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Technology, Media & Telecommunications

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# Technology Fast 500 CEO Survey EMEA 2005



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# DTT Technology Fast 500 EMEA CEO Survey 2005

## Introduction

What were the concerns, hopes and fears of the CEOs of EMEA's fastest growing technology companies in 2005? What were the critical factors in their success? And what factors helped them succeed? How do they feel about the future and where do they think the greatest opportunities lie? These and other key questions are answered in this year's DTT Technology Fast 500 EMEA CEO Survey, based on responses from technology leaders in this year's DTT Technology Fast 500 EMEA ranking.

The picture provided by the survey is encouraging. Confidence among EMEA CEOs this year has reached new heights. Finding, developing and inspiring top level employees has superseded concerns such as timing to market and portfolio development. Defensive positioning, cash management and external threats have receded in importance consistently over the last two years.

There are still concerns over competition from emerging markets such as China and India and expansion is still being driven primarily by sales within the EMEA region rather than globally. There is also concern about the limited availability of capital for expansion.

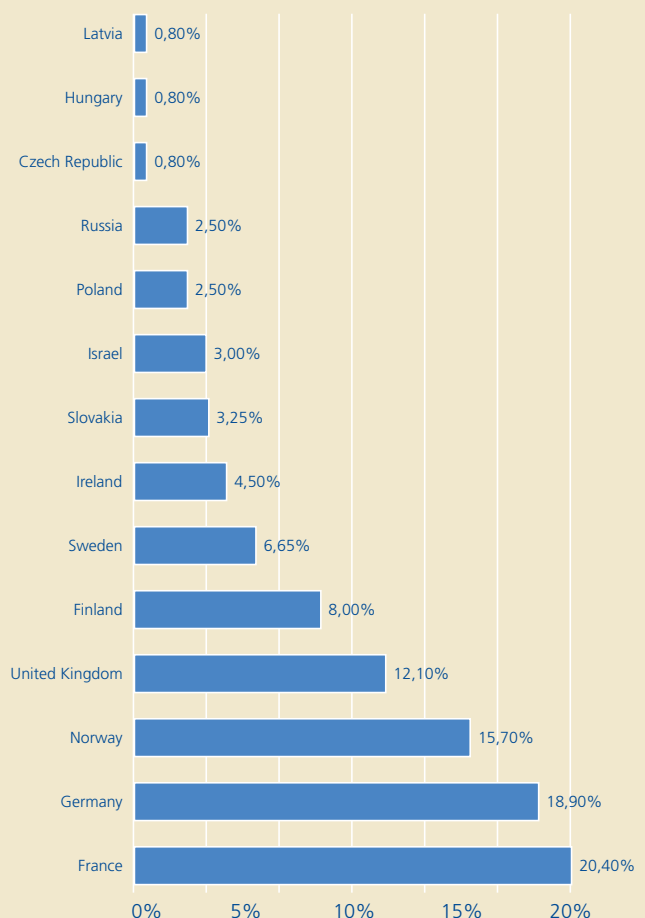
Internet-driven revenue is now a fact of life, rising steadily year on year and the Internet is seen as the highest growth sector in this and coming years. The survey also attempts to quantify the increasingly vital role that strategic partnerships and alliances are playing in this fast-moving and converging marketplace as dynamic drivers of business growth.

The overwhelming message of the survey is one of confidence and increased stability. Classical management concerns are superseding start-up and security anxieties. And the revenue growth rates of these businesses are still consistently exceptional.

