

Chart 1 (continued):

POSITIVE

Standards emerging (e.g. UNIX, Presentation Mgr, OS/2)

Increasing percent of purchases made by retail walk-in customers

Change to total solution sales by the retail store

Increasing role of mass merchants

More stores providing VAR type services

Two-three percent annual growth in total market size

NEGATIVE

More full family of products

Commodity trading

More profit per unit needed

Decline of VAR channel

Higher advertising costs

More Direct Sales by software publishers

Increasing support requirements

Eighty percent of software sold by top ten companies

Eighty percent of shelf space owned by top five firms

Chart 2: Where Does Business Buy Its Software:

CATEGORY	% 1988	% 1993
PC Dealers	43	36
Software Only	10	17
Mass Merchants	2	10
VARs	5	2
Mail Order	22	15
Software Publishers	18	20
Direct		