Executive Summary
Digital Planet 2002: The Global Information Economy

Several trends in the Information and Communications Technology (ICT) marketplace have converged to slow the pace of customer spending in the last 18 months: economic recession, stock market contraction, international terrorism and the September 11 attacks, widespread business caution and project deferrals, and an oversupply of telecommunications capacity. As a result, the global ICT marketplace grew between 2000 and 2001, but slowly. Spending reached $2.4 trillion compared with $2.3 trillion the previous year. During the same period, the ICT marketplace in the U.S.—the largest such market--witnessed virtually no growth, while typical countries saw spending gains of five percent.

Digital Planet 2002 is produced by the World Information Technology and Services Alliance (WITSA) based on data provided by the International Data Corporation. It provides the single more comprehensive reference on global ICT spending. While the slow down in such spending over previous years was quite pronounced, several other important trends are identified and discussed in the publication:

- China emerged as the world's fastest growing ICT nation with a compound annual growth rate of 27 percent. Countries in Eastern Europe also saw significant ICT spending increases. These data suggest that countries in the developing world are committed to modernization through ICT investment.

- The software sector experienced 100 percent growth between 1995 and 2001, exceeding any other ICT sector. For developed countries with a substantial installed base of computer hardware, the spending emphasis on computer software is quite logical. Over 50 percent of all software is sold in North America. When the question shifts from total dollars spent to total percentage of regional ICT budgets, the Middle East/Africa spends a greater percentage of every dollar on software than any other region.

- The Internet and e-Business continue to gain momentum. An additional 123 million people joined the online community in 2001, bringing the total to 522 million. The total number of e-Business users also saw significant gains, with business-to-business spending up 83 percent and business to consumer spending up 64 percent last year.

- While year-to-year total ICT spending demonstrated a small increase, the global market jumped from $1.3 trillion in 1993 to $2.4 trillion in 2001. The compound annual growth rate over that span is 7.6 percent.

- ICT as a percent of global GDP nudged up a mere one tenth of one percent, to 7.6 percent. ICT as a percent of GDP has gained two percent since 1993. ICT as a percent of GDP lost ground in the U.S., from 8.2 percent in 1999 to 7.9 percent last year.

The digital haves and have-nots remain a concern, with the top 10 information economies representing 80 percent of the global ICT marketplace and the bottom 10 representing less than one percent. The trend is the same in e-Business, where eight of the top ten Internet commerce per capita countries are found in either North America or Western Europe. China represents a strong example of a developing country committed to economic expansion through ICT investment. Since 1993, the Chinese share of the global ICT marketplace has grown two percent; the U.S. lost two percent in the same period. China's B2B spending is 60 times larger than its 1999 level. China also enjoys the largest compound average growth rate of personal computers in schools.

Despite the economic slowdown, the future for global ICT remains bright. Factors critical to continued expansion will include the on-going build out of the Internet and associated technologies, consensus on intellectual property protection issues, privatization of infrastructure, continued adoption of e-Business models, harmonization of international laws on taxation, security and the like, and the determination of developing countries to achieve the productivity benefits of information technology.

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