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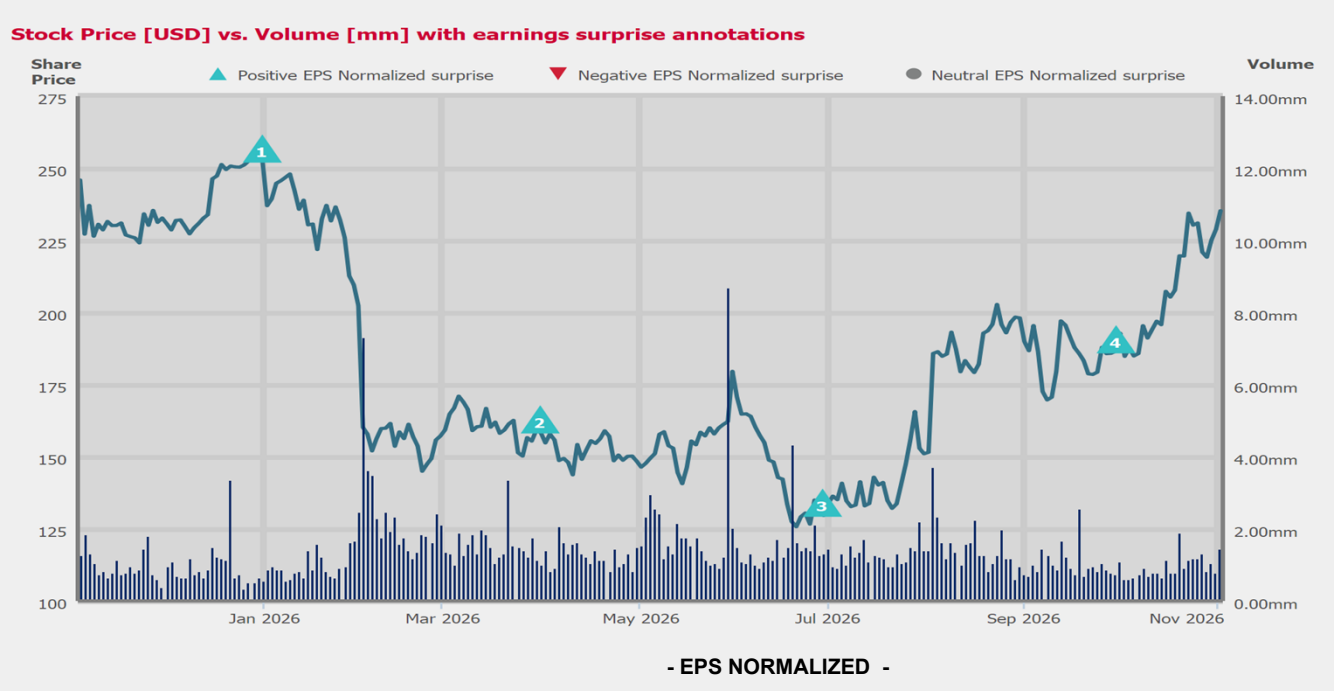
FQ3 2026 Earnings Call Transcripts

Tuesday, November 3, 2026 1:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2026-			-FQ4 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	2.84	3.59	26.41	3.93	14.45	NA
Revenue (mm)	1487.12	1504.80	1.19	1743.24	6417.26	NA

Currency: USD
Consensus as of Oct-27-2026 4:10 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2025	3.51	3.94	1 12.25 %
FQ1 2026	2.92	3.32	2 13.70 %
FQ2 2026	3.73	4.37	3 17.16 %
FQ3 2026	2.84	3.59	4 26.41 %

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Presentation

David Cohen
Senior Vice President of Investor Relations

Good morning, everyone. Welcome to Gartner's Third Quarter 2026 Earnings Call. I'm David Cohen, SVP of Investor Relations. [Operator Instructions] After comments by Gene Hall, Gartner's Chairman and Chief Executive Officer; and Craig Safian, Gartner's Chief Financial Officer, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

This call will include a discussion of third quarter 2026 financial results and Gartner's outlook for 2026 as disclosed in today's earnings release and earnings supplement, both posted to our website, investor.gartner.com. On the call, unless stated otherwise, all references to revenue are for adjusted revenue, and all references to EBITDA are for adjusted EBITDA in each case, excluding the divested operation with the adjustments as described in our earnings release and supplement.

Our contract values and associated growth rates we discuss are FX neutral. Any growth rates in Gene's comments are FX neutral, unless stated otherwise. All references to share counts are for fully diluted weighted average share counts unless stated otherwise. Reconciliations for all non-GAAP numbers we use are available in the Investor Relations section of the gartner.com website. As set forth in more detail in today's earnings release, certain statements made on this call may constitute forward-looking statements.

