

**Systems Integration  
Market Analysis  
1988**

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**Doug Wilder  
SI Program Manager  
INPUT**



## SI Market Definition

- **Integrated** solution to a multidisciplinary information systems requirement
  - Multiple vendors
  - Multiyear schedules
  - Prime contractor assumes full risk

INPUT

NOTES:

MSEM-DRW-2



## Overview

- Market forecasts
- Issues
- Markets
- Competition
- Trends

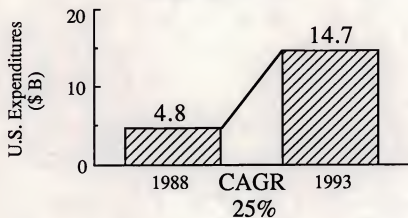
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## Systems Integration Market Forecast



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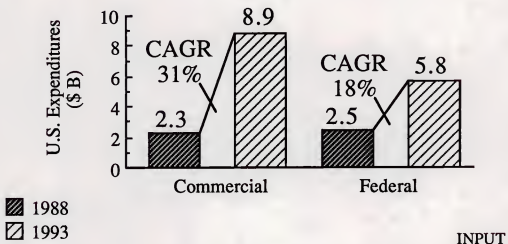
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## Systems Integration Market Forecast



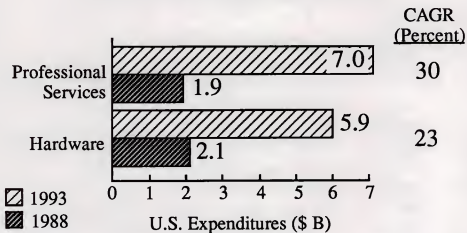
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# Systems Integration Market

1988-1993 Component Groups



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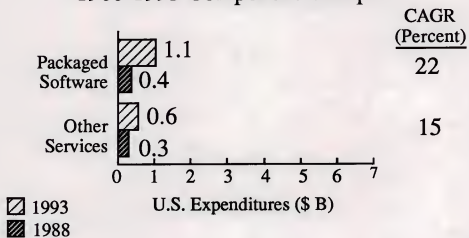
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# Systems Integration Market

1988-1993 Component Groups



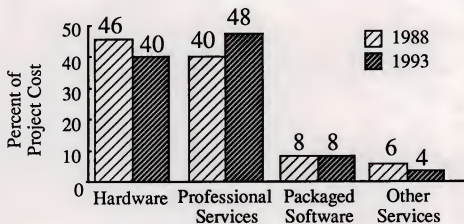
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MSEM-DRW-7



## Trends in SI Project Composition



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NOTES:

MSEM-DRW-8





## Major Buyers Issues—1988

- Rising management expectations
- User demands for increasingly complex solutions
- Managing the technology investment
- Integration—data/applications/technology
- "Mission Critical" solutions

INPUT

Notes:

MSEM-DRW-9



## Major Vendor Issues—1988

- Potential of catastrophic failure
- Resistance from in-house integrators
- Increasing competition—confusion
- Competitive exposure through specific project alliances
- Leading-edge technology risks

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Notes:

MSEM-DRW-10



## Key Commercial SI Market Factors

- Rising demand for connectivity
- Major infrastructure rebuilding
- Growing user management trend
- Growing application complexity

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Notes:

MSEM-DRW-11



## Key Federal SI Market Factors

- Demand for productivity improvement
- Shortage of technical staff
- Shared implementation risks
- Trend toward technology upgrades

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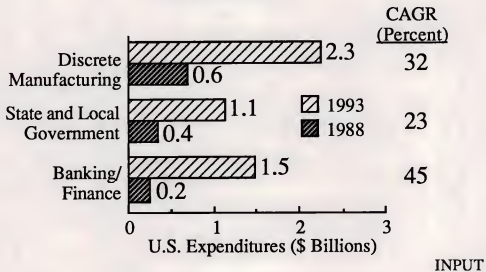
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MSEM-DRW-12





## Expenditures by Industry 1988-1993

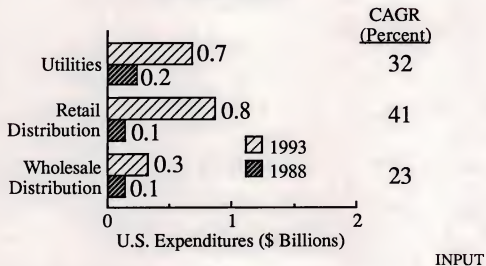


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## Expenditures by Industry 1988-1993

