ITBudget: Data Input Requirements, Explain Text and Definitions

This document provides an overview of all questions and definitions used in the Gartner ITBudget tool, as defined by the Gartner Benchmark Analytics consensus model.

Overview

Use this document to prepare your organization’s IT key metrics data for comparison, using actual spending and budgets, or best estimates where detail is unavailable.

Once prepared, go to [http://www.gartner.com/explore/tools/it-budget](http://www.gartner.com/explore/tools/it-budget) to input data and generate your Gartner IT Key Metrics Data comparison report. Delegates, please refer to the session link included in your delegate invitation.

Upon submission, IT Key Metrics Data comparison reports are immediately available for download from the ITBudget “My Assessments” page.

Comparison reports can be quickly and easily updated with the “Copy” feature on the ITBudget “My Assessments” page. E.g., to update estimates, or to choose alternative comparison groups.

Gartner analysts are available through inquiry services to clarify models and definitions as well as to review results and discuss next step opportunities for increasing value and optimizing IT.

Read our privacy policy.

Introduction

- All questions are required to be answered to generate a comparison report.
- Budget figures should be entered in actual figures. Do not use decimals or comma as the thousand separator. (E.g., “25560000”)
- Users can save and return to a data collection session through “My Assessments.”
- Detailed definitions are available within the user interface as well as within the appendix.
- Users can delegate IT financial data alignment and entry exercises to a colleague to complete on their behalf. Delegates do not need Gartner.com member access.
- Users can upgrade a previous year’s comparison to the latest version from “My Assessments.”
- Multiple IT Key Metrics Data comparison reports can be created.
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ITBudget Data Input Requirements

Industry Standard, Off-the-Shelf, IT metrics Self-Assessment Tool

- **Gartner Benchmark Analytics industry standard** consensus models and definitions for IT financial management
- **Assess** IT budget and enterprise IT key metrics against Gartner IT Key Metrics Data industry measures from like organizations
- **Determine** if current/planned expenditures are aligned to business goals — *i.e.*, run, grow, transform — and adjust if appropriate
- **Identify** cost optimization opportunities and establish IT supply-side goals and targets
- **Measure** progress to support recurring budgeting and planning workshops/exercises
- **Map the IT budget** into a business services-based view of spending to **support business needs**


To start a new assessment and generate an IT metrics comparison report versus your industry, from gartner.com, select "Explore," "Metrics & Tools," and under "ITBudget," select "Start Assessment."

**Figure 1. ITBudget Tool Location**

![ITBudget Tool Location](image)

Source: Gartner

Once you have completed an assessment, the following Gartner research highlight next steps to support IT business value discussions through IT financial transparency and cost optimization initiatives.

- [IT Key Metrics Data 2016: Resources to Review Your ITBudget Assessment](#)
- [Mastering IT Budgeting and Financial Transparency Primer for 2016](#)
Q. Who are you as an organization?

<table>
<thead>
<tr>
<th>Demographics</th>
</tr>
</thead>
</table>
| What currency will you use to input your data?

**Currency**

<table>
<thead>
<tr>
<th>What country represents the largest amount of your organization’s operations, represented by your data input?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organizational scope - Please check the one that best describes the data being provided from your organization</th>
</tr>
</thead>
</table>
| - Enterprise  *
| - Division  *
| - Business Unit  *

<table>
<thead>
<tr>
<th>What is your organization’s annual revenue?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank: use total interest income plus noninterest income minus provision for loan losses</td>
</tr>
<tr>
<td>Insurance: Companies use gross written premium and other income</td>
</tr>
<tr>
<td><strong>Revenue</strong> 2015 2016 Estimate (actual currency)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What is your organization’s total operating expense?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use (SG&amp;A – Cost of Goods Sold)</td>
</tr>
<tr>
<td>Government: use Operating Budget here and do not enter data in “Revenue”</td>
</tr>
<tr>
<td><strong>2015</strong> 2016 Estimate (actual currency)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What is your total number of employees (head count) in your organization?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong> 2016 2017 Estimate</td>
</tr>
</tbody>
</table>

Access to the ITBudget Tool and referenced research is dependent on your level of Gartner subscription.
• These questions define your assessment scope and outline your organization’s relative size in terms of top line financial results and or estimates as well as with regards to the employee workforce who supports operations. It is important to maintain the same scope throughout the entire assessment. If IT only supports a regional division, or business unit rather than the entire enterprise, ensure that the demographics section is of the same scope, otherwise report figures for the entire enterprise. Many organizations create ITBudget assessments for each division, as well as for the entire enterprise in aggregate to support planning and communication exercises.

• Comparative metrics which require these data inputs include: IT Spending as a percentage of Revenue, IT Spending as a percentage of Operating Expense, and IT Spending per Employee, as well as Revenue per Employee.

• Click Here to Review Detailed Explain Text and Definitions for the “Demographics.”

