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IT Spending Forecast, 2Q22

Update: Address the Critical IT Skill Shortage



Connect with Gartner



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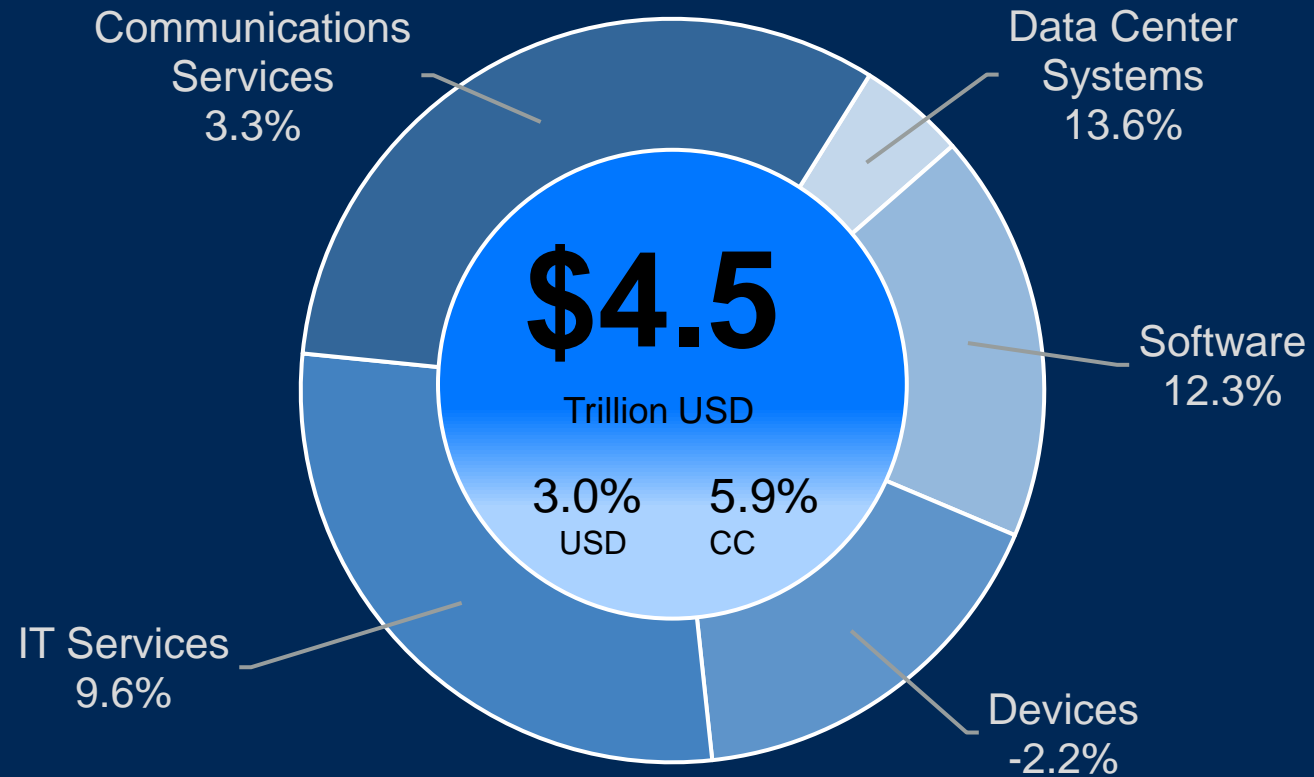