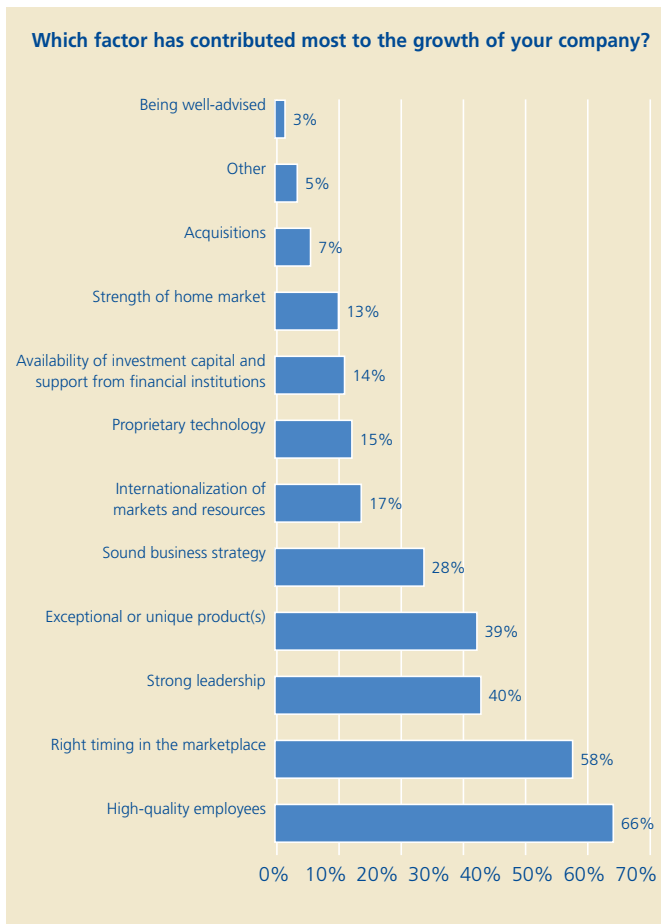
## About the Survey

The DTT Technology Fast 500 EMEA ranking lists the 500 public and private TMT companies based in EMEA that have achieved the fastest rates of annual revenue growth during the past five years. The Technology Fast 500 program is sponsored by the DTT TMT Industry Group. This survey was distributed to all 500 CEOs of the top 500 ranked companies in the EMEA region and was completed in the fourth quarter of 2005. It provides an insight into the issues which CEOs expect will drive the industry forward in 2006 and beyond. DTT TMT Industry Group has surveyed EMEA Fast 500 CEOs since 2001.

Number of CEOs that responded to the survey by country

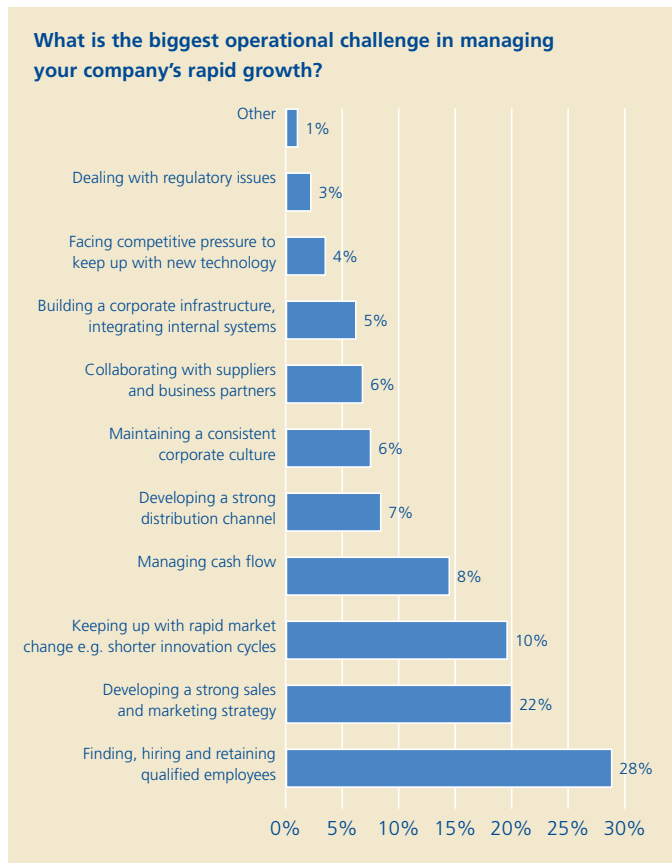


## 1. Winning tactics



### Team players

Even more than last year, people are the key to successful growth. High quality employees are the number one factor for two thirds (66 percent) of businesses. The right timing to market (58 percent) and strong leadership (40 percent) are also key factors. The importance of having the right team is seen throughout the survey this year.



### An eye for talent

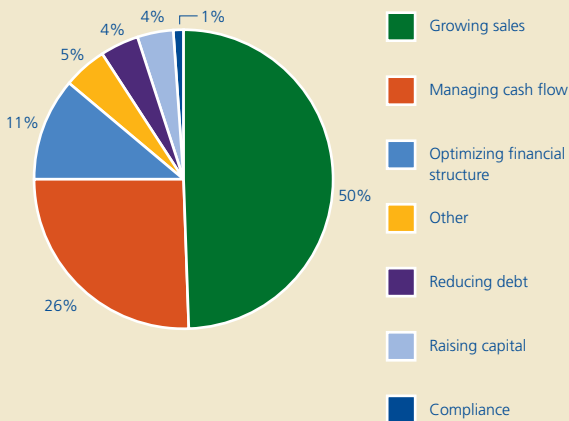
Again, people are the key to success. 28 percent of CEOs who responded regard finding, hiring and retaining qualified employees as their biggest operational challenge. Maintaining a strong sales and marketing strategy, while still vital, has fallen from the top spot it held for the past two years. This shift in priority from sales strategy to team building has occurred not just in EMEA but in North America and Asia Pacific CEO Surveys as well.

“This shift in priority from sales strategy to team building has occurred not just in EMEA but in North America and Asia Pacific CEO Surveys as well.”

