Gartner | Media Advisory

Gartner Says Worldwide IT Outsourcing Market Grew 7.8 Per Cent in 2011

Key Issues Facing ITO Industry to Be Examined at Gartner Outsourcing & Strategic Partnerships Summits 2012, 28-29 May in Tokyo; 5-6 June in Sao Paulo; 10-12 September in Orlando; and 8-9 October in London

STAMFORD, Conn., May 21, 2012 — Worldwide IT outsourcing (ITO) revenue totalled $246.6 billion in 2011, a 7.8 per cent increase from 2010 revenue of $228.7 billion, according to Gartner, Inc. Indian-based IT services providers and providers rooted in cloud-based services delivered the highest growth rates in 2011.

"Revenue cannibalisation resulting from client adoption of industrialised, and often cloud-based, services risks muting the growth opportunities for the ITO providers that are heavily weighted in infrastructure outsourcing," said Bryan Britz, research director at Gartner. "Strategies will vary as clients are likely to pursue hybrid cloud strategies requiring providers to deliver some asset-light and some asset-heavy offerings — which will result in varying growth trajectories among competitors over the next several years."

IBM maintained the No. 1 position, as its revenue grew 7.8 per cent, and its revenue accounted for 10.9 per cent of ITO revenue (see Table 1). IBM was the No. 1 ranked provider in all regions. HP grew below the market growth rate, but retained the No. 2 worldwide market share position with 6.1 per cent market share. Fujitsu, helped by currency gains, overtook CSC for the No. 3 worldwide market share position in 2011.

Table 1
Worldwide Top 5 ITO Providers by Revenue Market Share, 2011 (Millions of Dollars)

2011 Rank	2010 Rank	Vendor	2011 Revenue	2011 Market Share (%)	Revenue Growth 2010-2011 (%)
1	1	IBM	26,923	10.9	7.8
2	2	HP	15,107	6.1	2.0
3	4	Fujitsu	10,981	4.5	10.3
4	3	CSC	10,374	4.2	0.0
5	5	Accenture	6, 530	2.6	18.2
		Others	176,640	71.7	8.3
		Total Market	**246,555**	**100.0**	**7.8**

Source: Gartner (May 2012)

Forty-three providers booked 2011 revenues of $1 billion or more. This group of providers collectively grew by 9.5 per cent during 2011. After excluding India-based IT services providers, cloud-centric providers, and providers that made sizable acquisitions during the year, the remaining group of large ITO providers grew by only 6.5 per cent during 2011.

"For many leading providers in the ITO market, 2011 revenue results demonstrate how challenging simply maintaining a market share position has become, much less gaining share — and this challenge is likely to

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worsen over the next few years for providers that do not address these forces," Mr Britz said. "The challenges are likely to spur consolidation to augment growth, posing risk to the consolidators, because acquisitions have been a challenge in the IT services market."

Additional information is available in the Special Report "Market Share Analysis: IT Outsourcing Services, Worldwide, 2011," which is available on Gartner's web site at http://www.gartner.com/resId=2000015.

About the Gartner Outsourcing & Strategic Partnerships Summits 2012
The Gartner Outsourcing & Strategic Partnerships Summits series provides an in-depth exploration of the significant developments and trends shaping vendor and strategic sourcing management practices, as well as the sourcing marketplace.

For further information about the Gartner Global Sourcing & Strategic Partnerships Summit 2012 taking place 28-29 May in Tokyo, please visit http://www.gartner.com/technology/summits/apac/outsourcing-japan/. Members of the media can register by contacting Takako Imaizumi at takako.imaizumi@gartner.com.

The Gartner Outsourcing & Strategic Partnerships Summit 2012 in Sao Paulo will be held 5-6 June. More information is available at http://www.gartner.com/technology/summits/la/outsourcing-brasil/. Members of the media can register by contacting Angélica Consiglio at angelica@planin.com.

For additional details about the Gartner Outsourcing & Strategic Partnerships Summit 2012 taking place 10-12 September in Orlando, Florida, please visit www.gartner.com/us/outsourcing. Members of the media can register by contacting Janessa Rivera at janessa.rivera@gartner.com.

The Gartner Outsourcing & Strategic Partnerships Summit 2012 in London will be held 8-9 October. More information is available at http://www.gartner.com/technology/summits/emea/outsourcing/. Members of the media can register by contacting Laurence Goasduff at laurence.goasduff@gartner.com.

Additional information from the event will be shared on Twitter at http://twitter.com/Gartner_inc and using #GartnerOUT.

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