

IT Key Metrics Data 2024: Industry Measures – Executive Summary

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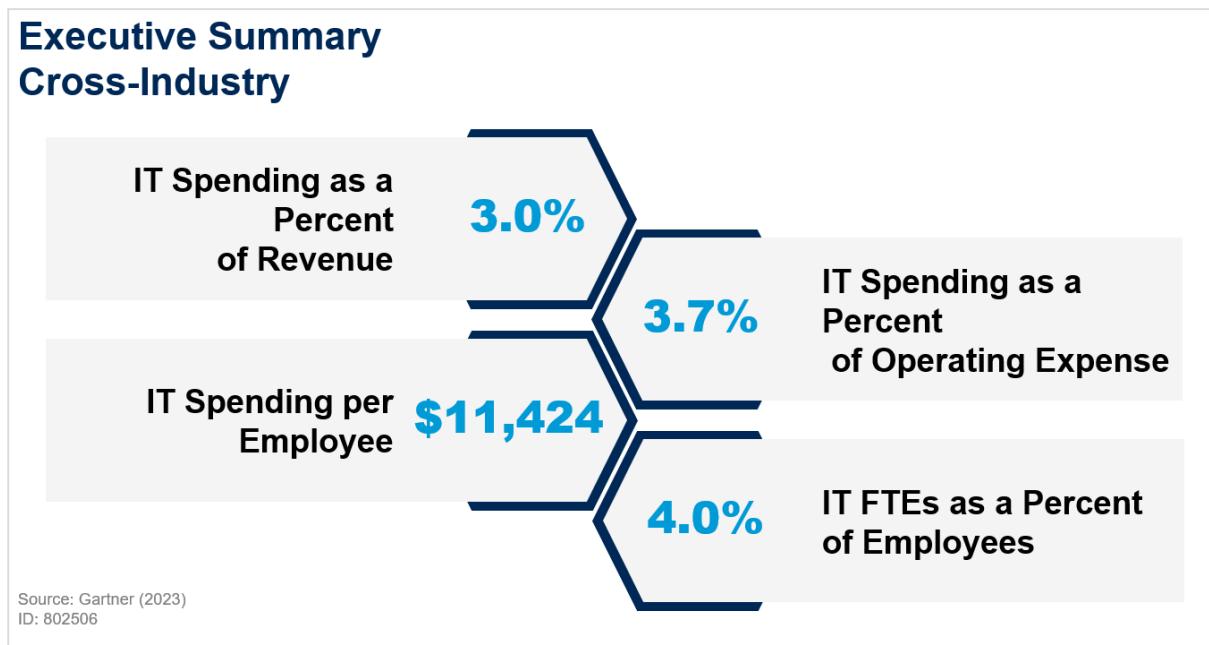
By Analyst(s): Eric Stegman, Jamie Guevara, Shaivya Kaushal, Aditi Sharma

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

This research contains enterprise-level IT spending and staff metrics, as well as business productivity ratios for 21 vertical industries, collected throughout 2023 from a global audience. It provides an overall summary of the Industry Measures from the IT Key Metrics Data report series.

Overview

Figure 1: Executive Summary for Cross-Industry



Key Findings

- All of the metrics published in this report are based on the IT spending and staffing model outlined in the [Framework Definitions](#) document.
- Median cross-industry IT spending as a percent of revenue is 3.0% for 2023, which is down from 3.3% last year.
- 2023 Median cross-industry IT spending as a percent of operating expenses reduced to 3.7%, from 4.1% in 2022.
- 2023 Median cross-industry IT spending per employee is \$11,424, up from \$10,631 in 2022.
- Personnel related costs account for the largest percentage of IT spending at 34%.
- SaaS, IaaS and other public cloud services collectively accounted for 17%, which was up from 16% in 2022.
- Cloud adoption has resulted in shifts in the distribution of IT spending as well. Over the past several years, the percentage of IT spending on data centers has decreased, and now accounts for just 13% of the total. Investments in application development and application support have collectively increased and now account for 46% of IT spending.
- We believe one of the key factors in the decrease in IT Spending as a percentage of Revenue and IT Spending as a percentage of operating expenses is that inflationary pressures had a greater effect on corporate revenue in general than it did on IT Spending. This is compounded by the fact that the metrics we publish are based on 2022 revenue and 2023 IT Spending. The metrics haven't taken into account the slowing of inflation in 2023. Companies may have also been making cuts to prepare for a recession that never materialized.

Recommendations

- Use the [Gartner IT Budget Tool](#) to establish a baseline comparison report of your IT spend and staff levels to:
 - Put IT spending and staffing into perspective for stakeholders by developing comparable external reference points.
 - Track IT spending and staffing consistently over time.
 - Identify the sources of IT spending and variances from peers in order to support optimization activities.
- Benchmark numbers represent reference points and not best practices or targets. Use the results of your personalized IT Budget Benchmark in context to identify cost and value optimization opportunities and improve cost management. Review your results with a Gartner Expert to identify next steps.

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.

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



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To support Step 1, the [Gartner IT Budget Tool](#) can help to analyze costs vs. the industry to identify optimization opportunities.

The resources below are available to support your cost benchmarking exercise.

- Refer to [Framework Definitions](#) and [Frequently Asked Questions](#) to understand the scope and definitions of Enterprise IT spending and staffing.
- Use [IT Budget Practitioners Guide](#) to prepare your IT spending and staffing data for comparison.
- Review [IT Budget Next Steps](#) document to help interpret your benchmark.
- At any time during the process you can schedule an [inquiry](#) to get assistance with completing the IT Budget Tool, or to review your results.

As needed, additional benchmark tools are also available for deeper analysis and insights.

- [End-User Services & Application Portfolio Budget & Efficiency Tool](#)
- [IT Key Metrics Data Comparison Tool: Data Center & Network](#)

Note: Access is dependent on your level of Gartner subscription.

IT Spending as a Percent of Revenue, 2023

IT spending as a percent of revenue is the most recognized measure of total IT investment relative to top-line business results.

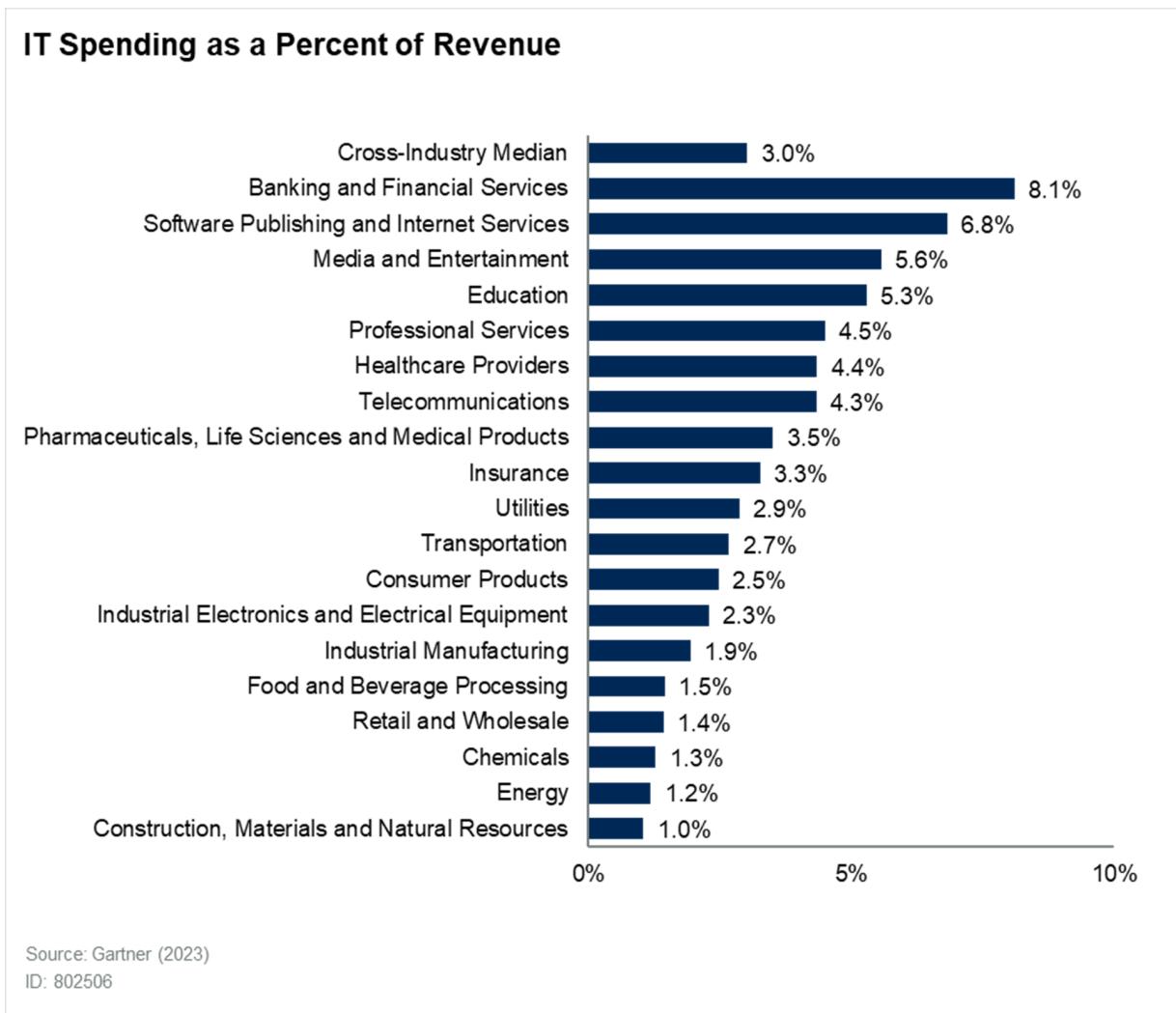
The value of this measure is that it assists in identifying the competitiveness of investment levels relative to the most fundamental measure of business performance: revenue. While this has been viewed as a must-have and readily available metric for many enterprises, common misuses include:

- Looking at a single year rather than multi year trends
- Basing decisions on the assumption that this figure will not change in the future, sometimes dramatically
- Failing to understand and address changes in the numerator and the denominator of the calculation
- Considering just the medians & averages rather than the range of values or the upper and lower quartiles, which can be found in Gartner ITKMD reports specific to vertical industries.

IT spending as a percent of revenue alone does not highlight why spending levels are at, above or below median (which are often misinterpreted as “good” or “bad”), nor does it reflect IT’s contribution to business performance. Thus, IT spending as a percent of revenue needs to be considered in tandem with other IT intensity measures, as well as the context of business objectives, the rate of change and the overall circumstances affecting the numerator, as well as the denominator, of the calculation.

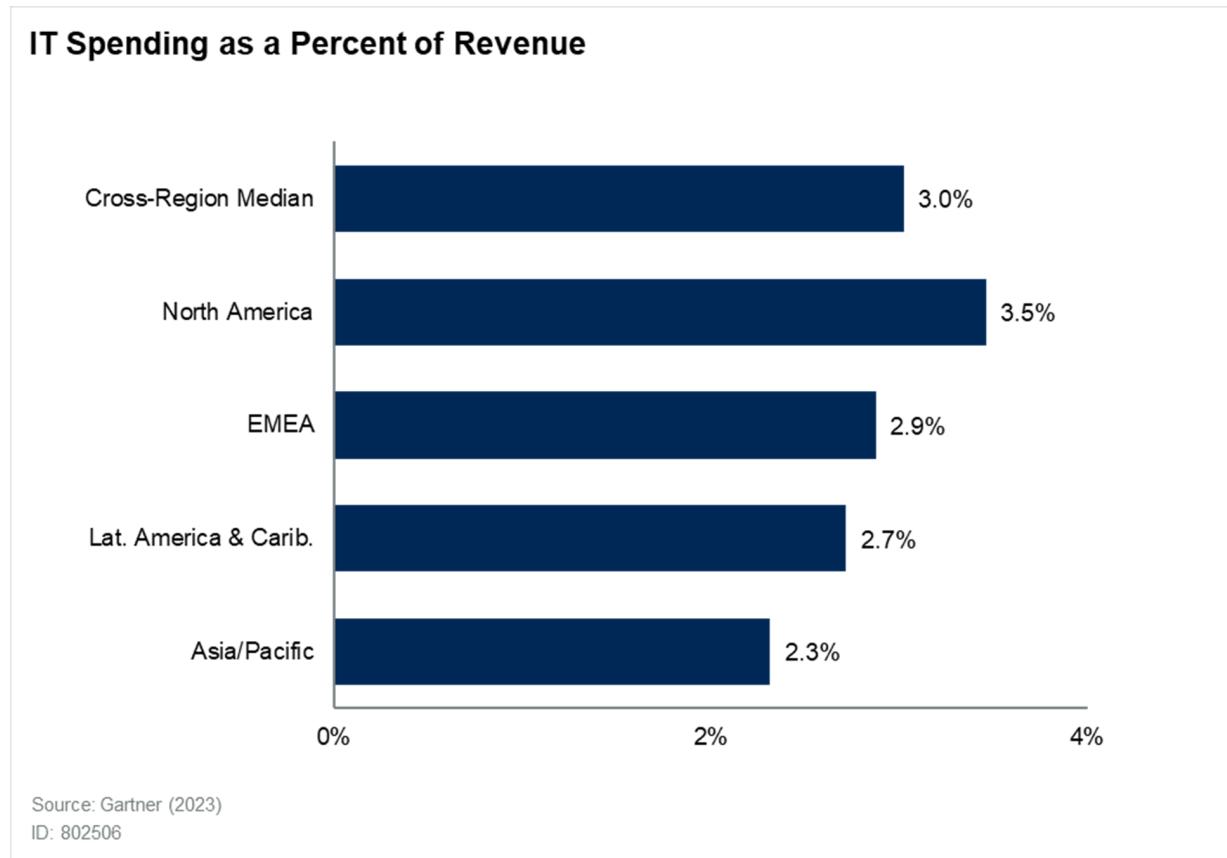
IT intensive industries like Banking and Financial Services, and Software Publishing and Internet Services continue to top the list of IT spending as a percent of revenue. While more “non-IT capital” and labor-intensive industries like Energy and Construction, Materials and Natural Resources are at the bottom (Figure 3).

Figure 3: IT Spending as a Percent of Revenue, by Industry, 2023



Regionally, North America has the highest level of median IT spending as a percent of revenue, while Asia/Pacific has the lowest (Figure 4). One reason that North America tends to be higher than Latin America & Caribbean and Asia/Pacific is because they generally have a higher cost for personnel. Higher personnel costs result in more situations where it pays to invest in technology for automation to reduce overall costs.

Figure 4: IT Spending as a Percent of Revenue, by Region, 2023



Note that IT spending as a percent of revenue is calculated based on the current year's IT spending, divided by the previous year's revenue. We make the calculation in this way because the IT budget for a future year is based on experience from the current year. However, for practical reasons, we use the previous year's revenue because the current year's financial information is not available to us at the same time as the IT spending numbers.

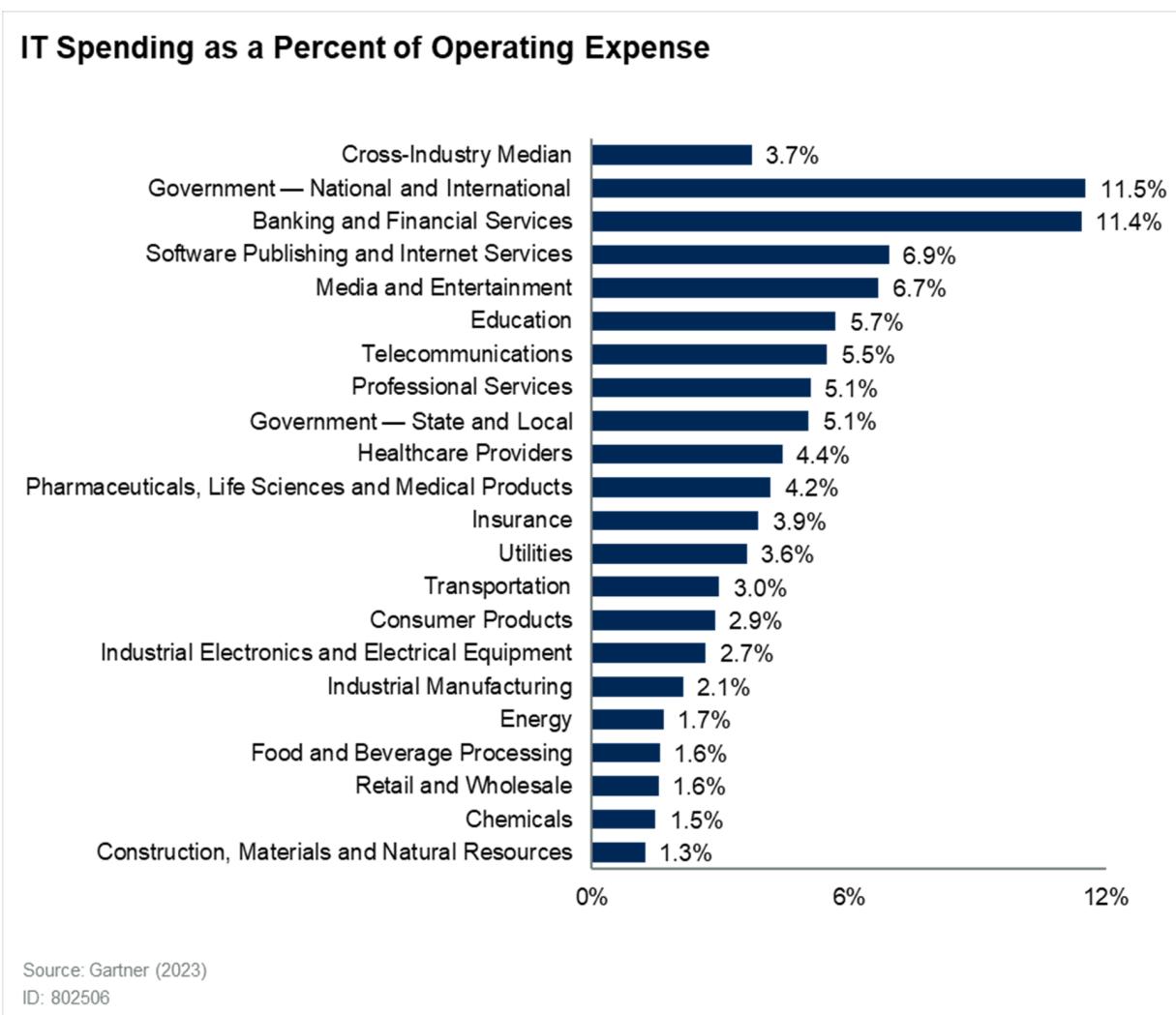
IT Spending as a Percent of Operating Expense, 2023

IT spending as a percent of operating expense is another view of IT investment level in terms of the role IT plays in overall business spending patterns.

While revenue may be subject to external-market-based volatilities, business operating expense typically remains much more consistent and predictable year over year. Therefore, it better reflects the overall business investment strategy. Typically, organizations with a greater level of IT investment relative to operating expense view IT as a strategic enabler, and this can improve business performance and productivity levels.

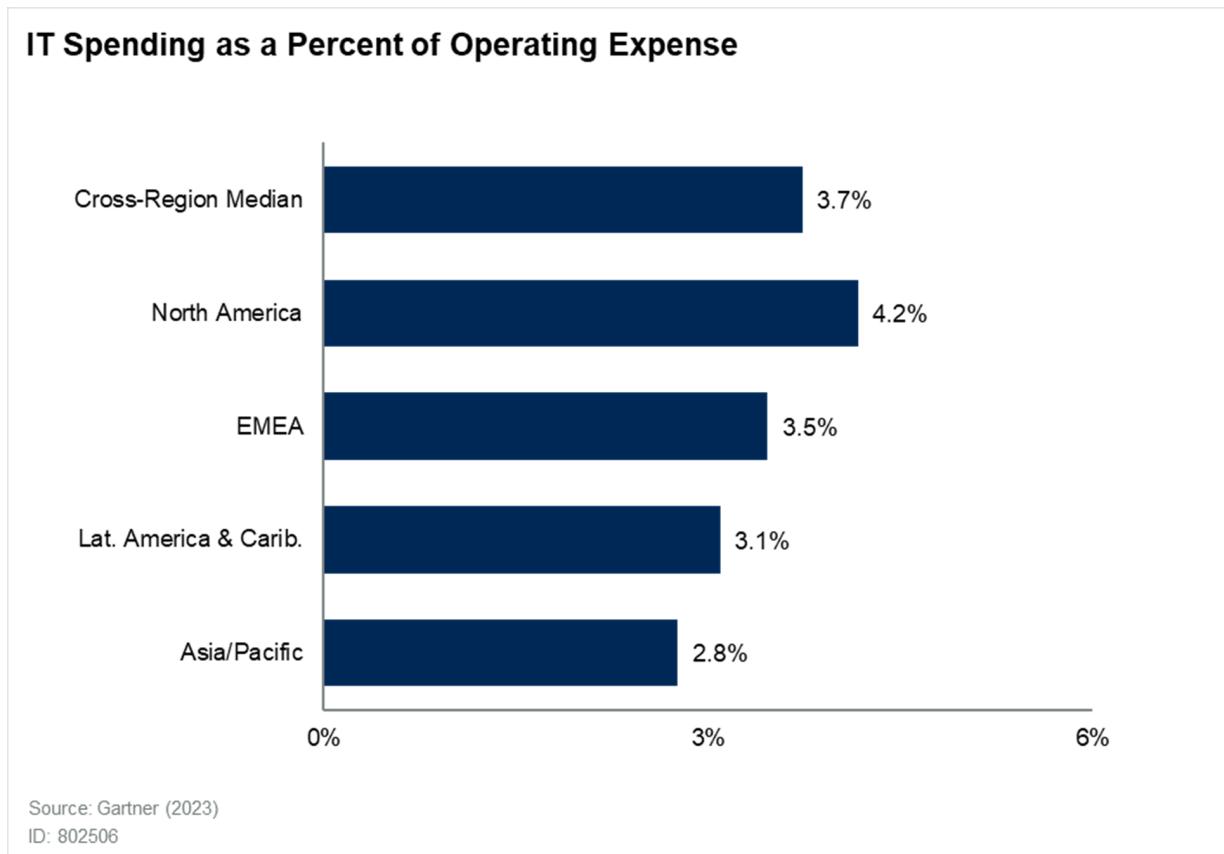
Industries with lower profit margins will tend to have smaller differences between their IT spending as a percent of revenue and their IT spending as a percent of operating expenses. For example, Banking and Financial Services has a profitability of 25.3% while Retail and Wholesale is at 6.5%. IT spending as a percent of revenue and operating expenses for Banking and Financial Services were 8.1% and 11.4% respectively (a difference of 3.3 percentage points). The same numbers for Retail and Wholesale are 1.4% and 1.6% respectively (a negligible difference of 0.2 percentage points).

