



US IT Environment Overview

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Outline

- My background
- Definitions, demographics and mindset
- Market segmentation
- Regional differences
- Opportunities and trends
- Marketing advice
- DOs and DON'Ts



My Background

- AT&T
 - Bell Laboratories
 - AT&T Federal Systems
 - AT&T Computer Systems
 - AT&T WorldNet
- Dun & Bradstreet
- Startups
 - The Redtop Company (Medical and Investigative Records)
 - Cometa Networks (WiFi Service)
 - Send Word Now (Alert and Response Service)



What is IT?

- Information technology (IT): "*the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware.*" (Information Technology Association of America)
- IT includes electronic hardware and software to create, convert, store, protect, process, transmit, retrieve and use information.

The US technology sector demographics

- The technology sector in the US consists of almost 100,000 companies with combined annual revenues of about \$800 billion.
- Much of the industry revenue is concentrated in large companies (e.g., IBM, GE, Microsoft, Oracle, Intel, and Google)
- The average tech company has annual revenue under \$10 million.
- Industry concentration is high in many subsectors but these subsectors draw much of their innovation from smaller companies through partnerships and acquisitions.



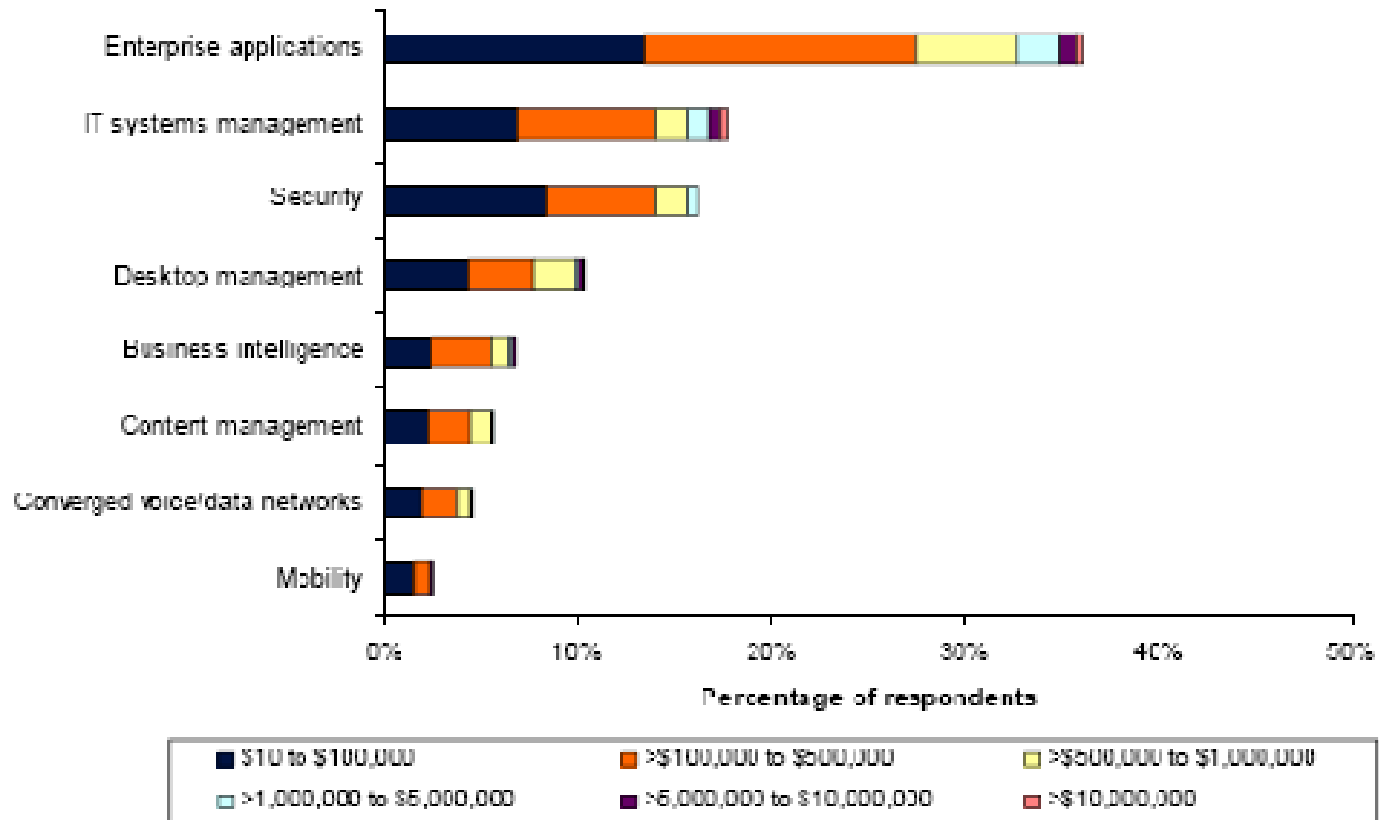
The US technology sector assumptions

- Information is a strategic asset
- Innovation is good and provides business advantage
- Good ideas come from outside more than from inside an organization
- The Internet is the new center
- IT is global

General segmentation

- Hardware:
 - chips
 - components
 - assembly
- Software
- Internet:
 - infrastructure
 - e-business
- Telecom technology (now fully computerized).

