

IDC: Financial Services, Manufacturing Sustain IT Spending

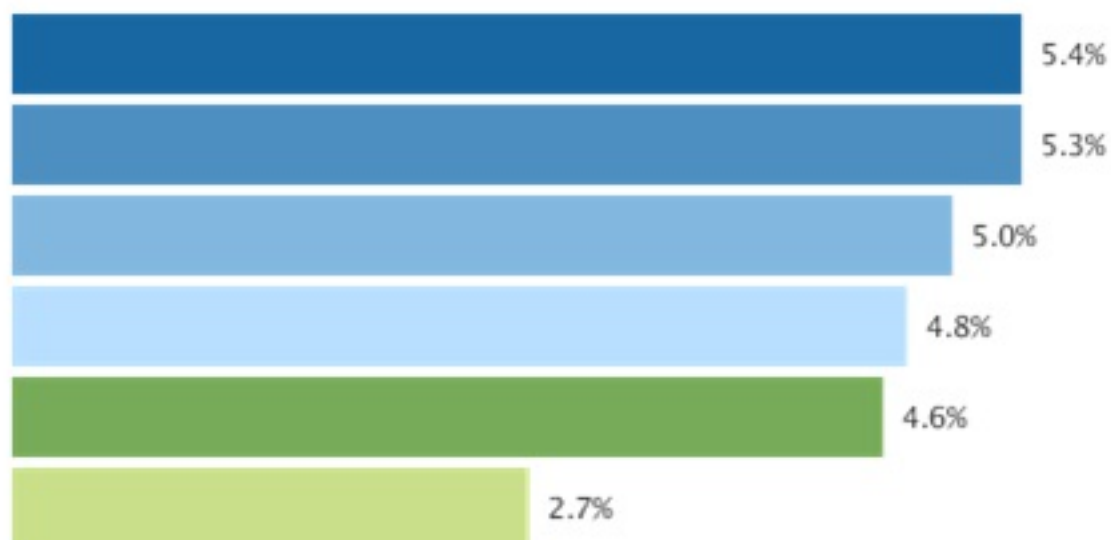
Written by Marco Attard
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According to IDC global IT products and services spending will reach nearly \$2.4 trillion in 2017-- a 3.5% increase over 2016, with spending led by the financial services and the manufacturing industries.

The analyst also forecasts spending will grow to around \$2.65tr by 2020 with a CAGR of 3.3% for the 2015-2020 forecast period.



Top Industry Based on 5 Year CAGR (2015 – 2020)



Source: IDC Worldwide Semiannual IT Spending Guide Industry and Company Size, 2016H1

As mentioned earlier, financial services and manufacturing are the main drivers of IT spending, generating 30% of all revenues throughout the forecast period through investments in digital

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transformation efforts. The telecommunications and professional services industries, together with federal/central governments, are also forecast to be among the largest purchases of IT products and services.

Professional services, healthcare and banking see the fastest growing growth over the forecast period, overtaking discrete manufacturing in 2018 to become the 2nd largest industry overall spending terms. Meanwhile 20% of all technology revenues come from consumer purchases, but consumer spending will be nearly flat (0.3% CAGR) over the forecast period due to priorities shifting from devices to security, content management and file sharing.

"Consumer spending on mobile devices and PCs continues to drag on the overall IT industry, but enterprise and public sector spending has shown signs of improvement. Strong pockets of growth have emerged, such as investments by financial services firms and utilities in data analytics software, or IT services spending by telcos and banks," IDC says. "Government spending has stabilized, and shipments of notebooks including Chromebooks posted strong growth in the education market. Double-digit increases in commercial tablet spending will drive a return to growth for the overall tablet market this year, despite ongoing declines in consumer sales. These industry-driven opportunities for IT vendors will continue to emerge, even as the global economy remains volatile."

In terms of company size very large businesses (1000+ employees) make 45% of global IT spending, while small offices (1-9 employees) make 25% of spending throughout the forecast period. Spending growth will be evenly spread, with medium (100-499 employees), large (500-999 employees) and very large businesses each seeing a CAGR of 4.3%.

SMBs are forecast to spend more on software than hardware, upending traditional spending habits as more mature SMBs recognise the value of linking software investments to hardware processes. IDC adds most midmarket SMBs will be on "a path to embrace digital transformation" come 2020.

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