Brendan Williams

Sr Director Analyst

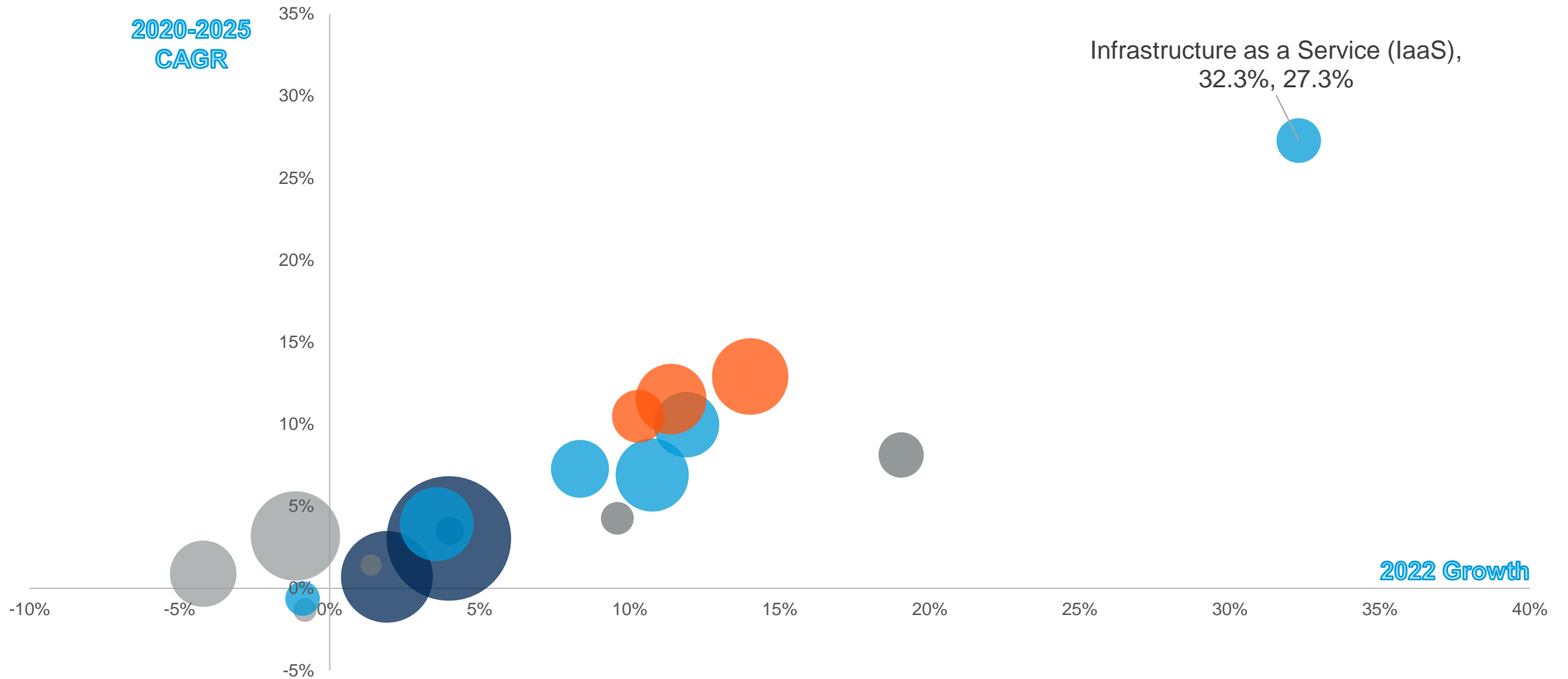


Global IT Spending & Growth for 2022

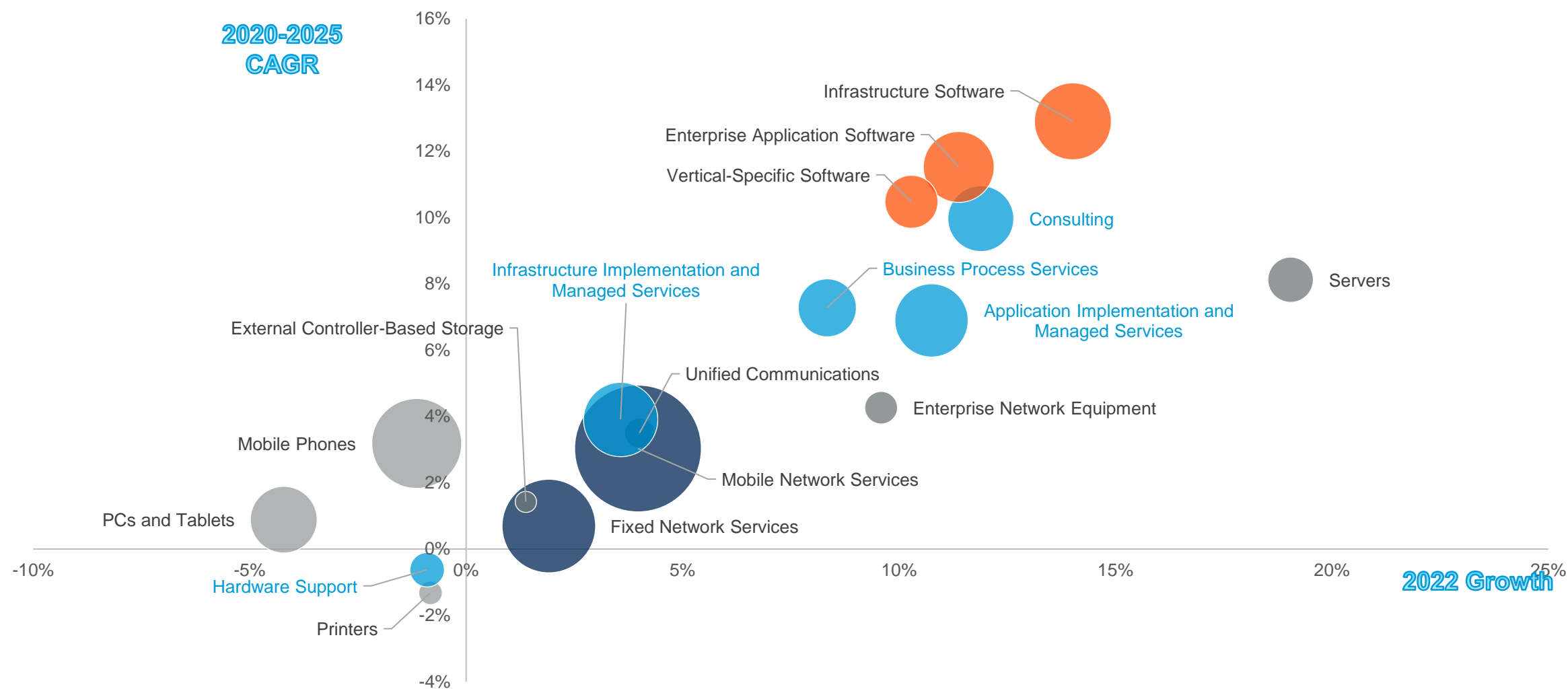


Source: "Gartner Market Databook, 1Q22 Update", April 2022

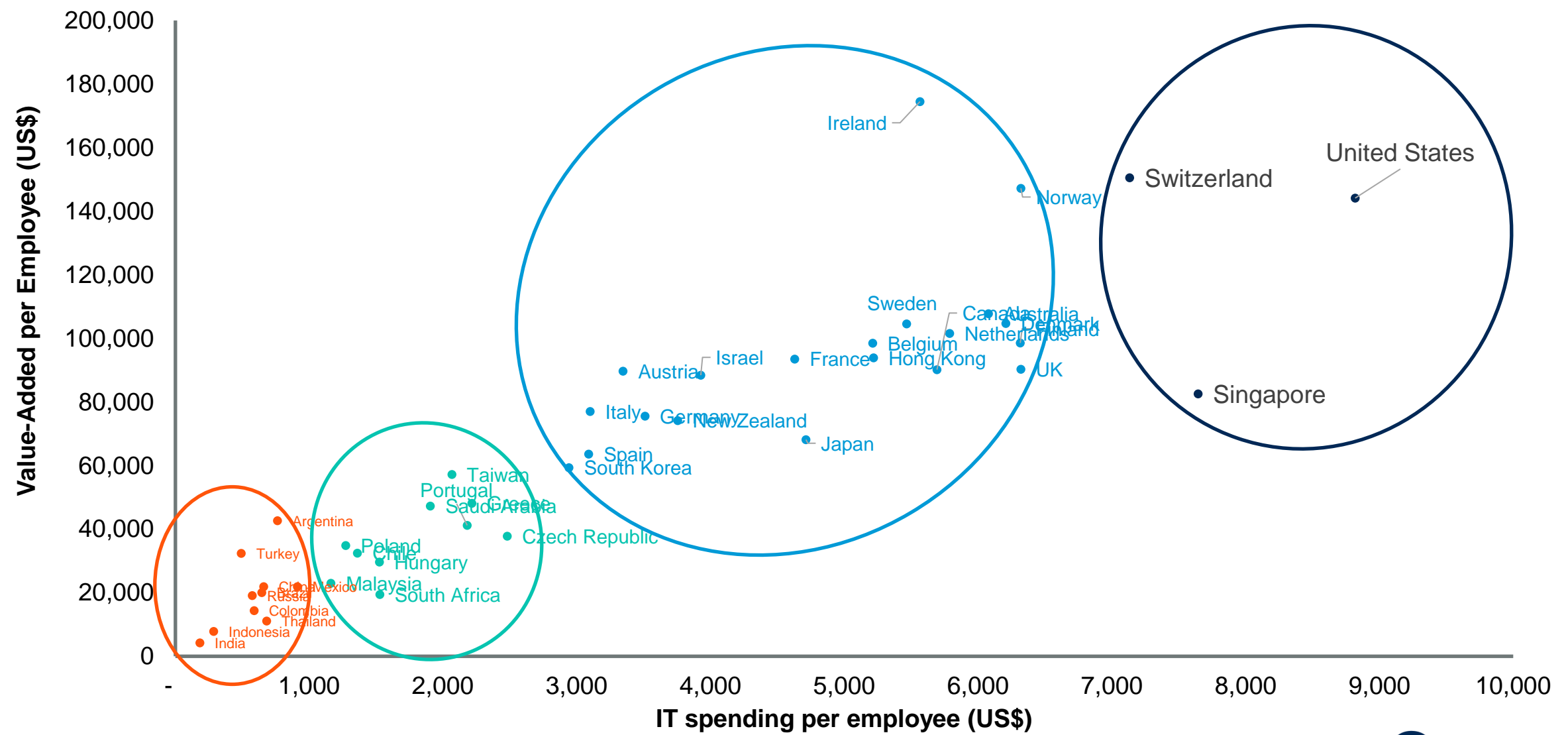
IT Databook Market Growth



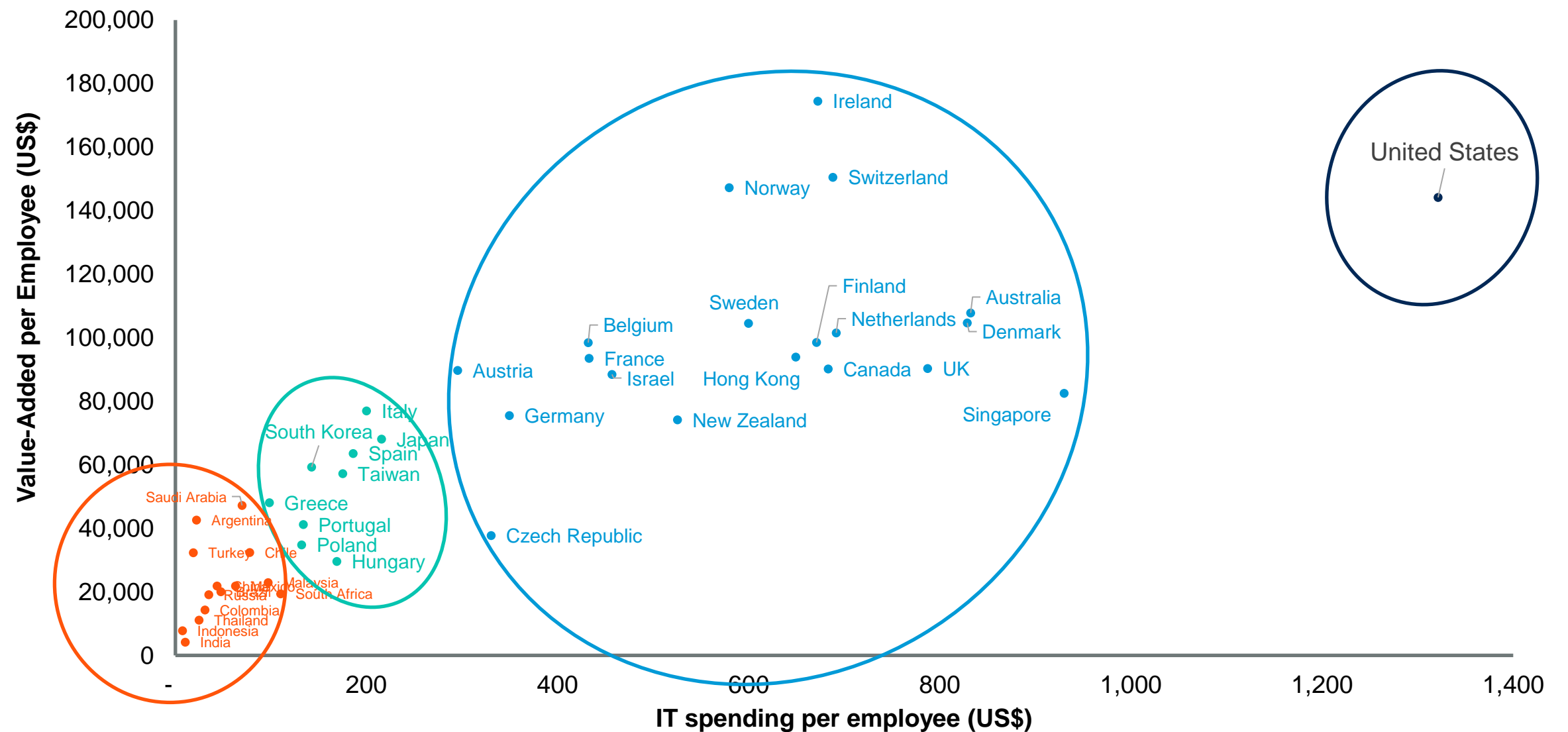
IT Databook Market Growth



Country Level IT Intensity



Country Level Cloud Intensity



Level Setting: It is a Turbulent World

"Chaos contains information that can lead to knowledge - even wisdom." - Toni Morrison

Geo-Political-Economic Factors

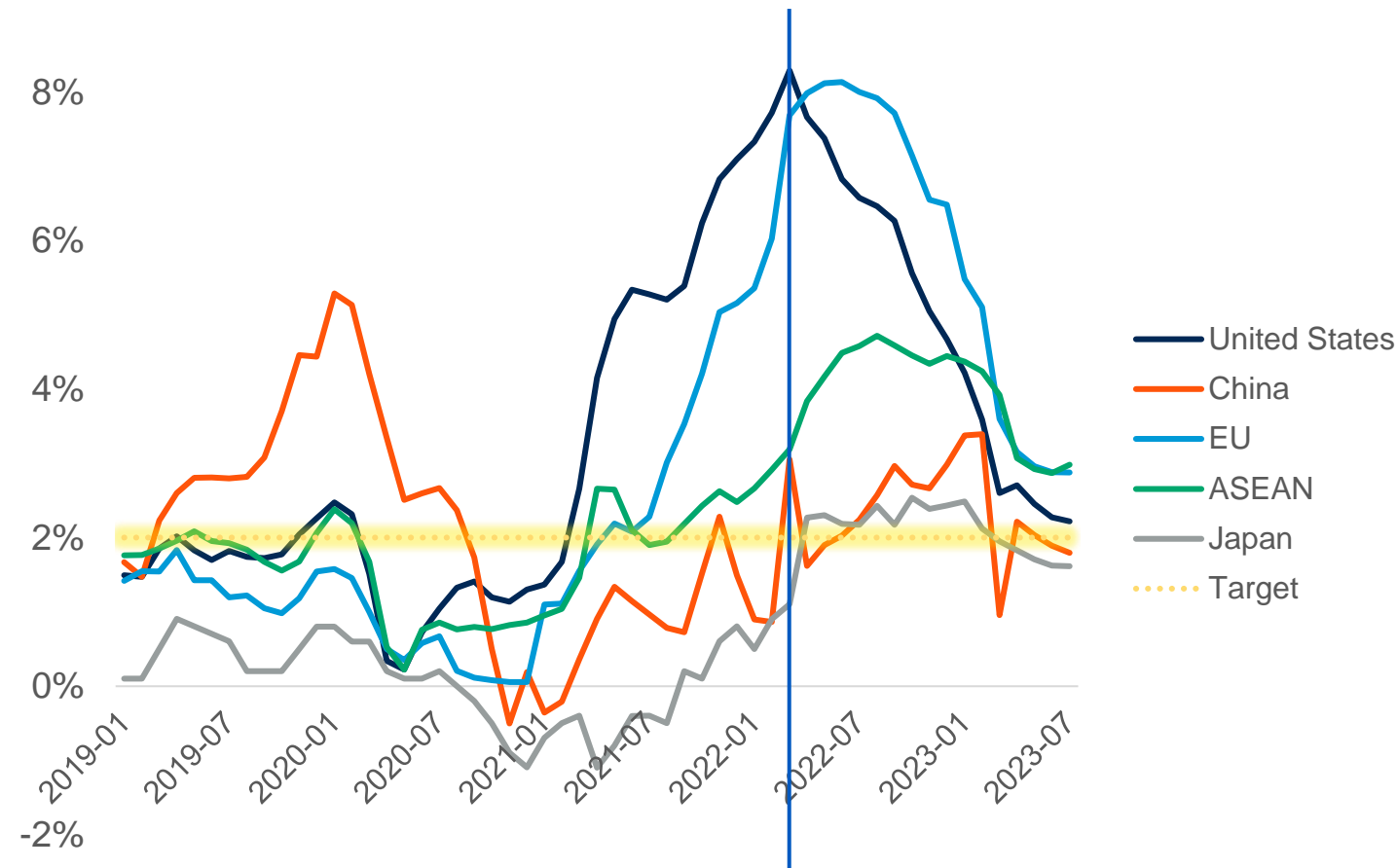
- Russia invasion of Ukraine
- Recalibrating Economic Growth and Activity
- Inflation, Interest Rates, and Exchange Rates
- Energy, Commodities and Stock Market
- Quantitative Tapering and Recession Fears
- Supply Chain Constraints and Issues
- Ongoing Pandemic Concerns
- Elections, Government Policy, Regulation

