

# Ipsos Forecasts IT Spending in Canada to Reach \$41 Billion in 2006

## Spending By Mid Sized Firms Expected to Decline Marginally, Year-Over-Year Study Shows

**February 8, 2006, Toronto, ON** — A new Ipsos report examining IT growth trends and spending patterns shows that the total spend for 2006 is expected to reach \$40.93 billion in Canada, down slightly from \$41.35 billion in 2005.

Spending among mid-sized companies is expected to decline by 4% overall, although this market is still the largest IT revenue-generating segment in Canada, accounting for \$23.9 billion in 2005 and \$22.9 billion in 2006. This drop in expected spending is the major factor influencing the lack of **overall IT spend** in 2006.

Overall projected spending in the large enterprise segment will increase by 7%, from \$4.6 billion in 2005 to \$4.9 billion in 2006. Low growth of 2% is expected in the small business segment from 2005 to 2006, bringing overall spend in this segment to \$13 billion in 2006. A total of 375 companies were part of the second annual study.

“This report provides a sobering perspective of corporate demographics in Canada, and valuable insight into actual and projected IT spend from leaders in each segment of the business community,” says Lise Dellazizzo, Vice President of the company’s Canadian Information Technology Practice. “This analysis will provide clarity and a deeper understanding of the most important revenue-generating IT buyers in Canada by providing insight into their spending plans and IT budgets for the coming year.”

### Key Findings

- IT spend will remain basically flat in 2006, staying close to the mark of \$41.4 billion (all dollar amounts in Canadian funds) in 2005 and \$41 billion in 2006 for the three major IT sectors represented in this report.
- The mid market represents the most lucrative IT spend opportunity overall based on volume, average per company spend, and total spend generated.
- The highest per company spend is still in the large enterprise segment, with a significant proportion focused in very large enterprises of 1000+ employees.

- Average per-company spend in this sub segment outstrips per company spend in the mid market by a three to one margin.
- There is a deceleration in mid market spend from 2005 to 2006, causing an overall decline of 4% in this segment. This significant drag is caused by a decline in hardware and infrastructure spends of 18% from 2005 to 2006. Software and services spend is slated to increase, partially offsetting the decline in hardware and infrastructure spend.
- Seven percent growth is expected in the large enterprise segment. Most of this activity will be fuelled by an increase in software spend of 33%. Growth will be tempered by an overall decline in IT services spend of 6%.

### **Methodology**

This Ipsos Reid research report is focused on examining growth trends and spending patterns in the mid and large enterprise sectors, using 2005 as a baseline year and examining IT budgeted spend for 2006. The three major IT sectors included in our analysis are software, IT services, and hardware and infrastructure.

Ipsos included 254 mid-and-large companies in its IT spend analysis. The large enterprise segment is well represented, comprising 39% of the total number of firms included in its sample. This market is segmented into two sub groups—one of firms with 500 to 999 employees, and one of firms with more than 1000 employees—to obtain further insight into the spending patterns of an important IT buyer market. An additional sample of 121 small businesses was included to develop the 2006 IT spending table, bringing the total number of companies included in our Canadian survey to 375.

The complete text of “IT Business in Canada: 2006 Mid Market and Large Enterprise Opportunity” and more top-line survey results are available at:

<http://www.ipsos.ca/reid/telecom/itvendor.cfm>

### **For more information on this news release, please contact:**

Lise Dellazizzo

Vice President

Information Technology Practice

Ipsos Reid

416.324.2283

## **Ipsos Reid**

Ipsos Reid is Canada's market intelligence leader and the country's leading provider of public opinion research. With operations in eight cities, Ipsos Reid employs more than 300 researcher professionals and support staff in Canada. The company has the biggest network of telephone call centres in Canada, as well as the largest pre-recruited household and on-line panels. Ipsos Reid's Canadian marketing research and public affairs practices are staffed with seasoned research consultants with extensive industry-specific backgrounds, offering the premier suite of research vehicles in Canada—including the *Ipsos Trend Report*, the leading source of public opinion in the country—all of which provide clients with actionable and relevant information. Ipsos Reid is an Ipsos company, a leading global survey-based market research group.

To learn more, visit: [www.ipsos.ca](http://www.ipsos.ca)

## **Ipsos**

Ipsos is a leading global survey-based market research company, owned and managed by research professionals. Ipsos helps interpret, simulate, and anticipate the needs and responses of consumers, customers, and citizens around the world.

Member companies assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media. They measure public opinion around the globe.

Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting, modeling, and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999. In 2004, Ipsos generated global revenues of € 605.6 million (\$752.8 million U.S.).

Visit [www.ipsos.com](http://www.ipsos.com) to learn more about Ipsos offerings and capabilities.