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EDUCATION & RESEARCH FOUNDATION

TECHNOLOGY BENCHMARKING SURVEY

Full Report

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Funded by:
Channel Advantage Partnership

2014 NAED Technology Benchmarking Survey

This research study has been generously sponsored by the
NAED Education & Research Foundation's Channel Advantage Partnership.

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Key Statistics

94% of Electrical Distributors today have a website.

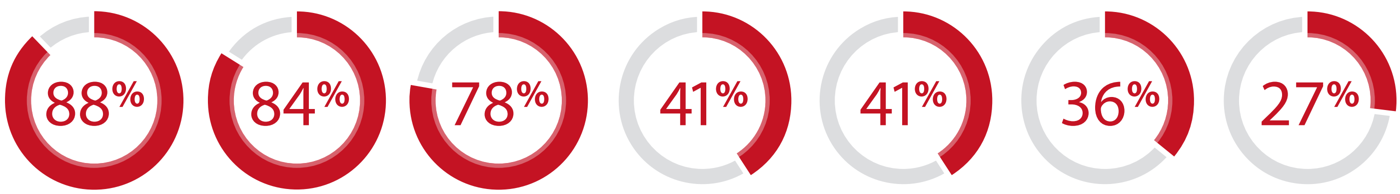
97% in 2013 | 98% in 2012 | 92% in 2011

22% of customers access a distributor's website in a "typical" month?

11% of customers place orders on a distributor's website in a "typical" month?

8% of distributor's total sales are entered online in a "typical" month?

Electrical Distributors' Use of Technology available today



LAPTOP COMPUTERS | SMARTPHONES (iPHONES, ANDROID, BLACKBERRY ETC.) | TABLET COMPUTERS (iPAD, SAMSUNG TABLET, KINDLE FIRE ETC.) | MOBILE DEVICE SECURITY POLICIES | MOBILE DEVICE APPLICATIONS (APPS) | MOBILE DEVICE ORIENTED WEBSITE | MOBILE DEVICE MANAGEMENT (MDM)

*Totals will not equal 100% since multiple responses were allowed

TOP TECHNOLOGY CONCERNS

Top two box scores include all responses that were marked as either "Somewhat Important" or "Extremely Important."

- ***100% Ensure data in our business system is accurate and up to date***
- ***96% Ensure data security across all locations and devices***
- *92% Find a reliable source for product information*
- *90% Find a reliable source for accurate pricing information*
- *88% Create or utilize an information technology (IT) strategic plan or technology road map*
- *86% Integrate e-commerce into the sales strategy*
- *61% Create apps for mobile devices*

*Totals will not equal 100% since multiple responses were allowed

Data accuracy is the #1 technology concern closely followed by data security.

Introduction

NAED's annual technology benchmarking survey helps to assess the adoption of technology by electrical distributors. For the fourth year, the survey provides valuable feedback about the implementation of technology, identifiable areas where NAED can facilitate improvement, and the industry's ongoing technology issues and challenges.

Overall the presence of technology continues to rise as electrical distributors increase the use of devices among their employees, and enhance their websites to answer the call for better, faster, and more responsive websites. Companies are providing more online features and ways to communicate with their end users in the shift from merely providing great customer service, but a great customer experience.

The report has been expanded to not only include key survey findings, but also ideas and recommendations from other sources to provide additional context. Throughout the report, findings from the *2014 Contractor Technology Benchmarking Survey* are also featured to provide insight from a key customer segment. If you prefer to review the highlights, an infographic and executive summary are also available on the NAED website.

Methodology

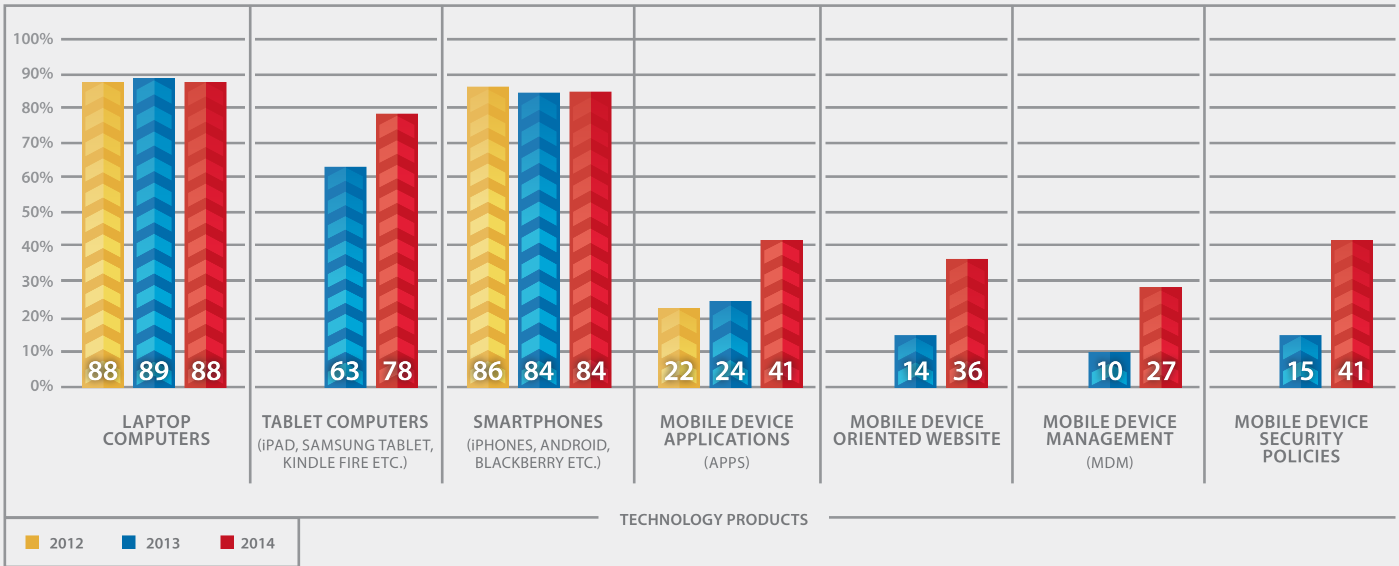
The NAED's Channel Advantage Partnership (CAP) funded primary and secondary research as a basis for this study. For primary research, NAED fielded an online survey of electrical distributors in the summer of 2014. Over 100 respondents working in Information Technology and related fields gave feedback on how technology is used within their company. The development of the survey was overseen by NAED's Strategic Technology Committee . Secondary research includes a review of reports by PricewaterhouseCoopers, Deloitte DIgItal, MITSloan, Forrester Research, Baker Tilly Virchow Krause and others.

As noted above, this report includes some results from the 2014 Contractor Technology Benchmarking Survey, also conducted during the summer of 2014. The National Association of Electrical Distributors (NAED) conducted a co-branded survey with the Independent Electrical Contractors Association (IEC) and the National Electrical Contractors Association (NECA) to gather data about how electrical contractors use technology. A few responses are included for comparison and can be used by electrical distributors to help set technology goals that will best meet the needs of their customers.

