



NETWORKING

Networking Sales Expectations Jump

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After lagging for many months, solution providers' near-term sales expectations for networking hardware and software increased sharply in December, according to data from *CRN's* exclusive monthly solution provider survey.

Wireless LAN sales expectations remained solid and steady for the third straight month. For example, 55 percent of solution providers surveyed last month expected networking software sales growth of at least six percent in the following three months. This was up from 42 percent in the November survey, and the same figure as in December 2004. (See Chart 1.)

While an increase in solution provider sales expectations going into a new year is not unexpected, the size of the increase was unusually large. But data from the *CRN* Business Spending Survey shows that, at least in the large-company market, these higher sales expectations could be realized.

The level of spending priority, or the relative importance of spending, increased strongly in all three networking categories, as shown in Chart 2. This stands in contrast to the midsize-company market segment, where *CRN* data indicates the level of spending priority for networking has weakened in recent months.

CHART 1

SOLUTION PROVIDERS BOOST NETWORKING SALES OUTLOOK

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

	Dec. '05	Nov. '05	Dec. '04
Wireless LANs	57%	58%	64%
Networking hardware	56	47	62
Networking software	55	42	55

BASE: 297 to 357 solution providers polled each month

SOURCE: *CRN* Monthly Solution Provider Survey

CHART 2

LARGE COMPANIES INCREASE NETWORKING SPENDING PRIORITIES

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

	1Q '06	4Q '05
Networking hardware	4.02	3.79
Networking software	3.88	3.78
Wireless LANs	3.65	3.53

BASE: 125 large company IT executives polled in each quarter

SOURCE: *CRN* Business Spending Survey