Top Technologies

Due to the vagueness of federal procurement data, it is very difficult to determine the top technologies in the federal IT market. However, the hottest ten technologies in the NetPlex (the Washington, DC area technology centre) provide a fairly good indication of the top technologies in the federal market as a whole. In no particular order, they 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**
> **Mobile Computing**

The Trends

As noted above, the federal IT market is projected to experience modest growth during FY1995-1999. The growth that is forecasted here is real growth; it has been corrected for inflation. All dollar figures used in the analysis, both past and present, are quoted in millions of constant 1994 U.S. dollars. If the analysis had used current dollars, the forecasted growth would have been significantly higher.

Each of the following tables compares a different element of the FY1989, FY1994, and FY1999 (forecast) IT budgets. The tables highlight a number of important trends in the IT market. Each trend is outlined below the table.

Table 1: Breakdown of Federal IT Budget -- FY1989 to FY1994
(in millions of constant 1994 US$)

Fiscal Year	In-House	% of Total	Contracted-Out	% of Total	Total	% Change
1989	$6,988	27.8%	$18,128	72.2%	$25,116	N/A
1994	$7,061	27.6%	$18,521	72.4%	$25,582	1.9%
1999	$6,440	25.0%	$19,296	75.0%	$25,736	0.6%

- **Federal IT budget experiences modest growth.**
Between FY1989 and FY1994, the federal IT budget grew by US$466 million, representing a moderate increase of almost 2%. During the next five years, the budget is forecasted to continue to grow, but at a much slower pace. In FY1999, the budget will have grown by only 0.6% since FY1994, to over US$25.7 billion.

- **Federal IT procurement grows seven times faster than the federal IT budget!**
Of most interest in Table 1 is the distribution of the total budget between in-house obligations (i.e. personnel, space, supplies) and contracting obligations (i.e. federal purchases of hardware, software, operation and maintenance services, professional services, studies, etc.). In-house obligations are forecasted to be significantly reduced by FY1999, severely limiting the growth of the federal IT budget. On the other hand, contracting obligations are forecasted to increase quite significantly. **For companies that are interested in doing business with the U.S.**