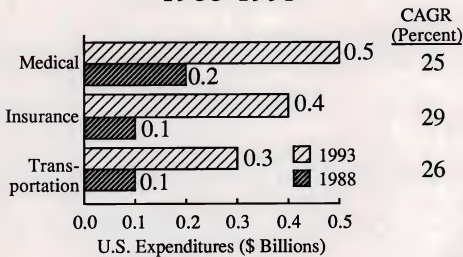


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## Expenditures by Industry 1988-1993



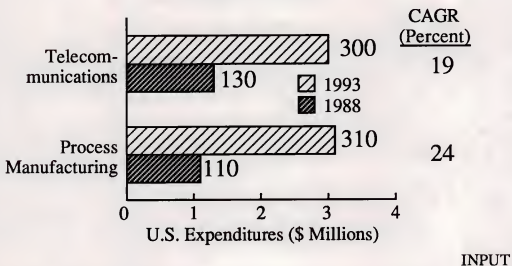
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## Expenditures by Industry 1988-1993



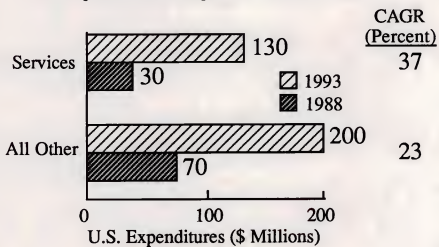
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MSEM-DRW-16





## Systems Integration Expenditures by Industry, 1988-1993



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Notes:

MSEM-DRW-17



## Market Share by Class of Competition, 1988

Vendor Class	Percent of Market		
	Federal	Commercial	Overall
Hardware Manufact.	20	21	20
Commun. Vendors	3	10	7
Professional Svcs.	53	32	42
"Big 8"	3	10	7
Aerospace	16	11	14
Other	5	16	10

INPUT

Notes:

MSEM-DRW-18



## Leading Systems Integration Vendors, Market Shares, 1988

Vendor	U.S. Revenues (\$Millions)	Market Share (%)
IBM	850	18
EDS/GM	505	12
Andersen Consulting	383	9
CSC	345	8

INPUT

Notes:

MSEM-DRW-19



## Leading Systems Integration Vendors, Market Shares, 1988

Vendor	U.S. Revenues (\$Millions)	Market Share (%)
Unisys	300	7
SAIC	280	6
Grumman	250	6
Boeing	200	5

INPUT

Notes:

MSEM-DRW-20





## Future Trends

- Entry of new domestic and off-shore competitors
- Market "hype" will blur definitions
- Increased centralization of vendor SI "product" management
- Increased development of proprietary technologies/methodologies

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Notes:

MSEM-DRW-21



## Future Trends

- Growing investment in marketing/  
promotion
- Development of formal market  
strategies by non-SI vendors
- Telecommunications companies

INPUT

Notes:

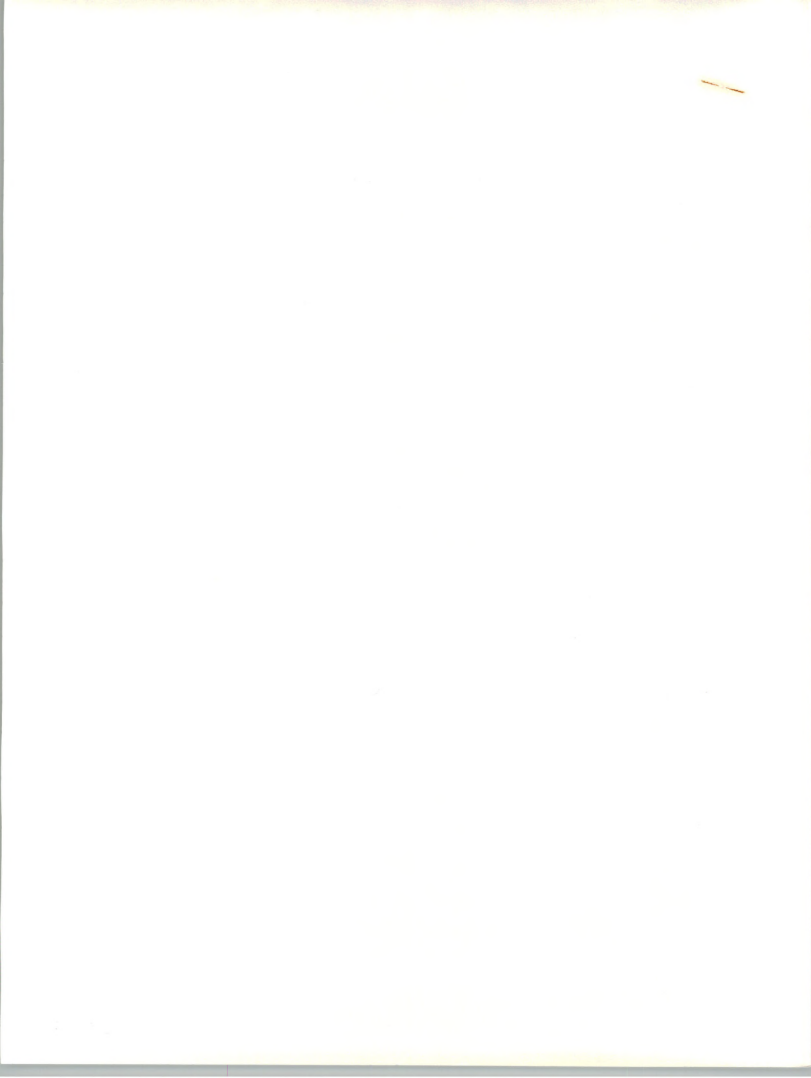
MSEM-DRW-22



Douglas R. Wilder  
Director, Systems Integration  
INPUT

Douglas R. Wilder provides information consulting service to executives and planning managers in the computer industry. With INPUT he specializes in analysis and forecasting of major trends in the industry, particularly in systems integration, and the impact of these trends on vendors and end users. Mr. Wilder has twenty-seven years of experience in the computer industry, including ten years in management. Mr. Wilder retired from International Business Machines Corporation (IBM) in December, 1988. While with IBM he held a variety of professional and management positions in the areas of market research, corporate strategy development and planning, field marketing, and customer executive education. Most recently, as Manager of Business Analysis for the Systems Integration Division, he was responsible for strategy development and systems integration market research. Mr. Wilder joined IBM after two years as an officer in the U.S. Army.

Mr. Wilder holds a B.A. from Dartmouth College.



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MSC

SYSTEMS INTEGRATION  
MARKET ANALYSIS  
1988

DOUG WILDER

~~JOHN FERRER~~

~~VIC PRESIDENT~~

~~REPORT~~

SI Program Manager

Input

MSEM-DRW-1

~~SECRET~~



## SI Market Definition

- **Integrated** Solution to a  
Multidisciplinary Information  
Systems Requirement
- Multiple Vendors
- Multiyear Schedules
- Prime Contractor  
Assumes Full Risk

INPUT

NOTES:

EOS-3

2

~~STEVE JAMES~~  
MSEM-DRW-2



## OVERVIEW

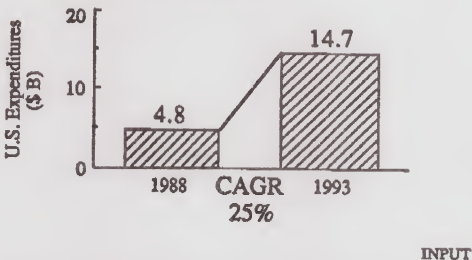
- MARKET FORECASTS
- ISSUES
- MARKETS
- COMPETITION
- TRENDS

~~SECRET~~

MSEM-DPW-3



## Systems Integration Market Forecast



NOTES:

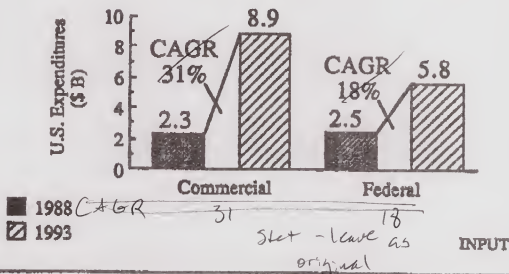
SIOS-11

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MSEM-DEW4





## Systems Integration Market Forecast



### NOTES:

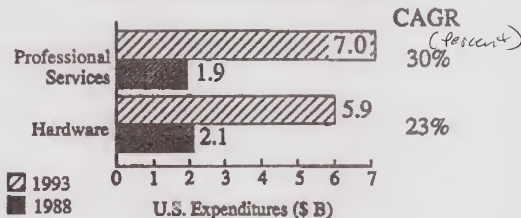
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~~SSEM-JEP/6~~ MSEM-DRAW



## Systems Integration Market 1988-1993 Component Groups



INPUT

### NOTES:

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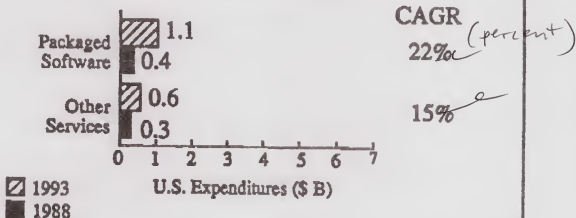
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SIOS-47a

