

In-Stat/MDR
LAN Research Panel Findings
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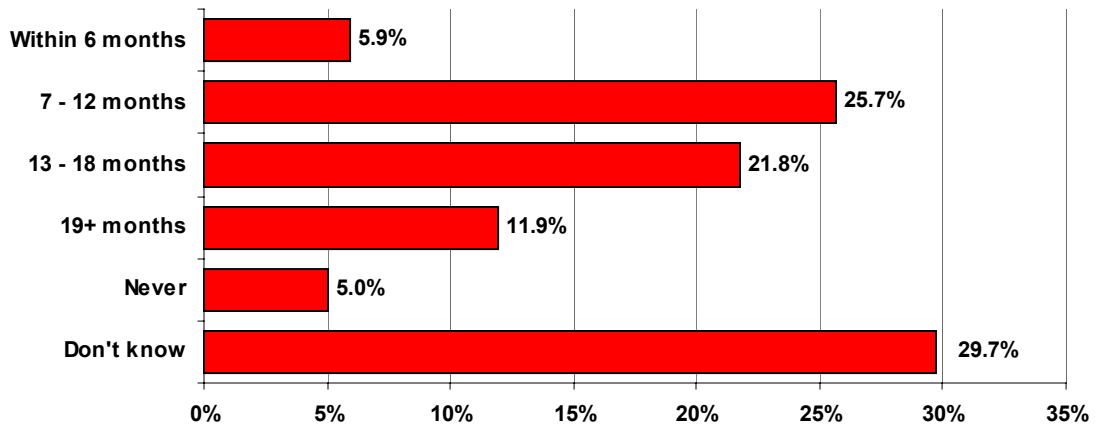
“LAN Capital Expenditures: A Recovery In Sight”

“LAN Capital Expenditures: A Recovery In Sight” is the eighth installment of the LAN Research Panel and provides primary, end-user data on trends in IT budgets for LAN equipment in companies and organizations today. Panel members represent companies of all sizes and a range of industry verticals. Data for this report was collected in June and July of 2002, and includes information and analysis on IT spending trends over the last two years, IT spending plans for the next 12 months, key LAN technology areas targeted for investment, critical attributes for vendor and product selection, and IT staffing trends. Among the key findings: LAN capital expenditures will start to see a recovery in the near term.

Owing to the difficult economic circumstances for virtually all networking equipment vendors as customers decrease or eliminate orders, there is widespread interest in determining when a reasonable recovery in IT spending by companies will occur. Consequently, In-Stat/MDR has surveyed our proprietary LAN Research Panel to obtain the following results:

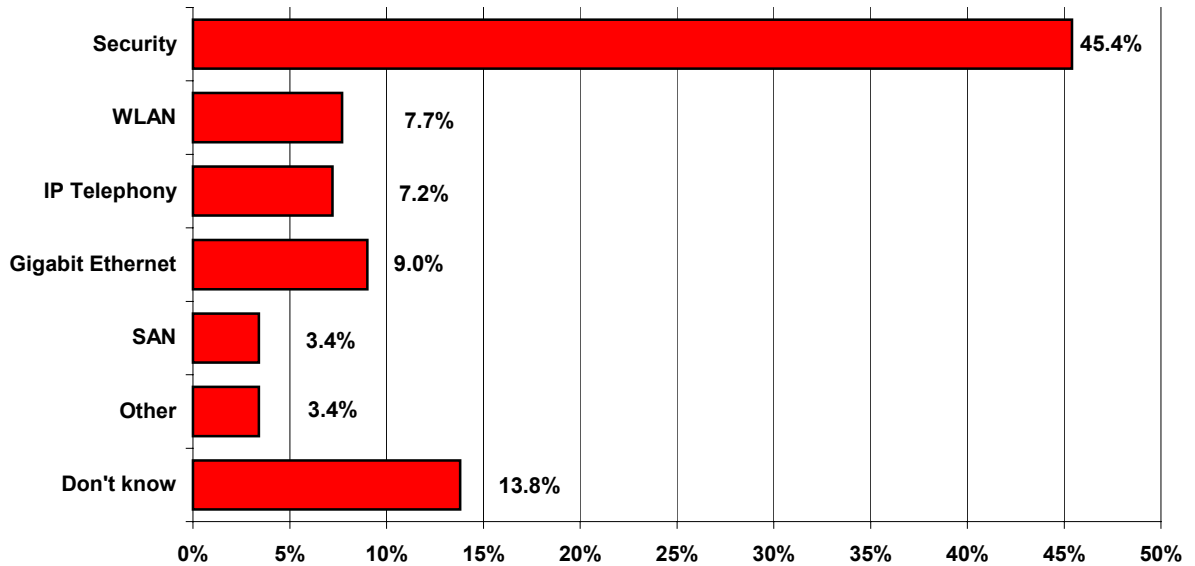
- Large companies represented in the panel have curtailed their spending the most over the past two years. They are also slightly pessimistic than smaller companies in the panel about when an IT budget recovery will occur. However, it is important to note that overall, only 26.8% of the panelists decreased their IT budgets from 2001 to 2002, and only 22.0% decreased their budgets from 2000 to 2001.
- In particular, “new” technology budgets — such as WLAN and SAN — had been curtailed the most.
- A very large percentage — 47.5% — of those panelists whose companies have cut their IT budgets in the past 12 months believed their companies’ IT budget will return to previous levels of a year ago in the next 7 – 18 months.
- Panel companies were most concerned about vendor stability and product price, in regards to their selection criteria for new networking equipment purchases.
- Security technologies, such as firewalls and Virtual Private Networks, were the areas that will see the largest amount of IT investment by the panel companies in the future.
- As a sign that panel companies remain optimistic in their overall view of their IT budgets, most had not reduced their IT staff in the past 12 months and an even smaller percentage had any plans to reduce their IT staff over the course of the next 12 months.

You have indicated that your company is currently spending less on LAN technology today as compared to 12 months ago. When do you foresee these capital expenditures returning to previous levels? (n = 101)



Source: In-Stat/MDR, 7/02

Which of the following technology areas is your highest priority over the next year? (n = 377)



Source: In-Stat/MDR, 7/02