

Gartner: IT Spending to Drop -8% in 2020

Written by Marco Attard
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Gartner predicts global IT spending will reach \$3.4 trillion in 2020-- a -8% decline from 2019 brought about by a combination of the coronavirus pandemic and effects of the global economic recession.

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

	2019 Spending	2019 Growth (%)	2020 Spending	2020 Growth (%)
Data Center Systems	211,633	0.7	191,122	-9.7
Enterprise Software	458,133	8.8	426,255	-6.9
Devices	698,086	-2.2	589,879	-15.5
IT Services	1,031,578	3.8	952,461	-7.7
Communications Services	1,357,432	-1.6	1,296,627	-4.5
Overall IT	3,756,862	1.0	3,456,344	-8.0

Source: Gartner (May 2020)

The combination, according to the analyst, leads to CIOs prioritising spending on technology and services deemed "mission-critical," as opposed to initiatives aimed at growth or transformation. As a result recovery will not follow previous patterns, since the forces behind the recession will bring both supply side and demand side shocks as public health, social and commercial restriction start to lessen.

All segments should see decline in 2020, with devices and datacentre systems experiencing the largest drops at -15.5% and -9.7% respectively. Some sub-segments, such as public cloud services, will see some bright spots as the pandemic continues to drive remote working, while cloud-based telephone and messaging and cloud-based conferencing will see respective

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growth of 8.9% and 24.3%.

“In 2020, some longer-term cloud-based transformational projects may be put on hiatus, but the overall cloud spending levels Gartner was projecting for 2023 and 2024 will now be showing up as early as 2022,” the analyst concludes. “IT spending recovery will be slow through 2020, with the hardest hit industries, such as entertainment, air transport and heavy industry, taking over three years to come back to 2019 IT spending levels. Recovery requires a change in mindset for most organisations. There is no bouncing back. There needs to be a reset focused on moving forward.”

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