
IT Application Research

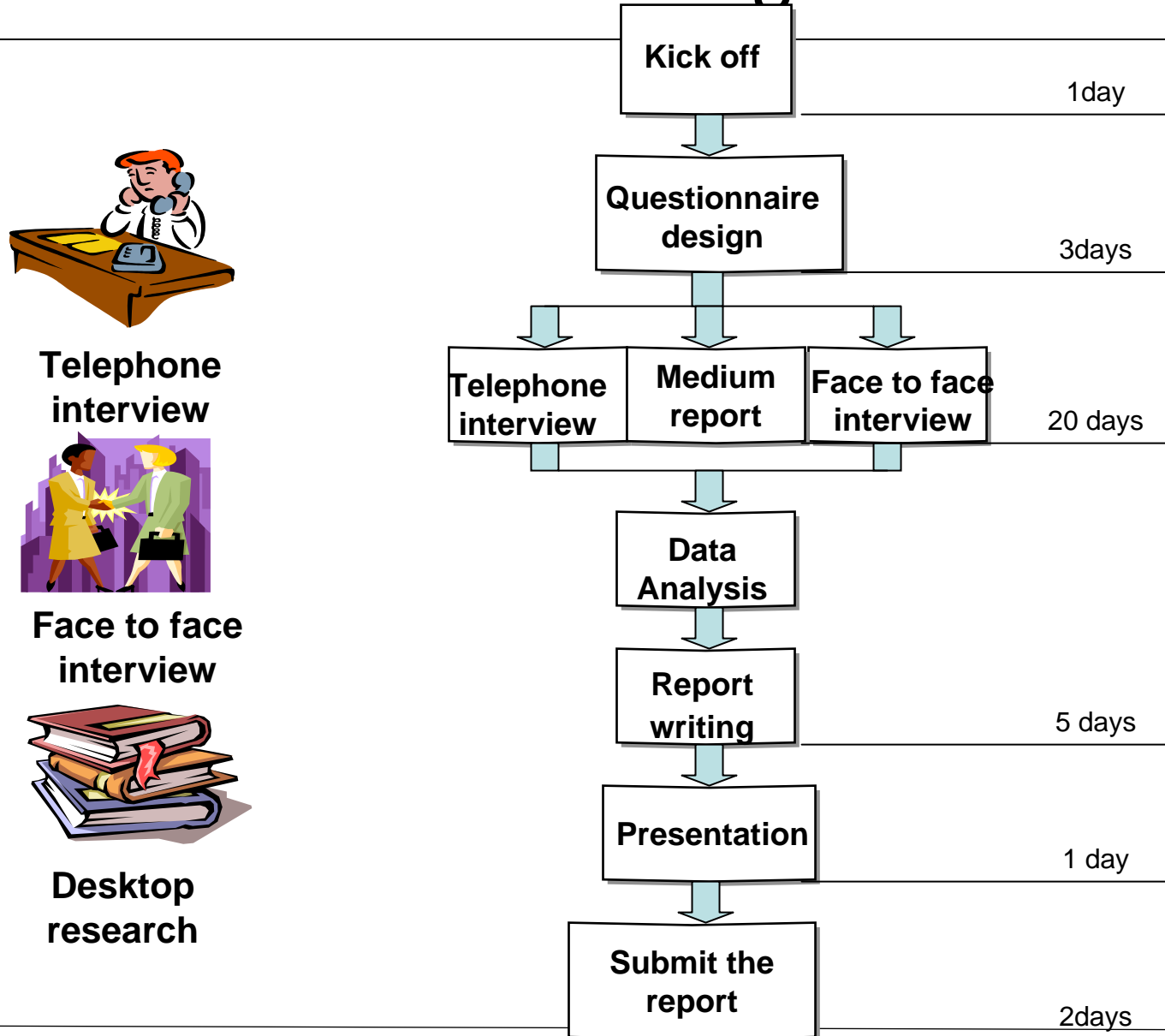
Sample:

China SME Market

Key Findings

- **There are 3.25 million enterprises in China, SME occupied over 99%.**
- **SME IT investment is RMB111.5B in 2005.**
- **By 2008, IT investment in small enterprises will grow faster than mid-sized ones; however, mid-sized enterprises still own the bigger market share.**
- **Enterprise software investment is RMB7.28B in 2005; Finance、SCM and OA own 67% of the market.**
- **Top three supplier is UFIDA 、Kingdee、Langchao; less than 50% of the market is occupied by top ten supplier。Microsoft is the most competitive successor potentially.**
- **Finance, OA,SCM software earn biggest investment, E-commerce growing fastest.**
- **Cost performance is the top concern of SMEs, and SMEs hope to purchase software from the software vendor.**
- **By 2010, SME market will grow up to RMB291.6B within a CAGR 21.2%. Enterprise software is 24.3 billion with a CAGR 27.3%; manufacture will be still the biggest market.**

Methodologies



Definition

Industry

- **Manufacture**
 - Electronics
 - Machinery
 - Textiles/clothes
 - Food
 - Other

SME

- Annual Revenue less than RMB 500 million**
- **Medium-Sized Enterprises; 100-500 million RMB**
 - **Small-Sized Enterprises: less than RMB100M**

Enterprise Software

- Finance
- Manufacturing Mgt
- Supply chain Mgt
- Customer Relationship Mgt
- Human Resources Mgt
- E-commerce and Enterprise Portal
- Collaboration office Mgt
- Business Intelligence
- Other

Region

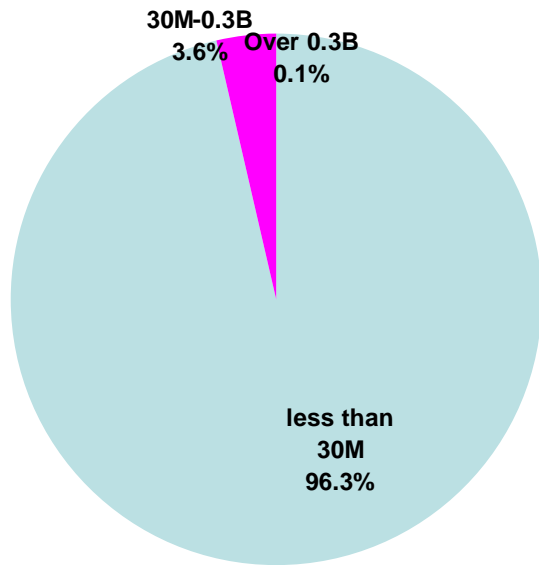
- Eastern China
- Northern China
- Southern China
- Others: Central, Southwest, Northwest and Northeast China

Note: ERP is not indicated in this research because Chinese consumers have no uniform understanding.

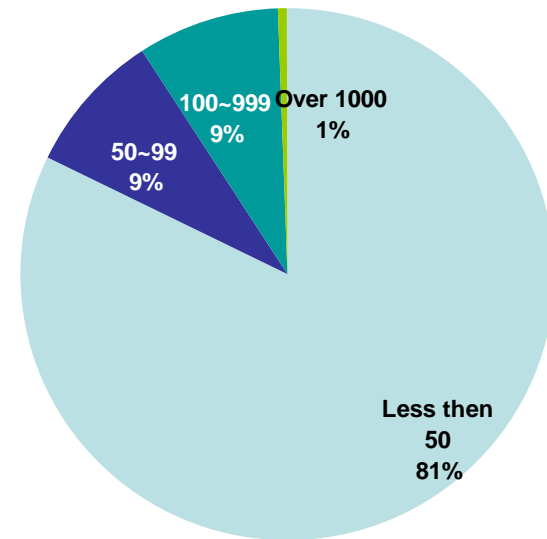
Overview of China SMEs

- There are 3.25M enterprise corporations

Distribution by Revenue (¥RMB)



