

III. Supply and Demand

a) Supply

In 1990 the Argentine government recorded the existence of 300 software firms, 200 of which are located in the Capital city and environs, and 100 in the provinces, centered for the most part around the cities of Cordoba, Tucuman, Bahia Blanca, and Mendoza. The reported total sales of these firms was at the time US \$300 million.

Of the total 300 firms, about 30 are considered to be large firms, with average annual sales in the range of US \$2 million. Another 60 are considered mid-sized, with average annual sales in the range of US \$200 thousand to US \$600 thousand. The rest are small sized firms.

TOTAL SOFTWARE SALES-1990- in millions of US\$		
Size of Firms	# of Firms	Sales
Large	30	130
Medium	60	80
Small	210	90
TOTAL	300	300
Source: U.N.D.P.		

Software firms share the market with free-lance programmers and programming analysts that produce "tailored" software for business firms. The free-lance programmers charge an average of US \$1200 per month, while the programming analysts charge US \$2400 per month.

The supply side of the market has been reported as extremely competitive. Very low profit margins prevail for packaged software due to competition from the USA grey market. This fact, in addition to rapidly occurring technological changes, the economic restructuring, now under way, is having a winnowing effect on the structure of supply.

SOFTWARE SALES RANGES-1990- by size of firm in thousands of US\$	
Size of Firms	Annual Sales Range
Large	2000
Medium	200-600
Small	25-50
Source: U.N.D.P.	

