

Latin America IT Markets in 2009

The Impact of the Global Economic Crisis

November 20, 2008

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Audio Test

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Updated GDP Figures and IDC's New 2009 IT Forecasts

Feedback from Enterprises in Latin America on 2009 IT Plans

Brazilian Consumers Reactions to the Crisis

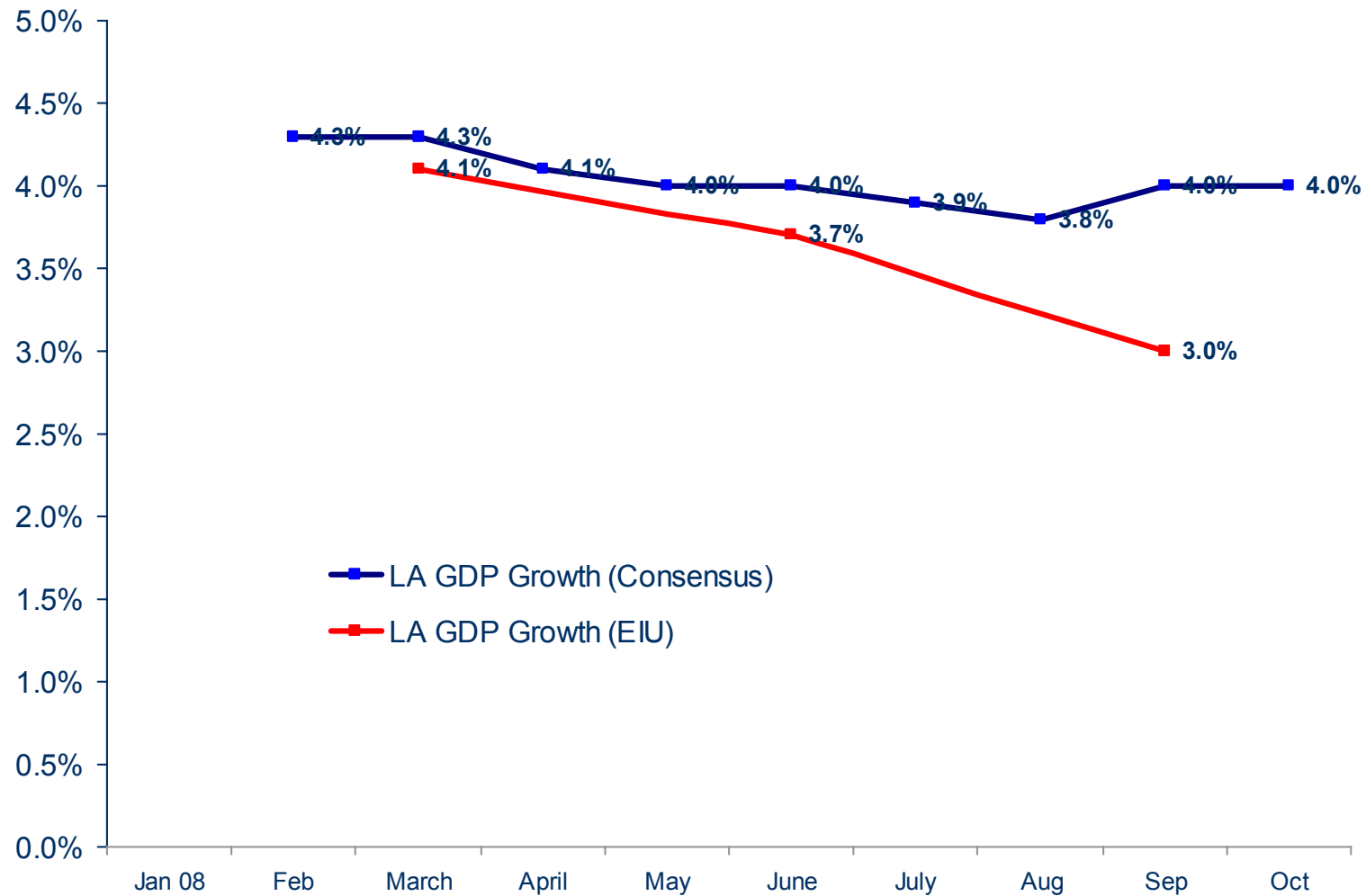
Latin America Prior to the Crisis

- Year-on-year growing domestic demand
- Improving internal reserve positions across the region
- Diversification of trading partners for exports
- Five years in a row of 4.5 - 5.0% GDP growth
- Brazil has become a consistent engine of growth

Latin America Post Crisis

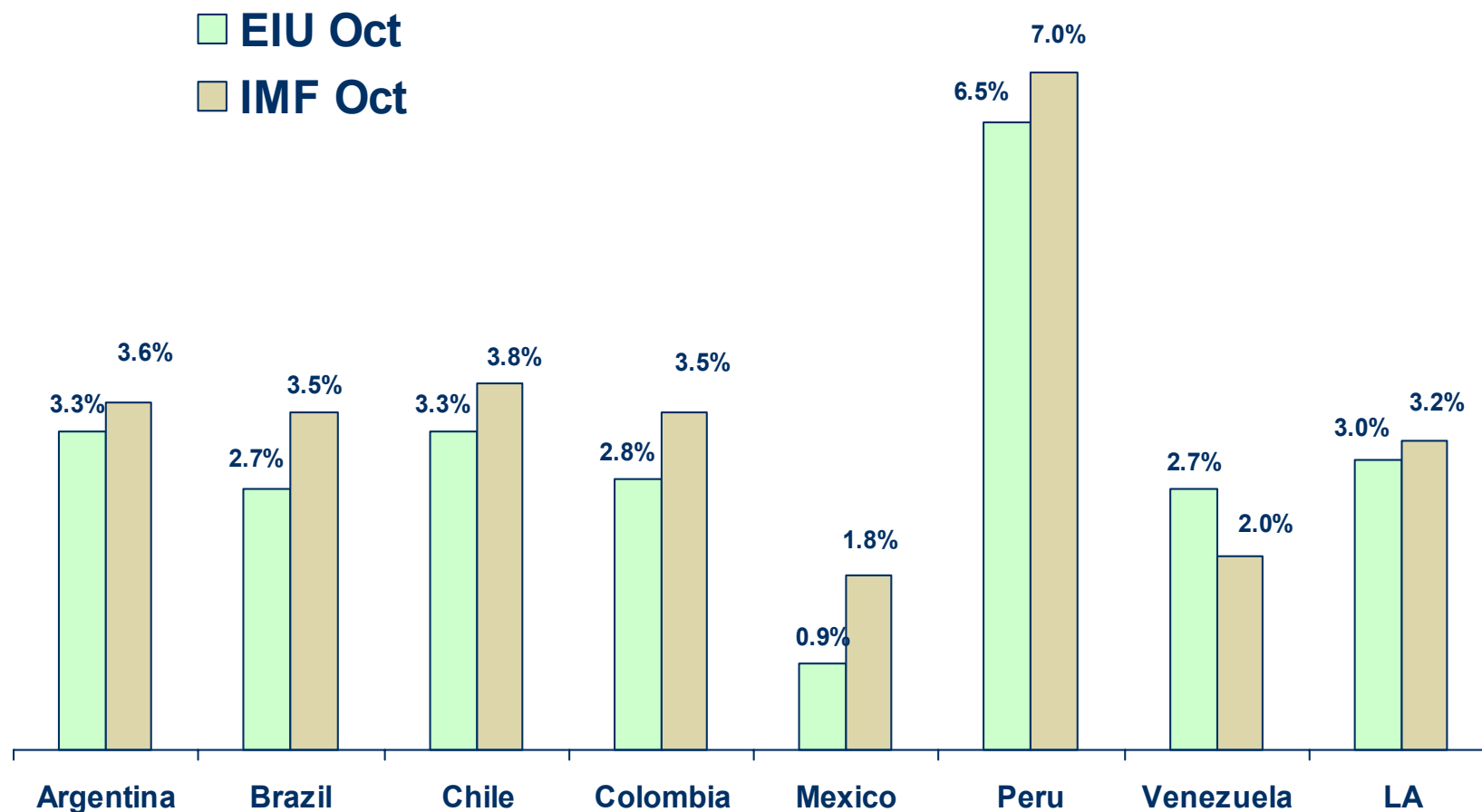
- More difficult external financing conditions affecting SMB and consumers
- Domestic demand dampened as monetary policy focuses on inflation
- Investors pulling money out of emerging markets, currencies lose value
- Commodity-export countries facing lower export prices
- Remittances dampened by US slowdown

