1. PREFACE

"Another revolution in the computer industry is in progress, and it is software, not hardware, that is the real leader of the changes underway."

"I am in the computer software business, and it is changing so rapidly that even I don't know what is going on. Strategic decision making is so very problematic in this kind of environment not only because change is so dramatic, but also because it is difficult to predict the significance of change as it is occurring."

"One area in which the software industry is found lacking is in the marketing of its products to potential users. The U.S. market is not homogeneous. It is a collection of regional markets. Therefore, a standard distribution strategy for the U.S. will undoubtedly leave some market segments unserviced."

"The next few years are going to be very difficult times for those in the software industry. Everyone will be going after the same value-added niches, and a tremendous amount of shakeout is inevitable."

Developers of software products in Canada are likely to be very familiar with quotations such as those above. It is because of statements like these about the market for computer software, and the realization of how rapidly the computer industry in general is changing that has prompted the Canadian Consulate office in Buffalo, New York to commission the preparation of this Guide. The primary purpose of the Guide is to present an informative and utilitarian perspective of the potential business opportunities in New York State that are open to Canadian developers of computer software, and to provide assistance in evaluating appropriate distribution channels and marketing methods for reaching this part of the United States. Although most of the comments in the Guide are focused upon doing business in New York State, many of them are also applicable to other parts of the country.

The Guide is divided into the following major sections: recent trends in the computer software market; guidelines for strategic decision-making in the