

The Software Industry in Europe



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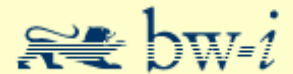
The purpose of this presentation is to:

- Demonstrate the importance of the European Union – the world's largest single market
- Outline its future dimensions as it expands towards the east
- Describe the present status and future prospects for the software industry within this market
- Explain why Baden-Württemberg is the ideal location from which to serve the Software market – Europe wide

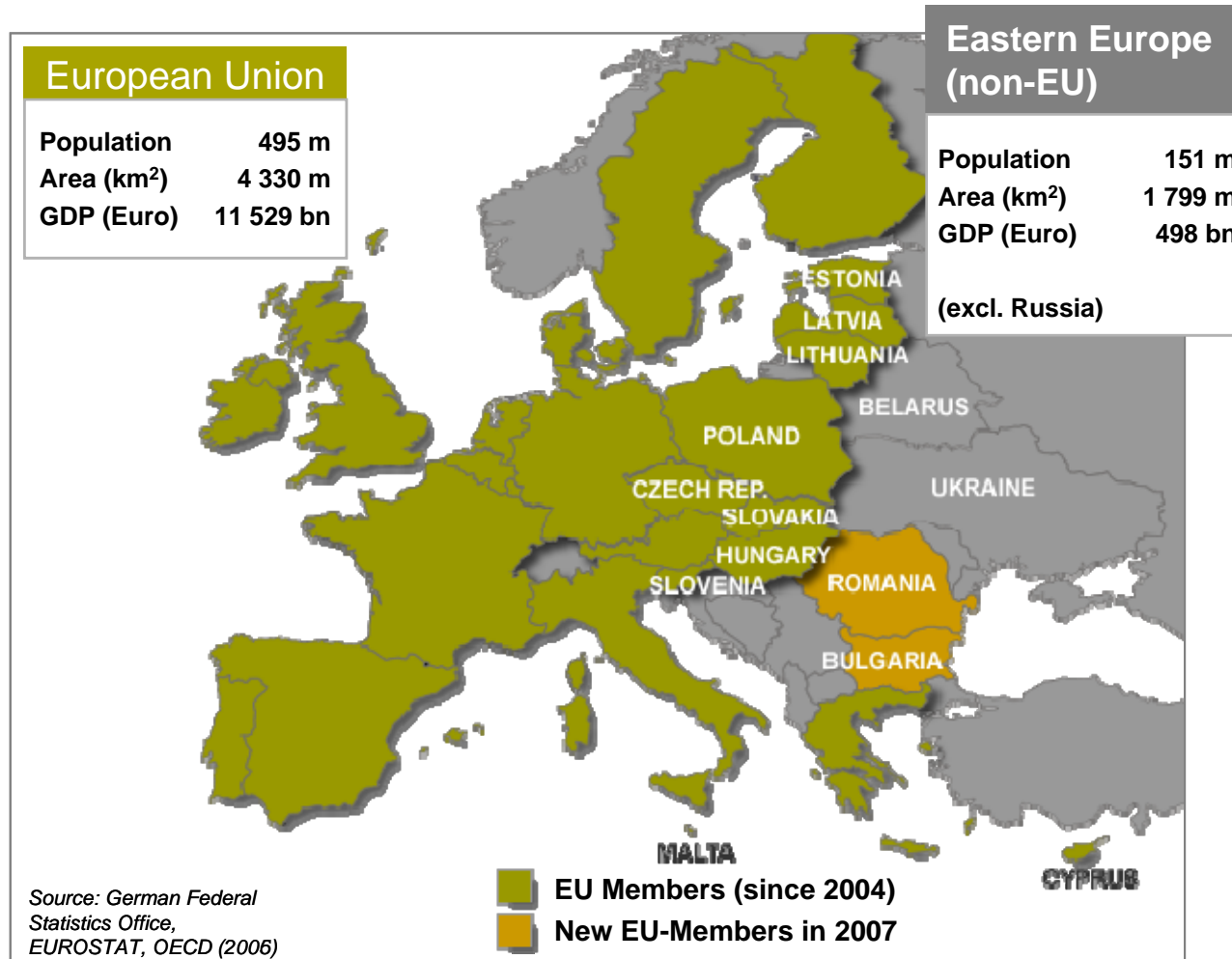


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Europe is expanding towards the East



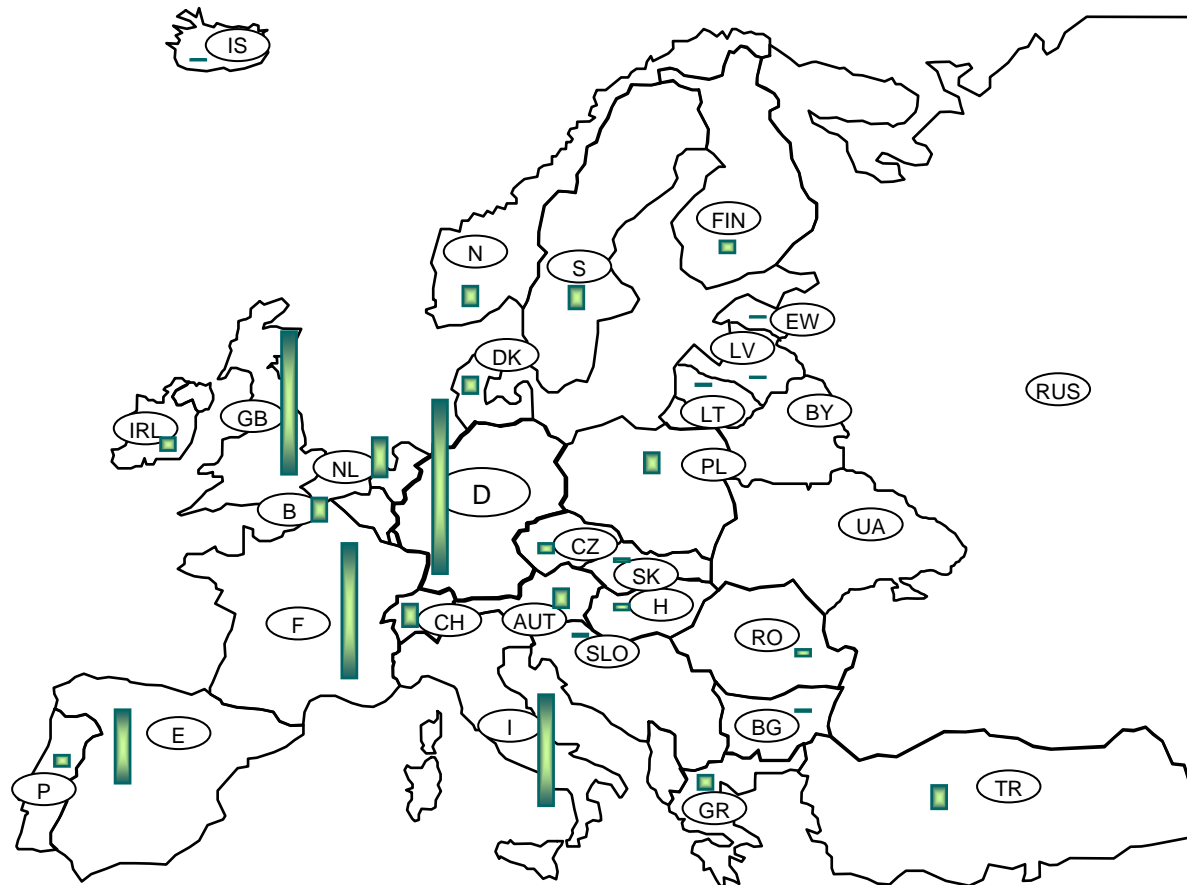
In the last two decades, the sharp contrasts between the Western and the Eastern European countries have been fading and the European Union is the major driver for Europe's integration.