Distribution by Employee



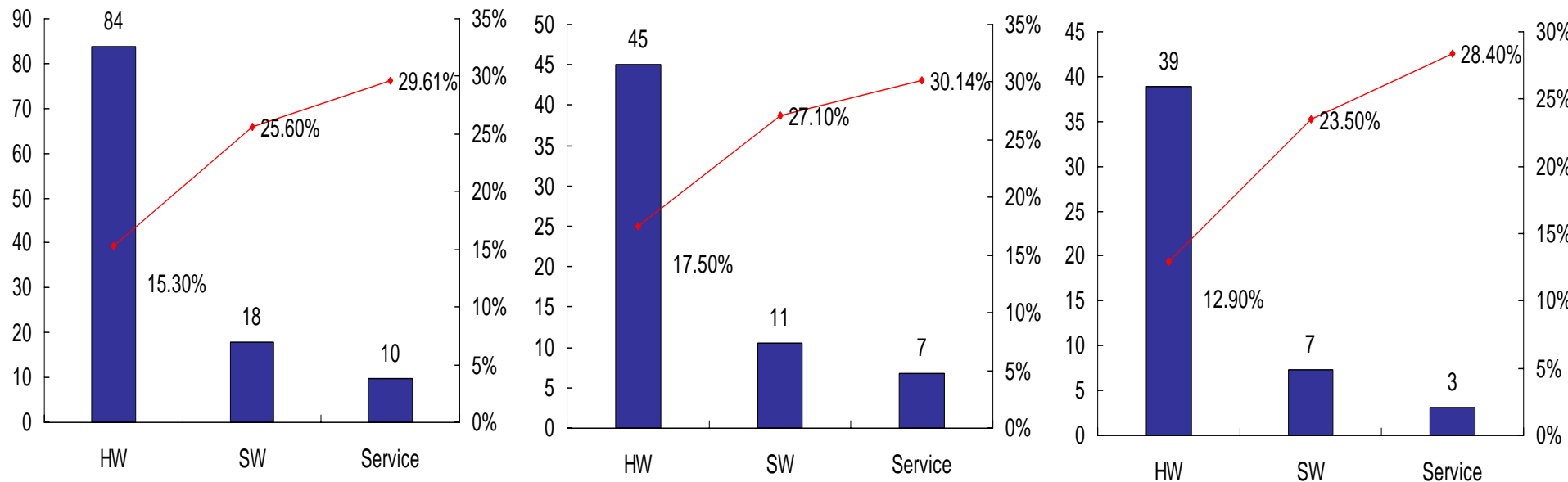
IT Investment in SMEs

- IT investment in SMEs is 111.5 billion RMB in 2005 in China; Midsize enterprises owns 62.2 billion, Small enterprises owns 49.3 billion
- IT investment in Service industry grows very fast; hardware earns the biggest proportion.

SMEs overall(¥billion RMB)

