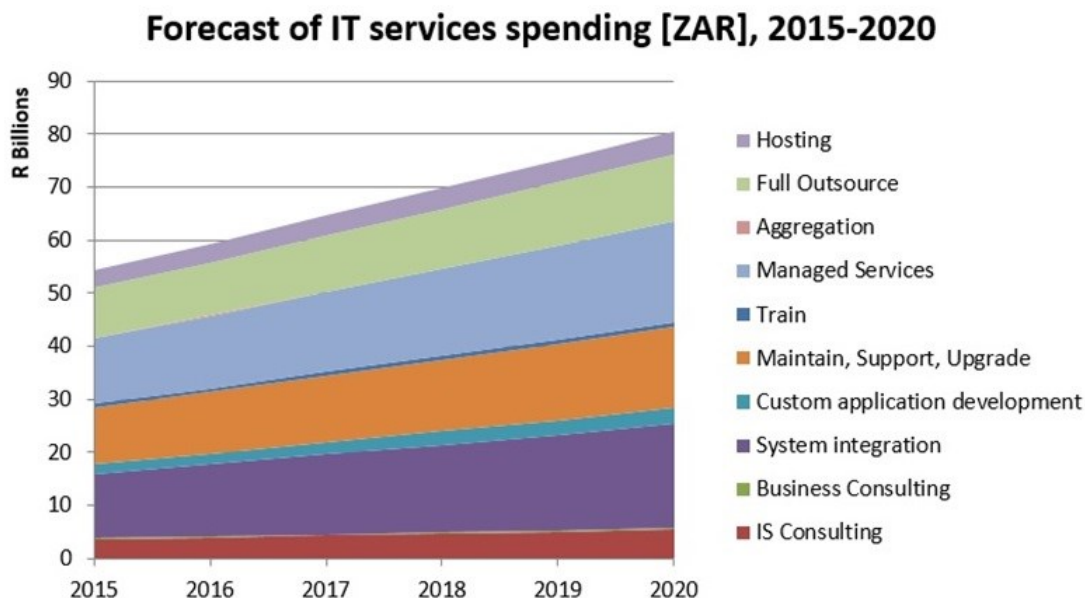


Upturn in SA's IT services market

The SA IT Services market is expected to grow at 10.3% in 2016 following a bumper 2015 where it reached a value of R56.9 billion, reflecting a year-on-year growth of 16%. This is according to BMI-TechKnowledge's latest *SA IT services market sizing and forecast report*.



This growth was driven by the Outsourcing IT service area in general and Managed Services in particular along with Cloud Services. The IT skills shortage (IT professionals are amongst the top scarce skills in South Africa) and the need for management of virtual environments, backup and disaster recovery have been key drivers in the market. Cloud is starting to deliver on its promises and is very much part of the landscape now as connectivity continues to improve and security now table stakes.

The market is expected to grow at a compound annual growth rate of 8.9% over the five-year forecast period, reaching a total of R87.3 billion by 2020. The leading system integrators and other IT service providers are growing through a combination of M&A as well as organic growth with most positioning for a boom expected in the Internet of Things (IoT) although it's still early days locally.

Significant IT service growth areas are expected to be cloud services, custom application development and system integration as big data analytics, enterprise mobility and IoT gain traction in the SA market and organisations require these technologies to be integrated into their existing environment.