Figure 5: IT Spending as a Percent of Operating Expense, by Industry, 2023

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North America has the highest levels of median IT of spending as a percent of operating expenses. A key driver behind this difference is the relative cost of staff. The same situation that drove differences in IT spending as a percent of revenue among regions apply here.

Figure 6: IT Spending as a Percent of Operating Expense, by Region, 2023

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Again, this metric is calculated based on the current year's IT spending, divided by the previous operating expense. We advise clients to keep this in mind when comparing their own data with Gartner metrics.

IT Spending per Employee, 2023

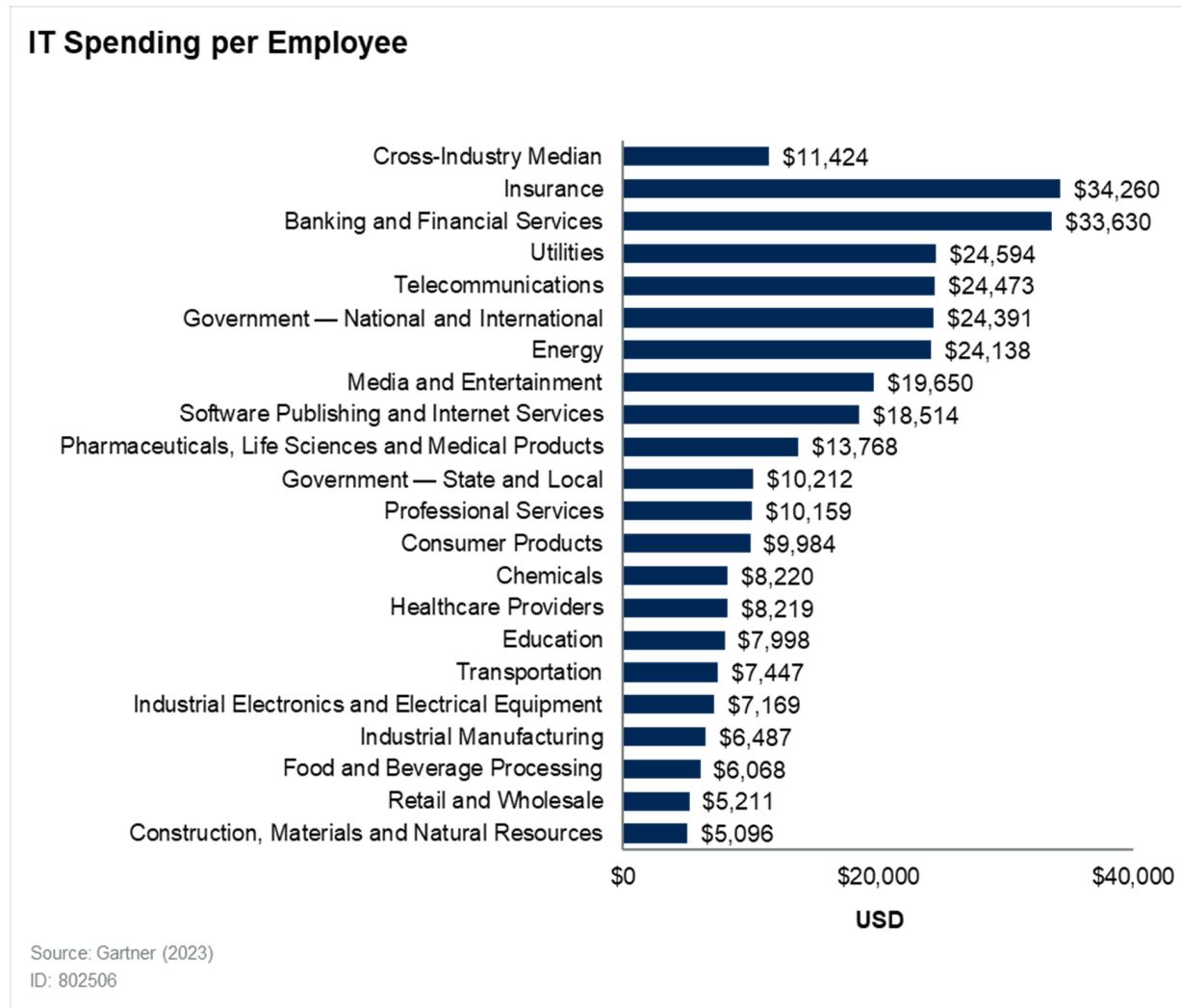
IT spending per employee is often used to determine the amount of IT support the organization's workforce receives.

This measure helps to establish a link between IT investment and automation levels within the context of the workforce that supports revenue. Variations in this measure can represent niche-industry-specific delivery processes for service or product delivery, and, thus, should be viewed in conjunction with revenue and operating income per employee. Organizational staffing strategies and the use of contract employees can also impact this measure.

An increase in IT spending per employee is often viewed as a negative trend. However, this may not always be the case, as a decrease in employees (or a lack of increase of additional employees when business improves) can result in a higher value, simply because there are a smaller number of employees that are divided into the same or increasing IT spending. Therefore, the trend of increased IT spending per employee observed in some sectors may have been impacted by other factors, such as a move to digitization driving spending on technology versus personnel or continuing economic uncertainty in some parts of the world.

The industries with the highest level of IT Spending per Employee are those that typically tend to be the most information-intensive, and include Insurance and Banking and Financial Services (see Figure 7). Industries that are more labor-based, such as Retail and Wholesale and Construction, Materials and Natural Resources, tend to have much lower IT Spending per Employee.

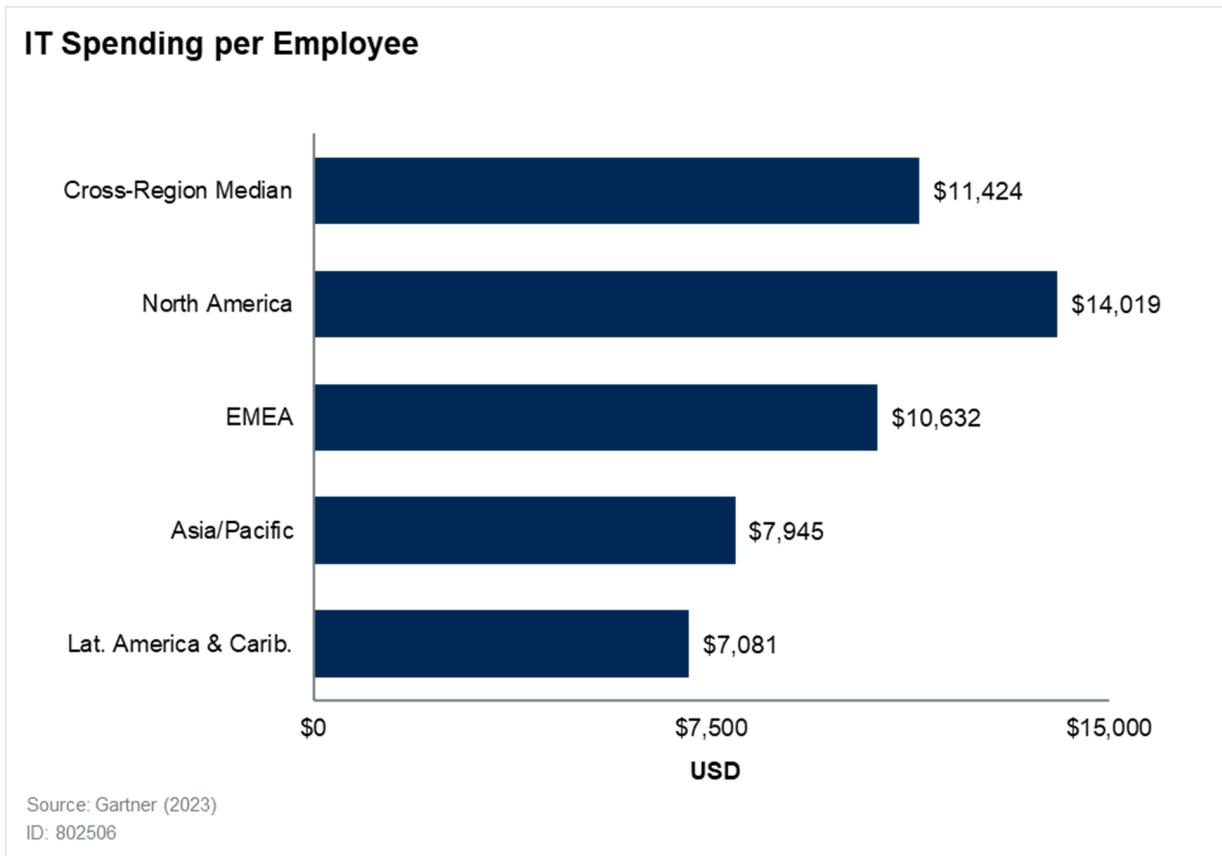
Figure 7: IT Spending per Employee, by Industry, 2023



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North America has the highest median IT spending per employee, followed by EMEA.

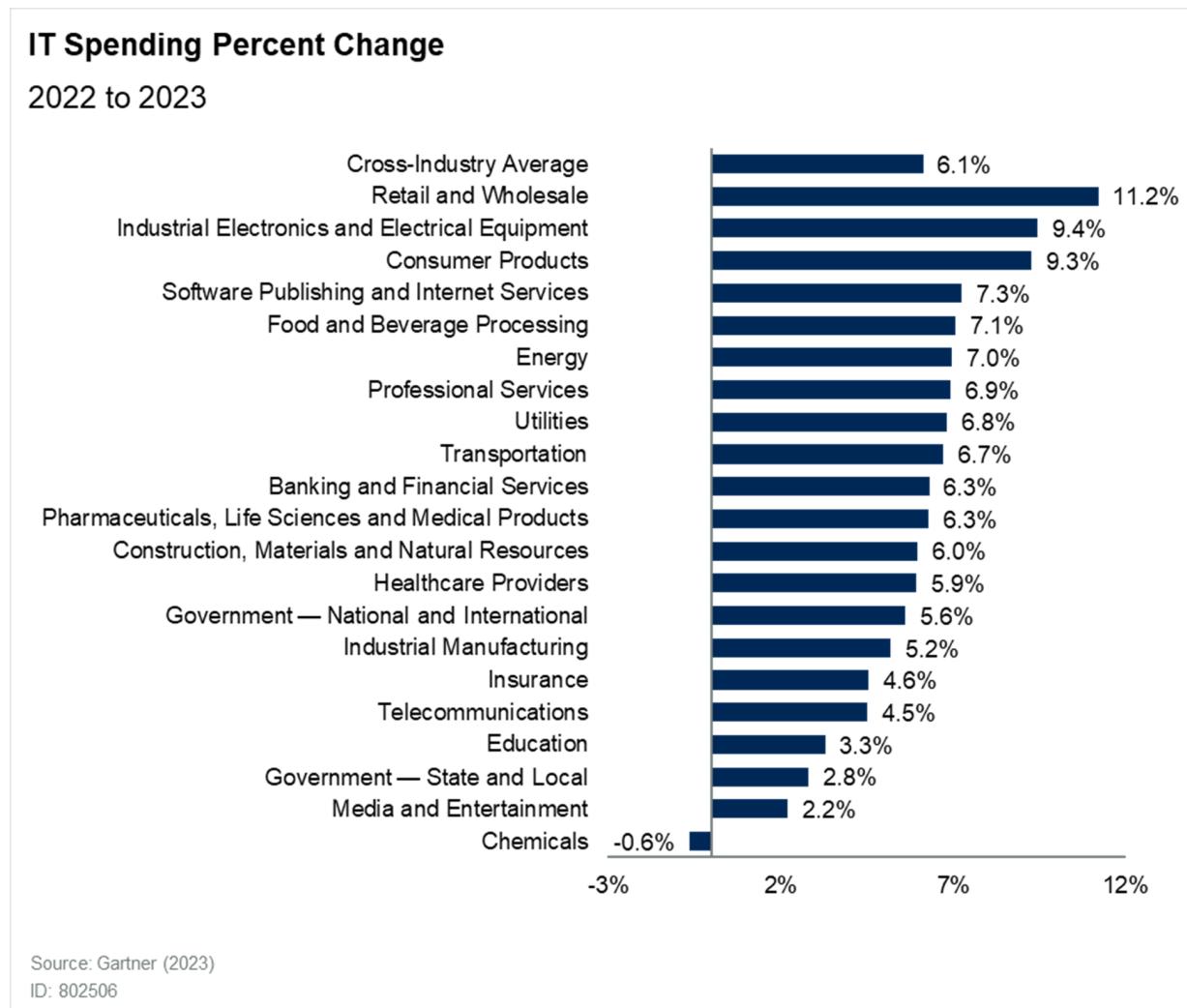
As with IT spending as a percent of revenue and operating expenses, the level of IT spending is lower in regions such as Latin America & Caribbean because lower labor costs mean there is less of an incentive to automate. This drives down the IT Spending per Employee. For this metric the fact that there are more employees (the denominator in the metric) in areas with lower staff costs makes the differences even more pronounced.

Figure 8: IT Spending per Employee, by Region, 2023**Gartner**

IT Spending Percent Change, 2022 to 2023

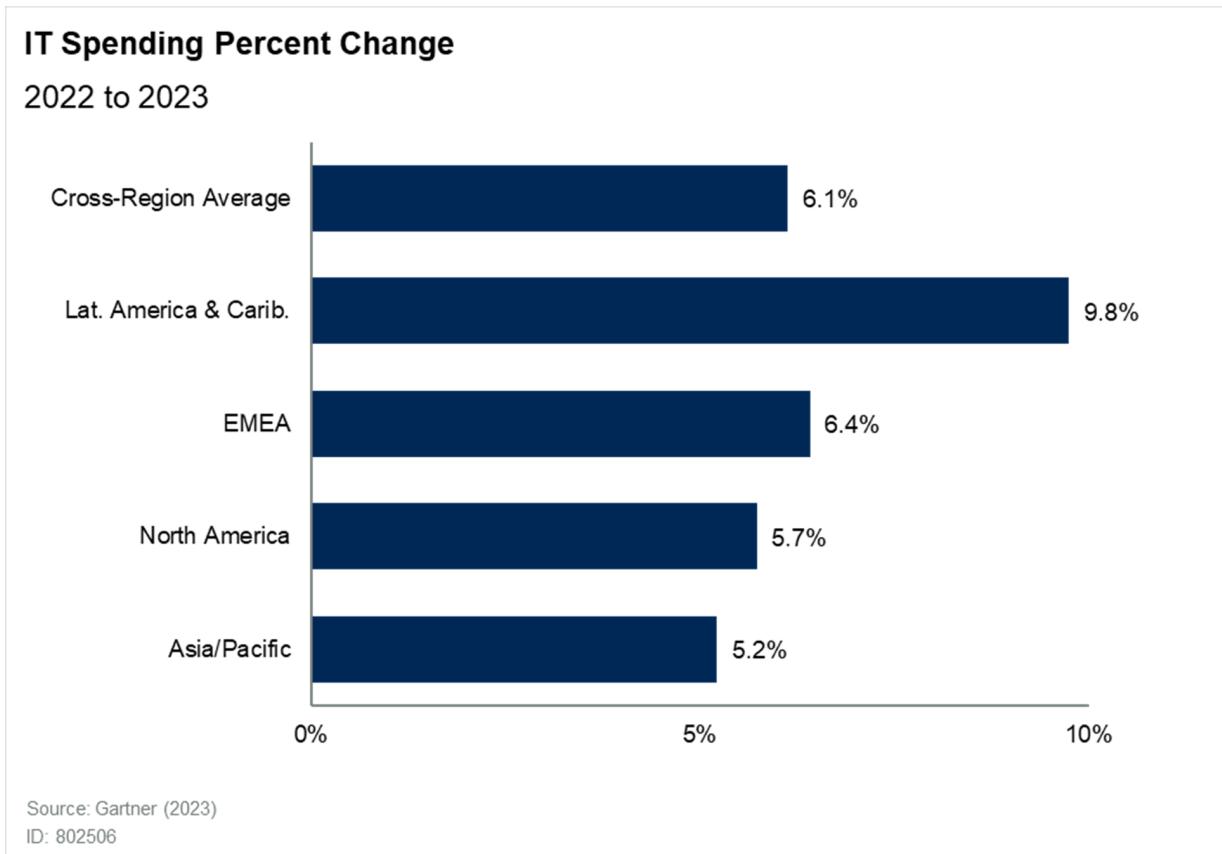
While IT Spending increased from 2022 to 2023 at 6.1%, the change wasn't the same in all industries. The largest increase in 2023 came in Retail. Key trends in retail include investments are being made to deliver more immersive in-store experiences and to raise the efficiency and effectiveness of store operations in unified commerce execution. The headwinds faced by chemical companies in 2022 continued in 2023 as output decreased. This may have led to the decrease in IT Spending. d Europe.

Figure 9: IT Spending Percent Change, by Industry, 2022 to 2023



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Regionally, Latin America/Caribbean and EMEA showed the highest increase in IT spending between 2022 and 2023, at 9.8% and 6.4% respectively (see Figure 10). While North America and Asia/Pacific saw a lower level of increase at 5.7% and 5.2% respectively.

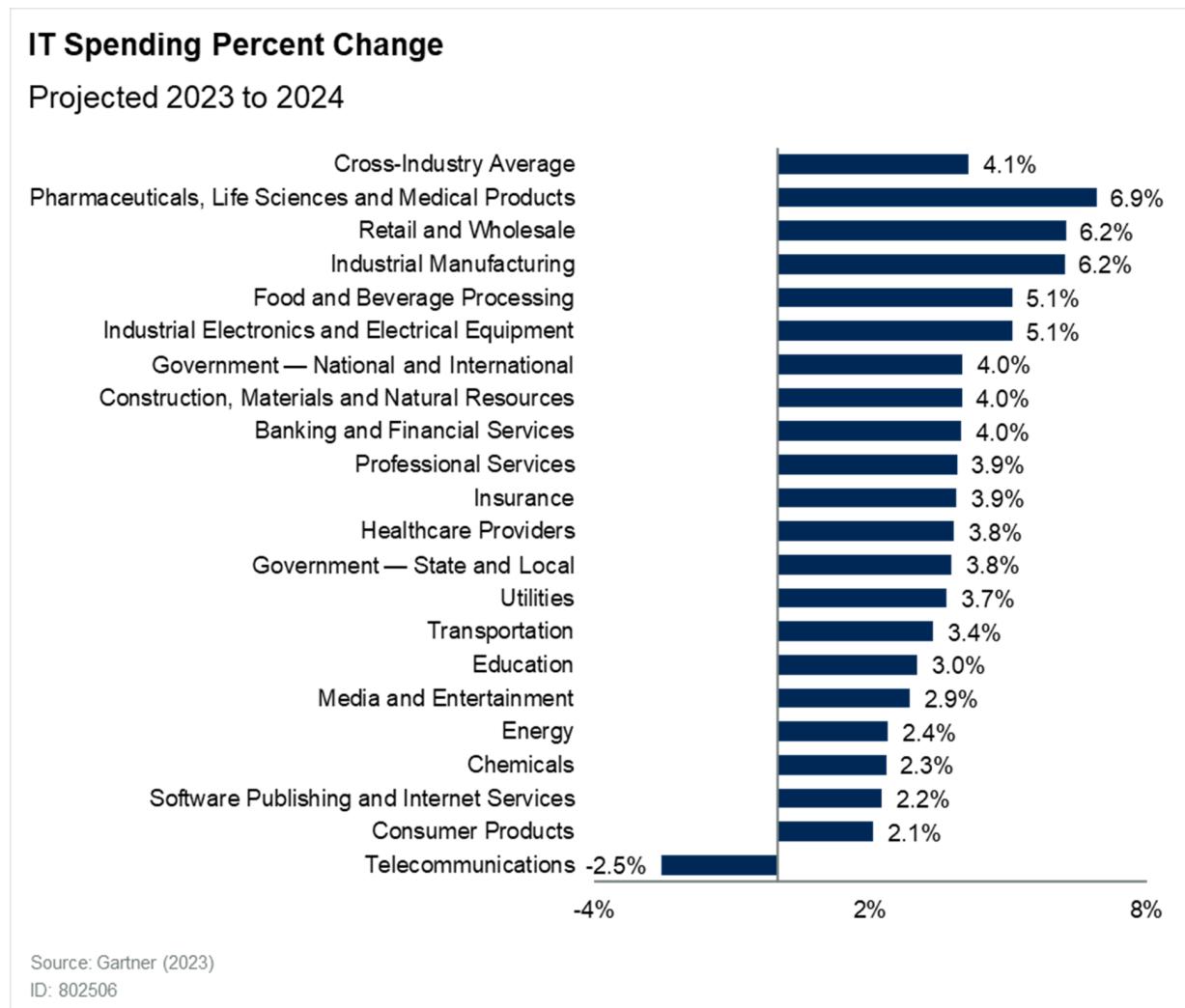
Figure 10: IT Spending Percent Change, by Region, 2022 to 2023**Gartner**

2024 Outlook

IT Spending Percent Change, 2023 to 2024

The outlook for 2024, based on pre-year budgeting information provided by Gartner clients, indicates an overall average planned increase in IT budgets of around 4.1%, where all industries are projecting an increase in IT budgets, except Telecommunications. Figure 11 shows that the level of projected increase varies by sector, and which may be related to industry-specific drivers, such as disruptions, business models and economics. We believe the decrease in telecommunications is due to a relatively small sample size. The fact that our model excludes any investments in technology for customer networks may also come into play here.