Segmentation by application

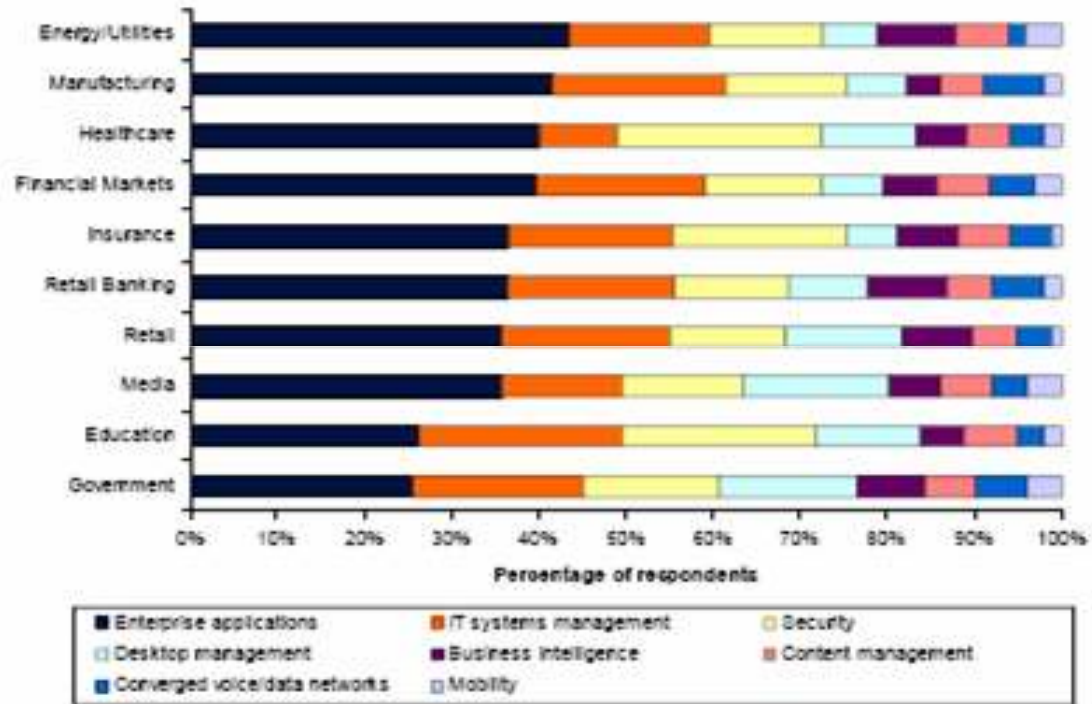


Source: Business Insights

Business Insights Ltd

Based on a global study published by Business Insights in 2008

Segmentation by vertical

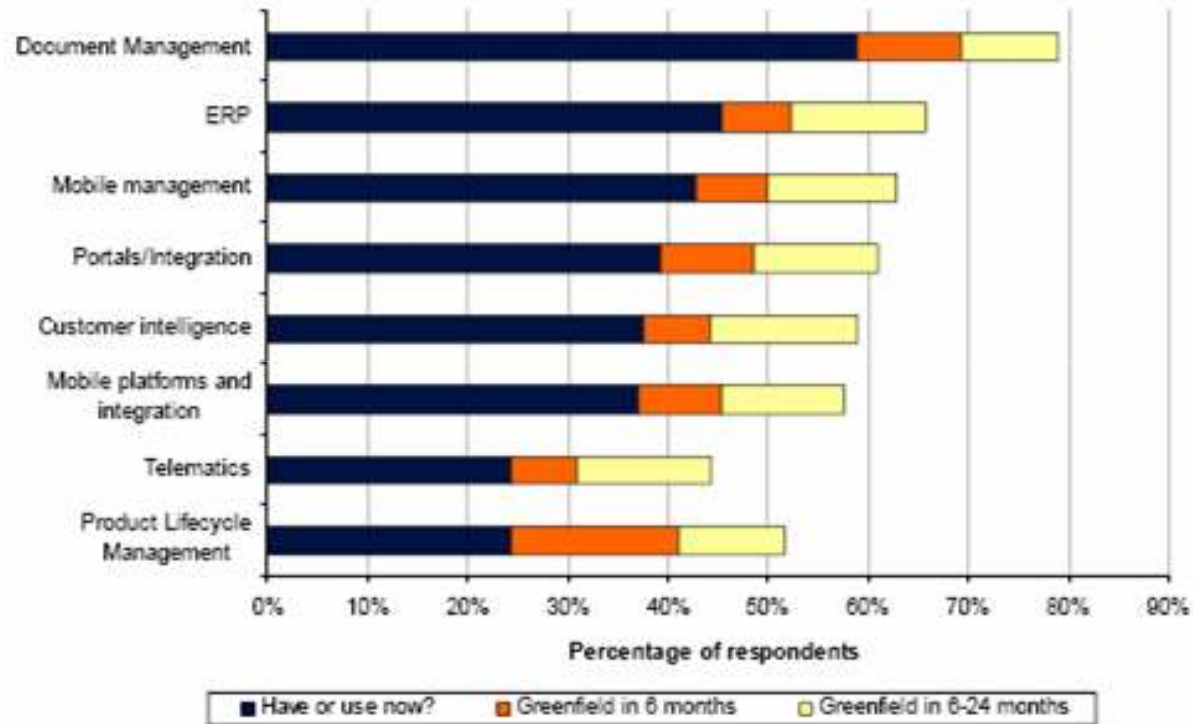


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What large buyers plan to invest in

