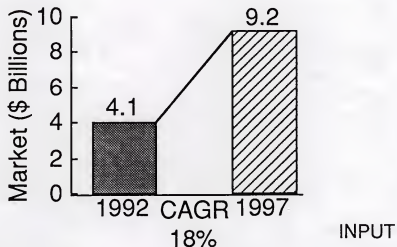


**Impact of Downsizing on
Systems Integration
Market**

John Willmott
Consultant



Systems Integration Market—Europe, 1992-1997



E-SI-113

Notes

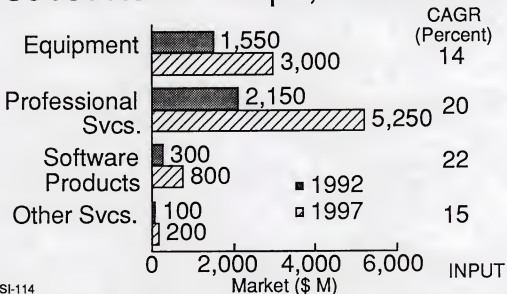
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Systems Integration by Subsector—Europe, 1992-1997

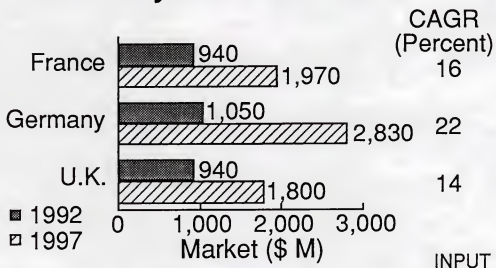


Notes



Systems Integration, Europe

Country Market Growth



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Notes



Software and Services, Europe

Seeking Cost Reductions for IT

- Downsizing
- Outsourcing
- 80% solutions

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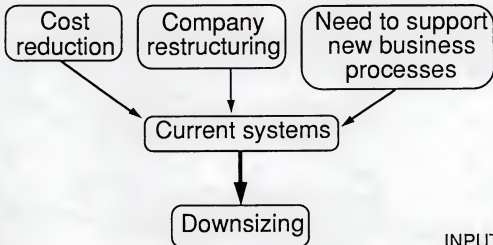
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Notes

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Driving Forces Downsizing, Europe



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Notes

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SI Projects by Equipment Type—Europe, 1991

Equipment Type	% of Contracts	Value (\$ M)
Mainframe	28	1,000
Proprietary midrange	15	500
UNIX-based midrange	35	1,200
PC or PC/LAN	22	800
Total	100	3,500

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Notes

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Systems Integration, Europe

Major Purchasing Influence, 1991

Major Purchasing Influence	Share of Total Mkt. (%)	Value (\$ M)
IS director or managers	40	1,400
CEO or end user management	60	2,100
Total	100	3,500

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Who Drives Downsizing?

Personnel	Degree of Influence
CEO	Medium
Finance director	High
IT director/DPM	Low

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Notes

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Case Study 1 Impact on IS Systems

- Phase 1—Replacement of commercial and financial systems
- Phase 2—Complete computer-integrated processing
- Current emphasis—Cost reduction and customer service

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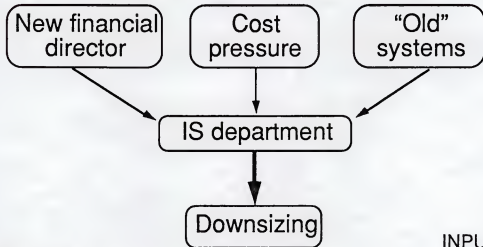
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Case Study 2 Reasons for Downsizing



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Changing Role of IS Department/Downsizing, Europe

- Developing closer relationships with user departments
- Greater decentralization
- More emphasis on business/systems analysis
- Less emphasis on systems development

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Changing Role of End Users

- Acquiring control of IS strategy
- A major force in applications software product selection
- Taking over the IS budget

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Notes

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Mainframe Downsizing, Europe
Target Architectures

Architecture	Percentage	Trend
IBM AS/400	40	Decreasing
UNIX-based	35	Increasing
Other proprietary	25	Decreasing rapidly

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Impact of Downsizing on IS Budgets

<u>Service Component</u>	<u>Expenditure Trend</u>
Equipment	Large decrease
In-house IS personnel	Large decrease
Consulting services	Increasing

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Impact of Downsizing on IS Budgets

Service Component	Expenditure Trend
External custom SW development	Small increase
Application SW products	Large increase
Network integration	Increasing

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Driving Forces—IS Strategy Development Services

End-user steering groups control IS strategy

Out-of-date information systems

New corporate strategies and business processes

IS Strategy Development Services

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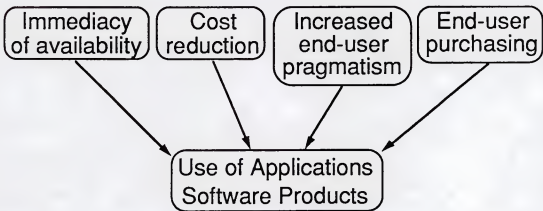
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Driving Forces—Increased Use of Applications SW Products



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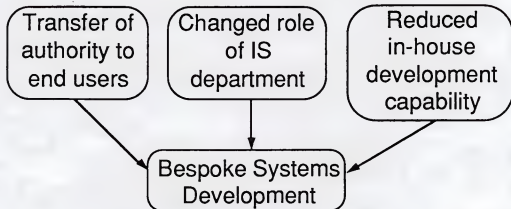
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Driving Forces—Bespoke Systems Development



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the 1990s, the number of people who have been employed in the public sector has increased in all countries. The increase has been particularly large in the United States, where the public sector has grown from 10.5% of the total workforce in 1970 to 17.5% in 1995.

There are a number of reasons for the increase in public sector employment. One reason is the growth of the welfare state. In many countries, the welfare state has expanded significantly since the 1970s, leading to an increase in the number of public sector employees. Another reason is the growth of the public sector in the service economy. As the service economy has grown, the public sector has also grown, particularly in the areas of education, health care, and social services.

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Systems Integration, Europe

Market Segmentation, 1991

Market Segment	Share of Total Mkt. (%)	Value (\$ M)
Networking/infrastructure development	26	900
Application/business solutions	74	2,600
Total	100	3,500

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Impact of Downsizing on Systems Integration Market

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