



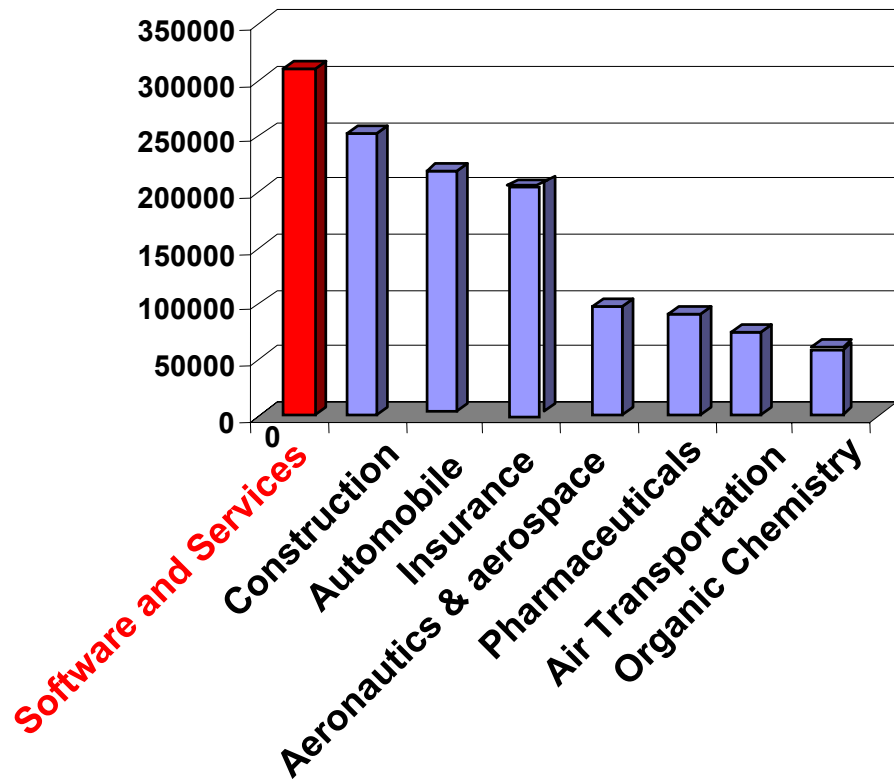
Syntec Informatique

October 25, 2002
WITSA Steering Committee

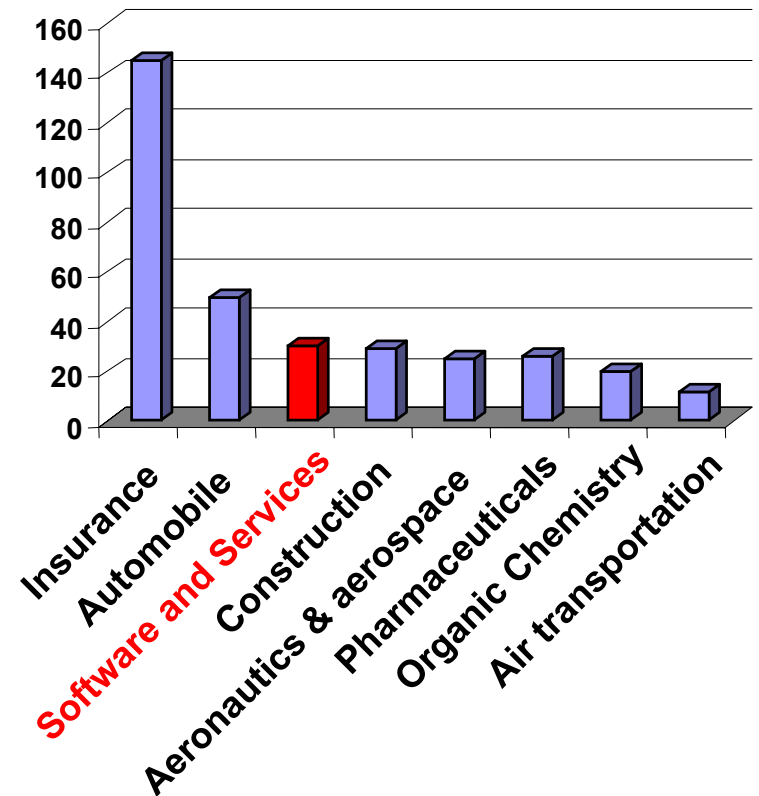
M. François DUFAUX, Syntec Informatique Chairman

