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ICT News

The IT & Telecom Channel News for Marketing & Sales Managers

by compuBase

Editorial

One day, I was discussing the strategic value of information databases with a client. Inevitably, any discussion concerning information databases lead to the problems relating to quality.
My client used the same phrase over and over again, to characterise his overall problem: "Data sedimentation".

According to the dictionary, the definition of "**sediment**" is as follows: "Sediment is material that was originally suspended in a liquid, which settles at the bottom of the liquid when it is left standing for a long time."
By tweaking this definition just a little bit to coincide with the marketing context, we might find:
"**Sedimentation is the action that consists of** cultivating any kind of information generated by the economic movement of the business, and that eventually settles as a layer of additional data in the business' information system."
The definition goes on further:
"The sediment deposited is material eroded from sedimentary rocks, which may contain fossils from inhabitants of this body of water that have been covered. Their study shows the evolution of the climate."
Once again, tweaking the definition a little bit…
"Deposited sediments are the source of the marketing information database that may contain fossilised data of the business' economic lifespan. Its pattern shows the evolution of activity."
Finally, there is a formula to calculate the speed of sedimentation; this depends on the various factors, the main ones being:
- Density (importance of the information)
- Criticality (capacity of the system to capture this information)
- Viscosity (renewal of the information)

Thus, we can extrapolate that the sedimentation of a database is directly proportional to the amount of information that it contains and the rate at which the system captures and renews this information.
This term is fascinating because it approaches the problem of quality from the perspective of successive deposits; that each deposit forms a layer of information, which in turn eventually becomes sediment, and ultimately becomes fossilised.

The consequences of data sedimentation are obviously harmful; the most severe, in my opinion, obviously being that the marketing and sales teams lose confidence in the marketing information system. This can lead to several other issues, one being additional costs (purchase of external data, multiple sending), but most importantly the loss of time and lack of reactivity.

The root of the problem is known: managers attribute too much importance to the "what" and never enough to the "why". It is much more important to define the use of information than to invest time in gathering information.

Solutions are also known; the first of which is to consider the information system as a key element of the business' architecture, thus having a long-term strategy, or multi-year plan. Quarterly marketing budgets can not be a solution. The second option is to accurately define the information that is to be internally managed, as well as those that will be sub-contracted.
Quite simply put, information to be managed externally is those that should be available…externally. This seems oversimplified, but how many companies still conduct address and telephone number validation with internal teams? Of course, your team will always do better work for you than a service provider working for our companies; however you have no guarantee that you will have the same team or the same budget in 6 months, to maintain the necessary level of quality. On the other hand, it is not likely at all that your provider would stop working – he is required to keep working to maintain the quality of his information, whether or not you have the budget.
The amount of data to be managed is, in fact, quite limited; it consists mainly of everything that is involved with the relationship of your company to your market – data that obviously cannot be acquired externally. This data is generally reduced to executed marketing operations, established commercial contacts, and all commercial and sales data.

The last point, but one that cannot be neglected in your system maintenance: traceability. All information must be dated and sourced.
After defining the importance of the information, it is up to you to determine the means to gather or update the information and its lifespan, in order to find the ideal formula that will prevent you from becoming a fossil too.

■ **Jack Mandard**
CompuBase

SUMMARY:

SMEs: who has the keys?

Targeting the profitable SME sector requires a specific knowledge of their businesses and a flexibility of the business proposition. Small software publishers and, more specifically, ISVs are today becoming the natural partners of manufacturers who want to introduce new technology to the market.

"Better, faster, cheaper" was, and still is, the mantra of every hardware manufacturer. But at what cost to the industry? The quest for increased reliability, performance and standardisation rapidly led to a lack of competitive differentiation. This, in turn, created a relentless downwards pressure on prices and an inevitable erosion of profit margins, leaving IT retailers with a stark choice: to embrace the new market dynamics by becoming low margin, high volume 'box-movers', or to reduce their distribution activity to concentrate, instead, on the service industry.

