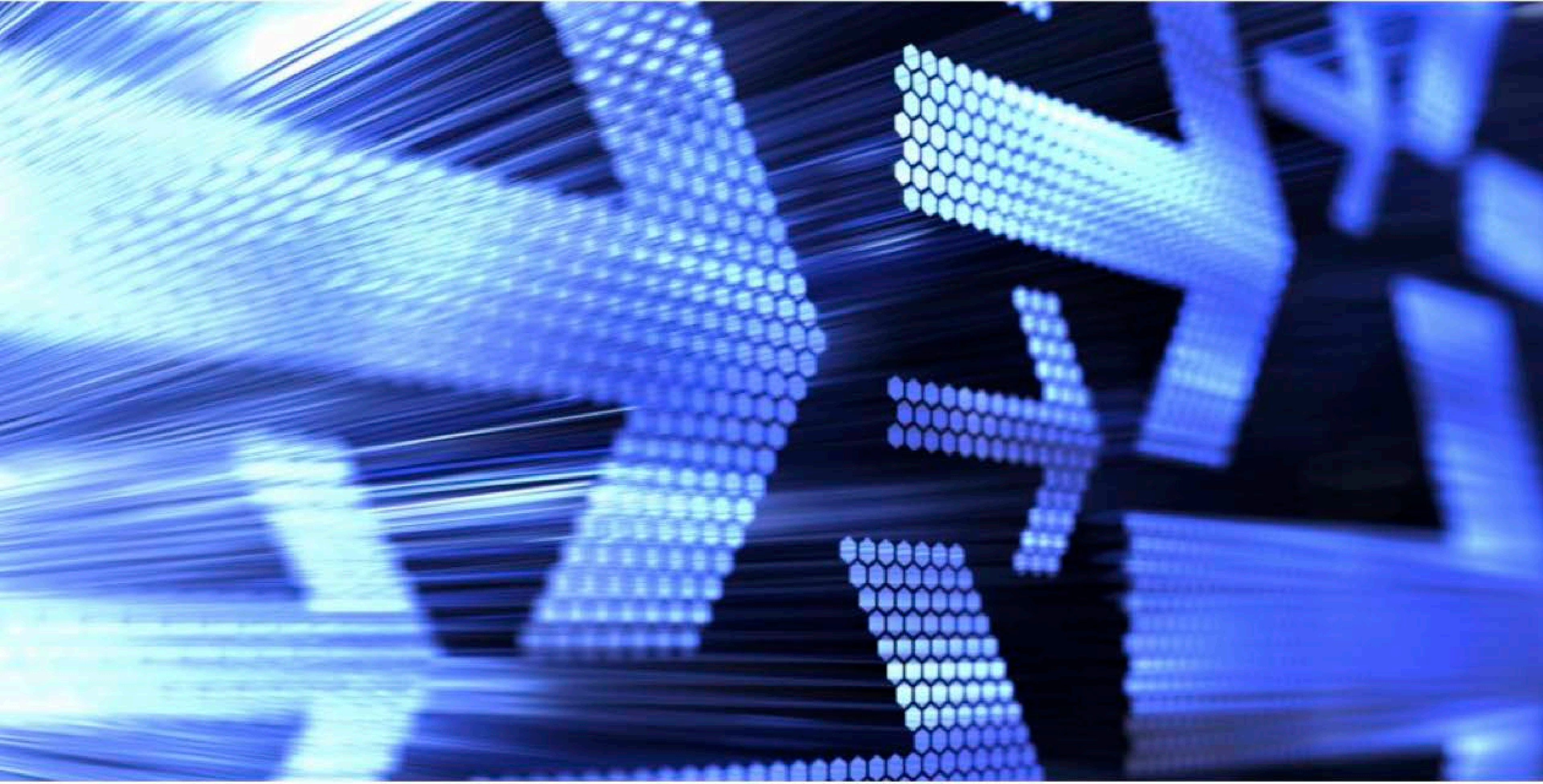


Finnish Software Industry Survey 2015

at Eteläranta, June 2015

Software Industry Survey

- Run in Finland since 1997. Year 2015 marks the 18th survey.
- The longest running software industry survey in the world.

- Provides annual overview of the industry.
- Changing research themes; Cloud and Flexibility in 2015.

- In two parts; Overview in June. Survey results in December.

