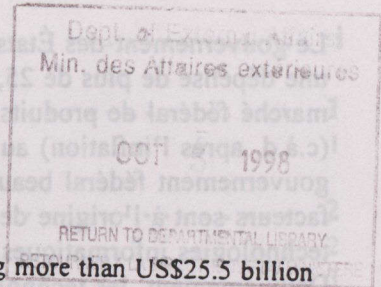


# Executive Summary



The United States federal government is the largest IT customer in the world, spending more than US\$25.5 billion on information technology in 1994. Despite tightening federal purse strings, the federal IT market is forecasted to modestly grow in real terms (adjusted for inflation) at least until 1999. In addition, federal government IT contracts are expected to increase at a significantly faster rate than the total federal IT budget. A number of factors will drive the proposed growth. First, federal agencies are using IT solutions to deal with reduced workforces and budgets. Second, IT is considered a vital component of the continuing process of health care reform. And third, innovative IT solutions will have to be implemented to deal with the *millenium bug* - the inability of most software to deal with calculations involving the year 2000. The leading technologies in the federal IT market are: computer telephone integration (internet), electronic data interchange (EDI), document management systems, data security, business process reengineering, intelligent transportation, data compression/storage, multimedia, client/server computing, and mobile computing.

This report is designed to help you take advantage of the opportunities in the federal IT market. First, it provides an overview of the market, highlighting its size and significant trends. Second, the report explains the composition and essential elements of an effective federal business strategy. Third, it explains how to create government demand for your products or services using an end-user strategy. And fourth, the report explains how to develop and implement a channel strategy to make the most effective use of government sales channels. Reading this report and using the sources of information, assistance, networking, and marketing that it provides will greatly improve your chances of success in the federal marketplace.

The information technology industry is large, complex, and diverse. Individual IT firms have unique and specialised contracting needs. For this reason, the report does not identify specific federal contracting opportunities. Instead, the report provides you with the tools that are needed to find specific contracting opportunities that closely match your firm's capabilities. In addition, the Canadian Embassy in Washington, DC will, at your request, conduct an in-depth and tailored search to locate up-to-date federal contracting opportunities that meet your firm's needs.

Historical government budget amounts and budget forecasts used in this report were taken from the "EIA Five Year Forecast of Federal Systems Information Opportunities," published by the Electronic Industries Association (EIA). In addition, this report could not have been written without the expert advice and insightful input of Terry Kelly of Terry Kelly Associates and Tim Karney of Washington Technology. The Canadian Embassy gratefully acknowledges their contributions to the report.

**For more information, contact the Commercial Officer  
at the Canadian Embassy in Washington, DC  
Tel: (202) 682-7746 Fax: (202) 682-7619**

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