



WHY IS **LOCAL** NO LONGER **LEKKER?**

At the end of every year, analysts make predictions about the state of the industry the following year. While 2020 has brought many unexpected changes, the IT industry is one of the few that has lived up to – and in some cases – exceeded predictions.

“Now, more than ever, businesses are appreciating the value that technology brings. The investments that companies are currently making are not just limited to enabling and enhancing remote work, and include planned projects as well as new ones that

have been designed to augment and improve operations, now and in the future,” says Richard Firth, CEO of MIP Holdings.

“Cloud-based technologies are taking the lion’s share of IT spend, and I suspect that we will see the final figure far exceed the estimated R300-billion that analysts predicted would be spent in South Africa in 2020. Unfortunately, the bulk of this money is leaving South Africa by being spent on international vendors, rather than going to local companies.”

Firth says that while there are some international solutions that are best of breed, there are a number of local alternatives to most of the global offerings that are at least as good, if not better. He points out that we have a vibrant local software development community with world-class skills, but the fact that South African companies have the misconception that international solutions are better than home-grown ones has resulted in many local software developers going to work overseas.

The 2019 State of South Africa’s Software Development Nation survey found that one in five developers are actively looking for international opportunities, with Europe leading as the destination of choice. In fact, Africa has now become the recruitment centre of choice for many global companies, with Microsoft, for example, investing over \$100 million to open development centres on the continent.



The global software giant is aiming to grow its African developer pool to 500 by 2023.

“The customer base of most South African companies is 99% local, with their physical supply chains also in excess of 90%. And yet, almost 100% of the software solutions they use is developed offshore. There is absolutely no reason that this should be the case,” says Firth.

“MIP employs 400 software engineers and technology savvy people and gets rave reviews from the large organisations that make up the core of our clients, most of which are in the financial services industry. When we get feedback from new large customers that our solution is world class, we have to ask why they didn’t look locally first. Time and time again, we have seen that international solutions are no better than ours, and despite the fact that they cost 10 times more, South African companies will choose them over a local solution.”

Firth believes that local organisations must be made more aware of the quality of home-grown solutions. “We have a number of excellent development houses in the country, producing world-class work. Why wouldn’t an organisation invest in these solutions, which offer far more value for money – not to mention local support – than out of the box products that usually require customisation in addition to the exorbitant costs? It’s time to go back to local is lekker.”



By Richard Firth
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