

Press release

ICT market is set to stabilise in the EU in 2010

- Only a slight drop of 0.5 per cent in the coming year
- Demand for Information Technology is about to recover
- Telecommunications only mildly affected by the crisis

Berlin, 12th November 2009

According to the European Information Technology Observatory (EITO), the European ICT market is expected to stabilize in the coming year. The latest EITO forecast revealed that sales of products and services from the IT, Telecommunications and Consumer Electronics sector will drop in 2010 by 0.5 per cent to 714 billion euros. In comparison, sales were down by 2.2 per cent to 718 billion euros in 2009. "The global economic crisis hasn't hit the ICT sector as hard as many other industries," explained Dr. Axel Pols, Chairman of the EITO Taskforce. "The economic upturn in the coming year will also stimulate the high-tech markets." The demand from companies, above all, will start to rise.

The EITO predicts that the IT market (IT hardware, software and IT services) will once again increase by 0.6 per cent and pass the 300 billion euro mark. Pols: "Investment bottlenecks have developed in the IT sector, which will dissolve over the next two years." After an increase of more than 3 per cent in 2008, the IT market will shrink by 2.6 per cent in the current year to around 299 billion euros. "Sectors that have received hard blows from the crisis are holding back on new IT projects," said Pols. "Users are predominantly focussing on ROI considerations at the moment and are seeking new cost saving potentials." Therefore, and contrary to the overall trend, revenues generated by outsourcing services in 2009 will increase by 4 per cent to 66 billion euros.

The smallest decrease in 2009 among the market segments information technology, telecommunication and consumer electronics is recorded by the telecommunications sector, with a decrease of 0.7 per cent to around 361 billion euros. Revenues recorded in the telecommunications services sector are set to remain at previous year levels with 295 billion euros. "The economic crisis has had comparatively little impact on the telecommunications market. It has been

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mainly affected by regulatory interventions and changing user habits," said Pols. Whereas the use of fixed-network telephony has been on the decline for years, the boom in data services has, in turn, revived the market. Sales in communication technology, which involves products such as mobile phones and network infrastructures, will fall by 4 per cent to 65.5 billion euros in 2009.

The market for digital consumer electronics incurs the largest losses this year. As a result of plummeting prices for flat-screen TVs, digital cameras and navigation systems, EITO predicts that spending in 2009 will fall by 8 per cent to 58.5 billion euros. With a loss of 6 per cent, no sustainable recovery is expected for this market in 2010.

Since 1993 the European Information Technology Observatory (www.eito.com) has been offering high quality and up-to-date information on European and global markets for information technology, telecommunications and consumer electronics. The EITO is managed by Bitkom Research GmbH, a wholly owned subsidiary of BITKOM, the Federal Association for Information Technology, Telecommunications and New Media in Germany. EITO collaborates with leading market research institutes including PAC, IDATE, GfK, and research activities of the EITO Task Force are supported by the European Commission and the OECD. EITO is sponsored by CeBIT, Deutsche Telekom, KPMG, Messe München, Red.es, Simo and Telecom Italia.