INPUT Research
Briefing

March 1994
Dallas

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March 1994
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Prepared by
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1881 Landings Drive
Mountain View, CA 94043-0848
U.S.A.

INPUT Research Briefing—March 1994, Dallas

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Worldwide Information Services Markets

Bob Goodwin
Vice President
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BGD-1

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Notes:

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Information Services Overview

BGD-2

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Notes:

Worldwide Information Services Industry

Market Forces

- Global recession continues
- Information = competitive commodity
- Business process re-engineering

BGD-3

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Notes:

Worldwide Information Services Industry

Market Forces

- Demand for integrated solutions
- Telecommunications capabilities
- Information technology standards
- Information services vendor capabilities

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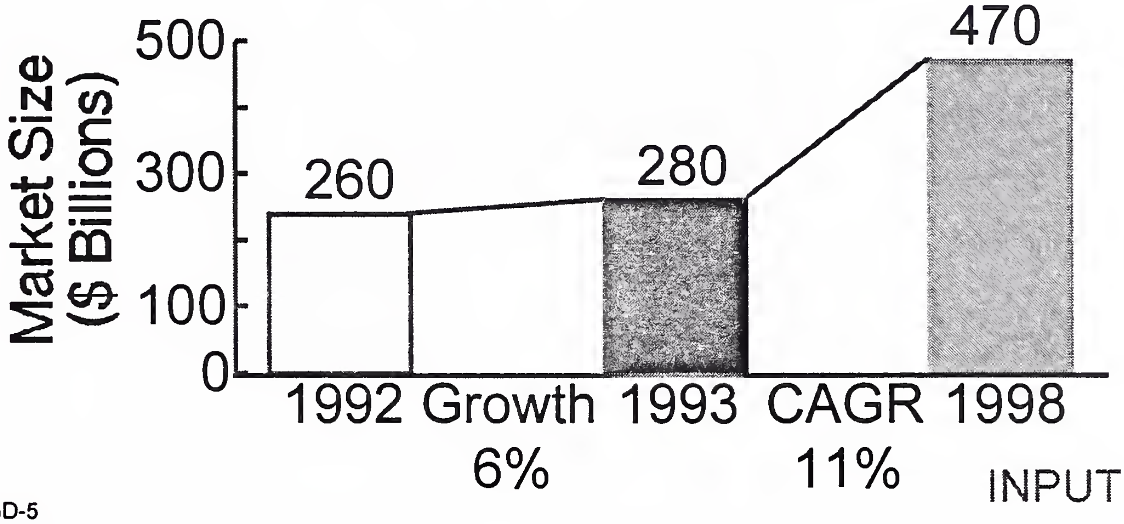
BGD-4

Notes

Worldwide Information Services Market, 1993-1998



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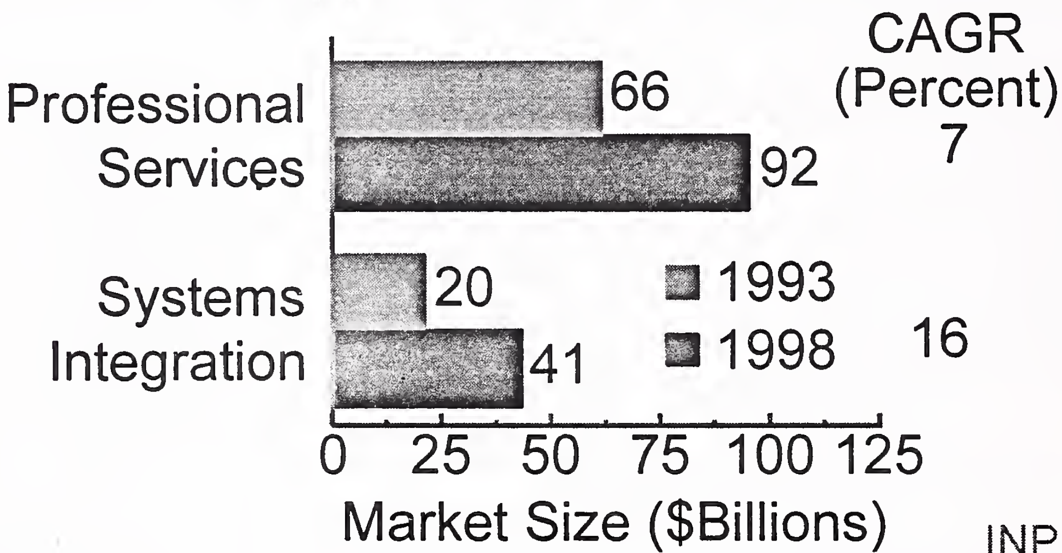
Worldwide Information Services Market



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Notes:

Worldwide Market Forecast—Leading Countries

Country	1993 $ Billions	1993 Total (%)
U.S.	136	49
Japan	39	14
France	20	7
Germany	17	6
U.K.	12	4