Forward-looking statements can vine materially from actual results and are subject to a number of risks and uncertainties, including those contained in the company's 2025 annual report on Form 10-K and quarterly reports on Form 10-Q as well as in other filings with the SEC. I encourage all of you to review the risk factors listed in these documents. Now I will turn the call over to Gartner's Chairman and Chief Executive Officer, Gene Hall.

Eugene A. Hall
CEO & Chairman

Good morning. Thanks for joining us today. Third quarter revenue, EBITDA, adjusted EPS and free cash flow were once again ahead of expectations. Contract value growth accelerated for the third quarter in a row we drove sequential improvement in total net contract value increase, or NCVI. This is consistent with typical seasonality. We again saw positive NCVI with our government clients. Demand in our U.S. federal business continued to normalize. Wallet retention across both GTS and GBS improved sequentially. Free cash flow on a rolling 4-quarter basis is strong and outpacing EBITDA growth and return on invested capital was more than 30%.

Our value proposition is stronger than ever, even as we continue to operate in a persistently dynamic external environment. We continue to improve our client value proposition through our BTI transformation. As we've discussed on previous calls, we're transforming our insights across 4 dimensions: impact, timeliness, quantity and client experience. AI continues to be the most requested topic across our client base. We're delivering unparalleled client value on the subject. Our insights proactively guide more than 75,000 senior executives on the best way to get value from AI.

We guide within 10,000 chief information officers and their teams on how to implement AI effectively, and we guide more than 5,000 technology enterprises on how to build out their AI strategies. Our clients rely on us to determine the best actions in response to the unprecedented rate of change in AI. The number of higher impact documents and our body of Insights is up mid-single digits, and we continue to grow the total number of documents at double-digit rates.

This allows us to provide powerful coverage across a broader range of mission-critical priorities. With the rapid pace of change in the world, it's essential for our clients to stay current. To meet this need, we produce insights immediately after important events occur. The number of these insights is up significantly. Finally, we continue to enhance the Gartner client experience, both digitally and through human interactions. Clients highly value our proactive engagement.

We're making continual improvements to our platform to be even more proactive. Gartner Conferences are also an important driver of client experience. Licensed users who attend our conferences retain at higher --. Prospects to [gender] conferences convert your clients at higher rates. Each year, we host more than 50 technology and business conferences in key destinations around the world. IT Symposium Expo is our flagship conference series.

I recently returned from our 36th Annual IT Symposium Expo in Orlando, Florida. We hosted more than 7,500 technology leaders over the 4-day in-person conference. Attendance at the conference was up double digits year-over-year. Our analysts covered a wide array of technology topics, 325 of our sessions addressed AI. Our opening keynote continued to guide leaders on their AI journeys in

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terms of value and risk and safety and governance. Attendees described the keynote is powerful, engaging and thought provoking. We also recently held our North American HR Symposium Expo thousands of Chief HR officers and their teams joined us for in-depth conversations on the pivotal opportunity to lead transformation in the workplace. C-level attendance and total attendance were both up.

In closing, we continue to see strong demand for our services. Our vast and growing body of high-impact to timely insights are delivering unparalleled client value, especially on the topic of AI. Our conferences continue to be highly rated and highly valued by our attendees and the number of executives who attend our conferences continues to grow. In the third quarter, contract value growth accelerated, retention improved, we drove sequential improvements in NCVI, EBITDA, adjusted EPS and free cash flow were once again ahead of expectations, and we're raising our annual guidance.

With that, I'll hand the call over to our Chief Financial Officer, Craig Safian. Craig?

Craig W. Safian
Executive VP & CFO

Good morning. Contract value growth accelerated for the third consecutive quarter, underscoring the resilience of the business. CV is the most important measure for our business and the key driver of revenue growth, profitability and free cash flow. In Q3, we expanded margins compared with last year. We continue to deliver strong free cash flow. And over the past 4 quarters, we have repurchased $1.7 billion of our stock, a benefit to the share count of close to 15% over the past year.

Senior enterprise leaders continue to deal with external factors that influence their budget and spending decisions. The business remains resilient. As Gene discussed, we are focusing on driving even greater value for our clients by delivering more insights with higher impact faster than ever before. Q3 and CVI dollars increased sequentially from Q2, about in line with historical seasonality.

Wallet retention continues to improve as downsell remained relatively stable for the second quarter in a row. In quarter retention rates increased in Q3 on a year-over-year basis, providing another important data point on the value we deliver to clients. We continue to win new business with both existing clients and new enterprises. This remains an important opportunity for us to drive stronger performance in the coming quarters. We are seeing multiple areas of above-average growth, reinforcing the value our clients place on expert insights and guidance.

For example, core GBS subscription products grew 7% in the quarter, with the sales and finance practices growing high single digits. Software and services within tech vendors grew mid- to high single digits. Mid-sized enterprises again delivered mid-single-digit CV growth in the quarter. The U.S. federal part of the business delivered strong sequential performance, ending Q3 with about $15 million of NCVI reflecting continued execution and client engagement across our sales, service and analyst teams.

