

# Overview Of the Sri Lankan IT Industry

By  
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Sri Lankan IT industry has witnessed a remarkable growth in the last ten years. The last five years, from 1997 until 2001, have seen the greatest development in the industry.

It could be generalised that the community members have shown a keen interest in the IT field. An awareness that IT has a bright future has been created among the younger generation. This fact is clearly shown by the keen interest in the IT education.

The Sri Lankan IT/Software Industry can be divided into 3 main areas/segments:

- 1) Application product market
- 2) Software services
- 3) Off-shore development services/centres

At the early stages, the IT sector was dominated by multi-national companies like IBM, Siemens-Nixdorf, etc. The applications that were developed by these companies were global applications and Sri Lankan companies were to re-sell, install and maintain these products.

During the last five years, we noticed a major change in the Information Technology sector. Many entrepreneurs founded IT organisations to serve the local and the international markets.

## 1.0) Application Product Companies/Organisations

In the last few years, a country, which used to serve the Information Technology market by re-selling applications from international companies, embarked in application product development area.

Local software entrepreneurs started developing products in financial markets, capital markets, leasing and financial services, insurance, stock broking and

human resource systems for the telecom, banking and air-line industries.

These local entrepreneurs competed with international companies for local and foreign tenders, managed to secure projects and, delivered them successfully.

These companies have positioned Sri Lanka in the application product sector of the global market in a small way. From the packaged software market, Sri Lankan companies are focusing on the business application segment, which requires customisation, configuration, installation and support.

## 2.0) Software Services Companies

Sri Lanka has had a strong software services industry for a couple of decades. For many of the large international IT companies, Sri Lanka acted as their distributor and system integrator. The local companies represented the international IT companies, implemented their systems and supported them.

The local companies implemented enterprise systems like banking systems, insurance systems, Enterprise Resource Planning systems (ERP), and MRP systems in Sri Lanka.

Due to the experience gained in the Software Services area, the country has a good talented pool of system integrators and application support personnel.

## 3.0) Off-shore Development Centres

Sri Lanka has seen a steady growth of off-shore development centres in the last few years. The incentives provided by the Board Of Investments (BOI) have given them the opportunity to have 100% ownership of development centres and establish joint ventures with local companies.

Today countries like the USA, UK, Belgium, Ireland, Sweden, Norway, Japan, Singapore, New Zealand and Australia have their development centres in Sri Lanka.

**Why Sri Lanka is suited for off-shore development centres...**

- I) Due to the high technical literacy rate in Sri Lanka, we can produce high calibre technical engineers, who can adopt new technologies very easily.
- II) The favourable investment climate created by the government of Sri Lanka is the key factor for off-shore development centres to be set-up in Sri Lanka.
- III) Many the foreign companies, that had previously set-up operations in Sri Lanka, found it easy to operate here, as the country has a reasonably satisfactory infrastructure (already in operation) compared to other regional countries.
- IV) Warm hospitality of the Sri Lankans has helped foreign expatriates to mix and blend with the local cultures easily. The natural scenic beauties of the country definitely act as an advantage.

**“Over the past couple of years, we have experienced the shift from the multi-national-companies dominance to an increasing number of the newly established fast-growing local IT companies.”**