Latin America GDP Forecast for 2009



Economic Outlook by Country

2009 GDP Growth Picture



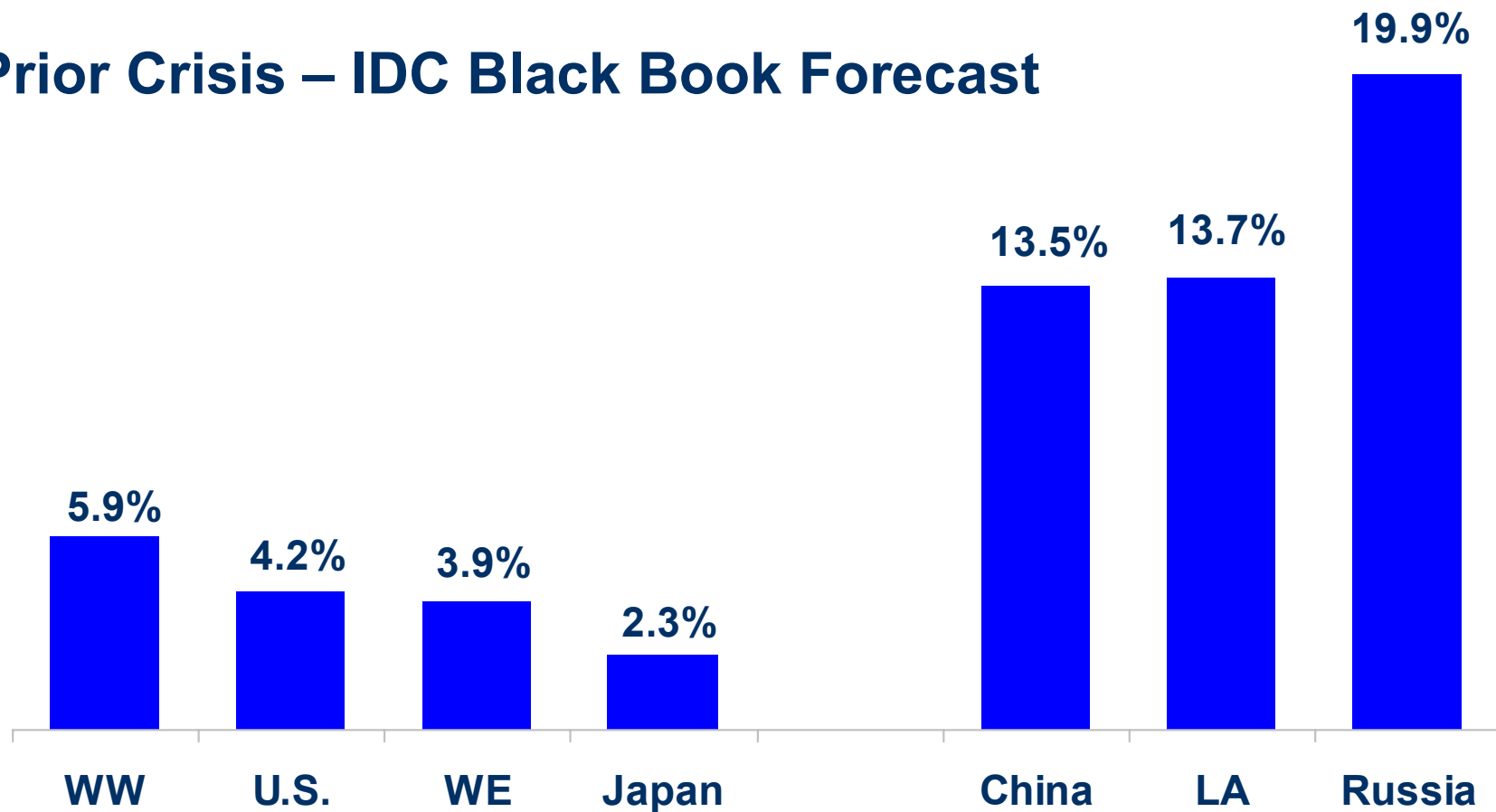
Sources: EIU October 6, 2008, IMF WEO October 2008

IDC IT Spending Forecasts, August 2008



2009 IT Spending

Prior Crisis – IDC Black Book Forecast



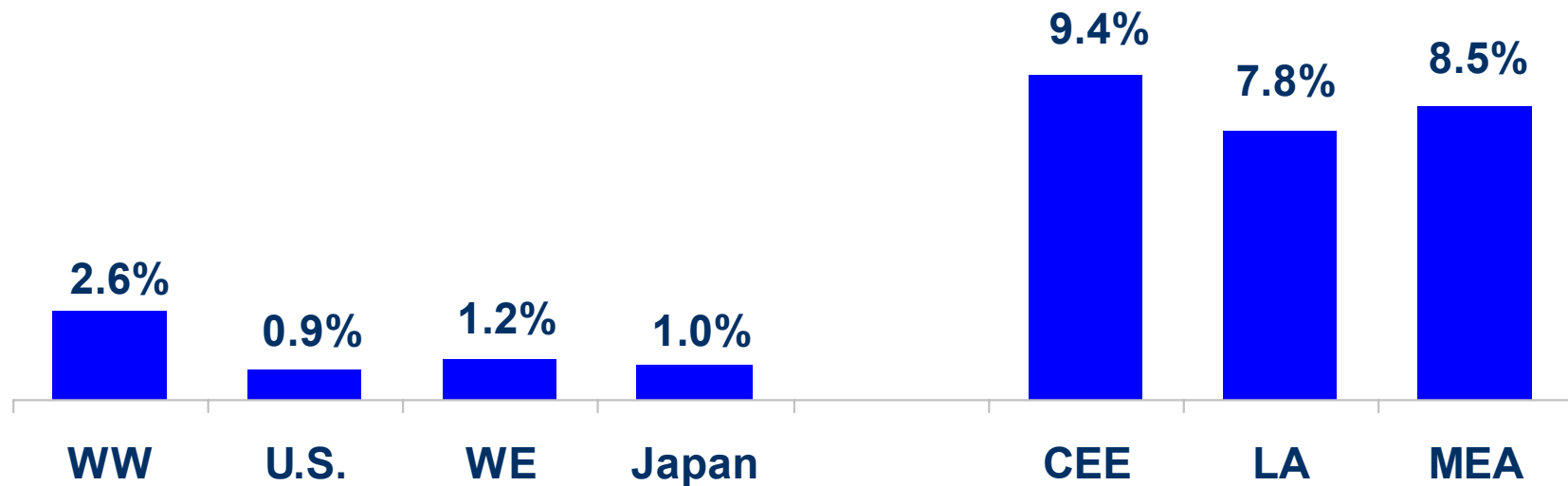
Source: IDC Q2 2008 Worldwide Black Book

IDC IT Spending Forecasts, November 2008



2009 IT Spending

Post Crisis – IDC Black Book Forecast



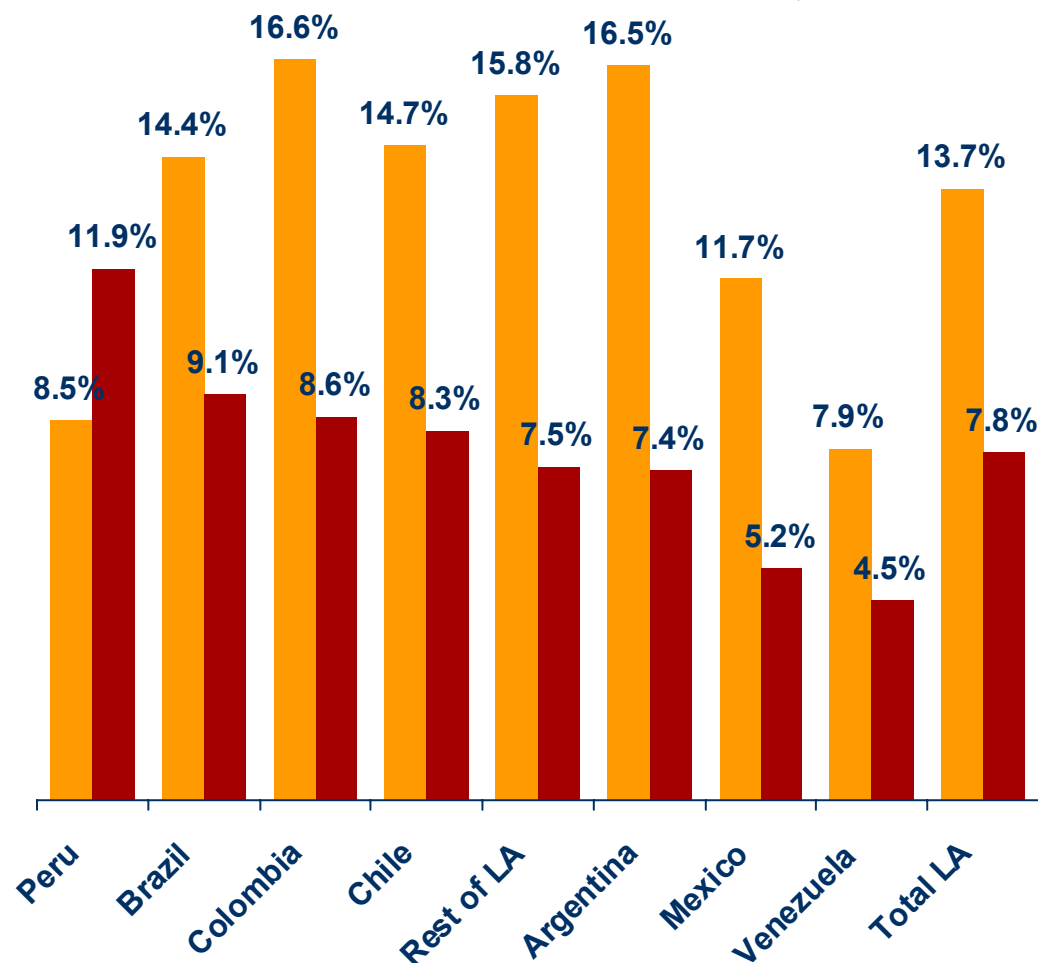
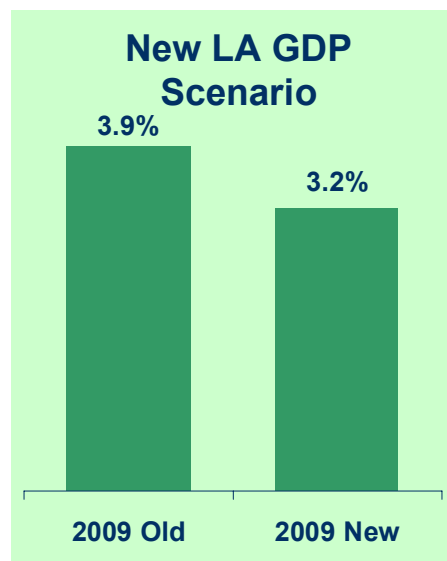
Source: IDC Q3 2008 Worldwide Black Book

