Digital Planet 2010

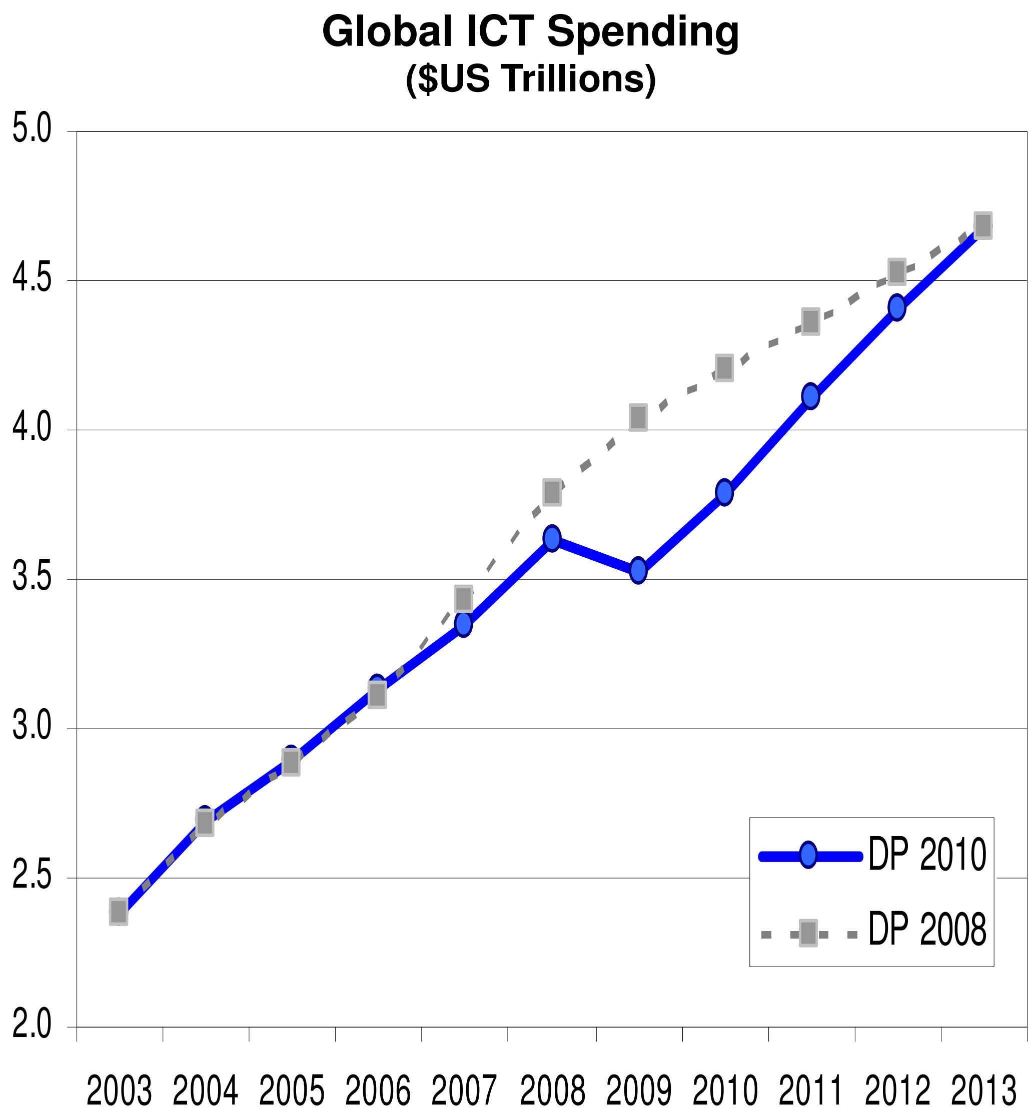
The Global Information Economy

October 2010

www.witsa.org

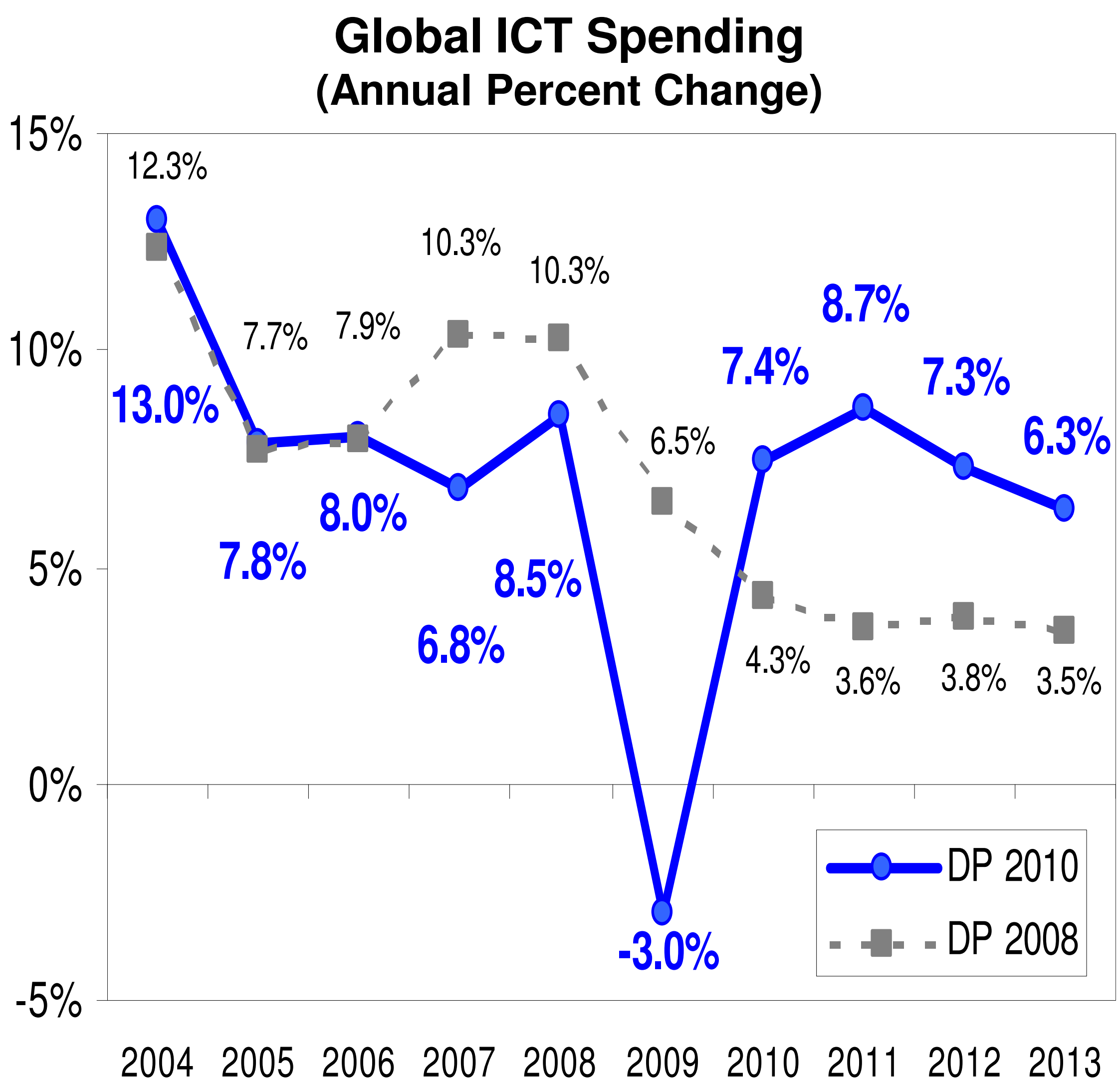
- WITSA produces Digital Planet biennially, using data provided by IHS Global Insight. The report covers the world's 75 largest ICT buying nations in six regions. ICT spending is measured at the national level, by 14 industry segments plus consumer spending, and by four technology categories.
- The report is now available for purchase on the WITSA web site at http://www.witsa.org at a regular price of $100.00 (USD). A special discounted rate for students is also available.

Revised Spending Projections



- The Great Recession fostered a decline of 3.0% in global ICT spending in 2009, thereby resetting the industry growth trajectory to one that will take until beyond 2013 to fully recover.
- The cumulative gap between the current and previous *Digital Planet* forecasts represents approximately $US 1.5T in unrealized sales of ICT products and services.