Since May 2004, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, the Baltic States, Cyprus and Malta are members of the European Union. In 2007, Romania and Bulgaria are have joined the EU.

European integration opens up a vast market for your company with untold market opportunities.



The leading Markets in Europe



In 2006, the 27 member states of the European Union had a total Gross Domestic Product of Euro 11 529 bn, exceeding the GDP of the USA (Euro 10 550 bn) and Japan (Euro 3 478 bn).

Four of the member states – Germany, Italy, France and the UK – are among the six largest economies of the world. Of these, Germany has the highest GDP, the largest population, and the highest purchasing power.

Within Germany, the State of Baden-Württemberg, Germany's southwest, is one of the most prosperous and innovative regions.

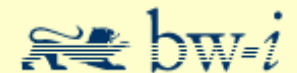
Source: German Federal Statistics Office, EUROSTAT, OECD (2006)

■ Dimension of total GDP

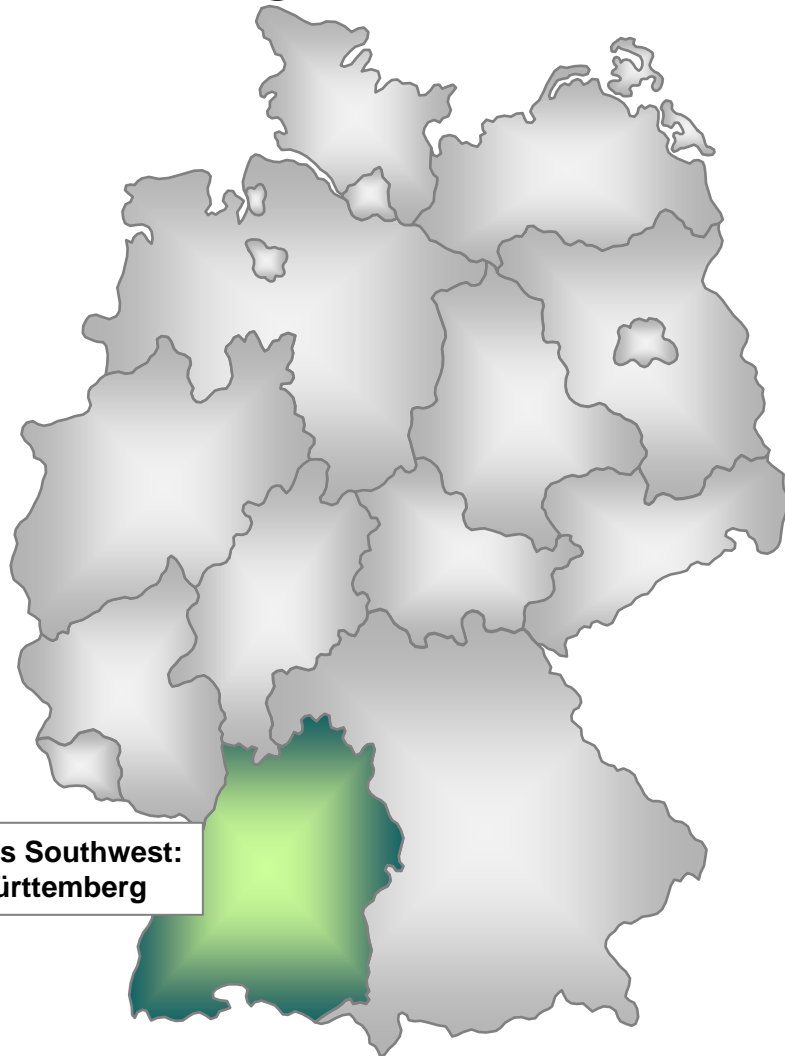


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The right Location for Growth and Prosperity



Germany's Southwest:
Baden-Württemberg

Baden-Württemberg is already the most highly industrialized and one of the most prosperous regions in Germany.

Its proximity to important markets – east and west – makes it an ideal location for pan-European activities.

And it has further merits:

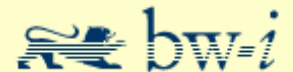
- It has a highly developed infrastructure – suppliers, R&D facilities, business services.
- Its workforce is well trained, innovative and productive.
- Its companies have an established export orientation and know how to penetrate new markets.

It is set to succeed in the 21st Century.



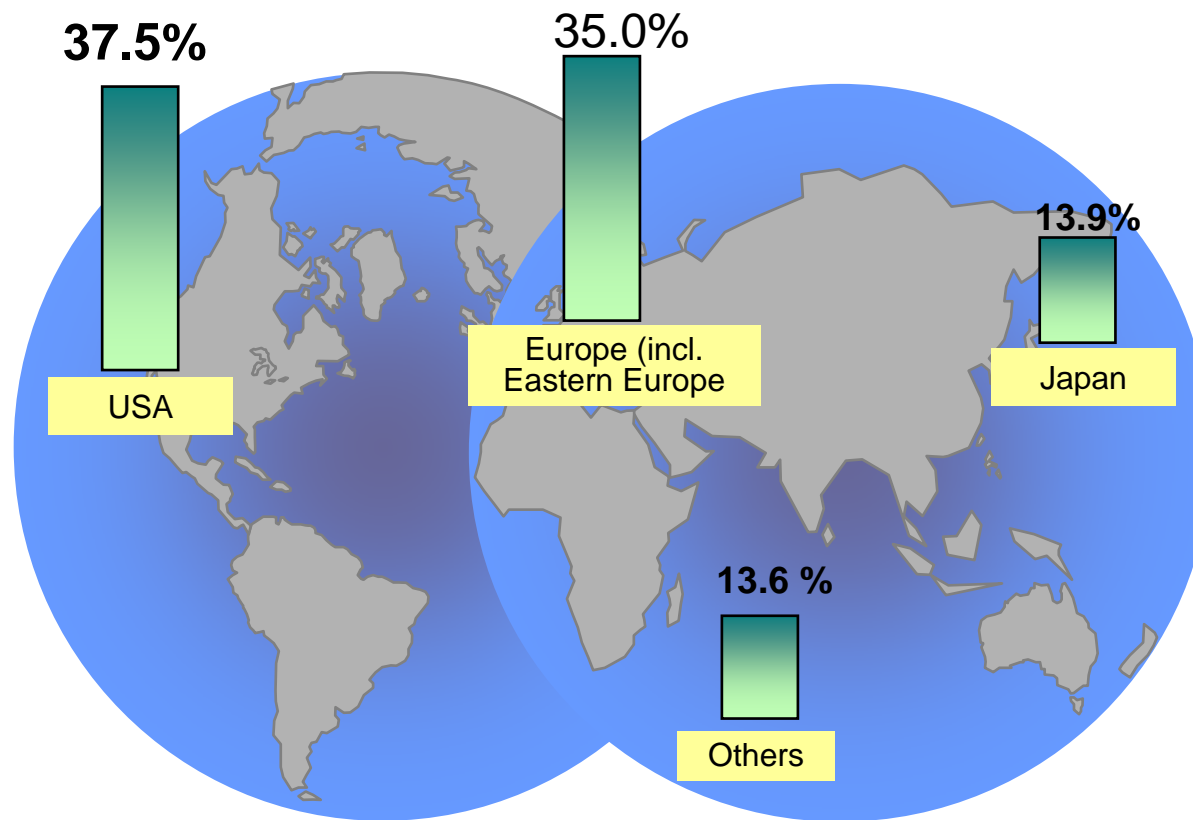
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Europe accounts for more than one quarter of the World IT Market

World Information Technology Market by Region



The USA accounts for 37.5 % of the world market, Europe for 35 % and Japan for 13.9 %. Substantial growth is expected throughout the world in the coming years, especially in those countries where information technology is only now gaining ground.