As Gene discussed, we continue to make progress with the BTI transformation. A key goal of the transformation is to proactively drive engagement. The most important measure of engagement is retention, which flows through to NCVI. Clients continue to engage at historically strong levels. We look at engagement in many ways across the organization.

This quarter, I want to highlight the improvements we have seen with the Gartner mobile app. This has been a focus and support of the transformation. In the quarter, mobile engagement increased compared with the prior year as we improved usability, enabled faster response times, enhanced audio features and embedded as Gartner capabilities. across our platforms, usage of ask Gartner has continued to grow sequentially and is up year-over-year. And as I mentioned, retention increased in the third quarter. Third quarter CV grew 2.5% year-over-year.

As I mentioned, this was the third consecutive quarter of acceleration. Revenue, EBITDA, adjusted EPS and free cash flow in the third quarter were better than expected. We are increasing our full year guidance across all of these measures. In the third quarter, we reduced our share count by around 1% sequentially, buying back $138 million of stock. Rolling 4-quarter return on invested capital was 34% and and we expect to generate significant free cash flow and have fewer shares outstanding over the course of the next several years.

Third quarter revenue was $1.5 billion, up 2% year-over-year as reported and 3% FX neutral. In addition, total contribution margin was strong at 71%. EBITDA was $364 million, up 8% of reported and 7% FX neutral. Adjusted EPS was $3.59, up 30% from Q3 of last year. And free cash flow on an LTM basis was $1.3 billion, up 6% year-over-year.

Insights revenue in the quarter grew 2% year-over-year, both as reported and FX neutral. Third quarter insights contribution margin was 78%, up about 90 basis points versus last year. As we've discussed, we continue to hire analysts in the BTI organization, which will increase costs over time. The cost came out earlier in the year and will return over the next several quarters.

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Contract value was $5.3 billion at the end of the third quarter, a sequential increase of about 110 basis points from Q2. Year-over-year, CV was up 2.5%, which is an 80 basis point acceleration from last quarter. Excluding the U.S. federal government, CV growth was 2.8%. We had about $240 million of new business in the third quarter as there continues to be considerable interest in Gartner's proprietary unbiased insights.

Across GTS and GBS, we saw new business dollars increase by about 1% sequentially from Q2. Global Technology Sales contract value was $4 billion at the end of the third quarter, up almost 1% sequentially and up about 2% versus the prior year, more than a 90 basis point acceleration from Q2. Excluding the U.S. federal business, CV grew 2.5%. Tech vendor CV grew low single digits and above the overall company average. Software and Services and small technology vendors grew mid- to high single digits.

Wallet retention for GTS was 98%, an improvement from the second quarter. GTS new business was down 4% compared to last year and up modestly on a sequential basis. New business with enterprise leaders increased year-over-year in Q3. Global Business Sales contract value was $1.3 billion at the end of the third quarter, up 1.8% from Q2 and up 3.7% year-over-year. Of our 6 major practices, growth was led by sales and finance, which grew high single digits.

Beyond the 6 major practices, we have several other smaller practices, which collectively delivered double-digit CV growth. Within GBS, about 90% of the CV is from core subscription products. CV from these products continue to grow about 7% year-over-year in the quarter with even faster growth from our offerings for C-level leaders, while retention for GBS was 99% for the quarter.

GBS new business was down 3% in Q3 compared to last year and up 1.5% sequentially. Our Conferences business continues to perform well. We are seeing strong demand for our insights as clients and prospects want to hear from our experts and interact with 1 another. Conferences revenue for the third quarter was $86 million. On a same conference basis, revenue growth was around 8% FX-neutral. Contribution margin was 35%. We held 13 destination conferences in the third quarter as planned.

Q3 consulting revenue was $126 million, up 2% year-over-year as reported and 3% FX neutral. Consulting contribution margin was 34% in Q3. labor-based revenue was $94 million. Backlog at September 30 was $217 million, up about 9% year-over-year. This was the second consecutive quarter with a year-over-year backlog increase.

In Contract Optimization, we had $150 million of revenue on an LTM basis, consistent with Q2 of this year. The 2-year revenue CAGR was up about 13%. As you know, our contract optimization revenue is highly variable. EBITDA for the third quarter was $364 million, up 8% from last year's reported and 7% FX neutral. We outperformed expectations in the third quarter through revenue upside, effective expense management and a prudent approach to guidance.

