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Internet In Guatemala

The Internet is becoming an increasingly important part of the world's culture, economy and society. Guatemala is no exception. Though there is a 31% illiteracy rate, and 60% of Guatemala's population is below the poverty line, the Internet is becoming a new venue of opportunity throughout the whole country - affecting the richest of the rich to the poorest of the poor.

In the year 2000 there were over 65,000 Internet accounts (which, assuming there is an average of 3 people using each account, would mean over 270,000 Internet users) in Guatemala. This is a very conservative estimate, based on the NUA Internet Surveys (www.nua.com) in April 2000, and if you take into account the people who use Cybercafes, and take into account that the average household probably has more like 4 people using the Internet instead of 3, and finally take into account the 40% increase of Internet users between 1999 and 2000, there could very well be over 400,000 people using the Internet in Guatemala today. This is around 3.5% of Guatemala's population (11.5 million).

These figures may not be stunning to some people, but at the rate this is growing, the Internet could have tremendous impact on the way Guatemalans do business, educate and promote development. We have set out in this project, to find out how the Internet can be used as a tool to help contribute to the development of Guatemala, and we believe we have discovered tremendous potential for this. The Internet has already revolutionized the lives of a select group of people - from the young College graduates who started Deguate.com and the thousands of businesses they interact with to the poverty stricken indigenous people in [Project Faith](#).

We hope you can catch a glimpse of the great potential for the profit and nonprofit sector that the Internet offers this country, and learn some of the obstacles that are preventing Guatemala from becoming a true Information Technology Society.

Guatemala Team

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Current Status of the Internet in Guatemala

How is the Internet impacting Guatemala?

What are the cultural, social, linguistic, economic and political barriers that are keeping Guatemala from taken full advantage of the Internet for its development?

What infrastructure is in place?

What access opportunities are there?

What kind of content is the Guatemalan population interested in?

These are all extremely important questions that we have tried to answer in this project. We have done lengthy research on socio-economic background of the country, its infrastructure and access opportunities, as well as some content research to see what type of content Guatemalans have put up on the web so far.



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Socio-Economic Background

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History

Guatemalan history was and still revolves largely around the relationship between its indigenous people—the Mayans, and the Europeans who cohabit the land. The Europeans, who entered Guatemala in the 1500s, conquered the land and enslaved the Mayans in a feudal system in which the Mayans worked for the Europeans' personal financial gain. Nevertheless, the Mayans carved out a space of personal freedom by maintaining their culture, religion and language despite European intervention.

Colonization used cultivation for export of agricultural staples, principally cacao and indigo, as the major economic activity (1). Coffee plantations, whose success in Guatemala records the exportation of 15 million pounds of coffee as early as 1873 (2), inculcated the feudal tradition of Guatemala's agrarian system. Today, the fact remains that much of the country's land lies in the hands of wealthier European descendants, while indigenous peasants take on the role of petty farmers (3).

In 1934 vagrancy laws replaced the feudal labor system under the rule of military leader Jorge Ubico (4). Though the nature of the laws kept Mayans accessible to forced labor (5), Ubico believed his policies dispensed justice throughout the country. A general strike in 1944 forced Ubico to resign (6).

Jacobo Arbenz, whose 1951-54 presidency centered around agrarian reform, attempted to cultivate a middle class by distributing land among landless peasants and other members of the lower class, was forced to resign before a coup d'etat led by exiled Colonel Carlos Castillo Armas (7). Armas, and successively other political leaders, attempted to instill policies as communism on the Guatemalans, only to be assassinated. The military and rural guerrillas contributed to much violence and terrorism throughout the interim. Simultaneously, a Mayan civil rights movement began in University circles and spread through out the country with demands for equality and social commentary (8). By the 1960s a civil war, between the guerrillas and the official government, was well established.

In 1981, several armed resistance movements, such as FAR in Peten, EGP and ORPA in western Mayan regions, merged with the PGT of the capital to form a united front called URNG—the Guatemalan national revolutionary unit (9). Around the same point in time, a small group of Mayan leaders, among whom was future Nobel Peace Prize leader, Rigoberta Menchu's father, marched into the Spanish Embassy to protest the repression against their people. Authorities burned the building, killing all protesters as well as all of the embassy staff.

This event signifies one in a string of events often referred to as the "Silent Holocaust," (10) the military's counterinsurgency campaign which left at least 200,000 civilians dead and an as-yet inestimable number of Mayan villages destroyed (11). According to the March 1999 presentation of research done by the Truth Commission, a committee sponsored by the United Nations, the army's counterinsurgency campaign had committed nearly 93% of all war crimes, constituting genocide against the Mayan people (12).

In 1996 Alvaro Arzu Irigoven won the presidency in a runoff election. His coming to office accelerated peace talks between the military and the URNG, until finally in September in 1996 both parties signed a series of contracts which established a ceasefire, ending the near 36 year long civil war.

In recent years, Guatemala's main concern is the reconstruction and improvement of the country's economic and social status as a whole. As of now, a large rift exists between the wealthy and impoverished members of the

country, one that is exacerbated by the lack of a large middle class population. Guatemala's need for reform is likewise on unstable ground due to Guatemalans' ambivalent feelings regarding their new president, Alfonso Portillo, whose relation to the military elicits doubt from voters (13).

Footnotes:

1.

www.britannica.com/bcon/eb/article/9/0,5716,118719+1+110101,00.html

- www.hartford-hwp.com/archives/47/172.html
- Something from the Agriculture book.
- www.britannica.com/bcon/eb/article/9/0,5716,118719+1+110101,00.html
- Under vagrancy laws Indians were compelled to work a certain number of days a year depending on the acres of land they tilled.
- www.britannica.com/bcon/eb/article/9/0,5716,118719+1+110101,00.html
- According to the United Nations, the United States CIA played a crucial hand in destabilizing Arbenz' regime. Arbenz' policies infringed upon the property of the U.S.-owned United Fruit Company. In retaliation, the CIA recruited Guatemalan exiles, including Armas, to thwart Arbenz' policies. www.un.int/guatemala
- www.globalexchange.org/campaigns/guatemala/history.html
- www.un.int/guatemala
- www.globalexchange.org/campaigns/guatemala/history.html
- Numerical accounts for the number of destroyed Mayan villages number from dozens to 440. Therefore, the author feels little authority to address a specific number to the size of this massacre. However, Tracy Bachrach Ehlers, author of *Silent Looms, women and production in a Guatemalan Town*, addressed this issue well by saying "Everyone has a story of a friend, neighbor, local official, or teacher who was assassinated or kidnapped by death squads, the paramilitary, or hired thugs." Ehlers, Tracy Bachrach. *Silent Looms, women and production in a Guatemalan town*. University of Texas Press, Austin 2000. pxxiii
- www.globalexchange.org/campaigns/guatemala/history.html
- http://db.eiu.com/search_view.asp?frp_page=composite&doc_id=E1672835&topicid=GT

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Government

Main Characteristics of the Government

Guatemala's 1985 constitution provides for a separation of powers among the executive, legislative, and judicial branches of government. The 1993 constitutional reforms included an increase in the number of Supreme Court justices from 9 to 13. The terms of office for president, vice president, and congressional representatives were reduced from 5 years to 4 years; for Supreme Court justices from 6 years to 5 years, and increased the terms of mayors and city councils from 2½ to 4 years.

The president and vice president are directly elected through universal suffrage and limited to one term. A vice president can run for president after 4 years out of office. Supreme Court justices are elected by the Congress

from a list submitted by the bar association, law school deans, a university rector, and appellate judges. The Supreme Court and local courts handle civil and criminal cases. There also is a Constitutional Court.

Guatemala has 22 administrative subdivisions (departments) administered by governors appointed by the president. Guatemala City and 330 other municipalities are governed by popularly elected mayors or councils.

Recent History

Upon taking office, the Arzu administration made resolution of the 36-year internal conflict before the end of 1996 its highest priority. The final agreement, signed on December 29, 1996, contributed significantly to an improvement in Guatemala's human rights (see last page for summary of main substantive accords). Within 2 weeks of taking office, President Alvaro Arzu initiated a major shakeup of the military high command and oversaw the firing of almost 200 corrupt police officials.

The Arzu administration also began a series of actions to boost the economy, including a reform of the tax system and privatization of the electricity and telecommunication sectors. President Arzu strongly and publicly condemned human rights abuses. Positive political developments and the demobilization of 200,000 members of the Civilian Defense Patrols were major factors in the positive change. In contrast to past years, there was a marked decline in new cases of human rights abuse, but problems remain in some areas. Common crime, aggravated by a legacy of violence and vigilante justice, presents a serious challenge to the government. Impunity remains a major problem, primarily because democratic institutions, including those responsible for the administration of justice, have developed only a limited capacity to cope with this legacy. Although making some progress, the government has stated it will require 4 more years (to the year 2004) to meet the target of increasing its tax burden (currently at 10% of GDP, lowest in the hemisphere) to 12% of GDP. Fifty proposed constitutional amendments meant to institutionalize the peace process or otherwise make Guatemala a fairer and more open society were rejected in a May 1999 plebiscite, with voting following ethnic lines.

President Alfonso Portillo began his 4-year term of office on January 14, 2000. Portillo, who was elected to Congress as a member of the Christian Democratic Party in 1993, has only been a member of the Guatemalan Republican Front (FRG) since 1995. The FRG has diverse factions, unified primarily by populism. FRG founder Efraín Ríos Montt serves as the President of Congress. With the continuing development of democracy and participation in Guatemala, President Portillo has shown more deference to Congress than have previous presidents. Under the Guatemalan Constitution of 1985, passage of many kinds of legislation requires a two-thirds vote. Passage of such legislation is not possible with FRG votes alone.

(Source US State Department:

http://www.state.gov/www/background_notes/guatemala_0500_bgn.html#gov1)

Current State

The current state of Guatemala is a little rocky. President Portillo claims to be doing wonders for the country, but he has received a lot of criticism from the Guatemalan population and media. The government is working on projects, making promises, and keeping some of them, but the current state of the economy is not doing extremely well. This can be found by browsing through local news articles from the major Guatemalan newspapers (www.prensalibre.com, www.sigloxxi.com, www.lahora.com)..

More recently, the US ambassador to Guatemala, Donald Planty, in a forum called "Perspectives on US investment in Central America under the new administration of George W. Bush", indicated that the Guatemalan government needs to make some reforms in its economic and commercial system to increase bilateral relations and help its integration into the Free Trade Area of the Americas.

(Source Prensa Libre article:

<http://www.prensalibre.com.gt/noticias.asp?seccion=2&idnoticia=57420&showdate=1203>)

Some of the greatest obstacles to the government being able to improve the country are corruption and weak law enforcement. Although President Arzu made a concerted effort to reduce corruption, it was still prevalent in his administration, and remains prevalent in the current one.

Guatemala also depends heavily on foreign aid. USAID/Guatemala alone provides \$60-\$70 Million Dollars a year to contribute to the development of Guatemala (Source: [State Department](#)), and has an external debt of \$4.4 billion. (Source: [CIA](#)).

There are tons of organizations that are working towards the development of the country, each in different sectors of society, reaching different communities with different purposes. (Source: [Organizations in Guatemala](#)).

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Education

Guatemala is a country in most respects behind the curve in the education of its people. It reduced its illiteracy rate by a percentage point per year, but despite this, still has 31% illiteracy, much of which is in rural areas. This is actually higher than one would expect given that the over 30 crowd has an average of only 3.2 years of schooling. Understandably, the government concentrates most of its efforts and dollars at expanding primary school education.

Primary school education is the only schooling most Guatemalans see, and even so, their learning is often cut short. Rural children stop going to school as soon as they are able to contribute to the family, usually around 9 or 10. So, of the aprx. 470,000 children who enter first grade, only 79% of urban and 56% of rural children finish sixth grade. The graph below details the dropout rate in both urban and rural populations (taken from [MINEDUC site](#)):

Primary of Children Official and Deprived sector, Retention and Intra-annual Desertion By Area according to degree 1997

Degree	Retention and Desertion											
	Total				By Area							
					Urbana				Rural			
	Inscription		Retenc. %	Deserc. %	Inscription		Retenc. %	Deserc. %	Inscription		Retenc. %	Deserc. %
	Initial	End			Initial	End			Initial	End		
1	476522	413427	86.76	13.24	136087	125872	92.49	7.51	340435	287555	84.47	15.53
2	316125	293620	92.88	7.12	111124	107319	96.58	3.42	205001	186301	90.88	9.12
3	252122	236612	93.85	6.15	100925	98263	97.36	2.64	151197	138349	91.50	8.50
4	199667	188029	94.17	5.83	90433	87835	97.13	2.87	109234	100194	91.72	8.28
5	163666	155583	95.06	4.94	81602	79654	97.61	2.39	82064	75929	95.52	4.48
6	136607	132345	96.88	3.12	73862	73046	98.90	1.10	62745	59299	94.51	5.49
Total	1544709	1419616	91.90	8.10	594033	571989	96.29	3.71	950676	847627	89.16	10.84

Of these primary students, 45% are female, a number that slowly decreases as the grade increases. As primary education is the largest piece of the Guatemalan educational system, it receives both the most funding and most review, producing some interesting methods that will be discussed farther down.

Secondary school is a high level of education achieved by only 14% of the already small number graduating from primary school. However, of this select group, over half of them eventually go to college. These secondary schools are 85% private, as they receive the smallest portion of government funding. But despite these hurdles, these schools are on the rise, with enrollment rising 10% from 1994 to 1998. Also, a fact that is mildly humorous, and serves to showcase the type of medium the internet is, is that many of the secondary schools have webpages up that are better done than those of the universities.

So as to where the problem lies, there are some interesting issues. First off, lack of teachers is not a problem, on the contrary, Guatemala has the second highest teacher to student ratio for primary schools, and an mid-range value for secondary school, so there are plenty of teachers per student. The main problems are dropping out to work for the family and an inability to reach distant communities with teachers and schools. As such, the government has implemented some broad programs to try and reach more people. First of all, radio broadcasts can reach even those who can't read, and must work in the fields, and provides the simplest, most direct, and most powerful way to reach the average Guatemalan. A system of televisions which show informational videos and classes over the airwaves have been deployed to 3,500 children in 120 centers. As a system of integrating the school into the community by serving meals and involving parents reaches 700,000 of the primary school

children. These children receive free book bags, subsidies for transportation, scholarships directed toward the rural poor, and a daily stipend of Q2.20 to discourage parents from removing the child to work.

