



Canadian Businesses Plan to Spend Less on IT, More on IT Outsourcing

Leading market researcher outlines key IT trends for 2005

March 8, 2005, New York, NY — A major report based on a series of interviews with 305 senior IT managers and 298 business executives from the Canadian headquarters of companies across the country conducted by Ipsos-Reid, Canada's market intelligence leader, reveals that pressure to cut costs means that Canadian businesses plan to spend 4.4% less on IT in 2005, although companies will allocate additional funds to outsourcing.

The total amount spent on outsourcing is expected to increase by 5% overall, from 44% in 2003 to 49% in 2005, and by 6% over the same period in the application services sector. The trend towards outsourcing will have a significant impact on what strategies work best to maximize buyer investments in IT over the next 12 months.

"The coming year appears to be crucial for providers to solidify existing customer relationships and address any potential weaknesses that may expose competitive vulnerabilities," says Lise Dellazizzo, Vice President of Ipsos-Reid's Information Technology Practice. "Vendors may need aggressive strategies to capitalize on a buyer environment that is shifting towards outsourcing."

In her white paper "2005 IT Vendor Roadmap to Buyer Dynamics," Dellazizzo examines the results of research into four IT markets: applications, services, hardware and infrastructure and security. "The survey provides invaluable insight from business and IT leaders across the nation into IT investment and spending, outsourcing, and technology integration issues."

The research revealed that a high percentage of companies are experiencing significant technology challenges: 31% of companies revealed that they were unable to integrate new applications with existing technology; the cost of integrating technology with systems and networks was a chief challenge for 35% of companies; and the most prominent challenge overall when integrating new and existing technology was the lack of process and systems integration expertise, according to 43% of companies.

Top-line findings from the survey also showed that three out of four companies invest in IT without having performed a return on investment (ROI) or total cost of ownership (TCO) analysis prior to investing. "Assessments are a valuable tool that provide clarity into what a company is spending and where dollars are being spent, thus helping decision leaders formulate sound technology investment strategies based on firm analysis," says Dellazizzo. "Most companies who take the time to analyze ROI or TCO implement valuable changes as a result."

The complete text of "2005 IT Vendor Roadmap to Buyer Dynamics" and more top-line survey results are available at <http://www.ipsos.ca/reid/tech/ITVendorRoadmap.cfm>.

For more information, please contact:

Lise Dellazizzo
Vice President
Information Technology Practice
Ipsos-Reid
416.324.2283
lise.dellazizzo@ipsos-na.com

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1700 Broadway, 15th Floor
New York NY 10019
Tel: 212.265.3200
Fax: 212.265.3790
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