

# Gartner, Inc. NYSE:IT

## FQ3 2025 Earnings Call Transcripts

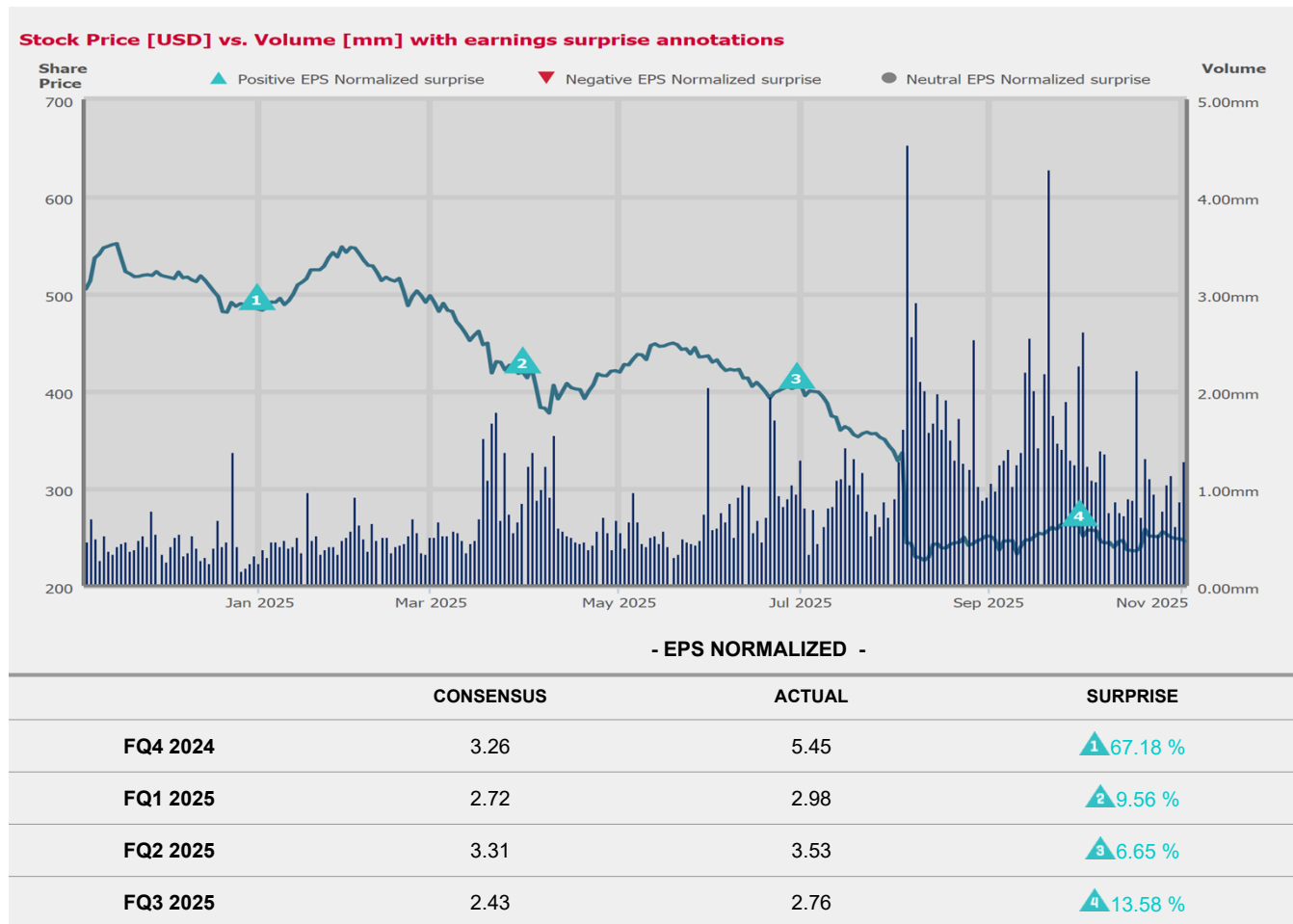
**Tuesday, November 4, 2025 1:00 PM GMT**

S&P Global Market Intelligence Estimates

	-FQ3 2025-			-FQ4 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	2.43	2.76	▲ 13.58	3.27	12.21	NA
Revenue (mm)	1520.66	1524.10	▲ 0.23	1744.21	6489.81	NA

Currency: USD

Consensus as of Nov-03-2025 11:12 AM GMT



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# Call Participants

## EXECUTIVES

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# Presentation

## Operator

Good day, and welcome to Gartner's Third Quarter 2025 Earnings Conference Call. This call may be recorded.

I would now like to turn the call over to David Cohen, Senior Vice President of Investor Relations. Please go ahead.

## David Cohen

*Senior Vice President of Investor Relations*

Good morning, everyone. Welcome to Gartner's Third Quarter 2025 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. Please be advised that today's conference is being recorded.

This call will include a discussion of third quarter 2025 financial results and Gartner's outlook for 2025 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 EBITDA are for adjusted EBITDA with the adjustments as described in our earnings release and supplement. All contract values and associated growth rates we discuss are based on 2025 foreign exchange rates. All 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 vary materially from actual results and are subject to a number of risks and uncertainties, including those contained in the company's 2024 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, and thanks for joining us today. Gartner's Q3 financial results were ahead of expectations. The macroeconomic environment remains dynamic with DOGE, changes in the federal government and evolving tariff policies. We made operational adaptations that are starting to yield results. We continue to deliver great value to our clients. Enterprise client retention remains strong and contract renewal rates improved from the second quarter. Finally, we repurchased more than \$1 billion of stock in the quarter, reducing share count by 6% year-over-year.

AI will be one of the most innovative and pervasive technologies in history. We're seeing unprecedented demand for help with AI, and we're meeting that demand. We're helping tens of thousands of clients in thousands of enterprises across every function, every size enterprise, every geography and every industry determine how best to use AI. We've developed indispensable AI insights that are captured in more than 6,000 documents, and our insights are growing every day. To put this into perspective, if you read 10 documents per day, it would take about 2 years just to get through our current library.