Adjusted EPS in Q3 was $3.59, up 30% compared to Q3 last year. Upside in adjusted EPS was driven by better-than-expected EBITDA and a lower-than-expected adjusted tax rate of about 17%. We had 64 million shares outstanding in the third quarter. This is an improvement of about 11 million shares or approximately 15% year-over-year. We exited the third quarter with 64 million shares on a weighted basis. Free cash flow in the third quarter was $275 million, up 2% year-over-year. Free cash flow on a rolling 4-quarter basis was $1.3 billion, which was 20% of reported revenue, 78% of adjusted EBITDA and 136% of GAAP net income.

At the end of the third quarter, we had about $1.6 billion of cash. This includes about $500 million for running the business and around $1.1 billion available to deploy on behalf of shareholders. Our September 30 debt balance was about $3 billion. Our reported gross debt to trailing 12-month EBITDA was under 2x. We repurchased $138 million of stock during the third quarter and $1.7 billion on an LTM basis.

Our approach to repurchases continues to be price sensitive, opportunistic and disciplined. The buyback authorization is about $1.1 billion. We expect the Board will continue to evaluate and refresh the amount as needed. We are increasing the full year revenue outlook for each of our segments to reflect recent performance and trends. for 2026, we now expect revenue at or above $6.405 billion, which is an increase from last quarter and FX-neutral growth of 1%. We now expect full year EBITDA at or above $1.615 billion, compared with our prior guidance, this is up $45 million.

This reflects full year margins at or above 25.2%, consistent with 2025 adjusted for the divestiture. We expect 2026 adjusted EPS at or above $14.65, an increase from last quarter that primarily reflects the increase in the EBITDA outlook. For 2026, we expect free cash flow at or above $1.235 billion, also an increase from the prior guidance. This reflects a conversion from GAAP net income of 136%.

Our guidance is based on 66 million fully diluted weighted average shares outstanding, which incorporates the repurchases made through the end of the third quarter. We exited Q3 with about 64 million fully diluted shares. For Q4, we expect EBITDA at or above $390 million. Our revenue, profit and cash flow results in Q3 were ahead of expectations. We've increased the guidance across these measures for 2026.

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Total CV year-over-year growth improved by 80 basis points from Q2 of 2026. We are transforming BTI to deliver even more client value. As we have seen in the past, the current macro and budget-driven cycle will normalize and CV growth will continue to reaccelerate. Gartner's return on invested capital is strong at 34% on a rolling 4-quarter basis. We continue to generate significant amounts of free cash flow. We expect the conversion of GAAP net income will improve as CV accelerates. We believe this offers a durable and compelling value proposition for our shareholders.

We are positioned to accelerate CV growth. And we continue to expect to deliver adjusted EPS on a 3-year compound basis from 2025 above 12%. Over time, we'll opportunistically deploy our capital on stock repurchases, which will lower the share count and on strategic value-enhancing tuck-in M&A. With that, I'll turn the call back over to the operator, and we'll be happy to take your questions. Operator?

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Faiza Alwy with Deutsche Bank.

Faiza Alwy
Deutsche Bank AG, Research Division

I wanted to ask about the external factors that you've talked about that senior enterprise leaders continue to deal with those sort of -- how do you think those have evolved, particularly on an ex fed basis? Because your CV growth did decelerate a little bit more. And I'm just curious if that's sort of what are you seeing there? Is it more related to the external environment and if it's in line with your expectations?

Craig W. Safian
Executive VP & CFO

It's Greg, and then Gene will pop in, in a moment as well. I think as we sort of think about the external factors, there are a handful of things that we outlined that are going well and with the business performing well. But there are still things like the war in the Middle East as a classic example of things that got a little bit worse from a selling environment perspective in the quarter. And so as we sort of think about what's happening, nothing has changed structurally about our addressable market, the value we offer, the benefits we're seeing from the BTI transformation, et cetera, et cetera. That all said, tough environment, particularly in some very specific places.

The highlight, I would say, is Middle East, where we had and still have a really nice and it had been a very fast-growing business for us. But given what's been going on over there has been a more challenging selling and retention environment.

Operator

Our next question comes from Jeff Meuler with Baird.

Jeffrey P. Meuler
Robert W. Baird & Co. Incorporated, Research Division

Can you just comment on the GTS sales headcount trajectory? I noticed there was an uptick sequentially. And I think you have quite a bit of sales capacity. I don't know if that's just timing driven of new start class or anything else that you're seeing that we should read from that?

Eugene A. Hall
CEO & Chairman

Jeff, obviously, sales capacity is really important to us, and we've really tracked a lot and manage it carefully. Right now, we feel like we have a lot -- plenty of sales capacity to grow for the next few quarters. When you look at kind of the -- whether it goes up a little bit or down a little bit, to your point, it really is -- it's kind of noise in that there are hiring cycles and things like that. And so to your point, what you're seeing there is more noise, it's not indicative of anything systematic.

