

Microsoft SME Briefing

Drivers and Inhibitors in ICT Spend for Irish SME's

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- Through **research**, we provide knowledge unique to the specific needs of each client.
- We **connect** organisations to share best practices and develop peer groups and personal networks.
- We **answer** the needs of each client with cost effective, flexible and unique solutions.

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iReach Research Services

Some of our research services include:

- New Product Development
- Brand and Advertising research
- Strategy Development and validation
- Partner Content Portals and Whitepapers
- Customer Satisfaction research
- IT and Telecom Spends and Trends
- Market and Industry Vertical Segmentation
- In-house Viewing Facilities and Usability Labs
- Analyst Briefings and Event Facilitation

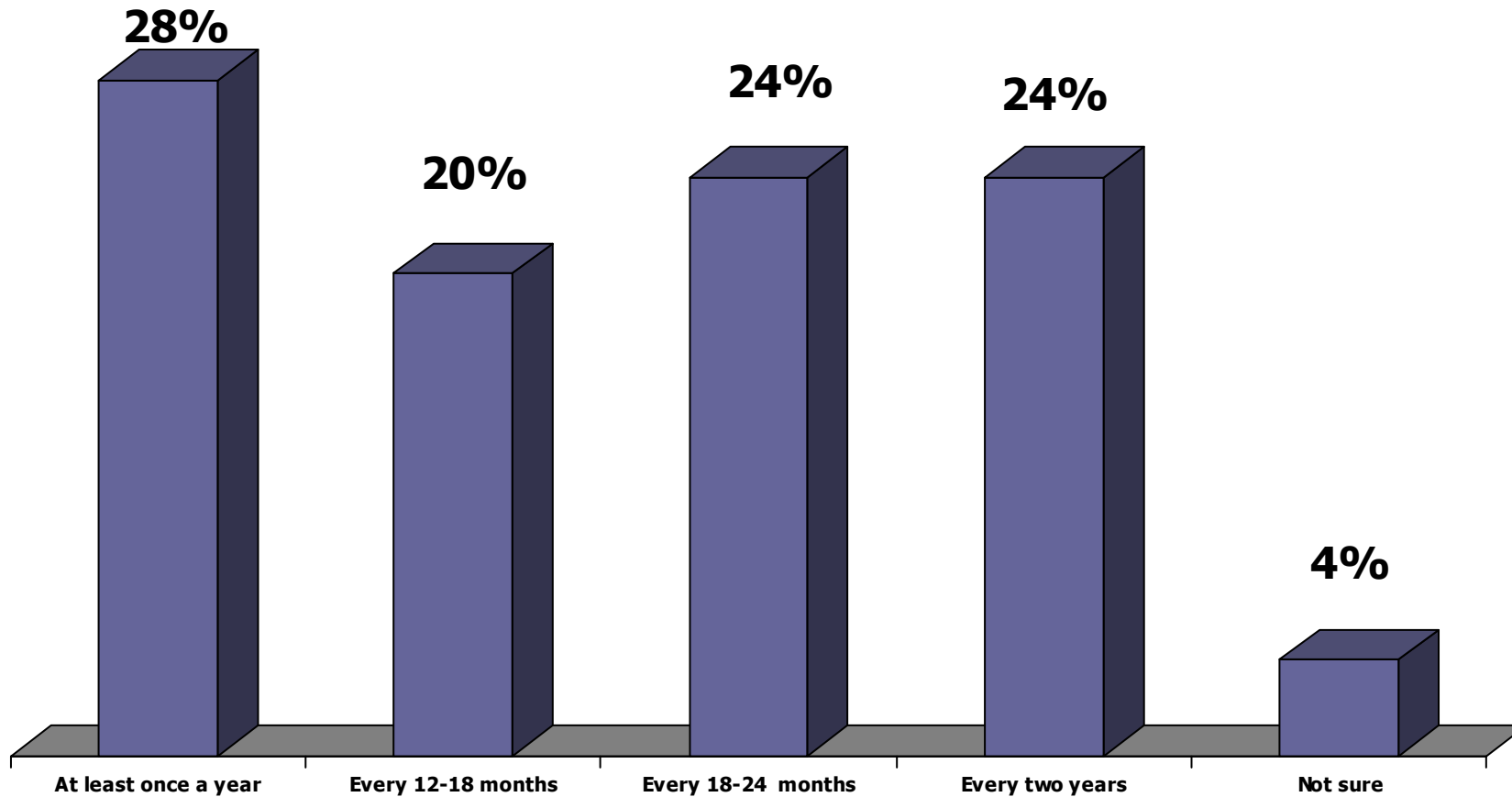
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Survey Methodology

