

Professional, Scientific and Technical Services • M7000

Computer System Design Services in Australia

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IExpert

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Published: August 2024

At a Glance

Revenue \$85.9bn '20-'25 ↑3.1% '25-'30 ↑4.5%	Employees 287k '20-'25 ↑5.1% '25-'30 ↑3.9%	Businesses 64,494 '20-'25 ↑3.5% '25-'30 ↑2.8%
Profit \$9.1bn '20-'25 ↑6.8%	Profit Margin 10.6% '20-'25 ↑1.7 pp	Wages \$35.1bn '20-'25 ↑3.2% '25-'30 ↑5.9%

Five-year growth rates display historic and forecast CAGRs

→ Major Players

Company	Revenue	Market Share
DXC Technology	\$2.3bn	2.6%
Accenture Australia	\$2.1bn	2.5%
Oracle	\$1.3bn	1.5%
IBM A/NZ Holdings	\$1.1bn	1.3%
Other Companies	\$79.1bn	92.1%

📊 Key External Drivers

Key External Drivers	Impact
Capital expenditure on computer software	Positive
Capital expenditure by the public sector	Positive
Internet subscribers	Positive
Business confidence index	Positive
IT and telecommunications adoption	Positive

⊕ Products and Services

Item	Revenue	Market Share
Computer hardware and software services	\$36.4bn	42.4%
Internet-specific services	\$20.5bn	23.9%
Computer facilities management	\$13.8bn	16.1%
Labour-based computer assistance services	\$11.4bn	13.3%
Other computer system services	\$3.7bn	4.3%

Key Takeaways

Performance

- Computer system design firms have benefited from climbing demand in recent years. Downstream clients are ramping up investment in IT projects and software solutions to meet growing technological requirements.
- Improvements in business confidence are set to support business expansion and demand for computer system design services. Greater capital expenditure on computer software and IT adoption will also encourage uptake of these services.

External Environment

- The Computer System Design Services industry is subject to light regulation. Although no regulations directly apply to IT consultants, several different regulatory and professional bodies can influence revenue and demand.
- Some industry associations provide services that aid computer system design system firms. Various government programs and initiatives are also designed to promote growth in the IT services sector.

SWOT

Strengths	Growth Life Cycle Stage
	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	High Revenue per Employee
Weaknesses	Low & Increasing Barriers to Entry
	High Competition
	Low Profit vs. Sector Average
Opportunities	High Revenue Growth (2020-2025)
	High Revenue Growth (2025-2030)
	Capital expenditure on computer software
Threats	Low Performance Drivers
	IT and telecommunications adoption

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Increasing
Regulation and Policy	Low	Increasing
Life Cycle	Growth	
Revenue Volatility	Moderate	
Assistance	Moderate	Steady
Competition	High	Increasing
Innovation	High	

Executive Summary

By design: Revenue is climbing as clients require solutions for mobile platforms and cloud computing

The Computer System Design Services industry consists of many businesses that develop and implement information technology services, programming systems and business solutions. The industry has expanded strongly in recent years, as many client businesses have outsourced non-essential systems operations, and computers and IT systems have required regular upgrades and enhancements. Greater IT adoption has fuelled growth, and financial services providers – including banks and insurers – have remained the largest clients.

In response to robust demand, revenue is expected to climb at an annualised 3.1% over the five years through 2024-25. Revenue is anticipated to jump by 2.3% in the current year, to \$85.9 billion. Improvements in technology, climbing investment in software, and a greater prevalence of mobile platforms and cloud computing have driven recent revenue growth. A greater focus on high-value-added services has also allowed IT consultants to raise prices, supporting profit margins.

Widespread reliance on the internet has underpinned the expansion of computer system design services. Some computer system design firms have merged services with other consulting firms, including strategic planning and business research companies, to expand their reach. The industry often overlaps with the Management Consulting industry, as both industries are increasingly offering broad start-to-finish service models. Moving forwards, larger firms will enter the industry through mergers and acquisitions because of this overlap.

