



Emerging Asia to hike spend on IT

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Though worldwide spending on information technology (IT) is seen shrinking this year, companies in emerging Asian countries like China, India and Vietnam are thinking of loosening their purse strings for technology expenditure. A latest survey by Forrester Research released on Wednesday said these countries are the most optimistic about IT budgets this year, with 19% of respondents saying they will increase theirs this year. They are followed by Latin America, where 12% of companies participating in the survey want to allocate more for IT this year.

The findings contradict Gartner Inc's stand that global IT spend will be weak this year due to the economic situation and currency exchange rate movements. In its report released on Tuesday, Gartner said IT spending will decline

6% in 2009 to \$3.2 trillion from \$3.4 trillion in 2008 — in March, it predicted a 3.8% decline.

Richard Gordon, vice president (research) and head of global forecasting at Gartner, said, "While the global downturn shows signs of easing, this year IT budgets are still being cut and consumers will need a lot more persuading before they feel confident enough to loosen their purse strings."

He said the decline in spending growth for the hardware and software segments in 2009 had almost stabilised, and only minor downward revisions were made to the forecasts this quarter. "However, the full impact of the global recession on IT services and telecom sectors is still emerging, and forecast for growth in these areas has been further reduced significantly. Moreover, the rise in the value of the US dollar against most currencies recently will have a negative impact on 2009 IT

spending growth, which by convention we report based on US dollar," said Gordon.

Forrester's survey reveals emerging Asia's IT spend would shoot up mainly due to public sector companies, whose budget will jump by 34%. Budgets of utilities and telecom industries will go up 24%. Manufacturing will have the smallest rise of 9%.

Interestingly, software-as-a-service (SaaS) seems to have caught on in Asia Pacific, Middle East, Africa (MEA) and Russia. Of the firms surveyed, 18% in Asia Pacific and 14% in the Middle East, Africa and Russia implemented or are implementing SaaS projects. But cloud computing activity is low globally. About 52% of the firms in Asia Pacific were not interested in it. Latin America has the highest percentage of firms that have already implemented cloud computing or pay-per-use hosting of virtual servers at 14%.