Understanding Economic Indicators

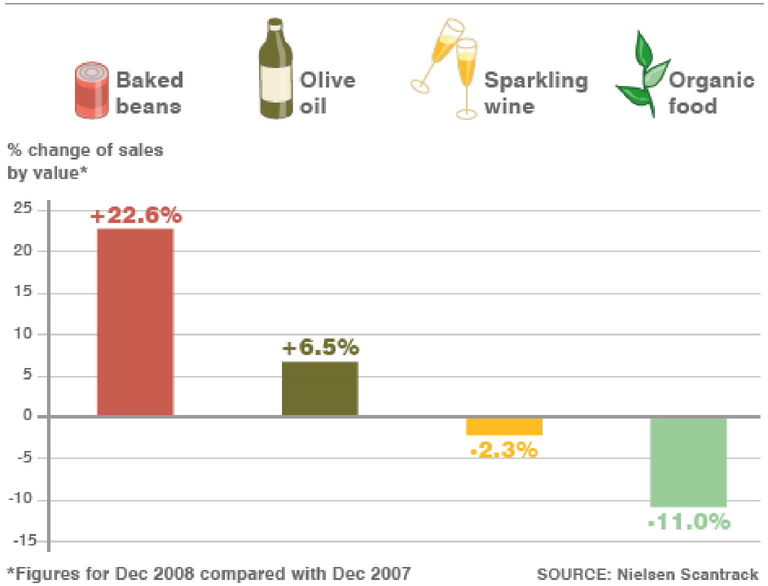
Steve Gilroy – Business Development Director, EMEA
sgilroy@toolwire.com
07786 331847

UK economy downturn 'frightening'

Business leaders have painted a bleak picture of the UK economy, with a survey suggesting the end of 2008 saw a "frightening deterioration".

> "Many hard-pressed customers couldn't be seduced into spending"
>
> Stephen Robertson
> Director-general, BRC

What are you giving up in the downturn?



BAKED BEANS SALES GROWTH

- August 18.1%
- September 8.8%
- October 6.4%
- November 21.7%
- December 22.6%

Sales value compared with same month of 2007
Source: Nielsen Scantrack

> "We're starting to see more of a stay-home economy"
>
> Charles Davis, Centre for Economics and Business Research.

TOOLWIRE

ComputerWeekly.com

Seven IT tips for surviving the recession

The global recession and how to cope with it will inevitably dictate the business and IT agendas during 2009. While the general consensus is that IT budgets are likely to remain relatively flat overall, circumstances will vary from industry to industry, with sectors such as financial services and travel being hardest hit. Government and utilities will see investment remain relatively buoyant.

Gartner indicates that, although 46% of CIOs believe their budget will increase, 21% expect expenditure to fall and a further 33% anticipate that there will be no change. Mark McDonald, global vice president of executive programmes at Gartner, says: "Some companies are going through large budget declines, while increases are very modest, which is holding the overall number down."

Nonetheless, many IT organisations are already shelving nice-to-have, discretionary projects and getting rid of costly on-site contractors, while at the same time adopting a somewhat longer-term, wait-and-see approach.

Chris Howard, vice president and director at analyst company, the Burton Group, says, "A lot of people are running relayed budgets that are flat year-on-year, but they're waiting for business colleagues to experience cuts as high as 20% to 30% to their own budgets. So they know that later in 2009, they'll find out the reality of what the impact is on IT," he says.

Another consequence of the current economic climate, however, is a general shift towards more tactical initiatives. "It tends to be about 'what can I do this quarter to keep my head out of the fire'. But what happens in this situation is that strategic vision often tends to weaken. So the trick is to do tactical things on strategic lines, focusing on the near side for long-term benefit when things pick up," Chris Howard adds.

So what areas should IT directors and CIOs focus on?

