IT Services Vendor Benchmark

SPOTLIGHT REPORT

July 2025

IT Services Vendor Benchmark Overview

TBR's *IT Services Vendor Benchmark* delivers unique insight and value through in-depth analysis in a concise, consumable format. This quarterly research program covers 31 leading vendors in the IT services segment and analyzes their go-to-market strategies; investments, alliances and acquisitions; and resource management and financial performance. An updated Excel data pivot table is also published with each edition of the benchmark.

Publish date of latest edition: June 27, 2025

Click here to view a full list of the report's research topics and vendor coverage.

"IT services vendors will pursue opportunities around security, expand their AI and GenAI portfolios and skills, and reinforce their cloud expertise to accelerate revenue growth in 2025."
— Senior Analyst Elitsa Bakalova

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Executive Summary Excerpt

While tight discretionary spending challenged consulting growth during 1Q25, vendor consolidation, cloud and infrastructure modernization, and demand for cost takeout contributed to revenue

IT services market summary

Outlook: TBR estimates trailing 12-month (TTM) revenue growth for the benchmarked IT services vendors will be 2.2% year-to-year in 2025, higher than 2024 revenue growth of 0.9% year-to-year. The market dynamics have not changed since 3Q23, when the uncertain macroeconomic environment began to pressure discretionary spending and consulting activities while fueling a wave of outsourcing demand around infrastructure and application modernization, productivity improvement and cost optimization. In 2025 TBR expects clients will focus on cost optimization and mainly invest in large transformation programs rather than small consulting awards. Common themes, including vendor consolidation, cloud and infrastructure modernization, and demand for cost takeout, will fuel performance across multiple IT services providers. The manufacturing sector, which has experienced revenue growth challenges, might be facing the biggest potential downturn as buyers are lowering budgets and/or delaying decisions, largely due to the ongoing uncertainty around the Trump administration's fluid discussions on tariffs. Although agency spending and headcount cuts by the Department of Government Efficiency (DOGE) will negatively impact vendors' performance in the U.S. public sector, we expect new consulting opportunities to emerge around efficiency improvement and engagements in areas such as defense, border security, maritime and space, and intelligence.

Key Vendors: Accenture remained the largest vendor in TBR's *IT Services Vendor Benchmark* in terms of revenue and headcount and was No. 9 in TTM revenue growth in 1Q25. Accenture's proven strategy, paired with stakeholder trust, will allow the company to navigate choppy demand amid heightened uncertainty, as long it balances pricing agility with AI use. **Tata Consultancy Services** (TCS) was No. 3 in TTM revenue and No. 12 in TTM revenue growth in 1Q25. TCS' "value-to-volume" approach, which combines competitive pricing, extensive scale and diversified offerings, is key for the company to win and retain clients. **IBM**, which was No. 4 in TTM revenue and No. 21 in TTM revenue growth, will continue to gain ground in areas such as generative AI (GenAI) and agentic AI due to IBM's early advances in AI and diversification of revenues through new areas of expansion.

Market Overview: TTM IT services revenue grew 1.6% year-to-year in 1Q25, compared to year-to-year increases of 0.6% in 4Q24 and 2% in 1Q24. Tight discretionary spending, an extended buyer decision cycle, and IT services vendors' focus on long-term and large-scale managed services are pressuring near-term revenue realization. However, vendors were able to stabilize profitability in 1Q25, with 23 of the 31 benchmarked vendors improving TTM operating margins year-to-year due to tight expense management, productivity initiatives and improved utilization, increased use of automation, GenAI and agentic AI, and skills-based hiring aligned with market demand.

Note: IT services includes C&SI, AO, ITO, BPO and maintenance services. IT services market growth is determined based on the 31 vendors included in TBR's *IT Services Vendor Benchmark.* Growth rates represent TTM revenue and compare 2Q23 through 1Q24 with 2Q24 through 1Q25.

Quarterly Focus Excerpt

IT service vendors expand partnerships with NVIDIA and Google Cloud to develop agentic AI and GenAI capabilities tailored to improve customer experience and address industry-specific needs

Quarterly Focus: Agentic AI

TBR Assessment

In March the Capgemini Research Institute published a report, Unleashing the value of customer service: The transformative impact of Gen AI and Agentic AI, that discusses how "generative AI (GenAI) and agentic AI are emerging as key tools for organizations to make a transformative shift, elevating customer service to a strategic value driver." The research also finds that "only 49% of organizations consider themselves prepared for offering AI/GenAI-powered customer service, indicating the need for a critical shift in operating model, transformation of digital solutions and uplift of their data foundation." The findings suggest multiple IT services vendors are moving in the right direction with the development of their AI offerings. The ones with established portfolios around the advise-build-run stack and established relationships with technology partners will gain the most opportunities. Vendors' successful expansion and differentiation in AI will depend on their ability to develop resources with skills related to technologies and industries and deliver business outcomes.

