

# IT Key Metrics Data 2024: Industry Measures — Public Cloud Spending Trends

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

The introduction of Public Cloud services such as Software as a Service (SaaS), Infrastructure as a Service (IaaS) continue to transform the delivery of IT services. Gartner collects data around cloud spending from the IT Budget and Efficiency Benchmark Tool and other sources on a year round basis. This analysis provides insight into cloud spending from that dataset.

## Overview

### Key Findings

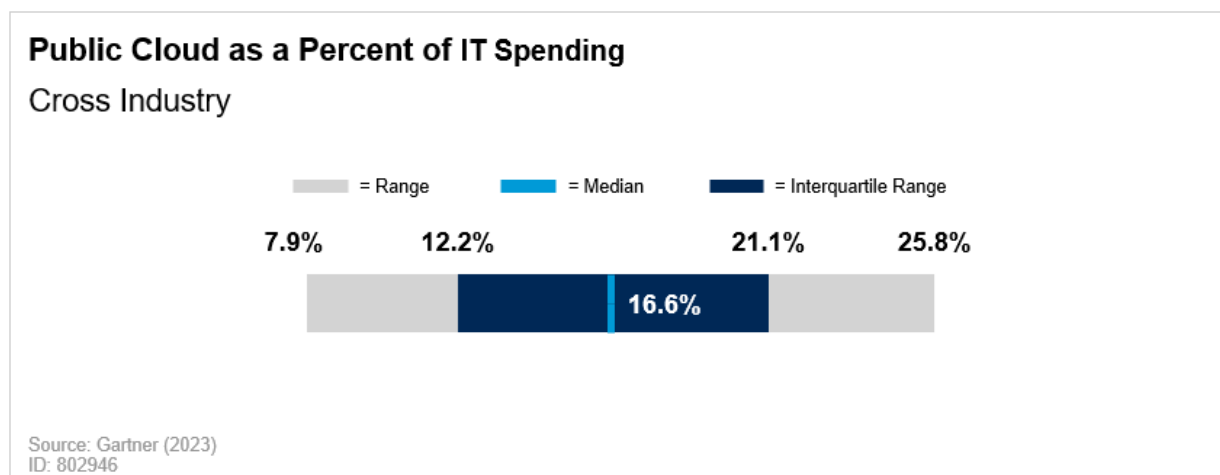
- All of the metrics published in this report are based on the IT spending and staffing model outlined in the [Framework Definitions](#) document.
- Median Public Cloud Spending as a percent of Total IT spending is 16.6% for 2023
- Certain IT intensive industries such as Banking, Government, and Pharmaceuticals on average rely less on Public Cloud relative to on-premise assets than less IT intensive industries. This may be driven by risk and/or control concerns.
- Utilities and Telecom rely less on public cloud due to incentives around capital spending.
- The smallest organizations and organizations in less developed regions tend to spend more on public cloud than larger organizations in more developed regions.

## Recommendations

- Measuring and understanding your current level of Public Cloud spending is a key step in the decision making process for on-premise versus cloud investments.
- Use the [Budget & Efficiency Benchmark](#) to establish a baseline of and contextualize your Total IT and your total Public Cloud spending.
- 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.

Public Cloud Spending as a Percent of IT spending reflects how much an organization relies on Public Cloud relative to other types of assets (such as hardware and on-premise software) needed to provide IT Services to their customers.