1. Virtualisation
2. Infrastructure projects and software asset management
3. IT governance
4. Portfolio management
5. Outsourcing/software-as-a-service/cloud computing
6. Business process management and SOA
7. Information management

ComputerWeekly.com

Staffing and Training

RSS this channel

Motorola axes another 4,000 jobs

Author: Antony Savvas
Posted: 11:27 15 Jan 2009

Motorola is cutting a further 4,000 jobs in response to the continuing recession and its inability to turn round its long-running bad business performance. The......More ›

LATEST FROM STAFFING AND TRAINING

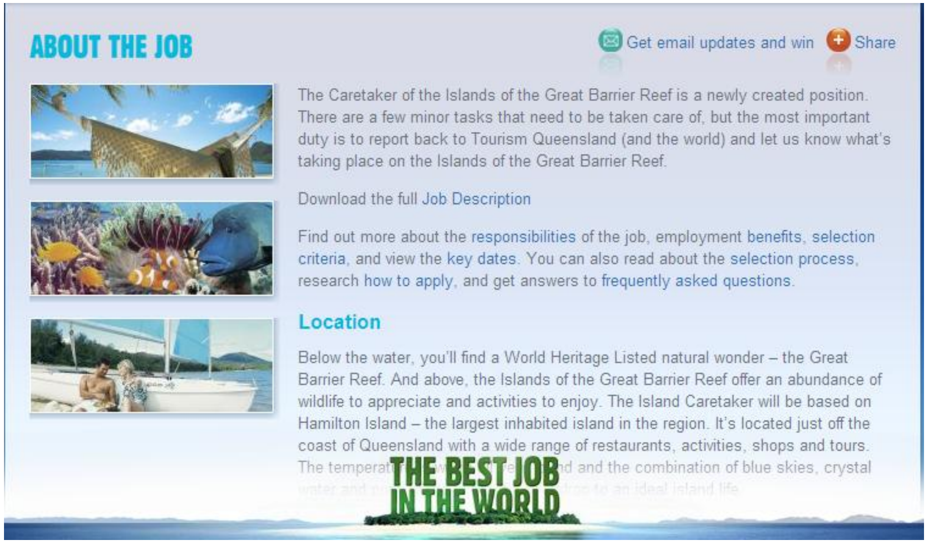
All ›

- Google axes 100 recruitment staff
  10:41 15 Jan 2009 | News
- Fujitsu Services UK chief executive quits
  19:52 14 Jan 2009 | News
- Brits help crash tropical island caretaker jobsite
  15:56 14 Jan 2009 | News
- London councils save cash with shared grid student comms
  15:51 14 Jan 2009 | News

STAFFING AND TRAINING FROM THE WEB

- Stephen Leonard named CEO, Pic Solutions International
  09:18 15 Jan 2009 | source: www.finextra.com
- Satyam appointing new accounting firm to restate accounts
  15:49 12 Jan 2009 | source: www.itworld.com
- Dell to make 1,900 Irish staff redundant
  11:00 09 Jan 2009 | source: www.cio.co.uk

More from the Web ›


ABOUT THE JOB

Get email updates and win Share

The Caretaker of the Islands of the Great Barrier Reef is a newly created position. There are a few minor tasks that need to be taken care of, but the most important duty is to report back to Tourism Queensland (and the world) and let us know what's taking place on the Islands of the Great Barrier Reef.

Download the full Job Description

Find out more about the responsibilities of the job, employment benefits, selection criteria, and view the key dates. You can also read about the selection process, research how to apply, and get answers to frequently asked questions.

Location

Below the water, you'll find a World Heritage Listed natural wonder – the Great Barrier Reef. And above, the Islands of the Great Barrier Reef offer an abundance of wildlife to appreciate and activities to enjoy. The Island Caretaker will be based on Hamilton Island – the largest inhabited island in the region. It's located just off the coast of Queensland with a wide range of restaurants, activities, shops and tours.

CRN

PC growth grinds to a halt

Both IDC and Gartner agree that global shipment growth has sunk its lowest level for at least six years

Written by Doug Woodburn
CRN, 15 Jan 2009

Global PC market growth has dropped to its lowest level since the dotcom bubble burst at the turn of the century.