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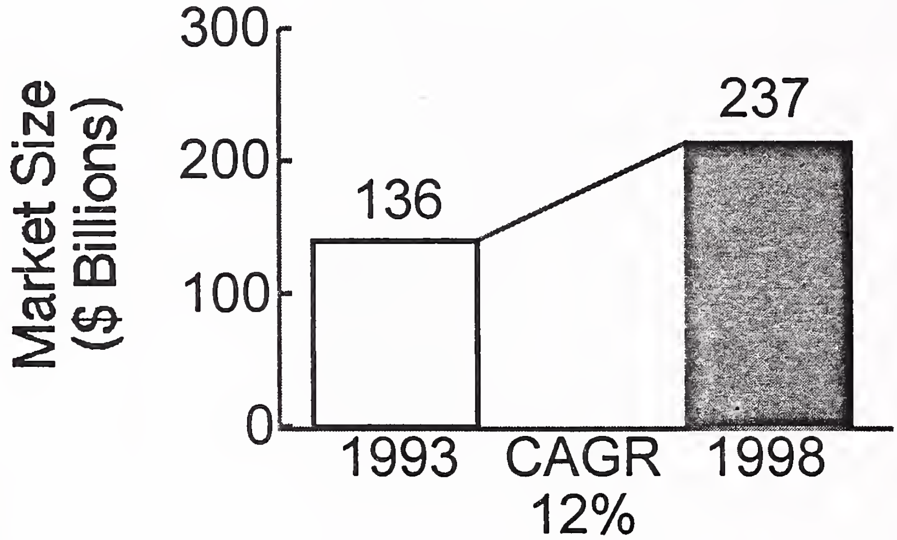
Notes:

United States

Information Services Market 1993-1998



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Notes:

United States

Market Forces

- Slow economic recovery
- Globalization
- Large vendor influence
- Market maturity
- Information Superhighway
- Wireless communication

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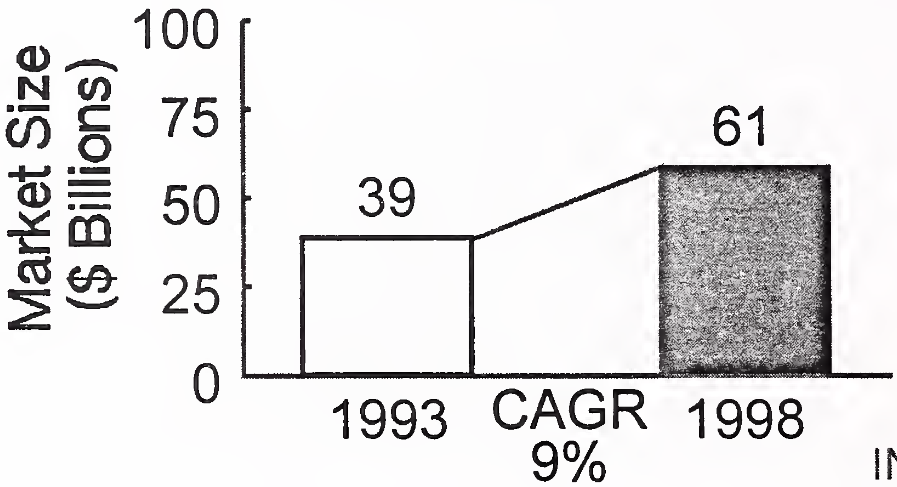
Notes:

Japan

Information Services Market 1993-1998



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Notes:

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Japan

Market Forces

- Economic turmoil
- Increasing competition in Asia
- Outsourcing an alternative to technology investment
- Government economic policies
- Client/server dilemma
- Interest in SI, outsourcing practices

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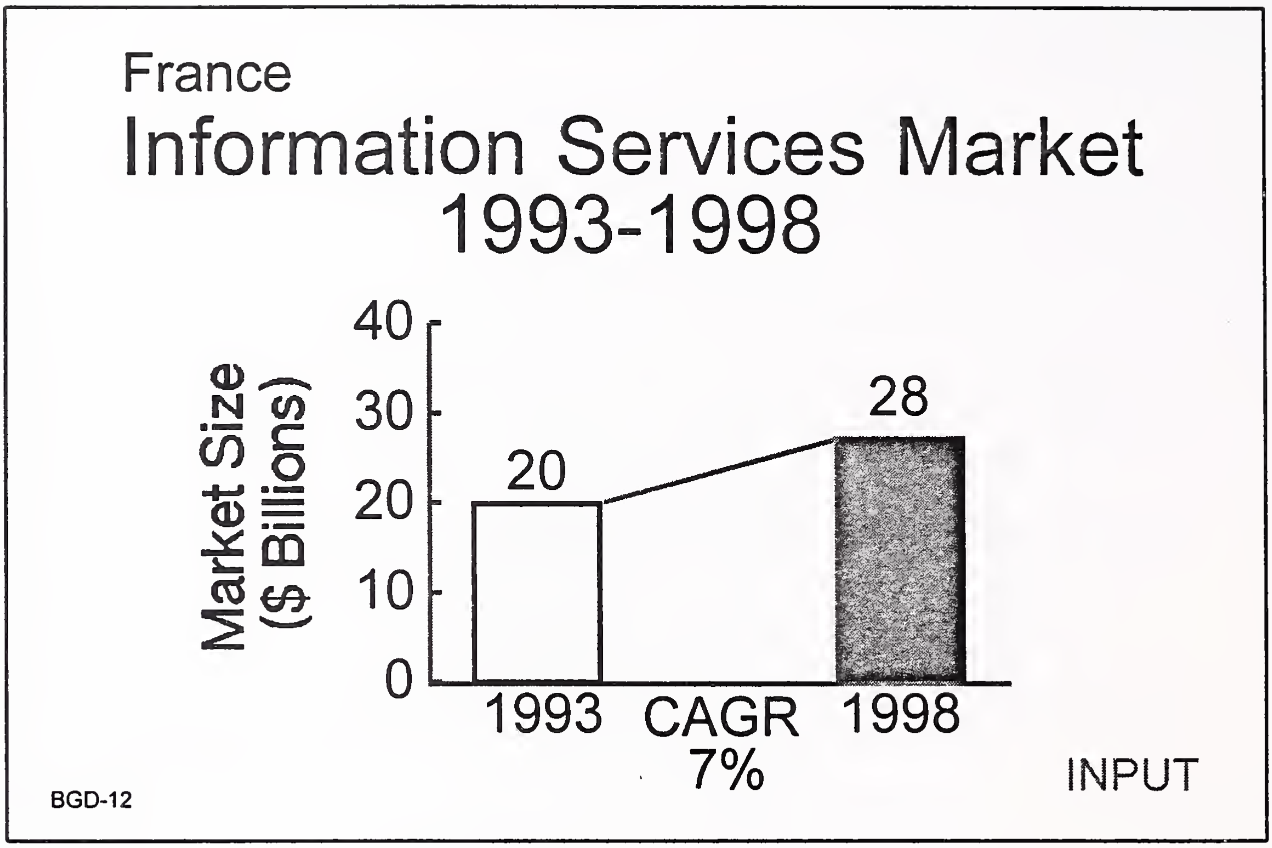
Notes:


France
Information Services Market
1993-1998
Market Size
($ Billions)
40
30
20
10
0
20
28
1993
CAGR
7%
1998
BGD-12
INPUT

Notes:

France

Market Forces

- Lingering recessionary effects
- Sale of nationalized companies
- Tradition in information services
- Users want better value

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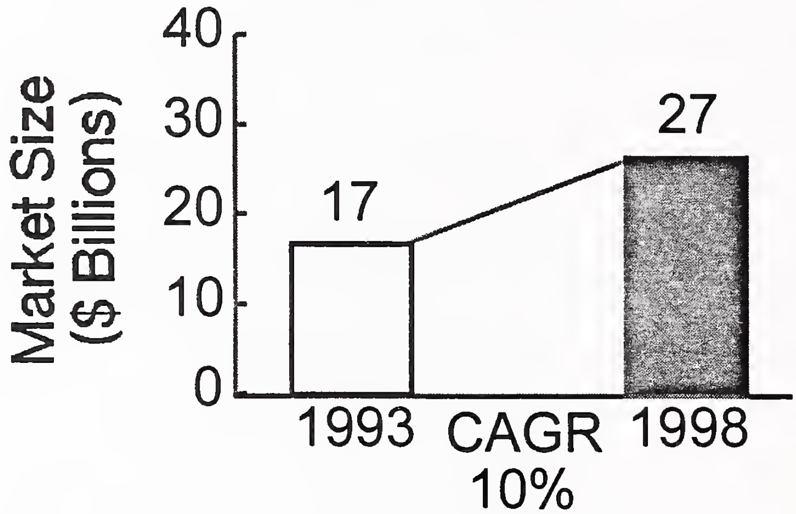
Notes:

Germany

Information Services Market 1993-1998



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Notes:

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Germany

Market Forces

- Strains of reunification
- Manufacturing sector hit hard by recession
- Predisposition to in-house solutions
- Former East Germany needs information services

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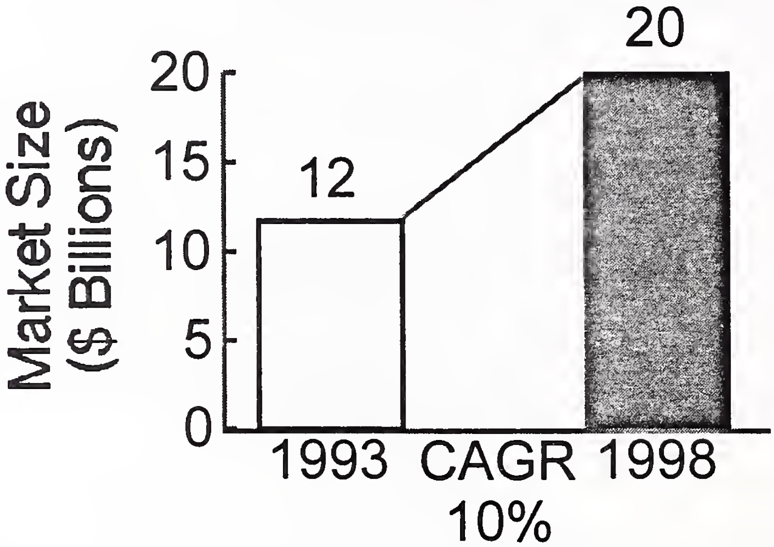
Notes:

United Kingdom

Information Services Market 1993-1998



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Notes:

United Kingdom

Market Forces

- Low confidence in IT investment
- GDP, inflation rate healthier than most of Europe
- Outside vendor use increased
- Advanced network services market
- Open to foreign vendors
- Outsourcing mandates (gov't.)

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Notes:

Major Trends in Systems Integration Markets

Wilson Haddow
Business Integration Program Manager, INPUT

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Notes:

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Systems Integration Definition

- Vendor-provided service
- Single-vendor responsibility for project
- Complete solution to complex requirement for:
  - Information systems
  - Networking
  - Automation

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Notes

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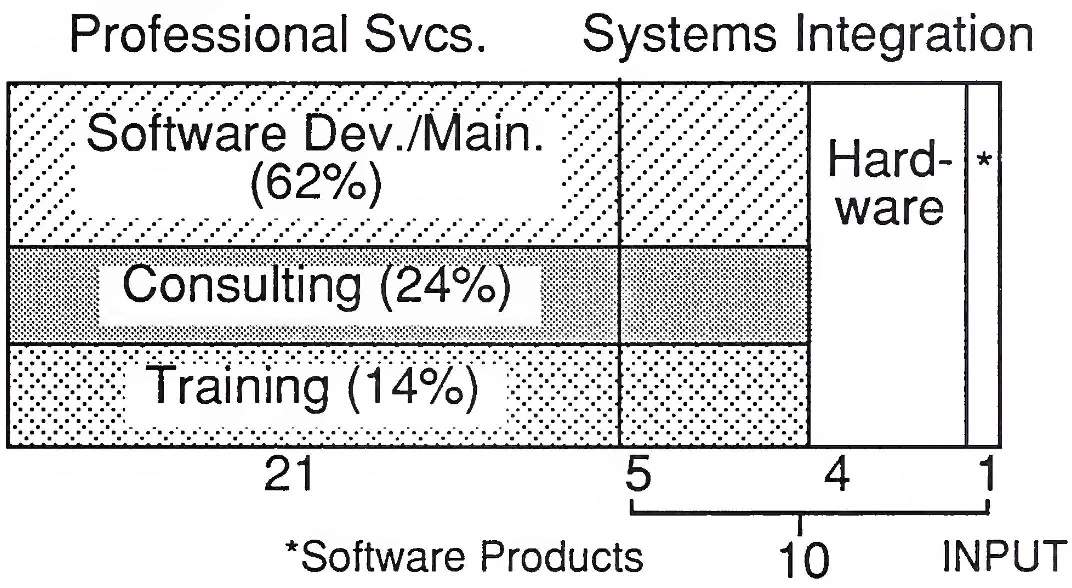
Professional Services and Systems Integration, 1993