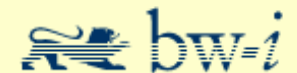
Software products are the strongest drivers of IT market growth. The strength of the software market comes from its essential role in a wide range of technologies and applications, from its interrelation with computer technology, telecommunications, electronic information, process and production control, etc.

Source: European Information Technology Observatory, figures from 2007



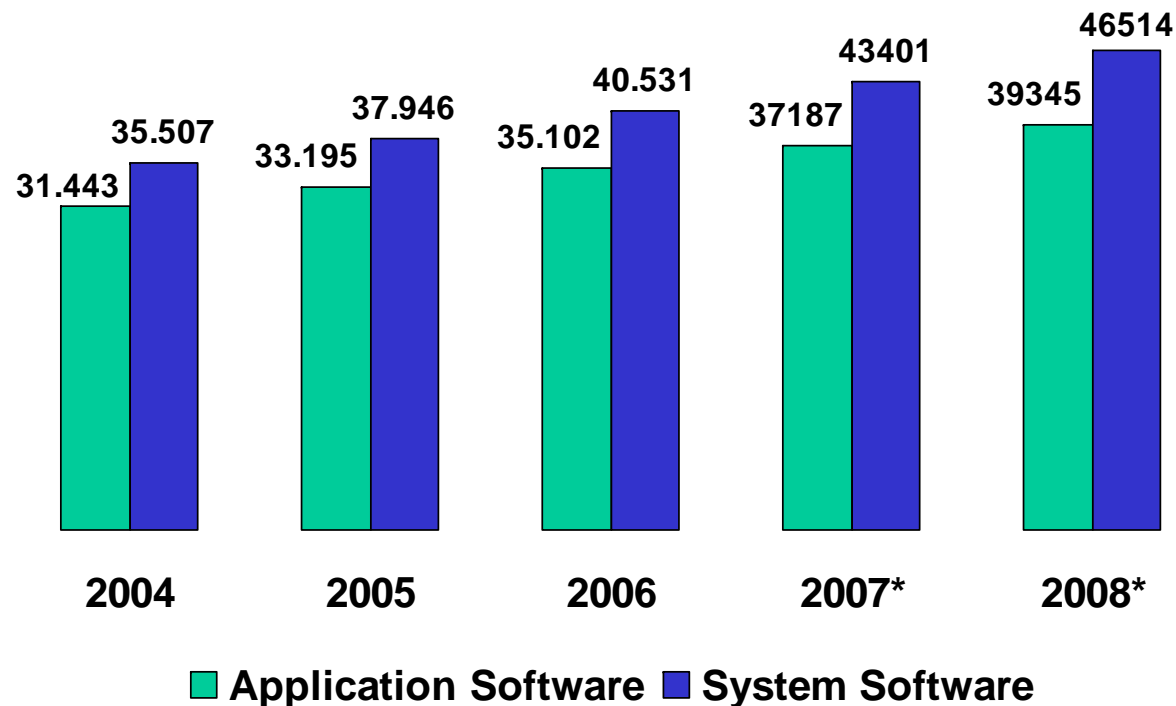
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Software: the strongest market within IT

The growth of the Europe Software Market in € Million



Software was the strongest market within IT in 2006 grew by some 6.3%. A further 6.6 % growth is expected for 2007.

The system segment was the fastest-growing within software, with demand driven by infrastructure software, including middleware and Web services. The application software segment registered only moderate growth, as demand for Customer Relationship Management (CRM) and ERP lessened during 2003.

Source: European Information Technology Observatory 2007

* expected for 2007 and 2008



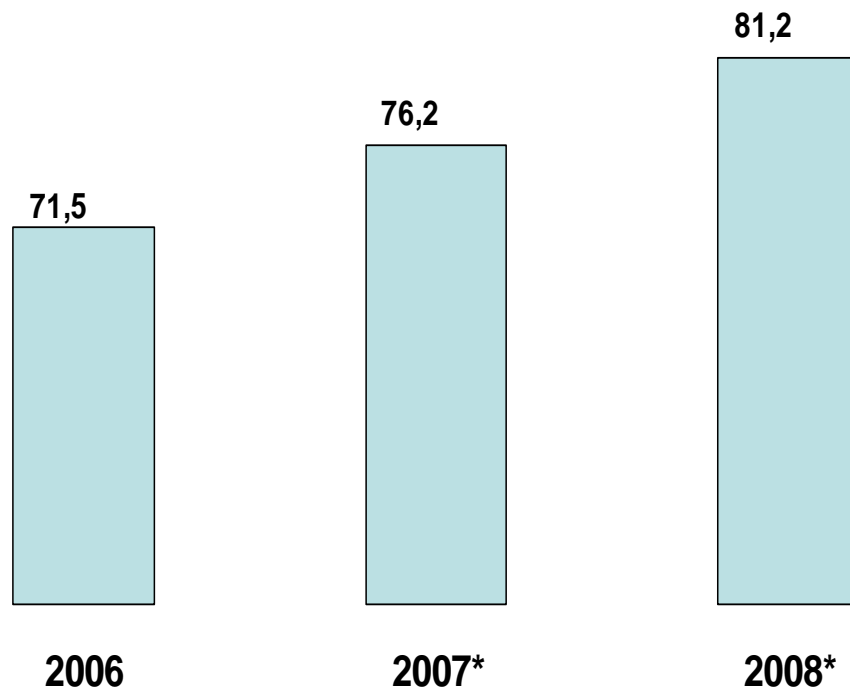
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The EU Software Market continues to grow

The EU Software Market in billion €



Between 2006 and 2008, the EU market for software should grow by 13.6 % to €81,2 bn.

The driving forces behind this growth are:

- e-commerce and the increasing usage of the internet for electronic business instead of traditional business relation
- Increased pressure on organizations to improve access to information
- Growing demand for edutainment and infotainment in the home

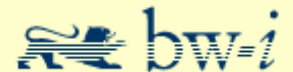
Source: European Information Technology Observatory 2007

