IDC: Commercial Sector Drives ICT Spending

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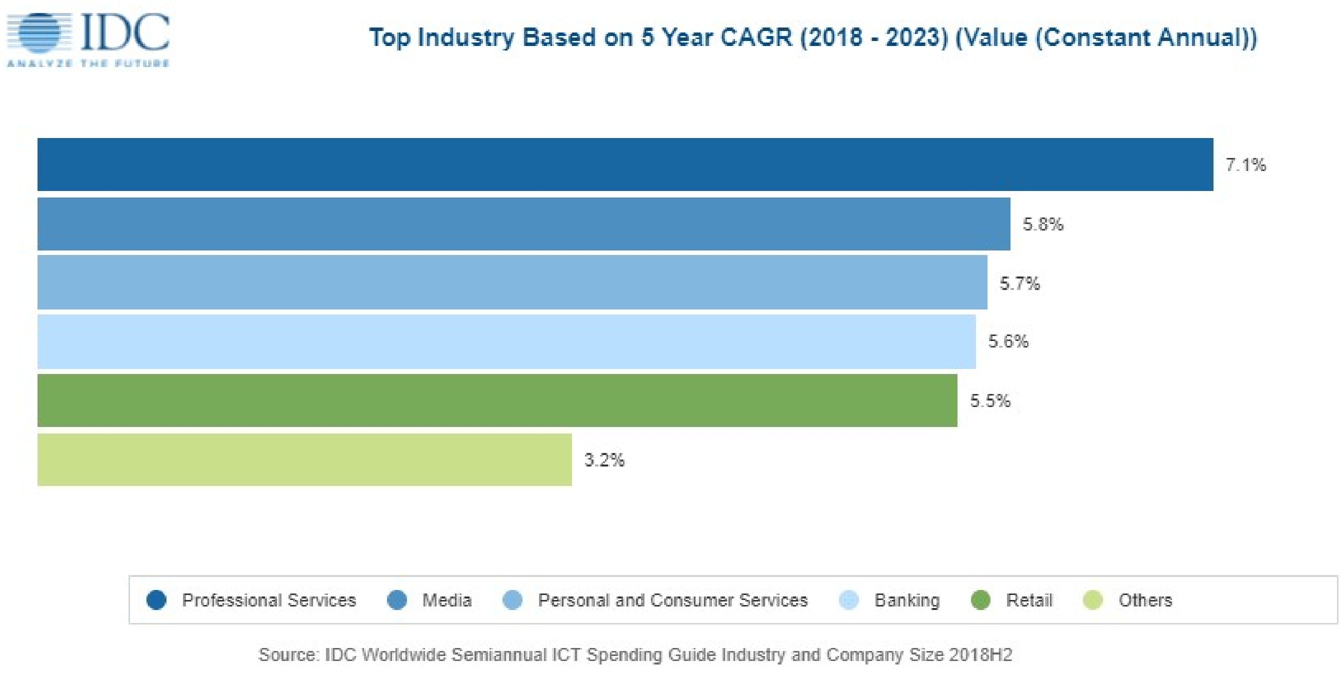
IDC predicts spending on information and communications technology (ICT) will remain steady over the next 5 years, despite a slowing global economy and the looming trade war between the US and China.



In fact, the analyst forecasts global spending on ICT hardware, software, services and telecommunications will achieve a CAGR of 3.8% over the 2019-2023 forecast period, reaching $4.8 trillion by 2023. W. Europe is the 2nd largest region in the world, with spending worth $927 billion in 2023. It follows the US, with 2023 ICT spending reaching $1.66tr. In 3rd place is China, the fastest growing region with a 6.1% CAGR and 2023 spending worth $618bn.

"Global market conditions remain volatile, and although the economy has performed broadly better than expected in the past six months in many countries, a sense of uncertainty over the short-term economic and business outlook has been rising at the same time," IDC says. "Confidence indicators are fluctuating on a monthly basis, depending on short-term indicators ranging from speculation over tariffs and trade wars to political wild cards, with a potential global slowdown looming for 2019 and 2020. End-user surveys reflect the impact of this uncertainty on business decision-making, but our forecasts remain roughly stable overall for 2019 compared with our previous release, and slightly accelerated in the medium term, driven by stronger growth in software and hardware. Digital transformation and the adoption of automation technologies will be driving investments in applications, analytics, middleware, and data management software, as well as increasing demand for server and storage capacity."

Commercial purchases account for around 66% of 2023 ICT spending, up from 60.4% in 2018 and growing at a 5-year CAGR of 5.1%. Banking and discrete manufacturing are the industries spending most on ICT over the forecast period, followed by professional services, the segment seeing the fastest ICT spending growth thanks to service provider spending. Media and personal and consumer spending will also grow "nicely" as companies transform businesses to offer new services and improve customer experience.

While purchases for planned upgrades and refresh cycles remain the largest commercial ICT spending drivers, investments in the technologies and services enabling the digital transformation (DX) of business models, products and services, and organisations are a "significant" source of spending. IDC predicts global DX spending will reach $1.18tr in 2019.

Consumer ICT is growing at a much slower rate (1.5% CAGR), resulting in a gradual loss of share over the 5-year forecast period. Consumer spending is dominated by purchases of mobile telecom services and devices, namely smartphones, notebooks and tablets.

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