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Gartner Says Worldwide IT Spending Figures Show Mixed Results for 2012

Analysts to Discuss 2012 IT Spending Outlook During Gartner Webinar on 17 April

STAMFORD, Conn., April 5, 2012 — Worldwide IT spending is forecast to total \$3.7 trillion in 2012, a 2.5 per cent increase from 2011, according to the latest outlook by Gartner, Inc. This is down from Gartner's previous forecast of 3.7 per cent growth for 2012.

Gartner analysts said the lower growth rate has more to do with the US currency than an actual decline in spending. The recent strengthening in the value of the US dollar versus other currencies has resulted in the reduced growth rate. However, when looking at spending in constant US dollars, Gartner analysts said IT spending is on pace to increase 5.2 per cent in 2012, up from its previous projection of 4.6 per cent.

"Despite ongoing concerns about the global economic recovery — most notably around the resolution of eurozone sovereign-debt problems, worries about the potential for China's real estate 'bubble' to spillover and affect the rest of the economy and rising oil prices — early signs in 2012 suggest that the global economic outlook has brightened a little," said Richard Gordon, research vice president at Gartner.

Gartner analysts said IT spending in the government sector is expected to contract moderately on a global basis in 2012 and 2013, driven by austerity measures in the eurozone. While there has been much commentary about the need for government cuts since the sovereign debt crisis emerged in Europe, it is only now that the impact of government budget cutbacks is being felt on IT spending in the region. Similarly, we expect US government spending to be essentially flat in 2012 before contracting in 2013.

In the small and midsize business market, which represents approximately a quarter of all enterprise IT spending, spending is forecast to reach \$874 billion in 2012 and will grow to \$1 trillion by 2016. Throughout the forecast period, mid-sized business IT spending outperforms other sectors in each of the next five years, driven by growth in spending on enterprise software.

The worldwide telecom equipment market is forecast to show the strongest growth with spending reaching \$472 billion in 2012, a 6.9 per cent increase from 2011. Gartner attributes this growth to the continued health of the mobile devices market as well as a more positive outlook for enterprise network equipment, which is being driven by spending on application acceleration equipment, network security, WLAN and Ethernet switches.

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

	2011 Spending	2011 Growth (%)	2012 Spending	2012 Growth (%)
Computing Hardware	404	7.7	421	4.3
Enterprise Software	267	9.2	280	5.0
IT Services	845	6.5	856	1.3

Telecom Equipment	442	7.2	472	6.9
Telecom Services	1,704	6.3	1,721	1.0
All IT	3,661	6.8	3,751	2.5

Source: Gartner (April 2012)

More-detailed analysis on the outlook for the IT industry will be presented in the webinar "Gartner Worldwide IT Spending Forecast, 1Q12 Update." The complimentary webinar will be hosted by Gartner on 17 April at 4:00pm UK time. Mr Gordon will assess the prospects for growth in IT spending not only in the short term but also through 2016. To register for the webinar, please visit <http://my.gartner.com/portal/server.pt?open=512&objID=202&mode=2&PageID=5553&resId=1898715&ref=Webinar-Calendar>.

The Gartner quarterly IT spending forecast delivers a unique perspective on IT spending across hardware, software, IT services and telecommunications segments. These reports help Gartner clients understand market opportunities and challenges. The most recent IT spending forecast research is available at www.gartner.com/quarterly-it-forecast. This Quarterly IT Spending Forecast section includes links to the latest IT spending reports, webinars, blog posts and press releases.

About Gartner

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