

Asia UPS Service Market Forecast to Grow 20% in 2012

Austin, TX – 19th January 2012 IMS Research's recent study, "The World Market for UPS Service and Support," forecasts that the service market in Asia for uninterruptible power supplies will grow 20% this year, to just over \$820 million. Growth will largely come from India and China where the amount of installed equipment is growing rapidly and is also increasingly attracting service revenues.

The UPS service market includes service contracts, warranties, installation, battery replacements, and preventive maintenance on UPS hardware. Of these services, annual maintenance contracts account for the largest percent of revenues in Asia, despite a lower attach rate than the global average. Globally, 40% of three-phase UPS have a service contract; in Asia it is closer to 30%. Elizabeth Cruz, a UPS market analyst with IMS Research, says that "many customers in Asia have not, up to now, opted for service contracts. However, UPSs are now backing up a wider range of applications that require continued power, like sophisticated manufacturing equipment to assure product quality, and critical hospital and airport equipment. Service contracts are now perceived as more necessary." This shift in thinking is driving the forecasted double-digit growth of maintenance contracts over the next four years in Asia.

While the increased likelihood of service contract sales is important, most of the growth in Asia's service market is attributable to the hardware market, which grew more than 20% in 2010, mostly in the emerging regions. Backup power is required to support the developing infrastructure in regions like China and India, where power quality is currently unreliable. In contrast, the more developed regions of Japan and Australia are not seeing as rapid growth in their UPS installed base; yet these areas are good candidates for more advanced services like remote monitoring, as the required internet infrastructure is widely available.

The combined effect of increasing attach rates and a growing installed base means manufacturers should look to the emerging regions of Asia for increased service opportunities. Cruz notes that "currently Japan accounts for nearly 40% of all service revenues in Asia; however, by 2015 its share is forecast to be lower than 30%, as the Chinese and Indian markets grow faster."

About The World Market for UPS Service & Support – 2011 Edition

This report builds on IMS Research's expertise in the UPS industry by providing a detailed and accurate assessment of the present state and future development of the global market for UPS service and support. Market shares and analysis of the competitive environment are included. A companion tracking service provides top-level updates each quarter for participating members.

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