COMPETITIVE ANALYSIS: WHO'S WINNING? WHO'S LOSING?

Peter A. Cunningham President INPUT

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HISTORIC COMPETITIVE STRUCTURE

	1976	1982
Independents	54%	62%
Computer Manufacturers	17%	12%
Subsidiaries	14%	16%
Other	15%	10%
Total	100%	100%

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MAJOR INFORMATION SERVICE PLAYERS 1985

Independents	52%
Computer Manufacturers	15%
Subsidiaries	17%
Other	16%
	100%

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MAJOR INFORMATION SERVICE PLAYERS 1990

Independents	44%
Computer Manufacturers	20%
Subsidiaries	16%
Other	20%
- "Big 8" Firms	100%
- RBOCs	

- ?

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TOP INFORMATION SERVICE SALES STARS U.S. MARKET, NON-CAPTIVE REVENUE 1985

RANK 1985	COMPANY
1	International Business Machines (IBM)
2	Automatic Data Processing
3	Electronic Data Systems
4	Computer Sciences Corporation
5	McDonnell Douglas Information Services

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VENDOR SPOTLIGHT

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LARGEST PROCESSING SERVICES VENDORS

RANK 1985	COMPANY
1	Automatic Data Processing
2	Electronic Data Systems
3	McDonnell Douglas Information Services
4	Control Data Corporation
5	General Electric Information Services



PROCESSING/NETWORK SERVICES VENDORS

- ADP
- Control Data
- GTECH
- Telerate



LARGEST SOFTWARE PRODUCTS COMPANIES

RANK 1985	COMPANY
1	International Business Machines (IBM)
2	Lotus Development Corp.
3	Cullinet Software
4	Microsoft Corp.
5	Computer Associates International, Inc.

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SOFTWARE PRODUCTS VENDORS

- Cullinet
- Hogan
- LOTUS
- Sterling Software



LARGEST PROFESSIONAL SERVICES VENDORS

RANK 1985	COMPANY
1	International Business Machines (IBM)
2	Computer Sciences Corporation
3	Arthur Andersen & Company
4	Peat, Marwick & Mitchell
5	Burroughs Corporation

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PROFESSIONAL SERVICES VENDORS

Arthur Andersen

Computer Sciences Corp.

Computer Task Group

• EDS



LARGEST TURNKEY SYSTEMS VENDORS

RANK 1985	COMPANY
1	Intergraph Corporation
2	Computervision Corporation
3	Gerber Scientific
4	Calma Company
5	HBO & Company

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TURNKEY SYSTEMS

• ASK

- Computervision
- HBO
- Triad



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FUTURE COMPETITIVE TRENDS

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WHY THE CHANGE?





DEREGULATION

Banking: First Data Management

Telecommunications: RBOCs

Transportation: American Airlines

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BANKS/FINANCE

- Chase Manhattan
- Bank of America
- Mellon Bank

- American Express
- Citicorp



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INFORMATION/FINANCIAL SERVICES



McGraw-Hill
 Transunion

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MANUFACTURERS

- McDonnell Douglas
- Litton
- Martin Marietta
- TRW
- Ford Xerox

- General Electric
- Boeing
- Schlumberger
- Grumman
- General Motors



COMPUTER COMPANIES

IBM
CDC
Burroughs
DEC
SPERRY
TI
NCR
Honeywell
Hewlett-Packard
Tandy
Apple

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IBM VERSUS EVERYONE ELSE

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COMMUNICATIONS

- United Telecom
 Contel
- GTE AT&T
- RBOCs

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Giant Firms

INFORMATION SERVICES APPEAL

- Leverages Core Businesses, Financial Assets
- Large, High Growth Opportunities
- Potential for Significant Market Share
- Enhance Company Valuation
- Accelerate Technology Assimilation



Giant Firms

CHALLENGES FACED

- Requires
 - Adaptation to High Rate of Change
 - Specialized Management
 - Handling Compensation Differences



Giant Firms

IMPACT ON COMPANY

- Potential Large Losses
- Organizational Upheavals
- Phases

Honeymoon Disappointment Resurgence

Can Evolve to Major Business Segment





RBOCs WHO'S NEXT?

Ameritech

- Applied Data Research (ADR)

Bell Atlantic

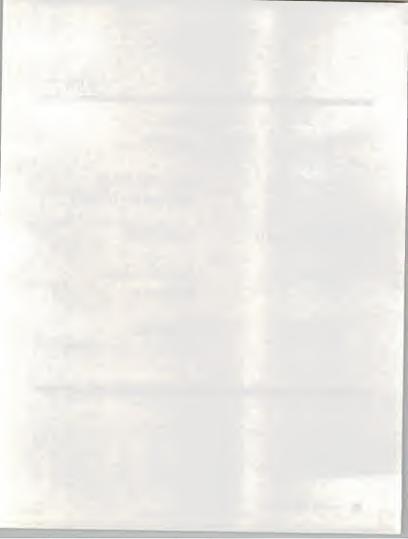
NYNEX

US West

- SORBUS

- IBM Product Centers

- Applied Communications



RETAILERS

- Computerland
- Macy's
- Entré

- Sears
- Businessland
- Softwaire Centre



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INTERNAL VERSUS EXTERNAL COMPETITIVE EDGE

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NEW WAYS TO COMPETE

- Aquisition
- Strategic Partnering
- Vertical Specialization
- Connectivity



KEYS TO SUCCESS

STAY IN TUNE AND IN STEP WITH CUSTOMERS

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