Findings

Distributors' Use of Technology & Websites

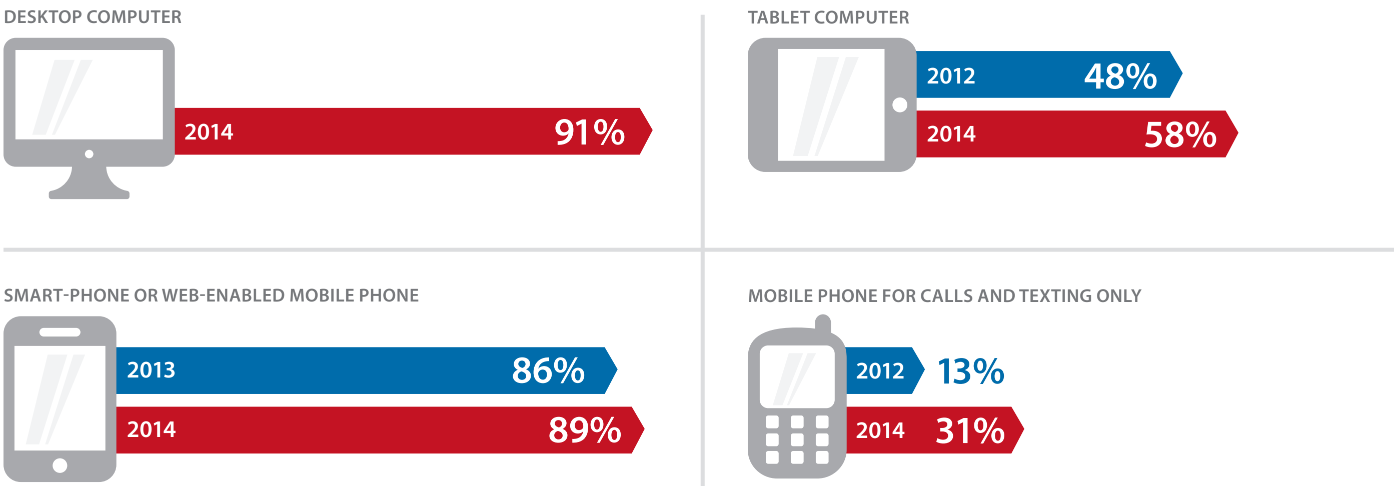
Distributors' Technology Usage Trends



*Totals will not equal 100% since multiple responses were allowed

A **profound shift in customer behavior** from offline to online channels is fundamentally **changing the way in which B2B companies interact with**, sell products and services to, and build loyalty with their B2B customers. In short, online and mobile technologies are radically remaking the B2B commerce proposition. *(Online And Mobile Are Transforming B2B Commerce 2013)*

Contractors' Technology Usage Trends



Distributors' Websites

94% of Electrical Distributors today have a website.

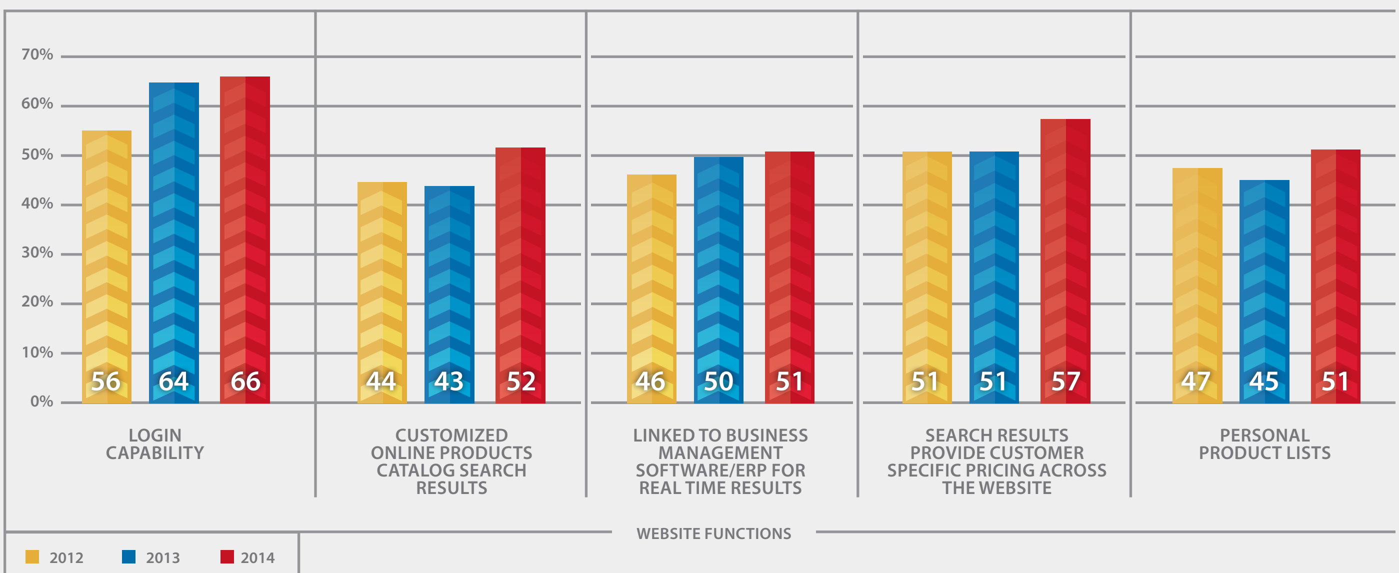
***3%** actively investigate* › ***0%** have a 12-18 month plan* › ***3%** have no plans*

"Of course, in the past there were only a handful of ways in which companies engaged with their target audiences. Today, the possible paths to purchase have multiplied exponentially and will continue to do so. Advancements in mobile technology and the proliferation of social channels have given consumers the ability to connect and access information at any time, and their attention is more fragmented than ever."

- Tancer 2014

Forrester's research shows that ***54%*** of B2B companies with online selling capabilities report that their customers use smartphones to research purchases, and ***52%*** say that their customers use smartphones to actually buy online. Similarly, the majority of B2B companies reports that their customers use tablets to research and buy products and services. Further, **the more B2B companies sell online, the more likely their customers are to use tablets and smartphones to buy products and services.** Clearly, mobile is emerging as an important channel for B2B companies — both in the awareness and brand-building phase as well as at the point of decision. *(Online And Mobile Are Transforming B2B Commerce 2013)*

Distributors' Website Functions



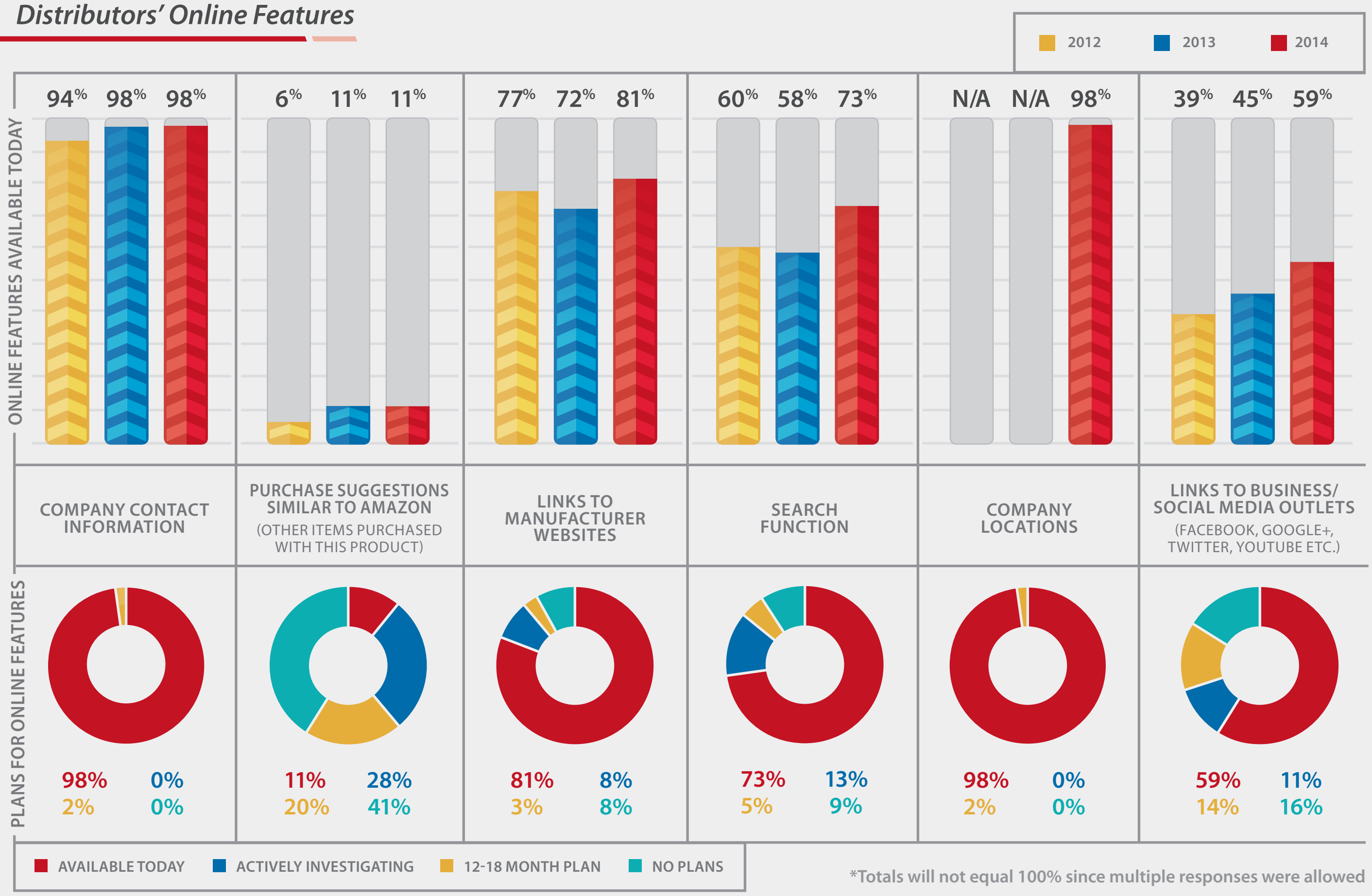
*Totals will not equal 100% since multiple responses were allowed

