ICT Market study in Chile and Costa Rica for Baltic companies

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Macro environment

• Both countries can be characterized as the best investments and trade profiles in South and Central America:
• Political, financial stability, a vast network of free-trade agreements.
• High economic, trade freedom, low corruption.
• However business freedom in both countries is lower than in the Baltics. Ease of starting a business, doing business and enforcing contracts are more difficult than in the Baltics.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Country</th>
<th>Chile</th>
<th>Costa Rica</th>
<th>Estonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Freedom</td>
<td></td>
<td>72.3</td>
<td>68.1</td>
<td>77</td>
</tr>
<tr>
<td>Labour Freedom</td>
<td></td>
<td>64.3</td>
<td>53.9</td>
<td>56.9</td>
</tr>
<tr>
<td>Monetary Freedom</td>
<td></td>
<td>82.2</td>
<td>80.8</td>
<td>85.7</td>
</tr>
<tr>
<td>Trade Freedom</td>
<td></td>
<td>86.4</td>
<td>84.7</td>
<td>87</td>
</tr>
<tr>
<td>Investment Freedom</td>
<td></td>
<td>85</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>Financial Freedom</td>
<td></td>
<td>70</td>
<td>50</td>
<td>80</td>
</tr>
</tbody>
</table>

Business freedom index 2017

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<tbody>
<tr>
<td>GDP per capita (PPP)</td>
<td></td>
<td>$23,460</td>
<td>$15,482</td>
<td>$28,592</td>
</tr>
<tr>
<td>Inflation</td>
<td></td>
<td>4.3%</td>
<td>0.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Unemployment</td>
<td></td>
<td>6.4%</td>
<td>8.6%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>
ICT development

- Chile has the third most developed ICT sector in all of South America. Costa Rica - most developed and the most progressive ICT sector amongst Central America.
- Both governments state that the ICT sector is a priority in the country.
- Costa Rica is strong in mobile infrastructure (the cheapest mobile-cellular services in Americas and widespread).
- Costa Rica has the highest percentage of IT professionals in Latin America.
- However both countries have lower percentage of households with Internet access and individuals using the Internet comparing to the Baltics.
- Both countries have the demand for ICT specialists much higher than the supply.

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<tbody>
<tr>
<td>2016 ICT development index (Rank out of 175 countries based on overall)</td>
<td></td>
<td>56</td>
<td>57</td>
<td>18</td>
</tr>
<tr>
<td>2016 Mobile-cellular telephone subscriptions per 100 inhabitants</td>
<td></td>
<td>129.47</td>
<td>150.66</td>
<td>148.69</td>
</tr>
<tr>
<td>2016 Percentage of households with computer</td>
<td></td>
<td>63.62</td>
<td>53.16</td>
<td>67.64</td>
</tr>
<tr>
<td>2016 percentage of households with Internet access</td>
<td></td>
<td>59.70</td>
<td>60.18</td>
<td>87.73</td>
</tr>
<tr>
<td>2016 percentage of individuals using the Internet</td>
<td></td>
<td>64.29</td>
<td>59.76</td>
<td>88.41</td>
</tr>
<tr>
<td>2016 fixed (wired)-broadband subscriptions per 100 inhabitants</td>
<td></td>
<td>15.17</td>
<td>11.17</td>
<td>28.68</td>
</tr>
<tr>
<td>2016 active mobile-broadband subscriptions per 100 inhabitants</td>
<td></td>
<td>57.61</td>
<td>95.52</td>
<td>114.27</td>
</tr>
</tbody>
</table>
E-government

- Leaders in e-government and e-participation in South and Central America.
- Chile has roadmap of how to achieve e-government success.
- Costa Rica lacks a valid e-government strategy.
- Both countries have some weaknesses with the regulation of e-government.
- Both countries have implemented dozens of e-services for citizens and business.
E-government in Chile: customer

- Responsible: the Ministry General Secretariat of the Presidency (SEGPRES) is responsible for developing e-government
- Budget: no centralised management; finances from the yearly budget.
- Selling to government: public tendering using official portal for public procurement [www.chilecompra.cl](http://www.chilecompra.cl)
- Difficulties to participate in tenders for European company
- Criticism: lacks a long-term view for the development of e-government and projects in the public sector
E-government in Chile: roadmap

• Development of smart cities (network, street sensors, earthquake monitoring and alarm systems. E-transport has already been implemented in the capital, other smart city technologies are planned to be further developed).
• Development of network infrastructure, expand the availability of high-speed internet in all of the country and not only in and around Santiago.
• Development of open data, big data and data analysis, currently there is a lack of competency in this field.
• The transfer of e-services to mobile phones.
• Development of interoperability, to improve the current system which would ensure fast and safe data exchange between institutions and between different applications.
• Further development of e-health, especially integrations of systems, electronic health records and telemedicine.
E-government in Chile: competitors

- 1.6% of companies in Chile are ICT companies, 85% are SMEs.
- IT companies usually operate in a few vertical sectors, lack of specialisation.
- Latin America and the U.S. are the main markets for Chilean ICT companies to export their services and products, the biggest focus in Latin America - Mexico, Brazil and Peru.
- Average hourly rate of an IT specialist is about 40-60 USD; IT architect - 80 USD, IT Project manager - 100 USD.
- Chile has well educated, skilled IT specialists, however there is a workforce deficit.
- Chile provides "Visa Tech" - an opportunity for foreign ICT specialists to work in Chile for an indefinite period.
- There is a lack of skilled English-speaking IT professionals, skilled Project managers and highly experienced IT architects.
- E-government’s main projects are executed mostly by very large, international companies, which have strong human resource capital and competencies. Also, these companies use local SMEs as subcontractors.

