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# **Silicon Valleys in Developing Countries**

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# Concept

- ❖ 'Silicon Valley' refers to the agglomeration of Information Technology (IT) companies in northern California
- ❖ Silicon Valley is a popular metaphor for referring to the geographic area where computer companies cluster
- ❖ Many developing countries are now trying to develop their own 'Silicon Valleys'





# Camps, Valleys, Parks & Corridors

- ❖ A collection of software development companies clustered in one location
  
- ❖ Generally featuring:
  - ✓ Government support
  - ✓ Foreign companies
  - ✓ Communications infrastructure
  - ✓ Training facilities
  - ✓ Amenities



# Goals

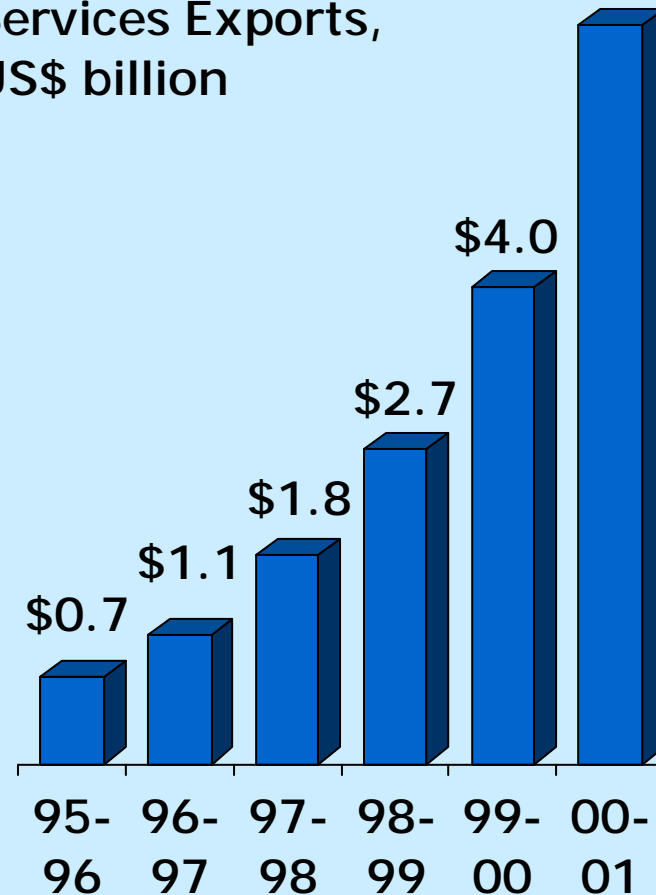
- ❖ Attract foreign investment and generate foreign exchange from selling software for export
- ❖ Reduce brain drain by providing employment for high-skilled IT workers
- ❖ Generate sustainability and local know how of IT



# India

- ❖ Leading developing country software exporter
- ❖ Although software development is scattered throughout the country, many companies have clustered around the city of Bangalore
- ❖ Exports to more than 100 countries
- ❖ More than 185 of Fortune 500 outsource software development to India
- ❖ Over 400'000 IT professionals

India IT Software and Services Exports, US\$ billion

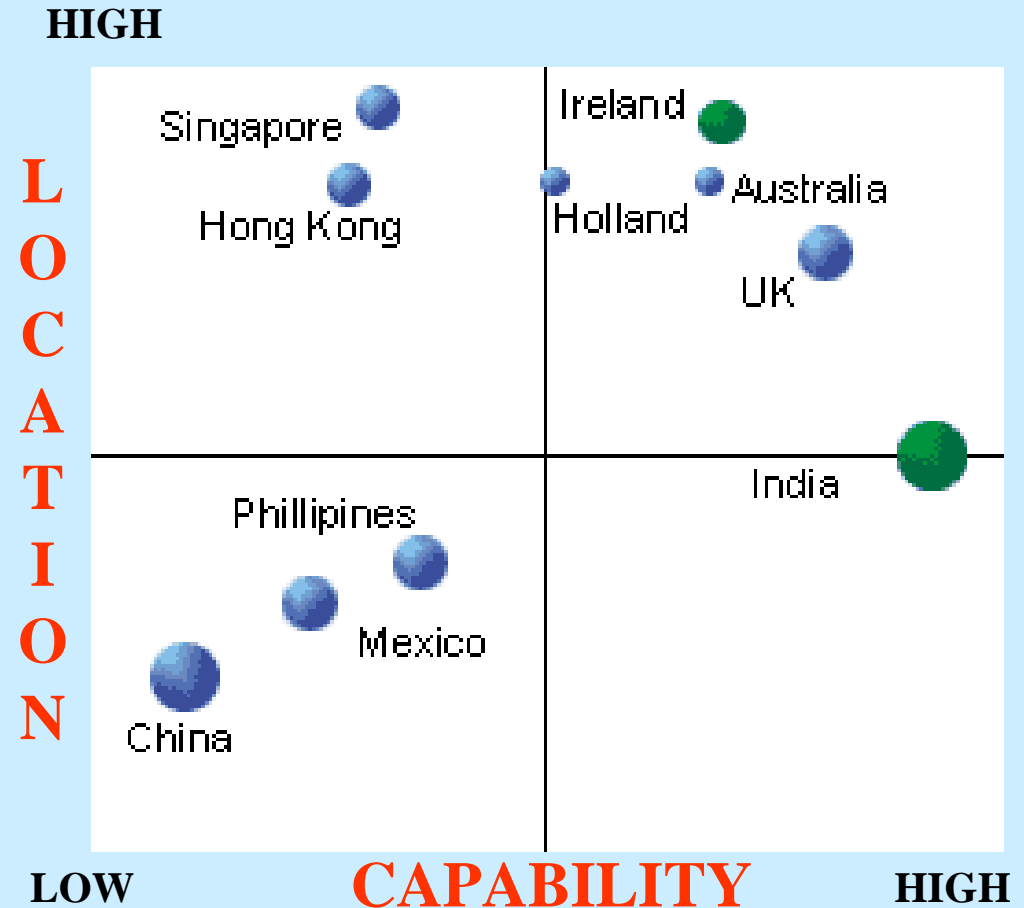


Source: NASSCOM



# India: Advantages

- ❖ Years of experience
- ❖ World's 2<sup>nd</sup> largest pool of English speaking manpower
- ❖ Good quality
- ❖ Low cost
- ❖ High number of engineering graduates
- ❖ Diaspora



