



New Australian ICT Industry Pulse Survey Shows Dip in Confidence

But good news for "Green" products and services

Sydney, 12 June 2008 -- The latest Communications Alliance and KPMG ICT Industry Pulse Survey reveals that the overall sentiment of Australia's information and communications technology industry has deteriorated over the past year.

The third ICT Industry Pulse Survey conducted last month shows that the average sentiment regarding key company performance indicators, such as sales and profitability growth, has dropped by approximately 10 per cent from a year ago. Also, for the first time since the survey's inception, capital expenditure is expected to decline over the next 12 months.

Leader of KPMG's Communications group Malcolm Alder noted: "the message reflects the current state of the capital markets, which is to work existing capital harder rather than seek new funding".

Communications Alliance CEO Anne Hurley said: "Although this survey shows less enthusiasm about future prospects than the previous surveys, we should not lose sight of the fact that the overall forecast is still for growth and prosperity. The combination of some recent market consolidation and the uncertain economic outlook are perhaps being reflected in the dampened expectations of some senior ICT executives."

However the good news in the survey is the general belief that “green ICT” will become increasingly important and that organisations will be willing to pay a premium for products and services that have a positive impact on the environment.

The ICT Industry Pulse Survey was commissioned by Communications Alliance and KPMG as a regular six-monthly snapshot of the views of senior decision makers in the Australian ICT Industry. The previous surveys were conducted in June and December 2007.

In the latest survey almost half of respondents were either top executives or a member of the senior management team within their organisation, responsible for overall strategy and management. Sixty per cent were from small to medium businesses with fewer than 500 employees, with the rest coming from large organisations.

Although decision makers generally agreed that both the sector and their respective organisations would continue to grow, they have notably lowered their expectation levels compared to six and 12 months ago.

Positive outlook towards the industry’s future has also deteriorated markedly. Competition is expected to remain strong while uncertainty with respect to regulation, innovation and the political environment is expected to increase in the next 12 months.

The survey found that respondents with management responsibilities were generally more optimistic about the future of the industry as well as their own organisation than their professional and specialist counterparts.

Hardware and equipment vendors displayed the most pessimistic market outlook, while software firms and telecom service providers were the most optimistic about expectations of increased sales and profits. Organisations of all types were equally bearish on capital expenditure, while software vendors, consultants and business service providers were most bullish on recruitment.

Most survey respondents agreed that their customers would increasingly demand “green” products and services in the next five to 10 years and that their own organisations would both use and sell such products and services.

Of the areas surveyed, the strongest positive responses were in expectations of the need for more education, rising customer demand for “green” products and services and the importance of green attributes in technology devices.

Interestingly, the weakest result, albeit still net positive, related to the benefits of adopting green business versus costs.

One of the questions posed was willingness to pay a premium for “green” products and services. On average, respondents expressed a willingness to pay an extra 8 per cent. Nevertheless one in six would not pay any premium whatsoever while a similar number would pay over 10 per cent and some went as high as 50 per cent.

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