Some ***69%*** **of B2B** companies currently selling direct to business partners online **expect to stop publishing their print catalogs** altogether within the next five years. *(Online And Mobile Are Transforming B2B Commerce 2013)*

⟨ *Distributors' Online Features* ⟩

Forrester's research shows that online-only and omni-channel B2B customers have higher average order values (AOVs) and are more likely to add items to orders, order in bulk, and make repeat purchases than offline-only B2B customers. B2B companies also find it **easier to build loyalty** with online-only B2B customers than with offline-only B2B customers by leveraging **targeted cross-sell and upsell offers.** *(Online And Mobile Are Transforming B2B Commerce 2013)*

Distributors' Online Features



*Totals will not equal 100% since multiple responses were allowed

Across the board, greater numbers of B2B companies say that they **earn higher average order values (AOVs) the more they sell online, the longer they sell online, and the more channels in which they sell.** As B2B customers increasingly research products and services online, B2B companies that have well-developed online and mobile strategies will be far better positioned to **take advantage of the revenue upside** associated with meeting the growing needs of B2B customers. *(Online And Mobile Are Transforming B2B Commerce 2013)*

Distributors' Online Product Information

MAKING THE CASE FOR DIGITAL *(Deloitte DIgItal 2014)*

- From the customer's point of view, e-commerce and bricks-and-mortar businesses are no longer discrete. This attitude challenges the most basic organization structure and business model of many retailers.
- Many executives in your company may be working on disparate pieces of the digital guest experience. The dots — from digital to customer experience, to merchandising, to vendor decisions and others — should be connected by an integrated retail strategy.
- **Customer expectations in terms of digital's role in the bricks-and-mortar shopping journey are being (re)defined by retailers outside of your direct competitive set.**

Distributors' Capabilities to Provide Online Product Information

76%	31%	50%	79%	61%	50%
LOOK AT PICTURES OF PRODUCTS	RECEIVE TECHNICAL SUPPORT	RESEARCH PRODUCTS OR APPLICATIONS	REVIEW GENERAL INFORMATION	CHECK PRICES OR REQUEST A QUOTE	FIND THE NEAREST BRANCH WITH MATERIALS IN STOCK

13% SAID NONE OF THESE

*Totals will not equal 100% since multiple responses were allowed

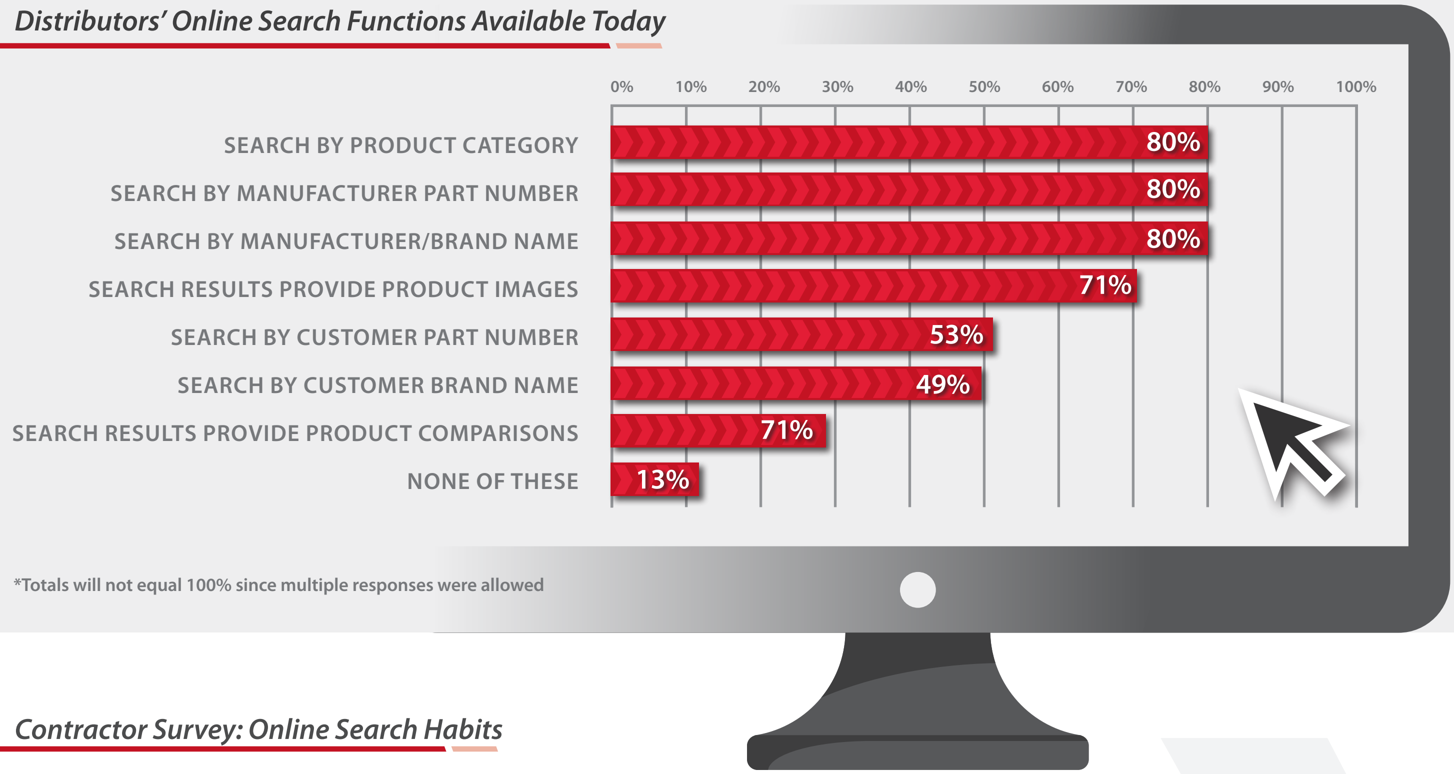
Contractor Survey: Product information Searches

50%	43%	53%	56%	44%	23%
LOOK AT PICTURES OF PRODUCTS	SEARCH ONLINE CATALOG FOR A PRODUCT BY BRAND NAME, PRODUCT CATEGORY, DESCRIPTION ETC.	RESEARCH PRODUCTS OR APPLICATIONS	REVIEW GENERAL INFORMATION	CHECK PRICES OR REQUEST A QUOTE	FIND THE NEAREST BRANCH WITH MATERIALS IN STOCK

Demand is growing rapidly for web-based, self-service e-commerce capabilities that allow B2B customers to research, make, and service their purchases from a PC, laptop, or mobile device. In a new world of 24x7x365 "whenever and wherever" commerce, **B2B customers are increasingly demanding tools and technologies capable of serving them on their own terms.** *(Online And Mobile Are Transforming B2B Commerce 2013)*

