

Press Release

Copenhagen, August 24th 2010
 By Martin Hingley and Carsten Schmidt

Copenhagen Capacity Study Uncovers Scandinavian Opportunities for UK ICT Suppliers and Offers a Free-Subsidiary Program for UK ICT Vendors

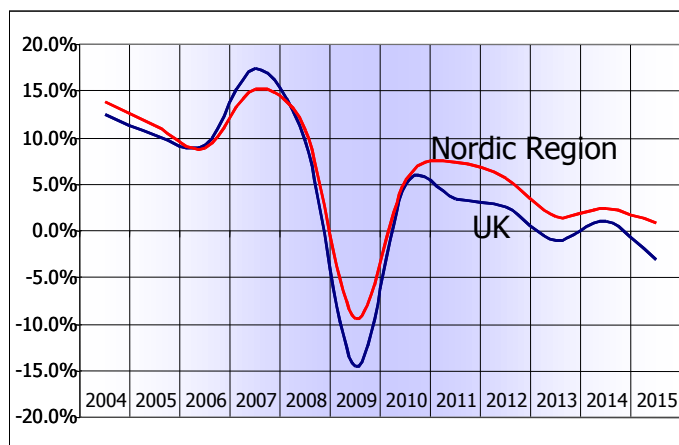
Highlights

- ICT spending in the Scandinavian region will grow by 7.4% in 2011 and 5.6% in 2012
- The opportunities look interesting in comparison with German and France, where pressures from southern Europe and on the Euro are straining government budgets
- Growth will be stronger than in the UK where the new coalition government is making massive spending cuts and where the Financial Sector spending is proportionately bigger

Copenhagen Capacity announced the provisional research findings from a study commissioned from The Henry Corporation, which demonstrates the differences in ICT spending levels between the Scandinavian region and the UK.

It has also announced a half-day networking meeting on October 5th for UK companies who are interested in using its resources to take advantage of the opportunities. At the seminar Copenhagen Capacity will introduce an exclusive “free-subsidiary” program which is an offer put together by a team of prominent private sector companies and public sector organizations.

UK and Scandinavian countries – ICT spending growth forecast (local currencies) – 2004-2015



Source: Henry Corporation, 2010

In 2010 IT spending in all countries is recovering from dramatic decline brought on by the credit crunch: however there are a number of growing uncertainties. In particular:

- Climate change issues have become real whether from Icelandic volcanoes or how to handle new massive oil pollution in America and China
- Government spending, which grew to be the strongest industry sector for ICT spending in 2009, is now being strongly cut in many countries in an attempt to reduce sovereign debt

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- Currencies have seen a period of major fluctuation with governments lowering exchange rates to shore up exports
 - Major economic problems in southern Europe have placed massive strain on Germany and France, who are having to shore them up to stop the Euro from failing

The Henry Corporation forecasts poorer growth in the UK – due to

- a) The new coalition government's cost reduction plan and
- b) The greater fall out of the credit crunch (the UK has a higher proportion of its GDP tied to the Financial Services sector than all others).

From a vendor point of view the UK is also more crowded, due partially to a language shared with the US, but mainly to a culture of open trade and competition.

The Henry Corporation forecasts stronger ICT growth in the Scandinavian region due in particular to Scandinavian countries being advanced in terms of ICT knowledge and spending ratios, making it an early adopter of new technologies, such as Web 2.0 and Cloud Computing. Secondly the decline in ICT spending was 10% in 2009, compared with the 15% decline in the UK

There are a number of reasons why UK ICT suppliers should consider addressing the Scandinavian market more coherently in coming years. In particular:

- The country markets lack many of the certain restraints of spending in Germany and France
- The prevalence of premium broadband coverage, smart phone penetration and government support for IT infrastructure make Scandinavian countries prime targets for expansion
- Although comparatively small, the Nordic countries share many cultural similarities with the UK, not least in the almost universal usage of English as a second language
- Like the UK the four Scandinavian countries are consistently placed among the first rank countries in leading indices such as the Economist Intelligence Unit's 'IT industry competitiveness' and e-Readiness' and World Economic Forum's 'Networked Readiness' measurements
- Government organisations, such as Copenhagen Capacity, are encouraging participation by offering free resources for UK suppliers to investigate

We advise UK ICT vendors to take advantage of the better economic, cultural and business reasons to consider opening up operations in the Scandinavian region.

More findings from The Henry Corporations research study 'ICT Market Comparisons – UK and Scandinavia' will be presented by Martin Hingley, HENRY Fellow and Principal Analyst at ITCandor at the Copenhagen Business Day in London on October 5th. (More info at www.accessscandinavia.com).

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