While enterprise leaders are excited about the prospects of AI, they continue to chase returns on those investments. We've cataloged more than 1,000 AI use cases, spanning roles and industries that outline which have the highest ROIs and why. These are indispensable insights.

In addition, our entire client base has access to our AI-driven tool, AskGartner. AskGartner enables quick access and generates in-depth summaries of our business and technology insights. We continue to accelerate and enhance AskGartner's capabilities at a rapid pace. Our insights are derived from Gartner's vast pool of proprietary data that is unique, highly differentiated and not available in the public domain. This includes data from Gartner IT Key Metrics, which is the industry's largest key metrics database, our vast online peer network of more than 139,000 unique users, our more than 500,000 one-on-one client discussions annually and our more than 3 million ratings and reviews of technology and software services. All of this and more uniquely positions Gartner as the best source for helping clients determine the right AI tools, applications and benefits.

We're also leveraging AI to improve productivity and effectiveness internally. Gartner's data science team is using our sophisticated proprietary AI model to quickly and systematically determine the topics of greatest interest to our clients. We've provided our experts with advanced proprietary AI tools for content production. The amount of content published per analyst is up 31% year-over-year. Over time, we expect this will have a meaningful impact on retention, and we've reduced our average publishing time by 75% compared to last year. This allows us to respond to changes in the market faster than ever. Our service delivery teams are leveraging our AI tools to be better prepared for client discussions, and our sales teams are using AI to hone their selling skills.

As we continue to navigate the dynamic external environment, our adaptations are beginning to yield results. Client engagement is a leading indicator of future retention. Client engagement was up in the quarter. Client retention is higher than last year. Productivity of our business development executives who sell to new enterprises is strong. And across GTS and GBS, our new business pipeline is up double digits.

Gartner Conferences is also an important indicator of client value. Licensed users who attend our conferences retain at higher rates. Prospects who attend our conferences convert to clients at higher rates. Attendee ratings of our conferences are reaching all-time highs.

I recently returned from our 35th Annual IT Symposium/Xpo in Orlando, Florida. We hosted more than 7,000 technology leaders over the 4-day in-person conference. You can't find this many senior technology executives gathered together anywhere else. Attendance at the conference was up 8% year-over-year, excluding the U.S. federal government in Canada. Attendees gave the conference a very strong Net Promoter Score of 75. About 1/3 of the nearly 600 sessions on site covered the topic of AI.

Our opening keynote framed the AI journey across 2 dimensions: AI readiness and human readiness. Gartner analysts discussed how CIOs can navigate vendor choices, reimagine the workforce and redefine organizational identities to be agents of change. It was our highest rated keynote ever. Looking ahead, advanced exhibitor bookings for our 2026 conferences are strong.

In summary, while the macroeconomic environment remained dynamic, Gartner's Q3 financial results were ahead of expectations. We made operational adaptations that are starting to yield results. We continue to deliver great value to our clients. Enterprise client retention remains strong and contract renewal rates improved for the second quarter, and we repurchased more than \$1 billion of stock in the quarter.

AI will be one of the most innovative and pervasive technologies in history. Gartner is the best source for clients to determine the right tools and applications for their environments. And of course, we continue to help in other mission-critical priorities such as cybersecurity. We're also leveraging AI to improve productivity and effectiveness internally. Compelling client value, strong demand, operational adaptations and modest normalization of the external environment give us a clear path back to long-term sustained double-digit growth over the medium term.

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

**Craig W. Safian**  
*Executive VP & CFO*

Thank you, Gene, and good morning. Third quarter contract value, or CV, grew 3% year-over-year. Excluding the U.S. federal government, CV grew 6%. Financial results in the third quarter were better than expected, and we are increasing our guidance for the full year. Our client value proposition is unique and compelling. Our Insights products are subscription-based. They help senior operating executives make better decisions on their journeys to address their strategic priorities.

Because we sell to leaders across all major enterprise functions in every geography, industry and company size, we have a long runway for growth in a large addressable market. We see a unique opportunity to create long-term value for our shareholders by repurchasing our stock at an attractive price point. In the third quarter, we bought \$1.1 billion of stock. We will generate more free cash flow and have fewer shares outstanding over the course of the next several years. This, coupled with accelerating growth in 2026 and beyond, will create significant value for shareholders.

Third quarter revenue was \$1.5 billion, up 3% year-over-year as reported and 1% FX neutral. In addition, total contribution margin was 69%, up 90 basis points from last year. EBITDA was \$347 million, up 2% as reported. FX was a 3-point benefit in the quarter. Adjusted EPS was \$2.76, up 10% from Q3 of last year. And free cash flow was \$269 million as our year-to-date performance remains strong.

During the quarter, we made a change in our segment reporting structure. Most of the Insights non-subscription revenue is now reported as other revenue in the P&L. Insights, which is almost 100% recurring subscription revenue remains our largest, most profitable operating segment. In the earnings supplement, we provided several quarters of historical data for the new Insights segment.

Insights revenue in the quarter grew 5% year-over-year as reported and 4% FX neutral. Third quarter Insights contribution margin was 77%, up 30 basis points versus last year. Contract value was \$5 billion at the end of the third quarter, up 3% versus the prior year. Excluding the U.S. federal government, CV growth was about 270 basis points faster at around 6%. Global NCVI in the quarter, excluding U.S. federal government, was positive \$62 million, a sequential increase of \$49 million from Q2. This \$49 million improvement is larger than the sequential improvement from Q2 to Q3 last year.

CV growth was broad-based across practices, industry sectors, company sizes and geographic regions. Across our combined practices, all the industries, except public sector grew at mid-single-digit rates. Energy, transportation and banking led the growth. CV grew at high single-digit or mid-single-digit rates across all commercial enterprise sizes. We drove double-digit or high single-digit growth in more than half of our top 10 countries.

