

THE BUSINESS SOFTWARE MARKET, 1994

US \$ MILLIONS

Application	Value	Percent
Word processing	21.6	15
Spreadsheet	15.8	11
Accounting	13.0	9
Communications	11.5	8
Payroll	10.1	7
Database	10.1	7
Computer assisted design (CAD)	7.2	5
Inventory management	7.2	5
Project management	4.3	3
Other	43.2	30
Total	144.0	100

Source: United States Department of Commerce, ISA9504.

THE ROLE OF IMPORTS

By some estimates, imports account for as much as 80 percent of Mexican software sales. Import penetration of packaged software is even higher.

Imported hardware has been hard hit by the devaluation of the peso and the economic crisis which followed. While services have been less affected, the crisis has created an advantage for local firms and products. Software has suffered the least because it is relatively inexpensive, and because customers have made considerable investments in hardware over the past two or three years.

Market recovery will come with a stabilized economy, probably some time in 1996. Mexican firms will continue to enjoy an advantage, but Canadian firms can penetrate this market if they are able to offer credit at reasonable terms. Custom-developed software is, in effect, a service and as such is not included in the trade data, except to the extent that the media itself might be counted as physical goods.