

ASEAN SMBs TO SPEND US\$9.3 BILLION ON IT IN 2011, A GROWTH RATE OF 9.2 PERCENT OVER 2010

San Jose, CA, August 23, 2011: Based on extensive primary research conducted with SMBs (1-999 employees) and Channel Partners in ASEAN countries (Singapore, Malaysia, Indonesia, Thailand, Vietnam and Philippines) Techaisle estimates that SMBs will spend a little over US\$9 Billion on IT in 2011, showing an increase of 9.2 percent from 2010. The growth rate suddenly slowed because of uncertain worldwide economic climate, tighter credit and weakness in export demand.

Mid-Market Businesses IT Spend Growing Faster than Small Businesses

Contrary to prevailing wisdom that small businesses (1-99 employees) should be the fastest growing market segment, it is being seen that in fact ASEAN mid-market businesses (100-999 employees) will grow faster than small businesses in 2011. However, in 2012, it will be the small businesses that will grow faster than mid-market businesses fueled by pent up demand and new emerging technologies.

As would be expected, over half of the IT spending is from computing systems while software & services spend is estimated to be US\$2 Billion. Managed Services, a key emerging technology is project to be US\$835 Million while Remote Managed Services only will be US\$315 Million.

Fastest Growing Technology Areas

Some of the fastest growing technology areas are - Virtualization, SaaS, Security Appliances and VoIP. Middleware growth rate is somewhere between Virtualization and Business Intelligence. Although Business Intelligence has been expressed as an important IT investment area by SMBs, it is expected to grow by only 12.5 percent as compared to other areas. Many applications being used by SMBs already come with some built in data mining and decision making capabilities which is hindering the growth of pure business intelligence solutions. In addition, SMBs are still learning how to effectively implement the findings from business intelligence usage. Case studies provided by channels and IT vendors will certainly help.

March towards Virtualization

Virtualization is a growing trend among ASEAN SMBs, especially those businesses with somewhat larger IT needs have started to adopt virtualization and the trend is expected to gain momentum in the near future. Armed with latest information about latest technologies and driven by rapid business growth (and corresponding growth of their IT infrastructures), ASEAN SMBs are showing a high openness towards, and willingness to adopt virtualization. In many cases, virtualization has become an integral part of discussions while designing and implementing new IT infrastructures among these SMBs.

On the issue of IT priorities to solve business issues, both SBs and MBs agree on reducing operational cost and enhancing productivity & automation as top priorities, however, after this, the business issues and therefore IT priorities start to diverge between small businesses and medium businesses. Understanding these differences would help IT vendors to create appropriate marketing messages.

VAR/SI Channel Ecosystem to Support SMB ICT Spend Growth

To cater to the needs of these SMBs, the channel partner ecosystem is also rapidly evolving. There are 11,980 VARs/SIs in the ASEAN region that are not only adopting IT but also taking on a larger role of advising SMBs for the right technology. The shifting vision of SMBs is causing VARs/SIs to adapt to the changing market demands and the evolving business models of ICT vendors. While SMBs will continue to spend a significant portion of their IT budgets with local and regional channel partners, the nature and scope of what they purchase through these channels is changing.

Detailed analysis and data is available in a series of Techaisle SMB and Channel Trends reports.

About Techaisle

Techaisle is a global SMB ICT Market Research and Industry Analyst organization delivering forward looking insights and tracking the future of SMBs and Channels. Techaisle conducts surveys with SMBs and channels to understand market trends, opportunities, buying behavior, purchase intent, and IT priorities. Techaisle offers its clients: SMB & Channels focused Syndicated Research, Custom Consulting, Market Forecast and Competitive Intelligence. For more information on Techaisle or its global products/services, please visit www.techaisle.com.