Craig W. Safian
Executive VP & CFO

And the other thing I'd add, Jeff, is as always, we're managing with an eye towards the future, both from a cost of sale perspective and from a growth perspective and trying to strike the balance between having the right amount of capacity for today, but also having the right amount of capacity to continue our -- see the acceleration path.

Operator

Our next question comes from Toni Kaplan with Morgan Stanley.

Toni Michele Kaplan
Morgan Stanley, Research Division

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You've done a really nice job this year with controlling costs reflected in sort of the EBITDA beat. And so when you think about sort of 4Q and beyond in 2017. Can you talk us through some of the puts and takes for how you're thinking about margins for next year and additional areas for efficiencies and productivity that may be ahead of us.

Craig W. Safian
Executive VP & CFO

Tony. I'd say two things. So one is, I think Gene hit on this and I hit on this earlier as well. But the one area where we are catching up on expense relates to our analyst spend. And as we've been talking about for the last few quarters, as a part of that transformation, we let go a number of people who didn't fit the bill of what we wanted from an analyst perspective, and we've been in process of hiring and that hiring will continue into the next few quarters.

And so again, we try to be really clear about that. And that's one of the areas where we will be adding back some costs as we progress through this year and head into next year. On the other side of the coin, to your point, I mean, we're obviously very mindful of delivering on our profit and cash flow, outlook and want to make sure that we are balancing the business, as I mentioned, just on Jeff's question around making sure we've got the rate amount of cost and resources so that we can fulfill and deliver on what we need to fulfill and deliver, deliver on our profit and cash flow targets, but also make sure that we've got the right amount of investments rolling forward as we continue to reaccelerate the growth.

And so I don't think there's any magic or any secrets in there. It's really just making sure that we have the right resources in the right places at the right time to fulfill our client demands make sure we're keeping up with client demands and also make sure that we are seeing around at least a little bit for future growth as well.

Operator

Our next question comes from Josh Chan with UBS.

Joshua K. Chan
UBS Investment Bank, Research Division

Could you talk about the guidance raise on the Insights revenue side, especially the part that's core, not driven by I guess, was Q3 ending CV better than you had anticipated internally? Or is there some sort of conversion dynamic there in the revenue?

Craig W. Safian
Executive VP & CFO

Great question. I think it was largely timing within the quarter more than any sort of significant deviation from what our overall forecast for the quarter was for NCBI. So it was a good, solid, strong quarter from an NCBI perspective. we got the NIC or the NCVI a little earlier in the quarter than we had anticipated, and that just basically flowed through into the modest raise we did for Insights revenue for the full year.

Operator

Our next question comes from George Tong with Goldman Sachs.

Keen Fai Tong
Goldman Sachs Group, Inc., Research Division

Your contract value growth is continuing to recover. Can you give us your latest thoughts on what you're seeing in terms of the impact of AI on and new business wins within Insight and how that's impacting CV?

Eugene A. Hall
CEO & Chairman

Yes. The -- it's an interesting question, George, because we've seen a little bit of a shift in the marketplace where clients have, in many cases, gone out and done a large agreement with one of the AI vendors to get, say, for example, a particular product for all of their associates. And that has their costs, but in most cases, the vast, vast majority, there's no tangible benefits. And some of the things that we're seeing now is clients coming back to us and sort of saying, Wow, it's a lot harder than I thought to get any benefits right?

I've got the cost but of the benefits and they're asking us to help actually figure out what are the right business cases, how they manage the costs, et cetera, which is our sweet spot, that's where we really shine. And again, I sort of say, over the last 3 months or so, we've seen a real uptick in sort of that kind of demand. We've always had it, but it's just striking how of the people that sort of tried to give

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everyone an AI tool and not get any benefit and now they're coming back and saying, "Hey, it's a lot harder than we thought. So Carters should help us.

Craig W. Safian
Executive VP & CFO

And George, 1 other thing I'd add is we've talked about this the last several quarters, AI broth is a topic that is a great interest across our entire client base, and so not just limited to the technologies within our client base. Chief Marketing Officers, Chief Supply Chain Officers, et cetera. In fact, when we look at what is the most popular topic across every major role we serve, AI is the #1 -- and again, that's indicative of what's going on in the market. It's also indicative of it's #1, but it's not the only one.

So CIOs are worried about in dealing with the things Gene mentioned around AI, but they're also worried about cybersecurity. They're also worried about all sorts of other things. And so AI is this pervasive thing and we're obviously meeting that demand for our clients, as it's the #1 topic. And as you'd imagine, it's a great entry point for a lot of prospect in new business conversations as well. It's usually not the only thing, but it's often a great entry point for really highlighting the uniqueness and the value of a Gartner license.

Eugene A. Hall
CEO & Chairman

Yes, just to build on the price points, again, for every role we serve, AI is the single biggest topic people today. It's not the only one, but it's the single biggest. And if you went back a year ago, most roles as number was the biggest. Now it's really the biggest for every single role.