Overview of the Finnish Software and IT Services Sector

Eetu Luoma, Hanna Kinnunen

University of Jyväskylä

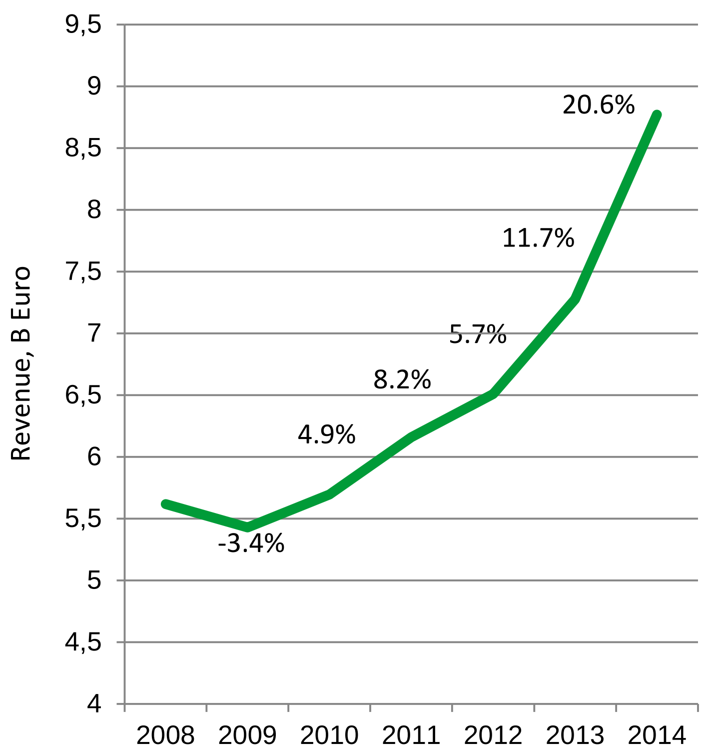
#softwaresurvey2015

Background: Prevalent Global Trends

- The global software markets grow 5-8% a year. (IDC, Gartner)
- Key trends: Cloud, data analytics and content applications.
- Polarization and emphasis on services continue, platforms and ecosystems around them important

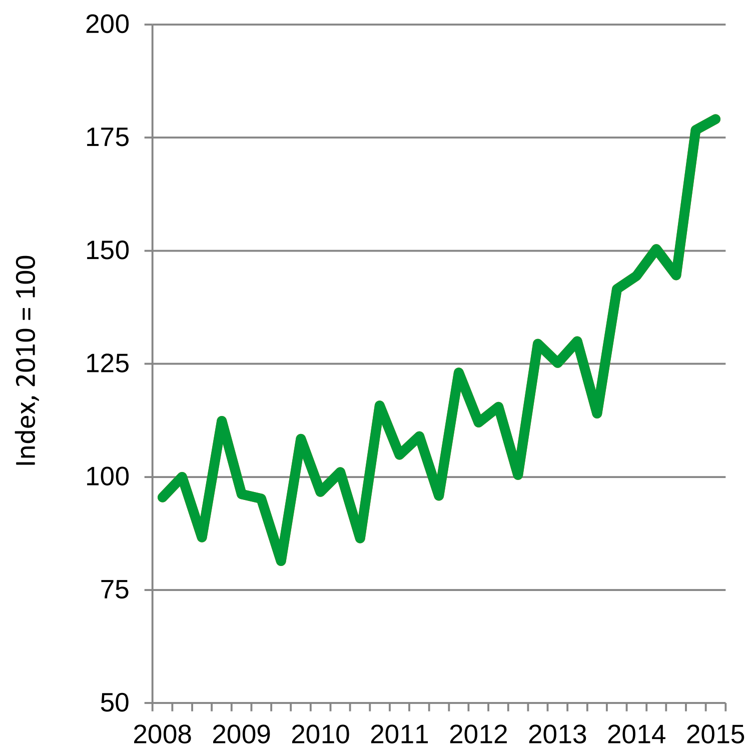
The Finnish Software and IT services industry grew 20.6% in revenue in 2014.

Annual growth of the software and IT services industry



Source: Statistics Finland, Industry code 62

Quarterly growth of the software and IT services industry



Source: Statistics Finland, Industry code 62

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What explains the growth?

- Internet as effective digital marketing and delivery channel
- Consumerism of IT and software brings about opportunities.
- Investments in growth entrepreneurship.

IT services companies in Helsinki Stock Exchange overcoming the tough times.

Company	Revenue in 2014	Change	Changes in business
Affecto	122 700 000	-7,7%	Changes in demand; less licenses sold, more Cloud
Basware	127 674 000	3,5%	Changes in demand; less licenses sold, more Cloud
Comptel	85 700 000	3,6%	
Digia	97 433 000	-0,3%	Growth from Qt ecosystem
Elektrobit	224 100 000	12,4%	Growth from automotive segment
F-secure	153 800 000	-0,8%	Changes in demand; less licenses sold, more services
Innofactor	44 100 000	34,9%	Growth from Microsoft ecosystem and Cloud
Ixonos	23 939 000	-28,3%	
QPR	9 541 000	9,8%	Growth in product sales
Solteq	40 933 000	7,4%	
SSH	16 200 000	21,8%	
Tecnotree	74 000 000	0,1%	Growth in product sales
Tieto	1 522 500 000	-5,2%	Sold BUs. Changes in demand; more Cloud.

- Combines revenues decreased by -2.2% from 2013.
- Overall, the economic cycle seems to be ending.