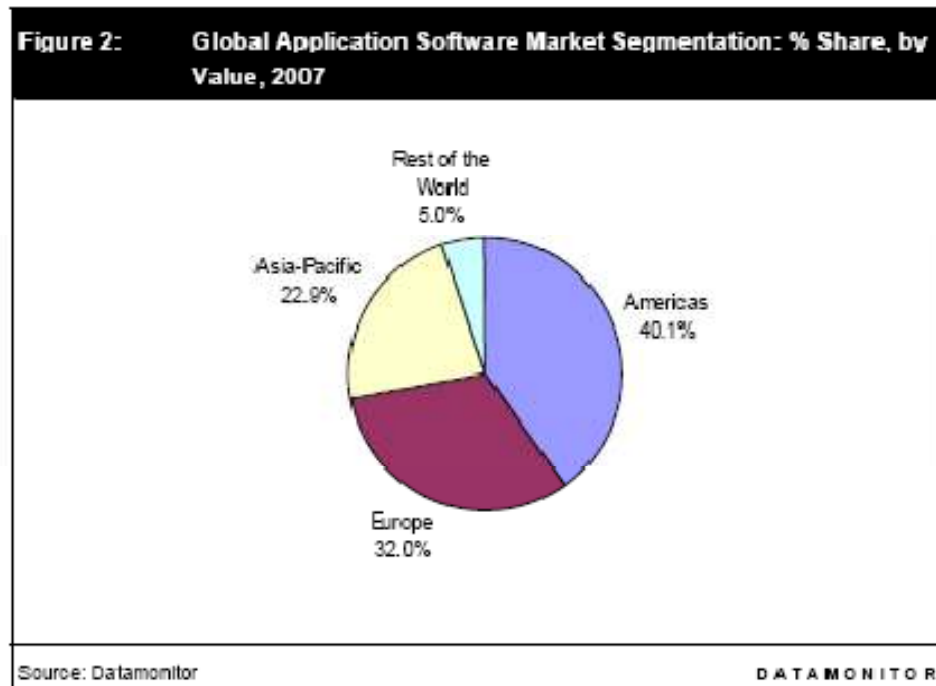


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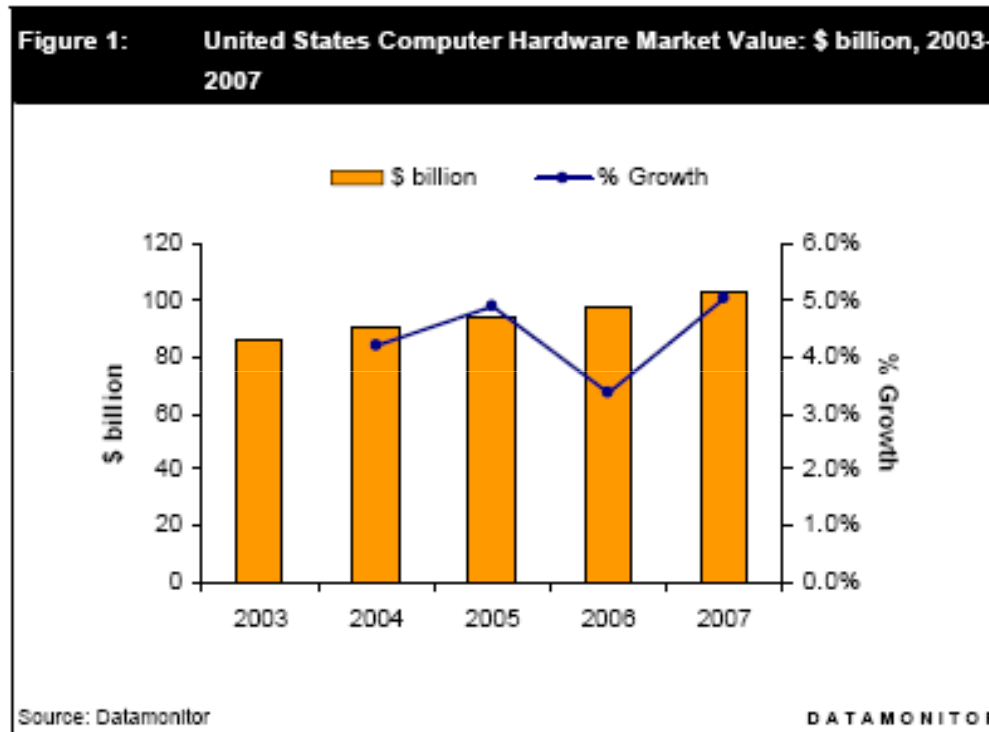
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