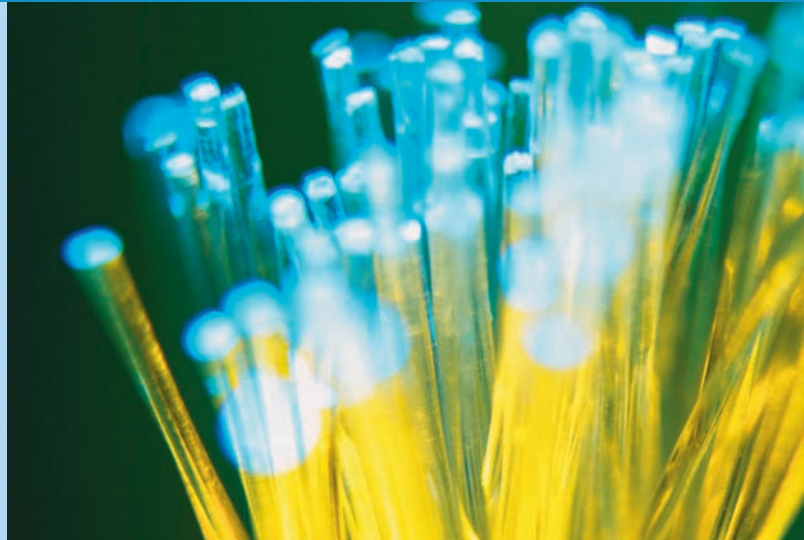


CONSIDERING SPAIN?

A MAJOR INTERNATIONAL TRADE AND INVESTMENT PARTNER

ICT INDUSTRY IN THE SPANISH MARKET: For companies that want to raise their game

The Spanish ICT (information and communication technologies) industry is worth over €100 billion. It accounts for more than 350,000 direct jobs and €2.5 billion in annual R&D spending – the equivalent of one third of the total private R&D investment in Spain in 2008. Madrid is home to 28.5 per cent of ICT companies in Spain, followed by Cataluña (24 per cent) and Andalucía (10.7 per cent).



The Spanish Association of Companies in the ICT sector (AETIC) recently published the findings of a survey carried out among Spanish companies in hardware, software and IT services, representing a combined turnover of approximately €9 billion.

The survey showed that in spite of the economic downturn, Spanish companies in the ICT sector have increased their marketing and market analysis budgets in 2008, dedicating an average 1.5 per cent of their turnover to these functions. Bear in mind that large technology companies invested more (3-5 per cent) whereas SMEs allocated between 0.5 and 1 per cent. But nearly 95 per cent of SMEs said they increased their marketing budgets during 2008.

The regional distribution
of the industry in Spain
shows that Madrid hosts
28.5%
of the ICT companies

KEY FACTS

- The areas that experienced a higher level of budgetary increase include software applications (10.6 per cent), followed at a considerable distance by hardware and services. These growth rates correlate to the profit margins achieved by these business lines.
- Growth forecasts expect the software market to grow by over 14 per cent, followed by systems integration (10 per cent) and outsourcing (9.2 per cent). The hardware and services subsectors show a drop of -5 per cent.
- The best prospects for client growth were in the financial sector (13.3 per cent), followed by the public sector (9.2 per cent), telecommunications (8.2 per cent) and utilities (8.1 per cent). Other sectors, especially those made up primarily of SMEs, show less ambitious figures.
- These views are reinforced by findings at European level from studies by International Data Group Consultants. They predict that in Europe the market for software and ICT services will grow by 0.5 to 0.6 per cent, whereas hardware will suffer a drop in sales of over -3.4 per cent, in 2009.
- For AETIC, the figures in the survey show a trend among companies in the ICT sector to implement aggressive growth strategies. They plan to position themselves in prominent and visible areas in the market with a view to increasing their commercial activity and the differentiation of their products.

WHY SPAIN?

Private companies, associations and government have highlighted some areas of business opportunities and development in the ICT sector in Spain:

- High-speed fixed and mobile broadband telecommunications infrastructures. This area is considered critical to determining the international position of Spain in the future. *(1)*
- The inadequate level of ICT penetration in Spanish firms, particularly SMEs, is seen as one of the main causes for the country's low level of international competitiveness. Specific programmes to improve their technology capital and put them in a position to compete globally are considered a key element for the Spanish economy.
- Technologies that allow for the implementation of e-government services as well as e-learning, e-health and e-justice.
- Green ICT products and services. The ICT sector is responsible for 2 per cent of CO² emissions, a level that could be reduced by implementing so-called "Green ICT" policies.
- ICT security will experience sustained growth in the next 4 years of over 10 per cent, reaching a volume in 2012 of around €1.7 billion. This figure contrasts with the nearly flat growth rate that the ICT sector as a whole will experience in 2009, and the small increase (2.2 per cent) expected for 2010. This reinforces the strength of the security side of the ICT sector, which in 2012 is expected to represent a remarkable 8 per cent of the ICT sector.
- The Spanish government has recently launched an ICT-specific fiscal stimulus package worth over €1.5 billion to boost new technologies across industry and public administrations.

(1) The Spanish government sees opportunities for developing auxiliary mobile phone services: voice recognition, video conferencing, voice-activated access to content, video streaming, etc. The Spanish mobile phone market, with over 52 million terminals and turnover of €20 billion, has so far provided plenty of opportunities. By the end of 2008, there were more than 1 million mobile broadband users and over 9.5 million UMTS lines. Moreover, mobile Internet access increased threefold in 2007.

Sources: AETIC & InvestInSpain.org

The Security sub-sector will experience a sustained growth in the next 4 years of over
10%



WHY UKTI?

The experience of UK Trade & Investment (UKTI) in industry and in the private sector, and our links with key industry sectors, make us the best provider of business advice to help your business grow.

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