

- ++ Both the hardware and software segments of the industry are experiencing downsizing.
- ++ A new software product cycle has emerged, based upon the OS/2 operating system, and is having (and will continue to have) important implications for developers of software products.
- ++ Mergers and acquisitions (and business failures) are taking place rapidly within the industry. Such activity is particularly evident in the mainframe software sector (e.g., Computer Associates International Inc. acquired Cullinet Software Inc. and Applied Data Research; and Dun & Bradstreet Corp. bought Management Science America Inc., and then merged it with D & B's own McCormack & Dodge to create D & B Software).
- ++ Extensive reorganization of the industry is occurring. For example, the recent slowdown in mainframe hardware sales has pushed manufacturers into the mini and micro software markets, which is changing the distribution system that is used by product developers to reach end users. Moreover, about five years ago computer makers were selling about 40 percent of their PCs directly to customers; today, some 84 percent of all PCs are sold through dealers.
- ++ Some hardware manufacturers, such as IBM, are launching programs designed to encourage software developers to write applications for the manufacturer's platform. To accomplish these undertakings, manufacturers are providing software developers with technical assistance, financial loans, equipment, and even help in marketing the final products.
- ++ The traditional role of computer retailing stores is changing rapidly. Once content to sell a box and some software to accompany it, storefront operators now have to be consultants, problem solvers, and providers of after-sales service. This change has been brought about by more sophisticated buyers, and by intense competition in the hardware market, which has gradually eroded the dealer's margins on hardware sales.