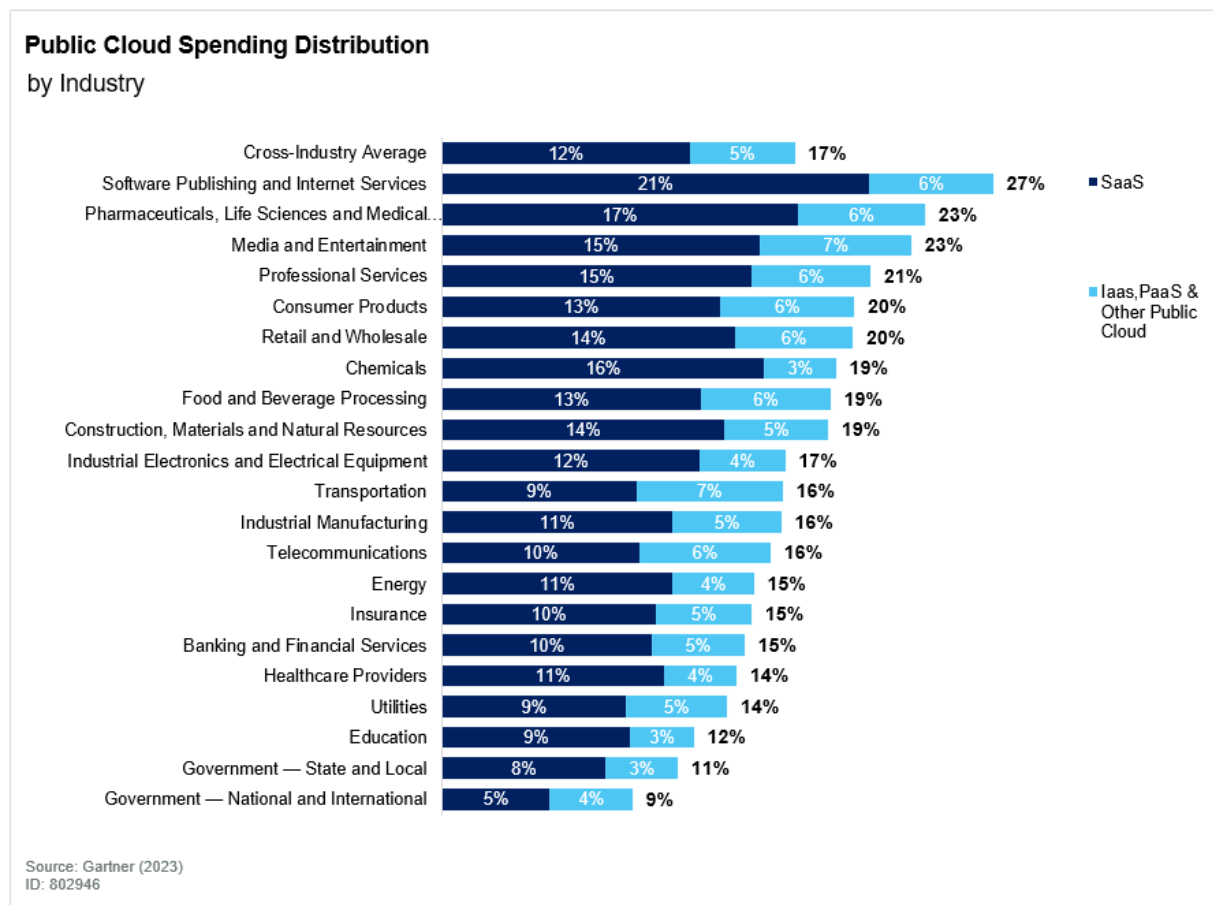
**Figure 1: Public Cloud as a Percent of IT Spending**



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Figure 2 below shows Public Cloud distribution between SaaS and IaaS, PaaS & Other Public Cloud across 21 industries. Software Publishing has the highest reliance on cloud along with Pharmaceuticals, Life Sciences and Medical products, and Media and Entertainment. Those industries also tend to spend higher than the median IT Spending as a Percentage of Revenue. Other industries that have a high IT Spending relative to Revenue (or Business Operating Expenses) such as Government, Banking and Education tend to have a smaller cloud investment relative to their size. This may be due to fears over security of loss of control. Utilities and telecom rely less on public cloud due to financial incentives around capital spending.

