



Asia Pacific IT spending to grow 7.3 percent in 2012: Gartner

Eurozone crisis and hard-disk drive shortage impacting spending; analysts to discuss 2012 IT spending outlook during Gartner webinar on 10 January

Worldwide spending on information technology (IT) is forecast to total US\$3.8 trillion in 2012, a 3.7 percent increase from 2011, according to the latest outlook by Gartner, Inc. In 2011, worldwide IT spending totaled US\$3.7 trillion, up 6.9 percent from 2010 levels. Asia Pacific IT spending is forecast to show more robust growth at 7.3 percent.

Gartner has revised downward its outlook for 2012 global IT spending from its previous forecast of 4.6 percent growth. All four major technology sectors computing hardware, enterprise software, IT services and telecommunications equipment and services are expected to experience slower spending growth in 2012 than previously forecast.

"Faltering global economic growth, the eurozone crisis and the impact of Thailand's floods on hard-disk drive (HDD) production have all taken their toll on the outlook for IT spending," said Richard Gordon, research vice president at Gartner.

The Thailand floods, that left one-third of the country under water, are having serious implications for businesses worldwide, particularly with computer and storage purchases.

"Thailand has been a major hub for hard-drive manufacturing, both for finished goods and components," said Gordon. "We estimate the supply of hard drives will be reduced by as much as 25 percent (and possibly more) during the next six to nine months. Rebuilding the

destroyed manufacturing facilities will also take time and the effects of this will continue to ripple throughout 2012 and very likely into 2013."

Although large PC OEMs will see fewer problems than others in the industry, no company will be wholly immune to the effects on the HDD supply chain. Gartner has reduced its shipment forecast for PCs, which has impacted the short-term outlook for the hardware sector. The impact of HDD supply constraints on HDD and PC shipments in the first half of the year compound the cautious environment for hardware spending in general.

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Telecom equipment spending is projected to show the strongest growth, with revenue increasing 6.9 percent in 2012, followed by the enterprise software market, which will grow 6.4 percent (see Table 1). Table 2 shows the equivalent forecast spending for the same set of services for the Asia-Pacific region.

Table 1

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

2011
Spending

2011
Growth (%)

2012
Spending

2012
Growth (%)

Computing Hardware

404

7.6

424

5.1

Enterprise
Software

268

9.6

285

6.4

IT Services

848

6.9

874

3.1

Telecom Equipment

444

7.7

475

6.9

Telecom Services

1,701

6.1

1,740

2.3

All IT

3,664

6.9

3,798

Source: Gartner (January 2012)

Table 2

Asia-Pacific End-User
Spending on IT by Technology Segment (Millions of U.S. Dollars)

2011 Spending

2012 Spending

2012
Growth (%)

Computing Hardware Total

101,920

112,149

10.0

Software Total

26,277

29,078

10.6

IT Services Total

78,871

83,638

6.0

Telecom Total

457,738

488,742

6.8

Asia-Pacific Total

664,807

713,606

7.3

Source: Gartner (December 2011)

"With the eurozone crisis causing uncertainty for both businesses and consumers in Western Europe we have adjusted our forecast, and we expect IT spending in Western Europe to decline 0.7 percent in 2012," Gordon said.

More-detailed analysis on the outlook for the IT industry will be presented in the webinar "Gartner IT Spending Forecast." The complimentary webinar will be hosted by Gartner on January 10 at 11 a.m. EST. To register for the webinar, please go to <http://my.gartner.com/portal/server.pt?open=512&objID=202&mode=2&PageID=5553&ref=webinar-rss&resId=1870018>. Gartner analysts will also examine the impact of the eurozone crisis on the IT industry during the complimentary webinar, Euro Crisis: Plan Now to Minimize Impact on IT and Business at 9 a.m. EST and noon EST on January 19. To register, please visit <http://my.gartner.com/portal/server.pt?open=512&objID=202&mode=2&PageID=5553&resId=1870520&ref=Webinar-Calendar>.

Additional information is available in the Gartner report "Forecast Alert: IT Spending, Worldwide, 2008-2015, 4Q11 Update." The report provides more details on Gartner's outlook for the IT industry through 2015.

The Gartner quarterly IT spending forecast delivers a unique perspective on IT spending across hardware, software, IT services and telecommunications segments. These reports help Gartner clients understand market opportunities and challenges. The most recent IT spending forecast research is available at www.gartner.com/quarterly-it-forecast. This Quarterly IT Spending Forecast section includes links to the latest IT spending reports, webinars, blog posts and press releases.

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