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What should a €25m to €250m company spend on IT?

IT spend benchmarks by sector, and how to read them before you read anything about AI.

4–8%
Typical mid-market IT spend, % of revenue

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Independent data sources

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A reference point, not a verdict

Every conversation about technology investment eventually becomes a conversation about money. Before it does, there is a more useful number to look at: what your sector actually spends on IT, and where you sit against it.

This paper sets out IT spend benchmarks for companies in the €25m to €250m revenue band, sector by sector, drawn from Gartner, Flexera, Deloitte and the 2025 to 2026 benchmark syntheses. It is deliberately short on opinion and long on reference points. We wrote it because the most common budgeting mistake we see is not overspending or underspending in the abstract — it is benchmarking against the wrong comparison set, and concluding you are efficient when you are simply under-built.

Read it as a backdrop for judgment rather than a target to hit. And, as the subtitle suggests, read it before you read anything about AI.

WHAT THIS PAPER COVERS

The cross-industry average is close to useless on its own

Most mid-market companies should be spending somewhere between 4% and 8% of revenue on IT. Where you sit inside (or below) that band depends almost entirely on your sector. Manufacturers and consumer products firms anchor the low end at 2 to 4%. Financial services runs 7 to 10%. Software businesses run 10 to 18%.

Three things follow from the data, and they shape everything else in this paper.

First, the cross-industry average is close to useless on its own. The spread between sectors is wider than the average itself: food and beverage processors sit near 1% of revenue while software publishers exceed 10% (Gartner IT Key Metrics Data). Benchmark against your vertical or don't bother.

Second, mid-market companies should expect to spend a *higher* percentage of revenue on IT than large enterprises, not a lower one. A €50m business needs much of the same core machinery as a €5bn one and spreads the cost over far less revenue. If your budget looks lean next to enterprise headlines, you may simply be under-built.

Third, the benchmark ranges describe steady state. A company catching up from years of under-investment should expect to run above its sector range, often 6 to 10% of revenue, for two to five years while the foundations go in. That is normal, and it is in the data.

ONE ACTION

Find your sector in the table on page 7, calculate last year's IT spend (opex plus capex) as a percentage of revenue, and see which side of the range you are on.

AI amplifies whatever it is pointed at

There is a great deal of noise at the moment about the cost of AI: token bills, model pricing, projects that consume budget without returning value. In our experience, the companies struggling most with AI economics share a quieter, older problem. Their baseline IT investment never reached the level their sector requires, so the systems AI needs to work across (connected data, integrated processes, a single view of the operation) were never built.

AI does not repair a fragmented operation. It amplifies whatever it is pointed at. That makes the IT spend ratio a useful early diagnostic: before asking whether you are ready for AI, ask whether you have been investing at the rate your sector demands on the basics.

This paper sets out what that rate is, by vertical, for companies in the €25m to €250m revenue band.

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03 · SCOPE AND DEFINITIONS

What we mean, and where the numbers come from

Revenue band. This analysis focuses on companies with €25m to €250m in annual revenue. That aligns broadly with Gartner's "less than $250 million" midsize enterprise band and the lower-to-mid segment of most middle-market definitions. Where a source uses a different cut, we use the figures directionally and say so.

IT spend. Unless stated otherwise, IT spend as a percentage of revenue means current-year IT spending (opex plus capex) divided by prior-year total revenue. This is the standard Gartner definition and the one used across the derivative benchmarks cited here.

Sources. The figures draw on Gartner IT Key Metrics Data for midsize enterprises, Flexera survey data as reported by **VC3**, Deloitte-linked mid-market analyses, and 2025 to 2026 benchmark syntheses including **itbudgetcalculator.com**. Absolute values differ between sources because of timing, sample and methodology. The sector ordering does not. For that reason we present ranges rather than point estimates.

Spend by company size

The clearest pattern across sources is that IT intensity falls as companies grow. Smaller firms carry the same fixed-cost systems on less revenue.

TYPICAL IT SPEND BY COMPANY SIZE

COMPANY SIZE	IT SPEND (% OF REVENUE)	SOURCE
Small business (1 to 49 employees)	**6.9%**	itbudgetcalculator.com
Mid-market (251 to 1,000 employees)	**6 to 8%**	itbudgetcalculator.com
Large enterprise (5,000+ employees)	**3.7%**	itbudgetcalculator.com
Under $50m revenue	**4 to 6.9%**	TechNet New England, 2025
Mid-market (Deloitte survey base)	**3 to 11%, mean ~7%**	Deloitte mid-market analysis

Gartner's midsize enterprise data puts the cross-industry average for companies under $250m revenue at **6.2% of revenue** (IT Key Metrics Data).

The practical reading: a cross-industry "typical" band for €25m to €250m companies is roughly **4 to 8% of revenue**, clustering around 5 to 7%, with regulated and digital-first sectors above that and product-centric sectors below it.

The scale paradox

The size gradient is worth pausing on, because it inverts the comparison most boards instinctively make. Large enterprises run lower IT percentages for three reasons.

1. **Economies of scale.** Infrastructure, licensing and shared services spread across more users.
2. **Fixed-cost thresholds.** A mid-market firm still needs ERP, security, HR systems and integration. The denominator is just smaller.
3. **Growth investment.** Faster-growing mid-market firms cluster at the top of the 3 to 11% band as they build cloud, data and security capacity ahead of scale.

A mid-market board benchmarking itself against enterprise figures will conclude it is efficient when it may be under-invested. Lean and under-built look identical on a budget line. The sector table that follows is the corrective.

> **The trap in one line.** Benchmarking a €50m company against a €5bn company's IT ratio rewards exactly the under-investment that later shows up as failed integrations, poor data quality, and AI projects with nothing to show for them.