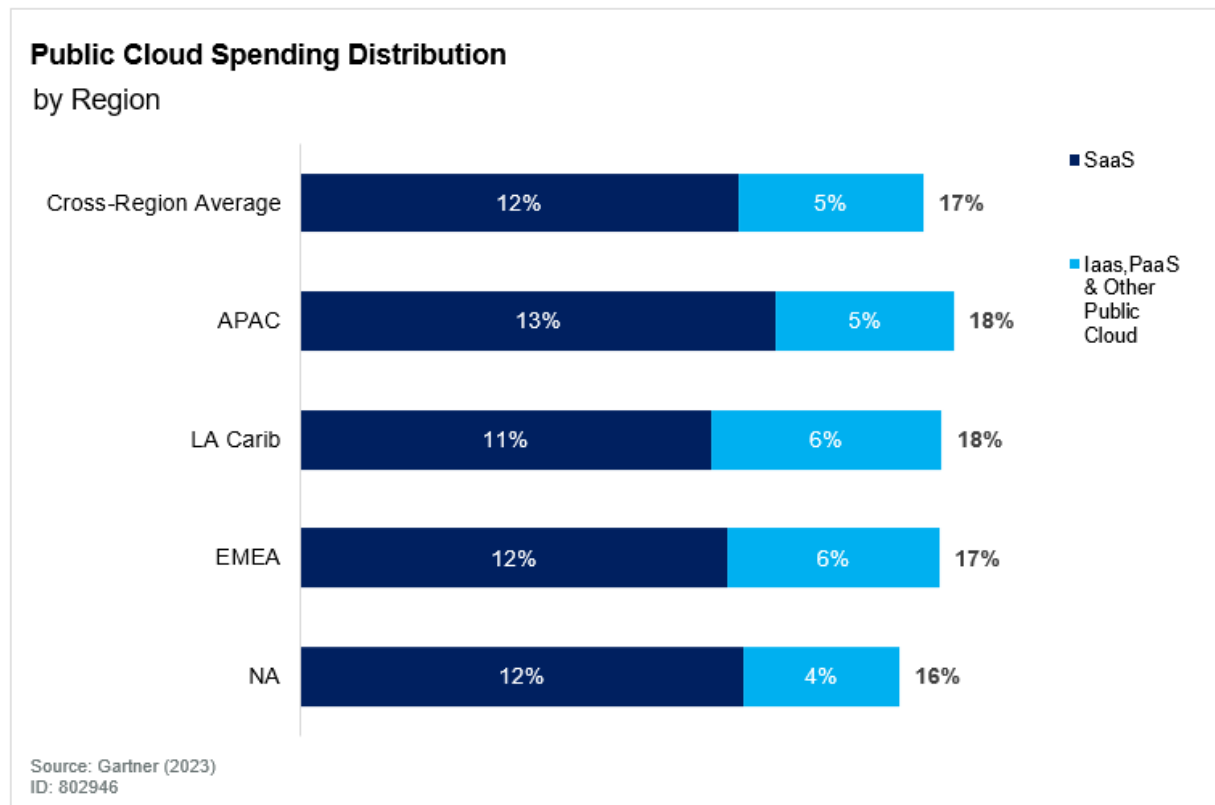
Figure 2: Public Cloud Spending Distribution, by Industry



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Figure 3 below shows Public Cloud distribution between SaaS and IaaS, PaaS & Other Public Cloud across 4 Regions: NA, EMEA, APAC, LA Carib. In the less developed economies in Latin America & Caribbean we see a higher cloud as a percentage of IT. Some of these organizations may be starting with cloud rather than shifting to cloud.

