

# High hopes

The IT industry is showing signs of growing confidence in the coming year. **Keith Humphreys** examines the latest surveys

**T**HE SIGNS ARE THERE FOR optimism in the industry. Recent end-user surveys are all indicating that a recovery is underway and is due to continue throughout 2004.

Carly Fiorina, chief executive of Hewlett-Packard, said earlier this year: "We expect steady but not explosive recovery. We expected IT budgets to be up one to two per cent in 2003, and everything we've seen since then re-affirms this."

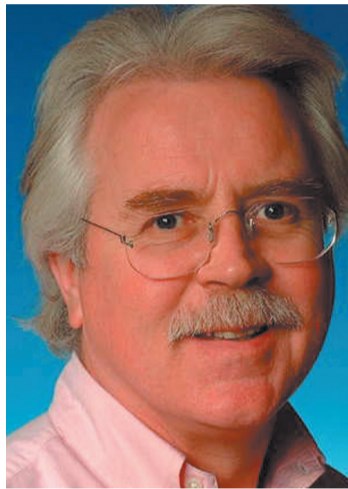
According to a Eurocom survey of 200 senior technology executives in 16 countries, including the UK, almost half believe that recovery will begin in the second (27 per cent) or third (20 per cent) quarters of this year. One in three believes that the recovery has already begun.

Three-quarters of the respondents are more confident about tech prospects in 2004 than they were in 2003. Only one in five report the same level of confidence, while five per cent remain pessimistic.

The sector is more bullish on revenues than last year, with 78 per cent predicting an increase in sales over the next six months, compared with 54 per cent in the 2003 survey. One in five anticipate flat sales, compared with 34 per cent last year, while just three per cent are expecting lower revenues (11 per cent in 2003).

In a McKinsey Global Survey of 7,300 corporate leaders from 115 countries, an overwhelming number, from companies of all sizes and in all regions, believed the global economy is healthier than it was six months ago, although many expect the improvement to level off during the first half of 2004. A confidence index derived from the survey registered a level of 67 (50 or more indicates optimism).

Executives in developing markets, with a confidence index of



**Many chief executives feel their cost-containment measures are sufficient, and they are focusing more aggressively on growth.**

71, are more bullish than the overall survey average. Executives in China and India are more optimistic than their peers in the rest of the world, with 87 per cent and 80 per cent respectively predicting the economic climate will be even better by July. Of the other executives surveyed, 73 per cent shared that sentiment.

The results of a recent IBM Business Consulting Services survey showed 80 per cent of the world's top corporate chief executives declared that their primary objective has shifted from cost-cutting to revenue growth. But respondents also said their companies face "significant skills deficiencies" barring them from attaining new market growth.

According to IBM's Global CEO Study 2004, many chief executives feel the cost-contain-

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ment measures they have put in place over the past two years are now sufficient, and given a more positive view of economic trends, they are focusing more aggressively on growth and investment.

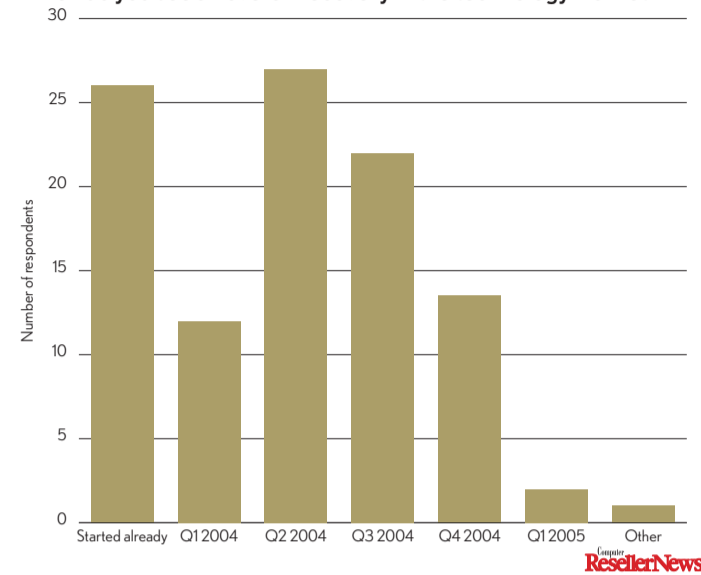
A survey for the north-London-based system integrator CSF that compiled answers from nearly 300 qualifying end-users indicated where the investments will be made.

