

# SMEs to spend 15% more on packaged software in 2009

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Small and medium enterprises (SMEs, or companies with up to 999 employees) in India will invest about \$860 million in buying packaged software this year, up almost 15 per cent over 2008. The estimated growth level is down during this current economic slowdown, but is still much better than in other geographies, pointed out a recent AMI Partners survey.

In 2008, small enterprises (SEs, or companies with up to 99 employees) posted a 21 per cent rise in software spending, while medium enterprises (MEs, or companies with 100-999 employees) showed a much lower 12 per cent growth in the same spending category. The year 2008 displayed good traction for productivity suits, collaborative tools and even high-end

applications like BI tools, middleware, security and storage applications and network management tools.

"Buying behaviour and purchase decisions have become very formalised and systematic," says Nirupam Chaudhuri, Senior Research Manager with AMI-Partners. "There is an increasing pressure on the technology decision makers to ensure that application investments meet both short-term and long-term business and financial goals."

Indian SMEs remain receptive to Information Technology (IT) spending, especially when consistent with their efforts to leverage current IT, to enhance productivity, im-

prove customer relations, and expand business capabilities. However, SEs in particular are looking for major cost savings, the report pointed out.

Among verticals, the manufacturing and professional

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services sector together drove more than 47 per cent of SE software spending and 70 per cent of ME software spends. Applications for productivity enhancements, accounts and financial solutions, advanced marketing and

sales tools, analytics tools will find buyers even in current times of slowdown.

IT vendors are looking at product innovations to help facilitate more availability, affordability and performance of solutions. On the other

hand, business entities need to address challenges with regard to managing growth, profitability, providing superior customer service and meeting regulatory measures, AMI said in its report.

Consolidation and virtualisation solutions will find major takers, although adoption is still much lower than global standards. "Hosting service providers with third-party data centres have been leading adopters of virtualisation," Chaudhuri said. Various users are in different phases, starting from conceptualisation, building and final deployment.

Customer base will increase manifold going forward, with a focus to leverage existing IT and more utilisation of resources in place. Scale is essential to get full potential of virtualisation; below some trade-off points these solutions are not yet cost effective," Chaudhuri said.