With this evolution complete, manufacturers and publishers are today finding that their channel partners have changed status. They are no longer introducers of technology; much less 'evangelists' who can be relied upon to champion the latest technical innovations. For the most part, they have become consignment and installation centres for the manufacturers. And while these functions are of course essential, they are undoubtedly less prestigious and less remunerative.

Today, the centre of gravity for added value is now very clearly positioned on hardware-software integration services. And these rapidly growing activities rely, for the most part, on the technical solutions of software publishers who are fighting to win a share of the same market. Their survival strategies fall broadly into three camps.

For the large global publishers, like Microsoft, IBM or Oracle, the method is still dictated by the breadth of their offers and the power of their brands. The priority is to impose technologies and to develop 'ecosystems' to feed solutions into the market.

The big specialised publishers, also international in stature, are still concentrating on their vertical or technological markets with the objective of attaining or retaining a dominant position in their chosen fields.

In the third category, we find the smaller independents, populated by 95% of companies who identify themselves as software publishers. Specifically, these are all those local players (even when they are involved in several countries) who are dedicated to small but profitable technological or economic niches. And this sector is perhaps the most turbulent of all.

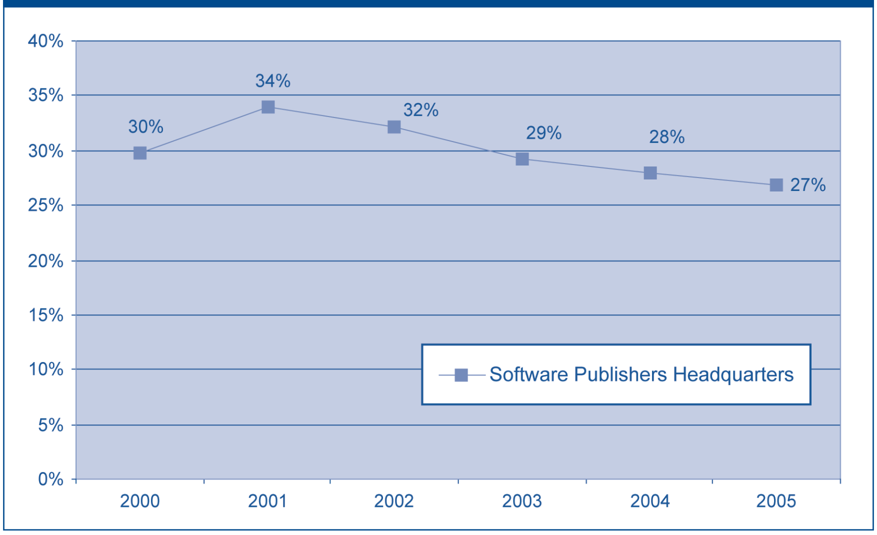
Increasingly, the choice for these players is to find a way to expand in order to reach a critical size and to go international, or to be bought up by a leading company. A simplistic analysis, perhaps, but the fact remains that the population of small and medium-sized publishers is being continually reorganised, with an ever-growing number of disappearances and mergers, as well as creations. The net result has been a steady decline in the number of software publishers over the last five years.

The cost of survival

Today, there are some 23,000 companies that profess to be involved in publishing, including 3,600 in the United Kingdom and Ireland. For all of these companies, the main means of distinguishing themselves from the pack is still innovation. Innovation, however, is both expensive and time-consuming.

Many publishers have managed to survive the bursting of the Internet bubble only by digging into their reserves and, unfortunately, by neglecting investments in R&D. These companies today appear weakened, and it is likely that their number is still dropping, notably to the benefit of more global players or companies that have migrated towards a role of integration or assembly. For them, we should no longer speak of 'publishing' but rather of 'integration of software components provided by third parties'.

