

Market Definitions and Methodology: IT Services

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The research methodologies, segmentation, definitions and research metrics used for regularly published IT services regional and country-level market share and forecast statistics are detailed and updated in this report.

Gartner foundational research is reviewed periodically for accuracy. This document was last reviewed on 4 November 2015.

Planned Updates

- Update: Gartner to Remove Commercial Software Support in Its IT Services Market Statistics (8 December 2015)

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What You Need to Know

This report is intended to be used in conjunction with the following market statistics documents ("Market Share: IT Services, 2013," which is updated annually, and "Forecast: IT Services, Worldwide, 2012-2018, 3Q14 Update," which is updated quarterly) and with the companion quarterly "Forecast Analysis" and annual "Forecast Overview" documents. The methodology used

to develop this data is described here, as well as definitions of the terms used in these market statistics documents.

Introduction

The IT services market taxonomy can be found in the IT Services Market Definitions and Segmentation section. Market share data is available to the Segment 3 level; forecast data is provided for all segment levels.

Gartner is introducing a multiyear program that will bring significant changes to its global IT market coverage, definitions and forecast methodology for all IT sectors, including IT services. To provide consistent coverage of both new and converging IT markets, we are undertaking a number of projects designed to expand coverage, update market definitions, revise segmentations and enhance forecast methodologies. These changes are being made to more consistently present existing and anticipated changes in technology markets across the full spectrum of markets covered by Gartner. More detail on this multiyear program can be found in "Market Definitions and Methodology: IT Markets."

Methodology

Market Share and Market Sizing Methodology

Each year, Gartner publishes market share statistics, based on updated, comprehensive revenue models on more than 300 IT services providers, by service segment, geographical area, vertical market and vendor headquarters. Many additional vendors exist in the IT services market; however, tracking additional vendors does not significantly affect growth rates. We concentrate on monitoring the larger vendors that exert the most influence on the market.

Sources of data used for market share estimates include, but are not limited to:

- Information published by vendors tracked
- Published company financial reports
- Vendor responses to Gartner requests for information
- Input from Gartner analysts, IT services buyers and IT services market competitors
- Reports from financial analysts
- Information and data from content aggregators
- Government data or trade association data
- Relevant economic data

- Articles in the general and trade press
- Existing proprietary vendor models

Gartner believes that its market share estimates are the most accurate and meaningful available. Careful attention must be paid to the definitions and assumptions, which are revised on a yearly basis. Different companies, government agencies and trade associations may use slightly different definitions of product categories and regional groupings, or they may include different companies in their summaries. These differences should be kept in mind when making comparisons between data and numbers provided by Gartner and those provided by other research organizations.

How Revenue Is Calculated for Each Vendor

IT services revenue for each vendor is based on our calendar year estimate. When a vendor's fiscal year is different from the calendar year, we evaluate the four quarters that most closely correspond to the calendar year.

Whenever new information becomes available, we make changes to both years in Market Share reports. As a result, we sometimes change a vendor's revenue compared with what we reported the previous year. Our focus is on developing the most accurate growth rates possible for this two-year period, as growth rates are often more verifiable and comparable than absolute values.

Gartner's proprietary, collaborative, real-time market share system enables analysts in all countries to efficiently share evidence and evaluate vendor performance in multidimensional data models, while working in a systematic process designed to foster continuous improvement in data quality. This process also allows vendor revenue and end-user spending to be reconciled for consistency. Information from a demand-side perspective ensures that we have neither overestimated nor underestimated the available budgets from end users. Supply-side data grounds our end-user spending in the reality of the types and quantity of services that have been delivered by service companies.

How Market Share and Market Size Are Determined

Market share is calculated by dividing our estimate of each vendor's IT services revenue by the market size. Statistics on individual vendors are based on revenue. Total market size is an estimate of end-user spending.

IT services market sizing is developed by following these steps:

- Establishing vendor revenue data for the vendors that are tracked; we track IT services providers based on our assessment of their market impact, and for regional vendors their impact in the region
- Adding estimated revenue for the remaining vendors not tracked
- Subtracting an estimate for subcontracting

The net result of the final two calculations appears in summary form as "Other Services Vendors" in our market share data. The total when adding "Other Services Vendors" to the revenue for each

vendor tracked is our market size estimate for end-user spending. This total estimate published in the Market Share data files, for the two most recent years of end-user spending, is the market size from which we start each forecast.

The estimates for "Other Services Vendors" are developed separately for each country tracked and are informed by data from our current forecast by company size, and by Gartner's established, extensive statistics on current and past computing and telecommunications spending, end-user survey data, economic and demographic statistics, and local analyst expertise. Because the IT services market is highly fragmented and contains a large number of small companies, it will never be possible to precisely determine the size of "Other Services Vendors." Therefore, historical market sizing changes as our view on this factor evolves.

The two-year end-user spending estimates from Gartner's market share repository form the historical starting point for IT services forecasts. The three-year earlier history relies on preserved market segment growth rates developed when that historical market assessment was completed. As a result, absolute values of first-year market history will change slightly to preserve the known growth rates. We use this methodology because the absolute size of the IT services market is difficult to definitively assess, given the many small players and the changing scope of activities recognized as IT services. In contrast, growth rates represent some of the most verifiable data that we develop, because most large vendors publicly report several years of financial information. Growth rates are also a universally comparable metric across all sectors. For these reasons, the first-year growth rate, rather than absolute value, is the metric preserved in our data model.

When making comparisons between numbers provided by Gartner and data from other sources, such as your company's internal performance measures, publicly available data, and data provided by other organizations, it is important to remember that companies, government agencies and trade associations may produce estimates based on different market definitions, different market segmentation and different assumptions. As a result, when undertaking data analysis that involves integrating or mapping data developed by different sources and methodologies, it is important to recognize that the result will be unique to the organization creating the model or data mapping.

Forecasting Methodology

Forecasting provides a structured and logically rigorous setting in which to clarify expectations about the future, and helps to reduce business risk by aiding executives in planning strategy and tactics based on likely events and trends. Our objective is to provide clients with forecasts that are useful, credible and as accurate as possible.

Fundamental to the way Gartner conducts its research is an underlying philosophy that the best data and analysis come from a well-balanced methodology. This methodology includes the following:

- Balance between primary and secondary collection techniques
- Balance between supply-side and demand-side analysis

- Balance between focused industry-specific research and coordinated "big picture" analysis aided by integration of data from more than 25 separate high-technology industries covered by Gartner
- Balance between the perspectives of experienced industry professionals and rigorous, disciplined techniques of seasoned market researchers

Forecast Methodology Overview

Gartner's forecast methodology is based on a market model, which incorporates all the factors important in describing the structure and dynamics of a market. A market model depicts how we represent a market for forecast purposes; it is presented as a diagram and a text description in Forecast Analysis reports and is designed to convey the methodology employed in creating the forecast. The market model diagram shows a tree of logical dependencies (influencing factors) that the forecast is based on and incorporates our interpretation of market structure and market dynamics by identifying the component parts of the forecast, identifying the factors that influence the forecast, and describing the relationship between the factors and how those factors affect the forecast components.

Influencing factors are inputs, which, when applied to forecast components, shape the forecast output. That is, influencing factors have an identifiable and measurable effect on the forecast. Influencing factors are features of the market that affect the forecast when they change. These influencing factors are defined by the market dynamics specific to a particular market. Changes in an influencing factor will affect other influencing factors, via a logical connection, and ultimately cause a change in the components of the forecast and, therefore, the forecast itself.

