

Gartner Says Worldwide IT Services Revenue to Grow 3.5 Percent in 2003 Outsourcing Is the Fastest-Growing IT Services Segment

STAMFORD, CONN., June 3, 2003 — The IT services industry suffered through its most difficult year on record in 2002, however, the market will begin a slow recovery in 2003, as it is forecast to grow 3.5 percent, to \$555 billion, according to Gartner, Inc. (NYSE: IT and ITB). Gartner analysts say that users will continue to take a cautious approach to IT spending, and are considering their IT investments far more critically than before.

Outsourcing will be the primary source of growth in 2003, and IT management and process management will continue to grow faster than consulting services and development and integration services.

"This faster growth will result from vendors selling transformational outsourcing services that enable buyers to reduce their costs and improve their IT infrastructure," said Kathryn Hale, principal analyst for Gartner's worldwide IT services group. "Outsourcing replaces internal IT spending and is often funded outside of IT budgets, so growth in outsourcing is possible even in the face of flat IT budgets."

North America will continue to be the largest region in the market in 2003, accounting for 47 percent of worldwide IT services revenue. Western Europe is forecast to account for 29 percent of the market (see Table 1). Of the four major regions, Asia/Pacific remains the most bullish as it is forecast to have the strongest growth rate through 2007.

Table 1
Worldwide IT Services Market Revenue Estimates by Region (Millions of U.S. Dollars)

Region	2001	2002	2003	2004
Asia/Pacific	28,223	29,081	30,751	33,257
Eastern Europe	5,115	4,984	5,326	5,717
Japan	64,805	65,210	70,171	74,702
Latin America	18,768	17,411	17,705	18,788
Middle East and Africa	8,973	8,802	9,332	10,000
North America	255,242	252,450	261,543	276,258
Western Europe	158,447	158,316	160,348	165,442
Total Market	539,573	536,256	555,176	584,164

Source: Gartner Dataquest (June 2003)

"Signs indicate that IT budgets, including spending on IT services, will increase in mid-to-late 2004 to early 2005, depending on the region," said Robert De Souza, industry analyst for Gartner's IT services group. "This recovery would result from improving business confidence and a modest, but growing need for users to maintain a competitive infrastructure, while also managing costs."

Additional information is available in the Gartner Dataquest report [IT Services Market Five-Year Growth Forecast Revised](#). This report examines the current state of the worldwide IT services market and looks at the trends that will drive future growth in the market. This report can be purchased on Gartner's Web site.

Gartner will provide analysis of the outsourcing industry at Gartner Outsourcing Summit 2003, to be held June 23-25 at the Century Plaza Hotel and Spa in Los Angeles, California. The Gartner

Outsourcing Summit is the most comprehensive conference ever organized for users of outsourcing services, providing a 360-degree view of today's most important outsourcing issues, including offshore outsourcing, business process outsourcing, cost containment, buying smart and optimizing deals through the Gartner Strategic Sourcing Life Cycle.

Consultants from Gartner Consulting's Strategic Sourcing practice will provide diagnostic workshops to help attendees solve pressing sourcing problems. These face-to-face one-hour private consultations are free to attendees of the event. Attendees will learn how to identify the best sourcing strategy for their needs, as well as the other critical steps that will lead to a plan that prioritizes what is needed to improve existing sourcing practices.