At the university level, everyone is finally loosed of the draw to work, as entering the workplace with a university diploma is much better than without. In 1998, there were 141,000 university, 88,000 in the public university San Carlos, and the remaining in the four private universities. University cost are often low, but can reach up to \$1300US. Most programs are 5 years, after which the graduate has the economic equivalent of a masters. An engineer graduating from university can expect to make between \$60-90,000Q yearly, not bad compared to the \$12,400Q GDP/person.

Sources:

1.

<http://www.usac.edu.gt/> - and many pages located within

- <http://www.umg.edu.gt/FacultadIngenSistemas.html>
- <http://www.iadb.org/int/sta/ENGLISH/staweb/#regstat>
- <http://unescostat.unesco.org/en/stats/centre.htm>
- <http://www.mineduc.gob.gt>
- <http://mi-guatemala.tripod.com/Educacion.html>

Analysis of Education in Guatemala

True, the Guatemalan government devotes a larger percentage of its budget to Education than many other Central American countries. However, statistics collected by the CIA indicate that nearly 31.7% of the country's near 12 million population is illiterate, and of the indigenous population, illiteracy rates more than sixty percent (1). The disparagement in education shows an even more marked rift when comparing men, who rank far high on literacy, than women in the indigenous population (2). Clearly, education is a resource that Guatemala needs, especially among its indigenous population.

The problem of education lies not only in the fact that teaching jobs are much more difficult to find in rural areas (not for lack of teachers but for lack of jobs (3)); a large part of the problem also rests in the fact that not at least 31.7% of Guatemala speaks Amerindian languages. The need for bilingual education and Spanish as second language programs in Guatemala's school system, especially in rural areas, where schools are more scarce and students often miss school days because their families need them as bodies of labor, cannot be ignored by those interested in increasing literacy rates in Guatemala.

Two questions arise from the above. 1) How to improve the quality of education in Guatemala and 2) How to keep students in school despite glaring economic realities. One suggestion, given the high number of radio ownership in Guatemala, is to educate over the internet. As demonstrated by World bank records, radio education can be employed in a wide variety of instructional design contexts, from family planning to language education, teacher training and rural development (4). Though the radio is far from the ultimate solution, research by Gaida & Searle have shown that rural students benefit greatly from radio education, compared to rural and urban children.

Given Guatemala's vested interest in education its population, radio education should given an option for those living in rural areas. A radio education program, "The Teacher in the Home," is already receiving considerable notice by rural Guatemalans who do not have access to a school system. Guatemala has made great strides in the area of pre-university education in the last five years, integrating radio education into its budget would prove a valued addition in its already broadening sphere of influence.

Footnotes:

1.

www.cia.gov/cia/publications/factbook/geos/gt.html

•

The rift in literacy between men and women also exists between non-indigenous people, but the gap there is far less.

•

Ehlers, Tracy Bachrach. Silent Looms, women and production in a Guatemalan town. University of Texas Press, Austin 2000.

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www1.worldbank.org/disted/Technology/broadcast/rad-01.html

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Access

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- [Mayanet](#)
- [Internet Access in the present day](#)
- [Access](#)
- [Opportunities to Widen Access?](#)
- [Demographics](#)

History of the Internet in Guatemala

GUATEL, Guatemala's governmental communications company, has had legal control of all public communications services since 1971, including those that had not yet come into existence. Unfortunately, GUATEL did not supply public communication services in accord with demand, leaving between 600,000 and 1.2 million phone line requests unsatisfied. By the middle of 1996, Urban Guatemala averaged a mere four phone lines per 100 people; this ratio runs even lower in rural areas.

Poorly developed data transmission services also remains an issue, though here international investors are helping create some progress. Within two years of winning a competition to install a nationwide data network in 1987, Mayapaq, a division of Sprint/Telnet, set up a data network of over 40 nodes across Guatemala. However, the combination of various problems that plagued the Mayapaq system and the company's own slow attempts at commercialization rendered Mayapaq unprepared to sustain the large demand that it must maintain to better support data transmission in Guatemala..

In the mean time, Telepuerto de Guatemala won a concession to operate a satellite data transmission facility. As Telepuerto presented a threat to GUATEL's hold on the Guatemalan market, GUATEL revoked Telepuerto's business permit just as the company was about to begin operation. Subsequently, GUATEL offered its own high speed business connections and attracted many large customers.

Government institutions attempted to dissolve GUATEL's monopoly in the late 1980's under President Vinicio Cerezo. Vinicio Cerezo himself allowed private companies to add new phone lines and provide cellular and satellite services. When president Jorge Serrano Elias assumed power in the early 1990s, however, these activities were canceled. Upon Serrano Elías' exit, President Ramiro De León Carpio mandated that GUATEL would be privatized by early 1996. Although this goal was not realized, the 1996 government of Alvaro Arzu made a strong effort to end GUATEL's monopoly. Fritz García-Gallont, the then Minister of Communications, Transport and Public Works, brought many of GUATEL's corrupt practices to light and announced the imminent demise of the monopoly. GUATEL's successful privatization occurred in October, 1998.

In May 1996 Alfredo Guzmán became the general manager of GUATEL. He announced an ambitious privatization plan in which GUATEL would become a partnership where workers own 5% of the company's stock. He aimed to have all services open to competition by March of 1997. Workers' unions strongly opposed Guzmán's plan because it eliminated hundreds of unnecessary jobs.

Meanwhile, various commercial organizations were harnessing the power of network technology for themselves. Exxon started using an internet email service in Guatemala in 1987. Sun Microsystems installed a dial-up connection to provide faster technical support for clients.

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Mayanet

When FONACYT, the national science and technology fund was engendered in November 1992, the Comisión de Informática drafted project Mayanet--the first major Internet presence in Guatemala. Mayanet's goal is to connect Guatemalan institutions of higher education with the original Mayanet network in Costa Rica, ultimately creating a comprehensive network structure throughout Central America. After striking a deal with GUATEL, the Guatemalan sector of Mayanet officially connected to Costa Rican Mayanet on December 6, 1995.

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Internet Access in the present day

Although a number of Internet Service Providers raced to offer Guatemalans commercial access in '95 and '96 (the first of which was Cybernet de Guatemala), GUATEL's guidelines proved difficult to follow. The Guatemalan company stipulated that every ISP transfer 10% of all Internet related sales, 15% of related software sales and 4% of modem sales to GUATEL. Moreover, obtaining GUATEL's official approval required each company's fulfilling an additional list of unreasonable requirements.

GUATEL did impose new regulations, which place more reasonable regulations for ISPs entering Guatemala than those set in the early nineties (only 2% of all Internet related sales went back to GUATEL), in the late 1990s. As a result, the number of ISPs in Guatemala are still growing steadily.

Nevertheless, GUATEL (now called Telgua) continues to bottleneck the Internet in Guatemala. Although Guatemalan law required Telgua to start providing interconnection services in January 1999, the majority of the twenty companies who signed connection agreements have yet to receive any services.

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Access

Given the large educational and income disparities that pervade Guatemala, it is no surprise that the country has a 0.4% penetration rate, meaning only 0.4% of the population accesses the Internet. To give some perspective, Mexico's penetration rate as of 1999 is 0.90%, and the current United States rate is 20%. Guatemala's high illiteracy rate likewise keeps a large percentage of the population from being able to benefit from the rich resources available on the world wide web. Indeed, although access costs are not inordinately more expensive in Guatemala than those in the United States, the fact that Guatemalans earn only a fraction of what U.S. residents earn makes Internet access a privileged possibility--one available solely to the the affluent.

The Telgua/GUATEL service shortage also presents a major problem for Guatemala's attempt to acquire higher internet access rates. Until other companies are allowed to control their own telecommunications infrastructure, Telgua will retain its chokehold on Guatemalan Internet connections and hinder communication development for the country as a whole.

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Opportunities to Widen Access?

Free Internet:

The recent move in Guatemala towards "free Internet" may sound like a plausible solution for the cost of access, but reading the fine print reveals that the higher phone rates which accompany "free" access render all savings null.

Philanthropic Ventures:

The eBay Foundation's work in rural Guatemala at Colegio Bethel in San Pedro provides technological opportunities for students. The initiative donates technology to Colegio Bethel for computer instruction, helping prepare students for futures in e-commerce and tourism in the computer age. If such programs can become self-sustainable, there is real hope that the Guatemalan digital divide can close.

http://www.eureka-boston.org/readings/High-Tech%20Philanthropy_in_Guatemalan.htm

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Demographics

The following demographic breakdown is based on Deguate.com's user directory.

1. Gender:

- Male: 67,3%

- Female: 32,7%

2. Marital Status:

- Single: 64,6%
- Married: 23,3%
- Divorced: 8,3%
- Separated: 2,7%
- Widowed: 1,3%

3. Ages:

- Under 15: 5,1%
- Between 15 and 19: 14,6%
- Between 20 and 24: 20,2%
- Between 25 and 29: 19,7%
- Between 30 and 34: 15,3%
- Between 35 and 39: 12,4%
- Between 40 and 44: 5,8%
- Over 45: 6,9%

4. Annual Income:

- Under Q25,000 (+/- \$3,200): 9,8%
- Between Q25,000 (+/- \$3,200) and Q50,000 (+/- \$6,400): 14,9%
- Between Q50,000 (+/- \$6,400) and Q75,000 (+/- \$9,600): 16,4%
- Between Q75,000 (+/- \$9,600) and Q100,000 (+/- \$12,800): 16,2%
- Between Q100,000 (+/- \$12,800) and Q150,000 (+/- \$19,200): 15,7%
- Between Q150,000 (+/- \$19,200) and Q200,000 (+/- \$25,600): 13,0%
- Between Q200,000 (+/- \$25,600) and Q300,000 (+/- \$38,500): 8,5%
- Between Q300,000 (+/- \$38,500) and Q500,000 (+/- \$64,100): 4,1%
- Over Q500,000 (+/- \$64,100): 1,4%

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Sources:

1. [The Dawn of the Internet Era in Guatemala, Grete Pasch 1997](#)
 - [Telecommunications Country Profile: Guatemala, Office of Telecommunications Technologies](#)
 - [Deguate.com email.](#)

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Infrastructure

Largely on account of Telgua and its lingering influence, Guatemala is considered one of the least developed Latin American nations in terms of telecommunication infrastructure. And given the backlog of between 500,000 and one million telephone lines, there seems to be no indication that the situation will improve dramatically in the near future. Considering Guatemala's disproportionately large rural population, the paucity of telecommunications infrastructure outside of urban centers is even more detrimental.

As for computer infrastructure, there is less than one computer for every one hundred people in Guatemala, whereas there are 46 computers for every hundred people in the U.S and five per hundred people in Mexico.

Despite all of this, the Internet in Guatemala has grown quickly and technology trudges forward. Since commercial access providers came on to the scene in late 1995, the number of users and hosts has increased manifold. While there were 5,000 Internet users in 1996, in 2000 there are approximately 80,000 accounts total. Internet host machines have seen large growth as well. However, the number of ISPs has increased from 12 in 1996 to just 15 in 2000. The primary reason for this small increase can likely be attributed to Telgua's services bottleneck. The dip in the number of Internet hosts between July of 1998 and 1999 can likewise be traced to Telgua's privatization, which occurred in October/November of 1998.

To satisfy the tourist demand, cyber cafés have sprung up in each of the major cities.

As for the technology itself, the latest computer network technology from the U.S. can be found in Guatemalan ISPs. ISDN, T1, T3 and DSL connections can all be had for the right price. Since prices for such high-speed connections are generally beyond reach for the average home user, the service providers offering them cater more or less exclusively to businesses.

Guatemalan ISPs:

[Conexion](#)

[Corpotelsa](#)

[CyberWeb](#)

[DSL - L A Bridge Internet](#)

[IFX Networks](#)

[Intelnet](#)

[Quetzal.net](#)

[Quik Internet](#)

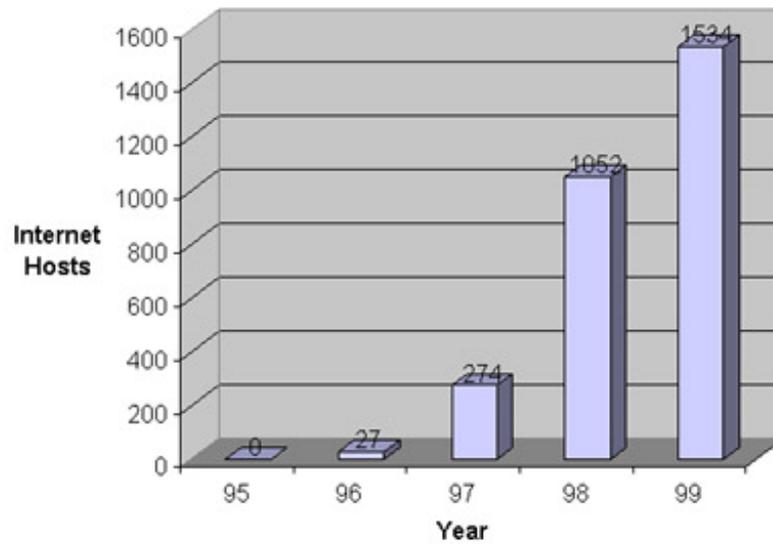
[Starnet](#)

[Tutopia Ciudad de Guatemala PORTALnISP](#)

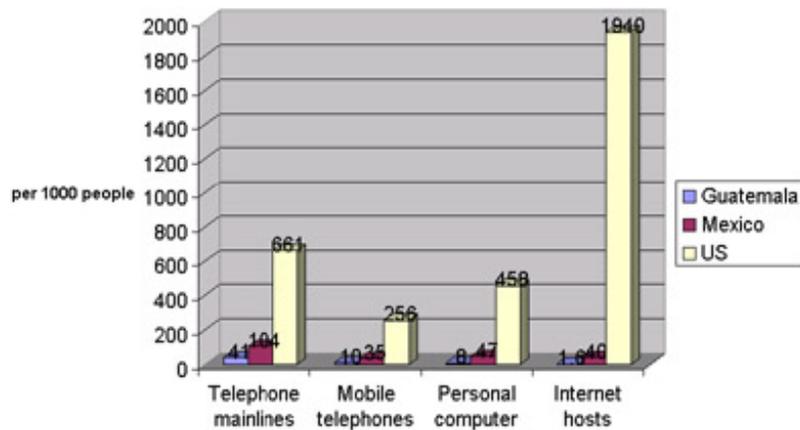
[VPM Internet Services - For Internet Roaming, Remote Access, VPN](#)



Number of Internet Hosts in Guatemala '95-'99



Communications Infrastructure



Sources:

1.