We had more than \$240 million of new business in the quarter, which is down about 4% year-over-year, excluding U.S. Fed. Outside of U.S. Fed contracts, in-quarter renewal rates improved from Q2. This largely reflects benefits from the adaptations we've been making. Nearly all of our U.S. federal contracts will come up for renewal during 2025 with more than 85% having transacted in the first 3 quarters of the year. Dollar retention year-to-date was around 46%. At September 30, we had approximately \$165 million of U.S. federal CV.

Global Technology Sales contract value was \$3.8 billion at the end of the third quarter, up 2% versus the prior year. Excluding the U.S. federal government from both periods, GTS CV grew about 300 basis points faster or 5% in the quarter. Tech vendor CV increased mid-single digits with small tech vendor growth continuing to improve. For tech subsectors unaffected by tariffs such as software and services, the CV growth was low double digit or high single digits. Wallet retention for GTS was 98% for the quarter. Excluding the U.S. Federal business, wallet retention was more than 100%.

In-quarter contract renewal rates improved from Q2 to Q3. GTS new business was down 12% compared to last year and down about 4%, excluding the U.S. federal government. GTS quota-bearing headcount was up 1% year-over-year as we continue to optimize our territories. Our regular full set of GTS metrics can be found in our earnings supplement.

Global Business Sales contract value was \$1.2 billion at the end of the third quarter, up 7% year-over-year. Excluding U.S. federal government, GBS CV grew about 160 basis points faster at around 9%. Half of the major GBS practices grew at double-digit or high single-digit rates. Growth was led by the sales, legal and finance practices. GBS NCVI was positive \$17 million in the third quarter. Excluding the U.S. federal government, GBS NCVI was positive \$25 million. Wallet retention for GBS was 102% for the quarter.

In-quarter contract renewal rates, excluding the U.S. federal government, improved from Q2 to Q3. GBS new business was down 10% compared to last year. Excluding the U.S. federal government, new business was down about 4%. GBS quota-bearing headcount was up 5% year-over-year. As with GTS, our regular full set of GBS metrics can be found in our earnings supplement.

Conferences revenue for the third quarter was \$75 million. On a same conference basis, revenue growth was around 6% FX neutral. Contribution margin was 37%. We held 10 destination conferences in the third quarter as planned. Q3 consulting revenue was \$124 million compared with \$128 million in the year ago period. FX was a benefit of about 200 basis points in the quarter. Consulting contribution margin was 29% in Q3. Labor-based revenue was \$94 million. Backlog at September 30 was \$195 million. We had one large project which slipped out of Q3, affecting revenue and backlog.

In contract optimization, we delivered \$30 million of revenue in the quarter, up 12% versus Q3 of last year and 11% FX neutral. Our contract optimization revenue is highly variable. Consolidated cost of services was about flat year-over-year in the third quarter as reported and down 1% FX neutral. SG&A increased 7% year-over-year in the third quarter as reported and about 6% on an FX-neutral basis. SG&A increased in the quarter compared with 2024 as a result of headcount growth and 2025 merit increases.

EBITDA for the third quarter was \$347 million, up 2% from last year's reported. FX contributed almost 3 percentage points. We outperformed in the third quarter through modest revenue upside, effective expense management and a prudent approach to guidance. Depreciation in the quarter of \$31 million was up 6% compared to 2024. Net interest expense, excluding deferred financing costs in the quarter was \$15 million. This is favorable by \$2 million versus the third quarter of 2024 due to lower interest expense and higher interest income on our cash balances.

The Q3 adjusted tax rate, which we use for the calculation of adjusted net income was 23% for the quarter. This compares to last year's rate of 26%. The tax rate for the items used to adjust net income was 14% for the quarter. Adjusted EPS in Q3 was \$2.76, up

10% compared to Q3 last year. We had 75 million shares outstanding in the third quarter. This is an improvement of about 3 million shares or approximately 4% year-over-year. We exited the third quarter with 73 million shares on an unweighted basis.

Operating cash flow for the quarter was \$299 million. This compares with \$291 million in Q3 2024, adjusting for last year's \$300 million of conference cancellation insurance proceeds. CapEx was \$29 million, up about \$4 million year-over-year. This was primarily due to real estate-related costs and in line with our expectations. Third quarter free cash flow was \$269 million. This compares with \$265 million in Q3 2024, adjusting for last year's insurance proceeds.

Free cash flow on a rolling 4-quarter basis was 137% of GAAP net income and 76% of EBITDA. As we previously noted, there were several items that affect rolling 4-quarter net income and free cash flow, including cash taxes on the insurance proceeds in Q4 of 2024, 2 real estate lease termination payments and tax planning benefits. We also had a noncash goodwill impairment charge in Q3 2025. This relates to the Digital Markets business, which now sits in the Other segment. Adjusting for these items, free cash flow on a rolling 4-quarter basis was 20% of revenue, 83% of EBITDA and 154% of GAAP net income.

At the end of the third quarter, we had about \$1.4 billion of cash. Our September 30 debt balance was about \$2.5 billion. Our reported gross debt to trailing 12-month EBITDA was well under 2x. Our expected free cash flow generation, available revolver and excess cash remaining on the balance sheet provide ample liquidity to deliver on our capital allocation strategy. Our balance sheet is very strong with \$2.1 billion of liquidity, low levels of leverage and almost 90% fixed interest rates.

We repurchased \$1.1 billion of stock during the third quarter. Year-to-date through the end of September, we have purchased around \$1.5 billion of our stock. Our repurchase authorization is about \$1.3 billion. We expect the Board will refresh the authorization as needed. As we continue to repurchase stock, we create value for shareholders through EPS accretion and increasing returns on invested capital.

We are increasing our full year guidance to reflect recent performance and trends. Based on October FX rates, we expect revenue growth to benefit by about 80 basis points and EBITDA growth to benefit by about 165 basis points for the full year. As a reminder, about 1/3 of our revenue and operating expenses are denominated in currencies other than U.S. dollar.

