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 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, below.

Figure 1: LXS Organization

![LXS Organization Diagram]

- President: Lane Bartlett
- Chief Scientist: David Whitsell
- Controller: Karen Shafer
- Counsel: Les Forneaux
- Development Manager: Leif Essen
- Marketing Dir.: Davis Pineau
- Rail Systems Team Lead: Ed Darnell
- Trucking Sys. Team Lead: Ann Owens
- Web Systems Team Lead: Trevor Lession
- Testing Mgr.: Leslie Gooden
- Production: Croft McIntire