© 2000 Reuters Ltd./Kagan.com, the World's Leading Media Business News and Data
<http://www.kagan.com/archive/reuters/2000/03/28/2000032818net.html>

• Revista Computada, Dec 2000

• Internet Hosts Graph:
RedHUCyT: Hemisphere Wide Inter-University Scientific and Technological Information Network
<http://www.redhucyt.oas.org/webing/default.htm>

• [Telecommunications Country Profile: Guatemala, Office of Telecommunications Technologies](#)

• World Development Report 2000/2001, World Bank



Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)

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Content

Because the Internet has only been present in Guatemala for the last five years, web content produced by Guatemalans is still very much in its developing stages. The slew of broken links and unpolished graphic design (even for some of the more prestigious institutions) demonstrate this internet immaturity. However, the direction of Guatemala web content rings positive. Many Guatemalan companies have an online presence, establishing a firm e-commerce foundation. More over, Guatemalan websites maintain a healthy, community atmosphere, with many pages on politics, tourism, national pride and current events.

By simply comparing the major categories of the U.S. www.yahoo.com site with Guatemala's similar but distinctly Central American Mi Guatemala en el Internet (<http://mi-guatemala.tripod.com/>) site, one can discern, to some extent, how Guatemalans surf the web differently from Americans.

Examples of Guatemalan Internet Activity (from The Dawn of the Internet Era in Guatemala) :

Political

President Alvaro Arzú launched his own webpage on June 1, 1996, and accumulated over 8,500 hits in three months. Mr. Arzú's entry in the Chapines Online directory reads "I am the President of Guatemala. Please visit our webpage: <http://www.guate.net/arzu/>". He has sent out email and hopefully has the time to read his messages.

The first Guatemalan political party to setup shop on the Web was the FDNG, Frente Democrático Nueva Guatemala, at <http://www.wu-wien.ac.at/usr/h93/h9309593/fdng.html>. This page is published through Austria in 4 languages.

One Guatemalan journalist wrote that "other parties should be alert, since by the next elections, the number of Guatemalans with access to the network will not be easily dismissed." (Jacobs, 1996a)

Justice

· In May, an unidentified web surfer in Guatemala happened to visit the FBI's website. Among the photographs of the "Ten Most Wanted Fugitives" the web surfer saw a familiar face and notified the authorities. This started a national search for Leslie Isben Rogge, a bank robber who until then had been living unnoticed in Guatemala. According to FBI agent Paul Philip, "Rogge, feeling the intense pressure, decided to surrender ("Internet leads...", 1996.)

News

Gerencia, the journal of AGG (Asociación de Gerentes de Guatemala), the Guatemalan Management Association, was the first Guatemalan publication to introduce a World Wide Web edition, as early as October 1995. In December, Prensa Libre announced their entry into the Web era. Their production of a daily Web edition stabilized by March, making this widely read newspaper available to Guatemalans around the world. Siglo XXI came online in early October 1996.

It is important to remember that since only 0.4% of Guatemala has access to the internet, the content is created by and viewed by only this small segment of the population. Also, since Telgua has held a monopoly on Internet resources

Sources:

1.

[The Dawn of the Internet Era in Guatemala](#), Grete Pasch 1997

- High-Tech Philanthropy in a Low-Tech Guatemalan Village by Abby Ellin. The New York Times. June 4, 2000.

- Opinamos.com: Statistics and Investigation of Digital Commerce in Latin America
<http://www.opinamos.com/stats/latam/guatemala.shtml>

- Present and Future of the Internet in Latin America: A TILAN Research Report Fernando Rodríguez-Alvez, June 1999

<http://lanic.utexas.edu/project/tilan/reports/report1.html>

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Commercial

[Labor and its relation to Guatemala's Economic status](#)

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Labor and its relation to Guatemala's Economic status

Guatemala's potential economic status can be clarified through an analysis of its labor market, literacy rate, and poverty measurements. Though one could argue that more complicated factors, such as foreign investments, industry advances and government policies have more affect on a country's economic status than its actual population statistics, an analysis of population statistics nevertheless helps those interested in the country to understand something about its most active elements. In the case of Guatemala, labor statistics indicate that the country has much reforms and improvements to carry through before a large number of its population can integrate itself into a high-technology driven economy.

According to the CIA's world factbook, the labor force in Guatemala consists of 3.32 million people (1). In this population, occupation breakdowns show 50% agriculture, 15% industry, and 35% service. However, the GDP composition by sector indicates 23% of its resources come from agriculture, 20% from industry, and 57% from service. Considering the sobering reality that the agricultural sector accounts for one fourth of the GDP, two thirds of exports, and half of the labor force, Guatemala faces a real disadvantage in terms of the Internet market. Industry and service, two sectors that contribute and benefit greatly from the internet, have proven themselves lucrative in terms of Guatemala's GDP but as yet do not have enough bodies to induce great changes in the labor market.

This fact is reiterated by the fact that more than half the country's population is of working age (15-64 years old), 75% of the population lives under the poverty line. This means that of the 12, 639, 939 people living in the country, nearly nine million earn less that three dollars a day. Even accounting for the number of people who do not work, as the 4% of the population that is age 65 and over and the 42% of the population that is between 0-14 years (although many agricultural and service-based families do use their young and old as labor (2)), this number still leaves the purchasing power of nearly half the buyers of the country at a lower level than the even the average welfare-dependent American. Given the cost of a computer at a range between \$800-\$2000, the likelihood of a Guatemalan purchasing a computer, much less an internet connection, well crosses the border of improbability.

Footnotes:

1.

www.cia.gov/cia/publications/factbook/geos/gt.html

- Ehlers, Tracy Bachrach. Silent Looms, women and production in a Guatemalan town. University of Texas Press, Austin 2000.

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Internet-related companies in Guatemala

Despite the staggering realities of Guatemala's labor market and recovering economy, there exist an ample amount of interest, both globally and within the country, in the Internet and the possibilities it could bring to small

and medium enterprises. Among foreign investors interested in the internet and larger telecommunications possibilities in Guatemala are World Access, Bellsouth, and Telefonica. Guatemalan investors can be represented by three Internet-based companies and conglomerations, Elduende and Agexpront.



World Access, a company whose current focus resides in providing bundled voice and Internet services to business customers in Europe, recently acquired Communication TeleSystems. This deal, which closed at 709 million and publicized in February of 2000, gained World Access a company that sells wholesale and retail phone services in 13 countries including the United Kingdom, Germany, France, Chile and Guatemala (1). This acquisition not only gives World Access more leverage and establishment as a phone services company (a change from its former focus as a vendor of telecommunications equipment, it provide World Access with facilities, employees and customers in the Latin American market, and, in our case, Guatemala.

Though the companies possibilities in terms of Guatemala has yet to be seen, as its focus remains largely European, its interest in Latin America is obvious from the GlobalAccess map on its web page. Its willingness to propose switches and establish Earth Stations in its Latin American equal that of its European acquisitions.

BellSouth, a fortune 100 communications services company headquartered in Atlanta, GA, provides a full array of broadband data and e-commerce solutions to business customers, including web hosting and other Internet services. Company's webpage states that its current focus is to leave the payphone business for which it is known, and focus on core broadband, internet and digital network offerings, as well as domestic wireless data, voice business and Latin America.

In late 1999, Bellsouth won a \$26 million license to provide wireless service in Guatemala (2). The new license brings the total wireless reach of BellSouth and its partners to 174 million people in Latin America. BellSouth will own 60% of the Guatemalan operation; Multi-Holding, will own the remainder. The two companies jointly own and operate a company that provides cell-phone service in Panama.

Though the services Bellsouth provides in Guatemala does not yet include internet service, considering the company's interests, that feature will inevitably come to the country. Given Bellsouth's interest in Guatemala, as well as Latin America in general (3), its potential benefits for Guatemala are inviting.

Telefonica, or rather, Telefonica internacional, the part of the corporation that tries to transfer Telefonica's assets to corresponding business lines, won a mobile telephone license in Guatemala. This license permits the company to develop a full range of services as the central American country's second telecommunications operator. Telefonica centroamerica, a member of the Telefonica group, paid for 15MHZ band b license for personal communication services (PCS).

Since 1990, Telefonica has invested \$35 billion to acquire telecommunications companies in Brazil, Peru, Argentina, El Salvador, Guatemala, Chile and Puerto Rico and has more than 20 million customers world-wide. Its Guatemalan website (www.telefonica.com.gt), shows its great interest in its Guatemalan clientele. The site

provides entertainment information such as horoscopes, Oscar news, gossip on movie stars and even a Guatemalan specific sub-site called www.terra.com.gt, which gives news on Guatemalan news, stars and athletes.

Guatemalan internet-based investors show equal fervor in its web pages, which can be separated into three large representative sectors. www.elduende.com, an online music, movies, videogames provider, is an example of a Guatemalan store that caters both to Guatemalans and those outside of Guatemala. www.agexpront.com is representative of store conglomerations, a large directory of different internet-connected businesses that range from agricultural to music to meat distribution. www.quetzalnet.com/norcafe, a flower distribution company that specializes in long stem roses (which grow well in Guatemala's tropical climate), characterizes an export-only store that advertises on the internet for foreign clientele.

Though the web pages for these abovementioned Guatemalan businesses are simple, they represent a combined effort and interest in the economic and global possibilities the Internet can bring to Guatemala. Each company provides its own system of delivery and information provision for its clientele, and articulates its products in English and Spanish (some companies affiliated with agexpront will even give the option of a third language). The interest and enthusiasm for the internet as represented by these businesses show that though Guatemala as a whole may not yet be ready for the internet, the internet is undoubtedly interested in Guatemala and will continue to explore the resources available in the country.

Footnotes:

1.

Mehta, Stephanie N. "World Access Inc. To Buy Phone Firm For \$709 Million" Wall Street Journal; New York; Feb 14, 2000. Eastern Edition, pgC12.

- "Business Brief -- BELLSOUTH CORP.: Wireless License Awarded For Service in Guatemala" Wall Street Journal; New York; Oct 28, 1999 Eastern Edition.

- Bellsouth also acquired business in Nicaragua and Peru in 1997. Currently, it has 90, 294 customers in Nicaragua and 361, 367 customers in Peru. www.bellsouth.com

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Internet Enhanced vs Internet Based companies

It is important to distinguish between Internet Based companies -- those companies that rely solely on the internet for its clients, and Internet Enhanced companies -- those companies that have a business front already, and are using the internet as a tool to enhance their accessibility. Examples of Guatemalan Internet Based companies include Deguate.com, a web-provider and web-based information directory which generates its business through the internet, and www.elduende.com, already mentioned as an online music and entertainment provider. Examples of Internet Enhanced companies include www.paiz.com, the online version of Paiz, the dominant supermarket chain in Guatemala, which provides online purchasing and delivery of the majority of its storefront products, and www.quetzalnet.com/norcafe, the flower distribution company which seeks to open its services to foreign markets.

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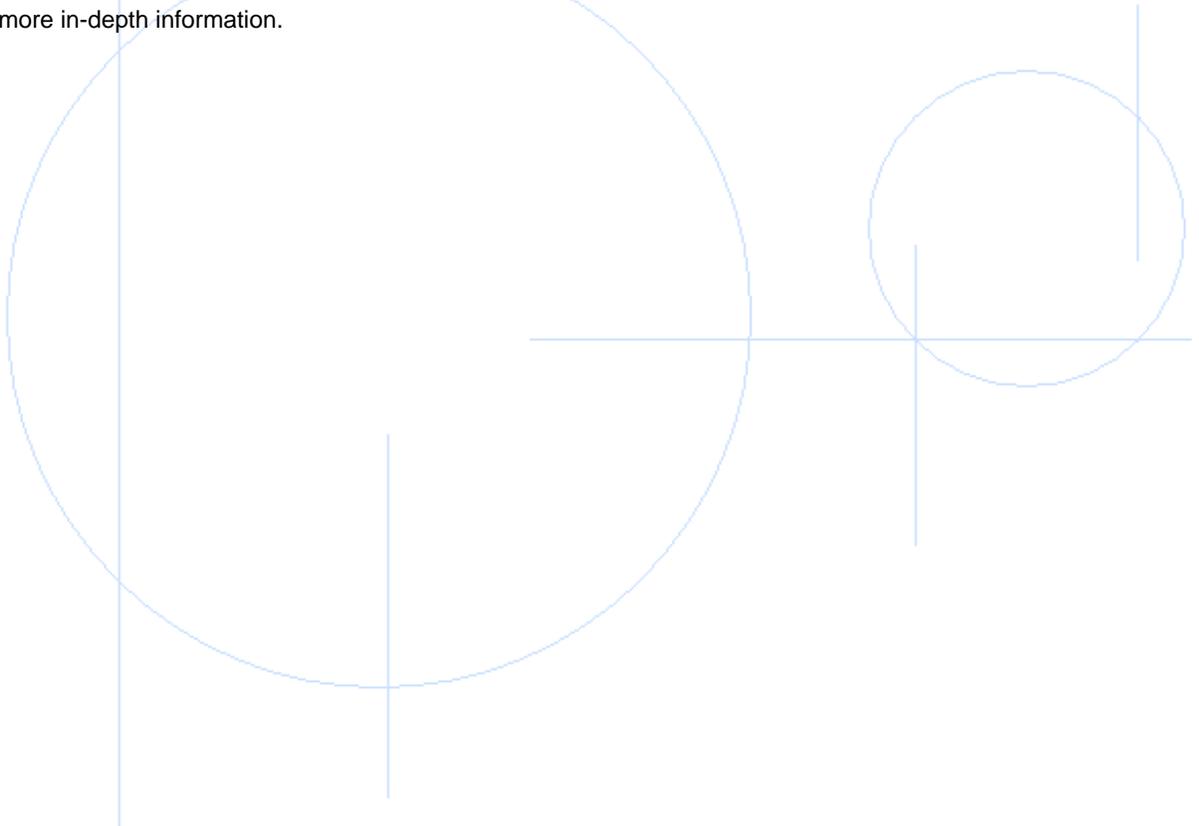
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Non-Commercial

The non-commercial sector of Guatemala's Internet includes government sites, which include links to Guatemala's different ministries and laws. These sites exist largely to provide information to researchers, businessmen and the otherwise interested. Each site also lists some contact information for those nterested in more in-depth information.



