

Gartner Says Worldwide IT Services Revenue Returned to Growth in 2010

IT Services Revenues Increased 3.1 Per Cent to \$793 Billion in 2010

STAMFORD, CONN., May 4, 2011 — Worldwide end-user spending on IT services totalled \$793 billion in 2010, a 3.1 per cent increase from 2009 revenue of \$769 billion, according to Gartner, Inc.

"There is little doubt that the effects of the global recession of 2008 and 2009 are still very much being felt, but the market for IT services bounced back in 2010 after a 5.1 per cent revenue decline in 2009," said Kathryn Hale, research vice president at Gartner.

IBM retained its No. 1 market share position in IT services in 2010, with a revenue increase of 2.6 per cent returning \$56.4 billion in revenue and accounting for 7.1 per cent of the market (see Table 1). With arguably the weakest revenue performance in the top five, HP grew its IT services revenue less than \$100 million, or 0.3 per cent, in 2010.

Fujitsu, at 3.5 per cent annual growth in IT services and revenue of \$24.1 billion had a solid year in 2010 in US dollar terms. Accenture returned perhaps the strongest numbers within the top 10 in 2010, growing revenue \$1.3 billion to \$22.2 billion, a growth rate of 6.1 per cent. CSC's growth in the past year was positive, but it was below market growth levels (at 0.6 per cent) due, in part, to an abnormally high level of delays in contract signings in both the federal and commercial sectors, as well as the impact of a challenging US federal government business (where CSC generated 39 per cent of its revenue).

Table 1
2010 Worldwide IT Services Vendors by Revenue (Millions of US Dollars)

Company	2010 Revenue	2010 Market Share (%)	2009 Revenue	Growth (%)
IBM	56,424	7.1	55,000	2.6
HP	35,346	4.5	35,252	0.3
Fujitsu	24,117	3.0	23,304	3.5
Accenture	22,212	2.8	20,939	6.1
CSC	16,106	2.0	16,004	0.6
Others	638,750	80.6	618,674	3.2
Total Market	792,955	100.0	769,173	3.1

Source: Gartner (April 2011)

"Among the more than 300 vendors tracked, acquisitions affected more than 10 per cent of total revenue, in a market where no provider has more than 7 per cent market share," said Dean Blackmore, senior research analyst at Gartner.

"Although global sourcing makes the location of a provider's headquarters increasingly less relevant, we found that India-based vendors continue to grow above the market average and, therefore, continue to gain market share," Mr Blackmore said. "In a market that grew 3.1 per cent in 2010, India-based vendors collectively grew 18.9 per cent, increasing their market share from 4.8 per cent in 2009 to 5.5 per cent in 2010."

Software support showed the highest growth in 2010 at 6.6 per cent. Weaker performances came from process management and hardware support, both of which grew approximately 1 percent less than expected growth. Consulting and development/integration services came in slightly above expectations as organisations that had put investments on hold began investing again in 2010, particularly in the second half of the year.

From a vertical services perspective, the government vertical showed the lowest growth rate in 2010 (tied with the education sector at 1.6 per cent) as governments around the world implement budget cuts aimed at reducing deficits.

Additional information is available in the Gartner report "Market Share Analysis: IT Services, Worldwide, 2010." The report is available on Gartner's website at <http://www.gartner.com/resId=1644114>.

Gartner has also published additional market share reports related to the IT services industry. They include "Market Share Analysis: Process Management, Worldwide, 2010" at <http://www.gartner.com/resId=1632329>; and "Market Share Analysis: Software Support Services, Worldwide, 2008-2010" at <http://www.gartner.com/resId=1630529>.

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