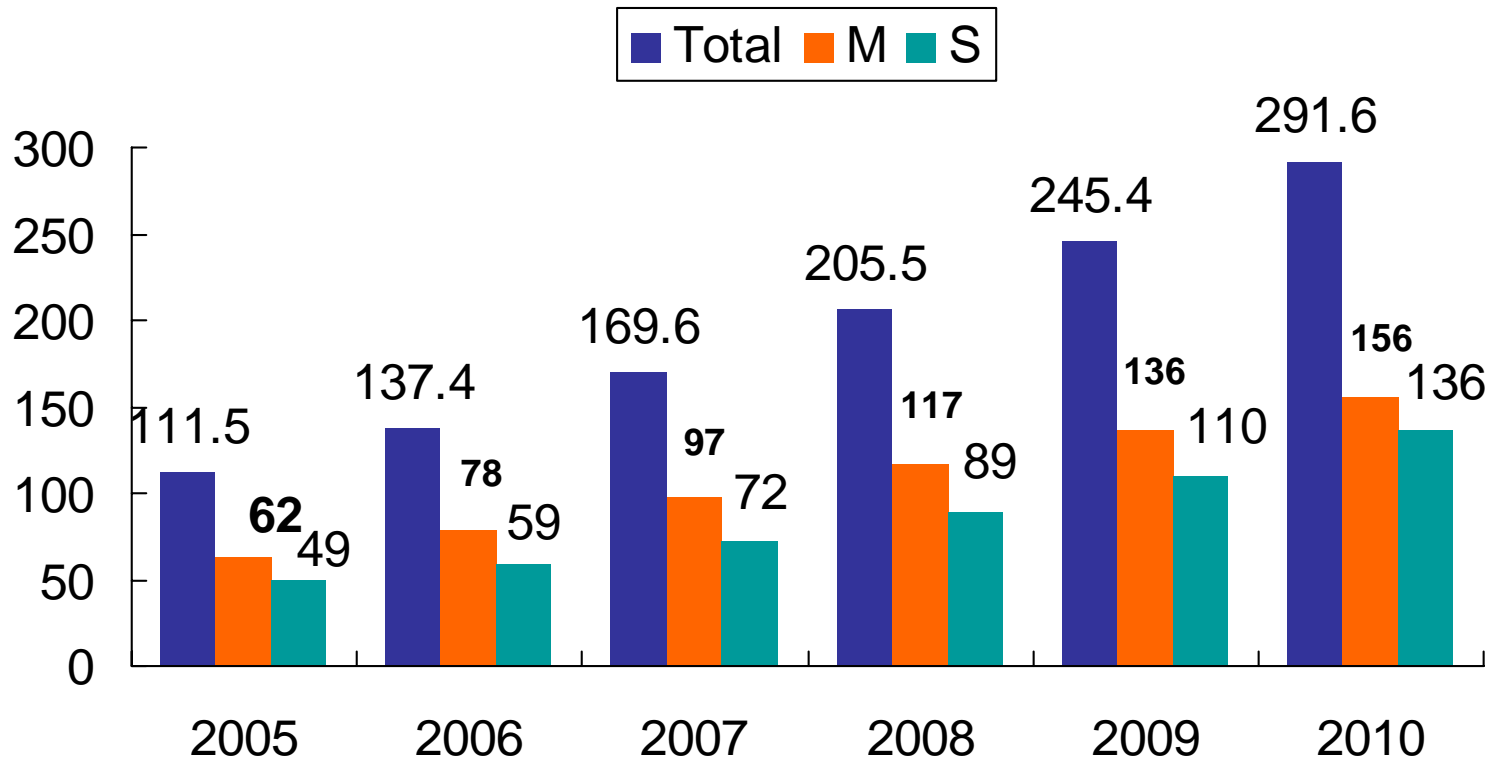
Midsize enterprises overall (¥billion RMB)

Small enterprises overall (¥billion RMB)



