The *Fortune 1000*: Targeting IT Organizations
of Statistically Equivalent Size

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Introduction

Much emphasis has been placed on the size and purchasing capacity of organizations on the annual *Fortune 1000* list. The fact of the matter, however, is that there are many organizations that spend more money on IT, than do many organizations on the *Fortune 1000* list.

One of the most common approaches to market segmentation for IT related products is organization size. The smallest organization on the *Fortune 1000* list, for example, has approximately $1 billion in annual revenue. Although organization size is adequate is some cases, organization size is a poor indicator of IT adoption and deployment. Information technology spending is not just a function of gross revenue or total employment, but rather a combination of factors including vertical market and organization culture.

For example: A $1 billion manufacturing company will spend, on average, about $15 million on IT. A $1 billion financial service's organization will spend, on average, about $70 million on IT. This illustrates the fact that a certain amount of revenue or number of employees does not have a direct correlation to the overall amount of IT adoption or deployment. For this reason, it's important to approach market segmentation exercises from an IT size perspective, as opposed to an organization size perspective.

Fortune 1000 or Statistically Equivalent Size

To create a database of organizations based on information technology adoption and/or deployment of statistically equivalent size of a *Fortune 1000* organization, we would select organizations with 120 or more IT employees, or organizations with 3000 or more PCs, and of course, those listed on the *Fortune 1000* as well as those organizations listed on the most recent *Forbes 500* list.

Total Individual Sites	4,011
CIO, VP or Director of IT or MIS	4,343
Software Development Management	2,369
Data Center/IT Operations Management	2,447
Network/Data Communications Management	1,284
Technical Support/Systems Programming Management	938
Microcomputer/End-User Support Management	772
eCommerce or Web Development Management	258
Miscellaneous Managers (Security, Architecture, Infrastructure, DBA, etc.)	1,488
Total Names	13,899

The following examples represent organizations of an incrementally smaller size based on the same market segmentation approach.

$500 Million in Revenue or Statistically Equivalent Size

This example includes organizations with 60 or more IT employees, or organizations with 1500 or more PCs, and those listed on the *Fortune 1000* as well as those organizations listed on the most recent *Forbes 500* list.

Total Individual Sites	6,454
CIO, VP or Director of IT or MIS	6,894
Software Development Management	3,711
Data Center/IT Operations Management	3,667
Network/Data Communications Management	2,082
Technical Support/Systems Programming Management	1,460
Microcomputer/End-User Support Management	1,222
eCommerce or Web Development Management	372
Miscellaneous Managers (Security, Architecture, Infrastructure, DBA, etc.)	2,103
Total Names	21,511

$250 Million in Revenue or Statistically Equivalent Size

This example includes organizations with 30 or more IT employees, or organizations with 750 or more PCs, and those listed on the *Fortune 1000* as well as those organizations listed on the most recent *Forbes 500* list.

Total Individual Sites	9,900
CIO, VP or Director of IT or MIS	10,430
Software Development Management	5,039
Data Center/IT Operations Management	4,950
Network/Data Communications Management	3,098
Technical Support/Systems Programming Management	1,985
Microcomputer/End-User Support Management	1,760
eCommerce or Web Development Management	477
Miscellaneous Managers (Security, Architecture, Infrastructure, DBA, etc.)	2,593
Total Names	30,332

There are various other demographics that may be of interest for IT size-related segmentation. Organizations belonging to the *Information Week 500* or the *Canada Post 500* lists, organizations with certain types of servers like IBM and compatible mainframe systems, or organizations with a combination of organization size characteristics that are statistically equivalent to a certain size of IT organization

Finally, the rate of data fill is an important detail to consider if complete market coverage is important. No matter where you buy your marketing data, not every field has data in it. If your primary target prospect is a company with 250 or more deployed PCs, and your data vendor only has the number of PCs in 85% of their records, you'll be skipping 15% of the market just because that number is not available. The method for protecting yourself is to use substitute (proxy) demographics to assure complete market coverage. An understanding of how different demographic characteristics statistically correlate to each other will help identify the most effective demographic profile for a project.

Most size characteristics, whether IT or organization specific, can be converted into their statistical equivalents with simple formulas. This is pretty basic market segmentation, and covered in a more detailed tutorial on market segmentation, *Understanding Information Technology Demographics*, which is also available at www.itmarketintelligence.com.

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