Technology Market Factors

- Pricing and Delivery Challenges
- Intelligence - Smarter Not Harder
- Critical IT Skills Shortage
- Cloud Acceleration and Agility
- Completing Digital Transformation
- Automating More with Less People not Less Budget

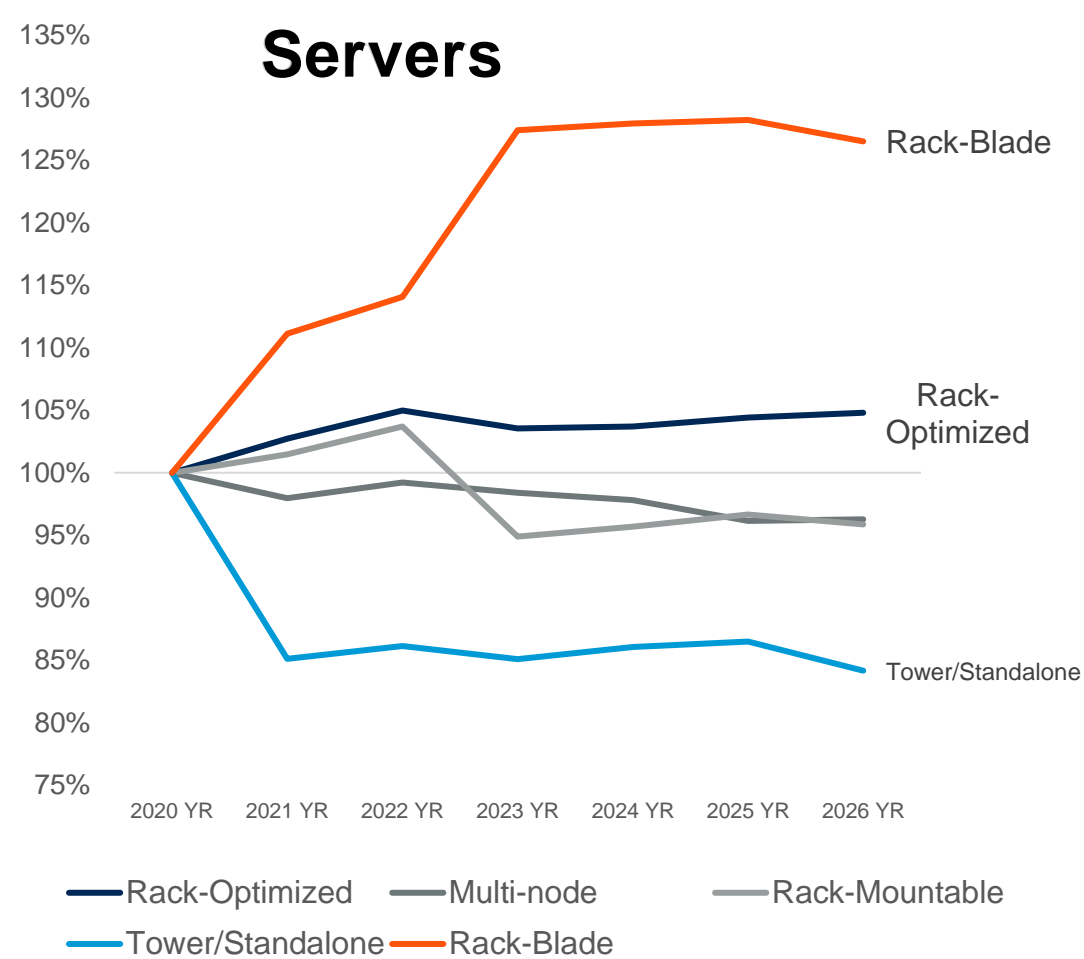
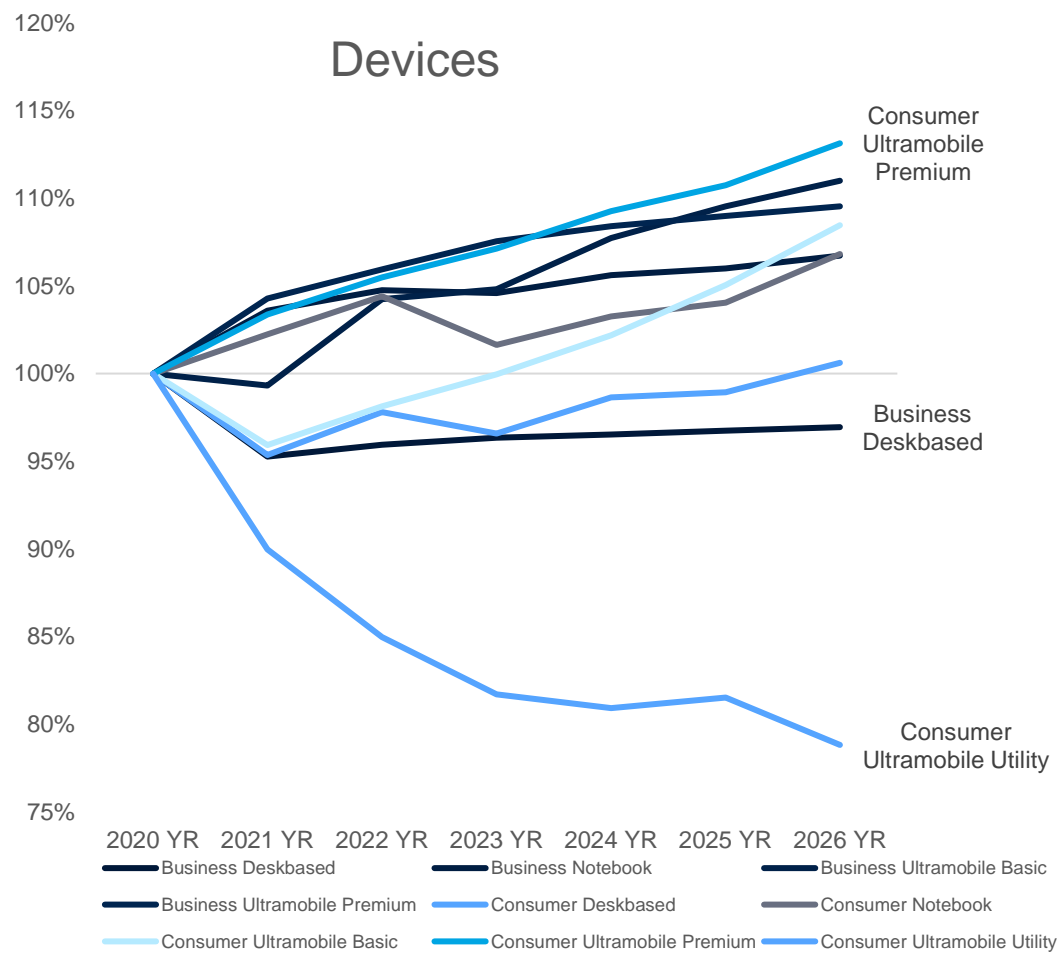
Inflation will remain high throughout 2022

