

Europe's IT spending to surpass \$1.4 trillion by 2026

Article

The news: Information and communications technology (ICT) in Europe is expected to reach **\$1.2 trillion** this year, reflecting a **4.2% YoY growth** despite fears of a recession, per [IDC](#).

Europe's positive outlook: Europe's businesses will continue to spend on technology in the next four years to gain a competitive edge and solve existing problems in an increasingly

uncertain market.

- **ICT spending in Europe is expected to surpass \$1.4 trillion by 2026**, a 5.4% compound annual growth rate (CAGR) between 2021 and 2026.
- In Russia, however, sanctions and [the number of companies leaving the country](#) resulted in the ICT market **shrinking 9.4% YoY**.

Areas for growth in technology: Software is the fastest-growing technology group YoY, with investments in cloud-first solutions driving the market.

- **Artificial intelligence (AI), software quality and lifecycle tools, and collaborative software will continue to receive investments.**
- Device sales, including PCs and [smartphones, have suffered from declining demand](#), supply chain shortages, and enterprise cutbacks, resulting in a 2.2% YoY decline in 2023.

The opportunity: Europe's consumer sector will continue to be the largest IT spenders in 2025 and represent 28% of total European revenue, even as YoY growth is below 1% due to cost of living increases, per IDC.

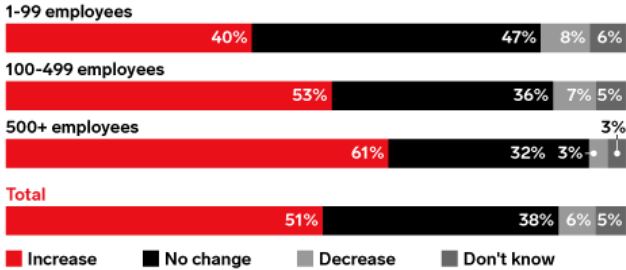
- **Banking** will continue to be the largest spending industry with a 13.5% share in 2023, while **professional services** will be the fastest growing between 2021 and 2026.
- Despite increasing inflationary pressures in several European countries, business investments in IT and business services, telecom services, and hardware are expected to increase.

Our take: Buoyed by the [surging interest in AI](#) and growing reliance on cloud-computing services and solutions, IT spending in the US this year could echo Europe's investment in being competitive, especially in segments where it has fallen behind.

- This could mean companies like Intel [doubling down on AI-focused chip development](#) despite the economic downturn.
- Investments in cloud and [quantum computing](#) might take a few years to yield results, but could gain market share.

How Do Tech Buyers in Europe and North America Expect Their Company's IT Budget to Change?

% of respondents, by company size, June 2022



Note: in the next year; numbers may not add up to 100% due to rounding
Source: Spiceworks Ziff Davis (SWZD), "2023 State of IT" conducted by Aberdeen Strategy & Research, Sep 27, 2022

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