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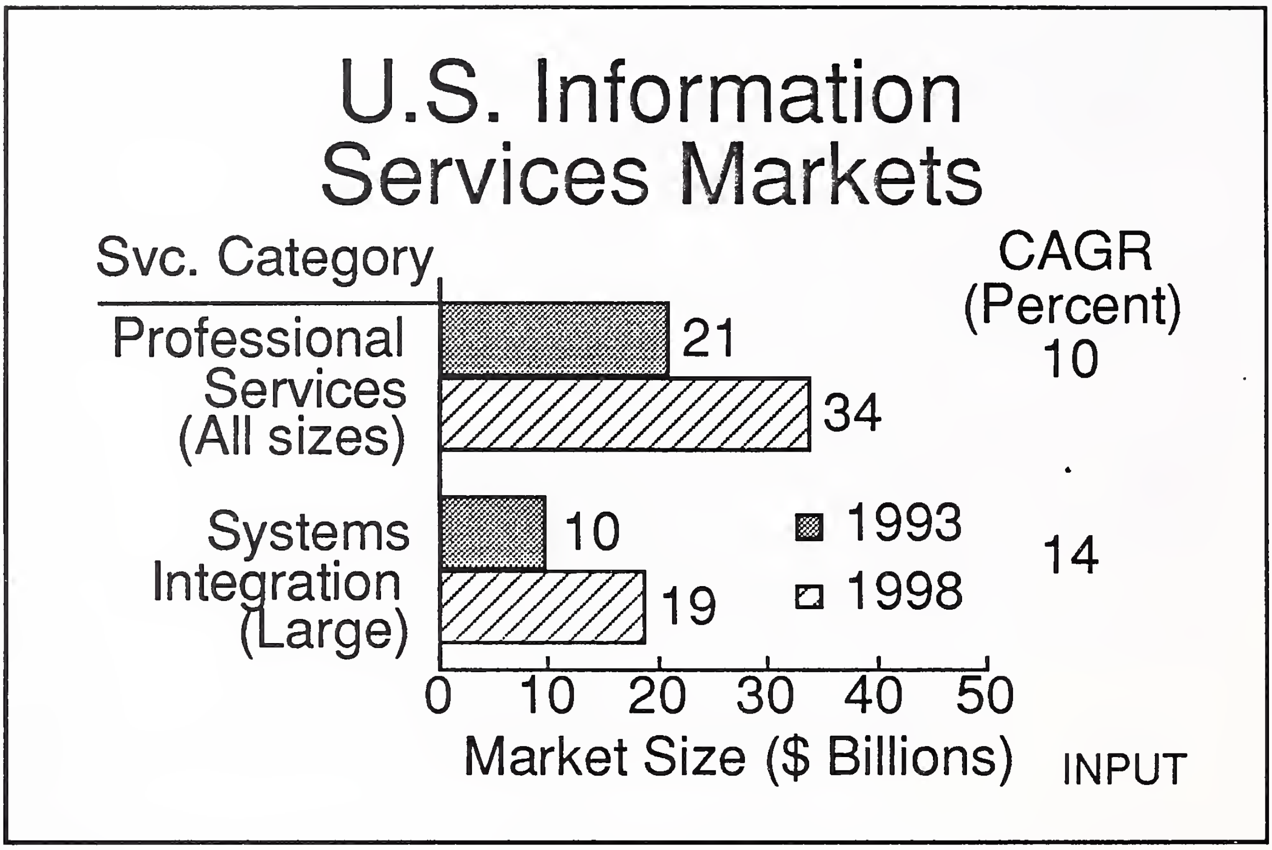
U.S. Information
Services Markets
Svc. Category
CAGR
(Percent)
Professional
Services
(All sizes)
21
34
10
Systems
Integration
(Large)
10
19
14
1993
1998
0
10
20
30
40
50
Market Size ($ Billions)
INPUT

Notes

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Business Trends Affecting Use Of SI

Role	Average Importance
Slow economic recovery in 1993	4.4
Pick-up in economy in 1993	4.2
Reduction in defense spending	4.1
Increasing competition	4.1
Greater technology dependence	3.8
Restructuring and re-engineering	3.7

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SI-178

Notes:

User Requirements Driving SI

User Requirements	Average Importance
Complex industry-specific solutions	4.1
High level of connectivity	4.0
Guidance on client/server planning	4.0
Introduction of key new technology	3.8
Restructuring and re-engineering	3.7

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SI-180

Notes:

Changing Roles for SI

Role	Average Importance
Advice and planning for IT usage	4.2
Business consultancy	4.1
Development of methodology and program management skills	3.9
Recommend products/services	3.8
Business Process Re-enginering	3.7