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Education

Internet Education in Guatemala

The Internet age in Guatemala actually began early on. In 1977, Luis Furlan started the first Guatemalan computer science department at Universidad de Valle. In 1995, the first Internet node was put on the network on the MayaNet - the academic research network connecting Guatemala and Costa Rica. All Guatemalan universities now offer some type of computer science degree, though with more of a managerial bent than those in the United States. Degree specializations are numerous, and classes are very in depth. Many of the faculty working for these departments received their academic training from the US.

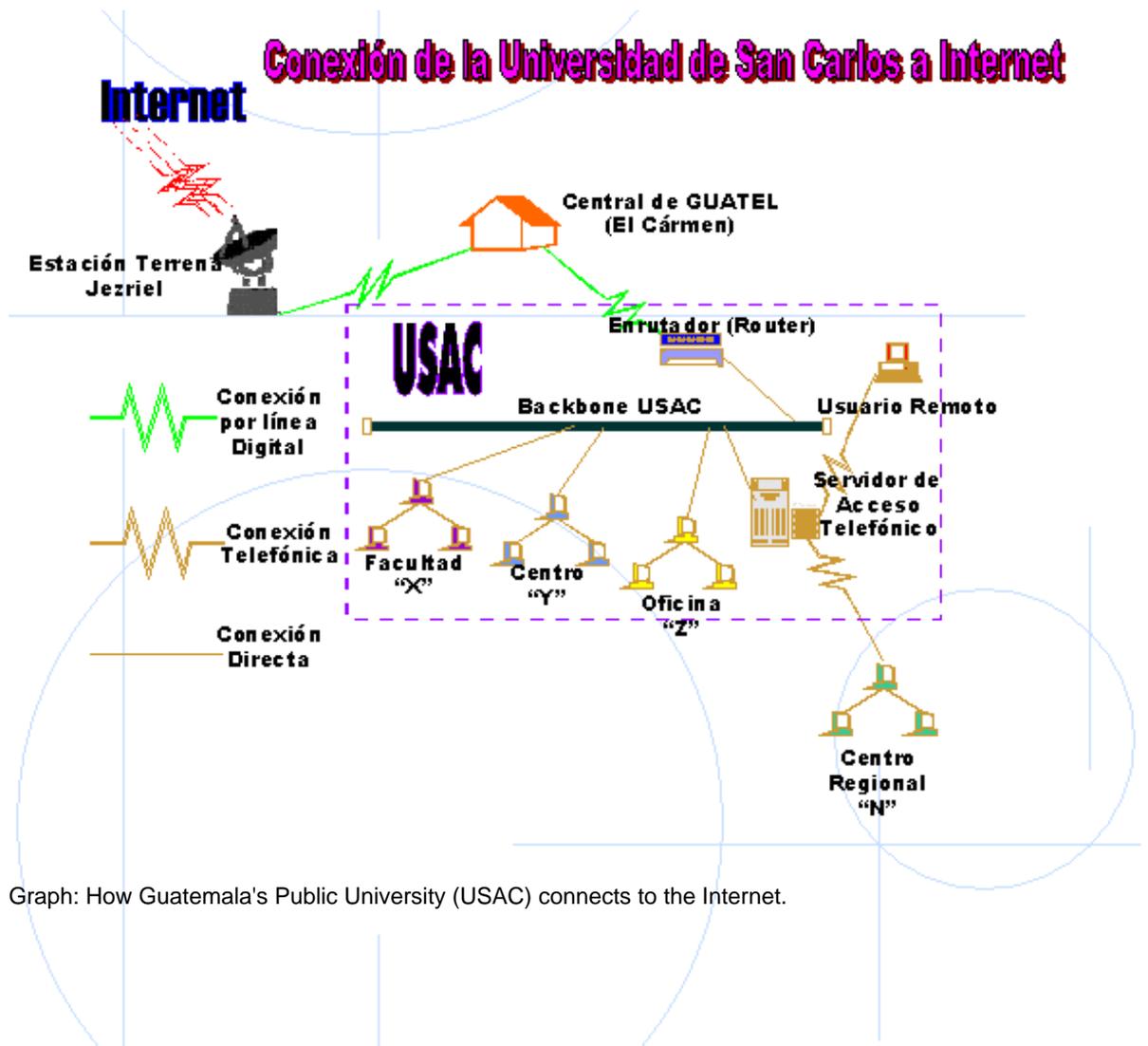
As far as student internet access, Guatemala lags about 5 years behind the US. Many students may have email accounts, but little beyond that. Some universities provide easy, long-term access to the net, but have already had to ban certain IP addresses due to excessive traffic. Napster and video downloads aren't yet popular, but www.latinchat.com and other chat sites grew so popular that they are now banned at Univ. San Carlos (the main line out of Univ. de San Carlos is a 64 Kbps digital connection which carries all information into or out of the university)

The CS departments in these abovementioned schools have a fair amount of knowledge and funding behind them, but, at least as presented through their websites, are at times disorganized. However, we must consider that the university websites generate a lot of work for a relatively small number of educated individuals, given the constraints, the websites are well maintained.

Looking at those universities which publish a list of their respective required classes, the structure of the 5 year Guatemalan higher education plan stands impressively solid. The curriculum tend to produce computer business-types, rather than the US strategy of producing computer programmers/scientists. Though new, the CS departments of the universities garner fairly large enrollment, with CS-related fields amounting to around 10-15% of engineering students.

In conclusion, though the system requires improvement here and there, Guatemala has the requisite faculty which, with the continual drop in computer prices, can produce a very competitive program in computer-related fields in the near future.

Conexión de la Universidad de San Carlos a Internet



Graph: How Guatemala's Public University (USAC) connects to the Internet.

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Government

Presence

The Guatemalan Government has a noted presence on the Internet. Between 30% and 50% of government agencies have a working website (though some need updating and link-checking). In fact, several sectors of the Guatemalan government maintain outstanding sites, such as the [Secretariat of Planning and Programming](#), [Ministry of Education](#), and the [Superintendency of Tributary Administration](#).

Here is a sample of the government agencies with working websites:

- [Presidency](#) (you can link to everything from here)
- [Vice-Presidency](#)
- [Congress](#)
- [Judicial System](#)
- [Ministry of Education](#)
- [Ministry of Economy](#)
- [Ministry of Defense](#)
- [Ministry of Public Health and Social Assistance](#)
- [Ministry of Labor and Social Prevention](#)
- [Ministry of External Relations](#)
- [Ministry of Public Finances](#)

It is apparent that the Guatemalan government is making an effort to modernize itself through the Internet. Though they aren't yet using the internet to its full potential, they have done a outstanding job of putting so many agencies on the Internet.

Regulation

As far as we can tell, the government favors deregulation of Internet content (source, email conversation with [Luis Furlan](#)). In terms of the other aspects of the Internet, it doesn't seem that the laws have caught up with the times. The [General Law of Telecommunications](#), [Foreign Investment Law](#), [Intellectual Property Rights Law](#), and [Micro Enterprise Laws](#), among others, haven't been adjusted to include the Internet yet. We are still looking into the regulation required for setting up an ISP or an Internet company, but yet to receive responses from our contacts in Guatemala.

There have been some security threats through the Internet (Source: [ISN](#)), and efforts are being made to increase security. In Sep 2000, companies wishing to use online payment sources in selling their wares still had to use American online payment resources, because Guatemala didn't have adequate security for these kinds of transfers. (Source: [Computata Article](#)).

Projects

The government has several projects to promote Internet use in the Guatemala. There is a National Council for Science and Technology ([CONCYT](#)) and a National Fund for Science and Technology ([FONACYT](#)), both of which are committed to fomenting science and technology. There is a [Law for the Promotion of Science and Technology](#), whose Mission Statement states their commitment to innovation in Guatemala. Within CONCYT there is a [Commission for Information and Informatics](#), which dedicates itself to the training, development and innovation of information technology in Guatemala.

The private sector is responsible for most of the internet promotions and activities in Guatemala (this including private universities). To the best of our knowledge, the Guatemalan government has played a minimal role in this process, but it is possible that they will play a larger role in the future.

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Case Studies

The purpose of the case studies is to give an in-depth analysis of organizations that have tried to use the Internet to improve lives. For this project we used a for-profit business ([Deguate.com](#)) and a non-profit project ([Project Faith](#)) as our case studies. Through these two organizations, we have obtained a better idea of how Guatemalans can use the Internet to improve their socio-economic situation (whether it be through profit or non-profit).

We have looked at the obstacles and opportunities of each organization's work, and hope to ultimately show that the opportunities outweigh the obstacles.

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Trends and Conclusions

Guatemala Internet usage is on the rise and could in the next few years reach over 10% of the population (over a million users). More Internet usage posits the Internet as an increasingly key factor in Guatemala's society and economy. Through the work of government organizations and companies, the infrastructure is slowly being developed to bring the Internet to even the most remote areas of the country (using technologies such as wireless and satellite). Moreover, the national illiteracy rate is declining, indicating that even the poorest and most remote members of Guatemalan society will be able to benefit directly from the Internet.

Entrepreneurship is on the rise and will continue to do so as companies like Deguate.com provide affordable e-commerce solutions for entry-level low-budget small businesses. The vision of a relatively poor Guatemalan Indian who devotes himself to basket weaving being able to sell his product online to the local and international community does not seem too far off. We have already seen glimpses of this in Deguate.com's business directory and Project Faith's eBay connection. The Internet allows a small country like Guatemala to have a big presence on the web, and in the same way, it allows a poor farmer or craftsman to enter a big market.

In a sense, the Internet is bringing the long-awaited prospect of equal opportunity for all Guatemalans, regardless of their race or social standing. Though it may take years for this to actually happen, the Internet provides an infrastructure that contributes to this process. Access to information has been facilitated greatly through companies like Deguate.com, allowing anyone to find out how to start a business, how to program, how to expand your business into Guatemala and a motley other pieces of useful information without necessitating a costly book or a university education. The access will prove extremely useful to Internet-enabled Guatemalans and can help them pursue business opportunities that benefit the entire country.

Nevertheless, there is still work to be done. Internet Service Providers need to expand their service to more remote parts of the country at affordable prices. Existing businesses need to recognize that the Internet can improve their efficiency and profitability. Children all over the country need better literacy, as well as computer and Internet education. Computers need to become an affordable necessity rather than an expensive luxury, and delivery services need to become more effective and affordable. This can only be accomplished if the government, corporations, small businesses, and NGOs all work together to catch the Internet train before it leaves the station. Guatemalans need to act now and take advantage of the ripeness of the Internet market.

The obstacles are great, but the opportunities are tremendous. The Internet just may be the catalyst that catapults Guatemala into a developed, prosperous nation.

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Useful Links

Here are some links to related sites.

- [Mid quarter presentation](#)
- [Guatemala Team Project Website](#)
- [Information Revolution Class Website](#)
- [Credits and Sources](#)



Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)

From: Steve Sywulka [mailto:ssywulka@guate.net]
Sent: Sunday, February 11, 2001 12:40 PM
To: libertad@Stanford.EDU
Subject: CS-Internet

Liebe Ben,

I talked with Luis Furlan padre. His address is furlan@uvg.edu.gt. He says there are more or less 120 CS students at Del

Valle, but he has no idea about the other universities. His counterpart at Landivar is Mario Sosa and at Mariano Galvez it's Roberto Solis. You may be able to find them on the web pages. A CS graduate from Del Valle can expect to earn initially Q.6-10,000 per month, somewhat higher than other engineers or carreras. Most of the Maestria students have been working in the field and are on a different level, probably earning quite a bit more.

Luis said there was an article in Revista Computada about 2 months ago which gave the figure of 80,000 internet subscribers in Guatemala. That is the only dato he has seen.

Somewhere on the Del Valle web site <www.udv.edu.gt> there is a page on the history of the internet in Guatemala. He wasn't sure if it was under ciencias de la comunicacion or informatica.

I asked about regulations and he just laughed. There don't seem to be any.

Telgua has been charging us, and most people, 35 centavos per minute to connect to ISP's and cel phones. The normal rate for calls is 15-20 centavos per minute. However, Ken got charged 0.20 for connecting to Tutopia on his last bill, and he's heard of other people who are only being charged 0.20.

Ken said he would tell you how to contact Harvey Faulkner.

There's supposed to be new service starting in March or April of cable-modem, called "Net for All", that will cost \$350 for the aparato and then \$12 monthly for cable and internet access. It's supposed to do all kinds of wonderful things, but I'm not sure you can connect to your computer.

www.starnet.net.gt/nuestrosiglo has historical information about Guatemala but may not have much about the Internet.

Hope this helps.

Love, DAD



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Company

It is important to know how the Internet can contribute to Guatemala's business sector. This sector is ultimately the force that drives the economy and well being of the country. If Guatemalan companies take advantage of the Internet to improve their business and service, the entire country will be benefited in one way or another. Some people have postulated that the Internet is only useful to the rich, that it contributes little to the truly needy in Guatemala. We have seen quite the opposite.

A large percentage of businesses in Guatemala are small businesses, owned by middle class Guatemalans who employ a small number of lower to middle class Guatemalans. If the Internet can increase these small businesses' productivity and profitability, it will increase employment opportunities and wages for the lower class as well. Though this "Trickle Down" effect may not happen with the speed and philanthropy that many concerned humanitarians would like, it does indeed happen.

