

News release



Half of Europe's SMBs faced security threats in 2004

HP survey shows security and making money work harder are top business priorities, with increased IT spending to come as result

GENEVA, January 17, 2005 – Small and medium businesses (SMBs) in Europe highlight security, a strong return on investment, and cost control as the three key challenges for their businesses, according to the findings of a survey released today. Conducted by Benchmark Research Ltd, the survey of 300 SMBs in the UK, France and Germany was sponsored by HP¹.

Security is top of mind among key concerns for SMBs for 37 percent of those surveyed, followed by return on investment (27 percent) and cost control (22 percent). The focus varies by country, with security clearly in the lead in Germany (56 percent) while return on investment is the priority in the UK (38 percent) and France (34 percent).

Greater awareness of security risks

Around half of the companies polled have been exposed to security threats such as virus attacks over the past year. The perception of exposure to these threats is noticeably higher in the UK (64 percent) than in France (45 percent) or Germany (44 percent).

The increased use of online resources in the UK may account for the greater awareness of security risks there, explaining why 26 percent of SMBs polled expect to increase spending on security measures significantly over the coming year. This figure falls to 15 percent in France and just four percent in Germany.

“Security breaches cause significant disruption to businesses and in the case of SMBs, are among critical factors for success, as the survey’s findings confirm,” said Terry Scerri, vice president, Small and Medium Business, HP Europe, Middle East and Africa (EMEA). “HP is working together with its partners to offer a smarter, simpler and safer way to enable SMBs to protect their businesses and stay on track.”

Business prospects improving for Europe's SMBs

Around 60 percent of SMBs surveyed believe their business prospects are now better than last year. This proportion is notably higher in the UK (80 percent) than in France (46 percent) or Germany (45 percent). The survey also confirms there is a direct link between business prospects and the likelihood of hiring new staff. Once again the UK is the most optimistic market with 63 percent of companies likely to hire compared with 32 percent in France and 14 percent in Germany.

As a result of these improving prospects, SMBs expect to spend more on technology in

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the coming year, particularly in the UK where 77 percent of respondents say spending will definitely increase next year and 37 percent expect that increase to be in double figures. This optimism is not shared by the French market, where only 44 percent of companies expect spending to increase. Germany is the most pessimistic market in this respect with 54 percent of SMBs seeing no prospect for an increase in IT spending.

Some 90 percent of European companies consider that IT represents a more valuable asset to the company than ever before and two-thirds of SMBs confirm that keeping pace with technological change is important.

“We welcome the confirmation that the business climate is improving for this key sector of the economy and that technology is playing such a significant role in helping SMBs compete effectively with larger corporations,” Scerri commented.

Local support a critical success factor for businesses

Access to locally based experts and customer support is critically important for a majority of companies in all three countries. According to the survey, 76 percent of SMBs depend on local expertise to minimize downtime and ensure productivity. On the issue of purchasing preferences, both France and Germany would be most likely to source new equipment from a local service provider, while the UK is the most likely to shop around, including purchasing new equipment online.

“HP’s resellers and channel partners are attuned to the needs of small and medium businesses and are able to slip into the role of chief information officer to advise SMBs on the way forward,” Scerri added.

About HP

HP is a technology solutions provider to consumers, businesses and institutions globally. The company’s offerings span IT infrastructure, global services, business and home computing, and imaging and printing. For the four fiscal quarters ended Oct. 31, 2004, HP revenue totaled \$79.9 billion. More information about HP (NYSE, Nasdaq: HPQ) is available at www.hp.com.

¹ Survey methodology

Research was carried out for HP by Benchmark Research Ltd. The survey comprised 300 telephone interviews amongst decision makers of SMBs in the UK, France and Germany. The SMBs employed between 1 and 500 people across all sectors. The research was conducted during October 2004. Full results of the survey can be obtained from HP.

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