* expected for 2007 and 2008



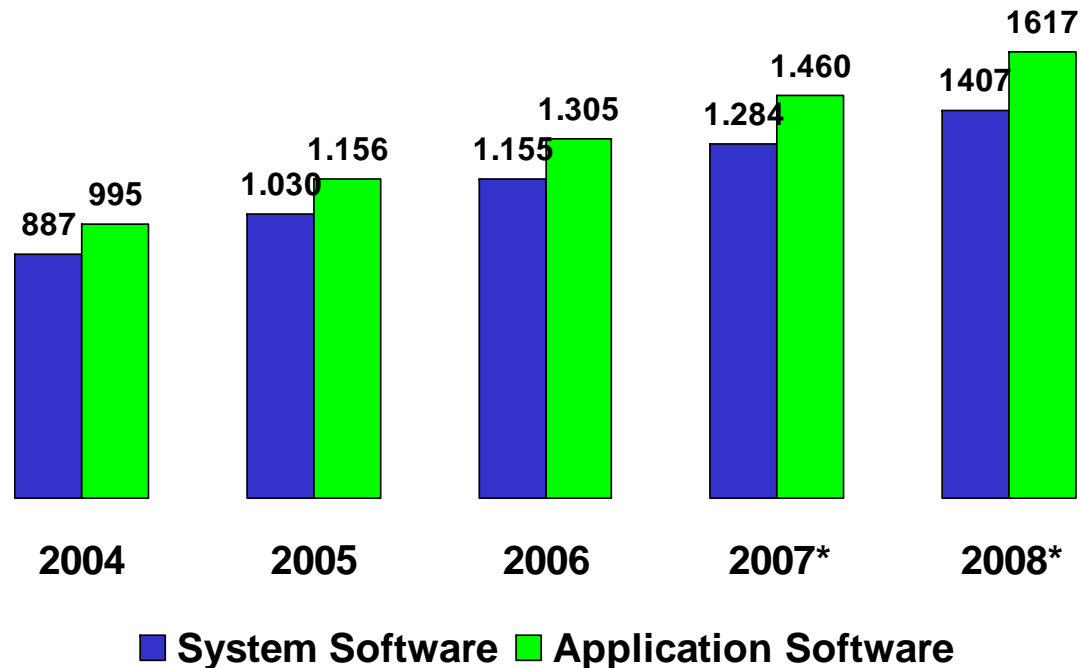
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Eastern Europe's Software Market offers an exciting Potential

Eastern European Software Market (in million €)



The Eastern European IT market has a total value of € 14.713 million.

Particularly strong growth rate is seen in the segment of application software with an average growth rate of more than 10% on average per year.

Most growth in the software and services sector is derived from large scale projects in banking/financial services, government administration, telecommunications and manufacturing.

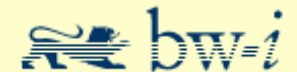
Source: European Information Technology Observatory 2007

* expected for 2007 and 2008



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The EU strongly promotes the ICT Industry



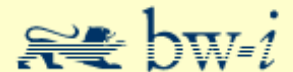
The European Commission has adopted an action plan with four priority areas, designed to:

1. Improve the business environment by encouraging electronic commerce.
2. Put the Information Society in a global context by (a) setting the rules for global cooperation and (b) facilitating global market access.
3. Invest in technology in (a) R&D in the ICT field, (b) early training in ICT activities.
4. Promote industrial competitiveness.



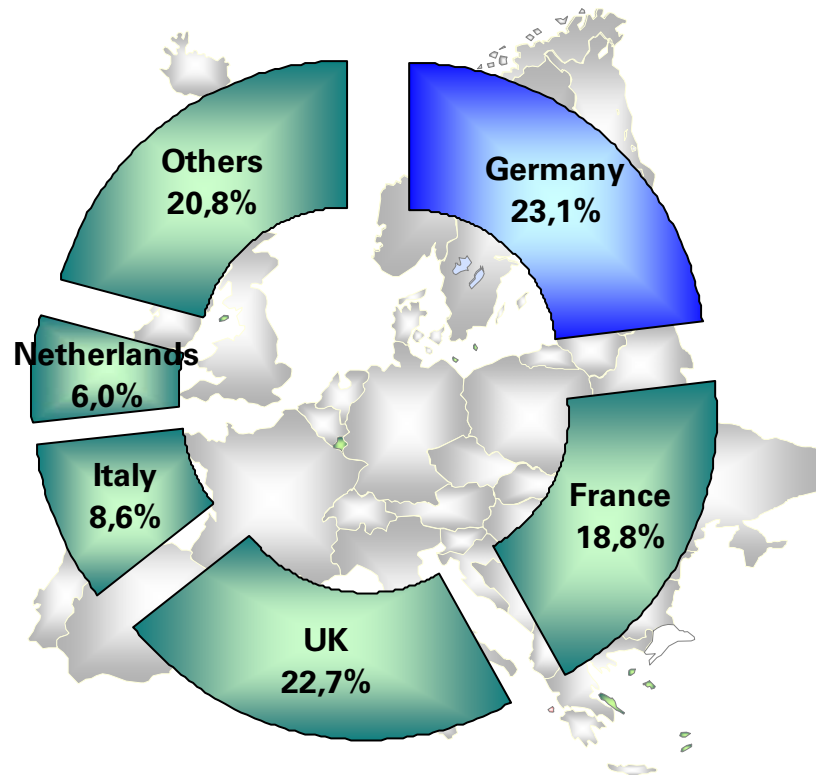
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Germany is one of the most important IT Market in the EU

Percentages of the Western European Information Technology Market Value



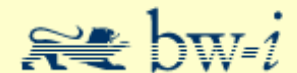
With a volume of € 293 billion, further growth is expected as German companies and individuals show an increasing acceptance and interest in the Information Society.

Source: European Information Technology Observatory 2007



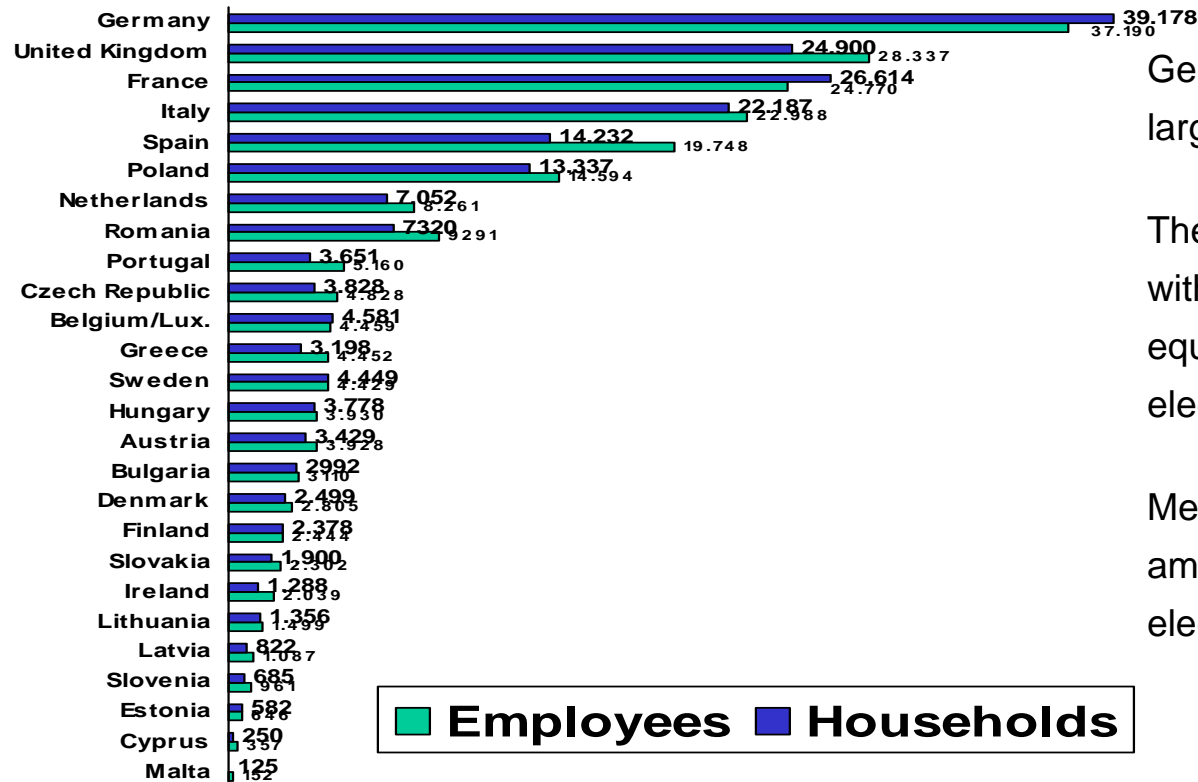
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Growth Prospects in the German ICT Market are promising

Number of Households and Employees in the European Union
in Thousands



Germany has around 40 million households – a large market for all kind of electronic goods.