We could give countless examples of ways in which increased productivity and profitability in a Guatemalan business improves a country's standard of living across all classes. For the purposes of this case study, though, we will focus only on Deguate.com's contribution to this process.

Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)

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Selection Process

Choosing Deguate.com was not easy, but we will explain why we did:

There are basically four types of companies in Guatemala that use the Internet: 1. companies that receive millions of dollars in investments (either foreign or local) and offer Internet specific products and services (ISPs like [Convergence](#), Portals and Webhosts like [Terra](#)), 2. established companies that are not Internet based, but use the Internet to enhance and supplement their services (Supermarkets like [Paiz](#), Newspapers like [Siglo XXI](#)), 3. small companies that are not Internet based, but use the Internet to improve their services ([Dr. Tempt](#) and [Micro](#)), and finally, 4. small companies that are Internet based and offer web hosting, webdesign, and/or other Internet specific services ([Deguate.com](#)), but do not have much capital to work with.

In light of our goal (to see how the Internet can contribute to Guatemala as a whole), the most optimal company type for this project's case studies is the fourth type mentioned above. We want to see how a person (or a small group of people) with limited resources can take advantage of the Internet to contribute to the economy through their company. Deguate.com is not only a small company with limited resources, started by young entrepreneurs, it is also a company that provides a motley of Guatemalan companies the benefits of the Internet (through its directory) and many other companies of the third type with a webpage or website and other features that improve their business outreach.

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Dequate.com

Dequate.com is a Guatemalan web content and web business solutions provider interested in promoting information distribution and e-business in Guatemala. They not only provide a portal that supplies all kinds of useful information, but also provide web-hosting for companies that wish to do business on the Internet, and a directory of Guatemalan web businesses on their web site. Their servers are located in North Carolina, allowing the company to boast of a OC-12 Alcatel (622 megabits per second) connection and 24 hour connectivity, providing the best possible service to Guatemalan visitors and customers.

Dequate.com collaborates with several companies to maintain its e-business client needs. To facilitate deliveries for its clients, Dequate.com provides discount deals through [DHL Worldwide Express](#), an international delivery service which offers overnight service to Guatemala and other Latin American business centers. By working with [World Pay](#), an internet payment solution company based in England, and [MultiCredit](#), a Guatemalan payment solution, Dequate.com allows businesses to accept payment in MasterCard®, Visa®, American Express® and other major cards in a secure online environment in over 140 currencies.

Dequate's approach for e-business assumes that the Guatemalan market needs [e-business education](#) as well as [e-business solutions](#). Therefore, their web site offers instructional information on the internet, ftp transfers, as well as an introduction to e-business possibilities.

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History of Deguate.com

How it was started and how it works

The company was started by two recent college graduates in Guatemala in August of 1999; they launched their website on August 2, 2000, during the Annual Informatics Convention. The graduates financed the company themselves, first gathering Q4,000 (+/- \$550) in order to get a loan for Q20,000 (+/- \$2,650), with which they legally started the company. Within months, two new partners joined the team, one contributing labor, and the other contributing labor and Q15,000 (+/- \$2,000). This team was not able to find a VC or Angel investors to finance them, because of the dot.com crash and because the market is perceived as small.

The four partners in the company are 24, 26, 27 and 28 years old. All are college graduates; two have degrees in Business Administration, one in Computer Science and the other in Agriculture Engineering. A freelance reporter, who joined the company within the last few months, produces writing for and about the site. When the company moves from a home office to a an office building in the next month, they will hire one more person to do reception and telemarketing.

Deguate.com offers low-cost e-Business solutions, geared towards giving Guatemalan companies a chance to do business in real time, using the world wide web. This system parallels www.respond.com, which achieved distinct success in the United States, although this team came up with their business concept independently of the aforementioned company. Deguate.com offers a new service to Gautemala -- [Real Time Business](#).

Company Statistics

The amount of visits to the site is growing at a rate of about 20% per month. Deguate.com has around 60 clients paying for banner space, and over 1,800 businesses (soon to be 4,000 when an updated system is implemented) are participating in their WebBusiness network. Deguate.com's WebBusiness network allows users to get a quote on any product they want from all Deguate.com registered companies that offer the product. 300 people have signed up for a free Deguate.com webpage since the service was offered. The company wants to offer free email as well, but the steep cost of \$3000 a month stipulates that they look for a willing sponsor.

Deguate.com receives millions of hits a day (regardless of the fact that every downloaded image counts as a hit, the number is still impressive), and nearly 100,000 visits a month (February, 2001 figure). They are receiving between 3,500 and 4,500 visits a day, and they are hoping to get around 120,000 visits in March, 2001. The company hopes to garner 1 million visits by the end of the year.

Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)

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Services

- [Portal](#)
- [Chat](#)
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- [The Blue Pages](#)
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Deguate.com offers a huge array of services. These services seem to be appropriate for the Guatemalan population. The most popular services are the [e-cards](#), the [discussion forums](#) (though not many people write in the forums, thousands of people read them), the [personal pages](#) and the [chat](#).

These are the services that Deguate.com offers:

The Portal

Deguate.com's information sites range as widely as automobile guides, sports news, entertainment guides and cooking ideas. The following is a short description of each information site.

About Guatemala: This is a very comprehensive site with information on Guatemalan history, geography, tourism and facts and figures. On this site you can pretty much find anything you ever wanted to know about Guatemala, from security issues, to the distance between one city and another.

Automobile guides: a series of pages giving information on new cars available in Guatemala. Though this site does not sell cars, it does provide an e-mail address through Deguate.com which takes inquiries from clients. The brands of new cars are listed in alphabetical order, including such international names as Alfa Romero, BMW, Toyota, Volkswagen and Kia. Each brand's available models are depicted with full color photos, advertising blurbs and full length descriptions of each model's specifications.

Sports News: categorized by type of sport and designed in journalistic style, this section of Deguate.com gives Latin American and Spanish sports updates. The information on the pages are largely fed through links to other Hispanic sports sites; all pages are updated daily. The sports news site also provides links to American sports paraphernalia, such as online issues of Sports Illustrated.

Ecology and Environment: Guatemala is rich in natural resources, and this section allows visitors to find out more about these resources and participate in their preservation. It has information on protected areas, forests, species, and ecology in general.

Economy and Finance: This section offers information on the local and world economy. It includes articles that are updated constantly on market analysis, economic information, stocks and bonds, money market and financial services.

Entertainment Guides: These pages act as a guide for international entertainment events, such as information on

movie stars, movies, art, music, as well as entertainment within Guatemala. On the international level, the site provides blurbs on American and European bands and entertainers. The bulk of the entertainment information on the site deals with Guatemala based events. For example, there is a listing of clubs and bars in Guatemala, as well as advertisements for cultural events, yoga and dance classes, theatre and movie reviews.

Business Ventures: This section is dedicated to educating people about business in Guatemala. It includes information about Administration, Marketing, Human Resources, CPA/Finance, a glossary of business terms and a forum for people who know or want to know about business to post their ideas and questions.

Games: This section allows users to learn more about games, download games, and be a part of the Guatemalan gaming community.

Women's Issues: A female-audience oriented section of Deguate.com that contains articles and other such writings on various topics, such as family violence, cooking, dating, fashion, family advice, and women's health.

Business Directory: Deguate.com's business section lists registered businesses under categories that run from agriculture to travel. The site allows several options for those who are looking at these businesses. Most importantly, the user can send an e-mail inquiry to all companies under one category, so that any solicitations, questions, comments or otherwise can reach companies faster. The company list provides each company's address, telephone number, fax number, e-mail and a link to their web site (if the site exists). The Guatemala group actually conducted a study on Deguate's company e-mail inquiry system. [Click here](#) to see the results of this study.

As you can see in the analysis, this service is encountering some [obstacles](#).

Politics and Government: a frequently updated site on political news in Guatemala. This site is distinct from the other abovementioned sites because it calls for popular participation. Not only does the site give a summary of how the Guatemalan government operations, how different ministries in the government breakdown and function, and provide a library of politically oriented article links for those readers interested in the current political situation in Guatemala, it calls for articles and opinions from its readers. The participation section of Politics and Government makes the site not only informational but also a forum for interested individuals to express their concerns and questions.

Recipes: A comprehensive source of recipes for a variety of foods, organized into appetizers, chicken, seafood, salads, salsas, desserts, etc. The recipes come complete with ingredients and detailed instructions.

Tourism: Gives information on the geography, culture, photos and practical touring information (ie, warnings about what to eat, wear, bring and how to maintain safety precautions). Country tours enumerated on this site are separated by region, such as North America, South America, Europe, Asia, etc.

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Chat

Deguate.com offers a web-based chat using Java. It uses [InforChat](#) as its chat server. It offers 3 different modes for chatting, depending on your speed connection: Plus, Classic and Mini. The better connection you have - the more features you can have when you chat.

Channels:
Guatemala
Friends
Love
Cybersex
Coffee
PartyChat
15-20
21-30
Over 30
Over 40
Over 50
Only Guys
Only Girls
Jokes

Gossip
Chatmania

Features include: Find users, ignore users, alert options, sound/no sound, connect to all inforchat's channels, introduce images into chat, horoscope, radio chat, among others.

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Classifieds

DeGuate.com offers a service to link sellers up with buyers. It has a look and feel similar to an auction site like eBay, but sellers aren't auctioning off their product, they are simply announcing that they are selling something, giving their contact info, and sometimes their price. The system mirrors newspaper classifieds, only online.

At the moment, the categories are not densely populated, but as the site grows, so will the products you can buy using the deguate.com classifieds.

Categories:
Animals and Mascots
Cars and Vehicles
Personals
Jobs
Miscellaneous
Antiques and Collectibles
Land
Electronics
Computer Equipment
Water Vehicles

Features: You can search for items in the classifieds using "any word" or "all word" method. The advanced search also allows users to narrow their search down to certain categories, certain recent dates, only ads with pictures, etc.

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Guatemala Directory

Deguate.com is building a database of Guatemalans with information on their pastimes and jobs, etc. There are 3 main useful benefits of this directory: 1. If you have a friend, but you don't know his email, you can look them up in the directory. 2. If you are looking for a new friend with similar interests, you can look them up. 3. As the database grows, deguate.com will be able to gather more accurate information on the [demographics](#) of Internet users.

Apart from the motivation of getting your name in a directory, there is another incentive to add yourself to the directory: monthly promotions for registered users feature prizes.

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Forums

Another service that Deguate.com offers is an organized message board. This part of the site seems to be especially popular, and offers viewing the discussion forums by topic, by recency for the past 24 hours, and by recency for the past 7 days. Many people seem to enjoy the opportunity to get their name and opinion known.

Topics:
Economy and Finance
Government and Politics
Woman and Family
Sports
Business Ventures
Making Friends
Ecology and Environment

Cars and Vehicles
About Guatemala
Companies
Tourism
Our Society
Adults Only

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News

Degaute.com's news section offers today's news (based on one of Guatemala's major newspapers, [Siglo XXI](#)). It has the headings of a local newspaper, abstracts, blurbs and links to the complete articles on Siglo XXI's [website](#).

The news section also has links to the other 3 major local newspapers, which have a web presence, as well as other newspapers in Central America and others in the world.

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The Blue Pages

There is an extensive directory of websites dealing with the Guatemalan Government and other non-profit organizations.

This web section has three major branches:

1. Public Sector: Has links to all the Ministries of the Guatemalan Government, as well as tons of commissions, institutions and councils that keep the country going - from the Bank of Guatemala and the Central American Parliament to the National Commission for the Environment and National Institute of Statistics.
2. Diplomatic and Consular Body: This section has contact info to over 50 embassies and consuls in Guatemala.
3. International Organizations: not yet available to the public, but the section promises to have a list of International Organizations that intervene in Guatemala.

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Personal Pages

The Personal Page service offers you 2 to 5 megabytes on the deguate.com server. It allows people to make websites that fit in with a certain topic. It has a robust administrative system, including the following features:

Edit Files/Folders
Upload Files
Create new html page using normal html, templates or EZ-Web (creates the page for you, you just give the page a title and text).
Import from FTP
Guest Book: you get your own guest book.
Message Board: you get your own message board on your site.
Email Forms: visitors to your site can fill out forms and the info sent to your email.

The categories your personal site can fall under the following:

Art and Literature
Cars and Vehicles
Girls
Computers and Internet
Sports
Economy and Finances

Ecology and Environment
Education
Entertainment
Business Ventures
Places
Woman and Family
Politics and Government
Tourism and Travel
X-Files (odd and mysterious stuff)
SoHo (Small Office - Home Office)

Once you have your website, you can email your friends and give them your web address, but there's no topical way to navigate through personal web pages on the site - all you can do is browse through folders of all the people with webpages.

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Surveys

Deguate.com has a really quick survey you can fill out on their main page. This is to get a general idea on Guatemalans' opinions on issues. Of course, this is limited to Internet using Guatemalans.

So far, the [surveys](#) that have been conducted are:

Do you think high school upperclassmen should go out and alphabetize instead of doing their group thesis?

How would you qualify the job that our president Alfonso Portillo is doing these days?

Do you think that the death penalty should be extended to kidnappers and rapists?

Do you think you maximize the use of your PC?

What is your favorite drink?

Which is the prettiest part of Guatemala?

How far do you think Guatemala will go in the soccer tournament?

How would you qualify Guatemala's participation in the World Cup so far?

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Electronic Cards

You can also send e-cards to your friends through degaute.com's "Digital Cards" section. Their biggest asset in this field is that the cards are in Spanish, and that a lot of them are Guatemalan in theme. As you can see by looking at their [ecard page](#), you have a wide selection of Guatemalan pictures that you can use in your card. Their image archive is not limited to Guatemalan cards, though. The categories for their cards are: Guatemala, Birthdays, Anniversaries, Love, Friendship, Mother's Day, and Thanks.

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Complaints

If you're having a bad day, or you just having nothing better to do, you can go to Deguate.com's [complaint page](#), where people just complain about anything they feel like complaining about. There you will find people pouring out their hearts in misery -- misery loves company.

