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Economy a Challenge for Some Technology Companies, a Boon for Others According to New WTIA Survey

While a majority expects a decline in demand, others still see an increase; expansion and hiring plans reduced while companies shift resources to weather the downturn

SEATTLE – October 30, 2008 – Seventy percent of technology companies who responded to a recent survey conducted by the Washington Technology Industry Association (WTIA) believe the nation's economic crisis will affect their business. But while 56 percent of respondents expect demand for their products or services to decline, fully 30 percent project that demand will increase, suggesting that even in a down market there may still be opportunities for growth.

The online survey, conducted from October 9-21, asked technology and related companies to assess the impact of the crisis on the demand for their products and services, plans for hiring and expansion, access to capital and resource allocation decisions across various business functions. Most of the respondents — who represent a cross-section of the software, hardware, on-line, consulting and professional services sectors — were from the state of Washington. Among the key findings:

- **Market demand:** 42 percent of companies surveyed expect somewhat reduced demand for their products and services, with an additional 14 percent expecting greatly reduced demand. Offsetting that somewhat are the 28 percent of respondents expecting somewhat greater demand, and 2 percent who project greatly increased demand.
- **Hiring and expansion:** 56 percent of companies say the economy has somewhat or greatly reduced their outlook for hiring in the coming quarter. 66 percent have scaled back plans for growth or expansion.
- **Access to capital:** A combined 38 percent of respondents have either delayed, reduced or put on hold plans to raise capital.
- **Reallocating resources:** Forty-two percent of companies are reallocating resources to cope with the financial crisis. Marketing is the most volatile business function, with an equal number of companies planning on increasing the share of resources devoted to marketing compared to those planning on decreasing it. More companies plan on devoting additional resources to sales than any other business function. Operations are most likely to be cut.

The full results of the survey are available at the WTIA website (www.washingtontechnology.org).

About the Washington Technology Industry Association

The Washington Technology Industry Association, founded in 1984, is the largest statewide association of technology companies, IT departments and individual technology professionals in North America. With more than 1,000 member companies representing more than 100,000 employees in Washington State, the association is a catalyst for sharing expertise, fostering collaboration, delivering key business services and advancing the value and global impact of technology companies doing business in Washington. The association's global partners are Davis Wright Tremaine LLP, Microsoft, Regence BlueShield, Sun Microsystems, Vertafore and Wells Fargo Insurance Services. The association's funding partners are AH&T Insurance, Blink Interactive, Inc., Comerica Bank, F5 Networks, GrapeCity and RealNetworks. For more information, go to www.washingtontechnology.org.

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