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SI-179

Notes:

User Expectations from SI

Expectations	Average Importance
More rapid solution	4.3
SI vendor knowledge of industry solutions	4.2
Improved IT planning	4.0
Pace of IT technology change	3.8
Vendor experience with new technology	3.7

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SI-181

Notes:

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Driving Forces Justifying SI Usage

Driving Force	Relative Importance
Increased revenue	4.1
Increased service	4.0
Improved quality	4.0
Support for restructuring	3.8
Revision of IT strategy	3.5

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SI-183

Notes:

Technological Factors Impacting SI Usage

Factor	Average Impact
Client/Server expansion	4.3
Expanded networks	4.2
Support for distributed systems	4.0
Open systems implementation	4.0

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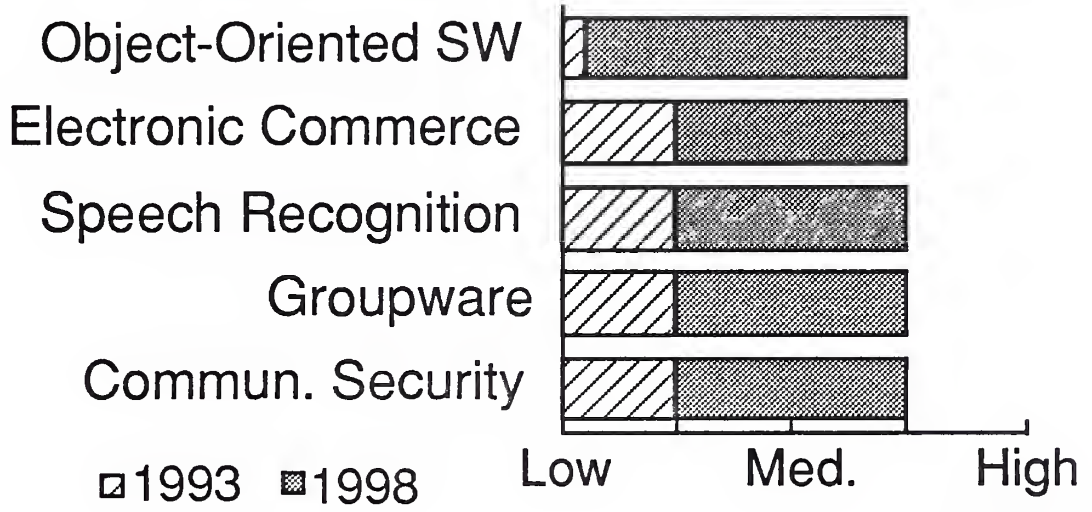
SI-182

Notes:

SI-Related Technologies: Importance in 1998, 1993



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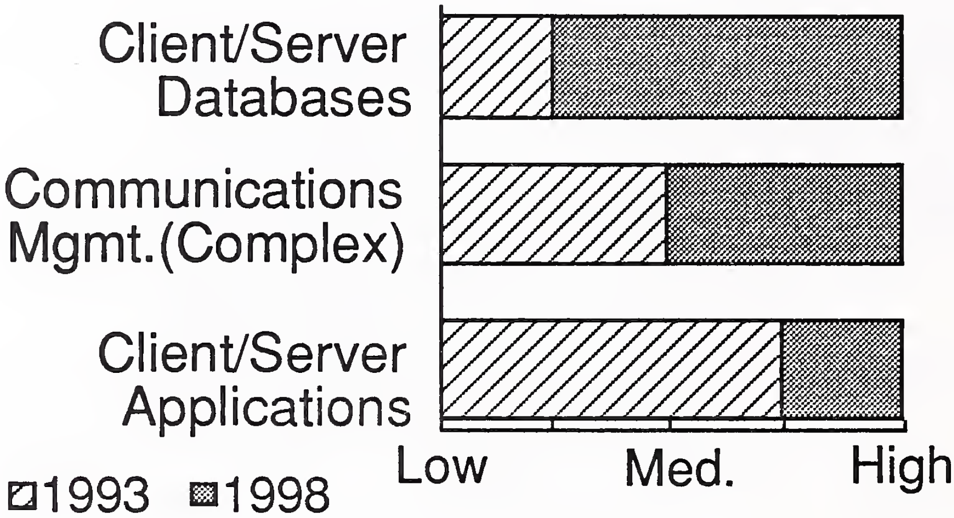
SI2-2

Notes

SI-Related Technologies: Importance in 1998



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SI2-1

Notes

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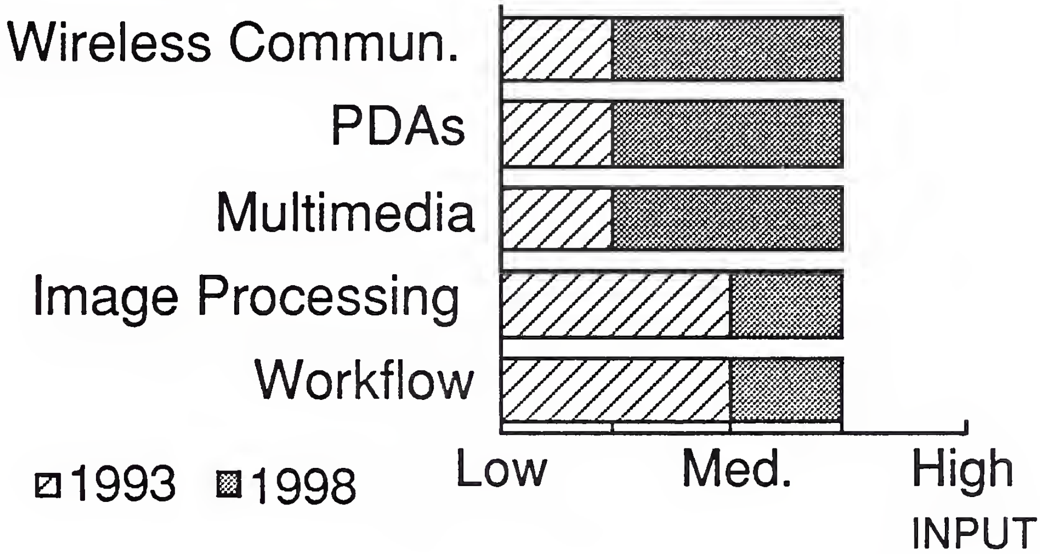
SI-Related Technologies: Importance in 1998



