



Gartner Says Global IT Spending to Decline 8% in 2020 Due to Impact of COVID-19

Spending on Cloud Services is Bright Spot in 2020 IT Spending Outlook

STAMFORD, Conn., May 13, 2020 — Worldwide IT spending is projected to total \$3.4 trillion in 2020, a decline of 8% from 2019, according to the latest forecast by Gartner, Inc. The coronavirus pandemic and effects of the global economic recession are causing CIOs to prioritise spending on technology and services that are deemed “mission-critical” over initiatives aimed at growth or transformation. In Australia, technology spending is forecast to decline 6% to just under A\$88.8 billion in 2020; and in New Zealand, tech spending is forecast to decline 7.3% to less than NZ\$12.6 billion in 2020. The biggest falls are expected in devices (PCs, tablets, smartphones) and data centre technologies. “CIOs have moved into emergency cost optimisation which means that investments will be minimised and prioritised on operations that keep the business running, which will be the top priority for most organisations through 2020,” said John-David Lovelock, distinguished research vice president at Gartner. “Recovery will not follow previous patterns as the forces behind this recession will create both supply side and demand side shocks as the public health, social and commercial restrictions begin to lessen.”

All segments will experience a decline in 2020, with devices and data centre systems experiencing the largest drops in spending (see Table 1.) However, as the COVID-19 pandemic continues to spur remote working, sub segments such as public cloud services (which falls into multiple categories) will be a bright spot in the forecast, growing 19% in 2020. Cloud-based telephony and messaging and cloud-based conferencing will also see high levels of spending growing 8.9% and 24.3%, respectively. “In 2020, some longer-term cloud-based transformational projects may be put on hiatus, but the overall cloud spending levels Gartner was projecting for 2023 and 2024 will now be showing up as early as 2022,” said Mr. Lovelock.

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

	2019	Spending	2019	Growth (%)	2020	Spending	2020
Growth (%)	Data Centre Systems	211,633	0.7	191,122	-9.7	Enterprise Software	458,133 8.8 426,255 -6.9
698,086 -2.2	589,879 -15.5	IT Services	1,031,578 3.8	952,461 -7.7	Communications Services	1,357,432 -1.6	
1,296,627 -4.5	Overall IT	3,756,862 1.0	3,456,344 -8.0	Source: Gartner (May 2020) “IT spending recovery will be slow through			

2020, with the hardest hit industries, such as entertainment, air transport and heavy industry, taking over three years to come back to 2019 IT spending levels,” said Mr. Lovelock. “Recovery requires a change in mindset for most organisations. There is no bouncing back. There needs to be a reset focused on moving forward.” More detailed analysis on the outlook for IT spending is available in the Gartner webinar “IT Spending Forecast, 1Q20 Update – View From the Peak.” Learn more about how to prioritise cost initiatives by business outcome with the Gartner Cost Optimisation Framework. Learn more about how to lead organisations through the disruption of coronavirus in the Gartner coronavirus resource centre, a collection of complimentary Gartner research and webinars to help organisations respond, manage and prepare for the rapid spread and global impact of COVID-19. Gartner’s IT spending forecast methodology relies heavily on rigorous analysis of sales by thousands of vendors across the entire range of IT products and services. Gartner uses primary research techniques, complemented by secondary research sources, to build a comprehensive database of market size data on which to base its forecast. The Gartner quarterly IT spending forecast delivers a unique perspective on IT spending across the 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 to Gartner clients in “Gartner Market Databook, April 2020 Update.” This quarterly IT spending forecast page includes links to the latest IT spending reports, webinars, blog posts and press releases. About Gartner Gartner, Inc. (NYSE: IT) is the world’s leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities and build the successful organisations of tomorrow. Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and an objective resource for more than 15,000 organisations in more than 100 countries — across all major functions, in every industry and organisation size. To learn more about how we help decision makers fuel the future of business, visit www.gartner.com. # # #

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