

Gartner: Gradual Recovery for IT Spending

Written by Marco Attard
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Gartner reports global IT spending is on pace to reach \$3.8 trillion in 2014, a 3.2% increase over 2013 as the global economy appears to be recovering gradually.

"[B]usinesses are shaking off their malaise and returning to spending on IT to support the growth of their business," the analyst says. "Consumers will be purchasing many new devices in 2014-- however, there is a greater substitution toward lower cost and more basic devices than we have seen in prior years."

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

	2013	2013	2014	2014
	Spending	Growth (%)	Spending	Growth (%)
Devices	660	-1.4	689	4.4
Data Center Systems	140	-0.2	143	2.3
Enterprise Software	299	4.9	320	6.9
IT Services	922	1.8	964	4.6
Telecom Services	1,633	-0.5	1,655	1.3
Overall IT	3,654	0.4	3,771	3.2

Source: Gartner (April 2014)

The devices market (Pcs, ultramobiles, mobile phones and tablets) should return to growth in 2014, with spending reaching \$689 billion with a 4.4% increase. However spending is shifting towards lower-cost devices, with mature markets preferring mid-tier premium phones and emerging countries going for basic low-end Androids.

Meanwhile the traditional PC continues to contract to fewer (if more engaged) users. According to Gartner consumers buy premium ultramobiles as notebook replacements, with tablets as additional devices. Either way pricing is the primary differentiator.

Data centre spending is forecast to reach \$143bn in 2014, a 2.3% increase. Cloud and mobility are the biggest demand drivers, generating "significant" market traction for ethernet switches and WLAN equipment.

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Enterprise software is the fastest growing segment of 2014, reaching \$320bn with 6.9% growth. The so-called "Nexus of Forces" drives growth across key software markets, namely CRM, database management systems (DBMSs), data integration tools and data quality tools as organisations continue to converge social, mobile, cloud and information.

IT services should grow by 4.6% to \$964bn. Gartner reports a shift in services buyers from consulting (planning projects) to implementation (doing projects), meaning growth should remain steady as economic outlook (and investment sentiment) improve.

Telecom services show the lowest growth at 1.3% on spending reaching \$1.655tr due to faster-than-anticipated substitution effects affecting wireless-only households in important markets such as Japan. The migration of enterprise lines due to SIP trunking for the use of VoIP connection of PBX to the internet also causes decline.

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