

Professional Associations

The professional associations, *IAC (Industry Advisory Council)*, *ITAA (Information Technology Association of America)*, and *AFCEA (Armed Forces Communications and Electronics Association)*, hold many meetings to inform their members of the changing information technology needs of federal agencies. Federal agencies are often invited to association meetings and conferences to express their IT requirements. The Canadian Embassy strongly recommends that you join one or more of these associations (see "Professional Associations," Appendix A).

Offices of Small and Disadvantaged Business Utilisation (OSDBU)

The *Office of Small and Disadvantaged Business Utilisation (OSDBU)* at each federal agency can tell you whether the agency purchases the products or services your company provides (see "Miscellaneous Assistance," Appendix A). Although OSDBUs are only required to help U.S. small businesses, in practice, they will provide information to any companies that request it, including Canadians.

Business Service Centres (BSCs)

The *Business Service Centres (BSCs)*, operated by the GSA, can, in many cases, identify the top federal purchasing agencies of your company's products and services (see "Miscellaneous Assistance," Appendix A).

Consulting Firms

IT consulting firms in the Washington area can conduct a customised and extremely accurate search to identify the top federal agency purchasers of your company's products or services - at a price. For a sample list of consulting firms, refer to the "Consulting Firms and Course Providers" section in Appendix A.

Analysis: Federal Agency IT Budgets -- FY1989 to FY1999

(see Table 8 on page 13)

Table 8 on page 13, compares federal agency IT budgets in fiscal year (FY) 1989, FY1994, and the forecasted IT budgets for FY1999. All dollar amounts are in millions of constant 1994 U.S. dollars. Below, is an analysis of the figures presented in the table; identifying important trends and the best federal agency prospects for IT firms.

- **The Federal IT Market is Experiencing a Shift from the Department of Defence (DOD) to the Civilian Agencies.**

The *Big Three* in FY1989 were Army, Navy/Marines, and Air Force; all DOD agencies. In FY1994, they were Health and Human Services, Navy/Marines, and Army. In FY1999, the big three are forecasted to be Health and Human Services, Department of Treasury, and Army. Clearly, federal purchasing of IT is shifting away from the DOD agencies and towards the civilian agencies.

- **Federal IT Purchasing is Becoming Less Concentrated.**

In FY1989, the top three purchasing agencies of IT; Army, Navy/Marines, and Air Force; accounted for almost US\$10 billion and over 40% of total federal IT spending. In sharp contrast, the top three in FY1999; Health and Human Services, Department of Treasury, and Army; are forecasted to represent US\$7.8 billion and only 29.5% of total federal IT spending. As the federal IT market shifts from the Department of Defence (DOD) to the civilian agencies, federal purchasing is becoming less concentrated.

- **Health and Human Services (HHS) IT Spending is Dramatically Increasing.**

As noted at the beginning of the report, one of the major factors driving IT spending is health care reform. This is confirmed by the figures presented in table 8. In FY1989, HHS IT spending was US\$1.8 billion. In FY1994, HHS was the top federal IT spender with a budget of US\$2.7 billion, an increase of 50% over FY1989. In FY1999, HHS IT spending is forecasted to be US\$3.5 billion, representing a significant five year increase of almost 28%.