Infrastructure consolidation has been the main focus in the past three surveys. Mobile working has also appeared consistently. Security has made its first appearance in this space due to the impact of spam and viruses on corporate networks, and following an initial boost in interest around business continuity after the events of 11 September.

2004 looks positive for the channel because of the optimism in the market, and the anticipated spending patterns suit most resellers' expertise.

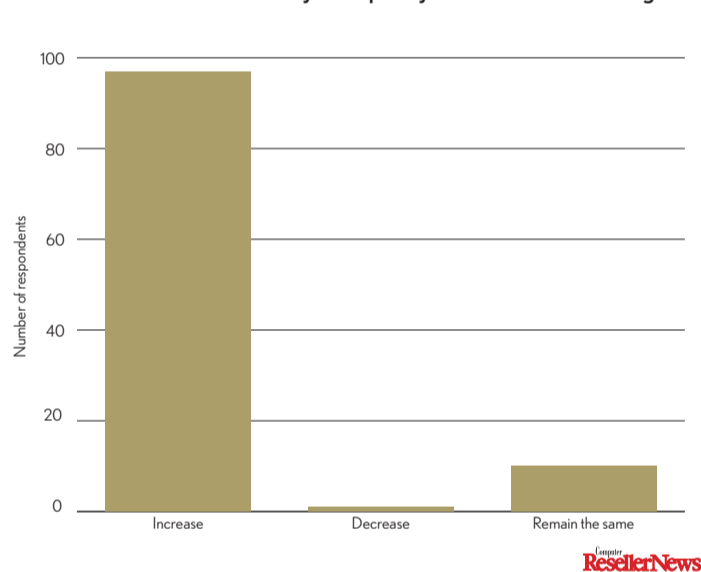
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When do you see an overall recovery in the technology market?



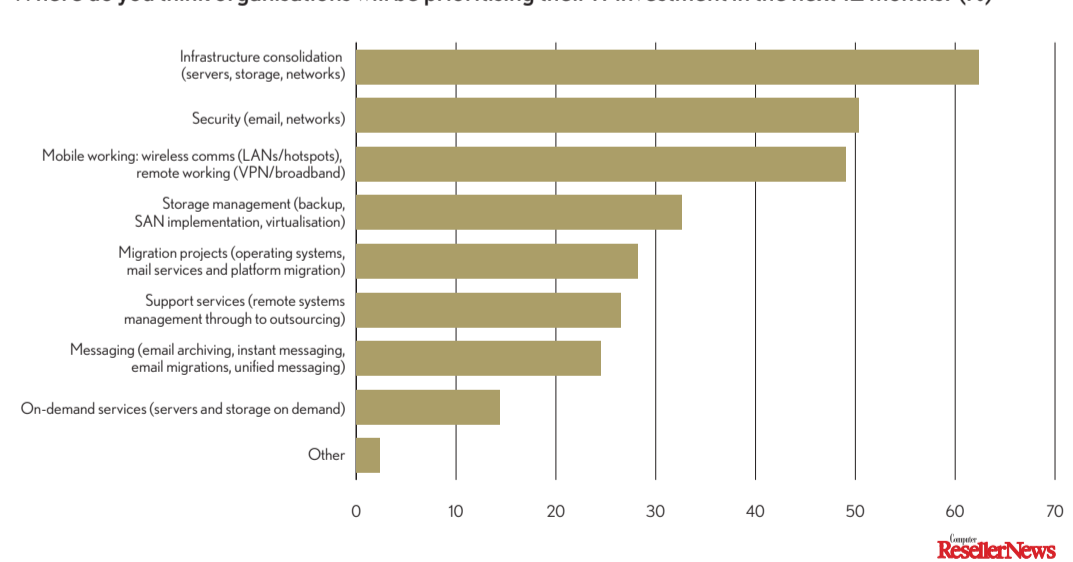
Source: Eurocom

Over the next six months do you expect your revenues to change?



Source: Eurocom

Where do you think organisations will be prioritising their IT investment in the next 12 months? (%)



Source: CSF