Gartner

Press Release

Gartner Survey Shows IT Hardware Spending Continues to Grow in Emerging Markets

Spending on Servers, Storage, Virtualisation and Cloud Computing Technologies Set to Increase

STAMFORD, Conn. July 22, 2009 — IT hardware spending growth rates among large organisations in emerging markets will surpass those of mature markets in 2009, according to a survey by Gartner Inc. Despite the economic downturn, 84 per cent of these organisations did not cancel any IT projects since October 2008. Furthermore, IT hardware spending in emerging markets is expected to increase for servers, storage, virtualisation, cloud computing and green IT.

In February and March of 2009, Gartner surveyed 951 IT professionals within large companies who were knowledgeable in hardware topics to gauge the IT issues and budget considerations facing organisations during the current financial crisis.

Respondents were asked a series of questions regarding their annual expectations for companies in 2009, including if budgets would increase or decrease in various technology segments (see Table 1). The survey results showed 66 per cent of respondents said there would be no change, or an increase in IT budgets in 2009.

"These survey results are very important for technology and service providers, not only because they validate where the IT growth trend is occurring in emerging markets, but also because they can guide planning and resource allocation processes," said Luis Anavitarte, research vice president for emerging markets at Gartner. "This should also have an impact on hardware vendors' channel strategies addressing large companies, particularly in Brazil, Russia, India, and China. Further unveiling business opportunities in this market segment may require an enhanced approach by channel partners orchestrated by technology providers."

Table 1
Increasing or Decreasing IT Hardware Budgets in Emerging Versus Mature Markets, 2009

Full-Year Change, 2009 Vs. 2008	Increase	Stay the Same	Decrease
Storage - Emerging	33	42	25
Storage – Mature	27	30	44
Servers - Emerging	30	43	26
Servers - Mature	27	32	42
PCs - Emerging	32	34	34
PCs - Mature	19	34	47
Printing Devices – Emerging	28	41	31
Printing Devices - Mature	16	32	53

Note: Totals may not add to 100 per cent due to rounding.
Source: Gartner (June 2009)

Thirty-five per cent of respondents said they would increase investments in virtualisation, 32 per cent said there would be increased investments into green IT, and 7 per cent would invest more in cloud computing.

"Overall, it is critical that providers keep their focus on these markets as the 'stay the same' category strongly suggests enhanced management and retention strategies to better secure clients once the economy improves," added Mr Anavitarte.

Gartner has identified several reasons why large companies in emerging markets are showing this level of confidence. First, in many of these economies, these organisations have IT plans in place that include equipment renewal and a clear picture of their total cost of ownership. Secondly, these organisations, which represent anywhere from 8 per cent to 12 per cent of the business pyramid in many of these countries, have larger financial resources and rely less on lending to cover their IT operations than in midsize and small companies. Third, these large entities have a clear picture of their role internationally as many are involved in exports and therefore need to have the best technology tools to compete on a worldwide basis.

Inroads by virtualisation in the server space are becoming more visible in emerging markets as virtualisation is now viewed as a critical component in the cost-saving strategy of large organisations. Although emerging markets are at the initial curve of adoption in green IT, Gartner maintains that its adoption will become mandatory due to increasing legislation because of the specific needs and energy challenges facing many emerging countries.

Cloud computing is a new IT delivery model in emerging markets, and while it is gaining momentum, the survey revealed that about 50 per cent of organisations in emerging markets have not heard of cloud computing or have heard the term but don't know what it means. However, in markets like Brazil, 28 per cent of channels are already delivering software as a service.

The survey also found that enterprises are focusing their investments on data management with storage and server and audio/video/web conferencing as the top priorities. Voice over IP also reached a prominent position with respondents as landline and cell communications continue to be generally expensive in emerging markets while internet connectivity and broadband expansion keep dropping in price and increasing in efficiency.

Additional information is available in the Gartner report "User Survey Analysis: The Impact of the Financial Crisis on IT Hardware in Emerging Markets" The report is available on Gartner's website at http://www.gartner.com/DisplayDocument?ref=g_search&id=1007013&subref=simplesearch.

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