

# Investing in Argentina

## Knowledge – Based services

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*October 2020*



Agencia Argentina  
de Inversiones  
y Comercio Internacional



Ministerio de Relaciones Exteriores,  
Comercio Internacional y Culto  
**Argentina**

# 1<sup>st</sup>

## LATAM SOFTWARE EXPORTER

USD 1.7 BILLION  
50% TO USA

# 3<sup>rd</sup>

## EXPORT INDUSTRY (KBS)

+ USD 6.1 BILLION  
7.7% TOTAL EXPORTS

# 5

## LATAM UNICORNS (16 IN TOTAL)



Globant ▶



Auth0

# 9<sup>th</sup>

## POTENTIAL EXPORTER OF KNOWLEDGE ECONOMY\*

\*UNCTAD and WTO

# +40

## TECH POLES TROUGHOUT THE COUNTRY

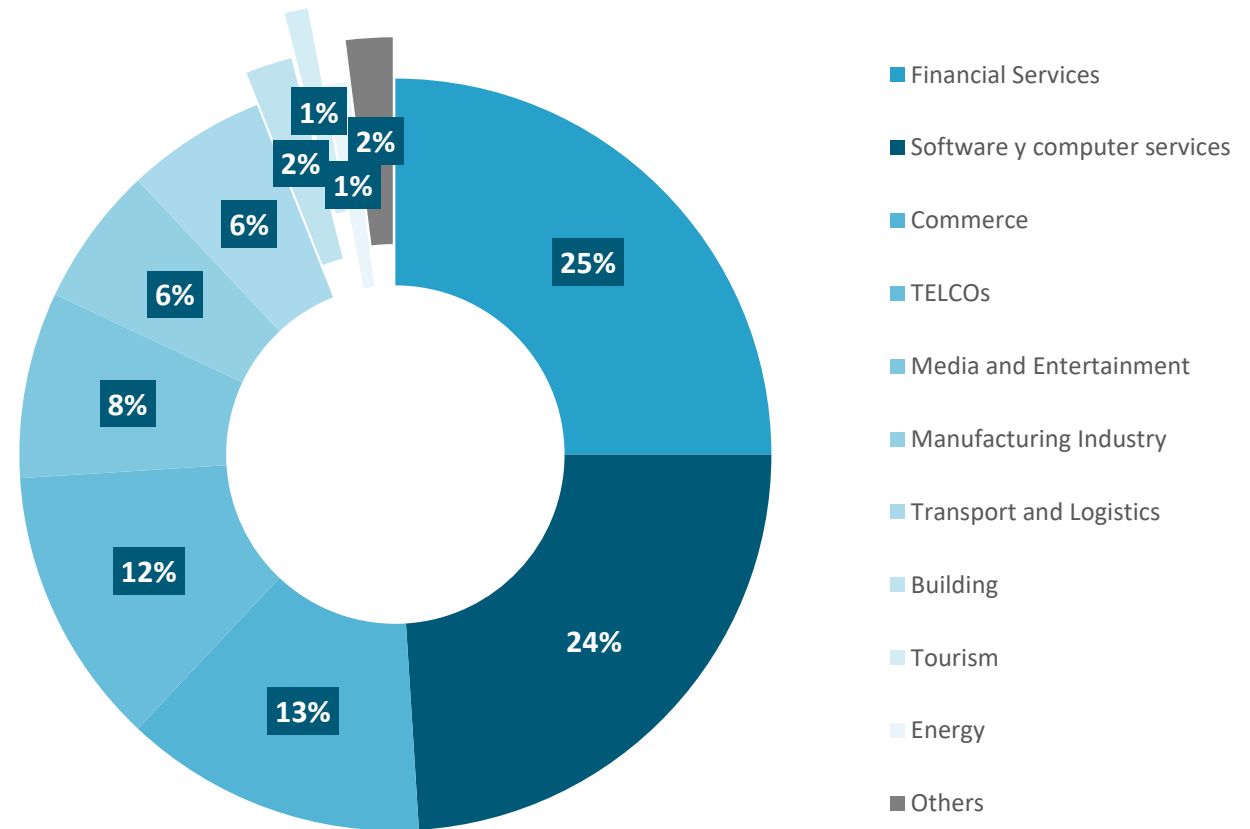
# +440k

## HIGHLY QUALIFIED PROFESSIONALS + 110,000 GRADUATES IN TECHNOLOGY CAREERS

# Services we export to the world

## What services do we export to the world?

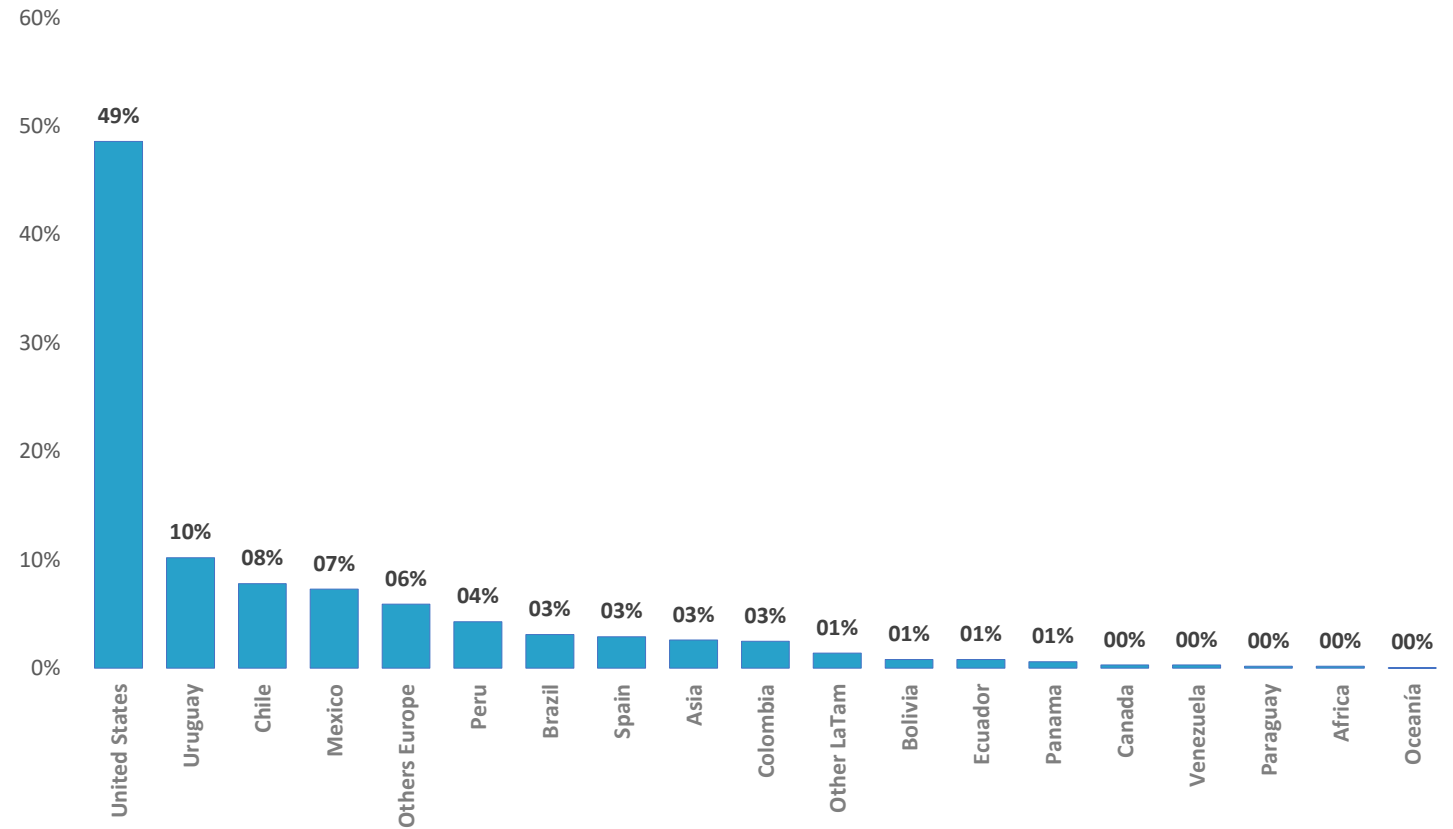
Financial services are the principal exports, followed by software and computer services. Together they explain 50% of the total exportation



# Services we export to the world

## Where do we export them?

- The United States is our main export market with almost half of the total exportation
- **LATAM** countries are the **second exportation destination** for services



# Software

## Introduction

- Argentina is the **main software exporter** in LATAM, with **+ 40 technology hubs**, ranked **#1 in English** in LATAM with **more than 5,000 software companies**, a **convenient time zone**, and **5 of the 16 unicorns** in the region.
- **Access to high levels of education** for a large part of the population, a **skilled labor force**, and a **competitive exchange rate** make Argentina a good place to develop software.
- **Employment**, the most important variable to understand the growth of this sector and its potential, **increased by 47.8%** between 2009 and 2018 (almost 6% last year).

- During the **last ten years**, **income from abroad** grew at an average **annual rate of 7.2%**.
- **One in every two companies** in the sector **exported to the United States** last year.

## Target Market



## Agriculture and Technology

Agricultural Technology services (AgTech) include any company that offers **innovation and technology** in the **agricultural and food value chain** and helps to **increase productivity, efficiency, and profitability**.