Examples of Vendors' Recent Activities

Capgemini expanded its relationship with Google Cloud and announced agentic AI offerings enabled by Google Cloud's AI technology to transform the customer experience. The industry-specialized agentic AI solutions will initially target the telco, retail and financial services sectors and will improve customer service through intelligent automation and customer insights. Capgemini also expanded its partnership with NVIDIA to provide customized, industry-specific agentic AI solutions enabled by NVIDIA NIM and an agentic gallery to drive business transformation and accelerate enterprise AI adoption. In April Capgemini announced the establishment of an AI Center of Excellence (CoE) in Cairo to enable enterprise GenAI and agentic AI adoption. The CoE will be an AI hub that drives research and development, collaborates with local academic organizations and technology partners, and invests in talent development. The new AI hub will provide industry-specialized solutions that help clients improve customer experience and drive business value.

HCLTech extended its relationship with Google Cloud to benefit from Google Agent Space and its agentic framework, allowing for greater data manipulation and analytics as well as enabling users to align with their customers' needs. HCLTech aims to create AI agents that support decision making and operations to enhance customer interactions.

IBM released the AI Integration Services portfolio, which enables clients to transform business processes through agentic AI utilizing clients' preferred AI and cloud platforms. IBM announced a collaboration with NVIDIA around integrations based on the NVIDIA AI Data Platform reference design to help clients build, scale and manage GenAI and agentic AI solutions. IBM Consulting will utilize the AI Integration Services offerings to transform and govern business processes with agentic AI based on NVIDIA Blueprints that are industry-specialized, such as autonomous inspection and maintenance in manufacturing as well as video and data analysis and anomaly response in energy.

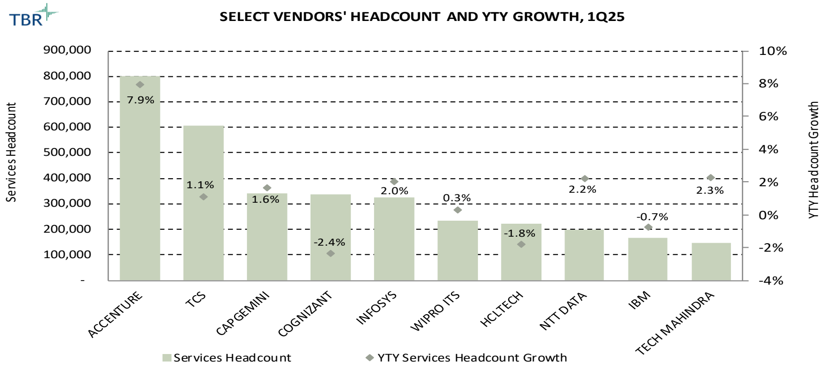
In January **Accenture** launched AI Refinery for Industry, built on NVIDIA Foundry, with a collection of 50 industry agent solutions targeting clients across industries such as telecommunications, financial services, insurance, manufacturing, healthcare and retail. **Cognizant** expanded its relationship with NVIDIA to create AI agents, industry large language models (LLMs), digital twins and infrastructure designed for AI. Adding NVIDIA's AI technology for LLMs, digital twins and applications strengthens Cognizant's Neuro AI platform.

Resource Management Excerpt

To manage resources, vendors are selectively hiring in-demand skills and freshers, upskilling and reskilling to align workforces with client demand, and conducting small-scale layoffs

Average total headcount for the 31 benchmarked vendors increased 1.1% year-to-year in 1Q25, an improvement from a 2.1% decrease in 1Q24 and a 0.7% increase in 3Q24. **TCS** added employees in 2024, returning to net headcount growth, and this modest positive trend is expected to continue into 2025, with increased fresher hiring to maintain a robust talent pipeline. Upskilling initiatives and promotion activity underscore the company's commitment to nurturing its existing talent. Furthermore, campus hiring plans remain on track, and we believe TCS' flexible resource management strategy will enable the company to quickly scale up to meet market demands if client spending improves. Despite **Accenture's** use of an automated platform that enables service delivery, it is evident the company continues to recalibrate the composition of its workforce, adding professionals with skills in cloud, analytics, digital marketing, cybersecurity and AI to use its scale — headcount reached 801,099 in 1Q25 — as a lever to compete rather than trying to build a sustainable nonlinear revenue growth model. **Infosys** reinstated a return-to-office program that now requires employees to work on-site 10 days per month. Infosys appears to have laid off about 0.1% of its total workforce, which TBR views as a move to calibrate the demand and supply sides of Infosys' business.

