

## Gartner: IT Spending Totals \$3.7 Trillion in 2018

Written by Frederick Douglas  
19 January 2018

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Global IT spending will total \$3.7 trillion in 2018, Gartner reports-- a 4.5% increase over 2017, even if the year might see some uncertainty in the shape of Brexit, currency fluctuations and a possible recession.

"Despite this uncertainty, businesses will continue to invest in IT as they anticipate revenue growth, but their spending patterns will shift," the analyst continues. "Projects in digital business, blockchain, Internet of Things (IoT), and progression from big data to algorithms to machine learning to artificial intelligence (AI) will continue to be main drivers of growth."

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

	2017 Spending	2017 Growth (%)	2018 Spending	2018 Growth (%)	2019 Spending	2019 Growth (%)
Data Center Systems	178	4.4	179	0.6	179	-0.2
Enterprise Software	355	8.9	389	9.5	421	8.4
Devices	667	5.7	704	5.6	710	0.9
IT Services	933	4.3	985	5.5	1,030	4.6
Communications Services	1,393	1.3	1,427	2.4	1,443	1.1
Overall IT	3,527	3.8	3,683	4.5	3,784	2.7

Source: Gartner (January 2018)

Enterprise software shows strong growth in 2018, with global spending set to grow by 9.5% before growing by another 8.4% in 2019 to total \$421 billion. Organisations should increase spending on enterprise application software in 2018, with more of the budget shifting to software as a service (SaaS). The growing availability of SaaS-based solutions encourages new adoption and spending across many subcategories, including financial management systems (FMS), human capital management (HCM) and analytic applications.

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Devices are forecast to grow by 5.6% in 2018. The segment grew for the first time in two years in 2017 with a 5.7% increase. End-user mobile phone spending growth is expected to be marginal, while PC growth is expected to be flat, even as continued Windows 10 migration is expected to bring positive growth in E. Europe, China and Latin America.

Moving to AI, Gartner predicts the segment will bring business value worth \$2.9tr in 2021, as well as the ability to recover 6.2 billion hours of worker productivity. Such business value comes through driving efficiency gains, insights to personalise customer experiences, engagement and commerce enticement, and aid in expanded revenue-generating opportunities through business models driven by insights from data.

"Capturing the potential business value will require spending, especially when seeking the more near-term cost savings," Gartner concludes. "Spending on AI for customer experience and revenue generation will likely benefit from AI being a force multiplier — the cost to implement will be exceeded by the positive network effects and resulting increase in revenue."

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