The German workforce totals over 37 million people with a growing need for computers and office equipment, for telecommunications equipment and electronic components.

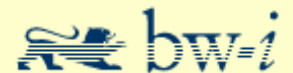
Measures to increase business efficiency are among the major motors of market growth in the electronic field.

Source: Eurostat, World Fact Book, AGOF,, tns Infratest



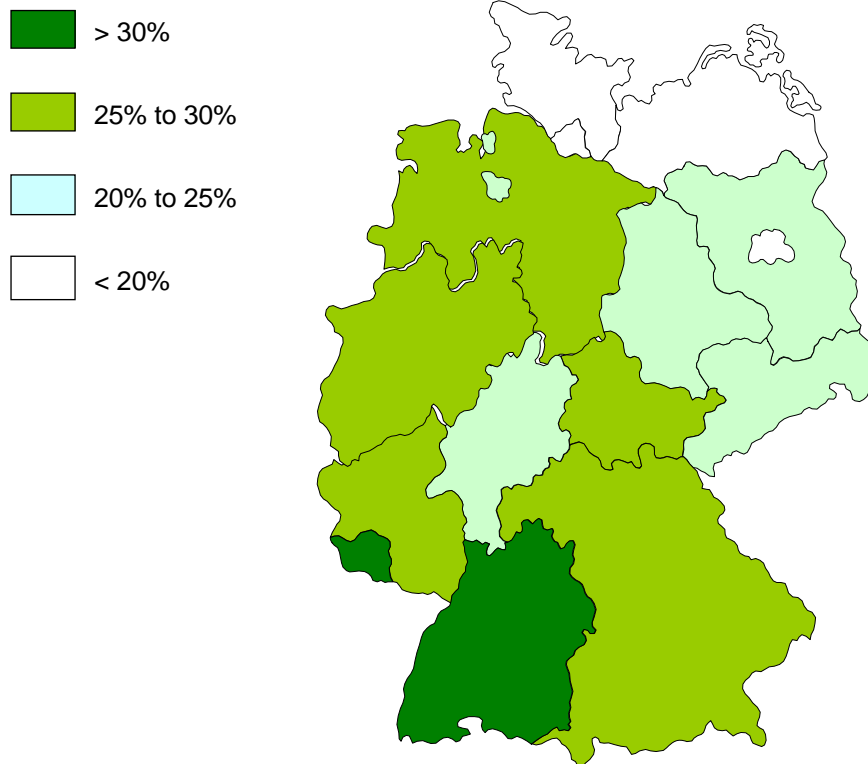
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Baden-Württemberg – Germany's most highly industrialised State

The Manufacturing Industry's Share
of National Economy (in%)



Source: German Federal Statistics Office

The software industry draws on all the high-tech skills of the modern age: mechanical engineering, electronics, vehicle construction, precision machinery and optics – and needs high-quality suppliers.

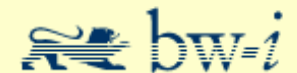
Within Germany, 23% of the companies in these sectors are in Baden-Württemberg.

With its industrial density and dedication to quality, Baden-Württemberg is the ideal location for companies in the software field.

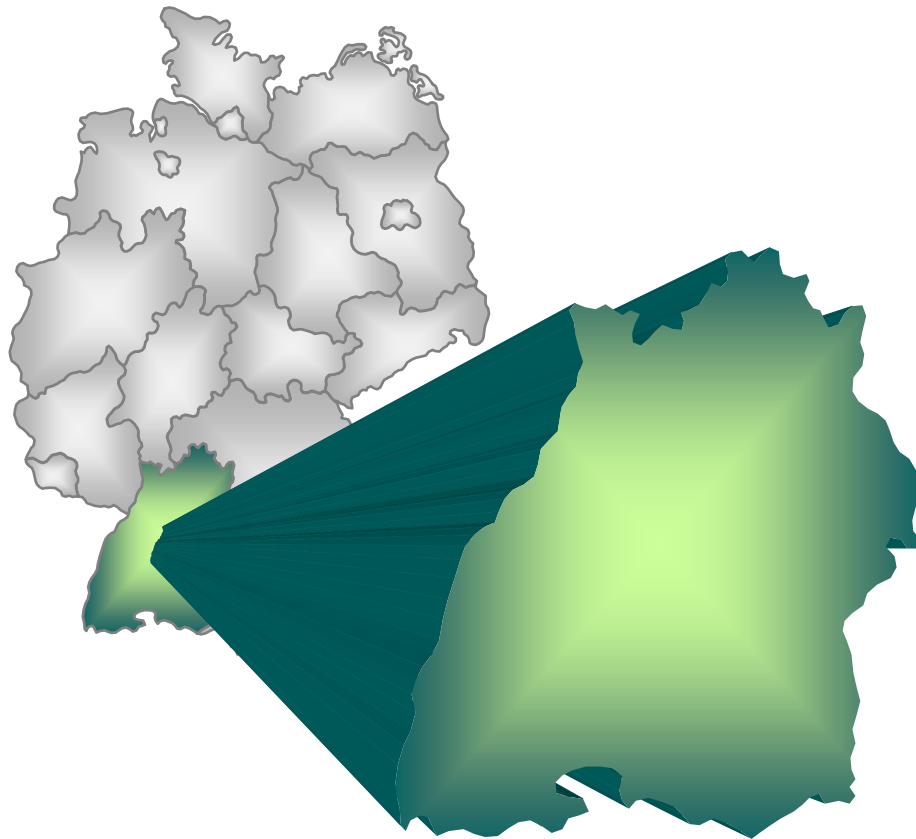


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Software - A dynamic Sector of Baden-Württemberg's Industry

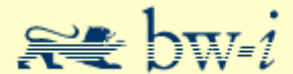


- Renowned as the production and R&D site of some of the giants in ICT
- The home of a wide range of small and medium-sized companies, known for their technological superiority and export orientation
- A center for outstanding international newcomers