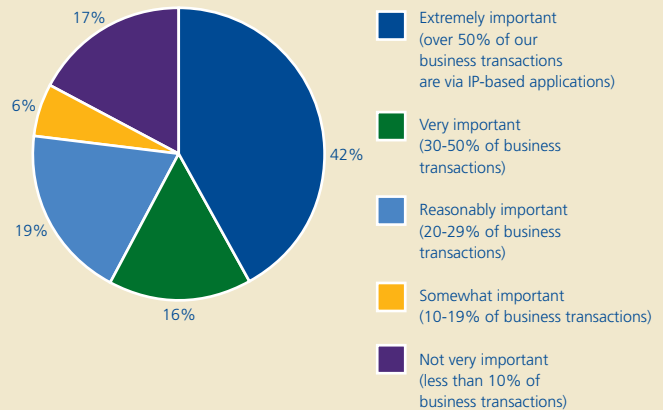
## The Winning Formula

Technology Fast 500 EMEA Ranking & CEO Survey 2005

### What is your biggest financial challenge?



### How important are IP-based applications to you company's strategic plans?



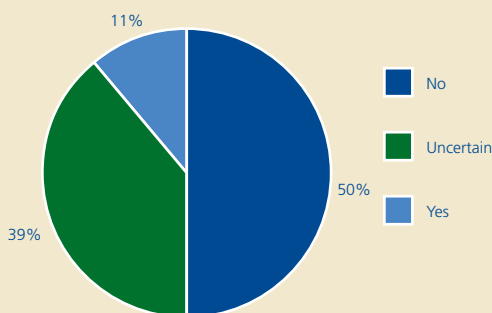
### Keep on selling

Not surprisingly, growing sales continues to be the dominant financial challenge, though down a few percent from last year at 50 percent. Managing cash flow (26 percent) continues to be high priority but far less so than in 2003. Debt reduction is less of a concern this year, and optimization of financial structure (11 percent) has grown in importance.

### Online victory

As innovators in the technology sector, Fast 500 businesses are the first in line for Internet revenue and a remarkable 42 percent of them see over 50 percent of their planned business revenues coming via IP-based applications. 16 percent expect between 30 and 50 percent of revenues to come from IP. These percentages have increased year on year throughout the period of the Fast 500 Rankings.

### Do you think that Sarbanes Oxley or new regulations around internal controls affect the ability of your company to grow faster?

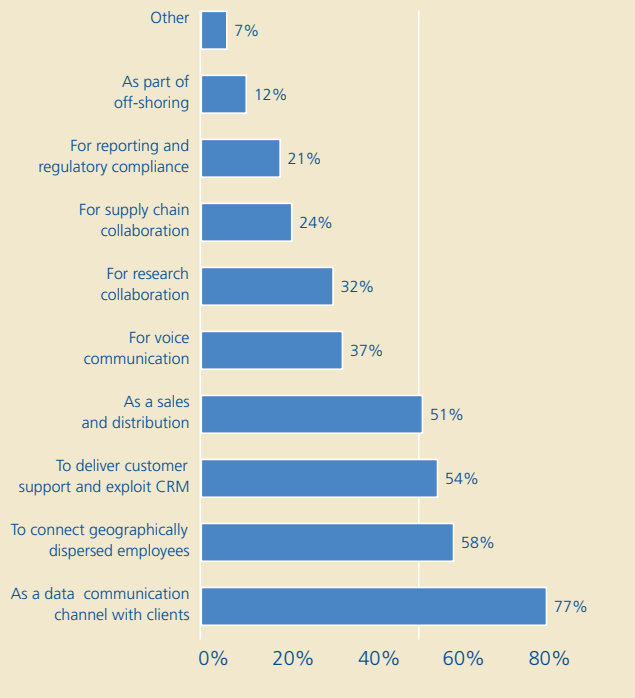


### Control risk

Internal control regulations and Sarbanes Oxley do not appear to have seriously distracted Fast 500 businesses from their main goals, with 50 percent of CEOs saying that it will not affect their ability to grow. However, 11 percent of CEOs feel it will affect their ability to grow, a significant minority. The rest are either uncertain or taking a 'wait and see' approach.

“Fast 500 businesses are first in line for Internet revenue and a remarkable 42% of them see over 50% of their planned business revenues coming via IP-based applications.”