Industry revenue is forecast to expand at an annualised 4.5% through 2029-30, to total \$106.9 billion. System upgrades linked to technological advances are set to fuel this growth. In particular, new infrastructure investment, enhancements to the NBN and improvements in cloud computing will boost demand for computer system design services. Demand for services related to voice-over internet protocol (VoIP) and internet-based telephony will remain high, but cloud systems will satisfy much of this demand in the business market. Businesses, households and governments will seek to capitalise on these computing and technology advances, turning to computer consultants for solutions.

Call Preparation Questions

Call Prep Questions

Sales & Marketing

How significant are competitive threats from IT firms in countries with lower operating costs?

- Some large computer services companies in countries with lower

operating costs are offering IT services to clients at lower prices than domestic firms.

- While clients might benefit from lower prices, foreign firms might provide lower service quality and reliability compared with Australian businesses.

How does servicing specific markets benefit firms?

- Computer services firms that focus on providing IT services to particular markets can benefit from pricing advantages due to specialisation.
- However, a downturn in a niche market can lead to lost revenue opportunities and difficulties in continuing operations.

- Many computer services firms provide traditional IT products and services to clients, which still account for a high proportion of industry revenue.

Compliance

How do regulations affect your computer services firm?

- The regulatory environment for IT firms is generally light, with some increases across particular services and markets.
- APRA specifies outsourcing requirements for financial services firms in relation to client accounts and information.

How is assistance made available to IT services firms?

- No specific tariffs or government protection programs are relevant to domestic IT firms.
- Some research grants are available to IT companies that carry out particular research and development activities.

Finance

What scope is there for your company to outsource certain parts of your operations?

- Certain functions can be outsourced to professionals that are more skilled and experienced at specific tasks.
- Outsourcing enables businesses to focus on their core processes while designating other tasks to third parties at a lower cost.
- These tasks can include IT consulting and marketing.

How can your IT firm increase its profit margins?

- Specialist IT firms that service niche markets can be in a good position to increase prices and margins.
- Limiting growth in wages and other costs can help to increase or maintain profit margins.

How much does your firm rely on demand from the public sector?

- Some larger industry companies provide a range of computer system design services to the government and public sector.
- These companies must have the capabilities and staff to meet higher public sector demand.

Strategy & Operations

How important is it for computer services firms to operate from multiple locations?

- Most industry companies operate from a single location and service few clients.
- Larger industry firms operate nationally, and can benefit from branding and economies of scale.

How important is it for firms to be located geographically close to clients?

- Advances in technology allow computer firms' staff to service clients remotely.
- This development can alleviate or reduce the need for IT companies to be located close to client organisations.

Technology

How are new technology trends affecting the industry?

- Advancements in artificial intelligence, cloud technology, data security and data analytics are providing opportunities to computer services firms.
- IT companies that specialise in these fields are in a good position to grow their revenue base and increase margins.

How have your company's service segments changed over the past five years?

- Management information systems, software development and systems design are major service segments for many IT firms.

External Impacts

Capital expenditure by the public sector

Business confidence index

How do fluctuations in business confidence affect your firm's revenue and profit margins?

- Positive business confidence generally indicates that client companies are more willing to invest in new technologies and services from the industry.
- Negative business confidence can result in clients being less willing to invest in computer services, negatively affecting margins.

Capital expenditure on computer software

How do changes in capital expenditure on computer software influence demand for your company's services?

- Increased capital expenditure on computer software generally benefits the industry.
- Industry firms must implement strategies to benefit from higher capital investment in computer software.

Internal Issues

Having marketing expertise

How does your company carry out marketing activities?

- Computer services companies can use the internet and social media to promote their business activities.

Highly trained workforce

How does your company conduct recruitment processes?

- Computer services companies require large numbers of qualified and experienced IT professionals.
- To maintain and improve their IT services, industry companies must ensure that employee skills are effectively maintained and up-to-date.

Development of new products

How much does your company invest in research and development?

- Industry players that develop new and improved IT services can attract new clients and grow their revenue base.
- New and innovative IT products must be patented to ensure rival firms do not copy them.

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