

# EXECUTIVE SUMMARY

The rapid changes that are presently occurring in the computer industry, along with the realization that innovations in the software industry are primarily responsible for these transformations, have motivated the Canadian Consulate of Buffalo to commission the preparation of this Guide. **The purpose of the Guide** is to present an informative and utilitarian perspective of the potential business opportunities in New York State that are available to Canadian developers of computer software. In addition, the document provides assistance in identifying appropriate marketing strategies, distribution channels, and cross-border movement procedures for penetrating the New York State market.

A description of recent trends in the computer software market is presented in **Section 2** of the Guide. The era of specialized, well-defined channels of distribution for software products is ending, and taking its place is a complex and very dynamic business environment of two- and three-step linkages between buyers and sellers. In addition, the software industry in North America is experiencing increased competition and downsizing; mergers and acquisitions (and business failures) are commonplace; traditional dealers are faced with more sophisticated consumers and eroding margins; and software developers are facing new challenges brought about by the OS/2 operating system and the increased efforts of many computer hardware manufacturers to provide funding to software developers for R & D and product-marketing assistance in exchange for software applications.

The **special marketing opportunities that exist in New York State** for Canadian software developers are reviewed in **Section 3**. The State of New York is already a major trading partner with Canada, and with almost 18 million people and retail sales of over Can\$102 billion annually, the State possesses enormous market potential for many Canadian computer establishments. Of special importance to Canadian software developers are the following characteristics: the State contains seven of the 150 top-ranked metropolitan computer markets in the United States; it currently employs over 11,000 people in the computer software industry; and it possesses over 7100 computer stores, 359 computer/software distributors, and over 300 Value-Added Resellers. The primary market areas of the State are differentiated in the Guide according to "downstate" and "upstate" regions, eight telephone calling areas, and two broad industry categories. Based upon these criteria, the top three computer markets in the State are identified as