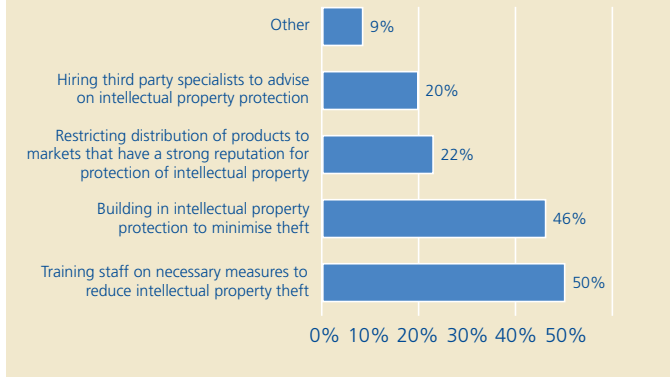
**How is your company using IP-based applications?**



**Internet everywhere**

Internet protocol “IP” based applications are clearly the lifeblood of fast-growing technology businesses. Not surprisingly, most of the businesses in the DTT Technology Fast 500 EMEA ranking (77 percent) use the Internet as a data communication channel with clients. However, over half of them also use it to connect geographically dispersed employees, to deliver CRM services and for sales and distribution and around a quarter use it for research and supply chain collaboration and reporting and regulatory compliance. The Internet is the primary platform for Fast 500 business processes.

**How is your company protecting its intellectual property?**

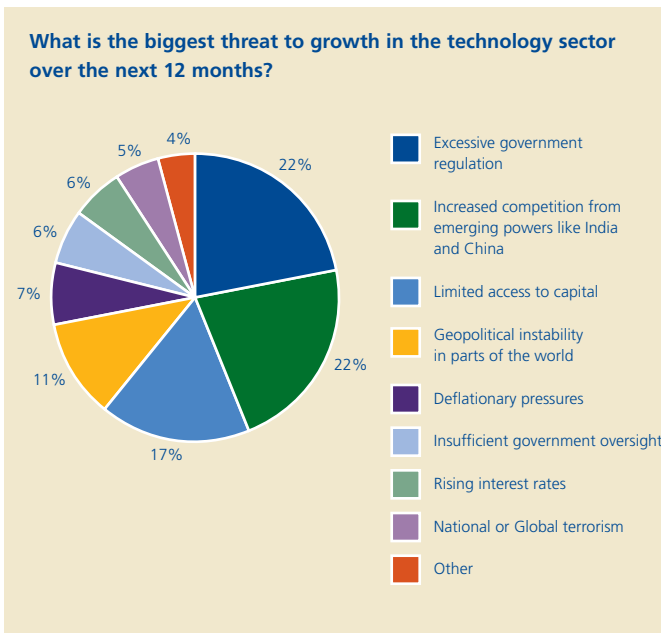


**Hot property**

Intellectual property protection is a growing concern for the international business community. The key tactics adopted to protect these assets by Fast 500 CEOs include training staff on measures to reduce theft (50 percent) and building in protection to minimize theft (46 percent). More extreme measures such as restriction of products to markets which respect intellectual property and bringing in third parties are being implemented by a growing minority (22 percent and 20 percent respectively).

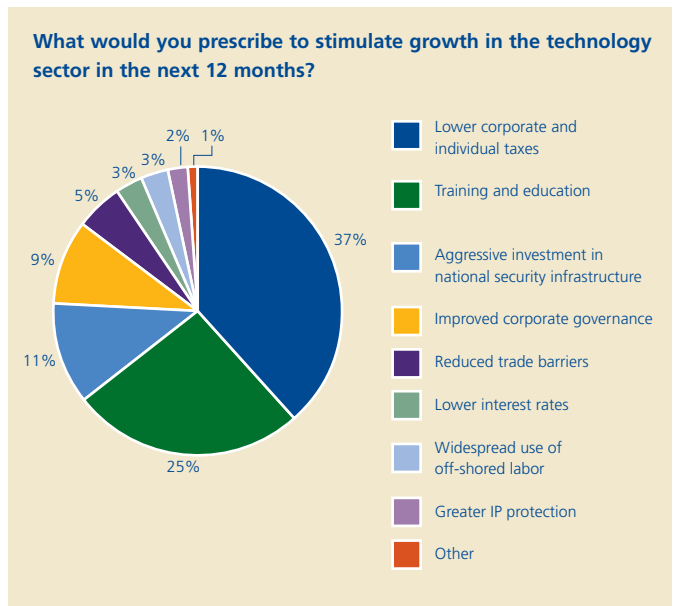
“IP-based applications are clearly the lifeblood of fast-growing technology businesses.”

## 2. The next level



### Fighting with your hands tied

There are two major threats that are tied in first place. Increased competition from emerging markets like China and India, and excessive government regulation are both perceived as the greatest future threat by 22 percent of CEOs. Concern over limited access to capital is also a big threat for 17 percent of respondents. Fear of the impact of terrorism has more than halved since last year.

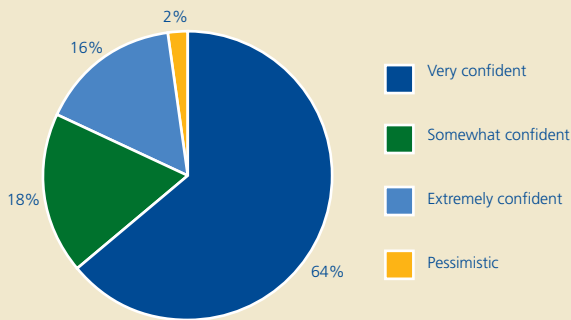


### Tackle taxes

Reducing corporate and individual taxes is by far the number one stimulus recommended by Fast 500 CEOs for economic growth over the next year, at 37 percent. Training and education is also a much more popular choice (25 percent), supporting the human resources concerns of CEOs this year.