Fourth quarter figures from both IDC and Gartner suggest the impact the economic downturn is having on PC shipments is more pronounced than first feared.

According to **IDC's data**, global PC shipments declined 0.4 per cent year on year in Q4. This follows six years of growth.

Rival research house **Gartner was slightly more upbeat**, claiming that global PC shipments increased 1.1 per cent to 78.1 million units in Q4.

However, the market watcher said that PC revenue experienced a record decline during the quarter, with steep average selling price declines and robust growth of netbooks contributing to the drop.

At 4.9 per cent, PC shipment growth in EMEA was at its lowest since the 2000/2001 period, Gartner added. Unit sales in the region hit 30.4 million.

Meanwhile, Loren Loverde, programme director for IDC's Worldwide Quarterly PC Tracker, said IDC's data suggests the economic crisis will have as pronounced an impact on the PC market as the last downturn.

IT spend faces first drop since 2002

Research from Forrester predicts a three per cent drop in global spending on IT goods and services this year

Written by Sam Trendall
CRN, 13 Jan 2009

Global spending on IT goods and services this year is predicted to decline for the first time since 2002, according to research firm **Forrester**.

The *Global IT Market Outlook 2009* report reveals IT purchases from across the private and public sector rose eight per cent last year. This represented a seventh consecutive annual growth, after a six per cent decline in both 2001 and 2002. However, Forrester is forecasting that spending will drop three per cent this year to $1.66 trillion (£1.13tn).

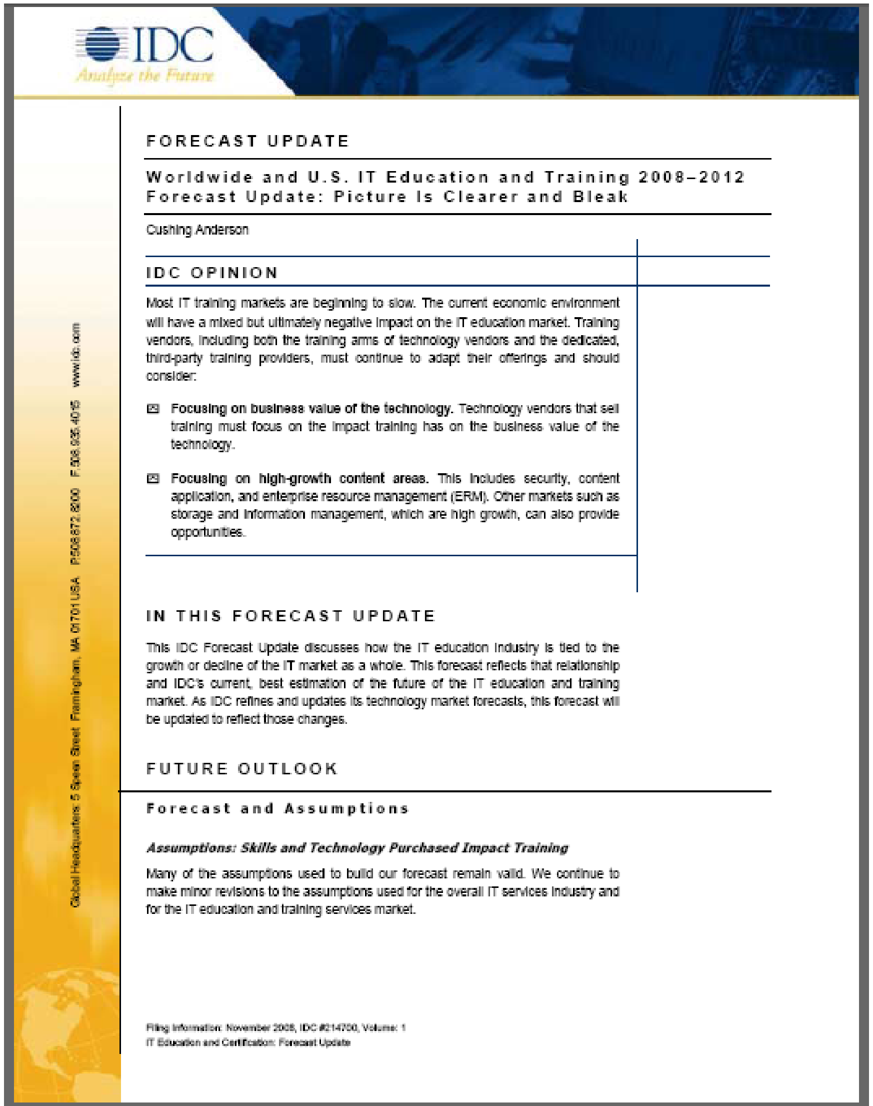
The outlook is slightly rosier when using a mix of appropriate local currencies, as 2.5 per cent global growth is projected in that case. Regionally, US purchases are expected to grow 1.6 per cent, while those in western and central Europe will rise 1.3 per cent. Those in eastern Europe, the Middle East and Africa will spike five per cent while spending in the Asia-Pacific region will increase three per cent. But when each of these is converted to US dollars, it demonstrates a slowdown in global IT spending.

