

# Porter 5 power analysis on information technologies sector

[Business](#)



IT which consisted of software, hardware and service/consulting services is a complicated sector that serves all sectors. Today, everyone agrees that the greatest power is information. There has been no period of access to information is more advantageous.

So, instead of accessing the information, managing and using the information determines the level of prosperity of nations and their competitive force. Informatics is the concept that is used for all the information services that can be connected by computer systems. “Information” examined the activities of companies in the sector consists of the following: \* Hardware Vendors Software Vendors \* Training and consulting vendors \* Technical service – project planning service providers Unlike a physical product; it is not possible to measure IT sector’s contributions to our lives as ease of use/transport or how often we use the product. The modern lines of business are dependent on computer to improve the productivity and improve the quality of service offered to customers. Without IT side, it is not possible to carry out daily transactions. There are a few reasons for information technology being integrated into business life: \* Rapidness Productivity – Efficiency \* Ability to make more than one job \* Cost Advantage \* Internet-generated new business models

GENERAL SITUATION OF IT SECTOR IN TURKEY In Turkey, “ e-transformation Turkey Project” launched in 2003.

Success indicators which are targeted by e-transformation project to access to information society are; \* Total factor productivity growth \* High-tech and / or the production of high value added products and exports share in total GSHM \* Investments in information and communication technologies \* <https://assignbuster.com/porter-5-power-analysis-on-information-technologies-sector/>

Investment in the share allocated to R ; D, Information and communication technology-related educational level \* The utilization rates of information and communication Technologies Social and cultural contributions are defined in the IT sector's added values. In 2002, total public investment in IT investments are \$ 158. 8 million while in 2005 this share was U. S. \$ 386.

5 million. In a survey for IT sector, IT sector in 2011 target to serve government, telecom, finance, manufacturing and energy sectors. In the same survey, more than 300 companies which is among the top 500 IT companies in Turkey were grown in 2010 too. A growing number of companies with more than 50 percent is 64, a growing number of companies with more than 100 percent is 20, a growing number of companies with more than 200 percent is 4 and a growing number of companies with more than 300 percent is 2 (Interpro 2011). According to the results of the same research IT market in 2009 decreased by 12. 6 per cent in dollar terms was \$ 24.

6 billion. There was a strong transformation in the sector in recent years. Although falling demand and profitability, they hold the same stocks and institutional structures are altered. As of June 2009, aspects that participants judged as most negative and troublesome are 83% of the purchasing power of consumers, profitability of the company with 67%, With a 61% decrease in sales of the company came to the fore. 2010 indicators are examined, especially the growth exhibited in the hardware industry, software and information technologies, demonstrating the rise in the IT sector exhibited a growth by 6.

5% on average. In Turkey, IT sector is examined by keeping out of the communication sector were \$ 7.5 billion in volume. However, approximately 80 percent of this market comes from hardware, 8 percent comes from software licenses. The service sector which adds value to this sector is 12% of the total. The software industry is still (except for special projects) for the commercial activities of enterprises (accounting, inventory, payroll, etc.

) within the framework continues to develop solutions. In recent years, some of the solutions developed for enterprise resource planning, although the conditions of competition in international markets for those products has not yet the desired levels. Outside these areas, even in the domestic market here isn't sufficient production that has reached a significant brand awareness (DPT 2007). Exhibited by the software industry in recent years developments in the software industry has provided support for the politicians. The software sector's value added per person is the maximum obtained sector.

According to the TUBISAD information industry in our country grew 4 percent in 2010. The sector has reached 753 million dollars. The sector is expected to grow 5 percent this year. Software industry exports in 2005 was 76 million dollars, exceeding \$ 112 million by the end of 2010. Turkiye'de y? llara gore sermaye dag? l? m? The most important problem in the IT sector in our country is human resources.

Despite the industry renewing more rapidly, this issue is growing by the university or college graduates does not have the needed capabilities. In addition, graduates working in the industry, there are inadequacies in

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sociability and communication. Another problem is that despite the different sub-areas and expertise in the sector, this expertise and standards for the profession is the lack of titles. There are no data on the distribution of educational levels, capabilities of personnel employed, number in Turkey. When we look at Turkey's position, the overall competitiveness score among the countries of the Middle East is 2 order after Israel. Turkey's highest performing area is the work environment, R ; D environment at the lowest performance area.

**COSTS** The most important cost factor, which is the industry's most important input is the cost of human resources. The ratio of these costs, even though the overall costs, personnel costs and taxes are always the most important cost item. Sectors as a key competitive advantage or disadvantage of the general factors that are examined in this cost element of the IT sector is seen to be very advantageous situation. For example, the manufacturing sector, which is a critical element of the input and the cost of striking the " energy" does not constitute a major cost factor for any IT company. In addition, the costs of equipment and technology required to use equipment that qualified for specific projects, except for some software companies aren't a major expense item and the costs are affordable every time.

