



Gartner Survey Points to Positive Software Spending in 2010

Savings on Infrastructure Spending Destined for 'Frontier' Applications That Provide Competitive Edge

Stamford, Conn., July 28, 2009 — Although organisations are continuing to drive down their total IT budgets in 2009 from 2008, in 2010 worldwide software budgets will increase, according to a survey by Gartner, Inc. The survey showed that organisations plan to increase their software budgets on average 1.53 per cent in 2010.

Gartner surveyed approximately 1,000 IT professionals worldwide during April and May 2009. Respondents were asked whether they expected their 2010 IT budget to be below, be the same as or exceed the IT budget for 2009. Thirty per cent of companies in Asia/Pacific, 28 per cent in North America, and 25 per cent in Europe, Middle East and Africa (EMEA) said they expected their 2010 IT budget to increase.

With regard to spending expectations for software by region, North America is still expected to decline 2.06 per cent, and EMEA is only slightly positive at 0.45 per cent for 2010 compared with 2009. Software budgets in Latin America will rise 2.54 per cent, and in Asia/Pacific, software budgets will increase 4.34 per cent, showing a very positive trend in increasing their software spending in 2010. Gartner analysts said this is a reflection of the relative maturity of the markets. Generally, the survey found software spending to be holding ground, and consequently, Gartner recommends that vendors work toward helping clients know where they can cut costs and better utilise resources to allow new budgeted dollars to go further.

"Software vendors should continue to build, fund and invest in software sales and marketing programmes, even during tight market conditions to maintain customers and expand revenue opportunities," said Joanne Correia, managing vice president at Gartner. "A market downturn is a disrupter that creates great marketing and sales opportunities for organisations prepared to take advantage of the right products, marketing programs and funding."

Gartner has the following recommendations for software vendors:

- Vendors must be able to differentiate with key integration technologies, vertical-market and line-of-business solutions/specialisation, and diversified customer base.
- Vendors need to improve on their abilities to strengthen relationships with IT and lines of business, build trust, and deliver true business-enhancing results.
- Align go-to-market functions with the maturity of the demand. Tactics in an emerging or high-growth software market are not appropriate in consolidating or maturing markets.

"Vendors need to use a consultative selling approach to understand and then address the most critical needs of IT and the business of their current and prospective clients," said Ms Correia. "Software vendors also need to develop a stronger presence through partnerships or an extended sales force in emerging markets where higher budget increases are expected."

Ms Correia advised software vendors not to use the current economic market as an excuse to scale back on their service offerings and said that vendors need to be able to differentiate with key integration technologies, vertical-market and line-of-business solutions, and diversified customer bases.

Analysts said that although infrastructure spending (telecom, networks, PCs and help desk, and their maintenance) still accounts, on average, for 37 per cent of the IT budget, savings in the infrastructure area are being used to fund "frontier applications" that drive innovation and provide competitive edge.

"Frontier applications make major changes in business performance possible, such as leveraging the Internet for new delivery channels or using web-based technology to improve self-service capabilities," Ms Correia said. "Such applications are becoming increasingly essential in today's competitive business environment.

Additional information is available in the Gartner report "User Survey Analysis: Software Overall Base Budget, Worldwide, 2009-2010." The report is available on Gartner's website at

http://www.gartner.com/DisplayDocument?ref=g_search&id=1082312&subref=simplesearch.

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