

large companies in New York State (as well as elsewhere in the U.S.) are finding that they are bewildered by the rapid pace of technological change in the computer industry, and are not about to continue to spend millions of dollars on equipment and software that may be obsolete in another year or so. Difficult economic times and restructuring has intensified pressures to reduce costs. At the same time, however, these manufacturers are very dependent upon computer systems to handle their business operations.

About a year ago, Establishment C signed a contract with a relatively large New York State manufacturer to act as computer-system managers for the company. Essentially, the firm is providing technical advice, training, hardware and software solutions, and after-sales service to the manufacturing company. The firm specializes in weaving together hybrid systems from competing hardware and software manufacturers to fit the specific needs of this company. Although several competing service-providing firms attempted to win this contract with the New York State manufacturing company, Establishment C feels that it was the successful bidder because of its existing ties in Canada with one of the manufacturer's branch plants. Although Establishment C began as a relatively small software applications operation, its management believes that the future growth of the firm is in acting as computer hardware and software applications consultants.

d. Case #4: Establishment D

The fourth representative Canadian firm is one that has been supplying a New York State computer dealer with customized software applications for approximately four years. Establishment D, which specializes in software products for the health-care and medical-services industries, established ties with the New York-based dealer following initial contact at a computer trade show in Upstate New York. The Canadian firm had rented a booth at the trade show, and was approached by the New York company to begin discussions on working out a mutually profitable agreement. After several months of negotiation, a suitable arrangement was put into operation.

The agreement worked out between these two businesses is one in which Establishment D acts as a vendor to the New York State dealer. The latter has an established sales force, and essentially agrees to advertise and market the Canadian firm's product applications to its various clients. In return, Establishment D has agreed to a specific margin percentage for the dealer, it must provide the dealer's salespeople with formal training sessions on the application and use of new software packages, it provides margin enhancements to the dealer's salespeople to encourage