Distributors' Online Search Functions

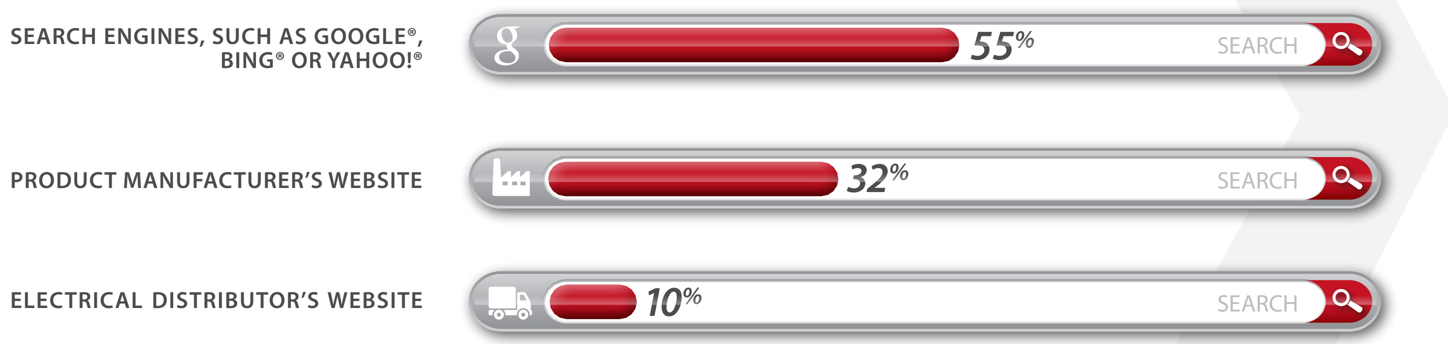
Distributors' Online Search Functions Available Today



*Totals will not equal 100% since multiple responses were allowed

Contractor Survey: Online Search Habits

When searching for information about electrical products online, which of the following do you use the most?



WEBSITE FOR MAINTENANCE, REPAIR AND OPERATIONS (MRO) SUPPLIER - **2%** • AN APP - **1%** • OTHER - **1%**

*Totals will not equal 100% since multiple responses were allowed

"There can be no downplaying the importance of search in business to business consumer transactions. Because of the nature of these transactions, online research almost always plays a part. And search continues to be the number one method for finding relevant information online."

- Hotchkiss 2004

Why Contractors Search Google First

- *[Google casts a] broad net. I may end up on the manufacturer's website or a supplier's site. [It] provides the most flexibility.*
- *Normally, I search by a description or by a number without a manufacturer. Using Google makes this simpler.*
- *[My] home page is set to Google and I simply type in the product I am looking for which usually takes me to the product or at the very least the manufactures web site.*
- *It comes up with what I need... it's fast and easy… [also] if I am trying to get a quick ballpark price, the manufacturer or distributor site does not have that information.*
- *Google is so much faster to find product data than most manufacturers' websites.*

*Quotes from the 2014 Contractor Technology Benchmarking Survey

> *"The goal of search engine optimization for most B2B marketers is not an immediate sale, but rather inclusion in the consideration set, the short list of preferred suppliers from which the ultimate provider will be selected. Conversion in the B2B realm is usually not immediate; nor does conversion typically occur online. In B2B search engine optimization, getting found is merely the beginning."*
>
> - Young n.d

With all this qualified traffic originating from search engines, it is more important than ever for B2B marketers, wholesalers, and B2B exchanges to ensure their websites are correctly optimized for good positioning in search results. There is also great value in SEO/SEM as a user-friendly marketing tool.

SEARCH ENGINE OPTIMIZATION (SEO) CRITICAL IN B2B (Bruemmer 2005)

"The Role of Search in Business to Business Buying Decisions" is a well-designed study of approximately 1500 participants who responded to a 40-question survey. A few highlights include:

- Search engines play a dominant role in B2B purchases.
- Search engines are used in the early or mid-research phase in the buying cycle.
- Google is favored over other search engines.
- Search engine research takes place at least one to two months before the buying decision.
- Good balance between organic and paid search is necessary. Organic SEO gets over 70 percent of the clicks.
- Position is a factor, with over 60 percent clicking on the top 3 listings.
- Most users decide which listing to click on in seconds upon scanning the page.

E-Commerce

Distributors' Capabilities Trends for e-Commerce

61% of customers today can order products online.

54% in 2013 *52%* in 2012

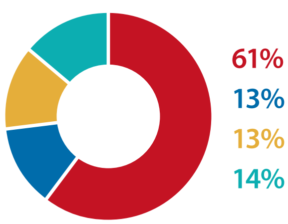
Distributors' Current Capabilities for Online Payments

53% of customers can review invoices, statements and pay invoices online.

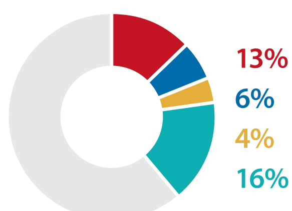
13% of customers can review sales tax and shipping estimates.

11% of customers have online payments capabilities.

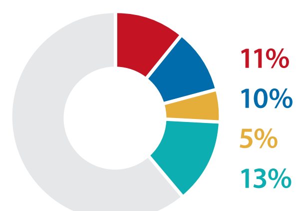
Distributors' Future Capabilities for Online Payments



ORDER PRODUCT ONLINE



REVIEW SALES TAX ANS SHIPPING ESTIMATE



REVIEW ONLINE PAYMENT CAPABILITY

AVAILABLE TODAY · ACTIVELY INVESTIGATING · 12-18 MONTH PLAN · NO PLANS

*Totals will not equal 100% since multiple responses were allowed

> *"...organizations that are aligning their e-commerce strategy with their customer strategies are experiencing significant improvement in customer experience, top line growth, and customer retention."*
>
> \- E. B. Rolling 2014

Cross-Channel Marketing for a Better Customer Experience

DEFINE YOUR KEY CUSTOMER STRATEGIES AND HOW E-COMMERCE CAN SUPPORT THEM

- E. B. Rolling 2014

Customer Acquisition

Adopting B2C practices in your B2B strategy can be a powerful way to drive acquisition of new customers and revenue growth. Since over 85% of all purchases start with an internet search, it is vital to be in the right place, at the right time, with the right message to get customers into your "home court." Once you have them, the right content, products, and pricing is key to keeping them there and moving them through the buying journey. Personalization, online catalogs, content, and SEO techniques should be key ingredients in your B2B strategy to support improved customer acquisition. Small improvements in these areas can lead to big gains.

Customer Rentention

Migrate customer segments to online channels to improve the customer experience and lower the cost to serve. Leverage the online channel to make it easy for existing customers to do business with you. Making it easier to find, compare and purchase products will increase customer loyalty. At the same time, the online channel can decrease the cost to serve your customers as more self-serve options become available. Understanding what your customers want is essential before deciding to build these capabilities.

Customer Growth

Modern e-commerce platforms provide tools that enable companies to segment their customers, understand their buying behaviors, and personalize the online experience with user specific content and products. A positive customer experience leads to increased purchases. 38% of B2B executives agreed that customers have spent more. Advanced search, guided navigation, rich content, cross sell, upsell, and product recommendations can drive customers to purchase more. By migrating B2B customers online, companies have seen a 44% increase in Average Order Value (AVO) and experienced a reduction in acquisition and support costs.

⟨ *Building a Cross-Channel Marketing Plan* ⟩

"Customer centricity requires a real commitment — a level of obsession. Successful brands understand this and will begin to adapt their communication strategies, services, loyalty programs and even internal structures and processes to align, giving their customers what they want each and every time."

- Ashley Johnston, Senior Vice President, Global Marketing Experian Marketing Services

"All of this raises the question of how brands should best employ technology, data and insights (while taking into account evolving customer habits) as they strive to meet their financial goals. In other words, how do brand marketers use all of these new interconnected technologies and touch points to shift the consumer-brand dynamic back in their favor? How do companies consistently engage Data, or their own best customer, across channels in ways that spur a desired behavior?"

