

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 and capital servicing rates 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

	2020/21	2021/22	2022/23	2023/24*	2024/25
Underlying rate (unadjusted for capital servicing)	11.01%	10.65%	11.26%	11.31%	11.02%
Capital servicing adjustment	-0.07%	-0.03%	-0.35%	-0.11%	-0.51%
Underlying rate	10.94%	10.62%	10.91%	11.20%	10.51%
Rolling average**		10.51%	10.61%	10.92%	10.78%

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.

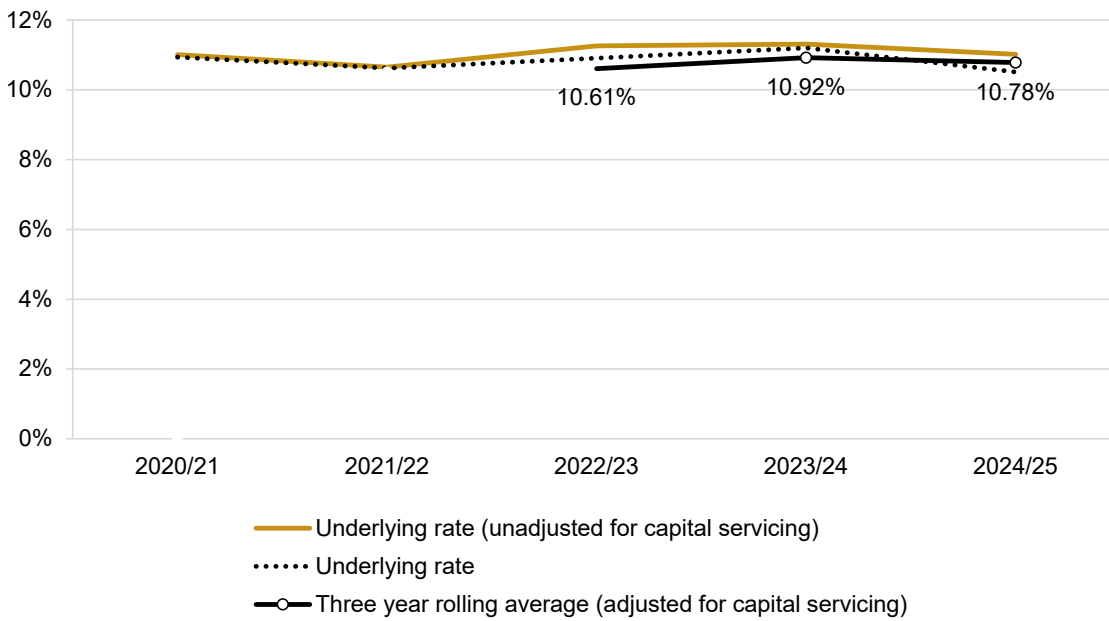
**This was the first assessment year for this activity group. The ITS rates for 2020/21 to 2022/23 are the historical profits of the 2023/24 comparator group, as the SSRO’s methodology did not include an ITS comparator group prior to this year. All other activity type factsheets represent the profit data of the groups that were assessed in that particular year.*

***A three-year average was used for 2024/25, 2023/24, 2022/23, & 2021/22.*

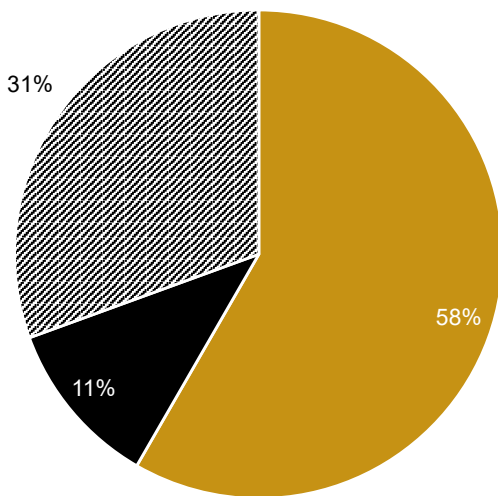
Data sources

For further information on the data selection approach please see section 7 of the *Single Source baseline profit rate and, capital servicing rates methodology*. A company update search of the [Orbis database](#) was carried out on 1 November 2023 on data update number 342001 using software version 342. The financial data for the calculation was extracted from Orbis at the same time.

Median capital servicing adjusted return on cost of production

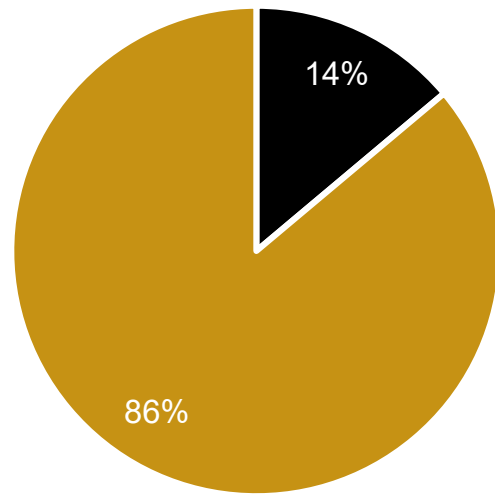


Proportion of companies by country



- Western Europe excluding United Kingdom
- United Kingdom
- ▨ North America

Proportion of companies with defence keyword



- Defence
- Other

Supplementary statistics

Number of companies	38
<i>of which profit making</i>	36
Aggregate turnover (£billions)	£107
Total capital employed (CE) (£billions)	£0.7
Average company CP:CE ratio	127.28

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

Names of companies in the index

Accenture Public Limited Company	DXC Technology Company *	Science Applications International Corp (J)
Adesso SE	Gofore OYJ	Silli Solutions OYJ
Akamai Technologies INC	Infotel	Sistemas Avanzados de Tecnologia, SA
Allgeier SE	IT Link	Sopra Steria Group SA
American Software INC	Kainos Group PLC	Sword Group SE
Ansys INC	Leidos Holdings, Inc. (J)	THE Descartes Systems Group INC
Atos SE * (J)	Manhattan Associates INC	Tracsis PLC
Aubay	Mensch UND Maschine Software SE	TXT E-Solutions S.P.A.
Bjss Limited	Mnemonic AS	Vmware, Inc.
Bouvet ASA	Performance Technologies S.A	Zebra Technologies Corp (J)
Cancom SE	Proact IT Group AB	
Ciena Corp	Progress Software Corp	
Combinedx AB	Prosource.It (UK) Ltd.	
Digia OYJ	PSI Software SE	

* 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.