- **iReach IT Nice Guy Survey of 150 SMEs**
 - ICT Investment Priorities
 - Broadband usage
 - Support and Supplier Preferences.
 - Attitudes to technology
 - Adoption of new services
- **iReach TeleTech Survey of 250 IT executives**
 - Government
 - Manufacturing
 - Financial Services
 - Retail & Wholesale
 - Business Services

Frequency of Updating IT Systems

Q. On average, how often are the IT systems in the organisation updated?



Most Significant Factors when Considering the Purchase of IT



Hardware

- How the infrastructure will integrate with existing system (92%)
- Technical support available from supplier (88%)
- Maintenance costs (88%)

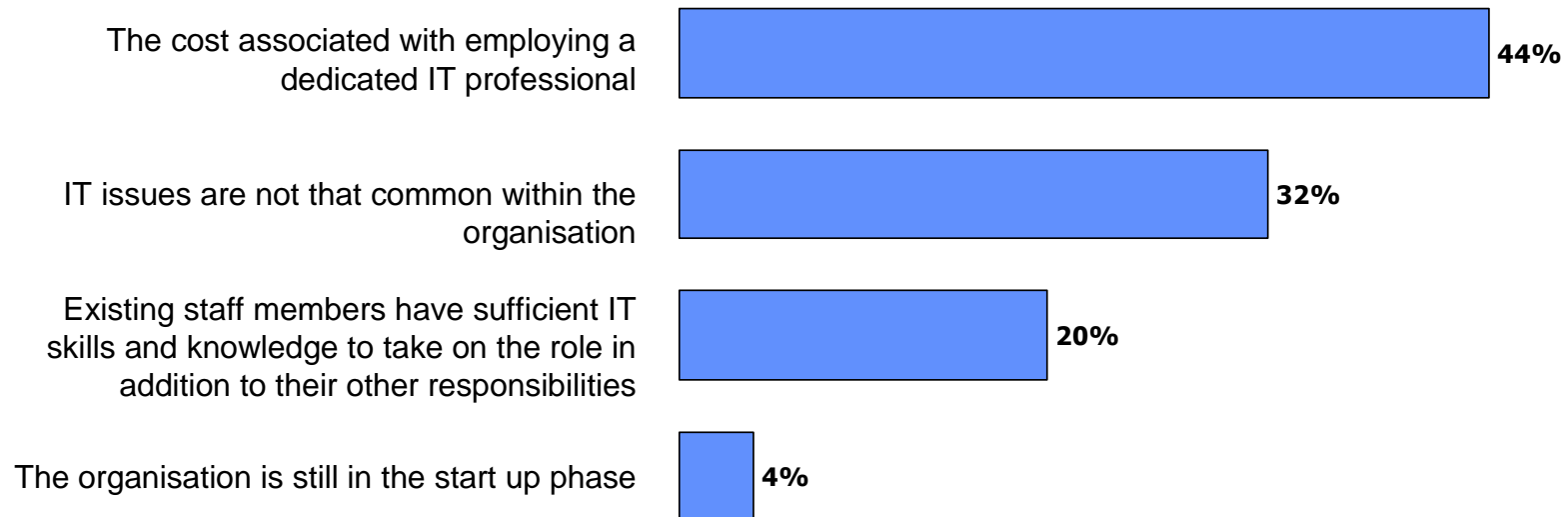


Software

- Ease of use (88%)
- Compatibility with operating system (88%)
- Technical support(88%)