Q. Which industry do you want to compare against?

You can compare your organization’s IT metrics to any one of 21 vertical industries or a cross-industry view as your primary industry comparison group. You can also “copy” your assessments and generate additional comparison reports against various vertical industries to offer more than 1 perspective. Industries available to compare against are as follows

• Cross-Industry (All Industries)
• Banking and Financial Services
• Chemicals
• Construction, Materials and Natural Resources
• Consumer Products
• Education
• Energy
• Food and Beverage Processing
• Government — National and International
• Government — State and Local
• Healthcare Providers
• Industrial Electronic and Electrical Equipment
• Industrial Manufacturing
• Insurance
• Media and Entertainment
• Pharmaceuticals, Life Sciences and Medical Products
• Professional Services
• Retail and Wholesale
• Software Publishing and Internet Services
Detailed definitions for each of the 21 industries are outlined in the following document

**IT Key Metrics Data 2016: Definition of Industries, RN# G00291336**

**Q. Choose a secondary comparison group.**

In addition to a primary industry comparison group, the ITBudget tool allows clients to select a secondary comparison group as an addition point of reference in their ITBudget assessment reports. Secondary comparison group options include:

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

**Q. What is your IT Budget?**

These questions are the basis for all IT spending and annual cost metrics. For IT spending metrics (cash flow view), IT capital investment + IT operational expense will be used to understand relative IT spend levels as compared to revenue, total operating expenses as well as per employee. This cash flow view will also be used to understand relative distribution of IT spending across accounting based categories (capital vs. operational spend), asset based categories (hardware, software, personnel, outsourcing), as well as strategic based investment categories (run-the-business, grow-the-business, and transform-the-business IT spending).

- IT annual cost (IT operational + depreciation and amortization expenses) is also used to understand the annual cost or expense required to support IT functional areas and IT business services.

[Click Here to Review Detailed IT Budget Explain Text and Definitions]
Q. What is the asset based distribution of your IT Budget?

Q. What is the strategic based distribution of your IT Budget?

Q. What is the IT functional area based distribution of your IT Budget?
These figures will be used to outline the percentage allocation of your total annual IT cost between the various IT functional areas. This will also establish the basis for your IT business services budget.

Click Here to Review Detailed IT Functional Area Explain Text and Definitions

Q. How many IT Personnel (Full-time Equivalents) are in your organization?

These figures will be used to understand relative IT workforce scale as well as the distribution of the IT workforce between internal and external IT FTE human resources. Metrics generated with this data includes IT FTEs as a percentage of total employees, IT FTE distribution between in-house FTEs and contract FTEs, as well as will be used as the basis for your IT staffing distribution by IT functional area.

Click Here to Review Detailed IT Full-Time Equivalent (IT FTE) Explain Text and Definitions

Q. What is your IT staffing profile by function?
What is the distribution of your total IT FTEs between the following categories?

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 Budget</th>
<th>2017 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Operations and Software Engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology and Process Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance, Governance and Control</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- What is the percentage distribution of your total IT FTE count by the following IT Staffing functions? Infrastructure Operations and Software Engineering; Technology and Process Management; Finance, Governance and Control.
- [Click Here to Review Detailed IT Full-Time Equivalent (IT FTE) Staffing Profile Explain Text and Definitions](#)

**Q. What is the IT functional area based distribution of your IT staff?**

<table>
<thead>
<tr>
<th>IT Staffing by IT Functional Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 Budget</th>
<th>2017 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainframe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linux Server</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unix Server</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Windows Server</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Center Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unallocated Data Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End-User Computing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Service Desk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voice Network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate IT Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Finance &amp; Administration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- These figures will be used to outline the percentage allocation of your total IT workforce between the various IT functional areas.
- [Click Here to Review Detailed IT Functional Area Explain Text and Definitions](#)

**Next Steps**

Return to the ITBudget "My Assessments" page, review and complete the IT Business Service portfolio view.
Q. Define your organization’s IT Service Portfolio

The next steps will enable users to add an IT Business Services Portfolio to their IT key metrics comparison report. Typically these portfolios contain no less than 3 and no more than 15 service categories.

Common examples of service categories include, but are not limited to IT Provisioning, Workplace Support, Automated Billing, Automated Procurement, Automated Financial Reporting, Automated Sales/Customer Service, Business Process Improvement among others.

Click Here to Review Detailed IT Business Service Portfolio Explain Text and Definitions

ITSM Fundamentals: Seven Steps to Creating an IT Service Portfolio — Group Exercise

- **Level-set the Definition of a Service.** A service is an action that delivers a benefit to a recipient. The intended recipient must be explicit, and the benefits must be in “the eye of the beholder.”

- **Get Off the Blank Page.** Each IT leader brainstorms the list of services they think you offer. The consolidated list will likely have 40 to 150 items.