SI2-3

Notes

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Outsourcing
Selection to Satisfaction

I. Steven Kerns
Manager, Outsourcing Program
INPUT

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Notes

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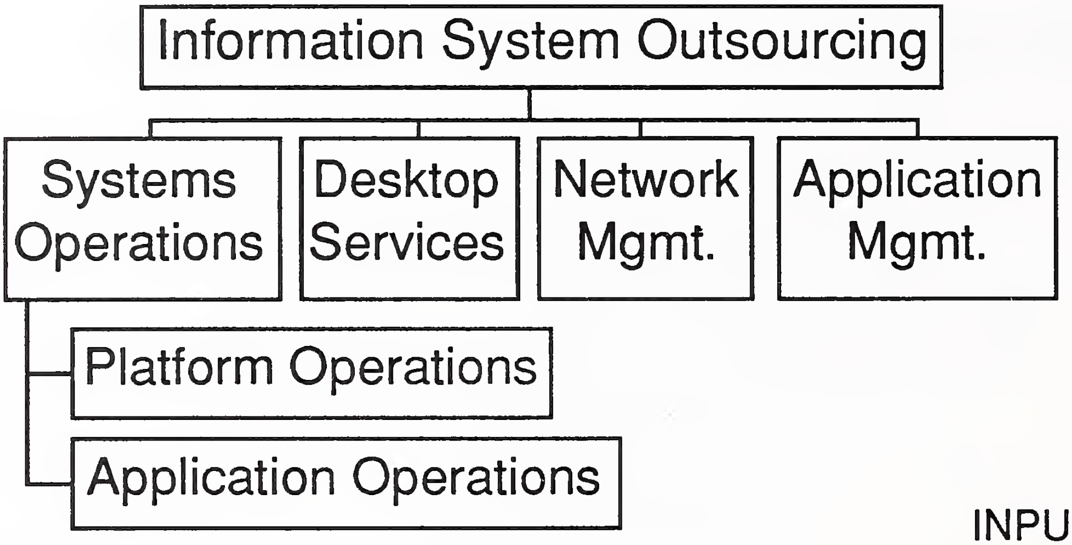
Outsourcing Service Categories INPUT's View



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SK-1

Notes

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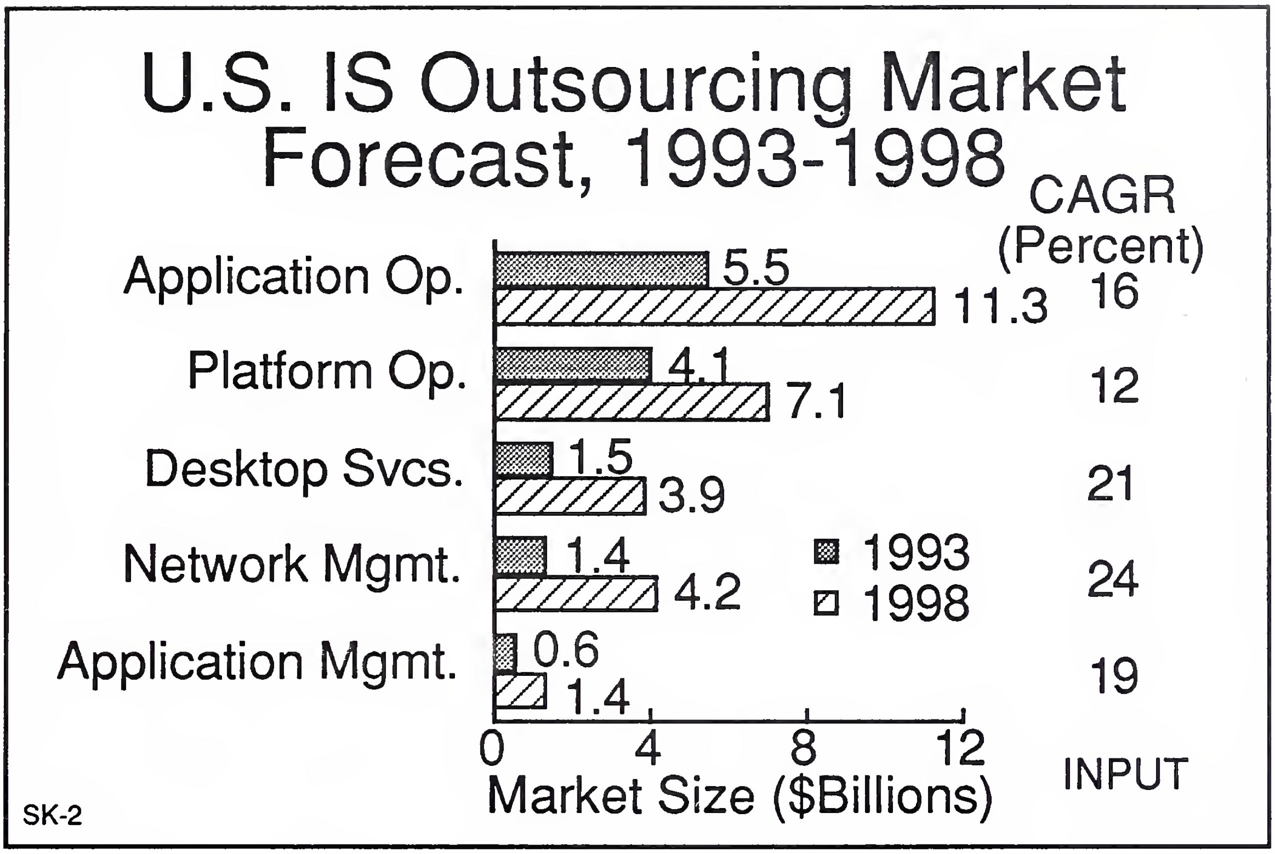
U.S. IS Outsourcing Market Forecast, 1993-1998
CAGR (Percent)
Application Op.
5.5
11.3
16
Platform Op.
4.1
7.1
12
Desktop Svcs.
1.5
3.9
21
Network Mgmt.
1.4
4.2
24
Application Mgmt.
0.6
1.4
19
1993
1998
0
4
8
12
Market Size ($Billions)
INPUT
SK-2