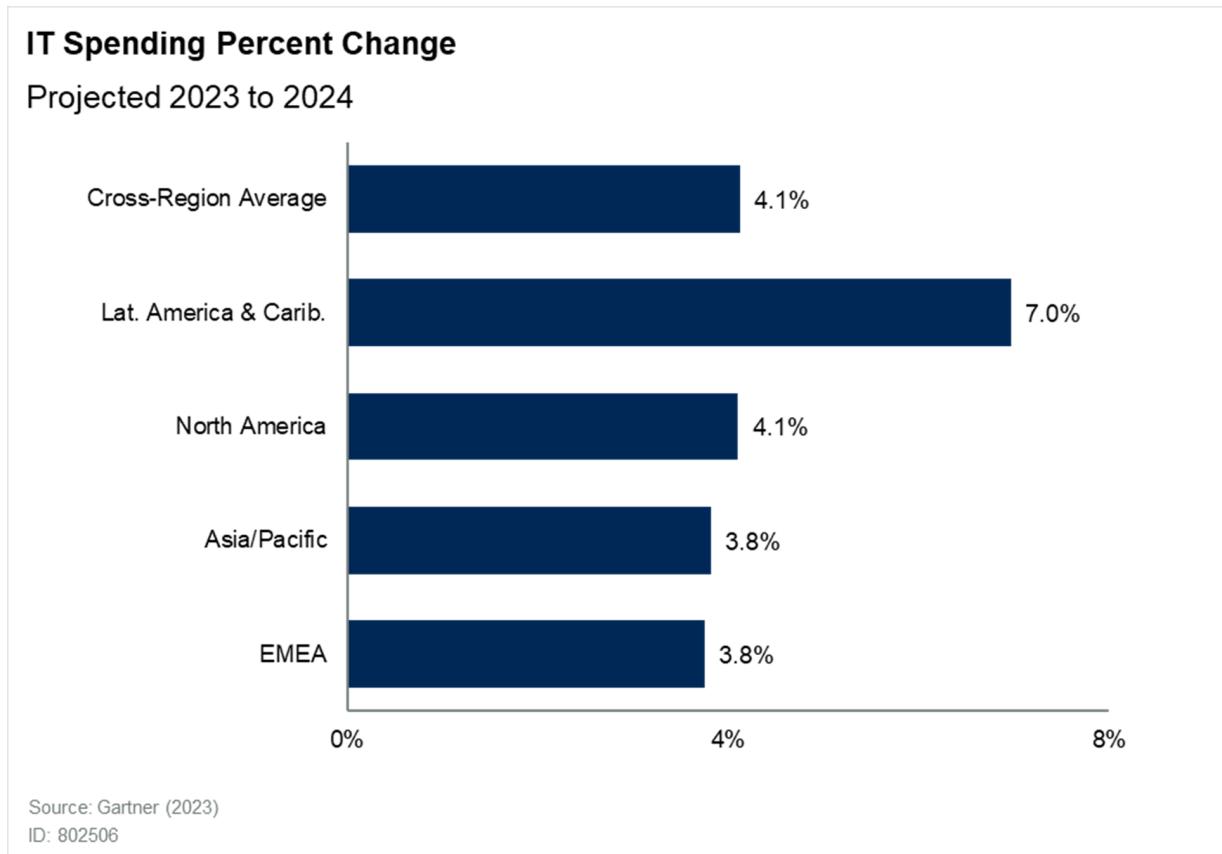
Figure 11: IT Spending Percent Change, by Industry, 2023 to 2024 Projected



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Figure 12 shows that Latin America/Caribbean having the highest growth in IT Spending despite easing inflation and modest growth.

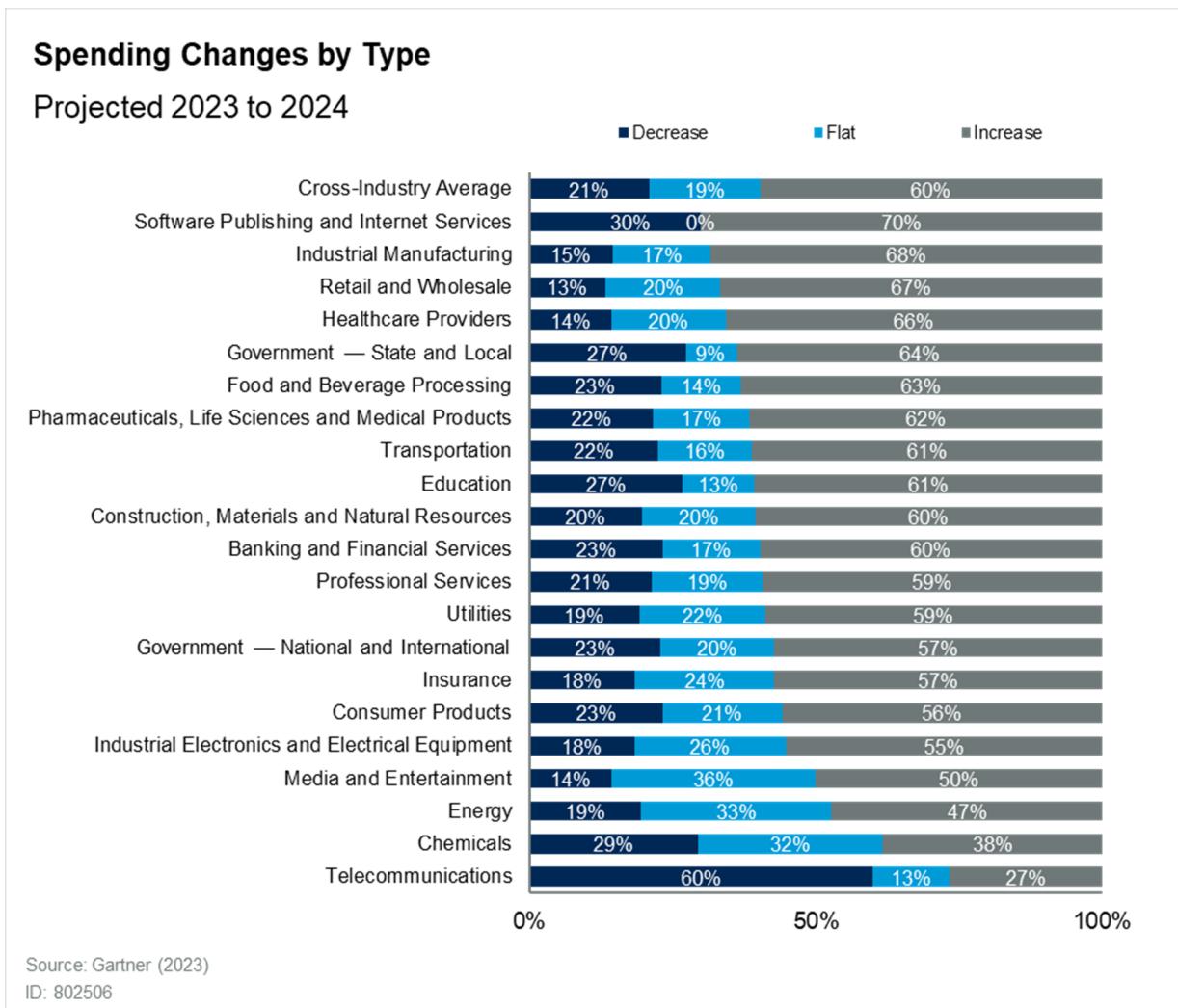
The fact that some regions may show a higher average increase than some industry sectors indicates that it is important to consider both industry-specific and local economic conditions when using the ITKMD reports.

Figure 12: IT Spending Percent Change, by Region, 2023 to 2024 Projected**Gartner**

IT Spending Trends: Decreasing Versus Increasing

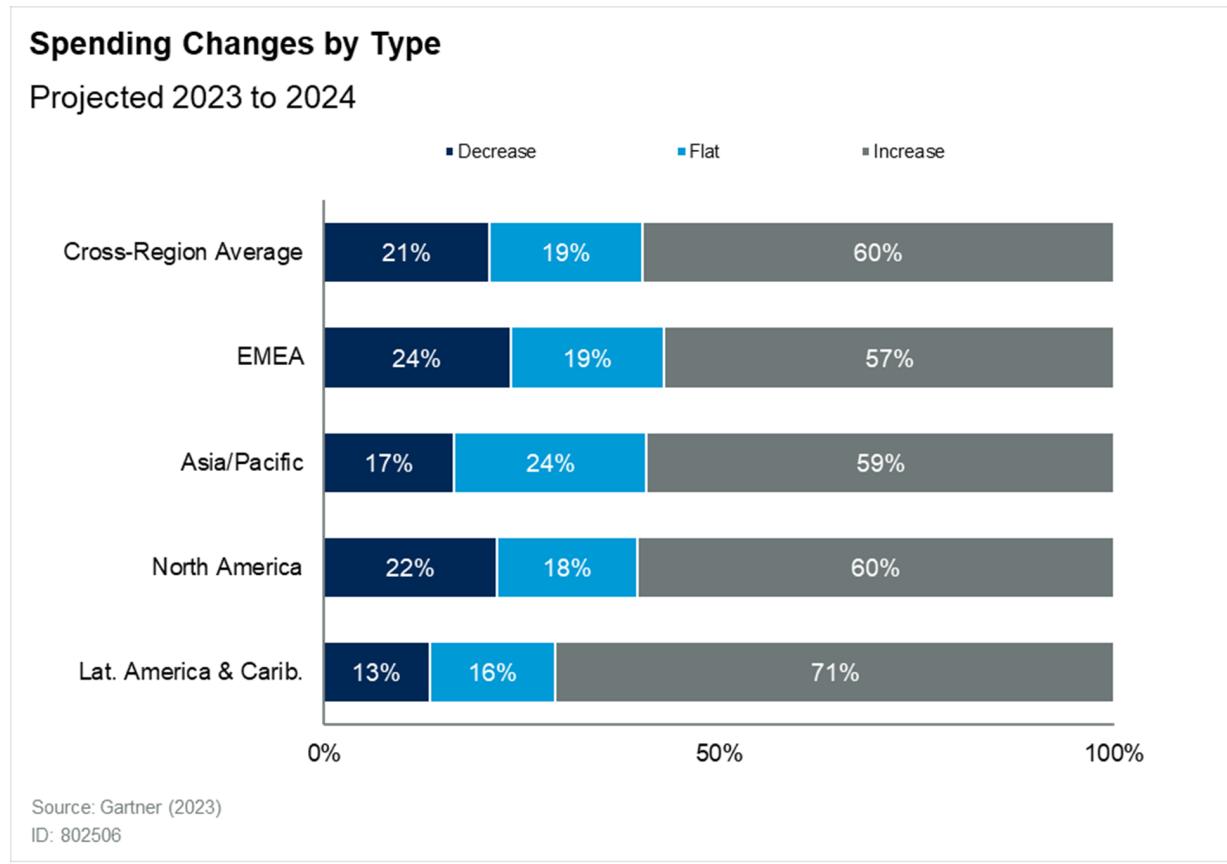
By looking at the distribution of organizations increasing, decreasing and keeping spending flat, it is possible to get a better understanding of what's driving the metrics seen in earlier figures. Also, while some of the overall metrics may initially indicate only small increases, to a certain extent this hides the fact that not all organizations are necessarily moving in the same direction, and those that are increasing can be balancing out those that are decreasing. All regions and 18 out of 21 industries have 50% or more of organizations increasing IT spending in 2024.

Figure 13: Spending Behaviors: Industry Distribution of Spending Changes by Type, 2023 to 2024 Projected



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Figure 14: Spending Behaviors: Regional Distribution of Spending Changes by Type, 2023 to 2024 Projected



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IT Spending as a Percent of Revenue, 2024 Projected

Figure 15 outlines projected 2024 IT spending as a percent of revenue by industry. IT spending as a percent of revenue is projected to stay constant at 3.0% on a cross industry basis. This is calculated using the IT spending change above along with industry level revenue projections from a variety of sources.

Figure 15: IT Spending as a Percent of Revenue, by Industry, 2024 Projected

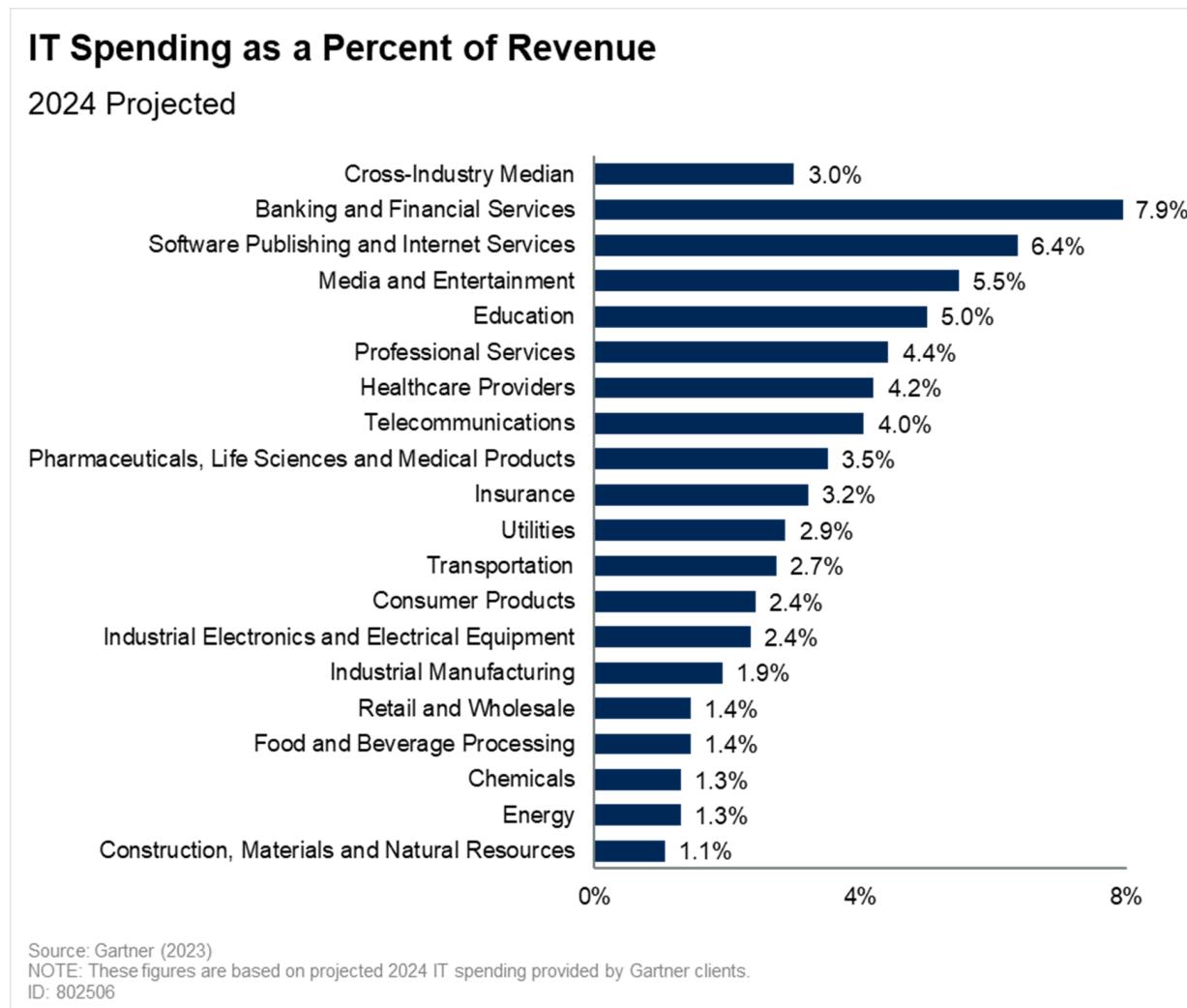
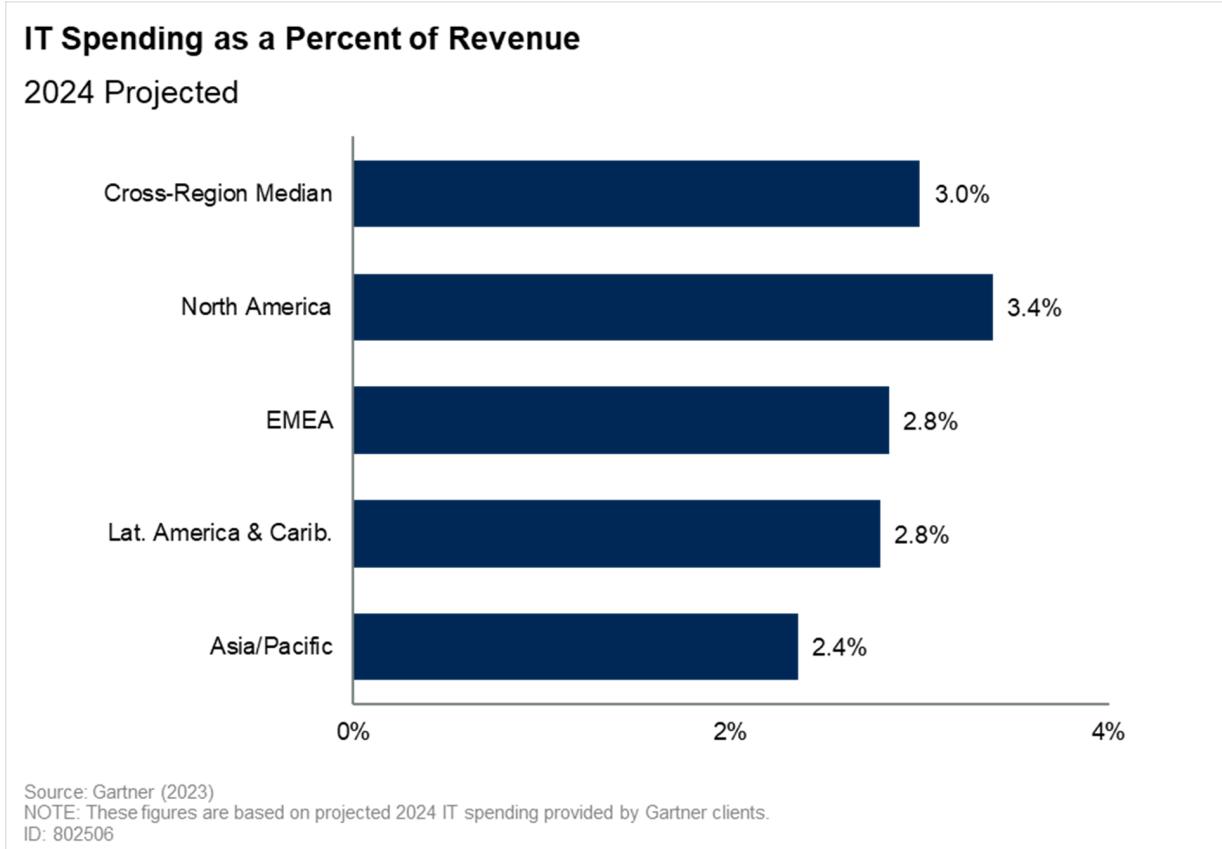
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Figure 16: IT Spending as a Percent of Revenue, by Region, 2024 Projected

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IT Spending as a Percent of Operating Expense, 2024 Projected

Figure 17 outlines projected 2024 IT spending as a percent of operating expense by industry. This is calculated using the IT spending change above along with industry level operating expense projections from a variety of sources.

