

Business software market likely to stay flat this year

March 30 2009, By John Letzing

Research firm Gartner Inc. said Monday the market for software sold to businesses is likely to grow only 0.3 percent this year compared to 2008, a downward revision from the firm's previous forecast of 6.6 percent growth.

Gartner said the [business software](#) market still has the potential to weather the current [downturn](#) better than it did the Internet bubble, though it added that, "The full-year 2009 forecast could decrease an additional 1 to 2 percentage points leading to negative growth in 2009 if deteriorating economic conditions continue."

Gartner said it now expects worldwide business software sales to reach \$222.6 billion in 2009, compared to \$221.9 billion in 2008.

"The fourth quarter of 2008 was the turning point in creating an uneasy selling environment that may usher in several difficult quarters," Gartner research vice president Tom Eid said in a statement.

The largest business software providers, including Oracle Corp., [Microsoft](#) Corp. and SAP AG, have weathered the downturn relatively well _ though they have also been forced to make tough cost-cutting decisions as sales have slumped.

Microsoft said in January it would cut some 5,000 jobs, and has maintained that it expects to encounter difficult conditions this year.

German business software giant SAP said in January it would cut 3,000 jobs, despite fourth-quarter results that included a 13 percent increase in profit.

And Oracle earlier this month posted surprisingly strong results for its third fiscal quarter, though it also issued what many saw as a cautious outlook.

Shares of Oracle, SAP and Microsoft all fell alongside the broader market Monday.

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