

Asia Pacific Market for Virtualization Software and Services to Reach US\$1.35 Billion by 2010, Says Springboard Research

New Delhi/Singapore, March 31, 2008 – Springboard Research, a leading innovator in the IT market research industry, today announced that the Virtualization software and services market in Asia Pacific will grow at an estimated CAGR of 42% to reach US\$1.35 billion by 2010 as CIO interest in the technology has steadily increased. Virtualization services, estimated to grow to US\$1 billion by 2010, will form the major portion of this market as organizations will spend 2 to 3 times more on services than on software.

According to the research, 50% of CIOs want to deploy virtualization solutions over the next 18-24 months to address issues like low system capacity utilization, poor performance and other challenges associated with managing growing IT infrastructure. These findings are based on a survey of CIOs from large and mid-sized enterprises in Australia, China, India and Singapore.

“Our research indicates that virtualization, at least at the server level, is becoming an imperative and that a growing number of companies will implement virtualization at the server level in 2008,” said **Michael Barnes, Vice President - Software Research at Springboard Research**. “The complex nature of engagements with vendors and SIs while implementing virtualization solutions is a prime reason for virtualization services taking a larger share of the market,” Mr. Barnes added.

Growth Challenges

While there is some understanding among Asian CIOs of the benefits offered by virtualization, many organizations are unsure how to approach its implementation. Additionally, many CIOs view virtualization technologies as immature and feel that implementing the technology could introduce new management and security challenges. Virtualization is also primarily viewed from a technical perspective and most CIOs do not link virtualization to solving business problems.

“There is clearly a need for more customer education on the benefits of virtualization – followed by education on different approaches to successfully incorporating virtualization into the IT environment,” said **Ravi Shekhar Pandey, Senior Analyst at Springboard Research**. “Sharing case studies of successful deployments alongside direct linking of virtualization with ROI and business benefits is a key imperative from the vendor side,” Mr. Pandey added.

Market Dynamics

On the software side, VMWare is the Asia Pacific virtualization market leader with an estimated 70% market share, while Microsoft, Parallels, Virtual Iron and XenSource are other players with significant presence. The virtualization services market is dominated by several key players including IBM, HP, Dell and Sun. Australia and Korea lead the virtualization marketplace in Asia Pacific due to their well-built infrastructure, while Taiwan, Hong Kong, China and India are high growth potential markets. To tap the emerging opportunities in virtualization, System Integrators across the region are making significant investments in people and skills development.

“In the past year, many system integrators, especially multinational vendors, have doubled the number of people in their virtualization practice or are investing in building the services capabilities of their partners,” Mr Pandey added.

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About this report

Springboard Research report ‘Virtualization Software & Services: Emerging Trends and Market Opportunities in Asia Pacific’ analyzes key trends that define the virtualization software and services market in Asia Pacific. This study aims to understand major market dynamics, drivers and inhibitors in the context of IT challenges and pain points facing business organizations across the region. One of the key elements of the analysis in the study is market size data on the virtualization software and services market in Asia Pacific and profiles of the region’s leading virtualization software and services vendors, their offerings and strategies. The research findings are based on extensive secondary research and both supply and demand-side primary research.

About Springboard Research

Springboard Research is a next-generation IT market research and advisory firm. Springboard leverages its pioneering research model to deliver greater agility and flexibility in IT market research and helps its clients lead rather than follow market trends. Springboard works with the leading IT companies in the world in the software, services, telecommunications and hardware sectors. Founded in 2004, Springboard has a worldwide presence with offices in the United States, Australia, Singapore and Japan, as well as global research centers in India, Pakistan, and Morocco. Springboard has been acknowledged as an emerging leader and was recently named ‘Rising Star’ in the global IT market research industry by Outsell, the leading research and advisory firm for the information industry. For more information, please visit www.springboardresearch.com

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