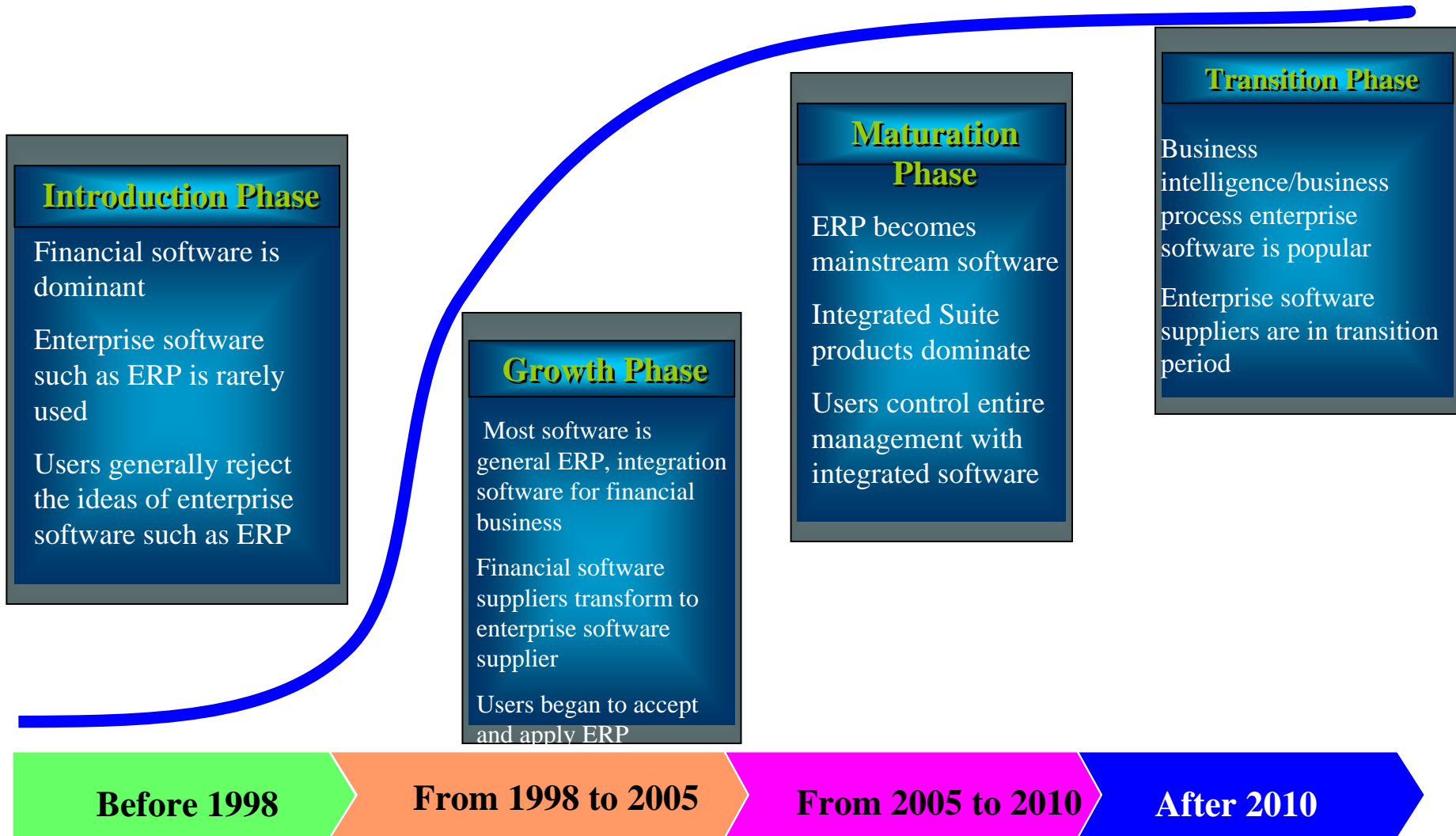
IT investment in next five years

- By 2010, China SME market is forecasted to be 291.6 billion within a CAGR 21.2%;
- Midsize enterprises is forecasted to be 155.5 billion within a CAGR 20.1%;
- Small-sized enterprises is forecasted to be 136.1 billion within a CAGR 22.5%;



Unit: Billion RMB

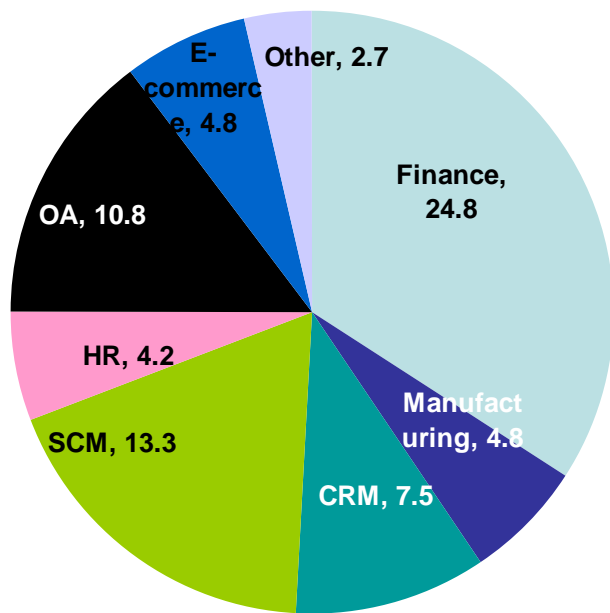
Chinese Enterprise Software has been Entering Maturation Phase