- Tancer 2014

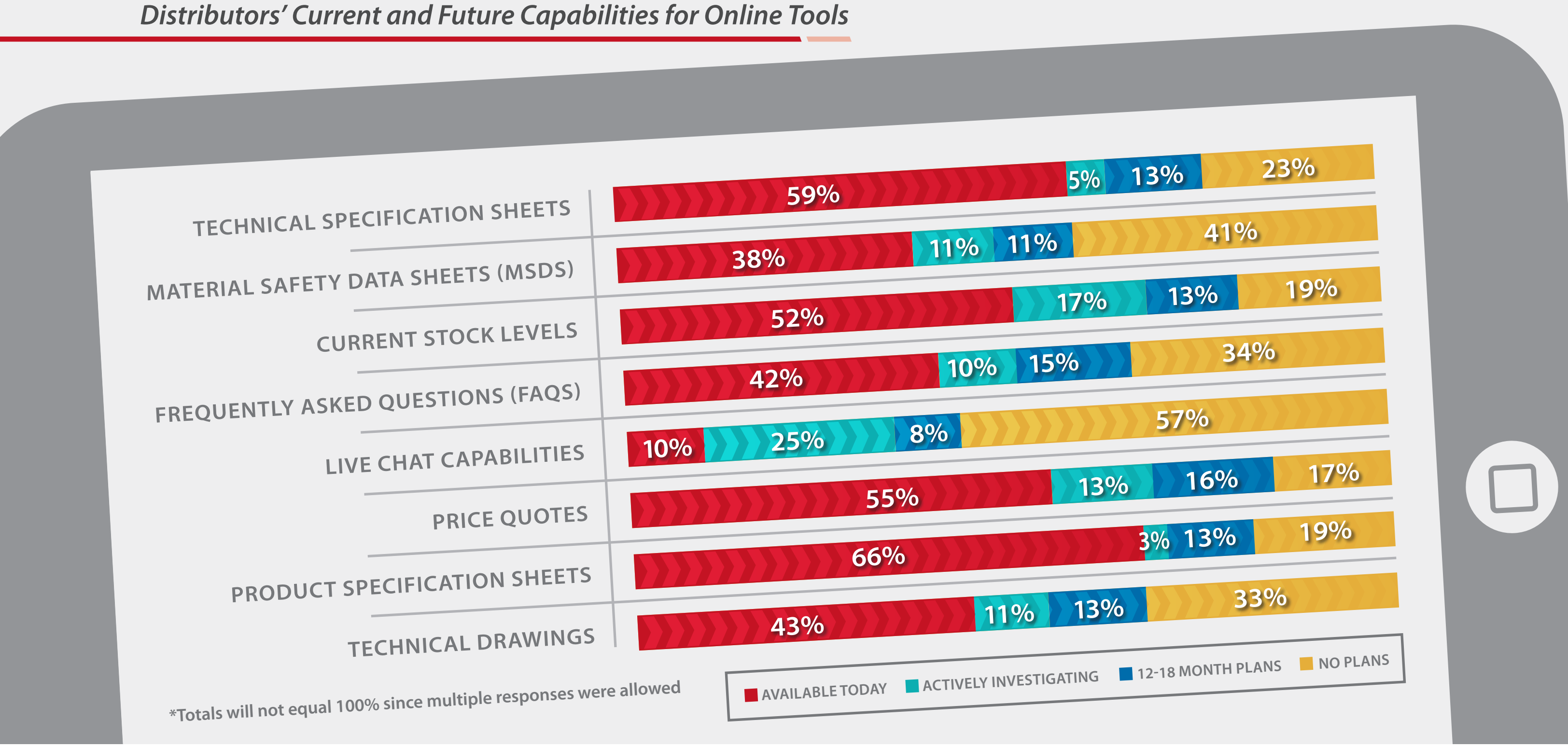
"In this year's Digital Marketer Report, we continue to present the same rich data on how consumers are using email, mobile, social media and search, and how the channels intersect. In addition to all of that insightful data, the pages that follow provide added insight into how all of those channels interact and how you might best think about your marketing strategy to maximize customer acquisition and retention."

- Tancer 2014

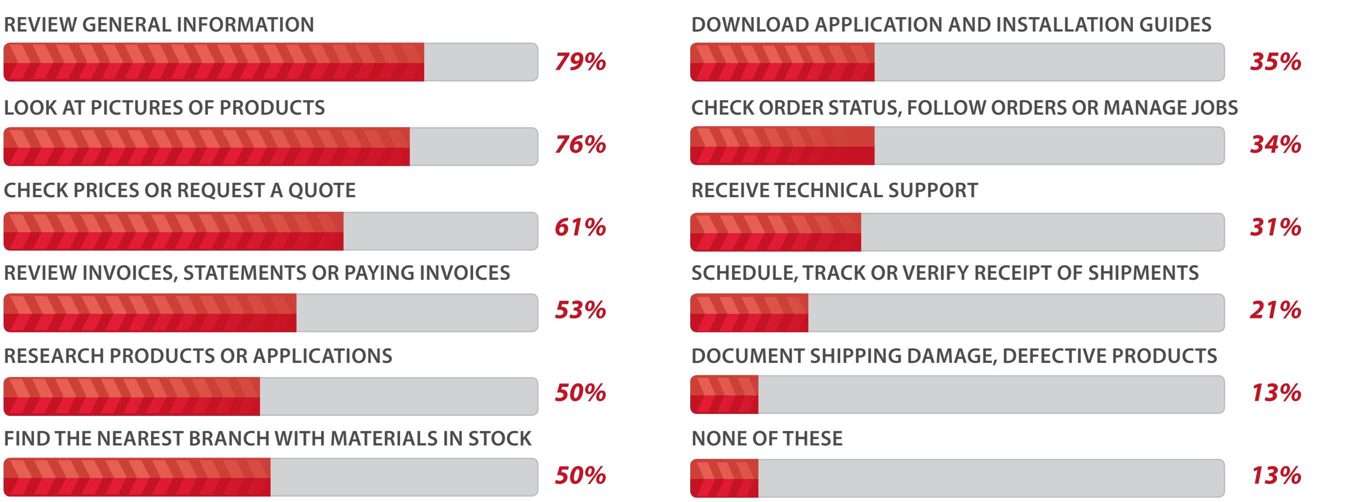
Online Activities & Tools

Distributors can differentiate themselves by providing websites that meet the top online needs of contractors such as having the ability to download product specification sheets, get technical drawings or to download application and installation guides. Nearly half of contractors perform these tasks online but very few electrical distributor websites have these capabilities.

Distributors' Current and Future Capabilities for Online Tools



Activities that can be performed on Distributors' Websites



*Totals will not equal 100% since multiple responses were allowed

Online Tools Contractors Use

TOP 5 THINGS DISTRIBUTOR WEBSITES CAN IMPROVE UPON

1. Get technical drawings.
2. Provide downloadable application and installation guides.
3. Enable searching online by product description, product category, brand name, and/or partial part number, etc.
4. Enable contractors to document ship damage, defective products or request return authorization.
5. Allow scheduling, tracking or verifying receipt of shipments online.

"As you define your e-commerce strategy, remember that it needs to be viewed as an extension and enhancement of your customer experience strategy. Research conducted by Gartner in late 2011 indicated that 86% of customers said they would pay more for a better customer experience. Furthermore, some estimates conclude that poor customer experience costs companies over $330 billion a year. So before you define your e-commerce strategy, you must ask yourself, do I understand what my customer experience strategy is?"