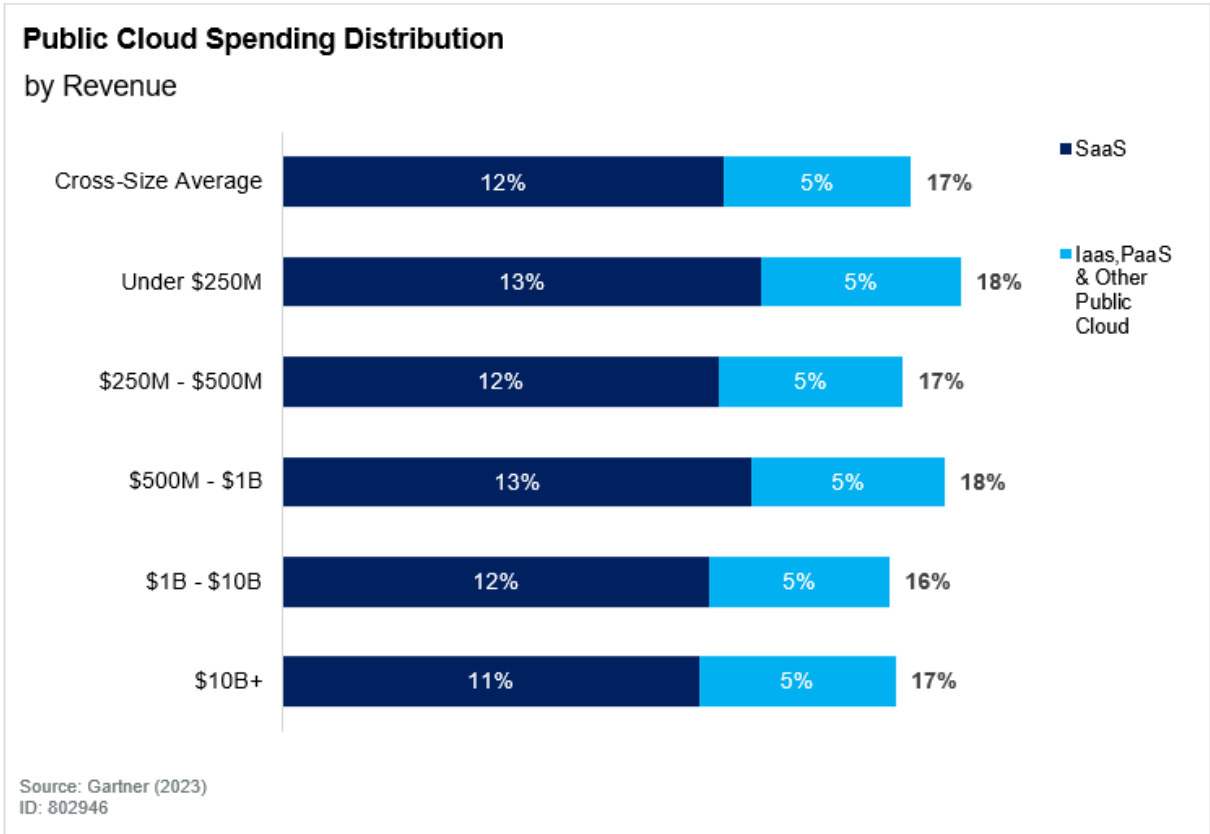
Figure 3: Public Cloud Spending Distribution, by Region



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Figure 4 below shows Public Cloud distribution between SaaS and IaaS, PaaS & Other Public Cloud across 5 revenue bands (operating expense in case of Government). Here we see the highest reliance on cloud is for the smallest revenue band. These organizations likely don't have the economies of scale to benefit from on-premise technology

