

SSRO

Single Source
Regulations Office

Activity type factsheet Information Technology Services

Under the Defence Reform Act 2014, the SSRO must provide the Secretary of State with its assessment of the appropriate rates used to determine the contract profit rate for pricing qualifying defence contracts and qualifying sub-contracts. Part of the methodology is the categorisation of comparator companies into five activity types.

- Develop and Make
- Provide and Maintain
- Ancillary Services
- Construction
- Information Technology Services

The results of these groups are separately analysed and this fact sheet describes the Information Technology Services group results.

The baseline profit rate combines results from “Develop and Make” and “Provide and Maintain”, as set out in the *Recommendation Factsheet*. For further information on the methodology used to calculate these rates please see the *Single Source baseline profit rate, capital servicing rates and funding adjustment methodology*.

Information technology services

Companies undertaking comparable activities considered as ‘information technology services’ are expected to engage in the development, or operation and maintenance, of bespoke and complex IT systems; or the integration of off-the-shelf components or software to deliver a bespoke IT system/service. This could cover a broad range of IT management and consultancy services and IT system, software or application development. In addition, comparable companies may also provide the hardware for IT systems or networks, or the training necessary to operate or maintain them.

Profit on cost of production

	2019/20*	2020/21*	2021/22*	2022/23*	2023/24*
Underlying rate (unadjusted for capital servicing)	10.17%	11.01%	10.65%	11.26%	11.31%
Capital servicing adjustment	-0.20%	-0.07%	-0.03%	-0.35%	-0.11%
Underlying rate	9.97%	10.94%	10.62%	10.91%	11.20%
Rolling average**			10.51%	10.61%	10.92%

Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which step 6 of the contract profit rate applies.

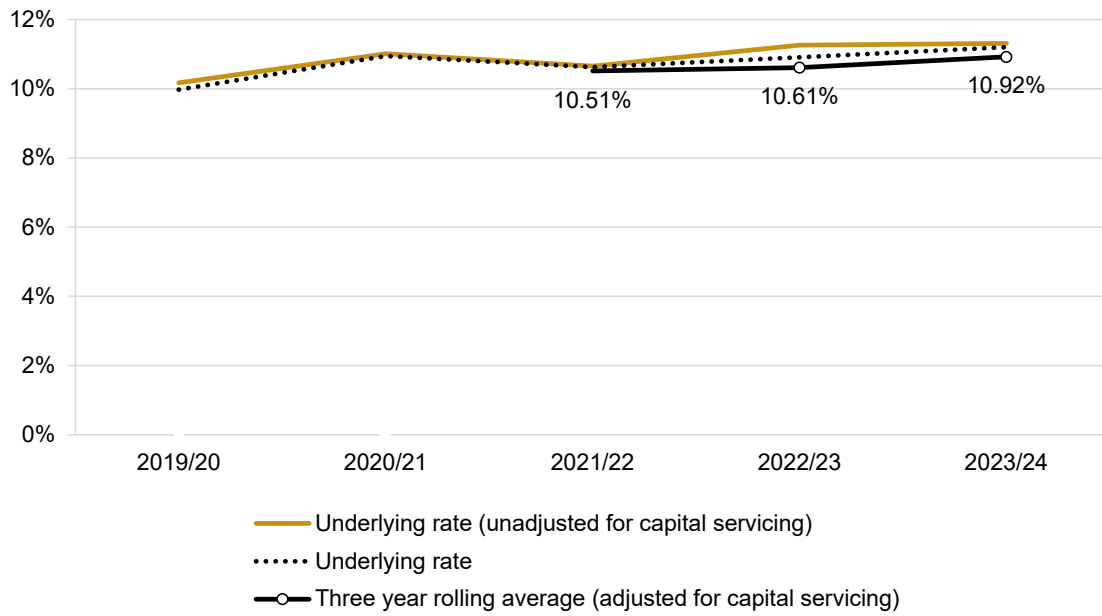
**This is the first assessment year for this activity group. The ITS rates for 2019/20 to 2022/23 are the historical profits of the 2023/24 comparator group, as the SSRO’s methodology did not include an ITS comparator group prior to this year. All other activity type factsheets represent the profit data of the groups that were assessed in that particular year.*