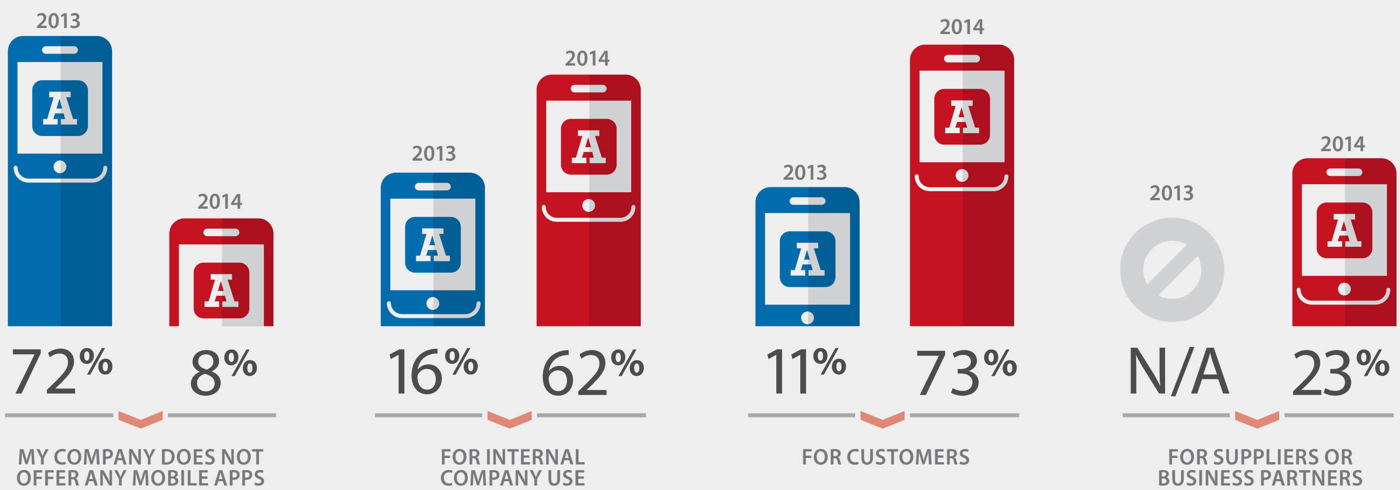
- E. B. Rolling 2014

Apps

Incorporating Apps

Contractors are also using apps to estimate how much material they might need for a given job. Respondents to our survey reported that these mobile-device apps are sales tools that they value from manufacturers, and they expect such tools to proliferate in the industry in coming years. (Consulting 2014)

Distributors' Offering Estimating Apps



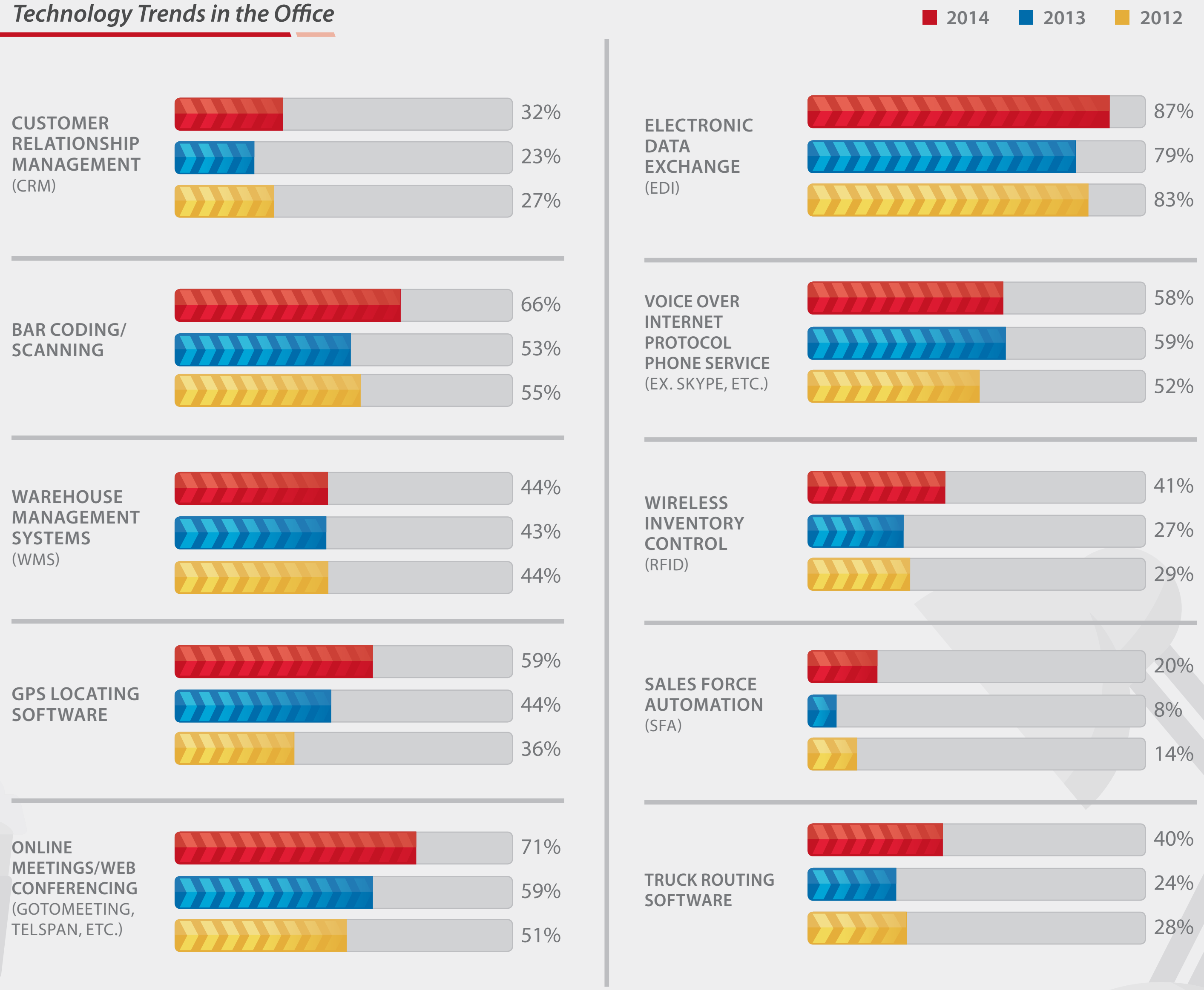
- Apps for internal use jump over 285% from just 16% of distributions using them in 2013 to 62% in 2014.
- Similarly, apps for customer spring forward more than 500% to 73% of electrical distributors using them in 2014.

60%

of companies don't supervise or regulate the license, distribution or management of approved apps to employees.

Technology in the Office

Technology Trends in the Office



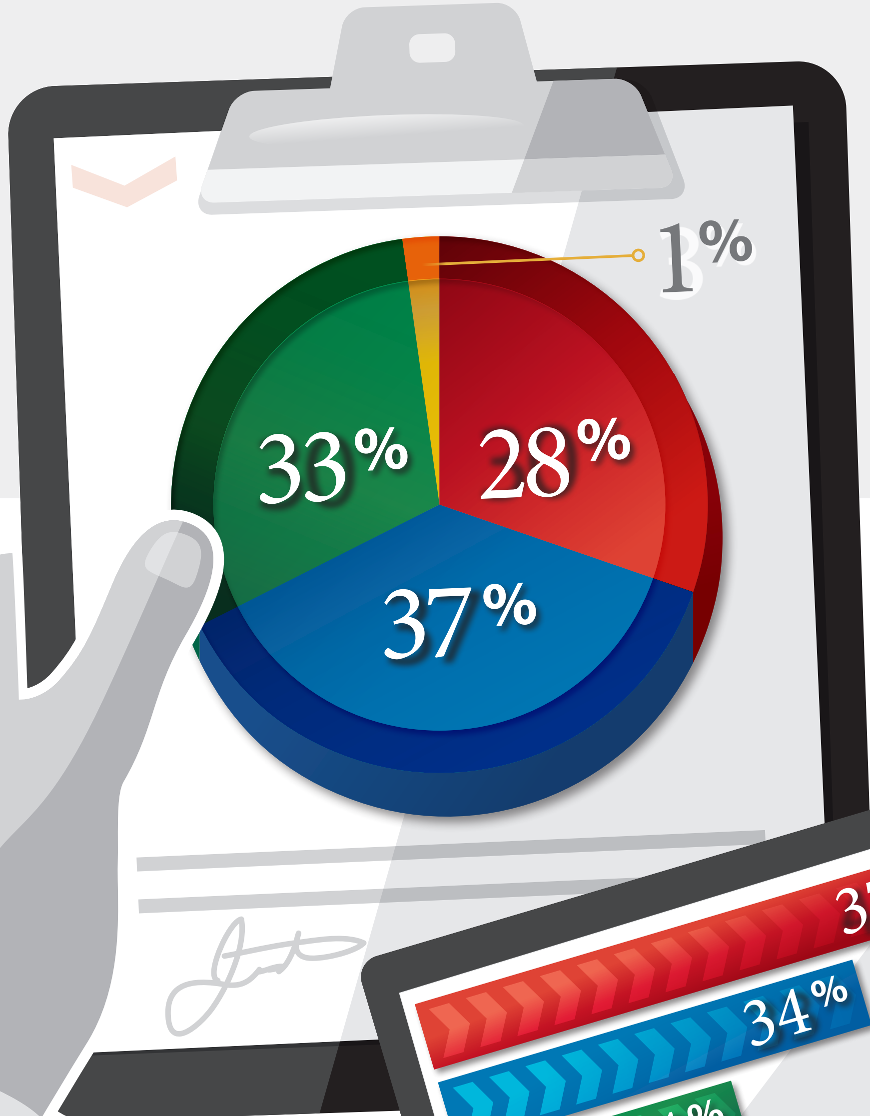
*Totals will not equal 100% since multiple responses were allowed