Forrester principal analyst Andrew Bartels said: "The fact that 2009 IT purchases growth is so much **weaker in US dollars** than in local currencies means US vendors with significant overseas business will feel a double dose of pain as both the economic environment and currency market will work against them for much of 2009."

Investment in computer equipment is forecast to endure the sharpest decline, with spending set to fall four per cent to $434bn this year. Purchases of communications equipment are predicted to decline three per cent to $353bn, with spending on services and **outsourcing** forecast to fall by the same margin to $484bn. Projections for software investment are as close as the report gets to bearing good news, with spending forecast to stay flat at $388bn.

Bartels added: "Our forecast for 2009 rests on the assumption that the economic recession in the US and other major economies will start to end in the second half of 2009. For IT vendor strategists, the global IT market will be a gloomy one in 2009, with prospects of improvement in 2010. Unlike in past years, there are no significant growth markets to offset the weak ones."

TOOLWIRE


IDC
Analyze the Future

FORECAST UPDATE

Worldwide and U.S. IT Education and Training 2008–2012 Forecast Update: Picture Is Clearer and Bleak

Cushing Anderson

IDC OPINION

Most IT training markets are beginning to slow. The current economic environment will have a mixed but ultimately negative impact on the IT education market. Training vendors, including both the training arms of technology vendors and the dedicated, third-party training providers, must continue to adapt their offerings and should consider:

- **Focusing on business value of the technology.** Technology vendors that sell training must focus on the impact training has on the business value of the technology.
- **Focusing on high-growth content areas.** This includes security, content application, and enterprise resource management (ERM). Other markets such as storage and information management, which are high growth, can also provide opportunities.

IN THIS FORECAST UPDATE

This IDC Forecast Update discusses how the IT education industry is tied to the growth or decline of the IT market as a whole. This forecast reflects that relationship and IDC's current, best estimation of the future of the IT education and training market. As IDC refines and updates its technology market forecasts, this forecast will be updated to reflect those changes.

FUTURE OUTLOOK

Forecast and Assumptions

Assumptions: Skills and Technology Purchased Impact Training

Many of the assumptions used to build our forecast remain valid. We continue to make minor revisions to the assumptions used for the overall IT services industry and for the IT education and training services market.

