forecasted sales for the next five years. This is particularly reinforced by the fact that a rainbow of new business opportunities is appearing due to i) the reorganization of federal and provincial governments; ii) the privatization of a large number of government corporations which as a result are acquiring new management groups that in many cases sever ties with the corporations' traditional suppliers; iii) the opening of the economy, including the capital market and the revitalization of the traded-goods sector.

The Argentine market is also considered to be an entrance door to other Spanish speaking countries and to the Brasilian market. Locally developed bilingual and trilingual (Spanish-Portuguese-English) software is starting to appear. Accounting systems that work in more than one currency simultaneously as well as software that produces files simultaneously in more than one language are now being researched.

A high degree of sophistication in analysts and programmers coupled with low costs for local software development, benchmarks research as well as beta tests are an additional advantage for certain business projects and an area that has hardly been exploited.

The main weakness is the market scale. The number of software packages that can be sold in Argentina will always be small. The lack of computer culture forces the representation office and sometimes even the distributor, to keep a large number of employees dedicated to technical support. This is an expensive service and software firms want to charge this cost to those buying the package and not only to those who request the service. In this way, they cannot compete against very low prices prevailing in the USA grey market. Furthermore, the resulting high prices charged makes it difficult to fight piracy and to expand the market in the middle sized to small sized firms niche. Finally, finding partners or firms that will adequately represent products is rather involved. It should also be noted that to set up a distribution net in Argentina is difficult as good distributors are hard to find.

IV. Market Trends

a) The market for PCs.

<u>Abstract:</u> PCs will spread very fast across corporate Argentina, with LAN and Windows based software as the main staple. Unix will also grow, but at a lesser rate because of the lack of products. Some interesting business in government is possible.

Downsizing (shifting from mainframe to PC) and/or implementation of LAN and Peer-to-Peer solutions, will dominate the market. There are four structural reasons for this: a) the lowering of tariffs and other trade barriers is forcing corporations to reshape their general cost structure once again, in order to compete, b) the lack of investment funds in the country (PC's take much less initial investment funds), c) the new and inexpensive i486 technology with large disks, makes the PCs an ideal solution for the prevalent size of business firms here, d) PC imports are now sold in Buenos Aires at USA list prices and are readily available all over the country.

The PC software market is rapidly moving away from the combination of "tailored" plus packaged software into the packaged-only software. Several software firms have changed their strategy and are now trying to introduce very user friendly packages. Their rehauled operation is moving towards less employees and automatized or systematized after-sales support, such as support via diskettes, phone-consulting and modem-consulting in place of personal on-site visits. Initial training courses, however, taught by these same firms are increasing. The customer wants to buy autonomy, rather than feeling continually dependent on the software salesman. Since teaching fees are inexpensive, given the prevalent type of employment contract for teachers in this market, the arrangement is very cost efficient.

Government should also be considered as a potential client for PC software. The economic restructuring at the federal government level calls for reducing federal employees from 1.1 million to 350 thousand. PC's will begin to spread in use to fill in for the personnel cutbacks. Software packages for office automation, software specific to management of some government operations and training, should be major growth areas starting around mid '92 and will probably continue as a growth segment for the next three years.

According to Juan Franchino, the Undersecretary for Information Systems, opportunities in government will be centered around the Ministry of the Economy, Customs, the Revenue Office (DGI), the National Registries Systems (car ownership, real estate ownership, inmigrants, citizens & other residents, social security and registered workers) and INDEC (National Statistics Institute).