

July 10, 2019 — Worldwide spending in information technology products and services is projected to total US\$3.74 trillion in 2019, an increase of 0.6% from 2018, according to the latest forecast by Gartner, Inc. This is slightly down from the previous quarter's forecast of 1.1% growth. In Australia, spending on technology products and services is expected to reach almost A\$93.8 billion in 2019, a 3.1 per cent increase from last year, and reach \$107 billion in 2022. In New Zealand, IT spending is expected to reach NZ\$13.4 billion in 2019, up 2.3 per cent from last year, and reach almost \$15.2 billion in 2022. "Despite uncertainty fuelled by recession rumours, Brexit, trade wars and tariffs, we expect IT spending to remain flat in 2019," said John-David Lovelock, research vice president at Gartner. "While there is great variation in growth rates at the country level, virtually all countries tracked by Gartner will see growth in 2019. Despite the ongoing tariff war, North America IT spending is forecast to grow 3.7% in 2019 and IT spending in China is expected to grow 2.8%." "Although an economic downturn is not the likely scenario for either 2019 or 2020, the risk is currently high enough to warrant preparation and planning. Technology general managers and product managers should plan out product mix and operational models that will optimally position product portfolios in a downturn should one occur," said Mr. Lovelock. The enterprise software market will experience the strongest growth in 2019, reaching US\$457 billion, up 9% from US\$419 billion in 2018 (see Table 1). CIOs are continuing to rebalance their technology portfolios, shifting investments from on-premises to off-premises capabilities.

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

	2018 Spending	2018 Growth (%)	2019 Spending	2019 Growth (%)	2020 Spending	2020 Growth (%)
Data Centre Systems	210	15.7	203	-3.5	208	2.8
Enterprise Software	419	13.5	457	9.0	507	10.9
Devices	712	5.9	682	-4.3	688	0.8
IT Services	993	6.7	1,031	3.8	1,088	5.5
Communications Services	1,380	-0.1	1,365	-1.0	1,386	1.5
<b>Overall IT</b>	<b>3,716</b>	<b>5.1</b>	<b>3,740</b>	<b>0.6</b>	<b>3,878</b>	<b>3.7</b>

Source: Gartner (July 2019)

As cloud becomes increasingly mainstream over the next few years, it will influence ever-greater portions of enterprise IT decisions, in particular system infrastructure. Prior to 2018, more of the cloud opportunity had been in application software and business process outsourcing. Over this forecast period it will expand to cover additional application software segments, including office suites, content services and collaboration services. "Spending in old technology segments, like data centre, will only continue to be dropped," said Mr. Lovelock. Globally, consumer spending as a percentage of total spend is dropping every year in every region due to saturation and commoditisation, especially with PC, laptops and tablet devices. Cloud applications allow these devices to have an extended life, with less powerful equipment needed to run new software. This is why the devices market will experience the strongest decline in 2019, down 4.3% to \$682 billion in 2019. "There are hardly any 'new' buyers in the devices market, meaning that the market is now being driven by replacements and upgrades," said Mr. Lovelock. "Add in their extended lifetimes along with the introduction of smart home technologies and IoT, and consumer technology spending only continues to drop." More detailed analysis on the outlook for the IT industry is available in the complimentary webinar "IT Spending Forecast, 2Q19 Update: Market Disruptions and the Disruptors."

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, 2Q19 Update." This quarterly IT Spending Forecast page includes links to the latest IT spending reports, webinars, blog posts and press releases. Additional analysis on the future of the IT industry will be presented during Gartner IT Symposium/Xpo 2019, the world's most important gathering of CIOs and other senior IT executives. IT executives rely on these events to gain insight into how their organisations can use IT to overcome business challenges and improve operational efficiency. Follow news and updates from the events on Twitter using #GartnerSYM. Upcoming dates and locations for Gartner IT Symposium/Xpo include: September 16-18: Cape Town, South Africa October 20-24: Orlando October 28-31: Gold Coast, Australia October 28-31: Sao Paulo, Brazil November 3-7: Barcelona November 11-14: Goa November 12-14: Tokyo

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