



Market Update

IT Services

Report Abstract

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4 pages

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Who is this Market Update for?

NelsonHall's market update for IT Services is designed for:

- Sourcing managers investigating sourcing developments within IT services
- Vendor marketing, sales, and business managers developing strategies to target opportunities within IT services
- Financial analysts and investors specializing in the IT services sector.

Key Findings & Highlights

NelsonHall published its IT services forecast in August 2023, forecasting market growth by geography and service line for the next five years.

Spending on IT services is cyclical and heavily dependent on the macroeconomic environment (and business confidence). NelsonHall has used data from the International Monetary Fund (IMF) to assess such macroeconomic conditions, based on its [World Economic Outlook](#), three times a year.

On October 10, the IMF refreshed its GDP growth predictions: these include better 2023 GDP growth in the U.S. (+2.1%) and Japan (+20%) than the U.K. (+0.5%) and the Eurozone (+0.7%).

However, the IMF's predictions are not in line with our observations of IT services spending. In Q2 2023, IT services spending growth fell sharply in the U.S. (to low single-digit), while the U.K. and Europe remained solid. Recent quarterly earnings from Accenture, TCS, Infosys, and HCLTech confirm this trend.

This document looks at this unusual disconnect between GDP growth and IT service spending. It also predicts how IT services spending will evolve in 2024.

Scope of the Report

This Market Update report updates NelsonHall's forecast of IT services spending, including:

- A recap of the key points from our last spending forecast
- A summary of current IT services spending patterns across the U.S. and U.K./Europe
- How NelsonHall sees spending developing in 2024.

About The Author

Dominique Raviart is the IT Services Practice Director at NelsonHall, with global responsibility for IT Services research programs.

Dominique covers IT Services research in the areas of Software Testing/QA, and IT services. Dominique has been part of NelsonHall's IT Services analyst team since 2007, providing comprehensive and insightful coverage of IT services markets in the world.

Dominique assists both buy-side and vendor organizations in assessing opportunities and supplier capability across IT service lines.

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About NelsonHall

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We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com

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