Gartner analysts consider a full range of influencing factors that can impinge on a forecast, including the following:

- Accuracy of the prior forecast
- General macroeconomic conditions
- Total available market
- Intensity of competition
- Changes in key economic indicators
- Rate of innovation among competitors and suppliers
- Potential changes in current business models
- Changes in production and delivery models
- Buyer behavior and demographics
- Access to capital
- Currency and interest rate fluctuations
- Business expectations and capital spending plans

- Influence of regulatory and standards bodies
- Geopolitical factors, including trade issues, political stability, and tariff and nontariff barriers

Forecast Process

The IT services forecast is systematically developed by a global team of analysts who form assumptions about future changes in influencing factors, using a proprietary collaborative, real-time forecast system based on a multidimensional data model.

Assumptions are tested against different points of view. The peer review of assumptions strengthens the resulting forecast, because the results are validated not only within the context of individual market segments, but also for the total market. This process assimilates vast amounts of disparate and aggregate data to support forecast decisions that are scrutinized and vetted by many seasoned analysts. An integral part of this process involves comparing initial forecasts to related forecasts that either flow into or flow from them. For IT services, this means carefully examining and taking into account related software, hardware and equipment forecasts. It also means the ranks of those involved in the forecast process extend beyond Gartner's global staff of IT services analysts.

Our methodology provides an iterative approach to an updated forecast in which successive initial forecasts are reviewed, critiqued and revised by all those involved in the forecast process. Gartner believes that a sound forecasting process incorporates art and science into a logical and coherent series of steps that, if conducted in a rigorous and organized fashion, will ensure forecasting effectiveness, reliability and accuracy, and will prove to be a valuable tool for developing sound market strategies. This does not imply that a conservative approach is called for; where we fail to forecast a completely new market, we have failed to inform the client of an opportunity. Gartner uses tools and processes that maximize our ability to share processes and time frames so that a unified, coherent picture of the IT market is built.

Forecast accuracy rates are published annually, as part of the publication of a new year of market share statistics.

Forecast Assumptions

Forecasts consist of two elements: forecast data and supporting assumptions and analysis. Forecast statistics are published quarterly, identified by vintage. For example, the Excel workbook "Forecast: IT Services, Worldwide, 2012-2018, 3Q14 Update" would represent Gartner's IT Services forecast executed in the third quarter of 2014.

Quarterly analysis and key highlights are also published quarterly as a Forecast Analysis report. For example, "Forecast Analysis: IT Services, Worldwide, 3Q14" would provide an explanation of any changes to forecast assumptions during the quarter. This quarterly document lists all current documents relevant to the IT services forecast in the Companion Documents section. That is, the Companion Documents section in each quarterly Forecast Analysis document provides links to all other forecast content relevant to each quarter's forecast.

In-depth analysis of market dynamics and foundational assumptions that underpin our understanding of the market are published annually for each major market segment, in the form of a Forecast Overview Report. Four annual Forecast Overview documents cover the IT Services landscape, titled as follows:

- "Forecast Overview: Consulting and Implementation Services"
- "Forecast Overview: IT Outsourcing"
- "Forecast Overview: Business Process Outsourcing"
- "Forecast Overview: Product Support Services"

In addition, additional assumptions specific to the Public Cloud Services segments in IT Outsourcing and Business Process Outsourcing can be found in:

- "Forecast Analysis: Public Cloud Services" (Quarterly)
- "Annual Forecast Overview: Public Cloud Services" (Annually)

Metrics

This section describes the research metrics that Gartner uses for reporting revenue, end-user spending, market size and market share:

- Compound annual growth rate (CAGR) — The annualized rate of spending growth between two given years, assuming growth takes place at an exponentially compounded rate. The CAGR is calculated as shown in Figure 1.

Figure 1. How CAGRs Are Calculated

$$\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\# \text{ of years}} \right)} - 1$$

Source: Gartner (October 2014)

- CAGR year X to year Z = [(Value in Year Z/Value in Year X) ^ (1/N)-1]
For example, the CAGR for 2011 through 2016 is calculated as follows:
 - CAGR 2011 through 2016 = [(Value in 2016/Value in 2011) ^ (1/5)-1]
- End user — The final purchaser of a service. IT services market sizing and forecasts are expressed in millions of U.S. dollars (or other currency) of end-user spending.
- Revenue — Sales generated by a vendor, measured in currency of millions.

Forecast Currencies

When using forecast statistics, Gartner recommends viewing the data in the currency with which the country or region was forecast. This is important, given that large fluctuations in exchange rates can cause significant differences in growth rates. When comparing growth rates in different regions, it is also recommended that the client compare each in its forecast currency so that exchange rates are not affecting the growth rate amount. The pivot table in the forecast data file allows for the conversion of vendor revenue and end-user spending in multiple currencies. Table 1 lists the currency used in forecasting each country.

Table 1. Currency of Forecast for IT Services Statistics

Region	Country	Forecast Currency	Actual Currency
North America	United States	U.S. dollar	U.S. dollar
	Canada	Canadian dollar	Canadian dollar
Latin America	Argentina	Argentinian peso	Argentinian peso
	Brazil	Real	Real
	Chile	Rest of Latin America Index	Chilean peso
	Colombia	Rest of Latin America Index	Colombian peso
	Mexico	Mexican Peso	Mexican peso
	Rest of Latin America	Rest of Latin America Index	NA
	Western Europe	Austria	Euro
	Belgium	Euro	Euro
	Denmark	Euro	Krone
	Finland	Euro	Euro
	France	Euro	Euro
	Germany	Euro	Euro
	Greece	Euro	Euro
	Ireland	Euro	Euro
	Italy	Euro	Euro
	Netherlands	Euro	Euro
	Norway	Euro	Norwegian kroner
	Portugal	Euro	Euro
	Spain	Euro	Euro
	Sweden	Euro	Swedish krona
	Switzerland	Euro	Swiss franc
	United Kingdom	British pound	British pound

Region	Country	Forecast Currency	Actual Currency
	Rest of Western Europe	Euro	Euro
Eastern Europe	Czech Republic	Euro	Czech koruna
	Hungary	Euro	Forint
	Poland	Euro	Zloty
	Rest of Eastern Europe	Euro	NA
Eurasia	Russia	Euro	Ruble
	Rest of Eurasia	Euro	NA
Middle East and North Africa	Israel	Euro	New shekel
	Turkey	Euro	Turkish lira
	Saudi Arabia	Euro	Riyal
	Rest of Middle East and North Africa	Euro	NA
Sub-Saharan Africa	South Africa	Euro	Rand
	Rest of Sub-Saharan Africa	Euro	NA
Mature Asia/Pacific	Australia	Australian dollar	Australian dollar
	Japan	Yen	Yen
	New Zealand	New Zealand dollar	New Zealand dollar
	Singapore	Singapore dollar	Singapore dollar
	South Korea	Won	Won
Greater China	China	Renminbi (yuan)	Renminbi (yuan)
	Hong Kong	Hong Kong dollar	Hong Kong dollar
	Taiwan	Taiwan dollar	Taiwan dollar
Emerging Asia/Pacific	India	Indian rupee	Indian rupee
	Indonesia	Rupiah	Rupiah
	Malaysia	Ringgit	Ringgit

Region	Country	Forecast Currency	Actual Currency
	Thailand	Baht	Baht
	Rest of Emerging Asia/Pacific	Proxy: U.S. dollar	NA
NA = not applicable			

Source: Gartner (October 2014)

Exchange Rates

Gartner develops market share data for individual countries/markets and forecasts these markets in the relevant local currency. Data developed in currencies other than the U.S. dollar is converted to U.S. dollars for the purposes of cross-country comparisons and aggregation using average exchange rates.

Market share and forecast data publications include exchange rates used when the data was developed. They also contain a tab titled "Pivot Table" that allows clients to convert a view of the data into a different currency.

