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CMP Worldwide Media Networks (www.cmpworldwide.com) monthly e-newsletter on global marketing trends and tactics - April/May 2002

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Recovery Now, Sales Later?

Despite general signs of an emerging recovery in the American economy, a significant rebound in global IT spending is not expected until 2003, according to a range of analysts. While they differ on prospects in the short term — from outright declines to flat sales to small gains — nearly all observers agree that substantial growth will not appear for another 12 months.

Merrill Lynch, for instance, foresees modest increases in Europe and North America for

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What's New

Online Media

storage and software this year, while anticipating soft sales for personal computers and services. IDC concurs: They look for software sales to jump 11% from a year ago, but hardware sales to drop 12%.

Spending on wireless network equipment worldwide will fall some 5% in 2002 according to Merrill, while Forrester predicts that spending on computers and software in Europe will grow by only 0.7%.

All agree that the hottest products will be those that deliver productivity gains now. Companies that are spending, such as General Electric, aren't building frameworks that will deliver returns years in the future. The company's IT outlays are increasing 12% this year, but the firm says it wants to see results within 12 to 24 months.

Integration is another key trend. Firms that spent a lot of money in the past — including during the run-up to Y2K — are now focusing on how to leverage their investments in order to deliver value now before spending further. Even Yahoo feels that it invested heavily enough in 2001, and will decrease purchases for 2002.

Where are customers to be found? Some corporations such as Dynegy and National Semiconductor say they're willing to be convinced to buy now by low prices. And, though no one wants to capitalize on tragedy, the fact remains that the companies physically hit hardest by the events of 9/11 have to make major technology purchases across the board to replace capabilities that were lost.

Insights into the Asia-Pacific IT Market

Even as the global recession batters the export-oriented Asian economies, research analysts at International Data Corporation (IDC) expect that the Asia-Pacific* Information Technology (IT) and telecommunications market will reach US\$231 billion by the end of 2002.

A major force driving Asia-Pacific IT & telecommunications spending projections is China's recent entry into the World Trade Organization (WTO). While the expected emergence of more low-priced, high-quality electronic goods from China is obviously in the region's favor overall, it is proving to be a threat to Southeast Asia's manufacturing base, in particular. In November 2000, the ASEAN nations, together with their North Asian counterparts, agreed to put into action a package of measures (collectively called the "Asian IT Belt" initiative), which will pour more than US\$20 billion of investment into the region. The initiative will complement China's position in the world economy; boosting the implementation of the ASEAN-China Free Trade Area and ensuring the region at large remains a prime target for investment.

In 2000, total IT spending in China reached almost US\$16 billion. IDC predicts that China's IT Market will continue to grow at an average compound annual rate of 27%, to be valued at US\$50 billion market by 2005. While finance is expected to remain the largest sector for IT-related goods and services, IDC expects growth from the distribution, retail and manufacturing sectors. This growth will mainly be driven by China's entry into the WTO, the entry of multinational companies into these particular sectors, as well as the lead-up to the Olympic Games in 2008.

In contrast to other Asian economies, China is less vulnerable to the vagaries of the global economy because of its huge domestic population of 1.3 billion. Though all the Asian markets are eyeing the U.S., in hopes of a return to previous import consumption levels, the Chinese are the least at risk. Whether hitching themselves to the Chinese star will prove lucrative for the other Asian economies remains to be seen; but in the short term, Asia realizes it must invest heavily in technology to survive and compete in the global arena.

*IDC Asia-Pacific research excludes Japan.

This article was written by Cindy Payne, Managing Director of Asia-Pacific Connections Pte Ltd. For a more detailed analysis, visit www.apconnections.com/perspective.html

Asia-Pacific Connections (APC) is the leading provider of integrated marketing services to IT companies in Asia-Pacific. APC's individually-tailored services include market research and development, channels assessment, public relations, promotions and events, direct marketing and branding, copywriting, and collateral design and production. To understand how APC's innovative marketing approach has produced effective results for a multitude of clients, visit www.apconnections.com

Going Mobile in Hanover

Desktop is dead.

