

Tech industry recovery under way, says Forrester

April 8 2010, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- A new report on information technology provided further evidence that an industry recovery is under way, with U.S. spending now expected to grow faster than previously believed.

Forrester Research now expects information-technology [spending](#) in the U.S. to grow by 8.4 percent this year, to \$550 billion. That is up from its January forecast, of a 6.6 percent increase compared with 2009.

The better outlook is helped by higher spending on communications equipment than Forrester previously expected, accompanying the ongoing rebound in computer and software purchases.

The worldwide tech market, meanwhile, will grow by 7.7 percent as measured in U.S. dollars, to nearly \$1.6 trillion. This is slightly lower than Forrester's previous forecast of a 8.1 percent growth. That's because the Greek [financial crisis](#) weakened the euro and strengthened the U.S. dollar, Forrester analyst Andrew Bartels said.

Technology spending looks to have hit bottom in the third quarter of 2009 and started to turn around late in the year, according to Forrester.

As expected, technology spending in the fourth quarter were "generally level with or slightly higher than the same period in 2008 - clear evidence that the downturn is over and that renewed growth has started," Bartels said in Thursday's report.

Spending on computer equipment and software will be strong this year, with percentage growth in the double digits for both sectors, Forrester predicts. Many businesses had put off replacements and upgrades during the [economic downturn](#).

Information-technology consulting services and [communications equipment](#) will each grow by about 7 percent. IT outsourcing will see slower growth, just under 4 percent, though it had been the only sector to grow last year.

A recent earnings report from business software company [Oracle Corp.](#) confirms Forrester's outlook. For the fiscal third quarter that ended in February, the company posted a 17 percent revenue increase, to \$6.4 billion, a sign that large companies are steadily boosting their technology spending.

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