Agriculture is one of the **least digitized sectors** worldwide and, at the same time, it will have to meet an **increasing global demand** with the **same level of supply**; thus, AgTech has an enormous potential for growth.

## Why AgTech in Argentina?

- **The agricultural sector represents 60% of Argentine exports (~USD 36 B)**
- **#1 soybean oil & soy flour exporter worldwide**
- **43%** of people working in the agricultural sector have **college degrees** and **57%** have a **secondary education**
- **Significant high-tech adoption**

### Target Markets



# Gaming

## What is gaming?

It is an industry that works with companies that develop video games or provide specific services for them.

## Why video games in Argentina?

Argentina has around **130 game studios**

- It exported an average of USD 57 million last year (artwork, development, scripts, and localization, among others)

Argentine technological video game **entrepreneurs go global**

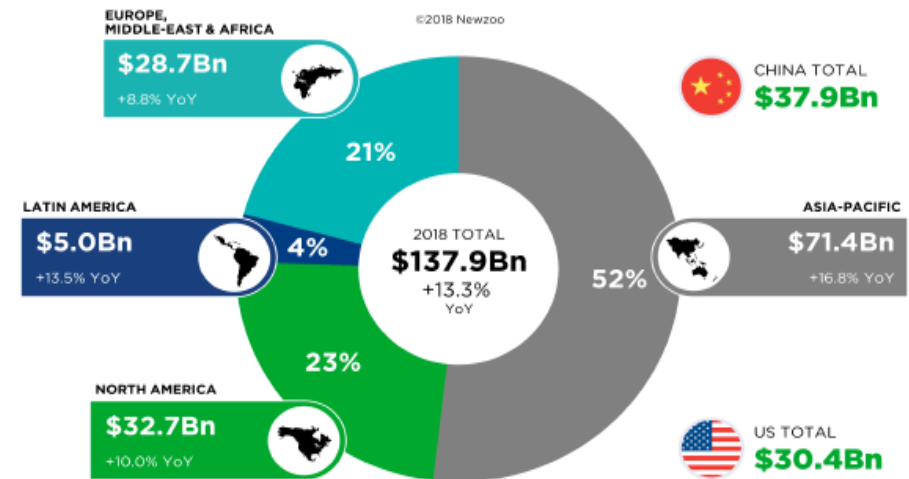
- 85% of Argentine game studios focus their business model in exporting services

The gaming industry is federal

- Firms are concentrated in Buenos Aires, Córdoba, Rosario, and Mendoza

## Growth of this sector

LATAM is the **second fastest-growing** region



Games made in Argentina,  re





## Fintech B2B Services

### What do we understand by Fintech B2B Services?

- They are companies that provide solutions to businesses and SMEs, through software as a Service (SaaS), giving their users an increase in productivity. **FINTECH B2B services** aim to create **financial services** and **provide the technology** necessary to transform an entity into a secure Fintech.
- They are usually complex procedures that require specialized software.
- Argentina is the 3rd country in Latin America with more Fintech companies.
- Since the number of companies doubled in the last year, sources of employment tripled.
- 190 Fintech firms are exporters and their main markets are LATAM and the USA.



# Argentina

has distinct competitive advantages in LATAM to export global services

Full government support



## TALENT

Highly-qualified and English-speaking workforce



## CONVENIENT COSTS

Competitive cost structure in middle & upper labor pyramid



## MATURE SECTOR

(+) 12 years of maturity in this sector



## SECTORAL INCENTIVES

Tax and social security incentives for companies to go into business in the country



## QUALITY OF INFRASTRUCTURE

Availability of high-quality, affordable urban office space



## ENVIRONMENT & TIME ZONE

Located in a convenient time zone



## Talent

**Highly-qualified and English-speaking workforce**

**1<sup>st</sup> country in Technological Skills worldwide (Coursera)**

**110K higher education graduates per year**

**1<sup>st</sup> in LATAM in terms of English proficiency, 19<sup>th</sup> in the world\***

**2<sup>nd</sup> in the region creating the most valuable tech companies**

**98% literacy rate countrywide**

**Excellent combination of aptitude & attitude**



## Convenient costs

**Competitive cost structure in middle & upper labor pyramid**

**Buenos Aires' office space is cheaper than Rio de Janeiro, S. Paulo, Bogota, Santiago & Mexico City, and has an increasing number of sustainable and AAA buildings**



## Mature sector

**(+) 12 years of maturity in this sector**

**1<sup>st</sup> country in LATAM to establish Shared Services Centers**



## Sectoral incentives

Tax and social security incentives for companies to go into business

New Knowledge Economy Law (in progress)

