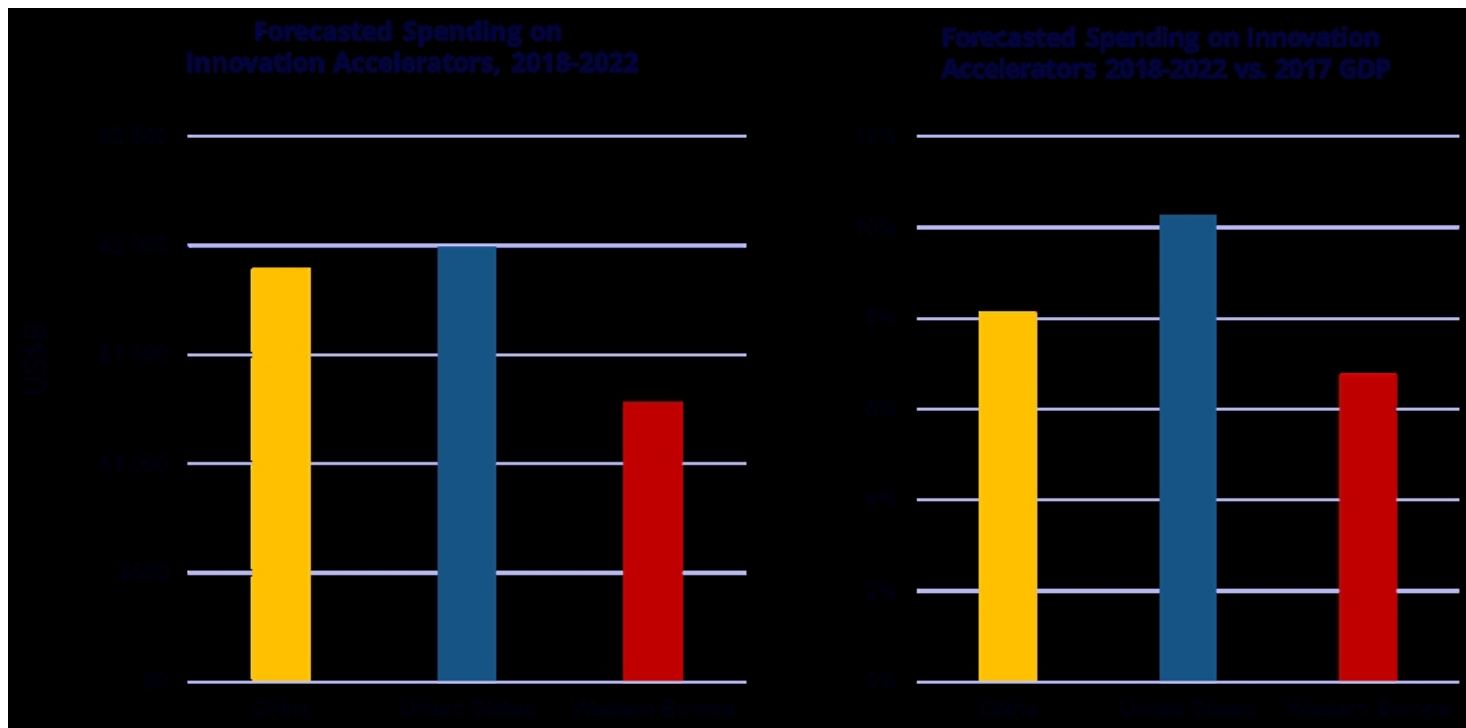


## IDC: W. Europe Needs to Invest More in IT!

Written by Frederick Douglas  
24 January 2019

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According to IDC, American organisations are set to spend 1.75x more than European organisations on information technologies from 2018 through 2022-- and China is also about to outpace Europe in key areas, investing 47% more in "innovation accelerators."



"That Europe trails the US in its use of digital technology is often accepted as a given. What's worrisome is the size and potential widening of the gap between the two," the analyst says. "And, of course, there are companies out there that are able to do more with less or that have not yet pushed their IT systems to their full potential. And there is a great deal that can be done by restructuring the organisation and resetting business goals. But so much innovation today depends on use of cutting-edge technologies, that new spending will almost always be needed to remain competitive."

One key technology AI. Already used in security, customer service and ecommerce, AI also finds more use in manufacturing, logistics, staff recruitment and management, and healthcare. Currently US-based organisations dominate in AI, and are expected to invest 4.5x more than European counterparts during the 2018-2022 forecast period, even though they have similar GDPs. The ratio holds even if one excludes spending from government and IT firms.

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The largest spending area cited by IDC is the Internet of Things (IoT)-- total spending is around 16x higher than AI, thanks to immediate benefits being more apparent on balance sheets and cashflow statements. Again, both US- and China-based enterprises are forecast to spend more, both in absolute terms and as a percentage of GDP through 2022.

The analyst does point out European goods and services are still in high demand. However, while many enterprises across Europe (especially C. and N. Europe) have managed to streamline operations, innovate businesses and maintain high standards without a lot of cutting-edge technology, such a situation will not last. Cloud- or client-based systems, ERP and CRM solutions are "essentially commodities," as are a lot of tools used to ensure quality. Thus, European firms need to up the technology game if they want to remain competitive both globally and in the continent.

Go [IDC: W. Europe Risks Losing the Technology Race](#)