New Forecasts – Latin America IT Spending by Country

2009 Latin America IT Spending*

■ Q2 Black Book

■ Q3 Black Book

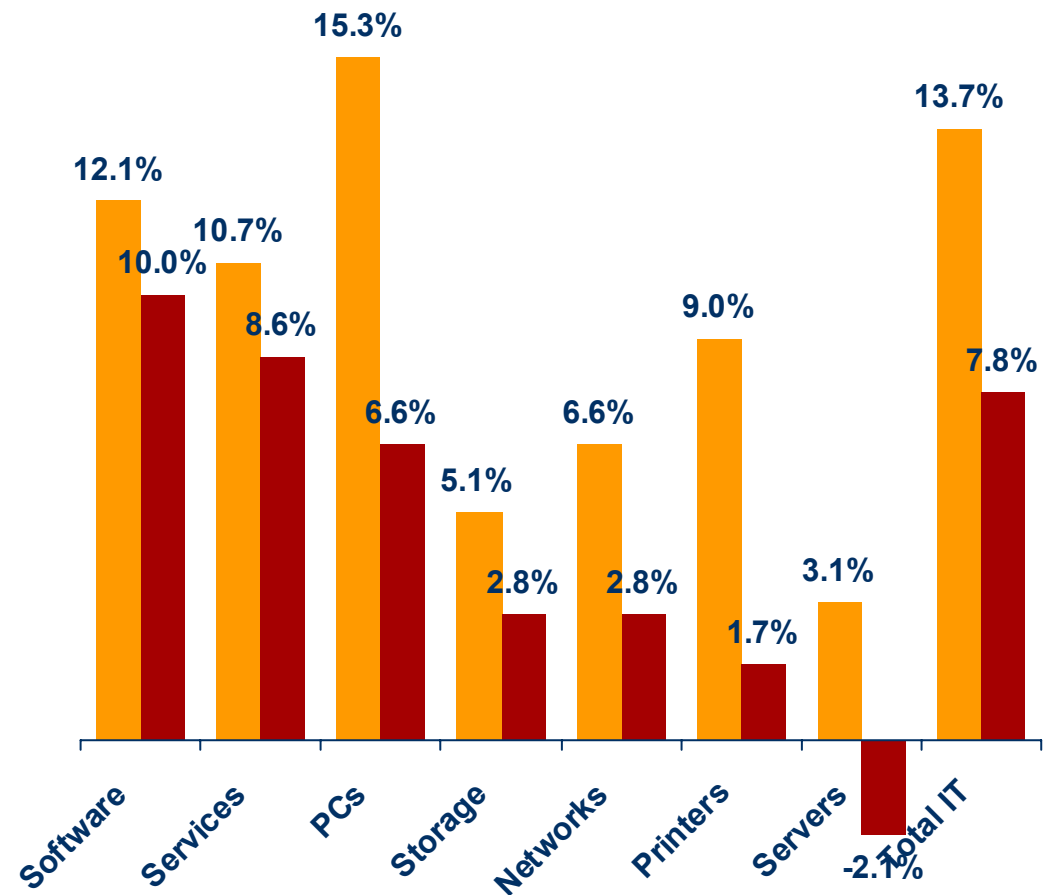
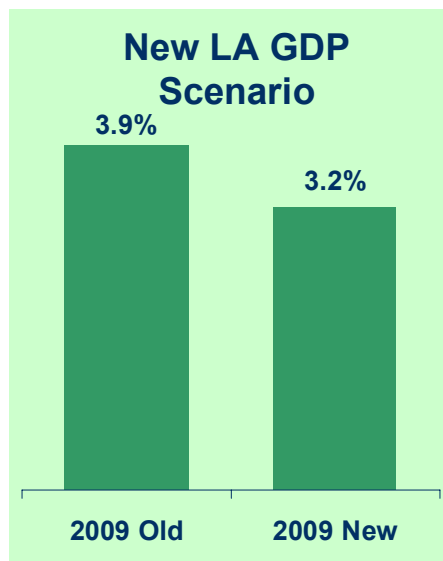


* Changes to 2008 not shown, much less pronounced

New Forecasts – Latin America IT Spending by Area

2009 Latin America IT Spending*

■ Q2 Black Book
■ Q3 Black Book

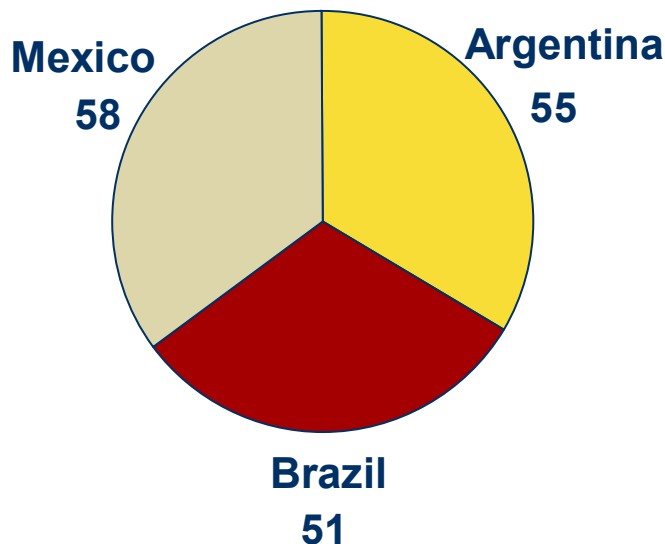


* Changes to 2008 not shown, much less pronounced

Survey of Enterprises

The Effect of the Economic Crisis on Latin America IT Spending, an IDC Survey

Quotas by Country

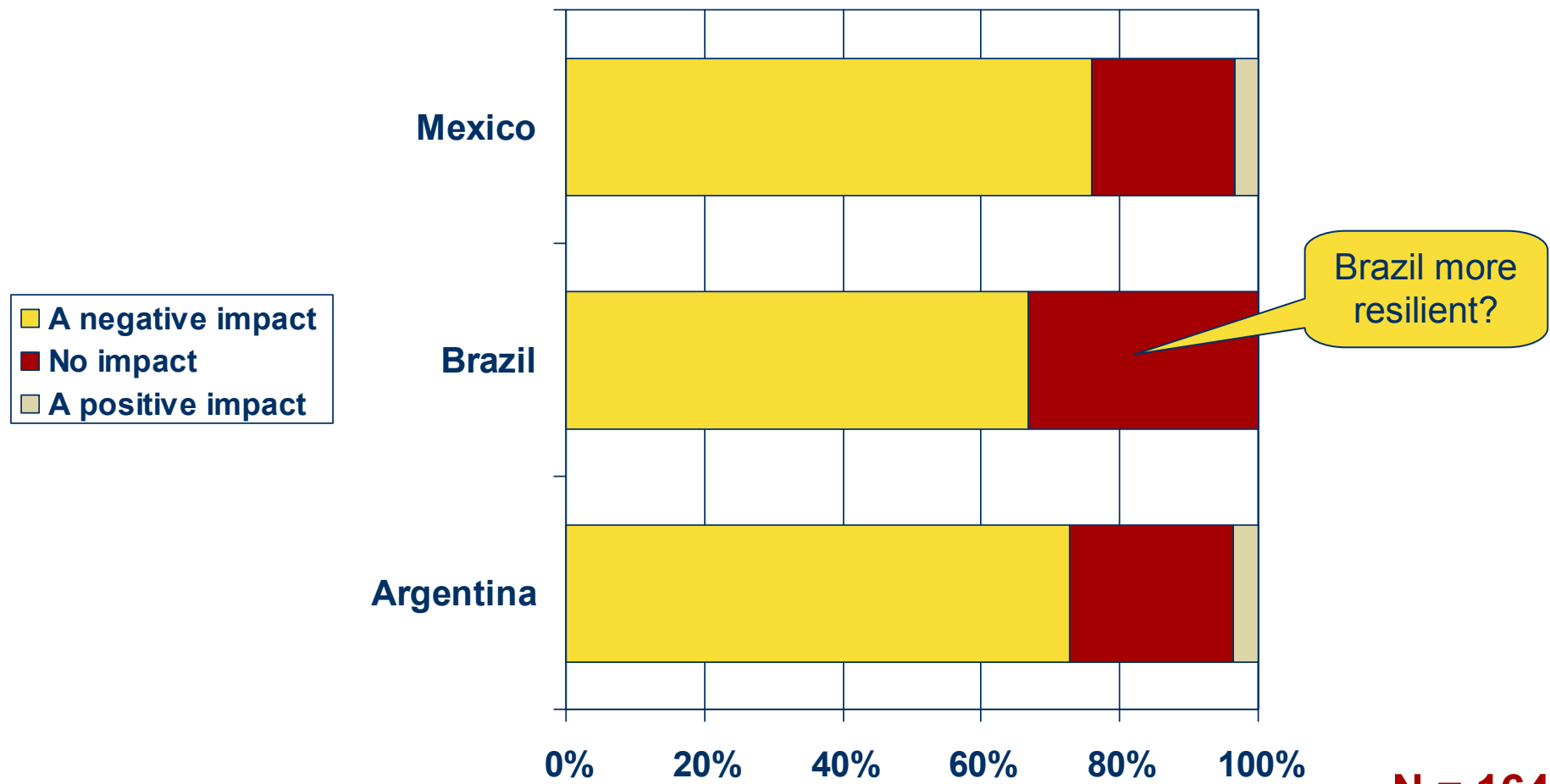


Total = 164

- Goal: To understand the impact that the current economic crisis will have on the IT spending of Latin America organizations in 2009
- Telephonic surveys conducted by IDC's Call Center in Brazil from October 14 – 17, 2008

The Impact of the Crisis on 2009 IT Spending will be felt in all Countries

Q: What kind of impact do you think the global financial crisis, which started in September in the U.S., will have on your organization's IT spending in 2009?

