

Press release

High-tech industry growing Europe-wide

- European market for IT and telecommunications expected to grow three percent in 2008
- The European Information Technology Observatory (EITO) starts new international online database
- EU Commissioner Reding: EITO is a principal source of statistics on the ICT sector

Brussels, 8 May 2008

The European market for IT, telecommunications and digital consumer electronics (ICT) is expected to increase by three percent to 761 billion Euro in 2008. This is the latest forecast of the European Information Technology Observatory (EITO) presented in Brussels today. "The high-tech industry is again achieving a considerable plus on an already high level", said EITO chair Bruno Lamborghini. "Based on solid growth in the European market and their enormous potential in know-how, European companies are well positioned to excel in global competition."

European Information
Technology Observatory

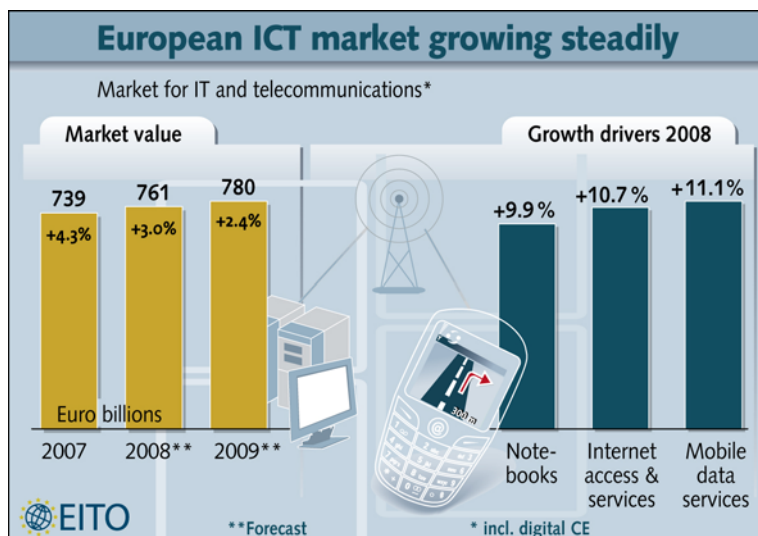
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EU Commissioner Viviane Reding gave the keynote in the official opening of the new EITO online database. She said in her address: "EITO has become a principal source of statistics on the ICT sector. This

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high quality information is important not just for tracking the ICT sector itself, but because the ICT industry is the motor of the advanced economy, representing 6 per cent of total gross domestic product in itself but driving fully 20 per cent of overall productivity growth.” Graham Vickery, head of the OECD’s Information Economy Group and Jaime Smith Basterra, BITKOM board member and board member of Telefónica O2 Europe also contributed to the event.

The new EITO data are collected by Bitkom Research GmbH, a subsidiary of the German Association for Information Technology, Telecommunications and New Media (BITKOM) in co-operation with leading international market research institutes. According to the latest forecast, growth in the industry will continue next year. “For 2009, we are expecting a further plus of 2.4 percent in the EU, by that time to 780 billion Euro”, said BITKOM board member Jaime Smith Basterra.

This year, of the large European markets, Spain, with 4.6 percent and France with 3.2 percent are showing the strongest growth. In value terms, the leader is the UK. With an ICT market of 152 billion Euro, the UK is ahead of Germany, with 145 billion Euro and France, with 113 billion Euro. “This is due in particular to the fact that British undertakings have by far the largest investments in the EU in IT outsourcing”, explained EITO chair Lamborghini. “Similar activities in other countries are often still carried out within companies, and consequently do not appear in the market statistics.” The British ICT market accounts for 20 percent of the EU total, the German, 19 percent. Then come France with 15 and Italy with 9 percent.

The strongest impulses are coming from information technology spending. The IT market across Europe is currently growing by 4.3 percent, to 313 billion Euro. Within this segment, IT services (5.7 percent) and software (5.2 percent) in particular are booming. In IT services, the outsourcing market, with 7.4 percent, is showing the greatest plus. “We expect growth in IT to continue next year at the same rate”, said BITKOM

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board member Smith Basterra. According to EITO IT spending will expand by 4.4 percent in 2009 across the EU, to 326 billion Euro.

In the telecommunications sector, there is lower growth. For the EU as a whole, the telecom market is increasing in 2008 by 2 percent, to 386 billion. While turnover for fixed-voice telephony is falling, there is strong growth in fixed and mobile data services. "Fast broadband connections are indispensable not only for businesses – the majority of private customers also wants to be able to exploit all the possibilities of the Internet with high transfer rates", said EITO chair Lamborghini. For 2009, EITO is expecting a plus of 1.8 percent to 393 billion Euro in the telecommunication sector.

The demand for digital consumer electronics (CE) also continues to increase – albeit at slower pace than in previous years when the market achieved double-digit growth rates. Spending is growing in 2008 by 2.5 percent, to 63 billion Euro. Across the EU the drivers of growth are flat-screen televisions, games consoles and navigation devices. The CE market is dominated by flat-screen TV equipment, with a market share of 40 percent. Digital cameras account for 11 percent and games consoles for 8 percent of the CE market. Lamborghini commented, "Europeans have taken to the new digital products with great enthusiasm." Meanwhile, many households have replaced analogue with digital equipment and at the same time prices are decreasing. This will lead to reduced turnovers in the European CE market in 2009, of around 3.2 percent to 61 billion Euro.

Bitkom Research GmbH, which is publishing the new EITO statistics and analysis, was founded at the beginning of the year as a wholly owned subsidiary of BITKOM. "Our aim is, within a short time, to occupy a position in the top 3 sources of reference for European ICT markets", said BITKOM board member Smith Basterra. To this end, close co-operation has been agreed with a number of leading international market research institutes, including, in particular, PAC, Idate and GfK. Smith Basterra



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observed: "These institutes have unique know-how in their respective segments of IT, telecommunications, and CE." Managing Director of Bitkom Research GmbH is Thomas Mosch, who is also a member of the BITKOM management board.

The EITO is in future no longer published as a printed yearbook but is available as a regularly updated online database. Its geographic scope is currently expanding to also provide data and analysis of key international markets including China, India and Russia. More information is available online: www.eito.com.

The European Information Technology Observatory (EITO) gathers high quality and up-to-date information on European and global markets for the information technology, telecommunications and consumer electronics industries. The EITO portal provides online access to all available data at a glance. In addition, country reports or segment reports allow the viewing and download of selected parts of the data. The EITO is managed by Bitkom Research GmbH, which is a wholly owned subsidiary of BITKOM e.V., the German Association for Information Technology, Telecommunications and New Media. EITO is sponsored by CeBIT, KPMG, Simo, Systems and Telekom Italia and supported in the EITO Task Force by the European Commission and the OECD.