

Gartner: IT spending to decline 5.5 percent worldwide in 2015

STAMFORD, USA: According to the latest forecast by Gartner, Inc, worldwide IT spending is on pace to total \$3.5 trillion in 2015, a 5.5 percent decline from 2014.



geralt via pixabay.com

Analysts attribute the decline to the rising US dollar. In constant currency terms, the market is projected to grow 2.5 percent. In Gartner's previous forecast in April, it had forecast IT spending to decline 1.3 percent in US dollars and grow 3.1 percent in constant currency.

"We want to stress that this is not a market crash. Such are the illusions that large swings in the value of the US dollar versus other currencies can create," said John-David Lovelock, research vice president at Gartner. "However, there are secondary effects to the rising US dollar. Vendors have to raise prices to protect costs and margins of their products, organisations and consumers will have to make new purchase decisions in light of the new prices."

The Gartner Worldwide IT Spending Forecast is the leading indicator of major technology trends across the hardware, software, IT services and telecom markets. For more than a decade, global IT and business executives have been using these highly anticipated quarterly reports to recognise market opportunities and challenges and base their critical business decisions on proven methodologies rather than guesswork.

Communication services

Communications services will continue to be the largest IT spending segment in 2015 with spending at nearly \$1.5 trillion. However, this segment is also experiencing the strongest decline among the five IT sectors. Price erosion and competitive threats are preventing revenue growth in proportion to increasing use within most national markets.

The device market

In the device market, mobile phones continue to be the leading segment, with growth in Apple phones, especially in China, keeping overall phone spending consistent. However, overall smartphone unit growth will start to flatten. The PC and tablet markets continue to weaken. The expected 10 percent increase in average PC pricing in currency-impacted countries is going ahead, delaying purchases even more than expected. Excessive PC inventory levels, especially in Western Europe, need to be cleared, which will delay Windows 10 inventory in the second half of the year.

Data centre systems

Within the data centre systems segment, storage and network markets are both expected to see weaker growth in US dollar terms as a result of the appreciation of the US dollar. Enterprise budgets for data centre systems in local spending are expected to remain stable for the year, with users expected to extend life cycles and defer replacements as a means of offsetting the price increases. The overall near-term data centre weakness is slightly offset by a more positive outlook for

the server market. The server market is benefiting from a stronger-than-expected mainframe refresh cycle, as well as increased expectations for hyper-scale spending.

Enterprise software

Enterprise software spending is forecast to decline 1.2 per cent in 2015, with revenue totalling \$310 billion. Gartner analysts said many software vendors will try not to raise prices because software as a service is about market share, not profitability. Raising prices could take software vendors out of a sales cycle, and these vendors don't believe they can afford to lose a client.

IT services

IT services spending in 2015 is projected to decline 4.3 per cent. Gartner expects a modest increased spending on consulting in 2015 and 2016. Vendors have demonstrated their ability to stimulate new demand from buyers looking for help with navigating business and technology complexities, particularly related to building a digital business. However, the forecast for implementation services has been slightly reduced. Increasingly, buyers prefer solutions that minimise time and cost of implementation, driving demand for more efficient delivery methods, out-of-the-box implementation, and lower-cost solutions.

"IT activity is stronger than the growth in spending indicates. Price declines in major markets like communications and IT services, and switching to 'as a service' delivery, mask the increase in activity," Lovelock said.

Gartner reports

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 upon which to base its forecast. The Gartner quarterly IT spending forecast delivers a unique perspective on IT spending across hardware, software, IT services and communications services segments.

These reports help Gartner clients understand market opportunities and challenges. The most recent IT spending forecast research is available at [Gartner Worldwide IT Spending Forecast](#). This quarterly IT spending forecast page includes links to the latest IT spending reports, webinars, blog posts and press releases.

For more, visit: <https://www.bizcommunity.com>