For Insights revenue in 2025, our guidance reflects Q3 contract value, which provides very high visibility for the fourth quarter. For conferences, we are basing our guidance on the 53 in-person destination conferences we have planned for 2025. We have good visibility into current year revenue with the majority of what we've guided already under contract. For Consulting, we have more visibility into the next quarter or 2 based on the composition of our backlog and pipeline as usual. Contract optimization has had several very strong years and the business remains highly variable.

Our updated 2025 guidance is as follows: we expect Insights revenue of at least \$5.06 billion, which is an increase from last quarter and is FX-neutral growth of about 4%. We expect Conferences revenue of at least \$630 million, which is an increase from last quarter and is FX-neutral growth of about 6%. We expect consulting revenue of at least \$575 million, which is growth of about 2% FX neutral. This is unchanged from last quarter. We continue to expect at least \$210 million of other revenue. The result is an outlook for consolidated revenue of at least \$6.475 billion, which is an increase from last quarter and is FX-neutral growth of 3%.

We now expect full year EBITDA of at least \$1.575 billion, up \$60 million from our prior guidance. This reflects full year margins of 24.3%, up from last quarter. We expect 2025 adjusted EPS of at least \$12.65, an increase from last quarter. For 2025, we expect free cash flow of at least \$1.145 billion. This reflects a conversion from GAAP net income of 165%. Our guidance is based on 76 million fully diluted weighted average shares outstanding, which incorporates the repurchases made through the end of the third quarter. We exited Q3 with about 73 million fully diluted shares. For Q4, we expect adjusted EBITDA of at least \$400 million.

Our financial results in Q3 were ahead of expectations, and we've increased the guidance for 2025. Contract value, excluding U.S. federal business, grew 6% in the quarter. Third quarter contract renewal rates, excluding the U.S. federal government, improved from Q2, and we saw a year-over-year increase in our sequential NCVI improvement. We are positioned to accelerate CV growth in 2026 on a path to long-term sustained double-digit growth in 2027 and beyond. We'll also deploy our capital on share repurchases, which will lower the share count over time 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?

# Question and Answer

## Operator

Our first question comes from Jeff Mueller with Baird.

### **Jeffrey P. Meuler**

*Robert W. Baird & Co. Incorporated, Research Division*

I heard positive callouts, I think, on business development, productivity to new enterprises, in-quarter contract renewal rates and pipeline. Can you just comment, I guess, on upselling and downselling ex federal government trends? And are you starting to see improvement there? Or are there challenges from like elevated seat-based churn as we look to the 2026 expected acceleration in CV?

### **Eugene A. Hall**

*CEO & Chairman*

Jeff, it's Gene. So what I would say is that the selling environment has improved modestly. And you mentioned the areas that I think are the most impacted. So if you look at new sales to new enterprises, those we've been quite -- doing quite well. And there are other parts of the business that are also doing well, as you mentioned. If you look at our -- a lot of our business comes from upselling existing enterprises. That's the place that we've been hurt the most is where we have existing enterprise instead of getting growth there, maybe we'll lose a seat. But I'd say overall, the selling environment improved as we move to Q3.

### **Jeffrey P. Meuler**

*Robert W. Baird & Co. Incorporated, Research Division*

But are you starting to see any sort of change in some of the leading indicators for upselling to existing?

### **Eugene A. Hall**

*CEO & Chairman*

I think the -- we are seeing changes. I'd say, first, as I mentioned on the call, our engagement is going up. So the amount of documents people are reading, the amount of one-on-one conversations with our experts that we're having, conference attendance, conference ratings, we look at all those as being leading indicators of future demand and all those indicators are up significantly, and we're very happy to see that. I think it does bode well for the future.

### **Craig W. Safian**

*Executive VP & CFO*

Sorry, Jeff, the one other thing I'd add is the other key indicator that aligns with and correlates to upsell is retention. And as we noted on the call a few times, the in-quarter retention rates improved from Q2 to Q3. And I'll state the obvious, much easier to upsell an account when they're renewing than when they're not. And so I think very positive also that we saw an in-quarter improvement in the renewal rates.

## Operator

Our next question comes from Andrew Nicholas with William Blair.

### **Andrew Owen Nicholas**

*William Blair & Company L.L.C., Research Division*

It sounds like the selling environment is a little bit better than last quarter, some positive trends. I think last quarter, you talked about the tariff-impacted industries specifically. Can you give an update on maybe CV growth there relative to the rest of the business?

### **Craig W. Safian**

*Executive VP & CFO*

Andrew, so the non-tariff affected industries, as we track them, continue to perform about 200 basis points faster from a CV growth perspective than the tariff affected. So maybe a little smidge better than the gap we saw in Q2, but by and large, about the same performance-wise compared to Q2.

### **Andrew Owen Nicholas**

*William Blair & Company L.L.C., Research Division*

Okay. I guess just as a follow-up to that, does that give you any pause in terms of your expectation for improvement next year, I think part of the ramp back up to high single-digit plus in contract value growth in '26 is kind of alleviation of that headwind. Just kind of curious how you're thinking about that or if we should be applying some conservatism to that number given how things have trended over the past couple of months.

**Eugene A. Hall**  
*CEO & Chairman*

So I'd say the selling environment with tariff impacted companies is starting to improve. When there was more -- even more uncertainty with tariffs, if we went back a few months ago, companies were reluctant to make purchase decisions. And what we see now is there's more certainty with regard to tariffs in certain geographies. And because of that now, our clients are starting to make decisions they were unable to make before.

And so I'd sort of characterize as the tariff impact industries actually, I think next year, I expect we'll be actually doing better because there's more tariff certainty and clients are how do you deal with it? And they still need help with AI, cybersecurity, data analytics, all that kind of stuff. And so I'd say there's a marked improvement in the tariff impacted industry's ability to make decisions to buy.

**Operator**

Our next question comes from Faiza Alwy with Deutsche Bank.

