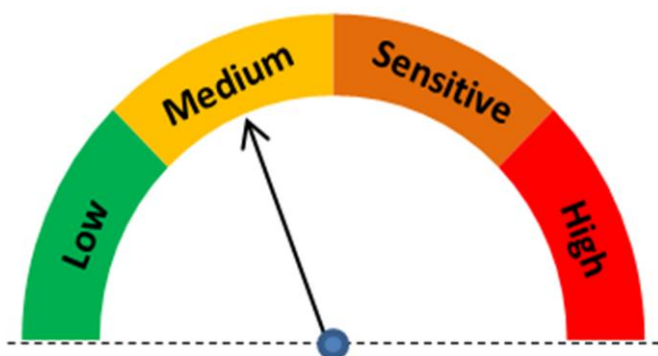


## Sector Risk Rating



## What to Watch?

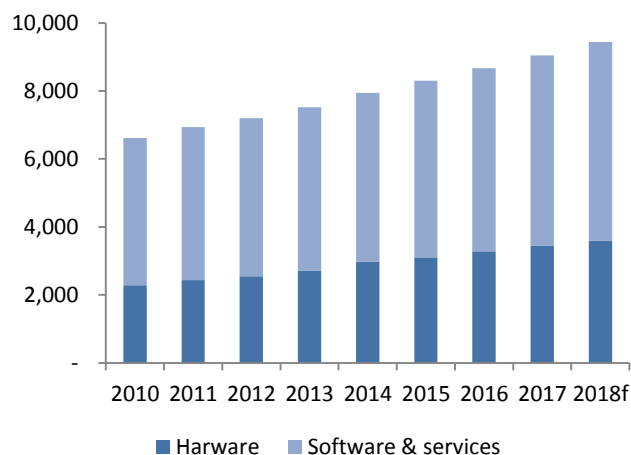
- Increased M&A activity as the SaaS sector matures
- US net neutrality changes impact on other countries

## Long-term growth sustained by digitalization

The information and communication technology sector (ICT), comprising a wide range of activities from electronic components to telecommunication services, will continue to enjoy dynamic growth. We expect sector revenues to increase by +4.4% in 2018 (vs +4.3% in 2017).

In 2018, there will be three main drivers of revenue growth of ICT sector companies. First, the Internet of Things (IoT) and the development of 5G networks will drive growth for the telecommunications industry in 2018. All major telecom companies in the world are now setting targets for the 5G network deployment in 2018. Second, blockchain technology is expected to go mainstream and get a major share of IT budgets of companies working in a vast range of fields ranging from finance to healthcare. Furthermore, artificial intelligence (AI) is expected to be a part of almost every new IT product launch in 2018, even though in many cases this is a marketing exercise for a newer more sophisticated version of the current product. As always the risk in the sector lies within the cash flow statement, particularly during phases of new technology adoption, and companies' liquidity should continue to be carefully monitored.

ICT sector sales  
(real USD bn)



Sources: Oxford Economics, Euler Hermes

## Key Players

Country	Role	Sector Risk
China	#1 exporter #2 producer	●
United States	#2 exporter #1 producer	●
Japan	#3 producer #4 exporter	●

## Strengths

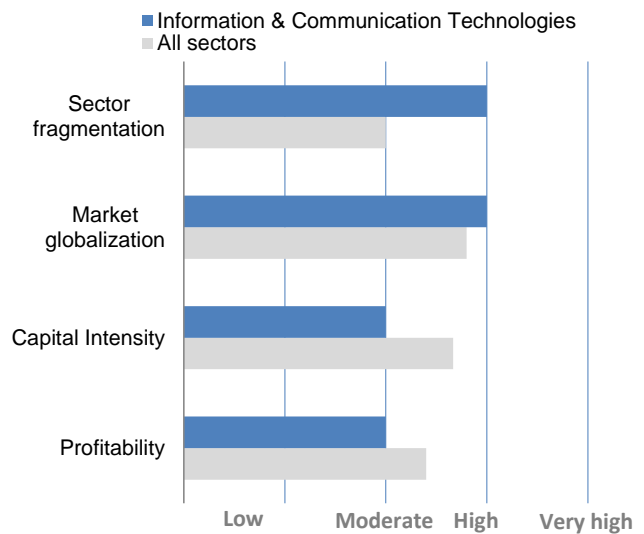
- Driver of growth and productivity of the global economy
- Increasingly interconnected systems and objects (Internet of Things)

## Subsectors Insight

**Network equipment:** Highly competitive market with sustained expected growth. Network equipment is required to support widespread adoption of technological advancements related to big data and cloud computing

**Services:** Huge demand spurred by the digitalization of the economy, yet suffering from price pressures

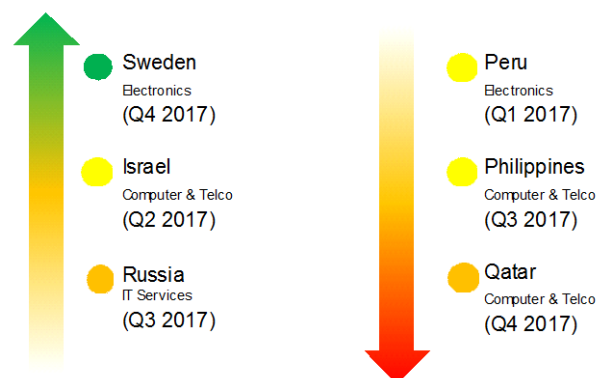
## ID Card



## Weaknesses

- Increasing investment needed for improving the data protection systems
- Growing market power of the largest companies

## Recent Sector Risk Changes



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