Figure 17: IT Spending as a Percent of Operating Expense, by Industry, 2024 Projected

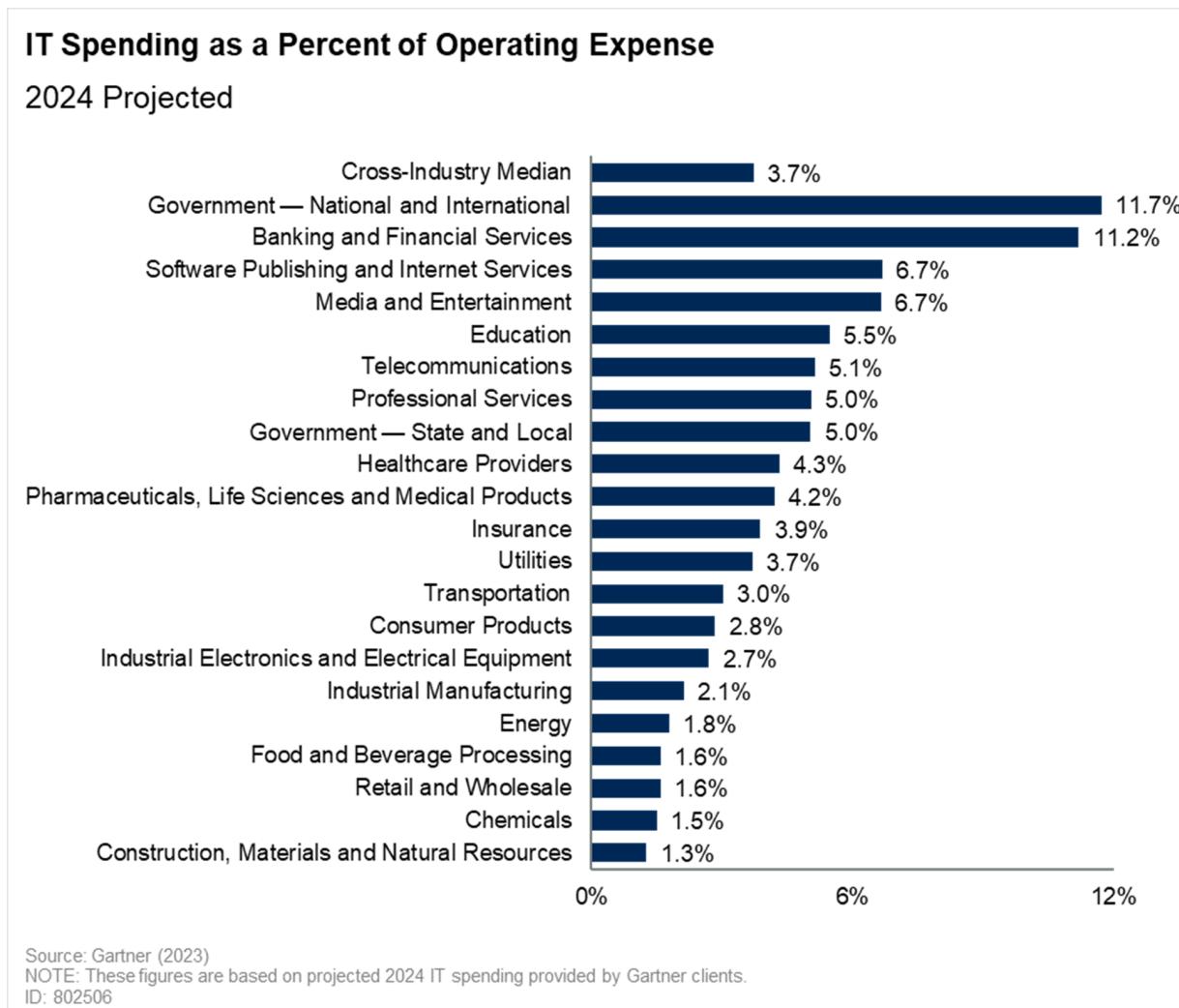
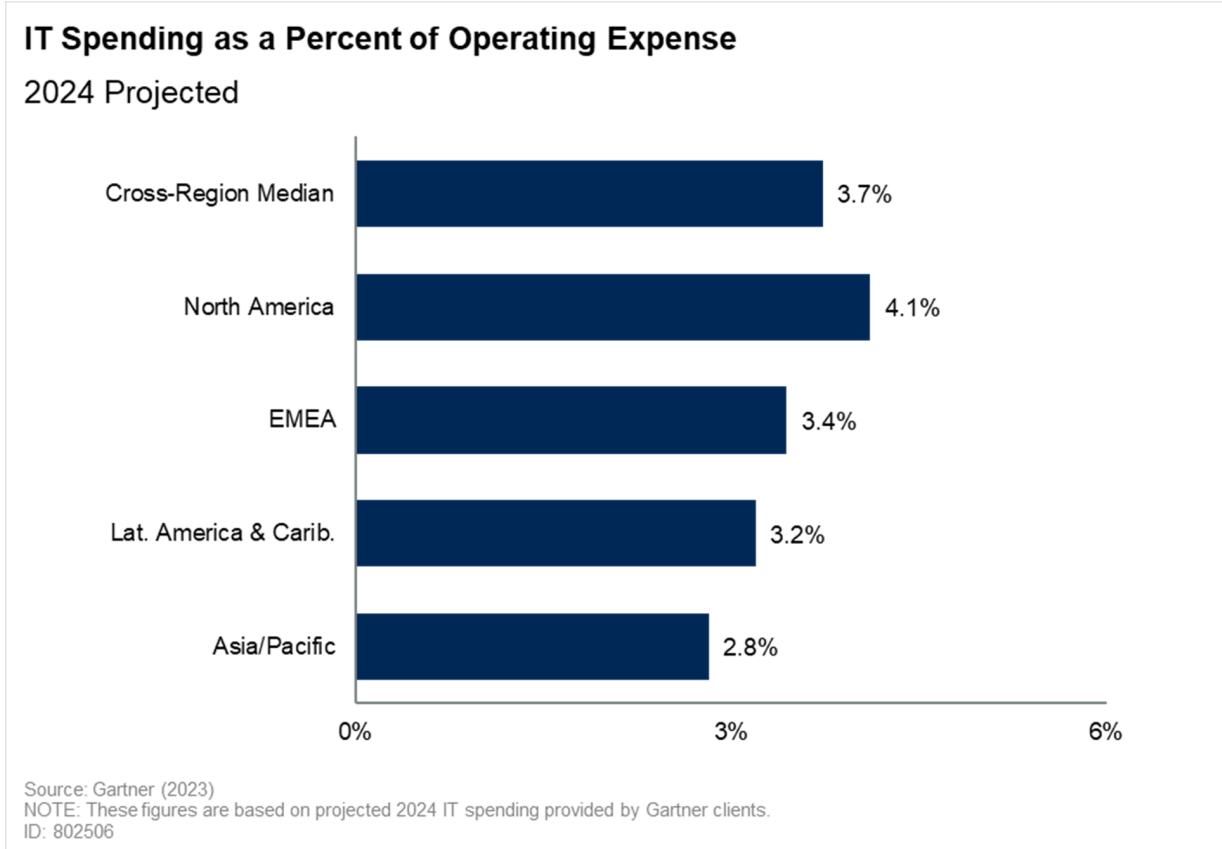
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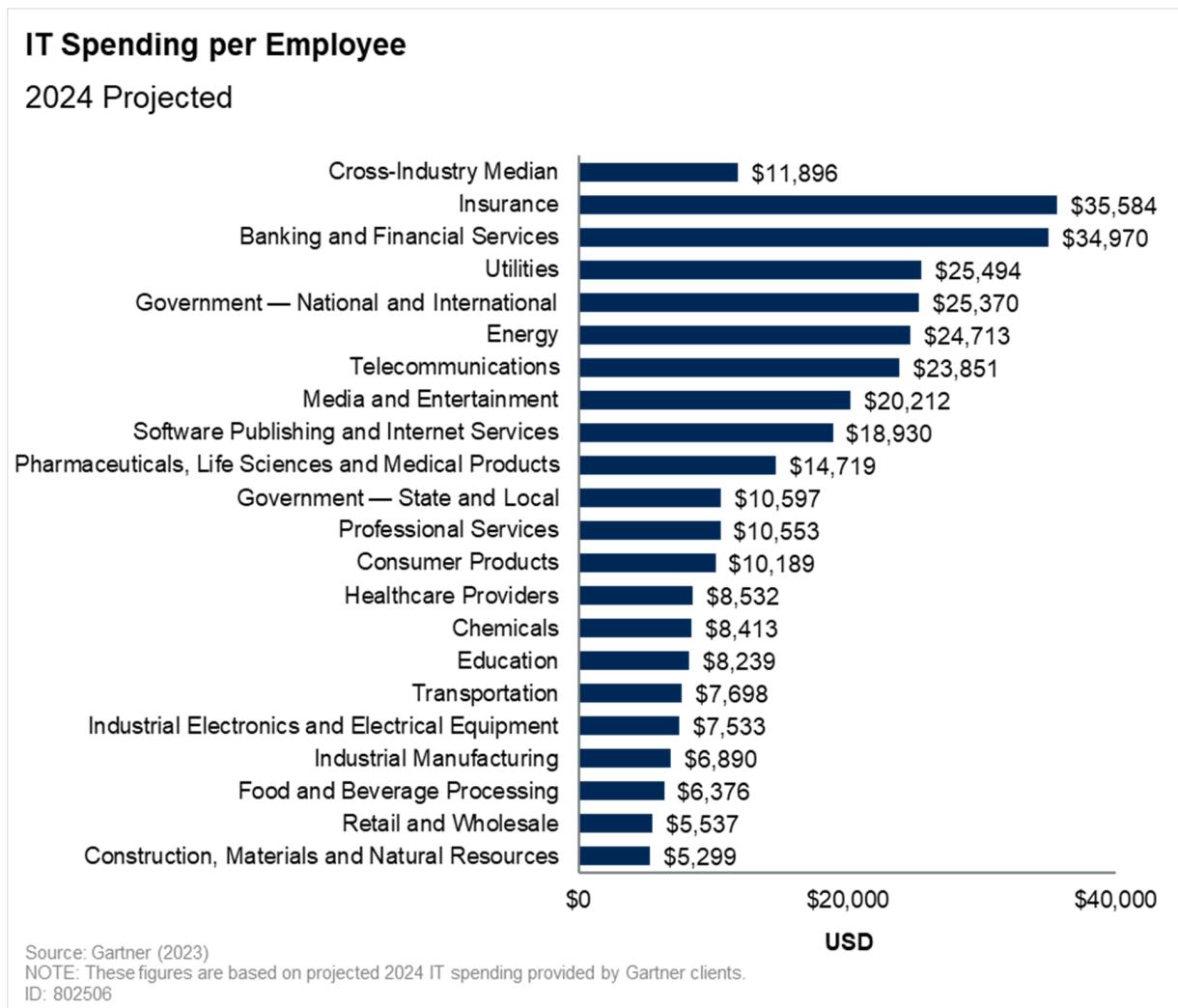
Figure 18: IT Spending as a Percent of Operating Expense, by Region, 2024 Projected

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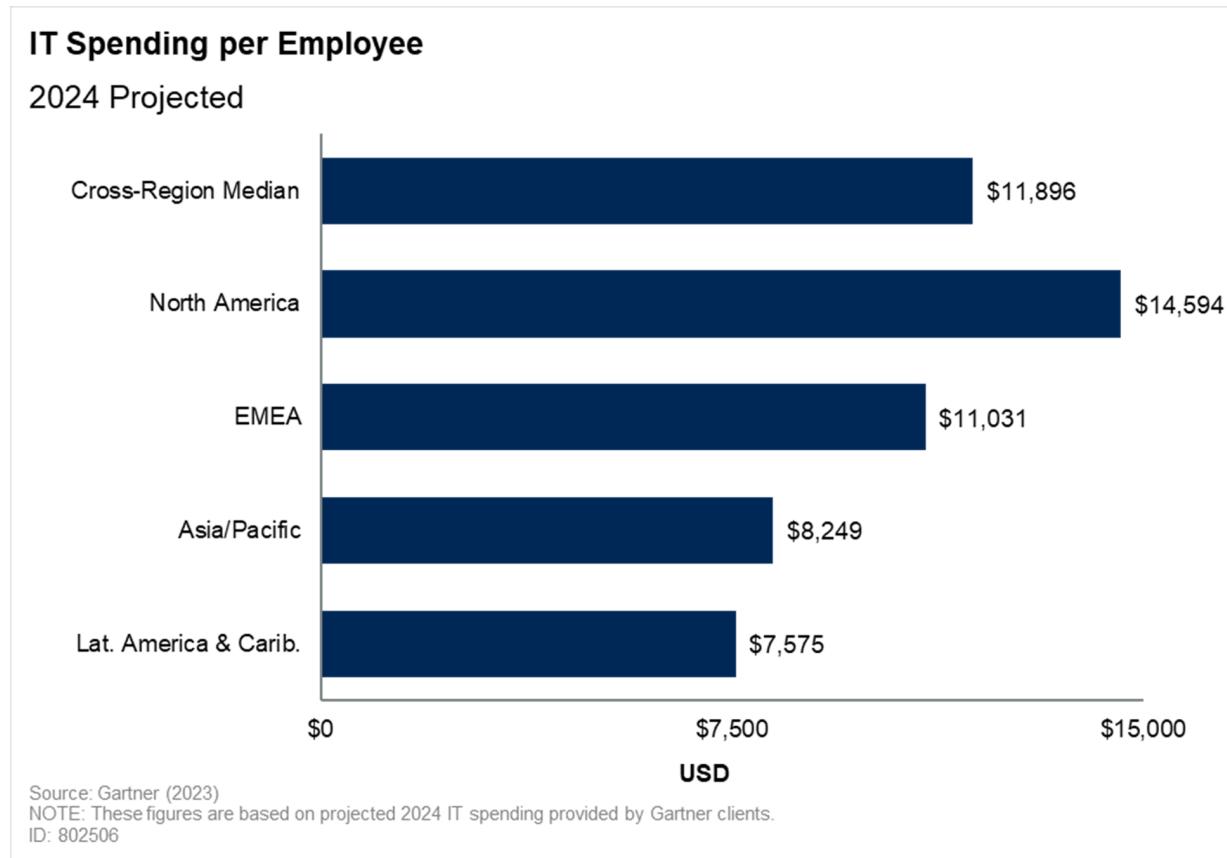
IT Spending per Employee, 2024 Projected

Figure 19 outlines projected 2024 IT spending per employee by industry. This is calculated using the IT spending change above.

Figure 19: IT Spending per Employee, by Industry, 2024 Projected



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Figure 20: IT Spending per Employee, by Region, 2024 Projected**Gartner**

Business Productivity Ratios

Revenue per Employee

Revenue per employee can help determine employee productivity in terms of revenue generation intensity. This measure is typically influenced by the company business model and staffing strategy. Enterprises with highly labor-intensive operations tend to generate lesser revenue per individual as compared to those enterprises which are highly automated. Effective and efficient uses of IT enable business processes to be streamlined, thus increasing employee productivity in terms of business results. While revenue may represent top line business results, it does not represent an organization's ability to generate income. This measure should be considered within the context of the enterprise operating model which drives operating income and profit margin as well as within the context of the total workforce strategy.

Figure 21: Revenue Per Employee, by Industry, 2023

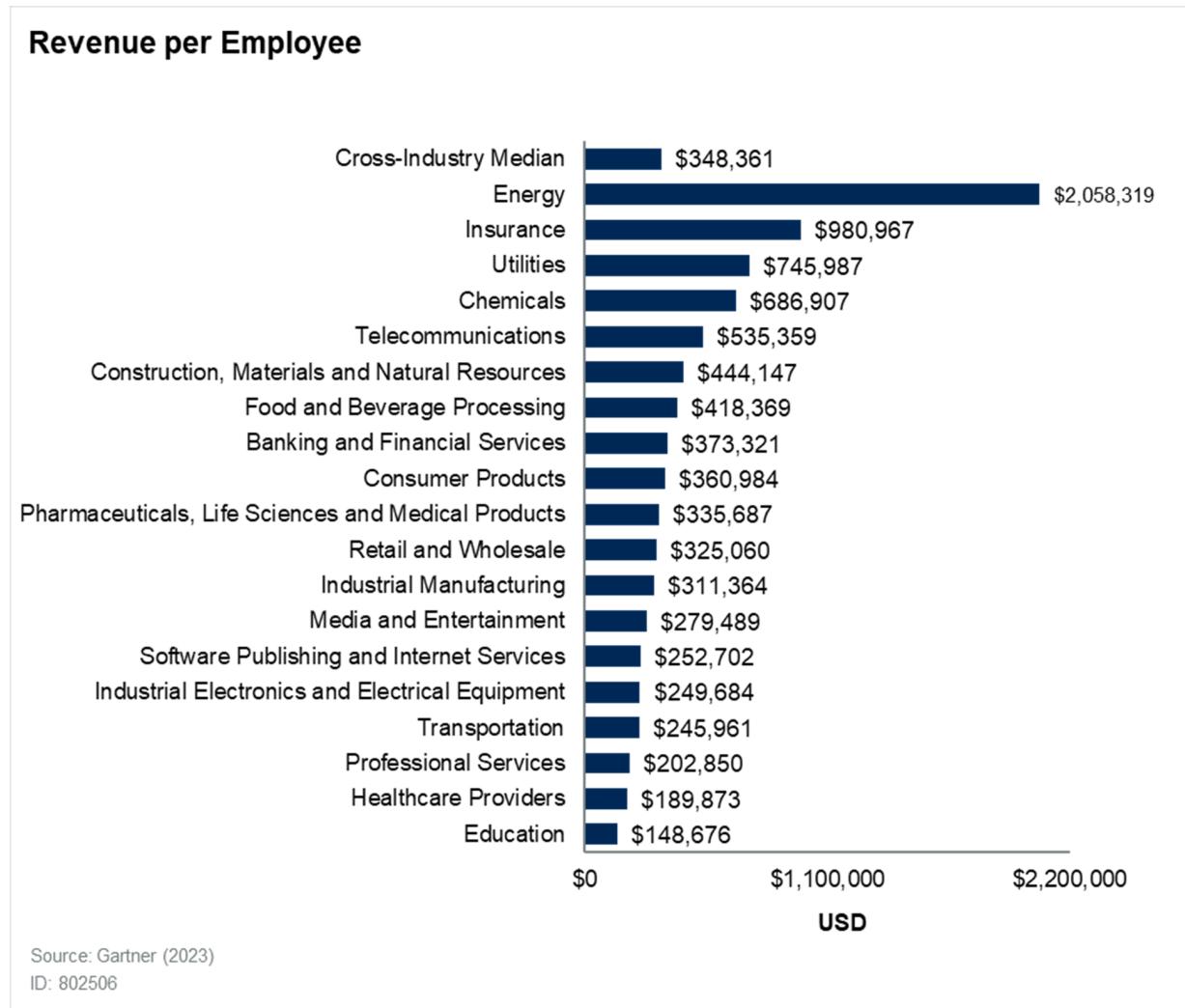
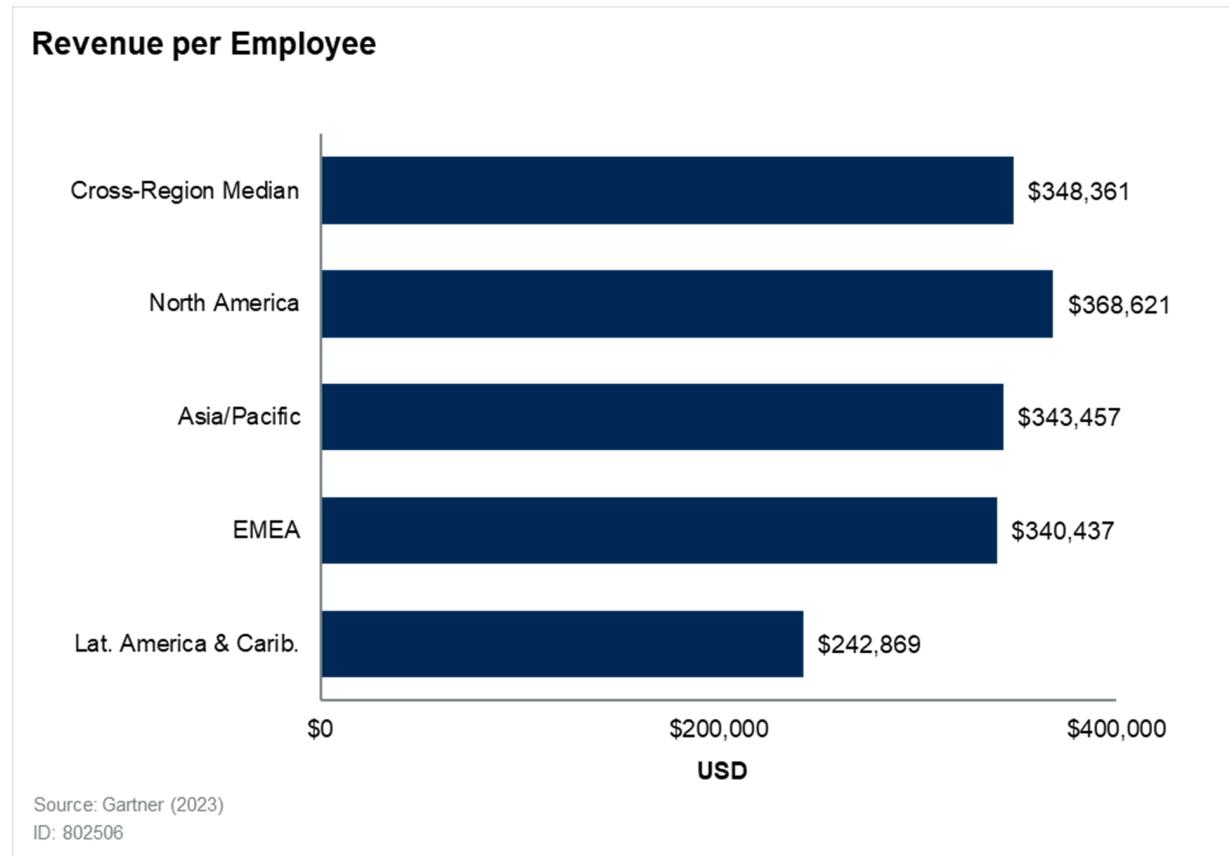
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Figure 22: Revenue Per Employee, by Region, 2023**Gartner**

Operating Income per Employee

Operating income per employee is often employed as a measure of cost efficiency and productivity at an enterprise level.