"Today, all roads lead to digital. From business strategy to execution, digital technology has become the foundation for everything we do."

- Chris Curran 2014

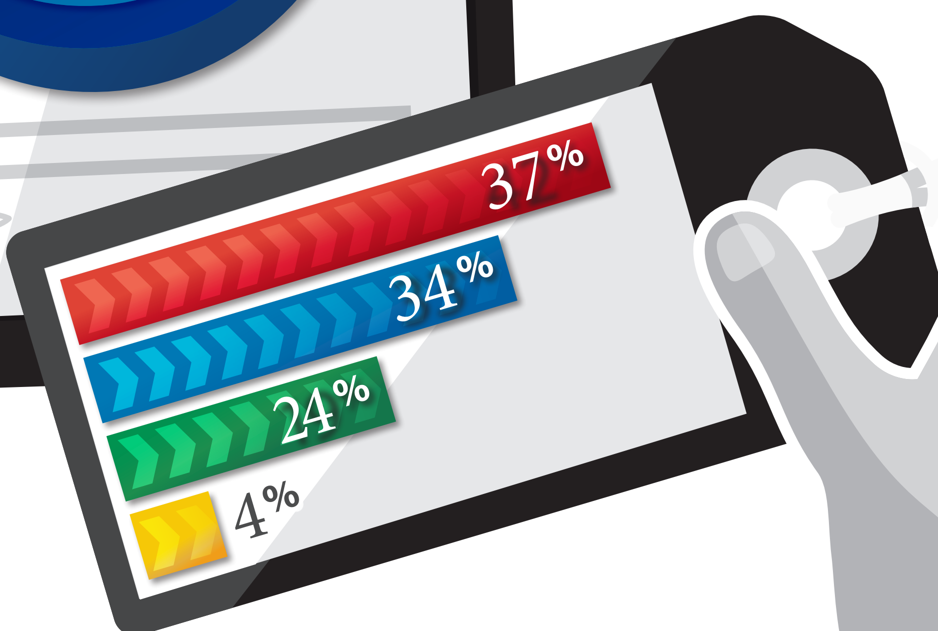
Pricing & Product Information

*Company's Primary Source of Master Product File Information**



- DIRECTLY FROM THE MANUFACTURER
- INDUSTRY DATA EXCHANGE ASSOCIATION (IDEA)
- TRADE SERVICE
- OTHER

*Company's Primary Source of Pricing Information**



* MASTER PRODUCT FILE INFORMATION is the information required for distributors to buy, warehouse, sell, and ship product to customers—including, but not limited to Catalog Numbers; Vendor Product Groups; descriptions; published pricing; carton quantities; standard package quantities; minimum order quantities and dollar requirements; dimensional information; technical information; Material Data Safety Sheets; schematics; pictures; etc.

Social Media

Top Social Media Outlets Electrical Distributors Use

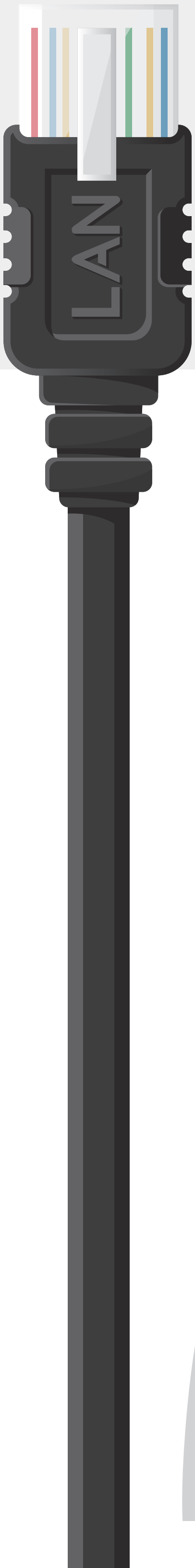
*Totals will not equal 100% since multiple responses were allowed

"Social media outlets can be valuable tools for both customers and retailers. In a preferred scenario, product information, style expertise (from bloggers, designers, etc.), and personal recommendations (from trusted friends and family members) can be integrated strategically into the broader shopping experience…To drive traffic to your store, be creative and confident in promoting relevant products to your customers through social media."

- Deloitte DIgItal 2014

IT Personnel

Estimated Percent of IT Spend by Function



10% IT STAFF MANAGED BY AN OUTSIDE VENDOR; SOMEONE FROM YOUR COMPANY WHO MANAGES THE CONTRACT.

57% IT PERSONNEL RECEIVING A SALARY FROM YOUR COMPANY.

18% CONTRACTORS OR CONSULTANTS.

> *"47 out of 50 corporate buyers believe suppliers need to invest more in making the online experience of B2B as easy as B2C."*
>
> \- Deloitte DIgItal 2014

Estimated Number of Full-Time Equivalent (FTE) Information Technology (IT) Personnel Distributors Employ

1 Person	28%
2-4 People	48%
5-7 People	3%
8-9 People	3%
10-15 People	3%
16-25 People	2%
None	13%

Conclusion

As technology takes further precedence in nearly every single facet of business, the reasons for integrating it into your operations and strategies is only becoming more and more important. The following five misconceptions provide a good reminder of why good web presence is vital and underscore how such thinking may undercut your company's bottom line.

Five Misconceptions Many Leaders Make (Proteus SEO n.d.)

These are five misconceptions CEOs often have regarding their website or some cases, even the very notion of having a website. Do any of these sound like you?

1 People can find us on the web. Just type our name in Google.

According to a recent study of 1500 businesses, for 64 percent of people considering a business purchase, a search engine is the first destination when hopping on the web—even if they already have an idea of potential providers of the product or service being sought. Why? Because they want to see who else is out there. Sure they may already have some idea of whom they want to talk to, but they want to find out what they don't know, who else they should be considering—and they find out who the players are (at least those who appear to be) in minutes using a search engine.

The bottom line? Search engines play a huge role in the evaluation of potential business purchases. If you don't rank high in the search engine results and they don't know or don't remember you, it will probably stay that way. Your rank can put more money in the bank.

2 I don't care where we rank in the search engines.

You don't care if you rank poorly in the search engine results? Most people don't even know they can dramatically influence where their site shows up in search engine results. However, savvy competitors do. If a competitor of yours shows up in the top ten search results for a key search term related to your product or service and you're at number 84, they look like they have the experts, the ones who really know what they're doing. Obviously, this must be a key focus of theirs. And you? Undoubtedly, this must not be your focus. Perhaps it's something you dabble in.

3 My I.T. people have it covered.

Search engine optimization has little to nothing to do with IT…One doesn't need to know programming and network systems to optimize for search engines. Search engine optimization requires a good keyword strategy; smart, strategically written copy; and knowledge of what to do and what not to do—and the person actually building the files can create highly optimized site using standard web building software. Firewalls, server configuration, and network issues are where you want IT people to focus.