Notes

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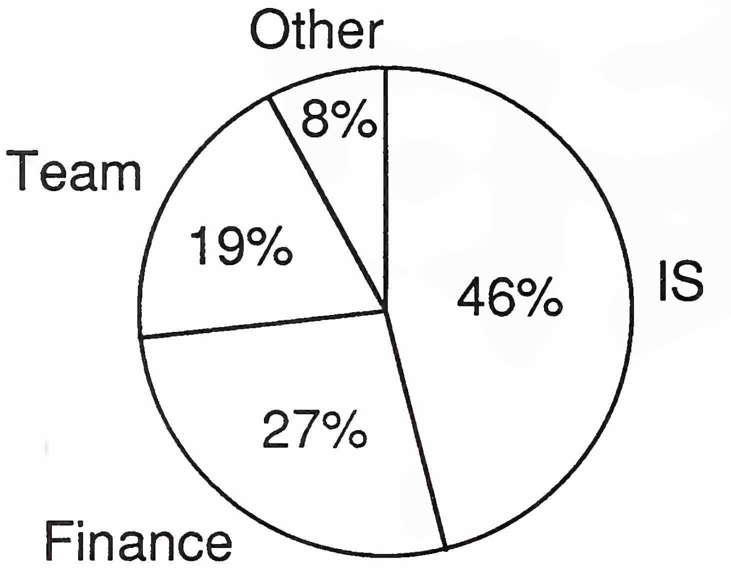
Organizations Managing the Selection Process



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SK-3

Notes

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Impact of Finance on Vendor Selection

Phase	Primary Dept.	Secondary Dept.	Finance Influence
Cost analysis	Finance	IS	
Prepare RFP	IS	Team	
Pick vendors to bid	IS	Team	

High influence

Med. influence

Little or no influence

INPUT

SK-4

Notes

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Impact of Finance on Vendor Selection

Phase	Primary Dept.	Secondary Dept.	Finance Influence
Develop models	Finance	IS	High influence
Evaluate proposals	Team	IS	High influence
Select vendor	CEO/ COO	IS	Med. influence

High influence — Med. influence — Little or no influence

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SK-5

Notes

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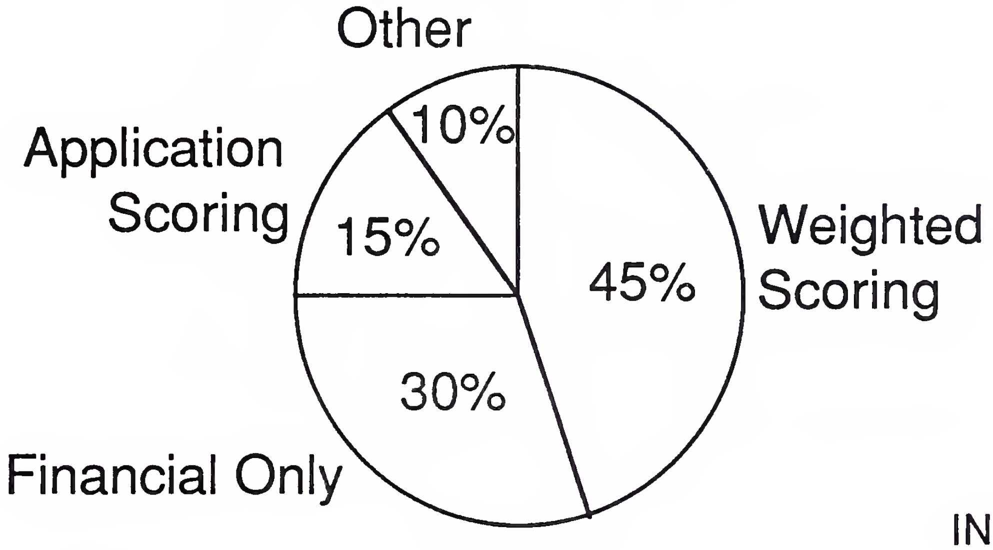
Types of Models Used by Respondents



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Notes

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Benefits Expected from Outsourcing

- Cost reduction/containment
- Better flexibility
- Improved services level
- Better technical support

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SK-7

Notes

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Pricing Scenarios Used

- Combination pricing
- Fixed price over time
- Transaction-based
- Resource-based

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SK-8

Notes

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Relationship of Age of Contract to Satisfaction

