

Turkish Enterprise Software Market to Suffer from Economic Crisis Impact, but Expected to Recover Quickly, Says IDC

ISTANBUL, February 19, 2009 — The Turkish enterprise application software (EAS) market is expected to slow in 2009 as a result of unfavorable international macroeconomic conditions that significantly affect the whole Turkish economy. However, according to latest IDC forecasts, the Turkish EAS market is expected to pick up in the second half of 2010, and to show rapid growth in 2011 and 2012.

"In light of the current global economic slowdown, a sizable proportion of planned spending on enterprise software by the private sector in Turkey will likely be reevaluated," said Mukesh Chulani, senior research analyst, IDC Turkey. "In general, we expect to see more firms tightening their belts to make the most of investments already made. During this period, vendors can expect tougher competition for fewer large-scale projects, which will make revenues derived from maintenance contracts and sales of extended functionalities to current installed-base clients ever more important."

According to preliminary estimates, the Turkish EAS market slowed to just over 11% year-on-year growth in 2008, about half the rate of the previous year, when the market expanded rapidly due to factors that included an improvement in the overall investment climate in the country, record-level FDI inflow, intensified competition, regulatory compliance, and increasing end-user awareness of the long-term benefits of investing in EAS solutions, especially among small and medium-sized businesses (SMBs).

"While large and very large businesses continue to represent the foundation of spending in Turkey's EAS market, SMBs are becoming an increasingly important revenue stream for vendors," said Chulani. "Software license and maintenance fees have become more affordable, which has led many SMBs to migrate to integrated enterprise applications."

The discrete manufacturing sector remains the top EAS spender in the Turkish market, accounting for 18.7% of total spending in 2007. The process manufacturing sector (15.8% share) came next, followed by communications and broadcasting (10.2%), and wholesale (8.9%).

"We expect that the manufacturing, finance, construction, and retail/wholesale verticals will be among those most heavily impacted with project delays and cancellations," said Chulani. "In their place, EAS initiatives in the telecommunications, transportation, education, healthcare, and government sectors will cushion the impending downturn in EAS spending, making these the fastest-growing vertical markets over the next five years."

IDC's Turkey Enterprise Application Software 2008–2012 Forecast and 2007 Vendor Shares (IDC #ZR04Q, December 2008) provides a detailed overview of the Turkish market for integrated EAS suites. It includes detailed qualitative and quantitative information, analysis, and forecasts that help vendors answer key questions regarding market size, segmentation, market shares, and major economic and political factors affecting the Turkish EAS market.

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