



Key drivers within the Software & IT industry in Colombia

(Last update: March 2015)

1. A growing market with potential in the future

- The IT industry in Colombia has doubled its sales over the past 6 years and, in 2013, Colombia positioned itself as the fourth largest IT market in South America and Central America behind Brazil, Mexico and Argentina reaching sales of \$7.68 billion USD, a growth of 13% compared to 2012.
- According to Gartner, domestic demand for IT is expected to grow at a compound rate of 6% between 2012 and 2018.
- Colombia is the third largest IT services provider in Latin America behind Brazil and Mexico; sales reached \$2.24 billion USD led by outsourcing and support and development services. According to Gartner, the industry is expected to grow at a compound rate of 13%.
- According with Fedesoft (The software guild in Colombia) the main solutions offered by software companies in Colombia are business administration software, Enterprise Resource Programming and process management systems.
- The communications and media industry is at the top in demand of IT services, while software development is highly in demand by the manufacturing industry.
- Business Monitor International states that one of the vertical markets with the highest growth in Colombia in 2014 was the financial sector as a result of the modernization process that the industry is undergoing, where more Colombians are opting for online banking and ecommerce; this change will involve investment in systems, applications and hardware.
- A total of 13% of Colombia's students graduated from areas related to the software and IT sector, namely: systems engineering, electrical engineering, electronics engineering, and industrial engineering. This labor force is mainly comprised by college undergraduates and technologists.

2. Broader use of telecommunications

- The software and telecommunications sector in Colombia has become a state policy through MinTIC creation and its "Vive Digital" program, that after 4 years of a continuously work it starts to show great results such as:
 - In 2010 we had 5 submarine cables; currently we have 9 submarine cables with important telecom operators such as Movistar, Claro, UNE.
 - We reached 100% of connectivity with 1,078 connected cities, and 99.4% of 3G coverage.
 - Colombia increased their internet connections from 2.2 to 8.8 million in 4 years.



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- According to MinTIC during the 3rd quarter of 2014, Colombia reached 20.4% of broadband internet penetration with 9,718,739 connections.
- The most vulnerable population has increased their internet connection growing 273% and 195% in SEL 1 and 2 respectively.
- Between the 1st and the 3rd quarter of 2014, 4G connections increased 26% from 215,218 to 808,762 connections.
- In comparison with the 3rd quarter of 2013, the mobile internet subscriptions increased 27.8% during the 3rd quarter of 2014.
- According with eMarketer, Colombia is the 2nd country in Latin America with the highest smartphone penetration (45.3% within the mobile internet users).
- In 2014, Colombia occupies the 3rd place in the region with more smartphone users reaching 14.4 million users.
- During the 3rd quarter of 2014, Colombia reached 112.4% mobile phones penetration with 53,583,664 connections.
- According with the Chamber of Electronic Commerce, in 2015 the online sales will reach US\$ 5.000 million and will overcome the last registered figure of US\$ 3.000 million in sales of 2013.
- 52% of the heavy internet users have bought at least, one product online
- Electronic products, clothes and entertainment are the main online sales in Colombia with an average of US\$ 146 per purchase.
- Colombia is the 5th country with Facebook users and the 13rd with twitter users worldwide.

3. Opportunities within the software industry

- Develop **software for different specific sectors, such as agro-industry, financial, logistics and energy**, with the aim of taking advantage of regional bids made by the regions seeking to increase their competitiveness at a national and international level.
- **Develop mobile apps, software, and digital content**, taking advantage of the support that the government is offering via the Live Digital program and Apps.co, which seek to promote and empower the creation of businesses through the use of ICTs



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4. Important foreign companies have chosen Colombia as their investment destination.