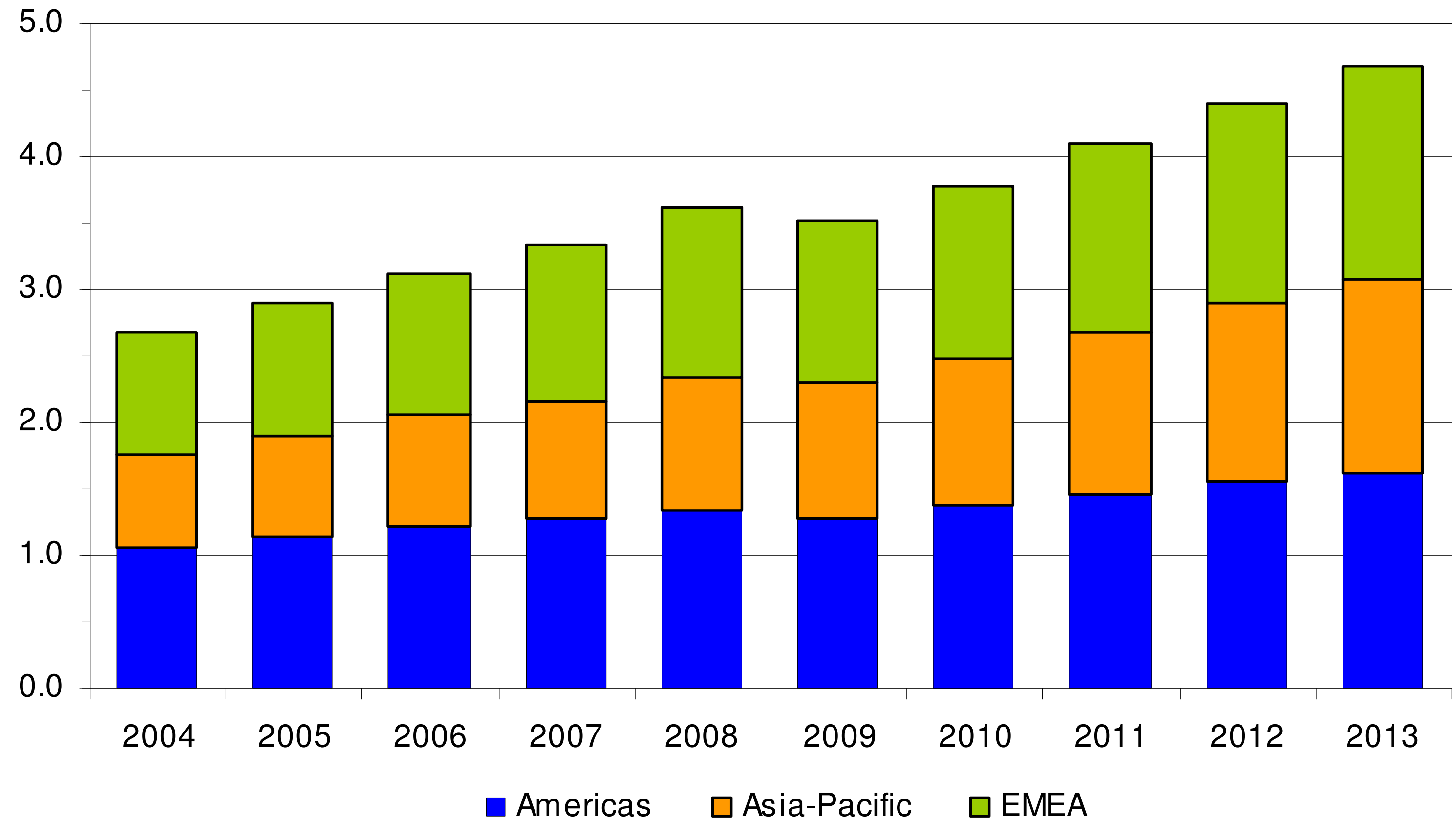
Global ICT Spending 2004-2013



- ICT sector contracted by $US 108B (-3.0%) in 2009.
- Major pain points were the computer hardware and communications equipment (collectively shrank $US 71B)
- Surge in ICT spending in 2011, then long-term growth moderating to 6%.