Consumer Price Index, April 2022

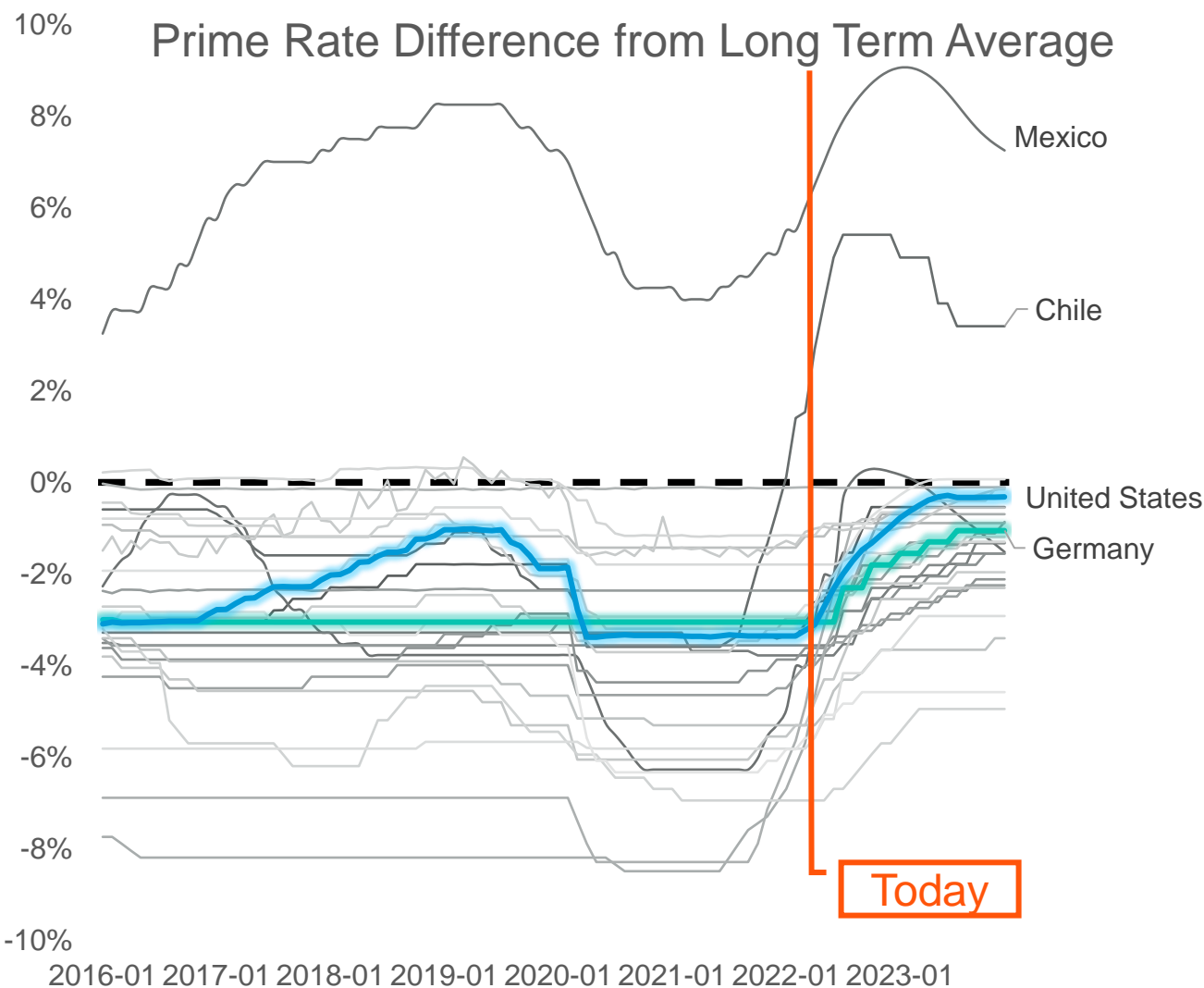


- Inflation, global CPI will reach a decade high in 2022, unlikely to resolve before 1H23
 - Soaring commodity prices (1H22) followed by rising energy prices. Oil/Energy responsible for ~70% of inflation rate
 - Supply bottlenecks are easing in the US and UK, yet the war and another lockdown in China are worsening the situation in the EU, Eastern European and Japan.
 - Staff availability remains a challenge. Tight labour markets in many advanced countries will drive up wage rates and hence costs.

Average Sales Price Change from 2020



Quantitative Tapering: Back to Normal

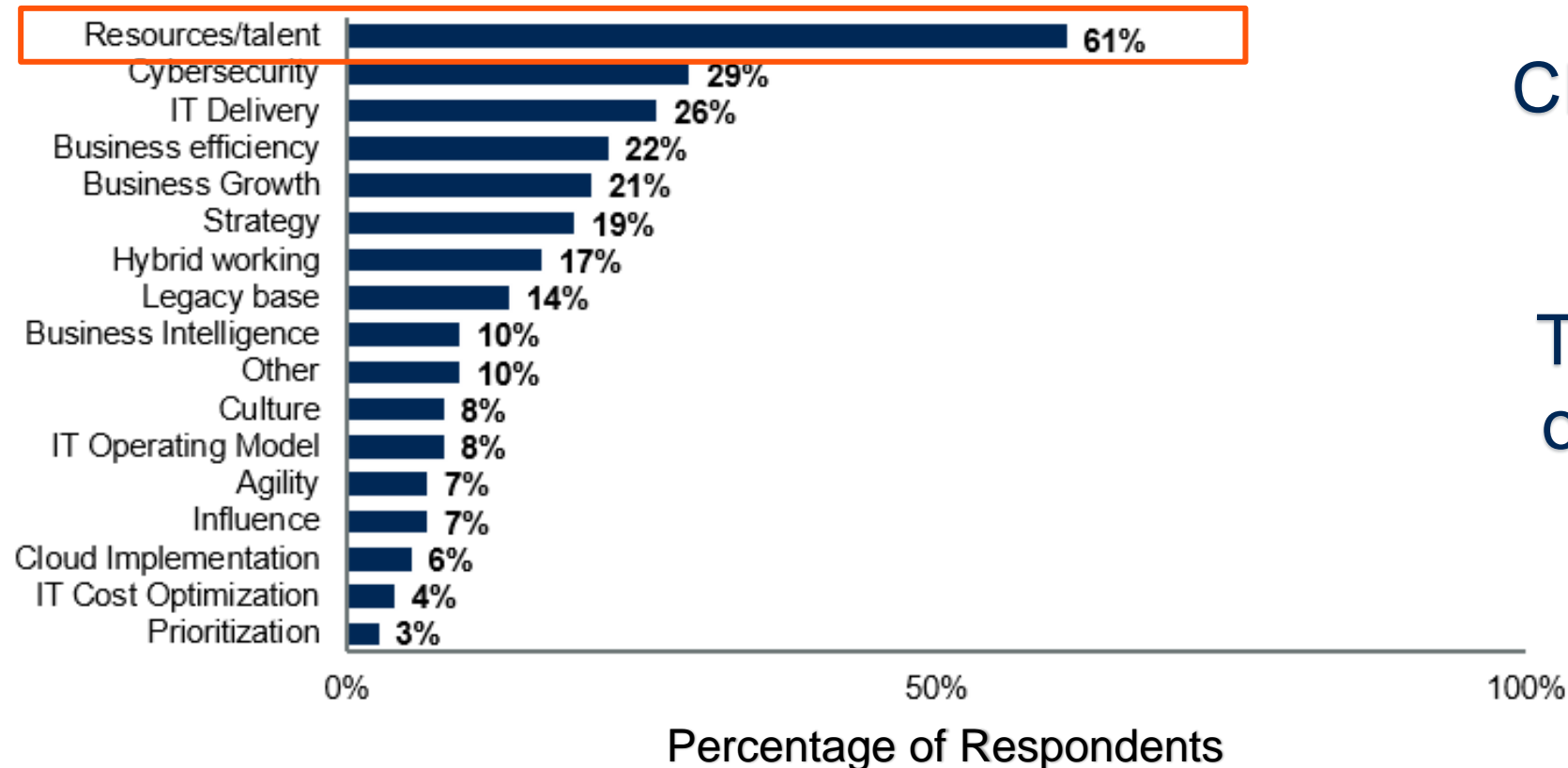


Country	Pre-Financial Crisis "norm" 2000 - 2007 Average	Current	Delta
Canada	3.54	1.50	-2.04
United States	3.43	1.12	-2.31
Mexico	0.00	7.50	7.50
Denmark	3.33	-0.45	-3.78
France	3.05	0.00	-3.05
Germany	3.05	0.00	-3.05
United Kingdom	4.74	1.25	-3.49
Japan	0.10	-0.02	-0.12
China	3.36	1.67	-1.69
Australia	5.41	0.85	-4.56
India	7.20	4.90	-2.30
Saudi Arabia	3.93	1.89	-2.04
South Africa	9.83	4.75	-5.08

...Leaving CIOs Struggling w/ Resourcing/Talent...