Operator

Our next question comes from Jason Haas with Wells Fargo.

Unknown Analyst

This is [Keegan Antico] on for Jason. Is 4% still CV's growth still the right exit rate for fiscal year 2026. And if so, could you just talk about the puts and takes on how you'll get there?

Craig W. Safian
Executive VP & CFO

For the question. So what I'd say is while we continue to expect overall CV growth to continue to accelerate, it's unlikely that expense CV is going to get to that 4% level at this point from everything we see. As we talked about a little bit earlier, in Q3 was roughly in line with the base case and what we expected.

We've updated our expectations based on what we saw in Q3 and what we're seeing and expecting from -- we've got a lot of the business doing well. But from where we sit today, we do not expect that CV growth rate to get all the way back to 4% by the end of the year. But again, overall CV growth we expect to continue to accelerate.

Operator

Thank you. Our next question comes from Andrew Nicholas with William Blair.

Andrew Owen Nicholas
William Blair & Company L.L.C., Research Division

I just wanted to circle back to the selling environment broadly. Craig, you mentioned obviously, geopolitical conflicts having some impact. Maybe excluding the business in the Middle East, are you seeing any major dislocations on sales cycles or progress selling into new logos? And then kind of related to that, I think last quarter, you mentioned seeing some stability in downsell activity amongst larger clients. Any update there would be great.

Eugene A. Hall
CEO & Chairman

Yes. As we mentioned earlier on the call, there are a number of areas where we're seeing a lot of bright spots. We look at software and IT services, face vendors, all the GPS practice, if you put the leadership can the legacy products and so forth. And so we're seeing a lot of strength areas with strength. We're also seeing new areas that are more challenged and it's what you'd expect, which is the biggest

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1 being run more has affected many of our clients, as Craig mentioned, and the Gulf and then people that are down the line from them that rely on nib as well.

And so I would say that's the biggest change there's still companies that are winning and losing from AI. So there's companies that are making like equipment that goes in data centers and those are a great selling environment and companies that are more directly hit by AI, which is a tougher selling [paper.] The same thing for tariffs, oil prices and so forth.

Craig W. Safian
Executive VP & CFO

And Andrew, the one other thing I'd add is, obviously, the selling market is impacted by, as an example, layoffs. And so you've seen -- again, we've seen this over the last few years, large layoffs, particularly with large technology vendors and that had quieted down for a little bit and obviously, has picked back up again. And so that makes for a more challenging selling and renewing environment when you're attempting to renew a contract or sell growth in the face of that.

And the other thing I'd say is sales cycles, as we've talked about the last couple of quarters, are -- there's no real change, but are still longer than they have historically been because of all the craziness that our clients and prospects are dealing with. We're working through that. And again, our pipelines remain strong. There's still a lot of interest in understanding more about the Gartner value proposition. We are closing a lot of those new business deals as reflected in our overall new business numbers -- but in a lot of cases, they are taking longer, just given the increased scrutiny that comes with less that comes from not having a normal sort of operating and selling environment.

Operator

Our next question comes from Manav Patnaik with Barclays.

Manav Shiv Patnaik
Barclays Bank PLC, Research Division

I was hoping you just refresh us on the key components of the transformation you were referring to. I know long in the call, you mentioned the mobile app was a big focus. You talked about Oscar. I was just curious what are the other key things that we should be keeping an eye out on?

Craig W. Safian
Executive VP & CFO

I'm sorry, Manav you just -- I missed what you said in your opening statement opening part of the question. Could you just repeat.

Manav Shiv Patnaik
Barclays Bank PLC, Research Division

Yes. Just refresh us on the key components of the transformation that you've been referring to, what are some -- I think you mentioned mobile app and Oscar along the way, but what else is the key areas that we should be keeping an eye on?

Eugene A. Hall
CEO & Chairman

So that's a great question Manav, because it's really a real focus for us. As we talked about, we have this PTI transformation, and it's in 4 main areas. The first one is the impact of our content. We use a number of tools to determine what the -- how many people read that actual document and then when they did treat it, what was the impact on their retention. And we're very focused on improving most of the number of people that red as well as the impact on the retention.

So that's the first piece. The second piece is quantity, which is just the different clients have different mission-critical rarities. And as we add more content, it allows us to cover broader redivision critical priorities.

The third area is timeliness. In today's world, timeliness has gotten ever more important. We're making a lot of changes there. As an example, we've introduced new content types that actually are designed to respond very, very quickly. And those content types are growing very rapidly, and the customer uptake has been very strong on those new customer types.

We're also really excited our trading cycles. We used to trade our client-facing associates, especially like once a month, and we've moved it to once a week. And so we're moving past eras over time so that our associates can keep up with all the changes coming the market. As we also have a lot of clients to do consultations with our analysts. And one of the things we found is that as the pace of

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orals accelerated -- some of those consultations, they would like to do a bunch more quickly. So we're really exciting processes in place for those clients that want to put consultation in the next couple of days, we can actually raise that where they really need it.

