

are Ekimian Laboratories and Telecom Techniques. Representative products sold are communications systems and automated fault isolators. To date, the company has imported approximately 15 percent of the products it sells while 50 percent - 60 percent of all products sold are for complete systems. Mr. Sitko advised that his company sells 100 percent hardware and that CSS holds stock in some of the items it sells. Items which are held in stock generally range in price from \$200 to \$800.

The company is actively looking for new sources for high speed multiplexers at present and could be interested in looking to Canadian companies for supplies. CSS sells to a national market but strictly emphasizes the West Coast and maintains a sales staff of four. Mr. Sitko advised that the company finds most of its customers among the communications industry and Fortune 500 companies. Interestingly, CSS Telecommunications has recently embarked on a joint marketing venture with a Canadian company importing data communications equipment through an American subsidiary. Mr. Sitko does not anticipate any problems with servicing; in his experience he found that Canadian companies arrange for a high level of support in the United States. Mr. Sitko generally felt that Canadian companies had a too relaxed and passive approach to selling. This was evidenced by comparing Canadian and American sales literature and brochures. The low-key approach taken in Canadian sales literatures then had a distinct disadvantage which is a great shame, he said, because he felt that the Canadian technical approach was as good as anyone's.

AMERICAN COMPUTER AND ENGINEERS INC.

2001 South Barrington, Suite 204
Los Angeles, CA 90025 (213) 477-6751

Mr. Aziz Al-Khal, Vice President Marketing and Sales

American Computer and Engineers Inc. has annual sales in the vicinity of \$4.8 million and employs 20 people. The company was established in 1977. American Computer and Engineers concentrates on software packages, supplying turnkey systems, consulting, and maintains a service bureau. The company is also a manufacturer's representative. American Computer and Engineers represents the following hardware manufacturers: Cronenco, DEC, NEC and Compro. On the software side, the companies represented are MicroPro, International Micro Systems and Visual Technology. Mr. Al-Khal quoted microcomputers both 8 and 16 bit as being typical of the hardware products his company sells. He said that 10 percent of the products sold were imported and the fact that they were imported had caused no problems in price or delivery so far. Further, Mr. Al-Khal estimated that 80 percent of all the company's hardware sales consisted of complete computer systems; in fact the company sold 80 percent hardware. Some items are kept in stock and range in price from \$200 to \$10,000. Mr. Al-Khal stated that one of his suppliers, NEC, had been

causing him delivery problems. He claimed that the company frequently under-rates demand and that there are resulting long delays.

American Computer and Engineers markets internationally but their main emphasis in selling is in California. The company employs 15 sales staff. Mr. Al-Khal claimed that professional groups made up a majority of his company's clients. Mr. Al-Khal is interested in looking at any worthwhile Canadian products and welcomes enquiries from Canada at anytime. He could conceivably be interested in some form of joint venture marketing activity with a Canadian company. An example of new equipment which the company is currently looking for is an English language word processing package which is able to display mathematical equations on the screen. Mr. Al-Khal stressed that a main problem for companies such as his has been that 16 bit software has only recently caught up with the hardware which has been available for some time. This is occurring in a time when 32 bit hardware is being introduced. He anticipates the same problem occurring there.

8.3 SOFTWARE DISTRIBUTORS AND MANUFACTURERS

We determined that the percentage of software sales made by companies from the three major groups interviewed for this study varied considerably. Hardware distributors, for example, reported an average of 17.8 percent of their total sales were for software. Thirty percent of computer systems manufacturers reported that they do purchase software packages for resale with their hardware but many write their own programs. Software sales for turnkey/systems house companies can also vary from a high of 80 percent to a low of 20 percent. The amount of software sold depends on the specific selling platform of the individual company.

There are approximately 6,000 U.S. firms involved in software design, production, and distribution. The field contains small, medium and large companies. In addition, an increasing number of computer manufacturers are beginning to develop their own software divisions. A software producer can be involved in producing anything from highly specialized systems and driver software to custom tailored business, scientific or professional programs or pre-packaged programs for consumer microsystems. The field is extremely fragmented and new companies are continually emerging.

Many of the interviews with computer systems manufacturers, hardware distributors, and turnkey/systems companies included in this study contain information on software prospects. For this reason we conducted a sampling of fourteen interviews specifically with software specialist companies. The interviews covered companies involved in production, design and distribution. The results follow in a precis form.