



## INFORMATION TECHNOLOGY SERVICES (CSV)

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### Overview

Unit: USD thousands

	2011	2012 (estimated)	2013 (estimated)	2014 (estimated)
Total Market Size	10950000	11350000	11410000	11560000
Total Local Production	7300000	7500000	7530000	7520000
Total Exports	1450000	1550000	1540000	1440000
Total Imports	5100000	5400000	5420000	5480000
Imports from the U.S.	1190000	1350000	1400000	1480000
Exchange Rate: 1 A\$	1.00	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

#### Data Sources:

- Total Local Production: Industry estimates
- Total Exports: industry estimates
- Total Imports: Industry estimates
- Imports from U.S: Industry estimates

The Australian Information and Communications Technology (ICT) market is valued at approximately US\$85 billion. The information technology (IT) services industry accounts for approximately 33 percent of the total IT market and is valued at nearly US\$11.4 billion. The Australian Federal Government is the largest public sector user of IT services. Key clients include: Department of Defense, Australian Taxation Office, Centrelink, Veterans Affairs, Australian Customs, Medicare, and the Department of Human Services. Federal Government spending on IT services and has been flat over the last 12 months as agencies adopt a more

cautious stance towards ICT spending, preferring to avoid allocating resources on non-essential upgrades and implementations.

The major users of IT services in the private sector include: finance, insurance, retail, transport, mining, telecommunications, and media sectors. Australian financial service firms are significant users on information technology solutions and services. For example, the annual ICT spend by any of the large Australian banks is valued at approximately US\$3 billion.

The Australian IT services market is tipped to record strong growth over the next 18 months. The top 300 Australian companies all rely to some degree on outsourced services to deliver business efficiencies. As businesses strive to maintain a competitive edge, and budgets are increased, the amount of outsourced service work is set to grow in the private sector. The relative strength of the Australian dollar has meant that U.S. companies can compete strongly with other international service delivery firms for Australian business.

### Sub-Sector Best Prospects

Research group Frost and Sullivan has reported that the Australian cloud market is valued at US\$1 billion, and is set to grow by 40 percent annually to reach US\$3.3 billion by 2016. After a slow start, Australian companies are realizing the cost savings associated with cloud-based services, and the uptake is gathering momentum. Many Australian companies are already providing Infrastructure-as-a-Service (IaaS) solutions to the local market. Additionally, we are seeing the emergence of application service companies providing tightly-focused cloud solutions based on Microsoft 365, Netsuite, Salesforce, Workday, and Box technologies.

The provision of security solutions and technologies shows no sign of abating especially given the federal governments commitment to ensuring that critical infrastructure is not compromised. We predict that the demand for security solutions will be consistent over the next 18 months.

### Opportunities

With the roll-out the US\$36 billion National Broadband Network (NBN), private and public entities will be taking advantage of the high-speed fiber optic network, and build out more private and public cloud service solutions. For example, the federal government after consideration for issues such as the Privacy Act, has softened its stance towards the agencies' use of cloud services (particularly towards foreign vendors). The following link refers to the Australian Government Information Management Office's (AGIMO) approved supplier on the Datacentre-as-a-Service (DCaaS) Multi-Use List (MUL).

<http://agimo.gov.au/2012/10/18/launch-of-dcaas-multi-use-list/>

Opportunities exist for U.S. IT service companies providing cloud solutions and services to the federal government.

Thanks to the U.S. Australian Free Trade Agreement, there are no tariffs on the importation of software. A goods and service tax (GST) is levied on the landed value of goods imported into Australia. GST is also applicable to services that are carried out in Australia.

### Web Resources

Australian Information Industry Association: <http://www.aiia.com.au>

Australian Reseller News: <http://www.Artnet.com.au>

CIO: <http://www.cio.com.au>

Internet Industry Association of Australia: <http://www.iaa.net.au>

Australian Government Information Management Office: <http://www.agimo.gov.au>

National Broadband Network (NBN Co): <http://www.nbnco.com.au>

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