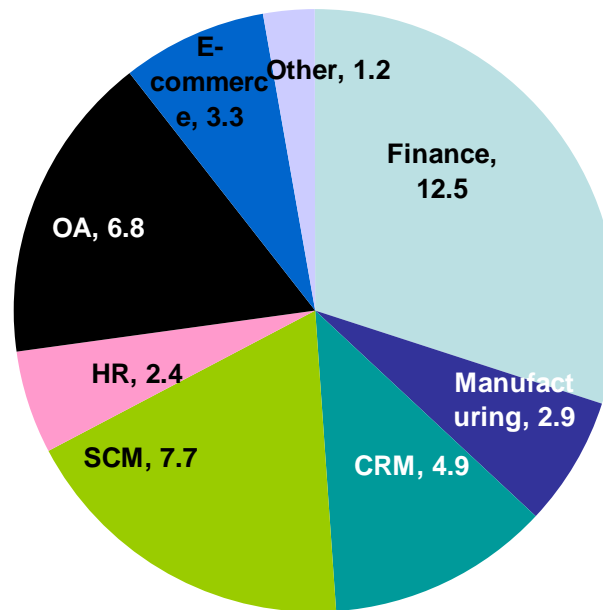
Market Size of Enterprise Software

- Investment in enterprise software of SMEs is 7.28 billion RMB in 2005, Midsize owns 4.161 billion, Small owns 3.119 billion;
- Over 60% investment is for Finance, SCM and OA software.

