

Gartner: Rising Dollar Leads to Spending Drop

Written by Marco Attard
10 April 2015

Global IT spending will drop by -1.3% to \$3.66 trillion in 2015 Gartner predicts-- however such decline is caused not by an economic crash, but by the recent, rapid rise of the US dollar against other currencies.



"Taking out the impact of exchange rate movements, the corresponding constant-currency growth figure is 3.1%, only off 0.6% from last quarter's update," the analyst says. "Such are the illusions that large swings in the value of the dollar versus other currencies can create."

Such "illusions" (as Gartner puts it) mask a bigger issue-- every product or service with a US dollar-based component must have said costs covered at the lower exchange rate. This brings about price rises as other market forces, including pricing, partners and product management, come into play.

When it comes to industry sectors, 2015 device spending (covering PCs, ultramobiles, mobile phones, tablets and printers) is set to drop by -1.2% to \$685 billion due to a slowdown in W. European PC spending-- again, in part caused by the euro getting devalued against the dollar.

Mobile phones are not so affected by currency shifts, but "substantial" changes in the phone mix through growing low-cost smartphone sales in emerging markets lead to flat 2014-2015 phone ASPs.

Datacentre spending will remain all but flat at \$142bn with just 0.4% growth as currency depreciation hits external controller-based storage, enterprise network equipment and servers.

Gartner: Rising Dollar Leads to Spending Drop

Written by Marco Attard
10 April 2015

Lower (relatively speaking) margins lead do servers seeing the biggest impact, pricing-wise.

Enterprise software spending is to grow by 2.3% to \$320bn-- a downwards revision from the analyst following acceleration in Office 365 adoption causing disruption in traditional revenue flows.

Service spending will contract "slightly" from \$948bn in 2014 to \$942bn. Gartner says the largest reduction are seen in implementation services, particularly in the US following falling oil and gas prices leading to buyers quickly slashing spending by 20% or more.

Telecoms also see shrinking spending (by -2.6% to \$1.57tr) as several developed markets, including a number of W. European nations and the US, reduce total connections. Meanwhile growth in data-only connected devices and multi-SIM connection fails to reach previous levels.

Go [Gartner Says WW IT Spending to Decline 1.3% in 2015](#)