

Gartner: IT Spending Reaches \$3.9 Trillion in 2020

Written by Frederick Douglas
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According to Gartner, global IT spending is set to total \$3.9 trillion in 2020, a 3.4% increase over 2019 with software and cloud-based offerings among the faster growing segments for the year.

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

	2019 Spending	2019 Growth (%)	2020 Spending	2020 Growth (%)	2021 Spending	2021 Growth (%)
Data Center Systems	205	-2.7	208	1.9	212	1.5
Enterprise Software	456	8.5	503	10.5	556	10.5
Devices	682	-4.3	688	0.8	685	-0.3
IT Services	1,030	3.6	1,081	5.0	1,140	5.5
Communications Services	1,364	-1.1	1,384	1.5	1,413	2.1
Overall IT	3,737	0.5	3,865	3.4	4,007	3.7

Source: Gartner (January 2020)

“Although political uncertainties pushed the global economy closer to recession, it did not occur in 2019 and is still not the most likely scenario for 2020 and beyond,” the analyst says. “With the waning of global uncertainties, businesses are redoubling investments in IT as they anticipate revenue growth, but their spending patterns are continually shifting.”

Software is the fastest-growing major market in 2020, with double-digit growth of 10.5%. The adoption of Software-as-a-Service (SaaS) drives nearly all market segments with enterprise software, and Gartner points out spending on non-cloud-based software is also on the up, if at a slower rate. As such, license-based software software is still being bought, and will continue to

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find use through 2023.

Perhaps predictably, growth on cloud-based offerings is faster than growth in traditional offerings through 2022. Organisations with a high percentage of spending going to the cloud are indicative of where the next-generation, disruptive business models will emerge. Maturing cloud environments help alleviate the dilemma of cutting costs while still investing for growth, since cloud investments bring greater returns through cost savings, improved agility and innovation, and better security.

Headwinds from a strong US dollar affect spending on devices and datacentre equipment in some countries. For instance, UK spending on PCs, printers, servers and external storage system is down by -3% in 2020. However Gartner says device spending will return to "overall growth" in 2020, thanks to less-expensive phone options from emerging countries, offsetting declines in W. Europe.

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