
PAKISTAN SOFTWARE EXPORT BOARD (G) LTD
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1. INTRODUCTION

The Pakistan Software Export Board (PSEB) was established in 1995 by the Government of Pakistan, charged with the task of accelerating growth in the IT and IT-enabled services sector. Fully owned by the Government, PSEB is a guarantee limited company under the administrative control of the Ministry of Information Technology. PSEB is governed by a Board of Directors, chaired by the Federal Minister of Information Technology. The organization has offices in Islamabad, Karachi and Lahore, with a total of 69 contractual employees.

The strategy being followed by PSEB is not to replicate what other countries have done in our region but to intelligently adopt best practices from the successes of others, and tailor these to suit ground realities in the Pakistani marketplace. The significant elements of the strategy are as follows:

- To offer innovative incentives to strategic foreign partners
- To approach multinationals that already have significant presence and investment in Pakistan
- Focus on selected areas of outsourcing like Accounting, Insurance claims processing, and Medical billing/records.
- To support the domestic software industry by encouraging government and other entities to outsource software projects to local companies
- Promote "Productization" amongst software companies
- The global paradigm shift away from customized solutions towards the use of pre-packaged software implies that Pakistani companies should look at developing products as opposed to looking for projects that involve custom software development.
- Strengthen academic R&D with emphasis on linkages with Industry and Defence
- Coordinate closely with industry associations as well as EPB, BOI and other entities such as PASHA

2. RESULTS

Fiscal year 2004-05 can be considered as a fruitful year for Pakistan's IT industry, with remittances from abroad against exports of IT and IT enabled services reaching US \$ 48.5 million, a 50% growth over the last fiscal year 2003-2004, in which US \$ 32.88 million were remitted from abroad against exports of IT and IT enabled services. This growth of about 50% during the latest fiscal year has been possible due to the efforts of the private sector and the general upturn in the international marketplace. The support provided by the Ministry of IT and Telecommunications, through the Pakistan Software Export Board, has also played some part in this growth.

PSEB spent a total of Pak Rupees 115.2 million during the fiscal year 2004-05. These funds came from government grants, public sector development project funds, PTCL R&D grants, and from money generated through the sale of bandwidth by PSEB to the tenants of the STP's. Sixty percent of the funds were spent on subsidizing various

activities of immediate relevance to the industry, such as participation in international and domestic exhibitions, business delegations abroad, participation in conferences, subsidizing quality certifications, trainings, producing research studies, and other marketing activities. The remaining 40% was spend on salaries, rentals and other overhead costs associated with designing, executing and monitoring the aforementioned services.

3. QUALITY CERTIFICATIONS

PSEB is currently executing projects to provide technical assistance at substantially subsidized rates to eligible companies for attaining ISO 9000, CMMI, CMM and COPC quality standards / certifications. Approximately 80% of the cost of consultancy fees, training and certifications is borne by PSEB. The major achievements during the fiscal year 2004-05 in the various projects are as follows:

- **ISO9000** 50 additional IT companies were selected for inclusion into this program. During the fiscal year 2004-05, 25 companies received the ISO 9000 certification. It is expected that approximately 100 IT companies will be ISO 9000 certified by the time the project comes to a close in December 2005.
- **CMMI** Gap analysis of 20 companies has been completed and the analysis and identification of artifacts in order to satisfy CMMI Level 2 Compliance has been carried out. One company is in transition from CMM Level 4 to CMMI Level 4, while another two companies are going through the process definition and implementation phase for CMMI Level 3. One company has also completed its' Class B SCAMPI Level 2 Appraisal.
- **COPC** Ten ITeS companies were enrolled into this project during the year. A consulting firm was also selected. The gap analysis of five companies has been completed and their progress is on schedule. The target for the first company to be COPC certified is towards the end of 2005.

The IT sector has benefited substantially from the quality standards / certification programs as it made it easier for Pakistani companies to gain the confidence of potential clients and thus enhance the probability of securing local / overseas IT business. The end result is that ISO, CMM, and CMMI certified companies have developed a set of replicable, documented processes that result in higher quality, reduced duplication of effort, and significant productivity growth.

4. INFRASTRUCTURE

Over the past few years, PSEB has pressed for reduction in bandwidth costs, a major input cost for the IT sector and to improve availability of bandwidth. The tariff for a 2MB IP bandwidth connection was further reduced in January 2005. This now costs US \$ 2,000, one of the lowest in the region.

PSEB is currently managing three Software Technology Parks in Lahore and Islamabad with a covered area of 370,000 sq.ft. Three new private sector STPs were set up in Lahore (NetSol Building with 45,000 sq ft of space, Imran House having 30,000 sq. ft, and Bahria Complex with 34,000 sq ft) to meet the growing demand. Hence, a total of 109,000 sq ft of new space has been acquired during the fiscal year 2004-05. Negotiations are currently in process with various entities to establish private sector STPs in Islamabad and Karachi.