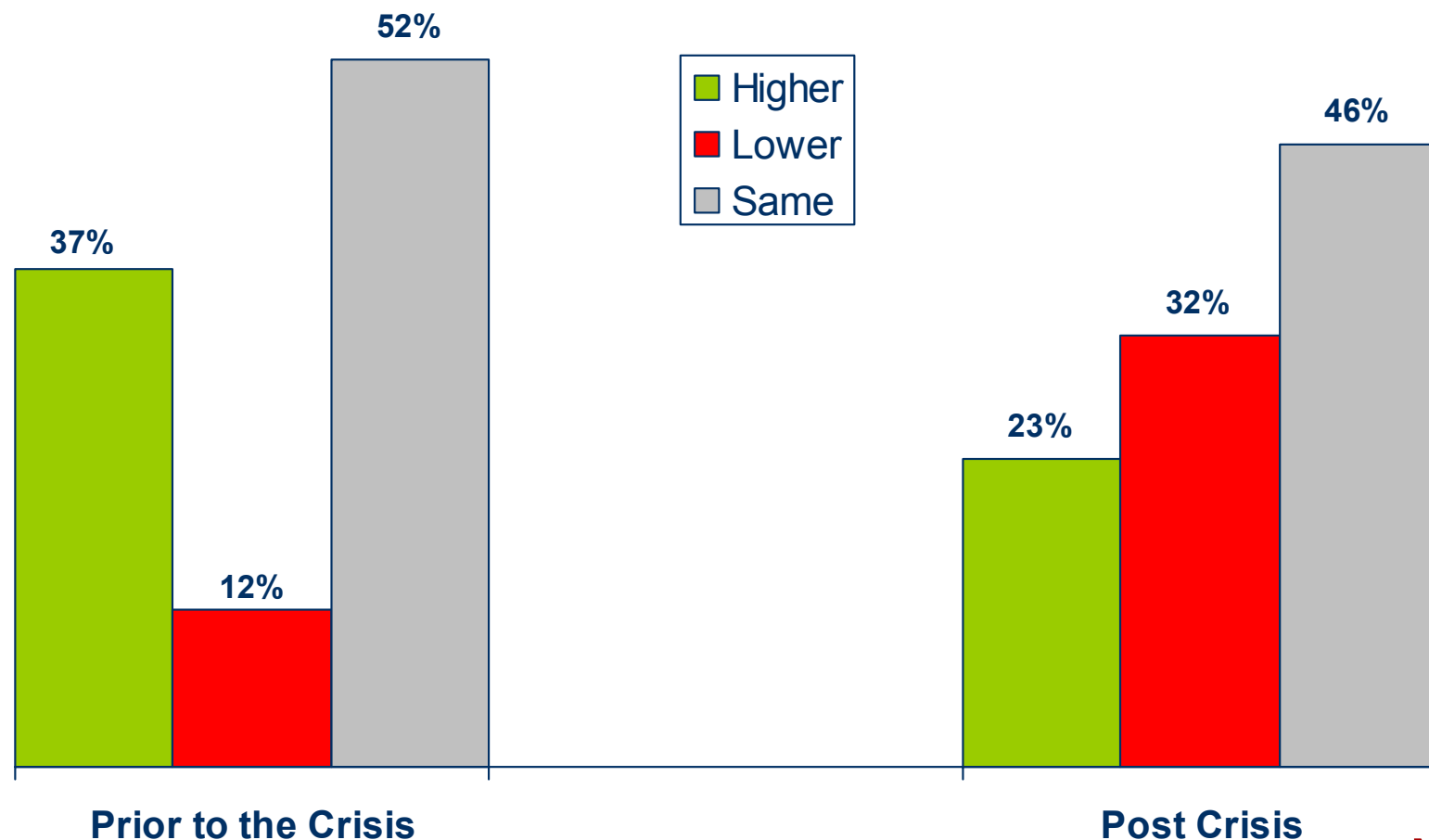


N = 164

Although Spending Expectations Have Declined the Region Appears Resilient



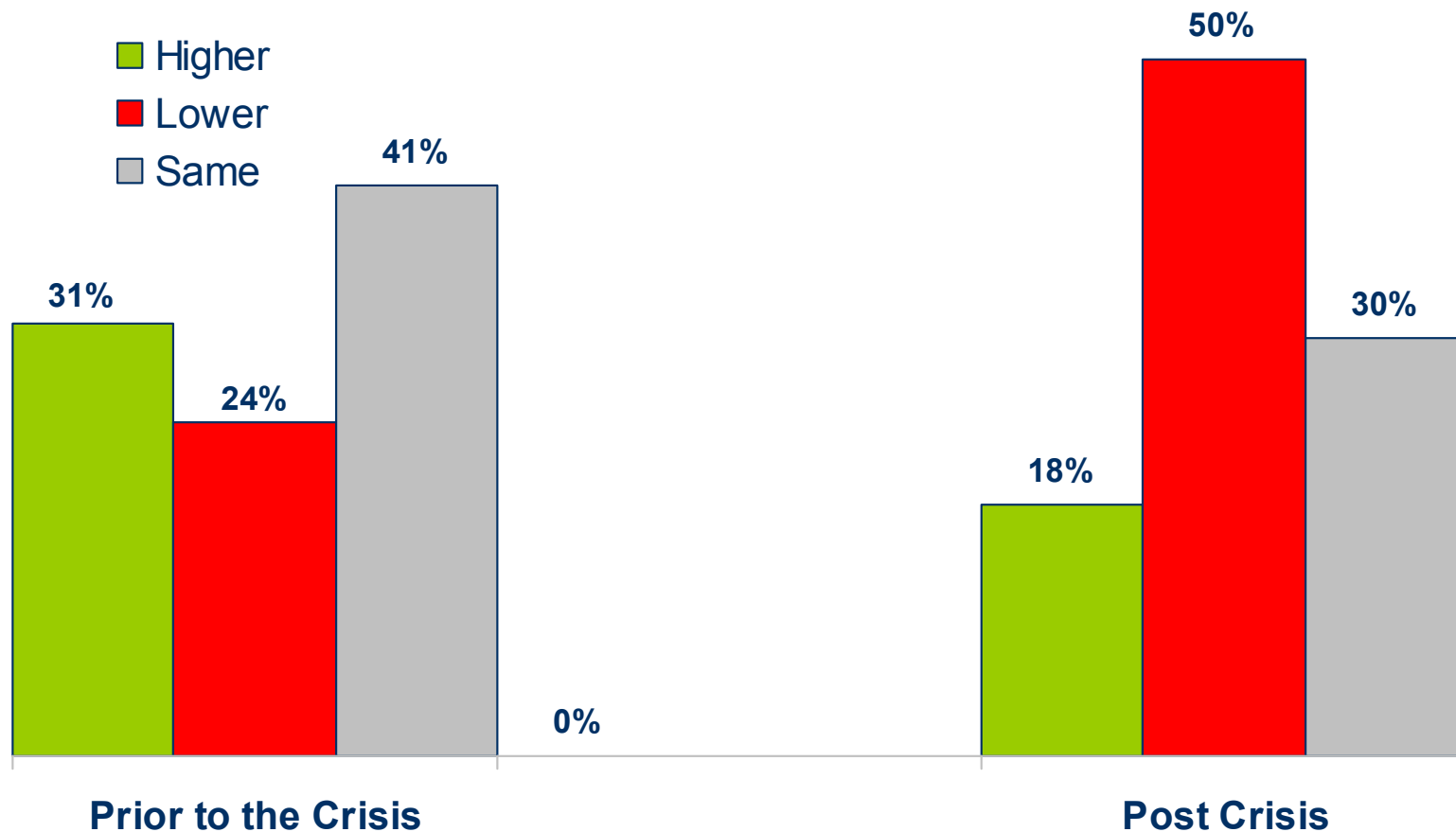
Q: Prior to and After the financial crisis that started in the U.S. in September, did you think your organization's spending on ALL IT products and services in 2009 would be higher, lower, or the same as the last 12 months?