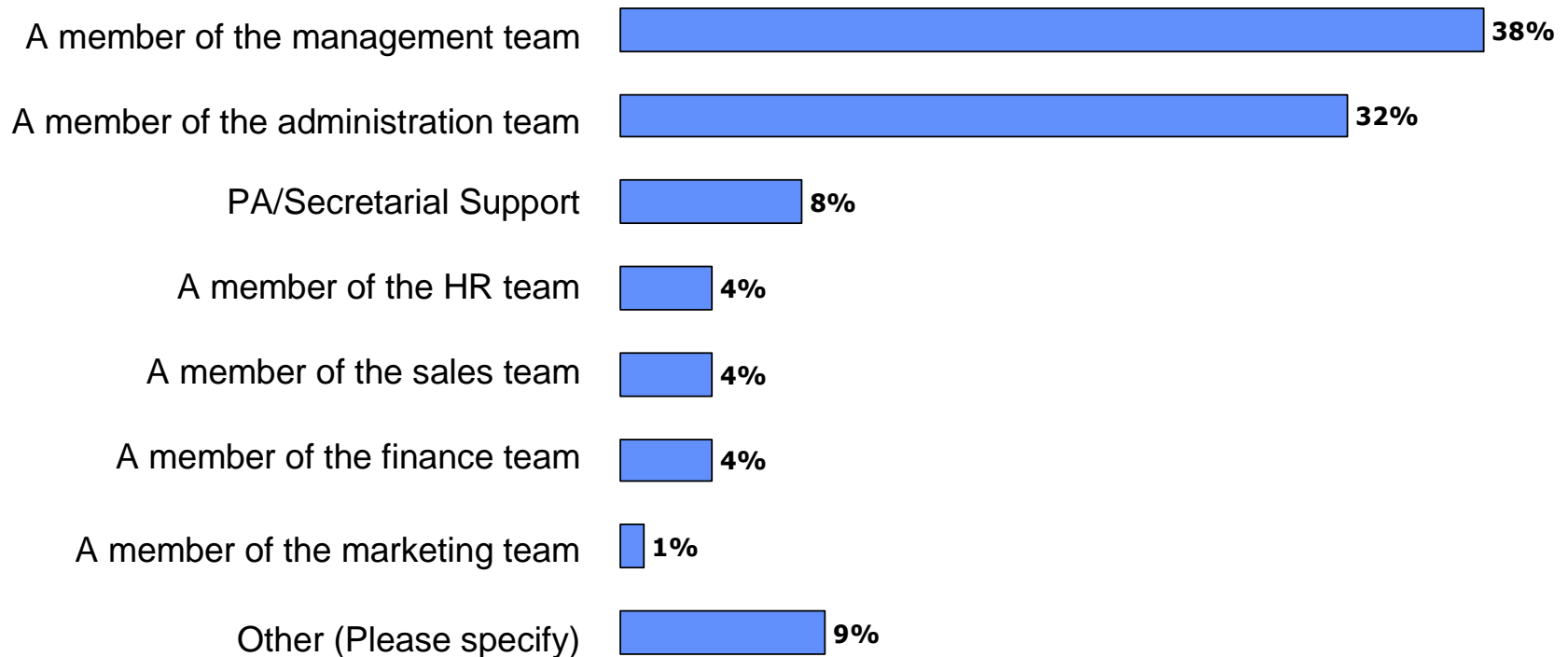
Rationale for Not Having a Dedicated IT Professional/IT Team

Q. You said that you do not have a dedicated IT professional within the organisation. What would you say is the main reason for this?



Identifying the IT Nice Guy

Q. If a problem regarding IT or computers were to occur in your organisation, who would be most likely to try to address the issue?

