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Growth on Poland's IT market tops 16%

by Edyta Kosowska

Source: "IT market in Poland 2008
– Development forecasts for 2008-2012".

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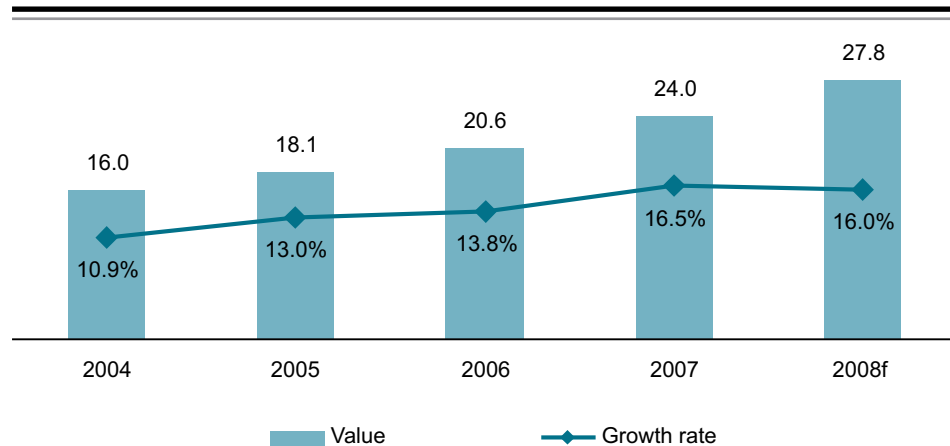


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The Polish IT market was worth PLN 24bn in 2007. This translates into growth of 16.5% compared with the previous year. For the time being there is nothing to suggest that this dynamic will slow down to single-digit growth any time in the next five years. The main driving forces on the market will be accelerating consumer demand and the influx of EU funds coming into Polish enterprises.

According to the latest estimates, Poland's IT market was worth PLN 24bn in 2007, which represents year-on-year growth of 16.5%. This was the best performance in the last eight years and is comparable with that of 2000.

Value (PLN bn) and growth rate (%) of the IT market in Poland, 2004-2008



f – forecast
Source: PMR, Report "IT market in Poland 2008. Development forecasts for 2008-2012" www.pmrpublications.com

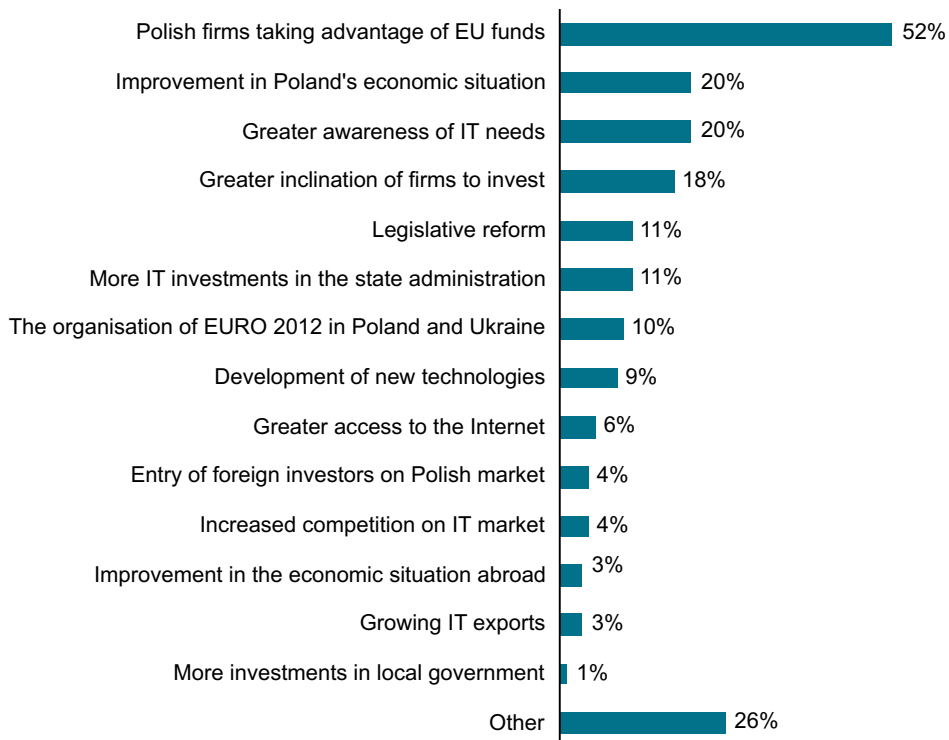
In 2007 IT services represented the fastest growing segment of Poland's IT market, growing by approx. 18% year on year in value terms. In spite of this fact, however, hardware continues to shape the outlook of the branch, accounting for about half of the market's value.