N = 164

Enterprise Poll – USA Results Show More Pessimism

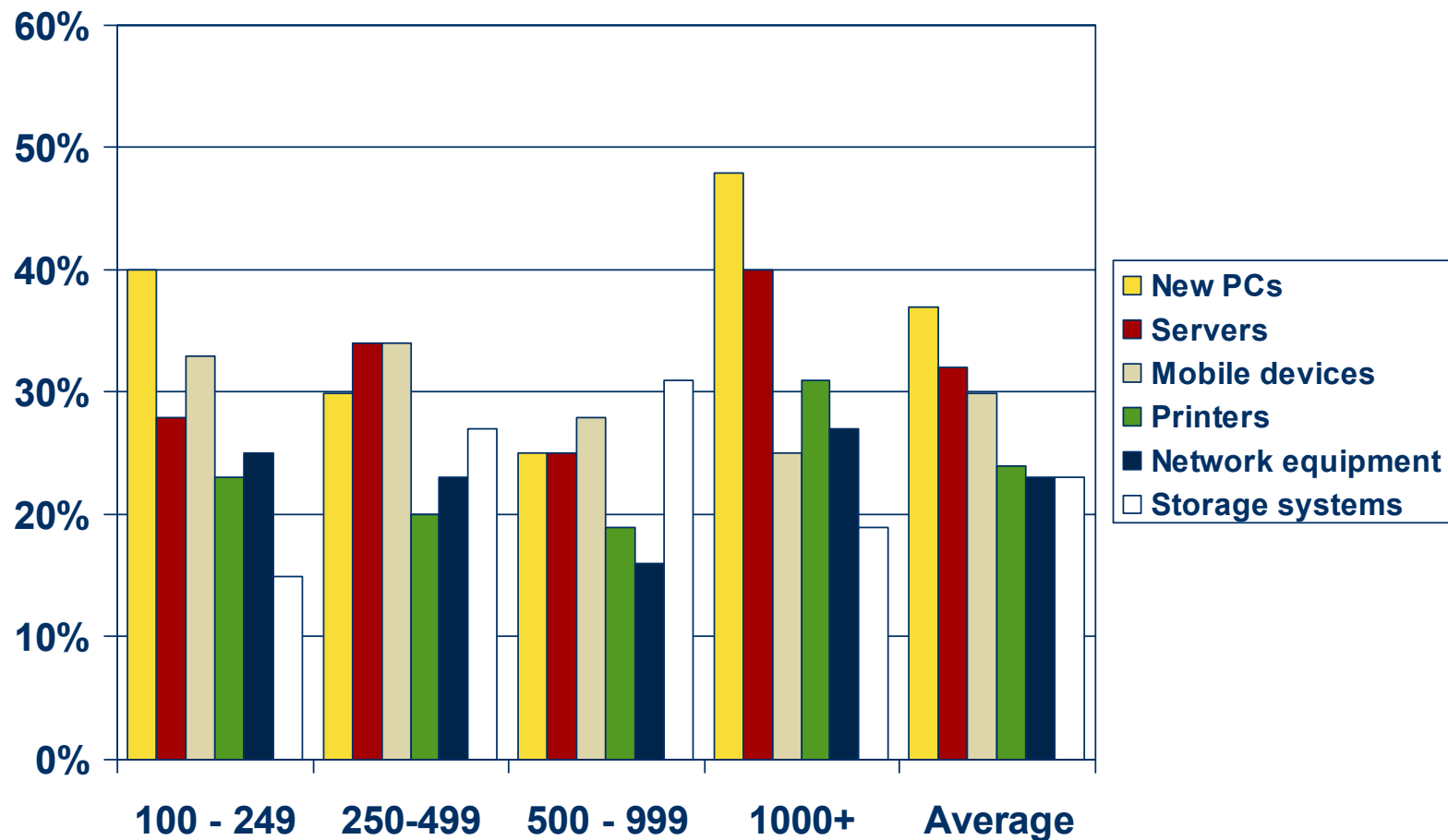
Enterprise Survey Expectation Next 12 Month IT Spending



Expected Slowdown in Hardware Markets Appear to Differ by Company Size



Q: In which of the following hardware areas would you anticipate some level of spending cuts or slowdown in 2009? Please select all that apply.

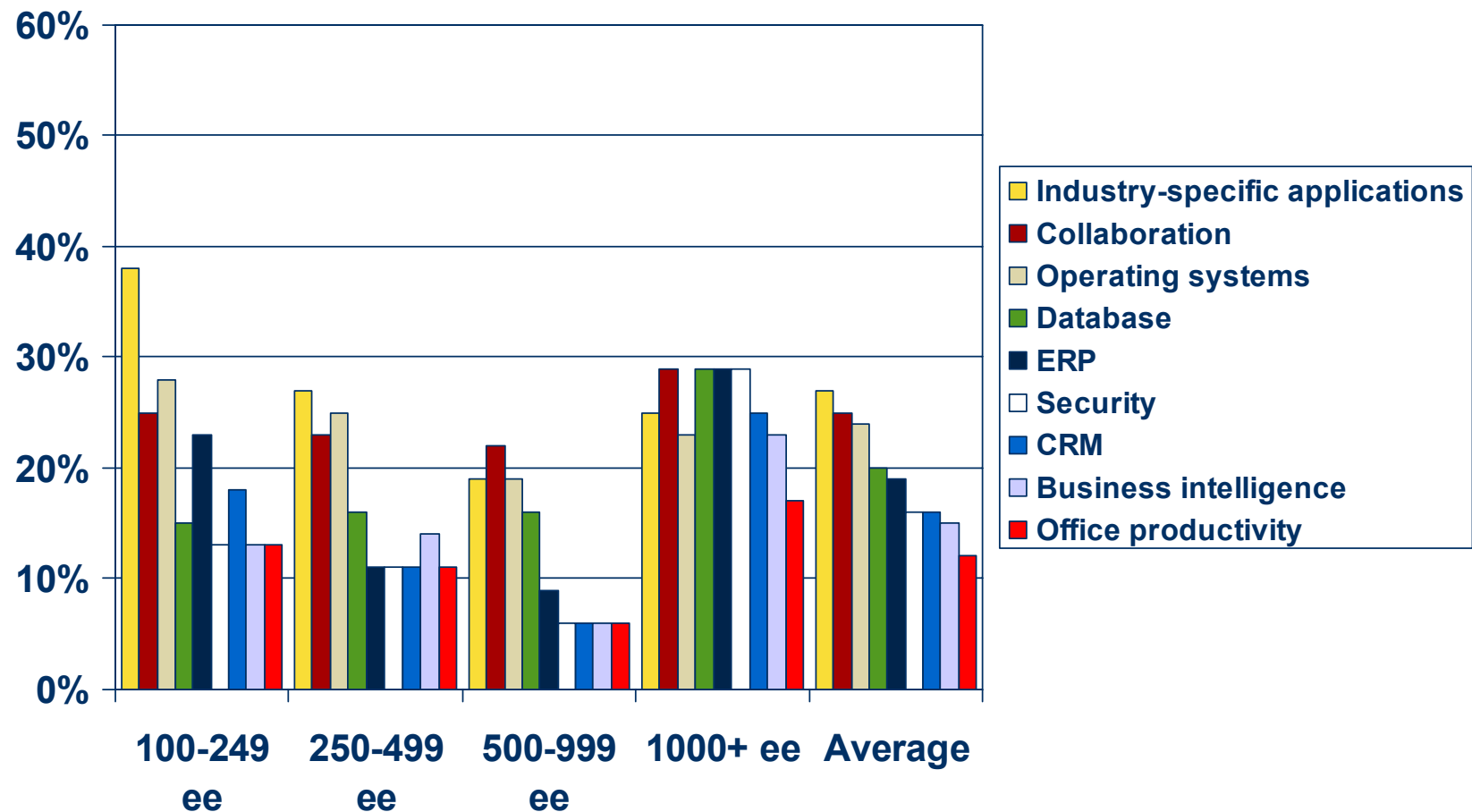


N = 164

Software Investments That Can Wait – Industry Specific Apps, Collaboration, OS



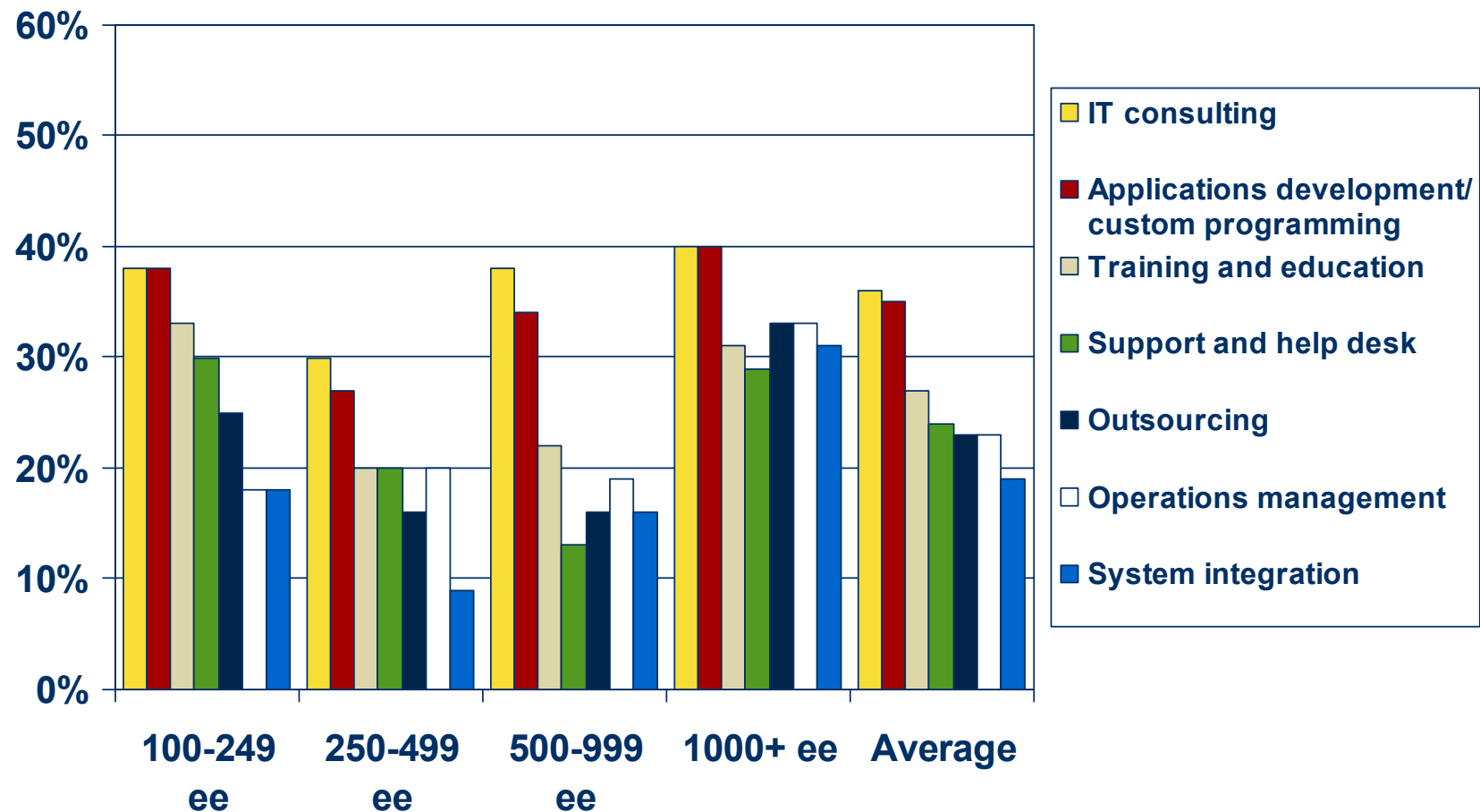
Q: In which of the following software areas would you anticipate some level of spending cuts or slowdown in 2009? Please select all that apply.