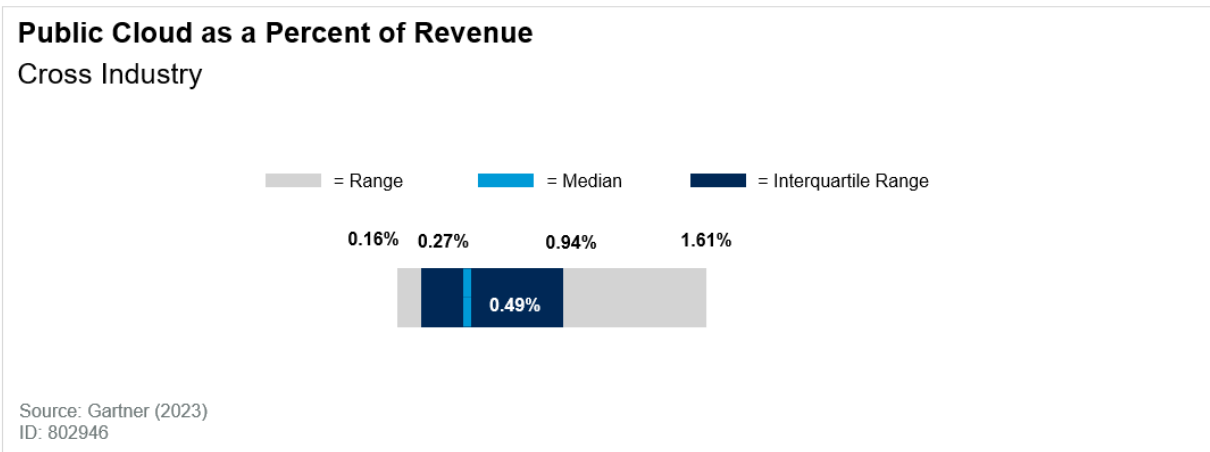
Figure 4: Public Cloud Spending Distribution, by Revenue



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Public Cloud Spending as a Percent of Revenue reflects how much an organization spends on cloud relative to the size of the organization

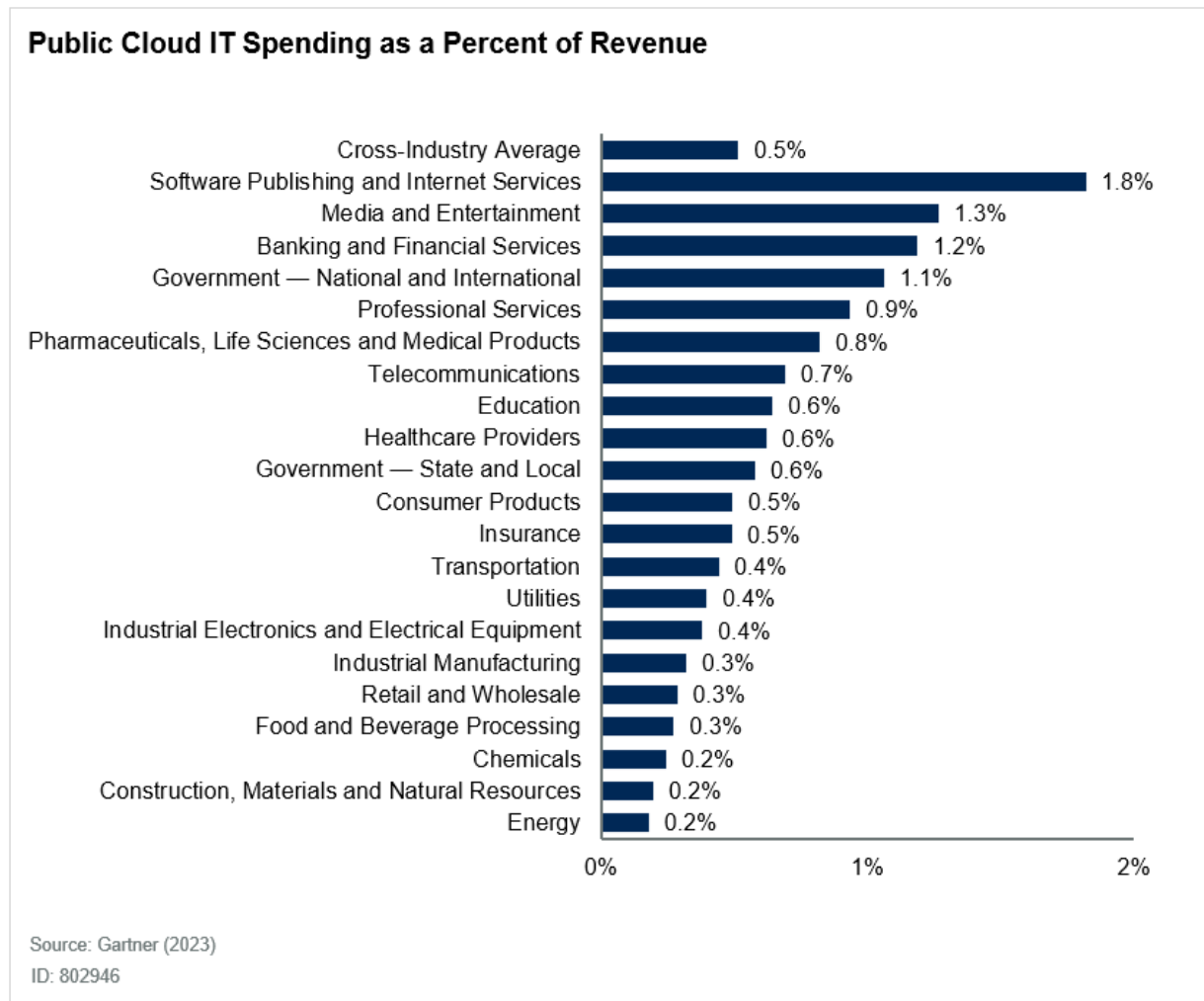
Figure 5: Public Cloud Spending as a Percent of Revenue