~~SSEM-DEF 9~~ MSEM-DRWG



## Systems Integration Market 1988-1993 Component Groups



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### NOTES:

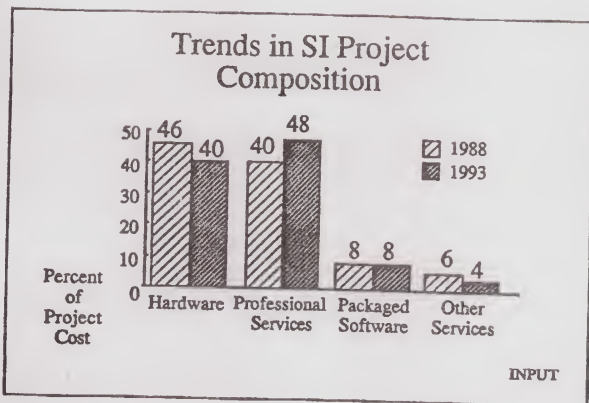
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SI DS*

SIOS-47b

10

*SSEM JEP-70 MSEM-DRW-7*





NOTES:

11

SIOS-46

*SSEM-JEF-H*  
*MSEM-DRWG*





## Major Buyers Issues—1988

- Rising Management Expectations
- User Demands for Increasingly Complex Solutions
- Managing the Technology Investment
- Integration—Data/Applications/Technology
- "Mission Critical" Solutions

INPUT

### NOTES:

SIOS-36

12

~~SEM JETZ~~ MSEM-DEW 9



## Major Issues—1988 Vendors

- Potential of Catastrophic Failure
- Resistance from In-House Integrators
- Increasing Competition—Confusion
- Competitive Exposure through Specific Project Alliances
- Leading-Edge Technology Risks

INPUT

NOTES:

SIOS-37

17

~~556M-JEF-17~~  
MSEM-DRAW 10



## Key Factors

### Commercial SI Markets<sup>2</sup>

#### ~~Positive~~

- Rising Demand for Connectivity
- Major Rebuilding of Infrastructure
- Growing Trend Toward User Management Trend<sup>4</sup>
- Growing Application Complexity

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NOTES:

SIOS-13a

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~~SSGM-JEF-20~~  
MSEM-DRW11



## Key Factors

### Federal SI Markets

#### Positive's

- Demand for Productivity Improvement
- Shortage of Technical Staff
- Shared Implementation Risks
- Trend Toward Technology Upgrades

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#### NOTES:

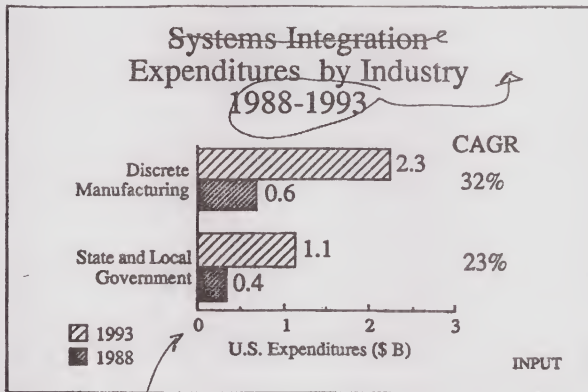
21

SIOS-15

~~SSEM-JEP-21~~  
MSEM-DRW 12







NOTES:

*Add Banking/Finance*

*Please Reconsider  
5105 17/20/21/22/30  
into 4 charts -  
but 3 industries per  
chart (use three bars)*

22

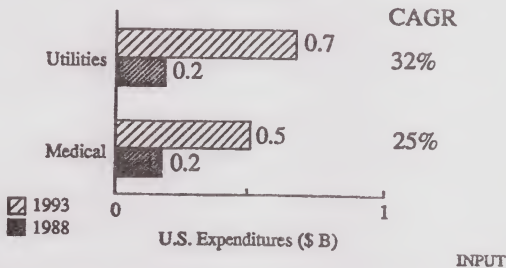
S105-17

*SSEM-JEF-22 to 25*

*MSEM DRW-22 B-16*



### Expenditures by Industry 1988-1993



NOTES:

SIOS-24

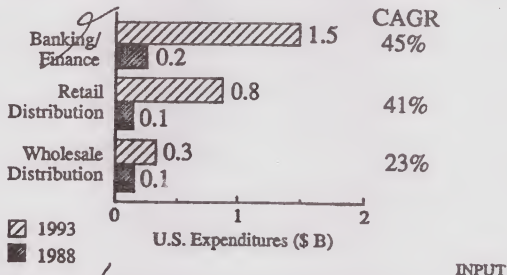
23

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## Systems Integration Expenditures by Industry, 1988-1993