Attendees at this year's CeBIT could be excused for arriving at that conclusion. This year, the world's largest technology event was all about a new generation of handhelds and Web-capable phones. In fact, for the first time ever, there were more telecommunications exhibitors than software companies present.

The tone in Hanover was sober, and the American presence was noticeably reduced. But speed and freedom were the promises in the air, as the old WAP(wireless application protocol) has given way to GPRS (general packet radio service), which enables exponentially faster data transmission that blurs the line between a phone and a computer.

Among recent developments:

- Nokia unveiled five new Internet-capable phones, including a new version of its Communicator, which plays audio and video from the Web.
- Sony Ericsson upgraded its P800 phone with a digital camera that can email pictures.
- NEC and Matsushita teamed up to develop third-generation cellphones in Japan.
- E-Plus is bringing i-mode capability to Europe, allowing users to join Japan in playing wireless Web games and exchange pictures through phones.
- Compaq released an attachment that turns its iPAQ computer into phone.

Will this sector bring the buzz back to the industry? Perhaps, but consumers were burned once by high expectations for the first round of wireless, and may be slower to adapt this time around. Forrester senior analyst Andrew Parker sounded a note of caution from Amsterdam:

"The IBMs, Nokias and Ericssons of the world are going to have to show that there is a real economic payoff in these new technologies," he says, "rather than rely on their being sexy and new."

Jupiter Joins the Ad Measurement Fray

Online marketers frustrated by a lack of accurate advertising measurement may be interested in a service newly introduced by Jupiter Media Metrix.

Called Campaign Analysis, the service is billed as the first third-party initiative to measure and analyze online advertising and marketing campaigns in real time. Its purpose: to provide ad- servers, Web publishers and advertisers with measures to determine the effectiveness of online advertising and e-mail and affiliate marketing.

Campaign Analysis uses a technology whereby a minuscule, transparent image is transferred with any Web page, e-mail or advertisement. As that page, e-mail or ad comes into view in a Web browser, Jupiter collects, counts and links the impression to a series of comprehensive statistics and analyses viewable almost instantaneously.

According to Jupiter, companies now can determine the exact number of impressions, the number of browsers the content appeared in, response rates, and unduplicated reach and frequency.

"It's not uncommon for upwards of 50% of ad impressions to be disputed between advertisers and ad-serving agencies," says Jupiter spokesman Seth Segel. "We want to remove the ambiguity and skepticism over the definition of an ad impression by reporting only what is loaded in the Web browser, not what is served. This service will take the uncertainty out of ad impression counts and move them toward a pay-for-performance model, such as in traditional media."

A Step Ahead of the Rest

Which country has the best IT economy in the world? A major global research firm just named its choice, and the result may surprise you. To find out the winner, click on <http://www.informationweek.com/story/IWK20020313S0064>

Slow B2B Growth in Ireland

With its educated workforce and relatively new infrastructure, Ireland would seem to be in a good position when it comes to e- business. But a recent study reveals at least one sector is only adapting slowly. For glass-half-full types, that means a significant amount of opportunity

still exists.

The most recent e-business survey by the Chambers of Commerce of Ireland shows that, although three-quarters of small- and medium- size enterprises(SME) e-mailed their suppliers and almost a third purchased goods from suppliers online, only 8% said they used e-marketplaces.

Similarly, surveys in Britain suggest SMEs may use the Internet to find new suppliers ý perhaps even requesting product information or a quote ý but then return to traditional methods of building business relationships, such as the telephone and snail mail. The Web is used for one-time purchases or "spot buying" of hard-to-find items from companies based overseas.

"It's important that companies don't use e-procurement on an ad- hoc basis. It should be part of the whole company's strategy," says Tom Guckian, chief executive of iCommerce, Ireland's biggest B2B marketplace."