In the case of forecasts, average exchange rates are calculated from the average of monthly exchange rates projected over the relevant time period. We do not formally forecast future exchange rates, but instead we project future rates based on the latest observed rates, in accordance with efficient market theory. Specifically, we project the last monthly exchange rates recorded just before the beginning of the current forecast cycle into all future months and calculate average rates based on this projection.

Gartner forecasts are expressed in nominal dollars and nominal growth rates. As such, they may be compared appropriately with nominal gross domestic product (GDP) and nominal GDP growth rates. To say our forecasts are "nominal" means they express the actual dollars exchanged during the indicated time period. Accordingly, Gartner forecasts are based on the prevailing inflation and exchange rates.

Market Statistics Publications

"Market Share: IT Services" is updated annually by 31 March. "Forecast: IT Services" is updated quarterly: 1Q by 15 March, 2Q by 15 June, 3Q by 15 September and 4Q by 15 December.

Because 2Q is the first forecast published after annual market share and sizing data is complete, the 2Q forecast is the first edition based on actual results from the prior year.

Gartner's forecast data also can be accessed centrally by Gartner for Business Leaders clients via the Gartner Market Statistics Online link on their My Gartner Web page. This access is based on the entitlements for the service purchased from Gartner — clients should reference their service description for more details if needed.

Accompanying Market Share Analysis and Forecast Analysis documents are published soon after the statistics documents are published. Titles for these reports are structured to unambiguously tie to the relevant market share or forecast vintage. Further detail is provided in the Forecast Assumptions section of this document.

A high-level forecast for IT services by detailed vertical market is also published on a regular quarterly schedule as part of the larger forecast — "Forecast: Enterprise IT Spending by Vertical Industry Market."

Additional specialized forecasts are published on an ad hoc basis. These composite forecasts provide an alternative perspective. They are primarily alternative views of regularly delivered Gartner forecasts and thus do not necessarily or typically represent additional market opportunities in overall IT spending. The content of each of these specialized forecasts evolves over time, and the definitions and methodology for each are contained in the document in which the forecast is published.

How to Use Market Statistics

Market share statistics are typically used for:

- Competitive analysis
- Evaluating performance for service segments, geographies or vertical markets
- Evaluating partnering opportunities

Forecast statistics are typically used for:

- Evaluating opportunity for existing and potential service portfolios
- Determining where to allocate budget in future years

High-Level Definitions and Segmentation

IT Services Segmentation

IT services refers to the application of business and technical expertise to enable enterprises to create, access, manage, and optimize information technology and IT-intensive business processes. IT services does not include stand-alone product development. IT services includes business services and product support services.

The IT services market is evaluated in three dimensions:

- Geographic area — Segmentation based on a buyer's location.
- Vertical — Segmentation based on a buyer's industry.

- Market segment — In segmenting the IT services market, we consider both the type of skills that are employed to deliver the service and the capabilities specified in the purchase agreement. This market segmentation can also be aligned with the type of engagement provided by external service providers (ESPs):
 - Design
 - Build
 - Run
 - Cloud access
 - Product support

The IT services market taxonomy is illustrated in Table 2.

Table 2. IT Services Market Taxonomy

Segment 3	Segment 4	Segment 5	Segment 6	Service Type
Consulting	Consulting	Business Consulting	Business Strategy	Design
			Business Operations	Design
			Financial Management	Design
			Risk Management	Design
			Human Capital Management	Design
			Marketing and Customer Management	Design
		Technology Consulting	Applications	Design
			Infrastructure	Design
			IT Strategy and Governance	Design
Implementation	Implementation	Infrastructure Services	Infrastructure Services	Build
		Application Services	Custom Application Services	Build
			Commercial Application Services	Build
		Network Services	Network Services	Build
IT Outsourcing	Cloud Services	Infrastructure as a Service	Cloud Compute Services	Cloud Access
			Cloud Print Services	Cloud Access
			Storage as a Service	Cloud Access

Segment 3	Segment 4	Segment 5	Segment 6	Service Type
	Infrastructure Outsourcing	Data Center Services	Colocation	Run
			Hosting	Run
			Infrastructure Utility Services	Run
			Data Center Outsourcing	Run
		Network Outsourcing	Network Outsourcing	Run
		End-User Device Outsourcing	Desktop	Run
			Mobile	Run
		Help Desk Outsourcing	Help Desk Outsourcing	Run
	Applications Outsourcing	Commercial Application Outsourcing	Commercial Application Outsourcing	Run
		Custom Application Outsourcing	Custom Application Outsourcing	Run
Business Process Outsourcing	Business Process as a Service (BPaaS)	Administration Services	Cloud Payments	Cloud Access
		Finance and Accounting	Accounts Payable	Cloud Access
			Accounts Receivable	Cloud Access
			Other Finance and Accounting	Cloud Access
		Human Resources	Payroll and Benefits	Cloud Access
			Talent Management	Cloud Access

Segment 3	Segment 4	Segment 5	Segment 6	Service Type
		Customer Management	Customer Selection	Cloud Access
			Customer Acquisition	Cloud Access
			Customer Extension	Cloud Access
			Customer Retention	Cloud Access
		Supply Management	Logistics	Cloud Access
			Procurement	Cloud Access
			Warehousing	Cloud Access
		Operations	Cloud E-Commerce Enablement	Cloud Access
			Service Industries	Cloud Access
			Product Industries	Cloud Access
	Traditional BPO	Administration Services	Payment Processing	Run
			Document Management	Run
		Finance and Accounting	Accounts Payable	Run
			Accounts Receivable	Run
			Other Finance and Accounting	Run
		Human Resources	Payroll and Benefits	Run
			Talent Management	Run

Segment 3	Segment 4	Segment 5	Segment 6	Service Type
		Customer Management	Customer Selection	Run
			Customer Acquisition	Run
			Customer Extension	Run
			Customer Retention	Run
		Supply Management	Logistics	Run
			Procurement	Run
			Warehousing	Run
		Operations	Service Industries	Run
			Product Industries	Run
Software Support	Software Support	Applications Software Support	BI, CRM, ERP and SCM Software Services	Support
			Office Suites Software Services	Support
			Other Applications Software Services	Support
		Infrastructure Software Support	Application Development Software Services	Support
			Information Management Software Services	Support
			IT Operations, Storage and Security Software Services	Support
			Operating System Software Services	Support
			Other Infrastructure Software Services	Support

Segment 3	Segment 4	Segment 5	Segment 6	Service Type
Hardware Support	Hardware Support	Client Device Support	Client Device Support	Support
		Data Center Systems Support	Data Center Systems Support	Support
		Network Support	Network Support	Support
BI = business intelligence BPO = business process outsourcing SCM = supply chain management				

Source: Gartner (October 2014)

The market segments identified as service type "Cloud Access" are also components of the quarterly cloud forecast; the cloud access segments in the IT services forecast are also reported in Gartner's cloud forecast publication.

Note: In addition to the IT services forecast segments, the cloud forecast publication also includes forecast data for other cloud market segments, including the public cloud services also reported as components of the software market, such as software as a service (SaaS), platform as a service (PaaS), and cloud management and security services.

At the same time, there is considerable parallel architecture in the IT outsourcing (ITO) and BPO taxonomy, so that it is possible to manipulate the pivot tables in the forecast statistics document to display cloud components in the IT services forecast separately (as shown in Table 2) or combined to form a total view of the ITO and BPO markets, as shown in Table 3. Clients can use Gartner inquiry for help with creating alternative pivot table views.

