

EXTERNAL CRITICAL SUCCESS FACTORS FOR THE GROWTH OF STARTUP SOFTWARE DEVELOPMENT COMPANIES IN SRI LANKA

By



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The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfillment of the requirements for the Degree of MBA in Information Technology

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November 2007

DECLARATION

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ABSTRACT

Sri Lankan software industry is still in its tender stage. It is an industry which needs minimum of investment with potentially high returns in a short period of time. Therefore, many small and medium scale software firms have been started. But only a few could grow successfully, while some were struggling to survive and others have failed.

This research attempts to achieve three objectives. The first is to identify the external factors that affect the growth of infant software development companies. Secondly, we wish to identify the most significant factors. The third is to identify the relationship of firm's successes and failures on most significant factors. The focus is on software companies that develop software for the local market.

Based on literature and interviews with industry experts and entrepreneurs, a list of possible factors which may affect the growth of startups was prepared. A theoretical framework was formulated and a questionnaire was prepared to collect data. The sample was selected from among the software companies started between the year 2000 and 2006 having at least one local project completed.

Based on the responses and the data analysis carried out, unavailability of IT workforce, telecommunication, electricity, acknowledging the local products and tax holiday schemes were identified as the most critical for the growth of startup software firms.

It is recommended to expand the IT training capacity in the country to produce required professional workforce. Software development centers can be setup in the vicinity of such training centers to get capable students on a part-time basis. The government can provide an encouraging environment with the infrastructure in place and incentives for startups.

Key Words

Software Industry, Startup Software Companies, Critical success factors

ACKNOWLEDGEMENTS

First of all, I would like to thank Dr. Sanath Jayasena of the University of Moratuwa, my supervisor for this project, whose guidance and instructions paved the path for me to complete this research successfully.

I would also like to thank the coordinator of the MBA-IT batch, Ms V. Nanayakkara, the staff of department of Computer Science and Engineering, and all my batch mates for the encouragement given.

I would like to express my special thank to Mr. Mohammad Azmeer, CEO, Conceptnursery.com, for sharing his vast knowledge in entrepreneurship and startup companies.

I would like to thank Mr. Yashas Mallawarachchi for his constructive advice and releasing me from office work during the difficult times without hesitation.

Furthermore, I would like to thank all the personnel who participated in the survey for taking their precious time off their busy schedules.

Finally, I would like to thank my wife and son, for tolerating my disappearance during the dissertation writing.

J. Chandana Nanayakkara.

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LIST OF ABBREVIATIONS

BOI	-	Board of Investment of Sri Lanka
CDMA	-	Code Division Multiple Access
CEO	-	Chief Executive Officer
EDA	-	Exploratory Data Analysis
GDP	-	Gross Domestic Product
ICTA	-	Information and Communication Technology Agency
IPR	-	Intellectual Property Rights
IT	-	Information Technology
R&D	-	Research and Development
SEA	-	Software Exporters Association
SLASI	-	Sri Lanka Association for Software Industry
SLCVA	-	Sri Lanka Computer Vendors Association
SME	-	Small and Medium Enterprises
SPSS	-	Statistical Package for the Social Sciences
VC	-	Venture Capital



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