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Figure 6 below shows Public Cloud Spending as a Percent of Revenue across 21 industries. Here we see that industries that rely less on cloud relative to other IT assets can still have a high level of public cloud spending relative to Revenue (or Business Operating Expenses). Examples include Government, Banking and Education.

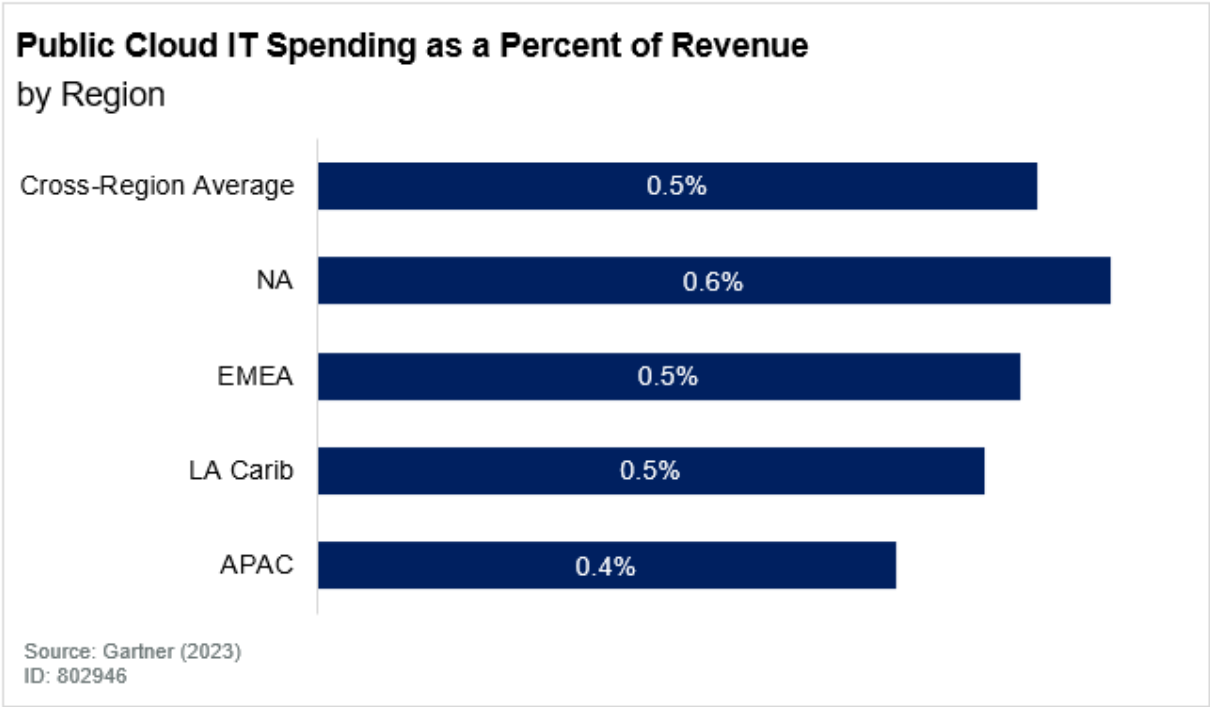
**Figure 6: Public Cloud IT Spending as a Percent of Revenue, by Industry**