***A three-year average was used for 2023/24, 2022/23 & 2021/22.*

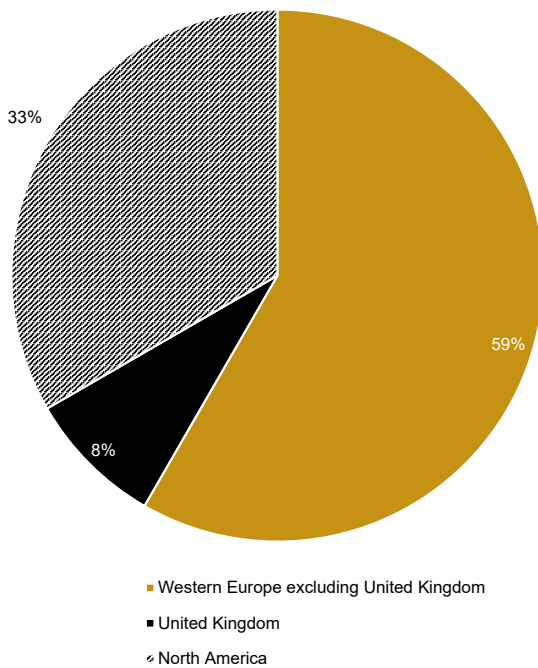
Data sources

For further information on the data selection approach please see section 7 of the *Single Source baseline profit rate, capital servicing rates and funding adjustment methodology*. A company update search of the [Orbis database](#) was carried out on 1 November 2022 on data update number 329001 using software version 329. The financial data for the calculation was extracted from Orbis at the same time.

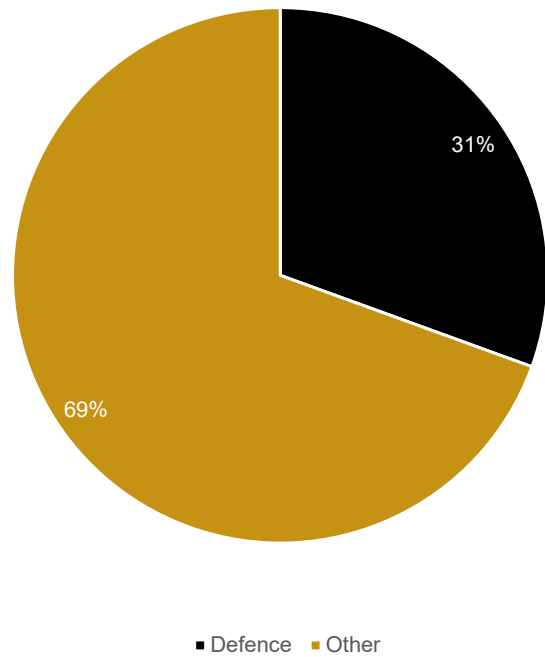
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	50
<i>of which profit making</i>	48
Aggregate turnover (£billions)	£153
Total capital employed (CE) (£billions)	£5
Average company CP:CE ratio	25.39

Source: Orbis (Cash figures shown in rounded GBP Billions)

Names of companies in the index

Accenture Public Limited Company	Cognizant Technology Solutions Corp	Manhattan Associates INC	Sopra Steria Group SA
Adesso SE	Columbus A/S	Mensch UND Maschine Software SE (J)	Sword Group SE
Akamai Technologies INC (J)	Combinedx AB (J)	Micro Focus International PLC *	Synopsys INC
Allgeier SE	CS Group SA	Mnemonic AS	THE Descartes Systems Group INC
American Software INC	Cynergistek, Inc. *	Performance Technologies S.A (J)	Tracsis PLC (J)
Ansys INC	Digia OYJ (J)	Proact IT Group AB (J)	TXT E-Solutions SPA
Atea ASA	DXC Technology Company	Progress Software Corp (J)	Vmware, Inc. (J)
Aubay (J)	Fortinet INC	Prosource.It (UK) Ltd. (J)	Webstep ASA (J)
Avaya Holdings Corp.	Gofore OYJ	PSI Software AG (J)	Withsecure OYJ
Bjss Limited	Harington Technologies (J)	PTC Inc.	
Bouvet ASA (J)	Infotel	Q-Free ASA (J)	
Cancom SE (J)	International Business Machines Corp	Silli Solutions OYJ (J)	
CGI Inc.	IT Link	Sistemas Avanzados de Tecnologia, SA (J)	
Ciena Corp (J)	Kainos Group PLC		

* Indicates that the company is a loss-maker in the year.

(J) Indicates a company which was not in the activity group last year, but has been added this year.