“CEO confidence in sustained growth has reached an all time high. A remarkable 82% of businesses are either very confident or extremely confident that they will sustain their exceptional growth rates over the next year.”

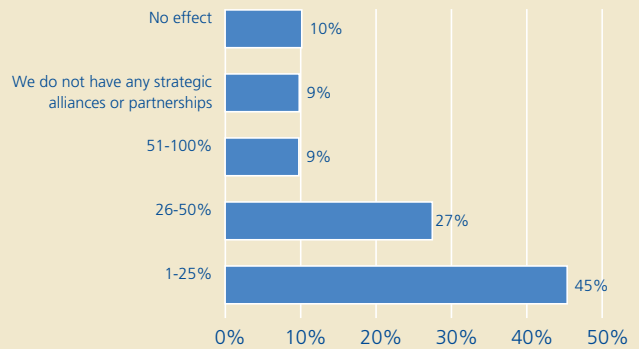
**How confident are you that your company will sustain its high level of growth over the next 12 months?**



**Brimming with confidence**

CEO confidence in sustained growth has reached an all time high. A remarkable 82 percent of businesses are either very confident or extremely confident that they will sustain their exceptional growth rates over the next year. This represents a rise in confidence of 13 percent over last year and is eight percent higher than North America, if not quite as high as the booming sector in Asia Pacific.

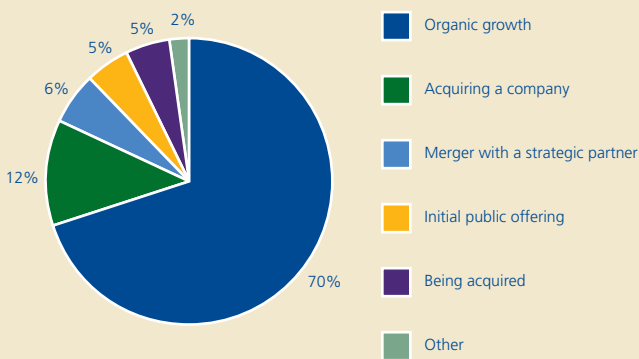
**How much have strategic alliances or partnerships contributed to your revenue growth?**



**Match play**

This new question reveals the extraordinary importance of strategic alliances or partnerships to Fast 500 companies. In the last year 36 percent of CEOs believed that strategic alliances or partnerships contributed over 25 percent to revenue growth. Less than one in ten (nine percent) of respondents works in isolation.

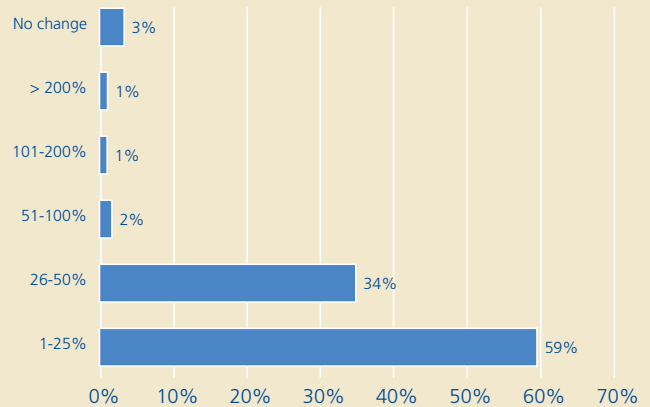
**What do you consider the most likely scenario for your company within the next 12 months?**



**Home growth**

Organic company growth is by far the most likely scenario moving forward, selected as the likeliest scenario by 70 percent of CEOs who responded. Companies feel much less likely to be acquired (five percent) or merge (six percent) than in the last three years. The likelihood of growing by acquisition has grown slightly since last year to 12 percent.

**How much will your workforce grow in the next 12 months?**



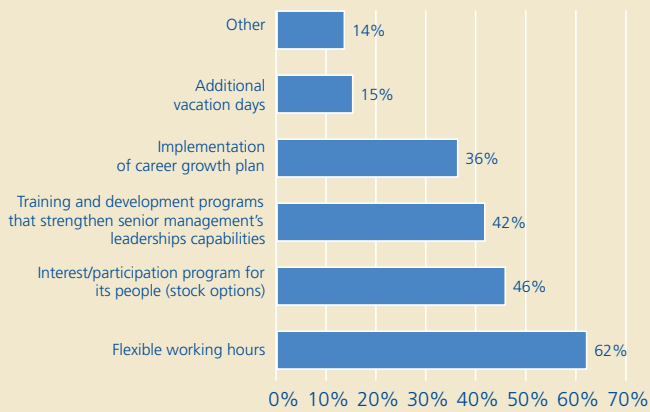
**People power**

Unsurprisingly, the overwhelming majority of businesses (97 percent) will be growing their headcount during 2006. Of those, around a third (34 percent) anticipate growth in the workforce of between 26 and 50 percent and the majority (59 percent) will grow headcount by between one and 25 percent.

