Gartner Ticker: IT Sector: Technology Industry: IT Consulting & Srvs	Intrinsic Value: $ 98.20 Current Price: $76.13 (10/22/14) Stop Loss: $ 61 Upside Review: $ 84	TTM P/E: 34.5 Forward P/E: 33.1 Beta: .90	Market Cap: $ 6.76B Dividend Yield: N/A 52 Week Range: $ 57.19– $76.85

Business Summary: With ~1000 technology analysts Gartner does original IT research that they sell to CIOs and other technology decisions makers. This makes up over 70% of the revenue. The balance is in their events and consulting segments.

Industry Trends: Worldwide spend on IT is growing, estimates are at 2.1% and 3.7% for 2014 and 2015 respectively.

Investment Thesis:
Gartner is the market leader for IT research with a name synonymous with credibility, which is currency in knowledge industries. Yet, they have a small market share. Their constraint is the ability to grow their sales force fast enough to capture the demand, which is a great problem to have. IT, though modest worldwide growth spending in the next couple years is a part of every company and becoming more ubiquitous as businesses understand they need these efficiencies and data insights to compete. The events segment is growing double digits YOY and can only achieve this level of success with a company that represents the industry standard. Also, share repurchases help boost EPS.

Competitive Analysis:
Having world-class technology analysts in an information industry separates them from competitors. There is no other large pure player of IT research.

Pros:
- World IT spend is increasing
- IT is becoming a greater apart of all enterprises
- Market leader in terms of market share and brand credibility
- Subscription model allows cash collection up front and negative working capital
- 98% wallet retention ('13 customer vintage spend vs '14)
- Minimal debt
- Strong track record of earnings growth – 17% 10 yr CAGR

Risk Factors:
- Consulting segment is non-recurring revenue.
- Events can be disrupted from unforeseen circumstances
- P/E at slight premium to Bloomberg comparables (34 vs 32)

5 Year Stock Performance:

(Yahoo!)

Competitor Comparison:

Direct Competitor Comparison

	IT	FORR	PVT1	PVT2	Industry
Market Cap:	6.76B	728.08M	N/A	N/A	336.15M
Employees:	6,377	1,306	N/A	N/A	3.80K
Qtrly Rev Growth (yoy):	0.17	0.05	N/A	N/A	0.09
Revenue (ttm):	1.90B	303.35M	N/A	N/A	595.86M
Gross Margin (ttm):	0.61	0.60	N/A	N/A	0.28
EBITDA (ttm):	326.39M	29.61M	N/A	N/A	27.69M
Operating Margin (ttm):	0.16	0.06	N/A	N/A	0.06
Net Income (ttm):	190.39M	8.89M	N/A	N/A	N/A
EPS (ttm):	2.05	0.44	N/A	N/A	0.38
P/E (ttm):	37.07	89.89	N/A	N/A	16.56
PEG (5 yr expected):	1.97	3.36	N/A	N/A	1.33
P/S (ttm):	3.56	2.41	N/A	N/A	0.88

Information from: Bloomberg, Value Line, S&P Net Advantage, Yahoo

Total Return Estimates
3 Yr FV Reversion: 9%
5 Yr FV Reversion: 5%
Key Valuation Assumptions
Est Revenue Growth: 18.0%
WACC: 8.8%
Expected Inflation: 1.7%
Terminal Growth Rate: 5%
10 Yr Risk Free Rate: 2.4%
Equity Risk Premium: 7.2%
Tax Rate: 31.80%
Key Financial Data
Est 2014 EPS: $2.30
Est 2015 EPS: $2.75
3-5 Yr Est EPS Growth: 27.5%
PEG (TTM): 2.03
Credit Quality: N/A in Bloomberg
ROE: 72.4%
ROA: 11.2%
Price/Book: 32.7
Price/Cash Flow: 20.2
Debt/Equity: 56.7%
Current Ratio: .9
Quick Ratio: .8
CSR Characteristics (Gartner/Industry)
Human Rights: 0/0 Business Ethics Policy: 1/1
ESG Disclosure: 12.8/15.2 Equal Opportunity: 0/0
Emission Reduction: 0/0 Environment Disclosure: NA/19.1
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