PSEB also facilitated the setting up of NCR's Global Consulting Center on Teradata in the Telecom Foundation building in Islamabad. This Center employs over 150 high end IT professionals, serving NCR's customers around the world.

During the early part of the year, PSEB submitted a proposal to the Planning Division asking for Rs. 77 million to be used for the procurement of 15 acres of land in the National Park area in Islamabad. This was approved by the government in April 2005 and construction of the IT City is due to begin in the first quarter of 2006.

The government, during the 4th quarter of the year, has also approved Rs. 400 million each for the construction of IT parks in Lahore, Karachi and Islamabad, as well as Rs. 250 million each in Quetta and Peshawar. The disbursements of these funds has been made conditional upon the provincial governments offering land free of cost to PSEB. Negotiations are underway with the provinces to obtain land. An MoU has already been signed between PSEB and the Punjab Government, and a 4 acres parcel of land, on the Ferozepur Road, has already been set aside for the construction of an STP building in Lahore. Construction is expected to start by the end of 2005.

5. CAPACITY BUILDING

- ✓ PSEB placed over 900 interns with IT companies during fiscal year 2004-05. The interns work for a three month period and learn on the job whilst getting paid a stipend by PSEB. The success of the project can be judged from the fact that approximately 40% of the interns are absorbed in the same companies upon completion of their internships.
- ✓ PSEB initiated a project to train a total of 500 graduates in English Language skills through a training program at the National University of Modern Languages. 150 individuals are already enrolled on the four month long program, with the first batch expected to complete the course by October 2005.
- ✓ 40 graduates were selected for placement through an apprenticeship scheme in Pakistani animation companies. All of these subsequently joined the companies. This program was initiated on 1st December 2004 and was successfully concluded in the last quarter of the financial year.
- ✓ Subsidies were provided to four professionals from small IT companies to participate in a course on Human Resource Management at the Lahore University of Management Sciences from April 26th-29th, 2005.
- ✓ Customer Service Representatives (CSR) training workshops were arranged at Lahore, Karachi and Islamabad in which a total of 140 people participated. The training was for a duration of 8 weeks. These individuals were nominated by 5 call center companies.
- ✓ Three workshops on 'Transition from ISO to CMMI' were arranged in Karachi, Lahore, and Islamabad in August 2004. These workshops were conducted in order to illustrate the roadmap for making the transition from being an ISO Certified company to a CMMI assessed company. A total of 75 people participated in these workshops.
- ✓ Four SEI registered training workshops were arranged in collaboration with PSEB and SEI on 'Introduction to CMMI' in December 2004, February 2005, and

June 2005 in Lahore, Karachi and Islamabad. A total of 80 IT professionals participated in these workshops.

- ✓ Two COPC Registered Coordinators trainings were arranged at Karachi (March 28th – April 2nd, 2005) and Islamabad (April 4th – 9th, 2005), in which 60 trainees participated. A total of 26 participants successfully passed the exam and became “COPC Registered Coordinators”. This added significant value to the Call Center industry in Pakistan.

6. OPEN SOURCE RESOURCE CENTER

PSEB is responsible for managing the Open Source Resource Center that aims to promote open source software solutions in Pakistan. A number of systems at the University of Arid Agriculture in Rawalpindi were migrated over to Open Source Software during the fiscal year 2004-05. Several workshops were arranged in Karachi, Lahore, Islamabad, and Peshawar in order to train over 480 people on LAMP (Linux, Apache, MySQL, and pmp).

The Electronic Government Directorate of the Ministry of IT requested OSRC to take over the responsibility of preparing 35 high end servers on Open Source technologies. Likewise, OSRC was assigned the task of migrating the www.pakistan.gov.pk web portal from proprietary software to Open Source.

The table below lists the major events that were arranged by the Center to enhance awareness on Open Source Software in Pakistan.

Event	No of people	Date	Place
Open Source Conference	150	September 14, 2005	SZABIST, Karachi
Open Source Workshop	170	December 11, 2004	Peshawar University
International Conference on Open Source with IBM	400	June 25, 2005	Karachi
Open Source Technology Summit	120	June 28, 2005	LCCI, Lahore

7. MARKETING

PSEB closely coordinates with the representative bodies of the local IT sector to attract Foreign Direct Investment (FDI), create domestic/overseas demand for locally developed IT products/services and provide a platform for interaction with prospective clients. In this regard, PSEB facilitated participation of IT companies in exhibitions, took business delegations abroad, and arranged conferences and workshops in order to bolster the IT Industry.