Ranking of the Software & Services in the French Economy

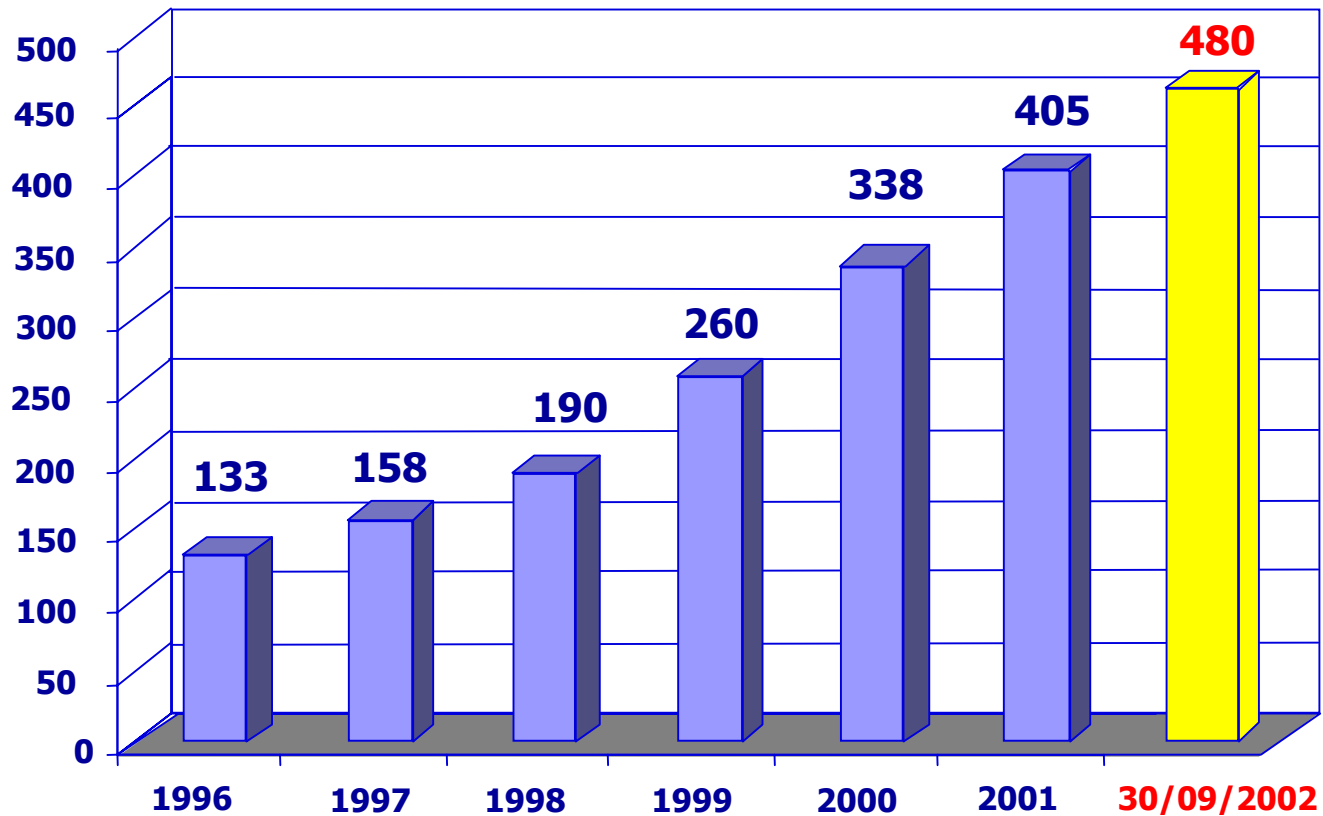
Staff (thousands)



Turnover (Billion euros)



Increasing number of members





SYNTEC
INFORMATIQUE

Chambre Syndicale des SSII et des Editeurs de Logiciels

Une Industrie qui change le monde...

Accès Membres

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Syntec Informatique sector in France

	Number of Companies	Billion Euros	Staff
The actors of Software & Services Market (1)	30,000	30	310,000
Companies belonging to Syntec Informatique sector(2)	2,000	21.3	215,000
Companies members of Syntec Informatique	480	16.8	170,000

(1) Including services amongst manufacturers, telecommunications operators, small companies under 10 people, education & training, temporary staff agencies...