Proportion of Sofware Publishers Headquarters in Europe (% of the total number of IT headquarters)



Source compuBase 2005

Evolution of software publishing companies in Europe*

Number of locations*	2000	2001	2002	2003	2004	2005
Publishers in Europe (companies)	25203	30812	29010	26513	26121	27084
Total ICT activity in Europe (companies)	89678	95651	96180	96415	98984	107407
Proportion of Publishers in Europe (companies)	28%	32%	30%	27%	26%	25%
Publishers in Europe (HQ)	22146	26314	24807	22344	22111	23233
Total ICT activity in Europe (HQ)	74475	77304	77255	76555	78865	86810
Proportion of Publishers in Europe (HQ)	30%	34%	32%	29%	28%	27%

* source: compuBase 2005

Evolution of the proportion of software publishing companies in various European countries*

Number of locations*	2000	2001	2002	2003	2004	2005
UK and Irl(companies)	26%	30%	30%	27%	28%	24%
France(companies)	27%	28%	26%	23%	22%	21%
Germany + Austria (companies)	43%	49%	46%	42%	36%	36%
Benelux(companies)	34%	33%	34%	31%	27%	27%
Italy(companies)	8%	19%	9%	10%	13%	14%
Spain(companies)	16%	15%	15%	14%	14%	15%

* source: compuBase 2005

The challenge from ASPs Publishers have also had to come to terms with the increasing popularity of ASP-based software. The historic model of software publishing was to finance future development by selling updates and maintenance for older versions. Today, publishers sticking to this model almost inevitably get off to a losing start when they are competing with an ASP publisher.

Some would argue that the ASP model is just a passing fashion and that it has not yet demonstrated its long term economic superiority. While this argument is relevant, it does not take into account the immediate priorities of companies in terms of cost control. The commercial reference unit of time is the quarter, and returns on investments are calculated upstream, not downstream, from the outlay.

From the viewpoint of the end user companies, the ASP model does not totally eliminate technological needs: it displaces them. On the one hand, the budget goes more to bandwidth or to subcontracting. On the other, the expenditure no longer corresponds to an investment but to a cost, which the company can spare itself if it wishes.

Important but uneasy partners
Can the decline in software investments lead to an improvement for other segments of the IT industry? In this specific case, the misery of some does not make for the happiness of others. The deployment of new applications is the main engine for renewal of hardware stocks and the best vector of sales of services. Any slowdown in software expenditure, therefore, has a negative impact across the rest of the IT industry.

Despite these upheavals, and in part because of them, publishers are looking like indispensable partners for many manufacturers. That is because they have many invaluable advantages for the other players in the IT market, including their knowledge of industry integrators and an ability to precisely target those technologies and business sectors that stimulate growth.

Special report

Software publishers in Europe

Based on compuBase surveys, there are more than 26 000 companies declaring to have a software publishing activity in Europe. Pure ISVs (Independent Software Vendors – companies whose core business is software publishing) represent 55% of these companies.

From this table, we can notice that software designed for management and production and software specialising in a specific sector are the main types of software published (almost one publisher out of two is present in this category).

These data also highlight the strong diversification of the software publishing activity, 45% of software publishers have another activity as their core business.

Number of Software publishers in Europe by type of products

Type of software published	Number of software publishers	% of software publishers in this category	% declaring publishing as their main activity
Management and production ...	12934	49%	20%
Specialising in a specific sector ...	10717	41%	17%
For networks and telecom ...	4628	18%	20%
Systems ...	4513	17%	22%
Office Automation and DBMS Software	3975	15%	25%
image and sound processing ...	1516	6%	22%
Training - Teaching ...	1473	6%	29%
Office utilities ...	1150	4%	32%
Electronics industry ...	792	3%	24%
Scientific ...	693	3%	27%
Miscellaneous Software...	620	2%	31%
Games and entertainment ...	328	1%	48%
For the family ...	261	1%	42%
Total (deduplicated*)	43600	100%	55%

