Market
Analysis and
Planning
Services
(MAPS)

U.S. Information Services Industry-Specific and Cross-Industry Markets 1987-1992

Introduction

INPUT®

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U.S. INFORMATION SERVICES INDUSTRY-SPECIFIC AND CROSS-INDUSTRY MARKETS, 1987-1992

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I
Introduction

The introduction for the MAPS program is produced as the initial pages for the entire program. The program in 1987 consisted of the following parts:

- The 1987 Market Data and Forecast Data Base updated through 1992.
- Individual reports on 14 industry-specific sectors and 6 cross-industry sectors in a two-volume set of 3-ring binders.
- Four annual reports on the delivery modes: Processing/Network Services, Software Products, Professional Services, and Turnkey Systems.
- Four major topic reports:
  - *CSI Implementations*
  - *On-Line Data Base Markets, 1987-1992*
  - *Network Integration, 1987-1992*
  - *Future DBMS Markets, 1987-1992*
- Hotline query service.

This introduction resides in the first volume of the MAPS binders and specifies the general aspects of the program in terms of purpose, scope, methodology, and market structure. In addition general forecast parameters are presented to provide the appropriate backdrop to using the information provided.

A

Purpose and Scope

The purpose of the MAPS report series is to provide insight and understanding concerning parameters that are shaping the Information Services industry.

The Information Services industry is discussed by segmenting the industry into four delivery modes:

- Processing/Network Services
- Software Products
- Professional Services
- Turnkey Systems

In addition the entire U.S. economy is segmented into 14 industry-specific and 6 cross-industry sectors. This segmentation is based on the U.S. Department of Commerce's SIC codes. (Note: These codes do not include the changes made in 1987.)

Each of the industry-specific markets is analyzed describing the events, issues, and trends occurring in that market. In addition a discussion on Information Services department budgets is offered to capture the specific buying patterns of said market.

In a similar fashion, cross-industry markets are analyzed to provide better understanding of market factors in the cross-industry segments. Exhibit I-1 shows the Information Services Industry Structure by delivery mode with the next level of detail under each delivery mode.

Exhibit I-2 shows the 14 industry-specific sectors and 6 cross-industry sectors covered by the MAPS program. Appendix A of Section II (Executive Overview) provides the entire Department of Commerce SIC codes at the two-digit level and explains how they map into the INPUT industry-specific segmentation.

Data captured, presented, and forecast is for user expenditures that are noncaptive and in the U.S.

The objectives of the reports in the MAPS program are to provide vendors in the Information Services industry the insight to:

- Identify emerging market opportunities
- Isolate high-growth areas
- Assist in the allocation of resources for marketing and research and development
- Determine windows of opportunity and means to maximize profitability

EXHIBIT I-1

INFORMATION SERVICES INDUSTRY STRUCTURE BY DELIVERY MODE

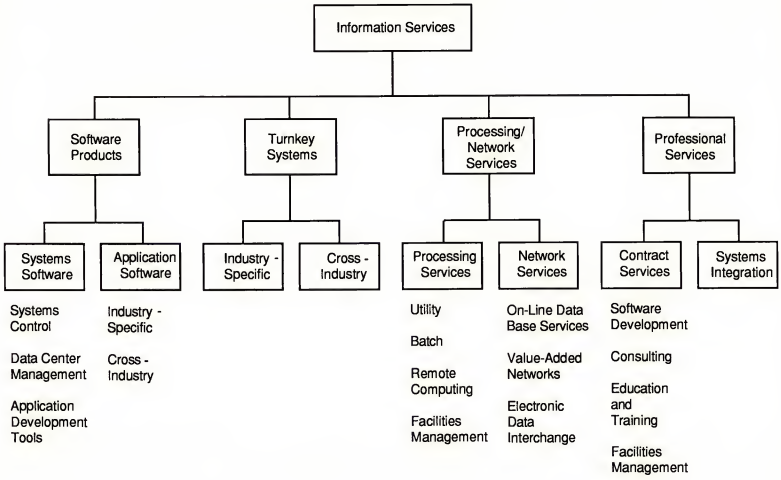

EXHIBIT I-2

INFORMATION SERVICES MARKET STRUCTURE BY SEGMENTS

INDUSTRY-SPECIFIC SECTORS	CROSS-INDUSTRY SECTORS
Discrete Manufacturing	Planning and Analysis
Process Manufacturing	Accounting
Transportation	Human Resources
Utilities	Engineering and Scientific
Telecommunications	Education and Training
Distribution	"Other"
Banking and Finance	
Insurance	
Medical	
Education	
Services	
Federal Government	
State and Local Government	
"Other"	

B

Report Structure and Format

The MAPS forecast data base is provided in a two-volume set of 3-ring binders. Each 1987 report is 3-hole punched and saddle stitched for ease of use and removal.

The binders are organized as follows:

- Section I is the Introduction. This section provides general information to allow the reader to get maximum utility from the contents.

