When evaluating your IT Budget Assessment, consider each enterprise level metric comparison in context to the business operating model. Organizations that produce more revenue given their size (as measured by the number of employees), will tend to have a lower "IT Spend as a Percent of Revenue" simply because of the relative size of the denominator. Conversely organizations which are having trouble driving revenue relative to their size (as measured by the number of employees) will tend to have a higher "IT Spend as a Percent of Revenue." In summary and for many enterprises, higher revenue per employee is driven by higher IT spending per employee, and this can drive a higher IT staffing level (as a percentage of enterprise staff); in a perfect world a lower IT spending as a percentage of revenue figure would be ideal; however, the vertical industry or business model of the enterprise will dictate the mix of these metrics.

Highly profitable organizations (those with high operating income) by definition have a large difference between revenue and operating expenses (Revenue minus Operating Expenses equals Operating Income). For this reason, highly profitable organizations will have a lower IT Spend as a Percent of Revenue relative to their IT Spend as a Percent of Operating Expenses. In any given situation this profitability may be driven by strong sales, operational efficiency or some combination of the two.

Some organizations will have segments with different characteristics. For example, an electric utility may have a more IT intensive distribution business unit and less IT intensive generation business unit. In these cases, it may be worthwhile to evaluate them separately.

By starting with a top down approach organizations are better able to identify some areas of potential opportunity. Many organizations find that regular use of the IT Budget Tool improves IT financial management maturity and can lead to more prescriptive and specific benchmarks to define detailed actions and strategies as part of a comprehensive examination of sourcing, staffing, and or management policies and practices. These assessments typically are laser focused on future state objectives within a targeted component of the IT-business services portfolio and take account of business service levels, maturity of management processes, levels of complexity and or automation.

Recommended Reading

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

[“Tool: Decision Framework for Emergency IT Cost Cutting”](#)

[“Strategic CIOs Link Cost Optimization to Business Outcomes”](#)

Ongoing Planning and Business Value Discussions

Key Opportunities to Investigate Further

- Strategic IT-Business Transformations, Change Agents and or Transparency Opportunities
- IT Cost Optimization – Targeted One Level Deeper Analysis Opportunities
- IT Sourcing (Contract Optimization), IT Staff Right Sizing, IT Skills Assessment/Training Opportunities
- IT Maturity, IT Customer Satisfaction & IT Business Effectiveness Assessment Opportunities

Key Questions:

- How can I build (or benchmark) an IT business service portfolio to improve IT financial transparency and drive awareness of IT-business value?
- What resources are available if I require additional custom and prescriptive benchmarking services?

IT Business Services and the Relationship to Benchmarking

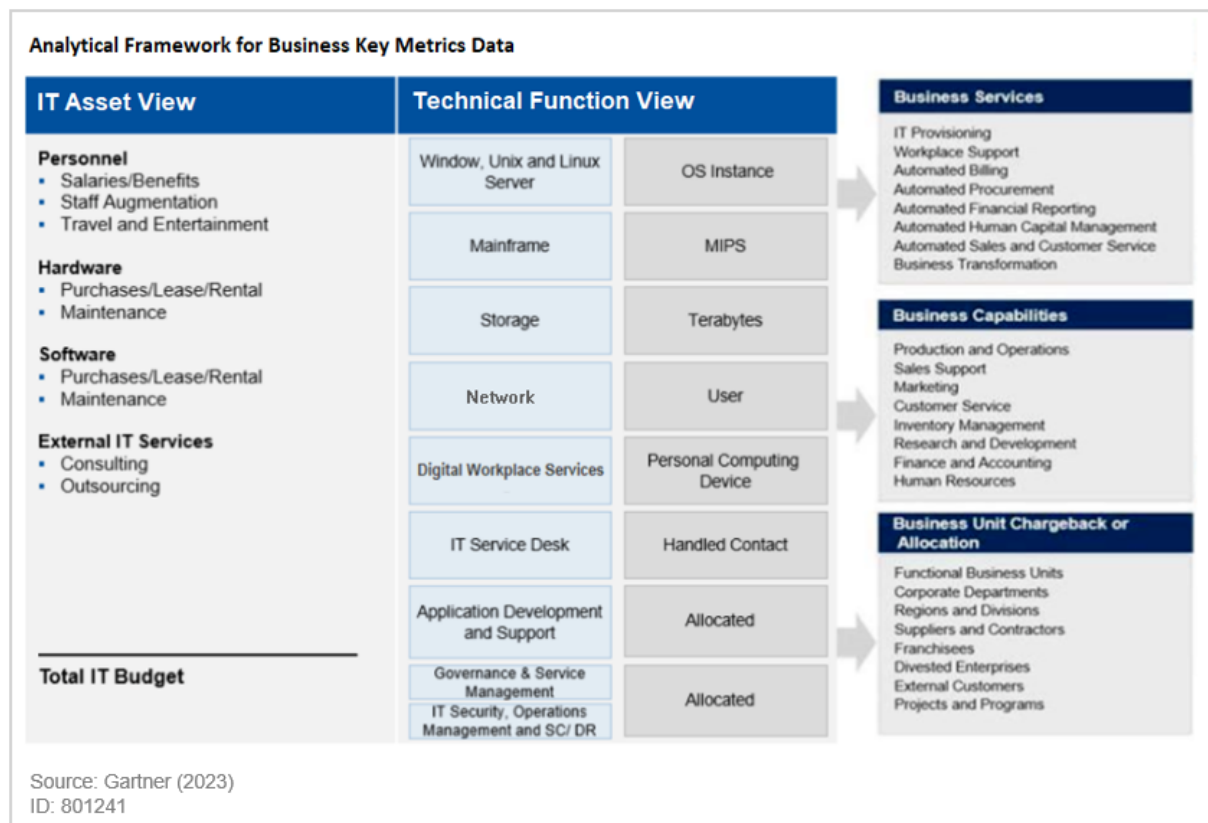
Action Items: Convert asset and service cost components into business capabilities and service taxonomies to create a common vocabulary for costing, outcomes and business value of IT.