**1 publisher can be in different categories*

Source compuBase 2005

Number of Software publishers in Europe by number of employees

Type of software	Unknown	1 person	2 to 4 persons	5 to 9 persons	10 to 24 persons	25 to 49 persons	50 to 99 persons	100 to 249 persons	> 250 persons
Management and production	622	365	1629	2457	3747	1847	1162	732	373
Specialising in a specific sector	356	394	1569	2189	3102	1439	844	549	275
Systems	242	144	559	849	1270	609	398	292	150
For networks and telecom	376	133	568	819	1212	624	400	301	195
Office Automation and DBMS Software	162	176	646	806	1091	494	289	197	114
Image and sound processing	50	60	227	348	439	180	122	63	27
Training - Teaching	50	58	266	290	421	194	109	53	32
Office utilities	33	42	203	215	322	158	85	51	41
Electronics industry	22	21	96	153	233	120	74	46	27
Scientific	13	26	127	135	198	98	54	24	18
Miscellaneous Software	45	21	99	110	178	79	47	27	14
For the family	5	15	50	59	58	34	17	13	10
Games and entertainment	23	9	50	50	71	53	35	24	13
Total	1391	906	3630	4972	7160	3414	2106	1378	693

Source compuBase 2005

Almost 50% of software publishers have between 5 to 24 employees and are themselves SMBs. This trend is given by the largest groups, publishers of software designed for management and production and publishers of software specialising in a specific sector.
Only 8% of software publishers have more than one hundred employees.

Number of Software publishers in Europe by country

Type of software	UK & Irl	Ger & Aust	France	BNL	Italy	Spain & Port	Nordics	Total
Management and production	1231	3567	2500	950	761	893	1956	12934
Specialising in a specific sector	1175	2929	2486	691	647	595	1228	10717
For networks and telecom	847	997	826	289	202	245	801	4628
Systems	507	982	824	713	207	228	757	4513
Office Automation and DBMS Software	451	932	762	399	259	298	410	3975
Image and sound processing	119	441	375	99	83	123	187	1516
Training - Teaching	217	360	385	54	146	84	105	1473
Office utilities	123	243	253	100	75	122	115	1150
Electronics industry	68	207	149	45	42	95	136	792
Scientific	62	154	268	34	37	31	71	693
Miscellaneous Software	47	87	188	40	41	47	125	620
Games and entertainment	64	70	60	12	16	18	63	328
For the family	23	49	96	7	17	34	19	261
Total	**3443**	**6730**	**4771**	**2230**	**1377**	**1327**	**3731**	**26290**

Source compuBase 2005

Every country or group of countries has a similar repartition by type of software published.
Disparities come from the number of software publishers in geographical areas, 25% of European software publishers are in Germany and Austria, 18% are in France and 13% are in the UK and Ireland.

News flash:

compuBase extends its service offer with A2Partner Consulting.

Consultancy specialized in business alliances, A2Partner Consulting has developed with compuBase an offer of services designed for IT companies wishing to create or develop a distribution channel. See details page 6.

The compuBase database for Czech Republic is available

According to its Central and Eastern Europe expansion strategy, compuBase has finalized its Czech Republic database. Czech Republic is a stable and prosperous economic zone. With a strong rate of growth and moderate inflation, this country is attracting more and more IT investors. The Czech Republic database contains 1600 companies, 4000 contacts and 1500 emails. After Poland, for which compuBase database covers 90% of the IT turnover in this country, and Czech Republic, compuBase starts profiling Russian companies.

For more information about development in Eastern Europe, please contact our CEE consultant, Natalia Sorokina at +33 1 69 18 34 65 or **nsorokina@compubase.net**

Buy compuBase surveys and services online

compuBase has recently started to sell a part of its service and product range online.
On this new website you can now buy compuBase surveys, access credits to the database and some packaged services. Operational selling platform, compuBase online boutique simplifies the buying process of its customers.

Discover this new service on **www.compubase.biz**

Pan European Marketing specialist: Celsius International

Tom Richardson
Managing Director Celsius International

Celsius International, company overview and market position

Based in South of France, Celsius International has always kept to a very specific brief. We only handle B2B direct marketing programmes, we cover all aspects of data (sourcing, enhancement, lead generation etc.) but not creative, and we only work on a multi-country basis. Because of this last specificity and therefore most if not all our customers are organised Europe (or EMEA-) wide, we have always operated extensively in the IT and Telecommunications sectors – these industries are generally organised in this way.