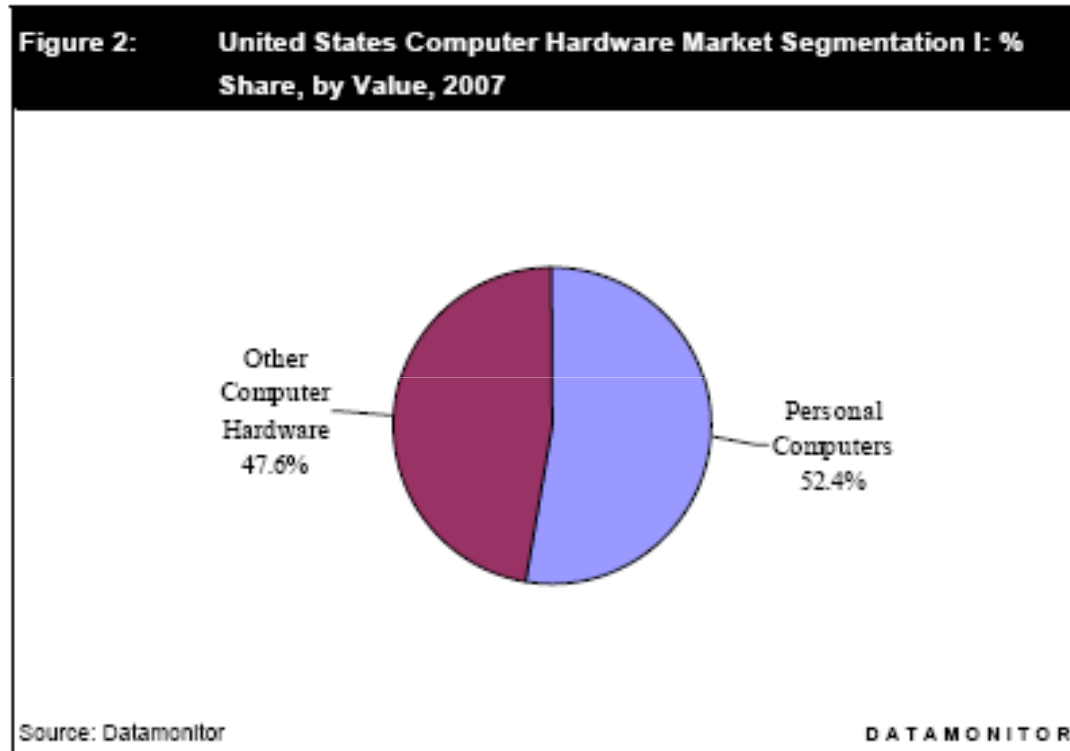
Segment spotlight: Application software



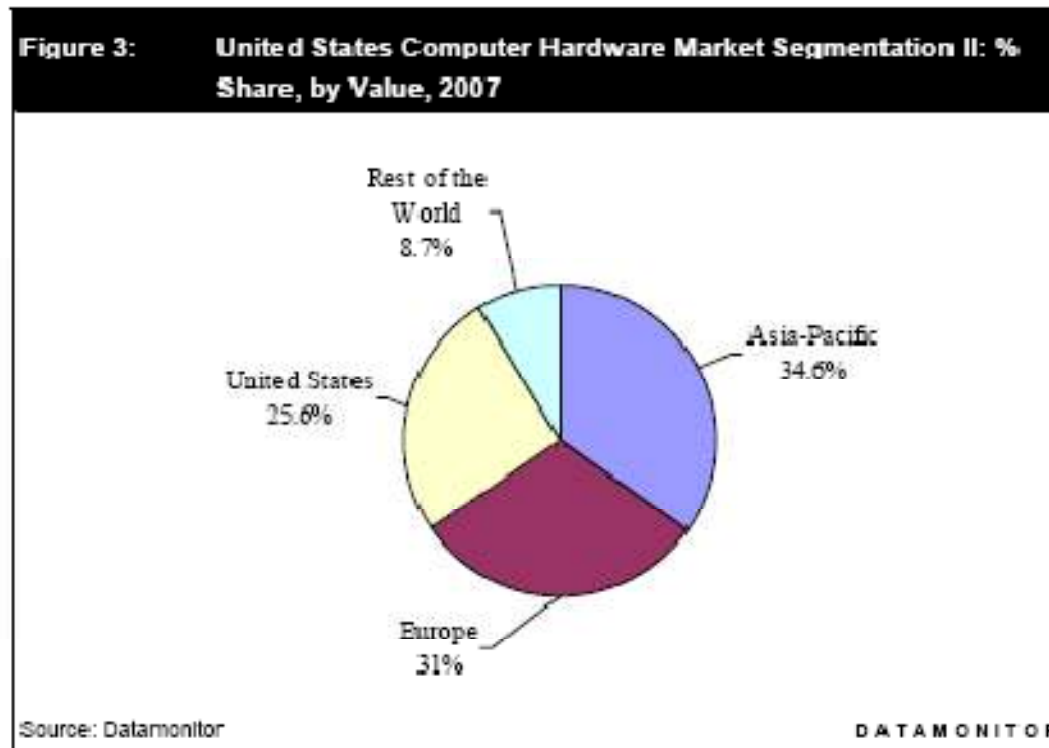
Spotlight on some segments: computer hardware



