

Strategies for Building Software Industries

Building markets for software products



Paul Tjia- GPI Consultancy
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Software industries in developing countries



IT-exports to the Netherlands

- Iran
- Pakistan
- India
- Sri Lanka
- Bangladesh
- Nepal
- Thailand
- Vietnam
- Malaysia
- Indonesia
- The Philippines
- China
- North Korea
- Egypt
- Jordan
- Lebanon
- South Africa
- Ghana
- Venezuela
- Colombia
- Surinam

Exporting software products

- Generates foreign currency
- Creates jobs (well paid)
- Male and female
- Friendly for the environment
- Low investments required
- Knowledge transfer

Software Park (Bangalore)



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ICT exports: what can be done?

- **Services (software development)**
 - End-user organizations
 - Product companies (e.g. Baan)
- **IT enabled services**
 - Data entry
 - Digitising
 - Call centres, BPO
- **Software products**
 - Standard (mass market)
 - Specialized (enterprises)

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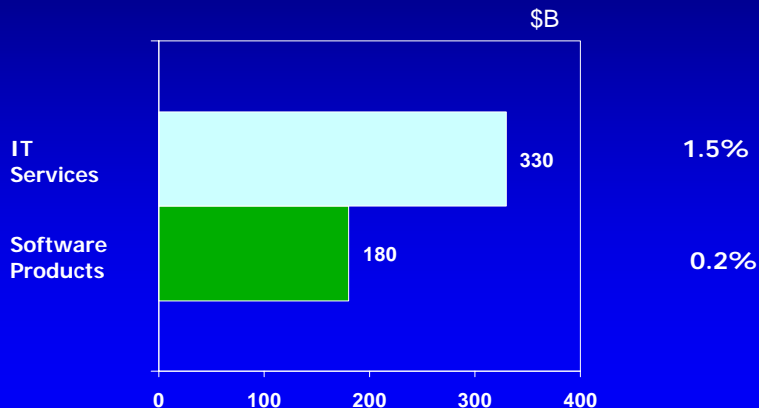
Software products from developing countries

- Venezuela: Dutch insurance company
- India: Dutch Rabobank
- India: Dutch SNS Bank
- Philippines: software tool
- India: Dutch branch of Turkish Akbank
- Indonesia and Ecuador: Microsoft spellcheckers

Example India: export of software products is limited -1

Size of global opportunity (2000)

India's market share



Example India: export of software products is limited -2

Indian Software Exports: Delivery Models

(Figures in Rs. crore)

	1999-2000	2000-01	2001-02	2002-03 E
Onsite	9,850	15,900	16,500	18,500
Offshore	5,950	10,950	18,500	27,500
Products & unclassified	1,350	1,500	1,500	1,500
TOTAL	17,150	28,350	36,500	47,500

Source: NASSCOM

NASSCOM
www.nasscom.org

Advantages of software products

- Growing global markets for products
- Offshoring backlash
- Emerging low-cost competition
- Moving up the value chain
- Replication costs of software products are low; higher returns

Disadvantages of software products

- Need for domain expertise (specialization)
- And: must offer total solutions
- And: must be cost effective
- Greater investments needed
- Branding is important
- Greater complexity
- Higher risks

Product Business Strategy

Invest in Domain Expertise

Alliances & Partnerships

Invest in Branding & Promotion



Product Business Strategy



Commitment to Product Strategy

Build Reference Site

Go After The Low Hanging Fruit

Continuous Ongoing Investment

Market Strategies



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Challenges

Technology

- Product development
- Keeping abreast of industry 'waves'
- Improve quality of software

Sales and Marketing

- Building a prospect pipeline
- Increase brand visibility and credibility of product offering
- Global presence (direct sales, distributors)
- Build the right partnerships for technology and market reach
- Outsource

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Export of software products

- Still in initial stage
- Many advantages, but much more complicated than services
- Start in emerging markets



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Paul Tjia
P.O. Box 26151 - 3002 ED Rotterdam
The Netherlands

Tel: + 31- 10- 4254172
info@gpic.nl