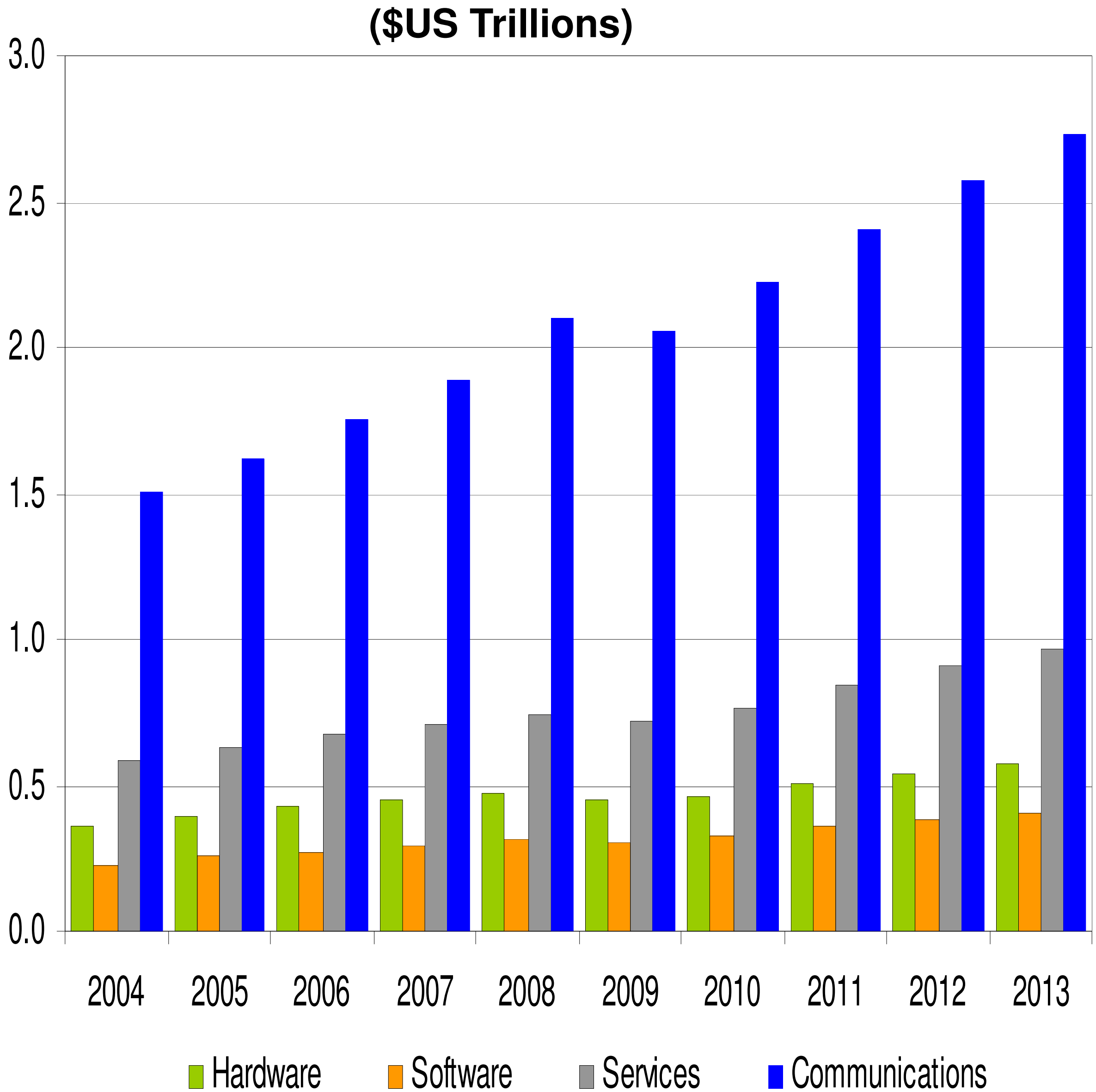
Spending by Region

- All regions will grow 2011-13.
- *Americas* will grow the slowest at 5.9% per year from 2009 through 2013, while *Asia-Pacific* will post compound annual growth of 9.5%.
- Despite its slower growth rate, the *Americas* will maintain a slight edge over the other regions as the largest market for ICT product and services (34.6% in 2013).
- However, *Asia-Pacific's* share of market will rise from 28.8% in 2009 to 31.1% in 2013.