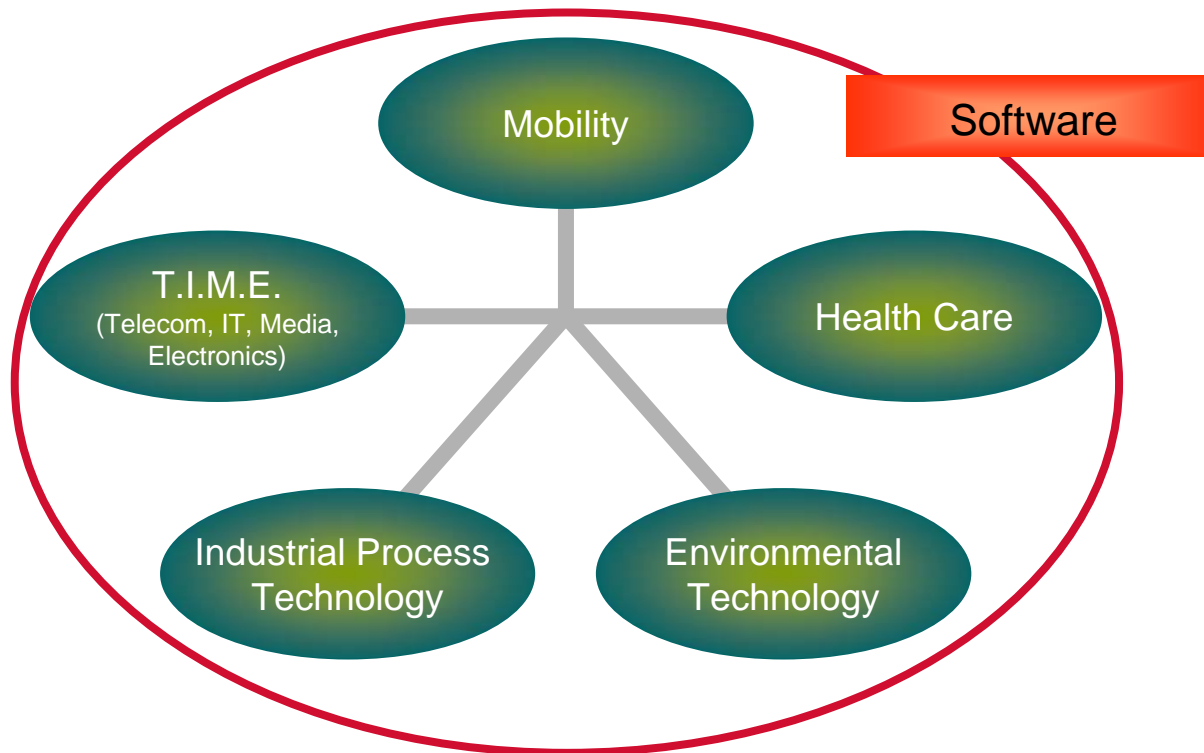


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Software – A Key Industry in Baden-Württemberg



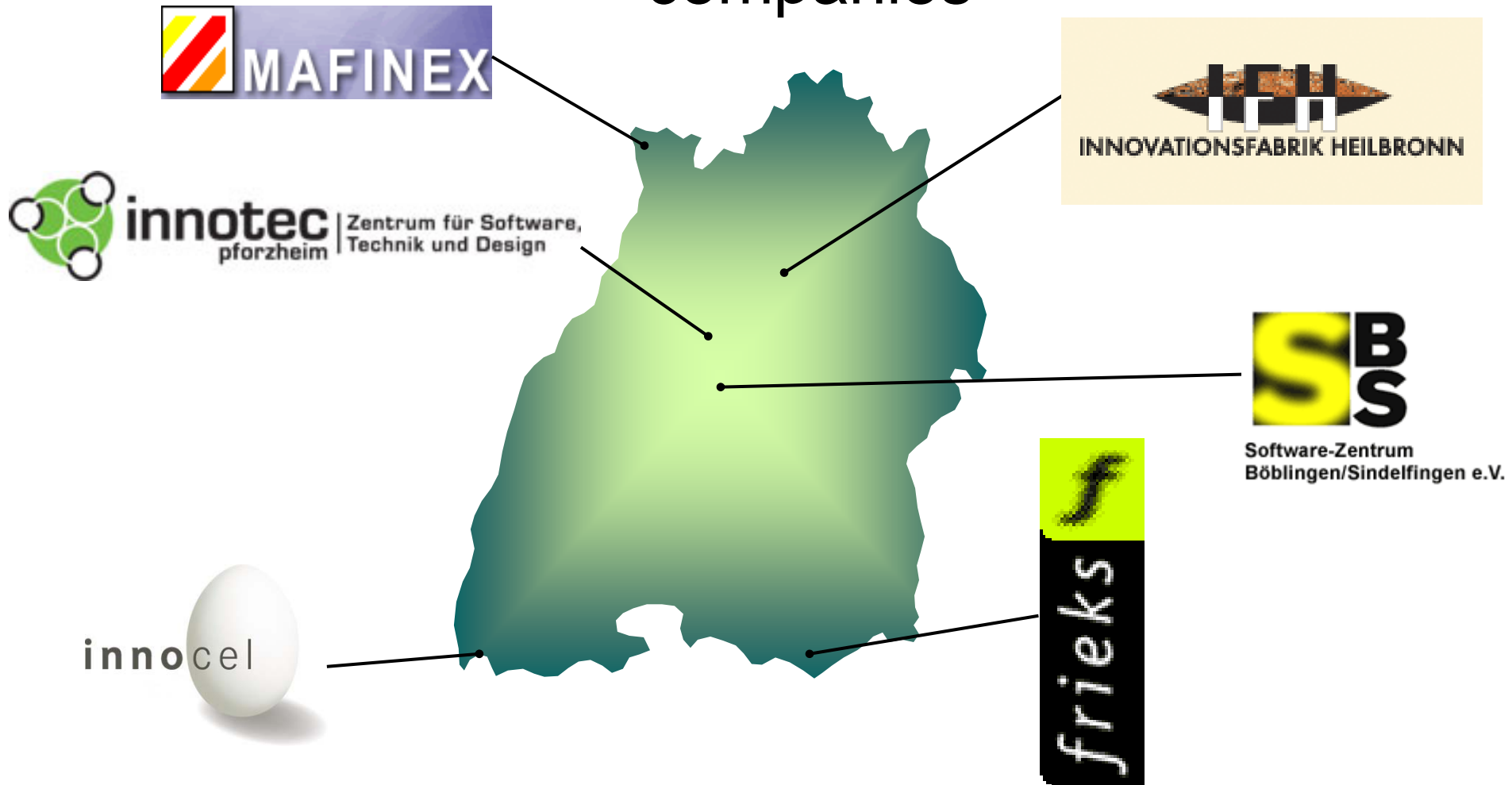
Software is not just part of the T.I.M.E. sector, but an integral part of a close network.

All the 5 most important cluster industries in Baden-Württemberg work in close partnership with their Software suppliers.

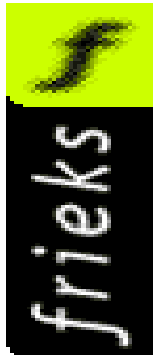
And all these industries are present in great density in Baden-Württemberg - one of the few regions worldwide that offers this advantage.



Software Centers support Baden-Württemberg's companies



Software Centers in Baden-Württemberg



www.frieks.de

frieks, Friedrichshafener Kommunikations- und Softwarezentrum GmbH

At present frieks is home to 15 companies on 2.100 m². frieks provides start-up assistance, checks business concepts, organises joint marketing initiatives and carries out public relations work.



Software-Zentrum
Böblingen/Sindelfingen e.V.

www.softwarezentrum.de

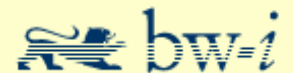
Software-Zentrum Böblingen/Sindelfingen e.V.

The Software-Zentrum Böblingen/Sindelfingen e.V. offers newly established and existing small to medium-sized companies reasonable rents, the necessary infrastructure, fast net-working and support in a range of entrepreneurial decisions. At present the Center is home to 80 companies on 7.000 m².



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Software Centers in Baden-Württemberg



www.innocel.de

Innocel Innovations-Center Lörrach GmbH

Innocel currently houses 30 IT companies on 4.200 m² space., Innocel is certified by the association of German technology centers.



www.innotec-pforzheim.de

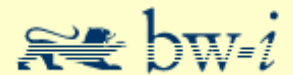
Innotec Pforzheim, Zentrum für Software, Technik und Design

16 companies on 5,500 m², are based at the Innotec Pforzheim Center for Software, Technology and Design. The companies specialise in different aspects of software development, multi-media, Internet portals, software for jewellery design, vehicle design.