**Faiza Alwy**  
*Deutsche Bank AG, Research Division*

I wanted to follow up on the improvement in the renewal rate. And I'm curious if you think that's just a function of the macro environment? Or is it more a function of if you're selling differently or some of the new sort of strategies or services that you talked about like cost optimization last time. So yes, I would love some additional color around what drove the improvement.

**Eugene A. Hall**  
*CEO & Chairman*

Yes. I think it's 2 factors primarily. One is that we have made a lot of adaptations in terms of accelerating the pace of our research, the quantity of our research, et cetera. And so I think a lot of it -- and how we're selling, how we're training our salespeople. So we've made a number of adaptations that I think improve our ability to sell those clients. And then on top of it, as I mentioned, especially in the tariff impacted industries, there's less uncertainty in certain geographies. And so for those geographies now, clients are making decisions about buying from us.

**Faiza Alwy**  
*Deutsche Bank AG, Research Division*

Understood. Okay. And then just a follow-up around sort of it sounds like you've had pretty good expense management. So curious if you can talk a bit more about that and sort of how sustainable that is and how you're sort of balancing investments versus cost optimization?

**Craig W. Safian**  
*Executive VP & CFO*

Faiza, it's Craig. Thanks for that question. So on the expense side, and we've been doing this all year long, just ensuring that we are appropriately balancing both the OpEx in year and also the exit run rate for next year while also making sure that we are investing in core areas that we know are ingredients that support catalyze or lead to double-digit growth in the future. And so I think we've been very disciplined on the expense side. We're looking to drive productivity in lots of areas, automate wherever possible, leverage lower-cost geographies wherever possible.

All those things are plays that we've been running for a really long time. We've amped those plays up. And again, we've amped it up even -- we've amped it up so that we can afford to make investments in key areas. And so we fully expect next year to accelerate our CV growth, and we fully expect next year also continue to make investments that catalyze that CV growth and sustain that CV growth into the future.

**Operator**

Our next question comes from Toni Kaplan with Morgan Stanley.

**Toni Michele Kaplan**  
*Morgan Stanley, Research Division*

I actually wanted to follow up on that last question. Just in light of the environment, what are your expectations for sales headcount growth in '26 for both of the segments, please?

**Craig W. Safian**  
*Executive VP & CFO*

So we're in the midst of hardcore operational planning for next year. There's obviously a wide range of scenarios and outcomes that we are planning around, and we've got a wide range of potential investment scenarios that comes out of that as well. I think the base level assumption, though, should be that we'll grow our headcount 3 to 4 points slower than our expected CV growth.

Again, back to that outlook or that algorithm, if you will, going forward so that not only do we fully expect to reaccelerate CV growth based on the people we have in seat today or we exit the year with, the investments we make next year will be to sustain that growth as we roll into '27, '28 and beyond. And so expectation around continuing to invest in the sales force at a rate, call it, 3 to 4 points slower than the expected CV growth rate is what you should expect.

**Toni Michele Kaplan**  
*Morgan Stanley, Research Division*

That's great. And then just as a sort of broader question, in an environment where we're seeing some large headcount reductions at corporations and also AI potentially driving efficiency, so maybe you do need fewer employees, like I think -- like does that sort of change your view on the seat-based model? And would you ever consider going more towards an enterprise-based model? I know that's not been the preference in the past, but just given those dynamics, I just wonder your views on that.

**Eugene A. Hall**  
*CEO & Chairman*

Toni, so if you look at who our clients are, the first, we sell to the C-level executives that report to the CEO. So the Chief Information Officer, the Chief Financial Officer, the Chief HR Officer, the Head of Supply Chain, the General Counsel and so forth. And then we sell to the people that report to them. And so if you think about like the Head of Data and Analytics and IT department, Head of Cybersecurity or the Head of IT Operations, and so if you look at those, those are our target client roles.

And so as companies have headcount reductions, they still have a CFO. They still have a head of accounting. They still have a CIO. They still have a head of cybersecurity. They have a head of data analytics. They have a head of IT operations. And so the staff reductions that clients are taking doesn't directly affect our clients. In fact, many clients want help figuring out how do they get more effectiveness out of technology, which plays right to our strengths in terms of helping to achieve those broader headcount reductions.

**Operator**

Our next question comes from George Tong with Goldman Sachs.

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

I want to see if you can elaborate on what your expectations are for how the trajectory of CV improves, if you expect essentially a bottoming in the fourth quarter and then the reacceleration across all of 2026 exiting the year in the high single digits. Just some additional color on the trajectory and pacing of improvement would be great.

**Craig W. Safian**  
*Executive VP & CFO*

George, it's Craig. So we'll provide more color on 2026 in February when we do our Q4 earnings and do our initial guide for 2026. You're right from a headline perspective in terms of our expectations, which is to reaccelerate over the course of 2026 into the high single-digit growth rates. And then obviously, our job is not just that 1 year, but to continue to accelerate the CV beyond that back into double-digit growth and then ultimately into our medium-term objective range.

As we've talked about in the past, the growth can be lumpy, just it's based on math and based on ups and downs in that business that pushes or business that comes in sooner than we expect. Obviously, the compares in the first half of the year are favorable from a CV growth perspective. But we fully expect to accelerate over the course of 2026 into the high single-digit range.

**Keen Fai Tong**

*Goldman Sachs Group, Inc., Research Division*

Got it. That's helpful. And then sticking with CV, could you give some details on how tech vendors performed?

**Craig W. Safian**

*Executive VP & CFO*

Yes, George, I'll start. And if Gene has anything to add in, we can throw that in. So we're seeing basically 2 trends within our tech vendor business. And I alluded to some of this during the prepared remarks. And so if you look at tech vendor broadly, there are subsectors that are not tariff affected like software and services. And there are subsectors that are impacted by tariffs like hardware, semis, et cetera.

And when we look at the tech sector, it's inclusive of all those things. And so what we're seeing is in the software and services side of the house, our CV growth is high single, low double-digit growth rates, and that's been improving. We've seen improvement across that portfolio with a particular improvement in small tech software, which has improved probably the most over the last 12 months. But that is somewhat muted by what we're seeing from the tariff-affected pieces of the tech subsector like hardware and semiconductors.

