

Global IT spending to be flat in 2016 due to Brexit, says Gartner

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Worldwide IT spending is likely to be flat in 2016 at \$3.41 trillion as currency fluctuations triggered by Brexit have impacted overall business sentiments, according to research firm Gartner.

"The current Gartner Worldwide IT Spending Forecast assumes that the UK would not exit the European Union. With the UK's exit, there will likely be an erosion in business confidence and price increases which will impact UK, Western Europe and worldwide IT spending," said John-David Lovelock, research vice-president at Gartner.

While the UK has embarked on a process to change, that change is yet to be defined. The "leave" vote will quickly affect IT spending in the UK and in Europe while other changes will take longer," said Gartner.

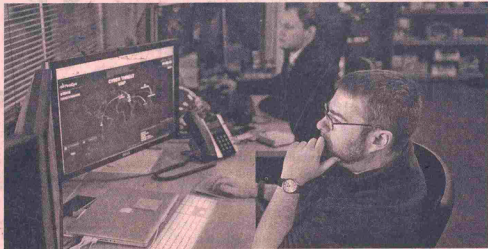
Staff may be the largest immediate issue. The long-term uncertainty in work status will make the UK less attractive to

new foreign workers. Retaining current non-UK staff and having less access to qualified new hires from abroad will impair UK IT departments, noted Gartner.

"2016 marked the start of an amazing dichotomy. The pace of change in IT will never again be as slow as it is now, but global IT spending growth is best described as lackluster," said Lovelock. 2016 is the year that business focus turns to digital business, the Internet of Things and even algorithmic business, he added.

"To fund these new initiatives, many businesses are turning to cost optimisation efforts centering around the new digital alternatives to save money, simplify operations and speed time to value. It is precisely this new breadth of alternatives to traditional IT that will fundamentally reshape what is bought, who buys it and how much will be spent," Lovelock said.

The Gartner Worldwide IT Spending Forecast is the leading indicator of major technology trends across hardware, soft-



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ware, IT services and telecom markets. Global IT and business executives use these quarterly reports to recognise market opportunities and challenges.

Global enterprise software spending is on pace to total \$332 billion, a 5.8 per cent increase from 2015. North America is the dominant regional driving force behind the growth.

It is responsible for \$11.6 billion of the \$24 billion dollar increase in 2016. At a segment level, the fastest-growing market continues to be customer rela-

tionship management software.

Devices spending is projected to total \$627 billion by the end of 2016. The lackluster economic issues surrounding Russia, Japan and Brazil will hold back demand and worldwide PC recovery in 2016. Additionally, Windows 10 upgrades have further led to PC buying being delayed — consumers are willing to use older PCs longer, once they are upgraded to Windows 10.

Spending in the IT services market is expected to increase

3.7 per cent, totalling \$898 billion. Japan is the fastest-growing region for IT services spending with 8.9 per cent growth.

With an increase in digital business projects, Japanese companies are starting to better understand that they need consulting support to transform their business and advice around new technologies from consultancy companies.

Critically, they now see real value in those services and consequently are willing to pay for the services.

