Gartner ITBudget: Frequently Asked Questions

ITBudget provides a structured methodology to compare enterprise IT budgets against Gartner IT Key Metrics Data industry averages. It also enhances IT-to-business planning and communication by providing tools to map your IT budget into a services-based view.

What do I need to get started?

Data requirements for the ITBudget tool include an understanding of your total organizational scale in terms of top line revenue, total operating expense to support revenue, as well as the total company employee head count. Enterprise level total IT budget and staffing figures are also required. Typically individuals in a CIO/leadership role and or an IT Finance role would have access to the level of detail required.

Who is the target audience for this tool?

An IT budget is both an accounting tool for controlling how money will be spent and a management tool for helping business leaders understand how IT expenses contribute to business value. The IT Budget: Enterprise comparison tool is designed to support CIO’s and IT Leaders tasked with maintaining, managing and communicating enterprise level IT budget to support the enterprise and related operations.

What do I get in exchange for participation?

The ITBudget tool enables you to directly compare your organizations total IT spend and staffing, levels as well as the distribution of those investments against the Gartner IT Key Metrics Data, Key Industry Measures database in an apples to apples format.

Final result is the dynamic creation of a Web based comparative metrics report of your organizations Key Industry Measures as compared to IT Key Metrics Data: Key Industry Measures based on your selected vertical industry. Upon submission your report will be immediately available for download in PDF format.

How will my data be used?

Your data will be used to generate your organizations key IT Metrics for comparison purposes. Gartner is dedicated to the right of your privacy and data security. We are committed to handling the information you provide responsibly and will take every prudent and practical step to safeguard your personal information and its use. All data provided will be held confidential. Your name and company name will not be released. Privacy Policy

What is best practice use of this research?

This research was created to help IT and business leaders compare the investment level of their enterprise IT spending with that of like industry organizations. As with any published data, many potential interpretations and analyses exist. The dataset represents a mix of organizations of different sizes and vertical industry segmentations.
The industry-specific spending profiles published here represent key metrics data collected directly from CIOs, CTOs, IT leaders and practitioners with respect to their organizations’ IT investment levels and future IT budgets. Most IT organizations follow an annual IT budgeting process and adjust their budgets based on changing economic and business conditions. In many organizations, IT spending levels are reviewed and revised on a quarterly or even monthly basis. Therefore, published IT spending benchmarks represent a “snapshot in time,” but do not necessarily indicate what enterprises will ultimately spend on IT in the coming year.

Although the published figures represent what Gartner calls a “stalking-horse” (that is, a position resulting from analysis of data that represents trends and results), each organization should assess its own situation carefully and should not arbitrarily change to conform to published results (which do not necessarily represent best practices). For example, the metric of an IT spend as a% of revenue does not, by itself, provide valid comparative information that should be used to allocate IT or business resources. Moreover, IT spending statistics alone do not measure IT effectiveness and are not a gauge of successful IT organizations. They simply provide an indicative view of global investment levels for the market in general.

While the industry-specific spending metrics published here and in other reports provide a high-level overview of spending priorities, many organizations feel the need to “go deeper” when benchmarking. Many firms decide that a formal benchmarking exercise — one that is highly customized and prescriptive for the individual firm — is a natural follow-on to using the results presented in IT Key Metrics Data publications. In such exercises, companies can be more assured that they are getting an “apples-to-apples” benchmark with a comparable peer group that takes into consideration complexity, industry, enterprise size, platforms, applications and other key variables.

Gartner recommends that organizations consider an investment in such customized or in-depth benchmarking engagements to support the budget cycle or whenever a significant IT cost-based decision must be made. The information published in this report can be used during the time periods in between these benchmark engagements.

More information on Gartner Benchmark Analytics can be obtained by contacting your Account Executive, or: benchmarkinginfo@gartner.com.

What is the Gartner IT Key Metrics Data?

Depending upon your subscription level for Gartner services, some clients have access to the Gartner IT Key Metrics Data (ITKMD) publication series through the gartner.com, Quick Links, Tools and Metrics, IT Key Metrics Data link.