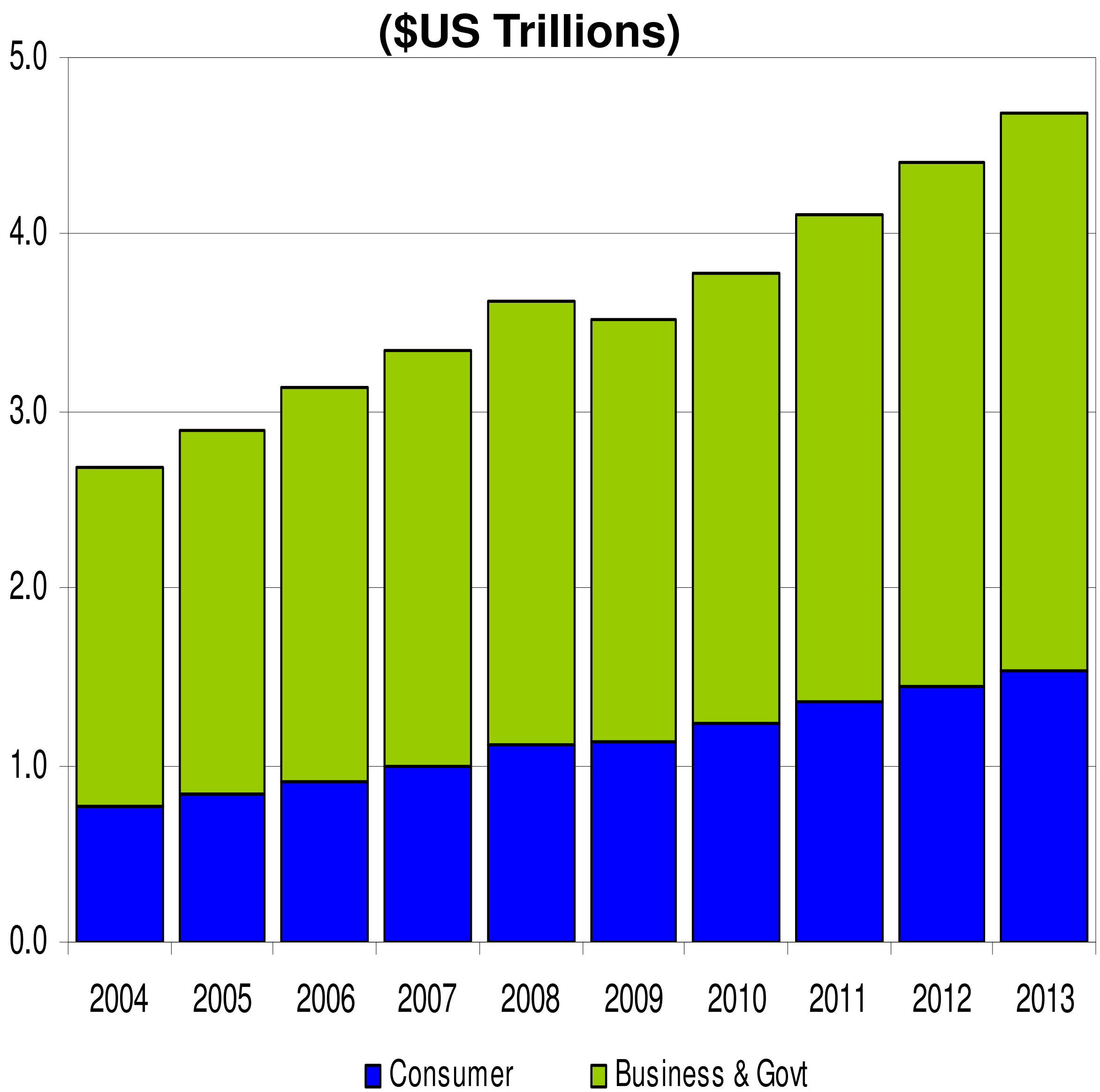
Global ICT Spending by Region[1]
($US Trillions)

Growth by Technology Group 2004-2013



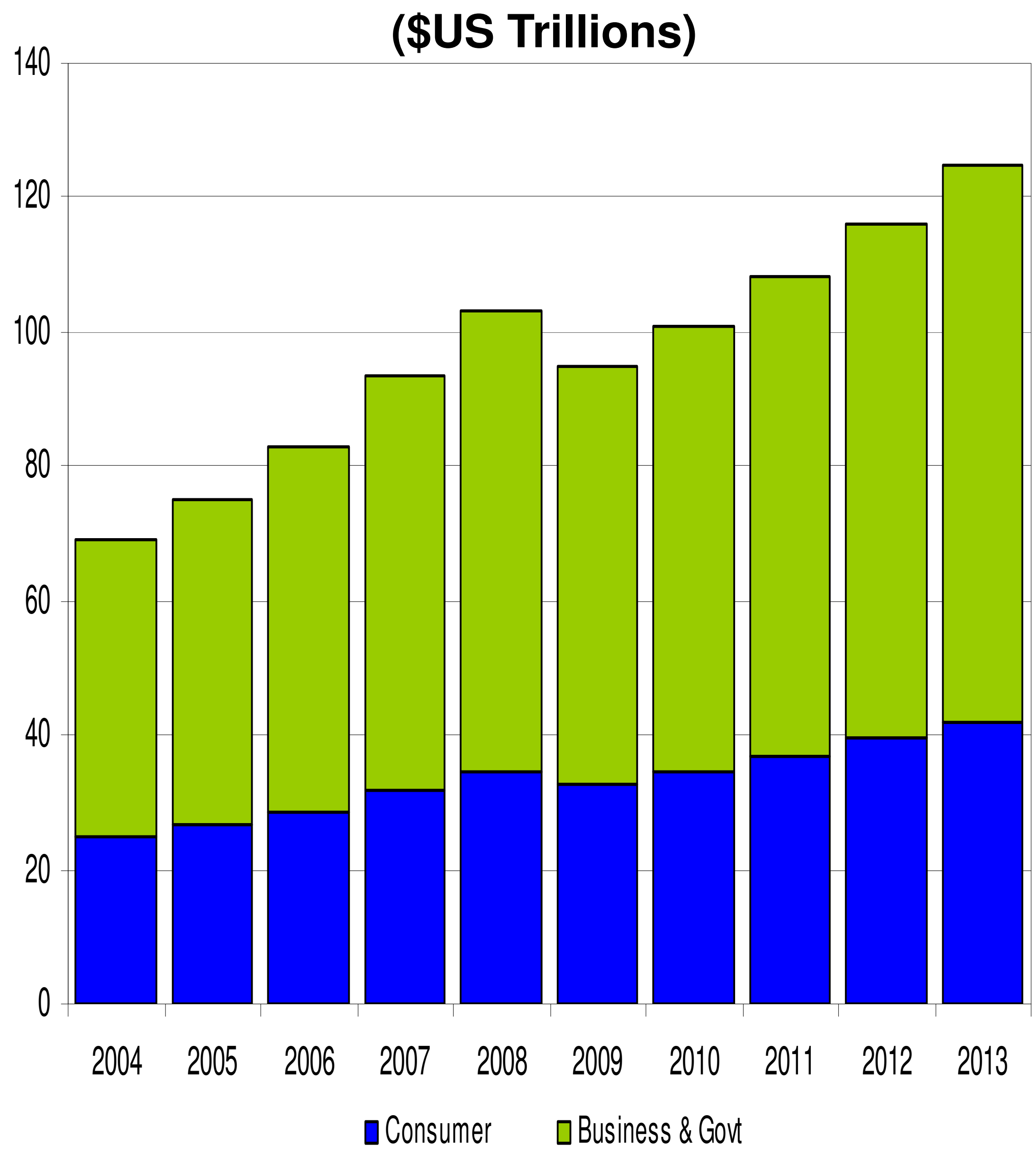
- All four technology groups will grow 2010-2013
- *Communications* technology dominates the ICT sector, accounting for approx 58% of spending over the forecast period.
- With nearly 20% of the market, *Services* will post the fastest growth at 7.9%
- *Software*, *Communications*, & *Hardware* will grow 7.7%, 7.4%, and 6.6% CAGR thru 2013. Lower growth for *hardware* due to declining system prices.