N = 164

IT Consulting and Custom SW Development will See Reduced Spending

Q: In which of the following IT services areas would you anticipate some level of spending cuts or slowdown in 2009? Please select all that apply.

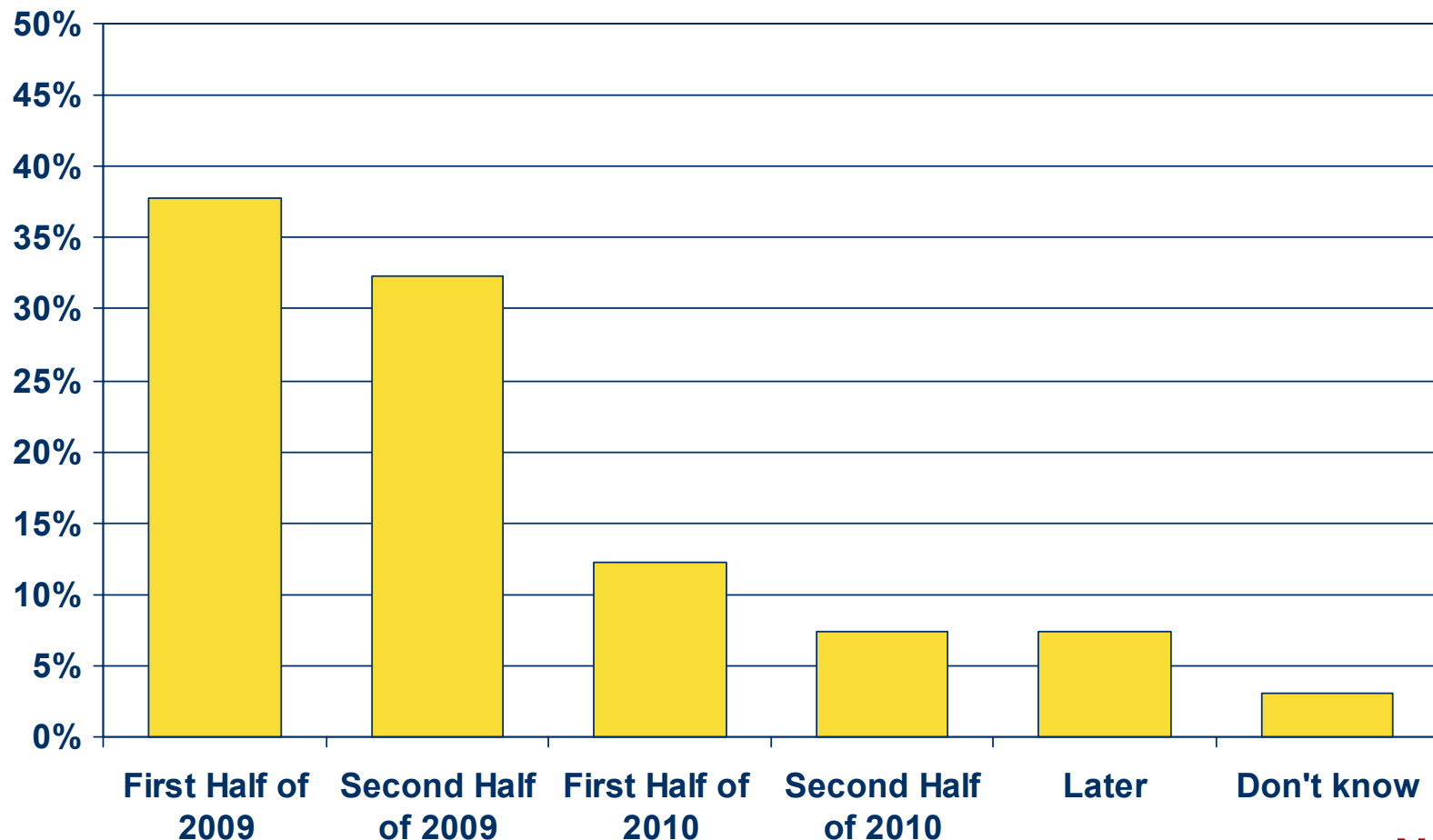


N = 164

Latin American Enterprises are Optimistic for a 9-12 Month Rebound



Q: When do you think the financial crisis will be over and the US economy will return to growth?

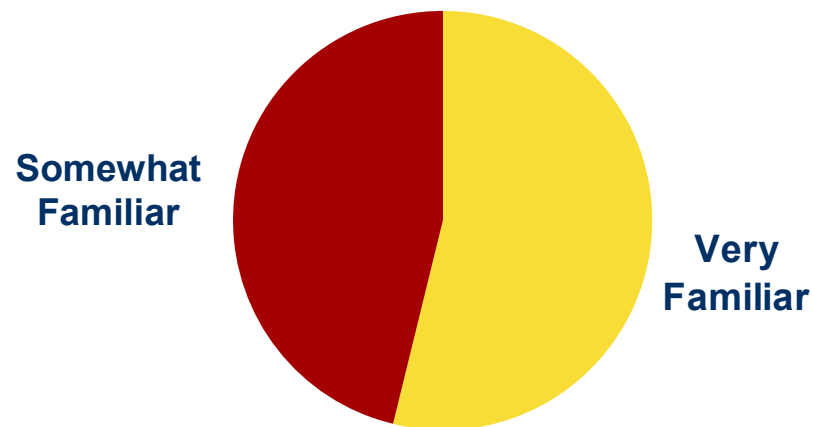


N = 164

Survey of Brazilian Consumers

The Effect of the Economic Crisis on Brazilian Consumers, an IDC Survey

Familiarity with Crisis

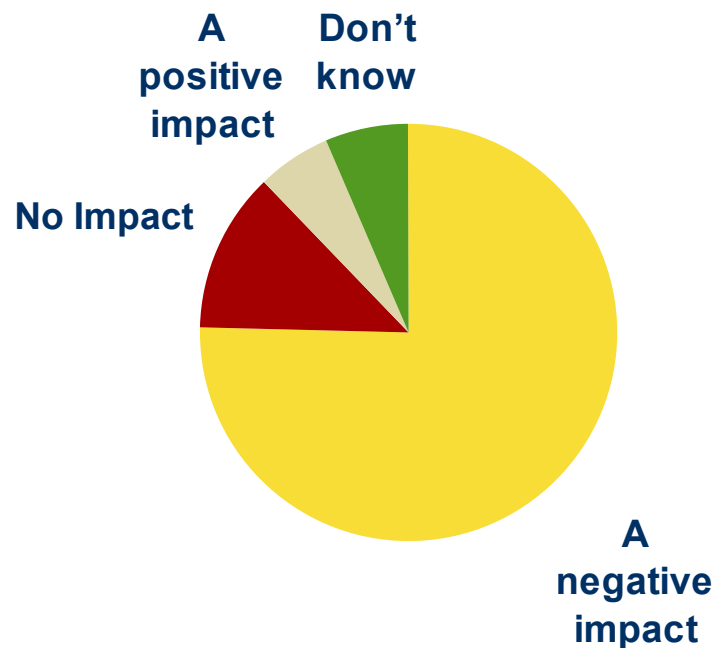


Total = 203

- Goal: To understand the impact that the current economic crisis will have on the overall purchasing plans of Brazilian consumers in 2009
- Web surveys of 203 consumers who are 25 years or older in Brazil and are aware of the crisis
- Survey took place from October 10 – 20, 2008