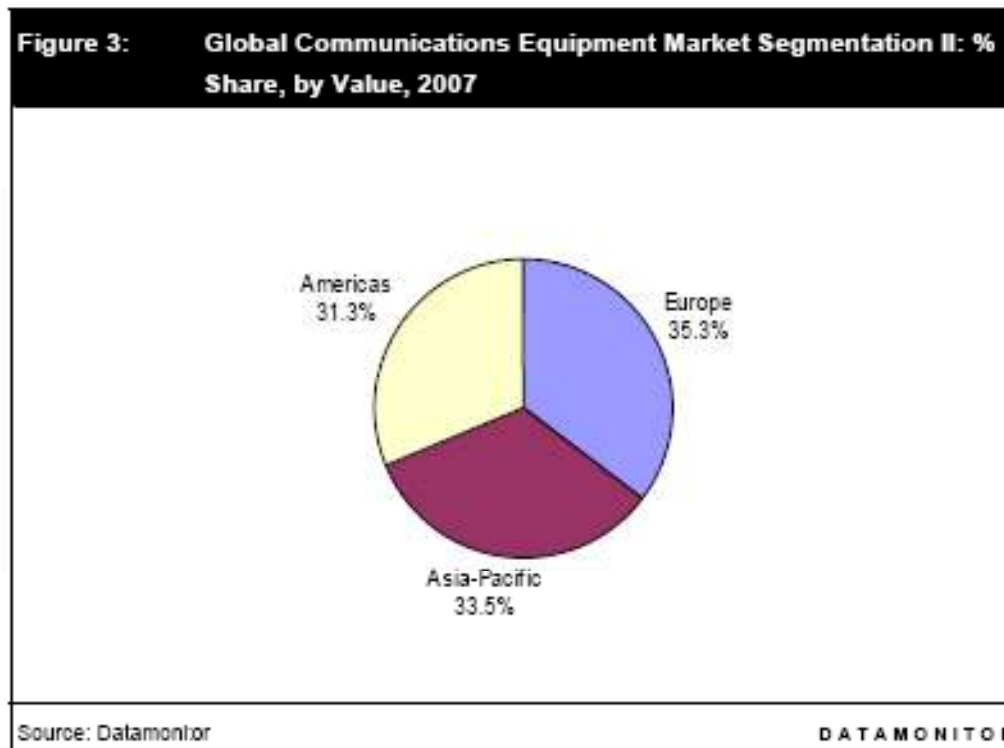
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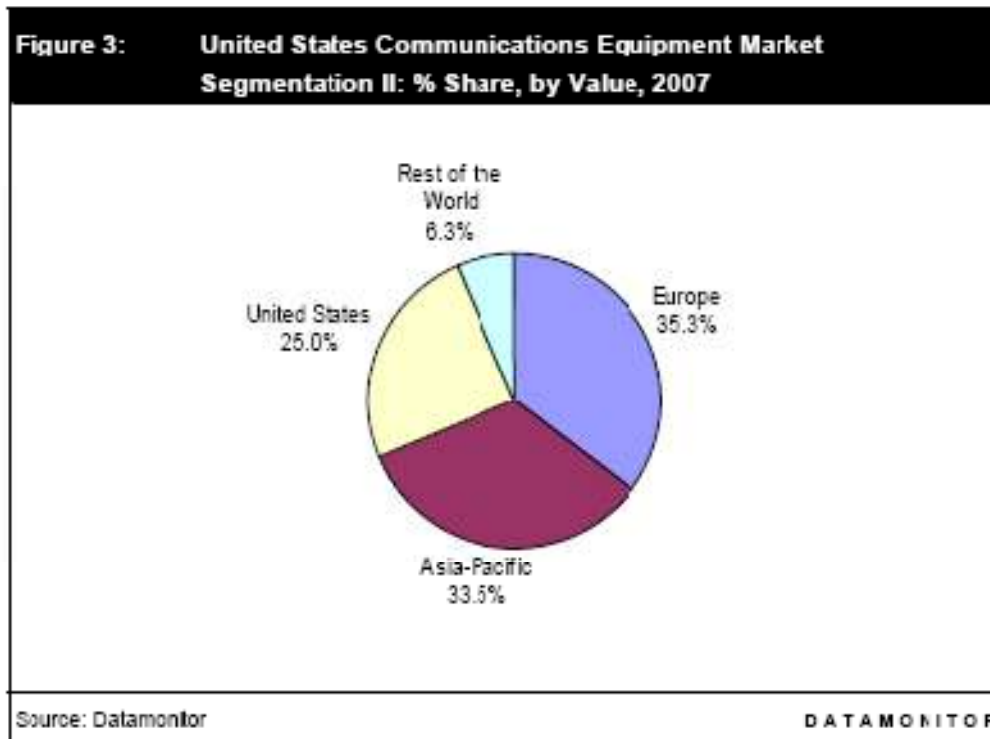
Spotlight on some segments: telecom equipment



