

IT outfits see reboot in client spending

By **CHUCK SODER**

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Ganesh Iyer's customers have been a lot more generous so far this year.

The CEO of Vertex Computer Systems Inc. is one of several information technology executives in Northeast Ohio who say local companies have been spending noticeably more on IT this year.

The effect has been particularly pronounced at Vertex, a Twinsburg company that provides custom software and IT consulting to businesses. The company's sales during the first quarter were up by more than 30% compared with the first quarter of 2009, which Mr. Iyer said was a particularly slow year because of the recession. Sales for the second quarter, which still isn't over, have been good, too, said Mr. Iyer, who declined to release revenue figures.

Those increases say something not only about Vertex, but also about the willingness of its customers — most of whom are in Ohio — to spend money on IT.

"It has been a dramatic turnaround since the beginning of January," Mr. Iyer said.

Other information technology companies that serve local businesses and organizations agreed that since the start of the year, IT sales among their Northeast Ohio clients for the most part have been up.

Sales in the technology division at business services firm Skoda Minotti are up by a double-digit percentage so far this year compared with the like period last year, said Jeff Beller, IT and telecommunications consultant for the Mayfield Village firm.

Though it is typical for the division to grow, Mr. Beller said much of the sales increase was due to a greater willingness to spend among Skoda Minotti's clients, most of which are in Northeast Ohio. But most companies are "still a little cautious," he said.

"They're not buying the Cadillac. They're getting the Chevy, because that's all they need," he said.

'Signs of life'

Brad Nellis, president of the Northeast Ohio Software Association, said he's not yet ready to report that IT spending on the whole is on the increase, noting how executives of a software company he talked with last week told him they've lined up lots of potential clients that are interested but are hesitant to make purchases.

However, Mr. Nellis noted that nine of the 11 people who have responded so far to the organization's first-quarter economic survey, which the group only recently sent out, have said that the first quarter was "better" or "much better" than the previous quarter and the first quarter of 2009.

"There're definitely some signs of life," Mr. Nellis said.

Ted Wallingford, co-founder and lead consultant of Best Technology Strategy LLC in Elyria, said he's been selling more equipment in the region over the past several months, though he's yet to see much of a pickup in interest in consulting services. The equipment demand is partly because Microsoft in October released Windows 7 and has stopped servicing some older operating systems. Some of the demand, however, can be attributed to the economy — and because companies can't put off upgrades forever, Mr. Wallingford said.

"People held off on them so long that you're starting to see failures — physical breakdowns," he said.

A few Northeast Ohio companies and institutions confirmed that IT spending has started to return to normal at their organizations.

Transfer Express Inc. in Mentor, which makes printed products for clothing manufacturers, this year is going forward with a \$40,000 disaster recovery project it delayed because of the downturn, said Bob Brooks, chief information officer for Transfer Express. The project amounted to about 10% of the company's 2009 IT budget, he said.

Staffing starts a turnaround

Hiring in the IT department at University Hospitals has picked up after slowing down in 2009, said Mary Alice Annecharico, senior vice president and chief information officer. Some discretionary projects at UH were spared last year, however, because the hospital system saved money by bringing its IT staff in-house in January 2009.

"That was during a part of the recession when we really needed to preserve cash," Ms. Annecharico said.

The mood regarding IT spending at Electronic Merchant Systems of Independence "was pretty conservative" in 2009 but is returning to normal, said Leslie Pochaukas, the company's chief information officer. IT staffing was one area the company cut.

"We're in the process of adding the first person we've added in three years, probably," Ms. Pochaukas said.

Other companies in Northeast Ohio have started buying more hardware again, said Jason Taylor, president of MCPc's Great Lakes region, which has a heavy concentration of customers in northern Ohio. MCPc's sales in the Great Lakes region were down in 2009, but sales have grown in 2010, Mr. Taylor said.