4 We don't need to be there. We don't sell anything over the web.

To the contrary, you sell everything you have over the web. You sell your name, your brand, your company, your competitive advantages, and the reasons to buy from you. The once held notion that a website is just a consumer e-commerce tool is a myth. A strong corporate website helps position a business-to-business company as a market leader. A strong online presence adds legitimacy and credibility. Your prospects are online. And so is just about every formidable competitor. That's why not only an online presence, but a dominant one through optimization, is becoming essential.

5 We don't need a website. We already know who our prospects are.

For some business-to-business companies whose prospect lists are comprised of a few dozen prospects regionally or perhaps a couple hundred worldwide, it may not seem like a website is a necessary marketing tool at all. You know who they are. Most know who you are. But don't forget. They also know who your competitors are. And you don't always know when your prospects start considering a purchase.

So while your investment in advertising in trade publications, direct mail, and other media do a wonderful job positioning your brand and raising awareness for your company, timing is everything. There's no guarantee you'll be top of mind or that prospects will have adequate information regarding your company when they first start considering a purchase. By the time you hear they're in the market, they're often already too far down the road with someone else.

If your site ranks high in the search results for the terms your prospects enter when using Google, you'll be there when they start the buying process. Remember, nearly two-thirds considering a business purchase look online first and almost half are looking at websites before anyone outside ever knows they're looking.

If some of these misconceptions sound like you, it's time to give your website another thought. The web can be a rich source of sales leads. Think of a highly-optimized, persuasive website as a salesperson that works 24 hours a day, seven days a week—a salesperson that arrives at your prospects' door the moment they start considering a purchase. What's that worth to you?

Appendix I: NAED Web Resources

Executive Guide 1: Strategically Managing Your Company's Online Presence
Create an online presence that aligns with your company's strategic priorities using this guide, offering sample questions to ask when determining how customers find and use your website.

Executive Guide 2: Checklist for an Effective Online Presence
Transform your website into a competitive advantage with this second Executive Guide, offering a checklist of topics to discuss with your IT team.

Executive Guide 3: Strategically Managing Your Company's E-Commerce Capability
Build an e-commerce platform that helps you increase sales, improve efficiencies and cut operation costs with guide, offering advice for managing online sales securely.

Executive Guide 4: Checklist for an Effective E-Commerce Website
Examine many of the details required for an effective e-commerce website and elaborate on ways to push your website to the next level.

Executive Guide 5: Mobile Device Security Policy
Setting up a Security Policy is important for electrical distributors because it mitigates risk exposure, limits liability and damages and reduces operating expenses. The Guidelines listed here help to define the rules that are necessary in setting p a solid outline.

Executive Guide 6: Server Virtualization
Server virtualization is a technology that enables a single physical server to be divided into multiple logical servers. This process is essential to the industry because it decreases capital outlays, reduces operating expenses, increases availability and improves responsiveness.

Executive Guide 7: Selecting Tablet Computers
in the three years since the introduction of Apple's first generation iPad®, tablet computers have become essential business tools. This guide defines why mobile devices are important in the industry.

Executive Guide 8: IT Disaster Recovery
Developing an IT disaster recovery plan is the first step in ensuring business continuity. In the era of Internet dependent services, IT disaster recovery planning can enhance your company's competitiveness in the marketplace, improve business processes, standardize the use of technology company-wide, increase "uptime" for critical IT equipment, and develop new technical expertise within your organization.

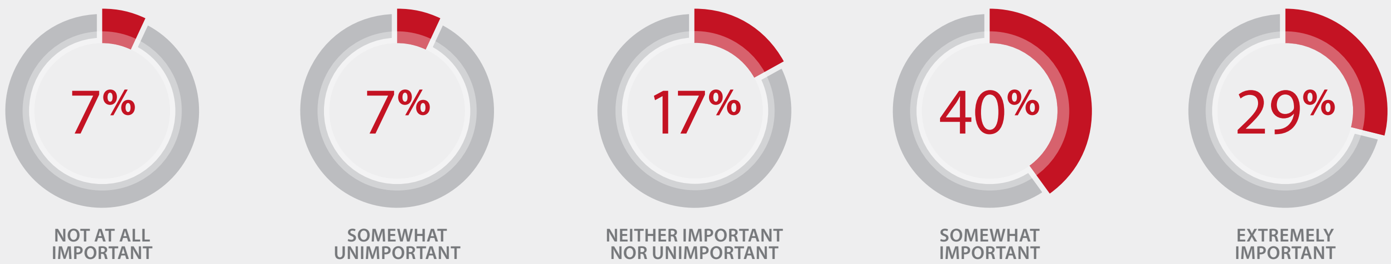
Executive Guide 9: Innovating with Mobile Technology
While the world is changing at an ever increasing pace, electrical distributors have always adapted to changing times with technology innovation. This guide will help distributors implement new technologies to help with innovation.

Executive Guide 10: Mobile Technology for the Distribution Sales Force
As mobile device adoption rates continue their rise, understanding how to efficiently use smartphones and tablet computers is a key business skill. This guide will help your sales force stay relevant while reaping the rewards of a mobile world.

Executive Guide 11: The Changing Roles of IT and Marketing
This guide will assist distributor executives in understanding how technology innovations are intertwining their marketing and information technology (IT) departments and changing their roles.

Appendix II: NAED Technology Workshop

NAED is considering developing a 1-2 day technology workshop targeting non-technical managers. The conference would cover subjects like "how IT can impact your business" and "how to calculate the return on your technology investment". How important do you feel a workshop of this type would be in helping your business?



69% Feel a 1-2 day NAED information technology workshop would be important to help their business.

Appendix III: Worldwide IT Spending Forecast

Table 1. Worldwide IT Spending Forecast (Billions of U.S. Dollars)

	2013 Spending	2013 Growth (%)	2014 Spending	2014 Growth (%)
Devices	669	-1.2	697	4.3
Data Center Systems	140	-0.3	143	2.6
Enterprise Software	300	5.2	320	6.8
IT Services	922	1.8	963	4.5
Telecom Services	1,633	-0.5	1,653	1.2
Overall IT	**3,663**	**0.4**	**3,777**	**3.1**

- Rivera 2014

Appendix IV: Overall IT Spending

Table 2: Excluding Telecom Services, Overall IT Spending will 2.1 Trillion US Dollars in 2014

	2012	2013	2014	2015	2016	2017	2018	CAGR (%) 2013-2018
DEVICES								
Spending ($B)	670	677	685	725	762	790	810	3.6
Annual Growth (%)	–	–	1.2	5.8	5.0	3.8	2.5	
DATA CENTER SYSTEMS								
Spending ($B)	140	140	140	144	148	151	154	2.0
Annual Growth (%)	–	-0.1	1.4	2.9	2.6	2.1	1.8	
SOFTWARE								
Spending ($B)	285	300	321	344	368	395	424	7.2
Annual Growth (%)	–	5.1	6.9	7.3	7.2	7.3	7.3	
IT SERVICES								
Spending ($B)	931	932	937	1,007	1,050	1,096	1,148	4.3
Annual Growth (%)	–	0.0	3.8	4.1	4.3	4.4	4.7	
TELECOM SERVICES								
Spending ($B)	1,644	1,624	1,635	1,668	1,701	1,734	1,765	1.7
Annual Growth (%)	–	-1.2	0.7	2.0	2.0	1.9	1.8	
ALL IT								
Spending ($B)	**3,671**	**3,673**	**3,749**	**3,888**	**4,029**	**4,167**	**4,301**	**1.7**
Annual Growth (%)	–	0.0	2.1	3.7	3.6	3.4	3.2	
ALL IT (excl. Telecom Services)								
Spending ($B)	2,027	2,049	2,114	2,220	2,328	2,433	2,536	4.4
Annual Growth (%)	–	1.1	3.2	5.0	4.8	4.8	4.2	

Source: Gartner Market Databook, 2014 Update, June 2014

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