However, the software developed for updating the equipment had brought from abroad, field studies need to use specialized product-technology is a slight cut. The rental rates firms paid in the Technoparks hold an important place in spite of cost items, the benefit is evaluated each time a tolerable

cost. Examined the costs of any business sector at the level of the personnel expense is 40%, after that taxes are the biggest burden (Up to 20% on the share of total cost). Because of sector is the most rapidly growing sector, monitoring of technological developments is crucial to be updated. This condition requires the continuity of the technology investment.

When financial infrastructure and facilities in the industry are examined, there have been seen equity of financial resources is the most commonly used, setting up a new business has low costs and banks or other financial instruments is almost never seen in use by the sector. In this respect, the minimum level of financial sector affects the fluctuations. However, due to only working with owner's equity, companies suffer from a shortage of growth. By the way, techno-parks are areas benefit from tax advantages in R & D-oriented companies. Located in technopark companies in particular have many advantages over the infrastructure facilities. Girdi Kosullar? DEMAND Demand for IT services is increasing with each passing year.

KDV in Turkey in 2008 fell from 18% to 8% in Europe, despite the contraction in the sector 10% developed. 90% of the regional market is dominated by large-scale firms. % of public procurement 55% hardware and design services, 45% of the private sector. Management software has a 95% rate in the private sector to do business. The State is an important customer but special terms and conditions described in the state procurement are often meet by the giants of the industry types and partnerships with foreign firms and products are preferred. Best to conduct business in the domestic market the most important element of bilateral relations.

Only large-scale IT companies working with companies to ensure certification prerequisites, such as businesses and investing in human resources. The average increase in turnover of the firms examined in the last 3 years is quite a low rate of development is observed.

Employee turnover is generated per staff is around 90,000TL. Looking at the overall situation, only the export of software products has been observed. Hardware sales, technical service, etc. of any international activity has been observed in other areas.

There are no logistical problems related to the IT industry's exports. ACTORS University, non-governmental organizations, industrial – chambers of commerce, public institutions, government. CHALLENGES Institutionalist sector-related issues and problems related to the provision of human resources come forward. In addition, access to financial resources and lack of government support to be shown between the prevailing problems. In addition, the innovation capabilities are not satisfactory.

The sector developed customer-specific products are not experienced enough to convert a general-purpose commercial products. Bilisim Firmalar? n? n Kaynak Sorunlar? (TUBITAK) Bilisim Firmalar? n? n Kaynak Sorunlar? (TUBITAK) Bilisim Firmalar? n? n Sorun Dag? I? m? (TUBITAK) CONCLUSION In recent years, they offer services, technical support and maintenance agreements, the most important source of income instead of selling hardware. The most high-priced products are software products. Software is ahead on the percent of the profit. Internet service providers (web site design, web address, selling) market is growing by up 100% each year.

Number of employees, turnover and number of customers is increasing every year.

The domain market is not yet filled. Due to the need for every KOBİ to have a website, this trend is expected to continue in the coming period. As long as the state continues to support the sector, the potential of technology development is expected to continue in Turkey. The most preferred strategy is the employment of qualified personnel, and prepare for the future by updating the existing technology. The most important deficiency is the lack of marketing strategies, human resources, capital issues and not to grow because of capital problems.

The most important elements of competition in the sector: \* Know-How \* Monitoring new Technologies \* Methods offer the advantage of cost-saving \* Continuity \* Meet the high expectations and quality Turkey's market share is around 1.4%. But it is difficult to determine the capacity utilization rate for the service sector firms. There is a global giant rivals such as SAP and Microsoft for Management Programmers. Advantages; \* Quick decision making, flexibility \* The team and dominance of business \* Visibility, experience, name recognition \* Information and knowledge capacity \* Trust and the production of the solution according to requirements, giving numerical results \* The quality of after-sales service \* The width of the product range \* Provide a more user-friendly solution To provide customer-specific solutions \* Specialization \* capacity-the-job learning \* R & D capability \* Emphasis on standardization Disadvantages \* Lack of managerial skills and not have the vision \* Higher costs arising from quality \* Awareness



- the problems of recognition \* Weakness due to lack of strong growth in capital structure can not be financed \* Quality of staff not being kept in the company \* Marketing problems \* Positive bias for Foreign-based companies \* The emergence of new competitors in the sector often \* The lack of quality human resources