- **Call a Meeting/Facilitate a Workshop, Establish the Criteria for a Service.** Go through the list asking, “Is it an action or a thing?”; “Is it ‘what’ we do or ‘how’ we do it?”; “Is it something the recipient would understand, appreciate, and buy?”

- **Cull.** Eliminate any physical or tangible items. Eliminate processes and transactions.

- **Refine and Bundle.** Classify ambiguous items, identify latent opportunities, aggregate and bundle.

- **Describe and Position.** Keep the descriptions short and craft a business value statement for each service.

- **Test and Finalize.** The working portfolio is ready to be tested with a focus group of senior leaders. Engaging clients too early and asking them to provide value statements greatly undermines IT credibility.
Q. What is the distribution of your IT annual cost to support your service portfolio categories?

- These next steps will aid in mapping your IT budget from your IT functional areas (e.g., data center and IT service desk) to your IT service portfolio categories. Please work down each IT functional area column and allocate a % of the cost to support your IT service portfolio categories.
**IT Bill of Materials**

**IT Service:** Automated Financial Reporting  
**Unit of Measure:** Per User Per Month

<table>
<thead>
<tr>
<th>Materials</th>
<th>Cost/Unit</th>
<th>Units</th>
<th>Extended Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Data Center</td>
<td>$1,000.00</td>
<td>0.5</td>
<td>$500.00</td>
</tr>
<tr>
<td>2. Storage</td>
<td>$10.00</td>
<td>10</td>
<td>$100.00</td>
</tr>
<tr>
<td>3. Bandwidth</td>
<td>$250.00</td>
<td>0.5</td>
<td>$125.00</td>
</tr>
<tr>
<td>4. Printing</td>
<td>$1.00</td>
<td>50</td>
<td>$50.00</td>
</tr>
</tbody>
</table>

**Labor:**

<table>
<thead>
<tr>
<th>Labor</th>
<th>Cost/Unit</th>
<th>Units</th>
<th>Extended Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Application Support</td>
<td>$50.00</td>
<td>0.1</td>
<td>$5.00</td>
</tr>
<tr>
<td>6. Application Development</td>
<td>$52.00</td>
<td>0.04</td>
<td>$2.08</td>
</tr>
<tr>
<td>7. Network Monitoring</td>
<td>$45.00</td>
<td>0.007</td>
<td>$0.32</td>
</tr>
<tr>
<td>8. Management Oversight</td>
<td>$70.00</td>
<td>0.003</td>
<td>$0.21</td>
</tr>
</tbody>
</table>

**Total Standard Cost**  
$782.61
Appendix — Key Data Input Requirements Explain Text and Definitions

“Demographics” Explain Text and Definitions

Revenue is defined as:

- “The enterprise revenue associated with the business units supported by the IT organization (banks should use total interest income plus noninterest income minus provision for loan losses, while insurance companies should use gross written premiums and other income)."

Business Operational Expense is defined as:

- “The total expense associated with the business units supported by the IT organization. This includes items such as selling, general and administrative expenses, cost of goods sold (or cost of revenue), research and development, depreciation, and depletion and amortization expenses. For insurance, this includes underwriting expenses, loss and loss-adjustment expenses; for banking organizations, it includes interest expenses and noninterest expenses; for government and nonprofit organizations, it is represented by the enterprise operating budget.”

Employee count is defined as:

- “The count of employees (i.e., head count, excluding enterprise contractors and consultants), regardless of whether these employees are frequent users of the technology supported by the IT organization. This includes full-time and part-time employees, or as reported in the public record.”

“IT Spending/Budget” Explain Text and Definitions

For the purpose of this research, Gartner has defined "total IT spending" as the following:

“The best estimate of total spending at the end of the 12-month budget period for IT to support the enterprise. IT spending/budget can come from anywhere in the enterprise that incurs IT costs, and it is not limited to the IT organization. It includes estimates by enterprises on decentralized IT spending and or ‘shadow’ IT.

What the IT Spending/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, software as a service, infrastructure as a service, platform as a service), disaster recovery and occupancy costs associated with supporting IT within the enterprise. Costs also include all taxes (except value-added tax where it is recovered or refunded to the organization).

- Note: 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 or slab using overhead cable trays etc., are also included.
What the IT Spending/Budget Includes, From an IT Functional Area or Activity Perspective

- The data center (for example, mainframes, servers and storage), end-user computing devices (for example, desktops, laptops, tablets, thin clients and smartphones), voice and data networks (including, but not limited to, voice and data transmissions, fixed and mobile telephony, and Internet access services), IT service desk, and applications (for example, 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 IT services.

- Dedicated data processing equipment used in operations, production and engineering environments — examples are computer-aided design/computer-aided manufacturing (CAD/CAM) and standard computing equipment used in devices for factory automation, and tablet PCs used by healthcare professionals.

What the IT Spending/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' external clients.

