

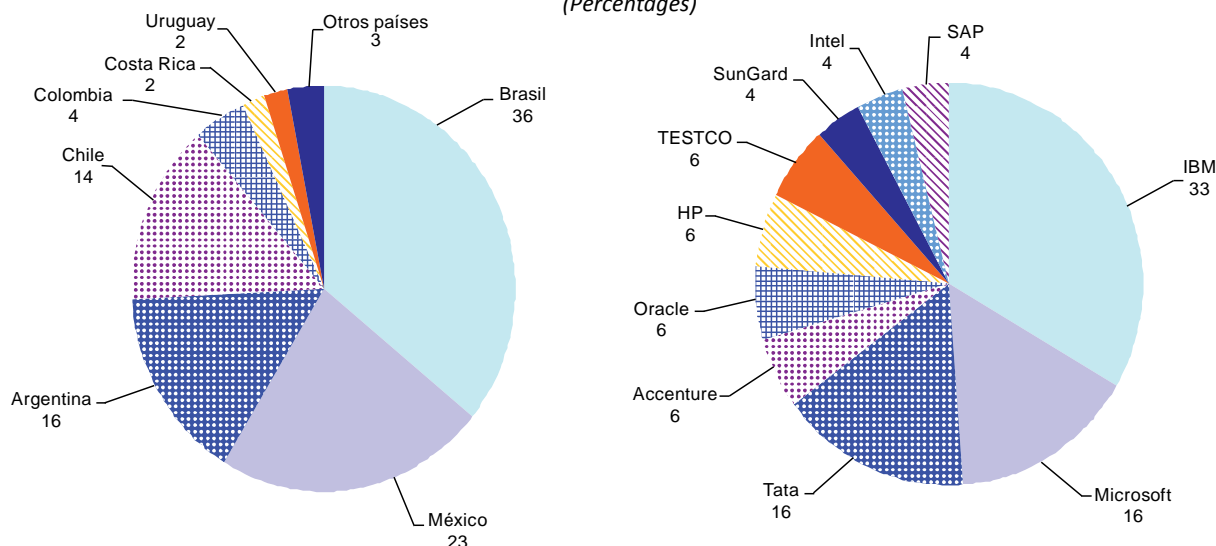
Fact sheet: Software industry

From the ECLAC report:

Foreign Direct Investment in Latin America and the Caribbean 2010

- As in the manufacturing sector, the software industry helps to diversify the export basket of countries, generate opportunities for skilled employment and new businesses, and facilitates the transfer and dissemination of new technologies.
- Between January 2003 and November 2010, there were 2,749 investment projects in the software industry worldwide, and these were located mainly in India (24%), China (10%) and the United States (10%).
- This region's software industry is receiving rising inflows of foreign direct investment (FDI). Latin America was the location for almost 6% of projects recorded between 2003 and 2010, while Asia-Pacific accounted for 48%, Western Europe 21% and Eastern Europe 10%.
- In the period in question, the main countries in the region to host projects from transnational software companies were Brazil (36%), Mexico (23%), Argentina (16%), Chile (14%), Colombia (4%), Costa Rica (2%) and Uruguay (2%).
- These countries can be classified into three groups: those with a large domestic market but limited export bias (Brazil and Mexico); those with a small domestic market but a strong export bias (Costa Rica and Uruguay); and medium-sized countries that combine both strategies (Chile and Colombia).
- The development of the software industry in Brazil and Mexico, and to some extent in Argentina, is due to their previous industrialization strategies that they used to develop a manufacturing production base and some specialization in the areas of computing and electronics.
- The region has also seen an emergence of a wide range of local firms offering global information technology services and trans-Latin software enterprises, including Softtek (Mexico), Sonda (Chile), Globant (Argentina) and TOTVS (Brazil).
- Latin America can strengthen its position as a global software location, as has happened in India, China and Eastern Europe, thanks to new strategies implemented by transnational companies aimed at combining global operations in different time zones, cost levels and operational risks.

LATIN AMERICA AND THE CARIBBEAN: DISTRIBUTION OF THE NUMBER OF SOFTWARE PROJECTS BY COUNTRY FROM THE 10 MAIN COMPANIES (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on fDi Markets, up to November 2010.