

Finally, the state contains over 300 Value-Added Resellers (VARs), which, according to a 1989 survey conducted by the Ziff-Davis Publishing Company, earn about 42 percent of their sales revenues from selling software [10]. These VARs typically assemble custom-integrated computer systems for specific vertical industries or application areas.

b. Differentiating New York State Market Areas

One of the objectives of this Guide is to assist Canadian developers of software in becoming more informed about the different market areas of the State. It is helpful, therefore, to delimit the computer software market in the state by telephone calling areas. This strategy is useful because these areas correspond roughly to the major economic planning regions used by the State's Department of Economic Development. In addition, such a spatial division of the State links individual computer dealers, VARs, distributors, and storefronts to major metropolitan areas of the State rather than to the various counties or other geographical areas of the state, with which Canadian business people may be less knowledgeable.

From personal interviews with several experts in the computer industry in New York State, **the observation is quickly made that the computer industry in the State consists of two primary market areas: "downstate" and "upstate."** These two markets differ sharply, not only in their relative sizes, but in the nature of their industry specializations. An examination of Table 2 reveals the distribution of computer companies for each of the major telephone calling areas in the "upstate" and "downstate" regions. The location of these calling areas is displayed in Figure 2. An evaluation of the data in Table 2 reveals that over 70 percent of the computer establishments in the State are located within one of the four downstate calling areas.

Further segmentation of the computer market in each of the telephone calling areas by two major SIC sectors is revealed in Table 3. Of the some 4149 computer-related establishments identified in the State, some 3.5 percent are classified as belonging to the "computer and office equipment" sector (SIC 357), 89.4 percent to the "computer and data processing services" category (SIC 737), and 7.1 percent to all other industry categories. In comparing Tables 2 and 3, it is evident that the relative pattern of distribution of the two major sectors within the "downstate" and