**Operator**

Our next question comes from Jason Haas with Wells Fargo.

**Jason Daniel Haas**

*Wells Fargo Securities, LLC, Research Division*

I'm curious as -- I know it's early, but as your clients start to use AskGartner, I'm curious if that's changing the types of reports that they're consuming. And then do you plan to change how your analysts are writing reports? Are there certain reports that do better and are more suited for an environment where you're seeing more of your customers use AskGartner?

**Eugene A. Hall**

*CEO & Chairman*

Yes, Jason, I think that in terms of what AskGartner is doing is not changing what content clients are reading, but it does actually get them to use more content, which we know when they read more content, it actually results in higher retention. And so it's driving not different readership, but more readership.

And the second part in terms of changing sort of how we write, we look at this all the time, which is we look at how do clients want to consume documents, like do they want both the structure of the document, how long it is, et cetera. And so we're always fine-tuning that. And I'd say that it's a continuous thing. So AskGartner will impact that as we look at it. But it's not like we never did that. We always look at, say, what link do people want? Do they want a summary upfront and so forth? What topics do they want to cover? What kind of standard document types like Magic Quadrants do they want to have. And that's constantly evolving again, AskGartner will be one more input into that constantly evolving process.

**Jason Daniel Haas**

*Wells Fargo Securities, LLC, Research Division*

Got it. That makes sense. And then as a follow-up, if you could comment on the nonsubscription business. You mentioned and we've seen in the release that it's been moved to the other segments. So I'm curious how you're thinking strategically about that business. And I know it's been softer recently. So if you could talk about your plans to reaccelerate that, that would be very helpful.

**Eugene A. Hall**

*CEO & Chairman*

Yes. So that business helps small businesses identify the right software for their business. There are literally millions of small businesses in the U.S. and then there are many millions more outside, and we serve both of those markets. And you think about things like funeral homes, for example, there's funeral home ERP system, basically management software. And there are obviously a lot

of funeral homes around the world, and they -- that software helps to run the business more effectively. So there's -- but if you're a funeral home manager, you're not a software expert, you're not a technology expert. It would be unusual for you to be. And so they need to help figure out what software they want to have.

Conversely, if you're making software for one of these segments, it's hard to find the clients. And so what we -- the value we provide there is we write all the software and then we figure out we help the end users which software is best suited for their needs. And then we help the vendors actually connect with those people that are the best fits. So it adds value to both the end users and the technology vendors, and that's a lot of value to them. So that's kind of a strategic role of the business.

**Operator**

Our next question comes from Surinder Thind with Jefferies.

**Surinder Singh Thind**  
*Jefferies LLC, Research Division*

Following up on the earlier question about just the enterprise model and your target clients, what would be the downside of trying to maybe move to an enterprise model where maybe you can get a little bit more penetration or if there's maybe a bit more usage more broadly within the firm that maybe things would be a little bit stickier.

**Eugene A. Hall**  
*CEO & Chairman*

Yes. So the -- as I mentioned before, our target market are the C-level executives that report to the CEO and then their direct reports and in some cases, their direct reports as well. So think about it as a couple of levels down the organization. That's a small group of people. So if you've got an IT department that has 5,000 people, our target audience wouldn't be all 5,000 people. Now that doesn't mean we couldn't, in the future, develop products that are designed for that larger group. And we certainly are considering that because it gives us another avenue of growth.

But right now, our target clients are more in the senior executives. And so if we get an enterprise license, it doesn't really add to, because our content is targeted at those specific individuals, if you're, for example, an individual developer organization, content on how a CIO organizes their department isn't really useful to you. And so that's kind of why we don't do that today. Again, that's certainly a growth avenue that we're open to in the future.

**Surinder Singh Thind**  
*Jefferies LLC, Research Division*

That's helpful. And then maybe, Craig, when I think about just kind of the cost management side of the equation, I see a little bit of lower stock-based comp, maybe some more CapEx. How much of that is kind of onetime related to this year? And then how much of that is maybe going to continue on into or benefit 2026?

**Craig W. Safian**  
*Executive VP & CFO*

Surinder, great question. So in terms of the OpEx management, we've obviously been, as I think I noted earlier, managing the P&L so that we deliver on our commitments for 2025, but we're also very mindful of making sure that as we enter 2026, we've got strong profitability and strong free cash flow set up as well. And so what we've been doing is less about the onetime benefits of things and more about the ongoing benefits of things. Again, the real key for us as we've been managing this is less about what we save in 2025, more about what is our exit run rate for 2025 look like.

So that, again, we've got the right people in the right places aligned against the right strategic priorities as we roll into 2026, again, with an expectation that CV growth will reaccelerate during 2026. And obviously, the revenue growth will follow that with a slight lag. But overall, it's really more about "permanent savings" so that we can deliver on our profitability and free cash flow targets and goals going forward.

**Operator**

Our next question comes from Manav Patnaik with Barclays.

**Manav Shiv Patnaik**  
*Barclays Bank PLC, Research Division*

My first question, Craig, was it's helpful to -- obviously, you called out the growth in the non-tariff impacted being better than the tariff impacted. Just to frame it, like how much of your, I guess, total business is tariff impacted like the mix? And then within, I guess, tech vendors since you called that out, too?

**Craig W. Safian**  
*Executive VP & CFO*

Yes, sure. Manav. So on the total business, about 40% of our contract value falls into the intersection that we've identified as tariff effected. So about 40% of the CV. On the tech vendor side, I don't have that number completely handy. It's probably in the 20% to 30% range would be on the tariff affected side. Obviously, several hardware, semi, et cetera, companies are long-standing great clients of ours, but the bulk of the business sits with -- in software and services.

**Manav Shiv Patnaik**  
*Barclays Bank PLC, Research Division*

Got it. And then just -- and this might just be a definitional clarification, but you guys talked about pipelines up double digits and things looking improving. And then -- but then you had the new business down 4%. So can you just help bridge that gap?

