

York State must engage in cross-border trade. What potential obstacles or restrictions are likely to be encountered in trading computer software and services across international borders? **Three areas of potential concern for the cross-border movement of software between Canada and the U.S. are examined below.** These are: procedures and recommendations for exporting to New York State, requirements for clearing U.S. customs, and suggestions for tapping into U.S. government procurement opportunities.

### 1) Procedures and Recommendations for Exporting to New York State

A close correlation exists between the distribution channel that is used to reach the New York State marketplace and the nature of the export-related procedures that the exporter of software will have to follow. In most instances, the decision regarding which distribution pattern is best for the establishment defines the export-marketing options available to the software developer. The selection of an appropriate export marketing strategy, as in the preference for a particular distribution system, involves a choice between two fundamental methods of getting a product from one country to the other: direct methods and indirect methods.

**The direct method of exporting involves internalizing export-related activities and putting the responsibility for getting goods across the border into the hands of the Canadian software developer, or of an agent, representative, or maybe a distributor located in the New York State.** Under this method, the Canadian exporter maximizes control over the market-entry and expansion process, but initially may have to pay a relatively high front-end cost. This method also requires considerable in-house expertise about exporting procedures and documentation requirements. In contrast, by selecting the indirect method, the establishment is externalizing the exporting operation, and is relying upon the services of various intermediaries, such as export trading companies and import houses, or upon the buyer to carry out the cross-border transaction. This method is less costly in the short-term and requires little expertise about the mechanics of international trade, but it minimizes the control the producer has over the exporting process and transfers potential profits from the cross-border movement to the intermediaries.

The extent to which the software developer has to get involved in the exporting process, therefore, will depend upon which method of exporting is selected. For example, **it may be prudent in certain circumstances for the Canadian software firm to utilize the services of a U.S. agent or representative to sell products in New York State.** The advantage of this