IT Key Metrics Data is part of the Gartner Benchmark Analytics range of solutions and offers a macro-level look at Gartner’s global database of comprehensive cost and performance measures. IT Key Metrics Data provides you with immediate access to authoritative data on IT staffing and investment levels as well as key technology cost and performance metrics. These metrics enable improved budget and investment decisions with regards to the business and IT’s changing environments.

The ITKMD annual publication series contain over 2,000 IT metrics published by way of 92 Gartner Benchmark Analytics research notes. In addition to the key IT metrics in this report, a variety of IT productivity and staffing metrics are available in the areas listed below. Some reports show vertical industry tendencies, while others tend to be cross industry perspectives. Many metrics provided show averages by revenue scale or size of IT infrastructure environment.
supported. (i.e., number of servers, number of desktop-laptops, etc.)

These key metrics reports are broadly defined by 5 key areas of the IT portfolio:

**Key Industry Measures**

- Enterprise-level total IT spending and staffing metrics across 21 industry verticals. Including current year and multiyear averages. Metrics based on enterprise size are often provided.

**Key Infrastructure Measures**

- Technology domain specific unit cost, productivity and performance measures for the IT infrastructure environments. Including current year and multiyear averages for the Mainframe, Wintel server, Unix server, Storage, Client & Peripheral Support, IT Help Desk, Data and Voice Network environments. Metrics by workload size are often provided.

**Key Applications Measures**

- Application development and application support cost, staffing, project measures, life cycle phase, productivity and quality measures. Including “current year” and “multiyear” averages.

**Key Information Security Measures**

- Enterprise-level total spending and staffing measures by industry and region.

**Key Outsourcing Measures**

- Enterprise-level total spending and staffing measures by industry and region.

For a complete outline of all related published research in the series, see “IT Key Metrics Data 2011: Index of Published Documents and Metrics.”

**What is the IT Key Metrics Data source?**

Information for IT Key Metrics Data is collected globally, year-round through direct fact finding in our many benchmarking and consulting engagements, through surveys of the Gartner community, at Gartner events, in addition to surveys of non Gartner based communities. Financial information, such as revenue and operating income, is also collected from secondary research sources, such as annual reports.

**What metrics are published in the IT Key Metrics Data series?**

For a complete outline of all related published metrics in the series, see “IT Key Metrics Data 2011: Index of Published Documents and Metrics.”

**How is total IT Spend/Budget defined?**

For the purpose of this research Gartner has defined total IT Spend as the following:

The best estimate of total spend at the end of the twelve month budget period for information technology to support the enterprise. IT Budget/Spending can come from anywhere in the enterprise that incurs IT costs and it is not limited
to the IT organization. It is calculated on an annualized “cash out” basis and therefore contains capital spending and operational expenses, but not depreciation or amortization.

**IT Spend/Budget includes from a resource or cost perspective:**

- Hardware, software, personnel (including contractors, travel, benefits and training), outsourcing (external IT services like consulting, system integration, data and voice transmission), disaster recovery and occupancy costs associated with supporting Information Technology within the enterprise.
- Occupancy costs include fully burdened costs for the facilities being used by the IT staff supporting the enterprise. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies. Occupancy costs for space dedicated to IT functions such as the data center including power/heat management and raised floor are also included. All taxes (except VAT where it is recovered or refunded to the organization).

**IT Budget includes from an IT domain or activity perspective:**

- The data center (mainframes, servers, storage etc.), client devices (desktops, laptops, PDAs, smartphones), voice and data networks (including but not limited to voice and data transmission, fixed and mobile telephony, Internet access services), IT help desk, applications (development and maintenance).
- IT support functions such as the office of the CIO, supervisory management, finance and administrative costs, such as purchasing, asset management, process management and marketing of IS services. Dedicated data processing equipment used in operations, production and engineering environments — Examples of this are CAD/CAM and standard computing equipment used in devices for factory automation and tablet PCs used by healthcare professionals.