Essentially, we work as the extended arm of the European marketing department, providing outsourcing of data acquisition and maintenance, data enhancement and contact discovery, and lead generation and other telemarketing services through our partner call centres. Through our CelsiusOnline system and our internal data consultants, we store and maintain data for our clients and via Team Celsius we offer a variety of telemarketing services.

Celsius has grown rapidly – our revenue has doubled in two years. And we have been delighted to find that the Cote d'Azur is a really good place to find the right mix of experience, nationality and language when recruiting our staff. So we see our expansion continuing in our specialist areas – data sourcing, maintenance and telemarketing – and in Europe as a whole.

Partnership and collaboration with compuBase :

We have worked with Compubase over a number of years as our customers' needs have required.

Several of our IT and to a lesser extent telecommunications clients have looked to us to help them establish or expand their channels to market, and Compubase has been for us the obvious source of such data. By comparison with the US, for example, the European market is well placed in having such a structured source of specialist data.

Most recently, we used Compubase data as the main source for e-mail-based promotional activity for a partner briefing event for one of our largest clients. The result was so successful that a second seminar room had to be rented and some participants linked by live video. We were particularly pleased because the results significantly exceeded those from a similar event in the USA.

Opportunity perspective for Celsius and other data solutions providers

Our experience has probably been similar to many. We rode the telecommunications boom when so many medium and even large sized companies in that sector came to Europe with plenty of money looking for rapid expansion and saw even large customers such as Lucent reduce their spending drastically. More recently, our customers are in IT and lower tech sectors rather than telecoms.

The major trend in our favour has been large companies' preference to outsource their marketing needs. We have expected to see non-European outsourcers from the Indian sub-continent, Latin America and francophone Africa coming more into play but perhaps our multi-country focus has meant that the services we offer are difficult to substitute in this way.

While still working with others on the creative aspects of marketing, we are moving towards the implementation of Marketing Operations Management systems alongside our CelsiusOnline campaign and data management facility – allowing our customers to maintain templates for mailings, e-mailings, fax-mailings etc and generate printed and electronic material in simple fashion.

Tom Richardson
Managing Director Celsius International

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Marketing tools

CHANNEL STRATEGY TOOLS

CompuBase and A2Partner pool their know-how and expertise to create a combination of collective and specialised marketing tools intended for indirect sales on the ICT market. Both businesses offer turnkey solutions to companies who wish to create or enhance their distribution network. From studying a potential market to the recruitment of strategic partners, today their joint proposal is composed of three main services: Create a channel? Channel starter kit, and My first Distributor!

Create a Channel

This service is designed for companies hoping to launch a new activity, and who wish to conduct a study of the actual opportunity. compuBase and A2Partner together offer their customers a global, yet detailed study on ICT distribution in France, a statistical study of distribution in the country involved, interviews with the major contributors on the market, and access to the compuBase database.

Channel Starter Kit

This service is addressed to companies who have decided to launch an indirect sales activity on a market, and who wish to recruit partners. compuBase and A2Partner carry out a global study for their clients on indirect IT sales, as well as a precise analysis of the indirect distribution of the involved product category. They provide their customers with complete access to the compuBase database for 100 profiles and select a network of partners with strong potential.

My first Distributor !

This service is designed for companies that hope to recruit their first wholesaler in order to strengthen their distribution network. compuBase and A2Partner enable their customers to know and compare the current players, to identify partners with strong potential, and prepare their commercial approach.

compuBase is the first European information database of IT, network and telecom partners.

A2Partner supports their customers in the Information Technology and Telecom industries as they grow and develop, identifying and implementing Alliances, Channels and Business development.

**Do not hesitate to contact us for any further information on these services.
Tel: +33 1 69 18 34 34 or consulting@compubase.net**

CRM SOLUTIONS & DIRECT LINK

3.9% is the projected growth rate of CRM solutions in Europe in 2005. Thanks to solutions adapted to SMBs, CRM sales are finally increasing after some unstable years. However every expert will confirm that despite all its advantages, a CRM solution cannot be efficient without accurate and up to date data. compuBase has designed a solution to maximize your ROI.