Table 3. Alternative View, ITO and BPO Taxonomy

Segment 3	Segment 5	Segment 6
IT Outsourcing	Infrastructure as a Service	Cloud Compute Services
		Cloud Print Services
		Storage as a Service
	Data Center Services	Colocation
		Hosting
		Infrastructure Utility Services
		Data Center Outsourcing
	Network Outsourcing	Network Outsourcing
	End-User Device Outsourcing	Desktop
		Mobile
	Help Desk Outsourcing	Help Desk Outsourcing
	Commercial Application Outsourcing	Commercial Application Outsourcing
	Custom Application Outsourcing	Custom Application Outsourcing
Business Process Outsourcing	Administration Services	Cloud Payments
		Payment Processing
		Document Management
	Finance and Accounting	Accounts Payable
		Accounts Receivable
		Other Finance and Accounting
	Human Resources	Payroll and Benefits
		Talent Management
	Customer Management	Customer Selection
		Customer Acquisition

Segment 3	Segment 5	Segment 6
		Customer Extension
		Customer Retention
	Supply Management	Logistics
		Procurement
		Warehousing
	Operations	Cloud E-Commerce Enablement
		Service Industries
		Product Industries

Source: Gartner (October 2014)

Business Services

Business services include consulting, implementation, IT outsourcing and business process outsourcing. These services are defined in the following sections.

Consulting

Consulting services are advisory services to help companies analyze and improve the efficacy of business and technology strategies and operations. Consulting services include two subsegments: business and IT consulting.

Business Consulting

Business consulting services included in Gartner's IT services forecast are limited to advisory services that typically preface, enable or influence the adoption of IT. These services include business process transformation, business process redesign or re-engineering, business performance improvement, corporate compliance, risk management, governance and sourcing advisory. These services may be sold or sourced as discrete projects, or as part of a larger technology implementation initiative, or as preludes to outsourcing engagements. Business consulting, such as business process improvement, is frequently at the front end of a large implementation project. Regardless of how they are sold and delivered, the business consulting services considered in Gartner's IT services forecast will directly affect IT. This distinguishes them from other types of consulting services such as those referred to as management consulting examples, including pure strategy or merger and acquisition that does not preface, enable or influence the adoption of IT. Business consulting segments are as follows.

Business Strategy

Business strategy includes strategic advisory services for cross-functional client issues, including innovation, digital, regulatory, sustainability, growth, transformation, post-merger and acquisition (M&A) integration, tax-optimized supply chain operations, and transfer pricing strategies that precede configuration of ERP or other software.

Business Operations

Business operations include transformation advisory services for all business operations in an organization across all industries. This includes process re-engineering, improvement, optimization and standardization aligned with business strategy.

Financial Management

Financial management includes strategy and transformation consulting services for capabilities such as finance assessment and visioning, organization, cash management, operational finance, sourcing advisory, transformation and process improvement.

Risk Management

Risk management includes strategy and transformation advisory services for capabilities such as risk strategy, risk reporting, risk monitoring, security, compliance, forensics, fraud, cybercrime, data breach response, risk analytics, risk operations, event response and business continuity, and selected areas of risk assurance.

Human Capital Management

Human capital management is composed of advisory services related to: HR strategy, planning and transformation, organizational design, workforce planning and performance, training, operations, service delivery model evaluation, outsourcing, organizational change management, talent management and employee communication programs.

Marketing and Customer Management

Marketing and customer management includes strategy and transformation advisory services for capabilities such as marketing transformation, customer strategy, customer insight and experience, sales process improvement and customer-related analytics management.

Technology Consulting

Technology consulting services are advisory services that help clients assess different technology strategies and, in doing so, align their technology strategies with their business or process strategies. These services support customers' IT initiatives by providing strategic, architectural, operational and implementation planning. Strategic planning includes advisory services that help clients align their IT strategies to business needs (including sourcing advisory, M&A integration

strategy, planning and road maps), assess their IT needs (including designing best-in-class IT organizations, processes and capabilities) and formulate system implementation plans. Architectural planning includes advisory services that combine strategic plans and knowledge of emerging technologies to create the logical design of the system and the supporting infrastructure to meet customer requirements. Operational assessment and benchmarking includes services that assess the operating efficiency and capacity of a client's IT environment. Implementation planning includes services aimed at advising customers on the development, rollout and testing of new solution deployments. Technology consulting segments are as follows.

Applications

Application consulting services focus on strategic, architectural, operational and implementation planning for custom-developed or packaged application software, including SaaS and hybrid SaaS/on-premises strategies and road maps.

Infrastructure

Infrastructure consulting services focus on strategic, architectural, operational and implementation of the computing hardware and network and communications equipment used to provide IT capability for the enterprise. These services can include readiness assessments, architectural design and technology selection consulting, including cloud-based strategies and road maps.

IT Strategy and Governance

IT strategy and governance consulting services focus on planning for the overall development and management of enterprise IT. Sample services include identifying the optimal future state of IT that is effective and aligned with business needs; designing IT organizations, processes and capabilities for optimal scalability, performance, control, service management and cost management, including sourcing and captive center strategies; evaluating emerging technologies such as the Nexus of Forces and other digital technologies; and strategies for using them to solve business problems.

Implementation

Implementation services provide project-based services to develop and customize IT solutions, assets and processes and to integrate them with established application, infrastructure and processes.

Infrastructure Services

Infrastructure services provide development, deployment or integration of computing hardware, such as servers and storage devices, to build, run and manage the performance of enterprise IT resources. Services may include hardware or software procurement, configuration, tuning, staging, training, installation and operability testing, as well as detailed design and implementation services that link with the established or planned IT infrastructure. Specific activities might include technology assessments, project planning, project management, hardware integration, detailed design and implementation of programming interfaces and/or middleware systems, and platform

modernization, such as rehosting, migration to a converged infrastructure system or migration to cloud-based environments.

Application Services

Application services provide development, deployment or integration services for custom-developed package application or SaaS software to increase the performance of business or personal resources. These services frequently serve to integrate or link internal or external business processes, and may include converting applications to run on different architectures. Services may also include hardware or software procurement, configuration, tuning, staging, training, installation, system integration and testing, as well as detailed design and implementation services that link application functionality (custom software, packaged software or cloud services) and/or data with each other or with the established or planned IT infrastructure. Specific activities might include project planning, project management, detailed design and implementation of software functionalities, application programming interfaces, Web services or middleware systems.

Custom Application Services

Custom application services develop application software specifically for an organization to satisfy its unique business needs. These can include business requirements gathering and coding the application from scratch or building it on a PaaS or assembling from existing Web services or other reusable pieces of code.

Commercial Application Services

Commercial application services assist enterprises in implementing software developed by independent software vendors or SaaS providers. These services can range from simple installation to complex configuration, customization, enhancements, reports and interfaces development, integration, data loading and rollouts. Typical applications include BI, CRM, ERP and SCM.

Network Services

Network services provide development, deployment or integration of WAN, LAN or corporate customer premises equipment (CPE). Services include configuration, tuning, staging, training, installation and operability testing, as well as detailed design and implementation services that link with the established or planned IT infrastructure. Specific activities include project planning, project management, hardware integration and implementation.

IT Outsourcing

IT outsourcing services provide day-to-day management and operation of computing and processes, including infrastructure and business applications. ITO contracts are differentiated from project services in that they are ongoing, performance-based contracts to deliver day-to-day IT operations and management, versus custom, project-based efforts. Except for help desk services,

ITO market segments are differentiated by the degree and type of vendor responsibility specified in the service contract.

Cloud Access

This segment refers to public cloud computing, a style in which scalable and elastic IT-enabled capabilities are provided as multitenant services to external customers using Internet technologies in a subscription- or consumption-based pricing model. Therefore, public cloud computing involves the use of cloud computing technologies to support customers that are external to the provider's organization.