(2) Software & Services Engineering Companies, Software Publishers, VARs, companies of 10 people and over



Syntec Informatique

High representativity of the sector

480 groups and companies :

- ❖ 79 % of the sectors turnover**
- ❖ 85 % of the Software & IT Services Companies (Stock Exchange)**
- ❖ 50 % of the Software & IT Services Companies (“second marché” at the Stock Exchange)**



Evaluation of 2002 first semester and prospects



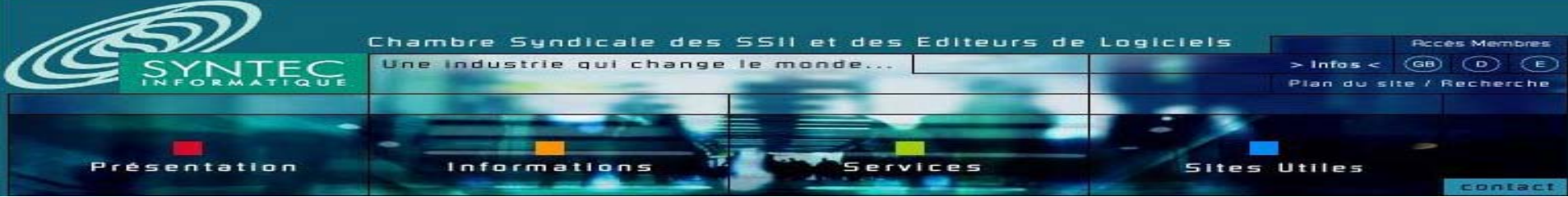
An unfavorable economic background

- ❖ **The financial crisis has ruined all expectations of an economic recovery for the second half of the year.**
- ❖ **The strong recovery in the United States for the first quarter was not confirmed for the second.**
- ❖ **The investments made by companies in the United States, after a decrease of 5.2 % in 2001, should drop down again by 5.8 % this year.**

Hypothesis for France : a weak rebound

%	2001	2002 (e)	2003 (e)
GDP	1,8	1,1	2,1
Consumer goods	2,8	1,8	2,2
Fixed capital Investments	3,3	<0,5>	1,0
Administration Investments	6,1	1,3	1,9
Export	1,5	0,8	5,7

Sources OECD, BIPE, INSEE



Hypothesis for France : a weak rebound (2)

- An economic background quite unfavorable for investments
- Factors of uncertainty are quite numerous :
 - Steadiness in consumer expenditure
 - Restoration of confidence
 - The financial Policy of the CEB
 - Oil prices
 - Geopolitics unsteadiness



The French Software & Services Sector in 2002

- ❖ **A growth rate close to zero in the first 6 months of year 2002.**

- ❖ **A deteriorated background which explains :**
 - ✓ **a significant growth slowdown (1.1 vs 1.5 % expected)**
 - ✓ **Reduced investments in the second half of the year**



The French Software & Services Sector in 2002

- ❖ **A significant drop in investments will slow down the growth in the software and services sector.**
 - **Reduced investment in banking, insurance, telecommunications and industry sectors.**
 - **Slow down in consulting, systems integration, time & material and software development activities.**
 - **Pressure on prices**
 - **Capacities for production more important than demand**



The French Software & Services Sector in 2002

- ❖ **But some markets keep on moving forward...**
 - **Public Administration and Defense**
 - **Energy and Public Services in general**
 - **Wholesale distribution**
 - **Some industries (Automobile, food and beverage...)**



The French Software & Services Sector in 2002

- ❖ ... and some other activities
 - Outsourcing and Managed Services
 - Applications Maintenance
 - Technology/Consulting

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Breakdown by markets

Markets	Year 2001	S1 2002	S2 2002	Year 2003	Weight % of total
Public Sector	+++	++	++	++	12
Banking & Financial Services	+++	=	—	+	20
Insurance	+++	— —	— —	=	4.5
Telecoms & Multimedia	++	— — —	— — —	=	7
Industry	++	=	—	+	24.5
Utilities	++	=	+	+	4.5
Commerce & Distribution	+++	—	—	=	12.5
Transport & Tourism	+++	— —	—	=	4.5
Services & Miscellaneous	++	=	—	=	10.5
TOTAL	+++	=	—	+	100%