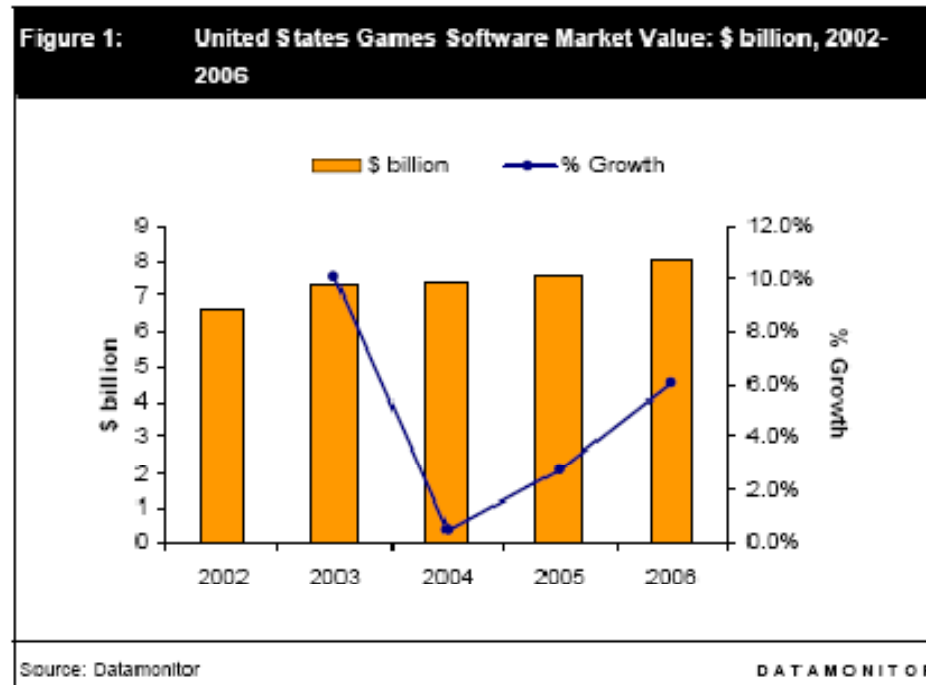
Spotlight on some segments: telecom equipment