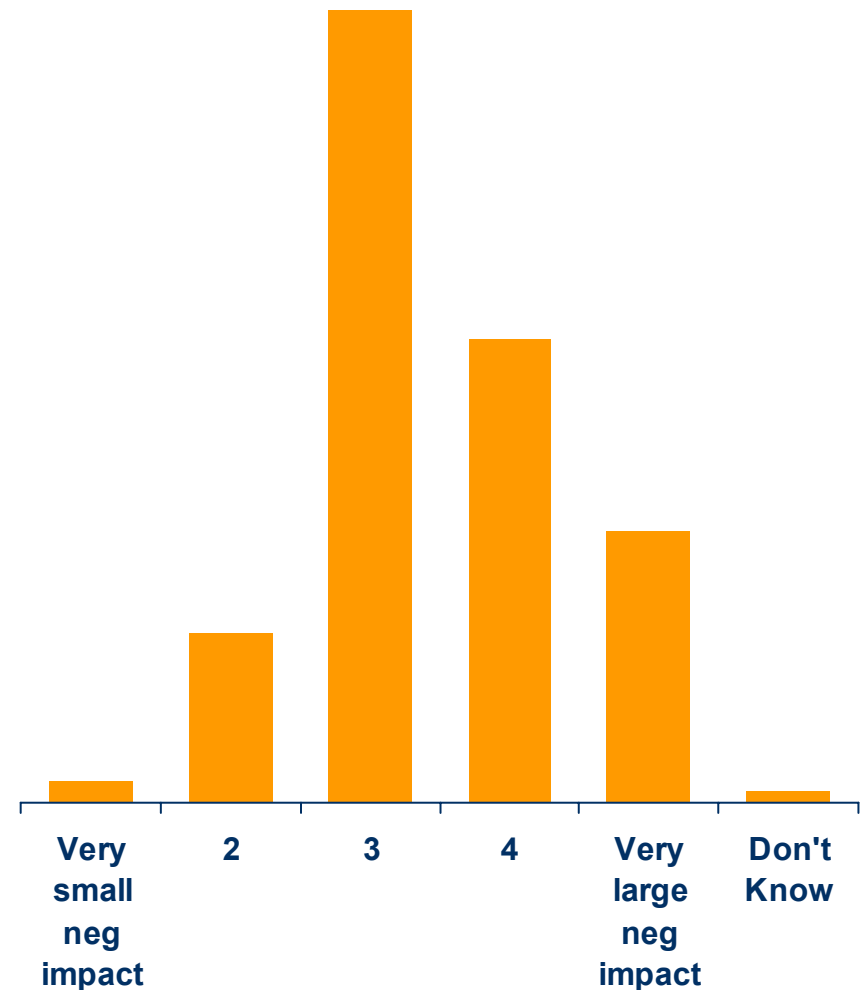
How Negative is the Impact Expected to be on Brazilian Consumers?

Impact of Crisis In Personal Spending



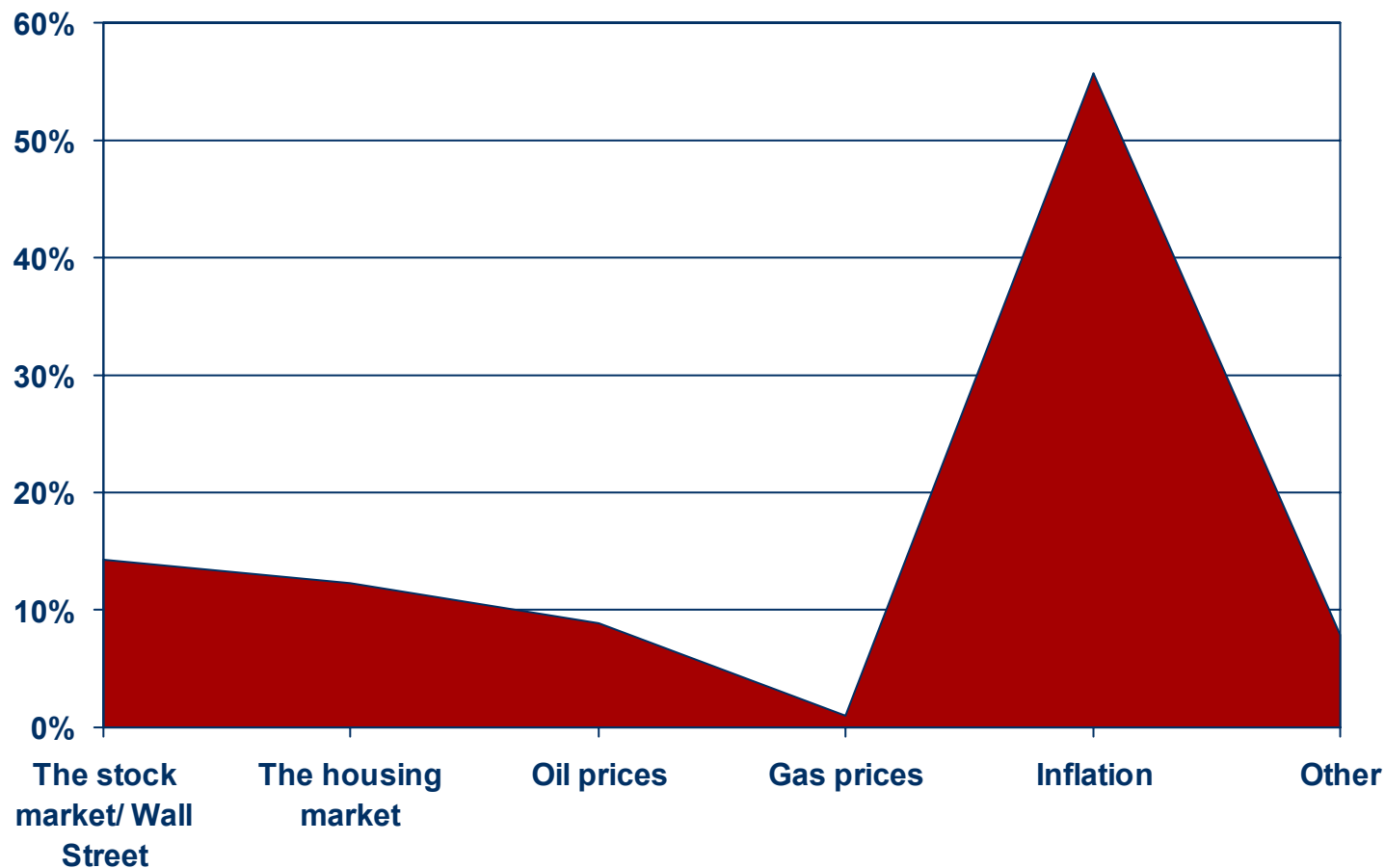
N = 203

Size of the Impact



Biggest Brazilian Consumer Concerns of the Crisis

Q: Which aspect of the current economic situation concerns you the most?



N = 203

The Effect of the Crisis on Consumer Electronics Spending in Brazil

Q: Has the financial crisis that started in the US in September changed any of your spending plans for high-end consumer electronics, such as digital camera, iPhones, videogames, flat panel or high definition TVs or personal video recorders in the next 3 months?

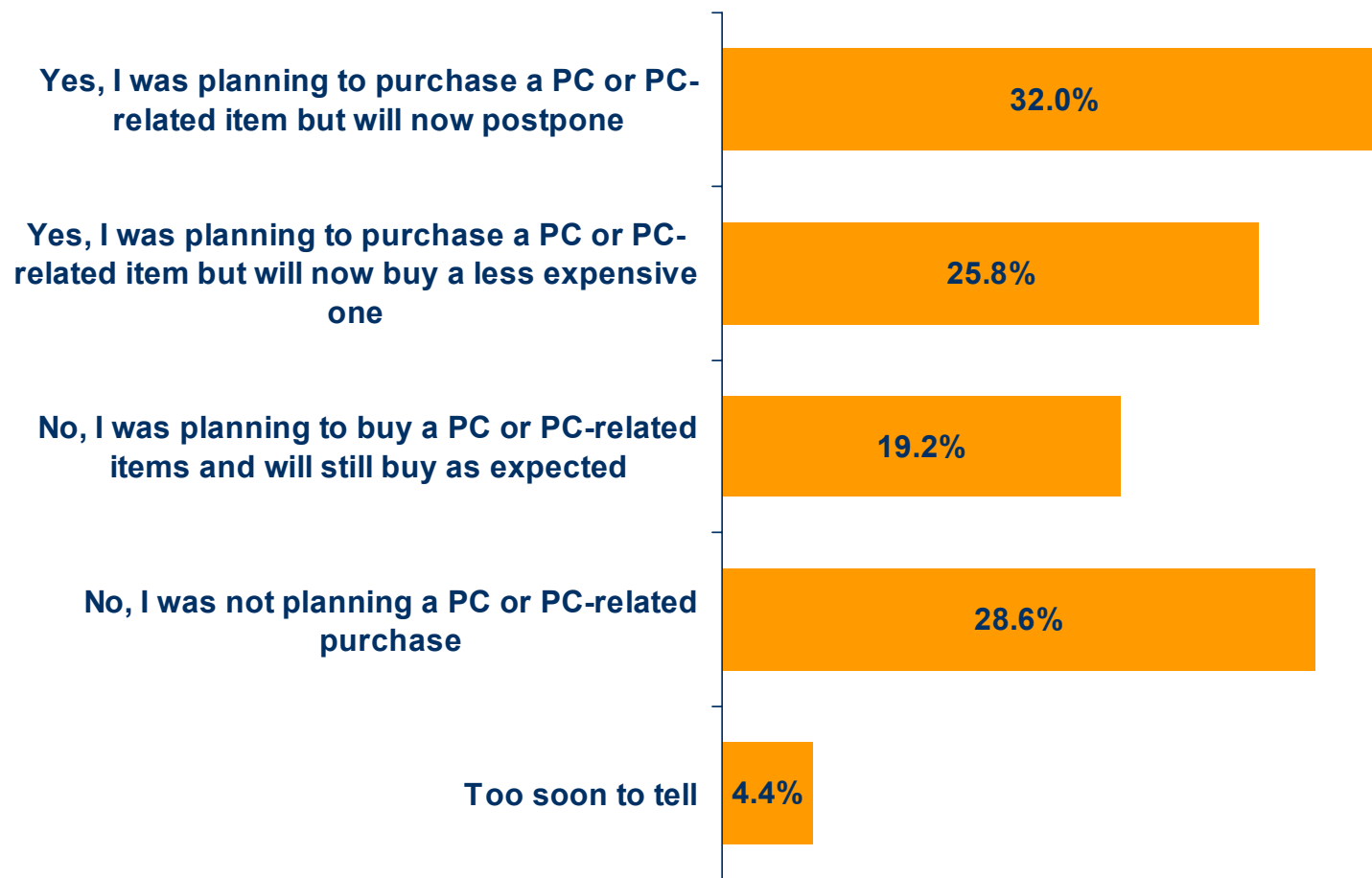


N = 203

The Effect of the Crisis on Consumer PC Spending in Brazil



Q: Has the financial crisis that started in the US in September changed any of your spending plans for PCs or other PC-related items in the next 3 months?

