

## IT industry titans to grow 11% in 2012

### ➤ Vendors should benchmark success around double-digit revenue growth

Shanghai, Palo Alto, Singapore and Reading - Monday, 27 February 2012

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Canalys today shared its prediction that revenues of the leading IT industry titans will collectively grow by 11% in 2012, significantly more than the low single-digit growth projections some other industry watchers have made for IT spending this year.

The Canalys IT Titans Index<sup>1</sup>, which tracks the financial performance of 12 leading public quoted vendors representative of the IT industry, revealed a 16% year-on-year rise in 2011. The Index was up 18% in the first six months of 2011, driven by growth in processors, pads, smart phones, storage and enterprise software. Even during the escalating European debt crisis in the second half of the year, the collective growth rate of the Titans was 13% in Q3 and 15% in Q4. Strong performances by Apple, Google and Intel helped drive this. In contrast, the more enterprise-centric vendors only grew 6% in 2011, with several going through disruptive leadership changes and reorganizations.

Given the key macro technology transitions now taking place, Canalys expects the IT Titans Index to increase 11% in 2012. Vendors and channel partners should take this as their benchmark for a successful year in terms of revenue growth, rather than pessimistically setting their sights lower.

“The IT industry has enjoyed good revenue and profit growth over the past five years,” said Canalys Principal Analyst, Alastair Edwards. “2009 was an exception, thanks to the global banking crisis, but even then recovery was swift in most technology market segments. The IT Titans Index showed negative growth for only three consecutive quarters. This demonstrates the high priority organizations place on IT investment and the limit to which investment decisions can be delayed. It also shows the propensity of many consumers to buy the latest gadgets, even in turbulent times.”

Canalys expects three technology transitions will provide stimulus for growth in IT investment this year:

- **Enterprise mobility.** The proliferation of smart phones and pads in the workplace will make investment in enterprise mobility a priority in 2012. Many employees will be carrying at least three mobile devices, each fulfilling a specific role. Organizations need to optimize workforce mobilization to enable new collaboration methods and secure access to information. Wireless LAN upgrades, security and device management as well as desktop virtualization will be key growth opportunities.
- **Data center transformation.** Constraints on some IT budgets and the growing need for metered IT usage, scalable on-demand compute capacity, faster deployment of applications and reduced IT management costs will drive organizations to assess cloud computing. Canalys expects this transition will drive significant investment in data center new build, expansion and transformation. Growth in big data, analytics and desktop transformation will also be important drivers of infrastructure refresh.
- **Consumerization.** The way users engage with and use IT has changed significantly. Consumerization of IT goes beyond just the trend of individuals bringing their devices into the workplace. It is also the use

of social media and other consumer-style applications. This will change IT consumption models: end users will only download the applications they need for the device they want to use. IT departments will increasingly be seen as facilitators of a self-service app store environment. These changes present significant hardware, software and service opportunities.

“Fears of a global economic meltdown triggered by the European debt crisis have subsided since peaking at the end of September,” said Senior Analyst Alex Smith. “Key indicators such as interbank lending and government bond yields are improving daily. Stock markets remain upbeat, particularly for tech companies as new IPOs emerge.”

The global economic environment, however, is still challenging, with growth anticipated to slow in all regions. Only Europe is expected to fall into recession in the first part of 2012, but several areas of the world, including China, South East Asia and Brazil, are still booming. Growth in the US will be moderate, but nevertheless stronger than last year.

“As with GDP growth rates, IT investment projections tend to be too reflective of past economic and technology trends as well as disproportionately shaped by observations of Western markets and what CIOs expect,” Smith added. “Assessing forward-looking economic indicators, changing IT consumption models and consumer demand for technology point to stronger growth than many may have anticipated for 2012.”

<sup>1</sup> The Canalys IT Titans Index tracks Apple, Cisco, Dell, EMC, Google, HP, IBM, Intel, Lexmark, Microsoft, Oracle and SAP

## About Canalys

Canalys delivers smart market insights to IT, channel and service provider professionals around the world. Our customer-driven analysis and consulting services empower businesses to make informed decisions and generate sales. We stake our reputation on the quality of our data, our innovative use of technology and our high level of customer service.

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