

Gartner cuts global IT spending growth forecast

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Bangalore: Worldwide IT spending is forecast to total \$3.350 trillion in 2010, an increase of 3.9% from 2009 spending of \$3.225 trillion, according to the latest outlook by Gartner.

Gartner has lowered its outlook for the IT industry from the first quarter of this year when it forecast worldwide IT spending to grow 5.3%, primarily due to the devaluation of the euro versus

the US dollar since the beginning of the year.

"The European sovereign debt crisis is having an impact on the outlook for IT spending," said Richard Gordon, research VP at Gartner.

"The US dollar has strengthened against the euro during the second quarter of 2010, and this trend will likely continue in the second half of 2010, which will put downward pressure on US-dollar-denominated IT spending growth."

"Longer-term, public-sector spending will be curtailed in Europe as governments struggle to bring budget deficits under control during the next five years and to reduce debt during the next 10 years," Gordon said.

"Private sector economic activity will also likely be hindered because of the direct impact of austerity measures on key government suppliers and the indirect impact caused by the 'ripple effect'."