

The Market

The federal information technology (IT) market grew consistently during fiscal years (FY) 1989-1993. In FY1994, the U.S. federal government represented the largest IT customer in the world, purchasing over US\$25.5 billion worth of IT products and services. During the next five years, FY1995-1999, the federal IT market is forecasted to experience modest growth. Before examining the IT market in detail, however, the report will identify the factors that are significantly affecting its direction.

The Factors

As the nation progresses, the U.S. federal government is becoming more and more concerned with the country's economic and budgetary problems. To bring the deficit under control, the government has mandated strict budgeting and has significantly reduced the number of full-time federal employees. Now, it is difficult to justify why a commitment to defense and, consequently, must

Overview

To be successful in the U.S. federal information technology (IT) market, Canadian companies must develop a sound federal business strategy. However, an effective business strategy cannot be developed without first collecting a great deal of accurate and vital information. This report was created to accomplish three tasks: i) to provide you with market intelligence and a general understanding of the federal IT market, ii) to direct you to other valuable sources of information, and iii) to explain how to develop an effective federal business strategy. The report is divided into four sections. The first section, "The Market," offers a number of statistics to describe the size of the federal IT market and to highlight important trends. The second section, "The Federal Business Strategy," briefly explains the composition of the strategy, its fundamental elements, and how to get started. The third section, "The End-User Strategy," explains how to develop a strategy to create demand for your products or services among government end-users. The fourth section, "The Channel Strategy," explains how to develop a strategy to make the most effective use of government sales channels.

How To Use This Report

One of the main objectives of this report is to provide you with descriptions and points of contact for excellent sources of information, assistance, marketing, and networking in the federal IT market. The report refers to many of these sources and explains the context in which they should be used. When a reference is made in the report, it is accented in **bold italics** for easy identification. To obtain a brief description and point of contact information for these sources, refer to Appendix A. Appendix A consists of a master list of all the sources of information, assistance, marketing, and networking referenced in this report and is organized into six categories of information; "Miscellaneous Assistance," "Publications," "Professional Associations," "Consulting Firms and Course Providers," "Trade Shows," and "User Groups."

Positive Affect on Federal IT Budget

- IT Manpower Shortages
- Health Care Reform
- Millennium Bug
- End of Cold War (shrinks agency IT budgets)

Negative Affect on Federal IT Budget

- Cuts to Discretionary Budgets
- End of Cold War (DOD IT budget)