**Craig W. Safian**  
*Executive VP & CFO*

Yes, sure. So as we talked about, obviously, pipeline is an indication of new business performance, but it's not a guarantee of new business performance. What I'd tell you, which we talked about coming out of last quarter, it's certainly better to be in a position where our new business pipeline is up and up significantly on a year-over-year basis.

It does 2 things for us. One, it reinforces that there continues to be significant demand. And so these are not just random opportunities when we look at the pipeline, it's actually a factored pipeline with named opportunities where a seller has had at least one conversation and usually multiple conversations with the potential end users. And so the demand is still there. Two, it does remain a challenging selling environment, maybe modestly better in third quarter than second quarter, but still pretty darn challenging.

And so we're seeing longer sales cycles that has continued. We're seeing things kicked up for higher levels of approval, that has continued. But the good news is if we keep building that pipeline and keep working it, we have a high degree of confidence that a significant portion of it will turn into new business for us.

And then the other thing I'd note, again, this is why the year-over-year compare is really important. Obviously, we're in the midst of our largest conference season, and we leverage those conferences across the board as a retention vehicle, a brand-building vehicle, an awareness vehicle, but also as a new business vehicle for us as well. And so the pipeline being up, especially in a quarter where it's a huge number just because of the volumes we drive in the fourth quarter, and it's in support of our busiest and largest conference season, I think, is very promising for us.

**Operator**

Our next question comes from Josh Chan with UBS.

**Joshua K. Chan**  
*UBS Investment Bank, Research Division*

So jumping off of the last comment that you made, Craig, about Q4, I guess, usually, it is a big selling season for you guys. Could you just kind of compare the environment now to like a normal year or last year? What similarity or differences do you see in the selling environment in this particularly large quarter of selling for you guys?

**Eugene A. Hall**  
*CEO & Chairman*

So it's some of the things we've talked about in the past, which is, again, there still are challenges in the U.S. federal government. Those challenges have not gone away. There are still challenges with tariff impacted industries. But I'd sort of say, again, as I mentioned earlier, it's better than it was earlier in the year, worse than last year, but better than it was early in the year because now there's some certainty in certain geographies with tariffs, and that's allowing companies to make decisions. So that's a better selling environment for us.

And then you have companies that are not impacted by tariffs directly, but they are indirectly impacted because they're often selling to the tariff impacted companies or they have some small amount of materials or tariff impact that impacts them. And so they're being more careful about their spending. But I sort of say all that put together, it's a better environment than it was earlier in the year, which again why, as Craig said, our pipeline is up double digits. And we're feeling like it's, again, not as good as last year, but better than it was earlier this year.

**Craig W. Safian**  
*Executive VP & CFO*

And then I would just add to that, Josh. The adaptations we've been making, we feel like will yield benefits as well, have started to yield benefits in Q3 and will yield benefits in Q4. And then also fourth quarter, as you noted and I noted earlier, is by far our largest new business quarter, our largest NCVI quarter. It corresponds with our sales and quota year-end. So we have an amazing sales force, and they are all very motivated to finish the year strong, and they have a lot of reasons and incentives to finish the year strong as well. And so that all aligns to what we think should be a strong finish to the year.

**Joshua K. Chan**  
*UBS Investment Bank, Research Division*

That's great color on that. And then I guess if you think about the reacceleration in 2026 and the different components that drive that, I know some of it is just math. But for the ones that are not math, which ones are you more or less confident in standing here at this point in driving the acceleration in CV in 2026?

**Craig W. Safian**  
*Executive VP & CFO*

Yes, Josh, I think we wouldn't keep banging the drum that we have a high degree of confidence if we didn't have a high degree of confidence in the ones that are more mechanical or math and the ones that are adaptation or market related. And so again, as we look at that reacceleration, it's the same big 4 categories we talked about last quarter. The good news is on the more speculative ones that we talked about last quarter, which is really the adaptations and things of that nature, we did start to see some benefit in the third quarter. [indiscernible], it's still challenging selling environment, right?

So that is still the macro situation or dynamic selling environment. That's the macro situation. But the combination of the mechanical improvements like U.S. Fed, the continued acceleration of our tech vendor business, tariff affected being even modestly better than what we've been dealing with this year and then all the other adaptations that we've already made and will be making is what gives us confidence on that reacceleration next year.

**Operator**

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

**Jeffrey Marc Silber**  
*BMO Capital Markets Equity Research*

I just was wondering if you can talk about the pricing environment, if you can remind us when you institute pricing increases in terms of expectations of pushback, et cetera.

**Craig W. Safian**  
*Executive VP & CFO*

So our -- the bulk of our price increase globally goes into -- went into effect a couple of days ago on November 1. As we've done historically, our normal price increases -- our normal price increase is around 3% to 4%. We've been over that in some years when inflation was significantly higher, particularly wage inflation, but we're more normalized now. So expectation around 3.5% went into effect earlier this week.

**Eugene A. Hall**  
*CEO & Chairman*

And Jeff, we don't get a lot of pushback on price increase. You think about we've got a client that's spending \$200,000 a year with us and you increase prices 3% or 4%, you're talking about \$6,000 or \$7,000. And so their decision isn't about the \$6,000 or \$7,000, it's what's the value I'm getting from Gartner.

**Jeffrey Marc Silber**

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*BMO Capital Markets Equity Research*

Okay. I appreciate that. I know in your prepared remarks, you broke out ex federal government, but we've had a government shutdown in the past month or so. Have things gotten worse and things slowed down because of that?

**Craig W. Safian**  
*Executive VP & CFO*

Yes. It's a little bit, Jeff. Obviously, we are still conducting business with the federal government, we signed deals during the month of October, while the government was shut down, it sort of requires that the people on the other side be deemed as essential employees and then we can get things done. We're hopeful that this resolves itself.