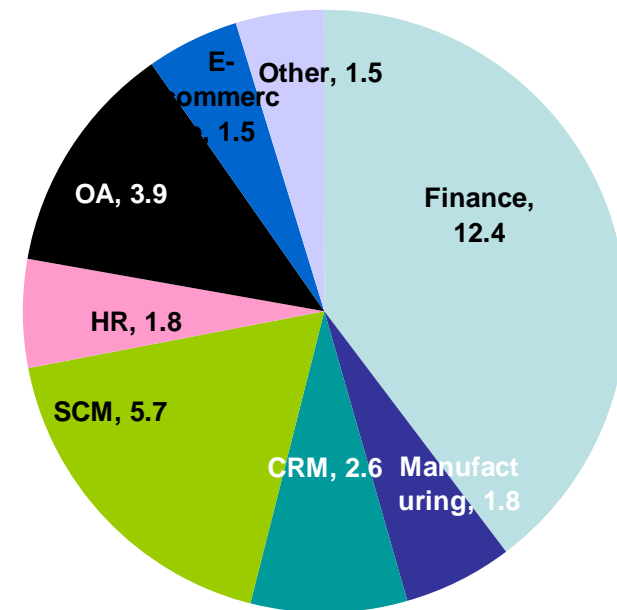
SMEs overall



Midsize enterprises overall

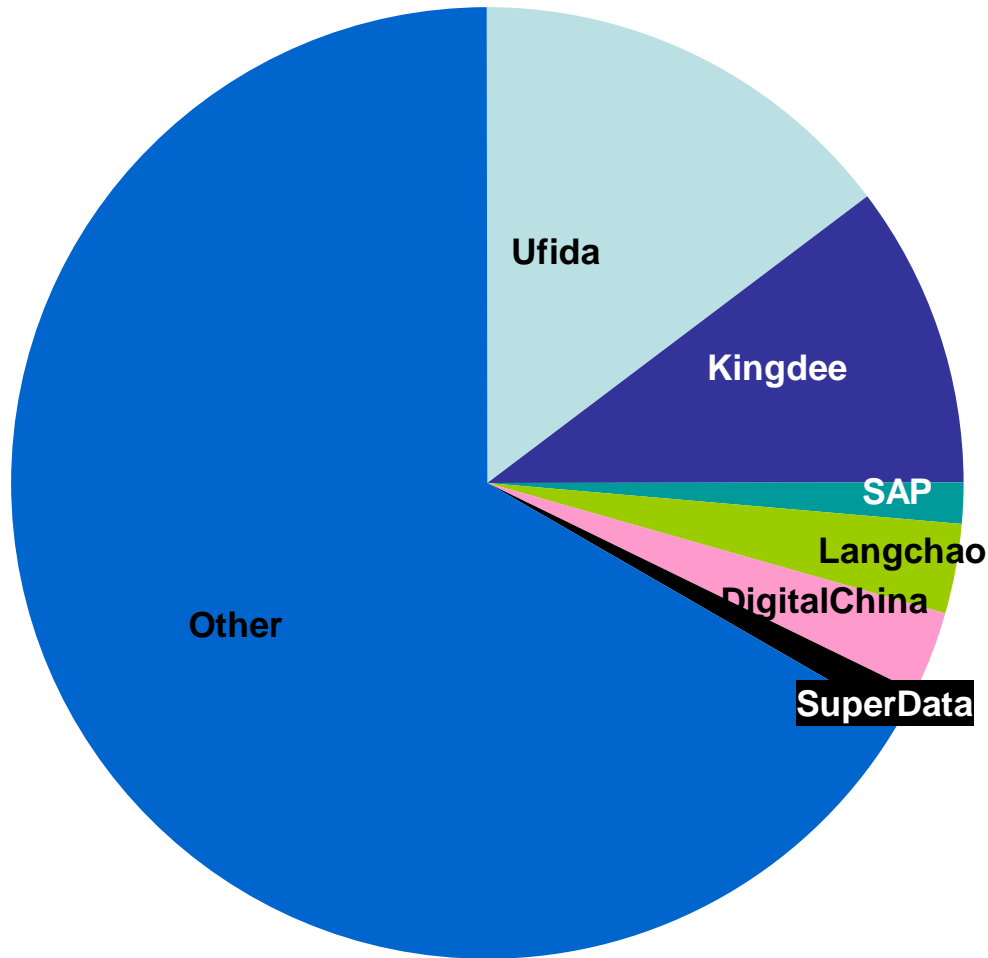


Small enterprises overall



Unit: hundred million RMB

SMEs Enterprise Software Market

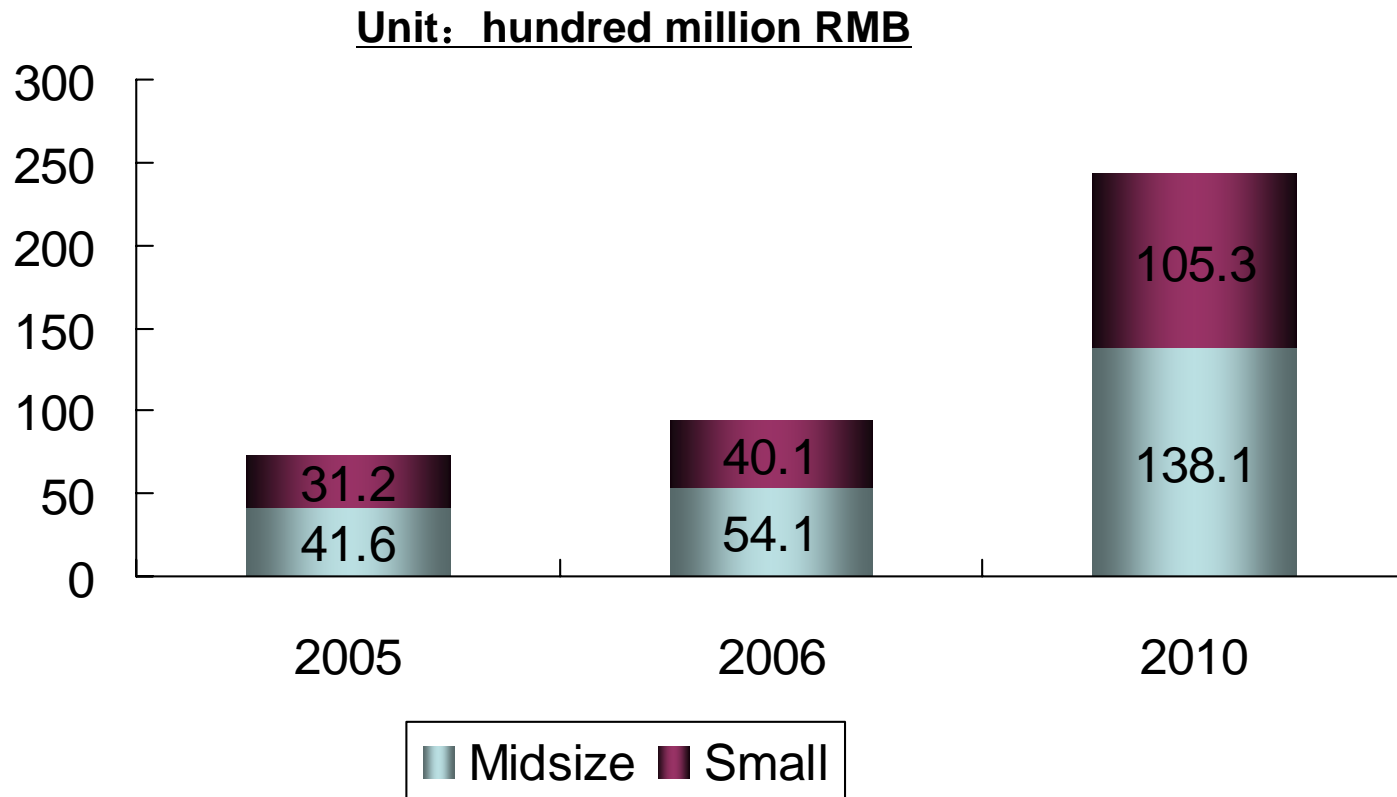


Notes

- It indicates the whole SME market including all industries.
- Brand concentration is very low, top 10 owns less than 50% of the market.
- Microsoft, New world, Opensource software such as Compiere etc, ASP such as salesforce.com are most powerful potential competitors.