Most Demanding Work Problems

Coded Verbatim Responses, Up to Three Responses Allowed



CIO's have not lost any problems

Talent is now the overwhelming #1

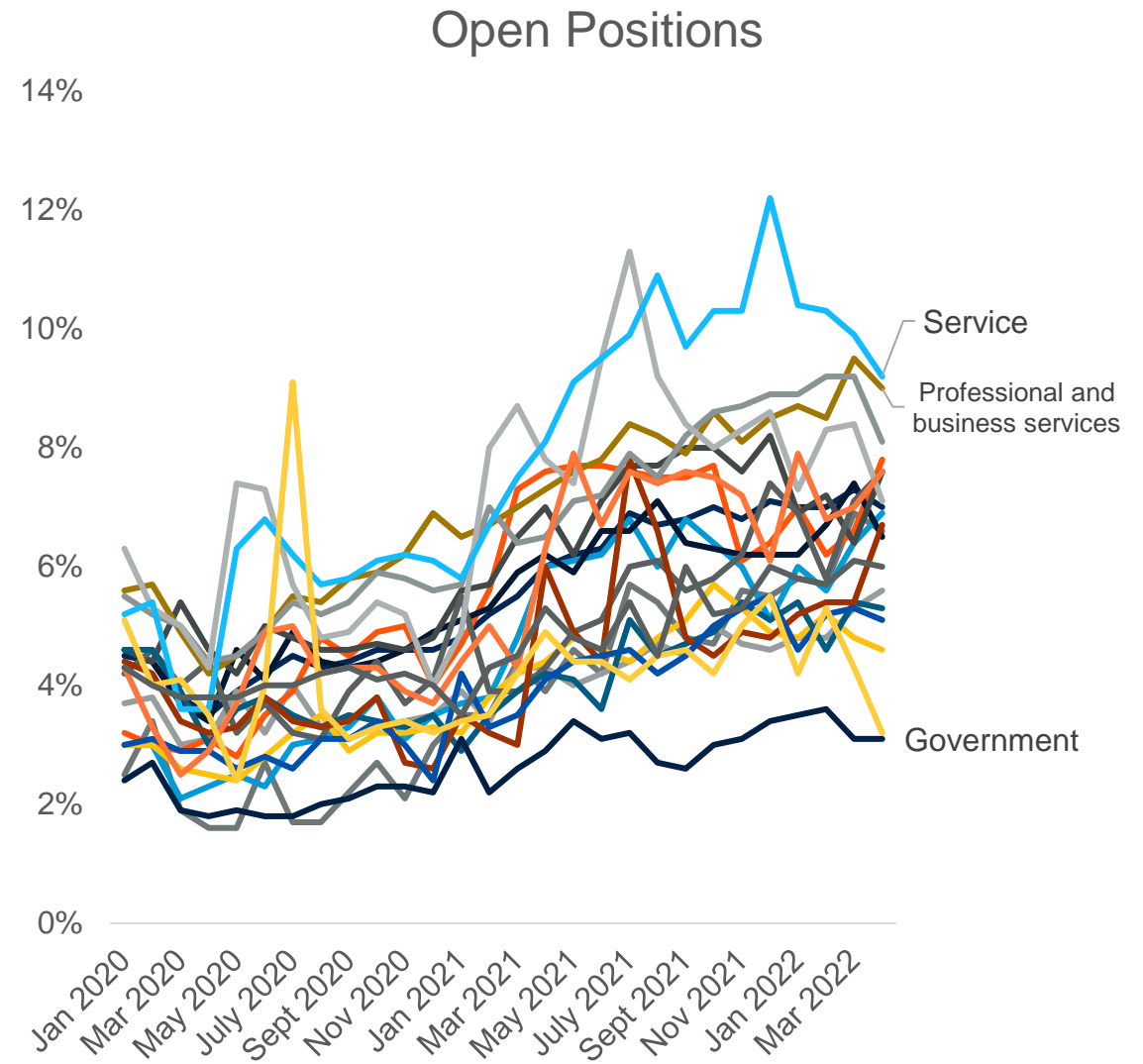
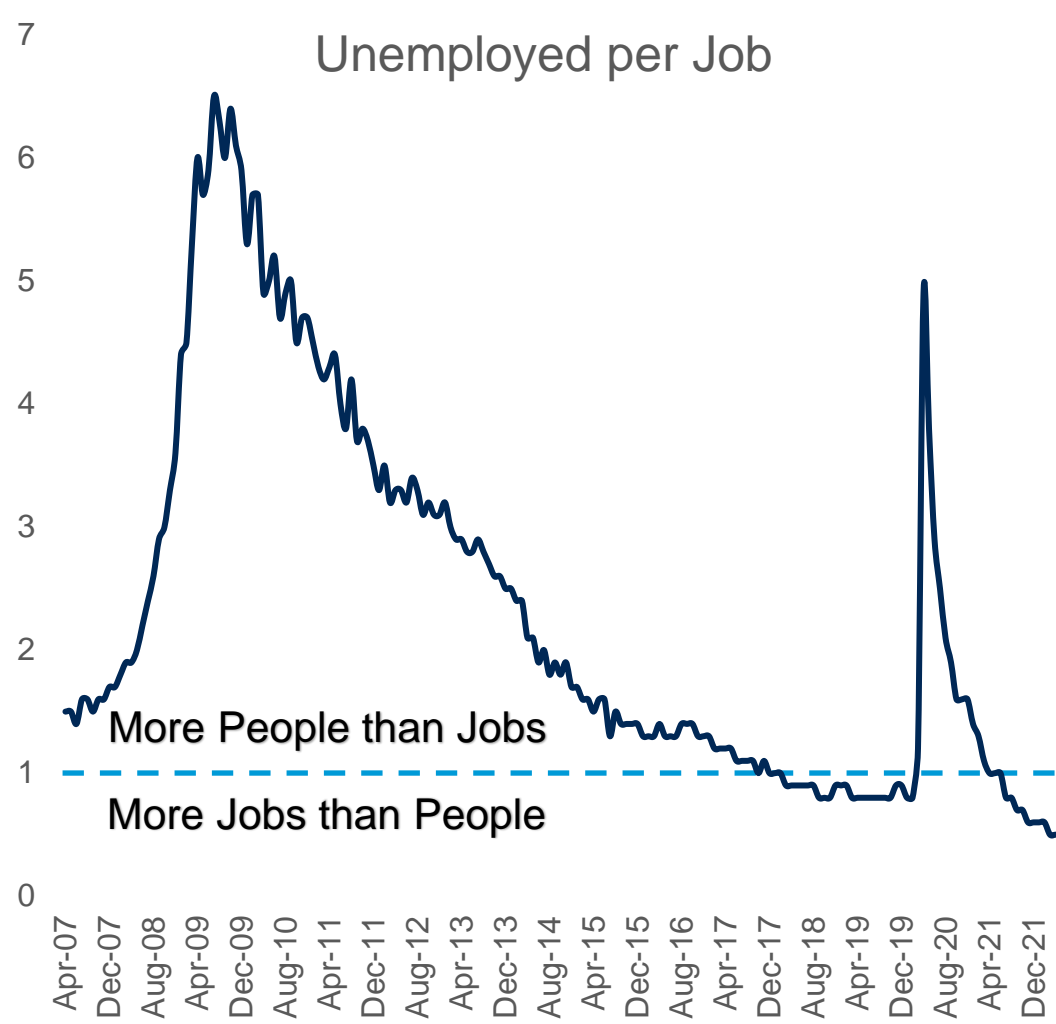
n =72 members of Gartner's CIO Research Circle

Q. Thinking about the next 18 months, what are your top three most demanding work problems?

Source: 2022 Gartner CIO Research Circle January Poll

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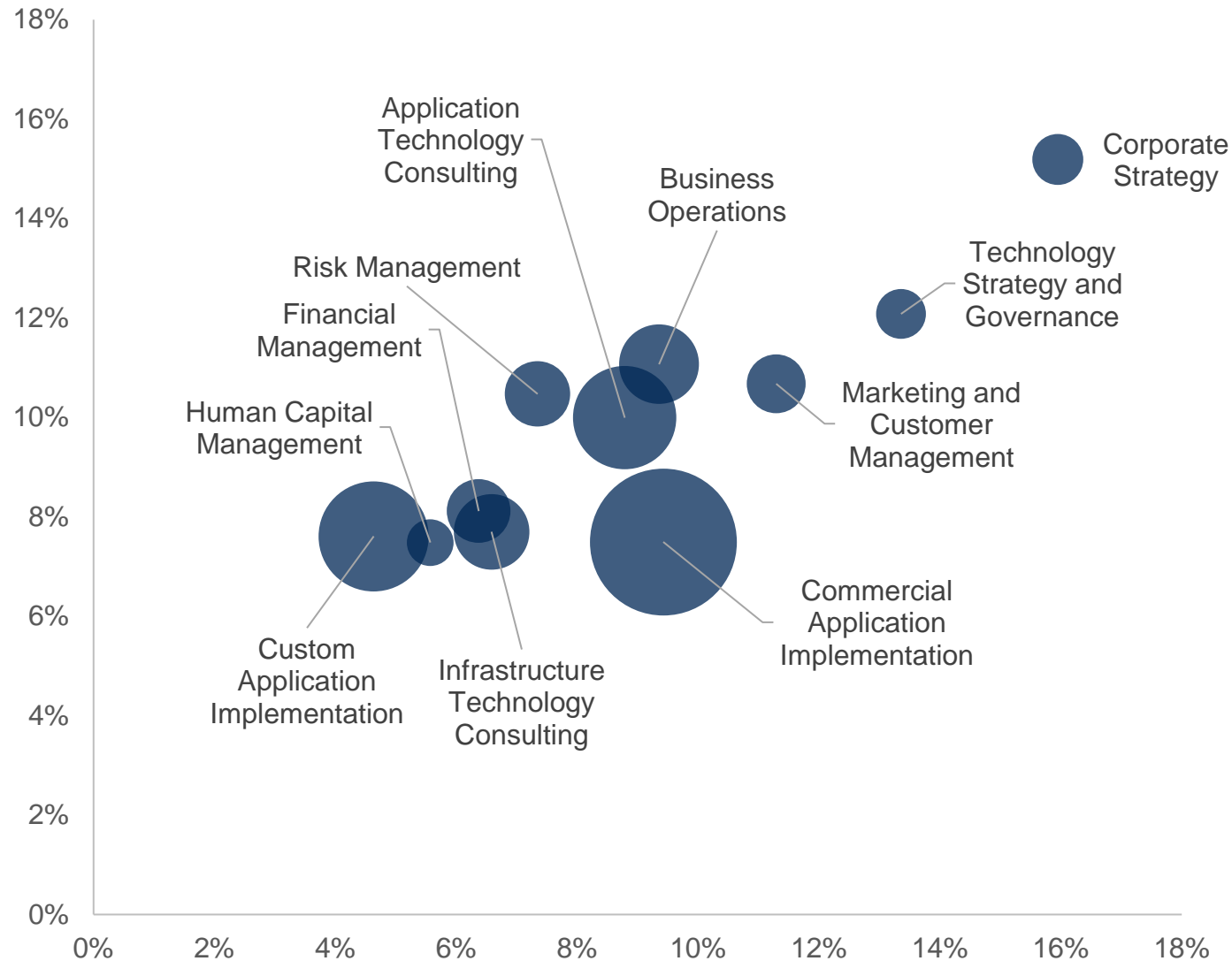
US Labor Market - Very Tight



Bureau of Labor Statistics

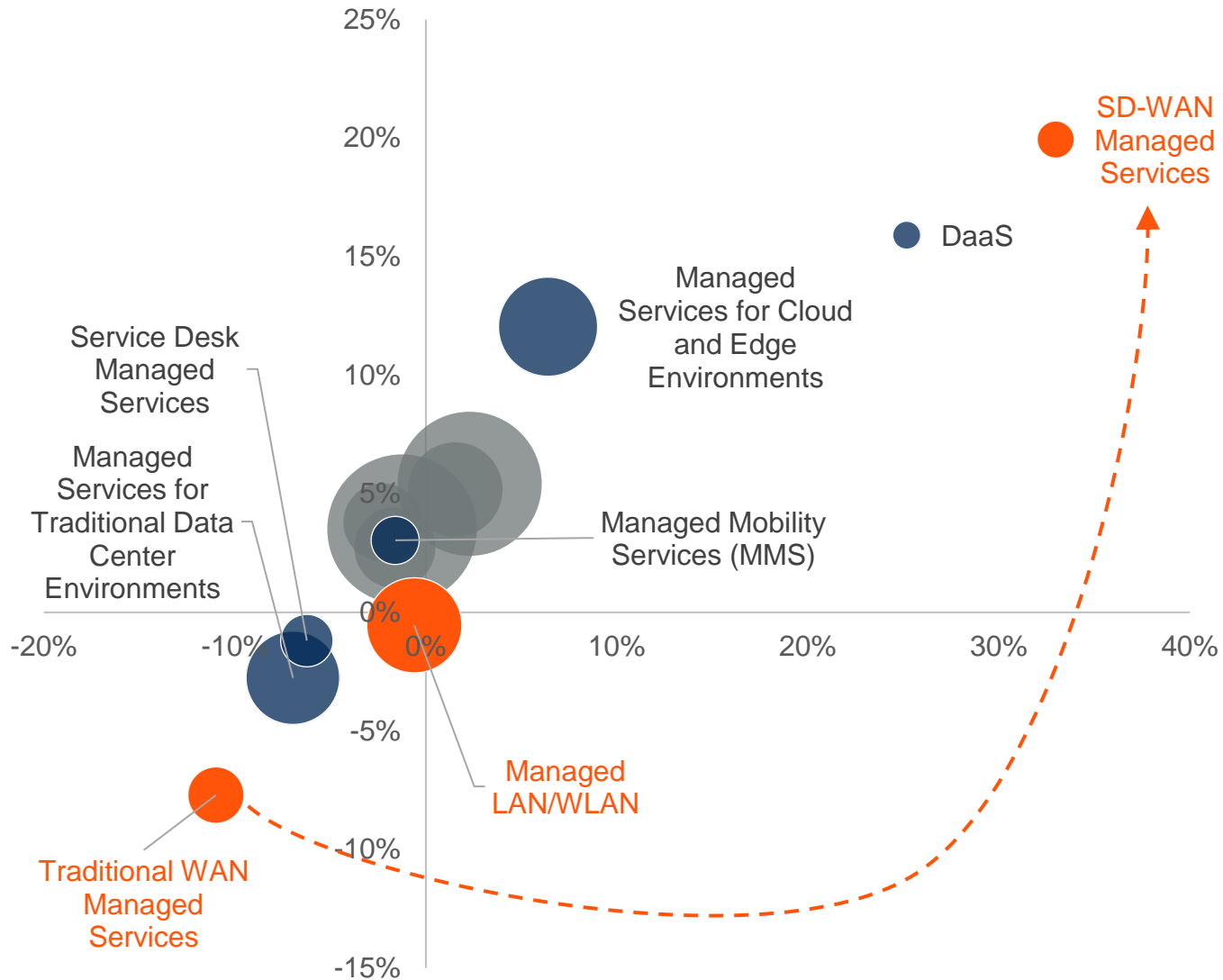


Consulting & Implementation Services



- In 2022, CIO's will augment their internal skills by spending more on Consulting services (11.9% YoY growth)
- To support their digital ambitions, CIO's will invest in partnerships to create multi-year application & Infrastructure modernization roadmap.
- Commercial Application Implementation services will account for the biggest spend (\$133 billion) with 7.5% YoY growth.