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Activity breakdown

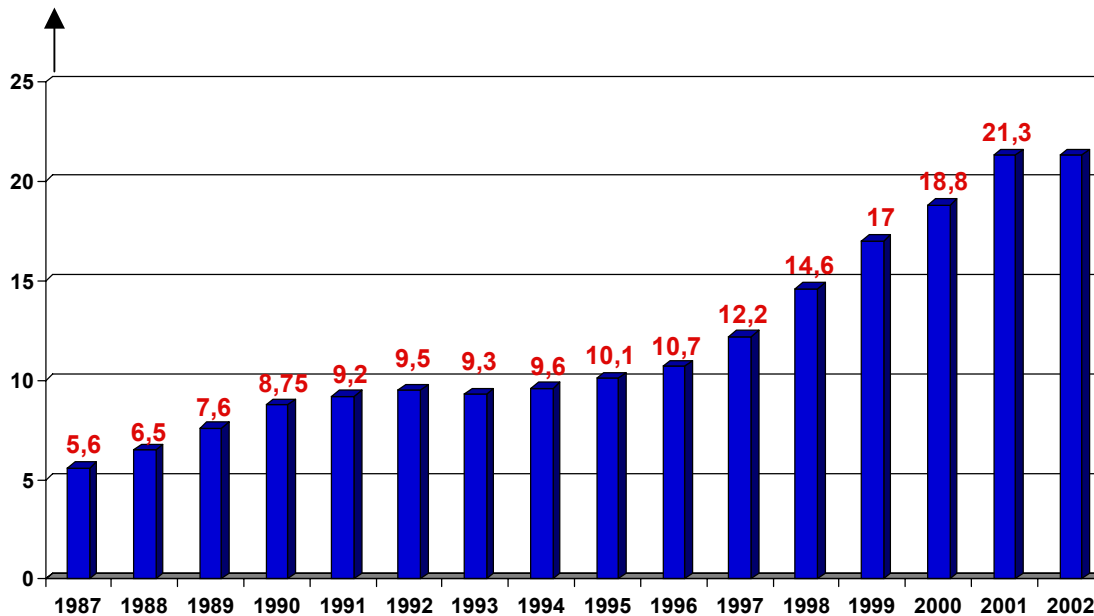
ACTIVITY	Year 2001	S1 2002	S2 2002	Year 2003	Weight % of total
IS Consulting	+++	---	---	=	7
Engineering					
Project & systems integration	++	---	---	+	16
Time and material	++	---	----	-	14.5
Technology/consulting	+++	+	-	=	12
Outsourcing					
Application Maintenance	+++	++	++	++	4
Outsourcing (except Appl. Maint.)	++ +	++	+++	++	18
Software and Services					
Tools	++	=	-	=	7
Applications	+++	---	---	=	14
Miscellaneous, education & training	++	=	-	=	7.5 ¹⁵
TOTAL	+++	=	-	+	100%

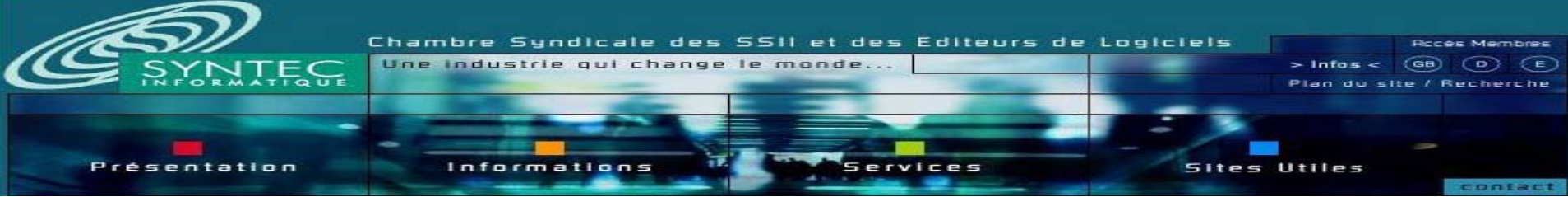
Prospects for 2002

- ❖ Generally speaking, the marking point of Year 2002, will be the slight decrease of Software and Services sector compared to 2001.
- ❖ We already experienced the same situation in 1992/1993.

Turnover in billion Euros

Growth in the Software & Services Sector Records of the Software & Services Sector Turnover evolution





Adaptability of the companies to a difficult background

❖ Adapting costs and structures :

- Reducing, even stopping, wage increase**
- Stopping hiring, except for some kind of profiles**
- Reducing subcontracting in middle size and large companies**
- Fitting production capacities to demand by the end of the year.**
- Preparing more drastic measures in case of further environment deterioration.**



Adaptability of the companies to a difficult background (2)

