

High-tech industry grows across Europe and

The Greek ICT market is growing by 3.5% to €10.7 billion in 2008 and by 2.4% to €10.9 billion in 2009. Telecommunications sector is leading in share even though the IT market is, this year, experiencing a higher growth rate

The European market for Information & Communications Technologies (ICT) is expected to grow by 3% to €761,3 billion in 2008. This is the latest forecast of the European Information Technology Observatory (EITO). EITO predicts that dynamic growth in ICT will also continue in 2009 to €780 billion. The demand for digital Consumer Electronics (CE) also continues to increase - albeit at a slower pace than in previous years when the market achieved double - digit growth rates. Spending is growing in 2008 by 2.5%, to €62.7 billion and in 2009 by around 3.2% to €60.7 billion. Across the EU the drivers of growth are flat-screen televisions, games consoles and navigation devices. The CE market is dominated by flat-screen TV equipment, with a market share of 40%. Digital cameras account for 11% and games consoles for 8% of the CE market.

In Europe, the market of information technology will reach €312.6 in 2008 and €326.4 billion in 2009. The market of telecommunications is growing by around 2% to €386 in 2008 and by around 1.8% to €392.9 billion in 2009. The services sector is growing by around 5.7% to €160.1 in 2008 and by around 5.9% to

€169.6 billion in 2009. The purchase of equipment this year is growing by around 1.5% to €94 and by around 1.3% to €95.2 billion in 2009. The software sector is growing by 5.2% to €58.5 in 2008 and by 5.3% to €61.6 billion in 2009. Telecommunications services is growing to €313.5 in 2008 and to €318.7 billion in 2009. The network equipment is growing to €36.7 in 2008 and to €37.8 billion in 2009. The telecom end user equipment is growing to €35.8 in 2008 and to €36.4 billion in 2009 (Table 1).

Among the large European markets, Spain, with 4.6 percent and France with 3.2 percent are demonstrating the highest growth this year. In value terms, the leader is the UK. With an ICT market of

€152 billion, the UK is leading Germany, with €145 billion and France, with €113 billion. The strongest impulses are coming from information technology spending. The IT market across Europe is currently growing by 4.3%, to €313 billion. Within this segment, IT services (5.7 percent) and software (5.2 percent) in particular are booming. In IT services, the outsourcing market, with 7.4 percent, is growing at the fastest pace. EU Commissioner Viviane Reding commented in the official opening of the new EITO online database: "EITO has become a principal source of statistics on the ICT sector. The ICT industry is the vehicle of the advanced economy, representing 6% of total gross domestic product in itself but driving a full 20 percent of overall productivity growth".

Internet market

The European market for Internet connections is booming. According to the latest information from the European market research institute EITO, turnover with private Internet access connections is growing in 2008 in the EU by around 10.2 percent compared to last year, to €33.7 billion. "Innovative additional services and falling prices are helping the connections business to achieve vigorous growth", said EITO Chairman Bruno Lamborghini. "Fast Internet connections are being offered

| European Union ¹ | Market Volume (in € b.) | | | | | Growth Rate | | | |
|---|-------------------------|----------------|----------------|----------------|----------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008* | 2009* | 2006/2005 | 2007/2006 | 2008/2007 | 2009/2008 |
| ICT Market | | | | | | | | | |
| Hardware | € 89.8 | € 90.5 | € 92.6 | € 94.0 | € 95.2 | 0.7% | 2.4% | 1.5% | 1.3% |
| Software | € 49.6 | € 52.6 | € 55.6 | € 58.5 | € 61.6 | 5.9% | 5.8% | 5.2% | 5.3% |
| IT Services | € 134.6 | € 142.3 | € 151.5 | € 160.1 | € 169.6 | 5.7% | 6.5% | 5.7% | 5.9% |
| Total IT | € 274.0 | € 285.4 | € 299.7 | € 312.6 | € 326.4 | 4.2% | 5.0% | 4.3% | 4.4% |
| Telecom end-user equipment | € 30.7 | € 32.8 | € 34.9 | € 35.8 | € 36.4 | 7.1% | 6.3% | 2.5% | 1.8% |
| Network equipment | € 34.7 | € 35.2 | € 35.7 | € 36.7 | € 37.8 | 1.7% | 1.3% | 2.9% | 2.9% |
| Carrier services ² | € 293.8 | € 301.4 | € 307.7 | € 313.5 | € 318.7 | 2.6% | 2.1% | 1.9% | 1.7% |
| Total Telecommunications | € 359.2 | € 369.4 | € 378.3 | € 386.0 | € 392.9 | 2.8% | 2.4% | 2.0% | 1.8% |
| Total ICT Market | € 633.2 | € 654.8 | € 678.0 | € 698.6 | € 719.3 | 3.4% | 3.5% | 3.0% | 3.0% |
| Consumer Electronics | € 45.6 | € 54.3 | € 61.2 | € 62.7 | € 60.7 | 19.1% | 12.8% | 2.5% | -3.2% |
| Total ICT + Consumer Electronics | € 678.8 | € 709.1 | € 739.2 | € 761.3 | € 780.0 | 4.5% | 4.2% | 3.0% | 2.5% |

Table 1. European ICT Market, Source: EITO 2008, *estimation
¹ without Cyprus and Malta, ² without Carrier-to-Carrier business, incl. PayTV

becomes the vehicle of the advanced economy

today in combination with low-priced telephone flat rates or online on-demand services for movies and music." At the same time, the prices for data transfer are falling. If connections with a speed of 1 Mbit were the standard a few years ago, today twice this rate is normal.

