NETWORKING

VAR Networking Sales Outlook Slips

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Solution providers' near-term sales expectations for networking declined in all three major categories in March, a trend that limited the overall growth of channel sales expectations for the second quarter of this year, according to data from *CRN*'s exclusive solution provider survey.

March extended February's networking software declines by an additional three percentage points. Last month's drop in sales expectations for wireless LANs and networking hardware, in contrast, reversed gains that were realized in February.

It should be noted, however, that the March sales expectations figures for both networking hardware and software were above year-earlier levels.

And solution providers are looking to crank up networking sales in the second quarter; the survey data shows that networking hardware heads the top 10 list of technologies that solution providers plan to recommend to their business clients over the next three months.

These efforts could pay off, at least in the large-company market (companies with 1,000 employees or more), according to data from the March *CRN* Business Spending Survey.

Although the level of spending priority (that is, the relative importance of spending) declined for all three of the major networking subcategories, large companies place the highest priority among those categories on networking hardware and software.

CHART 1

SOLUTION PROVIDERS REIN IN NETWORKING SALES EXPECTATIONS

PERCENTAGE OF VARS EXPECTING SALES GROWTH OF AT LEAST 6% IN THE NEXT THREE MONTHS

	Mar. '06	Feb. '06	Mar. '05
Networking hardware	58%	61%	47%
Networking software	50	53	48
Wireless LANs	60	61	61

BASE: 193 to 357 solution providers polled each month
SOURCE: *CRN* Monthly Solution Provider Survey

CHART 2

LARGE COMPANIES LOWER SPENDING PRIORITY FOR NETWORKING

LEVEL OF SPENDING PRIORITY RATED ON A 1 TO 5 SCALE, WITH 5 MEANING "HIGH PRIORITY" AND 1 SIGNIFYING "LOW PRIORITY"

	2Q '06	1Q '06
Networking hardware	3.81	4.02
Networking software	3.67	3.88
Wireless LANs	3.59	3.65

BASE: 125 large company IT executives polled in each quarter
SOURCE: *CRN* Business Spending Survey