- Operational technology that is:
  - Equipment-built or purchased for non-data-processing purposes, but which has computerized components. Examples include robotic manufacturing machines, automated teller machines, specialized point-of-sale devices, scanners, blood pressure monitors and sensors on a supervisory control and data acquisition (SCADA) system.
  - Appliance-like or proprietary data processing equipment that has a single (typically industry vertical) purpose and cannot be used for other general purposes. A typical example is a computer that can only control the flow of electricity through the power grid. Since it cannot be repurposed, it is not included in our model. Note that other systems that gather data from this type of computer and can be used for other purposes would not be considered operational technology and, therefore, would be in scope of our model.
  - Internal "cross charges" and corporate allocations related to large, significant and/or unusual one-time expenses, such as reductions in workforce, redundancy, relocations, retirement, human resources and chairperson's salary.
  - Business data subscriptions and services (such as Bloomberg), even if they are managed by the IT organization.
  - Business process outsourcing services (BPO) where organizations outsource entire business functions such as payroll or benefits management. This includes cases where the BPO vendor provides access to software, and also guarantees that the outcomes of their services will meet business requirements, such as tax and withholding regulations. Note: where a vendor provides Software as a Service and only guarantees that the software will perform as specified, then this is in scope of the IT spending/budget.
Traditional outsourcing of IT functions, for example servers and email, are also still within scope of IT spending/budget.

**IT operational expense is defined as:**

- “The total day-to-day operations and maintenance expenses for this fiscal year that have not been capitalized. These do not include any amortization and depreciation expenses.”

**IT capital spending is defined as:**

- “The total capitalized IT spending for the fiscal year (i.e., the full value of capitalized assets acquired in the fiscal year). This includes investments in new application development and IT infrastructure.”

“Run-, Grow- and Transform-the-Business” Explain Text and Definitions

**Run the business:**

- This is an indicator of how much of the IT resource is consumed and focused on the continuing operation of the business. It includes all nondiscretionary expenses as part of the run-the-business cost.

**Grow the business:**

- This is an indicator of how much of the IT resource is consumed and focused on developing and enhancing IT systems in support of business growth (typically organic growth). Discretionary investments are more likely to be included in the grow-the-business or transform-the-business cost.

**Transform the business:**

- This is an indicator of how much of the IT resource is consumed and focused on implementing technology systems that enable the enterprise to enact new business models. This is very much a “venture” category and would be represented by activities such as an insurer introducing usage-based insurance products such as telematics or a supermarket combining real time analytic monitoring with in-store task management to provide automated alerts to store staff to perform preemptive tasks.

“IT Full-Time Equivalent (IT FTE)” Explain Text and Definitions

**IT FTE is defined as follows:**

- An IT FTE represents the logical staff to support functions performed by the physical staff, measured in calendar time. This includes all staffing levels within the organization, from managers and project leaders to daily operations personnel. This also includes insourced FTEs and contract FTEs. However, this excludes the staff of a third-party vendor (e.g., IT outsourcing), which is not operationally managed by the in-house staff, but rather is managed by the vendor.
Insourced IT FTEs are defined as:

- FTEs who are employed by the IT organization (excluding contractors and consultants). These include all full-time and part-time employees supporting the IT environment, as defined by IT budget/spending.

Contract IT FTEs are defined as:

- Contract FTEs (contractors) are supplemental to your staff and are “operationally” managed by the in-house staff. These include all full-time, part-time and temporary contractors supporting the IT environment, as defined by IT budget/spending.

“IT Full-Time Equivalent (IT FTE) Staffing Profile” Explain Text and Definitions

"Infrastructure Operations and Software Engineering” is defined as:
This profile encompasses the hands on fulfillment of day to day tasks related to IT Infrastructure, Application Development and Applications Support. This includes:

- Data Center and Network Operations Center activities including Production Control, Scheduling, Physical database administration, and “Console” monitoring of the IT Infrastructure.
- Resolving or taking action to preventing incidents, (e.g., IT service desk support, repairing malfunctioning functioning hardware and software, applying patches).
- Service request fulfillment e.g., software deployment (electronic or manual), installation of new equipment and moves/adds/changes/deinstalls/removals of existing equipment.
- Production Control including turnover, scheduling, and monitoring.
- “Programmer/Analyst” functions devoted to developing new applications, enhancing existing applications or maintaining currently operational applications.
- This includes all phases of development including conceptual design, systems design, programming and testing of individual programs,
- Logical database administration.