Indicative IT spend, by sector

The table synthesises the Gartner midsize data, Flexera/VC3 industry averages and the 2026 cross-industry syntheses into indicative ranges for €25m to €250m companies. These are steady-state figures.

INDUSTRY VERTICAL	% OF REVENUE	REFERENCE POINTS
Software / SaaS / internet services	**10 to 18%**	Gartner midsize: 10.6%. Flexera: 18%.
Tech hosting / cloud infrastructure	**8 to 12%**	Flexera: 11%.
Banking and financial services	**7 to 10%**	Gartner midsize: 8.7%. Flexera: 10%.
Insurance	**5 to 8%**	Gartner midsize: 5.5%.
Healthcare providers	**4 to 6%**	Gartner midsize: 5.0%. Flexera: 5%. Sector guides cite 4.3%.
Education (private providers)	**4 to 7%**	Gartner midsize: 6.8%.
Professional and legal services	**4 to 7%**	Gartner midsize: 7.0%.
Utilities and regulated networks	**4 to 7%**	Gartner midsize: 4.9%.
Pharma, life sciences, medical products	**3 to 5%**	Gartner midsize: 2.8%. Compliance pushes spend up.
Retail and wholesale, incl. e-commerce	**3 to 6%**	Gartner: ~2.1% (traditional). Flexera: 7% (e-commerce).
Transportation and logistics	**3 to 5%**	Gartner midsize: 3.5%. Flexera: 5%.
Consumer products	**2 to 4%**	Gartner midsize: 2.2%. Flexera: 3%.
Industrial manufacturing	**2 to 4%**	Gartner: 1.8–2.4%. Flexera: 2%.
Construction, materials, natural resources	**1.5 to 3%**	Gartner: 1.3–1.5%. Rising with BIM.
Food and beverage processing	**1.5 to 3%**	Gartner midsize: 1.0%.

Sources: Gartner IT Key Metrics Data, midsize enterprise · Flexera data via VC3 · itbudgetcalculator.com. Healthcare 4.3% per Peake Technology; life sciences per Avasant.

Two notes on reading the table

The ordering is more reliable than the absolute values

The Gartner baseline is older than the Flexera and 2026 syntheses, and absolute averages move with methodology and macro conditions. What stays constant across every source is the hierarchy: software and financial services at the top, healthcare and education above average, consumer products and manufacturing at the bottom. Calibrate to the range, not the decimal.

The ranges are floors and ceilings for steady state, not targets

A manufacturer at 0.8% against a 2 to 4% range has a clear under-investment signal. A manufacturer targeting 6% is making a deliberate strategic bet that should come with a transformation case attached — which brings us to the next section.

> **Calibrate to the range, not the decimal.** The hierarchy between sectors holds across every source; the exact percentages do not. Treat your sector's band as the signal and the individual figures as supporting evidence.

The sector range is not a cap

The single most common misreading of benchmark data is treating the sector range as a cap. The ranges describe **run-rate**: what a digitally healthy company spends to stay healthy.

Companies coming from behind face different arithmetic. First-time ERP, MES or CRM implementations, cloud migration and data foundation work push IT intensity into the **6 to 10% of revenue** range for a two-to-five-year period (**Deloitte mid-market analysis**, **humanr.ai mid-market benchmarks**).

SPEND MODE	TYPICAL LEVEL	DURATION	CHARACTER
Run-rate	Sector range	Ongoing	Keep-the-lights-on plus incremental improvement
Transformation	**6 to 10%**	2 to 5 years	Platform builds: ERP, integration, data, cloud, security
Post-transformation	**Toward sector range**	Ongoing	Higher baseline capability, normal intensity

Transformation spend runs the sector range plus 2 to 4 points. The figures above are the typical band that overshoot lands in.

Boards that name the overshoot, time-box it and fund it deliberately get through it. Boards that treat the sector range as a permanent ceiling tend to defer the foundational work indefinitely, and increasingly, in our experience, reach for AI as the apparent cheaper alternative. It is not one. The foundational gap simply resurfaces as integration failures, data quality problems and AI spend with nothing to show for it.

A backdrop for judgment, not a target to hit

Four uses for a board or leadership team.

Sanity-check current spend

Calculate IT spend (opex plus capex) against prior-year revenue and place it on your sector's range. Materially below the floor is an under-investment signal worth taking seriously, particularly if growth plans assume digital or AI capability.

Frame strategic options

Spending intent is strategy made visible. Targeting 6% in a sector where 2 to 4% is typical is an aggressive digitisation position; it should be matched by an explicit case for what the premium buys.

Separate run from change

Present run-rate and transformation budgets as different lines with different lifespans. The sector range is the steady-state anchor; transformation years are budgeted above it, deliberately and temporarily.

Align spend with regulation and risk

In financial services, healthcare, utilities and life sciences, higher intensity is structural, not discretionary. The benchmarks give boards external evidence for why.

> Used this way, the ranges are a backdrop for judgment rather than a target to hit. The companies that get this right treat the benchmark as the start of a conversation about what their operation needs to be capable of, and fund accordingly.

Sources

Absolute values differ between these sources because of timing, sample and methodology. The sector ordering does not.

1. Gartner, IT Key Metrics Data: Small and Midsize Enterprise
2. VC3, IT Spending Benchmarks (Flexera survey data)
3. itbudgetcalculator.com, IT Budget as % of Revenue 2026
4. Deloitte mid-market IT spend analysis, via T. Lancaster
5. TechNet New England, 2025 IT Budget Benchmarks
6. humanr.ai, 2026 Benchmarks for Mid-Market Tech
7. Peake Technology, Healthcare IT Budgeting
8. Avasant, Life Science IT Spending
9. Forrester, 2025 IT and Digital Budget Benchmarks, North America