The good news is it's our smallest renewal quarter. We just came off the federal fiscal year-end, which was Q3. So we only have about 15% of the CV we started the year with remaining to go in the fourth quarter. And as I mentioned, we have secured renewals and new business. over the course of October, but it is dependent on whether the agency is deemed as essential or the people we're dealing with are deemed as essential and are working. If they are, we get the deal. If they're not, we're waiting for the deal.

**Operator**

Our next question comes from Jasper Bibb with Truist Securities.

**Jasper James Bibb**  
*Truist Securities, Inc., Research Division*

Hoping to get an update on AskGartner. Can you share some early indications on customer engagement there? And also, I just wanted to confirm whether that's going to be part of normal license access and not a separate charge because I got a few questions on that this morning. So I just wanted to make sure we clarify there.

**Eugene A. Hall**  
*CEO & Chairman*

Yes. So AskGartner has now been rolled out to all of our licensed users. So 100% of our license users to get it. There is no additional fees included in the base package. And the key impact it's had on our clients is that it's been used by them, and it's increased their overall usage of our content, their overall engagement with us. And so we think it will help with retention as they have more engagements.

**Jasper James Bibb**  
*Truist Securities, Inc., Research Division*

Got it. And then the client count ticked down a little bit quarter-over-quarter again. Is that primarily on the small tech vendor piece? And do you expect client count to stabilize or increase in '26 if small tech vendor picks up?

**Craig W. Safian**  
*Executive VP & CFO*

Jasper, it's Craig. So the story on the client count remains small tech vendor churn. That's the bulk of it. We're still adding lots of small tech vendors, but continue to churn through some as well that are either going out of business, losing funding, et cetera. Over the medium term, to get back to double-digit CV growth and ultimately 12% to 16% CV growth, we would expect to see over that period, stabilization and then modest growth in the enterprise count. It's not necessarily required given that we have historically generated huge amounts of growth in new business from existing clients. We could drive a lot of growth that way. But to get us into the 12% to 16% range, we certainly need significant contribution from new logos as well. So we would expect that number to go up over time.

**Operator**

Our next question comes from Scott Wurtzel with Wolfe Research.

**Scott Darren Wurtzel**  
*Wolfe Research, LLC*

Just one for me. I just wanted to get a little bit more color on the quota-bearing headcount trends, just seeing kind of the increase quarter-over-quarter in GTS and down quarter-over-quarter in GBS, just given that kind of see GBS as being a kind of stronger growth engine for the business. Just wondering if you can talk about the dynamics going on there.

**Craig W. Safian**  
*Executive VP & CFO*

Yes, sure. Scott. So on a quarter-by-quarter basis, I wouldn't read too much into the numbers. It's really dependent on when people leave and when new people come on board to replace them. And so there can be a little choppiness there. I think the 2 things I would highlight is you're looking at net numbers. And so we, as an example, did recalibrate or resize our U.S. federal sales force and have been continuing to do that to make sure it aligns with the new reality of the business there. And so you're looking at a net number on ex U.S. Fed, obviously, the headcount growth would be a little bit higher.

And then the second thing I'd say is, as we've talked about in the past, we are always optimizing where that QBH goes. And so whenever we have turnover, we're analyzing the territory that was vacated to determine what the next best action should be with that territory. In some cases, it's a fruitful territory, it's profitable. And so we replace the person who left like-for-like. Other times, we are reallocating within our overall portfolio to make sure that we are aligning our assets and sellers to go after the most profitable, most fruitful opportunities.

And so within the numbers, just no, it's not a stable -- these people are calling on the same exact accounts as we had a year ago. We're constantly optimizing to make sure that we are optimizing essentially our investment in sales to go after the most profitable long-term opportunities from a growth perspective.

**Operator**

And our last question comes from Ashish Sabadra with RBC Capital Markets.

**Ashish Sabadra**  
*RBC Capital Markets, Research Division*

Just a broader question. As you've had more conversations with customers and prospects, how often does LLM, if any, comes up in those conversations as an alternative to Gartner?

**Eugene A. Hall**  
*CEO & Chairman*

Yes. So when we talk to clients, the main thing that comes up with regard to AI is helping them with their -- getting value out of AI, getting ROI out of AI. And so that's the main thing that comes up. If you look at like on a deal level, how many deals does a client say, "Hey, I'm thinking about using AI instead of using Gartner", it would be extremely small. We track, as I talked about in the past, in our system, we actually ask our salespeople to track it. We have follow-up calls. We have a lot of interactions. And basically, in terms of when a client actually says, "Hey, I'm thinking about using Gartner versus literally AI", that comes up a very, very, very small number of transactions.

**Ashish Sabadra**  
*RBC Capital Markets, Research Division*

That's great color. And then as we think about the different insight access, reference adviser versus guided, have you seen a difference in retention trend or new business growth across any of those tiers?

**Eugene A. Hall**  
*CEO & Chairman*

So historically, we've had different levels of retention in reference adviser and guided. Those traditional trends have held. They're very similar. So there's no kind of different than what we've seen historically.

**Operator**

There are no further questions at this time. I'd like to turn the call back over to Gene Hall for closing remarks.

**Eugene A. Hall**  
*CEO & Chairman*

Well, here's what I'd like you to take away from today's call. While the macroeconomic environment remained dynamic, our Q3 financial results were ahead of expectations. We made operational adaptations that are starting to yield results. We continue to deliver great value to our clients. Enterprise client retention remains strong and contract renewal rates improved in the second quarter, and we repurchased more than \$1 billion of stock in the quarter.

AI will be one of the most innovative and pervasive technologies in history. Gartner is the best source for clients to determine the right AI tools and applications for their environments. And of course, we continue to help on other mission-critical priorities such as cybersecurity. We're also leveraging AI to improve productivity effectiveness internally. Compelling client value, strong demand, operational adaptations and modest normalization of the external environment give us a clear path back to long-term sustained double-digit growth over the medium term.

Thanks for joining us today, and we look forward to updating you again next quarter.

**Operator**

Thank you for your participation. You may now disconnect. Everyone, have a great day.

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