

## **Latin America It Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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### **Report description:**

The Latin America IT Services Market revenue is expected to grow at a CAGR of 7.0% over the next five years. Increased IT spending, coupled with advanced technology such as artificial intelligence and increased cloud-based offerings, has increased the demand for the IT services market.

#### **Key Highlights**

Key players in the IT services market are focusing on expanding their businesses and strengthening their market positions through collaborations and partnerships. For instance, Check Point Software Technologies Ltd acquired Avanan technology. Check Point Infinity's consolidated architecture is to deliver the world's most secure email security offering through this acquisition. The demand for network services and data center construction will grow over the next five years. For Instance, Equinix plans to construct a new data center in Bogota, Colombia. The new construction worth USD 45 million dollars, known as BG2, is scheduled to open during the first half of the current year.

The extensive use of digital payments and the introduction of advanced technologies such as AI, Cloud computing, and blockchain technology used at the end-user industries are likely to drive the growth of the IT services market over the next five years. For Instance, HCL Technologies (HCL) signed a collaboration agreement with NEORIS. The aim of this collaboration will bring unique capabilities to clients in global markets, including the ability to increase application usage time, business management operations, and integrated IT services.

In the post-COVID-19 situation, hybrid cloud-based services are increasingly adopted in Latin America. For Instance, IBM announced the beginning of the operations of its first IBM Cloud Multizone Region (MZR) in Latin America. It is a major expansion of IBM's global presence in cloud computing. Building on its existing data center footprint in Brazil, MZR is the company's continued investment in building on its existing data centers in the region. It is to accelerate hybrid cloud adoption and businesses to grow in cloud computing in Latin America.

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## Latin America IT Services Market Trends

### Growing Demand for Cloud Services

IT services are gaining traction with advanced technology, such as cloud computing. Artificial intelligence is also extending its application across the end-user segment, fueling market growth over the next five years. For Instance, HCL Technologies (HCL) has secured a five-year agreement with Mosaic Company to provide digital transformation and managed services. According to IBM, cloud technology is witnessing a proliferation and accelerated growth of public, private, and hybrid clouds in virtually every organization worldwide, fueling clouds' 18% annual market growth this year. For Instance, IBM announced that Technology Solutions Providers across Latin America had selected IBM Cloud to bring their solutions to life and drive innovation with innovative, differentiated solutions, taking advantage of IBM's hybrid cloud and artificial intelligence (AI) capabilities. Cybersecurity incidents in Latin America are rapidly growing towards digitalization and adopting digital solutions as part of IT operations. For Instance, Telefonica Tech and CyberArk have collaborated to provide a broader range of SaaS-based cybersecurity solutions that focus on a security-first approach to defending against identity-driven risk. Following COVID-19, FDI (Foreign Direct Investment) surged at a CAGR of 56% in Latin America and the Caribbean. Such an increase in FDI investment would fuel the IT services market's growth.

### Brazil is Expected to Register Significant Market Growth During the Forecast Period

In the healthcare sector, increasing technological developments, such as the Internet of Things (IoT) & wearables, cloud services, product engineering services, integration services, and data science and business intelligence solutions, are expected to boost the market growth. For Instance, Viz.ai developed a medical imaging platform that leverages AI algorithms and machine learning applications to accelerate diagnosis and care for various diseases and conditions in hospitals and health systems. There is an increasing demand for IT services across BFSI. The growing use of smart technology and rising security expenditures primarily drive the demand for IT services. For Instance, SoftBank Group launched the fund in SoftBank Latin America. Fund II is a second dedicated private investment fund focused on Latin American technology companies, with a USD 3 billion initial commitment. Furthermore, according to a survey by Fiserv, 28% Brazilian population preferred credit and debit card payment methods, followed by PIX (instant payment platform created and managed by the monetary authority of Brazil, the Central Bank of Brazil), which rapidly emerged as the second-most preferred method of payment with 22%, digital wallets (11%), payments by barcode (9%), and cash (6%). The strong dependence on credit and debit cards for payments and digital transactions would create new opportunities for the IT services market. Another factor is the influence of the COVID-19 pandemic, which has pushed the BFSI sector to start moving towards digitizing products and reducing human contact. According to Belvo, the investment received by the fintech sector in Latin America jumped to more than USD 9.7 billion in the first three quarters of the previous year.

### Latin America IT Services Market Competitor Analysis

The Latin America IT services market is moderately competitive. Key players in the IT services market dominate the market in terms of market share. However, with the advancement in IT consultancy services, new players are increasing their market presence, thereby expanding their business footprint across emerging economies.

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In February 2022, Cisco and Rakuten signed a strategic agreement to accelerate the open RAN and telco cloud market. The deal will offer solutions allowing mobile operators to compete more effectively in the cloud era.

In March 2022, Scala Data Centers announced that Dell Technologies, one of the largest IT infrastructure companies in the world, chose Scala to host its colocation environment in data centers (DCs) SP1 and SP2, located in Sao Paulo, Brazil.

Additional Benefits:

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

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