Global ICT Spending by Market Segment



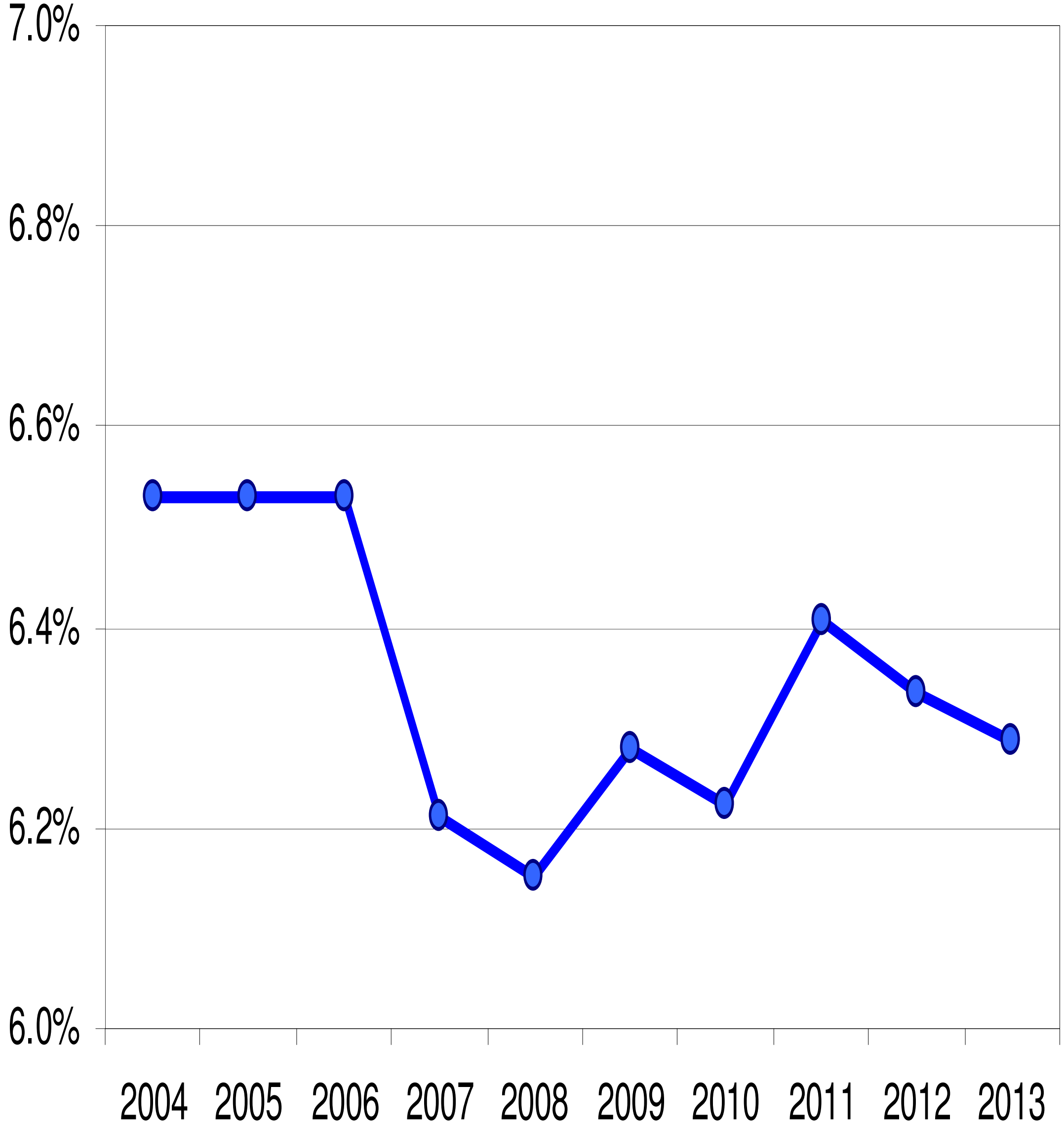
- *Consumer* ICT market growing rapidly: 2004: 28.8% of ICT market
- 2013: *Consumers* 1/3 of market (demand for mobile devices: smartphones, netbooks, tablets)
- *Telecom* sector: fastest growth thru 2013 (12.5%) due to demand for mobile voice/data services. Most of expansion to occur thru 2011, moderating to 5.9% in 2013.