Average onshore headcount rose 3.1% year-to-year in 1Q25, improving from flat headcount growth year-to-year in 4Q24 and a decline of 1.3% year-to-year in 1Q24. Average nearshore and offshore headcount was flat year-to-year in 1Q25, lower than the 1.0% year-to-year increase in 4Q24 but an improvement from a 2.5% year-to-year decrease in 1Q24. **Infosys** is bracing for upcoming disruptions related to the Trump administration's tariffs. Although the tariffs have been focused on goods rather than services, it would not be surprising for the administration to explore the latter route. Infosys' onshore presence is strong, but the company's offshore base, which is predominantly India-based, hovers at 82% to 84%, making Infosys vulnerable to any services-related tariffs. Infosys' onshore presence is strong, but the company's offshore base, which is predominantly India-based, hovers at 82% to 84%, exposing Infosys to potential tariff vulnerabilities. In the most recent H-1B visa approval bulletin, Infosys ranked as the second-highest employer relying on H-1B visa workers in the U.S., securing 8,140 visas in 2024. We estimate Infosys' U.S. headcount to be over 35,000, with over 26,000 of those being American workers.



SOURCE: TBR ESTIMATES AND COMPANY DATA

Upskilling, professional development and productivity initiatives improve employee utilization; however, increased demand for skilled professionals is causing attrition to rise

Average employee attrition for the 31 benchmarked vendors increased 50 basis points year-to-year and 40 basis points sequentially to 16.0% in 1Q25, breaking the recent range of 15.5% to 15.8% and marking the highest attrition since 3Q23. While vendors invest in initiatives to upskill and reskill employees in high-demand emerging technologies, particularly in AI and data, increased demand for these skills is contributing to a rise in attrition. However, as select vendors, such as IBM and Infosys, completed small layoffs to calibrate demand and supply during the quarter, employees may be more likely to prioritize job security during 2Q25, especially as tariffs may have a stronger effect on macroeconomic uncertainty. In the meantime, multiple IT services providers remain focused on recalibrating staffing pyramids to ensure profitability targets are met and are exploring the possible evolution from a pyramid-shaped structure to an obelisk supported by GenAI.

Average employee utilization rose 50 basis points year-to-year but remained unchanged sequentially at 81.0% in 1Q25, outpacing the average utilization range of between 79% and 80% since 2016. Vendors continue to pursue internal training and professional development and productivity initiatives to extract the most value from existing workforces, leading to increased utilization. Optimizing headcount and boosting employee utilization help vendors drive efficiencies across their operations and delivery, offsetting the impacts of soft demand and supporting profitability. Vendors balance talent supply with client demand, leveraging internal digital tools and integrating automation to more efficiently deploy skills and improve utilization.

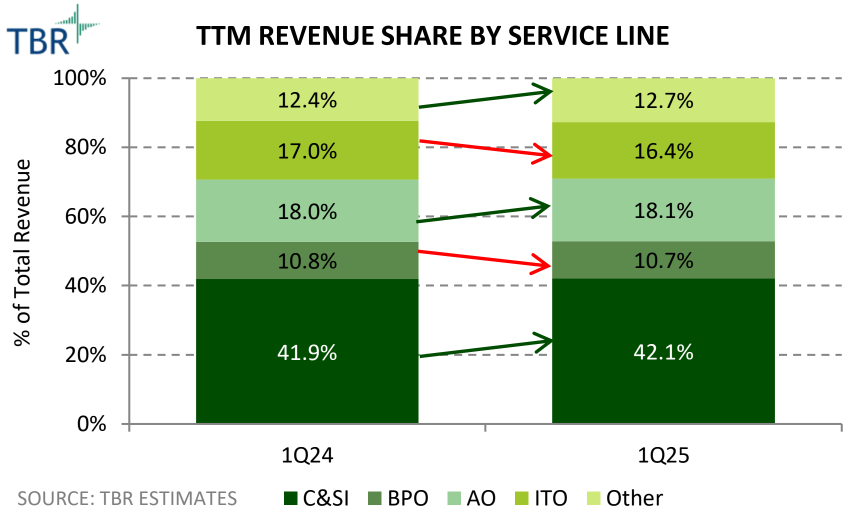
Expanding training initiatives around emerging technology while investing in new locations to foster skills and technological development generates new revenue opportunities