“Technology and Process Management” is defined as:
This profile encompasses activities related to the technical and functional design of the IT Infrastructure and Applications environments. This includes:

- Developing and administering processes for:
  - Change and Release Management
  - Technical Performance Monitoring and Management,
  - Capacity Management
  - Systems/Security Management
• IT Disaster Recovery

• Other Functions such as:
  • Infrastructure Performance tuning
  • Infrastructure Load balancing
  • Application packaging and scripting for distribution
  • Image development and control
  • Infrastructure Development for the Application development and Support environment
  • Test lab activities (other than for software development)
  • Business analyst functions
  • Research and Development (non product related)

“Finance, Governance and Control” is defined as:

This profile encompasses administrative activities necessary to ensure the smooth functioning of IT Infrastructure and Applications. This includes functions such as:

• Financial Management, Budgeting, Chargeback
• Service Level Administration and Overall Performance Management
• Procurement
• Asset and configuration tracking
• Contract and vendor management
• Product management
• Business unit relationship management and enterprise requirements management
• Training development and implementation (for IT Professionals and End-Users)
• Project Management
• Supervisory Management
• Human Resource Management

**IT Functional Area Framework**

The following sections provide guidance on how to count costs and FTE numbers, as defined by the scope of the IT functional area framework/chart of accounts. This includes costs associated with the operation, lease, maintenance, and depreciation of hardware, software, connectivity, disaster recovery, occupancy/facilities and personnel to support the environment as defined below.
Data Center

Note: Data center (enterprise computing, storage and facilities) includes Windows, Unix and Linux servers, mainframe, storage, and any other platform running in the data center.

Hardware
- Processing devices: Include all hardware in server platform configurations, including internal disk storage, controllers, external disk arrays, tape libraries, optical jukeboxes, processors, memory, cards and other offline media supplies.

Software
- Annual costs for host and virtual OS licenses, virtualization and partitioning software, utilities, databases, middleware, content/document management search engines, messaging, communications (TCP/IP, FTP and host-based) and server security software.

Connectivity
- Intra-data-center connectivity: This typically includes routers, switches, load balancers, controllers and appliances. Data center communication networks are dedicated networks that are segregated or isolated from the general-purpose LANs or WANs. General-purpose or shared network costs are excluded from the data center and should be allocated to the data network.
- Inter-data-center connectivity: This typically includes the transmission cost and hardware cost for the fiber, used and unused (dark fiber), and the switches and controllers. Data center remote communication networks are dedicated networks that are segregated or isolated from the general-purpose LAN or WAN. General-purpose or shared network costs are excluded from the data center and should be allocated to the data network.

Disaster Recovery
- Includes disaster recovery contracts (compute and communications) for hot sites (shell facilities), dedicated hardware, software and connectivity.

Facilities/Occupancy
- Costs for power/heat management, furniture, access systems, office space, raised floor and/or slab using overhead cable trays etc.

Personnel
- Operations/maintenance, engineering technical services, planning and process management, service administration, management and administration, and facilities management.

For more detailed information, see "IT Key Metrics Data 2016: Key Infrastructure Measures: Windows Server Analysis: Current Year," "IT Key Metrics Data 2016: Key Infrastructure Measures: Unix Server Analysis: Current Year," "IT Key Metrics Data 2016: Key Infrastructure Measures: Linux x86 Server Analysis: Current Year," "IT Key Metrics Data 2016: Key Infrastructure Measures: Mainframe Analysis: Current Year" and "IT Key Metrics Data 2016: Key
End-User Computing

Hardware

- User client and peripheral hardware: desktop, laptop, thin-client and tablet PCs, personal and shared printers, multi-functional printers (MFPs or MFDs), handheld devices such as smartphones, and messaging devices. Transmission costs for these devices are excluded and should be allocated to the data network.

- IT management hardware: This encompasses hardware that primarily supports an IT process, not a business or user process. Examples are test and training devices, servers hosting network and system management (NSM) or asset management software, and devices used by the IT staff supporting the end-user computing environment. This also includes supporting a hosted virtual desktop (HVD) installation.

Software

- User client software.

- Personal productivity and database: This includes new word processors, spreadsheets, presentation packages, personal databases and other personal productivity software executing on client systems. It also includes upgrades.

- Messaging and groupware: This includes new and upgraded email, groupware and collaboration software.

- IT Management Software: This includes IT software that is used exclusively for IT functions including network, systems, storage and asset management, training and computer-based training (CBT) software as well as security software (antivirus, personal firewall, encryption, etc.) as well as mobile device management which offers software distribution, policy management, inventory management, security management and service management for smartphones and media tablets. This also includes supporting a hosted virtual desktop (HVD) installation.

Disaster Recovery

- Annual costs of hardware, software, connectivity, occupancy and contracts specifically dedicated to disaster recovery for end-user computing.

Occupancy

- Occupancy costs should include fully burdened costs for the facilities being used by the staff supporting the end-user computing environment. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

Personnel

- Operations/maintenance, engineering technical services, planning and process management, service administration, management and administration.
IT Service Desk

Hardware
- PBX, ACD, interactive voice response, computer-telephony integration, IT service desk end-user computing devices, and IT service desk application servers.

Software
- This includes all software that is necessary to operate the IT service desk, such as expert knowledge tools, problem management tools, quality monitoring, self-service, workforce management software, workflow management software and IT service desk management portal software.

