Information Services

Client Meeting

Stuttgart

1 December 1992

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Information Services Client Meeting—Stuttgart

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Tidal Wave of Change

Roger Fulton
Consultant
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Europe

Software and Services

Workshop Agenda

- New end-user demands
- Fierce competitive pressure
- Lower market forecasts
- Challenge to professional services

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Notes

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Software and Services, Europe

Key Industry Trends

- Projects downsized
- Outsourcing satisfies
- Price pressure on services
- Pan-European support
- Desktop entrants

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Europe

Software and Services

Key user demands

- Value for money
- Cost reduction
- Effectiveness

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Europe

Software and Services

Getting value for money from IT

- User ownership
- Benefits to business
- Productivity improvement
- Essential to infrastructure

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Software and Services

Seeking cost reduction for IT

- Downsizing
- Outsourcing
- 80% solutions

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Europe

Software and Services

Improving effectiveness from IT

- Business process re-engineering
- Simplification
- Speed of implementation
- Flexibility

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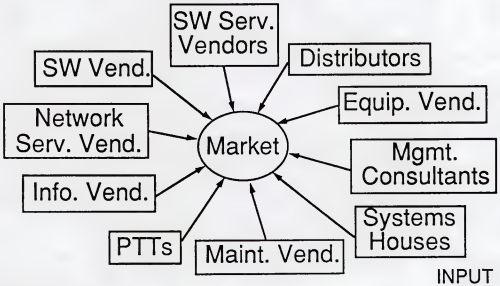
Increasing Competition



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Software and Services—Europe, 1991

Changing Market Shares

Vendor's Main Business	Percent		
	1981	1991	2001
Software Products	9	13	16
Equipment Products	39	35	40
Processing/Networks	31	5	7

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Software and Services—Europe, 1991

Changing Market Shares

Vendor's Main Business	Percent		
	1981	1991	2001
Independent Services	18	40	27
Management Consultancy	3	7	10

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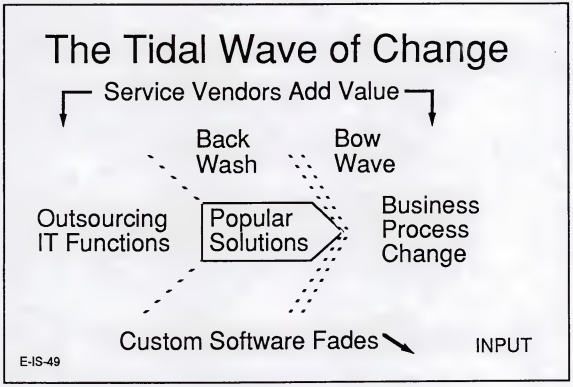

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Vendor-Added Value

- Applications Management
- Systems Management
- Solution Engineering
- Systems Technology

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Product and Service Trends

Transition Management | *Applications Maintenance* | *Applications Management*

Sys. Integ. | Sys. Oper.

Applications Software	Turnkey Systems	Processing Services
Systems Software	Professional Services	Network Services

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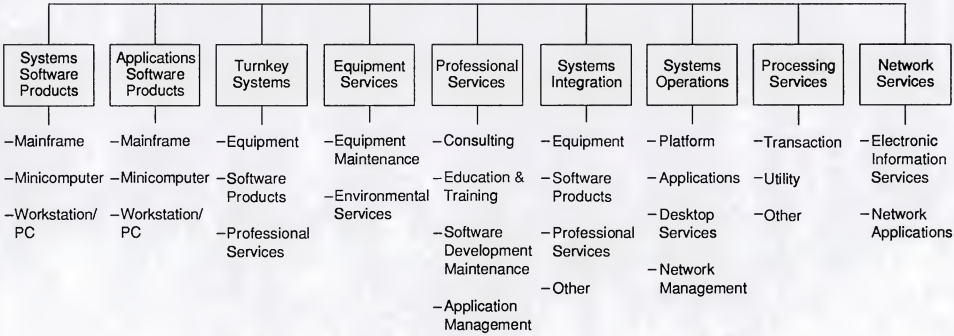
Information Services Industry Structure



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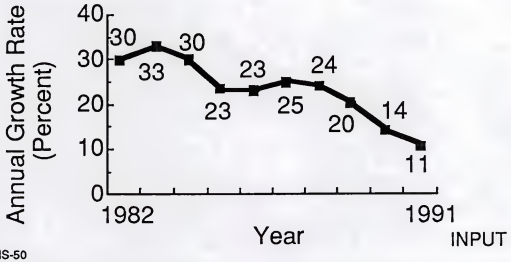
Software and Services, Europe

Average Growth in Spending



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Europe

Delivery Mode Issues

- Turnkey systems—Impacted by downsizing and open systems margins
- Applications software products—Smaller systems dominate
- Systems software products—Prices under pressure