Figure 23: Operating Income Per Employee, by Industry, 2023

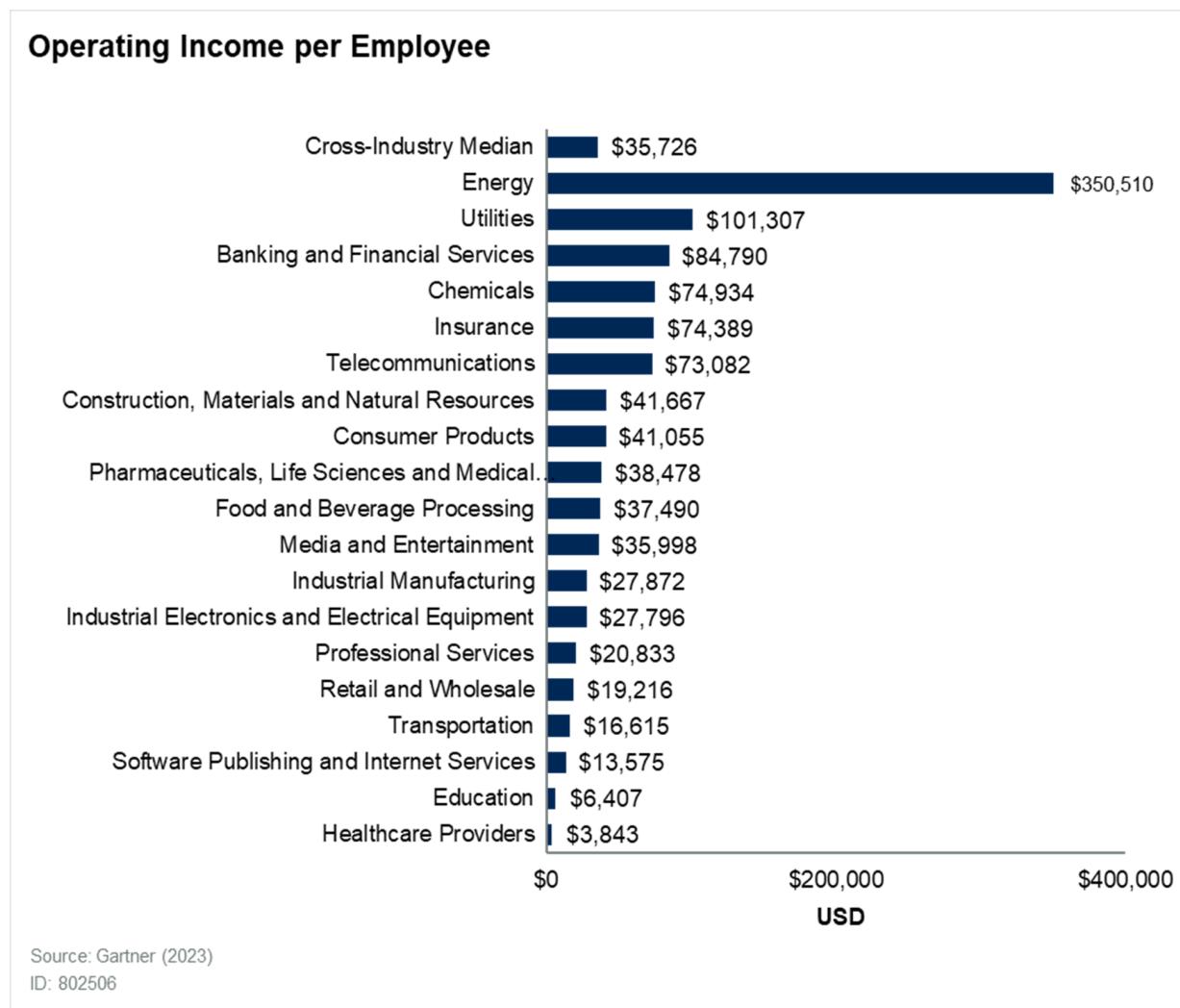
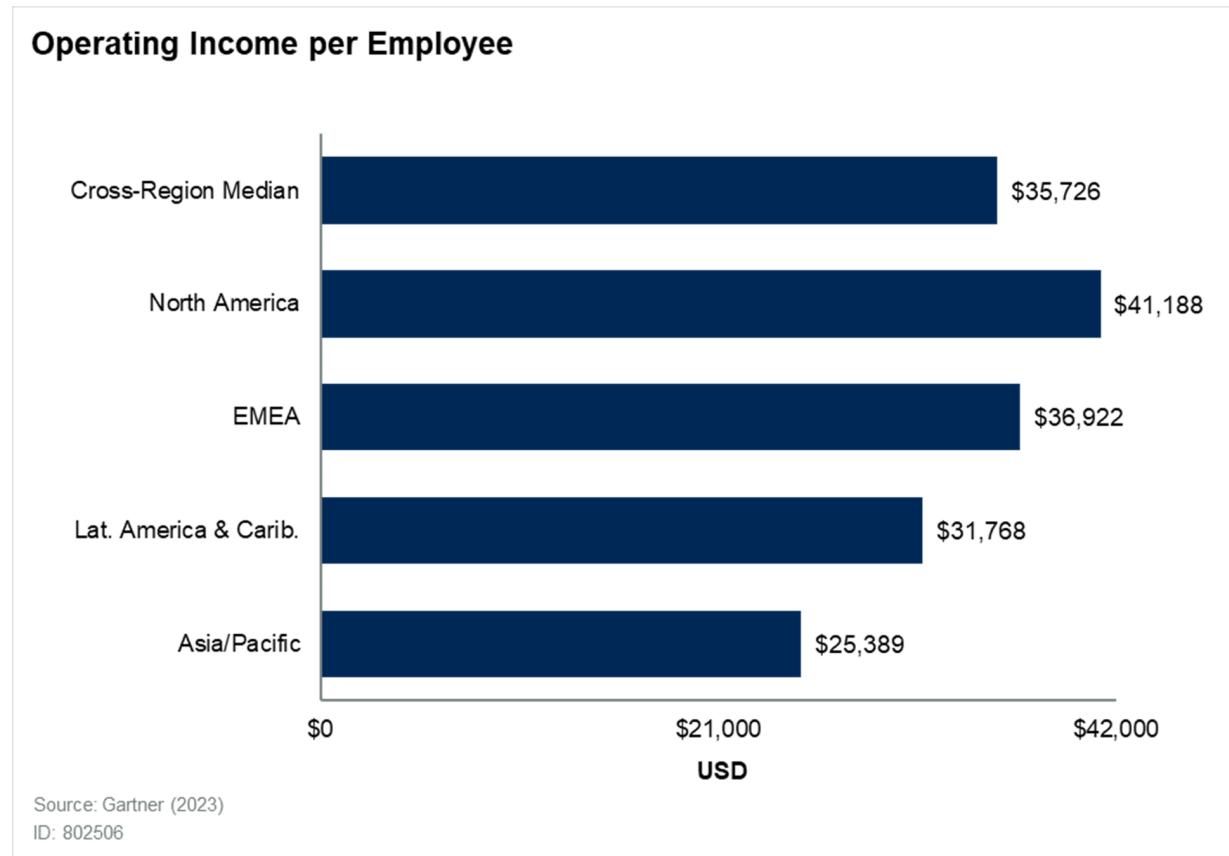
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Figure 24: Operating Income Per Employee, by Region, 2023



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Profitability

Profitability is a measure of an enterprise's cost-efficiency and can help outline the enterprise's position relative to the industry as it is often related to investment patterns.

Figure 25: Profitability, by Industry, 2023

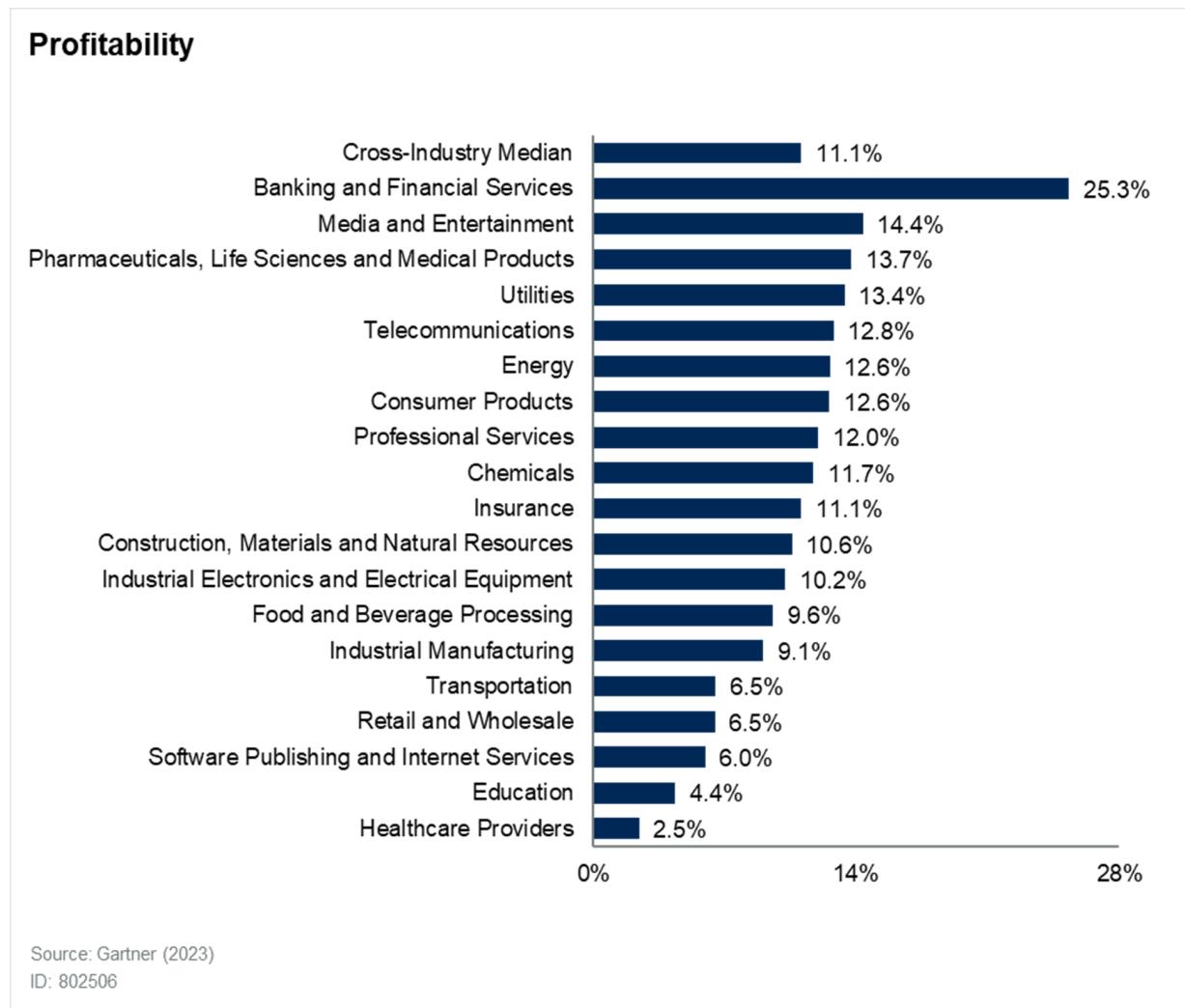
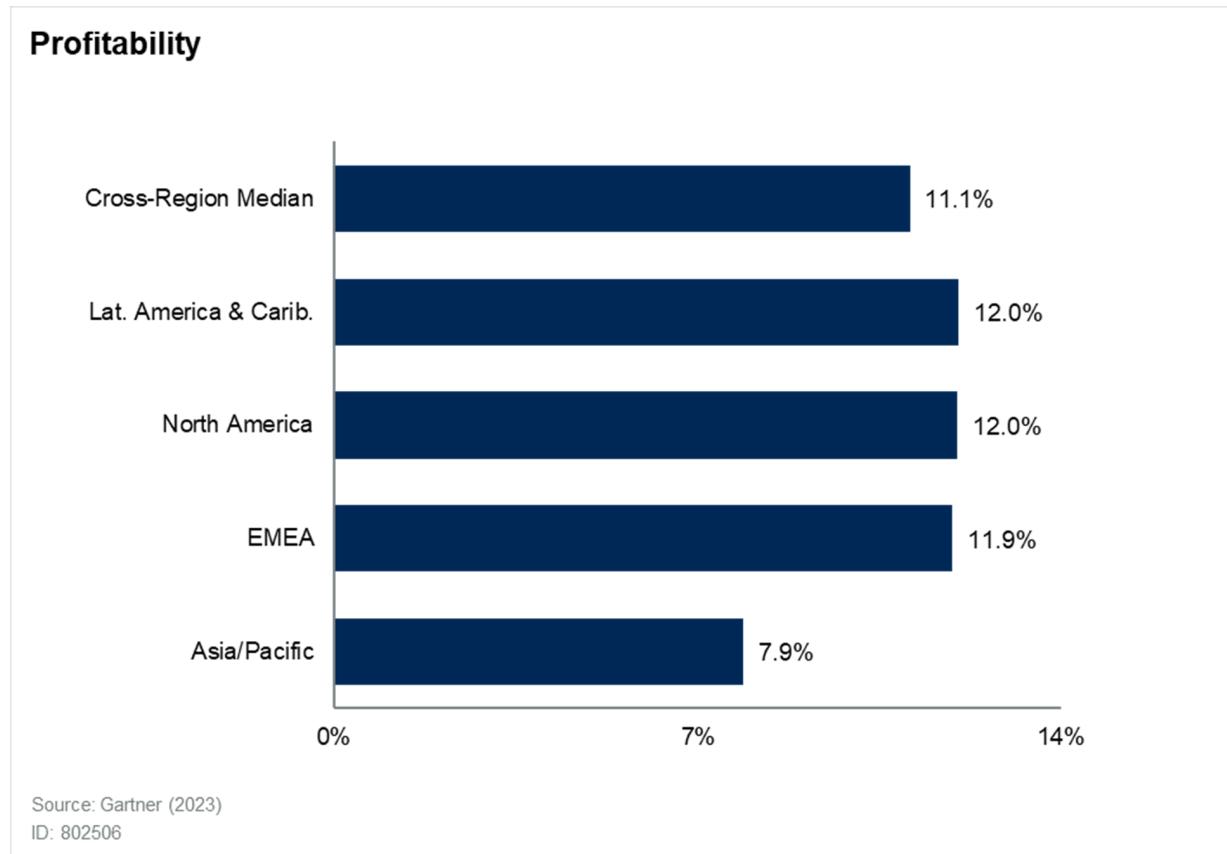
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Figure 26: Profitability, by Region, 2023**Gartner**

IT Budget Distributions: Uncover the Facts

Up to this point, the figures have shown spending trends overall, without distinguishing between the strategic, financial or operational categories that compose them. Through these categories, you can draw conclusions about critical investment areas, key investment themes and competitive spending levels.

IT Operational Versus Capital Spending

IT operational versus capital spending helps to portray the IT investment profile for an organization in a given year.

This information is typically available in most accounting or IT finance departments, and, thus, it may be easy to obtain year over year. This metric can provide visibility into the cyclical nature of capital investments (such as hardware, software and large service contracts) compared with recurring operational expenses (such as personnel, facilities and maintenance expenses). The challenge is in leveraging this information to communicate the linkage between IT investment and business results, because it is a traditional accounting view of IT cash flow and does not highlight how IT investment enables improved business performance.

In 2024, the percentage of IT spending classified as capital moved slightly downward from the 2023 figure (see Figure 27). We expected this due to the move to cloud and the fact that cloud is a period cost that is not capitalized.

Certain industries such as utilities and telecommunications tend to capitalize more of their IT Spending than others due to incentives related to the regulatory rate setting process.

It should be noted that when looking at individual organizations, Gartner observes a wide range of different distributions between IT capital and operational expenses, and so the emphasis should be placed on understanding your organization's own position and how that relates to your IT and business strategies, and not simply on trying to conform to the Gartner averages.

For more information, see "[CIOs Must Master Multiple Views of Spend to Manage IT Finances.](#)"

Figure 27: IT Operational Versus Capital Spending, 2019 to 2023

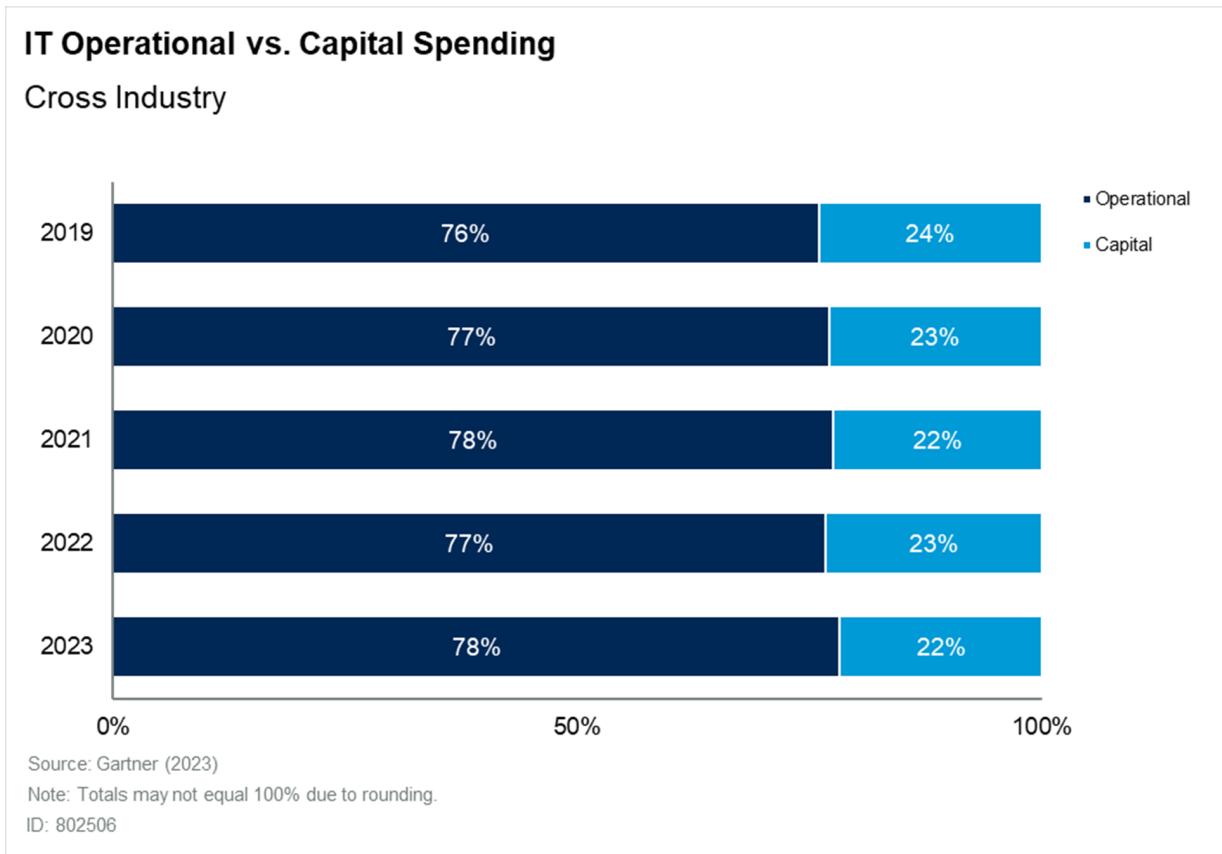
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Figure 28: IT Operational Versus Capital Spending, by Industry, 2023

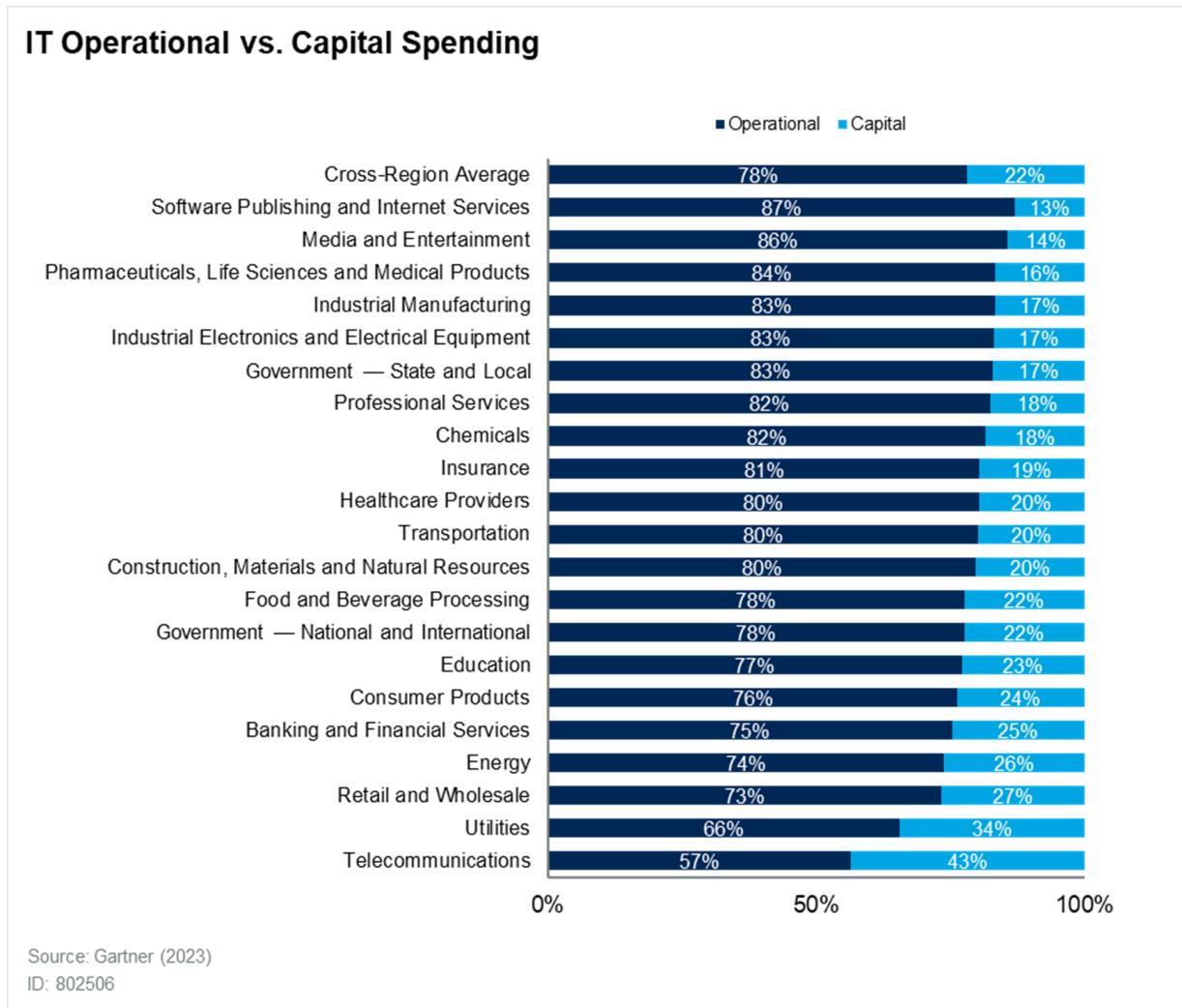
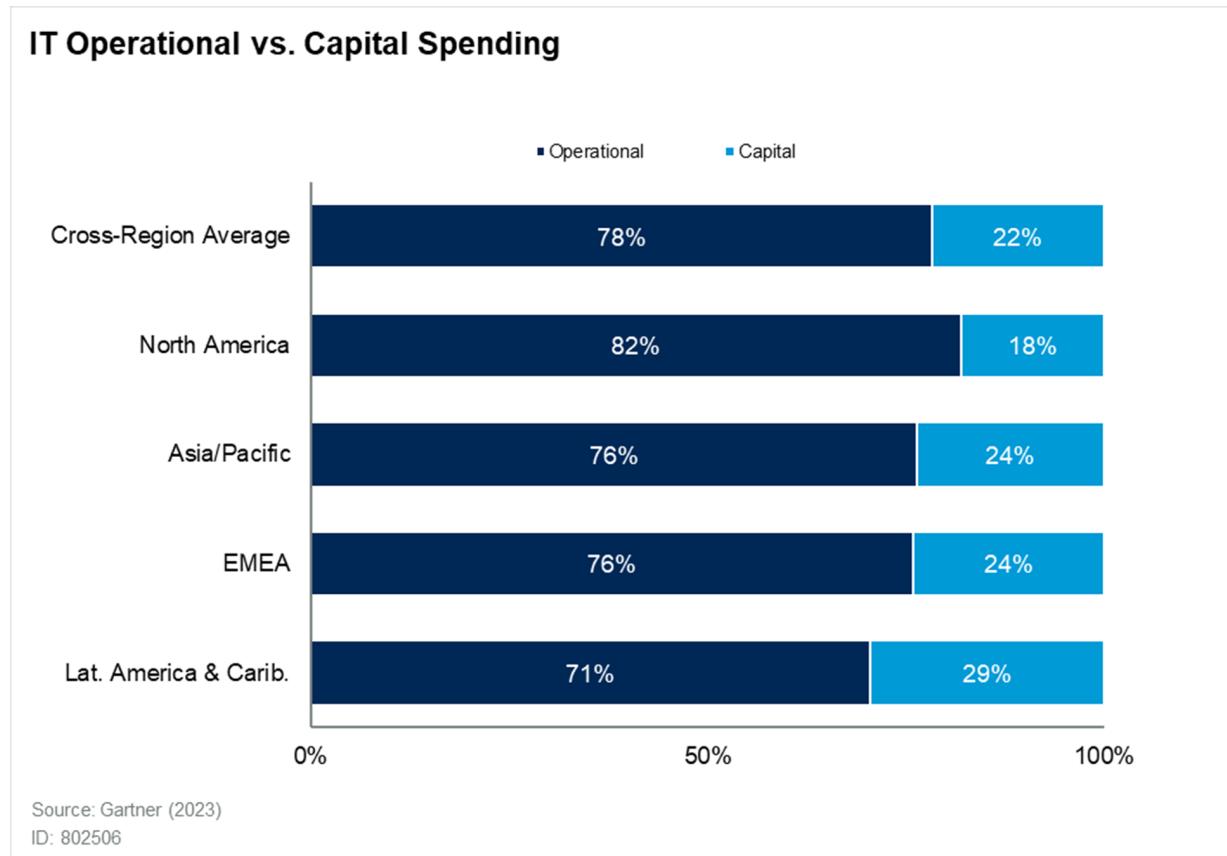


Figure 29: IT Operational Versus Capital Spending, by Region, 2023



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Strategic IT Spending Portfolio: Run, Grow and Transform the Business IT Spending

The distribution of IT spending to run the business, grow the business and transform the business provides a view of the IT investment profile or “portfolio” to support business performance. In some industries, it is not uncommon to see a high “run” focus – typically because organizations in the industry are not planning strong changes in business model growth or high organic growth – which often translates into a more “cost center” role for IT in the industry or niche sector.