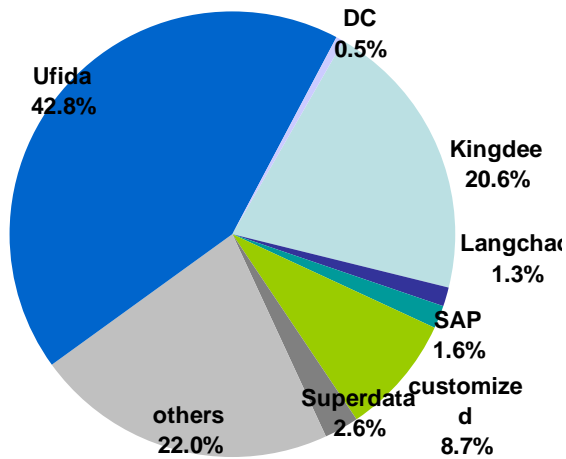
IT Investment in the next five years

By 2010, IT Investment of China SME is forecasted to reach RMB 24.34 billion, with a CAGR of 27.5%.

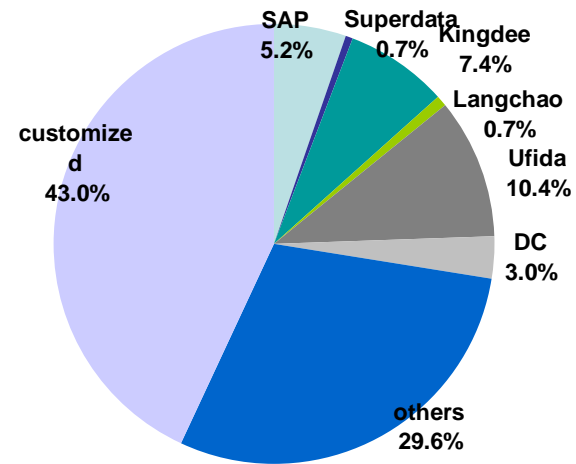


Software Brand Distribution in SMEs

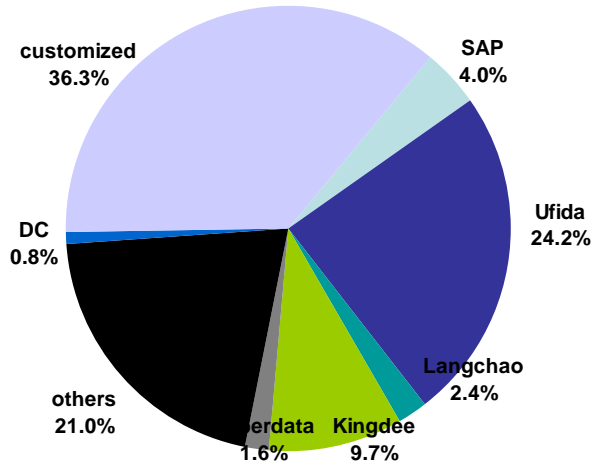
Brand Distribution of finance software



Brand Distribution of manufacturing software



Brand Distribution of SCM



Brand Distribution of CRM