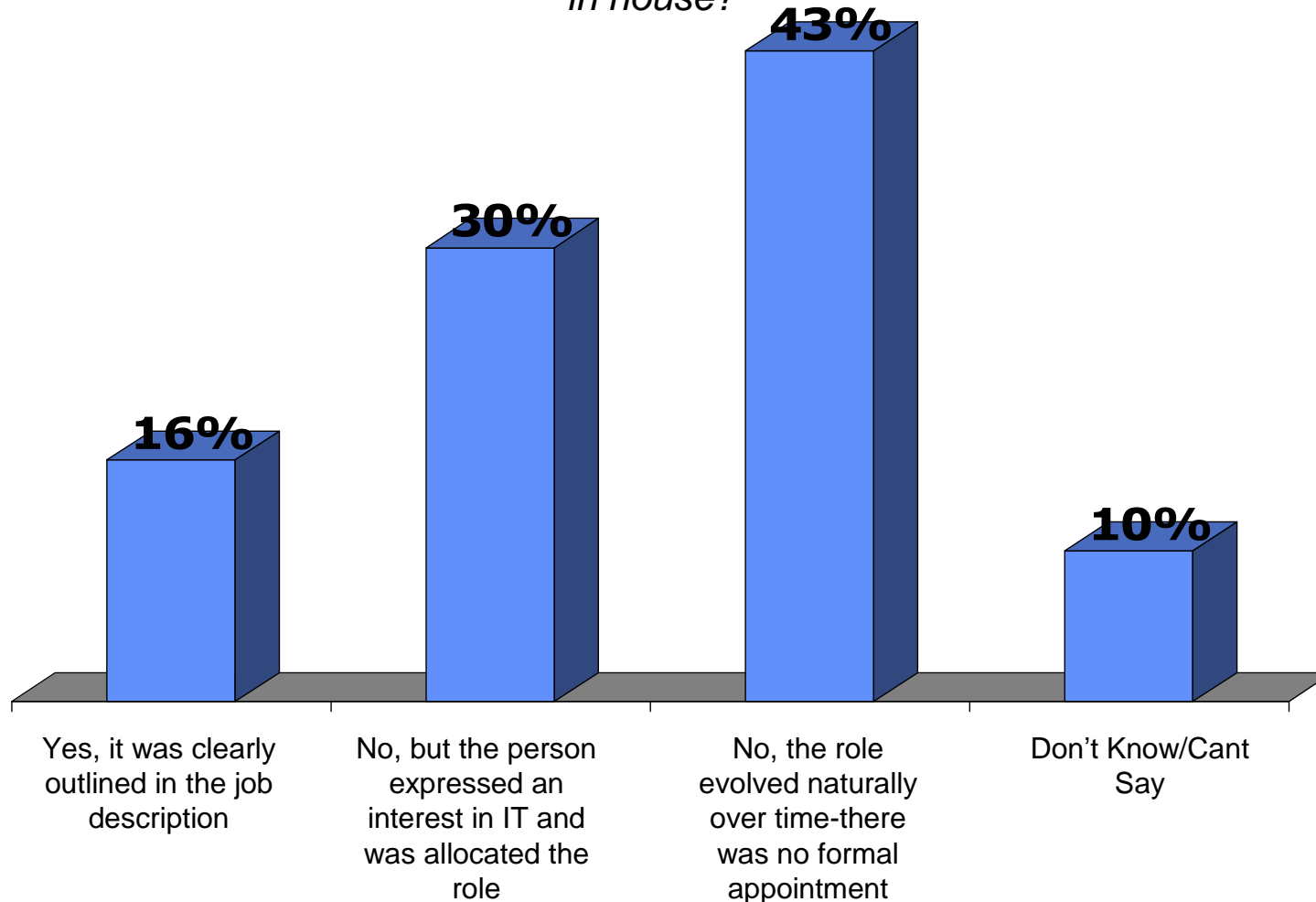


IT Nice Guy's Training and Skills

The person has a formal recognised IT qualification	18%
The person has no formal, recognised IT qualification, but has gained experience "on the job"	54%
The person has attended external training in relation to IT provided by this organisation	15%
The person has no formal, recognised IT qualification nor attended any external training provided by the organisation	12%
Other	1%

IT Nice Guy's Appointment

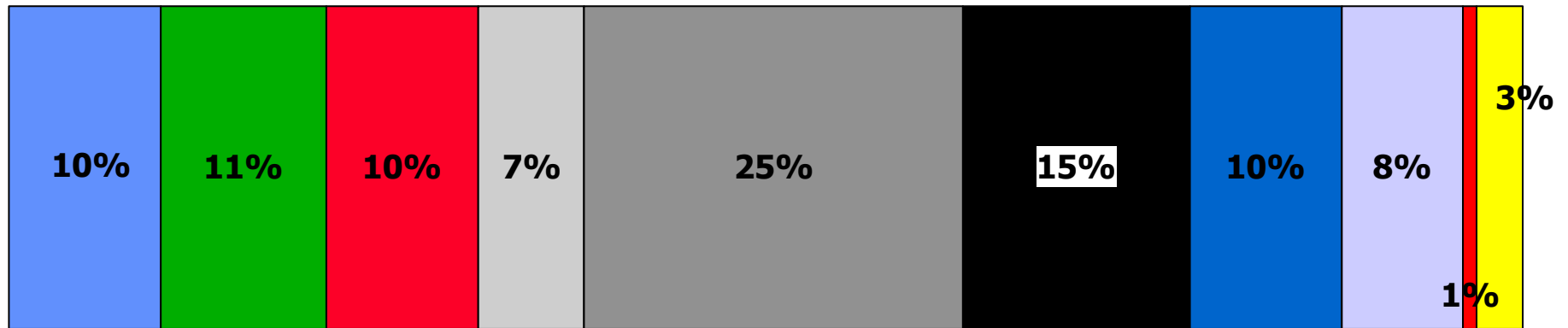
Q. When this person was appointed to their role, was it specified that they would oversee IT in house?