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Software Centers in Baden-Württemberg



www.innovationsfabrik.de

Innovationsfabrik Heilbronn GmbH

60 companies on 7.000 m² are currently working in the center. The areas the companies focus on include IT/Internet, software/multimedia, and IT consulting.



www.mafinex.de

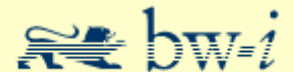
Software Zentrum Mannheim, MAFINEX Technologiezentrum Mannheim GmbH

The Mannheim software center is home to 9 companies on 2.650 m². It is geared towards new entrepreneurs and new companies who develop, install and sell software, or who are involved in ICT.



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The MFG Baden-Württemberg



www.mfg.de

MFG Baden-Württemberg develops and promotes Baden-Württemberg as a location for media IT high-tech and film. A 50-strong team in the MFG Agency for media IT high-tech and MFG Film Funding divisions acts as the industry's contact.

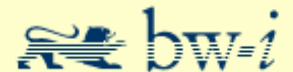
The two Divisions are:

- **MFG Agency for Media IT HighTech:** As the state competence center for media IT high-tech, we offer: Consulting/promotion, Project management, Events/professional trainings, Communication/marketing, IT and media campaign: **doIT** and more.
- **MFG Film Funding:** We fund film productions for cinema and television: scriptwriting, pre-production, production, incentive funding digital content funding, events and location tours and more.



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Baden-Württemberg provides support for young IT start-ups



www.mfg.de

The IT and media campaign **doIT** is the state initiative for promoting information technology and new media in Baden-Württemberg. With this effort, the State of Baden-Württemberg provides 430 million euros altogether during the current legislative period for building up information society.

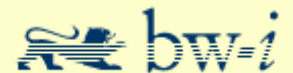
doIT unites all the IT and media projects of Baden-Württemberg that are directed to companies, startups, researchers, students, pupils, administration and to the general public. The emphasis is on creativity, education and medium-sized enterprises.

The central point of contact for **doIT** is the MFG Baden-Württemberg, Agency for Media, IT and High-Tech in Stuttgart. As the state's competence center for IT and media, the team of Managing Director Klaus Haasis has been working successfully in the fields of consulting/promotion, project management, events/professional trainings and communication/marketing since 1995.



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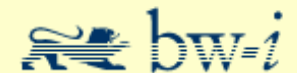


Companies

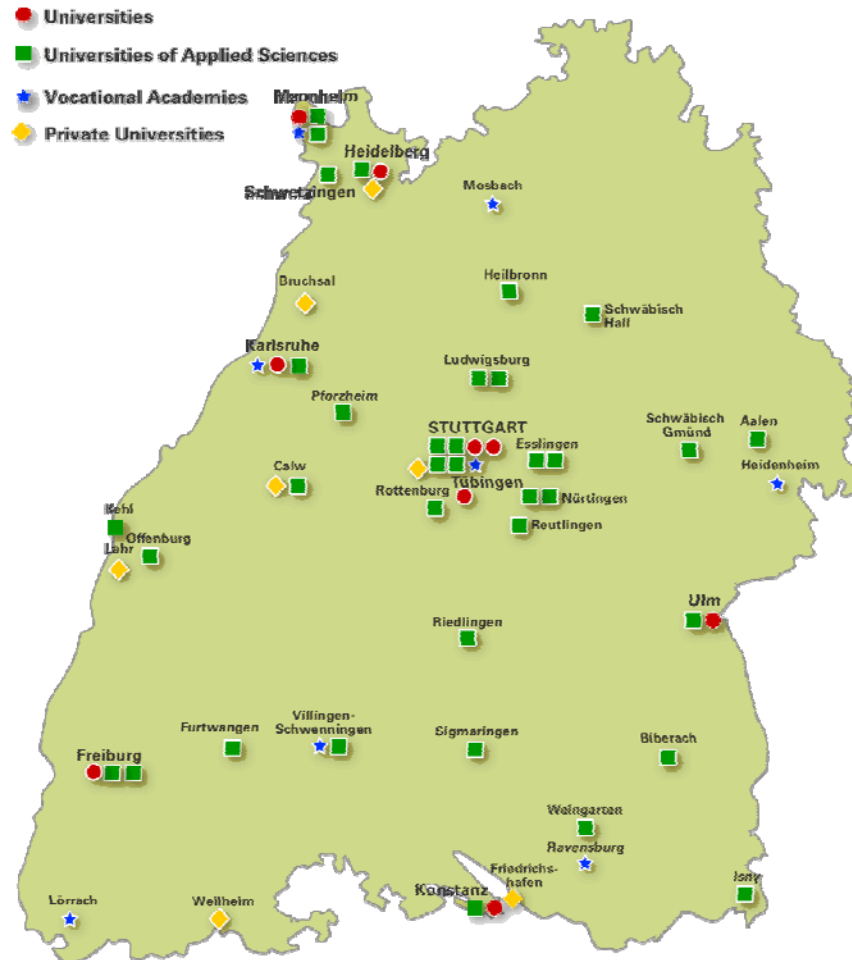


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Baden-Württemberg – An excellent structure for higher education



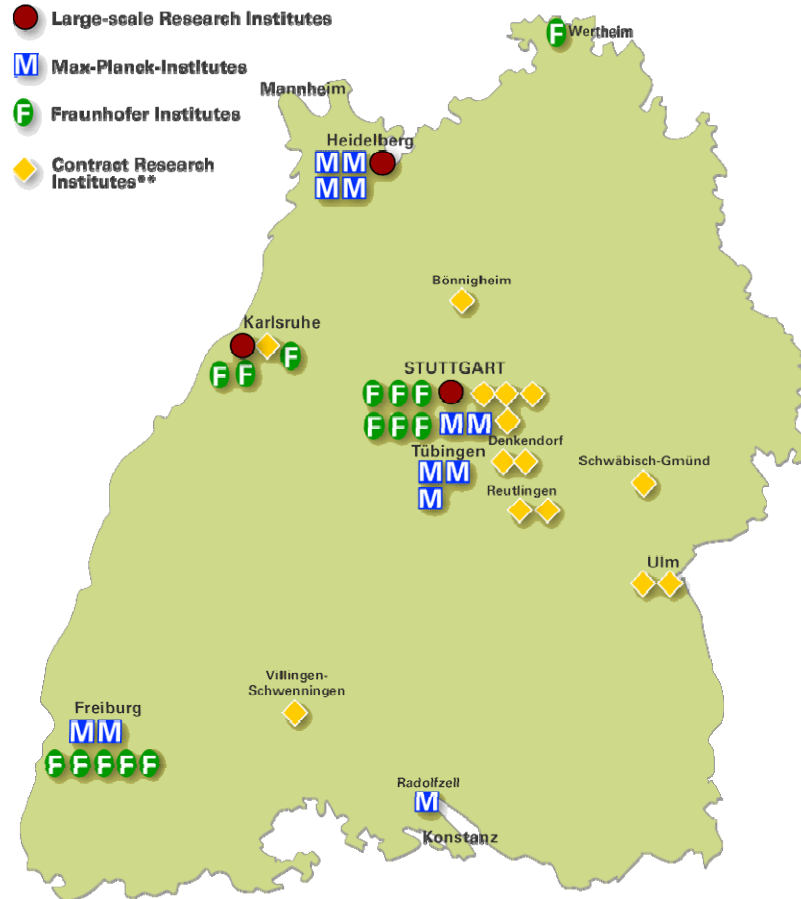
Baden-Württemberg has the most densest and the most modern structure of Universities and Academies for higher education, including

- 9 Universities
- 36 Universities of Applied Sciences
- 6 Universities of Education
- 8 Universities of Arts
- 8 Vocational Academies
- 7 Private Universities

A network of technology transfer centers provides the bridge between private industry and research institutes and guarantees rapid access to new results.



