

GLOBAL MARKET OPPORTUNITIES REVIEW

SOFTWARE PRODUCTS SECTOR

EXECUTIVE SUMMARY

a) Capability: An excellent and steady supply of creative software engineers over the past three decades has produced a software products sector of over 4,000 developers. Although a very small number have revenues over \$10 million with a slightly larger percentage over \$2 million, Canada has established a reputation for high quality, reliable products. While a few companies have achieved worldwide recognition as providers of application development tools (eg Cognos, Alias, Corel), most of the industry's strengths are in niche market applications (Education, Healthcare, POS, Engineering, Business etc.). The sector is currently healthy and maintains a steady growth rate despite a period of recession. Significant sector growth areas include 4GL tools, Graphics applications, CAD/CAM, Unix and OSI.

b) Global Market Prospects: Software product companies market outside Canada earlier in their marketing cycle than most other sectors. Apart from a few specialized product companies, the prime markets for this sector in order of access are the USA, Western Europe and S.E. Asia with Mexico and South America fast becoming more active. The USA is the easiest market to access and has over 60% of sector marketing activities. The Western Europe software market has grown significantly over the past five years and Japan and S.E. Asia, while more challenging, are very important markets. The imminence of NAFTA and introduction of copyright legislation have accelerated opportunities in Mexico, Brazil, Venezuela, Chile and Argentina.

c) Strategy Elements: There are five key elements in the strategy: 1)*Raise Profile:* The world community does not have a perception of Canada as a leading software developer. 2)*Market Intelligence:* To penetrate and maintain a presence in foreign markets exporting companies require access to timely and meaningful intelligence on local markets. 3)*Sector Intelligence:* To prioritize intelligence gathering and events the EAITC foreign and domestically based trade officers require up to date information on the sector strengths and emerging product areas. 4)*Strategic Partnering:* Most of the Canadian sector consists of companies of less than 12 employees. Market access and presence can best be maintained through some form of strategic relationship. 5)*Trade Promotion:* Trade promotional events should be focused on known and emerging markets. Action in the lesser known markets should be focused on intelligence gathering, market studies and forecasts.