As shown in Figure 5, the ability of enterprises and IT organizations to convert assets into IT service cost components and, ultimately, into business services, business capabilities and even chargeback figures, is the foundation for using business analytics to identify and act on such opportunities (in addition, of course, to using the information as part of a traditional benchmarking exercise).

Building the Analytical Foundation for Business Key Metrics Data

The fundamental analytical platform for any business capability or value chain component is the ability to (in a repeatable fashion) “convert” costs, resources, assets and value into higher level and meaningful components. Pieces of value are taken and otherwise estimated from bigger categories, placed into smaller categories, rolled up and assigned to even higher component levels. For CIOs or IT stakeholders, this conversion process is shown in Figure 5. As shown, IT assets are placed into IT service cost components, and then these components are placed into business services categories or business capabilities (by consumption estimates of lower level components). An offshoot of this is that the same benchmarking and cost information can be used for purely financial purposes related to chargeback and cost allocation, or IT service cost components can be converted into categories related to business process, business transactions or business products. Thus, at the center of any value determination is the ability to conduct cost accounting, benchmarking or chargeback and cost allocation; this information becomes the common denominator for the business value of IT.

Figure 5: Analytical Framework for Business Key Metrics Data



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Best practices for defining and maintaining the IT business service portfolio

Use the following outline, pulled from the case studies and other research, to guide development of your IT business service portfolio.

- An IT business service is a collection of actions performed by IT professionals that provides a measurable benefit to a consumer outside of the IT organization. The consumer must clearly understand and value the benefits of each IT business service and must control the level (volume) of consumption.
- Know the difference between IT technical services and IT business services. Rules for defining IT business services:
- Do not include more than 15 IT business services at the portfolio level (ITIL 3.0).
- Acronyms and the words “hardware” and “software” are not allowed either in the label or the 250-word (maximum) description of the IT business service.

Table 1 outlines the definitions of common and suggested IT business service categories observed by Gartner.

Table 1: Suggested IT Business Services

(Enlarged table in Appendix)