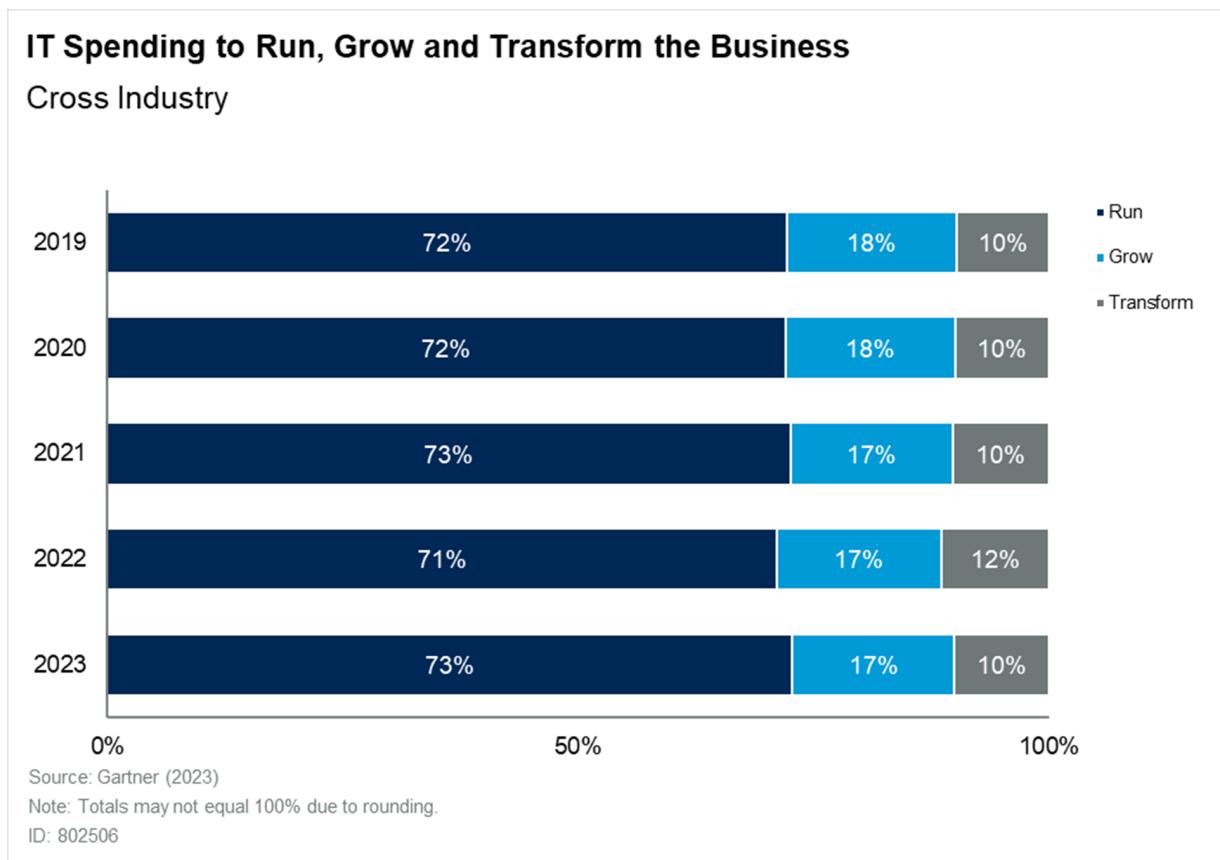
Classifying IT spending into categories that show impact on business outcomes or success can aid alignment and quantify underinvestment in IT.

A common misconception with this measure is that an IT initiative that may transform the IT organization, such as data center modernization or virtualization, should be classified as a “transform the business” investment. While these IT initiatives do transform the IT organization, they should primarily be classified as “run the business” investments because they support pre-existing IT services. IT transformation often leads to new business process improvements that enable the business to grow or build new revenue streams. Therefore, these costs would need to be evaluated and distributed based on IT service and business performance.

The run, grow and transform business framework should always be viewed in business terms with respect to how IT will enable the business to grow or transform revenue, operating income and/or profit margins.

The distribution of IT spending among run, grow, and transform may shift slightly from year to year. The fact that anything introduced as a grow or transform activity in one year will eventually become a run activity in the future tends to keep this data relatively stable.

Figure 30: IT Spending to Run, Grow and Transform the Business, 2019 to 2023

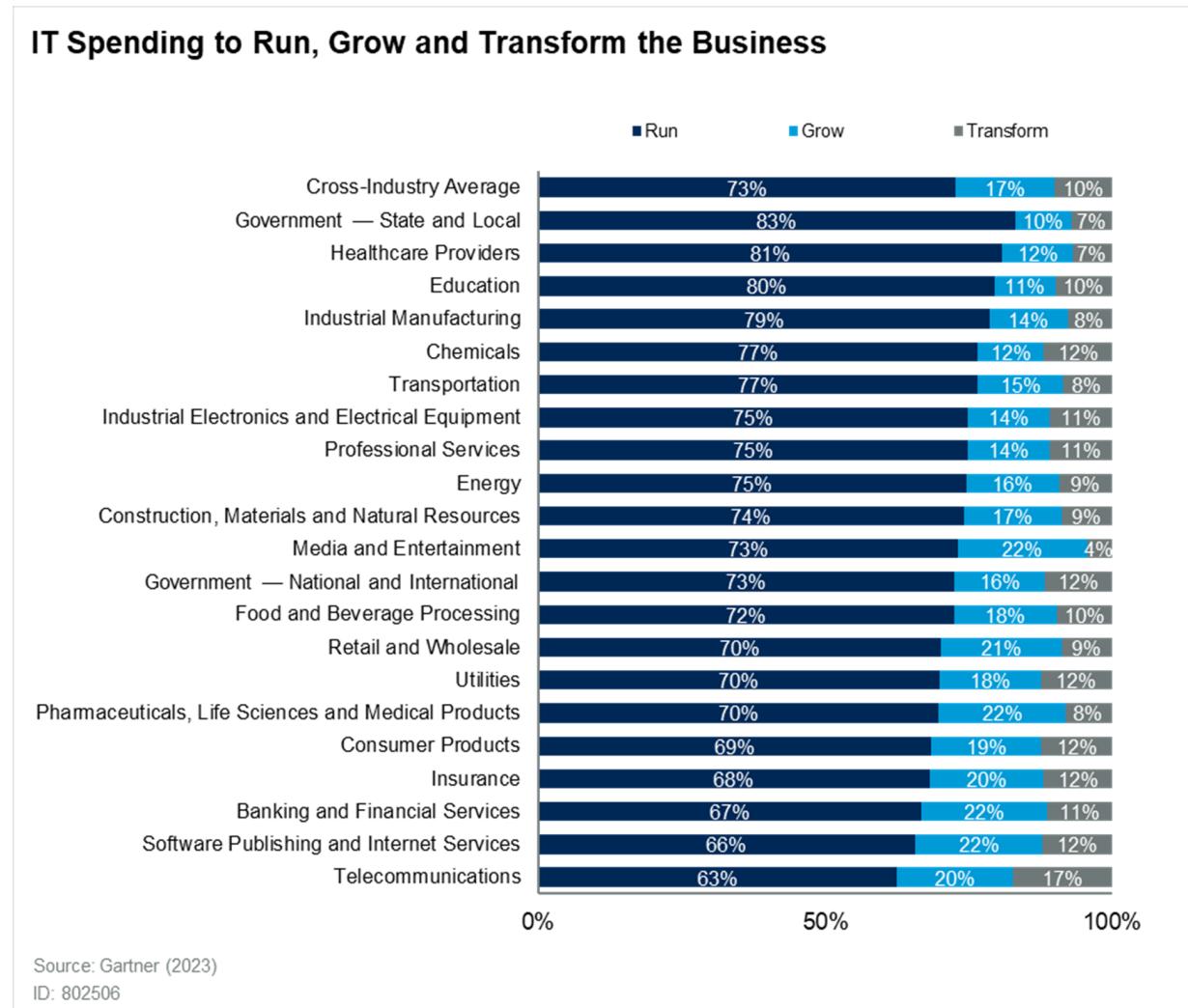


Subtle hints of an industry's IT investment profile can be seen in a higher percentage of IT spending devoted to the grow and transform categories, which comes at the expense of the run category.

Telecommunications, and Software Publishing and Internet Services, have the highest percentages of change (grow and transform) the business, while State and local Government and Healthcare Providers have the lowest (see Figure 31).

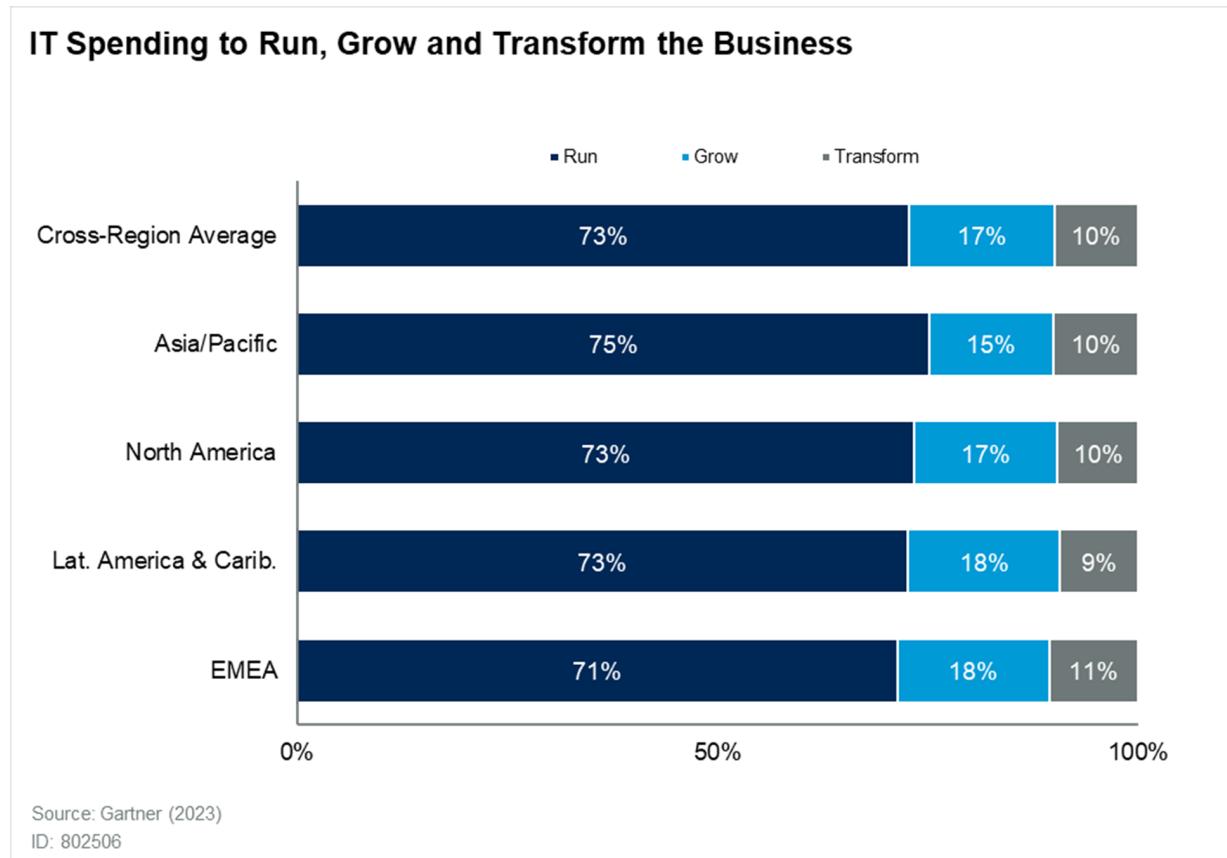
Just because an industry has a higher percentage of "run" spending doesn't mean that there isn't a good deal of growth and innovation happening. For example, an industry like Healthcare Providers has an average percent spending on run of 81% which is higher than 70% for Retail and Wholesale. It is important to remember that Healthcare Providers has a median IT spending as a percent of revenue of 4.4% versus 1.4% for retail and wholesale. Because Healthcare Providers is starting out at a higher level of IT spending it may be investing more in IT to grow and innovate than Retail and Wholesale.

Figure 31: IT Spending to Run, Grow and Transform the Business, by Industry, 2023



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Figure 32: IT Spending to Run, Grow and Transform the Business, by Region, 2023



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To better understand what the Strategic IT spending distribution looks like for top performers and its impact on their top-line metrics, you can review [IT Key Metrics Data 2024: Industry Measures – Strategic Investments & Business Outcomes](#)

IT Spending by Funding Source

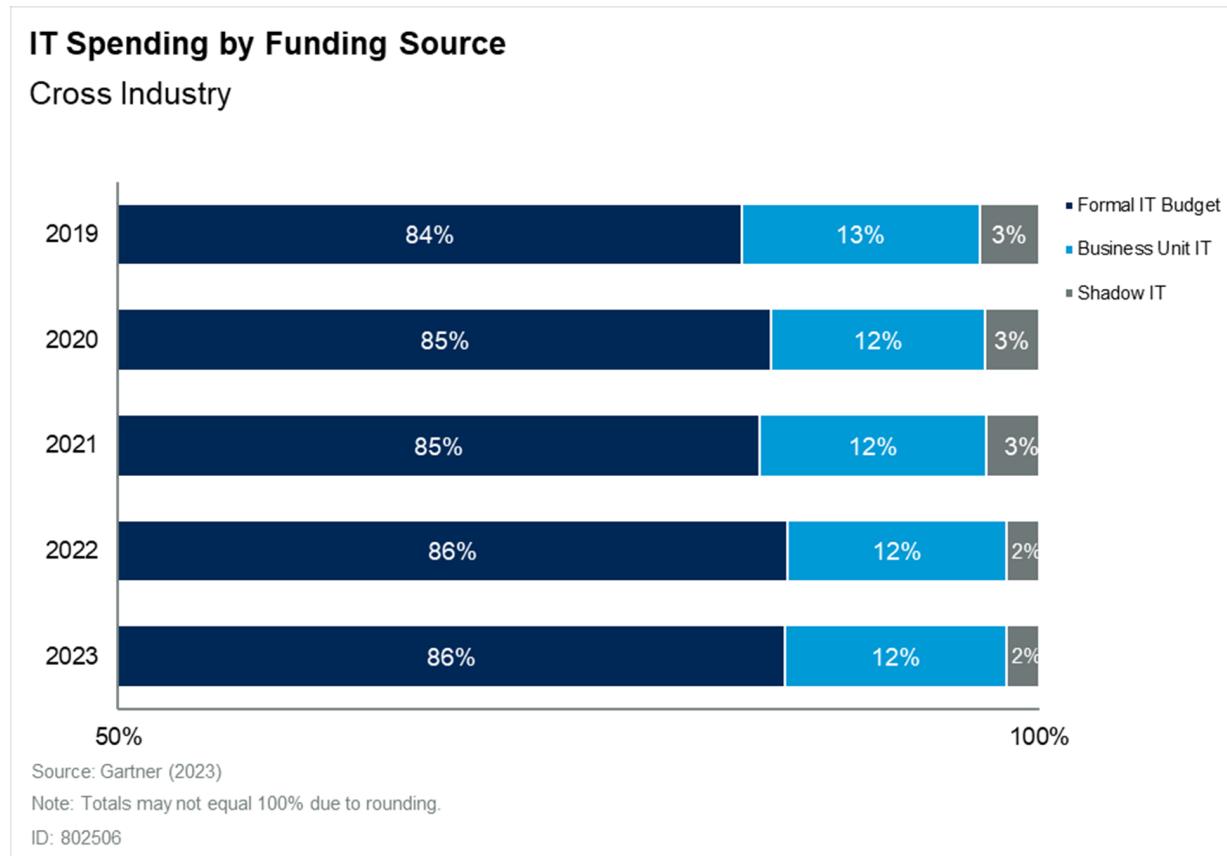
IT spending can come from several different sources within an enterprise or organization and is not restricted to the formal IT Budget. Additional spending for which business units are accountable can also occur. When this happens in cooperation with the formal IT group it is known as Business Unit IT. When it happens without the cooperation of the formal IT group it is known as Shadow IT.

Understanding how much IT spending occurs outside the formal IT budget allows organizations to gauge the true extent of their IT spending and ensure for example that IT budget cost cutting exercises do not simply result in IT spending occurring elsewhere in the business. Getting the right mix of the formal IT budget, business unit IT and shadow IT can depend upon many factors and needs to be appropriate for the circumstances of the individual organization. Shadow IT can occur because the business wants to move faster than the formal IT departments processes allow and can lead to a lack of central governance and control. However, not all shadow IT should necessarily be viewed as “bad.”

See “[Quick Answer: The Difference Between Shadow and Business-Led IT, and Why It Matters](#)” for more details.

The data from past few years has shown an increase in the percent IT Spending from the formal IT budget from 84% to 86%. This seems counterintuitive as anecdotally we hear that business units are taking more responsibility for IT Spending with the move to digital business models. This may be true to some extent, but when we dig into what people call “Shadow IT” we often find that much of it includes assets and services that aren’t part of the IT Spending/Budget Definition. What people casually call “Shadow IT” often includes things like digital advertising, power users of business intelligence applications, BPO, and content functions.

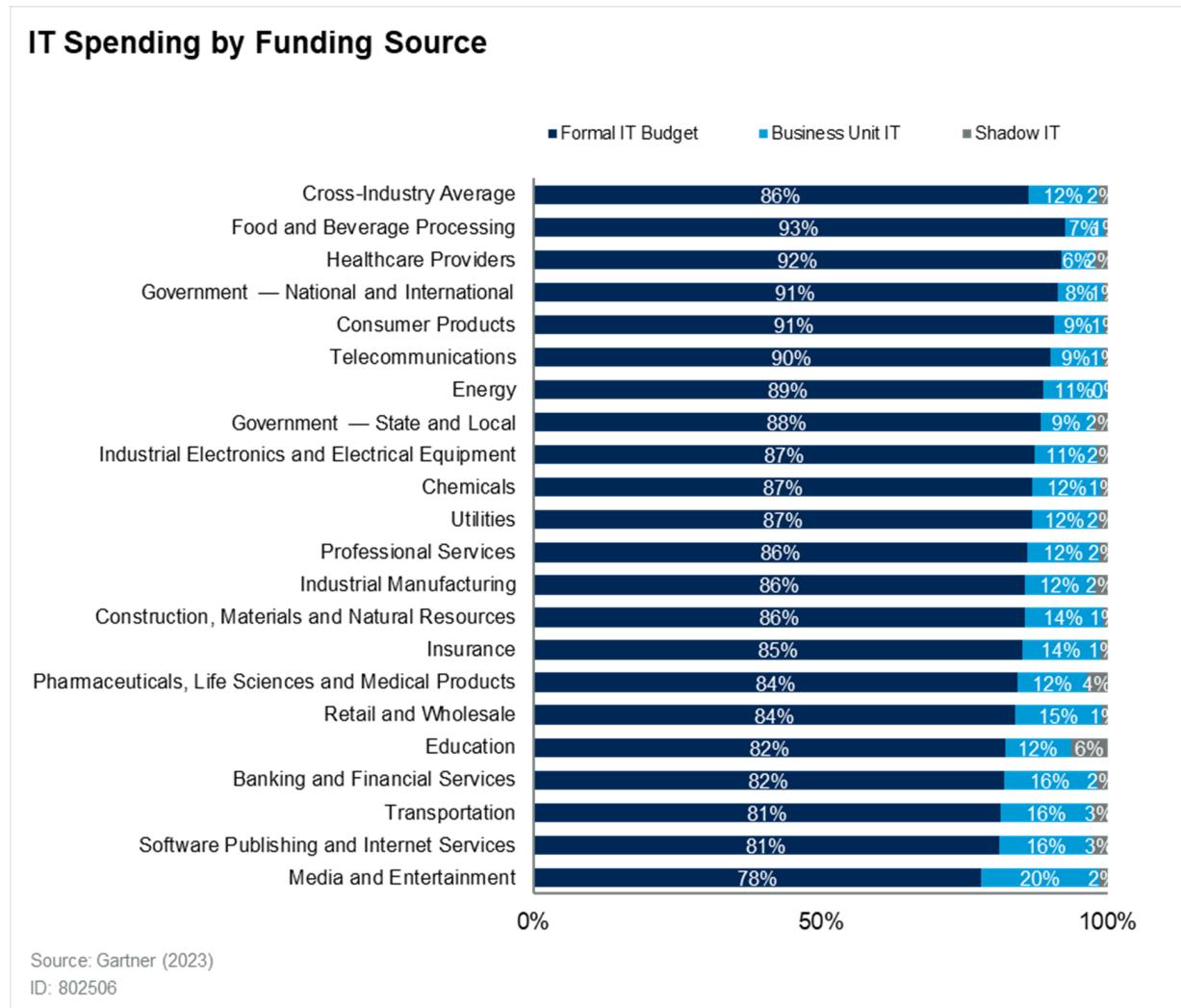
Figure 33: Distribution of IT Spending by Funding Source, 2019 to 2023



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Certain industries have more of a culture or need for decentralization of management of IT resources and that is evident in Figure 34. In Software Publishing and Internet Services, it is not uncommon for the product development groups to have a high degree of control over their IT spending. We see that they are the lowest in percentage of IT Spending from the formal IT budget. Some of the industries with higher levels of percentage of IT spending from the formal IT budget are more conservative than more centrally managed ones such as Insurance and Utilities.

