

Chapter 1 — 2025 Technology Industry Outlook¹

The technology industry navigated headwinds from 2022 to 2023, including high inflation, elevated interest rates, and considerable macroeconomic and global uncertainties. These contributed to softened consumer spending, lower product demand, falling market capitalizations, and workforce reductions.² At the start of 2024, analysts were optimistic that the technology sector would return to modest growth. Technology executives we surveyed at the time agreed: 62 percent believed that the technology industry would be “healthy” or “very healthy” in 2024, and the same number thought that the time was right for their company to take greater risks.³

At mid-decade, the technology sector appears positioned for growth. Some analysts project that global IT spending will grow by 9.3 percent in 2025, with data center and software segments expected to grow at double-digit rates.⁴ Worldwide spending on AI is anticipated to grow at a compound annual growth rate of 29 percent from 2024 to 2028.⁵ Although the technology layoff trend persisted in 2024, reductions appeared to slow as compared with those in 2023.⁶

We anticipated that 2024 would be a transitional year for generative AI as technology companies experimented with applications and determined how to best deliver and monetize generative AI capabilities. In addition, we anticipated regulatory changes and their potential impact on the technology industry. The recommendations we made a year ago — that technology companies refocus their sights on innovation and growth, and that technology leaders consider shifting or augmenting their offerings to meet the growing demand for cloud, AI, and cybersecurity solutions — remain as relevant as ever as generative AI moves from pilots to production deployments and global developments reveal new areas of risk and opportunity.

¹ Adapted from Steve Fineberg, Susanne Hupfer, Michael Steinhart, Sayantani Mazumder, and Prashant Raman, “2025 Technology Industry Outlook,” *Deloitte Insights*, February 11, 2025.

² S&P 500 tech sector stocks lost nearly 32 percent of their value from January 1 through September 30, 2022. See Jan Varsava, “Visualizing S&P 500 Performance in 2022, by Sector,” *Visual Capitalist*, November 1, 2022; and Gunjan Banerji and Hannah Miao, “Rate Squeeze Punishes Once-Triumphant Tech Stocks,” *The Wall Street Journal*, October 30, 2022.

³ Michael Steinhart, Susanne Hupfer, and Paul Silverglate, “Tech Execs Expect Growth in 2024,” *Deloitte Insights*, March 28, 2024.

⁴ Mark Haranas, “Top 5 Tech Markets to Watch in 2025 as IT Spending Hits \$5.7T,” *CRN*, November 8, 2024.

⁵ IDC, “Worldwide Spending on Artificial Intelligence Forecast to Reach \$632 Billion in 2028, According to a New IDC Spending Guide,” press release, August 19, 2024.

⁶ According to layoffs tracker [Layoffs.fyi](#), 549 technology companies collectively laid off 152,472 workers in 2024, whereas 1,193 technology companies collectively laid off 264,220 workers in 2023.

Some of the specific themes we see playing a critical role in 2025 and beyond include:

- *Protecting the future by elevating risk management* — The technology industry faces complex risks from cybersecurity threats, geopolitical tensions, and climate challenges. With valuable intellectual property and customer data, technology firms are prime targets for cybercriminals. The rapid adoption of generative AI introduces new vulnerabilities.
- *Tackling trust to boost generative AI adoption and benefits* — Generative AI is transforming businesses in terms of operations, product development, and offerings. Deloitte surveys show that business and IT leaders are focusing on real business value, and workers report productivity gains. However, trust issues related to data privacy and security, data quality, bias, and accuracy hinder generative AI adoption. Technology leaders should address these challenges to boost trust and adoption.
- *Transforming software through the use of generative AI* — Technology leaders are optimistic about generative AI tools, which help developers write and test code, potentially increasing productivity by billions of dollars. The next advance may involve “agentic AI” — autonomous agents completing tasks with minimal oversight. In addition to transforming software creation, generative AI is transforming software interfaces from traditional forms to conversational experiences.
- *Adapting to enterprise customer needs with mergers and acquisitions (M&As) and partnerships* — Enterprises need end-to-end solutions for complex, multicloud infrastructures and specialized business processes. Technology leaders anticipate more high-value deals and are exploring joint ventures and strategic partnerships to offer comprehensive solutions.
- *Addressing new tax and regulatory changes* — In 2025, the tech industry will face challenges from new global tax regulations such as those related to a global minimum tax, country-by-country reporting, and e-invoicing. Aimed at increasing transparency and combating tax evasion, these regulations will require multinational technology companies to upgrade their enterprise resource planning (ERP) solutions.

The technology industry is innovating and evolving rapidly. By prioritizing security, reliability, and trust — both internally and for customer-facing solutions — technology companies have an opportunity to improve their own operations and drive growth throughout the year.

For a detailed discussion about the opportunities and challenges facing technology entities, see the full version of the *Deloitte Insights* article [“2025 Technology Industry Outlook.”](#)