Industry polarizing into two types of service-oriented business models.

1) Standard applications over the Internet
   - For sprinters: Reacting quickly to changes in customer needs.
   - Software firms make use of platforms / ecosystems.

2) Integrated solutions
   - Full service: Consultancy, Implementation, Operating
   - For marathoners: Long-term, mutual relationships with customers

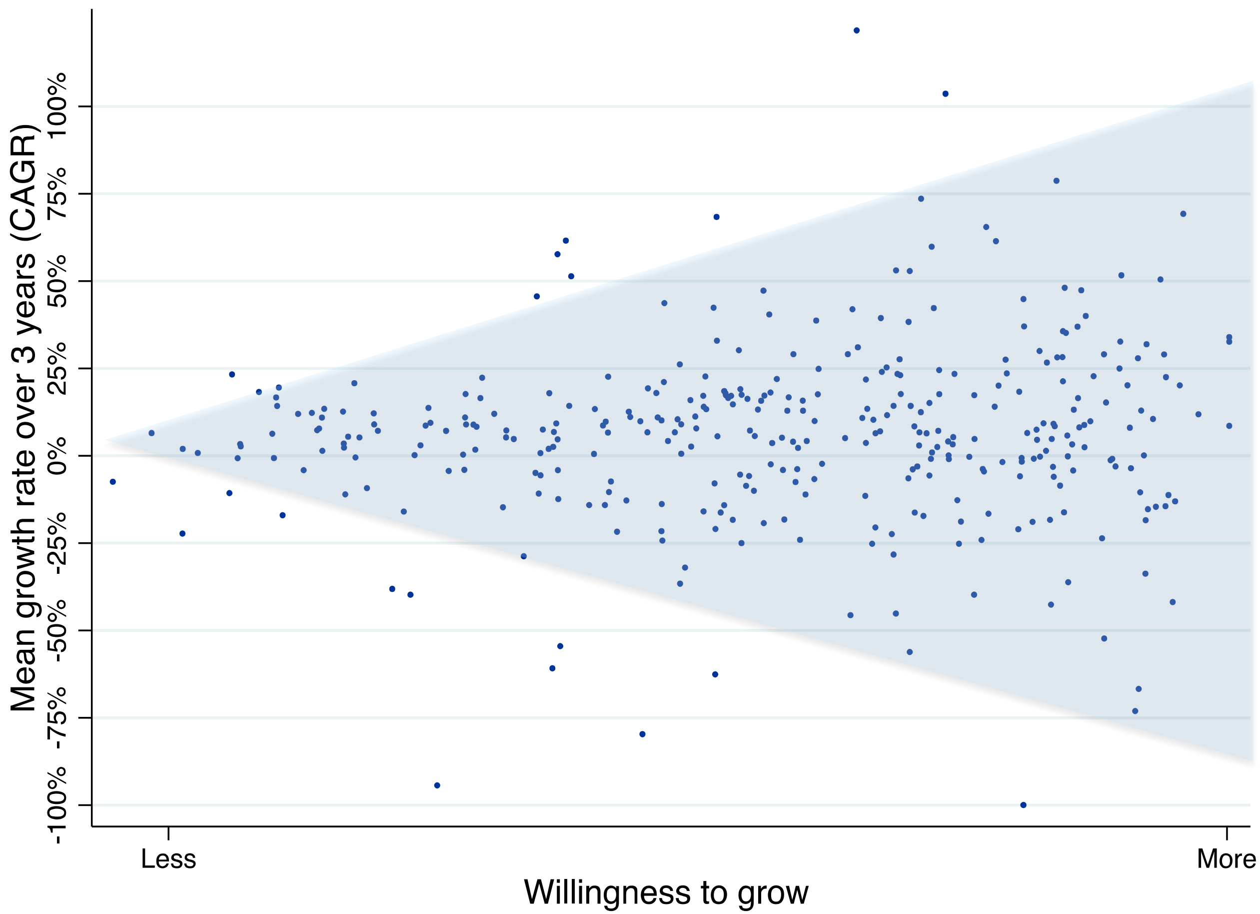
Both types are service-oriented and represent the third step after customer-specific software and software products.

Longitudinal study about growth orientation

Mikko Rönkkö

Aalto University

Growth orientation of software entrepreneurs is needed for success stories and industry renewal.



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Conclusions and interpretations

- What are the companies driving the growth like?
  - Growth is driven by smaller firms exploiting digital channels and consumerism of IT. New expertise needed.

- How to react on the industry changes?
  - Requires employing new technologies and processes. Investments in R&D efforts essential.

- Why are growth firms important to the industry?
  - Growth-oriented firms will more likely achieve high revenue growth. Thriving firms attract investments and drive industry renewal.

Contact for further details

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Teknologia teollisuus

TIVIA Tieto- ja viestintätekniikan ammattilaiset ry

Aalto-yliopisto