Your needs:

- Periodically enhance the internal IT systems
- Have a CRM system coexist with external data
- Find your own criteria in the compuBase database
- Meet the requirements of marketing, sales and analysts with one coherent information system
- Integrate updates and client developments.

Our solution:

CRM Solution & Direct Link
Solutions designed to use the full richness of compuBase information, with the double advantage of linking your CRM without "contaminating" it and enhancing the value of your marketing and sales database.

Benefits:

- Have your CRM coexist with external data
- Mark businesses according to Client "views" (internal segmentation)
- Create private fields containing specific information (Partner ID, Agreement code, date etc)
- Access company records directly from your CRM, add your own keywords and notes, and extract data for your marketing, sales or analysis operations
- Integration service for the compuBase database and updates to your CRM: your information system remains independent
- Transform your data into sales information and a competitive advantage.

**Do not hesitate to contact us for any further information on these services.
Tel: +33 1 69 18 34 34 or consulting@compubase.net**

Statistics for Europe

FOCUS ON... Germany

During the last few years, the German market has slowed down considerably, due both to the slowing down of the global economy and to its absorption of the former East Germany. This lumps has heavily affected the IT industry, and has not favoured Germany as the 1st choice in terms of establishing an office in Europe. However, Germany hosts the largest IT fair in the world at Hannover: the CEBIT. Here are condensed statistics showing how the German IT market is organized.

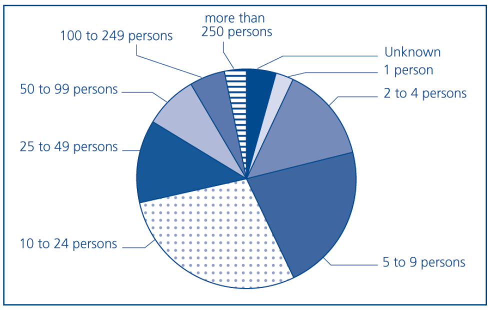
Repatition of IT partners by Main activity

Main activity (one activity per location)	Volume in location	%
Software publisher	915	5,2%
Publisher of software for a specific activity	1366	7,8%
Publisher of software for a specific process of companies	1166	6,7%
Software solutions integrator (developed by third parties)	382	2,2%
IT services, Software development (hosting, maintenance, training, bespoke software development....)	5169	29,5%
Telecom services (Telecom operator, ISP...)	459	2,6%
Telecom & network infrastructure integrator	276	1,6%
IT infrastructure integrator	212	1,2%
Consulting	621	3,5%
Reselling to individuals	883	5,0%
Reselling to enterprises (hardware, software & services & assemblers)	3172	18,1%
Wholesaler (resale of ICT products to resellers)	633	3,6%
Large Assembling company	7	0,0%
Other ICT connected activities	529	3,0%
Main activity non qualified	156	0,9%
Total	**17498**	**100,0%**

Source compuBase 2005

The main activity of German IT players is IT services and software development. Almost one third of IT partners declare this activity as their core business.
The next main activity is resale to enterprises with 18%, followed by manufacturers who are half the number of resellers (9%) and Publishers of software for a specific activity (8%).

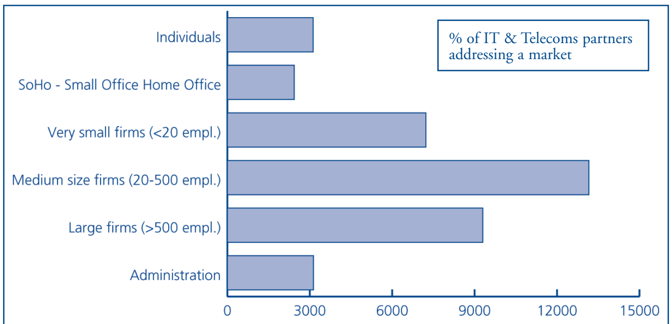
Volume of IT & Telecom Partners per range of number of employees (%)



Source compuBase 2005

The majority of the German IT companies are small businesses. Indeed, half of German IT players have between 5 to 24 employees.
One third of them have between 10 to 24 employees. 3% of them have more than 250 employees and 4% are one-person companies.

