

Post-COVID-19 ICT Roadmap: ICT Industry (Software)

How the Roadmap came to be

With the growing certainty that COVID-19 is here to stay, the ICT Division of the Government of Bangladesh is developing a roadmap to fight the pandemic and ensuing crisis and to find innovative ways to flourish in the 'new normal'. Software Industry is one of the 18 priority sectors selected based on the impact of COVID-19 on the sector and its potential for transformation of the economy and society.

Why the Software Industry

Bangladesh is propelling on the trajectory of a new growth curve of rapid digitization determined by technological progress. High-tech and Software Technology Parks, vibrant start-up ecosystem, over 100 million internet users, and mounting adoption of digital devices construct the columns of support ecosystem for building Digital Bangladesh. Bangladesh is targeting USD 5 Billion local market revenue and USD 5 Billion export by ICT industries in the next five years (Mission 5 billion). The Bangladesh Association of Software and Information Services (BASIS) reports that there are over 1200 software and Information Technology Enabled Services (ITES) member-firms in Bangladesh. Based on the IT-ITES Industry Statistics, the estimated magnitude of the software and software enabled services industry in the country was over Tk. 1200 Crore in local market revenue and USD 477 million in export revenue in 2018. The report also states that roughly 72,000 are working part-time and full-time in the Software industry (2018 data). Majority of the income of the software sector comes from private initiatives. The country earns about US\$ 800 million from exports by trading domestically created software and offering ICT based services each year, whereas the amount was just a few million US dollars some decades ago. The software industry in Bangladesh has a remarkably optimistic future in terms of growing potentials and can create job opportunities for millions of people though the sector has still been suffering from the shortage of skilled labor. Industry experts estimate that the overall revenue will be reduced by 20-25 percent due to the COVID-19 pandemic. Without proper intervention of the government and adaptive policy reformulation, this thrust sector will not be able to retain its revenue generating capacity and employability.

Impact of COVID-19 on the Software industry

BASIS estimates that around \$800 million equivalent of international work orders were cancelled, as well as \$500 million worth of domestic work orders. Cumulatively, Bangladesh lost about \$1.3 billion worth of business due to the Novel Coronavirus from the sales of software and ICT product. Although due to enhanced remote working scenario, changed mode of business and lifestyle, demand for few Software categories has increased, COVID-19 pandemic has run riot through the centres of the ICT industry in Bangladesh and in turn, the employability of this sector might be compromised due to massive operational loss. If such conditions persist, the social stability of the country could be under major threat in absence of any policy interventions.

Top Rising Software Categories on TrustRadius

As of 4-6-20, measured since the COVID-19 pandemic began

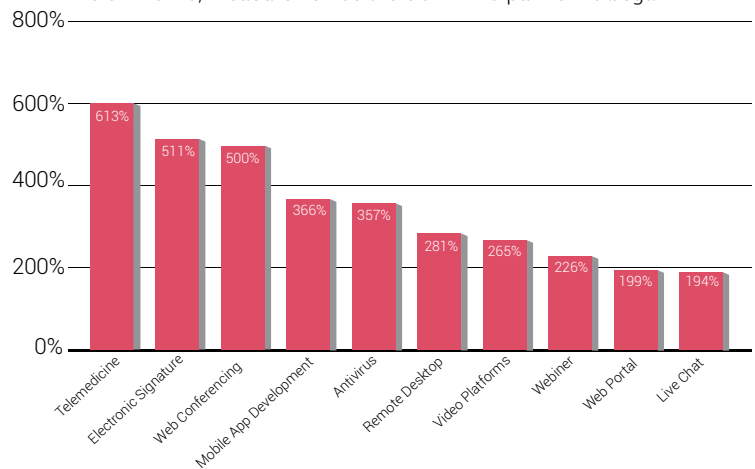


Fig: Top rising Software Categories since COVID-19

Source: TrustRadius, 2020

Constraints

Lack of local and global market intelligence, ineffective promotional and branding strategy, inability to retain skilled employees and lack of self-sustainability have halted any immediate pivoting that the players in the sector could have undertaken to minimize the intensity of the initial blow following the pandemic. Financial easing i.e. lessening the barriers to take loans or working capitals is in an insufficient level which is needed to be addressed. Exploring and penetrating new market opportunities need collective effort of the stakeholders. The last mile internet is unaffordable due to high transmission cost, It is also afflicted with poor connectivity.

