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SLOVENIA'S IT SECTOR RESUMES OPERATIONS

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SLOVENIA'S IT SECTOR RESUMES OPERATIONS

The Slovenian IT market is recovering from the consequences of the global economic downturn. The local demand for IT products and services is still lagging behind the pre-crisis levels but some segments are showing potential for considerable growth in the next few years. The introduction of new IT services such as cloud computing should boost the sector's development with software sales outpacing those of hardware.

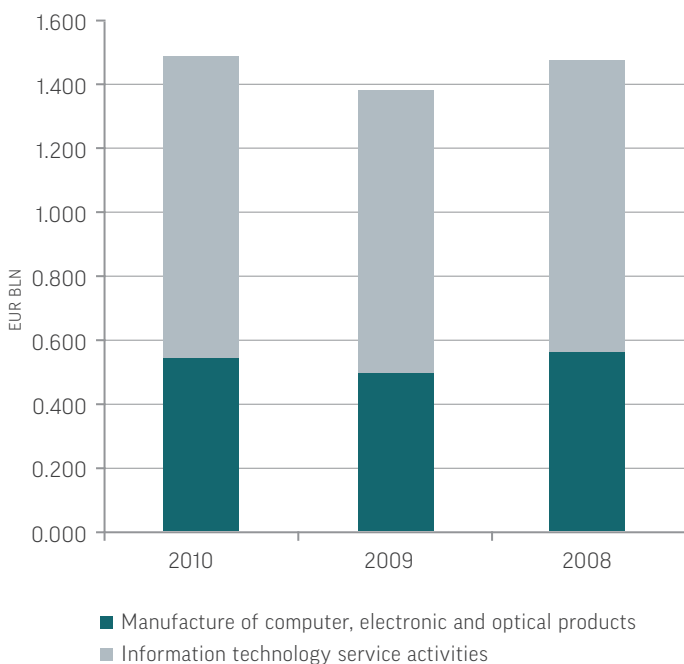
The Slovenian IT sector managed to record growth in 2010, unlike in 2009 when it slumped by 6.6% year-on-year. The combined revenue of the 4,229 companies operating in the sector reached EUR 1.478 bln in 2010, compared with EUR 1.372 bln in 2009, according to data of the country's Statistical Office (SORS).

According to other data – released by market research company IDC Adriatics (IDC), the total expenditure for hardware, software and IT services in Slovenia was USD 873 mln (EUR 659 mln) in 2010. In USD terms the market went down by 4.4% compared to 2009 but in EUR terms it grew by 0.3%. In 2010 the sharpest increase was registered in the demand for IT services and computer hardware, while software sales remained unchanged in comparison with 2009.

The main challenges faced by the Slovenian IT market were the lack of funding for IT projects and the downtrend in prices, according to IDC.

The average per capita expenditure for IT in the country stood at EUR 322 in 2010, IDC data showed. It remained far behind the figure in the leading country – Denmark with EUR 1,514 per capita. In 2010 the average per capita expenditure for the Adriatic region¹ was EUR 72. Slovenia's share in the total value of the IT market in the region stood at 27.5% in 2010.

REVENUE OF SLOVENIAN IT SECTOR



Source: SORS

¹ Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Kosovo, Macedonia and Albania

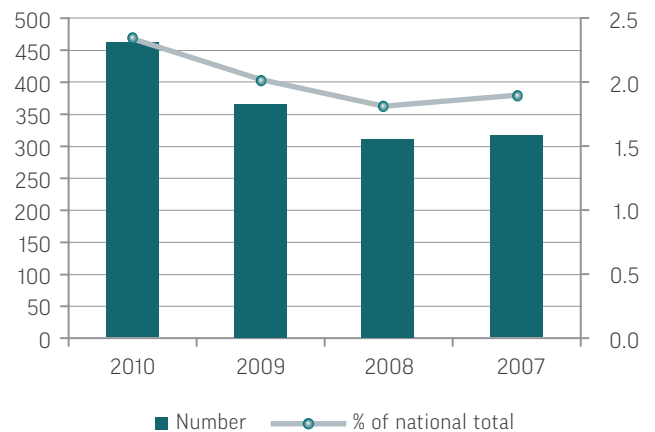
The number of IT enterprises in Slovenia grew by an average of 13% in the period 2008-2010, according to SORS. The number of companies engaged in management of computer facilities continued its sharp rise and reached 220 in 2010, up from 165 in 2009. Apparently, the 2008-2010 was tough for manufacturers of computers and peripheral equipment as their number continued to shrink in 2010 to 40 from 46 in 2008.

NUMBER OF IT ENTERPRISES BY ACTIVITIES IN SLOVENIA

Activity	2010	2009	2008
Manufacture of computers and peripheral equipment	40	42	46
Wholesale of computers, computer peripheral equipment and software	135	146	143
Retail sale of computers, peripheral units and software in specialized stores	73	65	60
Publishing of computer games	4	3	2
Other software publishing	23	26	22
Computer programming activities	1,768	1,575	1,372
Computer facilities management activities	220	165	99
Renting and leasing of office machinery and equipment (including computers)	11	9	7
Repair of computers and peripheral equipment	296	273	253
Information technology (IT) consultancy activities	982	898	763
Other IT service activities	677	640	553
Total	4,229	3,842	3,320
% of national total	2.5	2.4	2.2

Source: SORS

TERTIARY EDUCATION GRADUATES IN COMPUTING



Source: SORS

Services

The Slovenian IT services market was estimated at USD 319 mln (EUR 240 mln) in 2010, according to IDC Adriatics. The market went down on an annual basis by 7.0% in USD terms, and by 2.0% in EUR terms. The downtrend in the demand for IT services that began in 2009 spread in 2010 as a result of the economic instability. However, the decline slowed down in 2010, with interest in IT outsourcing and cloud computing services growing.