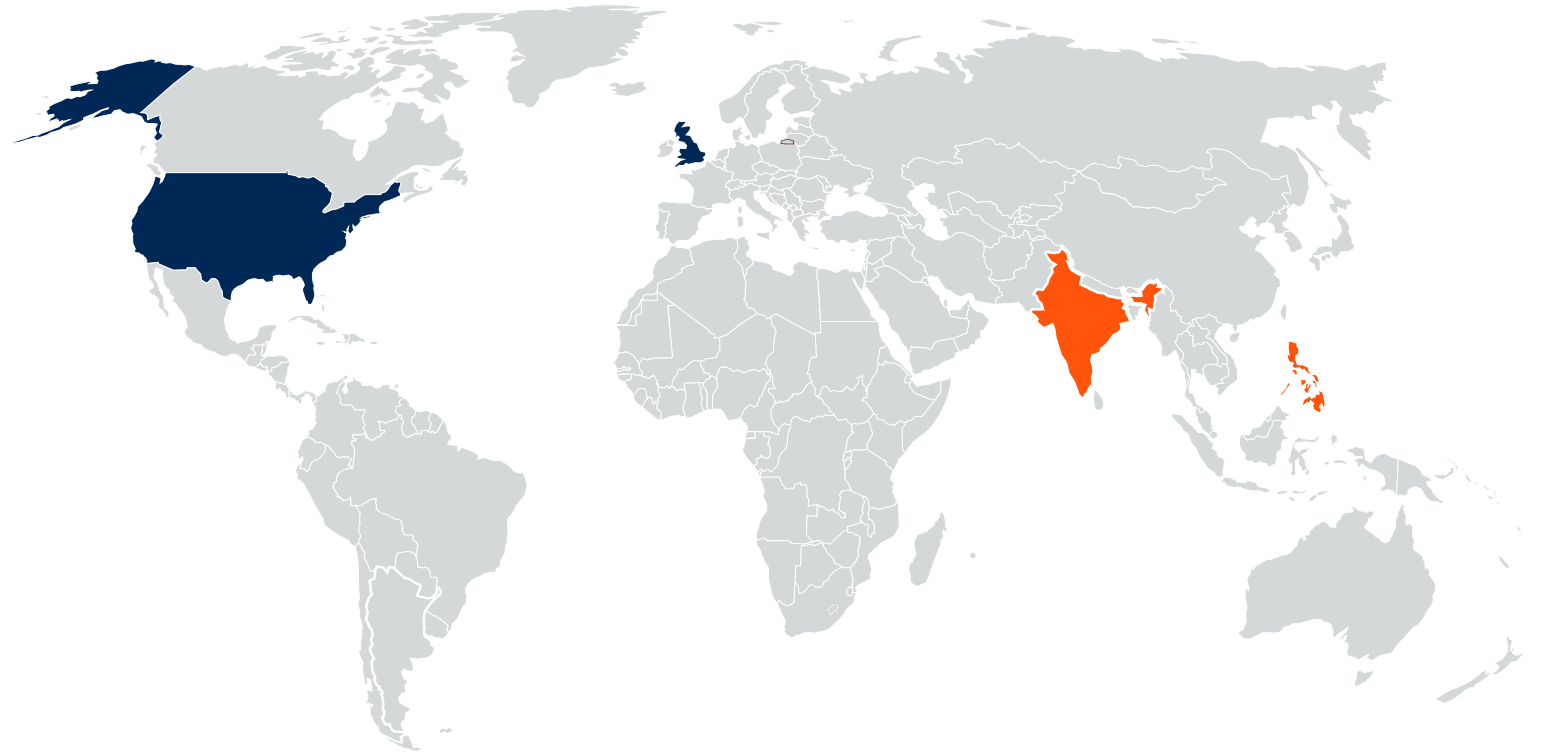
Managed Services for Commoditized Tasks



- Infrastructure Implementation & managed services will record 2.7% YoY growth in 2022.
- Hybrid work & cloud are priority areas for CIO's requiring high demand of skills for;
 - DaaS
 - Managed services for Cloud and Edge
- Traditional Managed Services have more activity but declining spending
- WAN Managed services are transitioning from traditional delivery to Software Defined (SD-WAN)

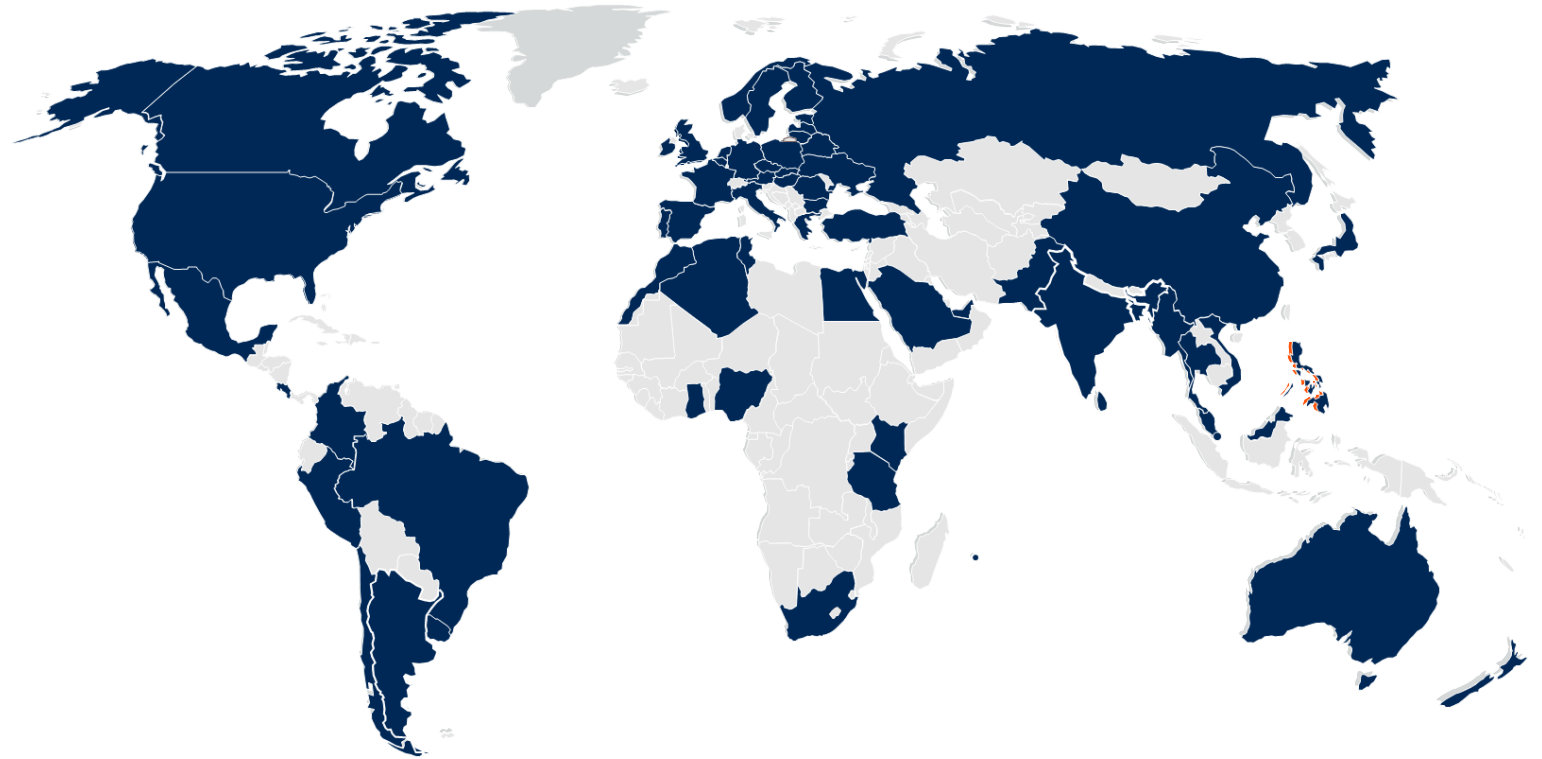
Global Sourcing is Getting more Complicated