Infrastructure as a Service

Infrastructure as a Service (IaaS) is a standardized, highly automated offering in which compute resources, complemented by storage and networking capabilities, are owned and hosted by a service provider and offered to the customer on demand. The resources are scalable and elastic, operate in near real time and are metered by use. Self-service interfaces are exposed directly to the customer, such as a Web-based graphical user interface and API.

Cloud Compute Services

Cloud compute services are standardized, highly automated offerings in which compute resources, complemented by storage and networking capabilities, are owned and hosted by a service provider and offered to the customer on demand. The customer is able to self-provision this infrastructure, using a Web-based graphical user interface that serves as an IT operations management console for the overall environment; API access to the infrastructure may optionally be offered as well.

Cloud compute services include spending related to cloud-based server infrastructure, including not just the compute itself, but also associated file and block-based storage, bandwidth and managed service price components. When purchased separately, object-based storage is itemized as cloud storage services (see the definition for IaaS — Storage).

Only end-user spending on shared, standardized, provider-owned-and-hosted, self-service offerings is included, although the compute services forecast does include managed services add-ons to self-service infrastructure. Excluded from the forecast are Web hosting on utility-hosting platforms and infrastructure utility services.

Cloud Print Services

Cloud printing services (CPS) are hosted cloud computing offerings that enable users to print documents on any printing device associated with the cloud. CPS providers host a cloud infrastructure that includes their own, their partners' and/or their customers' printers and associated network infrastructure. Users create content with any software tool they want and transfer the file to a CPS provider via whatever device they choose, which then routes the file to a cloud-attached printer at a location selected by the user. Cloud printing enables end users to print when and where they want by just paying a fee for the print job. Excluded are printing services provided by external

providers that are consumed on-premises, such as those services considered to be part of a managed print services (MPS) offering.

Storage as a Service

Cloud storage services include cloud-based storage capacity and the basic software required to enable users to read and write data to the storage service. Given that all services require some software for complete delivery of the service, we include storage services whose sole function is to deliver storage capacity as part of the cloud infrastructure service, whether the service provides general-purpose configuration of the storage disk array or basic storage resources provisioning. Value-added storage management capabilities, such as data backup and heterogeneous storage capacity management, are not included in this segment. Additionally, storage integral to a compute service is not included, because it is not distinguishable as a distinct service (see the definition for IaaS — Compute).

Infrastructure Outsourcing

Infrastructure outsourcing is a multiyear or annuity contract/relationship providing services, processes and methodologies for maintaining, enhancing and managing compute and network hardware to build, run and manage the performance of enterprise IT resources.

Data Center Services

Data center services provide facilities and management for central repositories, either physical or virtual, which maintain back-end IT systems and data stores organized around a particular body of knowledge or pertaining to a particular business. Data center services may be dedicated or shared, and are segmented by the degree of service provider responsibility specified in the buyer's contract.

Colocation

Colocation services provide standardized, shared facility space, power, cooling and Internet access for enterprise data centers. Services in this segment are sold as distinct colocation agreements; billing is usage-based, typically on a per-rack, per-square foot or per-kilowatt basis.

Hosting

Hosting services provide standardized services that provision compute (including operating system), storage, network and colocation services for enterprise data centers. Services in this segment are sold as distinct hosting agreements. The infrastructure components may be physical or virtual, and they may be dedicated or shared.

Infrastructure Utility Services

Infrastructure utility services provide managed IT infrastructure in the form of predesigned and preconfigured standardized solutions that are highly automated and repeatable, scalable and

reliable, intended to meet the needs of multiple organizations. The standardized services in this segment are sold as distinct agreements, defined by service outcomes, technical options and interfaces. They are paid for based on resource usage, allocation or numbers of users served and are increasingly built on managed private cloud technologies.

Although some offerings are mature, such as IU4SAP, services can be combined to support more complex capabilities aligned to a specific application landscape or even to a broad vertical or segment-specific requirements.

The most complex offerings are built on standard infrastructure blocks (such as virtualized computing, storage and networking), to which standardized platform elements designed to support a specific application landscape — such as ERP, CRM, communication and collaboration — are added. The client controls the customized applications, while the service provider defines, develops, controls and manages the operating platform up to a level below the logic of the application. The provider tailors the architecture, performance and price of the service to the application requirements; for example, billing on a per server, per gigabyte or per SAP Application Performance Standard (SAPS) basis.

Data Center Outsourcing

Data center outsourcing services provide day-to-day management responsibility for centralized computer environments, including the processes and organization that support the environment. These services generally include system, tape and print operations; backup and recovery processes; technical support; performance analysis and capacity planning; storage management; and system security and contingency planning. Application management services are included only to the extent of the infrastructure software or operating system software level.

Data center outsourcing contracts are customized, and they may include colocation, hosting or infrastructure utility service components. Information management software and system management tools may be provided and used by the outsourcer or the enterprise client. Services may be provided at the client site or off-site. IT assets may be owned by either the client or the ESP, or a third party. Contracts may include the transfer of client employees, IT assets and facilities to the ESP.

Enterprise Network Outsourcing

Network outsourcing provides ongoing network or telecom management services, sold as discrete agreements, for managing, enhancing, maintaining and supporting premises or core network infrastructure or enterprise telecommunications assets, including WAN, LAN or corporate customer premises equipment in a cable-based or wireless network. Services in this segment are sold as distinct network outsourcing agreements.

End-User Device Outsourcing

End-user device outsourcing provides day-to-day management responsibility for operating and managing client devices. These IT services include any combination of, or all of, the product procurement and technical support and professional services as they specifically relate to the

ongoing operation and management, including personnel resources, tools, assets and other associated requirements.

Desktop

Traditionally a labor-intensive service requiring broad geographic coverage to deliver field support services, the management of notebook and desktop computers is undergoing significant change, with increased scope of responsibilities being handled by automated help desk functions. Additionally, desktop virtualization and bring-your-own-device programs are redefining the level of services to be provided to end users, which often compresses the scope of responsibility contracted to an outsourcing provider.

Mobile

Management services for mobile computing devices, such as smartphones, tablets and cellular phones, place primary emphasis on policy enforcement through integrated management tools and processes. Mobile device management services often involve security policy enforcement, remote control capabilities (including enabling remote wiping of devices), asset management, configuration management, compliance and auditing enablement, support for a corporate apps store to deploy applications, and selected end-user problem resolution and help desk support services.

Help Desk Outsourcing

Help desk outsourcing provides centralized information and support management service to handle a company's internal or external queries and operational problems about IT-related processes, policies, systems and use. These managed services include multilevel support, problem categorization and logging, problem tracking and escalation, problem resolution, and problem management.

Help desk outsourcing is typically a multiyear contract in which a service provider takes accountability for one or all queues in the client's help desk operations. Help desk outsourcing services often provide help desk personnel, delivery facilities and, increasingly, the operations and automation tools required to perform the function. Clients pay for services on a volume basis related to either call volume or number of end users being supported.

Typically the face of IT to the end user in an organization, help desk services are cross-functional in nature and span multiple IT operations towers, including infrastructure, data centers, applications, networks and end-user devices. Although individual help desk queues can be assigned to a tower-level outsourcing decision, we categorize help desk outsourcing within infrastructure outsourcing because it is most often considered part of the infrastructure budget, is contracted as an infrastructure decision, and will frequently be contractually bundled with end-user device outsourcing.

