

Gartner Says Worldwide IT Spending To Grow 4.6 Per Cent in 2010

Emerging Markets to Lead the Way in IT Spending as Economic Recovery Slowly Gets Underway

Stamford, Conn., January 21, 2010 — A slow but steady improvement in the macroeconomic environment in 2010 should support a return to modest growth in overall IT spending, according to Gartner, Inc. Worldwide IT spending will reach \$3.4 trillion in 2010, a 4.6 per cent increase from 2009.

Although modest, this projected growth represents a significant improvement from 2009, when worldwide IT spending declined 4.6 per cent. All major segments (computing hardware, software, IT services, telecom, and telecom services) are expected to grow in 2010 (see Table 1).

"Last quarter, we did not expect to see IT spending levels recover to 2008 levels until 2011, however, now, with the upward revision to the current dollar forecast, we are projecting that global IT spending this year will approach the level seen in 2008," said Richard Gordon, research vice president at Gartner. "Our updated forecast for IT spending to reach \$3.4 trillion in 2010 is actually a year earlier than we expected leveling our previous forecast update, and reflecting a bounce back in underlying IT spending from the sharp drop in 2009."

"While this forecast might seem bullish at first, it's important to factor in the impact that exchange rates will have on the markets," Mr. Gordon said. "Much of the increase in our revised 2010 forecast can be attributed to a projected decline in the value of the U.S. dollar compared to 2009."

Table 1
Worldwide IT Spending Forecast (Billions of U.S. Dollars)

	2009 Spending	2009 Growth (%)	2010 Spending	2010 Growth (%)
Computing Hardware	326.4	-13.9	331.7	1.6
Software	220.7	- 2.1	231.5	4.9
IT Services	780.9	- 3.5	842.2	5.6
Telecom	1,887.7	- 3.6	1,976.6	4.7
Telecom Services	1,524.1	-2.9	1,588.5	4.2
All IT	3,215.7	-4.6	3,364.1	4.6

Source: Gartner (January 2010)

From a regional perspective, Gartner's IT spending forecast reflects the economic situation in each region and country with the emerging regions leading the way in terms of growth both in the short and longer term. However, because of the scale of IT spending in North America and Western Europe, these regions weigh heavily in the global IT spending growth rate overall.

IT spending growth in emerging markets (with the exception of central and eastern Europe and some of the Gulf states) is expected to lead the way, with spending forecast to grow 9.3 per cent in Latin America, 7.7 per cent in the Middle East and Africa and 7 per cent in Asia/Pacific. Recovery in Western Europe, the United States and Japan will start more slowly, with Western Europe increasing 5.2 per cent, the U.S. growing 2.5 per cent, and Japan increasing 1.8 per cent.

"As we begin 2010, multiple factors are conspiring to shape IT spending patterns in years to come," said Mr. Gordon. "Although recovery will be slow, over the next 12 to 18 months, gross domestic product (GDP) is projected to increase, consumer confidence is expected to improve, and the availability of credit should

increase. At the same time, pent-up demand for new technologies will be released as enterprises focus on new growth opportunities and increase spending plans. IT vendors and service providers must ensure that they are poised to take advantage of this improving landscape."

Gartner Executive Programs (EXP) recently published the survey results for the 2010 CIO Agenda. The survey of 1,586 CIOs, representing more than \$126 billion in corporate and public-sector IT spending, showed worldwide IT budgets in 2010 increasing by a weighted global average of 1.3 per cent in nominal terms compared to 2009. Gartner analysts use the input from the survey as fundamental assumptions that shape the global IT spending forecast. The growth rates in the IT spending forecast differ from the CIO survey expectations because the IT spending forecast includes consumer, as well as enterprise spending, and because the forecast is affected by exchange rates.

Gartner YouTube Channel

Additional comments from Mr. Gordon regarding the outlook for the IT industry are available on the Gartner YouTube channel at <http://www.youtube.com/watch?v=bOOIPqQI-iQ>. Additional videos with Gartner analysts are available at <http://www.youtube.com/gartnervideo>.

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