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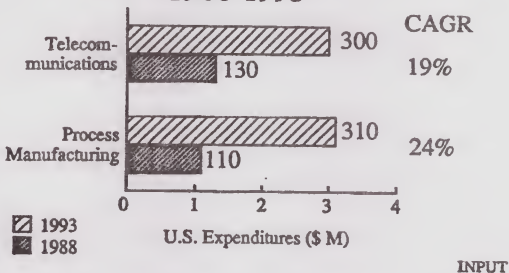
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## Expenditures by Industry 1988-1993



NOTES:

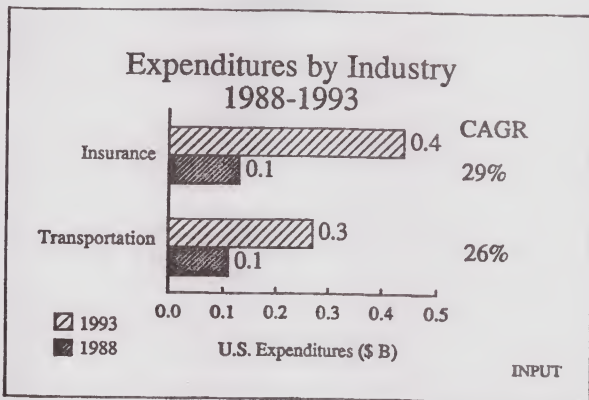
SIOS-27

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**NOTES:**

*Combined w other slides*

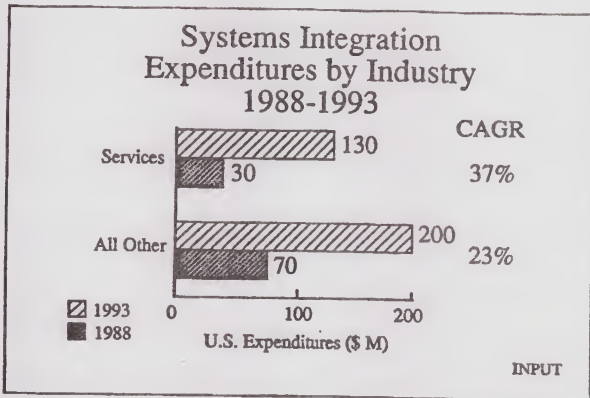
SIOS-30

*2526  
286*

*172*

*SSBY JEP (2547) MSEM-DRW 17.16*





NOTES:

25b

SIOS-33

*JEF 25b? MSEM-DRAW 176?*



## MARKET SHARE BY CLASS OF COMPETITION

~~1987~~

1988

Vendor Class	Percent of Market		
	Federal	Commercial	Overall
Hardware Manufacturers	20	21	20
Communication Vendors	3	10	7
Professional Services	53	32	42
"Big 8"	3	10	7
Aerospace	16	11	14
Other	5	16	10

29

INPUT



## Leading Systems Integration Vendors, Market Shares, 1988

Vendor	U.S. Revenues (\$M)	Market Share (%)
IBM	<del>515</del> 850	<del>18</del> 18
EDS/GM	<del>450</del> 505	<del>12</del> 12
Andersen Consulting	<del>400</del> 383	<del>9</del> 9
Boeing	<del>250</del>	8
CSC	315	

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NOTES:

SIOS-49a

30

SSEM-JEF-30

MSEM-DZW19





## Leading Systems Integration Vendors, Market Shares, 1988

Vendor	U.S. Revenues (\$M)	Market Share (%)
<del>CSC</del> UNISYS	<del>195</del> 300	<del>7</del>
SAIC	<del>175</del> 280	<del>6</del>
Grumman	<del>150</del> 250	<del>6</del>
<del>EDC</del> BOEING	<del>130</del> 200	<del>5</del>

INPUT

NOTES:

31

SIOS-49b

SSEM-JEF-31

MSEM-DREW20.



## Future Trends

- Entry of New Domestic and Off-Shore Competitors
- Market "Hype" Will Blur Definitions
- Increased Centralization of SI "Product" Management ~~within~~ Vendor
- Increased Development of Proprietary Technologies/Methodologies

INPUT

### NOTES:

*th* change quotes

36

SIOS-51ab

~~SSEM-JEF-36~~

MSEM-DEW 21.



## Future Trends

- Growing Investment in Marketing/Promotion
- Development of Formal Market Strategies by Non-SI Vendors
- Telecommunications Companies

INPUT

NOTES:

SIOS-62a

37

~~SSEM JEF-37~~ MSEM DEW 22.

