

Gartner: IT Spending Grows 2.7% in 2017

Written by Marco Attard
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Global IT spending is set to reach \$3.5 trillion in 2017, Gartner reports-- a 2.7% increase over 2016, if one below previous growth rate projections reaching 3%.

"2017 was poised to be a rebound year in IT spending. Some major trends have converged, including cloud, blockchain, digital business and artificial intelligence," the analyst says. "Normally, this would have pushed IT spending much higher than 2.7% growth. However, some of the political uncertainty in global markets has fostered a wait-and-see approach causing many enterprises to forestall IT investments."

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

	2016 Spending	2016 Growth (%)	2017 Spending	2017 Growth (%)	2018 Spending	2018 Growth (%)
Data Center Systems	170	-0.6	175	2.6	176	1.0
Enterprise Software	333	5.9	355	6.8	380	7.0
Devices	588	-8.9	589	0.1	589	0.0
IT Services	899	3.9	938	4.2	981	4.7
Communications Services	1,384	-1.0	1,408	1.7	1,426	1.3
Overall IT	3,375	-0.6	3,464	2.7	3,553	2.6

Source: Gartner (January 2017)

Devices (PCs, tablets, ultramobiles and mobile phones) spending is projected to remain flat in 2017 at \$589 billion, before a PC replacement cycle and strong premium untramobile pricing and functionality helps drive growth in 2018. Also pushing growth is the mobile phone replacement cycle in emerging markets, since such regions tend to use smartphones as a main computing device, demanding more frequent replacements.

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Meanwhile the 2017 IT services market is forecast to grow 4.2%, thanks to buyer investments in digital business, intelligent automation and services optimisation and innovation. However caution fueled by broad economic challenges remains a counter-balance to faster growth.

"The range of spending growth from the high to low is much larger in 2017 than in past years. Normally, the economic environment causes some level of division, however, in 2017 this is compounded by the increased levels of uncertainty," Gartner remarks. "The result of that uncertainty is a division between individuals and corporations that will spend more-- due to opportunities arising-- and those that will retract or pause IT spending."

The analyst points out its server forecast. Aggressive cloud platform build-up by the likes of Microsoft, Google and Amazon brought about a 2017 global server growth forecast of 5.6%. This was revised up 3% from the previous quarter's forecast, and is sufficient growth to overcome an expected -3% decline in external controller-based storage, bringing 2017 datacentre system growth of 2.7%.

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