	Conferences / Workshops	No. of Companies
1	Meeting of top Pakistani businessmen with the Prime Minister on Business Process Outsourcing, Islamabad, 13 th December 2004	25
2	One day Pak-India IT Summit in Islamabad, December 2004	20
3	3 rd Offshore Customer Management Conference, New Delhi April 25 th -27 th , 2005	2
4	Telecom Software Conference, Islamabad Serena, April 28 th , 2005	50 participants
5	Cisco Systems Knowledge Transfer Workshop, Islamabad, May 2 nd -3 rd , 2005	10

	Exhibitions	No. of Companies
1	ITCN Karachi, August 9 th – 11 th , 2004	20
2	GITEX 2004, Dubai, UAE, October 9 th – 12 th , 2004	8
3	ITCN Dammam, Saudi Arabia. December 12 th – 16 th , 2004	8
4	Expo Pakistan, Karachi. February 2 nd – 5 th , 2005	6
5	Retail Solutions 2005, NEC, Birmingham, UK, June 7 th -9 th , 2005	1
6	4 th Regional iX2005, Singapore, June 15 th -16 th , 2005	2
7	PASHA Job Fair, June 2005, Karachi	

	Delegations	No. of Companies
1	Telecom Software companies delegation to Norway, October 2004	2
2	Gaming and Animation Industry delegation to Korea, December, 2004	8
3	OPEN 2005, Palo Alto, USA, May 21 st , 2005	4
4	Embedded Systems delegation to Korea, June 19th-25 th , 2005	6

During the course of the year, a significant achievement was the deepening of commercial relations between the IT industries of India and Pakistan. A delegation of NASSCOM visited Pakistan in December 2004, followed by a delegation of the largest IT services company in India, Tata Consultancy Services Ltd in May 2005.

8. STRATEGIC INITIATIVES

An MoU was signed between PSEB and ZhongXing Telecommunication Equipment Co. Ltd in December 2004. PSEB will assist and facilitate ZTE in developing a world class software development center in Islamabad, where software products for the telecommunications industry will be developed under ZTE's control and supervision. Four acres of land has already been acquired by ZTE from the CDA and construction of building on the land is expected to start in mid-October 2005.

An MoU with Cisco Systems was signed on the 2nd March, 2005 in order to establish a formal relationship between Cisco and the Pakistani IT industry. A knowledge transfer workshop was held at Islamabad in May 2005 in which several Pakistani IT companies participated in order to learn more about the recently launched Application Oriented Networking systems by Cisco Systems.

9. OTHER INITIATIVES

PSEB played an active role in soliciting proposals to be submitted to the PTCL R&D Fund during the year. It was realized that the quality of the proposals being submitted was poor, and hence PSEB initiated an Entrepreneur search program in June 2005. This nationwide 'Entrepreneur Search Program' will conclude with a business plan competition at the Lahore University of Management Sciences (LUMS) on October 1, 2005. Several seminars in this regard have already been held at top institutions across Pakistan. The top three business plans will be awarded cash prizes (First Prize Rs 500,000, Second Prize Rs. 300,000 and Third Prize Rs. 200,000). All top ten plans will also be considered for possible funding to establish their respective high-tech ventures.

10. RESEARCH REPORTS AND PUBLICATIONS

During the year, PSEB outsourced various studies and reports of value to the Pakistani IT industry. These included :

- ✓ A comprehensively written report by an independent consultant, Mr. Athar Usama, titled 'Pakistan's Software Industry: Best Practices & Strategic Challenges' that aims to identify best practices within the Pakistani software industry, was completed in February 2005. A seminar was arranged at Islamabad in April 2005 in order to disseminate the findings of the report to the IT industry.
- ✓ The preparation of a Data Protection Act was outsourced to a legal consultant in late 2004. The draft is ready and a consultative workshop is scheduled for the 16th July, 2005.
- ✓ A study on the opportunities for the Pakistani IT industry in the field of Bio-Informatics was awarded to a consultancy firm in April 2005. The final report will be available by the last week of July 2005.
- ✓ A "Compensation Survey for IT and ITES industry" was commissioned in April 2005. The consulting firm has completed the survey and the results will be available by the last week of July 2005.
- ✓ A study on the "HR Needs Assessment for the IT industry" was awarded in May 2005. The study is being conducted in order to assess the demand for IT professionals over the next ten years. The final report is expected in October 2005.
- ✓ During fiscal year 2004-2005, Bearing Point, an international consulting company was engaged by PSEB to develop an actionable strategy for enhancing the exports of IT enabled services from Pakistan. A comprehensive consultative process was followed in the development of the strategy and key components of the strategy are being implemented on an ongoing basis.
- ✓ A report on the number of IT professionals employed in the country was prepared after extensive consultations with the the various segments of the economy.

11. GROWTH IN NUMBER OF IT COMPANIES

During the fiscal year 2004-2005, a total of 95 new IT companies registered themselves with PSEB. This brings to 335 the total number of companies registered with PSEB.