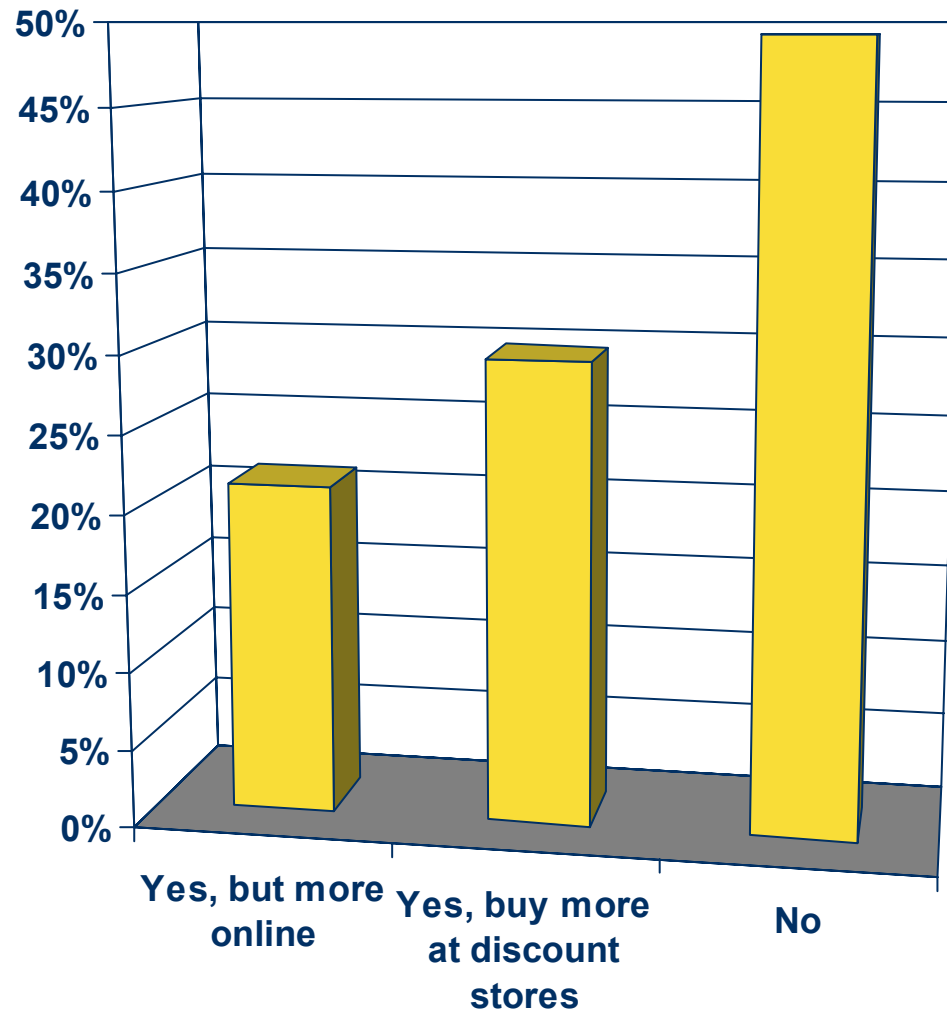


N = 203

Half of Consumers Expect to Change Their Buying Locations as a Results of Crisis



Q: Has the current economic situation changed *WHERE* you purchase items?

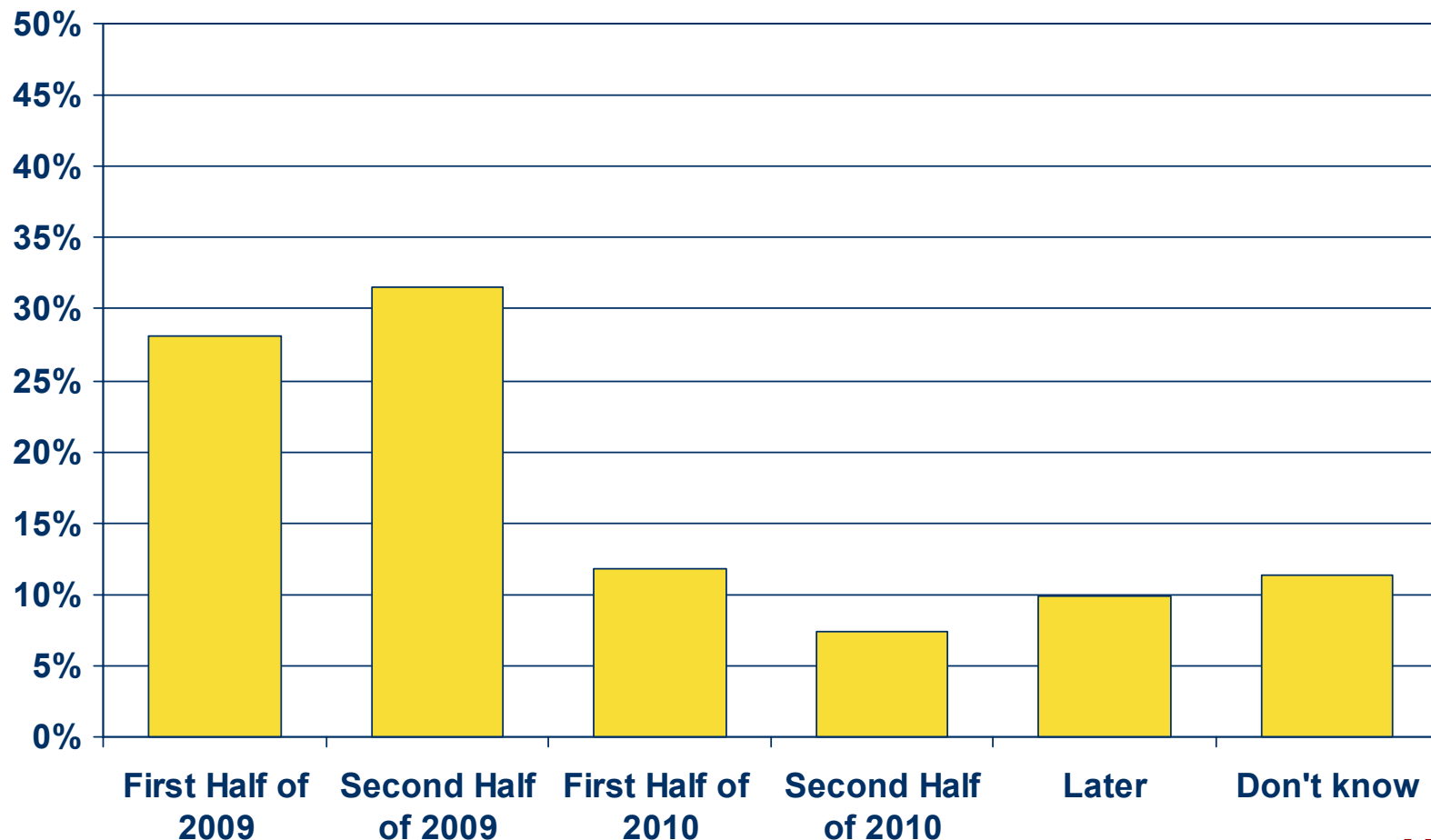


N = 203

Latin American Consumers Slightly More Pessimistic than Enterprises on Length of Crisis



Q: When do you think the financial crisis will be over and the US economy will return to growth?



N = 203

Key Takeaways

- Vendors began to see the effects of the crisis beginning with mid-October orders, especially in the consumer HW side.
- In general we expect these markets to decline more than the average in 2009:
 - Hardware – New PC purchases, Servers, Mobile Phones
 - Software – Industry Specific applications
 - Services – IT consulting, Applications development
- Some areas where we expect to find opportunity in 2009 include
 - Mini-notebooks, Server and Storage virtualization, Network and Desktop Outsourcing, Mobile broadband, Mobile services, IP telephony
- Brazilian consumers are most concerned about the effects that the crisis will have on inflation in the country
- Nearly half of Brazilian consumers surveyed expect to postpone purchases of consumer devices over the coming 3 months
- One-third of Brazilian consumers who were planning on purchasing a PC will now purchase a lower-priced model instead of the one they were considering
- Latin America, in general, is less pessimistic than the US about prospects for 2009
- We are reducing our overall Latin America IT Spending forecasts for 2009 to 7.8% (versus 2.6% WW). LA remains #3 fastest growing region for 2009.

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