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Web Business

Deguate.com's WebBusiness service is the company's biggest asset to Guatemalan e-commerce. This service seeks to give existing Guatemalan companies the opportunity to make their presence known on the web. Deguate.com's WebBusiness service is not just a mass-marketing tool, however. It encourages companies to

offer their products and services to precisely those people that want their products and services. If your company is registered with the WebBusiness service, people looking for the product or service you offer can find out about your product and service straight from the web - and compare it to the competitors, in an effective and efficient manner.

The different WebBusiness hosting packages you can buy are:

NOTE: The prices mentioned below are February prices, and are no longer exact (however, they do give a basic idea of the price Guatemalan companies can pay for web presence). Deguate.com is changing it's strategy of eCommerce, in the next months, however. From what we gather they will no longer offer the WebBusiness services (Mail, Template, etc.), and will only offer the e-Packages below.

WebBusiness Mail (\$49.95 a year):

- Link to your website
- Presence in 1 product category
- Bi-monthly direct marketing email

WebBusiness Template (\$99.95 a year):

- Internet address: www.deguate.com/mycompany
- Real time marketing: when a business is looking for your product, you find out immediately.
- 1 email account
- 5 pre-designed webpages (main page, products and services, location, faq, contact info)
- 500 publications of your banner add on deguate.com
- Presence in 5 products and categories
- Auto-responding emails
- Statistics for your website
- Registration of your site on all the major search engines
- Link to your website
- Bi-monthly direct marketing email
- Daily Backup of your site

WebBusiness Basic (\$99.95 a year)

- Internet address: www.deguate.com/mycompany
- Real time marketing: when a business is looking for your product, you find out immediately.
- 1 email account
- 5 MB on the deguate.com servers to host your webpages (without design)
- 1000 publications of your banner add on deguate.com
- Presence in 5 products and categories
- FTP Access to your website
- Auto-responding emails
- Statistics for your website
- Registration of your site on all the major search engines
- Link to your website
- Bi-monthly direct marketing email
- Daily Backup of your site
- Optional (\$25): Your own domain instead of www.deguate.com/mycompany

WebBusiness Plus (\$199.95 a year)

- Own Domain: www.mycompany.com
- Real time marketing: when a business is looking for your product, you find out immediately.
- 10 email accounts (something@mycompany.com)
- 25 MB on the deguate.com servers to host your webpages (without design)
- 2000 publications of your banner add on deguate.com
- Presence in 8 products and categories
- FTP Access to your website
- Auto-responding emails
- Statistics for your website
- Registration of your site on all the major search engines

Link to your website
Bi-monthly direct marketing email
Daily Backup of your site

WebBusiness Gold (\$499.95 a year)

Own Domain: www.mycompany.com
Real time marketing: when a business is looking for your product, you find out immediately.
Unlimited email accounts (something@mycompany.com)
150 MB on the deguate.com servers to host your webpages (without design)
5000 publications of your banner add on deguate.com
Presence in 10 products and categories
Control Panel to administrate your site easily
Virtual Server Technology
Dedicated IP address
6 GB of data transfer a month
Front Page Extensions
CGI-BIN support
FTP Access to your website
Auto-responding emails
Statistics for your website
Registration of your site on all the major search engines
Link to your website
Bi-monthly direct marketing email
Daily Backup of your site

There are also WebBusiness packages focused on a company's need:

e-Marketing Package

This product is geared towards marketing your product in Gautemala. It:

Promotes your company with a website
Presents your products and services
Offers visitors to your site a way to communicate with you
Offers a news service that distributes company news efficiently
Offers subscriber administration services
Offers real time marketing, by notifying you when a costumer is looking for your product
Publishes your company on the major search engines
Establishes your trademark through banner adds.

e-Commerce Package

This product is geared towards selling your product online. It:

Promotes your company with a website
Electronic Catalogue of products and services
Offers online transactions to sell your product
Offers effective ways to show people your business location
Offers real time marketing, by notifying you when a costumer is looking for your product
Publishes your company on the major search engines
Offers up to a 70% discount on DHL Worldwide Express exporting services.
Establishes your trademark through banner adds.

e-Trade Package:

This product is geared towards exporting your product to the rest of the world. It:

Promotes your company with a website
Presents your products and services
Offers visitor to your site a way to communicate with you

Offers a news service that distributes company news efficiently
Offers services to promote your product internationally - to over 2 million merchants in 144 countries
Offers services to find cheaper international providers of the product you sell
Offers real time marketing, by notifying you when a customer is looking for your product
Publishes your company on the major search engines
Subscribes you to the major global communities of e-Traders

e-Organization Package

This product is geared towards organizations, not businesses. It allows organizations to have a presence on the web. It:

Promotes your organization with a website
Promotes the work of your organization through the deguate.com portal
Offers visitor to your site a way to communicate with you
Offers a news service that distributes company news efficiently
Publishes your organization on the major search engines
e-Card Package
This product is geared towards very low budget companies that can't afford a website, but can afford a sort of "Business Card" presence on the web
Promotes your company with a webpage
Presents your products and services
Offers real time marketing, by notifying you when a customer is looking for your product
Publishes your company on the major search engines
Establishes your trademark through banner ads.

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Web Design

Deguate.com offers website design at a comparatively low cost. It has guidelines for its webpage design: offers what it promises, loads quickly, information is easy to find, is updated frequently, offers user interaction.

The prices for web design are the following (again, these prices are February prices, and may have been modified):

Webpage creation (no more than three images):

\$19.95 each page from 1 to 10 pages
\$14.95 each page after 10 pages

Website Design:

\$100 per site.

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Domain Registration:

Deguate.com offers a service to register domain names. You have various registration options:
Internic (USA i.e. www.mycompany.com) for \$35 a year
Concyt (Guatemala - i.e. www.mycompany.com.gt) for \$130 for two years.
Any other (.us, .fr, .uk, etc.) - price varies, must email ventas@deguate.com

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International WebBusiness

This service is currently not available, but will be soon. Deguate.com plans to offer customers publicity in over

300 international business bulletin boards, be a part of an international virtual mall, with international credit card support that transfers directly to your Guatemalan bank account.

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Sources:

1. Deguate.com. (www.deguate.com)
2. [Email from Deguate.com](#)

Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)



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Analysis

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Dequate.com is in a key instrument in the Internet story of Guatemala. Right now, Guatemalan businesses are starting to realize the importance and potential of the Internet for their business, and the Guatemalan middle and upper-class is finding that the Internet provides a simple means of access to information that otherwise takes great pains to gather.

Competition

Dequate.com faces competition in its e-Commerce solutions and its portal -- the two major services offered by the company.

As far as e-Commerce goes, there are about 25 companies in Guatemala that offer website creation and e-Commerce solutions. Among the biggest (with millions of investment dollars) are [Terra](#) and [Convergence Communications](#). Dequate.com, however, has an edge on the competition for two reasons: they offer the best prices (check out their [services](#) to see for yourself), and they provide the full support of their portal to all companies using their service (people navigating through the portal stumble upon the company), as well as [Real Time Business](#) to generate more traffic to their site.

Dequate.com offers services for the external market as well. They have made a strategic alliance with DHL to give clients a 70% discount on sending products around the world. However, even with this discount, sending products to other countries raises the cost of the product considerably, which makes it difficult to compete at an international level. The lowest price that companies using Dequate.com's services get on sending packages with DHL is \$15/Kg; In general, the prices of products that weigh up to 1Kg are between \$5 and \$25, which means that Dequate.com's clients must sell their product at significantly higher prices to reap a profit.

As for portal competition, other portals exist (such as [Guatemala](#), [Guatemala Information Center](#), and [Chapines Online](#) - the latter is actually more like a webring), but none as big as Dequate.com's (except [Terra](#), the heavily invested portal). The portal, despite having practically no advertising, has become widely accepted in Guatemala as a source of information, and Dequate.com itself has received immense quantities of information from companies and people who eagerly contribute to the portal, making the website a place to find information that you can't find anywhere else on the web. Just recently Dequate.com received over 1GB of information on History and Geography of Guatemala from companies, information which will soon be updated on the site.

The competition, is growing. Terra has almost 20 people working full time on their site (compared to 2 at Dequate), and, as a result, produce content at a faster rate than Dequate.com. Nevertheless, Dequate has already formulated a plan, which it will soon impliment, with the goal to reverse this situation.

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Strategy

Deguate.com plans to develop an electronic directory of Guatemala. This internet-based directory includes a new system of electronic commerce which provides quality web presence, as well as access to every type of information a Guatemalan could possibly want.

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Core Competence

The [core competence](#) of Deguate.com is its easy, low-cost communication for businesses. It's unanticipated product is its ability to send mass e-mail inquiries to all companies under one e-directory category ([Real Time Marketing](#)).

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Newness Map

Some of Deguate.com's products are new to the Guatemalan market, and some are improvements to an existing product. This [newness map](#) gives a better idea of where the company stands.

High	Deguate.com's <i>Portal and Directory</i>		Deguate.com's <i>Real Time Marketing</i>
Newness to firm			
Low		Low	Newness to Market
			High

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Opportunity Risk Map

Because Deguate.com is one of the first portals in Guatemala, and because it's [Real Time Marketing](#) product is so new to the country, it was extremely important for Deguate.com to get their product out quickly (High Opportunity Cost) and to get it right the first time, lest the Guatemalan public get annoyed with their product and never use the site's services again (High Development Risk). This [Opportunity Risk Map](#) demonstrates what it looks like:

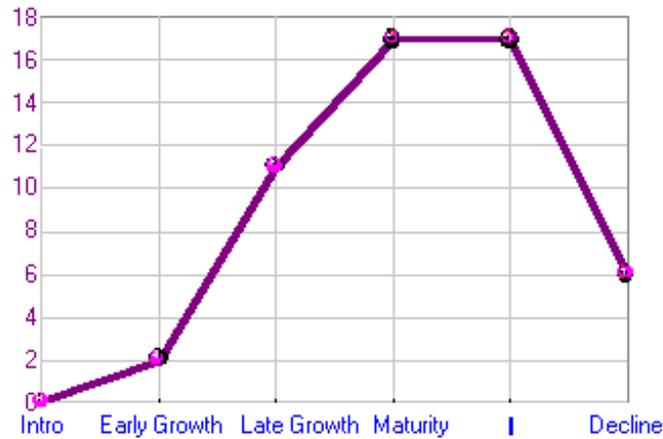
High			<i>Deguate.com</i>
Opportunity cost (the cost of being late to a fast growing market)			
Low	Low	Development Risk (The risk of producing the wrong product for the market)	High

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Product Life Cycle

In the Chart of a product's [life cycle](#), Deguate.com is in the Early Growth Stage. They were introduced to the market about one year ago, and are growing (in visits and subscribers) at a rate of about 20% a month.

Product Life Cycle Chart



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Marketing Strategy

Deguate.com's [marketing strategy](#) comprises of the following:

Market selection: there exist about 300,000 Guatemalan Internet users living outside of Guatemala, and another 300,000 Internet users in the country at the moment. Deguate's content and services are geared towards both groups.

Product planning: its web services, such as hosting, web page design, and tech-support for any site related difficulties. The abundance of other ads also gives registered companies an opportunity to look up other companies in Deguate.com for business.

Pricing: Deguate.com's pricing structure is set up in such a way that even small businesses can benefit from their [services](#). Ranging from \$15 to \$20 for web page design, \$100 for designing an entire website, and between \$50 and \$500 a year for their WebBusiness services, Deguate's services are affordable to a large variety of businesses.

Distribution: channels are available through the website itself and through registered companies' own web pages.

Market communications:

- *Positioning:* Deguate.com is a web content provider with a new concept. They are committed to developing better web accessibility for each client, and maintaining the technological success of each page with the larger goal of creating a Guatemalan electronic directory in mind.
- *Selling:* Companies can sell on the website as well as through their own company (whose directions, such as phone number, fax number and address, are provided through Deguate.com's company directory)
- *Promotion:* promotion is done on Deguate.com under the [Negocios](#) site through a large info-center, as well as a Web-business specific site.
- *Support:* Deguate.com provides 24-hour, 7days/wk service to registered clients

Sales Strategies: Team selling. Deguate.com itself is small, but its web presence is fairly large and its sales appeal to multiple disciplines.

Putting the Service Profit Chain to work: Deguate.com's company statement, as well as its offered services have the overarching goal of providing service and underscoring communication, which promotes customer confidence and loyalty to the company.

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Publicity

Deguate.com has done very little publicity, mostly due to lack of funds. They made a deal with [Siglo XXI](#) (the second largest newspaper in the country) and received the right to 4 color newspaper inserts. The Deguate team is also doing some editing for an Internet magazine put out by Sigle XXI, and receiving, for its services, the right to 1 full page ad everytime the magazine is published (once every two months). They are currently finding other strategies to promote their company, but these strategies are not yet public information, so we cannot mention them.

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Obstacles

Deguate.com faces 4 major obstacles.

1. *Extremely small budget.* They have very little money to work with to increase their advertising, content production, etc.
2. *Non-existent service culture in the country.* In general, most Guatemalan companies don't have a concept of putting the client first - they make the clients come to them and really don't care all that much if they loose a client.
This phenomenon could be seen when we tried out their [Real Time Marketing](#) service. We filled out a form that sent an email to all the computer stores in the Deguate business directory, asking for a quote on a 30 GB hard drive. Out of the dozens of stores that received the request, only 4 responded. The Deguate.com team is constantly fighting businesses' refusal to find clients through email. People don't want to cooperate because they think it's too much work to answer emails, and are happy with getting clients the old way. This, however, is changing little by little. Tourist agencies, especially, are taking full advantage of this service, and are willing to go the extra mile to find customers.
3. *Companies not recognizing the benefits that the Internet can bring them.* Many companies do not want to invest in a web presence because they don't think it will actually help their business. The Deguate.com team consistantly tries to educate businesses about the immense potential inherent in a web presence.
4. *Lack of personnel.* Mainly because of their lack of funding, Deguate.com doesn't have enough programmers and sales representatives to grow as fast as they could.

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What's next?

Deguate.com is on the right track. They are working on ways to increase their popularity among Guatemalans, and hope that two years from now they will receive more visits than Terra, be known throughout all of Guatemala, and be bigger players in the eCommerce solution for Guatemalan businesses. They hope to grow from 4 people to 10 people in the next two years.