Suggested IT Services	Description
Automated Billing	Providing all of the authorized features and functions to support the billing process in a secure and reliable manner. Specific features include ability to check credit status of prospects and customers, enter new orders for products and/or services or receive orders electronically, check the status of existing orders, transmit orders to departments that deliver them, invoice customers according to generally accepted accounting principles, process returns and credits, record accounts receivable information, age receivable information, receive and post payments. Integrate required billing information with financial accounting database and business intelligence data warehouse.
Automated Financial Reporting	Providing all of the authorized features and functions to support the financial reporting process in a secure and reliable manner. Specific features include recording all required journal entries from automated business process transactions, and the ability to accept non-recurring journal entries from the financial department. Generating the Trial Balance, General Ledger, Subsidiary Ledger reports, in a standard and the extensible business reporting language according to relevant accounting frameworks.
Automated Human Capital Management	Providing all of the authorized features and functions to support Human Capital Management in a secure and reliable manner. Specific features include social media access for recruiting, employee tracking, benefits tracking, employee performance management and assessment tracking, payroll and incentive compensation management. Integrate required payroll information with financial accounting database and business intelligence data warehouse.
Automated Operations/Manufacturing	Providing all of the authorized features and functions to support the Operation/Manufacturing processes in a secure and reliable manner. Specific features include Material Requirements Planning electronically connecting raw materials, sub-assemblies, packaging materials and various labor categories to each of the products and services offered by the enterprise through a standard set of material. Inventory levels of all raw materials, sub-assemblies and packaging materials are maintained and controlled by automated transaction systems that add to and deduct from these inventories. Standard cost, capacity planning, production forecasting, material requisition and work order management is maintained under this service. Integrate required operations/manufacturing information with financial accounting database and business intelligence data warehouse.
Automated Procurement	Providing all of the authorized features and functions to support the procurement process in a secure and reliable manner. Specific features include ability to enter purchase orders for products and/or services, check the status of existing orders with vendors, transmit status of open purchase orders to departments that will consume them, process returns and credits according to generally accepted accounting principles, record accounts payable information, age receivable information, receive invoices from vendors electronically, perform three-way match and post payments. Integrate required procurement information with financial accounting database and business intelligence data warehouse.
Automated Product Development	Providing all of the authorized features and functions to support the product development process in a secure and reliable manner. Specific features include product life cycle management recording and controlling product development process from concept to production (defined as acceptance by the manufacturing department). Integrate required product development information with financial accounting database and business intelligence data warehouse.
Automated Sales/Customer Service	Providing all of the authorized features and functions to support the Sales and Customer Service processes in a secure and reliable manner. Specific features include sales lead tracking, sales process tracking and communication, use financial and non-financial customer information including credits and returns to provide one view of the customer to both sales and customer service personnel. Integrate new non-financial customer information with business intelligence data warehouse.
Business Intelligence	Providing all of the authorized features and functions to support the business intelligence and business analytics needs of the enterprise in a secure and reliable manner. Specific features include managing the data from internal transactions and external sources, assuring data quality and supporting information access and analysis to the rest of the business through analytical and presentation applications.
Business Process Improvement	Providing the information technology and business skills to improve existing business processes with new information technology. This includes all changes to existing information technology business services and information technology enabled business initiatives. This is a consultative and project management service. Information technology program management office is part of this service.
Business Transformation	Providing the information technology and business skills to transform the business with new information technology. This is a higher-level information technology consultative service for strategic enterprise initiatives like mergers or acquisitions, business model changes, or the creation of new business models.
Information Technology Provisioning	All that is required to implement the authorized information technology needs of a new employee. This varies by position but may include assignment of unique user identification to access information technology enabled resources, personal applications like email, calendaring, word processing, spread sheeting, and graphics. Devices may also be required like desktop, laptop and/or mobile computing devices. Mobile phones are also included under this service.
Workplace Support	All that is required to support the authorized personal information technology needs of all employees. This would include all the resources issued under the provisioning service as well as first line support for all other IT business services.

Source: Gartner IT Key Metrics Data (2023)

A successful IT performance measurement program communicates metrics that are important to a target audience. This remains true when communicating IT investments to the business. The metrics and benchmarks that Gartner has identified here provide a high-level view of current trends in IT by industry. They also reveal trends in business alignment, staffing, technology and outsourcing. They can be used to assist in communicating alignment with the business and in evaluating targets in key technology areas. They provide context for key business decisions and internal performance measures.

Evidence

- This research contains relevant database averages and ranges from a subset of metrics and prescriptive engagements available through [Gartner Benchmark Analytics](#) consulting-based capabilities.
- Calculations were made using worldwide observations.