- From 2000 through 2010 there were few Countries with offerings



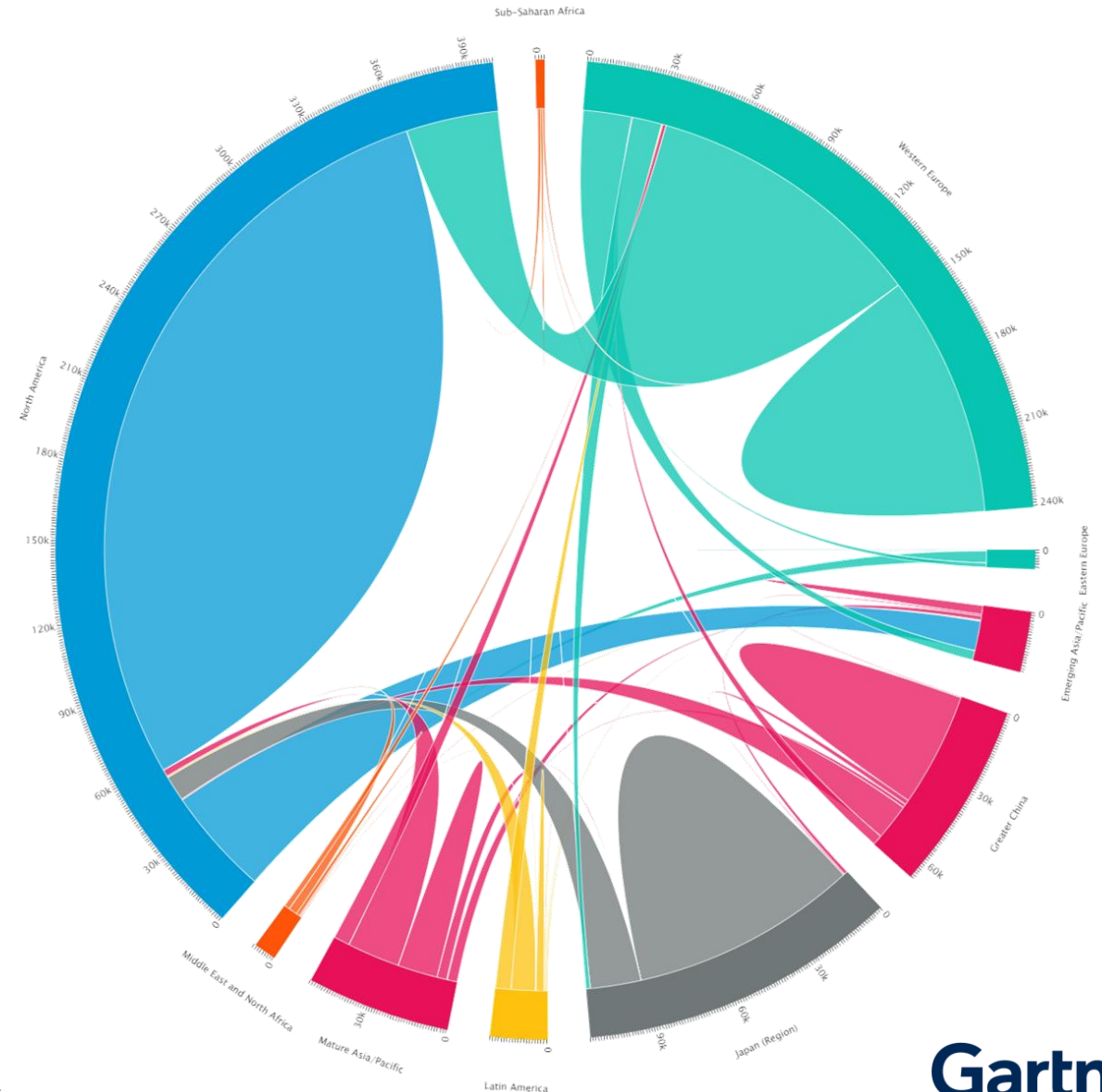
Global Sourcing is Getting more Complicated

- From 2000 through 2010 there were few Countries with offerings
- By 2022 many more countries have been added to the mix



Global Sourcing is Getting more Complicated

- From 2000 through 2010 there were few Countries with offerings
- By 2022 many more countries have been added to the mix
- Fulfillment is much more complex as more countries demand GS



Why: Forces Disrupting Traditional Patterns of Service Delivery and Talent Locations



Digital
Business



Automation



Sociopolitical
Changes



Nationalism/
Anti-Globalization



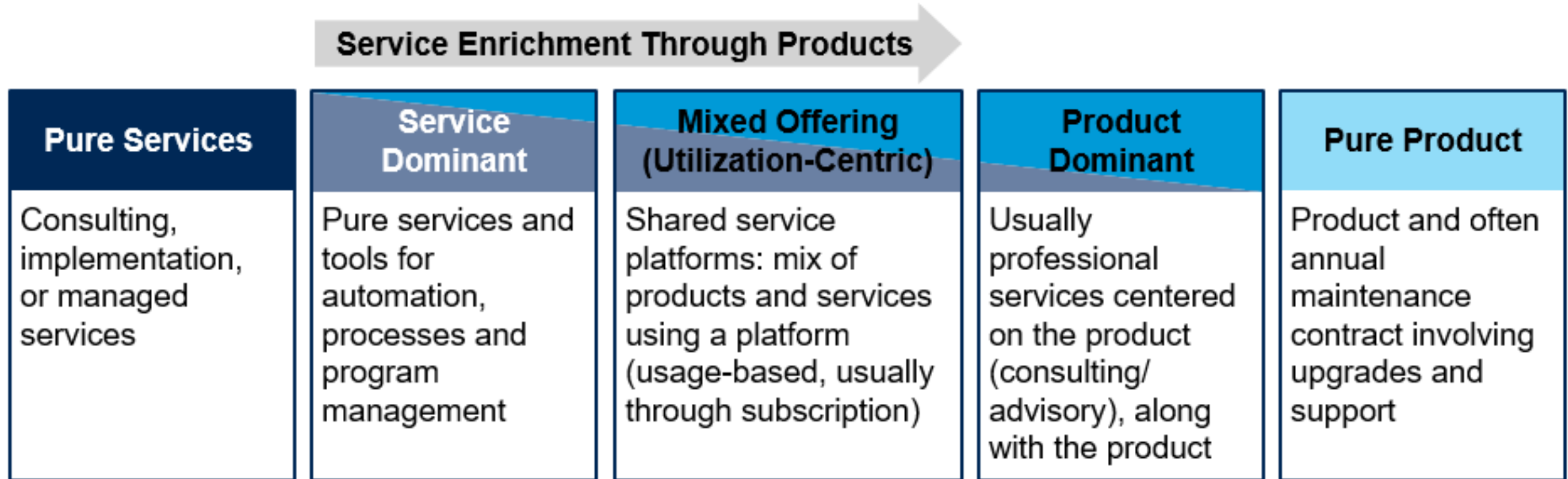
Delivery
Model



Remote
Working

Asset-based consulting

Technology-enabled offerings blur the line between pure service and pure product

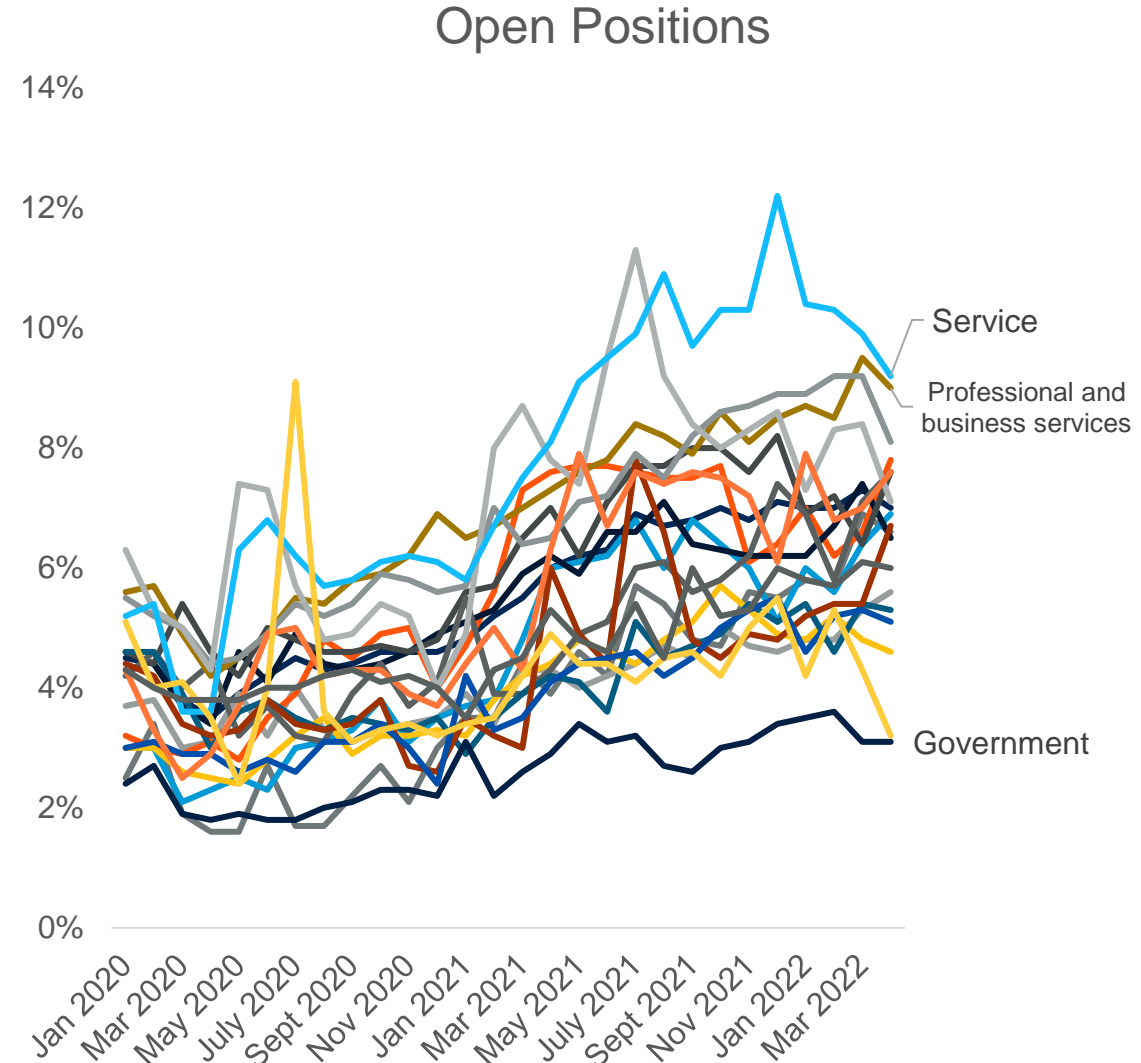
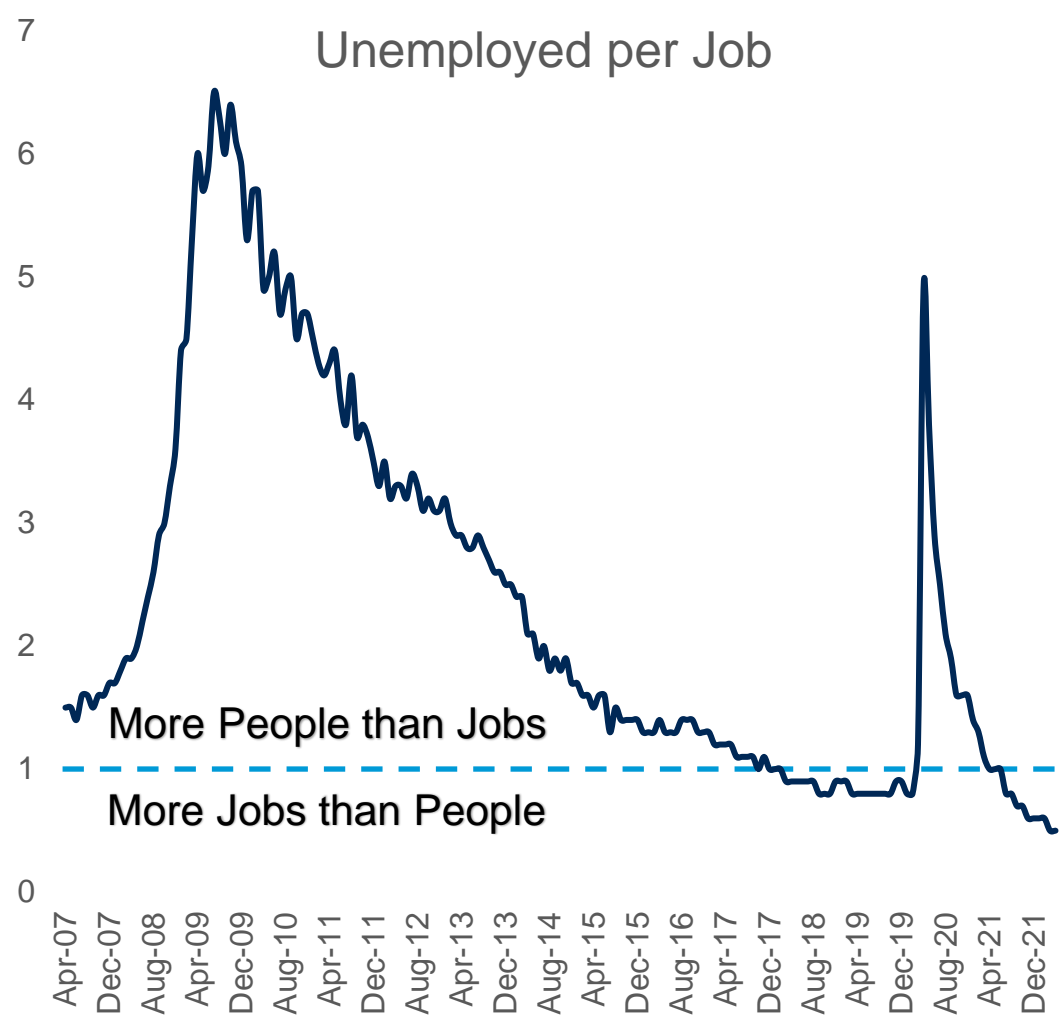