And so that's the time specimen. And then lastly, there's a user experience where, as you said, we continually enhance our app, the Gartner app. The client -- not all clients use it, but a significant portion of doing those to do really like it. We continue to have as Gartner. We continue to enhance the basic features on our website as well. And so those are probably the major areas that we are focused on in terms of improving the overall value of the clients did.

Our next question comes from Surinder Thind with Jefferies.

Surinder Singh Thind
Jefferies LLC, Research Division

Gene, when I think about the current environment and if we assume there's kind of no change as we kind of move forward, how should we think about what's realistic for wallet retention at this point? I mean should we be continuing to think of maybe some modest improvement and then maybe ebbs and flows around 100% or just any color on how we should think about the mechanics of wallet retention from here on out?

Eugene A. Hall
CEO & Chairman

So one, the way that we think about the wall retention is, again, it starts with all of our content and the way we deliver value to clients. And so the whole BTI transformation I just talked about a moment ago is part of making sure that clients get even more value from our content both from the actual nature of the content itself, but also how timely it is now the access and so forth. And so the first piece in terms of driving overall retention is making sure that BTI transformation proceeds, as I said, we feel like it's perceiving a good pace. As that continues, that will help retention will have, we believe more clients will retain. In addition to that, all those changes they make are just as good for new business, which helps with wallet protection. And so I see the changes we're making in terms of the PTR transformation is ultimately driving both retention and new business with then, in turn, drives the all retention.

Craig W. Safian
Executive VP & CFO

And Sure, just to put a finer point on that point as well. The way to think about it is all the improvements we're making, largely we can talk about different engagement measures and things like that. Ultimately, it's retention. That is the ultimate measure of -- is the DTI transformation delivering value or not. And as we continue to see improvements in retention, like we highlighted this quarter, obviously, you can't grow a client enterprise if they're not retaining.

And so the way we think about it, it's worked this way in the business for 25 years is when we have happy clients who are getting huge value and retaining year year after year, that becomes easier to sell -- to take our price increase on it and to find incremental license users within the enterprise as well. And so we do expect, as a part of that CV reacceleration while retention continuing to improve as well for all the reasons Gene highlighted.

Surinder Singh Thind
Jefferies LLC, Research Division

Got it. I guess just as a clarification, the idea is that you can trend towards historical, I guess that was the question, which is, or is there something structural in the current environment that keeps us below historical? Like I think that was the question I was trying to get to, rather than the rationality of it

Craig W. Safian
Executive VP & CFO

Yes. I think that as we pivot to the future, there have been a handful of things that have impacted that measure most notably, as we've talked about in the last couple of quarters had been down sell as we've detailed in the last 2 quarters, we've seen down sell -- there's always down sell, but we've seen down sell stabilizing -- that's a very positive structural change that we're seeing as we move forward. And then all the improvements we're making, again, I can't say exactly what -- while retention will look like, 3 years from now, but we fully expect it to be a contributor to our CV reacceleration going forward.

Operator

Our next question comes from Jasper Bibb with Truist Securities.

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Jasper James Bibb
Truist Securities, Inc., Research Division

Maybe just a follow-up on kind of the discussion around bed CV growth rate exiting the year. I guess if it won't be 4%, what's kind of a reasonable exit rate for us to think about expand at the end ?

Craig W. Safian
Executive VP & CFO

Jasper. We have a long-standing practice of not really guiding around contract value. I mean, I think the more of the story is we fully expect the CV growth rate in total to accelerate from where we are today, fed mix up between 2% and 3% of the CV and obviously, expedites up 97% to 98% of the CV. And so we fully expect the total to continue to accelerate through the end of this year.

Operator

Our next question comes from Scott Wurtzel with Wolf Research.

Scott Darren Wurtzel
Wolfe Research, LLC

Maybe just on the U.S. Fed business and the $15 million of NIC that you saw during the quarter. Wondering if you can maybe sort of split that out between what you would call maybe returning business, various incremental demand that you're seeing out of the U.S. Fed end market?

Eugene A. Hall
CEO & Chairman

So it's a mix. Basically, I don't have the exact mix in front of me, but it is a mix which is we have some clients who after going through what they went through, decided there's a lot of value in partner made a business case to their organization and bought again. And then we also have demand we're going to pull new clients we had before. So it's actually a mix of both.

Operator

Our next question comes from Jeff Silber with BMO Capital Markets.

Jeffrey Marc Silber
BMO Capital Markets Equity Research

I was wondering if you can give us a little color on the pricing environment. If I remember correctly, you raised prices earlier this week. How did that compare to last year? And I know some of the other companies in this space are trying to extend the term of the contracts, maybe giving some pricing discounts, et cetera? Is there anything that you're doing along those lines?

