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IDC PRESS RELEASE

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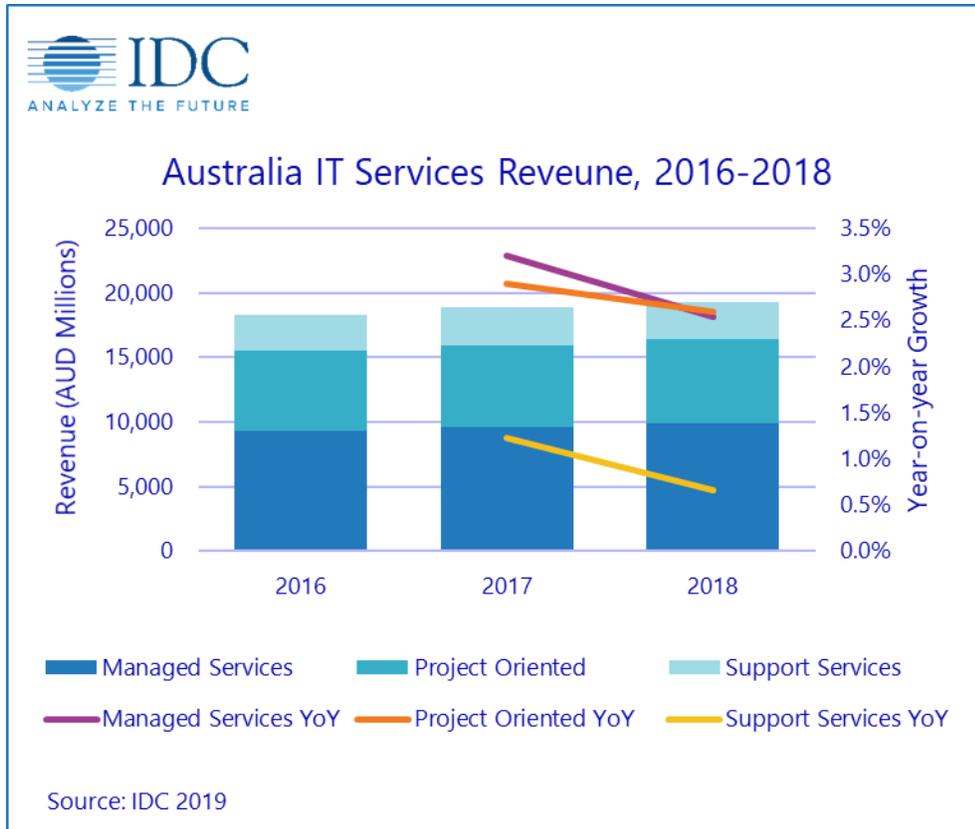
SYDNEY, 4th June 2019: IT services revenue grew 2.3% year-on-year (YoY), reaching \$19.27 billion in 2018, according to IDC Australia's IT services tracker.

Despite the growth rate declining from 2.8% YoY in 2017, the continued growth reflects that IT services providers have opportunities to achieve sustained revenue growth.

Chayse Gorton, IDC A/NZ market analyst for IT services, noted that "IT service providers that are effective in helping organisations break down barriers between IT and line of business (LOB) teams will be in prime position to win new business".

Siloed sourcing among departments often creates inefficiencies as IT staff and LOB staff tend to prioritise different IT initiatives. Improved relationships between departments enables organisations to address more strategically aligned business issues.

Figure 1



Gorton confirms, "IT service providers are helping organisations break down silos through co-creation partnerships, as these partnerships often see staff from multiple departments come together in one environment."

Strategic partnerships enable IT service providers to better understand their clients' operating models, enabling inefficiencies to be unveiled and addressed. Organisations value co-creation solutions as they enable the company to utilise the capabilities of the provider rather than having to develop these skills in-house.

Gorton adds, "the trend of forming co-creation partnerships is forcing IT service providers to expand upon their existing capabilities; such as sensing skills, cross-disciplinary skills, and design thinking." These skills are often expected in co-creation partnerships.

In 2019, IT service providers and technology buyers will form numerous strategic partnerships. Many of these engagements will be end-to-end co-creation partnerships, which will help ensure IT service providers can achieve sustained revenue growth. In addition, these partnerships will allow for a simplified planning and implementation experience for the organisation.

Note:

Sensing skills: higher-order, critical-thinking skills that can help enterprise clients make sense of a complex technology landscape to make the best business decisions.

Cross-disciplinary skills: The ability to bring together both technical and business/functional skills in a meaningful way toward the end of effectively leveraging technology innovations for achieving business objectives.

Design thinking: An approach that emphasises the design of solutions/processes that deliver desired experiences and outcomes, usually from an end-user perspective.

-Ends-**About IDC**

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