We think that Deguate.com can make major contributions to Guatemala's economy. It offers information that is useful to Guatemalans all around the globe, and extensive e-services, which benefit local businesses tremendously in terms of advertising and accesibility. The Deguate.com team is highly capable and performs to the best of their abilities. We are confident that with the increase of Internet users in this country, www.deguate.com will become a website that is a part of many Guatemalans' every day life.

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Sources:

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2. [Email from Deguate.com](#)
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Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)

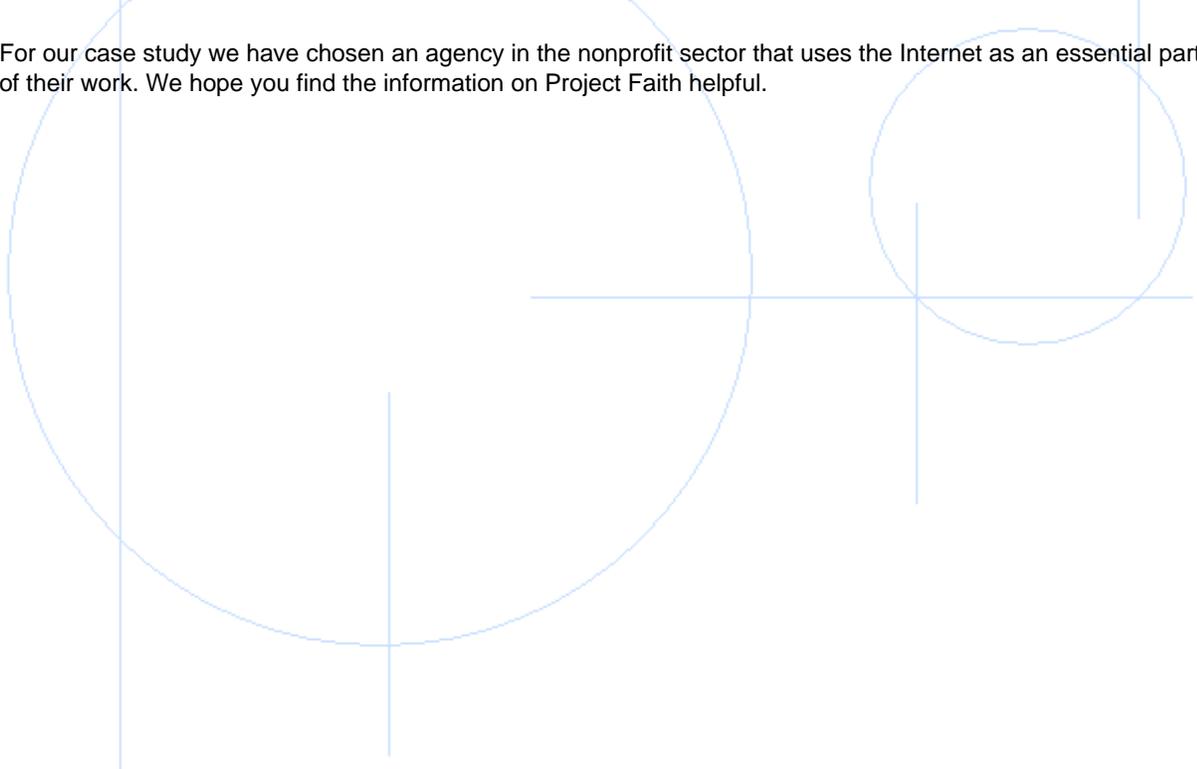


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Non-Profit

Guatemalan nonprofit organizations are using the Internet to increase their impact opportunities. Organizations take advantage of the Internet in a variety of ways, from simply using their web presence to make the world aware of their cause ([Foundation for Human Rights in Guatemala](#)) to requesting donations for their cause ([ACPCS](#)) to actually incorporating the Internet as an essential part of their cause ([Project Faith](#)).

For our case study we have chosen an agency in the nonprofit sector that uses the Internet as an essential part of their work. We hope you find the information on Project Faith helpful.



Questions or Comments: email Benjamin Sywulka (libertad@stanford.edu)



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Project Faith

Project Faith and Planet Outreach take a drastically new approach regarding non-profit organizations in Guatemala. They are putting technology in the hands of people who would never have the opportunity otherwise. While this is an entirely new concept in Guatemala, it has been tried in other developing nations with, at best, moderate degrees of success. The projects' success in San Pedro, Guatemala depend on many factors, but the current outlooks are optimistic. As two of the few programs that encourage the least privileged members of the population to take advantage of technology's rich opportunities, Project Faith and Planet Outreach have the potential to revolutionize the current socioeconomic system, perhaps even turn it upside-down. Regardless, the two organizations set a precedent that won't be forgotten. Technology and the Internet belong in everyone's hands, not just those of the rich.

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Overview

Two of the most innovative non-profit efforts to bridge the digital chasm in Guatemala are Project Faith (Proyecto Fe) and spin-off Planet Outreach. Both organizations are based in San Pedro la Laguna and seek to benefit the local community.

Project Faith is a volunteer organization committed to helping the Bethel School (Colegio Bethel), its students and their families. The k-9 private school is the grass-roots effort of local pastor Emilio Battz. In the 1989, Battz started the small Christian school to provide local children with a quality education. Since then, it has grown tremendously and currently resides in a newly completed four-story schoolhouse. 400 students now attend the Bethel School.

Project Faith encompasses a number of initiatives to help the Bethel School. The technology component began as the individual effort of Karin Stahl, one of the founding members of eBay and currently the executive director of its philanthropic branch. What started as a small technology transfer project to introduce students to computers has blossomed into small network that goes beyond the school into the community at large. Currently, students learn about computers during school hours and voluntarily afterwards. When they graduate from the Bethel School, they leave with three years of valuable computer training in basic computer applications such as Windows, word processing and spreadsheets.

Stahl has brought a team of skilled volunteers from the United States to San Pedro every year since 1998 to train teachers on computers as part of Project Faith. eBay has donated virtually all equipment that the volunteer teams have taken to Guatemala. The company become an official sponsor of Project Faith last month. Currently, Project Faith has three committed staff members and numerous part-time volunteers who serve as consultants and trip trainers.

The technology aspect of Project Faith has developed extensively enough that eBay overseers decided to spawn Planet Outreach, a non-profit organization that will make technology available to all members of the San Pedro community as well as generate revenue to offset the Bethel School's expenses via a technology access center (telecenter). Planet Outreach is in its incipient stages right now, but is poised to benefit the community immediately by providing numerous services.

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Context

San Pedro la Laguna is a rural community in the Guatemalan highlands on the edge of lake Atitlan, about 90km from Guatemala City. The population of 12,000 is almost entirely of indigenous descent, tracing back to the ancient Mayans. Consequently, the main language spoken is indigenous Tzutujil. There is a high rate of illiteracy and most residents do not speak Spanish and even fewer (<0.5%) speak English. Children make up the majority of the population with six to eight children per household.

Much of the local population lives in poverty. The following picture portrayed in Time Magazine describes the situation well: "Many live in adobe or bamboo huts, four or more to a bed, with no running water, no telephones, and limited electricity. They share outhouses with neighboring families and bathe in the lake." Health and medical conditions are also poor.

Agriculture is the village's main source of income. The average daily wage for a farmer is 20 quetzales or US\$2.60 a day. The main crops are cotton, coffee and corn.

While farming generates the majority of revenue for the village, tourism is on the rise, which raises hope for the success of Planet Outreach's business unit. With an influx of tourists, customers of the cybercafe will purchase more goods and services, generating income. This may be a mixed blessing, however, as the tourists threaten to taint native culture and tradition with Western ideals. For example, it still comes as a shock to local San Pedrans seeing Western women immodestly clad in tight fitting tube tops and similar clothing when the traditional attire for indigenous women resembles a heavy cloak. Tourism, far more than technology, is a challenge to cultural preservation efforts.

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Technology

As far as current technology goes, the Bethel school has 29 computers, all donated. The quality varies, and not all the computers are working at any one time, but 10 of these are newly donated laptops, which are networked and already in use by the children. Internet access is currently dependent on a slow, expensive cellular service and in use only by administrators for communication with the US.

Securing inexpensive, reliable Internet access has been a bit of a problem. First off, getting reliable power has proved an issue, as the power often dies without warning. Solar cells are one possibility, but for the moment the laptops serve as an extra layer of protection. Landlines are few and far between - Project Faith's head technology person, Ron Sackman, cited political issues as the main obstacles to using them. Both digital and analog cellular are available, but with a speed of 9600 baud and per-minute charges, neither are a viable option for school or cybercafe access. A much better option is satellite, which is \$6,000 to setup, \$200 per month, and has an estimated bandwidth from 182kpbs to 48Mbps. The specific speed is hard to estimate. Though the transmission goes through a satellite which can handle 48Mbps, it is shared with everyone else on that company services, making speed highly variable. Also, as the signal travels to a geosynchronous satellite 48,000 miles above the earth, even at light speed, there is a 800-2000 millisecond delay. However, this should provide adequate bandwidth and responsiveness both for the students at Bethel and for the planned cybercafe.

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Project Plan and Business Model

The two main legs of Project Faith are school expense fundraising and technology utilization. The former concerns raising funds to subsidize the school and its constituents. In order to keep tuition as low as possible, the Bethel school is forced to pay its teachers a fraction of the average national schoolteacher wage. At the

same time, many students' families have difficulty paying the tuition of 25 quetzales (\$3.25) a month for the elementary school or 40 quetzales (\$5.20) for junior high. Therefore, donations are sought to offset these costs. The Student Tuition program, Teacher Endowment Program, and Scholarship program all raise money to help students, teachers and recent graduates who are strapped financially in the current system.

Planet Outreach however, may eventually render fundraising completely unnecessary. Formerly the "Cybercafe" program of Project Faith, Planet Outreach incorporates much of Project Faith's former technology branches. Since the projects are in a transitional stage right now, resources are in the process of being reallocated, but many plans are in place to maximize the potential of a telecenter. Volunteers are currently working on having a technology access center operational by June of 2001. This telecenter will provide a number of services for the local community while simultaneously helping the Bethel School.

The telecenter will serve as a cybercafe for tourists visiting the San Pedro area. While there are cybercafes in other villages in the area, this will be the first in San Pedro, and with the growth of tourism in the village, the telecenter stands to benefit handsomely from generous tourists. To further take advantage of increasing tourism, the cybercafe will offer local goods such as coffee and traditional garments. The revenues earned from charging tourists for goods and internet use will be transferred to the Bethel School.

Telemedicine is another goal on the horizon for Planet Outreach. A pediatrician and a local care provider in San Pedro have offered their services to help patients and train midwives. Using the latest medical information made available at the telecenter via the World Wide Web and the help of local experts, medical personnel can be trained to attend to the poor health of citizens throughout the community. A program is in the works to make this vision a reality.

With the sponsorship of eBay, the world's leader in online auctions, the long term goal of selling local artwork and crafts over the Internet is perhaps within sight. At present, "cayotes," or corrupt middlemen, take advantage of child ridden or transportation-less women, purchasing their handcrafted art and garments for a fraction of the price they sell them to tourists in Guatemala City. But with internet access provided by the telecenter and help from e-commerce savvy volunteers such as Stahl, San Pedro craftspeople may one day be capable of selling their own goods on eBay, putting them on more equal footing with Web users in developed countries. Stahl has already listed and sold San Pedran goods on eBay. She hopes to establish a program to train local residents to be entrepreneurs themselves, and in doing so, help the whole community by fostering local businesses.

While the majority of costs incurred by Project Faith have been paid for by the generosity of individuals and charitable organizations, the ultimate goal is to have the project pay entirely for itself. By selling native goods and charging for cybercafe usage, this objective will hopefully become reality. Stahl estimates that the telecenter will generate positive income in three to four years and become self-sufficient in five after an initial investment by eBay. The estimated cost to implement Planet Outreach is \$100,000 with

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Challenges

There are a number of challenges facing Project Faith at the present. First of all, there are the issues surrounding putting technology in a rural setting. Landlines are hard to come by due to both political and practical considerations. Cellular service, both digital and analog, is slow and expensive. The solution the Project Faith has decided on is satellite service which costs \$200US a month and allows around 182kbps. Also, power is a concern since storms will often bring down power lines and cut power to San Pedro. The Project Faith team is currently checking out solar power as an alternative energy source and has started using more laptops, which are less vulnerable due to their on-board battery. In addition, there are political barriers. Non-profit status has helped them with donations and they have the support of some government officials, but there are still large roadblocks getting equipment through customs, leading to month-long delays. Also, the general political situation is on uneven footing, making long-term planning difficult. Language can also be a barrier. Most students are taught Spanish in school, but there are many locals who speak only their native Mayan tongue, introducing another barrier to access.

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Success and Assessment

Although Project Faith and Planet Outreach have only been active for a relatively short time, their presence has definitely had a positive effect on the Bethel School and San Pedro. While there hasn't been much concrete data collected on the exact consequences of the programs, many results have been very encouraging. The Bethel School graduates 95% of its entering students. Given the fact that only 56% of Guatemalans in general reach the 9th grade, this statistic is very impressive. Bethel students consistently score higher on tests than their counterparts at other local schools. On account of this, some students have given up the perks of rival private schools (such as free lunch - not offered at Bethel), to receive a stronger education at Bethel.

The success of Project Faith and its efforts with the school can be measured to some extent by the quality and success of its graduates. Many who can afford higher education go on to larger cities and join the top ranks of their classes. One graduate, David G., came back to Bethel to teach after receiving higher education elsewhere. "It has taught me many things and now I want to give back to the school and children," he says (Project Faith website). He enjoys teaching at Bethel and appreciates the creative, supportive environment. Another graduate is working on her own Internet café start-up in San Pedro. As the owner of one of the few phone lines in town, her family has decided to give back to the community by making it available to everyone.

Although Project Outreach is still in its nascent stages, there have been a few glimpses of the positive change it will eventually bring to the San Pedro community. Karin Stahl has helped San Pedrans put up their traditional Guatemalan arts and crafts for sale on eBay. One artist earned \$700 for paintings Stahl had helped him sell on eBay. The money made it possible for him to construct a kitchen and new bedroom for his son. In time, with training and organization, many artisans in the San Pedro community will reap the benefits of e-commerce and improve their economic situations. The telemedicine program has also made inroads. Some midwives are in the training process and a system is being developed to train more. Needless to say, the potential of Planet Outreach is enormous. With the devoted efforts of Stahl and members of the San Pedro community, there is a strong chance that it will become reality.