Occupancy
- Occupancy costs should include fully burdened costs for the facilities being used by the staff supporting the IT service desk environment. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

Transmission
- Includes inbound 800 service, dedicated trunking, local service, outbound long distance, Internet access (for example, IT service desk portal) and networking between IT service desks.

Disaster Recovery
- Annual costs of hardware, software, connectivity, occupancy and contracts specifically dedicated to disaster recovery for IT service desk.

Personnel
- IT service desk agents, operations/maintenance, engineering technical services, planning and process management, service administration, management and administration.

Voice Network

Note: Total voice network includes voice premise technology and wide-area voice network costs, as well as dedicated cellular (mobile) voice network costs.

Hardware
- Wide-area voice network hardware: Switching and routing, as well as terminating hardware. Terminating hardware includes microwave, satellite, compression, multiplexer/channel bank, PBX network interface card and channel service unit/data service unit (CSU/DSU).
• Voice premise: Telephone system equipment (such as voice switch/server and peripherals, including modules and uninterruptible power supply [UPS]), premise system phones (voice only; smartphones such as BlackBerry, iPhone and Android-based devices are excluded and should be allocated to the end-user computing environment), voice mail hardware (for example, processors and storage) and message authentication control (MAC) materials.

• IT management (network operations center [NOC]): This includes hardware that is located within a client's NOC and is used to support a client's centrally managed voice infrastructure/network. This includes client devices (PCs on NOC desktops) as well as servers (NOC), located within the NOC or elsewhere, but used primarily by the NOC to support the voice network infrastructure. The costs for these client devices/servers may need to be prorated between voice and data services, depending on a client's NOC environment.

Software
• Switch/voice server and peripherals (e.g., automatic call distribution [ACD], voice response unit [VRU]) and voice mail software costs.

• IT management (NOC): Software used by the NOC primarily to support/manage a client's voice networks. The costs for this software may need to be prorated between voice and data services, depending on a client's NOC environment.

Transmission
• Includes all outbound and inbound transmission costs. It also includes the annual cost for local central office lines (where applicable) as well as cellular (mobile) voice only transmission costs.

Disaster Recovery
• Disaster recovery contracts (communications) for hot sites (shell facilities), dedicated hardware, software, and connectivity.

Occupancy (For Personnel Only)
• Occupancy costs should include fully burdened costs for the facilities being used by the staff supporting the voice network service. Some examples would include office space, furniture, electricity, maintenance, property taxes, security and office supplies. Occupancy for hardware (for example, closet space) is specifically excluded (that is, occupancy costs should apply only to the people supporting a client's voice network).

Personnel
• Operations/maintenance, engineering technical services, planning and process management, service administration, management and administration.

For more detailed information, see "IT Key Metrics Data 2016: Key Infrastructure Measures: Voice Network Analysis: Current Year," "IT Key Metrics Data 2016: Key Infrastructure Measures: Wide-Area Voice Network Analysis: Current Year" and "IT Key Metrics Data 2016: Key Infrastructure Measures: Voice Premise Technology Analysis: Current Year." (Access to these documents is dependent on your level of Gartner subscription.)
Data Network

Note: Data network includes WAN, LAN and Internet access services (IASs), as well as dedicated cellular (mobile) data network costs:

- **WAN**: Connectivity and transmission of business-critical data between enterprise locations and business partners
- **LAN**: Accounts for the provisioning of communications and connectivity to critical business systems within enterprise sites and campuses (Note: Costs associated with permanent building cabling, horizontal and vertical, are excluded. Likewise, costs for any interbuilding cabling — copper and/or fiber — that would be found on a campus are also excluded.)
- **IAS**: Enterprise access to the global Internet, for the use of its personnel and for the use of its external customers to access enterprise websites

**Hardware**

- **Security hardware**: Dedicated data network firewall hardware/servers, intrusion/detection servers and devices, as well as encryption hardware.
- **NOC hardware**: This includes hardware that is located within a NOC to support a centrally managed data network infrastructure/network. This includes test equipment and remote monitoring equipment, client devices (PCs on NOC desktops) and network management servers (NOCs).
- **Switching, routing and wireless hardware**: including switches and routers, multiplexers, satellite equipment, boundary (branch) routers, backbone routers and bridges, and wireless access points.
- **Other dedicated data network hardware**: including Domain Name System (DNS) and Dynamic Host Configuration Protocol (DHCP) servers, optimization equipment such as Internet load-balancing hardware, UPS, MAC hardware and MAC cable (closet to desktop).
- **Some of this may need to be prorated between the voice and data network.**

**Software**

- **Security software**: Dedicated data network firewall software, intrusion/detection software as well as encryption software.
- **NOC software**: All NSM software costs related to the NOC’s support of the data network infrastructure/network.

