

# Strength, weakness, opportunity or threat?

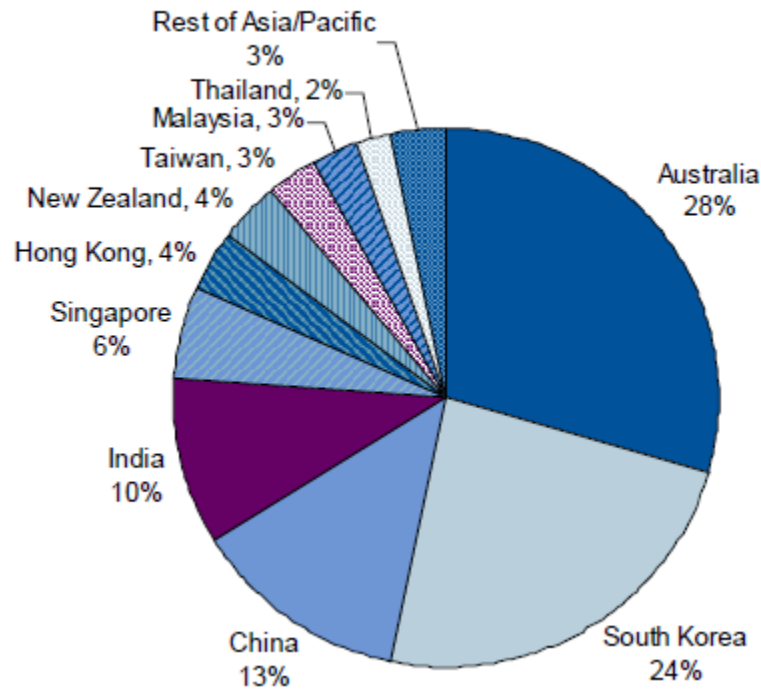
## A review of Australia's positioning in the regional ICT Services Marketplace

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- Accounts for 4.6% of GDP when last measured by ABS
- Over 30,000 ICT businesses in Australia generate revenues in excess of A\$120 billion.
- With 382,700 people employed in ICT related occupations in May 2008
  - Job growth of 46.7% in the 10 years to May 2008
- In the past, ICT has been identified as contributing:
  - 78% of productivity growth in the services sector
- Technology innovation is a primary driver of long-term productivity growth and business transformation

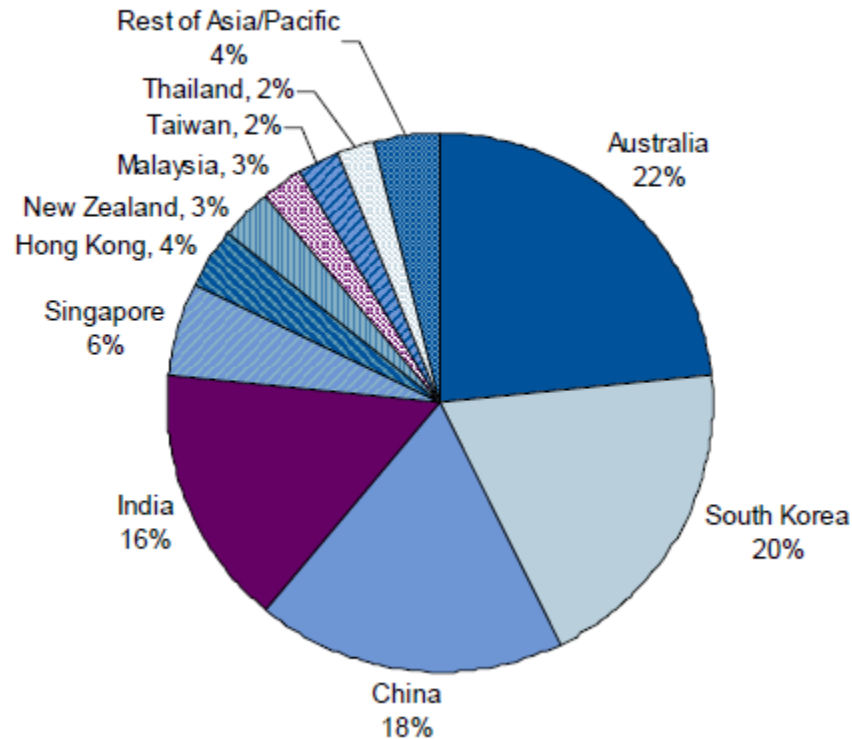
- Australia is the 14<sup>th</sup> largest ICT market in the world and the 5<sup>th</sup> largest in the region after Japan, China, India and Korea. With a 12.8 percent compound annual growth rate between 2003 and 2008.
- Asia Pacific IT Services market is estimated by IDC at \$US 49.4 billion in 2009 (this is excluding Japan which is approx \$US 40 billion alone)
- The Asia Pacific market IT Services sector is forecast to grow by Gartner 9.5% by 2012
- The current economic downturn will drive resilience in many areas and certain ICT Services will grow.

**Asia/Pacific: IT Services Market Share by Country/Market, 2007**



Source: Gartner 2008

**Asia/Pacific: IT Services Market Share by Country/Market, 2012**



Source: Gartner 2008

**Table 1. Asia/Pacific: IT Services Spending Growth by Service Line, 2007-2012 (Percent)**

	2007	2008	2009	2010	2011	2012	CAGR 2007-2012
Hardware Maintenance and Support	12.7	8.6	7.5	7.6	7.7	8.3	7.9
Software Support	18.5	12.7	11.5	11.3	11.7	12.2	11.9
Total Product Support	14.7	10.0	8.9	9.0	9.2	9.8	9.4
Consulting	21.6	11.1	10.0	10.6	10.9	11.8	10.9
Development and Integration	16.6	9.3	8.6	8.6	8.7	8.8	8.8
IT Management	18.0	9.7	8.5	9.0	9.5	9.8	9.3
Process Management	20.9	12.1	10.1	10.7	10.8	11.2	11.0
Total Professional Services	18.3	10.0	8.9	9.3	9.5	9.9	9.5
Total IT Services	17.4	10.0	8.9	9.2	9.4	9.9	9.5

Source: Gartner (June 2008)

- We have a small window of opportunity to capitalise on our potential to be a regional leader in high-value ICT services delivery.
- We need to invest in 21<sup>st</sup> century infrastructure, technology and skills that will help build Australia's share of this market.
- This investment will be a critical component for a:
  - healthy ICT industry; which in turn will drive a
  - competitive Australian Services Sector
  - successful Australian knowledge-based economy