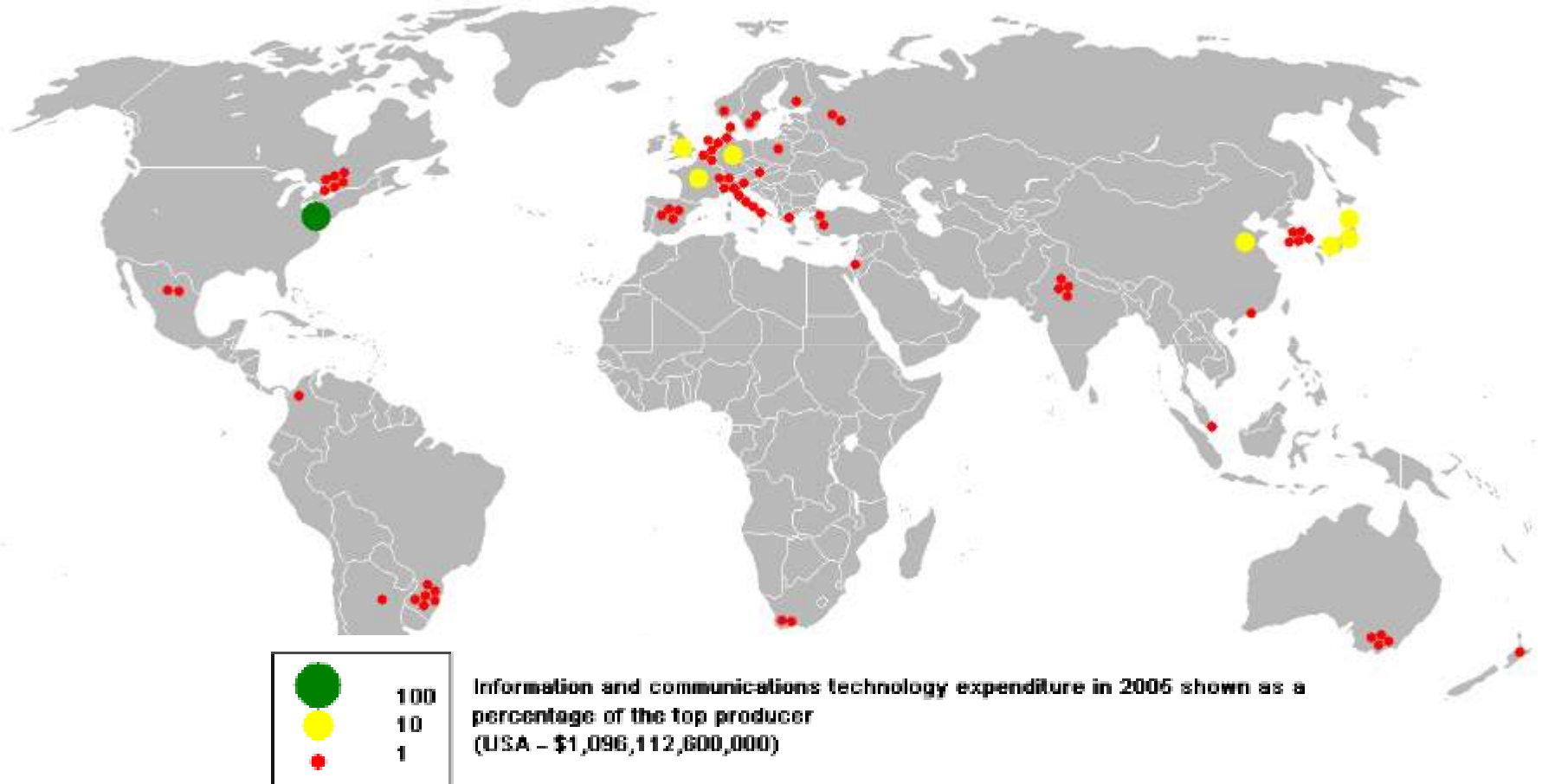
Spotlight on some segments: telecom equipment



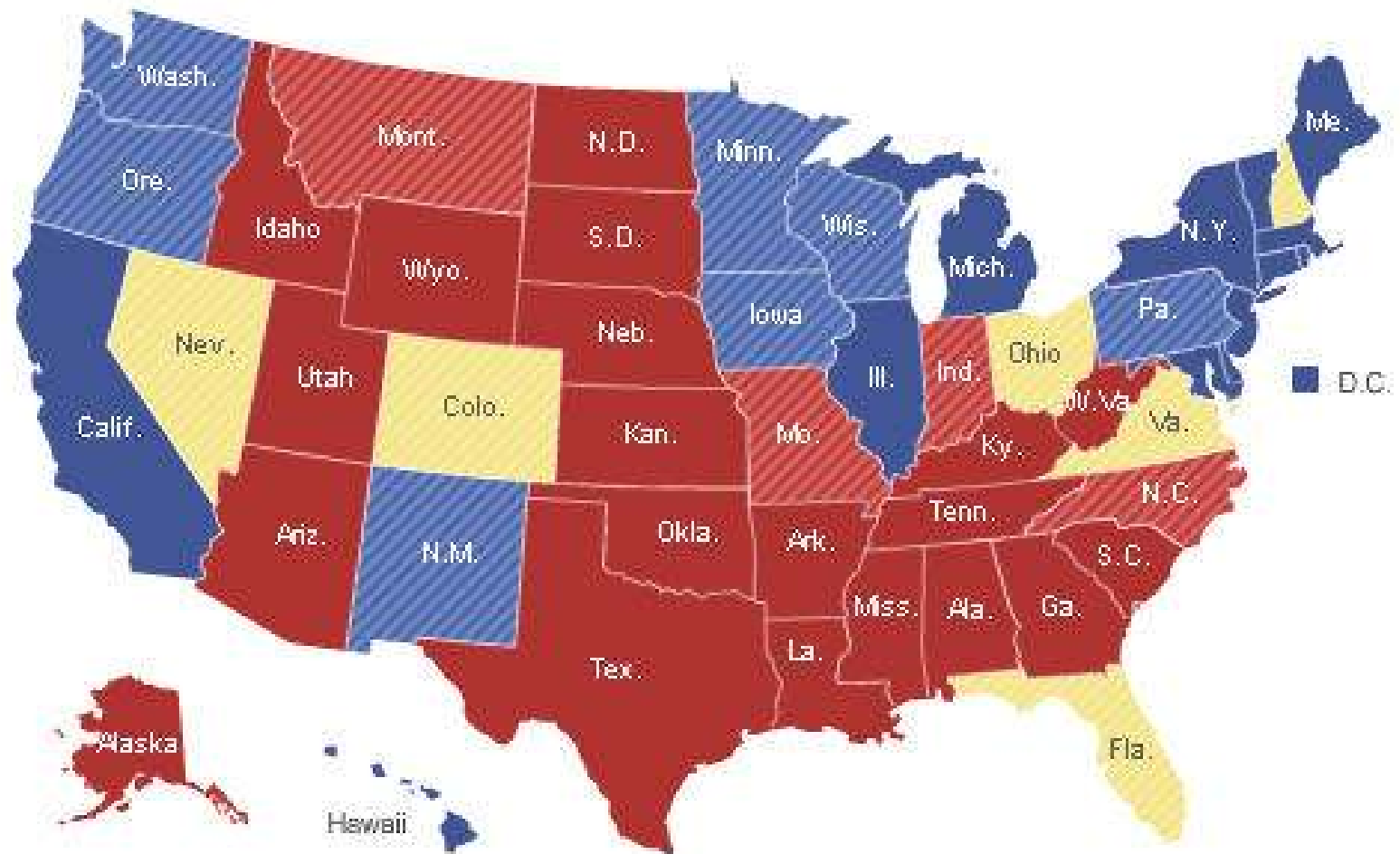
Spotlight on some segments: games software