Global Headquarters: 5 Speen Street Framingham, MA 01701 USA P.508.872.8200 F.508.935.4015 www.idc.com

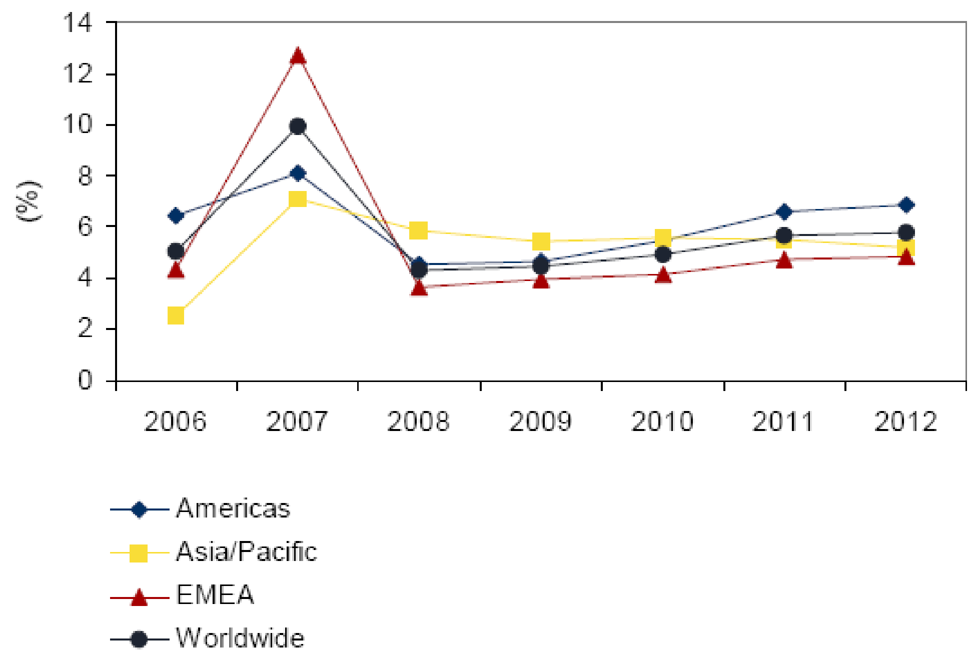
Filing Information: November 2008, IDC #214700, Volume: 1
IT Education and Certification: Forecast Update

- Picture is Clearer and Bleak
- IT Training Markets slowing
- Training vendors must adapt their offerings
- Focus on the business value of technology
- Focus on high-growth content areas

- November 2008: IDC#214700

- **Price Erosion Especially on basic/intro classes**
- **EMEA will experience the slowest growth**
- **Decline in the $US caused significant jump in non-US markets – created spike and re-alignment of IT Training revenue**

Worldwide IT Education Services Spending Growth by Region, 2006–2012



Source: IDC, 2008

TABLE 4

U.S. IT Education Services Spending by Primary Market, 2005–2012 ($M)

	2005	2006	2007	2008	2009	2010	2011	2012	2007–2012 CAGR (%)
Application development and deployment	1,947	1,779	1,956	2,069	2,186	2,362	2,563	2,753	7.1
Applications	4,467	4,797	5,246	5,442	5,648	5,889	6,229	6,678	4.9
System infrastructure software	2,091	2,500	2,543	2,669	2,809	2,965	3,168	3,363	5.7
Total	8,505	9,075	9,745	10,180	10,643	11,215	11,960	12,794	5.6

TABLE 6

U.S. Application Development and Deployment Training Content Revenue by Secondary Market, 2007–2012 ($M)

	2007	2008	2009	2010	2011	2012	2007–2012 CAGR (%)
Information and data management	918	971	1,022	1,108	1,195	1,279	6.9
Application development software	430	449	475	510	554	591	6.5
Data access, analysis, and delivery	215	228	240	260	285	306	7.3
Integration and process automation middleware	194	216	240	267	302	342	12.0
Application server middleware	127	130	132	136	141	145	2.7
Quality and life-cycle tools	54	56	59	62	67	72	6.1
Other development tools	18	18	18	17	18	17	-0.8
Total	1,956	2,069	2,186	2,362	2,563	2,753	7.1

Note: See Table 5 for key forecast assumptions.

