

Gartner Trims Worldwide IT Spending Growth Forecast to 3.9 Per Cent for 2010

Analysts to Discuss Latest Outlook for the IT Industry During Upcoming Gartner Webinar "IT Spending Forecast, 2Q10 Update: Growth in an Age of Austerity" on 6 July 2010

Stamford, Conn., July 1, 2010 — Worldwide IT spending is forecast to total \$3.350 trillion in 2010, an increase of 3.9 per cent from 2009 spending of \$3.225 trillion, according to the latest outlook by Gartner, Inc. Gartner has lowered its outlook for the IT industry from the first quarter of this year when it forecast worldwide IT spending to grow 5.3 per cent, primarily due to the devaluation of the euro versus the US dollar since the beginning of the year.

*"The European sovereign debt crisis is having an impact on the outlook for IT spending," said **Richard Gordon, research vice president at Gartner.** "The US dollar has strengthened against the euro during the second quarter of 2010, and this trend will likely continue in the second half of 2010, which will put downward pressure on US-dollar-denominated IT spending growth."*

*"Longer-term, public-sector spending will be curtailed in Europe as governments struggle to bring budget deficits under control during the next five years and to reduce debt during the next 10 years," **Mr Gordon** said. "Private-sector economic activity will also likely be hindered because of the direct impact of austerity measures on key government suppliers and the indirect impact caused by the 'ripple effect.' An effective policy response will be critical to stimulate investment in general and in IT in particular."*

Worldwide computing hardware spending is forecast to reach \$365 billion in 2010, up 9.1 per cent from 2009 spending (see Table 1). *"The computing hardware sector continues to benefit from a healthy PC sector, which accounts for two-thirds of total spending in this area, and we expect PC shipments to remain robust throughout 2010 and 2011," **Mr Gordon** said. "Consumer shipments will continue to be powered by strong mobile PC uptake, while professional shipments will be buoyed by a new replacement cycle and migration to Windows 7."*

In software, IT services and telecommunications, the appreciation in the value of the US dollar, especially against the euro, has acted to dampen US-dollar-denominated growth in 2010.

Table 1

Worldwide IT Spending Forecast (Billions of US Dollars)

	2009	2009	2010	2010
	Spending	Growth (%)	Spending	Growth (%)
Computing Hardware	334	-12.4	365	9.1
Software	222	-2.6	229	3.1
IT Services	763	-5.3	786	2.9
Telecom	1,905	-3.5	1,970	3.4
All IT	3,225	-4.9	3,350	3.9

Source: Gartner (June 2010)

"Our latest IT spending forecast reflects the fact that the global economic outlook is stable but vulnerable to shocks in key regions and industries, which means that IT spending decisions are still scrutinised for value," Mr Gordon said. "CEOs are targeting 2010 as a 'return to growth' year, and to enable growth strategies, CFOs expect increased IT spending. However, CIOs are seeing only marginal increases in budgets and are constrained to essential enterprise IT spending with discretionary spending still on hold. In the consumer sector, confidence is improving, although consumers are still wary of the threat of unemployment."

More-detailed analysis on the outlook for the IT industry will be presented in the Gartner webinar "IT Spending Forecast, 2Q10 Update: Growth in an Age of Austerity." The complimentary webinar will be hosted by Gartner on 6 July at 11 am Eastern time. To register for the webinar, please go to <http://my.gartner.com/portal/server.pt?open=512&objID=202&mode=2&PageID=5553&resId=1385514&ref=Webinar-Calendar>.

Mr Gordon provides further commentary on the state of the IT industry in his Gartner blog post "How will the European sovereign debt crisis impact IT spending?" at <http://blogs.gartner.com/richard-gordon/2010/06/30/how-will-the-european-sovereign-debt-crisis-impact-it-spending/>.

Additional analysis is available in the Gartner report "Forecast Alert: IT Spending Forecast, 2Q10 Update" at <http://www.gartner.com/resId=1393214>. The report provides more details on Gartner's outlook for the IT industry through 2014.

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