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<tr>
<td>ICT companies</td>
<td>4,700</td>
<td>2,828</td>
</tr>
<tr>
<td>The number of ICT employees</td>
<td>n.d.</td>
<td>28,500</td>
</tr>
<tr>
<td>Percentage of the ICT sector on GDP, %</td>
<td>3,4</td>
<td>4,91</td>
</tr>
</tbody>
</table>
Opportunities to enter Chile’s market: partnering

- **Find a partner**
  - Search for an ICT company with residency in Chile to enable participation in public tenders

- **Participate in public tenders**
  - Participate in public procurement using portal ChileCompra

- **Collaborate with Chilean Economic Development Agency (CORFO)**
  - Supporting grant for strategic projects at the pre-investment stage.
  - Dialogue between the public and private sectors when forming and implementing e-government initiatives

- **Use “Visa Tech”**
  - Work in Chile for an indefinite period

- **Smart cities**
- **Open data/ big data/ analytics**
- **Apps**
- **Interoperability/ integration**
- **Electronic health records/ telemedicine**
Opportunities to enter Chile’s market: setup of an entity

- Registering a company:
  - It takes 5.5 days and can be done online

- OR participate in the Start-up Chile program:
  - Competition that selects suitable candidates three times a year. Founders and their teams receive about $33,000 USD, a working visa for a year and access to one of the largest startup communities

- Participate in public tenders:
  - Public procurement portal ChileCompra.
  - Potential suppliers’ registry for simplified purchasing procedures

- Collaborate with Chilean Economic Development Agency (CORFO):
  - Support grant for strategic projects at the pre-investment stage.
  - Dialogue between the public and private sectors when forming and implementing e-government initiatives

- Use “Visa Tech”:
  - Work in Chile for an indefinite period

- Smart cities
- Open data/ big data/ analytics
- Apps
- Interoperability/integration
- Electronic health records/ telemedicine
E-government in Costa Rica: customer

- Important player - Radiográfica Costarricense (RACSA): responsible for the most of e-government projects
- Selling to government: public tendering using official portal for public procurement [www.sicop.go.cr](http://www.sicop.go.cr)
- No restrictions to participate in tenders for European companies
E-government in Costa Rica: roadmap

- Create a smart city (firstly e-transport).
- Develop Open data platform.
- Develop data centre for governmental institutions.
- Integrate systems by creating a standard and platform for data exchange between institutions and between different applications.
- Improve current e-services, especially for the use of mobile phones.
- Optimise processes in public sector, including their automatization.
- Further develop e-health, especially the National EHR system, e-learning in health, integrate current systems and create an m-health system.
- Develop cyber security.
E-government in Costa Rica: competitors

- Main international ICT giants such as Intel, IBM, Microsoft, Cisco Oracle, Amazon and about 200 other multinational companies have established themselves in Costa Rica.
- 53% of ICT companies have formal alliances with international companies like Microsoft, HP, Cisco, Dell, WM Ware, IBM, Intel, SAP. Microsoft (53%), Oracle-Sun (26%), IBM (18%), CISCO (17%) and SAP (16%) are the main technology brands compatible with the products and services of ICT companies in Costa Rica.
- The most ICT companies are vertical sector orientated.
- 67% of sales abroad went to North America, 20% to Central America, 8% to South America, 4% to Europe and 1% to the rest of the world.
- Costa Rica has well educated, skilled IT specialists, including English-speaking skills.
- There is a workforce deficit, although universities are strongly focused on preparing ICT specialists.
- E-government’s main projects are executed mostly by large, international companies, which have strong competencies. To win contracts in Costa Rica a company must demonstrate the experience, know-how and get confidence.
Opportunities to enter Costa Rica’s market: direct exporting

Collaborate with RACSA
- Provide a profile of the company, its competences and financial information
- Get a digital signature

Participate in public tenders
- Register to the Registry of suppliers
- Participate in public procurement using the SICOP portal

Use Free Trade Zone Regime
- Get benefits from tax initiatives

- Smart city
- Open data platform
- Data centre for governmental institutions
- Integration platform and standard
- E-services in mobile phones
- Process automation and optimisation in public sector
- National EHR system, e-learning in health, integrate current systems and create an m-health system
- Develop cyber security
Opportunities to enter Costa Rica’s market: partnering

Find a partner
- ICT company with residency in Costa Rica and experience in e-government

Collaborate with RACSA
- Provide a profile of the company, its competences and financial information.
- Get a digital signature

Participate in public tenders
- Register to the Registry of suppliers
- Participate in public procurement using the SICOP portal

Use Free Trade Zone Regime
- Work in Chile for an indefinite period

- Smart city
- Open data platform
- Data centre for governmental institutions
- Integration platform and standard
- E-services in mobile phones
- Process automation and optimisation in public sector
- National EHR system, e-learning in health, integrate current systems and create an m-health system
- Develop cyber security
Both Chile and Costa Rica have a high degree of competition in e-government ICT and a relatively small market size, however there are open business opportunities in e-government and both countries can be valued as hubs for expanding services in other Latin American and U.S. markets.
Questions?