Asset-based consulting

Asset Intensity of a Solution	Asset Type	Asset Type Description	Main Benefit	Monetization	Asset-Based Services	Serware
	Products/ Platforms	Ready-to-deploy solutions for multiple clients	Increased transaction volume, new revenue streams	Consulting/ implementation services		
				Managed services		
				Product license/ support/subscription		
	Preconfigured Solutions	Assets that provide specific functionalities and used as part of a solution, e.g., industry-specific functionalities/ configuration	Differentiation	Intellectual property (IP) fee		
	Prebuilt Components			Services revenue		
	Accelerators	Standards, processes, procedures, toolkits, methodologies, frameworks, automation, reusable code libraries	Productivity, speed, quality	Increase margin		

*Assets provide both internal
(e.g. efficiency)
and
external
(e.g. client value)
benefits*

US Labor Market - Bureau of Labor Statistics



Total IT Spending is 4.4 Trillion US Dollars in 2022

	2020	2021	2022	2023	2024	2025	2026	CAGR (%) 2021-2026
Data Centre Systems								
Spending (\$B)	180	191	212	222	234	247	258	6.23%
Annual Growth (%)		6.4%	11.1%	4.4%	5.7%	5.4%	4.7%	
Devices								
Spending (\$B)	697	809	768	791	825	866	894	2.03%
Annual Growth (%)		16.0%	-5.0%	3.0%	4.3%	5.0%	3.3%	
Software								
Spending (\$B)	641	736	807	902	1020	1153	1293	11.93%
Annual Growth (%)		14.7%	9.6%	11.8%	13.1%	13.0%	12.1%	
IT Services								
Spending (\$B)	1071	1208	1283	1389	1528	1681	1834	8.71%
Annual Growth (%)		12.8%	6.2%	8.3%	10.0%	10.0%	9.1%	
Communication Services								
Spending (\$B)	1,405	1,459	1,465	1,506	1,555	1,595	1,628	2.22%
Annual Growth (%)		3.8%	0.4%	2.8%	3.2%	2.6%	2.1%	
All IT								
Spending (\$B)	3,995	4,402	4,535	4,810	5,161	5,540	5,907	6.06%
Annual Growth (%)		10.2%	3.0%	6.1%	7.3%	7.4%	6.6%	

Source: "Gartner Market Databook, 1Q22 Update", April 2022

Complimentary Resource Center:

The screenshot displays the Gartner website's complimentary resource center. At the top, the Gartner logo is on the left, and navigation links for 'Insights', 'Expert Guidance', 'Tools', and 'Connect with Peers' are in the center. On the right, there is a blue button labeled 'Become a Client' with an external link icon, and below it, the text 'or call 1 855 434 0735'. The main heading is 'Resources for Executives and Their Teams Amid Russia's Invasion of Ukraine' in a large, bold, dark blue font. Below this, a subtitle reads 'Safety First, Then Other Key Actions for Business Leaders'. On the left side, there is a vertical list of topics: 'Executive Leadership', 'Human Resources', 'Cybersecurity', 'CIOs and Technology Officers', 'Supply Chain', 'Enterprise Risk Management', 'Finance', 'Legal', 'Marketing', and 'Technology and Service Providers'. Below this list, it says 'Complimentary Gartner Webinars Related to the Russian Invasion of Ukraine'. At the bottom left of the sidebar are social media icons for Twitter, LinkedIn, Facebook, and Email. The main content area on the right features a section titled 'A Note from Gartner Chief of Research'. The text in this section discusses the Russian invasion of Ukraine as a tectonic disturbance, mentions the impact on people in the region and throughout the world, and expresses stress and anxiety about being close to the front lines. It then states the company's responsibility as leaders is to ensure the safety and well-being of employees and their families. It also mentions that the company works actively to help organizations navigate these troubling times and provides insights and tools for leaders. Finally, it notes that the company does not yet know how extensive or protracted the impacts of Russia's invasion of Ukraine will be, and that the focus may be on employee welfare, risk exposure, costs, investments, revenue disruptions, supply-chain struggles, or value-chain partners, among other operational changes.

<https://www.gartner.com/en/topics/russia-ukraine-executive-response>

Ask your questions



The image shows a web interface for asking questions. At the top, there is a horizontal navigation bar with four tabs: 'Ask a question', 'Attachments', 'Rate this', and 'Details'. The 'Ask a question' tab is highlighted with an orange border, and an orange arrow points to it from the left. Below the tabs, the heading 'Ask a question' is displayed. Underneath is a large text input area with a placeholder text 'Type your question here...'. At the bottom right of the form, there is a 'Send Question' button, which is also highlighted with an orange border and an orange arrow points to it from the left.

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Engage audiences to drive successful buying experiences.



Develop strategies in startup organizations to win and retain customers and talent.



Achieve cross-functional alignment to improve the customer's product and service experience.

Want More High Tech Insights?

Our Gartner for High Tech LinkedIn page is dedicated to providing you with the latest insights, best practices, and strategic views into the most important topics impacting tech and service providers.

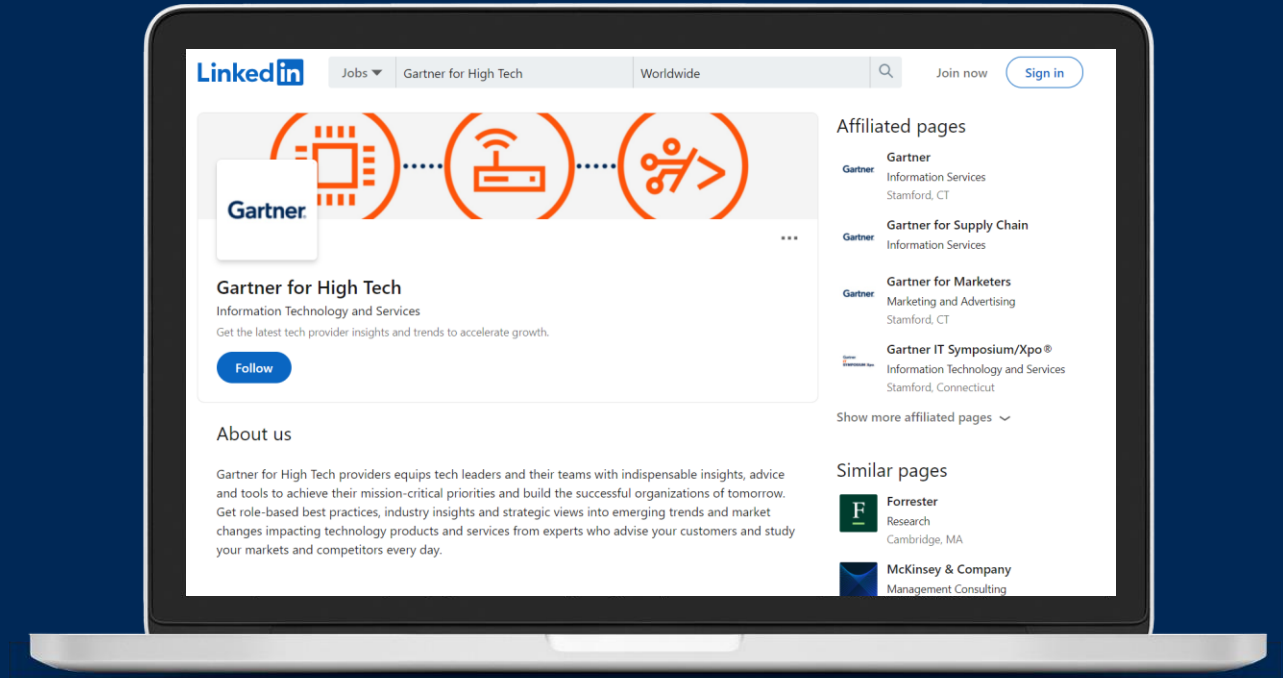
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