The Burden of IT

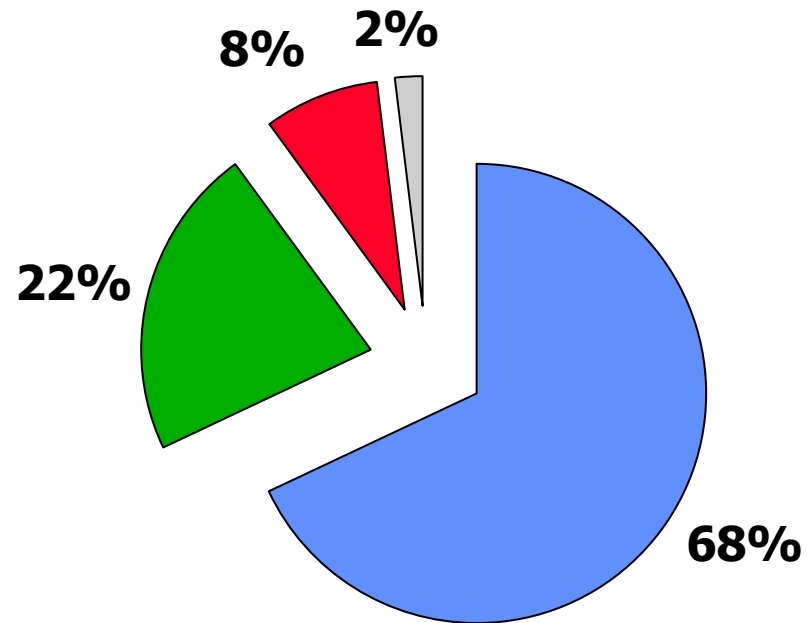
Q. On a scale of one to ten, where one is not at all a burden and ten is a significant burden, how do you feel the person who looks after IT would view their role?

Not at all a burden \longrightarrow A significant burden



Percentage of Working Week Spent Dealing with IT

Q. What percentage of this person's working week would you estimate is spent attending to matters related to IT?



■ 1%-25% ■ 26%-50% ■ 51%-75% ■ 76%-100%

Investment Drivers in Irish SMEs

- ICT Priorities shift to Business Issues
- Convergence is Convenience
- Risk Management and Compliance
- Infrastructure Investment to Surge
- Software Growth slowing
- Managed Services maturing fast
- SME Spend Breakdown

Shifting CIO IT Spend Priorities

2007

1. Improved Support to Business Projects
2. Operational Costs Reduction
3. Projects to Increase Sales or Revenues
4. New HW/SW Infrastructure Projects
5. New Risk Man/Security Investments
6. Staff alignment with Business

2006

- 2.
- 4.
- 5.
- 3.
- 6.
-

Note: Telecom cost reduction #1 in 2006

Convergence is Convenience

- **Sales Message for 2007**
 - Many variants across IT and Telecoms
- **IP to enable new solutions**
 - Warm DR, Online Backup and Storage Solutions
 - Managed Services
- **Confusion of benefits**
 - Convenience then costs, but 37% are unsure
- **Perceived pitfalls to Convergence**
 - Security
 - Quality of Service

Risk Management and Compliance

- **88% have Risk Management Strategies**
- **Risk Management Projects**
 - 38% to invest in Operational Risk projects
 - 30% to invest in IT Risk management projects
 - 8% to invest on Data Risk management and DR
- **Very high awareness of Legislation**
- **Growth of Compliance Solutions**
 - Health and Safety
 - Supply Chain
 - Waste Management