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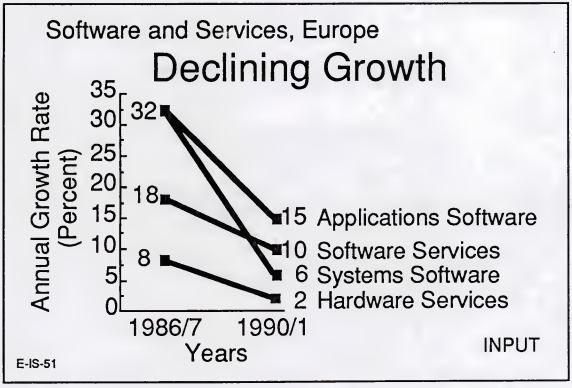

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Europe

Delivery Mode Issues

- Network services—High-growth opportunities
- Systems operations—Renewed satisfaction, desktop entrants
- Systems integration—Project downsizing for fast payback

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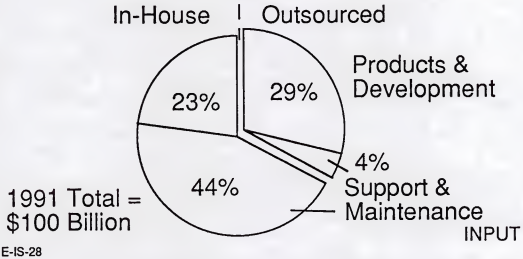
European User Software Budgets



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Delivery Mode Issues

- Professional services—Competition up, growth down
- Processing services—Specialized applications drive development
- Equipment services—Multivendor and environmental services grow

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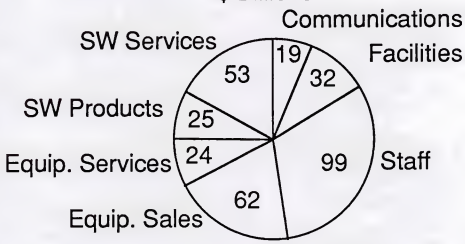
IT Spending—Europe, 1992

$ Billions



Total: 315, CAGR 5%

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Notes

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IT Spending—Europe, 1992

	CAGR (%)
Communications	8
Facilities	1
Staff	3
Equipment Sales	2
Equipment Services	3
Software Products	11
Software Services	11

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Notes

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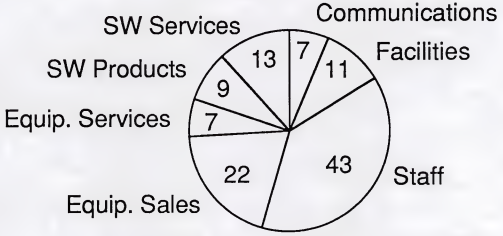
IT Spending—Germany, 1992

DM Billions



Total: 112, CAGR 7%

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Notes

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IT Spending—Germany, 1992

	CAGR (%)
Communications	9
Facilities	1
Staff	6
Equipment Sales	4
Equipment Services	2
Software Products	13
Software Services	13

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Notes

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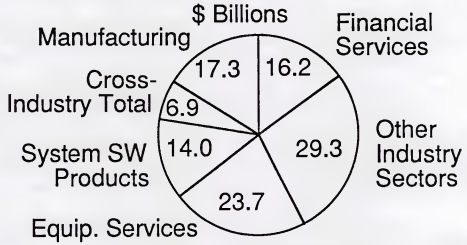
Information Services Spending—Europe, 1992



Total: 110, CAGR 9%

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Notes

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Information Services Spending—Europe, 1992

	CAGR (%)
Manufacturing	11
Financial Services	11
Other Industry Sectors	11
Equipment Services	3
System Software Products	7
Cross-Industry Total	12

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Notes

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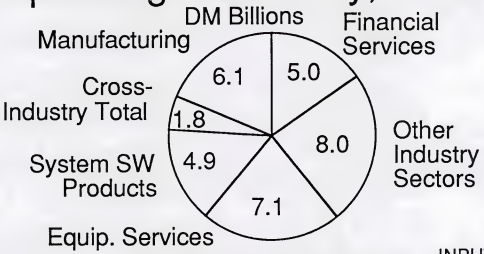
Information Services Spending—Germany, 1992



Total: 32.9, CAGR 11%

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Notes

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Information Services Spending—Germany, 1992

	CAGR (%)
Manufacturing	13
Financial Services	14
Other Industry Sectors	14
Equipment Services	2
System Software Products	8
Cross-Industry Total	14

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Notes

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Software and Services Forecast, 1992-1997 Europe

11% CAGR
. . . and falling

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Tidal Wave of Change

Roger Fulton
Consultant

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