The US IT market in the world



Tech centers tend to be more liberal than average





Major US Technology Markets

- New York
- San Francisco (& the rest of California)
- Texas (Austin, Dallas - Fort Worth, Houston)
- Washington (Federal Government & telecom)
- Chicago



Major US Technology Centers

- New York
- San Francisco
- Texas (Austin, Dallas - Fort Worth)
- Seattle
- Boston



East vs West

- **New York**
 - customer centric
 - Finance
 - Insurance
 - Advertising
 - Media
 - integration oriented
- **San Francisco**
 - technology centric
 - component oriented

Key opportunities and trends

- Domestic Security Market - Federal, state, and local governments and private industry still face huge demands to increase security.
- Nanotechnology - ultra-small devices and materials applied to electronics, materials, medicine, and other fields. IBM, GE, Motorola, Hewlett-Packard, Lucent, NEC, and 3M have launched significant nanotech initiatives.
- Applications— new applications enhancing computers' and machines' ability to perform human functions such as speech, touch, hearing, vision, and motion. Applications in speech recognition are particularly far along. Artificial intelligence applied to the extraction of information from large databases or communication flows and the recognition of information in a communications stream.
- Software as a Service.

(continued)

Key trends related to mobility

- Sensing Devices, Telecommunications - High-resolution sensing and satellite communications.
- GPS – continuing expansion of mobile applications in many industries for businesses and for consumer applications
- Wireless Technology –smaller and at the same time more powerful transmitters; batteries with longer life; antenna systems providing better coverage; increased transmission speeds with similar of enhanced quality (for data)



Impact of current financial crisis

- The financial services sector represents over 20% of all enterprise IT spend.
- New IT spending most likely will come to a near halt.
- All spending, especially discretionary, is being put under review.
- No broad turnaround for business momentum for IT vendors till 2010 or even 2011, especially for IT vendors focused uniquely on the financial services industry.
- Opportunities for IT solutions that help buyers to substantially and rapidly reduce their operating costs.
- B-to-C may be less affected in some areas.



What IT buyers are looking for

- Solutions that standardize infrastructure technologies
- Solutions that simplify systems
- Mobile management
- CRM and Customer intelligence
- ERP
- Document management
- Outsourcing of technologies (security; enterprise applications; business intelligence)
- Server Virtualization
- Software-as-a-Service (SaaS)
- Security

Marketing IT products in the US

- US companies will buy from a company they don't know but only after they've gotten to know it.
- Marketing IT products or solutions usually involves extensive product evaluation by the customer's technical staff, with lengthy testing periods.
- Once a customer buys a product, close and frequent communication between technical personnel is the rule; therefore, strong technical product support is essential.
- Large technology companies often have marketing resources and expertise that smaller companies can't duplicate. Consequently, small companies often either sell or license their products to large companies, or form marketing partnerships with them.
- The government is often also a major customer and source of research funds.



Marketing IT products in the US

- US technology personnel moved fluidly through numerous companies, creating personal loyalties across competing companies.
 - Technology specialists network with their peers in other companies.
 - Good words travel quickly and so do bad ones.



Advice from “the Buyer’s side”

- DO
 - Take a measured approach
 - Stay focused
 - Listen carefully to your prospects
 - Get some local support
 - Take advantage of the flexibility in US labor regulations
- DON'T
 - Be impatient
 - Try to do too much in parallel
 - Skimp on support