

Press Release

German ICT market grows by 1.5 percent

- **BITKOM increases forecast for 2015**
- **Size of workforce rises to nearly one million**

Hanover, 15 March 2015

To kick off the CeBIT, the digital association BITKOM has increased its growth forecast for the current year. In 2015, sales in information technology, telecommunications and consumer electronics are expected to grow accordingly by 1.5 percent to 155.5 billion euros. So far the association had assumed an increase of only 0.6 percent. "The increase in this forecast is based on more favourable expectations in all major segments of our industry, from IT hardware, software and services, right up to telecommunications services," said BITKOM President Dieter Kempf. "At the same time we see a further big spread within our industry with declining sales on consumer electronics and telecommunications services." The surprisingly positive development on the job market is also particularly gratifying for Kempf. According to the new forecast, 26,000 new jobs emerged last year instead of the expected 10,000. In 2015, BITKOM anticipates a further increase of 21,000 jobs. Kempf: "At the end of the year we will almost reach the million mark with 990,000 people employed in ICT companies. Thus the BITKOM industry strengthens its position as second largest industrial employer in Germany, just behind the engineering sector."

According to forecasts, information technology will grow by 3.2 percent to 80.3 billion euros. The highest gain is in the software segment increasing by 5.7 percent to 20.2 billion euros. The IT services industry, including IT consulting and projects will increase by 3 percent to 37.3 billion euros. Kempf: "The service providers benefit from the fact that more and more companies in all sectors realise that they need to digitalize their business if they want to continue being successful." Sales of IT hardware will increase slightly by 1.3 percent to 22.8 billion euros. At the same time, sales of desktop PCs and notebooks are in decline this year after a recent solid sales growth of 15.7 percent, dropping by 7.3 percent to 5.9 billion

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euros. Kempf: “Many companies and individuals have used the necessary software release of last year to acquire their new hardware too. Now business can get back to normal again.” A sales increase in tablet computers by 7.8 percent to 2.4 billion euros is expected again after a decline of 5.3 percent last year.

After two years of sales declines, BITKOM forecasts that telecommunications will stagnate at 65.4 billion with a slight increase of 0.1 percent euro. Sales in infrastructure systems are strongest here, growing by 3.6 percent to 6.5 billion euros. “Reflected in this growth are the billions invested by the network operators in broadband expansion,” emphasised Kempf. The terminal device segment shows weaker development, rising only by 1 percent to 9.5 billion euros. One reason is that sales of smartphones only increased by 2.4 percent while last year the smartphone increase was more than twice as much. Sales of fixed and mobile services are falling once again, sinking in total by 0.5 percent to 49.3 billion euros.

In consumer electronics, the downward trend continues, however, the sales decline is slowing down. BITKOM expects a decline of 3 percent to 9.9 billion euros in 2015. “Classic consumer electronics, as well as MP3 players or digital cameras are being replaced more and more often by smartphones and tablet computers,” says Kempf. “This leads to heavy price pressure in the sector, making customers happy of course and confronting providers with major challenges.” While sales of televisions and digital cameras decline significantly, the segment of home audio speaker systems and home cinema systems show a healthy increase.

BITKOM is hoping for a continued high pace in the digital agenda by the policy makers, for instance in broadband expansion, the construction of intelligent networks for transport and energy, as well as on the issue of industry 4.0. “At the same time we need to take care not to stifle the goals of the digital agenda with normal legislative procedure,” warned Kempf. The financing of start-ups for example will become difficult when the new Small Investors Protection Act makes crowdinvesting unattractive in Germany. The proposed Workplace Directive could make flexible working

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as needed in the d!conomy and desired by many employees impossible.

Kempf: "Government and Parliament must make sure that the digital agenda is not thwarted by laws for the analogue world."

BITKOM represents more than 2,200 companies in the digital sector, of which more than 1,400 are direct members. With 700,000 employees, these companies generate a domestic annual turnover of 140 billion euros and export goods and services worth another 50 billion euros a year. BITKOM members include 1,000 small and medium-sized enterprises, 250 start-ups and nearly all global players. These offer a range of software and IT, telecommunications and Internet services, manufacture hardware and consumer electronics, operate in the digital media and Internet industries and play a role in the digital economy in other ways. 76 percent of companies have their headquarters in Germany, 10 percent come from Europe, 9 percent from the United States and 5 percent from other regions. BITKOM mainly campaigns for innovative economic policies, the modernisation of the education system and future-oriented network policies.