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SK-9

Notes

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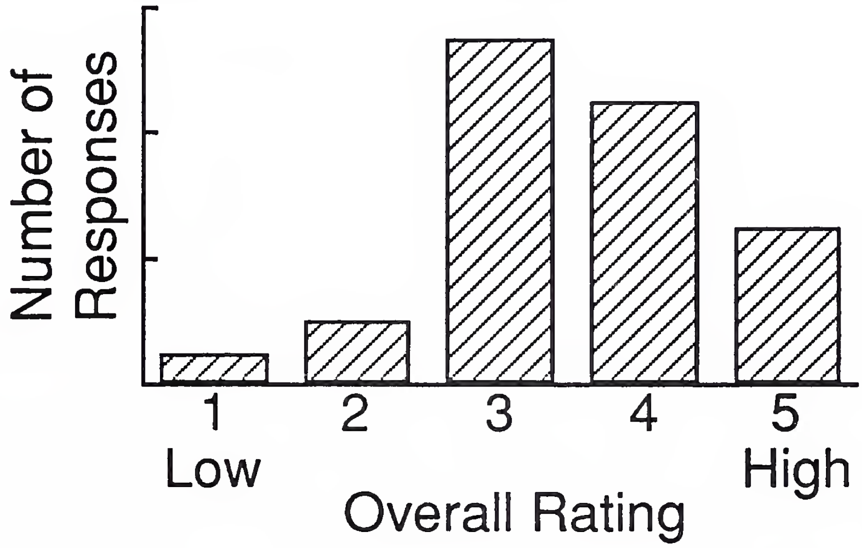
Overall Satisfaction with Results of Outsourcing Contract



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Notes

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Robert L. Goodwin
Vice President

PROFILE

CAPABILITIES

- Twenty-five years of successful sales, marketing, and general management in the computer equipment, remote processing services, and software industries.
- Expertise in business plan development, strategic partnering and acquisitions, industry marketing, VAR and reseller operations.

BACKGROUND

- Robert (Bob) Goodwin brings to INPUT and its clients comprehensive experience in executive management in large and mid-size corporations.
- Most recently, Senior Vice President–Marketing, Hotel Information Systems, leading vendor of global information systems to the hospitality industry.
- He has served as President of Command Data Systems, a public safety software and turnkey systems vendor. With Bob's leadership and marketing strategy, CDS became a highly visible and respected vertical market leader.
- Bob's qualifications include the role of Director of Marketing for Xerox Computer Services, in support of all field sales and customer services activities.
- At IBM, Bob served as Branch Manager and Assistant District Manager.
- Chairman, Electronic Forms Transfer Committee, ITAA

EDUCATION

- B.A., Psychology, Occidental College.
- Attended the MBA program, Golden Gate University.

WILSON HADDOW
MANAGER,
BUSINESS INTEGRATION PROGRAM

PROFILE

CAPABILITIES

- Twenty years of international experience in the computer industry, including 15 years in consulting and computer services.
- With INPUT, Mr. Haddow provides IT-oriented market development, analysis and planning services to system integration and professional services vendors.

BACKGROUND

- Most recently, Director of Marketing for UNIX International, where he focused on marketing and the software and skills requirements for UNIX-based systems within Data Centers.
- He served at Unisys, in their European Headquarters as well as in the U.S. in a variety of roles, including application software consultancy and support, Professional Services Program Management and UNIX product marketing.
- Wilson's qualifications also include working with a European software and services company on sales and support of general business application packages, and the creation of an Office Automation division for a computer manufacturer.

EDUCATION

- BSc., Mathematics, Strathclyde University, Scotland

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I. Steven Kerns
Manager, Outsourcing Information Systems Program

PROFILE

CAPABILITIES

- Manager of INPUT's Outsourcing Information Systems Program, providing insight and analysis of markets, vendors and opportunities for Network Management, Platform Operations, Application Operations and Desktop Services.

- Led marketing, planning, consulting and systems development organizations for major vendor and user organizations.

- Presented information systems service worldwide strategic directions and market analysis to professional groups throughout the world.

- Management and consulting assignments:
  - Determine Information Service product feasibility
  - Develop service rollout strategies
  - Develop alliances for network integration services
  - Implement new integration and outsourcing services
  - Responsible for profitability of information services organizations

BACKGROUND

- Over twenty-five years experience as a user, vendor and consultant in the information systems industry.

- Manager of Network Integration and Consulting Services—Ungermann-Bass, an international LAN vendor.

- Manager of Outsourcing and Strategic Services—G2 Research, a market research and consulting company specializing in Systems Integration and outsourcing markets.

- Director of Service Planning—Amdahl, responsibilities included worldwide service marketing, planning, future service technology and organizational development.

- Systems Planning management positions for ATARI and SPRINT.

- Vice President—Bank of America in the Trust and Investment departments. Also held various senior management positions in the Bank's systems organization.

EDUCATION

- MBA, *with honors*, Golden Gate University
- B.A., California State University at Long Beach
- Professional Lecturer in Management, Golden Gate University

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- **Acquisition targets**

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- **Outsourcing options**
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17 Hill Street
London W1X 7FB
England
Tel. +44 (0) 71 493-9335
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New York
400 Frank W. Burr Blvd.
Teaneck, NJ 07666
U.S.A.
Tel. 1 (201) 801-0050
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Paris
24, avenue du Recteur Poincaré
75016 Paris
France
Tel. +33 (1) 46 47 65 65
Fax +33 (1) 46 47 69 50

San Francisco
1881 Landings Drive
Mountain View
CA 94043-0848
U.S.A.
Tel. 1 (415) 961-3300
Fax 1 (415) 961-3966

Tokyo
Saida Building, 4-6,
Kanda Sakuma-cho
Chiyoda-ku, Tokyo 101
Japan
Tel. +81 3 3864-0531
Fax +81 3 3864-4114

Washington, D.C.
1953 Gallows Road
Suite 560
Vienna, VA 22182
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