- ❖ **Rationalizing the offer :**
 - **Increasing investments**

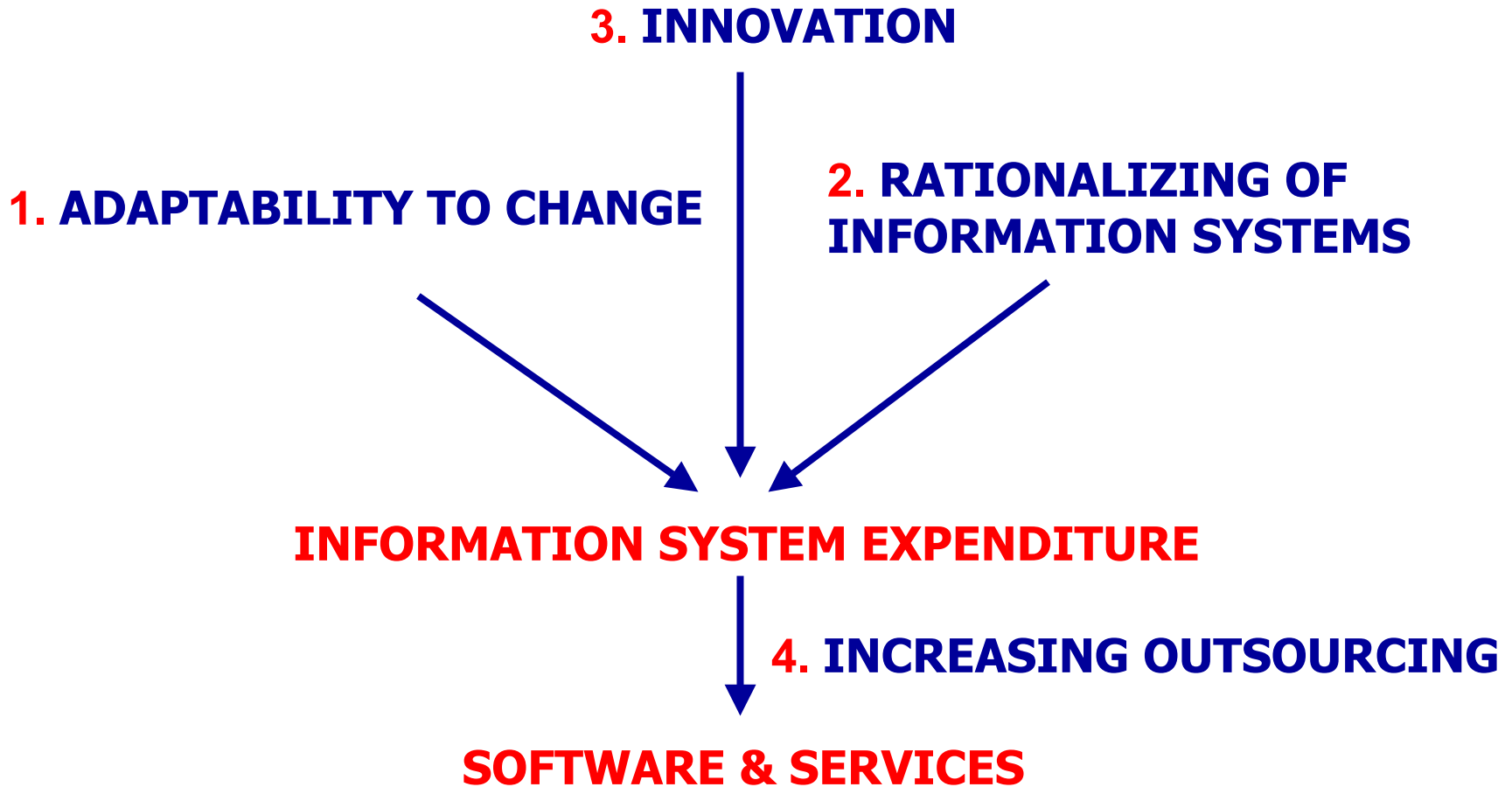
- ❖ **Fitting of operating and commercial skills**

- ❖ **For Software Publishers :**
 - **Improvement of quality**
 - **More R&D**
 - **Ascending compatibility between successive versions**



A model of long-lasting growth

STRUCTURAL GROWTH FACTORS





Conclusion

- ❖ **The Software & Services companies are getting ready, taking all required measures, for a first half in 2003, quite like the second half of 2002.**
- ❖ **They are adjusting their production capacity to a level of demand in an unsteady economic situation.**
- ❖ **The engines for a steady growth still exist and will start again once confidence is back.**
- ❖ **A new start in the capital expenditures and the steadiness of the Public Sector expenditure are two key factors for the growth recovery of the sector.**
- ❖ **There are huge needs and opportunities in the Software & Services sector : no other industry is supported by such a great technological innovation.**