Gartner

Media Advisory

Gartner Says Worldwide IT Services Revenue Grew 8.2 Per Cent in 2008

STAMFORD, CONN., June 9, 2009 — Worldwide IT services revenue totalled $806 billion in 2008, an 8.2 per cent increase from 2007 revenue of $745 billion, according to Gartner, Inc.

"Vendors had six to eight months of 'business as usual' in 2008 and then approximately four months encountering the beginning of the global economic downturn, featuring widespread cost restrictions and cost reductions," said Kathryn Hale, research vice president for Gartner's worldwide IT services group. "The only two segments of the market that grew less than forecast were IT management and process management. This is particularly surprising, because in economic hard times the potential cost savings from outsourcing usually keeps this market segment buoyant. However, apparently buyer hesitation to commit to the long-term requirements of outsourcing agreements took precedence in 2008. "

Across all IT services, IBM continued to be the worldwide market leader (see Table 1), with 7.3 per cent of the market. With its acquisition of EDS, HP moved into the No. 2 position, but with the difficulties of integrating the EDS business, its revenue grew only 1.9 per cent in 2008, considerably below the overall market growth rate.

Table 1
Worldwide IT Services Vendors by Revenue (Millions of U.S. Dollars)

Company	2008 Revenue	2008 Market Share (%)	2007 Revenue	2007 Market Share (%)	Growth (%)
IBM	58,891	7.3	54,145	7.3	8.8
HP	38,584	4.8	37,866	5.1	1.9
Accenture	23,732	2.9	20,616	2.8	15.1
Fujitsu	20,432	2.5	18,646	2.5	9.6
CSC	17,112	2.1	16,059	2.2	6.6
Others	647,172	80.4	597,302	80.1	8.3
Total Market	**805,923**	**100.0**	**744,634**	**100.0**	**8.2**

Source: Gartner (June 2009)

While global sourcing makes the location of a provider's headquarters increasingly less relevant, Gartner tracks this information for more than 360 vendors which collectively account for more than 70 per cent of end-user spending worldwide. India-based vendors grew 12.9 per cent in US dollars in 2008, down from 39.8 per cent growth in 2007. India-based vendors were impacted early in the economic downturn. This would be expected, as these providers sell especially heavily to the financial sector and typically lead with offshore application development services, which are relatively easy to delay in tough times.

In the platform space, enterprise networks grew slightly below the market average at 6.8 per cent, but carrier networks showed very strong growth at 14.2 per cent. "As carriers look to create operational efficiency and business growth and continue network transformation projects, opportunities are created for professional services firms, particularly in network and system integration and managed services," said Christine Tenneson, research director at Gartner. "Carriers are looking to transform their infrastructure and business environment to capture the opportunity to develop services for new revenue opportunities, while simultaneously developing operating expenditure savings with a flat IP infrastructure."

Additional information is available in the Gartner report "Market Share: IT Services, Worldwide Rankings, 2008." The report is available on Gartner's website at
http://www.gartner.com/DisplayDocument?ref=g_search&id=999013&subref=simplesearch.

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