Applications Outsourcing

Applications outsourcing is a multiyear or annuity contract/relationship providing services, processes and methodologies for maintaining, enhancing and managing custom applications, packaged software applications or network-delivered applications software to increase the performance of business or personal resources. Application outsourcing entails turning over management responsibility to a service provider for performance-based outcomes and does not include application services sold as discrete, project-based services or staff augmentation services. Services may be provided at the client site or off-site. IT assets may be owned by the client, the ESP or a third party. Contracts may include the transfer of client employees, IT assets and facilities to the ESP.

Commercial Application Outsourcing

Commercial application outsourcing provides services for managing, enhancing and maintaining software developed by independent software vendors. Typical applications include BI, CRM, ERP and SCM.

Custom Application Outsourcing

Custom application outsourcing provides services to manage, enhance and maintain software developed for an organization to satisfy its unique business needs. Custom application outsourcing may often involve a longer-term application modernization strategy, but it can also be focused purely on maintaining a legacy system.

Business Process Outsourcing

Business process outsourcing is the delegation of one or more IT-enabled business processes to an external provider that, in turn, owns, administers and manages the processes and agreed-upon outcomes based on predefined performance metrics. Outsourced processes include knowledge-based processes as well as transactional ones, include the support and administration of front-, middle- and back-office activities, and address all levels of predefined volumes. Almost any business process or part thereof can be awarded to a BPO provider, with the boundaries regularly being widened to include more-sophisticated processes. Entire processes or discrete subprocesses can be outsourced in order to form end-to-end, comprehensive service arrangements.

BPO providers aim to offer buyers increased efficiency, decreased cost, greater standardization, operational scalability, and higher quality of process activity by reducing or eliminating human labor through application of their domain expertise, process methodologies (such as for process redesign or transformation) and oftentimes (but not always) multiclient management. BPO services may incorporate access to domain or functional experts, process engineers, and project management staff in addition to the technology for administering the processes. In most cases, the inherent risk and responsibility associated with the delivery of the outsourced processes (and agreed-upon outcomes) belong to the service provider, but this is not always the case; these responsibilities are outlined in the contract's statement of work.

Providers' process enhancement technologies and services (PETS) can include proprietary, purchased third-party or freely available software, and often a combination of all three types. Additionally, BPO services are sometimes combined with ITO services by a single provider in order to reduce the total cost through a combined offering.

Administration Services

Cloud Payments (BPaaS Only)

Cloud payment services are business process services provided online at a retail level. They are standardized and do not require special equipment or contracts with merchant acquirers. While cloud payment services traditionally have been the domain only of Internet-based payment processing providers, major financial institutions are becoming involved in offering payment services.

Payment Processing (Traditional BPO Only)

These services encompass the processing of paper checks, electronic data interchange (EDI), business and corporate credit cards, letters or lines of credit, automated clearinghouse (ACH) transactions, electronic invoices and payments, and insurance payments (such as excess value, credit, flexible parcel, or collect on delivery secure). The services include the administration of the transfer of payments between all parties involved and the reporting related to that administration.

Document Management (Traditional BPO Only)

These services include the provision of internal and external printed and electronic communications, including content creation, incoming-document processing (for example, imaging and storage), multimedia presentation, and archiving.

Finance and Accounting

Accounts Payable

Accounts payable BPO services include traditional accounts payable processing as well as travel and expense processing and electronic payments (such as credit card or automated clearinghouse [ACH] transactions).

Accounts Receivable

Accounts receivable BPO services include traditional accounts receivable processing as well as billing, general ledger and reconciliation of "suspense" account balances.

Other Finance and Accounting

Other finance and accounting BPO services include administration of tax management, treasury and cash management, yield analysis, preparation of asset schedules and risk analytics.

Human Resources

Payroll and Benefits

These BPO services include payroll processing, health and welfare benefits enrollment and ongoing administration, defined benefits and defined contribution program administration, flexible spending account administration, Consolidated Omnibus Budget Reconciliation Act (COBRA) administration (in the U.S.), and other services related to payroll and benefits administration.

Talent Management

These BPO services include compensation management, recruitment, background checking, education and training, workforce administration (including relocation and expatriation administration), workforce planning, performance appraisal, competency assessment, and career development and planning.

Customer Management

Customer Selection

Customer selection BPO services include the following: market segmentation and data analysis (including the collection, management, augmentation, analysis and application of customer data in support of marketing and sales efforts); campaign design and communication planning (including media campaign creation, integration, deployment, tracking and measurement); and other customer selection functions not included in the above categories.

Customer Acquisition

Customer acquisition BPO services include telesales, telemarketing, lead management/opportunity management and field sales automation.

Customer Extension

Customer extension BPO services encompass customer upsell/cross-sell, customer data analytics to support customer service and support processes, and other sales, marketing and customer care processes.

Customer Retention

Customer retention BPO services include customer service processes for inquiry handling/problem resolution, field service automation and customer self-service functions.

Supply Management

Logistics

These BPO services include supply chain planning, product distribution, and domestic and international transportation.

Procurement

These BPO services encompass the buying processes related to direct and indirect procurement.

Warehousing

These BPO services encompass the storing processes that cover warehouse and inventory management.

Operations

Cloud E-Commerce Enablement (Cloud Only)

E-commerce business process services are business process services that enable online retailing. E-commerce enablement, delivered as a cloud business process service, is a fully managed business process service where providers deliver and manage a standardized platform for delivery of the services, and the resulting business outcomes.

Service Industries

Service industry BPO services are targeted to the operational processes that are specific to service industries. In Gartner's vertical taxonomy, these industries are transportation, utilities, healthcare, communications, financial, government, education, retail, wholesale, services, agriculture, mining and construction industries.

Product Industries

Product industry BPO services are targeted at the operational processes that are specific to discrete and process manufacturing industries.

Product Support

Traditionally, support services have been constrained to the provision of remediation and technical assistance services in relation to discrete technology products. More recently the scope of such service contracts has expanded to move beyond single technologies and now may apply to entire systems, application stacks or physical environments. The nature of these services is also changing with a greater emphasis being placed upon prevention-based approaches to try and avoid, or mitigate the effects of, technical failures within a customer environment. Support offerings are also

being bolstered by value-added service elements aimed at improving the customers' return on their technology investment while reducing internal operating costs and improving solution stability.

The primary difference between support contracts and IT outsourcing contracts remains the fact that the support customers' IT operations personnel are typically required to commit resources to actively participate within the support delivery process and perform actions at the request of the support provider to restore the technology to an operating state or to derive the benefits associated with the support provider's proactive recommendations.

Support contracts now include out-tasked services and often included staff augmentation elements where enterprise architecture activities or routine IT operations tasks have been performed by the support provider's staff on behalf of the customer. The lines between IT outsourcing and support continue to blur further with the introduction of increased levels of support automation whereby the support provider may initiate and perform routine IT operations activity as part of the standard terms of reference of the support contract with or without the knowledge or approval of the customer.

Product support services include software and hardware support. These services are defined in the following sections.

Software Support

Basic tiers of software support services are reactive in nature, are delivered remotely, and bundle technical support and entitlement to new software versions. Response times for basic offerings are service-level objectives (i.e., best-effort basis). Premium tiers of software support deliver reactive support, proactive support and prevention-based services. Premium tiers may also deliver priority access to dedicated support resources, relationship managers such as a technical account manager (TAM), single point of contact (SPOC), and designated support engineers, contractual SLAs with financial penalties and on-site support.

Software support services may be sold and/or delivered by a software product vendor, consulting and implementation firms (system integrators), channel partners of the product vendor or independent third-party application maintenance and support providers. Software support services for on-premises software (on customer premises or hosted) are provided through annual or multiyear contracts. Software support services for cloud services (such as SaaS) are included in the basic SaaS subscription fee through an incremental uplift to the SaaS subscription fee or through a hybrid model that may include annual contracts.