## The Winning Formula

Technology Fast 500 EMEA Ranking & CEO Survey 2005

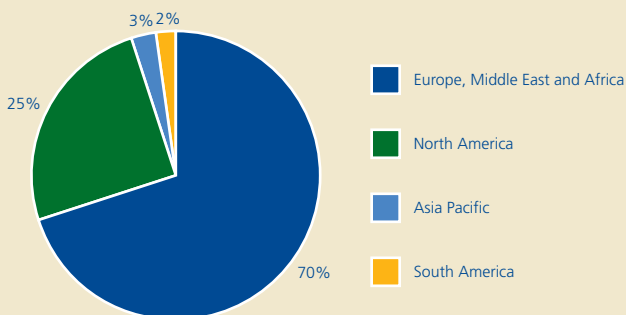
### How does your company attract and retain talented employees?



### Prized employees

In a year in which human resources are at the top of CEO minds, this new question explores the tactics used to retain their best people. EMEA CEOs use flexible working hours (62 percent) to attract and retain staff more than any other global region. Many also motivate staff via interest/participation programs such as stock options (46 percent) and senior training and development programs (42 percent).

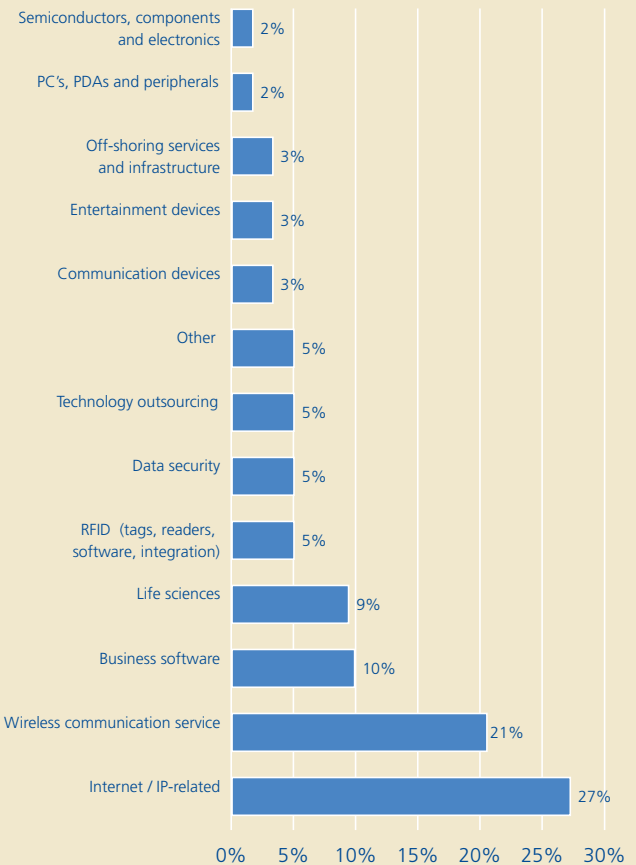
### Which of the following geographic markets represent the best opportunity for significant growth for your company over the next five years?



### Local markets

In a continuing trend, Fast 500 EMEA Technology businesses are focusing on the home markets with 70 percent seeing EMEA as holding the best opportunity for significant growth. The North American market is the next most popular prospect at 25 percent, slightly down from last year. Only five percent see significant opportunities in South America and Asia Pacific.