Many vendors are expanding revenue opportunities by establishing centers that focus on emerging and in-demand technology, such as AI, digital and cloud, and specialize in particular industries. Some vendors continue to invest in talent development and acquisitions to diversify resource management strategies. Others execute on localization strategies to build client relationships and innovate around their emerging business challenges.

Revenue Segment Views Excerpt

Establishing client relationships enabled vendors to increase C&SI revenue share and accelerate revenue growth year-to-year in 1Q25 compared to 1Q24

IT Services Segment Overview



SOURCE: TBR ESTIMATES

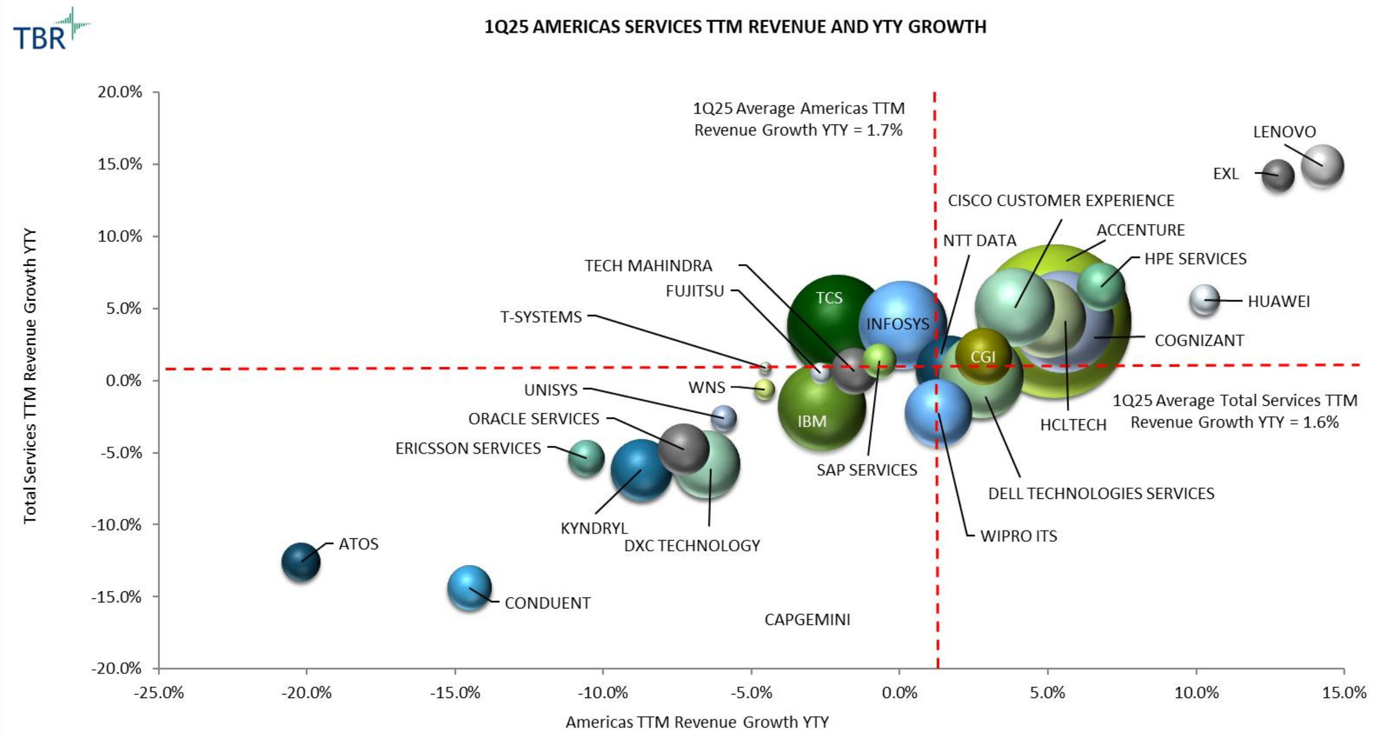
Key Changes and Drivers

C&SI	Macroeconomic uncertainty continued to pressure discretionary spending, translating into lingering softness for the C&SI business in 1Q25. However, C&SI revenue share increased, and revenue growth year-to-year accelerated in 1Q25 as some vendors emphasized portfolio development, client relationship building and skills development to drive transformational engagements. For example, **Cognizant's** C&SI revenue performance improved in 1Q25 as the company led infrastructure, engineering services and talent management projects, and captured opportunities around personalized transformations. **TCS** is strategically positioned to leverage the burgeoning GenAI landscape, which is triggering a hardware refresh cycle.
BPO	Vendors' BPO businesses continue to benefit from the ongoing shift in buyer priorities from innovation and growth to business resiliency and optimization. Automation, GenAI and agentic AI capabilities within BPO will shift vendors' service delivery models and generate productivity improvements; however, GenAI and agentic AI threaten the core value proposition centered on human-backed service delivery. **IBM Consulting** will combine AI Integration Services with capabilities from its partner ecosystem to enable clients to reengineer business processes, improve the user experience, and orchestrate systems comprising AI assistants, agents and data.