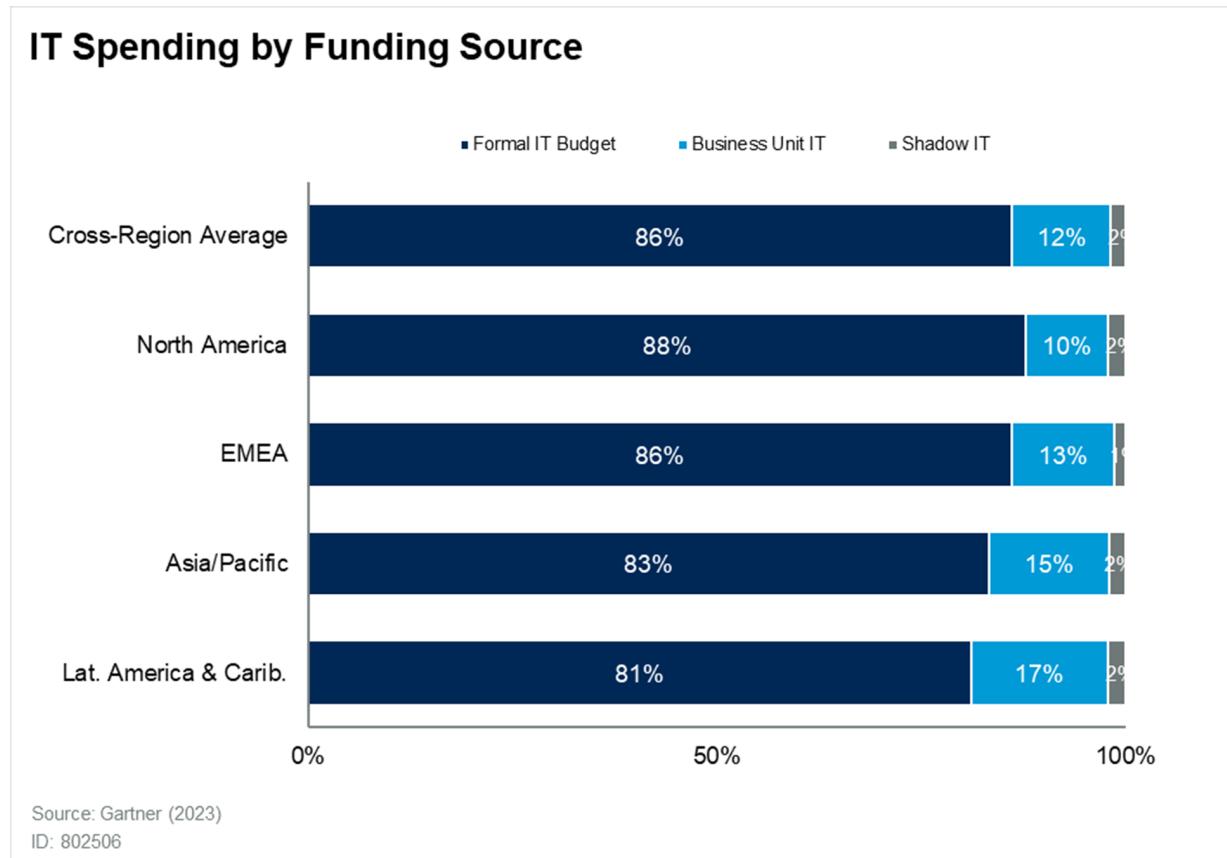
Figure 34: Distribution of IT Spending by Funding Source, by Industry, 2023



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Regionally, North America and EMEA have the highest percentage of formal IT budget (see Figure 35), while Latin America & Caribbean has the largest percentage of business unit IT.

Figure 35: Distribution of IT Spending by Funding Source, by Region, 2023



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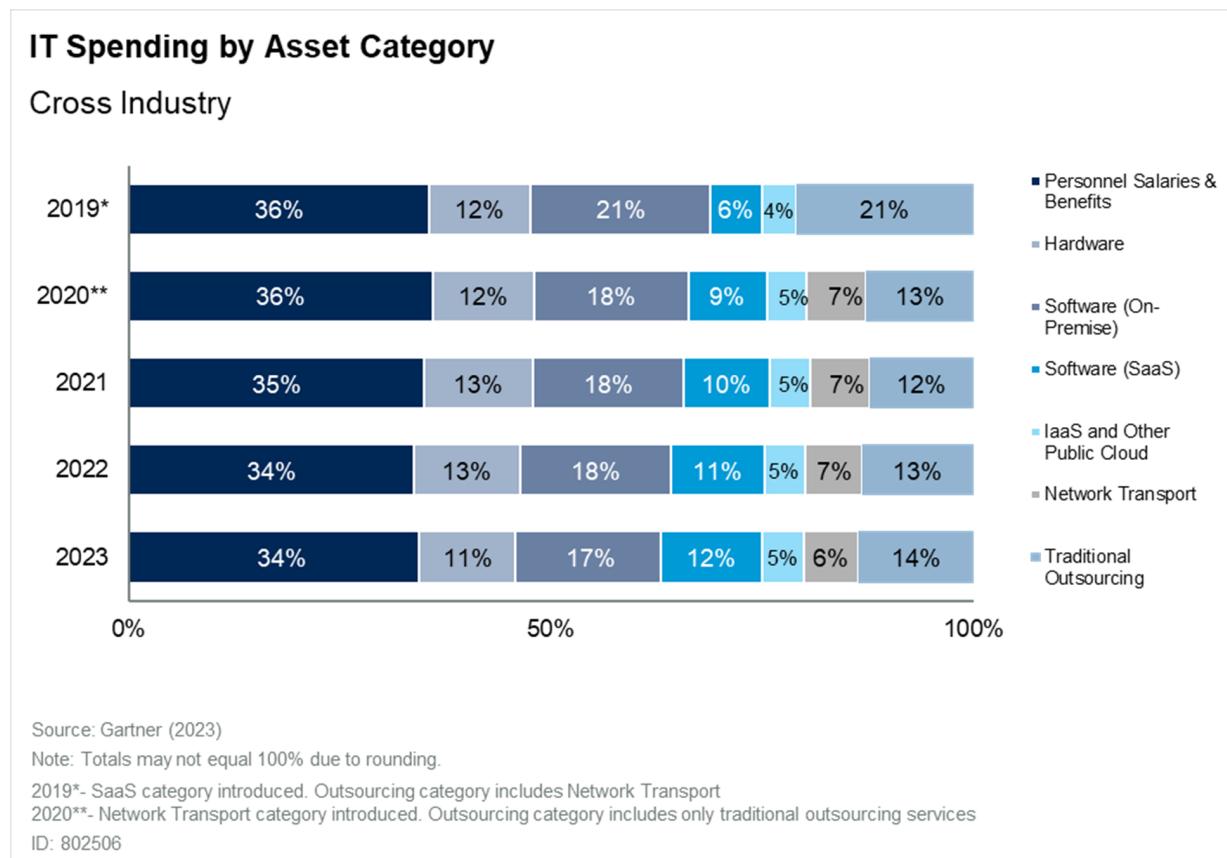
IT Spending by Asset Category

The distribution of spending between asset categories (personnel, hardware, software, SaaS, IaaS and other public cloud services, network transport and outsourcing) can show the dynamics of IT investments. For the purpose of this research, hardware includes insourced data center occupancy and facilities costs, and outsourcing includes network transmission costs.

This measure can be helpful in adding context to the IT investment strategy from a sourcing perspective, in terms of accounting-based resources that may be insourced (for example, IT hardware, software, personnel and occupancy/facilities costs) versus services delivered by a third party (for example, outsourced services and network transmission costs). As an organization increases or decreases the level of third-party/outsourced services, it may find an inverse effect in its associated personnel, hardware and/or software expenditures, depending on the scope of third-party services retained and on business requirements. The cyclical nature of capital investments in IT hardware and software may also play a significant role in an organization's IT spending outlay during a given year.

The trend toward SaaS, IaaS and other public cloud services continues as the percentage of IT spending in those areas increased from 16% in 2022 to 17% in 2023. Based on the distribution below approximately 71% of public cloud services come from SaaS versus 29% from IaaS, PaaS and other public cloud services.

Figure 36: Distribution of IT Spending by Asset Category, 2019 to 2023



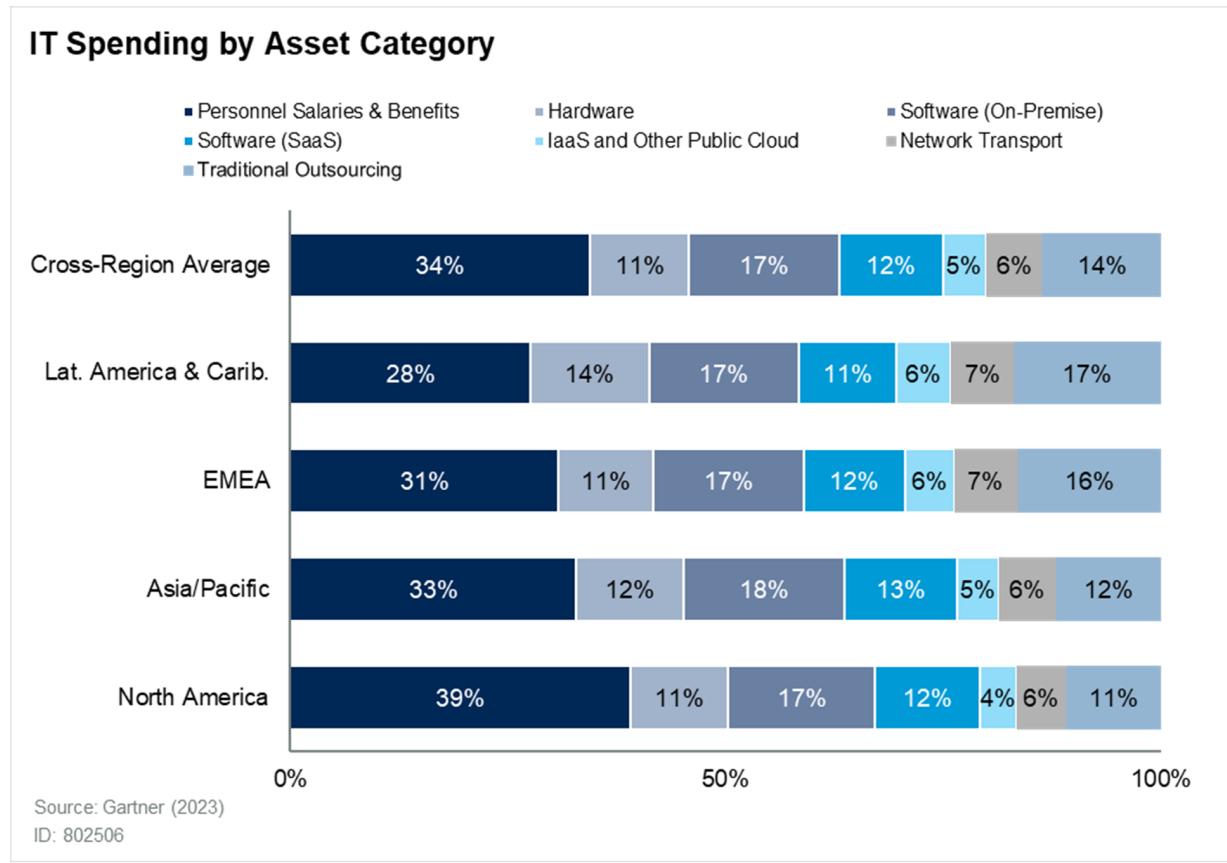
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Notes: In 2019 – SaaS introduced as a category. The outsourcing category included Network Transport

In 2020 – The Network Transport category was introduced. Outsourcing category includes only traditional outsourcing services

Figure 37 indicates the largest regional difference in asset distribution is the lower personnel spending in Latin America/Caribbean. This is likely due to the lower staff costs prevalent in the region.

Figure 37: Distribution of IT Spending by Asset Category, by Region, 2023



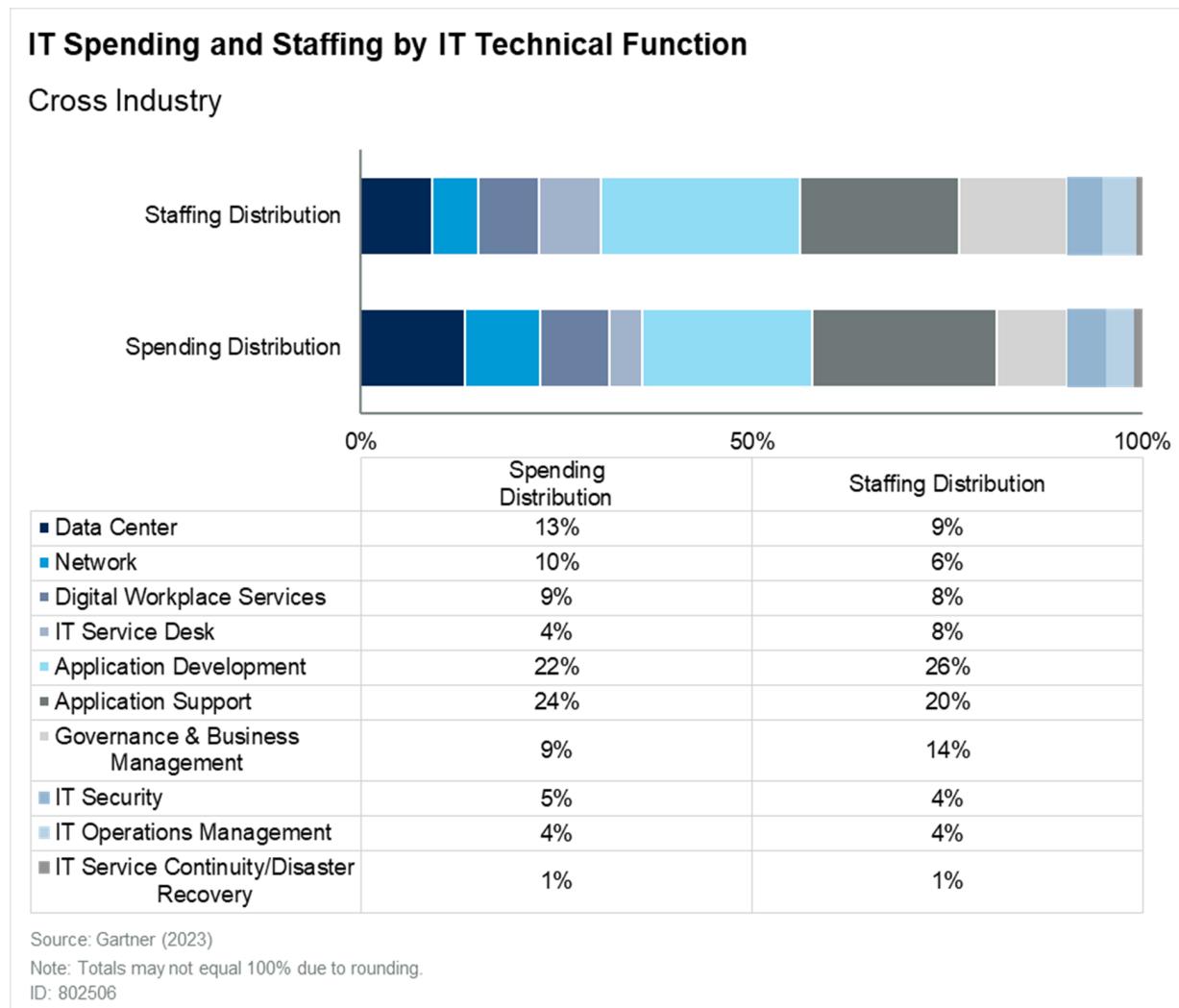
Gartner

For more details on Public Cloud Spending Trends, refer to [IT Key Metrics Data 2024: Industry Measures – Public Cloud Spending Trends](#)

Distribution of IT Spending and Staffing by IT Technical Function

The distribution of IT spending and staffing by IT technical function provides a view of key IT resource consumption in the context of the overall IT portfolio:

Figure 38: Distribution of IT Spending and Staffing by IT Technical Function, 2023

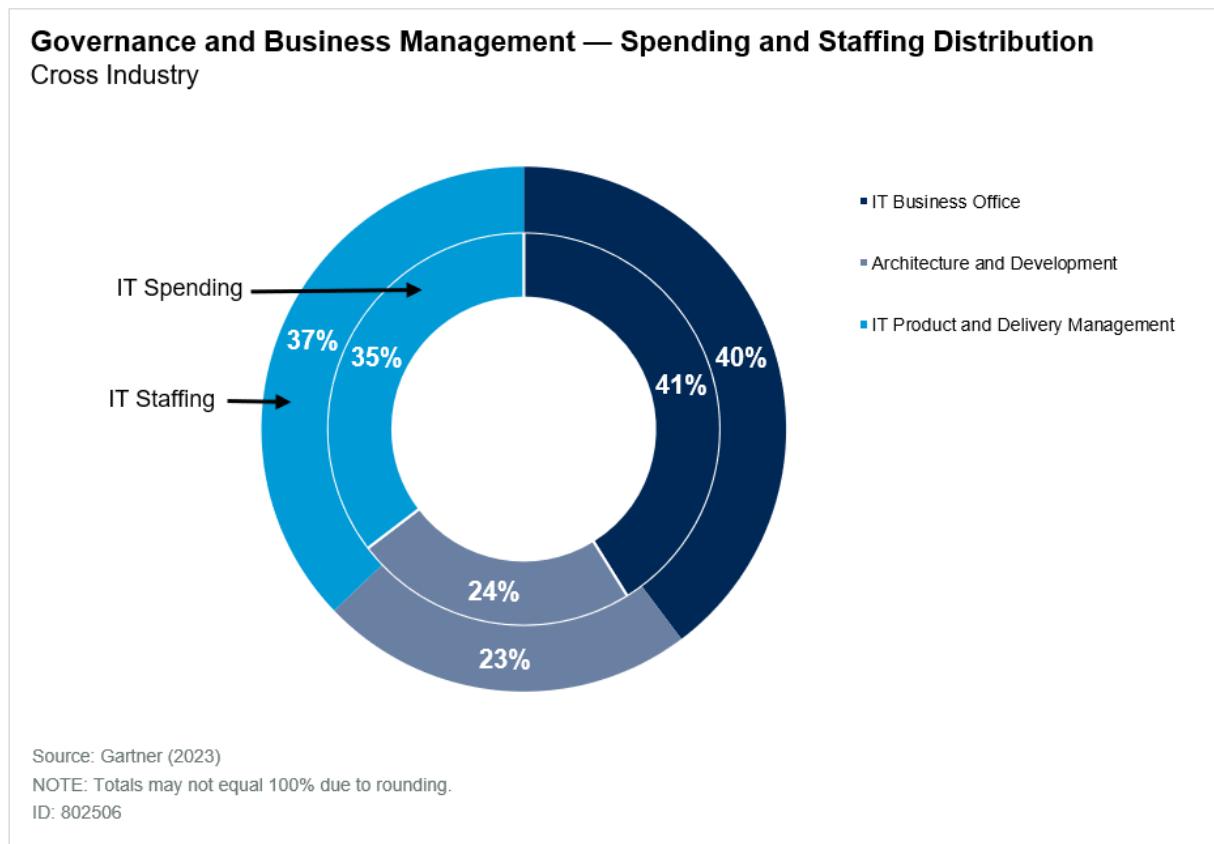


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Distribution of IT Spending and Staffing by Governance & Business Management

Gartner introduced the Governance and Business Management technical category (formerly known as Governance and Service Management) a few years ago. We are now in a position to publish data for the subcategories of this function at a cross industry level. These are defined in the [Framework Definitions](#) document

Figure 39: Distribution of IT Spending and Staffing by Governance & Business Management



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IT Staffing Trends

As we have seen in preceding figures, internal staff typically represents more than one-third of the overall IT investment, which demonstrates the considerable human component of the IT portfolio. As such, it is critical for organizations to understand whether they are staffed adequately, whether their human resources are effective and whether they are sufficiently trained and motivated to meet changing business needs. The following metrics provide a broad view of IT staffing levels among the organizations we studied.

IT Full-Time Equivalents as a Percent of Employees

IT FTEs as a percent of employees is a key measure of IT support and IT intensity from a human capital perspective.