### Which technology industry sub-segment has the greatest potential for growth over the next 12 months?

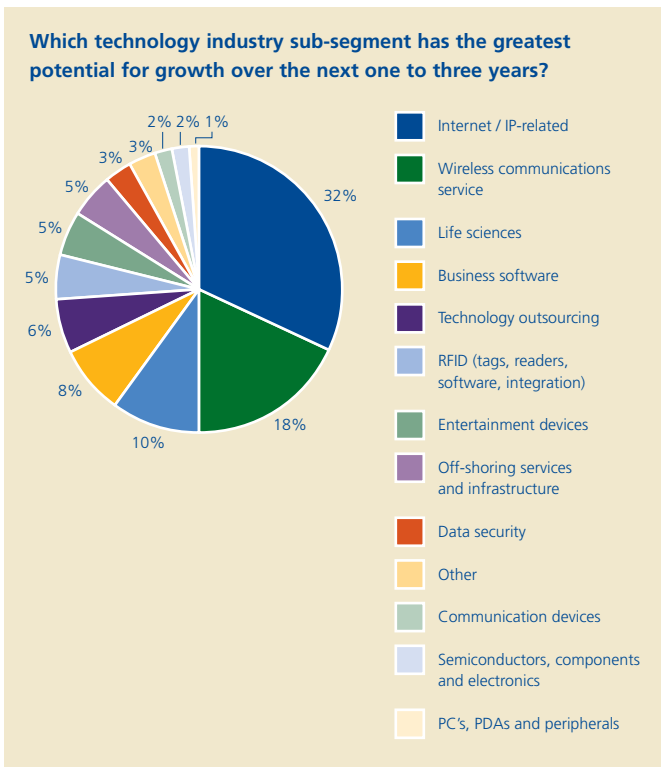


### IP future

Confidence in IP stays high with 27 percent of businesses seeing the greatest potential for growth over the next 12 months in Internet and IP-related segments. The wireless market is popular again, recovering from a dip last year to 21 percent. Business software (ten percent) and life sciences (nine percent) are also seen as promising segments.

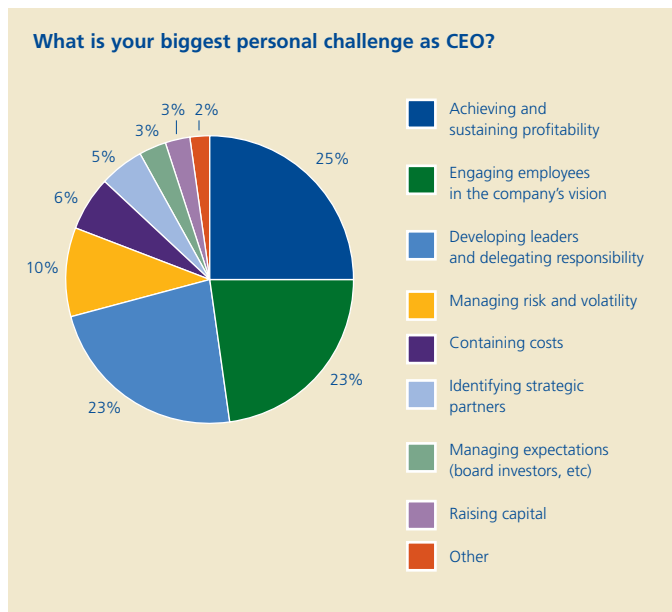


### 3. Taking the lead



#### Long-term prospects

In the longer term few major changes are anticipated compared to the next 12 months, with 32 percent favoring the Internet and 18 percent looking for opportunities in the wireless sector. Life sciences and business software continue to be a popular minority choice (ten percent and eight percent respectively).



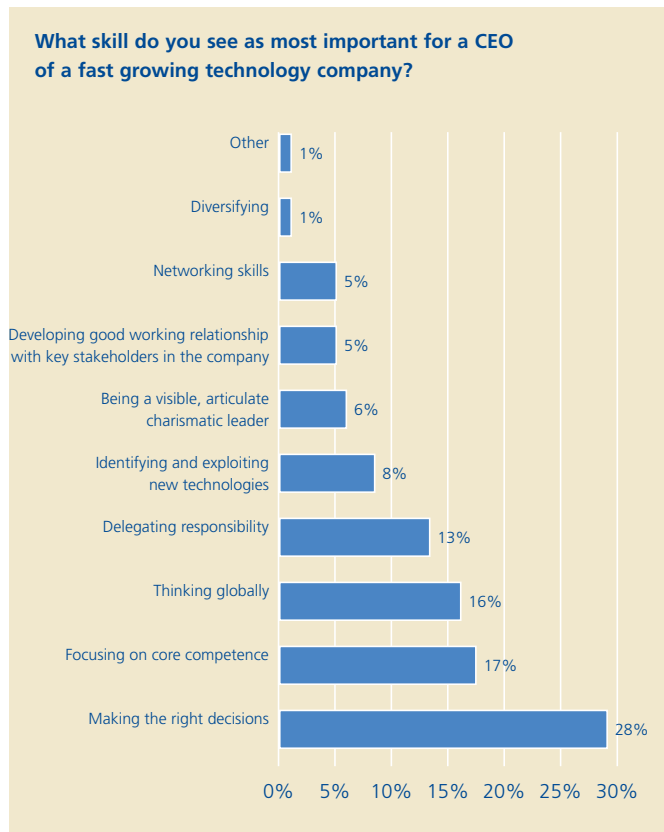
#### Profit through people

Achieving and sustaining profit is the key challenge for 25 percent of CEOs. However this year more CEOs are concerned about the human factor. For 22 percent of companies their key challenges are engaging employees in the company vision and developing leaders and delegating responsibility. The need to stimulate the business via expressing the company vision has increased significantly in importance (up nine percent) since last year's survey.