AO	Application outsourcing is growing at a much slower rate compared to 1Q24; however, enterprise applications are core to broader digital transformation engagements, creating opportunities for vendors. Preparing clients' applications and data streams for cloud and AI integration continues to fuel managed application services opportunities.
ITO	Integration of new infrastructure, enabled by vendors' cloud and consulting practices, provides a natural starting point for companies to build their managed services pipeline. Demand for IT optimization and IT operations efficiency through AI and automation, and security services fuels ITO revenue opportunities. For example, in February **Atos** launched the Google Cloud MSSP portfolio and received the security specialization in the Google Cloud Partner Advantage Program in EMEA and North America.

Geographic Views Excerpt

Revenue in the Americas benefits from improving demand in financial services, but disruptions from consulting cuts due to DOGE initiatives will push vendors to diversify revenue streams

While vendors benefited from an increase in financial services activities, they also prepare for DOGE-related setbacks in consulting. For example, TBR expects IBM Consulting's 2025 revenue in the U.S. federal sector, which accounts for less than 10% of the business's revenue, to be negatively affected by DOGE initiatives. Deals in financial services mainly revolved around migration and modernization to support adoption of new technology. Kyndryl will migrate Mexico-based Grupo Visa's IT systems to SAP S/4HANA on Google Cloud using RISE with SAP services. TCS will Deploy TCS BaNCS Global Securities Platform to streamline asset servicing for U.S.-based Northern Trust. Infosys deepened its relationship with U.S.-based Citizens Bank to add AI-ready and cloud-native solutions as part of its ongoing application services support and the bank's efforts to exit its data center operations.



SOURCE: TBR ESTIMATES AND COMPANY DATA

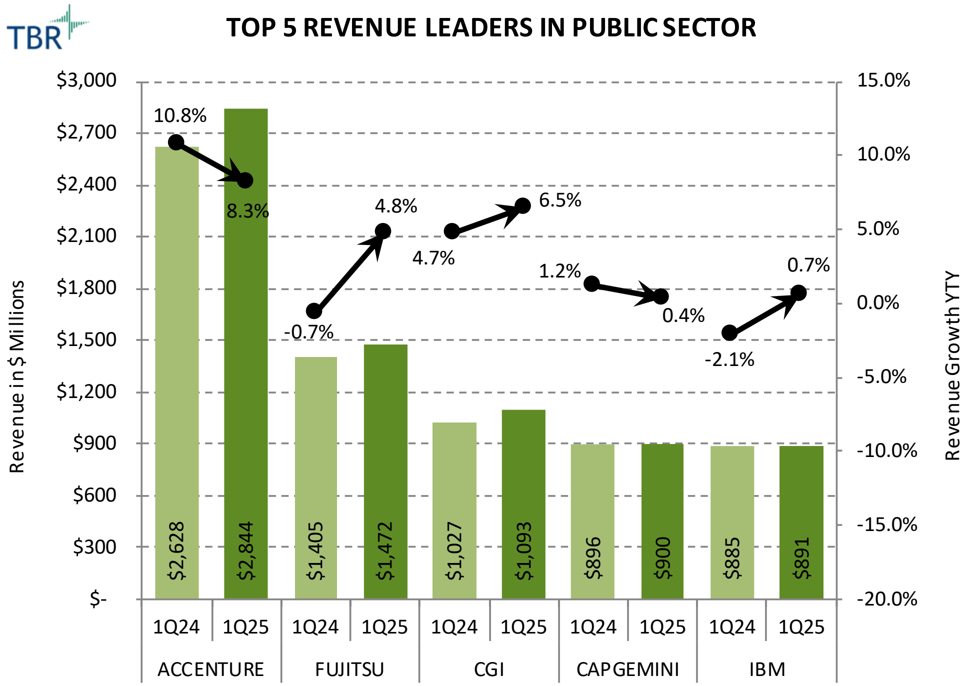
Note: Sphere size reflects volume of TTM revenue.

