

IDC: IT Spending to Reach \$2.8tr in 2019

Written by Marco Attard
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According to IDC global IT spending is set to grow from \$2.46 trillion in 2015 to over \$2.8tr by 2019-- with EMEA being the 2nd largest region (following the US) showing a CAGR of 3.3% for the forecast period.



"With the global economy entering a new and uncertain phase, IT spending will be heavily influenced by economic cycles and wild cards over the next 5 years," the analyst says. "Recent sluggishness in China has caused severe disruption for emerging markets, while the collapse in oil prices continues to challenge energy producers and stock market volatility poses new questions for investment firms. In many industries, business leaders will turn to IT solutions, including data analytics and infrastructure optimisation, to help them navigate the stormy economic waters. For IT vendors, the need is greater than ever for a detailed approach to targeting pockets of growth and opportunity amidst this volatile economy."

Discrete manufacturing, banking and telecommunications are the verticals represent the largest IT expenditures, each delivering over 8% of all spending throughout the forecast period. Following are process manufacturing, federal/central government and professional spending. IDC also forecasts healthcare as the fastest growing vertical for the 2015-2019 period, with a 5.5% CAGR, followed by a tie between banking and insurance, media and the resource industries, each with a 5-year CAGR of 4.6%.

Very large businesses (1000+ employees) make over 40% of overall spending, while small offices (the 70+ million businesses with 1-9 employees) provide around 25% of spending. Medium (100-499 employees) and large (500-999 employees) see the fastest spending growth with CAGRs reaching 4.4% and 4.8% respectively.

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"Organisations from all industries and of varied sizes are investing in a combination of customer-facing initiatives, enterprise-focused projects, and 3rd Platform technology adoption and advancement," IDC adds. "To truly capitalise on this opportunity, vendors would be well served to not only listen to their strategic client's feedback but also to respond and react accordingly. Knowing the client's industry is table stakes. In order to become more embedded in their customers' businesses and make a significant impact, the conversations between vendor and client must change to be process and outcome focused."

When it comes to technology segments, software spending remains the fastest growing with a 6.7% CAGR, with enterprise and IT operations applications (such as enterprise resource management and operations & manufacturing applications) making the greatest share of spending. The fastest growing software categories are network software, collaborative applications, and data access, analytics & delivery applications.

Meanwhile hardware remains the largest market segment as 40% of expenditure during 2015-2019 goes towards devices, infrastructure and telecom hardware (including smartphones). PCs remain important, even if the 5-year CAGR clocks at -1.6%, while the server and storage segments drive spending on enterprise infrastructure.

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