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Figure 7 shows Public Cloud IT Spending as a Percent of Revenue by Region. The results are similar to what we saw in the industry view. North America and EMEA have higher Total IT Spending relative to Revenue or Business Operating Expenses and also spend more on cloud relative to size.

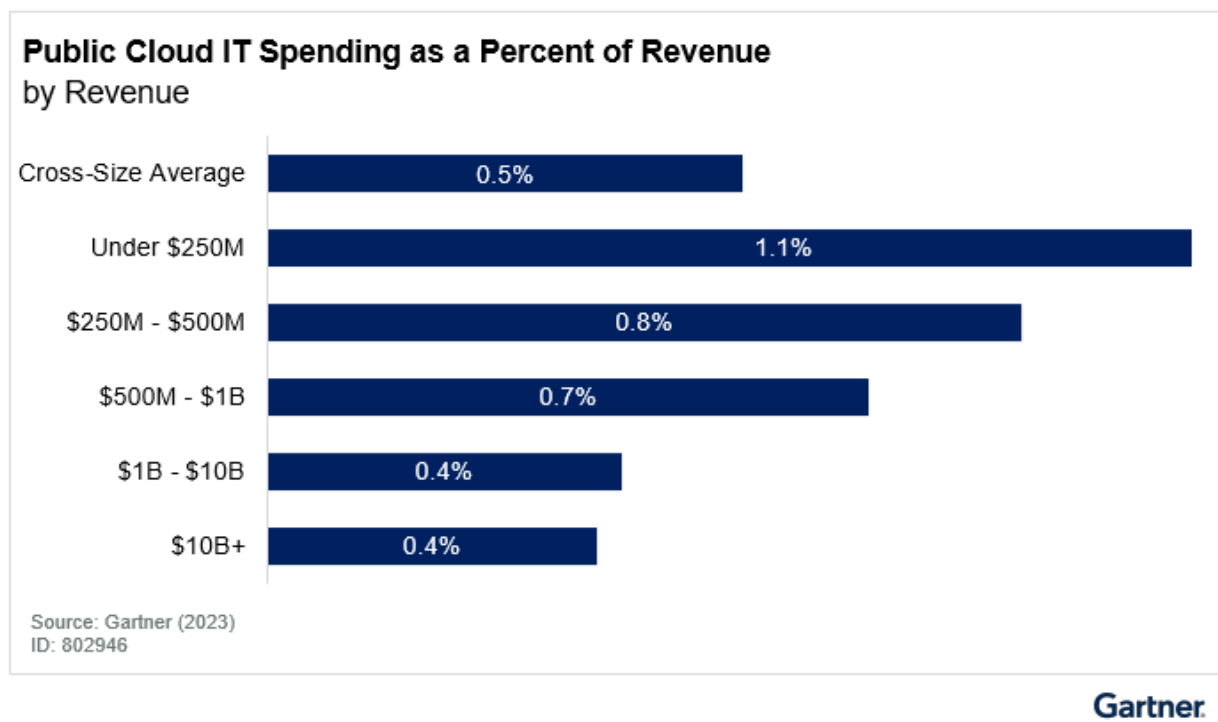
Figure 7: Public Cloud IT Spending as a Percent of Revenue, by Region



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Figure 8 shows Public IT Spending as a Percentage of Revenue across 5 revenue bands. In this chart we see that smaller organizations invest a larger amount in Public Cloud relative to their size than larger ones do. This makes sense as they also spend a greater amount of Total IT relative to Revenue.

Figure 8: Public Cloud IT Spending as a Percent Revenue, by Revenue



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