Law for Entrepreneurs

+40 Tech Poles with special benefits



## Quality of infrastructure

Availability of high-quality, affordable urban office space

141% cell phone penetration with wide service availability

75% of the population has broadband access

Very good public transportation accessibility



## Environment & time zone

Located in a convenient time zone

Buenos Aires is a cosmopolitan city with **cultural offerings** that are **unequaled** in the region

The entire Americas and Europe within +/- 5 hours

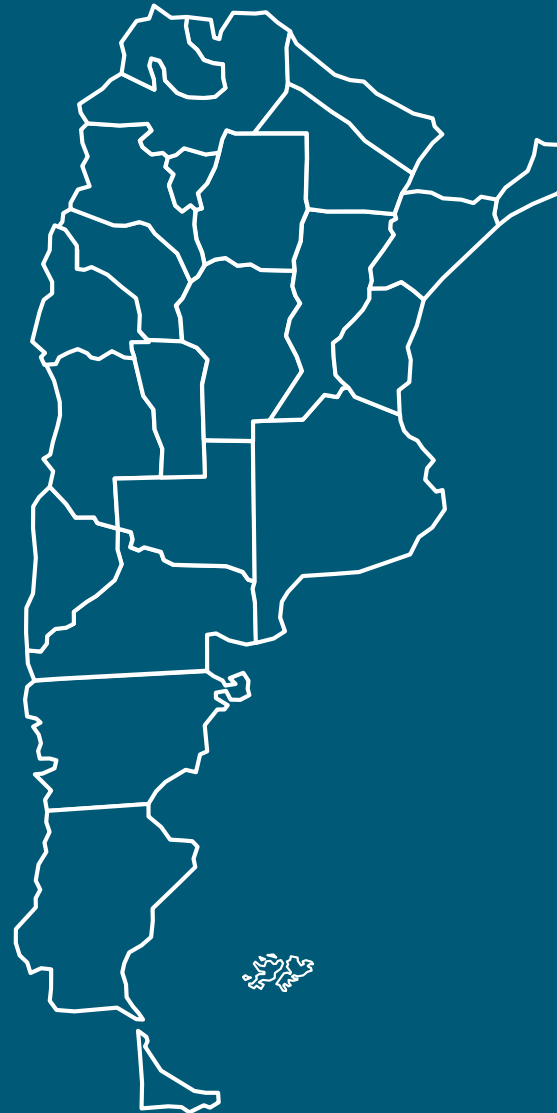
## Knowledge Economy new Law, to boost the growth of Argentina's export services

### New scope of the law

- Its main activity (**70% of its revenues**) must be **linked to knowledge**
- Meet **at least 2** of the following **requirements**:
  - Investment in **improving the quality** of products & services
  - Staff **training or R&D** tasks
  - **Export services**
    - (4% of annual turnover for micro companies, 10% for small and medium-sized companies, and 13% for large companies)
- **Creation of a Trust Fund** for the Promotion of the Knowledge Economy (created for **training, internationalization activities** and **innovation** of SMEs)

## Industries reached

- Software, IT and digital services
- Audiovisual production and post-production
- Biotechnology, neuro-technology and Genetic Engineering
- Geological and prospecting services
- Artificial intelligence, robotics, (IOT) internet of things
- Nano-technology and nanoscience
- Aerospace and satellite industry
- Engineering, exact and natural sciences, agricultural sciences and medical sciences activities linked to research and experimental development tasks



## FISCAL BENEFITS OFFERED

### Stability of benefits

Due to the legal effect of the law (10 years)

### Corporate Income Tax

**Reduction from 20% to 60%** in the **aliquot** (depends on the size of the company)

### Reduction in Labor Costs

- Reduction of social security contributions (**70%** of the charges deducted **for national taxes with a non-transferable bono**)
- **Additional 10pp** reduction in some cases\*
- Exporters will be able to use the bonus on account of income tax

\*professionals with postgraduate studies in Engineering, Exact or Natural Sciences, women, disabled people, beneficiaries of social programs or those living in less developed areas

**Objectives**  
Of the  
**Knowledge**  
**Economy Law**  
by 2030

**Doubling  
Employment  
In the sector**  
**+440k jobs**

**Multiplying by 2.5  
The amount of  
exports**  
**from USD 6 Bn  
to USD 15 Bn**

**Federal  
development of  
Knowledge  
Economy poles**

**Promotion of female  
employment and  
diversity**

## How we can help

We promote the internationalization of Argentine companies and facilitate private investments in Argentina

### OUR SERVICES:



IDENTIFICATION OF OPPORTUNITIES AND LOCATION



NETWORKING



DUE DILIGENCE SUPPORT



FACILITATION



IMPROVEMENT OF BUSINESS CLIMATE



FOLLOW-UP TO THE OPERATION

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