Infrastructure investment grows

- **Accelerated growth in 2007**
 - 52% to spend more on Desktops/Laptops
 - 40% to spend more on Storage
 - 31% to spend more on Servers
- **Growth in units and revenues**
- **Microsoft dominates OS Infrastructure**
- **Cisco dominates Network Infrastructure**
- **Dell, HP and Lenovo/IBM “1, 2, 3”**
 - Across Desktop, Server and Storage

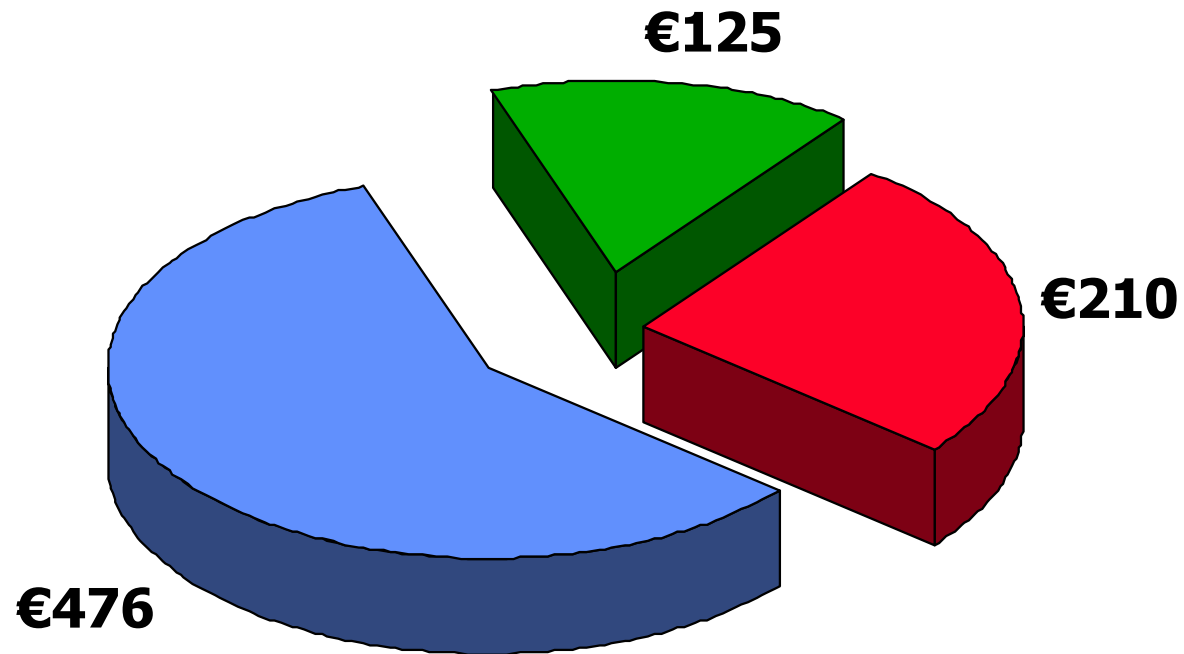
Slowing Software Growth

- **Enterprise Software licenses sluggish**
 - Shrinking at High End
- **Strong growth in Security spend**
 - Integrated Solutions
- **Infrastructure Software growing**
 - Business Intelligence
 - Content Management and Reporting
 - Database and Doc Management
 - Data Infrastructure Management
- **Software as a Service**

Managed Services maturing fast

- **Competitive Marketplace**
- **Wide range of offerings and suppliers**
- **Tactical not Strategic**
 - Standard IT 'tool'
 - Cost is main benefit
 - Skills Gaps and Resources
- **New offerings emerging in 2007**
 - Security Services
 - Hot/Warm Site DR
 - Storage and Data Solutions

IT spend in Irish SMEs (in millions)



■ Hardware

■ Software

■ Services

Key Opportunities

- **Industry Vertical Alignment**
 - Compliance and Reporting
- **Mobility and Convergence**
 - Remote and Mobile Working
 - Mobile extension of existing Applications
- **Security**
 - Expertise and Solutions
- **Managed Services**
 - 65% of SMEs have no formal IT role.
 - From Hosting to IT Management

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Close and Questions



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