

Gartner: IT Spending to Grow 3.2% in 2019

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Global IT spending will reach \$3.8 trillion in 2019, Gartner reports-- a 3.2% increase over 2018 spending of \$3.7tr, with the shift from ownership to cloud services bringing the biggest changes to the industry.

“While currency volatility and the potential for trade wars are still playing a part in the outlook for IT spending, it is the shift from ownership to service that is sending ripples through every segment of the forecast,” the analyst says. “What this signals, for example, is more enterprise use of cloud services-- instead of buying their own servers, they are turning to the cloud. As enterprises continue their digital transformation efforts, shifting to “pay for use” will continue. This sets enterprises up to deal with the sustained and rapid change that underscores digital business.”

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

	2017 Spending	2017 Growth (%)	2018 Spending	2018 Growth (%)	2019 Spending	2019 Growth (%)
Data Center Systems	181	6.4	192	6.0	195	1.6
Enterprise Software	369	10.4	405	9.9	439	8.3
Devices	665	5.7	689	3.6	706	2.4
IT Services	931	4.1	987	5.9	1,034	4.7
Communications Services	1,392	1.0	1,425	2.4	1,442	1.2
Overall IT	3,539	3.9	3,699	4.5	3,816	3.2

Source: Gartner (October 2018)

Enterprise software spending sees the highest growth in the forecast, with an 8.3% increase. As one might imagine, SaaS drives growth in nearly all segments, particularly CRM, due to an

increased focus in providing customer experiences. Cloud software sees over 22% growth in 2019, compared with the 6% growth for all other forms of software.

Interestingly, while core applications (such as ERP, CRM and supply chain) get most spending, security and privacy are the true opportunity. According to an October 2018 Gartner survey of global CIOs, 88% of companies are either deploying or plan to deploy security software or other technology in the next 12 months.

Datacentres should show over 6% in 2018, thanks to a strong market with spending growing over 10% over 2017. In 2018 datacentre spending growth should clock at 5.7%. However, the server market is set to decline in 2019, and drop by 1-3% every year for the next 5 years. Such decline is the result of a global slowdown in economic prosperity, while organisations look to cut spending in order to optimise external spend for services such as consulting.

Global spending on devices-- PCs, tablets and mobile phones-- is to grow 2.4% in 2019, reaching \$7.6bn, up from \$689bn in 2018. PC demand in the corporate sector is strong thanks the Windows 10 PC hardware upgrades, but the Intel CPU shortage should impact the market, if on the short term. Gartner predicts the CPU shortage will continue into 2019, but Intel will prioritise high-end CPUs and chips for business PCs, while AMD should pick up on Chipzilla's slack elsewhere.

"PCs, laptops and tablets have reached a new equilibrium state. These markets currently have stable demand from consumers and enterprises," Gartner concludes. "Vendors have only subtle technology differentiation, which is pushing them to offer PC as a Service (PCaaS) in order to lock clients into multiyear recurring revenue streams and offer new bundles service options."

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