“62% of EMEA CEOs use flexible working hours to attract and retain staff more than any other global region.”

## The Winning Formula

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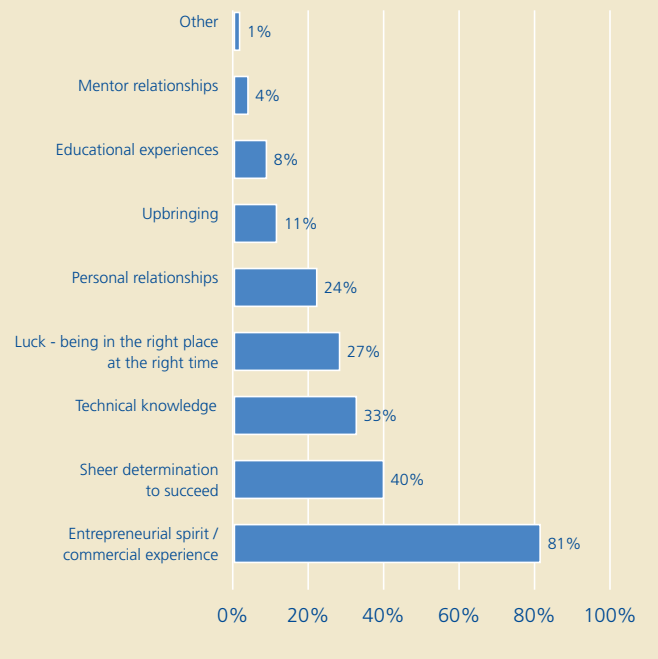


### The right call

Making the right call at the right time is clearly what counts. According to the survey 28 percent of CEOs see the quality of their decision-making as their key skill. This is followed by focusing on core competence (17 percent) and thinking globally (16 percent). Delegation is the fourth most popular response at 13 percent.

“Making the right call at the right time is clearly what counts. According to the poll 26 percent of CEOs see the quality of their decision-making as their key skill.”

### To what do you attribute your personal success?



### Skilled entrepreneurs

The responses of CEOs to this question reveal clearly the type of person most likely to manage a fast growing technology business today. Being full of entrepreneurial spirit backed up by commercial experience is the top response (81 percent), followed by sheer determination to succeed (40 percent). Technical knowledge is useful in this innovative sector (33 percent). And Fast 500 CEOs are also not afraid to admit the importance of personal relationships (24 percent) and the element of luck (27 percent).

## Conclusion

### People-powered growth

People are the key. According to CEOs they are their dominant success factor and personal priority. In 2003 in EMEA and Asia Pacific getting the timing right for product launches was considered the key, and North Americans felt the uniqueness of the products was the most critical factor. However this year, 66 percent of Fast 500 CEOs in EMEA agreed that the quality of employees is the key to successful growth. This is a global trend - people are also the single most important success factor this year in the CEO surveys in North America and Asia Pacific.

People are also the key operational challenge in 2005. 28 percent of CEOs who responded said that their biggest operational challenge was attracting and retaining high quality employees. Programs are in place to attract and retain high quality people - 62 percent of companies offer flexible working hours (far higher than in any other global region) and 46 percent offer a stake in the company like stock options to enhance motivation.

Personal CEO challenges are also people-driven. A few years ago achieving and sustaining profit was by far the greatest challenge, and it still is. However, now the tasks of developing new leaders, delegating to them and pitching the company vision are also top priorities.

#### Online opportunities

The role of IP in driving revenue, supporting internal processes and creating growth cannot be overemphasized, and it grows in significance every year. 42 percent of CEOs see over 50 percent of their planned business revenues coming via IP-based applications. 16 percent expect between 30 and 50 percent of revenues to come from IP. These percentages have increased year on year throughout the period of the Fast 500 Rankings. Around a third of CEOs who responded see the greatest potential for growth over the next three years in Internet and IP-related segments.

The Internet is the primary platform for Fast 500 business processes. Most businesses responding (77 percent) use the Internet as a data communication channel with clients. However, over half also use it to connect geographically dispersed employees, to deliver CRM services and for sales and distribution and around a quarter use it for research, supply chain collaboration and regulatory compliance.

In addition, the Internet and the shared IP platform facilitate dynamic new partnerships. 36 percent of CEOs believe that strategic alliances or partnerships contributed over 25 percent to their revenue growth.

#### Confidence at the top

CEOs are brimming with confidence this year. Confidence in sustaining future growth has reached an all time high in the region, with 82 percent of CEOs either extremely or very confident that their company will sustain its growth over the next year. This is a 13 percent increase year on year and is eight percent higher than the US this year. Considering that the current average five year growth rate for Fast 500 businesses is just under 1,000 percent, this gives good reason to expect further exceptional performance from these firms over the coming 12 months.

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