Consumer vs. B2B Commerce



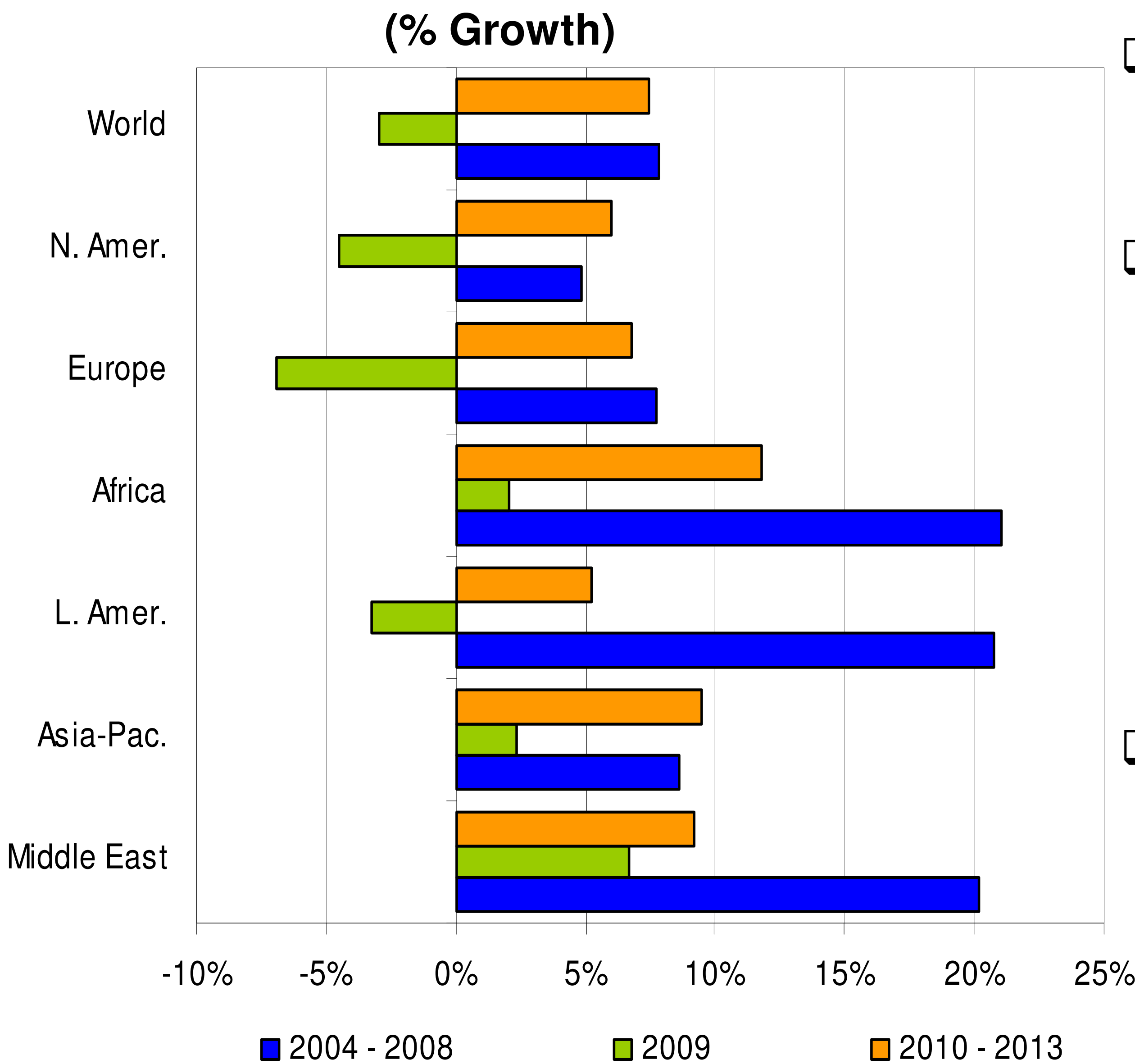
- *Total value* of goods & services commerce globally peaked at $US 103 trillion in 2008 & will surge to $US 124 trillion in 2013
- Total *business-to-consumer* commerce to average 34% of market thru 2013
- *B2B* commerce account for remaining 66%.
- B2B *large share* as businesses upgrade ICT to reduce costs, boost labor productivity & enhance competitiveness in global markets.