Gartner creates estimates for software support services based on the revenue reported by software vendors for maintenance and support services. These estimates include only the support component and exclude software license update and upgrade spending.

The segments covered in software support for application software and infrastructure software map directly to market segments covered in Gartner software market statistics, and are listed in Table 4. Detailed definitions of the software that is supported in each segment can be found in "Market Definitions: Software."

Table 4. Software Support Services Mapping to Software Market Segments

Software Support Type	Software Support Segment	Relevant Software Market Segment
Applications Software Support	BI, CRM, ERP and SCM Software Services	Business Intelligence
		Customer Relationship Management (CRM)
		Enterprise Resource Planning
		Supply Chain Management
	Office Suites Software Services	Office Suites
	Other Applications Software Services	Digital Content Creation
		Enterprise Content Management
		Other Application Software
		Project and Portfolio Management
		Web Conferencing, Teaming Platforms and Social Software Suites
Infrastructure Software Support	Application Development Software Services	Application Development
		Application Infrastructure and Middleware
	Information Management Software Services	Data Integration Tools and Data Quality Tools
		Database Management Systems
		IT Operations, Storage and Security Software Services
		Storage Management
		Security
	Operating System Software Services	Operating Systems
		Virtualization Infrastructure Software

Software Support Type	Software Support Segment	Relevant Software Market Segment
	Other Infrastructure Software Services	Other Infrastructure Software

Source: Gartner (October 2014)

There is overlap between markets reported in Gartner's software statistics and the software support spending reported in Gartner's IT services statistics. Software market statistics report total software revenue. Gartner defines total software revenue as revenue that is generated from appliances, new licenses, updates, subscriptions and hosting, technical support and maintenance.

Hardware Support

Hardware support services contracts may include reactive support, preventive-based services, and proactive support. Hardware support services are predominantly sold as maintenance contracts, often as one-year or three-year contracts. There is also noncontract support spending, typically billed as time and materials (T&M).

Hardware support service contracts include support services, depending on the level of contract purchased: for example, contracts may cover hardware replacement, which may be within a given time or may be an advanced replacement service; hardware repair, which may or may not include on-site repair service; access to intellectual property, including knowledge bases; technical assistance via phone, email, Web chat or video; and proactive monitoring. If hardware devices are fully managed (for example, to the degree that the service provider makes decisions about volume and placement of spares at a client site), such spending is included in IT outsourcing.

Client Device Support

This segment includes support for end-user devices such as PCs and tablets.

Data Center Systems Support

This segment includes support for enterprise servers and redundant array of independent disks (RAID)-based storage systems.

Network Support

This segment includes support for enterprise networking and communications equipment, including WAN, LAN and customer premises equipment.

Geographic Definitions

IT services data is published at Gartner's 10-region and 43-country level of aggregation, illustrated in Table 5.

Table 5. Geographic Taxonomy, IT Services Market Statistics

Region	Country
North America	Canada
	United States
Latin America	Argentina
	Brazil
	Chile
	Colombia
	Mexico
	Rest of Latin America
Western Europe	Austria
	Belgium
	Denmark
	Finland
	France
	Germany
	Greece
	Ireland
	Italy
	Netherlands
	Norway
	Portugal
	Spain
Sweden	
Switzerland	

Region	Country
	United Kingdom
	Rest of Western Europe
Eastern Europe	Czech Republic
	Hungary
	Poland
	Rest of Eastern Europe
Eurasia	Russia
	Rest of Eurasia
Middle East and North Africa	Israel
	Saudi Arabia
	Turkey
	Rest of Middle East and Africa
Sub-Saharan Africa	South Africa
	Rest of Sub-Saharan Africa
Mature Asia/Pacific	Australia
	Japan
	New Zealand
	Singapore
	South Korea
Greater China	China
	Hong Kong
	Taiwan
Emerging Asia/Pacific	India
	Indonesia
	Malaysia

Region	Country
	Thailand
	Rest of Emerging Asia/Pacific

Source: Gartner (October 2014)

Many individual countries are not tracked individually and instead are combined in subregional designations. These designations include the following countries:

- **Rest of Latin America:** Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, French Guiana, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, Virgin Islands (St. John, St. Croix and St. Thomas), and Venezuela
- **Rest of Western Europe:** Andorra, Cyprus, Iceland, Liechtenstein, Luxembourg and Malta
- **Rest of Eastern Europe:** Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovakia and Slovenia
- **Rest of Middle East and North Africa:** Algeria, Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, the Palestinian Authority, Qatar, Sudan, Syria, Tunisia, United Arab Emirates and Yemen
- **Rest of Sub-Saharan Africa:** Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Reunion, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Swaziland, Tanzania, Togo, Uganda, Zambia and Zimbabwe
- **Rest of Eurasia:** Afghanistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan
- **Rest of Emerging Asia/Pacific:** American Samoa, Bangladesh, Bhutan, Brunei, Cambodia, Democratic People's Republic of Korea, East Timor, Fiji, Guam, Kiribati, Laos, Macau, Maldives, Micronesia, Myanmar, Nepal, Pakistan, Papua New Guinea, the Philippines, Samoa, Solomon Islands, Sri Lanka, Tonga, Tuvalu, Vanuatu and Vietnam

Vertical Market Definitions

Gartner defines vertical segments as shown in Table 6. ISIC is the International Standard Industrial Classification code. SIC is the Standard Industrial Classification code in wide use within the U.S. NAICS is the North American Industry Classification System.

The Worldwide Vertical Market Definitions Map indicates how Gartner defines markets by industry. IT services market share data is available by primary industry segment only. The IT services forecast by vertical market is reported in the quarterly forecast for all enterprise IT spending — "Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide."

Table 6 also indicates our best effort as to how Gartner definitions map to various industry codes, such as SIC, NAICS and ISIC. It should be noted that none of the industry codes map perfectly to each other or, by extension, to Gartner's industry taxonomy. As a result, when undertaking a data modeling effort that involves integrating data developed by different sources and methodologies, it is important to recognize that the result will be unique to the organization creating the model.

Table 6. Gartner Vertical Market Mapping to Industrial Codes

Primary Industry Segment	Secondary Industry Segment	Additional Description	ISIC Rev. 4	U.S. SIC (1987)	NAICS (2007)
Banking and Securities	Banking	Monetary intermediation; activities of holding companies, trusts, funds and similar financial entities; other financial service activities, except insurance and pension funding activities	K (64, 66)	60, 61, 671	521-522
	Securities		K (64, 66)	62,637,67 (excluding 671)	523, 525
Communications, Media and Services	Entertainment	Motion picture, video, audio recording, arts, entertainment and recreation	J (59), M (742*), R (90-93)	78, 79, 3652, 7334,7335, 7336, 7384*, 7389*	5121, 5122, 532230, 541430, 519120, 71
	Publishing and advertising	Book, magazine, newspaper publishing; advertising, public relations	J (58), M (731)	7311, 7312, 7319, 7331, 27, 8743	5111, 5418
	Broadcasting and cable	Radio, TV, cable broadcasting and distribution; satellite broadcasting	J (60) J (613)	4832, 4833, 4841, 4899	5151, 5152, 517110*, 5174
	Telecommunications	Fixed-line carriers, wireline carriers, wireless carriers, interexchange carriers, telecom carriers and resellers	J (611, 612, 619)	4812, 4813	5172, 5171*, 517911
	Other business, technical and consumer services	Real estate activities; other professional, scientific and technical activities; other consumer and household domestic services; other business services	L (68), M (69, 70*, 71, 72*, 732, 74*); M (732); N (77-82); S (94, 952, 96), T (97, 98)	72, 7322, 7323, 7389*, 81	5311, 5312, 5313, 5411-5413, 54141-54142, 54149, 5417, 5419, 5612, 5613, 5616, 5617, 8111, 812