Action Agenda

Taking lessons from local and global best practices and to tackle: (i) the effects of the pandemic, and (ii) the existing systemic and regulatory shortcomings of the ICT sector, the ICT Ministry is proposing the following interventions in the immediate short term:

Title	Check for demands and opportunities in both local and global markets and gather market intelligence	Remodelling of promotional strategies and branding for both local and global market	Supporting other line ministries and industries in successful operational shift post-COVID	Support organizations in retaining skilled employees and create employment opportunities with FDI	Promote local Software products and services, employment and self-sustainability
Why (To address :)	To leverage the local market and export opportunities and recover from the COVID 19 losses strategic interventions can help based on demands and opportunities in the local and global markets and acquired market intelligence (where to go, with what to do) from a study	Local Software companies are cutting back on marketing while others are being more agile and coming up with interesting ways of engaging their audience during these difficult times. As many international companies are going out of business, this creates opportunities for Bangladeshi companies	According to Digital Transformation 2020 Global Study by Boston Consulting Group (BCG), 80% respondents feel digital transformation has become more urgent in light of COVID-19, however only 30% of transformations succeed in meeting goals. ICT Division can provide technical support to other line ministries and industries in successful operational shifts in their businesses post-COVID	During Covid-19 organizations are cutting off their employees as businesses are facing a crisis as maintaining a large number of employees can pose threat to the sustainability of the organizations	Ensuring local employment and self-sustainability will help to reduce unemployment rate in the long run through which the agenda of 'Made in Bangladesh' to ensure local IT Companies prioritization will be achieved
What	The study will focus on i) Policy interventions required to make public procurement favorable to local Software products and Services ii) Untapped opportunities in the local market iii) demands and opportunities in the global market and acquire market intelligence regarding where to go with what to go	Existing industry promotion and branding strategies will be revisited and remodeled according to the shifting demands and changed geopolitical scenario post COVID-19 pandemic. A common Business-to-Business platform will be established where interested international buyers can find their match in Bangladeshi Software companies for particular Software products and services requirements	A Program of Emergency Assistance to Work and Production can be created for employers and workers which can support other line ministries and industries in coping up with operational shifts in post-Covid situations. ICT Division and ICT Industry will formulate proper integration and guidelines for other ministries and industries for this shifting through integration of existing and potential software.	Employee retention strategy will be assessed along with newer recruitment policies and training. Apart from this, upskilling the workforce in specialized skills will be helpful in attracting foreign investment which will in turn create employment opportunities	Local employment and self-sustainability can be ensured through prioritization of local IT companies as well as local startups. Promoting "Made in Bangladesh" agenda will also ensure the local companies are prioritized, especially for essential services
Lead Agency	ICT Division	ICT Division	ICT Division	ICT Division	ICT Division
Coordinator	Bangladesh Computer Council	Bangladesh Computer Council.	Bangladesh Computer Council	Bangladesh Computer Council	Bangladesh Computer Council
Partners	BIDA, EPB, BASIS; Development Partners	BIDA, EPB, BASIS; Development Partners	Cabinet Division, Different Ministries, Industry Associations, Development Partners	BIDA, EPB, Industry Associations, Development Partners	Ministry of Planning, CPTU, Council (BCC); Industry Associations; Development Partners
Financing modality	Bangladesh Computer Council should allocate budget to conduct study to gather local and global market intelligence	ICT Division can allocate budget	Concerned ministries should co-invest with the ICT Division	ICT Division can allocate Budget to support the companies. Private companies should co-invest for a sustainable model	BCC can propose awareness campaigns in their budget

1 Bangladesh Bureau of Statistics

2 IT-ITES Industry Statistics of Bangladesh, LICT Project, 2018

3 Bangladesh Association of Software and Information Services (BASIS)

4 Bangladesh IT and Digital Sector Tackling COVID-19 Implications, Lightcastle Analytics Wing, 2020