**Transmission**

- **Annual data network transmission costs**, such as carrier digital services including Frame Relay access, ports and PVCs (Permanent Virtual Circuits), ATM (Asynchronous Transfer Mode) access, ports and PVCs, MPLS (Multiprotocol Label Switching) access, ports, and CARs (Committed Access Rates) which also includes specific charges for Quality of Service (QoS) commitments, sometimes referred to as traffic shaping, T3/E3, dial backup service, Synchronous Optical Network (SONET), metropolitan Ethernet, and
dark fiber, as well as annual cost for circuits connected to the Internet service provider, and cellular (mobile) data transmission costs.

Disaster Recovery
- Disaster recovery contracts (communications) for hot sites (shell facilities), dedicated hardware, software, and connectivity.

Occupancy (For Personnel Only)
- Fully burdened costs for the facilities being used by the staff supporting the data network. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

Personnel
- Operations/maintenance, engineering technical services, planning and process management, service administration, management and administration.

For more detailed information, see "IT Key Metrics Data 2016: Key Infrastructure Measures: Data Network Analysis: Current Year," "IT Key Metrics Data 2016: Key Infrastructure Measures: Wide-Area Data Network Analysis: Current Year" and "IT Key Metrics Data 2016: Key Infrastructure Measures: Local-Area Data Network Analysis: Current Year." (Access to these documents is dependent on your level of Gartner subscription.)

Applications

Application Development
- New code for a new application and functional enhancements to the current code that take more than two person-weeks, or that typically add eight function points or more. A "functional enhancement" is defined as "a change made for a user that allows additional capabilities (from a business point of view) that were not there before. In some environments, major enhancements can actually be added in less than two person-weeks. If this is the case, and eight function points or more are added (about 800 lines of COBOL or 300 lines of a database language), then this is still categorized as development.

Application Support
- Bug fixes of any size or duration, maintenance of hard-coded data or tables (including field size changes) embedded within the programs (any size or duration), and functional enhancements to current code that take less than two person-weeks and typically add fewer than eight function points, or any project that produces no new business functionality for the user.
- A "functional enhancement" is defined as "a change made for a user that allows additional capabilities (from a business point of view) that were not there before." In some environments, major enhancements can actually be added in less than two person-weeks. If this is the case, and eight function points or more are added (about 800 lines of COBOL or 300 lines of a database language), then this is categorized as development rather than support.

Hardware
This includes only hardware (mainframes, servers, end-user computing devices) used by the application development or support staff members to do their jobs (that is, client devices as well as servers and a portion of the mainframe used for application development and testing). This excludes end-user or production hardware.

**Software**

- Development and support software required by the application development and support staff members to do their jobs. It may include the languages/compilers/databases, development/testing tools and IT management software tools, such as project estimators and project schedulers.
- Business functionality software: For application support, this includes the maintenance cost of off-the-shelf vendor packages, as well the annualized cost of the software.

**Occupancy**

- Fully burdened costs for the facilities used by the development or support staff and included in this analysis view. Some examples would include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

**Personnel**

- Application development: This includes staff involved in developing new applications, enhancing existing applications, installing new packages and installing major functional enhancements to existing packages.
- Application support: This includes staff involved in supporting applications that exist within the current portfolio. It also includes personnel who are responsible for fixing programming problems uncovered when applications are running in production. It does not include any personnel who are responsible for running the production applications. If an upgrade for a packaged application primarily contains fixes for existing problems, then the efforts involved in installing such a maintenance upgrade are included in application support.

For more detailed information, see "IT Key Metrics Data 2016: Key Applications Measures: Cost and Staff Profile: Current Year," "IT Key Metrics Data 2016: Key Applications Measures: Application Development: Current Year" and "IT Key Metrics Data 2016: Key Applications Measures: Application Support: Current Year." (Access to these documents is dependent on your level of Gartner subscription.)

**Corporate IT Management**

Only include functions that are at a level within the IT organization that, after best effort, cannot be allocated to an IT functional area.

**Office of the CIO/CTO**

- This includes the "C-level" IT management, including the CIO and CTO functions. Also included here are the direct reports of the CIO, who spend the majority of their time providing enterprise-wide support other than the functions outlined below (that is, special projects).

**IT Human Resources**
• This includes resources dedicated to human resource issues surrounding the recruiting and retention of IT staff.

**IT Marketing**

• This includes resources dedicated to marketing the capabilities of the IT organization to the business units.

**Technology Planning and Process Management**

• This includes activities related to the planning for and management of current and future technology needs, and the establishment of policies and processes relating to technology. This also includes, but is not limited to, systems research, product management, technology evaluation and purchase decision making, the establishment of processes surrounding security and virus protection, and business continuity/recovery.

**Disaster Recovery**

• This includes resources dedicated to planning, testing and implementing contingency procedures across all IT functions. This also includes the staff dedicated to safeguarding the enterprise’s ability to continue operations of vital business functions following physical damage or other catastrophes that impact business facilities. Responsibilities include:
  • Maintaining disaster recovery documentation
  • Negotiating contingency site arrangements and serving as liaison with the vendor
  • Managing off-site data retention

**Security**

• This includes resources that oversee the development of standards and procedures for ensuring overall network and systems integrity.

