

Computer Hardware, Software and Services Industry

Chile has the largest number of installed PCs per capita in Latin America due to the population's relatively high purchasing power, the 0% import tariff for PCs, and the competitive pricing among foreign and local PC assemblers.

Market Overview

- ▶ In 2002, total IT spending in Chile was US\$1 billion (US\$538 million for hardware, US\$128 million for software, and US\$376 million for services).
- ▶ Total IT spending is expected to grow to US\$1.2 billion by the end of 2003, and to continue growing 7+% each year through 2006.
- ▶ In 2002, the computer market size shrank 12%, but is expected to grow 2% in 2003.
- ▶ Nearly 20% or 3 million Chileans use the Internet, while there are an estimated 1.3 million PCs currently in use.
- ▶ In 1997, Chile eliminated tariffs on imported computer hardware from any origin. Therefore it became less expensive to import from foreign countries than to assemble locally, and foreign-assembled computers are slowly gaining market share.

Computers

Millions of U.S. Dollars	2001	2002	2003 (EST.)
Total Market Size	611	538	549
Local Production (assembly)*	191	105	108
Exports	.012	.06	.014
Imports	420	433	440
Imports from U.S.	252	260	264

Segment

Millions of U.S. Dollars	2002	2003 (EST.)
Hardware	538	549
Packaged Software	128	135
Services	376	404
Total	1,043	1,088

Sources: International Data Corporation, www.idc.cl, U.S. Department of Commerce
 *Note: Local production typically represents assembly of imported components (clones).
 Brands are generally assembled within home country.

Top Ten PC (desktops & notebooks) Imports (in rank order)

Compaq (a Hewlett-Packard Company) (U.S.A.)
Olidata (Italian)
IBM (U.S.A.)
Packard Bell (a division of NEC Computers International) (U.S.A. & Japan)
Hewlett-Packard (U.S.A.)
Acer (China)
Dell (U.S.A.)
Apple (U.S.A.)
Toshiba (Japan)
Lanix (Mexico)

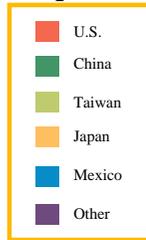
U.S. Position

- ▶ Chile is currently the sixth largest market in Latin America for U.S. computer equipment.
- ▶ While there are PC clones in Chile, the brand-name remains important, and quality distinctions are made. Computer equipment and services from the U.S. have an edge over competitors because they are recognized in Chile as being of high quality.
- ▶ U.S. giants like Dell, Hewlett-Packard, Packard Bell and IBM dominate the Chilean PC market.
- ▶ Chile imported US\$433 million worth of PCs in 2002 (60% from the U.S.).

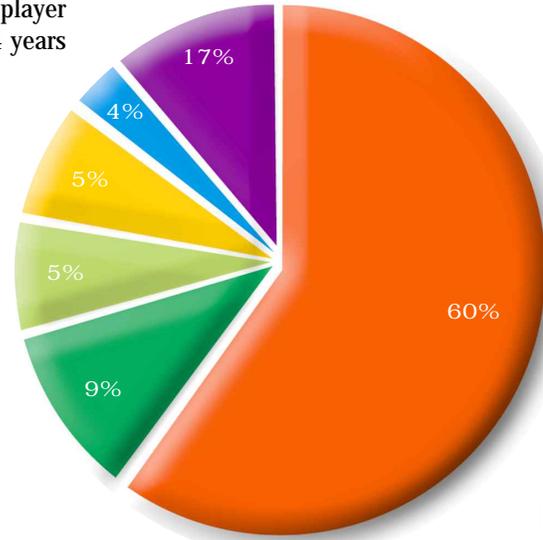
Competitors

▶ Lanix Computadoras (Mexico), Packard Bell (U.S.A), and Olidata (Italy) currently assemble their brands in Chile. The rest are local assemblers of clones. DTS, a Chilean manufacturer of software and IT equipment, is the principal local player with annual revenue of US\$10 million, an amount expected to triple in 3-4 years as they expand into other Latin American markets.

Computer & Peripheral Imports



Source: International Data Corporation, www.idc.cl



Principal Sub Sectors

- ▶ Hardware – PCs (desktops & laptops) and peripherals
- ▶ Software – IT Security, Enterprise Resource Planning, Bundled, Application
- ▶ Services – ISP, Shared Services, Call Centers, System Integration, Hardware and Software Deployment, Engineering & IS Consulting
- ▶ Projects, IT Training & Education, Equipment & Software Maintenance, Professional Outsourcing

Commercial Opportunities

- ▶ Personal Computers (desktops, laptops and printers)
 - Laptop popularity in Chile is expected to increase along U.S. growth rates
- ▶ IT & Software Application Services
 - Information system outsourcing
 - Development & implementation of software
- ▶ Shared Service Centers, Software Centers, Solution Centers, and Call Centers
- ▶ Antivirus & Electronic Security Systems and Software

Other Resources

- ▶ U.S. Department of Commerce IT Team: Krysten Jenci: krysten.jenci@mail.doc.gov
- ▶ U.S. Department of Commerce Trade Development: Ellen Moore: emoore@mail.doc.gov
- ▶ Chilean Association of Information Technology Companies, www.acti.cl
- ▶ ADS Software Distribution Association, www.ads.cl

CONTACT US

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