Craig W. Safian
Executive VP & CFO

Good question. On pricing, as you noted, we do our standard price increase, goes into effect on November 1 or in this case, November 2, which -- so yesterday, historically, we've run between 3% and 4% as our standard price increase. This year given the environment, we're closer to the 3% end of the range. And largely a little bit lower than last year, but sort of within rounding of what we did last year as well. And again, we continue to improve significantly the products and the offerings and the experience and the insights, et cetera.

And so generally speaking, the 3% is non-controversial to some extent. And again, if you think about an average contract size of $300,000 to $350,000 a year a 3% increase is not -- not huge dollars, and the difference between 3% and 3.5% is not used dollars either.

So we feel pretty good about the level of price increase as we roll into the last 2 months of this quarter and into next year.

Jeffrey Marc Silber
BMO Capital Markets Equity Research

Are you extending any terms or changing the terms in order to get some benefits on the pricing side?

Craig W. Safian

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Executive VP & CFO

No. It is our long-standing practice. We've built what we think to be a really strong business model, and a lot of that business model is reliant on sticking to the terms that reinforce and support that business model. And so we have a team that helps our sellers and works with our clients when there are challenges, but by and large, we are sticking to our standard terms and conditions on contracts because it's so important to the value we deliver not only to our clients but to our shareholders as well.

Operator

Our next question comes from Ashish Sabadra with RBC Capital Markets.

Unknown Analyst

This is Bill Chi on for Sister. You've talked about holding water-bearing headcount in that 5,000 range as you look for productivity improvements over the past few quarters, we have seen some improvement sequentially there. How should we think about the threshold of productivity where you guys get comfortable again reinvesting in that headcount for longer-term acceleration.

Craig W. Safian
Executive VP & CFO

Yes, it's a great question. I mean I think a lot of it is not necessarily the point in time result. It's more how the business is looking and flowing and what forecasts and pipelines, et cetera, look like. I do think it's really important to underscore that under the covers, we talked about this in the past, where every time we have turnover, we are looking at optimizing where we want to put the dollars associated with that turnover.

And in many cases, it is a straight backfill. But in a lot of cases, we are collapsing a territory, redeploying the accounts within it and then reinvesting in an area where we think there's better short-term and medium-term growth and profitability opportunities. And so under the covers, the headline number wouldn't change in the scenario I just outlined, but we are doing all of that redeployment under the covers, and we're doing that as aggressively or more aggressively than we've ever done it. But I think it really comes down to as we sort of run our scenarios out where we're -- where we see continued acceleration, that would give us the confidence to go back to adding incremental territories going forward.

I think while we've seen some nice sequential improvements in productivity. We obviously have a lot of latent productivity opportunity baked into the system, and we want to make sure that we're taking advantage of that and getting yield on that investment while we're looking at where are the next best territories or incremental territories are to add going forward.

Operator

Our next question comes from Curtis Nagle with Bank of America.

Unknown Analyst

This is Ryan Revera on for Curtis Nagle. I was just curious, given the moderation in buybacks in 3Q and the increase in share price over the last several months, has anything changed in how you're thinking about capital allocation?

Craig W. Safian
Executive VP & CFO

Great question. So no change in the way we're thinking about capital allocation. We, over time, plan to return capital through opportunistically price-sensitive buybacks and strategic value-enhancing tuck-in M&A. As you noted, the stock did run in August. We typically don't chase the stock what it was. That all said, over the last 12 months, we bought back $1.7 billion worth of our stock, which is more than 130% of the free cash flow we generated over that time. I think we bought back something like $7.3 billion since the start of 2021.

We were in the market in Q3, only at $138 million, so another reduction in our share count. But I think overarching short -- that's the long answer. The short answer is no change to our capital allocation strategy. We'll continue to look at deploying our capital through share repurchases by being price-sensitive opportunistic and disciplined.

Operator

Thank you. I'm showing no further questions. I'd like to turn the call back over to Gene Hall for closing remarks.

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Eugene A. Hall
CEO & Chairman

Is what I'd like to take away from today's call. [Gartner] is a powerful enduring value proposition. We have a vast and growing body of high-impact only insights. These SIs guide tens of thousands of leaders in their teams in achieving their mission-critical priorities, especially on the topic bag. Our conferences continue to be highly rated, highly valued by our attendees. The number of executives with tender conferences continues to grow. In the third quarter, contract value growth accelerated, retention improved.

We drove sequential improvements in NCVI. EBITDA, adjusted EPS and free cash flow were once again ahead of expectations. We've raised our new guidance, and we remain incredibly optimistic about our future. Thanks for joining us today, and I look forward to updating you again next quarter.

Operator
Thank you for your participation. You may now disconnect. Good day.

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