



Chapter XXIII

LXS Ltd. Meets Tight System Development Deadlines via the St. Lucia Connection

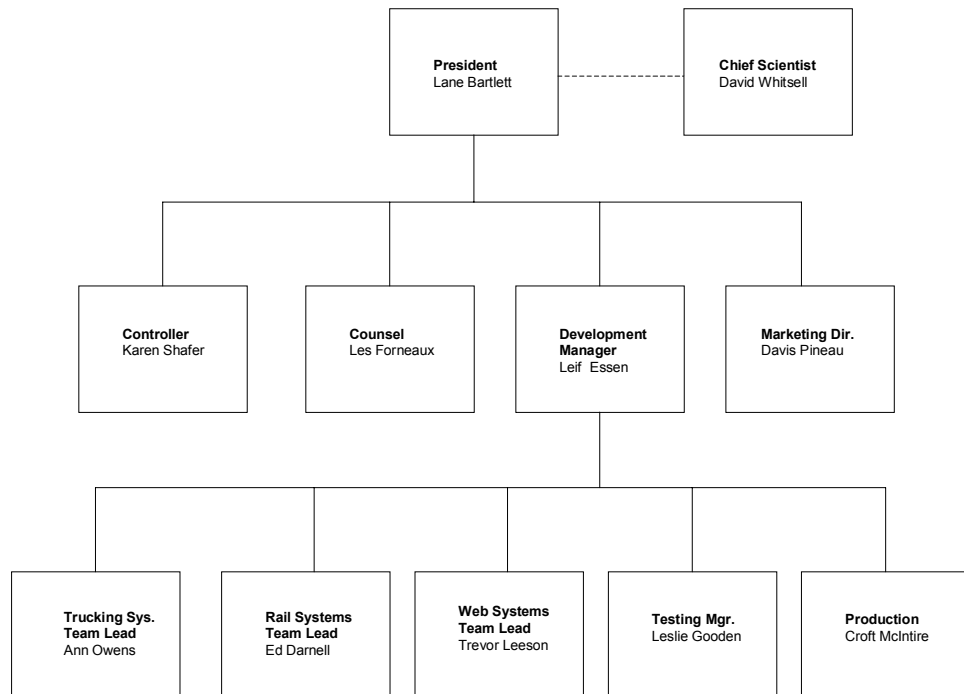
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EXECUTIVE SUMMARY

LXS Ltd., a Toronto software house, has identified high market demand for their proposed new product called Estitherm, a Web-based software tool that supports heat loss calculations for architectural engineers designing structures. Estitherm's development requires sophisticated Java programming skills, however, and the project stalls when LXS is unable to hire enough additional programmers to be able to meet the development deadlines dictated by competition. Through lucky coincidence, LXS' chief scientist stumbles onto a pool of Java talent while vacationing on the Caribbean island of St. Lucia. Negotiations follow, a contract is signed and the project is quickly brought to successful completion with the aid of Caribbean programmers, working via the Internet. Similar contract arrangements hold the promise for improved economic conditions in Caribbean nations and can reduce software backlogs for companies in developed nations, but better mechanisms are needed to bring together buyers and sellers of IT services.

BACKGROUND

Operating in Toronto since 1986, LXS Ltd. was founded by Lane Bartlett and David Whitsell, two programmers previously employed by CN Railway. At CN, they had been working on a C-language implementation of a freight tracking system that relied on bar

Figure 1. LXS organization

code technology. That project bogged down in overruns and was eventually cancelled, but the system's concepts and algorithms had considerable promise, so LXS was founded to produce and market a version of the rail freight system, which was completed successfully in 1988. The package sold well internationally, and LXS grew rapidly.

By 1996 the firm employed about 75 programmers and another 12 people on the support staff, was generating about \$26M (Canadian) annually and had successful product offerings in the railway, trucking and warehouse inventory control application areas. Five years later, sales had reached \$47M, but the programming staff had only grown to 90 because of the difficulty of finding trained talent in the highly competitive job market. There were an estimated 950,000 unfilled IT jobs in the U.S., and Canada was experiencing similar skilled labor shortages. LXS had added a handful of Web-based applications to its product portfolio, and had organized as shown in Figure 1.

As Figure 1 shows, product development was organized by application areas, with the bulk of the work residing in Ann Owens' Trucking Systems and Ed Darnell's Rail Systems groups. Each group consisted of about 40 programmers, most of whom worked on supporting the successful C-language software packages that accounted for the overwhelming bulk of LXS' revenue. A few of the luckier ones in each group were assigned to designing extensions and refinements for future releases of their packages.

In 1997, the "Web Systems" group was formed to explore Web technology and to develop some small scale product prototypes. LXS had been slow to recognize the

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