

## IT services

IT service providers are continuing to benefit from high corporate investment in hardware and software, growing demands in terms of security, back-ups and archiving, and the trend towards more complex system solutions. These solutions have for some time ceased to relate just to individual firms, instead requiring a tremendous variety of technologies and applications to be networked and adapted. The rollout, maintenance, extension and adaptation of such systems to suit new commercial requirements takes experienced professionals. Our sector survey therefore indicated that IT service providers want to expand their workforces significantly. However, the decline in access to qualified IT professionals in Switzerland is causing some headaches. The number of students embarking on IT courses has fallen again – enrolments at the Federal Institute of Technology in Zurich were down 10% year-on-year in September 2007. The number of people completing IT apprenticeships has also declined since 2005. The outsourcing of IT services to emerging markets is not simply motivated by cost, but is also in part a reaction to the growing staff bottlenecks in Switzerland.

### The big and the small

Most IT service companies in Switzerland are small businesses whose success is based on their proximity to the market and specific sector knowledge tailored to local demand. On the other hand, internationally oriented large operations have benefited from the increasing use of standardized industry software. The larger the firms, the greater their recognition and reputation. This makes it harder for smaller players to compete. Some are opting for partnerships, whereby they often gain access to larger companies' infrastructure. But despite the stiffer competition, the sector remains upbeat about the future. Fees have barely moved higher in recent years, and this situation is unlikely to change in 2008. But our survey found that Swiss IT service providers think sales and earnings will keep rising. In particular, this reflects the positive expectations regarding orders: some 93% of companies anticipated that demand for IT services would be unchanged or higher this year. Domestic demand is seen as especially promising, with about 41% of respondents expecting a year-on-year increase here, compared with 33% for foreign demand.

### Increasingly environmentally friendly

Data centres store, back up and archive company data, and trouble-free access to this information is essential for day-to-day business. This can necessitate hardware on a huge scale which at many firms, particularly in the service sector, can account for the bulk of energy consumption. Energy is needed to run processes, but also to cool the hardware. The latest technologies enable large-scale energy savings and improved recycling of old equipment, but they are not yet in common use. Restructuring data centres can also deliver significant savings. Given the savings that can be made by consuming less energy at today's high prices, investments in more efficient technologies can quickly pay for themselves. Such measures can also help give businesses a more socially responsible image, which is becoming increasingly important. ■

