

# Worldwide IT spending to dip

While merchandise exports are hit by sluggish demand overseas, the global economic slowdown has also hit the infotech industry, with worldwide IT spending forecast to decline 3.8 per cent overall this year, according to industry researcher Gartner. There is a difficult season ahead for India's IT industry, but the dip is marginal for IT services, with flat growth for software.

## \$3.2 trillion

- Global spending on infotech forecast for 2009, down from \$3.4 trillion in 2008.
- The forecasts for software and IT services have been revised downward, though software spending growth forecast still remains positive (see Table).

## POTHOLES IN THE GROWTH PATH

- Government stimulus packages would not be able to offset this bleak near-term outlook
- Until global financial markets stabilise, global GDP growth including IT spending is unlikely to strengthen.

## WHAT CUSTOMERS MAY DO

- Switch to lower-cost products, extend the life of existing devices and extend their current contracts and purchasing agree-

## WORLDWIDE IT SPENDING FORECAST

(figures in \$ billion)



ments which could hit IT firms' demand.

- Slow down IT spending to reduce new market penetration, bring down replacement activity.

## KNOCK-ON EFFECT

- Reduced sales will hit emerging markets hard
- Reduced replacement activity would be strongly felt in mature markets.