

IT Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The IT services market is expected to register a CAGR of about 10.36 % during the forecast period, 2022-2027. Globally, the increased IT spending, coupled with the widespread adoption of software-as-a-service and increased cloud-based offerings, indicates the demand for IT services in the industry. With an improved IT infrastructure, threats related to data (data breaches) are also on the rise. This demands advanced security solutions over traditional ones. With this trend gaining traction in the market, companies have started to invest their resources in enhancing their advanced security offerings.

Key Highlights

Trends like 5G, Blockchain, AR, and AI, are likely to have an impact on the offerings of IT services. With 5G technology on its way, it is likely to ensure that the companies may set up networks on their premises. The digital transformation is expected to enable either setting up new networks as per local frequencies or upgrading existing networks on LTE. This requires the creation of real-time IT locations to facilitate the automation and autonomy of complex systems.

Data-driven analysis, supported by technology, is driving strategic decisions globally. Moreover, the amount of data generated worldwide is increasing tremendously. According to Seagate Technology PLC, the volume of data created globally is expected to increase to 47 zettabytes and 163 zettabytes in 2020 and 2025, respectively, from 12 zettabytes in 2015. To optimally utilize these data reserves, IT service providers must develop smart IT services and platforms to analyze the data for extraction and analysis.

IT cloud services are witnessing growth due to the massive cloud deployments across the end-user industries. For instance, the US market houses the headquarters for the leading global cloud providers, where the country has a huge share of cloud storage. The amount of data being generated in the country has led to a significant driver of cloud adoption.

With the growth of IIoT across the Industry 4.0 platform, IT services are gaining traction within the hybrid IT-managed environment. The usage of AI technology is also extending its application across the areas of the manufacturing and design sector, thereby fueling the market demand during the forecast period.

With the onset of COVID-19, the vulnerability of supply chains has been exposed. For most IT organizations, fragile ecosystems include providers of critical IT services. Work-from-home mandates have led the service providers to ensure that mission-critical

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enterprise customers have the necessary tools and technologies to enable the speed, security, quality, and overall efficacy of services provided. ??

IT Services Market Trends

Cloud Services is Gaining Traction Due to the Emergence of Cloud-based Platform

There has been a significant breakthrough in cloud computing over the past few years, as cloud solutions offer various advantages but expose data hosted to substantial risks, including privacy identity theft, among others. Organizations adopting cloud computing should consider implementing IT services that can analyze all executions, applications, and network connections. Due to advancements in the IT operation across the cloud-based platform, IT services have become more data-driven as well as real-time, creating greater value for the business, especially in the areas of operational efficiency, business opportunity discovery, and remote access optimization.

According to a report published by Cloudward in 2022, with an overwhelming 94.44%, Google Drive was by far the most used cloud storage service globally. In next place is Dropbox, used for cloud storage for collaboration, with a still impressive 66.2%, followed by OneDrive (39.35%), iCloud (38.89%), MEGA (5.09 %), Box (4.17%), and pCloud (1.39%).

As the demand for cloud services is expected to grow over the next few years, with immense demand from the IT and telecommunication industry across the ever-growing corporate sector, the scope for IT infrastructure services from these end users is expected to grow rapidly.

Due to substantial complexity and concerns about security, risk, governance, and control, a significant proportion of banking and financial services organizations are aiming to deploy core systems to the cloud. Various market vendors are driving their investments to accelerate the digital transformation. For instance, in May 2021, EY and IBM announced the establishment of a Center of Excellence to assist financial institutions in accelerating digital transformation through hybrid cloud solutions. The Center of Excellence is a unified virtual center that provides offerings in regulatory compliance, digital trust, and security to assist clients in leveraging the cloud at scale.

North America Expected to Register Significant Market Growth During the Forecast Period

The global IT services market is expanding significantly, and the United States represents one of the major IT markets in the world. The rising adoption of smart technologies and increasing security investment are some of the major factors driving the demand for IT services in the United States.

Many enterprises in the region have begun adhering to newer methods and processes to gain a competitive advantage, resulting in the increasing adoption of emerging technologies, like AI, IoT, machine learning (ML), Blockchain, robotics, and data science. For instance, according to Reviewlition, by the end of 2020, 81% of Canadian businesses were using some form of IoT systems, and Up to 55% of Canadian companies planned to increase their internet of things investments in a year's time and had 20 million IoT devices shipped. With the growing digitalization and usage of connected devices in business and industry, it is anticipated that IoT applications and sales will increase in the region. This transformation is developing space for the growth of IT services in the region.

The penetration of smartphones and tablets is increasing in the United States, which is also likely to drive the BYOD policy. For instance, according to a forecast released in January 2022 by US Census Bureau and Consumer Technology Association, smartphone sales in the United States are anticipated to increase from USD 73 billion in 2021 to USD 74.7 billion in 2022. This is expected to grow further with the rapid integration of IoT across various industries and sectors. This is projected to propel the adoption and incorporation of managed services, thereby fueling the growth of the market studied.

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Most North American organizations recognize that professional services, such as consultancy, marketing, training, and managed services, can help enhance their business performance. However, most domestic IT services' demands are fulfilled by foreign companies. Therefore, the region is trying to boost its domestic market by encouraging local players. For instance, in January 2021, TekSavvy Solutions Inc., Canada's independent internet service provider (ISP), announced the broad availability of its MPLS (Multiprotocol Label Switching) network service. By deploying enterprise-grade appliances at the edges of an enterprise network, MPLS directs data packets along a pre-determined predictable path, increasing network efficiency reliability and reducing latency.

IT Services Market Competitor Analysis

The IT services market is highly competitive and consists of a few major players. In terms of market share, some of the players currently dominate the market. However, with the advancement in IT consultancy services, new players are increasing their market presence, thereby expanding their business footprint across the emerging economies.

February 2022 - In collaboration with global partners, Cisco brings the promise of private 5G to enterprises. It reduces enterprise customers' technical, financial, and operational risks associated with managing enterprise private 5G networks. Cisco has worked closely with two leading ORAN vendors to incorporate ORAN technology into Cisco Private 5G, which is currently in customer trials with Airspan and JMA. Several private 5G pilots and projects in education, entertainment, government, manufacturing, and real estate are currently underway.

July 2021 - Hewlett Packard Enterprise acquired Zerto, a prominent player in cloud data management and protection, in a transaction valued at USD 374 million. This acquisition expands HPE GreenLake and continues to deliver on HPE Storage's shift to a cloud-native, software-defined data services business.

January 2021 - Expereo, a leading provider of Global Internet, Cloud Access Optimization, and managed SD-WAN solutions, was certified as an Advanced Partner in Cisco's Cloud and Managed Services Program (CMSP). The certification confirms Expereo's status as an expert Managed Service Provider (MSP) and attests to the company's ability to support customers throughout the entire network implementation journey, from design transition to SD-WAN management.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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