

# China SME tech purchases surging

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A report by a government-run technology consultancy says IT spending by small and medium enterprises in China will top \$28 billion dollars in five years.

Xinhua quoted the China Center of Information Industry Development (CCID) as saying spending by SMEs has become the main sector driving IT spending in the country. The sector has outspent the large-enterprise sector for the last three years, according to the CCID report

Industry analysts note software sales have lagged behind hardware purchases in the China tech market; however, the CCID report notes a surge in SME software purchases and "big progress" in the application of information technologies, shifting from financial to solution software.

According to CCID, software sales reached 17.16 billion yuan (more than \$2.14 billion dollars) in 2004 accounting for 15.8 percent of the overall IT investment by the sector last year. This was a 2.2-point rise over 2003.

The Beijing-based firm said the 2006-2009 timeframe will be a crucial period for SME market maturity. CCID Consulting predicts the Chinese SME market will grow at an average annual rate of 18 percent in the next three years, on the basis of a 100 billion yuan market scale in 2004.

The CCID is a quasi-private consulting company that belongs to the Ministry of Information Industry. It operates in four major areas: IT, Media, Consulting and Training.

It targets government organizations, enterprises and vertical industry communities offering information services that include planning, policy studies, market surveys, software testing and localization.

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