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Trends in the Office Suites and Digital Content Creation Markets (Executive Summary)

Overview

The decreasing cost of computers has fueled a sharp increase in adoption and purchase of office suites. New software license revenue was up 8 percent in 2002, with Microsoft capturing 97 percent of the revenue for new software licenses, while the digital content creation market was down 8 percent in 2002. While the increased digitization of content on the Internet has spiked the demand for these tools, bundling has undermined their revenue potential. Opportunities in server-based applications offer the most promising growth. Current business trends around collaboration technology will be important for this market.

Definitions

Gartner Dataquest defines office suites as software packages that bundle office or business management applications, word processing, spreadsheets, desktop databases and presentation graphics. Although they can be sold as stand-alone packages, integrated suites continued to account for the vast majority of the market because corporate clients prefer to deal with a single vendor, and individual consumers usually buy a prepackaged suite at the time of a computer hardware purchase. Office suites are very popular and very pervasive, and most professionals spend a lot of time using them.

Digital content creation is software for creating and altering digital or other computer-generated content. This includes bitmap and vector graphics, other media applications, and desktop and electronic publishing.

Methodology and Assumptions

It is important to note that new software license revenue is the only metric tracked by Gartner Dataquest software analysts and the one on which estimates of software vendor market share and market size are based. For more information on methodology, see "Software Market Share Methodology and Best Practices," SOFT-WW-GU-0009 and "Software Revenue Components and Licensing Models," SOFT-WW-GU-0010.

For the full report, see "Trends in the Office Suites and Digital Content Creation Markets," SWSA-WW-MT-0115.