Source: IDC, 2008

TABLE 8

U.S. System Infrastructure Software Training Content Revenue by Secondary Market, 2007–2012 ($M)

	2007	2008	2009	2010	2011	2012	2007–2012 CAGR (%)
System software	1,303	1,352	1,404	1,457	1,529	1,606	4.3
Security	618	671	731	797	877	943	8.8
System and network management software	382	393	406	422	446	468	4.2
Storage software	241	253	268	288	316	346	7.5
Total	2,543	2,669	2,809	2,965	3,168	3,363	5.7

Note: See Table 5 for key forecast assumptions.

Source: IDC, 2008

TABLE 9

U.S. IT Education Services Revenue by Delivery Modality, 2006–2012 ($M)

	2006	2007	2008	2009	2010	2011	2012	2007–2012 CAGR (%)
Classroom-based ILT	5,319	5,646	5,846	6,067	6,355	6,744	7,173	4.9
CD-ROM	1,824	2,073	2,261	2,449	2,658	2,908	3,196	9.0
eLearning content	1,411	1,479	1,513	1,551	1,605	1,682	1,766	3.6
Video/satellite video	345	360	367	375	387	404	423	3.2
Text-based training	177	187	194	201	210	223	236	4.8
Total	9,075	9,745	10,180	10,643	11,215	11,960	12,794	5.6

Note: See Table 5 for key forecast assumptions.

Source: IDC, 2008

TABLE 10

Worldwide IT Education Services Revenue by Delivery Modality, 2006–2012 ($M)

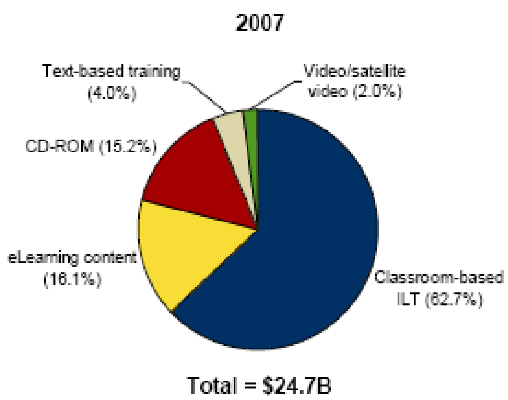
	2006	2007	2008	2009	2010	2011	2012	2007–2012 CAGR (%)
Classroom-based ILT	13,564	15,462	15,833	16,252	16,849	17,622	18,455	3.6
eLearning content	3,989	3,964	4,481	4,984	5,528	6,133	6,789	11.4
CD-ROM	3,542	3,742	3,895	4,090	4,228	4,389	4,565	4.1
Text-based training	889	986	1,001	1,021	1,042	1,074	1,108	2.4
Video/satellite video	447	505	512	524	544	568	595	3.3
Total	22,431	24,659	25,723	26,871	28,192	29,786	31,513	5.0

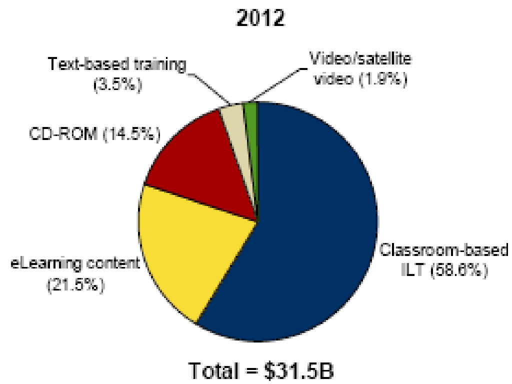
Note: See Table 3 for key forecast assumptions.