ICT As Percent of World GDP



- As % of total GDP, ICT spending remained relatively stable from 2004 to 2006.
- By the Q4 2007, ICT spending as a percent of GDP began to decline.
- This ratio will bounce back to 6.4% in 2011 before trending towards 6.2% beyond 2013.
- Extended technology refresh cycles produced by recession will remain thru forecast period.

ICT Growth Patterns & Forecasts



- ICT spending growth *vary* significantly across world regions.
- Comparing pre-and post-recession, *emerging markets* in Africa, Europe and Middle East to grow faster than *advanced economies* in North America & Europe
- However, ICT spending in emerging markets will grow substantially *slower than pre-recession* levels.

Nature of the Recovery

- Telecom sector will experience significantly higher post-recession growth rates
- Consumer spending will cool - still slightly faster than overall market
- Telecom & consumer market symbiosis: Consumers buying low-cost mobile devices &voice/data services vs. telco's investment in infrastructure needed to service consumer demand
- Most other industry sectors to experience flat to declining growth rates.
- Sectors that create value through data, knowledge and services (e.g., Telecom and Financial Services) have higher ICT Intensity
- Least ICT-intensive segments: Manufacturing and Construction

ICT Spending by Market Segment

($US Billions, Percent Growth)

Market Segment	2009	% Growth 2004-08	% Growth 2008-09	% Growth 2009-13
Consumer	1,132,967	9.6%	1.6%	7.7%
Financial Services	342,228	6.6%	-3.1%	7.3%
Government	300,909	6.6%	-2.1%	4.0%
Services	276,976	6.7%	-3.4%	6.9%
Manufacturing	274,510	8.3%	-4.0%	7.0%
Telecom	268,460	5.7%	-21.8%	12.5%
Transportation	196,057	6.3%	2.9%	5.7%
Healthcare	159,658	7.1%	-1.3%	7.2%
Retail Trade	123,930	6.3%	-3.4%	6.3%
Wholesale & Distribution	106,956	7.6%	-1.4%	6.4%
Hosp., Hotels & Leisure	93,327	7.8%	-2.8%	7.4%
Energy and Utilities	82,391	8.7%	-3.8%	7.4%
Construction	70,588	9.8%	-2.0%	8.3%
Natural Resources	50,929	11.8%	-2.3%	7.8%
Educational Services	38,432	7.1%	-2.3%	7.2%
Total	3,518,316	7.8%	-3.0%	7.4%

Output/Total Spending by Market Segment

Market Segment	2009 ICT Spending (US$M)	2009 Output (US$T)	ICT as % of Output
Telecom	268,460	2,339	11.5%
Financial Services	342,228	5,199	6.6%
Transportation	196,057	3,843	5.1%
Healthcare	159,658	3,908	4.1%
Consumer	1,132,967	32,916	3.4%
Government	300,909	7,874	3.8%
Hosp., Hotels & Leisure	93,327	2,939	3.2%
Retail Trade	123,930	3,681	3.4%
Wholesale & Distribution	106,956	4,331	2.5%
Educational Services	38,432	2,943	1.3%
Energy and Utilities	82,391	7,055	1.2%
Services	276,976	17,821	1.6%
Natural Resources	50,929	3,366	1.5%
Manufacturing	274,510	23,890	1.1%
Construction	70,588	5,575	1.3%
Overall	3,518,316	127,678	2.8%

Comments?

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