

Gartner: 2018 "Not a Good Year" for EMEA IT Spending

Written by Marco Attard
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EMEA IT spending is to reach \$937 billion in 2019, Gartner reports-- a 2% increase over 2018 spending worth \$954bn, with the industry set to remain stuck in the region until the unknowns surrounding Brexit are resolved.

"2018 is not a good year for IT spending in EMEA," the analyst states. "The 5.8% growth witnessed in 2018 includes a 4% currency tailwind driven by the Euro's increase in value against the US Dollar."

Table 1. EMEA IT Spending Forecast (Millions of U.S. Dollars)

	2018 Spending	2018 Growth (%)	2019 Spending	2019 Growth (%)
Data Center Systems	46,330	5.4	46,545	0.5
Enterprise Software	108,832	12.7	116,751	7.3
Devices	155,685	2.1	153,909	-1.1
IT Services	286,717	8.9	299,414	4.4
Communications Services	356,028	3.2	356,408	0.1
Overall IT	953,592	5.8	973,023	2.0

Source: Gartner (November 2018)

Spending growth in EMEA is divergent across different segments. For instance, spending on devices (PCs, tablets and mobile phones) will drop in 2019, as consumer PC spending drops by -9.1% in 2018 and business demand for Windows 10 PCs passes the peak in 2019, leading to business PC unit growth of 1%. Similarly, mobile phone unit growth will decline from 4.7% growth in 2018 to a -1.1% decline in 2019 as replacement cycles peak and then fall in 2019.

Datacentre spending is also set to either be flat or decline in 2019, following the growth seen in

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2018. Gartner attributes the brief recent uptick in spending to a bump in upgrade spending, as well as early replacements done as precaution against CPU security issues, and by now it has abated.

Communications services is the single largest market. Having become commoditised it is set to show flat growth in 2019. The enterprise software market retains a positive effect on overall spending in EMEA, due to the increasing availability and acceptance of cloud software. As such, cloud, security and the move to digital business will bolster EMEA growth in 2019, as end-user spending on public cloud services in the region will grow by 15% in 2019 to total \$38.5bn. In terms of security, with GDPR in place data violation penalties could be as high as 4% of revenue.

"The enforcement of GDPR has moved security to a board-level priority. Organisations that are not protecting their customers' privacy are not protecting their brand," Gartner says. "Global spending on IT security will surpass \$133bn in 2019 and in EMEA it will reach \$40bn in 2019, up 7.8% from 2018."

As mentioned earlier, Brexit is a concern in EMEA as it brings a dampening effect on spending across the region. UK IT spending is set to total \$204bn, a -1.9% decline, and the UK will not see growth above 2% until 2020, leading to a downward effect on the EMEA IT spending average throughout the forecast period. As for growth drivers, Israel and S. Arabia lead in EMEA IT spending, with growth reaching 5.3% and 4.2% respectively.

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