One characteristic trend observed in developed countries has been a significant rise in the share of IT services accompanied by a simultaneous decline in the share of hardware. In this respect the Polish market diverges somewhat from other European countries. Although IT services admittedly noted a higher dynamic than the market as a whole in 2007 and even increased its share in comparison with 2006, but it did so only fractionally. It is mainly for this reason that the hardware market (in spite of a high base) grew once more by a dozen or so percent and as a result the status quo from 12 months before has essentially been maintained. The relatively stable position of the hardware segment over the last few years is primarily an effect of the ongoing boom on the consumer market, where sales of notebooks and LCD screens are enjoying a very high dynamic. It is also interesting to note that in spite of predictions made last year by the majority of suppliers and analysts, the desktop computer segment has not stagnated, but instead enjoyed double-digit volume growth in 2007.

The rapid increase in demand on the mass and corporate markets for IT solutions is essentially due to a favourable macroeconomic climate, which is improving the financial standing of enterprises and increasing the disposable incomes of consumers. On the other hand, the state administration is failing to take advantage of the healthy state of the market. Despite some progress being made, the majority of important IT projects remain at the planning stage and have been shelved for the next years.

Representatives of the biggest IT firms in Poland believe that the best source of growth on the IT market will be EU funding for Polish enterprises. This is the opinion of 52% of the respondents of a survey carried out by PMR Research in June 2008 among the managers of the 200 biggest IT firms. The respondents also regarded Poland's improving economy and the growing awareness of IT needs as major stimuli – in each case around one fifth of the surveyed companies believed this to be so.

What at present are the best opportunities for growth on the IT market?



Based on research carried out by PMR in May and June 2008 among the 200 biggest IT firms in Poland.

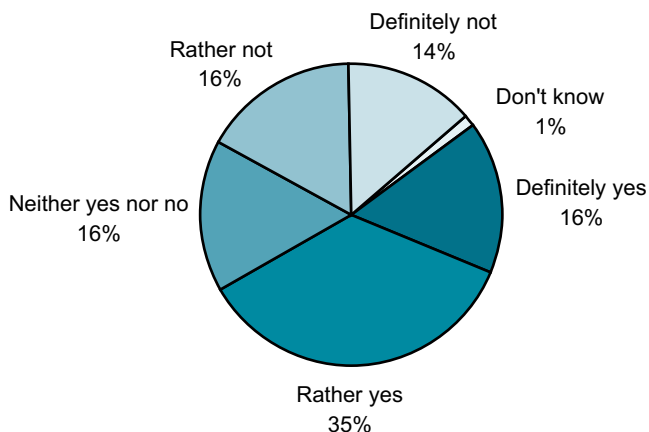
Source: PMR, Report "IT market in Poland 2008. Development forecasts for 2008-2012"

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In comparison with last year the number of respondents who believe that organisation of the 2012 European Football Championship in Poland and Ukraine will boost Poland's IT market has declined by 6 p.p. This year we included more specific questions about EURO 2012 and asked managers how much they thought the tournament could help develop their enterprises. Half of the respondents see EURO 2012 as an additional opportunity for growth. On the other hand, close to one in three reckon that the tournament, which will be one of the biggest mass events in Europe, will have no major impact on their companies' prospects.

Do you expect EURO 2012 to provide any additional opportunities for growth?



Based on research carried out by PMR in May and June 2008 among the 200 biggest IT firms in Poland. Source: PMR, Report "IT market in Poland 2008. Development forecasts for 2008-2012" www.pmrpublications.com

Growth forecasts for Poland's IT market made by representatives of companies in the informatics branch remain upbeat. Some 97% of the respondents surveyed by PMR Research expect the market to expand in 2008. In the case of 2009 the percentage of positive answers is barely one percentage point lower. According to the respondents, the average annual growth rate in 2008-2009 will be 14%.

The article was based on the report "IT market in Poland 2008. Development forecasts for 2008-2012", published by PMR Publications in July 2008.

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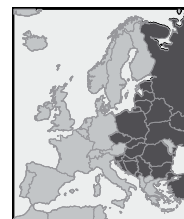
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