Argentina’s Offshore Software Industry - Opportunities and Challenges

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About Argentina

Key data:

Native language: Spanish
Area: 2,766 MM (8th)
Time Zone: GMT -3
Independent since: 1816
Population: 40.1 MM
Highly centralized (1/3 in Buenos Aires)
Life Expectancy: 75
Literacy rate: 97.7%
GDP: 310 B (32rd)
Per Capita: 7.2 K (57nd, 2008, Atlas)
External debt (% of GNI): 40%
Exports: 56 B (2009)
Unemployment: 7.3%

Source: World Bank (last available) and Wikipedia
Argentina’s Software Industry

Source: CESSI Argentina – Annual Report 2009
Some of the reasons for this growth

- Price / Quality competitiveness
  - Hourly fees in mid to upper 20’s (USD)

- Active policies from last governments
  - “Software law”
  - Several sources for funding

- Quality of local resources – scientific system, public and free universities

- Multicultural environment
  - Entrepreneur culture

![Gross Tertiary Enrollment Rate (%)](chart.png) Based on World Bank 2006 and 2007 Data
Software Engineering Practices

- Choosing the right methods
  - And using time zone compatibility as an advantage

- Changes in the standard process
  - Choosing the right team configuration
  - Changing the priority of tools
  - Improving daily interaction

- Another key: visits
Challenges and Opportunities

- Challenges
  - Scale
  - No “brand” as a technological country
  - Lack of relevant players

- Opportunities
  - Good scientific level
  - Strong entrepreneur culture
The Value Shore – Value Soft Model

Value Added Chain

- R&D
- BRAND KNOW HOW
- PRODUCTION

Value Added

- >1M$
- ~75/100K$
- >300K$
Current state of our Industry

VALUE ADDED AND INDUSTRY

Value Added

R&D

BRAND KNOW HOW

PRODUCTION

Industry
Where we are going

THE PROJECTED INDUSTRY

ValueSoft

>500K$

R&D

~25/30K$

ValueShore

PRODUCTION

~25/30K$

BRAND

KNOW HOW

>300K$

>500K$

>300K$
Conclusions

- Our industry can continue to grow, and it represents a great opportunity for our Country (and for many developing countries)
- We have to increase the value we add to our products. The traditional offshore model will only bring very limited benefits due to scale and cost
  - This road presents many challenges, we lack skills
- We need active participation from the government
  - Education is critical
  - Active role in promotion, incentives, roadmaps
Questions...

- Gracias! Thank you!