Primary Industry Segment	Secondary Industry Segment	Additional Description	ISIC Rev. 4	U.S. SIC (1987)	NAICS (2007)
	Information technology services and software	IT consultancy, IT management, information services, data processing, hosting, Internet content providers, Web portals; supplier of software and software reproduction	J (62-63), M (70*), M (71*), S (951)	7371, 7372, 7373-7379, 7383, 8748, 8999*	54143, 5415-5416, 5182, 517919, 51911, 51913, 51919, 5112, 334611
Education	Higher education	Primary and secondary schools	P (85)	8211	61111
	Primary and secondary education	Colleges, professional and other		8221, 8222, 8243, 8244, 8299	6113, 6114, 6115, 6116
Government	National and international government	Public administration and defense; health and human services; tax/ revenue programs	O (84)	97*, 91*	928*, 921*
	Local and regional government	Public administration of human resources, health, social services, tax/ revenue, transportation; public works, and safety programs		92, 94, 95, 96	922-927
Healthcare Providers	Physician	Ambulatory services, physician practices and at-home services	Q8620	801, 802, 803, 804, 807, 808	621
	Hospital	Hospitals, hospital systems, nursing and residential care	Q869, Q87, Q8610, Q8690	805, 806, 809	622, 623
Insurance	Health insurance (payer)		K (651*)	632, 64*	524114
	Insurance (other than health)	Insurance, reinsurance and pension funding, except compulsory social security	K (65*)	63 (excluding 632 and 637), 64*	524 (excluding 52414)

Primary Industry Segment	Secondary Industry Segment	Additional Description	ISIC Rev. 4	U.S. SIC (1987)	NAICS (2007)
Manufacturing and Natural Resources	Automotive	Motor vehicles and parts	C (29)	371	3361-3363
	Consumer nondurable products	Food producers, processing and products, beverage producers, processing and products, tobacco producers, processing and products, textiles, apparel and footwear, personal care items, household cleaning products, housewares, sporting goods, toys, games and miscellaneous nondurable goods	A (1-3), C (10-15, 2023, 321-324, 329)	20-23, 284, 31, 39	111-112, 114, 311-316, 3256, 3399
	Energy resources and processing	Mining and extraction of energy-related natural resources (coal and lignite, oil and gas), refining and manufacturing of fuels	B (5-6), C (19)	12-13, 29	211, 2121, 324
	Heavy industry	Manufacturing of electrical and industrial machinery, aerospace and defense equipment, train and shipbuilding, buses and heavy trucks, construction machinery and vehicles, electrical appliances, furniture; civil engineering, construction and subcontracting of industrial plants	C (27-28, 30-31, 33), F429	1541, 16, 234, 351-356, 358-359, 361-364, 369, 372-379, 381-382, 387	23621, 237, 333, 335, 3364-3366, 337
	IT hardware	Manufacturing of semiconductors, computers and	C (261-265, 267-268)	357, 365-367, 386	334 (except 334510)

Primary Industry Segment	Secondary Industry Segment	Additional Description	ISIC Rev. 4	U.S. SIC (1987)	NAICS (2007)
		peripheral printers and storage devices, communications equipment, radios, televisions and other consumer electronics			
	Life sciences and healthcare products	Manufacturing of pharmaceuticals, medicinals and botanicals, medical devices and equipment	C (21, 266, 325)	283, 384-385	3254, 334510, 3391
	Natural resources and materials	Mining of (nonenergy) metallic and nonmetallic minerals; forestry; manufacturing of basic and fabricated metals, stone, cement and glass, forestry, wood, pulp and paper, chemicals (other than pharmaceuticals, household cleansers and personal care items), plastics and rubber.	B (7-8), C (16-17, 2021-2022, 2029, 22-25)	10, 14, 24, 26, 281-282, 285-289, 30, 32-34	113, 2122, 2123, 321-322, 325-327 (except 3254 and 3256), 331-332
Retail	General retailers	Nonspecialized stores	G (45*), G (471)	53	452
	Grocery	Food, beverage and tobacco stores	G (472)	54	445
	Restaurants and hotels		I (55, 56)	58, 70	72
	Specialty retailers	Specialty stores include building materials, hardware, automotive, fuel, apparel, furniture, miscellaneous and nonstore	G (473-479)	52, 55, 56, 57, 59	441-444, 446-451, 453, 454
Transportation	Air transport	Passenger and cargo transportation and storage	H (51)	45	481

Primary Industry Segment	Secondary Industry Segment	Additional Description	ISIC Rev. 4	U.S. SIC (1987)	NAICS (2007)
	Motor freight	Truck, transit and sightseeing	H (492)	41, 42	484, 485, 487
	Pipelines	Pipelines except natural gas	H (493),	46	486
	Rail and water	Rail and maritime passenger travel and cargo shipments	H (491), H (50)	40, 44	482, 483, 485111-485112
	Warehousing, couriers, support services	Transportation support activities, postal, couriers, warehousing, third-party logistics providers	H (52,53); N79	47, 4221-4226, 43, 4513, 4215	488, 491, 492, 493, 5615
Utilities	Electric and gas utilities	Electric, natural gas	D (35)	4911-4939, 4961	2211-2212, 2213*
	Water utilities	Water supply and irrigation systems; sewerage and refuse systems; remediation services	E (36-37) 49*	4941, 4952, 4953, 4959, 4971	2213*
Wholesale Trade	Wholesale durable and nondurable goods	Wholesale trade (durable and nondurable goods)	G (45*, 46)	50-51	42

* Indicates partial match.

Source: Gartner (October 2014)

Frequently Asked Questions

The following list of questions and answers is based on those most frequently asked by clients and should help expedite in finding the information you need for IT services market research.

Q. I am trying to align our internal definitions of IT services with those of Gartner. Can you provide more details on how you define each segment?

A. The IT Services Market Segment Definitions section in this document provides a complete and detailed set of definitions for all of Gartner's IT services forecast segments. Via inquiry, analysts in IT services are available to discuss high-level alignment of your company's internal terms with Gartner's segmentation.

Q. Why is "x" region's or country's growth rate so much higher than another region or country?

A. When using the forecast data, we recommend viewing the data in the currency with which the country or region was forecast. This is important, given that large fluctuations in exchange rates can cause significant differences in growth rates. When comparing growth rates in different regions, it is also recommended that you complete this analysis in the currency of forecast rather than in one currency, such as the U.S. dollar. The pivot table in the forecast data file allows for the conversion of data to different currencies. The section on forecast currencies provides detailed information. Via inquiry, we are also able to provide high-level data in constant currency, removing the effect of changing exchange rates.

Q. In your Market Share document, "x" company's revenue differs from what is posted in its annual report. Why?

A. Several factors can contribute to this difference. We report calendar revenue, not fiscal revenue, and we evaluate the four quarters that most closely correspond to the calendar year. In addition, we report only revenue that falls under the Gartner definition of IT services. Further information on these IT services definitions can be found in the IT Services Market Segment Definitions section in this document.

Q. How do you determine which vendors to track in your market share data?

A. We track IT services providers based on our assessment of their market impact, and for regional vendors their impact in the region. Vendors tracked in some regions, therefore, may not be the largest worldwide and may be smaller than some vendors in another region not tracked, but they have a market impact in their particular region. An example of this may be a provider tracked in Norway, which has an impact on the IT services market in Norway but is significantly smaller than other nontracked providers in the U.S., which have minimal impact on the U.S. market.

Gartner Recommended Reading

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

"Market Definitions and Methodology: IT Markets"

This document is published in the following Market Insights:

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