IT spending in SA forecast to grow 3.9% in 2019

IT spending in South Africa will total R303.46 billion in 2019, a 3.9% increase from 2018, according to Gartner.

John-David Lovelock

"South Africa is still behind in terms of overall IT spending and continues to have a technology debt to pay off. However, by achieving 3.9% growth in 2019, South Africa will be one of the fastest-growing countries in the world - ranked fourth globally," says John-David Lovelock, distinguished research vice president at Gartner.

Consumer spending was once the IT spending highlight in South Africa, driven by adoption of mobile phones, but no longer. Gartner expects consumer spending on devices - PCs, tablets and mobile phones - to decline by 2020, and to keep contracting through 2023.

"Saturation in the PC, mobile phone and tablet device markets has limited the number of new buyers. And spending on mobile phone replacements and upgrades won't be enough to sustain current spending levels," says Lovelock.

Spending on devices in South Africa is projected to total R46bn in 2019, up 3% from 2018 (see below). This growth rate

has more than halved, year over year, which shows that South Africa has largely moved past the stage of acquiring personal devices and is now more concerned with using them.

South Africa: IT Spending Forecast (Millions of Rand)

	2018	2018	2019	2019	2020 Spending	2020 Growth (%)
Communication Services	129,837	3.2	132,852	2.3	133,572	0.5
Data Centre Systems	9,053	16.1	8,598	-5	8,898	3.5
Devices	44,615	7.5	45,966	3	40,328	-12.3
IT Services	79,685	4.9	83,897	5.3	87,996	4.9
Software	28,849	12.9	32,147	11.4	35,850	11.5
Total	292,040	5.6	303,460	3.9	306,644	1

Source: Gartner (July 2019)

Adoption of cloud computing will keep rising in SA

Software spending in South Africa will reach R32bn in 2019, a 11.4% increase from 2018.

"Cloud computing is a new reality in South Africa," says Lovelock.

"South African organisations are consuming significant amounts of cloud services, including software as a service, platform as a service and infrastructure as a service. CIOs in South Africa have started adopting cloud-first strategies."

CIOs have to decide whether to build on-premises data centres or use the public cloud - and the cloud is prevailing.

"With both Microsoft and Amazon planning to open local hyper-scale data centres in 2020, adoption and use of the cloud will only increase in South Africa," concluded Lovelock.