Industry Views Excerpt

Expansion of public sector activities enables Accenture to alleviate potential revenue growth pressures in North America due to DOGE initiatives and sustain growth leadership among peers

Accenture is facing potential disruptions within Accenture Federal Services (AFS) in the U.S. due to DOGE initiatives that have put federal contractors including Accenture on edge, given the company's extensive work supporting federal agencies. The initial DOGE push has primarily targeted consulting projects. We estimate that Accenture's overall business consulting revenue trends at about 14% of total revenues, which means that $750 million to $1 billion of AFS' annual revenue is at risk of disruption. We believe Accenture's holistic portfolio and long-term relationships with many government agencies could help the company maintain its incumbent position. However, with federal systems integrator competitors facing similar challenges, we expect some of them to try to contest awards AFS had previously won and overtake AFS' position through more flexible pricing options or packaged service offerings. For example, Booz Allen Hamilton and Leidos have filed a protest with the Department of Energy to review a $3.5 billion contract for IT support that Accenture won in January 2025. Meanwhile, the potential setback within AFS due to DOGE initiatives to review and justify consultants' work will likely pressure its staffing levels, at least in the short term. While some layoffs might be inevitable, we believe Accenture will play it safe and try to retain top talent by moving them to projects with commercial clients.

At the same time, Accenture is positioning for expansion in the public sector in Europe. In April 2024 Accenture acquired Intellera Consulting in Italy, adding 1,400 employees to Accenture's regional operations to support public administration and healthcare sector clients. In January 2024 Accenture acquired U.K.-based 6point6 to support Accenture's efforts to rotate U.K.-based skills in areas such as cloud, data and cybersecurity and create a conduit for new revenue opportunities with clients in healthcare and the public sector seeking to modernize IT infrastructure. TBR expects Accenture's investments across Europe within the last 18 to 24 months in the U.K. (health and capital projects) and Italy (public services and capital projects) will help fuel growth in the company's health and public service segment. Investments in Industry X capabilities, as well as sovereign cloud offerings with partners like Amazon Web Services and Google Cloud, will also bolster Accenture's regional opportunities as European Union countries look to increase spending on defense and infrastructure.



SOURCE: TBR ESTIMATES

Report Overview and Vendor Coverage

Deliverables

- Executive summary and report
- Appendix data
- Database and Excel pivot table

Vendors Included in *IT Services Vendor Benchmark*

- Accenture
- Aon
- Atos
- Capgemini
- Capita
- CGI
- Cisco Customer Experience
- Cognizant
- Conduent
- Dell Technologies Services
- DXC Technology (DXC)
- Ericsson Services
- EXL
- Fujitsu
- Genpact
- HCLTech
- Hewlett Packard Enterprise (HPE) Services
- Huawei
- IBM
- Infosys
- Kyndryl
- Lenovo
- NTT DATA
- Oracle Services
- SAP Services
- Tata Consultancy Services (TCS)
- Tech Mahindra
- T-Systems
- Unisys
- Wipro IT Services (Wipro ITS)
- WNS

Metrics

- Revenue
- Revenue growth year-to-year
- Gross margin
- Operating expenses as % of sales
- Revenue per employee
- Operating income per employee
- Utilization rate
- Turnover rate
- Backlog/revenue
- Operating margin
- Days sales outstanding
- Current ratio
- Debt/asset ratio
- Return on assets
- Return on equity

Segments

- Consulting and Systems Integration (C&SI)
- Business Process Outsourcing (BPO)
- Application Outsourcing (AO)
- IT Outsourcing (ITO)

Geographies

- Americas
- Europe, Middle East and Africa
- Asia Pacific

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