**IT Budget does not include:**

- Costs for technology or services that are resold. Examples include salaries for developers involved in building commercially packaged software, or IT skilled employees who provide services for the organizations’ clients.
- Operational technology that is equipment built or purchased for non data processing purposes but which has computerized components. Examples of this include robotic manufacturing machines, automated teller machines, specialized point of sale devices, scanners, blood pressure monitors etc.
- Depreciation or amortization expenses as that could lead to double counting from an accounting perspective.
- Internal “cross charges” and corporate allocations related to expenses such as early retirement, incentive bonuses, human resources and chairperson’s salary etc. Business data subscriptions and services (such as Bloomberg), even if they are managed by the IT organization.

**What type of organizations are represented in IT Key Metrics Data?**

In 2010 across all 5 volumes of the ITKMD series, we collected information from a total of 6,086 data points, from more than 75 countries, across 21 vertical industries. The result is the most comprehensive and authoritative IT spending, staffing and performance data in the industry.

For information on the IT Key Metrics Data Demographics, see “IT Key Metrics Data 2011: Demographics.”
How are the IT Key Metrics Data vertical industries defined?

For a complete definition of the IT Key Metrics Data industry sectors, see “IT Key Metrics Data: Definitions of Industries”

What time period does the data represent?

IT Key Metrics Data is published each fall and contains both current year as well as multiyear documents. The current year documents represents the data reported during a 12-month time period. Multiyear documents represents year over year database averages over time. Some multiyear documents contain future year estimates. In addition, updates to the research are made during the year, and in these cases, the collection dates are provided.

What measures are taken to ensure data quality?

A certain amount of validation is done during input (e.g., checking for numeric, dates, ranges, and values that must be less/greater than other input values). The rest of the quality assurance is done prior to posting the data (in graph, spreadsheet, or report form) in our database or before it is used in any of our publications.

The following process is used to clean the data:

1. The data is extracted from our server database and loaded into a set of spreadsheets.
2. We check the data to find outliers and any other unusual data.
3. We check for anomalies, various conditions that should hold between 2+ data elements, short strings for names, etc.
4. Records found in Step 2 are flagged, and the data for those records is manually checked. Checking includes looking at the respondents’ demographic information (company, title, industry, etc.) to determine the data’s potential validity.
5. Invalid records are deleted; valid outliers are moved out of the dataset that is used for specific statistical calculations, but saved for other calculations.

How can I obtain a customized sample of IT Key Metrics Data?

Custom focus group comparisons and slices of the data are not available through research services. Gartner delivers custom peer comparisons for a fee through our greater Benchmark Analytics capabilities. Gartner Benchmark Analytics is the benchmarking capability within Gartner Consulting. By using our rigorous methodology and Industry experience, we will compare client results with that of peer organizations in order to identify relative performance, gaps in services, and recommendations for improvement across a broad range of IT services.

More information on Gartner Benchmark Analytics can be obtained by contacting your Account Executive, or: benchmarkinginfo@gartner.com.

What is an IT Service Portfolio?

IT Budgets must be presented using categories that make it easy for business executives to link IT expenses with
business needs. How else can they judge the level of spending needed? The answer is what Gartner calls the services based view of the IT budget. The service based view does not replace the asset based view, it complements it. The reason to make this distinction in purposes is that most organizations stop with the asset view. This is understandable because the asset view is all that is required by the finance department. But the asset view does not address the second purpose. Although optional, IT leaders must develop the services view so that business executives can gauge the level of spending against business needs.

For more information, see “ITSM Fundamentals: How to Create an IT Service Portfolio” and “IT Resources Planning: Using Business Concepts to Manage IT Resources and Costs.”

Related Research

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

- IT Budgeting Key Initiative Overview
- IT Budgeting: Fundamentals
- ITSM Fundamentals: How to Create an IT Service Portfolio
- IT Resources Planning: Using Business Concepts to Manage IT Resources and Costs
- IT Key Metrics Data 2011: Index of Published Documents and Metrics
- IT Key Metrics Data 2011: Definitions of Industries
- IT Key Metrics Data 2011: Demographics

Notes

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Calculations were made using worldwide observations and include companies from various industries.

These measurements do not reflect unique business requirements or IT service levels.