But that's exactly what's happening, according to the CCI survey. While 90% of SMEs have computers, only a third actually have an overall e-business strategy.

Doing Business in Germany: Ten Tips

Here are a few points to keep in mind if you're visiting Germany on business.

1. **What They're Talking About:** The biggest ý and happiest ý business story these days is the sudden upturn in the stock market, which may signal the end to a protracted and fairly deep recession. Also on business people's minds: tension with the EU over looming German budget deficits.
2. **Be Punctual:** If you're on time nowhere else in the world, make an exception here. Even a few minutes' tardiness may be perceived as a serious insult.
3. **Have Your Facts Straight:** Feelings don't count for much in business here ý facts do. Have your material well ordered and well documented. (And having them well translated isn't a bad idea, either.)
4. **Stick to Business:** Don't expect to share personal information in a business setting. Developing friendships will take place outside the office.
5. **Take Your Time:** Your German counterparts will take theirs. To them, anything worth doing is worth doing ý or deciding ý thoroughly, cautiously and without haste.
6. **Don't Talk with Your Mouth Full:** Business is discussed before or after a meal, never during one.

7. Show Respect: Because you'll have to wait (perhaps a long time) to be invited to use a German's first name, address people as Herr (Mr.) or Frau (Miss/Mrs.). If the person you're meeting has a title such as Doctor or Professor, use it. If you have a title or advanced degree, let it be known. Educational accomplishments are highly valued.

8. Small Talk: Sports, nature and local beer are all good places to start.

9. Enjoy Your Trip: If you're traveling in April or May, take time to savor special events like the Mozart Festival (May 18-26, Berlin) or the International Speedskating "Kriterium" (April 27-28, Gro-Gerau).

10. Know The Territory: Keep on top of the latest market information with Datamonitor's low-priced Technology and Telecom Industry Reports, ranging from German consumer broadband access to its IRM software market. To see a list of current reports, go to <http://informationweek.com/search/search?queryText=germany>

UPCOMING OPPORTUNITIES

Make a Connection to China

CMP Worldwide Media Networks announces the launch of Teledotcom China, a new publication that gives you blanket access to one of the world's fastest-growing markets.

Three issues this year will bring you crucial coverage of senior managers of telcos and communication service providers throughout the country. They'll all be reading Teledotcom China for insight into strategies, products, trends and opportunities they can't find in any other medium.

And best of all, if you act now, you'll save 15% by advertising in all three issues in 2002! Each full color page will cost you only \$2,992  a savings of \$528..

Issue Dates	Space Due	Material Due
May/June	4/03/02	4/10/02
Sept./Oct.	7/10/02	7/17/02
Nov./Dec.	10/02/02	10/09/02

For more information or to place a reservation, contact your sales rep or go to www.cmpworldwide.com today.

IT Midia, CMP Worldwide Media Networks' Brazilian publishing partner lands

THE #1 and most influential person in the telecommunications market.

IT Midia has just announced they will bring on board Ethevaldo Siqueira as Director of Strategy for Telecom Negocios, Telecom Forum and Telecomweb. Mr. Siqueira is the most renowned telecommunications journalist in Brazil. He studied with Fernando Henrique Cardoso (Brazil's current President) and was very influential in redefining the institutional model and privatization of the telecom industry with then communications minister Sergio Motta.

Ethevaldo will share his expertise in telecommunications with Telecom Negocios readers through a regular monthly column he will be writing.

Clients in Brazil and the U.S. are elated by the news, and the plans Mr. Siqueira has to further strengthen their position in the market as the leading telecom publication, portal and face-to-face event.

Before coming to IT Midia, Ethevaldo Siqueira was with one of IT Midia's competitors.

Way to go IT Midia!

All information in this newsletter was drawn from reliable sources and is believed accurate. However, CMP is not responsible for any inaccuracies or inaccurate information.

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