

Gartner: EMEA IT Spending Returns to Growth in 2020

Written by Alice Marshall
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According to Gartner, EMEA IT spending is set to reach \$798 billion in 2020-- a 3.4% increase over 2019, making 2020 as the year of recovery for the industry following three years of consecutive decline.

"This year declines in the Euro and the British Pound against the US Dollar, at least partially due to Brexit concerns, pushed some IT spending down and caused a rise in local prices for technology hardware," the analyst continues. "However, 2020 will be a rebound year as Brexit is expected to be resolved and the pressure on currency rates relieved."

Table 1. EMEA IT Spending Forecast (Millions of U.S. Dollars)

| | 2019 Spending | 2019 Growth (%) | 2020 Spending | 2020 Growth (%) |
|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|
| Data Center Systems | 42,052 | -3.8 | 42,949 | 2.1 |
| Enterprise Software | 109,351 | 3.4 | 119,377 | 9.2 |
| Devices | 116,346 | -10.7 | 114,833 | -1.3 |
| IT Services | 282,885 | 0.4 | 297,985 | 5.3 |
| Communications Services | 221,523 | -6.3 | 223,102 | 0.7 |
| Overall IT | 772,156 | -3.2 | 798,246 | 3.4 |

Source: Gartner (November 2019)

Spending on devices (including PCs, tablets and mobile phones) in EMEA is to decline by -10.7% in 2019, the result of higher prices and a lack of "must have" features in mobile phones leading customers to defer upgrades to another year. Device spending will not rebound in 2020, but instead fall by -1.3% as businesses and consumers move away from spending on PCs and tablets.

The communications services segment should achieve long-term growth after 2019, despite

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fixed-line services in both the consumer and business spaces declining every year through 2023. Mobile voice spending is flat (mainly due to price declines), while mobile data spending is up by 3-4% per year, making it the growth driver of the overall 2020 communications market.

Enterprise software remains the fastest growing market segment in 2020. EMEA spending on enterprise software will increase by 3.4% and 9.2% in 2019 and 2020 respectively. Software-as-a-Service (SaaS) will achieve 14.1% growth in 2019 and 17.7% in 2020.

The complex geopolitical environment making EMEA means regulatory compliance is on top of the priority list of many organisations. EMEA spending on security will grow 9.3% in 2019 and increase by 8.9% in 2020. Gartner says privacy and compliance concerns, further driven by GDPR, take precedence in GDPR.

Moving to the cloud, overall EMEA spending on public cloud services is to reach \$57.7bn in 2020, up from \$50bn in 2019. Gartner predicts organisations with a high percentage of spending going to the cloud will become the recognise digital leaders of the future. Not every company needs to be digital in the same or the same extend, but the move towards rebalancing the traditional and digital is "clearly visible" across EMEA companies, the analyst concludes.

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