Source: McKinsey analysis



# South East Asia Software Parks

- ❖ Malaysia Multimedia Super Corridor
- ❖ Saigon Software Park
- ❖ Software Park Thailand
- ❖ Bali Camp
- ❖ Philippines IT Parks



# Multimedia Super Corridor

- ❖ Country within a country (size of Singapore)
- ❖ Strong government support
- ❖ State-of-the-art transport and communication infrastructure
- ❖ Phased development
- ❖ Numerous incentives
- ❖ Both foreign and domestic companies





# Saigon Software Park

- ❖ One of 4 key areas of IT Master plan is software development
- ❖ Building a number of 'software parks'
- ❖ Saigon Software Park launched in July 2000 with 30 companies

The development of our country's software industry would benefit from the following fundamental advantages: ... Vietnamese people are capable of quickly absorbing this technology; there are in the overseas Vietnamese community many experts, who are experienced in the software industry and wish to establish cooperation and make investment in Vietnam ”





# BaliCamp

- ❖ Single location on tourist island of Bali
- ❖ Entrepreneurial driven
- ❖ Operational since October 2000
- ❖ Strong on amenities to attract programmers





# Thai Software Park

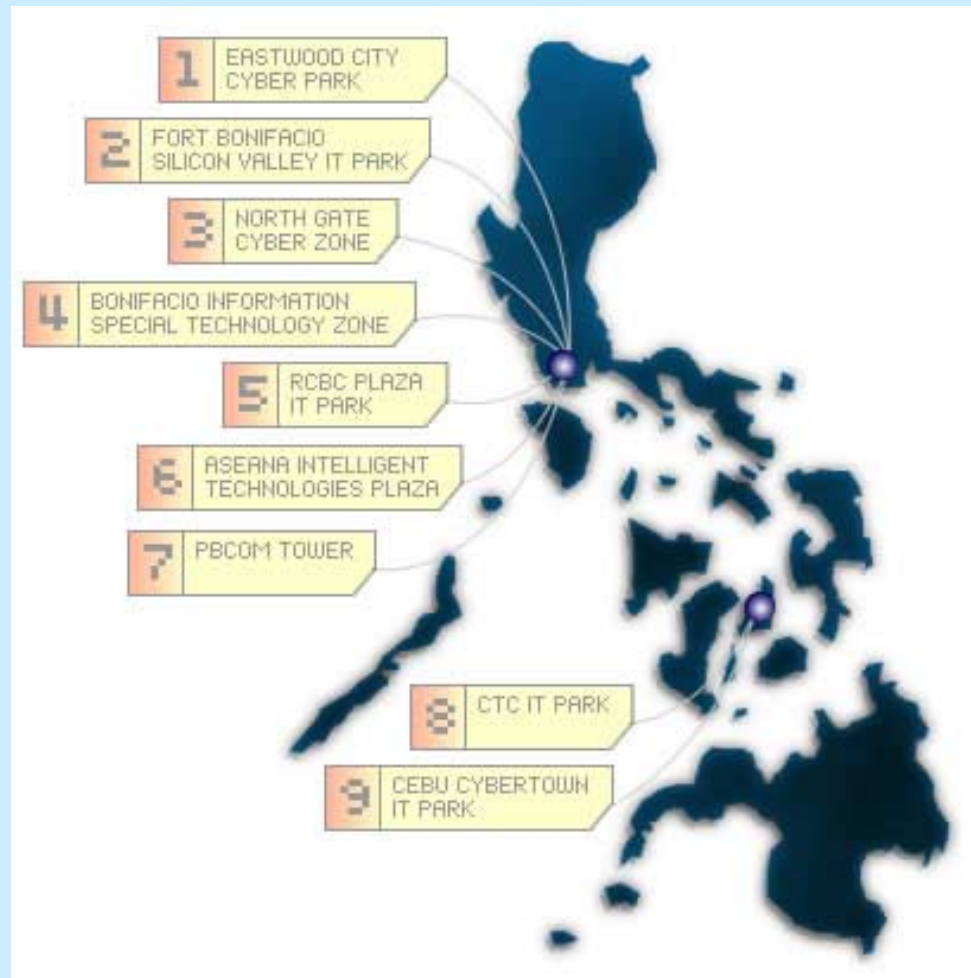
- ❖ Hi-rise building on outskirts of Bangkok
- ❖ Established 1997
- ❖ Has around 30 companies on 8 floors
- ❖ Offers support services for software development





# Cyber/IT parks Philippines

- ❖ Qualified IT manpower
  - ✓ High literacy rate
  - ✓ Third largest English-speaking country in the world
- ❖ Liberalized/Deregulated Telecom Industry
- ❖ Large potential market, with over 75 million people





# Conclusions

- ❖ Variety of software park models
- ❖ Too early to judge success (or failure)
- ❖ IT Training important
- ❖ Islands of IT expertise
- ❖ What are:
  - ✓ Strengths
  - ✓ Weaknesses
  - ✓ Opportunities
  - ✓ Threat