**IT Finance and Administration**

Only include functions that are at a level within the IT organization that, after best effort, cannot be allocated to an IT functional area.

**IT Administration**

• This includes direct administrative and clerical support to enterprise-level IT. Positions include secretary, receptionist and administrative assistant.

**Budget and Chargeback**

• This area establishes the overall IT budget, monitors actual expenses versus the budget, arranges financing for purchases and performs financial reporting to other enterprise areas. Staff members also handle the operation of the chargeback system. Positions include financial analyst and chargeback administrator.

**Asset Management**
• Tracking: This area provides the administrative support for tracking systems and system components. It accounts for labor and contract costs for managing depreciation records and lease contracts, performing asset inventories (physical or automatic management), asset identification and tracking, asset database management, change recording and reconciliation. It also includes the creation and maintenance of an up-to-date record of installations, moves, adds, changes, removals, and final disposal of all assets (for example, hardware, software, and circuits). The record contains information for locating, assessing, auditing, troubleshooting, counting, and assigning assets, or performing other technical and business functions without the need to repeatedly visit the asset location or reassemble data records. It also includes the determination of an asset’s useful life, including planning for the installation, upgrade, and removal/disposal of the asset and executing the plan.

• Procurement: This area solicits bids, negotiates purchasing agreements, establishes purchase orders, validates vendors’ bills, coordinates with accounts payable for payments, and handles contract administration.

Quality Assurance

• This includes staff responsibility for monitoring, tracking, and recommending solutions for improving the content and delivery of services provided by the customer service contact center.

Training

• This refers to the primary source for the delivery of training within the IT organization and for end users in the business units. This area may also prepare the training materials, evaluate employee skills, and assist in the creation of custom training programs for the organization.

“IT Business Service Portfolio” Explain Text and Definitions

• What are the categories that best define your organization’s IT service portfolio. This should be no less than 3, and not more than 15 categories.

Best practices for defining and maintaining the IT business service portfolio

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

• An IT business service is a collection of actions performed by IT professionals that provides a measurable benefit to a consumer outside of the IT organization. The consumer must clearly understand and value the benefits of each IT business service and must control the level (volume) of consumption.

• Know the difference between IT technical services and IT business services. Rules for defining IT business services:
  o Do not include more than 15 IT business services at the portfolio level (ITIL 3.0). Typically 5-10.
  o Acronyms and the words “hardware” and “software” are not allowed either in the label or the 250-word (maximum) description of the IT business service.
Key Gartner research to get started includes:

- **ITSM Fundamentals: How to Create an IT Service Portfolio**: ID:G00210325
- **Determining the Right Level of IT Operational Spending** (EXP Report): ID:G00239146
- **The Strategic Road Map for IT Service Optimization**: ID:G00232975
- **IT Resources Planning: Actual Costing vs. Standard Costing**: ID:G00211617
- **IT Resources Planning: Using Business Concepts to Manage IT Resources and Costs**: ID:G00210877

**Suggested IT Business Services and Descriptions**

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

**Table 1. Suggested IT Business Services and Descriptions**

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

Source: Gartner 2015
Considerations When Defining Services

1. **Focus on End Customers "Who"**
   - Define who the end customer is for each service.
   - Resist treating another IT organization as a "customer."

2. **Define Suites of Services "What"**
   - Establish suites of related services, such as workplace management.
   - Provide distinct options to fit different requirements.
   - Internal to IT, identify required components and dependencies to deliver the end-to-end service.

3. **Establish SLAs "How Well"**
   - Create a value statement and clearly articulate service characteristics.
   - Describe service delivery SLAs.
   - Describe service availability SLAs.
   - Explain how SLAs will be measured and reported quantifiably.

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**Example Service Portfolio**

1. **Collaboration and Communication:**
   - Email
   - Mobile Communication
   - Instant Messaging
   - Business Conferencing
   - Enterprise Voice
   - Enterprise Collaboration and Content Management

2. **Technology and User Support:**
   - Application Hosting
   - Help Desk
   - Managed Desktop and Laptop
   - Onboarding and Technology Management
   - Print/Fax Management

3. **Business Protection:**
   - IT Disaster Planning and Recovery
   - Information Backup and Recovery
   - Information Security

4. **Connectivity:**
   - Network Connectivity
   - Remote Access
   - Teleworking

5. **Business and Application Management:**
   - Application Group — Department/Agency A
   - Application Group — Department/Agency B
   - Application Group — Department/Agency C
   - Application Group — Department/Agency D
   - Application Group — Department/Agency E

6. **Professional Services:**
   - Portfolio Management
   - Sourcing and Relationship Management
   - Technology Strategy and Planning

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