Baden-Württemberg – A highly developed Research Infrastructure



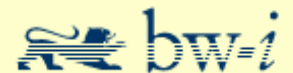
The State provides a unique research infrastructure consisting of

- 3 Large-scale research institutes
- 12 Max-Planck-Institutes
- 15 Fraunhofer Institutes
- 13 Contract research institutes

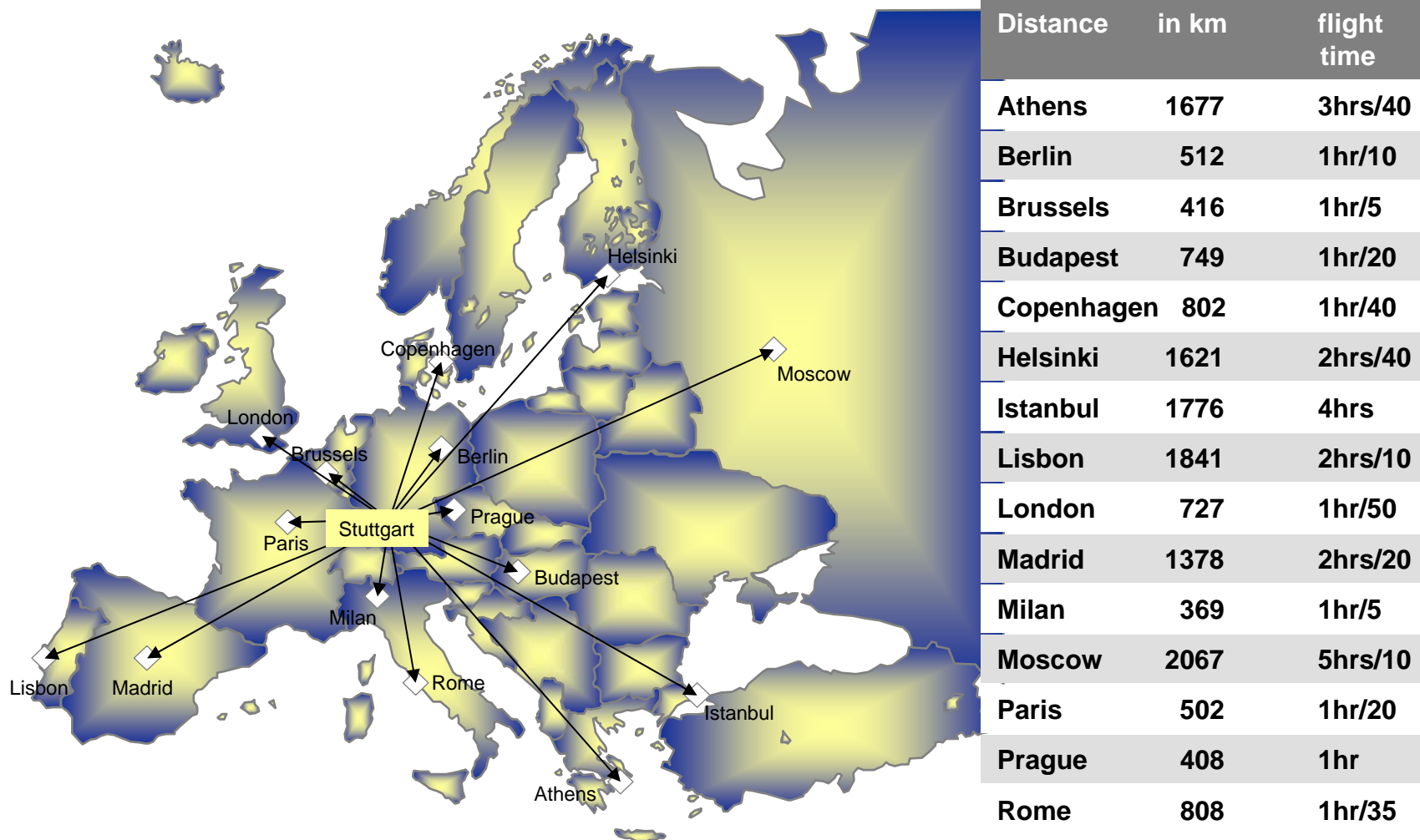


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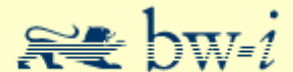


Baden-Württemberg – Good access to the East and the West

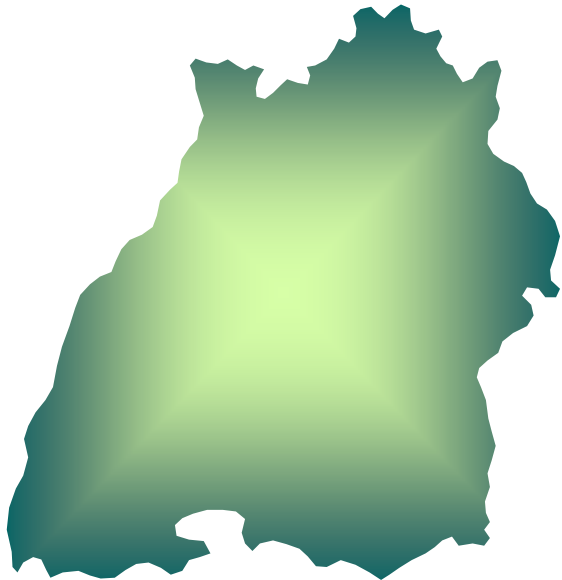


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Decide on Baden-Württemberg



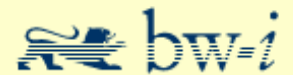
By deciding on Baden-Württemberg as the focal point of their European activities, software companies benefit from:

- Ideal educational infrastructure for IT-needs
- Highly qualified and motivated personnel
- A location in the most attractive European IT market
- Easy access to other Western, Central and Eastern European markets
- Proximity to many successful large and medium-sized firms in their own and other sectors.



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Baden-Württemberg Facts & Figures

Population	10.7 million inhabitants
Gross domestic product (GDP)	Euro 353 billion
Expenditure on R&D	Euro 13.7 billion = 4,2% of the State's GDP
Patent applications per year	> 13 638 = 28,5% of German total
Number of manufacturing plants (with more than 50 employees)	4 500
Export quota (manufactured products)	51 %
Value of exports	Euro 150 billion = 1.8 % of the World's exports
Research facilities	> 100 major research institutes
University, technical and vocational college students	242 938



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Services provided by Baden-Württemberg International

Baden-Württemberg International is your central port of call if you are looking for a location or a Baden-Württemberg partner with whom to establish fruitful business relations. Our range of services includes:

When you are looking for an industrial location:

- Information on Baden-Württemberg and on individual industrial sites.
- Consulting on government subsidies and programs.
- Assistance with all contacts to authorities, including permit procedures.
- Support in the search for suppliers and the selection of service companies.

When you are looking for cooperation partners:

- Information on market potential and market specifics.
- Planning of information visits, including appointment scheduling.
- Identification of potential partners that meet your specific demands.
- Assistance with trade fair activities in Baden-Württemberg.

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Baden-Württemberg International The logo for Baden-Württemberg International, consisting of a stylized blue wave or ribbon shape followed by the lowercase letters 'bw-i' in a blue serif font.