Understanding the relative level of IT staff dedicated to supporting the business can also assist in identifying whether the staff size is appropriate. This should be considered within the context of the overall enterprise sourcing strategy and future-state objectives. Variables to consider in tandem with this metric include IT staffing distribution, contract versus insourced FTEs, and IT outsourcing and public cloud spending as a percent of IT spending, as well as the enterprise sourcing strategy — Does the total employee count accurately represent the organization's workforce that is supported by IT? Do you have the ability to track the total number of internal users supported by IT?

Similar to the top-level IT spending metrics, the IT FTEs as a percent of employees tend to be higher for IT intensive industries such as Insurance and Banking and Financial Services.

Figure 40: IT FTEs as a Percent of Employees, by Industry, 2023

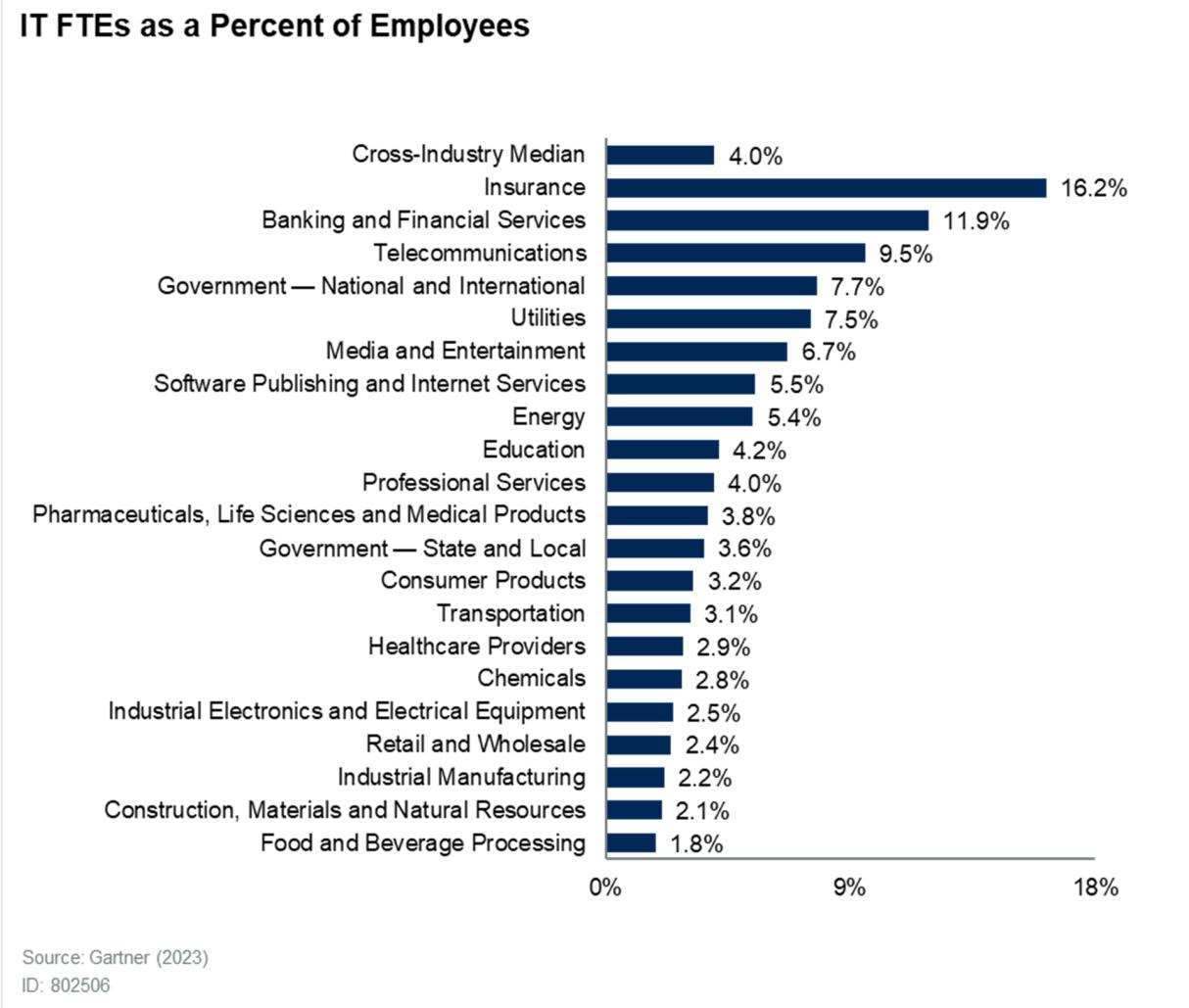
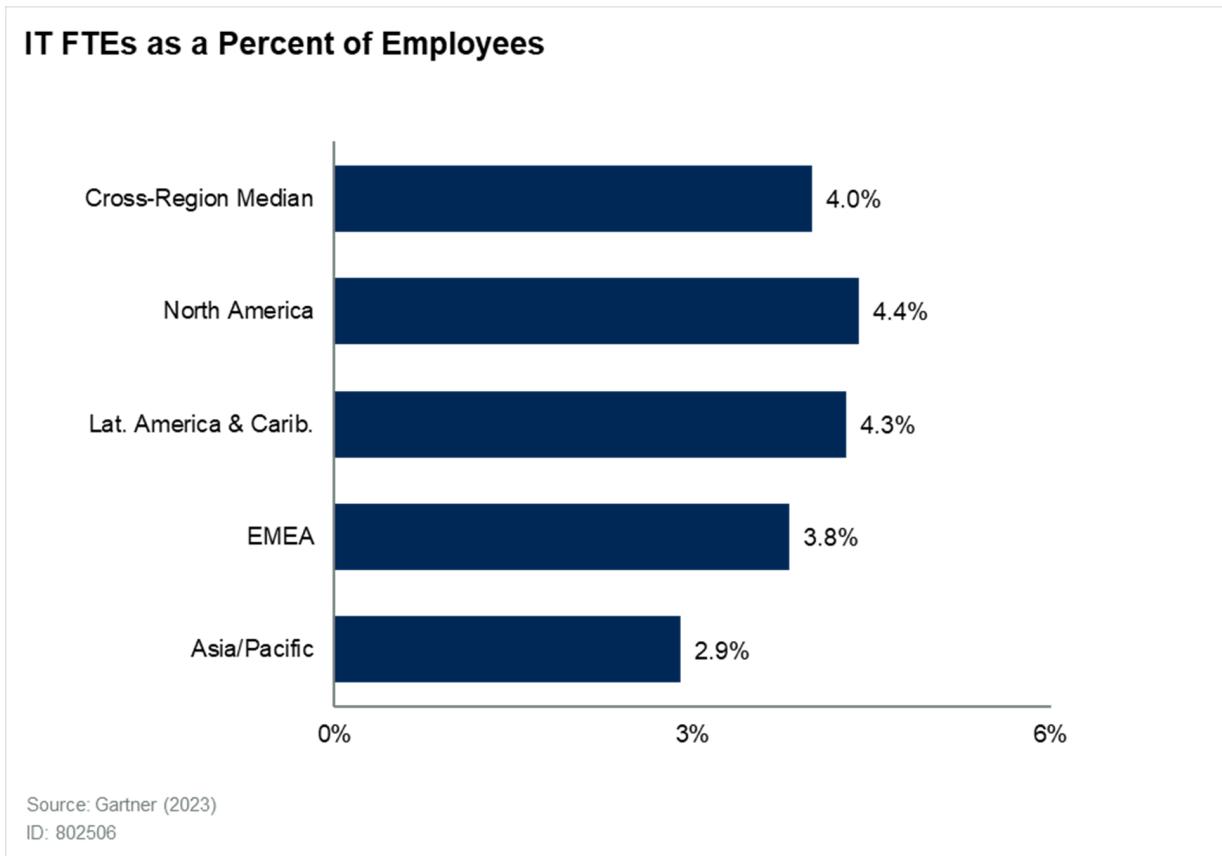


Figure 41: IT FTEs as a Percent of Employees, by Region, 2023**Gartner**

Distribution of IT FTEs: Insourced Versus Contractor

The distribution of IT FTEs (insourced versus contractor) can help provide a view of the IT staffing strategy.

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.

For more information, see [Making the Case for Your In-House Agency, Part 1: Strategy and Benefits](#)

The use of contract labor should be driven by a need for flexibility and access to specific skills. However, some industries such as Government – National/International tend to rely on contract labor because of budgeting practices that discourage hiring full time staff. In other industries such as healthcare, cultural factors and a perception of having very specific business requirements lead toward a lower percentage of IT contractors in place.

Figure 42: Distribution of IT FTEs: Insourced Versus Contractor, 2019 to 2023

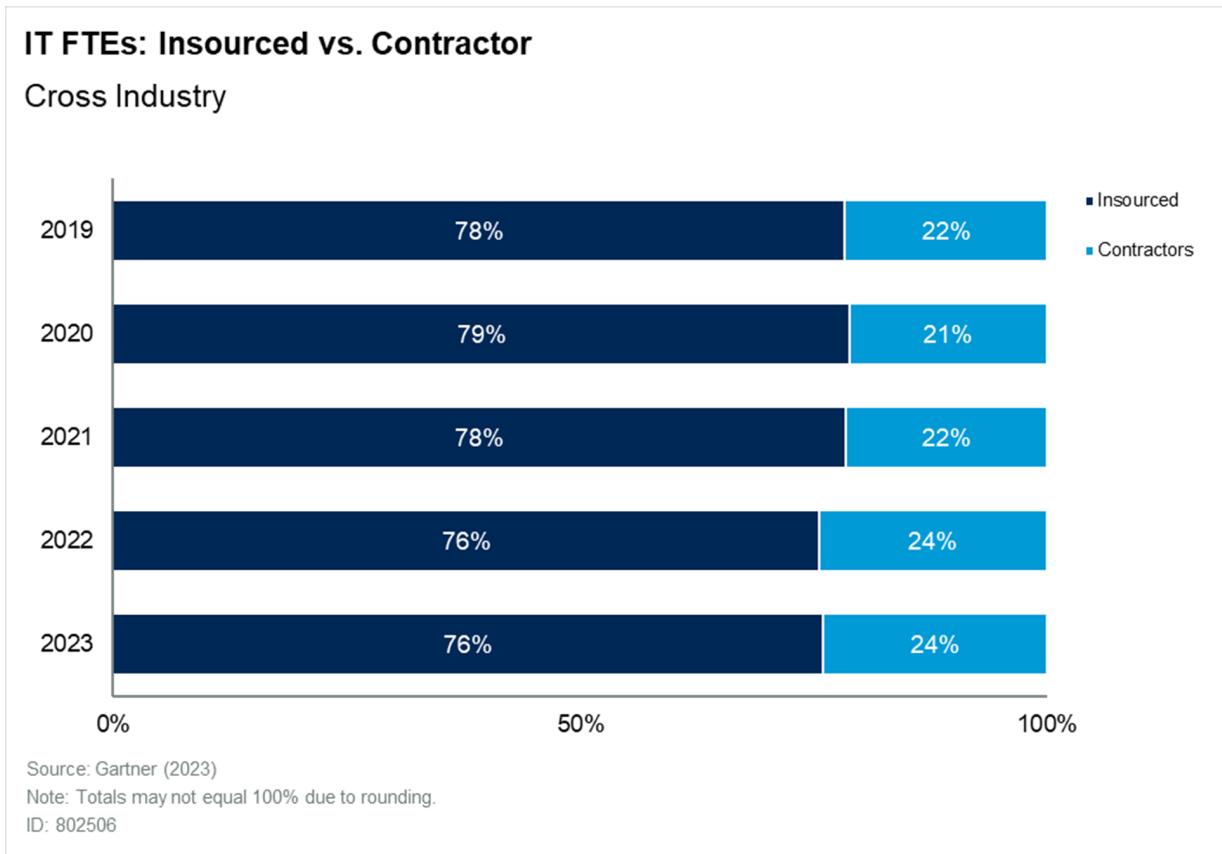
**Gartner**

Figure 43: Distribution of IT FTEs: Insourced Versus Contractor, by Industry, 2023

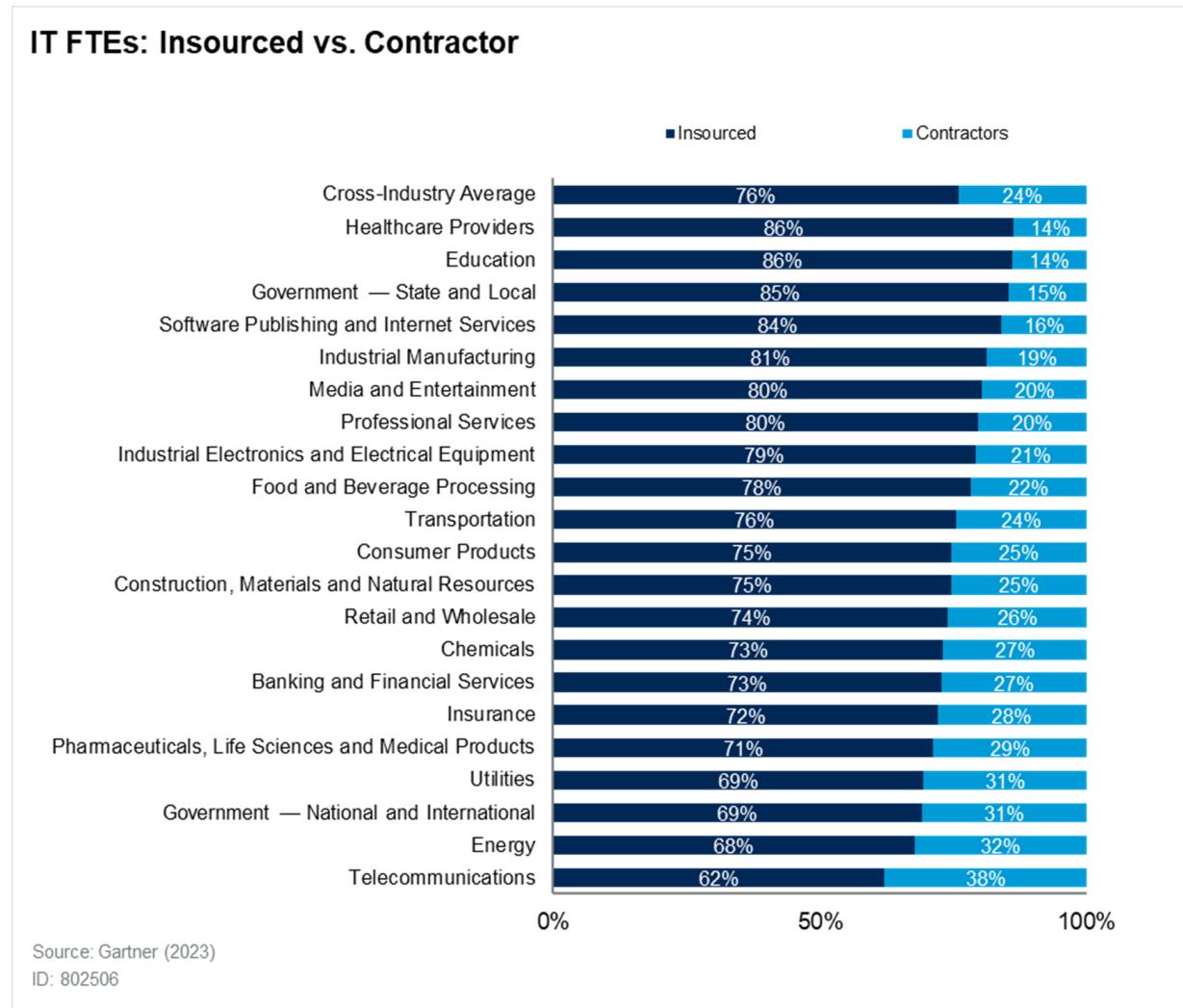
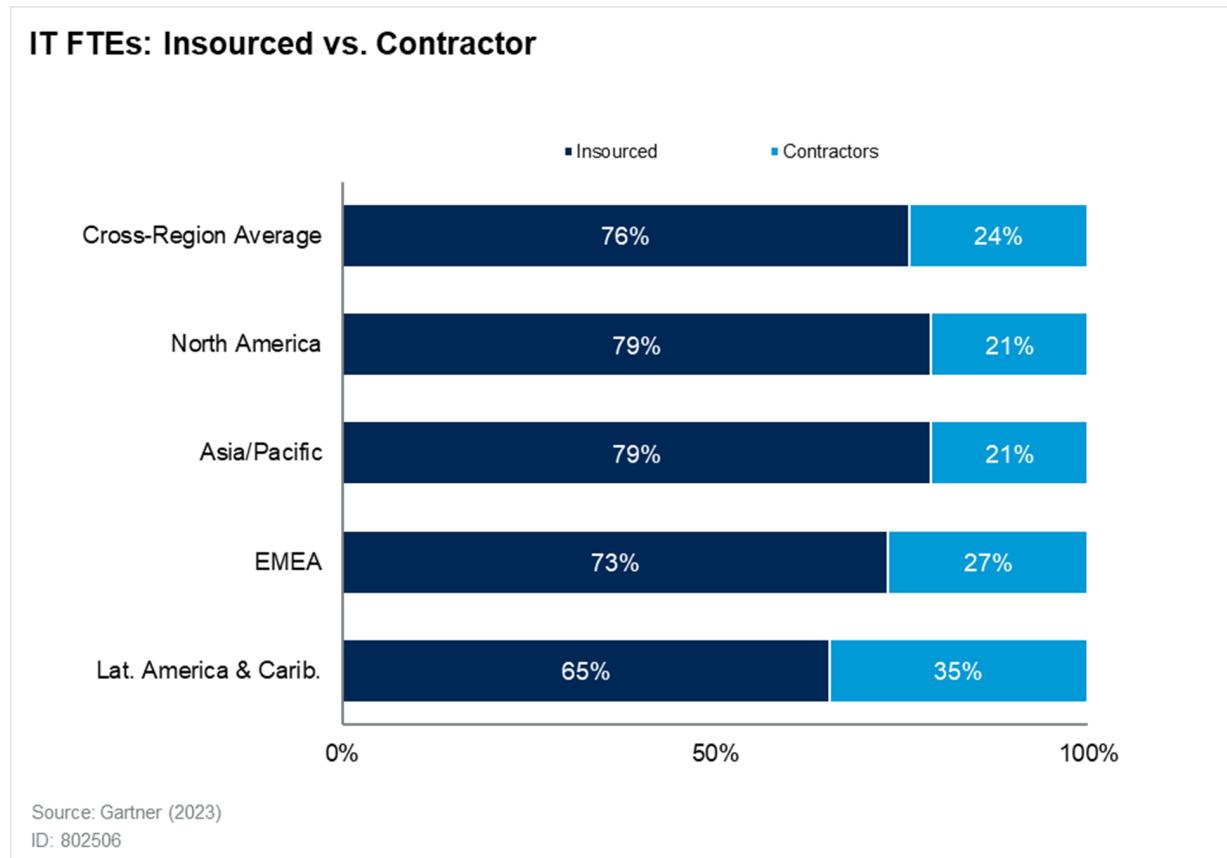


Figure 44: Distribution of IT FTEs: Insourced Versus Contractor, by Region, 2023



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Conclusion

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.

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"](#)

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

["The Quintessential Guide to Strategic Planning"](#)

["Strategic Cost Optimization Score for IT"](#)

["Balancing Capex and Opex Funding for Digital Investments"](#)

About This Research

Evidence

- This research contains relevant database averages, medians and ranges from a subset of metrics and prescriptive engagements available through [Gartner Benchmark Analytics](#) consulting-based capabilities.
- Employee, income and revenue data is based on the most recently completed fiscal year.
- Calculations were made using worldwide observations.
- Demographics: ITKMD 2024 cohort represents over \$15 trillion in total revenue and over \$562 billion in total IT spend. In 2023, Gartner collected 4,139 data points in total from public and private enterprises from more than 80 countries in 21 industry sectors to contribute toward all the IT Key Metrics Data series of reports. For more information, including the distribution of data points by region, see "[IT Key Metrics Data 2024: Demographics](#)."
 - For the key industry measures contained in this report, we collected 2,528 data points. The result is the most comprehensive and authoritative IT spending, staffing and performance data in the industry.
 - Table 1 outlines the number of observations and the average size of the organizations (annual revenue and number of employees) represented in the analysis.

Table 1: Number of Observations, Average Revenue and Enterprise Employees
 (Enlarged table in Appendix)

Industry ↓	Number of Observations ↓	2022 Revenue (Billions of USD) ↓	2023 Employees (Thousands) ↓
All Industries (Cross-Industry)	2,528	6.3	15
Banking and Financial Services	281	8.6	20
Chemicals	73	7.6	10
Construction, Materials and Natural Resources	145	5.0	11
Consumer Products	76	3.6	10
Education	116	0.9	6
Energy	72	17.2	6
Food and Beverage Processing	116	5.8	14
Government – National/International (Operating Budget)	103	8.6	21
Government – State/Local (Operating Budget)	82	1.1	5
Healthcare Providers	135	3.6	18
Industrial Electronics and Electrical Equipment	88	6.3	21
Industrial Manufacturing	180	10.6	29
Insurance	203	8.1	8
Media and Entertainment	38	1.8	6
Pharmaceuticals, Life Sciences and Medical Products	111	7.3	14
Professional Services	214	2.0	11
Retail and Wholesale	174	8.6	26
Software Publishing and Internet Services	49	2.5	9
Telecommunications	38	8.8	12
Transportation	94	5.0	19
Utilities	140	3.6	4

NOTES: (1) The revenue figures reported are final and official for 2022; the 2023 revenue figures were not announced or were otherwise unavailable at the time of this publication. (2) Government operating budget is used as a proxy for "revenue"; however, it is not included in the all-industry average for revenue. (3) The all-industry enterprise full-time equivalent (FTE) average includes government FTEs.

Source: Gartner IT Key Metrics Data (December 2023)

Document Revision History

[IT Key Metrics Data 2023: Industry Measures – Executive Summary - 8 December 2022](#)

[IT Key Metrics Data 2022: Industry Measures – Executive Summary - 16 December 2021](#)

[IT Key Metrics Data 2021: Industry Measures – Executive Summary - 18 December 2020](#)

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