One of the less tangible, but most significant effects of Project Faith and Planet Outreach is the affirmation of self-worth and confidence for San Pedrans. The indigenous population in Guatemala has been marginalized ever since colonizers first stepped foot in the region. They have historically been viewed as second class citizens as they are empirically less educated and affluent. Project Faith and Planet Outreach, however, empower them by giving them many of the same opportunities that wealthier members of the Ladino (Hispanic descent) population have. By providing encouragement and training them to utilize technology, the projects are opening doors to higher paying jobs and careers. With training and experience in technology, a new world of possibilities, previously available only to the rich, is now available to the underserved indigenous people. Educating Bethel students at a young age reinforces these concepts of empowerment and self-confidence early so that the ideas stay with them all their lives.

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What this means for Guatemala

While there has been much skepticism of late regarding the sensibility of providing technology to communities where even the most basic necessities such as electricity and running water are in short supply (most notably by Bill Gates), Project Faith and Planet Outreach demonstrate to some extent that technology can benefit the underprivileged in the developing world. By providing access to the World Wide Web, valuable information and services can improve lives. E-commerce can pull the downtrodden out of poverty. Telemedicine could potentially stem disease and save lives. Even charging for web services can generate revenue for the community. In addition, educating students and adults about technology gives them the tools to carve out a future for themselves in the information age. This empowerment is invaluable, especially given the lack of opportunities for many in communities such as San Pedro.

Although it is too early to say how much of this enormous potential can actually be achieved, current progress gives reason for optimism. Planet Outreach's telecenter should be open to the public in just a few months. Meanwhile, e-commerce and telemedicine efforts have already born some fruit. On the educational forefront, technology training in the Bethel School has made computers a part of everyday life for students and has already prepared many for life beyond 9th grade. While much more can be concluded in 5 years time, the outlook is very promising and even the current results have benefited San Pedro a great deal.

Beyond San Pedro la Laguna, Guatemala on the whole stands to benefit from this initiative and others like it. A long-term objective of Planet Outreach is to wire neighboring villages to computers and the internet. The 20 mile radius of the intended wireless connection enables towns in the immediate vicinity to hook up to the World Wide Web. Karin Stahl hopes to put telecenters in Mayan villages across the Guatemalan highlands each tailored to the individual community but with the same humanitarian goals in mind. If successful, these long term plans could truly revolutionize rural indigenous life in Guatemala, finally bringing prosperity that has been missing for so long. Even if these ambitious plans don't pan out, however, Planet Outreach has set a very impressive precedent for future initiatives to follow. With enough time and devotion on the part of caring individuals, Guatemala's rural landscape will eventually be transformed so as to embrace technology and the Internet.

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Business Inquiry Service

We sent e-mail inquiries for prices and services to textile companies and travel companies to see what kind of information they would return to us. The large majority of our e-mail returns came from travel companies, presumably because we appeared to be likely customers to them. Our e-mail to the travel companies, sent through the Deguate.com designed site, looked like this:

Subject: Solicitud de informacisn. Un servicio de Web-business (deguate.com)

Estimados seqores:

<----->

Viaje a Tikal. Cuanto me costaria un paquete a Tikal desde la capital para 14 personas, viajando el 24 de marzo, y regresando el 25 de marzo?

<----->

Benjamin Sywulka
Stanford University
sywulka@stanford.edu
telefono:650-497-4835
fax:
Favor de responder por Email

We received replies in English and in Spanish. A typical English response gave information on expenses, travel times, etc, for example, Adventure Travel Center said:

ATCW05 - Tikal Adventure** - Daily at 4.30am from Antigua, 5.15am from Guate City - \$169 (propeller) or \$185 (jet) per person, double, minimum of 2 (single room \$13 extra) Day 1 : Fly to Flores and drive to Tikal National Park. Fully guided walking tour of Tikal, including lunch. Afternoon visit to the site museum. Overnight at the Jungle Lodge, at the entrance to the ruins Day 2 : Breakfast. Free time at Tikal until 2.00pm, when you'll transfer back to Flores for the return flight and shuttle transfer to Antigua (Note: ** ATC also offers a selection of slightly more expensive but much more comprehensive FITs to Tikal &/or Flores)

Beth Lake
Adventure Travel Center
5ta. Avenida Norte #25 B, El Arco
Antigua Guatemala
Phone : (502) 832-0162
Fax : (502) 832-1540
E-Mail : viareal@guate.net
Web Page : www.adventravelguatemala.com (under construction)

Spanish replies were no different:

He recibido la solicitud de cotizacisn para el viaje a Tikal con fecha 24 de marzo. Tengo entendido que son 14 personas que desean disfrutar el viaje. A continuacisn le envmo la tarifa de dos paquetes a Tikal, uno por un dma y el otro por dos dmas una noche, para que evalze las alternativas. El precio es por persona.

PAQUETE PARA VIAJE A TIKAL
Incluye:
Traslado aereo Guatemala - Flores - Guatemala
Desayuno continental a bordo del avispn
Recibimiento y traslado Aeropuerto - Tikal - Aeropuerto

Entrada al Parque Tikal (donde estan las ruinas)
Guma especializada



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Hola Benji, aquí te mando las estadísticas, acabo de pasar nuestra base de datos a excel para darte nuestros datos más recientes:

A. USUARIOS DE INTERNET EN GUATEMALA.

Según NUA Internet Surveys (www.nua.com) en abril del 2,000 existían en Guatemala 65,000 usuarios de internet. Según los cálculos que nosotros hemos hecho, este cálculo es correcto si lo tomas como 65,000 CUENTAS DE ACCESO y no como usuarios: 65,000 usuarios es un número ridículo, solamente Intelnet (la empresa líder) tiene más de 50,000 CUENTAS.

Considerando que cada CUENTA es utilizada por más de una persona, con un promedio conservador de 3 personas por CUENTA, estaríamos hablando de 195,000 usuarios de internet en abril del 2,000.

Nuestras estimaciones de acuerdo al número de cuentas que existen actualmente (aprox 90,000) multiplicado por 3 nos dan un estimado de 270,000 USUARIOS de internet actualmente. Creo que este número es bastante real e incluso podría quedarse corto, si consideras a tantas personas que se conectan en empresas y cafés internet. En mi casa somos 6 personas quienes nos conectamos todos los días...

En porcentaje, esto te da 2.4% de la población (11,5 millones) y un aumento de casi 40% en el pasado año.

B. PERFIL DE LOS USUARIOS GUATEMALTECOS

El siguiente perfil está basado en nuestros usuarios suscriptores (usuarios que se han registrado en nuestro "directorio chapín").

1. Sexo:

- Hombres: 67,3%
- Mujeres: 32,7%

2. Estado civil:

- Solteros: 64,6%
- Casados: 23,3%
- Divorciados: 8,3%
- Separados: 2,7%
- Viudos: 1,3%

3. Edades:

- Menos de 15: 5,1%
- De 15 a 19: 14,6%
- De 20 a 24: 20,2%
- De 25 a 29: 19,7%
- De 30 a 34: 15,3%
- De 35 a 39: 12,4%
- De 40 a 44: 5,8%

- De 45 en adelante: 6,9%

4. Nivel de ingresos anuales:

- Menos de Q25,000: 9,8%

- De Q25,000 a Q50,000: 14,9%

- De Q50,000 a Q75,000: 16,4%

- De Q75,000 a Q100,000: 16,2%

- De Q100,000 a Q150,000: 15,7%

- De Q150,000 a Q200,000: 13,0%

- De Q200,000 a Q300,000: 8,5%

- De Q300,000 a Q500,000: 4,1%

- Más de Q500,000 anuales: 1,4%

C. INFORMACION DE DEGUATE.COM

1. Cuando comenzaron donde consiguieron su financiamiento?

Comenzamos este proyecto en agosto de 1,999 y lo lanzamos el 02 de agosto del 2,000 durante la convención de informática anual. Todo el financiamiento ha sido puesto por nosotros, primero entre mi socio y yo juntamos Q4,000 (+/- \$550) para que nos hicieran un prestamo por Q20,000 (+/- \$2,650) con el que constituimos legalmente la empresa, etc. Posteriormente se juntaron 2 socios más, uno industrial (solo aporta trabajo) y uno que también aportó Q15,000 (+/- \$2000).

2. Quien esta invirtiendo en deguate.com?

Unicamente nosotros. El mercado tan pequeño y ahora el crash de las DOT.COM no han impedido buscar exitosamente un VC o un Angel que nos apoye financieramente. No nos hemos esforzado mucho por encontrar uno, realmente estamos claros que perderíamos demasiado tiempo en encontrarlo y hemos decidido hacer esta aventura con nuestros propios medios, aunque tengamos que sufrir mucho en un principio...

3. Cuanto tiempo lleva el sitio?

Lo lanzamos oficialmente en agosto del 2,000 aunque ha estado al aire desde mediados de abril del año pasado, pero sin publicidad de ningún tipo...

4. Como planean ganar dinero?

A través de un sistema de e-Business que aún estamos implementando y que tiene como fin darle a las empresas guatemaltecas oportunidades de negocios en tiempo real. Es el mismo sistema que el que tanto éxito le ha dado en los USA a RESPOND.COM (aunque nosotros creamos este concepto a principios de 1998, pero ellos ya son millonarios y nosotros no vamos a serlo jamás!)

Aparte, ofrecemos soluciones de e-Marketing, e-Commerce, e-Trade, etc...

5. Quienes son sus competidores?

En el ramo de creación de páginas y de e-Commerce, existen al menos 25 empresas que se dedican a esto en Guatemala. Entre las más grandes (con millones de \$ en capital) están Terra y Convergence Communications.

En el ramo de portal, no hay otros portales guatemaltecos grandes excepto Terra que es un monstruo!

6. Como se comparan con sus competidores?

En cuanto a las soluciones de e-commerce que ofrecemos para empresas que desean atender al mercado local, sin duda somos la mejor opción pues brindamos a nuestros clientes todo el soporte que nuestro portal puede brindarles para generar mayor tráfico a sus sitios y transmitirles oportunidades de negocios. Tenemos también los mejores precios en la industria aunque no lo utilizamos como argumento de venta para no vermos como "barateros" = "mala calidad"...

En cuanto a soluciones para atender mercados externos, estamos igual que el resto, aunque hemos ido más allá con una alianza estratégica con DHL para ofrecer tarifas de manejo y envío descontadas hasta en 70% para nuestros clientes. Sin embargo, aun con este descuento, las tarifas de envío desde Guatemala al resto del mundo encarecen demasiado los productos por lo que es demasiado competir a nivel internacional. La tarifa mínima de envío que DHL da a nuestros clientes es de \$15 por Kg y por lo general los precios de los productos que pesan hasta 1 Kg están entre \$5 - \$25...

En cuanto al portal, estamos muy satisfechos con la evolución del mismo, ya que a pesar que tenemos un presupuesto casi nulo en publicidad y que nuestro contenido aún es muy pobre, hemos logrado gran aceptación entre los usuarios y hemos conseguido durante las ultimas semanas excelentes tratos con empresas y personas que nos han dado inmensas cantidades de información para publicar que nadie más tiene (i.e. Más de 1000 MegaBytes de Historia & Geografía de Guatemala).

7. Cuanto estan creciendo?

En terminos de visitas, estamos creciendo a un ritmo de 20% mensual

8. Es deguate.com una compania en si, o son parte de una compania mas grande?

Es una mini empresa. Ni siquiera tenemos oficinas... pero las tendremos a finales de este mes!!!! :)

9. Cuantas companias tienen usando su servicio de publicidad (banners, etc.)?

Nuestro enfoque no son los banners... éstos los regalamos a nuestros clientes para generar tráfico a sus sitios. Cada uno de nuestros clientes recibe una cantidad "x" de impresiones de su banner en nuestro sitio, dependiendo del servicio que adquiere.

Al expirar sus "x" impresiones, vendemos el millar de impresiones a \$5 por millar de veces que aparece

en pantalla.

Telefónica patrocina nuestro motor de búsqueda por lo que hacen un pago trimestral más alto por ser la única empresa que aparece en nuestro buscador.

En cuanto a clientes, tenemos poco más de 60.

10. Cual de los formatos de banner es mas efectivo?

No tenemos información comparativa sobre tipos de banners. El que vendemos es de 468x60 pixels que es el tamaño estándar en internet.

11. Cuantas companias estan usando su servicio de WebBusiness

En el sistema actual hay aprox. 1,800 empresas. En la versión mejorada que vamos a publicar pronto, habrán más de 4,000.

12. Cuantas personas estan usando el servicio gratis de paginas personales?

Hay más de 300 cuentas creadas.

13. Ofrecen email gratis? (no lo pude encontrar)

Está en proyecto. No lo tenemos aun por su costo (\$3,000 mensuales!!!). Por ello estamos buscando un patrocinador para ofrecerlo...

14. Cuantos hits reciben por dia al sitio?

Primero, quizás deba explicarte que un hit es una medida que muchas personas que venden publicidad en internet utilizan para confundir a la gente. Una pagina puede generar varios hits aunque sea visitada unicamente una vez, ya que cada imagen, link, etc... son considerados hits... o sea que si una pagina tiene varias imagenes, genera varios hits cada vez que es visitada! En hits tenemos varios millones de hits diarios!!!

En visitas, en febrero sobrepasamos las 100,000 mensuales, y en marzo estamos logrando entre 3,500 - 4,500 visitas diarias por lo que calculo que tendremos +/- 120,000 visitas en marzo. Nuestro objetivo es lograr 1 millon de visitas para finales de este año.

Bueno, espero que esta info te sirva...

Gracias por tu e-mail!

Sven Sanchez

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¿QUE BUSCAS HOY?

Ven a la comunidad #1 de Guatemala en el Internet, en www.deguate.com encontrarás el portal más grande y completo de Guatemala, con información de diversos temas, noticias, juegos, servicios interactivos, chat, foros y mucho más!

Te esperamos!