Source: IDC, 2008

FIGURE 2

Worldwide IT Education Services Revenue Share by Delivery Modality, 2007 and 2012

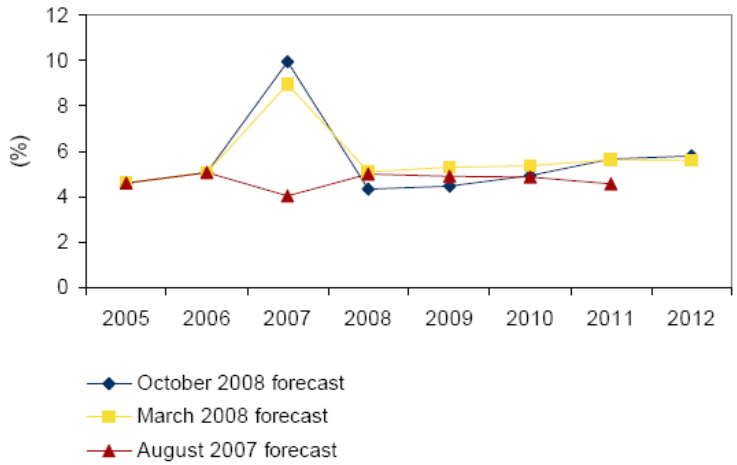




Source: IDC, 2008

FIGURE 3

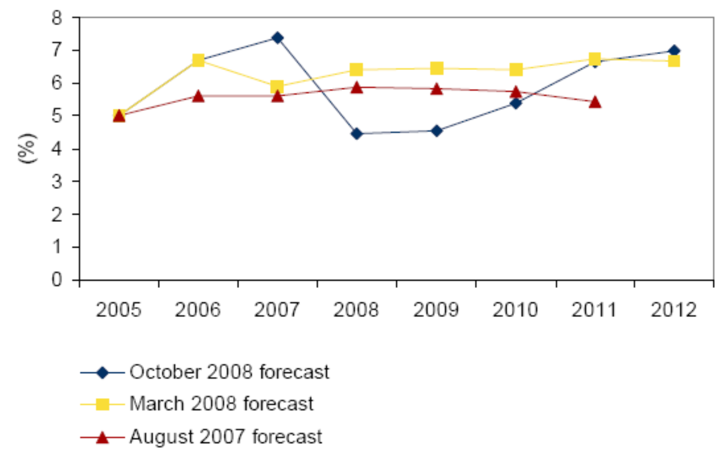
Worldwide IT Education Services Revenue Growth, 2005–2012: Comparison of October 2008, March 2008, and August 2007 Forecasts



Source: IDC, 2008

FIGURE 4

U.S. IT Education Services Revenue Growth, 2005–2012: Comparison of October 2008, March 2008, and August 2007 Forecasts



Source: IDC, 2008

TOOLWIRE

- **Vendors who train just on their products = opportunity fixed and bleak in most cases**
- **Some markets still providing growth opportunities:**
  - Integration & process automation middleware
  - Security
  - Storage software
  - Data access, analysis and delivery
  - Information & data management

- **Training vendors should adapt their offers:**
- **Focus on the business value of technology**
- **Follow technology growth in Asia**
- **Invest in shorter, portable training**
- **Focus on high-growth content areas**

Learning Directors Network
The world-class network of training provider directors

- **Survey of Buyers:**
- **Do more with what you have**
- **Search for more in-house learning, e-learning tools**
- **Bean counting**
- **Less commitment, slower to commit**
- **Travel restrictions**
- **Increased focus on measuring outcome of training, faster impact**

- **More focus on:**
  - Remote desktop support
  - Webinars & virtual classrooms
  - All forms of e-learning
  - Virtualisation
  - More self-paced, self-directed learning
  - More use of 'free' training

Key Messages:

- Just product training = very risky (unless your product is in high growth)
- Focus on the Business Value of training
  - Spell out the ROI/Impact
  - Make a fast impact
- Shorter, flexible modules
- More for less, 2-for-1, 3-for-2 etc.
- Offer more value
  - Free podcasts, webinars
  - Value-add to existing courses
- Offer more e-learning, flexible learning options
  - Self-paced, self-driven
  - Virtualisation
- Some markets/clients spending throughout – search them out

TOOLWIRE

TOOLWIRE

Marketing, Selling, Delivering

Do what you've always done and ...

Steve Gilroy – Business Development Director, EMEA

sgilroy@toolwire.com

07786 331847