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”](#)

[“The CFO’s Guide to Funding the Enterprise’s Digital Investments”](#)

[“Ready Your Organization for Agility’s Impacts on IT Spending”](#)

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

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

Document Revision History

[IT Key Metrics Data 2023: Industry Measures – IT Budget Next Steps - 8 December 2022](#)

[IT Key Metrics Data 2022: Industry Measures – IT Budget Next Steps - 16 December 2021](#)

[IT Key Metrics Data 2021: Industry Measures – IT Budget Next Steps - 18 December 2020](#)

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](#)

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Table 1: Suggested IT Business Services

Suggested IT Services ↓	Description ↓
Automated Billing	Providing all of the authorized features and functions to support the billing process in a secure and reliable manner. Specific features include ability to check credit status of prospects and customers, enter new orders for products and/or services or receive orders electronically, check the status of existing orders, transmit orders to departments that deliver them, invoice customers according to generally accepted accounting principles, process returns and credits, record accounts receivable information, age receivable information, receive and post payments. Integrate required billing information with financial accounting database and business intelligence data warehouse.
Automated Financial Reporting	Providing all of the authorized features and functions to support the financial reporting process in a secure and reliable manner. Specific features include recording all required journal entries from automated business process transactions, and the ability to accept non-recurring journal entries from the financial department. Generating the Trial Balance, General Ledger, Subsidiary Ledger reports, in a standard and the extensible business reporting language according to relevant accounting frameworks.

<i>Suggested IT Services</i> ↓	<i>Description</i> ↓
Automated Human Capital Management	Providing all of the authorized features and functions to support Human Capital Management in a secure and reliable manner. Specific features include social media access for recruiting, employee tracking, benefits tracking, employee performance management and assessment tracking, payroll and incentive compensation management. Integrate required payroll information with financial accounting database and business intelligence data warehouse.
Automated Operations/Manufacturing	Providing all of the authorized features and functions to support the Operation/Manufacturing processes in a secure and reliable manner. Specific features include Material Requirements Planning electronically connecting raw materials, sub-assemblies, packaging materials and various labor categories to each of the products and services offered by the enterprise through a standard bill-of-material. Inventory levels of all raw materials, sub-assemblies and packaging materials are maintained and controlled by automated transaction systems that add to and deduct from these inventories. Standard costing, capacity planning, production forecasting, material requisitions and work order management is maintained under this service. Integrate required operations/manufacturing information with financial accounting database and business intelligence data warehouse.

<i>Suggested IT Services</i> ↓	<i>Description</i> ↓
Automated Procurement	Providing all of the authorized features and functions to support the procurement process in a secure and reliable manner. Specific features include ability to enter purchase orders for products and/or services, check the status of existing orders with vendors, transmit status of open purchase orders to departments that will consume them, process returns and credits according to generally accepted accounting principles, record accounts payable information, age receivable information, receive invoices from vendors electronically, perform three-way-match and post payments. Integrate required procurement information with financial accounting database and business intelligence data warehouse.
Automated Product Development	Providing all of the authorized features and functions to support the product development process in a secure and reliable manner. Specific features include product –life cycle management recording and controlling product development process from concept-to- production (defined as acceptance by the manufacturing department). Integrate required product development information with financial accounting database and business intelligence data warehouse.
Automated Sales/Customer Service	Providing all of the authorized features and functions to support the Sales and Customer Service processes in a secure and reliable manner. Specific features include sales lead tracking, sales process tracking and communication, use financial and non-financial customer information including credits and returns to provide “one-view of the customer” to both sales and customer service personnel. Integrate new non-financial customer information with business intelligence data warehouse.

<i>Suggested IT Services</i> ↓	<i>Description</i> ↓
Business Intelligence	Providing all of the authorized features and functions to support the business intelligence and business analytics needs of the enterprise in a secure and reliable manner. Specific features include managing the data from internal transactions and external sources, assuring data quality and supporting information access and analysis to the rest of the business through analytical and presentation applications.
Business Process Improvement	Providing the information technology and business skills to improve existing business processes with new information technology. This includes all changes to existing information technology business services and information technology enabled business initiatives. This is a consultative and project management service. Information technology program management office is part of this service.
Business Transformation	Providing the information technology and business skills to transform the business with new information technology. This is a higher-level information technology consultative service for strategic enterprise initiatives like mergers or acquisitions, business model changes, or the creation of new business models.
Information Technology Provisioning	All that is required to implement the authorized information technology needs of a new employee. This varies by position but may include assignment of unique user identification to access information technology enabled resources, personal applications like email, calendaring, word processing, spread sheeting, and graphics. Devices may also be required like desktop, laptop and/or mobile computing devices. Mobile phones are also included under this service.

<i>Suggested IT Services</i> ↓	<i>Description</i> ↓
Workplace Support	All that is required to support the authorized personal information technology needs of all employees. This would include all the resources issued under the provisioning service as well as first line support for all other IT business services.

Source: Gartner IT Key Metrics Data (2023)