- Section II is an Executive Overview of the market size and directions for 1987.
- Section III is the Industry-Specific portion and provides an individual write-up covering market size, growth, and analysis for each industry sector.
- Section IV is the portion of the binders that covers the Cross-Industry sectors and provides the market size, growth, and sector analysis.
- Section V includes the market definitions, industry SIC code classification, market data base forecast, and the reconciliation for last year's (1986) forecast.
- Section VI is a discussion of INPUT's programs, services, and overall capabilities.

Exhibit I-3 shows the general outline for the industry-specific market sectors. The main difference between industry-specific market sectors and cross-industry market sectors is the inclusion of section IV in the industry-specific reports. This section describes the industry-specific (or vertical) budget outlook.

C
Forecast Methodology

The information for these industry-specific and cross-industry reports and the forecast data are obtained from INPUT's continuous process of monitoring the Information Services market. There are two fundamental and complementary approaches of primary research:

- Formal and informal interviews with decision makers of companies who are purchasers of information services in each of the reported industries.
- Ongoing census monitoring of all vendors in the information services industry whose revenues exceed $7 million. In addition stratified random-sampling techniques are employed to estimate the size and number of companies smaller than $7 million.

These approaches are augmented by secondary research in the form of monitoring of major periodicals that cover the business industry as well as segments of the information services industry. Relevant information is captured, sorted by an industry classification scheme and filed for later review.

In addition some 3,700 vendors are followed and pertinent information is captured on issues, events, and press release information.

EXHIBIT I-3

SECTION FORMAT
INDUSTRY-SPECIFIC/CROSS-INDUSTRY

I. ISSUES, TRENDS, AND EVENTS
- Discussion of the industry-specific segment being analyzed relative to business, technology, and market factors affecting the segment.

II. MARKET FORECASTS
- Presentation of the size and growth of the industry-specific segment being analyzed.

III. COMPETITIVE DEVELOPMENTS
- Discussion of specific competitive issues affecting the industry-specific segment.
- Presentation of profiles of major vendors participating in the industry-specific segment.

IV. INFORMATION SYSTEMS DEPARTMENT OUTLOOK
- Discussion of the industry-specific segment in terms of the users' perspective.

V. OPPORTUNITIES
- Indentification of special niches or other opportunities within the industry-specific segment.

VI. CONCLUSIONS AND RECOMMENDATIONS
- Presentation of the major findings and INPUT's recommendations for client action within the industry-specific segment.

This information is continuously added to the INPUT data base. The vendor performance and trends of the previous year are analyzed, and user expenditure information obtained from IS managers is evaluated. Forecasts are then generated for the next year and the ensuing five years. (This year is taken as 1987, and the ensuing five years would be through 1992.)

Forecast numbers presented in all INPUT reports are in current dollars. This means the forecast is in the dollars of that year. INPUT has used the GNP and GNP deflator (inflation) assumptions used in Exhibit I-4. Note that the source for INPUT's assumptions is the U.S. Department of Commerce. For the reader's reference, the GNP deflators (inflation) used last year are shown. The inflation forecast has been lowered in the past year.

Each delivery mode of information services has a different factor used as a proportion of the annual inflation rate for labor content. The factors used are shown in the table below:

Delivery Mode	Labor Content Factor
Processing Services	70%
Software Products	80%
Professional Services	100%
Turnkey Systems	40%

INPUT's forecasts are based on a fairly steady growth in real GNP—in the 3+% to 4+% range. No provision is made for a recession or a period of rapid or sudden expansion. (Note: This section was written after the so-called "stock market crash" of October 19, 1987. INPUT has written a special report on the impact of the world stock market decline—our report concluded that no change in the forecast is currently warranted.)

INPUT welcomes questions and/or comments regarding the forecasts and any other information, data, or issues that are covered by the reports. It is INPUT's desire to provide meaningful interaction and dialogue to maximize our effectiveness for our clients.

EXHIBIT I-4

INPUT INFLATION AND GNP ASSUMPTIONS

YEAR	NOMINAL GNP (Percent)	1987 REPORT GNP DEFLATOR (INFLATION RATE)	REAL GNP (Percent)	1986 REPORT GNP DEFLATOR
1987	6.1	3.3	2.8	5.0
1988	7.5	4.1	3.4	6.0
1989	6.9	3.0	3.9	6.0
1990	6.6	3.0	3.6	6.0
1991	5.5	2.0	3.5	6.0
1992	5.4	2.0	3.4	-

Source: U.S. Department of Commerce

About INPUT

INPUT provides planning information, analysis and recommendations to managers and executives in the information processing industries. Through market research, technology forecasting, and competitive analysis, INPUT supports client management in making informed decisions. Continuing services are provided to users and vendors of computers, communications, and office products and services.

The company carries out continuous and in-depth research. Working closely with clients on important issues, INPUT's staff members analyze and interpret the research data, then develop recommendations and innovative ideas to meet clients' needs. Clients receive reports, presentations, access to data on which analyses are based, and continuous consulting.

Many of INPUT's professional staff members have nearly 20 years experience in their areas of specialization. Most have held senior management positions in operations, marketing, or planning, This expertise enables INPUT to supply practical solutions to complex business problems.

Formed in 1974, INPUT has become a leading international planning services firm. Clients include over 100 of the world's largest and most technically advanced companies.

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