According to the latest EITO forecast, by the end of 2008 there will be an estimated €114 million broadband Internet connections in Western Europe, making fast data lines available to 26% of the population. By far the largest single market in Europe is Germany, with an estimated turnover volume of €8.4 billion in 2008. This represents a plus of 8.5 percent compared to last year and a market share of 25 percent in the European Union. France is recording the strongest growth among the EU countries with the largest populations, with an increase in turnover of 22.5 percent, to €4.6 billion. Great Britain, also with €4.6 billion, is achieving growth of 7.2 percent. France and Great Britain each have a market share in the EU of 13.6 percent. In Spain turnover is increasing by 7.6 percent to €3.2 billion. This is equivalent to a share of 9.2 percent. EITO predicts that dynamic

growth in turnover in Internet access connections will also continue in 2009, at plus 9 percent to €36.9 billion.

Greece

Between 2003 and 2009, according to EITO the ICT Greek market has experienced increase in value, restriction of margins due to intense competition and a turn to new technology offerings and services. The Greek ICT market is growing by 3.5% to €10.7 in 2008 and by 2.4% to €10.9 billion in 2009. Telecommunications sector is leading in share even though the IT market is, this year, experiencing a

higher growth rate. The Greek IT market is growing by 5.3% to €2.3 billion in 2008 and by 5.3% to €2.5 billion in 2009. The Greek telecommunications market is growing by 3% to €8.3 billion in 2008 and by 1.5% to €8.4 billion in 2009 (Figure 1). The software sector is growing by 4.4% in 2008 and by 5.1% in 2009. The outsourcing services is growing by 6.4% in 2008 and by 7.3% in 2009. In the telecommunications sector internet access is growing by 46.8% in 2008 and by 20.1% in 2009. Also Pay TV services are growing by 13.8% in 2008 and by 9.7% in 2009. **S**

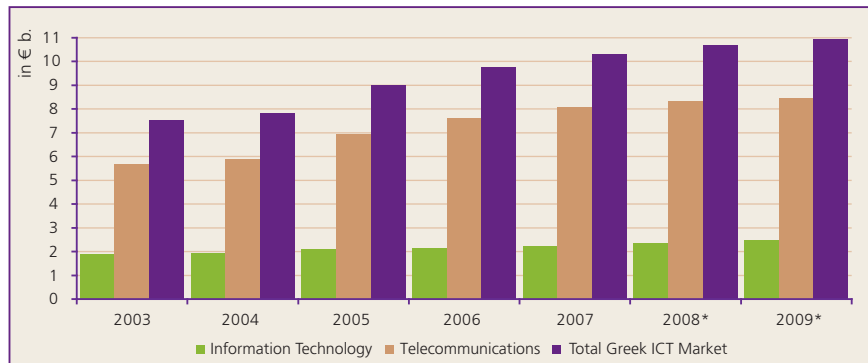


Figure 1. The Greek ICT Market, in € b., Source: EITO, SEPE 2008, * estimation

| Greece | Market Volume (in € m.) | | | | | Growth Rate | | | |
|---------------------------------|-------------------------|----------------|-----------------|-----------------|-----------------|--------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008* | 2009* | 2006/2005 | 2007/2006 | 2008/2007 | 2009/2008 |
| ICT Market | | | | | | | | | |
| Hardware | € 795 | € 798 | € 827 | € 884 | € 932 | 0.4% | 3.6% | 6.9% | 5.4% |
| Software | € 455 | € 478 | € 505 | € 527 | € 554 | 5.1% | 5.6% | 4.4% | 5.1% |
| IT Services | € 821 | € 855 | € 895 | € 934 | € 983 | 4.1% | 4.7% | 4.4% | 5.2% |
| Total IT | € 2,071 | € 2,131 | € 2,227 | € 2,345 | € 2,469 | 2.9% | 4.5% | 5.3% | 5.3% |
| Telecom end-user equipment | € 572 | € 581 | € 587 | € 582 | € 589 | 1.6% | 1.0% | -0.9% | 1.2% |
| Network Equipment | € 624 | € 836 | € 874 | € 896 | € 917 | 34.0% | 4.5% | 2.5% | 2.3% |
| Carrier services | € 5,718 | € 6,187 | € 6,620 | € 6,848 | € 6,948 | 8.2% | 7.0% | 3.4% | 1.5% |
| Total Telecommunications | € 6,914 | € 7,604 | € 8,081 | € 8,326 | € 8,454 | 10.0% | 6.3% | 3.0% | 1.5% |
| Total ICT Market | € 8,985 | € 9,735 | € 10,308 | € 10,671 | € 10,923 | 8.3% | 5.9% | 3.5% | 2.4% |

Table 2. Greek ICT Market, Source: EITO 2008, *estimation