

As to firms that use pirated copies, the recommended course of action is to ensure that the sales force visits them and explains the advantages of legal ownership, namely free technical support and inexpensive periodic upgrades. It is also advisable that software representatives be willing to overlook the fact that a company may not have legal ownership of their software, but still provide them with some technical support. This will help them become aware of what they would gain with legal ownership. Suing them or threatening them with litigation has prompted them to pay for the license once and then adopt a competitor's software.

In order for Argentine firms to further appreciate the advantages of legal ownership, software firms operating in the Argentine market will have to at least approximate market prices of software in the USA. This means that the software firms would have to work with very slim mark ups. Legitimate software packages have traditionally sold for three times the USA price. This is due in part to the fact that firms in Argentina representing software houses are seldom licensed to reproduce master copies and are forced to add considerable customs and shipping costs by importing each package they sell and by traditional ways of providing technical support, that make it a very costly service.

VIII. A Final Comment

Opportunities in the Argentine software market have up to now generated in the full fledged opening of the economy to imports, in April 1991. The ensuing explosive demand for software products is expected to last until 1995. The privatization program of late 1990 has opened large sectors of the economy to investment, both local and international, which is expected to generate additional software demand as from 1992. Similar expectations stem from the deregulation program started in November 1991 which will be expanded during 1992. Rates of growth of software demand are expected to average 40% during 1992 and further increase in the following years. The local market is still small compared to Canada, but given continued stability it is expected to become increasingly important. Entering the market may be in some cases rather involved because of cultural differences, but should prove worthwhile in the medium run.

An important point to consider when looking at Argentina as a potential market, is the fact that because of the newly formed common market (Mercosur), between Argentina, Brasil,

Paraguay and Uruguay, Argentina can now be regarded as a door to the entire Latin America software market. Mercosur partners, especially Brasil, have been reported to be at more backward levels of technical development in software and expected to undergo explosive demand growth of Argentine software because of the opening of its market. This would add volume to the Argentine market and help reduce its prices. Other non-Mercosur countries such as Spain, Mexico and Chile, which grant "most favoured nation treatment" to Argentina and its partners, are also considered to be at lower development stages in software technology, therefore apt to take advantage of the newly created economies of scale. Young Argentine software entrepreneurs talk excitedly about a 250 million consumer market awaiting for software in Spanish and Portuguese.

Also it is quite possible that because of numerous parallels between Canada and Argentina. in population numbers, prevalent education levels and resource based industries (oil, gas, agriculture, fishing and mining), Argentina's recent return to a free market economic model will yield a software demand structure similar to that of Canada. Because of these parallels, Canadians may be in a better position to foresee the development of possible market niches for the next five years, based on their home market experience, more successfully than even local software firms can. Economic theory teaches us that with a free market economic type of organization, two countries with similar basic initial conditions (population numbers, education levels, land extension and types of natural resources) render a similar price structure, which in turn should determine similar market niches and opportunities. Economic history shows that there is a time path for the price structure to accommodate after the type of transformations Argentina has undertaken in the last two years. It places the time frame between five to seven years. This means that, generally speaking, any niche that a Canadian firm is today exploiting in its home market could very well appear in Argentina within the next five years. ♣