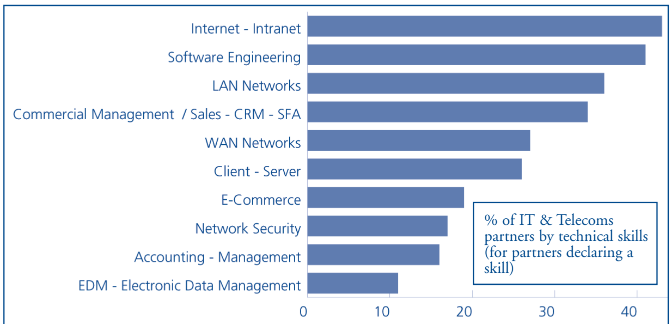
Volume of IT & Telecom Partners per partners addressing a target



Source compuBase 2005

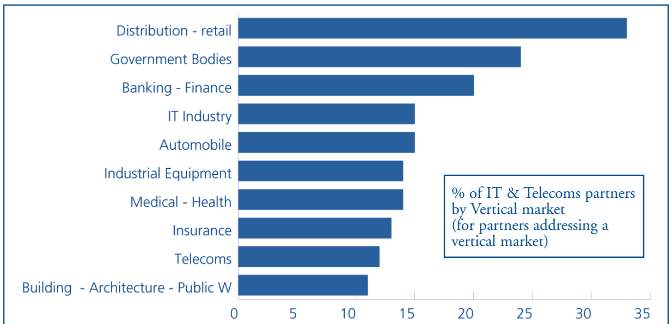
Medium size firms are the main target of German ICT companies with 87% of them addressing this market. Large firms hold the second place with 61%, followed by very small firms with 47%. The less important selling targets are Administration, Individuals and Soho markets.

Top ten Technical Skills of German IT partners



Source compuBase 2005

Almost half of German companies declare to have skills in Internet and Intranet and Software engineering. Lan Networks (36%) and Commercial Management – Sales – CRM – SFA are also well represented (34%).



Source compuBase 2005

Top ten Vertical Markets of German IT partners

One third of German companies address the distribution and retail market.
24% of them address the Government bodies market.
20% of them address the Banking and Finance Industry.
The Building, Architecture and Public Work market is the less addressed market with only 11%.

Upcoming trade shows

•Information Technology and Telecom events

MVNO
Business and partnering strategies for Network Operators and Mobile Virtual Network Operators
November 28 - December 2nd, 2005 - Cannes, France

DISTREE
IT channel event for Middle East and Africa
January 19-21, 2005 - Monte Carlo, Monaco

IIPSEC
Dedicated to innovation and IP security
January 24-26, 2006 - Coventry, UK

3 GSM WORLD CONGRESS
The world's premier media event
February 13-16, 2006 - Barcelona, Spain

COMDEX
IT trade show in Sweden
Goteborg, Sweden - February 16, 2006

CEBIT
World largest IT trade fair
Hannover, Germany - March 9-15, 2006

ORBIT IEX
E-commerce solutions, E-Business
May 16-19, 2006 - Zurich, Switzerland

•Marketing, Sales and communication

CHANNEL FOCUS Eastern Europe
The leading channel event in Central and Eastern Europe dedicated to the channels in Central and Eastern Europe
December 1-2, 2005 - Budapest, Hungary

TECHNOLOGY FOR MARKETING
The UK's premier event for marketing-related & CRM technology solutions
February 7-8, 2006 - London, UK

CHANNEL FOCUS UK
The leading event dedicated to the channel in the UK
February 9-10, 2006 - Brighton, UK

IDMF
The marketing industry event of the year
May 9-11, 2006 - London, UK

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